


INDUSTRY PROFILE

Agricultural Products in Europe

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www.datamonitor.com

Datamonitor USA
245 Fifth Avenue
4th Floor
New York, NY 10016
USA

t: +1 212 686 7400
f: +1 212 686 2626
e: usinfo@datamonitor.com

Datamonitor Europe
119 Farringdon Road
London EC1R 3DA
United Kingdom

t: +44 20 7551 9000
f: +44 20 7675 7500
e: eurinfo@datamonitor.com

**Datamonitor Middle East
and North America**
Datamonitor
PO Box 24893
Dubai, UAE

t: +49 69 9754 4517
f: +49 69 9754 4900
e: datamonitormena@datamonitor.com

Datamonitor Asia Pacific
Level 46, 2 Park Street
Sydney, NSW 2000
Australia

t: +61 2 8705 6900
f: +61 2 8705 6901
e: apinfo@datamonitor.com

EXECUTIVE SUMMARY

Market value

The European agricultural products market shrank by 0.4% in 2009 to reach a value of \$303 billion.

Market value forecast

In 2014, the European agricultural products market is forecast to have a value of \$355.2 billion, an increase of 17.2% since 2009.

Market volume

The European agricultural products market shrank by 1.5% in 2009 to reach a volume of 733.3 million ton.

Market volume forecast

In 2014, the European agricultural products market is forecast to have a volume of 761.6 million ton, an increase of 3.9% since 2009.

Market segmentation I

Fruit, vegetables, roots & tubers is the largest segment of the agricultural products market in Europe, accounting for 48.6% of the market's total value.

Market segmentation II

France accounts for 14.2% of the European agricultural products market value.

Market rivalry

Farming practices within Europe range from small scale family owned holdings to large commercial farming operations.

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MARKET OVERVIEW

Market definition

The agricultural product market is considered here as having six segments: cereals (barley, wheat, maize, rice, etc); fruit, vegetables, roots and tubers (apples, cabbages, potatoes, etc); oilcrops & pulses (lentils, soybeans, linseed, etc); sugarcrops and sweeteners (represented here by raw and refined sugar expressed as raw sugar equivalent); spices and stimulants (coffee, ginger, etc); and nuts (walnuts, almonds, etc). It excludes livestock and poultry, fisheries, forestry, etc. The market volumes reflect supply (consumption) in each country, calculated on the basis of production plus imports minus exports. No allowance is made for changes in stock levels, and forage crops and wastage are also not included. Agricultural products are valued at producer prices. Any currency conversions included in this report have been calculated using constant 2009 annual average exchange rates.

For the purposes of this report, Europe consists of Western Europe and Eastern Europe.

Western Europe comprises Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, and the United Kingdom.

Eastern Europe comprises the Czech Republic, Hungary, Poland, Romania, Russia, and Ukraine.

Research highlights

The European agricultural products market had total revenue of \$303 billion in 2009, representing a compound annual growth rate (CAGR) of 9.8% for the period spanning 2005-2009.

Market consumption volumes increased with a CAGR of 0.9% between 2005-2009, to reach a total of 733.3 million tons in 2009.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 3.2% for the five-year period 2009-2014, which is expected to drive the market to a value of \$355.2 billion by the end of 2014.

Market analysis

The European agricultural products market fell into a small decline in 2009, although it had experienced strong double-digit growth in previous years. The market is expected to recover marginally in 2010, and accelerate throughout the forecast period. Sales of fruit, vegetables, roots & tubers grew by 4% from 2008; whilst sales of cereals fell 26%.

The European agricultural products market had total revenue of \$303 billion in 2009, representing a compound annual growth rate (CAGR) of 9.8% for the period spanning 2005-2009. In comparison, the German and UK markets grew with CAGRs of 11.6% and 11.1% respectively, over the same period, to reach respective values of \$42.1 billion and \$19.6 billion in 2009.

Market consumption volumes increased with a CAGR of 0.9% between 2005-2009, to reach a total of 733.3 million tons in 2009. The market's volume is expected to rise to 761.6 million tons by the end of 2014, representing a CAGR of 0.8% for the 2009-2014 period.

Sales of fruit, vegetables, roots & tubers proved the most lucrative for the European agricultural products market in 2009, with total revenues of \$147.3 billion, equivalent to 48.6% of the market's overall value. In comparison, sales of cereals generated revenues of \$62.7 billion in 2009, equating to 20.7% of the market's aggregate revenues.

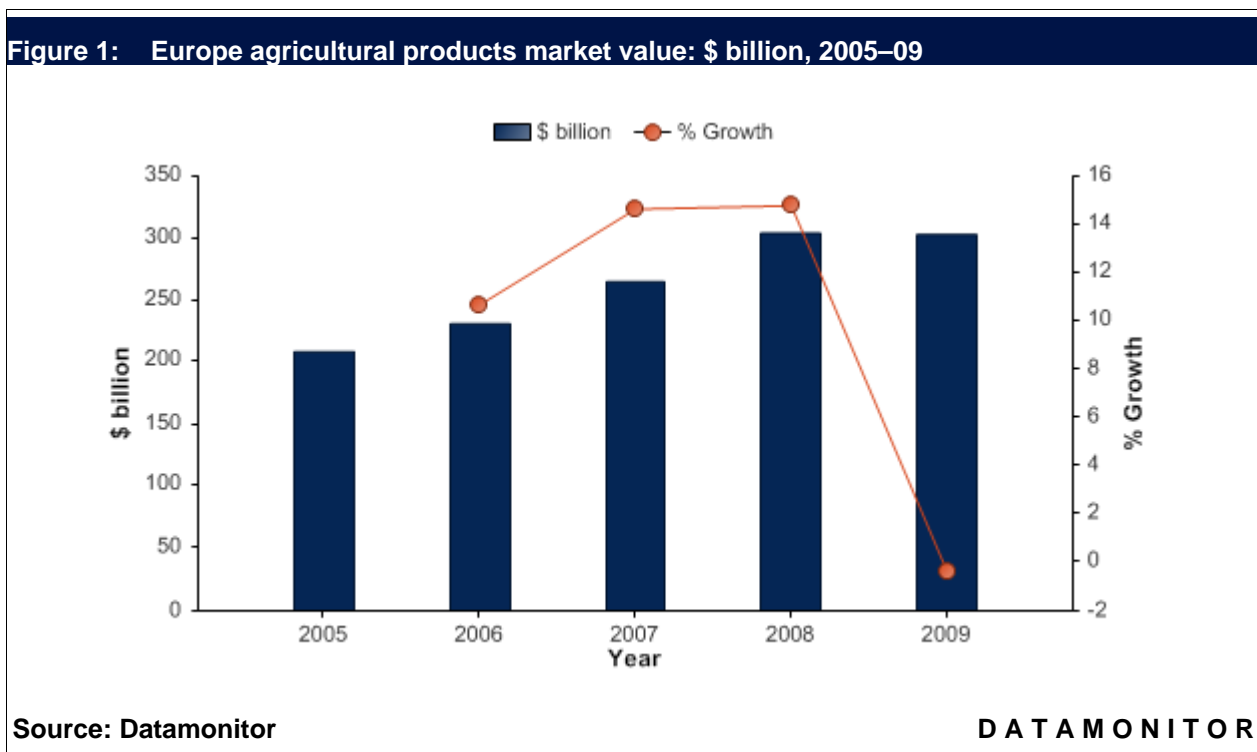
The performance of the market is forecast to decelerate, with an anticipated CAGR of 3.2% for the five-year period 2009-2014, which is expected to drive the market to a value of \$355.2 billion by the end of 2014. Comparatively, the German market will decline with a compound annual rate of change (CARC) of -0.2%, and the UK market will increase with a CAGR of 4%, over the same period, to reach respective values of \$41.7 billion and \$23.8 billion in 2014.

MARKET VALUE

The European agricultural products market shrank by 0.4% in 2009 to reach a value of \$303 billion. The compound annual growth rate of the market in the period 2005–09 was 9.8%.

| Table 1: Europe agricultural products market value: \$ billion, 2005–09 | | | |
|--|-------------------|-----------------|-----------------|
| Year | \$ billion | €billion | % Growth |
| 2005 | 208.8 | 150.2 | |
| 2006 | 231.1 | 166.2 | 10.7% |
| 2007 | 264.9 | 190.5 | 14.6% |
| 2008 | 304.1 | 218.7 | 14.8% |
| 2009 | 303.0 | 217.9 | (0.4%) |
| CAGR: 2005–09 | | | 9.8% |

Source: Datamonitor **DATAMONITOR**



MARKET VOLUME

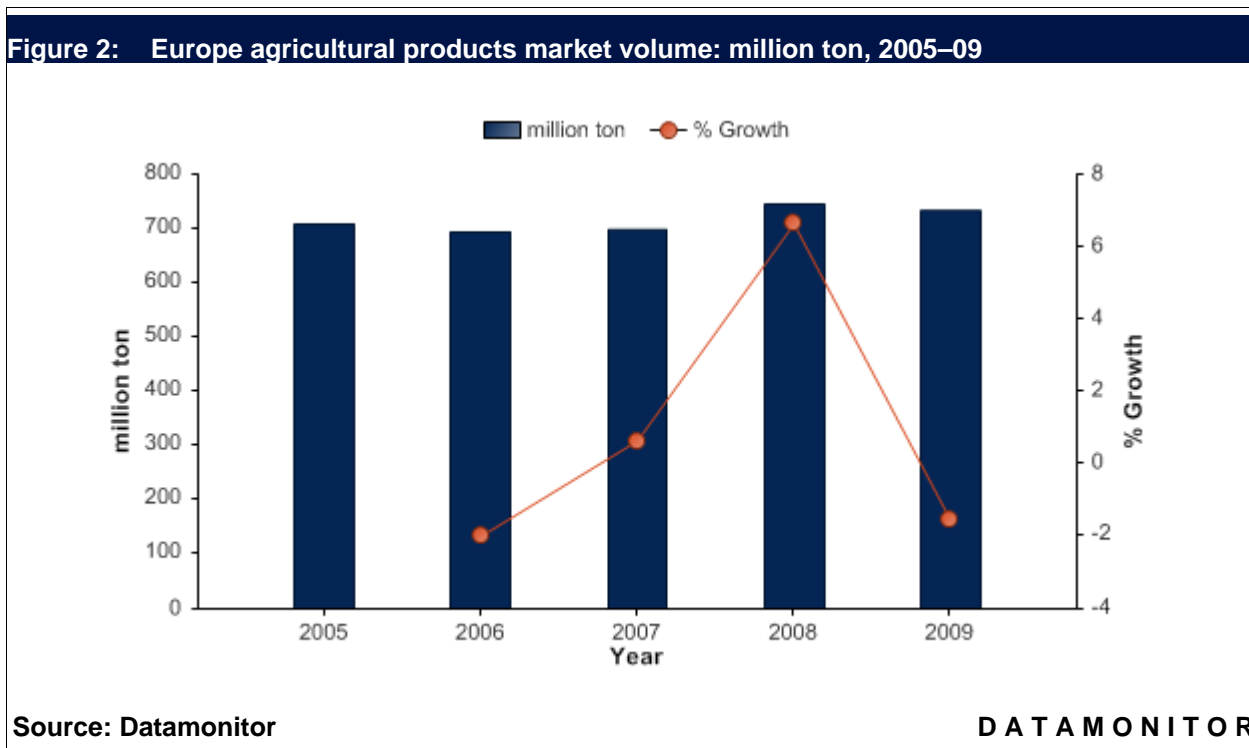
The European agricultural products market shrank by 1.5% in 2009 to reach a volume of 733.3 million ton.

The compound annual growth rate of the market in the period 2005–09 was 0.9%.

Table 2: Europe agricultural products market volume: million ton, 2005–09

| Year | million ton | % Growth |
|----------------------|-------------|-------------|
| 2005 | 708.1 | |
| 2006 | 694.0 | (2.0%) |
| 2007 | 698.4 | 0.6% |
| 2008 | 744.7 | 6.6% |
| 2009 | 733.3 | (1.5%) |
| CAGR: 2005–09 | | 0.9% |

Source: Datamonitor DATAMONITOR



MARKET SEGMENTATION I

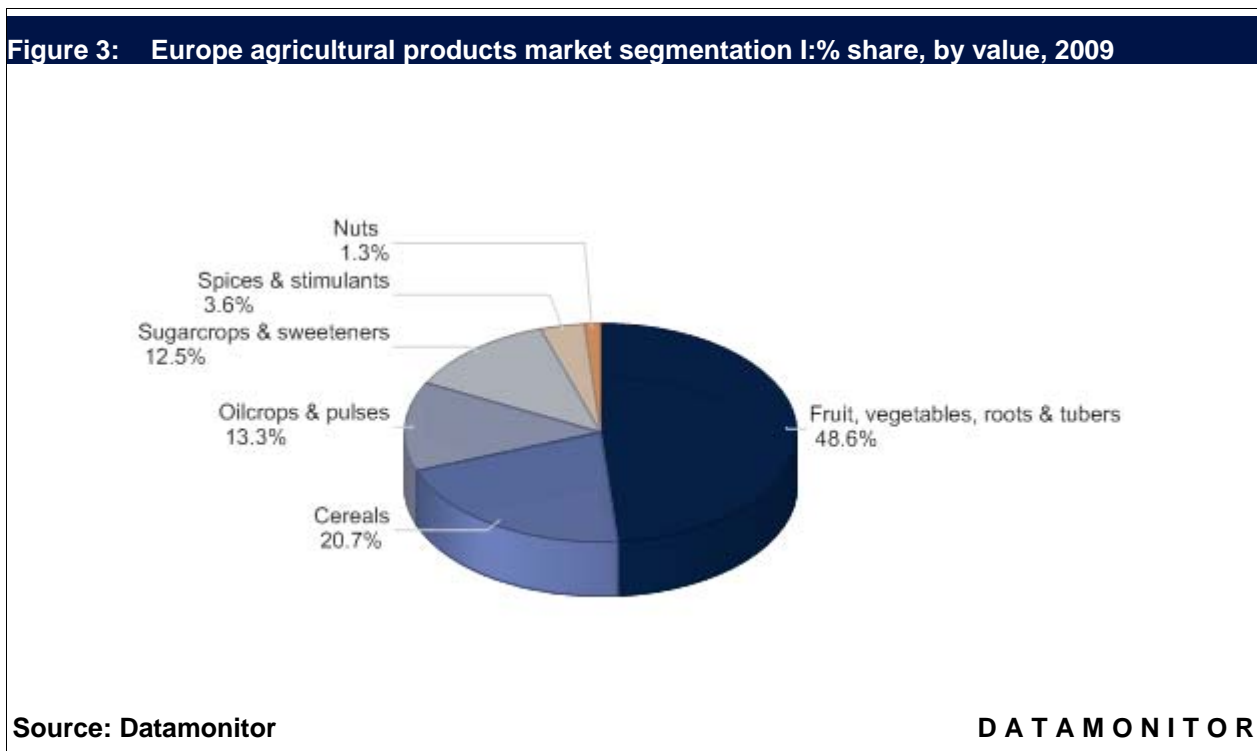
Fruit, vegetables, roots & tubers is the largest segment of the agricultural products market in Europe, accounting for 48.6% of the market's total value.

The cereals segment accounts for a further 20.7% of the market.

Table 3: Europe agricultural products market segmentation I: % share, by value, 2009

| Category | % Share |
|-----------------------------------|-------------|
| Fruit, vegetables, roots & tubers | 48.6% |
| Cereals | 20.7% |
| Oilcrops & pulses | 13.2% |
| Sugarcrops & sweeteners | 12.5% |
| Spices & stimulants | 3.6% |
| Nuts | 1.3% |
| Total | 100% |

Source: Datamonitor DATAMONITOR



MARKET SEGMENTATION II

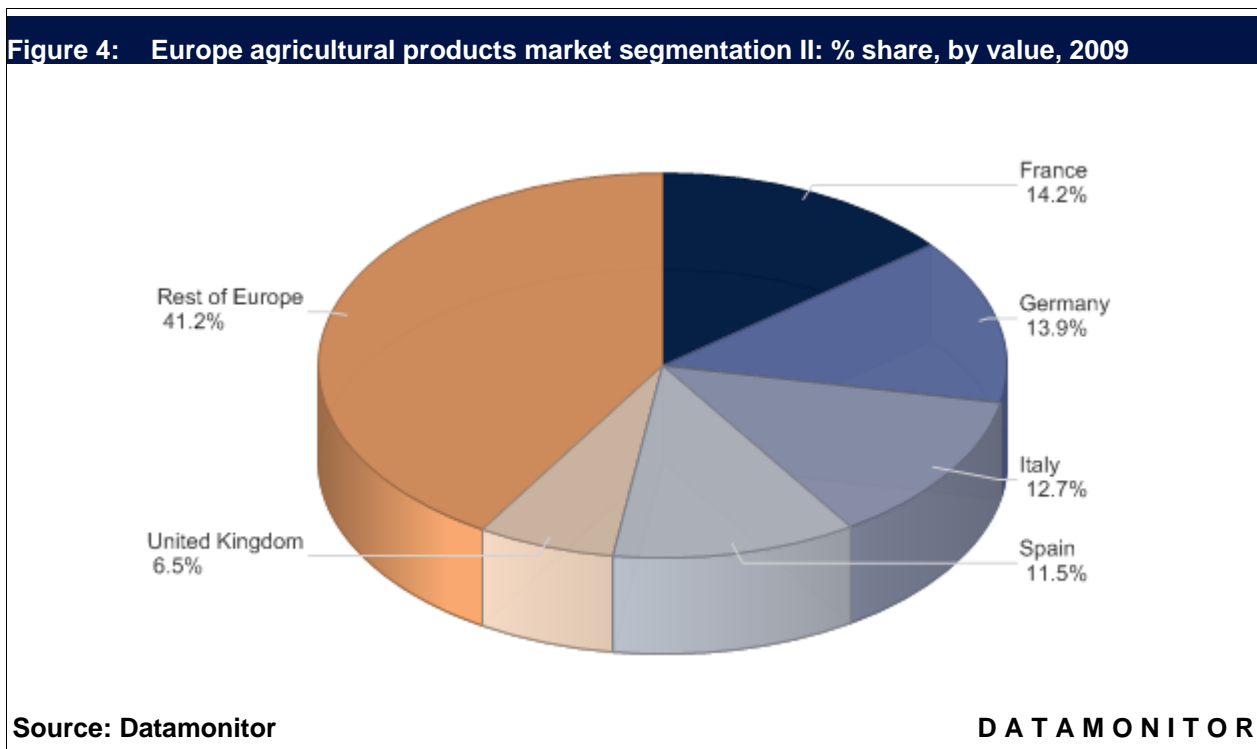
France accounts for 14.2% of the European agricultural products market value.

Germany accounts for a further 13.9% of the European market.

Table 4: Europe agricultural products market segmentation II: % share, by value, 2009

| Category | % Share |
|----------------|-------------|
| France | 14.2% |
| Germany | 13.9% |
| Italy | 12.7% |
| Spain | 11.5% |
| United Kingdom | 6.5% |
| Rest of Europe | 41.2% |
| Total | 100% |

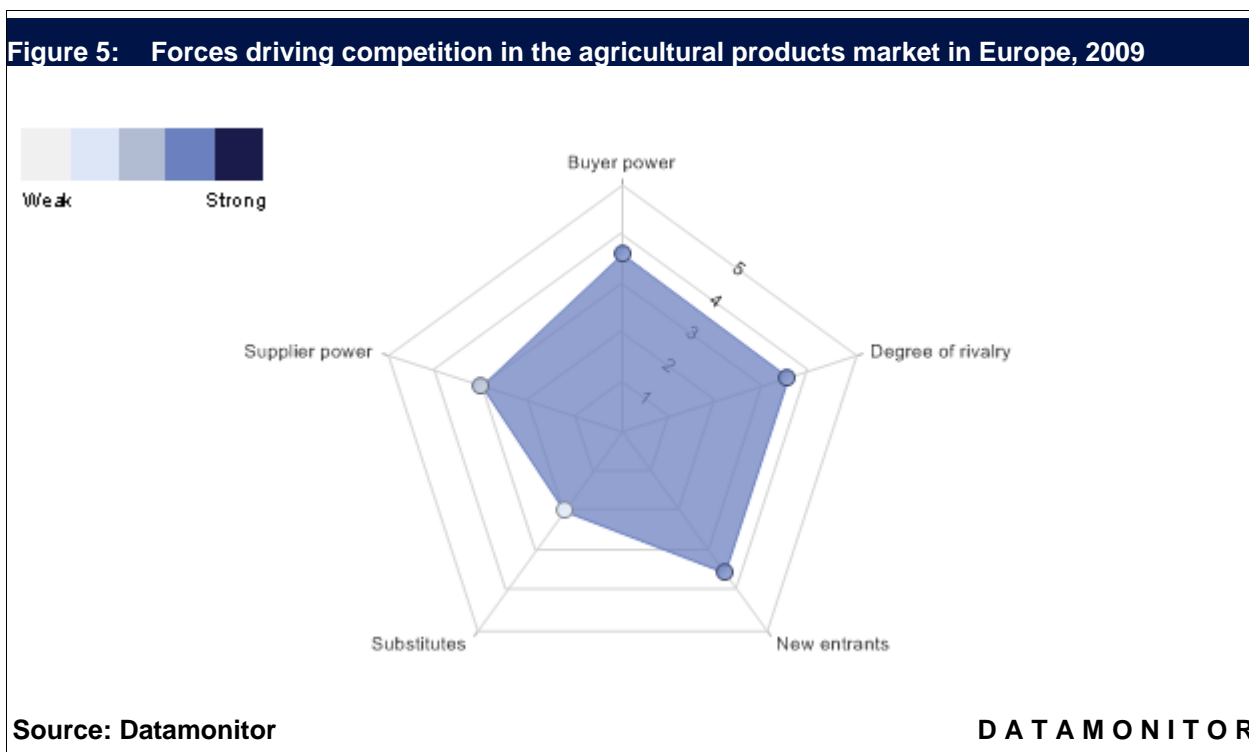
Source: Datamonitor DATAMONITOR



FIVE FORCES ANALYSIS

The agricultural products market will be analyzed taking farming practices and producers as players. The key buyers will be taken as grocery retailers and food processing companies, and fertilizer and machinery providers as the key suppliers.

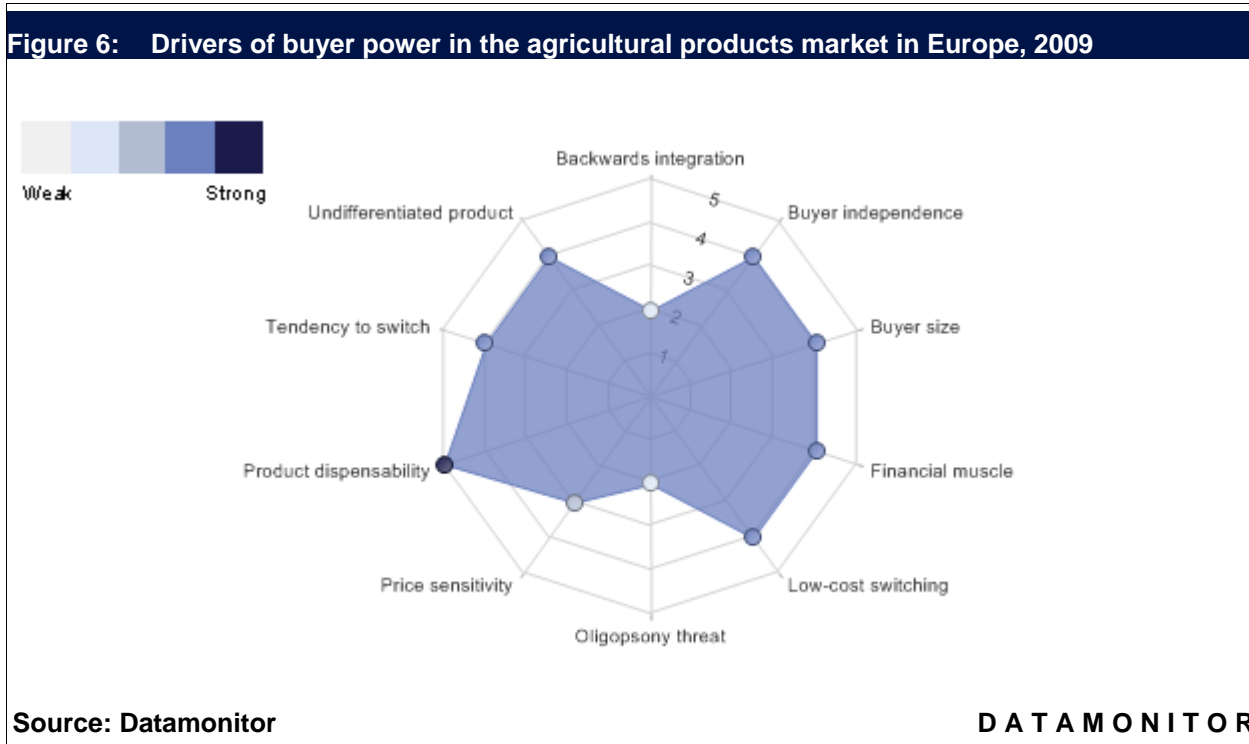
Summary



Farming practices within Europe range from small scale family owned holdings to large commercial farming operations.

The major buyers of market-ready products, such as fruit and vegetables, are large grocery retailers, whereas the major buyers of products requiring processing, such as cereal grain, are wholesale dealers and food processing companies. The costs of machinery and land required to work a large-scale farm are high and provide a significant barrier to entrance. Furthermore, farmers worldwide are facing increasing operational costs due to the spiraling cost of oil and shortages of phosphate fertilizer. The provision of state subsidies for agricultural land and crops production in many countries, including EU members, reduces rivalry within the market for many types of produce.

Buyer power



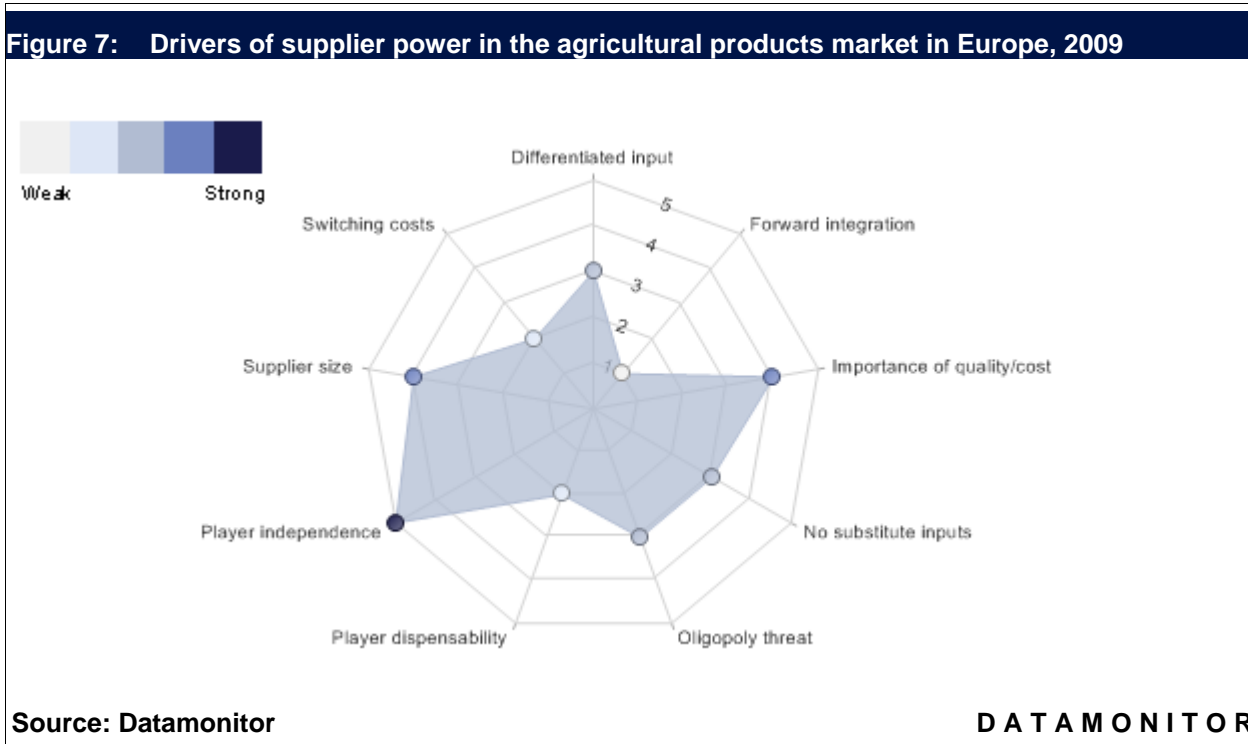
Buyers differ with the nature of the agricultural produce. The major buyers of market-ready products, such as fruit and vegetables, are large grocery retailers, such as Tesco, Metro and Carrefour, whereas the major buyers of products requiring processing, such as cereal grain, are wholesale dealers and food processing companies. Large supermarket chains wield their large purchasing power to negotiate minimal prices through bulk purchasing. Contractual arrangements between suppliers and the large supermarkets they supply typically favor the interests of the latter. The resultant low switching costs combined with a relatively low level of product differentiation enhance buyer power considerably.

Products in this market are largely undifferentiated, which increases buyer power. However, differentiation is possible in certain cases for products which are fair-trade, organic or sourced domestically for example. Some supermarkets will promote their product as being grown nationally, as some consumers may prefer these to imported goods. This differentiation may reduce buyer power as retailers are forced to stock certain products to meet consumer demand. In some countries there is an increasing consumer trend towards locally sourced, seasonal and organic agricultural products which reduces buyer power in some segments. For example, farmers may be able to forward integrate and sell fresh fruit and vegetables direct to consumers through a farm-store outlet. Consumers are typically willing to pay higher prices for local/organic produce as it is seen as more ethical and beneficial for the environment.

However, these practices currently operate on a small scale, and are unlikely to have any noticeable affect on large retailers of agricultural products.

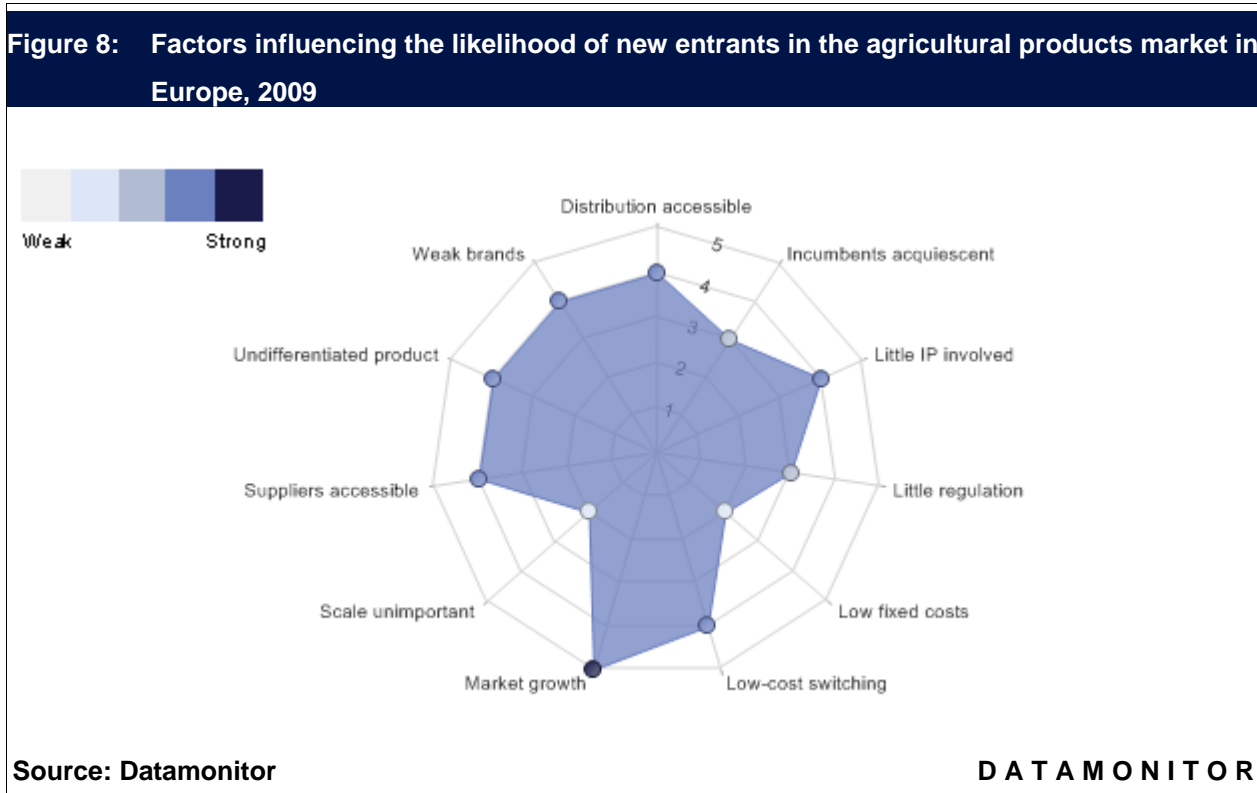
The price of agricultural commodities such as cereal grain are set on the world stock exchanges, which increases the power of arable farmers against relatively large buyers including wholesale grain dealers and food processing companies. Arable farmers often sell such produce through hedging, which protects farmers from dramatic reductions in grain prices. However, such hedging may positively affect buyer power in the context of dramatically increasing grain prices. Overall, buyer power with respect to agricultural products is strong.

Supplier power



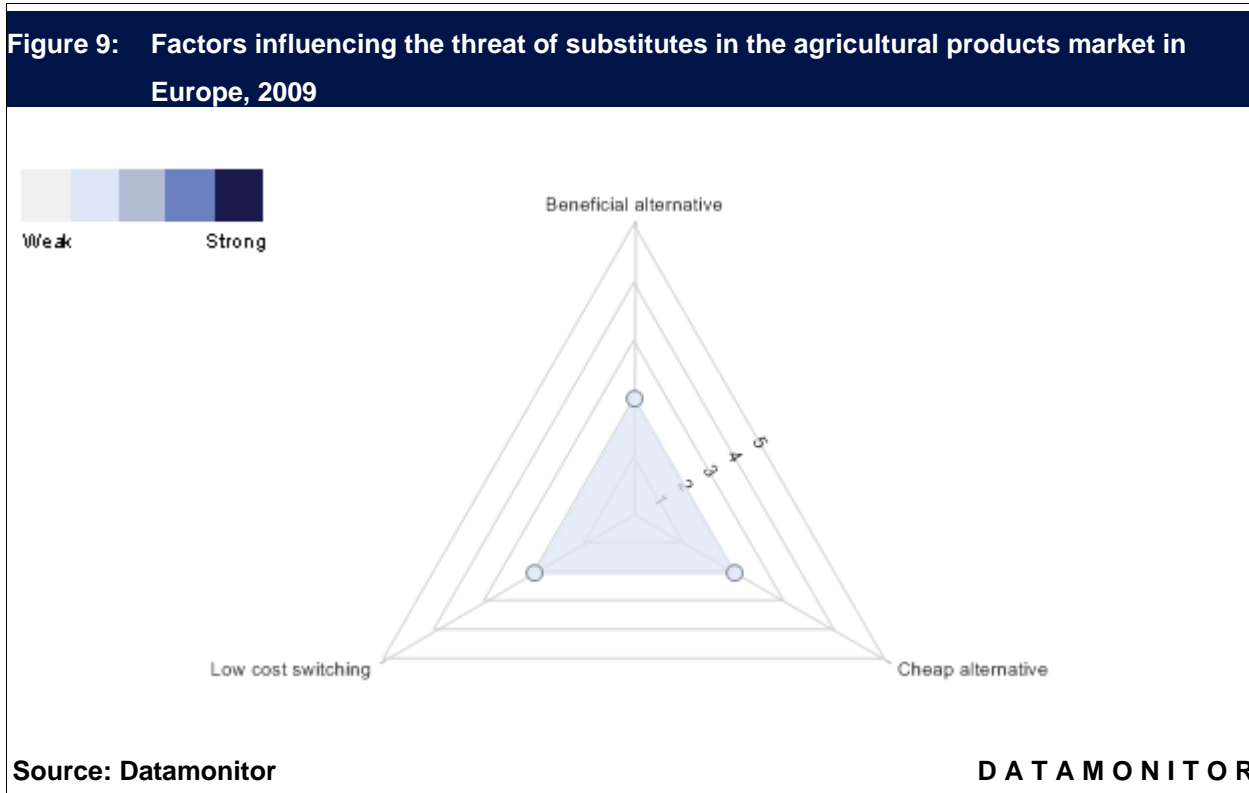
Fertilizer products are typically manufactured and supplied by large chemical companies. High demand for such products allows chemical companies to control prices, which are highly dependent upon the price of inputs into their manufacturing processes. For example, the price of nitrogen-based fertilizers, such as ammonia and ammonium nitrate, has increased dramatically recently, in line with the spiraling cost of natural gas. Similarly, a global shortage of phosphate has led its price to increase dramatically. However, fertilizer products are typically relatively simple chemicals and thus lack differentiation, with a fairly consistent quality available from a larger number of suppliers. Alternatives include the use of animal waste as fertilizer, or organic farming practices, which eliminate the use of artificial fertilizer products. The increased demand for organic products in some countries may slightly reduce the power of chemical companies, as their fertilizer products have reduced popularity. Strong growth in farming worldwide has led to burgeoning demand for agricultural machinery, which enhances the supplier power of agricultural machinery manufacturers. Overall, supplier power with respect to agricultural products market players is moderate.

New entrants



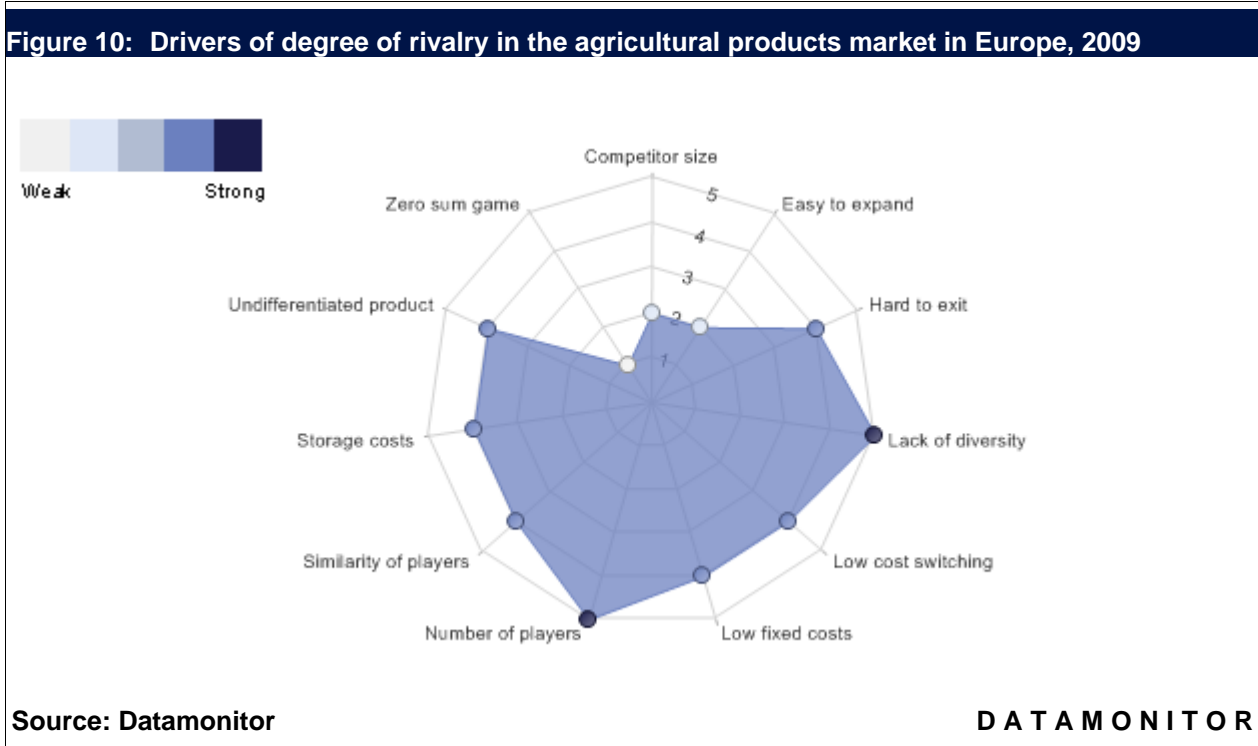
The cost of entrance into the agricultural products market typically involves the purchase of arable land, machinery and the provision of working capital to sustain initial operations. The high economies of scale provided by large scale farming practices constitute a significant barrier to entrance, as it is largely unviable for agribusinesses to build up from small scale holdings. Furthermore, the cost of machinery required to work a large-scale farm can be in excess of \$2 million. However, due to the lucrative nature of the agricultural products market, loans for agribusiness are available, which eases the entrance of players deemed suitably qualified. Furthermore, most agricultural products are not highly differentiated and therefore it is relatively easy for new producers to get their produce to market. Brand loyalty is virtually non-existent in this market, which means buyers can source products without being influenced or obligated to stock certain brands by consumer demand. This increases the likelihood of new entrants. Entrance into the market may be easiest for those targeting niche product areas, such as a fruit or vegetable variant. In the EU, the Common Agricultural Policy protects agricultural producers. The existence of this type of regulation supporting players will increase the likelihood of new entrants. Despite the appeal of strong historic growth, the most recent severe drop in value in 2009 may temporarily discourage potential new entrants. Overall, the threat of new entrants is strong.

Substitutes



The agricultural products market encompasses a wide variety of products, for which there are no real substitutes. Produce such as fruit, vegetables, wheat, sugar, potatoes and rice form a stable part of most people’s diet. It is highly unlikely that a consumer would not purchase any agricultural goods at all. One possible alternative to buying these goods is subsistence farming, where people grow their own agricultural produce for their own consumption. There are many switching costs for this type of activity: it is time-consuming, requires some degree of specialist knowledge, and incurs the cost of purchasing seeds, fertilizer, gardening products etc. In addition, the quantity and quality of the end produce is not guaranteed, and many people do not have the land required to make this a viable option for them. Even those who can successfully conduct subsistence farming are unlikely to grow everything to meet their own needs, and will still need to purchase agricultural products sourced from market players. Large supermarkets benefit from huge economies of scale and so can offer commodity foodstuffs at a very low price. Overall the threat from substitutes is very weak in this market.

Rivalry



Although large co-operative farming companies do exist within the European market, most players are typically individual farms, rated as small to medium sized businesses. Rivalry between individual operators is primarily for supply contracts, especially competition between fruit and vegetable producers for lucrative supermarket contracts. With the exception of produce quality, there is typically a lack of differentiation between produce from different producers and producers are typically highly similar, which enhances rivalry. The provision of state subsidies for agricultural land and crops production within the EU, through the Common Agricultural Policy, reduces rivalry within the market for many types of produce by providing a guaranteed market for commodities. However, this policy received a “health check” in 2008 which could lead to direct payments to farmers being reduced, and more funds directed at the development of rural regions. High fixed costs, machinery and stock make market exit difficult and intensifies rivalry. Despite strong market growth in the past, the recent severe drop in market value likely intensifies rivalry as players compete for the same share of the market. Rivalry is assessed as strong overall.

LEADING COMPANIES

Koninklijke Ahold N.V.

Table 5: Koninklijke Ahold N.V.: key facts

| | |
|---------------------|---|
| Head office: | Piet Heinkade 167-173, 1019 GM Amsterdam, NLD |
| Telephone: | 31 20 5095100 |
| Website: | www.ahold.com |
| Financial year-end: | December |
| Ticker: | AHO, AH, AHO |
| Stock exchange: | New York, Amsterdam, Zurich |

Source: company website

DATAMONITOR

Koninklijke Ahold (Ahold) operates supermarket companies. At the end of 2008, the company operated 2,897 retail locations in the US and Europe.

The company operates in four segments: Stop & Shop/Giant-Landover, Albert Heijn, Giant-Carlisle and Albert/Hypernova.

Stop & Shop is a food retailer operating over 380 stores in the northeast US whereas Giant-Landover is a supermarket brand in the mid-Atlantic US which operates more than 180 supermarkets across three states and the District of Columbia.

Albert Heijn is a food retailer in the Netherlands operating more than 820 stores. In 2008, Albert Heijn increased the number of its stores by 71. This number includes 54 stores which were acquired as part of the sale of its majority stake in Schuitema. Albert Heijn includes Etos, Gall & Gall, and the Ahold Coffee Company.

Giant-Carlisle is a supermarket brand which operates nearly 150 stores in mid-Atlantic US. About 25 stores operate under the name Martin's Food Markets.

Albert/Hypernova is a food retail brand in the Czech Republic and Slovakia. The company operates 300 stores in the Czech Republic and 25 stores in Slovakia.

The company also holds a 60% interest in ICA, a food retail and wholesale company serving over 2,200 retailer-owned and company-operated retail food stores in Sweden, Norway, Estonia, Latvia and Lithuania. ICA also provides limited consumer financial services through its bank in Sweden.

Key Metrics

The company recorded revenues of \$38,830 million in the fiscal year ending December 2009, an increase of 8.6% compared to fiscal 2008. Its net income was \$1,243 million in fiscal 2009, compared to a net income of \$1,200 million in the preceding year.

| Table 6: Koninklijke Ahold N.V.: key financials (\$) | | | | | |
|---|-------------|-------------|-------------|--------------------|-------------|
| \$ million | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 37,396.4 | 38,692.4 | 34,614.0 | 35,766.7 | 38,830.0 |
| Net income (loss) | 203.0 | 946.9 | 1,027.6 | 1,200.0 | 1,243.1 |
| Total assets | 27,751.8 | 25,643.8 | 19,389.3 | 18,899.8 | 19,374.0 |
| Total liabilities | 6,392.2 | 6,453.4 | 7,173.6 | 12,397.8 | 11,809.6 |
| Employees | 167,801 | 164,078 | 118,715 | 118,523 | 118,523 |
| Source: company filings | | | | DATAMONITOR | |

| Table 7: Koninklijke Ahold N.V.: key financials (€) | | | | | |
|--|-------------|-------------|-------------|--------------------|-------------|
| €million | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 26,894.0 | 27,826.0 | 24,893.0 | 25,722.0 | 27,925.0 |
| Net income (loss) | 146.0 | 681.0 | 739.0 | 863.0 | 894.0 |
| Total assets | 19,958.0 | 18,442.0 | 13,944.0 | 13,592.0 | 13,933.0 |
| Total liabilities | 4,597.0 | 4,641.0 | 5,159.0 | 8,916.0 | 8,493.0 |
| Source: company filings | | | | DATAMONITOR | |

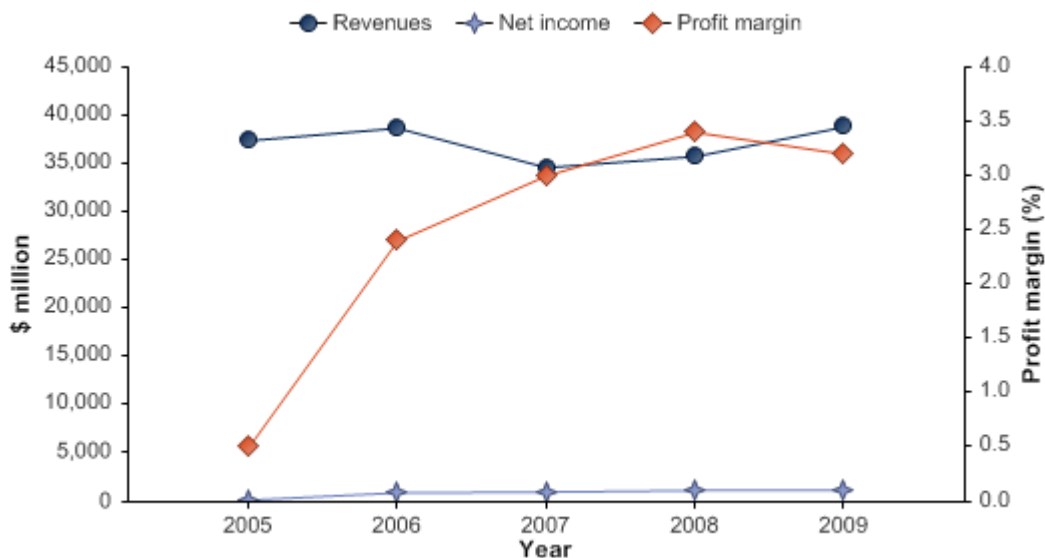
Table 8: Koninklijke Ahold N.V.: key financial ratios

| Ratio | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Profit margin | 0.5% | 2.4% | 3.0% | 3.4% | 3.2% |
| Revenue growth | 2.3% | 3.5% | (10.5%) | 3.3% | 8.6% |
| Asset growth | (6.5%) | (7.6%) | (24.4%) | (2.5%) | 2.5% |
| Liabilities growth | (7.2%) | 1.0% | 11.2% | 72.8% | (4.7%) |
| Debt/asset ratio | 23.0% | 25.2% | 37.0% | 65.6% | 61.0% |
| Return on assets | 0.7% | 3.5% | 4.6% | 6.3% | 6.5% |
| Revenue per employee | \$222,862 | \$235,817 | \$291,572 | \$301,770 | \$327,616 |
| Profit per employee | \$1,210 | \$5,771 | \$8,656 | \$10,125 | \$10,488 |

Source: company filings

DATAMONITOR

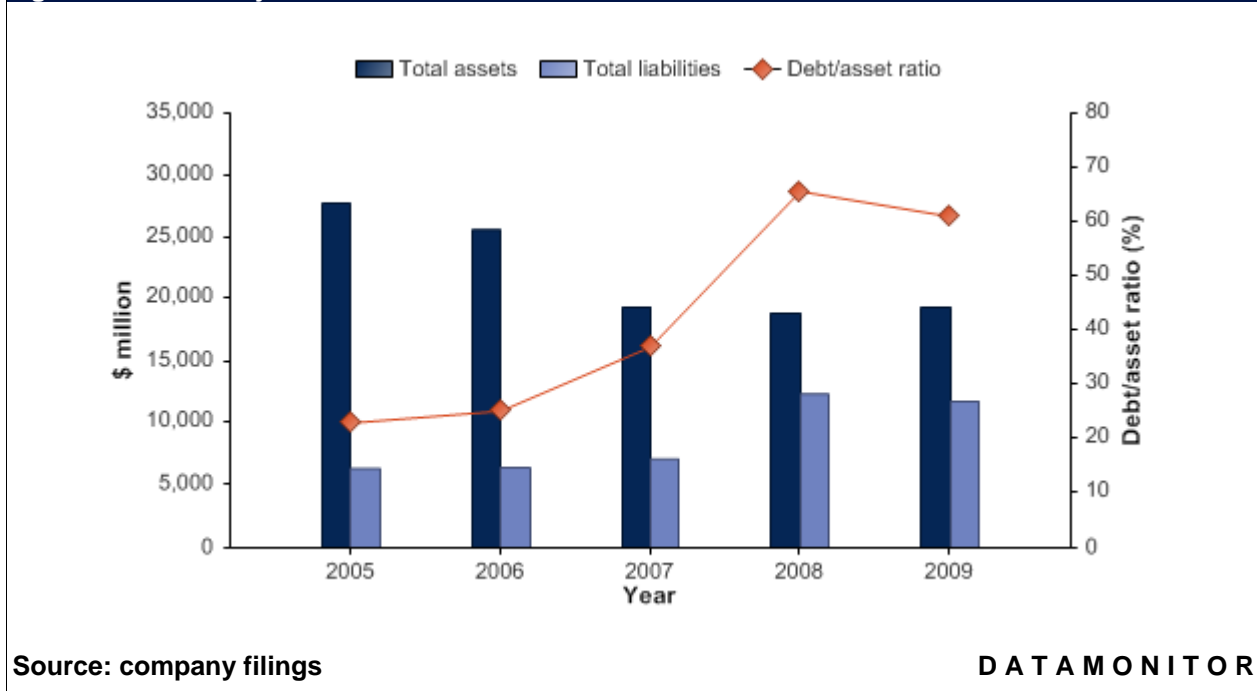
Figure 11: Koninklijke Ahold N.V.: revenues & profitability



Source: company filings

DATAMONITOR

Figure 12: Koninklijke Ahold N.V.: assets & liabilities



Carrefour S.A.

Table 9: Carrefour S.A.: key facts

| | |
|---------------------|---|
| Head office: | 26 quai Michele, TSA 20016, 92695 Levallois-Perret Cedex, FRA |
| Telephone: | 33 1 55 63 39 00 |
| Website: | www.carrefour.com |
| Financial year-end: | December |
| Ticker: | CA |
| Stock exchange: | Paris |

Source: company website

DATAMONITOR

Carrefour is one of the leading grocery and consumer goods distribution groups in the world. The group operates more than 15,000 stores. Carrefour's primary grocery formats include hypermarkets, supermarkets, hard discount and convenience stores.

Carrefour primarily organizes its business segments based on geographic presence: France; Europe excluding France; Asia; and Latin America. In addition, the group's business operations can be segmented on the basis of its store formats (as mentioned in the previous paragraph).

Carrefour is the leading hypermarket retailer in the world. The group operates about 1,302 hypermarket stores across the world, of which 228 hypermarkets are in France, 494 in European countries outside France, 288 in Latin America, and 292 in Asia. In Brazil, the group operates its hypermarket business under the Atacadao brand name; these hypermarkets offer a range of competitively priced company-owned and branded products in both food and non-food categories. In addition, the hypermarkets also offer services like insurance, financial services, home computer support, travel and entertainment reservations, and mobile phones.

The group operates approximately 2,919 supermarket stores in 11 countries under the banners Carrefour Express, Carrefour market, GB, GS and Champion. The supermarkets offer a wide selection of mostly food products and some non-food products related to apparel, culture and leisure, and tableware.

Carrefour's hard discount segment, Dia, operates about 6,252 hard discount stores in Spain, France (under Ed brand), Portugal (under Minipreco brand), Greece, Turkey, Argentina, Brazil and China. The group's hard discount stores offer a range of food, basic health, and cleaning products at discounted rates.

The group's other activities comprise convenience stores, cash and carry foodservice stores, and e-commerce retail format. Carrefour operates about 4,813 convenience stores and 144 cash and carry stores.

Convenience stores are mainly operated by the franchisees under the banners Marche Plus, Shopi, 8 a Huit and Proxi in France; DiperDi in Italy; Carrefour Express in Belgium and Brazil; Carrefour 5 Minut stores in Poland; Carrefour City stores in Spain; and Carrefour Convenient Buy in Thailand. These stores primarily offer a wide selection of food products; these also offer a range of services such as home delivery, dry cleaning, 48-hour photo development, ticket distribution, photocopying, stamps and newspapers.

Cash and carry foodservice stores provide wholesale and retail self-service mainly intended for businesses. Carrefour operates cash and carry foodservice stores under the trade name Promocash. Most of the cash and carry stores are operated by franchisees. Carrefour has started to offer products that are deemed ethical and environmentally friendly as demand for them has increased. Carrefour promotes and sells over 620 fair trade listed products in six countries and, in 2008, sold EUR187 million of its own brand organic food, making it the number one retailer of organic and fair-trade products in France.

In addition to the above mentioned store formats, Carrefour also sells its products through various e-commerce websites. Carrefour operates an online grocery store, Ooshop, a leading French online supermarket in terms of sales. It allows customers to shop on the internet, and select from product listings, including fresh and frozen items, at the same price as they would pay in Carrefour's hypermarkets, with the added benefit of home delivery.

Carrefour France hypermarket's non-food website, CarrefourOnline.com, offers products such as leisure products (DVDs, games, software, music, books and more), audio and video, household electrical goods, as well as music downloads and even flower and bicycle delivery. Carrefour.es, the group's e-commerce website in Spain, offers both food and non-food products.

Key Metrics

The company recorded revenues of \$119,533 million in the fiscal year ending December 2009, a decrease of 2.6% compared to fiscal 2008. Its net income was \$608 million in fiscal 2009, compared to a net income of \$2,140 million in the preceding year.

Table 10: Carrefour S.A.: key financials (\$)

| \$ million | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------------------|-------------|-------------|-------------|-------------|--------------------|
| Revenues | 116,399.7 | 121,561.3 | 128,305.2 | 122,678.1 | 119,532.5 |
| Net income (loss) | 2,199.8 | 3,381.2 | 3,447.4 | 2,139.7 | 607.7 |
| Total assets | 64,311.1 | 66,093.8 | 72,212.0 | 72,420.6 | 71,685.0 |
| Total liabilities | 51,259.8 | 48,356.4 | 57,385.0 | 57,191.7 | 56,229.5 |
| Employees | 436,474 | 456,295 | 490,042 | 495,000 | 495,000 |
| Source: company filings | | | | | DATAMONITOR |

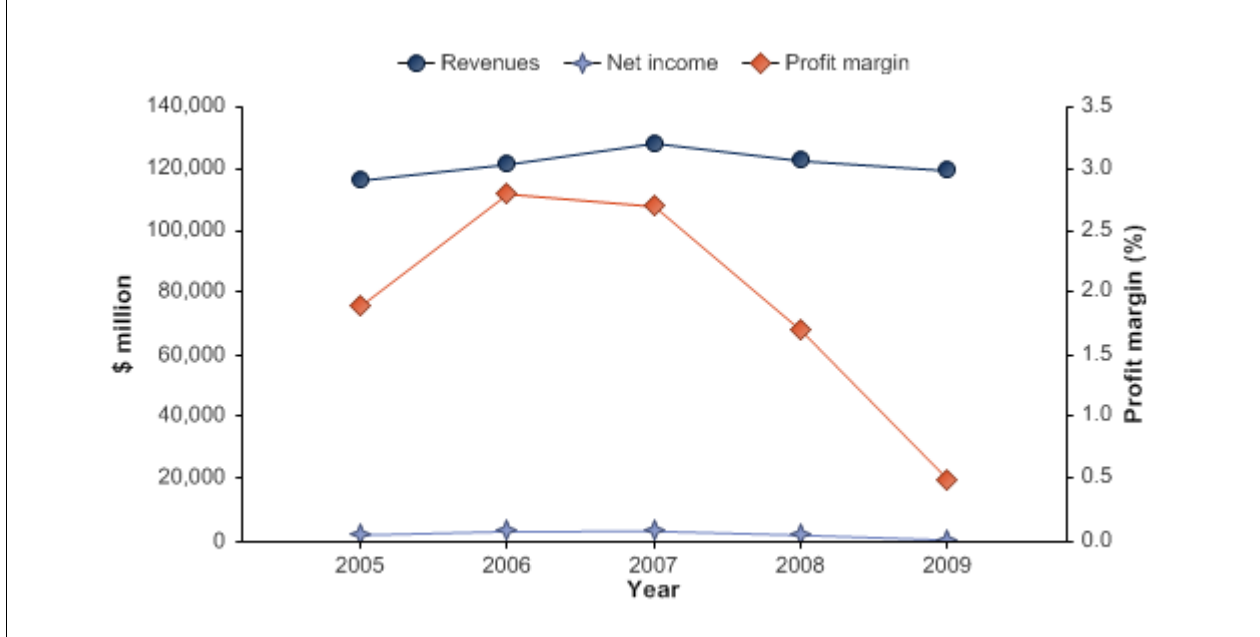
Table 11: Carrefour S.A.: key financials (€)

| €million | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------------------|-------------|-------------|-------------|-------------|--------------------|
| Revenues | 83,710.0 | 87,422.0 | 92,272.0 | 88,225.2 | 85,963.0 |
| Net income (loss) | 1,582.0 | 2,431.6 | 2,479.2 | 1,538.8 | 437.0 |
| Total assets | 46,250.0 | 47,532.0 | 51,932.0 | 52,082.0 | 51,553.0 |
| Total liabilities | 36,864.0 | 34,776.0 | 41,269.0 | 41,130.0 | 40,438.0 |
| Source: company filings | | | | | DATAMONITOR |

Table 12: Carrefour S.A.: key financial ratios

| Ratio | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------------------|-------------|-------------|-------------|-------------|--------------------|
| Profit margin | 1.9% | 2.8% | 2.7% | 1.7% | 0.5% |
| Revenue growth | 2.8% | 4.4% | 5.5% | (4.4%) | (2.6%) |
| Asset growth | 9.4% | 2.8% | 9.3% | 0.3% | (1.0%) |
| Liabilities growth | 7.5% | (5.7%) | 18.7% | (0.3%) | (1.7%) |
| Debt/asset ratio | 79.7% | 73.2% | 79.5% | 79.0% | 78.4% |
| Return on assets | 3.6% | 5.2% | 5.0% | 3.0% | 0.8% |
| Revenue per employee | \$266,682 | \$266,409 | \$261,825 | \$247,835 | \$241,480 |
| Profit per employee | \$5,040 | \$7,410 | \$7,035 | \$4,323 | \$1,228 |
| Source: company filings | | | | | DATAMONITOR |

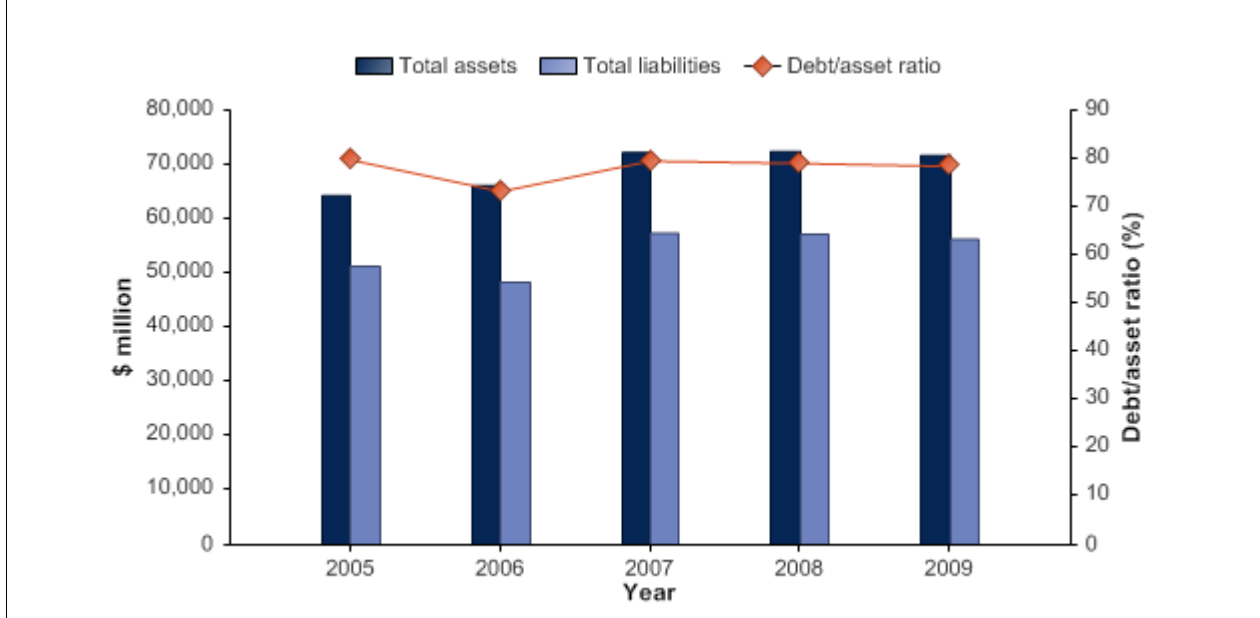
Figure 13: Carrefour S.A.: revenues & profitability



Source: company filings

DATAMONITOR

Figure 14: Carrefour S.A.: assets & liabilities



Source: company filings

DATAMONITOR

Metro AG

Table 13: Metro AG: key facts

| | |
|---------------------|--|
| Head office: | Schluterstrasse 1, 40235 Dusseldorf, DEU |
| Telephone: | 49 211 6886 4252 |
| Fax: | 49 211 6886 2001 |
| Website: | www.metrogroup.de |
| Financial year-end: | December |
| Ticker: | MEOG |
| Stock exchange: | Frankfurt |

Source: company website

DATAMONITOR

Metro Group is a German trade and retail company organized into independent sales divisions. The group operates 2,195 outlets with approximately 12,350,000 square meters of selling space. It has a presence in 33 countries in Western Europe, Eastern Europe, Asia and Africa. The company employs around 300,000 people.

Metro operates in four business segments: Metro Cash & Carry, Real, Media Markt and Saturn, and Galeria Kaufhof.

Metro Cash & Carry is engaged in cash and carry wholesaling. Operating under the brands of Metro and Makro, it is the group's biggest sales division. Metro Cash & Carry's assortment of products is aimed at commercial and wholesale customers. It operates 665 stores in 30 countries.

Real offers a range of food products and an assortment of non-food items. The selling space of the Real stores ranges from 5,000 to 15,000 square meters, with store assortments including up to 80,000 items. Real is based on a large-format hypermarket concept and operates 333 hypermarkets in Germany and 108 stores in Poland, Romania, Russia, Turkey and the Ukraine.

Media Markt and Saturn sell consumer electronics across Europe.

Galeria Kaufhof operates a chain of department stores in Germany and Belgium. The department stores offer modern lifestyle apparels for men and women and are present in shopping areas and downtown centers.

In addition to these divisions, Metro provides real estate management services through its subsidiary Metro Group Asset Management. The company oversees more than 750 properties totaling eight million square meters of commercial space worldwide. It also operates more than 70 shopping centers.

Key Metrics

The company recorded revenues of \$91,119 million in the fiscal year ending December 2009, a decrease of 3.6% compared to fiscal 2008. Its net income was \$722 million in fiscal 2009, compared to a net income of \$776 million in the preceding year.

| Table 14: Metro AG: key financials (\$) | | | | | |
|--|-------------|-------------|-------------|--------------------|-------------|
| \$ million | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 77,482.1 | 83,266.6 | 89,461.3 | 94,493.6 | 91,118.8 |
| Net income (loss) | 902.4 | 1,658.9 | 1,366.9 | 775.9 | 721.7 |
| Total assets | 40,000.8 | 44,702.2 | 47,099.4 | 47,034.0 | 46,814.3 |
| Total liabilities | 32,613.0 | 36,293.7 | 38,048.6 | 38,941.3 | 46,814.3 |
| Employees | 246,875 | 263,794 | 275,520 | 290,940 | 286,091 |
| Source: company filings | | | | DATAMONITOR | |

| Table 15: Metro AG: key financials (€) | | | | | |
|---|-------------|-------------|-------------|--------------------|-------------|
| €million | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 55,722.0 | 59,882.0 | 64,337.0 | 67,956.0 | 65,529.0 |
| Net income (loss) | 649.0 | 1,193.0 | 983.0 | 558.0 | 519.0 |
| Total assets | 28,767.0 | 32,148.0 | 33,872.0 | 33,825.0 | 33,667.0 |
| Total liabilities | 23,454.0 | 26,101.0 | 27,363.0 | 28,005.0 | 33,667.0 |
| Source: company filings | | | | DATAMONITOR | |

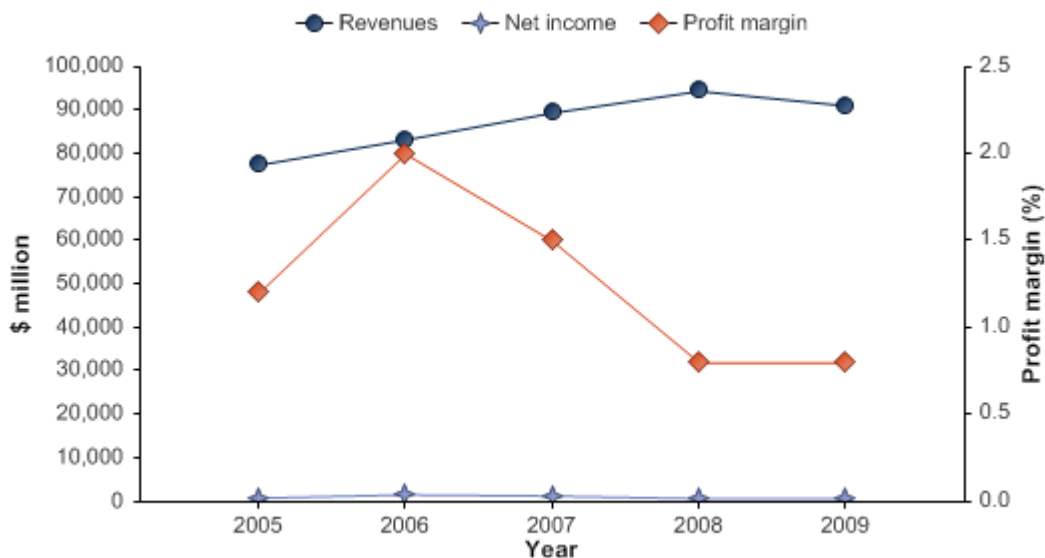
Table 16: Metro AG: key financial ratios

| Ratio | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Profit margin | 1.2% | 2.0% | 1.5% | 0.8% | 0.8% |
| Revenue growth | 4.2% | 7.5% | 7.4% | 5.6% | (3.6%) |
| Asset growth | 1.5% | 11.8% | 5.4% | (0.1%) | (0.5%) |
| Liabilities growth | (0.2%) | 11.3% | 4.8% | 2.3% | 20.2% |
| Debt/asset ratio | 81.5% | 81.2% | 80.8% | 82.8% | 100.0% |
| Return on assets | 2.3% | 3.9% | 3.0% | 1.6% | 1.5% |
| Revenue per employee | \$313,851 | \$315,650 | \$324,700 | \$324,787 | \$318,496 |
| Profit per employee | \$3,655 | \$6,289 | \$4,961 | \$2,667 | \$2,523 |

Source: company filings

DATAMONITOR

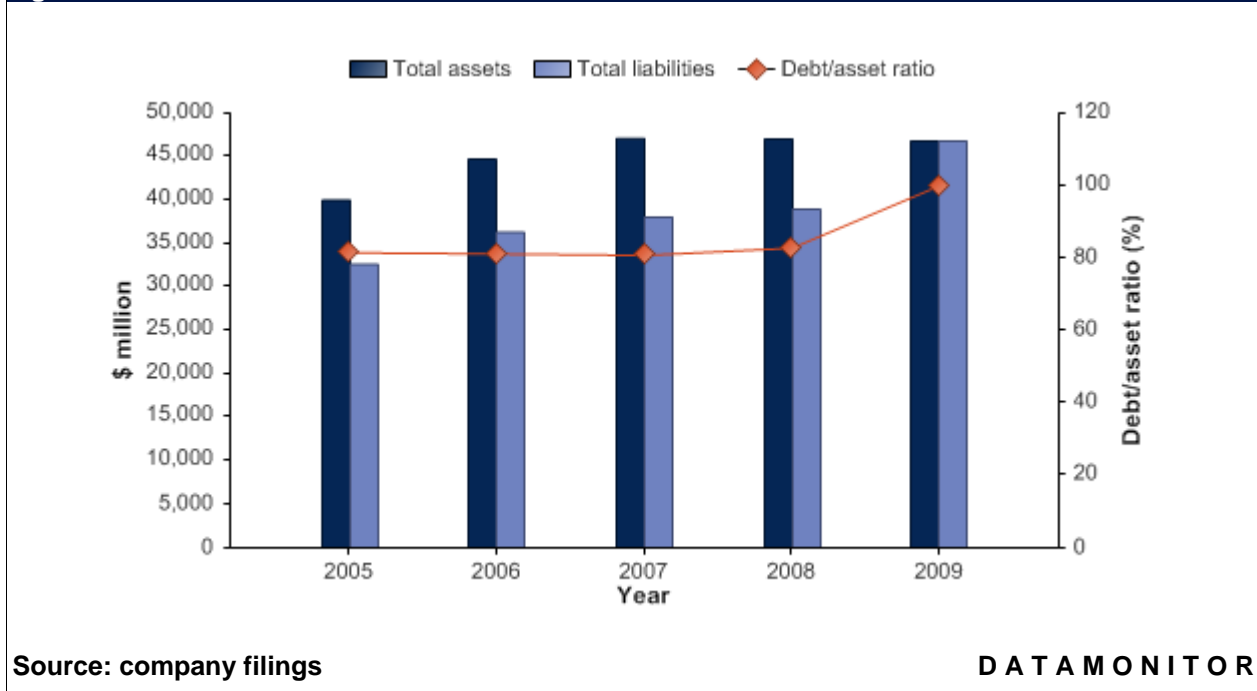
Figure 15: Metro AG: revenues & profitability



Source: company filings

DATAMONITOR

Figure 16: Metro AG: assets & liabilities



Tesco PLC

Table 17: Tesco PLC: key facts

| | |
|---------------------|---|
| Head office: | New Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL, GBR |
| Telephone: | 44 1992 632 222 |
| Website: | www.tescopl.com |
| Financial year-end: | February |
| Ticker: | TSCO |
| Stock exchange: | London |

Source: company website

DATAMONITOR

Tesco is a leading food and grocery retailer. The company operates 4,331 stores in 14 countries worldwide. It operates in the UK, other European countries, the US and Asia.

The company operates in a single segment: retail. However, Tesco's operations can be examined by the store formats operated by it: Express, Metro, Superstore, Extra and Homeplus. The company has over 960 Express stores (up to 3,000 square feet) offering fresh food at convenient locations. These stores sell a range of up to 7,000 products, including fresh produce, wines and spirits, and bakery products. The company has over 170 Metro stores (approximately 7,000-15,000 sq ft) in town and city centre locations. It offers a tailored range of food products including ready-meals and sandwiches. Tesco operates about 450 superstores (approximately 20,000-50,000 sq ft) at which it offers food as well non-food products such as DVDs and books.

Tesco's Homeplus stores (approx. 35,000-50,000 sq ft) are dedicated to non-food, including clothing. Tesco has more than 175 Extra stores (approximately 60,000 sq ft and above) which offer a variety of food and non-food product lines ranging from electrical equipment to homewares, clothing, health and beauty, and seasonal items such as garden furniture. Additionally, about 115 Extra and Homeplus stores have opticians and around 270 of them have pharmacies.

In addition to stores, Tesco offers retailing services through its online shopping channels, tesco.com and Tesco Direct. The company also provides broadband internet connections (Tesco broadband) and telecommunications services (Tesco Mobile and Home Phone) through a 50-50 joint venture with O2, a mobile phone company. Tesco also provides financial services through Tesco Personal Finance (TPF) which offers a choice of 28 products ranging from savings accounts and credit cards to car and travel insurance. All its financial products are also available for online purchase.

Tesco has codes of practice for all agricultural products sold under its brand and carries out audits, announced and unannounced, on suppliers. If any non-conformances are discovered, Tesco sets out a plan of action for them to become compliant and conducts follow-up audits. Tesco no longer sells GM foodstuffs under its own brand and is committed to local, organic sourcing where possible.

Key Metrics

The company recorded revenues of \$84,676 million in the fiscal year ending February 2009, an increase of 14.9% compared to fiscal 2008. Its net income was \$3,376 million in fiscal 2009, compared to a net income of \$3,320 million in the preceding year.

| Table 18: Tesco PLC: key financials (\$) | | | | | |
|---|-------------|-------------|-------------|--------------------|-------------|
| \$ million | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 57,602.2 | 67,234.5 | 66,461.4 | 73,720.0 | 84,675.6 |
| Net income (loss) | 3,042.4 | 3,553.7 | 2,959.8 | 3,319.9 | 3,376.0 |
| Total assets | 31,811.6 | 35,167.3 | 38,664.9 | 47,014.4 | 71,779.5 |
| Total liabilities | 17,695.1 | 20,447.6 | 22,188.6 | 28,463.7 | 52,460.3 |
| Employees | 242,980 | 273,024 | 318,283 | 345,737 | 364,015 |
| Source: company filings | | | | DATAMONITOR | |

| Table 19: Tesco PLC: key financials (£) | | | | | |
|--|-------------|-------------|-------------|--------------------|-------------|
| £ million | 2005 | 2006 | 2007 | 2008 | 2009 |
| Revenues | 36,957.0 | 43,137.0 | 42,641.0 | 47,298.0 | 54,327.0 |
| Net income (loss) | 1,952.0 | 2,280.0 | 1,899.0 | 2,130.0 | 2,166.0 |
| Total assets | 20,410.0 | 22,563.0 | 24,807.0 | 30,164.0 | 46,053.0 |
| Total liabilities | 11,353.0 | 13,119.0 | 14,236.0 | 18,262.0 | 33,658.0 |
| Source: company filings | | | | DATAMONITOR | |

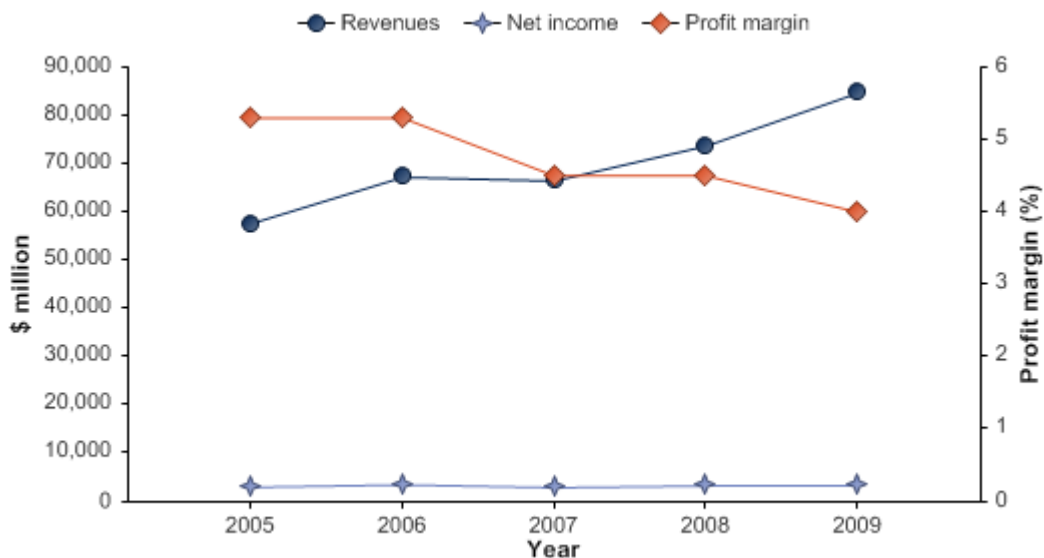
Table 20: Tesco PLC: key financial ratios

| Ratio | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Profit margin | 5.3% | 5.3% | 4.5% | 4.5% | 4.0% |
| Revenue growth | 10.1% | 16.7% | (1.1%) | 10.9% | 14.9% |
| Asset growth | 10.9% | 10.5% | 9.9% | 21.6% | 52.7% |
| Liabilities growth | 6.4% | 15.6% | 8.5% | 28.3% | 84.3% |
| Debt/asset ratio | 55.6% | 58.1% | 57.4% | 60.5% | 73.1% |
| Return on assets | 10.1% | 10.6% | 8.0% | 7.7% | 5.7% |
| Revenue per employee | \$237,066 | \$246,259 | \$208,812 | \$213,226 | \$232,616 |
| Profit per employee | \$12,521 | \$13,016 | \$9,299 | \$9,602 | \$9,274 |

Source: company filings

DATAMONITOR

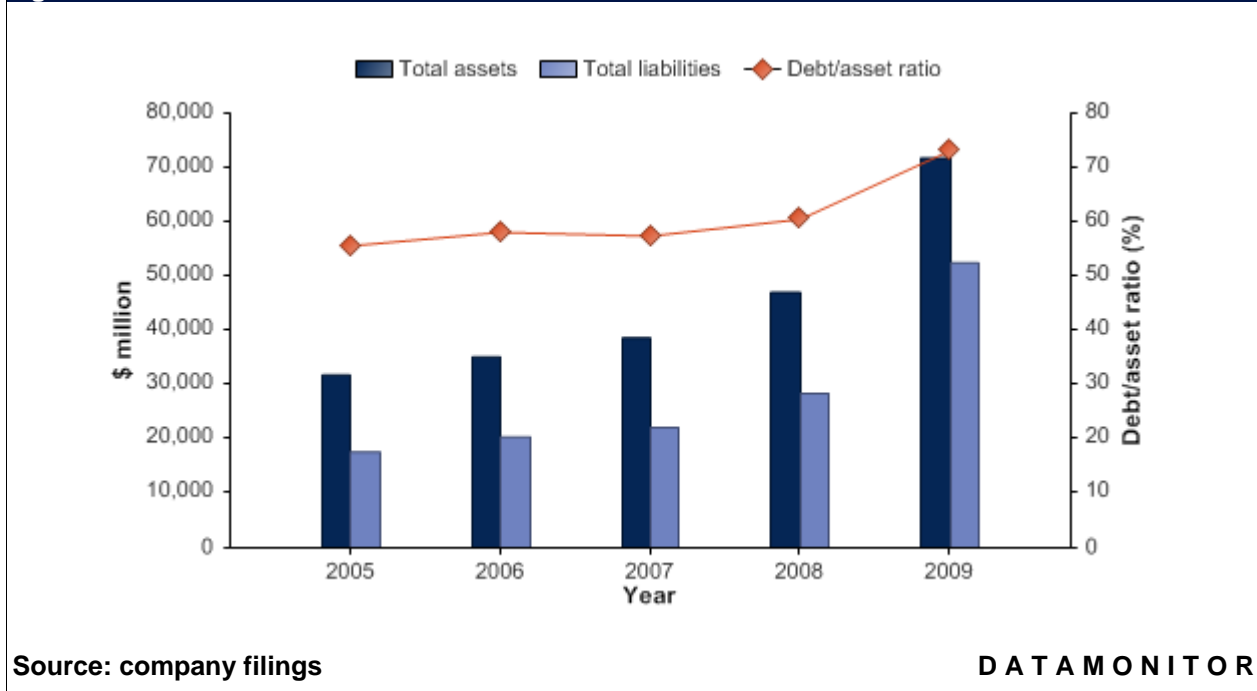
Figure 17: Tesco PLC: revenues & profitability



Source: company filings

DATAMONITOR

Figure 18: Tesco PLC: assets & liabilities



MARKET FORECASTS

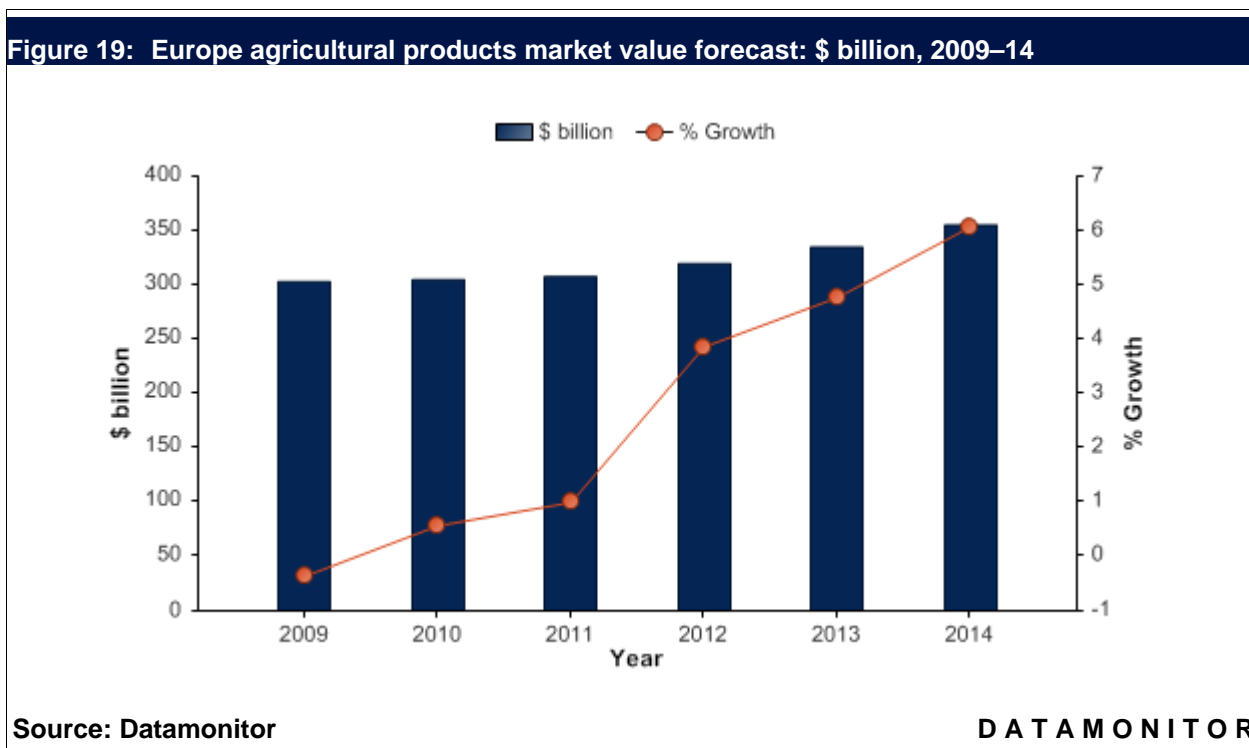
Market value forecast

In 2014, the European agricultural products market is forecast to have a value of \$355.2 billion, an increase of 17.2% since 2009.

The compound annual growth rate of the market in the period 2009–14 is predicted to be 3.2%.

| Table 21: Europe agricultural products market value forecast: \$ billion, 2009–14 | | | |
|--|-------------------|-----------------|-----------------|
| Year | \$ billion | €billion | % Growth |
| 2009 | 303.0 | 217.9 | (0.4%) |
| 2010 | 304.7 | 219.1 | 0.6% |
| 2011 | 307.8 | 221.3 | 1.0% |
| 2012 | 319.6 | 229.9 | 3.9% |
| 2013 | 334.9 | 240.8 | 4.8% |
| 2014 | 355.2 | 255.4 | 6.1% |
| CAGR: 2009–14 | | | 3.2% |

Source: Datamonitor **DATAMONITOR**



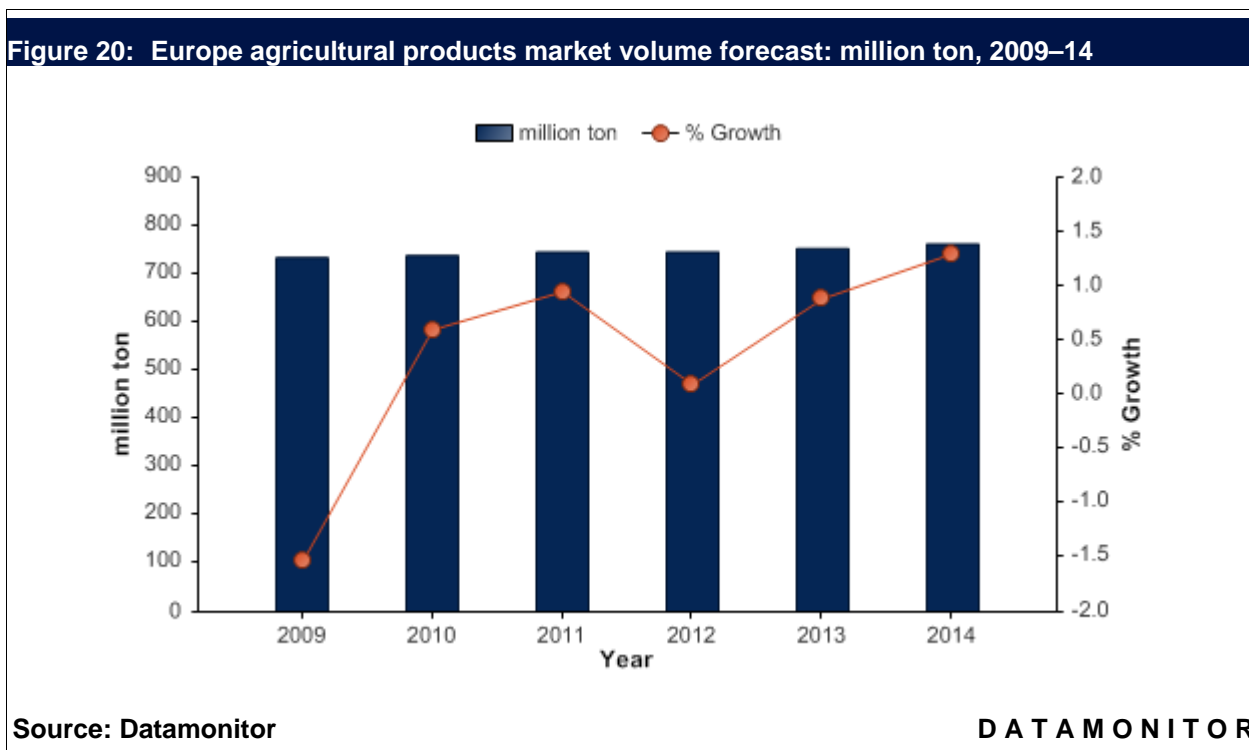
Market volume forecast

In 2014, the European agricultural products market is forecast to have a volume of 761.6 million ton, an increase of 3.9% since 2009.

The compound annual growth rate of the market in the period 2009–14 is predicted to be 0.8%.

| Table 22: Europe agricultural products market volume forecast: million ton, 2009–14 | | |
|--|--------------------|-----------------|
| Year | million ton | % Growth |
| 2009 | 733.3 | (1.5%) |
| 2010 | 737.6 | 0.6% |
| 2011 | 744.6 | 0.9% |
| 2012 | 745.3 | 0.1% |
| 2013 | 751.9 | 0.9% |
| 2014 | 761.6 | 1.3% |
| CAGR: 2009–14 | | 0.8% |

Source: Datamonitor DATAMONITOR



APPENDIX

Methodology

Datamonitor Industry Profiles draw on extensive primary and secondary research, all aggregated, analyzed, cross-checked and presented in a consistent and accessible style.

Review of in-house databases – Created using 250,000+ industry interviews and consumer surveys and supported by analysis from industry experts using highly complex modeling & forecasting tools, Datamonitor's in-house databases provide the foundation for all related industry profiles

Preparatory research – We also maintain extensive in-house databases of news, analyst commentary, company profiles and macroeconomic & demographic information, which enable our researchers to build an accurate market overview

Definitions – Market definitions are standardized to allow comparison from country to country. The parameters of each definition are carefully reviewed at the start of the research process to ensure they match the requirements of both the market and our clients

Extensive secondary research activities ensure we are always fully up-to-date with the latest industry events and trends

Datamonitor aggregates and analyzes a number of secondary information sources, including:

- National/Governmental statistics
- International data (official international sources)
- National and International trade associations
- Broker and analyst reports
- Company Annual Reports
- Business information libraries and databases

Modeling & forecasting tools – Datamonitor has developed powerful tools that allow quantitative and qualitative data to be combined with related macroeconomic and demographic drivers to create market models and forecasts, which can then be refined according to specific competitive, regulatory and demand-related factors

Continuous quality control ensures that our processes and profiles remain focused, accurate and up-to-date

Industry associations

EuroCommerce

Avenue des Nerviens 9-31, B-1040 Brussels, Belgium

Tel.: 32 2 737 0598

Fax: 32 2 230 0078

www.eurocommerce.be

International Federation of Agricultural Producers

60 rue Saint-Lazare, 75009 Paris, France

Tel.: 33 1 4526 0553

Fax: 33 1 4874 7212

www.ifap.org

International Food and Agribusiness Management Association

IAMA Business Office 333 Blocker Building 2124 TAMU College Station, Texas 77843-2124, United States

Tel.: 1 979 845 2118

Fax: 1 979 862 1487

www.ifama.org

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Industry Profile

Agricultural Products in Australia

Agricultural Products in China

Agricultural Products in India

Agricultural Products in Japan

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Combining our industry knowledge and experience, we assist over 6,000 of the world's leading companies in making better strategic and operational decisions.

Delivered online via our user-friendly web platforms, our market intelligence products and services ensure that you will achieve your desired commercial goals by giving you the insight you need to best respond to your competitive environment.

Premium Reports

Datamonitor's premium reports are based on primary research with industry panels and consumers. We gather information on market segmentation, market growth and pricing, competitors and products. Our experts then interpret this data to produce detailed forecasts and actionable recommendations, helping you create new business opportunities and ideas.

Summary Reports

Our series of company, industry and country profiles complements our premium products, providing top-level information on 30,000 companies, 3,000 industries and 100 countries. While they do not contain the highly detailed breakdowns found in premium reports, profiles give you the most important qualitative and quantitative summary information you need - including predictions and forecasts.

Datamonitor consulting

We hope that the data and analysis in this profile will help you make informed and imaginative business decisions. If you have further requirements, Datamonitor's consulting team may be able to help you. For more information about Datamonitor's consulting capabilities, please contact us directly at consulting@datamonitor.com.