

Insights into the Food, Beverage and Consumer Products Industry

The key issues, trends and financial performance benchmarking results for the consumer packaged goods (CPG) industry in the USA have been provided in a report which has just been launched by GMA (Grocery Manufacturers Association) in conjunction with PricewaterhouseCoopers: Insights into the Food, Beverage and Consumer Products Industry – GMA Overview of Industry Economic Impact, Financial Performance and Trends (1). The report, which is into its tenth year, starts off by showing the economic impact of the CPG industry on the US economy, generating an estimated \$2.1 trillion of revenue and providing work, directly and indirectly, for 14.7 million employees. Some of the major findings of this report are highlighted in the following editorial.

Contents

Americas update	3
Asia update	7
Europe update	11

Special insert

**Expanding Frontiers:
Gearing up on New
Opportunities**
*Highlights of
PricewaterhouseCoopers'
8th Annual Global Retail &
Consumer Business School*

Redefining relationships for the convergence era

Given the current challenging business environment, the GMA report makes a case for much more open business models in the CPG sector. For example, apparel and home furnishings marketers have led the way in redefining their relationships with business partners, through their policy of targeted collaboration with retailers in the area of trade spending. Exclusive merchandising relationships, such as those developed by Isaac Mizrahi at Target, or Chaps and Vera Wang at Kohl's, show how joint value can be created to the mutual benefit of both parties. At the same time, certain CPG companies are seeking to redefine relationships with their consumers, through the creation of brand-related experiences - by crossing over into the retail arena. Mars' Ethel's Chocolate Lounges and Procter & Gamble's Oil of Olay kiosks - operated in Mexico, Poland, Spain, Russia and since August 2006 in America also - are examples of this type of strategy. Opportunities also exist online, such as those developed by Unilever, which has designed three "webisodes" - or online advertisements with a story - to communicate new product lines. All these initiatives provide companies with a direct window to better observe and understand consumer behaviour. Co-branding is another result of more open business models in a sector where traditional boundaries are blurring and industries enter each others' domains. The partnerships set up between Wal-Mart and McDonald's or PepsiCo and Starbucks illustrate how synergies can be harnessed to create new value for the companies involved.

>>>

Generating growth and managing expenses: leveraging the balance

The GMA report illustrates how companies are taking a more holistic approach to margin improvement, by moving away from piecemeal measures for cost-cutting, to finding ways to derive higher value from certain operational areas. More efficient procurement through collaboration is one such area, as shown by Sara Lee, which has recently established a centralised, strategic procurement function and is building long-term relationships with its strategic suppliers. The buoyancy of the global private equity market is also contributing to margin improvement, as these deals facilitate divestiture of peripheral businesses and allow CPG companies to focus on core, value-creating activities.

Sustainability: adapting to the polarisation of consumer markets

Today's business environment is tough, and the GMA report shows how the CPG industry is taking on the complex polarisation of consumer segments within different markets. In transitional economies, companies in the sector are confronted with wide income inequalities. Making healthy, clean products that are affordable for the poorest is changing the way CPG goods are produced and distributed. However, companies operating in these regions also need to cater to the needs of a much more affluent and fast-growing middle-class. These issues can be further explored in the PricewaterhouseCoopers' study **From São Paulo to Shanghai – New consumer dynamics: the impact on modern retailing*** (2). At the same time, in mature markets, consumers are demanding health and fitness solutions, and more choice and information about ingredients. Two studies presented by PricewaterhouseCoopers at our recent **8th Global Retail & Consumer Business School in Milan** (3) stressed the increasing importance of ageing consumers – Generation 55+ and the huge opportunities afforded by this growing and sophisticated market.

Resilience and vibrancy in the retail and consumer goods sector

Both the Retail & Consumer economic and business update for the Americas and the GMA report show the resilience and vibrancy of companies in the retail and consumer goods sector. Our fourth quarter update indicates that, although growth in both the US economy and the Euro zone has slowed in the third quarter, American retail and consumer goods companies have generated sales growth of between 2% and 10% during this period. The GMA survey reports that overall CPG industry growth remains above 5% and overall productivity is on the rise.

All of this is good news. It demonstrates that companies in the sector everywhere are adapting their business models to achieve maximum operational efficiency as they reinvent their relationships with their business partners and the end consumer. In the New Year, we will be seeing more consolidation as companies concentrate on their core businesses, and more growth through the drive for operational efficiencies and the development of highly innovative and creative marketing policies.

This 60th issue marks the 15th year of publication of Retail & Consumer Worlds, and I would like to thank our readers for their continuing support. As previously announced, from now on, our newsletter will be distributed to subscribers by e-mail only. It can also be accessed directly on our website (www.pwc.com/r&c), where a subscription request can be completed (4). Retail & Consumer Worlds will undergo further changes in 2007: the format will be redesigned and it will become a bi-annual publication, with the next issue available in July 2007.

Finally, may I take this opportunity of wishing you all a very happy and prosperous 2007!

Carrie Yu

Global Retail & Consumer Leader

carrie.yu@hk.pwc.com

(1) *Insights into the Food, Beverage and Consumer Products Industry – GMA Overview of Industry Economic Impact, Financial Performance and Trends* is available on www.pwc.com/r&c

(2) *From São Paulo to Shanghai – New consumer dynamics: the impact on modern retailing** is available on www.pwc.com/growth

(3) Highlights of this meeting are contained in the Food for Thought feature article of this issue of Retail & Consumer Worlds

(4) Alternatively, you can address an e-mail to globalrc@hk.pwc.com requesting your subscription to the electronic version of Retail & Consumer Worlds.



AMERICAS UPDATE

United States reports 2.9% growth in third quarter 2006

Luxottica acquires the D.O.C. Optics chain

3M sells off its pharmaceuticals business

Beverage Partners Worldwide refocus on black tea

Amazon.com income slumps in quarter 3 2006

Anheuser-Busch first nine-months net profit gains 11%

The main feature of the third quarter 2006 is the slowdown of the American economy. Generally speaking, this has not impacted the results of the manufacturers or retailers of consumer staples mentioned in this newsletter, where sales growth fluctuates between 2% and 10% and operating income is more often than not in double figures.

Economic indicators

In the United States, third-quarter GDP increased by 2.9% on the previous year, compared with 3.5% at the end of the last quarter.

Expansion

Luxottica has bought up the American D.O.C. Optics chain for around \$90 million. D.O.C. Optics manages a hundred or so outlets, mainly in the Detroit area.

Operations and trends

3M has sold its branded pharmaceuticals business, which accounts for approximately 3% of group sales.

Progressive 3M sales for the first nine months of 2006 totalled \$17.14 billion, an increase of 8.2%.

Nestlé and Coca-Cola are refocusing the activities of their joint-venture company, Beverage Partners Worldwide (BPW), on ready-to-drink black tea drinks, which means that both companies will now independently produce and market instant coffee and all tea-based products other than black tea.

Results

Amazon.com's net sales increased 24% to \$2.31 billion in the third quarter 2006, compared to \$1.86 billion in 2005. Operating income decreased 28% to \$40 million. Net income was down at \$19 million, compared to \$30 million in the same period the previous year.

For the first nine months of 2006, sales from Anheuser-Busch advanced by 5.3%, to \$12.29 billion. Net profit moved up by 11% over the same period, to \$1.77 billion.

Coca-Cola sees upturn in profitability

Coca-Cola recorded third-quarter 2006 sales of \$6.45 billion, up 7%. Operating income moved up 11%, to \$1.66 billion. Net income gained 14% at \$1.46 billion.

Progressive sales for the first nine months of the year totalled \$18.16 billion, up 3%, with operating income and net income gaining respectively 6%, at \$5.10 billion, and 10%, at \$4.40 billion.

Colgate Palmolive third-quarter sales rise 8%

Colgate Palmolive published third-quarter 2006 sales up 8% at \$3.14 billion. On a like-for-like basis, operating margin stood at 21% compared to 19.8% a year earlier. Net profit slipped back 0.8%, to \$344 million.

Hasbro operating profit gains 29%

In quarter 3 2006, Hasbro achieved sales of \$1.04 billion, up 5% on the same period a year earlier.

North American segment revenues came in at \$745.5 million for the quarter (\$712.3 million a year before), with international revenues of \$280.4 million (\$264.6 million in the same quarter the previous year). Operating profit improved 29% to \$165.2 million, representing 15.9% of revenues.

Home Depot third-quarter sales move up 11.3%

Home Depot reported third-quarter sales of \$23.1 billion, an 11.3% increase from the third quarter of the 2005 financial year. Total sales in the retail segment grew 1.1% to \$19.7 billion, whereas total sales from HD Supply grew by 159% to \$3.5 billion. Operating income for the third quarter decreased by 0.1% to \$2.47 billion.

Johnson & Johnson third-quarter sales increase by 7.9%

Johnson & Johnson's third-quarter sales gained 7.9%, at \$13.28 billion. Net income showed a rise of 8.7%, at \$2.76 billion.

Kimberly-Clark sales gain 5% in the first nine months of 2006

Kimberly-Clark's third-quarter 2006 sales were up by 5.2%, at \$4.2 billion. This gave progressive nine-month sales of \$12.4 billion, an increase of 5%. Operating profit for the third quarter 2006 came in at \$526 million, compared with \$465 million in 2005, an increase of 13.3%. For the first nine months of 2006, operating profit of \$1,491 million was achieved, compared to \$1,738 million in 2005, a decrease of 14.2%.

Kodak third-quarter sales lose 10%

Third-quarter 2006 sales at Kodak were down 10%, at \$3.2 billion, largely attributable to a 19% decline in traditional sales.

Kraft Foods quarterly net profit gains 11%

Kraft Foods achieved sales of \$8.2 billion in quarter 3 2006, up 2.3%, with organic growth standing at 2.2%.

Operating income increased 18.2% to \$1.4 billion. Net earnings were \$748 million, an increase of 11% on the previous year.

Lowe's third-quarter net profit rises 10.8%

Lowe's recorded third-quarter sales of \$11.2 billion, an increase of 5.8% over the third quarter of the 2005 financial year. For the nine months ended November 3, 2006, sales increased 12.6% to \$36.5 billion.

Net earnings for the third quarter moved up by 10.8% to \$716 million and by 20.3% to \$2.49 billion for the first nine months of the 2006 financial year.

Mattel sales gain 7% in third quarter 2006

For the third quarter of 2006, Mattel reported net sales of \$1.79 billion, up 7% compared to \$1.67 billion the previous year, including a favourable currency exchange rate impact of 1%. Net income was up 6% at \$239 million, compared to \$225.3 million in the third quarter of 2005. In the fourth quarter, the company completed the acquisition of the electronic games manufacturer, Radica Games Limited.

McDonald's operating income climbs 12% in third quarter 2006

In the third quarter 2006, sales from McDonald's increased by 10%, to \$5.88 billion. Operating income climbed 12%, to \$1.3 billion. Net income increased by 15%, to \$843 million.

Nike first-quarter sales move up 9%

During the first quarter 2006 (June - August), Nike realised sales of \$4.2 billion, an increase of 9% over the first quarter 2005. Net income declined 13% to \$377.2 million.

Office Depot sales gain 10% in third quarter 2006

Office Depot published third-quarter 2006 sales of \$3.9 billion, a 10% increase on third-quarter 2005 performance. Sales in North America were up 10%, while international sales increased 13% in US dollars to \$882 million and 9% in local currencies.

Net earnings for the quarter were \$133 million compared to a net loss of \$48 million for the same quarter of the prior year.

Progressive nine-month sales for 2006 came in at \$11.17 billion (up 5.8%), with net profit of \$381 million (up 127.5%).

PepsiCo net quarterly income soars 71%

PepsiCo achieved third-quarter 2006 sales of \$8.95 billion, an increase of 9% on the third quarter 2005. Net income soared by 71% to \$1.48 billion.

Procter & Gamble first-quarter sales move ahead by 27%

Procter & Gamble recorded first-quarter sales of \$18.79 billion, an increase of 27%. Organic sales increased by 6%. Net income moved up 33%, to \$2.70 billion.

Sara Lee first-quarter sales increase 5%

For the first quarter (July-September) of the 2007 financial year, Sara Lee reported sales up by 5%, at \$2.9 billion. Operating income increased 29% to \$235 million.

Supervalu reports first consolidated figures with Albertsons

Supervalu published sales of \$10.7 billion for the second quarter of the 2007 financial year, compared with the \$4.6 billion sales figure a year earlier. Net income came in at \$132 million against \$33.8 million. Supervalu's accounts incorporated Albertsons for the first time this quarter.

For the first half of fiscal 2007, Supervalu reported net sales of \$16.4 billion, compared to \$10.5 billion the previous year, representing growth of 56.2%, and net earnings of \$218.8 million, up 74.8% (\$125 million for the same period the previous year).

Target net profit rises 16.2% in third quarter

Target's third-quarter sales gained 11.2%, at \$13.6 billion. Net income rose 16.2%, at \$506 million. For the first nine months of 2006, sales totalled \$39.8 billion, up 11.5%, with net profit gaining 13.6%, at \$1.7 billion.

Wal-Mart third-quarter sales advance by 12%

During the third quarter of the current financial year, sales at Wal-Mart totalled \$83.54 billion, an increase of 12% over the third quarter a year earlier.

Net sales for the nine-month period ended October 31, 2006 reached \$246.90 billion, an increase of 12% over the first nine months of fiscal 2006. Continuing operations generated income for the same period up 5.2%, at \$8.24 billion.

Companies in this Issue

3M	Fromageries Bel	LVMH	SEB
Adidas	Fujifilm	Marks & Spencer	Sega-Sammy
Ahold	Hasbro	Matsushita	Seiyu
Amazon.com	Henkel	Mattel	Seven & I Holdings
Anheuser-Busch	Hitachi	McDonald's	Sharp
Barry Callebaut	Home Depot	Metro	Shiseido
Beiersdorf	InBev	Nestlé	Sony
Beverage Partners Worldwide	Johnson & Johnson	Nike	Sony Ericsson
Carrefour	KarstadtQuelle	Nikon	Supervalu
Casino	Kesko	Nokia	Target
Coca-Cola	Kimberly-Clark	Office Depot	Tate & Lyle
Coles Myer	Kirin	Olympus	Tengelmann
Colgate Palmolive	Kodak	PepsiCo	Toshiba
Daewoo Electronics	Konica Minolta	Pernod Ricard	Unilever
Danone	Kraft Foods	Philips	United Biscuits
Delhaize	LG Electronics	Pioneer	Woolworths
D.O.C. Optics	L'Oréal	PPR	Videocon
Electrolux	Lowe's	Procter & Gamble	Wal-Mart
Ericsson	Luxottica	Samsung	
		Sara Lee	



ASIA UPDATE

Growth in China is still in double figures, with quarter three turning in a performance of 10.4%. India is also targeting 10% growth per annum for the 11th five-year plan which kicks off in 2007.

The trends in the results from manufacturers of consumer staples highlight a significant improvement within Japanese companies. Konica Minolta and Pioneer return to half-yearly profit, while Toshiba and Nikon have revised their full-year forecasts upwards.

Economic indicators

China recorded third-quarter growth of 10.4%, following on from 11.3% achieved in quarter 2. For the first nine months of 2006, growth stands at 10.7%.

India is targeting growth of 10% per annum through till 2011, the last year of the eleventh five-year plan that will commence in 2007. The government and central bank are forecasting a growth rate of 8% for the 2006/2007 budget year (April–March), compared to 8.4% for the 2005/2006 period.

For the first six months (April–September 2006) of the current financial year, the Japanese trade surplus dropped by 2.5%, to stand at 3,904 billion yen.

Japanese growth for the third-quarter 2006 came in at 0.5% compared to the previous quarter, making it the seventh quarter running to generate economic growth. On an annual basis, GDP shows a rise of 2%.

South Korea achieved growth of 0.9% for the third quarter 2006, in the wake of the second quarter's increase of 0.8%. Progressively, compared to 2005, GDP has moved up 4.6%.

Expansion

Daewoo Electronics has been bought by the Indian company, Videocon. In 2005, the ex-Daewoo subsidiary realised sales of 2,150 billion won (down 6.4%) and recorded a loss of 94 billion won against the previous year's profit of 30 billion won.

Last year, Videocon achieved sales of 54.5 billion rupees, with bottom line profits of 4.3 billion rupees.

China achieves 10.4% growth in third quarter 2006

India sets annual growth target of 10% between now and 2011

Japan's trade surplus drops

Japanese economy grows for seventh consecutive quarter

South Korea records growth of 0.9% in quarter 3

Daewoo Electronics taken over by Videocon

Nestlé sells off liquid milk businesses in south-east Asia

Operations and trends

Nestlé has sold certain of its canned liquid milk businesses to Fraser & Neave Holdings Berhard (F&N), a Singapore-based company. From February 1, 2007, under the licence of Nestlé, F&N will take over the manufacturing and distribution of canned liquid milk products in Thailand, Malaysia, Singapore, Brunei and some other countries in the region. This agreement will enable Nestlé to further sharpen its focus on higher value-added branded products.

Coles Myer first-quarter sales progress by 3.2%

Coles Myer recorded first-quarter sales for the 2006/2007 financial year of \$8.5 billion, an increase of 3.2%.

Fujifilm half-year sales move up by 3.7%

For the first half ended September 30, 2006, Fujifilm published sales of 1,352 billion yen, up 3.7%. Operating income fell back by 15.4%, to 50.8 billion yen.

For the full year, Fujifilm is estimating sales of 2,740 billion yen and operating income of 80 billion yen.

Hitachi half-year losses worsen

Hitachi's first-half sales for the 2006/2007 financial year totalled 4,771 billion yen, an increase of 8.1%. Operating income fell heavily from last year's figure of 77.7 billion yen to 19.8 billion yen. The net loss position worsened, dropping from last year's 10.9 billion yen to stand at 78.1 billion yen.

Kirin reports sales up 3.8% for first three quarters

During the first three quarters 2006, Kirin achieved sales of 1,241.3 billion yen, an increase of 3.8% over the first three quarters 2005. Operating income increased 10.5% to 94.4 billion yen, with net income up by 8.5%, at 47.3 billion yen.

Konica Minolta first-half bottom line moves out of the red

For the first half ended September 30, 2006, Konica Minolta published sales of 494 billion yen, down 4.6%. The company declared net income of 22.5 billion yen, compared to half-year losses of 3.5 billion yen a year earlier.

Konica Minolta is forecasting full-year sales of 1,006 billion yen, 26 billion yen up on its original estimate. Net income should reach 46 billion yen against the initial 30 billion yen forecast. The company recorded a net loss of 54.3 billion yen for the previous financial year.

LG Electronics sales edge up 0.6% in third quarter 2006

LG Electronics reported third-quarter 2006 sales of 6,054 billion won, up 0.6% on quarter 3 2005. Operating income fell 30%, to 197.2 billion won, with net income showing a slump of 86%, at 22.7 billion won.

Matsushita half-year net profit surges 79%

For the first half of the 2007 financial year ended September 30, 2006, Matsushita sales edged up by 3% to 4,390 billion yen. Sales in Japan amounted to 2,180 billion yen, practically unchanged from the figure a year ago. International sales moved up 6%, to 2,210 billion yen. Net profit surged ahead by 79%, to 115.1 billion yen.

Nikon revises its full-year estimates upwards

Nikon has upped its full-year estimates through to March 31, 2007. Sales are now budgeted at 797 billion yen instead of 780 billion yen, with net profit up from 37 billion yen to 45 billion yen. Sales for the 2006 financial year came in at 731 billion yen, with net profit at 29 billion yen.

Olympus half-year net income multiplied by 8

During the first half (April-September 2006) of the current financial year, Olympus realised sales of 484.68 billion yen, an increase of 1.8%. Net income was up almost 8 times, coming in at 18.79 billion yen.

Pioneer returns to profit

Pioneer's first-half sales for the 2006/2007 financial year reached 380.3 billion yen, an increase of 12.2%. Net profit of 9.2 billion yen was recorded, compared to a 58 billion yen net loss a year earlier. Pioneer has revised its full-year sales target down (820 billion yen against the previous 845 billion yen) but has pushed its net income forecast up (10 billion yen instead of 7.5 billion yen).

Samsung net profit gains 16% in quarter 3

Third-quarter sales from Samsung gained 5%, at 15,220 billion won. Sales from the mobile phone division (which represents a third of total business) moved ahead by 2%.

Samsung's operating income dropped 13%, to 1,850 billion won, with net income gaining 16% at 2,190 billion won.

Sega-Sammy half-year sales gain 14.1%

For the first half of the 2006/2007 financial year, Sega-Sammy's sales were up 14.1%, at 283.5 billion yen. The company achieved net income of 38 billion yen, up 52.3%.

Seiyu reports losses for first three quarters

For the first three quarters of 2006, Seiyu's sales were down 3.0%, at 706.1 billion yen. Net losses were 59.5 billion yen, an increase of 42.0 billion yen on the previous year, due largely to a one-off write-down of fixed assets estimated at 47.5 billion.

Seven & I Holdings forecast annual sales jump of 38.1%

For the first six months (March 1-August 31, 2006), sales at Seven & I Holdings totalled 2,557 billion yen, generating operating income of 68.7 billion yen.

The company is estimating sales for the full year of 5,380 billion yen (+38.1%), with operating income of 305 billion yen (+24.5%).

**Sharp half-year sales
move up 9.7%**

For the first half of the current year (April-September), Sharp recorded sales of 1,466 billion yen, an increase of 9.7%. Operating income moved ahead by 20.1%, to 90.2 billion yen, and net income by 27.5%, to 46.5 billion yen. The company is forecasting sales for the full year of 3,000 billion yen and net profit of 100 billion yen.

**Shiseido half-yearly net
sales progress**

For the April-September 2006 first-half, sales from Shiseido totalled 347 billion yen, up 5.1%. Operating profit increased by 13.6%, at 25.8 billion yen, while net income fell back by 8.6%, to 9.4 billion yen.

**Sony first-half operating
income plummets**

Sony's sales for the first half (April-September 2006) of the current financial year totalled 3,600 billion yen, up 9.7%. Operating income plummeted by 90.9%, to 6.22 billion yen.

Profit shot up by 60.2%, to 33.97 billion yen. Sony is targeting net annual income of 80 billion yen, instead of the initial estimate of 130 billion yen. The company has passed provisions totalling 51 billion yen to finance the recall of faulty batteries.

**Toshiba revises full-year
estimates upwards**

Toshiba recorded first-half 2006-2007 sales up 9% at 3,162 billion yen. Operating income moved up by 13.8% to 65.2 billion yen. Net income increased 2.7 times, up to 38.8 billion yen from last year's comparative of 14.6 billion.

Full-year estimates have been revised upwards, with sales of 6,750 billion yen and net profit of 110 billion yen.

**Woolworths quarter 1 sales
gain 20.9%**

For the first quarter ended October 1, 2006, Woolworths published sales of AUS \$10.74 billion for on-going activities, an increase of 20.9%. Sales from the Supermarket Division increased by 22.6% to AUS \$9.39 billion, of which AUS \$7.05 billion were generated from its Australian Food and Liquor stores.

Woolworths expects sales from continuing operations for the full year to grow in the region of 8% to 12%.



EUROPE UPDATE

Euro zone growth slows down

Germany reports third-quarter 2006 growth of 0.6%

Great Britain sees third-quarter 2006 growth of 0.7%

Philips acquires Partners in Lighting

United Biscuits sold to a consortium

Adidas lowers its nine-month margins

Growth in the Euro zone slowed down in the third quarter, whereas Great Britain recorded its highest growth rate for two years. As illustrated by Ahold and the Delhaize group, food retailers are continuing to refocus. Ahold has withdrawn both American (U.S Foodservice...) and European holdings; Delhaize has sold its Czech activities to the Rewe group.

Economic indicators

For the third quarter 2006, growth in the Euro zone stood at 0.5%, compared with 0.9% in the previous quarter.

The German economy's GDP edged ahead by 0.6% during the third quarter 2006 to give an increase of 2.3% on an annual basis.

Great Britain recorded growth of 0.7% over the third quarter 2006. This gives GDP a year-on-year advance of 2.8%, the highest performance recorded for two years.

Expansion

Philips acquires Partners in Lighting (PLI), the leading European manufacturer of home luminaries. PLI's revenue for 2006 is expected to be around €400 million with a comparable growth rate of 6%.

Operations and trends

United Biscuits has been sold to a consortium comprising the Blackstone group and PAI. The latter already had a 40% holding in the company, and each of the investment funds now owns 50% of United Biscuits' capital.

Results

Adidas announced sales of €7.84 billion for the first nine months of 2006, a jump of 53%. Excluding Reebok, sales gained 16%, at €5.95 billion. The operating margin of the Adidas Group declined 2.6 percentage points to 10.6% of sales. This mainly reflects the first-time consolidation of Reebok. The Group's net income attributable to shareholders increased 22% to €469 million.

Ahold adopts new strategic plan

Sales from Ahold for the third quarter 2006 totalled €10.3 billion. Compared to the third quarter 2005, this represents an uplift of 0.7% on current exchange rates and 3.7% on constant rates.

Ahold adopted a new strategic plan in November 2006, which focuses on Ahold's core retail business in the United States and Europe, where the company can secure a number one or number two position with clear prospects for profitable growth.

The company is going to sell off U.S. Foodservice, the Tops supermarket chain in the United States, its retail business in Poland and Slovakia together with its 49% holding in Jeronimo Martins Retail in Portugal.

Barry Callebaut net annual profit moves up by 17.4%

Barry Callebaut achieved full-year sales as at end August of €2.7 billion, an increase of 4.9%. Net profit advanced by 17.4%, to €116 million. For the current financial year, the company is expecting a sales uplift of between 3% and 5%, with net income progressing by between 12% and 15%.

Beiersdorf progressive sales rise 7.7% as at end September

During the third quarter 2006, sales from Beiersdorf advanced by 8.6%, to €1.25 billion. Operating profit fell by 20.3%, to €102 million.

Progressive nine-month sales for 2006 rose by 7.7% at €3.86 billion. Operating income fell back by 11.2%, at €365 million.

Full-year sales performance is expected to top the 6% mark, with operating margin (excluding special factors) gaining around 11.5%.

Bel operating income climbs 30.9% in first half 2006

The Bel group's first-half 2006 sales totalled €851.5 million, up 3.7%. Operating income showed a climb of 30.9%, generating an operating margin of 6.4% (up 1.3 points). Net attributable profit moved up 18.4%, to €32.9 million.

Carrefour sales including VAT increase 7.3% at constant exchange rates during quarter 3

Carrefour group recorded third-quarter 2006 sales, including VAT, of €22.1 billion, representing a rise of 6.8% on current exchange rates and of 7.3% on constant exchange rates.

This gives progressive nine-month sales for 2006, including VAT, of €63.9 billion reflecting an 8% increase on current exchange rates and up 7.3% on constant rates.

Casino organic growth accelerates

Sales at the Casino group for the third quarter 2006 amounted to €6.1 billion, up 8%. Organic growth stood at 5%, a step up on the previous two quarters (3.8% in quarter 1 and 4.1% in quarter 2). Organic growth in France was 4.2%, with international business recording an increase of 7.6%.

Danone achieves 9.5% organic growth in third quarter 2006

Danone group recorded like-for-like sales growth of 9.5% in quarter 3, 2006. Progressive nine-month organic sales performed at up 9.1%. Over the same period, consolidated sales totalled €10.77 billion, an increase of 9.3% on a historical basis.

Delhaize group sales edge up 2.8% in third quarter 2006

Delhaize group's sales for the third quarter 2006 advanced by 2.8% to €4.8 billion. Organic sales recorded a five-year best with a performance increase of 6.9%. Operating margin remained level at 4.8%.

Progressively to end September, sales totalled €13.38 billion, up 6.9%. Operating margin gained a tenth of a point, at 4.8%.

In the framework of its investments' valuation, Delhaize group has sold its Czech subsidiary to Rewe.

Electrolux sales edge up 0.5% in quarter 3 2006

In the third quarter of 2006, net sales for the Electrolux group amounted to €2.84 billion, an increase of 0.5%. For the period, income from continuing operations increased by 36.0% to €87.9 million.

Ericsson net profit climbs 17% in third quarter 2006

Ericsson published third-quarter 2006 sales of €4.4 billion (up 13%). Net profit moved up by 17% to reach €670 million.

Henkel full-year performance revised upwards

Henkel returned third-quarter 2006 sales of €3.26 billion, up 3.8%. Organic growth came in at 5.8%. The group generated a 7% increase in operating income, at €321 million, and net attributable profit was up 8.1%, at €211 million. The company is now forecasting full-year organic sales growth of around 5%, compared to the previous 3% to 4% estimate.

InBev improves margins in third quarter 2006

InBev's third-quarter 2006 sales moved up 10.6% to €3.54 billion. The EBITDA margin advanced 390 basis points to 34.1%, compared to 30.2% a year earlier.

KarstadtQuelle first nine-months sales slip 2.9%

Progressive sales for the first nine months 2006 from KarstadtQuelle fell back by 2.9%, to €10.28 billion. Department stores and travel business sales (Thomas Cook) gained 4.3% and 2% respectively, but mail order sales fell 9.8%. EBITDA totalled €2.5 billion, compared to €145.3 million a year earlier.

Kesko sales grow 11% during the first 10 months 2006

During the first ten months of 2006, Kesko's sales amounted to €7.29 billion, an increase of 11% on the comparative period 2005.

L'Oréal sales gain 8.3% as at September 30, 2006

As at September 30, sales at the L'Oréal group totalled €11.6 billion, up 8.3%, representing growth of 7.4%, excluding currency impact.

The net effect of structural changes was up 1.8%, mainly due to the acquisition of The Body Shop. On a like-for-like basis, this gives a 5.6% uplift over the first nine months of the year.

LVMH organic sales grow 11% as at end September 2006

LVMH Moët Hennessy Louis Vuitton achieved revenues of €10.6 billion in the first nine months of 2006, reflecting organic growth of 11% compared to the same period in 2005.

The wines and spirits division delivered organic growth of 12%, fashion and leather goods and perfumes and cosmetics 11%, watches and jewellery 22%, and selective retail 8%.

Marks & Spencer pre-tax profits jump 32% during first half

During the first half of the current financial year, sales at Marks & Spencer moved up 11% to £3.9 billion. Pre-tax profits came in at £405 million, an increase of 32%. Over the next five years, the company is planning to increase sales floor footage by between 15% and 20%.

Metro third-quarter sales increase by 6.3%

Third-quarter 2006 sales for the Metro group gained 6.3%, totalling €14.1 billion. Net of foreign exchange effects, the increase was 6.6%. EBIT increased by 4.5% from €269 million to €281 million. The company anticipates an increase in sales by around 6% for the full fiscal year.

Nestlé achieves sales growth of 9.1% during first nine months 2006

Over the first nine months of 2006, Nestlé group consolidated sales came in at CHF72.2 billion, an increase of 9.1% on the same nine-month period in 2005. Organic growth was 6.1%, with 4.6% attributable to real internal growth and 1.5% due to price increases. The Nestlé group has confirmed its full-year organic growth target towards the top end of the 5% to 6% range.

Nokia records quarterly sales up but profits down

Nokia published third-quarter 2006 sales up by 20% year-on-year at €10.10 billion. The mobile telephone business division returned sales of €5.95 billion (up 14%), selling 88.5 million units in volume terms (up 33%). Operating income slipped back by 4%, to €1.1 billion. Operating margin fell from 13.7% to 10.9%, with mobile activities dipping to 13.1% compared to last year's 16.9% over the comparative period. Net profit also dropped 4%, at €845 million.

Pernod Ricard first-quarter sales gain 9.2%

Pernod Ricard achieved first-quarter 2006/2007 sales through to September 30 of €1.46 billion, a gain of 9.2%. Internal sales growth amounted to 5.6%.

Philips sees drop in first nine-month profit excluding exceptionals

Philips reported sales for the first nine months of 2006 of €18.8 billion, up 7.2%. Net income rose by 85.4%, to €4.7 billion, due to the capital gains on the sale of the semi-conductor division. Excluding this exceptional profit item, net income dropped by 85.5%, to €368 million.

PPR records 7% sales uplift at end September 2006

Over the first nine months of 2006, PPR recorded sales from its on-going activities of €12.6 billion, an increase of 7% in real terms and of 6% on a comparable basis against the same period 2005. International sales advanced by 9.5%, accounting for 56% of total PPR sales.

SEB first nine-month sales move up 8.4%

SEB group sales totalled €1.73 billion, up 8.4%, during the first nine months of 2006. On a constant parity basis, this represents growth of 7.5%. On a like-for-like basis and at constant exchange rates, organic growth for the nine months came in at 4.8%.

**Sony Ericsson third-quarter
2006 sales surge 42%**

Sony Ericsson recorded sales totalling €2.9 billion for the third quarter 2006, an increase of 42%.

Income before taxes came in at €433 million, representing a year-on-year increase of 187%. Net income was €298 million.

The company considers it has gained more than one percentage point in terms of market share during the quarter, pushing it up to around 8%.

**Tate & Lyle half-yearly
operating income jumps 26.1%**

For the first half of the current financial year to September 30, 2006, Tate & Lyle published sales of £2.04 billion, up 9.2%.

Operating profit moved up by 26.1% to £193 million. Profit before tax was up £37 million at £173 million, a leap of 27%.

**Tengelmann full-year sales slip
back by 2.4%**

Tengelmann recorded full-year sales for the 2005/2006 financial year ended April 30, 2006 of €25.7 billion, down 2.4% on the previous year.

**Unilever sales increase but
profits fall in quarter 3**

For the third quarter 2006, sales at Unilever edged up 2%, to €10.12 billion. Operating margin stood at 14.8% (-0.8 point).

Net profit fell back 45%, to €812 million, hit hard by an exceptional provision of €300 million. Progressive sales for the first nine months 2006 advanced by 4%, to €29.91 billion. Operating margin moved up by 0.3 point over the year, to stand at 14.5%. Net profit dropped 10%, at €2.91 billion.

Editorial Team

Carrie Yu

Global Retail & Consumer Leader
Tel: +852 2289 1386
carrie.yu@hk.pwc.com

Global Retail & Consumer Team**Paris****Megan Hofmann**

Marketing Co-ordinator
Tel: +33 1 56 57 88 04
megan.hofmann@fr.pwc.com

Hong Kong**Cynara Tan**

Regional Marketing Director
Tel: +852 2289 8715
cynara.sl.tan@hk.pwc.com

Retail & Consumer International Network

Global and A7 Retail & Consumer Leader (Hong Kong)

Carrie Yu +852 2289 1386
carrie.yu@hk.pwc.com

Argentina

Gabriel Martini +54 11 4850 4762
gabriel.martini@ar.pwc.com

Australia

Mike James +61 3 86 03 68 98
mike.james@au.pwc.com

Austria

Ian Murdoch +43 1 501 88 1420
ian.murdoch@at.pwc.com

Belgium

Filip Lozie +32 3 259 33 48
filip.lozie@be.pwc.com

Bolivia

Cesar Lora Moretto +591 3336 4050
cesar.lora@bo.pwc.com

Brazil

Marcio Vieira +55 11 3674 3950
marcio.vieira@br.pwc.com

Bulgaria

Jean-Pierre Vigroux +359 2 9355 238
jean-pierre.g.vigroux@bg.pwc.com

Canada

Ross Sinclair +1 416 228 4000
ross.sinclair@ca.pwc.com

Central & Eastern Europe

George Johnstone +48 22 523 42 43
george.johnstone@pl.pwc.com

Chile

Luis Enrique Alamos +56 2940 0007
lealamos@cl.pwc.com

China and Hong Kong

Sonny Doo +86 20 3819 2248
sonny.doo@hk.pwc.com

Czech Republic

Pavel Kulhavy +420 251 152 046
pavel.kulhavy@cz.pwc.com

Denmark

Søren Skov Larsen +45 39 45 91 51
soren.skov.larsen@dk.pwc.com

Ecuador

Sandra Vargas +59 34 228 8120
sandra.vargas@ec.pwc.com

Finland

Mikko Nieminen +358 9 22 80 12 57
mikko.nieminen@fi.pwc.com

France

Sabine Durand-Hayes +33 1 56 57 85 29
sabine.durand@fr.pwc.com

Germany

Gerd Bovensiepen +49 21 19 81 29 39
gerd.bovensiepen@de.pwc.com

Greece

Vassilios Goutis +30 210 6874 620
vassilios.goutis@gr.pwc.com

Hungary

Andrew Simonds +36 1 461 95 51
andrew.m.simonds@hu.pwc.com

India

N. V. Sivakumar +91 80 2558 5663
n.v.sivakumar@in.pwc.com

Indonesia

Irhoan Tanudiredja +62 21 521 2901
irhoan.tanudiredja@id.pwc.com

Ireland

Kevin Egan +353 1 662 6069
kevin.egan@ie.pwc.com

Italy and Eurofirms

Roberto Adami +390 422 69 69 11
roberto.adami@it.pwc.com

Japan

Jack Bird +81 3 5251 2577
jack.bird@jp.pwc.com

Korea (South)

Moon-Ki Chung +82 2 709 04 06
moon-ki.chung@kr.pwc.com

Lithuania

Christopher C Butler +370 5239 2303
chris.butler@lt.pwc.com

Malaysia

Phoon Soon Keong +60 3 2382 0913
soon.keong.phoon@my.pwc.com

Mexico

Manuel García +52 55 5263 6102
manuel.garcia@mx.pwc.com

Netherlands

André Tukker +31 10 4076 688
andre.tukker@nl.pwc.com

New Zealand

Robert G Harris +64 3 374 3139
robert.harris@nz.pwc.com

Norway

Petter Vold +47 9526 06 05
petter.vold@no.pwc.com

Philippines

Che Javier +63 2 459 3010
che.javier@ph.pwc.com

Poland

Katarzyna Witaszewska +48 22 523 41 82
katarzyna.witaszewska@pl.pwc.com

Portugal

Jose Vitorino +351 213599254
jose.vitorino@pt.pwc.com

Romania

David Fuller +40 21 202 8805
david.fuller@ro.pwc.com

Russia

Chris Skirrow +7 495 967 6390
chris.skirrow@ru.pwc.com

Singapore

Ooi Chee Kar +65 236 3228
chee.kar.ooi@sg.pwc.com

Slovak Republic

Maria Frühwaldova +421 259 350 111
maria.fruhwaldova@sk.pwc.com

Slovenia

Francois D Mattelaer +386 1 4750 145
francois.d.mattelaer@si.pwc.com

South Africa

Diederik Fouche +27 11 797 4291
diederik.fouche@za.pwc.com

South America

Henrique Luz +55 11 3674 3601
henrique.luz@br.pwc.com

Spain

Máximo Ibáñez +34 91 568 44 96
maximo.ibanez@es.pwc.com

Sweden

Anna-Carin Bjelkeby +46 8 555 333 07
anna-carin.bjelkeby@se.pwc.com

Switzerland

William Wright +41 58 792 8243
william.wright@ch.pwc.com

Taiwan

Eileen Liang +886 227 296 668
eileen.liang@tw.pwc.com

Thailand

Paul Stitt +66 2 344 1119
paul.stitt@th.pwc.com

Turkey

Adnan Akan +90 212 326 6060
adnan.akan@tr.pwc.com

United Kingdom

Mark Hudson +44 20 7804 5141
mark.hudson@uk.pwc.com

United States and Americas

John Maxwell +1 973 236 4780
john.g.maxwell@us.pwc.com

Uruguay

Richard Moreira +59 82 916 0820
richard.moreira@uy.pwc.com

Venezuela

José Enrique Sanchez +58 212 700 6243
jose.e.sanchez@ve.pwc.com

Vietnam

David Fitzgerald +84 8 8230 796
david.fitzgerald@vn.pwc.com

Retail & Consumer Tax Services

Clare Bolton +44 161 247 4032
clare.bolton@uk.pwc.com