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OF THE CONSUMER™

IRELAND HEALTHY EATING REPORT

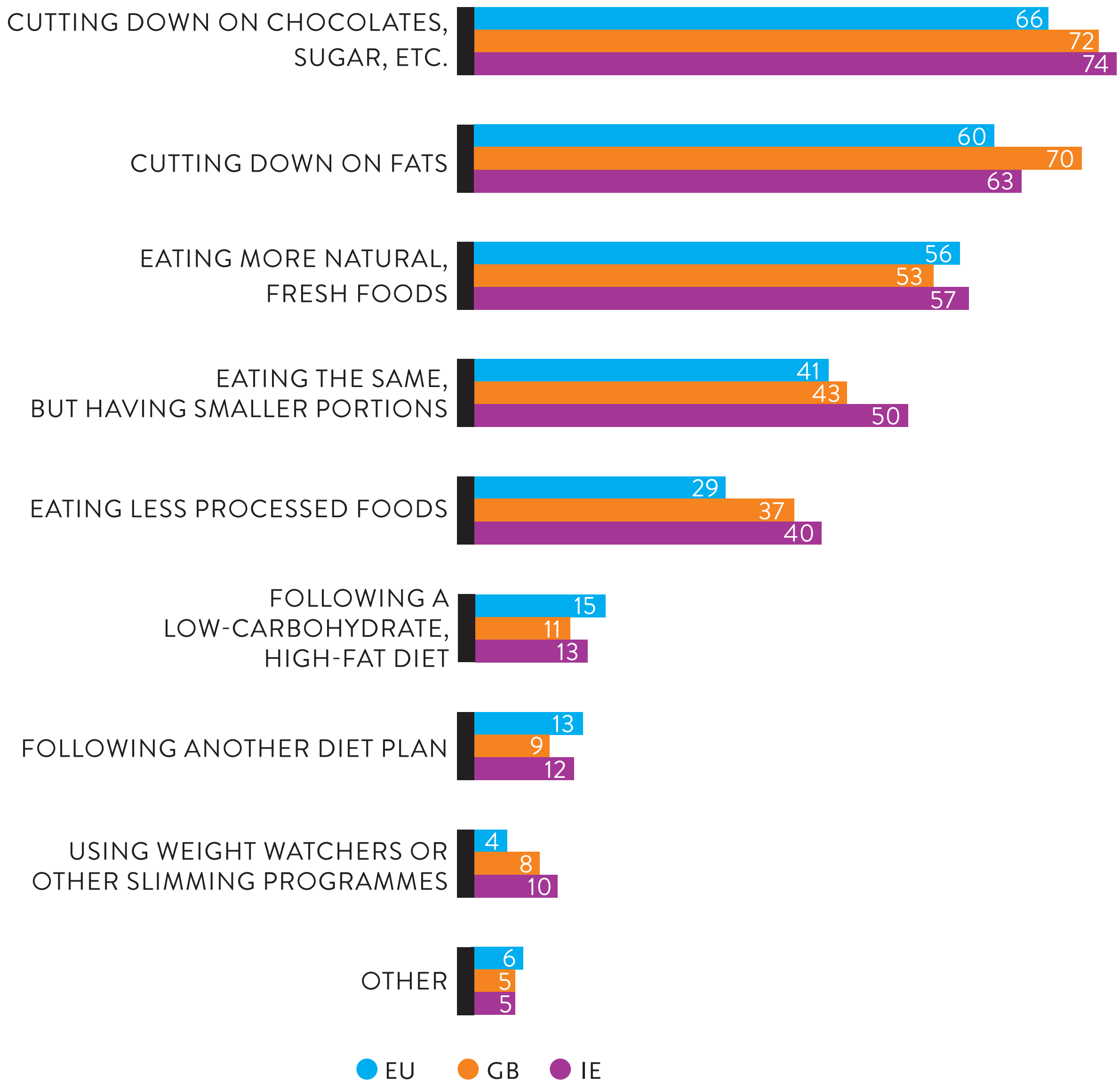
HEALTHY EATING IN IRELAND

Spring is here and New Year's resolutions are probably long forgotten and RTE's Operation Transformation is over for another year. However, the fact that Ireland is on track to be Europe's fattest nation by 2030 according to the World Health Organisation, has not gone away and it is a very sobering statistic.

62% of Irish people consider themselves at least 'a little overweight', according to the Nielsen Global Health and Wellness Survey. The study, polled more than 30,000 Internet respondents in 60 countries. 54% are currently trying to lose weight, Ireland ranking third highest out of 33 countries surveyed! Ireland is similar to the European average in that the main dietary changes to lose weight are cutting down on sugar and fat intake and eating more fresh food.

Interestingly, eating less processed food is more important to Irish people. 40% of Irish consumers are changing their diet to eat less processed food whereas the average for Europe stands at just 29%. Also Irish people are more likely to follow a weight loss program, but less likely to consume diet pills/bars/shakes.

IN WHAT WAYS ARE YOU CHANGING YOUR DIET TO LOSE WEIGHT



Base: All respondents who are changing their diet to lose weight EU n:5943, GB n:188, IE n:233
Source: Nielsen Global Online Survey, Q3 2014

According to Nielsen ShopperTrends research which is carried out in over fifty markets worldwide, compared to other countries Ireland currently under indexes in the shopper segment 'Health Enthusiast' while over indexing in 'Value Hunters'. However, attitudes to healthy foods are changing for the better, and this is supported in Nielsen's latest consumer confidence findings where 'health and work life balance' have increased in importance for the Irish consumer - we are beginning to see a healthier consumer evolving.

HIGHLIGHTS FROM THE NIELSEN GLOBAL HEALTH & WELLNESS SURVEY

Consumers want natural foods - in Ireland, 'no artificial flavours or colours' ranked as the most important health attribute in influencing healthy food purchase, while fortified foods ranked lowest. From Agave to Spirulina, there are a lot of new products available in Health Food stores and an increasing amount becoming available in Grocery Retailers, and while many of these products are niche and may not appeal to everybody, most consumers surveyed are in agreement that natural and unprocessed products are better. A high proportion of Irish consumers surveyed (77%) believe processed foods are unhealthy compared to 62% of Europeans. Consumers want foods that they recognise and are not overly tampered with.

93% of Irish consumers surveyed believe organic and natural foods are more expensive however younger consumers endorse healthy foods with a willingness to pay a premium. Furthermore, Irish consumers were slightly more distrustful of health claims on pack (54% compared to a European average of 49%).

Healthy eating is a global trend and some would even argue that the word 'trend' implies something transient when this could in fact be a significant shift in consumer behaviour.

A FOCUS ON THE EVOLUTION AND GROWTH OF HEALTHY EATING IN IRELAND

PROTEIN

28% of Irish people surveyed rank 'high in protein' as a very important health attribute compared to 19% in Great Britain and 21% in Europe. There is a lot of talk about the health benefits of eating protein, while there are numerous reasons including muscle development, most are in agreement that the significant benefit of protein is that it keeps you feeling fuller for longer, so you eat less overall. Recently there have been a lot of new high protein products launched; e.g. low fat Greek style high protein strained yogurts such as Liberte, Total 0%, Danio. Furthermore, Nature Valley has launched protein bars and Avonmore has brought out Protein Milk.

Nut Butter sales are up 33% since 2012 - nut butters including almond and cashew nut butters can improve the quality of fat intake (higher in monounsaturated fats) which can thereby be beneficial, and also contain protein, fibre, vitamin E and essential minerals. At around 115 calories per 20g serving it's lower than butter at around 145 calories per 20g serving (note calorie content varies by brand).

The humble egg has much to offer having been maligned in the past for being high in cholesterol, with most research now indicating that saturated animal fat has more impact on cholesterol levels. We could expect to see egg sales increase, however currently value retail sales in Multiples are down by -5% since 2012.

Fish is an excellent source of protein and 24% of Irish consumers' surveyed plan on buying more Fish.

NON-DAIRY

Milk alternatives (non-dairy) such as soya/almond/rice milk, have seen sales grow 40% in retail grocery since 2012. These appeal to those on a vegan diet, or who are lactose intolerant or following the Paleo plan, and also those looking to reduce calorie intake. For example, 200ml of unsweetened almond milk contains around a quarter of the calories of low fat milk.

FATS

For years we have been advised to avoid saturated fats however research now indicates that not all saturated fats are bad. Coconut oil has seen an increase in popularity - while it is high in saturated fats it does contain lauric acid which is a good fat and increases the good cholesterol in the blood. It also contains medium chain triglycerides, and contains vitamin E which has antioxidant properties. Two years ago coconut oil had sales of around €100k per annum in grocery retail, currently sales are well in excess of €1.2m and growing.

Rapeseed oil sales in Ireland are up 14% from 2012 - interestingly many consumers do not actually realise that most standard vegetable oils are in fact made from rapeseed. Rapeseed oil has less saturated fat, is high in monounsaturated fats and also contains omega fats.

VALUE SHARE OF TOTAL FATS & OILS

VALUE SHARE OF TOTAL FATS & OILS	2012	2014	VALUE % CHANGE
DAIRY SPREADS	49.8%	49.2%	-11.2%
BUTTER	29.5%	29.8%	0.3%
SUNFLOWER/VEGETABLE OIL	10.0%	9.7%	-16.0%
OLIVE OIL	7.6%	7.9%	-4.7%
RAPESEED OIL	1.5%	1.6%	14.1%
COCONUT OIL	0.1%	0.3%	869.4%
WHITE FATS	1.0%	0.9%	-12.8%
SESAME OIL	0.2%	0.2%	13.9%
GRAPESEED OIL	0.2%	0.2%	-19.3%
NUT OIL	0.1%	0.1%	-10.2%
OTHER SEEDS/FLAX/CAMELINA OIL	0.0%	0.0%	4058.7%

Source: Nielsen Scantrack Multiples, Groups, Forecourts (excludes Discounters)

FIBRE & WHOLEGRAIN

34% of Irish people surveyed rank wholegrain as a very important health attribute compared to 23% in Great Britain and 27% in Europe. Foods that contain wholegrain have a perceived health benefit. Spelt flour is increasingly popular. Spelt is not gluten free however some people who are sensitive to wheat find it more tolerable. In addition healthy bread sales are up 28% from 2012 and sandwich bread alternatives such as Thins/Slimbos are a product innovation worth over €4m in 2014 in grocery.

Somewhat surprisingly sales of wholemeal flour are down by -12% since 2012, spelt and gluten free flour sales are up by 40% but sales of these only make up about 6% of total flour sales. We are starting to see alternatives emerging such as gram and rice flours which traditionally would only have been found in health or speciality stores.

Porridge and oats are a good source of fibre, and while the breakfast cereal category is declining by -15% over the last two years, porridge and oat sales are up 4%.

Sales of brown rice are up almost 40% while regular rice sales decline at -8% compared to two years ago.

VALUE SALES	2012	2014	VALUE % CHANGE
HEALTHY BREAD	11,908,681	15,269,971	28%
PORRIDGE/OATS	17,417,068	18,180,726	4%
READY TO EAT BREAKFAST CEREAL	103,907,480	85,139,635	-18%
BROWN RICE	1,138,044	1,577,153	39%
REGULAR RICE	18,959,670	17,386,877	-8%

Source: Nielsen Scantrack Multiples, Groups, Forecourts (excludes Discounters)

FRUIT & VEGETABLES

The internet is littered with recipes for healthy alternatives to indulgent foods, re-invigorating our use of traditional fruit and vegetables, for example; kale crisps, cauliflower rice, butternut squash chips, frozen banana desert, roasted chickpea 'nuts', spiralised courgette 'pasta' and mayonnaise free carrot slaws. Fruit & vegetable producers/distributors would do well to promote these alternate uses, or provide value added product or portion packs. Cross merchandising/selling with nuts/seeds and nutritional powders for those that are blending and juicing to make nutritional smoothies could promote increased use. Sales of Kale have more than doubled in the past two years and pumpkin/squash sales are up 20%.

NUTS, SEEDS & GRAINS

21% of Irish consumers surveyed plan on buying more nuts and seeds, this compares to just 13% for the European average. Seeds are nutrient dense and the range on offer in retail is no longer limited to pumpkin or sunflower. Chia, flax/linseed and hemp are all increasing in popularity. In general these seeds are high in fibre, protein, omega fats, certain vitamins, minerals and other nutrients. There are numerous health benefits to adding these to cereals, salads and smoothies or as bakery toppings/ingredients. Sales of seeds have increased by over 80% in the multiple retailers compared to 2012.

Sales of nuts have increased by 11% since 2012, with particularly strong growth in cashews, almonds, and hazelnuts, while peanut sales are relatively flat.

We are seeing increased popularity in high protein foods such as quinoa - a grain that is naturally high in protein and essential amino acids. Sales of dried pulses and grains have increased by 11% in multiples over the past two years.

Dried fruit value sales are down by -5% in the past two years. This figure includes snacking and home-baking, however we are seeing some interesting product innovation in portion packs; for example Whitworths have 25g shots which are a mix of dried fruit/nuts/seeds with calorie content detail included on the front of the pack.

CONFECTIONERY & SNACKING

Sales of mineral water are up 7% compared to two years ago while carbonated beverage sales are down approximately -5%. There have also been some interesting developments in functional drinks, sales of which have more than doubled in the last couple of years. This is driven by vitamin waters and juices. Aloe vera juice, which contains essential vitamins, minerals and amino acids is hailed for detox and digestion benefits and Coconut Water, a natural isotonic, is known for its hydration benefits.

Stevia is a sweetener which is extracted from the leaves of the stevia plant and is significantly sweeter than sugar and has negligible effects on blood glucose levels. However, it can have a bitter aftertaste which makes it challenging for manufacturers to work with. Coca Cola have recently launched Coca Cola Life which is sweetened with stevia, and MiWadi have launched MiWadi Zero sweetened with stevia, which does not contain any aspartame.

Surprisingly, healthy crisps have declined by around -20% in the last two years. The promotional line used to be 'baked not fried', now it's 'popped'! This year there has been a lot of activity with the introduction of Pop Chips/Crisps. Velvet Crunch has extended their range, and there have been some interesting own brand product launches such as M&S Guilt Free Snacks using ingredients like lentils & chickpeas, so we may start to see the decline turn.

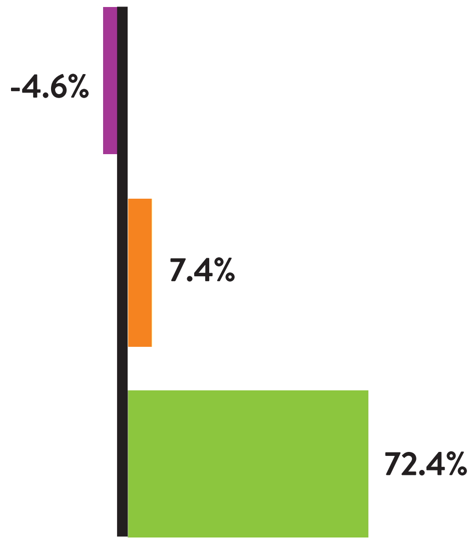
While not classed as healthy per se, many snacks are detailing 100 calories or less on pack, thereby appealing to those who want a treat without too much guilt.

Popcorn sales are down by about -4%, while sales of nuts are up by 5% since 2012.

Cereal & muesli bar sales are down by -3%, however there is a change in the product mix; sales of wholefood/granola type bars and own brand are up.

Retailers, particularly in convenience channels, could do more to target the consumer looking for a healthy snack or lunch on the go – frequently the choices at the deli counter are far too limited to sausage rolls or breaded chicken wraps. The Nielsen Global Health and Wellness survey shows that consumers will pay a premium for healthy options, however all consumers want value too. Cheaper, healthy, 'convenient' food as opposed to 'convenience' foods will meet the needs of the changing consumer.

VALUE % CHANGE 2014 VS 2012



- CARBONATES **€226M**
- WATER **€97M**
- HEALTH & FUNCTIONAL DRINKS **€2.6M**

Values are Category Value Sales for full year 2014

Source: Nielsen Scantrack Multiples, Groups, Forecourts (excludes Discounters)

HEALTHY FOOD PRODUCTS STRONGLY POSITIONED FOR GROWTH IN THE FUTURE

With our small population base in Ireland the range of healthy products on offer in mainstream grocery retailers is still somewhat limited, especially compared to the UK. There is a great opportunity for manufacturers to meet the changing needs of consumers, and while the market may still be considered niche it is gaining momentum. Small producers with lower economies of scale are ideally placed to step up to the plate. Indeed many are starting businesses because of a lack of a mainstream offering to meet their own dietary choices, and many are making their way from the health food store to the mainstream grocery retailer, including Dee's Vegan & Whole Foods, Nobo dairy-free Ice Cream, Slender Choice Sausages, Nakd raw snacks and Chia Bia healthy snacks.

Irish consumers are less likely than their European counterparts to buy healthy foods from speciality food stores however this could be due to the penetration of health stores. The healthy segment remains an opportunity for grocery retailers. It will be a challenge to retailers to provide space for a healthy product range that may not have big sales now, while not compromising main stream products as this segment continues to develop and grow.

Ruth Lloyd-Evans, BSc Nutritional Science

ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Health & Wellness Survey was conducted between Aug. 13 and Sept. 5, 2014, and polled more than 30,000 consumers in 60 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on its Internet users and is weighted to be representative of Internet consumers. It has a margin of error of ±0.6%. This Nielsen survey is based only on the behaviour of respondents with online access. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60% Internet penetration or an online population of 10 million for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90 percent of the world's population.

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