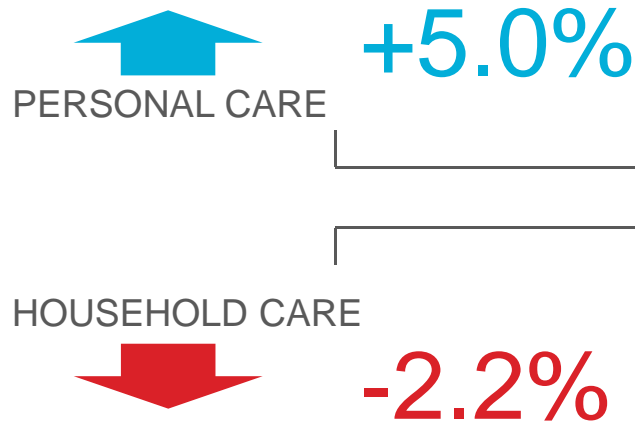


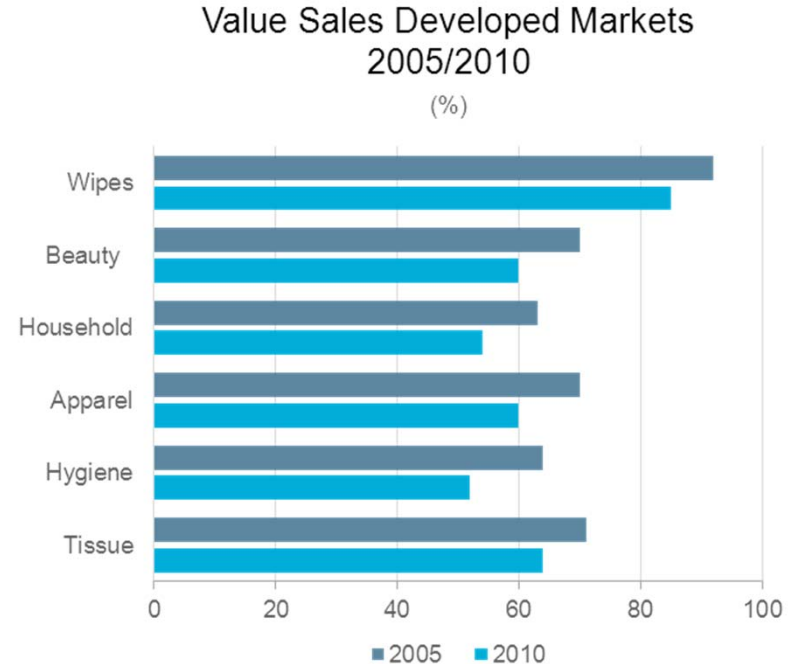
Household and personal care

- While personal care wipes dominated sales of wipes globally spurred on by the widespread use of baby wipes across developed and developing markets, the performance of the two retail wipes categories varied. Although wipes performed better than many fmcg categories in 2010, growth was very polarised with strong performance in personal care offsetting slight decline in sluggish household care.
- Consumers, especially in more developed markets, were less willing to pay a premium for household care products on the whole, having had their value perceptions altered during the recession. Demonstrating efficacy proved a key issue for wipes and the close proximity of more traditional cleaning formats such as multi-task trigger spray products which have typically offered wipe variants made for much easier migration back to standard products.



Wipes sales by developed vs developing markets

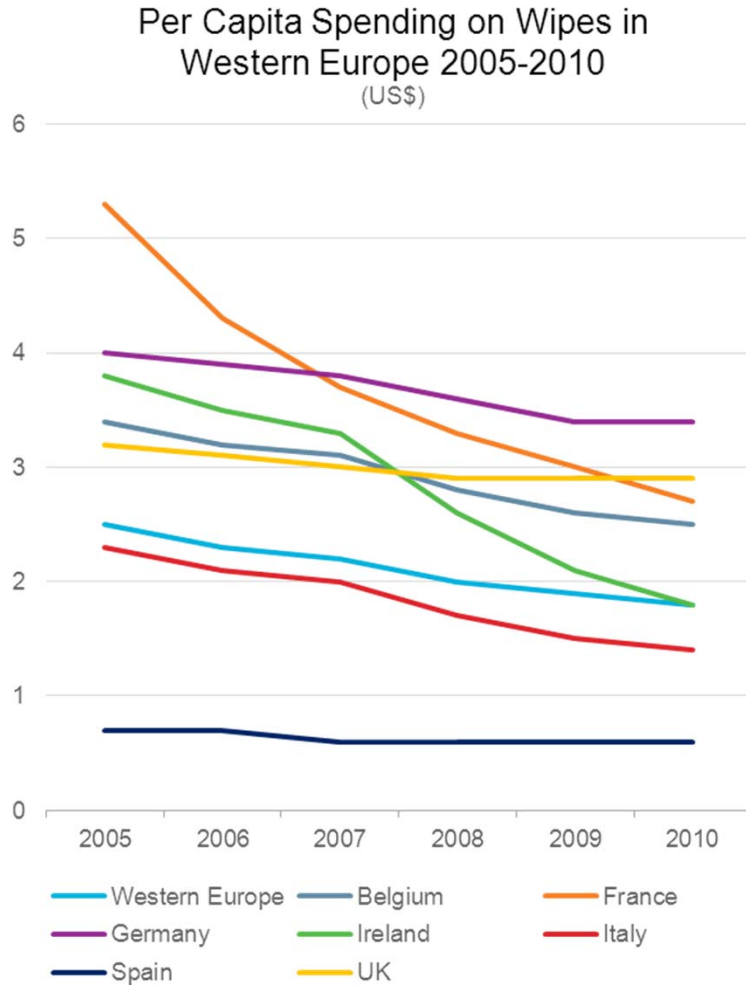
- When compared to its peers, wipes stand out with only 15% of sales reported outside the developed markets. Although wipes in developing markets have seen a seven percentage point increase in share over 2005-2010, this is still much lower than hygiene (12pp), beauty (10pp) or household care (9pp).
- Developing markets continue to drive growth globally with the general rule of thumb being the closer markets come to parity between share of sales between developed and developing markets the more "energetic" the growth.
- Beauty and household care markets have shown the biggest jump in developing market share and therefore grown the strongest globally as they have in effect escaped the confines of the developing world.
- Wipes have so far failed to break the confines of developed markets; while this may constrain value growth in the short term but suggests that future growth prospects will likely be positive. Wipes certainly have their future ahead of them in terms of growth opportunities stemming from the developing world.



85:15

Share of wipes 2010:
developed vs developing markets

Western European spending by country



- Although the general trend for spending on wipes on a per capita basis has been decline across Western Europe since 2004 this overlooks the non-uniformity of distribution across the continent.
- Outside the UK, France, Germany and Belgium, the uptake of wipes has been low, especially in Mediterranean and Scandinavian countries, with the exception of Norway.
- Consumers in these regions have proved far more difficult to persuade in terms of the benefits of using wipes around the home and have been reluctant to change from traditional modes of cleaning.
- In 2010, the UK, France and Germany accounted for 57% of value sales of wipes, and it has been the rapid movement out of wipes and back into more traditional products that has served to undermine sales in the wipes market.
- Consumers have not been convinced of the efficacy of these products and are not willing to pay a premium in an era when consumers have demanded additional features from key brands with no inflation in unit price expected.