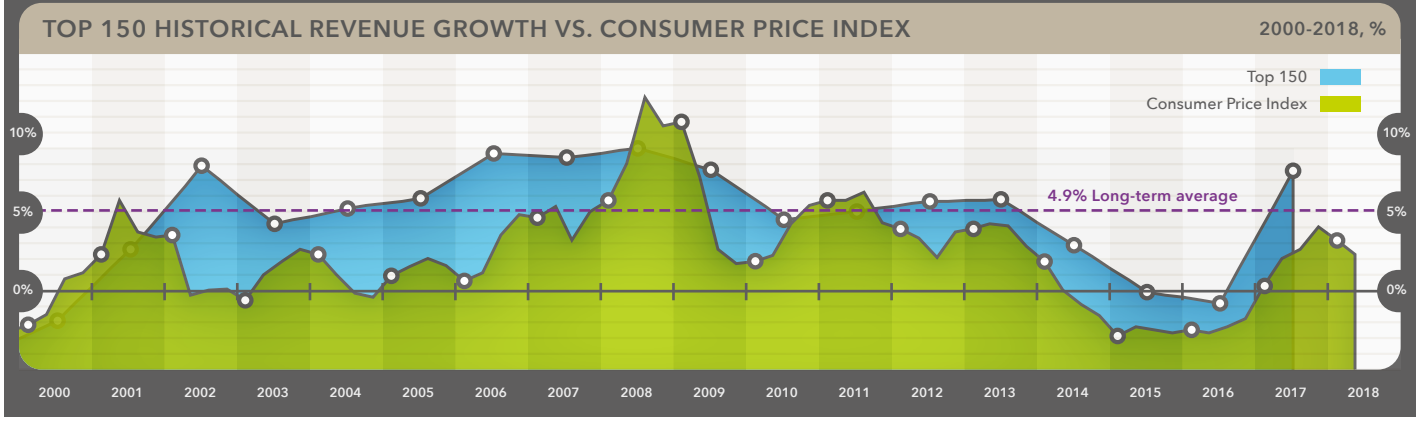


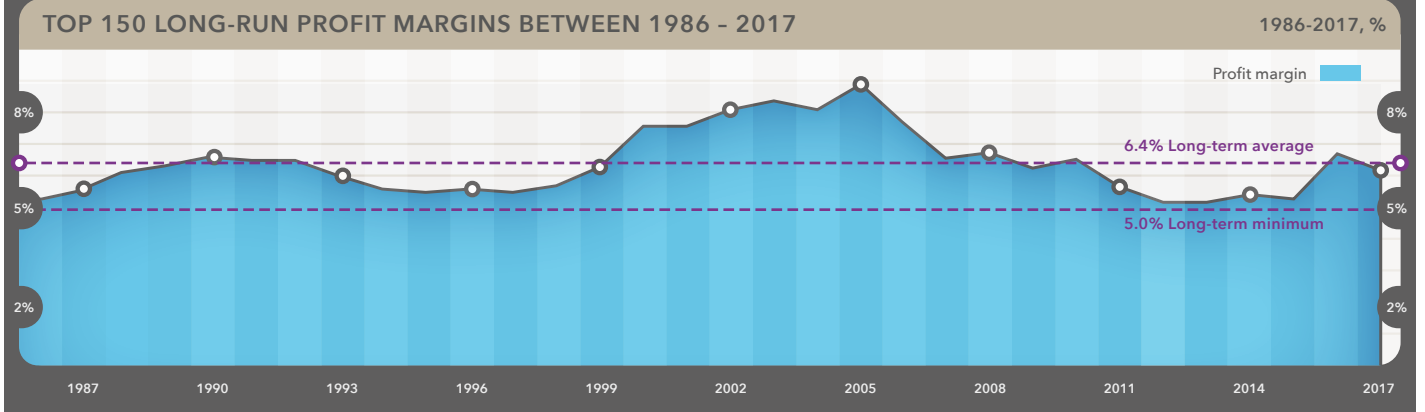
# OC&C AND THE GROCER FOOD AND DRINK 150 2018

Brexit effects driving growth but not profit for the UK's food and drink industry

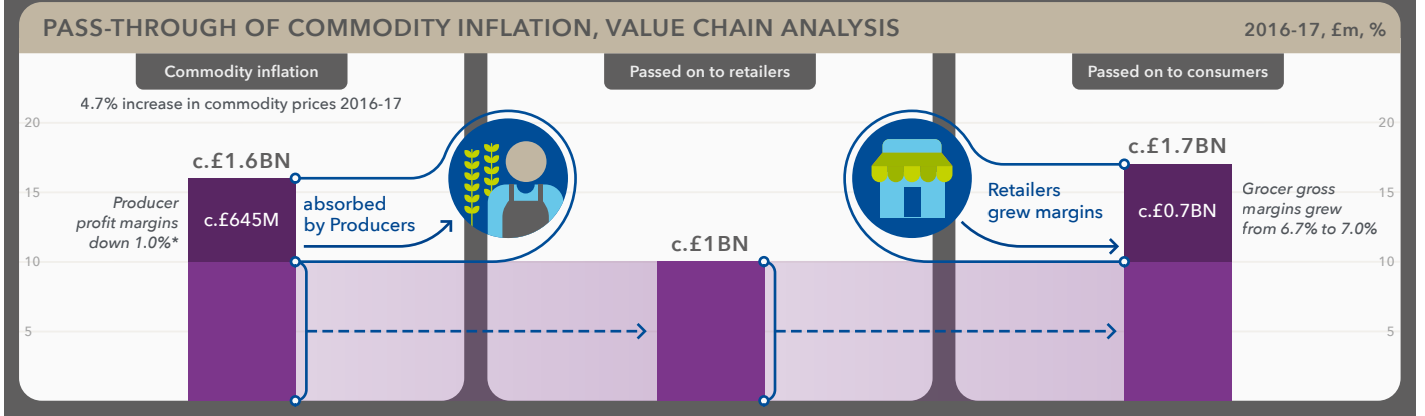
Over the past year, revenue growth for the Top 150 has seen a dramatic swing from -0.8% in 2016 to +7.5% in 2017



Profit margins came under pressure, declining by 0.5ppts to 6.2% in 2017, near the long-term average of 6.4%

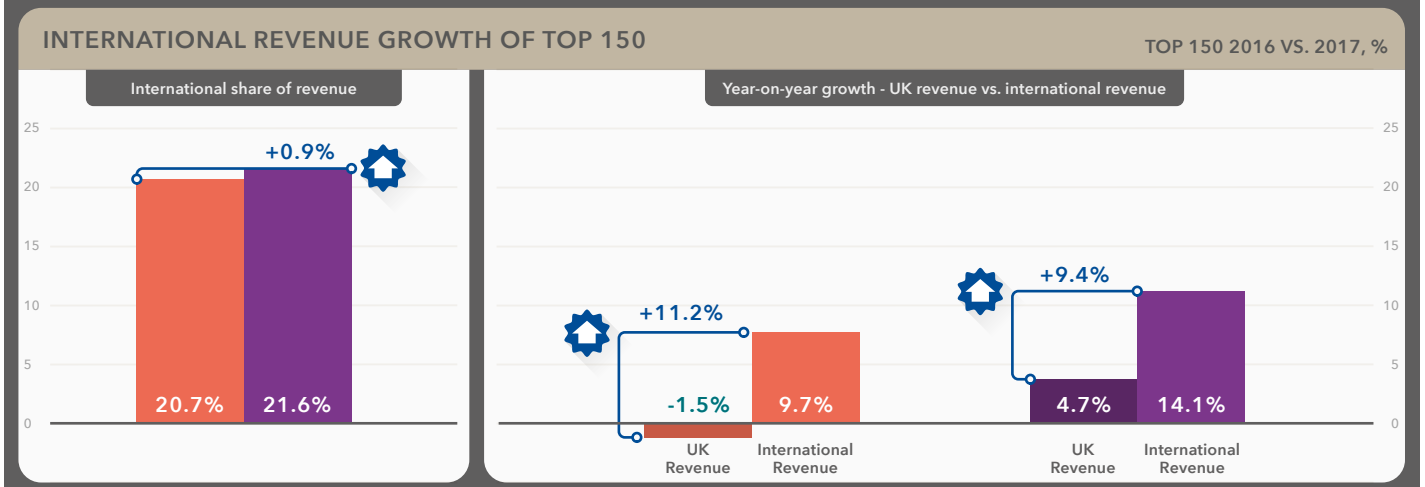


Producers were unable to pass through all of the £1.6bn raw material inflation they faced whilst retailers fared better, expanding their margins and passing on inflation to consumers

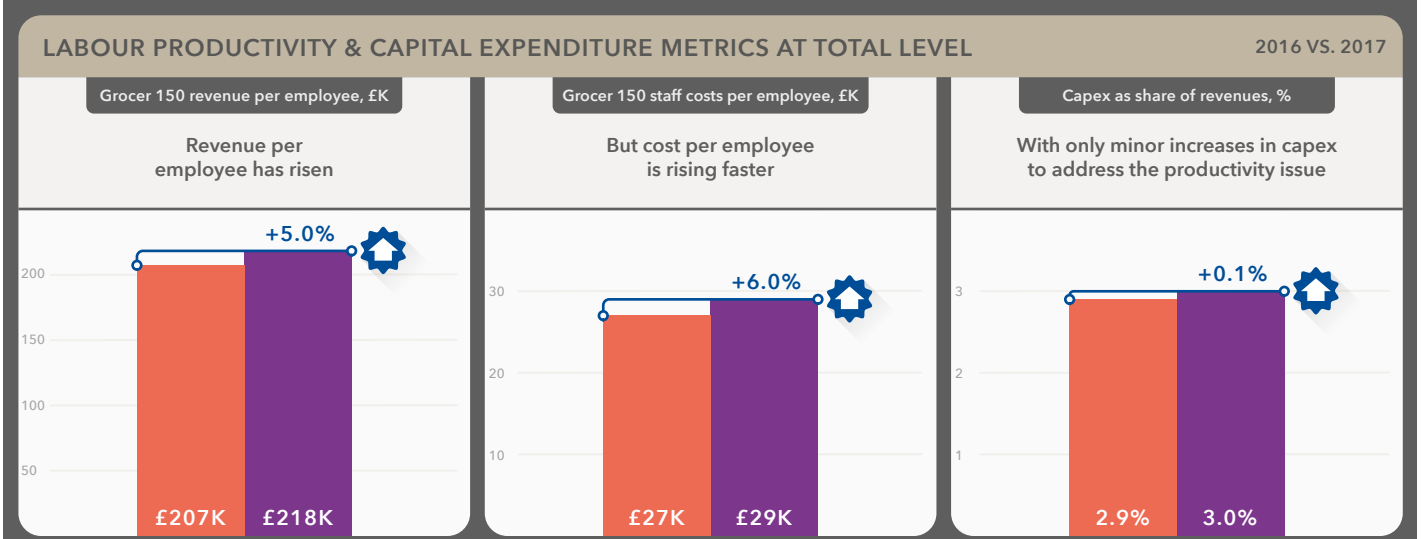


\* Based on subset of the Top 150 whose reporting year ends between March 2017 and March 2018

International sales of the Top 150 grew by 14%, aided by the weaker pound and sustained efforts to internationalise



Labour productivity remains a major challenge, with only minor increases in capex to address this



As Brexit looms, could the Top 150 leverage the conditions to their advantage?

Key elements to consider:

- Lobbying to help shape the post-Brexit regulatory landscape
- Investing in R&D and product development to help drive growth
- Address increased labour costs by investing in automation
- Scenario planning to develop responses in uncertain times