



TOP 100 Consumer Goods Companies

The consumer goods industry did not disappoint in 2013 with its fair share of spin offs, acquisitions, name changes, public-to-private plays and vice versa, and new leadership appointments (or in P&G's case, an old leadership appointment with the return of A.G. Lafley as CEO). Some of the most memorable moments include H.J. Heinz' acquisition by Berkshire Hathaway and 3G Capital; Dole's exit from worldwide packaged foods; AB InBev's \$20 billion Grupo Modelo deal; and who can forget the Hostess Brands/Twinkies saga. *CGT's* Top 100 list of publicly traded consumer goods companies provides a snap shot of organizations that are upping their growth games in this ever-changing market, which is saturated with steep competition for consumer (and retail customer) loyalty. The good news this year is that revenue gains were up for the most part amidst persistent economic volatility. This proves that the industry is indeed moving in the right direction. Turn the page to meet the Top 100 Consumer Goods Companies.

Plus, Wall Street's
Take on Hot Consumer
Trends, the Rise of
Niche Brands and
Future M&A Activity

TOP 100 Consumer Goods Companies

RULES & GUIDELINES

Rank: To compare apples to apples, 2013 annual revenue or the equivalent is used to determine each company's placement on the Top 100 list. At press time, not all companies had reported 2014 annual revenue, thus using the most up-to-date figures in some cases would provide an apples to oranges comparison. All financial information was sourced from Hoover's Inc. or annual reports in a few cases. Revenue for each company is reported in millions of U.S. dollars (\$M). If a company reported revenue in a currency other than the U.S. dollar, and Hoover's did not provide the U.S. dollar equivalent, then the figure was subject to live exchange rates at press time (November 5, 2014). Year-over-year gains and losses are reported based on information from the aforementioned sources.

Inclusion: Because revenue for most private companies is not readily available, the list only includes publicly traded companies. Thus, well-known consumer goods companies, like Mars Inc. or SC Johnson, are absent from the rankings. It is also worth noting that only sales from consumer divisions are considered when ranking Pharmaceutical companies and select Housewares/Appliances companies.

M&A: In most cases, merger, acquisition or spin-off transactions that took place in 2013 and 2014, like Tyson Foods, Inc.'s acquisition of The Hillshire Brands Company, are not reflected on the list. Deals that occurred in 2012 or earlier (for example, Kraft Foods Inc.'s widely publicized break up into Mondelez International and Kraft Foods Group) are reflected in the ranking.

RANK/COMPANY

2013
REVENUE \$m

1-YEAR
GROWTH

RANK	COMPANY	2013 REVENUE \$m	1-YEAR GROWTH
1	Nestlé SA	\$103,734	2.69%
2	The Procter & Gamble Company	\$84,167	0.58%
3	Unilever PLC	\$68,550	1.07%
4	PepsiCo, Inc.	\$66,415	1.41%
5	The Coca-Cola Company	\$46,854	(2.42%)
6	Imperial Tobacco Group	\$45,614	(1.24%)
7	Anheuser-Busch InBev SA	\$43,195	8.64%
8	LVMH Moët Hennessy Louis Vuitton	\$40,126	8.05%
9	JBS S.A.	\$39,316	6.43%
10	Mondelez International, Inc.	\$35,299	0.81%
11	Tyson Foods, Inc.	\$34,374	3.29%
12	L'Oreal SA	\$31,630	6.55%
13	Philip Morris International, Inc.	\$31,217	(0.51%)
14	3M Company	\$30,871	3.23%
15	Danone	\$29,318	6.31%
16	Heineken N.V.	\$26,434	8.82%
17	Nike, Inc.	\$25,313	4.68%
18	British American Tobacco PLC	\$25,161	2.54%
19	SABMiller PLC	\$23,213	6.26%
20	Henkel AG & Co. KGaA	\$22,514	3.19%
21	Japan Tobacco Inc.	\$22,495	(9.88%)
22	Kirin Holdings Company, Limited	\$21,423	(15.82%)
23	Kimberly-Clark Corporation	\$21,152	0.42%
24	Associated British Foods	\$20,636	4.12%
25	adidas AG	\$19,950	1.43%
26	Whirlpool Corporation	\$18,769	3.45%
27	Kraft Foods Group, Inc.	\$18,218	(0.66%)
28	General Mills, Inc.	\$17,774	6.28%
29	Altria Group	\$17,663	0.93%
30	Colgate-Palmolive Company	\$17,420	1.96%
31	Diageo PLC	\$17,387	3.35%
32	AB Electrolux	\$16,842	(0.31%)
33	San Miguel Corporation	\$16,824	(0.98%)
34	Reckitt Benckiser Group PLC	\$16,559	7.15%
35	Asahi Group Holdings, Ltd.	\$16,289	(11.39%)
36	ConAgra Foods, Inc.	\$15,491	14.39%
37	Kellogg Company	\$14,792	4.19%
38	Johnson & Johnson Consumer	\$14,697	1.70%
39	Qingdao Haier Co., Ltd.	\$14,149	11.93%
40	Uni-President Enterprises Corp.	\$14,092	(4.01%)
41	Svenska Cellulosa AB SCA	\$13,736	4.70%
42	Grupo Bimbo, S.A.B. de C.V.	\$13,464	1.25%
43	Kering SA	\$13,420	4.30%
44	Smithfield Foods, Inc.	\$13,221	0.97%
45	BSH Bosch und Siemens Hausgeräte GmbH	\$13,092	7.20%
46	Compagnie Financière Richemont SA	\$13,008	9.09%
47	BRF - Brasil Foods S.A.	\$12,917	(7.19%)
48	Kao Corporation	\$12,497	(15.44%)
49	Carlsberg A/S	\$12,279	3.11%
50	H. J. Heinz Company	\$11,529	(1.03%)

RANK/COMPANY

	2013 REVENUE \$m	1-YEAR GROWTH
51 VF Corporation	\$11,420	4.96%
52 Pernod Ricard	\$11,153	7.37%
53 Stanley Black & Decker, Inc.	\$11,001	7.96%
54 NH Foods Limited	\$10,852	(14.53%)
55 The Estée Lauder Companies, Inc.	\$10,181	4.61%
56 Avon Products, Inc.	\$9,955	(7.11%)
57 Bayer Consumer Health	\$9,631	(0.90%)
58 The Swatch Group SA	\$9,496	11.32%
59 Dean Foods Company	\$9,016	(21.34%)
60 Hormel Foods Corporation	\$8,752	6.33%
61 Beiersdorf AG	\$8,454	5.91%
62 Pilgrim's Pride Corporation	\$8,411	3.57%
63 General Electric Appliances & Lighting	\$8,388	\$5.02%
64 Reynolds American, Inc.	\$8,236	(0.82%)
65 The Campbell Soup Company, Inc.	\$8,052	4.28%
66 Parmalat S.p.A.	\$7,440	6.83%
67 Jarden Corporation	\$7,356	9.85%
68 Shiseido Company Limited	\$7,190	(15.34%)
69 Saputo Inc.	\$7,169	3.07%
70 The Hershey Company	\$7,146	7.55%
71 China Mengniu Dairy Company Limited	\$7,093	24.19%
72 Lorillard, Inc.	\$6,950	4.94%
73 Ralph Lauren Corporation	\$6,945	1.22%
74 Grupo Modelo, S.A.B de C.V.	\$6,776	(11.14%)
75 Nintendo Company Limited	\$6,742	(16.75%)
76 Mattel, Inc.	\$6,485	1%
77 GlaxoSmithKline Consumer Healthcare	\$6,458	2%
78 First Pacific Company Limited	\$6,206	3.60%
79 PVH Corp.	\$6,043	2.53%
80 Dr Pepper Snapple Group, Inc.	\$5,997	0.03%
81 The J.M. Smucker Company	\$5,897	6.29%
82 ITC Limited	\$5,732	14.05%
83 Group SEB	\$5,728	6.78%
84 Newell Rubbermaid	\$5,693	(3.56%)
85 The Clorox Company	\$5,623	2.76%
86 Arcelik AS	\$5,186	(12.17%)
87 Bandai Namco Holdings, Inc.	\$5,170	(6.79%)
88 Hermes International	\$5,169	12.26%
89 Coach, Inc.	\$5,075	6.15%
90 Sapporo Holdings Limited	\$4,844	(15.50%)
91 Herbalife Ltd.	\$4,825	18.49%
92 Thai Beverage Public Company Limited	\$4,734	(9.82%)
93 Husqvarna AB	\$4,676	(1.26%)
94 Kewpie Corporation	\$4,629	5.06%
95 Hanesbrands, Inc.	\$4,628	2.26%
96 Tsingtao Brewery Co., Ltd.	\$4,628	13.41%
97 Energizer Holdings	\$4,466	(2.22%)
98 Keurig Green Mountain, Inc.	\$4,358	12.93%
99 Unicharm Corporation	\$4,326	15.73%
100 Molson Coors Brewing Company	\$4,206	7.39%

Wall Street's Perspective

Analysts Alexia Howard and April Scee divulge how consumer goods companies can build profitable brands and meet optimistic growth goals in the face of shifting consumer preferences and complex market pressures.

FEATURING:



ALEXIA HOWARD
Equity Research
Analyst,
Sanford C.
Bernstein



APRIL SCÉE
Managing
Director,
Consumer
Analyst,
BTIG LLC

CGT: What are the main opportunities to drive growth for consumer goods manufacturers?

HOWARD: In U.S. food, the overarching growth theme is around health and wellness. In particular, consumers are looking for less heavily processed foods and want authentic foods where they understand all the ingredients. So, fresh fruit and vegetables, butter and honey are all doing well, while frozen meals, dry dinners and Jell-O are in decline. We've had a few years where consumers have favored proteins over carbs, and the gluten-free diet has taken off. There are a few signs that this may be slowing down. Snacks are doing particularly well, which may seem to run counter to increased interest in health and wellness. It seems that the health and wellness trends are really hitting meal-based categories most directly, where moms are the main decision maker. At the same time, other consumer groups are giving up three square meals a day in favor of more frequent snacking.

SCÉE: Significant macro headwinds, higher competition and lower entry barriers are threats to consumer goods growth, but opportunities remain in:

- 1 Frontier markets, where sustainable advantages accrue for those who build route-to-market and consumer awareness early;
- 2 Buying/developing niche growth and divesting slow-growth or commoditized categories;
- 3 "Real" innovation, which goes beyond typical brand updates to introduce new technology or utility; and
- 4 Elevating brands by standing for something and being authentic.

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CGT: The consumer goods industry has seen an explosion of small, niche brands. Why is this occurring? What are the implications for the larger, more established brands?

HOWARD: We are indeed seeing the rise of new niche brands in U.S. food — a sector that has historically had very high barriers to entry. Chobani Greek yogurt broke the mold, KIND snack bars are taking off, and we are seeing this phenomenon of premium products with simple ingredients gaining share in many categories. This phenomenon seems to have a number of root causes. The rise of the Internet has cast a spotlight on a range of food ingredients that have been called into question — food apps, blog sites and social networking sites have all amplified the online conversation about food. Although it's hard to separate the scare mongering from the science, perception is becoming a hard reality for the industry. Moms of young children and millennials seem to be leading the shift into less-heavily processed foods. We are seeing some companies renovate their established brands to simplify their ingredient lists — Philadelphia Cream Cheese underwent a makeover earlier this year to add more fruit and vegetables and reduce artificial flavors and colors in some varieties. Oscar Mayer has also launched a line called Oscar Mayer Selects that have no artificial preservatives, flavors or colors. However, it may be tough going for some large, established brands that cannot easily be reformulated in this way.

SCFE: Barriers to entry have reduced meaningfully in recent years due to the convergence of consumer, retail and tech-

nology trends, which have given rise to a consumer who is more brand promiscuous. Entry barriers are breaking down as:

- 1 Narrow-casting and digital make advertising more affordable,
- 2 The rise of e-commerce eliminates the need to obtain shelf space,
- 3 The rise of outsourcing and asset-light barriers reduce fixed costs,
- 4 A sharing economy (think crowd funding, crowd innovation) continues to lower barriers over time.

The resulting explosion of small, niche brands is being well received by consumers. For example, millennials between the ages of 19 and 36 want to be special and demand differentiated (niche) products. Also, access to ubiquitous and instantaneous information, especially user-generated content, promotes brand promiscuity, helping consumers identify what new products others in their demographic have endorsed.

For (much) more detail on this subject and Important Disclosures and Analyst's Certification, please visit www.btigresearch.com/2014/07/10/bb/.

CGT: Can you share predictions for 2015, particularly with regard to M&A activity?

HOWARD: In U.S. food, we have seen a number of spin offs and splits in recent years. Sara Lee's break up, Mondelez International's sweet snacks business separation from Kraft Foods Group's grocery business, the Post cereals spinoff from Ralcorp, and WhiteWave's spin off from Dean Foods. Going forward, it seems more likely that we'll see some consolidation. U.S. Food remains a much more fragmented industry than other consumer goods sectors in the developed world. The last time sales growth slowed in the late 1990s, we saw a wave of consolidation across the in-

dustry (Kraft bought Nabisco, Kellogg bought Keebler, General Mills bought Pillsbury). As sales slow once again, we may see increased deal-making to give companies access to faster-growing markets, like healthier brands in the United States, as we saw with the recent announcement that General Mills plans to buy Annie's. We could also see a roll up of the snack foods industry, since this remains a growth area, and we may well see more acquisitions in emerging markets over time. Who wins and who loses really depends on what price is paid. With very high multiples announced for several recent deals (Hillshire Brands, Annie's, D.E. Master Blenders in Europe), it may be hard to recoup an adequate return, but with interest rates so low these deals are accretive to earnings even at these prices.

SCFE: Over time, we believe M&A will prove most beneficial to owners of small, niche brands, as larger, multi-national consumer goods companies acquire growth. Additional beneficiaries will be acquirers of the orphaned brands that these same multi-nationals spin off given attractive valuations, strong cash flow characteristics and opportunity to resuscitate the brands, just as Paper Partners did when it rolled Procter & Gamble's White Cloud brand (orphaned in 1993) into Walmart in 1996.

We believe increased brand proliferation overall is negative for consumer goods companies as it becomes more difficult (and expensive) for an individual brand voice to be heard amidst an increasingly noisy competitive environment. Strong brands that truly stand for something and non-traditional media providers will likely benefit as marketing spend increasingly shifts away from traditional media — and as return on investment on non-traditional media proves out and non-traditional media providers raise prices and grab a larger share of the pie. ♦