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Ten Thoughts On How To Deliver Repeatable Growth Outperformance In Unprecedented And Bifurcating Times & Ten Predictions For 2026-30

'The real voyage of discovery consists not in seeking new landscapes but in having new eyes' - Marcel Proust

Jan 2026

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Solving the most complex strategic problems in the FMCG industry.

FF&A at a glance

***Pure player in FMCG** strategy consulting*

Four key focus areas:
- Corporate strategy
- Organic growth
- Digital RTM (Ecom, EB2B, DTC)
- M&A

***14 out of the world largest 20 FMCG** companies are repeat clients to-date*

***100+ engagements** completed since creation in 2017*

Frederic
Managing Partner

Nick
Principal

Bart
Principal

Tripti
Manager

Akhil
Manager

Manan
Sr. Associate

Ayush
Associate

Arpan
Associate

Bhavini
Sr. Business Analyst

Key Message #1: Unprecedented & more discriminating times

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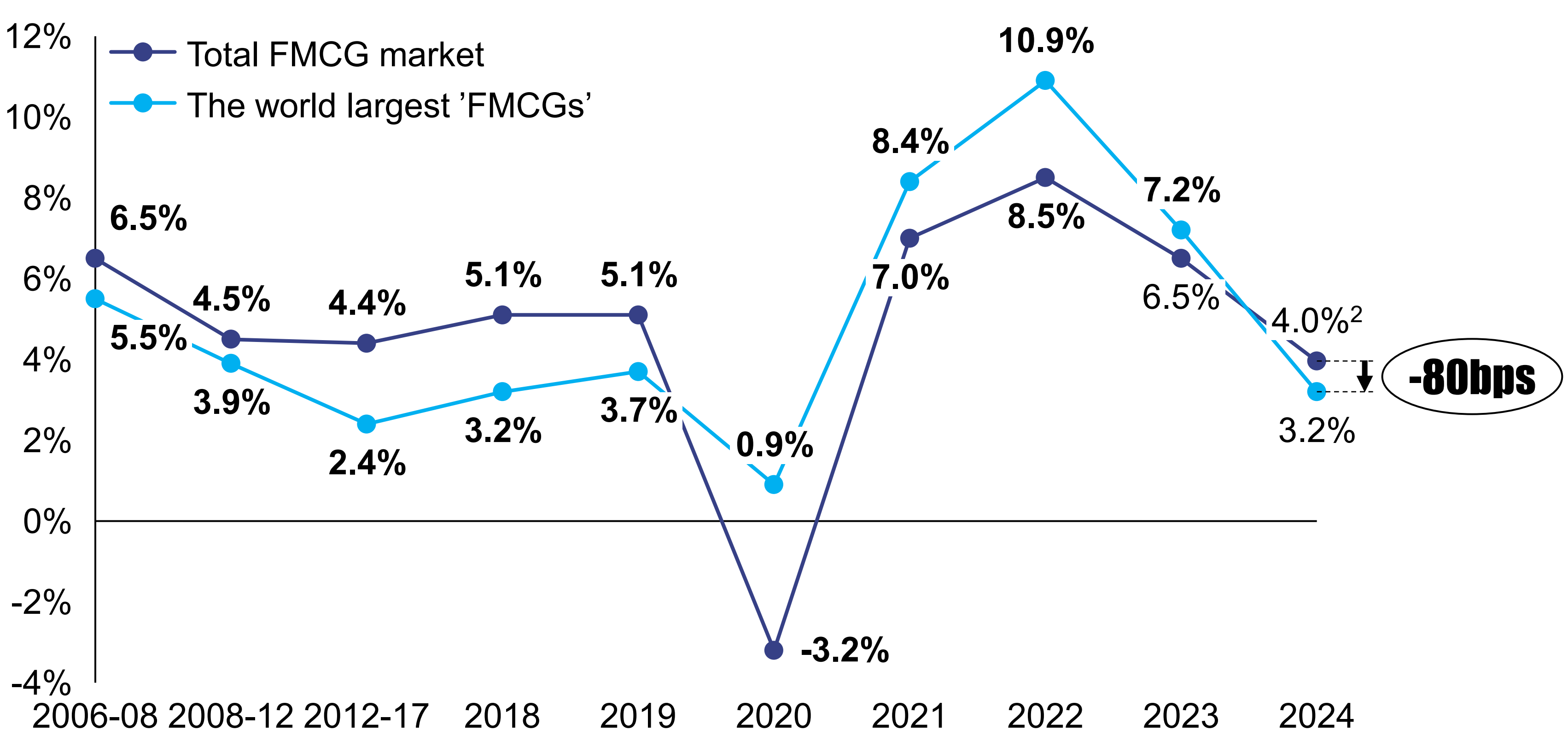
Return of the growth gap: If post COVID period favored the world largest FMCGs, their outperformance vs. the total market ended in 2024

TOP 55 LISTED 'FMCGs' PERFORMANCE VS. OVERALL MARKET

Top 'FMCGs' vs FMCG market, CAGR 2006- 2024[1]



Comments

2008-17: Increasing growth gap of 'FMCGs' vs. the market driven by:

- Increasing growth fragmentation (countries, channels, segments)
- Evolving consumer preferences
- Emergence of new breed of competitors
- Over-focus on profit expansion vs. growth

2017-19: Narrowing growth gap owing to stronger focus on topline growth and adaptative growth strategy

2019-2024: COVID, supply chain disruption, strong inflation & increased cost of capital favored 'FMCGs' over challengers

Source: Euromonitor, FFA analysis

Note: 1 FMCG market & top FMCG players excl. meat/ food processing and tobacco; 2 Excluding BPC & Alc. Drinks

Unprecedented times: we are witnessing the end of three super-cycles, which are now impacting significantly the FMCG growth algorithm

END OF THREE SUPER-CYCLES

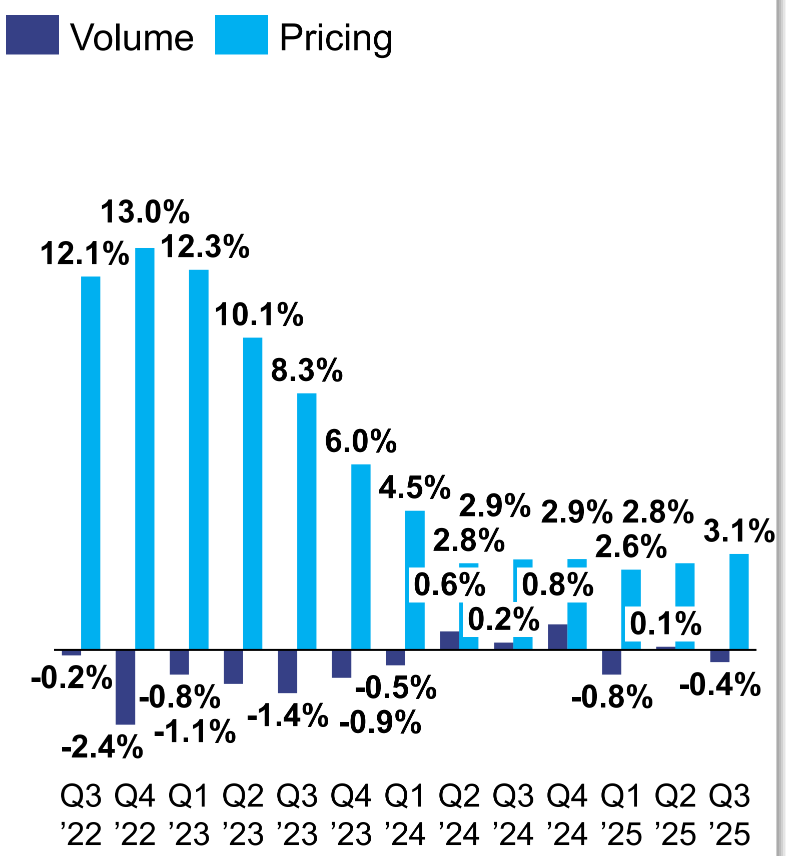
38%
missed top-line consensus in Q3 2025

END OF THREE SUPER-CYCLES

40% of the top 42 listed FMCGs witnessed volume decline in Q3 (~44% in F&B, 80% in Alcoholic Drinks). Pricing remains at a ~3% level

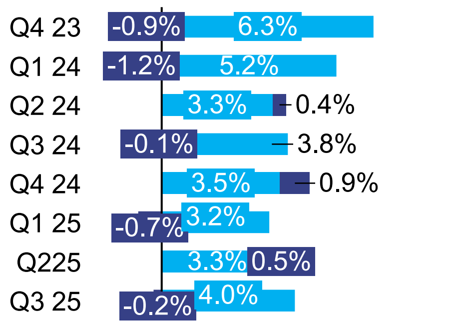
VOLUME AND PRICING: TOP FMCGs Q-o-Q EVOLUTION

TOP 42 FMCGs

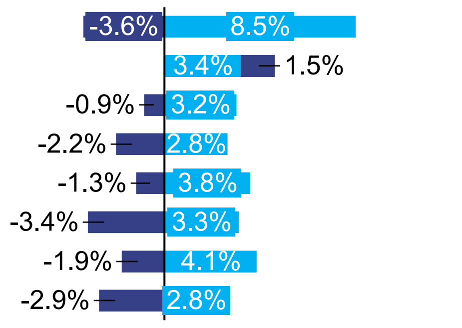


BY VERTICAL

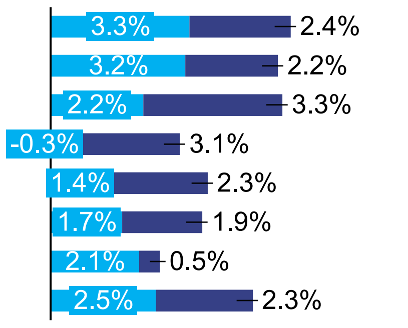
F&B (n=18)



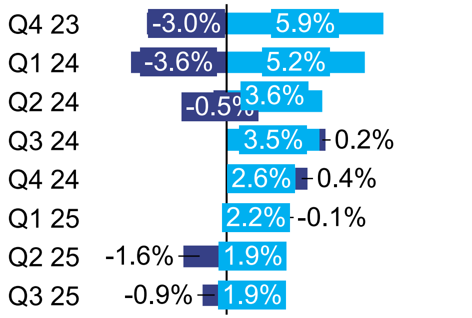
ALC. DRINKS (n=5)



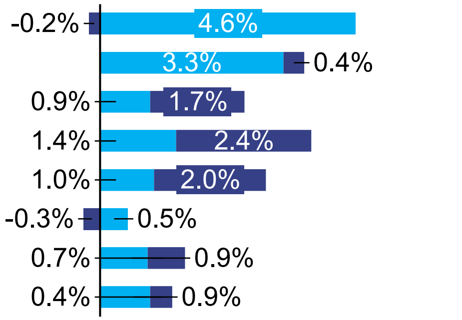
BPC (n=3)



CHC (n=5)



HOUSEHOLD (n=11)



% of companies that witnessed volume decline in Q3 '25

F&B: **44%** Alc. Drinks: **80%**

CHC: **40%** HH: **27%**

BPC: **0%** Total: **40%**

Source: Company reports, FFA analysis,
Notes: We consider division as a separate company within verticals; Only 42 global listed FMCG companies report volume & pricing contribution to growth. Most BPC players do not, therefore the coverage on this vertical on those metrics include only 3 companies.

As most FMCG companies refocused on top-line growth, only 38% missed their top-line guidance in Q3 2025. But it came as a cost as only 30% delivered their EPS

TOP FMCG COMPANIES Q3 2025 REVENUE/ EARNINGS CONSENSUS: Q-o-Q

	Q3 '24 (n=46)	Q4 '24 (n=46)	Q1 '25 (n=44)	Q2 '25 (n=45)	Q3 '25 (n=44)
% Missed Net Revenue Consensus	65%	26%	52%	58%	38%
% Beat Analyst Earnings Consensus (~23 companies release EPS consensus details)	83%	72%	40%	30%	30%

KEY LEARNINGS

1 **Increasing divergence of the top-line** growth with varying situations verticals/ companies

~28% cut their sales growth guidance for full-year 2025

2 **Driven by weak volumes and limited pricing power**

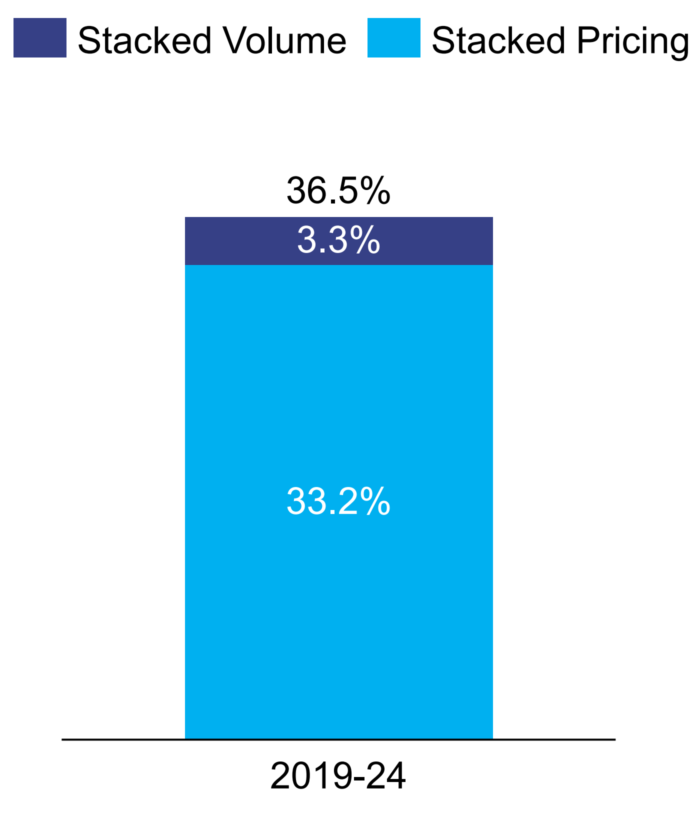
~16% lowered their EPS guidance for full-year 2025

Source: Seeking Alpha, Nasdaq, FFA analysis, not all FMCG companies report profitability on a quarterly basis

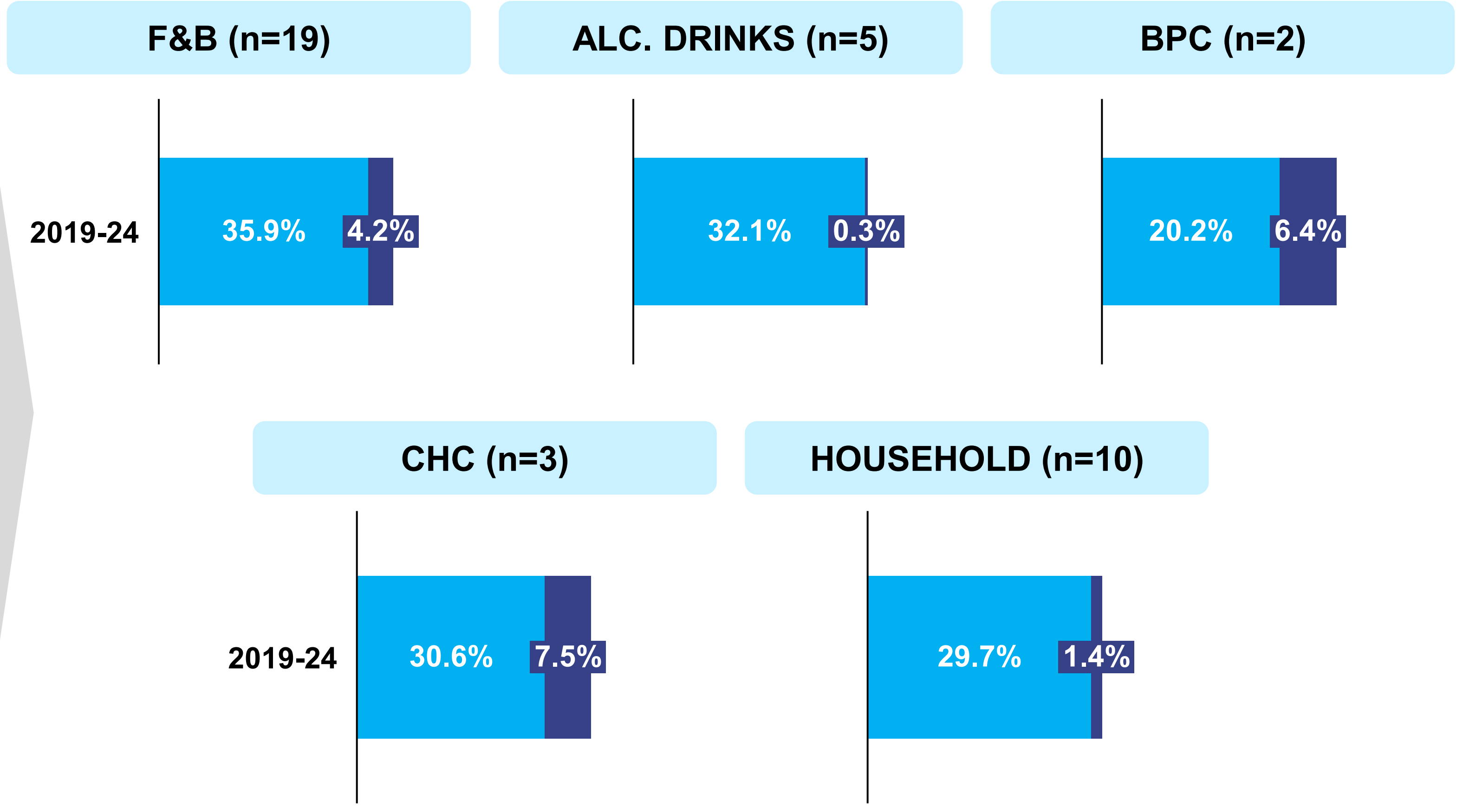
Cumulated +33% pricing (6% CAGR) & only +3.3% (0.7% CAGR) vol. taken since 2019. Beauty Personal Care took the least pricing

STACKED VOLUME AND PRICING: TOP FMCGs 2019-2024

TOP 39 FMCGs



BY VERTICAL



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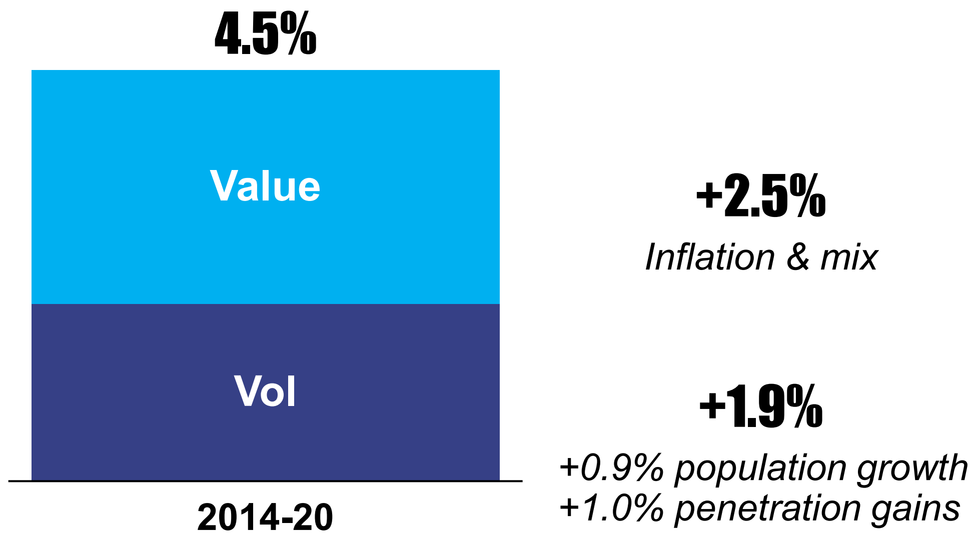
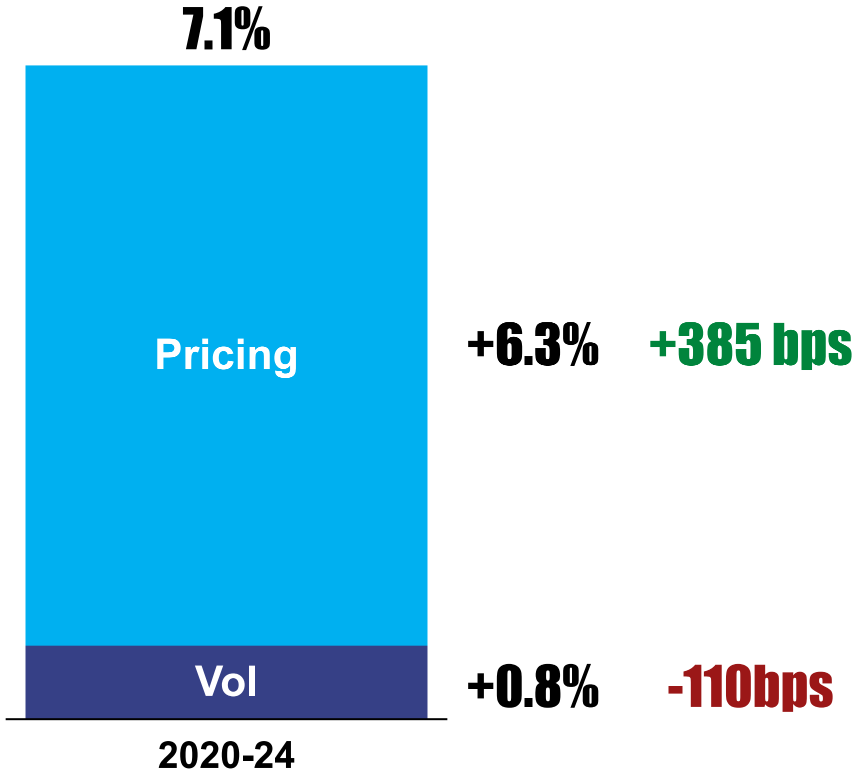
110bps yearly volume growth vs. pre-COVID has been missing over 2020-24

FMCG GROWTH ALGORITHM: 2014-20 VS 2020-24

Long-term (2014-20), balanced FMCG industry growth algorithm



Post-Covid (2020-24) FMCG industry growth algorithm

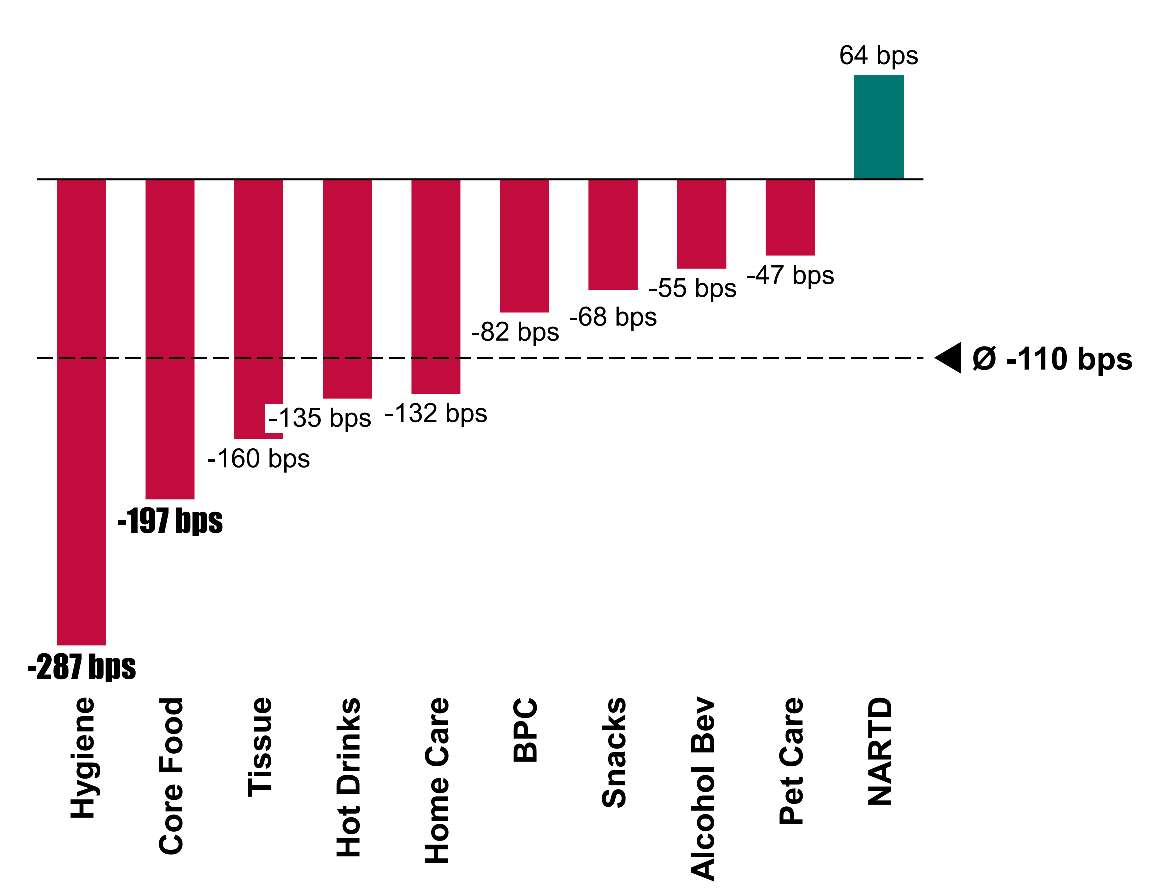


Source: Euromonitor, FFA analysis, Companies' financial releases

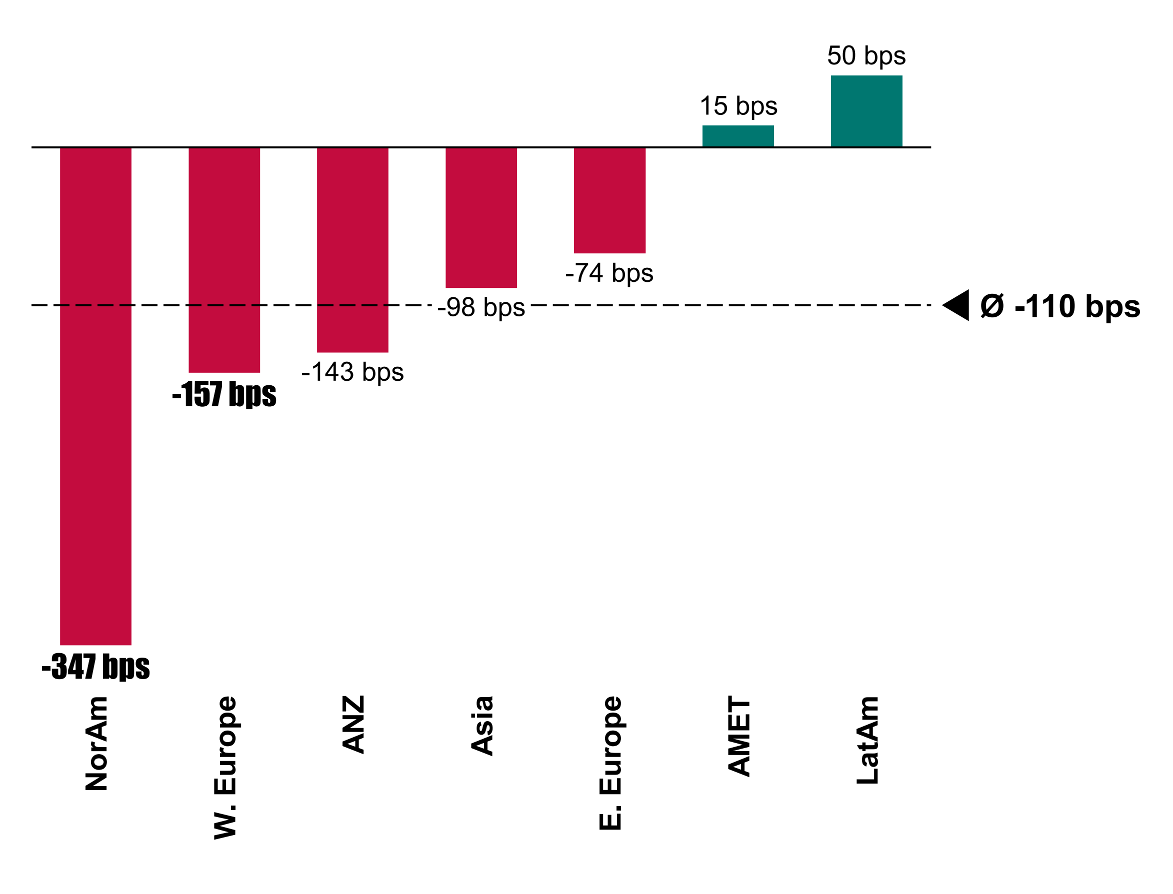
The largest volume decline was recorded by Household & Core Food (cat.), NorAm & W. Europe (regions). Only NARTD, AMET/ LATAM grew volumes

FMCG GROWTH: VOLUME, 2014-20 VS 2020-24

VOLUME GROWTH BY CATEGORY (2014-20 vs 2020-24)



VOLUME GROWTH BY REGION (2014-20 vs 2020-24)



Source: Euromonitor, FFA analysis

Des-averaging those 110bps vol. CAGR loss per cat./ region, some couples have been significantly hit (NORAM Impulse F&B, WEU Food & Alc. Drinks)

RSV GROWTH: VOL/ VAL, DIFFERENCE 2020-24 VS 2014-20

▲ CAGR	W. Europe		NorAm		E. Europe		ANZ		LatAm		AMET		Asia		Total	
20-24 vs '14-20	Volume	Price/ mix	Volume	Price/ mix	Volume	Price/ mix	Volume	Price/ mix	Volume	Price/ mix	Volume	Price/ mix	Volume	Price/ mix	Volume	Price/ mix
Hygiene	-0.5%	5.9%	-1.4%	3.9%	-1.1%	6.9%	-1.4%	3.9%	1.0%	6.5%	-1.2%	7.8%	-6.3%	0.0%	**-2.9%**	**3.5%**
Core Food	-1.6%	6.3%	-4.1%	5.2%	-0.5%	4.8%	-0.9%	2.0%	-1.1%	6.2%	-1.2%	6.2%	-2.3%	1.1%	**-2.0%**	**4.2%**
BPC	-0.7%	6.8%	-1.1%	6.0%	-2.7%	5.7%	-1.7%	3.6%	2.2%	7.3%	0.2%	11.0%	-1.5%	-0.3%	**-0.8%**	**4.6%**
Hot Drinks	-1.2%	6.1%	-4.9%	5.4%	-1.4%	6.4%	-1.2%	2.7%	-1.1%	6.5%	-0.2%	5.1%	-1.2%	2.0%	**-1.3%**	**4.5%**
Home Care	-1.0%	3.7%	-4.7%	3.6%	-2.1%	5.0%	-0.8%	2.6%	-0.7%	4.6%	-1.3%	5.2%	-0.7%	-0.1%	**-1.3%**	**2.5%**
Tissue	-1.2%	6.2%	-4.0%	1.7%	-1.6%	4.8%	-0.6%	5.9%	-0.7%	6.1%	-2.1%	7.9%	-1.2%	0.4%	**-1.6%**	**2.7%**
Snacks	-1.2%	6.8%	-2.5%	6.6%	0.0%	5.9%	-3.7%	4.7%	2.3%	7.4%	1.0%	2.5%	-0.6%	0.7%	**-0.7%**	**4.6%**
Alcohol Bev	-3.8%	3.2%	-5.8%	3.8%	0.1%	4.2%	-2.7%	3.4%	1.0%	6.6%	4.4%	1.6%	1.9%	-2.0%	**-0.6%**	**1.4%**
NARTD	-0.7%	6.6%	-1.5%	6.0%	-0.7%	6.8%	0.2%	3.8%	2.8%	6.3%	-0.3%	7.5%	1.9%	2.4%	**0.6%**	**5.1%**
Pet Care	0.2%	4.3%	-0.4%	3.7%	-1.9%	7.6%	-0.6%	2.4%	0.5%	3.6%	-1.1%	2.2%	-5.7%	2.2%	**-0.5%**	**3.6%**
Wt. Average	**-1.6%**	**5.8%**	**-3.5%**	**5.1%**	**-0.7%**	**5.3%**	**-1.4%**	**3.1%**	**0.5%**	**6.4%**	**0.1%**	**5.6%**	**-1.0%**	**0.6%**	**-1.1%**	**3.9%**

	DMs	EMs
	Implied adj. price elasticity[1]	
Hygiene	-0.2	-1.8
Core Food	-0.4	-0.6
BPC	-0.2	-0.2
Hot Drinks	-0.4	-0.3
Home Care	-0.7	-0.4
Tissue	-0.7	-0.5
Snacks	-0.3	0.1
Alcohol Bev	-1.1	n/a
NARTD	-0.2	0.4
Pet Care	-0.1	-2.1
Wt. Average	**-0.4**	**-0.2**

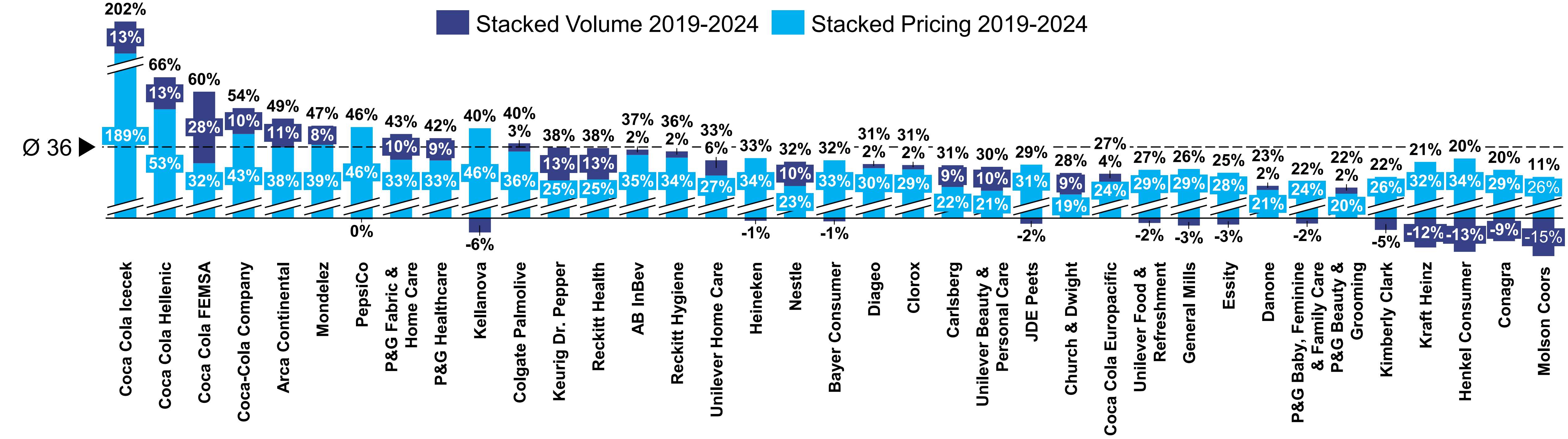
Long-term FMCG growth algorithm has been broken

-110 bps *Volume growth* + **+385 bps** *Price/mix impact* = **+275 bps** *Cat. value growth*

Source: Euromonitor, FFA analysis; 1 [▲Vol CAGR '19-24 vs '14-19] / [▲Price CAGR '19-24 vs '14-19]

Pricing power has been unevenly distributed among top FMCG companies. Impulse F&B followed by P&G/ LOR/ ColPal have outperformed

STACKED VOLUME & PRICING 2019-2024



EBIT%, 2024	16%	11%	14%	30%	17%	16%	16%	25%	26%	15%	22%	26%	29%	26%	22%	15%	15%	17%	17%	29%	16%	15%	21%	15%	19%	13%	18%	18%	14%	13%	26%	25%	16%	21%	14%	15%	14%
ΔEBIT% (bps) vs 2019	320	30	120	210	410	-30	20	294	143	190	-90	-10	-180	-550	-300	-30	-170	-40	-350	-190	-54	-70	-193	-360	-42	-87	17	100	230	-221	377	-185	-170	-356	-176	-41	-965

61% of the top 50 FMCG companies still display EBIT% levels below pre-COVID level

TOP FMCGs EBIT% 2024

	2024, EBIT%	Δbps vs 2023	Δbps vs 2019
Coke Bottling Co.	13%	80	955
Arca Continental	17%	30	410
P&G Baby, Fem. & Fam.	26%	-1	377
Coca Cola Icecek	16%	-169	320
Kirin: Beverages	11%	40	313
Coty	15%	72	308
P&G Fabric & Home Care	25%	-7	294
Essity	14%	120	230
Coca-Cola Company	30%	90	210
Kellanova	15%	260	190
Haleon	22%	100	150
P&G Healthcare	26%	73	143
L'Oréal	20%	20	140
Ontex	12%	230	130
Lindt	16%	60	120
Coca Cola FEMSA	14%	40	120
Suntory	10%	25	113
Groupo Bimbo	8%	-76	112
General Mills	18%	55	100
Swire Coca Cola	7%	-70	96
Arla Foods	4%	-10	40
FrieslandCampina	4%	350	30
Coca Cola Hellenic	11%	-20	30
PepsiCo	16%	83	20
Kenvue	22%	-90	-9
Keurig Dr. Pepper	26%	120	-10
Groupe Bel	7%	-10	-20
Mondelez	16%	30	-30
Unilever Home Care	15%	220	-30
Nestle	17%	-10	-40
Conagra	15%	-80	-41
Church & Dwight	19%	50	-42
Asahi	10%	20	-50

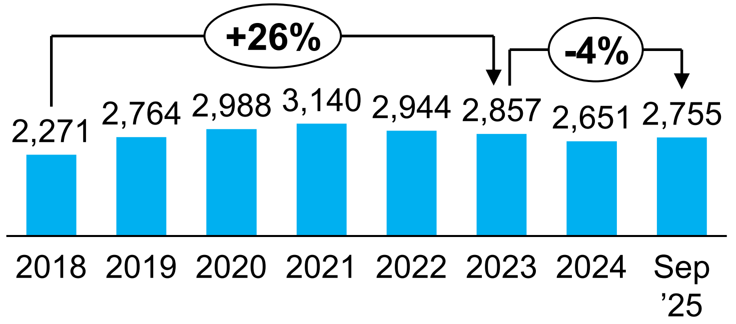
	2024, EBIT%	Δbps vs 2023	Δbps vs 2019
Clorox	16%	194	-54
Carlsberg	15%	10	-70
Coca Cola Europacific	13%	80	-87
Beiersdorf	13%	50	-90
Colgate Palmolive	22%	100	-90
Campbell	15%	40	-124
Natura & Co	12%	100	-160
Kimberly Clark	16%	166	-170
Heineken	15%	40	-170
Henkel Consumer	14%	300	-176
RB Health	29%	100	-180
P&G Beauty & Grooming	25%	-197	-185
Diageo	29%	-97	-190
LVMH Perfumes & Cosm.	8%	-65	-203
Pernod Ricard	26%	0	-219
Danone	13%	39	-221
Campari	20%	-150	-240
Reckitt Hygiene	22%	230	-300
Bayer Consumer	17%	-90	-350
Kraft Heinz	21%	85	-356
JDE Peets	15%	68	-360
Edgewell	12%	77	-421
Kao Consumer	9%	160	-520
Ab InBev	26%	160	-550
Shiseido	4%	-42	-643
LVMH Wines & Spirits	23%	-881	-787
Estée Lauder	10%	295	-788
Molson Coors	14%	80	-965
Unilever Nutrition	21%	270	-
Unilever Ice Cream	12%	100	-
Unilever B&W	19%	70	-
Unilever Personal Care	22%	190	-
Galderma	23%	30	-
STADA CHC	22%	30	-

Widening gap between winners and losers

MARKET CAP EVOLUTION OF THE WORLD'S LARGEST LISTED FMCG COMPANIES (n=50)

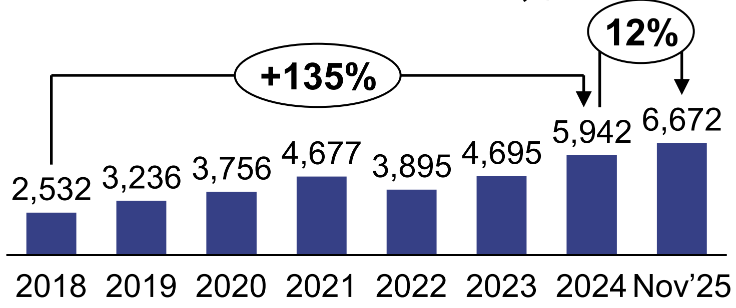
TOP FMCGs

Market Cap ($bn)



S&P 500 INDEX

S&P 500 INDEX PRICE, $



MARKET CAP EVOLUTION (1st Jan 2025 – 13th Nov 2025)

OUT-PERFORMERS

	ΔMarket cap[1] abs.	ΔMarket cap[1] %
Nestlé	51	24.0%
Coca-Cola	39	14.3%
L'ORÉAL	33	17.3%
ABInBev	27	27.0%
GALDERMA	19	70.2%
DANONE	16	36.1%
BAYER	13	67.5%
reckitt	10	25%
Lindt	10	38.1%
JDE	9	110.2%

UNDER-PERFORMERS

	ΔMarket cap[1] abs.	ΔMarket cap[1] %
P&G	-53	-13.4%
DIAGEO	-16	-23.0%
PEPSICO	-12	-5.9%
Colgate-Palmolive	-12	-15.6%
General Mills	-10	-29.6%
Kimberly-Clark	-9	-21.4%
Kenvue	-9	-22.6%
KraftHeinz	-8	-21.0%
CLOROX	-7	-36.7%
Keurig DrPepper	-7	-16.5%

Source: Annual reports, FFA analysis; Market cap excluding LVMH

Increasing standard deviation in stock price performance within each FMCG vertical

MARKET CAP CHANGE: 1st Jan 2025 – 21st Nov 2025

	OUTPERFORMERS				UNDERPERFORMERS			
F&B	Lindt	+38%	Coca-Cola	+18%	General Mills	-30%	Conagra Brands	-37%
ALCOHOLIC DRINKS	AB InBev	+30%	Carlsberg	+21%	Diageo	-23%	Molson Coors	-24%
BPC	Galderma	+70%	Estée Lauder Companies	+24%	Coty	-46%	Edgewell Personal Care	-48%
HOUSEHOLD (HH)	Kao	+2.7%	Essity	+0.8%	Kimberly-Clark	-22%	Clorox	-37%
MULTI-VERTICAL	Reckitt	+25%	Unilever	+5%	P&G	-13%	Kenvue	-23%[1]

Note: Market cap excluding LVMH, Bayer; [1]CHC player

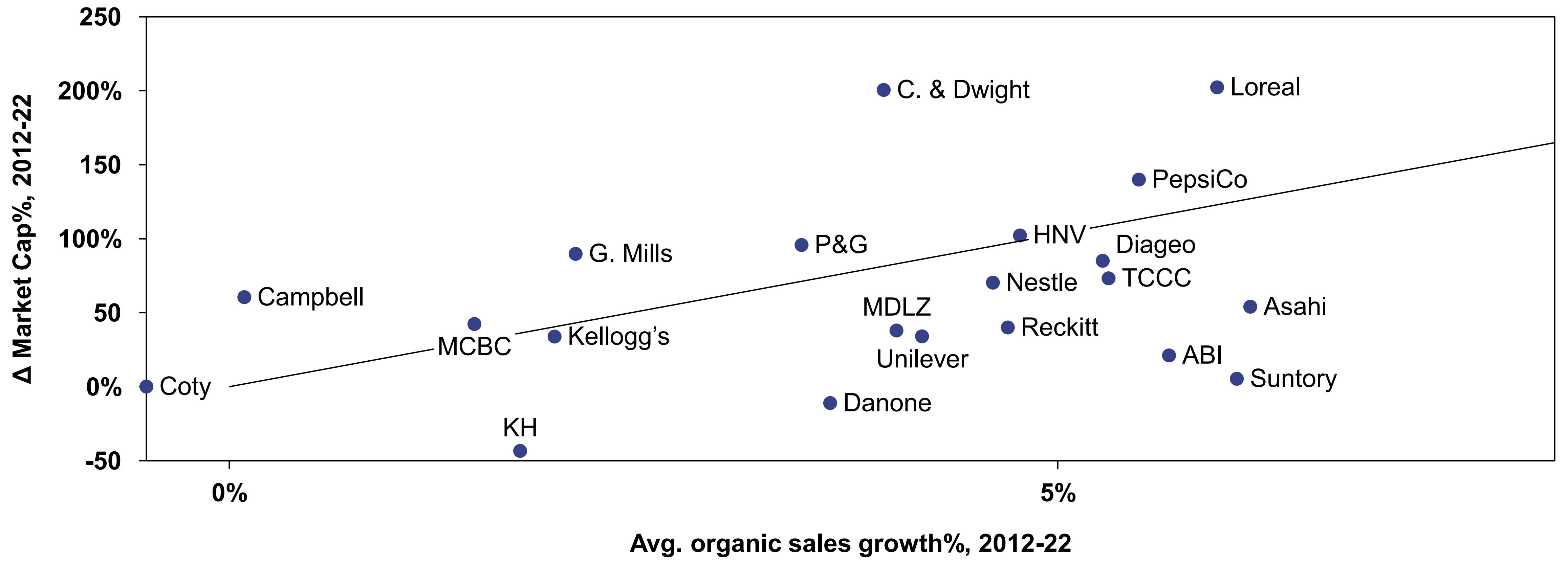
Source: Annual reports, FFA analysis;

Key Message #2: Breaking down the outperformance algorithm in the FMCG industry

Organic growth performance has been the key driver for shareholder value creation in the FMCG industry over the last decade…

TOP FMCGs: ORGANIC GROWTH & MARKET CAP EVOLUTION 2012-22

ORGANIC GROWTH HAS BEEN THE KEY MARKET CAP GROWTH DRIVER IN THE FMCG INDUSTRY IN THE LAST 10 YEARS

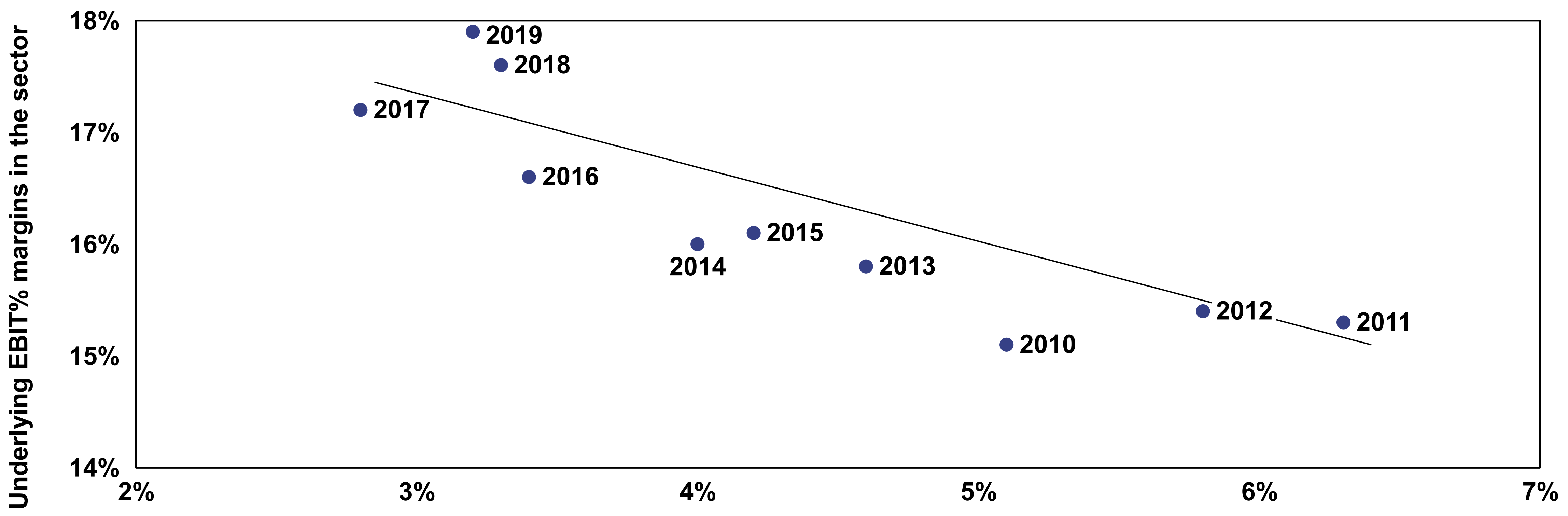


Source: PitchBook, FFA analysis; Companiesmarketcap, Annual reports

Interestingly, the periods where the top 55 FMCGs grew the most their profit, where the ones where they grew the least their organic growth…

ORGANIC GROWTH/ EBIT% CORRELATION – TOP 55 FMCGs, 2010-19

UNDERLYING EBIT% MARGINS IN THE SECTOR IS INVERSELY CORRELATED WITH THE ORGANIC GROWTH

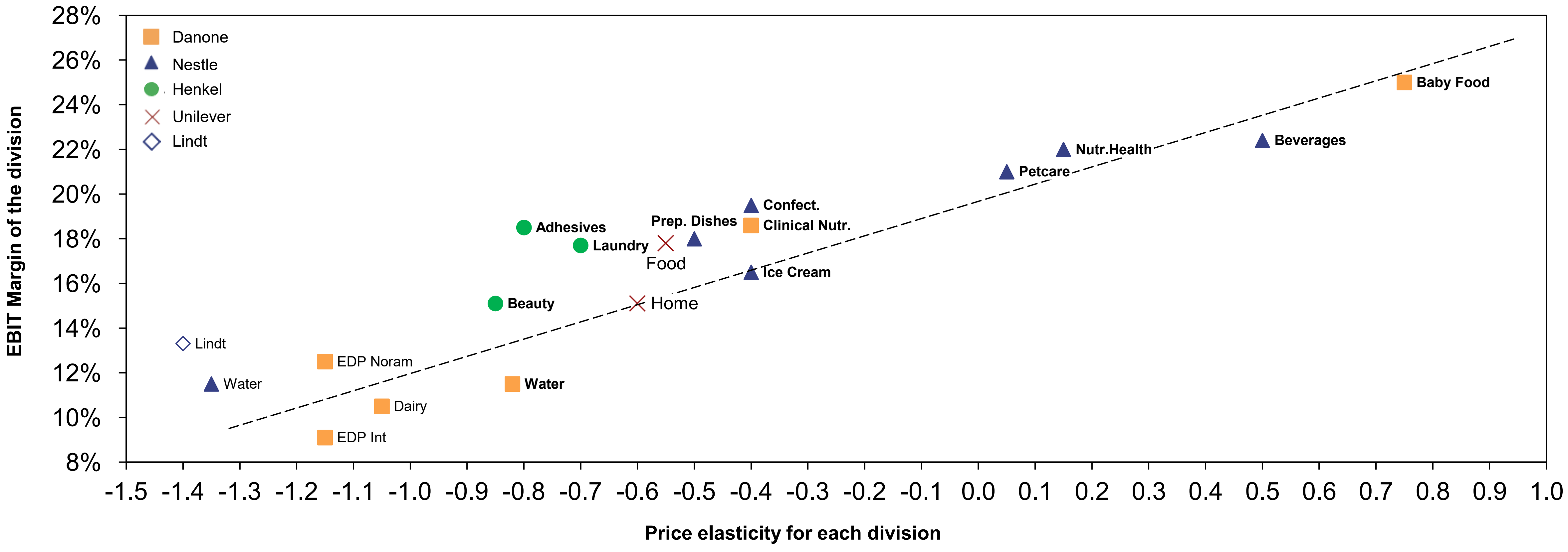


Sources: Euromonitor, Bernstein

Low price elasticity is the key profitability driver in the FMCG industry

PRICE ELASTICITY FOR FMCG DIVISIONS – SMALL SAMPLE OF EU-BASED FMCGs

PRICE ELASTICITY VERSUS EBIT MARGIN



Sources: Nielsen, Company reports, Bernstein analysis

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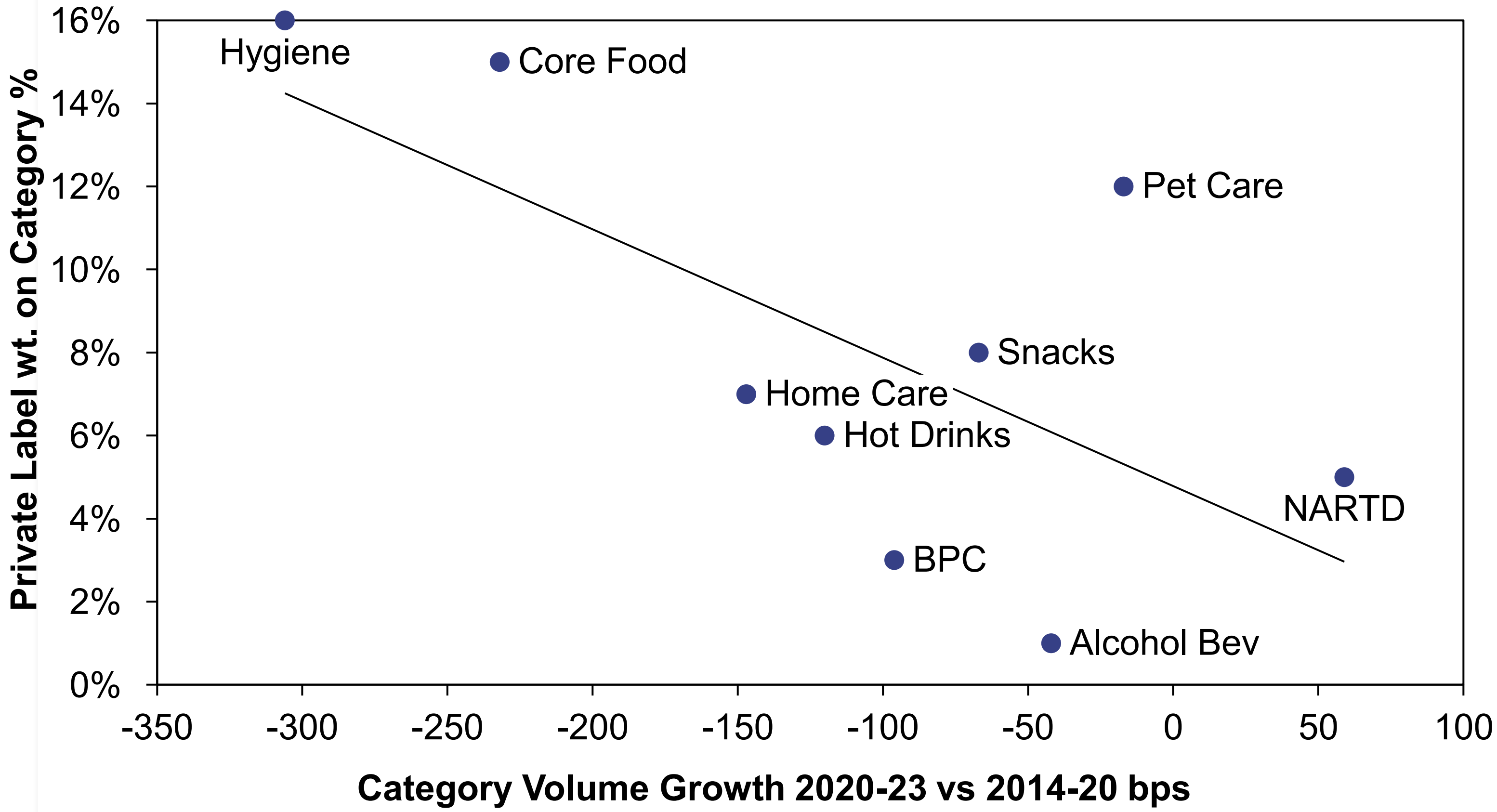
Private Labels are, for most (>85% of the FMCG industry), a strategic distraction (EU/ NorAm Home Care/ Hygiene/ Core Food are exceptions)

FMCG: CORRELATION BETWEEN VOLUME GROWTH & PL PREVALENCE

PRIVATE LABELS ARE MOSTLY FORMIDABLE ONLY IN SLOW-GROWTH/ DECLINING CATEGORIES (PET CARE IS AN EXCEPTION)



VOLUME GROWTH BY REGION (2014-20 vs 2020-23)

PRIVATE LABELS

7.9% RSV wt%, Total FMCG, 2023

-40 bps ▲RSV wt%, Total FMCG, 2014-23

STRONGLY COUNTER-CYCLICAL

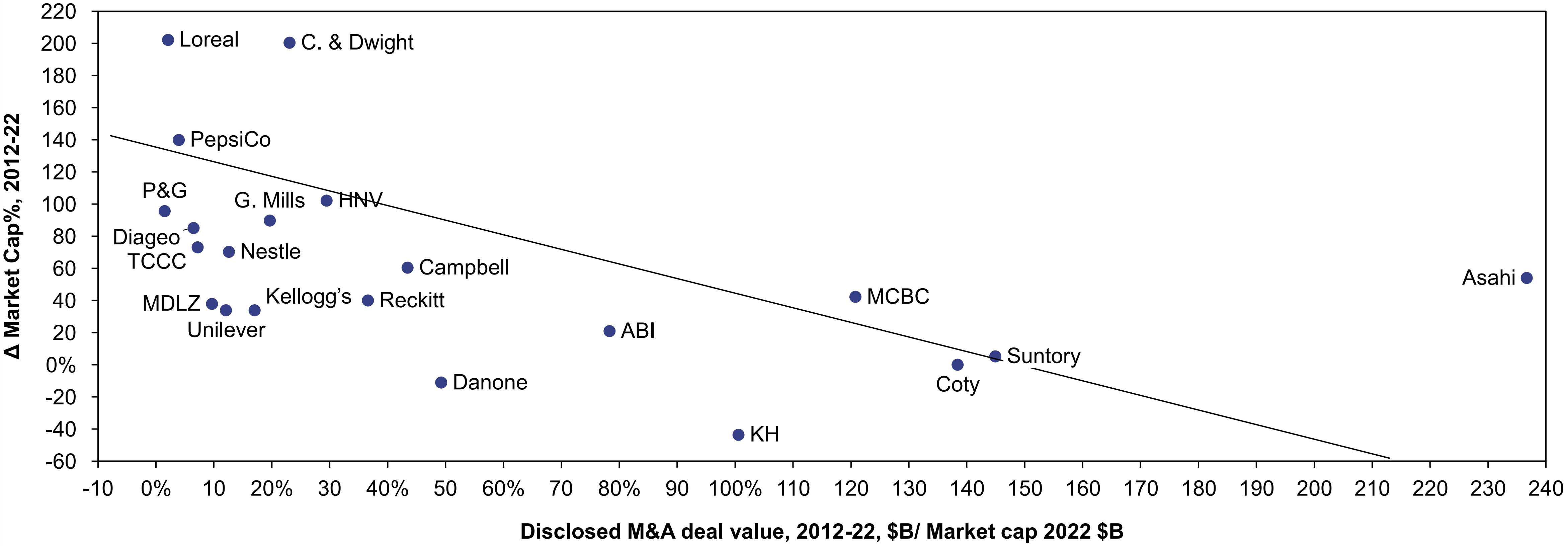
-0.93 Correlation Coefficient

PLs ▲wt% & GDP growth rate

The larger has been the M&A value in % of the acquirer's market cap, the more it has destroyed total shareholder value

TOP FMCGs: M&A VS PERFORMANCE SUMMARY 2012-22

MARKET CAP GROWTH & M&A ACTIVITY (AS % OF MARKET CAP) ARE INVERSELY CORRELATED



Source: PitchBook, FFA analysis; Companiesmarketcap, Annual reports

What makes a high-performing FMCG company

10 KEY POINTS

1. ***A low price-elasticity & faster growth category footprint***
2. ***A faster growth country footprint***
3. ***A leading and/ or highly differentiated brands portfolio***
4. ***Replicable approach to growth*** *(Consumer-back 4Ps/ brand plans driving incremental category growth)*
5. ***Excellent in-market execution***
6. ***Tailored approach to win in most uncomfortable/ strategic sales/ marketing channels*** *(e.g. ecommerce/ digital, emerging markets)*
7. ***High ROCE M&A complementing organic intent***
8. ***Growth-enabling operating model***
9. ***Continuous cost-saving machine***
10. ***Winning culture & best talent***

Key Message #3: The Great Bifurcation

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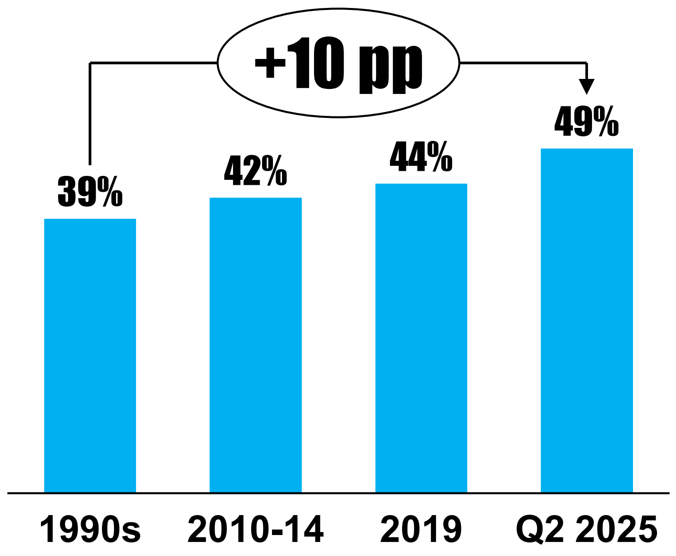
Consumer markets have fundamentally split into two diverging arms — Upper K (thriving) and Lower K (struggling). This is structural, not cyclical

K ECONOMY: GREAT BIFURCATION, US DATA

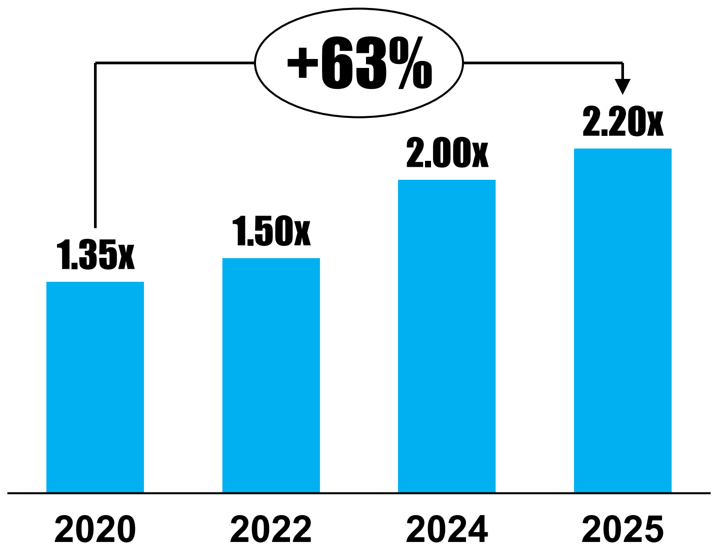
SPENDING CONCENTRATION

% spending by Top 10% consumers



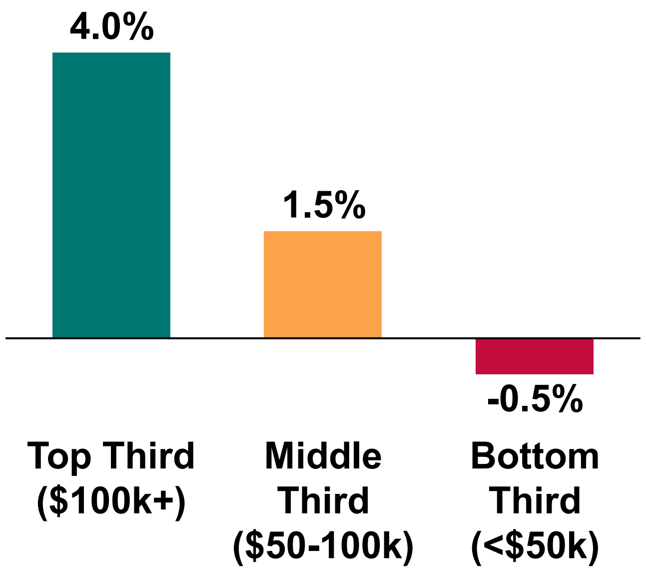
SPENDING RATIO (HIGH >$100k+ VS LOW INCOME <$50k)

Spending ratio has exploded – 63% increase in divergence



SPENDING GROWTH BY TIER

YoY Spending Growth by Income Tier



Source: [1]Dallas Fed, Moody's Analytics (Nov 2025), [2]Morning Consult Consumer Health Index; [3]Bank of America Institute (Dec 2025)

Every strategic choice must now be made TWICE: Upper K focuses on value per consumer while Lower K focuses on consumers per market

K-Economy Strategic Framework

	K-ECONOMY STRATEGIC FRAMEWORK	
	UPPER K STRATEGY	LOWER K STRATEGY
Volume	*Value per consumer*	*Consumers per market*
Pricing	*Premium, margin protection*	*Entry price, small formats*
Distribution	*Selective, online*	*Maximum reach, every outlet*
Comms	*Creator-led, experience*	*Value messaging, frequency*
KPIs	*$/consumer, NPS, brand*	*Distribution, penetration*

Source: PitchBook, FFA analysis; Companiesmarketcap, Annual reports

Key Message #4: The art & science of driving repeatedly/ consistently Desirability At Scale or how to become a market-maker

You need to better understand than anyone four pieces…

KEY FOUR PIECES

1

The overall market
(categories/ segments with des-averaged size/ growth/ share of growth)
& BGM* archetypes

2

The channels
(sub-channel, key customers, success drivers with des-averaged size/ growth/ share of growth)

3

The consumers
(optimal segmentation, barriers/ drivers/ trigger/ POMEs/ 4Ps preferences, expandability)

4

Your brand
(heartland, attributes, best possible consumer story, P2P metrics des-averaged per consumer segments)

Note: *BGM: Brand growth model

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A replicable approach to identify the >10% levers addressing 80% of the value at stake

APPROACH

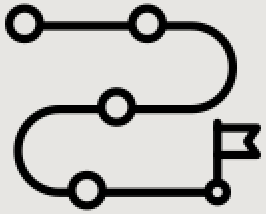
CONSUMER RESEARCH

Bespoke consumer research
(market understanding, BGM archetypes, consumer segmentation, brand P2P metrics)

BRAND UNDERSTANDING

Deep Brands Sessions
(heartland discovery, top growth levers)

ACTION PLAN



10/80 Action Plan
(phased, incl. KPIs)

Not all penetration point gains are equal

ILLUSTRATIVE ONLY

VALUE OF 1PP PENETRATION ACROSS CONSUMER SEGMENTS

SHEC (Super high engagement consumer)	HEC (High engagement consumer)	MEC (Med. engagement consumer)	LEC (Low engagement consumer)
~4% *Growth*	**~3%** *Growth*	**~1%** *Growth*	**~0.5%** *Growth*

Top 7 key findings/ myth busting derived from ZBG approach

KEY FINDINGS

1. **Total market sizing is sometimes grossly inaccurate** (incl. Ecom channel) creating large blind spots. Specifically, Ecom is the 'most effective POME to fish the (S)HEC' (those consumers account for Ecom >85% RSV)
2. **Consumer segment mix** is predictive of brand desirability/ right-to-win & must be used for brands prioritization
3. Most brands ignore their **best possible consumer story & communication models** are often under-optimized (hero-SKUs, messages, audience, channel mix)
4. **Pricing** is often grossly mismanaged (missed premiumization opportunity on (S)HEC-led brands, straight-pricing on high P-E brands)
5. **Innovations** pipeline must often be right-sized
6. Overall, possible to identify the **<10% growth levers addressing 80% value at stake**, incl. at brand/ channel level
7. **Optimal KPI tracking:** P2P metrics (incl. best possible consumer story understanding) on target consumers

Key Message #5: The most under-leveraged type of innovation

Our obsession for product innovation is diluting our most scarce resources

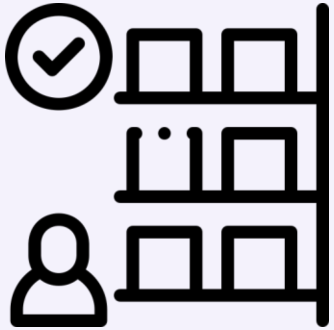
PRODUCT INNOVATION

RESOURCES DILUTION

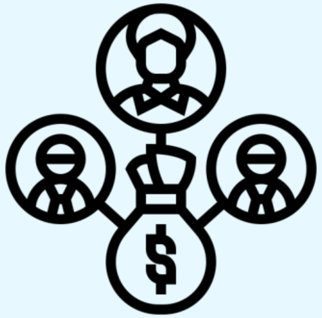
P&L/ Balance sheet

End to end value chain

Salesforce & customer mental availability



Shelf space



Consumer mental availability

What is the most under-leveraged type of innovation?

Key Message #6: Filling the in-market execution gap

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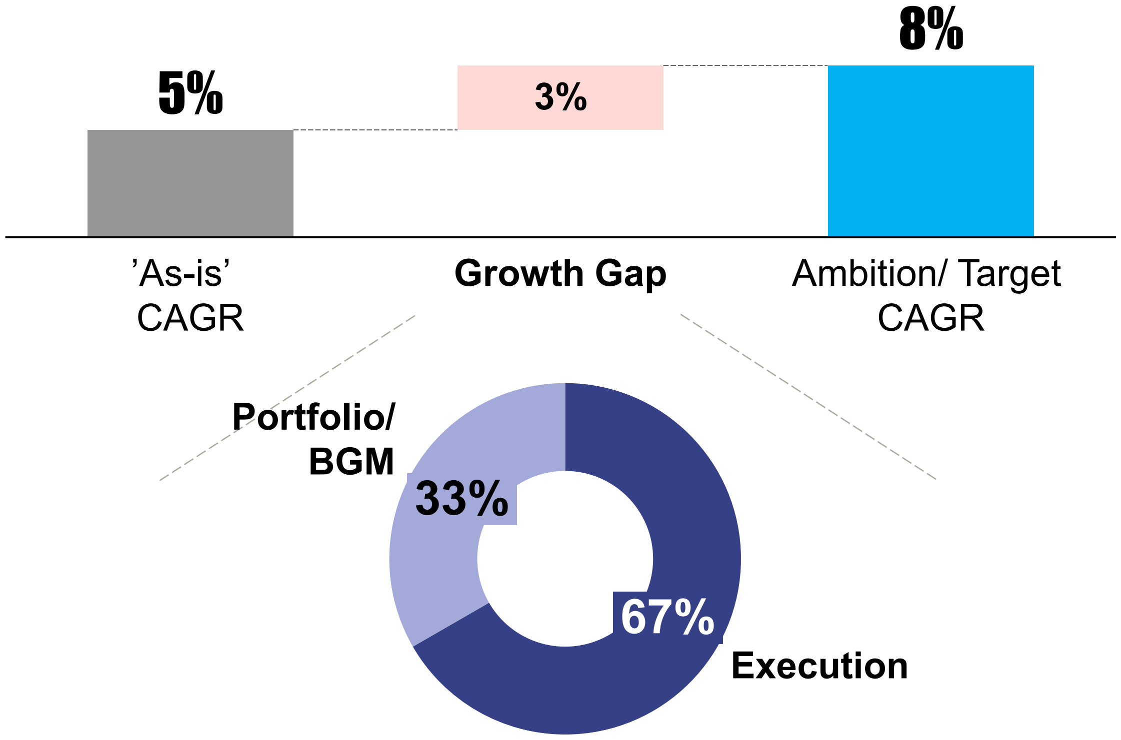
Value behind in-market execution is too often underestimated

ILLUSTRATIVE ONLY

DES-AVERAGED VALUE AT STAKE

VALUE AT STAKE



DES-AVERAGED VALUE AT STAKE BY KEY LEVERS

Right service level & product availability
(store mix, store expansion…)

Right assortment at store-segment level
(SKU rationalization, differentiated…)

Right customer portfolio management

Right GTM on fragmented channels
(distributors, incentives, eB2B leverage…)

Right ecommerce 4Ps
(ePPA, share of search/ e-visibility…)

[1] BGM: Brand Growth Model

Celebrate/ worship in-market execution excellence

KO IN-MARKET EXECUTION

KPIs TRANSPARENCY ACROSS THE ORGANIZATION/ EXTERNALLY

CONSUMER
- Shopper incidence rate %
- Servings #/ day
- 'Weekly +' & 'Intenders'
- New households

CUSTOMER
- New outlets
- New cooler displays
- Share of visible inventory
- % of digitized POS

A STRONG CULTURE OF MARKET EXECUTION

Coca-Cola

100k+ employees coming together in 115 markets

Key Message #7: Addressing the increasing value at stake behind Ecommerce

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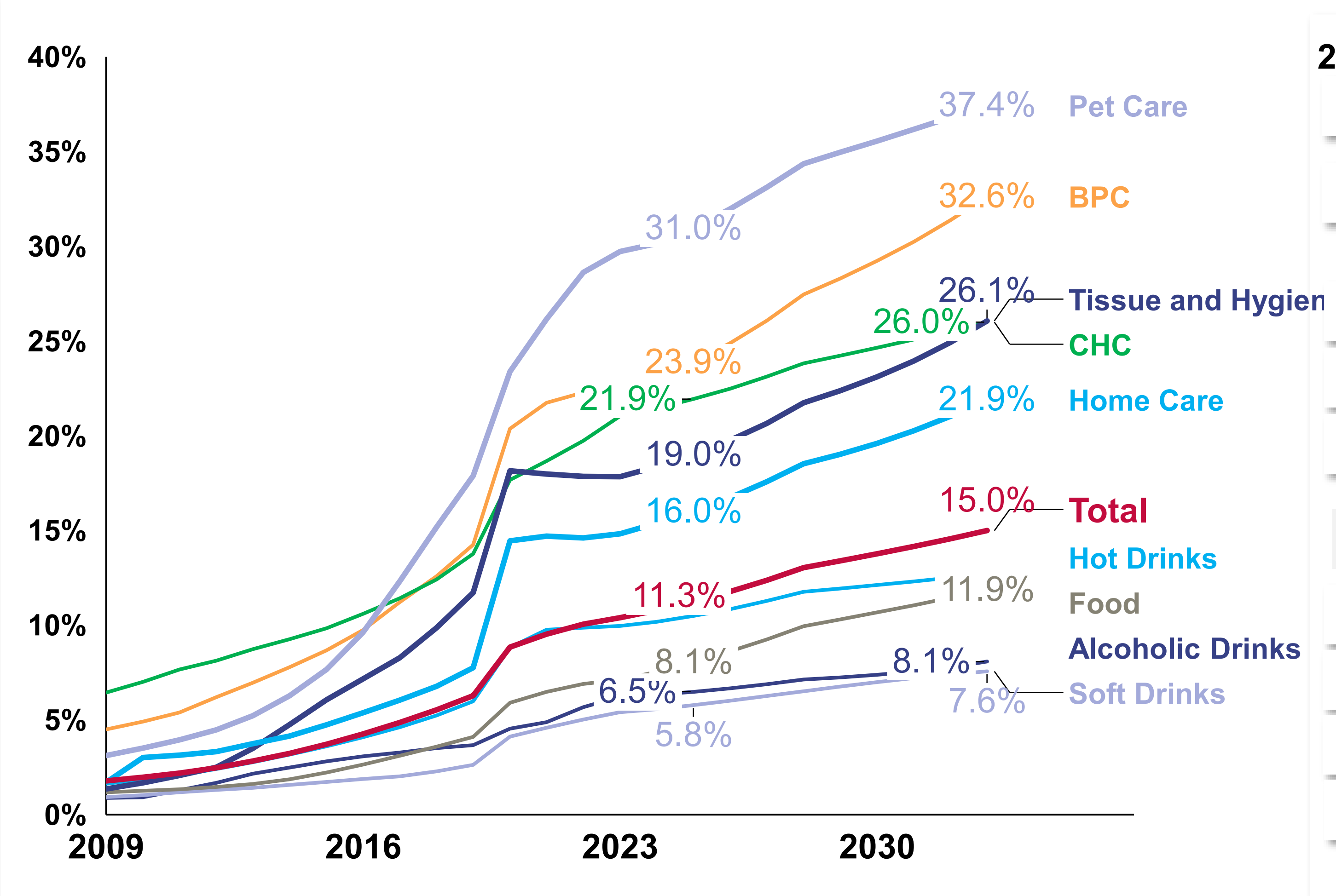
Ecommerce: value at stake is increasing across all FMCG verticals although standard deviation across verticals is expected to remain

2025-32e E-COM BY VERTICALS:WEIGHT, SHARE OF GROWTH & CAGR



	CAGR 2025-32e	SOG 2025-32e
Pet Care	8.1%	48%
BPC	9.6%	47%
Tissue and Hygiene	9.2%	39%
CHC	7.0%	34%
Home Care	8.9%	34%
Total	**9.5%**	**21%**
Hot Drinks	9.8%	23%
Food	27.2%	13%
Alcoholic Drinks	8.2%	11%
Soft Drinks	11.5%	9%

K-economy

(S)HEC (most premium consumers) over-index online (~80% of online RSV)

&

High strategic addressability

Source: Euromonitor, FFA analysis

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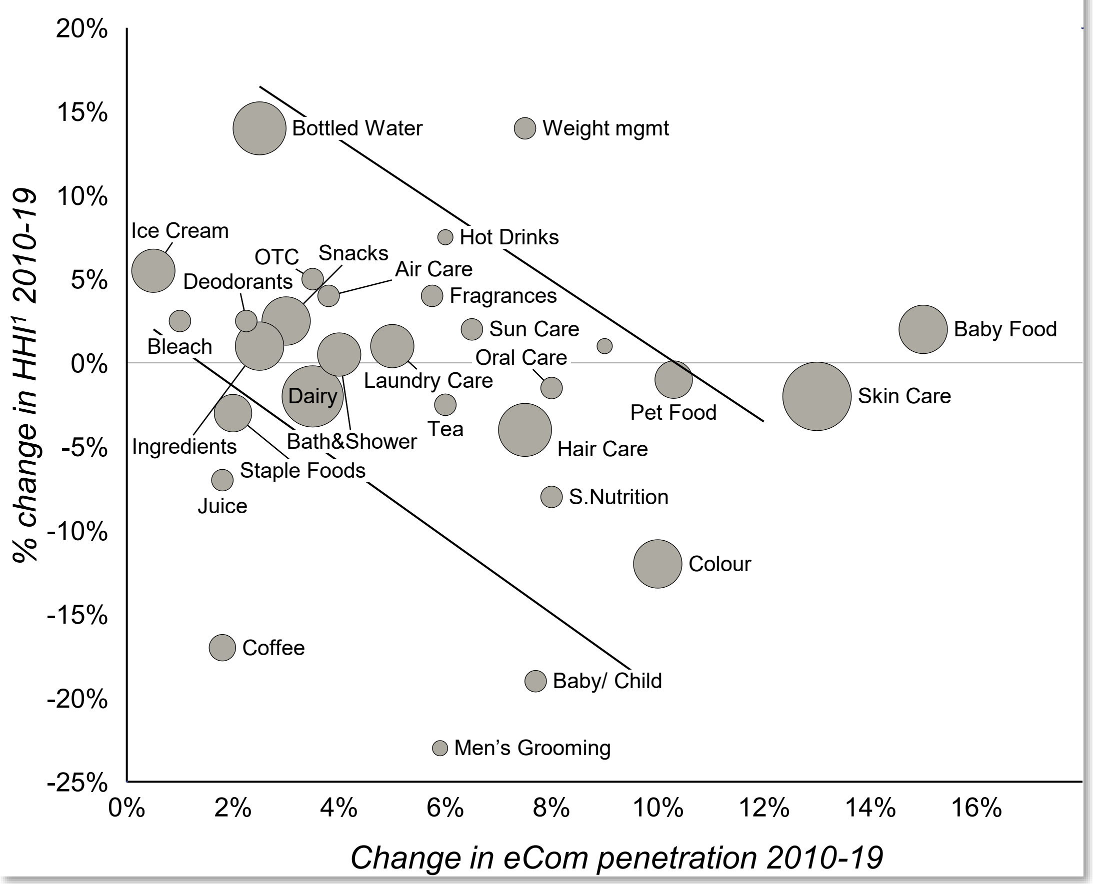
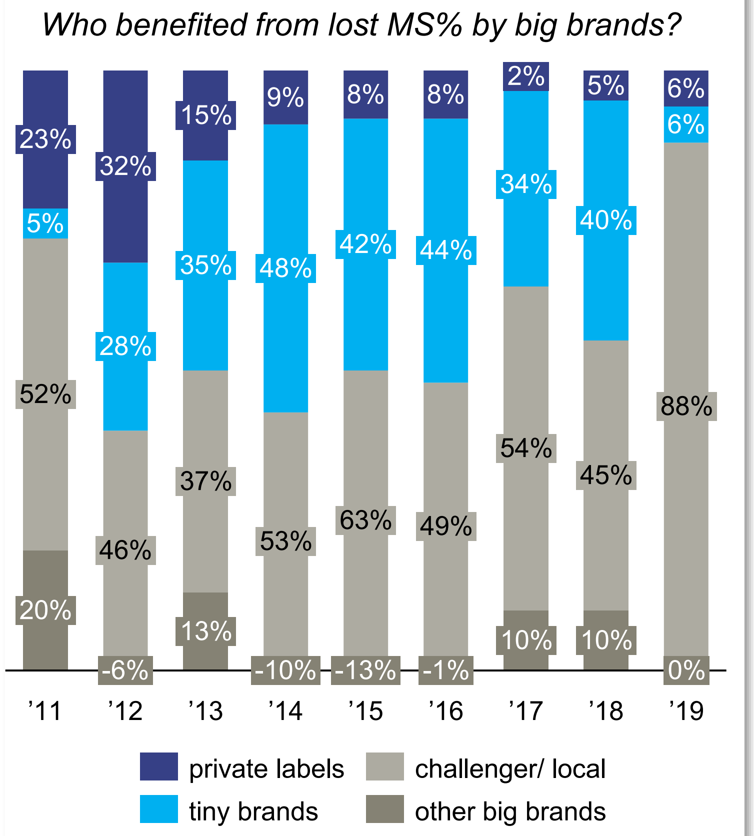
Over the last decade, Ecommerce has been generally a powerful driver of market share fragmentation and for incumbents' market share dilution

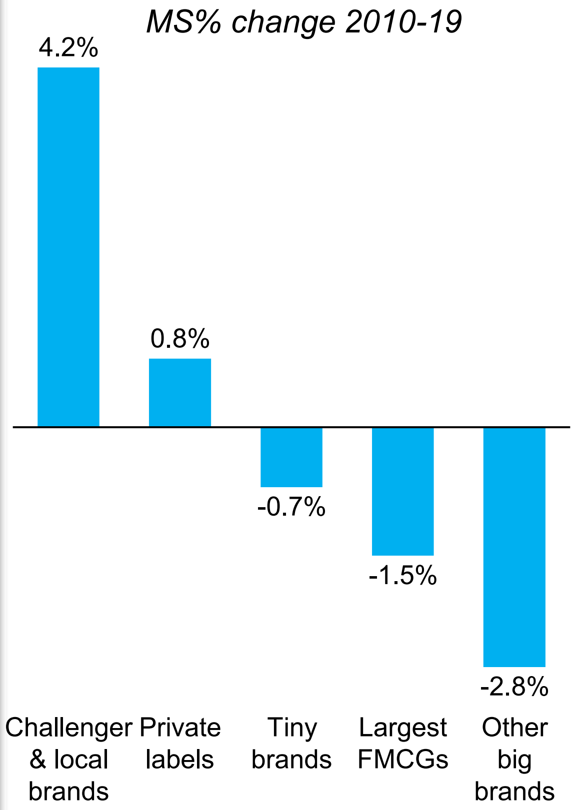
ECOM IMPACT ON FMCG MARKET FRAGMENTATION, 2010-19

GROWTH IN ECOMMERCE PENETRATION DRIVES MARKET FRAGMENTATION (HHI)



THE CHALLENGER BRANDS HAVE BEEN THE LARGEST NET WINNER OF INCUMBENTS MS% LOSS





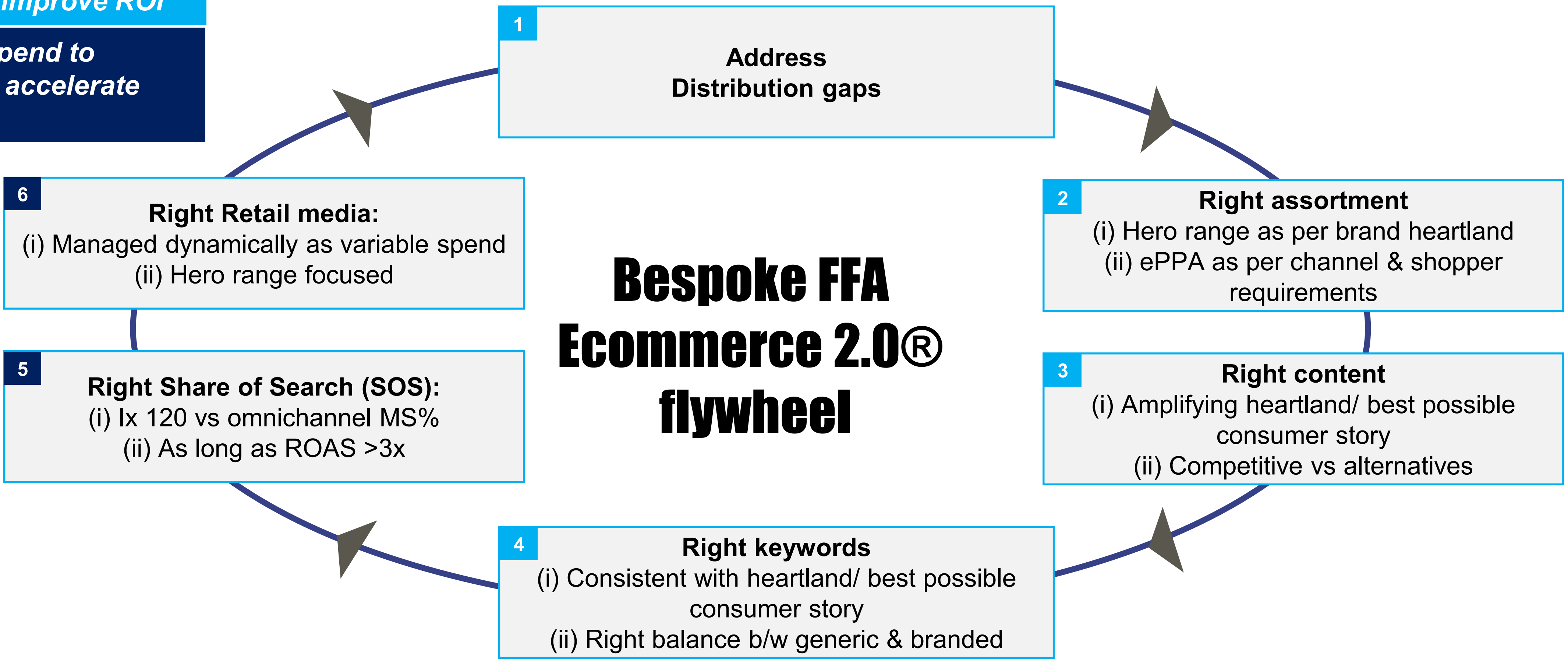
Source: Euromonitor, Bernstein' 1 HHI: Herfindahl-Hirschman Index - a measure of market concentration; Higher HHI = Less competition

Ecommerce is a flywheel & interventions need to be made in a disciplined manner to maximize value capture

FFA: ECOM 2.0® FLYWHEEL

1-4 *Create absolute space in the P&L & improve ROI*

5-6 *Increase spend to drastically accelerate growth*



Key Message #8: Finally cracking Emerging Markets

EMs to grow ~2x faster than DMs and are expected to account for ~53% of the global FMCG market by 2030 and ~70% of total growth over 2025-30

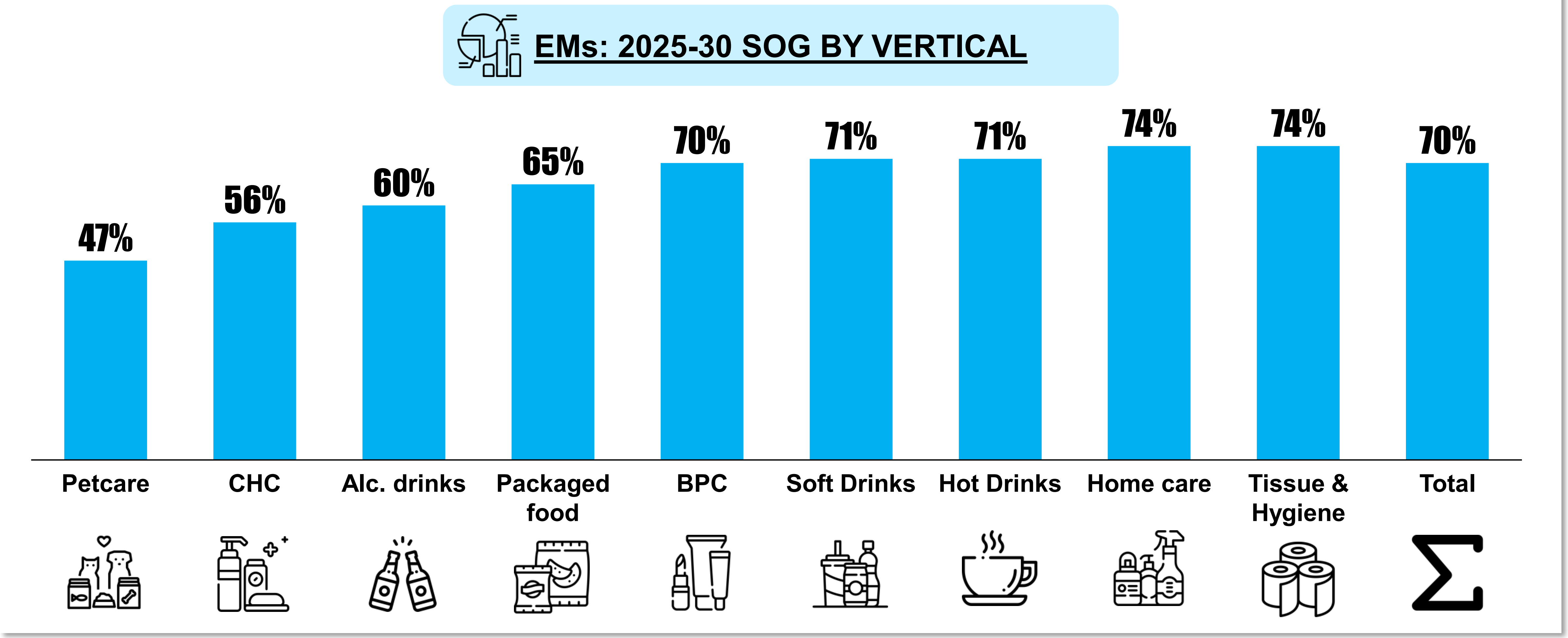
EMERGING MARKETS (EMs): HIGH VALUE AT STAKE

	FMCG: % OF RSV, 2025-30e		FMCG CAGR 25-30e	FMCG SHARE OF GROWTH 25-30e
	2025	2030e		
Emerging markets (incl. CN)	48%	53%	7.9%	70%
Developed markets	52%	47%	3.5%	30%
TOTAL	100%	100%	5.5%	100%

Source: Euromonitor; FFA analysis; DMs: NORAM, EU, ANZ-JP; EMs: APAC, LATAM & MEA

EMs to account for lion's share of growth across verticals ranging from 47% on Petcare to ~75% on Household

EMERGING MARKETS (EMs): SHARE OF GROWTH BY VERTICAL



Source: Euromonitor; FFA analysis; DMs: NORAM, EU, ANZ-JP; EMs: APAC, LATAM & MEA

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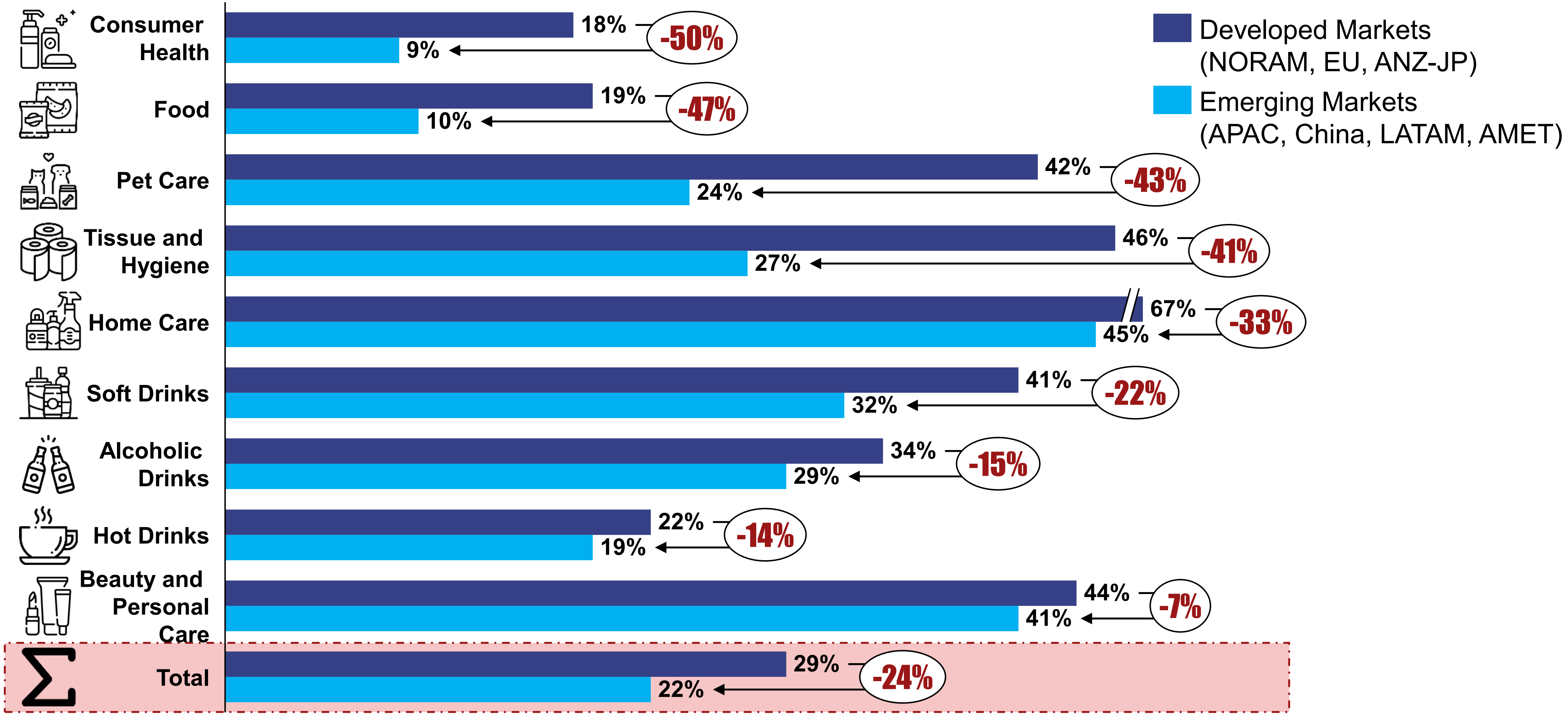
On average, the market share of the top 55 FMCGs is 24% lower in EMs compared to DMs

TOP 55 PUBLICLY LISTED FMCGs 2025 MARKET SHARE %: DMs vs EMs



Winning in EMs requires a drastically different approach

EIGHT RULES TO CRACK EMS

- 01 ***Holistic bespoke market*** *(incl. categories & channels)* ***sizing****: no blind-spot, SOG-led*
- 02 ***Portfolio manager mindset****: focus on capturable profit with risk-adjusted returns, not just revenue growth*
- 03 ***Engagement-based consumer segmentation x channel x pop strata:*** *end-to-end synced precision, not strategic initiatives proliferation executed in functional silos*
- 04 ***Local relevance:*** *local storytelling rooted in cultural insights, not adapted global campaigns*
- 05 ***The 10/80 rule:*** *higher fragmentation, always aim for 10/80 (brand/ country cells, levers/ VAS…)*
- 06 ***VC model for white spaces:*** *manage new ventures with rigor + flexibility; separate P&L, VC-like milestone*
- 07 ***Fit-for-purpose operating model:*** *small empowered teams, local talents, localized R&D. Simple beats over-engineered*
- 08 ***Opportunistic M&A:*** *EMs = 50% market yet only 13% global M&A value (IN as a priority)*

Key Message #9: The high ROCE M&A machine: from acquisition to how small brands (really) grow

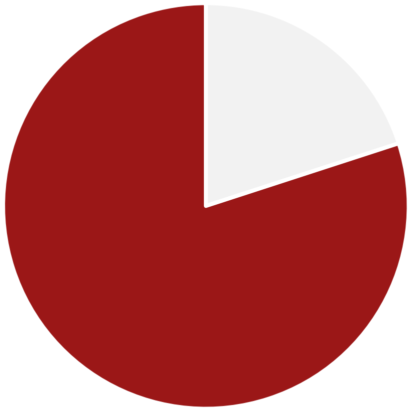
How to drastically increase M&A success rate?

TOP FMCGs M&A, 2012-24

WHAT IS THE FAILURE RATE OF TOP FMCGs M&A?

$750Bn Investment by Top CPGs, 2012-24

80% Destroyed Value
~$600Bn



WHICH TYPE OF M&A DISPLAYS THE HIGHEST SUCCESS RATE?

Overall	**~20%**
Pure DTC business	**<10%**
Mega deals (EV>$5Bn)	**<10%**
Small deals incl. VC-alike investments (<$5m)	**<10%**
Mid-sized deals (EV: 0.5-$5Bn) in area of expertise of acquirer	**~40%**

Most large M&A deals have, for now, failed to deliver shareholder value

TOP FMCGS: LARGE M&A DEALS IMPACT

COTY P&G BEAUTY BRANDS DEAL

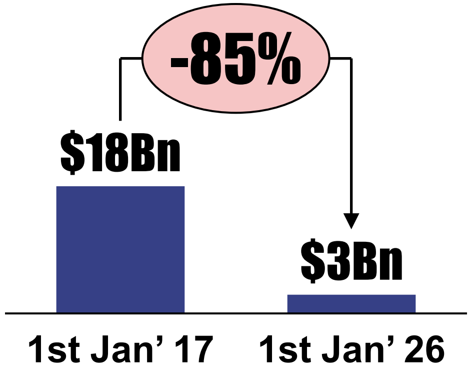
COTY — P&G BEAUTY

43 brands

2016

$12.5Bn

Market Cap



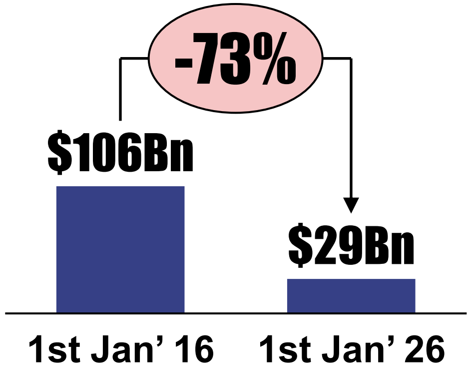
KRAFT HEINZ DEAL

Kraft — Heinz

2015

$55Bn

Market Cap



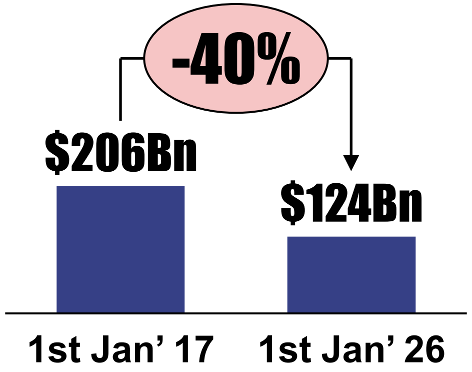
ABI-SABMILLER DEAL

ABInBev — SAB MILLER

2016

$100Bn

Market Cap



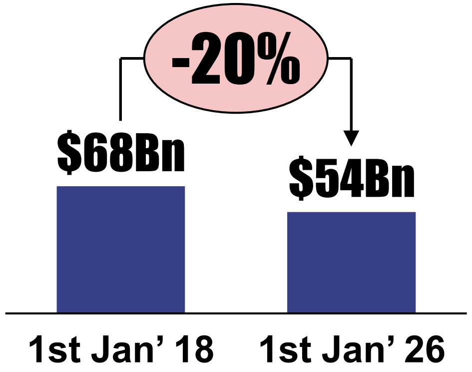
RECKITT – MEAD JOHNSON DEAL

reckitt — MeadJohnson Nutrition

2017

$18Bn

Market Cap



Source: Pitchbook, FFA analysis
1: Based on disclosed transaction values

Analyzing the top 10 ROI transactions over 2012-2024, most transactions were top-line growth-driven & most display three key characteristics

MOST SUCCESSFUL ACQUISITIONS (>$100M DEAL VALUE)/ ACQUIRERS, 2012-24

THE MOST SUCCESSFUL FMCG M&As…

	Date	Value	RSV 24
L'ORÉAL + CeraVe	2017	$1.3bn	$3.8bn
Unilever + LIQUID I.V.	2020	$0.7bn	$1bn+
PEPSICO + CYTO SPORT	2019	$0.5bn	$1.0bn
General Mills + BLUE	2018	$8.0bn	$4.0bn
Coca-Cola + Monster Energy	2015	$2.2bn[1]	$14bn
L'ORÉAL + NYX Professional Makeup	2014	$0.5bn	$1.0bn
Heineken + SCHINCARIOL	2017	$1.1bn	$3.4bn
ABInBev + OB맥주 Oriental Brewery	2014	$5.8bn	$4.7bn
Nestlé + STARBUCKS	2018	$7.2bn	$3.7bn
Coca-Cola + Topo Chico	2017	$0.2bn	$0.7bn

…HAVE IN COMMON

1. ***Targets** display a **high value at stake (large segment, fast growing…)** & highly **differentiated 4Ps to win***
2. ***Deal value is mid-sized** (EV $0.5-5bn) **to maximize ROCE***
3. ***Acquirers** have **a high right to win/ expertise to scale up** (same cat./ scale…)*

Source: Pitchbook, FFA analysis; Note:[1]17% stake

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L'Oreal: for now, a superior M&A track record

L'OREAL CASE

36 International brands (of which 35 acquired)

L'ORÉAL PARIS · LA ROCHE-POSAY · NYX PROFESSIONAL MAKEUP · Aēsop · Kiehl's · PRADA BEAUTY · Maison Margiela PARIS · COLOR WOW · KERING BEAUTÉ · LANCÔME PARIS · CeraVe · URBAN DECAY · BIOTHERM · Mixa · 3CE STYLENANDA · HR · MUGLER · ARMANI beauty · REDKEN · shu uemura · KÉRASTASE · MATRIX · MAYBELLINE NEW YORK · GARNIER · it COSMETICS · VICHY LABORATOIRES · skinbetter science · YVES SAINT LAURENT BEAUTÉ · VALENTINO BEAUTY · VIKTOR&ROLF · L'ORÉAL PROFESSIONNEL PARIS · SKINCEUTICALS · AZZARO · RALPH LAUREN FRAGRANCES · Carol's Daughter · PUREOLOGY

For now, more successes *(Top acquired brands)*...

Deal Year | Deal Value

LANCÔME PARIS 1964 | -	GARNIER 1965 | -	LA ROCHE-POSAY 1989 | -
MAYBELLINE NEW YORK 1996 | $0.8B	NYX 2014 | -	CeraVe 2017 | $1.3B
Aēsop 2023 | $2.5B	COLOR WOW 2025 | -	KERING BEAUTÉ 2025 | $4.7B

...than failures

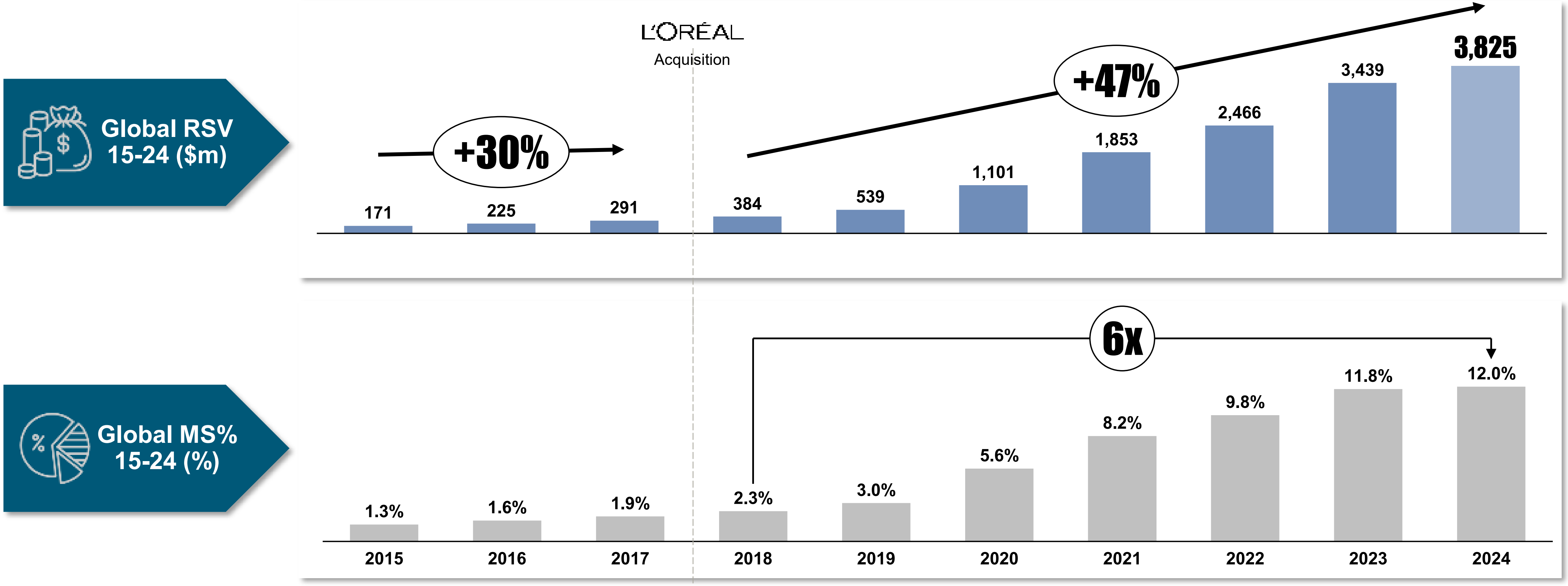
Brand	Year Acquired	Invested	Current
it COSMETICS	2016	$1.2bn	$300m write-off
DECLÉOR PARIS / CARITA PARIS	2014	$0.3bn	Divested
SAINT-GERVAIS MONT BLANC EAU THERMALE	2016	n/a	Divested

Key success drivers

- *Breath Beauty*
- *Frequent acquirer muscle*
- *Small signals | early mover*
- *Unmatched scale across divisions*
- *Shop in all weather*
- *Bespoke operating model for acquired assets*

CeraVe demonstrated substantial growth in revenue and market share, significantly outperforming competitors after being acquired by L'Oréal

CERAVE: SUCCESS CASE



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Learning from top M&A successes & failures, we developed a rigorous seven-step Best Acquirers® approach

FFA: BEST ACQUIRER APPROACH® & COMMON M&A MISTAKES

BEST ACQUIRER ® APPROACH

1. **WHERE-TO-PLAY:** Focus on the highest value at stake/ right-to-win segments/ countries
2. **KEY SUCCESS DRIVERS:** establish a clear list of must-have criteria to assess targets
3. **DUE DILIGENCE:** conduct due diligences & consumer/ customer research/ validation
4. **VALUE AT STAKE:** Develop understanding of the stand-alone & joint value creation case to determine the optimal acquisition price
5. **INTEGRATION STRATEGY:** Determine the best strategy & integration model to deliver the joint value creation case
6. **CONTINUOUS ADJUSTMENT:** tailor the strategy & integration model on an ongoing basis
7. **LEARNING & ITERATION:** embed learnings from the deal to develop M&A muscle in the organization

FAILURE CASES & MOST COMMON PITFALLS

		Acquirer	*Target*	*Pitfall hypotheses*
1 Mega mergers - with high operational complexity and post-merger integration challenges		ABInBev	SAB Miller	4 5 6
		Kraft	Heinz	
2 Overspend entering structurally declining cells		reckitt	Mead Johnson Nutrition	1 2 4
3 Expansion to cat./ segments with insufficient expertise and/ or understanding of success drivers		Colgate-Palmolive	Laboratoires Filorga Paris	1 2 6
		Campbell's	Bolthouse Farms	
4 Hype-driven structurally flawed/ unscalable business models	*DTC-first*	Unilever, Nestlé	Dollar Shave Club, Freshly	1 2 5
	Personalized VMS/ Beauty	Bayer, Nestlé	care/of, persona	2 3 4
	Plant-based	Danone, General Mills	WhiteWave, Beyond Meat	1 3 4
5 Piece-meal approach (plenty small deals, insufficient to address value at stake, vs resources)		Unilever		

We see a path for a replicable & efficient approach to start-up/ scale-up brands (minimizing cash-burn, time & overall risks)

FFA: HOW SMALL BRANDS GROW

<10% success rate of a $100m NR business to reach $500m (based $30Tr RSV/ 1500 brands in the US over 2000-24)

MOST SUCCESSFUL SMALL BRANDS SCALE-UPS…

LIQUID I.V. Fueling Life's Adventures
CeraVe
e.l.f. BEAUTY
KIND
BLUE BUFFALO
Chobani
VITAL PROTEINS
QUEST NUTRITION
SKINNY POP POPCORN

…HAVE IN COMMON

01 Right value proposition

- ✓ Deep understanding of the category success drivers
- ✓ High enough purchase intent/ willingness to pay (unconstrained of mental/ physical availability)

02 Distinct & consistent 4Ps choices & brand growth models (BGMs)

- ✓ Generate early a strong consumer-pull
- ✓ Expand progressively mental & physical availability

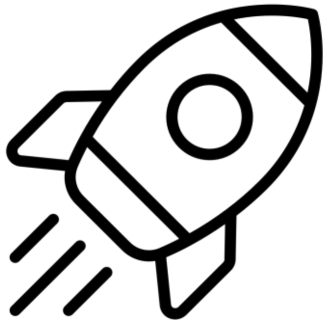
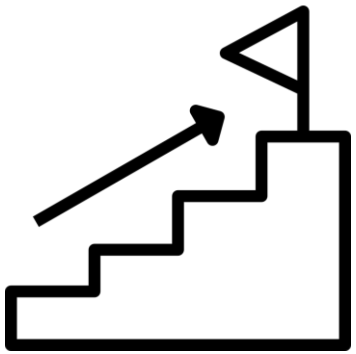
03 Phased BGM & execution choices

- ✓ Evolve across the key growth phases: Start-up -> Scale-up -> Maturity

How small brands grow (HSBG®) : FFA proprietary framework

HOW SMALL BRANDS GROW

1 Right Value Proposition

PHASED APPROACH		START-UP	SCALE-UP	MATURITY (>$500m)
2 Right Brand Growth Model	Product			
	Place			
	Price			
	Promotion			
3 Right Execution	Operation			
	KPIs			
	Financing			

All underpinned by FFA's proprietary approach to growth: ZBG® (Zero-Based-Growth)

Key Message #10: The Golden Era – Never been a better time, New leadership required & Enriched playbook

New leadership required

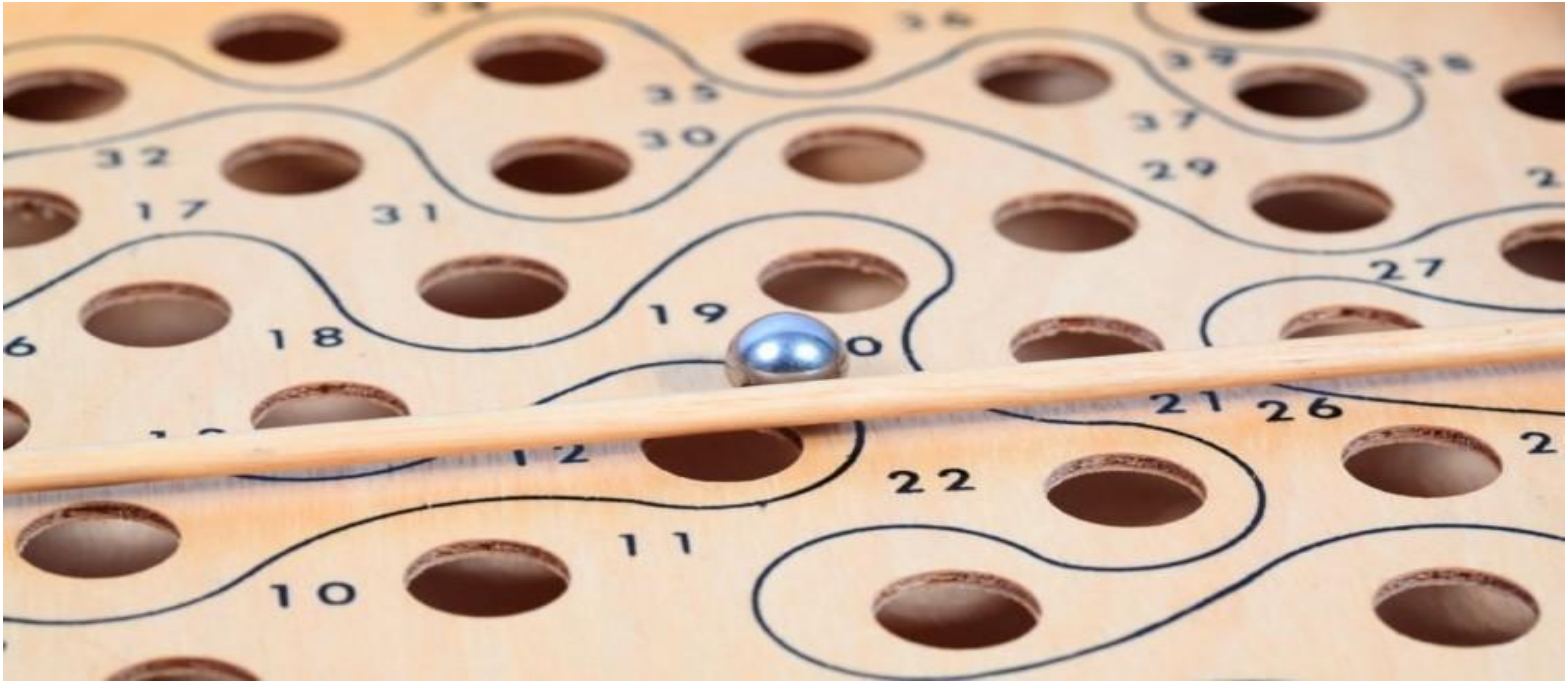
Adapted playbook

OLD VS ADAPTED PLAYBOOK

THE OLD PLAYBOOK		ADAPTED PLAYBOOK
Incomplete market measurer-based view	→	*Holistic bespoke full market view*
Market taker	→	*Market maker*
Average consumer targeting	→	*Consumer Segment X Channel X Pop Strata (or eq.)*
Awareness at scale	→	*Desirability at scale*
Siloed strategic proliferation	→	*Synced x-functional strategic precision*
Undifferentiated EM vs DM approach	→	*Bespoke EMs plans*
High failure rate M&A/ scale-up	→	*Best Acquirers & Scalers playbook*
Average performance	→	*Top tier performance or break-up*

TEN KEY PREDICTIONS FOR 2026-30

1 NO RAPID RETURN TO FMCG LONG-TERM GROWTH ALGO, ON THE CONTRARY INCREASING DEFLATION RISKS



2 "MARKET MAKERS" WILL CRUSH "SHARE TAKERS" & WILL DRIVE THE GROWING GAP BETWEEN WINNERS & LOSERS

3

THE GREAT CONSUMER BIFURCATION WILL ACCELERATE - INCREASING THE PREMIUM FOR DESIRABILITY AT SCALE

4 RETAIL CONSOLIDATION + RETAIL MEDIA + PL PROLIFERATION = MARGIN COMPRESSION FOR THE UNPREPARED

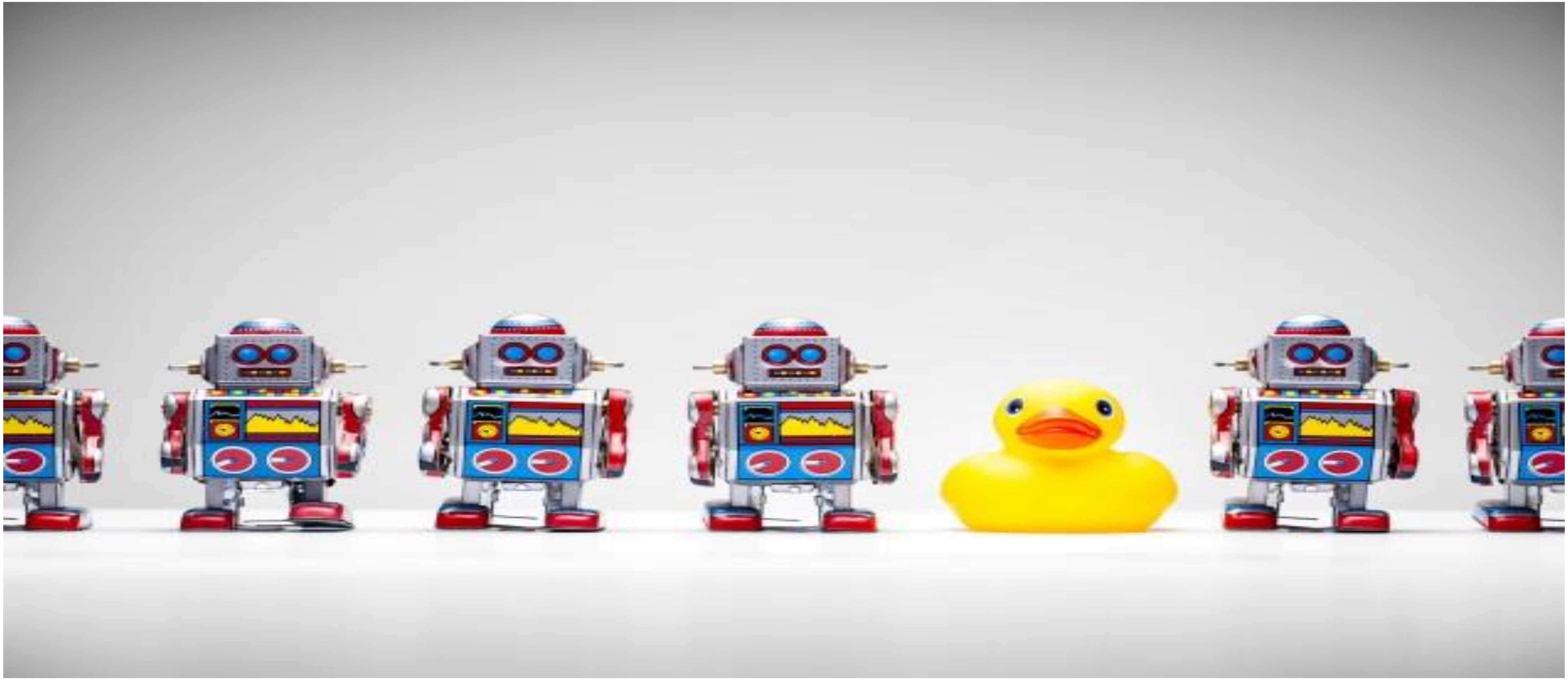
5 EMs TO ACCOUNT FOR >60% SOG OVER 2025-30 — BUT REQUIRE RADICALLY DIFFERENT PLAYBOOKS

6 ECOMMERCE WILL CONTINUE TO DILUTE INCUMBENTS MARKET-SHARE & PROFITABILITY — UNLESS YOU CRACK THE (S)HEC CODE

7 M&A TO ACCELERATE DRIVEN BY COST OF CAPITAL VS. COST OF GROWTH INVERSION - BUT 80% WILL FAIL (AGAIN)

8 VALUE DESTRUCTION TRAP TO CLAIM 4-5 LARGE FMCG COMPANIES THAT WILL BE ENTIRELY DISMANTLED – FUELLING FURTHER DIVESTURE

9 ACTIVISTS INVESTORS & CEOS CHURN TO ACCELERATE



10 WINNING CULTURES WILL BE BUILT ON BOLD MOVES, NOT INCREMENTAL IMPROVEMENT

Parting thought:

***'We do not succeed in becoming someone else but in becoming the best version of ourselves & in changing selectively.
It is your challenge. Exciting times'***