

DELIVERING SUSTAINABLE GROWTH THROUGH EXPORTS



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AMBITION OF
20% GROWTH BY
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CONTINUED
DEMAND FROM THE
DOMESTIC MARKET.”**

Jim Moseley, FDF President

Food and Drink
Federation



Delivering Sustainable Growth



“DURING MY TIME AS FDF PRESIDENT I HAVE BEEN ABLE TO WITNESS THE INDUSTRY CONFIRM ITS ROLE AS A KEY ADVANCED MANUFACTURING INDUSTRY, TRUSTED PARTNER OF GOVERNMENT AND A STRONG DRIVER OF ECONOMIC GROWTH.

“EXPORTS ARE KEY TO THE INDUSTRY’S AMBITION OF 20% GROWTH BY 2020 AND WILL SIT ALONGSIDE CONTINUED DEMAND FROM THE DOMESTIC MARKET. I HAVE BEEN HEARTENED TO HEAR REPORTS OF COMPANIES OF ALL SIZES THAT HAVE BEEN ABLE TO SECURE LUCRATIVE CONTRACTS AND TAKE THEIR PRODUCTS FORWARD INTO NEW AND ESTABLISHED MARKETS. BRITISH PRODUCTS ARE IN HIGH DEMAND SO LET’S MAKE SURE WE GET THEM INTO INTERNATIONAL SHOPPING BASKETS.”

FDF President,
Jim Moseley



Food and drink exports are one of the key drivers of growth for our industry. With domestic markets growing more steadily, manufacturing companies have been working hard to develop new opportunities. These have arisen through taking established British products into new export destinations and also building on the overseas interest in our innovation in sectors such as health and wellbeing.

Our exports have continued to grow throughout 2011, after breaking through the £10 billion barrier during the previous year, and the pace shows no signs of slowing with many burgeoning new markets and product sectors. In 2011 our food and non-alcoholic drink exports totalled £12.1 billion -

an increase of 11.4% on the previous year. With an export strategy and action plan in place, which has been the result of Government and industry partnership, exports is the sector where our industry will be focusing much of its attention over the coming decade.



FDF President **Jim Moseley** (left) and Food and Farming Minister **Jim Paice** at the 2012 Food and Drink Exporters Association 'Meet the Buyer' event where potential exporters had the opportunity to present their products to overseas customers.

"Our food industry should be congratulated for its continued success. It's a vital part of the British economy and can play a key part in the UK's economic recovery.

"I want to make sure food businesses get the right support to exploit the potential for export led growth, which I believe can be achieved through the Government's export action plan."

Food and Farming Minister,
Jim Paice

"Food and drink is the biggest manufacturing sector in the UK, employing around 400,000 people. It is also a major export success story. The UK leads the world in product development, proving that firms can be innovative even in the most traditional of industries. There are consumers in both our traditional export markets and in emerging economies that are eager to buy British produce. However, in this industry as elsewhere, not enough UK firms export. Working with existing networks, we need to encourage more firms to ask themselves the question: "What would exporting do for my business?"

Lord Green of Hurstpierpoint,
Minister of State for Trade and Investment

BREAKING INTO NEW MARKETS

The UK's main trade partners have traditionally been the Western developed nations. Ireland remains our largest export market, accounting for sales of £2.9 billion, but we are still making significant gains in our key EU territories of France, Germany and the Netherlands, all countries that have their own well developed strategies for exporting.

Whilst retaining their strong EU focus, in recent years our manufacturers have broadened their search for export destinations into the emerging markets of Eastern Europe and China. All of these countries are large importers but currently account for only a small percentage of UK exports. Growth in private consumption and changing diets in favour of Westernised products have opened up opportunities for ambitious UK companies. In 2011 China entered our top 20 export growth destinations for the first time with a 55% increase on 2010 figures. Exports to Poland rose by 50%; the Czech republic by almost 44% and Latvia saw an increase of almost 50%, building on a 32% increase from 2009-2010. Northern Europe also performed strongly with the Netherlands and Belgium recording almost 30% increases each and Denmark and Sweden 21% and 18% rises respectively.



IN 2011 CHINA ENTERED OUR TOP 20 EXPORT GROWTH DESTINATIONS FOR THE FIRST TIME WITH A **55%** INCREASE ON 2010 FIGURES.

TOP 10 FOOD AND DRINK EXPORT DESTINATIONS

Established non-EU export markets such as the US and Japan have fluctuated over recent years but still remain strong with growth in exports to the US increasing by 25% between 2010-2011.

The total EU share of this year's £12 billion increase was £9.4 billion, a rise of over 11.3%. Non EU accounted for £2.7 billion, recording a similar percentage increase (11.8%) to the EU.



RANK	DESTINATION	2010 VALUE	2011 VALUE	% CHANGE 2010/2011
1	IRELAND	2,712.0	2,932.1	8.1
2	FRANCE	1,354.4	1,446.6	6.8
3	NETHERLANDS	907.3	1,179.2	30.0
4	GERMANY	905.3	1,041.4	15.0
5	BELGIUM	438.1	569.3	29.9
6	SPAIN	612.4	558.8	- 8.7
7	UNITED STATES	390.7	491.4	25.8
8	ITALY	442.0	432.1	- 2.2
9	DENMARK	182.0	220.7	21.3
10	POLAND	135.1	202.0	49.5

Interesting percentage rises were recorded in many key product sectors. The highest rise was seen in the butter and spreads sector with a surge of almost 62%. This consolidated a 40% rise the previous year where triple figure percentage increases were seen amongst some EU customers.

Strong increases were seen in sectors including beef (32%); fish fillets (32%); fresh fish (21.4%); milk and cream - not concentrated or sweetened (20%); cheese (18%); chocolate (16%) and sweet biscuits (13.5%). Non-alcoholic drinks also performed well with increases in coffee (28%); waters (19.4%) and soft drinks (14.6%). There was an increase of 9.7% in prepared foods, many of which are produced by FDF members, that include sauces; condiments; ice creams and crisps. Sugar and sugar confectionery also recorded a fall of almost 15% - mainly due to a sharp decrease in sugar exports but added value sugar confectionery rose by almost 11%.

Some sectors recovered well from dips in recent years. These included breakfast cereals, where there has been contraction in EU markets, but companies have broadened their export activity to give greater emphasis to non EU customers and this has resulted in a continuation of the increases recorded in 2010.



THE HIGHEST RISE WAS SEEN IN THE BUTTER AND SPREADS SECTOR WITH A SURGE OF ALMOST 62%

INCREASES IN COMMODITY SECTORS

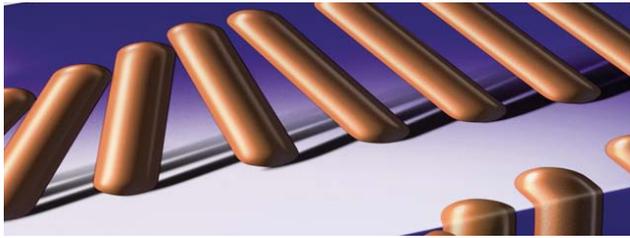


SECTOR	2010	2011	% CHANGE 2010-11
OTHER PREPARED FOODS (*)	2,603.7	2,856.8	9.7
CEREALS AND BAKERY	2,092.0	2,193.4	4.8
MEAT AND ANIMAL PRODUCTS	1,480.5	1,793.8	21.2
FISH AND SEAFOOD	1,345.9	1,465.9	8.9
DAIRY	980.2	1,169.1	19.3
FRUIT AND VEGETABLES	826.4	1,080.8	30.8
TEA, COFFEE, COCOA AND SPICES	800.4	822.1	2.7
NON-ALCOHOLIC DRINKS	351.9	404.6	15.0
SUGAR & SUGAR CONFECTIONERY	429.5	365.8	-14.8
TOTAL	10,910.5	12,152.4	11.4

(*) Inc. fats & oils, preserved fruit/veg, fruit juice, soups, sauces & condiments, ice cream, vinegar, animal feeds and other miscellaneous products. Source: HMRC Trade Info

For more information on exports including full tables visit www.fdf.org.uk

BURTON'S BISCUIT COMPANY



Burton's Biscuit Company is a leading player in the UK biscuit market, manufacturing a stable of iconic and much loved brands including Jammie Dodgers, Wagon Wheels, Maryland Cookies and Cadbury biscuits, which it manufactures under licence. With a history going back more than 70 years, it has maintained an international presence for much of that time in markets including France, Ireland and more recently, North America.

From 2009, a transformative corporate strategy was introduced to refocus the business and a large part of this strategy has been to expand its international footprint; significantly upweighting its distribution capabilities and marketing presence in international markets.

With an increased focus on markets abroad, the past two years have seen a number of milestones in the company's international journey. Some recent highlights include upweighted distribution agreements with the world's largest retailer, Walmart, across the Americas and Canadian retailer Loblaws for the distribution of Cadbury biscuits. Burton's is also enhancing its presence in the Russian market with Wagon Wheels as well as entering a host of new and emerging markets.

In 2010, around 13% of the company's turnover came from overseas markets. This increased by over 25% in 2011 and the company is on track to triple its international sales by 2014.

IN 2010, AROUND 13% OF THE COMPANY'S TURNOVER CAME FROM OVERSEAS MARKETS.

THIS INCREASED BY OVER 25% IN 2011 AND THE COMPANY IS ON TRACK TO TRIPLE ITS INTERNATIONAL SALES BY 2014.



CHOKOLIT



Founded by Louis Barnett, a young British chocolatier when he was just 12 years old, Chokolit is already an award-winning brand expanding its appeal in export markets.

Chokolit was launched in 2006 and since then has become widely recognised for producing innovative and imaginative artisan fine chocolate in such innovative flavour combinations as honeycomb, sea salt and black pepper.

An environmentally aware business, Chokolit has made the decision never to use Palm Oil in any of its products and only chooses the very best natural flavours.

In Feb 2012, Louis was invited to join the prestigious and internationally acclaimed Ambassadors Club of the Barry Callebaut Chocolate Academy. His role as Ambassador now positions Louis as a leading chocolatier, thereby guaranteeing the quality of all Chokolit's products.

The appeal of the brand in overseas markets has continued to grow, and the business has seen its exports increase rapidly over the last few years, increasing to 25% in 2011. Chokolit bars now appear on shelves in the major Spanish retailer El Corte Inglés, as well as in Hungary, Mexico and 12 states in North America.

Looking to the future, Chokolit considers exports to be a major focus, and is aiming to introduce new product ranges in 2012.

“Our export markets have been increasing rapidly over the last few years and we definitely see it as a fundamental part of our business activity for 2012 and crucial to our business growth.”

LOUIS BARNETT
Chokolit Owner

THE BUSINESS HAS SEEN ITS EXPORTS INCREASE RAPIDLY OVER THE LAST FEW YEARS, INCREASING IN 2011 TO 25%



DORSET CEREALS



Award-winning premium breakfast cereals maker Dorset Cereals create all their recipes in the unique village of Poundbury in Dorset, which was inspired and created by HRH The Prince of Wales. Dorset's mueslis, granolas, porridges, Tasty Flakes and cereal bars are all made to recipes that use carefully sourced, great tasting ingredients.

For Dorset Cereals, international sales are a fundamental part of the business and represented 20% of the company's turnover in 2011. Their exports have continued to increase, doubling in the last five years to £5m. The company's award-winning mueslis and granolas are Dorset's core business overseas.

The major markets for Dorset Cereals are: the United States, Canada, the Netherlands and the United Arab Emirates. In Canada the brand has continued to grow double digit. Cereal bars are being launched in the Netherlands in 2012. Russia is emerging as a growth market with significant increases in store reach with key retailers.

Dorset's distinctive packs are found in over 70 countries in many leading supermarkets and independent stores around the world including in the Middle and Far East, Central and Eastern Europe, the Caribbean and Africa. The brand has recently launched in South Africa and there is encouraging growth in Australia.

THEIR EXPORTS HAVE CONTINUED TO INCREASE, DOUBLING IN THE LAST FIVE YEARS TO **£5 MILLION**



EAT NATURAL



Producer of fruit and nut bars and toasted muesli's, Eat Natural make all their products in small batches at their 'Makery' in Halstead in Essex.

The company's product line now includes new recipes such as Hazelnut, Apricot and Vanilla and a brand new bar launching in March called Fruits & Fibre – a naturally fibrous bar with two recipes. The range also includes snack solutions such as packed lunchbox-sized 'Lunchies', which are nut and additive-free and specially produced for children, sharing packs of miniature cereal bars called Little Bars, designed as a light snack to enjoy with friends and family.

This year Eat Natural is also launching new two variants of its breakfast cereals – 'Almonds and Apricots' and 'Brazil Nuts and Sultanas'.

About 22% of Eat Natural's turnover in 2011 was exports, a proportion that has increased by over 40% since 2010. Eat Natural anticipates this trend continuing in the future.

Eat Natural's core range of cereal bars remain the most important export, and will be for the foreseeable future. Key export markets for Eat Natural in 2010 were the Netherlands, Germany, Denmark and France. In the Netherlands, the brand is now distributed in nearly all the stores of major retailer Albert Heijn.

"...the 'on the go' market is big on the continent, so we are really seeing uplift in places like cafés and next to supermarket tills."

PRAVEEN VIJH
Eat Natural

ABOUT **22%** OF EAT NATURAL'S TURNOVER IN 2011 WAS EXPORTS, A PROPORTION THAT HAS INCREASED BY OVER 40% SINCE 2010. EAT NATURAL ANTICIPATES THIS TREND CONTINUING IN THE FUTURE.



GEETA'S FOODS



London-based Geeta's Foods is a truly modern British exports success story, championing Britain's love of Indian food around the world.

Established over twenty years ago by Geeta Samtani, the company manufactures chutneys, pickles, sauces and cooking pastes. Geeta creates all her own recipes and ensures that only the best and freshest spices are blended and used in her products.

Exports are considered as being integral to company growth and to achieving its goal of being a major brand in ethnic food internationally. Geeta's has continued to increase its exports over recent years, now accounting for 20% of the company's turnover.

"We view exports as being fundamental to the success of Geeta's and to achieving our goal of being a major international food brand."

NITESH SHAH
Export & Operations
Manager

In 2011, Geeta's saw significant uplift in new markets, as well as major retailer listings in Europe and further afield.

The company's most successful markets include Germany, Switzerland, Norway, Finland, Sweden, the Netherlands and Japan, where well-travelled consumers or those with a taste for something 'different' have warmed to their products. These countries will remain key growth areas for the company as it looks to develop.

Geeta's Chutney's and innovative Spice & Stir Sauce range remains its most popular export products, with chutneys adding a new dimension to traditional European cuisine. Geeta's flagship Premium Mango Chutney, is its highest seller, followed by their Spice & Stir two-step cooking sauces – considered to be the most innovative in its category, which includes ground spices in the cap and a rich sauce in the jar.

20% INCREASE IN GEETA'S ANNUAL TURNOVER IS DUE TO A CONTINUED INCREASE IN EXPORTS IN RECENT YEARS.



HONEYBUNS



Award-winning ethical bakery Honeybuns, produces its premium cakes and cookies from a converted farm in the idyllic Dorset countryside.

Honeybuns products are all wheat-free and several are gluten-free and dairy-free also. Its product range includes its top-selling cranberry and pecan flapjacks, gluten and dairy free almond and salted pistachio cookies, and its Great Taste Gold award-winning chocolate and orange 'Heathcliffe Brownie'.

Though a small company, employing only around twenty staff, Honeybuns successfully supplies its products to cafes, deli's, shops and other food service outlets around the UK.

In 2011, around 4% of Honeybuns' turnover was due to its exports sales – a figure that has steadily increased since it began exporting in 2006.

Though still a relatively small part of its business, Honeybuns sees exports as providing access to larger markets with additional opportunities for sales. It also sees it as providing additional diversity to the business, helping to make it more resilient to changing market conditions.

Honeybuns' top export markets in 2011 were Ireland and France, where its range of lunchbox-sized 'Mini's' have been very successful. Its milk chocolate brownies remain its top-selling product in both its domestic and exports markets. In Ireland, its gluten-free range has done very well due to the relatively high proportion of people with gluten intolerance.

Looking ahead, Honeybuns has an ambitious medium-term target of 10% of turnover for the export side of its business. Europe is the key market focus for Honeybuns, but other exciting opportunities exist. For example positive feedback after attending a tradeshow in Tokyo has led to interest from a large Japanese retail chain, and a number of wholesalers.

4% OF TURNOVER WAS DUE TO HONEYBUNS' EXPORTS SALES - A FIGURE THAT HAS STEADILY INCREASED SINCE IT BEGAN EXPORTING IN 2006.



MACKIE'S OF SCOTLAND



Already a successful producer of Scottish ice-cream, Mackie's of Scotland launched its brand of potato crisps in 2009 in a joint venture with local potato growers Taypack.

Already a two-time winner of Scotland Food & Drink Excellence awards including Product of the Year, the range of crisps now has eight flavours – Crispy Bacon, Mature Cheddar & Onion, Sea Salt & Vinegar, Sea Salt, Haggis & Cracked Black Pepper, Flame-grilled Aberdeen Angus, Scotch Bonnet Chilli Pepper and Cherry Tomato & Herbs.

"We consider an international approach to be vital to the continued growth of our brands - our aim to become a successful global manufacturer of snacks."

TIM GARDINER
Managing Director
Mackie's at Taypack

Export sales accounted for 10% of Mackie's £2.5m turnover last year and the company is now set to target the biggest grocery retail market in the world - the USA, which has a crisp (a.k.a. chips in the US) market of £3bn.

The company has been hard at work raising its profile in the US market by attending such food fairs as Expo West in Los Angeles.

So far, Mackie's crisps have already gone on sale in The Fresh Market, a US chain with over 100 stores across the country, and Central Market, a retailer with eight super-size stores in Texas.

Mackie's target sales are £0.5m in the USA for 2012 and so far they have already received their first order from Fresh 'n' Easy – Tesco's counterpart in the USA.



10% OF MACKIE'S £2.5M
TURNOVER LAST YEAR WAS DUE TO
EXPORT SALES AND THE COMPANY
IS NOW SET TO TARGET THE BIGGEST
GROCERY RETAIL MARKET IN THE
WORLD - THE USA.

NESTLÉ UK



Since its launch in 2006, Nestlé's Nescafé Dolce Gusto brand has increased in popularity and continued to grow ahead of the market.

At Nestlé's factory in Tutbury, Derbyshire over 1.3 billion capsules a year are produced with 90% exported to over 38 markets overseas including Germany, Switzerland, France, Italy, Japan, Mexico and the US.

This success of the export market demonstrates the remarkable competitiveness of the Tutbury factory in which Nestlé continues to enhance through further investment.

Over the past five years Nestlé has invested £100 million in the factory to produce this new generation of beverages, (coffee, milk and chocolate drinks in capsules) and this change in Tutbury's manufacturing focus has resulted in the fastest growth period in the factory's history, tripling in size in terms of the value of product sold, the volume of production and its workforce.

Tutbury is of key strategic importance to Nestlé globally, being one of only two centres around the world set up for volume production of Dolce Gusto capsules.

In November 2011, a further £110 million investment into the Tutbury plant was announced creating a new extension to the existing factory and installing new high speed production lines. The new lines will be fully operational by 2013 and will triple the number of capsules produced

Tutbury represents a major manufacturing success story, not just for Nestlé, but also for the UK as a whole and for the region in particular. As such, it creates jobs, generates exports and attracts inbound investment to the region.

**OVER THE PAST FIVE YEARS NESTLÉ
HAS INVESTED**

£100 MILLION

**IN THE FACTORY TO PRODUCE THIS
NEW GENERATION OF BEVERAGES.**



QUAKER OATS



The Quaker Oats brand has been milling oats since 1899, and produces porridge oats, both traditional and instant products like Oats So Simple, at its site in Cupar in Fife where it has milled for over 60 years.

The oat products made at Cupar supply both the domestic and overseas demand for oats – which is currently rocketing. Today, just over half of Cupar's total output is exported overseas. The site exports to more than 60 countries worldwide, including those in Europe, the Middle East and Africa.

Since 2007, Quaker Oats exports from the UK have increased by 47%, and exports are considered to be a valuable part of the business. The demand for porridge oats has stepped up significantly in recent years, not only as a breakfast cereal here in the UK but for making traditional soups during Ramadan in Middle Eastern countries. There is significant opportunity for growth both here and overseas.

A great example of the company's export success is Saudi Arabia, where despite exporting there for over 50 years and, it being a well established market, Quaker Oats increased its export growth figures by around 20%, between 2006 and 2011. Last year, 90% of sales were in the three months leading up to Ramadan. It has become a tradition to breakfast at sunset with Quaker Oats during the Holy Fasting month of Ramadan. Quaker is very popular and widely used in Saudi where the brand has become synonymous with oats.

The company announced in 2012 that it would be investing £14.4m in its Cupar site. The new lines installed later in 2012 will help produce more domestic product, such as Oat So Simple but also more of the Alufoil packed Quaker oats that are exported to the Middle East and Africa.



Chefs in Jeddah, Saudi Arabia, try to set a record with a tub of Quaker soup, made with Quaker oats.

SINCE 2007, QUAKER OATS EXPORTS FROM THE UK HAVE INCREASED BY 47%

TYPHOO



Founded in Birmingham in the early 1900s, Typhoo is an iconic British brand that continues to cater for the world's ever-growing love of tea.

The company offers products for every sector of the tea market and also owns such brands as the world recognised 'London Fruit & Herb'; natural fruit and herb tea brand 'Heath and Heather', and 'Melrose's and Glengettie' - regional favourites in Scotland and Wales.

The company's export activities have continued to increase year-on-year and is now one of its fastest growing sales channels. International markets are a prime focus for the business, accounting for approximately £4.5m in sales in 2011.

Typhoo teas are sold in over 40 countries worldwide, including Africa and the Middle East. The company's key markets are the USA, Canada, Russia and Central Europe. Typhoo is one of the leading black tea brands in a chain of speciality delicatessens called 'Azbuka Vkusa' across Russia and it has now also entered the mainstream retail market by gaining listings in major retailer Alma Delikatessy.

Overall, its most popular exports products are Typhoo 'British Blend' tea, Heath and Heather herbal infusions and Ridgways Fairtrade speciality tea.

Looking to the future, Typhoo intends to further develop its presence in exports markets by gaining more listings with international retailers and seeking further opportunities for distribution across the globe.

INTERNATIONAL MARKETS ARE A PRIME FOCUS FOR THE BUSINESS, ACCOUNTING FOR APPROXIMATELY £4.5 MILLION IN SALES IN 2011.



WE ARE THE UK'S LARGEST MANUFACTURING INDUSTRY, WITH A TURNOVER OF £76.2BN

WE ARE 16% OF THE UK'S MANUFACTURING SECTOR BY VALUE

WE EMPLOY AROUND 400,000 PEOPLE ACROSS THE UK

WE'VE CONTINUED TO GROW DESPITE THE ECONOMIC DOWNTURN

WE BUY TWO THIRDS OF WHAT UK FARMERS PRODUCE

38% OF OUR EMPLOYEES ARE QUALIFIED TO A LEVEL OR ABOVE

WE CREATE 8500 PRODUCTS EACH YEAR

32 FOOD MANUFACTURERS HAVE SIGNED PUBLIC HEALTH RESPONSIBILITY DEAL PLEDGES

WE HAVE CUT CO2 EMISSIONS BY 25% SINCE 1990 AND HALVED WASTE TO LANDFILL

Food and Drink
Federation



Delivering Sustainable Growth

ABOUT FDF

The Food and Drink Federation is the voice of the UK food and drink industry, the largest manufacturing sector in the country. Our sector directly employs up to 400,000 people, and as many as 1.2 million in ancillary services; it accounts for 16% of the UK's total manufacturing sector by value; and it is an invaluable partner to British agriculture, buying two thirds of what farmers produce.

Our membership comprises manufacturers of all sizes as well as trade associations dealing with specific sectors of the industry. In representing the interests of our members, we are focusing on the following core priorities:

- **Food Safety and Science**
- **Health and Wellbeing**
- **Sustainability**
- **Competitiveness**



Food and Drink
Federation



Delivering Sustainable Growth

6 Catherine Street, London WC2B 5JJ

Tel: 020 7836 2460

Email: generalenquiries@fdf.org.uk

Web: www.fdf.org.uk