

Retail Report Bulgaria 1HY 2009

Bulgarian Retail Report is based on two main data sources: a) GfK Consumer Tracking and b) Desk Research. That information is supplemented with selected data from GfK Leaflet Monitor.

Some of the topics that the Retail Report provides a profound information on are:

- An overview of the Bulgarian economy, to what extent the world financial turmoil affected it and how it influenced the buyers' purchasing behavior and the retail trade market;
- A comparison between the CEE countries regarding some of the main economic indicators;
- How are the retailers distributed nationwide and what is their significance? Who are the leaders and which are the retailers expected to penetrate the Bulgarian market?
- Are the Bulgarian households intensive buyers and loyal to the selected retailers? How much they spend on a purchase occasion in the different outlet formats?
- How big is the private labels' piece of the pie? Which are the categories with the biggest private labels' share?

In the Retail Report 1HY'2009 there is exclusively an additional information on the latest Doing Business economy ranking and where is Bulgaria positioned in it. In the current Retail Report issue there are also included the first ten biggest companies in terms of annual revenue along with brief analyses and summaries.

GfK Consumer Tracking (GfK household panel) is a continuous monitoring of the purchase behavior of the Bulgarian private consumers on a representative sample of 2.500 Bulgarian households. Purchase data covers three key elements of the buying process - who was the buyer - what did he/she buy - and where.

GfK Leaflet Monitor provides information on all the products promoted in the leaflets, structured by categories and subcategories and also about producers' and retailers' participation in promotions in the monitored period. This tool offers an overview of the marketing strategy and of the retailers' promotional activities.

GfK Bulgaria
86, Ekzarh Josif Str., 1527 Sofia, Bulgaria
Telefon: 00 359 2 930 86 00, Fax: 00 359 2 930 86 86
E-Mail: info.bulgaria@gfk.com



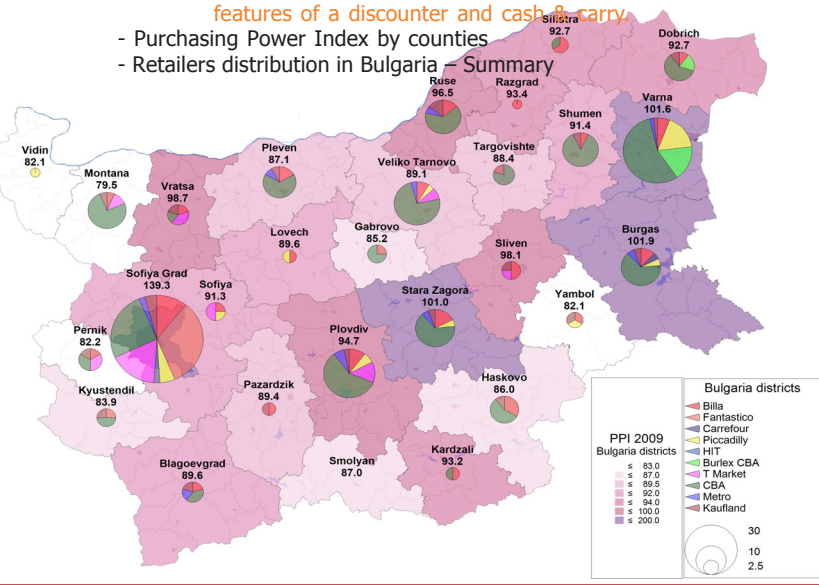
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1. BULGARIAN ECONOMY IN GENERAL

- Basic information on Republic of Bulgaria
- Selected economic indicators of Bulgarian economy (GDP growth rate, inflation rate, unemployment rate)
- Comparison of selected economic indicators: Bulgaria vs. EU 27; EU 15; Other CEE countries
- Doing Business economy ranking – comparison of CEE countries
- Top 10 largest Bulgarian companies in terms of revenue
- Regional distribution of GDP per capita
- > In the first half of 2009 the global financial turmoil affected seriously the Bulgarian economy. GDP growth rate marked negative values for two successive quarters for the first time since more than a decade. The unemployment rate rose significantly and it is expected to go on rising and to remain one of the most serious and long-term problems of the Bulgarian economy.
- Purchasing power comparison in Europe
- Personal consumption structure evolution
- > Households expenditure for food continues to increase in terms of value although with a less intensity in comparison with 2008. It still holds the biggest share of the overall households' expenditures. The strongest increase was observed within the expenditures for fuel and power, mainly due to the gas crisis from the beginning of the year.
- Average net wages evolution
- > Despite the economic crisis the official statistics registered an increase in the net wages in the first half of 2009 compared to the corresponding period a year ago.
- Macroeconomic situation – an overview

2. DISTRIBUTIVE TRADE IN BULGARIA

- Distribution of Bulgarian households vs. distribution of retailers by regions and main counties;
- > The current retail structure development is mainly related to the expansion of Kaufland and Billa as well as to the entering in March of the Europe's discounter #1 Carrefour. Penny and Plus are the other discounters expected to start operating in Bulgaria until the end of 2009, along with Mercator. As for Lidl- it is expected to open its first store in the beginning of 2010. Until the end of 2010 the Serbian Tempo will launch its first retailer in Sofia as well, which will combine in itself the features of a discounter and cash & carry.
- Purchasing Power Index by counties
- Retailers distribution in Bulgaria – Summary



3. RETAIL TRADE MARKET (source: GfK Consumer Tracking)

3.1. MAJOR PLAYERS ON THE SCENE

- Top 10 leading accounts Bulgaria
- > In the first half of 2009 the leading 10 key accounts exceeded 25%;
- Market concentration – Top 10 Accounts' shares across CEE region;
- > With 25% value share in the first half of 2009 for major accounts, Bulgaria is considered as a potential retail market in terms of concentration, together with its neighboring countries;
- How much does this slice of the pie (of the top 10 leading accounts in Bulgaria) represent compared to the other CEE countries?
- Most important retailers by leaflets activity;
- > The top 10 leading accounts in Bulgaria cover more than 70% of FMCG leaflet promotion market;
- Food and Beverages by retailers leaflets activity;
- Personal & Home care by retailers leaflets activity;
- Basic information on afore-mentioned leading accounts and retail associations (territorial presence, store formats, number of outlets, loyalty programs, private labels)

3.2. A GENERAL OUTLOOK ON RETAIL TRADE MARKET

- Outlet types – market shares
- > Kaufland becomes the most important Bulgarian retailer in terms of household consumption;
- Outlet types – distribution by regions
- > The Sofia City region is overrepresented regarding modern trade formats presence; the small grocery shops are the least represented in the capital
- Outlet types – distribution by community size
- > The small grocery shops are overrepresented in the smallest region with a population up to 20 000 inhabitants as well as in the rural areas.
- Count of promoted products by retailers – food and beverages
- Count of promoted products by retailers – personal care
- Purchasing structure by outlet type
- > Small grocery shops are still the most preferred for food shopping whereas Cash & Carry outlets as well as Kaufland - for personal care and home care products shopping;
- Purchasing behavior in Bulgaria – value of average spending by community size; frequency
- > Bulgarian households spend more in one purchase occasion but buy less frequently in the first half of 2009 compared to the corresponding period a year ago;
- Retail trade market – summary

3.3. A CLOSER LOOK INTO PRIVATE LABELS

- Importance of Private Labels on FMCG market;
- > Private labels growth is mainly driven by food industry, followed by the beverages;
- Private Labels by retailers leaflets activity;
- The importance of Private Labels across CEE region (value shares %);
- > How piece of the pie varies across the region;
- Selected categories with high shares for Private Labels (volume and value based);
- > Top 6 categories with higher private labels share for the first half of 2009;

4. BULGARIAN RETAIL TRADE OVERVIEW

- short summary