



TOP
CONSUMER GOODS
COMPANIES

THE TOP PUBLICLY TRADED
ORGANIZATIONS BASED ON REVENUE

**Plus, Wall Street
Analysts Weigh in
on Market Pressures,
Consumer Trends
and M&A Mania**

Competition in the consumer goods industry remains fierce — with the major players struggling to balance the need to improve shareholder value in the near term with the desire to invest in strategic growth in the long term. The vast majority of the publicly traded consumer goods companies on *CGT's* annual Top 100 list are active in their pursuit of opportunities that will unlock their true growth potential, and that means getting it right with the seven billion strong and growing consumer population. Strategies vary across the board, from non-core brand or category divestitures to niche brand acquisitions to uncharted ventures into emerging markets, and let's not forget about going omnichannel.

Turn the page to meet this year's Top 100 Consumer Goods Companies.

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RANK/COMPANY

2014 NET
SALES \$m1-YEAR
GROWTH

1. Nestlé SA	\$92,830	(10.51%)
2. The Procter & Gamble Company	\$83,062	(1.31%)
3. PepsiCo, Inc.	\$66,683	0.40%
4. Unilever N.V.	\$58,874	(14.12%)
5. The Coca-Cola Company	\$45,998	(1.83%)
6. JBS S.A.	\$44,839	14.05%
7. Imperial Tobacco Group	\$43,207	(5.28%)
8. Anheuser-Busch InBev SA	\$43,195	8.64%
9. Tyson Foods, Inc.	\$37,580	9.33%
10. Mondelez International, Inc.	\$34,244	(2.99%)
11. LVMH Moët Hennessy Louis Vuitton	\$33,826*	6%
12. 3M Company	\$31,821	3.08%
13. Philip Morris International, Inc.	\$29,767	(4.6%)
14. Nike, Inc.	\$27,799	8.94%
15. Danone	\$25,701	(12.34%)
16. L'Oréal SA	\$25,217*	3.7%
17. Altria Group	\$24,522	0.23%
18. Heineken Holding N.V.	\$23,407	(11.45%)
19. SABMiller PLC	\$22,311	(4.04%)
20. WH Group Limited	\$22,243	97.7%
21. British American Tobacco PLC	\$21,700	(13.76%)
22. Associated British Foods	\$21,004	(2.24%)
23. Henkel AG & Co. KGaA	\$19,968	(11.31%)
24. Whirlpool Corporation	\$19,872	5.88%
25. Kimberly-Clark Corporation	\$19,724	(6.75%)
26. Fonterra Cooperative Group Limited	\$18,916	26.91%
27. Kirin Holdings Company, Limited	\$18,306	(14.55%)
28. Kraft Foods Group, Inc.	\$18,205	(0.07%)
29. Japan Tobacco Inc.	\$17,958	(22.90%)
30. General Mills, Inc.	\$17,910	0.76%
31. ConAgra Foods, Inc.	\$17,703	12.49%
32. adidas AG	\$17,666	(11.45%)
33. Diageo PLC	\$17,491	0.59%
34. Colgate-Palmolive Company	\$17,277	(0.82%)

RANK/COMPANY

2014 NET
SALES \$m1-YEAR
GROWTH

35. San Miguel Corporation	\$16,780*	4.37%
36. Kering SA	\$15,219*	3.81%
37. Asahi Group Holdings, Ltd.	\$14,886	(8.61%)
38. Compagnie Financière Richemont SA	\$14,660	12.70%
39. Kellogg Company	\$14,580	(1.4%)
40. Johnson & Johnson Consumer	\$14,496	1%
41. Qingdao Haier Co., Ltd.	\$14,426	1.96%
42. AB Electrolux	\$14,366	(14.70%)
43. BSH Hausgeräte GmbH	\$13,843	(4.30%)
44. Reckitt Benckiser Group PLC	\$13,724	(17.12%)
45. Uni-President Enterprises Corp.	\$13,376	(5.08%)
46. Svenska Cellulosa AB SCA	\$13,329	(2.96%)
47. Grupo Bimbo, S.A.B. de C.V.	\$12,665	(5.93%)
48. V.F. Corporation	\$12,154	8%
49. Kao Corporation	\$11,705*	6.17%
50. Stanley Black & Decker, Inc.	\$11,339	4%
51. The Estée Lauder Companies Inc.	\$10,969	7.18%
52. H. J. Heinz Company	\$10,900	(4.6%)
53. Pernod Ricard	\$10,853	(2.70%)
54. BRF - Brasil Foods S.A.	\$10,796	(16.41%)
55. Carlsberg A/S	\$10,534	(14.21%)
56. Dean Foods Company	\$9,503	5.40%
57. The Swatch Group SA	\$9,435	(12.12%)
58. NH Foods Limited	\$9,372*	(8.85%)
59. Hormel Foods Corporation	\$9,316	6.45%
60. Bayer Consumer Health	\$8,867*	7.7%
61. Avon Products, Inc.	\$8,851	(11.09%)
62. Reynolds American Inc.	\$8,471	2.85%
63. Saputo Inc.	\$8,356	14.22%
64. Jarden Corporation	\$8,287	12.66%
65. The Campbell Soup Company, Inc.	\$8,268	2.61%
66. PVH Corp.	\$8,186	26.18%
67. China Mengniu Dairy Company Limited	\$8,133	14.66%
68. Beiersdorf AG	\$7,639	(9.63%)

RULES & GUIDELINES

Rank: Because many companies have yet to file their 2015 annual reports, and to ensure an even comparison, only 2014 annual revenue or the equivalent is used to determine each company's placement on the list. All financial information was sourced from Hoover's Inc. or 2014 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 U.S. dollars, and Hoover's did not provide the U.S. dollar equivalent in its report, then the figure was subject to live exchange rates at press time (October 1, 2015). Year-over-year gains and losses are reported based on 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 Levi Strauss & Co., 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.

RANK/COMPANY

2014 NET SALES \$m 1-YEAR GROWTH

69. Ralph Lauren Corporation	\$7,450	6.12%
70. The Hershey Company	\$7,422	3.86%
71. Shiseido Company Limited	\$7,404	12.40%
72. Lorillard, Inc.	\$6,990	0.58%
73. First Pacific Company Limited	\$6,841	10.23%
74. Parmalat S.p.A.	\$6,790	(8.74%)
75. ITC Limited	\$6,720*	10.42%
76. Glaxosmithkline Consumer Healthcare	\$6,574*	(9.69%)
77. Dr Pepper Snapple Group, Inc.	\$6,121	2.07%
78. Mattel Inc.	\$6,024	(7.11%)
79. Unicharm Corporation	\$5,818	(20.66%)
80. Newell Rubbermaid	\$5,727	0.61%
81. The J.M. Smucker Company	\$5,611	(5.12%)
82. The Clorox Company	\$5,591	(0.57%)
83. Nintendo Company Limited	\$5,549	(21.5%)
84. Arcelik AS	\$5,386	3.86%
85. Hanesbrands Inc.	\$5,325	13.09%
86. PT Gudang Garam Tbk	\$5,234	15.29%
87. Herbalife Ltd.	\$4,959	2.76%
88. Constellation Brands, Inc.	\$4,868	42.56%
89. Coach, Inc.	\$4,806	(5.6%)
90. Group SEB	\$4,760*	2.2%
91. Tsingtao Brewery Co., Ltd.	\$4,721	1.99%
92. Keurig Green Mountain, Inc.	\$4,708	8.02%
93. Kewpie Corporation	\$4,662	(10.05%)
94. Hermes International	\$4,609*	10%
95. Thai Beverage Public Company Limited	\$4,452*	3.87%
96. Energizer Holdings, Inc.	\$4,448	(0.4%)
97. Spectrum Brands Holdings, Inc.	\$4,429	8.41%
98. Mead Johnson Nutrition Company	\$4,409	4.97%
99. Sapporo Holdings Limited	\$4,325	(10.73%)
100. Husqvarna AB	\$4,207	(10.05%)

*Conversations from foreign currency to the U.S. Dollar completed on October 1, 2015.

M&A: In most cases, merger, acquisition or spin-off transactions that took place in the latter half of 2014 and 2015, like the Kraft Foods, Inc. merger with H.J. Heinz or Energizer's split into two publicly-traded companies, are not reflected on the list. Deals that occurred in early 2014 or years prior (for example, WH Group Limited's acquisition of Smithfield Foods) are reflected.

The View from WALL STREET

Knowledgeable Wall Street analysts divulge which consumer goods companies are best building profitable brands and partnerships within the industry and reveal the key strategies that will lead to continued success.

FEATURING:



JONATHAN P. FEENEY
Principal
Athlos Research



ALEXIA HOWARD
Equity Research
Analyst
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CGT: Where are consumer goods (CG) companies finding the most opportunities for growth?

FEENEY: Protein snacks, alternative beverages, single-serve coffee, natural and organic, and fresh foods are the five biggest growth areas that come to mind. The first four are good for Consumer Packaged Goods (CPG) companies because they mean higher profit per occasion for retailers as well as manufacturers — at minimum providing a higher price umbrella for existing products. While all have presented some level of challenge to existing players, there is opportunity both for the innovators, like Keurig Green Mountain, but we've also seen how existing leaders, like ConAgra, PepsiCo, Smucker and Campbell can adapt. I think the very successful competitive response that General Mills has orchestrated to the Greek Yogurt threat (higher protein) shows that merchandising and distribution are a relevant competitive advantage even when there is disruptive demand change. Fresh foods are a little trickier — where the margins really benefit a well executing, high-velocity retailer but don't overlap with the capabilities of big CPG companies. I just don't think there is a way for big packaged food companies to participate directly while maintaining their returns on capital — they'll have to look inside to tailor marketing messages to those need states.

HOWARD: In the world of food, freshness is still definitely in vogue. Retailers, like Target, have started to announce plans to expand their selections of chilled foods and de-emphasize some categories in the center of the store. Consumers are still seeking

out products with simple ingredients, so many large brands like Philadelphia cream cheese are focusing on eliminating artificial additives. General Mills now plans to have all artificial flavors and colors out of its cereals by 2017. Protein still seems to be in favor, and the gluten-free trend is hanging in there. Herbs and spices are also doing well as people embrace their appetites for different ethnic cuisines. And Millennials love to snack, which is creating a surge in both salty and sweet snack foods, although the trend is toward healthier snacks rather than junk food options.

CGT: We've seen a lot of M&A and divestiture activity of late. Can you share your thoughts on the implications?

FEENEY: There's going to be more M&A for three reasons:

1 Marginal rates remain low enough to add financial accretion for almost any investment grade buyer.

2 Large public CPG companies are generally missing their long-term growth targets and looking to supplement with growth deals or carve out slower growth subsidiaries with spinoffs.

3 There are hundreds of angel and VC-funded food companies, notably in Natural/Organic, that would benefit from better distribution and will soon be up against capacity constraints.

While we acknowledge that credit markets and public equities have recently taken a more jaundiced approach to valuing deal-related companies — this is just a pause. Until one of the three ingredients above changes, each interlude of buyer prudence will shortly give way to the melodies of the realtors and their powerpoints. As long as things can get done, they will get done — it will take a crash or a series of deal disasters to stop this momentum.

HOWARD: We are likely to continue to see further consolidation. Intriguingly, U.S. packaged food is still the most fragmented consumer staples sector out there (think of how concentrated the soft drinks, tobacco, and even European food industries are, with relatively few very large players). Now that the pressure is on them (as sales of more heavily processed foods have begun to fall) many companies are resorting to cost-cutting and deal-making to drive performance forward. Activist investors from Pershing Square recently called for Mondelez to recombine with Kraft-Heinz if its performance stumbles. Nelson Peltz has previously suggested that a tie-up between Mondelez and Frito-Lay might make sense. And Jana Partners seems to be bent on examining strategic options for all parts of ConAgra Foods' business. Based on the cost savings and improvement in negotiating power with retailers that consolidation could bring, it seems likely that we'll see more deal-making across the sector in the next few years.

CGT: Many large companies have acquired small, niche brands. Will this continue?

FEENEY: Yes. These deals come gift wrapped with distribution gains, financial accretion and operating synergies — many of the deals today still make long-term sense and long after there are sensible deals there will be buyers who'll fall in love with that wrapping. Very few of these upstart brands are going to stand the test of time — how valuable can they be when the ingredients themselves are the brands in many cases? But, I think big companies are also looking to buy the people and culture — and that can be a great thing.

Better messaging and marketing execution explains almost all of the bet-

ter performance we've seen from niche brands — execution is people. They've taken advantage of new marketing tools to win the messaging battle around authenticity, lifestyle and health. The benefits from things like non-GMO, local or organic foods are in consumers' imagination and big companies now have to find a way to capture that imagination. I look at the Annie's deal as one way General Mills is trying to inject those capabilities in its own organization even more than Annie's brands and categories today.

HOWARD: If you can't beat 'em, buy 'em! Yes, there are a number of so-called challenger brands bubbling up in a range of segments: KIND snack bars and Skinny Pop popcorn have exploded to about 7 percent of their respective categories nationally in only the past three years, and have put tremendous pressure on the established players. So understandably, the big players are now monitoring in-store sales velocities at a microscopic level of detail in order to identify brands that might prove threatening. Once these brands reach \$30 to \$50 million or so in sales, they have the critical mass for a large player to be interested in them. These brands are often more in tune with the values that Millennials care about, and they are generally proving to be less interested in the big, established brands of their parents. So, large food companies need to learn how to buy and scale these brands and be worthy custodians of them over time. Hershey's acquisition of Brookside chocolate seems to be going extremely well, and they are repeating this with Krave premium jerky. Unfortunately, after some initial success Kellogg's Kashi brand now seems to be suffering due to a disconnect of its brand message for simple, wholesome ingredients and the discovery that many of its products contained genetically-modified grains. Clearly, this is something of a minefield and there will likely be winners and losers as it all plays out. ♦