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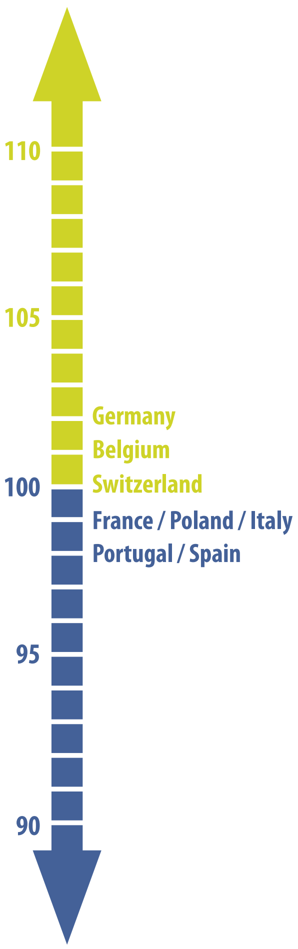
Press information - march 2014

The Eurelia «Barometer» survey

2013 certainly also shows that in addition to the economic crisis, a number of major EU markets are definitely mature



As a reminder, 2011 had been lacklustre and followed by a general slowdown in 2012 for the eight countries observed. For 2013, the «Barometer» survey revealed performance levels lingering within a narrower band (i.e. cumulated sales finished between -2% and 0% for most countries) but once again with no major gains overall.

If confirmed in 2014, the key highlight of 2013 is the long-awaited stop in falling sales in Spain and Portugal, which is doubtless the first stage of a recovery. It is nonetheless not sufficient to inject the much-needed dynamism into two markets worn down by several years of crisis and of lost margins. In order to be effective, these first signs of recovery have also to be quickly followed by significant sales growth (but is this realistic with Spain and Portugal still in convalescence?) or conversely, a fall in rents.
The second major highlight is the harsher sales climate in Italy. It is difficult at this stage to measure the impact of this for 2014 and to predict whether the country will succeed in resisting well or alternatively enter a major consumption crisis.

But overall, what emerges as evidence from this 2013 review of the eight markets observed by our Barometer survey is the rather limited margin of manoeuvre available to the markets when attempting to move on from the crisis. Is this not a clear sign that these eight markets have definitively entered the maturity phase?

> Methodological note

The Eurelia «Barometer» survey includes turnover trends for 90 member store chains, with a comparable perimeter, comparing the year in question with the previous year. According to the level of maturity of the retail structure for the countries involved, between 12 and 30+ leading sale sites (streets, shopping centres, etc.) were included in the Barometer survey for each country. The performance data of these sites is collected each month, analysed and accompanied by comments from members.

The Eurelia Barometer will be published twice a year.

Founded more than 20 years ago by Michel Pazoumian (CEO of Eurelia) and Emmanuel de Labarre (Managing Director of Procos), Eurelia is a unique support structure where retail chains can be provided with data exchange and strategic advice to set up an international strategy on 20 countries+ (Italy, Poland, Belgium, Spain, Portugal ...). In 2014, our memberships includes 90 retail chains that are expanding internationally and over 25,000 stores worldwide.

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Germany	102,0	The favourable month of December for our store chains (+4%) enabled them to end the year on a positive note despite an adverse context of «erratic» sales and slowdown (i.e. footfall) in the country in 2013. Also, this performance is the result of their hard work to maximise the average spending in store (e.g. introduction of new product collections that generate additional turnover, etc.) rather than a signal of a national rebound in consumption. At the end, 2013 turned out to be the first year "in the black" for our members after two negative years (-2% in 2012 and 2011).
Belgium	101,0	Consumption seems to have plateaued: after two years of relative stability (+1% in 2011 and -1% in 2012), 2013 has ended with «just about» +1%. Looking back, July was the only high point (+14%) in what was otherwise a fairly flat year and for which Q4 was quite depressed (-5% in September; -1% October; +2% of November; -2% December).
Switzerland	100,0	Are the country's «dark» years now behind? Finishing at 0%, 2013 seems to mark the end of two particularly tough years for our chains (-4% in 2012; -6% in 2011). Cross-border evasion flows seem to be stabilising; nonetheless, the increase in sales is not tremendous and growth appears as fragile (+2% in November and -1% in December).
France (1)	99,1	Sales suffered contraction, finishing December 2013 at -2.8% to December 2012. The downturn affected all site categories and all retail sectors. Year 2013 finished at -0.9% overall. If observed over a longer period, the specialised French retail sector has still not recovered to the performance levels achieved before the crisis of 2009.
Poland (2)	99,0	The drastic work (promotions, in store events, etc.) conducted by our retail members in late 2013 to offset the effects of a poor summer period produced results (+3% over November and December) but was not sufficient to catch up the 4 months preceding this which were sharply down and especially October (-7%) and July (-4%). Overall, the country ended 2013 with the clear signs of a slowdown (reduced footfall, unemployment, etc.) continuing a trend noted in 2012 and 2011 (with sales ended at 0% and -3% respectively).
Italy	99,0	Affected by the crisis, sales alternated "up-and-down" periods throughout 2013. After a rather encouraging first half to the year in which sales maintained rather well, our chains were faced with a marked slowdown in the second half with a particularly disappointing month of December (-4%) With this slight decrease, 2013 brings a third consecutive year without growth since 2012 and 2011 ended both at 0%. This figure also raises serious questions concerning consumption in 2014 and the capacity of Italian consumers to regain confidence and to resist the temptation to save in a context that they may perceive as unstable.
Portugal (3)	98,8	Although the year ended with a negative figure, consumption seems to be recovering. Visitor numbers to stores are rising again. Turnover appears to be stabilising over the long-term. Most of our retail chains ended the year with results slightly up. Another sign of hope is the attitude of property developers, who are in phase with to the store chains' economic and operating concerns.
Spain (3)	98,4	Although consumption remains difficult due to unemployment and low salaries, the results from our retail members were reinforced at the end of the year. Personal equipment and in particular women's clothing benefited from improved results, due to a drastic reduction in number of outlets. But the rent to turnover ratio remains heavy for all store chains and all sites. In Madrid, the widespread Sunday opening in shopping centres impacted negatively the turnover in downtown stores. The most recent positive figures registered in January bring hope for an improvement in the P&L in 2014 which will more than likely produce its effects from the second half of the year onwards.

(1) *Procos*
(2) *In local currency (zloty)*
(3) *In partnership with the Retail & Trade Marketing company from Barcelona, the co-founder with Eurelia of the Eurelia Spain/Portugal - Retail & Trade Marketing Store Chains Federation*

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