

EDUCATION SECTOR PULLS DOWN COST SECTOR PERFORMANCE

Latest data kindly supplied by Horizons FS Ltd. has shown that the cost sector market has only grown by 1.7% between 2004 and 2007 in value terms. Within the cost sector education has actually declined by 2.3% whilst staff catering and healthcare have shown small increases and services have grown significantly by 9.6%.

The biggest factor affecting the education sector is the reduction in the number of meals served with a fall from 2004 to 2007 of a very significant 11.8%. The value of frozen within the education sector now stands at £126 million and has declined by 4.5% which given the number of meals is down by 11.8% shows that either inflation has been significant and delivering the new food based nutrient standards has resulted in increased cost.

The number of outlets hardly changed in 2007 compared to 2004 but there has been an increase in the number of care homes reflecting the growing share of elderly people in the total population.

Whilst the number of meals has declined in the education sector with the decline beginning in 2005 and continuing into 2007 the exception to the rule has been an increase in services which is driven buy both military and penal institutions.

If you would like to receive more detailed information on the cost sector please do not hesitate to contact Peter Backman at Horizons FS Ltd. who can be contacted on www.horizonsforsuccess.com

BFFF

November 2008



BRITISH FROZEN FOOD FEDERATION

FOCUS ON FOODSERVICE 2004 AND 2007 COMPARISON - COST SECTOR



Source: Horizons FS Ltd.

FOOD PURCHASES

Food Categories	STAFF CATERING			HEALTHCARE			EDUCATION			SERVICES			TOTAL		
	2004 £ millions	2007 £ millions	% Gain/ Loss	2004 £ millions	2007 £ millions	% Gain/ Loss	2004 £ millions	2007 £ millions	% Gain/ Loss	2004 £ millions	2007 £ millions	% Gain/ Loss	2004 £ millions	2007 £ millions	% Gain/ Loss
Frozen	165	165	0.0	154	152	-1.3	132	126	-4.5	14	15	7.1	465	458	-1.5
Chilled - Long Life	138	143	3.6	124	126	1.6	153	150	-2.0	40	44	10.0	455	463	1.8
Chilled - Short Life	329	350	6.4	244	257	5.3	172	173	0.6	49	55	12.2	794	835	5.2
Ambient	396	398	0.5	152	153	0.7	227	219	-3.5	74	80	8.1	849	850	0.1
Total	1,028	1,056	2.7	674	688	2.1	684	668	-2.3	177	194	9.6	2,563	2,606	1.7

GENERAL INFORMATION

Information Categories	STAFF CATERING			HEALTHCARE			EDUCATION			SERVICES			TOTAL		
	2004	2007	% Gain/ Loss	2004	2007	% Gain/ Loss	2004	2007	% Gain/ Loss	2004	2007	% Gain/ Loss	2004	2007	% Gain/ Loss
No. of Outlets	20,839	19,946	-4.3	31,048	31,710	2.1	34,630	34,533	-0.3	3,076	3,083	0.2	89,593	89,272	-0.4
No. of Meals Served - Millions	1,065	1,066	0.1	1,040	1,044	0.4	1,271	1,121	-11.8	240	258	7.5	3,616	3,489	-3.5
Food and Drink Sales - £ millions	2,534	2,642	4.3	856	875	2.2	1,187	1,153	-2.9	213	234	9.9	4,790	4,904	2.4



Source: Horizons FS Ltd. For further information, contact Peter Backman, Horizons FS Ltd. Tel: 020 8349 0162
Website: www.horizonsforsuccess.com

FOCUS ON FOODSERVICE SECTOR 2004 TO 2007

STAFF CATERING, HEALTH CARE, EDUCATION, SERVICES

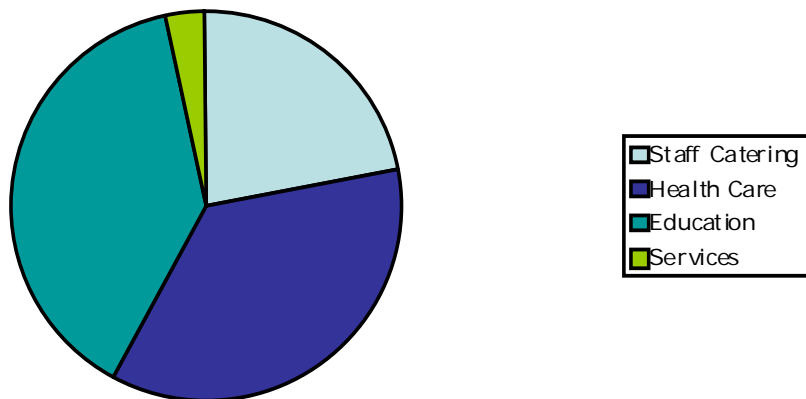
		Outlets	
		2004	2007
Staff Catering		20,839	19,946
Health Care		31,048	31,710
Education		34,630	34,533
Services		3,076	3,083
TOTAL		89,593	89,272

Source: Horizons

Note: Contract caterers operate in all these sectors

- These sectors are united in that subsidies are a significant operational element for most outlets although this is decreasing, especially in the staff catering (B&I) sector
- The 89,000 or so outlets in this category account for a third - 33% - of all foodservice outlets
- Numbers are rising slowly - driven by increases in the care homes sector which, in turn, reflects the growing share of elderly people in the total population.

Number of outlets: 2007



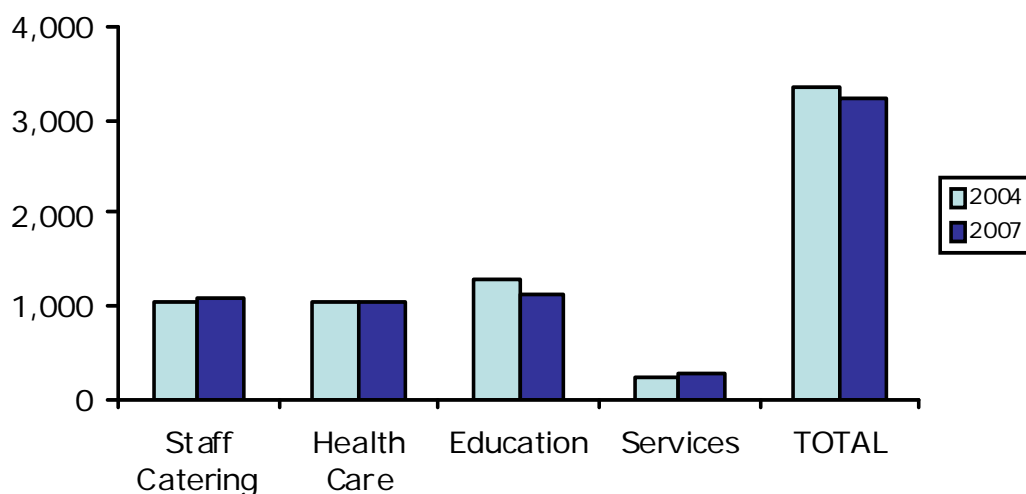
**FOCUS ON FOODSERVICE SECTOR 2004 TO 2007
STAFF CATERING, HEALTH CARE, EDUCATION, SERVICES**

	Meals	
	Millions	Millions
	2004	2007
Staff Catering	1,065	1,066
Health Care	1,040	1,044
Education	1,271	1,121
Services	240	258
TOTAL	3,616	3,489

Source: Horizons

- Numbers of meals fell by over 4% between 2004 and 2007
- This decline was almost exclusively a result of the fall in numbers of meals served in schools; this decline started in 2005 and continued into 2007.
- Between 2004 and 2007, meals served in the Staff Catering sector did not grow at all, while Health Care grew very slightly
- Services increased by over 8% driven by increases in the military and in penal institutions.

Meals (Millions): 2004 -2007



**FOCUS ON FOODSERVICE SECTOR 2004 TO 2007
STAFF CATERING, HEALTH CARE, EDUCATION, SERVICES**

Food Purchases 2004

£ Millions

	Total	Ambient	Chilled - long life	Chilled - short life	Frozen
Staff Catering	1,027	396	138	329	165
Health Care	674	152	124	244	154
Education	684	227	153	172	132
Services	177	74	40	49	14
TOTAL	2,563	849	455	794	465

Source: Horizons

- Chilled food - long life and short life/fresh combined - accounts for half of all purchases by operators in these sectors
- Frozen food, on the other hand, accounts for 19% of all food purchased
- The Health Care sector is the most reliant on frozen food at 23% of their total purchases

Food Purchases 2007

£ Millions

	Total	Ambient	Chilled - long life	Chilled - short life	Frozen
Staff Catering	1,057	398	143	350	165
Health Care	688	153	126	257	152
Education	668	219	150	173	126
Services	194	80	44	55	15
TOTAL	2,607	850	463	836	459

Source: Horizons

- Fresh food (also called chilled - short life food) grew the fastest of all temperatures at just under 5% between 2004 and 2007.
- Purchases of Chilled-long life food were broadly stable with any growth occurring in the Staff catering sector
- On the other hand, sales of Frozen food fell, primarily in the Education sector.

FOCUS ON FOODSERVICE SECTOR 2004 TO 2007
STAFF CATERING, HEALTH CARE, EDUCATION, SERVICES

Food & Drink Sales
£ Millions

	2004	2007
Staff Catering	2,534	2,642
Health Care	856	875
Education	1,187	1,153
Services	213	234
TOTAL	4,790	4,903

Source: Horizons

- From 2004 to 2007, food and drink sales grew by 2 % while purchases grew at half this rate, reflecting reflects the ongoing reduction in subsidies with the result that operators are generating more income direct from their customers.
- The Staff catering sector was the fastest growing sector with an extra £108 million sales - equivalent to growth of 4%
- Sales in the Education sector fell by £34 million over the period 2004 to 2007 with most of this fall happening during 2006.

For full definitions of these sectors go to Horizons website www.horizonsforsuccess.com and click on "Detailed definitions"