



RESTAURANT SECTOR FLAT

The latest data kindly supplied by Peter Backman of Horizons for Success Ltd on the Restaurant Sector shows that between 2010 and 2007 the value of food and drink sales at just under £20 billion had hardly moved and showed a small decrease of 0.2%.

However the number of outlets during that time gained in both the quick service restaurants and full service restaurant sectors both by 3%. However the number of meals served declined in both sectors with full service restaurants being hardest hit with a decline of 8.3% over the three years whilst quick service restaurants declined by 5.2%.

The value of this market for frozen is now just over £1.1 billion with the quick service restaurants continuing to be the most important sector for the frozen food industry with a value just a fraction under £1 billion.

Restaurants now account for 23% of all foodservice outlets and grew by 1700 in the three years to 2010. A considerable part of this increase has come from the quick service sector especially with sandwich and coffee shops.

Food purchases fell for the second year in a row with a fall in the three years to 2010 of 7% in inflation adjusted terms. In the quick service sector frozen now accounts for 41% of all products.

The numbers illustrate how tough this sector has been particularly over the last two years and with no signs of momentum being restored in the economy at large it is unlikely that we will see much change in the next eighteen months to two years.



FULL SERVICE & QUICK SERVICE RESTAURANTS

FOOD PURCHASES

| Food Categories | QUICK SERVICE RESTAURANTS (QSR) | FULL SERVICE RESTAURANTS | TOTAL |
|----------------------|---------------------------------|--------------------------|--------------------|
| | 2010 £ millions | 2010 £ millions | 2010 £ millions |
| Frozen | 984 | 159 | 1,143 |
| Chilled - Long Life | 198 | 248 | 446 |
| Chilled - Short Life | 557 | 909 | 1,466 |
| Ambient | 657 | 400 | 1,057 |
| Total | 2,396 | 1,716 | 4,112 |

GENERAL INFORMATION

| Information Categories | QUICK SERVICE RESTAURANTS (QSR) | | | FULL SERVICE RESTAURANTS | | | TOTAL | | |
|---------------------------------------|---------------------------------|--------|----------------------|--------------------------|--------|----------------------|--------|--------|----------------------|
| | 2007 | 2010 | Percentage Gain/Loss | 2007 | 2010 | Percentage Gain/Loss | 2007 | 2010 | Percentage Gain/Loss |
| No. of Outlets | 30,455 | 31,368 | 3.0 | 26,927 | 27,738 | 3.0 | 57,382 | 59,106 | 3.0 |
| No. of Meals Served - Millions | 2,110 | 2,001 | -5.2 | 771 | 707 | -8.3 | 2,881 | 2,708 | -6.0 |
| Total Food & Drink Sales - £ millions | 10,508 | 10,709 | 1.9 | 9,200 | 8,955 | -2.7 | 19,708 | 19,664 | -0.2 |



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

Please note that the information in this report is based on initial estimates which require final confirmation.

FULL-SERVICE and QUICK-SERVICE RESTAURANTS

QUARTERLY INFORMATION FOR BFFF March 2011

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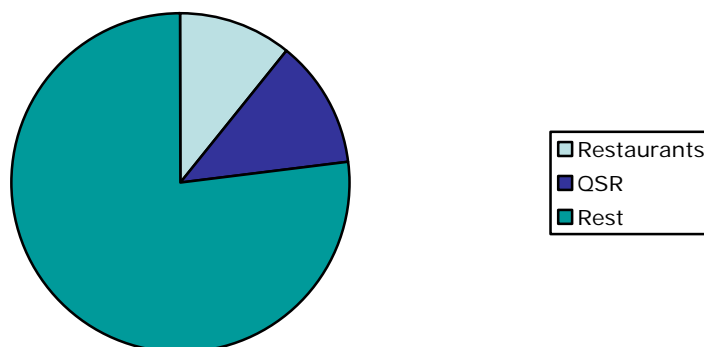
Outlets

| | 2007 | 2010 |
|--------------|---------------|---------------|
| Restaurants | 26,927 | 27,738 |
| QSR | 30,455 | 31,368 |
| TOTAL | 57,382 | 59,107 |

Source: Horizons

- Numbers of outlets in these two sectors continue to grow as new brands and concepts were launched even during the market downturn
- Restaurants – full service plus quick service – account for 23% of all outlets
- Numbers grew by over 1,700 in the three years to 2010
- A considerable part of this increase has come from the quick service sector especially sandwich and coffee shops

Number of outlets: 2010



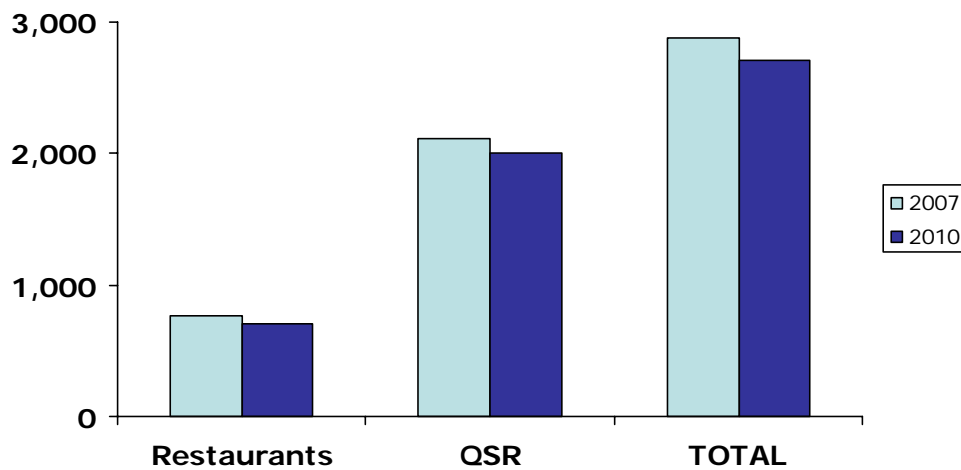
Meals

| | Millions | Millions |
|--------------|--------------|--------------|
| | 2007 | 2010 |
| Restaurants | 771 | 707 |
| QSR | 2,110 | 2,001 |
| TOTAL | 2,881 | 2,708 |

Source: Horizons

- Consumers ate fewer meals out of home in restaurants in 2010 compared with 2007
- Quick service outlets, where meals fell by -5.1% in the three year period, did not suffer as much as full service restaurants where the fall was -8.3%

Meals (Millions): 2007 -2010



| Food Purchases | 2007 | | 2010 | | | |
|----------------|--------------|--------------|--------------|---------------------|----------------------|--------------|
| | £ Millions | | | | | |
| | Total | Total | Ambient | Chilled - long life | Chilled - short life | Frozen |
| Restaurants | 1,885 | 1,716 | 400 | 248 | 909 | 159 |
| QSR | 2,535 | 2,396 | 657 | 198 | 557 | 984 |
| TOTAL | 4,420 | 4,111 | 1,056 | 446 | 1,467 | 1,143 |

Source: Horizons

- Food purchases fell for the second year in a row; the fall in the 3 years to 2010 was -7% in inflation adjusted terms
- Frozen food accounted for 9% of all food purchased by restaurants in 2009
- The percentage was 41% in quick service outlets where frozen products, such as fries and burgers, are mainstream volume purchases
- Chilled-long life foods accounted for 11% of purchases in this sector and fresh foods (chilled-short life) were 36% of the total

Food & Drink Sales

£
Millions

| | 2007 | 2010 |
|--------------|---------------|---------------|
| Restaurants | 9,200 | 8,955 |
| QSR | 10,508 | 10,709 |
| TOTAL | 19,709 | 19,664 |

Source: Horizons

- Restaurant sales fell marginally in the three years to 2010
- Full service restaurants fell by -2.7% over the period
- Quick service grew by +1.9% over the period which indicates the resilience of this sector during the recent long downturn

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