

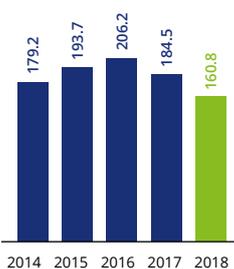
# MIDDLE EAST NORTH AFRICA



“Our operations in MENA center mainly on local hero brands. Our relentless focus on innovation, customers and consumers has helped build our categories in the region. The experience gained will serve us well as we look to expand in the coming years.”

**ÖZGÜR AKYILDIZ**  
GENERAL MANAGER,  
MENA

**REVENUE<sup>1</sup>**  
**€160.8M**



1. Starting 2017, IFRS 15 has been applied.

OUR MIDDLE EAST NORTH AFRICA (MENA) DIVISION MANUFACTURES AND MARKETS BRANDED PRODUCTS. THE MAIN MARKETS ARE TURKEY, ALGERIA AND PAKISTAN WHERE WE HAVE MANUFACTURING FACILITIES BUT WE ALSO SERVE OTHER COUNTRIES IN THE MENA REGION VIA EXPORTS.

## PERFORMANCE

In 2018, growth fluctuated from quarter to quarter in the MENA region. Buffeted by continued fierce competition in Turkey, our main region, raw material cost increases across all categories as well as appreciably weaker currencies, where the Turkish lira halved in value, our reported revenue was 12.8% down while on a like-for-like basis it rose by 2.6%. The result demonstrates the hard work and resilience of our people in the Division, and their sustained ability to deliver on the needs of customers and consumers.

We continued to invest in our plants replacing older lines with brand new ones. By offering the best in product quality and innovation, we will be able to meet the expected growth in our markets in the coming years.

In baby care, revenue increased due to a positive price/mix, supported by further innovation in our ultra-thin Canbebe baby diapers with Flexfit technology, a step-up in in-store activities and our continuing digital engagement with consumers. We also launched a new diaper in Algeria. In both instances, we leveraged the Group's strong innovation capability together with local marketing and R&D.

In adult care, we continued to raise awareness among healthcare professionals, carers and patients with our brand, Canped, leading the way in Turkey. We countered local currency weakness with some pricing actions, and, despite a slow start to the year we also saw encouraging growth in other markets and in what we term export sales.

## STRATEGY

The political and economic risks in the MENA region have hampered growth. There are many untapped opportunities and we continue to seek to unlock them by increasing product penetration and keeping new countries under the microscope, all the while aiming to grow profitably. MENA has strong potential. We will seek to mitigate the risks and repeat the years of strong progress we have made, creating greater awareness of our brands and investing further in modern-day marketing techniques and channels.

## MARKET OVERVIEW

Political and economic issues in the region clearly impacted consumer behavior and market dynamics. In Turkey, the baby diaper market (including pants) shrunk 9% by volume but grew 10% in terms of Turkish lira. Devaluation had a negative effect on consumption as consumers felt the squeeze. The incontinence market continued to grow in retail and pharmacy channels driven both by the new reimbursement system and competitively priced products. The market in Pakistan continued to grow significantly mainly driven by low-priced second tier brands. In our other markets, while the value of the market declined in euros, there was an increase in volumes driven by further product penetration.

## MARKET VALUE

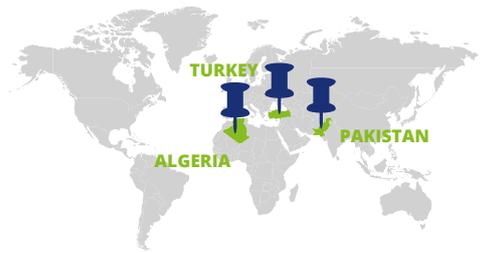
BABY CARE  
81%



ADULT CARE  
19%



## KEY MARKETS



## OUTLOOK

The pressure on currencies seems to be alleviating and the political environment to be stabilizing. This should help bring the market more into balance and gives us continued confidence in the MENA region. We will leverage the Group's strong innovation capability supported by local R&D and marketing. We have strengthened our team in terms of digital capabilities and already started to see the results with Canbebe digital KPIs outperforming industry standards and competitors. We are well positioned to benefit from any upturn.

CANPED, OUR LEADING ADULT CARE BRAND IN TURKEY, SUCCESSFULLY LAUNCHED A MARKETING CAMPAIGN TO CREATE AWARENESS AROUND ITS LIGHT INCONTINENCE SOLUTION AMONGST A YOUNGER TARGET AUDIENCE OF FEMALES AGED BETWEEN 35 AND 45 YEARS OLD



## DON'T MISS THE LIFE

Urinary incontinence affects 1 in 4 women above 40 in Turkey. The launch of the new light incontinence range, an extension of our Canped bladder pads, helped boost Canped market share (by value) to more than 80%. The well-executed marketing campaign succeeded in raising awareness among healthcare professionals and consumers and won two of the most prestigious communication awards in Turkey.