



cutting through complexity

Georgian National Investment Agency

Chemical Sector Research
Washing and Cleaning
Preparations

April 2015



Our findings, observations and/or recommendations are those that we could reasonably derive from the procedures or scope of services performed. The specific procedures performed were agreed with Georgian National Investment Agency (the Client) and were performed by us as set forth in the Report.

Our work was carried out solely based on the publicly available research data.

We have indicated within our Report the sources of the information presented and have satisfied ourselves, so far as possible, that the information presented in our Report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Contract. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

All recommendations, provided to you with/in this Report that refer to the future have some limitations in the sense that they are based on the assumptions valid on the issuance date. These assumptions could change with time, after the date of this Report issuance, and so could lose their value.

References to 'KPMG Analysis' in this Report indicate only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

Global household products market increased by 3.1% in 2013

The global household product market includes the following product groups: air fresheners, dishwashing products, general purpose cleaners, textile washing products and other products including bleach, furniture and floor polish, shoe polish, toilet care products, and scouring products represent components of household products group.

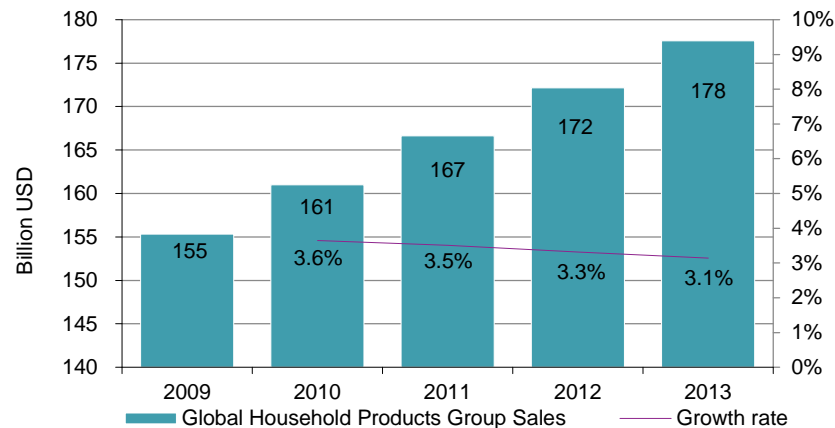
In 2013 the global household market value increased by 3.1% and was around USD 177.6 billion. Compound annual growth rate of global household product market was 3.4% between 2009 and 2013.

The European and Asia-Pacific markets grew with CAGRs of 2.2% and 5% respectively, over the same period, to reach respective values of USD 60.3 billion and USD 60.1 billion in 2013.

The global household products market is expected to increase by 17.5% compared with 2013 and reach a value of USD 208.7 billion (the expected market CAGR for the period 2013–18 is around 3.3%).

In terms of global household products consumption, Germany, France and Canada hold top positions, while Germany and USA are top producer countries.

Global Household Products Group value in 2009-2013



Source: MarketLine

Note. Household Products Group includes air fresheners, dishwashing products, general purpose cleaners, textile washing products and other products including bleach, furniture and floor polish, shoe polish, toilet care products, and scouring products.

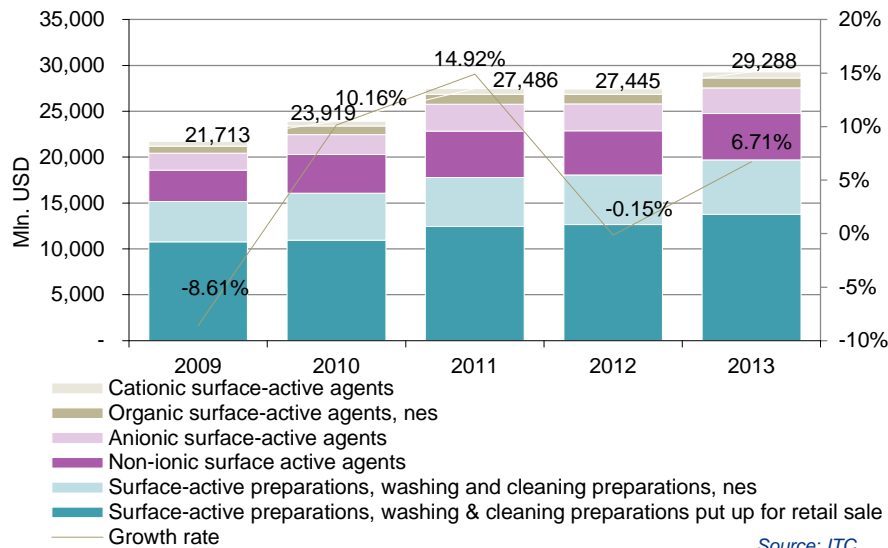
Source: MarketLine

Global trade of washing and cleaning preparations amounted USD 29,288 million in 2013

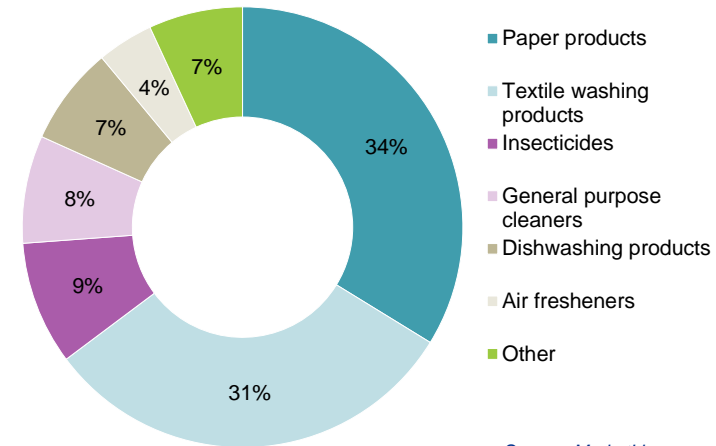
The global household products market had total revenues of USD 177,577 million in 2013. Sales of textile washing products amounted USD 55,053 million, while sales of general purpose cleaners, dishwashing products and air fresheners amounted USD 14,044 million, USD 12,840 million and USD 7,327 million respectively.

From the perspective of geographic segmentation Europe was the largest market accounting for around 34% of total household products market.

The world trade of washing and cleaning preparations 2009-2013

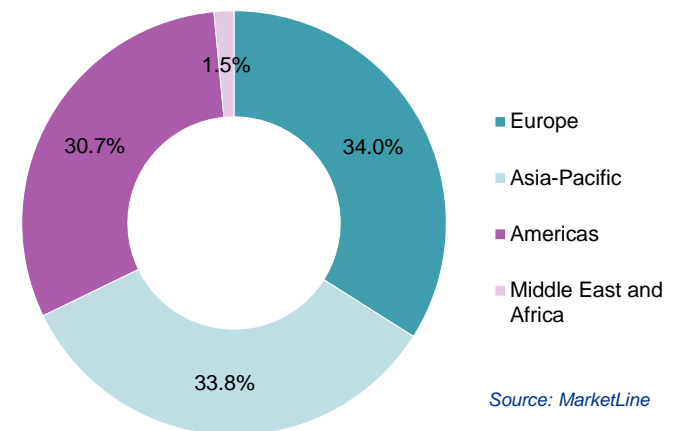


Global household products market segmentation by main types 2013



Source: MarketLine

Global household products market segmentation 2013

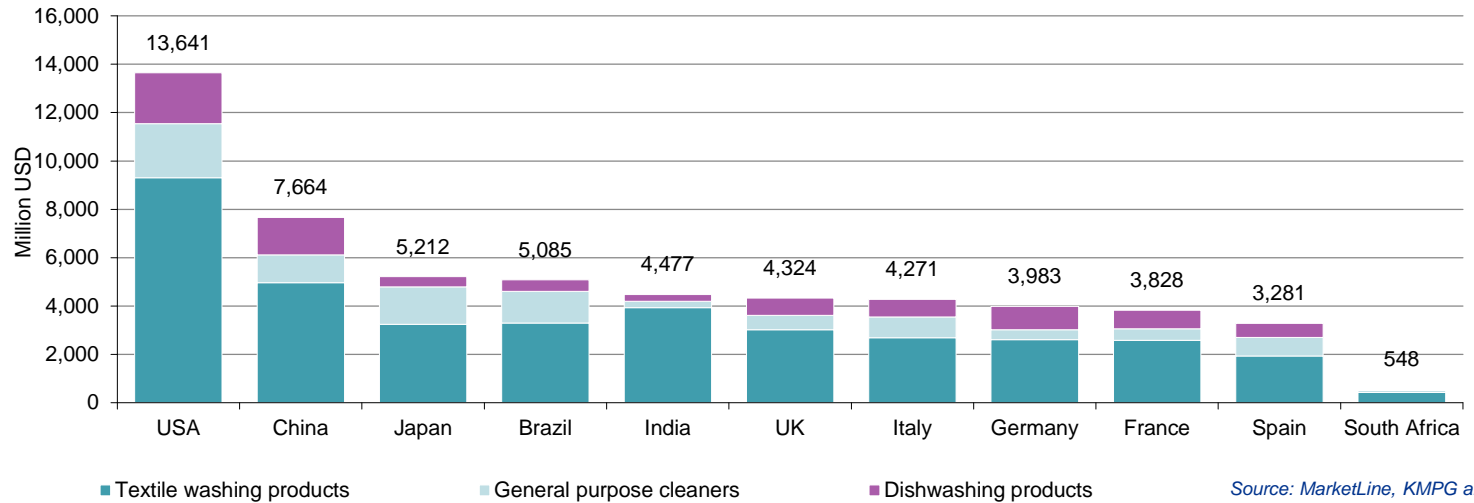


Source: MarketLine

In 2013 USA accounted for the 16.6 % of the global revenue for the main three groups of washing and cleaning preparations (textile washing products, general purpose cleaners, dishwashing products)

According to the IHS chemicals in 2012 the production volume of laundry detergents in USA was around 4 million metric ton. Having the USA market share and assuming stable market we calculated the Global production of laundry detergents to be around 24 million metric ton in 2013

Revenue (sale) of textile washing products, general purpose cleaners and dishwashing products by countries in 2013



Generally the household products designed for washing and cleaning are included in the following three major groups: textile washing products, general purpose cleaners, dishwashing products.

We have used the market revenue of the selected countries to analyze the consumption value on a country level.

In 2013 the global revenue of the main three groups of washing and cleaning preparations was around USD 81.9 billion and the selected countries presented above accounted for about 68.7 % of the global revenue.

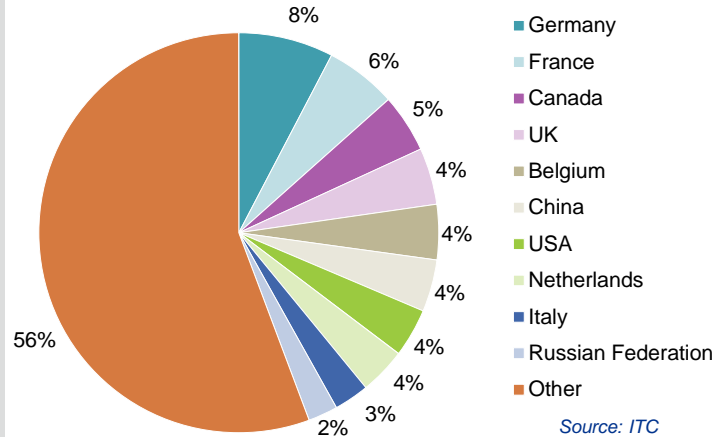
Among the main three groups of washing and cleaning supplies the textile washing products was the largest around the globe as well as in all the selected markets.

In 2013 USA accounted for the 16.6 % of the global revenue for the main three groups of washing and cleaning preparations thus was the largest consumer from the perspective of consumption value. China was the second among the selected countries accounting for 9.4% of the market revenue followed by Japan with 6.4%.

In 2013 top three importing countries of washing and cleaning preparations accounted for about 19% of the world washing and cleaning preparations import

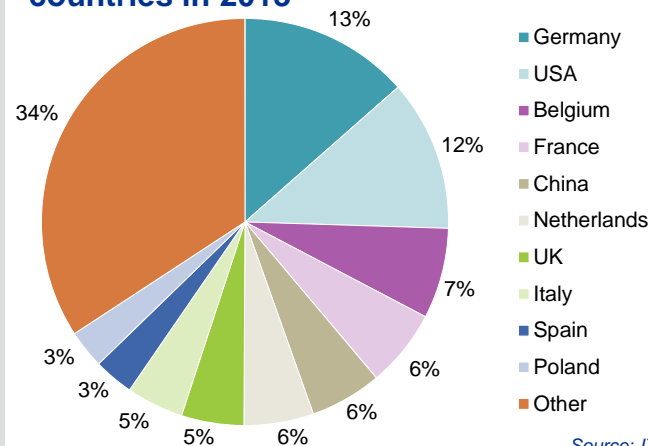
In 2013 top three exporting countries of washing and cleaning preparations accounted for about 32% of the world washing and cleaning preparations export

Structure of the world washing and cleaning preparations import by countries in 2013



Source: ITC

Structure of the world washing and cleaning preparations export by countries in 2013

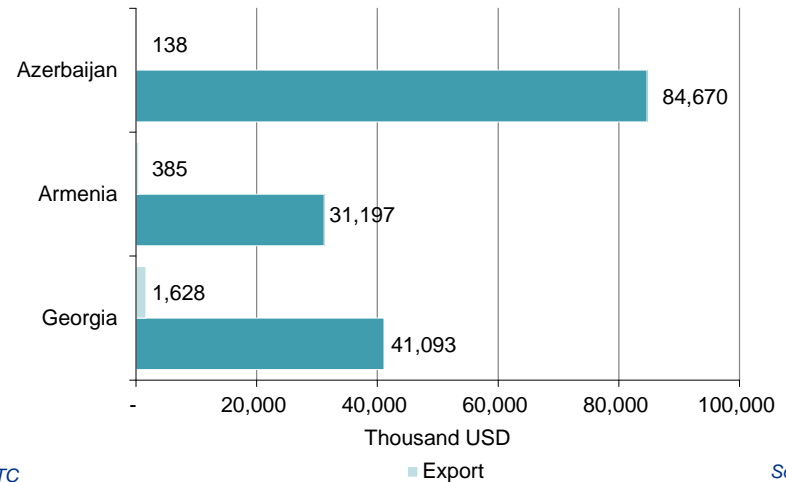


Source: ITC

In 2013 top ten importing countries of washing and cleaning preparations accounted for about 44% of the world washing and cleaning preparations import. Germany, France and Canada were the top 3 importers of washing and cleaning preparations with shares of 8%, 6% and 5% respectively. Meanwhile in 2013 top ten exporting countries of washing and cleaning preparations accounted for about 66% of world export. Germany, USA and Belgium were the top 3 exporters of washing and cleaning preparations with shares of 13%, 12% and 7% in the world export washing and cleaning preparations.

In 2013 the import of washing and cleaning preparations in South Caucasus (Georgia, Azerbaijan and Armenia) was about USD 157 million, while the export was only USD 2 million. Among the countries of South Caucasus Azerbaijan was the biggest importer.

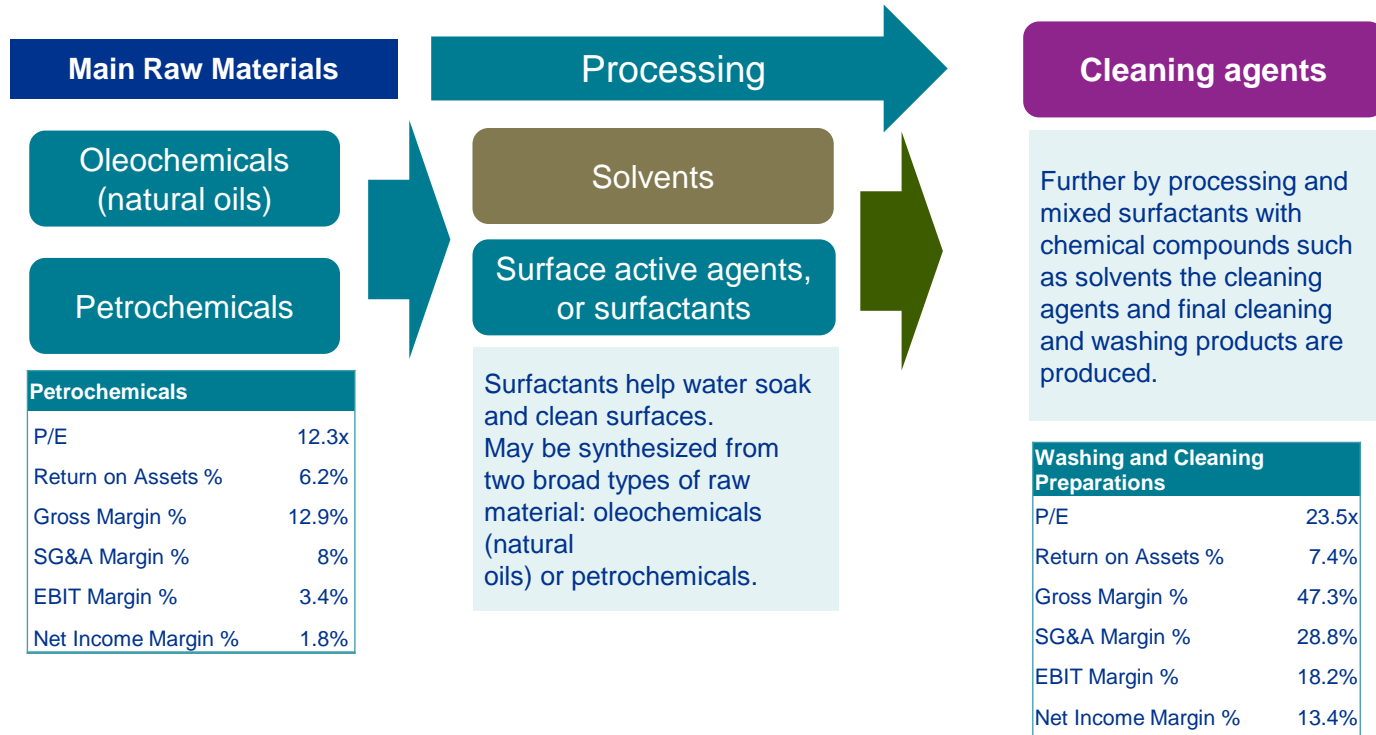
Import and export of washing and cleaning preparations in South Caucasus in 2013



Source: ITC

The main raw materials of washing and cleaning preparations are **Oleochemicals (natural oils), Petrochemicals, Solvents and Surface active agents or surfactants**

Cleaning agents production cycle general description



Please, refer to the sections 'Soap' and 'Other basic organic chemicals' for the analysis of Oleochemicals (Oils and Fats) and Petrochemicals respectively.

Washing and Cleaning Preparations

Price analysis

Average import prices of washing and cleaning preparations increased for all the regions (CIS, EU and Central Asia)

Our research showed that during the period between 2010 and 2013 average import price of washing and cleaning preparations increased for CIS, EU and Central Asia. As shown on the chart prices are quite different among the regions

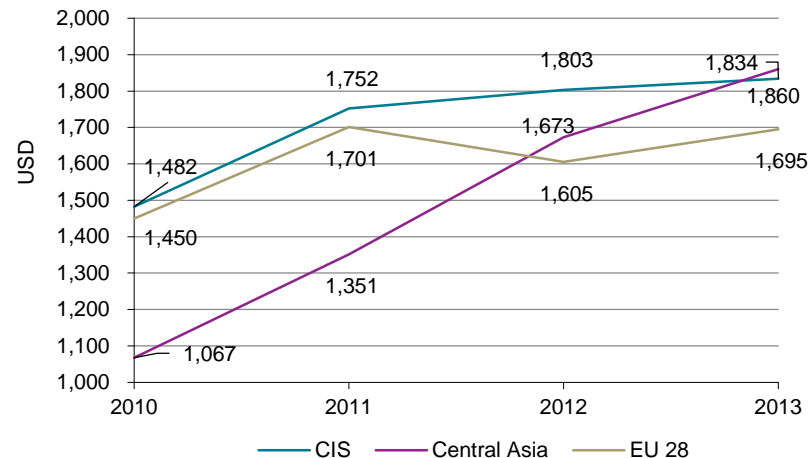
On average CIS holds the first position by highest import price of washing and cleaning preparations.

Volume and price of consumption can be affected by many factors. The fundamental price drivers are supply, demand and price of raw materials.

The price drivers include:

- Cost of raw materials
- Packaging
- Transportation costs (both for raw materials and finished products)

Average import price of washing and cleaning preparations in CIS, EU and Central Asia, 2010-2013 (USD/Tons)



Source: ITC

Washing and Cleaning Preparations

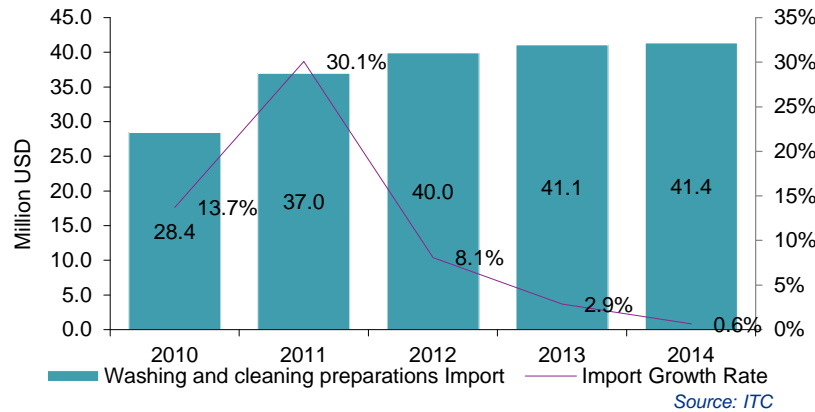
Market overview – Top 20 producing companies

Global Top 20 producing companies by revenue	
Company	Total Revenue (Million USD) Feb 2015 (LTM)
1 The Procter & Gamble Company (NYSE:PG)	83,024
2 CWS-boco Suisse SA	36,466
3 Mifa Ag Frenkendorf	29,173
4 The Dial Corporation México, S.A. De C.V.	22,544
5 Henkel AG & Co. KGaA (DB:HEN3)	20,388
6 Colgate-Palmolive Co. (NYSE:CL)	17,417
7 Reckitt Benckiser Group plc (LSE:RB.)	16,619
8 Reckitt Benckiser Ag	15,181
9 Berlin Kosmetik Abwicklungs Gmbh	13,084
10 Halag Chemie Ag	6,578
11 Uni-Charm Corp. (TSE:8113)	6,104
12 Harbinger Group Inc. (NYSE:HRG)	5,963
13 The Clorox Company (NYSE:CLX)	5,600
14 Asuo Taiké Drier (Shanghai) Co., Ltd.	5,396
15 Hindustan Unilever Limited (BSE:500696)	4,878
16 Spectrum Brands Holdings, Inc. (NYSE:SPB)	4,429
LG Household and Health Care, Ltd.	
17 (KOSE:A051900)	4,279
18 Galco Limited	4,088
Societe Algerienne De Produits D'entretien Et	
19 Cosmetiques Sarl	3,762
20 Total Pack Indústria e Comércio S.A.	3,527

Source: S&P

In 2014 Georgia imported USD 41.4 million of washing and cleaning preparations mainly from Turkey. The majority of the imported goods was mixture of surface-active, washing and cleaning preparations (ready for retail sale).

Import of washing and cleaning preparations in 2010 - 2014

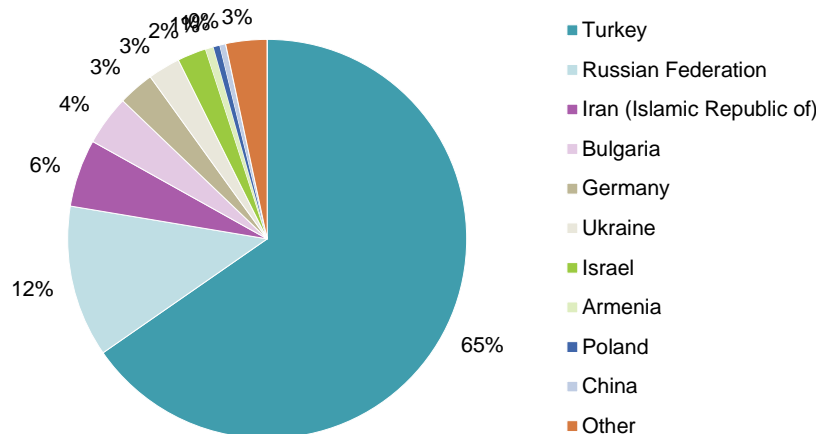


In 2014 the import of washing and cleaning preparations in Georgia increased by 0.6% and reached USD 41.4 million. During 2010 – 2014 the washing and cleaning preparations import recorded 9.8% CAGR.

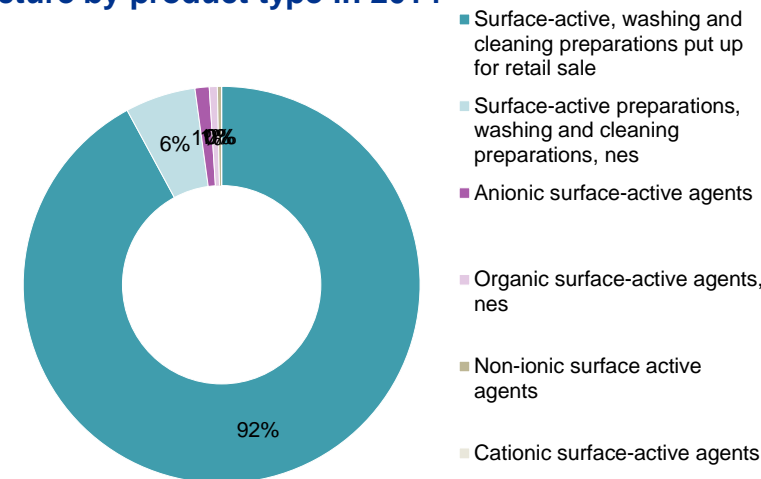
In 2014 Turkey accounted for 65% of the total import of washing and cleaning preparations to Georgia, followed by Russia -12 % and Iran- 6%.

In 2014 the surface-active, washing and cleaning preparations (ready for retail sale) were the main type of washing and cleaning preparations imported to Georgia accounting for 92% of the import.

Washing and cleaning preparations import structure by countries, 2014



Washing and cleaning preparations import structure by product type in 2014



In 2014 Georgia exported USD 0.2 million of washing and cleaning preparations. Georgia exported mainly surface-active, washing and cleaning preparations (ready for retail sale)

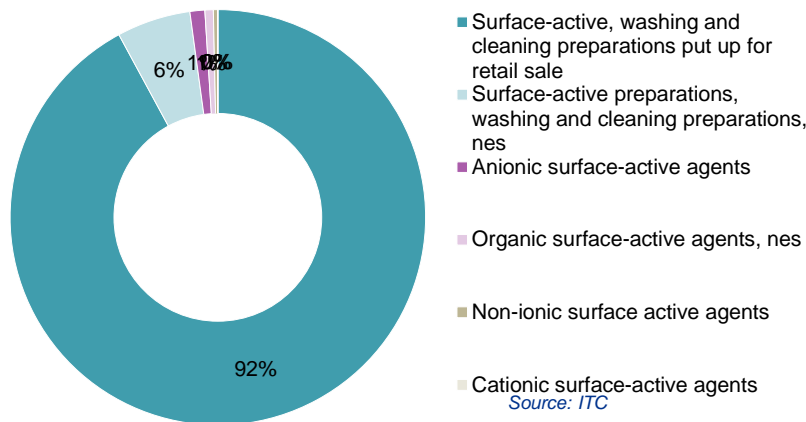
The Georgian Statistics Office does not provide information regarding washing and cleaning preparations production separately. Production information is available for the group - soap and detergents, cleaning and polishing products. For production and consumption analysis for mentioned group please refer to respective section in 'Soap' analysis.

In 2014 the export of washing and cleaning preparations from Georgia decreased by 89% and was USD 0.2 million. During the 2010 – 2014 the export of washing and cleaning supplies decreased by 13.2%.

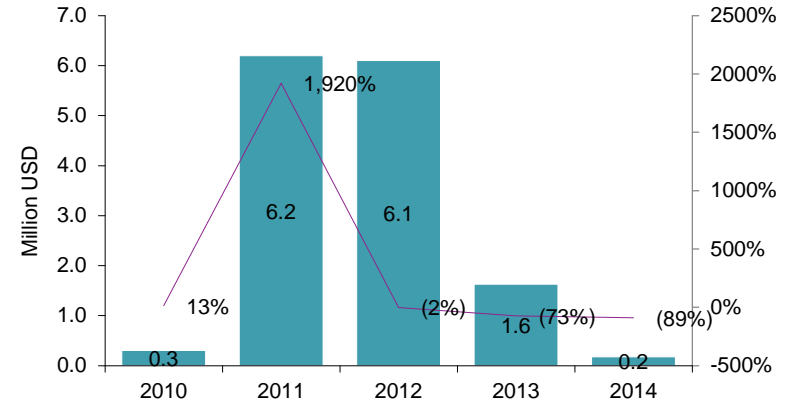
In 2014 the largest export country for Georgia was Azerbaijan which accounted for 30% of Georgia's export. Export to Romania accounts for 20% of the total exported washing and cleaning preparations, followed by Armenia and Turkey accounting for 15% and 12% each respectively.

In 2014 Georgia export of surface-active, washing and cleaning preparations (ready for retail sale) accounts for 62% of the total export.

Washing and cleaning preparations export structure by product type in 2014

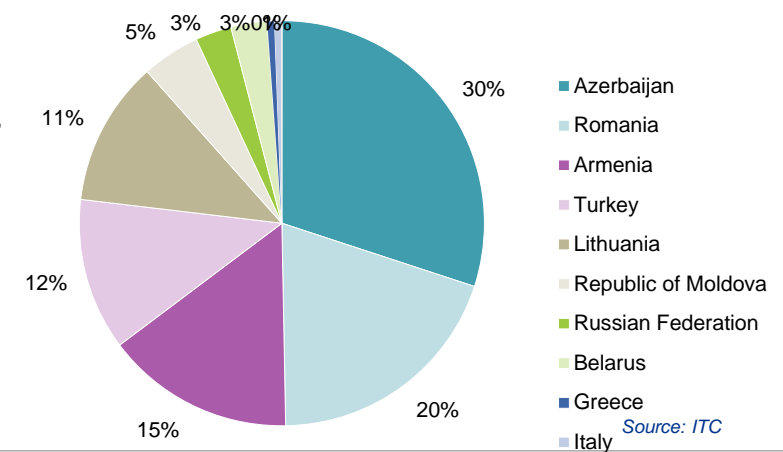


Export of washing and cleaning preparations in 2010 - 2014



Washing and Cleaning Preparations Export Export Growth Rate Source: ITC

Washing and cleaning preparations export structure by countries, 2014



Fat and Oil export and import, export and import unit value

	Value imported in 2013 (USD thousand)	Value exported in 2013 (USD thousand)	Trade balance in 2013 (USD thousand)	Import Unit value (USD/ton)	Export Unit value (USD/ton)
Netherlands	6,035,960	6,637,992	-602,032	n/a	n/a
Spain	4,107,431	2,243,986	1,863,445	2,288	1,180
Germany	3,939,459	4,761,536	-822,077	1,226	1,179
Italy	2,534,788	4,123,690	-1,588,902	3,067	1,469
Belgium	2,320,322	2,543,180	-222,858	1,350	1,177
France	1,728,116	2,758,600	-1,030,484	1,198	1,597
United Kingdom	845,855	2,218,576	-1,372,721	1,339	1,374
Other EU	6,407,848	7,492,472	-1,084,624	n/a	n/a
Ukraine	3,507,076	403,204	3,103,872	n/a	n/a
Turkey	1,402,837	1,810,245	-407,408	1,628	1,173
Azerbaijan	227,884	75,563	152,321	n/a	n/a
Kazakhstan	56,578	184,706	-128,128	1,349	1,508
Georgia	11,929	90,977	-79,048	1,548	1,398
Turkmenistan	985	38,871	-37,886	n/a	n/a
Uzbekistan	119	249,890	-249,771	n/a	n/a
Kyrgyzstan	84	84,355	-84,271	n/a	n/a
Armenia	52	60,601	-60,549	n/a	n/a
Tajikistan	23	42,521	-42,498	n/a	n/a

Source: ITC

Among the selected countries the largest exporter of oils and fats were EU countries

Azerbaijan was the largest exporter among the South Caucasus countries

Among the selected countries the largest producers of oils and fats were Germany, France and Ukraine

Azerbaijan was the largest producer among the South Caucasus countries

According to FAOSTAT (Statistical database of Food And Agriculture Organization Of The United Nations) in 2013 among the selected countries the biggest producer of natural oils (natural oils refer to oils of coconut, cottonseed, groundnut, linseed, palm kernel, rapeseed, soybean, maize, olive, virgin, sunflower, etc.) were Germany, France and Ukraine. Among the South Caucasus countries Azerbaijan was the biggest producer of natural oils in 2013.

Oils production (ton) in 2008 - 2013

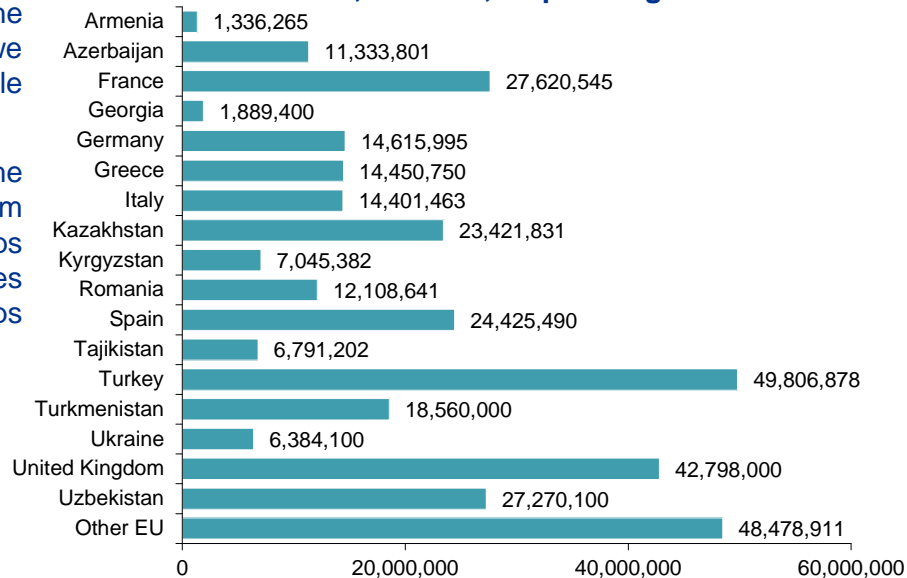
	2008	2009	2010	2011	2012	2013
Germany	3,573,740	3,715,541	3,660,434	3,436,929	4,060,464	3,981,389
France	2,079,550	2,505,611	2,619,640	2,613,469	2,757,418	2,654,418
Spain	2,000,866	2,250,674	2,500,578	2,655,324	2,501,974	2,203,374
Netherlands	1,101,620	1,237,303	1,247,858	1,238,240	1,062,730	1,123,030
Poland	760,476	910,150	960,831	729,249	867,882	1,006,976
Italy	1,193,824	1,141,389	1,136,693	1,103,583	1,131,477	973,677
United Kingdom	874,200	933,600	936,300	941,200	887,400	900,500
Other EU	3,277,913	3,458,688	3,727,297	3,842,224	4,009,081	4,130,587
Ukraine	2,000,319	2,901,494	3,096,256	3,291,780	3,945,643	2,495,601
Turkey	1,189,877	1,201,867	1,637,665	1,655,014	1,674,964	1,717,104
Uzbekistan	333,190	303,940	291,659	289,752	291,560	294,330
Kazakhstan	190,159	204,445	223,333	234,977	291,016	280,395
Turkmenistan	64,200	73,100	79,200	88,700	82,600	82,000
Tajikistan	18,400	14,300	15,300	17,300	21,800	18,685
Azerbaijan	14,638	12,302	11,546	40,999	16,348	15,141
Georgia	8,100	9,800	7,500	4,500	7,000	8,000
Kyrgyzstan	18,400	20,650	18,108	13,181	13,463	7,642
Armenia	350	652	1,034	503	2,393	3,924

Source: FAOSTAT

For measuring the selected countries from the perspective of possibility of animal fat supply we use the statistical data regarding the cattle quantity (head count) in each country.

According to FAOSTAT data in 2013 among the selected countries Turkey and United Kingdom had the most amount of cattle, buffalos, ships and goats. Among the South Caucasus countries Azerbaijan has the most cattle, buffalos, ships and goats in 2013.

Head count of cattle, buffalos, ships and goats in 2013



Source: FAOSTAT

Pipeline for Soap, washing, polishing and cleaning supplies

P&G is planning to open multi-category manufacturing facility in 2017

Project	Pipeline
Procter & Gamble Plans USD 500 Million Multi-Category Manufacturing Hub In Berkeley County, West Virginia	<p>The Procter & Gamble Company will build a more than 1-million square foot, approximately \$500 million, multi-category manufacturing facility in Berkeley County, in the Eastern Panhandle of the state near the town of Tabler Station, West Virginia. The facility is planned to be opened in 2017.</p> <p>The new, multi-category manufacturing plant is part of a redesign of P&G's North American supply network.</p> <p>In the initial phase, the facility will create over 1,000 construction jobs, and, when it opens, will employ approximately 700 full-time, skilled P&G workers.</p>

Company	Country	Investment	Capacity	Launch data	Other details
Unilever	Turkey	EUR 150 million	-	-	On 22/11/2013 the company announced to make investment in a new manufacturing plant in Konya (Turkey) to increase its capacity in Home and Personal Care.



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