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Gartner Announces Ranking of Top European Supply Chain Organisations for 2013

Regional Supply Chain Leaders Were Revealed at Gartner Supply Chain Executive Conference 2013, 23-24 September in London

Egham, UK, 26 September, 2013 — Gartner, Inc., has revealed its annual ranking of the Top 15 supply chain organisations headquartered in Europe at its annual Supply Chain Executive Conference, which took place in London this week.

Gartner identified the top 15 performers headquartered in Europe, based on a combination of financial metrics (revenue growth, return on assets [ROA] and inventory), and the opinion of peers and Gartner supply chain analysts.

The top five includes four companies from last year — Unilever, Inditex, H&M and Nestlé (that were also listed in Gartner's Global Supply Chain Top 25) — and one new entrant, BASF, which has improved its position steadily. Four new companies joined the European top 15 ranking this year: Danone, L'Oréal, Diageo and GlaxoSmithKline (GSK).

"Top European supply chains span the automotive, chemical, consumer products, life science and retail sectors and are headquartered in a variety of European countries, including France, Germany, Spain, Sweden, Switzerland and the UK," said Christian Titze, research director at Gartner. "Supply chain executives can use Gartner's analysis of these leaders to develop and implement more integrated, collaborative and demand-driven supply chain strategies."

Table 1. Gartner Supply Chain Top 15, Europe

| 2013 Ranking, Europe | 2013 Ranking, Overall | Company | Return on Assets (ROA) ¹ | Inventory Turns ² | Revenue Growth ³ | Composite Score ⁴ |
|----------------------|-----------------------|--------------------------|-------------------------------------|------------------------------|-----------------------------|------------------------------|
| 1 | 4 | Unilever | 10.5% | 6.5 | 9.0% | 5.04 |
| 2 | 12 | Inditex | 18.0% | 4.2 | 13.4% | 3.85 |
| 3 | 17 | H&M | 28.2% | 3.7 | 6.7% | 3.22 |
| 4 | 21 | Nestlé | 13.3% | 5.1 | -0.6% | 2.51 |
| 5 | 27 | BASF | 8.4% | 5.7 | 13.3% | 2.29 |
| 6 | 29 | BMW | 3.7% | 5.7 | 13.8% | 2.00 |
| 7 | 31 | Volkswagen | 6.0% | 5.3 | 22.3% | 1.88 |
| 8 | 37 | AstraZeneca | 14.4% | 2.6 | -7.8% | 1.67 |
| 9 | 41 | Danone | 6.4% | 9.3 | 10.8% | 1.63 |
| 10 | 42 | L'Oréal | 9.4% | 3.2 | 8.8% | 1.61 |
| 11 | 43 | Syngenta | 9.2% | 1.7 | 8.9% | 1.57 |
| 12 | 45 | British American Tobacco | 13.5% | 0.9 | 1.3% | 1.54 |
| 13 | 48 | Tesco | 2.9% | 16.6 | 3.7% | 1.52 |
| 14 | 49 | Diageo | 8.9% | 1.1 | 5.6% | 1.51 |
| 15 | 51 | GlaxoSmithKline (GSK) | 10.1% | 2.0 | -2.8% | 1.47 |

1. **ROA:** (([2012 net income/2012 total assets] x 50%) + ([2011 net income / 2011 total assets] x 30%) + ([2010 net income / 2010 total assets] x 20%))

2. **Inventory Turns:** 2012 cost of goods sold/2012 quarterly average inventory

3. **Revenue Growth:** (([change in revenue 2012-2011] x 50%) + ([change in revenue 2011-2010] x 30%) + ([change in revenue 2010-2009] x 20%))

4. Composite Score: (peer opinion * 25%) + (Gartner opinion * 25%) + (ROA * 25%) + (inventory turns x 15%) + (revenue growth x 10%)
2012 data used where available. Where unavailable, latest available full-year data used.
All raw data normalized to a 10-point scale prior to composite calculation.
Rankings for tied composite scores are determined using a next-decimal-point comparison.
Source: Gartner (September 2013)

Unilever continues to climb higher in the rankings in 2013, to achieve fourth position on the global Supply Chain Top 25, while maintaining the No. 1 ranking in Europe. Unilever has continued to improve its financial performance and voting scores, demonstrating supply chain excellence and leadership year over year.

Spain's leading fashion retail group, Inditex, maintained the No. 2 position in Europe and reached twelfth position in the global Supply Chain Top 25 in 2013. The company demonstrates continuous growth and leadership, in an often fickle fashion environment, through its ability to manipulate the finer details of its end-to-end supply chain. Inditex also understands its consumers and is highly sensitive to trends. In addition, it effectively engages with social media and often shapes the fashion agenda.

Another fashion retailer, Sweden-based H&M, ranks No. 3 in Europe and seventeenth globally. This fast-moving retailer also uses social media effectively to sense what young and fashionable shoppers want. It is highly proficient at managing its product life cycles and can refresh its fashion ranges many times within retail seasons.

Nestlé, the Swiss food giant with diverse lines of business, maintains the No. 4 spot in Europe. Vendor management, the use of network modelling and a focus on sustainability have been crucial to improving its supply chain performance.

At No. 5, BASF, the Germany-based chemical giant, has been on the top 25 list for three consecutive years, and has improved in all categories this year. BASF has a complex value network that operates across several large sites around the world, with the output from one process used as primary material in another. This system requires complex design and operating schemes.

"Top European-headquartered supply chains bring a wide range of best practices to the supply chain community, ranging from advanced collaboration practices with upstream and downstream partners, to innovations in demand sensing and shaping capabilities, to integrated business planning that brings sales and operations planning to the next level," Mr Titze said.

Additional information is available in the report entitled "2013 Gartner Supply Chain Top 25: Europe" at <http://www.gartner.com/technology/supply-chain/top25.jsp>.

About the Gartner Supply Chain Top 25

The Supply Chain Top 25 rankings comprise two main components: financial and opinion. Public financial data gives a view of how companies have performed in the past, while the opinion component provides an eye to their future potential and reflects their expected future leadership, a crucial characteristic. These two components are combined into a composite score. Gartner analysts derive a master list of companies from the Fortune Global 500 and the Forbes Global 2000, with a revenue cut-off of \$10 billion. Gartner then pares the combined list down to the manufacturing, retail and distribution sectors, thus eliminating certain industries — such as financial services and insurance.

About Gartner

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