Beverages

US spirits growth remains solid (Nielsen to Feb 24th)

Industry Overview

05 March 2024

Equity
Europe
Beverages - Alcoholic

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Off-trade sales +6% YoY in the 4 weeks to Feb 24th

Industry sales grew +6.0% YoY in the 4wks to Feb 24th (vs +9.0%/+1.5% in the previous 2 periods). Excluding prepared cocktails, industry sales increased +3.6% YoY (vs prev. +6.6%/-0.7%, both of which distorted by calendar effects), with vol +0.8%, p/mix +2.8%.

Prepared cocktails +32%, Tequila +10%

Prepared cocktails continue to drive industry growth (c2.5pp), growing +32% YoY. Tequila remains strong at +10% (vs avg of +7% in 2023). US whiskey +5%, Canadian +6.5%. Vodka +2.5% (*Tito's* +5%). Cognac continues to lag (-7%). Brands adding most $ sales YoY: *High Noon*, *Tito's*, *NUTRL*, *Buffalo Trace*, *99 Liqueurs*. Main decliners: *Remy Martin*, *Captain Morgan*, *Hennessy*, *Skyy*, *Jameson*.

Diageo +3%, Pernod -2%, Campari flat, Rémy -18%

Diageo +3.2% YoY (prev. +4.9%). Recently launched *Crown Royal Blackberry* drives 2.9pp of growth in the period. *Don Julio* +19%, *Casamigos* flat, *Crown* (ex *Blackberry*) +1%, *Smirnoff* +1%. *Buchanan's* +8% (vs prev +50%, as *Pineapple* comps get tougher).

Pernod -1.8% (prev. +5.0%). *Jameson* -3% YoY, *Absolut* -3%, *Malibu* -6%, *Glenlivet* -17%. *Jefferson's* +3% YoY, *Monkey 47* +c100% and newly acquired Codigo *1530* +50%.

Campari -0.4% (prev. +3.7%), +25% on a 4-year stack (consistent with previous periods). *Aperol* +18%, *Espolon* +16%, *Wild Turkey* -2%, *Russell's Reserve* -11%, *Grand Marnier* -2%. *Skyy* -9%. Adjusting for brand weight (as Nielsen overstates the weight of *Skyy*, understating weight of the faster growing brands), we estimate Campari's growth in the 4-week period at c3.5%.

Rémy -18.0% (prev. -14.1%), with *Remy Martin* -25% (*1738* -21%). *Cointreau* +2%.

Exhibit 1: Nielsen US spirits sales performance summary
Industry sales grew +6.0% YoY

Sales chg (%)	30-Dec-23	27-Jan-24	24-Feb-24	4 yr stack	YTD vs 23
TOTAL SPIRITS	**1.5%**	**9.0%**	**6.0%**	**31%**	**7.5%**
DIAGEO	-2.8%	4.9%	3.2%	23%	4.0%
PERNOD RICARD	-5.2%	5.0%	-1.8%	12%	1.5%
CAMPARI AMERICA	1.2%	3.7%	-0.4%	22%	1.6%
REMY COINTREAU	-15.6%	-14.1%	-18.0%	0%	-16.1%
BEAM SUNTORY	-2.1%	5.0%	0.5%	17%	2.7%
SAZERAC	8.0%	12.0%	14.3%	30%	13.1%
BROWN-FORMAN	-0.6%	8.3%	3.2%	23%	5.7%
BACARDI	-4.9%	4.5%	0.5%	18%	2.5%
PROXIMO	-1.4%	10.8%	3.5%	35%	7.0%
MOET HENNESSY USA	-10.2%	-3.9%	-4.1%	0%	-4.0%
FIFTH GENERATION	3.6%	10.5%	5.3%	50%	7.8%

Source: Nielsen

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Refer to important disclosures on page 8 to 9.

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Timestamp: 05 March 2024 10:02AM EST

Nielsen US Spirits Tracker

Exhibit 2: Spirits categories snapshot
Prepared Cocktails and Tequila main growth drivers in the latest 4W period

	% Sales (52 weeks)	30-Dec-23	27-Jan-24	24-Feb-24	4 yr stack	YTD vs. 23
TOTAL SPIRITS	**100%**	**1.5%**	**9.0%**	**6.0%**	**33%**	**7.5%**
PREPARED COCKTAILS	12.1%	29%	37%	32%	423%	34%
BRANDY	1.5%	-5.3%	2.6%	-0.8%	-10%	0.9%
COGNAC	3.5%	-12.3%	-6.8%	-7.3%	10%	-7.1%
CORDIALS	6.9%	0.8%	11.7%	5.3%	34%	8.5%
GIN	2.2%	-0.6%	5.1%	2.3%	6%	3.7%
RUM	5.9%	-5.3%	1.4%	-2.8%	-4%	-0.7%
TEQUILA	11.6%	2.9%	14.7%	10.3%	89%	12.4%
VODKA	21.9%	0.8%	4.9%	2.5%	7%	3.7%
WHISKEY AMERICAN	18.4%	2.0%	9.3%	5.3%	33%	7.3%
WHISKEY CANADIAN	10.7%	-3.7%	3.5%	6.5%	27%	5.0%
WHISKEY IRISH	2.3%	-7.3%	2.5%	-2.2%	13%	0.1%
WHISKEY SCOTCH	2.8%	-4.3%	6.0%	-3.8%	1%	0.9%

Source: Nielsen

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Exhibit 3: Spirits price brackets snapshot
Ultra-premium brands outperform

	% Sales (52 weeks)	30-Dec-23	27-Jan-24	24-Feb-24	4 yr stack	L52W
TOTAL SPIRITS	**100%**	**1.5%**	**9.0%**	**6.0%**	**33%**	**6.1%**
VALUE	8%	1.7%	5.7%	5.3%	-1%	1.4%
MID	29%	3.1%	8.9%	5.9%	19%	7.6%
PREMIUM	37%	1.9%	9.6%	5.1%	50%	7.8%
SUPER	20%	-5.4%	4.8%	1.3%	36%	-0.3%
ULTRA	7%	15.9%	24.3%	21.0%	160%	16.3%

Source: Nielsen

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Exhibit 4: Spirits Top 10 Value Gainers / Losers
Prepared cocktails dominate the Top-10 gainers; Key Cognac brands sales decline

		4 weeks		12 weeks		52 weeks	
Brand	**Owner**	**Absolute chg (yoy)**	**% chg (yoy)**	**Absolute chg (yoy)**	**% chg (yoy)**	**Absolute chg (yoy)**	**% chg (yoy)**
Top 10 Gainers							
High Noon Cocktail	EJ Gallo	8,258,031	52%	22,925,455	49%	140,358,984	53%
Tito's Vodka	Tito's	2,501,065	5%	9,238,463	6%	50,386,883	8%
NUTRL Cocktail	ABI	2,293,582	91%	7,713,092	114%	44,969,722	173%
Buffalo Trace	Sazerac	2,291,427	87%	4,715,392	47%	15,334,495	36%
99 Liqueurs	Sazerac	2,224,784	26%	6,925,543	28%	31,026,168	31%
Cutwater Cocktail	ABI	2,035,059	29%	7,161,871	36%	35,782,475	37%
New Amsterdam Vodka	EJ Gallo	1,851,349	13%	5,060,421	11%	14,338,359	7%
Don Julio	Diageo	1,839,811	19%	6,017,705	17%	12,758,377	9%
Jack Daniel's RTD	Brown-Forman	1,573,770	208%	4,822,339	199%	26,469,501	219%
Long Drink Cocktail	Sakari Manninen	1,545,452	137%	4,786,871	150%	24,356,889	173%
Top 10 Losers							
UV Vodka	Boston Beer	-449,966	-32%	-1,090,906	-27%	12,283,071	191%
Jagermeister	Mast-Jägermeister	-462,991	-8%	-1,161,424	-6%	-3,996,323	-5%
Glenlivet	Pernod Ricard	-468,316	-17%	-1,332,191	-13%	-5,063,526	-13%
Ciroc	Diageo	-488,478	-15%	-2,045,278	-19%	-10,374,405	-20%
Svedka	Constellation Brands	-536,802	-6%	-1,647,806	-6%	-5,653,547	-5%
Jameson	Pernod Ricard	-538,024	-3%	-1,936,047	-3%	-3,246,725	-1%
Skyy	Campari	-541,319	-9%	-1,525,509	-9%	-6,219,804	-8%
Hennessy	LVMH	-602,844	-3%	-3,469,181	-5%	-11,583,009	-4%
Captain Morgan Rum	Diageo	-1,178,809	-7%	-3,715,513	-7%	-13,597,703	-6%
Remy Martin	Remy Cointreau	-1,600,504	-25%	-4,807,160	-23%	-19,255,680	-21%

Source: Nielsen

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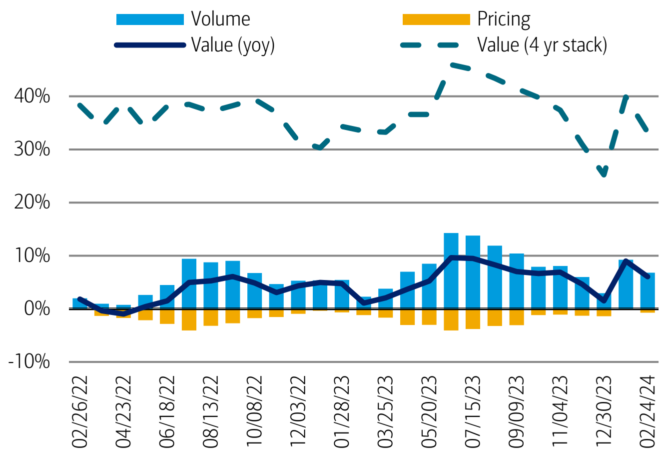
Exhibit 5: Nielsen US Spirits sales
Sales +6% YoY



Source: Nielsen

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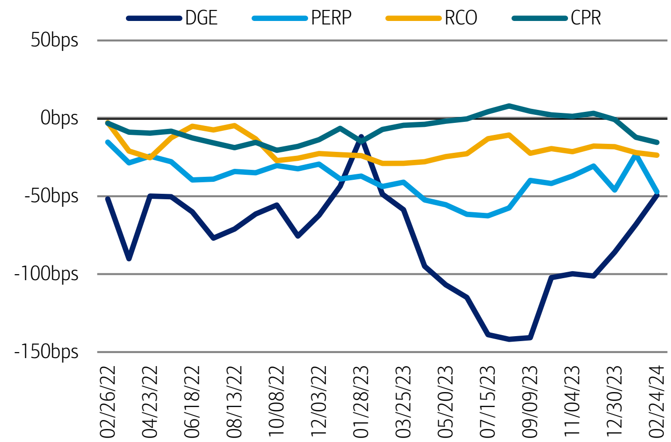
Exhibit 6: DGE, RI, RCO & CPR market share change y-o-y
Diageo market share decline moderates (-c50bps in the latest period)



Source: Nielsen

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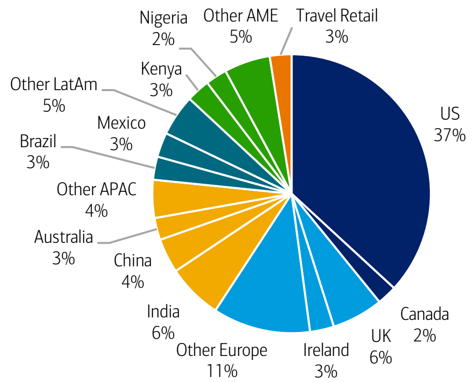
Diageo: value +3.2% and volume -0.7%

Exhibit 7: Diageo sales split by country (FY23)
The US accounts for c40% of group sales



Source: Company Reports, BofA Global Research estimates

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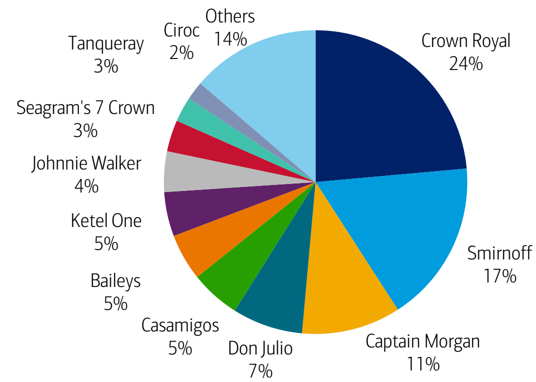
Exhibit 8: Diageo latest 52 weeks US sales split by brands
Crown Royal accounts for almost ¼ of US off-trade sales



Source: Nielsen

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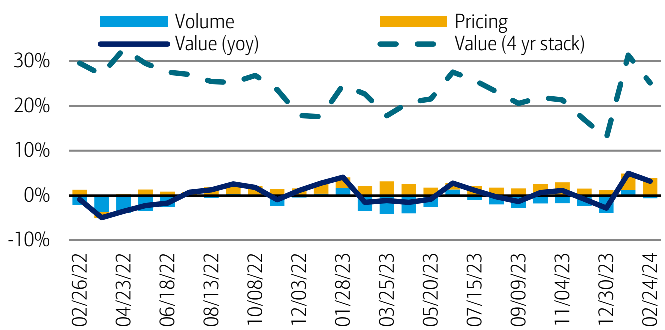
Exhibit 9: Diageo US spirits sales
Diageo sales +3.2% YoY



Source: Nielsen

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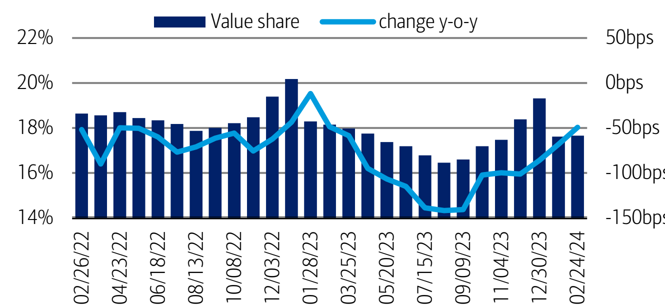
Exhibit 10: Diageo US market share trends
Diageo market share loss moderates (-c50bps in the last 4W)



Source: Nielsen

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Exhibit 11: Diageo US Spirits summary
Diageo performance: *Don Julio* drives growth

	% Sales (52 weeks)	30-Dec-23	27-Jan-24	24-Feb-24	4 yr stack	YTD vs. 2023	$ change yoy	% contribution
DIAGEO	**100%**	**-2.8%**	**4.9%**	**3.2%**	**25%**	**4.0%**	**4,759,429**	**3.2%**
CROWN ROYAL	24%	-5.1%	5.2%	13.0%	36.2%	9.2%	4,777,933	3.2%
CROWN ROYAL REG CANADIAN WSKY	11%	-5.0%	5.3%	0.0%	5.0%	2.6%	6,271	0.0%
CROWN ROYAL APPLE CNDN WSKY	6.7%	-4.4%	3.7%	-3.1%	21%	0.2%	-350,560	-0.2%
CROWN ROYAL PEACH WSKY	3.1%	-13.6%	2.4%	4%	349.1%	3.1%	178,443	0.1%
SMIRNOFF VODKA	17%	3.7%	3.0%	1.2%	2.1%	2.1%	317,882	0.2%
CAPTAIN MORGAN RUM	11%	-9.1%	-2.4%	-7.0%	-10%	-4.7%	-1,178,809	-0.8%
DON JULIO	7.5%	12.0%	23.0%	19.1%	213%	21.1%	1,839,811	1.2%
CASAMIGOS TEQUILA	5.3%	-9.8%	-0.7%	0.4%	278%	-0.2%	26,794	0.0%
BAILEYS	5.0%	0.7%	20.1%	3.6%	15%	12.1%	235,834	0.2%
KETEL ONE	4.7%	-1.0%	0.0%	-1.9%	7.3%	-1.0%	-138,354	-0.1%
JOHNNIE WALKER	4.3%	-4.9%	1.2%	-3.3%	13%	-1.1%	-221,090	-0.1%
BULLEIT WHISKEY	4.8%	-8.1%	2.8%	-3%	32%	-0.1%	-215,169	-0.1%
SEAGRAM'S 7 CROWN	3.4%	0.0%	5.8%	-0.3%	-5.7%	2.7%	-17,367	0.0%
TANQUERAY GIN	2.7%	-2.8%	-1.1%	0.4%	7.4%	-0.3%	16,449	0.0%
CIROC	2.0%	-25.9%	-11.1%	-15%	-33%	-13.0%	-488,478	-0.3%
BUCHANAN'S	2.5%	11.6%	50.3%	8%	56%	28.1%	264,203	0.2%
CROWN ROYAL COCKTAIL	1.6%	-19.9%	-8.0%	-13%	NA	-10.5%	-294,004	-0.2%
AVIATION GIN	0.3%	-24.1%	-20.8%	-13.0%	58%	-16.9%	-56,028	0.0%
KETEL ONE COCKTAIL	0.3%	76.7%	42.4%	39%	NA	40.4%	135,113	0.1%

Source: Nielsen

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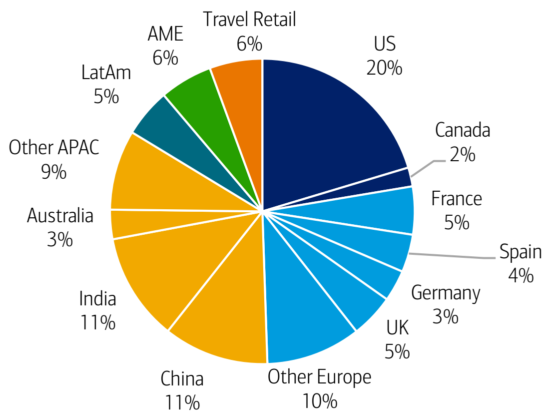
Pernod Ricard: value -1.8%, volume +2.1%

Exhibit 12: Pernod – sales split by country (FY23)

The US represents c20% of group sales



Source: Company Reports, BofA Global Research estimates

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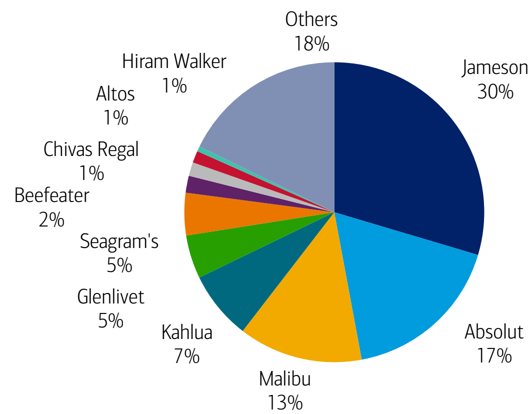
Exhibit 13: Pernod latest 52 weeks US sales split by brands

Jameson and *Absolut* account for almost half of Pernod's US off-trade sales



Source: Nielsen

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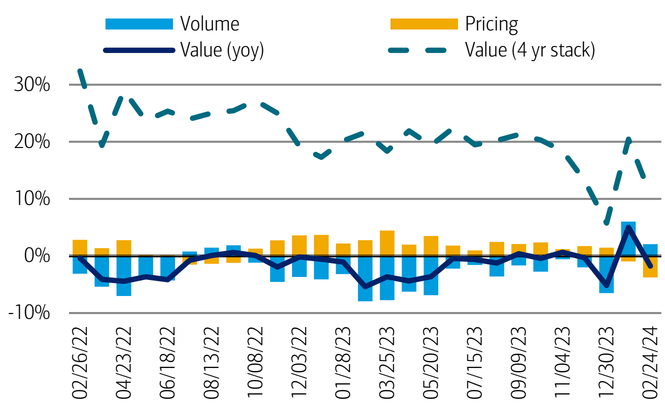
Exhibit 14: Pernod US spirits sales

Pernod sales summary; sales -1.8% in the latest period



Source: Nielsen

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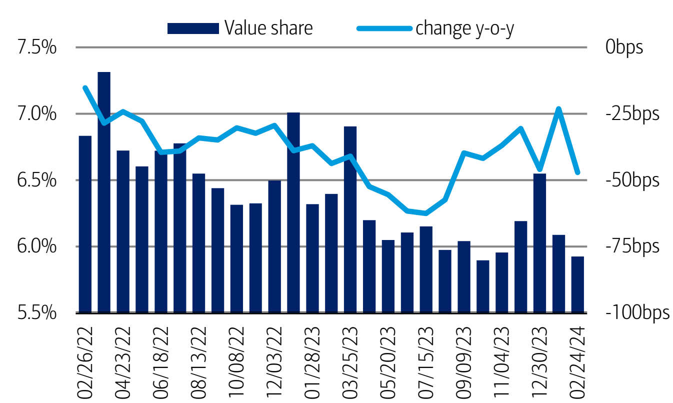
Exhibit 15: Pernod US market share trends

Pernod share deteriorates sequentially (-47bps in the latest 4W)



Source: Nielsen

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Exhibit 16: Pernod US Spirits summary

Pernod performance snapshot

	% Sales (52 weeks)	30-Dec-23	27-Jan-24	24-Feb-24	4 yr stack	YTD vs. 23	$ change yoy	% contribution
PERNOD RICARD	**100%**	**-5%**	**5%**	**-1.8%**	**11%**	**1.5%**	**-936,362**	**-1.8%**
JAMESON	30%	-7%	2%	-3.2%	11%	-0.6%	-538,024	-1.0%
ABSOLUT	17%	-3%	3%	-2.9%	-8%	0.1%	-274,000	-0.5%
MALIBU	13%	-9%	5%	-5.8%	21%	-0.6%	-372,338	-0.7%
KAHLUA	7%	-3%	10%	-2.1%	19%	4.4%	-77,999	-0.1%
SEAGRAM'S GIN	5%	4%	10%	10.1%	-20%	10.1%	248,665	0.5%
GLENLIVET	5%	-13%	-9%	-17%	-7%	-12.7%	-468,316	-0.9%
BEEFEATER GIN	2%	1%	8%	0.4%	-5%	4.0%	4,150	0.0%
ALTOS TQLA	1%	-14%	2%	-2.4%	-16%	-0.3%	-15,757	0.0%
CHIVAS REGAL	1%	-8%	0%	-9.6%	-22%	-4.9%	-82,590	-0.2%
JEFFERSON'S WSKY	2%	13%	30%	5.7%	172%	16.7%	64,431	0.1%
HIRAM WALKER CORDIAL	1%	1%	-1%	16%	-38%	6.8%	42,612	0.1%
MARTELL	1%	-18%	-23%	-5.5%	101%	-14.2%	-28,908	-0.1%
ABSOLUT COCKTAIL	2%	16%	42%	62.4%	NA	52.7%	511,113	1.0%
AVION TQLA	0%	-37%	-34%	-37%	-21%	-35.6%	-116,700	-0.2%
KAHLUA COCKTAIL	0%	4%	15%	17%	-60%	15.6%	26,441	0.0%
REDBREAST IRISH	1%	-12%	-18%	-18%	67%	-17.9%	-66,958	-0.1%
MALIBU COCKTAIL	2%	68%	85%	72%	195%	77.8%	371,975	0.7%

Source: Nielsen

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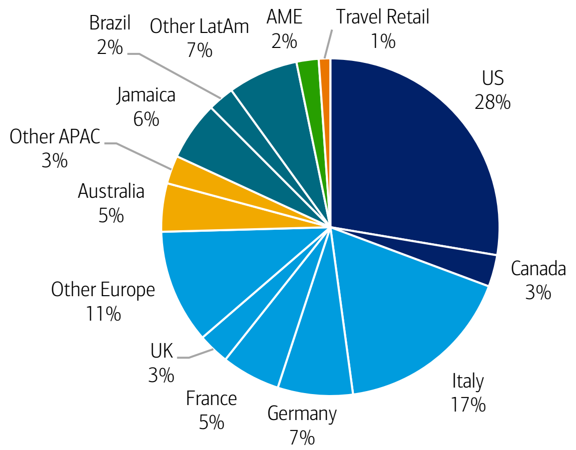
Campari: value -0.4% and volume -3.2%

Exhibit 17: Campari sales split by country (FY22)
The US accounts for 28% of group sales



Source: Company Reports, BofA Global Research estimates

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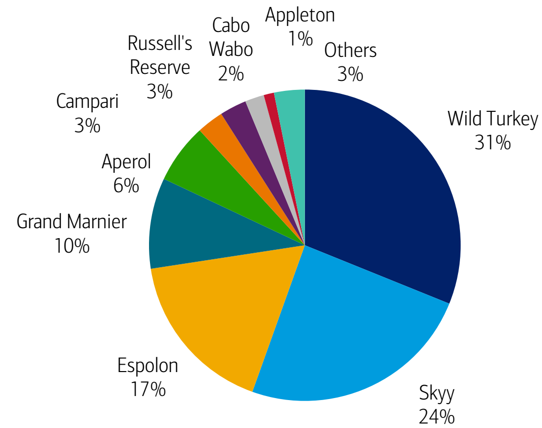
Exhibit 18: Campari latest 52 weeks US sales split by brand
Wild Turkey accounts for c1/3 of US off-trade sales



Source: Nielsen. Note: brands such as *Skyy* are over-represented on Nielsen (large off-trade skew)

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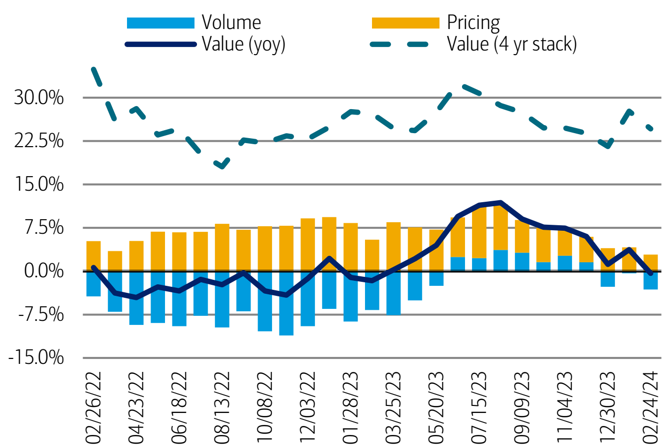
Exhibit 19: Campari US spirits sales
Campari sales -0.4% YoY



Source: Nielsen

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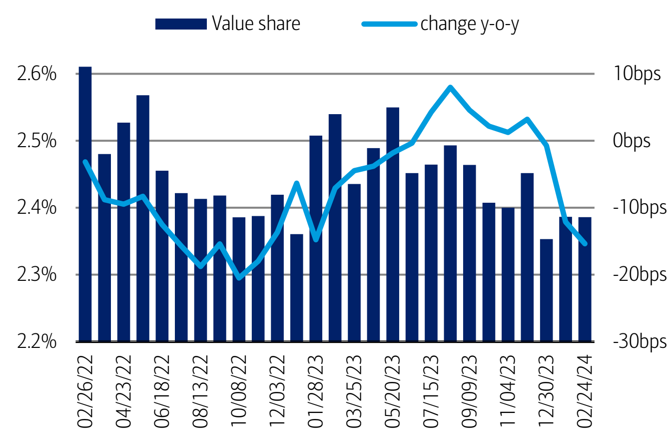
Exhibit 20: Campari US market share trends
Campari loses some share YoY



Source: Nielsen

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Exhibit 21: Campari US Spirits summary
Espolon and *Aperol* growing double-digit

	% Sales (52 weeks)	30-Dec-23	27-Jan-24	24-Feb-24	4 yr stack	YTD vs. 23	$ change yoy	% contribution
CAMPARI AMERICA	**100%**	**1%**	**4%**	**-0.4%**	**25%**	**2%**	**-79,789**	**-0.4%**
SKYY	24%	-10%	-6%	-9.3%	-24%	-8%	-541,319	-2.6%
WILD TURKEY	31%	1%	1%	-1.7%	42%	0%	-119,692	-0.6%
ESPOLON	17%	12%	22%	16%	145%	19%	510,929	2.4%
GRAND MARNIER	9.4%	-5%	4%	-1.7%	10%	1%	-32,868	-0.2%
APEROL	6.2%	41%	28%	18%	172%	23%	137,420	0.7%
CAMPARI	2.8%	3%	1%	5.8%	69%	3%	31,143	0.1%
CABO WABO	2.0%	-17%	-15%	-16.5%	6%	-16%	-68,937	-0.3%
RUSSELL'S RESERVE	2.8%	2%	15%	-11%	113%	1%	-61,404	-0.3%
APPLETON	1.1%	2%	21%	12%	54%	17%	24,247	0.1%
WRAY & NEPHEW WO RUM	1.0%	7%	-17%	-5.2%	45%	-11%	-10,975	-0.1%

Source: Nielsen

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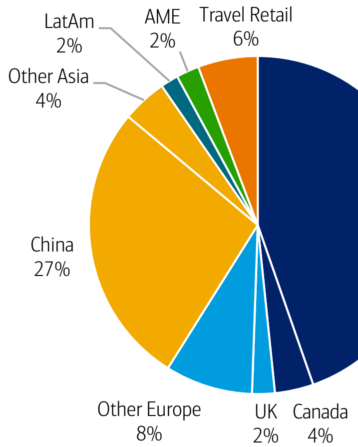
Remy Cointreau: sales -18%/volume -16%

Exhibit 22: Remy sales split by country (FY23)
The US represents 45% of group sales



Source: Company Reports, BofA Global Research estimates

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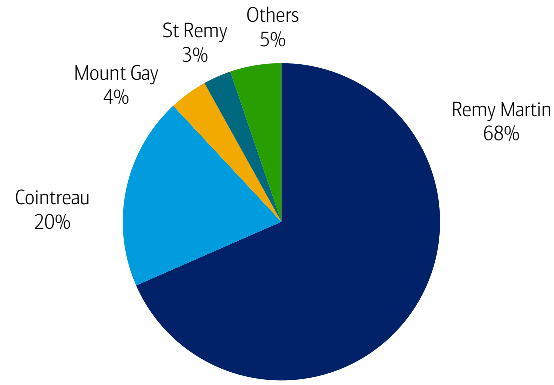
Exhibit 23: Remy latest 52 weeks US sales split by brands
Remy Martin accounts for c70% of US off-trade sales



Source: Nielsen

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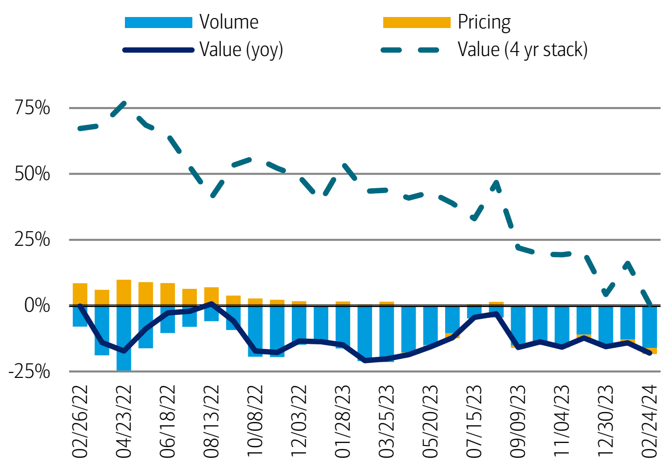
Exhibit 24: Remy US spirits sales
Remy sales summary: -18% in the latest period



Source: Nielsen

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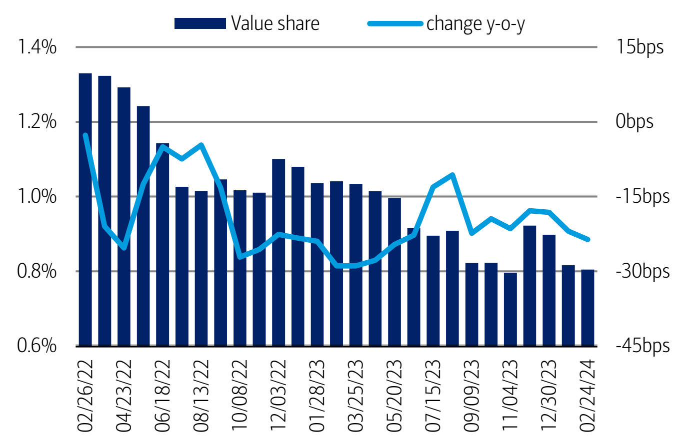
Exhibit 25: Remy US market share trends
Remy market share declines (-24bps) YoY



Source: Nielsen

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Exhibit 26: Remy US Spirits summary
Remy Martin sales declined -25% (underperforming cognac category)

	% Sales (52 weeks)	30-Dec-23	27-Jan-24	24-Feb-24	4 yr stack	YTD vs. 23	$ change yoy	% contribution
REMY COINTREAU	**100%**	**-15.6%**	**-14.1%**	**-18%**	**1%**	**-16%**	**-1,552,552**	**-18.0%**
REMY MARTIN	68%	-22.2%	-21.1%	-25%	-12%	-23%	-1,600,504	-18.6%
REMY MARTIN VSOP COGNAC	40%	-26.8%	-25.6%	-30%	-29%	-28%	-1,118,572	-13.0%
REMY MARTIN 1738 COGNAC	25%	-17.3%	-16.4%	-20%	26%	-18%	-453,495	-5.3%
COINTREAU	20%	-1.0%	5.8%	2%	66%	4%	22,690	0.3%
MOUNT GAY	3.9%	-0.4%	17.4%	13%	-3%	15%	33,818	0.4%
ST REMY	2.8%	0.3%	7.0%	0%	21%	4%	593	0.0%

Source: Nielsen

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