Beverages

US spirits have a better start to the year (Nielsen to Jan 27th)

Industry Overview

06 February 2024

Equity
Europe
Beverages - Alcoholic

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Off-trade sales +9% YoY in the 4 weeks to Jan 27th

Industry sales grew +9.0% YoY in the 4wks to Jan 27th (vs +1.5%/+4.6% in the previous 2 periods). Excluding prepared cocktails, industry sales increased +6.6% YoY (vs prev. -0.7%/+2.0%), with a positive contribution from both volume (+3.3%), and p/mix (+3.2%). That said, just looking at the last 3 weeks (to strip out the calendar effect on the first week of the year), industry growth was +5.8% (and +3.7% ex prep. cocktails).

Tequila accelerates to +15% (+7% last 3 weeks)

Prepared cocktails continue to drive industry growth (c2.5pp), growing +37% YoY (+30% 3-weeks). Tequila accelerated (to +15%, but +7% in the last 3 weeks). US whiskey was strong too (+10%. +8% 3-wks). Scotch +6% (-1% 3-wks). Vodka +5% (+3% 3-wks). Cognac lost share of spirits sequentially and continued to decline YoY (-7%, -12% 3-wks). Brands adding most $ sales YoY: *High Noon, Tito's, NUTRL, Don Julio, Cutwater.* Main decliners: *Remy Martin, Hennessy, Captain Morgan, Skyy, Truly Cocktail.*

Diageo +5%, Pernod +5%, Campari +4%, Rémy -14%

Diageo +4.9% YoY (3-wk +0.4%). *Don Julio* drives growth (+23%), *Casamigos* -1%, *Crown* +5%, *Smirnoff* +3%, *Bulleit* +3%. *Buchanan's* +50% (driven by *Pineapple*), *Baileys* +20%.

Pernod +5.0% (3-wk +1.1%). *Jameson* +2% YoY (3-wk -1%), *Absolut* +3%. *Malibu* +5% and *Kahlua* +10% improved. *Jefferson's* +28% YoY, *Monkey 47* +c200% and newly acquired Codigo *1530* +52% and *Bumbu* +19%.

Campari +4.0% (3-wk +0.7%), with *Aperol* +28% (3-wk +16%), *Espolon* +22%, *Wild Turkey* +2%, *Grand Marnier* +4%. *Skyy* -7%. 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 c7.5% (c+3% last 3-wks).

Rémy -14.1% (3-wk -21%), with *Remy Martin* -21% (3-wk -29%). *Cointreau* +6%.

Exhibit 1: Nielsen US spirits sales performance summary
Industry sales grew +9.0% YoY, supported by a positive calendar effect

Sales chg (%)	02-Dec-23	30-Dec-23	27-Jan-24	4 yr stack	YTD vs 23
TOTAL SPIRITS	**4.6%**	**1.5%**	**9.0%**	**40%**	**9.0%**
DIAGEO	-1.0%	-2.9%	4.9%	32%	4.9%
PERNOD RICARD	-0.3%	-5.2%	5.0%	20%	5.0%
CAMPARI AMERICA	6.5%	1.6%	4.0%	28%	4.0%
REMY COINTREAU	-12.3%	-15.6%	-14.1%	16%	-14.1%
BEAM SUNTORY	-0.1%	-2.1%	5.0%	22%	5.0%
SAZERAC	7.8%	8.0%	12.1%	36%	12.1%
BROWN-FORMAN	2.5%	-0.7%	8.3%	31%	8.3%
BACARDI	-1.3%	-5.0%	4.5%	30%	4.5%
PROXIMO	2.2%	-1.4%	10.8%	52%	10.8%
MOET HENNESSY USA	-5.7%	-10.2%	-4.0%	16%	-4.0%
FIFTH GENERATION	7.3%	3.6%	10.5%	60%	10.5%

Source: Nielsen

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Refer to important disclosures on page 8 to 9.
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Timestamp: 06 February 2024 09:38AM EST

Nielsen US Spirits Tracker

Exhibit 2: Spirits categories snapshot

Prepared Cocktails, Tequila and US Whiskey main growth drivers in the latest 4W period

	% Sales (52 weeks)	02-Dec-23	30-Dec-23	27-Jan-24	4 yr stack	YTD vs. 23
TOTAL SPIRITS	**100%**	**4.6%**	**1.5%**	**9.0%**	**40%**	**9.0%**
PREPARED COCKTAILS	12.0%	34%	29%	37%	449%	37%
BRANDY	1.5%	-3.1%	-5.3%	2.6%	-5%	2.6%
COGNAC	3.5%	-8.8%	-12.3%	-6.9%	22%	-6.9%
CORDIALS	6.9%	1.9%	0.3%	11.2%	52%	11.2%
GIN	2.2%	1.6%	-0.7%	5.1%	7%	5.1%
RUM	6.0%	-2.1%	-5.2%	1.6%	2%	1.6%
TEQUILA	11.6%	7.4%	2.9%	14.7%	110%	14.7%
VODKA	21.9%	3.0%	0.8%	4.9%	11%	4.9%
WHISKEY AMERICAN	18.4%	5.3%	2.3%	9.6%	40%	9.6%
WHISKEY CANADIAN	10.7%	-2.3%	-3.7%	3.4%	28%	3.4%
WHISKEY IRISH	2.3%	-1.3%	-7.4%	2.4%	20%	2.4%
WHISKEY SCOTCH	2.8%	-0.4%	-4.3%	6.0%	16%	6.0%

Source: Nielsen

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Exhibit 3: Spirits price brackets snapshot

Ultra-premium brands outperform

	% Sales (52 weeks)	02-Dec-23	30-Dec-23	27-Jan-24	4 yr stack	L52W
TOTAL SPIRITS	**100%**	**4.6%**	**1.5%**	**9.0%**	**40%**	**5.7%**
VALUE	8%	2.3%	1.9%	6.0%	0%	0.8%
MID	29%	6.1%	3.1%	8.9%	21%	7.3%
PREMIUM	37%	6.0%	1.9%	9.6%	60%	7.6%
SUPER	20%	-2.7%	-5.5%	4.3%	49%	-0.5%
ULTRA	7%	19.8%	15.8%	24.1%	195%	15.0%

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	7,285,109	53%	23,067,533	48%	138,845,113	54%
Tito's Vodka	Tito's	4,636,406	11%	10,479,789	7%	50,163,843	8%
NUTRL Cocktail	ABI	2,358,565	123%	8,647,390	134%	44,796,053	187%
Don Julio	Diageo	2,249,637	23%	6,311,318	17%	10,272,342	7%
Cutwater Cocktail	ABI	2,113,893	35%	7,961,339	41%	35,762,479	38%
New Amsterdam Vodka	EJ Gallo	1,981,230	14%	4,441,896	10%	12,493,069	6%
99 Liqueurs	Sazarec	1,910,806	23%	7,462,089	30%	30,458,851	31%
Jose Cuervo	Jose Cuervo	1,639,107	10%	1,378,324	2%	8,037,800	3%
Jack Daniel's RTD	Brown-Forman	1,529,659	215%	4,955,441	195%	25,049,073	210%
Buchanan's	Diageo	1,502,723	50%	3,340,828	24%	10,410,266	24%
Top 10 Losers							
UV Vodka	Phillips Distilling Co	-291,331	-19%	-624,042	-13%	-1,287,054	-6%
5 O'Clock Vodka	Laird & Co	-296,363	-33%	-753,604	-28%	-1,335,240	-11%
Svedka	Constellation Brands	-313,556	-4%	-1,443,130	-5%	-5,472,365	-4%
Disaronno	Illva Saronno	-321,859	-14%	-1,822,537	-18%	-446,136	-2%
Ciroc	Diageo	-327,191	-11%	-2,350,027	-20%	-10,731,665	-20%
Truly Cocktail	Boston Beer	-363,916	-29%	-761,969	-20%	14,144,432	282%
Skyy	Campari	-372,065	-7%	-1,445,366	-8%	-6,409,105	-8%
Captain Morgan Rum	Diageo	-401,278	-2%	-4,136,823	-7%	-13,603,799	-6%
Hennessy	LVMH	-557,781	-3%	-3,924,368	-6%	-10,294,459	-4%
Remy Martin	Remy Cointreau	-1,289,522	-21%	-4,574,776	-20%	-19,763,718	-21%

Source: Nielsen

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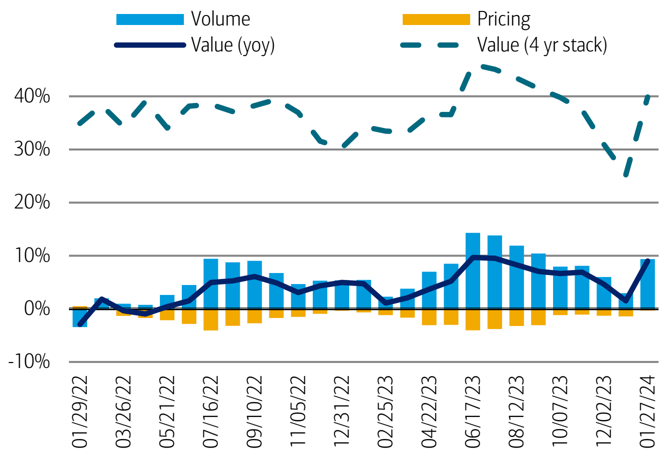
Exhibit 5: Nielsen US Spirits sales
Sales +9% YoY



Source: Nielsen

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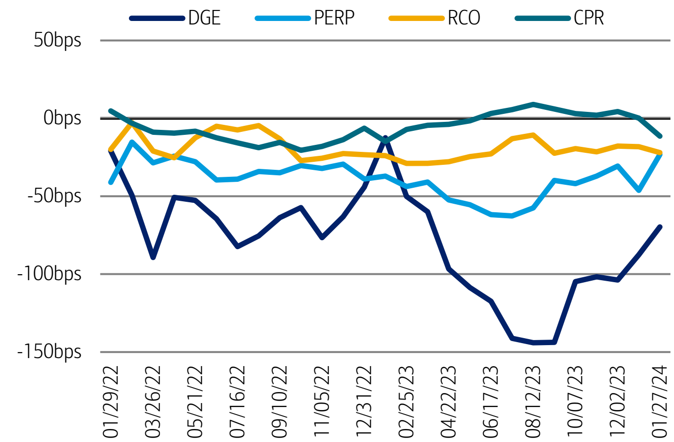
Exhibit 6: DGE, RI, RCO & CPR market share change y-o-y
Diageo market share decline moderates (-70bps in the latest period)



Source: Nielsen

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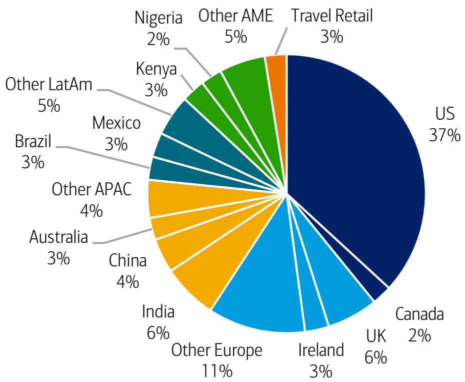
Diageo: value +4.9% and volume +1.0%

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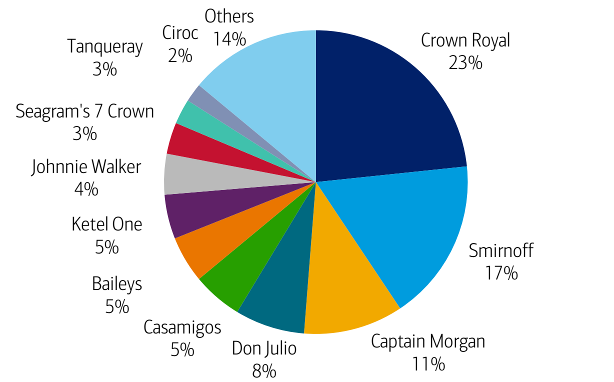
Exhibit 8: Diageo latest 52 weeks US sales split by brands
Crown Royal accounts for almost ¼ of US off-trade sales



Source: Nielsen

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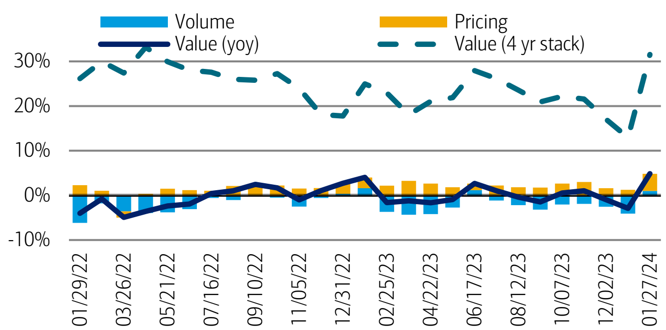
Exhibit 9: Diageo US spirits sales
Diageo sales +4.9% YoY



Source: Nielsen

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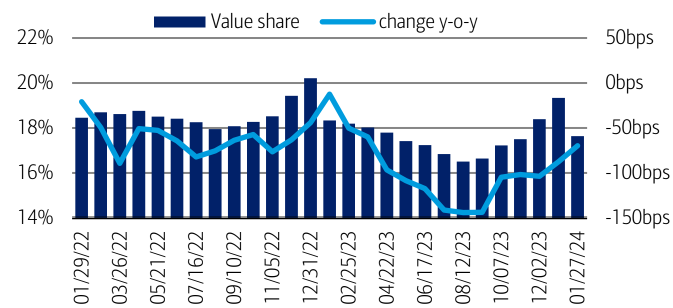
Exhibit 10: Diageo US market share trends
Diageo market share loss moderates (-70bps in the last 4W)



Source: Nielsen

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

	% Sales (52 weeks)	02-Dec-23	30-Dec-23	27-Jan-24	4 yr stack	YTD vs. 2023	$ change yoy	% contribution
DIAGEO	**100%**	**-1.0%**	**-2.9%**	**4.9%**	**32%**	**4.9%**	**7,050,672**	**4.9%**
CROWN ROYAL	23%	-3.8%	-5.2%	5.1%	33.2%	5.1%	1,789,386	1.2%
CROWN ROYAL REG CANADIAN WSKY	11%	-3.0%	-5.3%	5.3%	13.6%	5.3%	830,663	0.6%
CROWN ROYAL APPLE CNDN WSKY	6.7%	-1.0%	-4.2%	3.8%	36%	3.8%	388,101	0.3%
CROWN ROYAL PEACH WSKY	3.1%	-10.7%	-13.7%	2%	952.4%	2.4%	106,008	0.1%
SMIRNOFF VODKA	17%	4.2%	3.8%	3.1%	3.2%	3.1%	796,680	0.5%
CAPTAIN MORGAN RUM	11%	-7.8%	-9.2%	-2.5%	-6%	-2.5%	-401,278	-0.3%
DON JULIO	7.4%	18.1%	11.9%	23.0%	267%	23.0%	2,249,637	1.6%
CASAMIGOS TEQUILA	5.3%	-4.6%	-9.8%	-0.7%	330%	-0.7%	-50,439	0.0%
BAILEYS	5.0%	-4.6%	0.7%	20.1%	52%	20.1%	1,393,622	1.0%
KETEL ONE	4.7%	0.9%	-1.0%	0.0%	13.1%	0.0%	-3,098	0.0%
JOHNNIE WALKER	4.3%	-1.3%	-4.9%	1.2%	29%	1.2%	81,400	0.1%
BULLEIT WHISKEY	4.8%	-0.9%	-8.1%	3%	43%	2.8%	199,726	0.1%
SEAGRAM'S 7 CROWN	3.4%	3.9%	-0.1%	5.5%	0.8%	5.5%	285,207	0.2%
TANQUERAY GIN	2.7%	-0.6%	-2.8%	-1.1%	7.6%	-1.1%	-38,873	0.0%
CIROC	2.0%	-19.9%	-25.9%	-11%	-24%	-11.1%	-327,191	-0.2%
BUCHANAN'S	2.5%	26.1%	11.6%	50%	128%	50.3%	1,502,723	1.0%
CROWN ROYAL COCKTAIL	1.6%	-13.6%	-19.9%	-8%	NA	-8.0%	-167,673	-0.1%
AVIATION GIN	0.3%	-16.1%	-24.1%	-20.8%	45%	-20.8%	-86,793	-0.1%
KETEL ONE COCKTAIL	0.3%	31.1%	76.7%	42%	NA	42.4%	126,485	0.1%

Source: Nielsen

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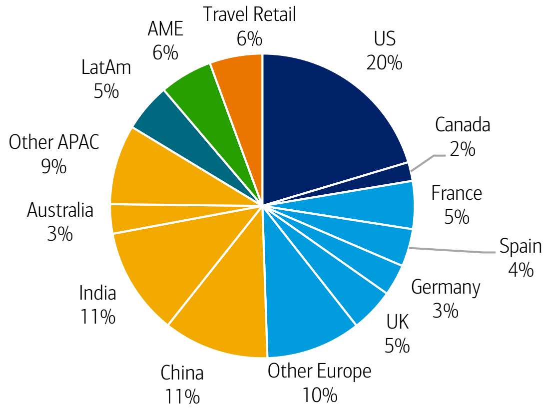
Pernod Ricard: value +5.0%, volume +6%

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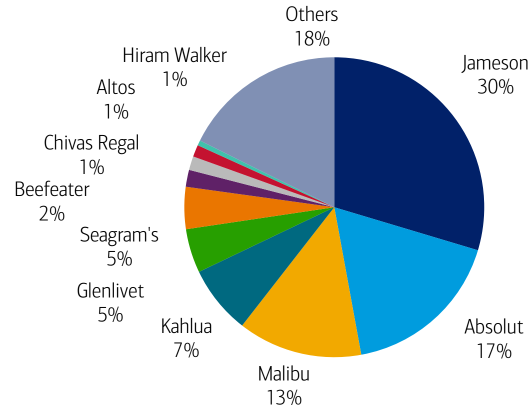
Exhibit 13: Pernod latest 52 weeks US sales split by brands

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



Source: Nielsen

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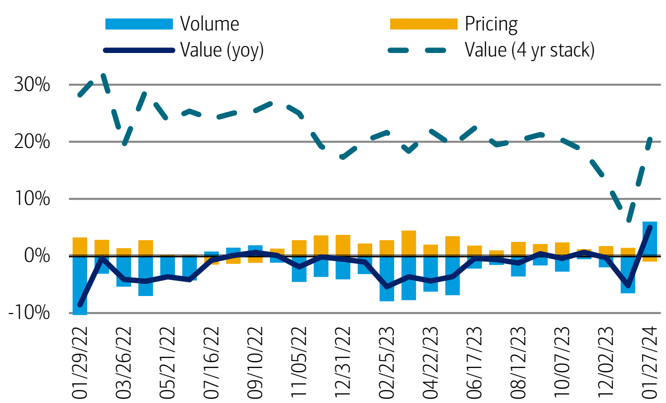
Exhibit 14: Pernod US spirits sales

Pernod sales summary; sales +5.0% in the latest period



Source: Nielsen

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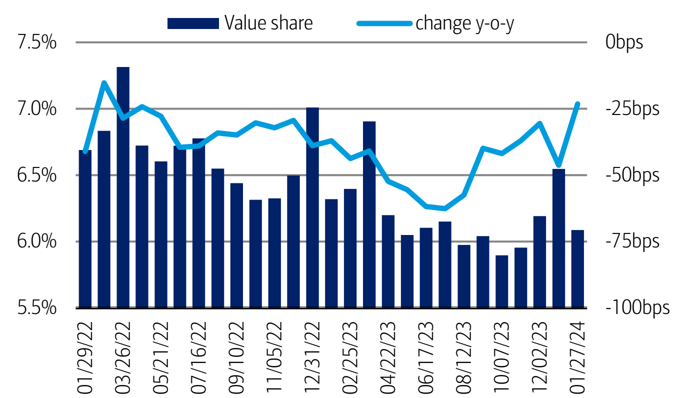
Exhibit 15: Pernod US market share trends

Pernod share improves sequentially (-23bps in the latest 4W)



Source: Nielsen

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Exhibit 16: Pernod US Spirits summary

Pernod performance snapshot: *Jefferson's* drives improvement

	% Sales (52 weeks)	02-Dec-23	30-Dec-23	27-Jan-24	4 yr stack	YTD vs. 23	$ change yoy	% contribution
PERNOD RICARD	**100%**	**0%**	**-5%**	**5.0%**	**20%**	**5.0%**	**2,499,640**	**5.0%**
JAMESON	30%	-2%	-7%	2.1%	19%	2.1%	326,744	0.7%
ABSOLUT	17%	4%	-3%	3.2%	-4%	3.2%	281,032	0.6%
MALIBU	13%	-1%	-9%	5.3%	43%	5.3%	304,499	0.6%
KAHLUA	7%	-2%	-3%	10.5%	43%	10.5%	425,397	0.9%
SEAGRAM'S GIN	5%	5%	4%	10.1%	-22%	10.1%	242,576	0.5%
GLENLIVET	5%	-11%	-13%	-9%	11%	-8.6%	-227,402	-0.5%
BEEFEATER GIN	2%	-1%	1%	7.9%	-1%	7.9%	68,846	0.1%
ALTOS TQLA	1%	-1%	-14%	2.0%	-9%	2.0%	11,869	0.0%
CHIVAS REGAL	1%	-1%	-8%	0.0%	-14%	0.0%	-407	0.0%
JEFFERSON'S WSKY	2%	17%	13%	30.0%	230%	30.0%	278,775	0.6%
HIRAM WALKER CORDIAL	1%	-4%	1%	-1%	-37%	-0.6%	-1,787	0.0%
MARTELL	1%	-17%	-18%	-22.8%	65%	-22.8%	-122,919	-0.2%
ABSOLUT COCKTAIL	2%	18%	16%	41.7%	NA	41.7%	304,177	0.6%
AVION TQLA	0%	-46%	-37%	-34%	-7%	-33.8%	-98,312	-0.2%
KAHLUA COCKTAIL	0%	14%	4%	15%	-57%	14.7%	25,166	0.1%
REDBREAST IRISH	1%	-2%	-12%	-18%	63%	-18.4%	-59,091	-0.1%
MALIBU COCKTAIL	2%	77%	68%	85%	275%	84.7%	366,643	0.7%

Source: Nielsen

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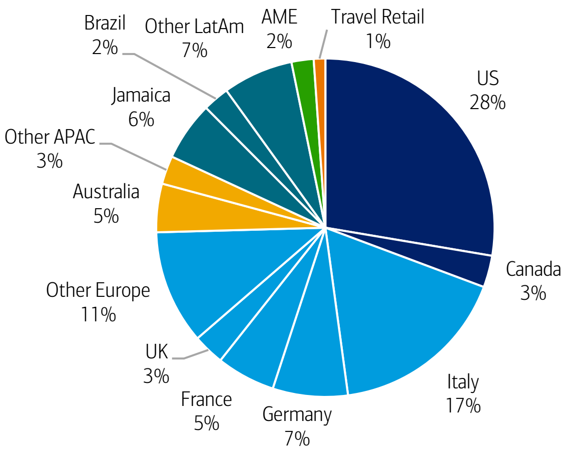
Campari: value +4% and volume flat

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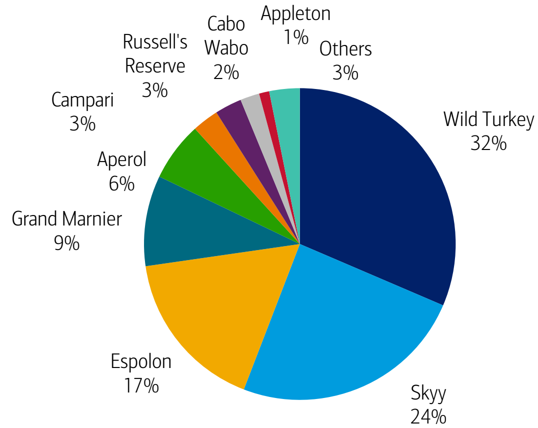
Exhibit 18: Campari latest 52 weeks US sales split by brand
Wild Turkey accounts for c1/3 of US off-trade sales



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

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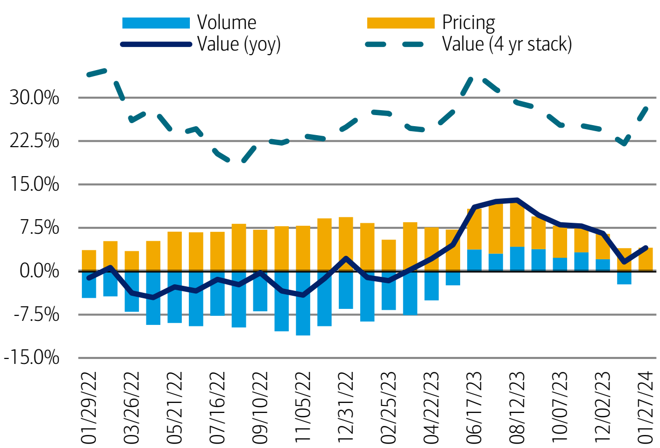
Exhibit 19: Campari US spirits sales
Campari sales grew +4.0% YoY



Source: Nielsen

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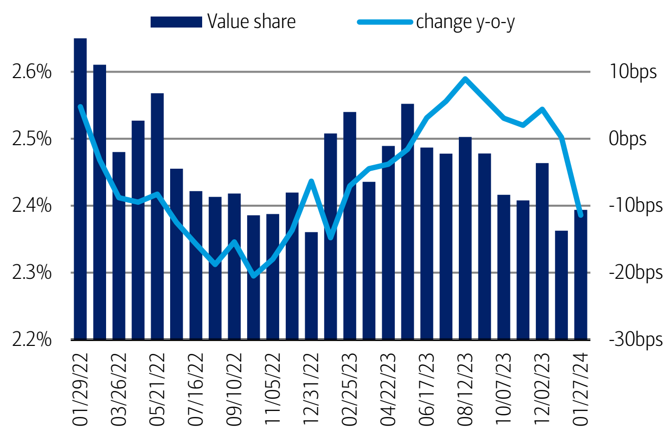
Exhibit 20: Campari US market share trends
Campari loses some share YoY



Source: Nielsen

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Exhibit 21: Campari US Spirits summary
Espolon and *Aperol* drive growth

	% Sales (52 weeks)	02-Dec-23	30-Dec-23	27-Jan-24	4 yr stack	YTD vs. 23	$ change yoy	% contribution
CAMPARI AMERICA	**100%**	**7%**	**2%**	**4.0%**	**28%**	**4%**	**803,285**	**4.0%**
SKYY	24%	-7%	-10%	-6.8%	-23%	-7%	-372,065	-1.9%
WILD TURKEY	31%	10%	2%	2.4%	37%	2%	159,038	0.8%
ESPOLON	17%	19%	12%	22%	174%	22%	644,250	3.2%
GRAND MARNIER	9.4%	-2%	-5%	4.0%	30%	4%	73,448	0.4%
APEROL	6.1%	51%	41%	28%	244%	28%	191,148	1.0%
CAMPARI	2.7%	0%	3%	0.7%	80%	1%	3,978	0.0%
CABO WABO	2.0%	-24%	-17%	-14.7%	-7%	-15%	-56,860	-0.3%
RUSSELL'S RESERVE	2.8%	22%	2%	15%	143%	15%	76,194	0.4%
APPLETON	1.1%	11%	2%	21%	84%	21%	40,193	0.2%
WRAY & NEPHEW WO RUM	1.0%	3%	7%	-17.1%	52%	-17%	-40,166	-0.2%

Source: Nielsen

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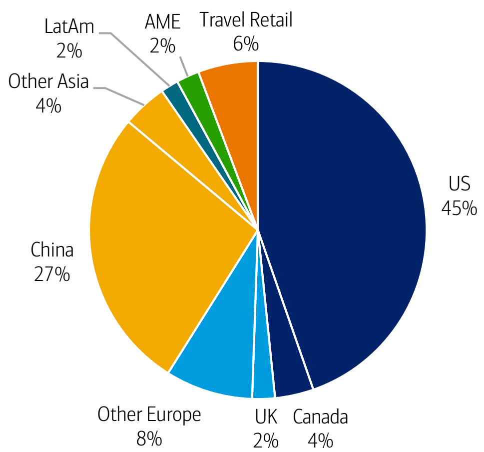
Remy Cointreau: sales -14%/volume -13%

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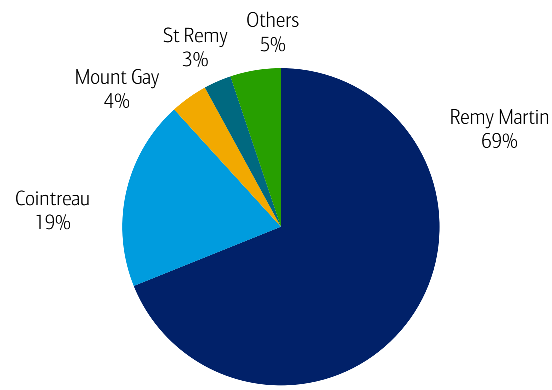
Exhibit 23: Remy latest 52 weeks US sales split by brands
Remy Martin accounts for c70% of US off-trade sales



Source: Nielsen

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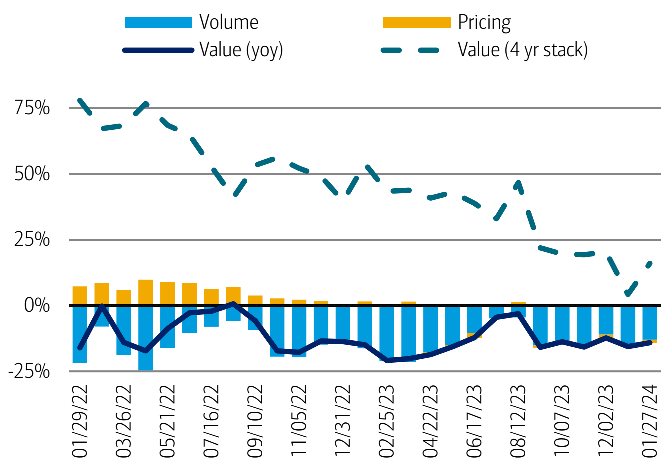
Exhibit 24: Remy US spirits sales
Remy sales summary: -14% in the latest period



Source: Nielsen

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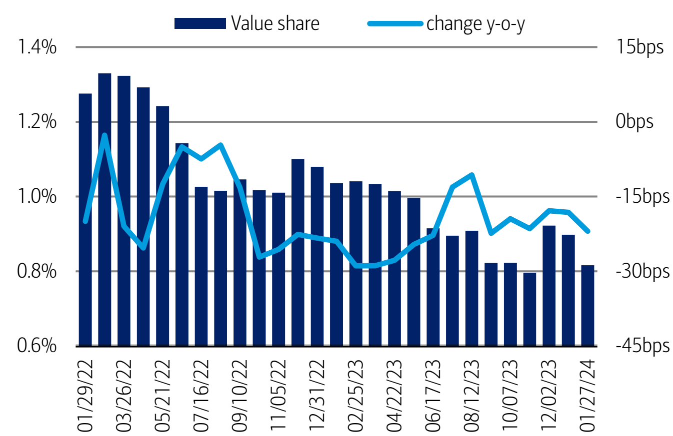
Exhibit 25: Remy US market share trends
Remy market share declines (-22bps) YoY



Source: Nielsen

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Exhibit 26: Remy US Spirits summary
Remy Martin sales declined -21% (underperforming cognac category)

	% Sales (52 weeks)	02-Dec-23	30-Dec-23	27-Jan-24	4 yr stack	YTD vs. 23	$ change yoy	% contribution
REMY COINTREAU	**100%**	**-12.3%**	**-15.6%**	**-14%**	**16%**	**-14%**	**-1,156,462**	**-14.1%**
REMY MARTIN	69%	-17.6%	-22.2%	-21%	3%	-21%	-1,289,522	-15.7%
REMY MARTIN VSOP COGNAC	40%	-22.1%	-26.8%	-26%	-15%	-26%	-956,065	-11.7%
REMY MARTIN 1738 COGNAC	25%	-11.9%	-17.3%	-16%	33%	-16%	-332,079	-4.0%
COINTREAU	19%	0.8%	-1.0%	6%	91%	6%	71,817	0.9%
MOUNT GAY	3.8%	5.7%	-0.4%	17%	2%	17%	42,963	0.5%
ST REMY	2.8%	4.0%	0.3%	7%	30%	7%	16,795	0.2%

Source: Nielsen

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