



CFRA

Industry Surveys

Food, Beverages & Tobacco

MAY 2023

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NEW THEMES



What's Changed: As the global food crisis continues to worsen, we believe there are steps that the grocery industry and individual consumers can do to avert food shortages and reduce waste. Read more on pages 11-12.



What's Changed: Grocery prices have accelerated from the second half of 2021 through 2022, helping to drive revenue growth for packaged food manufacturers. Check out page 14 for more.

EXECUTIVE SUMMARY

On May 11, 2023, the national public health emergency related to Covid-19 officially came to an end in the United States. Although Covid-19 still persists, hospitalization rates have dropped significantly, indicating that a large portion of the population has developed some form of immunity through either previous exposure or vaccination, or both. Despite this positive trend, the demand for consumer packaged goods remains high as inflationary pressures have impacted consumer budgets and altered spending habits. Although consumers are still making purchases, they are doing so more selectively, thoughtfully, and carefully due to thinner balance sheets and decreased savings rates. We're seeing more consumers trade down in terms of where they spend their money and what they spend it on. Consumers are also shifting more of their spending to services over goods. We're also seeing consumers spend less in discretionary categories, particularly bigger-ticket discretionary goods like furniture, jewelry, appliances, etc. We anticipate that these trends will continue throughout 2023 as the risk of a recession has increased due to higher interest rates and stricter lending conditions following the recent regional banking crisis.

Sub-industry	Fundamental Outlook	Key Positive Trends	Key Negative Trends
Agricultural Products	Positive	Tight global supplies and strong demand for food, feed, and fuel (particularly renewable fuels) are keeping crop prices elevated; new demand from plant-based protein and biodiesel industries	Macroeconomic conditions remain volatile, particularly since Russia's invasion of Ukraine; weakening crop prices due to a strong crop harvest in Brazil and rising recession risk; crop outlook often negatively impacted by weather and climate
Distillers & Vintners	Neutral	Alcohol sales tend to perform well during periods of slower economic growth; price increases are offsetting cost pressures; demographic trends favor premium spirits and mixed drinks over beer; shift to flavored drinks and better-for-you drinks	Demand expected to slow following strong consumption throughout the pandemic; falling domestic beer and wine consumption; elevated input costs; intense competition; increased discounting as supply chain issues ease
Packaged Foods & Meats	Negative	Inflationary pressures have resulted in more people cooking and eating at home; price increases and productivity savings offsetting cost pressures; favorable price elasticities (<i>i.e.</i> , strong pricing power); increased work-from-home adoption supports the food-at-home industry	Increasing promotional activity; wage pressures; commodity cost increases (<i>e.g.</i> , sugar); competition from branded products and private label (<i>i.e.</i> , store brands); increasing price elasticities
Soft Drinks	Neutral	Stronger pricing power versus food and household product manufacturers, likely due to less private label competition; easing cost pressures; strong growth opportunities overseas	Strong U.S. dollar could hurt companies with significant international exposure; carbonated beverage demand is in a secular decline in developed markets; potential for soft drink excise taxes
Tobacco	Neutral	Strong pricing power as demand elasticities are typically low; international demand has been resilient; heated tobacco and e-cigarette products are booming; cost cutting is benefiting the bottom line	Cigarette demand is in a secular decline; regulations are increasing with Democrats controlling the White House and Senate; e-cigarettes are getting more scrutiny

Source: CFRA (as of May 12, 2023).

FOOD, BEVERAGES & TOBACCO

Outlook: Neutral

TOP U.S. COMPANIES

NO.	NAME	MKT CAP.
1	Coca-Cola	276,513
2	PepsiCo	267,644
3	Philip Morris	147,459
4	Mondelez	105,857
5	Altria Group	81,326

TOP EUROPEAN COMPANIES

NO.	NAME	MKT CAP.
1	Nestlé	342,367
2	Anheuser-Busch InBev	121,382
3	Diageo	99,605

TOP ASIA/PACIFIC COMPANIES

NO.	NAME	MKT CAP.
1	Kweichow Moutai	310,034
2	Wuliangye Yibin	96,251
3	Nongfu Spring	60,188

Source: CFRA, S&P Global Market Intelligence.

Note: Market capitalization as of May 15, 2023 and denominated in USD millions.

BY THE NUMBERS

11%
U.S. grocery
e-commerce share
in 2022

14%
U.S. grocery
e-commerce share
expected by 2027

7.1%
Food-at-home
inflation as of April
2023 (**down** from
13.5% in August
2022)

4.1%
Y/Y increase in
producer food
prices as of April
2023 (**down** from
16.0% in July 2022)

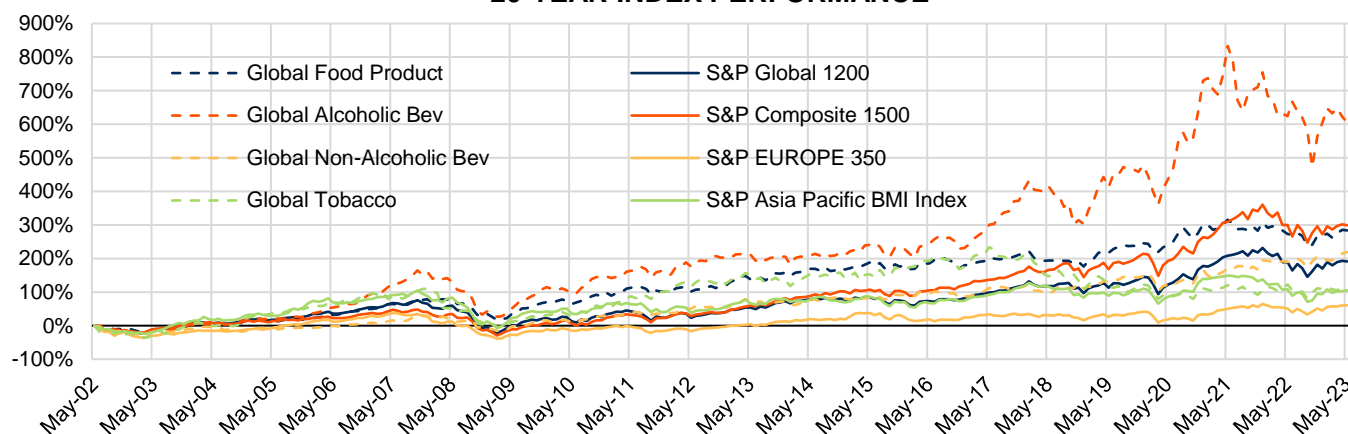
\$6.30
per bushel for corn
(**down** from \$8.14
per bushel in April
2022)

\$0.26
per pound for sugar
(**up** from \$0.18 per
pound in October
2022)

ETF FOCUS

MOO VanEck Agribusiness	AUM (\$M) 1,226.9	Expense Ratio 0.52
FTXG First Trust Nasdaq Food & Beverage	AUM (\$M) 1,012.4	Expense Ratio 0.60
PBJ Invesco Dynamic Food & Beverage	AUM (\$M) 334.3	Expense Ratio 0.63

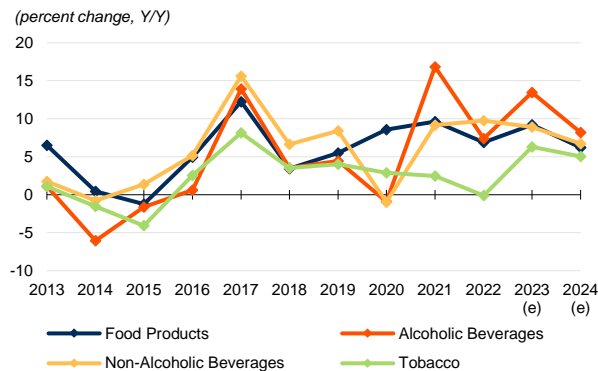
20-YEAR INDEX PERFORMANCE



Source: CFRA, S&P Global Market Intelligence.

FINANCIAL METRICS

Median Revenue Growth



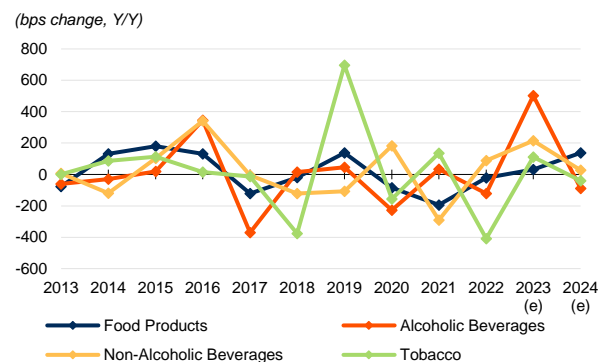
e-Estimate.
Source: CFRA, S&P Global Market Intelligence.

- ◆ We project revenue growth as follows:

	2023	2024
Food Products:	9.2%	6.2%
Alcoholic Bev:	13.5%	8.2%
Non-Alcoholic Bev:	8.9%	6.7%
Tobacco:	6.3%	5.0%

- ◆ Revenues are expected to increase in 2023 due to rising prices. Price-related growth should moderate in 2024, while volumes should improve as promotional activity ticks up.
- ◆ Tobacco companies will likely see slower growth after 2023 amid increased regulation and ongoing health concerns over tobacco use.

Median Gross Margin Growth



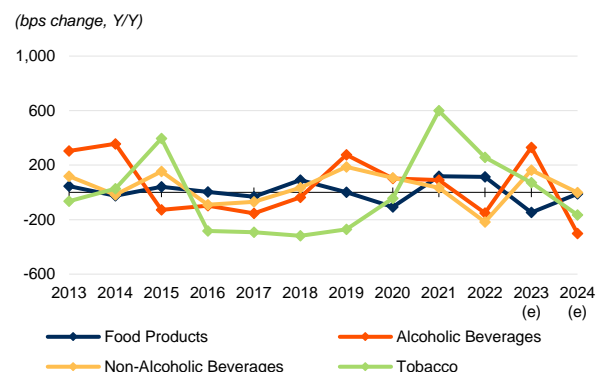
e-Estimate.
Source: CFRA, S&P Global Market Intelligence.

- ◆ We project gross margin growth as follows:

	2023	2024
Food Products:	32 bps	138 bps
Alcoholic Bev:	503 bps	-88 bps
Non-Alcoholic Bev:	214 bps	27 bps
Tobacco:	111 bps	-39 bps

- ◆ Gross margins are forecasted to grow in 2023 in line with revenue. We attribute the negative gross margin growth in 2022 to higher input prices amid various macroeconomic issues.
- ◆ Growth is expected to stabilize beyond 2023 with input prices stabilization and successful implementation of counter-inflationary policies.

Median Operating Margin Growth



e-Estimate.
Source: CFRA, S&P Global Market Intelligence.

- ◆ We project operating margin as follows:

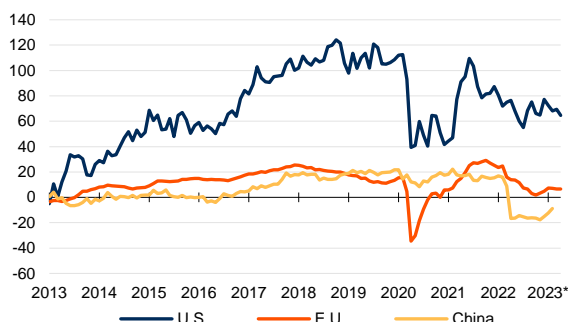
	2023	2024
Food Products:	-148 bps	-12 bps
Alcoholic Bev:	330 bps	-302 bps
Non-Alcoholic Bev:	163 bps	-2 bps
Tobacco:	71 bps	-165 bps

- ◆ Except for food products, EBIT margins are expected to increase this year due to increased marketing expenses and higher compensation.
- ◆ In 2024, we predict a general dip in operating margins brought on by weaker sales growth and elevated operating expenses. The alcoholic beverages and tobacco industries would be especially hit hard due to consumers' reduced propensity to spend.

KEY INDUSTRY DRIVERS

Consumer Confidence Index

(percentage change, 2012=base)

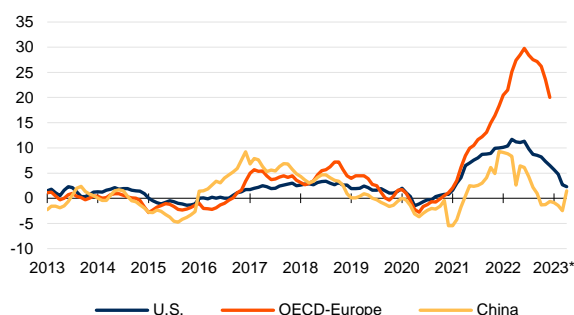


*Data for U.S. and EU through April 2023, and China through Feb 2023.
Source: The Conference Board; OECD; CEIC Data.

- ◆ In the U.S., consumer confidence remains low, mainly driven by high inflation and recessionary concerns. Consumers' outlooks for the business and labor markets had become progressively negative.
- ◆ Despite broad recovery signs in Europe, the consumer sentiment index displayed near-term declines amid inflationary and war fears.
- ◆ In China, we saw an improvement in recent confidence as the government abolished the zero-Covid-19 policy, thus allowing the economy to recover somewhat.

Producer Price Index

(percent change, Y/Y)



*Data for U.S. and China through April 2023, OECD-Europe through December 2022.
Source: U.S. Department of Labor, OECD, National Bureau of Statistics of China.

- ◆ The U.S. Producer Price Index (PPI) recently cooled down to the low-to-mid single-digit range from high single digits in 2022. This was mainly attributed to a 1.0% decrease in prices for final-demand goods. We expect the index to gradually decrease as the price of many food-related commodities are easing.
- ◆ Europe faced even greater inflationary pressures in 2022, as Russia's war in Ukraine took a larger toll on the European economy. We expect inflationary pressures to ease in 2023. In China, the economy is experiencing deflationary pressures due to weak domestic demand.

U.S. Dollar Index

(percentage change, 2013=base)



*Data through May 15, 2023.
Source: CFRA, S&P Global Market Intelligence.

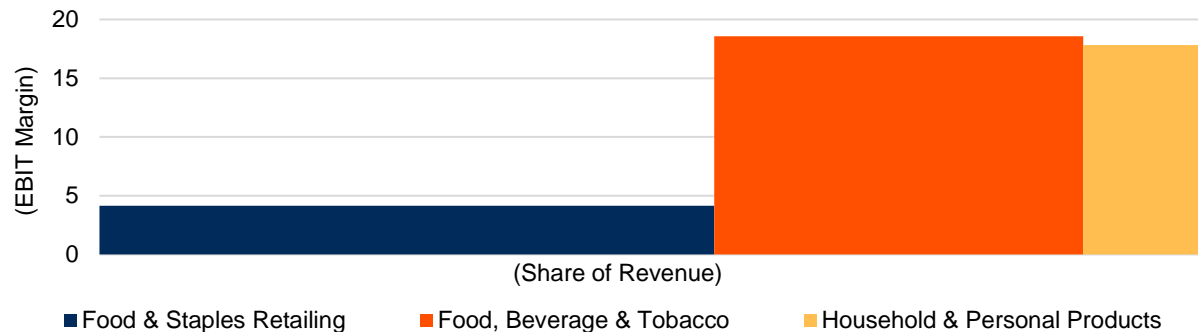
- ◆ A weaker U.S. dollar benefits companies that generate a large mix of overseas revenues. Conversely, a stronger U.S. dollar is typically a headwind for companies that must translate sales denominated in a foreign currency to the U.S. dollar.
- ◆ The U.S. dollar strengthened throughout 2022 from the Fed's decision to rapidly raise interest rates and fight inflation. More recently, however, we've seen the U.S. dollar regain momentum amid investors' growing concern over the looming global economic downturn.

INDUSTRY TRENDS

Industry Profit Share Map & Sub-Industry Outlook

The Food, Beverages & Tobacco industry group comprises 29.8% of the revenues of the entire Consumer Staples sector.

REVENUE SHARE MAP OF THE GLOBAL CONSUMER STAPLES SECTOR*



*As of year-end 2022.

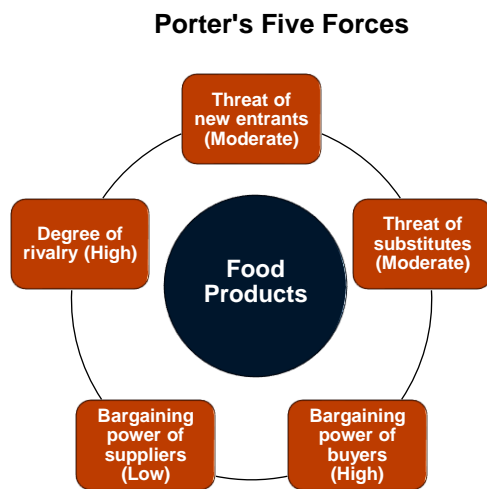
Source: CFRA, S&P Global Market Intelligence.

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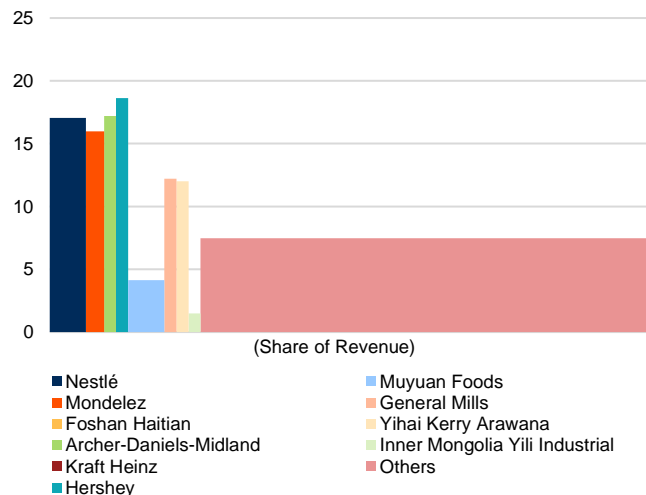
Source: CFRA (as of May 12, 2023).

Operating & Competitive Environment

FOOD PRODUCTS



Revenue Share – Global Food Products Industry*



*As of year-end 2022.

Source: CFRA, S&P Global Market Intelligence.

1) Threat of New Entrants (Moderate)

Over a decade ago, we would have said the threat of new entrants is low since brand recognition and the economies of scale possessed by larger firms would be difficult to replicate by new entrants. Additionally, larger, well-known brands dominated the shelf space at retail locations. However, times have changed alongside consumer preferences. Consumers, particularly the Millennial and Gen Z generations, are now less brand loyal and are more likely to try new brands based on other factors, such as quality, price, and purpose (brands must be socially conscious these days). The rise of e-commerce has somewhat leveled the playing field because smaller brands no longer necessarily need to compete with the larger brands on shelf space, although, in our view, larger brands will still be the winners online, given retailers are more likely to feature well-known products towards the top of their website or search result. How often have you visited the second or third page in a search result? Retailers are also likely to feature their products (*i.e.*, store brands or private labels) on their websites since selling these products is typically more profitable for retailers and can provide a competitive advantage.

2) Threat of Substitutes (Moderate)

The threat of substitutes – products from another industry that offer similar benefits to food products – is low, in CFRA's view, as most of the products sold in this industry are staple goods that consumers will purchase regardless of the state of the economy or their financial situation. However, if we define the threat of substitutes as alternative forms of a product or category (think alternative meat over conventional meat), then we believe the risk is moderate to high.

For example, the plant-based protein industry has been gaining traction around the world. We think this is due to the growing awareness of climate change, natural resource constraints, and the health risks associated with red meat consumption. Many staple products in the grocery store face similar dynamics: soy milk versus dairy milk, margarine versus butter, and artificial sweeteners versus sugar. Global ingredients company Ingredion Incorporated is taking advantage of this shift in consumer preferences by investing in specialty ingredients, which consist of starch-based texturizers, clean and simple ingredients, plant-based proteins, specialty sweeteners, and ingredients to enable sugar reduction.

3) Bargaining Power of Buyers (High)

In the packaged foods & meats sub-industry, the buyers are typically retailers, wholesalers, distributors, or foodservice operators like casual dining or quick service restaurants. These entities fill inventory by purchasing products from thousands of domestic and international companies. As a result, most packaged food and meat companies rely heavily on a few customers. For example, one “buyer” with enormous bargaining power is Walmart. Several companies in the food products industry have more than 10% of their sales with Walmart. It is no wonder that companies like Walmart, Target, and Costco have much greater bargaining power than smaller retailers.

In the agricultural products (*i.e.*, agribusiness) sub-industry, the buyers are typically food and beverage companies that turn agricultural commodities, such as oilseeds, corn, and wheat, into products sold to the consumer. Other buyers include companies within the energy or industrial industry that consume agricultural commodities for biofuels or other industrial uses. Unlike the packaged foods & meats sub-industry, where thousands of companies fight for market share, there are only a handful of large agribusinesses. The major agricultural trading firms are Archer Daniels Midland Company, Bunge Limited, Cargill, and Louis Dreyfus.

4) Bargaining Power of Suppliers (Low)

The bargaining power of the suppliers in this industry is low since most of them supply commodity-oriented products to the food products industry. Packaged foods & meats sub-industry suppliers are typically agricultural trading companies or farmers. Most large packaged food companies have established relationships with several suppliers throughout different parts of the world in order to reduce risk and exposure. In the agricultural products sub-industry, suppliers are mainly farmers who plant, harvest, and sell agricultural commodities to agribusinesses, passing these products along to the food, energy, or industrial industries.

5) Degree of Rivalry/Competition (High)

Food product categories are highly competitive, with numerous manufacturers of varying sizes in the U.S. and throughout the world. The competition includes manufacturers of branded products and retailers with their own store brands (*i.e.*, private labels). Store brands are generally sold at lower prices than branded products. These competitors sell products through brick-and-mortar stores and e-commerce. Competition is typically based on product innovation, product quality, price, brand recognition/loyalty, marketing effectiveness, promotional activity, the convenience of ordering, and the ability to identify and satisfy consumer preferences.

In developed markets, the industry is mature, and there are limited whitespace opportunities. As a result, we see more companies focusing their expansion efforts by penetrating high-growth, developing markets like India, China, and Brazil. With the rise of globalization, it is becoming easier for companies to expand supply chains to these regions. Additionally, changing consumer preferences are driving greater rivalry/competition.

Since consumer preferences are dynamically changing and consumers have increasingly been less brand loyal, we’ve seen a rise of new entrants, ranging from niche products (*e.g.*, keto-friendly protein bars) to completely redesigned products (*e.g.*, lab-based meat) that tackle social or environmental issues. We are currently seeing consumers becoming less brand loyal due to the higher cost of living. Brand switching is especially apparent in categories like dry grocery goods (crackers, cookies, and cereals).

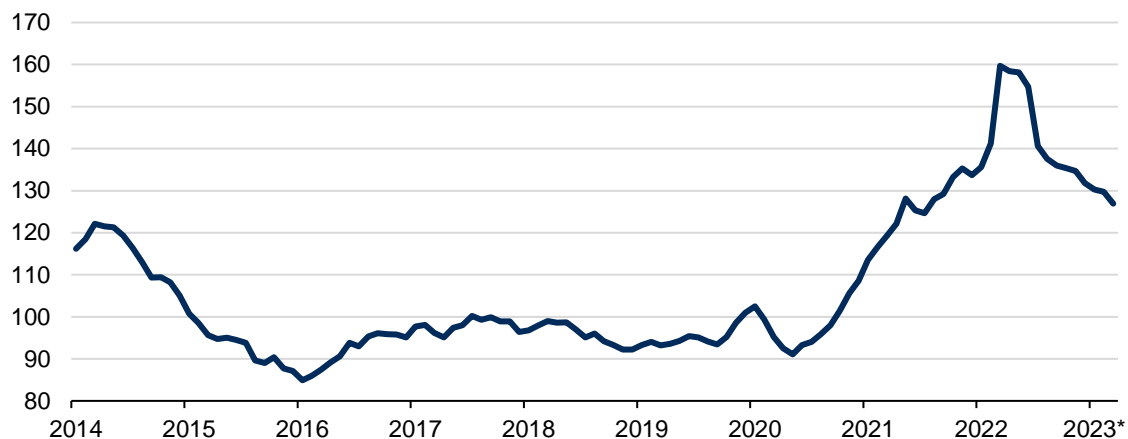
Food Prices Remain Elevated on Ukraine War and Avian Flu

It's been over a year since Russia's invasion of Ukraine. Sadly, the loss of lives and assets wasn't the only unfortunate outcome of this war. Supplies of grains and vegetable oil, the two major exports of the two countries, were practically cut off, sending global food prices to record levels and soaring at their fastest pace in 14 years. To make matters worse, countries attempting to ramp up agricultural efforts to tame food prices were hit by high fertilizer and energy costs, both inflated as a result of the war.

Poorer countries around the world, such as North Africa and the Middle East, stand to suffer the most from this price surge as they rely heavily on grains and vegetable oil supplies from Russia and Ukraine. Already struggling from the effects of Covid-19, some countries like Sri Lanka and Pakistan staged protests amid food inflation, resulting in serious economic and political issues.

FAO FOOD PRICE INDEX

(2014-2016 = 100)



*Data through March.

Source: Food and Agricultural Organization (FAO) of the United Nations.

Just when we thought things couldn't get any worse, a new strain of bird flu emerged. Highly pathogenic avian influenza (HPAI) viruses have been detected in U.S. wild aquatic birds, commercial poultry, and backyard or hobbyist flocks since January 2022. These are the first detections of HPAI viruses in the U.S. since 2016. As of March 30, 2023, 58.7 million birds have been depopulated due to the virus, spanning across 47 states. The virus has been limited among chickens but has had a more severe impact among turkeys. The good news is HPAI cases in commercial meat turkeys have slowed in recent months.

The Impending Food Crisis

The global food crisis continues to worsen due to disruptions in the global food system. Of the many food available to humans, only four grain varieties – rice, wheat, maize, and soy – comprise a substantial portion of our average diet. The number of people who depend on these foods the most is growing. However, only a handful of breadbasket countries (China, the U.S., India, Brazil, and Argentina) account for 60% of the world's food output. Developing countries tend to be food importers, mostly because they can't grow grains as well as other countries.

How well the food system can handle a shortage of food production depends on how much grain is kept in storage. This is because stored grain acts as a buffer that can be built up in years when prices are low and used up in years when prices are high. According to a McKinsey analysis, by 2030, the probability of a 15% disruption to grain production doubles, with potential price repercussions. Such an increase may be attributable to extreme climate events that have the potential to impact global production in a substantial number of breadbasket regions.

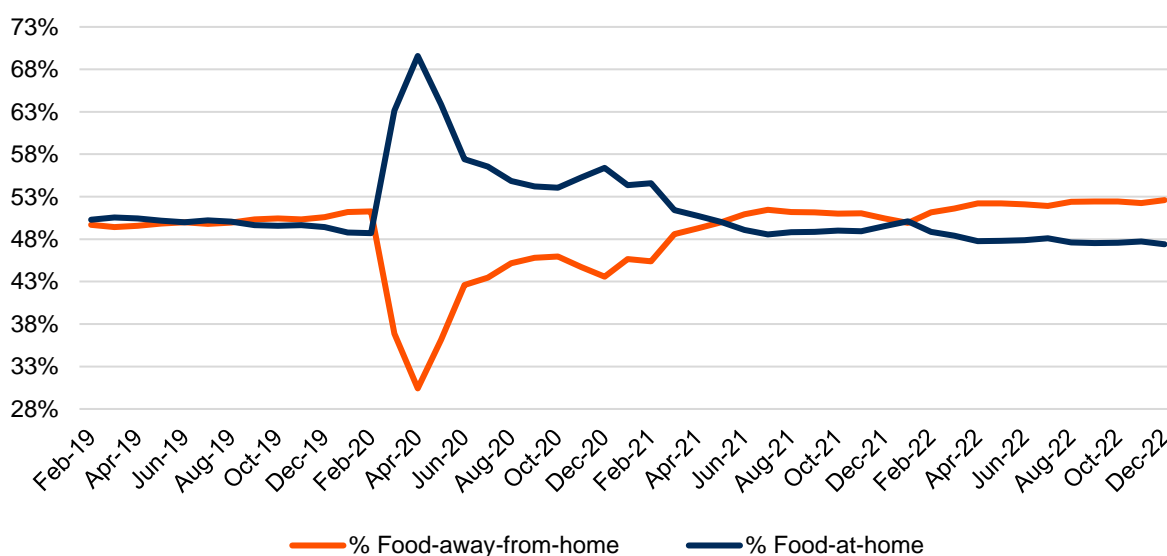
Fortunately, the grocery industry and individual consumers can do their part to avert this catastrophe. According to a survey by McKinsey, sustainable eating is second on most consumers' priority list after healthy eating. Sustainable eating entails selecting food that doesn't just provide a balanced diet for the body but is also grown and processed in a manner that does not harm the environment nor compromise its ability to meet long-term consumption needs. Many consumers wish they could eat more consciously but lack the information to do so. Food retailers can aid the cause by educating them about the products' health and environmental impact. Sustainable eating could profoundly impact crop cultivation and processing with the shift in traditional market pressures and consumer demand. The entire production process is compelled to switch to sustainable practices as consumers move away from foods produced in an unsustainable manner.

Food producers and retailers could also explore ways to minimize food waste. Globally, more than one-third of the food produced doesn't get consumed as it is lost or wasted. While most of the efforts had been on reducing "food waste" as they are more visible in households, restaurants, or stores, "food loss" issues still persist as these typically occur during or shortly after harvest and are often hidden from the public eye. In fact, food loss costs consumers and the industry an estimated \$600 billion yearly and, therefore, should be considered a social and ecological priority. Because food loss occurs mostly on farms, food producers and grocers are in the best position to effect change. To reduce food waste, businesses need to stop viewing it as an unavoidable cost of doing business or an afterthought for the sustainability department and start viewing it as a result of inefficiencies and missed opportunities throughout production, procurement, research and development, the supply chain, and sales.

Channel Shifts – Food-At-Home Vs. Food-Away-From-Home

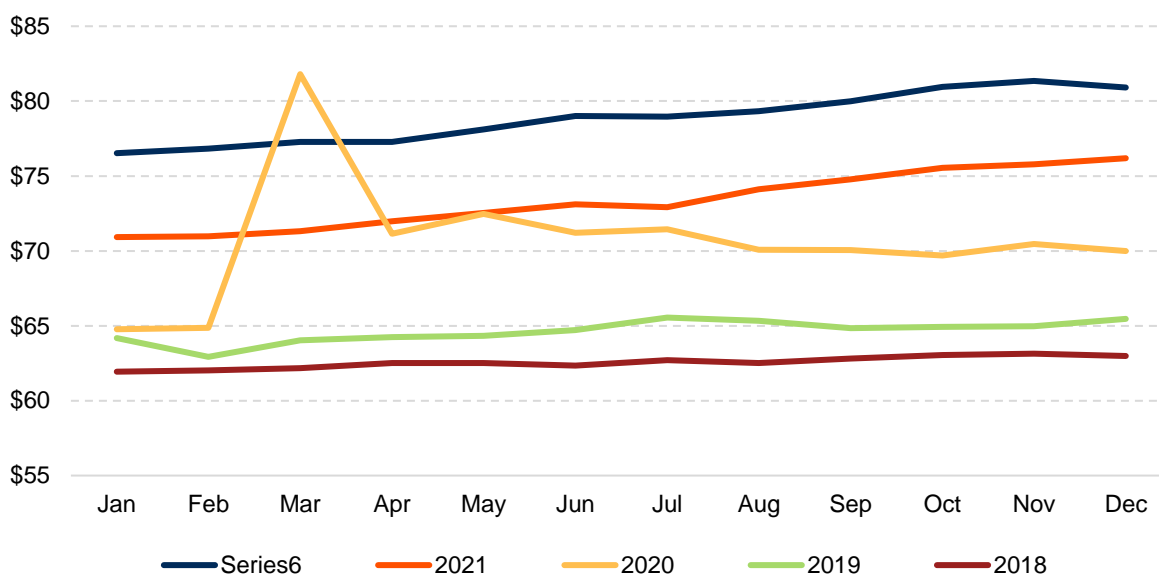
We saw a seismic shift in food consumption at the onset of the pandemic, as widespread restaurant, hotel, school, bar, and movie theater closures resulted in more people eating at home. Food-at-home consumption peaked in April 2020 at 70% of all food consumption, a stark contrast to the pre-pandemic rate of approximately 50%. However, as vaccines rolled out and the broader food-away-from-home industry re-opened, we saw consumers return to dining outside the house. Food-at-home consumption as a percentage of total food consumption is now hovering at less than 50%. However, this rate could increase if we enter a recession, as tighter consumer budgets typically result in more food consumption at home.

FOOD-AT-HOME % VS. FOOD-AWAY-FROM-HOME %



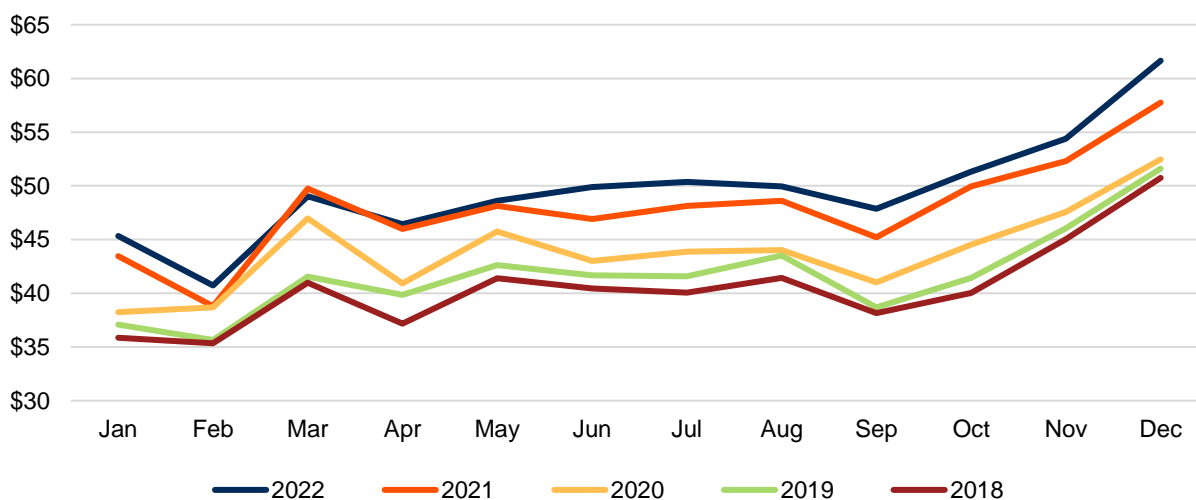
Source: CFRA, U.S. Census Bureau (seasonally adjusted).

U.S. FOOD AND BEVERAGE SALES (2017-2022) (in billions)



Source: CFRA, U.S. Census Bureau (seasonally adjusted).

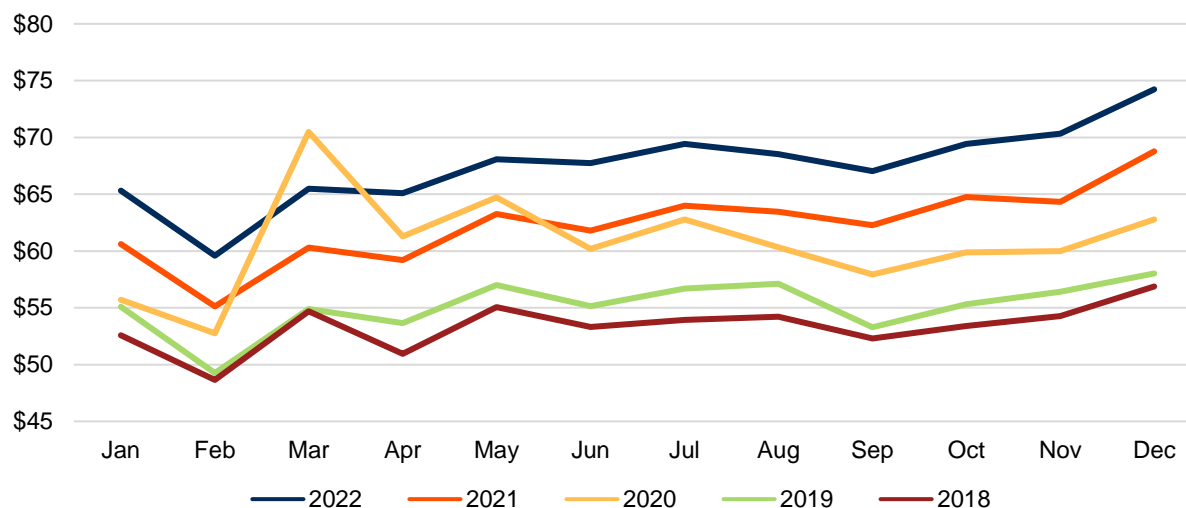
WAREHOUSE CLUBS AND SUPERSTORE SALES (in billions)



Source: CFRA, U.S. Census Bureau (not seasonally adjusted).

SUPERMARKETS AND OTHER GROCERY SALES

(in billions)

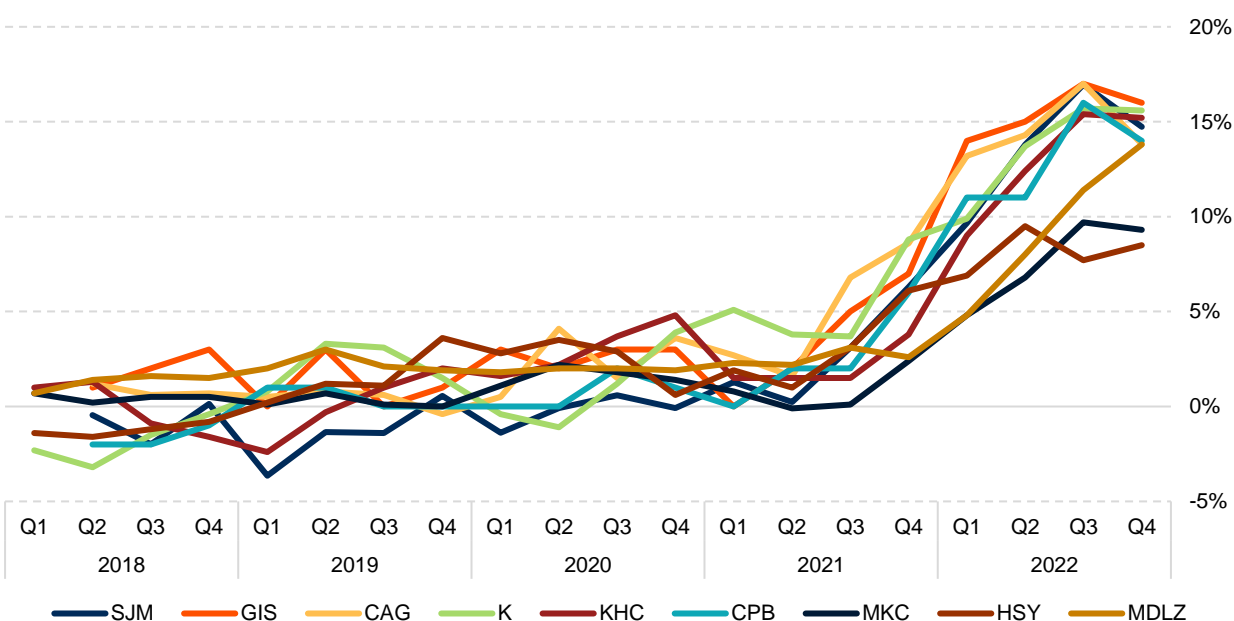


Source: CFRA, U.S. Census Bureau (not seasonally adjusted).

Higher Prices Are Driving Revenue Growth

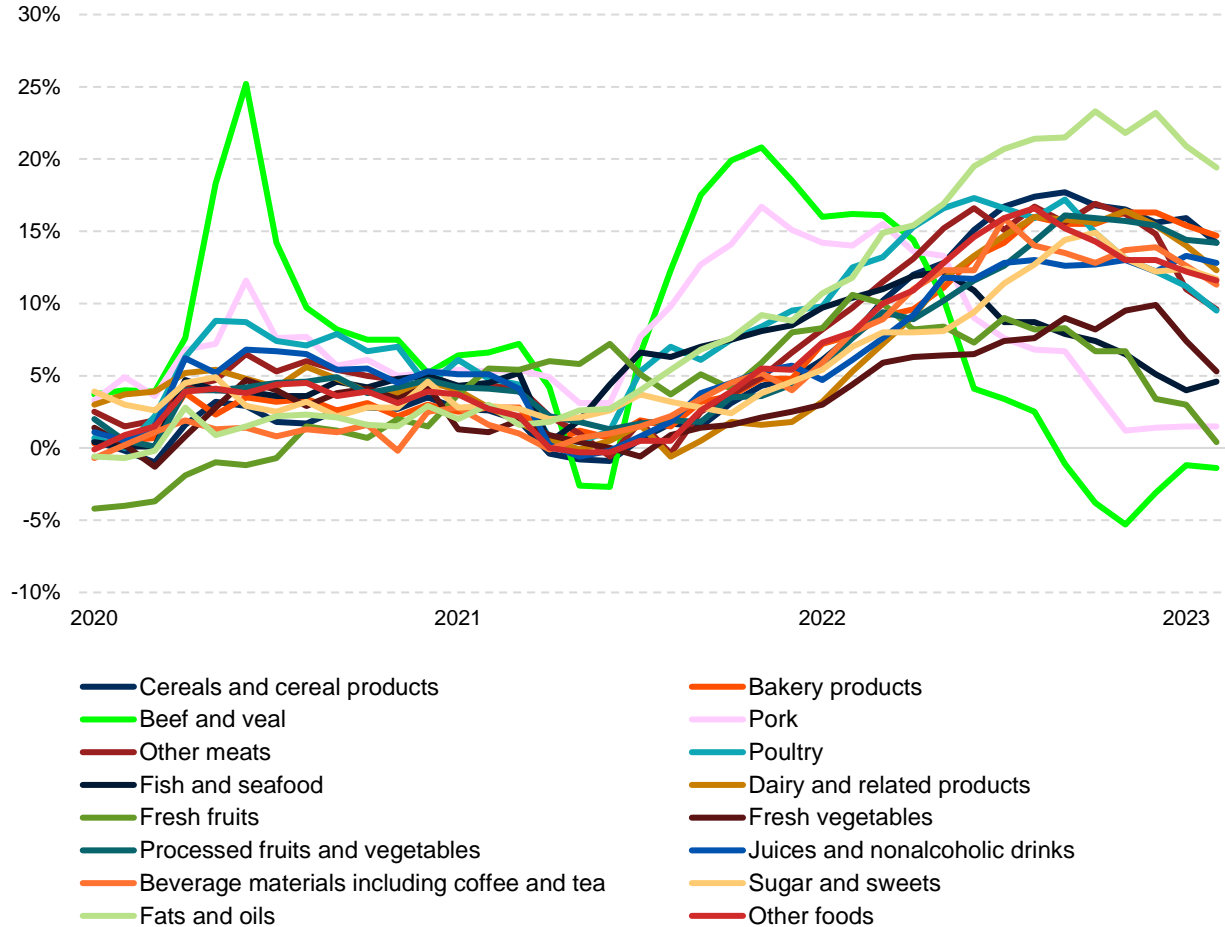
Prices are up in just about every aisle of the grocery store as consumer packaged food companies continue to implement price increases to cover rising costs. As seen in the figure below, price/mix growth for the major packaged food manufacturers started surging towards the second half of 2021 and has, for the most part, accelerated throughout 2022, as retailers generally accepted cost-justified price increases without much pushback given how high, persistent, and pervasive inflation has been. Most packaged food manufacturers have implemented multiple waves of price increases over the past year and a half, with some manufacturers currently in the process of implementing a fourth or fifth wave.

PRICE/MIX Y/Y GROWTH FOR PACKAGED FOOD MANUFACTURERS



Source: CFRA, company filings.

U.S. CPI - SELECT FOODS (Y/Y)



Source: CFRA, U.S. BLS.

Branded Products Outperforming Private Labels (i.e., Store Brands)

Prior to the pandemic, private label products were gaining market share at the expense of branded products, largely due to shifting consumer preferences (e.g., less consumer loyalty, more willingness to try new brands), the growth of discount and specialty retailers (e.g., Aldi, Lidl, Walmart, Trader Joe's), and investments made to improve the quality, taste, packaging, and overall perception of private label products.

However, things turned after the pandemic began as private label CPG manufacturers had a tougher time keeping grocery shelves stocked than branded CPG manufacturers. Consumers also had more money to spend, given all the government relief provided during the pandemic, which we think also helped branded products grow over private labels. Today, private label products are making a comeback, driven by improved in-stock levels at the grocery store and consumers trading down to value amid elevated inflation. Long term, we believe private labels will continue to gain market share.

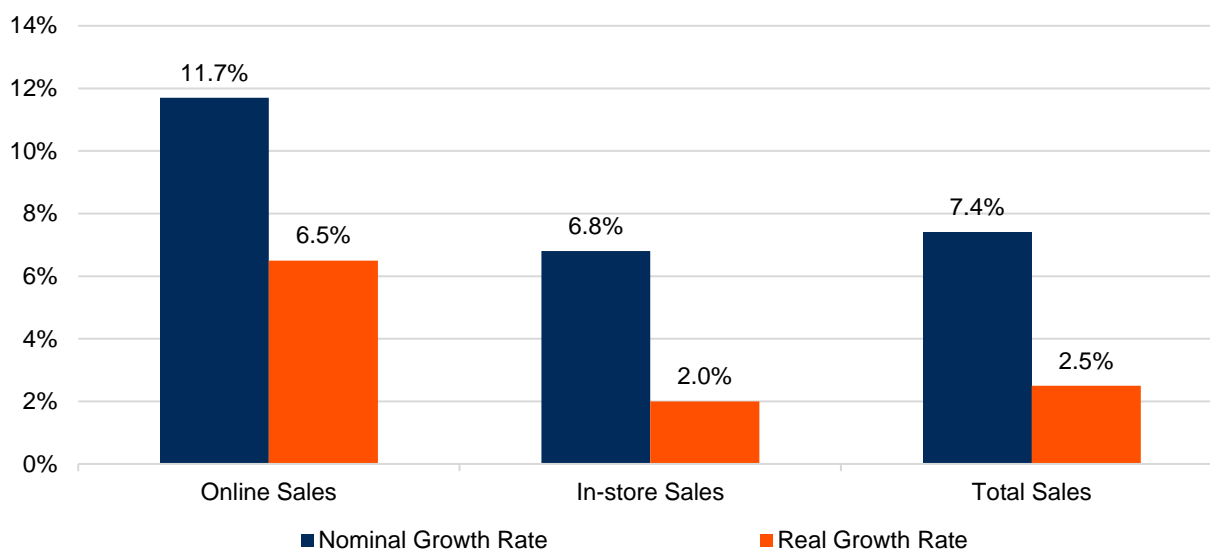
MARKET CAP FOR SELECT FOOD PRODUCERS*			
COMPANY NAME	TICKER	MARKET CAP (\$, in millions)	LTM REVENUE (\$, in millions)
Tyson Foods, Inc.	TSN	21,096	53,609
Mondelez International, Inc.	MDLZ	95,050	31,496
The Kraft Heinz Company	KHC	47,448	26,485
General Mills, Inc.	GIS	50,195	19,955
Pilgrim's Pride Corporation	PPC	5,487	17,468
Kellogg Company	K	22,945	15,315
Hormel Foods Corporation	HRL	21,796	12,385
Conagra Brands, Inc.	CAG	17,902	12,041
The Hershey Company	HSY	51,909	10,419
Campbell Soup Company	CPB	16,465	9,177
The J. M. Smucker Company	SJM	16,781	8,328
McCormick & Company, Incorporated	MKC	22,309	6,394
Lamb Weston Holdings, Inc.	LW	15,241	4,510
The Hain Celestial Group, Inc.	HAIN	1,534	1,854
Oatly Group AB	OTLY	1,432	722
Beyond Meat, Inc.	BYND	1,040	419
*Data as of April 15, 2023. Source: CFRA, S&P Market Intelligence.			

E-Grocery: Growth Moderates From Pandemic Highs

Online grocery was one of the big winners of the pandemic. Despite the surge in overall grocery spending amid the pandemic, e-grocery sales grew at a faster rate, comprising roughly 15% of total grocery sales. In comparison, pre-pandemic online grocery sales stood at only 3%. Online penetration has since moderated but remains well above pre-pandemic levels.

According to an analysis from Brick Meets Click/Mercatus, U.S. e-grocery sales represented 11.2% of total U.S. grocery sales in 2022. The adoption of online grocery is set to accelerate in the coming years as retailers invest in e-commerce and more consumers feel comfortable ordering groceries for pickup or delivery. Mercatus forecasts U.S. grocery sales to grow at a CAGR of 11.7% through 2027 to make up 13.6% of total U.S. grocery sales. This forecast was a downward revision after significant gains since the pandemic. Such moderation in growth can be attributed to persistent price increases, ongoing concerns about infections, and a maturing internet market.

U.S. GROCERY SALES GROWTH FORECAST (5-year CAGR ending 2027)

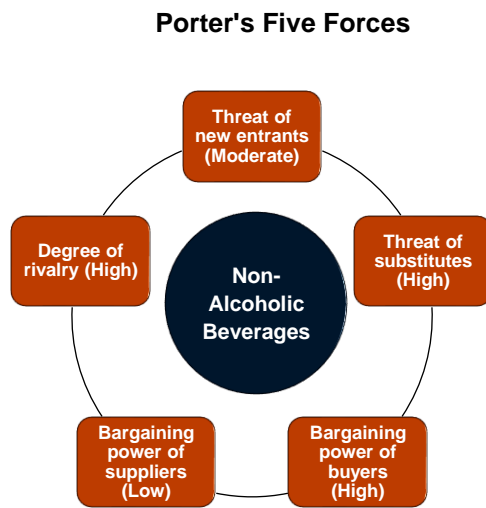


Source: Brick Meets Click/Mercatus

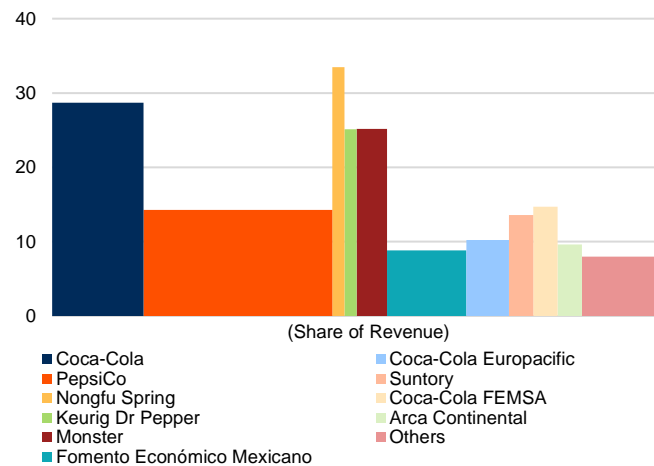
Low Promotional Activity = Higher Sales and Margins

A common strategy among packaged food manufacturers amid the pandemic has been to pull back on promotions, given outsized levels of demand and tight supply. For the most part, promotional activity has been down since the onset of the pandemic. While promotions are slowly returning, we don't think the depth of promotions will ever return to pre-pandemic levels because retailers are trying to be more effective with their promotional strategy. Additionally, we tend to see lower levels of promotional activity when inflation is very high.

NON-ALCOHOLIC BEVERAGES



Revenue Share – Global Non-Alcoholic Beverages Industry*



*As of year-end 2022.

Source: CFRA, S&P Global Market Intelligence.

1) Threat of New Entrants (Moderate)

Less than a decade ago, we would have said the threat of new entrants was low since the brand power and economies of scale possessed by larger firms would be difficult to replicate by new entrants. However, times have changed, as well as consumer preferences. We're in the age of dying brand loyalty when it comes to consumers purchasing items in a grocery store. Consumers, especially younger generations, are now less brand loyal and more likely to try new brands based on quality and price. Private label brands have become more popular, and many smaller, emerging brands have sprouted up. We're now seeing more large companies acquire these up-and-coming brands to generate growth via acquisition and pursue organic growth by introducing new brands.

2) Threat of Substitutes (High)

There are several substitutes available within the overall non-alcoholic beverage industry, including sparkling soft drinks, water, enhanced water, sports drinks, juice, dairy beverages, plant-based beverages, tea, and coffee. Some substitutes are more popular than others. Many consumers in developed markets now drink coffee instead of carbonated soft drinks for caffeine consumption. However, carbonated soft drink consumption in developing economies is still growing strongly. Similarly, carbonated and flavored bottled water is overtaking other bottled water categories in many developed nations.

Bottled water will likely continue to grow in the long term, assuming that concerns about the safety of municipal water supplies, a general interest in healthy living, and the population's increasing affluence offset environmental concerns about plastic bottle usage.

3) Bargaining Power of Buyers (High)

Similar to the food products industry, the bargaining power of buyers is high since switching costs are relatively low. The buyers, typically wholesalers, foodservice operators, distributors, or retailers, can switch from one company to another with few hurdles. To combat the high bargaining of buyers, large beverage companies look to acquire smaller ones in order to control a greater portion of the market share.

4) Bargaining Power of Suppliers (Low)

Similar to the food products industry, suppliers in the non-alcoholic beverage industry supply commodity-oriented products, such as water and nutritive and non-nutritive sweeteners. The primary nutritive sweetener in carbonated soft drinks is high fructose corn syrup (HFCS). HFCS has historically been available in abundance from domestic and international sources. Most companies in this industry have several contracts in place for these raw materials, which results in little exposure to any single supplier.

5) Degree of Rivalry/Competition (High)

In the non-alcoholic beverage industry, the two competitors that immediately come to mind are Coca-Cola and PepsiCo, which have been bitter rivals since the late 1800s. The “Cola Wars” are alive and well, with both companies competing aggressively for market share and shelf space in the face of shifting consumer tastes. These companies also compete aggressively against large pure-play beverage companies, such as Keurig Dr. Pepper, as well as food and beverage conglomerates like Nestle. More recently, large beverage companies have faced stiff competition from regional and local companies. Some smaller companies are developing “micro” brands and selling them directly to consumers through e-commerce retailers and other e-commerce platforms. Over the long term, we see emerging and frontier markets as a source of greater growth opportunities. Coca-Cola and PepsiCo already have a strong international presence, as international sales as a percentage of total net sales in 2022 were 64% for Coca-Cola and 43% for PepsiCo.

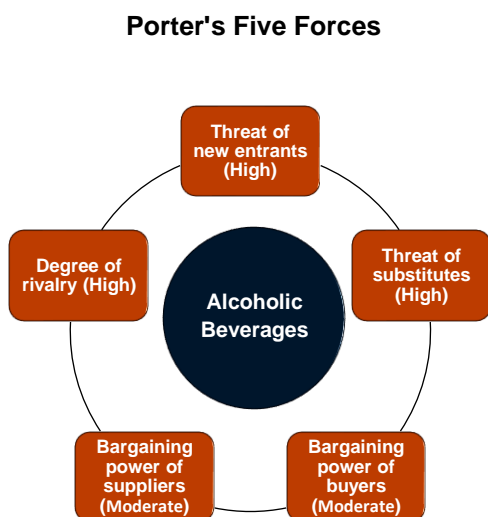
Increasing Adoption of Sugar Taxes

Sugars, especially added sugars (sugars and syrups added during and after food processing), have long been associated with unhealthy consumption habits. Excessive sugar consumption has contributed to obesity, high blood pressure, and high cholesterol. For example, a study published in the Journal of the American Medical Association: Internal Medicine found that those who received 17%-21% of calories from added sugar had a 38% higher risk of dying from a cardiovascular disease compared to those who source only 8% of their calories from added sugar.

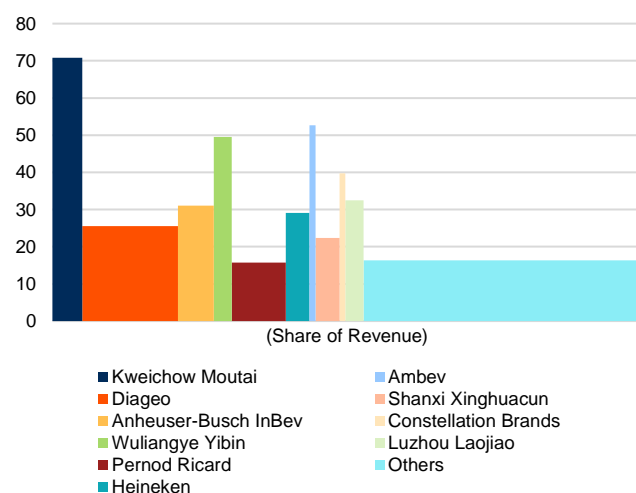
According to Obesity Evidence Hub, about 50 countries have adopted some form of sugar tax. Of those, the more recent ones include Malaysia, Estonia, Ireland, Qatar, South Africa, and the U.K.

Nonetheless, judging from recent experience, CFRA thinks that the financial impact on the soft drink industry will be temporary. Most companies have succeeded in passing through the tax burden through price hikes, while the introduction of low/zero sugar products was well-received by customers, mitigating the impact on sales volume.

ALCOHOLIC BEVERAGES



Revenue Share – Global Alcoholic Beverages Industry*



*As of year-end 2022.

Source: CFRA, S&P Global Market Intelligence.

1) Threat of New Entrants (High)

The time and capital required to enter this industry vary depending on whether a company seeks to be a brewer, distiller, or vintner, as well as its size and scalability. However, we have recently seen thousands of new market participants since consumers are eager to try new flavors, brands, and textures from small and local entities.

2) Threat of Substitutes (High)

Given the variety of choices consumers face when purchasing alcoholic beverages, the threat of substitutes from other alcoholic products – particularly those that are high-end or innovative – is extremely high.

In the U.S., we see more consumers move away from low-end beer and into higher-end beers, spirits, and wines. Carbonated alcoholic beverages, such as hard or spiked seltzers, have gained popularity ever since 2018. We have also seen a trend of consumers moving to canned beer instead of bottled beer.

As the middle class grows in many key emerging markets, consumers are trading up and consuming more premium alcoholic beverages, including high-end spirits, wines, and beers.

3) Bargaining Power of Buyers (Moderate)

The alcoholic beverage industry is saturated in most markets worldwide, with several multinational and local companies fighting for retail space, restaurant presence, or wholesaler recognition. As such, buyers typically have much more bargaining power than manufacturers. However, we think the degree of bargaining power from the buyer is lower than in the non-alcoholic industry due to the addictive nature of alcoholic products. Also, there are a few large multinational corporations in this industry, such as Anheuser-Busch InBev. These companies own hundreds of brands and control a large portion of the market, which further reduces the bargaining power of the buyer. To combat buyer bargaining power, alcoholic beverage companies seek to acquire peers to control a greater portion of the market share.

4) Bargaining Power of Suppliers (Moderate)

To support the production of alcoholic beverages, manufacturers need water; agricultural products, such as yeast, grains, and grapes; and packaging material, including glass, aluminum, and cardboard. Most of these products and materials are available in abundance and supplied by hundreds of suppliers, resulting in the low bargaining power of the supplier. However, a few materials are supplied by a small number of producers, which gives them slightly greater bargaining power. For example, in the U.S., only a few glass bottle manufacturers exist. The glass bottle industry is highly concentrated, which gives these suppliers much greater bargaining power.

5) Degree of Rivalry/Competition (High)

The alcoholic beverage industry is highly competitive. Companies compete based on quality, price, brand recognition, and distribution strength. There are many multinational producers and distributors of alcoholic beverage products. Some of the large players in the beer category include Anheuser-Busch InBev, Molson Coors, Heineken, Constellation Brands, Pabst Brewing Company, and The Boston Beer Company. In the wine category, some of the large players include E. & J. Gallo Winery, The Wine Group, Trinchero Family Estates, Constellation Brands, Treasury Wine Estates, Ste. Michelle Wine Estates, Deutsch Family Wine & Spirits, and Jackson Family Wines. In the spirits category, some of the large players include Diageo, Beam Suntory, Brown-Forman, Sazerac Company, Pernod Ricard, and Constellation Brands.

In many developed markets, such as the U.S. and the U.K., consumers favor high-end alcoholic beverages manufactured by local and small brewers, distillers, or vintners. This has resulted in fierce competition since multinational corporations cannot win solely based on brand power. As a result, many large multinational corporations have been acquiring smaller, niche brands. Many consumers remain unaware that a multinational corporation supplies craft beer or other drinks that they purchase.

Alcohol Preferences: Consumers Are Drinking More Spirits and Less Beer and Wine

The pandemic caused U.S. alcohol consumption to rise at the fastest rate in 18 years, as volume grew 2% despite the steep drop in on-premise sales for bars, restaurants, events, and other premises, which was offset by the surge in at-home alcohol consumption. Now that on-premise outlets have mostly re-opened on recovery from the pandemic, we expect U.S. alcohol beverage sales to continue growing, as consumers show no sign of slowing down their alcohol consumption. However, consumers' tastes are shifting, favoring premium brands, ready-to-drink (RTD) beverages, and certain spirits such as tequila and cognac. We think some companies are more favorable to capitalize on these tailwinds, while some may face headwinds.

U.S. CONSUMER ALCOHOL PREFERENCES			
YEAR	BEER*	WINE*	SPIRITS*
2001	46%	31%	18%
2005	36%	39%	21%
2010	41%	32%	21%
2015	42%	34%	21%
2022	35%	31%	30%
*Percentages don't sum to 100% due to survey methodology.			
Source: IWSR Drinks Market Analysis, NBWA, Gallup.			

Craft Breweries and Imports Take Share From Domestic Brands

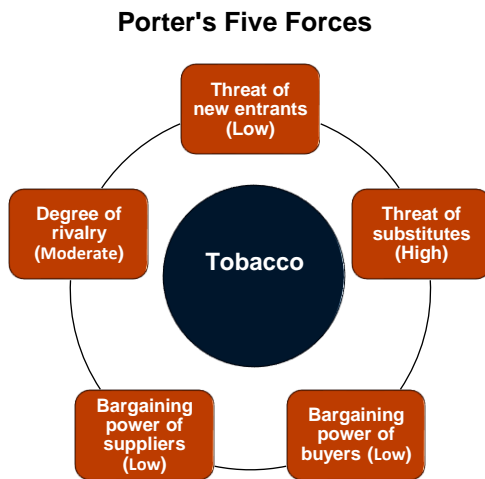
The market share of the top brewers and importers has changed significantly over the past decade. Market share losses are driven by the rise of craft breweries, hard seltzer, the growth of imports, and tepid industry-wide beer consumption growth.

U.S. BEER MARKET SHARE (BY VOLUME)			
BREWER/IMPORTER	2021*	2010	CHANGE
Anheuser-Busch InBev	38.6%	47.9%	-930 bps
Molson Coors	19.6%	28.9%	-930 bps
Constellation Brands	11.4%	5.3%	+610 bps
Boston Beer Company	4.0%	0.6%	+360 bps
Mark Anthony Brands (Mike's)	3.9%	1.1%	+280 bps
Heineken USA	3.2%	4.0%	-80 bps
All Other Domestic & Imports	19.3%	12.2%	+710 bps
Total	100.0%	100.0%	
*Latest available.			
Source: NBWA, Beer Marketer's Insights.			

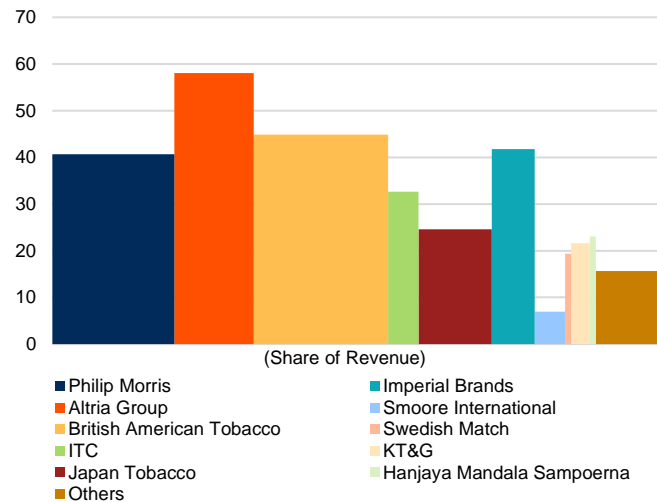
The two main key growth drivers for alcohol beverage markets were RTD beverages and spirits in 2021. RTD beverages grew at a blistering 20.6% pace, while spirits sales rose 3.1%. Premiumization is also a key trend in the U.S. alcohol beverage market, as higher-end spirits, beer, and wine have grown much faster than their lower-end counterparts. We believe this trend has largely been driven by the consumption trend of millennials and will continue over the near and intermediate term. This should benefit brewers, distillers, and vintners focused on premium brands and products.

On the other hand, the weaker categories are wine and beer. Wine growth remains sluggish, and U.S. beer consumption has steadily declined over the past several years. We noted that the demand is driven by flavor, convenience, and better-for-you options.

TOBACCO



Revenue Share – Global Tobacco Industry*



*As of year-end 2022.
Source: CFRA, S&P Global Market Intelligence.

1) Threat of New Entrants (Low)

Given the intense regulatory environment and the fact that this industry is already dominated by a few powerhouses, we estimate the threat of new entrants as low. It would take quite a bit of time for a small tobacco product manufacturer to build to the size and scale of larger competitors. Given the regulatory restrictions on marketing and advertising, we think it would be incredibly difficult for new entrants to build brand recognition. The fees imposed by the Family Smoking Prevention and Tobacco Control Act (FSPTCA) would also likely drive out smaller producers.

2) Threat of Substitutes (High)

Substitute products in the tobacco industry include products such as nicotine patches, gum, nasal sprays, lozenges, and e-cigarette products. It also entails other addictive products, such as alcoholic beverages. However, we view alcoholic beverages as less of a threat to the tobacco industry than alternative tobacco products such as e-cigarettes. We think the threat of substitutes is high due to the growing awareness of the health risks associated with smoking tobacco, including lung cancer, heart disease, and strokes.

Switching costs are little to none. In fact, consumers could save thousands of dollars per year if they quit smoking. If the average pack of cigarettes is about \$7, then a pack-per-day consumer could save about \$2,500 per year by quitting the habit.

In recent years, there has been a lot of scrutiny in the e-cigarette industry, resulting in many retailers choosing to avoid selling these products. Certain cities, such as San Francisco (where JUUL Labs is based), have voted to ban the sale and distribution of e-cigarettes. These bans may result in increased demand for tobacco products.

3) Bargaining Power of Buyers (Low)

We think the bargaining power of the buyer is low because of the addictive nature of tobacco products. As such, tobacco companies tend to control pricing, giving them more power than the consumer. The demand curve in this industry is usually inelastic, meaning price changes will typically result in smaller percentage changes in demand. For example, if the average price of a pack of cigarettes increases by 5%, demand will likely fall by less than 5%.

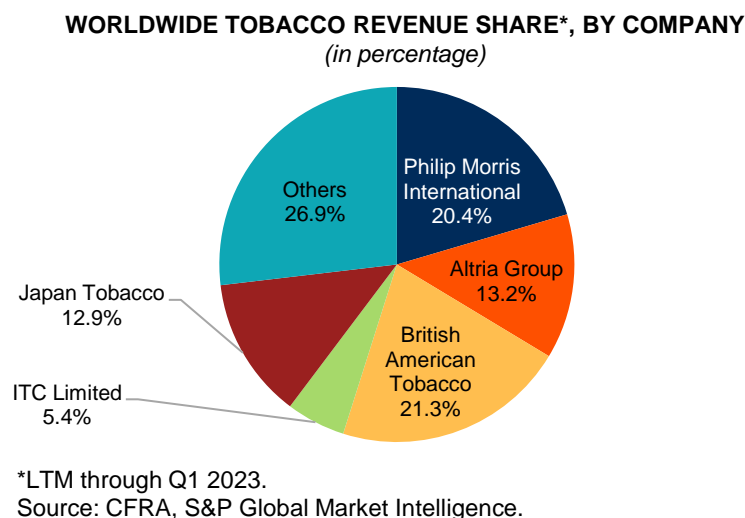
4) Bargaining Power of Suppliers (Low)

Research indicates that farming tobacco is typically not prosperous for most small farmers, given the high labor requirements and large costs incurred to maintain tobacco crops. Yet, these farmers still grow tobacco leaves because many are locked into certain market prices with the powerhouse tobacco buyers, even if the profits are small. Over the past decade, the global trend has been to reduce or eliminate tobacco subsidies in high-income countries. Research suggests economies can thrive when governing bodies push small tobacco farmers into growing other crops. In practice, however, this has shifted tobacco farming to low- and middle-income countries.

5) Degree of Rivalry/Competition (Moderate)

The tobacco industry is highly concentrated as recent mergers and acquisitions have resulted in a stronger competitive environment. The global powerhouses in the tobacco industry are Philip Morris International, Altria, British American Tobacco, ITC Limited, and Japan Tobacco International. These entities fight to serve a market that is estimated to encompass about 1.3 billion people, according to the World Health Organization (WHO). The industry is characterized by brand recognition and loyalty, with product quality, taste, price, product innovation, marketing, packaging, and distribution all factoring into the level of competition. Additionally, only in certain areas permitted by law are tobacco companies allowed to offer consumers price promotions, product promotions, coupons, and other discounts.

Oligopolistic Nature of the Tobacco Industry



CFRA Tobacco Outlook

Our fundamental outlook for the tobacco sub-industry for the next 12 months is neutral, reflecting price increases, flattish domestic and international cigarette demand, benefits from recent cost cuts, growing demand for heated tobacco and e-cigarette products, and robust dividend yields. In recent years, tobacco companies have managed to offset sales volume declines through price increases and by boosting sales of heated tobacco and e-cigarette products.

Global sales of tobacco products were estimated at \$782 billion in 2021, according to The Insight Partners. The market is forecasted to grow at a 2.2% CAGR by 2028 to \$908 billion. Tobacco sales tend to be highly inelastic due to the addictive nature of nicotine products, the highly defensive industry, and companies in the industry generate the strongest gross margins in the Consumer Staples sector, with industry giants Philip Morris and Altria posting gross margins of approximately 64% and 69% in 2022, respectively.

Despite our expectation for a low-single-digit percentage decline in domestic consumption over the next few years, we think industry operating profits will decline by a lesser amount, as cost-cutting efforts and

price increases will help stem the fall. Tobacco is likely to be a continued target for additional excise taxes, and we see attempts to raise rates as likely in the future. Looking at the global market (ex. China and the U.S.), we expect worldwide cigarette sales volume to fall by 1%-2% per annum longer-term, but should be flattish in 2023 after a flattish 2022. Looking at the international market, we expect stronger growth in the Middle East and Africa, the Americas, and Southeast Asia regions relative to Europe and Asia-Pacific.

We see the risk of additional regulation and tax increases on the industry. In recent years, various tobacco-related proposals such as raising the minimum tobacco purchase age and banning flavored e-cigarettes have consistently garnered more support from Democrats than Republicans. New FDA commissioner Dr. Robert Califf faces looming deadlines on several issues including whether to ban e-cigarettes, ban menthol tobacco products, and reduce nicotine levels in tobacco products.

Smoking Prevalence Around the World

According to the WHO, as of May 2022 (latest available), about 22% of the world's population aged 15 and above smokes tobacco products, equating to more than 1.3 billion people. On a global average, this percentage is falling, driven by fewer smokers in many developed nations around the world.

In the U.S., the smoking rate has fallen to record lows. The Centers for Disease Control and Prevention (CDC) estimates that only 12.5% of adults in the U.S. smoked cigarettes in 2020 (latest available), representing a 68.5% decline from 1965 when about 40% of U.S. adults smoked. And even smokers are smoking less. According to the CDC, the percentage of users smoking 30 cigarettes or more decreased from 12.7% in 2005 to 6.4% in 2020 (latest available), while those smoking between 20 and 29 cigarettes decreased from 35% in 2005 to 28% in 2020. However, there are disparities in smoking among population groups in the U.S. The CDC states that smoking is more prevalent among males aged 25-64 with less education.

In December 2019, the U.S. raised the minimum purchase age for tobacco products (including e-cigarettes) to 21, which we think presents a significant long-term headwind for domestic tobacco sellers, as the under-21 market represented a significant growth driver for tobacco companies. According to CDC data, 12.5% of middle school and 31.2% of U.S. high school students reported they were currently using some form of tobacco product in 2019 (mostly e-cigarettes). According to the FDA's data on youth tobacco use, more than 80% of youth e-cigarette users consume flavored products. E-cigarette manufacturers must apply to the FDA for permission to keep selling their products in the U.S.

On the other hand, the EU has a much higher smoking rate. The EU estimates that 26% of its overall population smokes tobacco and about 29% of young Europeans (ages 15-24) smoke tobacco products. In Russia, about 59% of adults smoke. The prevalence of tobacco smoking is also still strong in Asia. Indonesia has the largest percentage of smokers, with about 76% of adults aged 15 years or older smoking tobacco products. In Korea and China, about half of all adults smoke.

E-Cigarettes and Vaping

E-cigarettes and vaping took the world by storm. According to Euromonitor International, the number of vapers globally has increased rapidly, from about 7 million in 2011 to an estimated 80 million in 2021 (latest available). It estimates that this figure will grow at a 9.7% CAGR through 2027. According to Beyond Market Insights, the global e-cigarette market was valued at \$22.2 billion in 2022 compared to \$3 billion in 2016 and is expected to grow at a CAGR of 29% through 2030.

E-cigarettes were initially intended to be used as a substitute for tobacco products. That way, long-term tobacco users could slowly reduce their dependency on nicotine. Unfortunately, many teenagers took to vaping after JUUL Labs and other e-cigarette companies began marketing products as fruity, tasty, and fun. Since then, regulators have been scrambling to find solutions to curb the resulting demand. In the U.S., several states have now imposed all-out bans on e-cigarettes. In February 2020, the FDA banned select e-cigarette flavors to keep adolescents from vaping products.

Regulatory Update

FOOD PRODUCTS

Renewable Fuel Standard (U.S.)

The Renewable Fuel Standard (RFS) is a federal program that requires transportation fuel sold in the U.S. to contain a minimum volume of renewable fuels. The program began in 2005 and expanded in 2007. Its purpose is to help farmers and reduce U.S. dependence on foreign oil. The U.S. Environmental Protection Agency (EPA) administers the RFS program and establishes yearly minimum volume requirements. Volume requirements escalate each year and reached 20.6 billion gallons in 2022.

The RFS's provision exempts certain small refiners from renewable fuel volume obligations. Small refiners (defined as having an average crude oil input of fewer than 75,000 barrels per day) are exempt from the volume requirements if they can demonstrate that compliance with renewable volume obligations will result in "disproportionate economic hardship."

The problem surfaced a few years back when the number of exemptions granted skyrocketed. For the 2017 compliance year, 35 of the 37 applications submitted were granted exemption, a drastic increase from the 7 out of 28 applications that were granted an exemption back in 2015. This has angered American farmers who were already hurt by the U.S.-China trade war. This all changed in the years since. From 2018 to 2021, there were a total of 111 applications received. Of them, 39 were either rejected or deemed ineligible, while 72 were still pending petitions. Not a single application since 2018 has been granted an exemption to date. The EPA's reason for this was that small refineries could reclaim the cost of tradable credits (known as RINs) by charging more for petrol and diesel. This is called "RIN pass-through." However, by denying these exemptions, it was discovered that smaller oil refiners often paid more to buy RINs or received less when selling RINs compared to larger counterparts.

NON-ALCOHOLIC BEVERAGES

The Push for Healthier Consumption Habits

Sugars, particularly added sugars, have long been associated with unhealthy consumption habits. While no soda tax is currently in place at the state level, several localities have done so despite strong opposition from the soda industry. The city of Berkeley, California, was the first to do so in November 2014 and subsequently saw a 52% drop in sugary drink servings by the end of 2018, according to a study by the University of California, Berkeley. In June 2016, Philadelphia passed a 1.5-cents-per-ounce tax on sugar-added and artificially sweetened soft drinks, adding \$0.18 to sodas in cans, \$1.08 to six-packs, and \$1.02 for two-liter bottles. In November 2016, three cities in California (San Francisco, Albany, and Oakland) passed their own soda tax laws, with Cook County, Illinois (which includes Chicago) and Boulder, Colorado following suit. In January 2018, Seattle implemented a 1.75 cents-per-ounce tax (1-cent-per-ounce for certified manufacturers) on soda and other sugary drinks. However, in November 2018, Washington state residents voted to support a measure blocking local governments from imposing new taxes on sugary drinks.

Around the globe, several countries have introduced special taxes on "unhealthy" foods. In Mexico, the government created an 8% tax on high-calorie foods to curb the rising rates of obesity and diabetes. The Mexican government also implemented a 10% tax on sugar-sweetened drinks. In Hungary, the government imposed a tax on foods that are considered unhealthy, such as products with high sugar, salt, and other ingredients. In the U.K., the government introduced the Soft Drinks Industry Levy (SDIL), which imposes a tax on sugary drinks. Other countries with variations of unhealthy food taxes include the U.K., Australia, Denmark, France, Portugal, Singapore, Sri Lanka, and the United Arab Emirates.

ALCOHOLIC BEVERAGES

Alcohol Laws Widely Differ Throughout the World

The minimum legal age to purchase alcohol products varies globally, such as age 16 in Germany to total bans in countries like Pakistan, Saudi Arabia, and Afghanistan. In many European countries, the minimum legal age is 18. In the U.S., the minimum legal age is 21. The WHO notes that age limits for on-premise alcohol purchases and off-premise alcohol purchases did not exist in 11 and 24 countries, respectively. Also, licensing requirements to sell alcohol do exist in more than 140 countries.

In the U.S., other than the minimum age to purchase alcohol, laws governing the sale of alcohol are largely held by the states. As such, some states have a monopoly over the wholesaling or retailing of some or all alcohol products. There are currently 17 states in the U.S. that have some control over the sale of alcohol products. For example, in Virginia, the state owns and operates liquor stores. However, beer and wine can be sold at supermarkets, convenience stores, and gas stations.

TOBACCO

Tobacco 21

In December 2019, the U.S. raised the minimum purchase age for tobacco products (including e-cigarettes) to 21, which we think presents a significant long-term headwind for domestic tobacco sellers, as the under-21 market represented a significant growth driver for tobacco companies. According to CDC data, 4.5% of middle school and 16.5% of U.S. high school students reported using some form of tobacco product in 2022 (mostly e-cigarettes).

Family Smoking Prevention and Tobacco Control Act (FSPTA)

In June 2009, President Obama signed the Family Smoking Prevention and Tobacco Control Act into law. The bill gave the Food and Drug Administration (FDA) the power to regulate tobacco products' manufacture and marketing. The FDA's final rule became effective on August 8, 2016, extending its regulatory authority to cover all tobacco products, including vaporizers, electronic cigarettes, and other tobacco products.

E-Cigarette Ban

In June 2019, San Francisco (the city where JUUL Labs is headquartered) became the first major U.S. city to ban the sale and distribution of all electronic cigarettes. Michigan became the first state to ban flavored e-cigarettes following reports of deaths and lung disease. Since then, several states in America have imposed similar bans on e-cigarettes. In February 2020, the FDA banned fruit- and mint-flavored products used in e-cigarettes. The flavoring ban does not apply to menthol- and tobacco-flavored products.

HOW THE INDUSTRY OPERATES

Food Products

INDUSTRY STRUCTURE

The food products industry is comprised of agricultural producers and other suppliers, processors, manufacturers, and distributors. Fluctuations in commodity prices can have a significant effect on manufacturers' operations.

Agricultural Producers and Other Suppliers

Agricultural producers and other suppliers provide raw materials and packaging to food manufacturers. The most important agricultural commodities are coffee, cocoa, sugar, wheat, corn, soybeans, edible oils, and dairy. Key packaging supplies include paper, paperboard, glass, plastics, steel, and aluminum.

Some manufacturers produce their own commodities. For example, Unilever owns tea plantations in India and East Africa. However, this is the exception and not the norm. Like other food and beverage manufacturers, Unilever purchases the bulk of its food commodities from third-party producers or on the open market.

Food and packaging materials comprise the largest share of food and beverage manufacturers' costs – usually the equivalent of about one-third of total sales. These costs can be higher for smaller manufacturers, which do not enjoy the same negotiating leverage as large multinationals.

Processors

Processors are essentially intermediary food specialists. Archer Daniels Midland Co., Cargill Inc., Bunge Ltd., and Barry Callebaut AG are some of the world's leading processors. This group specializes in producing ingredients such as edible oils, margarines, and industrial chocolate products, among other things. Major confectionery manufacturers, such as Nestlé, The Hershey Co., Mars, and Mondelez International Inc. (formerly a part of Kraft Foods Inc., and which now includes the Cadbury business), process some cocoa themselves, but rely on third parties for the largest share of their ingredients.

Manufacturers

In addition to making food products, manufacturers may also have operations that include agricultural production, food processing, and/or distribution. The smaller the manufacturer, the greater the likelihood of vertical integration. A regional cheese producer, for instance, may own and oversee all operations concerning milk production, cheese fabrication, distribution, and final sale. While this is still typical for small specialty foods producers, the highly competitive nature of the global foods & beverages industry has led to greater specialization among the leading companies.

Larger companies' economies of scale facilitate this specialization. Bigger companies can secure contracts for key commodities for less than it would cost for them to produce those items themselves. This enables manufacturers to focus more on product development and advertising, two areas critical to ensuring competitiveness.

Distribution and Sale

Manufacturers often rely on third parties to distribute goods to retailers over a large geographic area. Distributors may be wholesalers that serve as intermediaries between the manufacturer and the retailers. In this role, they can wield significant influence over pricing and in-store positioning. Manufacturers may provide incentives to wholesaler-distributors to achieve sales targets.

Nevertheless, improvements in supply-chain technology and transportation have enabled many large manufacturers to bypass wholesaler-distributors, thus reducing costs. Most deal directly with retailers in negotiating pricing, marketing, and in-store display.

Selling through major food retail chains is vital to food product companies. These chains can make a big difference in sales and income. For example, a powerful retailer can force a manufacturer to reduce its prices or pay exorbitant stocking fees or sales incentives, jeopardizing profits. In the U.S., Walmart has the reputation for being the toughest retail negotiator, capable of squeezing manufacturer margins to low levels and imposing major changes to their businesses.

COSTS WITHIN THE FOOD SYSTEM

We can compare the prices paid by consumers for food with prices received by farmers for corresponding commodities to determine where the most value lies within the supply chain. CFRA estimates that only about 20% to 30% of what the consumers end up spending goes to farmers. However, this number varies depending on the type of commodity. For example, for dairy products, about 30% of the retail price goes to farmers. Yet, for fresh vegetables, about 26% of the retail price goes to farmers. The remaining value reflects various expenditures to bring food to the marketplace. Various other expenses incurred in the food pipeline include wages, salaries, and benefits for workers engaged in manufacturing and packaging; transportation and fuel; advertising; depreciation; rent; repairs; utilities; and interest costs.

Lower Sensitivity to Commodity Prices

Contrary to agribusinesses, more value is added to products of packaged food companies at the packaging and marketing level; margins, therefore, are less prone to fluctuations in commodity prices. Marketing costs, which constitute a high proportion of total input costs for packaged food products, tend to be relatively stable year over year.

Packaged food producers' active use of hedging techniques also helps limit their exposure to fluctuations in commodity prices. A growing reliance on global sourcing of important raw materials further limits the impact of raw material shortages in a given geographic region.

Typically, there tends to be a lagging effect in a company's ability to pass along higher commodity costs to consumers. Rising ingredient costs place additional pressure on packaged food companies to operate their businesses efficiently, a focus that we see reflected in restructuring programs that include activities such as the consolidation of manufacturing facilities and reductions in the work force.

WHY ARE FOOD PRICES SO VOLATILE?

Over time, various factors – both long and short term – contribute to changes in food commodity prices and food demand.

Long-term Factors Affecting Food Supply and Demand

◆ **Improved agricultural productivity.** A boost in agricultural productivity caused by advancement in technology over time can help improve supply. New farm equipment, disease-resistant varieties of seeds, and similar developments can improve the output level for various crops.

◆ **More efficient global distribution/allocation.** With better international infrastructure in place, and trade agreements being signed among countries, global distribution has become much more efficient, leading to better allocation of the food supply in the long term.

◆ **Climate change or extreme weather.** Agricultural produce is prone to suffer from excessive rain or drought conditions. Poor harvests are especially likely to affect prices when inventory levels of a crop are relatively low.

◆ **Amount of land and water resources available.** The amount of arable land and water available for irrigation is an important factor affecting the long-term supply.

Among the long-term factors affecting food demand, CFRA sees:

◆ **Growing overseas demand due to higher incomes and changing lifestyles.** As populations in developing countries become wealthier and more urbanized, demand for packaged foods will likely rise.

◆ **Demographic profile in developed markets.** With an aging population in developed markets such as the U.S., Western Europe, and parts of Asia, CFRA thinks demand for healthier, more nutritious food is on the rise. Meanwhile, in some other countries, fertility or birth rates are much higher, which can both contribute to population growth and boost demand for food.

◆ **Bio-energy markets.** Crops such as corn, sugar, and rapeseeds are increasingly being used to produce ethanol to generate energy.

Short-term Factors Affecting Food Supply and Demand

◆ **Trade restrictions.** These include export bans or tariffs.

◆ **Changes in food stocks/inventories.** Lower inventory generally increases the likelihood of price volatility.

◆ **Feed costs for livestock.** Crops such as wheat, oat, barley, and canola are used mainly as feed for livestock, and changes in their prices add to food price volatility.

◆ **War.** Food production inevitably comes to a halt when countries go to war. The most recent Russia-Ukraine crisis has caused disruption in the food production supply chain as both countries are major contributors to the global food market.

Short-term factors affecting food demand may include the following:

◆ **Economic conditions.** In times of economic difficulties, consumers become increasingly conscious about their spending; some will trade down to lower-cost product categories (*i.e.*, chicken vs. beef). In addition, consumers may be less likely to keep extra food in their pantries when money is tight.

◆ **Fluctuation in currency exchange rates.** A weaker U.S. dollar, for example, can boost international demand for U.S. crops, as it gives foreign buyers more purchasing power.

STORE LABELS AND PRODUCER BRANDS

One of the best ways to enhance pricing power is to develop customer loyalty through brand awareness. Brand loyalty is the “holy grail” for all consumer product companies, including those in the packaged food segment. Due to the importance of brand loyalty in the food industry, these companies are among the world’s leading advertisers. By supporting their brands with advertising, food manufacturers are better positioned to charge higher prices than they would likely receive for lesser-known products or brands.

Private label goods – often, lower-priced products sold under a store’s own name or brand – are a constant threat to other branded goods, especially during times of economic weakness. Private labels already have a substantial presence in the more commodity-like grocery categories. In general, consumers are likely to purchase items such as dairy and bakery products based more on price than brand name. However, private label or store brands have extended their reach to virtually every major grocery category, though penetration rates vary. Going forward, CFRA anticipates that private label

offerings will increasingly become available in higher-priced product categories, including the growing organic food area.

FOOD PRODUCT DISTRIBUTION

Food companies distribute their products through channels such as the direct-delivery system (transporting the products to a store, stocking the store's shelves and ordering additional products when needed) and the warehouse system (dropping the products in a warehouse; the products will subsequently be transported to a store by the retailer or a third party).

Channel Mix

"Channel mix" refers to distribution channels through which food products are sold, and to the relative importance of each channel. The primary retail distribution channels for foods are grocery stores, mass merchandisers, vending machines, convenience stores, and other outlets, which include small groceries, drugstores, and educational institutions like schools and other institutions like hospitals.

With food that consumers purchase to eat at home, the importance of traditional grocery stores has declined in recent years, as non-traditional stores such as discount stores receive a growing portion of food spending. With their larger size and the ability to price aggressively, discount stores have taken significant market share from grocery stores over the past two decades.

Growth Strategies

For businesses to succeed on a large scale, the barriers are very high. Given the capital requirements for large-scale production, food processors have three means of achieving growth. CFRA focuses on acquisitions, expanding distribution channels, and international sales.

◆ **Acquisitions.** For many years, the fastest and most reliable way to increase sales in the highly mature food industry had been to acquire other businesses. However, unlike diversification efforts in the 1970s and 1980s, acquisitions since the 1990s tend more often to be "add-ons" – lines of business that complement the acquirer's existing operations.

◆ **Expanding distribution channels.** Until recently, there was a steady long-term increase in away-from-home eating, and many food companies have aggressively expanded their distribution outlets to reach more places where today's consumers go to eat. This includes selling products to companies that specialize in distribution services or to food service businesses directly.

Companies such as Nestlé, Kraft Heinz, ConAgra Foods, and Campbell Soup have formed divisions that are responsible for distributing the company's grocery items through "food service outlets" – retail locations other than supermarkets. This strategy helps them participate directly in what was a long-term trend toward away-from-home eating and can serve as a relatively low-cost way to test-market new products.

◆ **International sales.** International expansion allows companies to participate in faster-growing emerging markets. One of the most cost-efficient ways to enter a foreign market is through joint venture with a local firm; this also allows companies to learn from their partners the market's unique customs, tastes, and regulatory environment. Once sufficient market knowledge is obtained, many companies would either acquire their joint-venture partners or build on their businesses through more joint ventures or acquisitions.

Low Volatility in Business Cycles

Companies in the processed food segment make products that are staples, and thus generally are less sensitive to declines in business activity than are companies in other industries. Because people must eat, they purchase food frequently; demand does not fluctuate significantly. As a result, food companies

are considered defensive in nature and have historically been safe havens for investors during economic downturns.

FOOD PRODUCT REGULATION

Key Regulating Bodies		
U.S.	Food and Drug Administration (FDA)	Regulates food safety and quality in the U.S. through various statutory and regulatory mandates, including manufacturing and holding requirements for foods. The agency also specifies the standards for certain foods, prescribes the format and content of information required to appear on food product labels, regulates food contact packaging and materials, and maintains a Reportable Food Registry for the industry to report when there is reasonable possibility that an article of food with cause serious adverse health consequences.
U.S.	U.S. Department of Agriculture (USDA)	Imposes standards for product safety, quality, and sanitation in the U.S. through federal meat and poultry inspection programs. The USDA reviews and approves the labeling of these products and establishes standards for the grading and commercial acceptance of produce shipments from suppliers.
U.S.	Federal Trade Commission (FTC)	Administers antitrust and consumer protection legislation in pursuit of free and fair competition in the U.S. marketplace. One of the key provisions in U.S. antitrust law is to prevent anticompetitive mergers or acquisitions. The FTC will review most large transactions and will take legal action to block deals that it thinks would “substantially lessen competition”.
Europe	General Food Law	Lays down general principles, requirements, and procedures that underpin decision making in matters of food and feed safety, covering all stages of food and feed production and distribution. The General Food Law also set up the European Food Safety Authority (EFSA) and the Rapid Alert System for Food and Feed (RASFF).
Europe	European Food Safety Authority (EFSA)	Funded by the European Union and used as a source of scientific advice and communication on risks associated with the food chain. This agency is responsible for evaluating both existing and new food & beverage products, and ingredients produced or sold in Europe.
Asia	China’s Food Safety Law	Released in 2015 as a centralized supervision (from a separate regulation), following the regulatory restructuring in 2013. The law requires food industry companies to establish a self-examination system so that the supply chain is traceable.

Beverages: Alcoholic Beverages

Beer, wine, and distilled spirits compete in the highly regulated alcoholic beverages marketplace. Each category of beverage has its own unique characteristics, which are briefly discussed below.

Beer

Crude versions of beer have been in existence almost as long as recorded civilization. Beer has long been a popular drink in many countries, partly because it is relatively easy to make. It consists mainly of malted barley, and/or other grains, including rice, corn, wheat, flavored with hops (a cone-like flower), yeast as a fermenting agent, and sometimes other ingredients.

Given the large number of brewed beverages produced over the years, “beer” today is an umbrella term covering a wide range of related drinks distinguished by the type of yeast used, among other factors. Beer varieties include bitter (a beer brewed with more hops and a lighter malt than mild beer), lager (a light beer that matures for a longer time at a low temperature), ale (similar to, but heavier than, lager), and stout or porter (dark ales produced from the brewing of roasted malt).

In many countries, beer drinkers have long preferred lagers because of their lighter taste until recently. Since the health-conscious 1980s, reduced-calorie or “light” beers have grown in popularity, mostly at the expense of fuller flavored brews. In the past few years, beer drinkers have become increasingly fickle in their tastes. Perhaps tiring of mass-produced U.S.-style lagers, they have thirsted for variety in the form of imported and “craft” beers. Craft beers are defined as brews produced by small breweries (called microbreweries) that typically specialize in beer brewed with 100% malted barley instead of less expensive grains.

Wine

Wine, like beer, has been enjoyed by humankind for millennia. Wines are produced around the world, and differ according to the variety of grapes used. Other factors that can differentiate wines include the topography of the vineyard, the climate in a particular vintage year, and methods used in the fermenting process (in oak casks or in stainless steel vessels).

White wines, often made from light-colored grapes, but also made from darker grapes if the juice is extracted with minimal contact with the grape skins, are generally lighter in taste than red and blush wines. Red wines are typically produced with darker grapes, and the juice can stay in contact with the skins, often through the fermentation process, for color and flavor. Blush wines also are made from darker grapes, but the juice is only allowed to stay in contact with the grape skins long enough to draw partial coloration.

The Beverage Information Group categorized wines as follows: table wine, champagne & sparkling wine, dessert & fortified wine, vermouth & aperitif, and wine coolers.

Spirits

Distilled spirits manufacturers usually obtain their raw materials – principally grains – through purchases from various sources via contractual arrangements. They also make purchases in the open market. Grains are mashed at company distilleries, and the finished products – such as Jim Beam bourbons and Jack Daniel’s whiskeys – are aged for varying amounts of time, depending on the product. Like wine, distilled spirits are normally distributed through wholesalers or state-level alcoholic beverage control agencies. Distilled spirits products are generally classified as white goods, brown goods, and specialties.

◆ **White goods.** Named for their clear or nearly clear color, white goods include vodka, gin, rum, and tequila.

◆ **Brown goods.** Also named for their color, brown goods consist of Canadian, Scotch, Irish and other whiskeys, bourbon, and blends.

◆ **Specialties.** This catchall category includes both high-priced products, such as cognacs and imported liqueurs, and some of the industry's least expensive offerings. The three major specialty categories are brandy and cognac, cordials and liqueurs, and cocktails and mixed drinks.

WHAT DRIVES DEMAND?

The alcoholic beverages segment of the beverages industry is affected by the following consumer-related factors:

Price and Value

The quantity of alcoholic beverages that a nation consumes tends to remain steady through recession and prosperity. In contrast, the quality of the products purchased – as gauged by the comparative per-unit cost – is directly related to real disposable personal income. A decline in disposable income puts downward pressure on the prices of consumer products, as people shift away from buying premium-priced brand-name products in favor of lower-priced brands and private-label goods.

In the alcoholic beverage market, virtually all of the major brewers market beer products that target most price points. Although low-priced beers generally reap lower profit margins than high-priced brews, they help maintain production efficiency by keeping brewing capacity utilization at high levels.

Demographic Trends, Consumer Attitudes, and Industry Traits

Please refer to Tobacco.

Beverages: Non-Alcoholic Beverages

The primary retail distribution channels for non-alcoholic beverage are supermarkets, mass merchandisers, vending machines, convenience stores, fountain accounts (such as restaurants or cafeterias) and other outlets, which include small groceries, drugstores, and educational institutions.

The non-alcoholic beverage market is generally divided into franchise or syrup companies and bottlers. Some segments of the beverages industry are quite concentrated, largely due to strong brand names, successful product development, and acquisition activity.

Franchise companies (or brand owners) are mainly in the business of making soft drink concentrates – flavored syrups mixed with carbonated water to produce various beverages. These franchise companies manufacture and sell products themselves, or they appoint bottlers to sell, distribute, and, in some cases, manufacture these products under licensing agreements.

Brand owners, such as Coca-Cola and PepsiCo, generally own both the beverage trademarks and the secret formulas for their concentrates. They manufacture and sell the concentrates to licensed bottlers while at the same time develop new products and packaging for use. Brand owners are also responsible for developing national marketing, promotion, and advertising programs to support their brands and brand image, as well as coordinating selling efforts with respect to national fountain, supermarket, and mass merchandising accounts. These brand owners also provide local marketing support to their bottlers.

Bottlers are generally tasked with manufacturing, selling, and distributing products under brand names licensed from brand owners in an exclusive territory. For carbonated soft drink products, a bottler buys the brand owner's soft drink concentrate, combines it with sweeteners and carbonated water, packages it in bottles or cans, and sells it to wholesalers or retailers.

Bottlers usually handle the brand owner's fountain accounts as well. These accounts are licensing agreements between the brand owner and restaurants, stadiums and arenas, or school cafeterias. The bottler combines the brand owner's soft drink concentrate with sweeteners to yield syrup, which it delivers to fountain customers. In the non-carbonated beverages category, the bottler either manufactures and packages such products, or purchases them in finished form and sells them through its distribution system.

STORE LABELS AND PRODUCER BRANDS

As with food product companies, non-alcoholic beverage companies enhance pricing power by fostering customer loyalty through brand awareness. Other beverage companies have also developed a private-label strategy to compete against established brands.

BEVERAGE DISTRIBUTION

Like food product companies, non-alcoholic beverage companies distribute their products through direct-delivery systems and warehouses.

Tobacco

Tobacco Typology

The two most common types of tobacco produced in the U.S. today are flue-cured and burley. Other types include dark air-cured, dark fire-cured, Maryland, and cigar filler. Most of a cigarette's tobacco taste comes from flue-cured tobacco. This tobacco is made from a relatively light species of tobacco leaf, which is prepared for use by being aired over heat. Burley tobacco is a relatively dark species of tobacco leaf, which requires very little preparation before use.

Production and Distribution

Three groups form the backbone of the tobacco industry: farmers, dealers, and manufacturers.

◆ **Farmers.** The world's crop of leaf is grown by tobacco farmers located mainly in areas where the climate is favorable for this crop. Tobacco farmers generally sell their flue-cured and burley tobacco at public auction to the highest bidder.

◆ **Dealers.** Tobacco dealers act as intermediaries between farmers and manufacturers. They select, buy, ship, process, pack, store, and finance leaf tobacco either for manufacturers' accounts or for resale to them.

Tobacco dealers generally are paid fees and commissions for their services. Although tobacco product manufacturers occasionally purchase leaf tobacco at auction, dealers have increasingly taken over this function. Dealers let manufacturers withdraw capital from the labor-intensive tobacco leaf processing business and put it toward the more profitable business of marketing finished tobacco consumer products.

◆ **Manufacturers.** Following a cigarette manufacturer's purchase of tobacco leaf, the tobacco is graded, cleaned, stemmed, and re-dried. Then it is stored for aging for up to three years. Manufacturers maintain large inventories of leaf tobacco to support their production requirements, and because of the lengthy curing process. For leading producers, the manufacture of cigarettes is highly automated.

Finished products are sold principally to wholesalers (including distributors), large retail organizations, vending machine operators, the armed services, and others. International sales often are handled by either company subsidiaries or licensees, which market the products directly or through export sales organizations.

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Demographic Trends and Consumer Attitudes

Demographic changes affect the demand for consumer goods in general; alcoholic beverage and tobacco products are particularly sensitive. Principal among these changes around the world is the aging of the population.

This is positive for wine and distilled spirits producers, whose customers tend to be older. Beer and tobacco products, however, tend to be consumed in greater quantities by young adults.

Increased interest in healthy living, largely started by the baby boomers generation (those born between 1946 and 1964) and reinforced by the millennials, has hurt the consumption of alcoholic beverages and tobacco products in recent years. It also has encouraged the public to call for increased government regulation of these industries.

INDUSTRY TRAITS

The alcoholic beverage and tobacco industries are distinguished by their degree of concentration, strong profitability, and high barriers to national and international markets. In addition, they are subject to considerable taxes and regulation.

Concentrated and Profitable

The alcoholic beverage and tobacco industries have undergone substantial consolidation over the years. Declining domestic consumption trends, a highly mature marketplace, and a steady rise in legal and regulatory burdens spurred many manufacturers to join forces with competitors; others have perished.

This market condition has bestowed upon these producers the benefits that oligopolists typically enjoy: cartel-like pricing practices and abnormally high profit margins, cash flows, and investment returns. Ironically, government regulations imposed on the tobacco industry over the years have helped make the business more profitable. In the U.S., for example, all forms of electronic media advertising were banned in 1971; these restrictions have kept cigarette producers' marketing costs well below the levels they otherwise would have been. At the same time, this move reduced competition by making it extremely difficult for new companies to grow brand awareness and capture market share.

Big Barriers to Large-scale Success

The initial barriers to entry into the alcoholic beverage and tobacco industries are not that high, and many start-up companies can find a local or regional niche. Although microbreweries and small wine makers may achieve local success, such firms often have difficulty attaining profitability and may find it virtually impossible to go national. Economies of scale in manufacturing, distribution, and marketing create high barriers to the national and global markets.

The capital needed to build manufacturing facilities – and the costs associated with operating virtually any consumer packaged goods business on a national scale – are substantial. Large established brands also have a substantial advantage in marketing and advertising. In addition, the level of sales needed to justify the legal costs associated with these controversial industries has become increasingly prohibitive for newcomers.

HOW TO ANALYZE A COMPANY IN THIS INDUSTRY

QUALITATIVE MEASURES

Product Mix

Ideally, the company produces hard-to-copy goods with leading market shares and premium prices in growing categories. That situation is more often the exception than the rule, but it should be an important goal of any company that wants consistent sales and profit growth in the highly competitive industry.

One way that a company can differentiate its products in the minds of consumers is to develop well-recognized and highly regarded brand names. Effective brand management fosters all-important consumer loyalty, which in turn creates the opportunity for market share growth and above-average pricing flexibility and profitability. A strong brand name also creates an opportunity for product line extensions and, in some cases, licensing fees and royalties.

Business Mix

It is important to understand the company's decision to acquire or divest businesses. In some cases, a company can create synergies by combining similar businesses, with benefits including increased purchasing power, capacity utilization, and more products to send through an existing distribution network. However, acquiring multiple businesses with little in common can spread a company's financial and managerial resources too thin. In addition, overpaying for acquisitions that do not contribute to a company's earnings in the near term can be a strain on profit margins and finances.

CFRA also suggests looking at a company's product development efforts. How much is it spending on research and development (R&D), both in absolute dollars and as a percentage of sales? To what extent are new products contributing to overall sales?

Regulatory Environment

With the growing interest in and popularity of organic and enhanced food and beverages, and with concerns about food safety, CFRA views the regulatory environment as increasingly important for food, beverage & tobacco companies. We advise monitoring whether a company has incurred significant product recalls, and whether governmental or safety groups are calling attention to safety concerns related to a company's products. However, in our view, one should keep in mind that a product recall does not mean there is a problem or a concern related to all of a company's products.

Geographic Diversity

A company's current geographic reach and its plans for international expansion are also important. Over the years, many major U.S. food, beverage & tobacco companies fueled growth by expanding internationally. A growing emphasis on developing markets such as Russia, China, and India is likely. Some companies now receive much of their current income from abroad.

Diversification can help smooth earnings trends, as growth in one market can offset weakness in another. However, international expansion may require sizable investments (acquisitions, new manufacturing facilities), which would hurt near-term earnings with no guaranteed payoff. Sometimes, in an effort to facilitate growth in a new market, a U.S. company may work with a local joint-venture partner that may already have established infrastructure and relationships.

Fluctuations in foreign currency values can influence the way that financial items (e.g., sales and earnings) are reported in U.S. dollars. For companies with significant operations in foreign markets, a decline in the value of the U.S. dollar compared with foreign currencies generally boosts reported U.S.

dollar profits. The reverse is also true: an increase in the value of the dollar relative to foreign currencies generally hurts the amount of reported dollar-denominated profits.

Although CFRA thinks the long-term outlook for international sales is generally favorable, companies with business outside the U.S. can be affected by various trade factors, including tariffs, quotas or even bans on some of their products.

Management

CFRA looks favorably on seasoned management teams that have performed well compared with their peers, in both good times and bad. However, some executives may be particularly good at containing costs, while others are better at creating new products or managing expansion. In evaluating a company, it is a good idea to look at top management's track record – either at that company or at other firms – and to assess whether the skills demonstrated in the past match up well with the company's current needs or goals.

Financial Strength

In assessing a company's financial strength, it is important to look at whether the company is likely to have enough cash to operate its business well. CFRA advises comparing the company's cash interest costs with the amount of operating cash flow (before interest costs) that the business is expected to generate. It is also important to determine if a company is likely to seek additional funds (*e.g.*, offering debt or equity) in the future, to finance current operations, refinance existing debt or to grow.

A company's financial strength affects its access to funds. CFRA recommends that investors look at whether a company's debt has been rated by one of the major credit agencies such as Standard & Poor's Ratings Services. In general, debt instruments with a higher credit rating carry a lower interest rate than do those issued around the same time with a lower credit rating. However, once debt has been issued, the rating agencies may raise or lower their assessments in response to changes in business conditions.

QUANTITATIVE MEASURES

Quantitative factors in the company analysis include trends in revenue, profit margins, earnings per share (EPS), cash flow items, and balance sheet items.

Sales

In reviewing sales, growth is good to see – but it is also relative. A company's sales growth rate should be compared with those of both its markets and its competitors. It is important to determine the sustainability of sales. If one-time factors have either inflated or depressed results in a prior period, these should be examined as well. Also equally important is the reason behind any sales growth. Does it come from price increases or volume gains? Has the company made acquisitions? Is the company gaining market share, or is it just riding market growth?

For many companies, it is also important to look at sales growth over a full year or on a year-over-year basis, rather than making sequential (quarter-to-quarter) comparisons. Seasonal factors can influence sales in any given quarter. Sales in quarters with warmer months typically constitute a greater proportion of total sales than sales in quarters with colder weather.



Watch Out! Some companies distribute products other than their own brands, which gives them discretion in determining how the related revenues should be recognized. Specifically, some beverage companies may consider themselves principals, in which case revenues are reported based upon the gross amount received from end customers, or they may consider themselves agents, in which case revenues are reported based upon the net amount retained (i.e., the amount billed to customers less the amount paid to suppliers).



Watch Out! Companies may hide a revenue slowdown by recognizing revenue in an earlier period than originally expected. There are many available tactics that management can use to accelerate revenue, some of which include allocating a higher proportion of transaction price to elements delivered upfront in contracts with multiple deliverables or performance obligations, faster recognition of deferred revenue, large shipments at period-end, a change in revenue recognition policy and a change in the interpretation of the revenue recognition policy.

Profit Margin

Profitability ratios or margins are measures of how successful a company is in turning revenues into profits. When analyzing profitability ratios, the investor should compare a company against its own past performance and against the performance of similar companies while considering the sustainability of such profits. In CFRA's view, trends in profit margins should be evaluated. Several factors – including acquisitions, fluctuations in necessary raw material costs, and changes in pricing – can cause significant volatility.

A company's cost structure should be examined. How important are costs of raw materials (e.g., ingredients) and labor? If raw materials are significant and their costs can be volatile, CFRA advises trying to learn if the company has locked in a price on some of the costs for the year ahead. (Locking in a price is sometimes known as hedging.) If the company's cost structure is significantly subject to fluctuations in commodity prices, it is a good idea to keep an eye on the level and direction of such prices.

It is advisable to keep an eye on a company's overall operating profit margin. If it starts to narrow, this could be a warning that the company's cost structure is deteriorating. However, sometimes a company will incur additional short-term costs from which it expects to receive longer-term benefits.

The net profit margin reflects net income divided by sales. For some processors of commodity-oriented food products, such as vegetables and livestock, net profit margins over the long term are likely to be relatively low – about 1% to 5%. For the beverage industry, however, there seems to be a dichotomy among soft drink companies. For bottlers – the beverage companies that principally bottle and distribute the final product – net profit margins are relatively low; the common range is 2%-4%. This reflects the high level of amortization of goodwill charges and acquisition-related interest expenses inherent in operating such a business. However, for companies such as Coca-Cola and PepsiCo, which produce the syrups used in soft drinks, net profit margins are typically much higher. The U.S. alcoholic beverages segment's economies of scale and high barriers to national markets have helped to limit major new competition and to support flexible pricing practices.



Watch Out! Companies record special charges for unusual or infrequent items, e.g., restructuring charges. Such charges are often excluded from non-GAAP earnings, and therefore provide management with the ability to enhance analysts' perception of profitability through aggressive use of these special charges.

Earnings per share (EPS)

EPS can be analyzed in a number of ways. Be on the lookout for special (sometimes called “extraordinary” or “nonrecurring”) items, such as asset sales and restructuring charges (e.g., for plant closings or employee layoffs) that can significantly affect the reported EPS. Adjusting EPS to exclude special items may provide a more meaningful growth comparison between different quarters or years. In addition, adjusted EPS can be an important benchmark for valuing the company’s stock against those of its peers, as well as against companies outside the industry. However, special charges may occur regularly over a multi-year period, and this should be considered when assessing the business.

U.S. accounting standards give companies substantial flexibility to prop up per share earnings, at least for a short time. For example, this can be accomplished by repurchasing stock or by stretching out a depreciation schedule. In addition, year-over-year results may be affected by a more extensive accounting change, such as using a different method for valuing inventory.



Watch Out! Costs for bad debts, sales returns, obsolete inventory and other provisions are estimated by management and recorded as either expenses or offsets to revenue (depending upon the provision). Management has discretion in calculating these estimates, and therefore can manipulate earnings, and sometimes revenues. Specifically, by under-provisioning or reversing previous provisions, management can generate artificial, and therefore unsustainable, earnings.

Cash Flow Analysis

Reported earnings do not always provide a clear reflection of cash flow generation or financial strength. It is important to evaluate businesses based on how much cash they generate and absorb. These figures may differ substantially from reported earnings. To analyze sources and uses of cash, CFRA advises consulting a company’s consolidated statement of cash flows.

Companies frequently have cash outlays that are not included on the income statement, such as capital expenditures on new construction and renovations, debt repayment, and dividends to shareholders. These items, which appear on the cash flow statement and are reflected on the balance sheet, are sometimes discretionary and should be considered when evaluating a company’s cash flow.

Most large U.S. food & beverage companies have excess cash that can be used for things other than just maintaining existing equipment. It is important for a company to find the optimal balance between reinvesting surplus cash in its businesses and using the cash to reward present shareholders. A variety of factors may affect a company’s dividend policy and stock repurchase activity, including how much cash the company generates and what the tax laws are.

It is important to consider the liquidity of the company itself, as well as that of its suppliers and customers. The ability to produce a product could be hurt if a supplier experiences cash flow difficulty, and is unable to supply the required ingredients or materials. Financial problems for a distributor or a retailer could also affect a company’s ability to get paid for a product shipment in a timely manner.

Balance Sheet Analysis

Balance sheet ratios may offer a view of a company’s financial health. They also may indicate how well a company is putting its assets or capital to work. Book value measures the balance sheet value of a company’s assets minus its liabilities. Particular attention should be paid to “tangible” book value, which gives credit to assets like land, buildings, and equipment, but excludes items such as goodwill (which may include a portion of the purchase price of previous acquisitions).



Watch Out! Companies often securitize substantial amounts of accounts receivable by selling the receivables to a wholly owned consolidated special purpose entity. The special purpose entity then sells, on a non-recourse basis, an undivided interest in the receivables to off-balance sheet asset-backed conduits. Off-balance sheet financing, unsustainable boosts to earnings, and acceleration of future cash flows into the current period at the expense of future period cash flows.

Keep in mind that balance sheet valuations may not reflect assets' replacement cost or their worth to someone else. In addition, the extent to which intangible assets (like a brand name or customer loyalty) contribute to a company's worth may not be adequately reflected in a company's book value, even though they may add greatly to the company's worth.

Also, look for non-core assets that could possibly be divested, generating proceeds that may be used to reduce debt, repurchase stock, or invest in other businesses. When considering significant potential divestitures, it is advisable to take into account whether an asset sale would likely lead to a sizable tax bill.

In addition, it is advisable to consider whether a company's physical assets are adequately maintained or refreshed. For companies that own properties, a portion of capital spending (known as maintenance capital expenditures) typically goes toward maintaining or refreshing their facilities. Other capital expenditures may be oriented toward expansion or growth (expanding manufacturing capacity).

Balance sheet ratios should be examined to spot possible cash flow problems. A significant change in a company's current ratio can signal a potential drain in the capital needed to run the business. An unusual inventory increase could lead to an asset write-down or a slowdown in production. The rate of inventory turnover can reveal productivity changes and production bottlenecks.

The ratio of long-term debt-to-total capitalization varies considerably among the major food, beverage & tobacco companies. However, companies with strong and relatively stable cash flow should generally be able to accommodate higher relative debt levels. Analysts must weigh the benefits of higher debt, which could leverage EPS growth and shareholder returns, with the benefits of a "cleaner" balance sheet, which is likely to provide a higher degree of safety and more-ready availability of funds. Too much debt increases financial risk, but too little might mean missed opportunities.

In addition, consider whether the company has any commitments or prospective liabilities that are not included on its balance sheet. This could include a conditional guarantee to repay debt of another firm or a commitment to buy back, upon request, some of its own debt at a future point. Try to determine the existence or likelihood of any triggering events that could cause debt holders to demand early repayment.

Valuation Measures

Valuation measures are used to determine how much a company or its stock is worth. Common measurements include multiples of cash flow and earnings, with growth rates used as a tool to decide which multiple to pay.

Valuations depend on various factors, including overall investor sentiment, industry conditions, the level of interest rates, and the extent to which future earnings seem predictable. As is the case with other measures, valuations of a particular company should be compared with those of similar companies in the same industry.

◆ **P/E ratio.** When valuing a company's stock, a good place to start is the basic investment ratio of stock price to EPS, called the price-to-earnings (P/E) ratio. This ratio (or multiple) is useful in judging a company's performance relative to firms in the same industry, as well as in other industries.

◆ **Cash flow multiples.** Companies may also be valued at a multiple of historical or projected cash flow. In an environment where considerable acquisition activity is occurring, it may be helpful to look at prices that are being paid for companies. However, the acquisition environment may change – just because one company has been acquired does not mean that another one will be purchased.

GLOSSARY

Alternative meats—Food made from vegetarian ingredients (sometimes even without animal products) that approximates certain aesthetic qualities or chemical characteristics of specific types of meat.

Baby boomers—People born between 1946 and 1964.

Bottlers—Companies whose output is the bottling of beverages for distribution.

Consumer packaged goods (CPG)—Merchandise that customers use up and replace on a frequent basis.

Craft beer—Beer made by small, independent, and traditional breweries.

E-Cigarettes—An electronic device that simulates tobacco smoking that consists of an atomizer, a power source, and a container for the tobacco liquid solution.

Excise tax—Usually included in the price, excise tax is levied upon the purchase of a particular good.

Franchise companies—Companies (or franchisors) that allow other firms to acquire licenses to distribute the franchisors' products or services under an agreed time period and percentage of franchisee sales.

Generation Z (Gen Z)—People born between 1997 and 2003.

Hard seltzer—Alcoholic beverage containing carbonated water, alcohol, and often fruit flavoring.

Inelastic demand—When a change in price of a good causes a smaller percentage change in demand. These goods tend to have fewer substitutes and are considered necessities by users.

"Micro" brands—A small-scale brand recognized only in a certain geographic location, or by consumers in a specific micro market or niche market.

Millennials—People born between 1981 and 1996.

Natural food—Typically, foods that are minimally processed and have no preservatives. Unlike "organic," however, which has been defined by the USDA, "natural" has no official or certified USDA definition when applied to foods, and thus is not interchangeable with "organic."

Organic foods—These foods are typically produced by farmers who emphasize the use of renewable resources and the conservation and quality of soil and water. In the U.S., there are USDA standards for a food to be certified as organic. According to the USDA, organic food is produced without the use of most conventional pesticides, fertilizers made with synthetic ingredients or sewage sludge, bioengineering, or ionizing radiation. A product that carries the USDA-Organic seal must be at least 95% organic. Similarly, the European Commission allows a product's packaging to carry an organic farming label if at least 95% of its ingredients have been produced organically.

Plant-based protein—See "Alternative meats".

Premiumization—A marketing strategy that attempts to make a brand or product appeal to consumers by emphasizing its superior quality and exclusivity.

Private labels—Products that are often marketed and sold under a retailer's own brand, or under the brand of a distributor or wholesaler. Many supermarket chains sell products under their own labels. These goods may be produced by a company's own facilities or by another manufacturer. Private-label goods are likely to be sold at less expensive retail prices than non-private-label products from national brand food manufacturers. However, private-label goods also may receive considerably less advertising support.

Vaping—The act of smoking an e-cigarette.

Whitespace opportunities—A market potential where products and services don't exist based on the present understanding of values, definition of business, or even existing competencies.

INDUSTRY REFERENCES

GOVERNMENT AGENCIES

Centers for Disease Control and Prevention

[cdc.gov](https://www.cdc.gov)

A division of the U.S. Department of Health and Human Services that provides information against expensive and dangerous health threats.

National Institutes of Health

[nih.gov](https://www.nih.gov)

An agency of the U.S. Department of Health and Human Services that focuses on health research.

U.S. Department of Agriculture

[usda.gov](https://www.usda.gov)

A government agency charged with providing key statistics on the U.S. agricultural industry.

U.S. Department of Commerce

[commerce.gov](https://www.commerce.gov)

A Cabinet-level department that aims to ensure and enhance economic opportunity by working with businesses and communities to promote economic growth.

U.S. Department of Labor

[dol.gov](https://www.dol.gov)

Responsible for occupational safety, wage and hour standards, unemployment insurance benefits, reemployment services, and some economic statistics.

U.S. Food and Drug Administration

[fda.gov](https://www.fda.gov)

A government agency charged with supervising the U.S. food and pharmaceutical industries; a division of the U.S. Department of Health and Human Services.

The World Bank

[worldbank.org](https://www.worldbank.org)

A source of financial and technical assistance to developing countries around the world. It comprises five institutions managed by member countries.

World Health Organization

[who.int](https://www.who.int)

A UN agency with the primary role of directing and coordinating international health within the UN system.

MARKET RESEARCH AND OTHER INFORMATION

Beverage Information Group

[bevinfoingroup.com](https://www.bevinfoingroup.com)

Supplies market research information for the beverage alcohol industry.

Beverage Marketing Corp.

[beveragemarketing.com](https://www.beveragemarketing.com)

Provides consulting and financial services as well as data to the global beverage industry.

Beyond Market Insights

[beyondmarketinsights.com](https://www.beyondmarketinsights.com)

Provides market research reports on various industries.

CEIC Data

[ceicdata.com](https://www.ceicdata.com)

Provider of data and insights into both developed and developing economies around the world.

Euromonitor International

[euromonitor.com](https://www.euromonitor.com)

A business intelligence company that provides data and analysis of industries, countries, and consumers.

Information Resources, Inc.

[iriworldwide.com](https://www.iriworldwide.com)

Supplier of food industry sales data; also provides analytics, software, and professional services.

International Wine and Spirit Research

[theiwsr.com](https://www.theiwsr.com)

Collects and analyzes data on the alcohol beverage market. It also provides insight into short- and long-term trends in the market.

Journal of the American Medical Association

[jamanetwork.com](https://www.jamanetwork.com)

A peer-reviewed medical journal published 48 times a year by the American Medical Association. It publishes original research, reviews, and editorials covering all aspects of biomedicine.

Mercatus

[mercatus.org](https://www.mercatus.org)

Mercatus Center at George Mason University is a libertarian non-profit free-market-oriented research, education, and outreach think tank.

Obesity Evidence Hub

[obesityevidencehub.org.au](https://www.obesityevidencehub.org.au)

Covers obesity trends, health impacts, prevention, environmental influences, and treatment.

Organization for Economic Co-operation and Development

[oecd.org](https://www.oecd.org)

A global policy forum that promotes policies to improve the economic and social wellbeing of people around the world.

The Conference Board, Inc.

[conference-board.org](https://www.conference-board.org)

Publishes the monthly consumer confidence survey, which measures consumer sentiment.

COMPARATIVE COMPANY ANALYSIS

			Operating Revenues										Index Basis (2011=100)					
Ticker	Company	Yr. End	Million \$US					CAGR(%)										
			2022	2021	2020	2019	2018	2017	2016	10-Yr.	5-Yr.	1-Yr.	2022	2021	2020	2019	2018	2017
FOOD PRODUCTS																		
NESN	NESTLÉ S.A.	DEC	102,501.4	95,951.1	95,711.8	95,886.4	93,245.7	92,269.3	88,391.2	0.5	1.1	8.4	116	109	108	108	105	104
MDLZ	MONDELEZ INTERNATIONAL, INC.	DEC	31,496.0	28,720.0	26,581.0	25,868.0	25,938.0	25,896.0	25,923.0	(1.1)	4.0	9.7	121	111	103	100	100	100
HSY	THE HERSCHEY COMPANY	DEC	10,419.3	8,971.3	8,149.7	7,986.3	7,791.1	7,515.4	7,440.2	4.6	6.8	16.1	140	121	110	107	105	101
GIS	GENERAL MILLS, INC.	# MAY	0.0	18,992.8	18,127.0	17,626.6	16,865.2	15,740.4	15,619.8	1.3	4.0	4.8	0	122	116	113	108	101
603288	FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.	DEC	3,713.1	3,936.0	3,491.1	2,843.2	2,476.8	2,241.4	1,794.3	13.7	11.9	2.4	207	219	195	158	138	125
KHC	THE KRAFT HEINZ COMPANY	DEC	26,485.0	26,042.0	26,185.0	24,977.0	26,268.0	26,076.0	26,300.0	8.7	0.3	1.7	101	99	100	95	100	99
ADM	ARCHER-DANIELS-MIDLAND COMPANY	DEC	101,556.0	85,249.0	64,355.0	64,656.0	64,341.0	60,828.0	62,346.0	1.2	10.8	19.1	163	137	103	104	103	98
BN	DANONE S.A.	DEC	29,561.8	27,614.0	28,893.0	28,377.3	28,224.2	29,793.5	23,164.8	2.9	2.2	13.9	128	119	125	123	122	129
002714	MUYUAN FOODS CO., LTD.	DEC	18,098.1	18,098.1	8,620.1	8,620.1	2,905.5	1,543.4	807.4	55.7	65.5	58.2	2242	2242	1068	1068	360	191
300999	YIHAI KERRY ARAWANA HOLDINGS CO., LTD	DEC	37,331.9	37,331.9	29,856.6	24,521.9	24,292.1	23,170.9	19,226.0	NA	11.3	13.8	194	194	155	128	126	121
ALCOHOLIC BEVERAGES																		
600519	KWEICHOW MOUTAI CO., LTD.	DEC	17,992.8	16,716.0	14,538.4	12,269.3	10,707.0	8,947.5	5,597.0	16.7	16.3	16.9	321	299	260	219	191	160
ABI	ANHEUSER-BUSCH INBEV SA/NV	DEC	57,786.0	54,304.0	46,881.0	52,329.0	53,041.0	56,444.0	45,517.0	3.8	0.5	6.4	127	119	103	115	117	124
DGE	DIAGEO PLC	JUN	18,776.4	17,585.8	14,551.0	16,350.9	16,049.1	15,649.8	13,939.2	3.8	5.1	21.4	135	126	104	117	115	112
000858	WULIANGYE YIBIN CO.,LTD.	DEC	10,724.4	10,724.4	8,780.0	7,197.9	5,820.3	4,639.3	3,534.8	10.5	19.6	11.7	303	303	248	204	165	131
HEIA	HEINEKEN N.V.	DEC	30,692.5	24,952.8	24,116.2	26,898.2	25,748.8	25,947.4	21,948.7	4.6	5.9	30.9	140	114	110	123	117	118
RI	PERNOD RICARD SA	JUN	11,186.5	10,462.4	9,507.1	10,448.3	10,176.2	10,279.5	9,641.8	2.7	3.5	21.3	116	109	99	108	106	107
000568	LUZHOU LAOJIAO CO.,LTD.	DEC	3,642.6	3,642.6	2,550.8	2,271.6	1,898.2	1,597.6	1,242.4	8.1	19.3	21.7	293	293	205	183	153	129
ABEV3	AMBEV S.A.	DEC	15,077.5	13,075.8	11,241.4	12,937.9	12,975.3	14,459.5	14,013.0	9.5	10.7	9.4	108	93	80	92	93	103
600809	SHANXI XINGHUA CUN FEN WINE FACTORY CO.,LTD.	DEC	3,800.7	3,143.8	2,142.8	1,708.0	1,373.2	977.7	634.4	15.0	32.7	31.3	599	496	338	269	216	154
STZ	CONSTELLATION BRANDS, INC.	# FEB	9,452.6	8,820.7	8,614.9	8,343.5	8,116.0	7,580.3	7,321.1	12.8	3.8	2.4	129	120	118	114	111	104
NON-ALCOHOLIC BEVERAGES																		
KO	THE COCA-COLA COMPANY	DEC	43,004.0	38,655.0	33,014.0	37,266.0	34,300.0	36,212.0	41,863.0	(1.1)	3.5	11.3	103	92	79	89	82	87
PEP	PEPSICO, INC.	DEC	86,392.0	79,474.0	70,372.0	67,161.0	64,661.0	63,525.0	62,799.0	2.8	6.3	8.7	138	127	112	107	103	101
9633	NONGFU SPRING CO., LTD.	DEC	4,819.2	4,674.7	3,504.2	3,449.9	2,977.0	2,688.2	2,688.2	NA	13.7	11.9	179	174	130	128	111	100
KDP	KEURIG DR PEPPER INC.	DEC	14,057.0	12,683.0	11,618.0	11,120.0	7,442.0	4,680.0	4,318.0	13.8	24.6	10.8	326	294	269	258	172	108
MNST	MONSTER BEVERAGE CORPORATION	DEC	6,311.1	5,541.4	4,598.6	4,200.8	3,807.2	3,369.0	3,049.4	11.8	13.4	13.9	207	182	151	138	125	110
FEMSA UBD	FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.	DEC	34,512.4	27,134.0	24,774.2	26,865.1	23,904.9	22,410.6	19,394.0	10.9	8.9	21.0	178	140	128	139	123	116
CCEP	COCA-COLA EUROPACIFIC PARTNERS PLC	DEC	18,510.2	15,652.2	12,973.7	13,485.6	13,187.5	13,282.9	9,641.1	7.9	9.4	25.8	192	162	135	140	137	138
2587	SUNTORY BEVERAGE & FOOD LIMITED	DEC	10,998.4	11,020.8	11,415.3	11,956.4	11,796.5	10,955.8	12,083.6	3.9	3.3	14.3	91	91	94	99	98	91
KOF	COCA-COLA FEMSA, S.A.B. DE C.V.	DEC	11,624.1	9,502.4	9,227.6	10,310.6	9,279.3	9,335.3	8,627.3	4.4	4.4	16.4	135	110	107	120	108	108
AC*	ARCA CONTINENTAL, S.A.B. DE C.V.	DEC	10,763.9	9,060.6	8,623.1	8,750.2	8,089.0	7,105.6	4,547.0	14.1	8.5	13.0	237	199	190	192	178	156
TOBACCO																		
PM	PHILIP MORRIS INTERNATIONAL INC.	DEC	31,762.0	31,405.0	28,694.0	29,805.0	29,625.0	28,748.0	26,685.0	0.1	2.0	1.1	119	118	108	112	111	108
MO	ALTRIA GROUP, INC.	DEC	20,688.0	21,111.0	20,841.0	19,796.0	19,627.0	19,494.0	19,337.0	1.7	1.2	(2.0)	107	109	108	102	101	101
BATS	BRITISH AMERICAN TOBACCO P.L.C.	DEC	33,321.3	34,777.7	35,192.0	34,271.9	31,215.5	26,443.2	17,446.2	6.2	7.2	7.7	191	199	202	196	179	152
ITC	ITC LIMITED	# MAR	0.0	7,994.2	6,734.9	6,561.0	6,978.8	6,676.7	6,601.8	8.6	7.2	23.1	0	121	102	99	106	101
2914	JAPAN TOBACCO INC.	DEC	20,154.5	20,191.8	20,275.4	20,019.2	20,197.4	18,996.3	18,357.9	2.7	4.4	14.3	110	110	110	109	110	103
IMB	IMPERIAL BRANDS PLC	SEP	18,839.4	22,361.4	21,466.4	19,925.2	20,045.9	20,486.4	18,358.9	1.4	2.0	2.1	103	122	117	109	109	112
HIMP	PT HANJAYA MANDALA SAMPOERNA TBK	DEC	2,937.5	2,913.8	2,890.0	3,314.7	3,186.4	3,253.4	3,245.4	1.8	0.7	9.9	91	90	89	102	98	100
6969	SMOORE INTERNATIONAL HOLDINGS LIMITED	DEC	1,760.9	2,165.3	1,533.2	1,093.0	499.3	246.0	101.9	NA	50.6	(11.7)	1729	2126	1505	1073	490	236
A033780	KT&G CORPORATION	DEC	4,652.8	4,389.3	4,645.3	4,299.0	4,016.6	4,369.0	3,712.0	3.9	4.6	11.9	125	118	125	116	108	118
RLX	RLX TECHNOLOGY INC.	DEC	765.5	1,341.3	585.1	222.5	19.3	19.3	0.0	NA	NA	(38.0)	NA	NA	NA	NA	NA	NA

Note: Data as originally reported. CAGR-Compound annual growth rate. #Of the following calendar year.
Source: S&P Capital IQ.

			Net Income															
Ticker	Company	Yr. End	Million \$US					CAGR(%)			Index Basis (2011=100)							
			2022	2021	2020	2019	2018	2017	2015	10-Yr.	5-Yr.	1-Yr.	2022	2021	2020	2019	2018	2017
FOOD PRODUCTS																		
NESN	NESTLÉ S.A.	DEC	10,025.2	18,544.1	13,825.4	13,019.2	10,300.2	7,342.8	9,055.0	(1.0)	5.3	(45.2)	111	205	153	144	114	81
MDLZ	MONDELEZ INTERNATIONAL, INC.	DEC	2,717.0	4,300.0	3,555.0	3,929.0	3,317.0	2,828.0	7,267.0	(1.2)	(0.8)	(36.8)	37	59	49	54	46	39
HSY	THE HERSHEY COMPANY	DEC	1,644.8	1,477.5	1,278.7	1,149.7	1,177.6	783.0	513.0	9.5	16.0	11.3	321	288	249	224	230	153
GIS	GENERAL MILLS, INC.	# MAY	0.0	2,707.3	2,339.8	2,181.2	1,752.7	2,131.0	1,697.4	5.6	10.3	15.7	0	159	138	129	103	126
603288	FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD	DEC	898.6	1,050.1	980.7	768.8	634.6	542.7	386.5	17.8	11.9	(7.1)	232	272	254	199	164	140
KHC	THE KRAFT HEINZ COMPANY	DEC	2,363.0	1,012.0	356.0	1,935.0	(10,192.0)	10,941.0	3,596.0	9.8	(26.4)	133.5	66	28	10	54	(283)	304
ADM	ARCHER-DANIELS-MIDLAND COMPANY	DEC	4,340.0	2,709.0	1,772.0	1,379.0	1,810.0	1,595.0	1,849.0	12.2	22.2	60.2	235	147	96	75	98	86
BN	DANONE S.A.	DEC	1,024.9	2,188.1	2,392.7	2,164.7	2,689.5	2,940.7	1,392.3	(5.4)	(17.1)	(50.2)	74	157	172	155	193	211
002714	MUYUAN FOODS CO., LTD.	DEC	1,923.4	1,923.4	4,204.8	4,204.8	878.6	363.6	91.8	44.7	41.2	92.2	2,096	2,096	4,582	4,582	957	396
300999	YIHAI KERRY ARAWANA HOLDINGS CO., LTD	DEC	436.6	436.6	919.2	776.7	745.5	768.6	73.6	NA	(9.6)	(27.1)	593	593	1,248	1,055	1,012	1,044
ALCOHOLIC BEVERAGES																		
600519	KWEICHOW MOUTAI CO., LTD.	DEC	9,093.0	8,258.1	7,152.7	5,918.0	5,118.5	4,161.8	2,387.8	16.8	18.3	19.6	381	346	300	248	214	174
ABI	ANHEUSER-BUSCH INBEV SA/NV	DEC	5,969.0	4,670.0	1,405.0	9,171.0	4,370.0	7,996.0	8,273.0	(1.8)	(5.7)	27.8	72	56	17	111	53	97
DGE	DIA GEO PLC	JUN	3,948.0	3,673.8	1,744.6	4,015.6	3,987.5	3,457.2	3,744.3	5.5	4.1	22.1	105	98	47	107	106	92
000858	WULIANGYE YIBIN CO.,LTD.	DEC	3,869.8	3,869.8	3,056.5	2,499.3	1,946.0	1,486.7	951.3	10.4	22.5	14.2	407	407	321	263	205	156
HEIA	HEINEKEN N.V.	DEC	2,866.3	3,780.3	(249.5)	2,430.7	2,190.3	2,323.5	2,054.8	(0.8)	6.7	(19.3)	139	184	(12)	118	107	113
RI	PERNOD RICARD SA	JUN	2,086.6	1,547.3	370.2	1,655.7	1,839.9	1,589.3	959.1	5.7	7.5	53.0	218	161	39	173	192	166
000568	LUZHOU LAOJIAO CO.,LTD.	DEC	1,502.8	1,502.8	919.9	666.7	506.8	393.1	226.8	9.0	32.3	30.3	663	663	406	294	223	173
ABEV3	AMBEV S.A.	DEC	2,734.8	2,274.2	2,191.2	2,930.6	2,840.1	2,213.3	3,136.3	8.6	14.5	14.1	87	73	70	93	91	71
600809	SHANXI XINGHUA CUN FEN WINE FACTORY CO.,LTD.	DEC	1,173.8	836.4	471.7	282.8	219.1	146.4	80.2	19.8	53.4	52.4	1,464	1,043	588	353	273	183
STZ	CONSTELLATION BRANDS, INC.	# FEB	(71.0)	(40.4)	1,998.0	(11.8)	3,435.9	2,303.4	1,054.9	NA	NM	NM	(7)	(4)	189	(1)	326	218
NON-ALCOHOLIC BEVERAGES																		
KO	THE COCA-COLA COMPANY	DEC	9,542.0	9,771.0	7,747.0	8,920.0	6,434.0	1,248.0	7,351.0	0.6	50.2	(2.3)	130	133	105	121	88	17
PEP	PEPSICO, INC.	DEC	8,910.0	7,618.0	7,120.0	7,314.0	12,515.0	4,857.0	5,452.0	3.7	12.9	17.0	163	140	131	134	230	89
9633	NONGFU SPRING CO., LTD.	DEC	1,231.7	1,127.4	808.4	710.7	524.3	519.5	0.0	NA	20.2	18.6	NA	NA	NA	NA	NA	NA
KDP	KEURIG DR PEPPER INC.	DEC	1,436.0	2,146.0	1,325.0	1,254.0	586.0	2,448.0	498.3	14.8	(10.1)	(33.1)	288	431	266	252	118	491
MNST	MONSTER BEVERAGE CORPORATION	DEC	1,191.6	1,377.5	1,409.6	1,107.8	993.0	820.7	546.7	13.4	7.7	(13.5)	218	252	258	203	182	150
FEMSA UBD	FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.	DEC	1,225.7	1,390.0	(97.0)	1,097.4	1,220.8	2,160.4	1,026.4	1.4	(10.8)	(16.1)	119	135	(9)	107	119	210
CCEP	COCA-COLA EUROPAFIC PARTNERS PLC	DEC	1,611.6	1,116.8	609.2	1,223.2	1,040.8	826.1	557.2	8.3	17.0	53.6	289	200	109	220	187	148
2587	SUNTORY BEVERAGE & FOOD LIMITED	DEC	624.2	596.5	505.9	633.9	729.4	693.5	353.3	13.4	1.1	19.9	177	169	143	179	206	196
KOF	COCA-COLA FEMSA, S.A.B. DE C.V.	DEC	975.8	766.2	518.0	641.6	707.9	(652.1)	594.1	3.6	NM	21.2	164	129	87	108	119	(110)
AC *	ARCA CONTINENTAL, S.A.B. DE C.V.	DEC	794.8	599.1	516.4	508.4	442.9	666.8	420.6	11.9	3.4	26.2	189	142	123	121	105	159
TOBACCO																		
PM	PHILIP MORRIS INTERNATIONAL INC.	DEC	9,048.0	9,109.0	8,056.0	7,185.0	7,911.0	6,035.0	6,873.0	0.3	8.4	(0.7)	132	133	117	105	115	88
MO	ALTRIA GROUP, INC.	DEC	5,764.0	2,475.0	4,467.0	(1,293.0)	6,963.0	10,222.0	5,241.0	3.3	(10.8)	132.9	110	47	85	(25)	133	195
BATS	BRITISH AMERICAN TOBACCO P.L.C.	DEC	8,031.8	9,209.0	8,737.9	7,554.5	7,687.9	50,665.7	6,326.5	5.8	(29.2)	(2.0)	127	146	138	119	122	801
ITC	ITC LIMITED	# MAR	0.0	2,008.5	1,799.0	2,032.7	1,817.5	1,732.0	1,410.0	9.3	8.2	15.8	0	142	128	144	129	123
2914	JAPAN TOBACCO INC.	DEC	3,357.1	2,939.9	3,006.1	3,203.9	3,515.3	3,483.9	4,040.7	3.3	2.4	30.8	83	73	74	79	87	86
IMB	IMPERIAL BRANDS PLC	SEP	1,749.4	3,826.4	1,933.3	1,242.3	1,784.6	1,889.1	2,558.8	8.8	2.2	(44.6)	68	150	76	49	70	74
HMSP	PT HANJAYA MANDALA SAMPOERNA TBK	DEC	407.2	501.0	616.1	991.6	938.7	934.7	750.9	(4.4)	(13.0)	(11.4)	54	67	82	132	125	124
6969	SMOORE INTERNATIONAL HOLDINGS LIMITED	DEC	364.0	832.3	367.6	312.2	106.7	29.0	15.3	NA	67.7	(52.5)	2,380	5,441	2,403	2,041	698	190
A033780	KT&G CORPORATION	DEC	807.7	820.4	1,076.7	896.5	814.1	1,133.6	889.9	3.2	(3.5)	3.9	91	92	121	101	91	127
RLX	RLX TECHNOLOGY INC.	DEC	209.0	318.7	(19.6)	6.9	(0.0)	(0.0)	0.0	NA	NA	(28.8)	NA	NA	NA	NA	NA	NA

Note: Data as originally reported. CAGR-Compound annual growth rate. #Of the following calendar year.
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Return on Revenues (%)						Return on Assets (%)						Return on Equity(%)					
			2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
FOOD PRODUCTS																				
NESN	NESTLÉ S.A.	DEC	9.8	19.3	14.4	13.6	11.0	8.0	6.9	12.1	9.9	9.9	7.4	5.4	19.9	34.3	24.9	23.2	17.4	11.7
MDLZ	MONDELEZ INTERNATIONAL, INC.	DEC	8.6	15.0	13.4	15.2	12.8	10.9	3.8	6.4	5.2	6.1	5.3	4.5	9.9	15.4	13.0	14.9	12.9	11.1
HSY	THE HERSHEY COMPANY	DEC	15.8	16.5	15.7	14.4	15.1	10.4	15.0	14.2	14.0	14.1	15.3	14.1	54.3	59.4	64.0	72.8	100.1	86.0
GIS	GENERAL MILLS, INC.	# MAY	0.0	14.3	12.9	12.4	10.4	13.5	NA	8.7	7.3	7.1	5.8	7.0	0.0	25.8	24.3	26.3	23.5	33.6
603288	FOSHAN HAITIAN FLA VOURING AND FOOD COMPANY LTD.	DEC	24.2	26.7	28.1	27.0	25.6	24.2	18.2	20.0	21.7	21.6	21.7	21.6	24.6	30.6	34.9	35.1	34.0	32.4
KHC	THE KRAFT HEINZ COMPANY	DEC	8.9	3.9	1.4	7.7	NM	42.0	2.6	1.1	0.4	1.9	NM	9.1	4.8	2.1	0.7	3.7	NM	17.7
ADM	ARCHER-DANIELS-MIDLAND COMPANY	DEC	4.3	3.2	2.8	2.1	2.8	2.6	7.3	4.8	3.6	3.1	4.4	4.0	18.4	12.8	9.1	7.2	9.7	9.0
BN	DANONE S.A.	DEC	3.5	7.9	8.3	7.6	9.5	9.9	2.1	4.2	4.6	4.3	5.3	5.5	5.8	11.8	12.1	12.0	15.7	18.5
002714	MUYUAN FOODS CO., LTD.	DEC	10.6	8.8	48.8	30.2	3.9	23.6	6.9	3.9	22.4	11.6	1.7	9.8	19.1	11.3	62.1	27.9	4.0	25.7
300999	YIHAI KERRY ARAWANA HOLDINGS CO., LTD	DEC	1.2	1.8	3.1	3.2	3.1	3.3	1.3	2.0	3.3	3.2	3.0	3.7	3.4	5.0	8.4	8.5	9.2	10.2
ALCOHOLIC BEVERAGES																				
600519	KWEICHOW MOUTAI CO., LTD.	DEC	50.5	49.4	49.2	48.2	47.8	46.5	24.7	20.6	21.9	22.5	22.0	20.1	32.5	30.6	32.0	33.9	35.4	33.7
ABI	ANHEUSER-BUSCH INBEV SA/NV	DEC	10.3	8.6	3.0	17.5	8.2	14.2	2.8	2.1	0.6	3.9	1.9	3.2	9.3	7.8	0.2	12.8	6.8	11.3
DGE	DIAGEO PLC	JUN	21.0	20.9	12.0	24.6	24.8	22.1	8.9	8.3	4.2	10.1	10.2	9.2	37.2	33.2	15.6	30.5	26.5	25.5
000858	WULIANGYE YIBIN CO.,LTD.	DEC	36.1	35.3	34.8	34.7	33.4	32.0	17.5	17.2	17.5	16.4	15.5	13.6	25.7	25.9	25.5	25.8	23.4	19.6
HEIA	HEINEKEN N.V.	DEC	9.3	15.1	NM	9.0	8.5	9.0	5.1	6.8	NM	4.7	4.5	4.7	14.6	20.7	NM	14.4	13.9	14.8
RI	PERNOD RICARD SA	JUN	18.7	14.8	3.9	15.8	18.1	15.5	5.5	4.1	1.0	4.7	5.3	4.6	13.0	9.0	2.3	9.5	11.1	10.4
000568	LUZHOU LAOJIAO CO.,LTD.	DEC	41.3	38.5	36.1	29.3	26.7	24.6	20.2	18.4	17.2	16.1	15.4	12.9	33.3	30.9	27.9	25.3	21.6	19.7
ABEV3	AMBEV S.A.	DEC	18.1	17.4	19.5	22.7	21.9	15.3	10.5	9.1	9.1	11.6	11.5	8.4	17.8	16.5	17.0	20.3	21.5	16.6
600809	SHANXI XINGHUA CUN FEN WINE FACTORY CO.,LTD.	DEC	30.9	26.6	22.0	16.6	16.0	15.0	22.1	17.7	15.6	11.8	12.2	10.0	43.7	42.0	34.7	28.9	26.0	19.4
STZ	CONSTELLATION BRANDS, INC.	# FEB	NM	NM	23.2	NM	42.3	30.4	NM	NM	7.4	NM	11.8	11.2	NM	0.0	15.4	0.2	33.2	31.1
NON-ALCOHOLIC BEVERAGES																				
KO	THE COCA-COLA COMPANY	DEC	22.2	25.3	23.5	23.9	18.8	3.4	10.3	10.4	8.9	10.3	7.7	1.4	37.8	42.5	36.7	44.8	34.1	6.1
PEP	PEPSICO, INC.	DEC	10.3	9.6	10.1	10.9	19.4	7.6	9.7	8.2	7.7	9.3	16.1	6.1	53.7	51.7	50.5	49.9	98.2	44.3
9633	NONGFU SPRING CO., LTD.	DEC	25.6	24.1	23.1	20.6	17.6	19.3	21.6	21.8	20.4	27.8	17.2	20.3	37.9	39.5	41.6	40.8	28.2	0.0
KDP	KEURIG DR PEPPER INC.	DEC	10.2	16.9	11.4	11.3	7.9	52.3	2.8	4.2	2.7	2.5	1.2	15.5	5.7	8.8	5.6	5.5	3.9	0.0
MNST	MONSTER BEVERAGE CORPORATION	DEC	18.9	24.9	30.7	26.4	26.1	24.4	14.4	17.6	22.7	21.5	21.9	17.1	17.5	23.5	30.2	28.5	26.5	22.7
FEMSA UBD	FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.	DEC	3.6	5.1	NM	4.1	5.1	9.6	3.0	3.9	NM	3.2	4.2	7.2	10.3	11.7	1.2	8.5	8.8	10.7
CCEP	COCA-COLA EUROPAFIC PARTNERS PLC	DEC	8.7	7.1	4.7	9.1	7.9	6.2	5.1	3.4	2.6	5.8	5.0	3.8	20.8	14.9	8.2	17.1	13.7	10.5
2587	SUNTORY BEVERAGE & FOOD LIMITED	DEC	5.7	5.4	4.4	5.3	6.2	6.3	4.6	4.1	3.3	4.4	5.2	5.1	10.1	9.2	7.6	9.8	11.5	12.8
KOF	COCA-COLA FEMSA, S.A.B. DE C.V.	DEC	8.4	8.1	5.6	6.2	7.6	NM	6.8	5.8	3.9	4.7	5.3	NM	15.1	13.1	8.2	9.7	8.6	NM
AC *	ARCA CONTINENTAL, S.A.B. DE C.V.	DEC	7.4	6.6	6.0	5.8	5.5	9.4	6.0	4.8	4.2	4.0	3.7	5.4	12.6	10.1	8.7	8.4	7.7	15.1
TOBACCO																				
PM	PHILIP MORRIS INTERNATIONAL INC.	DEC	28.5	29.0	28.1	24.1	26.7	21.0	14.7	22.1	18.0	16.8	19.9	14.0	NM	NM	NM	NM	NM	NM
MO	ALTRIA GROUP, INC.	DEC	27.9	11.7	21.4	NM	35.5	52.4	15.6	6.3	9.4	NM	12.6	23.7	NM	364.2	95.6	NM	46.1	72.5
BATS	BRITISH AMERICAN TOBACCO P.L.C.	DEC	24.1	26.5	24.8	22.0	24.6	191.6	4.3	5.0	4.6	4.0	4.1	26.6	9.6	10.7	10.3	9.0	9.8	108.5
ITC	ITC LIMITED	# MAR	0.0	25.1	26.7	31.0	26.0	25.9	NA	19.7	17.8	19.8	17.5	17.5	0.0	25.1	21.2	24.9	22.9	23.1
2914	JAPAN TOBACCO INC.	DEC	16.7	14.6	14.8	16.0	17.4	18.3	6.8	5.9	5.8	6.3	7.1	7.5	13.7	12.4	11.7	13.3	14.0	14.8
IMB	IMPERIAL BRANDS PLC	SEP	9.3	17.1	9.0	6.2	8.9	9.2	5.1	9.7	4.6	3.1	4.4	4.5	24.8	50.7	28.1	18.0	22.5	24.2
HMSP	PT HANJAYA MANDALA SAMPOERNA TBK	DEC	13.9	17.2	21.3	29.9	29.5	28.7	11.5	13.4	17.3	27.0	29.1	29.4	22.0	24.0	26.0	38.6	39.0	37.1
6969	SMOORE INTERNATIONAL HOLDINGS LIMITED	DEC	20.7	38.4	24.0	28.6	21.4	12.1	10.3	23.1	16.2	65.8	30.2	17.5	12.7	33.4	36.5	255.2	106.4	56.4
A033780	KT&G CORPORATION	DEC	17.4	18.7	23.2	20.9	20.3	25.9	8.3	8.4	10.2	9.6	8.9	12.1	10.9	11.2	13.1	12.3	11.3	16.2
RLX	RLX TECHNOLOGY INC.	DEC	27.3	23.8	NM	3.1	NM	0.0	8.8	12.4	NM	3.3	NM	NA	9.7	27.0	NM	84.6	0.0	0.0

Note: Data as originally reported. CAGR-Compound annual growth rate. #Of the following calendar year.
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Current Ratio						Debt/Capital Ratio(%)						Debt as a % of Net Working Capital					
			2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
FOOD PRODUCTS																				
NESN	NESTLÉ S.A.	DEC	0.9	1.0	0.9	0.9	1.0	0.8	53.5	43.8	42.6	38.9	39.7	27.7	NM	NM	NM	NM	NM	NM
MDLZ	MONDELEZ INTERNATIONAL, INC.	DEC	0.6	0.7	0.7	0.5	0.5	0.5	47.6	38.5	38.3	40.4	41.1	42.2	NM	NM	NM	NM	NM	NM
HSY	THE HERSHEY COMPANY	DEC	0.8	0.9	1.6	1.1	0.9	1.0	60.4	73.2	65.4	67.1	95.4	87.1	NM	NM	376.4	3220.0	NM	NM
GIS	GENERAL MILLS, INC.	# MAY	0.0	0.6	0.7	0.7	0.6	0.6	NA	49.9	50.3	56.5	67.0	71.3	NA	NM	NM	NM	NM	NM
603288	FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.	DEC	4.0	2.9	2.7	2.5	2.6	2.6	0.9	0.4	0.5	0.1	0.1	0.0	1.2	0.6	0.6	0.2	0.2	0.0
KHC	THE KRAFT HEINZ COMPANY	DEC	0.9	1.0	1.3	1.0	1.2	0.7	28.3	30.1	36.1	35.5	37.6	30.4	NM	NM	1021.2	12755.4	1975.7	NM
ADM	ARCHER-DANIELS-MIDLAND COMPANY	DEC	1.5	1.5	1.5	1.6	1.7	1.6	25.5	29.1	35.5	32.9	29.2	29.9	73.4	90.0	109.0	116.6	88.6	101.7
BN	DANONE S.A.	DEC	1.0	1.1	1.0	0.9	1.0	0.9	39.6	43.0	46.9	46.2	48.4	54.3	49104.3	1280.9	4363.3	NM	3998.9	NM
002714	MUYUAN FOODS CO., LTD.	DEC	0.8	0.6	0.9	1.1	0.7	1.1	50.5	57.1	39.2	23.7	62.3	57.2	NM	NM	NM	576.2	NM	2137.2
300999	YIHAI KERRY ARAWANA HOLDINGS CO., LTD	DEC	1.2	1.2	1.4	1.2	1.2	1.2	97.8	88.7	73.7	108.2	130.7	101.9	546.0	413.6	199.0	443.0	432.8	400.4
ALCOHOLIC BEVERAGES																				
600519	KWEICHOW MOUTAI CO., LTD.	DEC	4.4	3.8	4.1	3.9	3.2	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ABI	ANHEUSER-BUSCH INBEV SA/NV	DEC	0.7	0.7	0.8	0.8	0.5	0.7	47.8	51.9	55.3	54.1	60.2	58.6	NM	NM	NM	NM	NM	NM
DGE	DIAGEO PLC	JUN	1.5	1.6	1.8	1.3	1.4	1.3	61.1	61.6	65.2	55.8	42.7	37.3	330.3	306.0	304.6	488.9	363.7	349.2
000858	WULIANGYE YIBIN CO.,LTD.	DEC	3.8	3.6	4.0	3.2	3.8	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HEIA	HEINEKEN N.V.	DEC	0.8	0.8	0.8	0.7	0.9	0.8	40.4	43.2	52.6	47.8	49.3	52.8	NM	NM	NM	NM	NM	NM
RI	PERNOD RICARD SA	JUN	2.0	2.4	2.1	1.7	2.1	1.8	37.4	37.1	39.5	28.4	33.8	37.7	165.7	145.6	182.1	180.5	184.2	244.8
000568	LUZHOU LAOJIAO CO.,LTD.	DEC	3.1	2.4	2.6	2.4	2.9	3.3	15.2	12.4	14.7	11.3	0.0	0.0	27.0	25.5	32.8	26.1	0.0	0.0
ABEV3	AMBEV S.A.	DEC	0.9	1.0	1.1	1.1	1.0	0.9	0.6	0.4	0.4	1.1	1.5	2.5	(19.4)	NM	18.1	26.7	705.1	(30.5)
600809	SHANGXI XINGHUA CUN FEN WINE FACTORY CO.,LTD.	DEC	2.0	1.8	1.6	1.5	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STZ	CONSTELLATION BRANDS, INC.	# FEB	1.2	1.2	2.4	1.5	1.2	1.7	62.2	45.5	42.8	48.3	51.0	58.4	2356.0	1553.0	585.9	975.5	2412.8	708.6
NON-ALCOHOLIC BEVERAGES																				
KO	THE COCA-COLA COMPANY	DEC	1.1	1.1	1.3	0.8	0.9	1.3	63.3	65.8	68.9	79.2	88.3	88.5	1410.0	1596.8	912.0	NM	NM	475.1
PEP	PEPSICO, INC.	DEC	0.8	0.8	1.0	0.9	1.0	1.5	68.0	69.9	75.7	66.4	66.1	78.7	NM	NM	NM	NM	NM	335.0
9633	NONGFU SPRING CO., LTD.	DEC	1.3	1.5	1.2	0.6	1.4	1.3	10.1	12.1	15.6	10.1	0.0	0.4	64.5	40.0	102.0	(32.6)	0.0	3.0
KDP	KEURIG DR PEPPER INC.	DEC	0.5	0.5	0.3	0.4	0.4	0.5	32.1	32.3	31.9	39.0	41.6	38.9	NM	NM	NM	NM	NM	NM
MNST	MONSTER BEVERAGE CORPORATION	DEC	4.8	4.9	4.2	3.5	3.0	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FEMSA UBD	FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.	DEC	1.3	1.7	1.7	1.3	1.8	1.7	34.3	36.1	37.8	27.4	26.1	26.5	353.9	200.0	222.5	324.5	154.2	158.5
CCEP	COCA-COLA EUROPAFC PARTNERS PLC	DEC	0.9	0.9	1.0	0.8	0.8	1.0	57.8	62.6	50.4	48.4	44.6	46.8	NM	NM	NM	NM	NM	20966.7
2587	SUNTORY BEVERAGE & FOOD LIMITED	DEC	1.2	1.1	1.0	1.0	1.0	1.0	6.9	11.6	16.6	15.0	22.0	24.4	76.1	183.8	788.7	NM	5147.5	NM
KOF	COCA-COLA FEMSA, S.A.B. DE C.V.	DEC	1.4	1.7	1.7	1.1	1.3	1.0	35.7	39.8	41.2	32.1	35.5	34.6	345.0	246.0	286.1	1051.0	600.1	116392.1
AC *	ARCA CONTINENTAL, S.A.B. DE C.V.	DEC	1.4	1.5	1.5	1.5	1.6	1.9	21.6	22.5	22.8	24.8	28.0	27.9	258.8	234.6	266.2	341.8	392.7	266.0
TOBACCO																				
PM	PHILIP MORRIS INTERNATIONAL INC.	DEC	0.7	0.9	1.1	1.1	1.1	1.4	141.9	150.9	162.1	158.4	170.8	150.9	NM	NM	1512.4	1602.5	1229.3	564.7
MO	ALTRIA GROUP, INC.	DEC	0.8	0.7	0.8	0.6	0.2	0.6	118.5	106.3	90.4	81.0	92.1	45.8	NM	NM	NM	NM	NM	NM
BATS	BRITISH AMERICAN TOBACCO P.L.C.	DEC	0.9	0.8	0.9	0.7	0.8	0.9	33.7	34.7	38.8	38.3	40.5	43.5	NM	NM	NM	NM	NM	NM
ITC	ITC LIMITED	# MAR	0.0	2.8	3.3	4.1	3.2	2.9	NA	0.0	0.0	0.0	0.0	0.1	NA	0.0	0.0	0.0	0.0	0.2
2914	JAPAN TOBACCO INC.	DEC	1.7	1.5	1.5	1.3	1.3	1.2	19.9	23.1	25.4	25.7	28.2	21.8	76.2	103.1	127.8	208.3	254.6	305.1
IMB	IMPERIAL BRANDS PLC	SEP	0.8	0.8	0.8	0.9	0.6	0.6	54.6	59.5	64.9	68.7	69.4	62.1	NM	NM	NM	NM	NM	NM
HMSP	PT HANJAYA MANDALA SAMPOERNA TBK	DEC	1.7	1.9	2.5	3.3	4.3	5.3	0.2	0.3	0.0	0.0	0.0	0.0	0.3	0.4	0.0	0.0	0.0	0.0
6969	SMOORE INTERNATIONAL HOLDINGS LIMITED	DEC	5.3	5.3	5.9	1.1	1.5	1.4	0.0	0.0	0.0	70.3	0.0	0.0	0.0	0.0	0.0	564.2	0.0	0.0
A033780	KT&G CORPORATION	DEC	2.6	3.0	3.4	4.0	3.9	3.6	1.6	1.4	0.8	1.3	2.7	3.5	3.8	3.1	1.5	2.5	4.7	5.8
RLX	RLX TECHNOLOGY INC.	DEC	14.2	5.1	1.5	1.9	1.1	0.0	0.0	0.0	0.7	0.0	435.1	NA	0.0	0.0	0.8	0.0	508.7	NA

Note: Data as originally reported. CAGR-Compound annual growth rate. #Of the following calendar year.
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Price/Earnings Ratio (High-Low)							Dividend Payout Ratio(%)						Dividend Yield(High-Low, %)					
			2022	2021	2020	2019	2018	2017	2022	2019	2018	2017	2016	2015	2022	2021	2020	2019	2018	2017	
FOOD PRODUCTS																					
NESN	NESTLÉ S.A.	DEC	38 - 31	21 - 16	26 - 21	26 - 18	26 - 22	37 - 31	82	45	63	57	70	100	2.8 - 2.4	2.7 - 2.1	2.8 - 2.2	3.0 - 2.2	3.0 - 2.2	3.2 - 2.7	
MDLZ	MONDELEZ INTERNATIONAL, INC.	DEC	35 - 28	21 - 17	24 - 17	21 - 15	20 - 17	25 - 21	73	42	47	39	41	42	2.4 - 2.0	2.8 - 2.0	2.4 - 1.9	2.7 - 1.9	2.6 - 1.9	2.6 - 1.9	
HSY	THE HERSHEY COMPANY	DEC	30 - 24	27 - 20	26 - 18	29 - 19	20 - 16	31 - 28	47	46	50	53	48	67	1.9 - 1.5	2.1 - 1.6	2.2 - 1.8	2.8 - 1.9	2.8 - 1.9	3.0 - 2.3	
GIS	GENERAL MILLS, INC.	# MAY	16 - 13	17 - 14	18 - 13	18 - 13	16 - 11	26 - 20	0	46	53	55	67	53	3.1 - 2.4	3.6 - 2.8	3.8 - 3.0	4.1 - 3.2	5.3 - 3.8	4.5 - 3.3	
603288	FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY LTD.	DEC	75 - 45	104 - 54	102 - 39	58 - 33	50 - 32	42 - 22	52	50	46	49	53	52	1.0 - 0.8	1.2 - 0.7	0.9 - 0.4	1.0 - 0.5	1.3 - 0.8	1.5 - 1.1	
KHC	THE KRAFT HEINZ COMPANY	DEC	23 - 17	54 - 39	123 - 69	30 - 16	NM - NM	11 - 8	83	194	550	101	NM	26	4.3 - 3.8	4.9 - 3.6	5.0 - 3.6	8.0 - 4.5	6.4 - 3.3	4.9 - 3.1	
ADM	ARCHER-DANIELS-MIDLAND COMPANY	DEC	13 - 9	14 - 10	16 - 9	19 - 15	16 - 12	17 - 14	21	31	46	57	42	46	2.4 - 1.7	2.4 - 1.6	3.0 - 2.2	4.9 - 2.8	3.8 - 2.9	3.2 - 2.6	
BN	DANONE S.A.	DEC	39 - 32	22 - 18	25 - 16	28 - 20	20 - 17	18 - 15	129	66	71	66	19	11	4.0 - 3.3	4.1 - 3.3	4.1 - 3.0	4.5 - 2.6	3.2 - 2.4	3.1 - 2.4	
002714	MUYUAN FOODS CO., LTD.	DEC	26 - 18	71 - 32	13 - 6	36 - 10	203 - 125	26 - 11	29	108	9	14	283	46	1.6 - 0.5	2.3 - 0.4	2.6 - 0.3	0.5 - 0.0	1.4 - 0.0	1.8 - 1.1	
300999	YIHAI KERRY ARAWANA HOLDINGS CO., LTD	DEC	119 - 68	191 - 78	77 - 37	NA - NA	NA - NA	NA - NA	93	59	30	66	56	53	0.2 - 0.2	0.3 - 0.2	0.2 - 0.1	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	
ALCOHOLIC BEVERAGES																					
600519	KWEICHOW MOUTAI CO., LTD.	DEC	43 - 27	62 - 37	51 - 27	38 - 17	29 - 19	33 - 15	43	46	46	44	39	31	1.5 - 1.1	1.6 - 0.9	1.2 - 0.7	1.5 - 0.9	2.0 - 1.1	2.1 - 0.9	
ABI	ANHEUSER-BUSCH INBEV SA/NV	DEC	20 - 16	28 - 20	106 - 44	20 - 12	43 - 26	27 - 23	41	51	128	55	178	116	1.3 - 0.9	1.1 - 0.8	2.5 - 0.8	5.8 - 2.3	3.1 - 1.9	5.0 - 2.6	
DGE	DIAGEO PLC	JUN	29 - 24	31 - 21	60 - 37	26 - 19	23 - 18	23 - 18	53	62	117	51	52	57	2.3 - 1.9	2.2 - 1.8	2.9 - 2.0	3.1 - 1.9	2.6 - 1.9	2.7 - 2.3	
000858	WULIANGYE YIBIN CO.,LTD.	DEC	35 - 19	57 - 32	55 - 20	32 - 11	26 - 14	32 - 13	44	43	43	38	38	35	2.2 - 1.4	2.3 - 1.0	1.3 - 0.6	1.7 - 0.8	2.7 - 1.2	2.7 - 1.0	
HEIA																					
RI	PERNOD RICARD SA	JUN	28 - 22	37 - 26	142 - 96	30 - 23	25 - 19	24 - 18	41	54	258	44	35	37	2.4 - 1.7	1.9 - 1.4	2.4 - 1.5	2.6 - 1.4	1.7 - 1.4	1.7 - 1.4	
000568	LUZHOU LAOJIAO CO.,LTD.	DEC	37 - 22	58 - 30	53 - 16	31 - 12	31 - 15	39 - 18	47	40	40	51	55	54	2.0 - 1.2	2.1 - 0.8	1.3 - 0.5	2.3 - 0.8	3.3 - 1.6	3.5 - 1.3	
ABEV3	AMBEV S.A.	DEC	18 - 14	24 - 17	27 - 15	28 - 20	35 - 21	47 - 35	85	88	60	67	80	120	5.9 - 3.7	4.6 - 3.0	3.6 - 2.5	4.4 - 2.5	3.6 - 2.3	3.6 - 2.2	
600809	SHANXI XINGHUA CUN FEN WINE FACTORY CO.,LTD.	DEC	49 - 35	86 - 42	93 - 22	43 - 15	39 - 18	55 - 21	27	3	26	32	37	53	1.4 - 0.6	0.8 - 0.0	0.4 - 0.0	0.9 - 0.3	1.8 - 0.8	1.9 - 0.8	
STZ	CONSTELLATION BRANDS, INC.	# FEB	NM - NM	23 - 10	NM - NM	13 - 8	19 - 13	22 - 18	NM	NM	29	NM	16	17	1.5 - 1.2	1.5 - 1.2	2.8 - 1.3	1.8 - 1.4	2.0 - 0.9	1.2 - 0.9	
NON-ALCOHOLIC BEVERAGES																					
KO	THE COCA-COLA COMPANY	DEC	30 - 25	26 - 21	33 - 21	27 - 21	33 - 28	162 - 138	80	74	91	77	103	506	3.1 - 2.7	3.2 - 2.7	3.4 - 2.9	4.4 - 2.7	3.6 - 2.9	3.8 - 3.0	
PEP	PEPSICO, INC.	DEC	29 - 24	31 - 23	29 - 20	27 - 21	14 - 11	35 - 30	69	76	77	73	39	92	2.7 - 2.5	2.9 - 2.4	3.2 - 2.6	3.7 - 2.6	3.5 - 2.7	3.9 - 2.6	
9633	NONGFU SPRING CO., LTD.	DEC	70 - 45	105 - 58	104 - 69	NA - NA	NA - NA	NA - NA	60	27	151	194	10	11	1.9 - 1.1	1.5 - 0.4	0.6 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	
KDP	KEURIG DR PEPPER INC.	DEC	40 - 34	24 - 20	34 - 21	35 - 28	53 - 41	NA - NA	75	45	64	67	40	2	2.5 - 2.1	2.2 - 1.9	2.5 - 1.8	3.1 - 1.9	2.4 - 1.9	2.7 - 2.1	
MNST	MONSTER BEVERAGE CORPORATION	DEC	46 - 32	38 - 31	34 - 19	32 - 23	39 - 27	44 - 29	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	
FEMSA UBD	FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.	DEC	26 - 18	23 - 17	NM - NM	33 - 29	28 - 24	16 - 13	73	47	NM	66	38	29	2.3 - 1.9	2.8 - 2.1	2.3 - 1.7	2.7 - 1.6	1.7 - 1.5	1.7 - 1.4	
CCEP	COCA-COLA EUROPA OIFC PARTNERS PLC	DEC	16 - 12	25 - 17	48 - 25	23 - 17	23 - 16	26 - 21	51	65	78	53	56	71	4.4 - 2.1	3.5 - 1.6	2.3 - 1.6	4.6 - 2.3	2.7 - 2.2	3.4 - 2.4	
2587	SUNTORY BEVERAGE & FOOD LIMITED	DEC	20 - 16	22 - 16	28 - 21	23 - 19	21 - 17	22 - 18	29	35	46	35	30	30	1.8 - 1.5	2.0 - 1.5	2.2 - 1.6	2.2 - 1.6	1.8 - 1.5	1.8 - 1.4	
KOF	COCA-COLA FEMSA, S.A.B. DE C.V.	DEC	1 - 1	1 - 1	1 - 1	1 - 1	1 - 1	NM - NM	60	67	99	61	51	NM	4.4 - 3.6	5.1 - 4.0	5.7 - 4.3	6.3 - 2.9	3.4 - 2.6	3.0 - 2.3	
AC*	ARCA CONTINENTAL, S.A.B. DE C.V.	DEC	19 - 13	19 - 13	19 - 15	21 - 18	28 - 20	19 - 14	69	79	67	42	45	27	4.0 - 3.5	4.9 - 3.4	6.2 - 2.9	3.3 - 2.1	2.4 - 1.9	2.2 - 1.4	
TOBACCO																					
PM	PHILIP MORRIS INTERNATIONAL INC.	DEC	19 - 14	18 - 14	17 - 12	20 - 14	22 - 13	32 - 23	86	83	91	100	87	108	5.6 - 4.8	6.1 - 4.5	6.2 - 4.5	7.8 - 5.2	6.9 - 5.0	5.9 - 3.9	
MO	ALTRIA GROUP, INC.	DEC	18 - 13	39 - 30	21 - 13	NM - NM	20 - 13	15 - 12	114	260	141	NM	78	47	8.7 - 7.8	9.3 - 6.4	8.6 - 6.6	10.7 - 6.5	8.4 - 5.5	6.0 - 3.6	
BATS	BRITISH AMERICAN TOBACCO P.L.C.	DEC	12 - 9	10 - 8	13 - 9	13 - 10	19 - 9	3 - 2	74	72	74	81	55	9	8.5 - 6.3	8.5 - 6.0	8.7 - 7.2	8.8 - 5.8	8.2 - 6.3	7.3 - 2.0	
ITC	ITC LIMITED	# MAR	21 - 16	22 - 15	25 - 12	31 - 25	37 - 27	34 - 25	0	89	142	46	50	51	5.1 - 3.0	5.7 - 4.4	6.2 - 2.8	2.9 - 1.7	2.0 - 1.6	1.9 - 1.4	
2914	JAPAN TOBACCO INC.	DEC	11 - 8	13 - 10	14 - 10	15 - 11	17 - 12	19 - 16	60	74	88	78	67	62	7.4 - 6.2	7.6 - 5.8	7.6 - 5.9	8.5 - 6.1	7.1 - 5.2	5.4 - 3.7	
IMB	IMPERIAL BRANDS PLC	SEP	12 - 9	6 - 4	13 - 8	26 - 17	23 - 16	28 - 21	84	46	117	183	123	108	7.6 - 6.5	9.4 - 7.2	16.9 - 8.2	16.6 - 8.5	10.2 - 6.2	7.3 - 4.7	
HMSP	PT HANJAYA MANDALA SAMPOERNA TBK	DEC	21 - 16	25 - 15	31 - 16	34 - 16	47 - 28	43 - 31	116	119	162	99	92	99	8.0 - 5.2	8.2 - 5.9	9.8 - 5.5	10.1 - 5.1	6.2 - 2.7	3.3 - 2.0	
6969	SMOORE INTERNATIONAL HOLDINGS LIMITED	DEC	95 - 18	95 - 37	133 - 65	NA - NA	NA - NA	NA - NA	58	45	0	53	24	20	2.2 - 1.4	2.8 - 0.8	1.3 - 0.4	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	
A033780	KT&G CORPORATION	DEC	12 - 9	11 - 10	10 - 7	13 - 12	16 - 13	13 - 10	57	61	48	49	56	38	6.0 - 4.8	6.2 - 4.8	6.0 - 5.0	6.3 - 4.1	4.2 - 3.7	2.9 - 2.8	
RLX	RLX TECHNOLOGY INC.	DEC	4 - 1	20 - 2	NA - NA	NA - NA	NA - NA		0	0	0	75	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	

Note: Data as originally reported. CAGR-Compound annual growth rate. #Of the following calendar year.
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Earnings per Share (\$US)						Tangible Book Value per Share (\$US)						Share Price (High-Low, Respective currencies)																		
			2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017													
FOOD PRODUCTS																																	
NESN	NESTLÉ S.A.	DEC	3.70	6.65	4.85	4.44	3.41	2.37	(3.86)	(0.04)	(0.83)	1.91	2.40	3.56	129.80	-	103.42	128.90	-	95.00	112.62	-	83.37	113.20	-	79.86	86.50	-	72.92	86.40	-	71.45	
MDLZ	MONDELEZ INTERNATIONAL, INC.	#	MAR	1.96	3.04	2.47	2.69	2.23	1.85	(11.92)	(8.62)	(9.02)	(8.06)	(9.02)	(9.23)	69.47	-	54.72	66.54	-	52.91	59.96	-	41.19	56.72	-	39.46	46.54	-	37.42	47.23	-	39.19
HSY	THE HERSHEY COMPANY	#	APR	7.96	7.11	6.11	5.46	5.58	3.66	(7.78)	(10.55)	(5.94)	(8.34)	(8.62)	(1.80)	242.64	-	190.93	194.01	-	143.58	161.83	-	109.88	162.20	-	100.80	114.63	-	89.10	116.49	-	101.61
GIS	GENERAL MILLS, INC.	#	FEB	0.00	4.42	3.78	3.56	2.90	3.64	0.00	(18.09)	(19.32)	(21.25)	(23.44)	(25.91)	88.34	-	61.67	69.68	-	53.96	66.14	-	46.59	56.40	-	38.12	60.69	-	36.42	63.73	-	49.65
603288	FOSHAN HAITIAN FLAVOURING AND FOOD COMPANY #	MAR	0.19	0.23	0.21	0.17	0.14	0.12	0.80	0.78	0.65	0.51	0.43	0.38	100.78	-	59.46	153.55	-	77.73	143.27	-	53.72	67.94	-	37.21	48.85	-	27.77	32.56	-	16.96	
KHC	THE KRAFT HEINZ COMPANY	#	APR	1.91	0.82	0.29	1.58	(8.36)	8.91	(20.25)	(20.87)	(24.25)	(26.68)	(28.13)	(31.50)	44.87	-	32.73	44.95	-	31.60	36.37	-	19.99	48.66	-	24.86	80.67	-	41.60	97.77	-	75.21
ADM	ARCHER-DANIELS-MIDLAND COMPANY	#	MAR	7.71	4.79	3.15	2.44	3.19	2.79	32.43	28.09	25.93	24.65	26.73	25.84	98.88	-	65.64	69.30	-	49.28	52.05	-	28.92	47.20	-	36.45	52.07	-	39.16	47.44	-	38.59
BN	DANONE S.A.	DEC	1.58	3.34	3.66	3.31	4.16	4.68	(10.55)	(12.08)	(12.86)	(13.08)	(14.33)	(19.92)	58.39	-	46.48	65.30	-	51.42	75.16	-	46.03	82.38	-	60.20	71.78	-	59.72	72.13	-	57.99	
002714	MUYUAN FOODS CO., LTD.	#	MAR	0.36	0.36	0.81	0.81	0.17	0.08	1.88	1.88	1.37	1.37	0.55	0.31	65.99	-	45.59	93.57	-	39.01	70.72	-	30.89	43.53	-	11.82	14.68	-	8.57	13.16	-	5.26
300999	YIHAI KERRY ARAWANA HOLDINGS CO., LTD	#	MAR	0.08	0.08	0.19	0.16	0.15	0.16	1.82	1.82	1.83	1.36	1.24	1.16	68.29	-	37.62	145.62	-	57.84	109.60	-	39.51	0.00	-	0.00	0.00	-	0.00	0.00	-	0.00
ALCOHOLIC BEVERAGES																																	
600519	KWEICHOW MOUTAI CO., LTD.	#	MAR	7.24	6.57	5.69	4.71	4.07	3.31	21.98	22.97	19.08	15.01	12.66	10.77	2077.00	-	1333.00	2627.88	-	1525.50	1998.98	-	960.10	1241.61	-	582.02	803.50	-	509.02	726.50	-	332.81
ABI	ANHEUSER-BUSCH INBEV SA/NV	#	MAR	2.91	2.28	0.70	4.53	2.17	3.97	(40.24)	(44.20)	(47.90)	(48.41)	(58.08)	(59.06)	59.69	-	45.55	65.86	-	46.66	75.26	-	29.03	92.71	-	56.32	96.70	-	56.84	110.10	-	92.88
DGE	DIAGEO PLC	DEC	1.70	1.57	0.74	1.65	1.60	1.37	(2.19)	(2.29)	(2.40)	(2.25)	(1.41)	(1.16)	41.10	-	32.83	40.97	-	28.08	32.97	-	20.51	36.34	-	26.89	28.85	-	23.46	27.29	-	20.89	
000858	WULIANGYE YIBIN CO.,LTD.	#	MAR	1.00	1.00	0.79	0.64	0.51	0.39	4.24	4.24	3.36	2.73	2.36	2.14	227.28	-	132.33	357.19	-	192.43	294.47	-	98.63	143.10	-	48.00	93.18	-	46.06	83.58	-	34.30
HEIA	HENKEL N.V.			4.97	6.56	(0.44)	4.23	3.84	4.07	(3.45)	(6.73)	(5.05)	(3.16)	(5.89)	(9.16)	104.60	-	77.50	103.80	-	80.84	105.00	-	68.82	104.00	-	74.28	93.54	-	75.00	89.71	-	69.04
RI	PERNOD RICARD SA	DEC	8.04	5.92	1.40	6.24	6.93	5.99	(6.97)	(6.37)	(11.26)	(4.69)	(9.10)	(14.89)	217.20	-	166.60	214.50	-	150.90	171.10	-	112.25	179.50	-	136.00	150.40	-	120.05	132.75	-	102.70	
000568	LUZHOULAOJIU CO.,LTD.	#	MAR	1.02	1.02	0.63	0.46	0.35	0.28	3.07	3.07	2.14	1.87	1.66	1.57	253.88	-	155.18	327.66	-	160.53	228.50	-	64.88	98.48	-	37.60	75.26	-	35.05	70.80	-	31.99
ABEV3	AMBEV S.A.	#	MAR	0.17	0.14	0.14	0.18	0.18	0.14	0.39	0.36	0.32	0.32	0.27	0.19	16.88	-	12.81	19.86	-	13.35	19.58	-	10.36	20.77	-	15.40	24.56	-	14.54	22.70	-	16.17
600809	SHANGXI KINGHUAJIN FEN WINE FACTORY CO.,LTD.	#	MAR	0.96	0.69	0.39	0.23	0.18	0.12	2.41	1.92	1.18	0.86	0.75	0.65	333.00	-	227.31	380.77	-	183.57	268.09	-	53.93	71.21	-	23.31	48.57	-	21.71	43.85	-	17.39
STZ	CONSTELLATION BRANDS, INC.	#	FEB	(0.37)	(0.21)	10.23	(0.06)	17.57	11.47	(12.23)	5.94	15.89	8.66	6.65	(17.84)	261.53	-	207.59	251.70	-	207.35	220.00	-	104.28	214.48	-	150.37	236.62	-	156.25	229.42	-	144.00
NON-ALCOHOLIC BEVERAGES																																	
KO	THE COCA-COLA COMPANY	MAR	2.19	2.25	1.79	2.07	1.50	0.29	(2.20)	(2.69)	(2.15)	(1.82)	(1.08)	0.10	67.20	-	54.02	59.35	-	48.11	60.13	-	36.27	55.92	-	44.42	50.84	-	41.45	47.48	-	40.22	
PEP	PEPSICO, INC.	#	MAR	6.42	5.49	5.12	5.20	8.78	3.38	(12.08)	(15.19)	(17.84)	(12.05)	(11.44)	(12.35)	186.84	-	153.37	174.02	-	128.32	148.77	-	101.42	140.45	-	106.73	122.51	-	95.94	120.57	-	101.06
9633	NONGFU SPRING CO., LTD.	DEC	0.11	0.10	0.07	0.07	0.05	0.05	0.31	0.29	0.21	0.39	0.19	0.16	52.70	-	32.35	68.75	-	36.50	56.50	-	31.00	0.00	-	0.00	0.00	-	0.00	0.00	-	0.00	
KDP	KEURIG DR PEPPER INC.	#	MAR	1.01	1.50	0.93	0.88	0.53	3.06	(12.87)	(13.44)	(14.44)	(14.95)	(15.25)	(7.91)	41.31	-	33.35	37.11	-	30.28	32.24	-	18.98	32.00	-	24.86	28.81	-	20.46	0.00	-	0.00
MNST	MONSTER BEVERAGE CORPORATION	#	MAR	1.12	1.29	1.32	1.02	0.88	0.71	4.20	3.93	2.62	1.67	1.13	1.35	52.33	-	35.89	49.95	-	40.46	46.27	-	25.03	33.19	-	23.92	35.11	-	23.81	32.40	-	20.51
FEMSA LBD	FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.			0.34	0.39	(0.03)	0.31	0.34	0.60	1.02	1.41	1.14	1.55	1.57	1.36	172.49	-	120.63	180.66	-	136.21	185.00	-	112.72	192.50	-	166.80	189.49	-	158.17	186.87	-	154.30
CCEP	COCA-COLA EUROPAFIC PARTNERS PLC	DEC	3.52	2.45	1.33	2.60	2.13	1.69	(22.58)	(25.50)	(13.20)	(11.97)	(10.46)	(10.45)	54.50	-	39.24	53.25	-	36.85	52.50	-	26.70	53.10	-	38.22	43.30	-	29.86	38.94	-	29.72	
2587	SUNTORY BEVERAGE & FOOD LIMITED	#	MAR	2.02	1.93	1.64	2.05	2.36	2.24	6.09	4.92	3.96	2.90	1.34	0.10	5350.00	-	4165.00	4925.00	-	3550.00	4785.00	-	3520.00	5280.00	-	4250.00	5490.00	-	4240.00	5580.00	-	4520.00
KOF	COCA-COLA FEMSA, S.A.B. DE C.V.	#	MAR	4.65	3.65	2.47	3.05	3.37	(3.12)	5.43	4.50	3.09	2.75	1.97	(0.41)	70.53	-	50.21	59.07	-	41.53	65.49	-	36.16	69.00	-	54.14	79.42	-	54.53	91.85	-	59.44
AC*	ARICA CONTINENTAL, S.A.B. DE C.V.	#	MAR	0.45	0.34	0.29	0.29	0.25	0.38	0.10	0.08	0.01	(0.02)	(0.15)	(0.16)	172.89	-	117.40	135.00	-	92.39	111.80	-	86.33	115.68	-	97.50	139.87	-	99.30	144.47	-	102.41
TOBACCO																																	
PM	PHILIP MORRIS INTERNATIONAL INC.	#	MAR	5.81	5.83	5.16	4.61	5.08	3.88	(22.80)	(12.65)	(13.20)	(12.56)	(14.10)	(14.28)	112.48	-	82.85	106.51	-	78.34	90.17	-	56.01	92.74	-	65.74	111.25	-	64.67	123.55	-	89.97
MO	ALTRIA GROUP, INC.	#	MAR	3.19	1.34	2.40	(0.70)	3.68	5.31	(12.06)	(10.47)	(8.05)	(6.27)	(1.43)	(1.23)	57.05	-	40.35	52.59	-	40.00	51.78	-	30.95	57.88	-	39.30	71.86	-	46.49	77.79	-	60.01
BATS	BRITISH AMERICAN TOBACCO P.L.C.	DEC	3.52	4.00	3.81	3.30	3.35	24.70	(29.02)	(28.71)	(31.48)	(31.86)	(32.59)	(33.76)	36.45	-	27.52	29.15	-	24.78	35.07	-	23.63	32.95	-	23.37	51.08	-	24.39	56.44	-	40.64	
ITC	ITC LIMITED	DEC	0.00	0.16	0.15	0.17	0.15	0.14	0.00	0.64	0.64	0.70	0.69	0.65	361.45	-	207.00	265.30	-	199.10	243.90	-	134.60	310.00	-	234.05	322.95	-	252.50	367.70	-	238.60	
2914	JAPAN TOBACCO INC.	#	MAR	1.89	1.66	1.69	1.80	1.96	1.94	3.62	2.16	1.36	1.14	0.61	1.94	2871.50	-	2000.00	2417.00	-	1898.00	2437.50	-	1796.50	2899.00	-	2179.00	3708.00	-	2481.00	4243.00	-	3607.00
IMB	IMPERIAL BRANDS PLC	SEP	1.84	4.04	2.04	1.30	1.87	1.97	(12.94)	(16.31)	(18.33)	(17.78)	(18.36)	(19.85)	21.85	-	14.34	16.86	-	13.30	20.72	-	12.03	27.14	-	16.37	31.94	-	22.40	39.57	-	30.13	
HIMP	PT HANJAYA MANDALA SAMPOERNA TBK	#	MAR	0.00	0.00	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	170.00	-	835.00	1535.00	-	850.00	2350.00	-	1085.00	4080.00	-	1900.00	5550.00	-	3230.00	4780.00	-	3350.00
6969	SMOKE INTERNATIONAL HOLDINGS LIMITED.	DEC	0.06	0.13	0.06	0.06	0.02	0.01	0.48	0.50	0.32	0.02	0.03	0.01	39.90	-	7.43	90.00	-	31.20	61.45	-	25.05	0.00	-	0.00	0.00	-	0.00	0.00	-	0.00	
A033780	KRG CO CORPORATION	DEC	6.75	6.63	8.56	7.10	6.45	8.98	62.56	63.07	65.93	58.54	56.91	56.95																			

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