Impact of Seltzer on the Beer Industry

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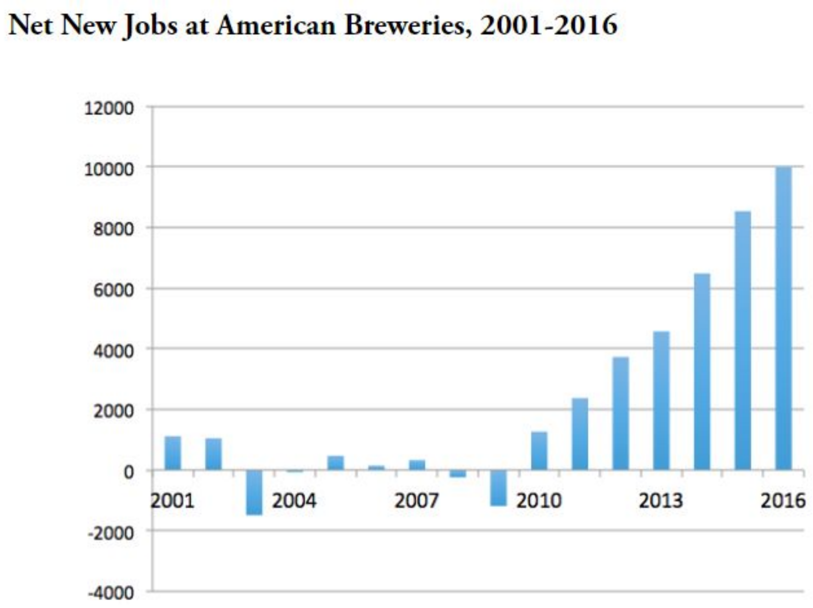
Brief History of Beer Trends in USA

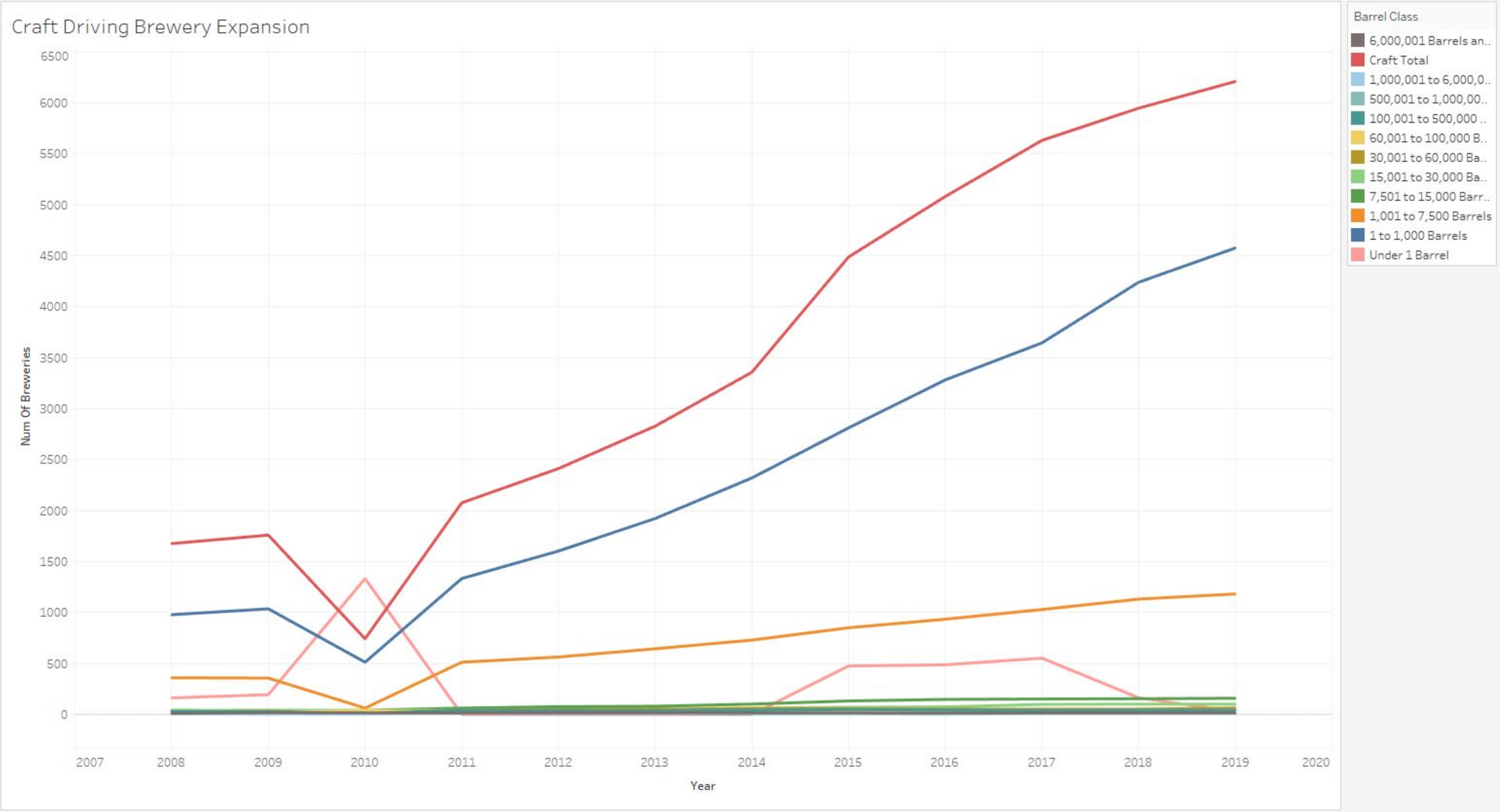
- Growth in Jobs due to the emerging trend of Micro **Craft Breweries** across the US.
- How?
  - Product Variety
  - Innovation
  - General trend away from Big Beer Monopolies
  - Interest/Taste
- Craft Breweries went from representing less than 0.1% ($2M) of the US beer industry in 1985 to a whopping 25% in 2020 ($29B).



What is a Craft Brewery?

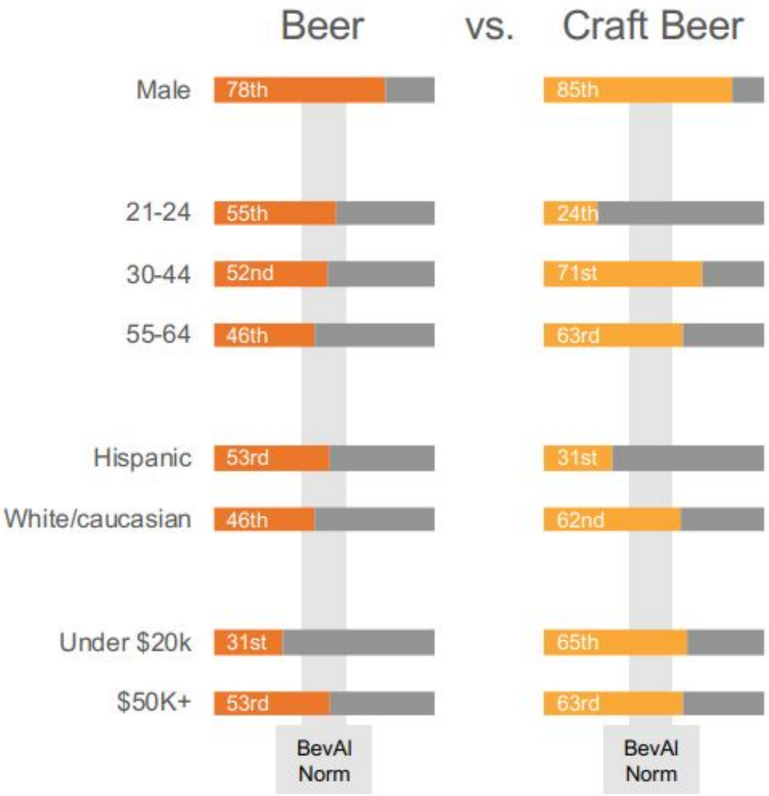
1. Small
    a. Annual production of 6 million barrels of beer or less. Beer production is attributed to a brewer according to rules of alternating proprietorships.*
2. Independent
    a. Less than 25 percent of the craft brewery is owned or controlled by a beverage alcohol industry member that is not itself a craft brewer.*

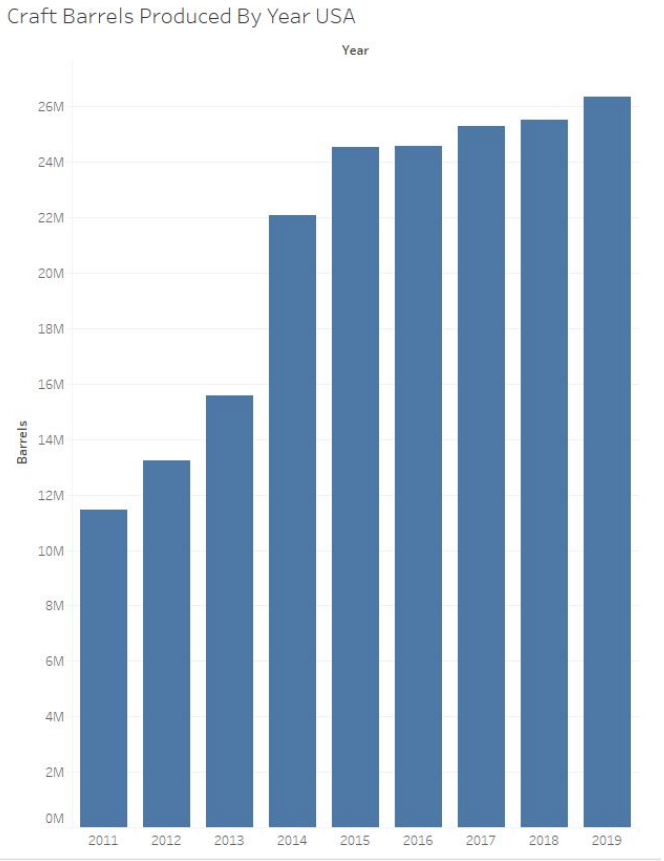
*collected from brewersassociation.org



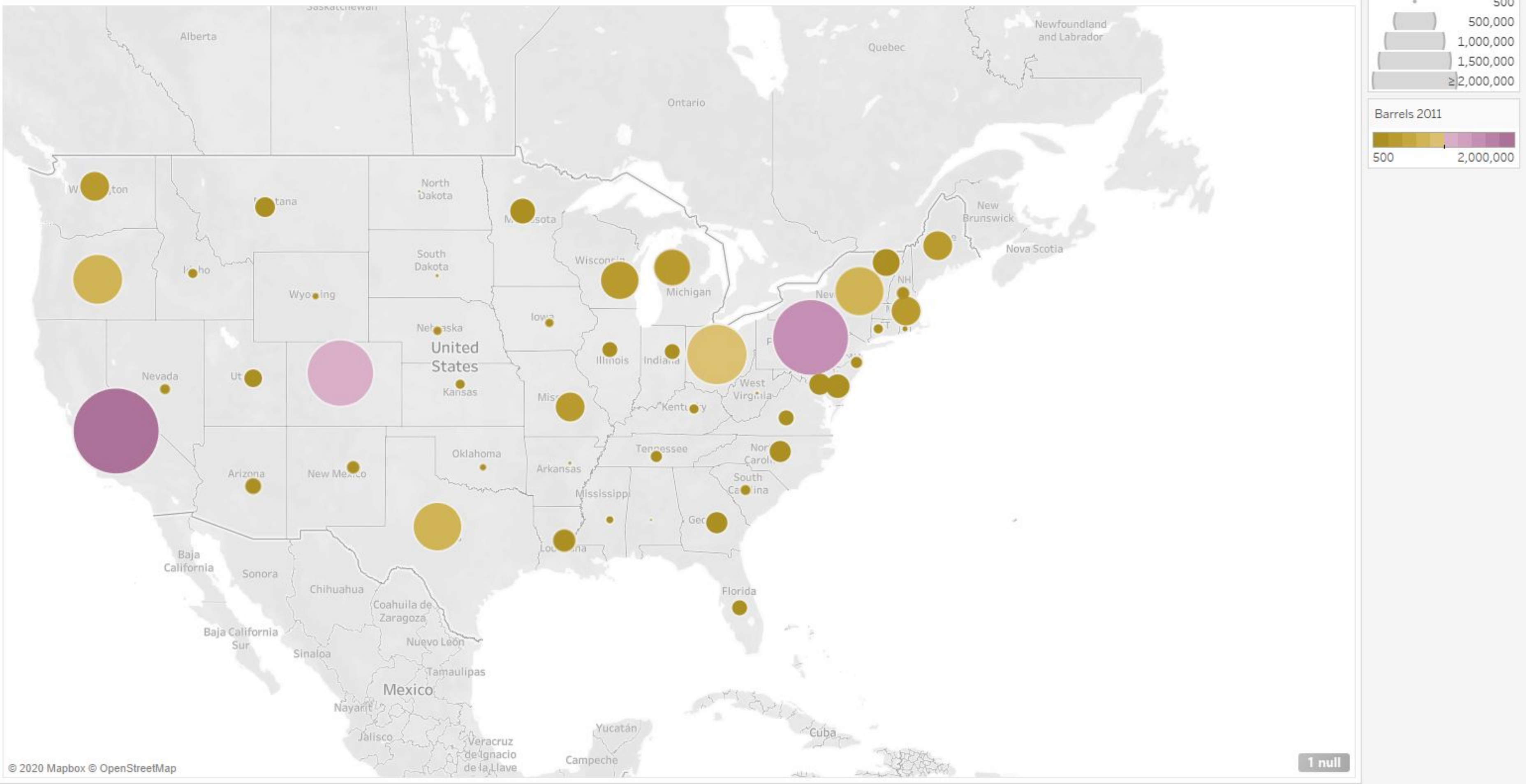
Craft Driving Brewery Expansion
Num Of Breweries
6500
6000
5500
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Year
Barrel Class
6,000,001 Barrels an..
Craft Total
1,000,001 to 6,000,0..
500,001 to 1,000,00..
100,001 to 500,000 ..
60,001 to 100,000 B..
30,001 to 60,000 Ba..
15,001 to 30,000 Ba..
7,501 to 15,000 Barr..
1,001 to 7,500 Barrels
1 to 1,000 Barrels
Under 1 Barrel

USA Craft Brew Scene 2011-2020

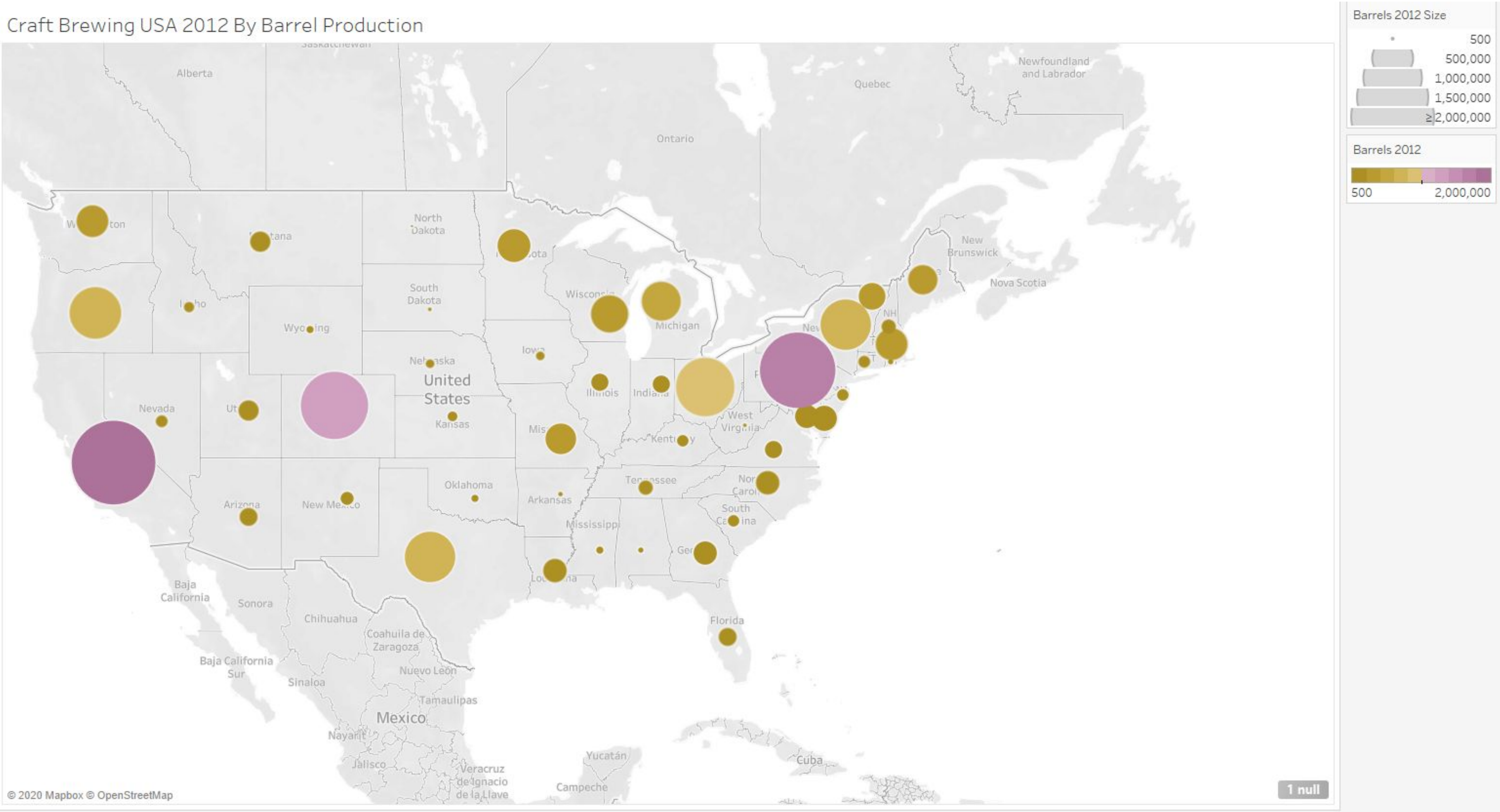




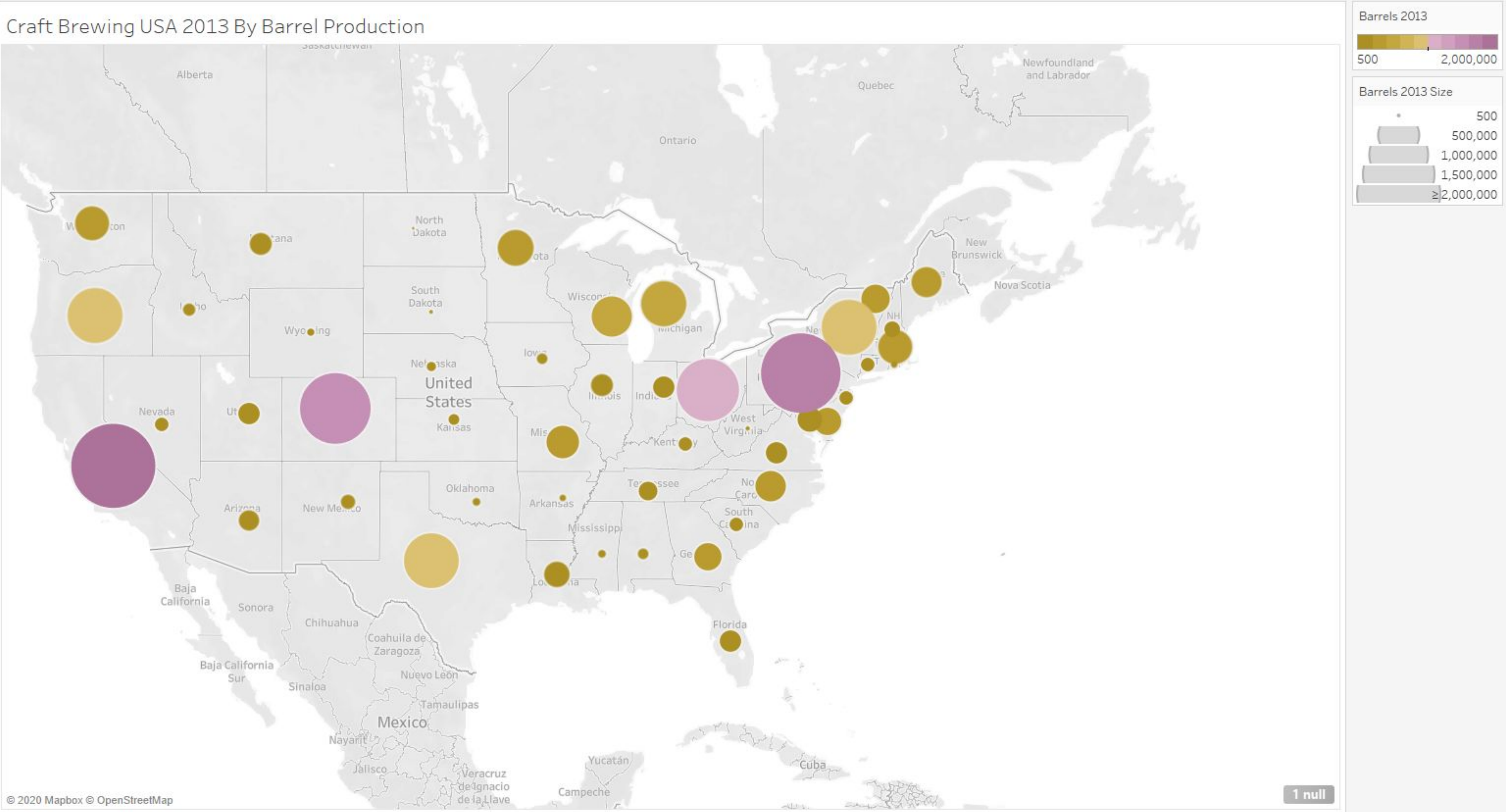
Craft Brewing USA 2011 By Barrel Production



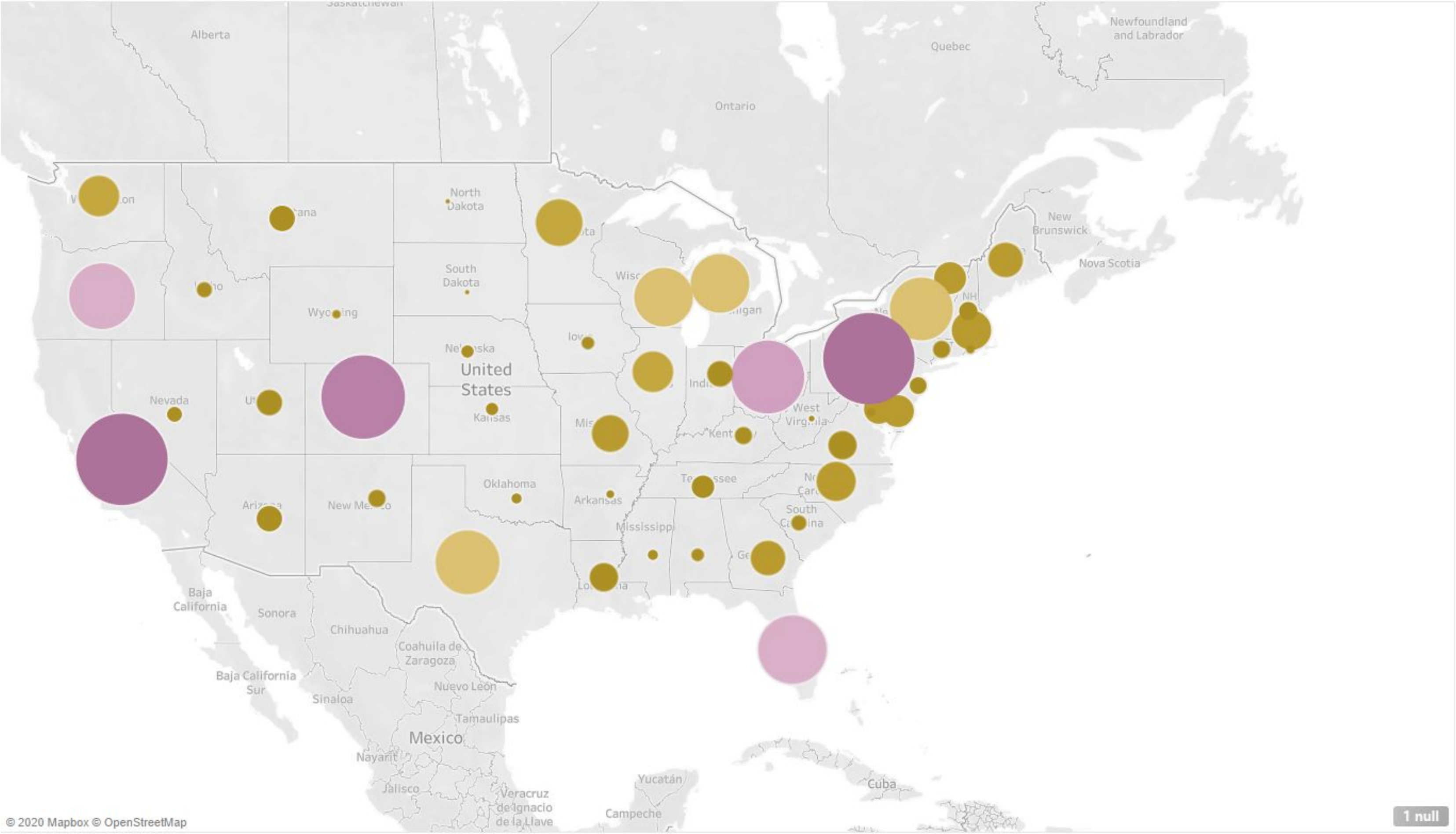
Craft Brewing USA 2012 By Barrel Production

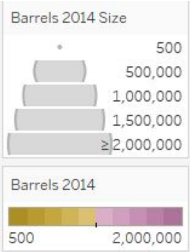


Craft Brewing USA 2013 By Barrel Production

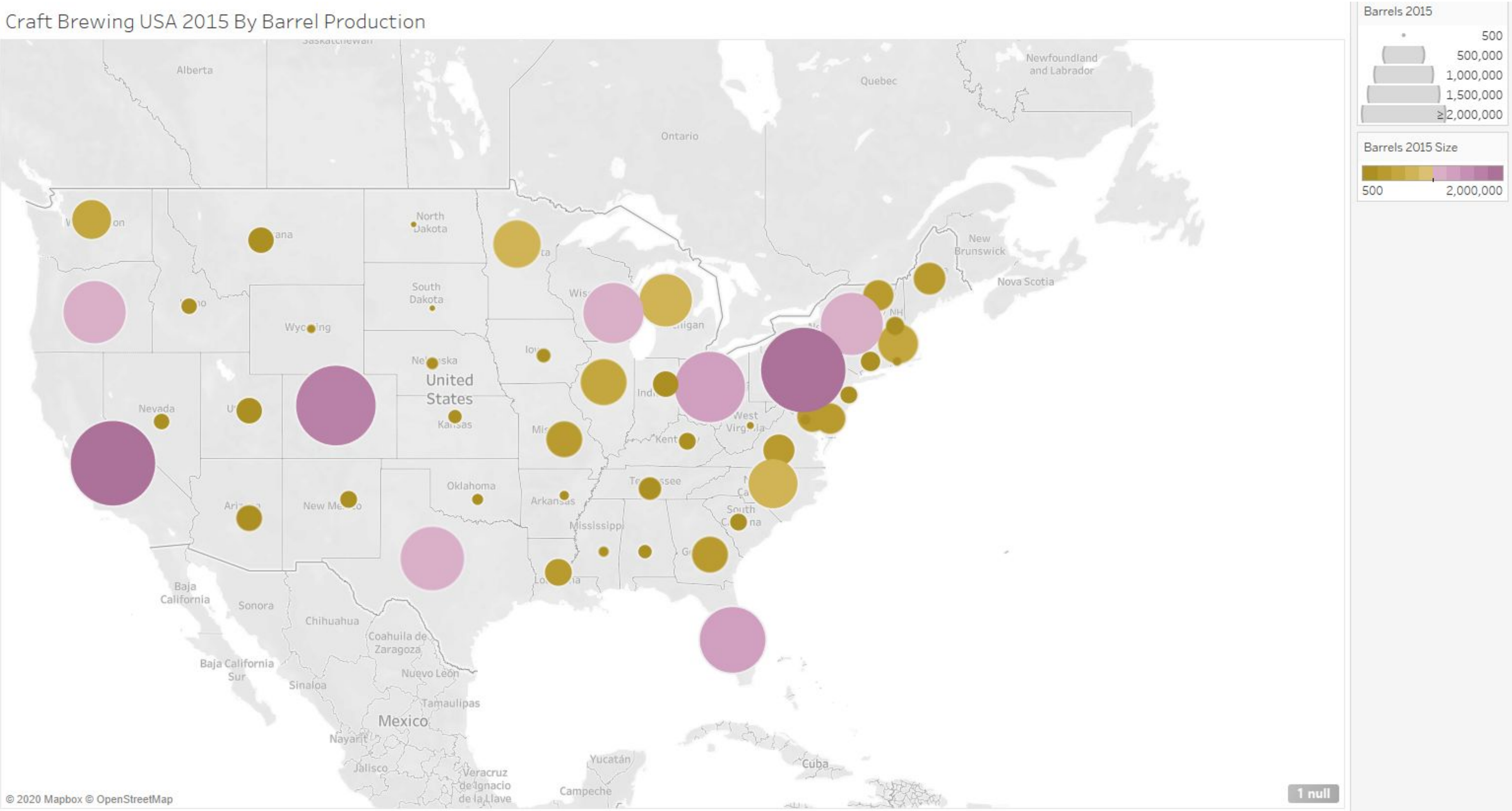


Craft Brewing USA 2014 By Barrel Production

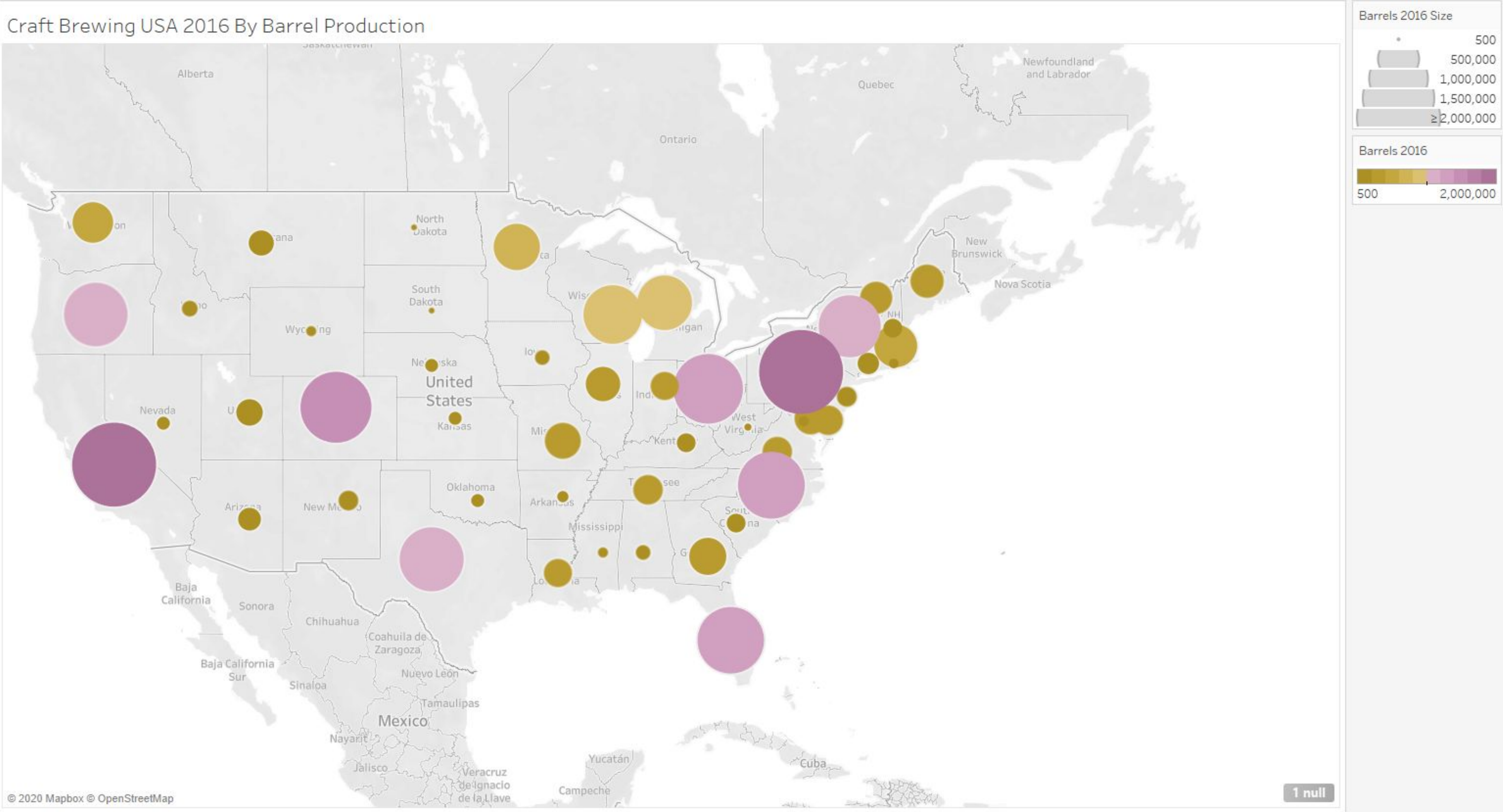


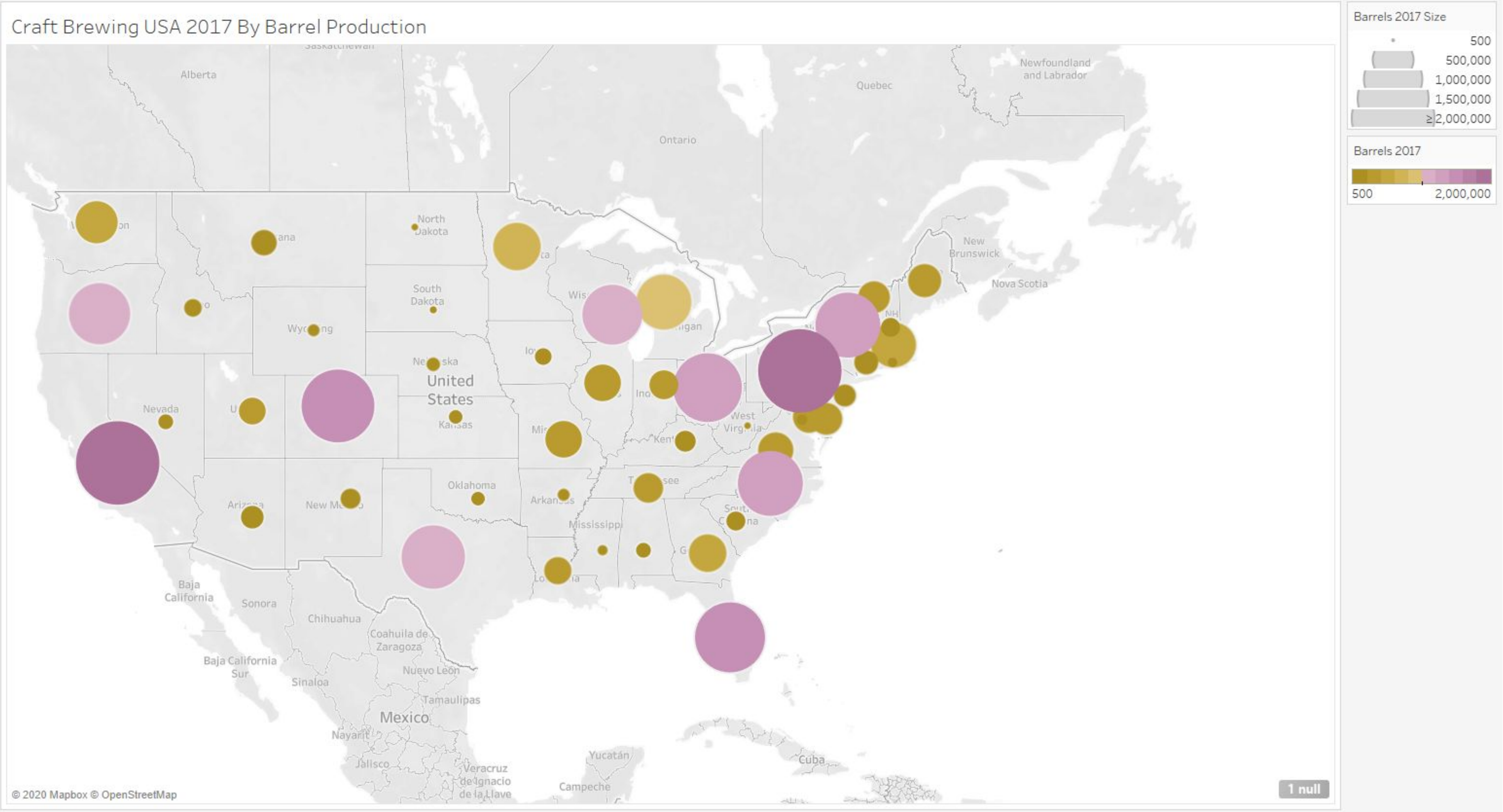


Craft Brewing USA 2015 By Barrel Production



Craft Brewing USA 2016 By Barrel Production




Craft Brewing USA 2017 By Barrel Production
Barrels 2017 Size
500
500,000
1,000,000
1,500,000
≥2,000,000
Barrels 2017
500
2,000,000
Alberta
Ontario
Quebec
Newfoundland and Labrador
New Brunswick
Nova Scotia
North Dakota
South Dakota
United States
Nevada
Oklahoma
Mississippi
West Virginia
Baja California
Sonora
Chihuahua
Coahuila de Zaragoza
Nuevo León
Baja California Sur
Sinaloa
Tamaulipas
Mexico
Nayarit
Jalisco
Veracruz de Ignacio de la Llave
Yucatán
Campeche
Cuba
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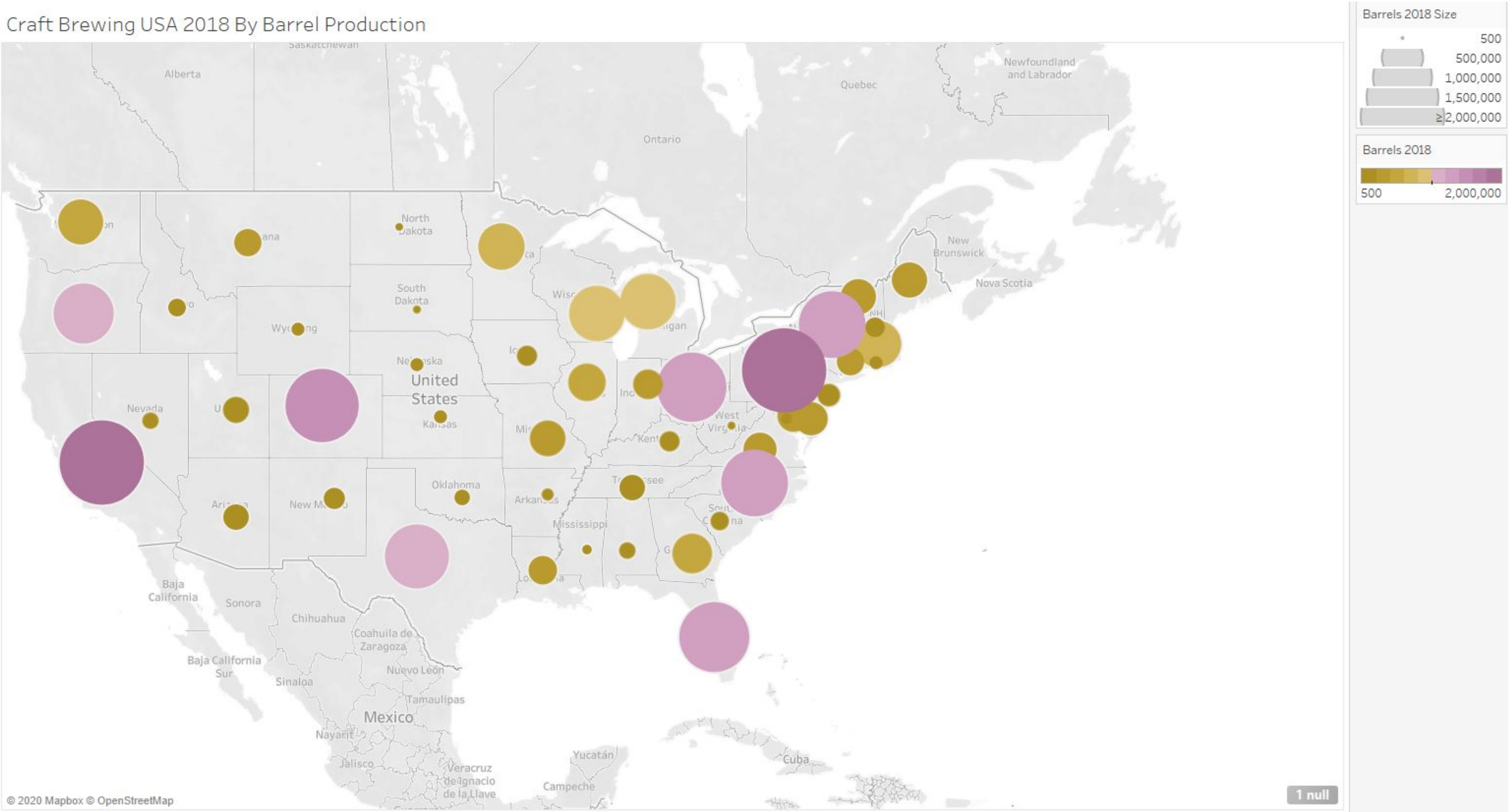
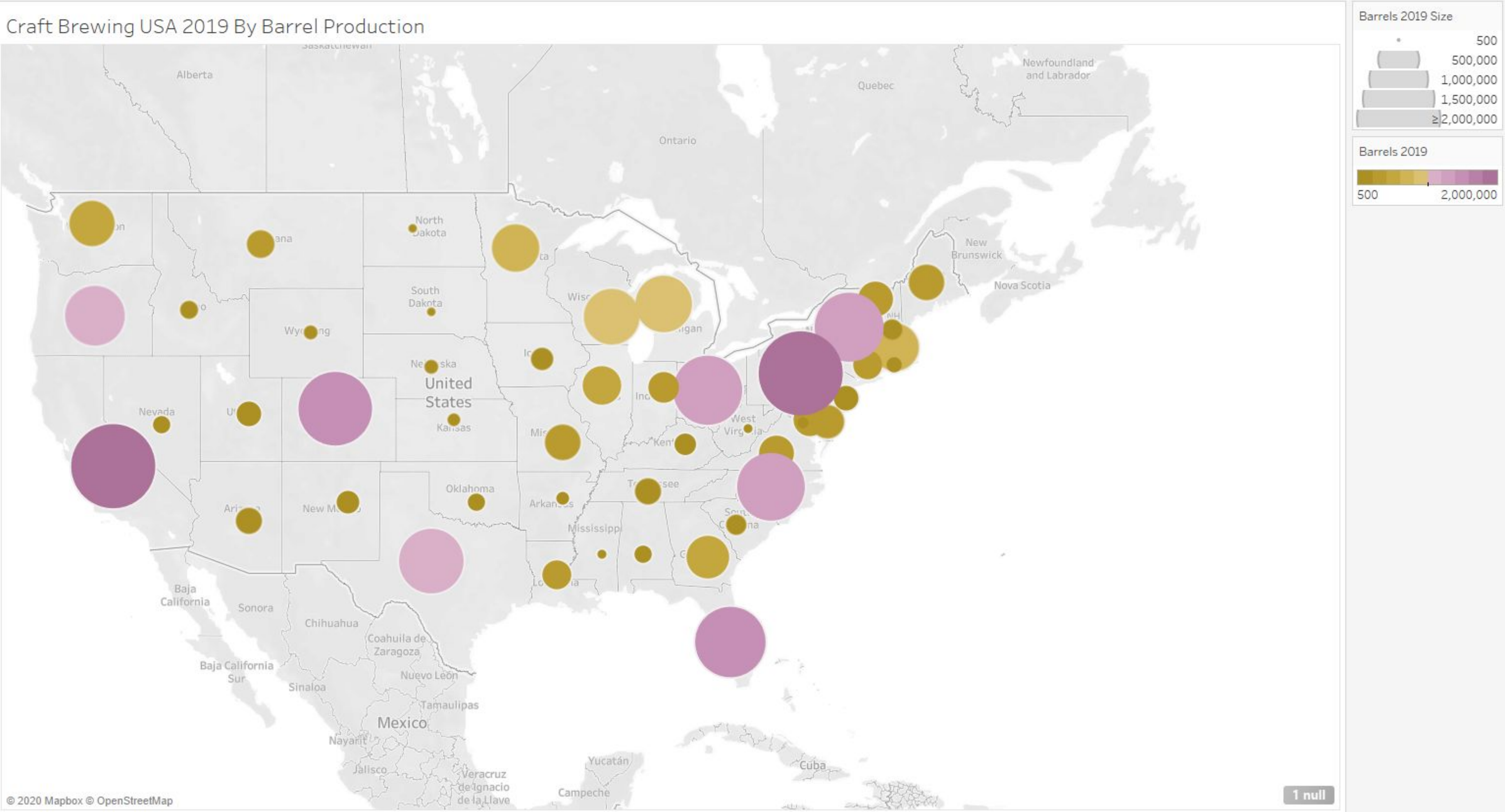
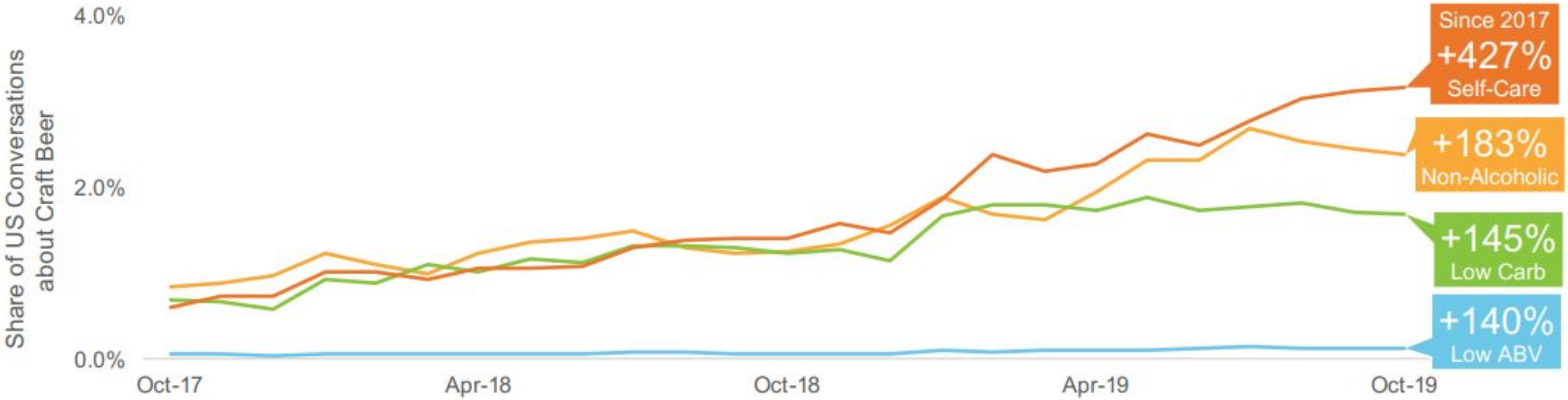
Craft Brewing USA 2018 By Barrel Production

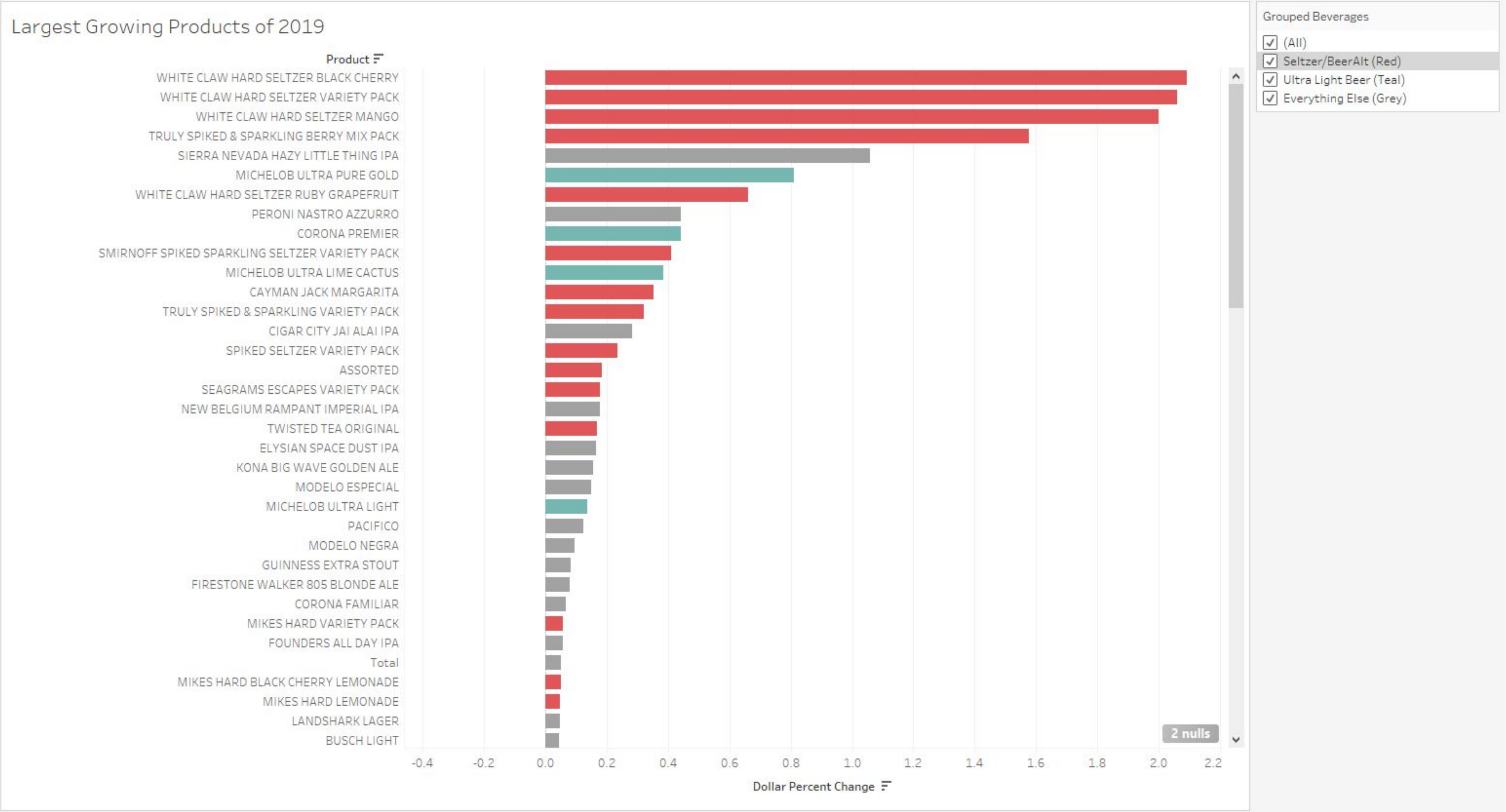


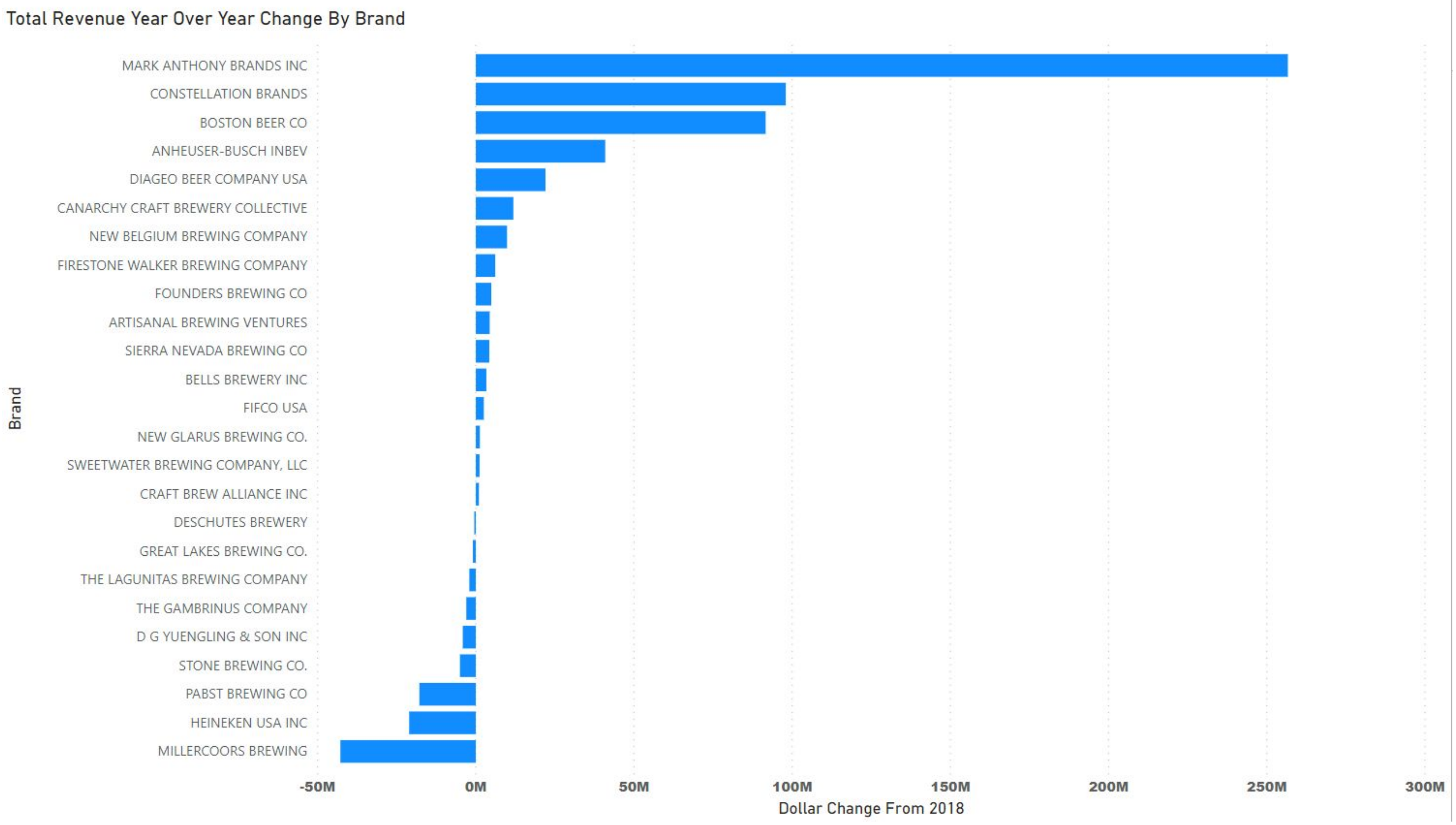
Craft Brewing USA 2019 By Barrel Production



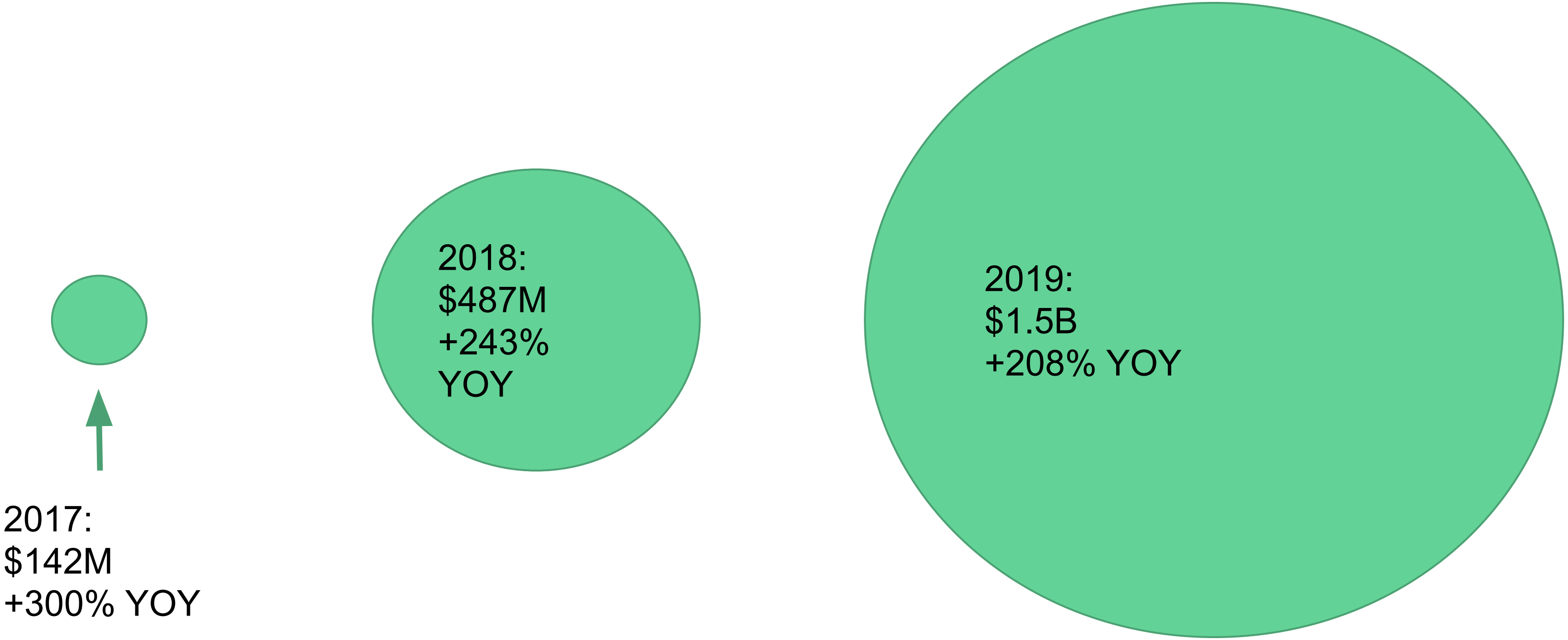
Emerging Trend in Low Calorie, Low ABV, Light Beer




Largest Growing Products of 2019
Product
WHITE CLAW HARD SELTZER BLACK CHERRY
WHITE CLAW HARD SELTZER VARIETY PACK
WHITE CLAW HARD SELTZER MANGO
TRULY SPIKED & SPARKLING BERRY MIX PACK
SIERRA NEVADA HAZY LITTLE THING IPA
MICHELOB ULTRA PURE GOLD
WHITE CLAW HARD SELTZER RUBY GRAPEFRUIT
PERONI NASTRO AZZURRO
CORONA PREMIER
SMIRNOFF SPIKED SPARKLING SELTZER VARIETY PACK
MICHELOB ULTRA LIME CACTUS
CAYMAN JACK MARGARITA
TRULY SPIKED & SPARKLING VARIETY PACK
CIGAR CITY JAI ALAI IPA
SPIKED SELTZER VARIETY PACK
ASSORTED
SEAGRAMS ESCAPES VARIETY PACK
NEW BELGIUM RAMPANT IMPERIAL IPA
TWISTED TEA ORIGINAL
ELYSIAN SPACE DUST IPA
KONA BIG WAVE GOLDEN ALE
MODELO ESPECIAL
MICHELOB ULTRA LIGHT
PACIFICO
MODELO NEGRA
GUINNESS EXTRA STOUT
FIRESTONE WALKER 805 BLONDE ALE
CORONA FAMILIAR
MIKES HARD VARIETY PACK
FOUNDERS ALL DAY IPA
Total
MIKES HARD BLACK CHERRY LEMONADE
MIKES HARD LEMONADE
LANDSHARK LAGER
BUSCH LIGHT
2 nulls
-0.4
-0.2
0.0
0.2
0.4
0.6
0.8
1.0
1.2
1.4
1.6
1.8
2.0
2.2
Dollar Percent Change
Grouped Beverages
(All)
Seltzer/BeerAlt (Red)
Ultra Light Beer (Teal)
Everything Else (Grey)

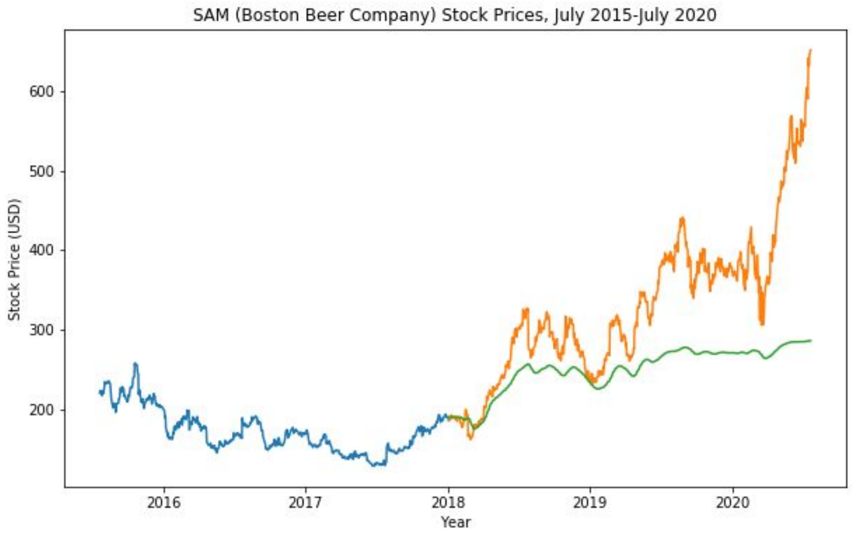

Total Revenue Year Over Year Change By Brand
MARK ANTHONY BRANDS INC
CONSTELLATION BRANDS
BOSTON BEER CO
ANHEUSER-BUSCH INBEV
DIAGEO BEER COMPANY USA
CANARCHY CRAFT BREWERY COLLECTIVE
NEW BELGIUM BREWING COMPANY
FIRESTONE WALKER BREWING COMPANY
FOUNDERS BREWING CO
ARTISANAL BREWING VENTURES
SIERRA NEVADA BREWING CO
BELLS BREWERY INC
FIFCO USA
NEW GLARUS BREWING CO.
SWEETWATER BREWING COMPANY, LLC
CRAFT BREW ALLIANCE INC
DESCHUTES BREWERY
GREAT LAKES BREWING CO.
THE LAGUNITAS BREWING COMPANY
THE GAMBRINUS COMPANY
D G YUENGLING & SON INC
STONE BREWING CO.
PABST BREWING CO
HEINEKEN USA INC
MILLERCOORS BREWING
Brand
-50M
0M
50M
100M
150M
200M
250M
300M
Dollar Change From 2018

Seltzer Growth 2017-2019



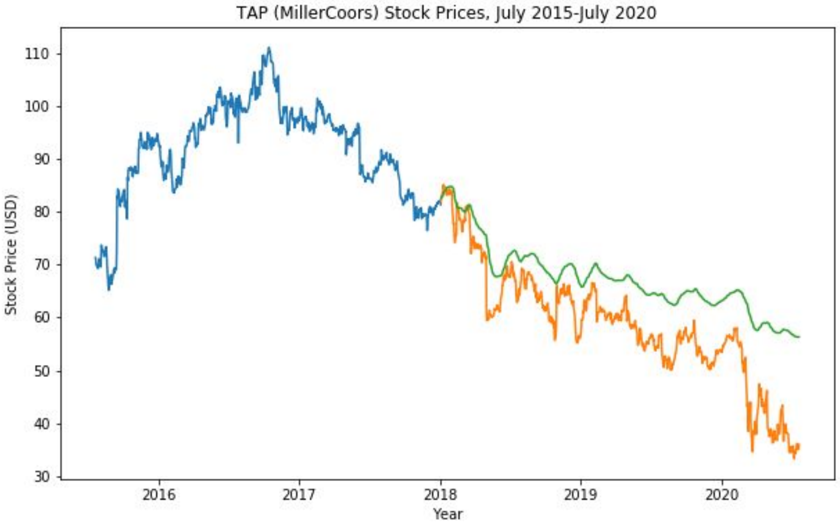
Boston Beer Company (SAM)

- Whiteclaw (privately owned) and Truly (owned by SAM) combine for 75% market share in seltzer.
- Owns beer alternatives in high growth Twisted Tea and Angry Orchard Cider.
- Owns multiple ultra low calorie, health driven beer brands in Marathon, Tura (Kombucha) and Wild Leaf.



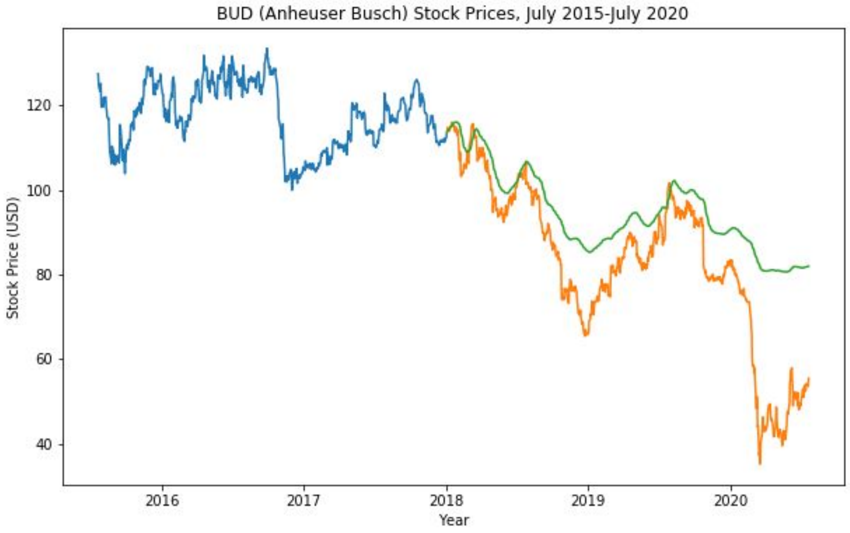
MillerCoors (TAP)

- Late to adopting seltzer, consumers prefer Whiteclaw and Truly to:
  - Henry's (originally soda)
  - Vizzy
- Own multiple mainstream light beer alternatives that are yet to perform:
  - Miller64 (not competitive ABV)
  - Blue Moon Light Sky (2020)
  - Saint Archer Gold (2020)
- Does not have a popular beer alternative brand:
  - Arnold Palmer Spiked
  - Henry's Hard Soda
  - Movo
- Large ownership in downtrending Cider:
  - Redds
  - Rekorderlig
  - WanderRoot



Anheuser Busch (BUD)

- Late to launching seltzer:
  - Bud Light Seltzer (2020)
  - Natural Light Seltzer (2019)
  - Maha (2020)
  - Beyond Beer (2020)
  - CutWater Spirits (acquired 2019)
  - Bon & Viv (acquired 2016)
  - BABE (acquired 2019)
  - KOM BREW CHA (acquired 2017)
  - Hi ball energy (acquired 2017 non-alc)
- Major player in ultra light beer trend with strong performance out of Michelob Ultra.



Constellation Brands (STZ)

- Strong performance out of Mexican style lagers:
  - Corona
  - Modelo
  - Pacifico
  - Victoria
- Late to seltzer:
  - Corona Hard Seltzer (2020)
  - Corona Refresca (2020)
- Major investment $4B in Cannabis industry, Canopy Growth Corporation that has been extremely unprofitable.