On Premise Trends

CGA Strategy

Feb 2022

Who are CGA?

CGA was established 30 years ago in England

Now the leading global On Premise consultancy having worked with the world's leading beverage suppliers for many years

Market-leading services in the US, Canada, UK, France & Ireland

We are taking well-established On Premise insight solutions into 15 countries over the next 12 months

NielsenIQ are a minority shareholder and the global strategic partner for CGA

All on premise services can be delivered via NielsenIQ platforms for easy total trade reporting

Contents

Outlet Trends

The number of On Premise destinations has decreased

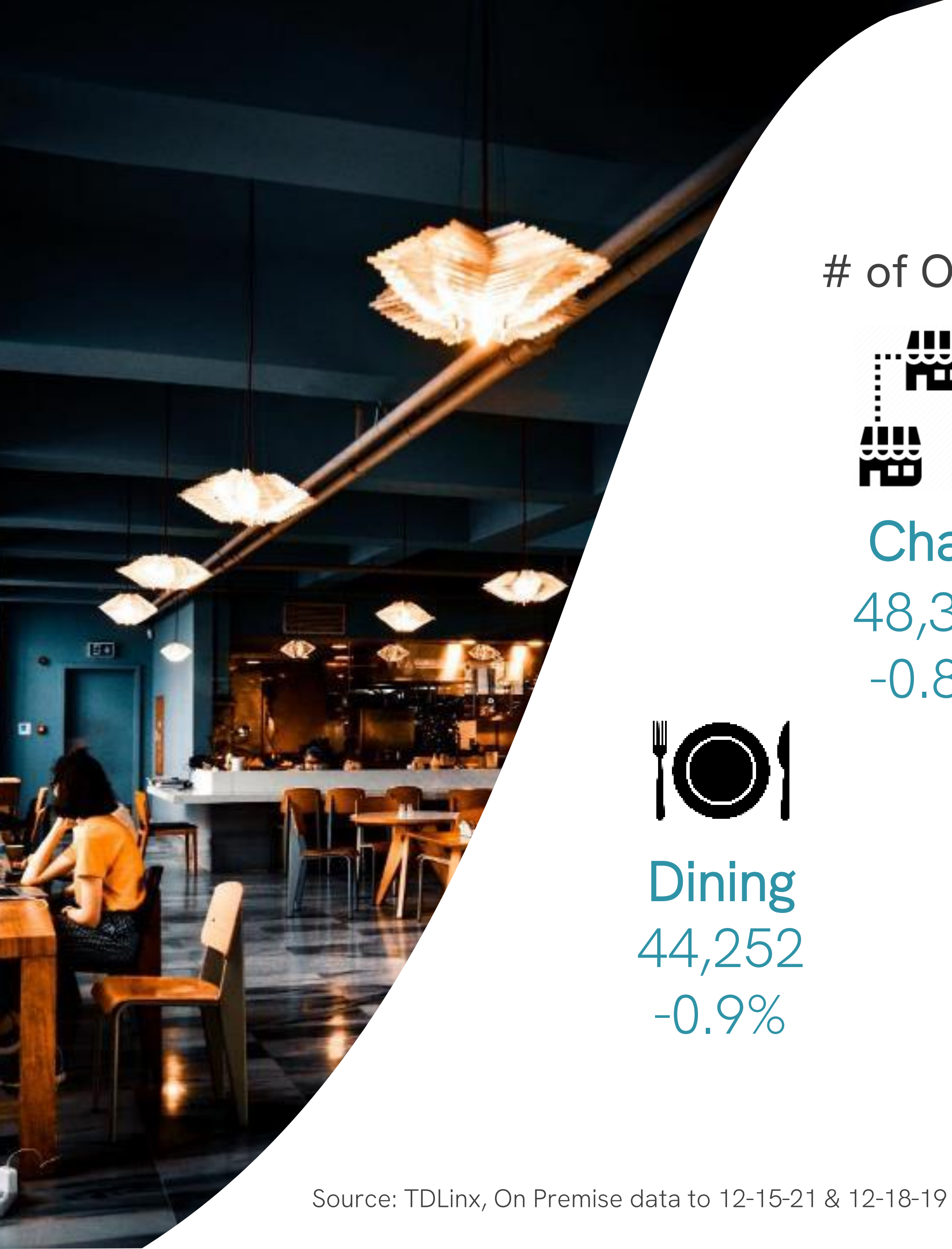
of On Premise **dining and drinking outlets** in US vs 2019

286,890 -4.7%

Dining
208,671 -4.7%

Drinking
78,219 -4.5%

Source: TDLinx, On Premise data to 12-15-21 & 12-18-19



Independent outlets were most affected by COVID-19

of On Premise **chain and independent outlets** in US vs 2019

Chain
48,345
-0.8%

Dining
44,252
-0.9%

Drinking
4,093
+0.1%

Independent
238,545
-5.4%

Dining
164,419
-5.7%

Drinking
74,126
-4.8%

Source: TDLinx, On Premise data to 12-15-21 & 12-18-19

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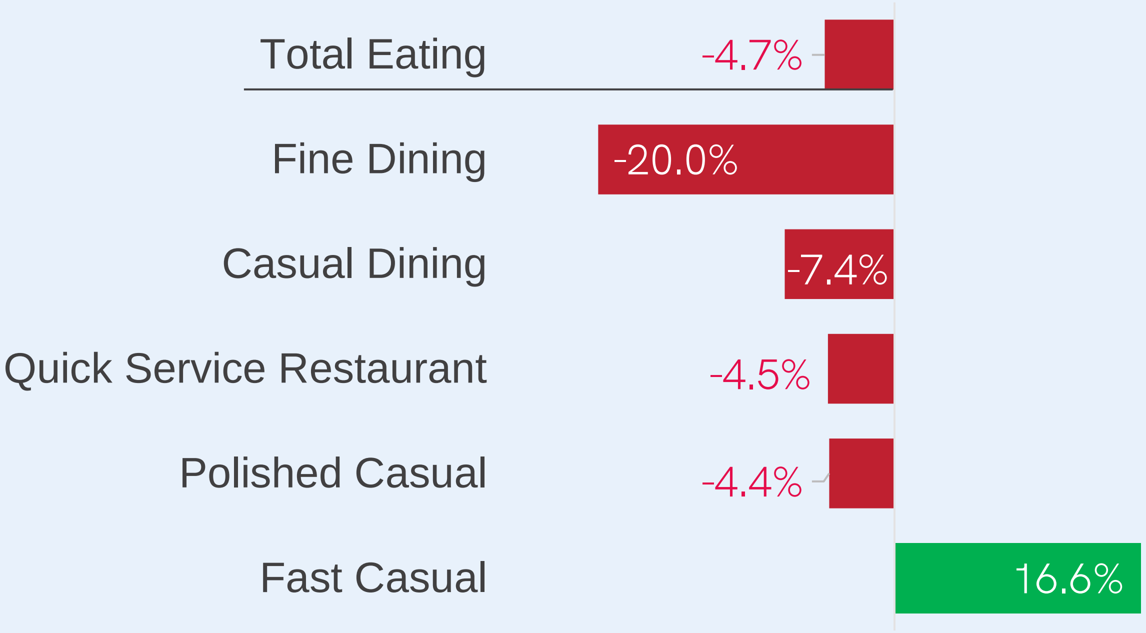
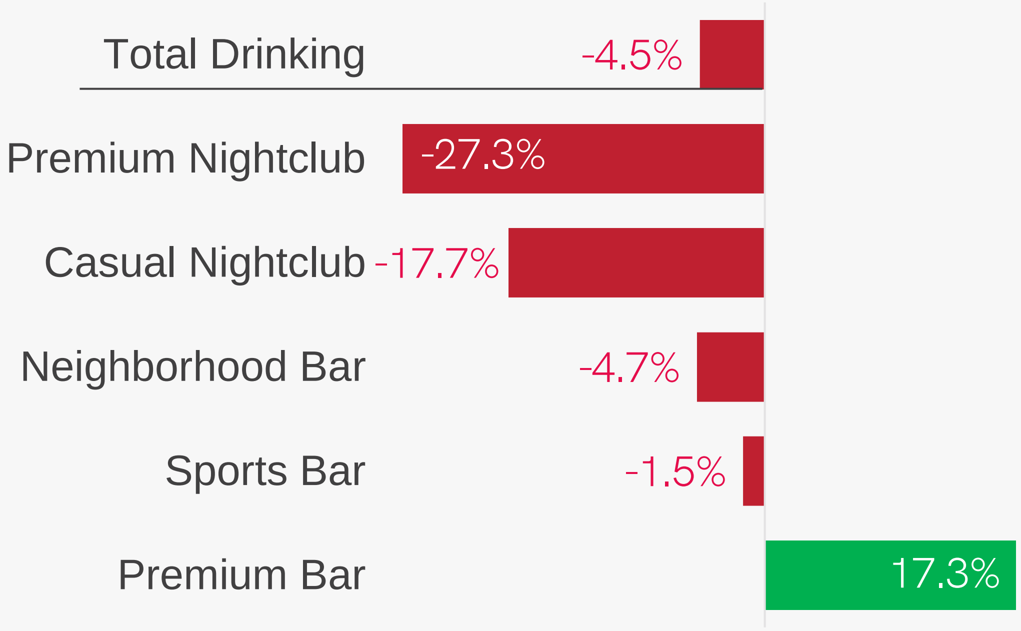
Late night drinking venues and fine dining outlets were worse hit

Dining Channel % Change
(December 2021 vs December 2019)



Drinking Channel % Change
(December 2021 vs December 2019)

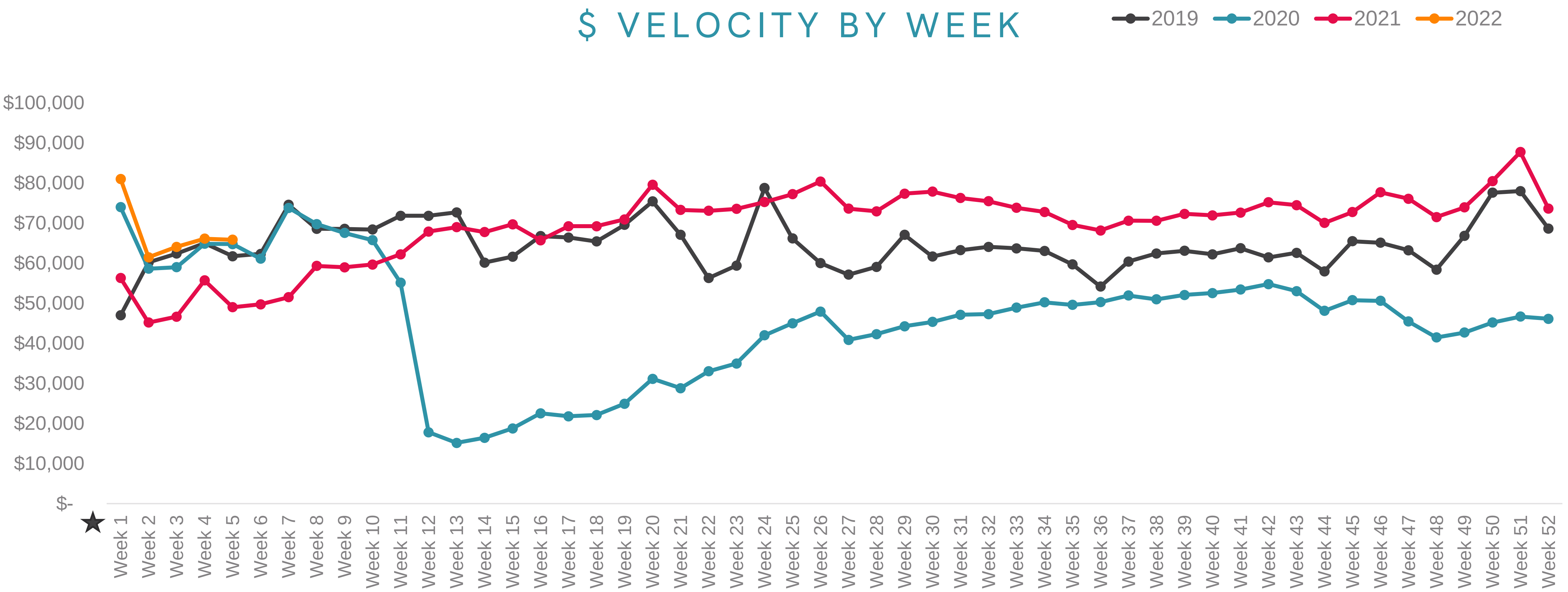


Source: TDLinx, On Premise data to 12-15-21 & 12-18-19

Sales Trends

TOTAL US MARKET SALES: RECAP

Week-on-week performance continues to follow a very similar pattern to 2019 & 2020, further reinforcing that the On-Premise has returned to normal seasonal trading patterns.



★ Exact dates can be found in the appendix

SOURCE: BEVERAGETRAK

Sales have seen a clear shift to the weekend

Change in share of total value 2021 vs 2019

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Spirits	0%	0%	0%	-1%	0%	0%	+2%
Beer	-1%	0%	-1%	-1%	0%	+2%	+1%
Wine	-1%	-2%	-2%	-1%	+1%	+3%	+2%

Source: BEVERAGETRAK

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Category Trends

Consumption differs for many when in the On Premise

Does your drink preference change depending on whether you're visiting bars and/or restaurants compared to having drinks at home?

45%
Yes, my drink choice changes

50%
No, my drink choice does not change

5%
Unsure

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Source: CGA COVID-19 Impact Consumer Research 9/2/21, Sample Size: 1972

Spirits are key to the channel, not only did spirits gain share but also account for the most value



$	Spirits	Beer	Wine
Share	44.3%	39.8%	15.9%
Share change vs 2YA	+1.7pp	0.0pp	-1.7pp
% change vs 2YA	-21.8%	-24.8%	-31.8%

Source: CGA OPM 52W 11-06-2021 & 52W 11-02-2019

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All Beer subsegments except Hard Seltzers **witnessed a decline in trend vs 2YA**

$	Craft	Domestic Premium	Import	Domestic Super Premium	Hard Seltzer	Below Premium	Cider	Flavored Malt Beverage
Share	30.2%	29.7%	20.9%	6.6%	3.3%	2.5%	1.5%	0.9%
Share change vs 2YA	-2.3pp	-0.7pp	+0.6pp	+0.4pp	+2.1pp	-0.1pp	-0.2pp	+0.1pp
% change vs 2YA	-30.1%	-26.6%	-22.6%	-19.6%	+100.0%	-27.9%	-33.9%	-11.0%

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Source: CGA OPM 52W 11-06-2021 & 52W 11-02-2019

Cabernet Sauvignon and French Champagne are the top two **best performing wine types vs 2YA**

$	Chardonnay	Cabernet Sauvignon	Pinot Noir	Pinot Grigio Pinot Gris	French Champagne	Merlot	Sauv Blanc Fume	Malbec	Riesling	White Zinfandel
Share	14.4%	14.1%	9.0%	6.6%	6.4%	5.4%	4.7%	3.2%	2.4%	2.1%
Share change vs 2YA	-0.6pp	+0.6pp	+0.2pp	-0.5pp	+0.6pp	0.0pp	-0.5pp	-0.1pp	-0.2pp	-0.1pp
% change vs 2YA	-34.4%	-28.9%	-30.2%	-36.9%	-24.5%	-32.0%	-38.9%	-33.9%	-38.1%	-33.5%

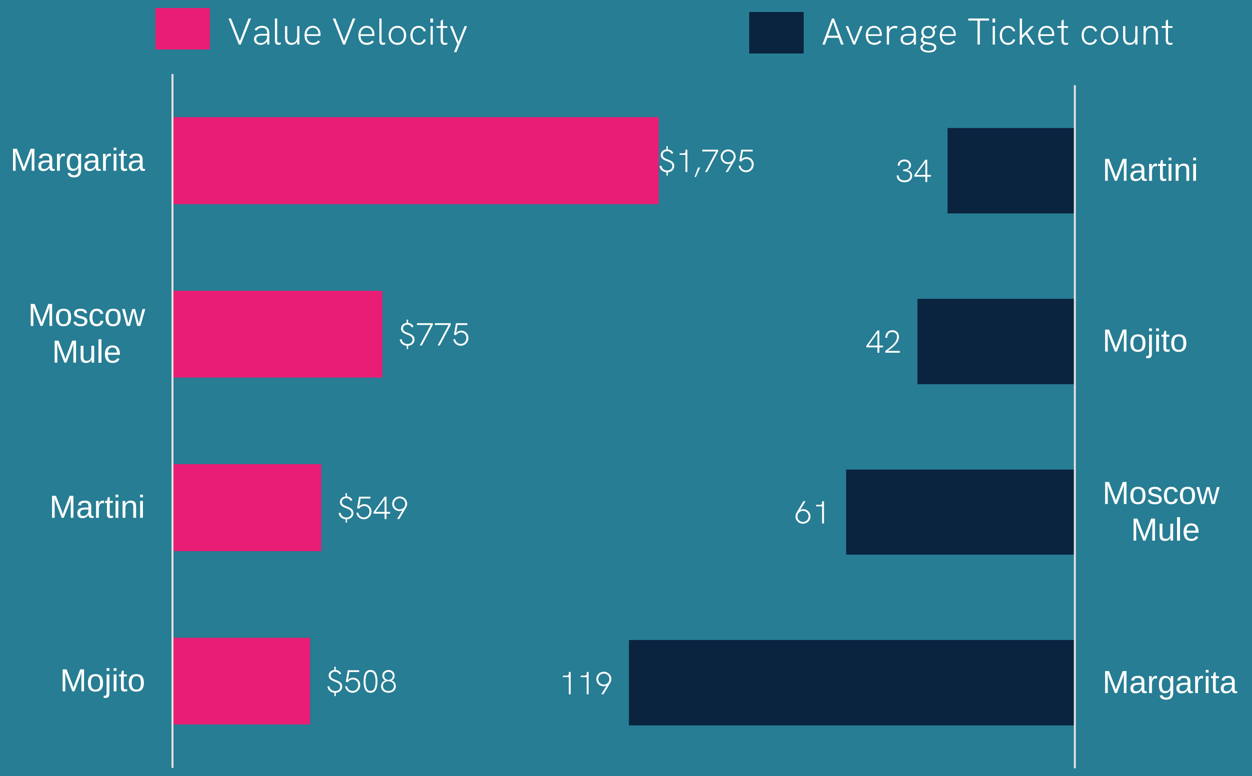
Source: CGA OPM 52W 11-06-2021 & 52W 11-02-2019

Whiskey lead by share while **Tequila experienced the largest gain**

$	Whiskey	Vodka	Tequila	Cordials	Rum	Gin	Cognac	Brandy
Share	27.6%	26.0%	16.5%	12.2%	9.8%	4.0%	2.8%	1.0%
Share change vs 2YA	+0.1pp	+0.2pp	+0.5pp	-0.3pp	-0.4pp	-0.1pp	0.0pp	0.0pp
% change vs 2YA	-21.4%	-21.1%	-19.2%	-23.6%	-24.8%	-24.5%	-21.2%	-22.8%

Source: CGA OPM 52W 11-06-2021 & 52W 11-02-2019

Must Have Cocktails

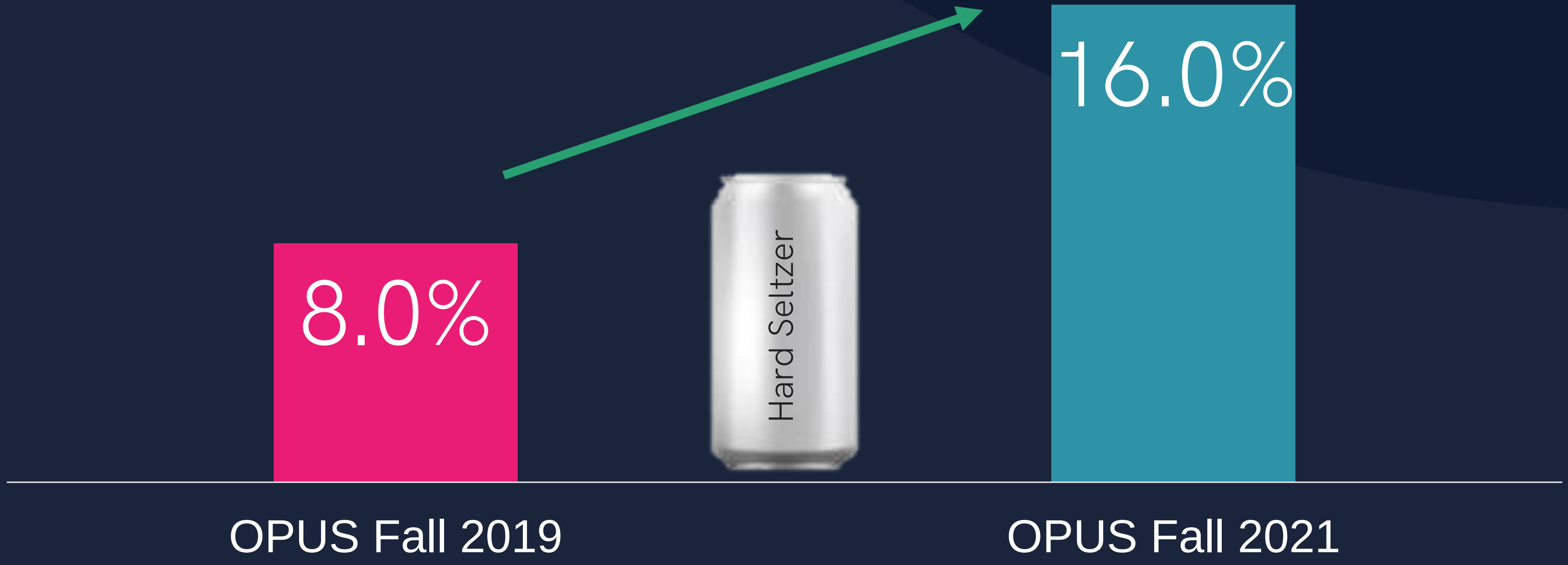


Average Price

Espresso Martini	$14.00
Negroni	$13.00
Manhattan	$13.00
Old Fashioned	$12.90

The popularity of Hard Seltzers has rocketed in the last couple of years, almost doubling

% who drank Hard Seltzers in last 3 months



Source: CGA OPUS US (Fall 2019 & 2021) – Sample Size: 14958 -15015

Across the categories there has been an **increased demand for no/low alcohol**

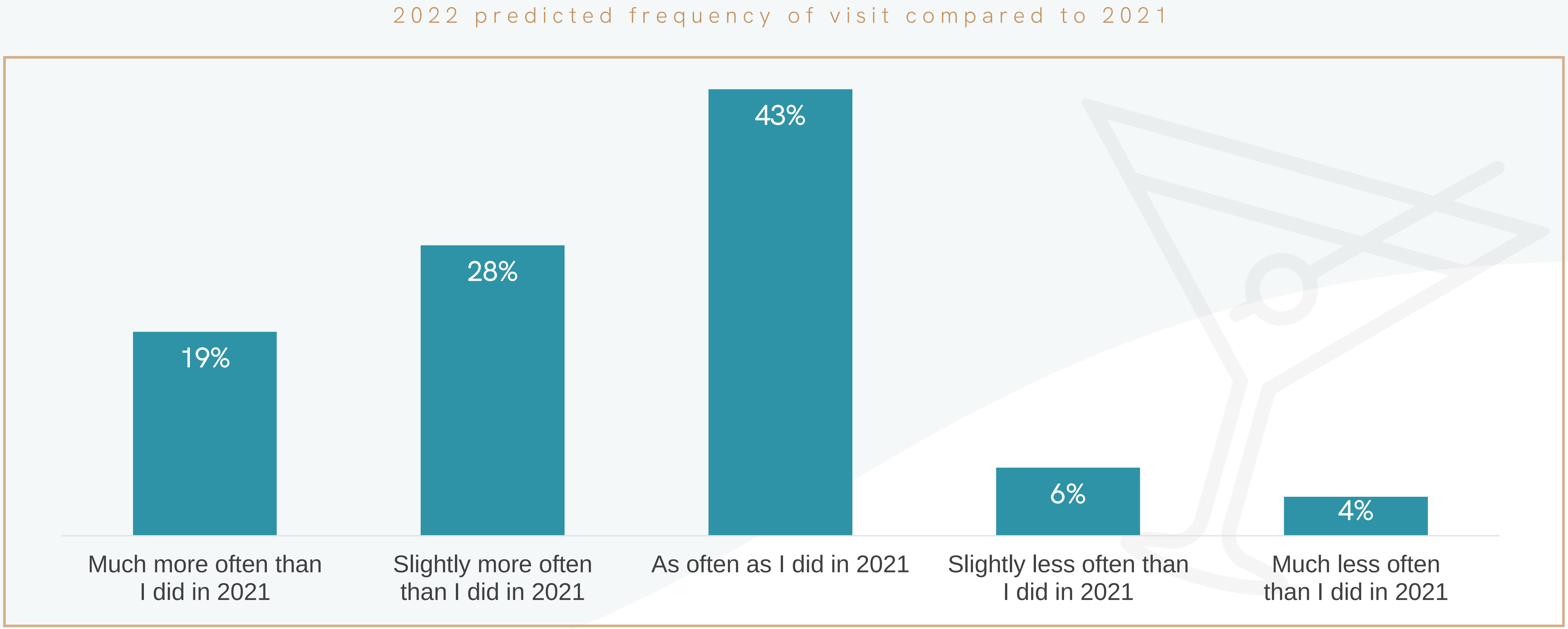
% who drank Low/Non Alcoholic beverages in last 3 months

	Non Alcoholic cocktails	Low/Non-alcoholic beer	Low/Non-alcoholic wine	Low/Non-alcoholic spirits
US Consumer	11%	10%	10%	8%
Index vs 2YA	+2pp	+3pp	+3pp	+2pp

Source: CGA OPUS US (Fall 2019 & 2021) – Sample Size: 14958 -15015

Consumer Trends

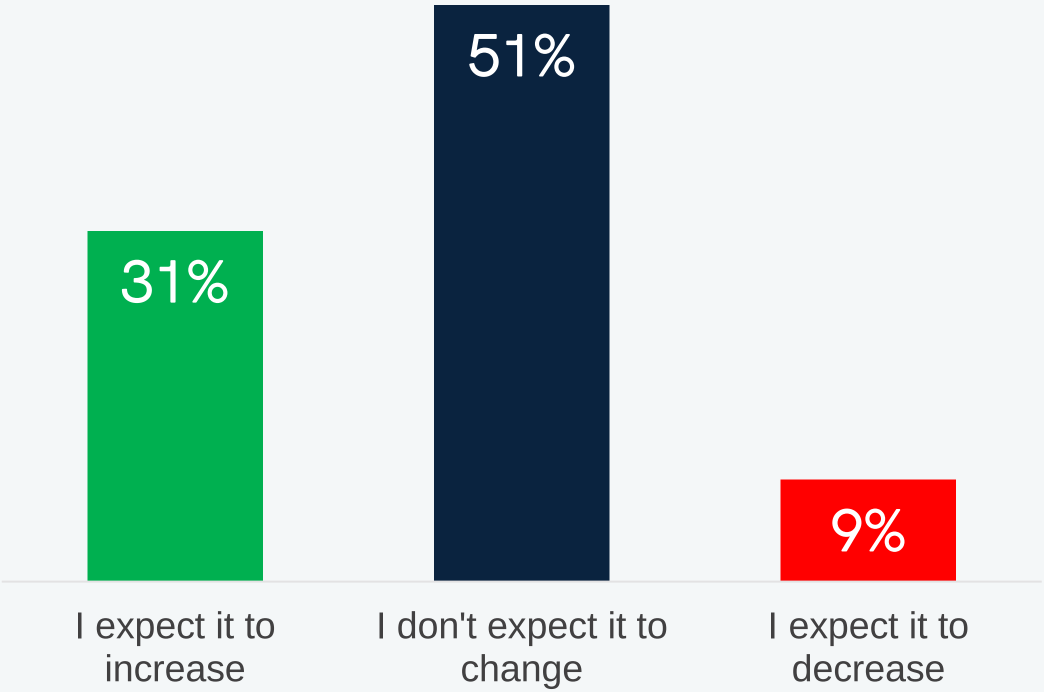
THINKING ABOUT 2022, IF SAFE TO VISIT BARS/RESTAURANTS, HOW FREQUENTLY DO YOU PREDICT THAT YOU WILL VISIT SUCH VENUES, COMPARED TO 2021?



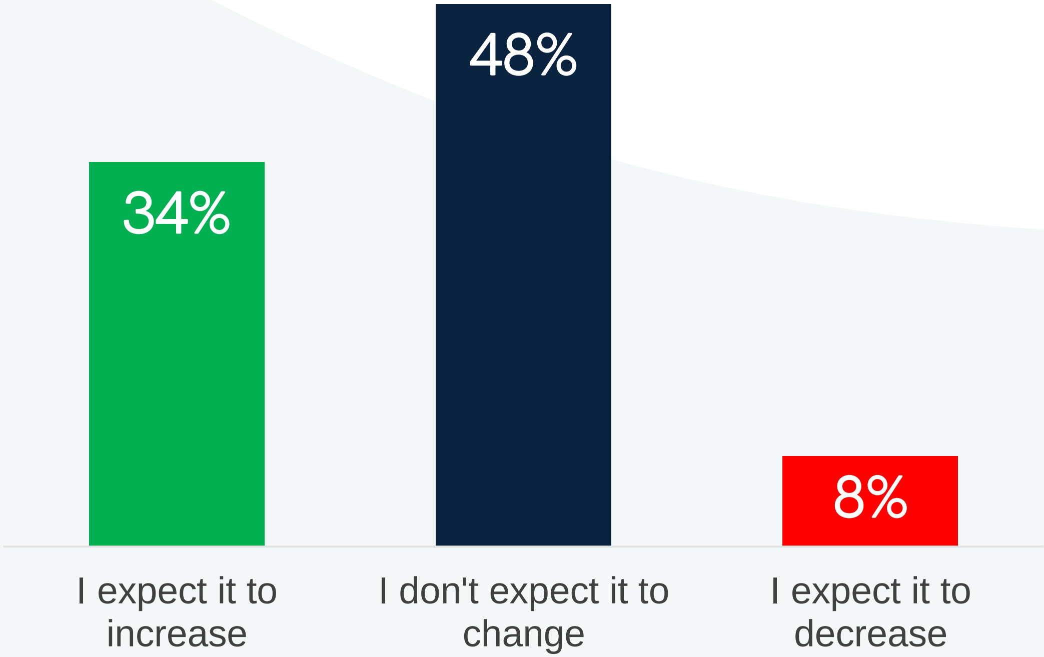
SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1988)

HOW DO YOU EXPECT YOUR SPEND IN BARS/RESTAURANTS TO CHANGE...

Spend in the next 6 months...



Spend in the next 12 months...



SOURCE: CGA US ON PREMISE IMPACT CONSUMER RESEARCH SAMPLE (1988)

Summary

- The On Premise still faces many challenges (staffing, Vaccine passports etc.) but in terms of sales, the worst appears to be over and seasonal trends are now back in play

- The channel itself now looks different to how it did pre-pandemic, with chains proving more resilient and some sub-channels suffering more than others – Fine Dining and Nightclubs for example.

- Spirits continue to steal share although Hard Seltzers contribute positively to Beer trends

- The On continues to perform very differently from the Off Premise with 45% saying their drink preference changes between channels

- Outlook is very positive with almost 50% stating that they intend to visit the On Premise more in 2022 than they did in 2021 – and also spend more when they are there!