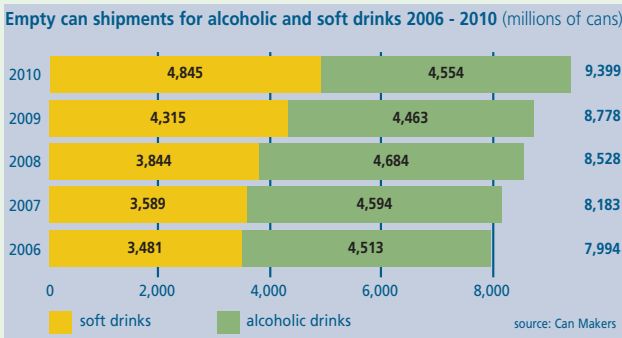


The Can Makers UK Market Report 2011

Overview

Can shipments in 2010 were strong, particularly in carbonated soft drinks (CSDs) with double digit growth year on year, helped no doubt by the good summer weather. The beer market also resumed growth and performance was enhanced by the effect in volume terms of a "second Christmas" brought about by increased retail sales around the time of the World Cup.

Market for drinks cans - UK and Eire



Shipments of cans in 2010 were 9,399 million, an increase of 7% on 2009, despite the recession. 2010 was the 11th year of continuous growth for drinks cans.

The CSD sector was a stellar performer in 2010 with shipments of 4,845 million, an increase of 12.3% on 2009. Indeed this market has grown by 1 billion cans since 2008 and CSD cans now represent 51% of all cans shipped for the first time since 2002.

The alcoholic drinks sector has resumed its long term growth trend with 4,554 million cans shipped in 2010, an increase of 2% on 2009.

European can market

Total can shipments in Europe resumed growth in 2010 at 54.1 billion, an increase of 2.7 billion cans or 5.2% on 2009. 27.8 billion were for alcoholic drinks and 26.4 billion for soft drinks.

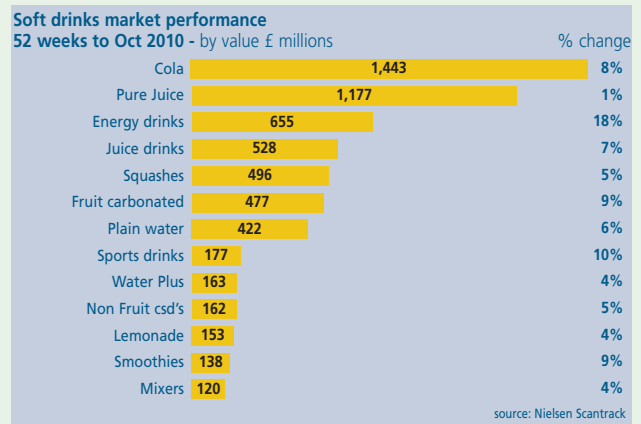
In Western Europe 42.6 billion cans were shipped an increase of 6.1% on 2009, with strong performance in the Scandinavian countries, Austria, Netherlands, Portugal, Turkey and UK which remains the largest national market for drinks cans.

In Eastern Europe 11.5 billion cans were shipped an increase of 2.1% on 2009, with 9.3 billion for alcoholic drinks and 2.2 billion for soft drinks. Russia, The Czech Republic and Slovakia had the most growth.



Soft Drinks

Soft drinks market



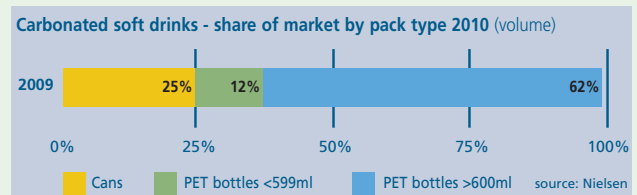
The soft drinks market was worth £6.1 billion at retail value in the year to Oct 2010. Energy drinks and sports drinks performed very well, with cola another strong sector. Smoothies have resumed growth after declining in 2009, due to the recession.

Energy and sports drinks are more reliant on the impulse sector of the market than other CSD's, with 53% and 47% of sales respectively. This contrasts with cola where 27% of sales are in the impulse sector and 73% in multiple grocers. In the 12 months to October 2010 total soft drinks value increased by 6.4% and volume by 2.4%. In multiple grocers, soft drinks along with beer wines and spirits led the way in growth terms across the categories.

Source: Nielsen

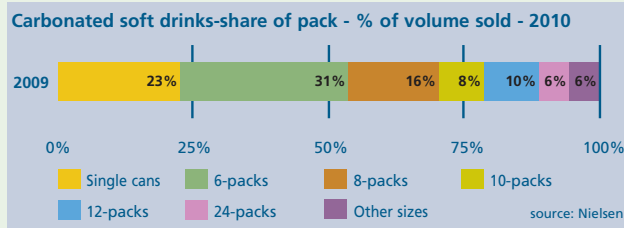


Pack shares



The relative share of market by pack has remained consistent in the Nielsen universe, with cans accounting for 25% of the volume of CSDs sold and 55% of the individual packs. Within the can sector, small size cans – up to 25cl, grew by 17% reflecting the growth in sales of energy drinks referenced earlier.

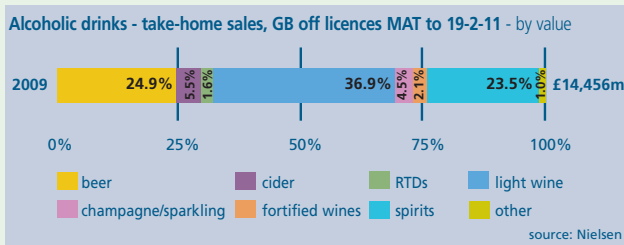
Multipack shares



Within the pack size mix, there were changes in 2010, with growth in the sales of 8 packs - which more than doubled their share. This was at the expense of 6 packs - no doubt due to promotional activity. Twelve and 24 packs also saw increased volumes.

Alcohol

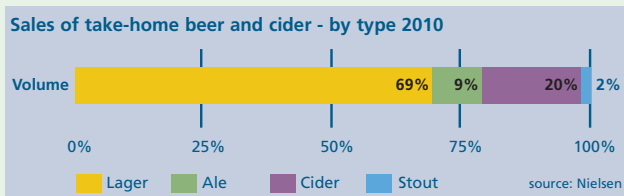
Alcoholic drinks market



Cider grew ahead of all other major categories in both value 8% and volume 5% terms in this MAT. Spirits grew in value by 6% but only 1% in volume terms. Beer grew in both measures, by 3% in value and 2% in volume.

Other categories that grew in both value and volume were champagne and sparkling wine. Light wine grew in volume by 3% but decreased in value by 2%, as the effect of price deals showed through. Only fortified wines regressed in both value and volume terms.

Take-home beer and cider - by type

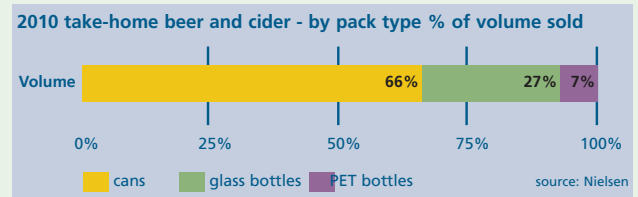


In 2010 there were small changes in the mix of beer and cider sold in the take-home sector. Lager and stout remained level, with cider taking 1% share from ale.

Premium lager and cider continued to grow, with a decline in the volume of standard lager.



Take-home beer - by pack type



Cans are the main pack for take home beer and cider with 66% of the total volume sold. In 2010 cans share of lager was 71%, ale 69% and cider 43%.



Multipacks

Multipacks are the principal means of retailing take home beer and cider. Single cans account for only circa 2.5% of total sales – most of which are sold through off licence outlets.

Small and medium multipacks (4 - 12s) have regained their importance in the pack mix for beer and cider cans in the last year with 12 packs particularly important at Christmas, although 15 packs were the most popular during the World Cup. Larger 18 and 24 packs have declined in importance, no doubt due to their relatively high retail value.

Outlook

Looking to the future the prospects for both markets are in part influenced by the overall economic situation. If the major multiples continue to promote the liquor and soft drinks sectors well ahead of other categories, they should perform well, as they have done in 2010.

