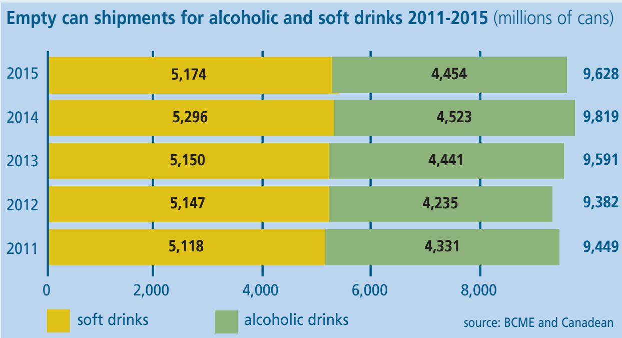
The Can Makers UK Market Report 2015

Overview

Despite a small dip in the UK market, we are reporting strong canned drinks sales in the UK and across Europe. Cans are performing well in both the carbonated soft drinks (CSDs) and the beer and cider markets. We are encouraged by the rapid growth of new small scale canning lines for craft beer and other drinks in cans.

Market for drinks cans - UK and Eire



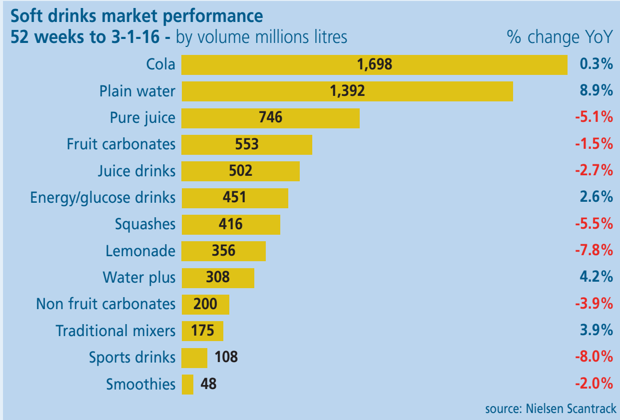
Following several years of sustained growth, 2015 saw a slight dip in the shipment of empty cans for soft drinks and alcoholic drinks. Total deliveries in 2015 were 9,628 billion a reduction of 1.9% on 2014. This was partly attributed to the number of cans of both soft drinks and beer filled abroad and imported into UK for retail sales, and partly to one of the wettest summers and to generally unpredictable weather. For beer and cider, can shipments were 4,454 million a reduction of 1.5% on 2014. However Nielsen report strong growth in retail sales of cider in cans. The 2.7% increase in share of market was helped by the strong performance of fruit flavoured cider in 33cl cans, which grew by 50% over the year. In the soft drinks sector, shipments of cans were 5,174 million a reduction of 2.3%, but Nielsen report retail sales of CSDs growing by 4.5% in 2015, with cans taking share from PET bottles.

European can market

In excess of 64 billion cans were delivered across Europe in 2015, an increase of 2% and the sixth year of continuous growth in the region. Western Europe performed well with an increase of 2.2% to 50.3 billion. Performance was particularly strong in Germany where distribution of canned beer and soft drinks has been rebuilt and can shipments grew by 13.5% in Spain shipments increased by 8% and in Turkey, 7%. In Eastern Europe can shipments grew by 1.1% to 13.8 billion, with soft drinks deliveries up 10% and growth in all countries in the region.

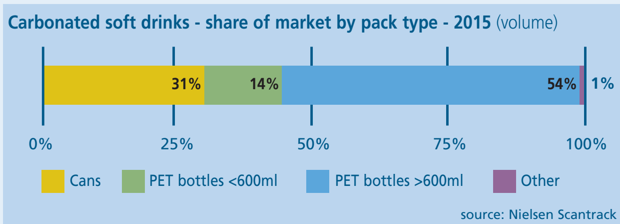
Soft Drinks UK

Soft drinks market



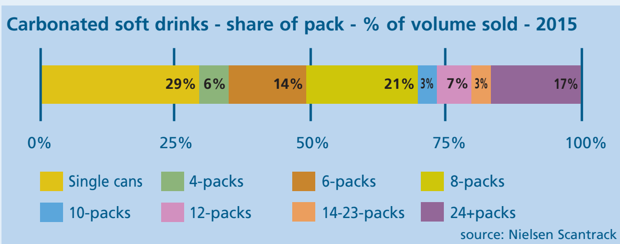
The total soft drinks market excluding cold-hot drinks and dairy drinks was 6,953 million litres in 2015. Once again Plain Water and Water Plus led growth at 8.9% and 4.2% respectively. Energy drinks grew, but at a lesser rate than in recent years. Mixers also grew by almost 4% no doubt due to the increasing popularity of gin and other spirits whilst carbonates declined - with the exception of cola.

Pack shares



Nielsen report that in 2015 cans share of market increased by 1%, taking share from large PET bottles, as they have done in recent years. All can sizes showed growth, with some shift in Energy and Sports drinks from 25cl to 50cl size cans.

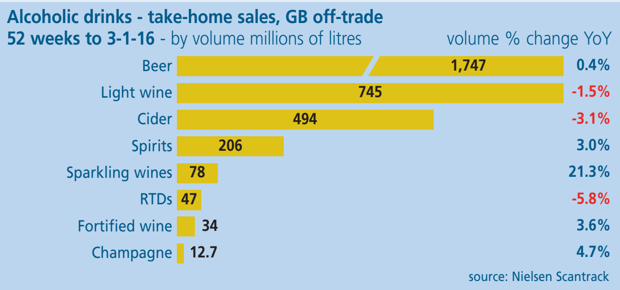
Multipack shares



2015 has been a year when fewer packs were sold, but bigger ones, driving increased retail sales of 33cl cans. Indeed retail sales of 24 and 30 packs, doubled in 2015.

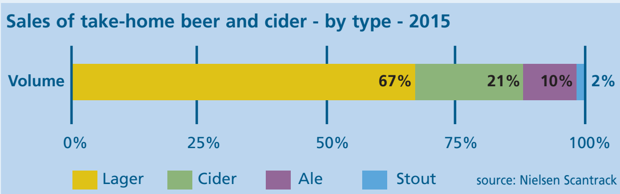
Alcohol UK

Alcoholic drinks market



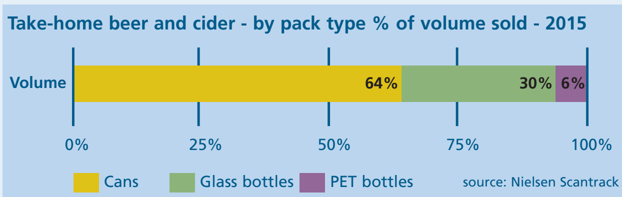
Sparkling wines and champagne led the growth in 2015, with some loss of volume in light wine and RTDs. The volume of beer increased marginally and cider declined somewhat.

Take-home beer and cider - by type



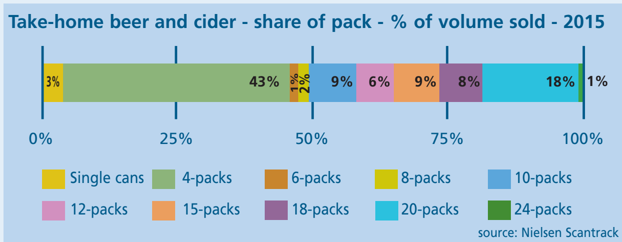
In volume terms, the take-home beer and cider market remained level in 2015, with cider dropping 1% share of market and ale gaining 1% on 2014. Whilst craft beer cuts across these defined categories, retail sales of craft ales no doubt account for the strong performance of the ale sector. Beer and cider sales are continuing to grow in Convenience stores and are declining in High Street and Out of Town stores, whilst the Discounters Aldi and Lidl have seen strong growth in beer and cider sales.

Take-home beer - by pack type



In 2015 cans lost the 1% market share increase they achieved in 2014, with glass bottles gaining as a result of strong performance by bottled ale, particularly craft beers. Can's performance in cider was strong and they took share from glass bottles and now account for over 50% of cider volume. As cans become more established for craft beer, it will be interesting to see how the pack mix develops.

Multipacks



2015 was the year for large beer and cider multipacks, with increases in sales of 18, 20 and 24 packs, prompted by value promotions. There were consequential declines in sales of smaller size multipacks and single cans.

Outlook

With a somewhat uncertain economic outlook influenced by the EU Referendum it is difficult to forecast market performance in 2016. In sporting terms there is the UEFA football competition in the summer which should boost sales of large multi-packs of beer and cider in cans. In the medium term it is difficult to measure the likely impact of the Sugar Levy on sales of CSDs. We continue to promote craft beer in cans and are encouraged by their rapid adoption and the different canning options now available for small scale brewers and other drinks manufacturers. Sustainability continues to be an important message for us and we are keen to promote the METALFOREVER symbol and multiple recycling, demonstrating that aluminium and steel are permanent materials that remain an asset available for future generations.

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