CAN MAKERS REPORT 2014

Welcome to the Can Makers Report

Over 9.8 billion cans were supplied by UK drinks can manufacturers in 2014 as the market continued to grow.

This report provides an in-depth look at Europe's biggest drinks can market and an overview of key industry activity promoting the unique benefits of beverage cans.

The Indie Beer Can Festival 2014 winner, Ghost Ship with Ruth Goldsmith and Harriet Roberts from Adnams.

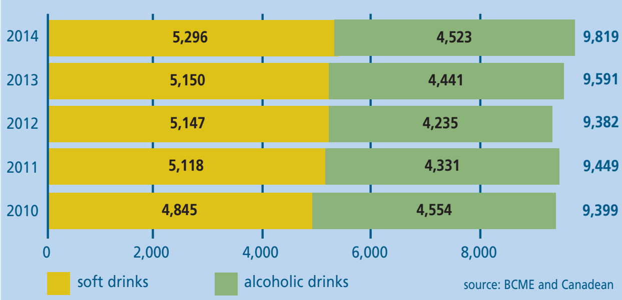
The Can Makers UK Market Report 2014

Overview

Once again we are reporting growth in the shipments of cans both in the UK and across Europe. The UK continues to be the largest European market for drinks cans at 9.8 billion, out of a total of almost 63 billion cans. In the UK, the soft drinks market has performed particularly strongly and grew by 146 million cans (2.8%) and cider in cans has led the alcohol sector to gain 82 million cans (1.9%).

Market for drinks cans - UK and Eire

Empty can shipments for alcoholic and soft drinks 2010-2014 (millions of cans)



2014 was another year of strong growth for drinks cans, with total shipments of 9,819 million cans, an increase of 228 million (2.4%) on 2013. This was a year when the Met Office recorded the warmest year since 1910 and demand in the first half was influenced by the build-up of stocks ahead of the Football World Cup. For beer and cider, can deliveries reached 4,523 million, an increase of 82 million (1.9%) on 2013. In the Nielsen universe, can growth exceeded that of the overall take-home beer and cider market, with particularly strong sales in the run up to Christmas, driven by a 1.1% decline in the retail price of lager. Cider was once again a strong performer, with cider in cans increasing over the year by 7% compared with 2013. In soft drinks, deliveries of cans for CSDs increased by 146 million, to 5,296 million - with growth across all can sizes. Indeed, in 2014 in the CSD sector, cans also took market share from PET bottles. Overall the stronger economy and the warm summer weather provided a stimulus to the market in 2014.

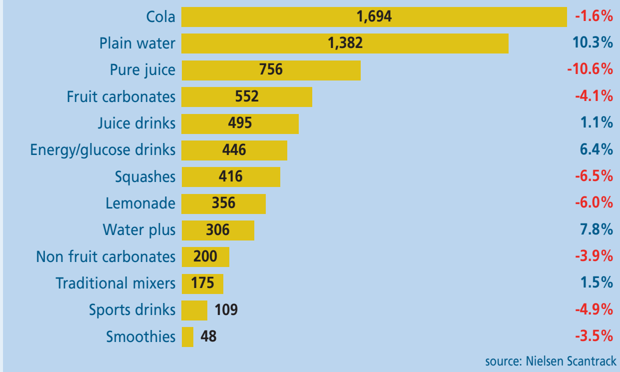
European can market

Almost 63 billion cans were delivered across Europe in 2014, an increase of 3.7% on 2013 and the fifth year of successive growth across the region. The increase was driven by gains in Western European markets, particularly in soft drinks - where the growth was 5.2%, led by Germany, Portugal, Norway and Turkey. Overall, market growth in Western Europe was 4.3% or 2,021 million cans. Soft drinks also drove the market in Eastern Europe, rising by 8.2%, led by Hungary and Poland. Overall, the market in Eastern Europe advanced by 1.8% to 13,682 million cans. Across Europe, soft drinks can deliveries increased by 5.5% in 2014 and cans for alcoholic drinks by 2%. This led to the numbers of cans for soft drinks exceeding those for alcoholic drinks for the first time.

Soft Drinks UK

Soft drinks market

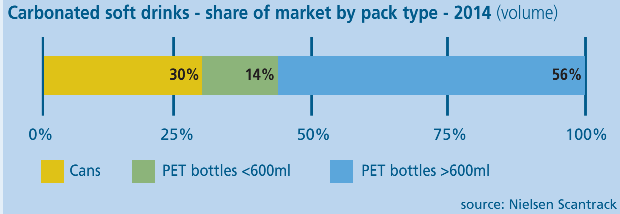
Soft drinks market performance
52 weeks to 3-1-15 - by volume millions litres



The total soft drinks market excluding cold/hot drinks and milk-shakes was 6,933 million litres in 2014. Plain water and water plus led growth at 10.3% and 7.8% respectively. Energy drinks continued to perform well, up 6.4% and mixers grew by 1.5%, whilst other carbonates have declined somewhat and pure juice declined by 10.6%.

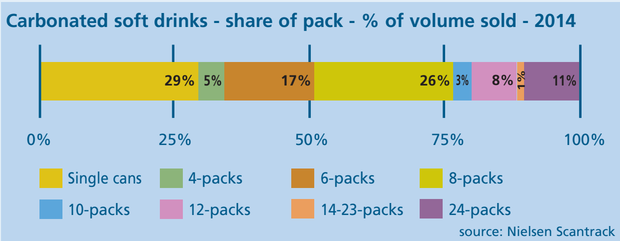
Pack shares

Carbonated soft drinks - share of market by pack type - 2014 (volume)



Nielsen report that in 2014, cans' share of market increased by 3% to 30%, largely at the expense of large PET bottles. In the can sector there was growth in all the major can sizes, with 25cl cans increasing as brands sought to meet a sub 50p retail price point.

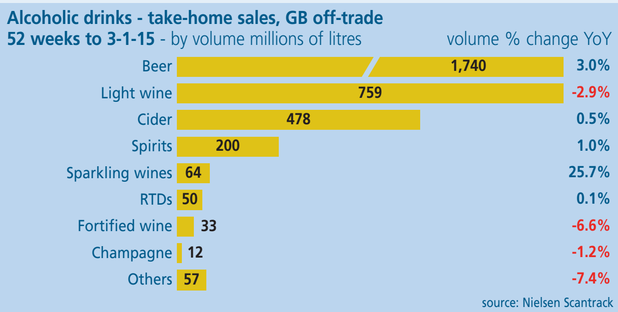
Multipack shares



In 2014 the gains have been in single cans, 4 packs and particularly in 24 multipacks which increased significantly, no doubt driven by value considerations and promotional activity.

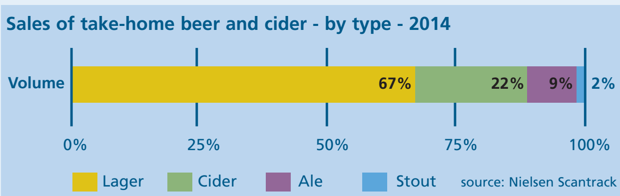
Alcohol UK

Alcoholic drinks market



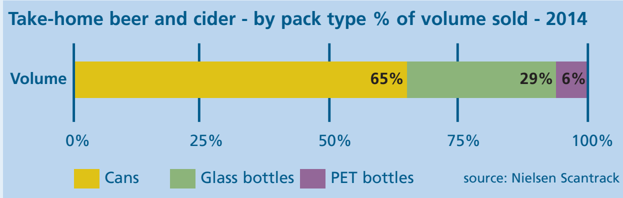
The alcoholic drinks market in the take-home sector was 3,392 million litres, an increase of 1.1% on the year before. Beer saw growth of 3% with a similar rate of loss for wines. The strongest advance was in consumption of sparkling wines, up by 26%.

Take-home beer and cider - by type



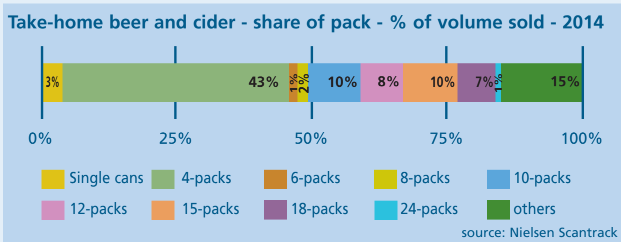
In volume terms, the take-home beer and cider market grew by 3% in 2014. Whilst the relative shares of different drinks remained stable, within the ale sector there has been considerable growth in craft beers, which have taken share from conventional ales.

Take-home beer - by pack type



In 2014 cans gained 1% share from glass bottles in the total market and performed particularly well in the cider sector where growth was 7%. In pack size terms, cans grew in 440ml and above and smaller sized cans declined marginally. Underlying these movements, Nielsen report that, in the year to end Feb 2015 compared with the previous year, there was a 2.4% increase in the volume of beer in cans consumed and 6% for cider.

Multipacks



Multipacks are a key tool, linked to price, in the retailing of take-home beer and cider. The most popular is the 4 pack with 43% of the volume. Last year 15 and 18 packs gained in popularity, particularly at Christmas, accounting for 17% of multipack sales over the year. There is no doubt that the rise in the consumption of beer in cans has been driven by sales of large multipacks.

Outlook

The recovering economy and greater consumer spending power are positive indicators and should drive growth in both take-home beer and cider and soft drinks. Whilst there are both the Rugby World Cup and the Cricket World Cup in 2015, they are unlikely to drive volume, like the Football World Cup.

A word from the Chairman

It's a great time to start my first term as Chairman of the Can Makers and I would like to thank my predecessor, Graham Fenton, for his hard work and dedication. The past year has seen exciting developments across the industry and the number of new drinks in cans has continued to grow. Since the world's very first Indie Beer Can Festival last September, in partnership with SIBA, the number of installed lines is on the rise and the first mobile canning line in the UK has launched, with more to come.

For brands, cans offer a unique opportunity for retail stand out on shelf, a strong pack which keeps drinks fresh, maintains integrity and much more. The can remains a pack of choice for consumers and we're pleased to see more bars and restaurants adopt it within their packaging mix. This year, we're launching a brand new advisory service to help those considering cans get started. We've also launched the Can Makers on Twitter, Linkedin and have a brand new blog.

We hope you enjoy our report.

Martin Constable, Chairman, The Can Makers

Unique sustainability

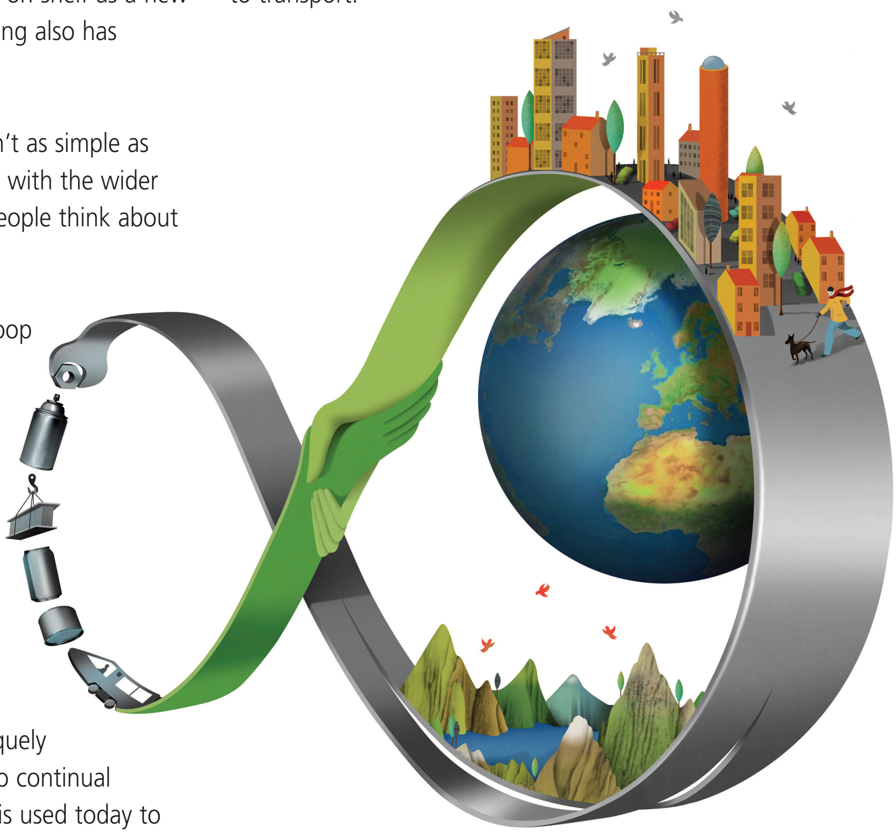
The beverage can is the most recyclable, and most recycled, drinks pack in the world. Whether aluminium or steel, metal cans are made from permanently available material. Infinitely recyclable with no loss of quality, a drink can's lifecycle never ends – in as little as 60 days it can be back on shelf as a new can or an entirely different product. Recycling also has significant environmental benefits.

Of course, communicating metal's value isn't as simple as regurgitating facts. The Can Makers, along with the wider industry, are working to change the way people think about metal, and therefore, behave.

The new 'METAL recycles forever' infinity loop recycling mark, printed on cans, aims to engage consumers and remind them of their role in the continuous lifecycle of metal. Launched by Metal Packaging Europe (MPE), early feedback has been positive. Both keen and reluctant recyclers agree the 'METAL recycles forever' message, together with the symbol, provides clearer information to consumers.

There are lots of reasons why cans are uniquely sustainable, it's not just recycling. Thanks to continual lightweighting, just a third of the material is used today to make cans compared to thirty years ago. With walls as thin as a human hair, the average empty aluminium can weighs just 10g, yet remains strong and easy to transport.

METAL recycles™ forever



Members of the Can Makers work together specifically to promote the benefits of the drinks can and aid communications between the industry and its customers: the brewers and soft drinks manufacturers and the retailers, as well as the packaging industry, the media and consumers. The Can Makers was the first organisation in Europe formed to promote drinks cans. It is now part of a European network set up under the auspices of Beverage Can Makers Europe (BCME), which includes similar organisations across Europe.

BCME Can Makers

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INDIE BEER CAN ADVICE

If you're looking to get your products into cans, our new advisory service has a lot of information to get you started
www.indiebeercanadvice.co.uk

every can counts

METAL recycles™ forever

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