2023 BEER INDUSTRY UPDATE

BEER MARKETER'S INSIGHTS

LEADING SOURCE OF BEER INDUSTRY INFORMATION

SINCE 1970

Table of Contents

1| 2022 Highlights

INDUSTRY OVERVIEW – 2022

Beer volume gains achieved during the pandemic were wiped out in one fell swoop in 2022. As several observers suspected, gains in 2020-2021 proved to be overly inflated. Off-premise declines amid unusually hefty price increases drove volume down sharply while on-premise recovery and taproom growth moderated. Hard seltzer segment hit a wall after driving industry growth in prior years, disproportionately impacting Boston Beer results in 2022. Mexican imports, fueled almost entirely by Constellation, were once again the primary growth driver in the industry. Both AB and MC lost significant volume, posting their steepest volume trend declines since their formations. But both AB and MC grew topline revenue. Most top beer suppliers declined by volume as well. And after strong recovery in 2021, craft brewers collectively declined and lost share of volume and dollars in 2022, we estimate.

Table 1.1 US Beer Industry Shipments, 2022

	Bbls (000)		**Change**	
Shipments	**2021**	**2022**	**bbls**	**%**
Taxpaid	169,730	161,668	-8,062	-4.8
No Alcohol	730	835	105	14.4
Cider*	3,519	2,544	-976	-27.7
Import	39,867	41,033	1,166	2.9
US Shipments	**213,847**	**206,080**	**-7,767**	**-3.6**
Tax-free	4,507	3,925	-582	-12.9
Total Shipments	**218,354**	**210,005**	**-8,349**	**-3.8**

**Cider total includes perry, mead and NESOI imports*

Per usual, 2022 shipments figures will be revised by TTB and Beer Institute as more data comes in during 2023. Late-reporting small brewers will push totals upward, and TTB traditionally adds bbls to prior-year totals. TTB added nearly 600K bbls to 2021 total since the initial year-end 2021 report after also adding upwards of 1 million bbls to 2020 totals. Those are unprecedented restatements. Recall, some beer shipped in 2020 was recalled and replaced during pandemic lockdowns. And a

Table 2.5 Import Shipments by Month, 2020-2022

(Total)		Bbls (000)			Trend (% Chg)	
	2020	**2021**	**2022**	**2020**	**2021**	**2022**
January	2,844	3,175	3,058	13.0	11.6	-3.7
February	2,698	2,524	2,971	4.7	-6.4	17.7
March	3,209	3,061	3,580	-4.7	-4.6	16.9
April	2,729	3,446	3,586	-22.2	26.3	4.0
May	2,049	3,571	3,562	-42.9	74.3	-0.3
June	2,838	3,800	3,736	-15.0	33.9	-1.7
July	3,506	3,599	3,627	-1.6	2.7	0.8
August	3,542	3,642	3,745	17.1	2.8	2.8
September	3,358	3,313	3,688	16.8	-1.3	11.3
October	3,524	3,432	3,348	13.8	-2.6	-2.4
November	3,561	3,324	2,970	25.5	-6.7	-10.6
December	2,945	2,980	3,164	30.1	1.2	6.2
Total	**36,803**	**39,867**	**41,033**	**0.7**	**8.3**	**2.9**

		Imported Beer Bbls (000)			**Imported No Alcohol** Bbls (000)	
	2020	**2021**	**2022**	**2020**	**2021**	**2022**
January	2,816	3,144	3,028	28	31	30
February	2,661	2,489	2,942	36	35	29
March	3,180	3,035	3,543	30	26	36
April	2,698	3,426	3,552	31	21	33
May	2,018	3,542	3,520	31	29	42
June	2,817	3,768	3,695	21	32	40
July	3,482	3,571	3,599	24	28	28
August	3,512	3,607	3,709	30	35	36
September	3,318	3,273	3,651	40	40	37
October	3,472	3,389	3,316	52	43	32
November	3,500	3,286	2,946	61	38	24
December	2,905	2,951	3,126	38	29	38
Total	**36,378**	**39,481**	**40,628**	**423**	**386**	**406**

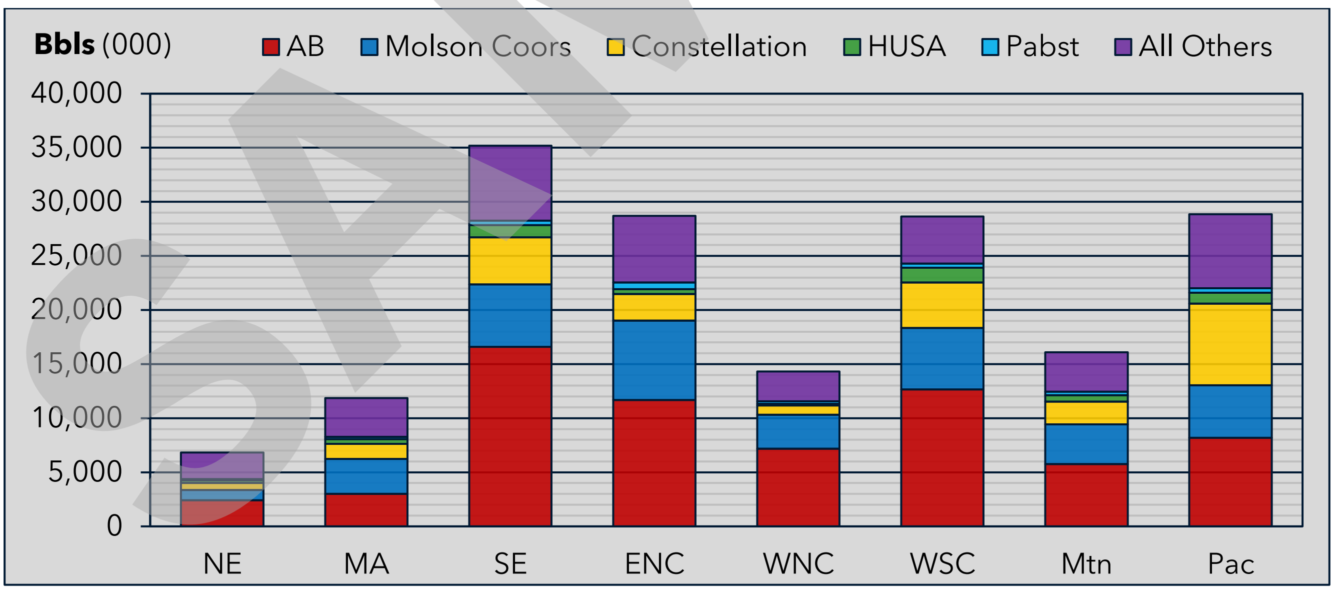
4| Regional Trends

MAJOR BREWERS' REGIONAL TRENDS

Please note: our report focuses on 42 "reporting states" where top suppliers' shipments data is available. "Other" includes 8 non-reporting states and Washington DC.

New England = Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Mid-Atlantic = New Jersey, Pennsylvania
Southeast = Alabama, Florida, Georgia, Mississippi, S Carolina, Tennessee, W Virginia
East North Central = Illinois, Indiana, Michigan, Ohio, Wisconsin
West North Central = Iowa, Kansas, Minnesota, Missouri, Nebraska, N Dakota, S Dakota
West South Central = Arkansas, Louisiana, Oklahoma, Texas
Mountain = Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
Pacific = California, Hawaii, Oregon, Washington
Other = Alaska, Connecticut, District of Columbia, Delaware, Kentucky, Maryland, North Carolina, New York, Virginia

Figure 4.1 Major Brewer Shipments by Region, 2022



AB volume dropped tough mid-single-digits across nearly all regions in 2022. After better performance on volume in 2021, particularly in the Midwest, AB volume dropped ~6.5% in EN and WN Central regions for the year, marking its steepest decline rates among regions. Volume also

OHIO

Table 4.29 Shipments, Trends & Share by State, 2018-2022: Ohio

	Bbls (000)				
	2018	**2019**	**2020**	**2021**	**2022**
AB	3,843	3,712	3,651	3,767	3,502
MC	2,049	1,997	1,880	1,804	1,674
Constellation	276	300	327	350	371
Heineken	113	108	113	116	101
Pabst	153	144	133	130	109
All Others	1,045	1,544	1,770	1,559	1,515
Total	7,479	7,805	7,874	7,726	7,272

	Trend (% Chg)					Market Share				
	18	**19**	**20**	**21**	**22**	**18**	**19**	**20**	**21**	**22**
AB	-2.8	-3.4	-1.6	3.2	-7.0	51.4	47.6	46.4	48.8	48.2
MC	-2.6	-2.5	-5.9	-4.0	-7.2	27.4	25.6	23.9	23.3	23.0
Constellation	13.1	8.7	9.0	7.0	6.0	3.7	3.8	4.2	4.5	5.1
Heineken	-9.6	-4.4	4.6	2.7	-12.9	1.5	1.4	1.4	1.5	1.4
Pabst	-14.5	-5.9	-7.6	-2.3	-16.2	2.0	1.8	1.7	1.7	1.5
All Others	-2.8	47.8	14.6	-11.9	-2.8	14.0	19.8	22.5	20.2	20.8
Total	-2.6	4.4	0.9	-1.9	-5.9					

Figure 4.25 Share by State, 2022 vs 2017: Ohio

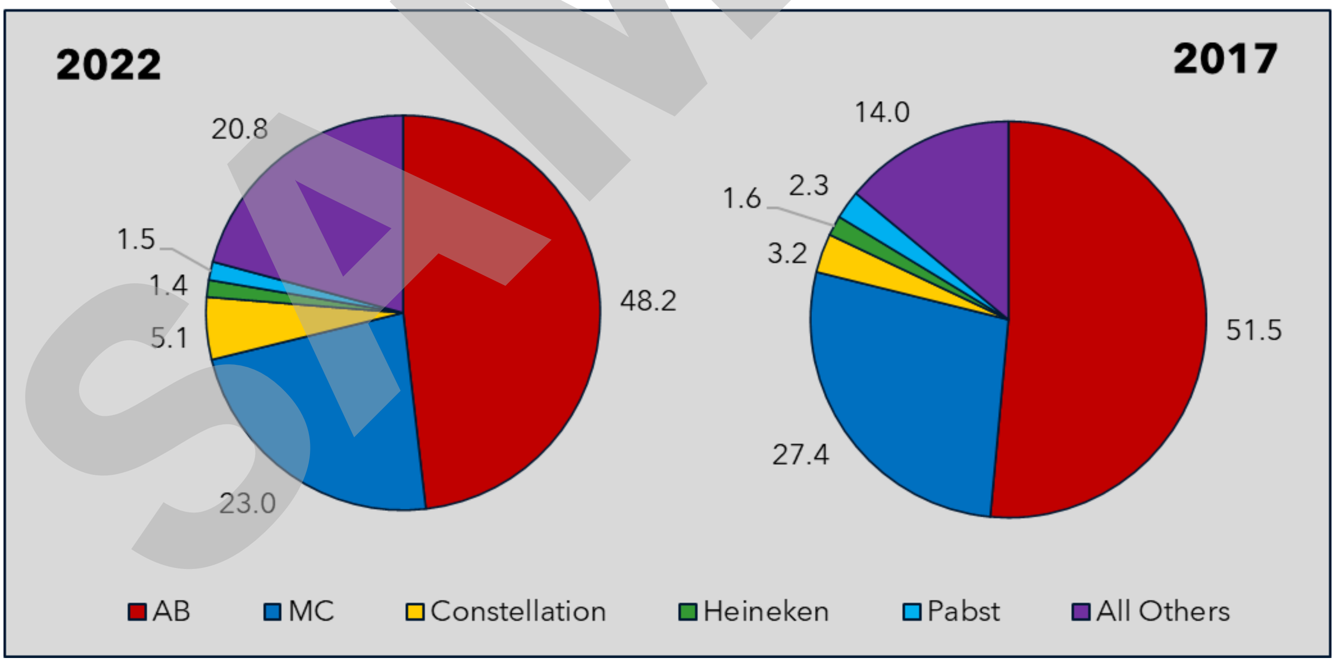
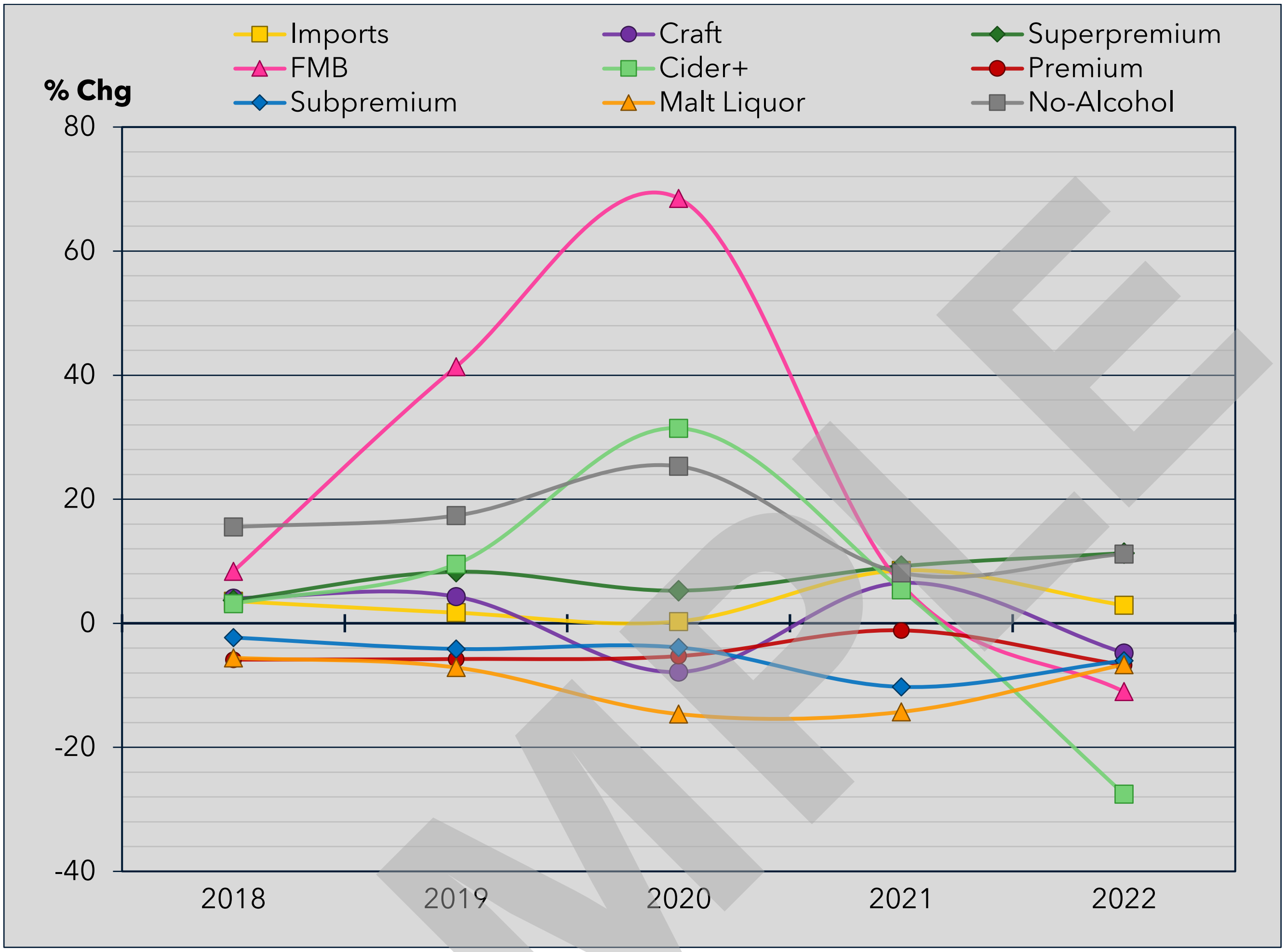


Figure 5.2 Segment Trends, 2018-2022



Meanwhile, mainstream segments lost significant volume. Collectively down 6.5%, 6.5 million barrels to 93 mil bbls total, we estimate. After performing better on volume in 2021, fueled by on-premise recovery, top domestic premium lagers declined significantly. No brand lost more than Bud Light, down over 8%, 2 mil bbls on its own. Budweiser also slipped 8%. Miller Lite and Coors Light each dropped volume as well, though Miller Lite gained share of shipments and Coors Light share loss improved compared to previous years. Busch Light continued to grow by volume while most low-end brands were soft including steep double-digit drops for Busch, Natural Light/Ice, Bud Ice and Rolling Rock. Most MC subpremium brands dropped considerable volume and/or were discontinued, though Miller High Life and Milwaukee's Best Ice improved. Pabst's portfolio of low-end brands declined again, though Colt 45, Old Style and Rainier each improved. Dollar sales were much healthier for mainstream segments, especially subpremium brands, as they took prices up at the highest percentage rates last year.

6| Retail Trends

RETAIL BEER TRENDS IN KEY OFF-PREMISE CHANNELS

In this year's edition of **Beer Industry Update** we report off-premise trends from both IRI (Circana as of early this year) and NielsenIQ. Segment, supplier and brand trends come from IRI's multi-outlet plus convenience database. These outlets include: grocery, convenience, drug, mass-merchandise, club and dollar stores. Trends and share may differ from prior editions of **Update**. Tables in this section summarize trends in the full multi-outlet + convenience universe as well as in grocery and convenience channels. For brand families, top growth brands and package trends, we report data from the NielsenIQ all outlet plus convenience plus liquor-plus database, which includes a comparable set of outlets plus liquor stores.

SEGMENT TRENDS

For the second year running, off-premise beer volume fell by 4-5%, declining 4.8% in 2022. But price increases, including two separate increases for many brands, kept dollar sales gains in positive territory, +0.8%. The average price for a case of beer grew 5.8% last year, up $1.57 to $28.60, driven by both above-average pricing action and continued shifts toward high-end segments. The sub-premium segment shed 0.3 share of volume, but premium segments lost a full share-point, slipping below one-third of total beer cases. While non-alcoholic beer picked up a tenth of share on a 7.8% volume gain, above premium segments collectively gained 1.2 share points, closing in on 50% of off-premise volume and now over 60 share of dollars.

Imports drove above-premium gains in 2022 off-premise outlets, picking up 1.2 share of beer category dollar sales on 6.6% growth. Flavored malt beverages (FMBs, excluding hard seltzer) also gained a full point of share, seeing strong double-digit dollar growth. Only the very small non-alcoholic beer segment grew faster. But hard seltzer lost more share than FMBs gained after sales sank 10%, a sizable decline after the segment's tremendous run to over 10 share of the industry. So hard seltzer came back down to earth, slipping back below the superpremium segment, which grew sales 5%. Cider remained soft in all, but not as soft as craft, sales of which slipped 4.7% as volume declined by almost 9%.

Table 7.1 Beer Drinkers in Major Metro Markets

(% of 21+ adults reporting "any beer" consumed in past 30 days)

	16-17	17-18	18-19	19-20	20-21	21-22	Chg 1-Yr	Chg 5-Yr
New York	41.2	42.3	46.1	44.7	41.7	43.2	1.6	2.0
Los Angeles	44.6	44.9	46.5	43.3	43.0	41.5	-1.5	-3.1
Chicago	48.7	47.6	49.6	47.3	47.7	43.2	-4.5	-5.5
Philadelphia	44.5	46.3	47.0	44.9	41.5	41.8	0.4	-2.7
San Francisco	45.1	46.2	46.6	45.4	41.9	45.0	3.1	-0.1
Dallas/Ft Worth	42.1	43.6	42.6	43.3	40.1	39.2	-0.9	-2.9
Boston	47.5	46.7	46.3	45.1	42.8	44.2	1.4	-3.3
Houston	41.8	45.9	42.8	47.3	48.1	42.4	-5.7	0.6
Washington DC	43.4	43.3	46.3	44.3	39.9	38.3	-1.5	-5.1
Atlanta	38.5	41.0	40.3	41.2	39.8	39.0	-0.8	0.5
Top 10 Mkts	43.7	44.5	44.5	44.6	42.6	42.0	-0.6	-1.7

Source: Nielsen Scarborough 2022; data collected August 2021 - October 2022

Figure 7.1 Beer Consumption in Major Metro Markets, 2016-2022

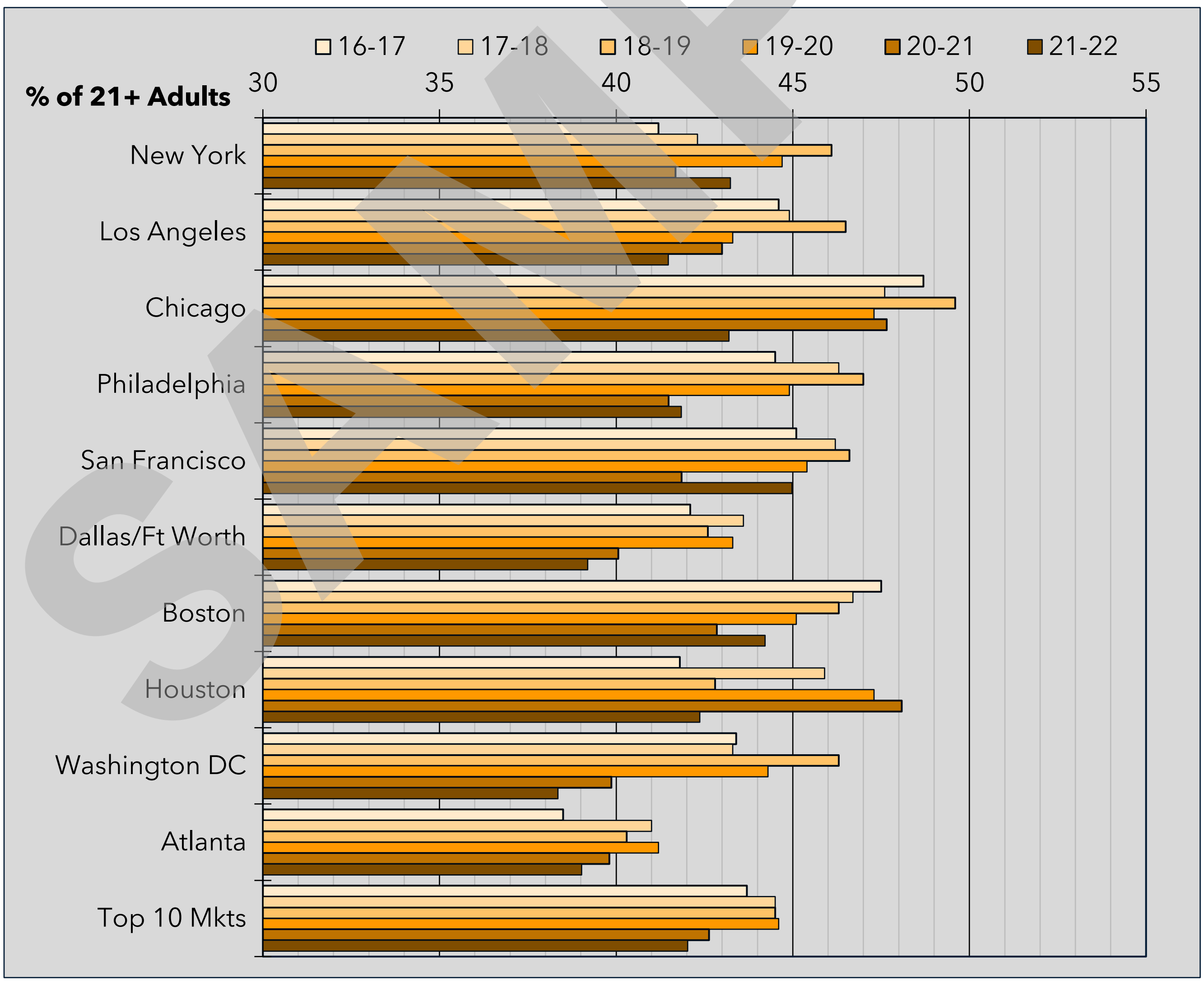


Figure 9.1 Brand Share of AB Shipments, 2022 vs 2017

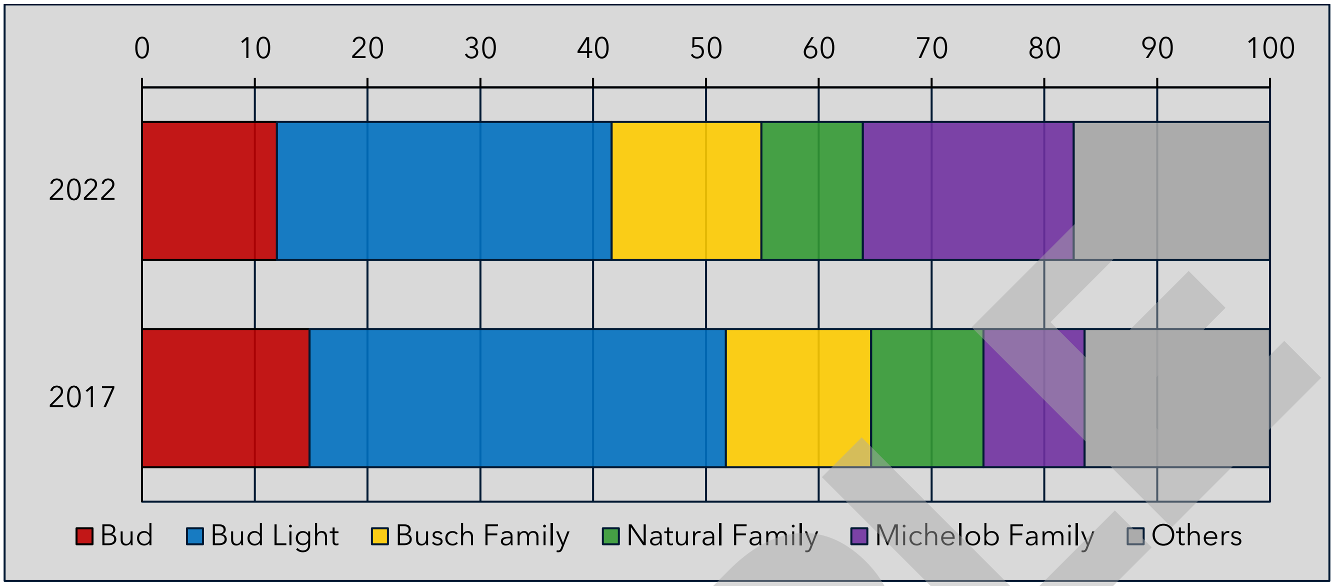


Figure 9.2 AB Brand Trends, 2020-2022

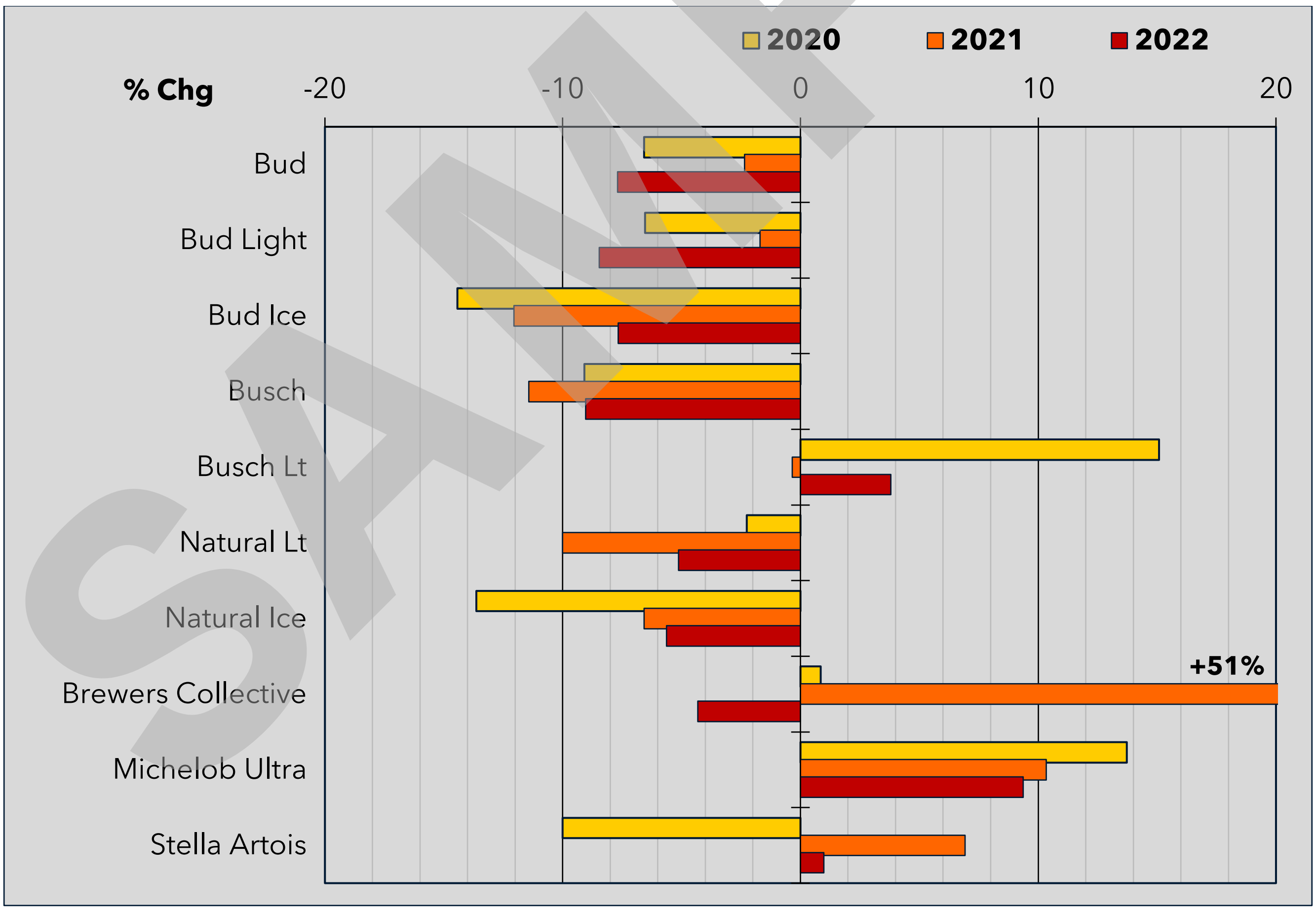
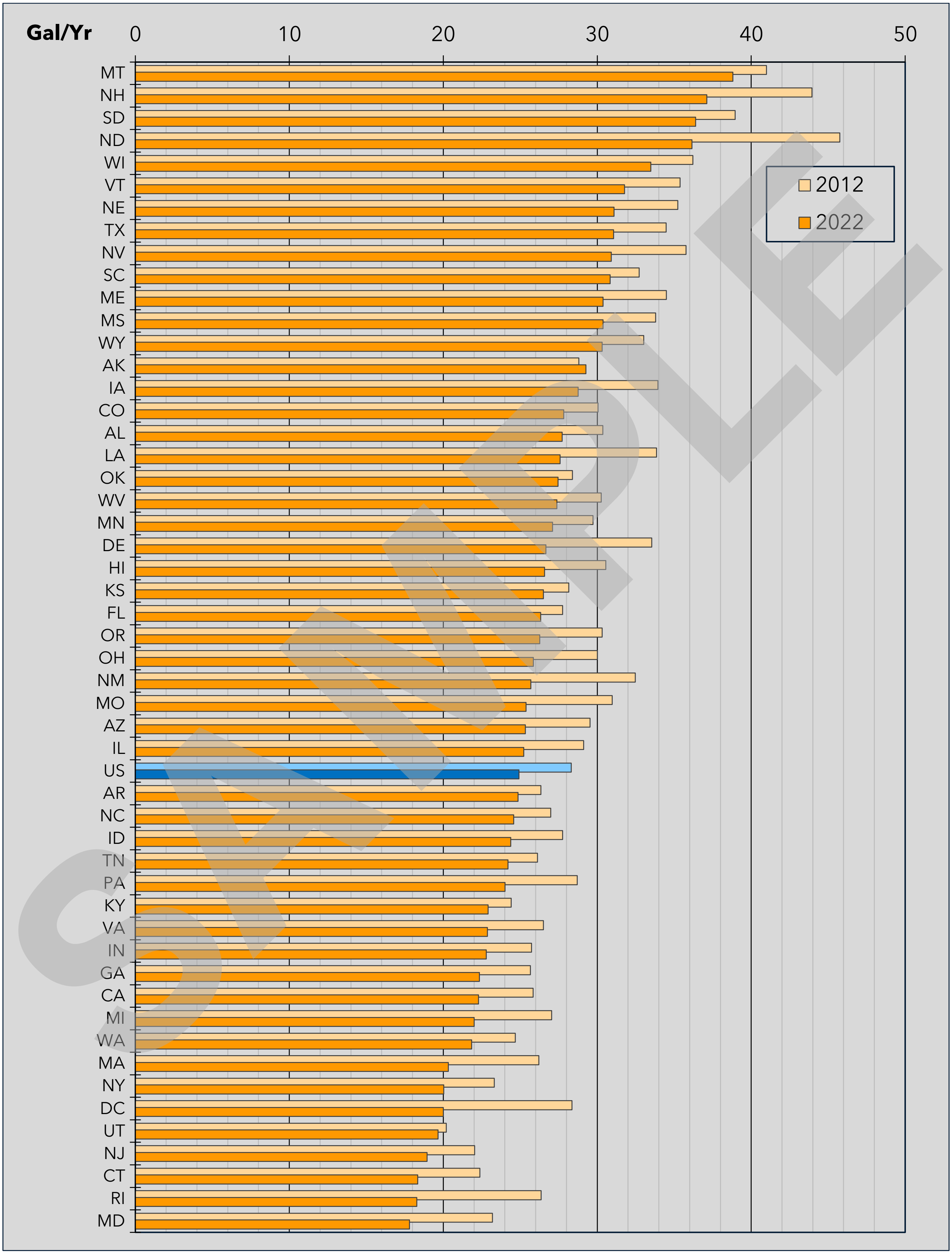


Figure 10.3 Per Capita Beer Consumption by State, 2022 vs 2012 *(by 2022 consumption)*



Index of Tables