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# European Beverages and Tobacco

## Key Sector Themes & Conference Survival Guide

### CITI'S TAKE

We highlight the KEY THEMES investors should consider when stock-picking in Beverages & Tobacco during Conference Season. With a number of Staples corporate access events scheduled over the coming weeks, in this report we share KEY QUESTIONS for management and a stock-by-stock guidance summary. In Beverages, given improving Q2 trading momentum and with confidence in the deliverability of mid-term growth algorithms likely to support a further re-rating, we have a preference for beer stocks. We are positive on Carlsberg, Heineken, ABInBev in that order. In Spirits, uncertainty around the timing of pace of recovery means fundamental upside catalysts remain absent, leaving stock prices at the mercy of top-down news flow on US/China tariffs. We have a short-term preference for Campari. Our positive stance on Tobacco remains. Encouraging modern oral growth, an improving regulatory backdrop and buyback upside optionality means BAT is our top-pick across all our Beverages & Tobacco coverage.

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### What's in this report?

1. Current sector themes/areas of debate.
2. Key questions to ask management on a stock-by-stock basis.
3. Guidance summaries by company with Citi and consensus estimates & recent market trends, geographic exposure and valuation metrics.

In **BEVERAGES**, investor debate is likely to focus on: **1) Impact/evolution of US tariffs & China Cognac tariffs** – Spirits stocks remain most at risk from on-going uncertainty, with beer largely immune from first order effects. **2) Q2 trading and easy summer weather comps in Europe** – Early Q2 commentary has been supportive and with recent good weather in many markets and easing comps, an update on May trading could be particularly positive for Beer & Soft Drinks. **3) Consumer backdrop in Europe, US & China** – Investors will be looking for signs that deteriorating consumer confidence trends in key markets is easing and/or confirmation that China consumer sentiment is still stable. **4) US scanner data** – Stock specific debates around US scanner data, especially for Diageo and ABInBev are likely to be in focus. **OVERALL**, we prefer BEER near-term (CARL, HEIA, ABI in that order), as well as CCEP. In Spirits, on-going uncertainty around the timing of pace of recovery means fundamental catalysts are likely to remain absent for now.

In **TOBACCO**, investor debate is likely to focus on: **1) Can Modern Oral momentum continue?** – Modern Oral is the key growth area in nicotine. Given the strong momentum for Zyn and Velo Plus, debates are likely to focus on both short-term scanner data trends in the US and the long-term category potential. **2) US illicit vapour enforcement** – Following recent comments from US Health Secretary RFK, investors will be keen to see if corporates are seeing any signs of increased enforcement against illicit vapes in the US. **3) Cash returns** – investors are likely to be looking for signs that BAT may scale-up its SBB further as well as debating what Altria may do with its stake in ABInBev. BAT is our TOP-PICK across our Beverages & Tobacco coverage. We also remain supportive of PHILIP MORRIS and IMPERIAL.

### See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

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## Data Summary

|                                               |          |      |        |             |              |                                                                                 |     |                 |              |     |          |             |         |             | Current Fiscal Year |     | Next Fiscal Year |     |
|-----------------------------------------------|----------|------|--------|-------------|--------------|---------------------------------------------------------------------------------|-----|-----------------|--------------|-----|----------|-------------|---------|-------------|---------------------|-----|------------------|-----|
| Company                                       | Ticker   | Ccy  | Price  | Mkt Cap (M) | Date & Time  | Rating                                                                          |     | Short-Term View | Target Price |     | ESPR (%) | Div Yld (%) | ETR (%) | Last Rpt Yr | EPS                 |     | EPS              |     |
|                                               |          |      |        |             |              | Old                                                                             | New |                 | Old          | New |          |             |         |             | Old                 | New | Old              | New |
| AB-InBev                                      | ABI.BR   | €    | 60.74  | 122,649     | 21 May 17:30 | 1                                                                               | nc  | -               | 71.00        | nc  | 16.9     | 2.0         | 18.9    | Dec-24      | 3.74                | nc  | 4.15             | nc  |
| Altria Group                                  | MO       | US\$ | 59.45  | 100,141     | 21 May 16:00 | 2                                                                               | nc  | -               | 55.00        | nc  | -7.5     | 7.0         | -0.5    | Dec-24      | 5.44                | nc  | 5.58             | nc  |
| British American Tobacco                      | BATS.L   | £    | 33.13  | 72,832      | 21 May 16:30 | 1                                                                               | nc  | -               | 36.00        | nc  | 8.7      | 7.7         | 16.4    | Dec-24      | 338.4               | nc  | 355.9            | nc  |
| Carlsberg                                     | CARLB.CO | Dkr  | 938.80 | 127,833     | 21 May 17:00 | 1                                                                               | nc  | -               | 1,040.00     | nc  | 10.8     | 3.0         | 13.8    | Dec-24      | 57.09               | nc  | 63.42            | nc  |
| Coca-Cola Europacific Partners                | CCEPC.AS | €    | 78.40  | 36,088      | 21 May 16:30 | 1                                                                               | nc  | -               | 91.00        | nc  | 16.1     | 2.7         | 18.7    | Dec-24      | 4.20                | nc  | 4.56             | nc  |
| Coca-Cola HBC                                 | CCH.L    | £    | 39.94  | 14,515      | 21 May 16:30 | 2                                                                               | nc  | -               | 38.00        | nc  | -4.9     | 2.9         | -2.0    | Dec-24      | 2.67                | nc  | 2.94             | nc  |
| Davide Campari-Milano                         | CPRI.MI  | €    | 5.71   | 7,031       | 21 May 17:30 | 1                                                                               | nc  | -               | 7.25         | nc  | 27.0     | 1.1         | 28.0    | Dec-24      | 0.27                | nc  | 0.29             | nc  |
| Diageo Plc                                    | DGE.L    | £    | 21.33  | 47,465      | 21 May 16:30 | 1                                                                               | nc  | -               | 27.50        | nc  | 28.9     | 4.9         | 33.8    | Jun-24      | 159.8               | nc  | 168.3            | nc  |
| Fevertree Drinks                              | FEVR.L   | £    | 8.84   | 1,084       | 21 May 16:30 | 2                                                                               | nc  | -               | 7.15         | nc  | -19.1    | 1.1         | -18.0   | Dec-24      | 24.2                | nc  | 30.4             | nc  |
| Heineken                                      | HEIN.AS  | €    | 78.76  | 45,366      | 21 May 16:30 | 1                                                                               | nc  | -               | 90.00        | nc  | 14.3     | 2.5         | 16.8    | Dec-24      | 4.93                | nc  | 5.22             | nc  |
| Imperial Brands                               | IMB.L    | £    | 28.11  | 23,026      | 21 May 16:30 | 1                                                                               | nc  | -               | 34.25        | nc  | 21.8     | 5.8         | 27.7    | Sep-24      | 315.8               | nc  | 345.1            | nc  |
| Pernod-Ricard                                 | PERP.PA  | €    | 95.22  | 24,021      | 21 May 17:30 | 1                                                                               | nc  | -               | 118.00       | nc  | 23.9     | 4.9         | 28.9    | Jun-24      | 6.99                | nc  | 6.54             | nc  |
| Philip Morris Int'l                           | PM       | US\$ | 174.64 | 271,830     | 21 May 16:00 | 1                                                                               | nc  | -               | 188.00       | nc  | 7.7      | 3.4         | 11.0    | Dec-24      | 7.52                | nc  | 8.40             | nc  |
| Royal Unibrew                                 | RBREW.CO | Dkr  | 542.50 | 27,234      | 21 May 17:00 | 2                                                                               | nc  | -               | 570.00       | nc  | 5.1      | 2.9         | 7.9     | Dec-24      | 29.82               | nc  | 33.20            | nc  |
| Rémy Cointreau                                | RCOP.PA  | €    | 47.92  | 2,500       | 21 May 17:30 | 1                                                                               | nc  | -               | 75.00        | nc  | 56.5     | 4.2         | 60.7    | Mar-24      | 2.37                | nc  | 2.06             | nc  |
| 1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk |          |      |        |             |              | ESPR = Expected Share Price Return, ETR = Expected Total Return, nc = no change |     |                 |              |     |          |             |         |             |                     |     |                  |     |
| Source: Citi Research                         |          |      |        |             |              | ^Catalyst Watch                                                                 |     |                 |              |     |          |             |         |             |                     |     |                  |     |

## Earnings Estimates

| Company Name                   | Ticker   | Last Rpt Year | Currency | Last Reported Year |        |        |        |       | Current Fiscal Year |        |        |        |       | Next Fiscal Year |        |        |        |       |
|--------------------------------|----------|---------------|----------|--------------------|--------|--------|--------|-------|---------------------|--------|--------|--------|-------|------------------|--------|--------|--------|-------|
|                                |          |               |          | 1Q                 | 2Q     | 3Q     | 4Q     | FY0   | 1Q                  | 2Q     | 3Q     | 4Q     | FY1   | 1Q               | 2Q     | 3Q     | 4Q     | FY2   |
| AB-InBev                       | ABIBR    | Dec-24        | US\$     | 0.76               | 1.01   | 0.67   | 0.87   | 3.41  | 0.31                | 1.00   | 1.03   | 0.92   | 3.74  | 0.86             | 1.10   | 1.15   | 1.04   | 4.15  |
| Altria Group                   | MO       | Dec-24        | US\$     | 1.16               | 1.33   | 1.40   | 1.31   | 5.20  | 1.24                | 1.39   | 1.47   | 1.37   | 5.44  | 1.24             | 1.42   | 1.51   | 1.41   | 5.58  |
| British American Tobacco       | BATS.L   | Dec-24        | p        | -                  | -      | -      | -      | 362.5 | -                   | -      | -      | -      | 338.4 | -                | -      | -      | -      | 355.9 |
| Carlsberg                      | CARLB.CO | Dec-24        | Dkr      | 189.62             | 163.30 | 154.86 | 118.84 | 54.78 | 152.11              | 198.30 | 189.81 | 147.42 | 57.09 | 162.38           | 210.44 | 201.93 | 157.05 | 63.42 |
| Coca-Cola Europacific Partners | CCEPC.AS | Dec-24        | €        | 10.29              | 11.66  | 11.65  | 11.42  | 3.95  | -                   | -      | -      | -      | 4.20  | -                | -      | -      | -      | 4.56  |
| Coca-Cola HBC                  | CCH.L    | Dec-24        | €        | -                  | -      | -      | -      | 2.26  | -                   | -      | -      | -      | 2.67  | -                | -      | -      | -      | 2.94  |
| Davide Campari-Milano          | CPRI.MI  | Dec-24        | €        | -                  | -      | -      | -      | 0.34  | -                   | -      | -      | -      | 0.27  | -                | -      | -      | -      | 0.29  |
| Diageo Plc                     | DGE.L    | Jun-24        | US\$     | -                  | -      | -      | -      | 174.5 | -                   | -      | -      | -      | 159.8 | -                | -      | -      | -      | 168.3 |
| Fevertree Drinks               | FEVR.L   | Dec-24        | p        | -                  | -      | -      | -      | 27.9  | -                   | -      | -      | -      | 24.2  | -                | -      | -      | -      | 30.4  |
| Heineken                       | HEIN.AS  | Dec-24        | €        | -                  | -      | -      | -      | 4.88  | -                   | -      | -      | -      | 4.93  | -                | -      | -      | -      | 5.22  |
| Imperial Brands                | IMB.L    | Sep-24        | p        | -                  | -      | -      | -      | 295.4 | -                   | -      | -      | -      | 315.8 | -                | -      | -      | -      | 345.1 |
| Pernod-Ricard                  | PERP.PA  | Jun-24        | €        | -                  | -      | -      | -      | 7.90  | -                   | -      | -      | -      | 6.99  | -                | -      | -      | -      | 6.54  |
| Philip Morris Int'l            | PM       | Dec-24        | US\$     | 1.50               | 1.59   | 1.91   | 1.55   | 6.54  | 1.72                | 1.86   | 2.11   | 1.82   | 7.52  | 2.07             | 2.03   | 2.30   | 2.00   | 8.40  |
| Royal Unibrew                  | RBREW.CO | Dec-24        | Dkr      | 1.99               | 9.14   | 13.39  | 4.64   | 25.04 | 2.53                | 10.35  | 10.33  | 6.62   | 29.82 | 2.71             | 11.75  | 11.19  | 7.58   | 33.20 |
| Rémy Cointreau                 | RCOP.PA  | Mar-24        | €        | -                  | -      | -      | -      | 3.81  | -                   | -      | -      | -      | 2.37  | -                | -      | -      | -      | 2.06  |

Source: Citi Research

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## What are the key sector themes?

In **BEVERAGES**, we expect near-term investor questioning/debate and management commentary to be concentrated around:

- **Ongoing uncertainty around US tariffs** – Given the constantly evolving US tariff backdrop and the exposure of European Spirits names to potential import tariffs, we expect implications and possible mitigation of new tariffs to remain in focus. The predominantly local production of ABInBev, and small US operations of Heineken and Carlsberg, means the direct tariff impact is low in beer, BUT there may be a risk of second-order demand impacts in key EM markets.

– What have companies said?

- Diageo expects a \$150m 12-mth impact from US tariffs, 50% of which they believe they can mitigate pre pricing. This is assuming a 10% tariff on UK imports and a 10% tariff on EU imports. This is included in FY25/26 guidance.
- Campari expects a €25m impact (€10m France, €10m Italy, €5m Jamaica) on FY25 EBIT pre mitigation. This is assuming a 10% tariff rate on European goods for 90-days from 8<sup>th</sup> April, and 20% thereafter, and a 10% tariff rate on UK/Jamaican imports. This is not included in FY25 guidance.
- Pernod have not guided to tariff impacts as such but have previously said that they have a €200m exposure: o/w €130m China, €50m Canada/Mexico and €20m Europe.

– **CITI VIEW: Diageo, Pernod, Campari, Rémy** are most exposed.

- **Any development around China anti-dumping Cognac tariffs** – Discussions have been ongoing for almost 18-mths around the implementation of anti-dumping tariffs against Cognac. With hopes of a resolution between EU/China trade talks around EVs and subsequently Cognac still lingering, we expect there will likely be focus around any possible upside developments, especially given recent comments (May 22<sup>nd</sup>) from President Macron that he and President Xi have agreed to make swift progress on the issue.

– **CITI VIEW: Rémy** and **Pernod** are most likely to benefit from a resolution, and to a lesser extent **Diageo**

- **Q2 & Summer weather trends in Europe** – After largely unsupportive summer weather trends in both 2023 and 2024 across much of Europe, investors will likely be weather watching as we head into Q2/Q3 in what are key trading periods for Beer and Soft Drinks names, and to an extent Campari. Early trading in Q2 through April was acknowledged by many beverage companies to have been supportive, not least as the period benefited from the later Easter.

– **CITI VIEW:** The combination of poor weather trends and less-than-expected uplift from key sporting events in 2024 mean comps are soft for **Heineken** and **Carlsberg** in Beer, and for **CCEP**, **CCH** and **Fever-Tree** in Soft Drinks. **ABInBev** also noted an improving trend in US beer in April following weather headwinds in Q1. Given **Campari** over-indexes to aperitifs through Aperol and the Campari brand, better summer weather relative to 2024 should be a support.

- **Consumer backdrop in Europe, US & China** – The broad-based consumer weakness has generally tempered momentum across beverages. This has clearly been the case in the US, where recent consumer confidence has stepped back as worries around the potential impact of tariffs has weighed on sentiment and prompted some changes in consumer spending behavior (e.g. pull-forward of spend on some big-ticket items ahead of tariffs). Against this backdrop, investors will be looking for commentary and updates around demand in recent weeks as initial Tariff Liberation Day fears have been scaled back. Any datapoints to support any improvement in the consumer backdrop should be well-received.
- **US scanner data** – There are several moving parts to watch out for in the monthly Nielsen scanner data. Diageo has been weak since the cycling of the Crown Royal Blackberry launch, while Casamigos remains under pressure. Pernod has seen some improved momentum with Jameson stabilising after increased activations around St Patrick's Day, while Campari has seen mixed momentum across its key brands Campari, Aperol and Espolon.
  - **CITI VIEW:** Given the ongoing weakness in US depletions, any pick-up in momentum will be positive for all names. A continuation in sequential improvements for **Pernod** will be a support, while investors will look for **Diageo** to source growth beyond Don Julio. However, we note that Crown Royal Blackberry headwinds for **Diageo** may ease a little as scanner data laps up against some period out-of-stocks for Blackberry last year.

In **TOBACCO**, we expect near-term investor questioning/debate and management commentary to be concentrated around:

- **Can Modern Oral momentum continue?** Modern Oral has been the key growth category (alongside illicit vapour) in the US nicotine market due to significant growth in Velo (BATS) and Zone (Imperial) as well as continued impressive growth for the more established ZYN (PMI) and On! (Altria) brands. All eyes will be on latest scanner data out of Nielsen and reads for trading momentum by brand and the emergence of new challengers.
  - **CITI VIEW:** We expect **PMI** to benefit most from continued category growth as further ZYN capacity comes on-stream after past supply chain issues. Elsewhere, both **BATS** and **Imperial** are seeing exceptional growth.
- **US illicit vapour enforcement** – The rise in prevalence of illicit vapour products has been a notable headwind for US combustibles and US vapour, with both BATS and Altria estimating that c.65-70% of the US vapour market is illegal. Although there has been some progress by state (eg Louisiana) around enforcement, this has generally been insufficient in scale to alleviate the continued headwinds. Notably, US Health Secretary recently vowed to “wipe out” illegal vapes (see [LINK](#) -NewsMax, 15 May). As such, any development around more stringent enforcement from the FDA would be an incremental positive for Tobacco names.
  - **CITI VIEW:** **Altria** is most exposed to the weak US combustible backdrop driven by illicit vapour, while both **BATS** and **Imperial** would also benefit from an increased clamp-down.
- **Buybacks in focus** – Capital allocation and crucially share buybacks remain a core focus in Tobacco. There are ongoing buybacks for FY25 at Imperial (£1.25bn), BATS (£900m) and Altria (\$1bn) which continue to provide technical

support. Investors are continuing to debate whether BAT could scale its buyback further, possibly through the further disposal of equity holdings.

– **CITI VIEW: Imperial** has been buying back c.6% of daily volumes which compares to **BATS** at c.2%, and has also committed to an evergreen 5-yr share buyback programme at their Mar-25 CMD. As such is the more attractive capital return story at the moment in our view.

■ **Other regulation** – Elsewhere, investors will likely be focusing on the latest regulatory developments across key markets, with ongoing PMTA reviews in the US, continued impact from the EU flavoured heated tobacco ban, the upcoming disposable vape ban in the UK from Jun-25, increased excise/VAT in Pakistan and tighter regulation in Australia.

### Quarterly OSG summary table

Figure 1. Quarterly organic sales growth rates and forecasts (calendar quarters & years)

| Organic sales growth %     | Q1 24 | Q2 24  | Q3 24  | Q4 24  | Q1 25  | Q2 25E | Q3 25E | Q4 25E | CY23   | CY24   | CY25E | CY26E |
|----------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| Beverages                  | 3.3%  | 1.9%   | 0.6%   | 1.1%   | -0.2%  | 2.7%   | 3.3%   | 4.8%   | 5.3%   | 1.7%   | 2.7%  | 5.0%  |
| Beverages (Weighted Avg)   | 3.0%  | 2.7%   | 1.5%   | 2.4%   | 2.0%   | 2.9%   | 3.7%   | 4.2%   | 5.9%   | 2.4%   | 3.2%  | 4.4%  |
| Brewers                    | 7.1%  | 2.9%   | 3.8%   | 3.1%   | 0.2%   | 4.9%   | 4.6%   | 3.9%   | 6.7%   | 4.1%   | 3.5%  | 4.5%  |
| Brewers (Weighted Avg)     | 4.9%  | 2.9%   | 2.5%   | 3.5%   | 1.1%   | 4.2%   | 5.0%   | 5.0%   | 7.3%   | 3.3%   | 3.8%  | 5.0%  |
| ABI                        | 2.6%  | 2.7%   | 2.1%   | 3.4%   | 1.5%   | 4.6%   | 5.8%   | 5.6%   | 7.8%   | 2.7%   | 4.4%  | 5.5%  |
| Carlsberg                  | 6.4%  | 2.0%   | 1.3%   | 0.0%   | -1.5%  | 2.2%   | 2.1%   | 1.6%   | 9.2%   | 2.4%   | 1.2%  | 4.2%  |
| Heineken                   | 9.4%  | 3.4%   | 3.3%   | 4.6%   | 0.9%   | 3.6%   | 3.9%   | 4.6%   | 5.5%   | 5.0%   | 3.3%  | 4.1%  |
| Royal Unibrew              | 9.8%  | 3.7%   | 8.3%   | 4.3%   | 0.0%   | 9.3%   | 6.6%   | 3.8%   | 4.1%   | 6.3%   | 5.3%  | 4.2%  |
| Spirits                    | -0.9% | -1.2%  | -5.6%  | -4.8%  | -5.2%  | 0.3%   | 1.9%   | 4.9%   | -0.1%  | -3.1%  | 0.5%  | 4.2%  |
| Spirits (Weighted Avg)     | -1.6% | 1.5%   | -1.8%  | -0.5%  | 1.5%   | -0.2%  | 1.0%   | 2.1%   | 2.0%   | -0.6%  | 1.1%  | 3.4%  |
| Campari                    | 0.2%  | 6.9%   | -1.3%  | 3.6%   | -4.3%  | 3.1%   | 5.0%   | 4.4%   | 10.5%  | 2.4%   | 2.3%  | 4.2%  |
| Diageo*                    | -2.5% | 1.0%   | 0.9%   | 1.0%   | 5.9%   | -0.8%  | 1.2%   | 2.0%   | 1.3%   | 0.1%   | 2.1%  | 4.0%  |
| Pernod*                    | -0.5% | 2.9%   | -5.9%  | -2.5%  | -3.2%  | 0.2%   | -0.8%  | 0.1%   | 2.7%   | -1.5%  | -0.9% | 1.4%  |
| Remy*                      | -0.7% | -15.6% | -16.1% | -21.5% | -19.1% | -1.4%  | 2.3%   | 12.9%  | -14.7% | -13.5% | -1.3% | 7.1%  |
| Soft-Drinks                | 5.9%  | 5.4%   | 7.3%   | 7.3%   | 6.1%   | 5.0%   | 4.6%   | 5.6%   | 10.3%  | 6.4%   | 5.2%  | 6.7%  |
| Soft-Drinks (Weighted Avg) | 7.1%  | 5.0%   | 5.5%   | 5.6%   | 6.6%   | 5.2%   | 5.2%   | 6.4%   | 10.3%  | 5.7%   | 5.8%  | 4.6%  |
| Fevertree                  | -0.1% | -0.1%  | 5.5%   | 5.5%   | 2.3%   | 2.3%   | 2.1%   | 2.1%   | 5.9%   | 2.6%   | 2.2%  | 10.2% |
| CCH                        | 12.6% | 14.3%  | 13.9%  | 14.0%  | 10.6%  | 8.7%   | 7.1%   | 9.0%   | 16.9%  | 13.8%  | 8.7%  | 6.0%  |
| CCEP                       | 5.3%  | 1.8%   | 2.4%   | 2.6%   | 5.3%   | 4.0%   | 4.6%   | 5.7%   | 8.0%   | 2.9%   | 4.9%  | 3.9%  |
| Tobacco                    | 3.4%  | 3.0%   | 5.7%   | 3.8%   | 2.3%   | 2.6%   | 2.9%   | 2.6%   | 4.1%   | 4.0%   | 2.6%  | 2.0%  |
| Tobacco (Weighted Avg)     | 6.1%  | 4.5%   | 7.5%   | 5.3%   | 4.4%   | 3.9%   | 4.4%   | 4.0%   | 4.8%   | 5.8%   | 4.2%  | 3.4%  |
| BAT                        | -0.9% | -0.9%  | 3.4%   | 3.4%   | 1.4%   | 1.4%   | 1.1%   | 1.1%   | 4.9%   | 1.3%   | 1.2%  | 2.7%  |
| Imperial Brands*           | 3.0%  | 5.9%   | 5.9%   | 2.0%   | 2.0%   | 2.5%   | 2.5%   | 2.0%   | 5.2%   | 4.2%   | 2.2%  | 0.0%  |
| Altria                     | -1.7% | -3.4%  | 1.3%   | 1.6%   | -4.2%  | -0.7%  | -0.4%  | -0.5%  | -1.2%  | -0.6%  | -1.4% | -0.9% |
| Philip Morris              | 13.2% | 10.5%  | 12.4%  | 8.2%   | 10.2%  | 7.4%   | 8.3%   | 7.6%   | 7.5%   | 10.9%  | 8.4%  | 6.3%  |

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\* Companies with non-December year-end

Source: Citi Research, Company Reports

## Comparison of market estimates by stock

Figure 2. US organic growth rate forecasts by company (% y/y calendarised)

|                                 | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1 2024 | Q2 2024 | 1H 2024 | Q3 2024 | Q4 2024 | 2H 2024 | CY 2024 | Q1 2025 | Q2 2025e | 1H 2025e | Q3 2025e | Q4 2025e | 2H 2025e | CY 2025e | CY 2026e |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| <b>ABInBev</b>                  |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Volumes                      | -2.3%   | -1.8%   | 0.1%    | -4.1%   | -12.7%  | -10.0%  | -2.7%   | -6.4%   | -0.2%   | -1.7%   | -1.0%   | -3.8%   | -0.9%   | -2.5%    | -1.7%    | -1.5%    | -1.5%    | -1.5%    | -3.1%    | -0.5%    |
| US Sales                        | 0.5%    | 0.8%    | 3.4%    | 2.3%    | -9.4%   | -9.0%   | -0.6%   | -4.9%   | 1.8%    | 0.8%    | 1.3%    | -2.0%   | -5.0%   | -0.5%    | -2.7%    | 0.5%     | 0.5%     | 0.5%     | -1.2%    | 1.7%     |
| <b>Heineken</b>                 |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Volumes                      | -6.2%   | 2.5%    | -4.5%   | -5.0%   | -5.0%   | -3.0%   | -4.0%   | -3.5%   | -6.0%   | 0.0%    | -3.0%   | -3.3%   | -9.0%   | -10.0%   | -9.5%    | -8.0%    | -8.0%    | -8.0%    | -8.7%    | -2.0%    |
| <b>Beer Institute data</b>      |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Shipment Volumes             | 0.1%    | 1.4%    | 0.0%    | -4.3%   | -6.7%   | -2.6%   | -1.4%   | -2.0%   | -7.0%   | -2.4%   | -4.7%   | -3.3%   | -7.5%   | -2.0%    | -2.0%    | -2.0%    | -2.0%    | -2.0%    | -2.0%    | -2.0%    |
| <b>Beer-FMB-Cider (Nielsen)</b> |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Sales                        | 1.3%    | 15.0%   | 8.5%    | -3.3%   | 2.6%    | -0.7%   | 0.1%    | -0.3%   | -1.3%   | 1.1%    | -0.1%   | -0.2%   | -1.5%   | -2.0%    | -2.0%    | -2.0%    | -2.0%    | -2.0%    | -2.0%    | -2.0%    |
| US Volumes                      | -1.5%   | 10.3%   | 3.3%    | -9.1%   | -2.0%   | -2.7%   | -2.0%   | -2.3%   | -3.3%   | -1.1%   | -2.2%   | -2.3%   | -3.4%   | -3.8%    | -3.8%    | -3.8%    | -3.8%    | -3.8%    | -3.8%    | -3.8%    |
| <b>Diageo</b>                   |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Spirits Sales                | 5.6%    | 6.5%    | 24.0%   | 10.5%   | -3.1%   | -3.9%   | -3.9%   | -3.9%   | 0.0%    | 0.0%    | 0.0%    | -2.0%   | -1.3%   | -1.3%    | -1.3%    | -0.9%    | -0.9%    | -0.9%    | -1.1%    | 1.2%     |
| <b>Pernod</b>                   |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Sales                        | 4.2%    | -4.3%   | 20.1%   | 6.0%    | -6.2%   | -11.4%  | -9.0%   | -10.2%  | -10.3%  | -4.9%   | -7.5%   | -8.9%   | 1.6%    | -11.0%   | -4.6%    | -4.0%    | -3.5%    | -3.7%    | -4.2%    | -0.3%    |
| <b>Campari</b>                  |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Sales                        | 5.3%    | 3.4%    | 18.9%   | 14.0%   | 10.1%   | -0.4%   | 7.2%    | 3.5%    | -0.3%   | -6.5%   | -3.4%   | 0.0%    | -10.6%  | 3.7%     | -2.9%    | 0.0%     | 4.6%     | 2.2%     | -0.3%    | 3.0%     |
| <b>Remy</b>                     |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Cognac Sales                 | -2.1%   | 14.4%   | 46.3%   | 2.5%    | -41.5%  | -41.2%  | -28.3%  | -34.7%  | -25.8%  | -36.3%  | -31.1%  | -32.9%  | 14.0%   | -3.6%    | 5.2%     | 12.4%    | 28.9%    | 20.6%    | 12.9%    |          |
| <b>Spirits (Nielsen)</b>        |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Sales                        | 0.4%    | 24.9%   | 11.7%   | -7.0%   | 4.1%    | 3.6%    | 2.1%    | 2.8%    | 1.8%    | 0.7%    | 1.3%    | 2.0%    | 0.0%    | -4.0%    | -4.0%    | -4.0%    | -4.0%    | -4.0%    | -4.0%    | -4.0%    |
| US Volumes                      | 0.1%    | 19.6%   | 9.5%    | -5.0%   | 6.2%    | 4.7%    | 3.4%    | 4.0%    | 3.4%    | 2.6%    | 3.0%    | 3.5%    | 2.1%    | 2.4%     | 2.4%     | 2.4%     | 2.4%     | 2.4%     | 2.4%     | 2.4%     |
| <b>BATS</b>                     |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Cig Volumes                  | -6.0%   | 0.4%    | -5.0%   | -15.4%  | -11.4%  | -13.7%  | -13.7%  | -13.7%  | -3.8%   | -3.8%   | -3.8%   | -10.1%  | -8.5%   | -8.5%    | -8.5%    | -8.5%    | -8.5%    | -8.5%    | -8.5%    | -7.0%    |
| US Cig Sales                    | 3.8%    | 10.0%   | 8.2%    | -6.0%   | -6.2%   | -8.4%   | -8.4%   | -8.4%   | -0.1%   | -0.1%   | -0.1%   | -4.2%   | -1.2%   | -1.2%    | -1.2%    | -1.2%    | -1.2%    | -1.2%    | -1.2%    | -1.4%    |
| <b>Altria</b>                   |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Cig Volumes                  | -7.3%   | -0.4%   | -7.5%   | -9.7%   | -9.9%   | -10.0%  | -13.0%  | -11.5%  | -8.6%   | -8.8%   | -8.7%   | -10.2%  | -13.7%  | -10.5%   | -12.1%   | -10.5%   | -10.0%   | -10.3%   | -11.1%   | -7.2%    |
| US Cig Sales                    | 0.7%    | 6.5%    | 1.0%    | 0.4%    | -1.6%   | -2.2%   | -4.0%   | -3.1%   | 1.2%    | 1.7%    | 1.5%    | -0.8%   | -4.1%   | -1.3%    | -2.7%    | -1.2%    | -0.6%    | -0.9%    | -1.7%    | -2.0%    |
| <b>IMB</b>                      |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Cig Volumes                  | -0.7%   | -2.5%   | 2.6%    | 0.6%    | -6.9%   | -9.6%   | -6.2%   | -7.9%   | -6.2%   | -7.0%   | -6.6%   | -7.2%   | -7.0%   | -7.0%    | -7.0%    | -7.0%    | -6.5%    | -6.8%    | -6.9%    | -6.5%    |
| US Cig Sales                    | 2.5%    | 3.0%    | 7.9%    | 2.0%    | -2.8%   | 2.2%    | 5.9%    | 4.0%    | 5.9%    | 2.2%    | 4.0%    | 4.0%    | 2.2%    | 2.6%     | 2.4%     | 2.6%     | 2.2%     | 2.4%     | 2.4%     | 2.4%     |
| <b>Cigarettes (Nielsen)</b>     |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Sales                        | -0.5%   | 2.3%    | 5.4%    | -10.6%  | -3.3%   | -5.5%   | -4.8%   | -5.1%   | -4.8%   | -3.7%   | -4.3%   | -4.7%   | -4.1%   | -2.2%    | -2.2%    | -2.2%    | -2.2%    | -2.2%    | -2.2%    | -2.2%    |
| US Volumes                      | -1.7%   | -1.7%   | -1.4%   | -15.1%  | -7.3%   | -9.2%   | -9.8%   | -9.5%   | -10.4%  | -8.8%   | -9.6%   | -9.5%   | -9.2%   | -7.3%    | -7.3%    | -7.3%    | -7.3%    | -7.3%    | -7.3%    | -7.3%    |
| <b>E-Cig (Nielsen)</b>          |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Sales                        | 4.8%    | 10.3%   | 31.1%   | 5.2%    | -1.7%   | -11.5%  | -9.4%   | -10.4%  | -6.1%   | -2.0%   | -4.0%   | -7.2%   | -3.2%   | -4.2%    | -4.2%    | -4.2%    | -4.2%    | -4.2%    | -4.2%    | -4.2%    |
| US Volumes                      | 4.1%    | 1.3%    | 20.1%   | -12.5%  | -15.1%  | -15.8%  | -12.4%  | -14.1%  | -10.4%  | -7.7%   | -9.0%   | -11.6%  | -7.3%   | -7.7%    | -7.7%    | -7.7%    | -7.7%    | -7.7%    | -7.7%    | -7.7%    |
| <b>Tobacco (MSAI)</b>           |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| US Volumes                      | -       | -4.1%   | -8.9%   | -8.7%   | -9.1%   | -9.4%   | -9.3%   | -9.0%   | -8.2%   | -8.6%   | -8.9%   | -8.9%   | -8.9%   | -8.7%    | -8.7%    | -8.7%    | -8.7%    | -8.7%    | -8.7%    | -8.7%    |

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Source: Citi Research, Company Reports

Figure 3. Asia organic growth rate forecasts by company (% y/y calendarised)

|                              | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1 2024 | Q2 2024 | 1H 2024 | Q3 2024 | Q4 2024 | 2H 2024 | CY 2024 | Q1 2025 | Q2 2025e | 1H 2025e | Q3 2025e | Q4 2025e | 2H 2025e | CY 2025e | CY 2026e |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| <b>China</b>                 |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| ABI Beer Volume              | -3.1%   | -10.0%  | 9.7%    | -3.2%   | 4.3%    | -6.2%   | -10.4%  | -8.3%   | -14.2%  | -19.0%  | -16.6%  | -12.0%  | -16.0%  | -4.0%    | -10.0%   | 0.0%     | 1.0%     | 0.5%     | -3.4%    | 2.0%     |
| Carlsberg Beer Volume        | 7.5%    | 2.9%    | 15.3%   | 2.4%    | 4.7%    | 5.0%    | 1.3%    | 3.2%    | -6.4%   | -9.0%   | -7.7%   | -1.1%   | 2.0%    | 2.0%     | 2.0%     | 2.0%     | 3.0%     | 2.5%     | 2.1%     | 3.4%     |
| Diageo Sales                 | 20.8%   | -11.1%  | 39.3%   | 2.8%    | 6.6%    | 4.3%    | 4.3%    | 4.3%    | -4.0%   | -4.0%   | -4.0%   | 0.2%    | 0.3%    | 0.3%     | 0.3%     | 0.0%     | 0.0%     | 0.0%     | 0.2%     | 4.3%     |
| Pernod Sales                 | 10.8%   | -21.6%  | 88.5%   | -2.9%   | 0.7%    | -12.4%  | -11.0%  | -11.7%  | -26.0%  | -23.0%  | -24.5%  | -18.1%  | -5.4%   | -13.0%   | -9.6%    | -15.0%   | -15.0%   | -15.0%   | -12.3%   | 2.8%     |
| Remy Cognac Sales            | 9.3%    | -6.8%   | 55.3%   | -2.3%   | 10.5%   | 65.0%   | -3.4%   | 30.8%   | -16.5%  | -10.9%  | -13.7%  | 8.6%    | -43.2%  | -10.0%   | -26.6%   | -4.4%    | 6.0%     | 0.8%     | -12.9%   |          |
| <b>China Beer (NielsenQ)</b> |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| China Sales                  |         |         |         |         |         | 4.1%    | 5.9%    | 5.0%    | 5.8%    | 9.1%    | 7.5%    | 6.2%    | 6.9%    | 6.9%     | 6.9%     | 6.9%     | 6.9%     | 6.9%     | 6.9%     | 6.9%     |
| China Volumes                |         |         |         |         |         | 2.5%    | 5.5%    | 4.0%    | 5.4%    | 8.5%    | 6.9%    | 5.5%    | 5.8%    | 5.8%     | 5.8%     | 5.8%     | 5.8%     | 5.8%     | 5.8%     | 5.8%     |
| <b>India</b>                 |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| ABI Beer Volume              | 4.4%    | -39.9%  | 13.8%   | 21.2%   | 8.8%    | 7.0%    | 5.0%    | 6.0%    | 4.0%    | 12.0%   | 8.0%    | 6.9%    | 7.4%    | 7.0%     | 7.2%     | 7.0%     | 7.0%     | 7.0%     | 7.0%     | 5.0%     |
| Carlsberg Beer Volume        | 0.8%    | -39.2%  | 34.8%   | 32.2%   | 7.3%    | 13.0%   | 8.5%    | 10.8%   | 13.0%   | 9.0%    | 11.0%   | 11.1%   | 12.0%   | 8.0%     | 10.0%    | 8.0%     | 8.0%     | 8.0%     | 9.3%     | 7.0%     |
| Diageo Sales                 | 2.6%    | -17.1%  | 18.1%   | 16.8%   | 16.8%   | 5.5%    | 5.5%    | 5.5%    | 6.0%    | 6.0%    | 6.0%    | 5.8%    | 8.5%    | 8.5%     | 8.5%     | 9.0%     | 9.0%     | 9.0%     | 8.8%     | 9.0%     |
| Pernod Sales                 | 5.1%    | -17.1%  | 26.8%   | 26.4%   | 6.5%    | 7.5%    | 11.0%   | 9.1%    | 2.0%    | 10.0%   | 6.3%    | 7.7%    | 1.0%    | 17.0%    | 8.7%     | 9.0%     | 9.0%     | 9.0%     | 8.8%     | 9.0%     |
| <b>Vietnam</b>               |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| Heineken Beer Volume         | 13.0%   | 16.0%   | -2.0%   | 50.6%   | -23.2%  | 9.4%    | 7.0%    | 8.2%    | -2.5%   | 3.0%    | 0.3%    | 4.6%    | -12.0%  | -7.0%    | -9.5%    | 3.0%     | 4.0%     | 3.5%     | -3.6%    | 4.0%     |
| Carlsberg Beer Volume        | 10.7%   | -3.8%   | 7.1%    | 27.2%   | 8.8%    | 0.0%    | 2.0%    | 1.0%    | 0.5%    | -4.5%   | -2.0%   | -0.1%   |         |          |          |          |          |          |          |          |

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Source: Citi Research, Company Reports

Figure 4. LatAm organic growth rate forecasts by company (% y/y calendarised)

|                                      | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1 2024 | Q2 2024 | 1H 2024 | Q3 2024 | Q4 2024 | 2H 2024 | CY 2024 | Q1 2025    | Q2 2025e | 1H 2025e | Q3 2025e | Q4 2025e | 2H 2025e | CY 2025e | CY 2026e |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------|----------|----------|----------|----------|----------|----------|----------|
| <b>Brazil</b>                        |         |         |         |         |         |         |         |         |         |         |         |         |            |          |          |          |          |          |          |          |
| AB InBev Volume                      | 3.2%    | 5.6%    | 7.1%    | 3.5%    | -1.0%   | 3.6%    | 2.9%    | 3.2%    | 0.6%    | -3.9%   | -1.7%   | 0.6%    | -1.8%      | -1.0%    | -1.4%    | 2.0%     | 2.0%     | 2.0%     | 1.0%     | 2.5%     |
| Heineken Beer Volume                 | -7.0%   | -4.0%   | 2.0%    | 9.7%    | 2.8%    | 9.0%    | -3.0%   | 3.0%    | 2.0%    | 3.0%    | 2.5%    | 2.4%    |            |          |          |          |          |          |          |          |
| Diageo Sales                         | 8.6%    | -0.2%   | 54.7%   | 37.3%   | -21.9%  | -9.2%   | -9.2%   | -9.2%   | 12.0%   | 12.0%   | 12.0%   | 1.4%    | 20.3%      | 20.3%    | 20.3%    | 5.0%     | 5.0%     | 5.0%     | 12.7%    | 6.2%     |
| Pernod Sales                         | 8.4%    | -5.1%   | 33.9%   | 38.4%   | -12.6%  | 14.0%   | 40.0%   | 23.1%   | 10.0%   | 4.0%    | 6.5%    | 14.8%   | 6.0%       | 7.0%     | 6.4%     | 5.0%     | 5.0%     | 5.0%     | 5.7%     | 5.3%     |
| Campari Sales                        | 3.3%    | -15.2%  | 30.0%   | 40.0%   | 11.0%   | 77.0%   | 1.4%    | 40.0%   | 10.0%   | -45.3%  | -6.2%   | 20.0%   | -18.0%     | 7.3%     | -9.0%    | 8.0%     | 10.0%    | 8.3%     | -3.2%    | 7.0%     |
| Briniv Volume                        | 9.9%    | 11.9%   | 11.1%   | 1.9%    | 3.7%    | 12.4%   | 14.0%   | 13.2%   | 3.4%    | 4.0%    | 3.7%    | 8.5%    | -6.0%      | 4.0%     | -1.0%    | 4.0%     | 4.0%     | 4.0%     | 1.5%     | 4.0%     |
| Briniv Sales                         | 12.4%   | 12.9%   | 20.2%   | 15.2%   | 2.4%    | 37.8%   | 34.3%   | 36.1%   | 8.7%    | 4.0%    | 6.3%    | 21.2%   | -6.9%      | 4.0%     | -1.5%    | 7.1%     | 4.0%     | 5.6%     | 2.0%     | 5.6%     |
| <b>Brazil Beer (NielsenIQ)</b>       |         |         |         |         |         |         |         |         |         |         |         |         |            |          |          |          |          |          |          |          |
| Brazil Sales                         |         |         |         |         |         | 0.3%    | 2.0%    | 4.5%    | 6.7%    | 6.9%    | 5.1%    | 5.2%    | Jan/Feb-25 |          |          |          |          |          |          |          |
| Brazil Volumes                       |         |         |         |         |         | -7.9%   | -5.1%   | -1.2%   | 1.2%    | 1.4%    | 0.0%    | 0.0%    | 7.3%       |          |          |          |          |          |          |          |
| Brazil alcohol production Index      |         |         |         |         |         |         |         |         |         |         |         |         | 2.5%       |          |          |          |          |          |          |          |
| Production YoY %                     | 4.8%    | 0.3%    | 1.8%    | -1.8%   | -0.4%   | 3.5%    | 2.7%    | 3.1%    | 4.2%    | -4.6%   | -0.2%   | 1.4%    | -3.7%      |          |          |          |          |          |          |          |
| <b>Mexico</b>                        |         |         |         |         |         |         |         |         |         |         |         |         |            |          |          |          |          |          |          |          |
| AB InBev Volume                      | 5.8%    | -7.4%   | 14.5%   | 6.7%    | -1.6%   | 5.0%    | 5.0%    | 5.0%    | -3.0%   | 2.0%    | -0.5%   | 2.2%    | -0.5%      | 2.5%     | 1.0%     | 4.0%     | 3.0%     | 3.5%     | 1.7%     | 2.5%     |
| Heineken Beer Volume                 | 0.9%    | 2.5%    | 2.5%    | 2.9%    | -1.9%   | 5.0%    | 4.0%    | 4.5%    | -2.0%   | 2.0%    | 0.0%    | 2.1%    | -2.0%      | 0.5%     | -0.8%    | 0.0%     | 0.0%     | 0.0%     | -0.4%    | 2.0%     |
| Diageo Sales                         | 1.6%    | -18.7%  | 31.0%   | 25.5%   | -12.9%  | -32.3%  | -32.3%  | -32.3%  | 2.4%    | 2.4%    | 2.4%    | -15.0%  | 6.6%       | 6.6%     | 6.6%     | 4.0%     | 4.0%     | 4.0%     | 5.3%     | 4.5%     |
| Pernod Sales                         | -14.8%  | -26.3%  | 63.5%   | 13.5%   | 1.8%    | 0.0%    | 18.0%   | 11.0%   | -15.0%  | -8.0%   | -10.5%  | 0.3%    | 2.0%       | -5.0%    | -2.5%    | 2.0%     | 2.0%     | 2.0%     | -0.2%    | 3.5%     |
| <b>Mexico Beer (NielsenIQ)</b>       |         |         |         |         |         |         |         |         |         |         |         |         |            |          |          |          |          |          |          |          |
| Mexico Sales                         |         |         |         |         |         | 3.3%    | 7.5%    | 11.4%   | 5.3%    | 7.1%    | 1.6%    | 2.6%    | Jan/Feb-25 |          |          |          |          |          |          |          |
| Mexico Volumes                       |         |         |         |         |         | 7.5%    | 8.5%    | 11.1%   | 3.9%    | 4.8%    | -0.8%   | 0.3%    | 3.6%       |          |          |          |          |          |          |          |
| Gen. same-store-Retail sales (antad) |         |         |         |         |         |         |         |         |         |         |         |         | 1.5%       |          |          |          |          |          |          |          |
| Mexico Sales                         | 3.3%    | -4.8%   | 13.6%   | 10.9%   | 5.4%    | 6.9%    | 4.0%    | 5.4%    | 3.2%    | 2.6%    | 2.9%    | 4.2%    | 0.2%       |          |          |          |          |          |          |          |

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Source: Citi Research, Company Reports

Figure 5. Eastern Europe organic growth rate forecasts by company (% y/y calendarised)

|                       | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1 2024 | Q2 2024 | 1H 2024 | Q3 2024 | Q4 2024 | 2H 2024 | CY 2024 | Q1 2025 | Q2 2025e | 1H 2025e | Q3 2025e | Q4 2025e | 2H 2025e | CY 2025e | CY 2026e |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| <b>Russia</b>         |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| Carlsberg Beer Volume | -8.0%   | 8.4%    | 4.7%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
| Heineken Beer Volume  | -15.9%  | 15.0%   | 1.0%    | -6.6%   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
| CCH Volume            | 1.4%    | 3.0%    | -7.8%   | 18.6%   | 1.5%    | 3.0%    | 3.0%    | 3.0%    | 0.5%    | -4.4%   | -1.8%   | 0.6%    | -5.0%   | 0.1%     | -2.1%    | 1.0%     | 0.5%     | 0.8%     | -0.7%    | 1.4%     |
| Pernod Sales          | 14.1%   | -7.4%   | 34.3%   | -32.5%  | -9.7%   | -170.0% | -127.0% | -152.1% | -100.0% | -100.0% | -100.0% | -126.0% | 0.0%    | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
| Campari Sales         | 11.9%   | 10.7%   | 25.0%   | -30.0%  | 0.0%    | 10.0%   | 10.0%   | 10.0%   | 18.0%   | 25.0%   | 17.2%   | 15.0%   | 2.0%    | 9.0%     | 5.4%     | 9.0%     | 9.0%     | 9.0%     | 7.9%     | 9.0%     |
| <b>Poland</b>         |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| Carlsberg Beer Volume | -1.3%   | 3.7%    | 0.0%    | 0.4%    | -5.8%   | 2.0%    | -1.0%   | 0.5%    | 3.0%    | -6.0%   | -1.5%   | -0.4%   | 13.0%   | 6.1%     | 9.6%     | 1.0%     | 1.0%     | 1.0%     | 4.5%     | 1.0%     |
| Heineken Beer Volume  | 9.4%    | -9.0%   | -6.0%   | -0.6%   | -9.2%   | -3.0%   | -6.0%   | -4.5%   | 5.0%    | 2.0%    | 3.5%    | -0.6%   |         |          |          |          |          |          |          |          |
| CCH Volume            | 1.4%    | 3.0%    | -7.8%   | 18.6%   | 1.5%    | 3.0%    | 3.0%    | 3.0%    | 0.5%    | -4.4%   | -1.8%   | 0.6%    | -5.0%   | 0.1%     | -2.1%    | 1.0%     | 0.5%     | 0.8%     | -0.7%    | 1.4%     |

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Source: Citi Research, Company Reports

Figure 6. Western Europe organic growth rate forecasts by company (% y/y calendarised)

|                           | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1_2024 | Q2_2024 | 1H_2024 | Q3_2024 | Q4_2024 | 2H_2024 | CY 2024 | Q1_2025 | Q2_2025e       | 1H_2025e | Q3_2025e | Q4_2025e | 2H_2025e | CY_2025e | CY 2026e |  |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|----------|----------|----------|----------|----------|----------|--|
| ABInBev                   |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| Europe Volume             | 3.7%    | -9.2%   | 6.7%    | 3.5%    | -4.4%   | 5.0%    | 3.0%    | 4.0%    | -2.0%   | -6.0%   | -4.0%   | -0.1%   | -4.1%   | 2.5%           | -0.8%    | 1.0%     | 1.0%     | 1.0%     | 0.4%     | 1.0%     |  |
| Carlsberg                 |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| Western Europe Volume     | -0.8%   | -7.3%   | 4.2%    | 5.4%    | -2.4%   | 0.2%    | -3.1%   | -1.7%   | 0.1%    | -1.3%   | -0.6%   | -1.1%   | -3.1%   | -1.3%          | -2.0%    | -3.2%    | -3.5%    | -3.3%    | -2.7%    | 1.0%     |  |
| Western Europe Sales      | 0.3%    | -12.8%  | 6.4%    | 13.8%   | 8.9%    | 5.1%    | -1.3%   | 1.3%    | 0.1%    | 0.8%    | 0.4%    | 0.9%    | -2.9%   | 0.8%           | -0.8%    | -1.2%    | -1.5%    | -1.4%    | -1.1%    | 2.3%     |  |
| Heineken                  |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| Europe Volume             | -0.4%   | -11.4%  | 3.6%    | 6.6%    | -5.5%   | 0.4%    | -1.1%   | -0.5%   | 0.5%    | -1.9%   | -0.4%   | -0.4%   | -4.9%   | 0.0%           | -2.0%    | 1.1%     | 0.9%     | 1.0%     | -0.5%    | 0.4%     |  |
| Europe Sales              | 2.0%    | -18.8%  | 8.6%    | 19.2%   | 6.3%    | 0.4%    | -2.1%   | -1.1%   | -1.1%   | -3.1%   | -2.0%   | -1.5%   | -4.9%   | 0.0%           | -2.0%    | 1.4%     | 1.2%     | 1.3%     | -0.4%    | 0.9%     |  |
| Beer (Nielsen)            |         |         |         |         |         |         |         |         |         |         |         |         |         | 4 W/E 20th Apr |          |          |          |          |          |          |  |
| EU Sales                  | 3.0%    | 21.1%   | 1.5%    | 7.6%    | 7.2%    | 4.3%    | -0.6%   | 1.8%    | -2.4%   | 0.3%    | -1.1%   | 0.4%    | -0.2%   | 1.7%           |          |          |          |          |          |          |  |
| EU Volumes                | 0.1%    | 14.6%   | -1.4%   | 4.6%    | -1.3%   | 1.0%    | -1.8%   | -0.4%   | -2.8%   | -0.8%   | -1.8%   | -1.1%   | -1.8%   | 0.3%           |          |          |          |          |          |          |  |
| Diageo                    |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| Europe Volume             | -3.5%   | -14.9%  | 25.3%   | 8.4%    | -1.4%   | 2.3%    | 2.3%    | 2.3%    | -2.8%   | -2.8%   | -2.8%   | -0.3%   | -2.0%   | -2.0%          | -2.0%    | 0.0%     | 0.0%     | 0.0%     | -1.0%    | 0.8%     |  |
| Europe Sales              | 2.1%    | -20.5%  | 30.4%   | 22.5%   | 8.9%    | -3.5%   | 6.9%    | 2.0%    | 1.0%    | 0.7%    | 0.7%    | 1.4%    | -0.4%   | 1.1%           | 0.9%     | 1.2%     | 1.8%     | 1.8%     | 1.4%     | 3.0%     |  |
| Pernod                    |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| Europe Sales              | 2.6%    | -11.6%  | 20.2%   | 11.3%   | 3.3%    | -5.7%   | -4.5%   | -5.0%   | -2.7%   | -0.7%   | -1.6%   | -3.3%   | -6.8%   | 2.1%           | -1.8%    | 0.6%     | 1.4%     | 1.0%     | -0.4%    | 2.0%     |  |
| Remy                      |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| EMEA Cognac OSG           | 4.5%    | -53.2%  | 20.0%   | 20.3%   | 10.4%   | 20.0%   | -14.0%  | 3.0%    | -16.7%  | -2.7%   | -9.7%   | -3.4%   | -55.5%  | 5.2%           | -25.2%   | 7.0%     | 6.0%     | 6.5%     | -9.3%    |          |  |
| Campari                   |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| EMEA Sales                | 6.8%    | -7.4%   | 28.3%   | 16.8%   | 11.7%   | 2.2%    | 4.1%    | 3.3%    | -2.4%   | 7.0%    | 2.1%    | 2.7%    | -3.9%   | 3.5%           | 0.5%     | 6.8%     | 3.7%     | 5.2%     | 2.8%     | 3.9%     |  |
| Spirits (Nielsen)         |         |         |         |         |         |         |         |         |         |         |         |         |         | 4 W/E 20th Apr |          |          |          |          |          |          |  |
| EU Sales                  | 1.7%    | 17.0%   | 2.8%    | 4.6%    | 3.3%    | -0.3%   | -2.1%   | -1.2%   | -1.6%   | -2.5%   | -2.1%   | -1.6%   | -0.9%   | 1.0%           |          |          |          |          |          |          |  |
| EU Volumes                | 0.0%    | 0.0%    | -1.1%   | 2.9%    | -4.5%   | -2.6%   | -6.5%   | -4.5%   | -5.0%   | 0.4%    | -2.3%   | -3.4%   | -0.3%   | 6.0%           |          |          |          |          |          |          |  |
| CCEP                      |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| Europe Volume             | -       | -       | 4.8%    | 10.9%   | 0.6%    | -1.4%   | -4.0%   | -2.8%   | -1.4%   | -2.6%   | -2.0%   | -2.4%   | -2.1%   | 3.0%           | 0.7%     | 2.0%     | 2.0%     | 2.0%     | 1.3%     | 1.0%     |  |
| Europe Sales              | 4.4%    | -11.8%  | 8.0%    | 16.7%   | 8.5%    | 4.0%    | 0.3%    | 2.0%    | 1.8%    | 3.6%    | 2.6%    | 2.3%    | -1.6%   | 4.0%           | 1.5%     | 4.1%     | 5.2%     | 4.6%     | 3.1%     | 3.3%     |  |
| CCH (Established Markets) |         |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |  |
| Europe Volume             | 0.8%    | -14.0%  | 9.9%    | 9.1%    | -2.4%   | -3.8%   | 2.8%    | -0.2%   | 0.9%    | 0.4%    | 0.7%    | 0.3%    | -0.1%   | 1.9%           | 1.1%     | 0.4%     | 2.9%     | 1.5%     | 1.3%     | 0.8%     |  |
| Europe Sales              | 1.2%    | -14.1%  | 13.9%   | 18.6%   | 12.3%   | 5.1%    | 3.8%    | 4.4%    | 2.9%    | 1.3%    | 2.2%    | 3.3%    | 2.1%    | 4.0%           | 3.2%     | 2.0%     | 4.4%     | 3.0%     | 3.1%     | 2.3%     |  |
| Soft drinks (Nielsen)     |         |         |         |         |         |         |         |         |         |         |         |         |         | 4 W/E 20th Apr |          |          |          |          |          |          |  |
| EU Sales                  | 3.4%    | 11.9%   | 3.5%    | 7.5%    | 9.7%    | 1.5%    | -3.5%   | -1.0%   | -5.6%   | 0.7%    | -2.5%   | -1.7%   | 1.7%    | 4.7%           |          |          |          |          |          |          |  |
| EU Volumes                | 0.0%    | 0.0%    | 18.1%   | 0.9%    | 6.9%    | 5.8%    | 12.0%   | 8.9%    | 4.8%    | 13.9%   | 9.4%    | 9.1%    | 2.5%    | 5.2%           |          |          |          |          |          |          |  |

Figure 7. Western Europe organic growth rate forecasts by market and stock (% y/y calendarised)

|                         | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1_2024 | Q2_2024 | 1H_2024 | Q3_2024 | Q4_2024 | 2H_2024 | CY 2024 | Q1_2025        | Q2_2025e | 1H_2025e | Q3_2025e | Q4_2025e | 2H_2025e | CY_2025e | CY_2026e |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|----------|----------|----------|----------|----------|----------|----------|
| UK                      |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Heineken Volume         | 1.9%    | -12.0%  | 4.4%    | 5.1%    | -5.1%   | 3.0%    | 0.0%    | 1.5%    | 2.0%    | 1.0%    | 1.5%    | 1.3%    | -3.0%          | 1.0%     | -1.0%    | 0.5%     | 0.5%     | 0.5%     | 0.0%     | 0.5%     |
| Carlsberg Volume        | -9.5%   | -9.0%   | 6.3%    | 5.5%    | -3.1%   | 2.5%    | 0.5%    | 1.5%    | -3.0%   | 0.5%    | -1.3%   | 0.2%    | -14.9%         | 3.1%     | -5.9%    | 1.0%     | 1.0%     | 1.0%     | -3.0%    | 1.1%     |
| Diageo Sales (GB)       | -2.3%   | -3.8%   | 15.7%   | 10.8%   | 11.0%   | 1.0%    | 1.0%    | 1.0%    | 9.0%    | 9.0%    | 9.0%    | 5.0%    | 2.0%           | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.5%     |
| Pernod Sales            | 2.2%    | 7.5%    | 10.6%   | 6.9%    | 1.4%    | -2.0%   | -7.0%   | -4.7%   | 0.5%    | 3.0%    | 2.1%    | -1.3%   | 0.5%           | 4.0%     | 2.3%     | 2.0%     | 2.0%     | 2.0%     | 2.2%     | 2.3%     |
| Campari Sales           | 39.6%   | 7.4%    | 39.1%   | 13.7%   | 19.1%   | -3.6%   | 5.0%    | -7.2%   | -9.7%   | 0.2%    | -4.5%   | -5.8%   | -12.6%         | 9.0%     | 1.2%     | 11.0%    | 2.0%     | 5.5%     | 3.8%     | 7.0%     |
| CCEP Sales (GB)         | -       | -8.7%   | 14.0%   | 17.5%   | 6.5%    | 1.7%    | -3.1%   | -1.0%   | 0.0%    | 2.3%    | 1.1%    | 0.1%    | 2.3%           | 5.6%     | 4.1%     | 5.0%     | 5.0%     | 5.0%     | 4.6%     | 3.4%     |
| Fever-Tree Sales        | -1.1%   | -22.2%  | 14.5%   | -1.8%   | -1.2%   | -5.4%   | -5.4%   | -5.4%   | -1.3%   | -1.3%   | -1.3%   | -3.2%   | 0.5%           | 0.5%     | 0.5%     | 0.5%     | 0.5%     | 0.5%     | 0.5%     | 1.0%     |
| Britvic Sales           | 5.4%    | -8.1%   | 11.8%   | 12.5%   | 5.9%    | 8.6%    | 5.2%    | 6.9%    | 5.1%    | 1.9%    | 3.5%    | 5.2%    | -4.0%          | 3.5%     | -0.2%    | 1.9%     | 1.9%     | 1.9%     | 0.8%     | 1.9%     |
| Beer (Nielsen)          |         |         |         |         |         |         |         |         |         |         |         |         | 4 WIE 20th Apr |          |          |          |          |          |          |          |
| UK Sales                | 3.2%    | 36.8%   | 0.2%    | -7.4%   | 7.3%    | 3.3%    | 0.4%    | 1.8%    | -5.5%   | -1.2%   | -3.3%   | -0.7%   | -1.4%          | 5.8%     |          |          |          |          |          |          |
| UK Volumes              | 0.0%    | 0.0%    | 1.2%    | -3.7%   | -1.0%   | 3.9%    | 0.6%    | 2.2%    | -4.1%   | -5.2%   | -4.7%   | -1.2%   | -2.3%          | 6.1%     |          |          |          |          |          |          |
| Spirits (Nielsen)       |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| UK Sales                | 3.1%    | 27.9%   | 1.1%    | -9.3%   | 2.2%    | 0.2%    | -0.9%   | -0.3%   | -1.5%   | -2.8%   | -2.1%   | -1.2%   | -2.0%          | 1.8%     |          |          |          |          |          |          |
| UK Volumes              | 0.0%    | 0.0%    | 4.0%    | 9.6%    | -0.1%   | -7.2%   | -1.5%   | -4.3%   | -6.4%   | 4.8%    | -0.8%   | -2.6%   | 4.7%           | 18.3%    |          |          |          |          |          |          |
| Soft drinks (Nielsen)   |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| UK Sales                | 6.3%    | 18.8%   | 5.0%    | 7.1%    | 10.7%   | 2.4%    | 0.1%    | 1.2%    | -1.2%   | 1.8%    | 0.3%    | 0.8%    | 1.6%           | 6.9%     |          |          |          |          |          |          |
| UK Volumes              | 0.0%    | 0.0%    | -11.6%  | -16.3%  | -12.3%  | -2.0%   | -5.0%   | -3.5%   | -18.4%  | -14.8%  | -16.6%  | -10.0%  | -18.6%         | -3.7%    |          |          |          |          |          |          |
| Germany                 |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Diageo Sales            | 13.2%   | -11.7%  | 28.5%   | 10.0%   | 3.5%    | -18.0%  | -18.0%  | -18.0%  | -1.0%   | -1.0%   | -1.0%   | -9.5%   | 2.0%           | 2.0%     | 2.0%     | 3.0%     | 3.0%     | 3.0%     | 2.5%     | 2.5%     |
| Pernod Sales            | 10.7%   | 12.5%   | 8.1%    | 15.0%   | 3.8%    | 35.0%   | 10.0%   | 21.5%   | -1.0%   | -7.0%   | -4.1%   | 8.7%    | -27.5%         | -9.0%    | -18.5%   | -7.0%    | 0.0%     | -3.5%    | -11.0%   | 2.0%     |
| Campari Sales           | 3.3%    | 8.6%    | 10.7%   | 18.6%   | 23.9%   | 12.4%   | 14.1%   | 13.4%   | -6.2%   | 3.6%    | -2.0%   | 5.1%    | -10.1%         | 2.0%     | -2.1%    | 6.0%     | 2.0%     | 4.2%     | 1.1%     | 3.0%     |
| CCEP Sales              | -       | -6.7%   | 3.0%    | 15.1%   | 12.5%   | 7.1%    | 4.4%    | 5.6%    | 3.0%    | 7.2%    | 5.0%    | 5.3%    | -2.8%          | 3.1%     | 0.4%     | 4.5%     | 5.0%     | 4.8%     | 2.7%     | 3.3%     |
| Beer (Nielsen)          |         |         |         |         |         |         |         |         |         |         |         |         | 4 WIE 20th Apr |          |          |          |          |          |          |          |
| Germany Sales           | 1.2%    | 12.3%   | -2.3%   | 32.4%   | 9.1%    | 4.5%    | -2.1%   | 1.2%    | -1.1%   | -0.2%   | -0.7%   | 0.3%    | -0.7%          | 2.1%     |          |          |          |          |          |          |
| Germany Volumes         | 0.0%    | 0.0%    | 3.3%    | -10.0%  | 2.3%    | -1.3%   | -3.9%   | -2.6%   | -6.0%   | -0.4%   | -3.2%   | -2.9%   | 0.2%           | 2.1%     |          |          |          |          |          |          |
| Spirits (Nielsen)       |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Germany Sales           | -0.5%   | 10.2%   | 1.3%    | -0.5%   | 10.0%   | 1.0%    | -2.8%   | -0.9%   | -3.0%   | -3.9%   | -3.5%   | -2.2%   | -4.1%          | 3.5%     |          |          |          |          |          |          |
| Germany Volumes         | 0.0%    | 0.0%    | 8.4%    | -4.6%   | 2.7%    | 6.4%    | 2.4%    | 4.4%    | 4.9%    | 9.4%    | 7.1%    | 5.8%    | 1.6%           | 4.2%     |          |          |          |          |          |          |
| Soft drinks (Nielsen)   |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Germany Sales           | 2.6%    | 10.4%   | 0.8%    | 7.6%    | 28.7%   | 9.7%    | 4.4%    | 7.1%    | 6.6%    | 8.1%    | 7.3%    | 7.2%    | 7.9%           | 11.9%    |          |          |          |          |          |          |
| Germany Volumes         | 0.9%    | 27.9%   | -1.1%   | -9.2%   | -2.8%   | -2.5%   | -0.4%   | -1.4%   | -4.4%   | -1.2%   | -2.8%   | -2.1%   | -2.0%          | 4.7%     |          |          |          |          |          |          |
| Spain                   |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Heineken Volume         | -0.3%   | -18.0%  | 7.6%    | 7.9%    | 1.7%    | 2.0%    | -6.0%   | -2.0%   | 2.0%    | 3.0%    | 2.5%    | -0.3%   | -5.0%          | 2.0%     | -1.5%    | 2.0%     | 2.0%     | 2.0%     | 0.7%     | 1.0%     |
| Diageo Sales            | 1.2%    | -33.2%  | 3.5%    | 23.0%   | 3.5%    | -1.0%   | -1.0%   | -1.0%   | -1.0%   | -1.0%   | -1.0%   | -1.0%   | 2.0%           | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     |
| Pernod Sales            | 0.6%    | -35.6%  | 29.3%   | 27.6%   | 0.6%    | 10.0%   | 0.0%    | 4.2%    | -5.0%   | -2.0%   | -3.4%   | 0.4%    | -6.0%          | 3.0%     | -1.0%    | 0.0%     | 0.0%     | 0.0%     | -0.5%    | 2.0%     |
| Beer (Nielsen)          |         |         |         |         |         |         |         |         |         |         |         |         | 4 WIE 20th Apr |          |          |          |          |          |          |          |
| Spain Sales             | 6.2%    | 27.9%   | 2.1%    | 6.2%    | 10.5%   | 3.7%    | 0.8%    | 2.2%    | -0.6%   | 0.7%    | 0.1%    | 1.2%    | -1.0%          | -4.8%    |          |          |          |          |          |          |
| Spain Volumes           | 0.0%    | 0.0%    | 8.1%    | -3.7%   | -2.2%   | 7.4%    | -2.8%   | 2.3%    | -5.9%   | -8.1%   | -7.0%   | -2.4%   | -5.4%          | 1.0%     |          |          |          |          |          |          |
| Spirits (Nielsen)       |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Spain Sales             | 1.7%    | 12.6%   | 7.9%    | 2.2%    | 2.9%    | 1.7%    | -2.5%   | -0.4%   | -1.1%   | -3.4%   | -2.2%   | -1.3%   | 3.9%           | -7.9%    |          |          |          |          |          |          |
| Spain Volumes           | 0.0%    | 0.0%    | 2.3%    | -5.7%   | -6.5%   | 4.6%    | 0.5%    | 2.5%    | -0.9%   | 2.4%    | 0.8%    | 1.7%    | -0.4%          | -3.9%    |          |          |          |          |          |          |
| Soft drinks (Nielsen)   |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Spain Sales             | 2.8%    | 10.7%   | 5.8%    | 8.4%    | 9.1%    | 2.1%    | 1.7%    | 1.9%    | -0.9%   | 1.9%    | 0.5%    | 1.2%    | 1.8%           | -2.4%    |          |          |          |          |          |          |
| Spain Volumes           | 0.0%    | 0.0%    | 7.9%    | -5.7%   | 7.8%    | 7.3%    | 15.9%   | 11.6%   | 7.6%    | 16.5%   | 12.1%   | 11.8%   | 3.4%           | 6.1%     |          |          |          |          |          |          |
| France                  |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Heineken Volume         | -0.1%   | -2.3%   | 4.1%    | 5.6%    | -8.7%   | 3.0%    | -8.0%   | -2.5%   | -5.0%   | -1.0%   | -3.0%   | -3.2%   | -14.0%         | -4.0%    | -9.0%    | 3.0%     | 1.5%     | 2.3%     | -3.1%    | 1.5%     |
| Carlsberg Volume        | -3.2%   | -11.6%  | -2.1%   | 11.1%   | -4.7%   | -4.0%   | -11.0%  | -7.5%   | -9.0%   | -8.5%   | -8.8%   | -8.4%   | -2.0%          | 2.1%     | 0.1%     | 2.5%     | 0.0%     | 1.3%     | 0.8%     | 0.8%     |
| Diageo Sales            | 3.0%    | -5.0%   | 24.5%   | 7.5%    | 0.0%    | -3.0%   | -3.0%   | -3.0%   | -4.0%   | -4.0%   | -4.0%   | -3.5%   | 2.0%           | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     |
| Pernod Sales            | -1.0%   | -9.6%   | 14.5%   | 0.4%    | -0.6%   | 0.5%    | -1.0%   | -0.3%   | -1.0%   | 4.5%    | 2.0%    | 0.8%    | 2.0%           | -0.5%    | 0.6%     | 0.5%     | 0.5%     | 0.5%     | 0.5%     | 0.5%     |
| CCEP Sales              | -       | -9.9%   | 6.0%    | 15.2%   | 11.0%   | 4.7%    | -0.8%   | 1.7%    | 2.0%    | 2.5%    | 2.2%    | 1.9%    | -2.1%          | 2.6%     | 0.5%     | 4.0%     | 5.0%     | 4.5%     | 2.4%     | 3.6%     |
| Beer (Nielsen)          |         |         |         |         |         |         |         |         |         |         |         |         | 4 WIE 20th Apr |          |          |          |          |          |          |          |
| France Sales            | 5.6%    | 11.4%   | 5.5%    | 3.9%    | 8.5%    | 6.3%    | -1.2%   | 2.6%    | -5.5%   | 0.8%    | -2.3%   | 0.1%    | 1.2%           | 0.6%     |          |          |          |          |          |          |
| France Volumes          | 0.0%    | 0.0%    | 6.9%    | 7.1%    | 4.3%    | 10.9%   | 9.5%    | 10.2%   | 0.6%    | 7.9%    | 4.3%    | 7.2%    | 11.6%          | 21.2%    |          |          |          |          |          |          |
| Spirits (Nielsen)       |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| France Sales            | 1.5%    | 5.5%    | 1.9%    | -3.3%   | 0.4%    | -2.2%   | -3.8%   | -3.0%   | -2.2%   | -1.6%   | -1.9%   | -2.5%   | 1.1%           | -0.7%    |          |          |          |          |          |          |
| France Volumes          | 0.0%    | 0.0%    | -13.6%  | -3.6%   | -11.6%  | -16.9%  | -29.3%  | -23.1%  | -23.6%  | -18.4%  | -21.0%  | -22.0%  | -17.6%         | -8.7%    |          |          |          |          |          |          |
| Soft drinks (Nielsen)   |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| France Sales            | 2.7%    | 1.1%    | 4.3%    | 10.8%   | 9.7%    | 1.5%    | -3.5%   | -1.0%   | -5.6%   | 0.7%    | -2.5%   | -1.7%   | 1.7%           | 4.7%     |          |          |          |          |          |          |
| France Volumes          | 0.0%    | 0.0%    | 2.8%    | -11.2%  | 6.9%    | 5.8%    | 12.0%   | 8.9%    | 4.8%    | 13.9%   | 9.4%    | 9.1%    | 2.5%           | 5.2%     |          |          |          |          |          |          |
| Italy                   |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Heineken Volume         | 5.9%    | -6.8%   | 13.0%   | 12.4%   | -5.6%   | -3.0%   | -3.0%   | -3.0%   | 2.0%    | -2.0%   | 0.0%    | -1.4%   | -5.0%          | 2.0%     | -1.5%    | 2.5%     | 2.5%     | 2.5%     | 0.8%     | 2.0%     |
| Carlsberg Sales (SE EU) | -       | -11.6%  | -2.1%   | 12.2%   | -4.3%   | -3.6%   | -10.2%  | -6.9%   | -8.0%   | -7.0%   | -7.5%   | -7.5%   | -1.8%          | 2.2%     | 0.2%     | 2.3%     | 0.1%     | 1.2%     | 0.9%     | 0.7%     |
| Carlsberg Volume        | 0.8%    | -39.2%  | 34.8%   | 32.2%   | 7.3%    | 13.0%   | 8.5%    | 10.8%   | 13.0%   | 9.0%    | 11.0%   | 11.1%   | 12.0%          | 8.0%     | 10.0%    | 8.0%     | 8.0%     | 8.0%     | 9.3%     | 7.0%     |
| Diageo Sales            | -1.0%   | -39.0%  | 27.5%   | 24.0%   | 3.5%    | -1.0%   | -1.0%   | -1.0%   | -1.0%   | -1.0%   | -1.0%   | -1.0%   | 3.0%           | 3.0%     | 3.0%     | 3.0%     | 3.0%     | 3.0%     | 3.0%     | 3.0%     |
| Campari Sales           | 5.8%    | -17.4%  | 36.4%   | 15.4%   | 5.5%    | -4.9%   | -5.4%   | -5.2%   | -7.0%   | 0.9%    | -3.1%   | -4.3%   | -2.8%          | 3.5%     | 0.8%     | 6.0%     | 3.0%     | 4.5%     | 2.4%     | 3.0%     |
| CCH Volume              | 2.4%    | -13.9%  | 13.3%   | 9.0%    | -8.6%   | -8.5%   | 2.6%    | -2.5%   | -2.0%   | -2.0%   | -2.0%   | -2.2%   | -1.0%          | 2.1%     | 0.8%     | 0.0%     | 3.5%     | 1.6%     | 1.2%     | 2.0%     |
| Beer (Nielsen)          |         |         |         |         |         |         |         |         |         |         |         |         | 4 WIE 20th Apr |          |          |          |          |          |          |          |
| Italy Sales             | 3.0%    | 32.1%   | 3.5%    | 5.3%    | 8.9%    | 4.7%    | 4.0%    | 4.3%    | 2.0%    | 1.5%    | 1.7%    | 3.0%    | -0.9%          | -1.3%    |          |          |          |          |          |          |
| Italy Volumes           | 0.0%    | 0.0%    | 0.6%    | -13.5%  | -8.5%   | -11.2%  | 4.3%    | -3.5%   | -9.0%   | -9.9%   | -9.4%   | -6.5%   | -1.7%          | 2.2%     |          |          |          |          |          |          |
| Spirits (Nielsen)       |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Italy Sales             | 5.8%    | 43.9%   | 11.0%   | -2.3%   | 0.5%    | -1.6%   | 0.4%    | -0.6%   | 4.3%    | 1.3%    | 2.8%    | 1.1%    | 0.2%           | 2.8%     |          |          |          |          |          |          |
| Italy Volumes           | 0.0%    | 0.0%    | -2.9%   | -0.7%   | -2.1%   | 6.7%    | 4.9%    | 5.8%    | 12.0%   | 9.6%    | 10.8%   | 8.3%    | 4.8%           | 15.3%    |          |          |          |          |          |          |
| Soft drinks (Nielsen)   |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Italy Sales             | 1.7%    | 19.2%   | 3.7%    | 10.3%   | 11.8%   | 2.3%    | 0.7%    | 1.5%    | 0.1%    | 2.0%    | 1.1%    | 1.3%    | 3.5%           | 2.5%     |          |          |          |          |          |          |
| Italy Volumes           | 0.0%    | 0.0%    | 4.2%    | -6.5%   | -7.0%   | 3.3%    | 1.9%    | 2.6%    | -1.7%   | 2.6%    | 0.5%    | 1.5%    | -1.0%          | -2.3%    |          |          |          |          |          |          |
| Greece                  |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Heineken Volume         | 0.7%    | -15.8%  | 7.3%    | 6.9%    | -4.4%   | 4.0%    | 3.0%    | 3.5%    | 1.0%    | 1.0%    | 1.0%    | 2.2%    | -3.0%          | 1.0%     | -1.0%    | 1.5%     | 1.5%     | 1.5%     | 0.9%     | 1.5%     |
| Carlsberg Sales (SE EU) | -       | -11.6%  | -2.1%   | 12.2%   | -4.3%   | -3.6%   | -10.2%  | -6.9%   | -8.0%   | -7.0%   | -7.5%   | -7.5%   | -1.8%          | 2.2%     | 0.2%     | 2.3%     | 0.1%     | 1.2%     | 0.9%     | 0.7%     |
| Carlsberg Volume        | 0.8%    | -39.2%  | 34.8%   | 32.2%   | 7.3%    | 13.0%   | 8.5%    | 10.8%   | 13.0%   | 9.0%    | 11.0%   | 11.1%   | 12.0%          | 8.0%     | 10.0%    | 8.0%     | 8.0%     | 8.0%     | 9.3%     | 7.0%     |
| CCH Volume              | 0.9%    | -20.6%  | 15.7%   | 9.1%    | 7.0%    | 3.0%    | 6.5%    | 5.0%    | 5.0%    | 9.4%    | 6.7%    | 5.9%    | -1.0%          | 1.0%     | 0.2%     | 1.0%     | 2.0%     | 1.4%     | 0.8%     | -0.9%    |
| Benelux                 |         |         |         |         |         |         |         |         |         |         |         |         |                |          |          |          |          |          |          |          |
| Heineken Volume         | -4.0%   | -7.3%   | -0.8%   | 17.3%   | -14.1%  | -1.7%   | -4.0%   | -2.5%   | -2.5%   | -1.0%   | -1.8%   | -2.3%   | -5.0%          | 1.5%     | -1.8%    | 2.5%     | 0.5%     | 1.5%     | 0.3%     | 0.5%     |
| CCEP Sales              | -       | -11.4%  | 4.6%    | 16.5%   | 4.3%    | 4.0%    | -4.8%   | 1.6%    | 2.0%    | 2.5%    | 2.3%    | 1.9%    | 4.7%           | 5.6%     | 5.2%     | 3.5%     | 5.0%     | 4.3%     | 4.7%     | 3.2%     |

Figure 8. MEA organic growth rate forecasts by company (% y/y calendarised)

|                        | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1 2024 | Q2 2024 | 1H 2024 | Q3 2024 | Q4 2024 | 2H 2024 | CY 2024 | Q1 2025 | Q2 2025e | 1H 2025e | Q3 2025e | Q4 2025e | 2H 2025e | CY 2025e | CY 2026e |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| <b>South Africa</b>    |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| AB InBev Volume        | 4.3%    | -20.7%  | 21.8%   | 10.1%   | 5.5%    | 5.0%    | 5.0%    | 5.0%    | 3.0%    | 12.5%   | 7.8%    | 6.5%    | 7.7%    | 3.5%     | 5.6%     | 3.0%     | 3.0%     | 3.0%     | 1.6%     | 3.0%     |
| Heineken Volume        | -22.5%  | 28.0%   | 19.0%   | 22.6%   | -8.9%   | 3.0%    | -1.0%   | 1.0%    | 21.0%   | -3.0%   | 9.0%    | 5.7%    | -8.0%   | -0.5%    | -4.3%    | 0.0%     | 3.0%     | 1.5%     | -1.2%    | 3.0%     |
| Diageo Sales           | 6.0%    | -17.2%  | 43.9%   | 13.9%   | 6.9%    | 17.1%   | 14.0%   | 15.1%   | 14.3%   | 4.9%    | 8.9%    | 12.0%   | 10.1%   | 8.3%     | 9.2%     | 5.7%     | 5.7%     | 5.6%     | 7.4%     | 5.8%     |
| Pernod Sales           | 2.9%    | -27.2%  | 36.2%   | 30.4%   | 4.2%    | 12.0%   | -68.0%  | -20.0%  | 5.0%    | 1.0%    | 2.5%    | -8.7%   | 3.0%    | 25.0%    | 6.8%     | 5.0%     | 5.0%     | 5.0%     | 5.9%     | 5.0%     |
| <b>Nigeria</b>         |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| Heineken Volume        | -0.6%   | 16.0%   | -4.0%   | -5.7%   | -18.9%  | 20.0%   | 14.0%   | 17.0%   | 18.0%   | 17.0%   | 17.5%   | 17.4%   | 3.0%    | 4.0%     | 3.5%     | 5.0%     | 5.0%     | 5.0%     | 4.3%     | 3.0%     |
| Diageo Sales           | -4.5%   | -15.8%  | 77.8%   | 8.7%    | 16.3%   | 44.0%   | 44.0%   | 44.0%   | 10.5%   | 10.5%   | 10.5%   | 27.3%   | 6.6%    | 6.6%     | 6.6%     | 7.0%     | 7.0%     | 7.0%     | 6.8%     | 7.0%     |
| CCH Volume             | 9.0%    | 13.5%   | 29.5%   | 2.0%    | 1.8%    | 18.0%   | 7.9%    | 12.0%   | 9.5%    | -22.8%  | 0.2%    | 6.1%    | 2.0%    | 4.0%     | 3.2%     | 4.0%     | 6.5%     | 4.6%     | 3.8%     | 5.8%     |
| Nigerian Breweries vol | -11.8%  | -7.1%   | 12.8%   | 7.1%    | -15.8%  | -       | -       | -       | -       | -       | -       | -16.8%  | -       | -        | -        | -        | -        | -        | 0.0%     | 3.6%     |

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Source: Citi Research, Company Reports

Figure 9. Australia organic growth rate forecasts by company (% y/y calendarised)

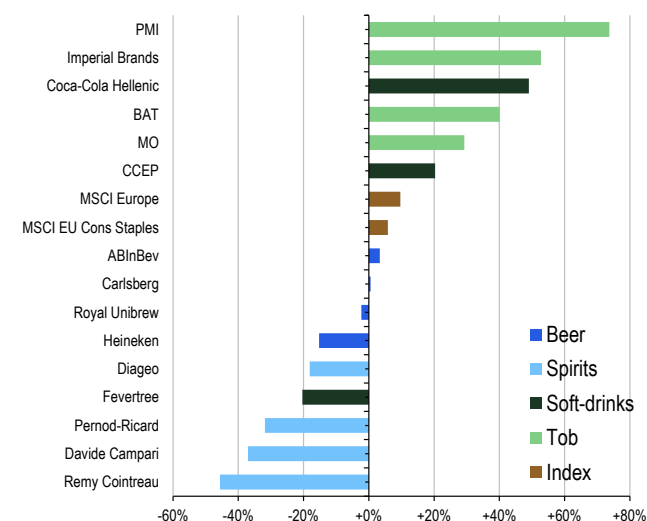
|                  | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 | Q1 2024 | Q2 2024 | 1H 2024 | Q3 2024 | Q4 2024 | 2H 2024 | CY 2024 | Q1 2025 | Q2 2025e | 1H 2025e | Q3 2025e | Q4 2025e | 2H 2025e | CY 2025e | CY 2026e |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| <b>Australia</b> |         |         |         |         |         |         |         |         |         |         |         |         |         |          |          |          |          |          |          |          |
| Diageo Sales     | 8.3%    | 11.5%   | 10.3%   | 2.3%    | -2.4%   | -9.7%   | -9.7%   | -9.7%   | -7.0%   | -7.0%   | -7.0%   | -8.4%   | -3.0%   | -3.0%    | -3.0%    | 0.0%     | 0.0%     | 0.0%     | -1.5%    | 2.5%     |
| Pernod Sales     | -3.4%   | -4.1%   | 9.5%    | 7.3%    | 4.5%    | 7.0%    | 5.0%    | 5.9%    | 3.0%    | 3.0%    | 3.0%    | 4.5%    | 2.0%    | 3.0%     | 2.6%     | 2.0%     | 2.0%     | 2.0%     | 2.3%     | 2.5%     |
| Campari Sales    | 2.0%    | 20.2%   | -0.1%   | 9.6%    | 5.3%    | -18.5%  | -2.9%   | -11.2%  | -4.5%   | 2.1%    | -0.9%   | -5.5%   | 16.4%   | 6.2%     | 11.1%    | 5.0%     | 4.0%     | 4.4%     | 7.2%     | 3.5%     |
| CCEP Sales       | -       | -       | 5.5%    | 10.9%   | 9.5%    | 3.5%    | 3.5%    | 3.5%    | 5.0%    | 8.2%    | 6.7%    | 5.2%    | -0.2%   | 2.0%     | 0.8%     | 4.0%     | 5.6%     | 4.8%     | 2.9%     | 4.0%     |

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Source: Citi Research, Company Reports

## Share price performances

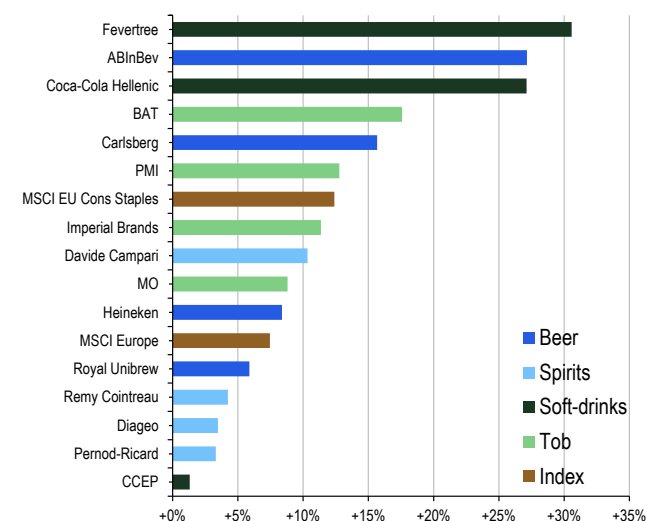
Figure 10. Share price performance in the last 12-mths



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Source: Citi Research, DataStream

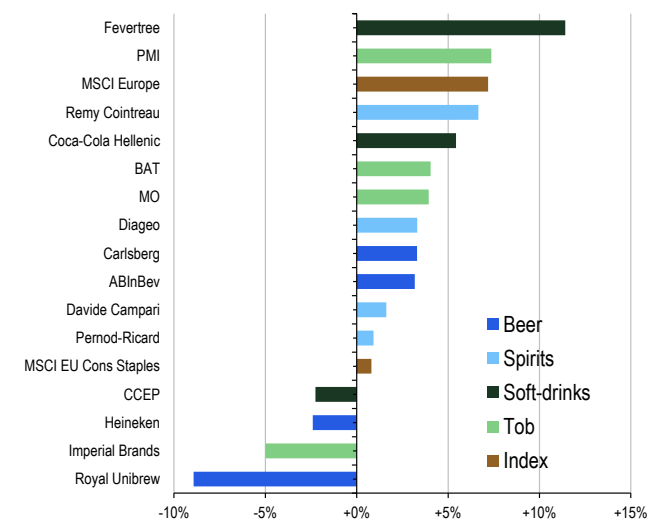
Figure 11. Share price performance in the last 3-mths



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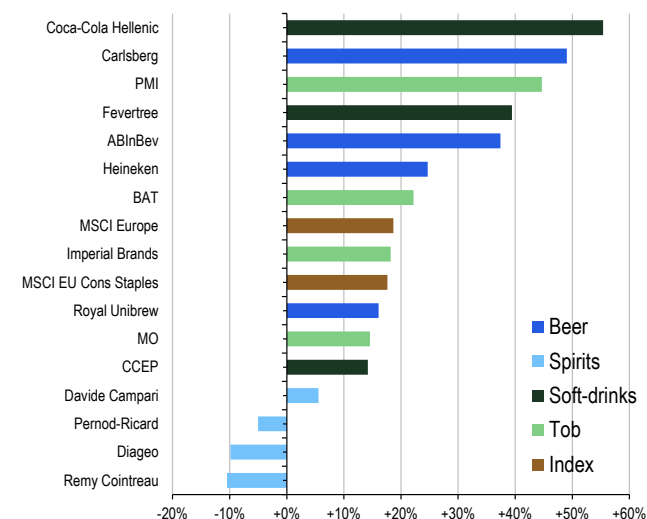
Source: Citi Research, DataStream

Figure 12. Share price performance in the last 1-mth



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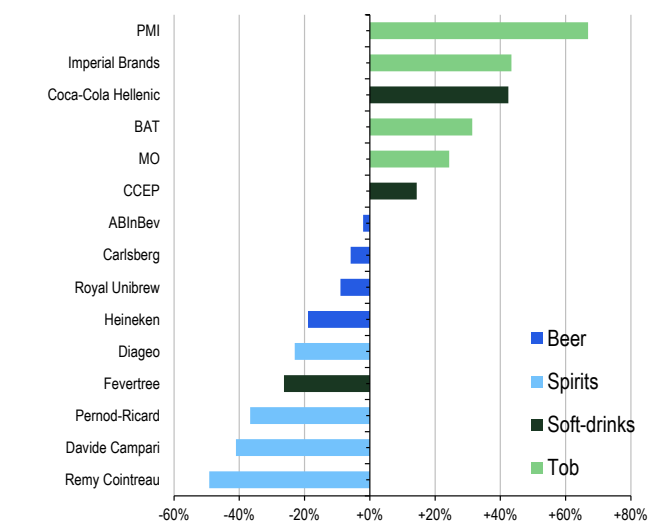
Figure 13. Share price performance YTD



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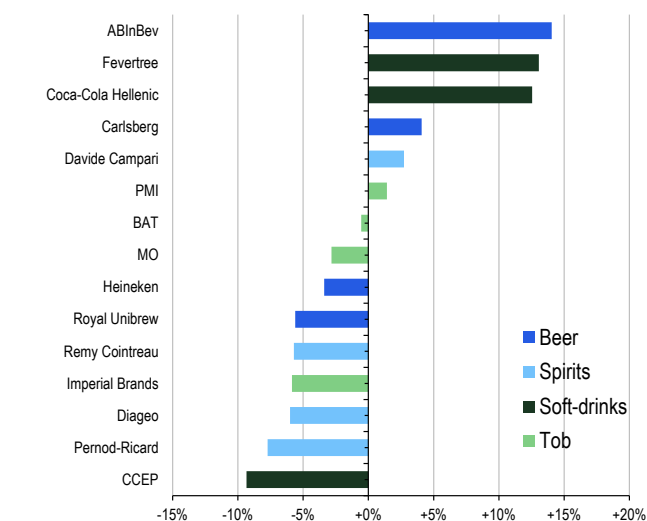
### Share price performances relative to Euro Staples

Figure 14. Share price performance vs Euro Staples in the last 12-mths



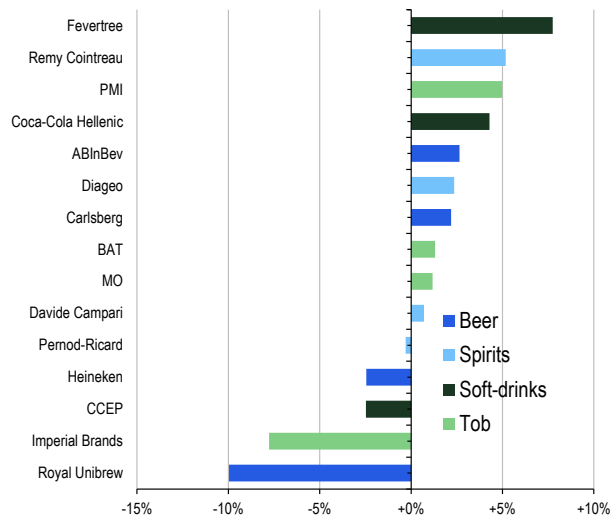
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Figure 15. Share price performance vs Euro Staples in the last 3-mths



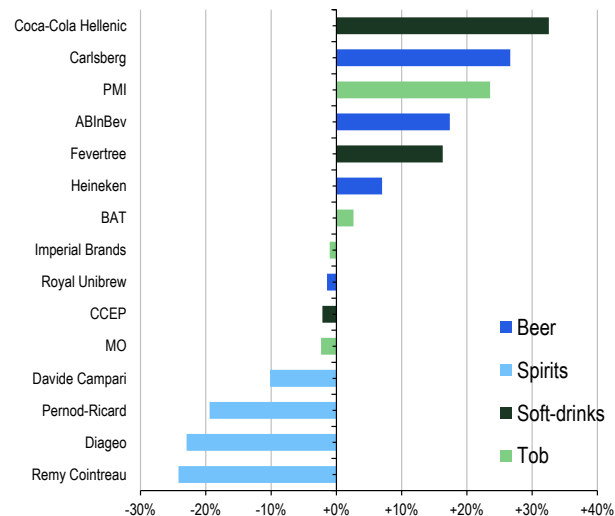
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Figure 16. Share price performance vs Euro Staples in the last 1-mth



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Figure 17. Share price performance vs Euro Staples YTD



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| CONSUMER STAPLES VALUATION SHEET                                                  |         |                         |          |              |                |            |     | P/E        |       |        | Prem /Dvsc.     | EPS growth |       | Organic sales growth |       |       | EV/NOPAT |       | EV/EBIT |       | EV/EBITDA |       | Net Debt to EBITDA |       | Div yield |       | FCF yield |       |      |      |
|-----------------------------------------------------------------------------------|---------|-------------------------|----------|--------------|----------------|------------|-----|------------|-------|--------|-----------------|------------|-------|----------------------|-------|-------|----------|-------|---------|-------|-----------|-------|--------------------|-------|-----------|-------|-----------|-------|------|------|
|  | Rating  | ST View/ Catalyst Watch | Price    | Target Price | Mkt cap, USDbn | Free Float | Y/E | 12m Fwd PE | CY 25 | CY 26  | R12M vs Staples | CY 25      | CY 26 | CY 24                | CY 25 | CY 26 | CY 25    | CY 26 | CY 25   | CY 26 | CY 25     | CY 26 | CY 25              | CY 26 | CY 25     | CY 26 | CY 25     | CY 26 |      |      |
| <b>Brewers</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| ABInBev                                                                           | Buy     | No ST View              | € 60.7   | € 71.0       | 139.0          | 46%        | Dec | 17.6       | 18.4  | 16.6   | -7%             | 10%        | 11%   | 3%                   | 4%    | 5%    | 16.2     | 14.3  | 11.8    | 10.4  | 8.8       | 7.9   | 2.5                | 2.0   | 1.8%      | 2.0%  | 8.6%      | 9.4%  |      |      |
| ABInBev ex Ambev & Bud APAC                                                       |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Heineken                                                                          | Buy     | No ST View              | € 78.8   | € 90.0       | 51.4           | 50%        | Dec | 15.6       | 16.0  | 15.1   | -18%            | 1%         | 6%    | 5%                   | 3%    | 4%    | 17.2     | 16.1  | 12.4    | 11.6  | 7.9       | 7.9   | 1.7                | 1.6   | 2.5%      | 2.7%  | 8.0%      | 7.4%  |      |      |
| Carlsberg                                                                         | Buy     | No ST View              | Dkr 939  | Dkr 1,040    | 19.4           | 90%        | Dec | 15.8       | 16.4  | 14.8   | -17%            | 4%         | 11%   | 2%                   | 1%    | 4%    | 18.3     | 16.7  | 14.1    | 12.8  | 9.6       | 8.8   | 3.2                | 2.8   | 3.0%      | 3.4%  | 5.8%      | 7.0%  |      |      |
| Royal Unibrew                                                                     | Neutral | No ST View              | Dkr 543  | Dkr 570      | 4.1            | 81%        | Dec | 17.4       | 18.2  | 16.3   | -8%             | 19%        | 11%   | 6%                   | 5%    | 4%    | 19.5     | 17.8  | 15.2    | 13.9  | 11.5      | 10.6  | 2.0                | 1.9   | 2.9%      | 3.1%  | 4.1%      | 4.9%  |      |      |
| <b>Average</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 17.0       | 17.6  | 16.1   | -11%            | 7%         | 10%   | 3%                   | 4%    | 5%    | 16.7     | 15.0  | 12.2    | 11.0  | 8.7       | 8.0   | 2.4                | 2.0   | 2.1%      | 2.3%  | 8.1%      | 8.6%  |      |      |
| <b>Soft Drinks</b>                                                                |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Coca-Cola Hellenic                                                                | Neutral | No ST View              | € 39.9   | € 38.0       | 19.5           | 53%        | Dec | 17.1       | 17.7  | 16.1   | -10%            | 18%        | 10%   | 14%                  | 9%    | 6%    | 18.7     | 17.0  | 13.7    | 12.4  | 10.3      | 9.4   | 0.9                | 0.8   | 2.4%      | 2.7%  | 3.3%      | 3.7%  |      |      |
| Coca-Cola Hellenic ex Russia                                                      |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Coca-Cola Europacific Partners                                                    | Buy     | No ST View              | € 78.4   | € 91.0       | 40.9           | 44%        | Dec | 18.1       | 18.6  | 17.2   | -5%             | 6%         | 8%    | 3%                   | 5%    | 4%    | 21.7     | 20.4  | 16.0    | 15.1  | 11.9      | 11.2  | 2.5                | 2.5   | 2.7%      | 2.9%  | 5.9%      | 6.4%  |      |      |
| Fevertree                                                                         | Neutral | No ST View              | € 8.84   | € 7.15       | 1.5            | 89%        | Dec | 33.3       | 36.5  | 29.0   | 75%             | -13%       | 26%   | 3%                   | 2%    | 10%   | 43.2     | 33.7  | 30.8    | 24.2  | 23.1      | 17.3  | -2.4               | -2.2  | 1.1%      | 1.5%  | 11.3%     | 3.2%  |      |      |
| <b>Average</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 18.1       | 18.8  | 17.1   | -5%             | 10%        | 9%    | 6%                   | 6%    | 5%    | 21.3     | 19.6  | 15.6    | 14.5  | 11.6      | 10.8  | 1.9                | 1.8   | 2.6%      | 2.8%  | 5.2%      | 5.4%  |      |      |
| <b>Spirits</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Diageo                                                                            | Buy     | No ST View              | € 21.3   | € 21.5       | 63.7           | 77%        | Jun | 14.1       | 17.4  | 16.4   | -10%            | -2%        | 6%    | 1%                   | 2%    | 4%    | 19.8     | 18.8  | 15.1    | 14.3  | 13.2      | 12.5  | 3.1                | 2.9   | 3.7%      | 3.9%  | 3.6%      | 4.4%  |      |      |
| Pernod Ricard                                                                     | Buy     | No ST View              | € 95.2   | € 118        | 27.2           | 97%        | Jun | 17.5       | 14.1  | 14.2   | -24%            | -9%        | -1%   | -2%                  | -1%   | 3%    | 16.8     | 17.9  | 12.6    | 13.4  | 11.0      | 11.7  | 3.2                | 3.2   | 4.9%      | 5.0%  | 4.7%      | 5.5%  |      |      |
| Davide Campari                                                                    | Buy     | No ST View              | € 5.71   | € 7.25       | 8.0            | 42%        | Dec | 20.4       | 20.9  | 19.6   | 7%              | -21%       | 6%    | 2%                   | 2%    | 4%    | 21.4     | 20.1  | 15.0    | 14.0  | 12.4      | 11.6  | 3.1                | 2.6   | 1.1%      | 1.2%  | 2.3%      | 5.0%  |      |      |
| Rémy Cointreau                                                                    | Buy     | No ST View              | € 47.9   | € 75.0       | 2.8            | 42%        | Mar | 22.8       | 22.4  | 20.8   | 19%             | -22%       | 8%    | -18%                 | 0%    | 6%    | 22.2     | 21.3  | 16.0    | 15.3  | 13.5      | 12.9  | 3.3                | 3.4   | 4.2%      | 4.2%  | 0.7%      | 1.2%  |      |      |
| <b>Average</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 16.8       | 17.0  | 16.2   | -12%            | -6%        | 4%    | -1%                  | 2%    | 4%    | 19.2     | 18.7  | 14.4    | 14.1  | 12.6      | 12.2  | 3.1                | 3.0   | 3.8%      | 4.0%  | 3.7%      | 4.6%  |      |      |
| <b>European Beverages Average</b>                                                 |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| <i>FF Mcap weighted</i>                                                           |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 17.1       | 17.6  | 16.3   | -10%            | 4%         | 8%    | 3%                   | 4%    | 5%    | 18.1     | 16.8  | 13.4    | 12.4  | 10.2      | 9.6   | 2.5                | 2.2   | 2.6%      | 2.8%  | 6.4%      | 7.0%  |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 17.0       | 17.5  | 16.2   |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| <b>CEEMEA Beverages</b>                                                           |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| East African Breweries                                                            | Neutral | No ST View              | KSh 192  | KSh 175      | 1.2            | 50%        | Jun | 11.8       | 12.6  | 10.6   | -38%            | 26%        | 19%   | 3%                   | 5%    | n/a   | 9.3      | 8.2   | 6.0     | 5.3   | 4.8       | 4.3   | 0.7                | 0.4   | 4.8%      | 5.6%  | 10.2%     | 11.6% |      |      |
| Anadolu Efes Biracilik ve Malt Sanayi                                             | Buy     | No ST View              | TL 153   | TL 262       | 2.3            | 33%        | Dec | 6.0        | 6.7   | 5.1    | -69%            | 46%        | 33%   | n/a                  | n/a   | n/a   | 3.8      | 2.9   | 2.8     | 2.2   | 2.2       | 1.7   | 0.5                | 0.4   | 1.5%      | 2.6%  | 12.4%     | 18.7% |      |      |
| Nigerian Breweries                                                                | Neutral | No ST View              | N 59.7   | n/a          | 1.2            | 44%        | Dec | -92.7      | -61.9 | -420.7 | -587%           | 7%         | -85%  | 12%                  | 12%   | 12%   | n/a      | n/a   | 20.2    | 16.7  | 11.1      | 10.1  | 3.8                | 3.6   | n/a       | n/a   | 6.1%      | 6.7%  |      |      |
| Coca-Cola Icecek                                                                  | Buy     | No ST View              | TL 50.5  | TL 73.0      | 3.6            | 28%        | Dec | 8.8        | 10.3  | 7.2    | -54%            | 41%        | 43%   | n/a                  | n/a   | n/a   | 9.8      | 7.6   | 6.4     | 5.0   | 5.2       | 4.1   | 1.0                | 0.9   | 2.4%      | 3.6%  | 3.7%      | 5.1%  |      |      |
| <b>Average</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | -5.8       | -0.5  | -52.9  | -130%           | 36%        | 19%   | 7%                   | 8%    | 12%   | 7.7      | 6.2   | 7.2     | 5.9   | 5.1       | 4.3   | 1.2                | 1.1   | 2.5%      | 3.6%  | 7.4%      | 10.1% |      |      |
| <b>Beverages Average</b>                                                          |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 16.6       | 17.3  | 14.8   | -13%            | 5%         | 8%    | 3%                   | 4%    | 5%    | 17.9     | 16.5  | 13.3    | 12.3  | 10.1      | 9.5   | 2.5                | 2.2   | 2.6%      | 2.8%  | 5.8%      | 6.5%  |      |      |
| <b>Food</b>                                                                       |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Nestlé                                                                            | Neutral | No ST View              | Sfr 88.5 | Sfr 90.0     | 276.1          | 97%        | Dec | 19.7       | 20.2  | 19.0   | 3%              | -8%        | 6%    | 2%                   | 3%    | 3%    | 25.8     | 24.1  | 20.2    | 18.9  | 15.1      | 14.1  | 3.0                | 2.7   | 3.3%      | 3.4%  | 4.2%      | 4.4%  |      |      |
| Nestlé excl. Associates                                                           |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Nestlé excl. L'Oreal                                                              |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Danone                                                                            | Neutral | No ST View              | € 75.7   | € 75.0       | 58.3           | 92%        | Dec | 19.4       | 19.9  | 18.6   | 2%              | 5%         | 7%    | 4%                   | 4%    | 4%    | 20.7     | 19.1  | 15.0    | 13.9  | 12.1      | 11.2  | 1.7                | 1.4   | 3.0%      | 3.2%  | 5.2%      | 5.5%  |      |      |
| Kerry                                                                             | Neutral | No ST View              | € 97.4   | € 100        | 18.2           | 87%        | Dec | 18.8       | 19.6  | 17.7   | -1%             | 6%         | 11%   | 2%                   | 4%    | 5%    | 21.9     | 19.1  | 18.7    | 16.3  | 14.3      | 12.6  | 1.3                | 0.7   | 1.4%      | 1.6%  | 4.5%      | 4.9%  |      |      |
| JDE Peet's                                                                        | Neutral | No ST View              | € 23.1   | € 20.1       | 12.8           | 17%        | Dec | 12.8       | 13.2  | 12.2   | -33%            | 16%        | 8%    | 5%                   | 9%    | 4%    | 16.6     | 15.2  | 12.4    | 11.4  | 9.9       | 9.2   | 2.5                | 2.2   | 3.2%      | 3.3%  | 9.6%      | 9.0%  |      |      |
| Barry Callebaut                                                                   | Neutral | No ST View              | Sfr 728  | Sfr 790      | 4.8            | 64%        | Aug | 11.4       | 13.1  | 9.8    | -40%            | -17%       | 34%   | 38%                  | 38%   | 1%    | 11.0     | 9.5   | 8.2     | 7.5   | 5.8       | 5.3   | 2.0                | 1.7   | 4.0%      | 4.0%  | -18.1%    | 26.5% |      |      |
| Tate & Lyle                                                                       | Buy     | No ST View              | € 6.03   | € 6.70       | 3.6            | 98%        | Mar | 12.2       | 12.5  | 11.2   | -36%            | -4%        | -12%  | -5%                  | -1%   | 3%    | 14.7     | 13.0  | 14.7    | 13.0  | 8.2       | 7.1   | 2.1                | 1.7   | 3.0%      | 3.2%  | 6.1%      | 6.9%  |      |      |
| <b>Average</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 19.2       | 19.7  | 18.4   | 1%              | -5%        | 7%    | 3%                   | 4%    | 4%    | 24.2     | 22.5  | 18.8    | 17.5  | 14.2      | 13.2  | 2.7                | 2.4   | 3.2%      | 3.3%  | 4.3%      | 5.0%  |      |      |
| <b>HPC</b>                                                                        |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Unilever                                                                          | Buy     | No ST View              | € 47.4   | € 52.0       | 158.8          | 99%        | Dec | 18.3       | 18.8  | 17.5   | -4%             | 0%         | 8%    | 4%                   | 4%    | 4%    | 20.8     | 19.5  | 15.4    | 14.4  | 12.9      | 12.1  | 1.5                | 1.0   | 3.1%      | 3.4%  | 5.9%      | 6.7%  |      |      |
| L'Oreal                                                                           | Neutral | No ST View              | € 385    | € 350        | 233.4          | 42%        | Dec | 29.4       | 30.3  | 28.0   | 54%             | 0%         | 8%    | 5%                   | 4%    | 5%    | 29.4     | 27.8  | 22.2    | 21.0  | 19.6      | 18.6  | -0.7               | -0.9  | 1.8%      | 1.8%  | 2.9%      | 2.9%  |      |      |
| Reckitt Benckiser                                                                 | Buy     | No ST View              | € 49.0   | € 54.0       | 44.8           | 97%        | Dec | 13.7       | 14.1  | 13.0   | -28%            | -1%        | 8%    | 1%                   | 4%    | 4%    | 15.8     | 14.5  | 11.8    | 10.9  | 10.5      | 9.7   | 2.0                | 1.7   | 4.3%      | 4.5%  | 5.2%      | 6.9%  |      |      |
| Henkel                                                                            | Neutral | No ST View              | € 71.2   | € 75.0       | 33.3           | 98%        | Dec | 12.6       | 13.0  | 12.0   | -34%            | 3%         | 8%    | 3%                   | 2%    | 4%    | 11.7     | 10.6  | 8.8     | 8.0   | 7.3       | 6.6   | -0.4               | -0.6  | 3.0%      | 3.2%  | 6.6%      | 7.3%  |      |      |
| Beiersdorf                                                                        | Buy     | No ST View              | € 122    | € 160        | 34.4           | 39%        | Dec | 25.0       | 26.0  | 23.5   | 31%             | 9%         | 10%   | 6%                   | 5%    | 6%    | 24.2     | 21.1  | 17.3    | 15.1  | 14.5      | 12.6  | -3.0               | -3.4  | 0.8%      | 0.8%  | 3.2%      | 3.4%  |      |      |
| Beiersdorf excl. cash                                                             |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Puig Brands                                                                       | Buy     | No ST View              | € 17.0   | € 23.0       | 10.9           | 25%        | Dec | 22.0       | 23.2  | 20.3   | 15%             | 6%         | 11%   | 11%                  | 7%    | 8%    | 16.2     | 14.1  | 12.2    | 10.6  | 9.6       | 8.4   | 0.3                | -0.1  | 2.6%      | 2.8%  | 7.2%      | 7.3%  |      |      |
| Haleon                                                                            | Buy     | No ST View              | € 4.14   | € 4.55       | 50.0           | 93%        | Dec | 21.8       | 22.7  | 20.6   | 15%             | 2%         | 10%   | 5%                   | 4%    | 5%    | 24.2     | 21.9  | 18.3    | 16.6  | 16.2      | 14.7  | 2.6                | 2.2   | 1.7%      | 1.8%  | 4.3%      | 4.3%  |      |      |
| <b>Average</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 22.8       | 23.6  | 21.7   | 20%             | 1%         | 8%    | 5%                   | 5%    | 4%    | 5%       | 23.9  | 22.2    | 15.4  | 14.5      | 0.3   | 0.0                | 2.4%  | 2.5%      | 4.4%  | 4.8%      |       |      |      |
| <b>Tobacco</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| BAT                                                                               | Buy     | No ST View              | € 33.1   | € 36.0       | 97.7           | 90%        | Dec | 9.6        | 9.8   | 9.3    | -50%            | -7%        | 5%    | 1%                   | 1%    | 3%    | 10.6     | 10.2  | 8.0     | 7.7   | 7.5       | 7.2   | 2.7                | 2.6   | 7.7%      | 8.3%  | 11.2%     | 10.6% |      |      |
| BAT excl. ITC                                                                     |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Imperial Brands                                                                   | Buy     | No ST View              | € 28.1   | € 34.3       | 30.9           | 96%        | Sep | 8.4        | 8.7   | 7.9    | -56%            | 8%         | 10%   | 4%                   | 2%    | 2%    | 10.4     | 9.7   | 8.0     | 7.4   | 7.4       | 6.9   | 1.8                | 1.8   | 5.9%      | 6.2%  | 10.5%     | 11.1% |      |      |
| Altria Group                                                                      | Neutral | No ST View              | \$ 59.5  | \$ 55.0      | 100.1          | 100%       | Dec | 10.8       | 10.9  | 10.7   | -43%            | 4%         | 3%    | -1%                  | -1%   | -1%   | 12.6     | 12.3  | 9.7     | 9.4   | 9.4       | 9.1   | 1.5                | 1.4   | 7.0%      | 7.3%  | 8.3%      | 8.9%  |      |      |
| Altria ex ABI                                                                     |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| Philip Morris International                                                       | Buy     | No ST View              | \$ 175   | \$ 188       | 271.8          | 100%       | Dec | 10.3       | 10.3  | 10.1   | -46%            | 10.2       | 10.2  | 23.2                 | 20.8  | 17%   | 15%      | 12%   | 24.9    | 22.5  | 19.3      | 17.4  | 17.8               | 16.1  | 2.2       | 1.9   | 3.4%      | 3.6%  | 3.8% | 4.8% |
| <b>Average</b>                                                                    |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 16.6       | 17.2  | 15.7   | -13%            | 8%         | 8%    | 6%                   | 5%    | 4%    | 18.8     | 17.2  | 14.4    | 13.3  | 13.5      | 12.4  | 2.2                | 1.9   | 5.1%      | 5.4%  | 6.5%      | 7.3%  |      |      |
| <i>EU Staples Average</i>                                                         |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| <i>FF Mcap weighted</i>                                                           |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 19.0       | 19.7  | 17.9   |                 | 0%         | 8%    | 3%                   | 4%    | 4%    | 21.2     | 19.7  | 16.0    | 14.9  | 13.0      | 12.2  | 1.7                | 1.5   | 3.1%      | 3.3%  | 5.5%      | 6.0%  |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 18.2       | 18.8  | 17.2   |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| <b>EU Staples Average ex Tobacco</b>                                              |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
| <i>FF Mcap weighted</i>                                                           |         |                         |          |              |                |            |     |            |       |        |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 20.0       | 20.6  | 18.8   |                 | 1%         | 8%    | 4%                   | 4%    | 4%    | 22.2     | 20.7  | 16.8    | 15.6  | 13.6      | 12.7  | 1.6                | 1.3   | 2.7%      | 2.8%  | 4.9%      | 5.5%  |      |      |
|                                                                                   |         |                         |          |              |                |            |     | 19.3       | 19.9  | 18.2   |                 |            |       |                      |       |       |          |       |         |       |           |       |                    |       |           |       |           |       |      |      |

# BEER

### Latest Nielsen data

Figure 19. US Beer, FMB & Cider industry summary by category - latest 4-wks ending 19<sup>th</sup> April 2025

| Total Beer, FMB, Cider & Seltzer            | Value %      |              |              | Volume %     |              |              | Price Mix % |             |             | \$ share     | \$ share (bps. change YoY) |            |            |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|--------------|----------------------------|------------|------------|
|                                             | 4 wks        | 12 wks       | 52 wks       | 4 wks        | 12 wks       | 52 wks       | 4 wks       | 12 wks      | 52 wks      | 52 wks       | 4 wks                      | 12 wks     | 52 wks     |
| Off-Trade                                   |              |              |              |              |              |              |             |             |             |              |                            |            |            |
| AB InBev                                    | -2.5%        | -3.0%        | -1.3%        | -3.9%        | -4.3%        | -2.6%        | 1.4%        | 1.3%        | 1.3%        | 30.8%        | -17                        | -17        | -23        |
| Molson Coors                                | -5.4%        | -5.5%        | -4.7%        | -6.5%        | -6.8%        | -6.3%        | 1.2%        | 1.3%        | 1.7%        | 17.5%        | -62                        | -55        | -76        |
| Constellation Brands                        | 2.0%         | 0.7%         | 4.8%         | 0.1%         | -1.0%        | 3.4%         | 1.8%        | 1.7%        | 1.4%        | 20.4%        | 80                         | 64         | 104        |
| Mark Anthony Brands                         | 1.7%         | 1.4%         | 2.2%         | -0.7%        | -1.2%        | -0.2%        | 2.5%        | 2.6%        | 2.4%        | 6.5%         | 23                         | 25         | 17         |
| Boston Beer                                 | -2.8%        | -3.0%        | -2.6%        | -4.6%        | -4.9%        | -4.6%        | 1.9%        | 2.0%        | 2.1%        | 5.0%         | -4                         | -2         | -10        |
| Heineken                                    | -6.8%        | -7.6%        | -4.6%        | -6.8%        | -8.1%        | -5.6%        | -0.0%       | 0.6%        | 1.1%        | 3.5%         | -18                        | -19        | -15        |
| Diageo                                      | 4.2%         | 1.7%         | 2.0%         | 2.2%         | -0.4%        | 0.1%         | 2.0%        | 2.1%        | 1.9%        | 1.8%         | 10                         | 8          | 4          |
| Pabst                                       | -7.6%        | -8.9%        | -6.3%        | -9.2%        | -10.7%       | -7.1%        | 1.8%        | 2.0%        | 0.9%        | 1.3%         | -7                         | -8         | -8         |
| <b>Total Craft Beer</b>                     | <b>-5.9%</b> | <b>-5.3%</b> | <b>-3.6%</b> | <b>-7.8%</b> | <b>-7.2%</b> | <b>-5.6%</b> | <b>2.1%</b> | <b>2.1%</b> | <b>2.1%</b> | <b>9.9%</b>  | <b>-40</b>                 | <b>-29</b> | <b>-32</b> |
| <b>Total Imported Beer</b>                  | <b>0.6%</b>  | <b>-0.6%</b> | <b>3.1%</b>  | <b>-1.2%</b> | <b>-2.3%</b> | <b>1.5%</b>  | <b>1.8%</b> | <b>1.7%</b> | <b>1.5%</b> | <b>24.7%</b> | <b>63</b>                  | <b>46</b>  | <b>86</b>  |
| <b>Total Beer</b>                           | <b>-2.3%</b> | <b>-2.9%</b> | <b>-0.8%</b> | <b>-4.0%</b> | <b>-4.6%</b> | <b>-2.7%</b> | <b>1.8%</b> | <b>1.7%</b> | <b>1.9%</b> | <b>80.8%</b> | <b>-28</b>                 | <b>-34</b> | <b>-19</b> |
| <b>Total Beer, FMB, Cider &amp; Seltzer</b> | <b>-2.0%</b> | <b>-2.5%</b> | <b>-0.5%</b> | <b>-3.8%</b> | <b>-4.3%</b> | <b>-2.5%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>2.1%</b> |              |                            |            |            |

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Source: Citi Research, Nielsen

Figure 20. EU Beer industry summary by company - latest 4-wks ending 20<sup>th</sup> April 2025

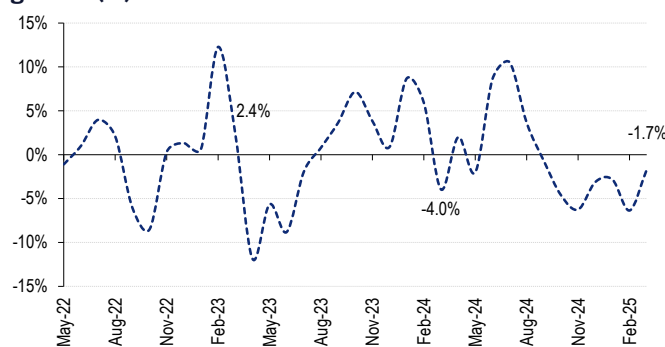
| Beer - Total EU      | Value %      |              |              | Volume %     |              |              | Price Mix %  |              |              | \$ share %   | \$ share (Bp. change YoY) |            |            |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|------------|------------|
|                      | 4 wk         | 12 wk        | 52 wk        | 4 wk         | 12 wk        | 52 wk        | 4 wk         | 12 wk        | 52 wk        | 52 W MAT     | 4 wk                      | 12 wk      | 52 wk      |
| <b>AB InBev</b>      | <b>5.2%</b>  | <b>1.0%</b>  | <b>-1.0%</b> | <b>6.1%</b>  | <b>0.9%</b>  | <b>-1.8%</b> | <b>-0.9%</b> | <b>0.1%</b>  | <b>0.8%</b>  | <b>16.3%</b> | <b>56</b>                 | <b>33</b>  | <b>-7</b>  |
| Budweiser brand      | 4.1%         | -0.9%        | -4.8%        | 2.2%         | 0.1%         | -4.4%        | 1.9%         | -1.0%        | -0.4%        | 1.7%         | 4                         | 0          | -7         |
| Stella Artois brand  | 4.4%         | 1.5%         | -2.0%        | 2.1%         | 0.7%         | -3.0%        | 2.3%         | 0.8%         | 1.0%         | 3.0%         | 8                         | 8          | -4         |
| Corona brand         | 18.6%        | 12.1%        | 7.0%         | 21.2%        | 14.2%        | 8.7%         | -2.1%        | -1.9%        | -1.6%        | 2.3%         | 35                        | 25         | 16         |
| <b>Heineken</b>      | <b>-1.7%</b> | <b>-2.7%</b> | <b>0.1%</b>  | <b>-3.9%</b> | <b>-4.5%</b> | <b>-0.0%</b> | <b>2.3%</b>  | <b>1.9%</b>  | <b>0.2%</b>  | <b>18.8%</b> | <b>-63</b>                | <b>-31</b> | <b>13</b>  |
| Heineken brand       | -1.0%        | -3.1%        | 0.2%         | -2.3%        | -4.4%        | 0.8%         | 1.3%         | 1.3%         | -0.6%        | 5.3%         | -14                       | -11        | 4          |
| <b>Carlsberg</b>     | <b>4.6%</b>  | <b>-0.9%</b> | <b>-3.6%</b> | <b>6.0%</b>  | <b>0.1%</b>  | <b>-3.0%</b> | <b>-1.4%</b> | <b>-1.0%</b> | <b>-0.6%</b> | <b>7.1%</b>  | <b>20</b>                 | <b>1</b>   | <b>-22</b> |
| 1664                 | 14.8%        | 5.0%         | -1.0%        | 18.3%        | 7.9%         | -0.2%        | -3.0%        | -2.7%        | -0.8%        | 2.0%         | 23                        | 11         | -1         |
| <b>Private label</b> | <b>-1.1%</b> | <b>-3.7%</b> | <b>-3.5%</b> | <b>-1.4%</b> | <b>-3.2%</b> | <b>-2.8%</b> | <b>0.3%</b>  | <b>-0.5%</b> | <b>-0.8%</b> | <b>7.9%</b>  | <b>-22</b>                | <b>-22</b> | <b>-24</b> |
| <b>Total EU Beer</b> | <b>1.7%</b>  | <b>-1.0%</b> | <b>-0.6%</b> | <b>0.3%</b>  | <b>-2.6%</b> | <b>-1.7%</b> | <b>1.5%</b>  | <b>1.6%</b>  | <b>1.1%</b>  |              |                           |            |            |

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Source: Citi Research, Nielsen

### Brazil alcoholic beverage production data

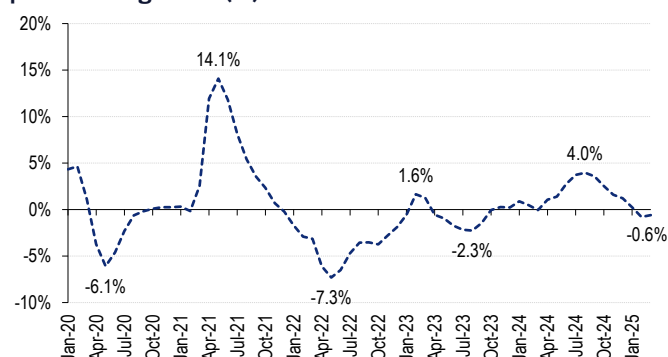
Figure 21. Brazil - monthly alcoholic beverage production growth (%)



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Source: Citi Research, IGBE

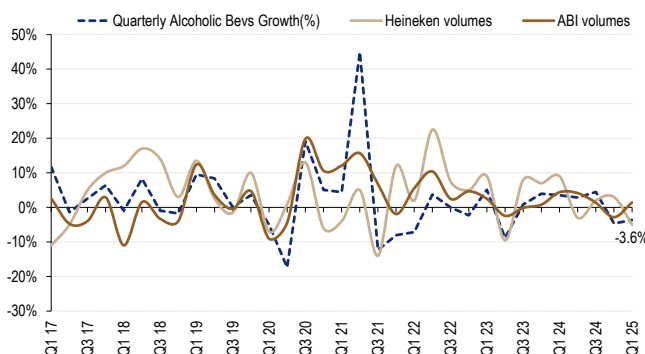
Figure 22. Brazil - 12-mth rolling alcoholic beverage production growth (%)



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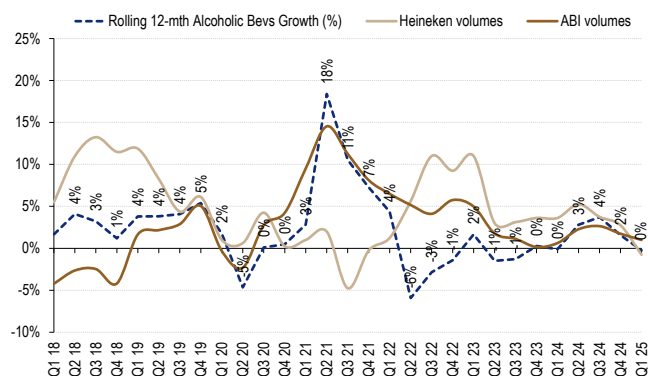
Source: Citi Research, IGBE

**Figure 23. Brazil - quarterly alcoholic beverage production growth (%) vs Heineken & ABInBev volume growth (%)**



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Source: Citi Research, IGBE, Company Reports

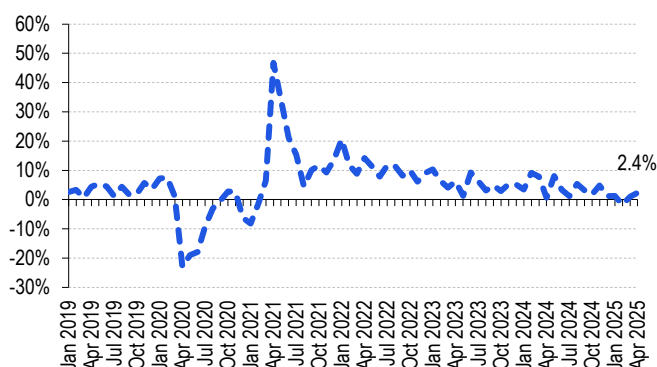
**Figure 24. Brazil - 12-mth rolling alcoholic beverage production growth (%) vs Heineken & ABInBev volume growth (%)**



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Source: Citi Research, IGBE, Company Reports

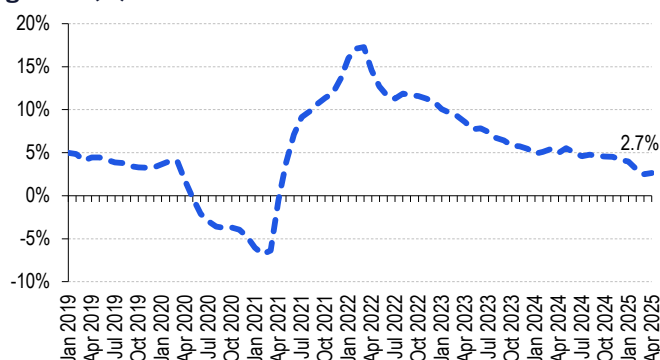
## Mexico retail sales data

**Figure 25. Mexico - monthly general retail sales growth (%)**



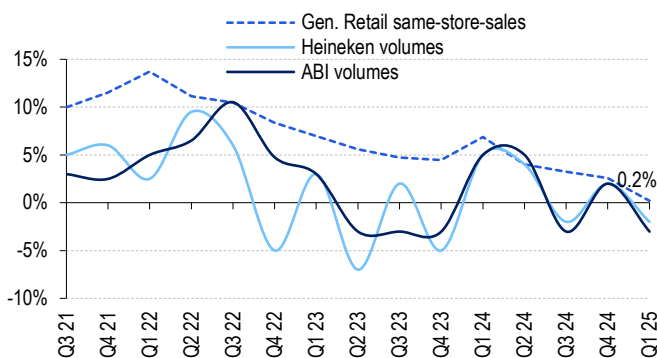
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Source: Citi Research, ANTAD

**Figure 26. Mexico - 12-mth rolling general retail sales growth (%)**



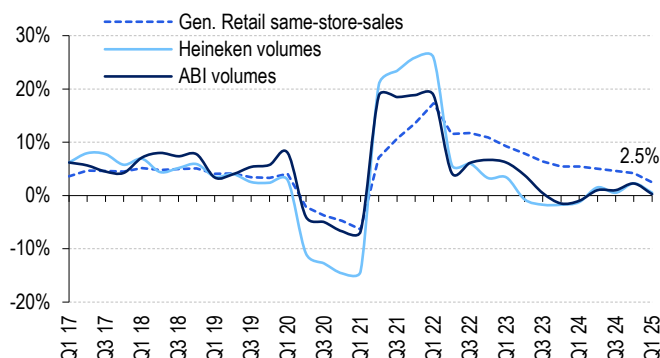
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Source: Citi Research, ANTAD

**Figure 27. Mexico - quarterly general retail sales growth (%) vs Heineken & ABInBev volume growth (%)**



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Source: Citi Research, ANTAD, Company Reports

**Figure 28. Mexico - 12-mth rolling general retail sales growth (%) vs Heineken & ABInBev volume growth (%)**



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Source: Citi Research, ANTAD, Company Reports

## AB-InBev (ABI.BR)

Buy | TP €71.00 | Price €60.74 (21 May 25 17:30)

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### Key questions & guidance

#### Short-term – what are the key questions?

- Can you talk a bit on current trading in Q2-to-date? What have been the main callouts from a current trading standpoint?
- Tariffs are obviously a key topic and although you have minimal direct exposure to US import tariffs given your local production footprint, how are you thinking about the second-order effects on some of your key markets?
- Your US business has seen a notable repositioning in recent years in the wake of the Bud Light situation. Can you give some context to how you have repositioned the portfolio and what you see as the key drivers of performance in the US?
- Can you talk to current momentum for Busch Light and Michelob Ultra? How is Bud Light performing and to what extent do you expect the brand to recover? At what level of share are you expecting to stabilise in the mid-term?
- Still on the US, you clearly stepped up your focus on cost control in the US. What have been the key drivers of this? Given you have now lapped the wholesaler support measures in the US and as such the EBITDA base going forward is normalized, how should we think about opportunities for further cost management and efficiencies for FY25/26E?
- Can you take a step back on the US business and outline your strategy going forward given the changes you have seen in recent years?
- Moving on from the US, can you speak to the current trading in China? Q1 volumes were down -9%, and although this is weak, it was a sequential improvement on Q4. Are you able to talk to current trading in Q2-to-date and whether you have seen a continued improvement?
- Can you talk to the channel mix in China, given on-trade has been under more pressure due to the tough macro backdrop while the off-trade has seen relatively more support? What are you doing on the ground to capture the shifting momentum into the off-trade channel? Are you expanding into the off-trade more than you have previously?
- Still on China but moving to talk about geographic mix, can you comment on the regional performances with Central/West outperforming the East? How does this impact your business? What are you doing to mitigate these headwinds?
- Can you comment to the product mix development in China, with premium under more pressure? How is your portfolio positioned in China and how do you expect FY25E to play out for premium?
- How important has the roll-out and adoption of the BEES platform been in capturing demand as China?

- Can you comment on your South American markets and trading in Q2-to-date? What are the main markets to call out? How should we think about FY25 from a volume standpoint? Can you also talk to the pricing environment in key South American markets?
- In Brazil, can you talk to the pricing competition you are seeing in the market and how your volumes are performing across the price segments?
- Can you talk to the ongoing success of BEES in Brazil and latest digital initiatives you have pushed? How is momentum for Ze Delivery developing?
- Is there anything to call out from the tax environment in Brazil given there have been moving parts around tax reforms in recent years and IOC/state tax changes? Are there any key developments we should be keeping an eye on?
- Mexico volumes in Q1 were down LSD which was in-part driven by calendar differences. Can you comment on Q2 trading and your expectations for the remainder of FY25E?
- Can you talk to the consumer environment in Mexico and whether you are seeing any meaningful macro headwinds? Are you able to pick out some key brand performances?
- Looking to Europe, can you comment on the state of the consumer and what has been driving your relative outperformance?
- How are you thinking about Q2/Q3 in Europe given it is a key trading period for the region and you are lapping soft weather comps? How has momentum been in April/May so far across your key markets?
- More broadly, can you comment on any events in FY25 across your global portfolio and any key activations you are planning?
- Elsewhere, are there any major areas to call out from a trading standpoint that are particularly strong or weak? Or are there any areas where the underlying trends have changed noticeably from FY24?
- Can you talk about Michelob Ultra and how the various market launches have been performing?
- Are you able to talk to the pricing landscape in FY25E and what your expectations are? When can we expect to see pricing being taken and is this likely to be broad-based or selective? Are you able to give a rough ballpark of where you see pricing ending up? Is it fair to assume LSD%?
- How do you think about the prospects for COGS deflation in FY25E? Where are you seeing easing COGS headwinds and are there any key pressure points to call out where you are still seeing elevated prices? How important a driver will transactional FX moves be to LatAm margin moves over the next 12-months?
- Can you talk about the success of Cutwater Spirits? Who is the core consumer? What's the occasion? What is the opportunity for the brand outside the US?
- What else is coming through the pipeline in US to pick-up slack when pre-mixed cocktails inevitably roll-over like Hard Seltzers have? How quickly can you innovate and get to market now?

- Are you able to comment on your capital allocation priorities and the outlook for share buybacks going forward?
- Can you comment on the scope for increasing capital returns in 2025 given you have now completed c.90% of your \$2bn buyback programme? Can you comment on the recent pick-up in the run-rate and whether we can expect an additional programme before October?
- Can we expect buybacks going forward to be of a similar magnitude and with a degree of regularity or is the near-term focus the potential for greater participation in any further placing by Altria?

**Medium/long-term – what are the key questions?**

- What are the main factors underpinning your organic EBITDA growth guidance of +4% to +8%? How do we think about volume vs. value driven growth?
- You're clearly prioritising further expansion into the Beyond Beer category to drive growth as well as access more drinking occasions. You indicated that the Beyond Beer segment currently accounted for around c.\$1.5bn or c.3% of group revenue. How big could this category become for you on a 3-to-5-year view?
- Michel Doukeris (CEO) talked at the investor seminar last September about how beer was gaining share of total beverage alcohol globally, driven by Emerging Market trends. That dynamic is much less clear in Developed Markets. Can you stabilise your volume and value share position relative to wines and spirits in major Developed Market like the US on a sustainable basis going forward?
- LatAm volumes have been strong for a while. What is driving the share of throat gains you've been seeing in those markets and how confident are you in the sustainability of volume growth going forward and the affordability of beer in EMs?
- Digital transformation is clearly an area you've been investing in and building expertise in for a while. It appears that you have some industry lead capabilities. Which areas do you think need more work and where do you already think you have a competitive advantage and how should we think about overall levels of digital investment going forward? Stable, increasing as a percent of sales?
- As you continue the rollout of the BEES system, does that require incremental investment as you move into new markets or is it just as simple as turning it on in new territories? Are the potential benefits of BEES from a customer and volume/value uplift standpoint as significant in Developed Markets as they have been across Emerging Markets in areas like LatAm?
- BEES marketplace revenues are clearly dilutive to margins. How much bigger will BEES need to get in Revenue terms before you'll consider breaking it out?
- You've clearly done a lot of work on your digital transformation agenda in many different parts of your business. Can you talk a little more about the additional B2B tools within the BEEs platform especially the provision of banking services to your customers?
- In Brazil, how do you go about getting your fair share of the premium segment? Heineken has really made significant headway and gains in this area in recent years. Can you catch-up?

- How many markets are you in worldwide with Ze Delivery/Ta Da and what proportion of your volume footprint could this business potentially cover overtime?
- You've flagged the opportunity to continue to drive growth in China in the premium and super-premium segment of the beer market going forward driven by the growth of the middle-class population. How do you think about the levels of growth between those 2 segments with competition intensifying in premium? CRB in partnership with Heineken are rolling out their premium portfolio aggressively? Are you seeing any pressure on Budweiser consumption occasions from Heineken? What is your current share of premium and super-premium?
- What do you see as key opportunities within ABInBev from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the beer industry?

#### Latest guidance

Figure 29. ABInBev - guidance summary table with Citi & consensus estimates

| Guidance - FY25 (as of Q125 results - May-25) |                    | Citi  | Consensus |
|-----------------------------------------------|--------------------|-------|-----------|
| Metric                                        | Summary            |       |           |
| Organic EBITDA growth                         | Between +4% to +8% | 6.6%  | 6.2%      |
| Net finance costs                             | Coupon c.4.0%      | 3.9%  | -         |
| Effective tax rate                            | Between 26% to 28% | 26.8% | 25.7%     |
| Net capex                                     | \$3.5 - \$4.0bn    | 3,793 | 3,848     |

| Medium-term guidance  |                    | Citi    | Consensus |
|-----------------------|--------------------|---------|-----------|
| Metric                | Summary            | 2025-27 | 2025-27   |
| Organic EBITDA growth | Between +4% to +8% | 6.6%    | 6.3%      |

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Source: Citi Research, Company Reports, Visible Alpha

#### Key charts

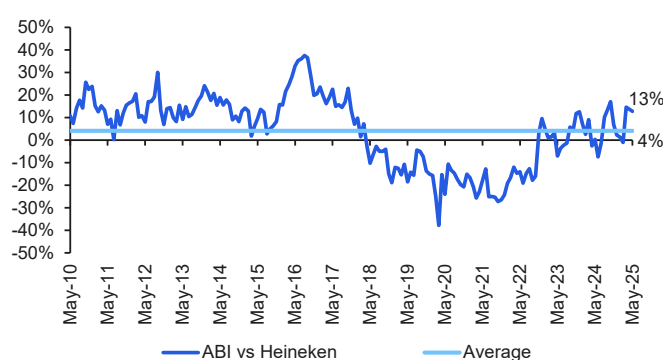
Figure 30. ABInBev 12-mth fwd PE vs European Staples



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Source: Citi Research, DataStream

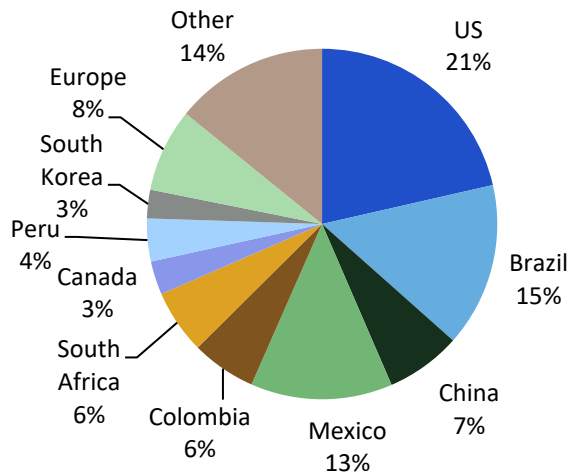
Figure 31. ABInBev 12-mth fwd PE vs Heineken



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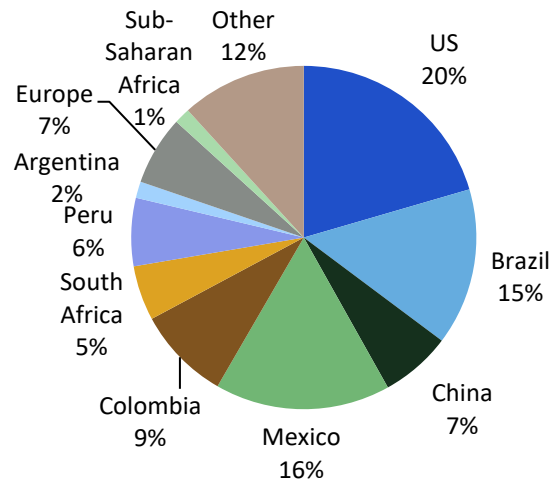
Source: Citi Research, DataStream

Figure 32. ABInBev sales split by country - 2024



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Source: Citi Research, Company Reports

Figure 33. ABInBev EBITDA split by country - 2024



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Source: Citi Research, Company Reports

# Carlsberg (CARLb.CO)

Buy | TP Dkr1,040.00 | Price Dkr938.80 (21 May 25 17:00)

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## Key questions & guidance

### Short-term – what are the key questions?

- Can you comment on current underlying trends across your key markets? Is there anything to call out since Q1 results from a current trading standpoint? How has momentum been across March/April combined relative to last year?
- Tariffs are obviously a key topic and although you have minimal direct exposure to US import tariffs, how are you thinking about the second-order effects on some of your key markets?
- Can we talk about China and the current consumer environment you are seeing there? Q1 was better than many expected with c.2% volume growth in a market down LSD. Can you talk to the key drivers of this outperformance and how you see the remainder of FY25 playing out in China?
- You have relatively consistently managed to outperform the industry in China by c.4-5ppts over the past couple of years. Can you comment on the drivers behind your consistency in delivery in China?
- Can you comment on inventory levels in China and how the summer sell-in has been in April/May? Is there anything to call out from a wholesaler stock standpoint?
- Can you comment to your regional performances within China and where you have seen growth coming from? How have Big Cities performed relative to the rest of the country and how have you targeted growth in these markets?
- Can you flesh out how premium has performed relative to mainstream? And within that, which brands have been the standout performers and which have seen more subdued momentum?
- Regarding channel performance, are you able to flesh out how the on-trade has been performing and can you comment on your move to prioritise the off-trade given the current weaker consumer environment?
- Still on China, can you comment on your strategy to go deeper into existing cities? What are you planning to do in key cities to solidify market share gains? How should we think about further expansion into new cities?
- How are premiumisation trends holding up in India? Are you able to comment on the strength of the consumer and the significance of India as a key growth engine for you in the short-term? What brands are driving growth?
- How should we think about India in the near-term given you now have full control of the business? What are the near-term focuses?
- Can you comment on capacity in the near-term in India and whether there are any constraints currently? Are you able to give some colour on capex plans to cater for solid market growth?

- In Vietnam, you over-index in mainstream which has clearly benefitted from the macro slowdown, although Q1 saw weaker momentum in Central Vietnam where you have a strong presence. Are you able to give some background to the weaker Q1 and what the main drivers behind that were? How do you see the remainder of FY25E playing out?
- Still on Vietnam, can you comment to the different trends you are seeing across the country and how this impacts your business? What are you doing to expand your presence in the south?
- In both Vietnam and India, can you comment on the favourable demographics of both markets and how these play into your mid-term growth algorithm?
- Again, for both Vietnam and India, can you talk to the competitive environment you are seeing in these markets and comment on the level of promo intensity?
- Elsewhere in Asia, is there anything to call out on other markets such as Laos and Cambodia? Why has there been such weakness in the Cambodia soft drinks business?
- Are you able to talk about the competitive environment in Cambodia and the increased competition you are seeing from local players?
- In Central & Eastern Europe, can you comment on your expectations across key markets as consumer pressure persists but perhaps may see some moderation?
- Are you expecting a meaningful degree of divergence across your Europe footprint?
- Kazakhstan was notably weak in Q1; are you able to comment on the business there and what we can expect in the remaining 9-mths of 2025 and how we should think about portfolio optimization?
- Can you comment on Western Europe and your outlook for FY25E? Q1 was impacted by the loss of San Miguel and other technical headwinds, but with soft weather comps ahead, how should we think about the growth trajectory as we head through the quarters?
- In the UK, can you comment on the extent to which you will be able to fill the void lost from San Miguel? What are you doing on the ground to mitigate the impact with brands such as Brooklyn, Poretti and 1664? What is the timeline for you to recover the lost volumes?
- Still on the UK, can you comment on the Britvic UK performance in Q1?
- For Britvic ex UK, Q1 performance was more mixed with some contract exits in France and some changes to the wider International business. Are you able to give some colour on the early decisions you have made with Britvic and your rationale for the changes?
- More generally on Britvic, can you talk about the strategic logic behind the acquisition and how this fits with your 4-6% mid-term group OSG growth targets? What, in your view, is the mid-term growth algorithm for the business and what are the key drivers?
- What areas of revenue synergy opportunity do you see between Carlsberg and Britvic?

- Elsewhere, within Western Europe, volumes in the Nordics in Q1 were flat; are you able to comment on underlying trends across the Nordic markets and to what extent you have seen an impact from US brand boycotting in Denmark on your Coke business?
- On France, how should we think about the recovery there and what are you doing to regain momentum after a difficult 2024?
- Is there anything else to call out on specific markets? How is momentum in Poland and Switzerland?
- Can you talk to your pricing strategy for FY25E? Where are you with pricing negotiations as of Q1? How have conversations been so far?
- Can we talk about COGS and what you are seeing in terms of commodity prices and more generally input costs? You said at the Q1 print that you expect commodity inflation to be flat-ish and that you are c.85% hedged for FY25. How should we think about the moving parts for FY25/26E?
- Can you talk to the puts and takes for the +1-5% organic EBIT growth guidance for FY25E? What assumptions are you baking in around China, Vietnam macro etc.?
- Can you talk to your LNA performance and what has been the driving components behind the business? Where are the key opportunities for growth?
- Can you talk to your near-term capex plans and what your major capacity expansion projects are currently? How are you expanding in China? How will you address the supply chain in India?

#### **Medium/long-term – what are the key questions?**

- At FY23 results you updated your mid-term guidance to organic revenue growth of +4% to +6% (previously +3% to +5%) with organic operating profit to grow ahead. What gives you confidence in achieving this and what were the key drivers behind the upgraded metrics from the existing Sail '27 framework?
- What are the key areas of difference when it comes to the core drivers behind the mid-term growth targets relative to the previous Sail '27 framework?
- What is a reasonable run-rate of volume growth in the mid-term? How can we expect the make-up of the +4% to +6% top-line growth in terms of volumes vs price/mix?
- With the new mid-term targets, you are now leading the market in terms of European growth outlook. Can you comment on your competitive edge and why you believe you can outperform your peers in Europe?
- Can you comment on your partnership with PepsiCo and how you expect this relationship to develop in the mid-term? You announced the new partnership in Kazakhstan and Kyrgyzstan in September; can we expect further geographies to come into play in the coming years? Can you talk to the benefits of partnering with PepsiCo and why Carlsberg stands out as a bottler-of-choice?
- Can you give more colour on your Beyond Beer strategy and how you see that panning out in the mid-term? Would you consider M&A outside of the beer category like some of your peers have/are doing, e.g. in wine & spirits?

- You have earmarked China, India and Vietnam as three key pillars behind mid-term growth. Can you go into detail on each market and expand on the opportunities you see for meaningful growth?
- What do you think is the right level of sustainable volume growth for your Chinese business over the next 3 to 5 years? Talk a little about the building blocks of that growth rate between your local brands like Wuzu and international premium brands? What risks do you see to this strategy from the roll-out of Heineken by the Heineken/CRE JV? How much further has your 'Big City Strategy' got to run in the market?
- Talk about the investment you've made in IT systems in recent years, the success of Carl's Shop from a B2B standpoint? How have you enhanced your consumer analytic tools? What more needs to be done in these areas? Where do you think you're lagging peers or ahead of other FMCGs? Which regions/markets are ahead/behind the curve in this regard?
- The DraughtMaster roll-out was clearly impacted by the pandemic. How big an opportunity do you think is yet to be realised from this initiative? What proportion of your outlets currently use DraughtMaster technology?
- Looking to the longer-term, maybe 3-5 years forward plus, what category or growth opportunity or market are you most excited about in the business and perhaps in your mind isn't getting its fair share of attention when you talk to investors and analysts?
- Similarly, what does taking control of the Kronenbourg brand in the UK add to your business there medium-term?
- What do you see as key opportunities within Carlsberg from the adoption of generative AI and AI more broadly? Associated with that, what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the beer industry?

#### Latest guidance

**Figure 34. Carlsberg – guidance summary table with Citi & consensus estimates**

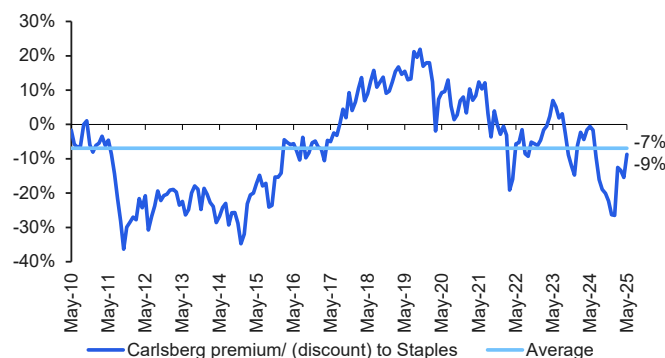
| Guidance - FY25 (as of Q1 25 results - Apr-25) |                                                                                                                       | Citi    | Consensus |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------|-----------|
| Metric                                         | Summary                                                                                                               |         |           |
| Organic EBIT                                   | Organic operating profit growth of 1-5% (inc San Miguel impact)                                                       | 2.9%    | 3.5%      |
| FX                                             | Translation impact of around DKK -200m for the full year (excluding the impact of hyperinflation accounting in Laos). | -203    | -235      |
| Financial expenses                             | Net finance costs (excluding FX): DKK -2.5bn. This includes assumption around BVIC refinancing                        | -2,531  | -2,530    |
| Effective tax rate                             | c. 23%                                                                                                                | 23.0%   | 22.3%     |
| Capex                                          | Capital expenditures: around DKK 7-8bn                                                                                | 5,649   | 7,113     |
| Medium-term guidance (Accelerate SAIL)         |                                                                                                                       | Citi    | Consensus |
| Metric                                         | Summary                                                                                                               | 2025-28 | 2025-28   |
| OSG                                            | 4% to 6% CAGR                                                                                                         | 3.2%    | 3.5%      |
| Organic EBIT growth                            | Organic EBIT growth ahead of revenue growth                                                                           | 5.9%    | 6.4%      |

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Source: Citi Research, Company Reports, Visible Alpha

## Key charts

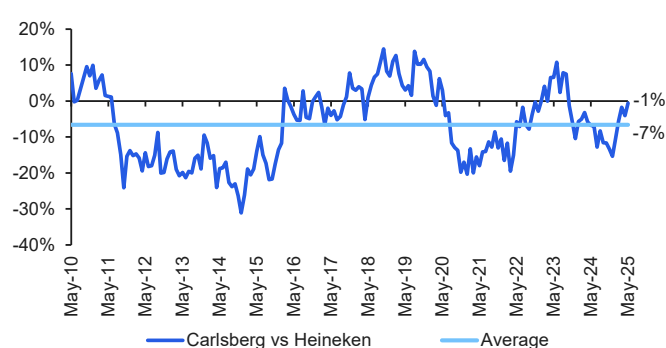
**Figure 35. Carlsberg 12-mth fwd PE vs European Staples**



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Source: Citi Research, DataStream

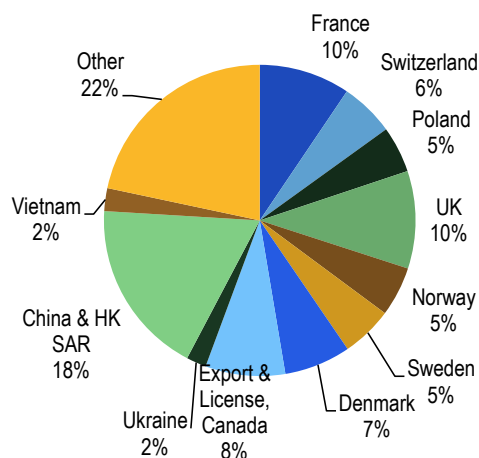
**Figure 36. Carlsberg 12-mth fwd PE vs Heineken**



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Source: Citi Research, DataStream

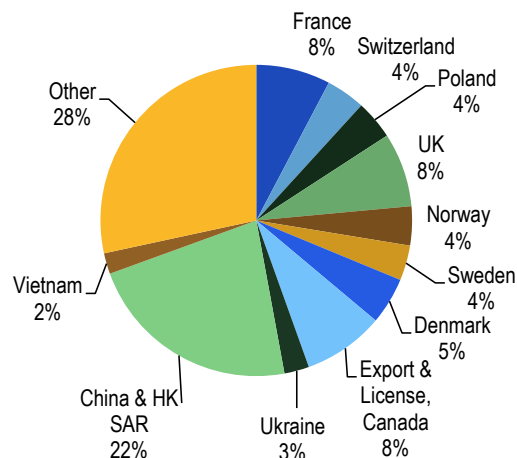
**Figure 37. Carlsberg sales split by country - 2024**



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Source: Citi Research, Company Reports

**Figure 38. Carlsberg EBIT split by country - 2024**



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Source: Citi Research, Company Reports

# Heineken (HEIN.AS)

Buy | TP €90.00 | Price €78.76 (21 May 25 16:30)

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## Key questions & guidance

### Short-term – what are the key questions?

- Can you talk us through the puts and takes to either end of your +4% to +8% EBIT growth guidance range? What are the key determinants in reaching the upper or lower end?
- Can you talk us through your strategic thinking around sales and marketing investments in the near-term? Can you talk us through the priorities around short-term margin performance and long-term return from higher investments?
- Can you talk about transactional FX and the importance within your EBIT growth guidance? What are the main moving parts behind the transactional FX impact?
- Can you remind us of where you are with your commodity hedges for 2025 and 2026?
- Can you talk a bit on current trading in Q2-to-date? Are there any markets or brands to call out from a current trading standpoint?
- Which regions do you think will be the key drivers of group top-line delivery for FY25E? Is volume going to be a bigger driver of growth? How do we think about volume momentum into Q2/H2?
- In Europe, Q1 was evidently impacted by the later Easter and the loss of one selling day. Can you comment on trading in April/May and how momentum compares to 2024 when adjusting for the Easter timing?
- Summer weather trends in both 2023 and 2024 were unsupportive and you are lapping relatively soft comps as we move through Q2/Q3. Can you comment on weather trends in April/May so far and to what extent these have been supportive? Are you planning any major brand activations this summer?
- Weather aside, can you comment on the state of the consumer in Europe and the underlying trends you are seeing around consumption and premiumisation?
- Can you provide some colour behind the latest European Nielsen data which saw a notable slowdown in both France and Spain? What were the drivers behind this?
- Can you comment on current trading in France, and also comment on retailer discussions on pricing which you flagged caused some short-term disruptions at the Q1 print? Have these been resolved and how are you thinking about your France business for the remainder of FY25E?
- Cruzcampo has had an impressive rise in the UK; can you talk to the driving factors behind its success and whether there are other key markets to keep an eye on for the brand?
- Are there any other markets in Europe you would like to call out from a current trading standpoint?

- Can we talk about Vietnam and the underlying trends you are seeing there? Q1 was strong, driven by a solid TET performance. Can you flesh out the moving parts behind the mid-teens volume growth? How has the on-trade performed relative to the off-trade?
- How has your performance in premium/mainstream been in Vietnam? How has the group performed in Q2-to-date? What about the competitive situation? Can you talk to the promo environment and your performance relative to Carlsberg?
- Can you provide some colour on macro trends in Vietnam in what has been a volatile economic backdrop? How should we be thinking about second-order effects from US tariffs?
- Are you happy with current inventory levels in Vietnam and what is your outlook for FY25E?
- Elsewhere in Asia, are there any major call outs? Can you comment on the current trading in China and India?
- In India, you said at Q1 that your underperformance relative to the market was in part driven by the pause in production in one of the major states. Can you flesh out the supply chain situation in India and whether you expect constraints to continue through the remainder of FY25E?
- Can you talk generally to the India business in the short-term and how you are targeting capex in what is a difficult operating environment?
- Aside from supply headwinds in India, can you comment on the underlying trends you are seeing and talk to the premiumisation opportunity in the market?
- On China can you help us understand the impact China is having on the P&L now please? Is the JV now starting to contribute more meaningfully to EBIT both via the license arrangement as well as associates?
- Can you talk to the performance of the Heineken brand in China and how you see your footprint in CRB outlets developing in the near-term?
- In the Americas, can you comment on recent trends in key markets Brazil and Mexico? Can you talk about your performance relative to each market? How is the premium portfolio performing?
- Tariffs are obviously a key topic and although you have minimal direct exposure to US import tariffs, how are you thinking about the second-order effects on some of your key markets?
- Can you add some colour to the tax environment in Brazil given there have been some moving parts in recent years?
- What has been the impact from increased promo intensity in the economy segment from Petropolis? Why does it appear that you are being impacted harder by this competitive environment than ABInBev?
- Can you talk about the pricing environment in Brazil? How is the promo intensity in the economy segment faring?
- In Brazil, brand Heineken and Amstel have been strong growth drivers for you. Can you comment on Q2 trading to-date and how much room for growth there

is for these brands? What have been the driving factors behind the rise in these brands?

- Can you comment on current trading in the US?
- What are the current underlying market trends in Nigeria and South Africa? Can you provide some colour on these markets and how you see FY25 developing?
- In South Africa, can you explain the weaker current trading within the beer business? How has the integration of Distell meant that you have underperformed within your original beer business? What are you doing to turn around the recent underperformance?
- Are you able to talk us through the moving parts of the Nigerian Breweries rights issue last year and your rationale for participating in that? What will this mean for below the line other financial charges?
- Are there any other key markets to comment on? Ethiopia, South-East Asia, other LatAm markets?
- Can you comment on pricing in FY25E? Where are you with pricing negotiations across your footprint?
- Can you talk to current trading in the pub business in the UK? What are the key trends to be aware of?
- Moreover, can you comment on your commitment to invest c.£40m into Star Pubs in 2025? What are the key focal areas?
- Can we focus in on some of the brands you are most excited about within your portfolio? Cruzcampo has been a strong performer recently; can you talk to the drivers behind the success here? What other brands are you excited about in your portfolio for the short-term?
- Can you talk to Heineken 0.0 and how trading momentum has been year-to-date? How is the brand performing in the US?
- Can you comment on the Evergreen programme (this is the strategy aiming to deliver superior and balanced growth) and add some colour (quantitative and or qualitative) as to the efficiencies you hope to gain in F25E? What are going to be the key focus areas to drive cost savings?
- Talk about how corporate culture has evolved to date as a function of the Evergreen programme?
- Can you talk to the Distell acquisition and what the vision is for the company under your ownership? What have you been doing since the acquisition and what impact is the operation having on your broader business?

#### **Medium/long-term – what are the key questions?**

- You set out your Evergreen 2025 strategy at the group Capital Markets Day in December 2022. Can we go into a bit more detail on some of the initiatives you're undertaking to deliver on your mid-term targets?
  - How important a role will digitalisation have in this process?

- Can you talk to the level of reinvestment we can expect to see from the cost savings?
- Carlsberg increased organic sales growth guidance of +4% to +6% in early 2024. Do you believe this is a level that Heineken can also achieve? What sets you above competition in the mid-term and why is Heineken more attractive than peers to deliver on mid-term growth?
- Can you talk about your mid-term vision for Heineken Silver? How important do you expect the brand to be to the group? Is it cannibalising the Heineken brand?
- What are you most excited about from the changes the Evergreen programme has/is making to the group? Is it the on-going strength of the Heineken brand, O.O., beyond beer products?
- Talk about the investment you've made in IT systems in recent years? What more needs to be done in this area, particularly in a post-COVID 'new normal' trading environment? Where do you think you're lagging peers or ahead of other FMCGs? Which regions/markets are ahead/behind the curve in this regard?
- Can you talk about your view on current key growth markets, such as Brazil, Mexico, Vietnam and how you see these markets developing in the mid-term? What trends or consumption patterns do you expect as these markets begin to mature?
- What do you see as key opportunities within Heineken from the adoption of generative AI and AI more broadly? Associated with that, what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the beer industry?
- Looking to the longer-term, maybe 3-5 years forward plus, what category or growth opportunity or market are you most excited about in the business and perhaps in your mind isn't getting its fair share of attention when you talk to investors and analysts?

#### Latest guidance

**Figure 39. Heineken - guidance summary table with Citi & consensus estimates**

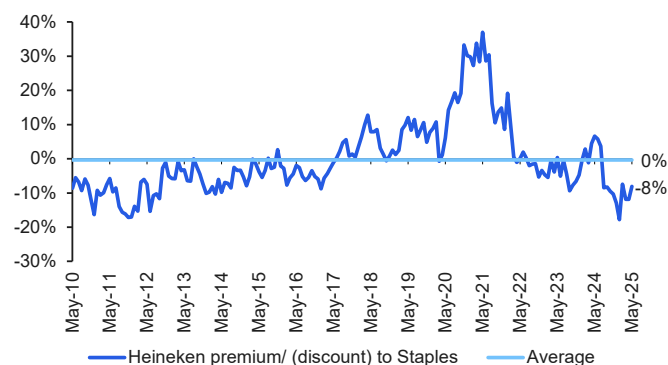
| Guidance - FY25 (as of Q1 25 results - Apr-25) |                                                                                                             | Citi   | Consensus |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------|-----------|
| <b>Metric</b>                                  | <b>Summary</b>                                                                                              |        |           |
| Operating profit                               | To grow operating profit (beia) organically in the range of a 4-8%                                          | 5.1%   | 5.9%      |
| Input costs                                    | Variable costs to increase MSD on a per hectolitre basis                                                    | 0.1%   | -         |
| Net profit                                     | Net profit (beia) organic growth to be broadly in line with the operating profit (beia) organic growth      | 7.6%   | -         |
| FX                                             | The calculated currency translational impact would be:                                                      |        |           |
| Translation impact on sales                    | c. €1720 million negative impact on net revenue (beia)                                                      | -1,631 | -1,582    |
| Translation impact on EBIT                     | c. €320 million negative impact on operating profit (beia)                                                  | -317   | -302      |
| Translation impact on net profit               | c. €180 million negative impact on net profit (beia)                                                        | -      | -         |
| Interest rate                                  | An average effective interest rate (beia) of c.3.5%                                                         | 3.6%   | -         |
| Tax rate                                       | Effective tax rate (beia) in the range of 27% to 28% (2024: 27.9%)                                          | 28.0%  | 28.0%     |
| Capex                                          | Anticipate maintaining a similar level of capital expenditure this year (2024: 8.2% of net revenue (beia)). | 8.2%   | 7.7%      |
| EverGreen                                      | Aims to deliver at least €400 million of gross savings in 2025                                              | -      | -         |
| <b>Medium-term guidance</b>                    |                                                                                                             |        |           |
| <b>Metric</b>                                  | <b>Summary</b>                                                                                              |        |           |
| Cost savings                                   | €400m in annual gross savings                                                                               |        |           |
| Net debt/EBITDA                                | Committed to net debt / EBITDA ratio of < 2.5x                                                              |        |           |

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Source: Citi Research, Company Reports, Visible Alpha

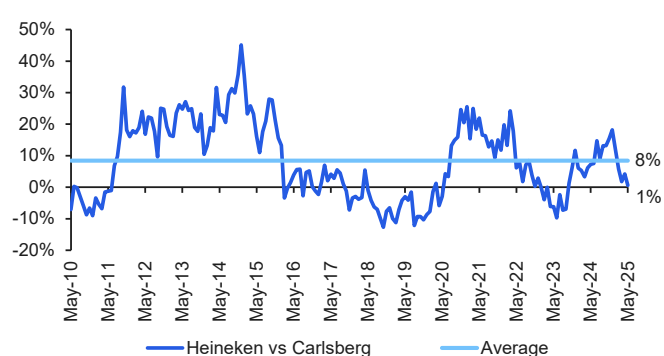
## Key charts

Figure 40. Heineken 12-mth fwd PE vs European Staples



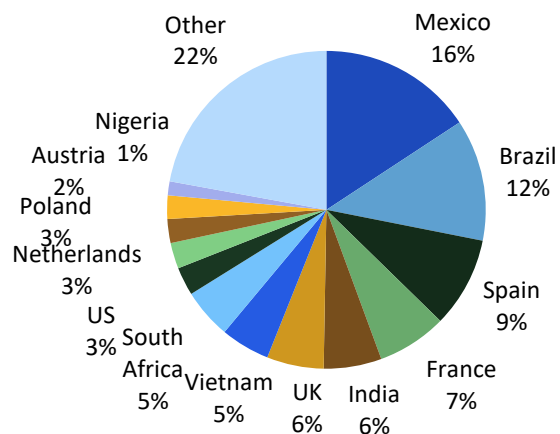
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Source: Citi Research, DataStream

Figure 41. Heineken 12-mth fwd PE vs Carlsberg



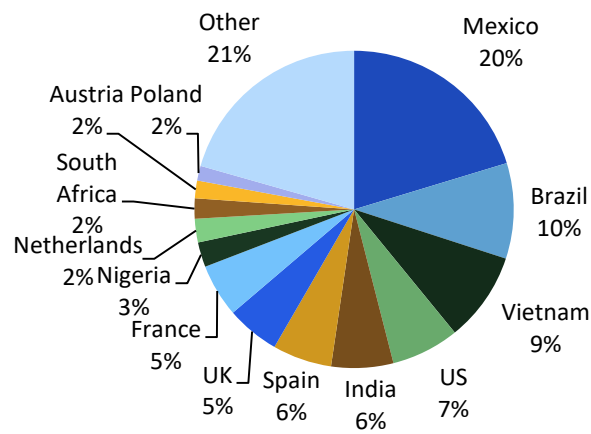
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Figure 42. Heineken sales split by country - 2024



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Source: Citi Research, Company Reports

Figure 43. Heineken EBIT split by country - 2024



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Source: Citi Research, Company Reports

## Royal Unibrew (RBREW.CO)

Neutral | TP Dkr570.00 | Price Dkr542.50 (21 May 25 17:00)

Frederick Wilkinson | [frederick.wilkinson@citi.com](mailto:frederick.wilkinson@citi.com) | +44-20-7986-4036

### Key questions & guidance

#### Short-term – what are the key questions?

- Can you talk a bit on current trading in Q2-to-date - have trends continued in April/May in a similar way to Q1? Can you comment on your share performance across your categories and regions?
- What are the key regions and/or categories which excite you going forward? Where do you think growth will come from in the short-term?
- Can you run us through your Northern European markets and what underlying trends you are seeing there? Are there any areas of particular strength or weakness in terms of current trading?
- Can you talk to the strike in the Finland business in Mar-25? How has this resolved in April/May and to what extent have you seen volumes return?
- You have previously spoken to increased footfall in discounters relative to supermarkets and the negative impact on mix this has had on your business. Is this a trend you are still seeing?
- Can you comment on the on-trade weakness you are still seeing in Northern Europe? Are there any particular markets where this weakness is more pronounced? How are you mitigating the impact from this?
- Can you talk about the acquired local brands from Pernod, and how early integration has been evolving?
- Moving onto Western Europe, can you talk to underlying trends in Italy, which has continued to be a solid market for you after the destocking issues of FY23? How are you positioning your footprint in Italy with regard to branded vs private label?
- San Giorgio has been a very successful acquisition for you in Italy in freeing up capacity across your footprint. Can you give some colour on the key positives from the acquisition and how this has helped alleviate supply chain pressures?
- Still on Italy, can you talk to the current level of inventories? What is the sell in vs sell out dynamic in the market?
- What would you say have been your learnings from the FY23 destocking situation and how are you better placed to deal with a similar scenario going forward?
- Can you comment on your France business and add some colour to the Q1 performance where you highlighted the market was in growth albeit impacted by Easter phasing? Can you comment on Q2-to-date trading and how you expect FY25E to evolve?
- The BeLux business has begun to ramp up; can you talk to early findings from the new business and the underlying trends you are seeing in the market?

- What are your key areas of focus for the BeLux business? Can you give some colour around retailer contracts and how discussions closed in Q1? How are you performing in the Snacks business?
- In your International division there has been a high amount of volatility in the last couple of years. Can you comment on how you have navigated these headwinds and what underlying trends you are seeing in some of these markets such as Nigeria, Canada, Poland etc.?
- Q1 growth in International was strong (+10%). Although quarterly volatility it likely to remain part and parcel of the business, can you comment on the FY25E outlook as a whole and what kind of run-rate we can expect?
- Looking to FY25, how should we think about the moving parts behind the +5-7% net revenue growth? Can you talk us through the assumptions you have baked in for reaching either end of the range?
- Can you comment on the impact of weather trends for your business? Jun-24 trends were weak, but you benefitted from more supportive trends in July/August in the Nordics relative to the rest of Europe. How should we think about the comps from a weather standpoint as we head into Q2/Q3 trading? What are you assuming in your guidance?
- Can you talk to your pricing outlook in FY25E? Clearly we will see price/mix moderate significantly after two strong years of growth. Have you started or concluded any negotiations for pricing for FY25E yet? If so, how has this landed in the relevant markets? Are you able to give some colour as to whether pricing will be broad-based or selective?
- Can you comment on the level of down-trading you are seeing across your geographic footprint? Are there any markets to call out where this has been more severe? How confident are you in the resilience of the consumer?
- On the bottom-line, you are guiding to +7-13% FY25E EBIT growth. Again, can you talk us through the puts and takes behind reaching either end of this range?
- You have previously said that the impact from acquisitions will have a negligible impact on the EBIT growth. Is this still the case? Can you comment to the clean organic growth you are expecting? Can we assume this is +7-13%?
- How should we think about COGS growth for FY25E? What are the moving parts behind this? What are the main pressure points from a COGS standpoint?
- What level of hedging do you have in place for FY25E?
- Is there any danger that you will have to give back pricing in any markets when the cost environment becomes softer?
- Can you talk to Vrumona? What are your plans for the businesses and how should we think about the impact on the group in the short-term? Can you talk to the pricing you are taking in that business and the strategic rationale behind this? How has pricing landed with the consumer?
- You have alluded to the fact that Vrumona was perhaps under-loved by Heineken. Can you comment on the main changes you are looking to make in the business? Can you talk us through the capex plans you have in place?

- And on San Giorgio, are you able to quantify the level of impact the acquisition has had on the group from an EBIT standpoint? Can you talk us through what exactly that business brings to Royal Unibrew and how you expect to leverage its production capabilities?
- More generally, can you comment on the group's production capacity? What is your optimal level of utilisation and why? Can you comment on your capex plans and what areas you are targeting?
- Looking slightly further back to the acquisitions of Hansa Borg and Solera – can you talk to synergies you have been able to realise and how these businesses have been performing? What is your end-goal with these businesses and what progress have you made?
- Can you talk to your current partnerships? Can you provide more colour on the PepsiCo partnership and the impact you're seeing from this? What are the other main partnerships to call out and what have been the recent developments? How has the partnership with Diageo in Norway been developing?
- Can you also talk to the impact of the US brand boycott in Denmark in Q1? Has this continued into Q2 and what level of an impact has this had on your Pepsi business?
- Your leverage ratio at Q1 on a rolling 12-mth basis was 2.5x, and consensus expects just under 2.0x for FY25E. How should we think about further deleveraging in the short-term?
- In terms of capital allocation, the reinstatement of the buyback at FY24 results was well-received and given your leverage levels, shall we expect this to be a rolling buyback? To what extent can we expect the DKK250m quantum to be increased for future buybacks?
- Are there any markets or categories where you feel you are under-exposed and that would be of more interest should M&A be possible in the short-term?

**Medium/long-term – what are the key questions?**

- You are guiding to long-term organic EBIT growth of +6% to +8%. What gives you the confidence in being able to achieve this? What levers can you pull across your existing markets to drive superior bottom-line growth?
- Are you looking at further M&A opportunities in the mid-term? If so, are you able to flesh out a bit more the sort of targets you are looking at, and how you see the M&A environment playing out for the rest in the next couple of years?
- When should the business start to reap the benefits to margins from the investment in higher margin categories and shift in the portfolio mix?
- Can you talk about the long-term opportunities for categories such as RTDs, Cider and Energy? How large do you think these categories can become for the group?
- Can you talk us through your mid-term capex plans?
- Can you talk us through some of the product innovation you're most excited about, and which markets have the greatest opportunity?

- Within beer you are focusing on the growing segments (premium, craft/specialty and low/no alcohol), rather than mainstream beer. How do you expect penetration of low/no alcohol to increase over the next few years and where is the biggest opportunity? How does this growth impact margins?
- Within CSDs, your aim is to outperform the market within the low/no sugar category, how are you going about this?
- Talk a bit about the investment you've made in IT systems in recent years? What more needs to be done in this area? Where do you think you're lagging peers or ahead of other FMCGs? Which regions/markets are ahead/behind the curve in this regard?
- AI is clearly an increasingly important topic for governments, businesses, and societies. How has the wider AI debate evolved within Royal Unibrew over the past 12 months following the rise of generative AI?
- What do you see as key opportunities within Royal Unibrew from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the beer industry?
- Looking to the longer-term, maybe 3-5 years forward plus, what category or growth opportunity or market are you most excited about in the business and perhaps in your mind isn't getting its fair share of attention when you talk to investors and analysts?

#### Latest guidance

**Figure 44. Royal Unibrew – guidance summary table with Citi & consensus estimates**

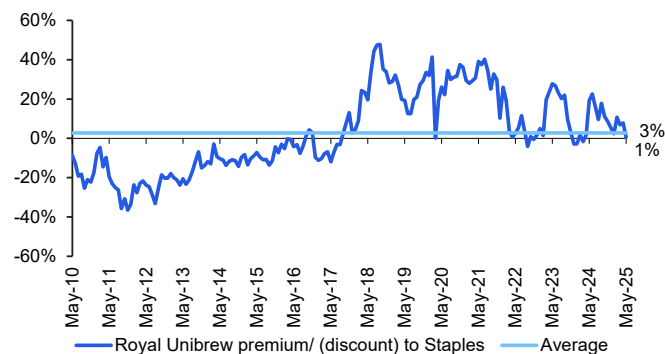
| Guidance - FY25 (as of Q1 25 results - Apr-25) |                                                            | Citi    | Consensus |
|------------------------------------------------|------------------------------------------------------------|---------|-----------|
| Metric                                         | Summary                                                    |         |           |
| Net revenue growth                             | +5-7% including structural changes                         | 5.8%    | 5.5%      |
| EBIT                                           | DKK2,100-2,225m - including marginal impact from structure | 2,158   | 2,171     |
| Organic EBIT growth                            | +7-13%                                                     | 9.2%    | 9.7%      |
| Net finance expenses                           | Net finance expenses to c.DKK250m                          | -250    | -246      |
| Tax rate                                       | c. 22%                                                     | 22.0%   | 22.0%     |
| Capex                                          | c.7% of sales                                              | 7.0%    | 6.6%      |
| Long-term guidance                             |                                                            | Citi    | Consensus |
| Metric                                         | Summary                                                    | 2024-28 | 2024-28   |
| Organic EBIT growth                            | +6% to +8% organic EBIT growth                             | 7.4%    | 8.3%      |

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Source: Citi Research, Company Reports, Visible Alpha

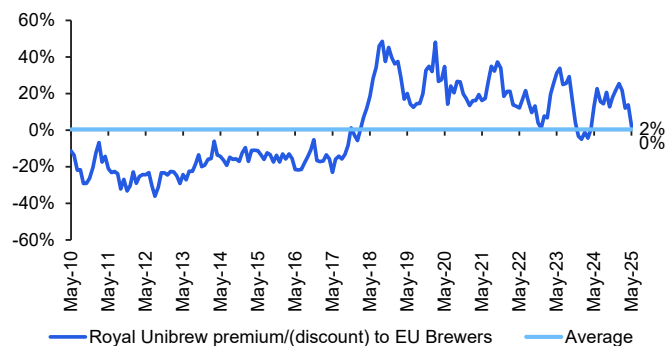
## Key charts

**Figure 45. Royal Unibrew 12-mth fwd PE vs European Staples**



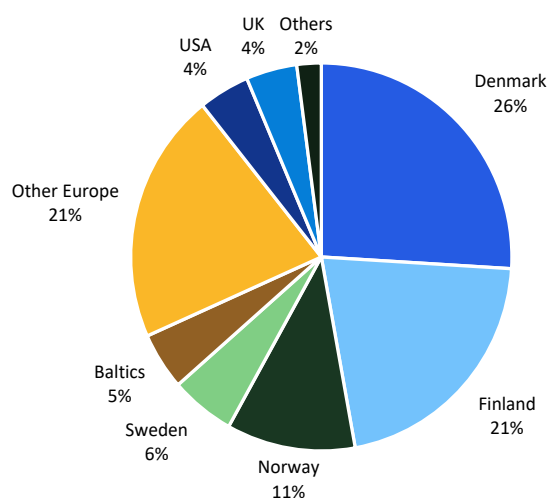
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Source: Citi Research, DataStream

**Figure 46. Royal Unibrew 12-mth fwd PE vs Brewers**



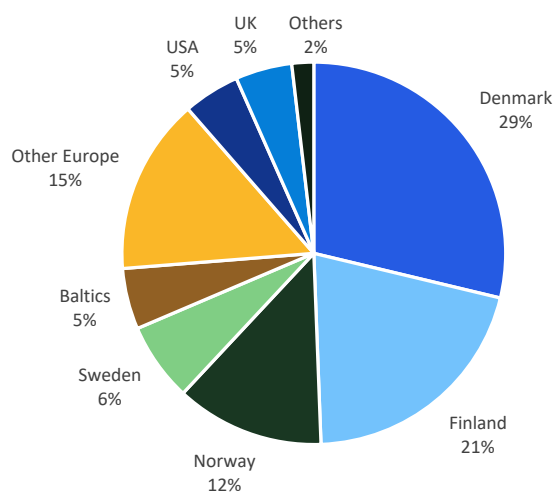
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Source: Citi Research, DataStream

**Figure 47. Royal Unibrew sales split by country - 2024**



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Source: Citi Research, Company Reports

**Figure 48. Royal Unibrew EBIT split by country – 2024**



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# SPIRITS

Latest Nielsen data

Figure 49. US Spirits industry summary by company - latest 4-wks ending 19<sup>th</sup> April 2025

| US Spirits<br>Off -Trade | Value (%)    |              |             | Volume (%)  |             |             | Price Mix (%) |              |              | \$ share | \$ share (bp chg YoY) |        |        |
|--------------------------|--------------|--------------|-------------|-------------|-------------|-------------|---------------|--------------|--------------|----------|-----------------------|--------|--------|
|                          | 4 wks        | 12 wks       | 52 wks      | 4 wks       | 12 wks      | 52 wks      | 4 wks         | 12 wks       | 52 wks       | 52 wks   | 4 wks                 | 12 wks | 52 wks |
| Diageo                   | -5.4%        | -5.5%        | -0.0%       | -8.3%       | -8.1%       | -3.6%       | 3.2%          | 2.8%         | 3.7%         | 17.4%    | -89                   | -87    | -19    |
| Beam Suntory             | -1.8%        | -1.7%        | -0.9%       | -4.4%       | -3.9%       | -2.5%       | 2.7%          | 2.4%         | 1.6%         | 7.5%     | -11                   | -7     | -15    |
| Pernod Ricard            | -6.0%        | -6.0%        | -5.2%       | -6.9%       | -6.0%       | -1.9%       | 1.0%          | -0.0%        | -3.4%        | 5.7%     | -32                   | -32    | -38    |
| Brown Forman             | -2.7%        | -2.8%        | -3.3%       | -3.5%       | -3.4%       | -5.2%       | 0.8%          | 0.6%         | 2.0%         | 5.2%     | -13                   | -11    | -23    |
| Campari                  | -1.7%        | -3.2%        | -1.6%       | -3.3%       | -4.0%       | -2.4%       | 1.7%          | 0.9%         | 0.8%         | 2.7%     | -4                    | -7     | -7     |
| Remy Cointreau           | -17.6%       | -18.1%       | -15.5%      | -14.8%      | -14.7%      | -13.4%      | -3.2%         | -3.9%        | -2.5%        | 0.7%     | -13                   | -14    | -13    |
| <b>Total Spirits</b>     | <b>-0.4%</b> | <b>-0.7%</b> | <b>1.0%</b> | <b>2.4%</b> | <b>1.7%</b> | <b>2.9%</b> | <b>-2.7%</b>  | <b>-2.4%</b> | <b>-1.8%</b> |          |                       |        |        |

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Source: Citi Research, Nielsen

Figure 50. US Spirits industry summary by category - latest 4-wks ending 19<sup>th</sup> April 2025

| US Spirits<br>Off -Trade | Value (%)    |              |             | Volume (%)  |             |             | Price Mix (%) |              |              | \$ share | \$ share (Bp. change YoY) |        |        |
|--------------------------|--------------|--------------|-------------|-------------|-------------|-------------|---------------|--------------|--------------|----------|---------------------------|--------|--------|
|                          | 4 wks        | 12 wks       | 52 wks      | 4 wks       | 12 wks      | 52 wks      | 4 wks         | 12 wks       | 52 wks       | 52 wks   | 4 wks                     | 12 wks | 52 wks |
| Whiskey                  | -3.8%        | -3.8%        | -0.9%       | -4.7%       | -4.7%       | -2.9%       | 1.0%          | 1.0%         | 2.1%         | 33.6%    | -118                      | -108   | -65    |
| American Whiskey         | -2.0%        | -1.7%        | -0.3%       | -4.0%       | -3.7%       | -2.6%       | 2.1%          | 2.0%         | 2.4%         | 18.0%    | -31                       | -18    | -24    |
| Canadian Whiskey         | -5.1%        | -5.5%        | 0.8%        | -4.9%       | -5.1%       | -2.0%       | -0.3%         | -0.4%        | 2.8%         | 10.7%    | -54                       | -55    | -3     |
| Irish Whiskey            | -5.7%        | -6.7%        | -6.3%       | -4.3%       | -6.0%       | -5.9%       | -1.4%         | -0.8%        | -0.4%        | 2.1%     | -12                       | -15    | -17    |
| Japanese Whiskey         | -12.7%       | -11.4%       | -11.7%      | -12.5%      | -12.8%      | -11.2%      | -0.2%         | 1.6%         | -0.6%        | 0.1%     | -2                        | -1     | -2     |
| Scotch Whiskey           | -7.8%        | -7.8%        | -6.3%       | -10.1%      | -10.2%      | -8.2%       | 2.6%          | 2.7%         | 2.1%         | 2.6%     | -19                       | -19    | -20    |
| Vodka                    | -2.8%        | -3.0%        | -1.9%       | -3.7%       | -3.8%       | -3.1%       | 0.9%          | 0.9%         | 1.2%         | 21.5%    | -54                       | -51    | -66    |
| Rum                      | -9.0%        | -8.8%        | -6.8%       | -8.8%       | -8.4%       | -7.2%       | -0.2%         | -0.4%        | 0.4%         | 5.5%     | -49                       | -46    | -46    |
| Cordials                 | 2.7%         | 1.3%         | 1.0%        | 2.9%        | 1.6%        | 0.8%        | -0.2%         | -0.4%        | 0.2%         | 6.8%     | 19                        | 13     | 0      |
| Tequila                  | 0.9%         | 1.1%         | 3.4%        | 0.4%        | 0.5%        | 1.7%        | 0.5%          | 0.6%         | 1.7%         | 11.8%    | 15                        | 22     | 27     |
| Gin                      | -5.5%        | -5.6%        | -3.5%       | -8.1%       | -8.0%       | -6.2%       | 2.9%          | 2.6%         | 2.9%         | 2.1%     | -11                       | -11    | -10    |
| Cognac                   | -16.2%       | -16.7%       | -12.0%      | -14.3%      | -14.6%      | -9.5%       | -2.2%         | -2.5%        | -2.7%        | 2.8%     | -53                       | -55    | -42    |
| Prepared Cocktails       | 19.9%        | 19.7%        | 17.5%       | 19.0%       | 18.4%       | 17.9%       | 0.7%          | 1.1%         | -0.4%        | 14.2%    | 245                       | 229    | 198    |
| <b>Total Spirits</b>     | <b>-0.4%</b> | <b>-0.7%</b> | <b>1.0%</b> | <b>2.4%</b> | <b>1.7%</b> | <b>2.9%</b> | <b>-2.7%</b>  | <b>-2.4%</b> | <b>-1.8%</b> |          |                           |        |        |

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Source: Citi Research, Nielsen

Figure 51. EU Spirits industry summary by company - latest 4-wks ending 20<sup>th</sup> April 2025

| Spirits - Total EU<br>(Off -Trade) | Value %     |              |              | Volume %    |              |              | Price Mix % |             |             | \$ share % | \$ share (Bp. change YoY) |       |       |
|------------------------------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|------------|---------------------------|-------|-------|
|                                    | 4 wk        | 12 wk        | 52 wk        | 4 wk        | 12 wk        | 52 wk        | 4 wk        | 12 wk       | 52 wk       | 52 W MAT   | 4 wk                      | 12 wk | 52 wk |
| Diageo                             | -2.3%       | -4.1%        | -3.0%        | -3.9%       | -5.7%        | -4.9%        | 1.6%        | 1.7%        | 2.0%        | 14.1%      | -46                       | -11   | -12   |
| Pernod                             | 1.9%        | -4.1%        | -1.7%        | 2.8%        | -4.6%        | -1.6%        | -0.8%       | 0.5%        | -0.2%       | 10.9%      | 10                        | -9    | 5     |
| La Martiniquaise                   | 9.0%        | 3.4%         | 1.2%         | 8.3%        | 2.8%         | 0.5%         | 0.6%        | 0.5%        | 0.8%        | 4.8%       | 37                        | 34    | 16    |
| Brown-Forman                       | 17.0%       | -0.8%        | -2.7%        | 25.0%       | 1.1%         | -2.2%        | -6.5%       | -1.9%       | -0.6%       | 3.7%       | 55                        | 10    | -2    |
| William Grant                      | -3.6%       | -5.5%        | -0.8%        | -4.3%       | -4.9%        | -0.8%        | 0.6%        | -0.7%       | -0.0%       | 2.5%       | -13                       | -6    | 4     |
| Suntory                            | -4.7%       | -6.9%        | -6.4%        | -4.2%       | -8.4%        | -8.4%        | -0.6%       | 1.7%        | 2.1%        | 2.0%       | -11                       | -7    | -9    |
| Campari                            | 10.2%       | -0.2%        | 3.7%         | 12.0%       | -0.7%        | 3.8%         | -1.6%       | 0.5%        | -0.1%       | 4.6%       | 41                        | 13    | 26    |
| Remy Cointreau                     | -3.4%       | 0.3%         | 0.8%         | -6.3%       | 5.8%         | 3.8%         | 3.2%        | -5.2%       | -2.9%       | 0.6%       | -3                        | 2     | 2     |
| Private Label                      | 0.2%        | -2.4%        | -1.7%        | -0.4%       | -3.3%        | -3.1%        | 0.6%        | 0.9%        | 1.4%        | 18.5%      | -15                       | 20    | 9     |
| <b>Total Spirits - Europe</b>      | <b>1.0%</b> | <b>-3.4%</b> | <b>-2.2%</b> | <b>0.2%</b> | <b>-4.3%</b> | <b>-3.6%</b> | <b>0.8%</b> | <b>0.9%</b> | <b>1.4%</b> |            |                           |       |       |

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Source: Citi Research, Nielsen

Figure 52. EU Spirits industry summary by category - latest 4-wks ending 20<sup>th</sup> April 2025

| Spirits - Total EU<br>(Off - Trade) | Value %     |              |              | Volume %    |              |              | Price Mix % |             |             | \$ share % | \$ share (Bp. change YoY) |       |       |
|-------------------------------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|------------|---------------------------|-------|-------|
|                                     | 4 wk        | 12 wk        | 52 wk        | 4 wk        | 12 wk        | 52 wk        | 4 wk        | 12 wk       | 52 wk       | 52 W MAT   | 4 wk                      | 12 wk | 52 wk |
| Whisky                              | -0.2%       | -3.7%        | -2.2%        | -1.4%       | -4.4%        | -3.7%        | 1.2%        | 0.7%        | 1.5%        | 25.1%      | -31                       | -9    | 0     |
| Vodka                               | 2.1%        | -1.1%        | -1.1%        | 0.6%        | -2.2%        | -3.1%        | 1.5%        | 1.1%        | 2.0%        | 14.8%      | 16                        | 35    | 16    |
| Gin                                 | -2.4%       | -7.1%        | -7.5%        | -3.4%       | -7.2%        | -7.6%        | 0.9%        | 0.1%        | 0.2%        | 8.5%       | -29                       | -32   | -49   |
| Liqueurs                            | 5.8%        | -1.9%        | -0.3%        | 5.8%        | -3.1%        | -2.1%        | 0.1%        | 1.2%        | 1.8%        | 13.6%      | 60                        | 20    | 25    |
| Rum                                 | -0.5%       | -3.6%        | -3.2%        | -0.6%       | -3.8%        | -4.7%        | 0.1%        | 0.3%        | 1.5%        | 10.8%      | -16                       | -2    | -12   |
| Aniseed Spirits                     | -2.7%       | -5.0%        | -3.9%        | -4.2%       | -6.2%        | -4.7%        | 1.6%        | 1.4%        | 0.8%        | 5.8%       | -23                       | -10   | -10   |
| <b>Total Spirits - Europe</b>       | <b>1.0%</b> | <b>-3.4%</b> | <b>-2.2%</b> | <b>0.2%</b> | <b>-4.3%</b> | <b>-3.6%</b> | <b>0.8%</b> | <b>0.9%</b> | <b>1.4%</b> |            |                           |       |       |

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Source: Citi Research, Nielsen

# Davide Campari-Milano NV (CPRI.MI)

Buy | TP €7.25 | Price €5.71 (21 May 25 17:30)

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## Key questions & guidance

### Short-term – what are the key questions?

- Can you walk us through the new operating model with the establishment of the House of Brands? What is the rationale of the new business model and where do you see the key growth opportunities in the short/mid-term?
- Are you able to speak to the current trading in Q2 so far? Q1 was impacted by both the loss of a selling day and the later Easter; have you seen a notable uptick in April as you outlined at the Q1 print?
- Are there any key regions or brands to call out from a trading standpoint in Q2-to-date? How are you thinking about the summer given soft weather comps? What do you have planned from an activation standpoint?
- OSG in the Americas was weak in Q1, with US OSG down -11%. You highlighted that there were destocking headwinds for SKYY, Grand Marnier and Wild Turkey; how should we think about these headwinds as we move into Q2? Did you see any uplift from tariff-related stock build in Q1?
- You also pointed to logistic delays in Q1 which impacted the US OSG. What were the key drivers behind this and how should we think about these headwinds as we move through FY25E?
- Can you talk to Espolon and the current underlying momentum for the brand? How is Espolon performing relative to competition and are you able to comment on the promo environment in the US?
- Staying on Espolon, can you talk about the roll-out of the brand and early findings from pushing global expansion? Can you give more colour on the capacity of Espolon and your capex plans in the near-term?
- More broadly on the US, can you talk to the consumer environment and to what extent you are seeing down-trading? How confident are you in your portfolio in the face of a weak consumer backdrop?
- Can you update us on Jamaica and the current trends there, especially now you are no longer facing supply constraints? What is the consumer backdrop? How has the resolution to supply chain headwinds impacted your broader footprint eg the UK?
- Are you able to talk about SKYY, which has been weak for some time now and is not included within your new House of Brands operating structure? Are you seeing any green shoots in the health of the US consumer which could drive a rebound in the brand? Or are you looking to reposition away from the more lacklustre vodka category?
- In Q1, APAC organic sales were up c.+11%. Can you give some colour on the moving parts behind this rebound and what the key drivers are in APAC? Can you comment on the current strength of the Australian aperitifs portfolio and how you are performing in the on-trade?

- Espolon performed well in Q1 in Australia; can you comment on the drivers behind this and the sustainability of this growth as we look into the rest of FY25E?
- Elsewhere in APAC, can you comment on underlying trends in China and South Korea? What brands are driving performance there? Can you speak to the macro backdrop?
- Moving to EMEA, can you comment on April/May trading after the technical headwinds in Q1 impacted the c.4% decline in OSG? Are you seeing any changes in the consumer environment there?
- What is the pricing environment like in Europe? Can you talk a bit more about the promo intensity you're seeing for Spirits in Europe and especially what you're seeing in the Spritz occasion?
- Which regions do you expect to be the key growth drivers for Campari in Q2/H2? Are there any categories/brands/markets that you are particularly excited about?
- Is there anything to call out across your key European markets Italy, Germany, France and the UK from a current trading standpoint? How have your key brands been performing across these markets?
- Can we talk about Aperol which has been an incredible success story for the group. How much of a growth opportunity does Italy represent for Aperol? Can you speak to the solid Aperol performance (OSG +8%) in the Americas in Q1? What were the drivers here and how sustainable is this level of growth?
- More broadly for Aperol, which key markets do you see being able to reach, or get close to, Italy's size either in terms of absolutes or in terms of PCC?
- What are your plans for the Aperol brand in FY25E to be able to sustain growth?
- Can you flesh out where the increased consumption in Aperol is coming from? To what extent is this cannibalising from Campari?
- More broadly, can you update us on your production capacity? Do you have any supply constraints to your portfolio currently? Are there any remaining bottlenecks for brands or regions? Where are the main focuses of your capex plans in FY25E?
- More generally, are there any other brands you would like to call out from a current trading standpoint that you are particularly pleased with?
- Can you talk to tariffs and the impact you are baking into your guidance as it currently stands? To what extent will you be able to mitigate the impact?
- Beyond the direct exposure you have to US tariffs, can you comment on second order impacts you are expecting to see across your global footprint?
- Globally, where are inventory levels now? Are there any specific callouts from a regional/brand standpoint? Are you happy with current inventory levels in the US?
- Can we talk about Courvoisier and your near-term plans for the brand? To what extent does the brand need repositioning and what is your vision for your Cognac portfolio in the short/mid-term?

- Are you able to comment more on the stock situation at Courvoisier in the US and China?
- How do you think the Campari group can bring the Courvoisier brand to reach its full potential?
- Beyond Courvoisier, can we talk about further M&A? Your change in shareholder voting structure has set the group up well for “transformational” M&A. Are you able to flesh out what opportunities you see as potentially attractive? Are there any regions or categories where you most likely envisage Campari being active in M&A?
- Re Wilderness Trail Distillery – what are your plans for the brand in the next few years? What sort of growth do you expect within the US Whisky market and how do you expect to benefit from this growth? Are you aiming to outgrow the category and if so, what levers do you believe you can pull to achieve this?
- Do you have major capex plans for Wilderness Trail and how do you expect Wilderness Trail to operate alongside Wild Turkey? Are there any major synergy expectations or will they operate independently?
- Can you talk about portfolio streamlining initiatives and what your criteria is when looking into brand divestments? Without being too specific, are there any low hanging fruits from this standpoint?
- Can you talk to your cost containment programme and what actions you are taking? Are you on-track to yield a 50bps benefit on sales in 2025?
- Can you talk to profit margin phasing for FY25E? Both A&P and SG&A were dilutive in Q1 and you have spoken to H2-phasing of FY profit delivery; can you provide some colour to the moving parts behind the profit bridge and the shape we should expect to see through the quarters?

#### **Medium/long-term – what are the key questions?**

- When we look at the new House of Brands structure, can you talk through your mid-term expectations as to what the growth drivers will be across each ‘house’? How should we think about brands not included under this operating structure?
- How sustainable is the growth of Aperol in major markets like Italy, Germany and Switzerland? Where are penetration rates/per capita share levels in these markets? How much of your growth in these areas do you think is coming from new recruitment vs. higher levels of consumption amongst existing consumers?
- Talk about your capital allocation priorities and your desire (or not) to engage in further bolt-on or larger scale M&A? What are the key factors, categories and geographies you’d like to address through any future M&A?
- Talk about the strategic logic of establishing RARE – a dedicated division which will focus on the development of high-end brand propositions in the US and other Key global markets? What are the benefits you’ve seen to date and where are the long-term opportunities?
- Talk about your expansion opportunity in Asia and especially the opportunity for Aperol and Campari to grow in China?

- AI is clearly an increasingly important topic for governments, businesses, and societies. How has the wider AI debate evolved within Campari over the past 6 months following the rise of generative AI?
- What do you see as key opportunities within Campari from the adoption of generative AI and AI more broadly? Associated with that, what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the spirits industry?

### Latest guidance

Figure 53. Campari - guidance summary table with Citi & consensus estimates

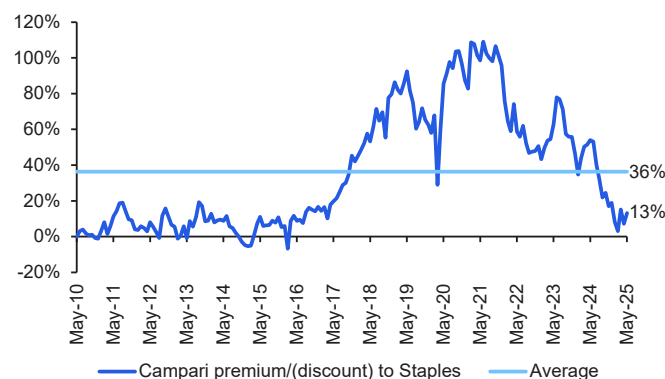
| Metric               | Guidance - FY25 (as of Q1 25 results - May-25)                                       | Citi   | Consensus |
|----------------------|--------------------------------------------------------------------------------------|--------|-----------|
| Organic sales growth | Moderate organic top-line growth to continue with improving trend in H2              | 2.3%   | 1.7%      |
| Gross margin         | Gross margin trend dependent on sales mix evolution despite confirmed COGS tailwinds | 9bps   | 6bps      |
| EBIT margin          | Organic adj. EBIT margin to be directionally flat for FY.                            | -50bps | -41bps    |
| FX                   | Weakening USD with potential additional negative impact.                             |        |           |
|                      | FX Impact on Sales                                                                   | -62    | -47       |
|                      | FX Impact on EBIT                                                                    | 0.5    | -2.7      |
| Finance costs        | c.€105m in FY25E                                                                     | -105   | -102      |

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Source: Citi Research, Company Reports, Visible Alpha

### Key charts

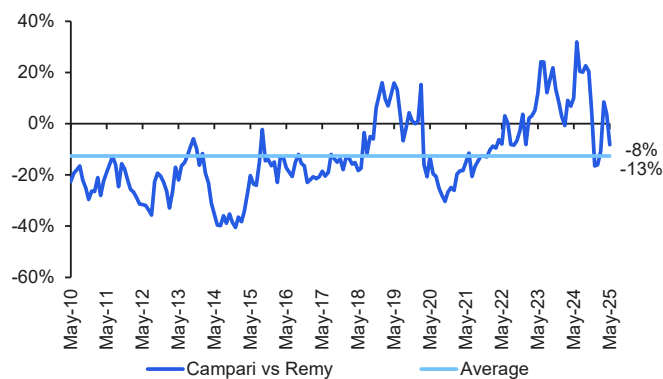
Figure 54. Campari 12-mth fwd PE vs European Staples



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Source: Citi Research, DataStream

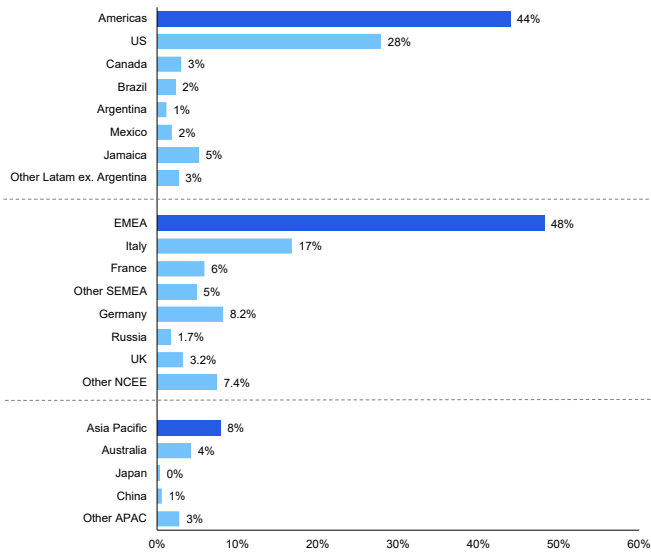
Figure 55. Campari 12-mth fwd PE vs Rémy



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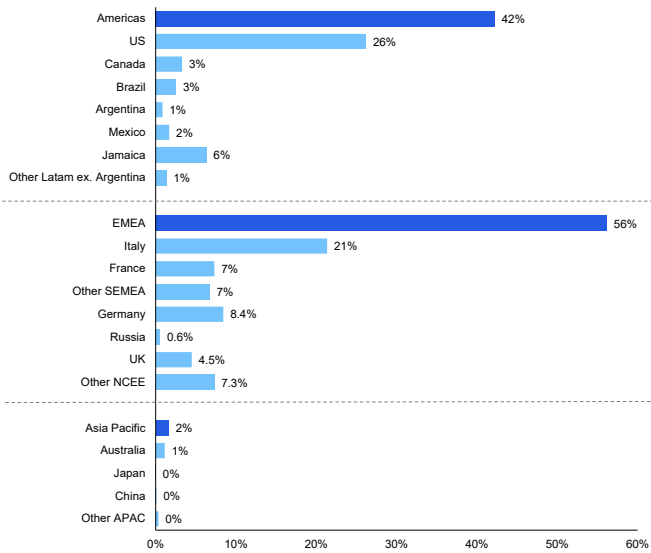
Source: Citi Research, DataStream

Figure 56. Campari sales split by country - 2024



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Source: Citi Research, Company Reports

Figure 57. Campari EBIT split by country - 2024



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Source: Citi Research, Company Reports

## Diageo (DGE.L)

Buy | TP £27.50 | Price £21.33 (21 May 25 16:30)

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### Key questions & guidance

#### Short-term – what are the key questions?

- Can you talk a bit about current trading and the underlying momentum across your portfolio? Q3 OSG of +6% was helped by c.4ppts of phasing tailwinds, which you expect to largely reverse in Q4. How should we think about underlying momentum into FY-end given you have reiterated qualitative guidance for H2 to accelerate on H1? What are the drivers behind this pick-up?
- For Q3, all of your regions saw positive price/mix, except for Asia Pacific. Can you comment on the drivers behind this and the down-trading trends you are seeing?
- Can we talk about the US and the underlying consumer environment you are seeing there? What are the key trends you would like to call out?
- Given the ongoing tough macro backdrop, how are you deploying RGM initiatives to continue to drive demand?
- Are there any key brands to call out from a current trading standpoint? We have seen weakness in the latest Nielsen data around Crown Royal and Casamigos, while Johnnie Walker is more resilient, and Don Julio is continuing its impressive run. Can you walk us through your key US brands and what you are doing on the ground to keep momentum up across your portfolio?
- Focusing on Don Julio, you highlighted at Q3 that there was some tequila restocking due to continued strength in consumer demand. Can you add some colour to this and talk to the ongoing strength of your tequila business, particularly Don Julio? What are the key drivers behind this? How sustainable is this level of growth?
- Maybe turning to Casamigos, can you speak to the continued weakness there? How has the recent influx of celebrity-endorsed tequila brands impacted your brands and what you're doing to address the weaker trends at Casamigos?
- Destocking has been a major theme/issue across spirits companies in recent years as the fall-out from the COVID super-cycle appears to have lasted for longer than expected. Can you comment on current US inventory levels at both the wholesaler and retailer level and given the moving parts around tariff-related stock-build, where should we expect inventories to end for FY25E?
- How are spirits performing vs beer in the US and what are the main drivers here? What have been the key performances to single out in the US from a brand standpoint? Are you able to give a run-through on the performances across categories?
- Can you talk about Crown Royal Blackberry and the longevity of the brand? Clearly the activation was very well received, and we can see the slowdown in the latest scanner data now you are lapping the launch – but can you talk to underlying brand momentum you are seeing? What is the occasion for the activation and who is the target consumer group?

- How should we think about further activations in the flavoured whiskey space?
- Moving on from the US, can you give us an update on your business in LatAm and talk to the current levels of inventory in the market? How should we think about destocking going forward? Are you able to comment on underlying consumer trends across the key markets in your LatAm footprint?
- What have been your learnings from the Nov-23 profit warning? How have you improved your visibility on LatAm inventory levels?
- Can you run us through the latest trends across your key markets in Europe? Guinness has continued to be strong in the UK/Ireland; how sustainable is this level of growth for Guinness? How has tequila been received in Europe?
- You said at Q3 that you have been focusing on Don Julio and Casamigos growth in Europe. Can you comment on current trading for both brands and how you see the tequila category in the near-term within Europe?
- Can you update us on the recent performance of your business in China and speak to the health of the on-trade channel and how you see this playing out in FY25/26E?
- What proportion of group earnings do you think come from China once you adjust for the 34% associate stake in Moët-Hennessy?
- Can you speak to current trading in India? What are the main trends there and how is premiumisation momentum holding up? Can you comment on the importance of India for you and how important the market is for group top-line growth in the mid-term?
- Are you able to give us an update on Travel Retail Asia, which was weak in Q3 due to retailer inventory destocking? What are the latest trends in the business and how should we think about momentum heading into Q4 and FY26E?
- Thinking about Travel Retail globally, where are we now versus pre-pandemic in various regions? When would you hope to get back to pre-pandemic sales levels?
- Can you talk to the recent changes in Nigeria regarding the new business model and partnership with Tolaram? Can you talk us through the new model and explain the strategic rationale for the change?
- Can you talk about Guinness globally, which has been a huge success in recent years and increased appeal to both younger and female consumers, as well as expanding the occasion? Why has it been so successful and what has driven this shift in taste and brand preference? What are the opportunities to replicate that in other markets?
- Can you talk to your RTD offering, and specifically in the US as the category has notably outperformed spirits generally? How do you feel about your current level of exposure to the RTD category and how sustainable do you think the current levels of category growth in the US are?
- How should we think about FX impacts on earnings into FY26E? Do you expect to see headwinds both translationally and transactionally?

- Can you talk about the performance of some of your brand acquisitions like Aviation gin, Chase and Don Papa Rum? How have the brands been doing? Talk about the benefits Diageo has been able to bring to these brands?
- Should we continue to expect some positive support to clean EBIT from the marking to market of earn-out agreements on these deals?
- Equally, can you talk to the recent sales of some of your smaller brands like Pampero and Safari?
- How should we think about the impact of biological asset revaluations on your P&L into FY26E?
- Can we pick up again on the debate around the resilience of premiumisation trends? We understand the long-term structural trend, that premium spirits are generally affordable luxuries and the relatively infrequency of purchase offers some protection from inflation pressures on disposable income relative to other consumer goods. BUT could we probe the vulnerability of some of those assumptions and wonder whether you have done any analysis or work to look at which socio-economic demographic have been driving premiumisation over the last couple of years and whether there has been a bigger propensity to trade-up from middle to lower income consumers than in the past?
- Talk a bit about your COGS outlook for FY26E. Can you talk to the moving parts you are seeing within your business and where the pressure points remain? Can you comment on the tailwinds from lower agave price and how this filters through to the bottom-line?
- How do you see the pricing environment heading into FY26E?
- Can you talk to the current productivity savings programme and what are the main areas/regions you're targeting? How do we think about supply chain efficiencies within this programme?
- CEO - Are you able to provide some context to the change in CFO and the rationale for bringing in Nik Jhangiani from CCEP? What strengths make him a suitable hire for the role?
- CFO – You outlined the Accelerate Programme at the Q3 print, where you will target \$3bn in FCF from FY26E with \$500m in savings, while disposals are likely to come in a more meaningful quantum. Ahead of further detail at the FY results, are you able to give us any colour on where cost savings might be coming from? Are you able to talk to the levers you can pull to reach the \$3bn annually?
- You have spoken a bit in the past about possible disposals within your portfolio. Are you able to provide any colour as to the type of assets you might be looking to offload? Can we expect these to be strategic/transformational or are they likely to be non-core?
- How should we think about buybacks going forward? Can you talk us through the criteria you use to determine the viability of capital returns via buybacks?

**Medium/long-term – what are the key questions?**

- Can you talk us through the rationale of removing the mid-term +5-7% OSG guidance at the H1 print? What were the key considerations behind this update

and are you able to give any qualitative guidance on how you see the spirits industry and Diageo's performance in the mid-term?

- Tequila has been a real growth engine for you and the industry in the US. The category has clearly slowed. How confident are you about the runway for growth in Tequila over the medium term and should we be worried that so much of your growth is so tequila dependent? How is the competitive environment developing?
- Can you talk about the potential for Tequila outside the US? What markets are already seeing good traction for the product?
- What proportion of your agave needs do you source externally and what proportion is from owned agave fields?
- The pre-mixed cocktails (Ready-to-serve cocktails) space is 'hot' in the US, and you made some acquisitions in the space historically (Far West Spirits and Loyal 9), talk more about your strategy there given its an area where you clearly under-index? Do you need to acquire more brands to get your fair share of the category, or can you scale and roll-out what you already have?
- What are your thoughts on India Free trade negotiations with the UK which has recently been agreed? What could it mean in the long-term for Scotch?
- Premium Gin appears to be struggling to gain sustained traction in the US. How confident are you in the growth outlook for the category? How do you differentiate between your premium Tanqueray strategy and that of Aviation Gin?
- Talk about your commitment too and the need to own a beer business outside of Guinness in Africa and other markets?
- What does the recent change in chairman mean for Diageo? What will John Manzoni bring to the Chair role that is different to Javier Ferran?
- Having a strong Digital and E-commerce strategy is increasingly likely to be key to the 'new normal'. You've been investing in consumer insight analytics as well as other digital tools. Can you talk in more detail about where you are on your digital/e-commerce journey? What areas need more investment and where do you think you're ahead of the pack?
- How does the margin structure between E-commerce and traditional trade channels compare? Is the cost/investment required to get the right e-commerce listing increasing? Do you need to acquire your own e-commerce spirits platform in the way that Pernod Ricard recently bought The Whisky Exchange to really understand this space, or can you create it organically?
- Diageo's has completed several bolt-on M&A transactions in recent periods including pre-mixed cocktails recently, as well as the larger acquisitions like Aviation Gin and Don Papa. The addition of Casamigos in the super-premium tequila space was clearly a successful deal, but why are you not creating more success stories in-house organically rather than through M&A? What skillsets are you missing or acquiring?
- Talk about your moves into the low and no-alcohol space? You were early backers of brands like Seedlip but how are products like Gordon's 0.0% fairing?

How big an opportunity is this space for you and the spirits industry? Is it more profitable per serve than traditional spirits given the lack of excise?

- What do you see as key opportunities within Diageo from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the spirits industry?
- Are there any areas of Diageo's business which you believe are getting less attention than they deserve when you're interacting with investors and sell-side?

#### Latest guidance

**Figure 58. Diageo - guidance summary table with Citi & consensus estimates**

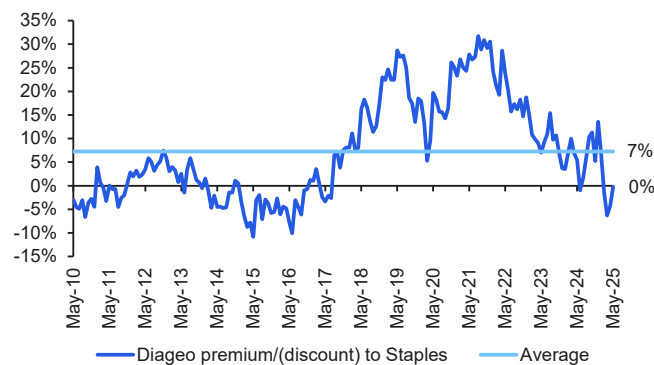
| Guidance - FY25 (as of Q3 Sales - May-25) |                                                                                                                                                                   | Citi         | Consensus    |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Metric                                    | Summary                                                                                                                                                           | FY25E        | FY25E        |
| Net sales                                 | In the second half of fiscal 25, we continue to expect to deliver a sequential improvement in organic net sales growth compared with the first half of fiscal 25. | 1.7%         | 1.7%         |
| Organic EBIT                              | Slight decline - broadly in-line with the decline in the first half.                                                                                              | -1.4%        | -0.8%        |
| FX                                        | - Headwind on sales of \$250 million<br>- Headwind on EBIT of \$200 million                                                                                       | -166<br>-193 | -276<br>-149 |
| Tax rate                                  | c. 25% exc associates (was 25.1% in FY24)                                                                                                                         | 25.2%        | 23.9%        |
| Capex                                     | Between £1.3 - 1.5bn                                                                                                                                              | 1.5          | 1.5          |

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Source: Citi Research, Company Reports, Visible Alpha

#### Key charts

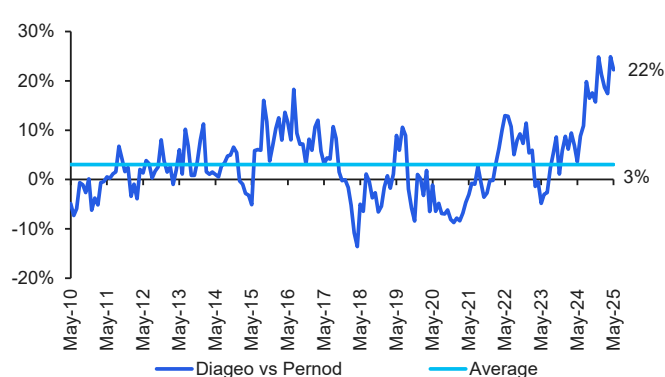
**Figure 59. Diageo 12-mth fwd PE vs European Staples**



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Source: Citi Research, DataStream

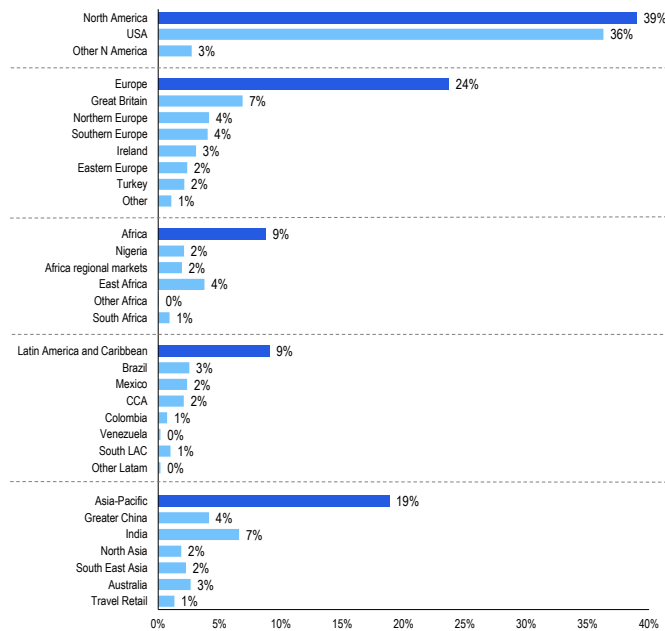
**Figure 60. Diageo 12-mth fwd PE vs Pernod**



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Source: Citi Research, DataStream

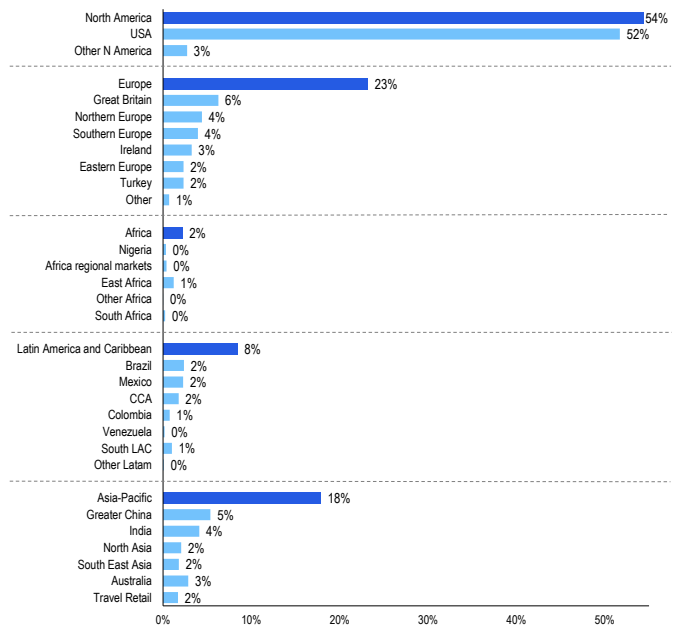
Figure 61. Diageo sales split by country - FY24



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Source: Citi Research, Company Reports

Figure 62. Diageo EBIT split by country - FY24



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Source: Citi Research, Company Reports

## Pernod-Ricard (PERP.PA)

Buy | TP €118.00 | Price €95.22 (21 May 25 17:30)

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### Key questions & guidance

#### Short-term – what are the key questions?

- It has clearly been a tough environment in China, with 9M sales down -22% and the challenging consumer environment persisting. Are you able to comment on expectations for Q4 and beyond into FY26? Should we assume a 20-25% decline for FY or do you expect an improvement into year-end? If so, what are the drivers of this?
- Can you comment on brand performances in China? Martell has been weak, and you took MSD pricing in Feb-25. Can you comment on how this has landed? Have there been any pockets of growth within your Chinese business?
- Can you speak to the MOFCOM anti-dumping tariffs in China and are you able to give any colour on timings, pricing, elasticities etc.? What are you doing in-house to mitigate the impact?
- Can you comment on the US and the underlying trends you are seeing in the market? Q3 benefitted from some stock-build ahead of tariff announcements and you are gradually improving the sell-out gap to the market. Can you comment on how we should think about the reversal of Q3 phasing in Q4?
- How do you see depletion trends evolving over the next 12-mths? What are you doing at Pernod to mitigate the current market headwinds and drive a return to stronger growth?
- Can you comment on US inventory levels? How should we think about destocking headwinds in the near-term and what gives you confidence that we are nearing the end of the down-cycle?
- Can you comment on the promo environment in the US and how you are positioned relative to competition?
- Can you comment on the state of the US consumer more generally? To what extent are we seeing downtrading and what actions are you taking on the ground to mitigate this?
- A key argument has been whether the Spirits industry, and alcohol more broadly, is in a structural or cyclical decline. What is your view on this? What gives you confidence that current trends are not structural?
- How are acquisitions in the US (Skrewball, Sovereign Brands, Codigo) performing? Where have been the out/under-performances relative to your expectations? It appears there has been some weakness in the Nielsen data in recent months? Is this a fair reflection of the performance or given their on-premise skew, is Nielsen data overly exaggerating the trend?
- What are you doing to turn around performance in Skrewball?
- At your recent US presentation, you outlined your national priorities for the US with 'power' and 'explode' brands. Can you speak to some of the key brands and

how you are driving growth across both the more established brands like Jameson, Absolut etc. vs the higher growth potential brands such as Jefferson's and Del Maguey?

- What was the criteria for categorizing the 'explode' brands? What excites you about these brands in the near/mid-term?
- You also spoke to your wholesaler realignment process and RTM review. Can you comment on some of your key findings and what changes you will be making here?
- India has been a very strong market for Pernod. Can you comment on the underlying trends in the market? What are the key drivers behind the strong momentum? How should we think about growth into Q4 and FY26E?
- Still on India, how do you think about the balance of growth between volume and price/mix in FY26?
- GTR was also weak in Q3/9M, with OSG down -31%/-17% driven by the suspension of Cognac in China Travel Retail. Can you comment on the latest developments here and whether this is likely to continue to be a headwind in the near future? Can you also speak to your Travel Retail business outside of Asia? What expectations to you have ahead of the summer?
- Can you talk to any other markets where you are seeing particular strength or weakness? Can you provide some colour on European markets and current underlying trends?
- Can you talk to the main moving parts behind FX impact on EBIT and what you are factoring in for FY26? How much of an impact is Turkey having on FX?
- Can you comment on the approach to taking pricing for FY26? To what extent do you believe consumers will continue to accept pricing? Has there been pushback from retailers in FY25 to-date?
- How are you thinking about elasticities in spirits? Have you seen deteriorations in any regions vs what you had expected? Are you expecting elasticity rates to be different going forward in any markets?
- In part your US performance has suffered relative to Diageo due to your smaller position in Super-premium Tequila and relative to the market due to your smaller position in RTDs. Can you comment on your strategy in both tequila and RTDs? How are Altos and Avion performing? How has your RTD offering performed?
- Can you update us more generally on your RTD strategy in the US? It's clearly a category which is still enjoying good momentum and you already have Absolut and Malibu RTDs in the space as well as more recently the launch of Absolut Sprite. Can you talk to momentum of the Ocean Spray vodka cranberry RTD?
- Can we talk about A&P? You have guided to c.16% of sales at the group level, while this is more like c.20% in the US. Are you able to flesh out your A&P strategy and where you are pushing higher spend?
- Can you specify what areas of investment you're looking at in FY26E? Are there any areas of focus from a brand, region or technological standpoint?

**Medium/long-term – what are the key questions?**

- You revised your mid-term guidance to +3-6% OSG (from +4-7%) and organic operating margin expansion. What is driving your confidence in returning to this level?
- You also expect to deliver €1bn in efficiencies from FY26-FY29 – can you comment on where within your business you expect to deliver on this goal? What are the key areas we should expect you to be driving efficiencies in?
- What gives you confidence that the industry can return to these levels of growth especially given some risk that new Legal Drinking Age consumers may be moving to drink less than previous cohorts?
- Where do you see industry growth coming from in the mid-term? Are there any particular categories to call out or regions? To what extent is India a key driver in mid-long-term growth?
- Can you talk us through the change in US management and what you believe Conor McQuaid, as the new CEO, will bring to your business there?
- Regarding India, although a Free Trade Agreement with the UK continues to be pushed out, can you comment on the magnitude of the uplift you think you could see if an FTA is struck over time? How well-placed is Pernod to capitalise on this potential FTA?
- Which categories do you believe will drive medium to long term growth in China? Still primarily Cognac and Scotch or other categories including your local Chinese whisky business?
- You've opened a new distillery in China. Are there other opportunities for greenfield whiskey distilleries in other markets?
- Can you talk a little more about the deployment of your digital transformation strategy? Where are you in the deployment process with regards to key digital programmes:
  - MAESTRIA (consumer segmentation tool)?
  - VISTA REV-UP (promotional effective tool)?
  - MATRIX (tool to optimize markets and trade spend)?
  - D-STAR (salesforce optimization tool)?
- How much more upfront investment is required to deliver these initiatives or is it more about roll-out and adoption within the business now?
- You've made some moves into the low and no-alcohol space with Cedars, Celtic Soul and your recent minority investment in Almave non-alc blue agave which was co-founded by Lewis Hamilton and Casa Lumbré? How big an opportunity do you think this area is for Pernod and the spirits industry in general? How do you think about the medium-term risks that consumers may choose to just drink significantly less alcohol?
- Can you talk a little about your capital allocation plans mid-term? Share buybacks appear to increasingly be a core part of that strategy. How should we think about buybacks going forward in mid-term?

- What do you see as key opportunities within Pernod from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Are there any areas of Pernod's business which you believe are getting less attention than they deserve when you're interacting with investors and sell-side?

### Latest guidance

**Figure 63. Pernod – guidance summary table with Citi & consensus estimates**

| Guidance - FY25 (as of Q3 25 results - Apr-25) |                                                                                                | Citi  | Consensus |
|------------------------------------------------|------------------------------------------------------------------------------------------------|-------|-----------|
| Metric                                         | Summary                                                                                        |       |           |
| Sales                                          | Low single digit decline in Organic Net Sales for FY25                                         | -2.9% | -3.0%     |
| A&P                                            | c. 16% in mid-term                                                                             | 15.4% | 15.6%     |
| Organic EBIT growth                            | sustaining Organic Operating Margin                                                            | -3.1% | -2.8%     |
| Capex                                          | Said expected to remain elevated in FY25E and FY26. Said at H1 results would be E700m in FY25E | 693   | 693       |
| FX                                             | Negative FX impact on PRO for the full year is expected to be broadly similar to H1            | -109  | -114      |

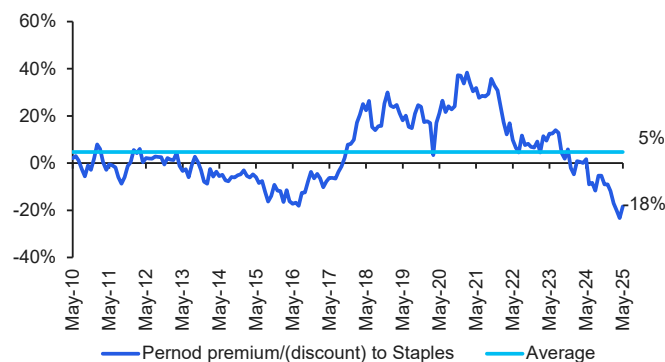
| Medium-term guidance (2025-27) |                                    | Citi    | Consensus |
|--------------------------------|------------------------------------|---------|-----------|
| Metric                         | Summary                            | 2027-29 | 2027-29   |
| OSG                            | Between +3% to +6%                 | 4.1%    | 4.1%      |
| Operating Margin               | Organic Operating margin expansion | 16      | 10        |

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Source: Citi Research, Company Reports, Visible Alpha

### Key charts

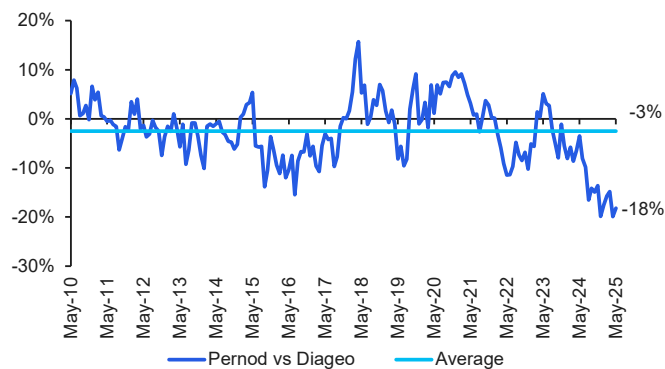
**Figure 64. Pernod 12-mth fwd PE vs European Staples**



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Source: Citi Research, DataStream

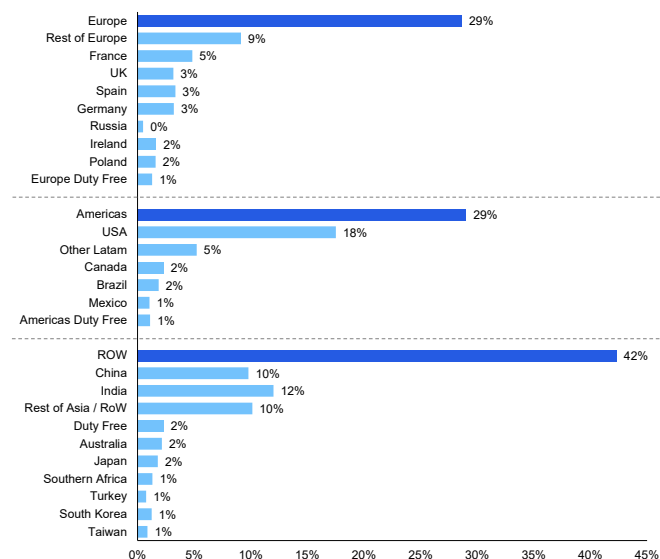
**Figure 65. Pernod 12-mth fwd PE vs Diageo**



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Source: Citi Research, DataStream

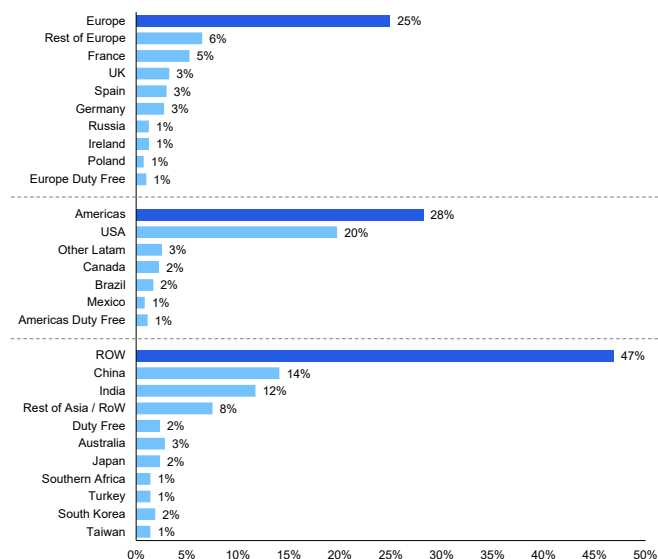
Figure 66. Pernod sales split by country - FY24



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Source: Citi Research, Company Reports

Figure 67. Pernod EBIT split by country - FY24



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Source: Citi Research, Company Reports

## Rémy Cointreau (RCOP.PA)

Buy | TP €75.00 | Price €47.92 (21 May 25 17:30)

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### Key questions & guidance

#### Short-term – what are the key questions?

- Can you speak to the MOFCOM anti-dumping tariffs in China and are you able to give any colour on timings, pricing, elasticities etc.? What are you doing in-house to mitigate the impact?
- What impact do you think the imposition of a 38% Cognac tariff in China would have on your business there?
- Are you able to comment on current trading in China and the ongoing headwinds in China Duty Free? How should we think about the market as we head into FY26E?
- Can you comment on current wholesaler inventory levels and buy-in ahead the summer? You stated at the Q4/FY sales print that inventory levels were healthy at the end of March – have you seen any change to this? Are you confident in your current positioning and can you comment on wholesaler appetite to build inventory?
- Do you think the China cognac category can ever return to the HSD/LDD growth we've seen in the past or given the lower China GDP outlook, are we now in a structurally lower growth environment for Spirits?
- Can you unpack the Q4 sales print a little and talk to the moving parts behind the c.-33% organic Cognac sales decline? Even after adjusting for calendar effects and Duty Free headwinds in China, OSG was down c.-24%. What are the drivers behind ongoing weakness in the category?
- You flagged that inventory levels in the US are at c.4-mths. How are you expecting FY26E to progress from a depletion standpoint and subsequently how should we think about stock-build / destocking as we move through the FY26E?
- You saw a sequential improvement in US Cognac depletions in Q4. Can you talk to the underlying trends you are seeing and talk to the differing depletions you've been seeing for VS cognac versus your VSOP, 1738 and XO offering in recent periods in the US?
- What would you envisage a normalised year in US Cognac would look like? Are you able to give approximate underlying depletion expectations on a go-forward basis?
- Can you talk to the promo environment in the US and what the competition landscape is currently like? At what point would you engage in promo in the US to gain share or are you fully committed to maintaining brand equity as a premium cognac?
- Can we zoom in on VSOP and can you talk about your pricing strategy there and is there anything to call out on a state-by-state basis?

- Can you comment on trading in EMEA? Are there any specific regional or brand performances which stand out?
- Can we move onto Liqueurs and Spirits, and can you talk to the strong +16% rebound in OSG in Q4? Is there anything to call out across your key brands ex Cognac from a current trading standpoint?
- Are you able to talk to the current consumer environment in Europe? Have you seen a deterioration in consumer elasticities at all and can you talk to the current promo/pricing environment there?
- North America L&S OSG in Q4 was strong albeit on soft comps. Can you talk to the underlying momentum there?
- Can you update us on the cost pressures in your business from a raw material and broader supply chain standpoint? To what extent are you hedged for FY26E and how do you see the near-term outlook from a COGS standpoint with falling commodity & energy prices?
- Can you talk about pricing plans for FY26E? What level of pricing are you likely able to take and how confident are you in the resilience of the consumer to accept these price increases?
- Can you talk to your cost-cutting initiatives and your ability to potential find further savings into FY26E?
- How is the business thinking about the potential for a pick-up in Travel Retail in Asia and elsewhere through fiscal 2026? Where are we now vs. pre-Covid? For how long do you envisage China Travel Retail headwinds to persist?
- Can you talk about the recent CEO resignation and what you are looking for in a new appointment?

**Medium/long-term – what are the key questions?**

- Looking to FY26, you have said that it will mark a resumption to the 2029-30 trajectory of HSD annual OS and a gradual organic improvement in the COP margin. What gives you confidence in achieving this and what are the main drivers behind this delivery?
- You're clearly increasingly confident in the deliverability of your 2030 targets. You made strong progress on your journey to 72% gross margins and 33% EBIT margins by 2030 in FY21-FY23. With your Liqueurs & Spirits margins still well below historic levels, and higher levels of marketing investment of late, as we look forward to the 2030 targets, should we expect more margin expansion to come from the Liqueurs & Spirits division? How should we think about the potential for Cognac margins in this context?
- How do you balance the trade-off between cognac demand and limited supplies of maturing inventory? What levels of cognac volume growth are sustainable over the medium-term?
- You've stepped up marketing investment in recent years. Do you feel that investment is now at the right level and that spend will grow more in-line with sales going forward?

- In the last couple of years, you have acquired a cognac house (Brillet) as well as a champagne house (J de Telmont). Can you talk us through the rationale for acquiring these companies and your strategy in Champagne? How long do you expect to have to invest in them before they turn profit making?
- Are there still gaps in your portfolio that you are looking to fill? How do you think about further bolt-on M&A opportunities?
- What do you see as key opportunities within Rémy from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the spirits industry?

#### Latest guidance

**Figure 68. Rémy Cointreau – guidance summary table with Citi & consensus estimates**

| Guidance - FY25 (as of FY 25 Sales - Apr-25) |                                                                                                      | Citi   | Consensus |
|----------------------------------------------|------------------------------------------------------------------------------------------------------|--------|-----------|
| Metric                                       | Summary                                                                                              |        |           |
| Sales (already reported)                     |                                                                                                      | -18.0% | -18.0%    |
| A&P                                          |                                                                                                      | 22.9%  | 20.2%     |
| COP                                          | Organic deterioration partially offset by a cost cutting plan totalling over E50mn                   | -425   | -436      |
| FX on sales                                  | E2-5m tailwind - mainly in 2H-25                                                                     | 6      | 5         |
| FX on COP                                    | E5m tailwind                                                                                         | 6      | 6         |
| Tax rate                                     | FY25E 26% included noncash benefit but will be 31% normalised going forward if French budget adopted | 27.7%  | 27.5%     |

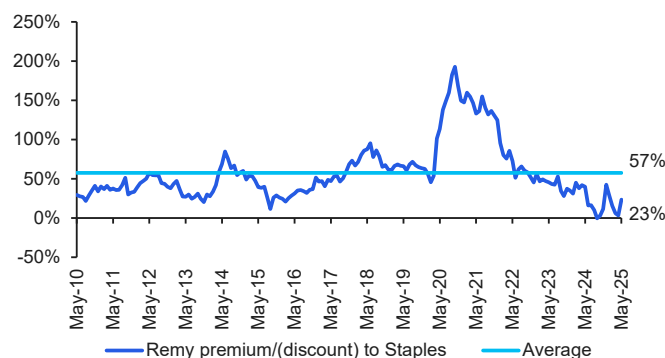
| Long-term guidance (2029-30) |                                 | Citi    | Consensus |
|------------------------------|---------------------------------|---------|-----------|
| Metric                       | Summary                         | 2029-30 | 2029-30   |
| Gross margin                 | Gross margin of 72%             | 71.9%   | 71.3%     |
| COP margin                   | Current operating margin of 33% | 23.8%   | 24.5%     |

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Source: Citi Research, Company Reports, Visible Alpha

#### Key charts

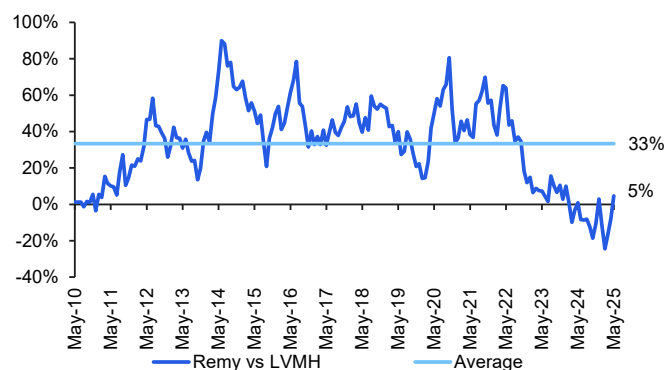
**Figure 69. Rémy 12-mth fwd PE vs European Staples**



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Source: Citi Research, DataStream

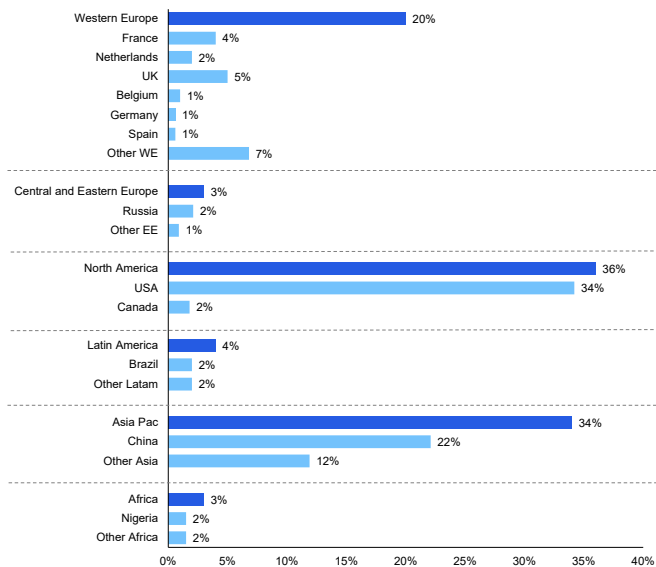
**Figure 70. Rémy 12-mth fwd PE vs LVMH**



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Source: Citi Research, DataStream

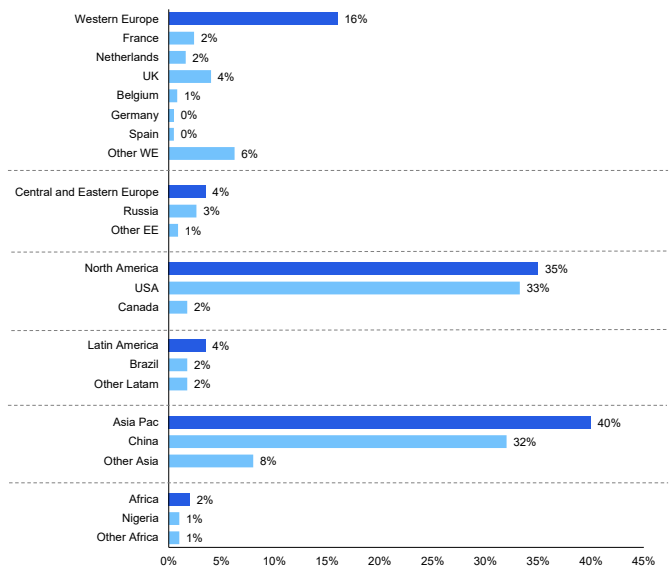
Figure 71. Rémy sales split by country - FY24



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Source: Citi Research, Company Reports

Figure 72. Rémy EBIT split by country - FY24



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Source: Citi Research, Company Reports

## **SOFT DRINKS**

Latest Nielsen data

Figure 73. EU Carbonates industry summary by company – latest 4-wks ending 20<sup>th</sup> April 2025

| Soft Drinks - Total EU        | Value %     |             |             | Volume %    |             |              | Price Mix % |             |             | \$ share % | \$ share (Bp. change YoY) |       |       |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|------------|---------------------------|-------|-------|
| (Off -Trade)                  | 4 wk        | 12 wk       | 52 wk       | 4 wk        | 12 wk       | 52 wk        | 4 wk        | 12 wk       | 52 wk       | 52 wk      | 4 wk                      | 12 wk | 52 wk |
| Coca Cola                     | 6.2%        | 2.3%        | 2.0%        | 3.3%        | -0.9%       | -0.9%        | 2.8%        | 3.2%        | 3.0%        | 60.0%      | -15                       | -59   | -49   |
| Pepsi                         | 11.9%       | 8.0%        | 2.8%        | 14.8%       | 7.7%        | 0.5%         | -2.5%       | 0.3%        | 2.3%        | 10.8%      | 53                        | 48    | -0    |
| Dr. Pepper                    | 27.1%       | 23.3%       | 13.3%       | 24.8%       | 24.9%       | 13.9%        | 1.8%        | -1.2%       | -0.6%       | 1.7%       | 27                        | 28    | 14    |
| Fever-Tree                    | 4.8%        | 0.1%        | -0.8%       | 3.4%        | -1.9%       | -3.3%        | 1.4%        | 2.1%        | 2.6%        | 0.9%       | -1                        | -3    | -3    |
| Private label                 | 2.9%        | -0.0%       | 1.6%        | -1.1%       | -2.4%       | -2.1%        | 4.0%        | 2.4%        | 3.8%        | 10.0%      | -35                       | -34   | -12   |
| <b>Total Soft Drinks - EU</b> | <b>6.4%</b> | <b>3.4%</b> | <b>2.8%</b> | <b>3.2%</b> | <b>0.1%</b> | <b>-0.6%</b> | <b>3.2%</b> | <b>3.2%</b> | <b>3.4%</b> |            |                           |       |       |

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Source: Citi Research, Nielsen

Figure 74. UK Carbonates summary – latest 4-wks ending 20<sup>th</sup> April 2025

| Soft Drinks - UK              | Value %     |             |             | Volume %    |             |              | Price Mix % |             |             | \$ share % | \$ share (Bp. change YoY) |       |       |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|------------|---------------------------|-------|-------|
| (Off -Trade)                  | 4 wk        | 12 wk       | 52 wk       | 4 wk        | 12 wk       | 52 wk        | 4 wk        | 12 wk       | 52 wk       | 52 wk      | 4 wk                      | 12 wk | 52 wk |
| Coca Cola (CCEP)              | 4.9%        | 1.3%        | -0.1%       | 1.9%        | 0.1%        | -0.3%        | 3.0%        | 1.2%        | 0.2%        | 50.6%      | -99                       | -97   | -64   |
| Coca Cola brand               | 4.0%        | 1.3%        | 0.9%        | 1.8%        | 0.6%        | 1.6%         | 2.2%        | 0.7%        | -0.7%       | 39.4%      | -112                      | -78   | -12   |
| Pepsi (Britvic)               | 10.3%       | 6.3%        | 3.5%        | 10.6%       | 6.7%        | 3.1%         | -0.3%       | -0.4%       | 0.4%        | 23.2%      | 71                        | 66    | 50    |
| Pepsi brand                   | 9.9%        | 6.0%        | 3.3%        | 10.5%       | 6.6%        | 3.2%         | -0.5%       | -0.5%       | 0.1%        | 20.8%      | 56                        | 55    | 41    |
| Britvic owned brands          | 14.1%       | 7.4%        | 7.5%        | 13.9%       | 4.6%        | 1.2%         | 0.2%        | 2.6%        | 6.2%        | 2.8%       | 18                        | 11    | 17    |
| AG Barr                       | -4.5%       | -4.7%       | -0.4%       | -6.9%       | -7.4%       | -4.8%        | 2.7%        | 2.9%        | 4.5%        | 5.1%       | -60                       | -44   | -9    |
| Dr. Pepper                    | 28.5%       | 26.2%       | 14.2%       | 26.5%       | 27.9%       | 14.9%        | 1.6%        | -1.3%       | -0.6%       | 5.0%       | 84                        | 93    | 51    |
| Fever-Tree                    | 2.6%        | -2.8%       | -4.0%       | 0.3%        | -5.8%       | -6.8%        | 2.2%        | 3.1%        | 3.1%        | 5.1%       | -8                        | -11   | -11   |
| Private label                 | 3.4%        | -1.8%       | -4.5%       | -1.2%       | -4.4%       | -5.9%        | 4.6%        | 2.7%        | 1.5%        | 8.3%       | -28                       | -42   | -49   |
| <b>Total Soft Drinks - UK</b> | <b>6.9%</b> | <b>3.3%</b> | <b>1.2%</b> | <b>3.8%</b> | <b>1.3%</b> | <b>-0.6%</b> | <b>3.0%</b> | <b>2.0%</b> | <b>1.7%</b> |            |                           |       |       |

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Source: Citi Research, Nielsen

# Coca-Cola Europacific Partners (CCEPC.AS)

Buy | TP €91.00 | Price €78.40 (21 May 25 16:30)

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## Key questions & guidance

### Short-term – what are the key questions?

- Are you able to speak to current trading in Q2-to-date? Have there been any key developments since Q1 which are worth calling out or has it been more of the same?
- Can you comment on recent performance in the AFH and at-home channels? What underlying trends are you seeing? How are you thinking about trading into the key summer period?
- Similarly, can you talk to trading across your portfolio and any particular areas of strength/weakness across your categories?
- At Q1 you reference the tougher promo backdrop in Germany; has this continued into Q2 and how should we think about trading momentum for the remainder of FY?
- You also talked to headwinds from a sugar tax in France. Can you give some colour on this and what you are doing on the ground to mitigate the impact here?
- GB volumes were up in Q1, supported by innovation. Can you flesh out what innovations you brought to the market and how we should think about innovations more generally across your footprint heading into the summer?
- Can we talk about Indonesia? Can you talk us through the rationale behind the SKU rationalization and for the focus on Sparkling and Tea? Why are these the main two categories to focus on?
- Can you also provide an update as to the current macro headwinds you are facing in the market and what you are doing to mitigate the impact of these?
- Still on Indonesia, can you fill us in on the latest RTM changes and the benefits you expect to generate from the new structure?
- Can we talk about the Philippines? What have been the key findings since taking over the business? What are the low-hanging fruits from a synergy standpoint that you can realise in the short-term? How should we think about the margin outlook for CCBP?
- What are the differences/similarities between CCBP and the Indonesia business?
- For FY25E, you have guided for top-line growth of c.4% and bottom-line growth of c.7% - what assumptions are you baking into your guidance with regards to summer trading and the macro backdrop in Indonesia?

- How should we think about price/mix for FY25E? At what run rate can we expect CCEP to take price going forward after a period of higher pricing to offset inflationary pressures? Are you confident this will be accepted by the consumer?
- Can you talk about the state of the consumer generally? You talk about the need to balance affordability and premiumization, how do you think about the promotional environment in your major markets in Q4/FY25E?
- What underlying consumer behavior buying trends are you seeing from a price/pack standpoint in the AFH channel? Can you comment on the level of transactions relative to volumes in Europe and APS (Australia, Pacific & South-East Asia)?
- More generally, can you walk us through the various strategic repositioning initiatives you have done recently? Clearly there was the SKU rationalization in Indonesia, but can you also comment on the bulk water exits in Australia/Germany/Spain, Beam Suntory in Aus/NZ and Capri Sun in Europe? Can you go into some more detail behind the rationale and timeline of these changes?
- Do you have an end-point in mind for where you are comfortable with your portfolio positioning? Or should we expect rationalisation to be an ongoing part of the business?
- You have guided to COGS per unit case inflation of c.2% for FY25E. Can you unpack the moving parts behind this and where you are still seeing stickiness on prices?
- Can you talk about your Coffee business and how that is progressing?
- How has your Energy portfolio performed in 2025 so far from a market share perspective? Are you expecting to see continued gains going forward? What sets your Energy offering apart from competition?
- In terms of your geographic footprint in Energy, can you talk to recent launches and how you see the Energy business performing across your regions? How has Energy been performing in Philippines? Do you think you will launch in Indonesia or are the market dynamics as attractive as elsewhere for the category?
- On Indonesia, and the Tea category, can you comment on the competitive environment there and the performances of both mainstream tea and flavoured tea? How are you positioned regarding pricing?
- Can we talk about ARTDs and your exposure to that category? How is the Jack & Coke and Absolut & Sprite performing? Are there any other partnerships/RTDs coming?
- Can we talk about your cost savings programme where you are expecting to deliver €350-400m in FY24-28. Where do you think the key opportunities are?
- Can you talk a bit about capital allocation? You said at the CMD in May-25 that M&A is unlikely in the next 2-3 yrs, but with an attractive leverage profile, alongside a solid €1.7bn FCF p.a., are you remaining open to opportunistic M&A should the right opportunity arise? What areas would be appealing for you to engage in?

- You are targeting 2.5x-3.0x leverage in the mid-term. How should we think about leverage going forward? Is the middle of the range your goal? Can we think about buybacks in the region of €1bn to continue at least in the short-term?

**Medium/long-term – what are the key questions?**

- How should we think about the CCBP business in the mid-term? Where do you hope to see this business ending up from a growth/share perspective? What do you think need to be the key changes in the underlying business to really unlock its full potential?
- With two large scale acquisitions in recent years in Indonesia and the Philippines, can you set out where you think the current business will be in the next 5-yrs? Can we expect you to park further M&A for the meantime and to focus on consolidation and establishing the existing business?
- You talked at the CMD to “four and more”. Can you flesh out what you mean by this? How should we be thinking about your c.4% top-line growth guidance in the mid-term and what are the drivers to push OSG beyond to 4% floor?
- Within this, you have guided to +2-3% growth in Europe, +4-5% in AP and HSD% growth in SEA. Can you talk to the key drivers for each region and which categories you will be focusing on in key markets to deliver to +4%?
- Can you talk to some of your key growth categories, namely Energy, Coffee and ARTD? How do you expect these markets to develop in the mid-term and which areas are you most excited about as we look out over the next few years?
- You have also guided to at least €1.7bn in FCF per annum, driven by top-line growth, margin expansion and strong cash conversion. Focusing on cash conversion, can you talk us through what you can do to optimize working capital and investments? What are the key levers you can pull to achieve the €1.7bn?
- Can you talk about the opportunity to improve per-capita consumption and your core brand presence in Indonesia over the medium term? Can you share a bit of the history there and how big the opportunity could be? Where are you on this journey?
- How should we think about the evolution of coffee profitability and margins over the next few years? And where does coffee now sit in the pecking order of brands/categories within your portfolio?
- Talk about the opportunity in the rapidly growing Energy space? How big could this category become? What do the economics look like there compared to group average or Sparkling?
- It seems like every time we talk to a bottler about their relationship with the Coke mothership, they tell us it’s never been so good. That’s clearly reassuring but what do you think has really changed on both sides of the relationship in recent years to mean the system has become so much more closely aligned?
- What do you see as key opportunities within CCEP from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?

- Looking to the longer-term, maybe 3-5 years forward plus, what category or growth opportunity or market are you most excited about in the business and perhaps in your mind isn't getting its fair share of attention when you talk to investors and analysts like us? In other words, what is the exciting bit of the CCEP story that we might be under-estimating now?

## Latest guidance

Figure 75. CCEP - guidance summary table with Citi & consensus estimates

| Guidance - FY25 (as of Q1 25 results - Apr-25) |                                                                                                                                                                                                                                                 | Citi  | Consensus |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------|
| Metric                                         | Summary                                                                                                                                                                                                                                         |       |           |
| Revenue growth (comparable)                    | Pro-forma comparable (fx-neutral) growth of c.4%                                                                                                                                                                                                | 3.8%  | 4.2%      |
| COGS                                           | comparable growth of c.2% <ul style="list-style-type: none"> <li>• Expect broadly flat commodity inflation</li> <li>• FY25 hedge coverage at ~80%</li> <li>• Concentrate directly linked to revenue per UC through incidence pricing</li> </ul> | 2.0%  | -         |
| Organic operating profit (comparable growth)   | Pro-forma comparable (fx-neutral) growth of c.7%                                                                                                                                                                                                | 7.4%  | 7.8%      |
| Comparable tax rate                            | Comparable effective tax rate: c.26%                                                                                                                                                                                                            | 26.0% | 25.9%     |
| Dividend                                       | Dividend payout ratio: c.50%                                                                                                                                                                                                                    | 49.9% | 50.3%     |
| Capex                                          | c.5% of revenues                                                                                                                                                                                                                                | 5.0%  | 4.6%      |
| FCF                                            | €1.7bn in line with our mid-term strategic objectives                                                                                                                                                                                           | 1,734 | 1,770     |

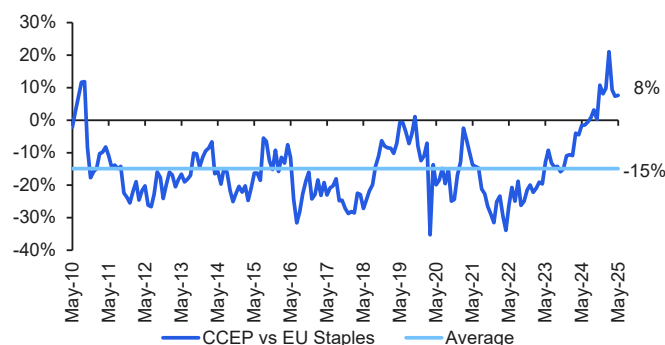
| Medium-term Guidance (as of CMD - May 2025)  |                                                  | Citi    | Consensus |
|----------------------------------------------|--------------------------------------------------|---------|-----------|
| Metric                                       | Summary                                          | 2024-28 | 2024-28   |
| Revenue growth (comparable)                  | Pro forma comparable (fx-neutral) growth of c.4% | 3.8%    | 4.0%      |
| Organic operating profit (comparable growth) | Pro forma comparable (fx-neutral) growth of c.7% | 6.6%    | 7.2%      |
| FCF                                          | At least EUR 1.7bn                               | 1,828   | 1,867     |
| ROIC                                         | c. +50bps p.a.                                   | 50      | -         |
| Capex                                        | 4-5% of revenues                                 | 4.7%    | 4.5%      |
| Dividend payout ratio                        | c. 50%                                           | 49.1%   | 49.9%     |
| Efficiency programme                         | €350-400m                                        |         |           |

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Source: Citi Research, Company Reports, Visible Alpha

## Key charts

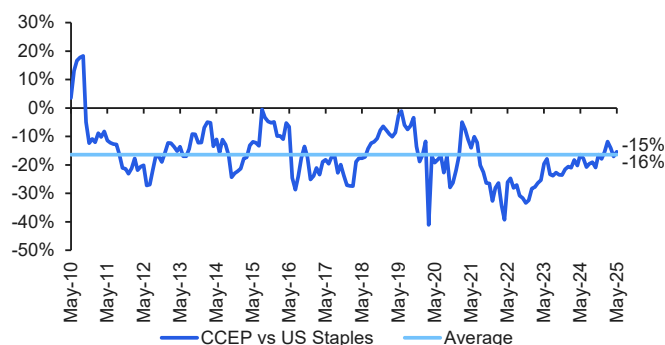
Figure 76. CCEP 12-mth fwd PE vs European Staples



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Source: Citi Research, DataStream

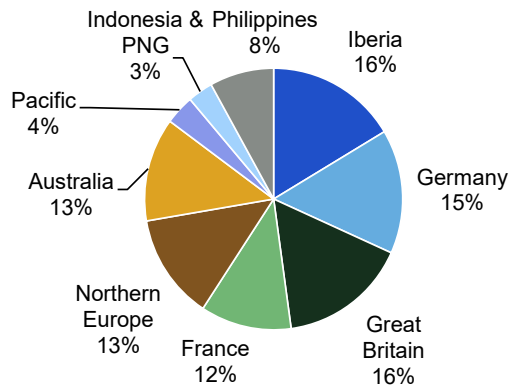
Figure 77. CCEP 12-mth fwd PE vs US Staples



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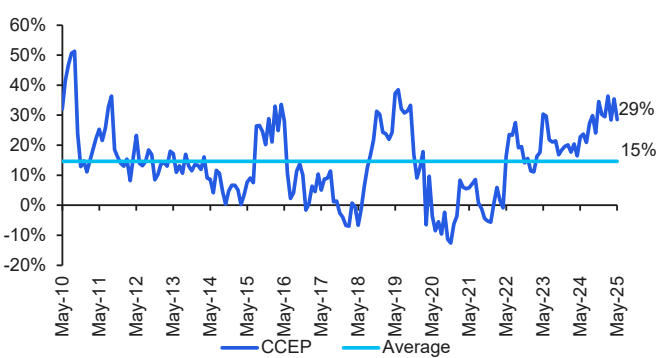
Source: Citi Research, DataStream

Figure 78. CCEP sales split by market - 2024



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Source: Citi Research, Company Reports

Figure 79. CCEP - 12-mth fwd PE vs Stoxx600



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Source: Citi Research, DataStream

# Coca-Cola HBC AG (CCH.L)

Neutral | TP £38.00 | Price £39.94 (21 May 25 16:30)

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## Key questions & guidance

### Short-term – what are the key questions?

- Could you share your thoughts on recent trading? Is there anything to call out on the April/May trends?
- Can you speak to current trading across your top priorities, i.e. Sparkling, Energy and Coffee? What are the key themes there and where are you expecting the key areas of growth to be within those categories?
- Which regions/categories within your footprint/portfolio do you see more room for improvement and where are you satisfied with your performance to-date? What are the key areas to drive growth in FY25?
- From a margin standpoint – which categories and markets are underperforming and what can CCH do to bring these businesses to group margin levels?
- What are the main markets you are excited about for FY25?
- Can you comment on pricing? You took pricing in several markets in Q1, are you able to add some colour on how this has landed? How should we think about pricing for FY25E overall? What is the latest pricing environment like in inflationary markets such as Nigeria and Egypt?
- Can you run us through the DRS (Deposit Return Scheme) landscape and which markets within your portfolio have the scheme in place? Are there any other DRS or sugar taxes expected? How do you tend to price through DRS implementations and what impact do you typically see on volumes?
- How confident are you in the resilience of the consumer? To what extent do you think the consumer can accept further pricing and what initiatives are you taking to manage the under-pressure consumer wallet? Can you talk to your price/pack architecture strategy?
- You reiterated FY25E guidance with the Q1 print with top-line growth of +6% to +8% and organic EBIT growth of +7% to +11%. What are the puts and takes to reaching top-end and bottom-end of both guidance ranges?
- Can you talk about transactional FX and the importance this has on your organic EBIT growth?
- Are you able to talk about COGS for FY25E and how you see COGS per UC developing? Can you talk to the moving parts within this and which areas within your cost base you are seeing a meaningful reduction in cost or stickiness?
- What is the promotional environment like across your key markets? There have been some signs of a rise in private label products in some European markets of late. What are you seeing?
- Can you talk to trading momentum by channel, and how we should think about Q2/Q3 given you are lapping soft weather comps across much of Europe?

- Can we talk generally about Q2 trading to-date and to what extent you have seen the Easter headwind from Q1 reverse into a tailwind in Q2?
- Can you walk us through the key Established Markets and gives us a sense of underlying momentum? What are you focusing on in key markets Italy, Ireland, Greece, etc.?
- Can you comment in your performance in Nigeria and specifically on your Sparkling and Energy businesses there and what the competitive environment is like?
- Are you able to talk about European markets where the macro environment is more challenging, namely Romania, Czech Republic, Hungary etc.? What are you seeing re the consumer and what are your expectations for the remainder of FY25E?
- Talk about the dynamics with your Egyptian business? How have you dealt with the currency devaluation? What impact is this having on volumes and end demand? Given you are now lapping the brand boycott situation surrounding the Israel/Gaza conflict, are we seeing some respite here?
- What is recent trading like in the Ukraine? Any changes in consumer behaviour you're observing given the widening conflict?
- Can you comment on underlying trends within the Multon business in Russia?
- Can you speak about the Finlandia acquisition and your plans for the business? You've been expanding the footprint in new markets? How is that developing?
- Can we talk about Coffee which has become a priority category? What are the key opportunities within this category and how confident are you in your ability to execute successfully?
- On your RTD offering, can you comment to the performance of Jack & Coke? Can you also comment on partnerships you have with Spirits players?

**Medium/long-term – what are the key questions?**

- At your CMD in May 2023, you upgraded the mid-term guidance for organic revenue growth to +6-7% (from +5-6%). Can you talk us through the moving parts behind the upgrade?
- What do you expect to be the main drivers in achieving this level of OSG on a sustainable basis? Can you talk us through your expectations across the divisions and also which categories you see driving the most incremental growth in the mid-term?
- What are the main drivers of the 20-40bps of annual margin expansion? To what extent will this be cost efficiency focused and what extent revenue growth management driven?
- If your margin expansion exceeds 20-40bps annually, will the profits be invested back into the business?
- How do you think about the outlook for the Multon business? Do you see on-going direct ownership of Russia assets as potentially problematic? Are you able to repatriate cash out of Russia?

- Talk a little about how package architecture has evolved in your business over the last 10 years and how this enables better RGM (revenue growth management)? How much further scope is there for shifting consumers to smaller pack sizes in some of your more Established Markets?
- Can you talk a little about your digital transformation within the group? Are you happy with your B2B and B2C offering? What is best-in-class and what needs more work? Is this an area which will require a step up in investment spend further in the years ahead or is it more about deployment and engagement?
- Can you speak to M&A in the mid-term and what your appetite is for expanding your footprint in Africa? Is there any possibility that you could still participate in the CCBA operations in Africa or do you expect that business will definitely be IPO'd? (Reuters, 29 Apr, [link](#)).
- Remind us of your capital allocation priorities? What do you consider the appropriate level of financial leverage to be? Are there potential M&A opportunities you're looking at in the mid-term? Remind us of the strategic and financial criteria you apply to potential M&A?
- You've been involved in the coffee space for some time initially through Lavazza. Talk a little more about the skill set and business expertise you have within CCH to make you a credible competitor in the coffee space to the major operators like Nestle or JDEP? And update us on the roll-out of Costa Coffee across your geographies?
- How should we think about the evolution of coffee profitability and margins over the next few years?
- Can you talk about the opportunity Energy in a bit more detail and the different consumers and occasions you think can be targeted with products in this area?
- Do you have the right offering to fully exploit the potential there? What do the economics look like there compared to group average or Sparkling?
- Given the acquisition of Finlandia, could you talk in a bit more detail about what role you see alcohol playing in your business over the medium term and whether it could become a more meaningful part of your revenue base?
- It seems like every time we talk to a bottler about their relationship with the Coke mothership, they tell us it's never been so good. That's clearly reassuring but what do you think has really changed on both sides of the relationship in recent years to mean the system has become so much more closely aligned?
- What do you see as key opportunities within CCH from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?

## Latest guidance

Figure 80. CCH - guidance summary table with Citi & consensus estimates

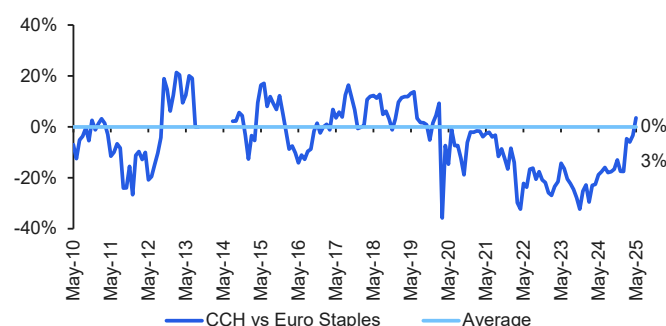
| Guidance - FY25 (as of Q1 25 results - Apr-25)     |                                                | Citi           | Consensus      |
|----------------------------------------------------|------------------------------------------------|----------------|----------------|
| <b>Metric</b>                                      | <b>Summary</b>                                 |                |                |
| OSG                                                | Organic revenue growth +6% to +8%              | 8.7%           | 8.5%           |
| COGS                                               | COGS/case up L/MSD                             | 3.0%           | -              |
| Comparable EBIT                                    | Organic growth of +7% to +11%                  | 12.2%          | 11.6%          |
| FX                                                 | Translational FX a 15-35m headwind on EBIT     | -21            | -7             |
| Tax rate                                           | c. 25% to 27% - upper end                      | 27.0%          | 26.7%          |
| Finance costs                                      | €60m to €75m                                   | -47            | -49            |
| Medium-term guidance beyond 2023 - CMD in May 2023 |                                                | Citi           | Consensus      |
| <b>Metric</b>                                      | <b>Summary</b>                                 | <b>2024-26</b> | <b>2024-26</b> |
| Organic sales growth                               | Average annual OSG 6-7%                        | 9.5%           | 9.5%           |
| EBIT margin                                        | Comparable EBIT margin 20-40bps expansion p.a. | 17             | 27             |
| Capex as % revenue                                 | 6.5% to 7.5%                                   | 6.6%           | 5.9%           |

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Source: Citi Research, Company Reports, Visible Alpha

## Key charts

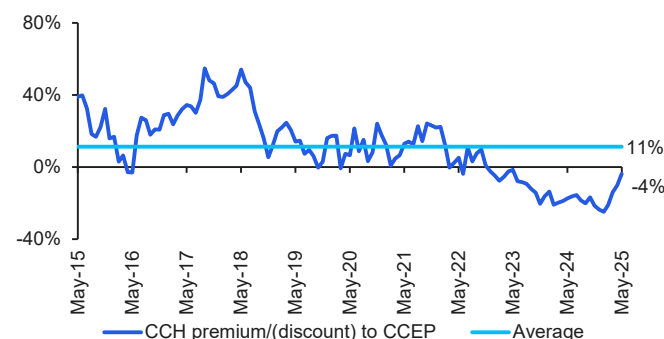
Figure 81. CCH 12-mth fwd PE vs European Staples



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Source: Citi Research, DataStream

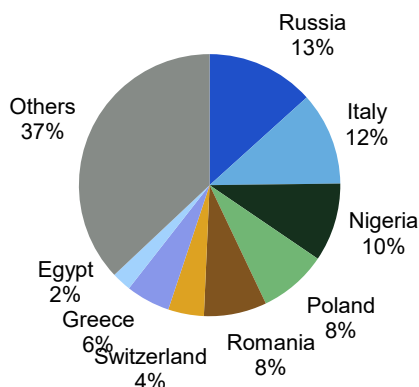
Figure 82. CCH 12-mth fwd PE vs CCEP



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Source: Citi Research, DataStream

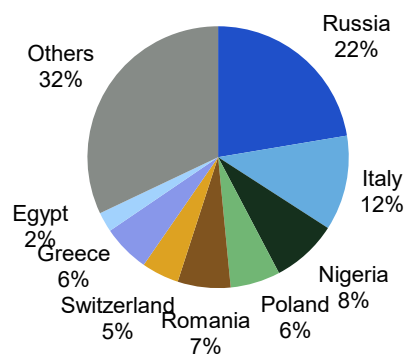
Figure 83. CCH sales split by country - 2024



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Source: Citi Research, Company Reports

Figure 84. CCH EBIT split by country - 2024



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Source: Citi Research, Company Reports

# Fevertree Drinks (FEVR.L)

Neutral | TP £7.15 | Price £8.84 (21 May 25 16:30)

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## Key questions & guidance

### Short-term – what are the key questions?

- How have the first months under the new Molson Coors partnership been? Are you able to share early findings from the new-look business in the US?
- You have flagged that FY25 is very much a transition year in the US as you move to the new business model. Can you comment on what has been done to-date with regards to US production, logistics, distribution etc.? Have changes progressed as you expected?
- Can you talk to underlying trading momentum in the US? How has Fevertree performed relative to competition? Can you talk to on-trade vs off-trade momentum? How are non-tonics performing relative to tonics?
- Clearly the US tariff situation has been of interest for you given (pre-TAP) c.2/3 of US produce was imported from the UK. Given the new 10% tariff rate, can we expect an acceleration in the onshoring of production to mitigate this?
- What do you see as the key attractions to partnering with Molson Coors in the US? What gives you confidence that you are both aligned with the US growth strategy?
- Can you talk about marketing spend in the US, which you have previously said will pick-up meaningfully in FY26/27? Can you walk us through the joint marketing fund you have in place and how much autonomy you have over this and to what extent Molson Coors will be driving marketing?
- How should we think about top-line growth in the US for FY25 given the transition? Can we expect a meaningful uptick in FY26E back towards DD% territory?
- Can you speak to current trading in your other key markets? What have been the underlying trends in H1 to-date?
- How has trading been in the UK? Can you comment on the momentum you are seeing in both the on-trade and off-trade?
- Are you able to comment on the impact from the Autumn 2024 UK Budget on your business and your business partners? How does this impact your outlook and momentum in the on-trade business?
- How have mixers performed outside of tonics? How has your market share held up across the sub-categories?
- What are you seeing in terms of current trading in the Europe and ROW divisions?
- Can you talk us through your plans in Germany after the portfolio repositioning has now completed? How can you drive growth in that market? What are you seeing in terms of consumer environment?

- How should we be thinking about soft weather comps heading into the key summer trading across Europe? Are you able to comment on April/May momentum you have been seeing?
- Can you talk us through the joint distribution partnership with Remedy Drinks in Australia and provide some colour as to the benefits of the bottling agreement from 2025?
- How has Canada been performing? Are there any key trends to call out?
- Can we talk about your cost base? Can we assume that with the business changes in the US, and therefore a significant reduction in freight exposure, your cost base will be more resilient?
- How should we think about pricing on a go-forward basis? Clearly you want to maintain your premium positioning; what kind of run rate can we expect across key markets? How much input do you have around price positioning in the US?
- How should we think about margins into FY25E? You have guided to 11-13% for FY25/26 at EBITDA level; how should we think about the composition of this regarding US vs rest of group?
- Can you update us on your expansion into Cocktail mixers? How has the business been performing? What are the learnings to date and opportunities for further expansion?
- What about your moves into the premium soft drinks category in the UK? How has this been received by your retail partners and consumers?
- Can you talk about your sales mix? You have said previously that glass is c.80% of the sales mix. Is this likely to remain at this level going forward? Have you seen any change in consumer behaviour moving to multi-packs or cans over glass etc.?
- How shall we think of your marketing spend going forward ex US?
- Can we talk about capital returns given you are currently returning c.£100m to shareholders through a share buyback? Can we expect share buyback programmes on an ongoing basis? Are you able to provide any colour as to a possible quantum range?

**Medium/long-term – what are the key questions?**

- Can you give any colour to future M&A possibilities and which areas you might be interested in expanding / entering in the next few years?
- Is it fair to assume that you would be open to similar licence models as you have now entered into in the US with Molson Coors in other geographies? Are you open to similar arrangements in Europe/ROW?
- What will be the key growth drivers for the business in the medium-term and how will you go about executing this? Are there any new regional markets you are looking to enter after the expansion in US?
- How can we think about margins in the mid-term? What margins are attainable medium-term in your view?

- How do you see the Tonic sub-category in the mid/long-term? How much potential is there left for growth? How large can other sub-categories become relative to Tonic and what will be the driving factors in this?
- What do you see as key opportunities within Fever-Tree from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Looking to the longer-term, maybe 3-5 years forward plus, what category or growth opportunity or market are you most excited about in the business and perhaps in your mind isn't getting its fair share of attention when you talk to investors and analysts? In other words, what is the exciting bit of the Fever-Tree story that we might be under-estimating now?

### Latest guidance

**Figure 85. Fever-Tree - guidance summary table with Citi & consensus estimates**

| Guidance - FY25 (as of FY-24 Results - Mar-25) |                                                                | Citi  | Consensus |
|------------------------------------------------|----------------------------------------------------------------|-------|-----------|
| <b>Metric</b>                                  | <b>Summary</b>                                                 |       |           |
| Revenue growth                                 | 2025 - expect low-single-digit Group revenue growth (incl USA) | 2.2%  | 2.2%      |
| Adj. EBITDA margin                             | 2025 - expect 12%                                              | 12.0% | 12.5      |
| Depreciation                                   | c.£4.0m                                                        | 4.0   | 4.5       |
| Amortisation                                   | c.£5.0m                                                        | 4.9   | 4.5       |
| Share-based payments                           | c.£5.0m                                                        | 5.0   | 4.5       |
| Interest income                                | c.£3.0m                                                        | 2.9   | 2.9       |
| Tax rate                                       | c.25% ETR                                                      | 25.0% | 25.3%     |

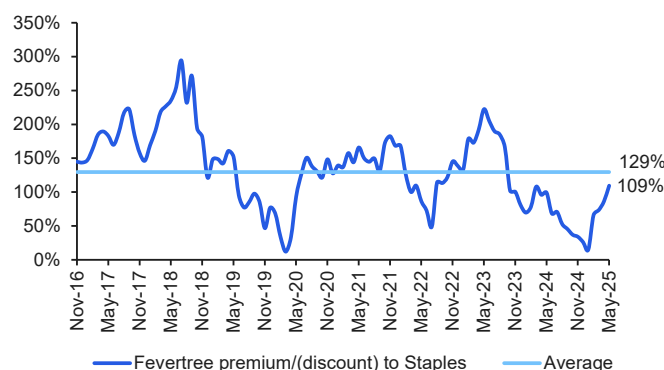
| Guidance - mid-term (as of TAP announcement Jan-25) |                                                                       | Citi  | Consensus |
|-----------------------------------------------------|-----------------------------------------------------------------------|-------|-----------|
| <b>Metric</b>                                       | <b>Summary</b>                                                        |       |           |
| Revenue growth                                      | 2026 - expect DD% revenue and EBITDA in 2026 (incl USA)               | 10.2% | 10.3%     |
|                                                     | Mid-term - expect sustained uplift in group revenue and EBITDA growth | 10.1% | 10.8%     |
| EBITDA margins                                      | 2026 - expect 11-13%                                                  | 12.4% | 13.1%     |
|                                                     | 2027 - expect mid-teens                                               | 14.4% | 15.4%     |
|                                                     | 2028 - expect high-teens                                              | 16.9% | 17.6%     |

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Source: Citi Research, Company Reports, Visible Alpha

### Key charts

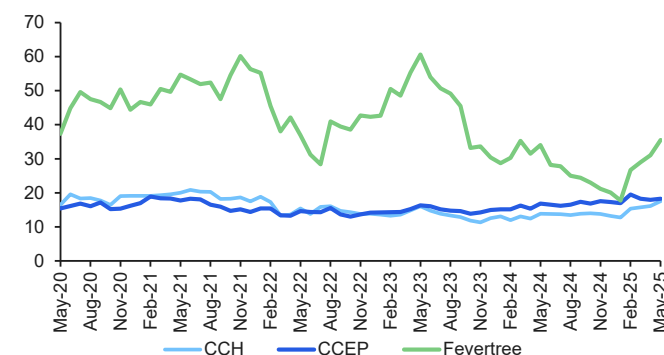
**Figure 86. Fever-Tree 12-mth fwd PE vs European Staples**



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Source: Citi Research, DataStream

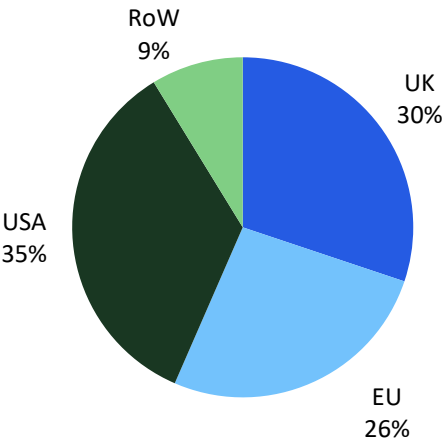
**Figure 87. Fever-Tree 12-mth fwd PE vs Soft Drinks**



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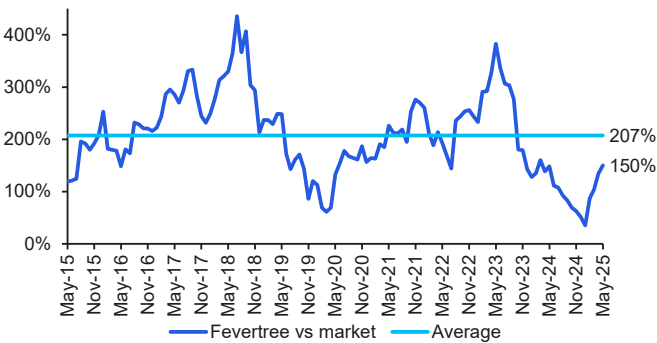
Source: Citi Research, DataStream

Figure 88. Fever-Tree sales split by market - 2024



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Figure 89. Fever-Tree 12-mth fwd PE vs Stoxx600



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# TOBACCO

Latest Nielsen/MSAi data

Figure 90. US Cigarette volumes - MSAi vs Nielsen through to 19<sup>th</sup> April 2025

| 4 Weeks to | MSAi   |       |       | Nielsen (restated) |
|------------|--------|-------|-------|--------------------|
|            | 4wk    | 12wk  | 52wk  | 4wk                |
| 01-Jan-22  | -4.6%  | -5.3% | -4.5% | -8.2%              |
| 29-Jan-22  | -11.0% | -7.7% | -5.3% | -11.4%             |
| 26-Feb-22  | -6.6%  | -7.4% | -5.5% | -7.7%              |
| 26-Mar-22  | -8.2%  | -8.2% | -5.5% | -9.0%              |
| 23-Apr-22  | -11.9% | -8.6% | -6.8% | -10.3%             |
| 21-May-22  | -8.1%  | -9.3% | -7.1% | -8.2%              |
| 18-Jun-22  | -9.2%  | -9.6% | -7.3% | -8.1%              |
| 16-Jul-22  | -9.1%  | -8.6% | -7.5% | -6.6%              |
| 13-Aug-22  | -8.6%  | -8.8% | -7.7% | -6.4%              |
| 10-Sep-22  | -8.7%  | -8.6% | -7.8% | -6.2%              |
| 08-Oct-22  | -8.6%  | -8.4% | -8.1% | -7.1%              |
| 05-Nov-22  | -9.4%  | -8.7% | -8.4% | -7.5%              |
| 03-Dec-22  | -8.9%  | -8.8% | -8.5% | -9.2%              |
| 31-Dec-22  | -10.6% | -9.4% | -8.8% | -8.9%              |
| 28-Jan-23  | -7.0%  | -8.6% | -8.6% | -5.9%              |
| 25-Feb-23  | -9.3%  | -8.8% | -8.8% | -7.6%              |
| 25-Mar-23  | -10.2% | -8.7% | -9.0% | -8.3%              |
| 22-Apr-23  | -8.4%  | -9.2% | -8.7% | -6.3%              |
| 20-May-23  | -9.3%  | -9.0% | -8.7% | -8.7%              |
| 17-Jun-23  | -8.0%  | -8.3% | -8.7% | -7.1%              |
| 15-Jul-23  | -7.3%  | -7.9% | -8.5% | -7.5%              |
| 12-Aug-23  | -8.9%  | -7.5% | -8.4% | -7.5%              |
| 09-Sep-23  | -9.1%  | -8.0% | -8.4% | -8.0%              |
| 07-Oct-23  | -9.6%  | -8.9% | -8.4% | -6.3%              |
| 04-Nov-23  | -10.4% | -9.3% | -8.6% | -7.0%              |
| 02-Dec-23  | -9.4%  | -9.2% | -8.5% | -7.2%              |
| 30-Dec-23  | -7.6%  | -8.8% | -8.3% | -7.5%              |
| 27-Jan-24  | -11.3% | -9.0% | -8.6% | -9.9%              |
| 24-Feb-24  | -8.2%  | -8.6% | -8.5% | -8.8%              |
| 23-Mar-24  | -8.4%  | -9.1% | -8.3% | -8.8%              |
| 20-Apr-24  | -9.9%  | -8.7% | -8.5% | -10.5%             |
| 18-May-24  | -8.9%  | -8.9% | -8.5% | -9.5%              |
| 15-Jun-24  | -10.1% | -9.5% | -8.7% | -10.0%             |
| 13-Jul-24  | -9.6%  | -9.4% | -8.9% | -9.9%              |
| 10-Aug-24  | -9.4%  | -9.6% | -9.0% | -10.3%             |
| 07-Sep-24  | -9.7%  | -9.4% | -9.1% | -10.2%             |
| 05-Oct-24  | -8.4%  | -9.0% | -9.0% | -10.6%             |
| 02-Nov-24  | -6.8%  | -8.1% | -8.8% | -9.0%              |
| 30-Nov-24  | -7.5%  | -7.4% | -8.6% | -8.4%              |
| 28-Dec-24  | -11.0% | -8.2% | -8.9% | -8.9%              |
| 25-Jan-25  | -6.7%  | -7.9% | -8.5% | -8.8%              |
| 22-Feb-25  | -11.0% | -9.2% | -8.7% | -10.3%             |
| 22-Mar-25  | -9.1%  | -8.8% | -8.8% | -8.5%              |
| 19-Apr-25  | -8.7%  | -9.4% | -8.7% | -7.3%              |

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Source: Citi Research, MSAi, Nielsen

Figure 91. US Cigarettes - performance overview through to 29<sup>th</sup> April 2025

|                 | Sales (US\$MM) |               |               | Sales Growth (%) |             |             | Volume Growth (%) |              |              | Pricing Growth (%) |             |             | \$Market Share (%) |             |             | \$ Share chg (bps) |            |            |
|-----------------|----------------|---------------|---------------|------------------|-------------|-------------|-------------------|--------------|--------------|--------------------|-------------|-------------|--------------------|-------------|-------------|--------------------|------------|------------|
|                 | 4 wks          | 12 wks        | 52 wks        | 4 wks            | 12 wks      | 52 wks      | 4 wks             | 12 wks       | 52 wks       | 4 wks              | 12 wks      | 52 wks      | 4 wks              | 12 wks      | 52 wks      | 4 wks              | 12 wks     | 52 wks     |
| <b>Altria</b>   | <b>1,942</b>   | <b>5,670</b>  | <b>25,982</b> | <b>-3.7</b>      | <b>-5.0</b> | <b>-4.9</b> | <b>-10.4</b>      | <b>-11.7</b> | <b>-11.5</b> | <b>7.4</b>         | <b>7.5</b>  | <b>7.4</b>  | <b>49.7</b>        | <b>49.7</b> | <b>50.2</b> | <b>-79</b>         | <b>-76</b> | <b>-37</b> |
| Marlboro        | 1,767          | 5,159         | 23,587        | -3.2             | -4.5        | -4.3        | -9.8              | -11.0        | -10.6        | +7.3               | +7.3        | +7.0        | 45.3               | 45.2        | 45.5        | -49                | -44        | -2         |
| L&M             | 64             | 189           | 938           | -23.5            | -24.1       | -24.4       | -31.1             | -31.8        | -32.1        | +11.0              | +11.2       | +11.3       | 1.6                | 1.7         | 1.8         | -45                | -45        | -48        |
| <b>BAT</b>      | <b>1,273</b>   | <b>3,717</b>  | <b>16,861</b> | <b>-2.2</b>      | <b>-3.6</b> | <b>-4.8</b> | <b>-8.4</b>       | <b>-9.6</b>  | <b>-10.2</b> | <b>+6.7</b>        | <b>+6.7</b> | <b>+5.9</b> | <b>32.6</b>        | <b>32.6</b> | <b>32.6</b> | <b>-1</b>          | <b>+1</b>  | <b>-20</b> |
| Newport         | 492            | 1,447         | 6,539         | -3.3             | -4.6        | -5.5        | -11.1             | -12.1        | -11.4        | +8.8               | +8.5        | +6.6        | 12.6               | 12.7        | 12.6        | -15                | -14        | -17        |
| Camel           | 287            | 839           | 3,881         | -5.0             | -6.1        | -7.5        | -12.3             | -13.2        | -13.7        | +8.4               | +8.2        | +7.2        | 7.4                | 7.4         | 7.5         | -22                | -20        | -26        |
| Pall Mall       | 119            | 353           | 1,693         | -15.2            | -16.1       | -16.8       | -21.1             | -22.1        | -22.2        | +7.5               | +7.7        | +7.0        | 3.1                | 3.1         | 3.3         | -47                | -46        | -49        |
| NAS             | 174            | 501           | 2,261         | +2.6             | +1.0        | -1.0        | -3.8              | -5.3         | -7.1         | +6.6               | +6.7        | +6.6        | 4.5                | 4.4         | 4.4         | +21                | +20        | +14        |
| <b>Imperial</b> | <b>337</b>     | <b>992</b>    | <b>4,455</b>  | <b>+0.2</b>      | <b>-1.2</b> | <b>-2.6</b> | <b>-5.6</b>       | <b>-7.0</b>  | <b>-8.3</b>  | <b>+6.2</b>        | <b>+6.3</b> | <b>+6.3</b> | <b>8.6</b>         | <b>8.7</b>  | <b>8.6</b>  | <b>+21</b>         | <b>+21</b> | <b>+15</b> |
| Winston         | 74             | 219           | 1,001         | -2.1             | -2.8        | -2.4        | -11.3             | -11.2        | -8.7         | +10.4              | +9.5        | +6.9        | 1.9                | 1.9         | 1.9         | +0                 | +2         | +4         |
| Maverick        | 67             | 197           | 899           | -3.2             | -4.2        | -5.5        | -10.1             | -11.3        | -12.4        | +7.7               | +8.0        | +7.9        | 1.7                | 1.7         | 1.7         | -2                 | -1         | -2         |
| Kool            | 60             | 185           | 851           | -9.8             | -10.5       | -10.6       | -16.1             | -16.8        | -16.7        | +7.5               | +7.5        | +7.3        | 1.5                | 1.6         | 1.6         | -13                | -13        | -12        |
| Salem           | 32             | 94            | 425           | -3.2             | -4.8        | -6.3        | -12.3             | -14.0        | -15.8        | +10.4              | +10.7       | +11.2       | 0.8                | 0.8         | 0.8         | -1                 | -1         | -2         |
| Private Label   | 10             | 29            | 130           | +6.2             | +9.9        | +43.9       | -2.9              | -1.8         | +33.9        | +9.4               | +11.9       | +7.5        | 0.3                | 0.3         | 0.3         | +2                 | +3         | +8         |
| All Others      | 167            | 490           | 2,096         | +6.1             | +4.2        | +0.8        | +5.2              | +3.8         | -0.7         | +0.8               | +0.4        | +1.5        | 4.3                | 4.3         | 4.0         | +34                | +32        | +20        |
| <b>Total</b>    | <b>3,904</b>   | <b>11,408</b> | <b>51,784</b> | <b>-2.2</b>      | <b>-3.6</b> | <b>-4.2</b> | <b>-7.3</b>       | <b>-8.7</b>  | <b>-9.4</b>  | <b>+5.5</b>        | <b>+5.6</b> | <b>+5.7</b> | <b>100</b>         | <b>100</b>  | <b>100</b>  |                    |            |            |

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Source: Citi Research, Nielsen

Figure 92. US MST - performance overview through to 19<sup>th</sup> April 2025

|                       | Sales (US\$MM) |              |               | Sales Growth (%) |              |              | Volume Growth (%) |              |              | Pricing Growth (%) |              |              | \$Market Share (%) |              |              | \$ Share chg (bps) |             |             |
|-----------------------|----------------|--------------|---------------|------------------|--------------|--------------|-------------------|--------------|--------------|--------------------|--------------|--------------|--------------------|--------------|--------------|--------------------|-------------|-------------|
|                       | 4 wks          | 12 wks       | 52 wks        | 4 wks            | 12 wks       | 52 wks       | 4 wks             | 12 wks       | 52 wks       | 4 wks              | 12 wks       | 52 wks       | 4 wks              | 12 wks       | 52 wks       | 4 wks              | 12 wks      | 52 wks      |
| <b>Altria</b>         | <b>321</b>     | <b>953</b>   | <b>4,153</b>  | <b>+3.2%</b>     | <b>+2.5%</b> | <b>+0.9%</b> | <b>+3.2%</b>      | <b>+3.2%</b> | <b>+2.4%</b> | <b>-0.0%</b>       | <b>-0.7%</b> | <b>-1.4%</b> | <b>38.0%</b>       | <b>38.1%</b> | <b>39.7%</b> | <b>-268</b>        | <b>-331</b> | <b>-440</b> |
| Copenhagen (MST)      | 183            | 544          | 2,407         | -2.7%            | -3.1%        | -4.1%        | -8.3%             | -8.7%        | -9.0%        | 6.1%               | 6.1%         | 5.4%         | 21.6%              | 21.8%        | 23.0%        | -291               | -327        | -388        |
| Skool (MST)           | 67             | 201          | 899           | -5.2%            | -5.2%        | -5.8%        | -9.9%             | -9.9%        | -9.7%        | 5.2%               | 5.2%         | 4.4%         | 8.0%               | 8.0%         | 8.6%         | -131               | -141        | -163        |
| ONI (Non Tobacco)     | 47             | 138          | 553           | 59.2%            | 56.3%        | 53.9%        | 38.8%             | 41.0%        | 42.1%        | 14.7%              | 10.9%        | 8.3%         | 5.6%               | 5.5%         | 5.3%         | +171               | +158        | +143        |
| <b>BAT</b>            | <b>190</b>     | <b>557</b>   | <b>2,355</b>  | <b>7.7%</b>      | <b>5.5%</b>  | <b>-0.8%</b> | <b>12.3%</b>      | <b>9.5%</b>  | <b>0.9%</b>  | <b>-4.1%</b>       | <b>-3.7%</b> | <b>-1.7%</b> | <b>22.4%</b>       | <b>22.3%</b> | <b>22.5%</b> | <b>-58</b>         | <b>-126</b> | <b>-293</b> |
| Grizzly (MST)         | 118            | 354          | 1,598         | -7.4%            | -8.2%        | -10.1%       | -12.7%            | -13.3%       | -15.0%       | 6.1%               | 5.8%         | 5.8%         | 13.9%              | 14.1%        | 15.3%        | -268               | -303        | -377        |
| Camel (Snus)          | 14             | 42           | 192           | -10.1%           | -8.9%        | -6.3%        | -18.8%            | -17.9%       | -16.4%       | 10.7%              | 11.0%        | 12.0%        | 1.6%               | 1.7%         | 1.8%         | -37                | -37         | -36         |
| Velo (Non Tobacco)    | 25             | 65           | 166           | 339.1%           | 308.1%       | 168.5%       | 250.4%            | 236.4%       | 146.2%       | 25.3%              | 21.3%        | 9.0%         | 3.0%               | 2.6%         | 1.6%         | +222               | +189        | +92         |
| <b>PMI</b>            | <b>278</b>     | <b>823</b>   | <b>3,273</b>  | <b>16.2%</b>     | <b>22.1%</b> | <b>36.2%</b> | <b>11.3%</b>      | <b>11.0%</b> | <b>22.7%</b> | <b>4.4%</b>        | <b>10.0%</b> | <b>11.0%</b> | <b>32.8%</b>       | <b>32.9%</b> | <b>31.3%</b> | <b>+161</b>        | <b>+287</b> | <b>+552</b> |
| Longhorn (MST)        | 19             | 59           | 256           | 2.7%             | 5.7%         | 10.1%        | -0.7%             | 0.8%         | 4.1%         | 3.4%               | 4.8%         | 5.8%         | 2.3%               | 2.4%         | 2.4%         | -17                | -13         | -5          |
| Timber Wolf (MST)     | 4              | 13           | 55            | -2.2%            | -3.3%        | -1.7%        | -5.8%             | -7.8%        | -6.9%        | 3.8%               | 4.9%         | 6%           | 0.5%               | 0.5%         | 0.5%         | -6                 | -8          | -7          |
| America's Best (Chew) | 7              | 20           | 86            | 3.1%             | 1.4%         | -6.3%        | -2.9%             | -5.5%        | -13.1%       | 6.2%               | 7.3%         | 7.7%         | 0.8%               | 0.8%         | 0.8%         | -6                 | -8          | -16         |
| General (Snus)        | 1              | 4            | 18            | -4.7%            | -3.5%        | -3.3%        | -10.8%            | -10.1%       | -8.4%        | 6.9%               | 7.3%         | 5.6%         | 0.2%               | 0.2%         | 0.2%         | -2                 | -2          | -3          |
| Zyn (Non Tobacco)     | 245            | 723          | 2,841         | 18.4%            | 25.2%        | 42.8%        | 14.8%             | 14.3%        | 30.5%        | 3.2%               | 9.5%         | 9.5%         | 28.9%              | 28.9%        | 27.2%        | +194               | +319        | +584        |
| Other                 | 57             | 168          | 680           | -                | -            | -            | -                 | -            | -            | -                  | -            | -            | 6.8%               | 6.7%         | 6.5%         |                    |             |             |
| <b>Total</b>          | <b>846</b>     | <b>2,500</b> | <b>10,461</b> | <b>10.5%</b>     | <b>11.4%</b> | <b>12.1%</b> | <b>10.3%</b>      | <b>9.8%</b>  | <b>10.8%</b> | <b>0.1%</b>        | <b>1.5%</b>  | <b>1.2%</b>  | <b>100%</b>        | <b>100%</b>  | <b>100%</b>  |                    |             |             |

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Source: Citi Research, Nielsen

Figure 93. US Vapour - performance overview through to 19<sup>th</sup> April

|                      | Sales (US\$MM) |              |              | Sales Growth (%) |               |               | Volume Growth (%) |               |               | Pricing Growth (%) |              |               | \$Market Share (%) |               |               | \$ Share chg (bps) |           |           |
|----------------------|----------------|--------------|--------------|------------------|---------------|---------------|-------------------|---------------|---------------|--------------------|--------------|---------------|--------------------|---------------|---------------|--------------------|-----------|-----------|
|                      | 4 wks          | 12 wks       | 52 wks       | 4 wks            | 12 wks        | 52 wks        | 4 wks             | 12 wks        | 52 wks        | 4 wks              | 12 wks       | 52 wks        | 4 wks              | 12 wks        | 52 wks        | 4 wks              | 12 wks    | 52 wks    |
| <b>BAT (Vuse)</b>    | <b>133</b>     | <b>397</b>   | <b>1,769</b> | <b>-7.5%</b>     | <b>-9.2%</b>  | <b>-11.3%</b> | <b>-8.2%</b>      | <b>-9.6%</b>  | <b>-12.6%</b> | <b>+0.8%</b>       | <b>+0.5%</b> | <b>+1.5%</b>  | <b>+34.7%</b>      | <b>+34.6%</b> | <b>+34.1%</b> | <b>-1</b>          | <b>-2</b> | <b>-2</b> |
| <b>Altria (NJOY)</b> | <b>16</b>      | <b>46</b>    | <b>178</b>   | <b>+40.9%</b>    | <b>+38.0%</b> | <b>+30.4%</b> | <b>+14.6%</b>     | <b>+28.0%</b> | <b>+47.0%</b> | <b>+23.0%</b>      | <b>+7.9%</b> | <b>-11.3%</b> | <b>+4.1%</b>       | <b>+4.0%</b>  | <b>+3.4%</b>  | <b>+1</b>          | <b>+1</b> | <b>+1</b> |
| <b>IMB (Blu)</b>     | <b>2</b>       | <b>7</b>     | <b>33</b>    | <b>-20.3%</b>    | <b>-23.8%</b> | <b>-33.2%</b> | <b>-20.0%</b>     | <b>-24.0%</b> | <b>-32.5%</b> | <b>-0.3%</b>       | <b>+0.3%</b> | <b>-1.1%</b>  | <b>+0.6%</b>       | <b>+0.6%</b>  | <b>+0.6%</b>  | <b>-0</b>          | <b>-0</b> | <b>-0</b> |
| <b>JUUL</b>          | <b>71</b>      | <b>211</b>   | <b>959</b>   | <b>-10.8%</b>    | <b>-13.1%</b> | <b>-15.5%</b> | <b>-11.9%</b>     | <b>-12.5%</b> | <b>-15.8%</b> | <b>+1.3%</b>       | <b>-0.7%</b> | <b>+0.4%</b>  | <b>+18.6%</b>      | <b>+18.3%</b> | <b>+18.5%</b> | <b>-1</b>          | <b>-2</b> | <b>-2</b> |
| <b>Other</b>         | <b>160</b>     | <b>487</b>   | <b>2,245</b> | <b>-</b>         | <b>-</b>      | <b>-</b>      | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>-</b>           | <b>-</b>     | <b>-</b>      | <b>+41.9%</b>      | <b>+42.4%</b> | <b>+43.3%</b> | <b>-</b>           | <b>-</b>  | <b>-</b>  |
| <b>Total</b>         | <b>382</b>     | <b>1,149</b> | <b>5,185</b> | <b>-4.2%</b>     | <b>-3.9%</b>  | <b>-5.2%</b>  | <b>-7.7%</b>      | <b>-7.5%</b>  | <b>-9.4%</b>  | <b>3.7%</b>        | <b>3.8%</b>  | <b>4.7%</b>   | <b>100%</b>        | <b>100%</b>   | <b>100%</b>   | <b>-</b>           | <b>-</b>  | <b>-</b>  |

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Source: Citi Research, Nielsen

## Altria (MO.N)

Neutral | TP US\$55.00 | Price US\$59.45 (21 May 25 16:00)

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### Key questions & guidance

#### Short-term – what are the key questions?

- Q1 volumes were down c.-14% (c.-12% adjusted) vs the industry at c.-9%. Can you talk to the drivers behind the underperformance and how you have seen momentum progress through Q2-to-date?
- Clearly the illicit vapour market has been a significant drag on group volume performance. Can you comment on the current state of enforcement that you are seeing in the market and any green shoots from this? Are there any states beyond Louisiana where there has been a meaningful clamp-down on illicit?
- Similarly, the weak macro backdrop has been a notable headwind for you in the US combustible market. How are you thinking about the near-term macro backdrop and are you seeing any signs of easing pressure on the consumer?
- Looking to Q2, can you comment on current trading and whether you have seen any changes to this run-rate? Have you seen continued pressure on the consumer or has there been some respite from the data you are seeing?
- Looking to FY25E more broadly, can you comment on your volume assumptions? How should we think about industry headwinds through increased illicit vapour penetration and tough macro?
- How has your retail share held up in Q2-to-date?
- Can you talk to current trading within the Marlboro brand family and specifically the performance of Marlboro Black? Talk about Marlboro Black momentum in H1 and do you expect trends for the brand to taper as consumer pressures ease?
- Are you seeing an acceleration in consumers downtrading within Marlboro, i.e. from consumers that would have otherwise moved to other discount brands?
- Can you talk to the performances of premium vs discount within the combustible category and how category share has developed year-to-date?
- At Q1 you reported that industry-wide discount share of the total market had increased both y/y (+180bps) and q/q (+60bps). Can you comment on the driving factors behind this and how this has developed beyond Q1?
- Talk more generally about the pricing environment across your portfolio. And the broader competitive environment given the brand ladder initiatives BAT is undertaking with Newport and Lucky Strike?
- How should we think about combustible pricing for FY25?
- With the US-wide menthol ban shelved in Apr-24, has there been any further development behind the scenes and how do you see this legislation under the current administration? Can we assume this is more a topic for the medium-term now?

- In Vapour, the cease-and-desist order is clearly a major negative development for your NGP business and follows a further failed foray into vapour with JUUL. Do you have any plans within the vapour category in the near-term or will you shift your focus solely onto Modern Oral?
- Shifting to Modern Oral, can you talk us through the current underlying momentum for On!? What, in your view, has been driving the continued impressive growth rates, both for On! but also for the category in general?
- Can you comment on the differentiating factors between On!, Zyn and Velo? Can you give some colour on the recent brand performances across the category and why Velo has been seeing such strong growth? What is it that differentiates Velo from On!?
- Can you also talk about the PMTA for On! PLUS and explain the characteristics of that product? How has the launch of On! PLUS been received outside the US, namely in the UK?
- Outside of On!, your smokefree oral business has been under pressure. Looking at Q1, Copenhagen shipments were down -10% and Skoal shipments were down by -14%; can you comment on the key drivers behind the weakness?
- Are you able to give us some colour on Copenhagen and Skoal share performance within Traditional Oral? Clearly the share performance you disclose is distorted given that Traditional Oral is ceding share to Modern Oral; but how are both brands performing against their like-for-like peers?
- Can you talk us through the margin profile of your NGP products vs Smokeable?
- Can you also comment on your holding in ABI? How should we view the remainder of this investment and the potential impact a further disposal may have on your credit rating?
- Talk about your board seats at ABI and your ability to maintain those going forward? At what level of equity stake in the ABI business do you think you'd cross the threshold into having less influence and with that, the ability to equity account for the investment?

#### **Medium/long-term – what are the key questions?**

- Can you provide some colour on your plans for your NGP business in the mid-term? Vapour has been an Achilles heel for you, while On! has been strong and you are hoping to submit a PMTA for Ploom soon. When you look 3-yrs ahead, what will your NGP offering look like?
- What will be the key drivers enabling the transition away from combustibles? What are the key milestones you need to hit to deliver against this target?
- Are you likely to revisit Vapour in any capacity? With better FDA enforcement around illicit, how should we think about the run-rate of a clamp-down and what do you think the long-term penetration of illicit will likely settle at?
- Can you talk a little more about your new heat-not-burn offering SWIC and explain what makes this product different to others on the market? Talk us through your timeline for launch and your plans on how you intend to scale this? How does this product fit alongside your JV with Japan Tobacco?

- Are you concerned about PMI's entrance into the US with IQOS? How do you think about the potential for the heated tobacco category in the US?
- You clearly focus a lot on your smoke-free business when we talk about the mid-term. Can you just give some colour on how you see your Smokeable business evolving over the next few years and what are your key goals for Marlboro going forward?
- Your mid-term guidance to generate revenue of \$5bn in 5 years from smoke-free products looks quite a challenge. How do you think the different categories of smoke-free products will drive this? More vapour than heated tobacco driven?
- What do you see as key opportunities within Altria from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?

### Latest guidance

Figure 94. Altria - guidance summary table with Citi & consensus estimates

| Guidance - FY25 (as of Q1 25 results - Apr-25) |                                                                                                                                  | Citi  | Consensus |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------|-----------|
| Metric                                         | Summary                                                                                                                          |       |           |
| Diluted EPS                                    | \$5.30 to \$5.45                                                                                                                 | 5.44  | 5.41      |
| Diluted EPS growth                             | +2.0% to +5.0%                                                                                                                   | 4.7%  | 4.2%      |
| Tax rate                                       | 23% to 24%                                                                                                                       | 23.6% | 23.9%     |
| Capex                                          | \$175m to \$225m                                                                                                                 | 196   | 192       |
| Depreciation                                   | c. \$290m                                                                                                                        | 330   | 272       |
| Dividend ratio                                 | Long-term objective of c.80% of adjusted diluted EPS                                                                             | 77.1% | 76.9%     |
| Share buyback                                  | As of March 31, 2025, the group had \$674 million remaining under our currently authorized \$1 billion share repurchase program. | 1,076 | 1,025     |

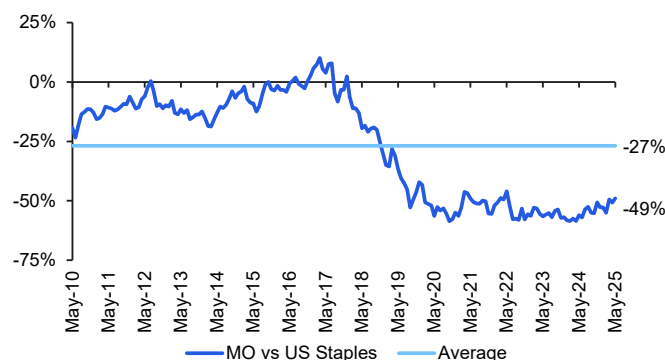
| Medium-term guidance    |                                                                                                                                         | Citi    | Consensus |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------|-----------|
| Metric                  | Summary                                                                                                                                 | 2023-28 | 2023-28   |
| Diluted EPS growth      | Mid-single-digit adjusted diluted EPS CAGR through to 2028                                                                              | 2.5%    | 3.4%      |
| Dividend                | MSD dividend growth annually                                                                                                            | 3.0%    | 3.8%      |
| Leverage                | c. 2.0x leverage                                                                                                                        | 1.9x    | 1.4x      |
| OCI margins             | Total adjusted OCI margin goal of at least 60% each year through to 2028                                                                | 63.9%   | 62.2%     |
| Smoke-free goals (2028) | Grow smoke-free volumes by at least 35% from 2022 base of 800m units<br>Double US smoke-free revenue to \$5bn from 2022 base of \$2.6bn |         |           |

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Source: Citi Research, Company Reports, Visible Alpha

### Key charts

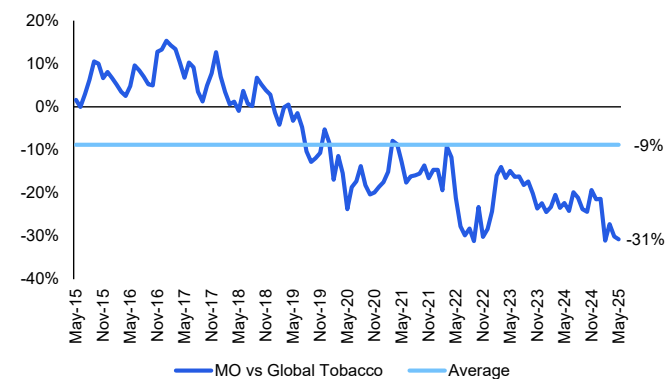
Figure 95. Altria 12-mth fwd PE vs US Staples



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Source: Citi Research, DataStream

Figure 96. Altria 12-mth fwd PE vs tobacco peers



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Source: Citi Research, DataStream



# British American Tobacco PLC (BATS.L)

Buy | TP £36.00 | Price £33.13 (21 May 25 16:30)

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## Key questions & guidance

### Short-term – what are the key questions?

- US cigarette volumes in FY24 were down c.-10% against an industry decline of c.-8%. Can you comment on the drivers of your underperformance? What are you seeing from a consumer standpoint?
- Can you talk to the ongoing headwinds you are seeing in the US? What underlying trends are you seeing in the consumer and has there been any improvement in the macro backdrop in H1-to-date?
- Illicit vapour products have been a notable headwind for you in the US. Are you seeing tangible signs of increasing enforcement from FDA against illegal vapor products? Update us on what you're seeing at the state level? How critical is stricter enforcement against illegal vapor products in the US to your ability to meet your medium-term group growth targets?
- You have previously said that illicit vapour accounts for nearly 70% of industry volumes; what do you think would be a normal level given there is increasing noise around these products, but there will always be a residual level of illicit penetration?
- What are your thoughts on the FDA's mid-August 2024 announcement to require importers of E-Cigarette products to submit to the FDA Submission Tracking Numbers (STN) for Electronic Nicotine Delivery Systems sold in the US?
- Clearly you have undertaken some brand laddering initiatives with Newport and Lucky Strike, while Altria has also undertaken laddering of its own through Marlboro Black. How are the lower priced products performing and can you comment on the importance of keeping a consumer within the brand even if at a lower price point?
- Can you talk about the Newport soft pack and the momentum you have seen for that product? What was the rationale behind stepping up investments behind that?
- How should we think about US combustible pricing in FY25E? Is there a bigger risk that volumes declines are increasingly not offset-able with price and therefore that organic sales declines in the US are structural? Do you expect to be able to grow US EBIT from combustibles going forward?
- What are you seeing in California now that the Menthol ban is out of the comps? Are consumers switching to traditional tobacco or NGPs within California or is there still a big element menthol imports from neighbouring states?
- With the US-wide menthol ban shelved in Apr-24, has there been any further development behind the scenes and how do you see this legislation under the

current administration? Can we assume this is more a topic for the medium-term now?

- You are expecting global tobacco industry volumes down c.2%. We have covered the US in some detail, but can you comment on the other key moving parts within this outlook?
- At the FY print you highlighted the increased excise and VAT in Bangladesh and new tobacco regulations in Australia as key headwinds. Can you provide some colour on both of these?
- In Bangladesh, what is the risk that the increase excise/VAT simply translates into a spike in illicit penetration? Has this been evident since the 9<sup>th</sup> Jan implementation of the higher VAT?
- How are you thinking about Bangladesh in the mid-term? Given tobacco excise revenues are a meaningful contributor to government revenues, is there in your view a chance that we see a reversal or an easing in the new measures in the case of increased illicit penetration? Are you in dialogue with the authorities? Is there any colour you can give?
- In Australia, illicit penetration is already significant given the stringent tax measures. How should we think about the impact of the new regulation on your Australia business?
- How should we think about the pricing environment across your combustibles portfolio through FY25E? You have taken strong pricing in the last couple of years in many European markets. Are we at risk of reaching an elasticity tipping point in some markets?
- Moving on from combustibles, can you talk about current trading trends you're seeing in Modern Oral and the competitive backdrop in the US? Can you talk about the refreshed Velo brand expression and what traction you have seen with the product?
- Velo has been growing significantly in recent months. Can you talk us through the drivers behind this and how sustainable you believe this growth is? What are the key differentiators between the refreshed Velo product and competitors?
- Can you also comment on the success of the Grizzly Modern Oral roll-out?
- Can you talk to your distribution/capacity expansion in the US and where you stand regarding outlets in the US?
- Can you update us on the PMTA submission for Velo 2.0 in the US and the results from pilots so far? What are the key differentiators between Velo 2.0 and Velo?
- What are the key trends to highlight in Modern Oral outside of the US?
- What are the main differences you see in Modern Oral between the US and Scandinavia? How does daily consumption compare? What are the underlying trends in both markets?
- Moving onto Vapour, can you update us on the latest development around your Vuse portfolio? You received MGOs on Vuse Alto tobacco flavours in Jul-24, after having received MDOs on Vuse Alto Menthol and Mixed Berry flavours in Oct-23. Have there been any developments around the non-tobacco flavoured

products that you can update us with? Are you able to share anything around your appeal and how confident are you in getting these overturned?

- Can you provide an update on current trading for the Vuse brand in the US and in Europe? How has your market share held up year-to-date? As market leader in the US, how sticky do you believe your position is?
- Can you also update us on Canada, given the recent flavour ban in Quebec and how the enforcement environment is there?
- Are you also able to provide an update on the status of the age-verification technology within vapour? Can you give some colour on the timeline for this and explain the moving parts behind the technology?
- Can you comment on the growth of Disposables and the challenges and opportunities this poses in markets around the world? You have some new innovations coming to the market through 2025 to help address this. Could you talk more about your strategy in disposables?
- Can you talk a little more about the types of investment you're now making in NGPs in different markets, especially as those products reach critical mass in some regions?
- Are you able to share your thoughts on the UK vapour excise taxes announcement from the UK Tobacco Review? The government is planning a 3-tier tax system dependent on nicotine levels with a concurrent excise increase on cigarettes. Are you in favour of these moves and how effective do you think these will be in a) transitioning smokers to vapour; and b) curtailing youth consumption?
- Can you also comment on the disposable vape ban in the UK coming into effect from Jun-25? What are your thoughts around the ban and the impact you expect to see on your portfolio and the market?
- Moving onto heat-not-burn, can you give us an update on glo globally and what the key trends are?
- How is your performance in Japan? Competition has been strong – can you comment on your share performance and the pricing environment there?
- In the US, your competitor PMI is very confident on the opportunity for Heated Tobacco. Is this a view you share? How do you see the outlook for this category/market cell? Is it correct that you have submitted a PMTA for glo in the US? Are you able to comment on your timeline expectations?
- Can you talk about the launch of glo Hyper Pro? How many markets are you now present in and how has the product landed? What are the key differences between Hyper, Hyper Air and Hyper pro?
- Can you also fill us in on the launch of glo Hilo? What differentiates the product and can you share your findings from the launch in Serbia?
- Are you also able to comment on the EU Heated Tobacco flavour ban and the impact you are expecting to see from that? How confident are you in retaining consumers?
- Can you talk about the launch of VEO? What have been the early findings from your launch markets and how many markets are you now present in?

- Are there any key excise tax changes in specific markets we should be aware of across any of the NGP categories?
- Your path to NGP profitability has been impressive. What have been the key drivers behind the improvements in profitability? You've talked about profitability in NGP's not being linear. How should we think about profitability in 2025/26?
- Can you give some colour on the margin profiles across your NGP categories? How do they compare to the combustible business?
- You've exited a number of markets in recent years. Excluding Russia, can you talk us through some of your main divestments and the criteria you have for exiting?
- Can you also comment on the Franked Investment Litigation order in the UK with £0.8bn owed to the HMRC over 4-yr? Can you give us some context behind this?
- Can you comment on your UK listing? What are the benefits of being listed in London and would you be open to exploring listing opportunities in the US?

**Medium/long-term – what are the key questions?**

- Modern Oral is the NGP category in vogue at the moment; are you able to comment on your mid-term outlook for the category and how meaningful a contribution to overall NGP growth it can be in the next 5-10 years? What are the key drivers behind the mid-term prospects?
- Still in Modern Oral but focusing on the US, how should we think about sourcing of Modern Oral users? To what extent are new users coming to nicotine and to what extent is Modern Oral capturing consumers from combustibles or other NGPs?
- To what extent do you think the US Modern Oral market can replicate Sweden?
- Can we talk about the long-term volume outlook for combustibles? If you look at cigarette volumes in the U.S. and UK they have been falling in straight lines, for the past couple of decades, implying they will hit zero maybe in 20 years. Altria says cigarette volumes may halve in the next 10 years. However other countries, including Germany and many EMs look more stable, even though they too are in decline. On the other hand, Next Generation products are growing, partly because they are healthier, but also because they have less tax.
- In the U.S. specifically: If the rate of volume declines gets steadily worse, how will the industry cope?
  - How far can you push prices up in the U.S.?
  - Do you see a real risk that the US will look like Australian or Canada in time where prices are very high, but there is rampant down-trading, and as a result the industry grows profit in some years, but not others?
- What do you think about the UK Tobacco Review and the recommendations for an on-going increase in the smoking age and c+30% increase in excise duties?

- Which EMs offer the greatest opportunity to you on a 5-year view? Markets like Brazil or South Africa which are already important, but where taxes are high, or frontier markets in Africa and South Asia?
- What can you say regarding the benefits of spinning off your NGP business? How dependent is the NGP category growth currently on the cash generative combustible business and if NGPs were to be self-sufficient for attractive growth, would you consider a spin-off as a reasonable move?
- There is increasing government, NGO or media pressure in a number of markets to more actively regulate the Vapour category. How do you think about this in relation to your mid-term NGP targets?
- What do you think will happen to heated tobacco? Modern oral? E-vapor? If tax does go up, would you try to pass it on – to protect margins – or absorb it, to protect growth?
- What do you see as key opportunities within BAT from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?

#### Latest guidance

Figure 97. BATS – guidance summary table with Citi & consensus estimates

| Guidance - FY25 (AGMs on Apr 2025) |                                                                                           | Citi   | Consensus |
|------------------------------------|-------------------------------------------------------------------------------------------|--------|-----------|
| Metric                             | Summary                                                                                   |        |           |
| Constant currency revenue growth   | c.1% revenue growth (at constant rates)                                                   | 1.2%   | 1.2%      |
| Organic adjusted EBIT growth       | 1.5-2.5% adjusted profit from operations growth                                           | 2.2%   | 2.4%      |
|                                    | Expected translational Fx headwind on adjusted profit from operations of 2% for full-year | -2.5%  | -2.1%     |
| FX impact on EBIT                  | Net finance costs* expected to be around £1.8 billion (adjusted for C)                    | -1,804 | -1,768    |
| Financial charges                  | c.25%                                                                                     | 25.0%  | 24.3%     |
| Underlying tax rate                |                                                                                           |        |           |
| Operating cash flow conversion     | Operating cash flow conversion in excess of 90%, with gross capital e                     | 112.5% | -         |
| Net debt/EBITDA                    | Continue to deleverage (adjusted for Canada) to our 2.0-2.5x adjuste                      | 2.6x   | 2.6x      |
| Gross capex                        | gross capital expenditure in 2025 of approximately £650 million                           | 651    | 564       |

| Medium-term guidance             |                                                                               | Citi  | Consensus |
|----------------------------------|-------------------------------------------------------------------------------|-------|-----------|
| Metric                           | Summary                                                                       | 2026  | 2026      |
| Constant currency revenue growth | Constant currency revenue growth of 3%-5%                                     | 2.7%  | 2.5%      |
| Constant currency EBIT growth    | MSD adj profit from operations growth by FY26                                 | 2.9%  | 3.9%      |
| Smokeless as % of group          | BATS expects to source >50% of group revenues from smokeless products by 2035 | 3,779 | -         |

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Source: Citi Research, Company Reports, Visible Alpha

#### Key charts

Figure 98. BATS 12-mth fwd PE vs European Staples

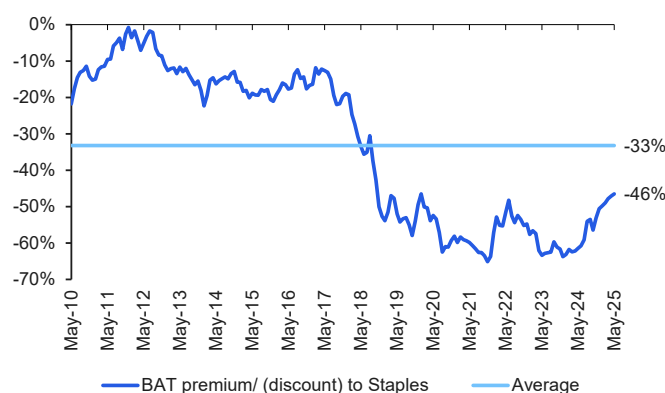
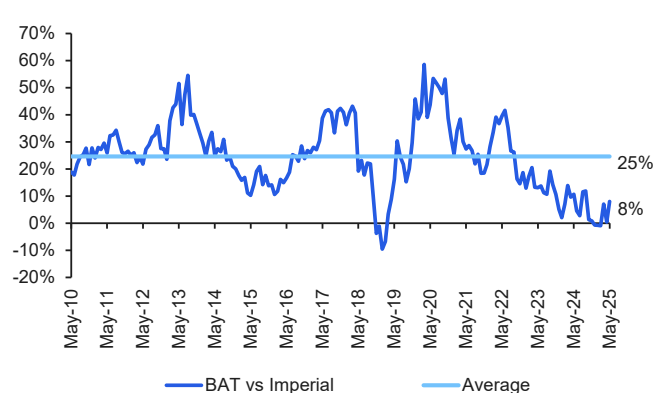


Figure 99. BATS 12-mth fwd PE vs Imperial

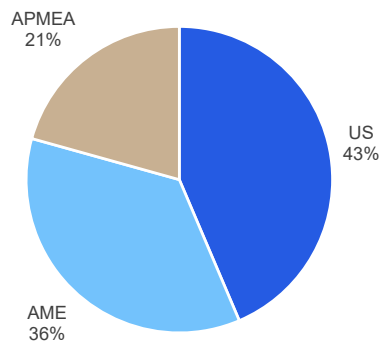


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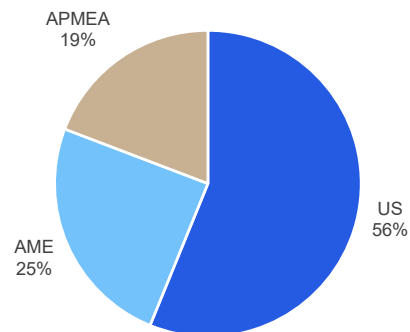
Figure 100. BATS sales split by region - 2024



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Source: Citi Research, Company Reports

Source: Citi Research, DataStream

Figure 101. BATS EBIT split by region - 2024



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Source: Citi Research, Company Reports

# Imperial Brands PLC (IMB.L)

Buy | TP £34.25 | Price £28.11 (21 May 25 16:30)

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## Key questions & guidance

### Short-term – what are the key questions?

- Can you give us an update on current trading across Europe, Americas and Africa, Asia and Australasia? Talk about the notable share moves you've seen, e.g. improving picture in Germany?
- In Germany, your H1 volume share growth +65bps was the first material share gain in over a decade. What was the driving force behind this? What have you been doing on the ground to turn around momentum in Germany? How should we think about momentum heading in H2?
- Both the UK and Spain were weak from a market share standpoint in H1. Can you talk us through the driving factors behind share declines?
- Can you talk about combustible volume trends in the US. You have clearly benefitted from the weaker macro in the US and subsequent down-trading. Can you talk about your US performance across the price categories?
- Still on the US, can you comment on the promo environment there and what competitors are doing from a price/mix standpoint to compete with your portfolio?
- With destocking headwinds for your cigar business now in the past, and H1 volumes having stabilised, how should we think about the run-rate going forward? Can you add some colour behind the key drivers within the cigar industry and talk to the key trends you are seeing within the market?
- The US market has clearly communicated that the tougher macro backdrop and increasing illicit e-vapour prevalence have been the two driving factors behind the steeper declines. Can you comment on these trends and whether you are seeing any respite?
- Are you seeing any improvement in US regulation of illicit e-vapour products?
- We've seen substantial volume declines over the last couple of years in key European markets like the UK and France and correspondingly strong pricing. Given the extremely high cigarette pricing in some of these markets are we at risk of a structural change in elasticities and the possibility of move towards declines organic sales growth?
- Can you comment on the state of down-trading you are seeing in your key markets outside the US and how you are capturing some of this? Have there been any more notable shifts in consumption patterns in particular markets?
- How do you think about elasticity effects in the current environment?
- Can you speak to specific pricing initiatives you implemented in H1 25 and how you envisage pricing developing through H2? Can you talk more generally about the pricing environment across your portfolio and your pricing strategy in the

US, given pricing managed to offset volume declines of c.8%? How sustainable is pricing at this level?

- What are your thoughts on the FDA's mid-August 2024 announcement to require importers of E-Cigarette products to submit to the FDA Submission Tracking Numbers (STN) for Electronic Nicotine Delivery Systems sold in the US?
- On Vapour, can you talk to the progress of blu 2.0 in key markets France, Spain and the UK? How has market share developed and what are the current underlying trends?
- Are you able to speak to new market launches in Germany, Portugal, Czech Republic, Greece and the Canaries and how the product has been received with consumers? What have been the main elements of the roll-out to call out?
- You launched blu bar kit in Jul-24 – which has been performing well in the UK. Are you able to comment on underlying momentum here but also with recent launches such as in some CEE markets?
- On Heated Tobacco, you have the launch of Pulze 3.0 coming up. Are you able to talk to the product specifics and how this differs both from Pulze 2.0 but also to competition? What gives you confidence that Pulze 3.0 can be a meaningful challenger product?
- Are you able to comment on the roll-out for Pulze 3.0 and where you will focus this with regard to existing/new markets?
- Can you talk to the launch of iSenzia and the success that product has had? To what extent has it been able to capture consumers since the EU regulation against flavoured heated tobacco products?
- Can you talk to your Modern Oral Nicotine business? What markets are you focusing on outside of the Nordics and the US? What are the underlying trends you're seeing in the market?
- Zone has had an impressive run in the US since its launch in Feb-24. Are you able to comment on the key drivers behind its success? How have you focused the launch geographically and how should we think about the broader roll-out?
- What are the key differentiators between Zone and the competition? Clearly the Modern Oral category as a whole has been strong, but what gives you confidence that your product can continue to grow meaningfully and sustain/grow market share in the US?
- How should we think about NGP losses in FY25E? What level of losses are you expecting and what are the building blocks and timeline to profitability?
- Are there any excise or other tax changes in markets you'd call out as concerning or something to watch out for in the coming months?
- How are you prioritising your investments in NGP's?
- How do you think about further bolt-on M&A? Will this focus on NGPs and are you able to comment on your strategy?
- The retirement of CEO Stefan Bomhard is clearly a big loss for Imperial given his strong track record at the company and how well-liked he was among investors.

How should we think about the leadership transition to current CFO Lukas Paravicini? Is it a case of evolution not revolution?

**Medium/long-term – what are the key questions?**

- You clearly outlined your mid-term objectives at the CMD in Mar-25 with +3-5% organic adj. operating profit growth and “at least” HSD FX-n EPS growth. What gives you the confidence in being able to deliver this year-on-year and what will be the key drivers behind the consistent MSD profit growth?
- Another key topic in focus at the CMD was capital returns, and you committed to an evergreen share buyback programme through to 2030. Are you able to speak to the quantum at all and whether we should expect this to increase y/y as we move through the mid-term?
- Can we talk about the long-term volume outlook for combustibles? If you look at cigarette volumes in the UK, and the US, they have been falling in straight lines, for the past couple of decades, implying they will hit zero maybe in 20 years. However other countries, including Germany and many EMs look more stable, even though they too are in decline. On the other hand, NGPs are growing, partly because they are healthier, but also because they have less tax.
  - If the rate of volume declines gets steadily worse, how will the industry cope?
  - How far can you push prices up across your core markets?
  - Do you see a real risk that there is rampant down-trading, and as a result the industry grows profit in some years, but not others?
- Cultures are extremely important to organisations and are probably often under-appreciated by the financial community. Stefan has changed a lot in his tenure at CEO; is there anything else that needs to be done from cultural change standpoint in the organisation?
- Your core strategy concentrates on 5 key markets and improving the performance of your businesses there. That clearly is a sensible approach, but it could also be seen as restrictive and a possible negative to be so focused on just 5 countries. Talk about why this strategy remains the right one?
- Which EMs offer the greatest opportunity to you on a 5-year view?
- What do you see as key opportunities within Imperial from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Looking to the longer-term, maybe 3-5 years forward plus, what category or growth opportunity or market are you most excited about in the business and perhaps in your mind isn't getting its fair share of attention when you talk to investors and analysts?

## Latest guidance

**Figure 102. Imperial – guidance summary table with Citi & consensus estimates**

| Guidance - FY25 (as of H1 results - May-24) |                                                                                       | Citi  | Consensus |
|---------------------------------------------|---------------------------------------------------------------------------------------|-------|-----------|
| Metric                                      | Summary                                                                               |       |           |
| Net revenue                                 | LSD% constant currency net revenue growth                                             | 2.3%  | 3.8%      |
| Adjusted operating profit                   | FX-n operating profit growth accelerating to deliver close to the middle of +3% to 5% | 4.4%  | 4.2%      |
| FX                                          | c.2-2.25% headwind on revenues                                                        | -1.6% | -2.6%     |
|                                             | c.3.5%-4.5% headwind on adj. operating profit                                         | -1.9% | -4.0%     |
| Finance costs                               | Expected to be c.£420m in FY25                                                        | -430  | -402      |
| Taxes                                       | ETR of 23%                                                                            | 23.5% | 22.7%     |
| Capex                                       | FY guidance of c. £300-350 million                                                    | 325   | 321       |

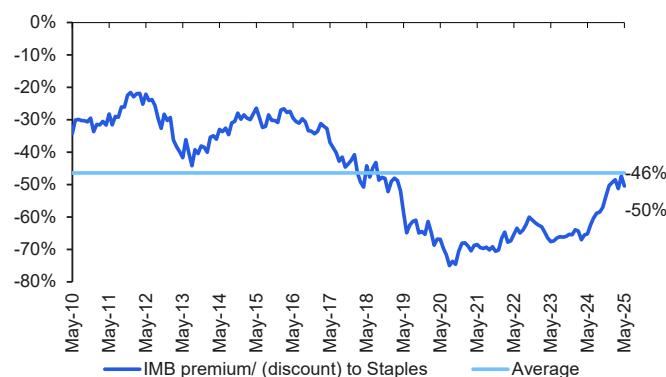
| Medium-term guidance      |                                                           | Citi | Consensus |
|---------------------------|-----------------------------------------------------------|------|-----------|
| Metric                    | Summary                                                   |      |           |
| Net revenue               | LSD tobacco net revenue growth. DD NGP net revenue growth | 2.3% | 1.6%      |
| Adjusted operating profit | 3-5% constant currency growth                             | 4.3% | 3.7%      |

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Source: Citi Research, Company Reports, Visible Alpha

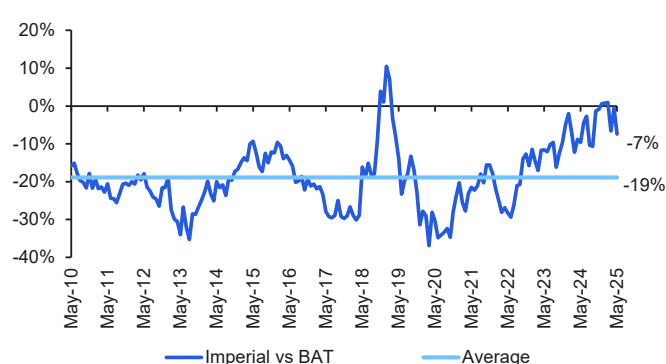
## Key charts

**Figure 103. Imperial 12-mth fwd PE vs European Staples**



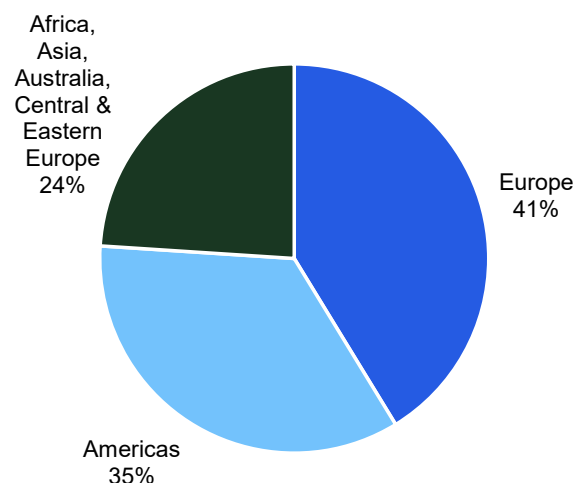
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Source: Citi Research, DataStream

**Figure 104. Imperial 12-mth fwd PE vs BATS**



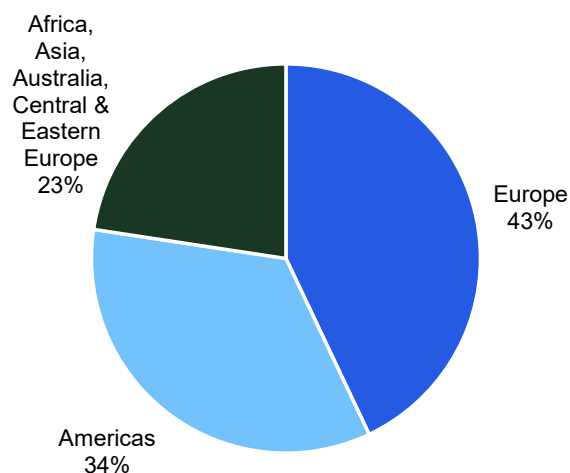
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**Figure 105. Imperial sales split by region - 2024**



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Source: Citi Research, Company Reports

**Figure 106. Imperial EBIT split by region - 2024**



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# Philip Morris International (PM.N)

Buy | TP US\$188.00 | Price US\$174.64 (21 May 25 16:00)

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## Key questions & guidance

### Short-term – what are the key questions?

- Can you talk us through some of the key drivers behind the better-than-expected Q1 performance? To what extent was delivery helped by the US production capacity for Zyn coming on-stream ahead of schedule?
- You have seen fairly broad-based strength across your portfolio in recent quarters, with robust volume momentum in combustibles and strong growth in NGPs. Can you talk us through some of the key drivers behind the consistently strong delivery?
- Are you able to give us some colour on Q2 trading to-date across your categories? What have been the main encouragements/challenges in April/May?
- What have been the standout combustible brands globally in Q2-to-date? How has Marlboro market share held up across your key regions?
- Outside of Marlboro, how has market share developed across your key brands?
- How are you currently seeing the growth dynamic between premium brands and mid-priced brands globally?
- Talk more generally about the pricing environment across your portfolio. Combustible pricing has been strong in the last couple of years – can we expect this to taper as inflation eases? What level of pricing should we expect for FY25E? Is this likely to be broad-based across your portfolio and more selective?
- Zyn has been the hot topic within your portfolio but also within the Modern Oral/NGP category in general. What are the driving factors behind this exceptional growth rate and how do you expect this to develop in the coming quarters? Can you comment on your market share performance and your price point relative to competition?
- Why is it that Zyn is growing much more strongly than competition in the US? What do you think are the key competitive differentiators?
- Can you comment on Zyn supply constraints that you have experienced and how you are viewing capacity expansion in the near-term? You said at Q1 that some capacity came on-stream ahead of schedule in March; how should we think about capacity for the remainder of FY25E? When can we expect normalized stock levels?
- Can you talk to the target consumer base for Zyn and whether you see Zyn growth as cannibalisation to any degree of HnB users?
- Can you flesh out the attractions behind Modern Oral as a category for consumers? What are you seeing on the ground as the key drivers behind the continued category growth?

- Can you talk about HTU shipment volumes? Can you give some colour on current trading for Q2 so far? What have been the underlying trends? How has trading been in key markets like Japan, South Korea and Italy? Are you seeing an impact from BAT's glo Hyper Pro product? And what is the competitive environment like in Japan?
- You've launched Iluma I in Japan. Talk about how this product is different to the existing Iluma offering and what the feedback is from the launch? Which other markets are you in and which other markets do you plan to roll-out into?
- Can you talk about the latest impact you're seeing from the EU Heated Tobacco flavour ban? How many markets have enacted bans now? What impact has it had on consumption? How is Levia helping you to offset some of the headwinds?
- Can we talk about IQOS in the US? Can you talk us through the PMTA situation at the moment? Have you launched a pilot in any states yet? There were originally plans to launch in Austin, Texas – has this come to fruition? If not, what is the hold-up?
- How important is having the Zyn business and its distribution capabilities for the potential roll-out of IQOS in the US?
- Can you talk us through your capex plans for FY25E and what areas you will be focusing on?
- Are there any excise tax changes in specific markets we should be aware of?
- Can you provide any update on the Russian businesses? You stated the difficulties in selling the business unit and have there been any developments recently to change that messaging? How big is that business and how much trapped cash is sitting in the subsidiary?
- On illicit trade, US vapour has been a key area of concern for your competitors. Are there any markets to call out which are an area of concern for PM?

**Medium/long-term – what are the key questions?**

- Can you give some colour on the potential roll-out of IQOS in the US and what steps are needed to be able to accelerate the commercialisation here? How confident are you in reaching the 10% share of the profit pool target by 2030?
- Talk about the opportunity for modern oral and Zyn in new markets over the medium-term? Where are the biggest potential new profit pools in your view?
- To what extent could the US Modern Oral market replicate Sweden in terms of per capita consumption and penetration?
- Can you comment on your progress to achieving 2/3 of net revenue to come from non-combustible products by 2030? How confident are you in achieving this? What are the next stages for your business to be able to grow to this extent? Do you need markets like Turkey to open up for you to achieve this?
- Can we talk about the long-term volume outlook for combustibles? If you look at cigarette volumes in the U.S. and UK they have been falling in straight lines for the past couple of decades, implying they will hit zero maybe in 20 years. Altria says cigarette volumes may halve in the next 10 years. However other countries,

including Germany and many EMs look more stable, even though they too are in decline. On the other hand, Next Generation products are growing, partly because they are healthier, but also because they have less tax.

- What do you see as key opportunities within PM from the adoption of generative AI and AI more broadly? Associated with that what do you see as key risks to your existing business model from adoption of generative AI and AI more broadly?
- Do you have any concerns that regulation (or lack of it) could influence the adoption of generative AI and AI more broadly within the tobacco industry?

## Latest guidance

Figure 107. PMI - guidance summary table with Citi & consensus estimates

| Guidance - FY25 (as of Q1 25 results - Apr-25) |                                                                                                                            | Citi         | Consensus    |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Metric                                         | Summary                                                                                                                    |              |              |
| <b>Net revenue growth</b>                      | <b>Net revenue growth +6-8% on an organic basis;</b>                                                                       | <b>8.4%</b>  | <b>8.9%</b>  |
| Total Cigarette, HTU and SFP volumes           | Total cigarette, HTU and oral smoke-free product shipment volume growth for PMI of UP TO 2% driven by smoke-free products; | 1.6%         | 1.5%         |
| Total SF product volume growth                 | Growth of +12% to +14%                                                                                                     | 12.3%        | 11.3%        |
| Cigarette pricing                              | FY cigarette pricing expected 5-6%                                                                                         | 5.0%         | 6.2%         |
| Zyn                                            | Nicotine pouch shipment volume in the U.S. of approximately 800 to 840 million cans at +38-45% growth;                     | 832          | 872          |
| <b>Organic operating income growth</b>         | <b>Organic operating income growth of 10.5% to 12.5%;</b>                                                                  | <b>11.7%</b> | <b>12.1%</b> |
| Adjusted Diluted EPS                           | \$7.36 - \$7.49 (implied adjustments \$0.50 per share from amortisation/impairment of intangibles)                         | 7.5          | 7.5          |
| <b>Adjusted Diluted EPS, excl. currency</b>    | <b>\$7.26 - \$7.39 (positive currency impact of \$0.10 per share)</b>                                                      | <b>7.4</b>   | <b>7.4</b>   |
| Effective tax rate                             | An effective tax rate, excluding discrete tax events, of approximately 22.5% to 23.5%;                                     | 22.6%        | 22.7%        |
| Capex                                          | approximately \$1.5 billion, including further investments in ZYN capacity in the U.S.                                     | -1,500       | -1,459       |
| ND/EBITDA                                      | Ratio improvement of 0.3x to 0.4x at prevailing exchange rates                                                             | 2.3          | 2            |
| Share buyback                                  | No share repurchases in 2025;                                                                                              | 0            | 0            |
| Operating cash-flow                            | Approx \$11 billion                                                                                                        | 11,818       | 12,070       |
| <b>Q2 25 guidance</b>                          | <b>HTU's 37.5-38.5bn units</b>                                                                                             | <b>38.5</b>  | <b>38.3</b>  |
|                                                | <b>US Zyn - shipments similar to Q1</b>                                                                                    | <b>202.7</b> | <b>204.0</b> |
|                                                | <b>EPS of \$1.80-1.85 w/ \$0.06 FX tailwind</b>                                                                            | <b>1.86</b>  | <b>1.85</b>  |

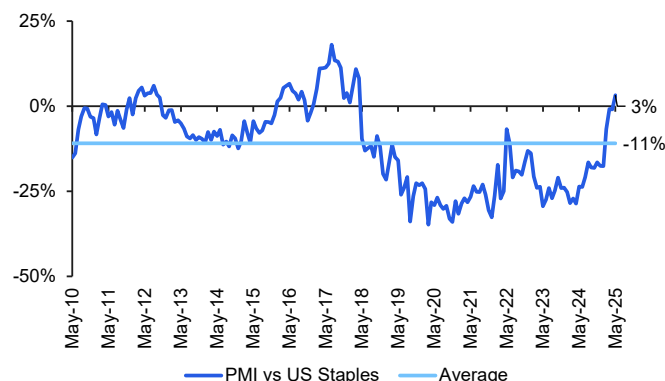
| Medium-term guidance |                                                          | Citi | Consensus |
|----------------------|----------------------------------------------------------|------|-----------|
| Metric               | Summary                                                  |      |           |
| NGP revenues         | 2/3 of net revenues to come from non-combustible by 2030 |      |           |

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Source: Citi Research, Company Reports, Visible Alpha

## Key charts

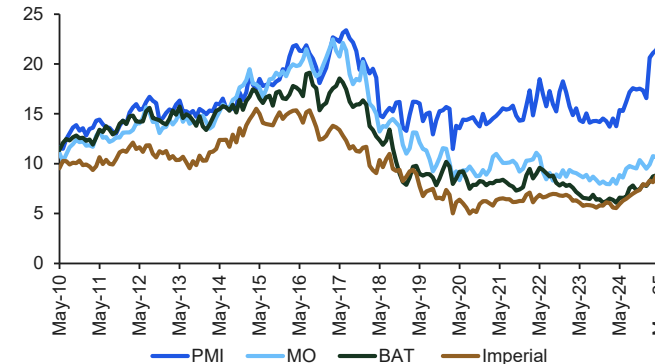
Figure 108. PMI 12-mth fwd PE vs US Staples



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Source: Citi Research, DataStream

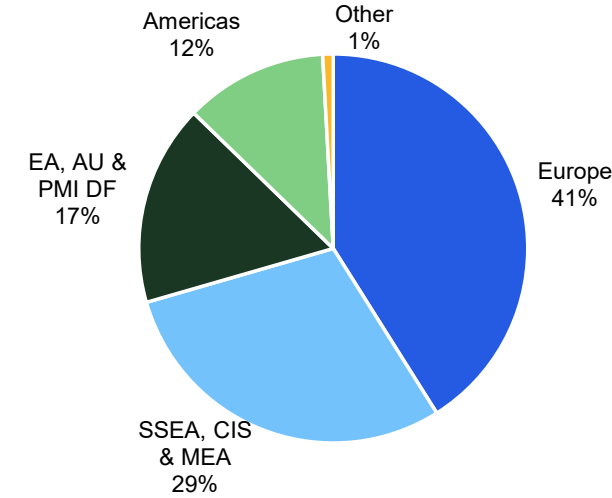
Figure 109. PMI 12-mth fwd PE vs tobacco peers



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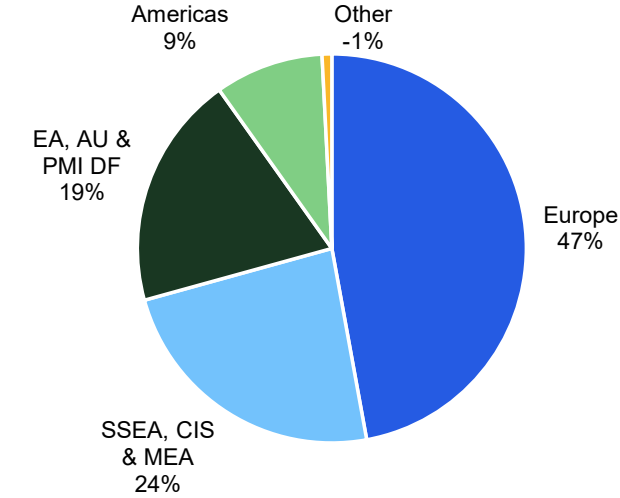
Source: Citi Research, DataStream

Figure 110. PMI sales by region - 2024



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Figure 111. PMI EBIT by region - 2024



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