

IBWA 2014

U.S. Bottled Water Market

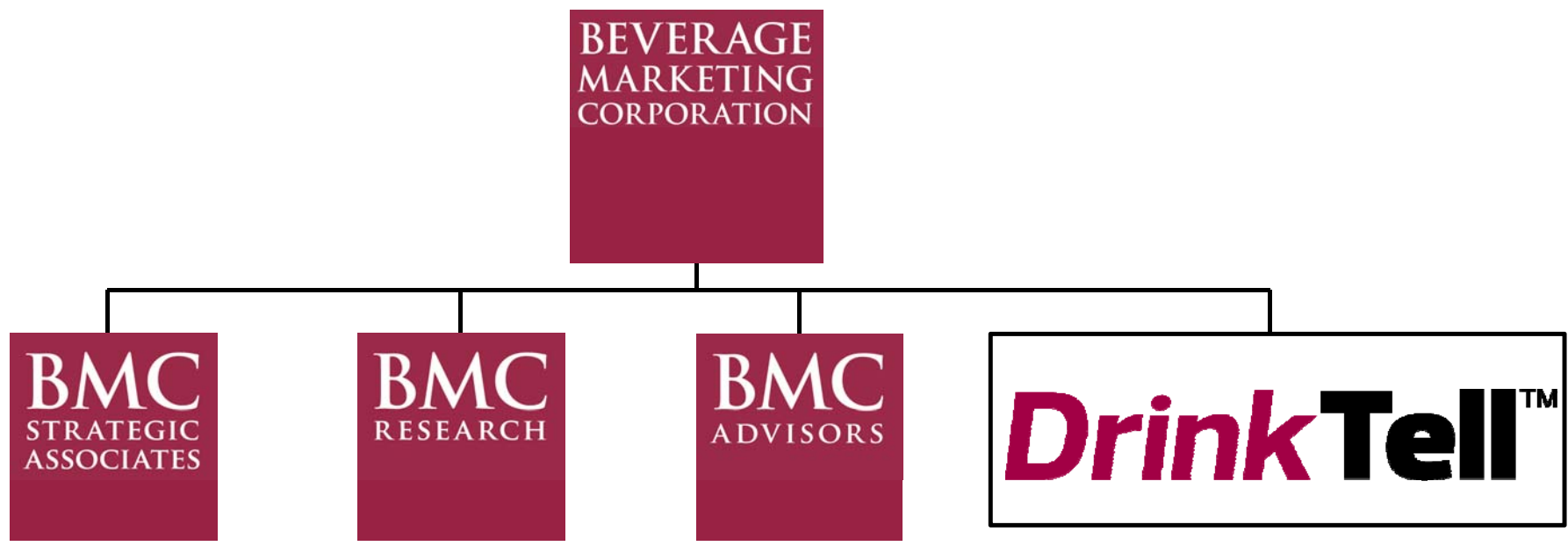
Market Trends

November 13, 2014

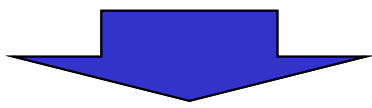
BEVERAGE
MARKETING
CORPORATION

To access the latest bottled
water data and insights see
[http://shop.beveragemarketing.com/
US-Bottled-Water.aspx](http://shop.beveragemarketing.com/US-Bottled-Water.aspx)

Beverage Marketing Corporation utilizes an integrated model for providing information, analysis and advice to beverage industry clients



Unique Beverage Industry Expertise
for Providing “Added-Value” to Selected Clients



Cutting Edge Insights: New Age Emergence, Multiple Beverage Competition, Specialty Beer Opportunity, Bottled Water Dominance, Hyper-Category Competition, Micro-Marketing Age



The Agenda

- ❑ *Overview of U.S. Beverage Market*
- ❑ U.S. Bottled Water Market
- ❑ Projections

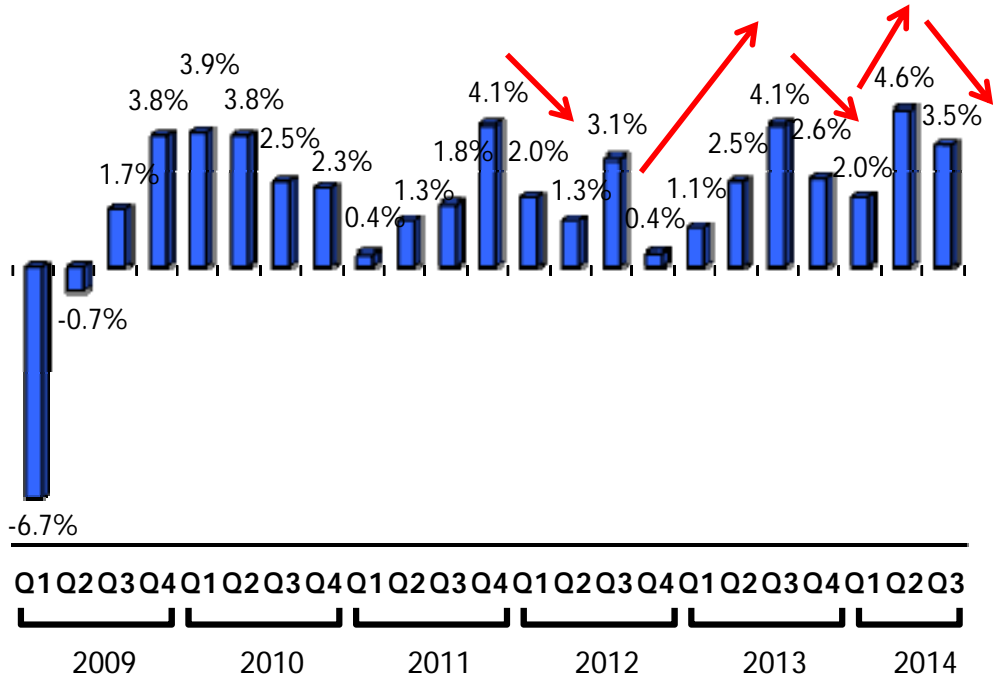
State of the Industry - The Good and the Bad

Beverage Headlines

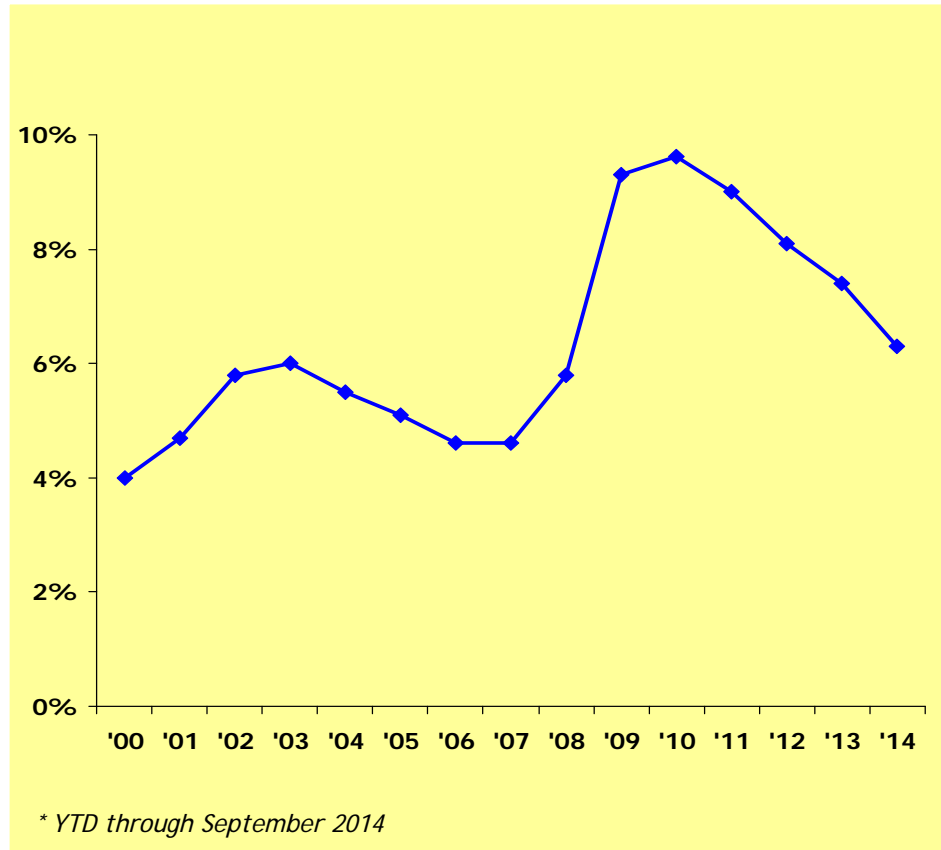
- Liquid refreshment beverage market essentially flat in 2013 after three years of growth, but has rebounded in first half of 2014
- Niche categories are outperforming traditional mass-market categories
- Bottled water strongest performing of mass-market categories
- Steadily-improving economy remains best impetus for beverage category success
- Outlook for modest growth in 2014

The economy continues to move in a positive direction with modest GDP growth for 21 straight quarters and unemployment now under 6%, but improvement has been slow

*Quarterly GDP Change
2009 - 2014 Q3*



*Unemployment Rate
2000 - 2014**



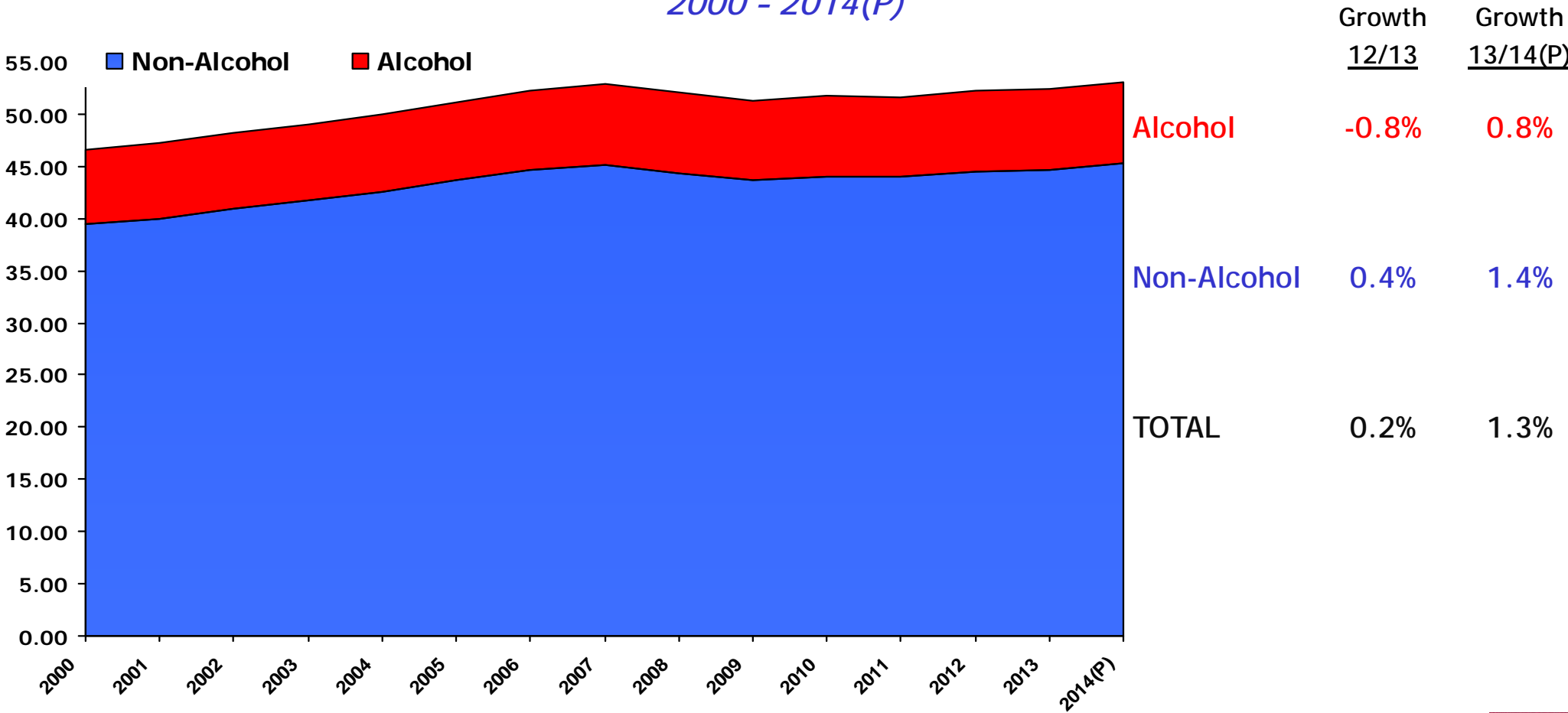
Source: Beverage Marketing Corporation; Bureau of Economic Analysis, Department of Commerce, Department of Labor



Total beverage volume will grow modestly in 2014, a slight improvement from 2013

- Both non-alcohol and alcohol are experiencing growth
- Modest improvement in the economy has helped to boost beverage sales

*U.S. Beverage Market
(Billions of Gallons)
2000 - 2014(P)*



For the latest on beverage trends across beverage categories see The Multiple Beverage Marketplace in the U.S. <http://shop.beveragemarketing.com/The-Multiple-Beverage-Marketplace-in-the-US.aspx>

P: Projected
Source: Beverage Marketing Corporation <http://www.beveragemarketing.com>



Agenda

- Overview of U.S. Beverage Market
- *U.S. Bottled Water Market*
- Projections

State of the Industry

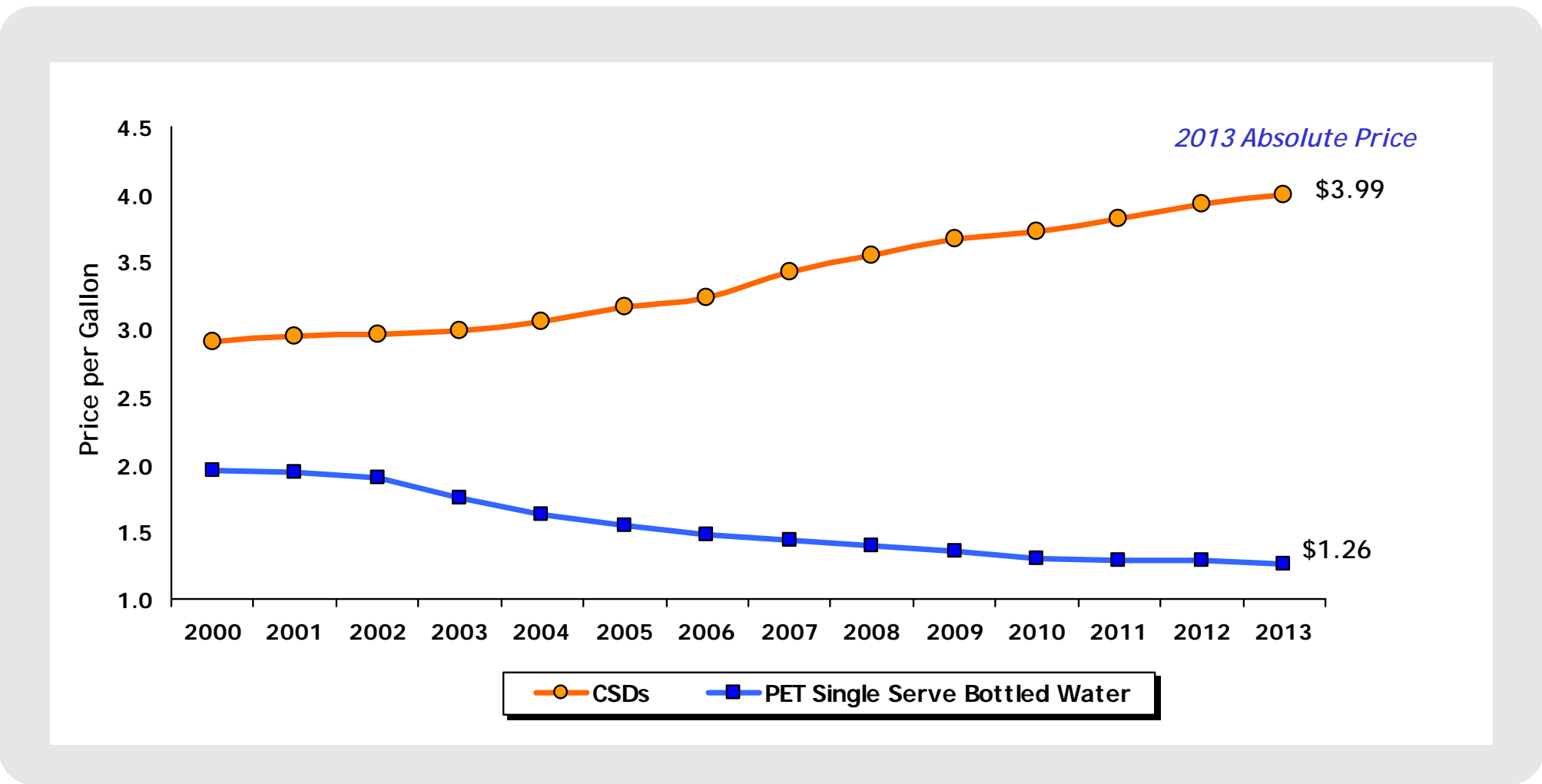
Bottled Water Headlines

- Most successful mass-market beverage category in the U. S.
- Every segment is growing - a rare feat
- Projections show bottled water will surpass CSDs by 2016
- With exception of retail PET segment, pricing is strong
- Pricing is at all-time low for retail PET
- Category is best positioned since pre-recession

For Beverage Marketing Corporation's latest coverage of bottled water trends see
<http://shop.beveragemarketing.com/US-Bottled-Water.aspx>

While carbonated soft drink pricing has risen, bottled water pricing has dipped. This is likely impacting the performance of both categories

Wholesaler Dollars Per Gallon
2000 - 2013



Source: Beverage Marketing Corporation ; BMC's DrinkTell Database With Market Forecasts

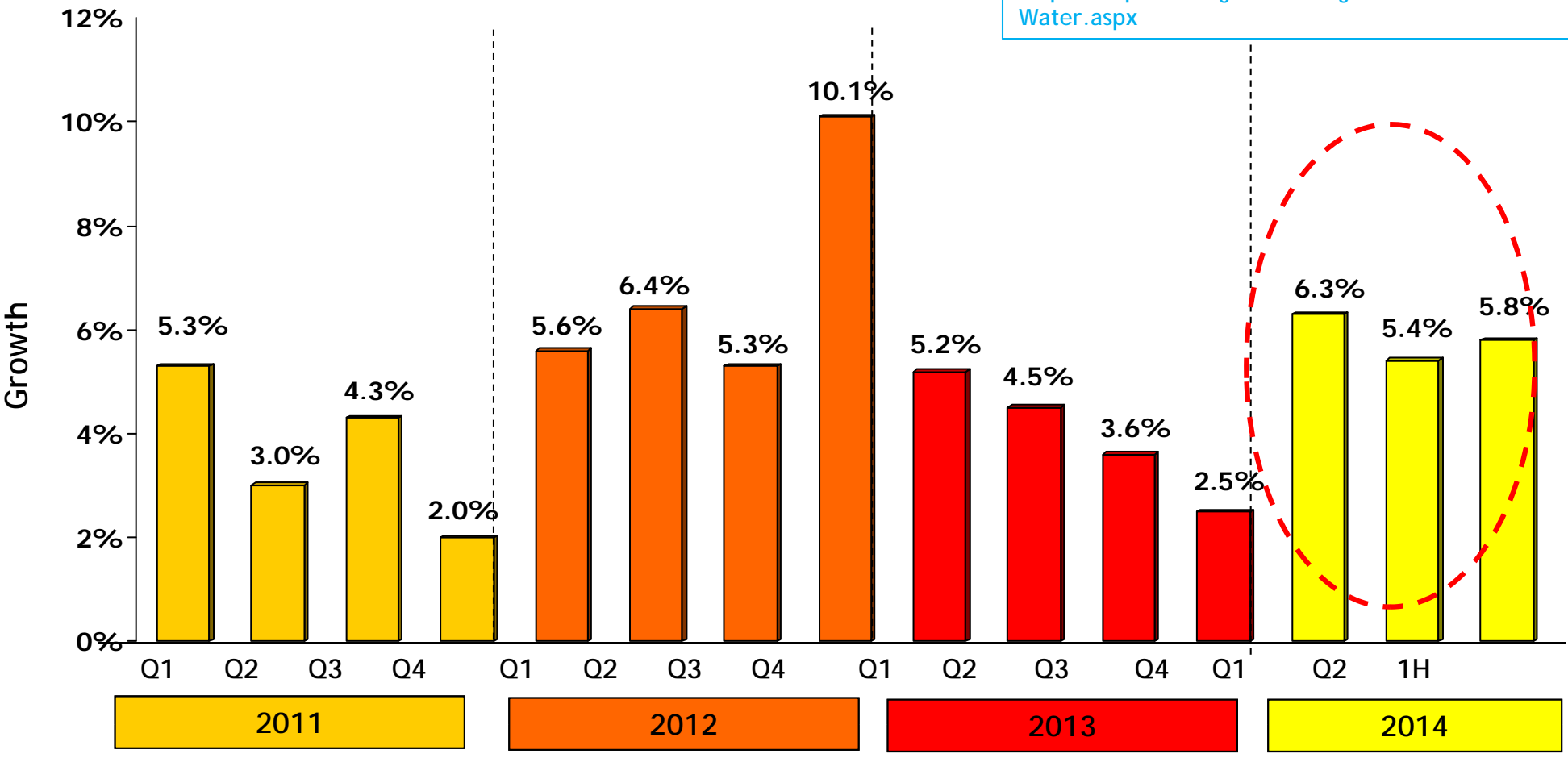
For a complimentary demo of the DrinkTell™ database see <http://www.beveragemarketing.com/drinktell.asp>



Total bottled water revenues in 1H14 grew at a rate slightly under volume growth

U.S. Bottled Water Market Quarterly
 Revenue Growth
 2011 - 1H 2014

For BMC's latest coverage of bottled water trends see <http://shop.beveragemarketing.com/US-Bottled-Water.aspx>



Source: Beverage Marketing Corporation <http://www.beveragemarketing.com>



While increasingly stable, PET water pricing continues to be historically aggressive and is likely to remain so at least into 2015

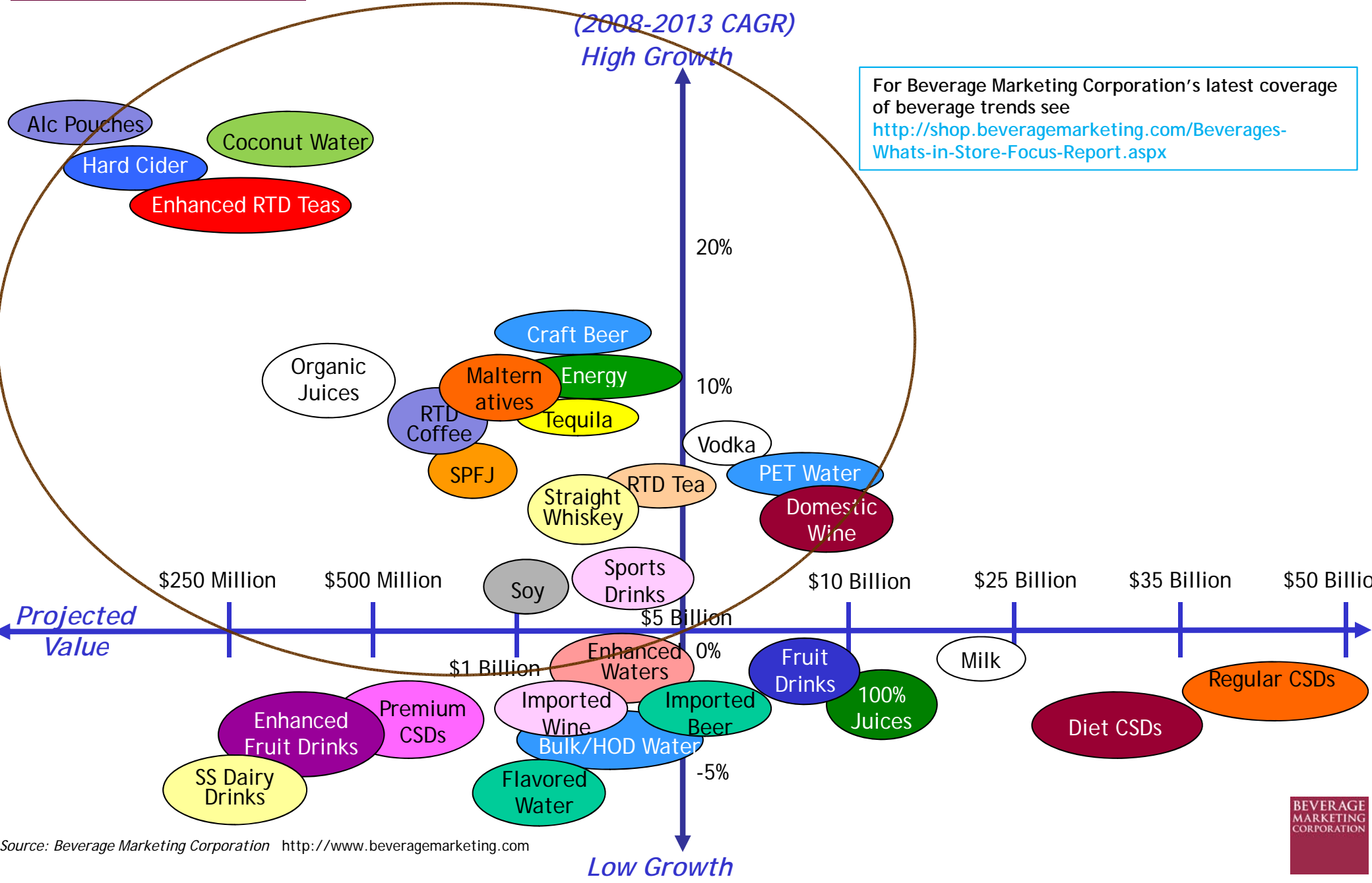
- Every-day pricing as low as \$2.49-2.99 for 24-packs at retail

Advances in Supply Chain Costs

- High-speed bottle filling in a range of 1,500-1,800 bottles per minute
- Stable resin costs
- Continued bottle light-weighting

For Beverage Marketing Corporation's latest coverage of bottled water trends see
<http://shop.beveragemarketing.com/US-Bottled-Water.aspx>

In the future, the marketplace will be characterized by numerous high-value, low relative volume opportunities



Source: Beverage Marketing Corporation <http://www.beveragemarketing.com>



Thank You

Beverage Marketing Corporation

- Consulting
- Research
- Advisory Services

BEVERAGE
MARKETING
CORPORATION

BEVERAGE
MARKETING
CORPORATION