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THE BEVERAGE INDUSTRY'S LEADING INFORMATION RESOURCE FOR BREAKING NEWS, ANALYSIS & DATA

Special Issue: U.S. Beverage Business Results for 2014.

2014 Was Better Than 2013 for the U.S. Beverage Business.
LRBs Up +1.7% vs Down in 2013. Nestle Out-Performs. Coke and Pepsi Tie in LRB Performance.
CSDs Down For 10th Year, But Less Than in 2013. Brand Pepsi Retakes #2 Spot From Diet Coke.

Each March, BD publishes summary all-channel U.S. beverage results for the previous year. BD's data covers liquid refreshment beverages (LRBs) and the components thereof: CSDs (including energy drinks); bottled water; and non-carbs (sports drinks, ready-to-drink teas, juice drinks, etc). Tables show: 1) top-5 LRB companies. 2) top-9 CSD companies plus "other." 3) top-10 LRB Megabrands (definition below). 4) top-10 CSD brands.

LRB Results. In 2014, LRB volume was up +1.7% vs down -1.6% in 2013. Previous year results: up +1% in 2012 and +0.8% in 2011. At least part of the improvement in 2014 was a return to stronger growth of bottled water. In

LRBs

Companies Ranked by LRB Volume 2014

	LRB Share	Share +/-	Vol +/-
Coca Cola Co *	33.6	0.5	+0.3%
PepsiCo	25.4	0.3	+0.3%
Nestle Waters	11.0	+0.7	+9.1%
Dr Pepper Snapple *	10.7	0.2	0.1%
Cott **	2.7	0.2	6.2%
All other	16.6	+0.5	+4.6%
Total LRB Business	100.0	n/a	+1.7%

* See explanation in text for treatment of Coke's discontinuation of Nestea and DPS's discontinuation of Welch's.

** Includes CSDs and water. Excludes Non carbs

Top-10 LRB Megabrands 2014

	LRB Share	Share +/-	Vol +/-
Coke	17.3	0.7	2.4%
Pepsi	8.7	0.4	2.9%
Mt. Dew	5.8	0.1	+0.8%
Dr Pepper	5.1	0.2	1.6%
Gatorade	4.6	+0.1	+3.5%
Nestle Pure Life	3.8	+0.3	+8.9%
Sprite	3.7	flat	+0.6%
Dasani	2.6	+0.1	+8.2%
Poland Spring	2.1	+0.1	+7.9%
Arizona	2.0	0.1	0.8%

CSDs

Companies Ranked by CSD Volume 2014

	CSD Share	Share +/-	Vol +/-
Coca Cola Co.	42.3	0.1	1.1%
PepsiCo	27.5	0.2	1.4%
Dr Pepper Snapple	17.1	+0.2	flat
Cott Corp.	4.2	0.3	6.0%
National Beverage	2.9	flat	+1.7%
Monster Beverage Co	1.7	+0.1	+7.0%
Red Bull	1.3	flat	+5.6%
Rockstar	0.7	flat	+2.0%
Big Red	0.7	flat	+4.2%
All other	1.6	+0.3	n/a
Total CSD Category	100.0	n/a	0.9%

Top-10 CSD Brands 2014

	CSD Share	Share +/-	Vol +/-
Coke	17.6	+0.2	+0.1%
Pepsi Cola	8.8	0.1	1.8%
Diet Coke	8.5	0.5	6.6%
Mt. Dew	6.9	flat	1.1%
Dr Pepper	6.8	+0.1	+0.5%
Sprite	6.0	+0.1	+1.0%
Diet Pepsi	4.3	0.2	5.2%
Fanta	2.2	+0.2	+5.0%
Diet Mt. Dew	2.0	0.1	3.0%
Coke Zero	1.8	0.1	2.0%

addition, the CSD rate of decline was much less deep than in 2013. In 2014, the CSD category was down -0.9%. In 2013, the CSD category was down -3%; it was down -1.2% in 2012.

CSD Category. In 2014, CSD volume totaled about 8.8 bil 192-oz cases. That level of volume means that the category has lost -1.4 bil cases since 2004 -- the peak volume year -- when total volume was 10.2 bil cases. Total U.S. CSD volume is now back to where it was in mid-1990s. BD includes energy drinks in CSDs. BD estimates that without energy drinks, the CSD category was down about -1.2%. **Pricing and Dollars.** BD estimates that all-channel CSD pricing last year was up about +2.5%. That means total CSD dollars were up about +1.4% to $77.4 bil from $76.3 bil in 2013 and from $77.1 bil in 2012. In 2013, the overall retail value of the CSD category declined for the first time since BD began tracking. Multiple senior executives at the big beverage companies have recently indicated that they are focusing strongly on dollar growth, using such tactics as package downsizing with higher per/ounce pricing. **Per Capita Consumption.** Per capita CSD consumption in the U.S. fell to about 674 eight-ounce servings per person per year. That compares to a per cap of 675 for 2013. The declining per caps are a function of volume falling and the U.S. population modestly increasing. In 2012, CSD per capita consumption was 701, down from 714 in 2011 and from 728 in 2010. The level of per capita consumption in 2014 is the lowest since about 1986. **Fact Book.** BD will provide detailed information on the categories, companies and brands in its soon-to-be published 2015 Fact Book. There is an order form on page 4 of this pdf document. To order, print out the order form and fax it back to us at 914-244-0774; or email: sicher@beverage-digest.com.

CSD Companies. Coca-Cola Co and PepsiCo each lost CSD volume in 2014. Dr Pepper Snapple's volume was about flat. DPS discontinued handling Welch's in 2014, and the volume results in the table reflect the decline in Welch's from 2013 to 2014. If Welch's were excluded from both 2013 and 2014, DPS's CSD volume would have been up slightly; about +0.3%. Both Coke and PepsiCo improved their CSD performance in 2014. In 2014, Coke was down -1.1% vs down -2.2% in 2013. PepsiCo's CSD volume was down -1.4% in 2014 vs its -4.4% decline in 2013. Both Coke and PepsiCo lost share. The energy drink companies -- Monster, Red Bull and Rockstar -- each posted stronger than overall industry performance and gained or held share.

CSD Brands. Pepsi Back in #2 Spot. Brand Coke Up Slightly. Fanta Moves Ahead of Diet Mt. Dew. Among the top-10 CSD brands, the main news here is that Pepsi regained the #2 spot, having lost it to Diet Coke in 2010. Diet CSDs in general have been hobbled by poor performance in the last few years, as some consumers seem to be having a withdrawal of enthusiasm for aspartame and other legacy diet sweeteners. In 2014, brand Pepsi's volume was down -1.8%. Diet Coke's volume fell -6.6%. Among the top-10 brands, Coke has five, PepsiCo has four and DPS has one. Fanta is actually a flavor line, but BD counts it as a single brand as the individual flavors are not named, branded or marketed separately, and BD estimates that 80+% of the Fanta volume is orange. Coke, Dr Pepper, Sprite and Fanta gained share. Brand Coke's volume was up, but just barely. However the brand was up, after multiple years of decline. The last time brand Coke grew was 2000. Dr Pepper, Sprite and Fanta also posted volume growth. In the 2014 rankings, Fanta passed Diet Mt. Dew to become the #8 brand; Diet Mt. Dew dropped to #9. **Regulars vs Diets.** Among the top-10 CSD brands, the regulars out-performed the diets. For example, brand Coke was up a bit, while Diet Coke and Coke Zero were down. Brand Pepsi was down -1.8%, but Diet Pepsi declined much more: down -5.2%. Same patterns applied to Mt. Dew and Dr Pepper. Diet Dr Pepper is not a top-10 brand; its volume was down -7.9%.

LRB Category and Companies. BD estimates that in 2014, LRB volume totaled about 15.4 bil cases, up +1.7% from 15.2 bil cases in 2013. LRB volume was down -1.6% in 2013; up +1% in 2012; up +0.8% in 2011; and up +1.7% in 2010. In 2013, none of the top LRB companies grew volume. That changed dramatically in 2014. Both Coke and PepsiCo posted slight LRB volume growth, with volume up +0.3%. Nestle posted strong volume growth of +9.1%. In addition to being the biggest CSD company, Coke is also the biggest LRB company with a 33.6 share vs PepsiCo's 25.4. In 2014, Nestle passed Dr Pepper Snapple to become the #3 LRB company, due to the strong growth of its water business. Dr Pepper Snapple, mainly a CSD company, fared relatively well in the declining CSD category; but that meant only flattish volume. As was the case with DPS and Welch's in CSDs, in the case of

Coke, Nestea had no volume in Coke's portfolio in 2014. Coke discontinued handling it, and Nestle took it over. Had it been excluded from Coke's portfolio for both 2013 and 2014, BD estimates Coke's LRB volume would have been up +0.4% instead of up +0.3%. BD's all-channel volume data does not always entirely correlate with the volume reported in the public companies' published financial results. They follow certain accounting rules, and BD publishes actual volume data. Plus, BD's all-channel data does not include refrigerated juices such as Tropicana, Minute Maid and Simply.

LRB Megabrands. BD defines a "Megabrand" as a brand or trademark with total volume of more than 100 million 192-oz cases. So, for example, Megabrand Coke includes Coke, Diet Coke, Coke Zero, Cherry Coke and all other iterations of the Coke trademark. Megabrand Pepsi includes brand Pepsi, Diet Pepsi, Pepsi Next, etc. In 2014, the biggest Megabrand by far was Coke, with an 17.3 share of LRB volume. Its volume was down -2.4%. Brand Coke was up very slightly, but Diet Coke was way down. Megabrand Pepsi was down -2.9% vs its decline in 2013 of -5.9%. The strongest performing top Megabrand was Nestle Pure Life with volume up +8.9%. A look at the top megabrands tells the story, in a nutshell, of where the growth is coming from: bottled water. Nestle Pure Life was up +8.9%; Dasani +8.2; and Poland Spring up +7.9%. Just below the top-10, Aquafina Megabrand posted growth of +7%. Among the top-10 Megabrands, Coke had three with an aggregate share of 23.6. PepsiCo had three with an aggregate share of 19.1.

Methodology. BD tracks LRB volume in all channels including retail, vending and fountain. BD's all-channel data and volume performance of companies/brands may differ from companies' data and is, in the end, based on BD's evaluation, analysis and estimates.

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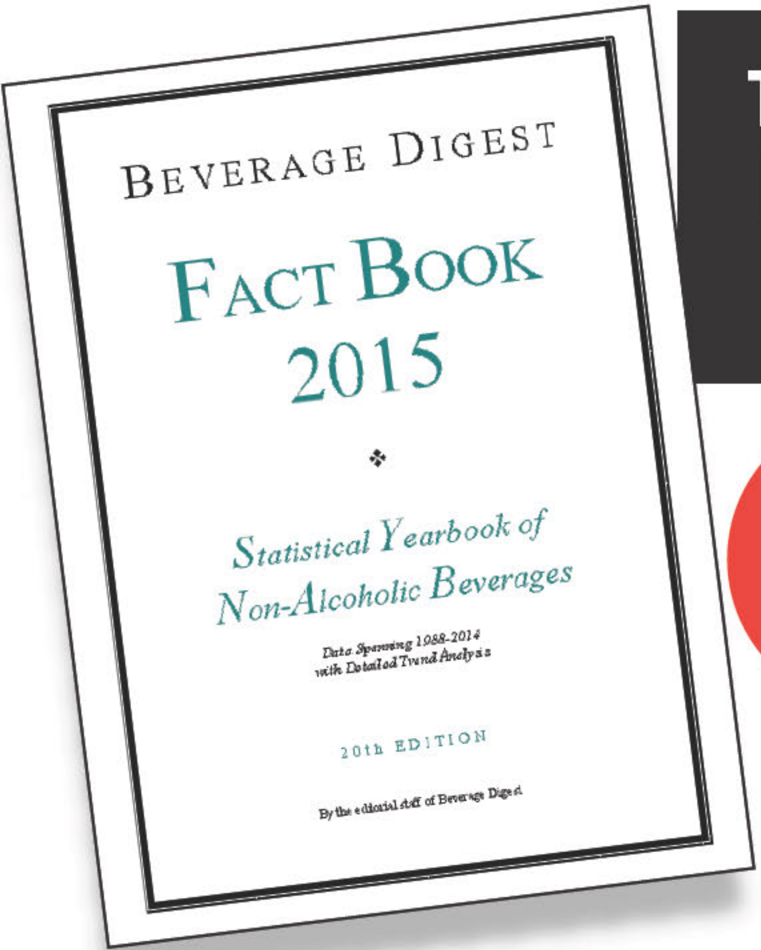

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