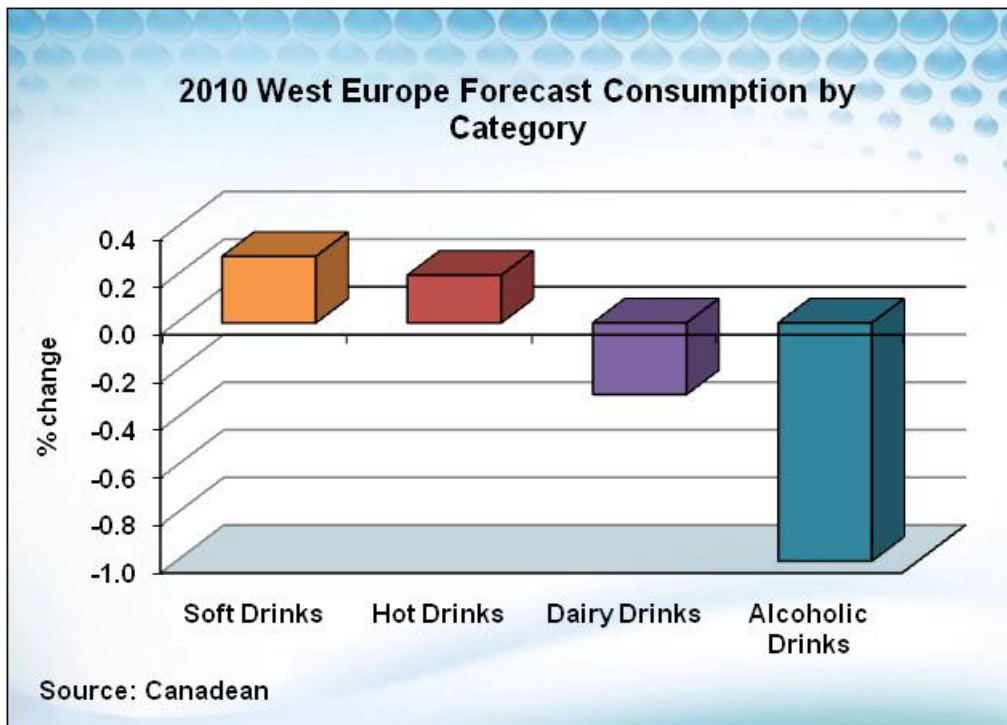


NEWS from Canadean

NO BIG TURNAROUND PREDICTED FOR WEST EUROPE DRINKS

VOLUMES IN 2010

Canadean's recently published Quarterly Beverage Tracker points to a marginal improvement in the prospects for commercial beverage volumes in 2010. Canadean consultants anticipate that the West European beverage market will see the smallest of contractions in 2010; this compares to the 0.4% decline seen in 2009. According to Canadean, the mood on the ground remains subdued, with industry confidence levels in most markets remaining uncertain or deteriorating, with the exception of just Austria, Finland, Italy, the UK and perhaps surprisingly Greece.



What little improvement there will be, can be traced to a projected slowdown in the rate of decline of the alcoholic soft drinks sector. In 2009 alcoholic drinks volumes dropped by more than 2%, a figure that is forecast to slow down to a 1% loss in 2010. Beer in

particular was hit by the sharp drop in on-premise footfall last year and sales across West Europe fell by nearly 3%. The economic climate meant West Europeans spent a lot less on eating and drinking out last year. On a brighter note, some markets were beginning to show signs of improvement in the Horeca sector in the last quarter of the year.

Soft drinks recorded a small rise last year, but Canadean is not anticipating demand to accelerate as markets emerge from the gloom of the downturn. The summer of 2009 was actually notably hotter than 2008 in certain key markets and this was responsible for much of the upswing. In 2010, water is set to record another loss, while carbonates are predicted to increase again. The region's biggest category with more than 30% of volumes has been helped by the shift from on to off premise, with consumers buying bigger unit sizes to take home and drink than they would if they were eating or drinking out. Squashes may be small in some markets but these drinks are generally considered the most economic form of refreshment and it was noticeable that volumes increased by 3% in 2009, a figure that is predicted to shrink to less than 1% in 2010.

The rate of decline for dairy drinks will slow marginally, mainly due to white milk, whose performance is often more related to birth rates and other demographics than the economic environment. Meanwhile Canadean is forecasting a very similar performance this year for hot drinks. As with white milk, hot drinks consumption is not as influenced by economics as some other categories. There is, however, some evidence that consumers will drink more hot drinks if they stay at home and this is probably responsible for the small increase being seen in this mature sector.

What will be encouraging to the industry is that only two markets in the region are forecast not to register an improved volume performance in 2010: France and Sweden, and even then the variances are insignificant, say the Canadean specialists. The market does seem to be going in the right direction if only slowly. The challenge for the industry will be to reinstate some value into the market.

For further details on Canadean's **Quarterly Beverage Tracker**, please contact Debra Richards on tel: +44 (0)1256 394224.

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Editor's Note:

Canadean is the beverage industry information specialist, providing market research, reports, databases and consulting on the global beverage and beverage packaging industries.

With headquarters in the UK and regional offices around the world, Canadean has built a reputation as the benchmark for global beverage market intelligence. Local operations are now based in Madrid, Buenos Aires, Mexico City, Hong Kong, Beijing, Shanghai and Sydney.

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Issued by the Corporate Marketing Department of Canadean Ltd, the leading global beverage research company.

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