24th September 2012 **PRESS RELEASE**

**Scotch and Irish Whiskies M&A Report**

Oghma Partners LLP, the Food and Beverage focused corporate finance boutique, is pleased to announce the publication of its Scotch and Irish Whiskies M&A report. Copies of the report are available on request.

**Market Overview:**

Scotch is the largest whisky segment by value, holding 48% of the c.£44bn annual global whisk(e)y market at retail sales value. The Scotch industry continues to grow year on year and in 2011 exports of Scotch increased by 23% in value to a record £4.23billion, and 19% in volume, shipping some 90million cases worldwide. The U.S. and France remain the largest markets for Scotch with Singapore recently moving up to third position as exports to the country reached £318million. Growth in sales has been aided by increased demand from Asia, Africa, Latin America, Eastern Europe and the Middle East. Growth in the emerging markets is tied to the breaking down of trade barriers combined with growing middle class wealth and aspiration and the prestige associated with premium brands. This is driving sales across the entire whisky market but particularly in aged single malts. In 2011, for the first time, single malt, Glenfiddich, sold more than one million 9-litre cases. The demand for Scotch is such that the industry is heavily investing in production and capacity with over £1billion already spent over the past five years.

Irish Whiskey sales grew 12% year-on-year in 2011, selling nearly 5 million cases. It is growing at a faster rate than scotch single malts and in fact outsold scotch single malts in the USA in 2011 (although not if you include Scottish blends). This growth has led to significant investment in production in order to meet demand: In December 2011, Irish Distillers, owned by Pernod Ricard, announced an investment of €100million to increase production for its Jameson brand at its Midleton Distillery; Tullamore D.E.W, the second largest Irish brand after Jameson, is growing at 15% annually and William Grant and Sons are in the process of building a dedicated distillery; and in May 2012 the Belfast Distillery Company announced their plans for a new £5million distillery in Belfast. The acquisition of the Cooley Distillery by Beam Inc. in 2011 means that the 4 Irish distilleries currently in operation are owned by international companies who are focused on meeting the demand for their own brands. Consequently, several independent brands, as of early 2012 no longer have access to stock for their blends or single malts, creating opportunities to acquire established brands in need of independent production facilities.

**Opportunities**:

In order to meet rising demand the opportunity exists in the Scotch market for independent distilleries to merge in order to increase production capabilities and access to warehousing space, or for new owners to acquire existing brands and distilleries whilst providing the funds and distribution networks to increase production, marketing and sales. In Ireland, new facilities would have to be built in order to secure production, however, existing brands could be purchased and would benefit from the “Irish” label that is being heavily promoted by the existing players in the market.

In both markets, the requirement to lay down stock over several years means that brand building is a long drawn out process which in turn generates a premium value for independent brands and old distilleries that can be reopened.

Further detailed analysis of the opportunities is available in the 90 page report. For more information on Oghma Partners services, or to arrange an introductory or follow-up meeting, visit our website or send us an email at the address below.

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