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WHISKY INTELLIGENCE REPORT

Contents

Contributing Members	4
Executive Summary	6
Strength in Volumes but Falling Prices	12
Spingbank: A Quarterly Deep Dive	28
Industry Interview	34
Insights into the Data Methodology	38
Disclaimer	40

Contributing Members



Duncan McFadzean

Head of Food & Drink

Duncan is Noble & Co's Head of Food & Drink. He has led work for The Borders Distillery, Adelphi, The Macallan, Compass Box, Innis & Gunn and Rare Whisky 101 amongst others. Prior to Noble & Co, Duncan had 10 years as a sell-side equity research analyst for Merrill Lynch and various fund management firms.



Susi Crawford

Head of Corporate Finance

Susi is Noble & Co's Head of Corporate Finance and has worked on a number of transactions in the whisky industry including The Borders Distillery. Prior to Noble & Co, Susi was a finance lawyer working for Clifford Chance, Deutsche Bank and Goldman Sachs in London and in Dubai.



Will Hartop

Corporate Finance Analyst

Will is an experienced corporate finance analyst at Noble & Co, working on transactions across a wide range of sectors including food & drink and renewables. He has been involved on projects for The Borders Distillery and The Macallan. He has been involved in all of the Whisky Intelligence Reports to date.



Steven Coates

CEO

Steven co-founded Brainnwave seven years ago aiming to improve the quality and speed of decision making in business by bringing together cloud technologies and thought leadership in AI and Data science. He previously spent 20 years as a consultant at top firms Accenture and The Boston Consulting Group.



Tim Hurst

Chief Data Scientist

Tim leads the Data Science team at Brainnwave. With a PhD in applied mathematical modelling, he moved towards statistical analysis and now works in related areas. He can create and apply state-of-the-art machine learning techniques to our clients' data, helping them understand its predictive and analytic potential.



Anne Braae

Data Scientist

Anne is a data scientist with a PhD in molecular genetics and bioinformatics with experience analysing large gene therapy datasets in the biotech industry. With interest in geospatial data, she moved to Brainnwave to solve problems using data from a range of industries to help provide valuable insights for our clients.



Executive Summary

From economic influences around the world to changing patterns in high-end consumer behaviour, we look at the overall health of the fine and rare whisky market to assess the outlook in the near and long term.

In our fourth report on the whisky market we get to know MALDAQ, the online stock market for whisky, and take a deep dive with legacy brand, Springbank.



Fine and rare whisky is having a difficult year with very different experiences dependent on the price point and segment. In the year to date to end of July our dataset is up by only 8% by value versus the same period in 2022. Versus 2021, the +67% increase in value transacted highlights the scale of the Covid bounceback. At the end of April, our dataset was up by 10% by value on the year before. This highlights a slower May to July period which is typically a stronger season for whisky auctions.

We've noted in earlier reports the dichotomy between prices and volumes. Average prices have been falling and volumes have been rising significantly. Within volumes, the highest growth has been in the lowest price brackets. We believe this is a combination of the most expensive bottles being held back for better times, as well as flippers looking for stock, which is more commonly available in

higher numbers at lower price points. As usual, due to high-value auctions, May was a strong month and accounted for 23% of the value transacted in the first seven months of the year. Average prices hit £716 in May but subsequently fell back to £535 by the end of July. This is still up on the January figure of £457. Volumes have risen year on year in every single month this year, with July being up 29% on July 2022.

Luxury Markets, Springbank and The Top Ten

With interest rates higher for longer, and inflation falling but sluggish, the macro environment also remains a challenge. Switzerland's Richemont, owner of Cartier, issued a profit warning in July that reflected a slowdown in demand in North America and mixed experiences through the year in China. LVMH also noted a slower high-end consumer in the first half of 2023.



Image credit: Sotheby's (The Macallan in Lalique Six Pillars Collection)

From a brand perspective, we have updated our tables of the top tens. The Macallan continues with its dominance of the secondary market on both volume and value. The last 12 months has seen its volumes up by 75% and its value up by 33%, which is a strong performance by anyone's measures. Of the other sizeable players there has been good volume growth from Springbank, GlenAllachie and Isle of Arran, whereas Ardbeg, Glendronach, Lagavulin and Bruichladdich were slower. By value, the strongest growth of the larger players was The Macallan (+33%), Springbank (+15%), GlenAllachie (+70%) and Laphroaig (+21%) over the 12 month period to end July.

This quarter, we take a deeper dive into Springbank, a Campbeltown favourite and a brand with significant heritage and prestige amongst collectors. It has had a strong 2023 by value although average prices have

fallen significantly over the year, from £410 to £331.

The Outlook for Auctions

So where do we sit now with fine and rare whisky at auction? The long-term trends remain very positive due to rising wealth in many developing economies around the world. Economic growth in the US and China in the long-term looks a fair assumption although rates will peak at some point and there is a growing awareness and appetite for whisky as a store of value. It remains a prestige gift in the business culture in Asia but in the near term, the economic pressures are hitting the high-end's consumer's confidence even if not their wallet. Concerns over the state of the Chinese economy and the potential for further clampdowns on corruption may dampen the market. Some analysts believe that the US election in 2024 will also dampen demand for luxury

goods although the trend for flippers to play in the space is likely to continue.

Overall, we are cautious on the near-term future for prices of whisky. Although volumes have bounced back, and average prices are up since January, average prices are down January to July 23 versus January to July 22 by 10%. There are few signs of a significant bounceback as yet and we believe it will take macro conditions stabilising for the market to rise materially.

Slàinte Mhath

Duncan McFadzean

Head of Food & Drink | Noble & Co

Steven Coates

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NOBLE & CO

INVESTMENT BANKING WITH A MODERN TWIST

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Noble & Co is a boutique Scottish advisory firm, providing intelligent and creative advice to companies during key financial and corporate milestones. We specialise in equity fund raising at scale, debt advisory, and research.

With focus on six sectors - Food & Drink, Energy & Power, Technology, Financial Services, Sustainability and Infrastructure - we work with a range of market-leading clients on a number of the country's most ambitious projects.

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Strength in Volumes but Falling Prices

The volume of bottles sold on the market reach record highs, with values transacted following suit. Average bottle prices continue to fall across the board. Speyside continues to dominate the market, further consolidating its position as the top region in the secondary market. The upper end and lower end of the market had strong performances, with growth in the middle value bottles lagging behind.



Image credit: Sotheby's (Springbank Single Malt Limited Edition Millenium Set)

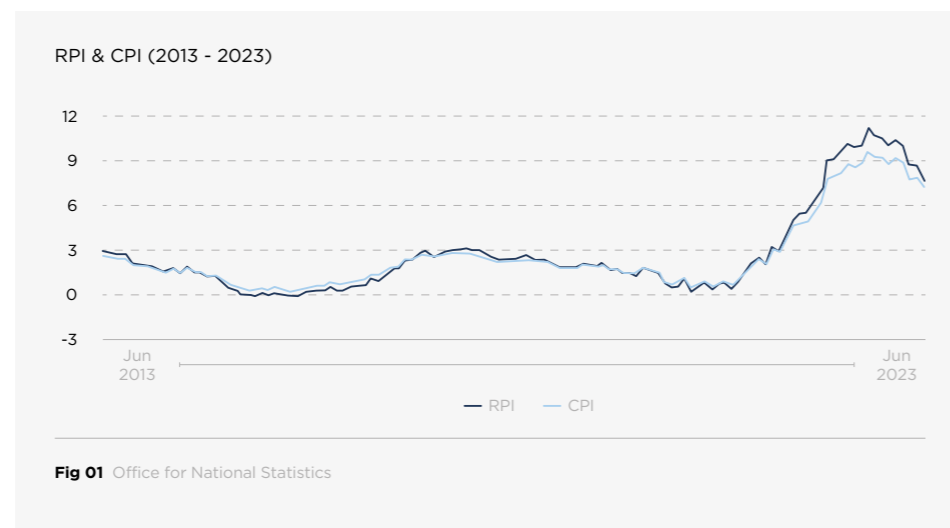
The Macro Picture

Since our last quarterly report the global economic outlook has softened slightly. At the time of writing in September, the S&P 500 and the NASDAQ have flattened out and sentiment towards the stock market is neutral. Closer to home, the FTSE 100 saw a decline over the period of May to July, which is the period we primarily analyse in this report. There has been some subsequent recovery from the July low.

Inflation in the UK remains high despite recent positive developments. At the time of writing, it is 6.7%, which puts more pressure on household finances, and on investors to seek investments and products that are likely to net a higher return. Whisky is still viewed by many as an asset class that appreciates in value with age when in cask and also seen as a good asset to hold on to in a bottle. From a consumer

perspective, high inflation rates and related higher interest rates appear to be prompting some weak spots in whisky sales globally, along with other premium products in the economy.

As a result of high inflation, the Bank of England base rate has climbed to 5.25%, it's highest level in over a decade. Despite a recent surprise fall in the rate of inflation, there still may be worse news to come, particularly with Equinor warning future price spikes due to limited gas reserves, which could mean an increase in energy prices to the UK consumer. The impact of high interest rates has led to weaknesses in the property market too. We are seeing volumes of house sales slowing significantly and prices decreasing from the peak of summer 2022. Fixed interest rate deals are yet to expire in many cases, which may keep the market softer for longer. The UK economy isn't out of the woods yet.



Tough Times for Luxury Goods?

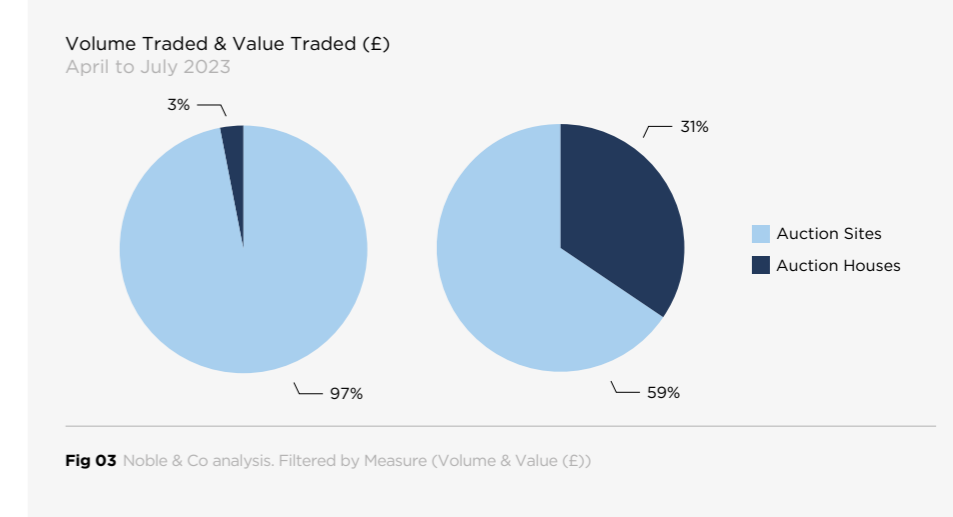
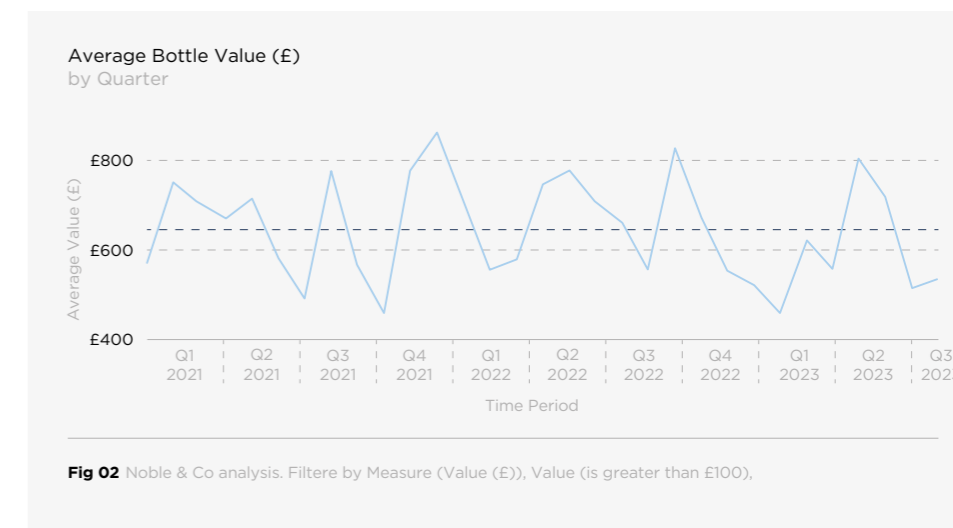
Over the analysis period, the luxury goods market saw some growth, with the S&P Global Luxury Index recovering from a low of 4,168 in June to a high of 4,678 in July, a 12% increase. The combination of peak rates coming closer and economic recovery post-Covid may have given consumers and investors confidence that the luxury goods market can remain strong. This may not be sustainable with the lacklustre recent performance of the wider economy. In the month subsequent to the data analysed the S&P Global Luxury Index fell 9% back to March 2023 levels, indicating that this may already be happening.

One luxury product that has performed poorly throughout the past 18 months, with no sign of improvement, is the watch market. The Bloomberg Subdial Watch Index is now trading at \$34,551, its lowest point in 24

months, with the index having fallen by 5.3% over the last six months. This may be a 'tightening of the belt' response to the recent economic indicators, with mid and high earners choosing not to upgrade to a more bespoke model or expanding their collection. Luxury watches are one of the most valuable possessions a person can own, aside from a car and house. However, shrinking appetites for collectibles at this value could be a negative indicator for whisky that falls in the £10,000+ category.

The Fine and Rare Whisky Market

Since our last quarterly update, the Noble & Co dataset has continued to show the same trends, moving towards higher volumes of lower priced bottles. The value of bottles sold reached a record £5.85m in the month of May 2023, with 8,159 bottles sold in the month - also a record. The average price of bottles sold in



the dataset over the period fell to £589, well below the previous two-year average of £645. Sales are often impacted by the season, with the third quarter of each year usually producing lower than average prices. The cumulative value of bottles traded held steady due to the increase in volume of bottles sold.

The move towards lower-value bottles at higher volumes is, we believe, partly because there is

more interest in the secondary market from whisky drinkers. Whisky remains a popular drink with enthusiasts developing an appetite unique expressions or We believe a lot of enthusiasts are turning to auction sites in the hope of getting their hands on rare bottles. Often the easiest place, or indeed the only place, to find a bottle from certain distilleries is on the secondary market and some distilleries have strategies to maximise these sales.



Image credit: Sotheby's (Bowmore Arc-52 The Mokume Edition)

Despite there being a rise in whisky auction websites, the majority of high-value whisky bottle purchases still occur in established auction houses.

Just 3% of the total volume of whisky bottles traded were sold through auction houses, but that 3% accounted for 31% of the overall value of bottles on the dataset. This proportional split has been consistent throughout the timeline of our dataset and it doesn't look like this will change in the near future. The experience and the prestige of participating in a live auction is a natural selector for higher-value bottles. The majority of sales continue to be in the UK, with volume and value of lots sold at auctions overseas from the UK decreasing in our dataset in the period analysed.

Price Segments

£100-1,000: The £100-1,000 price segment continues to be

a strong bedrock of the secondary market. Volumes over the past four months are the highest they have ever been in the dataset, peaking at 7,116 bottles in May, potentially demonstrating strong consumer appetite for whisky. Value traded also reached an all-time high of £1.9m in May. This price bracket will be one to watch for the distilleries as the growing appetite for whisky at this price level spells good news for distillers with strategies of launching higher priced consumer whiskies. Plus, bottles at this price are more likely to be consumed, so there is room for distillers to sell to drinkers as well as collectors, at the ultra-premium price level.

£1,000-10,000: May was also a spectacular month for the £1,000-10,000 segment in terms of volume, with a record 980 bottles sold. The period from April to July had higher volumes on average compared to previ-

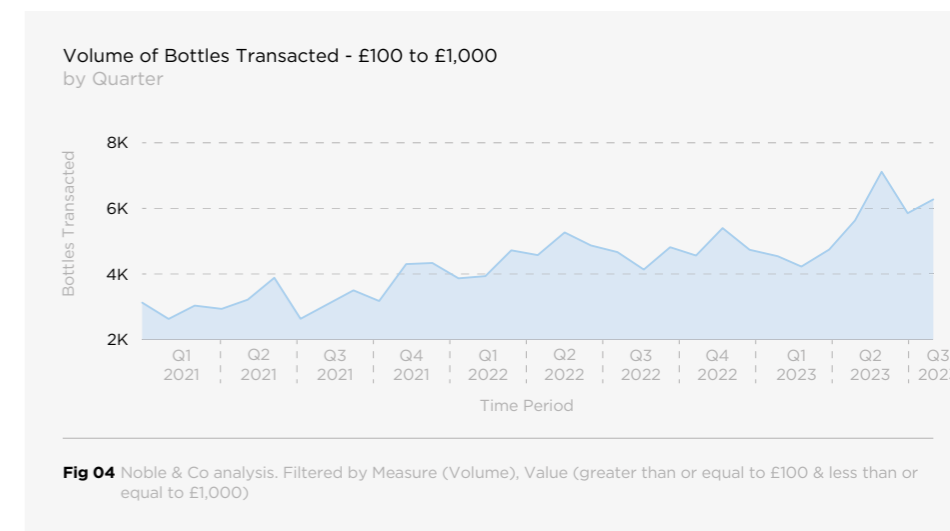


Fig 04 Noble & Co analysis. Filtered by Measure (Volume), Value (greater than or equal to £100 & less than or equal to £1,000)

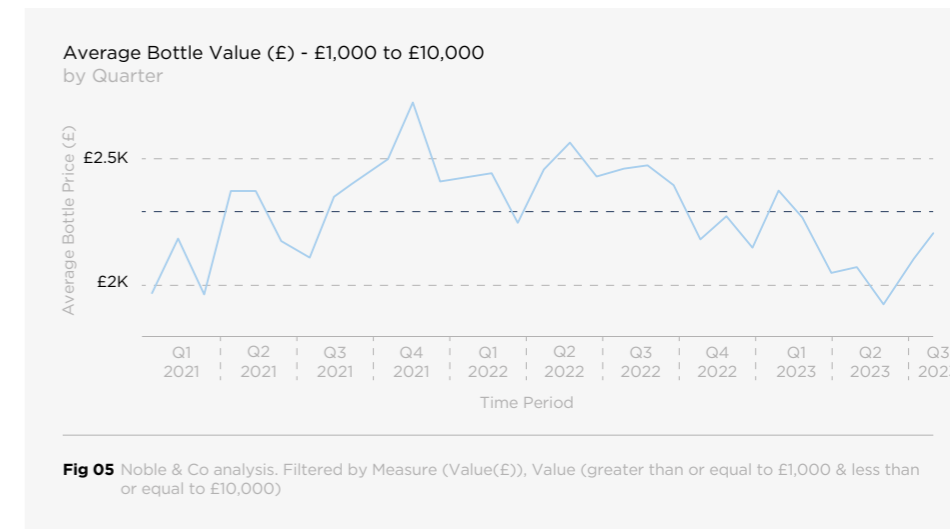
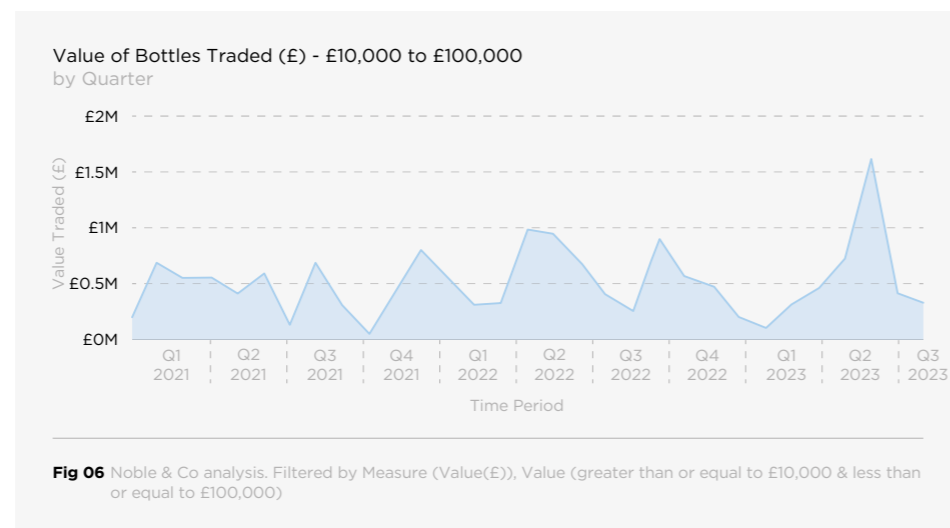


Fig 05 Noble & Co analysis. Filtered by Measure (Value(£)), Value (greater than or equal to £1,000 & less than or equal to £10,000)

ous years, but not as stark a difference as the £100-£1,000 segment. Average prices fell within the segment to a dataset low of £1,924. The average price in this segment has slightly recovered in June and July to £2,209 but is still below the dataset average of £2,289.

£10,000-100,000: For bottles sold between £10,000-100,000, May was also a record month with 61 bottles sold. This fell

sharply to 17 bottles in June and 12 bottles in July. However, this may be down to supply rather than failed auctions. We believe many holders of these bottles, based on our conversations with people in the market, are holding bottles back for a stronger market. Average prices have surprisingly held up well in this price bracket, suggesting there might be a bifurcation in the secondary market between the collectable whiskies in the



£10,000+ range and the drinking whiskies below £1,000.

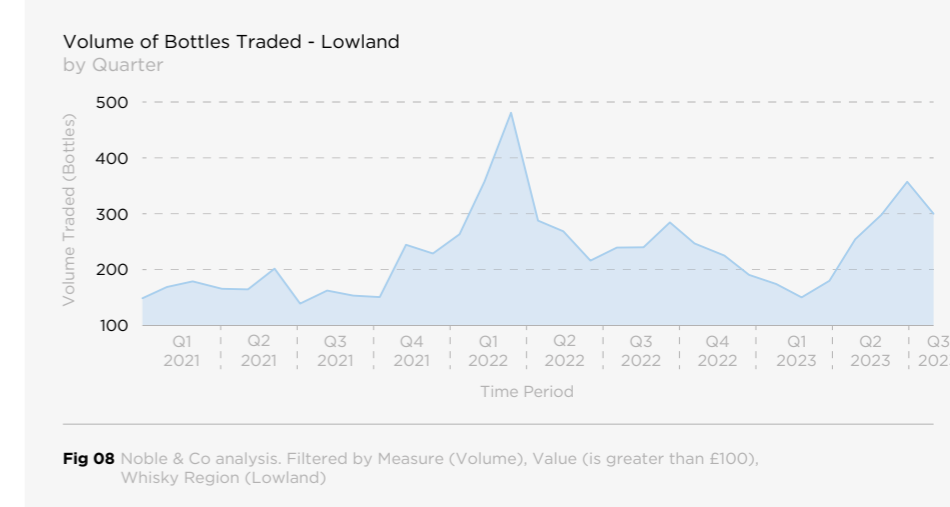
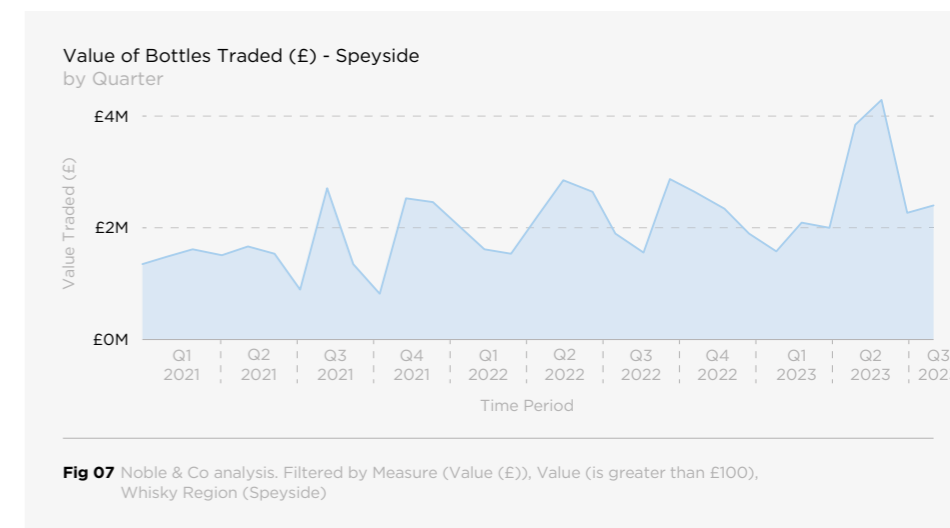
£100,00 and over: Four bottles sold at over £100,000 between April and July. One The Macallan The Reach was sold in April for £641,838, and another in July for £276,250. In May a Bowmore Arc-52 Mokume Edition was sold at auction for £243,750, and a The Macallan 1975 vintage £209,882. Average prices in this segment do appear to be slowly rising, but further movements in the high end of the whisky market will depend on new releases. This segment of the market is very focused on HNW/UHNWs and unique or very rare bottles. For that reason, it is difficult to draw trends.

Regions

Regional performance has been mixed this quarter, with Speyside, the Lowlands and Campbeltown increasing in value, and Islay and the Highlands seeing a decrease.

Islay has had a sharp 24% drop in the value of sales. A large factor in this is the performance of Bowmore on the secondary market, having the biggest value erosion out of all the Islay distilleries, falling 35% in the period from April to July compared to last year. Volume across all of the regions increased.

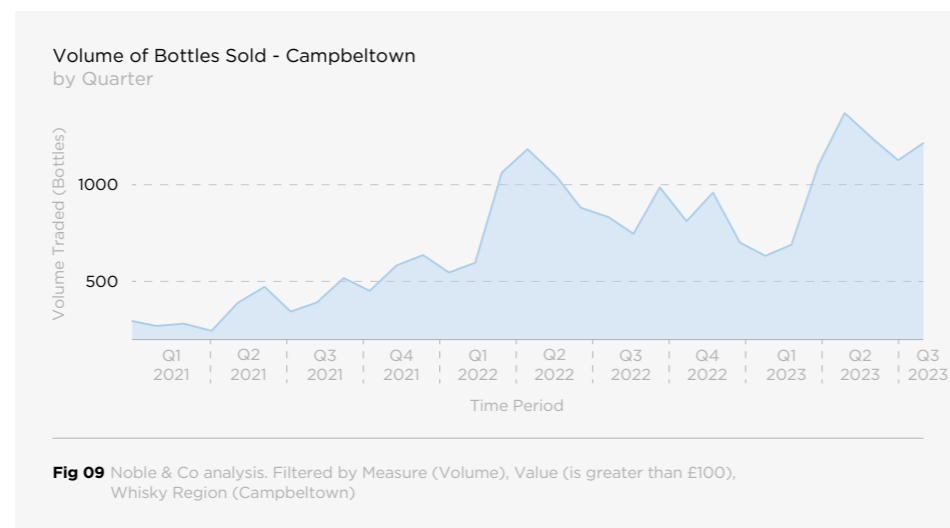
Speyside: This region continues to be the fastest-growing, especially given the strong starting position of first by volume and value. The region saw an 19% increase in value traded compared to the same period the year prior. The might of The Macallan naturally has a large effect on the performance of this region but some other large players such as Glen Grant, Mortlach and Aberlour saw a significant increases in value traded (69%, 46% and 26% respectively). The total volume of bottles traded during the period increased 45% from the previous year, with 10,214 bottles being sold in the



period between May and July in 2023. Average prices in the region were up to £827 in July from £599 in January (38%+). This is a reverse of the previous year's trend which saw prices fall by £323 from £1,124 to £801, a drop of 28%.

Lowland: The Lowland performance has been more subdued than Speyside. The popularity of Lowland whisky remains low in the collector's market,

however there is clear growth. The region saw a 7% increase in values traded in the same period from the year prior. The biggest growth in the region in terms of percentage came from Glen Flagler, Annandale Distillery and Lindores Abbey who all boasted triple-digit percentage growth from the same period the year prior (643%, 233% and 146% respectively). Lowlands saw the highest volume growth of the regions, with volumes up

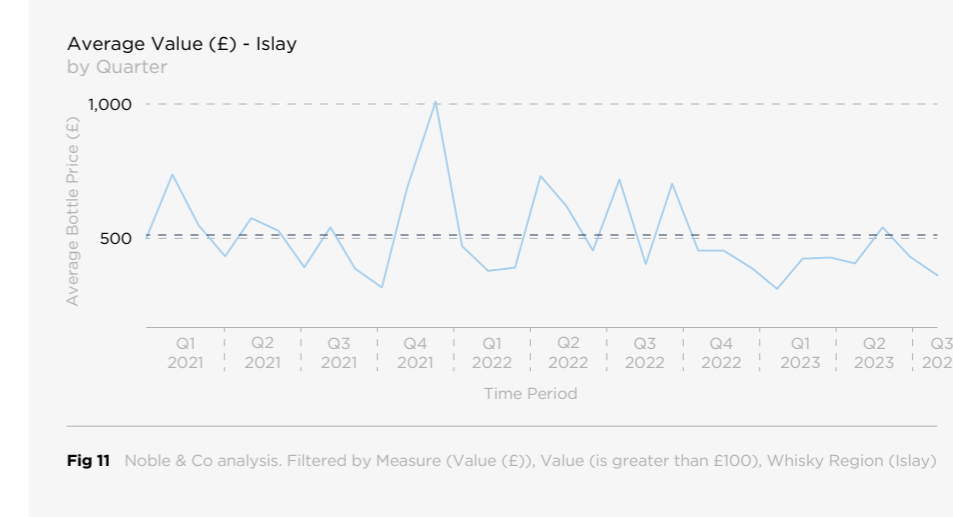
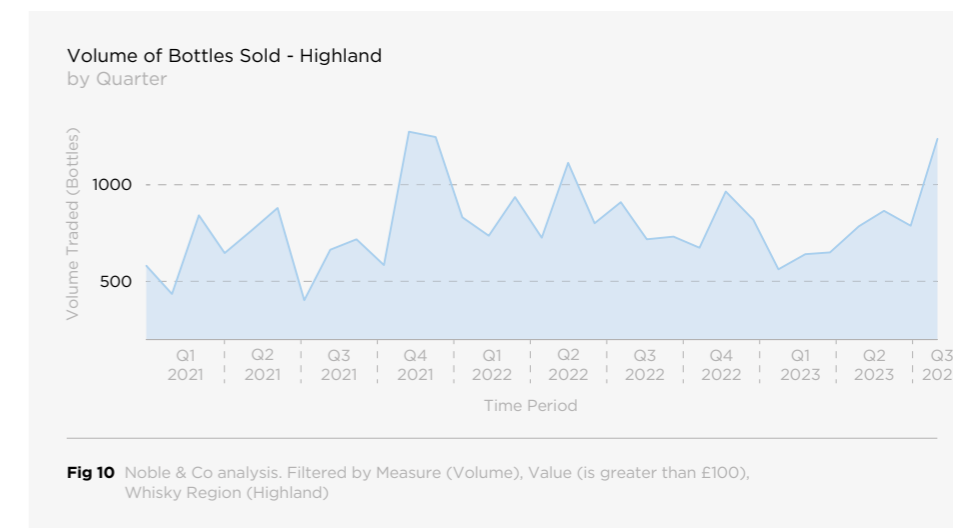


49% from the previous year. The average price of Lowland whisky over April to July was £467, 9% below the two-year average of £514. May to July however was 20% below this figure, with an average bottle price of £411.

Campbeltown: This region has held a steady position through the year with only a 1.8% increase in value from the previous year. Comparing the same period for volumes, the region increased 28% for bottles sold. Springbank, the region's most well-known distillery, performed in line with the region with a moderate 3% increase year on year in value, and a more significant 39% increase in volumes – a total of 906 more bottles sold during the quarter. Glen Scotia saw the opposite trend, going against both the Campbeltown movement and the market movement. It saw an increase in total value of 18% in the period compared to last year and a decrease in volume sold

of 25%. The average price of a bottle of Campbeltown malt has remained relatively consistent, majorly dictated by movement in Springbank prices. The average Campbeltown price over the past two years has been £342 per bottle and over the last three months the average price has fallen by 8% to £308 per bottle. However this has been driven by a particularly low average price in July.

Highland: Highlands continued to lag behind the performance of Speyside, Lowlands and Campbeltown with values falling 20% compared to the same period the year prior. There were some positive performances within the region with Loch Lomond increasing in value traded by 456%. Royal Lochnagar also saw an increase of 216% and a relative newcomer, Isle of Raasay, saw an increase of 103%. Highland had the lowest volume growth with an increase of 1.6%, from 2,867 bottles sold



to 2,913. Average prices have settled around £330 this year perhaps indicating that prices in the region are approaching a stable point.

Islay: The region had a lacklustre performance in the period, values in the Islay region fell by 19% comparing the performance in the period to the year prior. This comes in a period where volumes increased for Islay fine and rare malts at auction by 9%,

exemplifying the drop in average prices in the region. This will be partially attributable to a fall in value from Bowmore, Port Ellen, and Kilchoman which may be down to timing, with the hype of Port Ellen dying down and fewer bottles being sold on the market. Bunnahabain and Laphroaig both had positive performances, increasing in value by 30%, 17% and 15% respectively. Laphroaig increased in volumes traded by 55% indicating that a larger

“ The biggest volume growth in the region in terms of percentage came from Glen Flagler, Annandale Distillery and Lindores Abbey who all boasted triple-digit percentage growth from the same period the year prior ”

volume of lower-value bottles are appearing on the market. Bunnahabain's volumes fell 1% but average prices rose, showing either higher-value bottles are making it to market or appetite for Bunnahabain is increasing. Average prices for Islay have been histor-

ically low since last October, with May being the only point where average bottle prices were higher than the two-year average. The average price of a bottle of Islay whisky over the past four months has been £451, 10% below the two-year average of £495.





Image credit: Sotheby's (Glenugie Samaroli Cask #5322, 1966)

Distillery Performance

Top 10 by Value: The distillery performance by value remains relatively consistent with previous reports with The Macallan, Springbank and Bowmore taking the podium positions for volume sold year to date. Of the top 10 distilleries by value, six of them saw their value decrease compared to the period prior. The greatest decrease came from The Balvenie with a 26% fall

from the 12 months prior. The Macallan continues to consolidate the secondary market with a 33% increase in value in May to July. This brings the total value of The Macallan bottles sold in the year on the secondary market to £23.7m.

Springbank and Laphroaig saw a healthy increase of 15% and 21% respectively in May to July versus the prior year. On the other hand, GlenAllachie had an

Top 10 Brands by Value

Distillery	Value Transacted (£) Aug '21 - Jul '22	Value Transacted (£) Aug '22 - July '23	% Change
The Macallan	£17,746,763	£23,681,089	33%
Springbank	£3,047,677	£3,516,677	15%
Bowmore	£2,510,889	£2,040,603	-19%
Ardbeg	£1,707,069	£1,512,747	-11%
Balvenie	£898,980	£668,167	-26%
GlenAllachie	£381,944	£650,134	70%
Laphroaig	£523,722	£635,009	21%
Glenfarclas	£715,896	£581,102	-19%
Glendronach	£712,969	£553,867	-22%
Highland Park	£622,464	£535,101	-14%

Note: greater than 10 bottles

Top 10 Brands by Volume

Distillery	Volume Aug '21 - Jul '22	Volume Aug '22 - Jul '23	% Change
The Macallan	13,043	22,837	75%
Springbank	7,422	10,624	43%
Ardbeg	4,346	4,440	2%
Bowmore	2,523	2,710	7%
GlenAllachie	1,106	1,827	65%
Bruichladdich	1,467	1,546	5%
Lagavulin	1,433	1,502	5%
Arran	1,257	1,419	13%
Glendronach	1,367	1,277	-7%
Balvenie	1,125	1,222	9%

Note: greater than 10 bottles

exceptional performance with a 70% increase in value sold over the period, likely due to a large amount of new releases over the past year plus a growing profile and excitement about the brand.

Top 10 by Volume: The brand performance saw consistent growth throughout the top 10 distilleries with Glendronach being the only to see a fall in volume compared to the previous 12 months. Ardbeg stands out as

the top distillery for Islay, taking the third place spot for value traded, partly because its lower price relative to Bowmore allowed for a larger volume of sales.

Other interesting substitutions comparing values to volumes include Laphroaig, which was replaced by its neighbour Lagavulin, with Lagavulin having sold 1,502 bottles in the previous 12 months. Isle of Arran also made it to seventh in the top ten for

Top 10 Brands by Average Price

Distillery	Average Price (£) Aug '21 - Jul '22	Average Price (£) Aug '22 - Jul '23	% Change
Brora	£2,736	£2,762	1%
Glen Grant	£918	£1,638	78%
Port Ellen	£1,923	£1,554	-19%
Killyloch	£2352	£1,213	-48%
Rosebank	£1,364	£1,149	-16%
St Magdalene	£995	£1,093	10%
Glenury Royal	£970	£1,089	12%
The Macallan	£1,320	£1,043	-21%
Ben Wyvis	£1,918	£1,017	-47%
Convalmore	£1,013	£891	-12%

Note: greater than 10 bottles

Top 10 Brands by Value Increase

Distillery	Value (£) Aug '21 - Jul '22	Value (£) Aug '22- Jul '23	% Change
Glenugie	£16,926	£40,486	139%
Dallas Dhu	£35,855	£72,510	102%
Tamdhu	£88,602	£176,429	99%
GlenAllachie	£381,944	£650,134	70%
Royal Lochnagar	£38,457	£65,123	69%
Glen Flagler	£5,746	£9,391	63%
Speyside	£74,148	£115,243	55%
Allt-a-Bhainne	£2,980	£4,452	49%
Benromach	£52,729	£77,541	47%
Glenturret	£92,674	£133,486	44%

Note: greater than 10 bottles

volume of bottles sold with 1,419 being sold in the last year, an achievement for a brand of its age and stage.

Top 10 by Average Price: The market leaders in average price per bottle were Brora, Glen Grant and Port Ellen. Brora and Port Ellen have become synonymous with high-value whisky bottles at this point. We usually don't see Glen Grant associated with these high-value bottles,

however, in recent months a number of Glen Grant bottles produced by Gordon & Macphail, made it to auctions. This highlights how the average price can be particularly influenced by the mix of bottles from independent bottlers hitting the market.

Top 10 by Value Increase: The greatest increase in value from the last 12 months comes from Glenugie. The distillery saw a 139% increase in value traded,

Top 10 Brands by Value Decrease

Distillery	Value (£) Aug '21 - Jul '22	Value (£) Aug '22- Jul '23	% Change
Ladyburn	£117,683	£12,795	-89%
Dornoch	£6,227	£874	-86%
Tamnavulin	£39,671	£10,016	-75%
Glen Spey	£14,281	£3,811	-73%
Lochside	£33,923	£9,399	-72%
GlenWyvis	£19,871	£5,855	-71%
Strathmill	£21,241	£7,127	-66%
Glenesk	£24,651	£9,035	-63%
Lindores Abbey	£16,306	£6,472	-60%
Ardnamurchan	£48,954	£19,981	-59%

Note: greater than 10 bottles

from £16,925 of bottles traded in 2022 to £40,485 in 2023. This comes from an increase in average bottle price and an additional 18 bottles traded.

Top 10 by Value Decrease:

Ladyburn saw an 89% decrease in value of bottles sold, falling from £117,683 to just £12,795. This corresponds to a drop of four bottles traded, meaning the fall is caused mostly by a drop in average bottle price. The exceptional John Lennon 54-year-old sold at the One of One in 2022, caused a significant dial movement.

Conclusion

The market for fine and rare whisky continues to be buoyant,

but the shape of it seems to be changing. There is now clearly more of a focus on the lower end of this whisky market with an appetite for bottles between £100-1,000 continuing to grow. This trend is likely to stay the same as distilleries and bottles target discerning consumers with highly drinkable, high-value products, increasing the supply in the market.

The top end of the market also performed well with record sales in the category of £10,000-100,000. Speyside continues its dominance of the regions, with the Highlands and Islay flagging. We will keep an eye on these trends over the next quarter ahead of our annual report.

Springbank: A Quarterly Deep Dive

Springbank is one of the most popular whiskies on the secondary market for fine & rare whisky and is often a prized bottle on a whisky collector's shelf.

With a legacy that spans five generations and a brand that remains a favourite of collectors, in this section we take a look at why Springbank remains sought after in the secondary market.

The distillery has been in the family for five generations making it the longest-running, family-owned distillery in Scotland. It's also one of the only distilleries in the country that is able to complete every stage of the distilling process in-house, from malting to bottling. This level of control has allowed Springbank to produce a high-quality, highly coveted whisky for decades.

The History of Springbank

Springbank is located in Campbeltown, a once-abundant whisky region. In the early 1900s, the area experienced a decline in production when its style of whisky went out of fashion and the quality was compromised. Springbank survived by committing to quality spirit. They thrived by adapting, producing lighter style whiskies due to changes in consumer preferences. The whisky, however, retained the characteristic Campbeltown flavours, a robust whisky with an oily texture. Today the distillery produces three distinct single malts: Springbank, Hazelburn and Longrow and continues to create innovative expressions.

Springbank has legitimately produced whisky on the same site since 1828. The distillery has been in the Mitchell family almost since inception and certainly for five generations. William Reid, an in-law of the Mitchell

family, built the distillery on the site of Archibald Mitchell's illicit still. Archibald Mitchell's nephews, John and William Mitchell, later bought the distillery in 1837. The company eventually became J&A Mitchell, the holding company of the distillery to this day. Sadly, Hedley G.Wright, the family member who was chairman of J&A Mitchell, died in August of this year. The company's shares are in three trust funds designed to protect J&A Mitchell's independence, while allowing profits to be used for projects to benefit the people of Campbeltown.

Hazelburn and Longrow, the two additional brands distilled in Springbank, take their names from lost distilleries of Campbeltown. Longrow was next door to the Springbank distillery and its old warehouses now house the Springbank bottling hall. Hazelburn was once the largest distillery in Campbeltown and its name was adopted for the

Springbank Distillery's triple distilled malt in 1997.

Each spirit has unique character. The flagship Springbank malt is lightly peated, while Longrow is a heavily peated malt. Hazelburn offers a lighter and fruitier taste due to the triple distillation.

Springbank is one of the most popular brands on the secondary market, second to The Macallan by volume and value. This is particularly impressive considering the distillery has a capacity of only 400,000 LPA, considerably less than The Macallan's 15 million LPA per annum capacity. The distillery rarely produces at capacity, with estimated annual production at around 75% of capacity (roughly 300,000 LPA). The Springbank brand also shares some of this capacity with Hazelburn and Longrow, which both contribute around 10% of the spirit distilled each year. This means Springbank bottles are notoriously hard to get hold of.



Image credit: Christie's (Springbank 50 Year Old, 1919)

The Products

The core range from Springbank remains to be relatively straightforward, consisting of the key age milestones that you would expect from a mature distillery. It comprises a 10 Year Old, 12 Year Old (Cask Strength), 15 Year Old, 18 Year Old, 21 Year Old, 25 Year Old and 30 Year Old. The core range also includes a Sherry Series, the first of which is a 10 Year Old PX Sherry Cask, and the Springbank Local Barley which uses different varieties of local barley and maturation changes each year. The latter is an annual edition of Springbank made from barley commissioned from local farms and each edition is produced in a distinct way allowing each year's expression to be unique.

The selection of Hazelburn and Longrow expressions is even more limited. Hazelburn has a flagship 10 Year Old whisky and a sherry wood expression which

is 12 Years Old and matured in Oloroso casks. The Longrow Expressions consist of: Longrow Peated, a no-age-statement; Longrow Red, a unique limited annual release with an ever changing red wine cask finish; an 18 Year Old; and a 21 Year Old.

In addition to Springbank's core range the distillery has produced the Countdown Collection series. This is to commemorate the upcoming 200th anniversary of legally producing whisky on the site of the distillery, and will include premium Springbank expressions that showcase the distillery's history.

To date, one expression has been released - not including the staff-only edition which has appeared on a number of auction sites - with four more releases planned before the anniversary in 2028. The 27 Year Old ballot cost was £2,500 with post-ballot prices climbing to over £3,000 on the secondary market.

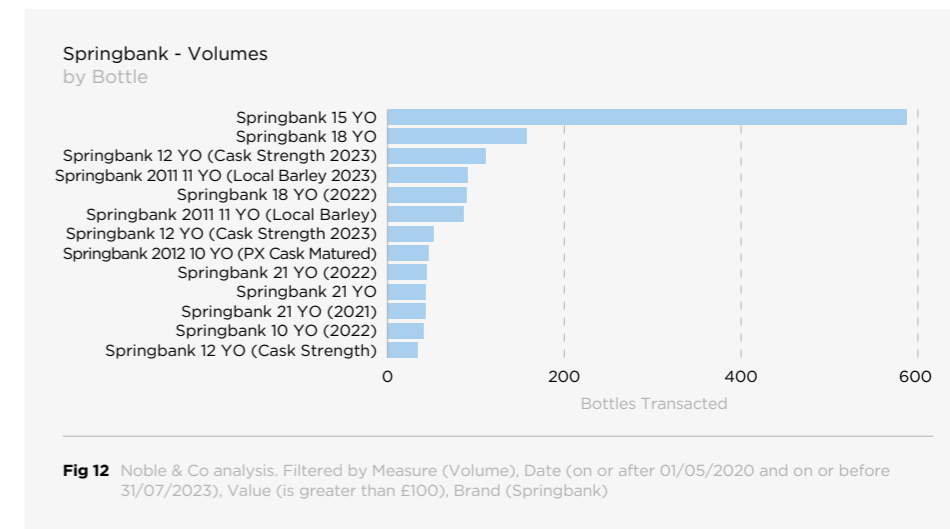


Fig 12 Noble & Co analysis. Filtered by Measure (Volume), Date (on or after 01/05/2020 and on or before 31/07/2023), Value (is greater than £100), Brand (Springbank)

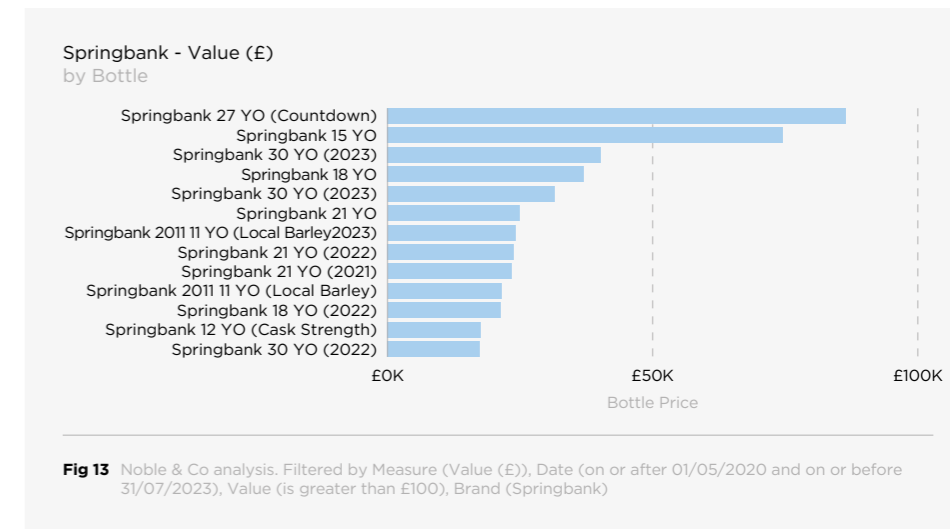


Fig 13 Noble & Co analysis. Filtered by Measure (Value (£)), Date (on or after 01/05/2020 and on or before 31/07/2023), Value (is greater than £100), Brand (Springbank)

Performance

Springbank has consistently been one of the most popular whiskies on the secondary market, with 15% of the market share by volume and 8% of the market share by value. The discrepancy between the volume sold and value sold reflects that despite being a highly prized collectors whisky, Springbank whiskies tend to gravitate to the lower end of the

fine and rare pricing. This is by no means a criticism. The vast majority of Springbank whisky is sold within the £100 to £1,000 price bracket, with the most of this being sold between £100 and £250.

Findings

The bottle with the highest traded value within the May to July period was the 27-Year-Old from the Countdown Collection.



Image credit: Sotheby's (Springbank Private Cask Bottling 34 Year Old, 1975)

With 28 bottles traded, the fact that this new release tops the value charts demonstrates the excitement around this particular release.

The average price per bottle sold was £3,084 representing a £584 uplift in price from the initial £2,500 ballot price. The Springbank 15's performance also comes as no surprise given its popularity among whisky connoisseurs.

When compared to the previous year's performance, Springbank has seen an increase in volume of 41% and an increase in value of 6%. The increase in volume is representative of the continued popularity of Springbank on the secondary market. Anecdotally, the supply of the core range in the secondary market doesn't scratch the surface of the demand. However, this does not appear to have significantly shifted the dial on bottle price

“ Springbank’s unwavering commitment to quality and core values through family ownership has helped the distillery survive and thrive through tough times for the Campbeltown region ”

- there are no 200% increases from RRP in the core Springbank market. This might be a sign that the Springbank buyers are more likely to be drinkers than speculators, especially given that Springbank is notoriously hard to get a hold of even in conventional retail.

The respectable 6% increase in value of bottles sold puts Springbank ahead of the Campbeltown region as a whole. However, it may not all be good news for Springbank fans (or good news for those looking to buy a bottle at a discount) with the value increase propped up by the soon-to-be-released Countdown Collection.

The bottling itself generated almost £100,000 for the Springbank brand. Removing the Countdown Collection from the data reveals a slightly muted first half of the year, which doesn't quite reach the heights of 2022 with values down 6% over the

period of May to July compared to last year.

Conclusion

Springbank is comfortably one of the most popular brands within the secondary market. The straightforward product portfolio combined with attractive prices seems to have considerably benefitted the distillery in the volume and value of its secondary sales. Due to the scarcity of bottles Springbank remains highly sought after and as long as the market conditions remain stable this will likely remain the case.

Unfortunately for fans it is likely the somewhat artificial scarcity of the bottles will continue for years to come. The brand has managed to achieve cult-like status on a larger scale than most of its competitors.

Industry Interview *with* *Chris Dee*



Chris Dee | Founder & CEO - MALTDAQ

Chris Dee has spent years working in and around the world of drinks. From being a local wine merchant in York, to Food & Home Director at Harrods, to CEO of an online stock market for whisky, there isn't a lot he doesn't know about the industry. Here, we ask his view on the current state of the market and his ambitions for MALTDAQ.

Q: How did you start out in the world of whisky?

A: I started my career in wine and spirits in my late teens working at the local wine merchants in York where I grew up. This was followed by a stint working for a fine wine merchant in Holland Park, London.

My first foray into entrepreneurship was setting up a small chain of wine and spirits shops in West Yorkshire, which I eventually sold to Oddbins. I then went on to work for Booths, the northern supermarket chain, starting as Wines & Spirits Buyer and I eventually worked my way up to CEO.

After 22 years at Booths, I then became Food & Home Director for Harrods and had oversight of the lower ground floor magnificent wines and spirits rooms. This immediately preceded me founding MALTDAQ.

Q: What is MALTDAQ? What are your ambitions for it?

A: MALTDAQ is an online secondary marketplace for bottles of whisky. We talk about it being a stock market as we use the same methods of "price discovery" that the London or New York Stock Exchanges use to price stocks and shares. It's live pricing. We have verified members who can buy or sell through the site and we verify every bottle of whisky traded.

We have started by focusing the trade on new-release whiskies as there is typically strong volume and liquidity for each release. We do see the opportunity for extending this range in the future to include a more comprehensive "back catalogue" of whiskies, which obviously will open up the platform to a wider membership.

For now, we have also focused entirely on the UK market for both buyers and sellers, despite

there being a lot of inbound queries from abroad. I do foresee us satisfying the demand side of this equation (buyers) in the future.

Q: Why do you see an opportunity versus the traditional auction model?

A: Strictly speaking, MALTDAQ is a form of auction but it's different to an online auction in a number of ways. It's like a continuous double auction with multiple buyers and sellers proposing prices to buy and sell a particular whisky. Once there's a match, the transaction takes place.

We believe this method of price discovery offers more certainty to both parties. Instead of waiting to see what the winning bid is, you're literally naming the price you'd be willing to transact at.

It's also much quicker. Sellers don't need to send a bottle in



Image credit: Sotheby's (Glen Grant Devotion 70 Year Old, 1953)

advance because we collect it, free of charge, the day after the transaction. As for buyers, they can buy at any time so there's no more waiting for a monthly auction and they receive their bottle within a few days.

Having said all this, the auctions clearly still have an important role to play. They are still the best way to go about trading the more unique and higher value bottles.

Q: What have you learned since you launched MALTDAQ?

A: Building marketplaces is hard, really hard! In essence you're trying to build two businesses (supply and demand) at the same time, in parallel, and you're constantly juggling the two sides so they match. From the outset, there's also a chicken and egg problem to solve – without supply you struggle to attract demand and vice versa.

The secondary whisky market, despite growing rapidly in recent years, is also quite mature in how it's structured. That means trying to disrupt it and change people's habits is a constant challenge. We have had some success and we have a strong and retained seller base but we're learning what works and doesn't work all the time.

I've spent most of my career in physical retail so I've also had to learn a huge amount about building and growing a business online. On a positive note, I'm impatient by nature and I love the speed that change can be made to happen online.

Q: What trends, positive and negative, do you discern in the market at the moment?

A: As your reports comprehensively outline there has clearly been a softening in the market. Whilst this is more apparent at the very top of the market, we are definitely seeing signs that the new release market is less frothy than it was a year ago. Whilst I've never believed that we're in a bubble, I think some price correction was inevitable for certain distilleries and releases and we're now seeing this happen. Distilleries need to

carefully consider the sizes and frequency of releases if they want to see secondary activity. At the lower and mid prices (£100 - £500) volumes have held up well though and MALTDAQ is mostly a volume business.

Q: Which brands are doing well on MALTDAQ?

A: We've always traded in-line with the secondary market as a whole so Macallan, Springbank and the Islay brands all trade well for us, as you would expect. As we are new release focused we also see newer distilleries such as Daftmill, Ardnamurchan, Dornoch and Isle of Raasay do well from Scotland and Bimber, Lakes and Filey Bay all punch above their weight in England.

Q: What whisky bottle would you love to own as a long-term investment?

A: I'm a great believer in the work that Francis Cuthbert is doing at Daftmill. While I don't think there's a specific bottle, other than maybe the Inaugural release, I do think a comprehensive collection of the single cask releases from Daftmill will ultimately prove to be a strong, long-term performer.

Insights Into the Data Methodology

How We Collected Data

Data collection

Brainnwave collected the data through APIs, file transfer and direct gathering with the express consent of the data providers. The data includes transactions that mostly happened at auction within the UK and some that happened in overseas locations, particularly Hong Kong. The data goes back as far as 2010, but not all data providers gave data back to 2010. The data was collated up to 31st July 2023 and the majority of the analysis refers to the time period from 1st April 2023 to 31st July 2023. The recorded price includes the sale total, auction fees, and VAT. Brainnwave secured data from the main auction houses as well as a meaningful proportion of the auction sites. However, we do not have a dataset covering 100% of the fine and rare whisky market transacted at auction. We believe that this is a representative sample, but there is always the possibility that there could be meaningful trend differences when 100% of the market is analysed.

Data cleansing and analysis

Brainnwave gathered new data for the period 1st May 2023 to 31st July 2023. This was 41,661 bottles and 40,476 auction lots, which accounted for 757,572 data points. The total all-time dataset

now includes 695,374 bottles, 682,377 auction lots and 13.9 million datapoints. There were 38,910 single malt Scotch bottles in the period 1st May 2023 to 31st July 2023.

The data was cleansed and filtered by whisky type, geography, auction source, age, bottle size, region, brand, bottler, price of the auction, distillery, distillery status, date of the auction, edition, and number of items in the auction lot. Single malt casks were not reviewed for this analysis. This involved negative screening for certain key words and phrases and excluding these, followed by spot checks and manual checks where possible given sample sizes.

The data analysis and visualisation tools used enable the review of data at a single transaction level and gave us sight of the raw data behind the filters. The full dataset does include blended scotch transactions but we excluded these from our analysis. Transactions of whisky from other countries were excluded, where identifiable. We used the approved data to define the whisky indices.

The majority of the analysis has focused on bottles sold as single bottles, not as part of collections (as it is complex to attribute value to any one bottle within

a collection sold as a group). We have focused on 70cl bottles (700ml) and 75cl bottles (750ml) as these account for the vast majority of transactions and the standard size bottles in most markets.

Sources of data included Bonhams, Christie's, JustWhisky, Maltdaq, Prestige Whisky Auction, Scotch Whisky Auctions, Sotheby's, Speyside Whisky Auctions, The Whisky Shop, Whisky.Auction, Wyatt Trading and Aste Bolaffi. Not all sources provide data for the same time period and therefore in general the data analysed is either restricted to a shorter time period, or for longer analysis, to a subset of the auction sources.

We assessed the single malt Scotch whisky market with bottles selling for over £100 at auction. The figure of £100 is an arbitrary one and was chosen by Noble & Co. Volume, value and average prices paid can be skewed by a number of factors.

Value may change over a period because the mix of what is being sold is changing, or there is a temporary release of more supply, or the timing of major auctions.

Volume for a particular brand may increase because a collector released one

large amount of stock, or there is a key brand announcement. Volumes refer to the number of bottles sold. We focus on auction lots of single bottles, rather than including multiple bottle lots, where attribution of value per bottle is more complex and less reliable. However, Brainnwave analysis has shown that multiple bottle lots only account for 3% of auction volumes.

Average prices paid can move based on currencies, taxation, fees and gaming of auctions by collectors. Prices taken were the winning bid in pounds and any reference to 'value' for a bottle or bottles relate to those winning prices.

When value is considered in this report it is taken to mean the amount paid by the buyer to acquire the bottle x the volume of transactions that occurred in the period. This is not representative of the value of all bottles of whisky held by investors or collectors, it is instead the amount transacted at auction. It also excludes any private transactions that did not happen through auctions. Total value captured in the twelve months to July 2023 was £51.8m. As we noted in our prior report, this is not the entirety of the auction market and trends for the whole market may be different. However, Brainnwave believes that the dataset is statistically significant and any vari-

ation is unlikely to be meaningful. We estimate that this £51.8m is equivalent to 45% of the overall auction market.

Bottles were matched based on the title of the lot, the bottle age, volume (bottle size), brand, distillery and abv. Any bottles which did not have all information available for age, volume, abv and either a brand or distillery could not be confidently matched and were not grouped into bottle titles. Brainnwave then applied a natural language processing tool to perform 'fuzzy matching' of the bottle lot title to match bottles with similar titles. A manual check was performed using the winning bid for each bottle title match to confirm outliers were indeed valid and to tune the natural language processing tool. Brainnwave's current method limits the number of false bottle matches but may create multiple bottle title matches for the same product. For the purposes of this analysis Brainnwave sought to minimise the number of bottles which could be grouped incorrectly.

We have included indices in this report. These are indices based on all of the relevant bottles, rather than selecting particular bottles. The downside of this methodology is that the bottles sold in any given period will change, thus skewing the index. However, the upside is that it is more representative of what

is happening in the auction market as a whole. Past performance is no guide to the future. The indices are subject to fine-tuning and may change in future releases, but we expect the overall behaviour to be the same.

Disclaimer

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Thanks to the auction houses and auction sites that shared data and insights for this report.

Auction Houses

Sotheby's EST. 1744 Wine

Bonhams

CHRISTIE'S

ASTE BOLAFFI

Auction Sites



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