



# RARE WHISKY SALES BREAK RECORDS IN THE FIRST HALF (H1) OF 2018

THE RARE WHISKY 101  
HALF YEAR REVIEW 2018

RARE | 101  
WHISKY

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## EXECUTIVE SUMMARY

**THE H1 REPORT ILLUSTRATES INCREASING GLOBAL DEMAND FOR RARE SINGLE MALT WHISKIES EVIDENCED BY SOLID INCREASES IN VOLUME AND VALUE TO END OF JUNE 2018.**

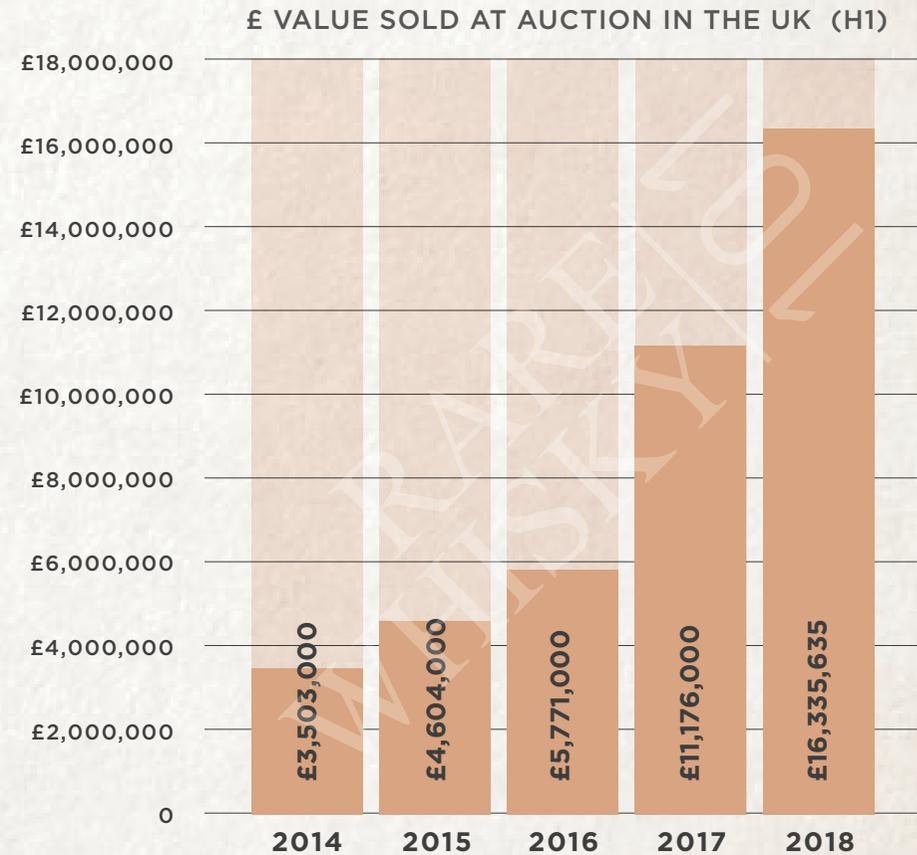
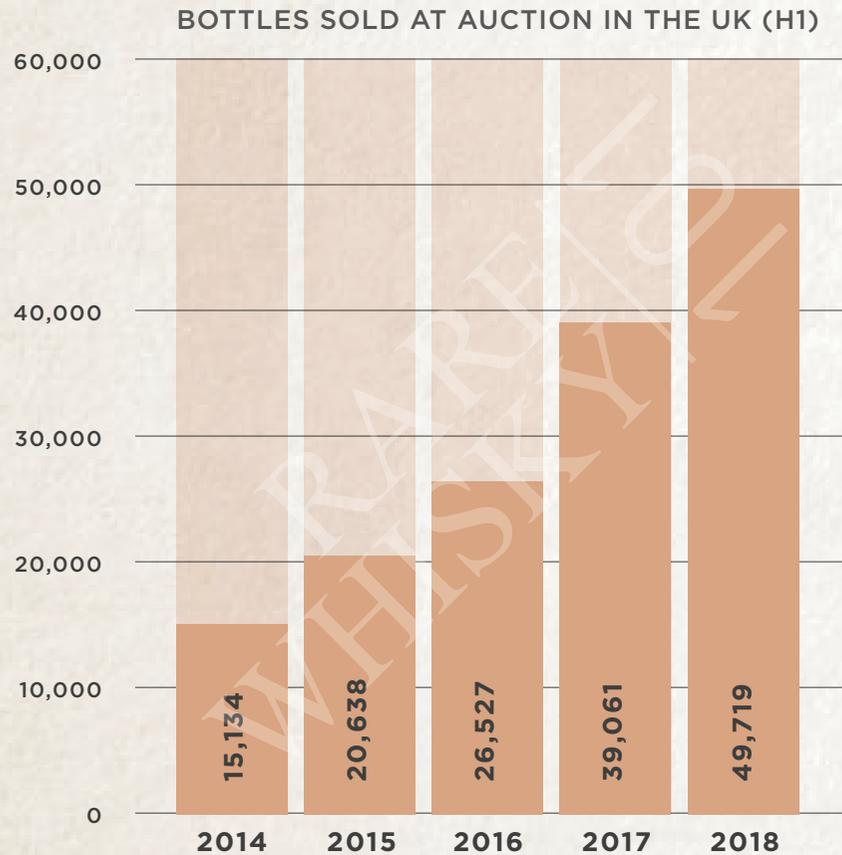
**H1 2017 TO H1 2018  
VOLUME UP 27.29%  
VALUE UP 46.17%**

The total number of bottles sold was 49,719 for a cumulative value of £16.336m and an average per bottle value of £328.56. Across all main metrics we have seen robust demand leading to volume and value increases in many brands.

The Macallan dominates in both volume and, more importantly, value so far. Edrington, owners of The Macallan, should also be pleased at the volume share growth in Highland Park - experiencing a tremendous 65% growth in market share vs its H1 performance in 2017.

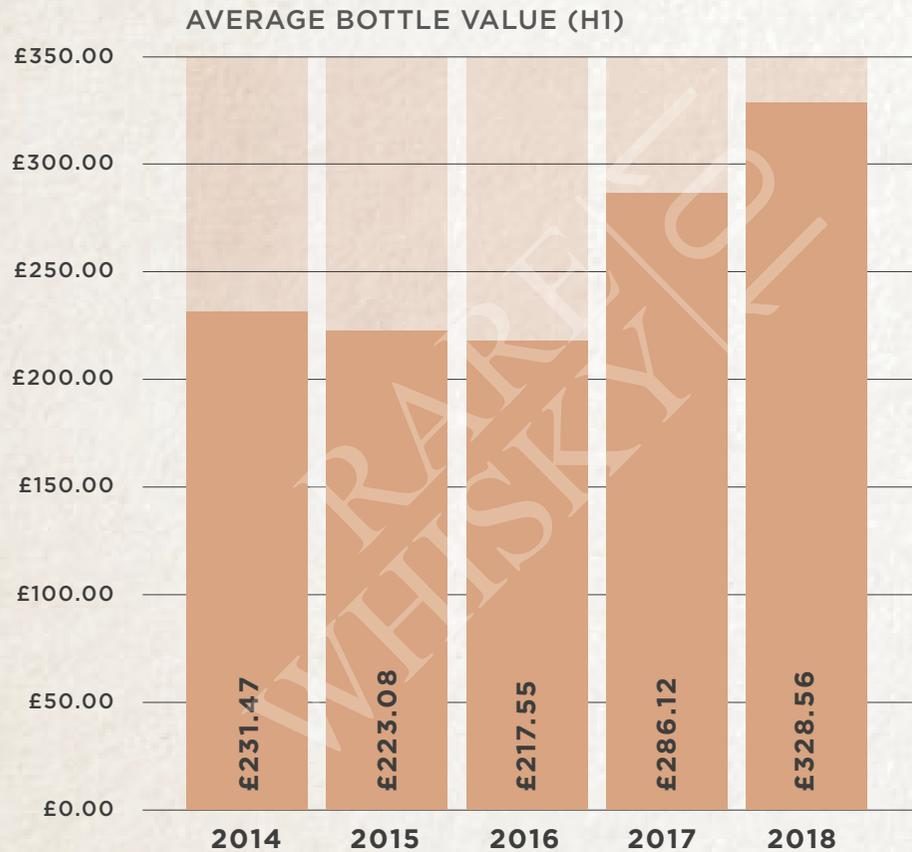
A number of the iconic Islay's have lost share in volume and value - does this suggest a softening of demand for these challenging taste profiles from an ever growing base of international buyers who use the UK secondary market to treasure hunt?

# VOLUME & VALUE ANALYSIS



H1 2018 performance continues to support the increasing trends seen in previous years with the 6 months to end June 18 recording 49,719 bottle sales in the UK. Furthermore, in value terms we recorded sales of £16.336m. Both Volume and Value increases through 2017 were exceptional - to witness significant new records for both in 2018 illustrates the buoyancy in what is still a relatively new market.

# AVERAGE BOTTLE VALUES CONTINUE TO CLIMB



A continued up-trend in general values pushed average prices to a record £328.56 – up an impressive 15% on H1 2017 of £286.12.

This H1 growth can be seen against 3 of the last 5 years showing a reduction in average prices paid in 14, 15 and 16 where we saw volumes growing strongly and values not keeping up. However, in 17 and 18 we have seen strong average value growth.

## CRYSTAL BALL GAZING

**FORECASTS FOR THE FULL  
YEAR PREDICT OVER 100,000  
BOTTLES WILL BE SOLD.**

Based on the data analytics gathered to end June 2018 we are confident forecasting a FY of 105,000 bottles will be sold in 2018. This would be a truly amazing result when given the context that in FY 2013 we saw just over 20,000 bottles sold for a total value of £4.52m.

Turning to value (and based on the data at the half year) we believe sales of some £36m will be achieved in 2018. This will mean an average price per bottle of around £340 - a significant increase on previous years.



# INDICES, INTELLIGENCE & INSIGHT

## BOWMORE AND ROSEBANK ENJOY A STELLAR H1.

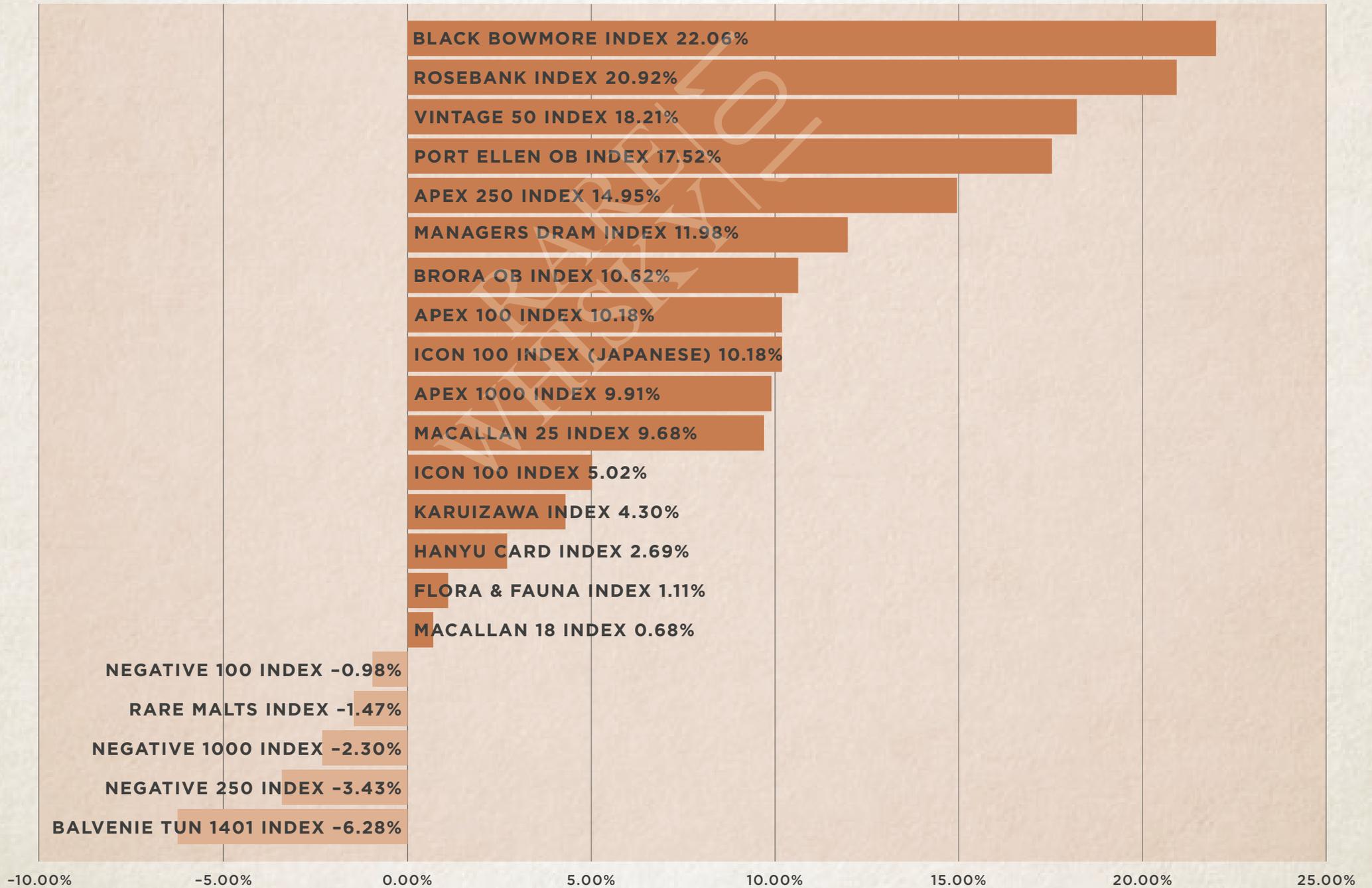
Our 21 indices track a wide range of brands and baskets of stocks. For the H1 2018 we have seen strong growth for Bowmore, Rosebank, Port Ellen and Brora up 22.06%, 20.92%, 17.52% and 10.62% respectively.

The broader market indices of Vintage 50, up 18.21%, and the Apex 1000 up 9.91% reflect our ongoing sentiment that many bottles across many brands are continuing to do well.

As would be expected the negative indices continue to retrace with Negative 100 down 0.98%, Negative 1000 down 2.30% and Negative 250 down 3.43%. Proof, if yet more proof was needed of the polarisation in the market. The good bottles from strong brands do well and the poor bottles from less attractive brands continue to fall in value year on year, half year on half year.

Turning to some “classic collector” indices we note the strong half year for Managers Dram (up 11.98%). However, soft performance across Flora & Fauna (up 1.11%), Rare Malts (down 1.47%) and the decline of Balvenie Tun 1401 (down 6.28%) is concerning.







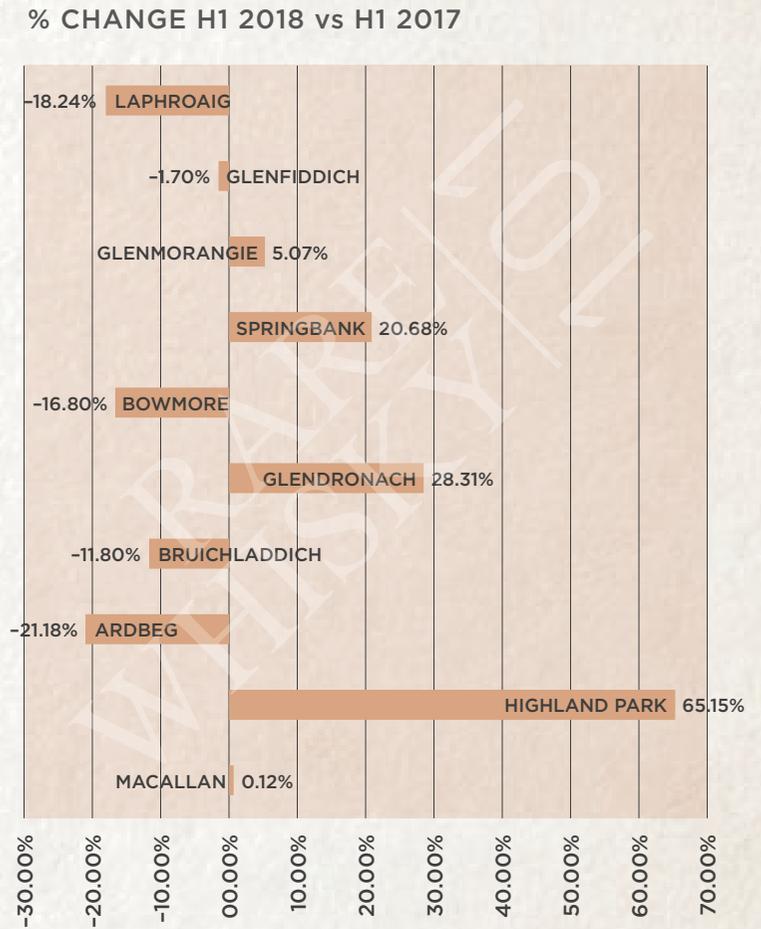
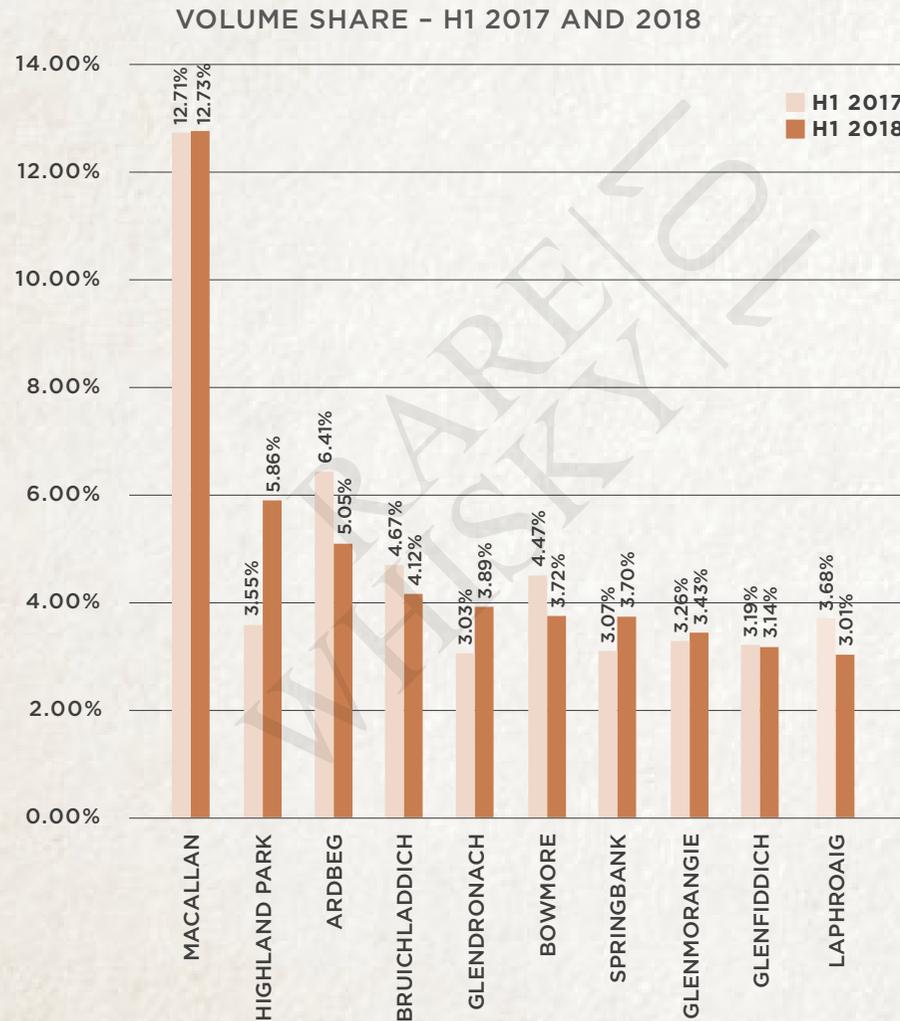
## MARKET SHARE BY VOLUME AND VALUE

### HIGHLAND PARK ROCKETS AND THE MACALLAN DOMINANCE CONFIRMED.

Orkney's Highland Park experienced a stellar half-year, growing its Volume market share from 3.55% in H1 2017 to 5.86% in H1 2018. This dramatic rise - a 65.15% increase - is truly remarkable, impacting on negative movement for Ardbeg (down 21.18%), Bowmore (down 16.80%), Laphroaig (down 18.24%) and Bruichladdich (down 11.80%). Other risers were GlenDronach (up 28.31%) and Springbank (up 20.68%) versus the same period in 2017.

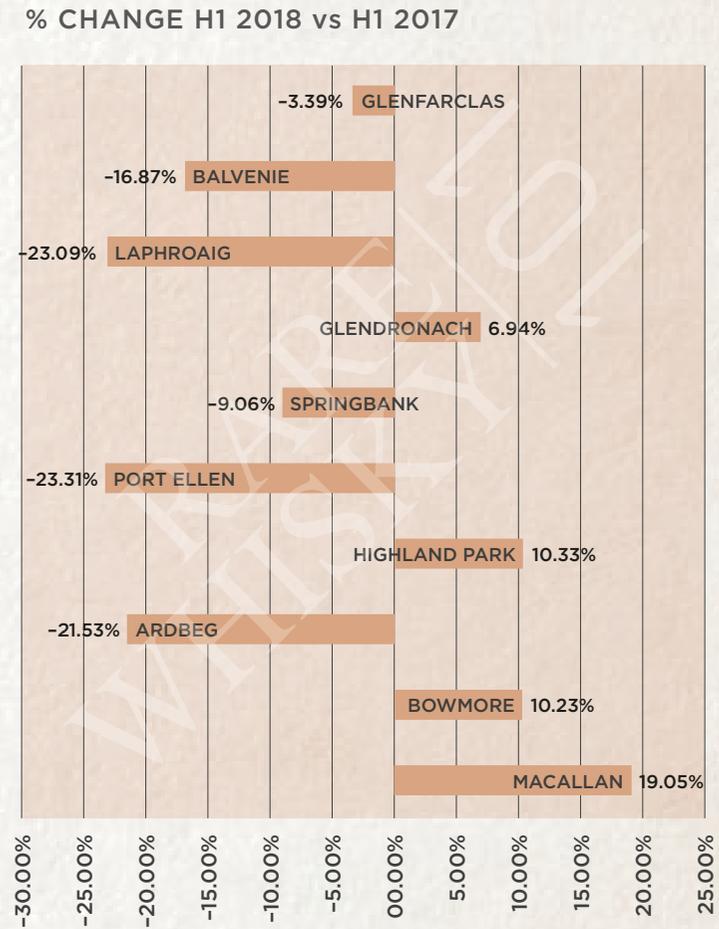
The Macallan cements its overall dominance - volume share performance is level with H1 last year but value share jumps dramatically - more so than any other top 10 brand! We have focused on the top 10 brands by both volume (number of bottles sold) and value (total amount spent) and note some interesting changes over the half year.

# TOP 10 MARKET SHARE – VOLUME



The top 10 distilleries by volume in the half year to June 2018 are as expected – these iconic distilleries continue to be in huge demand for buyers – be they connoisseurs, collectors or investors. The pecking order has changed however, with Islay losing market share and Highland Park, GlenDronach and Springbank enjoying gains.

# TOP 10 MARKET SHARE – VALUE



The Macallan continues to dominate and grow its value share position accounting for some 34% of the secondary market value at the half year. Its share is larger than the next 9 brands combined at 34.41% vs 31.27%. A truly remarkable performance on a brand clearly still highly sought after. Islay distillers Port Ellen, Laphroaig and Ardbeg all show a value share decline of 20% or greater vs 2017 H1 share.

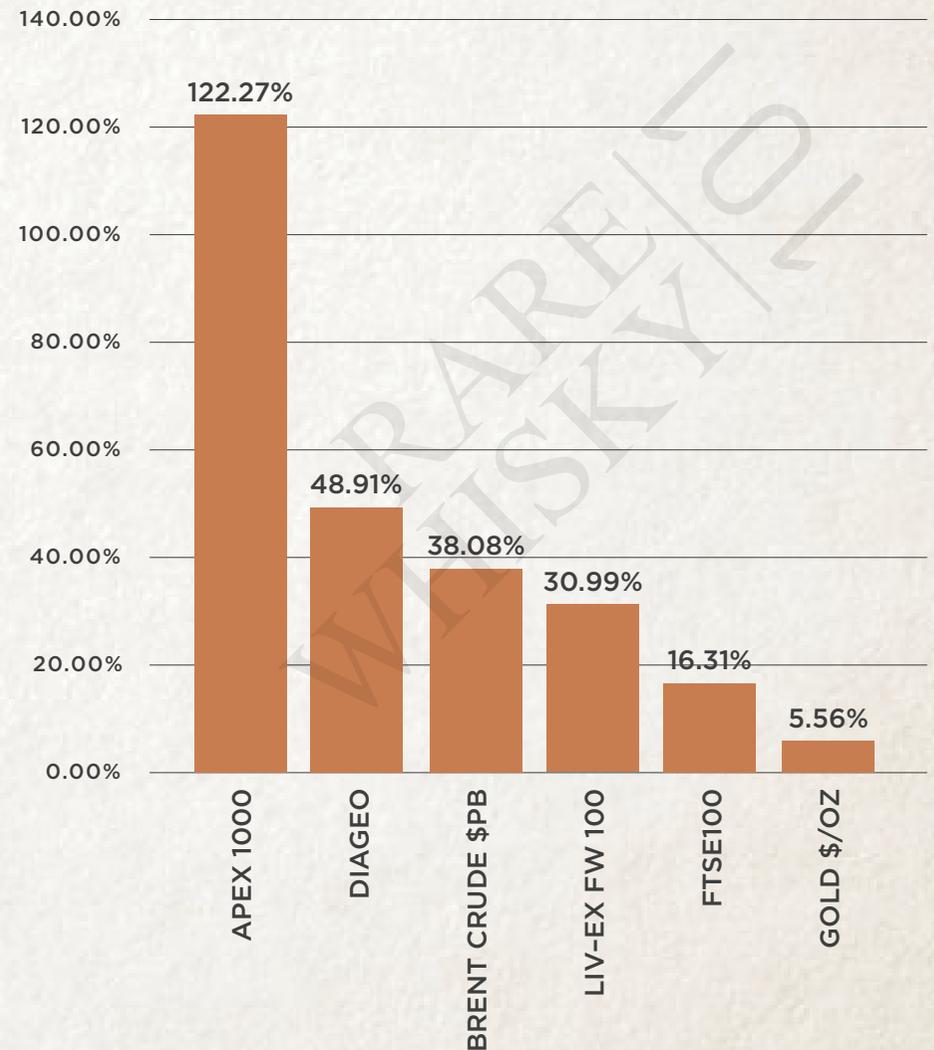
# INVESTMENT PERFORMANCE

## SCOTCH WHISKY PERFORMS WELL IN A VOLATILE ECONOMY.

Our broadest index - The Apex 1000 - continues to outperform a number of other asset classes over the period end December 2014 to end June 2018.

The Apex 1000 has increased 9.91% for the half year and taken over a longer time period end December 2014 to end June 2018 has increased by 122.27% - outperforming Diageo, Brent Crude, fine wine, the FTSE 100 and gold.

ASSET 31.12.14-30.6.18





## THE COLLECTORS AND INVESTORS RANKINGS

### THE MACALLAN DOMINATES.

We have developed a proprietary way to interrogate what brands appeal to what buyer type – trying to prise apart those that are collectors and those that are more focused on investment or value appreciation.

These rankings illustrate the demand in volume for the collector typology and we continue to see that the movement in or out and up or down in the table is limited. Buyers at auction in the UK are still voracious in their appetite to win bottles from Macallan, Ardbeg, Bowmore and Highland Park with these four brands securing the same positions as the end of 2017, Glenfiddich and Bruichladdich swap places and Springbank knocks Port Ellen out of the top 10.

For investors we focus mainly on value growth and see that The Macallan continues to hold the No 1 position. Beyond The Macallan we see much greater movement in the table with many brands shifting position from the end of 2017. Indeed we only see Ben Wyvis and Springbank static with the 7 other distilleries all moving. Biggest movements are experienced by Killyloch (down 3), Dalmore (up 5), and Glen Ord (up 5).

## COLLECTORS

RANK	31ST DECEMBER 2017	30TH JUNE 2018	MOVEMENT (HALF YEAR 2018)
1	MACALLAN	MACALLAN	=
2	ARDBEG	ARDBEG	=
3	BOWMORE	BOWMORE	=
4	HIGHLAND PARK	HIGHLAND PARK	=
5	BRUICHLADDICH	GLENFIDDICH	UP 1
6	GLENFIDDICH	BRUICHLADDICH	DOWN 1
7	LAGAVULIN	LAGAVULIN	=
8	LAPHROAIG	LAPHROAIG	=
9	GLENMORANGIE	GLENMORANGIE	=
10	PORT ELLEN	SPRINGBANK	UP 1

Buyers at auction in the UK are still voracious in their appetite to win bottles from The Macallan, Ardbeg, Bowmore and Highland Park with these four brands securing the same positions as at the end of 2017.

Glenfiddich and Bruichladdich swap places and Springbank knocks Port Ellen out of the top 10.

## INVESTORS

RANK	31ST DECEMBER 2017	30TH JUNE 2018	MOVEMENT (HALF YEAR 2018)
1	MACALLAN	MACALLAN	=
2	KILLYLOCH	BRORA	UP 1
3	BRORA	BOWMORE	UP 2
4	BEN WYVIS	BEN WYVIS	=
5	BOWMORE	KILLYLOCH	DOWN 3
6	SPRINGBANK	SPRINGBANK	=
7	ST MAGDALENE	DALMORE	UP 5
8	ROSEBANK	ARDBEG	UP 2
9	LOCHSIDE	ST MAGDALENE	DOWN 2
10	ARDBEG	GLEN ORD	UP 5

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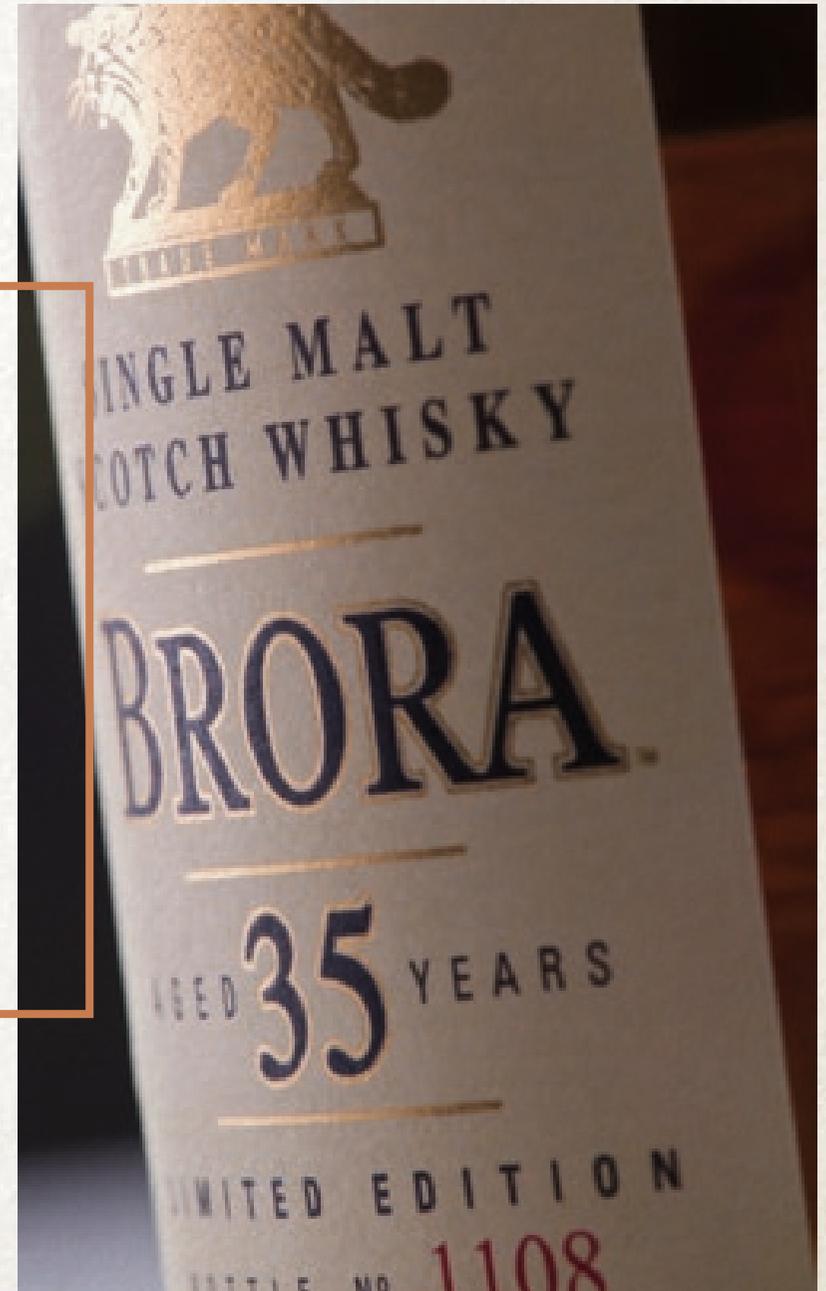
Indeed we only see Ben Wyvis and Springbank static with the 7 other distilleries all moving. Biggest shifts are experienced by Killyloch (down 3), Dalmore (up 5), and Glen Ord (up 5). Rosebank and Lochside exit the top 10.

## IS SILENCE STILL GOLDEN?

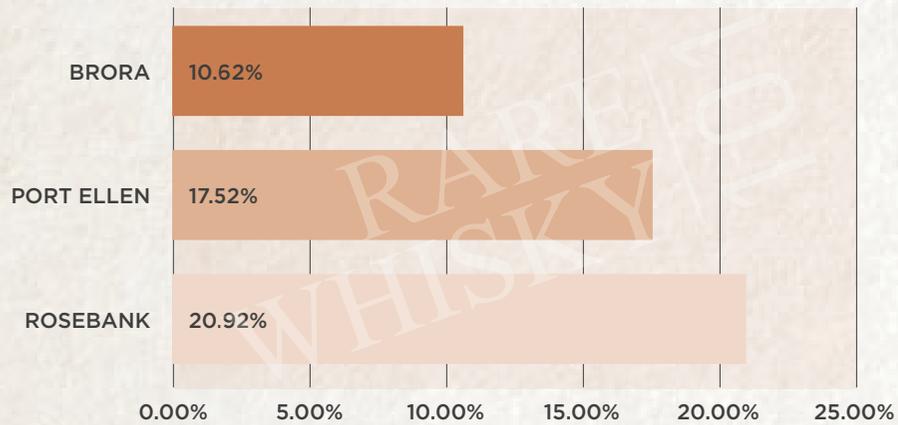
**THE HOLY TRILOGY OF SILENT STILLS CONTINUE TO EXPERIENCE STRONG DEMAND IN THE HALF YEAR TO END JUNE 2018.**

Almost 12 months have passed since the announcement of the resurrection of these highly sought after distilleries and given the last 6 months it does not appear, as yet, to have had any negative impact on demand for the original distillery release bottlings.

In recent years Rosebank has lagged behind Port Ellen and Brora but in these past 6 months market demand has pushed the Distillery (up 20.92%) ahead of its more famous brethren (PE up 17.52% and BR up 10.62%). It will be fascinating to see if this continues for the full year.



### OB INDEX H1 2018 MOVEMENT



Rosebank H1 2018 OB Index grew by over 20% (up 20.92%) outperforming Port Ellen and Brora.

### BOTTLES IN APEX 1000



In our ever expanding database (over 38,000 different bottle types and around 340,000 sales records) we note that PE, BR and RB appear a consistent number of times in our Apex 1000 grouping.

Port Ellen leads the way with an average 48 bottles in the index, Brora second with 34 and Rosebank at around 15.

These brand splits have varied little over the first 6 months of 2018.

## ICONIC BOTTLES IN H1 2018

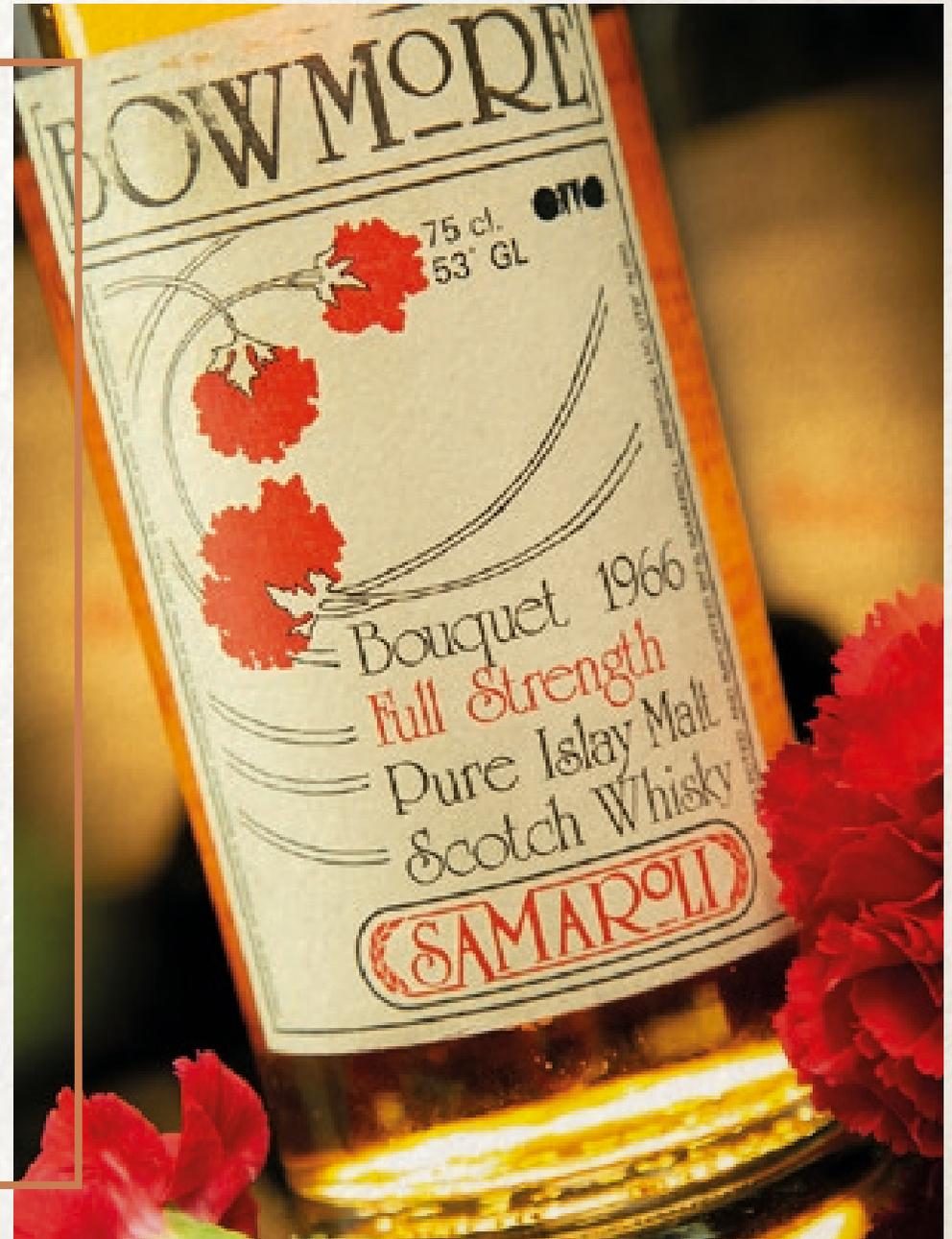
### BOWMORE & THE MACALLAN

**BOWMORE HAS HAD A STELLAR FIRST HALF IN 2018 AND STRONG RESULTS WERE SEEN FOR THE 1964 42 YO BLACK BOWMORE (FOURTH RELEASE) AND THE INCREDIBLE 1966 SAMAROLI BOUQUET.**

At Whisky Auctioneer in Perth at their June auction (ended early July) 50 bids were received for the Samaroli resulting in a winning bid of £51,611 from Hong Kong. This smashed the last sale record at Whisky Online auctions in April 2014 of £4,200 – a truly remarkable result.

Regarded by many as one of the best, if not the best, whiskies ever bottled, the Bowmore 1966 Samaroli was bottled in 1984 and only 720 produced. The 1964 Black Bowmore fetched £22,222 at Whisky Auctioneer in June.

A new record was also set in the Half Year for Vintage Macallan – the 1946 52 yo fetching £14,500 – a bottle that in 2014, 2015 and 2016 could have been acquired for around £5,000–£7,000.



THE 1964 BLACK BOWMORE FETCHED £22,222 AT WHISKY AUCTIONEER IN JUNE 2018 AND ITS RECENT AUCTION PERFORMANCE IS SHOWN BELOW.

**BLACK BOWMORE 1964 42 YO RECENT UK AUCTION PERFORMANCE**



**THE MACALLAN 1946 52 YO RECENT UK AUCTION PERFORMANCE**



This curiously peated Macallan distilled just after the Second World War has experienced a strong rise in value over recent times. The chart above illustrates the steep rise from 2017 resulting in a new record in 2018.

# THE MACALLAN – A TRULY INTERNATIONAL SUCCESS STORY!

**IN APRIL 2018 LUXURY WINE AND SPIRITS RETAILER LE CLOS, DUBAI, SET A NEW WORLD RECORD FOR THE MOST EXPENSIVE WHISKY BOTTLES EVER SOLD WHEN TWO 1926 DISTILLED, 60 YEAR OLD MACALLAN BOTTLES WERE SOLD FOR USD\$600,000 EACH, A TOTAL OF USD\$1.2M!**

The Blake and The Adami were part of 40 original bottles produced in 1986 – 12 labelled and numbered by Sir Peter Blake and 12 labelled and numbered by Valerio Adami.

Originally retailing at £20,000 the last bottle known to have sold was in 2007 at Christie's for \$USD 75,000. Then, like buses, when you wait years to see these amazing bottles, another pair appeared at auction in Bonhams, Hong Kong in May 2018.

After ferocious bidding (according to the press release) the first 60 year old – Blake – sold for HK\$7,962,500 (US\$1,014,422/£751,703) including tax and commission. Then, just 3 hours later, the Adami sold for HK\$8,636,250 (US\$1,100,197/£814,081) including tax and commission. Two new world record prices for two of the most iconic bottles of single malt scotch whisky in the world.

According to Bonhams, bidding was strong across the region with buyers from Hong Kong, China, Vietnam, Thailand and Malaysia – confirming the now global demand for the rarest of bottles. Results like this are incredible and when two come along within a short space of time it delivers a loud and clear signal – rare whisky is truly held in high esteem around the world.



# WHISKY IN WOOD – AN EVOLUTION IN THE RARE WHISKY WORLD

**AT RARE WHISKY 101 WE HAVE BEEN FORTUNATE TO HAVE SEEN AND EXPERIENCED THE DYNAMIC EMERGENCE, GROWTH AND VIABILITY OF A GLOBAL THIRST FOR SCOTLAND'S LIQUID GOLD.**

But change is afoot – big change – that will be researched, analysed and discussed in more detail in our 2018 Full Year Report (to be published January 2019). Demand is continuing to exceed supply for bottled stock leading to price increases across many brands, bottlings, ages, vintages and styles. Whisky Funds, pioneered successfully by The Platinum Whisky fund of Hong Kong, are becoming more prevalent – indeed we have been invited to participate in many of the new funds being set up in Scandinavia, USA and Asia.

This increase in demand is likely to push prices, for the right bottles, ever higher and will, in our opinion, push some buyers (particularly connoisseurs and collectors) out of the secondary market forcing them to seek access and value elsewhere. Given this continued rise in demand and prices paid for the right bottles we forecast some buyers may seek quality and value in rum (becoming more and more popular at auction) or towards other wood aged spirit (cognac, armagnac, tequila, bourbons).

Demand for our “treasure hunting” services has never been greater and we are having to turn away many inquiries to ensure that our current clients get what they want and when they want at a value fair to all.

Some clients are now seeking out casks of whisky that meet their taste profile requirements where they can “try before they buy”, have a cask bottled just for them and their friends and be able to sit back secure in the knowledge they own a number of bottles at fair value that insulates them from the month to month volatility of buying drinking stock in the secondary market.

To that end, we are now very active in sourcing casks of scotch whisky, predominantly malt, ranging in age from 10 to over 50 years and covering all the regions, styles and iconic distilleries.

It is our belief that many more clients across the world will seek to acquire their own cask or casks using current auction value prices as a benchmark for cask valuation and price negotiation.

Over the past two years, RW101 has brokered a significant volume of casks. Prices achieved for sellers (in many cases private individuals) have even topped the £1m mark such is demand.

Private cask owners and brand owners, who have inventory to sell should consider the private client brokerage market, where prices realised will often be greater than what they can achieve themselves in the traditional retail channels.

# SALES OF WHISKY IN CASK NOW A KEY PART OF RARE WHISKY SECTOR

**OVER RECENT YEARS, RW101 HAVE FIELDDED A NUMBER OF ENQUIRIES FROM CLIENTS SEEKING TO BUY WHISKY IN THE WOOD, TO BE BOTTLED IN THE FUTURE.**

With many millions of pounds already deployed, our clients see this asset as becoming ever more attractive. We believe brand owners and private cask owners will seek to liquidate “non core” maturing assets to this emerging sector.

Motivations range for our clients, with many requesting whisky that was put in wood in a year that has some personal connection for them - children’s birth year, incorporation of their company, year they were married, etc.

Prices per bottle (at cask strength) vary dramatically based on distillery of origin, age/vintage and quality - recent prices achieved ranged from £45 per bottle to well over £1,000 per bottle.

The additional benefit of acquiring whisky that is still maturing is that the client can decide when he or she chooses to have it bottled and in a presentation that suits their needs.

We forecast this part of the market will continue to develop quickly for connoisseurs, collectors and investors.



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