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INTEL
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in Santa Clara

BEYOND MEAT
The champion
of vegetarian
steak

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Final countdown
to the moon launch?

DOSSIER

Alcohol: the party carries on

Perks of authenticity
Seven intoxicating companies
The hard seltzer hype

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The new alcohol has arrived



By Marc Bürki,
CEO of Swissquote

You have to admit that alcohol isn't the first industry that comes to mind when you think of innovation.

But in recent years this sector has embarked on a technological and cultural revolution. As early as 2012, *Forbes* magazine piqued readers' curiosity by choosing Pernod Ricard as one of its 15 most innovative companies in the world. Now all the large **alcohol companies** are following in the footsteps of the French wine and spirits giant, completely revisiting their product lines.

This is because times have changed. In the West, people want to drink less, but better. All of the big brands are developing premium beverages, which are low in calories, contain less alcohol and even, increasingly and with growing success, **no alcohol** at all. This shift is a result of health concerns, new social norms and diets of all kinds. In that sense, the alcohol market is just keeping up with the times. The trend is far from over. Budweiser and Corona estimate that 20% of their total production will be low-alcohol or alcohol-free by 2025.

But the industry is changing well beyond that. Now, organic and vegan alcoholic beverages are no longer considered unusual. Gin, a rustic spirit that until only recently was drunk at the end of the night when nothing else was left, has become the essential aperitif at hip bars and can be found in many different varieties. Clear alcohol such as vodka and rum is now available in pink, the latest colour trend. **Hard seltzer** (!), an unlikely beverage that is wildly popular with young Americans, was named the drink of the year by the Washington Post. And an incredible number of micro-breweries have been acquired with a vengeance by large brands seeking **authenticity**. Clearly, the alcohol industry, the ultimate defensive sector, has never been so creative.

And investors can rest assured that moderate drinking in the West is more than compensated for by a significant increase in other parts of the world, particularly Asia. India, with 1.3 billion residents, has seen alcohol consumption increase nearly 40% since 2010. So the party may have just begun.

Cheers!

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With its pure and sophisticated lines, Alpine Eagle offers a contemporary reinterpretation of one of our iconic creations. Its 41 mm case houses an automatic, chronometer-certified movement, the Chopard 01.01-C. Forged in Lucent Steel A223, an exclusive ultra-resistant metal resulting from four years of research and development, this exceptional timepiece, proudly developed and handcrafted by our artisans, showcases the full range of watchmaking skills cultivated within our Manufacture.

Chopard

THE ARTISAN OF EMOTIONS – SINCE 1860

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PORTRAIT



DOSSIER

Alcohol: the party carries on

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ALTERNATIVE MEAT



TRAVEL



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SCANS

photovoltaics

MEYER BURGER MOVES UPMARKET



Hans Braendle,
CEO of
Meyer Burger.

Pressured by Chinese clients lowering prices, Swiss photovoltaics manufacturer Meyer Burger is in the red. To recover, the Bern-based group has partnered with Norwegian solar panel producer REC. The two will develop products with a 22% efficiency rate, which is 2% higher than the standard used to mass produce low-cost solar panels. The Swiss company is targeting homeowners in the United States and Europe. The improved yield will be particularly impressive in small spaces, such as on rooftops. — MBTN



“Huawei is like an airplane riddled with bullet holes. We need to patch up these holes without losing altitude”

Huawei Chairman,
Liang Hua



The Bell Nexus concept vehicle, with vertical lift, is expected to become part of Uber's commercial fleet by 2023.

EVA HAMBACH / AFP

transport

UBER IS SPREADING ITS WINGS

Uber will begin testing flying electric taxis early next year, before deploying the service commercially in 2023. The company has partnered with US manufacturer Bell Helicopter. Rolls Royce and Boeing are working on similar projects. It's not the first time the Californian company has taken to

the skies. In July, it began offering helicopter trips between Manhattan and JFK airport. The flight lasts eight minutes and costs \$200. Uber will soon be competing with Vroom, which is owned by Airbus and already offers a similar service in São Paulo.

— UBER

raw materials

GLENCORE AT THE MERCY OF COBALT PRICES

The price of cobalt, a metal used in lithium-ion batteries that power smartphones and electric vehicles, has fallen over the past year, due to excess production in the Democratic Republic of the Congo (DRC). As a result, revenue for Swiss company Glencore is down 32% over the first six months of the year. It will now close its gigantic mine in Mutanda, DRC, which alone generated one-fifth of the world's cobalt supply. But the Zug-based firm isn't abandoning the profitable metal entirely: it just invested \$5 million in a refinery in Canada.

— GLEN



Transportation of crude cobalt at a plant in Lubumbashi, DRC (2018).

SAMIR TOUNSI / AFP

digital

WHATSAPP JOINS THE VIRTUAL PAYMENT MARKET

WhatsApp is preparing to launch a virtual wallet solution in India and Indonesia. For India, the wallet was developed internally. For Indonesia, the Californian firm owned by Facebook will join a local partner that already operates an online payments system in the region. These two countries have a booming middle class and few supermarkets, which makes it a promising market for e-commerce and virtual payments. Moreover, WhatsApp is very popular: in Indonesia, the social network has more than 100 million users. — FB

RANKING

TOP FIVE CITIES WITH THE MOST SURVEILLANCE CAMERAS

By number of cameras per 1,000 residents

1. CHONGQING (CHINA)	168.03
2. SHENZHEN (CHINA)	159.09
3. SHANGHAI (CHINA)	113.46
4. TIANJIN (CHINA)	92.87
5. JINAN (CHINA)	73.83

Source: Comparitech

TOP FIVE COUNTRIES BENEFITING THE MOST FROM THE US-CHINA TRADE BATTLE

(industries that benefit the most)

	VIETNAM (ELECTRONICS)
	CHILE (AGRICULTURAL PRODUCTS)
	MALAYSIA (SEMI-CONDUCTORS)
	ARGENTINA (SOYA)
	MEXICO (CARS)

Source: Nomura

TOP FIVE SMARTPHONES SOLD IN INDIA

By market share in Q2 2019

1. XIAOMI (CHINA)	28.3%
2. SAMSUNG (SOUTH KOREA)	25.3%
3. VIVO (CHINA)	15.1%
4. OPPO (CHINA)	9.7%
5. REALME (CHINA)	7.7%

Source: IDC

SCANS



80%

The percentage that streaming accounts for in the US music market during the first six months of the year (up 26%). Downloads make up only 10% of the industry's revenue.



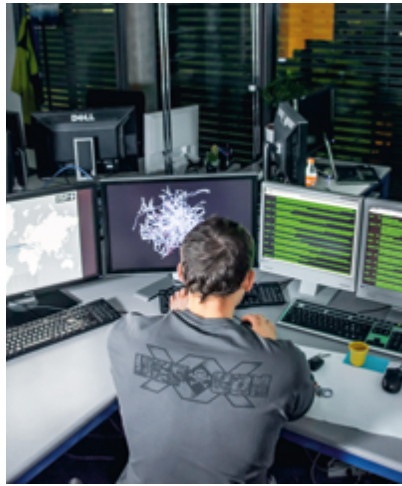
“Some of [the brands] that are extremely popular now [...], if you look at the ingredients, they are super, highly-processed foods. I don't think [that] is healthy”

John Mackey,

CEO of Whole Foods, is sceptical about meat substitutes such as Beyond Meat and Impossible Foods

digital

KUDELSKI NO LONGER FOCUSING ON TV



KUDELSKI

Kudelski saw revenue fall nearly 10% in the first half of 2019, reaching \$400.6 million. The main division of the Vaud-based tech group, Digital TV, which provides secure access to digital television, is particularly struggling. It is suffering from decreased demand for traditional TV channels resulting from the rise of various cheaper streaming solutions. To buck this trend, the firm will focus more on cybersecurity and connected objects, two booming industries. — KUD

entertainment

NETFLIX TARGETS THE MIDDLE EAST



On the Jordanian set of *Jinn*, Netflix's new Arabic-language series.

NETFLIX

In 2015, Netflix released *Narcos*, a series about drug trafficker Pablo Escobar, in Spanish. Two years later, the US group released *Dark*, a supernatural story in German. After targeting Latin America and Europe, the streaming giant now has eyes for the Middle Eastern market. It will

soon release two Jordanian series, *Jinn* and *Al Rawabi School for Girls*, as well as an Egyptian series called *Paranormal*. Unsurprisingly, these shows will be filmed in Arabic. Nearly 61% of Netflix's 158 million paying subscribers live outside the United States. — NFLX

food

FOOD DELIVERY CONSOLIDATION



Two Just Eat deliverymen at work, here along Naples' lake shoreline.

JUST EAT

UK group Just Eat and Dutch firm Takeaway.com are merging, creating a food delivery giant. Together, the two companies made €7.3 billion in annual orders in 2018. They hope that this alliance, which would allow for economies of scale, will allow the

new company to compete with Uber Eats and Deliveroo, which are leading in the European market. Last year, Just Eat acquired Hungryhouse for €200 million and Takeaway acquired the German subsidiary of Delivery Hero for €930 million. — JE — TKWY

KICKSTARTER

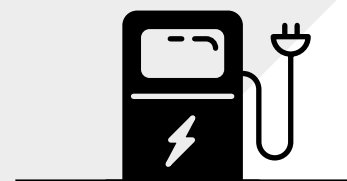


PALE BLUE

PALE BLUE

AN EFFICIENT GREEN BATTERY

Pale Blue is a rechargeable lithium polymer battery. It is the same shape as a traditional throwaway battery, but far more environmentally-friendly because it can be reused hundreds of times. A pack of four Pale Blue batteries can replace 4,000 alkaline batteries, according to the creators, who say that 10 million batteries are thrown away each year in the United States alone. These batteries are also more efficient than the rechargeable batteries of yesteryear: one complete recharge of a Pale Blue battery is five times quicker than a traditional battery and its autonomy is superior. They can be recharged more than 1,000 times, compared to 500 times for traditional rechargeable batteries. To charge, simply plug a USB cable directly into the battery, which eliminates the need to carry a separate charger.



1 million

The number of electric vehicle charging stations installed in China, which is the highest in the world. Electric car sales are booming in the country. This year, the number of electric cars is expected to reach 1.6 million, up 27% according to the China Association of Automobile Manufacturers.



“We will need about 600 fewer pilots and cabin crew for summer 2020”

Ryanair CEO

Michael O'Leary

on the consequences of grounding Boeing 737 Max planes

FUNDS RAISED
\$249,862

AVAILABLE
NOVEMBER 2019



€3.6 billion

The sum Hasbro spent to acquire Entertainment One, the creator of *Peppa Pig*. The cartoon story of a pig and her family brought in €100 million in the year that ended in late March, up 20%. It is shown in 180 countries.

transport
UPS AND AUTONOMOUS LORRIES



TU SIMPLE

An autonomous lorry from Chinese start-up TuSimple.

American giant UPS has invested in Chinese start-up TuSimple, along with NVIDIA and Sina. The company builds autonomous lorries designed to transport packages over long distances. In May, it began testing the vehicles between Phoenix and Tucson, Arizona. The road transport industry could save

\$168 billion yearly with the help of self-driving vehicles, according to Morgan Stanley. It will also provide relief from a shortage of drivers, which began as a result of the e-commerce boom. In the United States, there was a shortage of 60,800 drivers in 2018.

— UPS



Two air hostesses of the Indian airline Vistara.

transport
WAR OF INFLUENCE OVER INDIAN SKIES

The number of airline passengers in India will triple, reaching 520 million by 2037, according to IATA. Many of these travellers will be on international flights. This has piqued the interest of Vistara, an airline founded in 2015 that is owned by Singapore Airlines and Tata. It launched its first international route to Singapore in early August and began flights to Dubai and Bangkok soon after. But Vistara will have to compete with Emirates and Etihad Airways: the two Gulf companies currently dominate air travel from the subcontinent.

— C&L — TTM

e-commerce
AMAZON CHALLENGED BY LOCAL COMPANIES



An employee of Jumia in Lagos, Nigeria.

PIUS UDOM EKPE / AFP

Amazon is dominating e-commerce. But a handful of regional players are taking back market share in developing countries such as Jumia in Nigeria, MercadoLibre in Argentina, Flipkart in India and Shopee in Singapore. Shopee's sales skyrocketed last quarter, up 342%, and MercadoLibre's sales soared 93%. These companies are also on the

receiving end of significant funds: PayPal invested \$750 million in MercadoLibre and WalMart acquired Flipkart for \$16 billion. The success of these platforms hinges on a robust knowledge of the local terrain, which allows them to skilfully manage administrative barriers and develop a solid delivery network. — AMZN



\$800 billion

The revenue that the private aerospace industry could generate by 2030, according to estimates from UBS. The revenue will come from two sources: space tourism and the launch and maintenance of commercial satellites.

pharma

US AUTHORITIES TARGET NOVARTIS



ISTOCK

At the time of its release in May, Zolgensma (a new gene therapy from Novartis to treat spinal muscular atrophy) was already problematic due to its price of \$2.1 million per patient. But the Swiss group has found itself in the middle of a more serious issue, accused of manipulating clinical trials that were used to get the treatment approved by the FDA, the US health authority. Novartis is accused of falsifying results of a trial conducted on mice to determine the effects of two different dosages. However, this doesn't mean the treatment is not safe for patients.

— NOV



“Bitcoin is bad for humanity”

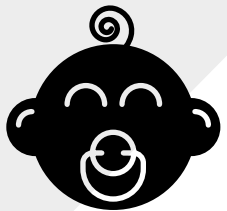
Pat Gelsinger, CEO of VMware, who believes it is a misuse of the potential possibilities of blockchain technology

SCANS



“We are like the Nike or Adidas of the e-sport world”

CEO of Logitech **Bracken Darrell**, about game accessories from the Vaud-based firm



\$25 billion

The value of the global fertility treatment market, according to Data Bridge. This number will skyrocket in coming years as women have children increasingly later in life. It is expected to reach \$41 billion by 2026.

transport

STADLER'S HYBRID TRAINS ARE TURNING A PROFIT



A Euro Dual Hybrid train from Stadler.

STADLER

Stadler Rail won a contract to supply Turkish group Korfez Ulastirma with hybrid trains that can be run in a pure electric mode on dedicated rails, or via a diesel-electric combination. In a somewhat ironic twist, Korfez Ulastirma will use the seven trains provided by the Thurgau-based firm to transport petrol

refined by its parent company Tupras. The group's four locations, spread across the country, produce most of the liquid fuel used in Turkey. Stadler Rail will also handle the maintenance of these trains for eight years. The first train will be put into service by 2021.

— SRAIL

FLOP

Autonomous supermarkets fall flat

Over the past two years, Chinese cities have seen dozens of automated shops open. The shops have no employees and shoppers pay for their goods via smartphone. The data gathered on these transactions would feed into a software system that would manage stocks automatically. Alibaba launched a supermarket chain using this model called Freshippo. Its competitor JD.com and household electron-

ics manufacturer Suning also opened similar concepts. But starting early this year, most of these shops have begun to close. What happened? These autonomous shops were more costly to operate than expected, due to the very sophisticated tech needed to run them. They also cannot stock fresh products, which have the highest added value, because the products would expire too quickly. — BABA — JD

HUBLOT

T H E A R T O F F U S I O N

SORAI

save our rhino africa / india

BIG BANG UNICO SORAI

Hublot has joined forces with Kevin Pietersen and SORAI to support the ongoing preservation and protection of the rhinoceros.

HUBLOT

BOUTIQUES
GENEVE • LUZERN • ZURICH • ZERMATT





the figure
BJÖRN ROSENGREN

A restructuring expert leading ABB

Title
CEO of ABB

Age
60

Nationality
Swedish

Annual salary
\$4 million

Björn Rosengren is now the head of ABB. The 60-year-old was previously the CEO of Swedish engineering group Sandvik since 2015. There, he led an ambitious restructuring by decentralising business lines, selling units and cutting 2,000 of the group's 42,000 jobs, which made share prices soar 70%. The Zurich-based firm hopes to benefit from this expertise. In December 2017, ABB abandoned its traditional energy transport business lines to focus on robotics and industrial automation, selling off its power grids division to Japanese group Hitachi. But profits barely increased, so in April, CEO Ulrich Spiesshofer resigned under pressure from shareholders. Before joining Sandvik, Rosengren was head of Finnish energy supplier Wärtsilä Corporation from 2011 to 2015. Prior to that, he spent 13 years with Swedish industrial group Atlas Copco in various managerial roles.



the country
GERMANY

Europe's engine is slowing down

Germany is on the verge of a recession. Its economy, built on exports, shrunk 0.1% in Q2 and is expected to continue the trend in coming months, according to Deutsche Bank. The country is suffering from the effects of the trade war declared by US president Donald Trump, Brexit fears, and the steep decline in car sales in China. The car market, a pillar of the German economy, has been significantly affected. Production

fell 12% in the first six months of the year. Daimler reported a €1.6 billion loss last quarter and Audi saw sales drop 4.5% in the first half of 2019. The SMEs that produce car parts are also struggling. One in particular, Eisenmann, just declared bankruptcy. Another, Schuler, laid off 500 of its 4,195 employees.

Population
83 million

GDP per capita
\$48,195

Growth
+1.5% (in 2018)

Main economic sectors
cars, chemical products, supermarkets, finance



the innovation
UPTIS

Companies
Michelin and General Motors

Launch
2024

Projected cost
not communicated

The puncture-proof tyre

Changing a flat tyre in the pouring rain is one of the most unpleasant experiences for drivers. And when it happens on the side of the motorway where cars are going 120 km/hr, it can also be very dangerous. To solve this problem, French group Michelin and US giant General Motors have joined forces to create a tyre that doesn't need to be inflated. Made from an aluminium wheel surround-

ed by resin-embedded fibreglass spokes and covered in a thin layer of rubber, the tyre remains flexible but cannot be punctured. When the rubber layer is worn down, it can be replaced by a new layer thanks to a 3D printer. This manufacturing process also makes it possible to adapt the tyre to various weather conditions, for example by printing larger tyres to use during winter months.

The two groups began testing their creation, dubbed "Uptis", this summer on roads in Michigan, using a fleet of Chevrolet's Bolt electric vehicles. If all goes well, the new tyre – which is the subject of approximately 50 patents filed by Michelin – could be on the market in 2024.

BEAUTIFUL FAST CARS

JAGUAR I-PACE 100 % ÉLECTRIFIÉE



UN PALMARÈS INÉGALÉ

Le premier SUV tout électrique de Jaguar part à la conquête de son territoire en silence et sans la moindre émission liée aux carburants. Les empreintes de l'I-PACE sont uniquement visibles dans les regards envieux qu'elle suscite et l'obtention de distinctions convoitées.

Faites sans plus attendre une course d'essai au volant de l'I-PACE chez votre concessionnaire Jaguar.

jaguar.ch

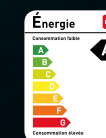
THE ART OF PERFORMANCE

I-PACE EV400, AWD, 400 ch (294 kW), consommation (WLTP) 21.1 kWh/100 km, émissions de CO₂ 0 g/km, équivalent essence 2.3 l/100 km, 29 g CO₂/km issus de la production d'électricité, moyenne de toutes les voitures de tourisme immatriculées pour la première fois: 137 g CO₂/km, catégorie de rendement énergétique: A.



WINNER
WORLD CAR AWARDS

2019 WORLD CAR OF THE YEAR
2019 WORLD CAR DESIGN OF THE YEAR
2019 WORLD GREEN CAR



ANALYSIS

SPECIALISTS' VIEWPOINT

FOCUS

Dividend Aristocrats

An S&P index includes American companies that have returned annual dividends to their shareholders for the past 25 years. These companies clearly outperform the market in the long-term.

BY ANGÉLIQUE MOUNIER-KUHN

What do Coca-Cola, Exxon Mobil, asset management giant T. Rowe Price, pharma group Johnson & Johnson and industrial firm Caterpillar have in common? Of course, these companies are all leaders in their industries and Wall Street heavyweights. But that is not the only commonality. All of these “blue chips” also belong to an exclusive circle: Dividend Aristocrats.

To join the group, a company must also be a member of the S&P 500 index and most importantly, have increased its dividend each year for at least the past 25 years. In other words, a company needs to be a listed superhero, a group whose solidity and economic and financial perspectives are such that they protect the dividend policy from economic downturns. In the myriad of existing indices, the “Dividend Aristocrats”, launched in 2005, are unique in that they combine the best of both worlds: securities that have both return and growth perspectives.

The combination is attractive to investors at a time when a wave of concern is hitting the markets, propelled by trade tensions and threats weighing on global growth. Especially since the wilful weakness of interest rates has transformed the search for returns into a conundrum.

Until recently, the good fortune that shares have been enjoying, particularly on Wall Street, still offered an alternative to bond sluggishness. But the equity markets have been less promising. “The growth in earnings per share is expected to slow to +1.4% this year in the United States and +6% in Europe,” said Valentin Bissat, economist/strategist at Mirabaud AM. The Geneva-based firm recommends for clients to opt for certain defensive securities that pay out high dividends. “It’s as if we’re doing the opposite of what we usually do for investing. Before, we preferred purchasing bonds to receive a return, and we turned to shares for the potential capital appreciation. Now, investors turn to bonds with the idea that their capital could increase since rates continue to decline sharply under monetary policies, and they purchase shares to benefit from their dividend income,” said the economist.

In the United States, the dividend return of the S&P 500 is nearly 2% and 2.6% for the Dividend Aristocrat Index. That is higher than the rate for 10-year or 30-year treasury bonds. Return reached 3.9% for the Euro Stoxx, the eurozone index, and 3.4% for the SMI, compared to negative interest rates.

In a recent study, S&P Dow Jones Indices highlight the role of dividends by recalling that since 1926, dividends have contributed to one-third of the total yield of the S&P 500. The remaining two-thirds is the appreciation of capital.

Replicated by many ETFs, the Dividend Aristocrat Index was separated into several versions

Over the past 10 years, the Dividend Aristocrats Index has generated an annual performance of 11.8% compared to 11.1% for the S&P 500. During the tech firm boom (Facebook, Apple, Amazon, etc.), the ultimate growth securities, the outperformance of the index set slowed down, but the ability of the aristocrat stocks to better bear the falling stock prices was confirmed in 2018: -5.1% (or -2.73% dividends included) compared to -6.24% (-4.38%) for the S&P 500.

Revised each year, the index now includes 57 equally-weighted companies. They are from 11 industries, which is a larger diversification than most dividend-oriented strategies, which are generally focused on a small number of sectors including financial securities and local services. “Currently, it’s best to focus on sectors that have significant cash flows (ed. note: ability to self-finance). In a context of slowdown such as this, it will be these companies that will be able to maintain their dividends,” said Bissat. But investors must still be selective. According to the economist, it is wise to steer clear from raw materials and energy, which are already suffering from the slowdown in Asia, as well as financial securities, which are hurt by negative interest rates and the curve evening out. On the other hand, defensive securities such as telecoms, local services and goods consumption, which in the United States have returns of 4.5%, 3% and 2.7% respectively, are to be favoured.

Replicated by many ETFs, the Dividend Aristocrat Index itself was separated by its promoters into several versions: high yield, eurozone, Asia, Great Britain, Brazil, global, etc. But there isn’t really a Switzerland variation. The Zurich stock exchange is too small and there are too many transactions, such as mergers and companies going private, to offer a sufficient source of companies that meet the strict criteria of the S&P. However, seduced by the aristocrat approach, an independent management company based in Zug called Bamert & Partner was inspired to create an eponymous certificate in partnership with UBS that adapts the criteria. The dividends are automatically reinvested into the certificate.

“The Swiss economy is one of the highest-performing in the world, which is reflected by the many companies with solid business models and regular growth. We believe they are good candidates for this approach that combines dividends and growth,” said Marcel Fuhrer, managing partner at Bamert & Partner. Only companies with more than 500 million francs of capitalisation that have returned dividends over the past five years are eligible, such as Temenos, Partners Group, Emmi, Lonza and Sonova, which made up the top five companies in late August. Since its launch in 2015, this selection of securities generates a performance comparable to that of the SPI (which includes dividends). Now it remains to be seen how the Swiss Dividend Aristocrats will hold up if the market storm that many investors dread actually occurs. ▴



INTERVIEW

“Investing in oil stocks now means taking risks”

Large oil and gas groups are not too fussed about the Paris Agreement on climate change. According to the think tank Carbon Tracker, this approach could take a toll on their share prices.

BY ANGÉLIQUE MOUNIER-KUHN

Raising investors' awareness about the financial consequences of the energy transition is the objective of the think tank Carbon Tracker, which promotes an energy market that is sensitive to climate issues. In September, the organisation published a report entitled “Breaking the Habit – Why none of the large oil companies are ‘Paris-aligned’”. The 2015 agreement required signatories to keep the rise in global average temperatures to “well below 2°C” and pursue their efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Interview with Mike Coffin, an analyst at Carbon Tracker and co-author of the report.

Your report concludes that large oil companies have to change their business model. Why is that necessary?

None of the world's 10 major oil companies complies with the targets set by the Paris Agreement. We identified 18 specific projects approved by one or more of these major oil companies since 2018. Together, they total \$50 billion in investments between now and 2030 that are not aligned with the agreement. For those projects to be profitable, the price per barrel would have to remain higher than \$60. But demand for fossil fuels must be lowered to reduce carbon emissions and limit the rise in temperatures. Given that scenario, only low-cost projects can be profitable. Exxon's \$2.6 billion project in Aspen, Canada, is

particularly problematic. It is the first greenfield oil sands project in several years and would require oil prices over \$80 per barrel to produce 15% returns.

Does that mean that oil firms are not taking the Paris Agreement into consideration at all?

Several of these major companies, such as Shell, BP and Total, outwardly exhibit their sense of responsibility and willingness to comply with the agreement. But their investment strategies show exactly the opposite. They invest as if they were betting on an increase in temperature of more than 2°C. If these projects turn out to be profitable, that would indeed mean that the target set by the Paris Agreement was not met.

Which companies have the most high risk projects?

Exxon ranks as one of the worst. Ninety per cent of its new investment projects are not compliant with the Paris Agreement. This is primarily due to its extensive positioning in fracking, almost double that of its competitor Chevron. In comparison, BP and Eni are doing better. Respectively, 57% and 55% of their projects are not Paris-compliant. But the percentage at Shell and Total is as high as 70% and 67% respectively. We would also like to point out that none of the

greenfield oil sands projects in Canada, planned by companies including Pioneer and Suncor, meet Paris standards. Our analysis says that they are doomed to make losses.

Is it really up to the oil majors to regulate their production, or instead is it up to citizens to force them to do so, by reducing their demand for fossil energy?

It's obviously a global problem. But the purpose of this report is not to say who should be reducing their consumption, even though we have some ideas about that. Our perspective is from that of the investor. We want to raise their awareness of the financial risks they take by investing in these stocks. If the world succeeds in its energy transition, these investors will lose money. If the transition fails, they might make gains in the oil and gas industry, but they'll end up losing in other industries, because the state of the world will get worse.

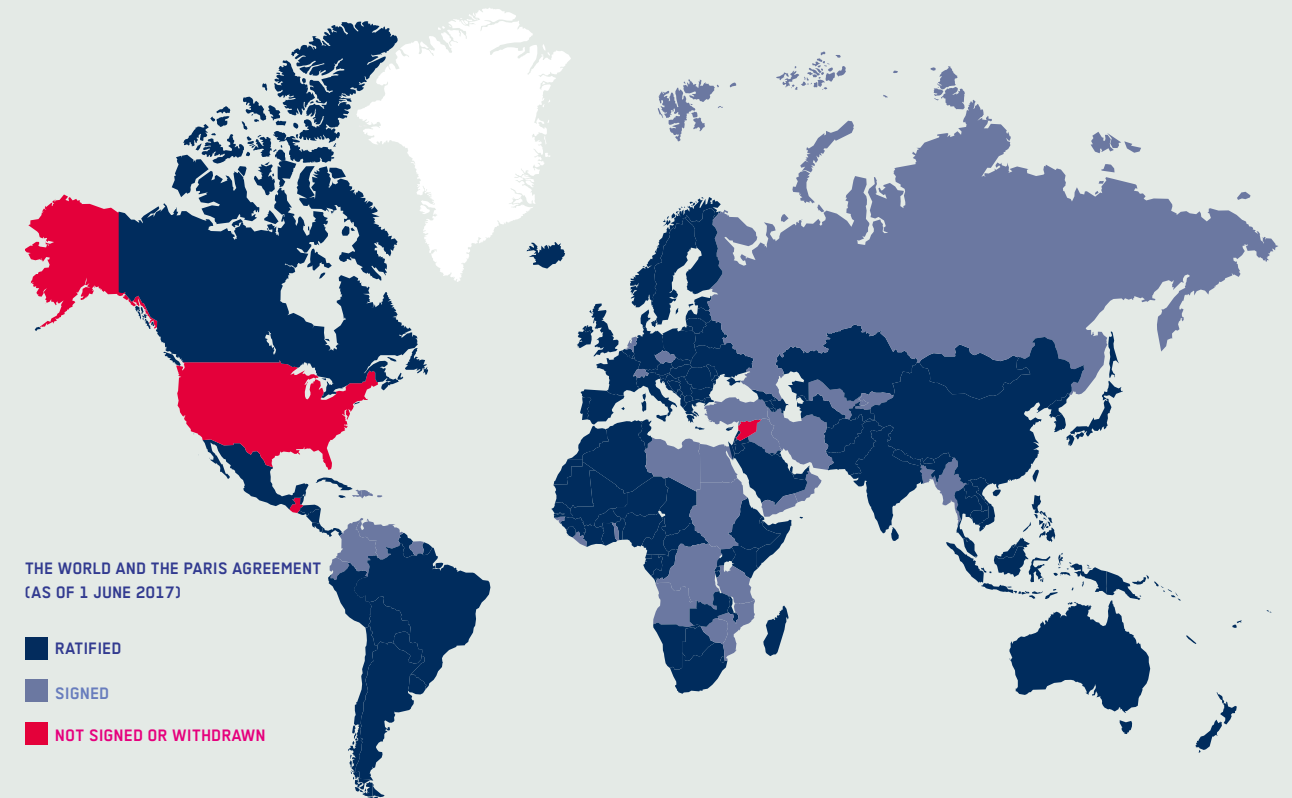
Aren't these concerns already factored into share prices? For the past 10 years, the oil and gas industry has been significantly underperforming all other industries in the S&P 500.

People are becoming more and more aware of the consequences of climate change. Meanwhile, environmental, social and governance (ESG) criteria are increasingly taken into account in

investment decisions. But I doubt these risks are fully discounted into share prices. Coincidentally, the very day we published the report, the independent equity research firm Redburn downgraded oil companies across the board. It referred to the industry as facing an “existential risk” by overestimating long-term demand by up to 30%. This is not just another of the industry's countless cyclical variations. This time, the shift is truly structural.

Some say that it's not by selling shares but by remaining a company shareholder that we can force management to change its business model.

We are not doing advocacy, but by shedding light on some investment projects in this report, we want to encourage investors to dig deeper to understand the company's strategy. Then they can draw their own conclusions. Ethics aside, from a strictly economic point of view, the energy transition makes these investments a risk. ▲



MIKE COFFIN
ANALYST
CARBON TRACKER

INTERVIEW

“Investors are starting to adopt cryptocurrencies”

Digital currencies are gradually making their way into portfolios. But regulation is still a major challenge.

BY LUDOVIC CHAPPEX

A year ago, *Swissquote Magazine* dedicated its main feature to blockchains. It is time for an update from Demelza Hays of Incrementum, author of quarterly report “Crypto Research”, who follows the day-to-day changes in this sector.

Libra, Facebook’s cryptocurrency project, really made a splash this summer. What impact should we expect it to have in the future?

I think it is an excellent development. Libra will force regulators to get to grips with cryptocurrencies. The situation is rather ironic: Libra is concerning due to its centralised nature and its potential threat to privacy, i.e. opposite characteristics to Bitcoin. Regulators will have to decide. Either they encourage a digital currency such as Libra, created by a private company, that defies national sovereignty and could compete with the dollar, or they choose a decentralised model such as bitcoin. It is an important step.

Are professional investors, who were once sceptical of cryptocurrencies, starting to change their view?

The context varies significantly, depending on the country and legal framework. In Switzerland and Germany, asset managers and banks are increasingly favourable towards cryptocurrencies. They are starting to include these assets in their portfolios, particularly through certificates or funds. But, in many countries, investors are waiting for clarification from regulators. This is the case in Austria, for example. Asset managers are waiting for the green light from the FMA (Finanzmarktaufsicht), the Austrian financial markets authority.

The dominance of bitcoin has increased significantly over the past few months. Do you think this trend will continue and is it sustainable?

No. The power of bitcoin in terms of capitalisation only reflects the legal barriers that other cryptocurrencies face. The US regulator,

the SEC, has confirmed that bitcoin is not a security (editor’s note: a category of tradeable financial assets, such as stocks), but the status of altcoins remains unclear. Nevertheless, we are already seeing the emergence of various types of investments in cryptocurrencies. There are assets that resemble digital gold. These are called “stores of value”. This is typically the case for bitcoin, as well as Bitcoin Cash, Bitcoin SV, Litecoin, Dash and Monero. Another category includes investment contracts in the form of tokens, such as Binance Coin, Lykke in Switzerland and Blockstack in the United States. Finally, there is a third category of assets called stablecoins, which have a fixed value. These stablecoins may be created by a company, which is the case for Facebook’s Libra, or they may be decentralised, like Dai, which is based on the Ethereum blockchain.

Why are tokens that already demonstrate a practical use, such as XRP, which is used for international payments, not standing out from all the other currencies? Is the cryptocurrency market purely speculative?

Many investors are still interested exclusively in bitcoin. They are not particularly knowledgeable about other cryptocurrencies. In terms of XRP, the lack of a clear verdict from the SEC has discouraged investors. The US regulator does not seem to be in a hurry to change the rules of the game. Smaller countries are progressing much more quickly. They will drive innovation and larger countries will need to adapt or go back to the stone age. ▲



DEMELZA HAYS
RESEARCH ANALYST
INCREMENTUM



HOW LONG IS FOREVER?

HYT
#HYTWATCHES

The Swiss National Bank: a unique company

The institution that conducts Switzerland’s monetary policy is one of the few such institutions worldwide that are publicly listed. Seen as stable, the bank’s share price has increased significantly over the past few years.

BY YASMINE LECKER

IN NUMBERS

923

Number of employees in late 2018

2

Number of head offices, in Bern and Zurich

776BN

In Swiss francs, currency reserves at the end of 2018

38.5BN

In Swiss francs, profits made in the first half of 2019

“It remains a mystery”: a trading specialist at a large Swiss bank struggles to work out why the Swiss National Bank (SNB) is so attractive to some investors. He is also unable to explain with certainty why its price curve, which for a long time has been as flat as a dead patient’s heart rate, has suddenly regained momentum. Significantly. While it hovered for several years around 1,000 Swiss francs, the share price has soared since late 2016, reaching 9,760 francs in April 2018. It has not fallen below 4,000 francs since.

“There is no reason for the SNB share price not remaining stable,” remarked Geneva-based ex-consultant and economic journalist Marian Stepczynski. What confuses experts is the fact that the central bank’s shares are not at all comparable to that of a traditional company. In theory, a share price varies based on a company’s performance, sales of its products or services, its management, changes to its organisation, etc. But the SNB does not sell anything: its mission is to issue currency, contribute to the equilibrium of the financial system and ensure price stability. It has no growth prospects. Its structure is fixed.

To better understand the SNB’s specific characteristics and its shares, it is helpful to remember the context in which it was founded over a century ago. In 1906, monetary chaos reigned throughout Switzerland: 36 (!) banks issued currency and each pursued its own interests and lacked liquidity. As a result, the lawmakers decided to create a centralised banking institution that would be operational the following year. With a solid capital structure, this new body had to be able to guarantee stability for a booming national economy and forge a place for itself in an increasingly globalised world.

A PRIVATE AND PUBLIC BANK
 The structure of the SNB is the result of a very Swiss compromise. It had to please both those in favour of an entirely state-run bank as well as those who preferred a private model. To satisfy both parties, a hybrid structure was chosen. The National Bank is incorporated as a *société anonyme* (public limited company) that is regulated by a special law. It draws on elements of public and private law in order to guarantee its independence and ensure that it acts in the general interest. In this way, the SNB is administered with the support ▸

and under the control of the Swiss Confederation. For example, the Federal Council chooses the majority of the 11 members of the Bank Council, with the five remaining members being chosen by the shareholders at a general meeting.

The balance between public and private can also be found in the distribution of share capital: three-fifths of shares are initially reserved for cantons and former issuing banks. The remaining shares are held by the public. Its objectives are to “win the confidence of the public” and “interest all population groups in the central bank”, according to the

commemorative works produced by the SNB. The central bank adopts a model similar to that of the central banks in Belgium, Greece and Japan, the shares in which may also be purchased on stock exchanges.

Nevertheless, every effort has been made to ensure that the shares do not become too attractive to private investors and that the power of these private investors remains limited. The dividend is limited to 6% of share capital (25 million francs). At the current price, this represents a yield of less than 0.3% per share. The voting rights of private shareholders are also limited, as public sharehold-

ers possess a substantial majority of the voting rights.

HYPE EFFECT

Shares in the SNB do not quite lend themselves to traditional investment activities, as emphasised last year by the former President of the Bank Council, Jean Studer, during the general meeting of shareholders. But they are a long-term investment because the SNB cannot go bankrupt, and it is even a shrewd investment in an environment of negative interest rates. In normal circumstances, “shares in the SNB can be compared to Confederation bonds,” said an economist who works in the Zurich market. But the return on these bonds is now negative... In other words, you currently have to pay to lend money to the Confederation.

This incongruous situation could explain the hype that has caused the price of shares in the National Bank to rise. Since negative interest rates on Confederation bonds were introduced in 2015, some investors may have fallen back on SNB shares. As the share price increased, they would have attracted speculators seeking capital gains. This is the theory favoured by most analysts. One private investor in particular has garnered attention: German businessman Theo Siegert. The discreet, wealthy economics professor (who is also a shareholder in Orell Füssli) held 5,240 SNB shares in 2018 (5.24% of the share capital), making him the second largest shareholder after the canton of Bern (6,630 shares). But his name can be found in management reports dating back to 2008, well before the

sudden rise that began in late 2016. The SNB has made no comment.

“As there are relatively few shares in circulation, the price is affected by the slightest movement”

Marian Stepczynski, economic journalist

So, is it worth purchasing shares in the SNB? For individuals, it is a

risky move. “The stock’s volatility is very high,” warned the Zurich economist. The term “yo-yo effect” is very appropriate here. The curve has experienced severe ups and downs. In December 2018, for example, the share price fell from 5,380 francs to 4,200 francs in less than a week. “As there are relatively few shares in circulation, the price is affected by even the slightest movement,” said Stepczynski. The Geneva economist is wary. “When the markets take off again and rates are no longer negative, investors will go back to more profitable investments and the share price will likely fall. Those who bought at the last minute will suffer big losses.” ▲

— SNB

HOW THE SNB MAKES MONEY

Of the 38.5 billion francs in profits made in the first half of 2019, 33.8 billion represented gains on positions in foreign currencies. Gold reserves generated a capital gain of 3.8 billion. The SNB’s profits vary significantly from year to year. The way in which they are allocated is strictly regulated. They are first applied to funding the bank’s provision for currency reserves. If profits are sufficient, a dividend of a maximum of 15 francs per share is then paid out. One-third of the remaining amount is paid to the Confederation and two-thirds go to the cantons.

A CENTRAL BANK UNDER PRESSURE

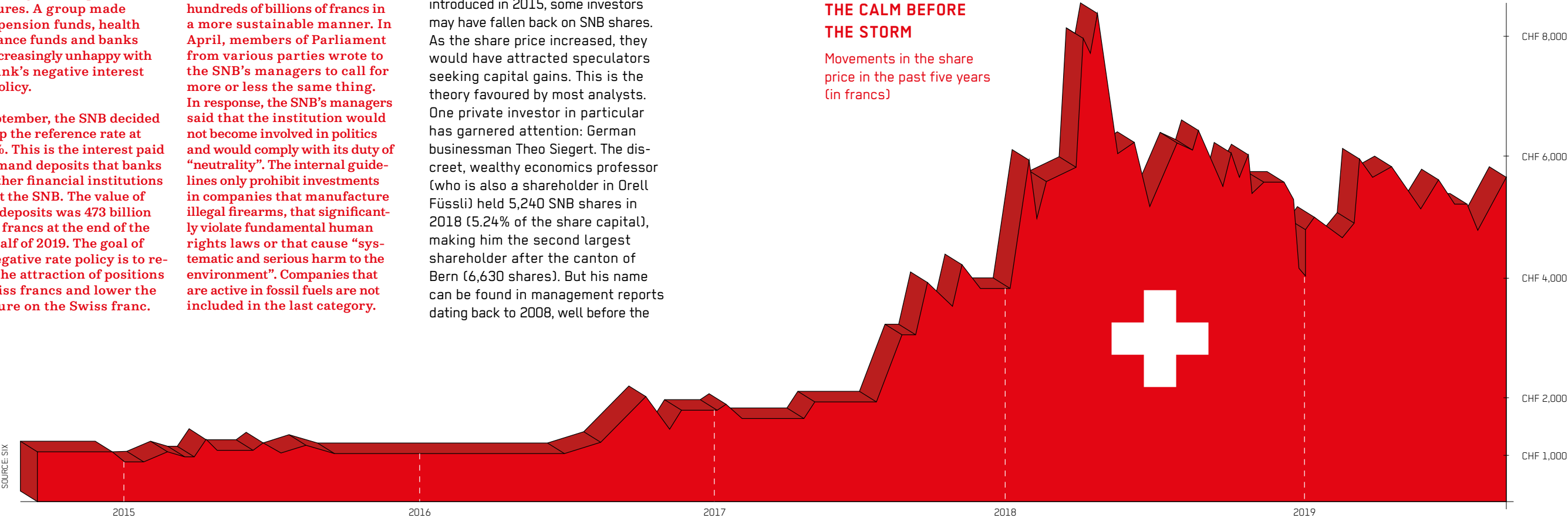
Even though it is independent of the Federal Council, the Parliament and all other authorities, the Swiss National Bank is not immune to the current significant political pressures. A group made up of pension funds, health insurance funds and banks are increasingly unhappy with the bank’s negative interest rate policy.

In September, the SNB decided to keep the reference rate at -0.75%. This is the interest paid on demand deposits that banks and other financial institutions hold at the SNB. The value of these deposits was 473 billion Swiss francs at the end of the first half of 2019. The goal of the negative rate policy is to reduce the attraction of positions in Swiss francs and lower the pressure on the Swiss franc.

The Swiss National Bank is also criticised for its investment choices. During the last Shareholders’ meeting in April, shareholders demanded that the SNB invest its assets worth hundreds of billions of francs in a more sustainable manner. In April, members of Parliament from various parties wrote to the SNB’s managers to call for more or less the same thing. In response, the SNB’s managers said that the institution would not become involved in politics and would comply with its duty of “neutrality”. The internal guidelines only prohibit investments in companies that manufacture illegal firearms, that significantly violate fundamental human rights laws or that cause “systematic and serious harm to the environment”. Companies that are active in fossil fuels are not included in the last category.

THE CALM BEFORE THE STORM

Movements in the share price in the past five years (in francs)



Dossier prepared by
Bertrand Beauté and
Ludovic Chappex

DOSSIER

Alcohol: the party carries on

Despite society pressuring us to live a healthier lifestyle, the alcoholic beverage industry still has a promising future. Sales are expected to rise in the coming years.

BY BERTRAND BEAUTÉ

- 32. Infographic
- 34. Millennials:
the new target
demographic
- 38. Alcohol giants
are (also)
focusing on
sobriety
- 42. Hard seltzer's
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- 54. The alcohol lobby
has a reason
to celebrate

In 1997, people in Switzerland drank an average of 9 litres of pure alcohol per year. Approximately 20 years later, this number has dropped 15%: Swiss residents drank only 7.7 litres last year. One might think that this drop in consumption, which is also seen throughout Europe, would affect the industry. Not at all! For leader of the spirit industry Diageo, and second-in-command Pernod Ricard, as well as ABInBev, Carlsberg and Heineken (global leaders for beer), profits are flowing (read company features on p. 46).>



What is the cause of such a boom? “Alcohol consumption tends to be decreasing consistently in Western countries, but increasing worldwide,” said Virginie Roumage, food and beverage analyst at Bryan, Garnier & Co. “Middle-income markets, such as China and India, are driving growth. And they are more than making up for the decline in volume seen in Europe and the United States.”

Indeed, alcohol consumption in the Western Pacific region, which includes India, China and Vietnam, has more than doubled since the early 1990s. In India especially, alcoholic drinks are becoming increasingly popular. While Indians drank an annual average of 2.4 litres of alcohol per person in 2005, they drank 5.7 litres in 2016, according to the

latest report from the World Health Organization (WHO).

“There is a correlation between increased buying power and alcohol consumption in emerging countries”

Virginie Roumage, food and beverage analyst at Bryan, Garnier & Co.

“Studies show that there is a real correlation between increased buying power and alcohol consumption in emerging countries,” said Roumage. “So growth outlooks are positive and stable.” While the industry is propelled by emerging markets, alcoholic beverage giants

aren’t turning their backs on Europe and the United States, since they are still the two main markets. With 9.8 litres of alcohol consumed per person, per year, Europe remains the region of the world with the highest consumption. But the health context is much different.

“In Europe and the United States, people are very much aware of their health,” said Moshmi Kamdar, analyst at Union Bancaire Privée (UBP). “People drink less, smoke less, exercise more and want to eat healthier food.” Alcohol giants were ready to tackle this challenge: most brands developed low-calorie, less alcoholic, premium, organic, vegan and local beverages in order to target this clientele that cares greatly about their health and the environment.

“These innovations are used by industry heavyweights to drive up prices,” said Kamdar. “All the players in the industry are taking part in this premiumisation.” As a result, alcohol consumption dropped significantly in Europe and the United States, but the industry continues to grow in value. “And this trend will continue,” said the UBP analyst. “People in the West drink less, but they want to drink better.”

In both emerging markets and Western countries, the revenue for alcohol giants seems to be stable for many years to come. “These companies are a safe bet,” said Kamdar. “In periods of crisis, this visibility comes at a price, however: shares are expensive. They are known as defensive assets.” ▲

THE VARIOUS ALCOHOL MARKETS

SPIRITS

With a market share of nearly 45%, spirits (whiskey, gin, vodka and others) are the most popular alcoholic beverages in the world in terms of litres of pure alcohol consumed. Their consumption increases each year in both volume and value.



BEER

As the second most consumed alcohol in the world, with a market share of around 40% in pure alcohol absorbed, beer is sluggish in terms of volume sold. However, brands are stepping up their game: in the last five years, the global beer market has increased in value by 20%.



WINE

The market share of wine (red, white, rosé, champagne) as part of global alcohol consumption is in free fall. It went from 35% in the early 1960s to less than 15% today, in terms of pure alcohol consumed. Red wine, primarily drunk in Western countries, has fallen sharply. Nevertheless, while quantity has decreased, value has increased... According to the International Wine and Spirit Research (IWSR), global revenue for wine is expected to reach \$224.5 billion in 2023, compared to \$215.8 billion in 2018.



OTHER ALCOHOL

With a market share of around 1% , pre-mixed drinks, such as cocktails, remain on the margins. But growth is strong in this segment. The consumption of pre-mixed drinks increased 5% globally in 2018, according to the IWSR, sustained by the boom in ready-to-drink cans in the United States and Japan, the two largest markets for this segment.

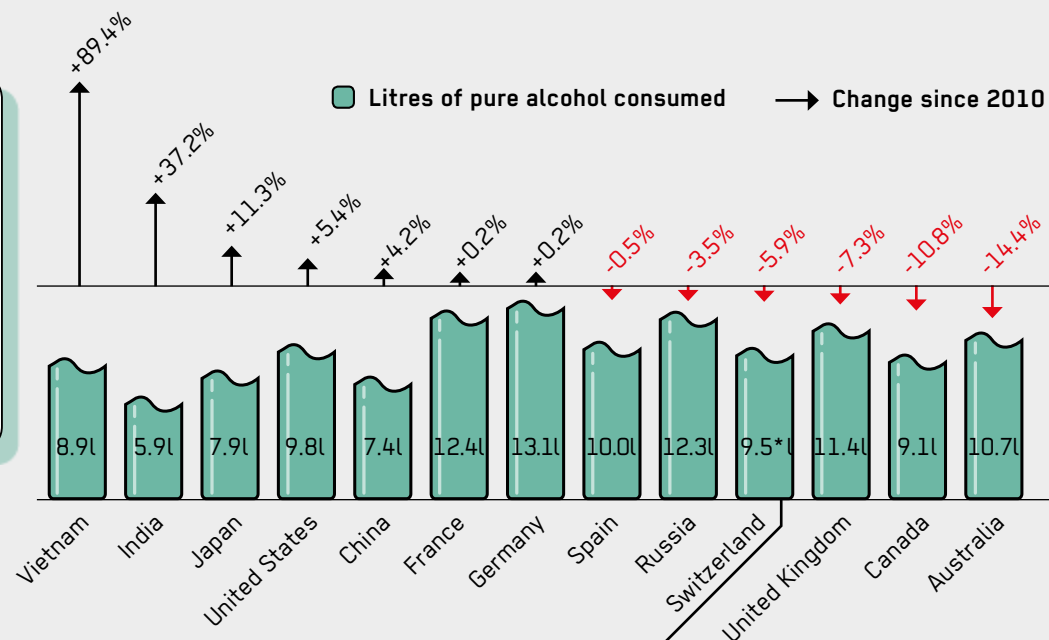


Global consumption: opposite trends

While alcohol consumption is down in Western countries where people once drank significantly, it is now up in many other countries.

Asia leading growth

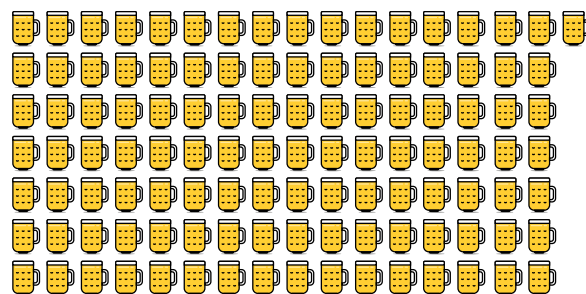
Annual consumption of pure alcohol by persons aged 15 and older in 2017



Consumption in Switzerland in 2018

Average per person across entire population

Beer



55.6 actual litres
(2.7 litres of pure alcohol)

Spirits



3.6 actual litres
(1.4 litres of pure alcohol)

Wine



32.3 actual litres
(3.6 litres of pure alcohol)

Cider

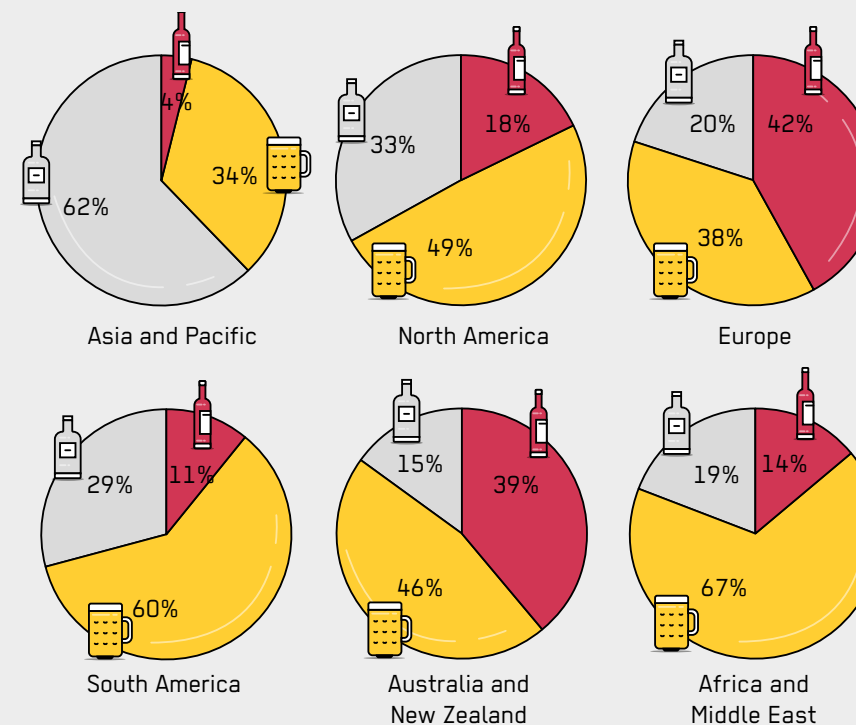


1.7 actual litres
(0.1 litres of pure alcohol)

* Swiss authorities calculate alcohol consumption across the entire population, i.e. every person living in the country including children. Conversely, international organisations (e.g. WHO) focus on those aged 15+ and include unregistered consumption (e.g. duty free shops and undeclared imports). This is why the Swiss government has consumption at 7.7 litres of pure alcohol per person per year, whereas international organisations average it at 9.5 litres.

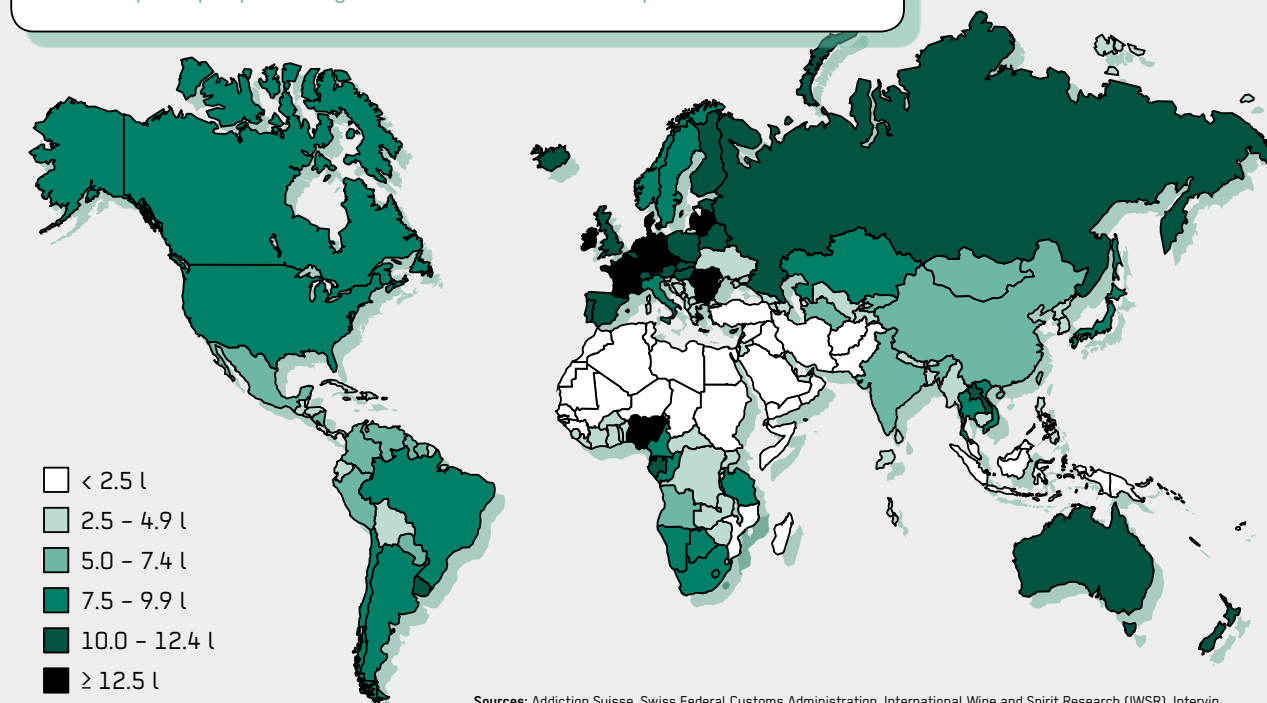
Spirits are popular in Asia

Breakdown by type of consumption



The 2016 world map of alcohol

Consumption per person aged 15 and older in litres of pure alcohol



Sources: Addiction Suisse, Swiss Federal Customs Administration, International Wine and Spirit Research (IWSR), Intervin, Swiss Federal Statistical Office (FSO), World Health Organization (WHO), The Lancet, Touring Club Suisse (TCS)

Shocking numbers

CHF 4.2BN

The annual cost of alcohol abuse in Switzerland in 2010

3.3M

The number of people over the age of 15 that die every year around the world after drinking toxic amounts of alcohol, including 1,600 in Switzerland

14,369

The number of driving licences revoked in 2018, due to driving under the influence

+3%

The expected growth of the global alcohol market by 2023 in terms of volume



More aware of environmental concerns and healthy living than older generations, millennials prefer products that are seen as authentic and natural.

BY BERTRAND BEAUTÉ

Not a single press conference goes by without mentioning Generation Y, or millennials, to justify the launch of a new product,” said Virginie Roumage, food and beverages analyst at Bryan, Garnier & Co. “This generation has become the alcohol industry’s biggest obsession.” Pernod Ricard, the world’s second largest spirits producer, devoted a long chapter to millennials in its 2018 annual report. This generation, born between 1980 and 2000, is targeted heavily by alcohol giants because millennials fall within the age bracket (20 to 40 years old) that spends the most, and the demographic continues to increase (in total there are more than 2.3 billion, the largest generation in the world).

But it’s also because this generation has very different consumption habits from their predecessors, which forces the alcohol industry to reinvent itself. “Millennials have a strong moral and ethical awareness, and are no longer attached to a single brand,” said Pernod Ricard in its annual report. “Generation X (born between 1960 and 1980) was very loyal. If a person liked one whisky, they would never change brands,” said Roumage. “However, millennials prefer new experiences. They like products that tell a story and prefer local products.”

This trend explains the success of craft alcohol, which is particularly booming in the beer industry with its explosion of micro-brewers. In the early 2000s, Switzerland had less than one hundred breweries. This number has increased tenfold in less than 20 years (see infographic on p. 32). “The rise in microbreweries is a global phenomenon; this is happening all over the world,” said Pierre-Olivier Bergeron, secretary general of The Brewers of Europe. “I think it’s a consequence of globalization. In the 1990s, beer was too standardised. Today, people aged 20 to 35 don’t want that any more. They’re looking for authenticity, a return to the source.”

TAP WARS

In the reference market of the United States, craft beer, seen as cool and anti-establishment, is now worth \$25 billion in annual revenue, which is nearly a 25% market share. Officially, this rise to power is a golden opportunity for industry giants: “The rise of craft beers benefits everyone, including small and large breweries,” said Bergeron. “It’s an incredible opportunity because younger generations are more interested in beer thanks to these products.”

In reality, however, multinationals are doing everything they can to halt

the growing craft beer movement. In bars and restaurants, alcohol giants are imposing exclusivity agreements and offering refrigerators, umbrellas and other goodies emblazoned with logos in order to keep craft beers from reaching the taps. They also have no problem pulling out the chequebook. Very active in the industry, global beer leader ABInBev has multiplied its acquisitions of microbreweries since 2016. The most recent was in August 2019, when the giant acquired Platform Beer, a booming regional US brewer.

ABInBev has multiplied its acquisitions of microbreweries since 2016

“Traditional beer players had to figure out how to counter the craft beer phenomenon,” said Moshmi Kamdar, analyst at Union Bancaire Privée (UBP). “One of the solutions is innovation. Giants are launching more complex products, such as low-calorie or non-alcoholic beers (see also p. 38), which requires lots of R&D that independent brewers cannot easily afford.” >

“Millennials prefer local products and products that tell a story”

Virginie Roumage, analyst at Bryan, Garnier & Co.

The beer sector is particularly impacted by the craft beer boom because anyone can brew their own beer, and even buy a kit to brew at home. “The spirits market is much more protected, because there are significant barriers to entry,” said Roumage. “Not everyone can just distil whisky at home. It’s a complex process, so big companies are at an advantage.”

Nevertheless, a few brands have emerged on the market, such as French start-up Fair, whose flagship product is vodka made from organic quinoa that is vegan, gluten-free and fair trade. It’s a small threat to the spirits industry, but multinationals are taking it seriously. In its 2018 report, Pernod Ricard stated its strategy to win the hearts and wallets of millennials. The French group will first “promote the traditional aspect” of its brands Jameson, Martell and Absolut; they are now marketed as products that are made in the traditional way and are therefore authentic. Secondly, the company is innovating, playing up the natural and local qualities.

THE SURPRISING GENTRIFICATION OF GIN

It’s the trendy alcohol, the darling of aperitifs. In 2018, gin experienced the highest increase of all spirits in terms of volume (+8.3%), according to International Wine and Spirit Research (IWSR). It’s a breakthrough for the spirit, which for a long time was reserved for the end of the night, when all other bottles were finished. Invented in the Netherlands, the ancestor of gin was imported in the 17th century to Great Britain by soldiers who had left for war. It marked the beginning of a mad consumption that gave gin its unfortunate reputation and nickname: “mother’s ruin”. In the 19th century, British officers based in India mixed quinine with gin to protect themselves from malaria. And the gin and tonic was born. It was followed by other cocktails, such as the gin fizz and the dry martini, which restored the reputation of this eau de vie.

But then, gin rested on its laurels. In the 1980s, it had

become a “has-been” alcohol again, reserved for English dockers and the Queen Mother. Sales didn’t pick up again until the advent of the craft phenomenon. Starting in 2010, new companies have entered the gin market, such as Monkey 47 and Ferdinand, which happily focus on the artisanal, organic, vegan, gluten-free and/or natural aspects of their gin production.

They had immediate success, which has led to an explosion of brands. There are now more than 6,000 gin makers around the world, including Alata (Monthey), Matte Brennerei (Bern), Xellent (Lucerne) and Nginious (Basel) in Switzerland. This boom is due to practicality: for craft distilleries, ageing alcohol such as bourbon or whisky is very complex. They would have to wait years to make any kind of profit. Distilling a clear alcohol, which brings in profits quickly, is much easier.

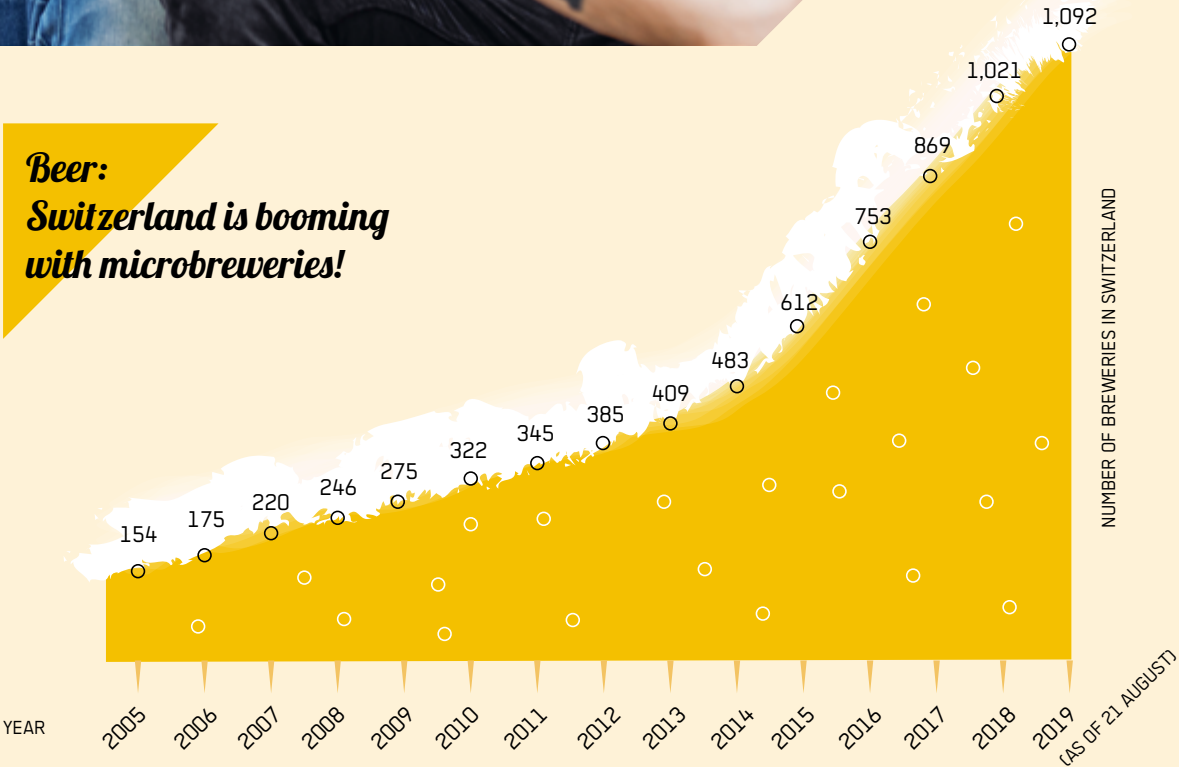


RAWPIXEL

Last year, it launched “pastis from fresh plants” grown in the Valensole Plateau in Haute-Provence, France. It’s an attempt to dust off the ancient image of pastis, or “pastaga”. Finally, Pernod Ricard has embarked on a policy of acquiring the most promising artisanal brands, such as German gin Monkey 47, Italian gin Malfy and American-Mexican mezcal Del Maguey.

Pernod Ricard’s biggest competitor, Diageo, is doing the same. In 2017, the UK group spent \$1 billion to acquire Casamigos, George Clooney’s tequila brand, and began a partnership with Cuba Ron this August to distribute its premium brand Santiago de Cuba. “That’s the paradox of the

**Beer:
Switzerland is booming
with microbreweries!**



Source: Federal Customs Administration

craft boom,” said an analyst. “Customers, and millennials in particular, think they’re buying local, artisanal and independent products. But in reality, the alcohol market is controlled by a handful of multinationals that own almost every brand.” ▲

Why alcohol giants are (also) focusing on sobriety

Over the past five years, the “no alcohol” trend has swept the globe. Instead of finding itself outdated, the alcohol industry has found an opportunity for growth.

BY BERTRAND BEAUTÉ

Without alcohol, the party is even crazier. For Heineken, that is. The Dutch brewer generated 7.7% more in revenue last year, thanks to the success of the non-alcoholic version of its famous lager, Heineken 0.0, launched in 2017. “Even if it’s still a niche market – only about 2% of the 400 millions of hectolitres brewed each year in Europe – the low- or non-alcoholic beer sector is booming,” said Pierre-Olivier Bergeron, secretary general of Brussels lobby The Brewers of Europe. “Growth is particularly strong in traditional markets such as Belgium and Germany.”

Germany’s consumption of “0%” brands went from 2.3 million hectolitres in 2007 to more than 6.2 million in 2017, which is 6% of national

production. This unprecedented growth is even more surprising given that non-alcoholic beer is not new. For example, Swiss brewer Halden-gut was making a non-alcoholic beer, ironically named “Perplex”, as far back as 1908. Driven by Tourtel and Kronenbourg, the sector experienced a small media comeback in the 1980s. But consumers didn’t like the beers, saying they were bland or only for former alcoholics.

“For a long time, non-alcoholic beer had a bad reputation, simply because it didn’t taste good,” said Bergeron. “Today, the taste is much closer to alcoholic beer. And honestly, in blind taste tests, I sometimes haven’t been able to tell the difference.” Marcel Kreber, director of the Swiss Breweries’ Federation, agrees: “It

was an old market that faded away, or never even took off, really. It has now been revived with the launch of new products. Increased demand pushed brewers to be more creative. They innovated and created better beers.”

But more than the supposed quality of the beer, Moshmi Kamdar believes that this growth is actually due to changes in behaviour: “People want to lead healthy lifestyles. There is an underlying trend for drinking more healthily and in moderation,” said the analyst from Union Bancaire Privée (UBP). “This societal shift has caused the non-alcoholic drinks industry to thrive.”

And beer giants have jumped on the bandwagon. ABInBev, Heineken and Carlsberg have all made 0%

alcohol versions in the last five years. But this isn’t the first time these companies have tried the non-alcoholic trend: Heineken has sold alcohol-free beer under the brand Buckler for a long time, as has Carlsberg under its subsidiaries Kronenbourg and Feldschlösschen. But none have tried under their flagship brands. In 2015, the Danish company Carlsberg started the movement with the launch of Carlsberg 0.0. It was followed by ABInBev, which released Budweiser Prohibition and Corona Cero in 2016, and Heineken, which launched Heineken 0.0 in 2017 and Affligem 0.0 in 2019.

“That means, from a marketing perspective, that these groups are no longer scared of harming their brand

Budweiser and Corona estimate that 20% of their total production will be low-alcohol or alcohol free by 2025

image with these products,” said Karine Gallopel-Morvan, professor at the EHESP School of Public Health and a specialist in the marketing strategies of the tobacco and alcohol industries. In other words, buoyed by its new healthier, cooler image, non-alcoholic beer has gained some status. Budweiser and Corona estimate that 20% of their total production will be low-alcohol or alcohol free by 2025.



Ben Branson, founder and CEO of Seedlip, a non-alcoholic spirit brand acquired by Diageo.

SEEDLIP



Launched in Q2 2017, Heineken 0.0 contains no trace of alcohol.

KOEN VAN WEEL / ANP / AFP

At least 10 new brands of low- or zero-alcohol spirits were launched in 2019

According to *The Economist*, the revival of non-alcoholic beer is also due to its success in the Middle East. During the 2022 World Cup in Qatar, 0% beverages are likely to be flowing, with the country having decided to introduce a new alcohol tax on 1 January 2020 that will make a 24-pack of Heineken cost about 100 Swiss francs.

DON'T FORGET WINE AND SPIRITS

But while alcohol-free beverages are now becoming a part of the brewing landscape, perhaps more surprising is that wines and spirits are doing the same. "In 2004 when we launched Côte de Vincent, our range of alcohol-free wines, everyone thought we were crazy," said Bruno Marret, head of the company Signatures de Prestige. "Now, sales are increasing every year."

Tesco, Britain's top supermarket, recently released a range of wines with less than 0.5% alcohol. Marks & Spencer has also developed alcohol-free wine, as have Migros, Coop and

Denner in Switzerland. However, the reputation of 0% wine still has some way to go, with wine lovers unconvinced by its particular taste. "It took decades for non-alcoholic beer to become popular," said Marret. "It will be the same for wine." While numbers in traditional wine-growing countries are quite low, between 2018 and 2022 the non-alcoholic wine market is expected to grow 4% annually in Germany, 6.6% in Great Britain and, most significantly, 18% in the United States, according to a report from International Wine and Spirit Research (IWSR).

There is more enthusiasm for spirits: "The low- and zero-alcohol market

is booming," according to Ulrich Adam, director general of Spirits Europe. "Many start-ups are developing vodkas, gins and whiskies with a low ethanol percentage. And mocktails are becoming increasingly popular. This spirit-free movement is a real trend in the industry." According to specialised website The Spirit Business, at least 10 new brands of low- or zero-alcohol spirits were launched in 2019. Faced with this new competition, traditional brands are reacting. In August, top spirits producer Diageo announced it had acquired a majority stake in Seedlip. Created in 2015, the UK-based start-up is the first company to mar-

ket a high-end spirit that contains no alcohol. Its beverages are now available in more than 25 countries.

"Diageo's acquisition of Seedlip is proof that the big names are carefully watching the growing non-alcoholic spirits industry, even if it's not a real threat to their business due to its still limited volume," said Virginie Roumage, food and beverages analyst for investment bank Bryan, Garnier & Co. In 2018, Diageo also released two "ultra-low alcohol" gin and tonic drinks via its Gordon brand. And the British giant isn't the only one taking an interest in the sector. In 2018, Pernod Ricard, which has sold Pacific (a non-alcoholic aniseed-flavoured aperitif) since 1982, partnered with premium brand Cedar's, a direct competitor of Seedlip. While the French giant is currently content with just distributing bottles from the company that produces

"gin without alcohol", it will no doubt acquire the start-up if sales take off. And that may very well happen: according to estimates from the IWSR, between 2018 and 2022 sales of "low and no-alcohol" spirits are expected to grow annually at a rate of 81% in United Kingdom, 37% in Spain and 7% in the United States.

Instead of taking the traditional alcohol industry head on, the "no-alcohol" segment provides new alternatives to companies in the sector. "Consumers aren't just pregnant women or people looking to cut back on their alcohol consumption," said Moshmi Kamdar of UBP. "For example, many people no longer drink beer or wine at lunch during the week, because it is no longer acceptable in a professional setting. With the no-alcohol trend, it is once again possible. This new offer considerably expands the market." ▲

0.5%

IS IT REALLY ALCOHOL-FREE?

In Switzerland, Article 2 of the Swiss Federal Department of Home Affairs' regulation on alcoholic beverages states that "the percentage of ethyl alcohol in non-alcoholic drinks cannot exceed 0.5% vol." In other words, non-alcoholic beer may still contain some alcohol. It's a contradiction, but it's legal. Feldschlösschen, for example, contains 0.5%. However, new arrivals on the market such as Carlsberg 0.0 and Heineken 0.0 are focusing their messages on the fact that there is no trace of ethanol in their drinks. In 2017,

alcohol-free varieties made up 3% of total beer production in Switzerland. For spirits, there are all kinds with either very little alcohol or none at all. But generally, they cannot be named the same as their alcoholic counterparts. To officially be called whisky, for example, a drink must contain at least 40% alcohol. So brands must get creative when it comes to names, such as the Spanish non-alcoholic "whisky" WhisSin, the US brand WKNO and the Scottish label Glen Haggis, which are clever nods to whisky lovers.

Hard seltzer's easy success

Continuing the trend of healthy, natural products, alcoholic sparkling water is all the rage among young Americans. Will it spread to the rest of the world?

BY BERTRAND BEAUTÉ

Get drunk on water. The idea seems like a paradox, and yet it is sweeping the United States like wildfire. Over the past several months, a new refreshment has been invading supermarket shelves: hard seltzer. Sold in aluminium cans, the seltzer was named the “best drink of 2019” by the *Washington Post*. The ranking holds up. Sales of the alcoholic water increased 169% in 2018, reaching \$487.8 million, according to a Nielsen report published in January 2019. And the trend isn't stopping there. According to UBS, the market is expected to reach \$2.5 billion in 2021, with annual growth of 66%.

“Hard seltzers are really the current big trend on the American market,” said Moshmi Kamdar, analyst at Union Bancaire Privée (UBP). These drinks are very popular with young people who want healthier options with fewer calories, in order to maintain their weight but still consume alcohol.” Whether plain or fruit-flavoured, these beverages contain about as much alcohol as a beer (4% to 6%), but far fewer calories. A can of White Claw, the leading brand with a market share of 50%, contains 100 calories and two grams of sugar, compared to 140 calories and an average of 10 grams of sugar for a lager.

These beverages contain about as much alcohol as a beer but far fewer calories

Another advantage of hard seltzer: the products are easily Instagrammable. Young people are sharing photos of it on social media, which is increasing the buzz. The beverage has become so popular with all genders that it is now the subject of many Internet memes.

While the sector's biggest brand is a small US company (White Claw is owned by private company Mark Anthony Wine & Spirits), the success of hard seltzer is a big opportunity for alcohol giants. Belgian-Brazilian brewer Anheuser-Busch InBev and UK spirits group Diageo, for example, already have their own brands of hard seltzer: Bon & Viv and Smirnoff Seltzer, respectively. Other listed companies (read our company selection on p. 46) are also trying to take advantage of the trend, such as Boston Beer Company (with Truly, the second best-selling brand), Molson Coors (Henry's Hard Sparkling Water) and Constellation

Brands, which launched Corona Refresca in March 2019.

Buoyed by its success in the United States, hard seltzer brands are now trying to break into Europe. Since 2019, they can now be found in supermarket aisles in Sweden and the United Kingdom. While there is currently no planned expansion into Switzerland, the phenomenon is already worrying public health experts: “With their inoffensive appearance, low price and ambiguous marketing, hard seltzer is targeting young people,” said Grégoire Vittoz, director of Addiction Suisse. “But alcohol is toxic, no matter how it is consumed.”

GETTY IMAGES



Official sponsor of the Fizz Fight Festival, held in September 2019 in Denver, the Smirnoff Seltzer alcoholic water appeals to young women who care about their appearance.



INTERVIEW

"Consumers aren't as loyal as they used to be"

Heineken, the second-largest brewer in Switzerland after Carlsberg, is diversifying its range with the launch of new beers. Bart de Keninck, Managing Director of Heineken Switzerland, spoke with *Swissquote Magazine*

BY BERTRAND BEAUTÉ

At the helm of Heineken Switzerland since August 2018, Belgian-born Bart de Keninck is obviously a beer lover. "It's a fantastic, natural product," says the 39-year old chief. But consumer habits are changing. So the Dutch brewer must bring its 700 employees, two breweries – in Chur and in Lucerne – and some 15 brands distributed in Switzerland in line with the times. As Heineken increases the number of its beers on the market, promotes local brands and launches non-alcoholic beers, de Keninck unveils his strategy for Switzerland with ardent enthusiasm. Find out more in this interview.

Beer consumption in Switzerland has risen slightly in recent years. Why do you think the market is doing so well?

Switzerland is following the same trend as other mature markets. Consumption is stagnant or in-

creasing slightly, while in Asia and Africa it is rising fast. The growth in Switzerland in the past three or four years is due to two reasons. First, the population continues to grow, which naturally increases sales. And second, beer is increasingly popular with consumers and is gaining market share over wine and spirits.

This growth is also driven by microbreweries, which are popping up everywhere. What is your response to this competition?

Over the past 10 years, the number of breweries has shot up in Switzerland – there are now more than 1,000. But we should bear in mind that 99% of the beer consumed is produced by the 51 largest brewers. The rest divvy up the remaining one per cent. Microbreweries are not a threat to us. I'd actually say just the opposite! These days, consumers want diversity and a wealth of options. They want to explore new

tastes and are no longer as loyal to a single brand as they used to be. Microbreweries have met that demand by diversifying supply for consumers. And that has pushed us to be innovative. For example, we launched Heineken 0.0 last year and Calanda Tandem this year. The takeaway is that more and more people are turning to beer, and all players – big and small – are benefiting from that.

But people want to consume more "local" and "craft" beer. Isn't that a threat for a multinational like yours?

Of course, we're well known for our international brands such as Heineken and Desperados. But Heineken group sells more than 300 local beers worldwide, including five in Switzerland (Calanda, Eichhof, Haldengut, Ittinger and Ziegelhof), so we're already strongly positioned in the segment.

Consumption of traditional lagers, like Heineken, is declining. Will that type of beer soon be sidelined?

No. Consumption is definitely down, but lagers are still the biggest sellers. However, it's true that growth is coming from other types of beer. Our customers want less bitter, easier-on-the-palate products, such as Desperados and Calanda Radler. They also want to drink "better". In other words, they want more premium, more complex beers that are richer in taste, whether it's an international beer like Birra Moretti or a local one like Ittinger. Also, nowadays people want to drink more moderately.

That's why you launched Heineken 0.0 in Switzerland in 2018...

The market for non-alcoholic beer remains small, especially in Switzerland, where it accounts for 3% to 4% of volumes sold, as opposed to 10% in Spain. But we really believe in the potential of alcohol-free products. Demand has been around for a long time and is rising. In Switzerland, we currently market

four non-alcoholic or low-alcohol beers (Calanda, Eichhof, Erdinger and Heineken 0.0), and their sales are growing. Over the next few years, we will add new products to the range, which will probably be non-alcoholic versions of our Swiss beers.

If demand has been around for a long time, why did Heineken come on board so late compared with the competition?

The technology wasn't ready. Until just a few years ago, it was still impossible to produce beers that were truly alcohol free. Some alcohol always remained, and that made things a bit hazy for consumers. Can someone who must completely abstain from drinking have a beer that contains 0.5% alcohol? Today, innovation has enabled us to produce Heineken 0.0 and Calanda Radler 0.0, which contain no trace of ethanol. It's much clearer for consumers. For a long time, the process of removing alcohol, or dealcoholisation, also removed the bitter taste and all the flavour from beer. Lots of customers were disappointed with the products. But now we can preserve the original taste. The quality of non-

alcoholic beer has finally caught up to the market.

Won't non-alcoholic beers compete with your traditional products?

That's not at all what we've observed. Customers who buy our 0.0 products are mainly beer drinkers who prefer to abstain from consuming alcohol in certain situations, such as before driving or at lunch. Instead of competing with our own brands, non-alcoholic beer expands the market, because people drink it when they normally wouldn't have beer.

Apart from selling non-alcoholic beer, what are you doing about problems caused by alcohol?

That's a key issue for us. Beer is a wonderful product, but it must be consumed wisely. To prevent the harmful consequences of excessive consumption, 10% of our media spend on the Heineken brand goes to promote moderation. In 2017, we launched the "When You Drive, Never Drink" campaign. We also support the organisation Nez Rouge, which provides safe driving services, in Lucerne and Chur. ▲

Originally from Belgium, Bart de Keninck joined Heineken in 2006. In August 2018, he was appointed Managing Director of Heineken Switzerland, which sells the Lucerne brand Eichhof.



7 *intoxicating companies*

The global alcohol market is controlled by a handful of mostly European multinationals. But a few outsiders are making a name for themselves. We take a closer look.

BY BERTRAND BEAUTÉ

Campari: the king of Spritz

This success story should be taught in marketing school. When Campari acquired the Aperol brand in 2003, the transaction seemed like a mistake. The Aperol Spritz, a cocktail invented in the early 20th century, was seen as old-fashioned and was only served in and around Venice. No one could have imagined that it would expand outside the region.

“At the time, a Spritz was served in ordinary glasses,” recalled Andrea Neri, managing director of brands at the Campari Group, in an interview with financial newspaper *Les Échos*. “We came up with the idea of serving them in large wine glasses to accommodate our customers who wanted ‘easier’ drinks that had less alcohol but still looked like a fancy cocktail.” With that, the unprecedented Spritz boom began. In just a few years, the orange beverage became the trendy cocktail, perfect for summer drinks outside. Even Madonna and Halle Berry were photographed with a glass in hand. The aperitif

was named the “drink of summer 2018” by the *New York Times* and global sales shot up 28%. And that’s not all: “In North America, the Spritz isn’t as well-known as it is in Europe,” said Moshmi Kamdar, analyst at Union Bancaire Privée. “So the scope for growth is still significant.”

But instead of resting on its laurels with its star product, Campari, whose portfolio includes about 50 brands including Skyy vodka, Kentucky Wild Turkey whisky and Bisquit cognac, is diversifying. In early September, the Milan-based group announced the acquisition of Rhumantilles, which owns Martinique rum brands Trois Rivières, La Mauny and Duquesne, for €60 million. With this transaction, which will be finalised in late 2019, Campari is strengthening its position in rum, which wasn’t its specialty. Most analysts agree with this strategy and recommend keeping shares, which are already well-valued. The share price has increased nearly 190% over the last five years.

FOUNDED
1860

HEADQUARTERS
MILAN (IT)

EMPLOYEES
4,000

2018 REVENUE
€1.7 BN

CAPITALISATION
€9.5 BN

— CPR



AND ALSO...

CARLSBERG: #3 IN THE BEER MARKET

In the first half of 2019, Carlsberg generated a solid performance, with revenue up 6.5% to reach 32.990 billion Danish kroner (4.8 billion Swiss francs). But the brewer, which owns the iconic Feldschlösschen in Switzerland, saw its eponymous brand fall 3% over the period. With growth of 17% and 16% respectively, craft beers and non-alcoholic beers drove the group’s revenue upwards.

FOUNDED: 1847
HEADQUARTERS: COPENHAGEN (DK)
EMPLOYEES: 40,000
2018 REVENUE: DKK 62.5 BN
CAPITALISATION: DKK 150 BN

— CARL-B

HEINEKEN: THE GREEN STAR

When publishing its 2018 results, the Dutch brewer announced that the brand had generated its “best performance in more than a decade”. This is particularly due to the success of its non-alcoholic beer Heineken 0.0 (read more on p. 38 and 44).

FOUNDED: 1864
HEADQUARTERS: AMSTERDAM (NL)
EMPLOYEES: 80,000
2018 REVENUE: € 22.5 BN
CAPITALISATION: € 55.5 BN

— HEIA

KIRIN: THE JAPANESE BREWER

The Rugby World Cup, held from 20 September to 2 November in Japan, will boost sales of Kirin beer. A partner of Heineken (the official sponsor of the competition), the Japanese company expected to increase production by 80% in September. Beyond the rugby competition, Kirin is one of the most consumed beers in the archipelago alongside its competitors Asahi, Sapporo and Suntory.

FOUNDED: 1885
HEADQUARTERS: TOKYO (JP)
EMPLOYEES: 30,000
2018 REVENUE: ¥ 1,900 BN
CAPITALISATION: ¥ 2,080 BN

— 2503

Pernod Ricard: a creative spirit

In 2012, US magazine *Forbes* ranked Pernod Ricard 15th in its list of the most innovative companies, ahead of tech giants like Google (24th) and Apple (26th). This recognition garnered a chuckle in France, where Pernod is still highly associated with its aniseed-flavoured aperitif which is considered old-fashioned. But the French group, ranked second globally in the spirits market behind British giant Diageo, is bursting with creativity. In addition to launching new products, such as Beefeater Pink rosé gin and Jameson Caskmates whisky aged in dark beer casks, Pernod Ricard began a partnership last year with Chinese tech giant Tencent, which owns social network WeChat.

The goal: to seduce Chinese millennials. While alcohol sales are sluggish or falling in Europe, they continue to rise in Asia. Pernod Ricard hopes to capitalise on this growth, particularly with targeted marketing campaigns authorised by its partner Tencent. The strategy seems to be working. In the 2018/2019 financial year, which closed in August, the French group recorded a 21% increase in revenue in China and 20% in India. Conversely, its global sales were up only 6%.

However, Pernod Ricard hasn't forgotten its traditional markets. This year, the group quietly acquired Spanish e-commerce company Bodeboca, the leading online wine seller in Spain. Last year, it acquired Uvinum, a European specialist in online alcohol sales. Most analysts recommend keeping shares of Pernod Ricard, which is already well-valued, as the share price has gone up 78% over the last five years.

FOUNDED
1975
HEADQUARTERS
PARIS (FR)
EMPLOYEES
19,000
2018/2019 REVENUE
€ 9.182 BN
CAPITALISATION
€ 42.9 BN
RI



PERNOD RICARD

**BROWN-FORMAN:
TENNESSEE WHISKY**

When Donald Trump decided to tax steel and aluminium imports, Europe and China responded by sanctioning American whisky. This was unwelcome news for Brown-Forman, one of the largest US whisky producers with its Jack Daniel's brand. However, the share price has reached a record high and analysts recommend keeping shares.

FOUNDED:	1870
HEADQUARTERS:	LOUISVILLE (US)
EMPLOYEES:	4,500
2018/2019 REVENUE:	\$3.324 BN
CAPITALISATION:	\$29.4 BN
BF.B	

THAIBEV: CHANG BEER

Thai Beverage, better known as ThaiBev, is the largest brewer in Thailand. Listed on the Singapore Exchange, the company sells Chang and Archa beer, among others.

FOUNDED:	2003
HEADQUARTERS:	BANGKOK (TH)
EMPLOYEES:	22,000
2018 REVENUE:	SGD 10.411 BN
CAPITALISATION:	SGD 22.47 BN
Y92	

**MOLSON COORS:
THE CANADIAN-AMERICAN**

"I have no doubt. Hard seltzer is here to stay." In August, CEO of Molson Coors Brewing Company Gavin Hattersley was confident: hard seltzer is not just a trend. And Molson Coors hopes to capitalise on it. The result of a merger of Canadian brewer Molson and US brewer Coors in 2005, Molson Coors launched its Henry's Hard Sparkling Water brand in 2018.

FOUNDED:	2005
HEADQUARTERS:	DENVER (US)
EMPLOYEES:	17,000
2018 REVENUE:	\$10.8 BN
CAPITALISATION:	\$12.45 BN
TAP	



Fever-Tree: chic gin

FOUNDED
2004
HEADQUARTERS
LONDON (UK)
EMPLOYEES
135
2018 REVENUE
€237.4 M
CAPITALISATION
€2.8 BN
FEVR

Consumers who buy premium alcohol to make cocktails want quality mixers to go with it. Founded in 2004, UK group Fever-Tree is the first company to understand this and has focused on high-end tonic water. Its mixers, a luxury Schweppes, if you will, are especially benefiting from the revival of the gin and tonic (see also p. 36). In this segment, Fever-Tree's market share in Great Britain went from 1.6% in 2014 to 12.6% in 2018, according to Euromonitor International. Over the same period, the market share for Coca-Cola, which owns the Schweppes brand, fell from 34.8% to 23.4%.

As a result, since its IPO in 2014, Fever-Tree shares have increased nearly 1,400%. And this could go up even more. In 2018, Fever-Tree's profits soared 34%. While the company is particularly dependent on the success of gin and tonics, with tonic waters making up nearly 80% of its revenue, Fever-Tree also sells other mixers, such as ginger ale, ginger beer and bitter lemon. Most analysts recommend purchasing shares.

ABInBev: a foam party

A very successful endeavour. On 24 September, Belgian-Brazilian beer giant ABInBev announced that it had raised \$5 billion during the IPO of its Asian subsidiary, which is valued at \$45.6 billion. The funds raised with this IPO, the second largest of the year behind Uber, will allow ABInBev to reduce its colossal debt: more than \$100 billion in 2018.

Since acquiring SABMiller in 2016 for \$100 billion, ABInBev has been in the process of debt-clearing, which is affecting its results. In the 2018 financial year, the owner of Budweiser saw its net revenue drop nearly

15% compared to 2017, to \$6.7 billion. But the Leuven-based group, which sold 567 million hectolitres of beer in 2018, has a solid foundation. Its flagship brands Budweiser, Stella Artois and Corona were up 9% in 2018. And the company, which reacted more quickly to the craft beer phenomenon than its competitors Heineken and Carlsberg, is wise to focus on the non-alcoholic phenomenon. Twelve new beers from around the world were added to ABInBev's low-alcohol (less than 3.5%) or non-alcohol portfolio last year. The giant is predicting that this market segment will make up 20% of its volume in 2025, compared to 8% currently.

Constellation: wagering on cannabis

FOUNDED
1945

HEADQUARTERS
NEW YORK (US)

EMPLOYEES
9,000

2018 REVENUE
\$7.6 BN

CAPITALISATION
\$39.5 BN

STZ

“Everyone in the alcohol industry is keeping a watchful eye on developments in the cannabis market,” said Virginie Roumage, food & beverages analyst at Bryan, Garnier & Co. “For the time being, they have adopted a wait-and-see attitude, but aren’t ruling out the possibility of getting involved.” So far, only one US company has sown the seeds of development in the cannabis market. In 2017, Constellation Brands, which distributes Corona beer in the United States, announced that it had acquired a 9.9% stake in Canadian cannabis producer Canopy Growth, for \$191 million. It now holds 38% of shares. The idea is to eventually develop cannabis-based drinks.

Two years later, the investment has not been successful. “We remain confident in the cannabis industry and its long-term potential, but we are not satisfied with

Canopy’s recent performance,” said Bill Newlands, CEO of Constellation Brands, in June. Indeed, Canopy Growth reported a record loss of CA\$1.281 billion in the quarter from April to June 2019, compared to a deficit of CA\$91 million in the same quarter the year before. This poor performance, due to large investments in production and marketing, had quite the impact on Constellation Brands, which recorded a loss of \$245.4 million in the first quarter of its financial year.

While the cannabis market was less profitable than expected, Constellation can still recover with hard seltzer. In March 2019, it launched Corona Refresca in the United States, available in three flavours: Coconut Lime, Guava Lime and Passionfruit Lime. With its exotic tastes, this hard seltzer is expected to be popular with young people. Most analysts recommend purchasing shares of Constellation Brands and believe that the cannabis market will be gradually legalised in most countries.

Budweiser

where there's life...there's Bud.

KNOW HIM? He's the easiest man in town to meet. Just visit your friendly tavern and ask for Budweiser...King of Beers.

FOUNDED
2008

HEADQUARTERS
LEUVEN (BE)

EMPLOYEES
175,000

2018 REVENUE
\$54.62 BN

CAPITALISATION
\$169 BN

ABI

**MARIE BRIZARD:
THE LONG TUNNEL**

Marie Brizard Wine & Spirits (MBWS), which owns William Peel whisky and Sobieski vodka among others, is currently struggling. After recording a loss of €67.3 million in 2017, the company remained in the red the following year with a deficit of €62 million. But MBWS has bounced back slightly in the first half of 2019, with losses of only €7.7 million.

FOUNDED: 1755
HEADQUARTERS: PARIS (FR)
EMPLOYEES: 2,000
2018 REVENUE: €388.9 M
CAPITALISATION: €88.2 M
MBWS

**REMY COINTREAU:
THE AMERICAN RISK**

Owner of premium cognacs Rémy Martin and Louis XIII, the Rémy Cointreau group is enjoying the phenomenal success of this alcohol, of which 97.7% of the production is exported out of France. But Donald Trump's threat of taxing French wine and alcohol, if it actually comes to fruition, could hurt the group's results. The United States is the top global market for cognac.

FOUNDED: 1724
HEADQUARTERS: COGNAC (FR)
EMPLOYEES: 1,800
2018 REVENUE: €1.21 BN
CAPITALISATION: €6 BN
RCO

**HITEJINRO:
THE EMPEROR OF SOJU**

Besides Koreans, very few people know of soju. But this rice alcohol is the best-selling spirit in the world, far ahead of vodka and whisky. Why? Koreans drink a lot of soju. In 2017, the leading brand Jinro produced nearly 700 million litres of the drink, selling it for less than €3 per bottle.

FOUNDED: 1924
HEADQUARTERS: SEOUL (KR)
EMPLOYEES: 3,000
2018 REVENUE: KRW 1,890 BN
CAPITALISATION: KRW 1,923 BN
000080

FOUNDED
1984

HEADQUARTERS
BOSTON (US)

EMPLOYEES
1,500

2018 REVENUE
\$995 M

CAPITALISATION
\$4.26 BN

— SAM

Boston Beer: #2 in hard seltzer

Known for its craft beers, the Boston brewer has bright prospects. The company is expected to benefit from the staggering growth of hard seltzer sales in the United States. Through its subsidiary Truly, Boston Beer is the second-largest player in the sector behind private company White Claw. This year, sales of hard seltzer have

shot up 200%, whereas the share price of Boston Beer has increased by “only” 45%. This differential led Guggenheim Securities to reiterate its recommendation to purchase shares in late September. According to the investment bank, sales of Truly hard seltzer will surge 160% in 2019, and then increase by another 85% in 2020.



Diageo: the British empire

Public health experts cringed at the marketing campaign. In April, Diageo launched a limited edition of its Johnnie Walker whisky inspired by the successful series *Game of Thrones*. The goal the company won't admit to? Targeting younger generations who are fans of the universe created by George R. R. Martin. It was a success. According to the group's annual results, published in July, sales of Johnnie Walker were up 7% over one year. But the global leader in the spirits market, ahead of French group Pernod Ricard, didn't really need this campaign to generate a solid performance. Owner of Smirnoff vodka, Guinness beer and Lagavulin, Talisker and

Caol Ila whiskies, the British giant recorded a 4.6% increase in net profits, reaching €3.16 billion during its 2018/2019 financial year, which closed at the end of June. These numbers were drawn upwards by excellent results in its tequila (+29%) and gin (+22%) divisions. More good news: vodka, which had been on the decline in recent years, saw positive growth (+2%) while Guinness remained steady (+2%). Analysts have mixed feelings about Diageo's shares. A slight majority recommends purchasing, whereas others recommend keeping shares, as they are already well-valued after a rise of 80% over the last five years.

FOUNDED
1997

HEADQUARTERS
LONDON (UK)

EMPLOYEES
30,000

2018 REVENUE
€ 12.163 BN

CAPITALISATION
€ 78.13 BN

— DGE



DIAGEO

ADVINI: TERROIR WINE

With 2,300 hectares of working vineyards, Advini is one of the rare pure players of wine that is publicly listed. While the company isn't exactly popular with analysts, it does generate positive results with a 2018 revenue of €257.1 million, up 2.9% compared to 2017. This boost continues into 2019: revenue increased 9.3% in the first half of the year, reaching €130.5 million.

FOUNDED: 1981

HEADQUARTERS: SAINT-FÉLIX-DE-LODEZ (FR)

EMPLOYEES: 300

2018 REVENUE: €257.2 M

CAPITALISATION: €111 M

— ADVI

LAURENT PERRIER: MOVING UPMARKET

As a recognised Champagne specialist, with its famous vintages Grand Siècle and UltraBrut, Laurent Perrier continues its upmarket trajectory. Currently, 40% of the group's revenue (€249 million in 2018) comes from high-end champagne.

FOUNDED: 1812

HEADQUARTERS: TOURS-SUR-MARNE (FR)

EMPLOYEES: 160

2018 REVENUE: €249.6 M

CAPITALISATION: €527 M

— LPE

LANSON: KEEPING PARTIES IN MIND

The third-largest champagne group in the world behind LVMH and Vranken-Pommery Monopole, Lanson BCC saw its revenue grow 6.1% in 2018, compared to the previous year. 2019 began less well, with a 9.9% drop in revenue in the first half of the year. But as 50% of champagne sales occur during end-of-year holiday parties, Lanson BBC is hoping to make up the difference in December.

FOUNDED: 1991

HEADQUARTERS: REIMS (FR)

EMPLOYEES: 150

2018 REVENUE: € 277 M

CAPITALISATION: € 190 M

— ALLAN

The alcohol lobby has a reason to celebrate

Multinational alcohol giants have successfully blocked most of the truly effective preventative policies that protect young people from substance abuse – a strategy that is detrimental to public health. We delve in.

BY BERTRAND BEAUTÉ

Officially, the alcohol industry says it is not encouraging young people to drink. “We’re not doing that, that would be inexcusable,” says Ulrich Adam, director general of lobby group Spirits Europe. But despite its responsible messages, the industry – just like any other – needs to renew its customer base. “Young people are the consumers of tomorrow,” says Karine Gallopel-Morvan, professor at EHESP School of Public Health and marketing strategy specialist. “The

goal of alcohol groups is to convince new generations to drink at the youngest possible age.”

To do so, the multinationals embark on highly targeted marketing campaigns. “The alcohol industry uses the same strategies as the tobacco industry did,” continues Gallopel-Morvan. “For example, in the 1990s, tobacco companies sold flavoured cigarettes, and then ‘light’ cigarettes. We’re seeing exactly the same approach today with alcohol: there are

‘light’ beverages with low calories, as well as very sugary products. These are undeniably the same strategies. It makes sense, because they work.”

Most beer giants, for example, offer low-calorie alternatives to their most popular drinks, such as Heineken Light, Bud Light and Corona Light. As for flavours, companies are launching pre-mixed drinks – ready-to-drink cocktails such as strawberry mojitos – as well as non-traditional concoctions, such as flavoured wine where

the sugar hides the taste of alcohol. Market leader Fruits and Wine (of the Marie Brizard Wine & Spirits group) now sells organic versions of its apple- and pear-flavoured white wines. Supermarkets sell bubble-gum and caramel bar rosés and even cola-flavoured red wine, known as Sucette.

With rare candour for the market, Pierre Jean Larraqué, owner of LVI (which markets the Sucette wines) explained this trend in an interview with French daily *Sud-Ouest*: “These ▶

A pint at the ready! In Germany, the land of beer, politicians’ proximity to the alcohol industry is never a problem: in 2015, Christian Schmidt, then Angela Merkel’s agriculture minister, was appointed Beer Ambassador by the Deutschen Brauer Bund, the country’s main beer lobby.

wines, which are sold for less than €3, are a gateway for novice drinkers to eventually move to more traditional wines.”

“There is an all-out offensive on social media”

Franck Lecas, of Association française de prévention en alcoologie et addictologie (ANPAA)

Hidden advertising

While traditional marketing that targets young people still has a future, with product placement in films and sponsorships of sporting and cultural events, alcohol giants are also investing heavily in online adverts, as generations Y and especially Z (born after the year 2000) spend a lot of their time on the web. “There is an all-out offensive on social media,” says Franck Lecas, of Association française de prévention en alcoologie et addictologie (ANPAA), a French

alcohol awareness group. “On Instagram in particular, pictures of young people holding bottles of alcohol are very common. And they’re not just photos by regular people. Influencers are paid to post them. There’s nothing that says these photos are sponsored. These hidden adverts are illegal.” In January 2019, for example, France Info revealed that influencer Gioboyparis, who has 600,000 followers on Instagram, had received €4,000 to post a picture of himself holding a bottle of 1664 (Carlsberg group). And he’s certainly not the only one.

As a result, according to the “Health Behaviour in School-aged Children” (HBSC) study, which looks at the behaviour of children aged 11 to 15 in 46 countries (the latest edition was published in March 2019), alcohol consumption among Swiss children aged 11 to 15 has not declined since 2014. Over the 30 days that preceded the study, 46% of boys and 41% of girls age 15 consumed alcohol at least once.



“We are pleased that the numbers aren’t going up. But we are not pleased that they’re not going down,” says Grégoire Vittoz, director of Addiction Suisse. The stakes are high: “The earlier children begin drinking, the more likely they are to regularly consume alcohol as an adult. Furthermore, during adoles-

cence, the body is actively growing. Excessive alcohol consumption at that age has devastating repercussions on the body.”

But there are effective ways to keep young people away from alcohol. “Price is very important,” says Vittoz. “We see it with tobacco: as cigarettes get more expensive, more young people stop smoking. But alcohol is still far too accessible. In Switzerland, you can buy a litre of beer for one franc and a litre of vodka for 10. Prices have continued to fall over the last 20 years because taxes have decreased.”

But raising alcohol prices isn’t as easy as it seems. In 2012, the Scottish Parliament passed a law that would set a minimum price for alcohol. Fearing that the idea – praised by the medical community as the biggest step forwards in public health since the ban on public smoking – could catch on elsewhere, the alcohol lobby did everything it could to keep the law from passing. The debate went all the way to the European Court of Justice, which in 2015 ruled that setting a minimum price was illegal. Finally, the British Supreme Court overturned the decision, determining that Scotland was within its rights. So in May 2018, the country of whisky became the first European nation to set a minimum price for alcohol. A bottle of whisky cannot be sold for less than €14 (19 Swiss francs) and a bottle of wine with 12.5% alcohol content cannot be sold for less than €4.69 (6.4 Swiss francs).

Labels on the menu

While the alcohol lobby lost the battle in Scotland, it has won many more elsewhere, thanks to its considerable resources. According to data from the Transparency Register, the European Union database that tracks company declarations, global beer leader ABInBev spent between €500,000 and €600,000 on political lobbying in Brussels in 2018, while

DOUBLE STANDARDS

“Smoking kills.” Printed on packs of cigarettes in large type, this shocking phrase aims to keep people from lighting up. But what about the same on bottles? Absolutely nothing of the sort. Beyond the alcohol tax, Swiss law doesn’t require any specific warnings, as if there was a fundamental difference between tobacco and alcohol. And yet, in an August 2018 study published in the prestigious journal *The Lancet*, scientists confirmed that alcohol has a negative impact on health even after just one glass. According to the World Health Organization (WHO), alcoholic beverages cause 3.3 million deaths each year globally, including 1,600 in Switzerland, meaning that alcohol kills fewer people than tobacco (8 million deaths per year) but far more than illicit drugs (450,000).

“Ethanol is a small molecule that ends up everywhere within the body,” says Daniele Zullino, head of the addiction treatment centre at Geneva University Hospitals (HUG). “In small doses, the risk to your health is small but not negligible, and risk increases exponentially as consumption increases. In excess, alcohol is associated with liver diseases such as cirrhosis, as well as many other diseases such as cancer and brain damage.” In 2017, the Swiss Federal Office of Public Health decided to revise its alcohol rec-

ommendations downwards. It is now advised that people consume no more than two to three drinks per day for men (versus three previously) and one to two drinks for women (versus two previously) and to abstain from drinking entirely two days per week.

Since the late 1960s, alcohol consumption has fallen in Switzerland. “The situation is improving but there is still a margin,” says Daniele Zullino. “Alcohol remains the number one problem at addiction treatment centres.” There are nearly 250,000 people suffering from alcohol addiction in Switzerland. And much like second-hand smoke, “second-hand alcohol” exists. In a 2019 study published in the journal *BMC Medicine*, researchers demonstrated that alcohol had an impact on people other than drinkers. These include victims of car crashes, family and friends of people who become violent when drunk, and children born with disabilities as a result of foetal alcohol syndrome. “There are 100,000 children living in Switzerland with an alcoholic parent,” says Grégoire Vittoz of Addiction Suisse. “Alcohol is a cultural phenomenon, and I don’t advocate prohibition, but as a society we don’t talk enough about our consumption. Alcohol is currently absent from political debate in Switzerland.”

According to a study published in 2017, the alcohol product placement in American films increased by 5% per year, between 1996 and 2015. The problem? Research has shown that alcohol consumption in films has an incentive effect on behaviour, especially among young people.



Heineken spent between €300,000 and €400,000. Major spirit groups spent even more: between €700,000 and €800,000 for Diageo and €800,000 to €900,000 for Pernod Ricard.

It’s worth the money: labels are an excellent example of the influence of the alcohol lobby. All food products sold in the EU, including bottled water and soda, must state all ingredients on their packaging

as of 2011. But shockingly, alcohol is an exception: neither ingredients nor nutritional facts are required to appear on the labels. In 2017, Brussels wanted to put a stop to this loophole, incurring the wrath of the industry lobby. Between February 2018 and February 2019, the European Commissioner for Health and Food Safety or members of his cabinet met with representatives from the alcohol industry to discuss this 58 times. Comparatively, the >

Commissioner met with the European Consumer Organisation (BEUC) only once. This strategy paid off, because the European Health Commissioner finally gave up, allowing players in the alcohol industry to do as they wished.

The beer sector decided to comply. “It’s no longer wise to hide ingredients,” says Pierre-Olivier Bergeron, secretary general of lobby group The Brewers of Europe. “Consumers are demanding transparency and that’s why we are committed to including our products’ ingredients and calories on their labels.” Spirits groups, which opted to publish the information online but not directly on bottles, and winemakers, that did nothing, are far less accommodating. Companies are refusing to provide details about their products because the information could jeopardise sales. For example, one large glass of white wine contains more than 180 calories, which is equivalent in terms of calories to a piece of chocolate cake. In a society where people are increasingly concerned with their appearance, this type of information could dissuade potential consumers.

What’s more, while wine is seen as a natural product, it’s not made entirely from grapes. Far from it. In February 2019, France Info sent several bottles of wine to a laboratory for testing. The result: between additives and pesticide residue, red

and white wines are a cocktail of molecules that would not be ideal information to share for the sake of transparency. “The European Union is clearly not a favourable area for promoting public health,” says Lecas.

AUTONOMOUS VEHICLES: A BLESSING

In March 2018, the Foundation for Advancing Alcohol Responsibility – a non-profit organisation financed by industry leaders such as Diageo and Pernod Ricard – supported AV Start, a bill introduced in the US Senate seeking to accelerate the deployment of autonomous vehicles. The reasoning is clear: with self-driving

cars, blood alcohol levels would no longer prohibit a person from returning home after a night out – meaning consumers could drink even more. According to a Morgan Stanley study published in September 2017, the development of autonomous vehicles could bring in an additional \$56 billion a year for the alcohol industry.

“Brussels cares more about economic consequences than health issues. And the lobby prevents Brussels from considering alcohol a public health concern.” Since the five largest producers in the world are European (Diageo, Pernod Ricard, Heineken, Carlsberg and ABInBev), they have enormous clout when it comes to EU decisions.

Individual responsibility

The alcohol lobby is also active in Switzerland. During the discussions on a total revision of Swiss alcohol law, for example, the Council of States of Switzerland agreed to establish a minimum price. The law also called for night bans, in which no alcohol is sold between 10 pm and 6 am, and happy hours would also be prohibited. These meas-

Upon his arrival at the Elysée Palace, Emmanuel Macron appointed Audrey Bourrolleau, former delegate of the Wine and Society lobby, as an agriculture councillor. Since then, the French president has been constantly defending the industry, saying: “I drink wine at lunchtime and in the evening (...) There is a public health scourge when young people get drunk very quickly with hard liquors or beer, but not with wine...”

STEPHANE MAHE / POOL / AFP

ures have proven effective: “In the Cantons of Vaud (since 2015) and Geneva (2005), establishing night bans has led to fewer cases of alcohol poisoning,” says Vittoz. But it was not upheld at the federal level. After being under consideration for nearly four years, the total revision of the alcohol law was laid to rest in 2015. Instead, in late 2017, Parliament requested that alcohol be once again allowed for sale for consumption on or off the premises in shops at motorway rest areas – a kind of sale that had been banned since the 1960s!

In Switzerland, AEPM (Alliance des milieux économiques pour une prévention modérée), a pro-alcohol group that is an arm of the Swiss Small Business Association (USAM),

speaks out whenever measures to reduce alcohol consumption are being discussed. The organisation, which in its own words “fights against excessive government involvement in terms of alcohol prevention and health in general,” was closely involved in the discussions on the total revision of Swiss alcohol law. While the AEPM claims to “support increased measures to protect young people”, it is against “a ban on giving minors alcoholic beverages”.

“Switzerland is a very liberal country. Public health measures that limit the market are viewed extremely poorly. People prefer to focus on freedom and individual responsibility,” says Vittoz. “But are adolescents really free to decide for themselves when faced with the marketing power of the alcohol industry?”

Learning to enjoy alcohol

Franck Lecas of ANPAA agrees: “The alcohol lobby believes that effective prevention measures, such as limiting advertising and raising prices, are damaging to their business. Instead, they have developed their own prevention tools, particularly the concept of learning to enjoy alcohol from a young age, which supposedly results

in moderate, managed consumption of alcohol. But that concept has never been scientifically proven.”

“The entire industry is working to promote responsible alcohol consumption,” says Ulrich Adam of the lobby group Spirits Europe. “We’re putting in a lot of effort to inform the public, particularly via our platform drinksinitiatives.eu. Regarding health, the alcohol industry has demonstrated its commitment and the numbers prove it: alcohol consumption is down in Europe. People are drinking more moderately.”

“Lobbies prevent Brussels from considering alcohol a public health concern”

Franck Lecas, of Association française de prévention en alcoologie et addictologie (ANPAA)

In an interview with RTS in 2017, professor Jean-Bernard Daepfen, head of the alcohol treatment centre at Lausanne University Hospital (CHUV), dismantled this argument: “Historically, we always said that alcohol abuse was harmful for your health. But scientific proof says otherwise: alcohol in any amount, even just a small dose, is dangerous for your health.”

Moreover, alcohol giants benefit from promoting reasonable alcohol consumption: most of their revenue comes from excessive drinkers. In Switzerland, 11.1% of the population drinks 50% of all alcohol sold, and more generally, the global alcohol market follows the Pareto Principle: 20% of drinkers consume 80% of production. In Switzerland, one out of every five people, or 20% of the population, drinks too much. So, if every excessive drinker stopped consuming alcohol, the industry would lose 80% of its turnover. The commitment to promoting moderate consumption among young people is only a tactic to recruit future excessive drinkers – the core of the alcohol industry’s revenue. ▲



With its packaging and quirky humour, the Celtik brewery targets young people with its Levrette beer.

The fake steak battle embroils the United States

Two start-ups, Beyond Meat and Impossible Foods, are competing in the thriving veggie meat market. Nestlé wants to rock the boat.

BY ANGÉLIQUE MOUNIER-KUHN



Curious consumers weren't discouraged one bit by rain, double-parked cars or queues that formed hours before opening time. Was it the release of Apple's latest smartphone or the start of Black Friday? Nope, it was neither. On 26 August, hundreds of people queued in front of the Kentucky Fried Chicken in Smyrna, a northern suburb of Atlanta, to taste the latest innovation from Californian start-up Beyond Meat: nuggets and grilled wings that taste, feel and look like chicken, but made entirely from vegetable ingredients. In other words, chicken without the chicken.

Preceded by a viral digital marketing campaign, the launch was a test: the fast-food chain would decide whether or not to make "Beyond fried chicken" available in its restaurants based on reactions from these first taste testers. Given the consumers' enthusiasm, the king of fried chicken would be foolish to not surf the veggie meat wave that is unfurling across the United States.

With the keen interest of consumers, especially flexitarians (ed. note: semi-vegetarians) and millennials, along with the monomania of

American media, "fake meat" has become the biggest phenomenon of the year. It comes as producers are running around to sign partnerships in retail and fast food. But the food everyone is talking about is no longer the dry, often tasteless cakes made from soya, oats or lentils from days of vegetarians past. Now, veganism is disruptive. Much more than a 100% vegetarian steak, this is a highly technological product whose characteristics could be mistaken for a good traditional cut of beef: tender, red, rare meat turning brown on the grill, with a meaty taste.

According to research firm Nielsen, annual sales of veggie meat in the United States shot up 42% between March 2016 and March 2019, reaching \$888 million. Over the same period, sales of traditional meat only increased 1% to hit \$85 billion. In this promising market, Beyond Meat, created by entrepreneur Ethan Brown in 2009, isn't the only brand creating a buzz. But the start-up is

a pioneer in many respects. Based in El Segundo, the "Silicon Beach" of Los Angeles, Beyond Meat is the very first protein substitute company to go public. And it went big.

Similar to a real burger, and those claims are true. I was able to do a taste test

Beyond Meat's share price nearly tripled during its first day on the NASDAQ exchange in late May, and continues, despite significant fluctuations, to have one of the best performances of the year on Wall Street. The company is worth nearly \$10 billion in capitalisation, barely seven years after its first product hit the market: a chicken substitute made from soya powder, gluten-free

flour and carrot fibres. But today it's the "Beyond Burger", its flagship product, that makes up 70% of sales and has everyone's attention.

Currently marketed in its 2.0 version, this burger made from pea proteins, mung beans, brown rice and coconut oil is the first vegan product to be included in the meat aisle of supermarkets. Beyond Burger claims to be quite similar to a real burger, and those claims are true. I was able to do a taste test: between two slices of bread with some lettuce and mustard, the Beyond Burger is no better or worse than a regular fast-food burger. It even looks similar.

Like all its competitors, Beyond Meat focuses its marketing campaigns on climate change. According to the company, producing the Beyond Burger requires 99% less water and 46% less energy than a traditional burger and generates 90% less greenhouse gas while still providing an equivalent amount of protein. ▶

JOHN AMIS THE ASSOCIATED PRESS





Co-founder and CEO of Beyond Meat, Ethan Brown, surrounded by colleagues at the company's IPO on 2 May 2019.

BRENDAN MCDERMID / REUTERS

Furthermore, the Beyond Meat burger contains no cholesterol, gluten, GMOs or soya. "In the United States, 'soya-free' has become almost required after scientists discovered that consuming too much soya was bad for your health. While searching for vegetable alternatives, pea protein was the winner," said Matthieu Vincent, the Paris-based co-founder of DigitalFoodLab, a FoodTech consulting firm.

Beyond Meat has not yet turned a profit. But this year, the company is expecting an operational balance, with revenue up more than 170% to hit \$240 million. And it's not stopping there. According to a recent Barclays study, vegetable proteins make up 1% of global meat consumption valued at \$1,400 billion. This share "could reach 10% by 2029, which is a potential market worth \$140 billion," according to the bank. The sum certainly whets appetites and encourages competition.

For the time being, Impossible Foods is Beyond Meat's main rival. Founded in 2011 by scientist Pat Brown, the Californian start-up is also growing fast, driven by the success of its "Impossible Burger". While Impossible Foods says there is "no rush to go public", it raised \$300 million this spring during a new round of financing from well-known investors such as Bill Gates (who originally supported Beyond Meat), and musicians Jay-Z and Katy Perry, as well

as sport stars Serena Williams and Paul George. Its fake steak is sold at chains such as Hard Rock Cafe, Red Robin, and most importantly Burger King, which announced this August that it would sell the "Impossible Whopper" in its 7,000 restaurants across the US.

Like its rival Beyond Burger, which has contracts with TGI Fridays and Dunkin', the Impossible Burger is also 100% vegetable. But beyond the ex-

IN VITRO MEAT: A SCENARIO FOR THE FUTURE

Synthetic meat, created in vitro from stem cells, is another intriguing alternative to farming. It would meet a growing global demand for animal protein, particularly in emerging countries. Several start-ups are currently working on this. "But this 'clean' meat is still only in the 'technological hypothesis' phase," said Matthieu Vincent,

a FoodTech specialist. "The concept has been mastered and some companies have conducted experiments, but none are able to produce the meat at a reasonable cost," he added. Currently, creating one kilogramme of "clean meat" costs nearly \$10,000. That is far too expensive to anticipate marketing the product in the short or medium term.

pected environmental argument, its popularity comes from a new ingredient: leghaemoglobin, which contains DNA sequences that allow soya to create protein. This is what gives the Impossible Burger the red, juicy appearance of meat, and a taste that fans believe is better than the Beyond Burger. However, this genetically modified substance has no plans to expand to Europe, as the market is currently deemed unpredictable compared to the potential of the US market. Beyond Meat, on the other hand, has already started to expand to Europe. In August, leghaemoglobin was deemed not dangerous by the US Food and Drug Administration. That was the green light Impossible Foods was waiting for to be able to sell its products in retail shops and compete with Beyond Meat, the (until now) uncontested leader in supermarkets such as Kroger, Whole Foods, Walmart and Safeway.

But one last battle remains to be won: McDonald's, and its 14,000 restaurants across the United States. In late September, the company announced that it would be testing sandwiches with Beyond Meat at its Canadian restaurants. A logical choice: Don Thompson, former CEO of McDonald's, was one of the first shareholders of Beyond Meat. Immediately after this announcement, Beyond Meat shares jumped 16%. Notably the news is enough to make analysts salivate. For those at Jefferies, if the test is a success, the McDonald's-Beyond Meat alliance will allow the Californian company to accelerate its international development and generate economies of scale which would strengthen its margins and solidify its position as leader.

It's in this cut-throat context that a third player has entered the scene: an agro-food heavyweight determined to shake up the fake-meat market dominated by start-ups. Announced some time ago, the "Awesome Burger" was finally launched in September by Sweet Earth, a

vegan brand acquired by Nestlé in 2017. But this isn't the Vevey-based giant's first foray into the market. In April, its subsidiary Garden Gourmet launched the "Incredible Burger" in several European countries including Germany, Austria, Denmark and Norway. No date has been announced for a launch in Switzerland and the rest of Europe. Made from soya and wheat proteins, this burger is produced in the Czech Republic. "It doesn't have a great taste," said an industry observer. But that hasn't stopped Nestlé from selling five million burgers over five months in Germany, where the burgers are distributed by McDonald's.

"The new CEO of Nestlé, Ulf Schneider, is very interested in R&D and is attentive to what consumers want. Nestlé's new method consists of testing the market by launching a product even if it's not yet perfect, and then improving it gradually," said Jean-Philippe Bertschy, financial analyst at Vontobel. Indeed, just this summer, Nestlé announced a new version of its Incredible Burger that is meatier and juicier.

Its cousin, the Awesome Burger, was produced specifically for the US market: it doesn't contain soya but instead uses protein from the yellow pea, a legume rich in fibre.

Despite the success of fake meat with consumers, the debate rages on about the questionable nutritional quality of these vegetable-based alternatives. The Beyond Burger isn't certified organic and the Impossible Burger contains a genetically-modified substance. These questions, which are constantly asked by the meat lobby, are casting a shadow on the inspiring potential of a sustainable and more balanced food source. "These are highly processed products," said Vincent. "It goes without saying that they are not yet perfect. But the margin for progress is still significant in the alternative protein industry." ▲

ANALYST'S OPINION

BEYOND MEAT: AN "ATTRACTIVE" STOCK

On 20 August, JP Morgan raised its recommendation for Beyond Meat from Neutral to Overweight. This new-found optimism stems from a higher-than-expected potential to acquire new clients, as well as possible new partnerships with fast-food groups and the company's valuation level. "We're aware that the increased capital (ed. note: which the company raised in early August) discouraged many investors," said the bank. However, "with an available cash flow that will likely exceed \$300 million by the end of Q3, a potential upwards revision of earnings expectations and a share price down 40% from its highest point, we believe that the stock has become attractive yet again." JP Morgan set its price target to \$189 by December 2020. Beyond Meat's main competition, Impossible Foods, is not publicly listed.

FOUNDED: 2009

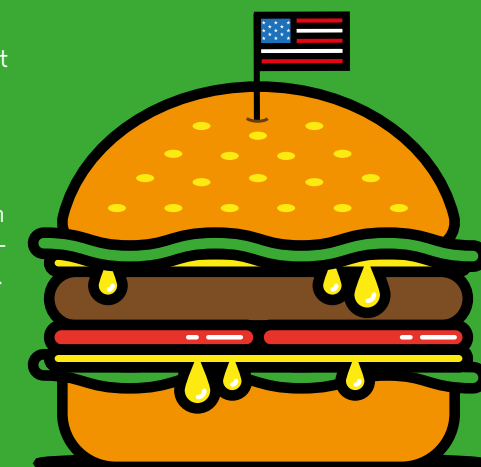
HEADQUARTERS: EL SEGUNDO (US)

EMPLOYEES: 400

2018 REVENUE: \$87.9 MILLION

CAPITALISATION: \$10.4 BILLION

BYND



Intel vs. AMD: The blue giant is on the ropes

The world leader in microprocessors has taken some serious blows from its long-time challenger. But this time, it could be a knockout. Here is its story...

BY LUDOVIC CHAPPEX

In the blue corner is Intel, the world's leading manufacturer of semiconductors, with revenue of over \$70 billion, more than 100,000 employees worldwide and experience going back some 50 years. In the red corner is AMD (Advanced Micro Devices). It's the same age, it also comes from California, but it has one-tenth of the revenue and workforce of its competitor. Basically, it's a David and Goliath scenario.

So, what happened in recent months for AMD to get under the skin of its arch-enemy? For the first time, Intel is clearly on the ropes. And the punches are rolling in from all sides: the microprocessor (CPU) market for consumer PCs – the highest-profile sector – and also for data centres.

On the PC market, the latest upgrades to AMD's high-end Ryzen microprocessor (3700X and 3900X)

come out on top in many applications, especially in CPU-intensive tasks such as video editing. Intel's superstar (Core i9-9900K) still retains a slight edge when it comes to gaming performance – now a strategic market – but just barely. Ryzen processors are also less power-hungry than their rivals, and cost much less while delivering equivalent performance.

“Intel is a ship that has water coming in for the next 2–3 years in their core CPU businesses”

Hans Mosesmann of Rosenblatt Securities

This sudden advantage for AMD comes essentially from the extremely small process size of its new microprocessors, a crucial factor in the power race. In this respect, the red team is well ahead of its Californian neighbour. Its Ryzen range can boast a 7 nm process, while Intel can only achieve 14 nm. PC users apparently

got the message, as, in the past few months, many of them have joined the “reds”, AMD's signature colour. While official figures have yet to be released, it is possible to get an idea of the shift based on numbers published by other industry players. At MindFactory, Germany's biggest online retailer, AMD clearly out-matches Intel. In March 2017, 72.4% of MindFactory's processor deliveries were Intel models, versus 27.6% for AMD. In September 2019, two and a half years later, the curves have been reversed, with AMD now accounting for 81% of sales, compared to 19% for Intel.

“Intel is a ship that has water coming in for the next 2–3 years in their core CPU businesses,” said Hans Mosesmann from Rosenblatt Securities, one of the industry's most highly regarded experts. What caused the ship to start sinking? By carefully sticking to its roadmap, Intel wanted to move too fast into a 10 nm process. That challenge proved more complicated than expected, as Intel CEO Bob Swan publicly admitted. The Santa Clara-based firm has been delaying release since 2016. Its first 10 nm processors are expected to finally hit the market at the end of this year, aimed at laptops initially.

Mention of 2021 – without further specifics – was made for plans to come out with a 7 nm process. Might the blue giant have overestimated its strengths? In an in-house memo that was leaked before landing on Reddit, Intel appears surprised, or even impressed, with the spectacular progress of AMD.

To make matters worse, the threat is now spilling into professional markets, currently a high-growth sector. For several years, Intel has been working to break out of its historical “PC-centric” business model towards a more “data-centric” one, to use the company's terms. That means developing and selling products designed specifically for big data segments that can process, store and transfer data at ultra-high speeds. This transformation is definitely under way, as noted in the company's 2018 annual report. Within the past five years, the share of data-centric businesses in Intel's total revenue has jumped from 38% to 48%. In 2018, growth in this sector reached 18%, compared to 9% for the PC-centric sector. This performance is encouraging – or at least it was before AMD's awakening.

Now the challenger is doing better than merely holding its own in the

professional segment as well. Its new EPYC 2 family of data centre processors exhibits performance speeds that are up to twice as fast for certain tasks, making its counterpart, Intel's Xeon Platinum, pale in comparison. In a 29 July memo, Mosesmann documented AMD's uppercut: "Basically, AMD's EPYC 2 now becomes the Alpha predator in the world of data center for a full year; simply mind boggling." To drive that home, AMD has relished the opportunity to announce that the core design for its EPYC 3 is already set.

then appointed to the permanent position in January 2019, does not garner massive enthusiasm among observers. Bernstein analyst Stacy Rasgon took a wilful jab at Swan in a report, pointing specifically to his lack of technical expertise. "He'll likely continue to keep expenses under control, and he'll keep the ship afloat. At the same time however, he has a number of critical decisions, some quite technical, to make in short order which may be challenging to execute on." Well aware of the changes taking

Nervana in 2016, and of the Israeli company Mobileye, which develops driving assistance systems, in 2017 – illustrate this strategy. But Intel faces strong competition in all of these business sectors. When it's not AMD, it's Nvidia, another rising star in the industry and a long-standing specialist in designing graphics processing units (see inset).

These factors have ensnared Intel's share for the past two years or so, while AMD's share has had the wind in its sails. Does this mean that investors are now advised to avoid the Santa Clara powerhouse? Opinions diverge greatly. As one of its harshest critics, Mosesmann of Rosenblatt Securities has tacked an unambiguous "sell" status on Intel, but most analysts maintain a "Hold" recommendation. A handful of optimists, such as Joseph Moore of Morgan Stanley, have kept their trust in the blue giant and recommend a "buy". Meanwhile, it's no surprise that analysts are keen on the AMD share. Although its valuation is already high, the challenger has recommendations ranging from "hold" to "strong buy". Back in the ring, we're still waiting to see how the battered heavyweight will react. ▲

Well aware of the changes taking place in the industry, Intel is exploring multiple potential applications, from autonomous cars to cloud computing

Experts believe that this technological lag could be costly for Intel, as the market is more than ever looking for powerful hardware.

As if to symbolise this reversal of fortune, AMD's CEO since October 2014 is a woman who has been labelled as a visionary and has received countless awards and honours. Lisa Su, 49, is a Taiwanese American who was named Executive of the Year by *EE Times* in 2014 and one of the World's Greatest Leaders by *Fortune* magazine in 2017. Under her leadership, AMD has taken a huge leap forward. Between 2016 and 2018, revenue rose more than 50%, R&D spending jumped by over 40%, and gross profit practically doubled. Topping things off, AMD had the best-performing share in the S&P 500 for 2018 (falling thereafter before gradually returning to its peak this summer).

In the opposite corner, Bob Swan looks like a leader by default. Intel's former CFO, appointed interim CEO in June 2018 following the resignation of Brian Krzanich,

place in the industry and concerned about seizing any future market opportunities, Intel is now exploring and working on multiple potential applications, from autonomous cars to cloud computing and artificial intelligence (AI). Intel's takeovers in recent years – including that of the California-based AI software startup

A THREE-WAY MATCH

You can't talk about the duel between Intel and AMD without mentioning Nvidia. This third player, founded in 1993 and also based in Santa Clara, is the leader in graphics processing units, or GPUs. This makes it a clear-cut rival for AMD, which is also very active in this segment, but also for Intel, which develops its own integrated graphics chips, mainly for office applications. In terms of its size (nearly 12,000 employees)

and revenue (\$11.72 billion), Nvidia more closely resembles AMD than Intel. The tech firm – whose signature colour is green – has shown spectacular growth in recent years, making it a stock market darling (despite a significant dip in 2018). Like its rivals, it is building on its technological know-how and the power of its chips to expand into new sectors, such as autonomous cars and supercomputers.

LET YOUR PORTFOLIO GO VEGETARIAN

 **THEMES TRADING**

**Vegetarianism
Certificate**

**ISIN: CH0489280914
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Invest in a burgeoning market
with a simple click

Vegetarianism is a global trend which should keep picking up pace in the next decades. Our certificate, traded on the SIX Swiss Exchange, allows you to invest in this socially responsible and ecologically sustainable theme.

[swissquote.com/vege](https://www.swissquote.com/vege)

 **Swissquote**

LOMBARD LOANS

FREE UP CASH WITHOUT SELLING YOUR SECURITIES

Obtain funds without having to make a dent in your portfolio? It's possible, and actually very simple, with a Lombard loan. Read on for more information.

[SWISSQUOTE.COM/LOMBARD](https://www.swissquote.com/LOMBARD)

SPECIAL OFFER

0% interest rate
on CHF Lombard
loans until 31st
March 2020

The offer is valid for new
loans granted between
1st October and 31st December
2019 only on
the CHF amount used.*

A Lombard loan is a little known term for a clear concept: it is simply a loan granted against the pledge of assets, such as stocks, bonds and investment funds. The benefit for borrowers is the ability to increase their buying power in just a few clicks without needing to sell assets from their investment portfolio.

A Lombard loan can thus be used to obtain liquidity quickly, but more importantly it is also an excellent way to invest in new opportunities, without changing the return of a current portfolio.

This product is aimed at all Swissquote clients, including those who only invest small amounts.

Take advantage of the opportunity!

SWISSQUOTE ADVANTAGES

- Loan application and signing of the agreement done entirely online
- Obtain your loan in one hour when applying online
- No additional administrative fees

*See offer conditions

DEMOS FROM THE SWISSQUOTE TEAM

The second Swissquote Trading Day will take place on 13 November in Zurich. This event helps broaden horizons when it comes to trading. We get a preview.

Spend a day combining theory and online trading practice, alongside industry professionals, in an enjoyable, relaxed environment. This is the concept of the Swissquote Trading Day, taking place in Zurich for the second time. Jan de Schepper, chief sales and marketing officer at Swissquote, explains more.

What is Swissquote Trading Day?

It is a day of presentations and sessions of live trading. The public is able to watch live as experts do their jobs, as well as interact with them and ask questions. We wanted Trading Day to

be both useful and fun for the public. And it's all free, so even better!

Can you give us a sneak peek of the event on 13 November?

It will be held at Samsung Hall in Zurich, a very beautiful space that often hosts concerts. Marc Bürki, CEO of Swissquote, will say a few words of welcome in the morning and launch the discussion. Then, several other presenters will follow, including experts from outside Swissquote. The event will be moderated by journalist Markus Koch, a well-known personality at n-tv and writer for the

Wall Street Journal. The presentations will be in German.

What type of audience does this event draw?

A wide variety of people. Many already have a decent mastery of trading and wish to perfect their skills. But there are also novices. We need to cater to everyone. If someone doesn't understand a certain aspect, they needn't worry, as our teams will be available to help explain. We will have stands for exactly that purpose. Also, you aren't required to attend every presentation – the choice is yours. ▲

PROGRAMM*

Moderiert von Markus Koch

07:00
Türöffnung und Anmeldung
Willkommens-Kaffee & Gipfeli

08:00
Begrüssung
Marc Bürki, CEO von Swissquote

08:15
Live Trading Europäische Märkte
Orkan Kuyas, Carsten Umland, Harald Weygand und Cirił Staempfli

10:00
Trading von digitalen Vermögenswerten
Isabella Brom, COO von KORE Technologies

10:30
Marktausblick
Achim Matzke, Leiter Technische Analyse & Index Research bei der Commerzbank

11:30
Live Trading Forex
Josef Heimerl, Emanuel Sieber und Gary Klopfenstein

12:30
Pause

13:15
Swissquote Innovationen und Produkte
Jan de Schepper, Chief Sales and Marketing

13:30
Guck mal, wer da spricht?
Bauch, Herz und Kopf fällen Ihre Trading-Entscheidungen
Dr. Raimund Schriek, Persönlichkeitsentwicklung, Finanzcoaching

14:30
Swissquote Robo-Advisor
Simon Morgenthau, Head Sales eTrading Private Clients & Partners

15:00
Live Trading USA
Orkan Kuyas, Carsten Umland, Harald Weygand und Cirił Staempfli

16:30
Wieso sollte ich Optionen leer verkaufen
Enzo Zinnà, Eurex Exchange

17:00
CH-Dividendentitel
Bernhard Lüthi, Fonds Manager UBS

17:30
Fear versus Fact – Die Chancen und Risiken von Core Beta Strategien im aktuellen Marktumfeld
Andreas Zingg, Head of ETF Sales Specialists Europe von Vanguard

18:00
The Future Show
Gerd Leonhard, CEO von The Futures Agency

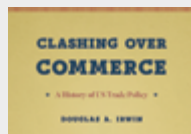
19:00
Apéro

REGISTRIERUNG

[SWISSQUOTE.COM/SQTD](https://www.swissquote.com/SQTD)

*All presentations will be in German

TO READ, TO DOWNLOAD



University of
Chicago Press, 2017
CHF 40.-

CLASHING OVER COMMERCE

A HISTORY OF US TRADE POLICY

By Douglas A. Irwin

Recently a major aspect of current affairs, America's protectionist tendencies are in fact as old as the United States itself. In this highly detailed work, Douglas A. Irwin, social sciences professor at Dartmouth College (New Hampshire), retraces the history of foreign policy as it relates to US trade from 1640 to today, and its impact on political debate over the centuries. This book is a breath of fresh air, providing perspective at a time when debate is raging once again between ardent free-trade advocates and protectionists.

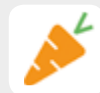


Simon & Shuster,
2019
CHF 30.-

KOCHLAND THE SECRET HISTORY OF KOCH INDUSTRIES AND CORPORATE POWER IN AMERICA

By Christopher Leonard

In *Kochland*, economics journalist Christopher Leonard provides an extremely thorough account of the empire founded by the Koch brothers – the youngest of whom, David, passed away on 23 August. Shrouded in mystery, and financing the most conservative wing of American politics, the Koch brothers have amassed a fortune of more than \$80 billion, enough to pay for all sorts of fantasies. The revenue of this financial behemoth, whose management is noticeably similar to that of partisan operations, is higher than that of Facebook, Goldman Sachs and U.S. Steel combined. Covering the methodical liquidation of unions, financing climate scepticism and the purchasing of influence in Washington, this fearless book shines a harsh light on one of the most influential families in modern American capitalism.

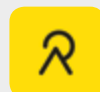


Free, in-app
purchases
Google Play
App Store

YUKA

SUPERMARKET PRODUCTS DEMYSTIFIED

Super handy, practical and easy to use, Yuka scans the bar code of food and cosmetics products and decodes their ingredients. The ever-expanding database of products is already quite impressive: most goods available in Switzerland are already on the app. Calories, proteins, saturated fat, sugars, salt and fibre: each product is analysed in detail and rated according to whether it is good or bad for your health.



Free, in-app
purchases
Google Play
App Store

RELIVE

3D WORKOUTS

Amateur sportspeople will love this app – but their loved ones may be less enthused. Rather than churning out numbers, Relive allows athletes to visualise their workout on a bike or on foot with a beautiful, precise 3D animation that includes the typical statistics – speed, pulse, elevation – and then share this with friends or competitors.



Free, in-app
purchases
Google Play
App Store

LYMO RIDER

UBER GETS A CHALLENGER

Essentially an ethical, local Uber, this trip comparison app doesn't include prices for rides. The app puts drivers in contact with potential customers, and the price of the ride is determined directly between them. Currently in testing in Geneva, the app – in which Stanislas Wawrinka himself is an investor – is expected to quickly expand its network to Zurich and other cities in Switzerland, before going international.



Free, in-app
purchases
Google Play
App Store

WEPARENT

AN APP FOR SEPARATED PARENTS

This “co-parenting” app is designed for separated or divorced parents, helping them to facilitate the management and care of children together. The app includes many features such as a calendar, messaging, and a file sharing system. It's highly useful for calmly resolving the many organisational issues that may arise while avoiding face-to-face stress.



Statement

USM stands for timeless design, subtle yet prestigious. Its simplicity grants freedom of style, its reduction creates space for maximum class.

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TRAVEL

Colombia: a cup of coffee under palm trees

Visiting the “zona cafetera” is a required stop for any trip to Colombia. The country is particularly excellent for horseback riding, mountain biking and hiking treks. We took a trip to find out more.

BY STANISLAS CAVALIER

At 60 metres tall, wax palms are an extremely rare species found only in this part of Colombia.



Ignored by foreigners for a long time, Colombia is experiencing an unprecedented boom in tourism since the Revolutionary Armed Forces of Colombia (FARC) set down their weapons in 2016. It has to be said that the destination, in part divested of its endemic violence, has much to offer. The Andean country, the second richest nation in the world in terms of biodiversity after Brazil, has an abundance of natural treasures. One of these is without a doubt the incredible valley of Cocora.

To get there, head to the “zona cafetera”, a region classified as a UNESCO world heritage site, where Colombia’s other flagship product is produced: coffee. The excursion begins in Salento. Founded in 1842, this small village with traditional architecture is perched 2,000 metres above sea level in the central Andes. With an average temperature of 15°C, the air is rather cool and humid, and at a high altitude, but don’t let that discourage you! With its very colourful houses, this charming pueblo is both lively and calming. On weekends, the central “Parque”, the heart of the village, comes alive with the rhythm of music playing in bars, if an orchestra isn’t already playing directly in the street. The terraces are inviting and welcome you to sit and taste “trucha fresca” (grilled, fresh trout), one of the region’s traditional dishes, along with a cold local “cerveza” (beer).

From the Parque, head up the touristy Calle Real, the town’s main street, to reach the steps that go to Alto de la Cruz. Some 250 steps later, the trek is worth it. The viewing point above Salento offers an incredible panorama over the village and the luxurious region of Quindío, a view that foreshadows many hikes that are not to be missed. ▶

Since you're in the region of coffee growing, start off with a short warm-up walk to the well-named Fincas route. From Salento, it is about an hour's walk on a rocky path to the nearest coffee plantations. Once you reach the plantations, the workers are thrilled to explain all the details of arabica made in Colombia (about 50,000 pesos, or approximately 15 francs).

Several waterfalls and suspended bridges make our hike seem like an *Indiana Jones* adventure

The best view, in terms of hiking, is the Cocora Valley and its incredible biodiversity. To reach the exceptional views, you can rent mountain bikes in Salento to finish off the 15 kilometres between the village and the entrance to the valley. The road, which follows tight hairpin turns, winds through lush green landscapes, prairies with cows and horses, forests and plantations. Everything is the most wonderful green. We chose to rent one of the antique Jeep Willys from the central plaza in Salento. The 4x4s that once were used by the US army during World War II are now revamped to fit in perfectly with Colombia's style, painted in bright colours with oddball wheel rims and religious images. Exactly what you need for a picturesque drive.

Once past the Río Quindío, a river that begins in the national park, you will be stunned to see the majestic palmas de cera, or wax palms, that tower over the canopy. These trees, which can grow up to 60 metres tall, are able to flourish at an altitude of between 1,500 and 3,000 metres in the fog and cool air, which is rath-



Between modernity and history, Cartagena is an ode to the softness of Caribbean life.

MUST-DOS

Two times larger than France, Colombia includes all the landscapes of Latin America in one country: snow-capped summits, green plains, tropical forests, the Caribbean sea, the Pacific Ocean... So much so that visitors often leave thinking that they visited several countries in just one trip. As a result, it is hard to choose between the many things to do: go back in time at Villa de Leyva, a magnificent colonial town from the 16th century; delve into the Amazonian jungle at Leticia; look for whales on the Pacific coast; or kitesurf on the Guajira Peninsula... The possibilities are endless.

A detour to Cartagena is absolutely necessary. Founded in 1533, Cartagena de Indias is one of the most beautiful colonial villages in South America. While the fortified old city centre is rich in history, the Caribbean climate is also perfect for enjoying

sunny beaches and nights dancing to the rhythm of the Cumbia. If you're looking for calmer activities, head to the Rosario Islands, where the bright blue water, white sand beaches and coral reefs invite you to relax, daydream and maybe even scuba dive. The city of Medellín is also rising from the ashes, seducing an increasing number of tourists who are fans of the series *Narcos* and its hero Pablo Escobar. Local tourist agencies have taken full advantage: dozens have organized "Pablo tours" and the shops are filled with t-shirts, mugs and other goodies that shamelessly promote the effigy of Don Pablo, similar to how "I Love New York" hats are sold elsewhere. But this association is not seen as a good thing by everyone. Over 50 years, drug trafficking killed more than 200,000 people in the country and Colombians would prefer to turn the page on their dark history.

ISTOCK



Perched at an altitude of nearly 2,000 metres, the village of Salento enchants with its colourful houses and gentle living.

ISTOCK

GETTING THERE

From Geneva or Zurich, flights to Bogota and then Pereira. Starting at 700 Swiss francs per person (round trip).

To reach the Cocora Valley, you have two options: rent a car at the Pereira airport, then take the Ruta Nacional 29 to Salento, or take the bus for 7,000 pesos (approximately 3 francs) for a one-hour trip.

WHERE TO STAY

Reserva Guadalajara

Located between Salento and the Cocora Valley, this family home converted into a Bed & Breakfast is an idyllic and calm oasis in the middle of nature. Don Diego welcomes his guests with everything they need. He also offers horseback rides on the property. If you get hungry, try the delicious trucha fresca (grilled, fresh trout) or the "lomo al trapo" (coal-fired salt-crusted beef).

Starting at 60 Swiss francs per night for two people

Lumbre Glamorous Camping

Luxurious glamping, this lodging is ideal for a relaxing stay near Cocora. The employees, who all speak perfect English, provide helpful tips about things to do in the region.

Starting at 120 Swiss francs per night for two people

er strange for a tree that usually grows on the coast and in tropical climates. It is a rare species. In other words, the only place you'll see these gigantic bushy trees is right here in the region, especially in the Tohecito river basin. So it is no surprise that Colombia chose this tree to be its "national tree".

After the canopy, you can choose between two potential routes either on foot or horseback. The first route is easy (around 5 kilometres) and ends at two viewing points with a splendid view over the wax palm trees. The second route is longer (12 kilometres) and winds through extraordinarily diverse landscapes. After stopping at the viewing points and navigating through the palms, we head up the Finca La Montaña, located at nearly 2,800 metres of

altitude. From there, we begin the descent. The contrast is striking. After having walked through lush green hills, we enter the forest, which is reminiscent of a tropical jungle.

Several waterfalls and suspended bridges above waterways make our hike seem like an *Indiana Jones* adventure. During the descent, our eyes were wide open appreciating the extraordinary fauna at every turn. The forest abounds with hummingbirds and it's quite possible to see toucans and sometimes even pumas. We were also surrounded by many species of orchids. After 4 to 6 hours of walking, we reach our starting point hungry for a "bandeja paisa" – a highly recommended regional specialty – followed by a well-deserved black coffee. ▲

TENSION RETURNING?

In late August, the former second-in-command of the Revolutionary Armed Forces of Colombia (FARC), Ivan Marquez, announced his return to combat by claiming that the peace agreements signed three years ago had not been followed. But his declaration had little effect on any other ex-FARC members. There is currently no fighting. And tourist destinations are spared from this threat.



AUTO

The chic French family car

With the 508 SW, Peugeot stands out in the ever-competitive big estate car market. We took a test drive.

BY BLAISE DUVAL



PEUGEOT 508 SW

HORSEPOWER:
130 TO 225 HP
WEIGHT:
1,415 TO 1,535 KG
LENGTH:
477 CM
PRICE:
FROM CHF 39,140.-

Seducing and convincing drivers who love German premium brands is no easy task, but generalist manufacturers are testing the waters. To win over consumers, each is focusing on its personal strengths. For Peugeot, the efficient body – the Sochaux group's famous “road hugger” – was always its trump card. But over the past few years, models from the French brand were also consistently praised, and even won awards, for another quality: their advanced design.

The newly released 208 is a prime example. So is the 3008 SUV launched three years ago, which has become the best-selling model for its category in France. But we're talking about the estate car here: the new 508 SW. The lion brand's current spearhead is both sleek and stylish. The design is stunning from all angles. But this category of vehicles is increasingly eclipsed by SUVs, even though it deserves attention from frequent drivers looking for loading space.



You might lose a few centimetres in height, or the seat position might not be quite as imposing when driving in the city, but you gain momentum and a better feeling when the road opens up. The 508 is easily one of the best offers in its class. Comfort, precision and power are all at play, even without the optional adaptive suspension, and despite having only “ordinary” traction. The 180 hp diesel 2.0i BlueHdi of our test model demonstrated respectable ease in most situations. Drivers wanting to lighten the front end or looking for a more sporty motor would likely opt for the 225 hp petrol 2.0i.

The design is just as distinct and original in the interior, but it is a matter of opinion. Drivers will have to get used to the small steering wheel and the futuristic cockpit that looks like a spaceship and slightly crowds the front passengers. The small glass surfaces add to the effect. In terms of finishing touches, Peugeot continues to improve, coming closer to German standards but not yet reaching them. The Audi A4 Avant and BMW Series 3 Touring, among others, are still a step above – including in price.

After a week behind the wheel, including a motorway journey in Italy, we had very few grievances with the 508 estate. We thought the touchscreen had some odd features, but that's become a general trend in the industry.

After a week behind the wheel, we had very few grievances with the 508 estate

Changing the temperature with a dial is still much more efficient and practical... Especially since the reactivity of the touchscreen leaves much to be desired. We also would have liked to try the Night Vision infra-red system that can detect pedestrians and animals at night (for an additional 1,200 Swiss francs) but our test model was not equipped with the feature. ▲

THE CONTEMPORARIES



AUDI A4 AVANT

Sales of the Audi A4 are suffering from internal competition from the Q5 SUV, which is more in line with the times. Nevertheless, this freshly restyled estate is an essential icon on the market. From CHF 47,240.-



BMW SERIES 3 TOURING

This is one of the big entries this autumn from BMW. The latest Series 3 is now available in an estate version. Need we say more? From CHF 52,500.-

BOUTIQUE



PERSONALISED SOUND

Wireless and designed for sport, the new headphones from Nura deliver a bespoke sound, thanks to technology patented by the Australian firm that can automatically adjust audio profiles based on each person's ears. With a battery life of 16 hours and resistant to sweat, the NuraLoop headphones also have an active noise reduction feature and touch controls.

nuraphone.com
CHF 249.-

STRIDE IN CONTROL

Measuring power has become standard in the cycling world. With Stryd, it is now available to runners as well. The light-weight sensor weighing seven grammes attaches to your shoe and evaluates the efficiency of your running movements. It also provides the option to begin a training programme to control the intensity of effort and consequently improve your running performance.

stryd.com
CHF 269.-



SKIS MADE FROM SWISS WOOD

In his workshop at the foothills of the Jura mountains, Lucas Bessard crafts bespoke artisanal skis out of wood that is mainly sourced from the surrounding forest. The skis, which are recognised by the Swiss Arts Crafts Association and endorsed by Valaisian free-rider and ambassador Nicolas Falquet, are built with top-of-the-line technical features and designs that can be customised upon request.

woodspirit.swiss
From CHF 1,600.-



STAY DRY IN THE SNOW

Alpine skiers lose approximately 0.6 litres of water per hour, according to sport brand Kjus. To combat the damp back problem, the Swiss retailer has developed a high-tech vest that gets rid of sweat. An inner membrane pumps out water vapour via electro-osmosis. Very simple to use, the system can be activated or deactivated manually or by Bluetooth. It can be used for up to 16 hours at a time.

kjus.com
CHF 1,599.-



A MASK TO SAVE FACE

"If you can't save your liver, try to save your appearance." The slogan for the Alemannic men's cosmetics brand Qaveman is quite bold. The anti-hangover mask is essential for difficult mornings. Put it on your face for 15 minutes for a fresher complexion thanks to the mask's 100% natural ingredients, including criste marine extract and vitamin C.

qaveman.com
CHF 20.- (for 3 masks)



HEATED MUG

No more cold coffee and tea. Connected to a smartphone or Apple Watch, the battery-powered Ember mug can precisely regulate the temperature of your drink (from 50°C to 62.5°C), keeping it hot for nearly one hour. An LED lights up when your drink is ready. As a bonus, the Ember app can also monitor your caffeine consumption.

ember.com
CHF 110.-



WORK STANDING UP

Designed by US company BTOD, the VertDesk V3 is an electric desk that adjusts its height via voice controls. With just one word from the user, the desk shifts from a seated position to standing and vice versa. If you tend to spend too much time sitting behind a screen, a notification can be programmed to remind you throughout the day that it is important to stand up regularly.

btod.com
From CHF 532.-

TRIED AND TESTED

KILLING ZOMBIES
IN VIRTUAL REALITY

BY BENJAMIN KELLER

It is now possible to play video games in virtual reality while being physically immersed in the experience. Our writer went to one of the two arenas owned by Swiss company Pandally.

Those who have done it know this well: playing a virtual reality video game can cause nausea. This unpleasant sensation comes from the fact that movements within the game do not match a player's physical movements. But that's on game consoles and PCs. There are also video games in which players actually move. To test them out, I headed to Bern. Swiss company Pandally, based in Freienbach (Schwyz canton), opened its second Fusion Arena there in April, after opening its first in Zurich.

We went as a group, as a stag night activity for a friend. We were welcomed by Thomas, who we followed through a dark corridor until we reached a 200 sq. m gym converted into a virtual reality playground. The floor is carpeted and the ceiling is covered in nearly 70 cameras to detect movement from the players. "You will be able to see your friends within the game and move in real time. Be careful not to bump into each other!"

We had three games to choose from: two adventure games and one shooting game. They were developed by trueVRsystems in Dietlikon (Zurich canton). As the future groom was a fan of Call of Duty, the decision was easy.

We were tasked with killing as many zombies as possible. Participants are limited to five per party and we formed two groups that could play simultaneously.

We could move freely because devices were WiFi-connected

Before we started, we each put on an Oculus headset (with audio), a backpack to hold an HP computer (which transmits the image to the headset) and four square transmitters: one on the back of each hand and foot, attached with elastic bands. These transmitters would be picked up by the cameras and locate us within the space. We also received a plastic gun with three buttons: one to shoot, one to recharge and one to change the type of weapon (heavy machine gun, assault rifle, sniper and shotgun, as well as the essential circular saw). Last warning: we could not go beyond the red line that demarcated the edges of the arena, and we could not jump or lie down. If we did, we would be temporarily ejected from the game.

We appeared in a scientific base in the middle of the desert, each

of us looking like the Master Chief from *Halo*. The sensations are incredible. It feels like you're right in the game. There's no lag between our physical movements and the movements reproduced in the game. Furthermore, we could move around freely because the devices were WiFi-connected (no cables). Hordes of zombies arrived, giving us a chance to test our weapons. The machine gun was impressive, but lacked precision. The sniper was excellent for headshots. It was incredibly believable. I've never been in the army and I thought I was a GI. Suddenly, a zombie came up behind me and I jumped! To go from one level to the next, you take an elevator within the game. I could almost feel the gravity when going up. The absurd elevator music and sight of our mission comrades waiting there was like an LSD trip.

The 20 minutes sped by! Result: 266 living dead killed by the best warrior, and no headache or nausea in sight. We wanted an encore! But there's a price: 49 Swiss francs per person. Few recommendations: possibility of virtual death would have been good, as a challenge. Also, less players would be better, so players aren't stepping over each other. Note that pregnant women, people with epilepsy and young children are not allowed to play. ▴

 Swiss DOTS

BACK TO MINI- FUTURES

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