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MODERN CANADIAN WHISKY DEFINED

- Must be mashed, distilled, and aged in Canada
- Aged in new or used oak for a minimum of three years
- Grains include corn, wheat, barley, and rye
- Often referred to as "Rye" regardless of the presence of rye in the mashbill
 - Due to the historic higher content of rye in the mashbill, folks would ask for rye whiskey and the association stuck
- Each grain is mashed and distilled separately, to be blended together later
- Bottled at 40% ABV

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WHISKY HISTORY

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BRIEF OVERVIEW OF CANADIAN HISTORY

- First Nations peoples settled in Canada around 800 BCE
- European explorers like John Cabot (1497) established claims in Canada for England, followed by French exploration by Jacques Cartier (1534)
- Samuel de Champlain established Quebec City in 1608, forming the heart of French settlement in Canada
- British victory in the Seven Year's War resulted in the Treaty of Paris (1763), leading to France ceding Canada to Britain
- During the American Revolution, many Loyalists migrated to Canada
- Canada confederated under a single federal government in 1860s and gained operational autonomy from England
- Gained full independence in 1982

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EARLY WHISKY BEGINNINGS (1700S)

- Settlers arrived from Scotland, Ireland, England, Germany, the Netherlands
 - Groups brought their own beer-making and distilling traditions
- Distillation could preserve leftover crops in a stable form
 - Primarily wheat, later followed by rye
- Emergence of an unregulated whisky market
 - Unaged whisky would be mixed with ink, tobacco, and other ingredients and sold along the frontier

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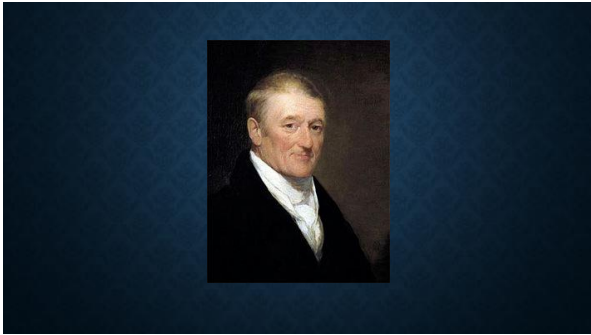


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JOHN MOLSON

- Founding of Molson Brewery
 - Established in 1786 in Montreal
 - Initially focused on brewing beer, later expanded to distillation
- Recognized the demand for spirits, especially whisky
 - Started producing and selling high-quality Canadian whisky
- Innovative Techniques
 - Introduced modern distillation methods and equipment
 - Enhanced efficiency and quality of whisky production
- Napoleonic Wars led to boom in whisky exports to England

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MODERNIZATION AND INDUSTRIALIZATION

- Founding of the first legal distilleries in Canada
- Rise of major whisky-producing regions, including Ontario and Quebec
- Beginnings of brand names that still thrive today
- Capitalized on Industrialization to reach larger scales of production
- Canada is the first nation to pass an aging law for alcohol
 - Bottled-in-Bond allowed producers to avoid higher taxes
 - Hurt many small distilleries that could not avoid the tax penalty or wait for aging

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SEAGRAM'S

- Established in 1857 by Joseph E. Seagram in Waterloo, Ontario
 - Began making gin and whisky
- Helped create the modern distilling industry in Canada
- The spirit brand still exists, but the Seagram's company was acquired in the early 2000s

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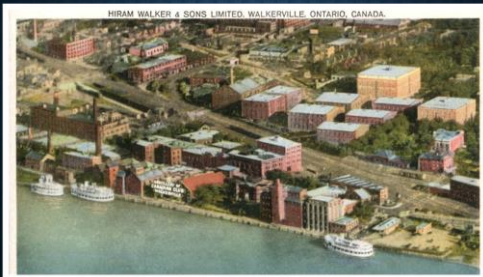


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HIRAM WALKER

- Hiram Walker, an American merchant, moved to Toronto and opened up the Walkerville Distillery
 - Introduced use of column stills to Canada
 - Created Canadian Club
- Pioneered the separate distillation of grains for blending whisky
 - Allowed for the creation of smoother whiskeys

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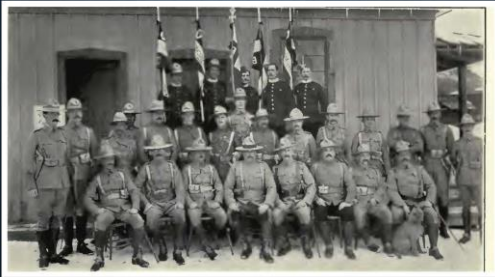


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CANADIAN ROYAL MOUNTED POLICE

- Founded in 1870s, as the North-West Mounted Police, to combat crimes commonly found along the illicit trade of whisky in the western provinces
 - Crime regularly happened between backwoods distillers, whisky traders, First Nations members, and others
- Flashpoint was the Cypress Hills Massacre
 - In 1873, a group of American trappers looking for lost horses, crossed into Saskatchewan
 - They accused a local First Nations group of stealing the horses, which there was no evidence of
 - Fueled by whisky, the groups argued, until violence broke out
 - Over 12 members of the Assiniboine tribe were killed

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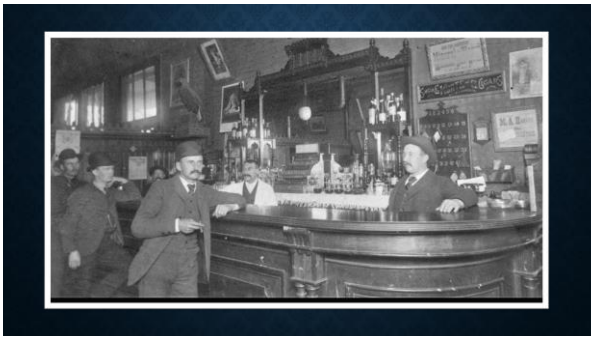


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CANADIAN TEMPERANCE MOVEMENT

- Rooted in the 19th century, driven by concerns about alcohol abuse and its societal impact.
- Formation of temperance leagues and societies across Canada.
- Arguments very similar to those used within the American Temperance Movement

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CANADIAN PROHIBITION

- Primarily implemented on a provincial level through the late 1800s and into the early 1900s
- Used as a wartime rationing measure during WWI
 - Distilleries were repurposed and produced wartime necessities
- As crime increased, the tide turned against prohibition and laws were overturned by the 1920s

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USA/CANADIAN TRADE



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USA/CANADIAN TRADE

- The American 9.09% Tax Provision allowed Canadian exporters to add a portion of American whiskey and face no duties
 - Led to the current allowance for additional spirits in Canadian Whisky
- American prohibition drove whisky smuggling from Canada
 - Americans developed a taste for the spirit as a result that would continue after prohibition
- Through the 20th century brands like Canadian Club and Crown Royal became mainstays in American culture
- The USA remains one of the top export markets for Canadian Whisky

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POST-PROHIBITION REBOUND (1930S-1960S)

- Reemergence of legal production and exports
- Expansion of Canadian whisky's international market
- Evolution of branding and marketing strategies
- Post WWII-Economic Boom

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GLOBAL RECOGNITION (1970S-2000S)

- Similar to Bourbon, Canadian Whisky has undergone a late 20th century renaissance
- Brands like Crown Royal grew in international awareness and popularity
- International sales increase

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CROWN ROYAL

- Introduced in 1939 by Samuel Bronfman, owner of Seagram's Distillery.
- Crafted in honor of King George VI and Queen Elizabeth's visit to Canada.
- Crown Royal's association with Canadian identity and heritage is reflected in its popularity both domestically and abroad.
- One of the most internationally recognized whisky brands
- Best selling Canadian whisky brand in the USA

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**THE PRESENT
AND THE FUTURE**

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CONTEMPORARY TRENDS (2000S-PRESENT)

- Craft distillers have proliferated throughout Canada
 - The vast majority of whisky is still produced by large scale distilleries
- Canadian distilleries acquired by larger international companies
 - Campari Purchases 40 Creek for \$185m in 2014
 - Heaven Hill acquires Black Velvet
 - Beam Suntory acquires Canadian Club
- Finishing/Flavoring
 - Distillers use the 9% rule to experiment with flavors and additions

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TOP CANADIAN BRANDS

- Legacy Brands
 - Canadian Club
 - Crown Royal
 - Black Velvet
 - Seagram's
- Modern Brands
 - Pendleton
 - Forty Creek
 - Collingwood

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CANADIAN WHISKY IN AMERICAN DISTILLERIES

- A number of American-based distilleries source whisky from Canada
 - This is then aged and/or blended before bottling and release
 - Brands include WhistlePig
 - Allows distilleries to have product to bring to the market
 - Perfectly acceptable, but brands should be forthcoming about their sources

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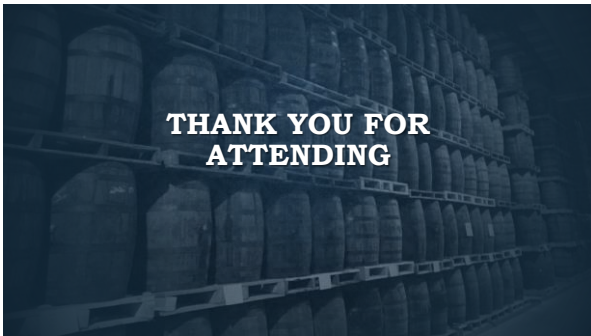
THE FUTURE

- Expect a greater increase in craft distilleries throughout Canada
- Distillers will continue to experiment
 - Different 9% additions
 - Various forms of aging
 - Various forms of finishing
- Highly competitive market
 - Canadian whisky faces some challenges in the crowded nature of the market
 - Still developing a reputation for premium

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