



# Quarterly Trade Update

January 30, 2025

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LCBO

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# Agenda

**01** Category insights

**03** LCBO's Future State  
Modernization

**02** Insights from grocery &  
convenience

**04** Q&A



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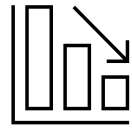


# Category Insights

Abhay Garg

Vice President, Merchandising

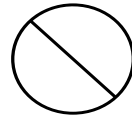
# Insights: Ontario's bevalc marketplace



**Challenging economic conditions and cost of living pressure** low consumer and business confidence, cooling housing market; rising unemployment



**Declining volumes** limiting performance and impacting industry profitability



**Consumer moderation** for health, lifestyle and *financial* reasons, along with generational trends

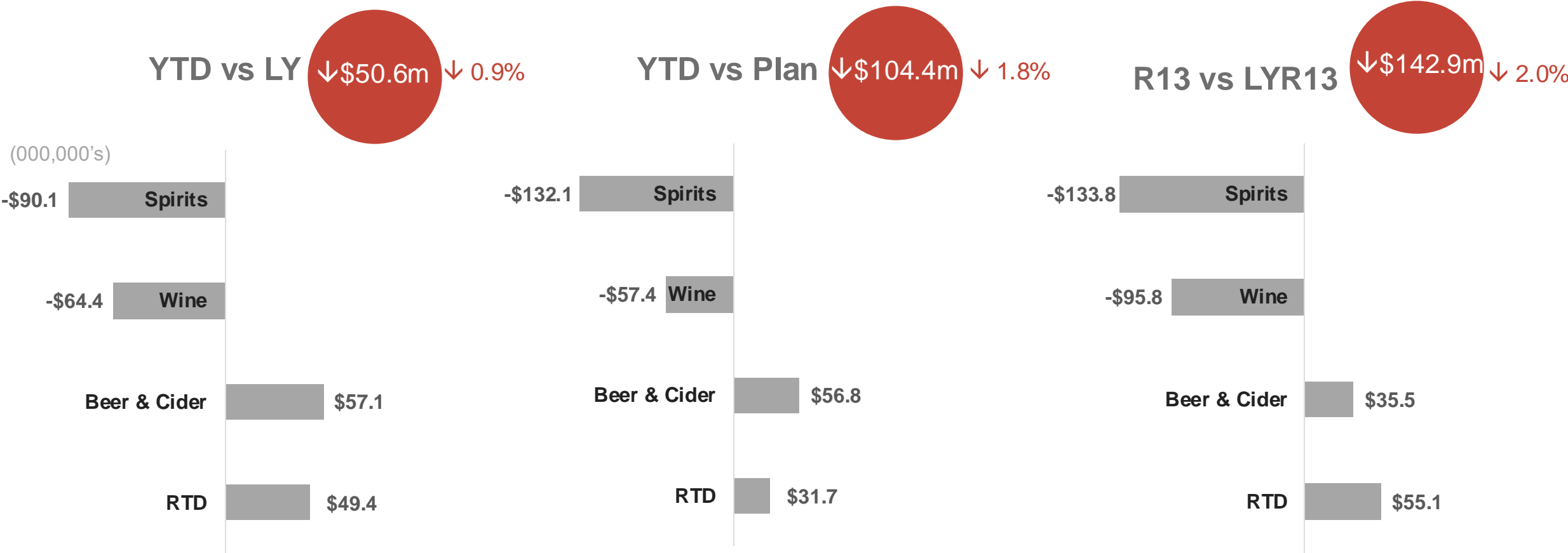


**Consumer preference** for RTDs and multi-packs; value products; premium niche



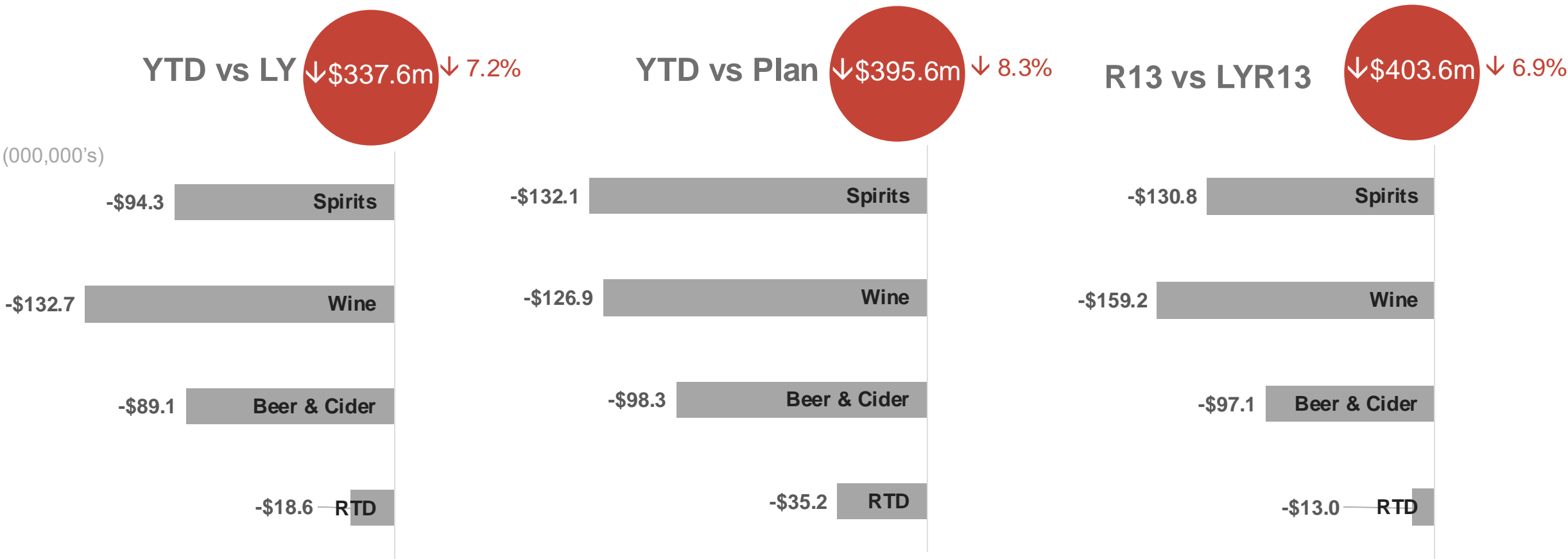
**Expanded marketplace**

# LCBO Net Sales by Category (All Channels)



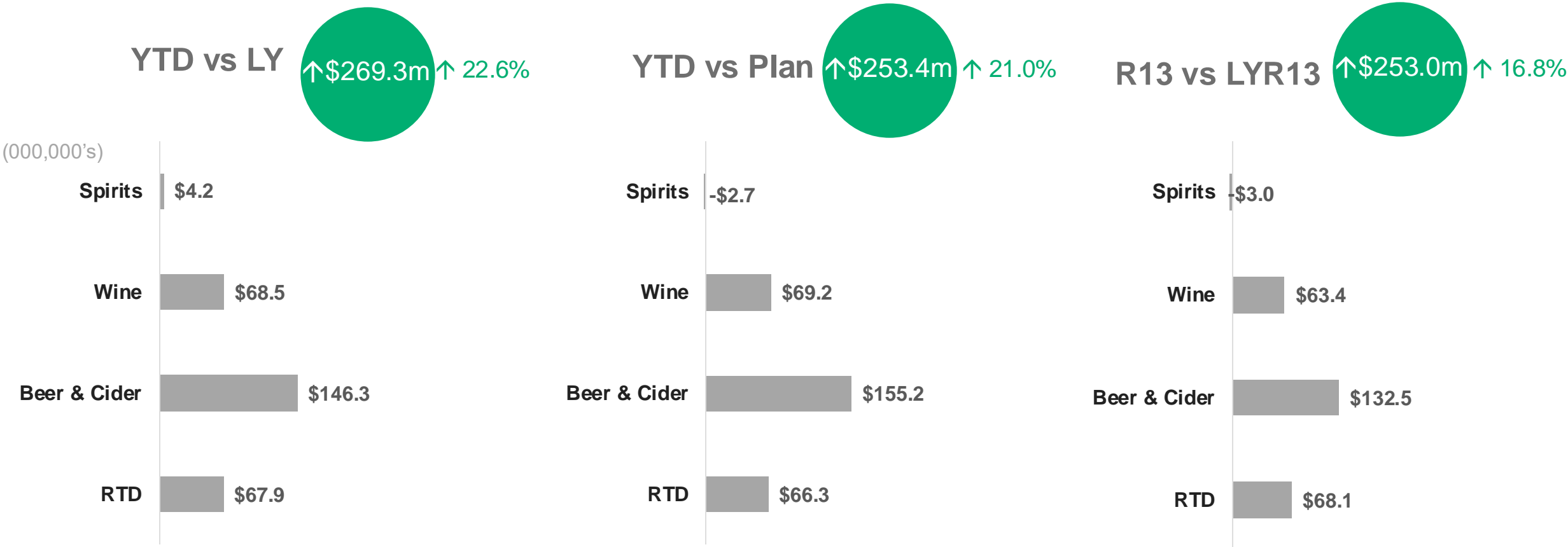
*Note: Strike Impact is estimated at -\$176.3M for Total All Channels (Spirits -\$57.6M, Wines -\$51.6M, Beer & Cider -\$33.6M, RTD -\$33.5M)*

# LCBO Net Sales by Category (B2C)



*Note: Strike Impact is estimated at -\$230.8M for B2C*

# LCBO Net Sales by Category (B2B)



Note: Strike Impact is estimated at +\$54.5M for B2B

# Wine

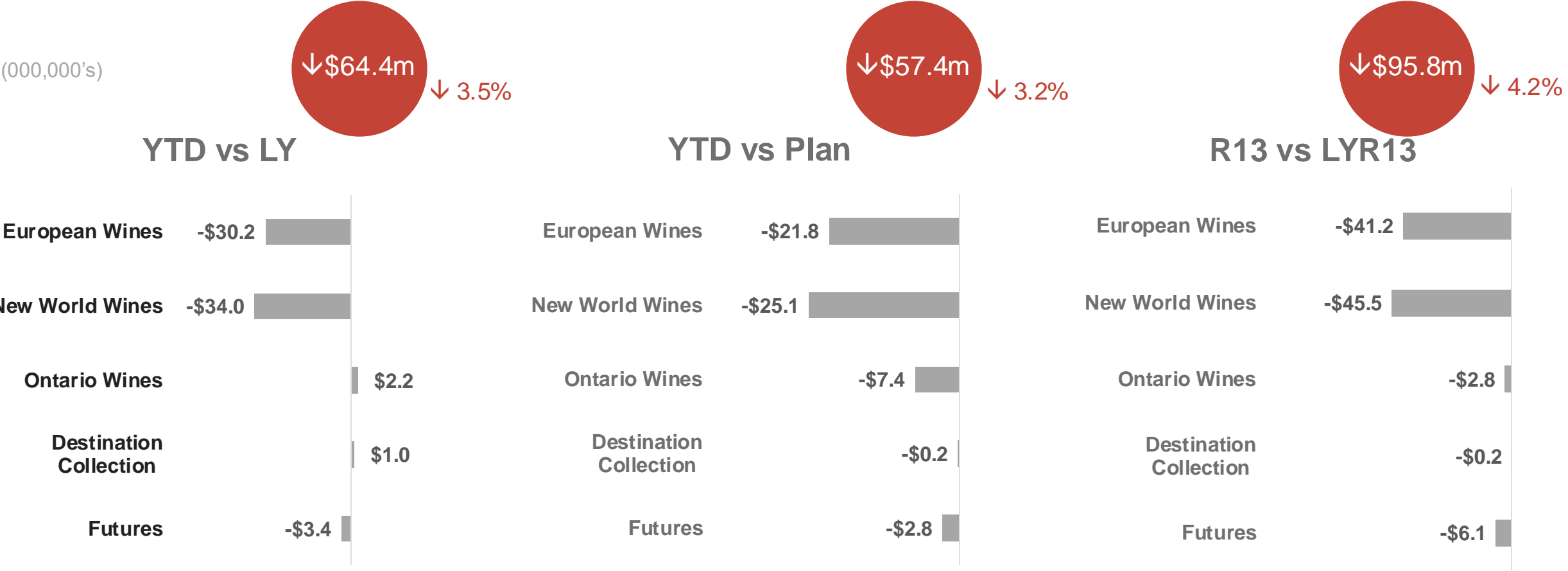
Marie Cundari

Senior Director, New World &  
Ontario Wines



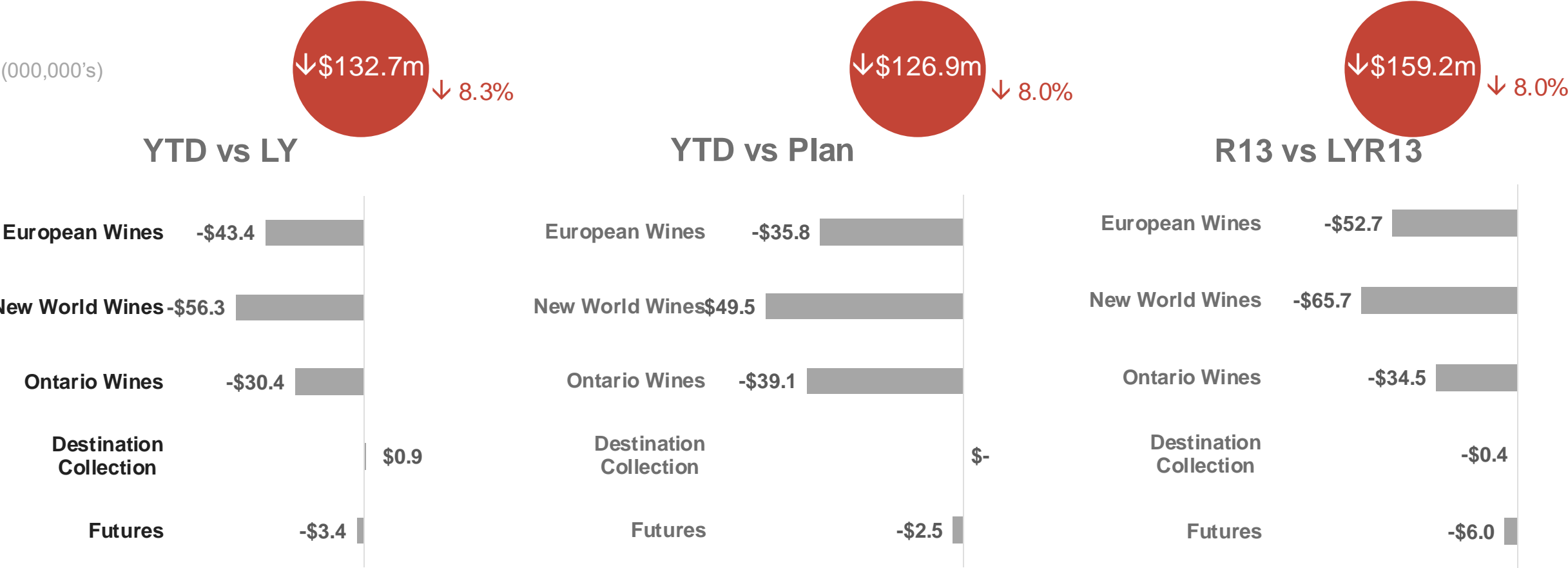


# Wines Net Sales – All Channels



*Note: Strike Impact is estimated at -\$51.6M for Wines - Total All Channels*

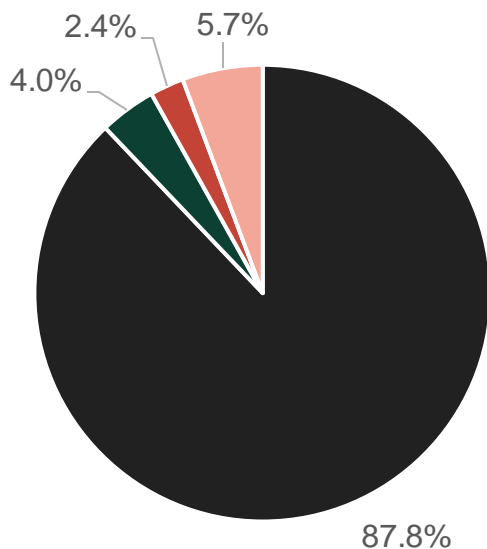
# Wines Net Sales – B2C



*Note: Strike Impact is estimated at -\$66.4M for Wines B2C*

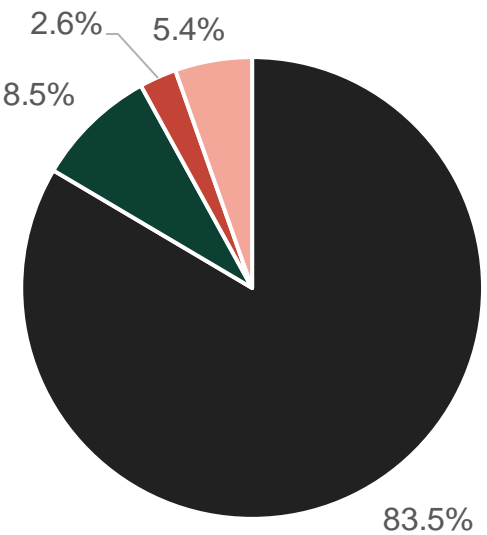
# Wines Sales Share by Channel

FY 23-24



■ Home Consumer & Ecommerce   ■ Grocery and Convenience  
■ LCBO Convenience Outlet   ■ Licensee

FY 24-25 YTD



■ Home Consumer & Ecommerce   ■ Grocery & Convenience  
■ LCBO Convenience Outlet   ■ Licensee



# Trending now

Crisp whites and Light Reds, Spritzers and Flavoured Wines, Low / De-Alc Wines, Local VQA

## Opportunities:

- Sauvignon Blanc, Pinot Grigio, and other crisp whites
- Pinot Noir and other light-bodied reds
- New and brand extensions of no/low alc are resonating
- Seasonal innovation and premium year-round gifting
- Customers continue to seek out great price/value offerings including small formats
- Drive traffic through omni-channel promotions, loyalty integration, targeted activations and basket-building programs

# Looking to grow



## Vintages

Position Vintages as the destination for premium selection and sought-after wines as a point of difference in the evolving marketplace



## Seasonal & Gifting

Pursue new opportunities and exciting innovation from leading brands in trending categories such as no/low, spritzers, small formats and gifts



## Loyalty & Offers

Drive basket and customer excitement through omni-channel promotions and loyalty incentives on customer favourite brands



## Local VQA

Support local by elevating and promoting local VQA wines

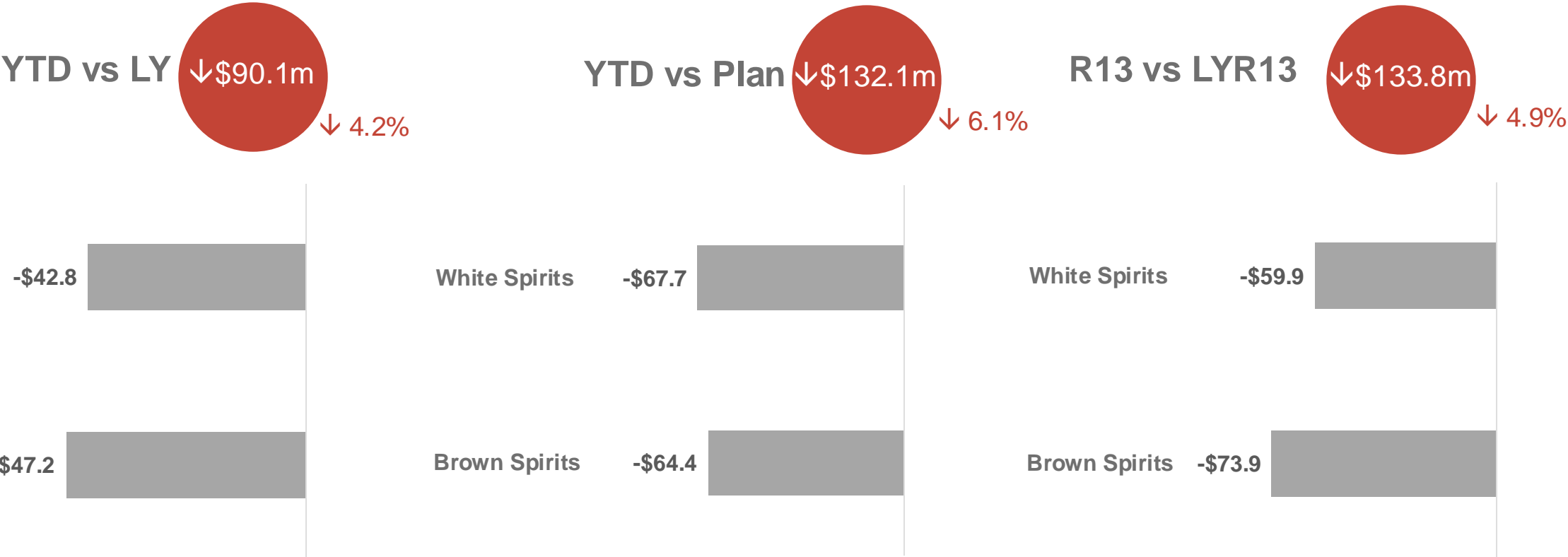


# Spirits

Alanna Bailey  
Senior Director, Spirits



# Spirits Net Sales – All Channels



*Note: Strike Impact is estimated at -\$57.6M for Spirits - Total All Channels*



# Trending now

Tequila, Mezcal, American Whiskey/Bourbon, Asian Spirits/Whisky, Premium mixers and flavours.

## Opportunities:

- Point of difference to current assortment: price, style, region.
- Monitor what's trending/in demand, showcase success.
- Act to recruit new customer, drive traffic, incent trade-up.
- Strong market support with relevant promotions, visibility, activations, sampling.
- Access to sought after allocations, first to market launches.
- Mixers & accessories



# Looking to grow



## Small(er) Formats

Customers are looking for smaller/trail formats of premium/ deluxe trending brands and cocktail mixers. Replica bottles for premium, convenience for mainstream/ value brands.



## Mature Categories

Seeking innovative and disruptive ideas to reengage customers in mature, downtrading categories. Support from category leaders for continued investment.



## Local Ontario

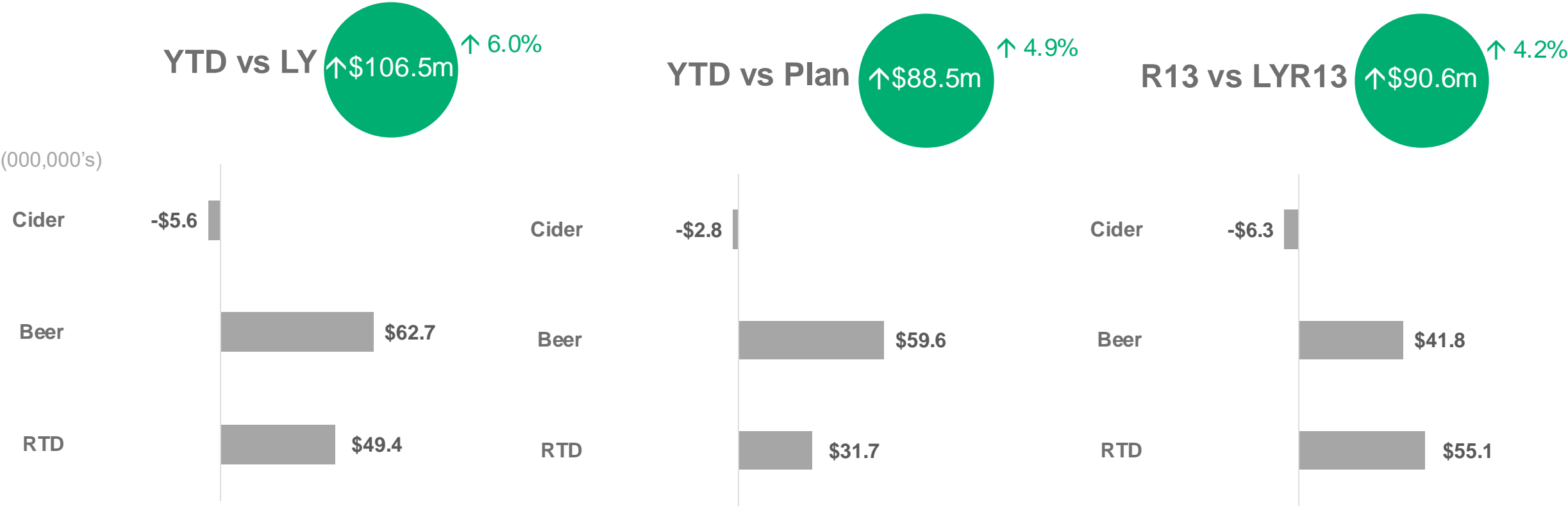
Seeking opportunities to grown Local Ontario Spirit brands through relevant mainstream assortments and customer engagement through promotions and advertising.

# Beer, Cider & Ready-to-drink

Chris Roberston  
Senior Director, Beer, Cider &  
Ready-To-Drink

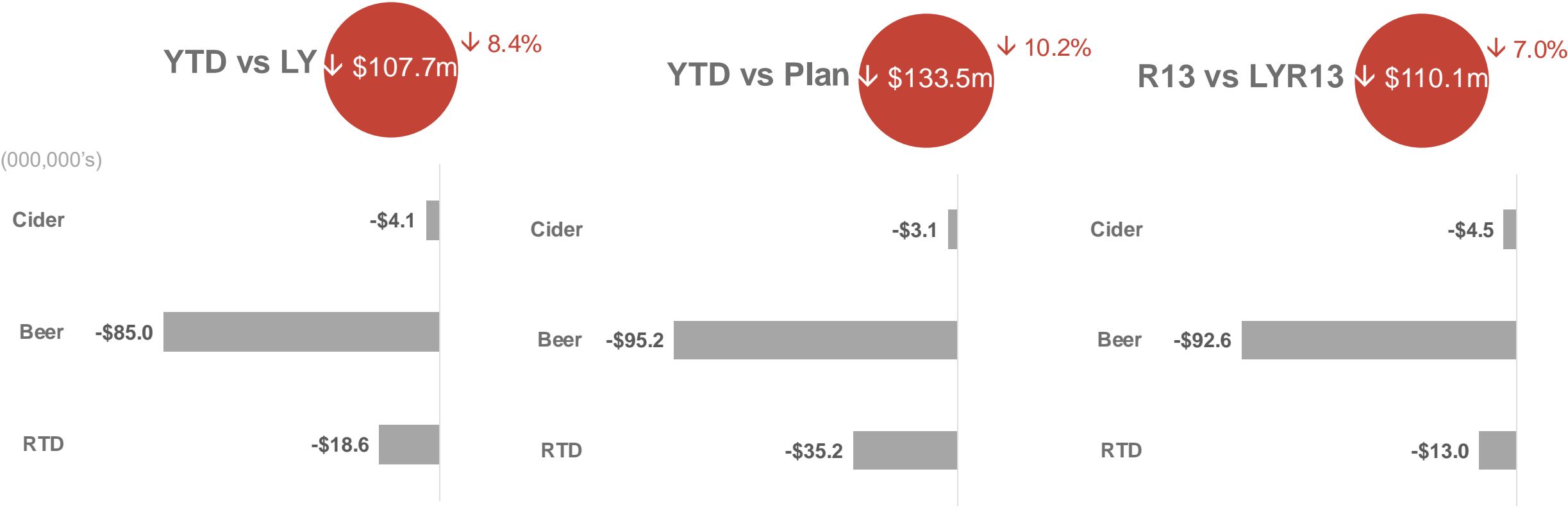


# Beer, Cider & Ready-to-Drink Net Sales – All Channels



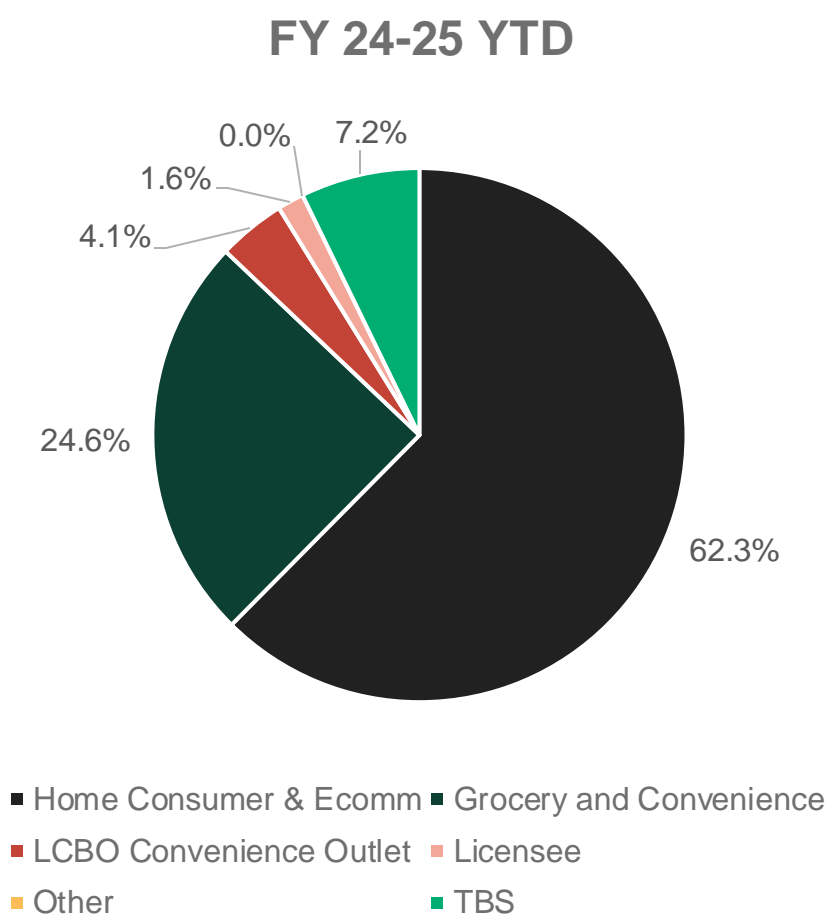
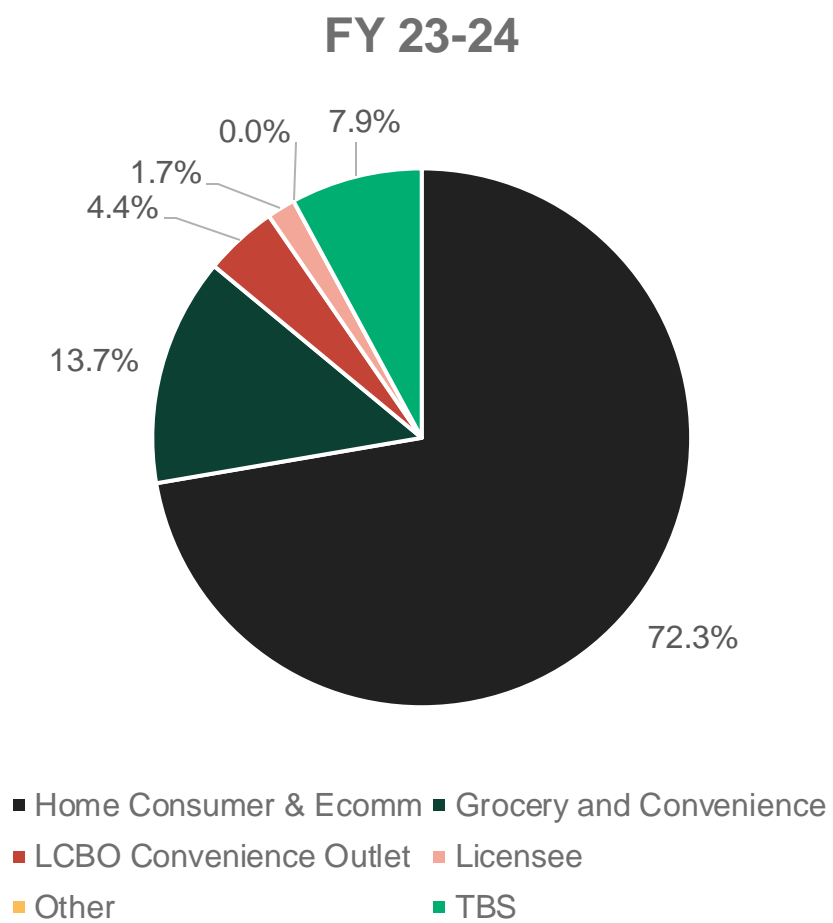
*Note: Strike Impact is estimated at -\$67.1M for Beer, Cider & RTD - Total All Channels*

# Beer, Cider & Ready-to-Drink Net Sales – B2C



*Note: Strike Impact is estimated at -\$91.5M for Beer, Cider & RTD – B2C*

# Beer, Cider & Ready-to-Drink Sales Share by Channel



# Trending now

Ready-to- Drink & Premix Cocktails, Non-Alc Beer, Low Carb/Lighter Styles, Higher ABV Craft Beer, Local Cider .

## Opportunities:

- Premium Cocktails (both RTD & Premix).
- New and line extensions of Non-Alc.
- First-to-market product launches.
- Seasonal & Limited Releases.
- Quality craft beer and cider.



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# Looking to grow



## Large Packs

Establish the LCBO as a destination for large packs by leveraging this pack size to drive traffic, trade up volume and protect market share.



## Lighter Choices

Pursue new opportunities in Low/No alcohol with line extensions from leading brands and innovative new products in all categories.



## Craft Beer & Cider

Establish the LCBO as the leader in craft beer and cider as a clear point of difference in the evolving marketplace.



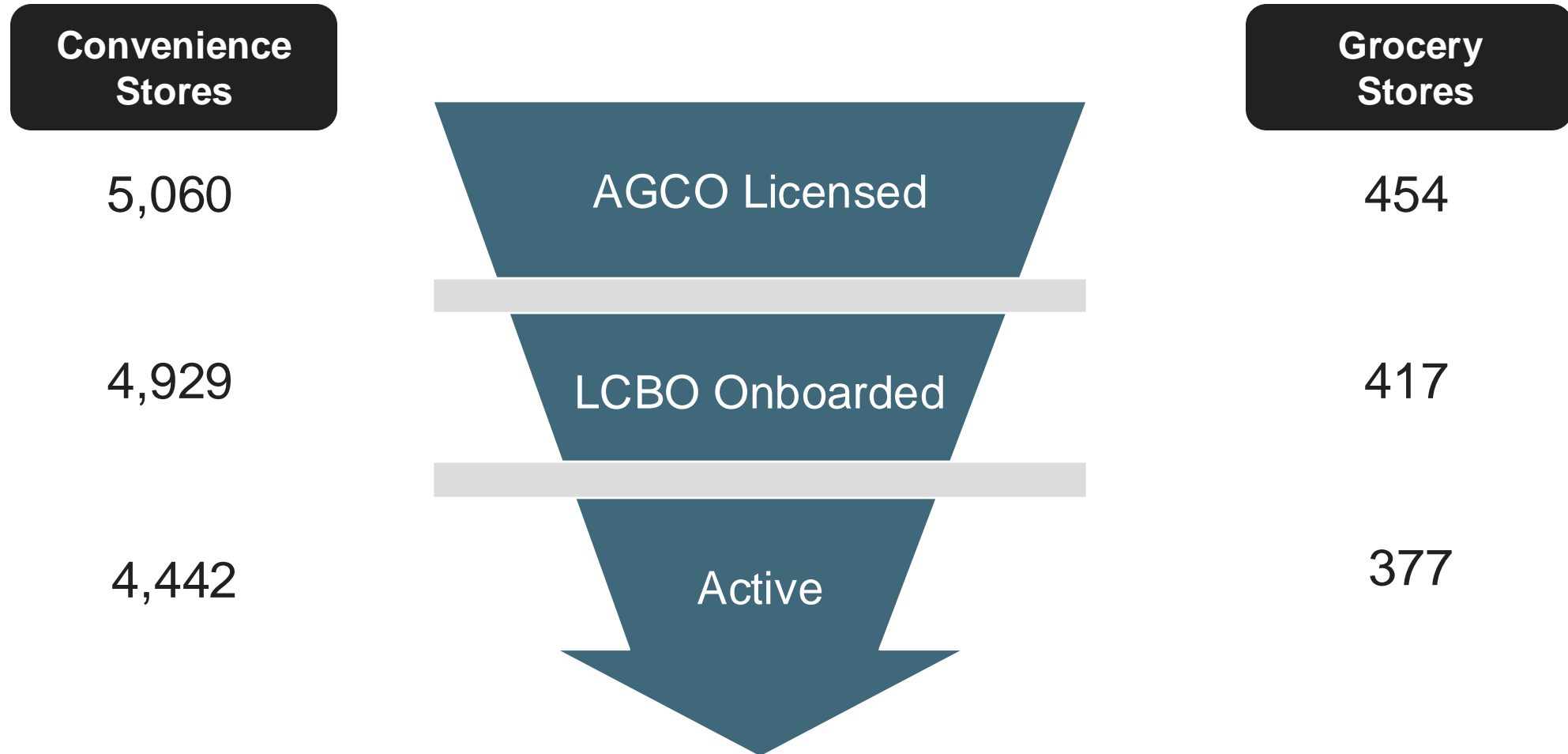
# Insights from grocery & convenience

Leanne Rhee

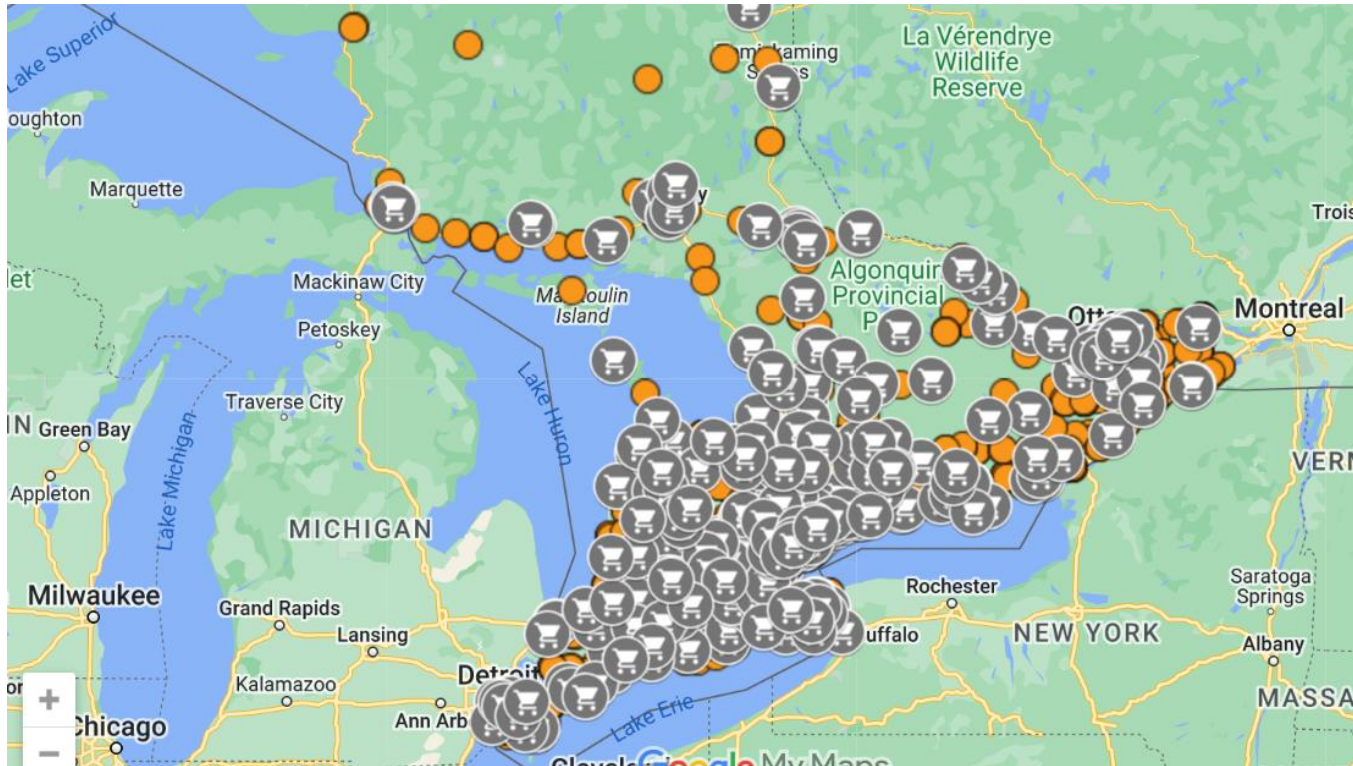
Director, Grocery & Convenience



# New wholesale customers by the numbers



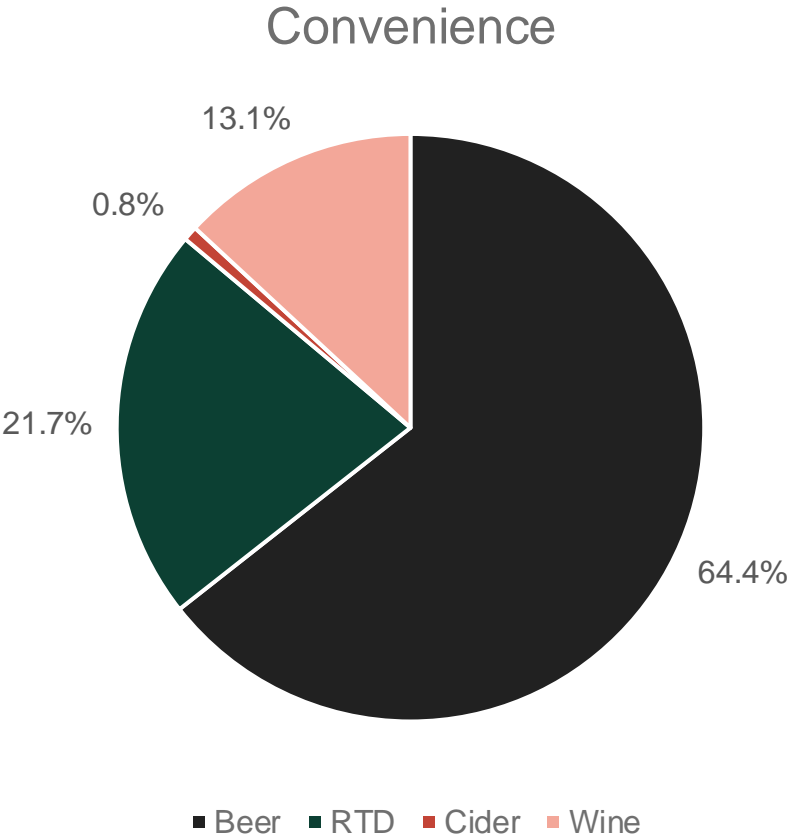
# Where are convenience stores located?



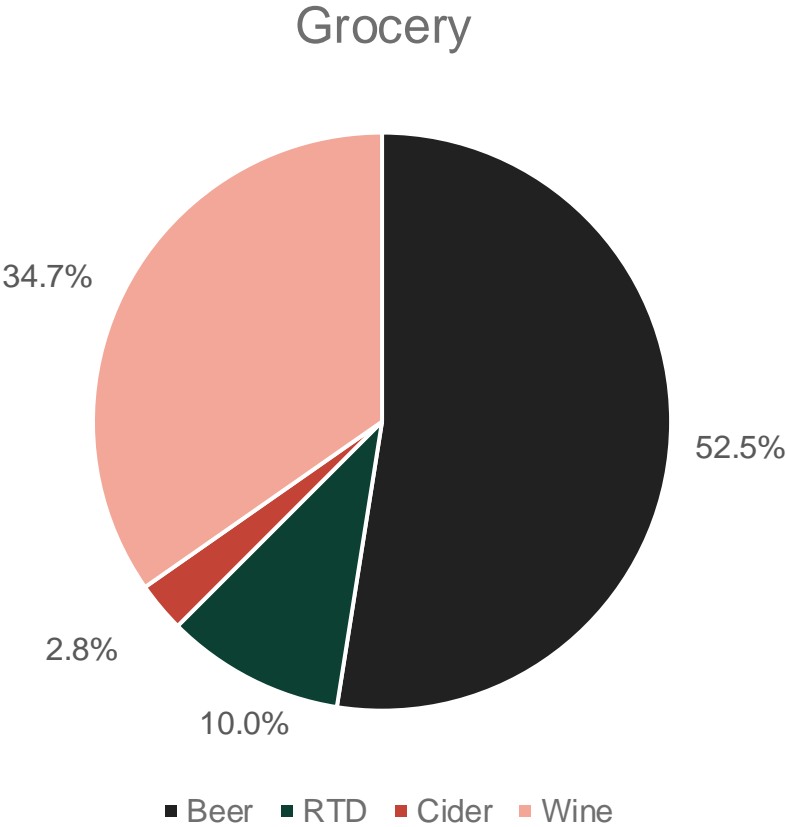
## Highly concentrated in urban centres

- 47.5% GTA region
- 11.8% Hamilton region
- 8.2% Ottawa region
- 8.2% London region
- 6.4% Oshawa region
- 4.8% Barrie region
- 3.9% Windsor region
- 3.6% Kingston region
- 3.3% Northern Ontario region
- 2.3% North Bay region

# Convenience and grocery sales share by category



P5-10 F24-25



P4-10 F24-25

# Fourth quarter priorities



## **Stabilize and scale**

Transition from start up to daily operations



## **Enable EDI ordering**

Onboarding large customers and supplying sources to do business electronically between systems



## **Consolidate orders**

Shipping orders to customer's authorized distribution centre(s) and consolidating deliveries





# How you can help

## 1 Assortment support

Product knowledge is limited. Help customers support their business needs while meeting regulatory shelf space requirements.

## 2 Inventory planning

Proactively and collaboratively work with both customers and LCBO inventory teams to manage supply and demand.

## 3 Accurate and timely ASN

Supplying sources are required to submit an Advance Shipping Notification (ASN) as a condition of their LCBO purchase order. Accuracy and timing ensures an efficient transaction for both customers and suppliers.



# LCBO's Future State Modernization (FSM)



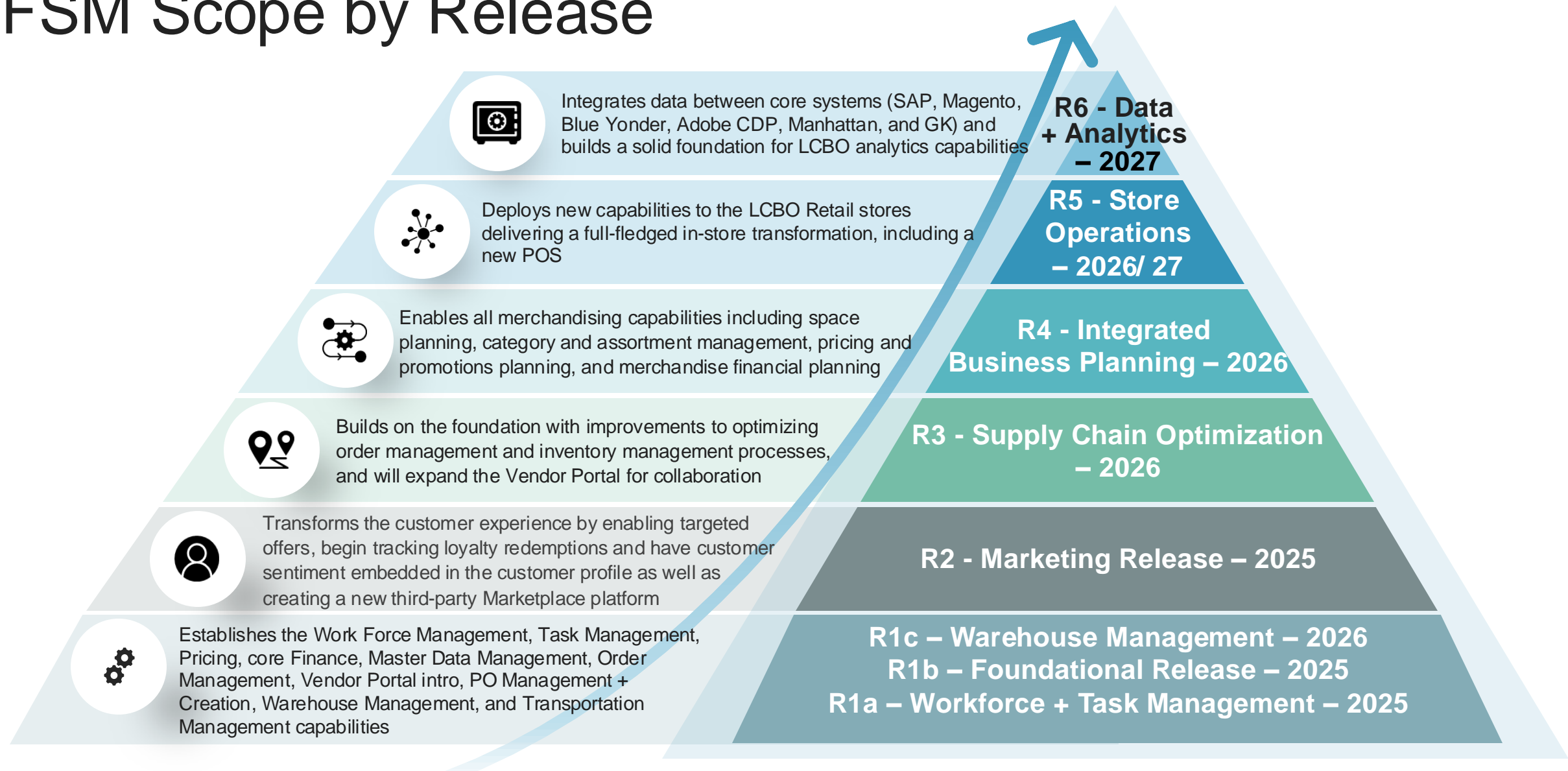
# What is FSM?

A multi-year program to improve our technology landscape and re-envision the way we operate.

## Benefits for LCBO and our stakeholders

- Enable the standardization of processes across the business
- Support effective inventory management
- Automate and optimize scheduling
- Strengthen data governance
- More seamless and personalized customer experiences
- Maximize performance of digital properties and improved overall responsiveness.

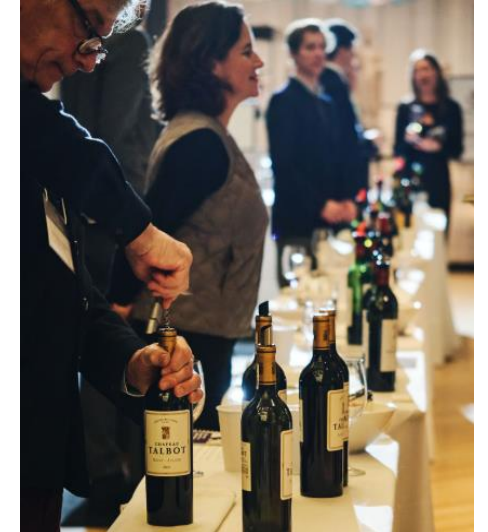
# FSM Scope by Release





# How this benefits you?

- New **centralized portal** for collaboration, sales, promotions, financial information and order management. Create a seamless, self-serve experience for LCBO business partners
- Centralized **pricing system** with more automation and ability to execute price changes quickly
- **Wholesale.lcbo.com platform** enhancements will make it easier for more wholesale customers to seamlessly complete orders and view current inventory
- Improved **inventory planning and forecasting** processes means getting the right products in the right locations at the right time, while improving inventory visibility
- Standardized **warehouse management** systems and integration with transportation management to optimize routes and loads to get products to shelves faster





**Next Steps**



# Q&A





Thank you