

Supply Chain & Wholesale Update

LCBO

Mission:

To create a world class Supply Chain that provides value to our customers and is a competitive advantage for the LCBO.

Vision:

To deliver end to end Supply Chain capabilities, through investments in People, Process and Technology, that will enable the LCBO to operate with speed, agility and effectiveness.



Supply Chain and Wholesale Mandate:

A customer based, demand driven, cost effective and collaborative supply chain

Today's Presenters



Nick Nanos

Senior Vice President and
Chief Supply Chain Officer



Geoff Allaire

Vice President Distribution &
Logistics



Juan Lastra

Vice President Inventory
Planning and Supply Chain
Strategy

2020.....our COVID response

Supply Chain Preparation for Pandemic

- Early in 2020 we Communicated that we had established a Task Force to strengthen our position and readiness to deal with several contingency scenarios
- At the time, the extent of the pandemic was unknown

PRESS RELEASE

COVID-19 to Plunge Global Economy into Worst Recession since World War II

Nations introduce lockdowns, curfews and school closures to fight Covid-19 resurgence

NEWS RELEASE

Ontario Orders the Mandatory Closure of All Non-Essential Workplaces to Fight Spread of COVID-19

New Measures to Further Protect the Health and Safety of the People of Ontario

NEWS RELEASE

Ontario Announces Provincewide Shutdown to Stop Spread of COVID-19 and Save Lives

FEATURED RELEASE

Ontario Implements Provincewide Emergency Brake

Pandemic and Other 2020 Events Shockwaves to Our Supply Chain

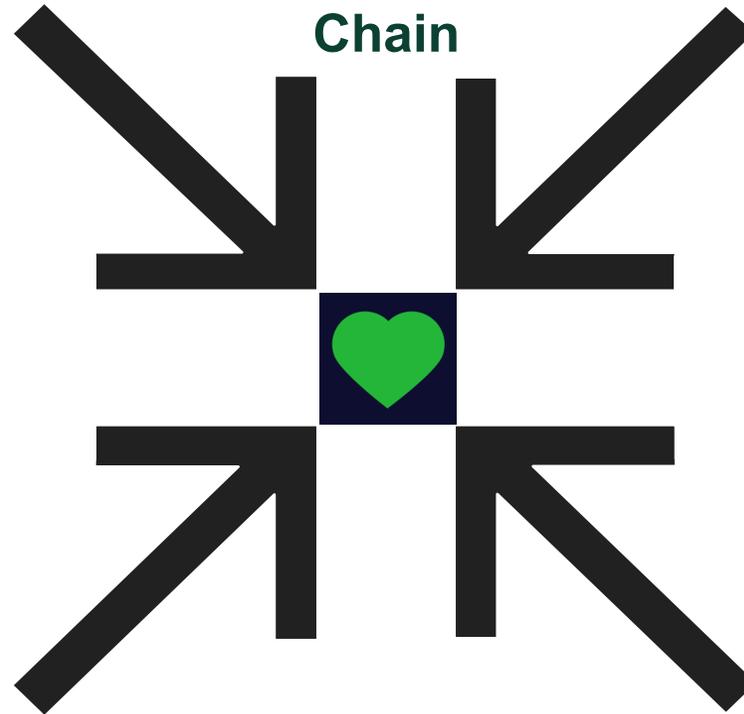
Demand Changes by Channel

LCBO Supply Chain

Port of Montreal Labour Stoppage

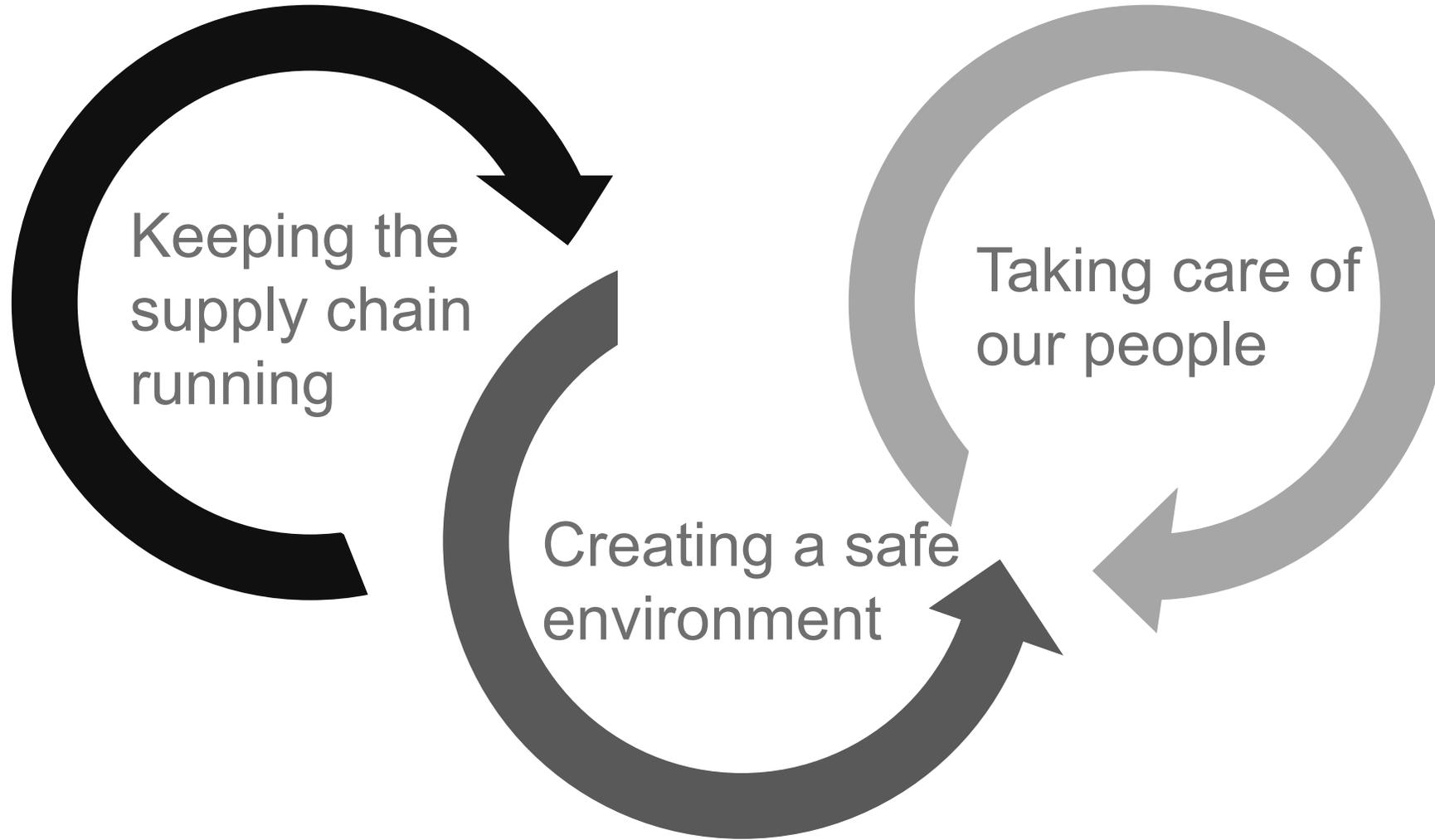
Consumer Preferences Changes

Global Supply Chain Imbalance



LCBO Supply Chain successfully navigated global supply issues supporting strong results for the organization in 2020

Unprecedented times... Unprecedented actions



Keeping the Supply Chain Running



TRSC Relocation Project

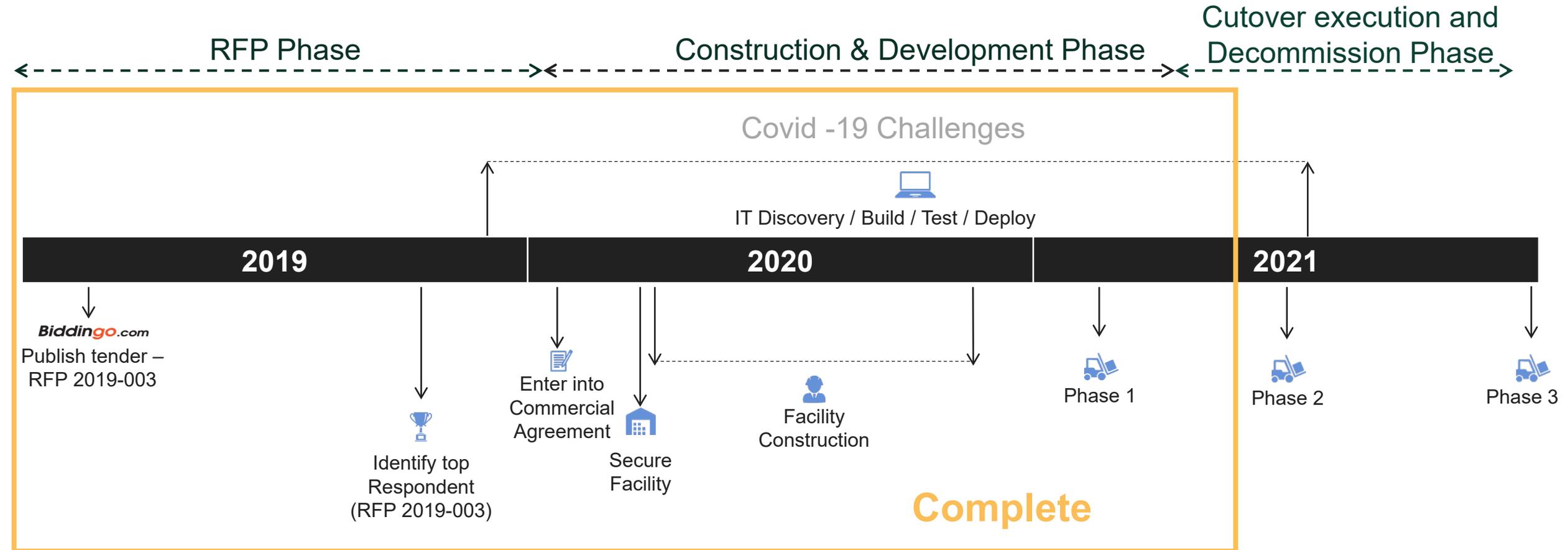
Supply Chain Strategic Objectives

During Trade Day 2019 we shared our Strategy which included a foundational block around having a Flexible and Efficient Supply Chain in which the launch of the new facility was paramount



New Facility Launch Timeline

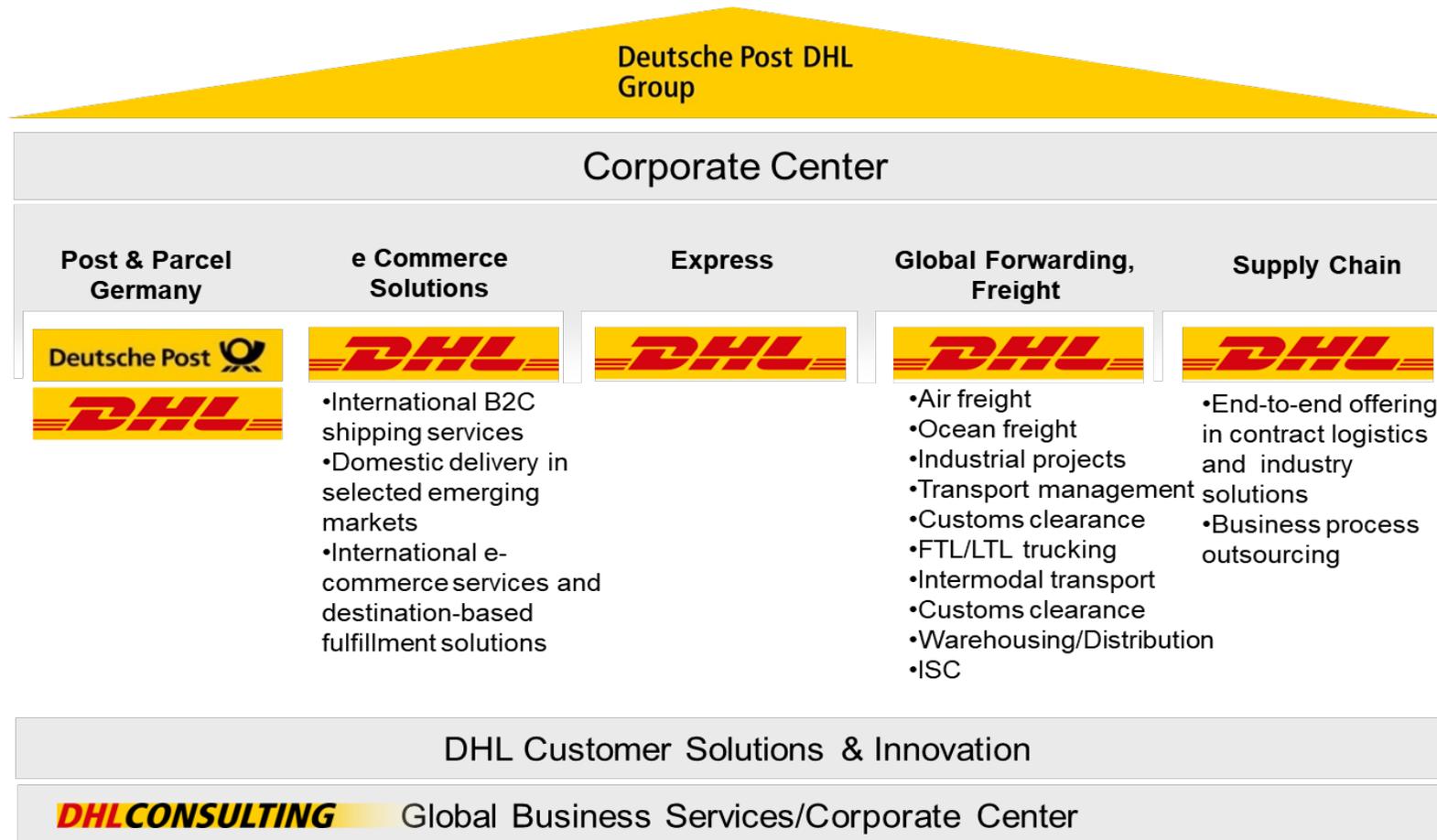
Most of the Construction and Development Phase was performed during unchartered times



DHL/ Trillium Supply Chain Differentiators and Experience in Other Jurisdictions

DHL Supply Chain is a Division of DPDHL

DHL is a worldwide leader in logistics: *“When customers think of logistics they will think DHL”*



Business fit Between LCBO and DHL

Leveraging this business fit delivers a number of key benefits for the LCBO



- Proven **track record** in control market operations
- **Achieve industry leading service levels**
- **Leading thought leadership** - both commercially and operationally
- **Creating value** for control market customers

▼ North American Innovation Center



▼ Locus Robots



New Site Go-Live

New Site Overview

Location

- After a comprehensive review of more than 30 sites, LCBO selected a new Site located in Peel region as part of the Municipality of Caledon (205 Speirs Giffen)
- Location of the site provides several advantages to the LCBO:
 - ✓ Access to major intersection of Highways
 - ✓ Proximity to import terminal
 - ✓ Access to Labour pool



Building Specifications

- Building is close to 345,000 square feet of area and its design include a 36' clear height
- 93 Loading positions
- 36 Trailer stalls
- 100+ Car parking positions



Go-live: first inbound load arrival – Jan 2021



Go-live: LCBO team celebration



Go-live: first agent pick-up



Future Opportunities

New Warehouse will Enable Other Business Opportunities

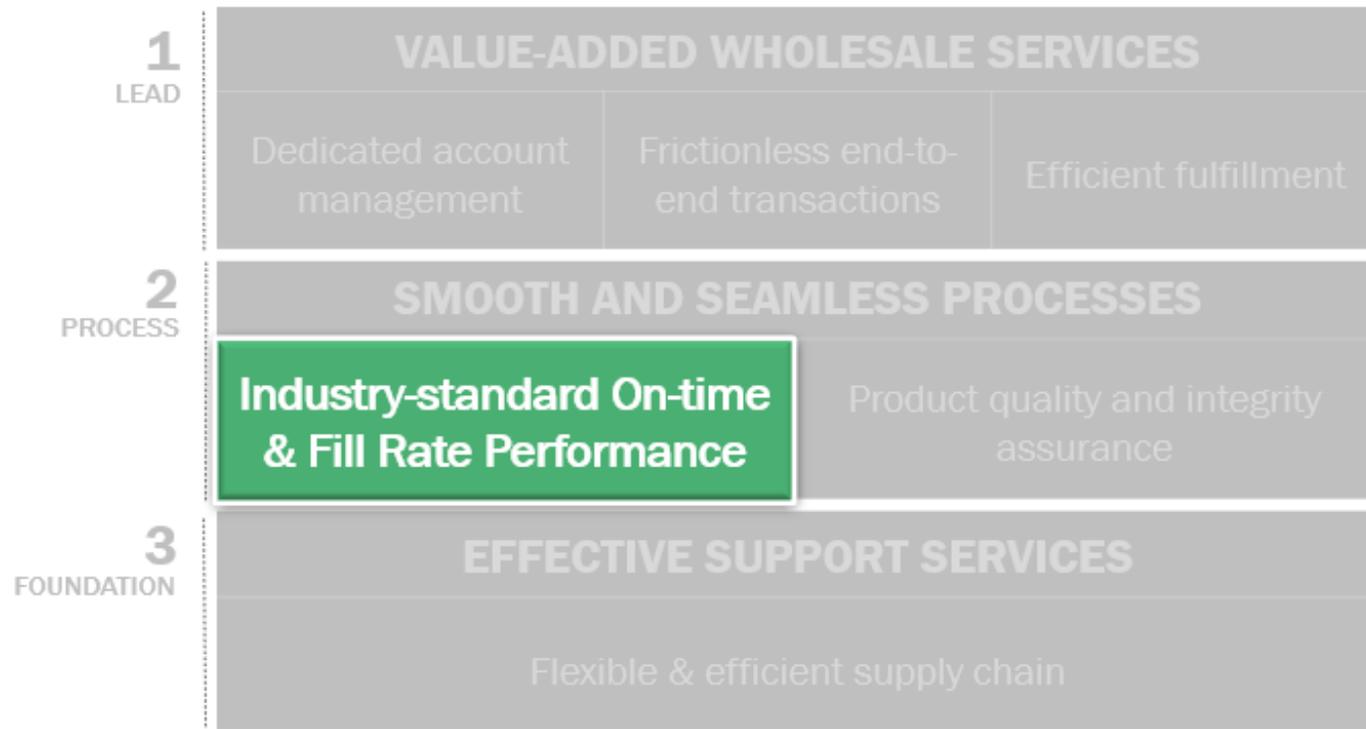
- As part of our Strategy, we are looking for ways to better utilize our assets
- One key opportunity is the use of the cold room in the new warehouse which is optimized for beer products
- In coming weeks, we will share details on this developing business opportunity
- This will create benefits across the industry including:
 - LCBO Supply Chain and Retail network
 - Wholesale customers
 - Suppliers



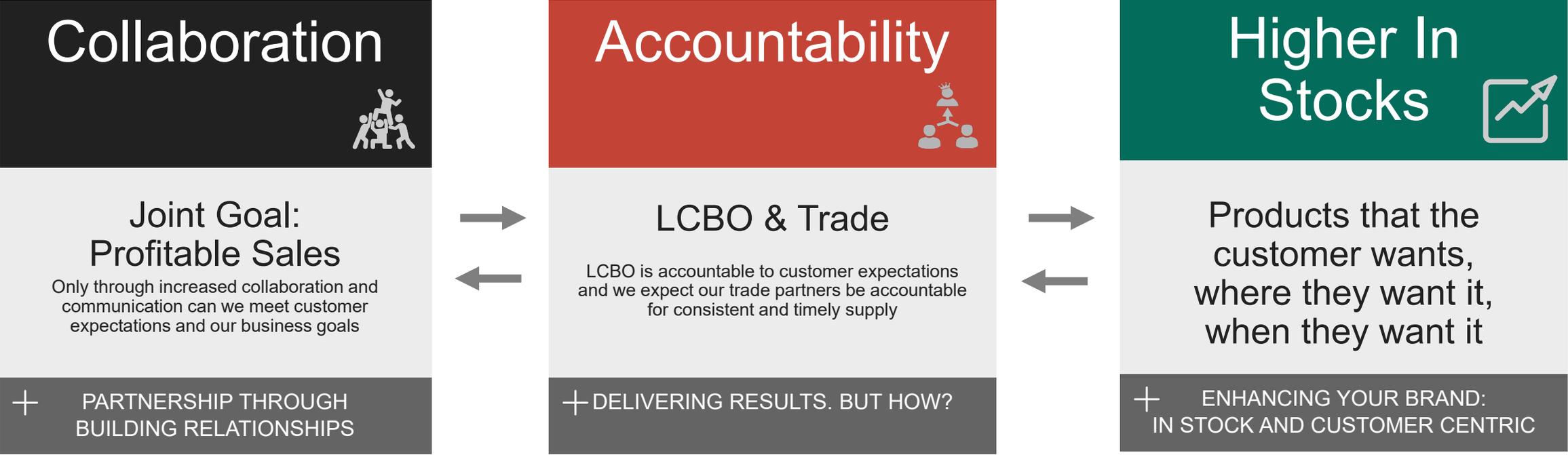
Industry Standard On-Time and Fill Rate performance

Supply Chain Strategic Objectives

Also, During Trade Day 2019 we shared the steps taken by our Supply Chain team to work collaboratively with our Trade partners to implement industry best practices for On-Time and Fill Rate performance



Customer Centricity through Accountability



Working Together Towards the Same End Goal for the Same Reason

Success through Collaboration

LCBO

TRADE PARTNERS

Analysis and
Planning



Collaborative
Forecasting

New Forecast and
Replenishment System

Consistent Supply
IN FULL AND ON TIME

Roadmap to Compliance

**Apr
2020**

**Vendor Performance
Dashboard
(LCBO Internal)**

**Jan
2021**

**Commenced
PO Tracking
Of Vendor changes
to order quantity**

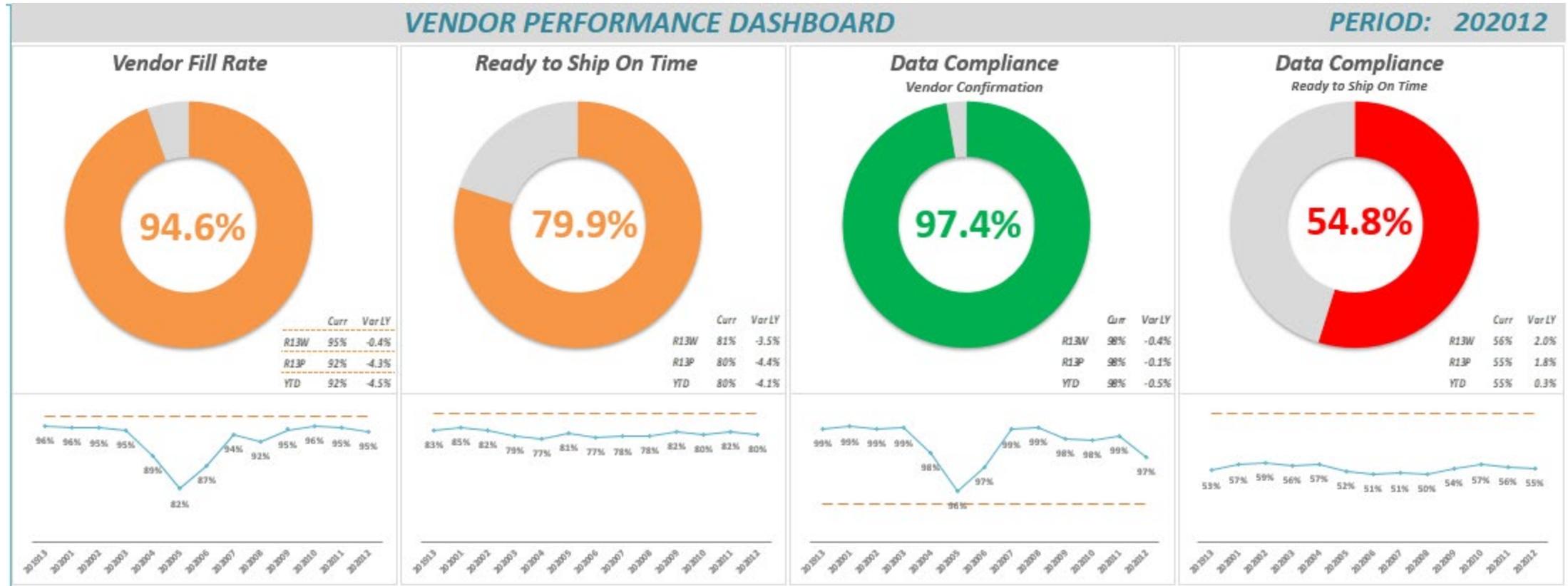
**Jan
2022**

**Vendor Performance
Annual Report**

**May
2022**

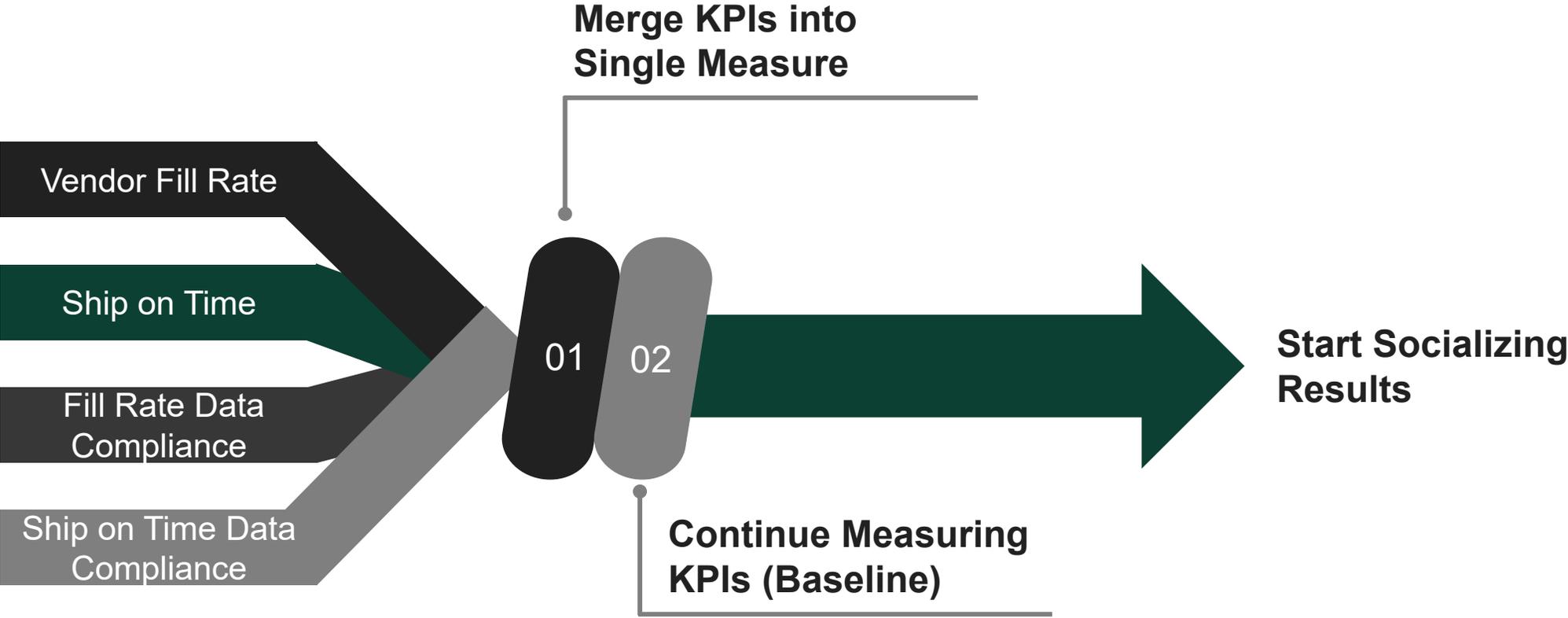
**New Vendor
Compliance
Program Roll Out**

Performance Metrics 2020/21



Illustrative

Next Steps



Breakout Rooms Preview

Supply Chain and Wholesale will offer four breakout sessions

Specialty Services

Archie Karanxha

Collaborative Forecasting

Leanne Rhee & Mike Halliday

Wholesale

Chris Dini & Leanne Rhee

Quality Assurance

Dorina Brasoveanu

Thank you