

LCBO TRADE DAY 2021

Breakout Session

Merchandising: Spirits

Agenda

- Meet the team
- F20-21 Performance Review
- F21-22 Plan
- F21-22 Assortment Priorities
- F21-22 Promotional Priorities

Meet the Spirits Team



Alanna Bailey
Director



Peter Cloutier
Category Manager
Brown Spirits



Emily Liao
Product Manager
Whisky



Mike Hodgson
Product Manager
Brandy, Liqueurs, Tequila



Tania Hofweller
Category Administrator
Brown Spirits



Ann Patel
Category Manager
White Spirits



Christina Bellotti-Ramzan
Product Manager
White Spirits



Liam Salichuk
Product Advisor
Spirits & Beer



Angela Van
Category Administrator
White Spirits



Helen Deterville
Administrative Assistant
Spirits, Beer, Cider &
RTD

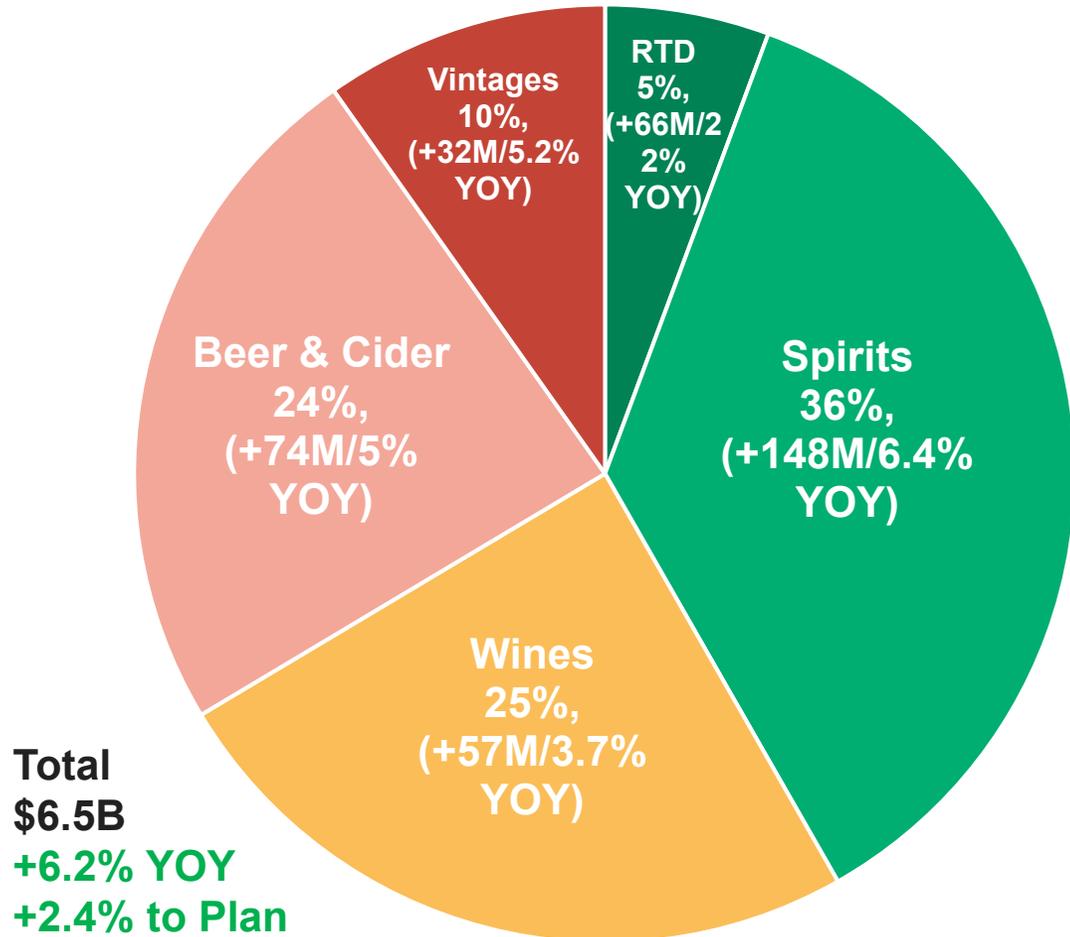
F20-21 Performance

Spirits F21 Results

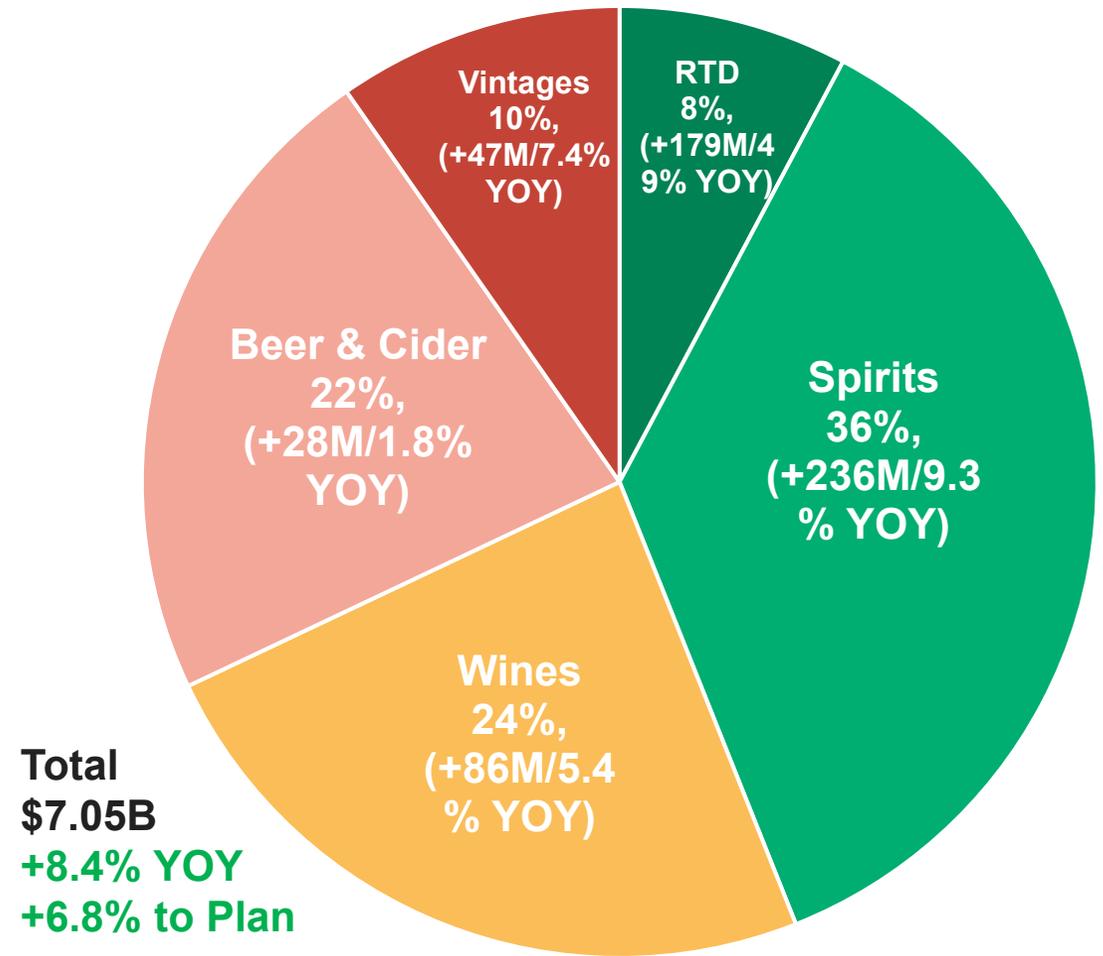
- Growth predominantly driven by Whisky, Classic Liqueurs, Rum and Vodka
- Demand for larger formats
- Brands with large on-premise share declined
- Early pandemic customer shifts in shopping behaviour impacted sales in all sets
- PW \$42M, 7.1% of Vodka sales, 49% of flavoured vodka sales

All \$ in thousands ("000"s)	FY2021 Net Sales (Actualized to P12)	YOY % Chg
Whisky	\$817,585	9.4%
Vodka	\$598,809	11.0%
Rum	\$283,917	10.6%
Gin	\$120,823	14.5%
Brandy/Cognac	\$122,683	11.4%
Liqueurs Classic	\$156,378	28.7%
Liqueurs Cocktail Mixers	\$58,383	5.5%
Liqueurs Sippers Bitters	\$81,218	0.0%
Tequila	\$96,121	8.9%
Soju Shochu	\$7,168	31.6%
TOTAL SPIRITS	\$2,343,626	11.0%

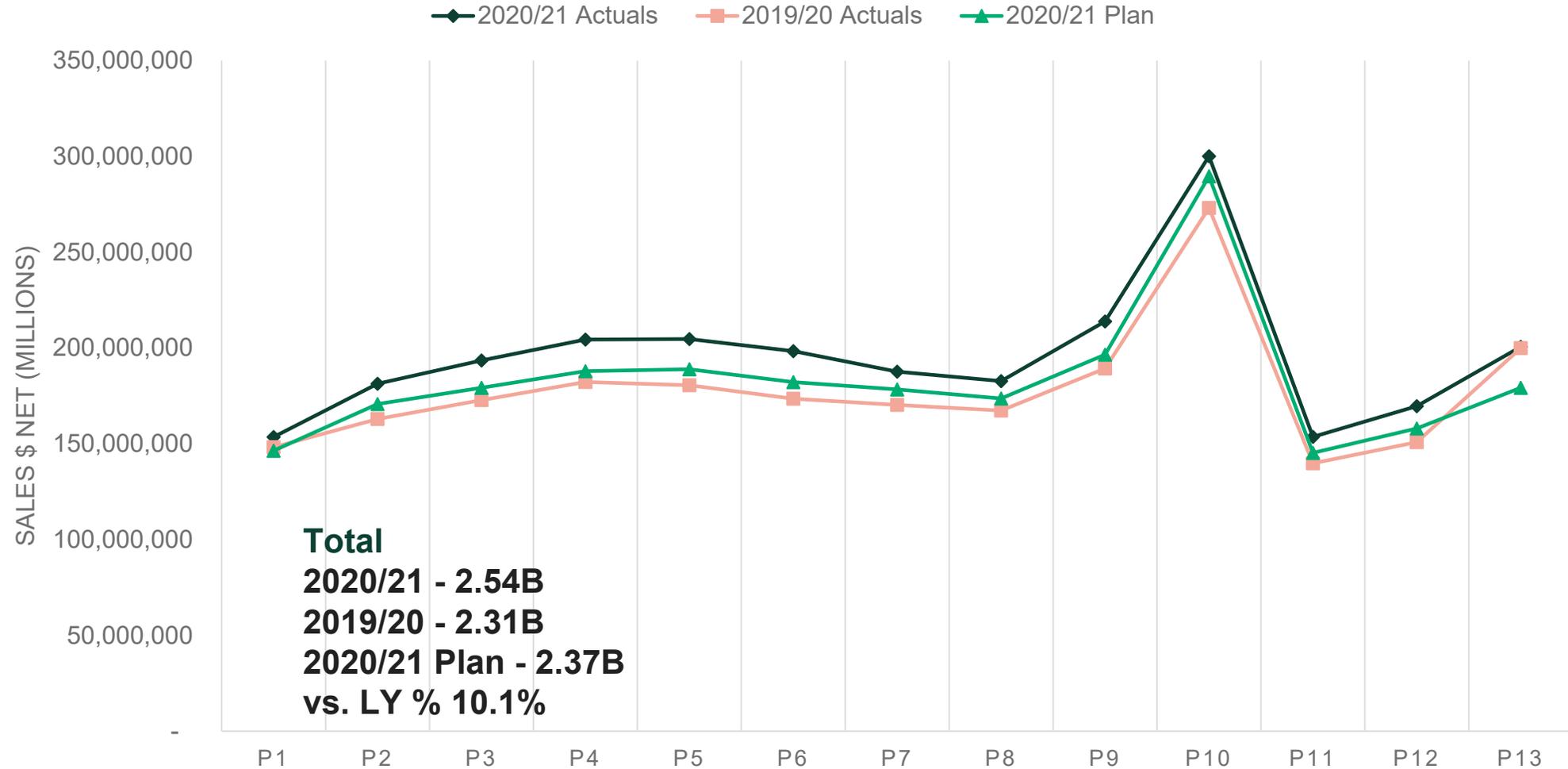
PRE-COVID



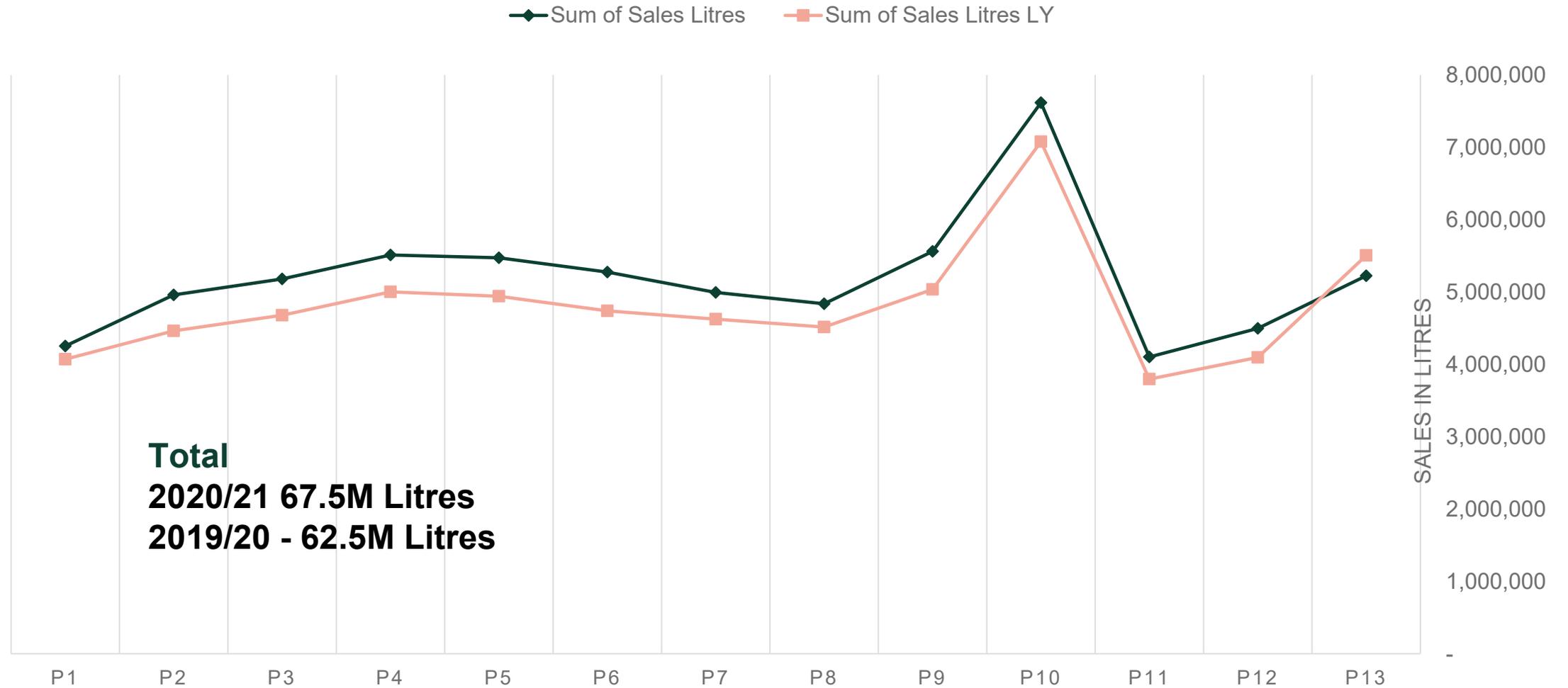
POST-COVID



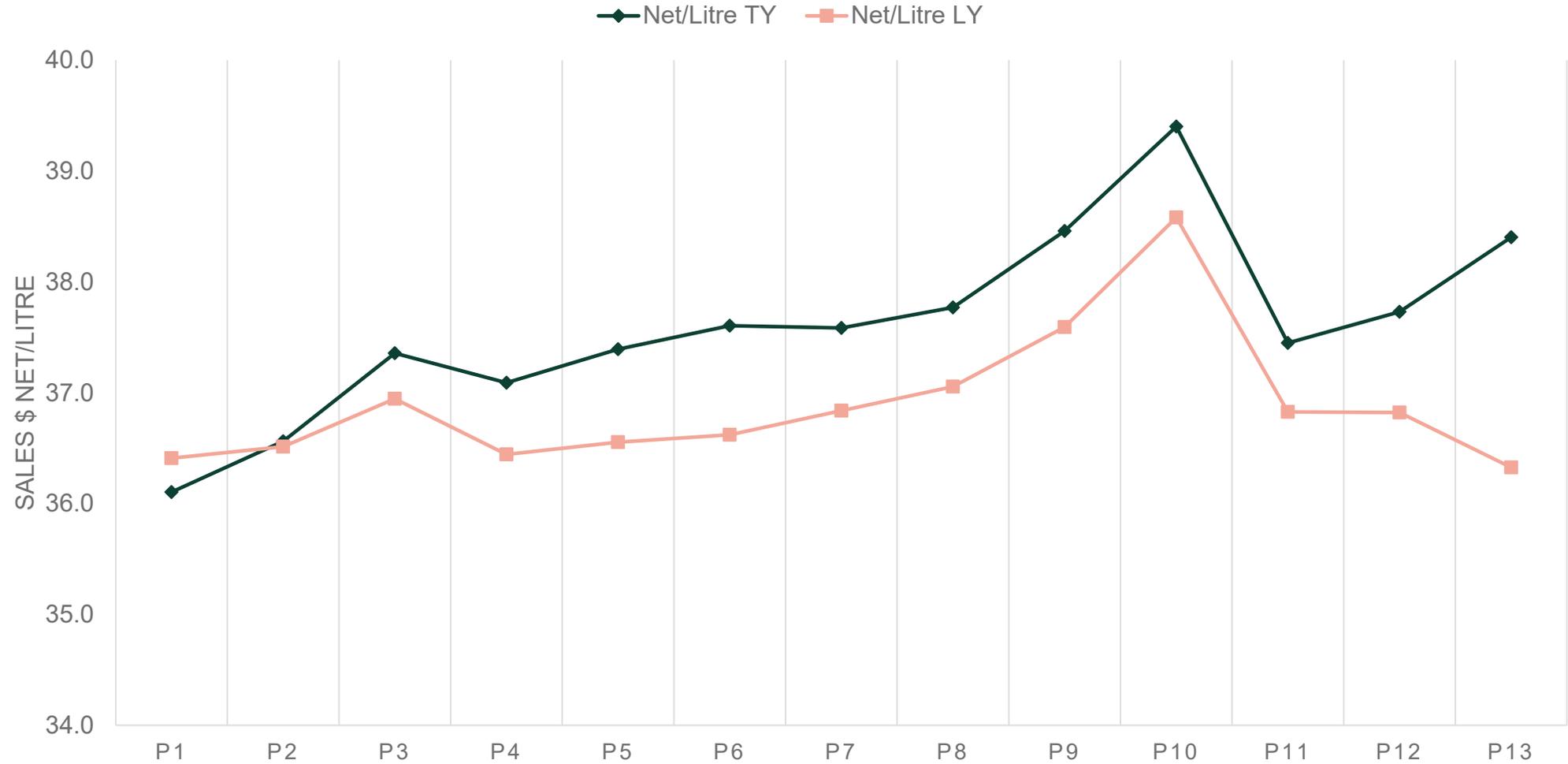
Spirits Growth Trends YOY



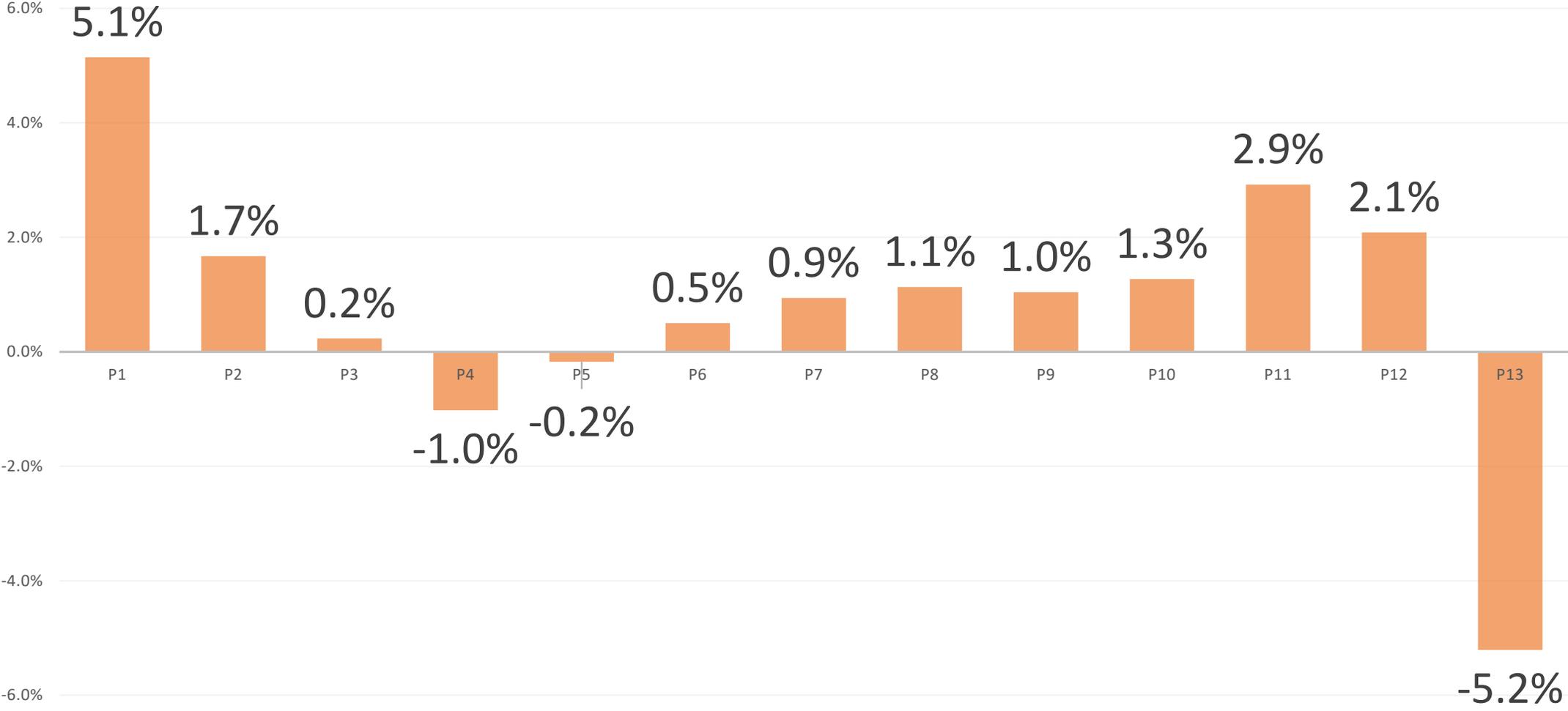
2020/21 YOY Sales Litres Growth



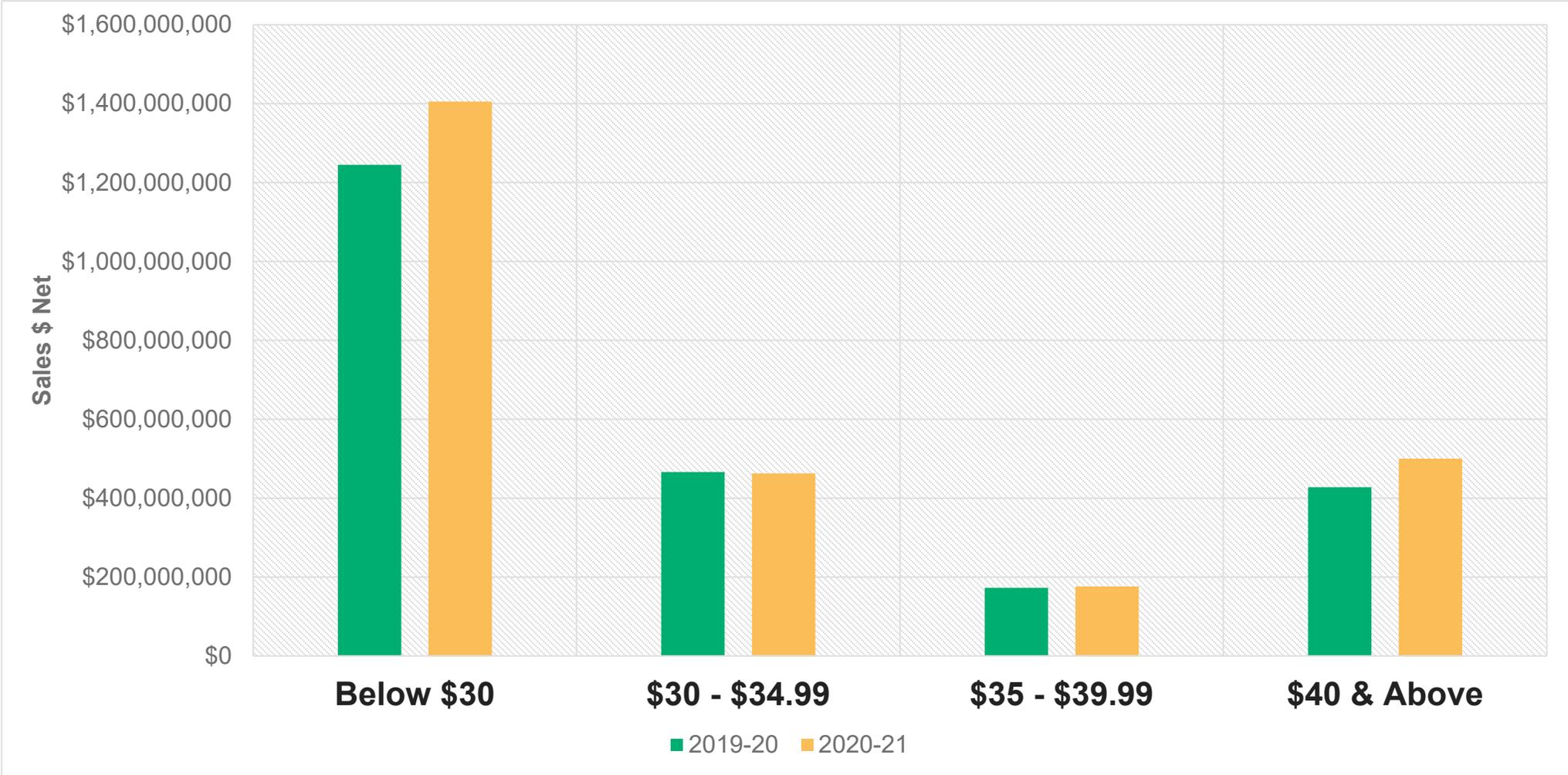
2020/21 YOY Net Sales Per Litre



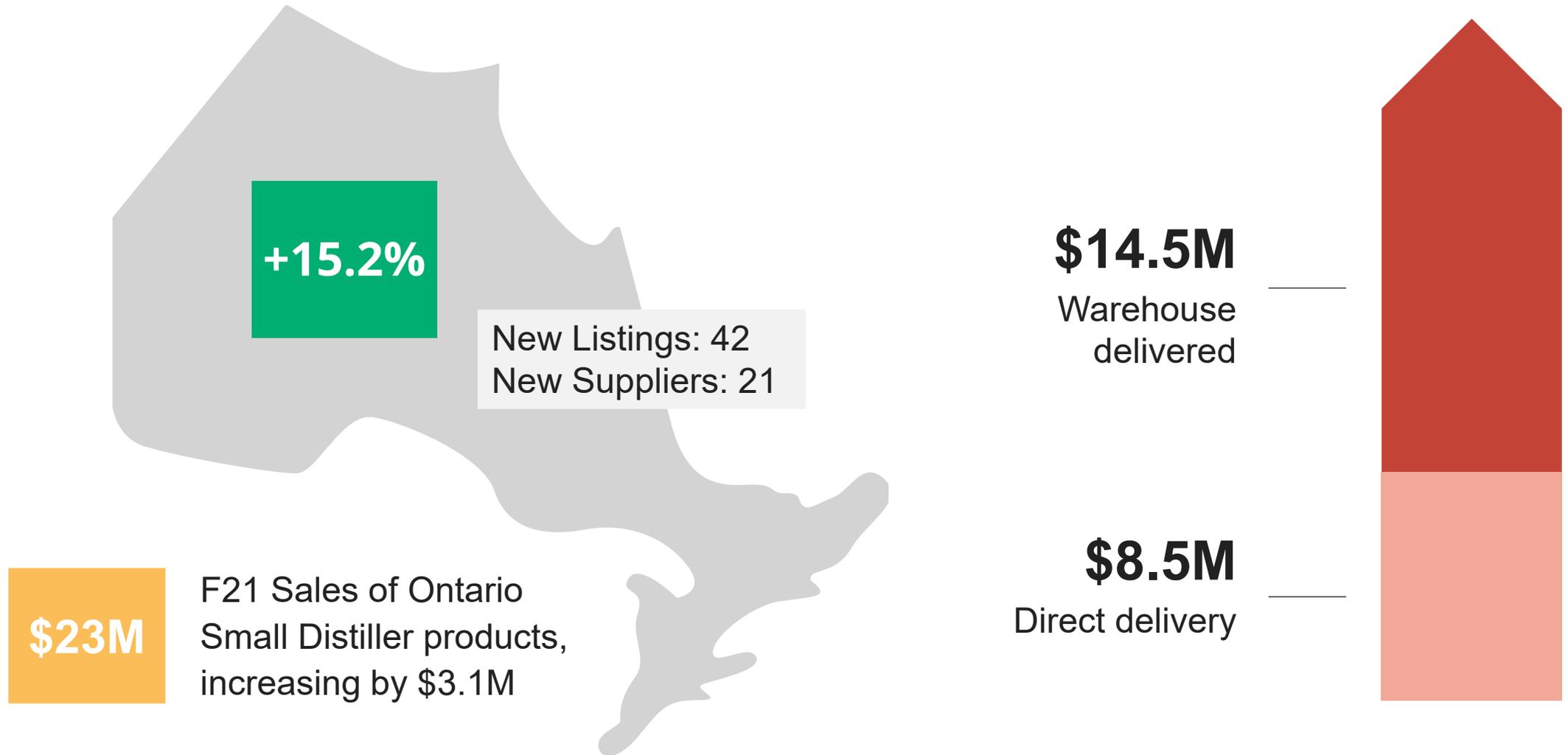
Large Format (>750ml) Share Variance To LY



Sales of Spirits by Price Band, 2020-21 YOY



Ontario Small Distillers



Top spirit trends 2020

1



The Pandemic Splurge

2



Classic Liqueurs

3



Back to Tried & True

Impact of social & new media

\$44M



F22 Plans & Priorities



LCBO Spirits

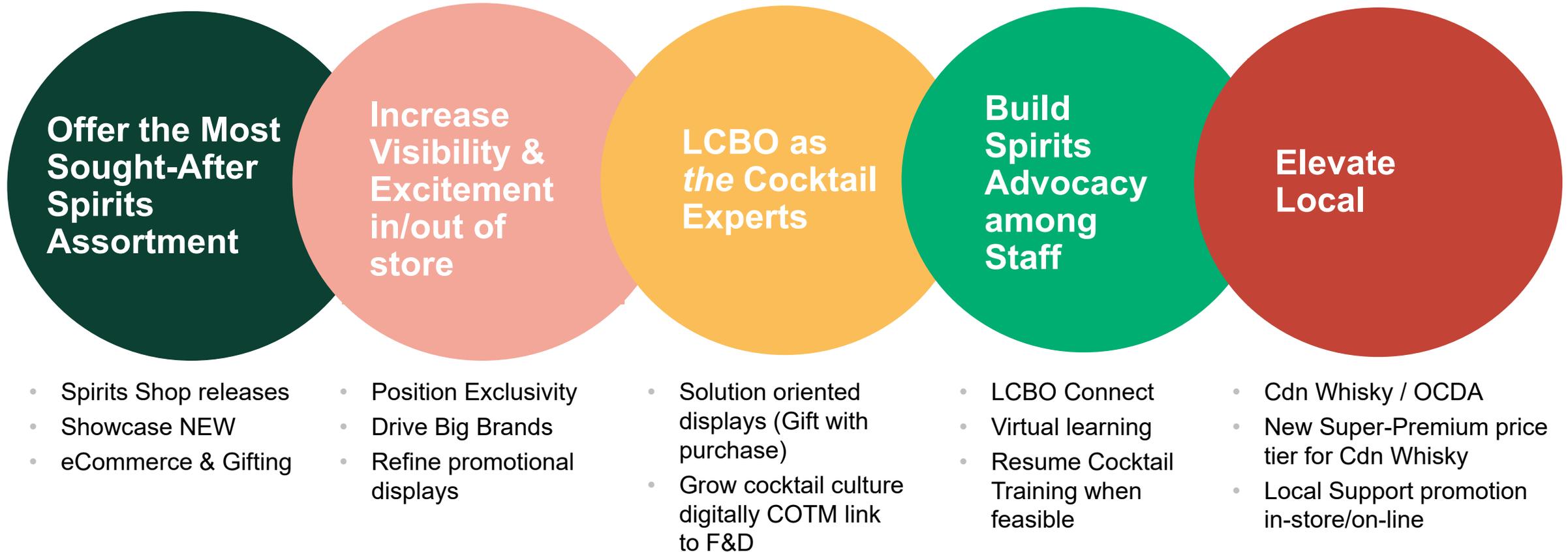
Spirits is growing, lead product category with a profitable and traffic driving assortment providing strong solution-focused consumer promotions.



2021 Focus

Optimize our assortment offerings and promotional plans given limited channels outside of the LCBO to provide Ontarians with the of best of spirits innovation, local and global products.

Spirits key strategic priorities



Spirits F22 Sales Fcst

- Declines expected vs. Pandemic trends, impacts of COSD, PW Launch
- Pandemic trends such as large formats, Cream liqueurs unlikely to continue at current pace
- Some rebounds for categories impacted by licensee closures (Tequila, Irish Whisky, Big Bar Brands)
- Return to product exploration, new product trail, premiumization

All \$ in thousands ("000"s)	FY2022 Plan	Y/Y Plan%
Whisky	\$882,938	-0.5%
Vodka	\$654,571	1.2%
Rum	\$290,868	-5.0%
Gin	\$135,789	4.7%
Brandy/Cognac	\$128,965	-2.6%
Liqueurs Classic	\$151,493	-9.1%
Liqueurs Cocktail Mixers	\$60,938	-2.6%
Liqueurs Sippers Bitters	\$92,561	5.4%
Tequila	\$124,338	19.8%
Soju/Shochu	\$10,179	30.6%
TOTAL SPIRITS	\$2,532,811	0.0%

Gradual opening:

Tequila, Irish Whisky
+ Big Bar Brands



Some at home trends continue:

Classic Liqueurs,
Rum, Whisky



Deluxe whisky



Star power



Seasonal flavours



Assortment

Assortment optimization



Refine Set Roles

Review Targets
& Assortment

Purchase
Cadence
& Planograms

Refine set roles

Drive growth and margin for the business

Profit Driver



Products that generate substantial revenue and also grow year over year.

Fund future growth

Growth Driver



Products that allow the LCBO to differentiate itself with leading product choices that are on-trend and highly desirable.

Customer Satisfaction

Traffic Driver



Popular products that drive the bulk of revenue for the category

Variety Driver



Must carry products providing variety of selection for consumer engagement and satisfaction.

Spirits set roles

Category	Whisky	Vodka	Rum	Liqueurs	Brandy/ Cognac	Gin	Tequila
Status	PROFIT	PROFIT/ TRAFFIC	TRAFFIC/ GROWTH	TRAFFIC	TRAFFIC	GROWTH	GROWTH
Role	Differentiation, sales driver, customer loyalty, wide assortment	Traffic/sales driver, customer loyalty	Differentiation, sales driver	Innovation, basket builder, promote cocktail culture	Differentiation, premiumization, exploration	Drive customer excitement through innovation & assortment	Drive customer excitement through innovation & assortment
Needs	Innovation, exclusives, e- comm options	First to market, e-comm options, super premium	Innovation, First to market, e-comm options, new countries	Innovation, extensions	Gifting, occasion based options	Innovation	Innovation, extensions

Approach to spirits sales targets 21/22

Sales targets ensure top productive products sales are protected while ensuring space for churn in assortment to allow for innovation.



Simplify Assortment

Analyse and maintain a profitable, strategic assortment that meets the evolving needs of the customer and is operationally efficient.



Protect Margin

Review ongoing assortment performance to protect 95% of margin sales based on a combination of pre- and pandemic era sales trends.



Refresh target groups

Review and add/decline target groups as needed. New for 2021/22 is a ***Canadian Whisky Super Premium*** tier.

Product calls notables



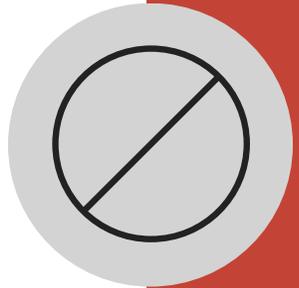
New Licensee Only

Licensee only-small format, focus on take-out/delivery orders, aperitifs, one-pour cocktails, whiskey/rum/tequila flights



Premium Pre-mixed

Growing trend towards premium premixed cocktails, with enhanced solutions, and automated one-time use formats



Non-Alcohol

Non-Alc. Spirits-de-alcoholized spirits that cater to our diverse customer looking for 'better for you' options

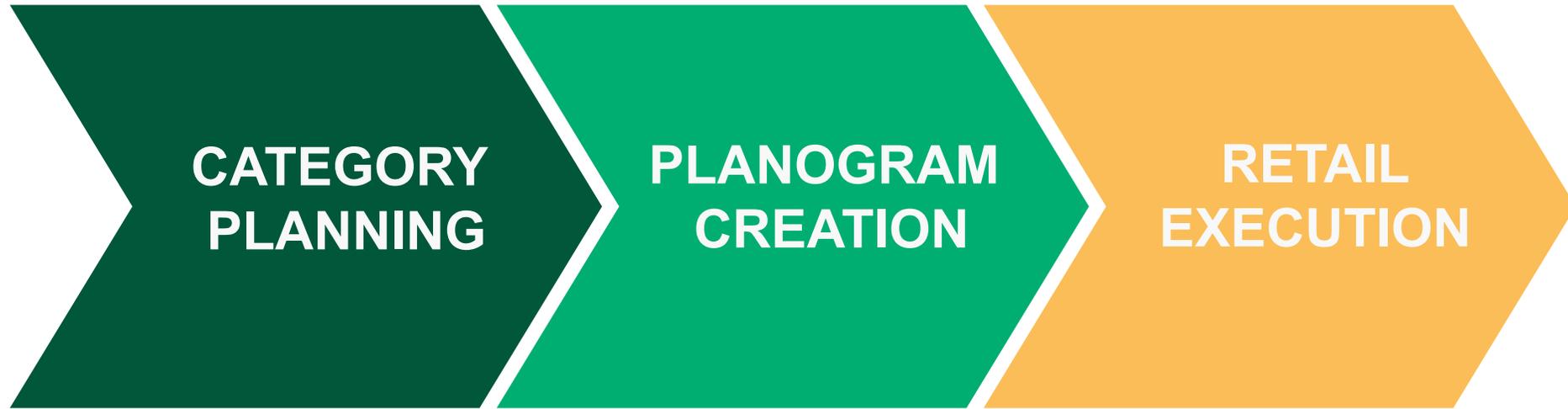


Ontario Small Distillers

Ontario distilled spirits with 'grain to glass' philosophy. Direct Delivery with potential of expansion. Adding E-comm only

Planogram updates

NEW annual planogram refresh by product category.
Seasonal category rotating for all stores.



WHISKY SHOP

NEW

SEASONAL
FAVOURITES

AVAILABLE
YEAR-ROUND

- 3-tiered program-Core, Seasonal, New
- Quarterly refresh on seasonal, new
- 125 new locations
- Slow start to F'21 but finished +16%/+\$3.8M to LY and +22%/+\$5M to OP
- Benchmark strategy for other shops programs

\$28M



OUR PREMIUM
GINS

- 15 skus
- 20 stores + online

\$3.9M



DISCOVER
SIPPING RUMS

- 15 skus
- 10 stores + online

\$1.9M



OUR BEST
TEQUILA

- 15 skus
- 13 stores + online

\$4.0M



Growing with Ontario Small Distillers

- 4 product calls/ year for direct delivery
- Display Ops including end aisle to showcase OSD SKUs
- Inclusion in the Holiday gifting program
- LCBO.com feature showcasing different distilleries



Holiday gift pack strategy

Maximize Potential

Large focus on big bets – tried & true brands, iconic holiday flavours and no-fail gifting solutions

Grow E-commerce

Leverage the e-commerce platform by offering captivating online exclusive gifting offerings across all categories

New Innovation

Exciting packages, compelling gift items, seasonal and festive flavours

Local Offerings

Ensuring that gifts from distilleries all over Ontario are well represented



Promotions

New Cocktail of The Month

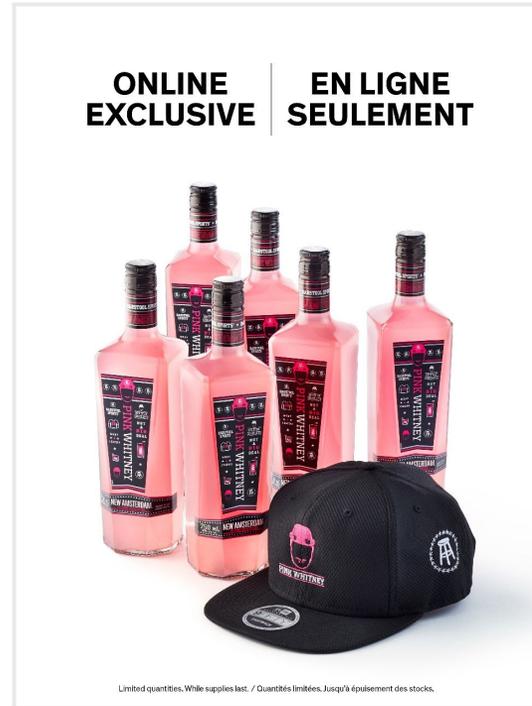
Omni-commerce strategy with Food & Drink!

- Engaging, on trend cocktails rooted in F&D expertise with simple food pairings
- F&D print editorial coverage
- Enhanced online presence
- May feature one or multiple suppliers on in-store display as well as other ingredients

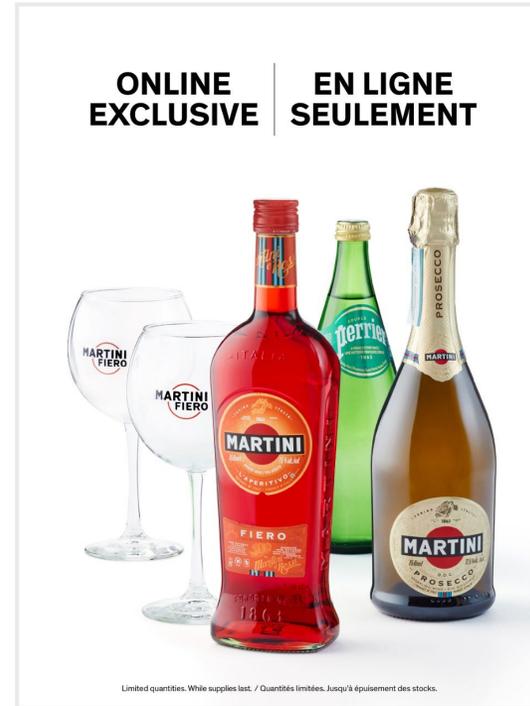


NEW & expanding opportunities for spirits on E-commerce

Value Add Offers



Cocktail Solution Boxes



New/ Pre-Launches



NEW virtual events & dynamic online product content



Whisky 101

Experts Christina Veira and Dante Concepcion are here to demystify the world of whisky. They'll walk you through an engaging tasting that explores [different styles of whisky](#) – from single malt classics to Canadian faves.



Mastering Canadian Whisky: JP Wiser's Tasting

Join whisky expert Dr. Don Livermore, Master Blender at Hiram Walker as he takes you through an engaging tasting of [five Ontario-made whiskies](#) from JP Wiser's and walks you through the [Canadian Whisky Flavour Wheel](#). Learn what's trending in the Canadian whisky industry, how Canadian whisky differs



Fall for Whisky Cocktails

Join pros Alex Pearce and Evelyn Chick as they mix up some of their [favourite cocktails](#) – all crafted by local bartenders featuring classic Canadian whiskies.

Thank you