

LCBO

TRADE DAY

2022



Breakout – Wines & Vintages

Agenda



Meet the
Team



Performance
Summary



Product
Trends



Assortment
Priorities



Notable
projects and
priorities

European Wines and Destination Collection Team



Stacey Roth
Sr. Director
European Wines &
Destination Collection



Paul Farrell
Sr. Category Manager
France & Other Europe
(excluding Italy)



Greg MacDonald
Sr. Category Manager
Italy



Courtney Dawson
Sr. Category Manager
Destination Collection



Bobby Panchu
Product Manager
Other Europe
and Sparkling



Lisa Chapman
Product Manager
France and Rosé



Katelynn Guilleman
Product Manager
Italy



Pragati Ghateshi
Category Analyst



Marie Vieira
Product
Advisor



Julie Hauser
Product Manager
Destination
Collection



Liam Doherty
Category Admin
LCBO Wines



Julian Sark
Category Admin
Vintages



Allan Craik
Category Admin
Vintages



Haley McGann
Sample
Coordinator
Vintages



Fredy Montoya
Category Admin
Destination
Collection



Brittany Acorn
Clerk
Destination
Collection



Sherry Arsenault
Category Admin
Vintages

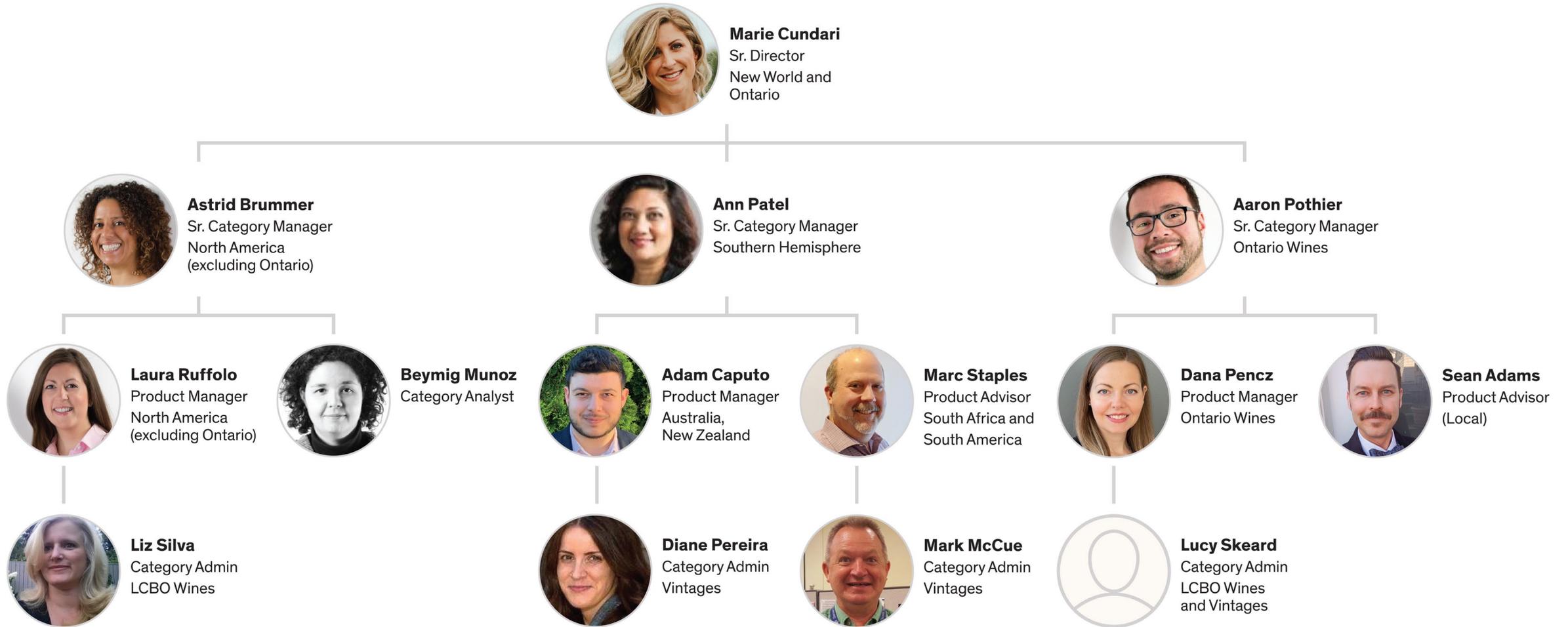


Darryl Pacek
Category Admin
Destination
Collection



Michelle Wardrop
Category Admin
Destination
Collection

New World and Ontario Wines



F22 Performance

F22 Sales Results

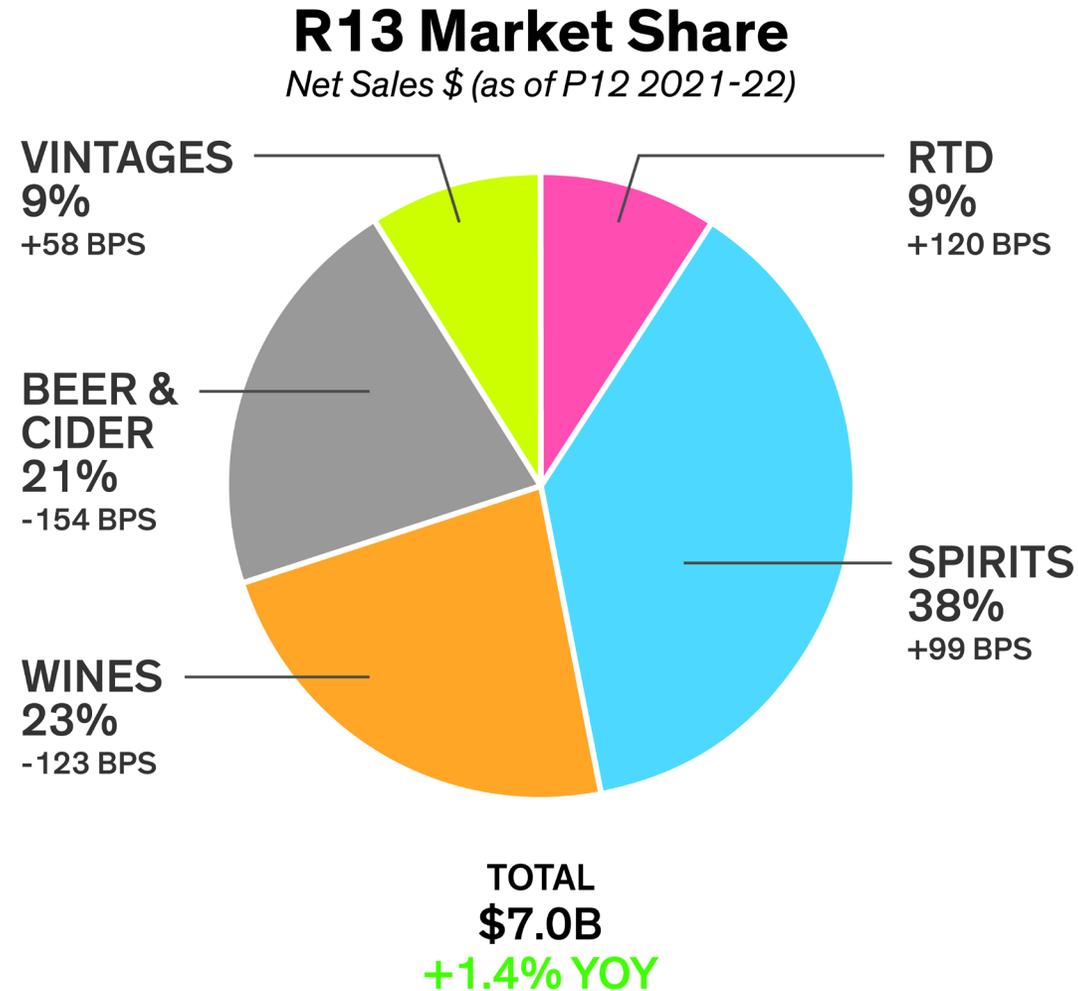
Wines & Vintages exceeded plan

Essentials key driver

Destination Collection remains growth opportunity

All \$ in thousands ("000"s)	FY2022 Net Sales (Actualized to P13)	YOY LY % Chg	Vs PLAN % Chg
European Wines	543,648	2.0%	-0.5%
Vintages - EW	136,919	11.1%	-2.3%
Vintages Ess. - EW	145,078	12.3%	29.2%
Subtotal European	825,645	5.1%	3.4%
New World Wines	567,470	-6.5%	-0.1%
Vintages - NW	102,054	5.1%	-6.9%
Vintages Ess. - NW	272,577	4.9%	9.9%
Subtotal New World	942,101	-2.2%	1.8%
Ontario Wines	507,300	-6.4%	-1.1%
Vintages - Ontario Wines	22,237	-1.7%	-0.8%
Subtotal Ontario	529,537	-6.3%	-1.0%
Vintages Futures & Directs	57,827	17.9%	16.3%
Wines & Vintages	2,355,111	-0.3%	2.0%
Destination Collection	9,527	-2.3%	3.3%

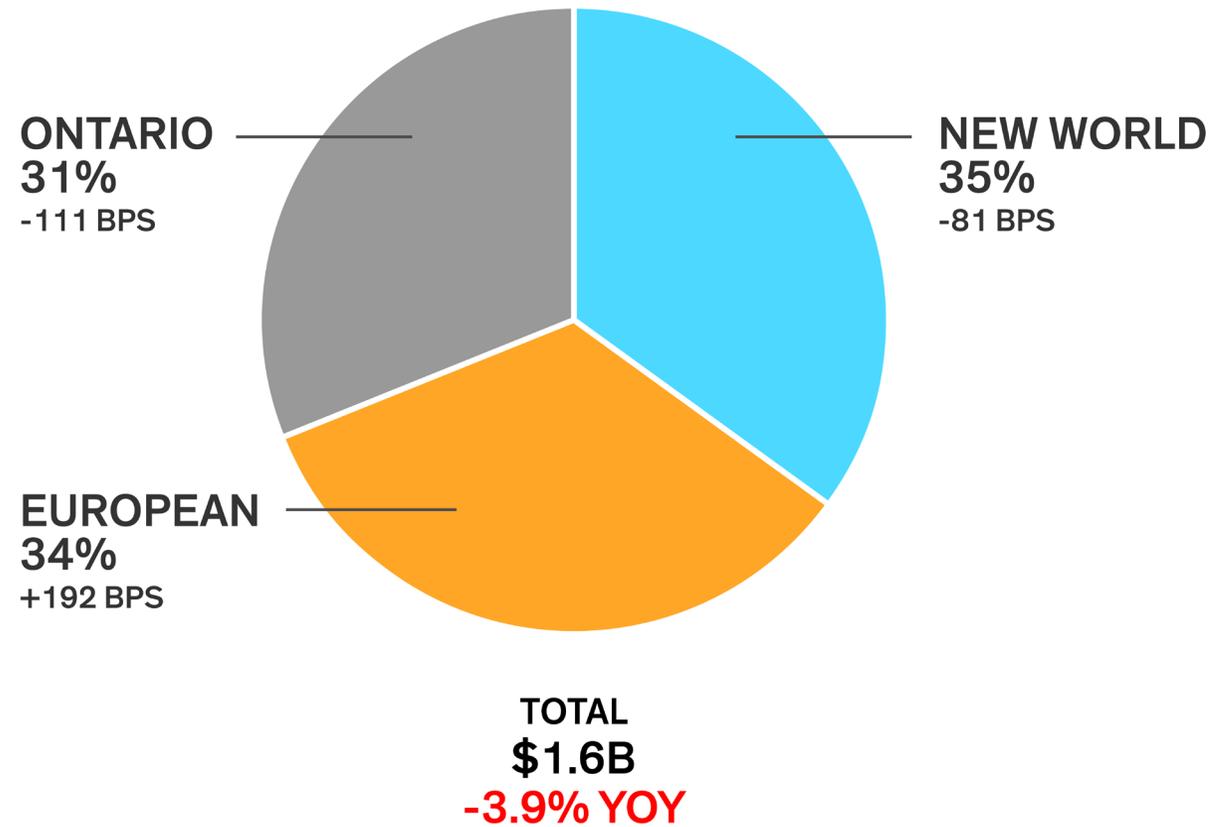
Spirits and RTD outpace Wines share growth



European Wines gaining share as customers return to pre-pandemic trends

R13 Market Share

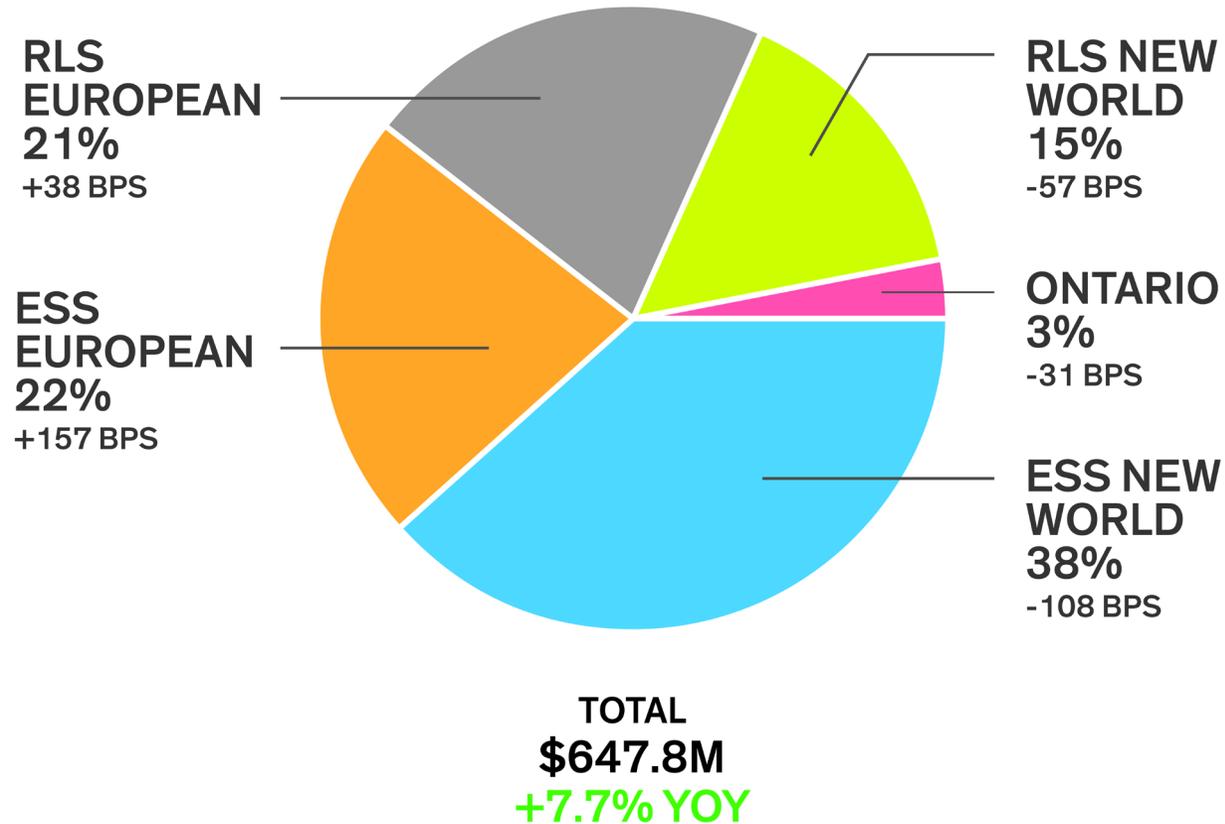
Net Sales \$ (as of P12 2021-22)



Essentials remained a key driver in Vintages

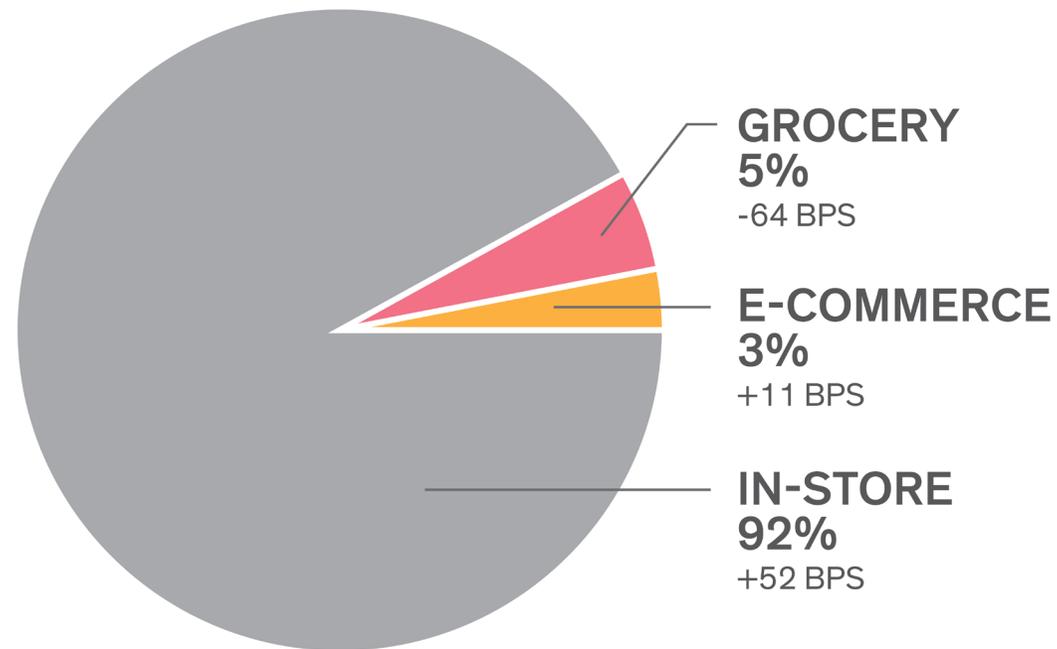
R13 Market Share

Net Sales \$ (as of P12 2021-22)



Ecommerce and Retail gaining share from Grocery

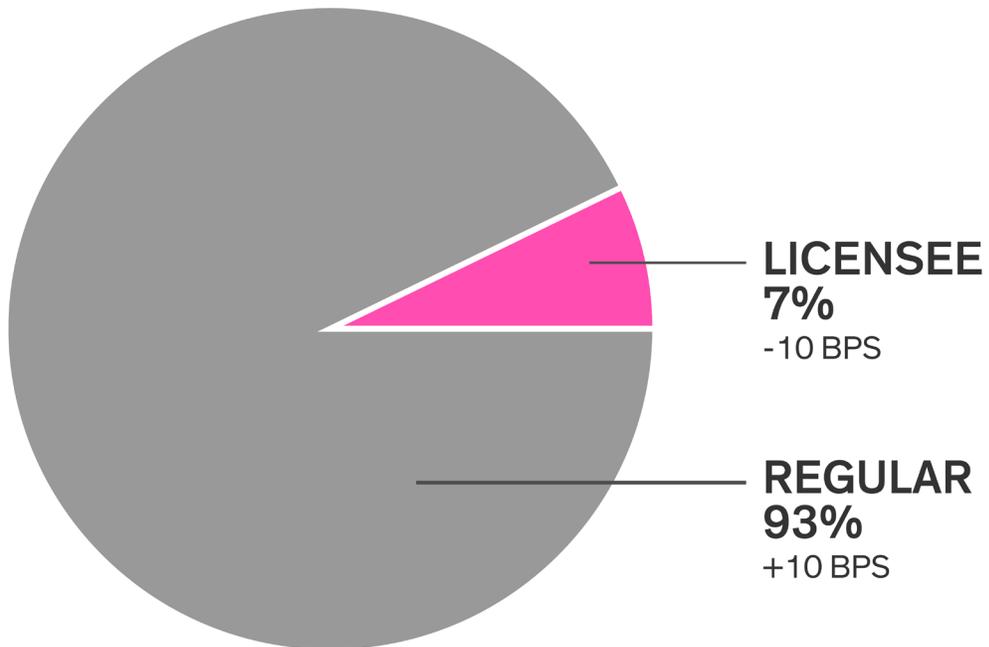
R13 Net Sales \$ (as of P12 2021-22)



Licensee Sales improving but remain below pre-pandemic levels

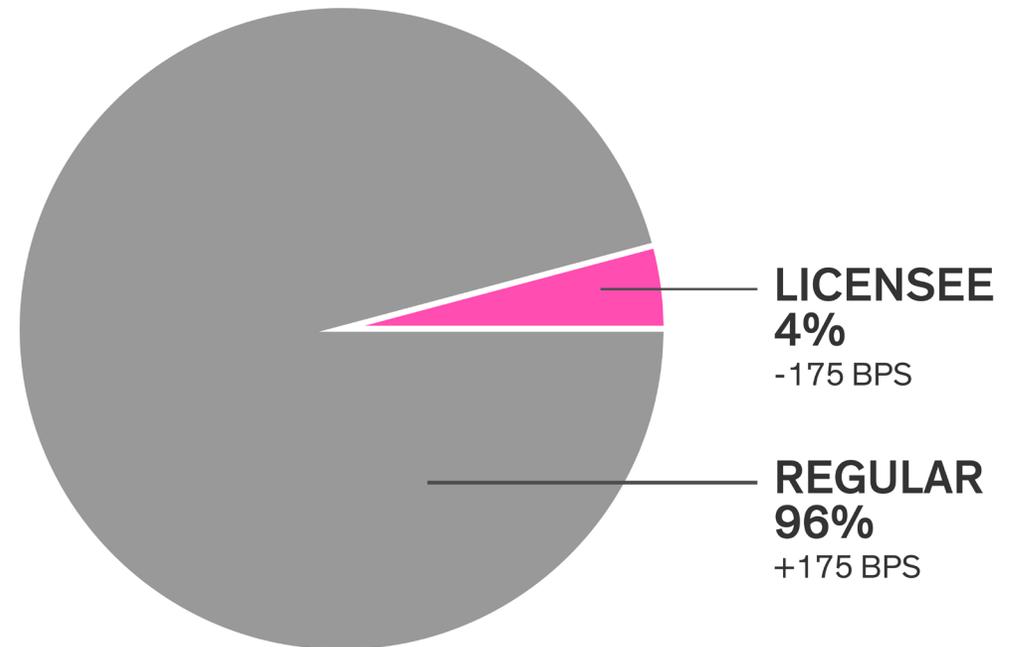
Pre Covid-19

Net Sales R13 (as of P12 2019-20)

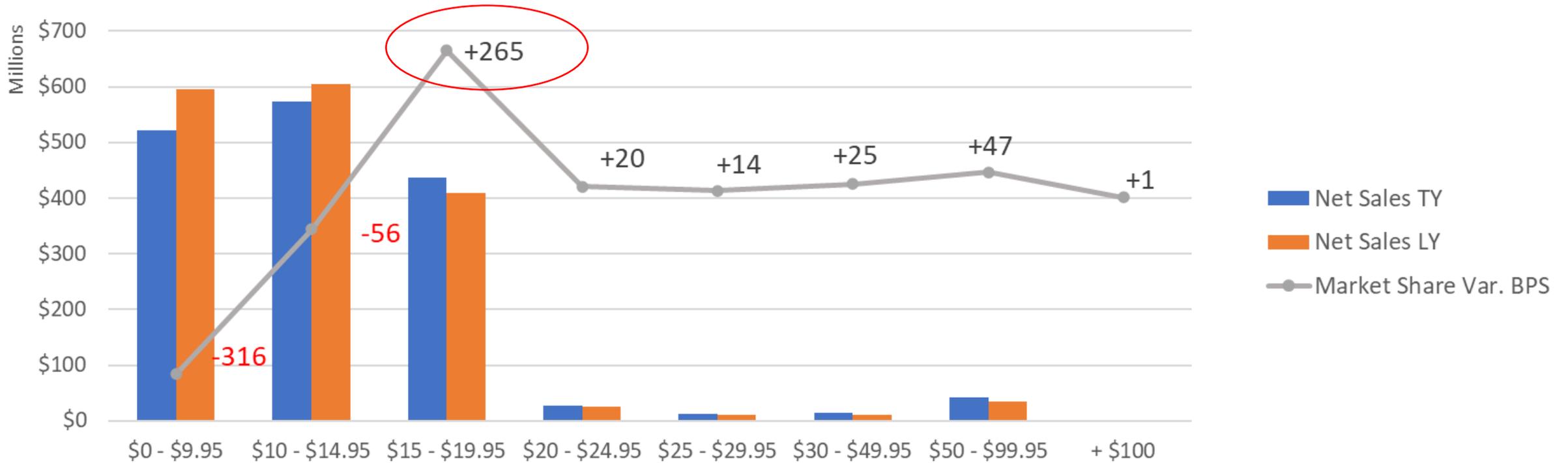


Current

Net Sales R13 (as of P12 2021-22)

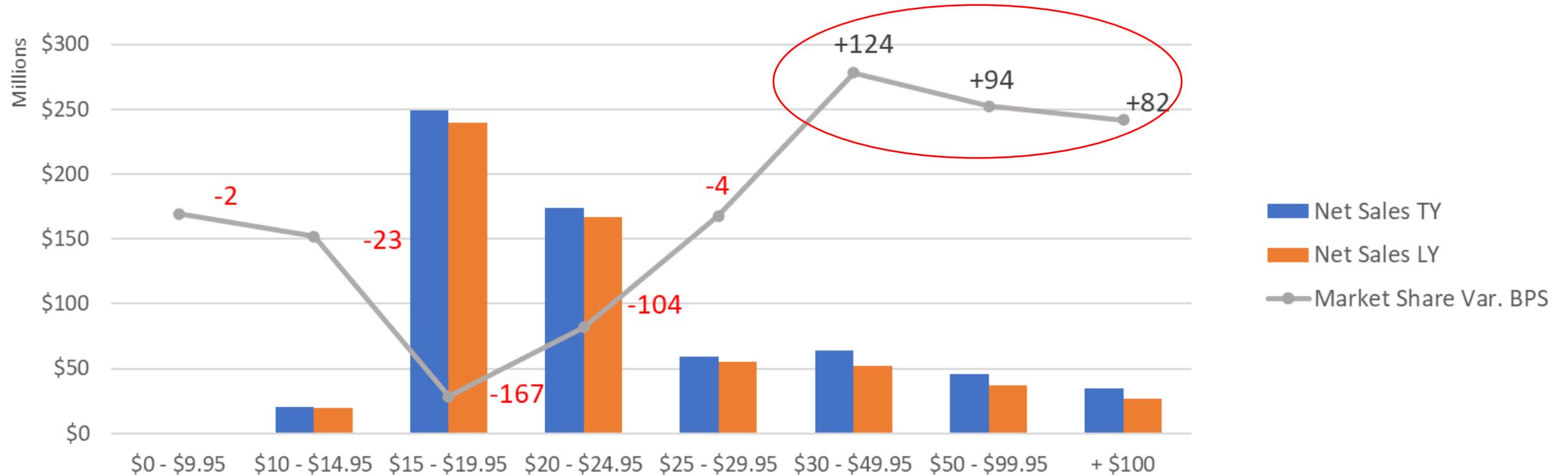


LCBO Wines customers continue to Trade Up; Share loss below \$15



R13 Net Sales \$ As of P12 2021-22

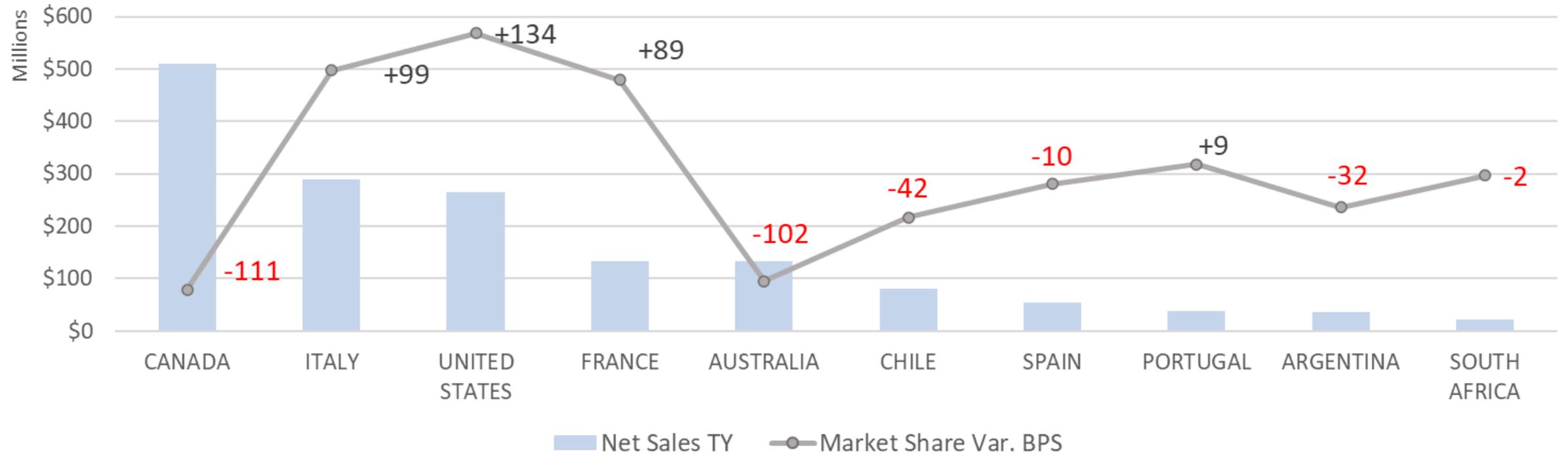
Vintages continues to accelerate in premium and ultra-premium price bands



R13 Net Sales \$ As of P12 2021-22

LCBO Wines by Country

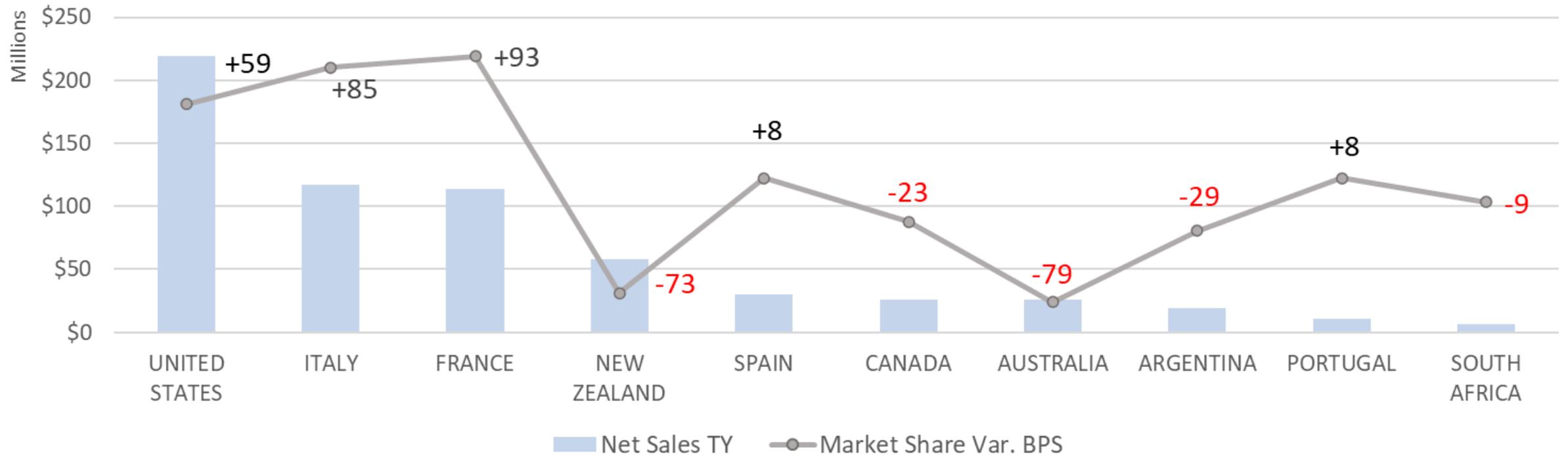
Growth led by US, Italy and France



R13 Net Sales \$ As of P12 2021-22

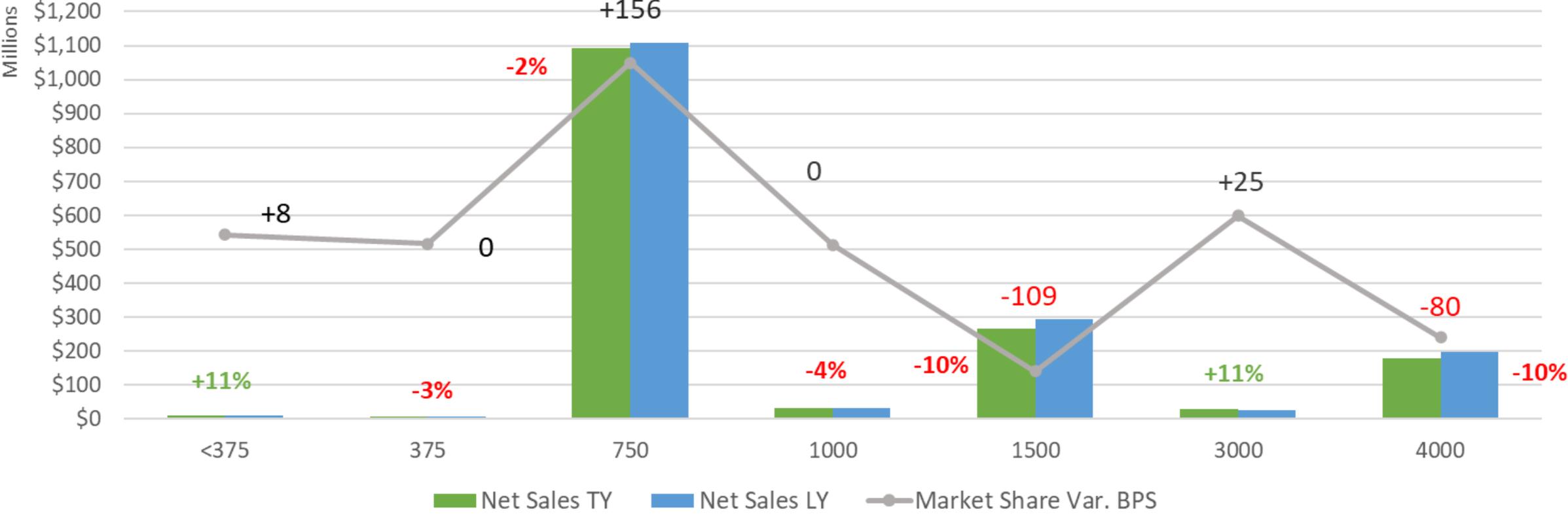
Vintages by Country

Growth driven by Premium regions



R13 Net Sales \$ As of P12 2021-22

<750ml formats gaining share



LCBO Wines R13 Net Sales \$ As of P12 2021-22

Top Wine Trends

Top Wine Trends

1



Premiumization

2



Refreshing
Bubbles & Rosé

3



#Trending
Innovation

Top Wine Trends

4



Lighter Choices
Low Alc + Low Sugar

5



Love for Local

6



Convenient Formats

Top Destination Collection Trends

1



East Asia

2



Greece

3



Ecofriendly & Unconventional

F23 Plans & Priorities

FY23 Sales Plan

Gradual return to pre-pandemic wine trends

All \$ in thousands ("000"s)	Net Sales	YOY Net Sales var.
European Wines	700,844	2.5%
Vintages - FL European Wines	132,066	-3.0%
Subtotal European	832,909	1.5%
New World Wines	827,734	1.3%
Vintages - FL New World Wines	100,771	1.4%
Subtotal New World	928,504	1.3%
Ontario Wines	517,584	-1.0%
Vintages - FL Ontario Wines	7,416	8.9%
Subtotal Ontario	525,000	-0.9%
Destination Collection	14,772	11.5%
Destination Collection - Cont.	21,680	2.2%
Subtotal Destination Collection	36,452	5.8%
Total Wines & Vintages	2,377,969	0.8%
Total Vintages	747,795	1.5%
Total Wines	1,620,532	0.1%

Assortment priorities

New World & Ontario Wines

Region	New Zealand	Australia	South America	California	Ontario VQA	IDB & Non-VQA
Category Role	Traffic Driver	Traffic Driver	Traffic Driver	Profit Driver	Traffic & Growth Driver	Growth Driver
Assortment priorities	<p>LCBO Wines – Fill gaps in Sauvignon Blanc portfolio</p> <p>Lighter option big brand innovation</p>	<p>LCBO Wines – High customer engagement brands.</p> <p>Lighter option big brand innovation</p>	<p>LCBO Wines - premiumization of category above \$10, focus on sustainable, organic, vegan wines for innovation</p>	<p>LCBO Wines & Essentials - investment in established brands</p> <p>Seasonal programs - Capitalize on trends and innovation</p>	<p>LCBO Wines – focus on innovative packaging, engaging brands, sustainability, popular varietals and on-trend styles</p>	<p>Innovative and trendy new brands; refresh or evolve legacy brands, Lighter option big brand innovation</p>
	<p>Vintages – Drive premiumization and diversify assortment. Purchase less-known varietals and regions within online exclusive collections</p>	<p>Vintages – Drive premium assortment of proven and new items. Purchase less-known varietals and regions within online exclusive collections</p>	<p>Vintages – Focus on strong 3rd party accolades growing premium, reds +\$20. Purchase less-known varietals and regions within online exclusive collections.</p>	<p>Vintages – Drive premium assortment of proven and new items</p>	<p>Vintages – Focus on benchmark styles and varietals, leverage Local Find/Local Talent to showcase winery stories</p>	
Promotional Priorities	<p>Encourage LTO and loyalty oriented promotional activities including Extenders and Flex Space to drive customer engagement and traffic</p>	<p>Encourage LTO and loyalty oriented omni-commerce promotional activities to drive customer engagement and traffic</p>	<p>Encourage LTO and loyalty oriented promotional activities including Extenders and Flex Space to drive customer engagement and traffic</p>	<p>Encourage LTO and loyalty oriented omni-commerce promotional activities to drive customer engagement and traffic</p>	<p>Encourage LTO and loyalty oriented omni-commerce promotional activities to drive customer engagement and traffic</p>	<p>Encourage LTO and loyalty oriented omni-commerce promotional activities to drive customer engagement and traffic</p>

Assortment Priorities

European Wines

Region	Italy	Spain	Portugal	France	Emerging/ Other Europe
Role	Traffic Driver	Red – Profit Driver White – Growth Driver	Growth Driver	Traffic Driver	Variety Driver
Assortment priorities	LCBO Wines - Premiumize segments in the red wine category filling gaps between LCBO wines and Vintages. Looking for the "next big thing" for Italian White wines.	LCBO Wines - Focus on revamping the Spanish White category - seeking great value white with modern packaging and strong marketing support	LCBO Wines - Optimize existing assortment	LCBO Wines – looking for innovation in all categories and price points that speak to a modern version of the Classic French presentation. Strong promotional support is an asset.	LCBO Wines – Optimize existing assortment and grow new brands
	Vintages – Prioritizing most popular regions and styles, and premiumization	Vintages – Premium and diversity of wines styles primarily classic styled wines from Rioja and modern style from emerging regions	Vintages – Focus on value for both reds and whites and drive premium offerings through online exclusive collections	Vintages Frontline – Focus on best quality options from all Classic regions at all prices	Vintages – Discover broad appeal products that attract the core Vintages customer base. Encourage discovery through online exclusive collections
Promotional Priorities	Encourage LTO and loyalty oriented omni-commerce promotional activities to drive volume/traffic	Encourage increased in-store promotion to support key/new brands to drive excitement and grow set. Promote trade up strategy	Encourage promotion to drive excitement and grow set; use omni channel opportunities to promote new skus listed in past year	Focus in-store promotional opportunities to promote new products and support a trade up-strategy	Targeted promotional opportunities with promotion focus on limited number of top stores for each category

Assortment Priorities

All Countries

Category	Sparkling	Rosé	Gifting	Seasonal	Destination Collection
Role	Profit Driver	Growth Driver	Growth Driver	Variety Driver	Variety Driver
Assortment priorities	Innovative branding and appealing packaging, premium offerings across spectrum of styles. Introduce new Champagne assortment.	Packaging and competitive pricing is crucial especially from Provence, focus on top volume drivers	Holiday gifting, year-round gifts, ecommerce exclusives and seasonal bottles/wraps	Lighter Choices (No Alc, Low Alc/ Calorie/Sugar), Various formats, Flavoured Wines, On Trend innovation	Niche & unique, under-represented product categories
Promotional priorities	Targeted omni-channel promotional opportunities including enhanced activations; Leverage key displays to capitalize on promoting new products	Capitalize on summer seasonal campaign and execute seasonal display strategy	Encourage promotion and participation in seasonal and evergreen gifting programs	Capitalize on relevant seasonal campaigns and execute seasonal display strategy. Develop merchandising strategy for non-Alc segment.	Targeted promotional opportunities tied to key occasions and holidays. Integrate Destination Collection into relevant promotions throughout the year.

Key Initiatives & Projects

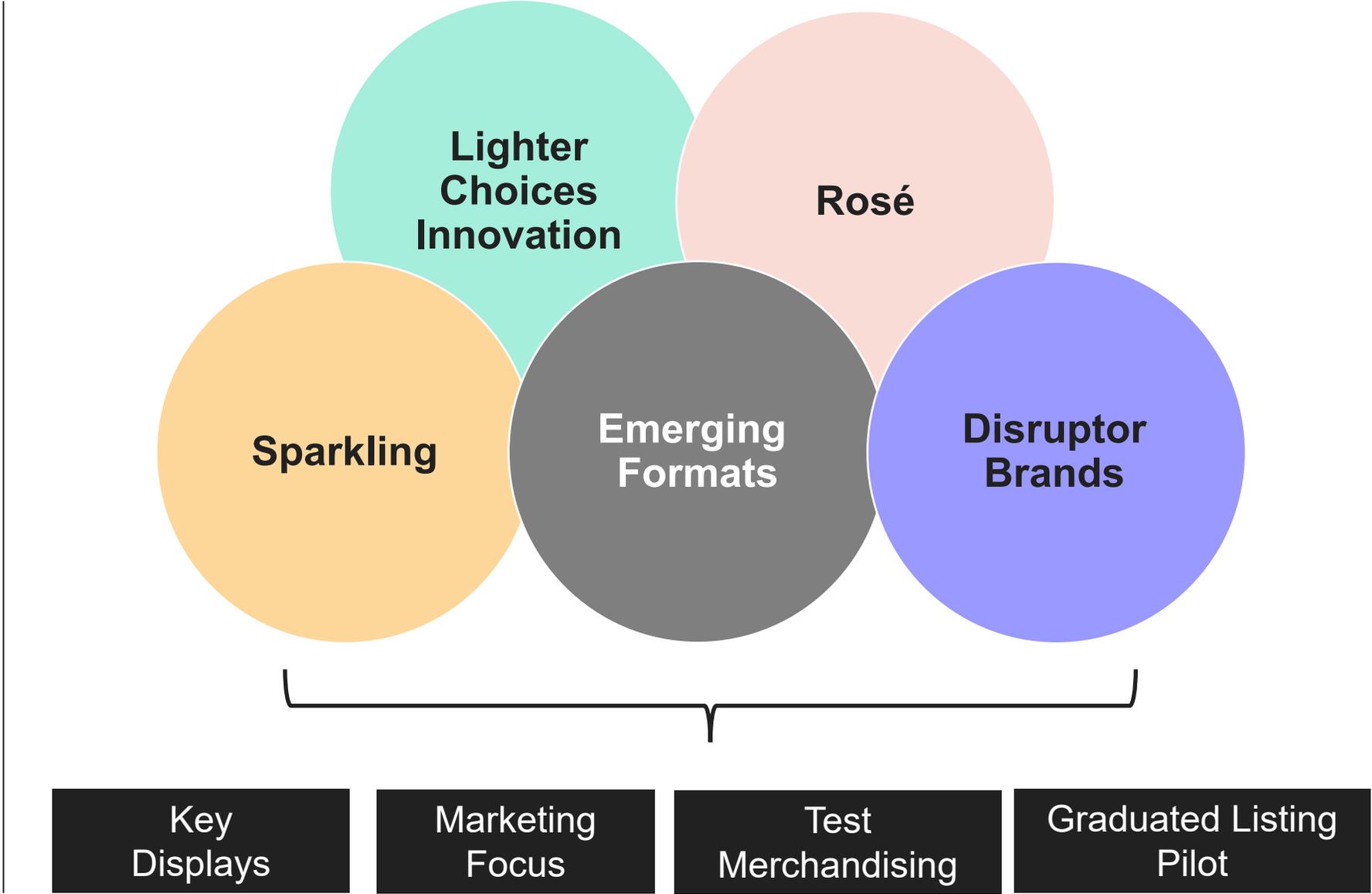
Wines

Key Strategies



**Recruit
New
consumers**

**Drive New
brands and
optimize
seasonal
programs**



Recruit
New
consumers

Invest in
Lighter
Options

1

New! Non-
Alcoholic Wines
0% ABV



2

Lighter Alcohol
Wines <9% ABV



3

Low Sugar <5g/L



Recruit
New
consumers

Graduated Listing Program Pilot



Recruit
New
consumers

Diversify and
enhance
promotions

We need
your help!

LCBO

**FY23 PROMOTIONAL
OPPORTUNITIES**

Overview, Opportunities &
Application Process

doingbusinesswithlcbo.com

Familiarize yourself
with LCBO's
various promotional
opportunities



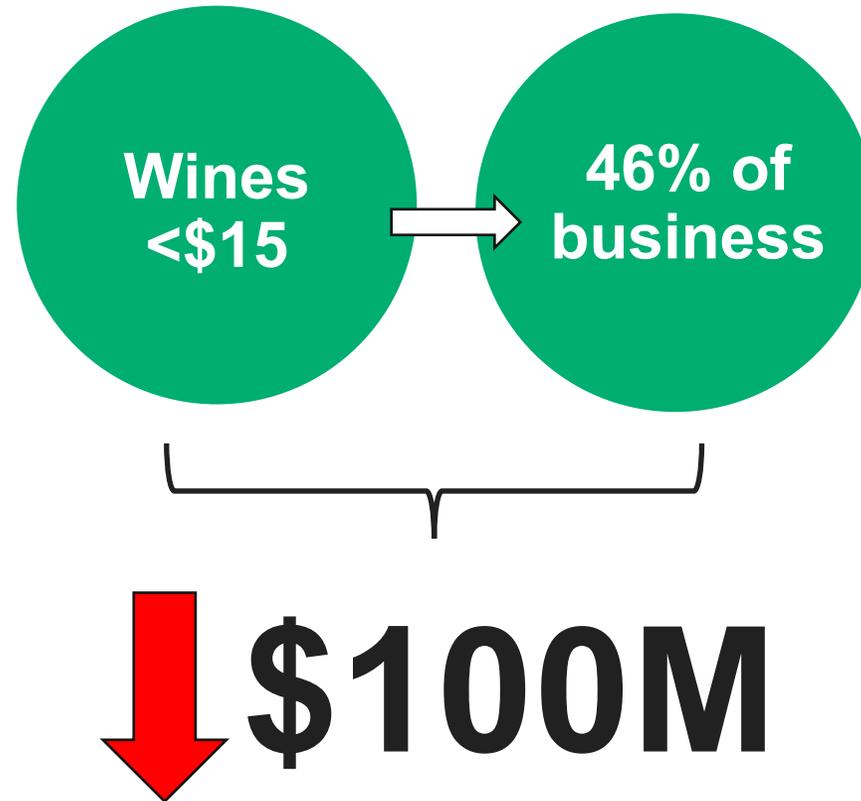
Opportunity for more
brands to participate



**ALIGN
ASK QUESTIONS
APPLY!**

Stabilize
the Value
Segment

Snapshot of
the value risk



Stabilize
the Value
Segment

Protect core
assortment
through
tactical efforts

1



2

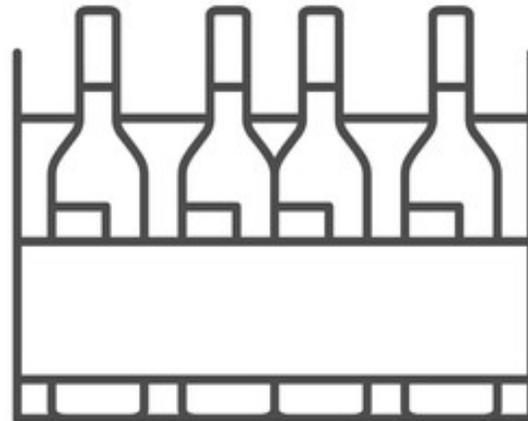


3

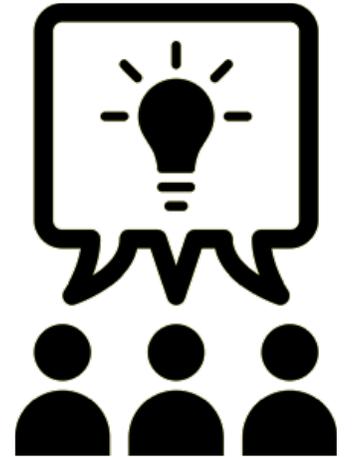
Loyalty Offers



Promote Wines
by the Case



Refresh: Innovation
& Collaborative
Planning



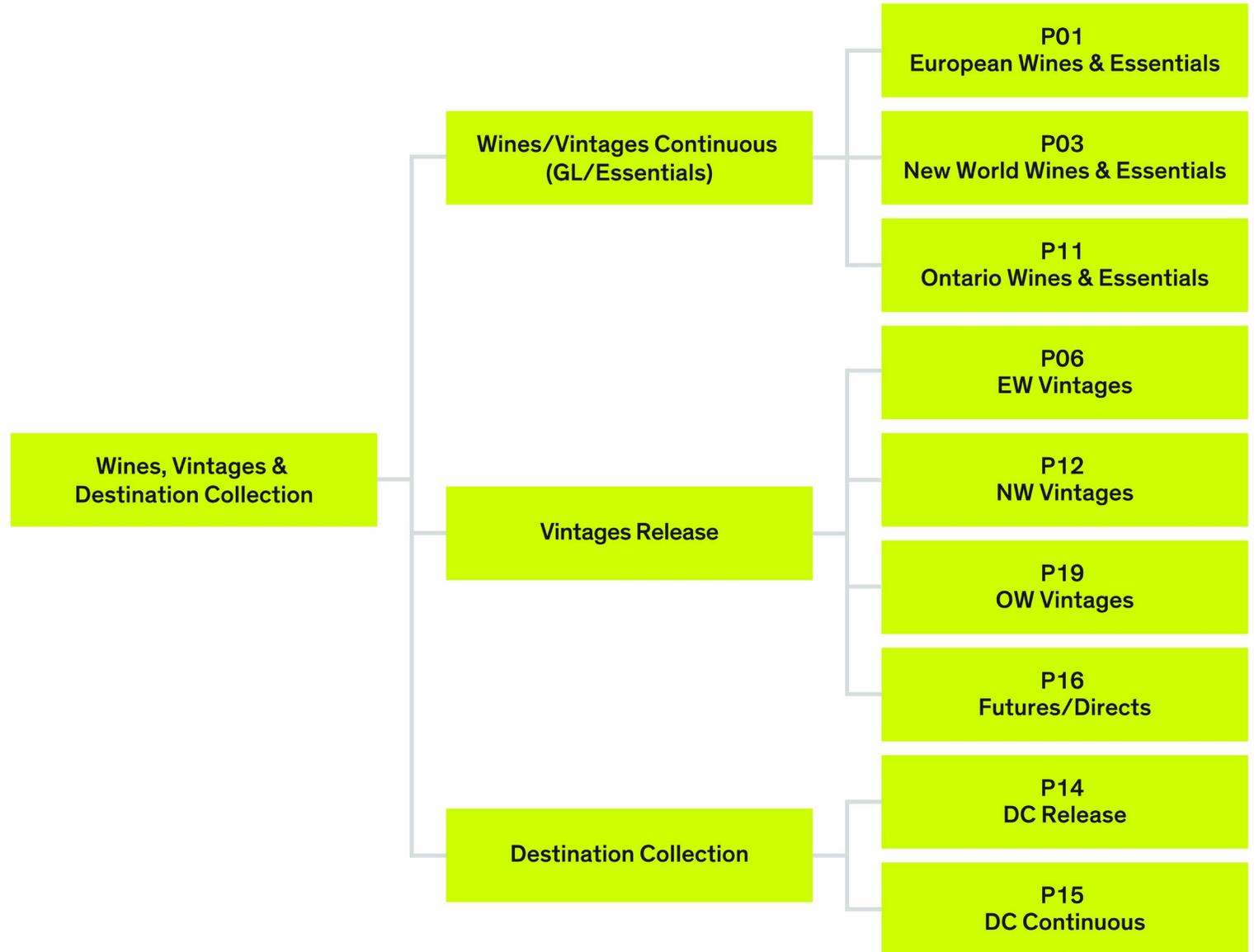
Optimize Assortments

Drive Ecommerce Channel





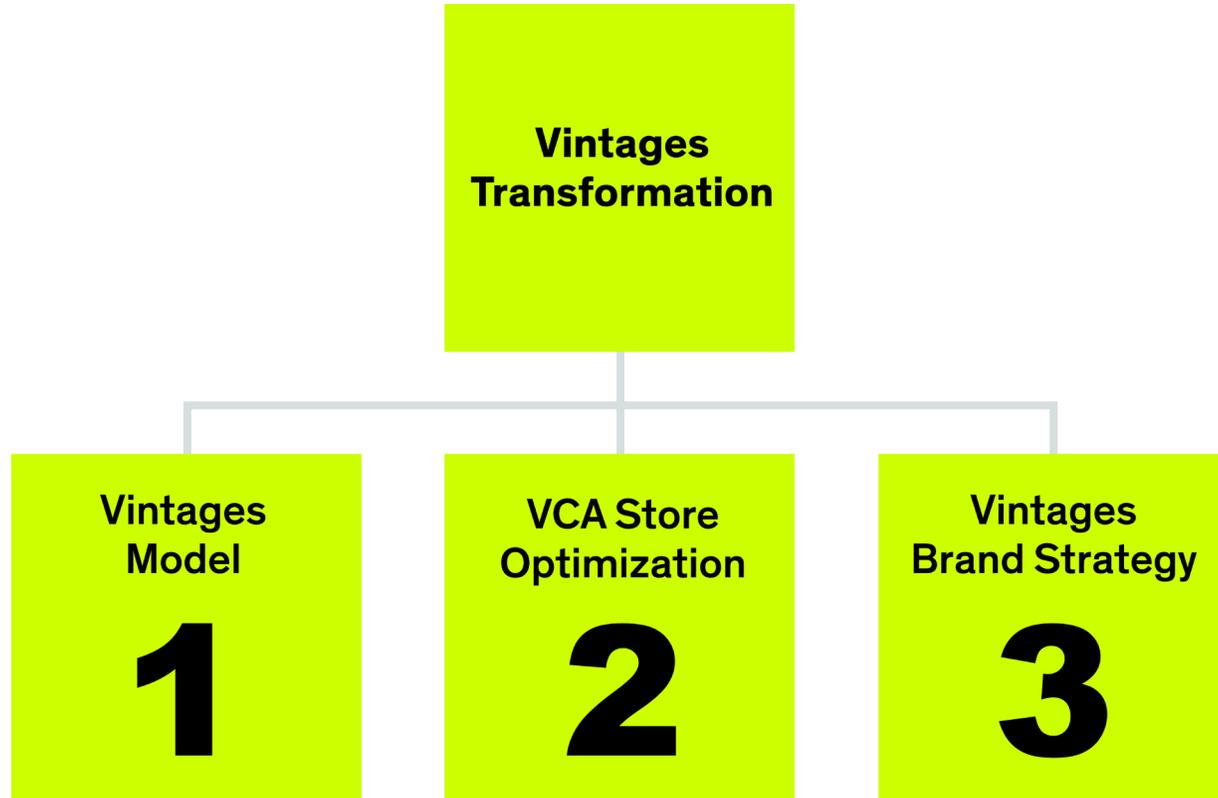
Hierarchy changes + Destination Collection Integration





Optimize Assortments

Vintages Transformation Year 1



Key changes

1

Vintages Model

Simplify the retail release schedule and enhance Vintages' Ecommerce offerings



Enhance the selection and role of Essentials within the Vintages brand



Increase offerings and Optimize Direct Programs



Our Release Catalogue is transforming

- New! Ecommerce Feature Spread
- Removal of “B” feature story
- Enhanced Marketing communications

VINTAGES

CALIFORNUCOPIA
15 top wines

NOW AVAILABLE!
New Online Exclusives collections

DECOY
RED WINE
2018
Napa Valley
LIMITED

FRANCIS COPPOLA
DIAMOND COLLECTION
RED BLEND
2018

LCBO

DISCOVER OUR LATEST COLLECTION, IN STORES AND ON LCBO.COM **SATURDAY, JANUARY 22, 2022**

AN EXCLUSIVE ONLINE-ONLY COLLECTION

This new online collection features unique wines that would make great **Father's Day gifts**, including a 90-point Amarone, a richly textured Champagne, fine Oregon Pinot Noir, cellarable McLaren Vale Grenache/Shiraz, a big Nova Scotia red blend, orange wine from Spain, and 26 other intriguing options.

Shop from the convenience of home and have your wines delivered to your door or your local store!

Order at lcb.com/online-exclusives starting June 2. For advance notice of exclusive online collections like this one, sign up to receive Vintages e-News at lcb.com/vintages.

CANTON DE ORG GEMOULTREMINER Garden Mills, South Okanagan Valley, British Columbia Made in a dry style with intense tannin, rose, plum, apricot, grapefruit and peach. Aromatic & Floral/Ful. 2020 750 mL \$39.95 New at Vintages	2021 GREAT BAY PINOCH ROSE New South Dry, crisp, rose petals and wild roses. Highly appealing with a lot of fruit sweetness. \$9 points (Lester, Scales, WJ, winealign.com) New at Vintages	LOUSET LANE ESTATE BLANC 2020 VQA Limestone Lakeshore, Ontario Charming with white flowers, honeydew fruit, and Granny Smith apple, green, and a characterful saltiness. \$11 points (Lester, Scales, WJ, winealign.com) New at Vintages
TWO SISTERS ELEVENTH POST 2018 VQA Niagara River, Niagara-on-the-Lake, Ontario Red berry, blackberry, rose, charred oak, spice and a gentle touch of saffron herbs. 90+ score through 2024. \$9 points (Black, Yaufrank, winealign.com) Full-bodied & Smooth 2018 750 mL \$45.00	ZUCCARDI EMMA BONARDA 2018 Vino da Tavola, Mendoza, Argentina Fermented and matured in concrete to preserve the freshness and vibrancy of the fruit. Enjoy through 2023. \$9 points (Black, Yaufrank, winealign.com) Full-bodied & Smooth 2018 750 mL \$39.95	MITOLO 7° SON 2018 McKenzie Vale, South Australia Generous, ripe and composed. Sweet plum, white pepper, vanilla and spice. 90+ score through 2023. \$9 points (Black, Yaufrank, winealign.com) Full-bodied & Smooth 2018 750 mL \$29.95
BASTING LOS PARENTES CHARDONNAY 2020 VQA Niagara, Mile del Marqués, Chile Complex and ripe, with peach, hazelnut, butter, mouth-punch and mineral. Focused and long. \$9 points (Black, Yaufrank, winealign.com) Full-bodied & Rich 2020 750 mL \$33.95	MATURANA VINO VOOGNER 2019 Sustentado, DO Valle del Maipo, Chile Floral and juicy, with touches of apricot, creamy and ripe. \$9 points (Black, Yaufrank, winealign.com) Aromatic & Floral/Ful. 2019 750 mL \$39.95	CHARLES MIGNON CUVÉE COMTE DE MARNE BRUT GRAND CRU CHAMPAGNE Reims, France Richly textured, with a notable structure. Fine white and citrus fruit and a refined mineral note. \$9 points (Bishop, Vines, Wine Enthusiast) Rich & Complex 18123 750 mL \$87.95

VINTAGES AT THE LCBO

NEVER MISS A VINTAGES RELEASE!

Mark your calendars. This spring and summer, you'll notice some changes to our releases. Some will be **online-only** and we won't publish a release catalogue; other releases will be available **both in stores and online**, and you'll get a catalogue in the mail as usual.

Online Exclusives release (no catalogue)

- May 12
- June 2
- June 30
- July 28
- August 25

In-store & Online release (mailed catalogue)

- May 21
- June 18
- July 16
- August 13
- September 10

E-commerce Exclusive Releases

Enhanced customer communication:

- Feature spreads
- Vmail | CRM
- Owned social
- Enhanced site and app placement
- In-store Signage

January 2022

- Initiated regular monthly online exclusive release cadence
- 4-week residual purge cycle to Vintages flagship stores

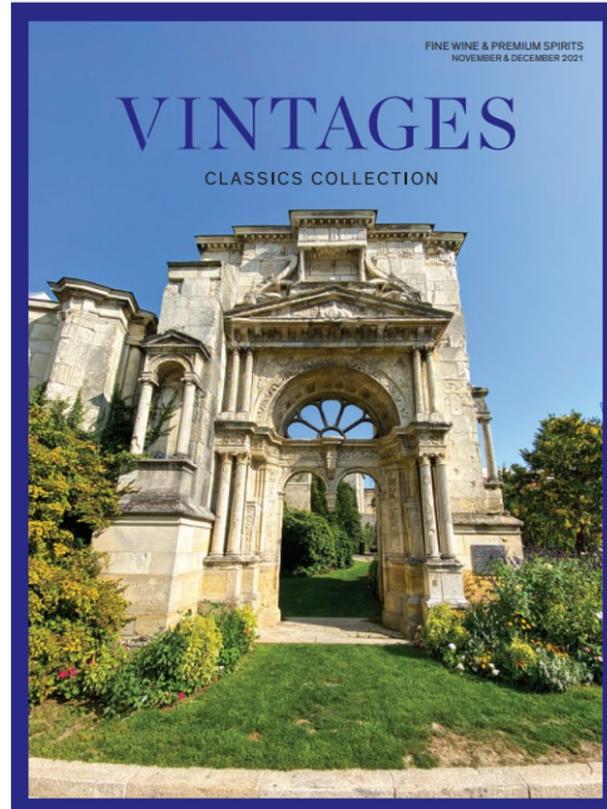
May 2022 – August 2022

- Online only release (not accompanying a retail release) x5



Classics Catalogue Evolution

Replaced with a
digital experience



- March/April last issue of Classics Catalogue
- Postcard to print subscribers for May/June & July/Aug Collection
- Awareness via Vmail and Release Catalogue in the weeks leading up to May/June Collection
- Improved digital experience with launch of new platform will better serve customers.
- Retail communications

Key changes

2

Optimize
Vintages release
locations
(VCA) across
network

Phase 1: 41 Stores exited Nov 2021

Phase 2: 11 Stores to be exited May 2022

**240 Vintages Release Locations
Right Product, Right Store!**



Key changes

3

Clarify the brand position for Vintages

Vintages is all about the **joy of discovery**

Vintages is an expertly curated selection of remarkable wines that make it easy for you to continually discover what's new and get immersed in your love of wine. Discover your next favourite bottle or add something special to your wine collection. Only available at the LCBO.

Expertly curated collections:

New Release Collection

The New Release Collection is an **ever-changing** selection of wines released in limited quantities, curated to help you discover what's new and remarkable in the world of wine. Available in select stores and online.

Essentials Collection

The Essentials Collection is a curated selection of wines that represent **signature styles** from key regions around the world. These wines are always available instore and online.

The Cellar Collection

Curated for the passionate collector, Cellar Collection is a selection of **iconic and rare** wines that are available in limited quantities and are only available online.



Optimize
Assortments

Elevate Destination Collection Assortments

1

- **Transition to SCMe**
- Transitioned in Fall 2021
- Integration with merchandise financial planning process
- An NTP now accompanies all purchases
- Sell through target and rebate clause applies
- Release date defined upfront

2

- **Collaborative Purchase Planning**
- Streamlined intake process via NISS
- One product call for multiple channels

3

- **Enhancing In-Store Merchandising**
- Aim at optimizing in-store shopping experience
- Products to be merchandised by region/varietal



Optimize
Assortments

Elevate Destination Collection Assortments

4

NEW! Central Europe Boutique

- Located within Store 542 (Mississauga)
- Retail network's largest assortment of SKUs from Austria, Hungary, Croatia & Slovenia
- Store will open in June 2022

5

Integration with LCBO Promotional Planning

- Highlight halo assortment

6

Enhancing the Online Experience

- Revamped program landing page
- cross-merchandising opportunities

Drive Trade Up

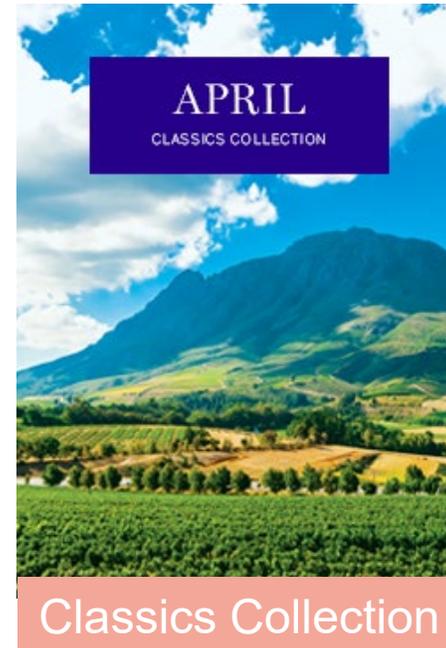
Increase and Optimize Allocated and Special Offers



\$8.5M
↑ 13%



\$8.7M
↑ 36%*
* 3yr CAGR



\$11.7M
↑ 26%



\$850K
↑ 100%*
* F23 forecast

Drive
Trade Up

Launch New Essentials; Increase omni-channel exposure



SHOP &
SAVE
ON ESSENTIALS



Drive
Trade Up

Enhanced focus on premium promotions and experiences





Expand the gifting occasion year round

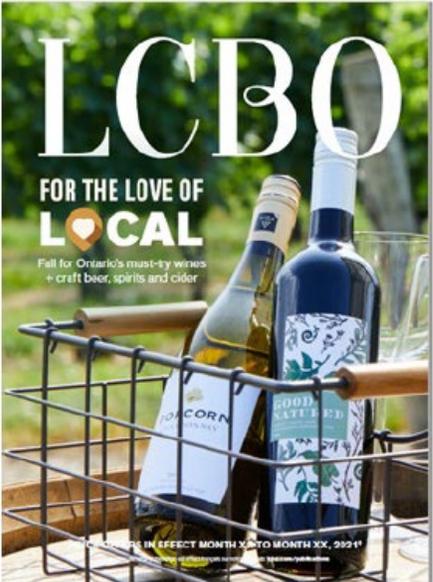
HOLIDAY ONLY

\$12.6M

↑ 26%



Support Local



Takeaways

What this
means for
YOUR
Business

1



Follow the trends and remember gifting is a focus!

2



Bring us innovative ecommerce exclusives and special offers

3



Grow your brand by participating in omni-commerce opportunities

4



We are transforming how we deliver Vintages to our customers

Thank You