Cool Climate Oenology and Viticulture Institute (CCOVI)
March 5, 2018
Over 665 Stores

5 Warehouses

630,000 Tests on 29,000 Products from 80 countries

9,200 Employees
Net sales of $5.9B
Net Income $2.1B
for 2016/17
LCBO: Looking Forward

Corporate Social Responsibility
Environmental Sustainability

Product Quality & Safety

Community Involvement & Fundraising

Responsible Retailing & Moderate Consumption

- Bring back your empty bottles and cans to The Beer Store for a full deposit refund.
- Your safety is our priority. The LCBO Quality Assurance Dept. conducts over 600,000 tests a year, ensuring everything you buy meets the highest standards.
- Your donations make all the difference. Together, your donations at LCBO stores have helped raise over $15.6 million for charities across Canada. Thank you.
- You may be refused service. The LCBO reserves the right to challenge and refuse service to any minors, intoxicated persons, or those buying for either party.
Environmental Sustainability

Number of beverage alcohol containers returned through ODRP program since 2007

3 billion**
Role of LCBO QA Programs

Consumer protection
- Safe and authentic products
- Sound quality
- Socially responsible
Role of LCBO QA Programs

Quality Assurance Programs

- Regulatory compliance
- Quality Monitoring programs
- Product Recall process

Consultant & Expert Opinion

- Health Canada 🍁
- European Food Safety Authority 🍁
- Industry
- Academia
Sound Quality

Chemical Analysis
• 28,800 products
• 630,000 tests

Sensory Analysis
• 6,900 products

Label Review
• 28,500 reviews

Packaging Reviews
• 6,500 reviews
Community Involvement & Fundraising

Thank You!

Your generous donations in December raised a record
$5.8 MILLION
for Ontario’s children’s hospitals and MADD Canada!

“We’ve been running the Giving Back in Our Community campaign for eighteen years and to celebrate a milestone in our fundraising with a new record is humbling. The impact our five charity partners have in the communities they serve and to the children and families they support is immeasurable and we are so proud to enable their important work,”

- George Soleas, President & CEO, LCBO.
Responsible Retailing

Responsibility Starts Here.
As a socially responsible retailer, the LCBO has the right to refuse the sale of beverage alcohol if it appears you may be buying for a minor (under 18 years old).
IT’S NOT PERSONAL.
IT’S THE LAW.

IT’S NOT PERSONAL.
IT’S THE LAW.
We cannot sell you alcoholic beverages unless your birthday is on or before today’s date in 1998.
HAVE YOUR ID READY.

Did you know that only people 19+ can legally handle alcohol in LCBO stores?

Do I look 25 to you?
If the LCBO requires proof of age, why wouldn’t we ask the same question to you?
So, if you’re 25 or younger, have your ID ready.

LCBO • Taking Care
Always Taking Care
Published by Amy Waters Dec 19, 2017

Pretty Ugly Bar tenders Robin Goodfellow & Evelyn Gough created a mocktail, so LCBO teamed up with them to talk zero proof perfect pour. Watch their tips and find the recipe they created for a holiday event.

H2O! H2O! H2O!
Eat, drink, eat, and be merry.
If it looks and tastes like a cocktail, it might be a mocktail.

Your video is popular with women between the ages 45-54
LCBO: Looking Forward

Our Evolving Market
Our Evolving Market
LCBO: Looking Forward

1. Strategy: Customer Centricity
2. Organization Design
3. Core Team
LCBO MISSION:
We are the best-in-class, customer-first, responsible retailer and wholesaler, supporting our local communities and delivering value to Ontarians

LCBO VISION:
To deliver remarkable experiences as the trusted destination for the world’s wines, beers and spirits
Our strategy and ways of working

1. Retail Stores
2. E-commerce
3. Wholesale

- Customer-centricity
- Accountability
- Collaboration
- Organizational Structure
Customer Centric Attributes

- Data Driven
- Measurement
- Agile and Responsive
- Design Thinking
- Focused on product & experience
- Engaged with Customers - All stages, all channels

It’s a mindset, not a project
LCBO: Looking Forward

1. Strategy: Customer Centricity
2. Organization Design
3. Core Team
LCBO: Looking Forward

Anywhere, anytime, any device
eCommerce

18,000 ORDERS TOTALED
7,700 PRODUCTS AVAILABLE
10M VISITORS
$18.1M SALES
eCommerce Product Performance by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Units Sold</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wines</td>
<td>31%</td>
<td>41%</td>
</tr>
<tr>
<td>Spirits</td>
<td>22%</td>
<td>41%</td>
</tr>
<tr>
<td>Beer</td>
<td>18%</td>
<td>47%</td>
</tr>
</tbody>
</table>
mCommerce
THIS MONTH WE'RE SIPPING...

**Fireside Wines**

After a day outside enjoying your favourite winter activities with the group, warm up indoors with a roaring fire as you sample these...
Personalization

myLCBO
LEVERAGE TECHNOLOGY + INTERACTIVE ELEMENTS + VIRTUAL REALITY

ADD VALUE TO CUSTOMER EXPERIENCE

LCBOConnect
Atmospheric digital screens with active sights and sounds

Interactive digital screens engaging customers directly with content.

Through these features, we’ll continue to empower our customers in new ways.
Creating a Culture of Innovation
LCBO: Looking Forward

Supporting Local
Ontario wineries produce over 500 wines, with 300 of them being VQA-certified. There are 100 Ontario wineries, and 20 of them are designated as “Wine Country” boutiques, with WINES TO WATCH being highlighted in 60 LCBO stores.
BEER & CIDER

“The Local Fridge” program in 120 LCBO stores

“Growler Stops” in Toronto & Ottawa

360 “Beer Ambassadors”
SPIRITS

Direct Delivery Licensees Program

20% REBATE ON SALES

Direct-to-Store Delivery Program

Direct Delivery to Duty Free Stores Program
LCBO: Looking Forward

Sales & Trends
Cumulative Sales

10,000 foot view
• Predictable
• Reliable
• Consistent

[Diagram showing cumulative sales across different periods (P1 to P13) with actual and plan lines, and millions on the y-axis.]
# Year to Date Category Sales

Sales P9&10 ($000,000)

<table>
<thead>
<tr>
<th>Category</th>
<th>This Year</th>
<th>Last Year</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirits</td>
<td>$1,885</td>
<td>$1,797</td>
<td>4.9%</td>
</tr>
<tr>
<td>Wines</td>
<td>$1,240</td>
<td>$1,195</td>
<td>3.8%</td>
</tr>
<tr>
<td>Beer &amp; Cider</td>
<td>$1,101</td>
<td>$1,055</td>
<td>4.4%</td>
</tr>
<tr>
<td>Vintages</td>
<td>$464</td>
<td>$433</td>
<td>7.1%</td>
</tr>
</tbody>
</table>
GROCERY

- 280 authorizations awarded
- 23 COMPANIES in the program
- 3.6M CASES SHIPPED
- 232 GROCERS ACTIVELY SELLING
- BY SPRING 2018 375 authorizations awarded
- 1,903 products on catalogue
$119.3 MILLION

WINE: $25.9M
- $13.1 Ontario wine
- $12.8 imported wine

BEER: $85.1M
- $21.3M Ontario small producer
- $8.3M Cider
LCBO: Looking Forward

Cannabis Update
Cannabis Legalization
Questions?