Uncorking Success: The Business of Wine in Ontario

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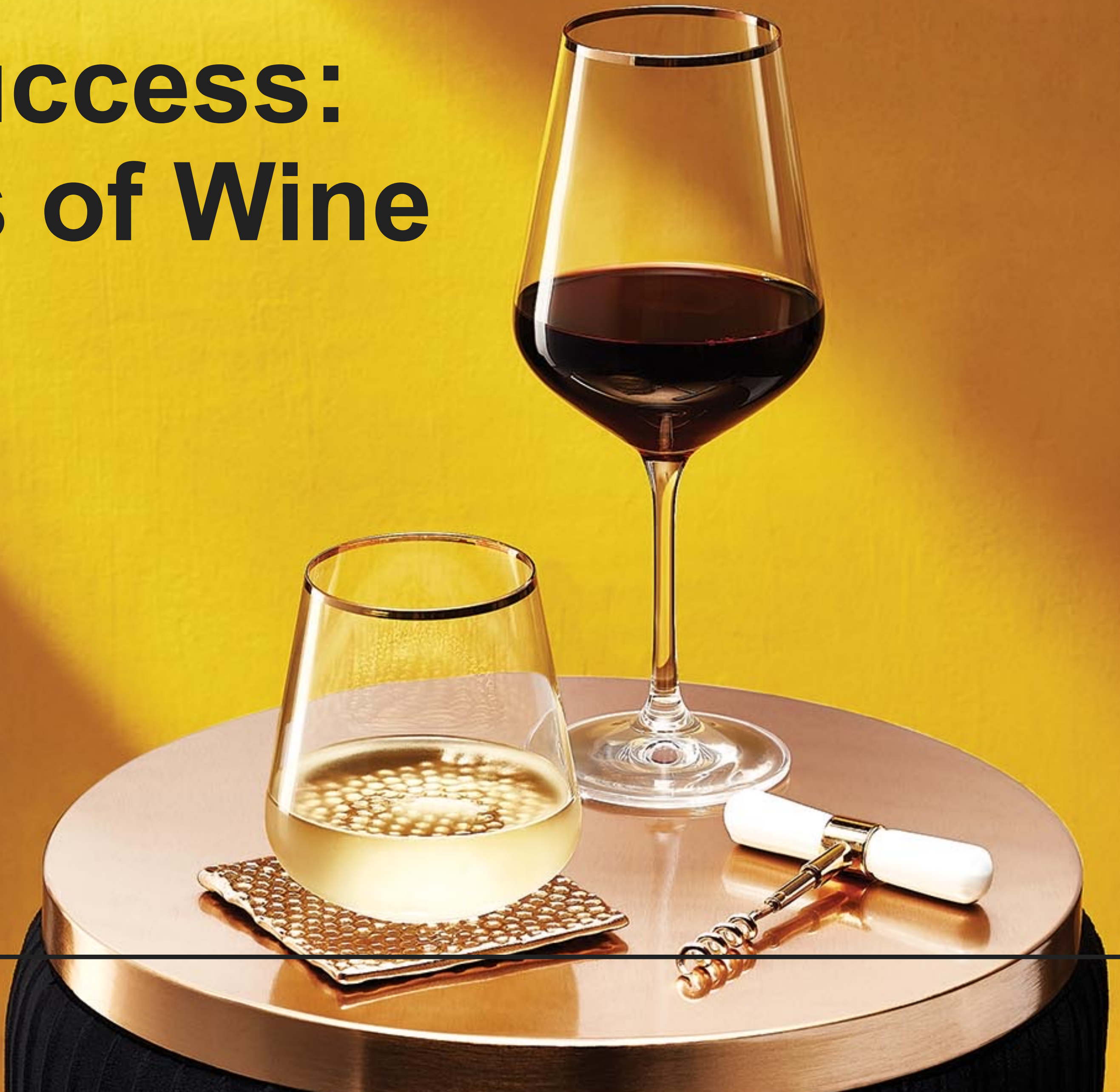
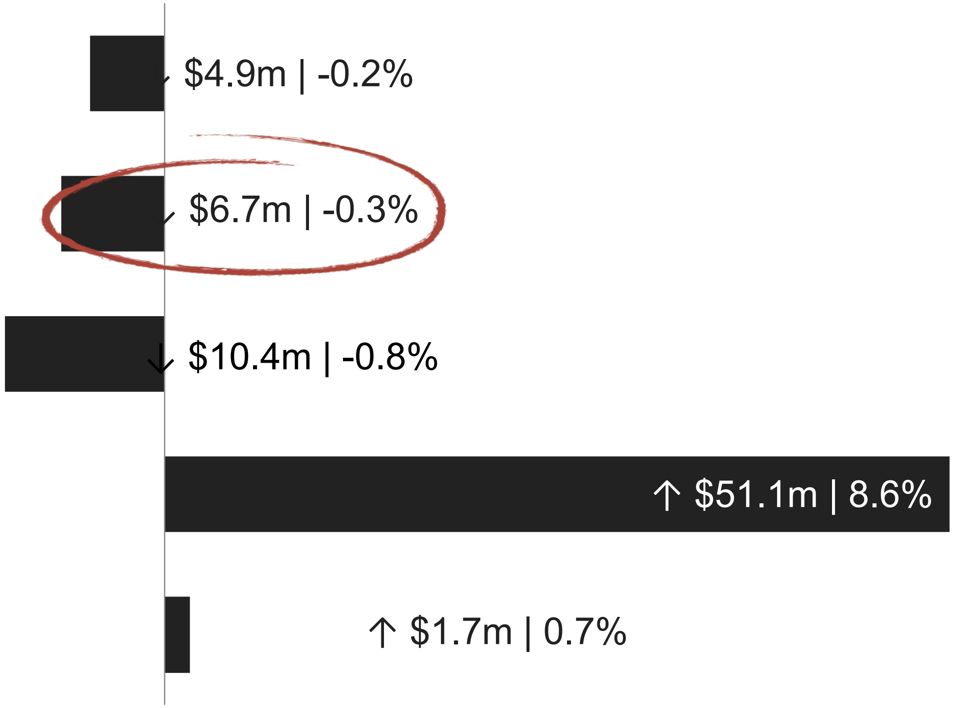
LCBO



LCBO FY24 YTD Performance

F24 YTD Sales Growth By Category ↑ $30.8m / 0.5%

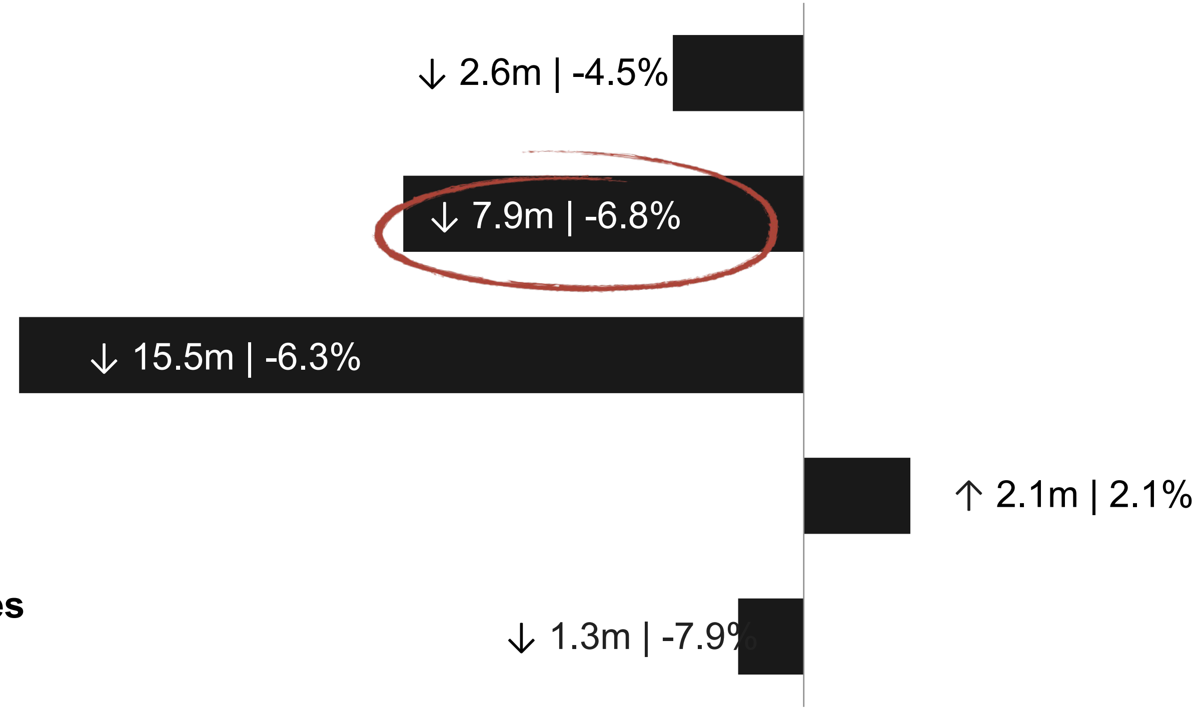
Sales	Share	Share Change	
$2,308m	36.2%	-0.3%	**Spirits**
$1,943m	30.5%	-0.3%	**Wines**
$1,239m	19.4%	-0.3%	**Beer**
$645m	10.1%	0.8%	**RTD**
$243m	3.8%	0.0%	**Specialty Services & Other***



** Includes Specialty Services, Winery Direct, Distillery, Accessories, Duty Free, and Other*

F24 YTD Volume Growth By Category ↓ 25.2m L / -4.7%

Litres	Share	Share Change	
55.1m	10.8%	0.0%	**Spirits**
107.7m	21.0%	-0.5%	**Wines**
232.1m	45.3%	-0.8%	**Beer**
102.5m	20.0%	1.3%	**RTD**
15.2m	3.0%	-0.1%	**Specialty Services & Other***



** Includes Specialty Services, Accessories, Duty Free, and Other*

F24 YTD Wines Performance

Total Net Sales*:
$1.94B, -0.3% LY

Litres: 106M, -6.8% LY

Net $/Litre: +6.8% to LY

EUROPE

$696M, +0.5% LY,

-0.7% to Plan

Sales driven by Sparkling, Italy White & Portugal

Declines driven by Champagne, Italy Red and EW Roses

Sparkling hindered by trade down from Champagne

Soaring retail price points; continued premiumization N/L +5.5% vs plan

Notable growth in Specialty Wines (Flavours/Vermouth)

NEW WORLD

$740M, -1.6% LY,

-1.9% to Plan

Declines in key red sets: Cali, Aus Washington, Arg. Growth in Cali, NZ and Chile white

California (-$4.58M) 76% of Vintages FL decline

Price increases driving litre declines in big brands. Some recalibration in P9/10

Declines in Specialty/ Rose

ONTARIO

$432M, +0.4% LY,

+0.1% to Plan

IDB +3.9% – all sets positive

VQA -6.8% driven by still wine declines, Sparkling and Icewine growing

Short crop impact on key brands

Improved availability of Non-VQA sparkling

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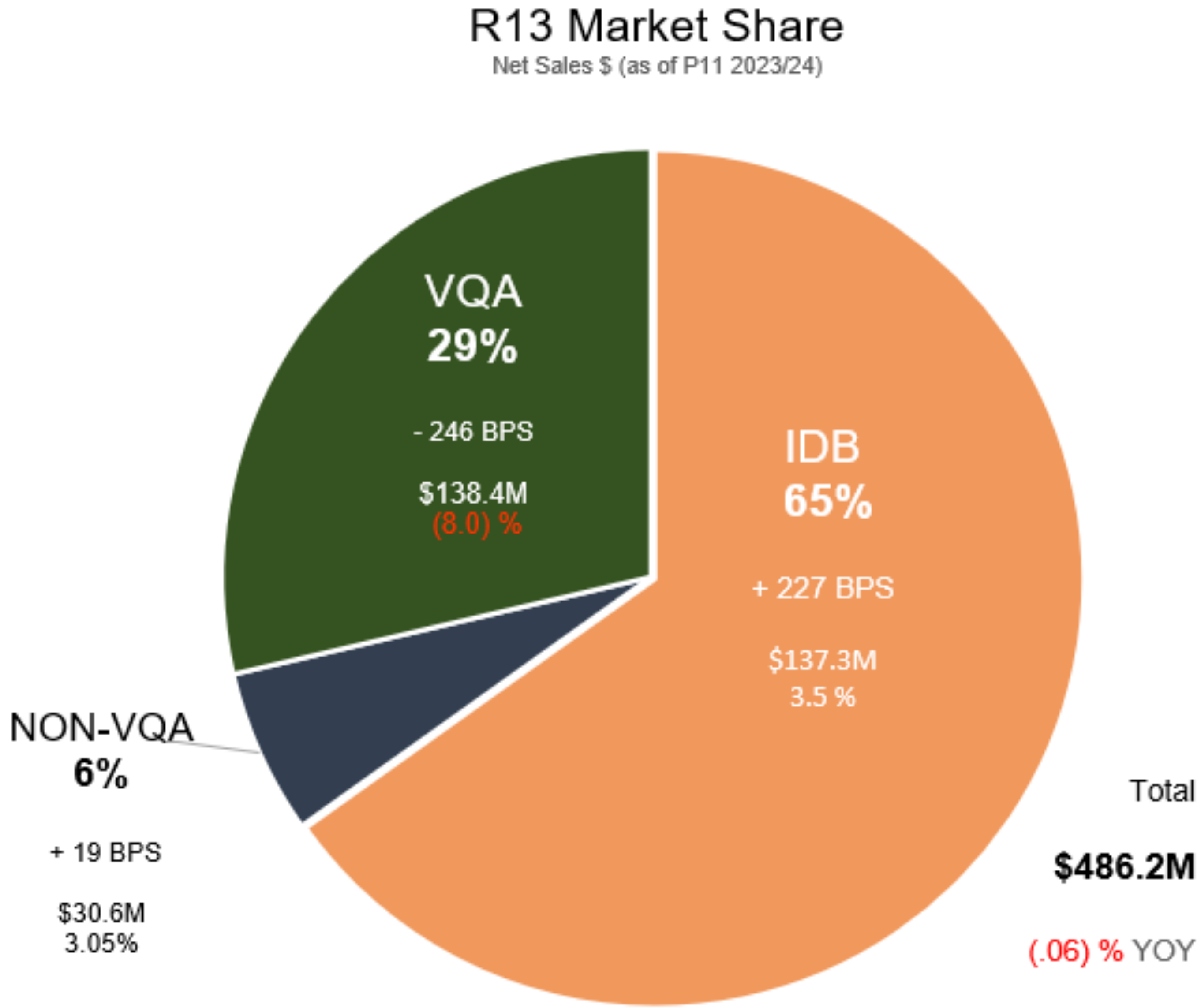
Net $ Sales YTD as of P11
**All channels. Includes Destination Collection, Direct programs*

Domestic Wine Sales & Market Share

IDB gaining market share as customers continue to seek value wines

VQA Wines impacted by short-crop and reduced promotional effectiveness

Non-VQA seeing share increase driven by improved in-stock



VQA Wine Sales by Type

While White holds largest share within VQA wines, Rose and Sparkling VQA have taken share as customer preferences shift*

White

$53.4M, -9.83%

44.3% Share, -1.5%

Red

$49.5M, -5.68% YOY

41.0% Share, 0.5%

Rose

$10.8M, +0.7%

8.9% Share; 0.6%

Sparkling

$6.5M, +1.8%

5.4% Share, 0.5%

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** LCBO Wines excluding Vintages*
YTD Net Sales as of P11 2023/24

Wine Trends

Wines Product Trends & Opportunities

1 Lighter Options

2 Refreshing Styles

3 Cocktails/Flavours

Wines Product Trends & Opportunities

4 Shift to lighter Reds

5 Value for Money

6 Format Options

Emerging Consumers

- Share of Throat
- Moderation
- Pairings/Occasions
- Cool Factor
- Multicultural
- Social Impact

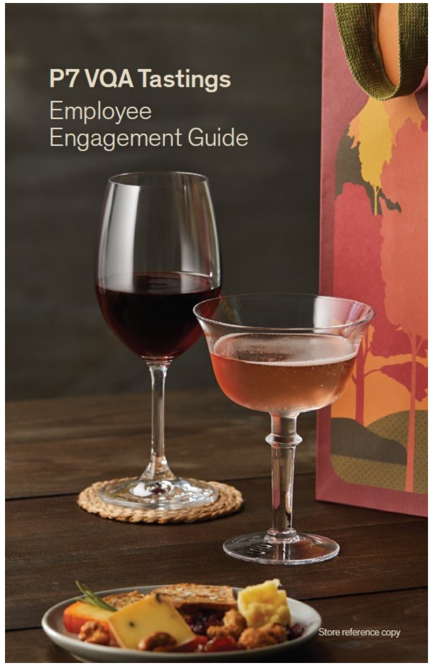
Growing the Wine Business

FY25 VQA Key Priorities

The LCBO is focused on supporting local and elevating VQA Wines

1

Enhanced Staff Education/Training



2

New Customer Recruitment

3

Optimized Local Support Programs

Sales Channels

Expand grocery channel (includes big-box stores)

Add corner stores

LCBO exclusive wholesaler

Product Assortment

Expand beer, cider and wine

Add ready-to-drink and larger pack-sizes

LCBO and LCOs retail spirits

Support Local

Gov't supports enhanced (grants and taxes)

LCBO to provide more programs, promotions and strategies to grow sales


LCBO
SPIRIT OF SUSTAINABILITY
Our bold commitment to drive meaningful and equitable change in our communities, lead the industry in sustainable practices, and take better care of the planet -
For the Good of Ontario

Personal Reflections

1 Be Mindful of Challenges Ahead

- High interest rates, rising unemployment and low consumer confidence, resulting in constrained discretionary spending
- Moderation in alcohol consumption, resulting in weak bev alc volume growth

2 Follow the Trends

- A shift to lighter styles of wine
- Emerging consumers
- Highlight your Sustainability Initiatives

3 Partnership and Promotion

- Invest in Tastings to drive excitement and trial
- Leverage LCBO promotional opportunities including Aeroplan
- Storytelling and staff training opportunities

Q&A

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