

Shopping Patterns at LCBO



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LCBO Vice-President
Merchandising
and VINTAGES

March 5, 2013

Agenda

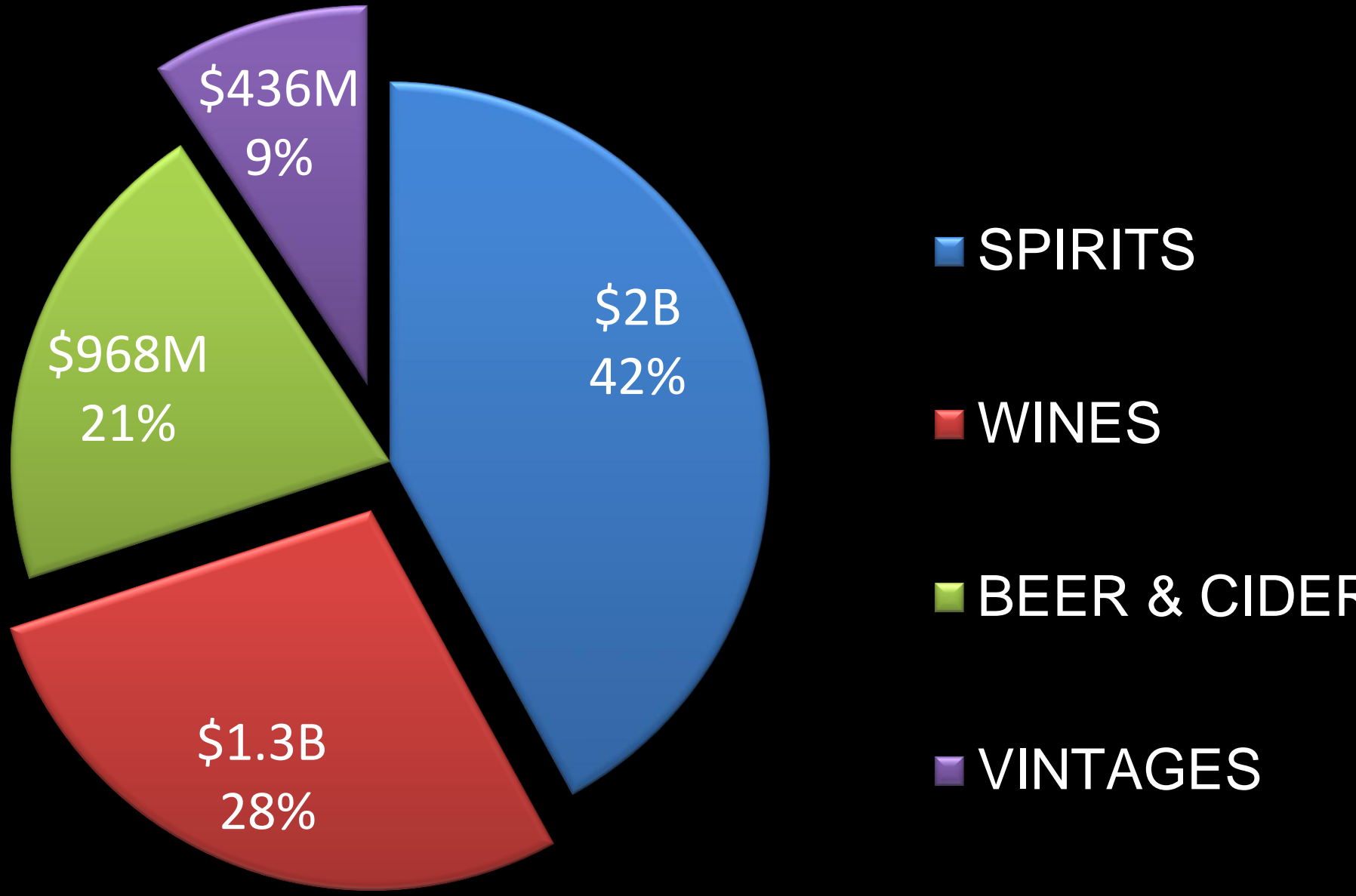
Sales Trends

Consumer Shopping
Patterns

New Opportunities at
LCBO



\$4.7B in sales year over year



Growth Rates

BEER and CIDER ↑ 8.0%

WINES ↑ 6.3%

VINTAGES ↑ 4.5%

SPIRITS ↑ 4.6%



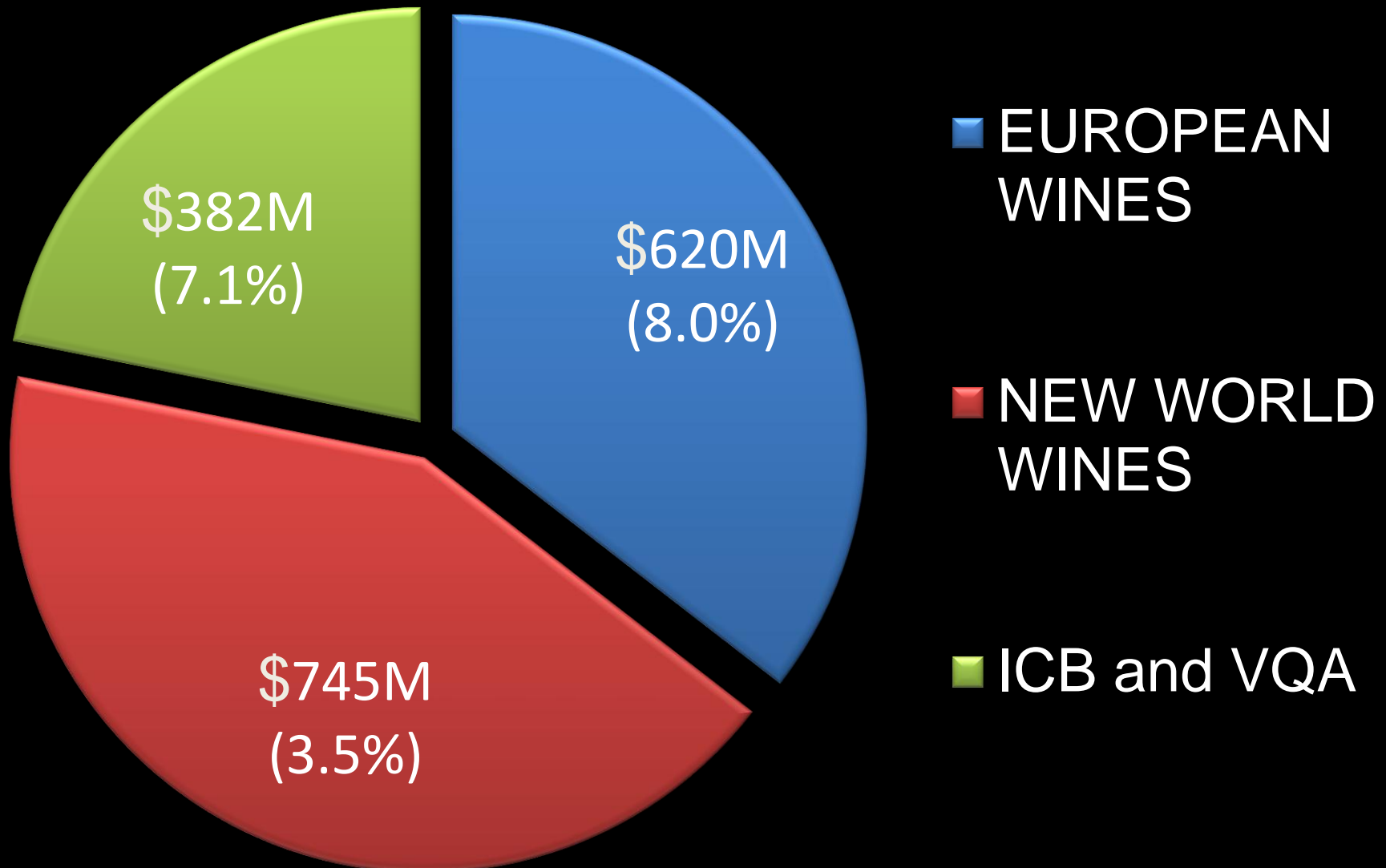


ICB and Ontario
VQA are the fastest
growing New World
wine segments at
LCBO

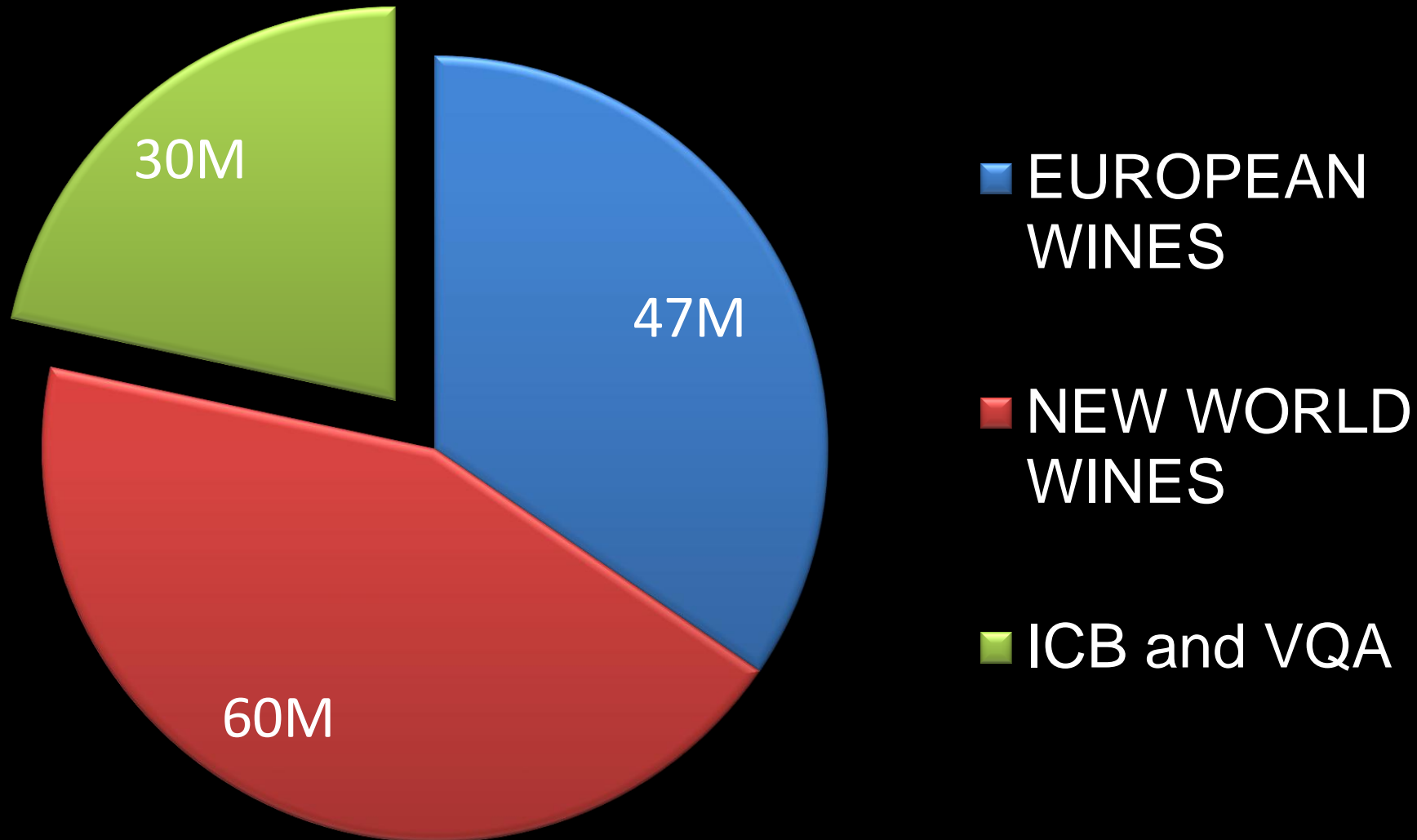
Growth Rates by Category

European WINES		8.7%
ICB and Ontario VQA WINES		7.1%
VINTAGES		4.5%
New World WINES		3.7%

Sales of Wine at LCBO



Bottles of Wine Sold WINES and VINTAGES



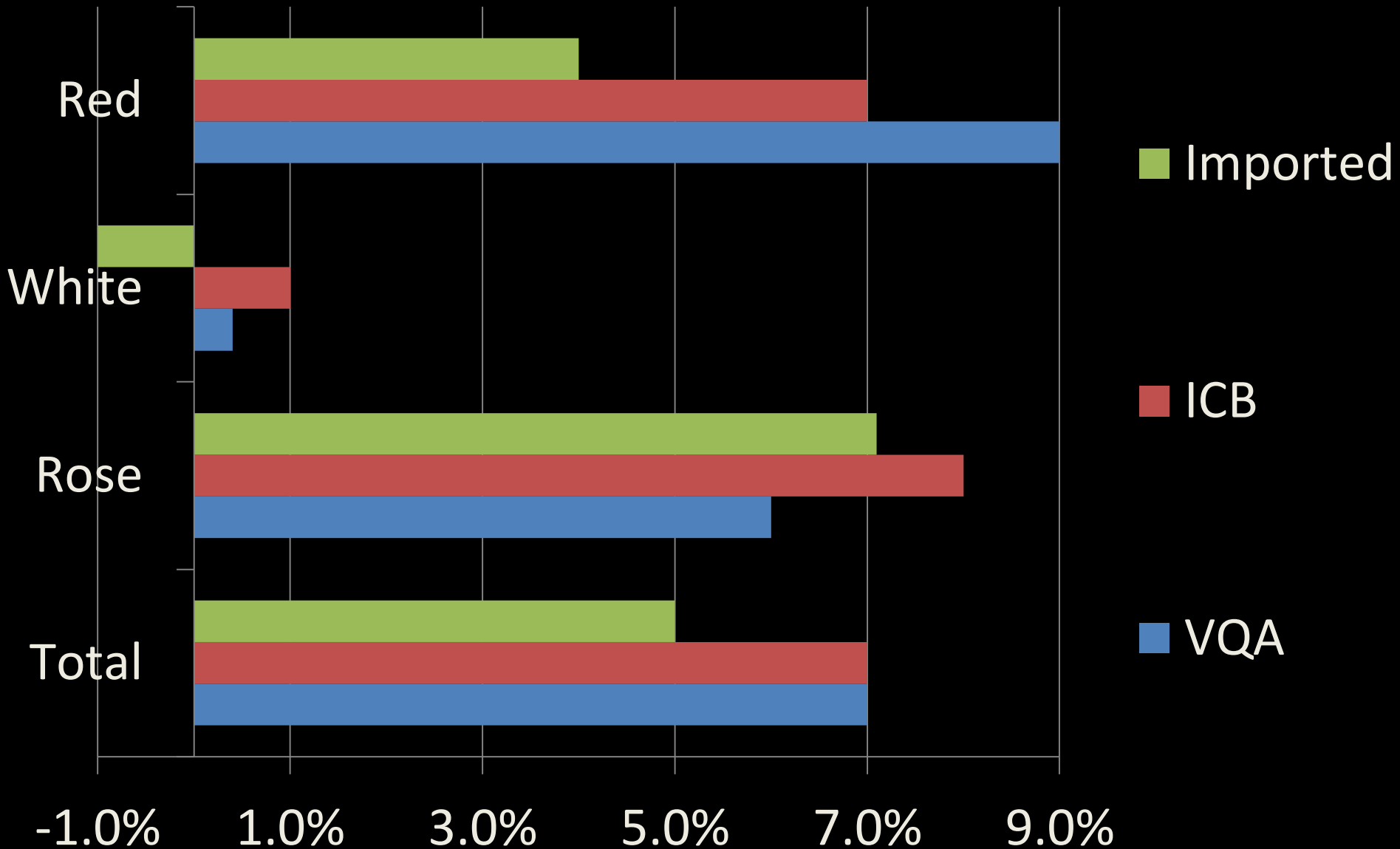
750 mL



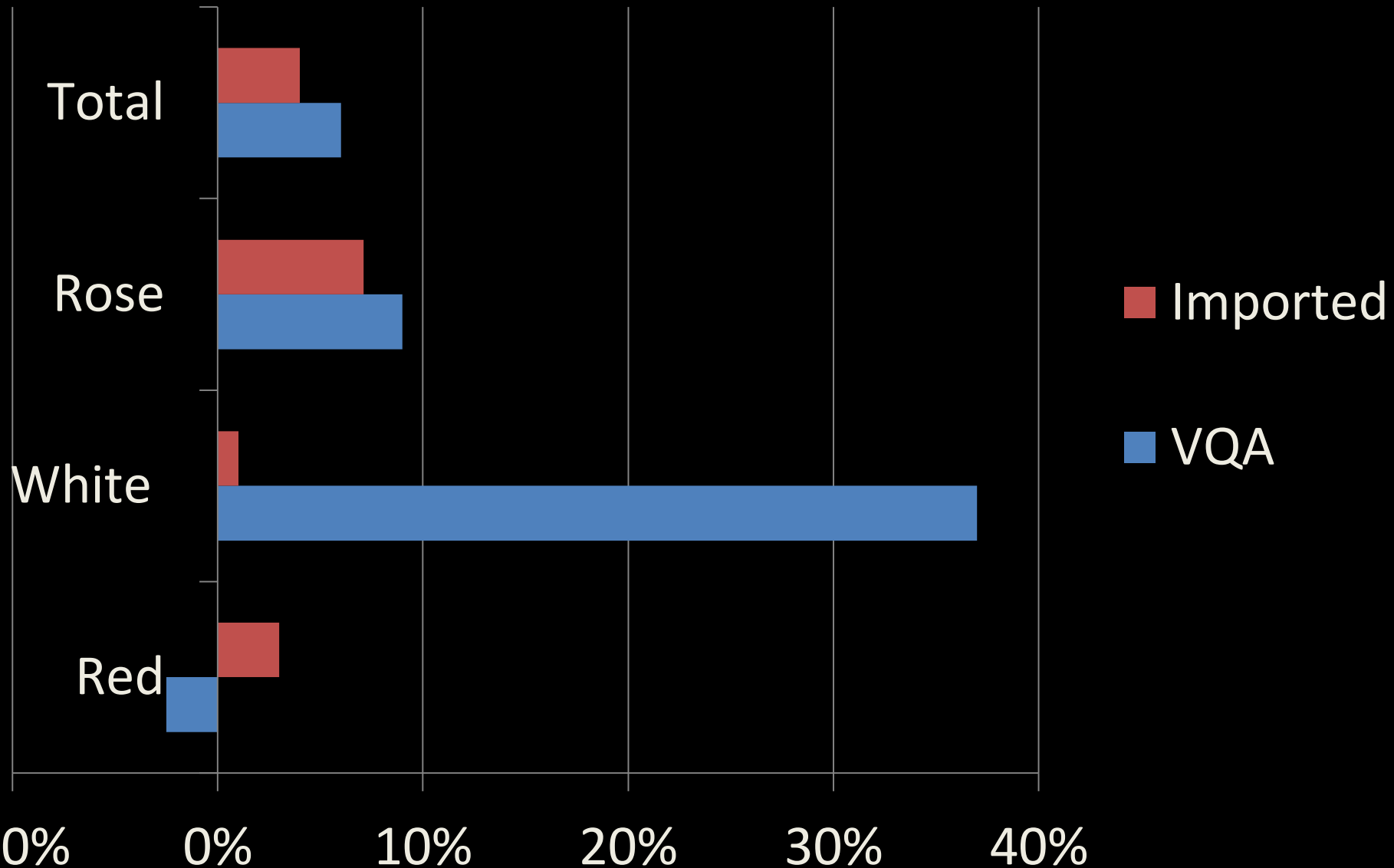
More Wine Trends



WINES Sales Trends – by Type



VINTAGES Sales Trends – by Type



Trends by Type

Organic Wines  27%

Sparkling Wines  5%

Icewine  0.3%

Hot Whites in WINES



Pinot Grigio
\$114M
+15%



Chardonnay
\$99M
+6%



Sauvignon Blanc
\$73M
+9%

White and Hot in VINTAGES

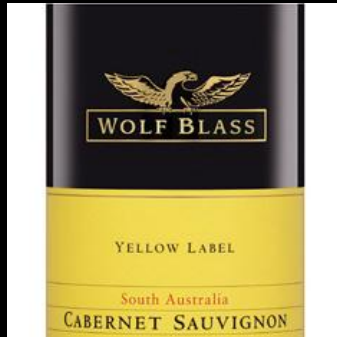


Chardonnay
\$33M
+8%



Sauv Blanc
\$27M
+7%

Hot Reds in WINES



Cab Sauv
\$96M
+7%



Red Blends
\$72M
+20%

Red and Hot in VINTAGES



Cab Sauv
\$62M
+3%

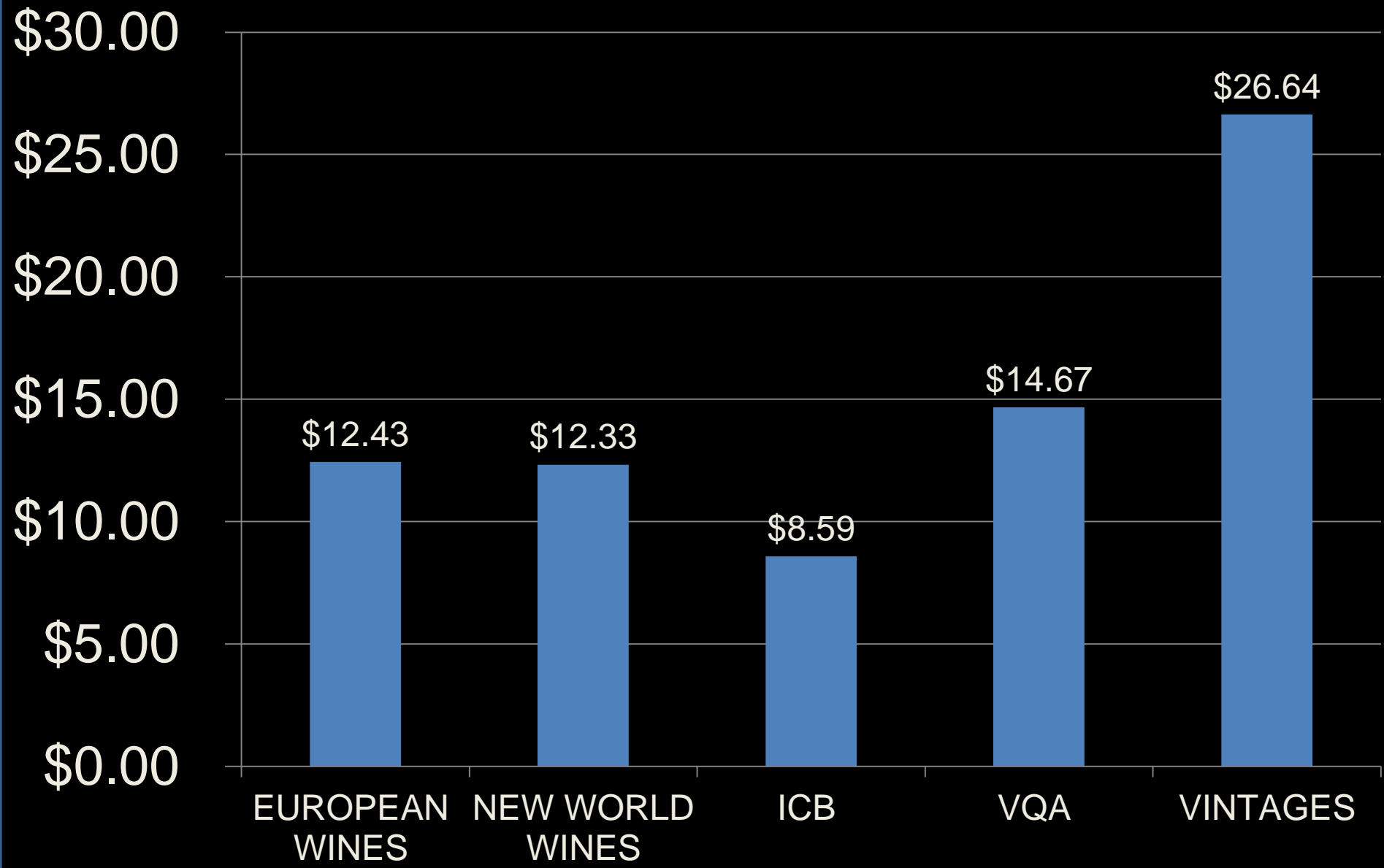


Pinot Noir
\$20M
+8%



Sangiovese
(Chianti)
\$18M
+15%

Average Prices for Wine



Prices for WINES - Imported

-\$8.00  6%

\$8.00 -\$12.00  1.5%

\$12.00 -\$15.00  16%


+\$15  25%

Per 750ml bottle

Prices for WINES – ICB Wines

-\$8.00  1.5%

\$8.00 -\$12.00  11%

\$12.00 -\$15.00  14%

+\$15  27%

Per 750ml bottle

Prices for WINES – Ontario VQA

\$8.00 - \$12.00  4.5%

\$12.00 - \$15.00  14%


+\$15  27%

Per 750ml bottle

Prices for VINTAGES - Imported

-\$15.00  30%

\$15.00 - \$20.00  11%

\$20.00 - \$25.00  11%


+\$25  8%


Per 750ml bottle

Prices for VINTAGES - Ontario

VQA

-\$15.00  3%

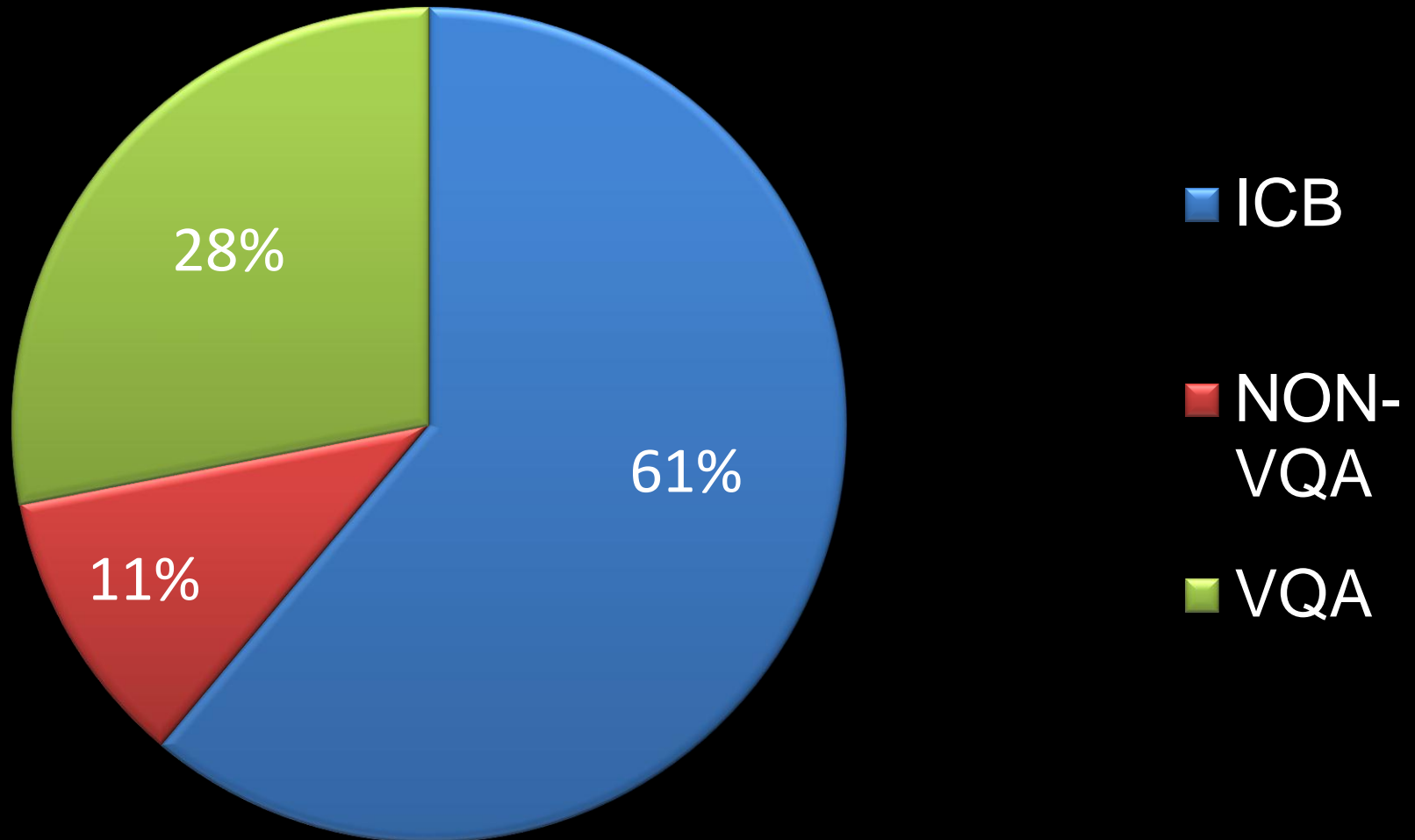
\$15.00 - \$20.00  17%

\$20.00 - \$25.00  7%

+\$25  27%

Per 750ml bottle

Market Share of ICB, NON-VQA and Ontario VQA Wines



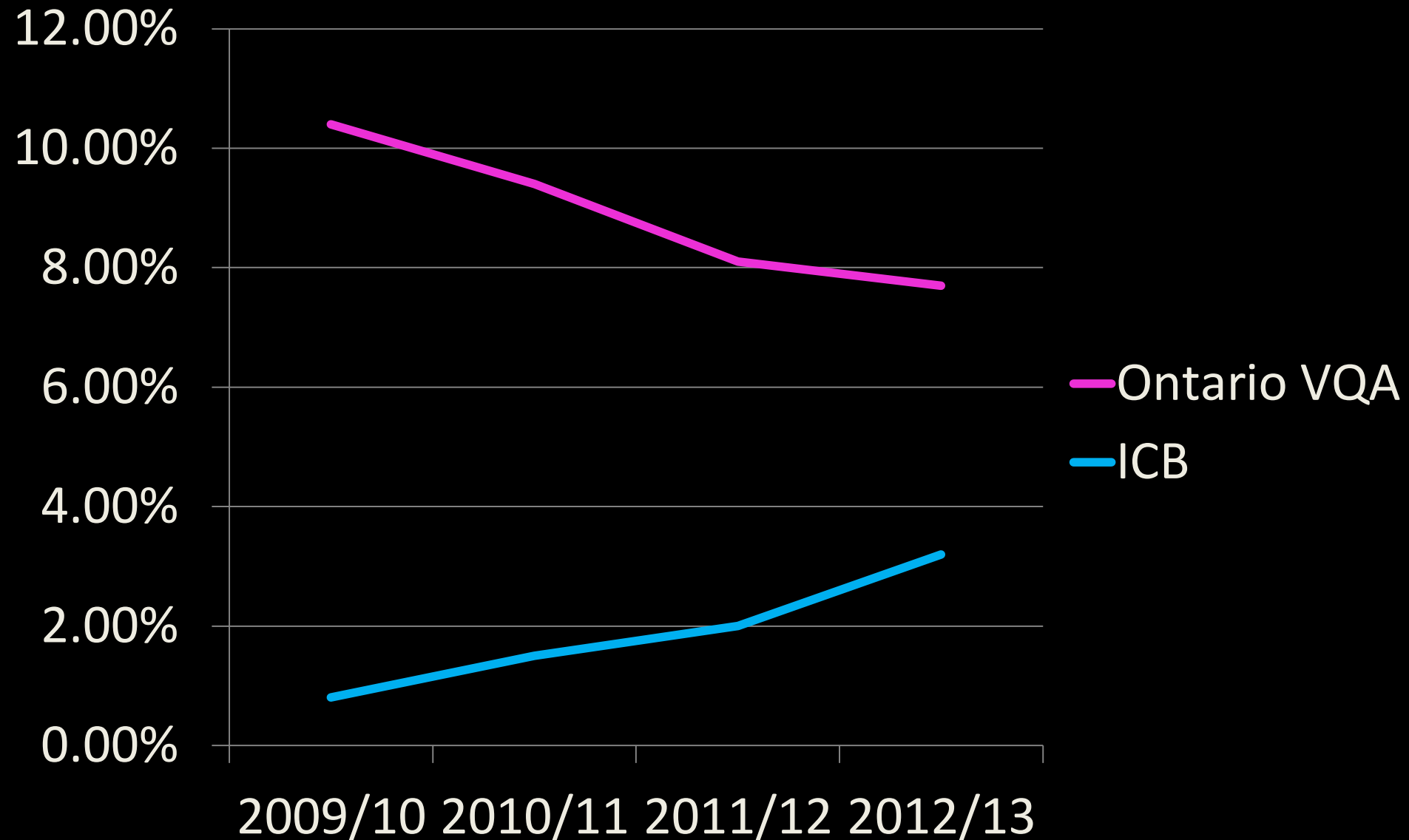
Growth Rates

ICB  8%

Ontario VQA  6%

Non-VQA  2%

New Brands Drive Growth



What's Hot in Ontario VQA



White and Hot and Ontario VQA



White Blends
\$16.5M
+10%



Riesling
\$13M
+9%



Sauvigno
n Blanc
\$4M
+22%

Red and Hot and Ontario VQA



Cabernet-
Merlot Blends
\$13M
+9%



Baco Noir
\$5M
+18%

Ontario VQA and Hot in VINTAGES



Rose Wines
\$1.3M
+33%



Red
Blends
\$0.7M
+18%

Ontario VQA and Hot in VINTAGES



Vidal Icewine
\$5M
+1%



Chardonnay
\$2.5M
+17%



Riesling
\$2M
+31%

LCBO's Ontario VQA Wine Strategy

Elevate the quality image
of Ontario VQA wines
to increase consumer confidence

How to be Successful at LCBO



Success in LCBO WINES

- Provide exceptional value
- Be socially and environmentally responsible
- Offer new and exciting products

Success in VINTAGES

- Provide premium products at great value
- Ever changing, dynamic portfolio

New at LCBO!

- More opportunities for Ontario VQA
- Enhanced Assortment
- New Programs



Boutique Destination Stores Launching in 2013

- Five stores in key markets
- Enhanced assortment
- 110+ Incremental Skus
- Full integration of LCBO and VINTAGES
- +120 linear footage
- 400 linear feet dedicated to Ontario Wines

Boutique Destination Stores Launching in 2013

Four Additional Fixtures in-section:

- 4' Wine Fridge
- VINTAGES Gondola
- Icewine “Shrine”
- Local Talent Fixture

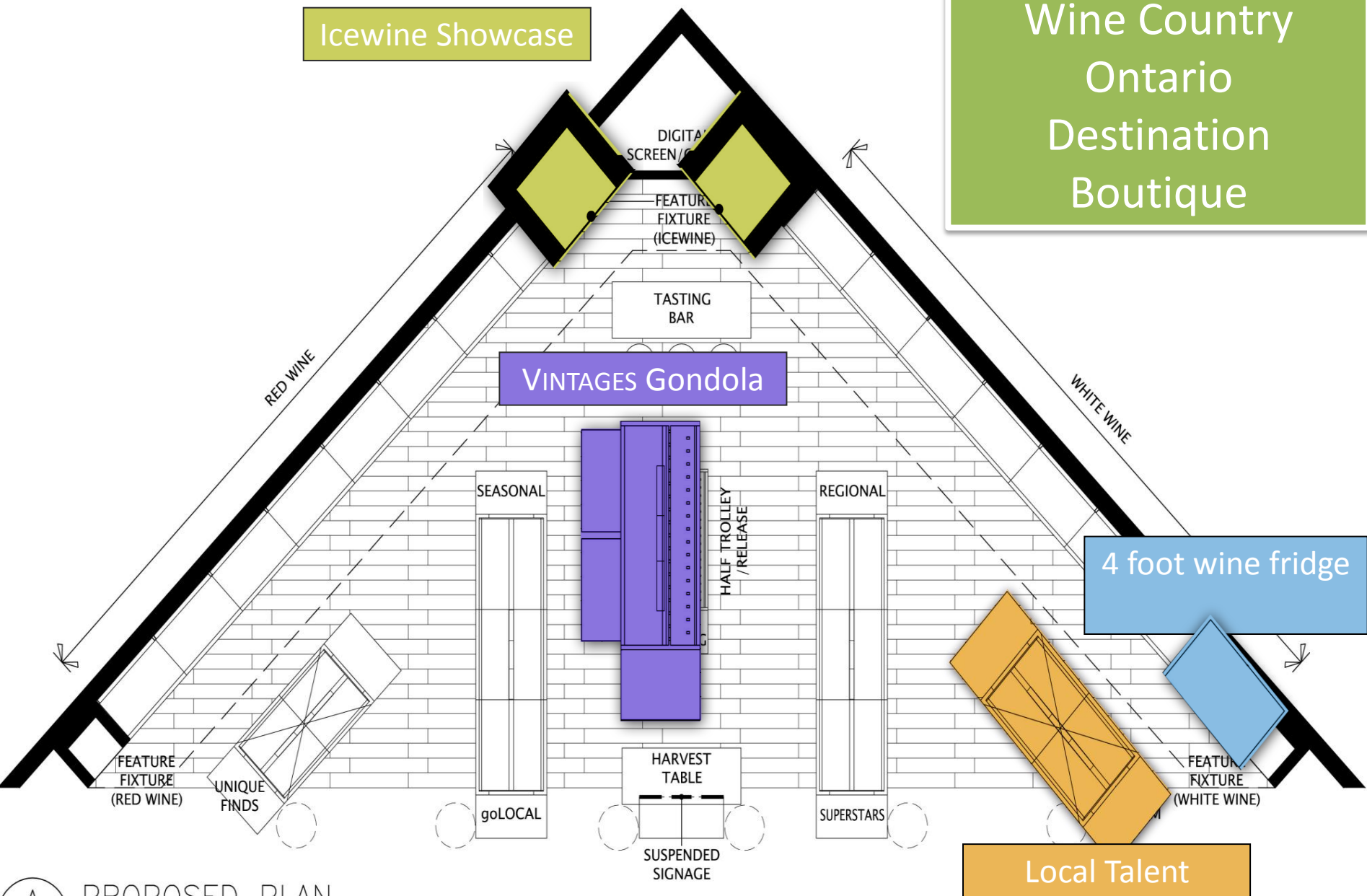
Boutique Destination Stores Launching in 2013

Six Additional Programs:

- Limited Availability Wines (60 stores)
- Local Talent PLUS
- Upcoming Wineries
- Regional Stories
- Seasonal Selections
- Unique Finds

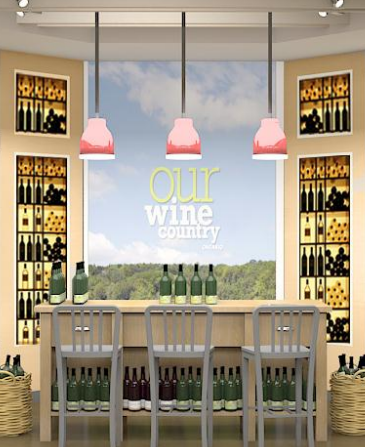
Icewine Showcase

Wine Country
Ontario
Destination
Boutique



ONTARIO ROUGE

NOT NOIR



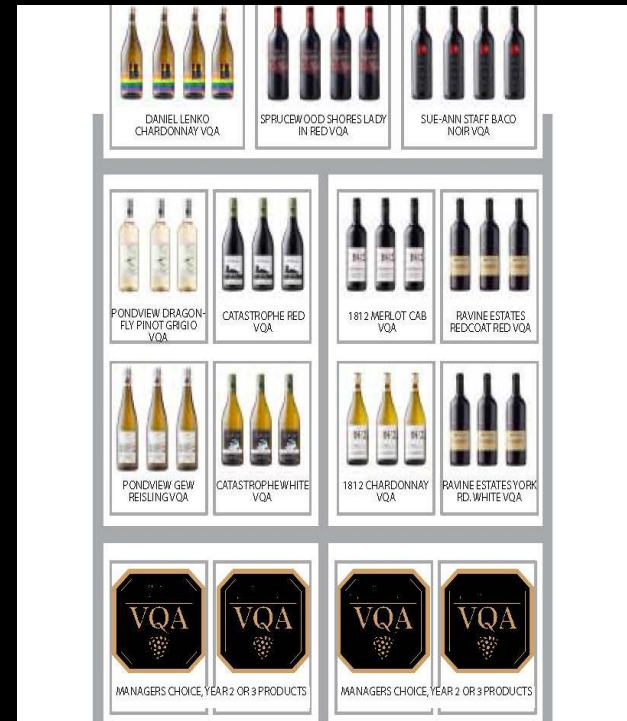
ONTARIO BLANC

CHARDONNAY



Limited Availability Wines Program

- 60 stores
- Increase market access for great wines with limited production



Direct Delivery Program

Ontario wineries can direct deliver to selected LCBO stores

- Grow and develop regional wines
- Augment the Ontario wine assortment
- Create destination locations for customers interested in a broader assortment of local VQA wines

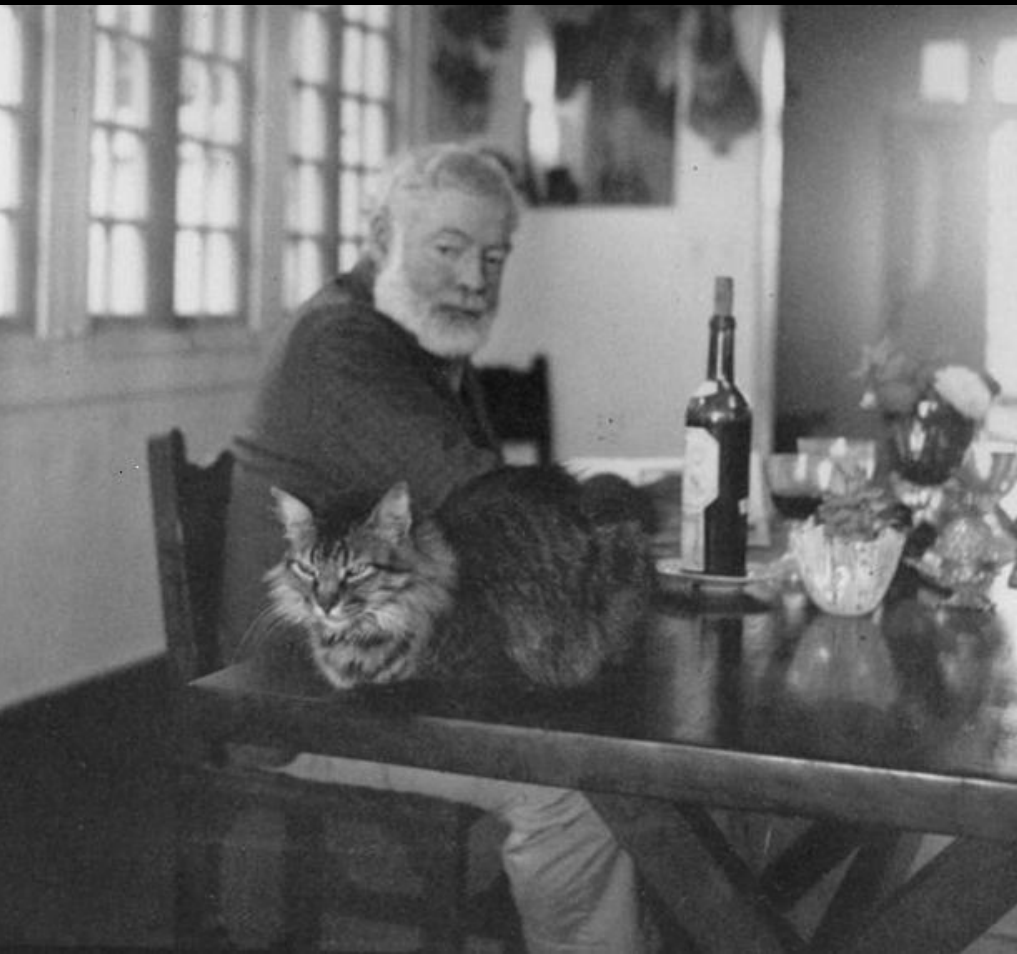
VINTAGES Front Line Releases

- Every two weeks VINTAGES releases 8-10 Ontario Wines available to 300 stores
- Individual purchases range from 56-224cases
- Products are featured in a print catalogue

Summary

- Consumers are responding with their wallets
- Opportunities are increasing for sales of both ICB and Ontario VQA Wines

Wine is one of the most civilized things in the world and one of the most natural things of the world that has been brought to the greatest perfection, and it offers a greater range for enjoyment and appreciation than, possibly, any other purely sensory thing.



Ernest Hemingway