



2017 Insights Conference



LCBO Supply Chain

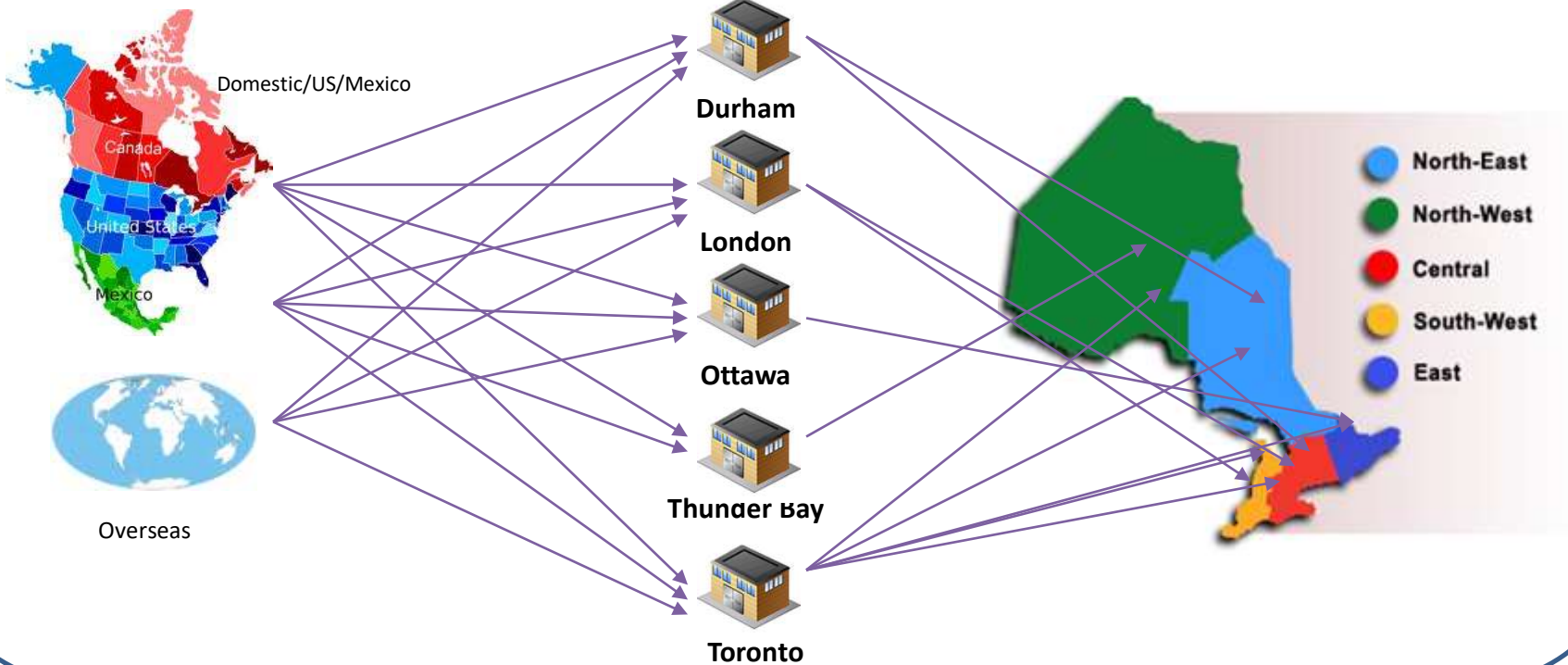
March 7, 2017

Mandesh Dosanjh, SVP Supply Chain

Supply Chain @ LCBO

- New division created within LCBO Nov 2016, SVP Supply Chain reporting into President & CEO
- Responsibility for:
 - Logistics
 - Specialty Services & Private Ordering
 - Quality Assurance
 - Wholesale Operations
 - Space Management & Planogram
 - Measurement & Analysis
- Ultimate goal of helping evolve the LCBO:
 - End-to-End Supply Chain
 - Omni-Channel fulfillment
 - Wholesale Operations
 - Technology Enhancements
- Alignment and close collaboration with Sales & Marketing as well as Retail Operations: **BUY, MOVE, SELL**
- Collaboration and partnership with Industry is a mandate of our Supply Chain

SUPPLY CHAIN NETWORK



The Launches

#1: Beer Launch

- RFB #1
- Initial allocation of 60 authorizations
- 13 companies



#2: Cider Launch

- Modification of existing authorizations to include cider



#3: Wine Launch

- RFB #2
- Additional allocation of 70 beer & wine authorizations
- 35 restricted
- 35 unrestricted
- Wine boutiques
- 18 companies



Dec. 15th,
2015

June 24th,
2016

Oct. 28th,
2016

Wine in Grocery

Beer & Cider +

Restricted Wine



- Any Ontario Wine
- Imports from LCBO wines only (except Kosher & Sake)
- But Wine **MUST** be:
 - Small winery
 - Quality Assurance Wine

Wine



- Any Ontario Wine
- Imports from LCBO wine only (except Kosher & Sake)
- 50% of shelf space must be:
 - Small winery
 - Quality Assurance Wine
 - Country production < 150M litres

Wine Boutique



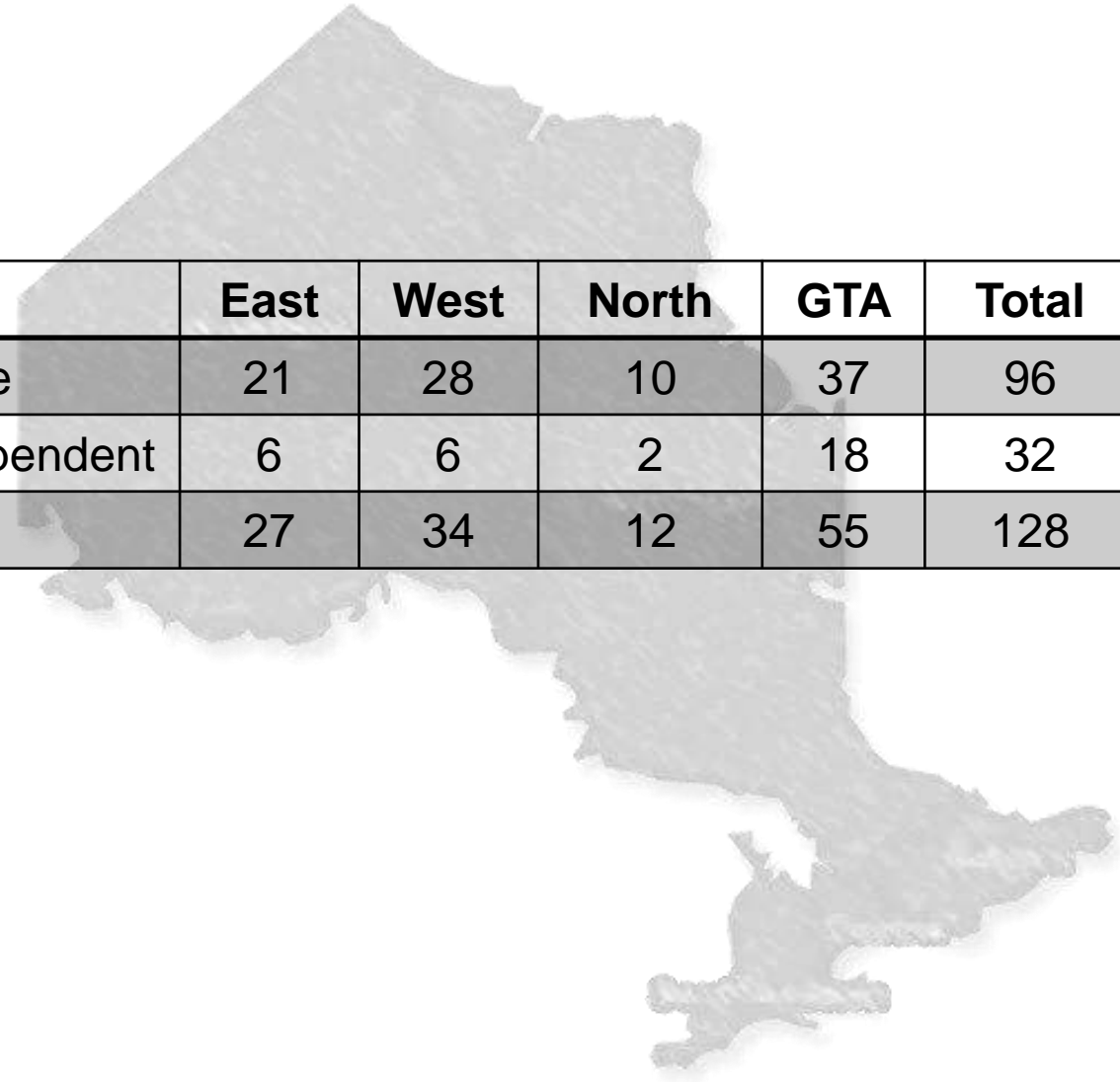
- VQA wine manufactured by non-owners
- Lesser of 25 SKUs or 1/2 of total VQA SKU count
- 50% of display VQA
- Subject to sale targets
- No grocery Floor

Wine in Grocery

- There is a **Grocery Floor Price**: 750ml > \$10.95
- Size \leq 4 litres
- Alcohol content \leq 18%
- As with beer and cider, LCBO is the wholesaler of all wine to grocers
- Ontario wineries can choose to deliver themselves (\$1.41/case freight rebate)
- LCBO will warehouse and deliver Ontario wines even if not listed at LCBO



To day: 18 companies (4 large & 14 independents)



	East	West	North	GTA	Total
Large	21	28	10	37	96
Independent	6	6	2	18	32
Total	27	34	12	55	128

*Coppa & Starsky traded in b&c for b,c&w

Our Customers to date

Grocer	B&C	B,C&W
 Loblaws	19	18 U, 2 R
 Sobeys	15	8 U, 7 R
 metro	9	13 R
 Walmart	3	2 R
 FARM BOY	3	4 U, 3 R
 Longo's a fresh tradition™	2	2 R
 Coppa's fresh market	1	3 U
 Galleria SUPERMARKET	2	
 Pinot's got fresh	1	

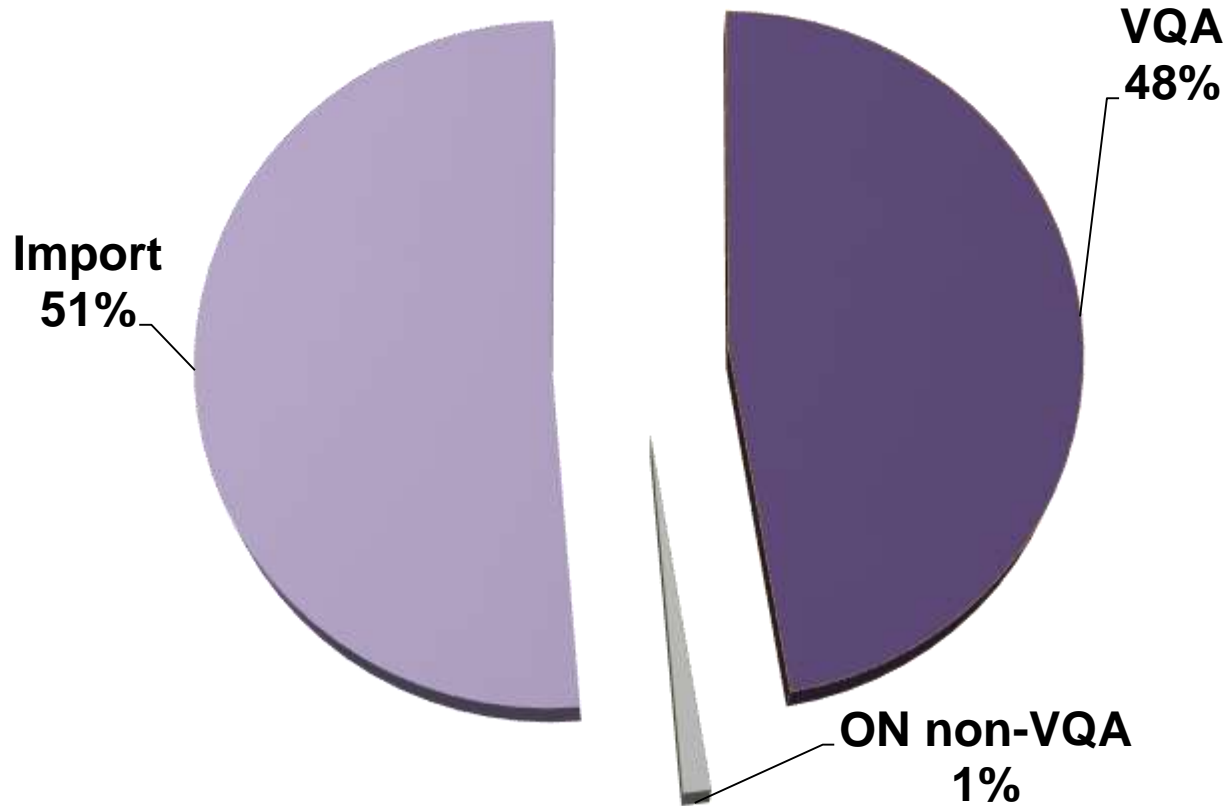
Grocer	B&C	B,C&W
 STARSKY FINE FOODS*		1 U
 La Mantia's A QUALITY MARKET SINCE 1954	1	
 H MART TORONTO ONTARIO CANADA	1	
 Michael-Angelo's	1	
 fresh MARKET FOODS		1 U
 CANEX		1 R
 HIGHLAND FARMS		2 R
 yummy & market		2 R
 Vince's MARKET		1 R
TOTAL	58*	35 U, 35 R

*Coppa & Starsky traded in b&c for b,c&w

SALES: YTD ending Feb. 25, 2017

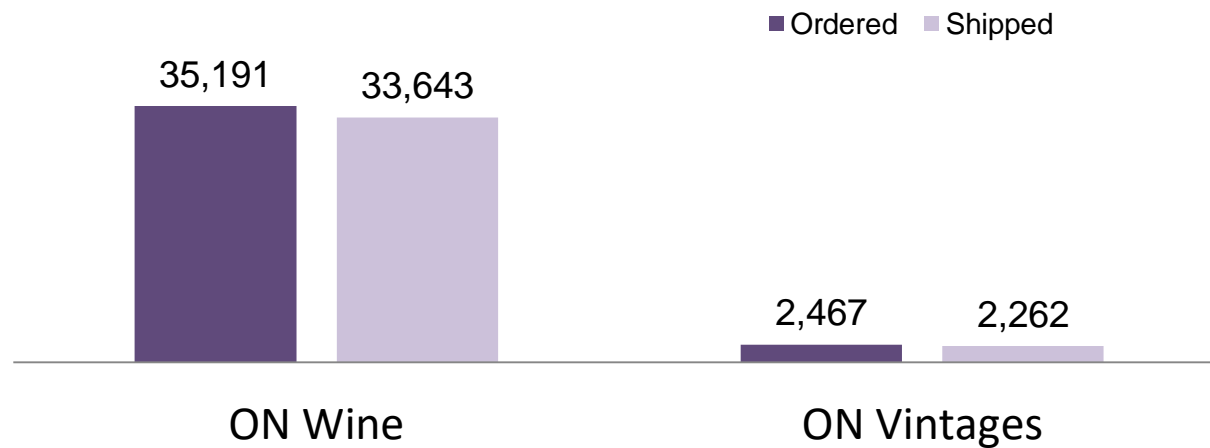
	Cases Received	Net Sales
Beer	936,866	\$42,562,565
Cider	53,330	\$3,197,028
Wine		
Total Stores (63)		
Total VQA	35,630	\$5,281,740
Total ON non-VQA	926	\$108,680
Total Imports	38,620	\$5,778,987
Total Wine	75,176	\$11,169,407
GRAND TOTAL	1,065,372	\$56,929,000

Ontario wine market share by case



Fill Rates: YTD ending Feb. 18, 2017

Fill Rate	
Beer	94.5%
Cider	91.8%
Wine	94.0%
Ontario Wine	
Ontario Wine	95.6%
Ontario Wine Vintages	91.7%
Total Ontario Wine	95.3%

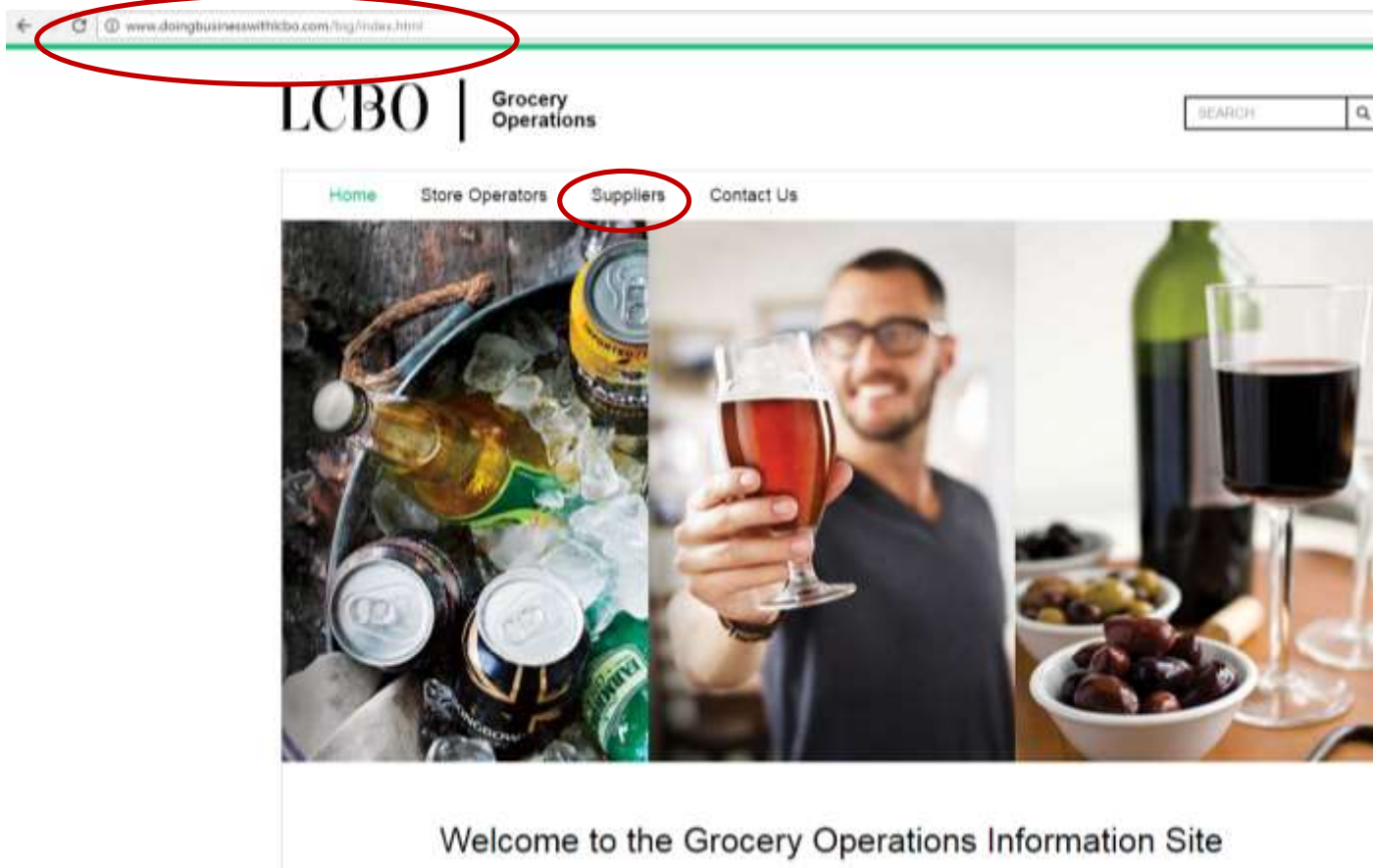


Opportunities for Ontario Wines

- Ongoing product call for Ontario wines
 - for new and products currently listed at the LCBO
 - Supplier determines product availability based on 3 types of authorizations:
 - Beer & Wine RESTRICTED
 - Beer & Wine
 - Wine Boutiques
- You can choose just one type of authorization, any combination of the 3 or all 3, but you MUST indicate preference*
- Product knowledge is huge opportunity for supplier community
 - Service levels are dependent on suppliers ensuring product availability

Resources available to you:

www.doingbusinesswithlcbo.com



Questions ?

Email: wholesaleservice@lcbo.com

- Why does it take so long to have my product listed?
 - It takes anywhere from 4-9 weeks for the listing process. For an efficient listing and increased processing time ensure the information submitted in NISS is accurate and complete. NISS will prompt you to provide additional information when required.
 - Also remember that all wines eligible for grocery must be reviewed by the Wine Catalogue Committee to ensure that it meets eligibility requirements for the authorization applied to as stipulated by the reg – this committee meets once a month to review NISS submissions

- Why can't I get data on the shipment to grocery stores of my product?
 - The LCBO cannot release data that may identify an individual store's information. As there are single owner operators participating in the program the release of information by store by nature is releasing store information.
 - Grocery shipments at the aggregate level is provided through LCBO's Sale of Data program
 - Mandesh to encourage suppliers form relationships with grocers