

# EMPERADOR INC.

## FY 2020 Results Briefing



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Key Takeaways

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Key Takeaways

“

EMP delivered 18% earnings growth in 2020 amidst lockdowns, quarantines, liquor bans, closure of on-trade sales channels and restricted travel retail as well as a big liquor tax hike early last year.

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Key Takeaways

# 2020 Global Performance of International Brands



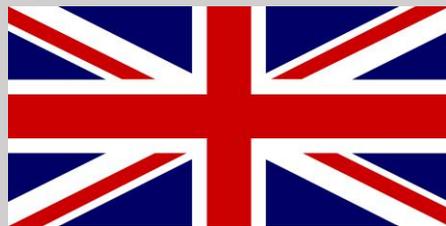


THE **FASTEST GROWING** BLENDED WHISKY  
BRAND IN **2020 (& 2019)** DRIVING THE  
RETURN TO GROWTH OF THE BLENDED  
WHISKY CATEGORY

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THE **2<sup>nd</sup> LARGEST SELLING** WHISKY  
IN UNITED KINGDOM

*Source: Nielsen Scantrack / Kantar data to 2<sup>nd</sup> Jan 2021*



## UNITED KINGDOM



**#1**  
Malt brand



**#5**  
Malt brand



SWEDEN



#2

Fastest growing  
malt whisky



#5

Malt brand



## UNITED STATES OF AMERICA



#1

Fastest growing single malt  
by value

**+62%**  
Value growth

**+29%**  
Depletion growth



#1

Fastest growing single malt  
by volume



## CANADA



#1

Fastest growing  
single malt by far

**+36%**  
Value growth

**7x**

Category growth



**40%**

Growth in Canada's largest  
retailer, LCBO(Jura 12 yo)



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## RUSSIA



**30%**  
Depletion growth



**293%**  
Depletion growth driven by strong distribution gains



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HOLLAND



#1

Fastest growing  
single malt by value



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GERMANY



#1

Fastest growing  
single malt



# CHINA

- **W&M BRANDS IN CHINA GREW 199% IN 2020 DESPITE THE PANDEMIC**
- **RELENTLESS IN PROMOTING ALL BRANDS THROUGH ONLINE AND OFFLINE CHANNELS. TMALL SALES GREW +227% AND TRAFFIC +197%**





## CHINA



**+118%**  
Sales increase



**+89%**  
Sales increase



**+24%**  
Sales increase

**#10**  
Best-selling  
Blended Scotch,  
only after re-launch  
3 years ago



## CAMBODIA

**#1** Malt brand

**#4** overall whisky brand



## SINGAPORE

**400%** Increase in sales led by The Dalmore Rare and Aged



## TAIWAN

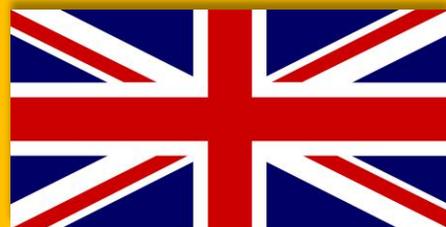
**39%** Increase in WMG brand sales led by...

**600%** Increase in Jura sales





United Kingdom



**+376% yoy**

Triple digit growth  
vs last year sell-out

Mexico



**+44% yoy**

In modern channel

USA



**+24% yoy**

In sales



SPAIN

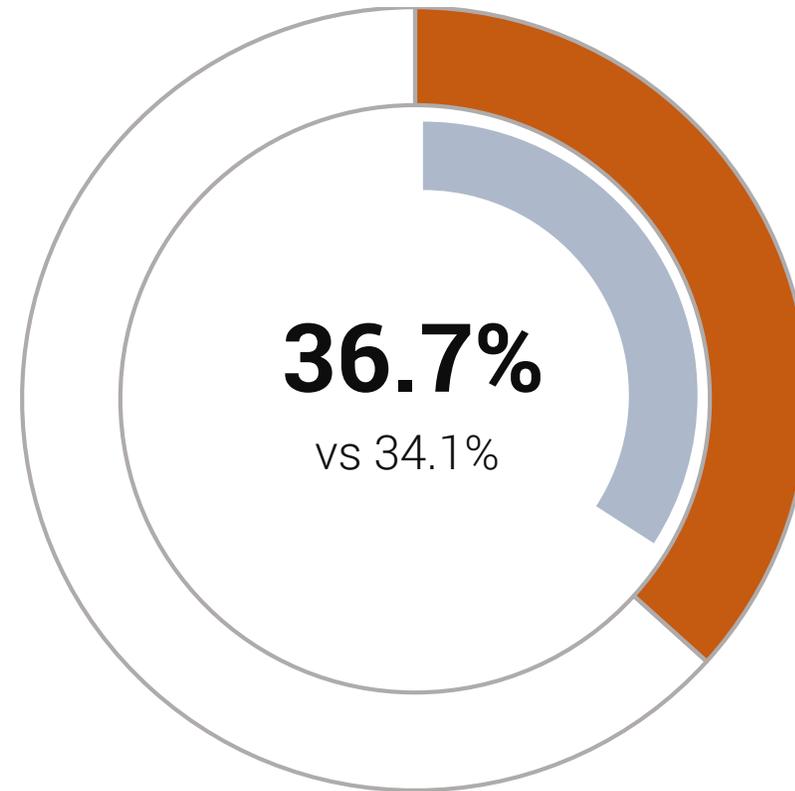
**24.8%**

THE **MARKET LEADER** AND  
**BEST PERFORMING BRANDY**

IN VOLUME AND VALUE, BY NIELSEN

(vs 22.7%)

# Domestic brandy market share



EMP dominates market share in the Philippines

Source: Nielsen

2019  
2020

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# 2020 Financials – Highlights

EMP continues robust growth amidst challenges

**P52.8  
billion**  
Revenue

**+2.0%**  
Revenue Growth

**P 8.0 billion**  
Net Income\*

70% Brandy  
30% Whisky  
Revenue  
Breakdown

**+18%**  
Net Income\*  
Growth

\* Income attributable to parent

# 2020 Financials

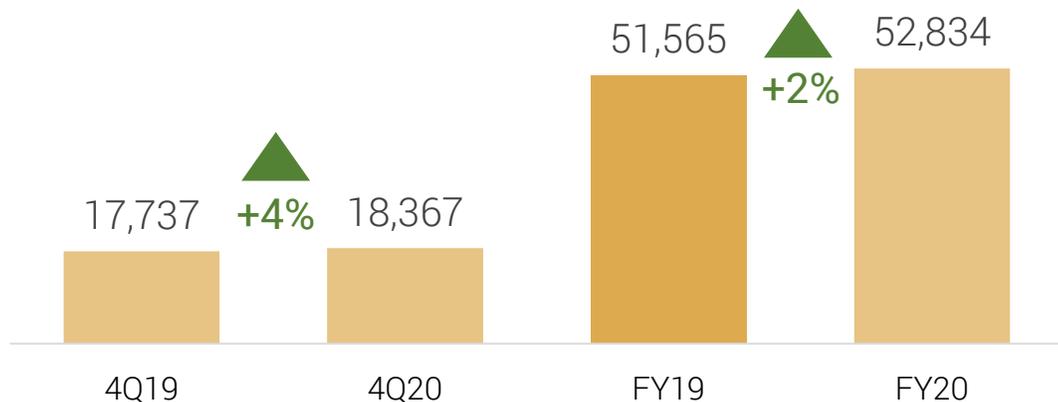
Recorded consistent earnings growth: +18% in FY20, +44% in 4Q20

	4Q20	YoY	2019	2020	YoY	Commentary
<b>Revenue</b>	18,367	+4%	51,565	52,834	+2%	Strong performance despite pandemic challenges...
<b>Gross Profit (Margin)</b>	4,274 (24.3%)	-11%	16,926 (33.7%)	15,997 (31.1%)	-5%	...while maintaining strong margin
<b>EBITDA (Margin)</b>	3,210 (17.5%)	0%	11,080 (21.5%)	11,545 (21.9%)	+4%	Higher EBITDA due to cost efficiency
<b>Net Income (Margin)</b>	2,092 (11.4%)	+44%	6,726 (13.0%)	7,961 (15.1%)	+18%	Another record year despite global challenges

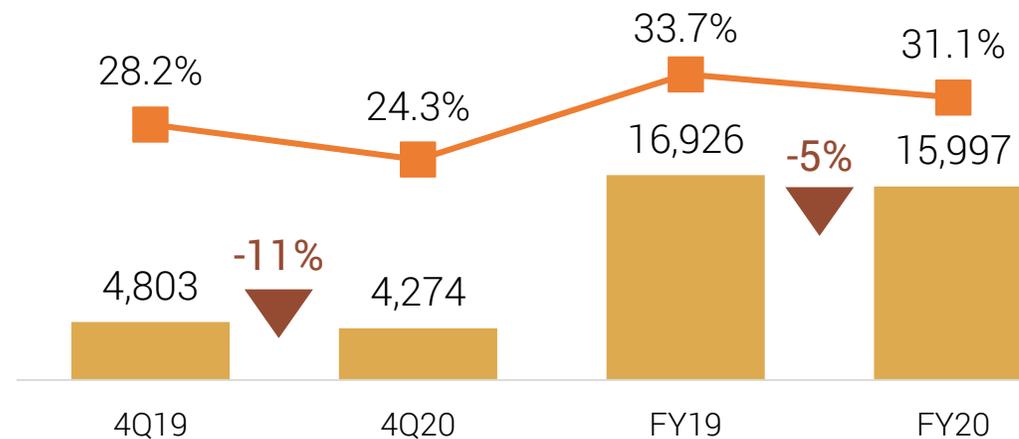
\* In million Php; Revenues net of intersegment; Income attributable to parent

# 2020 Financials

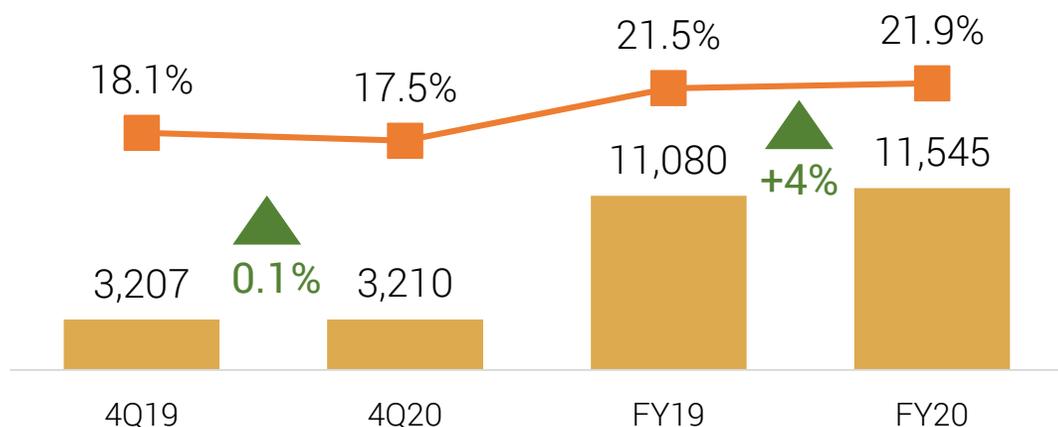
## Revenues



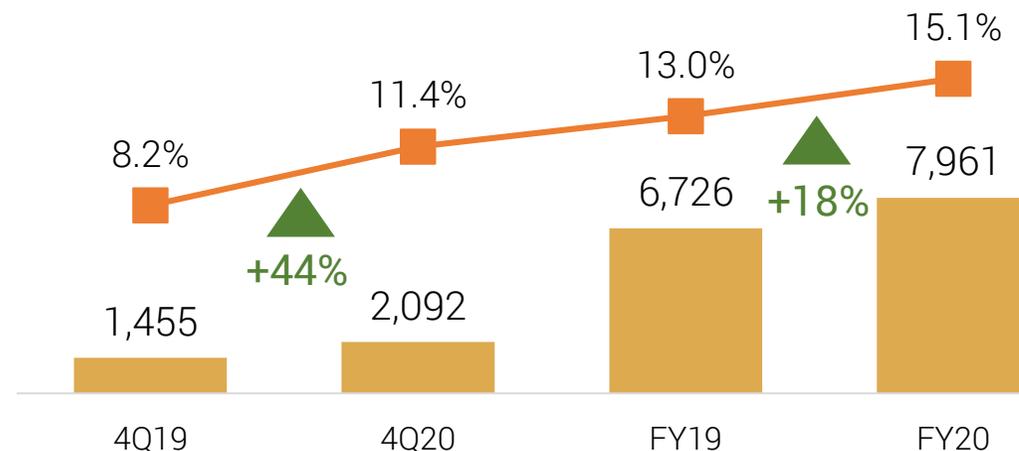
## Gross Profit & Margin



## EBITDA & Margin



## Net Income & Margin



# 2020 Financials – Segment Breakdown

Consistent whisky and brandy showing

	Revenues		Gross Profit		EBITDA		Net Income	
	2019	2020	2019	2020	2019	2020	2019	2020
<b>Brandy</b>	37,627 (73%)	36,891 (70%)	11,339 (67%)	10,229 (64%)	8,414 (76%)	8,466 (73%)	4,758 (72%)	5,709 (72%)
<b>Whisky</b>	13,938 (27%)	15,943 (30%)	5,586 (33%)	5,768 (36%)	2,666 (24%)	3,079 (27%)	1,967 (28%)	2,252 (28%)
<b>EMP, Inc.</b>	51,565	52,834	16,926	15,997	11,080	11,545	6,726	7,961

\* In million Php; Revenues net of intersegment; Income attributable to parent

# 2020 Financials – Brandy Segment

Brandy profitability maintained despite challenges

	4Q20	YoY	2019	2020	YoY	Commentary
<b>Revenue</b>	13,403	-1%	37,627	36,891	-2%	Only -2% last year amidst pandemic woes
<b>Gross Profit (Margin)</b>	2,483 (19.3%)	-26%	11,339 (30.4%)	10,229 (28.3%)	-10%	Higher COGS in 4Q20 due to surge in costs of inputs impacted by the disruption in global logistics, sourcing and economics
<b>Net Income (Margin)</b>	1,852 (13.5%)	+74%	4,758 (12.4%)	5,709 (15.2%)	+20%	Higher earnings growth owing to lower opex

# 2020 Financials – Whisky Segment

Net income grew 14% YoY in FY20 despite closure of on-trade channels and travel retail

	4Q20	YoY	2019	2020	YoY	Commentary
<b>Revenue</b>	£74 4,964	+18%	£211 13,938	£249 15,943	+14%	Growth driven by UK, Europe, North America and Asia especially China
<b>Gross Profit (Margin)</b>	1,791 (35.1%)	+24%	5,586 (39.8%)	5,768 (36.1%)	+3%	Higher-priced products maintained robust margin...
<b>Net Income (Margin)</b>	£3.4 240 (4.8%)	-38%	£30 1,967 (13.9%)	£36 2,252 (14.1%)	+14%	...contributing to higher full-year earnings even with 4Q earnings being affected by higher tax

# 2020 Financials – Cash Position

EMP maintains strong liquidity and cash position

	Cash	Debt	Net Debt	Net Debt to Equity	Commentary
<b>2020</b>	7,561	33,823	26,262	39%	Lower net debt to equity due to loan repayment plus reduction in equity-linked securities (ELS) to P3.4bn from P5.2bn previously with the conversion P1.8bn of ELS into 253m shares
<b>2019</b>	7,741	37,220	29,479	46%	

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Key Takeaways

Underlying corporate strengths allow EMP to rise to the crisis

## Business Strength

- Global footprint
- Diversified product portfolio
- Management expertise

## Brand Strength

- Brands are sought after by consumers
- Exhibiting strong consumer brand loyalty

## Cost Management

- Optimize cost
- Rationalize expenses
- Operational efficiency

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