

2022 OASC Jurisdiction Report

Newfoundland Labrador



Beverage Alcohol Financial Results*

\$000,000	Fiscal 2021/22	Fiscal 2020/21	\$ Δ	% Δ
Net Sales	293.4	284.3	9.1	3.2
Gross Margin	169.8	167.0	2.8	1.7
Total Expenses	53.8	54.3	(0.5)	(0.9)
Net Income	191.8	189.5	2.3	1.2
CAPEX	2.8	2.4	0.4	16.7

- *Please do not include Cannabis Results*
- ***Highest net income in NLC history***



Product Details

9 Litre Equivalent Cases (000's)	Fiscal 2021/22	Fiscal 2020/21	Cases Δ	% Δ
Spirits	406.7	417.8	(11.1)	(2.7)
Wines	474.6	475.2	(0.6)	(0.1)
Beers	614.9	557.3	57.6	10.3
Refreshments* <i>(including Ciders)</i>	469.9	434.6	35.3	8.1
Liqueurs	Included in spirits			

* Include all Ready to Drink products including Cider and Seltzer Products

Product Details

Sales in 000,000	Fiscal 2021/22	Fiscal 2020/21	\$ Δ	% Δ
Spirits	137.3	137.8	(0.5)	(0.4)
Wines	80.7	77.3	3.4	4.4
Beers	36.5	32.7	3.8	11.6
Refreshments*	34.7	31.9	2.8	8.8
Liqueurs	Included in Spirits			

* Include all Ready to Drink products including Cider and Seltzer Products



Fiscal 2022/23 YTD Beverage Alcohol Financial Results

(To Current Fiscal Year-to-Date)

\$000,000	Fiscal 2022/23 (4 periods)	Fiscal 2021/22 (4 periods)	\$ Δ	% Δ
Net Sales	101.2	98.3	2.9	3.0
Gross Margin	58.2	57.1	1.1	1.9
Total Expenses	18.7	17.8	0.9	5.1
Net Income	63.4	66.9	(3.5)	(5.2)

Sales in 000,000	Fiscal 2022/23 (4 periods)	Fiscal 2021/22 (4 periods)	\$ Δ	% Δ
Spirits	44.5	44.3	0.2	0.5
Wines	26.5	25.1	1.4	5.6
Beers	13.9	12.8	1.1	8.6
Refreshments (including Cider Products)	14.9	14.8	0.1	0.7
Liqueurs	Included in Spirits			



WHAT'S NEW?

Organizational Structure

- Bruce Keating – President & CEO *started March 2020
- Wally Dicks – Chief Operating Officer
- Peter Murphy – Chief Merchandising Officer
- Sean Ryan – VP Regulatory
- Greg Eddy – VP Human Resources, Strategy & Risk *started April 2022
- Cheryl Whitten – Chief Financial & Information Officer *started August 2022



WHAT'S NEW?

- Budgeting record dividend to Government of NL (GNL) - \$214 million
- Retail store renovation strategy commenced in fiscal 2022 (multi-year plan) – presentation to retail subcommittee



WHAT'S NEW?

➤ Wine Styles Program release October 2022

FIND YOUR Wine Style

- LIGHT and CRISP** Simple, crisp and refreshing wines.
- AROMATIC and FLAVOURFUL** Flavourful, pungent dry wines with strong fruity or floral aromas.
- AROMATIC and SWEET** Fruity wines with noticeable sweetness.
- FULL and RICH** Dry, full-bodied wines with complex flavours of toast and oak.
- LIGHT and FRUITY** Simple, juicy wines that are light and refreshing.
- MEDIUM and FRUITY** Fruit forward wines that are well-balanced and medium-bodied.
- FULL and SMOOTH** Full-bodied, fruit forward wines with minimal oak characteristics and smooth tannins.
- FULL and POWERFUL** Powerful wines that are often oaked and exhibit spicy characteristics and firm tannins.

FIND YOUR Wine Style

WHITES

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REDS

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WHAT'S NEW?

- Increased focus on **Corporate Responsibility** to broaden the scope outside of just Social Responsibility. NLC wants to be a responsible corporation and take actions to promote a positive impact on consumers, communities, other stakeholders, the environment and the broader Province in which we operate



WHAT'S NEW?

- Increased investment in Cyber Security with the goal of transitioning to a Cyber-resilient organization
- Continuing the emergence from COVID-19 pandemic
 - Supply chain issues
 - Increasing costs of freight and other costs for NLC and our suppliers
- Price change October 2022 – second price change this year
- Craft industry review underway (including national jurisdictional review)
- Asset review being undertaken by GNL using Rothschild & Co.
- Collective bargaining (CBA expired March 31, 2022 – tentative agreement reached)

EMERGING ISSUES

- Development of new three-year 2023-26 business plan
- Legislative review and modernization
- Key investments in technology:
 - Cyber-security gap remediation
 - Development of IT Strategy
 - Promotional software (ePAC) rebuild/replacement
 - Payroll/HRIS system replacements

EMERGING ISSUES

- Alcohol e-Commerce potential investment
 - Consideration of home delivery
 - Click and collect
 - New and improved private order process
- Other items
 - Consignment inventory - alcohol
 - Loss prevention strategy/tactics
- Insurance renewal – premiums have more than doubled in the past couple of years, especially for Cyber

Questions?

