



EMPERADOR INC.

EMPERADOR, INC.

1H 2020 Results Briefing



Agenda



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1H 2020 Backdrop

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1H 2020 Financials

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1H 2020 Backdrop – Challenges



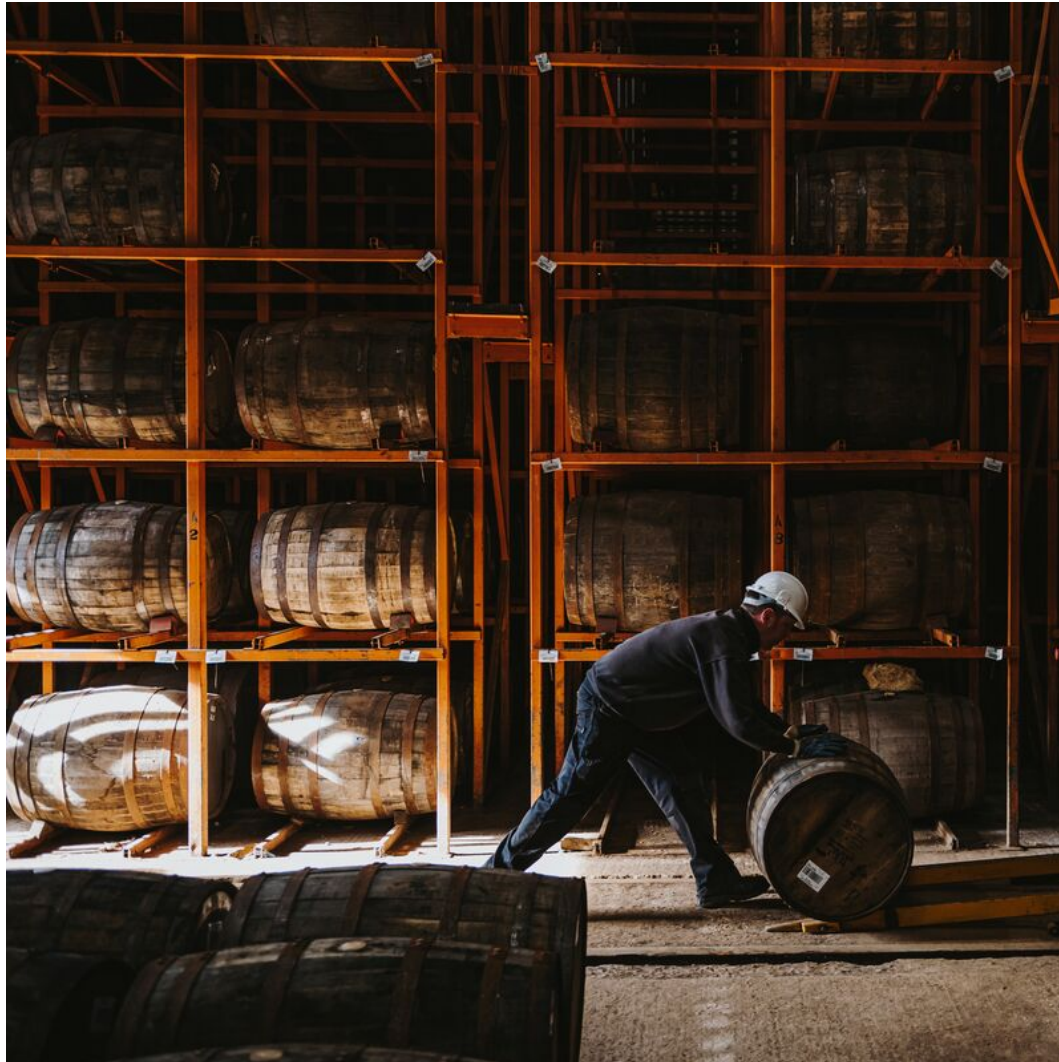
EMPERADOR INC.

Liquor Tax Increase

- A new liquor tax took effect January 2020
- EDI passed on increase through a price adjustment in February 2020

COVID-19 Pandemic

- Global lockdown
- Liquor ban and dry law implementation
- Closure of restaurants, bars, hotels
- Restricted air travel impacting travel retail sales



COVID-19 in the Philippines

- Strict community quarantine beginning March 16
- Implementation of liquor ban
- Easing of quarantine beginning May 16; partial lifting of liquor ban
- Currently, some areas still under community quarantine and liquor ban

1H 2020 Backdrop – Challenges

Worldwide COVID-19 Pandemic Challenges



Restricted Global Travel

Impacted travel retail sales
14% W&M Revenues



Lockdown

Closure of on-premise outlets
10% of Philippine sales
10% of W&M UK
45% of Spain



Liquor ban

Liquor ban in the Philippines
2 months out of 6 in 1H

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1H 2020 Financials

1H 2020 Financials – Highlights

Despite the challenges, EMP recorded positive 1H revenue growth YoY

P 21.5
billion
Revenue

+0.4%
Revenue Growth

P 3.3 billion
Net Income*

69% Brandy
31% Whisky
Revenue Breakdown

+15%
Net Income Margin*

*Attributable to parent

1H 2020 Financials

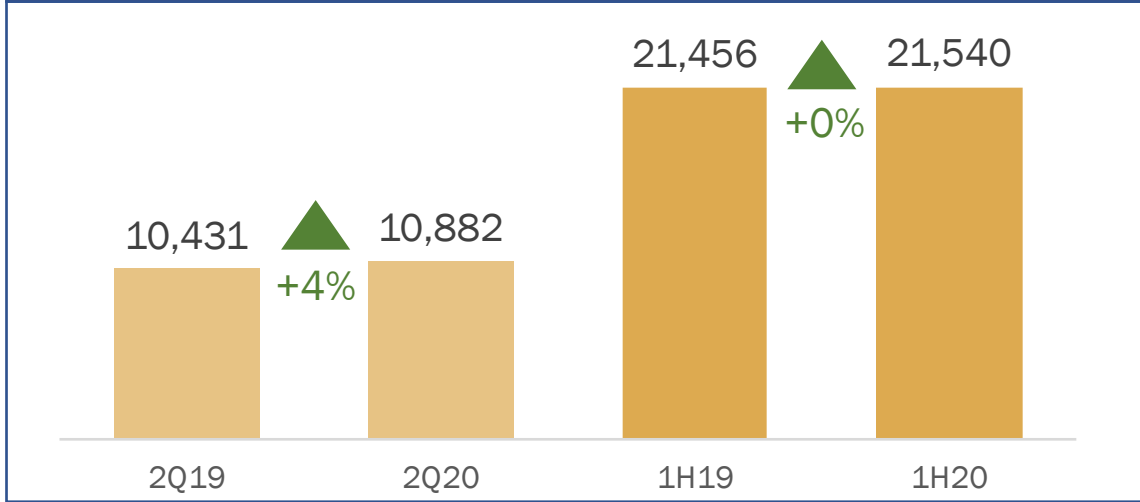
Net income in 2Q20 up 24% YoY amid pandemic challenges

	2Q20	YoY	1H19	1H20	YoY	Commentary
Revenue	10,882	+4%	21,456	21,540	+0.4%	Robust international whisky sales offset single-digit decline (-4%) in brandy sales despite 2 months hard lockdown
Gross Profit (Margin)	3,578 (33.4%)	-2%	7,323 (34.8%)	6,987 (33.2%)	-5%	Lower blended gross profit margin due to product mix as consumers sought value offerings
EBITDA (Margin)	2,615 (24%)	+19%	4,731 (22%)	4,827 (22.4%)	+2%	Cost management led to higher EBITDA
Net Income (Margin)	1,869 (17.2%)	+24%	3,250 (15.2%)	3,327 (15.4%)	+2%	Earnings grew and net margin improved in spite of pandemic challenges

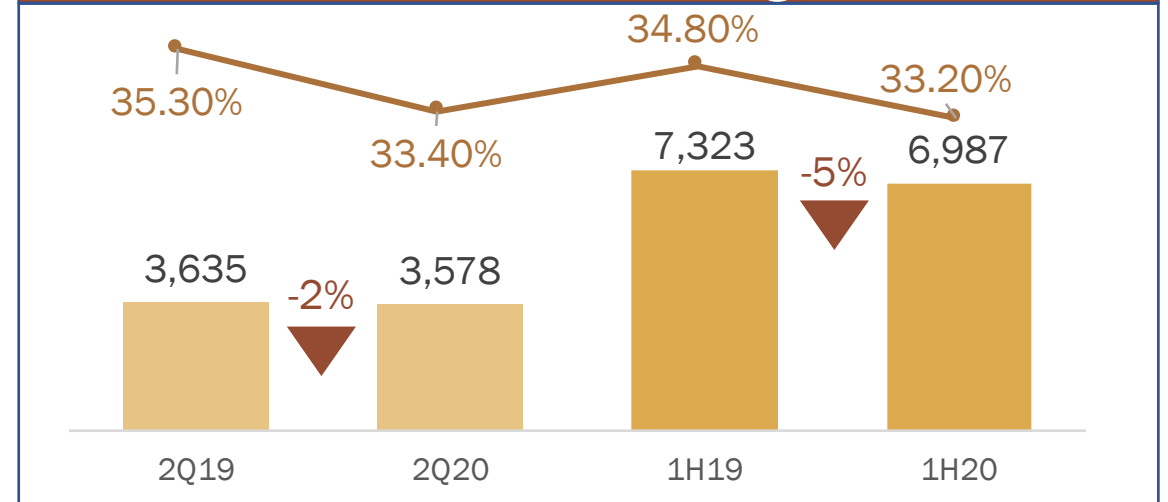
* In million Php; Revenues net of intersegment; Core income attributable to parent

1H 2020 Financials

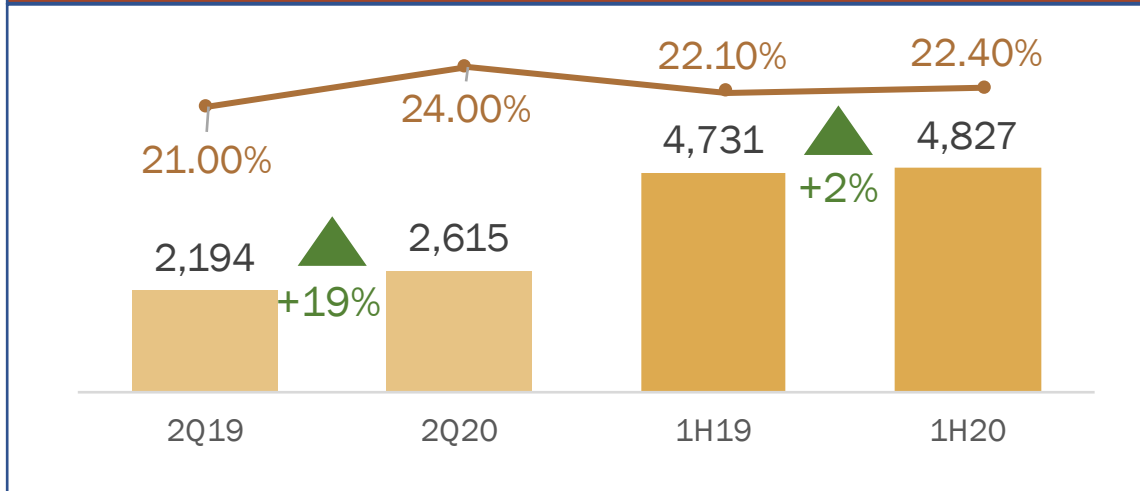
Revenues



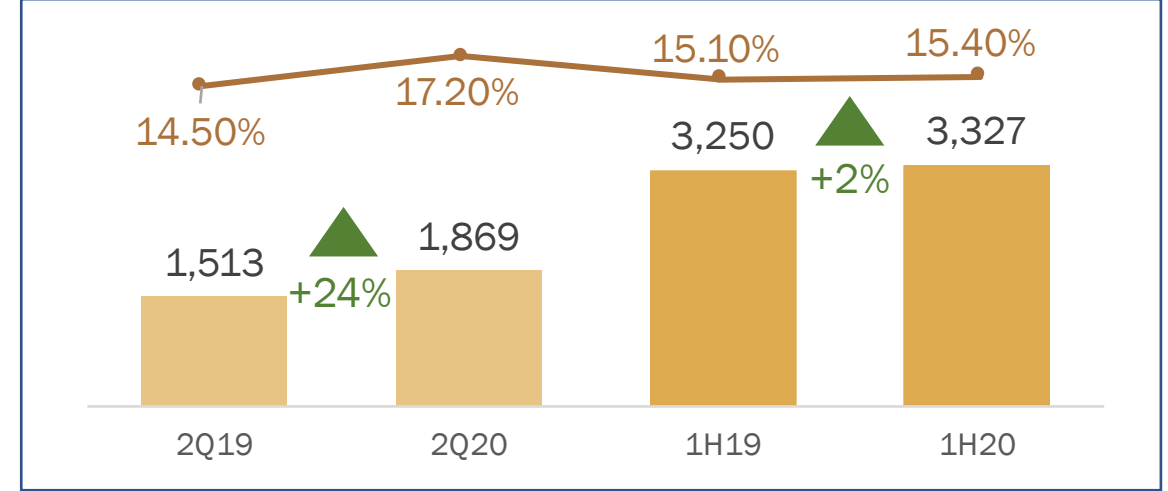
Gross Profit & Margin



EBITDA & Margin



Net Income & Margin



* In million Php; Core income attributable to parent

1H 2020 Financials – Segment Breakdown

Net income segment breakdown unchanged with brandy delivering about 70% of net earnings

	Revenues		Gross Profit		EBITDA		Net Income	
	1H19	1H20	1H19	1H20	1H19	1H20	1H19	1H20
Brandy	15,349 (72%)	14,901 (69%)	4,786 (65%)	4,755 (68%)	3,452 (73%)	3,465 (72%)	2,253 (69%)	2,310 (69%)
Whisky	6,107 (28%)	6,639 (31%)	2,537 (35%)	2,232 (32%)	1,279 (27%)	1,361 (28%)	997 (31%)	1,017 (31%)
EMP, Inc.	21,456	21,540	7,323	6,987	4,731	4,827	3,250	3,327

* In million Php; Revenues net of intersegment; Core net income attributable to parent

1H 2020 Financials – Brandy Segment

Net income sustained in 2Q20 YoY despite liquor ban across the Philippines

	2Q20	YoY	1H19	1H20	YoY	Commentary
Revenue	7,321	-4%	15,349	14,901	-3%	Only -4% down in spite of liquor ban across the Philippines
Gross Profit (Margin)	2,390 (32.6%)	-4%	4,786 (31.6%)	4,755 (32.3%)	-1%	Gross profit dropped but margin remained buoyant
EBITDA (Margin)	1,761 (23.7%)	+3%	3,452 (22.3%)	3,465 (23.0%)	0%	Higher EBITDA due to lower opex
Net Income (Margin)	1,175 (15.8%)	0%	2,253 (14.5%)	2,310 (15.3%)	3%	Maintained earnings and grew net income despite challenges

* In million Php; Revenues net of intersegment; Core net income attributable to parent

1H 2020 Financials – Whisky Segment

Net income doubled YoY in 2Q20 despite closure of on-trade channels and travel retail

	2Q20	YoY	1H19	1H20	YoY	Commentary
Revenue	£41.4 3,561	37% 29%	£90.4 6,107	£103.9 6,639	15% 9%	Sales growth driven by UK, USA, China, USA, Russia, Sweden
Gross Profit (Margin)	1,187 (33.9%)	5%	2,537 (41.3%)	2,232 (34.2%)	-12%	Lower gross profit margin due to product mix
EBITDA (Margin)	854 (23.9%)	74%	1,279 (20.7%)	1,361 (20.4%)	6%	EBITDA growth due to cost control in strategic marketing and of overheads
Net Income (Margin)	£11.1 694 (19.4%)	117% 103%	£14.8 997 (16.1%)	£15.9 1,017 (15.3%)	8% 2%	Doubling of earnings YoY on 2Q20 in spite of closure of on-trade channels and travel retail

- In million Php; Revenues net of intersegment; Core income attributable to parent
In GBP (based on BSP average rate for the period)

1H 2020 Financials – Cash Position

EMP improves net debt position

	Cash	Debt	Net Debt	Net Debt to Equity	Commentary
1H20	6,153	32,945	26,793	41%	Lower net debt to equity due to reduction in equity-linked securities (ELS) to P3.4b from P5.2b previously with the conversion of P1.8b ELS into 253m shares;
2019	7,741	37,220	29,479	46%	

* In million Php

2Q 2020 Solid Performance

“

EMP delivered solid revenue and net income (+24% YoY) in 2Q 2020 despite lockdowns, liquor bans, closure of on-trade sales channels and restricted travel retail

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2Q 2020 Delivered Better Than Expected Results

Underlying corporate strengths allow EMP to rise to the crisis

Ability to Execute

- Quick response
- Risk mitigation
- Optimize areas of opportunity
- Challenger mindset

Brand Strength

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

Cost Management

- Optimize cost
- Rationalize expenses
- Operational efficiency