



EMPERADOR INC.

# EMPERADOR INC.

9M 2020 Results Briefing



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Takeaway

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Takeaway

# 3Q 2020 Stellar Performance

“

Following its 2Q20 performance, EMP continued to deliver robust earnings growth at an even accelerated pace in 3Q20 (+36% QoQ and +26% YoY) despite prevailing quarantines, liquor bans, limited on-trade sales and restricted air travel.

”

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Takeaway

## Worldwide COVID-19 Pandemic Challenges



### Restricted Global Travel

Impacted travel retail sales  
14% of W&M 2019 revenue



### Lockdown

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



### Liquor ban

Total liquor ban in the  
Philippines 3 out of 9 months

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# 9M 2020 Financials – Highlights

Sustained robust performance amid pandemic woes

**P34.5  
billion**  
Revenues

**+1.9%**  
Revenue Growth

**P 5.9 billion**  
Net Income\*

68% Brandy  
32% Whisky  
Revenue Breakdown

**+11%**  
+P600 million  
Earnings Growth



# 9M 2020 Financials

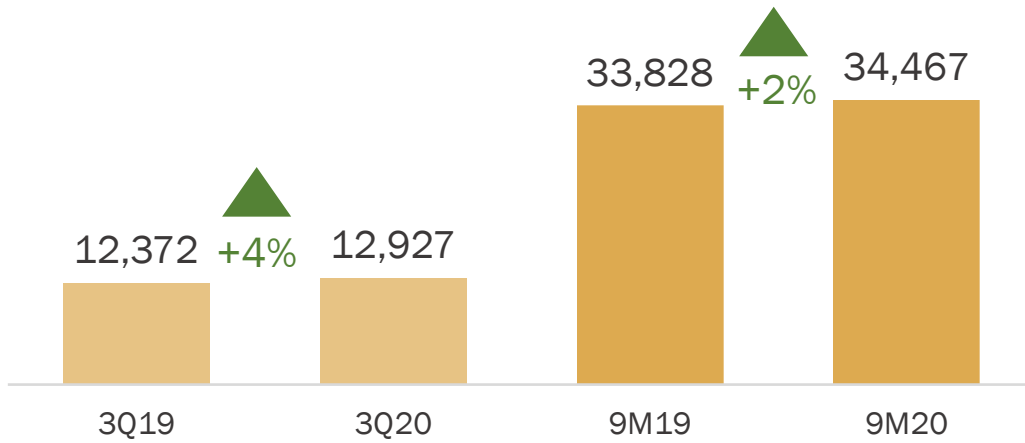
Recorded compellingly robust and spectacular earnings growth:  
+11% in 9M20 underpinned by +26% increase in 3Q20

	3Q20	YoY	9M19	9M20	YoY	Commentary
<b>Revenues</b>	12,927	+4%	33,828	34,467	+2%	Strong international whisky sales lift performance
<b>Gross Profit (Margin)</b>	4,736 (37.2%)	-1%	12,123 (36.5%)	11,723 (34.7%)	-3%	Lower blended gross profit margin mostly due to change in product mix
<b>EBITDA (Margin)</b>	3,508 (27.1%)	+12%	7,873 (23.3%)	8,335 (24.2%)	+6%	Higher EBITDA due to lower opex
<b>Net Income (Margin)</b>	2,543 (19.7%)	+26%	5,271 (15.6%)	5,869 (17.0%)	+11%	Stellar profitability in spite of economic and financial woes brought about by the pandemic

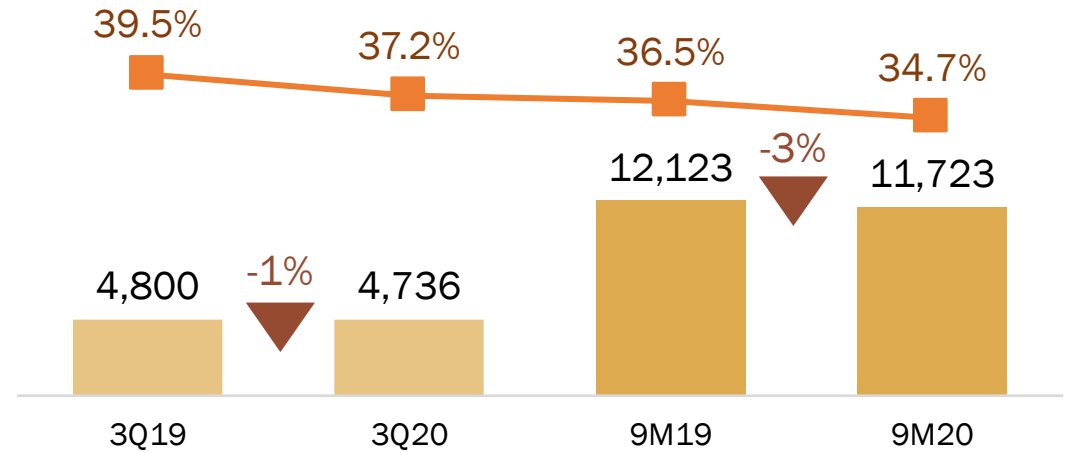
\* In million Php; Revenues net of intersegment; Core income attributable to parent

# 9M 2020 Financials

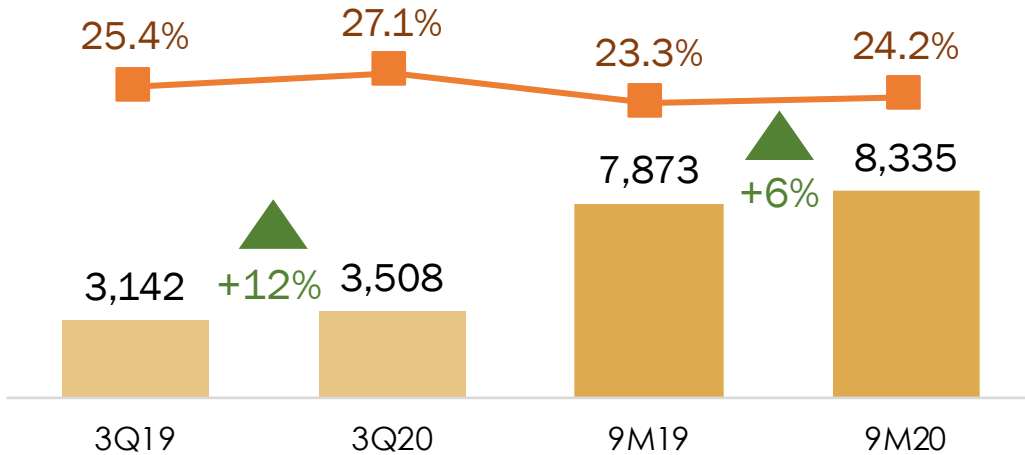
## Revenues



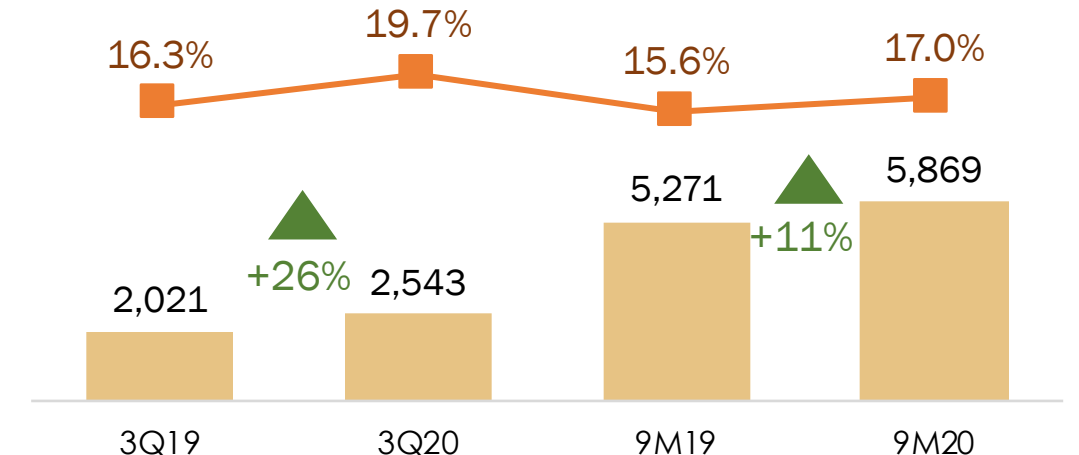
## Gross Profit & Margin



## EBITDA & Margin



## Net Income & Margin



# 9M 2020 Financials – Segment Breakdown

Fantastic whisky and brandy showing amid pandemic woes

	Revenues		Gross Profit		EBITDA		Net Income	
	9M19	9M20	9M19	9M20	9M19	9M20	9M19	9M20
<b>Brandy</b>	24,087 (71%)	23,488 (68%)	7,981 (66%)	7,746 (66%)	5,742 (73%)	5,764 (69%)	3,694 (70%)	3,858 (66%)
<b>Whisky</b>	9,741 (29%)	10,979 (32%)	4,142 (34%)	3,977 (34%)	2,131 (27%)	2,571 (31%)	1,577 (30%)	2,011 (34%)
<b>EMP, Inc.</b>	33,828	34,467	12,123	11,723	7,873	8,335	5,271	5,869

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

# 9M 2020 Financials – Brandy Segment

7% earnings growth in 3Q20 YoY despite liquor bans across the Philippines

	3Q20	YoY	9M19	9M20	YoY	Commentary
<b>Revenues</b>	8,587	-2%	24,087	23,488	-2%	Only -2% in 9M20 in spite of prevailing liquor bans in Phils; Brandy revenues +17% QoQ
<b>Gross Profit (Margin)</b>	2,991 (34.5%)	-6%	7,981 (32.9%)	7,746 (33.1%)	-3%	Gross profit dropped but margin remained buoyant
<b>EBITDA (Margin)</b>	2,298 (26.1%)	0%	5,742 (23.2%)	5,764 (24.1%)	0%	Steady EBITDA came from effective cost management...
<b>Net Income (Margin)</b>	1,548 (17.6%)	7%	3,694 (14.9%)	3,858 (16.2%)	4%	...and improved profitability amid downtick in topline

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

# 9M 2020 Financials – Whisky Segment

Fantastic sales and earnings growth despite very limited on-trade and travel retail sales

	3Q20	YoY	9M19	9M20	YoY	Commentary
<b>Revenues</b>	4,341	19%	9,741	10,979	13%	Growth driven by Asia especially China, UK, and developing markets like Russia
<b>Gross Profit (Margin)</b>	1,745 (40.3%)	9%	4,142 (42.6%)	3,977 (36.6%)	-4%	Higher gross profit due to sale of higher-priced products in 3Q20
<b>EBITDA (Margin)</b>	1,210 (27.8%)	42%	2,131 (21.6%)	2,572 (23.3%)	21%	Effective cost management
<b>Net Income (Margin)</b>	995 (22.8%)	72%	1,577 (16.0%)	2,011 (18.2%)	28%	Earnings would have been better had on-trade and travel retail not been impacted

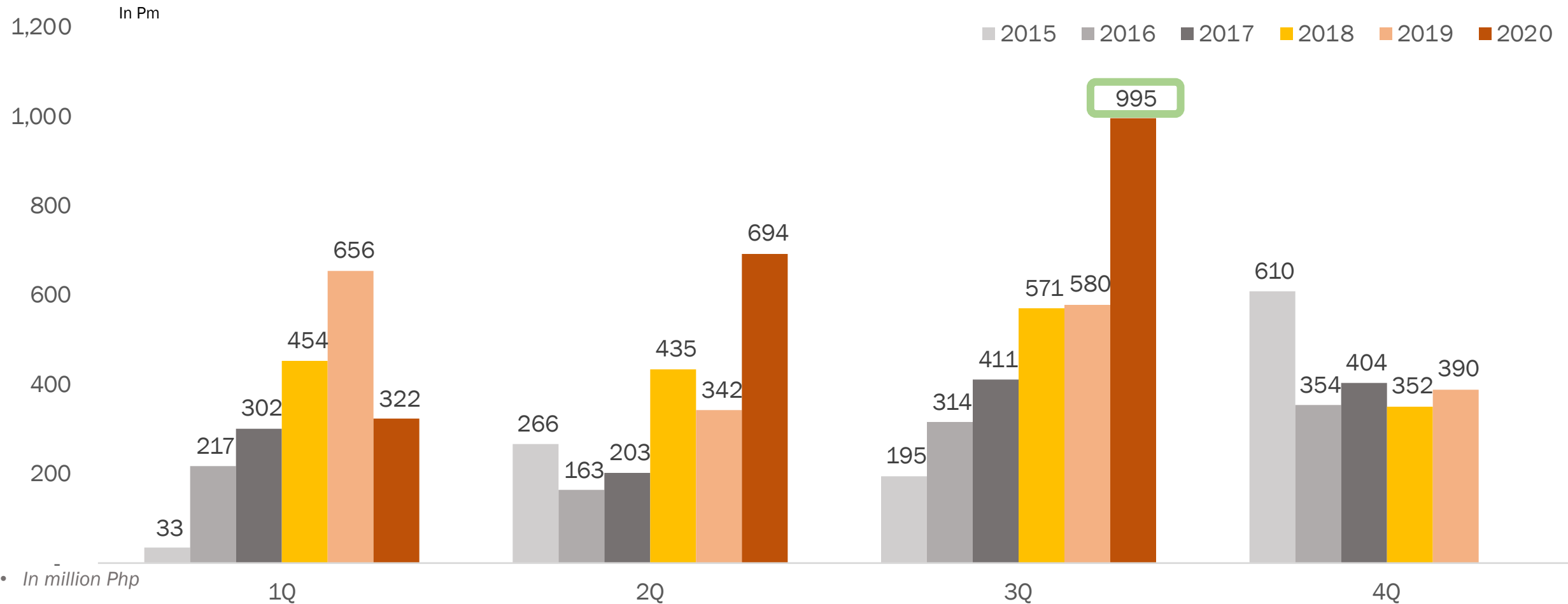
# 9M 2020 Financials – Whisky Segment

Fantastic sales and earnings growth despite very limited on-trade and travel retail sales

	9M19	9M20	YoY	Commentary
Revenue	£149.9	£175.7	17%	Growth driven by Asia especially China and developing markets like Russia
Net Income	£24.3	£32.2	33%	Earnings would have been better had on-trade and travel retail not been impacted

# Net Income - Whisky Segment

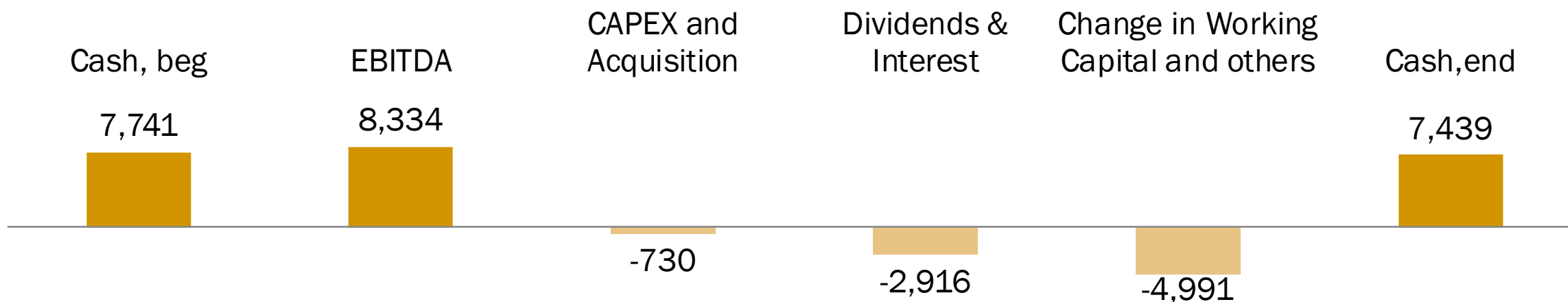
Whisky segment recorded an all-time high quarterly net income in spite of COVID-19 woes



# 9M 2020 Financials – Cash and Debt

## Improved net gearing

	Cash	Debt	Net Debt	Net Debt to Equity	Commentary
9M20	7,439	33,338	25,899	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
2019	7,741	37,220	29,479	46%	



\* In million Php



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Takeaway

Underlying corporate strengths allow EMP to rise above the pandemic

## 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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