EMPERADOR INC.

EMPERADOR INC.

Investor Update (9M2022)

November 2022

EMPERADOR INC.

1 Company Background

2 9M2022 Financials

3 Outlook

EMPERADOR INC.

Emperador Inc is a leading global integrated **manufacturer, bottler and distributor of brandy, Scotch whisky** and other alcoholic beverages.

- A leading, high growth whisky and brandy company with a truly globally recognized portfolio of brands distributed to 100+ countries and world leading market position

- Principal production facilities across the Philippines, UK, Spain, and Mexico
  - Nine (9) distilleries;
  - Four (4) blending and bottling facilities;
  - 788 hectares of vineyards;
  - A glass manufacturing plant.

Distillery in the Philippines

The Dalmore Distillery in Scotland

Vineyard in Spain

Bodegas in Spain

Emperador Inc. First Phase of Growth

EMPERADOR INC.

First phase of growth was in the brandy category in the Philippines

1979-2013

- Emperador dominated the Philippine brandy market and is the largest spirits company in the Philippines
- Emperador became the largest brandy company in the world
- Emperador listed on the PSE in 2013

Emperador was a one-product one-country company.

Knowing the risks of Philippine and category specific shocks, Emperador set out to diversify its business.

Emperador Inc. Diversifies its Business

EMPERADOR INC.

Emperador added world-renowned whiskies and brandies to its portfolio

2014-2017

- Acquisition of Whyte and Mackay increased Emperador's product offering to include whiskies as well as expand its geographic reach
- Acquisition of Bodegas Fundador cemented Emperador's status as the largest brandy producer in the world

Emperador Inc. Second Phase of Growth

EMPERADOR INC.

Emperador is embarking on its second phase of growth

2022

- Emperador completed a secondary listing on the Singapore Exchange, further amplifying its status as a global company
- Full-force implementation of premiumization and internationalization strategy

Now, with some of the most well-renowned and iconic brands in its roster, Emperador is embarking on its 2nd phase of growth – international expansion.

Emperador Inc. now has an impressive line up of iconic and world-renowned whiskies and brandies

EMPERADOR INC.

Scotch whisky	Brandy
WHYTE & MACKAY	EMPERADOR BRANDY; BODEGAS FUNDADOR; CASA Pedro Domecq

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9M2022 Financials – Highlights

EMPERADOR INC.

Php 42.6 billion

Revenue

+11% YoY

Php 26.9 billion

Brandy Revenue

+8% YoY

Php 7.2 billion

Net Profit*

-1% YoY

Php 15.8 billion

Whisky Revenue

+17% YoY

63% Brandy
37% Whisky

Revenue Breakdown

** Income attributable to parent*

9M2022 Financials

EMPERADOR INC.

Continued strong revenue growth for whole group

	3Q22	YoY	9M22	9M21	YoY
Revenue	14,585	+12%	42,639	38,357	11.2%
Gross profit (Margin)	4,690 (31.4%)	+8.5%	13,126 (31.8%)	13,889 (36.9%)	-5.5%
EBITDA (Margin)	2,924 (20.1%)	-11.1%	10,191 (23.9%)	11,114 (29.0%)	-8.3%
Net profit (Margin)	1,947 (13.4%)	-10.5%	7,185 (16.9%)	7,259 (18.9%)	-1%

Commentary

- Strong revenue growth
- Continued growth for both brandy and whisky segment
- Higher sales due to further easing of restrictions, resumption of on-trade and travel retail

** In million Php; Revenues net of intersegment; Income attributable to parent*
*** Consolidated revenues including sales and other income*
****Gross profit margin computed as gross profit / sales; EBITDA margin computed as EBITDA / consolidated revenues; net profit margin computed as net profit / consolidated revenues*

9M2022 Financials

EMPERADOR INC.

Continued strong revenue growth for whole group; GP down due to inflation

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	14,585	+12%	42,639	38,357	11.2%	• 3Q YoY gross profit up due to product mix • 9M YoY down 5.5% due to increase in COGS caused by an inflationary environment
Gross profit (Margin)	4,690 (31.4%)	+8.5%	13,126 (31.8%)	13,889 (36.9%)	-5.5%	
EBITDA (Margin)	2,924 (20.1%)	-11.1%	10,191 (23.9%)	11,114 (29.0%)	-8.3%	
Net profit (Margin)	1,947 (13.4%)	-10.5%	7,185 (16.9%)	7,259 (18.9%)	-1%	

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9M2022 Financials

EMPERADOR INC.

Continued strong revenue growth for whole group; EBITDA down due to higher opex

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	14,585	+12%	42,639	38,357	11.2%	• EBITDA margin down due to increased opex • Increase in on-trade activities • Increase in promotional and advertising spend
Gross profit (Margin)	4,690 (31.4%)	+8.5%	13,126 (31.8%)	13,889 (36.9%)	-5.5%	
EBITDA (Margin)	2,924 (20.1%)	-11.1%	10,191 (23.9%)	11,114 (29.0%)	-8.3%	
Net profit (Margin)	1,947 (13.4%)	-10.5%	7,185 (16.9%)	7,259 (18.9%)	-1%	

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9M2022 Financials

EMPERADOR INC.

Continued strong revenue growth for whole group; net profit down due to costs

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	14,585	+12%	42,639	38,357	11.2%	• Net profit down as costs and expenses increased • 9M net profit relatively flat YoY; able to maintain net profits due to resilience of whisky segment
Gross profit (Margin)	4,690 (31.4%)	+8.5%	13,126 (31.8%)	13,889 (36.9%)	-5.5%	
EBITDA (Margin)	2,924 (20.1%)	-11.1%	10,191 (23.9%)	11,114 (29.0%)	-8.3%	
Net profit (Margin)	1,947 (13.4%)	-10.5%	7,185 (16.9%)	7,259 (18.9%)	-1%	

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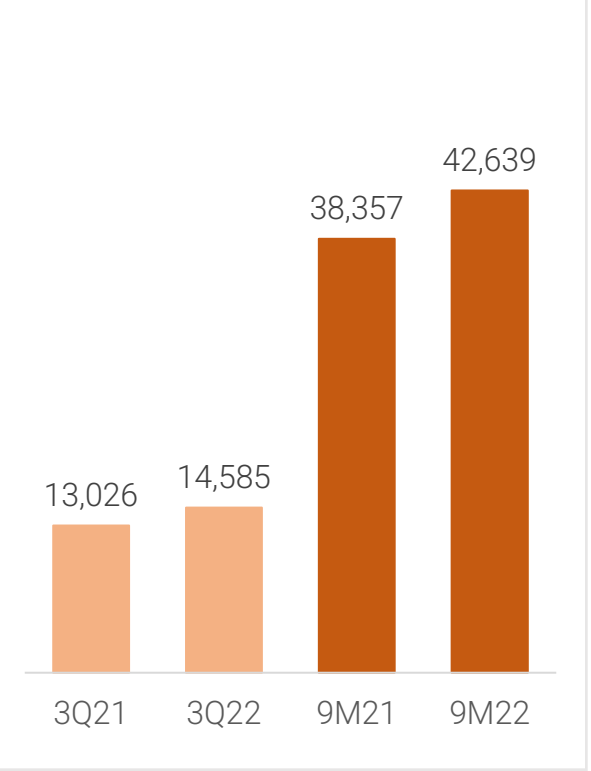
9M2022 Financials

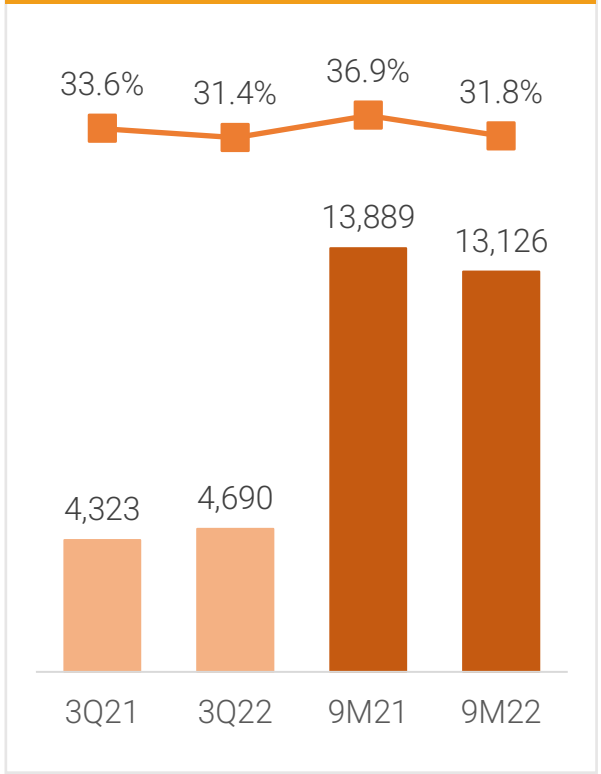
EMPERADOR INC.

Revenues continue to grow; net profit stable despite headwinds and cost challenges

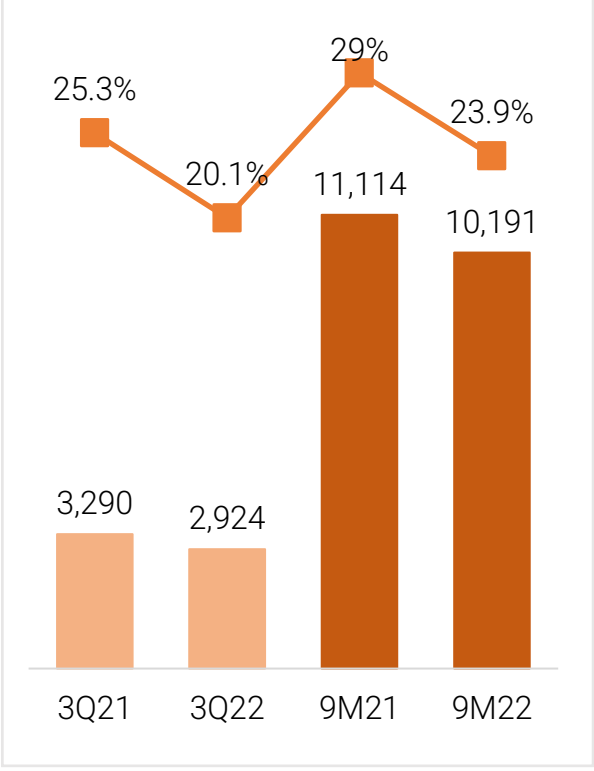
Revenues



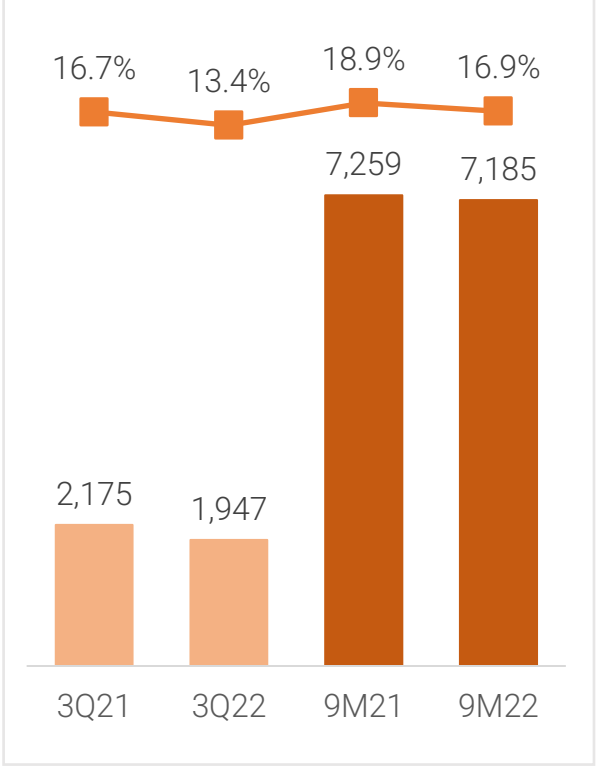
Gross Profit



EBITDA



Net Profit



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9M2022 Financials – Brandy Segment

EMPERADOR INC.

Revenues continue to increase by high single digit, in line with target

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	8,988	5.8%	26,885	24,840	8.2%	• Brandy revenue up • Increased brandy on-trade activities
Gross profit (Margin)	2,432 (25.4%)	-3.4%	6,997 (26.1%)	8,523 (33.9%)	-17.9%	
EBITDA (Margin)	1,410 (15.6%)	-38%	5,551 (20.3%)	7,535 (29.6%)	-26.3%	
Net profit (Margin)	855 (9.4%)	-40%	3,789 (13.9%)	5,285 (20.7%)	-28.3%	

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9M2022 Financials – Brandy Segment

EMPERADOR INC.

Increase in revenue; gross margin down due to higher COGS

	3Q22	YoY	9M22	9M21	YoY
Revenue	8,988	5.8%	26,885	24,840	8.2%
Gross profit (Margin)	2,432 (25.4%)	-3.4%	6,997 (26.1%)	8,523 (33.9%)	-17.9%
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Net profit (Margin)	855 (9.4%)	-40%	3,789 (13.9%)	5,285 (20.7%)	-28.3%

Commentary

- Brandy gross profit down due to higher COGS
- Impacted by higher COGS because of more affordable selling prices
- Global headwinds also affect brandy business since inputs are imported

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9M2022 Financials – Brandy Segment

EMPERADOR INC.

Increase in revenue; EBITDA down on higher opex

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	8,988	5.8%	26,885	24,840	8.2%	• Brandy EBITDA down due to higher opex • Higher opex on higher advertising spend and promotional spend • Higher opex on more on-trade activities
Gross profit (Margin)	2,432 (25.4%)	-3.4%	6,997 (26.1%)	8,523 (33.9%)	-17.9%	
EBITDA (Margin)	1,410 (15.6%)	-38%	5,551 (20.3%)	7,535 (29.6%)	-26.3%	
Net profit (Margin)	855 (9.4%)	-40%	3,789 (13.9%)	5,285 (20.7%)	-28.3%	

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9M2022 Financials – Brandy Segment

EMPERADOR INC.

Increase in revenue; net profit dampened by increasing costs

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	8,988	5.8%	26,885	24,840	8.2%	• Brandy net profit down due to higher cost and expenses
Gross profit (Margin)	2,432 (25.4%)	-3.4%	6,997 (26.1%)	8,523 (33.9%)	-17.9%	
EBITDA (Margin)	1,410 (15.6%)	-38%	5,551 (20.3%)	7,535 (29.6%)	-26.3%	
Net profit (Margin)	855 (9.4%)	-40%	3,789 (13.9%)	5,285 (20.7%)	-28.3%	

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9M2022 Financials – Whisky Segment

EMPERADOR INC.

Whisky segment continues to record stellar top and bottom line performance

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	5,597	23.6%	15,754	13,517	16.6%	• Whisky's robust revenues continue to grow • Revenue increased further proving that whisky demand is strong even in inflationary times
Gross profit (Margin)	2,257 (41.3%)	25%	6,130 (40.8%)	5,366 (40.4%)	14.2%	
EBITDA (Margin)	1,514 (26.9%)	49%	4,640 (29.3%)	3,579 (26.4%)	29.6%	
Net profit (Margin)	1,092 (19.4%)	45.7%	3,395 (21.5%)	1,974 (14.6%)	72%	

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9M2022 Financials – Whisky Segment

EMPERADOR INC.

Gross margin stable despite inflation due to higher selling prices

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	5,597	23.6%	15,754	13,517	16.6%	• Gross margins up both 3Q and 9M YoY • Whisky margins able to withstand inflationary environment due to higher selling prices, higher margins
Gross profit (Margin)	2,257 (41.3%)	25%	6,130 (40.8%)	5,366 (40.4%)	14.2%	
EBITDA (Margin)	1,514 (26.9%)	49%	4,640 (29.3%)	3,579 (26.4%)	29.6%	
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9M2022 Financials – Whisky Segment

EMPERADOR INC.

Strong EBITDA growth despite increase in opex

	3Q22	YoY	9M22	9M21	YoY	Commentary
Revenue	5,597	23.6%	15,754	13,517	16.6%	• Higher EBITDA for both 3Q and 9M YoY • EBITDA grew despite higher opex due to more marketing activities as on-trade and travel retail resume
Gross profit (Margin)	2,257 (41.3%)	25%	6,130 (40.8%)	5,366 (40.4%)	14.2%	
EBITDA (Margin)	1,514 (26.9%)	49%	4,640 (29.3%)	3,579 (26.4%)	29.6%	
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9M2022 Financials – Whisky Segment

EMPERADOR INC.

Whisky segment continues to record stellar top and bottom line performance

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Summary

EMPERADOR INC.

Whisky

- Strong revenues and net profit despite unfavorable global inflationary environment
- 9M revenue 17% higher and net profit 72% higher YoY
- Impact of higher COGS is softer due to higher selling prices

Brandy

- Good sales performance but net profit affected by higher COGS and expenses
- 9M revenue higher by 8% but net profit lower by 28% YoY due to cost pressures
- Increases in COGS had greater impact due to lower selling prices
- Affected by global macroeconomic factors since inputs are imported
- Increased expenses due to marketing efforts as on-trade opens up further

Total EMI

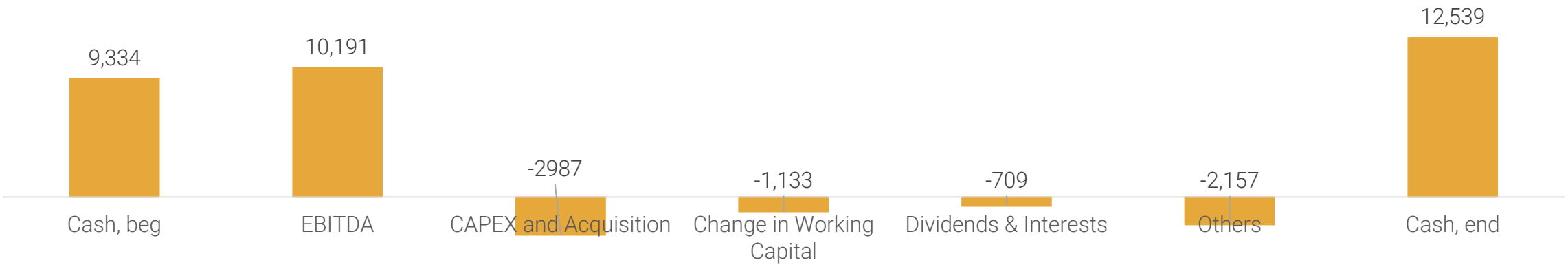
- Sales show no signs of slowing down as both brandy and whisky continue to record higher revenues
- 9M revenues up 11% YoY; net income relatively flat
- Diversification and premiumization allows EMI to maintain net profits despite increasing costs

9M2022 Financials – Cash Position

EMPERADOR INC.

Maintained strong cash position

	Cash	Debt	Net Debt	Net Debt to Equity	Commentary
9M22	12,539	23,344	10,805	12%	Further improvement in net gearing resulting from higher cash and lower net debt
2021	9,334	24,841	15,508	20%	



** In million Php*

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CPI Strategy

EMPERADOR INC.

Continue with CPI strategy as diversification through CPI clearly demonstrated its importance in stabilizing earnings

Contemporize

- Innovate and launch products tailored to specific tastes
- Position brand to appeal to target markets
- Build brand equity among millennials and gen z

Premiumize

- Single malt focus
- Focus on premium products with higher margins
- Drive premiumization for both brandy and whisky

Internationalize

- Key focus on China and North America as these are the biggest spirits markets

Management is confident that strategy and goals can be achieved
Management has proven its ability to execute on a global platform

Outlook

EMPERADOR INC.

Taking up price to cover higher costs; can expect higher margins

Whisky	Brandy
• Have implemented a 10% (on average) price increase for 2023 • Can expect higher margins	• Have announced price increase of 5% effective Dec 1 • Can expect better margins