



Oettinger Davidoff

Media Release

Oettinger Davidoff further enhanced its leading position in the premium cigar business thanks to focused measures and enhanced digital innovation

Basel, Switzerland, June 16, 2021. Marked by the coronavirus pandemic, 2020 was undoubtedly an unprecedented year in the 146-year history of Oettinger Davidoff. After a good start, the effects of the Covid-19 crisis significantly impacted the 2020 financial year. Thanks to swift and effective crisis management, a stronger than expected business recovery in the second half of the year, as well as strong momentum in e-commerce channel and digital customer engagement, the company was able to further expand its leadership position in the premium cigar business and turn a difficult initial situation into a strong recovery. In addition, the first results of the existentially important cost optimization projects defined within the "Way Forward Transformation Roadmap", which came into effect in 2020, played a key role leading the company to sustainably improve the Group's EBIT and cash position.

From March 2020 to the end of the year, the pandemic dominated the entire business environment and had a considerable impact on the business of Oettinger Davidoff as an international company: lockdowns, temporary closures of brick-and-mortar stores and production, and drastic travel restrictions, resulting almost in a standstill of the Global Travel Retail & Duty Free Business. These issues represented challenges without precedent for the company.

The company's total turnover recorded CHF 423 million (-6.7%) for 2020 as a result of the pandemic. In the own brand cigar business, the Basel-based family company achieved moderate growth of 1.2% compared to the previous year. This success was positively influenced by well-timed product launches following the lockdowns. The trend in Europe towards cigars in the medium price range, and in particular the heavily affected Global Travel Retail & Duty Free business, had an impact on sales in the handmade premium cigar business. The premium brand Davidoff recorded a decline of -8.2% year-on-year, while Camacho Cigars (+20.1%) and AVO Cigars (+13.8%) reported strong growth thanks to a very positive performance in EMEA wholesale and a strong year in the US. The decline in the company's total consolidated sales was largely due to the impact of the pandemic, particularly in the Global Travel Retail business. The decline in sales also includes strongly negative exchange rate effects. The good sales performance of the third party brands, especially sole agencies, was a key performance driver in 2020.

Innovation and enhanced digital engagement with consumers becomes more important

Despite the Covid-related temporary closure of production sites in the Dominican Republic and Honduras, the company was able to supply its customers in over 100 countries without interruption and surprise consumers with innovative product launches. The core brand Davidoff focused on four limited editions: to start the year, the Davidoff Winston Churchill Limited Edition



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2020 delighted the hearts of connoisseurs. In late summer, the Davidoff Robusto Intenso and the Davidoff Special 53-Capa Dominicana followed, both of which were accompanied by a Masterpiece humidor created by French artist Rose Saneuil. At the end of the year, the Davidoff Year of the Ox Limited Edition, together with a Year of the Ox pipe and a Masterpiece humidor, captured the hearts of aficionados and aficionadas. In addition, the AVO and Camacho brands successfully contributed to the expansion of the Oettinger Davidoff product portfolio with the product launches of the AVO North and South Regional Limited Editions, the Avo Improvisation, the Camacho Liberty Series 2020, and the Camacho Nicaragua. All product launches were also accompanied by digital and interactive tasting and cigar seminars – a development that the company will definitely continue to expand and intensify. In May 2021, the company relaunched its Zino brand, which was launched in 1978, under the name Zino Nicaragua. These and other product innovations will make the hearts of aficionados and aficionadas beat faster again this year.

30 years in the Dominican Republic

The year 2021 is a very special year for the Basel-based family company. Exactly 30 years ago, back in 1991, Oettinger Davidoff moved the production to the Dominican Republic and launched the first Davidoff cigars "hecho a mano en Republica Dominicana". With this step, the company laid the foundation for today's fundamental "Crop-to-Shop" philosophy, which enables the company to analyse and monitor all the work steps and processes along the entire value chain, and above all enables to guaranteed quality assurance – from the seed to the sale of the handmade cigar in one of its shops or at one of its distribution partners in over 100 countries. Since 2008, the company counts an additional production site in Danlí, Honduras, in addition to the production site in the Dominican Republic (in Villa Gonzalez, Santiago de los Caballeros).

«Way Forward» and outlook

In 2018, Oettinger Davidoff launched its five-year transformation roadmap "Way Forward" in order to secure and further expand its leading position in the hand-rolled premium cigar and wholesale business. "The results of the cost optimisations achieved in 2020, within the 'Way Forward' framework, were crucial to deliver a good result also in this extraordinary year 2020. We are definitely on the right path, and I am proud that, thanks to our motivated employees and our 'Crop-to-Shop' philosophy, we were able to successfully navigate through the pandemic and supply our partners without interruption, and in the usual best quality," says CEO Beat Hauenstein. "We have proven that Oettinger Davidoff is a reliable and indispensable partner for our customers. Even though the effects of the pandemic will continue to challenge us for some time to come, we are well equipped to look towards the future with confidence."



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About Oettinger Davidoff

Oettinger Davidoff Group, with sales of approximately 423 million Swiss francs and 3,100 employees around the world, traces its roots back to 1875 and remains family-owned to this day. The company is dedicated to the business of producing, marketing, distributing and retailing premium-branded cigars, tobacco products and accessories. The premium-branded cigar business includes Davidoff, AVO, Camacho, Cusano, Griffin's, Private Stock, Zino and Zino Platinum. Oettinger Davidoff Group is also the sole agent of many brands in several countries, such as Haribo in Switzerland. Its business is anchored in a strong "crop-to-shop" philosophy, having pursued vertical integration from the tobacco fields in the Dominican Republic and Honduras to its global network of around 70 Davidoff Flagship Stores and strong appointed merchants in more than 100 countries.

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