



Media Release

Thanks to innovation and digital engagement a successful financial year 2019 for Oettinger Davidoff

Basel, Switzerland, June 17, 2020 – In 2019, Oettinger Davidoff was able to further strengthen its position as a leading supplier in the global premium cigar market. While total sales for the 2019 financial year were declining at CHF 453 million (-9.4%), the company succeeded in achieving its financial targets and, in particular, significantly improving its cash performance compared to the previous year. This was due to successful new innovations in limited editions, increased brand awareness by focusing on digital consumer engagement, and the positive financial impact of the "Way Forward" transformation roadmap launched in 2018.

In the own brand business, the Basel-based family company recorded a decline of -3.6% compared to the previous year. This follows a strong 2018, in which the Davidoff and AVO brands celebrated anniversaries with various products and activities. With growth of +1.6%, the Davidoff brand continued to expand its market share in the super-premium segment, while Camacho (-2.9%) and AVO Cigars (-12.6%) remained stable on an adjusted basis. The decline in the company's consolidated total sales was largely due to the loss of the rack jobbing business in the Swiss confectionery market (Cruspi SA). On a comparable basis, net sales decreased by 1.0%. Sales performance was impacted by a difficult business environment in the US, where the premium cigar industry was exposed to unprecedented rebates and inventory reduction programs by key customers. In addition, the social unrest in Hong Kong affected not only local retailers but also duty free business throughout the region. The improved sales performance of third party brands, especially sole agencies, was a key performance driver in 2019.

Oettinger Davidoff continues to focus on pioneering spirit and innovation

Oettinger Davidoff surprised customers and consumers again in 2019 with new product launches and a wide range of new taste experiences. The core Davidoff brand focused on the Davidoff Winston Churchill Limited Edition 2019, the Davidoff Robusto Real Especiales 7 and, at the end of the year, the Davidoff Year of the Rat. In addition, the company launched two masterpiece humidors in cooperation with artists: The Masterpiece Humidor Terroirs designed by the artist Rose Saneuil and the Masterpiece Humidor Royal Release, which was created by French feather artist Emillie Moutard-Martin. The AVO and Camacho brands successfully contributed to the expansion of the Oettinger Davidoff product portfolio with the product launches of AVO Improvisation Series, Camacho Distillery Edition and the Camacho Diploma Robusto Black.



Long-term investment in trade partners and enhancement of digital engagement

In order to continue to successfully align the company to the future challenges of the market and changing customer needs, constructive and long-term cooperation with the trade and business partners will continue to be a focus area. The "Davidoff of Geneva Academy", the industry's leading global online trading programme launched in 2018, supports this endeavour and has now established itself as an indispensable tool for customers and partners. "As an innovation leader in the premium cigar business, we are committed not only to providing innovative products, but also to working with our partners and customers to create innovative and unique omni-channel brand and shopping experiences," comments CEO Beat Hauenstein. Last year, the company opened a Davidoff lounge in St. Petersburg and Moscow (Russia) and two walk-in humidors each at the airports in Istanbul, Shanghai and Beijing. With highly valued partners, Oettinger Davidoff also opened new licensed boutiques in Shenzhen (China) in autumn 2019, and in spring 2020 at the Seminole Hard Rock Hotel & Casino in Hollywood, FL (USA). Oettinger Davidoff will continue to enhance its digital engagement in response to the rapid development of digitalization and the new mobile shopping and interaction behaviour of customers, which has intensified and accelerated in 2020 in the context of the Corona pandemic. In addition to investing in further online shops, the company will above all intensify the virtual exchange with aficionados and the cigar community through online tastings and seminars.

"Way Forward" and outlook 2020

The five-year "Way Forward" plan launched in 2018, with which Oettinger Davidoff intends to secure and further expand its leading position in the hand-rolled premium cigar business and wholesale trade in the long-term, led to positive financial results in 2019. However, as a company with a substantial presence internationally, the dynamics of the Coronavirus pandemic are also having a significant impact on Oettinger Davidoff's business, especially in the global travel retail segment. "The consequences of this extraordinary and unprecedented situation are not clearly foreseeable from today's perspective. 2020 will be a challenging year also for us. Thanks to our entrepreneurial robustness, which we have achieved through the success of "Way Forward", and the timely coordinated and effective measures taken in response to the Coronavirus pandemic, we look to the future with confidence. In addition, our long-term investment in the 'Crop-to-shop' philosophy is proving extremely efficient and enables us to supply our customers without interruption and in the usual highest quality, ensuring that our aficionados around the world continue to enjoy 'time beautifully filled' moments. Being a reliable business partner in times of crisis is another important quality aspect for us," says Beat Hauenstein.



About Oettinger Davidoff

Oettinger Davidoff Group, with sales of approximately 450 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 and S.T. Dupont in the USA. 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.

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