

Media Release

Oettinger Davidoff raises the production of its handmade premium cigars by +35% in 2021

- **Total turnover increased +8% in 2021 to CHF 456.8 million**
- **Strong growth with the core Davidoff and Camacho brands thanks to innovative product launches and intensified digital consumer engagement**
- **Successful relaunch of Zino brand**
- **Turnover from own-brand cigars up +28.9%**
- **Leading international market position further strengthened in the hand-made premium cigar segment**

Basel, Switzerland, 23 June 2022 – Oettinger Davidoff looks back on another challenging business year. But despite the difficult operating parameters, the company succeeded in posting successful financial results in 2021. The globally operating family company raised its total annual turnover +8% to CHF 456.8 million, confirming its ability to respond with agility, speed and success to the business and operational challenges and the new market conditions. Production was increased in the Dominican Republic and Honduras to meet strong market demand: the 34.1 million handmade premium cigars produced in 2021 were a +35% increase on the prior-year volume. Consequently, Oettinger Davidoff significantly increased its global market share and further strengthened its leading position in the handmade premium cigar business.

Turnover developments were especially encouraging in the own-brand cigar segment, where the Basel-based family firm achieved an impressive year-on-year increase of +28.9%. The turnover growth here was boosted in particular by the trend towards high-value brands in the higher pricing segment. The premium brand Davidoff performed especially well: having suffered a slight decline the previous year, its turnover for 2021 was a sizeable +43.9% improvement on its prior-year level. Camacho (up +11.3%) and AVO (up +5%) also registered tangible turnover growth. In addition, the successful relaunch of the Zino brand attracted new customers and made a valuable contribution to the favourable overall results. Turnover development for third-party brands were also encouraging, especially for the sole agencies, which are another key component in the company's overall business. Oettinger Davidoff also benefited in 2021 from the impressive operational leverage gained through the numerous projects that were successfully pursued under the "Way Forward" transformation program launched back in 2018. As a result, together with the turnover growth, group profitability was also substantially improved.

"The last business year confirmed that Oettinger Davidoff is both resilient and well equipped to operate successfully in a demanding market environment, even in challenging times," says CEO Beat Hauenstein of the company's 2021 business performance. "Despite the many and varied challenges that the COVID pandemic posed – especially along the value chain – we were able to keep our customers unfailingly supplied throughout the year, introduce innovative new products and thanks to our well-cadenced new product launches and our intensified focus on our digital customer engagement meet our customers' expectations."



Oettinger Davidoff

The tried-and-trusted "crop to shop" philosophy, which gives the company the requisite agility to steer and adjust the value chain and its processes from seed creation through to delivery of its handmade premium cigars to the shops, was a key contributor to 2021's favorable annual results, as were the innovations and new product launches for the core brands Davidoff, Camacho and AVO Cigars. The positive trends, especially at Davidoff (turnover up +43.9%), were driven by the launch of the Davidoff Dominicana and the Davidoff Limited Editions, and by increased demand for handmade premium cigars. The highly successful relaunch of the Zino brand with its new Nicaraguan taste profile also earned particular attention and gave the company access to a new customer group.

While overall cigar market in Europe continues to decline, the regional demand for premium cigars remained stable. The Asian cigar market was and remains severely impacted by the collapse of the global travel retail sector, while the US market developed well.

ESG Roadmap

In 2021, Oettinger Davidoff developed an own-related overview of its ESG situation and evaluated its "crop to shop" activities along the 17 UN Sustainability Development Goals (SDGs). Within this framework, six SDGs were defined where Oettinger Davidoff can make special contributions. In addition, a roadmap was been set-up with the aim to further enhance the company's position within the areas of environment, social and governance.

Trade innovation: Oettinger Davidoff celebrates its selective distribution system for the Davidoff brand

Oettinger Davidoff is celebrating a particular anniversary in 2022. Back in 1972, two years after it had acquired Zino Davidoff's business, the Basel-based family firm, whose Davidoff retail outlets at the time were limited to the Davidoff flagship store in Geneva, resolved to offer its Davidoff products via a global selective distribution system. Davidoff cigars were to be available only from the company's own stores or from carefully selected and highly qualified tobacco retail specialists – known as 'Davidoff Depositories' – to maintain the unique high-quality Davidoff brand and shopping experience. Presentation, reputation and expertise were key criteria in choosing such retail partners. This selective distribution system is still the cornerstone of today's depository network, through which the company sustainably ensures the quality and the consistency of its products and associated services. The company today counts over 700 selected Davidoff appointed merchants around the world, along with 65 Davidoff flagship stores and satellites. Ensuring the quality of the unique Davidoff brand and buying experience worldwide will continue to play a central role in the company's commercial strategy.



Oettinger Davidoff

The "Way Forward" transformation roadmap and the outlook for 2022

The five-year "Way Forward" transformation program, which was launched back in 2018 and is intended to achieve and maintain an effective and efficient corporate organization that pays due and full regard to market wishes and needs, was further successfully pursued throughout 2021. "Thanks to our more than 3,300 passionate and dedicated employees, we managed once again to conduct a number of complex and demanding projects on the brand, distribution, efficiency and leadership fronts and sustainably increase both our operational business and our overall profitability," CEO Beat Hauenstein confirms. "We are now embarking on the last phase of our "Way Forward" transformation roadmap," he continues, "and I am pleased to report that we have already achieved the ambitious targets we set ourselves in EBIT and cash flow terms. These sound and well-laid foundations will give us a firm basis next year on which to embark on our next five-year plan. And this in turn should enable us to both sustainably consolidate and further extend our leading position in the handmade premium cigar and wholesale businesses."

About Oettinger Davidoff

Oettinger Davidoff Group, with sales of approximately 456.8 million Swiss francs and 3,300 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 65 Davidoff flagship stores/satellites and over 700 strong appointed merchants in 139 countries.

Further information

Nicole Kaufmann
Director Corporate Communications
Oettinger Davidoff AG
Nauenstrasse 73
CH – 4002 Basel, Schweiz
Tel. +41 58 219 3623
media@oettingerdavidoff.com
oettingerdavidoff.com
davidoff.com | @Davidoff_Cigars | facebook.com/DavidoffCigars1911