



## Chief Executive's Review

This annual report details another successful year for Edrington and the launch of our new 2025 strategy.

During the last year we once again invested heavily across every aspect of this very special business.

We started the year with the launch of The Macallan's new distillery and visitor experience and carried on that momentum by focusing on crucial areas from our use of exceptional oak casks, more premium packaging, increasingly digital consumer communications and building capabilities of the great people that make up Edrington.

This investment paid off, delivering a 6% year on year growth in core contribution in 2019 – our third consecutive year of growth. That growth has created the perfect environment for us to embark on our new strategic vision - Edrington 2025, through which we will give more by building the world's leading portfolio of exceptional super premium spirits.

### MARKET CONTEXT

This is a time of significant political and economic volatility and uncertainty. The spirits industry is a truly global business, with a proven record of adapting to changes caused by global political events.

Like many businesses with significant trade with Europe, we are working hard to be as prepared as possible for any outcome from the ongoing Brexit situation.

We are monitoring the ongoing trade disputes between the US and Europe to prepare for any potential tariff impact that could affect Scotch Whisky.

And of course, technology is transforming aspects of every business and how global consumers shop and interact with brands. Keeping track of constant consumer behaviour change, powered by technology, is a key driver of our future success.

### PERFORMANCE HIGHLIGHTS

Last year got off to the best possible start with the opening on The Macallan Estate of the brand's incredible new distillery and visitor experience – a spiritual home worthy of the world's most valuable single malt Scotch Whisky.

While the launch of the new distillery was the pinnacle of the year, we also invested heavily across every other area of The Macallan in the past 12 months as we strived to perfect all areas of the brand.

The results of this effort have resulted in strong growth for The Macallan with global demand once again outweighing supply.

There is much to celebrate in the last year for Edrington's portfolio of malt whiskies and even more to look forward to in the future, with transformation happening across all brands.

We continued our investment in Highland Park, resulting in growth in consumer recruitment in key cities across the world, the launch of the brand's first ever 50-year-old and the opening of its first ever shop in the heart of Kirkwall in Orkney.

In The Glenrothes we have a single malt with the history, craft and flavour that could make it our next prestige brand. With the launch of the distinctive new Soleo range, the return of age statements and a digital first approach to consumer communication, The Glenrothes is attracting the attention of discerning whisky drinkers from China to the US.

Naked is also one to watch as this blended malt has had a good year, attracting the attention of both consumers and bartenders in influential bars in sixty countries across the world. We all look forward to recruiting more consumers in the year ahead in the exciting contemporary whisky category.

While the blended Scotch Whisky category remains challenging, The Famous Grouse is still a major force, thanks to its quality, history and authenticity, and it remains the No1 blended Scotch in the UK and six other markets. Sales of The Famous Grouse declined in the past year, but despite that its market share grew in core markets.

Brugal was one of Edrington's best portfolio performers last year, delivering another year of double digit contribution growth. We will see continued focus on the premiumisation of Brugal.

Edrington is proud of its track record of innovation in premium spirits. The last year saw us increase our stake in Tequila Partida, and enter the American Whiskey market with a strategic investment in the ultra-premium Wyoming Whiskey. Combined with Snow Leopard Vodka and our Noble Oak Bourbon, we see great opportunities for these brands in the US, the number one market in the world for super premium spirits.



## Chief Executive's Review (continued)

### STRATEGIC FOCUS

Central to the Edrington 2025 strategy is our new vision - we will **give more** by building the world's leading portfolio of exceptional super premium spirits.

We will achieve that vision through relentlessly focussing our efforts on developing the right capabilities, targeted investment in our brands and assets and through ever sharper ways of working.

We will transform every aspect of our operations to create a diverse and inclusive workplace where everybody feels supported, prepared and ready to give their best in our pursuit of increased premiumisation of our brands.

All underpinned by the Edrington values of **giving, integrity, excellence and respect** and a dedication to learning that helps us all to inspire, engage, collaborate, deliver, and encourage an environment open to change.

### CULTURE

Central to the Edrington 2025 strategy is a new vision building on the ethos of **giving more** that was enshrined in the business by the Robertson sisters when, in 1961, they set up Edrington and The Robertson Trust.

Giving More is important to Edrington's great people. It has been hugely satisfying to see them take part in fundraising activities around the world in the past year.

In the UK we continue to boost these fundraising efforts through match funding from both our principal shareholder, The Robertson Trust and Edrington. So every pound raised becomes £3 for hundreds of causes.

And through Giving More International we donate 1% of pre-tax profits to good causes chosen by Edrington's overseas offices, amounting to almost £10m since its inception in 2012.

Not to mention the difference our people make around the world by volunteering their time to help charities, ranging from those helping newborns in Vietnam; supporting young homeless people in the US; to assisting adults with disabilities in Scotland; and through hundreds of hours of mentoring for young people starting out in their careers.

I would like to say a huge thanks to the dedication and engagement of all of our people that have contributed to yet another stunning year of Giving More for Edrington.

### IAN CURLE

I'd like to pay tribute to Ian Curle on his retirement at the end of the past financial year.

We all owe a debt of gratitude to Ian for guiding and inspiring us over his 15 years as our CEO. He worked tirelessly to turn Edrington from a successful Scottish blending and bottling company to a global brand building business with the World's most valuable single malt – The Macallan - at the heart of our portfolio.

We wish Ian a well-deserved and happy retirement.

### LOOKING FORWARD

The past year has been another year of growth and change for Edrington.

Against the backdrop of an uncertain global landscape our regions have experienced growth, particularly with our premium spirits.

For me, it's a huge honour to become the CEO of Edrington and to work with all our great people as the current custodians of the company and our exceptional spirit brands.

I am proud of what we have already achieved, and I am certain that with an intensified focus on premiumisation, we can deliver outstanding success in the future.

We're already part of a very special business, and success in our new Edrington 2025 strategy will mean we can continue to give more.

**Scott McCroskie**  
Chief Executive

12 June 2019