TIME BEAUTIFULLY FILLED IN A LEGALLY CHALLENGING MARKET

Zurich, 17 May 2016

Hans-Kristian Hoejsgaard
Chief Executive Officer
LUXURY HAS ROOTS...
LUXURY AND PLEASURE

- LUXURY IS: AUTHENTICITY, HERITAGE, CRAFTSMANSHIP AND QUALITY

- «PLEASURE IS ALWAYS A LUXURY, BUT LUXURY IS NOT ALWAYS A PLEASURE»
WORLD CIGAR MARKET

• 10 BN CIGARS
• 13 BN CIGARILLOS
• ONLY 1.5 BN ARE HAND ROLLED
• LESS THAN 500 M ARE PREMIUM
• $21 BN INDUSTRY
• CAGR FORECAST TO 2015: 3-4%, CHINA: 16-20%
• NO. OF SMOKERS IN 2025: 2 BN
• 110 M+ CIGAR SMOKERS IN 2025
140 YEARS

1875 · 2015
Oettinger Davidoff
OETTINGER DAVIDOFF: FACTS AND FIGURES

• FAMILY OWNED – PRIVATELY HELD
• CHF 1.2 BILLION BUSINESS ($ 1.3 BILLION)
• 3,800 EMPLOYEES GLOBALLY
• «CROP TO SHOP» PHILOSOPHY
• PRODUCTION IN DOMINICAN REPUBLIC, NICARAGUA AND HONDURAS
• 9 BRANDS
• 75 FLAGSHIP STORES AND 165+ CIGAR LOUNGES GLOBALLY
• 540 DAVIDOFF APPOINTED MERCHANTS GLOBALLY
• CORE MARKETS: SWITZERLAND, US, GLOBAL DUTY FREE, GREATER CHINA, GERMANY, FRANCE AND SPAIN
• 45.8 MILLION HAND-ROLLED CIGARS IN 2015 - RECORD
• MACHINE-MADE MINI CIGARILLOS OUTSOURCED
A TALE OF TWO MEN
OUR VISION

ODG is a PASSIONATE FAMILY COMPANY of BRANDS anchored around Davidoff. Our vision is to be the INNOVATION and CONSUMER EXPERIENCE LEADER in the branded, premium cigar and accessories categories. Our purpose is to provide PLEASURABLE, MEMORABLE MOMENTS in people’s lives.

Proud of our SWISS HERITAGE, we are committed to outstanding QUALITY and craftsmanship. Our mission is to delight and surprise our global consumers by delivering UNIQUE BRANDS and UNRIVALLED RETAIL EXPERIENCES.

We will build pride in our teams through an ETHICAL supply chain FROM CROP-TO-SHOP and by engaging in our communities as a key component of our corporate social responsibility.

We will be the INDISPENSABLE BUSINESS PARTNER in all sectors and categories we choose to operate in - indispensable for our customers and distributors as well as for other companies, who entrust us with the development of their brands.

Through building long lasting relationships with our customers and consumers, we will build shareholder value and provide our people with a CHALLENGING AND REWARDING WORK ENVIRONMENT and we will always conduct ourselves with unquestionable integrity.
• SWISS TOBACCO PRODUCTS DIRECTIVE (VE TabPG)
• EUROPEAN TOBACCO PRODUCTS DIRECTIVE (EU TPD 2)
  • 2-YEAR WINDOW FOR MEMBER STATES TO IMPLEMENT
  • POSSIBLE DIFFERENT TREATMENT OF CIGARS
  • TRACK AND TRACEABILITY BY 2024
DIRECTIVE: CHANGES TO EU LAW

ARTICLE 9
Each package and the exterior packaging must be labelled with general health warnings.

ARTICLE 10
In addition, all warnings consist of an image and text.

ARTICLE 11
Individual EU member states can exempt special tobacco products (e.g. cigars) from Article 10. However, the obligation to include labels with text exists through Article 9.

The German Parliament has voted for an Article 11 exemption for cigars.
SIZES OF HEALTH WARNING LABELS

ART. 9 - NON-EXEMPT (EU)

BY ART. 11 EXEMPT (EU)
• DEEMING TOBACCO PRODUCT REGULATION TO BE SUBJECT TO THE FEDERAL FOOD, DRUG, AND COSMETIC ACT, AS AMENDED BY THE FAMILY SMOKING PREVENTION AND TOBACCO CONTROL ACT; REGULATIONS ON THE SALE AND DISTRIBUTION OF TOBACCO PRODUCTS AND REQUIRED WARNING STATEMENTS FOR TOBACCO PRODUCTS
NEW FDA RULES TO REGULATE CIGARS

• ALL CIGARS LAUNCHED AFTER FEBRUARY 15, 2007, BUT BEFORE AUGUST 8, 2016, WILL HAVE A TWO-YEAR WINDOW TO GET PRODUCTS APPROVED

• ALL NEW PRODUCTS POST AUGUST 2016 REQUIRE PRE-APPROVAL BY THE FDA BEFORE LAUNCH

• NO CLARITY ON COST, SUBMISSION AND APPROVAL PROCESS, OR TIMEFRAMES FOR APPROVAL
NEW FDA RULES TO REGULATE CIGARS

- REQUIREMENT TO SUBMIT INGREDIENT LISTS AND REPORT HARMFUL AND POTENTIALLY HARMFUL CONSTITUENTS

- PROHIBITION AGAINST THE DISTRIBUTION OF FREE SAMPLES

- “CHARACTERISING FLAVOURS” WILL BE BANNED; TIMEFRAME NOT PUBLISHED

- REQUIREMENT TO INCLUDE HEALTH WARNINGS

- INTERNET CIGAR SALES ARE STILL PERMITTED
“FIRST NEUTRAL CIGARS, THEN NEUTRAL WINE, THEN NEUTRAL CHEESE…” MON DIEU!
THE CROWN JEWEL

Oettinger Davidoff

CIGARS
TO REBUILD DESIRE IN THE AGE OF NOW,
IT ALL STARTED WITH A COMPELLING IDEA ...
WE UNDERSTAND THE VALUE OF TIME... AND THAT AS MANY DROPS OF TIME AS POSSIBLE SHOULD BE SAVOURED... LEISURE IS PLEASURE WE HAND-PICK, HAND-ROLL AND HAND-PACK OUR CIGARS WITH CARE AND CRAFTSMANSHIP... SO YOUR TIME, LIKE EVERY ONE OF OUR CIGARS, WILL BE BEAUTIFULLY FILLED

TIME IS THE ULTIMATE LUXURY
FILL IT BEAUTIFULLY
The roll of the green is a mystery to all —
the roll of a fine cigar is no mystery to Davidoff.

What better way to fill your time than with a few fairways and a fine Davidoff cigar —
with the unmistakable flavour and aroma of a Davidoff cigar,
every shot is worth taking a little more time over.

Time is the ultimate luxury,
fill it beautifully.
INTEGRATED BRAND COMMUNICATION:
FROM PACKAGING TO WEBSITE
NEW DAVIDOFF NICARAGUA

OUR TOBACCO MASTERS TRAVELED UNFAMILIAR PATHS IN THEIR SEARCH FOR A MORE COMPLEX CIGAR BLEND WHICH COULD STIMULATE BOTH THE SWEET AND BITTER TASTE BUDS. THEY FOUND IT IN THE FIERY EARTH OF NICARAGUA’S FORTY VOLCANOI.  
FROM THERE ROSE THE LEAVES WHICH DAVIDOFF’S UNIQUE EXPERTISE WOULD TURN INTO NEW DAVIDOFF NICARAGUA. TO DISCOVER THEM YOURSELF WILL NOT TAKE YOU ON SUCH AN EXOTIC JOURNEY — BUT THE TASTE UNDOUBTEDLY WILL.

DISCOVERED BY AND APPRECIATED BY THOSE IN THE MOOD TO EXPLORE
DAVIDOFF NICARAGUA BOX PRESSED
NEW RETAIL BRAND

Davidoff of Geneva
since 1911
GINZA, TOKYO
LAS VEGAS
TAMPA
AT 3RD-PARTY RETAIL: SHOP-IN-SHOPS
FROM PRODUCT TO BRAND
AT 3RD-PARTY RETAIL: SHOP-IN-SHOPS FROM PRODUCT TO BRAND
AT 3RD-PARTY RETAIL: SHOP-IN-SHOPS
FROM PRODUCT TO BRAND
DAVIDOFF SPONSORSHIP FOCUS: THE ARTS

Art | Basel
Basel | Miami Beach | Hong Kong
SUPPORTING CARIBBEAN ARTISTS
DAVIDOFF ART RESIDENCY

RESIDENCY PROGRAM FOR DOMINICAN AND CARIBBEAN ARTISTS

1. Residency Unlimited, Brooklyn

2. Künstlerhaus Bethanien, Berlin

3. Red Gate Gallery, Beijing
DAVIDOFF ART RESIDENCY

RESIDENCY PROGRAM FOR DOMINICAN AND CARIBBEAN ARTISTS

4. Flora Residency, Bogotá

5. Atelier Mondial, Basel
INTERNATIONAL ARTISTS 2016

Oscar Santillan
(Ecuador)

Paolo Chiasera
(Italy)

Louis Henderson
(UK)

Jimmy Robert
(Guadeloupe)
OUTGOING INTERNATIONAL ARTISTS 2016

David Gumbs  
(Guadeloupe)  
Beijing, April-May 2016

Natalia Ortega Gamez  
(Dominican Republic)  
Bogotá, June-August 2016

Fermín Ceballos  
(Dominican Republic)  
Berlin, April-June 2016
IS DAVIDOFF ON FIRE?
70% OF DAVIDOFF NICARAGUA CONSUMERS ARE NEW TO THE BRAND
LOVED BY INFLUENCERS

MOST ACCLAIMED CIGAR IN 2013/2014!
HALO EFFECT ON CLASSIC RANGE

ANIVERSARIO N°3 - 2000 - SPECIAL «Ra»

ICONIC CIGARS THAT DEFINED AND REFINED THE CIGAR MOMENT - PERFECT ANYTIME - EVERY TIME.
THEIR COMPLEX AND RICH AROMAS AND NUANCES OF FLAVOUR PROVE THAT THE FINEST CIGARS IN THE WORLD DON'T NEED TO SHOUT.

VIVA SUBLTETY
VIVA SOPHISTICATION

SHARE YOUR STORIES OF BEAUTIFUL TIME #VIVADAVIDOFF
@Davidoff_Cigars   Facebook.com/DavidoffCigars   davidoff.com
RELUAUNCH – BIGGEST SUCCESS EVER

THE BLEND, THE DEPTH OF FLAVOUR AND THE REFINEMENT ARE ALL NEW
THE HAT IS FAMILIAR

THERE IS ONLY ONE WINSTON CHURCHILL
THERE IS ONLY ONE CIGAR TO BEAR HIS NAME
MARKET GROWTH RATES VS. DAVIDOFF: H2 2013

% Growth

<table>
<thead>
<tr>
<th>Region</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market GTR</td>
<td>7</td>
</tr>
<tr>
<td>Asia</td>
<td>8</td>
</tr>
<tr>
<td>Europe</td>
<td>-5</td>
</tr>
<tr>
<td>USA</td>
<td>5</td>
</tr>
<tr>
<td>Davidoff Globally</td>
<td>13.8</td>
</tr>
<tr>
<td>Cubans Globally</td>
<td>6</td>
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</tbody>
</table>
MARKET GROWTH RATES VS. DAVIDOFF: FULL YEAR 2014

% Growth

Total Market GTR 7
Total Market Asia 7
Total Market Europe -3
Total Market USA 2
Davidoff Globally 11
Cubans Globally 6
MARKET GROWTH RATES VS. DAVIDOFF: FULL YEAR 2015

% Growth

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
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<tbody>
<tr>
<td>Total Market: GTR</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Asia</td>
<td>6%</td>
</tr>
<tr>
<td>Europe</td>
<td>-5%</td>
</tr>
<tr>
<td>USA</td>
<td>2%</td>
</tr>
<tr>
<td>Davidoff Globally</td>
<td>10.5%</td>
</tr>
<tr>
<td>Cubans Globally</td>
<td>-1%</td>
</tr>
</tbody>
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Communication & Purchasing behaviors have radically changed.

Consumers want to purchase, be informed, entertained and accommodated - on their terms.

Consumers are “always on”, meaning they interact with the world digitally 24/7/365 throughout multiple channels.

Almost all consumers conduct online research before making a purchase.
Davidoff Year of the Monkey
2016 Limited Edition

For the Monkey, there is never a dull moment. They see time as something to be filled beautifully. Simply lovable enthusiasts; they are eager to experience all the various flavors of life. Flavors Davidoff is equally eager to supply.
DAVIDOFF ACCESSORIES
Chinese tourists

Coming to a beach near you
TOP 10 DAVIDOFF STORES 2015

TOTAL SALES

1) GENEVA
2) MADISON AVE, NEW YORK
3) LONDON
4) LANDMARK HONG KONG
5) HONG KONG AIRPORT (1)
6) ZURICH AIRPORT
7) HONG KONG AIRPORT (2)
8) 6th AVE, NEW YORK
9) BERLIN
10) ZURICH BAHNHOFPLATZ

TOTAL DAVIDOFF SALES

1) MADISON AVE, NEW YORK
2) GENEVA
3) ZURICH AIRPORT
4) LANDMARK HONG KONG
5) HONG KONG AIRPORT (1)
6) 6th AVE, NEW YORK
7) PENINSULA HONG KONG
8) HONG KONG AIRPORT (2)
9) MARINA BAY SINGAPORE
10) STAR HILL, KL, MALAYSIA
RETURN TO CUBA?
THE RETURN TO CUBA?
THE RETURN TO CUBA?
SUMMARY

PRODUCT

BRAND

EXPERIENCE

TIME BEAUTIFULLY FILLED

CIGARS
THANK YOU!

www.oettingerdavidoff.com

www.davidoff.com

www.davidoffartinitiative.com

http://twitter.com/DavidoffCEO