

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



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As Oettinger Davidoff looks back on another challenging business year, it announced today it is posting successful financial results for 2021 despite the difficult operating parameters.

The globally active family company raised its total annual turnover +8% to CHF 456.8 million (US\$476.2 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 hand-made 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.

The company says turnover developments were “especially encouraging” in the own-brand cigar segment, where the Basel-based firm achieved a year-on-year increase of +28.9%. The turnover growth here was boosted by the trend toward 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 favorable 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,” said 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.”

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.



Oettinger Davidoff says that while the 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

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While overall cigar market in Europe continues to decline, the regional demand for premium cigars remained stable, the June 23 press release said, continuing: 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, the Oettinger Davidoff Group 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 Group can make special contributions. In addition, a roadmap has 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. 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.

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 said. “We are now embarking on the last phase of our ‘Way Forward’ transformation roadmap,” he continued. “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.”