

**INSPIRED  
BY OUR  
CUSTOMERS.**

**OPEN  
TO THE  
WORLD.**



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**O**n behalf of the Board of Directors of the Société des alcools du Québec, I am pleased to present the company's 2018-2020 Strategic Plan.

Like every organization, the SAQ operates in a constantly changing political, economic, social, technological, environmental and legal context. In recent years, the government corporation has succeeded in adapting to the rapidity of this change while also demonstrating great agility by offering products and services aligned with its customers' needs. In doing so, it has made the customer experience its priority, even as it seeks to improve its performance and profitability to the benefit of all Quebecers. Besides achieving a record high level of customer satisfaction, the SAQ has improved its performance by delivering the largest dividend in its history, reducing its operating expenses and lowering the prices of its best-selling wines by \$1.40. What's more, these results, which the SAQ could not be prouder of, were achieved while adhering to the strictest sustainable development guidelines and demonstrating the utmost consideration for its industry partners. Consequently, the Société des alcools du Québec has continued focusing on its sales ethic, implementing well-reasoned environmental initiatives and assuming its leadership role among its many partners in Quebec and around the globe.

The 2018-2020 Strategic Plan we present today fits seamlessly with the performance improvement process that has been under way at the Société des alcools du Québec for several years now. It sets realistic objectives that will allow management's decisions to be oriented so that the SAQ will attain unprecedented levels of excellence in customer experience and management. Achieving these ambitious objectives will also enable the company to deal with any changes that may arise in the beverage alcohol and retail industries.



**Johanne Brunet**  
Chair of the Board of Directors

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In the last two years, the SAQ has undergone a transformation aimed at meeting the evolving needs of its customers. We have been responsive not only to their hopes and demands regarding prices and access to products but also to their ever-growing taste for discovery, in particular of eco-responsible and local products. The 2018-2020 Strategic Plan continues in this direction while also setting out a new vision.

At the SAQ, customers are our *raison d'être*: they influence each of our decisions and guide all our actions. Their needs, expectations, behaviour and comments are a source of inspiration and reflection. It is by making customers the centre of our initiatives and adapting to our swiftly changing business environment that we will succeed in making the SAQ a dynamic, appreciated company that now and forever strives to provide the ultimate shopping experience—in short, to be a destination of choice.

For the SAQ, being open to the world means being inspired by new trends and best practices from here and elsewhere to stand out. It means seeking opportunities for dialogue and favouring communication to advance together. It means initiating change, challenging the status quo and building a future with the goal of being among the best, among the top performers. Being open to the world also and especially means sharing our enthusiasm for people and products.

The 2018-2020 Strategic Plan will enable the SAQ to establish new paths for accomplishing the actions inspired by its vision. The plan contains two strategic orientations and eight objectives to be achieved during the three coming fiscal years<sup>1</sup>. It calls on the SAQ's management, employees and partners to ensure that the company continues to perform well, satisfy its customers and be an inspiring responsible citizen.



**Alain Brunet**  
President and Chief Executive Officer

1. The SAQ's fiscal year ends on the last Saturday in March.

# OVERVIEW

## THE RESULTS OF THE LAST TWO YEARS

The SAQ had a strategic planning process in place for the 2015-2016, 2016-2017 and 2017-2018 fiscal years. It was centred on three main orientations: the customer experience, sound management and sustainable development.

However, new strategies were developed in response to the rapidly changing business environment. This prompted the SAQ's management to terminate the 2015-2018 strategic planning after two years and implement a new three-year plan starting in fiscal 2017-2018.

### CUSTOMER EXPERIENCE

Delivering an integrated customer experience across all sales channels was accomplished largely due to the launch of SAQ Inspire, which today has two million members, and to the development of online shopping with the Click, Purchase, Pick Up service. Sales of Origine Québec products have grown 12.8% during the two years. Three successive price reductions on 1,600 regular products were also implemented to the benefit of customers. These efforts enabled the SAQ to grow its sales by 3.9% and maintain a high level of customer satisfaction.

### SOUND MANAGEMENT

Aimed at improving the SAQ's performance, the second orientation also produced positive results. The many cost reduction measures lowered the ratio of net expenses to sales to 18.2%, compared with 18.8% in fiscal 2014-2015. These constant efforts also made it possible to increase net earnings by 5.1% in the last two years.

### SUSTAINABLE DEVELOPMENT

A third orientation was also implemented, reinforcing the SAQ's commitment to sustainable development. For several years now, the government corporation has made sustainable development principles a key part of its business activities. For example, the SAQ has committed to adding value to recovered glass and has developed a line of wines made using responsible practices.

### Strategic planning indicators for the 2015-2016 and 2016-2017 period<sup>2</sup>

	Target	Result
Sales growth rate for the 2015-2016 and 2016-2017 period	3.5%	4.5% <sup>4</sup>
Customer satisfaction rate in fiscal 2016-2017	92.0%	94.0%
SAQ.com conversion rate (visits that become purchases) in fiscal 2016-2017	0.4%	0.3%
Origine Québec <sup>3</sup> sales growth rate for the 2015-2016 and 2016-2017 period	10.3%	12.8%
Net expenses as a percentage of sales in fiscal 2016-2017	18.4%	17.8% <sup>5</sup>
Percentage change in inventory turnover for the 2015-2016 and 2016-2017 period	6.1%	5.6%

2. The SAQ's strategic planning for fiscal 2015-2016 and 2016-2017 had a total of nine performance indicators. The "Employee engagement rate," "Percentage of recovered glass recycled in Quebec" and "Number of 'responsible choice' products offered to customers" indicators are not presented here because they were not measured in the most recent fiscal year.

3. Wines, ciders, beers, honey wines (meads) and maple and berry products as well as certain spirits manufactured under an small-scale production permit.

4. Including the effects of the price reductions, the sales growth rate would be 3.9%.

5. To facilitate comparison, the results exclude the effects of the price reductions and restructuring costs. Had those factors been included, the ratio of net expenses to sales would be 18.2%.

## OUR MISSION

The SAQ is mandated to sell beverage alcohol products.

The company does business in a regulated environment. The main laws governing the beverage alcohol trade are the:

- Act respecting the Société des alcools du Québec (CQLR, c S-13);
- Importation of Intoxicating Liquors Act (RSC 1985, c I-3);
- Act respecting Liquor permits (CQLR, c P-9.1); and
- Act respecting Offences relating to alcoholic beverages (CQLR, c I-8.1).

The Société des alcools du Québec sells goods of a commercial nature that enable it to generate profits, which are remitted to the government and benefit all of society.

## OUR VALUES

**The following three values guide how SAQ manages its business. They inspire the company's culture and inform employees' decision-making.**

### PASSION

Passion is what drives us to excel so we can always offer more to our customers. It is the enthusiasm that our employees share for the world of wines and spirits, the services and advice delivered to our customers and the efficient work we do each day, whatever it may involve. Passion is also seen in our dynamism and entrepreneurial spirit in all our business practices. It is what makes us proud to be part of the SAQ team.

### COURAGE

Courage is the foundation of our success. In courage is found our commitment to reinventing ourselves, demonstrating initiative and thinking outside the box, all in order to deliver the best possible experience to our customers. Courage is also the strength to take risks, to go beyond the familiar and comfortable. It means giving ourselves the tools and maneuvering room to improve how we do things. Courage should inspire all SAQ employees so that all feel justified in acting as initiators and ambassadors of change.

### RESPONSIBILITY

Responsibility means fully assuming our professional role, in particular by making prudent use of public funds, committing to sustainable development goals and applying our sales ethic. Responsibility commits all SAQ employees to fully assuming the consequences of their actions and decisions and contributing to the excellence of the customer experience. Responsibility requires sharing information and maintaining a climate of trust in the company.

# THE SAQ'S LINES OF BUSINESS

As stipulated in its mission, the SAQ buys, warehouses, distributes, merchandises and sells a wide variety of beverage alcohol products. Accordingly, it has two main functions: acting as a wholesaler and acting as a retailer.

Supported mainly by the Finance, Information Technology and Human Resources teams, the SAQ's business activities rely on a flexible supply chain, resolutely customer-focused merchandising and a well-performing sales network.

The combined efforts of more than 7,000 employees allow the SAQ to satisfy its customers by providing a friendly shopping experience in which the pleasure of discovery and a high-quality advisory service go hand in hand in its stores as well as its various networks.

Lines of business at the end of fiscal 2016-2017

## RETAIL

### SUPPLY CHAIN

**77**  
COUNTRIES

**1,464,400 FT<sup>2</sup>**  
DISTRIBUTION CENTRES  
AND WAREHOUSES

**21.4 MILLION**  
CASES

**76,000**  
SAMPLES  
ANALYZED ANNUALLY  
BY THE LABORATORY

### MERCHANDISING

**13,200**  
PRODUCTS  
PLUS ANOTHER  
34,000 PRIVATE ORDER  
PRODUCTS

**3,100**  
SUPPLIERS

PURCHASING AND  
MERCHANDISING POLICY

PROMOTING PRODUCTS,  
DISCOVERY  
AND KNOWLEDGE

### SALES NETWORK

**405**  
STORES

**436**  
AGENCIES

**±60 MILLION**  
TRANSACTIONS  
ANNUALLY

A TRANSACTIONAL WEBSITE,  
**SAQ.COM**,  
RECEIVING  
**28 MILLION**  
VISITS A YEAR

## WHOLESALE

**15**  
GROUPS  
OF AUTHORIZED DISTRIBUTORS

**10,500**  
PERMIT  
HOLDERS



BACKGROUND AND  
**CHALLENGES**





**To carry out its mission, the SAQ has three main focuses:  
commercial, financial and social.**

### **THE SAQ'S COMMERCIAL FOCUS**

#### **SLOWER GROWTH IN THE BEVERAGE ALCOHOL MARKET**

Sales of beverage alcohol are increasing worldwide but are doing so more slowly than was the case a few years ago<sup>6</sup>. After experiencing annual growth of 1% for several years, the rate should stabilize at around 0.6% by 2021. While the wine market is not expected to see an increase in volume during this period, sales of products in higher price segments could rise.

In Quebec, beverage alcohol sales have been growing at a rate slightly under the Canadian average since 2011-2012. The smaller rise in Quebecers' spending on alcoholic beverages is due largely to the province's demographic profile. The size of the 18- to 64-year-old age bracket, the customers that most influence the SAQ's sales growth, has been stagnant for several years.

Quebec's economy rebounded slightly in 2016, with an actual GDP of 1.7% compared with 1.2% in 2015. This trend should continue for the next two years and be accompanied by retail sales growth<sup>7</sup>. In view of these data, the SAQ's sales are expected to maintain their moderate growth over the coming two years.

#### **CUSTOMERS' CHANGING EXPECTATIONS**

Consumers' expectations are increasingly diversified. As a result, businesses need to be more flexible. With customers now expecting to be better recognized, it is essential for companies to personalize their relationship with them. Quebecers are increasingly interested in wines and spirits and in making new discoveries. When surveyed on the subject, Quebec consumers stress the importance they attach to the quality and diversity of the products on offer, to the competence shown by employees and to the shopping environment made available to them.

Lastly, consumers say they very much appreciate personalized approaches, which they see as indications of the SAQ's desire to satisfy them.

More specifically, SAQ customers have expressed needs ranging from online shopping to finding technical information about wines using their smartphone. They are also looking for unstocked products and instantaneous advisory service. One in two customers wants access to all products in all stores through a fast and convenient delivery service. Also, more than 90% of SAQ customers say they feel very positive about the creation of multiple discovery paths and ways of obtaining personalized service.

The SAQ's future actions need to strengthen its position in these areas. By favouring an omnichannel approach, the SAQ is in touch with customers when and where they want: in the store, online or on their mobile phone. In customers' view, the store network established across Quebec is one of the SAQ's strong points and should, more than ever, be supported by the various sales channels the organization has put in place.

#### **CHANGES IN RETAILING**

The retail industry has changed significantly in recent years. Customers increasingly want to be recognized and to discover and have easy access to products. Mobile technology and social networks now mean they can do their shopping whenever and wherever they want to. With its omnichannel approach, the SAQ is fully aligned with this trend.

According to the Centre favorisant la recherche et l'innovation dans les organisations (CEFRIQ), online shopping in Quebec was estimated at \$8.5 billion in 2016<sup>8</sup>. The study also found that 57% of Quebec adults made at least one online purchase last year and that nine out of 10 do information searches online before making purchases. When it comes to wine and spirits, sales on SAQ.com rose 31% in fiscal 2016-2017, compared with the preceding fiscal year.

Consumers' expectations are changing fast, as is technology. To succeed, the SAQ must demonstrate its ability to adapt quickly to change and to the evolving market.

6. According to the British firm IWSR, the average annual growth rate of the global beverage alcohol market, which was 1% between 2010 and 2015, should decline to 0.6% between 2015 and 2021.

7. The Quebec Finance Department forecasts for 2017 and 2018 are 1.7% and 1.6% respectively. Retail sales growth of around 4% is also forecast for 2017 by several financial institutions.

8. CEFRIQ, 2016, Net tendance 2016 survey. <http://www.cefrio.qc.ca/netendances/le-commerce-electronique-reaffirme-sa-popularite-au-quebec/>

### **I THE SAQ'S COMMERCIAL FOCUS (CONT.)**

#### **CUSTOMER SATISFACTION**

The SAQ maintains customer satisfaction by constantly striving to provide customers with a unique shopping experience adapted to their needs. Continuously surveyed, customers can express themselves at any time about the service they receive in the company's stores. In fiscal 2016-2017, more than 250,000 SAQ customers replied to the satisfaction survey, with 94% saying they were satisfied with their shopping experience. This high satisfaction level is due, among other things, to the much appreciated assistance that employees provide to customers. In fact, three out of five customers are assisted by an advisor when they visit a store.

Since 2010, the Léger firm's Wow Index has evaluated the customer service experience provided by a number of Quebec retailers. In 2016, the SAQ ranked ninth among the 173 companies in the survey, increasing its score by 4.2 from 2015 due to improvements in dynamism and innovation, price competitiveness and promotional activities.

These excellent results are not unconnected to the fact that the SAQ has always stayed aware of its customers' needs by regularly surveying consumers. In 2015, a major study enabled it to identify Quebecers' main expectations regarding their government corporation. It grouped the results under four main headings: discovery (variety of products, advice, tasting and recognition), accessibility (proximity, opening hours), competitive prices (more low-priced products) and a commitment to sustainable development (local products, recycling, organic products and responsible development).



## 2 THE SAQ'S FINANCIAL FOCUS

### IMPROVING PERFORMANCE

Constantly improving the SAQ's performance remains a priority. Unsurprisingly, the results show a significant decrease in net expenses, a rise in productivity per hour worked and an optimization of the store network. The company has put numerous mechanisms in place to constantly and rigorously evaluate its performance and identify opportunities for improvement.

Improving performance also takes the form of improving product acquisition practices. With that in mind, the SAQ will review its Purchasing and Merchandising Policy with the aim of incorporating best acquisition practices and will put in place the means for favouring the obtaining of the most advantageous terms and conditions of purchase. It will also review its markup structure.

Sales growth has tended to be around 2% since fiscal 2013-2014. At the end of fiscal 2016-2017, the SAQ reported net sales of \$3.123 billion, up more than \$49 million or 1.6% from the preceding year. The company's net earnings rose 1.8% to \$1.086 billion, the entirety of which was transferred to the Quebec government in the form of a dividend. In all, including the amounts collected in sales taxes and the specific tax, the SAQ remitted a total of \$1.715 billion to the government at the end of fiscal 2016-2017.

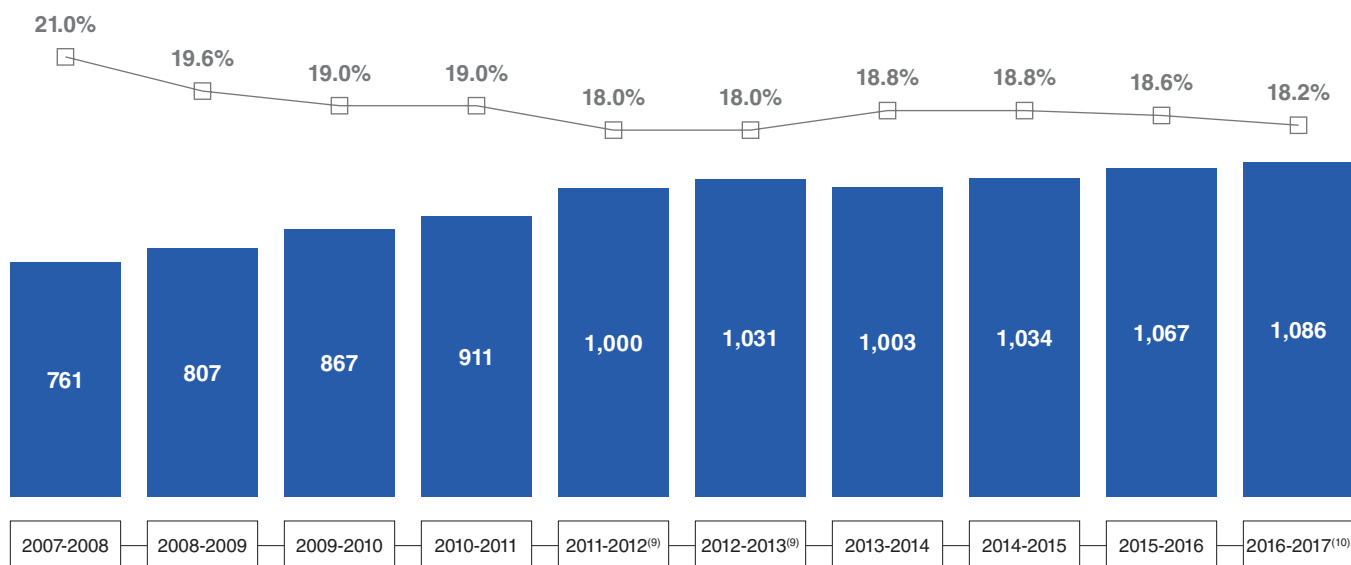
Net expenses as a percentage of sales have dropped significantly since the mid-2000s. Between 2011 and 2017, the growth rate of sales at the SAQ outpaced that of spending. Specifically, during these seven years, sales increased 17.5% while costs rose only 12.2%.

### The SAQ's net earnings and ratio of net expenses to sales – 2008 to 2017

(in millions of dollars and in percentages)

□ Net expenses as a percentage of sales

■ Net earnings



(9) For the 2011-2012 and 2012-2013 fiscal years, pay equity provisions of \$10.2 million and \$9.8 million respectively were reversed. Had it not been for these non-recurring items, the ratio of net expenses to sales would have been 18.3%.

(10) For the 2016-2017 fiscal year, excluding restructuring costs and the effect of the price reductions, the ratio of net expenses to sales would have been 17.8%.

Source: Société des alcools du Québec



### 2 THE SAQ'S FINANCIAL FOCUS (CONT.)

#### PRODUCTIVITY OF THE STORE NETWORK

Productivity in the SAQ store network has risen 8.6% since fiscal 2011-2012. This increase is due particularly to better adapting working hours to customers' habits. In the coming years, it will be important to continue on this path by ensuring that working hours reflect traffic in the stores.

The renegotiation of the store employees' collective agreement, which expired in March 2017, has provided an opportunity to simplify our ways of working, increase our operational efficiency, improve flexibility and streamline our cost structure.

#### SUPPLY CHAIN: THE CHALLENGES OF OMNICHANNEL

The recent initiatives affecting the SAQ's supply chain have produced results: productivity, as measured by the ratio of cases per hour worked, increased 16% between fiscal 2011-2012 and 2016-2017, while inventory turnover rose 26% during the same period. With personalization and instantaneousness becoming ever more important, flexibility that makes it possible to meet customers' expectations (fast delivery) and increased productivity (larger number of personalized orders) will be important issues for the company's supply chain.

#### WINE PRICES

Perception of its product prices has been a major challenge for the SAQ for several years now. The manoeuvring room the company recently created through its optimization efforts have enabled it to take large strides toward resolving this source of irritation. In fiscal 2016-2017, the SAQ announced three price decreases in three months, bringing to \$1.40 the reduction applied to 16,000 750-ml regular and continuous replenishment products that account for 80% of its total wines sales. The product price review began with price reductions for champagnes and wines sold in 1.5 litre containers in 2014 and 2015. Part of a process aimed at improving the customer experience and addressing a recurring irritant, these price drops were made possible by the efforts to reduce operating expenses. Since November 9, 2016, the price of a regular wine retailing for \$15 has fallen by more than 9%. Nonetheless, pricing remains a significant issue for the SAQ.



### 3 THE SAQ'S SOCIAL FOCUS

#### SALES ETHIC

Beverage alcohol is a product unlike any other. That is why the beverage alcohol trade is governed by laws and regulations. The Act Respecting Offences Relating to Alcoholic Beverages stipulates that minors cannot buy alcohol for themselves or another party and that adults cannot buy alcohol for a minor. To comply with this legal framework, the SAQ has implemented a sales ethic, the application of which is an integral part of the work and responsibilities of its employees. In addition, the government corporation trains its personnel about the sales ethic and informs the public of it through promotional campaigns.

Because “moderation is always in good taste,” the SAQ has also contributed to the Éduc'alcool fund since its creation in 1989. In fiscal 2016-2017, the government corporation collected and remitted \$3.3 million to the organization, which develops and runs prevention, education and information programs aimed at helping young people and adults make informed and responsible decisions about alcohol consumption.

#### AT THE CENTRE OF AN ECOSYSTEM EVERYONE BENEFITS FROM

The ecosystem in which the company has done business since its founding as the Commission des liqueurs de Québec 96 years ago has undergone a transformation. Today, the beverage alcohol business, a huge and structuring industry, creates some 5,000 jobs in Quebec, not counting those at the SAQ, and has spin-offs of \$900 million a year. To this can be added the dividend the company generates and the amounts it collects in the form of sales taxes and the specific tax on alcoholic beverages. In fiscal 2016-2017, the SAQ remitted a total of \$1.715 billion to the Quebec government and another \$417 million to the government of Canada. Today, at the centre of a well-structured and economically positive industry, the SAQ works with its partners, including wine and spirits suppliers, the agents who represent them and local producers, to offer customers a continuously refreshed product line.

#### SUSTAINABLE DEVELOPMENT

In March 2016, the SAQ published its 2016-2018 Sustainable Development Action Plan. Guided by its determination to remain a leader in social responsibility, the company undertook to maintain its forward-looking actions for the community and to pay special attention to increasing its energy efficiency and lowering its greenhouse gas emissions. The SAQ also ensured its efforts were integrated with those of the Quebec government by introducing initiatives aligned with the challenges and objectives of the Government Sustainable Development Strategy 2015-2020.

A customer survey<sup>(11)</sup> on sustainable development carried out in January 2016 showed the SAQ that Quebecers view its initiatives with a favourable eye. More than 90% of customers said they felt it was important for the SAQ to invest in sustainable development, while 96% expect it to continue with or increase its efforts in the area. The most appreciated of the SAQ's initiatives to date have been the reduction of material sent to landfill sites, the investment in research and development to find new uses for recovered glass, the elimination of single-use bags from stores, the lowering of greenhouse gas emissions produced by its buildings and transport operations, the code of conduct for its suppliers and the promotion of Origine Québec products.

The SAQ has also implemented several measures that have enabled it to reduce its greenhouse gas emissions, most notably in its administrative buildings and stores (improving insulation, power supply systems, heating and air-conditioning systems and lighting) and transport operations (hybrid trucks, energy-efficient equipment, more efficient routing).

For the SAQ, reducing, recovering, recycling and repurposing glass is both a challenge and a duty. The producers of glass containers, including the SAQ, must find new uses for glass, be it in consumer products or construction materials. That is why the company is involved in several initiatives in this area – for example, by testing the addition of crushed glass to asphalt as a replacement for the usual gravel in the parking lot of the Montreal distribution centre.

(11) SAQ internal sustainable development survey, 2016.

### **3 THE SAQ'S SOCIAL FOCUS (CONT.)**

#### **ORIGINE QUÉBEC AND CANADIAN PRODUCTS**

Because SAQ customers are developing a taste for Quebec products and buying locally, the sales of these products have been growing steadily. In fiscal 2016-2017, sales of Quebec wines increased 6% to more than 400,000 litres while cider sales grew 11% to more than 460,000 litres. For their part, spirits sales rose 20% to total 755,000 litres by year's end. In all, the Origine Québec category racked up sales of nearly 1.8 million litres.

In fiscal 2016-2017, the Société des alcools du Québec continued to work closely with Quebec winemakers to ensure the growth and sustainability of the Origine Québec category while promoting Quebec certified wines and the new protected geographical indication (PGI) for ice wines. The SAQ offers its customers a range of Quebec wines they crave and sound advice for furthering their exploration and discovery. Quebec certified wines now enjoy a prominent place in SAQ stores.

In addition, keen on feeding its customers' taste for discovery and convinced of the importance of promoting local products, the SAQ has created a new section dedicated to Canadian wines on SAQ.com. Customers can now easily find a large selection of quality products from Quebec, Ontario and British Columbia.

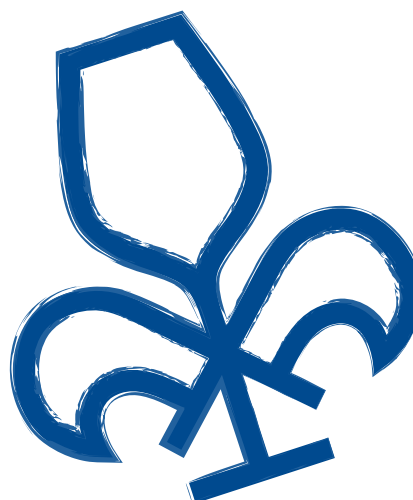
#### **FOOD ASSISTANCE**

While the SAQ is at the centre of the pleasures of the table, getting enough to eat comes before talking food and wine pairings. That is why the government corporation supports the food assistance cause by working with Food Banks of Quebec and La Tablée des Chefs. Since 2009, the SAQ has given nearly \$3.5 million to the FBQ, enabling it to support the work of the 19 Moissons food assistance organizations helping needy citizens in every region of Quebec.

#### **CONCLUSION**

Given the commercial, financial and social environment in which the Société des alcools du Québec does business, two main challenges emerge and, in turn, give rise to the strategic orientations. Achieving excellence in the customer experience is a top priority for meeting the high expectations of customers, who are interested in discovery, accessibility, competitive prices and social responsibility.

To enable the SAQ to remain relevant in a constantly changing market, the efforts to improve efficiency and productivity will be accelerated by targeting operational excellence, optimizing processes and strengthening the culture of engagement.





2018-2020 STRATEGIC PLAN

# STRATEGIC

## ORIENTATIONS



## STRATEGIC ORIENTATIONS

The SAQ is targeting sales growth of 6.1% over the period covered by its 2018-2020 Strategic Plan.

To succeed in reaching this target, the company must find ways of constantly and increasingly satisfying its customers. This will require developing tools that meet the highest shopping experience standards of the retail industry and addressing customers' ever more diverse expectations.

Accordingly, the SAQ will seek to recognize its customers on the various channels they use and advise them in ways that encourage the discovery of products offered at fair prices. It will favour an omnichannel approach by relying on the use of digital and mobile tools to increase product accessibility. It will also rely on the strength of its network while maintaining its commitment to social responsibility.

In short, it will continue to satisfy its customers in exemplary fashion.



# AIM FOR EXCELLENCE IN THE CUSTOMER EXPERIENCE

CHALLENGE I	OVERALL INDICATORS	TARGET 2017-2018	TARGET 2018-2019	TARGET 2019-2020
<b>OUR CUSTOMERS' HIGH EXPECTATIONS</b>	Sales growth (%)	3.1%	0.6%	2.3%
	Customer satisfaction rate	94%	94%	94%
OBJECTIVES	INDICATORS			
1.1 Recognize and advise customers to encourage discovery	Satisfaction rate regarding the customer promise of discovery and advice	74%	74%	75%
1.2 Increase product accessibility across all channels	Satisfaction rate regarding the customer promise of product accessibility	83%	84%	85%
1.3 Improve price positioning and customers' perception	Satisfaction rate regarding the customer promise of fair prices	51%	53%	55%
1.4 Maintain the commitment to social responsibility throughout the network	Satisfaction rate regarding the customer promise of promoting sustainable development	57%	59%	60%

## STRATEGIC ORIENTATIONS

The SAQ is aiming for 5.0% growth in its net earnings over the period covered by its 2018-2020 Strategic Plan.

To achieve this, the government corporation intends to rely on effective management and the best retail practices to become more agile and flexible.

It will do so by encouraging innovation and mobilisation among all its employees and continuing to overhaul its processes, improve its supply chain and modernize its information systems. It will also place emphasis on the importance of acting as a responsible company, in particular when it comes to applying its sales ethic and achieving its sustainable development goals.

### ORIENTATION

## 2

## ACHIEVE OPERATIONAL EXCELLENCE AND CONTINUE TRANSFORMING THE ORGANIZATION

CHALLENGE 2	OVERALL INDICATORS	TARGET 2017-2018	TARGET 2018-2019	TARGET 2019-2020
THE SAQ'S PERFORMANCE	Net earnings as a percentage of sales	34.1%	34.2%	34.4%
	Employee engagement rate (out of 10)	7.3	7.4	7.5
OBJECTIVES	INDICATORS			
2.1 Strengthen the culture of engagement and presence at work	Reduction in the absenteeism rate (%)	(5.0)%	(7.0)%	(8.0)%
2.2 Optimize our processes and the use of technology	Net expenses as a percentage of sales	17.2%	16.8%	16.4%
2.3 Ensure beverage alcohol products are sold responsibly	Sales ethic – mystery customer (%)	95%	95%	95%
2.4 Place sustainable development at the centre of our activities	Completion of Sustainable Development Plan actions (%)	90%	90%	90%
	Reduction of kilograms of CO <sub>2</sub> equivalent per litre compared with the 2015-2016 level (%)	(0.5)%	(1.5)%	(2.5)%



# EXPECTED

## RESULTS

The SAQ is aiming to grow its sales 6.1% in the 2017-2018 to 2019-2020 period.

The SAQ is also aiming to grow its net earnings 5.0%, which corresponds to an additional \$54 million in dividends during the period covered by its 2018-2020 Strategic Plan.

	Objective 2017-2018	Change (%)	Objective 2018-2019	Change (%)	Objective 2019-2020	Change (%)
Net sales	3,219	3.1%	3,239	0.6%	3,313	2.3%
Gross margin	1,652	(0.1)%	1,652	0.0%	1,683	1.9%
Net expenses	555	(2.4)%	544	(2.0)%	544	0.0%
Net earnings	1,097	1.0%	1,108	1.0%	1,140	2.9%
Ratios						
Gross margin	51.3%		51.0%		50.8%	
Net expenses to net sales	17.2%		16.8%		16.4%	
Net earnings to net sales	34.1%		34.2%		34.4%	

# SUMMARY

## TABLE

MISSION		VISION		VALUES		
SELL BEVERAGE ALCOHOL PRODUCTS		INSPIRED BY OUR CUSTOMERS. OPEN TO THE WORLD.		PASSION COURAGE RESPONSIBILITY		
1						
CHALLENGE 1	ORIENTATION 1	OVERALL INDICATORS		TARGET 2017-2018	TARGET 2018-2019	TARGET 2019-2020
OUR CUSTOMERS' HIGH EXPECTATIONS	AIM FOR EXCELLENCE IN THE CUSTOMER EXPERIENCE	Sales growth (%)		3.1%	0.6%	2.3%
		Customer satisfaction rate		94%	94%	94%
OBJECTIVES		INDICATORS				
1.1 Recognize and advise customers to encourage discovery		Satisfaction rate regarding the customer promise of discovery and advice		74%	74%	75%
1.2 Increase product accessibility across all channels		Satisfaction rate regarding the customer promise of product accessibility		83%	84%	85%
1.3 Improve price positioning and customers' perception		Satisfaction rate regarding the customer promise of fair prices		51%	53%	55%
1.4 Maintain the commitment to social responsibility throughout the network		Satisfaction rate regarding the customer promise of promoting sustainable development		57%	59%	60%
2						
CHALLENGE 2	ORIENTATION 2	OVERALL INDICATORS		TARGET 2017-2018	TARGET 2018-2019	TARGET 2019-2020
THE SAQ'S PERFORMANCE	ACHIEVE OPERATIONAL EXCELLENCE AND CONTINUE TRANSFORMING THE ORGANIZATION	Net earnings as a percentage of sales		34.1%	34.2%	34.4%
		Employee engagement rate ( /10)		7.3	7.4	7.5
OBJECTIVES		INDICATORS				
2.1 Strengthen the culture of engagement and presence at work		Reduction in the absenteeism rate (%)		(5.0)%	(7.0)%	(8.0)%
2.2 Optimize our processes and the use of technology		Net expenses as a percentage of sales		17.2%	16.8%	16.4%
2.3 Ensure beverage alcohol products are sold responsibly		Sales ethic – mystery customer (%)		95%	95%	95%
2.4 Place sustainable development at the centre of our activities		Completion of Sustainable Development Plan actions (%)		90%	90%	90%
		Reduction of kilograms of CO <sub>2</sub> equivalent per litre compared with the 2015-2016 level (%)		(0.5)%	(1.5)%	(2.5)%

**THIS STRATEGIC PLAN IS THE RESULT OF AN  
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