

LIVING WITH A NEW DIRECTION

The Corby's of the '90's And Where To Go From Here

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Effective September 30, 1991, Corby Distilleries Ltd. is closing down its Corbyville operations. A tradition ending as one of Canada's oldest business concerns, predating Confederation, falls victim to the declining spirits market.

What exactly has happened? In a fine example of corporate restructuring, Montreal-based Corby Distillery Ltd. is transferring its production operations from the Corbyville plant to Hiram Walker & Sons Limited. Hiram Walker & Sons is a subsidiary of British food and drink conglomerate Allied-Lyons PLC, which owns a 51.2% controlling interest in Corby Distillery Ltd. Corby's still exists—in Montreal; the former Head Office has become the only office.

Although this leaves Corby Distillery with no production capacity, the company has taken over Canadian sales and distribution operations for Hiram Walker as well as Corby brands. Under this arrangement, Corby receives a commission for selling Hiram Walker brands and pays Hiram Walker a fee for producing Corby products.

Donald C. MacMartin, President and Chief Executive Officer of Corby Distillery Ltd., has commented that the restructuring should ensure the continued growth of Corby. "We have to adjust to the changes taking place in our industry and we believe this move strengthens both Corby and Hiram Walker," he is

quoted as saying in a press release from the Corby head office in Montreal, dated May 23, 1991.

To summarize the historical background of the company: the Corbyville plant opened in 1859. Canadian Industrial Alcohol Co. Ltd. bought the operation in 1924; the company restored its

founder's name in 1950, changing its corporate designation to H. Corby Distillery Ltd.

The modern-day Corby's is a group of companies that markets Canadian distilled spirits and liqueurs under the Corby's, Wiser's and Lamb's brand names, as well as a wide range of imports through J.M. Douglas International Co., a subsidiary for nearly 50 years.

Prior to the restructuring, Corby's was already the largest marketer of wine and spirits in Canada, with an 18 per cent share of the traditional spirits market; Corby and Hiram Walker combined have a 30 per cent market share. (Hiram Walker & Sons Limited is responsible for the worldwide production and marketing of Canadian Club, the world's most widely distributed whisky, and other Canadian whiskies.)

Everybody is asking "Why?". The press release (mentioned above) announcing the closure of Corbyville operations stated that the shut-down was a "response to the changing Canadian spirits market." It is an accepted fact that the spirits market has experienced a significant downturn over the last 10 years. According to Industrial Relations Manager Mike McDermott, heavy government taxation, coupled with changing life-styles, has had a dramatic impact on the industry. Other employees echo this feeling, citing a societal change in drinking habits. In fact, according to Donald C. MacMartin,

"About one-third of the market in Ontario has disappeared in the past 10 years." He has also said that the market decline in Ontario alone is equal to the product capacity of two operations the size of Corbyville. (*Globe & Mail*, May 24, 1991.) Corby is by no means the only company that is responding



The Corby Family. Good taste in Canada since 1859. That's what one farmer said of Henry Corby's fine products, back in 1859.

Today Corby Distilleries still makes some of the finest quality products available: Corby Royal Reserve Rye Whisky, Lamb's Navy Rum and Wiser's De Luxe Canadian Whisky. It's as important to us to make good products as it is to make good neighbours.



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