



ASX Announcement

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Gage Roads Brewing Co Ltd extends major supply agreement

Gage Roads Brewing Co (ASX: GRB) (“Gage Roads” or “the Company”) has executed a three-year extension, with a further two-year option, of its supply and distribution agreement with Pinnacle Liquor Group Pty Ltd (“Pinnacle”), a subsidiary of the recently re-named Endeavour Drinks Group (formerly Woolworths Liquor Group).

The agreement provides for a stepped reduction in minimum volume commitments from Pinnacle over the financial years of 2017 through to 2019, allowing Gage Roads to prioritise the supply and increase distribution of its higher-margin proprietary craft beers, while maintaining overall production volumes.

With a shift in the market away from mainstream beer consumption, Gage Roads is focused on the continued development of its proprietary craft beer portfolio, which is currently experiencing strong growth and is expected to be sustained well into the future.

The minimum volumes committed to by Pinnacle for the initial term are:
FY17: 1,000,000 case equivalents per annum (7.9 million litres)
FY18: 950,000 case equivalents per annum (7.5 million litres)
FY19: 850,000 case equivalents per annum (6.7 million litres)

Gage Roads Managing Director, John Hoedemaker, said the directors of Gage Roads worked collaboratively with Pinnacle to seek an arrangement that optimised the strategic objectives of both businesses.

“Under this agreement we maintain certainty over volumes through the continued support of Pinnacle, while also providing us with the scope to pursue our strategy of growing Gage Roads’ higher-margin proprietary brands nationally.

“Pinnacle’s continued support and ranging of Gage Roads’ products, while accommodating a reduction in contract brewing volumes, provides us with the capacity to focus on higher-margin craft products and the flexibility to open up other channels to market,” Mr Hoedemaker said.

Pinnacle has an option to extend the agreement for a further two years beyond 2019.

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Gage Roads Brewing Co Limited has been one of Australia’s leading craft breweries for over 14 years.

The Gage Roads craft range includes Atomic Pale Ale, Sleeping Giant IPA, Narrow Neck Session Ale, Breakwater Australian Pale Ale, Single Fin Summer Ale, Pils 3.5% and Small Batch Lager which have grown to become one of Australia’s most popular suite of brands.

Through its contract brewing services division, Australian Quality Beverages, the Company also provides specialist contract brewing and packaging services to brand owners throughout Australia.

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