



ASX ANNOUNCEMENT

30 September 2016

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**MANAGING DIRECTOR'S PRESENTATION – ANNUAL GENERAL MEETING 2016**

Gage Roads Brewing Co Ltd  
14 Absolon St, Palmyra  
Western Australia 6157

PO Box 2024 Palmyra DC  
Western Australia 6169

ABN 22 103 014 320  
ASX: GRB

Please find attached Managing Director John Hoedemaker's presentation to shareholders at today's Annual General Meeting.

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Marcel Brandenburg  
Company Secretary  
Gage Roads Brewing Co Ltd  
Tel: (08) 9314 0000

John Gardner  
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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, Little Dove New World Pale Ale, 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.



**GAGE**  
**ROADS**  
**BREWING CO**



**ANNUAL GENERAL MEETING**

MANAGING DIRECTOR'S PRESENTATION

30 SEPTEMBER 2016

# OUTLINE

- FY16 – Strategies
- FY16 – Results
- Opportunity
- Sales & Marketing
- Capital Raising Summary
- Outlook

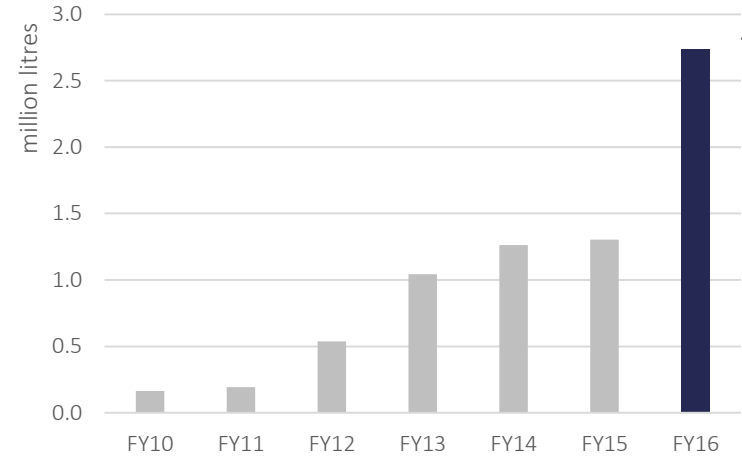


# FY16 – STRATEGIES

	FY 16 STRATEGIES	
Target a sales mix shift toward the growing higher margin craft beer segment	Increase promotion of the Gage Roads’ proprietary products.	✓
	Advance our Western Australian content based event and social media marketing strategy.	✓
	Advance our Western Australian on-premise strategy	✓
	Expand our on-premise and marketing strategies to NSW and VIC in summer 2016	✓
	Work to refresh, re-position existing brands, introduce new brand opportunities and line extensions and increase promotional activity	✓
	Target new domestic and international contract and export opportunities	✓
Target increased overall operating efficiency and reduce operating expenditure	Focus on production processes that improve quality	✓
	Utilise the warehouse strategy to improve production scheduling and minimise change overs	✓
	Target process change to reduce waste	✓
	Improve the HSE system	✓
	Improve the QA system	✓

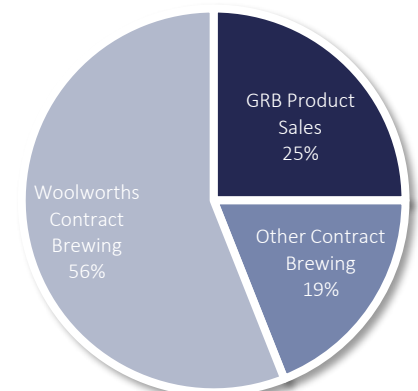
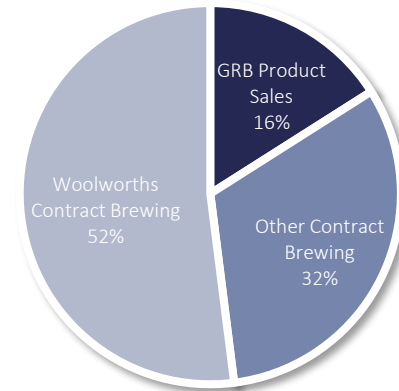
# FY16 – RESULTS

- Total sales volume 1.4 million carton equivalents (steady on prior year comparative period).
- Revenue \$25.5 million (up 5% on prior year comparative period).
- Gage Roads’ proprietary craft products sales volume 0.35 million carton equivalents (up 83% on prior year comparative period).
- Gage Roads proprietary draught sales up 180% over prior year comparative period.
- Gross Profit margin 52% (up from 51% in prior year comparative period).
- EBITDA up 248% to \$2.7 million.
- NPAT up 174% to \$0.61 million (FY15: (\$0.83 million)).



FY15 Revenue Breakdown

FY16 Revenue Breakdown

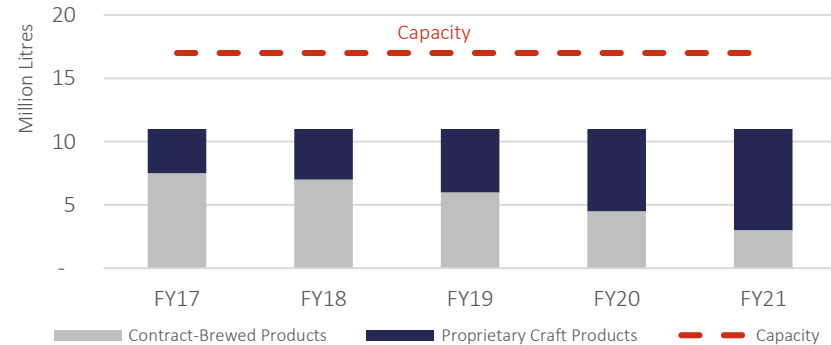
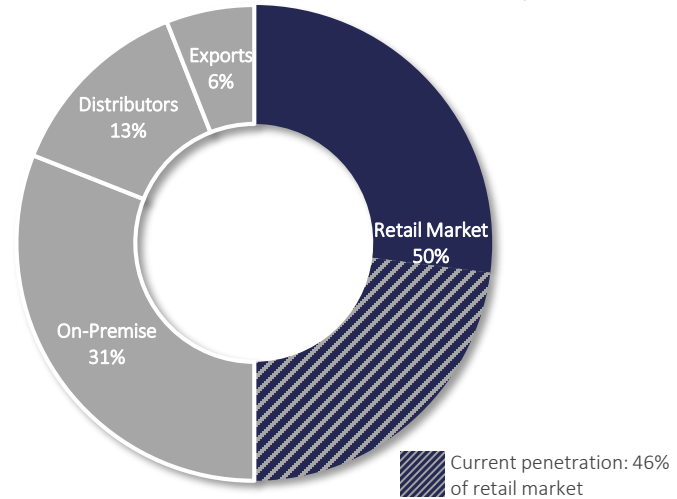


# OPPORTUNITY

- Resonating, well-supported brands
- Growing craft beer market
- Current channel revenues secured via supply agreement
- Unlock the other half of the retail market
- Unlock the on-premise market (31% of total beer market\*)
- Convert current volumes (11 million litres p.a.) to
  - higher-margin own brand craft range
  - higher margin draught volume
  - wider independent retail channel
- Scale to over-deliver 6 million litres with additional available capacity

\*Source: IBISWorld

Australian Beer Market\*



# SALES & MARKETING

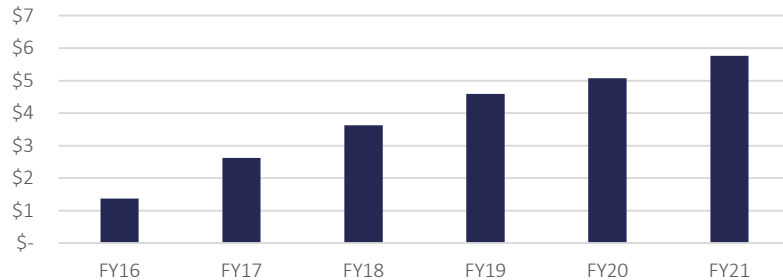
## Scott Player

- Proven record, leadership, insights
- 18 years in the industry (Foster's, Matilda Bay, Little Creatures, Matso's)
- As National Sales Manager spearheaded the growth of multiple craft beer brands notably taking Little Creatures to number 1 in the category.

## Strategy Fundamentals

- Build a sales and marketing facing company with a strong brand architecture
- Establish a GRB owned national Sales & Marketing capability driving sales volumes
- Distribution – develop a broad and seamless route to market
- Create brand-in-hand consumer experiences

## Sales, Marketing & Distribution Investment (\$m)



## Sales & Marketing Human Resources (Anticipated)

Resources	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
National Sales & Marketing Manager	1	1	1	1	1	1
National Key Account Manager	1	1	1	1	1	1
On-premise Sales	3	4	4	5	5	5
Multi Channel Sales	0	4	8	10	10	10
Marketing Team	3	5	5	5	5	5
<b>Total Human Resources</b>	<b>8</b>	<b>15</b>	<b>20</b>	<b>23</b>	<b>23</b>	<b>23</b>

# CAPITAL RAISING SUMMARY

- Institutional placement of 63.9m shares @ \$0.025 to raise \$1.6m
- Fully underwritten 4 for 5 non-renounceable entitlement issue to existing shareholders, 341m shares @ \$0.025 to raise \$8.5m
- Selective Capital Reduction - buy back and cancellation of Woolworths' 100m shares @ \$0.0156 a share
- Retirement of debt - \$4.7m applied to reducing the Company's current facility from \$9.7m to \$5m
- Refinancing to remove guarantee - remaining \$5m debt re-financed with the Commonwealth Bank of Australia, releasing Woolworths' guarantee over the current facility
- Issue of 129m incentive shares to up to 35 employees and management

Placement	
Issue price	\$0.025
New shares (millions)	63.9
Capital raised (millions)	\$1.6

Entitlements Issue	
Issue price	\$0.025
New shares (millions)	341
Capital raised (millions)	\$8.5

Use of Funds (millions)	
Buy-back WOW	\$1.6
Retire debt	\$4.7
Working capital	\$3.2
Cost of raising	\$0.6
<b>Total Funds</b>	<b>\$10.1</b>

Post-Transaction capital structure	
Shares on issue pre-transaction	426
Placement	64
Rights issue	341
Buy Back WOW shareholding	-100
Incentive Share issue to management	129
<b>Total Shares on issue post transaction</b>	<b>860</b>



# OUTLOOK

- Continue to transition to a consumer-facing, brand-building business
- New independence broadens access to new markets
- Growing national sales & marketing capabilities supporting all customers across Australia
- Continued supply agreement with Endeavour Drinks Group secures earnings base
- Deleveraged balance sheet and capital raised provides strong financial platform from which to execute new strategy
- Build brand value for our proprietary brands as a cornerstone of the Company's future valuation





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