



29 September 2011

Company Announcements Office  
Australian Stock Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**MD Presentation at AGM**  
**Gage Roads Brewing Co Limited (ASX : GRB)**

In accordance with Listing Rule 3.13.3 please find following the Managing Director's, John Hoedemaker's, presentation to be provided to members at the Company's Annual General Meeting to be held today at 4pm (WST) at 14 Absolon St Palmyra, Western Australia.

-ENDS-

For further information please contact:

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AUSTRALIA'S CRAFT BREWERY

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**Gage Roads Brewing Co Limited**  
**MD Presentation**  
**AGM 29<sup>th</sup> September 2011**

# Brands Currently Produced



# Gage Roads' Mission Statement

REMARKABLE PEOPLE • REMARKABLE PRODUCTS • REMARKABLE VALUE

The Gage Roads Brewing Co mission is to provide a respectful, sustainable, safe and enjoyable work place for our employees and to provide the highest quality products for our customers at remarkably competitive prices.

In applying ourselves towards this mission the Gage Roads team holds the following core values and goals in the highest regard:

- To stay true to our obsession with quality
- To continuously improve productivity and profitability
- To make it easy for our customers and suppliers to do business with us
- To show respect for and value our people, our community and our environment
- To be honest and transparent with people we work with
- To have fun doing it

*The Team, Gage Roads Brewing Co*



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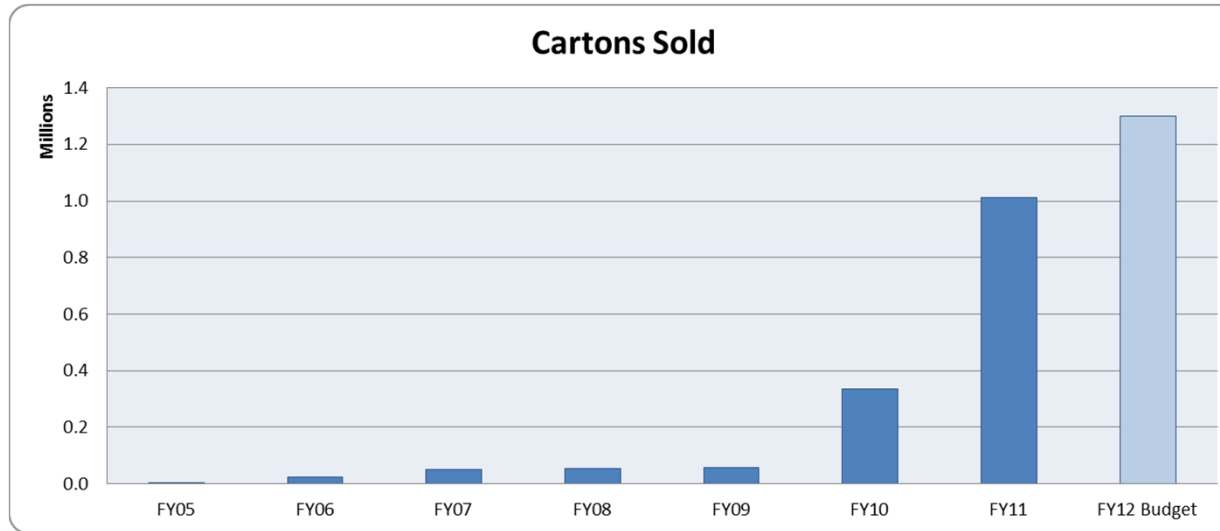


# The Journey So Far...

- Gage Roads was conceived to operate as a low volume high margin niche brewery
- Strength of AUS \$ drives a very competitive and price sensitive market based on cheap imports, high price point niche market diminishes
- High marketing, sales and distribution costs spread over a low volume erode the high margin model
- Led to a change in strategy from low volume high margin niche brewer to high volume lower margin contract brewer
- Achieved operating profitability FY 11



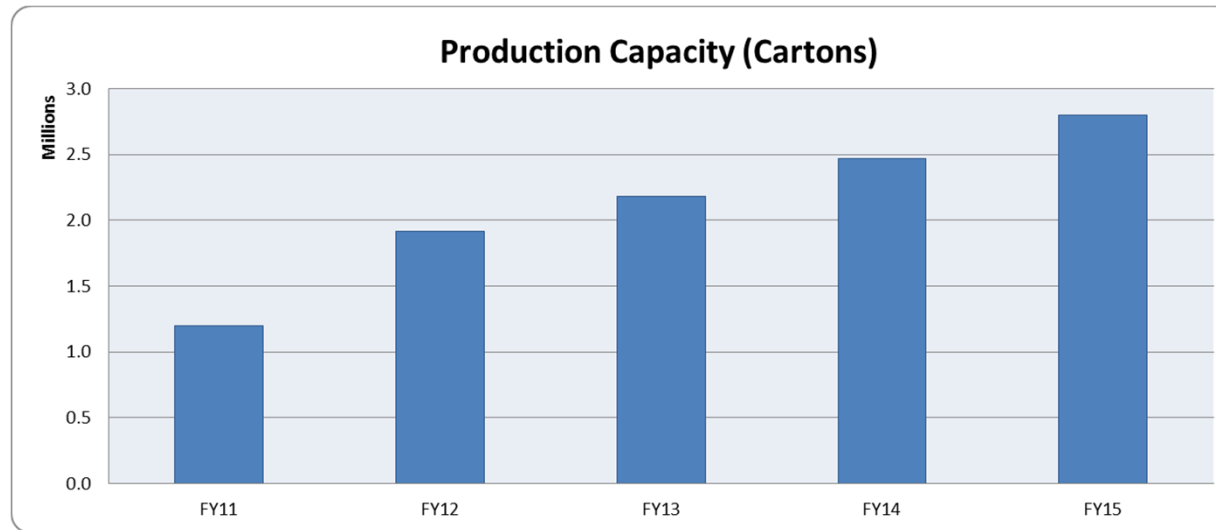
# FY 11 Highlights



- FY11 – over 1,000,000 cartons sold
- Total volume growth of 200% for the year
- Break Even Point - achieved
- FY11 maiden full year profit based on operations of \$122,000



# Next 4 Years – Future Growth



- Woolworths Liquor Group – partnering the growth with circa 39% share of the Australian liquor market
- On track to achieve “5 in 5”, be Australia’s 5<sup>th</sup> largest brewery in 5 years (Ending FY 15)
- Required \$9.6 m capital expenditure to build capacity and improve operating cost efficiencies



# 4 Year Capital Expansion Project

Project	Completion	Cost
General Brewery Upgrade	October 2011	\$0.8 M
Bottling Line Speed Upgrade	October 2011	\$1.7 M
General Brewery Upgrade	October 2012	\$2.2 M
Brew House Upgrade	October 2012	\$2.8 M
Fermentation & Filtration Upgrade	September, 2013 & 2014	\$2.1 M

## Objectives

- Increase production capacity to 3 million cases per annum by FY15
- Reduce operating costs per case by 50%



# Project Funding

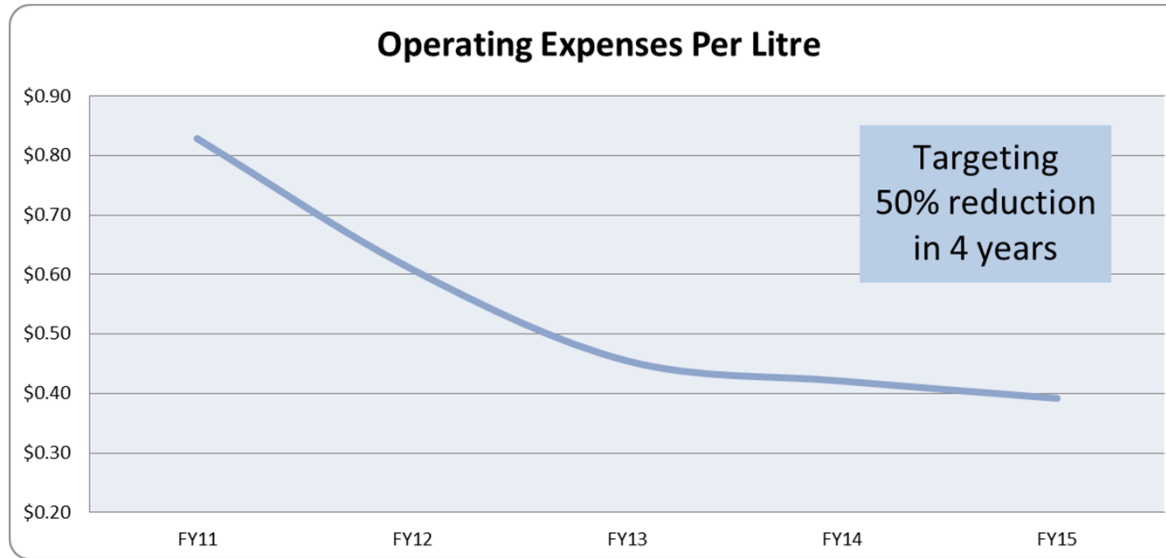
The capital expansion project delivers increasing production capacity in stages during the 4 year time frame matching the expected customer demand

\$9.6 million capital expansion project funded by:

- \$5.5 million increase in Debt
  - ANZ facility
  - Guaranteed by Woolworths
- \$4.1 million self funded from positive operating cash flow



# Reducing Operating Costs By 50%



- Volume growth drives improved fixed cost utilisation
- CAPEX targeted to improve variable costs such as gas, electricity, water in, waste water out and CO<sup>2</sup>
- CAPEX targeted to improve packaging line speed and line operating efficiencies improving man-hour per case
- CAPEX on new brew house provides larger brew lengths and automation, improving man-hour per litre



# The Gage Roads Crew

Improving production capacity and operating cost efficiencies is not all about plant & equipment, far from it.....

Our People have the largest impact of all, and are an important part of our achieving our 4 year growth plan.

Gage Roads is “Building a Better Place to Work” by:

- Implementing lean manufacturing systems including 5S
- Improving the working environment, improving amenities, ensuring safety
- Focusing on core values and cultural change to improve behaviors and improve productivity
- Making Gage Roads a fun place to work



# Earnings Growth Outlook

The Directors are confident that the Company's 4 year growth plan should deliver to shareholders strongly growing profits

- Strong production and sales volume growth
- Improving operating cost efficiencies
- Improving gross contributions
- Reducing/stabilising fixed cost structure



# Thank you to our Partners



# Thank you to our Partners

