



8 November 2012

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

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

In accordance with Listing Rule 3.13.3 please find following the Managing Director, 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-

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AUSTRALIA'S CRAFT BREWERY

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Gage Roads Brewing Co Limited
MD Presentation
AGM 8th November 2012

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The Journey So Far...

FY09

- Change of strategy to become higher volume , lower cost , lower margin brewery.
- 3 year supply agreement with Woolworths Limited, min take 350K cartons p.a.

FY10

- Woolworths short term demand revised upwards to 1 million cartons per annum.
- \$4 million invested to increase capacity to 1.2 million cartons p.a.
- CAPEX funded by \$4.2 million facility with ANZ, guaranteed by Woolworths.
- Revenues grow at 328% to \$5.8 million.



The Journey So Far...

FY11

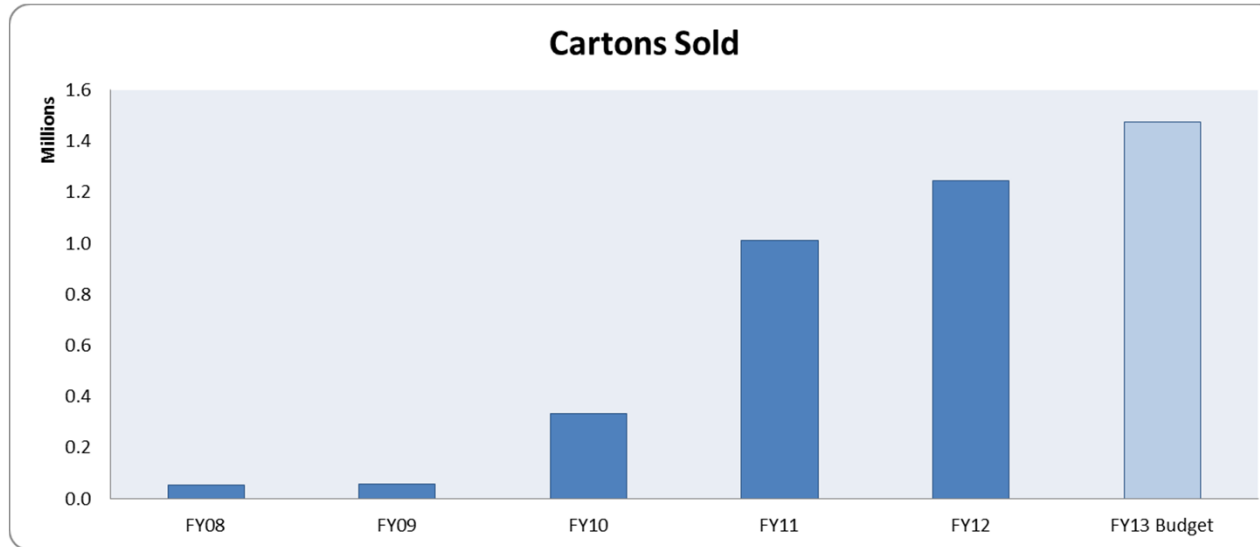
- Demand revised upwards to circa 3 million cases in FY15.
- \$9.6 million invested on 4 year capacity expansion to 3 million cases p.a. in FY15 and reduce operating costs by 50% per carton.
- ANZ facility limit increased by \$5.5 million, balance of CAPEX funded via positive operating cashflows.
- Revenues grow at 171% to \$15.8 million.
- Maiden NPAT of \$0.12 million on sales of just over 1 million cartons

FY12

- 4 year capacity expansion on track and 70% complete, current installed capacity circa 2.5 million cartons p.a.
- Additional \$2.8million invested on cellar system, CIP and yeast system to increase efficiencies.
- Achieved operating internal goal of 70% operating efficiency.
- Revenues grow at 25% to \$19.7 million.
- 2nd year of profitability, NPAT of \$0.5 million on sales of just over 1 million cartons



FY 12 Highlights



- over 1,200,000 cartons sold
- Total volume growth of 23% for the year
- 2nd full year profit based on operations of \$500,000 up 309% on last year
- Capital expansion program on schedule, expanded capacity brought forward to FY14
- Already achieved “5 in 5” goal to become Australia’s fifth largest brewing entity by FY 15

Where to now...



Earnings Growth Outlook

Based on the Company's leveraging of fixed costs financial model, the Director's are confident that the Company's growth plans should deliver to shareholders continual growth in earnings.

Strong sales and production capacity growth

Annual throughput capacity increasing from 1.2 million cartons in FY12 to 3 million cartons in FY15

Variable input costs

(down 50% by FY15)

(energy, CO2, water, raw materials utilisation)

Improving operating efficiencies and improved equipment targeting a 50% reduction in costs by FY15 on a per carton basis.

Earnings Growth

Fixed Cost Structure

(down 50% by FY15)

(Occupancy costs, salaried management, administration costs)

Remains reasonably fixed. Targeted reduction by 50% on a per carton basis as total volumes double.

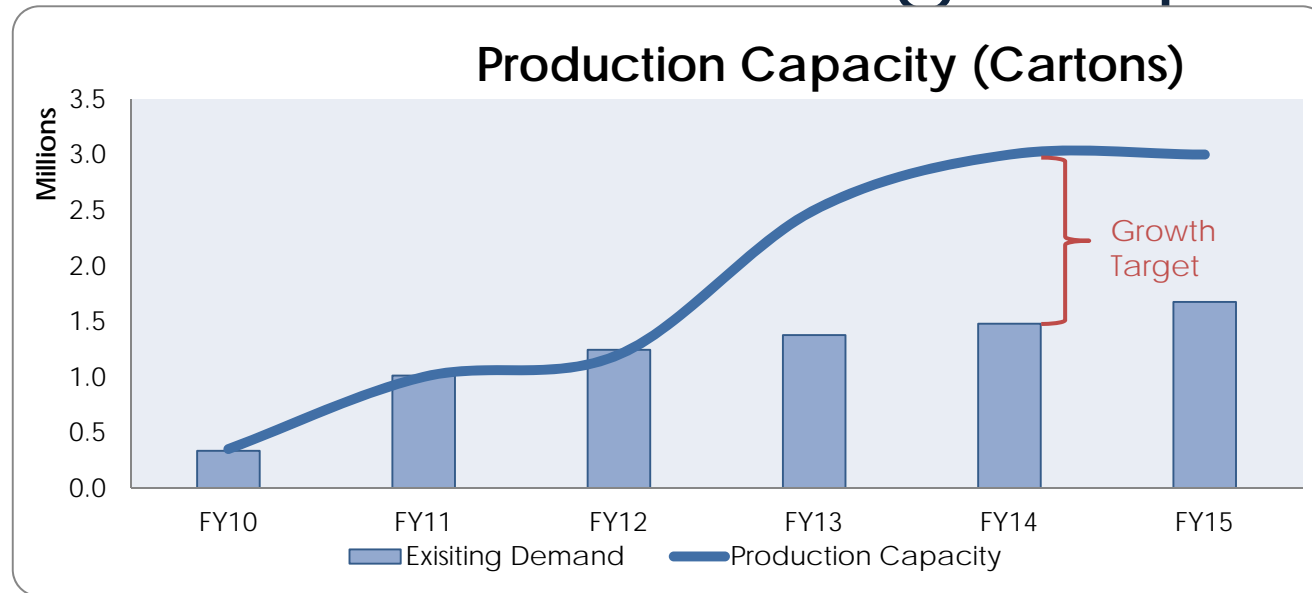
Variable Labour Costs

(down 50% by FY15)

(brewing & packaging labour)

Same great team and headcount with automated equipment delivering double the volume targeting a 50% reduction in costs by FY15 on a per carton basis.

Future Growth – Filling Capacity



- Production capacity gains brought forward to FY14 with expedient tank purchases out of Poland.
- Woolworths supply agreement extended a further 3 years, and minimum takeoff increased to 1 million cartons p.a, but:
- Woolworths product basket is maturing, growth rates of existing products slowing from triple digits during early adoption to circa 10% growth in FY12.
- Craft beer is booming, – Gage Roads in the right place at the right time.



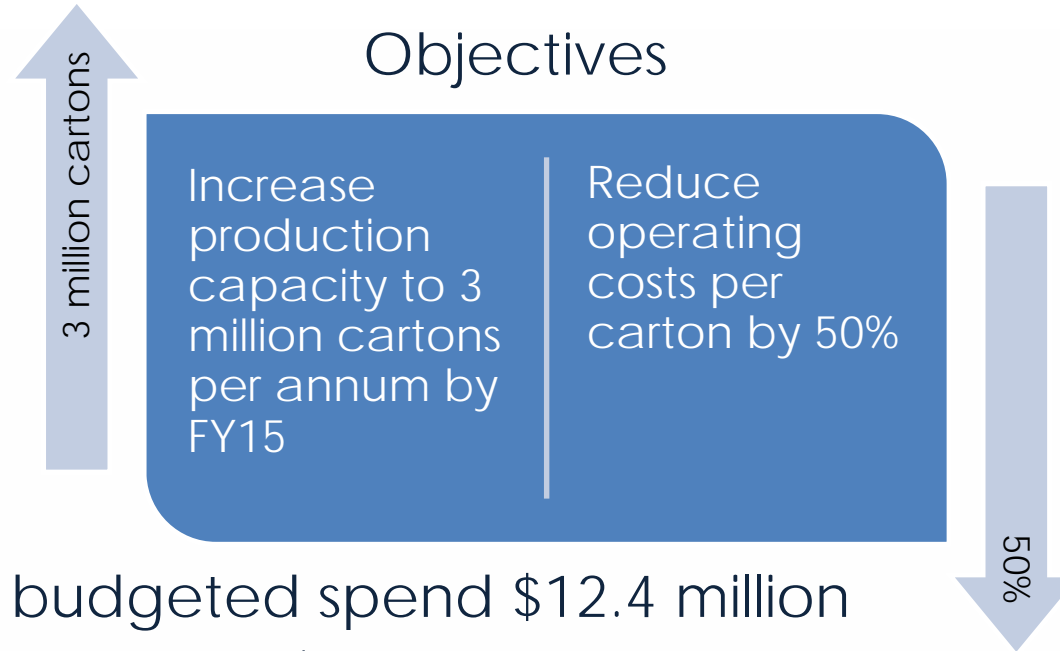
Future Growth - 3 Plank Strategy

- Become Australia's #1 craft contract brewery
 - The booming growth of the craft market, our new flexible brewing equipment, our passion for and tradition in craft beer, and our competitive cost structure means Gage Roads is perfectly placed and is targeting to partner new and existing craft brands wishing to expand into bottled and draught products.
- Partnering Woolworths' growth with circa 39% share of the Australian liquor market
 - Our business with Woolworths continues to grow, new product is a significant contributor to the Company's future volume growth. An example of this is the recent development and national launch of the Sail & Anchor Craft range.
 - Another example is the limited release 640mL products such as "Pumpkin Ale" and soon to be launched "The Convict" designed to take advantage of seasonal retail selling opportunities during the year.
- Increasing Draught Beer sales
 - With our increased capacity and lower cost structure, Gage Roads is planning to increase its draught beer presence in WA. With the demise of Swan Brewery, the banner of largest WA brewery passes to Gage Roads. And Gage Roads is planning to honor the commitment of all breweries to provide our customers with the freshest local beer possible.



Capital Expansion Project

Objectives



- Total budgeted spend \$12.4 million
- Spend to date \$8.6 million, 70% complete
- On schedule - staged completion of various sub projects, total project expected to be fully completed by March 2012.
- Increasing labour rates and construction conflicts while maintaining full summer production may elevate costs to complete, 10 – 20% increase at completion is possible.



4 Year Capital Expansion Project



2x100 tonne malt silos



New Centrifuge



New
candle
filter



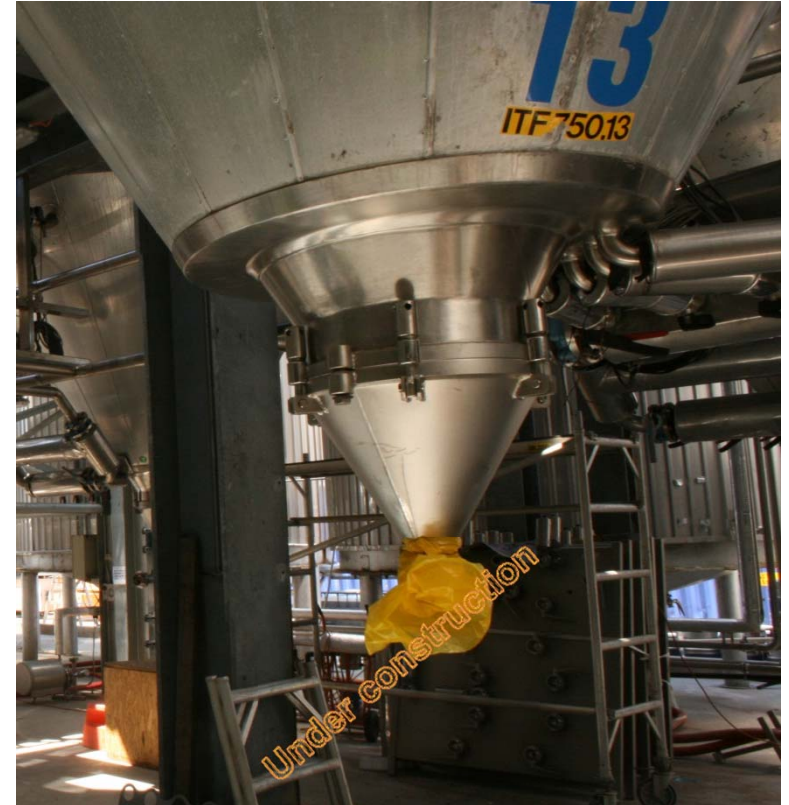
4 Year Capital Expansion Project



100hL CombiCube
Brewhouse



Grain Handling



4x100hL
fermentation
tanks



Project Funding

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

- \$12.4 million total capital expansion project budget.
- \$8.6 million spend to date funded by:
 - \$5.5 million increase in Debt
 - ANZ facility
 - Guaranteed by Woolworths
 - \$3.1 million self funded to date from positive operating cash flow
- \$3.8 million expected to continue to be funded from positive cash flow in FY13 and FY14



The Gage Roads Crew

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

Gage Roads core Values

- 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
- Be honest and transparent with the people we work with
- To have fun doing it!



Thank you to our Partners

