



22 October 2013

Company Announcements Office
Australian Stock Exchange
Exchange Centre
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Investor Presentation

Please find attached an investor presentation provided by the Managing Director John Hoedemaker in connection with a number of investor meetings being held during the week.

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For further information please contact:

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

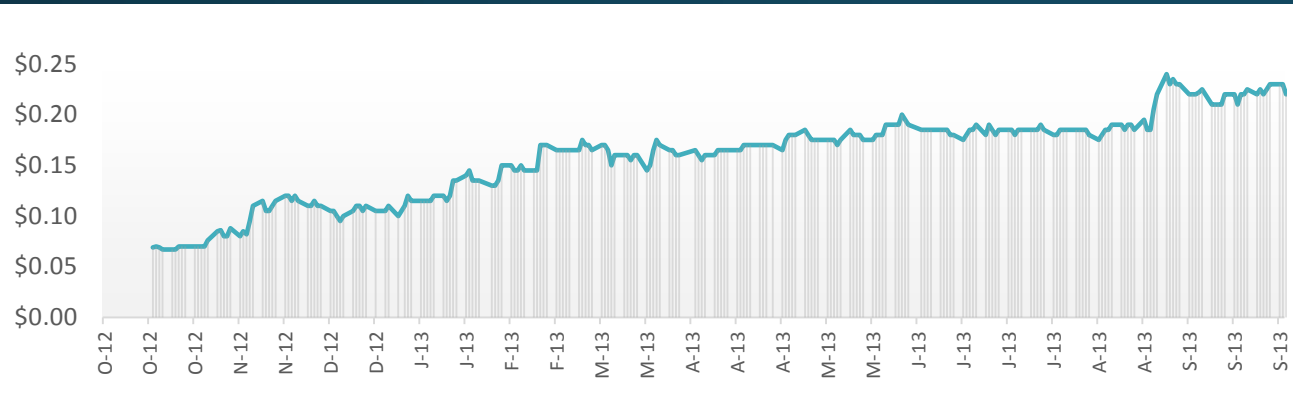


October 2013

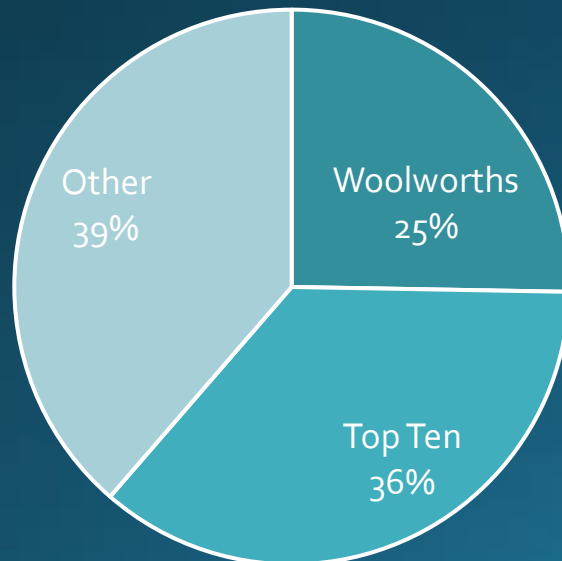
Gage Roads Investor Update

Company Snapshot

12 Month Share Price



Top Shareholders



Directors

Ian Olson – Chairman

Robert Gould – Non Executive Director

Brad Banducci – Non Executive Director

Bill Hoedemaker – Director Of Operations

John Hoedemaker – Managing Director

Market Info

Previous Close \$0.27

Shares On Issue 395,632,293

Market Cap \$106.8m

52 week high \$0.285

52 week low \$0.07

53 week ave vol 934,350

(as at 21 October 2013)

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

- Production capacity requirements 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

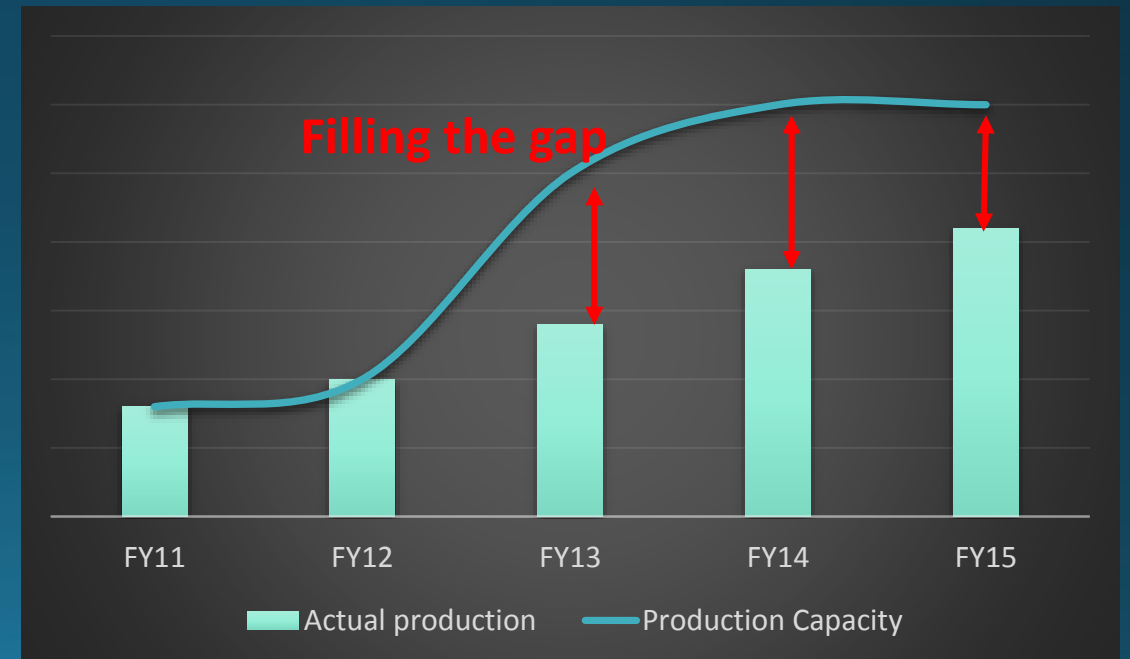
FY13 Results & Summary

FY13

- Revenue increased 15% to \$22.6 million
- Volume increased 10% to 11 million litres
- NPAT increased 72% to \$0.86 million
- Gage Roads proprietary brands grew 35%
- Contract brewing services grew 103%
- Capital expansion program achieves 2.5 million carton annual capacity
 - New brewhouse
 - Automated fermentation cellar
 - Filtration Equipment
 - Automated Clean-In-Place (CIP) system
- Growth achieved whilst executing expansion program – “Renovating your house while living in it”

Currently...

- Plant expanded to 2.5m cases per annum capacity (as of April 2013)
 - Already expandable to 3m cases dependant on SKU mix (i.e. heavy in cider)
- In FY13, produced 1.4m case equivalents
- Challenge to FY15 and beyond is to
 1. Deliver on volume growth
 2. Maintain gross profit margin
 3. Keep a lid on costs



Key Objectives and Strategies



1. Deliver volume Growth: Three-tier growth strategy

Woolworths Products

- Continue to support the Woolworths private label strategy
- Organic growth of existing products (mainstream, craft and ciders)
- 1m minimum annual case commitment in place
- New Product development that meet margin models of both businesses

Gage Roads Products

- Taking advantage of the rapid growth in the craft market
- Investing in increasing the value of our brands
- Increasing draught presence in WA
- Become “Australia’s #1 Craft Brewery”

Contract Brewing Products

- Organic growth of customer’s products
- New contract customers
- Take advantage of the rapid growth in the craft market
- Become “Australia’s #1 Craft Brewery”

1. Deliver Volume Growth: Three-tier growth strategy (cont'd)

Plan

- Continue to support the Woolworths private label strategy
- Organic growth of existing products (mainstream, craft and ciders)
- 1m minimum annual case commitment in place
- New Product development that meet margin models of both businesses

Woolworths
Products

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Gage Roads
Products

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Contract
Brewing
Products

Delivered so far

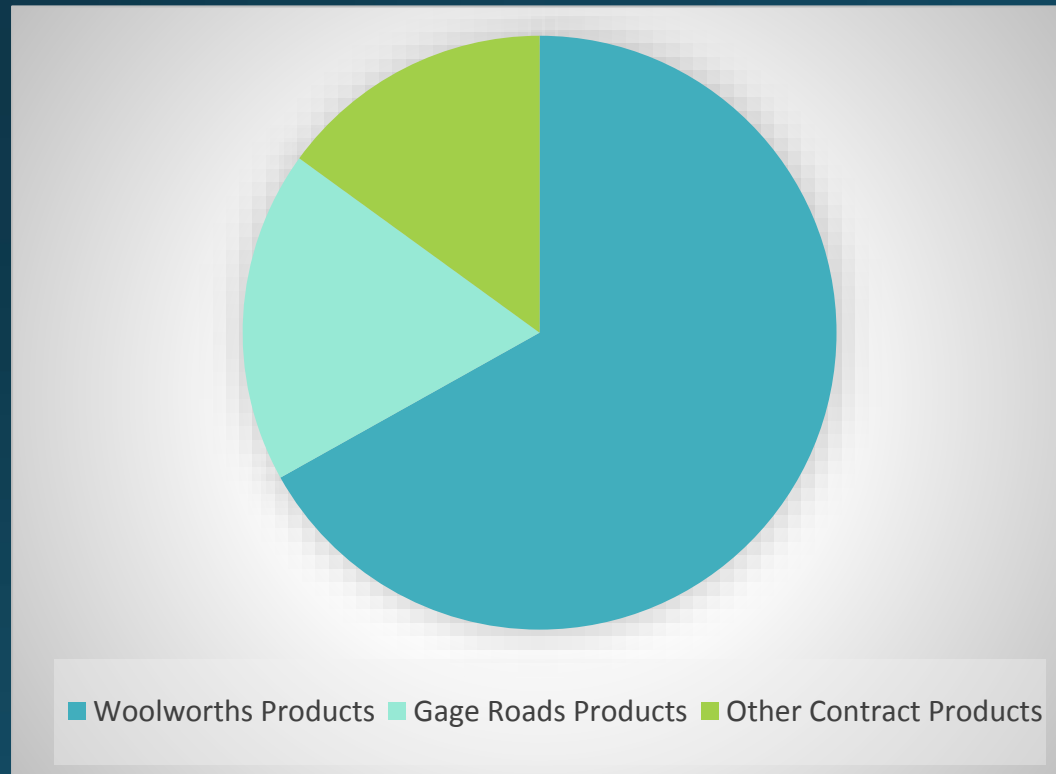
- Won contract to produce major volume product previously produced by our competitor
- Jointly developed new craft products

- Brand refresh currently underway, expected to be complete March 2014 (Expected cost \$700k)
- Products are well-positioned in rapidly growing craft market
- Hired sales rep to drive draught sales in WA

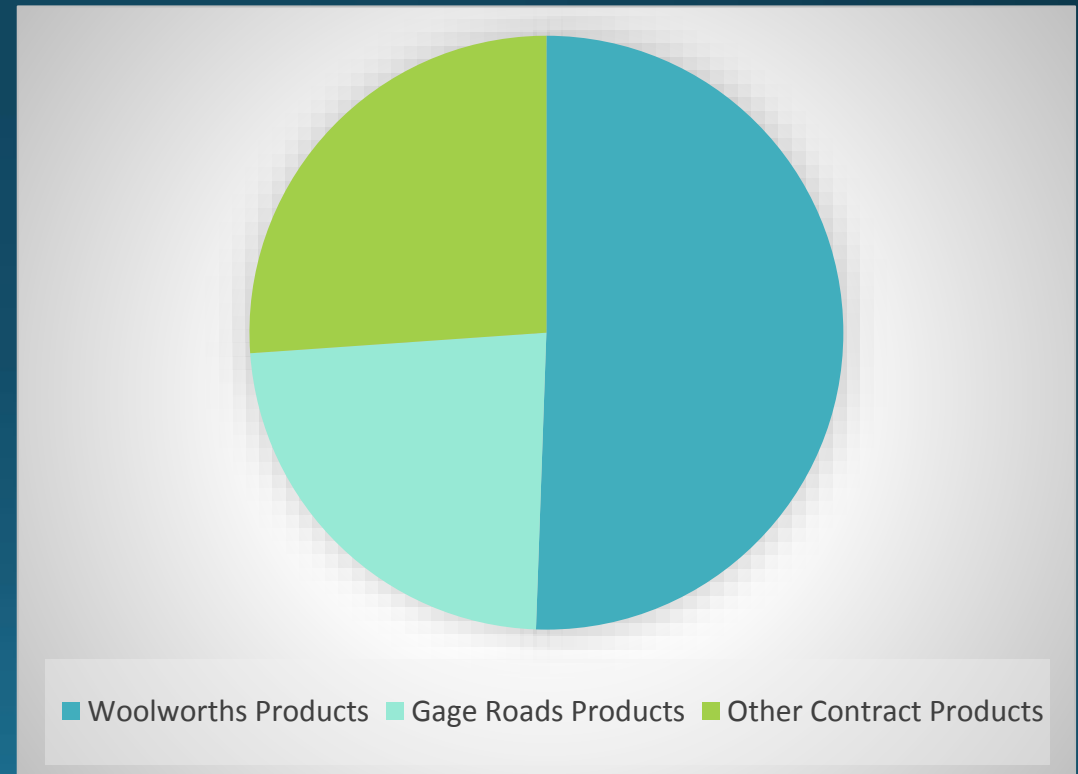
- Signed up local craft breweries McLaren Vale, Two Birds, TWE
- Signed international agreements with Westons Cider

2. Maintain Gross Profit Margin: Sustainable margin through diversification of customer base

Historical customer base



Future customer base



Focus on craft brands and cider products which deliver higher Gross Profit Margins

3. Keep a lid on Operating Costs: Capital expansion program

- Recently installed equipment to deliver high quality products and provide flexibility to cater for the craft market
- Uses inputs (i.e. utilities) more efficiently, reducing costs
- Reduces labour costs on a per-carton basis
- Ordered new kegging machine to meet demand and increase output (Expected cost \$682K).
- Additional capital expenditure currently under consideration to meet targeted 50% reduction in operating costs
- Continue to invest in increasing efficiencies



October 2013

Appendix 4C

Q1FY14 Market Update

	Q1FY14	
Litres sold	Up 6%	2.82m Litres
Revenue	Up 15%	\$6.18m (unaudited)
Gross Profit Margin	Maintained	50%

Commentary

- Achieved growth on prior year comparative period (PCYP)
- PYCP had unusually strong sales due to previous summer stock build-up, as announced
- Stock build-up not required in current year as capacity expanded, thus no front-loading of sales
- New contract customers starting to have impact
- Margin maintained

Q1FY14 Cashflow update

	Q1FY14	Compared to Q1FY13
Net operating cashflows	(\$196k)	Down \$758k
Net investing cashflows	(\$552k)	Up \$995k
Net financing cashflows	\$31k	Down \$7k
Net cashflows	(\$717k)	Up \$190k
Cash at end of Q1FY14	\$4.4m	Up \$3.7m

- Operating cashflows negative in current quarter as a result of repaying creditors built up during capex program.
- Investing cashflows reduced to \$552k in current quarter. Relates primarily to previously negotiated trailing payment plans for installed equipment and other minor Capex
- Bullet payment key capital supplier deferred due to minor outstanding deliverables
- Cash at bank balance strong

Outlook for Q2 FY14

- Record production planned for November and December
- 96% plant utilisation expected over those months
- Strong demand for draught products
 - ALH pubs: east coast tap point expansion
 - GRB: Re-entering the draught market
- Further capital expenditure under consideration to meet peak production outputs and required efficiencies. To be disclosed if and when approved
- Implementation of new kegging machine expected in Q3FY4
 - KHS rotary keg filler, 90 kegs per hour
- Expect to spend free cash on improving the current account balance and some CAPEX