

A close-up photograph of a hand pouring beer from a wooden barrel into a glass. The hand is holding a glass that is partially filled with a golden beer. The background is a wooden barrel with a metal tap. The lighting is warm and focused on the glass and the hand.

GAGE
ROADS
BREWING CO



ANNUAL GENERAL MEETING

23 November 2017

THIS IS GAGE ROADS BREWING CO.

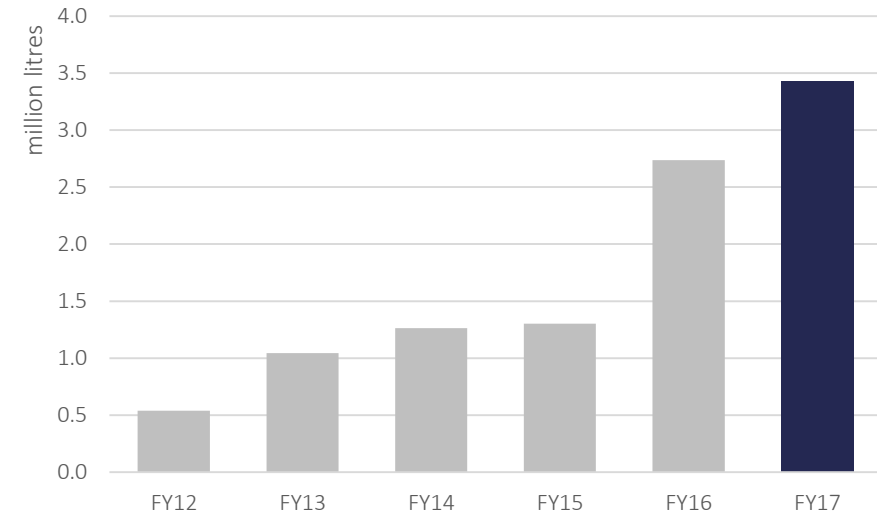
A Proven Track Record

- One of Australia's most established and awarded brewers of craft beer (established 2002)
- Currently producing 11 million litres p.a. comprising of 3.4 million litres proprietary brands and 7.6 million litres contract brewing
- State-of-the-art, world-class facilities, \$25m invested in capital expenditure since 2010, up to 17.4 million litres p.a. capacity

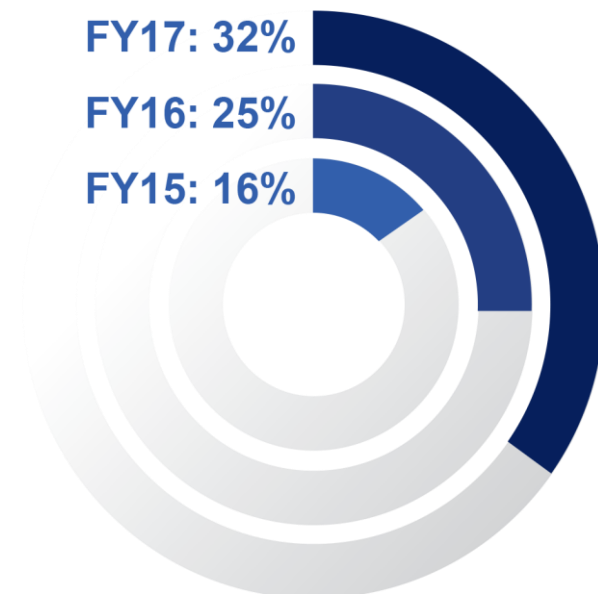
Proprietary Brand Strategy

- The Company is in its second year of its 5-year strategy to improve sales mix away from lower margin contract-brewing towards higher-margin proprietary brand beer.
- The strategy seeks to increase the awareness of Gage Roads' proprietary brands and expand those brands into broader markets, driving incremental sales from the previously untapped independent retail and on-premise channels to market.
- Key leading indicators for FY17 and FY18 YTD have been achieved

Gage Roads Proprietary Brand Sales



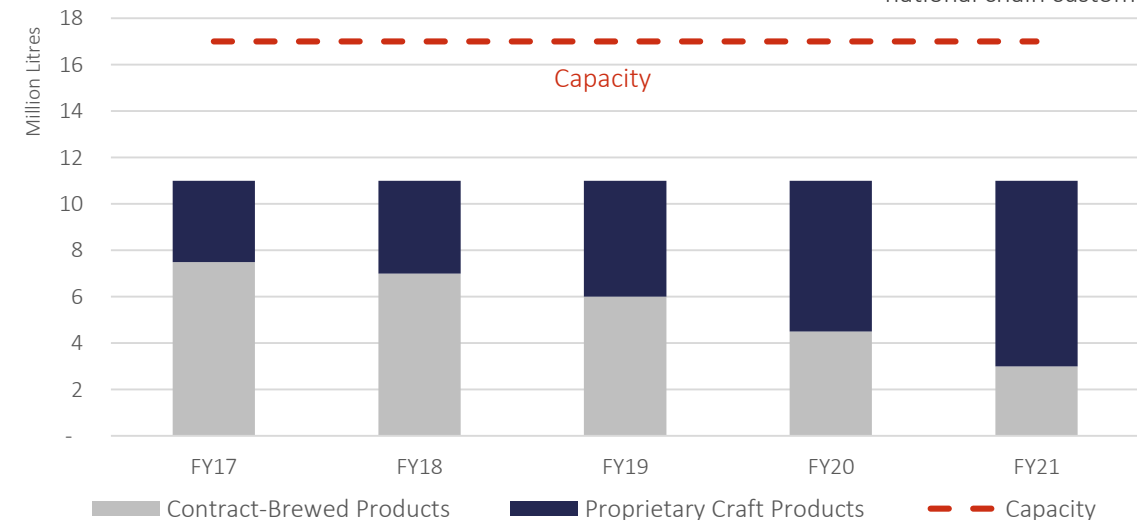
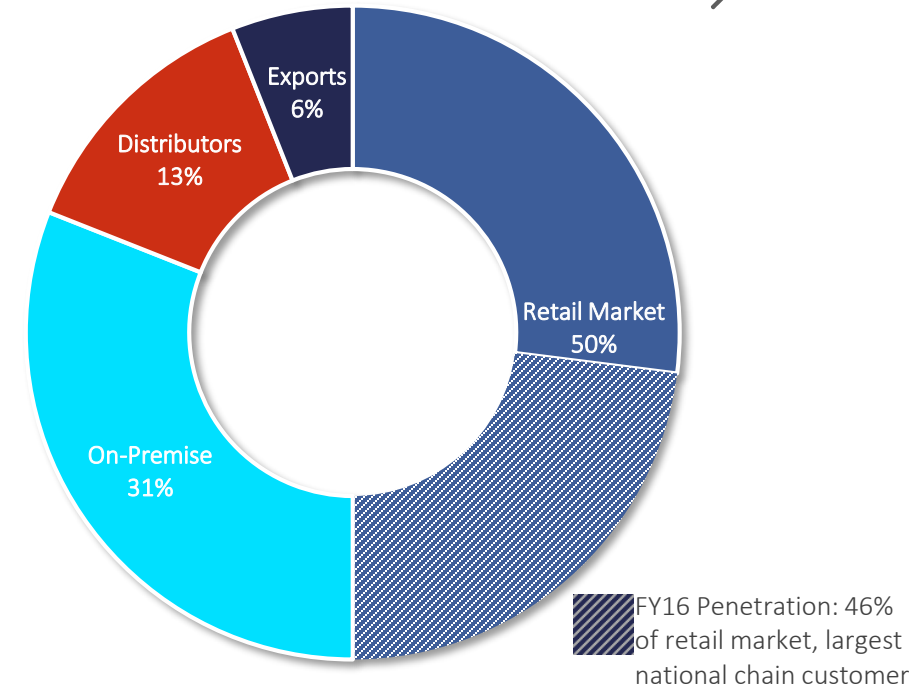
GRB Brands Proportion of Sales Mix



GRB PROPRIETARY BRAND STRATEGY

- Independence
- Building national sales capability
- Unlocking independent retail market
- Unlocking on-premise market
- Maintaining National Chains Volumes
- Experiential (“Brand in Hand”) marketing strategy
- Putting quality first
- Increasing proportion of GRB proprietary brands
- Increasing gross profit margin
- Increasing EBITDA/litre

Australian Beer Market*



FY17 PROGRESS



* Includes sales & marketing salaries and distribution costs



FINANCIAL RESULTS FY17

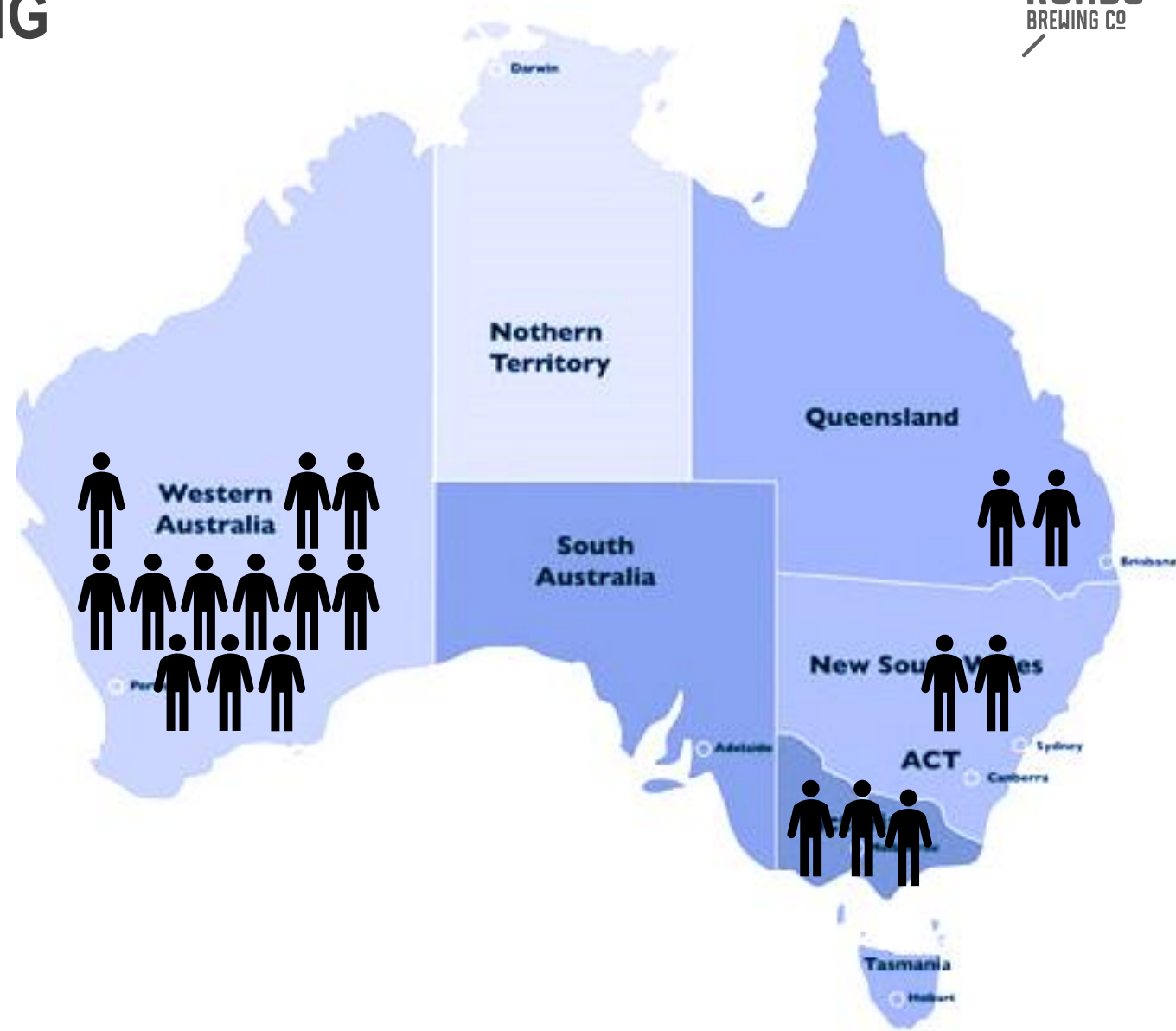
- Total sales of Gage Roads' proprietary craft beer products up 23% to 3.4 million litres (FY16: 2.8 million litres)
- Sales from Australian Quality Beverages division down 13% to 7.2 million litres (FY16: 8.3 million litres)
- Total sales volumes 11 million litres, in line with prior year comparative period
- Revenue up 7% to \$27.2 million (FY16: \$25.5 million)
- Raw Material gross profit margin improved to 58% (FY16: 52%)
- EBITDA from underlying operations up 27% to \$3.5 million (FY16: \$2.7 million), representing 33c/Litre
- Net Profit After Tax up 229% to \$2.0 million (FY16: \$0.6 million) and includes \$1m of extraordinary income

	FY17
Revenue	\$27.2m
Cost of Goods	\$11.6m
Gross Profit \$	\$15.6m
Gross Profit %	58%
Operating Costs	\$12.1m
EBITDA*	\$3.5m
Extraordinary Income	\$1.0m
NPAT	\$2.0m
EBITDA*/Litre	\$0.33

*from underlying operations

NATIONAL SALES & MARKETING CAPABILITY

- National sales & marketing capability established
- 19 sales & marketing staff deployed over the country
- Distribution network established by partnering with industry leading distribution specialists
 - ALM: potential access to 12,000 customers
 - 100Proof: potential access to 5,000 restaurants, bars and hotels
- Total sales and marketing investment for FY17: \$2.9 million
- East Coast independent retail and on-premise volumes gaining momentum, representing 30% of independent distributions



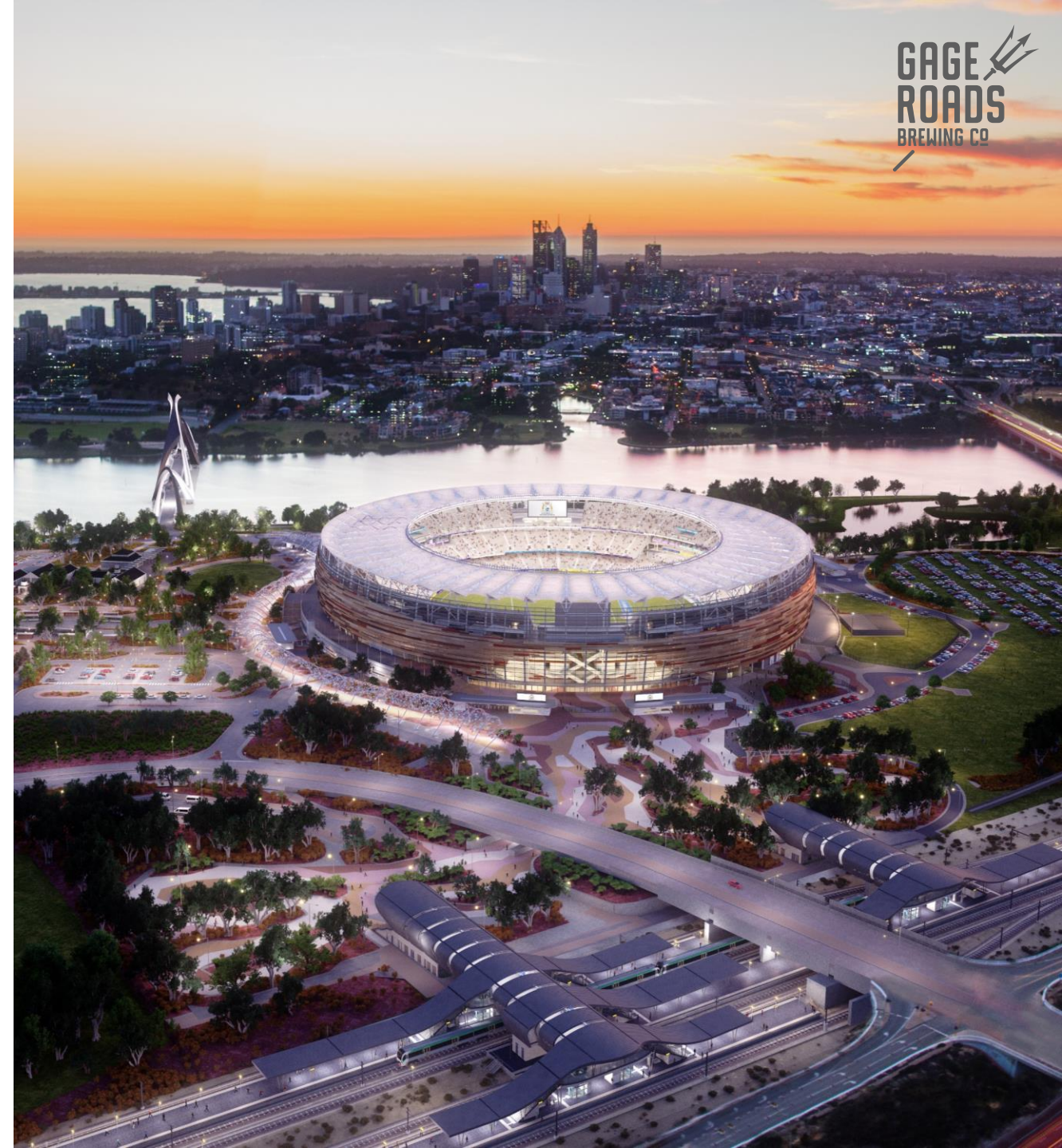
BRAND-IN-HAND MARKETING

- Brand in Hand marketing strategy, targeting key events that allow consumers to trial our products while enjoying an experience
- Any upfront fees relating to these events are covered by the gross contribution that the sale of our products to the event generates and are generally designed to be earnings-neutral or have minimal net financial impact.
- These marketing volumes are in addition to our Proprietary Brand Strategy volumes (11m Litres), utilising latent production capacity.
- Going forward, we will distinguish between overall earnings (including volumes and contributions from events) and underlying earnings (excluding volumes and contributions from events)



OPTUS STADIUM

- 5 year term to December 2022
- WA's premier entertainment venue, AFL, Cricket, Rugby, Concerts, Soccer, 50+ events per year
- Anticipated 40,000+ attendance per week
- GRB has secured exclusive pouring rights
- Brands on offer include: Alby Crisp, Alby Draught, Narrow Neck, Single Fin, Single Fin Session, Atomic, Sleeping Giant IPA, Little Dove and Hello Sunshine Ciders
- An annual rights fee is paid up front in January each year and is expected to be recouped through earnings over the year. The timing of these payments and revenues will have a cash flow impacts from quarter to quarter and are expected to be cashflow neutral on a calendar year basis.



INTRODUCING: ALBY DRAUGHT, ALBY CRISP

- Selected as main beer brands at Optus Stadium
- Alby Draught 4.2%, Alby Crisp 3.5%
- Classic, no fuss West Australian lagers
- Made with 100% WA grown barley, proudly Made By WA
- A great opportunity: WA has not had a locally brewed lager since the big brewers shifted their production to the east coast
- Seeding right now into retail and on-premise
- Media and consumer launch in the next few weeks
- www.alby.beer



OUTLOOK

- Softer Q1 sales (as announced) expected to impact on H1 result
- H2 expected to provide strong result.
- FY18 full year expectations in line with our 5-Year Proprietary Brand Strategy delivering growth over FY17
- Craft beer market maintains growth
- Underlying consumer demand for GRB brands continues to grow
- Continuing strong relationship with national chains and secured volume expectations
- Strong growth in independent channel
- Strong growth in on-premise
- Increased visibility of marketing
- Impact of Optus Stadium expected to improve brand awareness from Jan 2018 onwards





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