



Annual General Meeting 2019

Gage Roads Brewing Co Ltd

“The Good Drinks Team enables us to create, market and distribute brands widely to 100% of Australia’s liquor market and will become a key sustainable competitive advantage”



Annual 2019
General Meeting



Robert Gould

CHAIRMAN



PROXY VOTING SUMMARY

Resolution	Item	For	Against	Discretionary
Resolution 1	Adoption of Remuneration Report	567,317,710	6,750,178	4,026,764
		98.14%	1.17%	0.70%
Resolution 2	Re-election of Director – Graeme Wood	703,278,685	4,991,211	1,221,354
		99.12%	0.70%	0.17%
Resolution 3	Approval of 10% Placement Capacity	694,837,512	13,637,583	1,849,942
		97.82%	1.92%	0.26%
Resolution 4	Ratification of Prior Issue of Shares	699,243,508	8,187,114	1,849,942
		98.58%	1.15%	0.26%

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2019.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- b) the voter is the Chair and the appointment of the Chair as proxy:
- c) does not specify the way the proxy is to vote on this Resolution; and
- d) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GRAEME WOOD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Graeme Wood, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 84,210,526 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

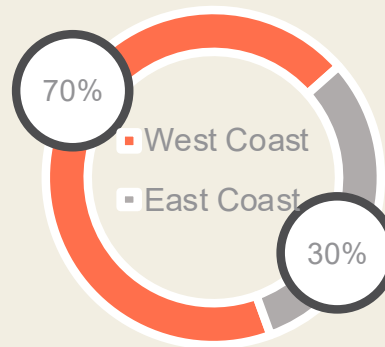
John Hoedemaker

MANAGING DIRECTOR

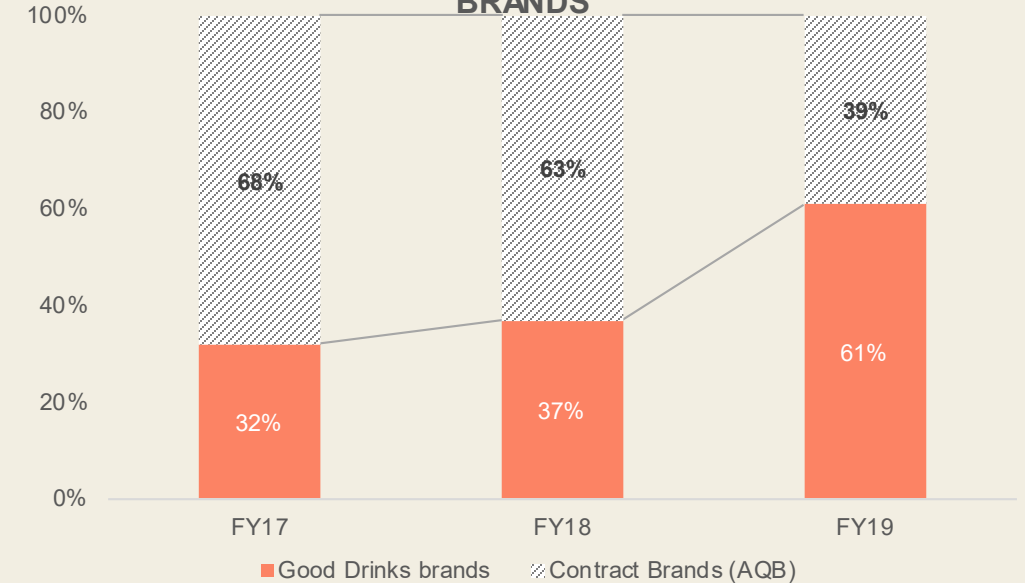


FY19 – SALES RESULTS

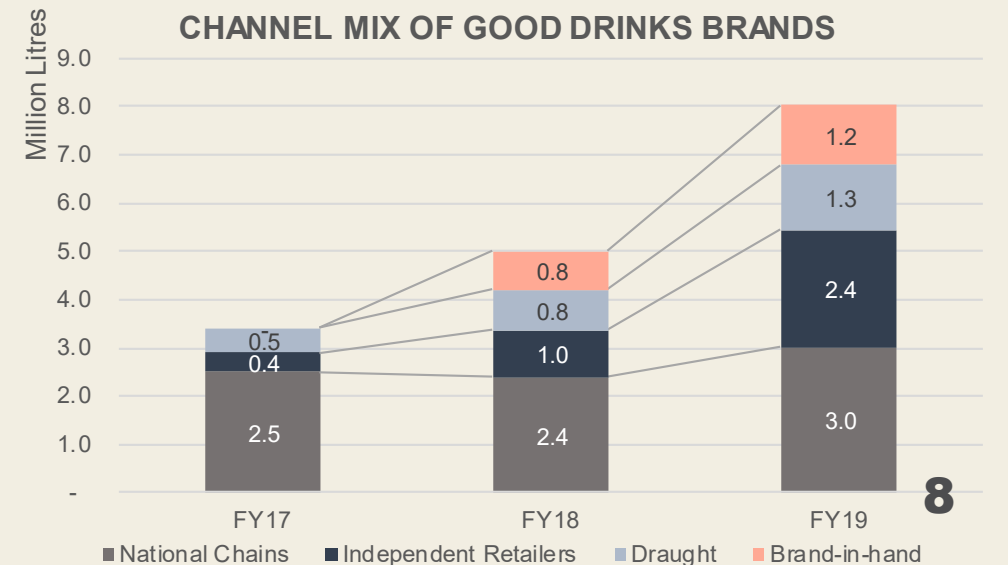
- Single Fin Summer Ale growing by 70% per annum
- WA market share grew from 18% in FY18 to 25% in FY19 (*Craft Retail Market IRi Liquor data, August 2019*)
- Green shoots on the east coast (10% volume growth)
- Total Good Drinks volume up 61% in FY19
- AQB contract volumes steady at 5m litres
- Brand-in-hand volumes to Optus Stadium and other events 1.2m L



SHIFT IN SALES MIX TOWARDS GOOD DRINKS BRANDS



CHANNEL MIX OF GOOD DRINKS BRANDS



FY19 – FINANCIAL RESULTS

- Proprietary brand volume up 61% to 8m Litres
- Revenue up 20% to \$39.7m
- Gross profit up 26% to \$25.5m[^], representing a 64% GP (up from 61% in FY18)
- Invested ahead of the curve in sales & marketing (Good Drinks team) of \$6.4m
- Successfully integrated and grown Matso's brands (circa 2 million litres per annum)
- EBITDA up 23% to \$5.5m

	FY19	FY18	Variance
Revenue	39.7	33.2	6.5
Cost of Goods	-14.2	-13.1	-1.1
Gross Profit \$	25.5	20.1	5.4
Gross Profit %	64%	61%	3%
Operating Costs	-20	-15.6	-4.4
EBITDA	5.5	4.5	1.0
NPAT	2.6	2.1	0.5
EBITDA/Litre*	\$0.46	\$0.39	\$0.07

* Excludes litres sold as part of marketing events and Optus Stadium

THE GOOD DRINKS STRATEGY COMMENCED....



GAGE
ROADS
BREWING CO

ATOMIC
BEER PROJECT



MATSO'S
BROOME BREWERY

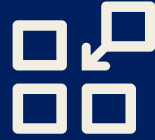
ALBY

Hello
Sunshine

THE GOOD DRINKS STRATEGY



Become #1 independent supplier to the national beer market



Brands that drive sustained margin growth



Maintain our low-cost, high quality, flexible, large-scale manufacturing advantage



Opportunities

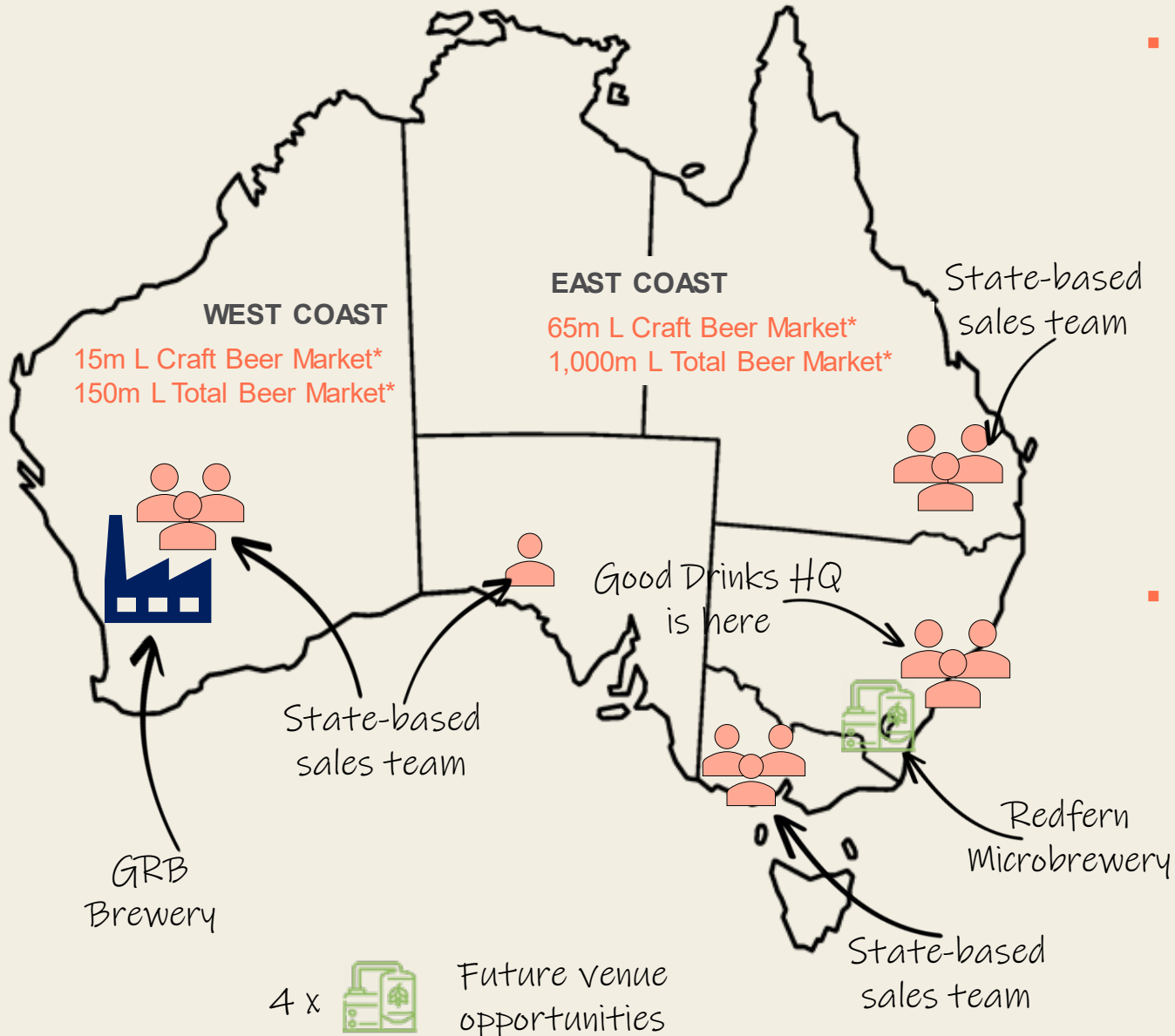
- Underweight east coast market
- Access broader categories of the liquor market



Targets

- 20-25% own-brand growth per annum
- 65-70% gross profit target
- 25-30% EBITDA growth per annum

OPPORTUNITIES

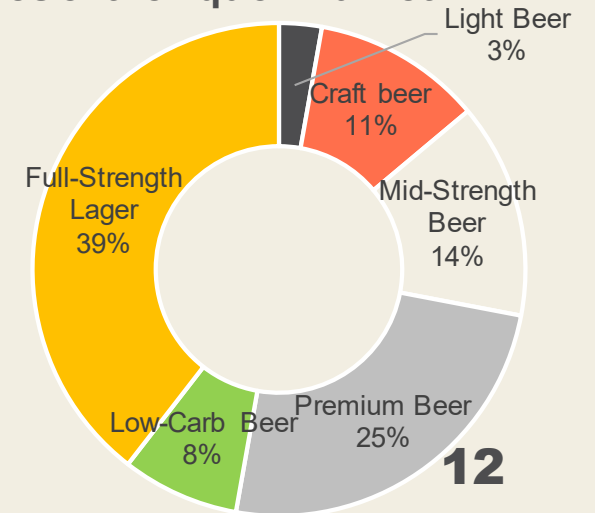


Underweight East Coast Market

- Craft beer market growing at 7-10% per annum (by volume)
- Good Drinks WA retail craft market share grown to 25%
- Good Drinks east coast retail craft market share currently at 4%
- Target east coast to add 6m L in 5 years
- Target west coast to add 4m L in 5 years
- Delivering Good Drinks a potential 10m L in incremental own brand volumes (FY19 underlying own-brand volumes: 6.8m L)

Access broader categories of the liquor market

- Cider (Hello Sunshine)
- Ready-to-drink (RTD)
 - Matso's Ginger Beer
 - Matso's Hard Lemon
- Potential International brands



*Craft Retail Market IRI Liquor data, August 2019

GOOD DRINKS PROGRESS TO DATE



Become #1
independent
supplier to the
national beer
market

■ Sales

- Grown sales team by 13 highly experienced sales professionals
- Recruited head of sales with 14+ years experience in selling and marketing liquor on a national basis
- Established Sydney-based Good Drinks head office
- Established state-based sales leadership and sales field teams
- Developed key account service capability
- Secured ranging in important east coast key accounts for this summer

■ Outlook

- Double the field team (to 50+) within 5 years
- Tier 1 sales professionals
- State-based promotional programming
- Insight and data-led decision making
- Increasing investment from \$3m in FY19 to \$8m by FY24



GOOD DRINKS PROGRESS TO DATE



Brands that drive sustained margin growth

- **Good Drinks Brands**
 - Developed 7 high margin brands in-house
 - Enhancing the brand portfolio to access broader and better mix of segments
- **Good Drinks Marketing**
 - Recruited head of sales, head of marketing with 14+ years national experience in selling and marketing liquor
 - Established state-based marketing and events resources
 - Recruited experienced brand management team
- **Outlook**
 - Investment in tier 1 marketing professionals
 - On-going marketing investment circa 8% of revenue
 - Potential acquisitions
 - Distribution partnership opportunities with international brands to increase scale
 - Further access to broader beer, cider & RTD categories
 - Access to 100% of the national retail beer market (1.16bn litres)



GOOD DRINKS PROGRESS TO DATE



Brands that drive sustained margin growth

- **Brand-in-hand marketing**
 - Optus Stadium continues to be highly successful (1m L in FY19)
 - Secured pourage rights for HBF Park & Sunshine Coast Stadium
 - Western Sydney Wanderers sponsorship
 - Secured multiple music festivals on east coast
 - Ranging secured in select airport bars nationwide
- **Venue Strategy**
 - Construction commenced in Redfern, supporting the Atomic brands on the east coast
 - Expected opening date March 2020
 - \$3.5m total investment
- **Outlook**
 - Continue to grow awareness through brand-in-hand marketing with particular focus on the east coast
 - Evaluate further venue sites in other key markets

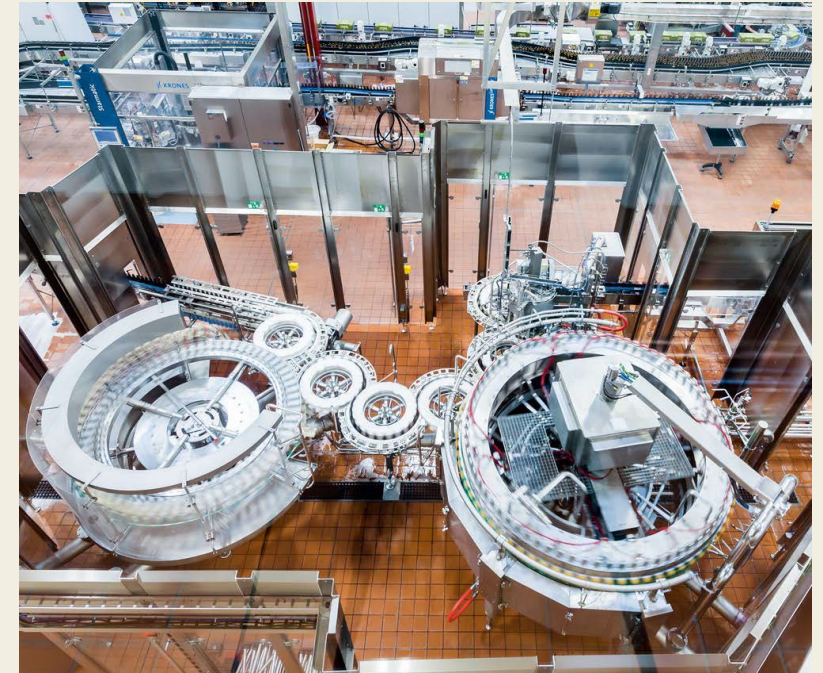
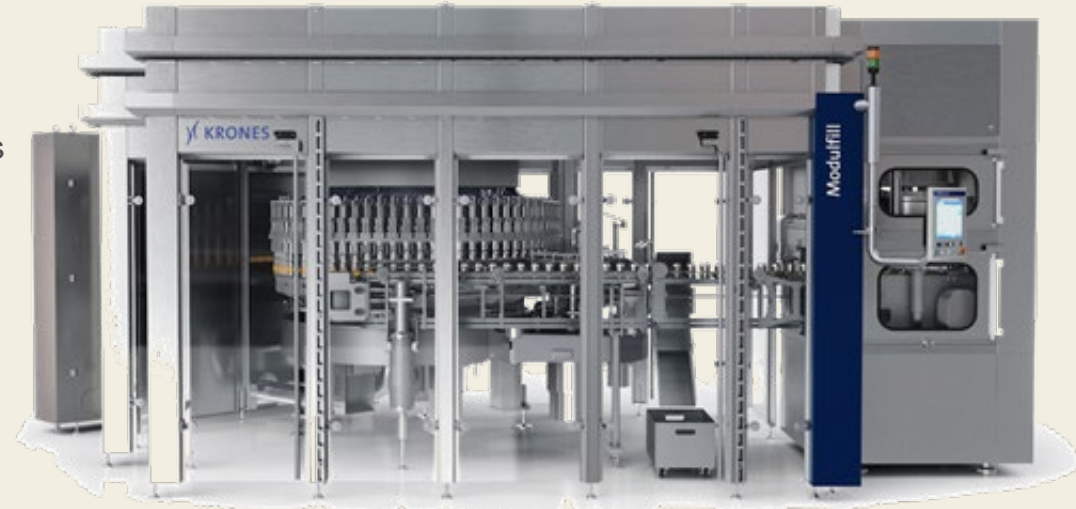


MAINTAIN LARGE AND EFFICIENT MANUFACTURING SCALE



Maintain our low-cost, high quality, flexible, large-scale manufacturing advantage

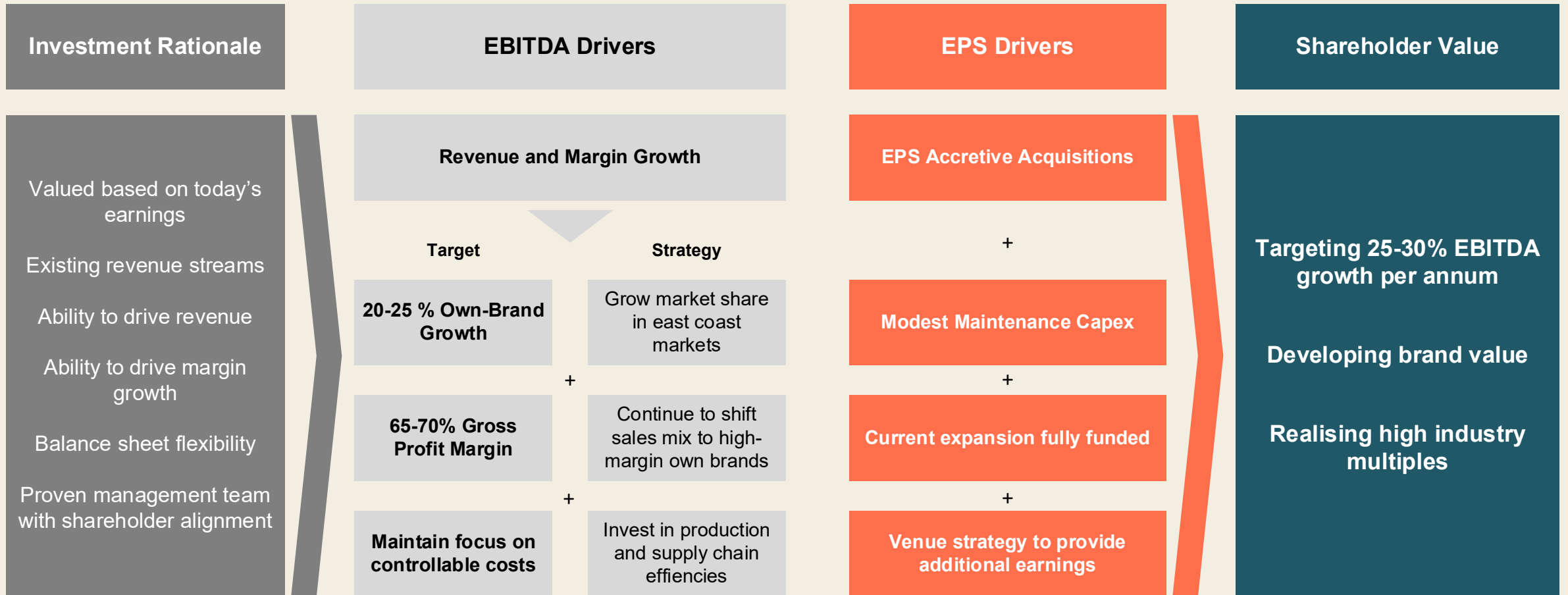
- **Brewing capability**
 - 450 unit per minute can and bottling lines
 - Aseptic filling, flash pasteurisation
 - Multiple packaging formats
 - Cold logistics capability
 - Ongoing maintenance capex (\$1 - \$1.5m per annum) to keep up with technology
- **Expansion Program**
 - Current \$8m packaging line expansion delivers manufacturing efficiencies
 - Equipment to arrive in December
 - Final commissioning expected March 2020
 - Further potential to add to capacity with minimal capex up to 20m L
- **Microbreweries and taprooms**
 - Venues up 1-3m L capacity each
 - Expected to service local markets in draught



GOOD DRINKS STRATEGY – TARGETS

Driver	Target	Plan
 <p>Volume</p>	<p>20-25% per annum growth of own brands</p>	<ul style="list-style-type: none"> Target larger east coast markets with expanded Good Drinks capabilities Potential acquisitions Distribution partnership opportunities with international brands Growing awareness through brand-in-hand marketing Craft market continues to grow at 7-10%
 <p>Gross Profit</p>	<p>65% to 70% Gross Profit Margin</p>	<ul style="list-style-type: none"> Continue own-brand growth in overall sales mix High-margin new product development COGS savings via different pack formats Draught volumes growing in overall sales mix
 <p>Good Drinks</p>	<p>#1 Independent Beer Supplier</p>	<ul style="list-style-type: none"> Best practice key account management Double (50+) field team within 5 years Marketing investment circa 8% of revenue
 <p>Venues</p>	<p>5 Venues</p>	<ul style="list-style-type: none"> Create up to 5 local brewery and taproom experiences in key markets \$0.5m EBITDA contribution per venue

SHAREHOLDER PROPOSITION



CELEBRATING 15 YEARS

Happy Birthday!

- This year Gage Roads is turning 15 years!
- To celebrate, we have released our Special Release Gage Roads Small Batch Lager in 500ml cans

The next 15 years and beyond...

- From branded house to house of brands
- At next year's AGM, the Board will propose to shareholders to formally change the name of the Company to Good Drinks Australia





**GAGE
ROADS**
BREWING CO

ATOMIC
BEER PROJECT



MATSO'S
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