



ASX ANNOUNCEMENT

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PROGRESS UPDATE - INVESTOR PRESENTATION

Please find attached an investor presentation provided by Managing Director John Hoedemaker and CFO Marcel Brandenburg in connection with a number of investor meetings held this week.

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Further information:

Marcel Brandenburg
Company Secretary
Gage Roads Brewing Co Ltd
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Gage Roads Brewing Co Limited has been one of Australia's leading craft breweries for over 14 years.

The Gage Roads craft range includes Atomic Pale Ale, Sleeping Giant IPA, Little Dove New World Pale Ale, Narrow Neck Session Ale, Breakwater Australian Pale Ale, Single Fin Summer Ale, Pils 3.5% and Small Batch Lager which have grown to become one of Australia's most popular suite of brands.

Through its contract brewing services division, Australian Quality Beverages, the Company also provides specialist contract brewing and packaging services to brand owners throughout Australia.



GAGE
ROADS
BREWING CO



RETURNING TO CRAFT

H1 FY17 PROGRESS UPDATE

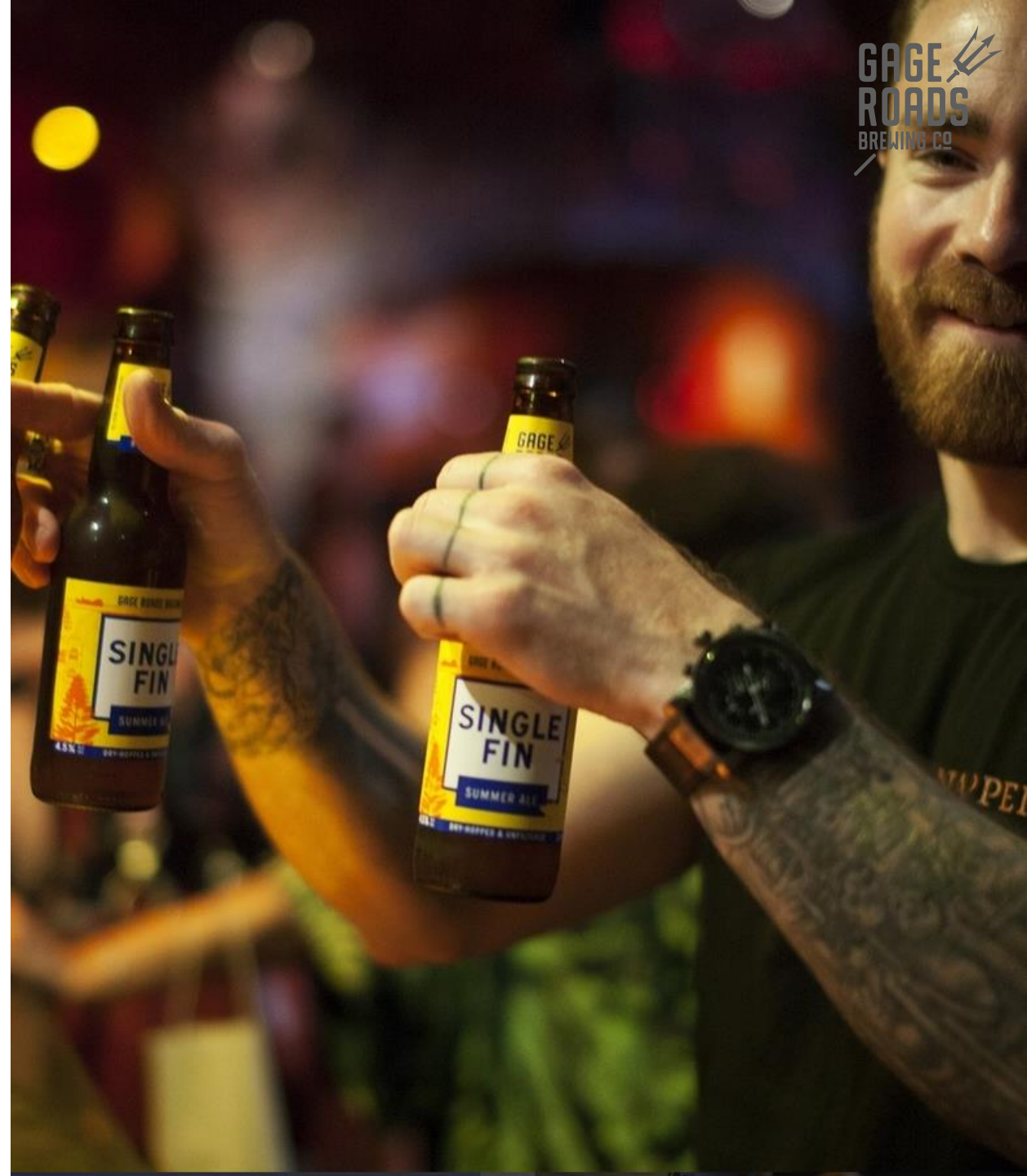
H1 FY17 HIGHLIGHTS

- EBITDA up 43% to \$2.8M (unaudited) in comparison to H1 FY16
- Gross Profit margin 55% (unaudited) up from 54% in H1 FY16
- Underlying consumer demand for Gage Roads products through the national chains up 24% to 1.3M litres
- Sales to the independent retail channel up 244%
- Draught sales to the on-premise channel up 184%



STRATEGY UPDATE

- National sales team established on schedule
- Secured national wholesale distribution through major distributors ALM and 100Proof
- Strong partnerships with key event partners
- Exclusive beer rights for Perth Fringe World, WA's largest annual event
- Sales results to new independent and on-premise markets on track
- Shift towards GRB brands improved GP margin to 55%



SALES RESULTS

- Retail sales to consumers
 - Strong consumer demand for GRB proprietary products through national retail chains, sales out of stores up 24% on H1 FY16
 - Sales of GRB proprietary products through independent trade strong, up 244% as a result of increased national distribution and underlying consumer demand
 - On-premise roll-out on track, strong distribution growth and draught sales up 184%
- Wholesale sales out of GRB
 - Total sales volume 5.6M litres down 6% on H1 FY16
 - Sales of contract-brewed products through AQB down 4%, large inventories held by contract-brewing customers at start of FY reduced during the half-year, expected to reverse in H2FY176, full-year expectations in line with committed volumes
 - GRB proprietary brand volumes (down 22%) also impacted by high inventory balances held by the national retail chains at the start of the FY, now normalised. Full-year expectations in line with committed volumes and 5-year strategy



EARNINGS RESULTS

- Unaudited EBITDA H1FY17 \$2.8M, up 43%
 - Includes \$816K Kronos compensation
 - Includes \$150K ATO Excise refund
 - Resulting in adjusted EBITDA of \$1.8M
 - 33 cents adjusted EBITDA per litre (up from 23 cents per litre FY16) on target with strategy expectations
- Revenue improved to \$13.9M (unaudited) due to shift in sales mix towards GRB products
- Marketing investment increased 78% to \$1M in line with strategy
- Shift in margin and higher concentration of GRB sales drove underlying earnings



FINANCIAL UPDATE

- \$10.1M Capital raising completed in Q2 FY17
- WOW share buy-back successfully completed
- Debt reduced from \$9.7M to \$5M and refinanced with CBA
- \$3M applied to CBA debt, lowering drawn debt to \$2m, facility limit \$5m
- Net cash inflows from operating activities \$0.4M, large debtor balances at year-end resulting from strong Christmas sales
- Strong cash reserves of \$3m at 31 Dec 17,
- Business is net debt positive



OUTLOOK

- The business will continue to implement the “Returning to Craft” strategy and deliver on its key milestones
- Continued growth into the independent retail and on-premise channels to market
- Strong underlying consumer demand in our core national retail market
- Increased marketing visibility on the east coast of Australia
- Craft market expected to continue to grow at over 20% p.a.
- AQB’s contract-brewing volumes are expected to be met or exceeded
- Earnings expectations are on track with our 5-year strategy





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Disclaimer

GRB advises that these presentation slides contain forward looking statements which may be subject to significant uncertainties out of GRB's control.

No representation is made as to the accuracy or reliability of forward looking statements or the assumptions on which they are based.

Actual future events may vary from these forward looking statements and you are cautioned not to place undue reliance on any forward looking statement.