



Gage Roads Brewing Co Ltd

Annual General Meeting

18 November 2015, 11:30AM (WST)

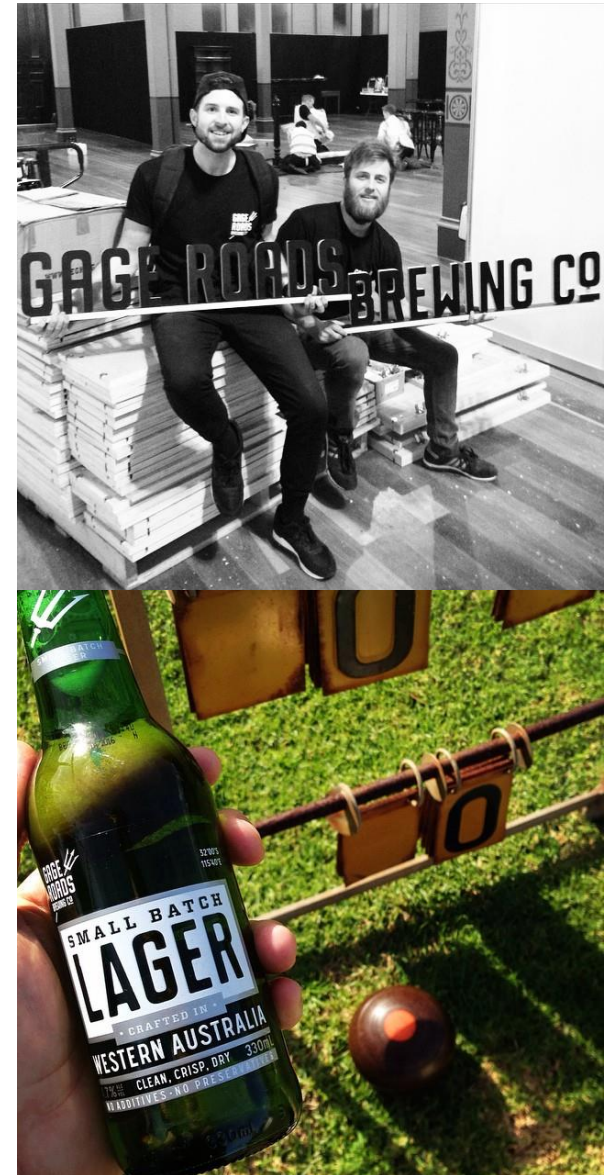
Esplanade Hotel Fremantle

John Hoedemaker

Managing Director | Gage Roads Brewing Co Ltd

Outline

- FY15 Review
- Update on Key Objectives and Strategies
- Q1 FY16
- Outlook for FY16



FY15 Review

- Total sales volume 1.4 million carton equivalents* (down 17% on prior year comparative period)
- GRB products down 7% over prior year, however, new brands gaining traction and an 18% uplift achieved in Q4 FY15 compared to Q4 FY14
- GRB draught sales up 134% over prior year comparative period.
- Revenue \$24.4 million (down 11% on prior year comparative period).
- Gross Profit margin 50.7% (up from 47.5% in prior year comparative period)
- EBITDA down 29% to \$0.61 million
- NPAT down 119% to (\$0.83 million)



FY15 Review (cont'd)

- Sales impacted by
 - material reduction of our customer's inventories
 - delays in the launch of our refreshed proprietary craft range
 - challenging market conditions, mainstream beer down 6%
- New non-executive Director Chris Baddock joined in February 2015
- Organisation wide review targeting reduced operating expenditure



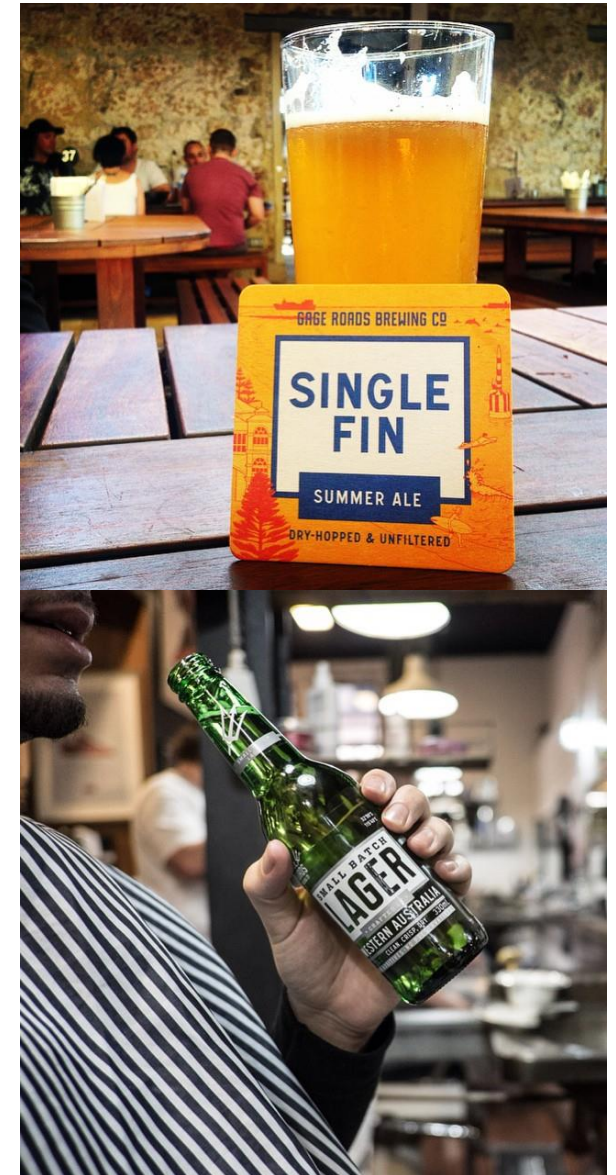
Update on Key Objectives and Strategies

Target a sales shift toward the growing higher margin craft beer segment

- Increase promotion of the Gage Roads' proprietary products
- Advance our Western Australian content based event and social media marketing strategy
- Advance our Western Australian on-premise strategy
- Expand our on-premise and marketing strategies to NSW and VIC in summer 2016
- Work with committed partners to refresh, re-position existing brands, introduce of a number of new brand opportunities and line extensions and increase promotional activity
- Target new domestic and international contract and export opportunities

Target increased overall operating efficiency and reduce operating expenditure

- Focus on production processes that improve quality
- Utilise the warehouse strategy to improve production scheduling and minimise change-overs
- Target process change to reduce waste
- Improve the HSE system
- Improve the QA system



Shifting the sales mix to higher margin products

- Increase promotion of the Gage Roads' proprietary products
 - Increased store presentation
 - 6-pack trial promotions
 - Carton price promotions



Shifting the sales mix to higher margin products (cont'd)

- Content, event and social media marketing strategy
 - Three Areas of focus
 1. Increase brand awareness
 2. Increase trial opportunities
 3. Create an engaging brand experience
 - Scale and number of partnerships and events increasing
 - Exclusive beer partner at 2015 Beaufort Street festival (circa 160,000 visitors)
 - Food and Beer festivals

10

events supported
each month (avg)

7

beer & food
festivals

5

major annual
partnerships

2700

beers served
each month

1500

people engaged each month



Shifting the sales mix to higher margin products (cont'd)

- On-Premise strategy
 - Sales up 467% (Q1 FY16 over PYCP)
 - Tap points take up exceeds expectations to date
 - Secured iconic WA venues
 - Expanding to NSW and VIC in summer 2016
 - Brand Ambassador team expanding



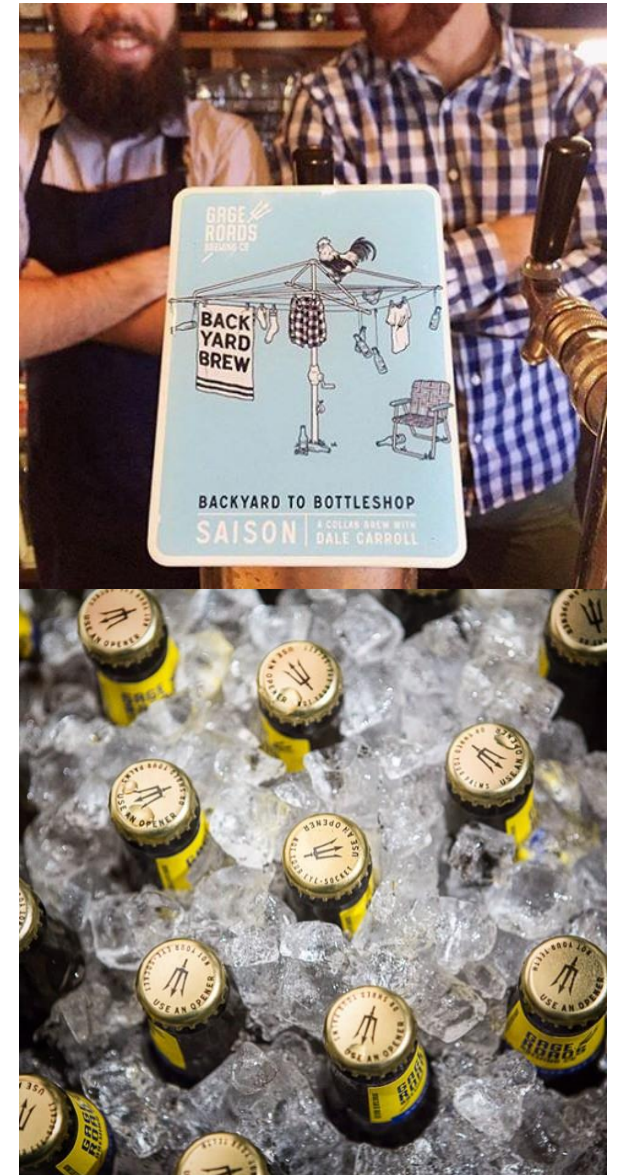
Shifting the sales mix to higher margin products (cont'd)

- Working with our partners to
 - Refresh brands
 - Reposition existing brands
 - Introduce new brands
- New line extensions for Gage Roads' products
- New domestic and international contract and export opportunities are emerging



Increase operating efficiency and reduce costs

- ✓ Improved Right-First-Time KPI
- ✓ Target process change to reduce waste
- ✓ Improved HSE system
- ✓ Improved quality assurance systems
- ✓ Current variable cost structure 20% down on PYCP
- ✓ Improved overall operating efficiency



Q1 FY16

- Q1FY16 provides insight to our new FY16 Strategy
- Increased profitability despite lower sales
- Unaudited EBITDA up 100%
- Targeting higher margin products
- Carton and keg sales of Gage Roads' proprietary products up 240%
- Total sales volume down 12% on prior year comparative period to 360k carton equivalents
- Sales of Australian Quality Beverages down 33%



Outlook for FY 16

- The management team will continue to focus on re-setting the sales and operational structure to deliver earnings growth at modest volumes.
- Shift in sales mix underpinned by growing sales of Gage Roads' proprietary brands post refresh and repositioning, coupled with improved support from our retail partner.
- Major customers have worked to refresh and reposition existing brands, introduce a number of new brands and line extensions and increase promotional activity.
- The business is well placed to take advantage of the continuing growth of the domestic craft beer market.
- The Company has worked to exceed its 50% gross profit margin target.
- New export opportunities are emerging.
- Improvements in overall operating efficiencies, quality and HSE are expected to continue to deliver an improved variable cost structure per carton.
- To provide certainty over the longer term sales outlook, the Company is in discussions with its major contract partners to extend the term of its supply agreements beyond FY17.



— CRAFTED IN —
**WESTERN
AUSTRALIA**

