

Moa Brewing Company

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MOA Brewing Co update – MOA now growing at three times the rate of the New Zealand Craft Beer Market.

Moa Brewing Company (NZX;MOA) gives a market update in advance of its first half results.

Whilst the final half year results will be confirmed late this month, the company is now in a position to give a general update and comment on its wider performance.

At our recent Annual General Meeting we outlined five key strategies and we now provide a progress update on each of those.

1. NZ Distribution

In June this year MOA embarked on a sales and distribution venture with the New Zealand arm of US beer and wine powerhouse, Constellation Brands. Whilst a US Company, Constellation is the number 3 wine company in New Zealand with brands including Selaks, Kim Crawford and Nobilo. MOA is the number 3 craft beer supplier. MOA saw this venture as an opportunity to significantly increase its sales force size which means a greater market reach and a higher frequency of sales calls and more weight 'at the table' with our key customers. The venture is called MoBev, short for 'Moments and Occasions' in Beverage. Six months in, MOA is very encouraged by the results and it's helping drive results in the NZ market. MOA Executive Chair, Geoff Ross said 'the venture always looked good on paper, the real test comes though from the sales results themselves and from what our customers say. Both ourselves and Constellation are very happy with how MoBev is performing. Liquor buyers know that consumers buy across both beer and wine so having a partner like Mobeve makes it easier for them and means we can activate across both categories effectively.'

This new sales venture and also the new products from MOA have driven strong growth domestically of late. Recent market data from AC Nielsen shows that, in Grocery, MOA grew at 25% in the recent quarter (August 2018) and is accelerating from its six month growth rate at 16%. MOA is now experiencing the strongest growth of the top 4 craft brands at a rate three times the craft beer category. MOA continues to be the largest New Zealand owned brewer and one of only two New Zealand owned brands in the top 10.

2. Innovation

The other key driver of growth has been the success of MOA's new products. Since late in 2017 MOA has launched Station IPA, Dry Hopped Pilsner and Big Sky APA in 12 packs. One of the key strategies was to improve share of the company in the 6 pack segment, so MOA also launched a new range of 6 pack cans. MOA is number one in 500ml singles and to strengthen this MOA added a further collaboration with Lewis Rd (Milk Chocolate Espresso), a West Coast IPA winner McMoA, and a Mandarin IPA. To keep up with this recent success over summer MOA has launched a Lime Pilsner and its first charitable beer 'Legasea Lager' to support Legasea who campaign for healthy recreational fishing stocks. And soon to launch will be a Rose Cider.

One of our proudest moments this year was when MOA Southern Alps White IPA recently was judged New Zealand's best beer at the New Zealand beer awards.

Lastly, Constellation Brands have appointed MOA as the NZ distributor for their US Craft Beer brand – Ballast Point. This was launched into the NZ market in September 2018.

3. Export

Key cities in China and Asia, are the main focus of MOA's export strategy where the company targets unique New Zealand centric brews, such as the world's first 'Deer Velvet Beer' which is now in China, alongside the core range of products we sell in New Zealand. Moa features in cities like Beijing in Gung Ho Pizza outlets, Hong Kong in retail outlets supported by the new initiative of the MOA Adventure Club and Singapore in a range of supermarkets, bars and restaurants.

4. Brewing & Logistics Costs

With increased volumes and greater efficiencies, we continue to reduce our costs in materials and packaging and have recently moved more of our higher volume brews to third parties with more efficient equipment to reduce cost.

5. On Premise

Last summer we extended our Cellar Door, located in the midst of Marlborough Wine country, so we can cater for more people and with a full food offer. Sales are growing at over 35% with a steady stream of locals and many tourists.

Bars and restaurants continue to be important places to help build our brand. Recently MOA have secured a new strategic venue in Auckland. MOA will be the exclusive Craft Beer and Cider at a large water front bar and restaurant complex. This ten restaurant venue will be part of the launch of Auckland's new Fish Market and see's MOA working with one of NZ's top hospitality companies where we are excited about the prospect of further opportunities.

We are working on two further large hospitality deals to close before the end of the calendar year.

The full financial results will be released at the end of the month. The top line results will likely show minor revenue growth overall, as last year MOA distributed the Parrot Dog brand which was discontinued late last year. The underlying growth in the MOA brands is at over 20% on LY and we expect to show an improvement in earnings.

With beer and cider summer is the key season. With our core strategies in play for summer we feel we are in a strong position. Ross adds 'our core business has some great momentum of late which we plan to build on this summer'. On the back of this growth and the summer lift, MOA expects the second half of this year to be near breakeven.

MOA will report its H1 results late this month and then give another market update post summer trading in March.

For more information:

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