



ASX ANNOUNCEMENT

16 October 2017

P +61 8 9314 0000
F +61 8 9331 2400
info@gageroads.com.au

Gage Roads Brewing Co Ltd
14 Absolon St, Palmyra
Western Australia 6157

PO Box 2024 Palmyra DC
Western Australia 6169

ABN 22 103 014 320
ASX: GRB

INVESTOR UPDATE Q1 FY18

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
Tel: (08) 9314 0000

John Gardner
Media/Investor Relations
Citadel-MAGNUS
0413 355 997

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.

A close-up photograph of a hand pouring beer from a wooden barrel into a glass. The hand is holding a glass filled with beer, and the beer is being poured from a wooden barrel. The background is dark and out of focus.

GAGE
ROADS
BREWING CO



GRB PROPRIETARY BRANDS STRATEGY

Investor update Q1 FY18

16 October 2017

THIS IS GAGE ROADS BREWING CO.

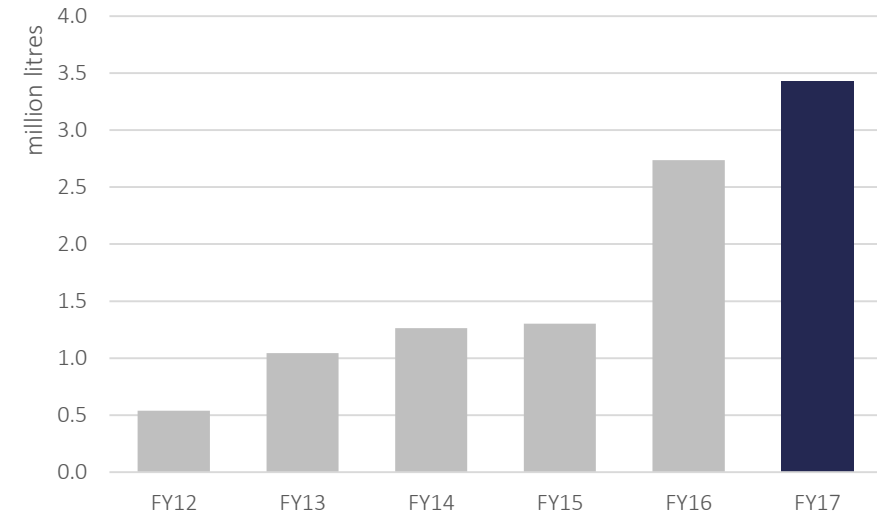
A Proven Track Record

- 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

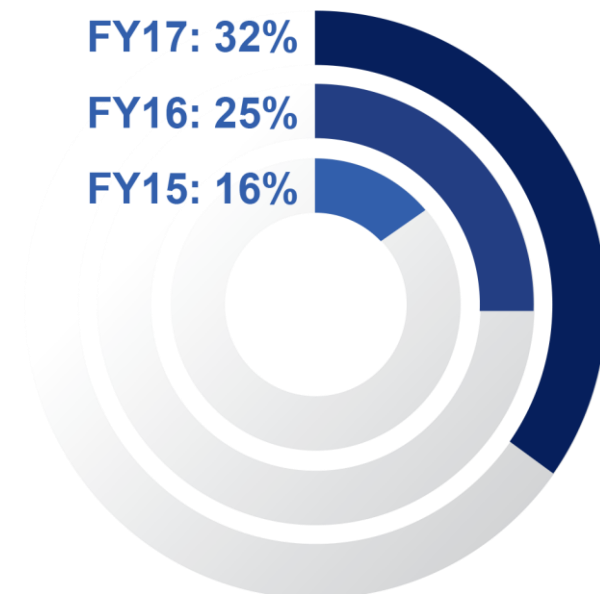
Proprietary Brand Strategy

- 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



THE AUSTRALIAN CRAFT BEER MARKET

Craft Beer In Growth

- The Australian Craft beer industry is enjoying strong tail winds as consumers shift preferences away from mainstream beers to craft brands, now accounting for 11%* of the industry, up from (2%* in 2012)
- Major brewers have attempted to claw back market share and product relevance through acquisition of craft brands i.e. Little Creatures by Lion (2012), Mountain Goat by Asahi (2015), Byron Bay Brewing by Lion (2016), 4 Pines by AB-Inbev (2017), Feral Brewing by Coca-Cola Amatil (2017)
- Organic and non-organic growth opportunities emerging in the Australian craft beer market, nationally over 230 craft brands established*

Key statistics

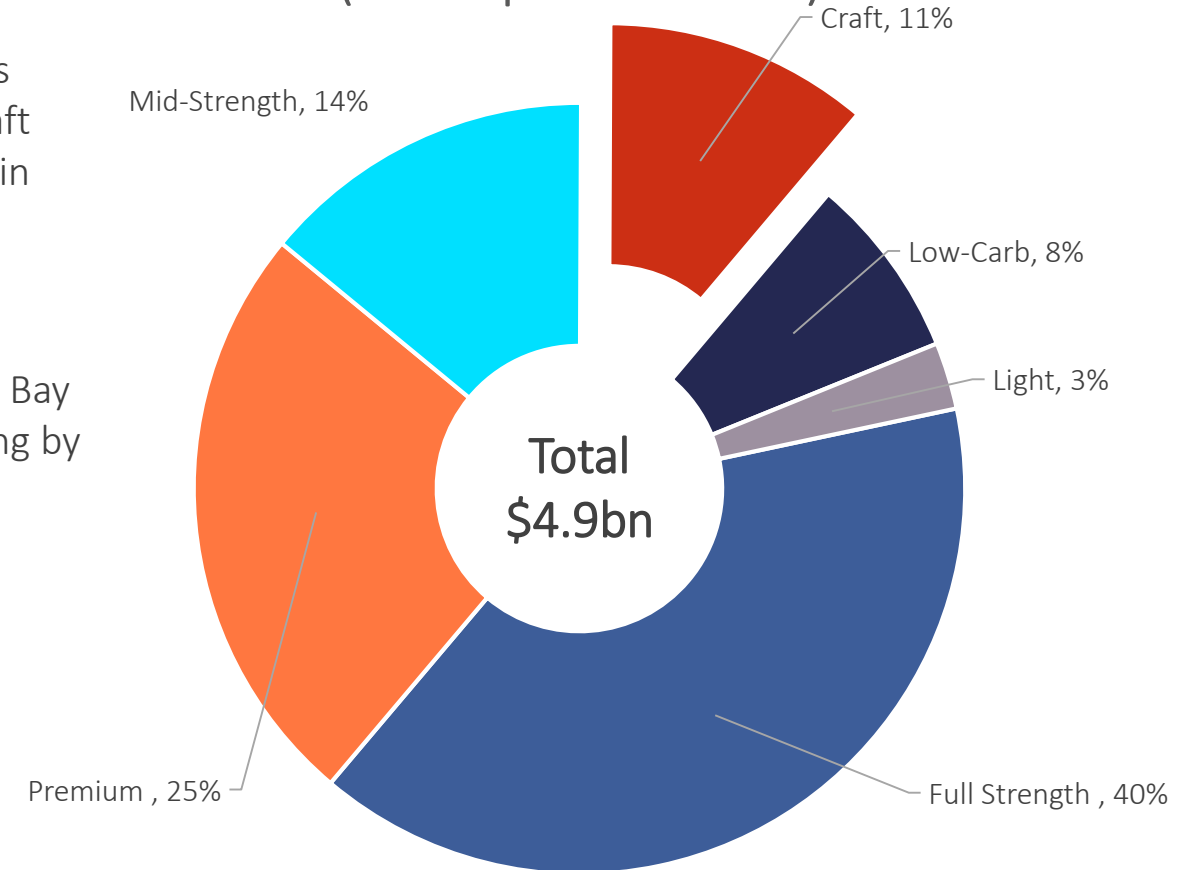
- Craft beer market growing at 16%^ (3-year CAGR)
- Total Beer market \$4.9bn*, growing 2%^ (5-year CAGR)
- Craft beer market volume expected to grow to 12-15%* of the overall market within 5 years (US Market 17-20%)

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*Source: IBISWorld

^Source: Aztec Australia

Australian Beer Market by Product Segment
(as at September 2017*)



BEERS WORTH DRINKING

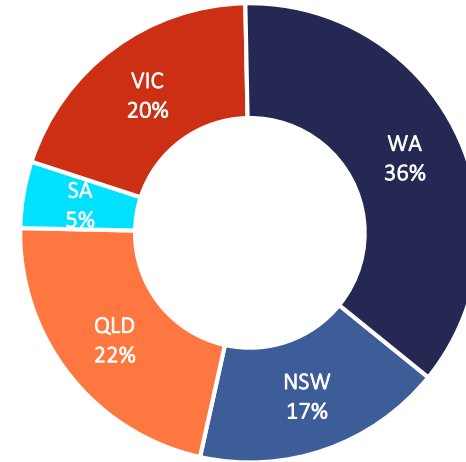
Great Products

- GRB has suite of recognisable beers in the market
- Progressive, modern marketing strategy
- National craft range positioned for high volume potential
- Packaging with strong shelf presence
- Craft beer delivering strong margins
- Majority of major craft brands are owned by the big brewers, consumers value and support independents

In Growth

- Currently, a strong market has been developed in the national chains (secured contractually)
- 16 months into 5-year Proprietary Brands Strategy achieving strong growth in new independent retail and on-premise markets
- Q1 FY18 independent channel sales up 251%
- Q1 FY18 draught sales up 81%
- 5th largest craft brand in Australia in FY17 (4.26% of craft beer market share), up from 6th place in FY16 (3.9% of craft beer market share)

Gage Roads Proprietary Brands Sales by Region FY17 (Source: Internal Data)



Australian Craft Retail Market (Source: Aztec Australia)

Rank	Company	Range	Market Share
1	Lion	James Squire Brands	31.06%
2	AB InBev	Yak Ales Brands	16.07%
3	Lion	Little Creatures Brands	8.32%
4	Asahi	Cricketers Brands	4.48%
5	Gage Roads Brewing Co Ltd	Gage Roads Brands	4.26%
6	Asahi	Mountain Goat Brands	3.48%
7	Endeavour Drinks Group	John Boston Brands	3.09%
8	AB InBev	4 Pines Brands	1.83%
9	Stone & Wood	Stone & Wood Brands	1.58%
10	Coca Cola Amatil	Yenda Brands	1.43%
11	Coca Cola Amatil	Feral Brands	1.19%
12	Rebellion Brewing	Obrien Brands	1.16%
13	Matso's Broome Brewery	Matso's Brands	0.92%
14	Bridge Road Brewery	Bridge Road Brands	0.80%
15	Lion	Kosciuszko Brands	0.74%

LOOKING AHEAD

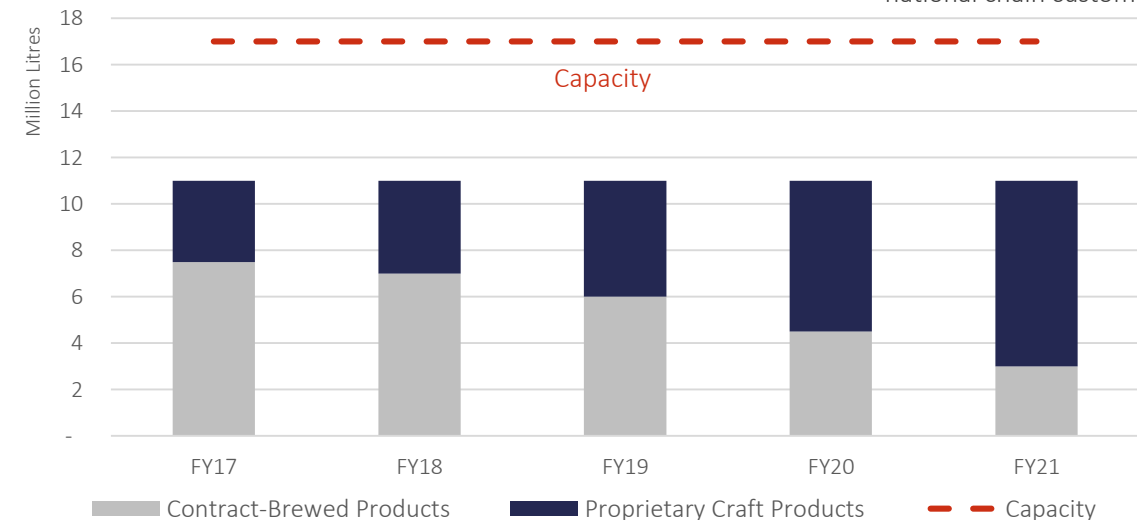
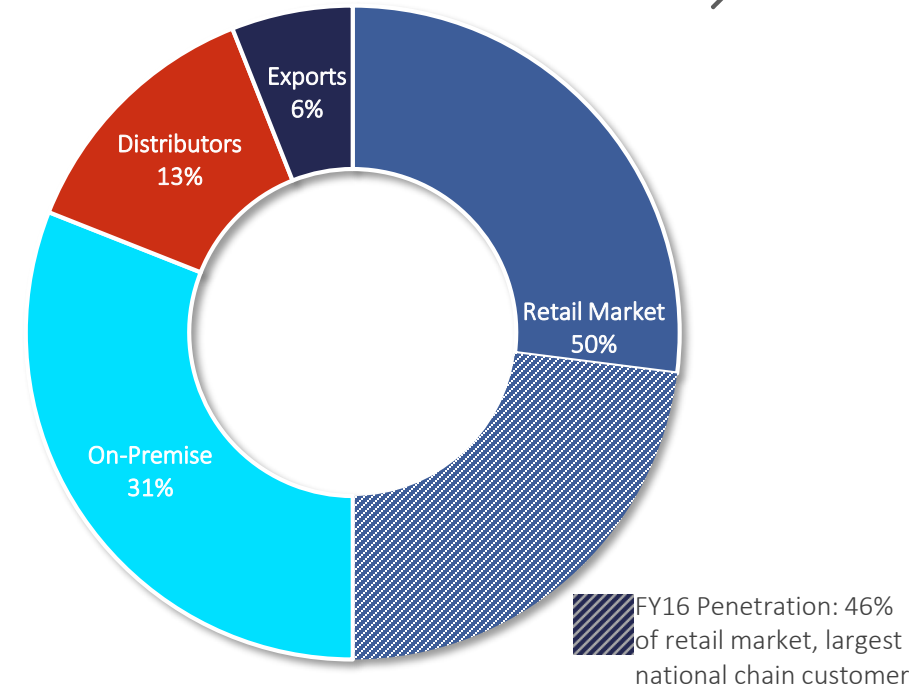
- Growing craft beer market (16% 3-year CAGR[^])
- Current channel revenues secured via supply agreement
- Unlock the other half of the retail market (Independent channel, other national chains)
- Unlock the on-premise market (31% of total beer market*)
- Convert current volumes (11 million litres p.a.) to
 - higher-margin own brand range
 - higher margin draught volume
 - wider independent retail channel
- Scale to over-deliver 6 million litres with additional available capacity
- Perth Stadium to significantly increase consumer awareness

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*Source: IBISWorld

[^]Source: Aztec Australia

Australian Beer Market*



KEY LEADING INDICATORS

1. Annual growth in our proprietary brands
2. Continued change in distribution mix
3. Improvement in gross profit margin
4. Increased sales & marketing efforts
5. Sustained growth of craft beer market
6. Improvement in EBITDA/litre



FY17 PROGRESS



* Includes sales & marketing salaries and distribution costs



Q1 FY18 UPDATE

- Appointed as exclusive supplier of beer and cider to Perth Stadium
- GRB Sales to independent retailers up 251% compared to Q1 FY17
- GRB sales to national chains seasonally lower in Q1, higher activity during remainder of the year expected to meet FY18 sales ambitions and growth targets
- Gage Roads draught sales up 81% compared to Q1 FY17
- Applied surplus cash of \$2m to pay down remaining debt



SUMMARY





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