



ASX ANNOUNCEMENT

18 June 2020

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GOOD DRINKS BUSINESS UPDATE

Gage Roads Brewing Co Ltd
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ABN 22 103 014 320
ASX: GRB

Gage Roads Brewing Co Ltd (ASX: GRB, Gage Roads, the Company) is pleased to provide the market with a business update.

Please see the attached presentation for details.

- ENDS-

This announcement has been authorised by the Board of Directors.

Further information:

Marcel Brandenburg
Company Secretary
Gage Roads Brewing Co Ltd
Tel: (08) 9314 0000

Gage Roads Brewing Co Limited is one of Australia's leading craft breweries. Since commencing brewing operations in 2004, Gage Roads Brewing Co Limited has been at the forefront of the thriving craft beer industry, producing some of Australia's most popular beer and cider brands including Alby, Hello Sunshine, Atomic Beer Project, Matso's Broome Brewery and the Gage Roads range of craft beers.

Gage Roads Brewing Co's distribution extends across Australia through its national sales and marketing team, Good Drinks Australia, providing its portfolio of award-winning beer and cider to Australia's leading retailers and hospitality venues.



GOOD DRINKS BUSINESS UPDATE

Gage Roads Brewing Co Ltd (ASX: GRB)
June 2020



EXECUTIVE SUMMARY

- COVID snapshot – stayed the course
- Strong sales recovery in May and June outperforming the market, expected to carry over to FY21
- Good growth achieved in key east coast markets – delivering on strategy
- Strong keg demand though re-opening of on-premise trade sooner than expected
- Key account partnerships strengthened during COVID
- Exciting new brands developed for Summer 2021 with national key account ranging secured
- Cost savings from newly commissioned packaging lines being achieved
- June sales surging in WA while competitors are experiencing shortages and logistical challenges



COVID SNAPSHOT

■ On-Premise Sales

- H2 impacted through loss of keg sales for April and May with returned kegs credited to support customers
- Stadium volumes affected and terms renegotiated to ensure minimal financial impact
- On-premise restrictions eased faster than expected and consumer confidence saw keg sales surge in June as competitors failed to supply
- With strong on-going June sales, the net impact of COVID on draught volumes will be determined at year-end

■ Off-Premise Sales

- Strong consumer demand for packaged goods in March followed by softer sales in April as consumption occasions diminished during COVID restrictions
- Demand in May and June coming back online and volumes are normalising
- H2 pack volumes are in line with pre-COVID expectations

- Brewery operations relatively unaffected during heightened restrictions, performing well

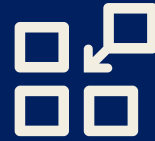
- We stayed the course and FY21 strategy remains on track



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

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



5-year targets

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

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Become #1
independent
supplier to the
national beer
market



Untapped east
coast market



■ Sales Momentum

- Good Drinks continued to service customers effectively during COVID impact, strong improvement in in-store execution
- Achieved stronger business partnerships with key retailers
- Excellent growth in ranging and distribution
- East Coast strategy execution yielding strong results
- Total Good Drinks brands up 25% YTD
- Positive momentum for FY21 – COVID recovery



GOOD DRINKS BUSINESS UPDATE



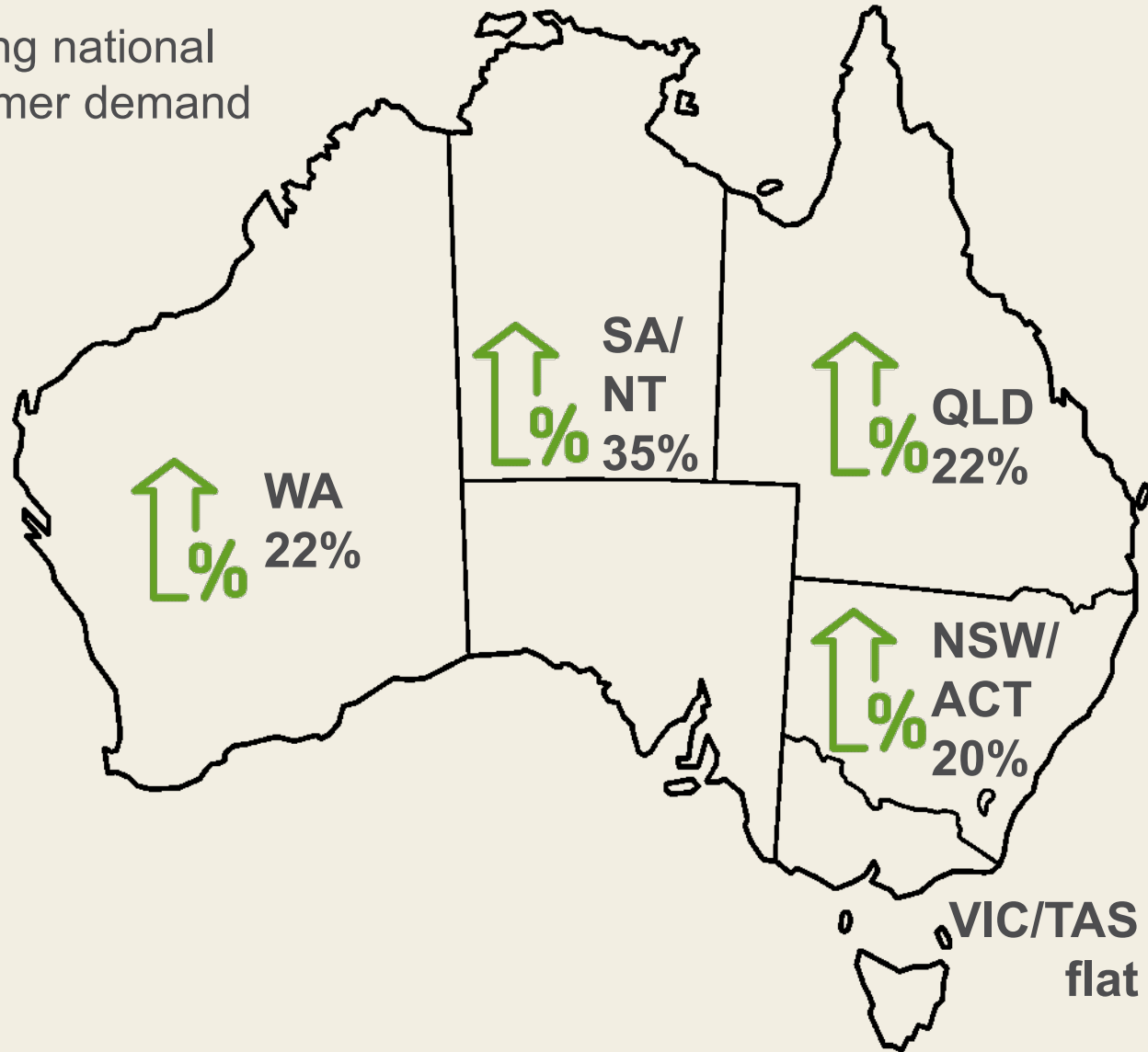
Become #1 independent supplier to the national beer market



Untapped east coast market



Growing national consumer demand



GOOD DRINKS BUSINESS UPDATE



Brands that drive sustained margin growth



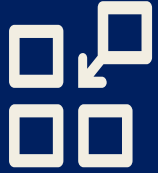
Access broader categories of the liquor market

■ Brand innovation

- 3 innovative Matso's brands developed in emerging alcoholic flavour segment
- Secured national ranging with key retail partners
- 1 new core Gage Roads brand to be launched August 2020
- 2 Limited releases sold out
- Targeting sustained margin growth
- Accessing broader categories in the liquor market



GOOD DRINKS BUSINESS UPDATE



Brands that drive sustained margin growth



Untapped east coast market



■ Atomic Beer Project

- Brewery and taproom in Redfern NSW ready to start trading
- Test brewing and commissioning complete
- COVID restrictions delayed launch
- Target opening September

■ Venue Strategy

- Creates relevance for our brands in key markets
- Authentic brand experiences drive consumer awareness and trial
- Evaluating further sites in NSW, QLD and WA



GOOD DRINKS BUSINESS UPDATE



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

■ Operations Performance

- Maintained production during COVID
- Newly commissioned bottling and canning lines running efficiently
- Achieving improved variable costs
- Cold logistics capability fully operational – optimises production
- Maintained continuity of supply a strong competitive advantage during COVID
- Please click [here](#) for a brief video of the bottling line



OUTLOOK

- COVID mainly impacted draught sales, pack sales largely unaffected
- Draught sales now back on track
- Keeping sales team engaged with customers delivered even stronger relationships and set the foundation for FY21
- National core ranging of new products locks in sales uplift for FY21
- Strengthened customer partnerships, strong brand health and easing of COVID restrictions provides optimism to deliver on strategic goals in FY21





GAGE
ROADS
BREWING CO

ATOMIC
BEER PROJECT



MATSO'S
BROOME BREWERY

ALBY

Hello
Sunshine