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

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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

## ASX ANNOUNCEMENT

19 November 2020

### MANAGING DIRECTOR'S AGM ADDRESS TO SHAREHOLDERS – ANNUAL GENERAL MEETING 2020

Please find attached Managing Director John Hoedemaker's presentation to Shareholders at today's Annual General Meeting.

-END-

This announcement has been authorized by the Company Secretary.

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, Atomic Beer Project, Hello Sunshine, 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.

Marcel Brandenburg  
Company Secretary  
Gage Roads Brewing Co Ltd  
(08) 9314 0000  
[investors@gageroads.com.au](mailto:investors@gageroads.com.au)

Jamie Burnett  
Communications Manager  
Gage Roads Brewing Co Ltd  
0402 882 009  
[jamieburnett@gooddrinks.com.au](mailto:jamieburnett@gooddrinks.com.au)



# ANNUAL GENERAL MEETING 2020

GAGE ROADS BREWING CO LTD

*“The Good Drinks Team enables us to create, market and widely distribute brands to 100% of Australia’s liquor market and will be our most sustainable competitive advantage” – John Hoedemaker*



Annual **2020**  
General Meeting



# IAN OLSON

CHAIRMAN



# PROXY VOTING SUMMARY

Resolution	Item	For	Against	Discretionary
Resolution 1	Adoption of Remuneration Report	579,876,603	16,200,286	1,380,700
		97.06%	2.71%	0.23%
Resolution 2	Change of Company Name	709,133,407	10,807,682	1,493,658
		98.29%	1.50%	0.21%
Resolution 3	Re-election of Director – Robert Gould	549,890,515	4,961,645	1,531,496
		98.29%	0.89%	0.28%
Resolution 4	Ratification of Prior Issue of Placement Shares	240,448,579	64,545,555	1,531,094
		78.44%	21.06%	0.51%
Resolution 5	Re-Adoption of Executive and Employee Share Plan	386,969,193	20,250,151	1,760,094
		94.62%	4.95%	0.43%
Resolution 6	Issue of Shares to Graeme Wood	318,673,730	180,616,497	1,725,095
		63.61%	36.05%	0.34%

# RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

***“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2020.”***

**Note:** the vote on this Resolution is advisory only and does not bind the Directors or the Company.

## **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- b) the voter is the Chair and the appointment of the Chair as proxy:
- c) does not specify the way the proxy is to vote on this Resolution; and
- d) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## RESOLUTION 2 – CHANGE OF COMPANY NAME

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, with effect from date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Good Drinks Australia Ltd.”*

## RESOLUTION 3 – RE-ELECTION OF DIRECTOR ROBERT GOULD

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To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Robert Gould, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

# RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 100,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”***

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

# RESOLUTION 5 - RE-ADOPTION OF EXECUTIVE AND EMPLOYEE SHARE PLAN

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“That, for the purposes of ASX Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to re-adopt an employee incentive scheme titled Executive and Employee Share Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person eligible to participate in the employee incentive scheme or an associate of that or those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



# RESOLUTION 6 - ISSUE OF SHARES TO MR GRAEME WOOD

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue and allot 3,000,000 Shares to Mr Graeme Wood or his nominee under the Executive and Employee Share Plan and to grant an interest free loan in relation to the subscription price of the Shares on the terms and conditions set out in the Explanatory Statement”.***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Graeme Wood) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

# John Hoedemaker

MANAGING DIRECTOR



# The year in review

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- Built up significant stock levels in the lead up to summer production shutdown
- Shut down production during January and February to implement \$8m packaging line expansion program
- Successfully installed and commissioned new bottling and canning lines
- Successfully implemented cold-store capability and streamlined logistics
- Built and commissioned \$5m *Atomic Beer Project* venue in Redfern
- Secured site for *Gage Roads A-Shed* venue in Victoria Quay, Fremantle
- FY20 EBITDA \$0.6M, COVID impact circa -\$3m
- Invested ahead of the curve in sales & marketing (Good Drinks team)
- Set up for success in FY21





# Q1 FY21 PERFORMANCE

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- Our best start to a financial year
- Total Good Drinks volume up 118%
- Excellent momentum to continue growth in upcoming summer months
- Strong execution in retail and on-premise
- Good Drinks is the #1 independent craft supplier
- Single Fin is now the #2 biggest craft beer in WA (#6 nationally)
- *Atomic Beer Project* venue trading ahead of expectations



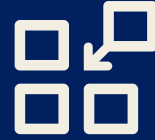
Source: AZTEC Information Services - SCAN,  
Australian Craft Beer, Data to: 4/10/2020



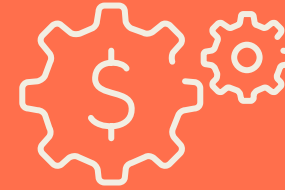
# THE GOOD DRINKS STRATEGY (+10M L GOOD DRINKS BRANDS)



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



## Targets

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

# STRATEGY ON TRACK + 10ML IN 5 YEARS

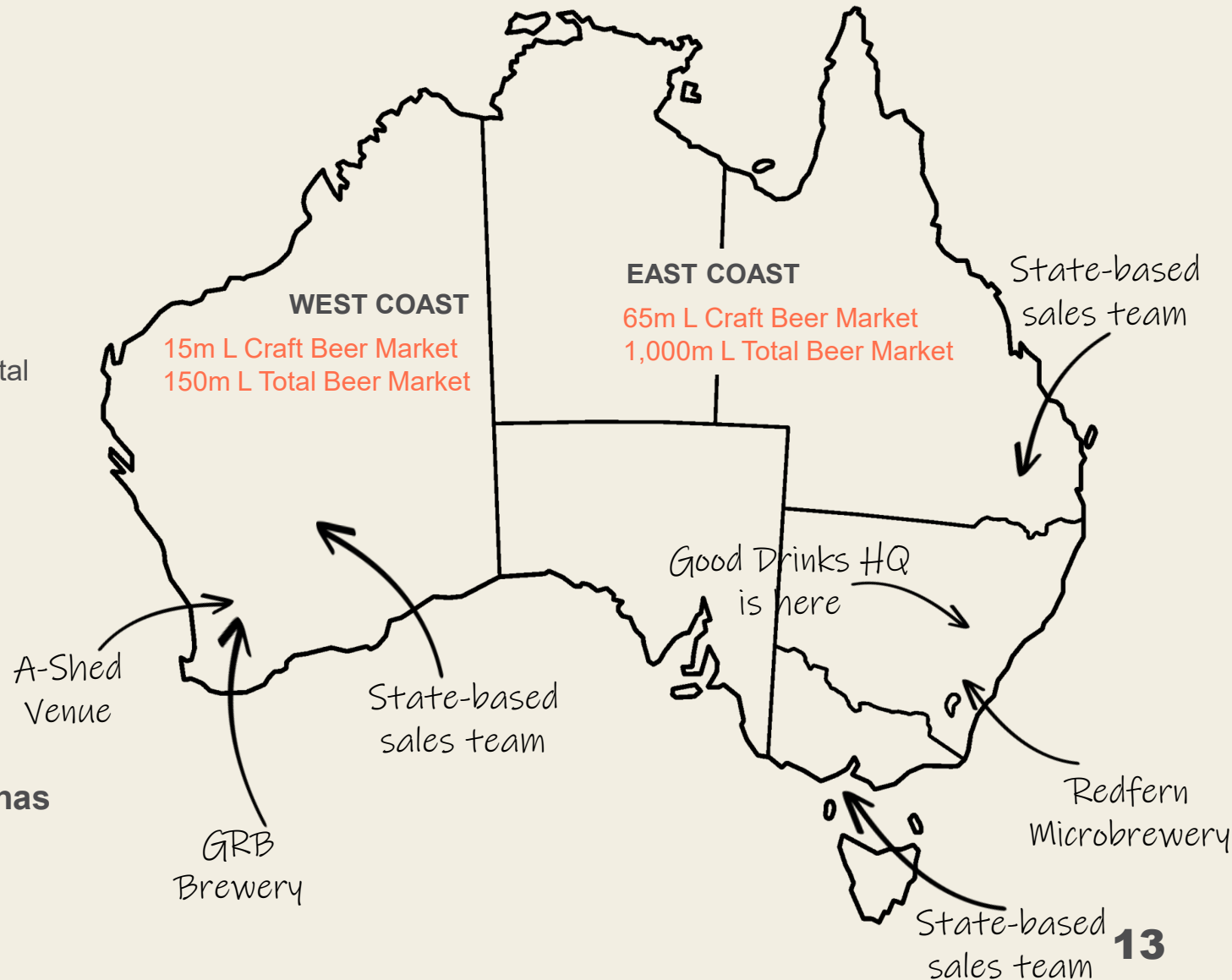
## ■ Untapped East Coast Market

- Craft beer market growing at 7-10% per annum (by volume)
- WA market grown to 25% market share
- East coast currently at 4% market share
- Target east coast to add 6m L in 5 years
- Target west coast to add 4m L in 5 years
- Delivering Good Drinks a potential 10m L in incremental own brand volumes

## ■ Access broader categories of the liquor market

- Ready-to-drink (RTD)
  - Matso's Ginger Beer
  - Matso's Hard Flavours
- International brands – San Miguel

## ■ The financial performance over last three years has been suppressed as we invested ahead of sales





# GOOD DRINKS MANUFACTURING SNAPSHOT



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

- Currently scheduled to produce 9mL in H1 FY21
- Highly flexible plant & equipment, up to 45 different SKU's
- Canning, bottling and kegging lines running efficiently
- Recent \$8m packaging line expansion delivers variable production cost savings of 4 c/Litre (13%)
- Cold store capability provides quality, production and logistical benefits
- Maintained low COGS





# GOOD DRINKS SALES SNAPSHOT



Become #1 independent supplier to the national beer market

- Strong banner promotional programs and activations in place
- Pipeline new product development hit for key trading period (Christmas)
- National chains growing, margins stable
- Draught up 25% WA, 18% NSW, 70% QLD
- Liquid on lips of the back +500 new taps nationally
- Incremental +2.5m schooners in FY21
- Good Drinks is now #1 independent craft supplier\*
- Single Fin is now the #1 biggest independent craft beer in WA (#2 nationally)\*



\*Source: AZTEC Information Services - SCAN, Australian Craft Beer, Data to: 4/10/2020





# GOOD DRINKS MARKETING SNAPSHOT



Brands that drive sustained margin growth

- Brands segmented to capitalise on category growth
- Gage Roads* master brand identity and product range refreshed
- Matso's* master brand identity and product range refreshed
- Atomic* new pack format into cans
- New product development driving innovation (*Matso's* Hard Flavours)
- 5 limited releases
- Traditional outdoor campaign commencing November
- Events and venue strategy increase brand awareness

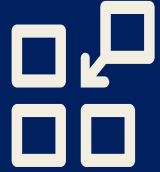


ATOMIC BEER PROJECT



MATSO'S BROOME BREWERY

# GOOD DRINKS VENUE SNAPSHOT



Brands that drive sustained margin growth

- Venue strategy to connect consumers with our brands, increasing awareness, driving retail sales
- 55% increase in distributions since *Atomic Beer Project* opened
- *Gage Roads A-Shed* venue expected to open next summer
- Potential for additional venues in QLD, NSW

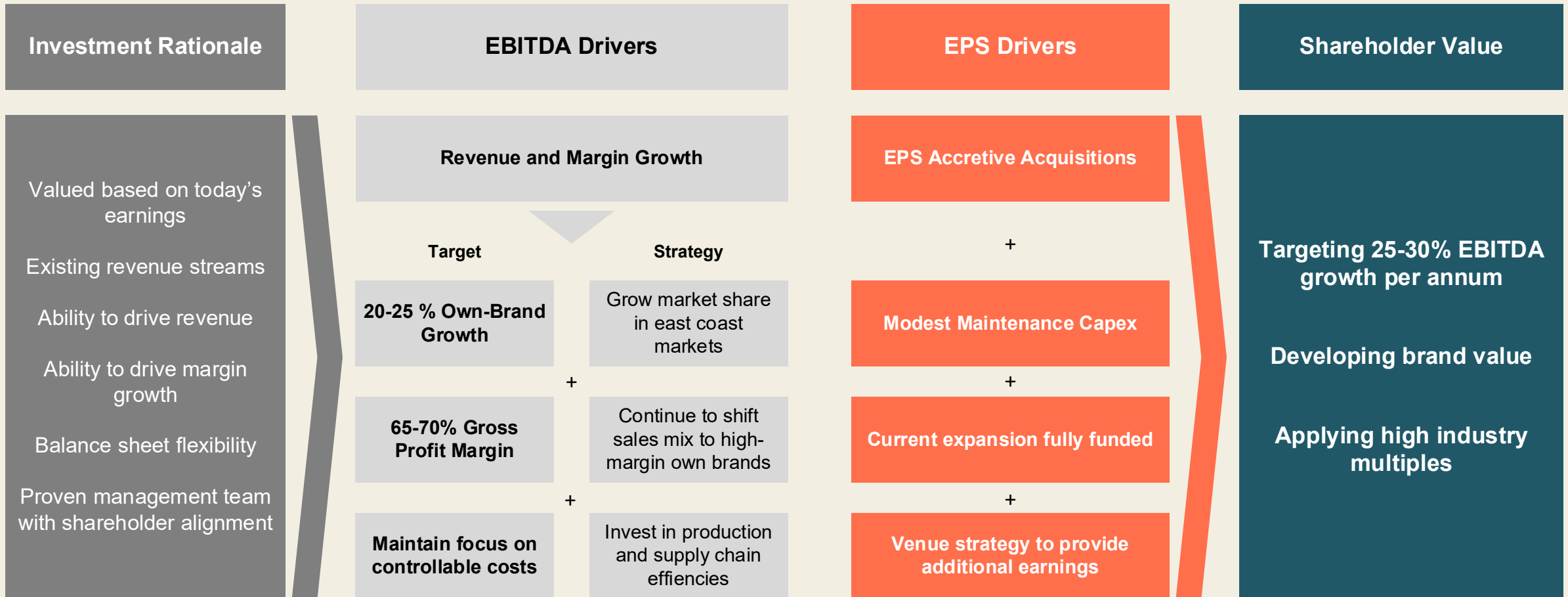




# GOOD DRINKS STRATEGY – TARGETS

Driver	Target	Plan
 <b>Volume</b>	20-25% per annum growth of own brands	<ul style="list-style-type: none"> <li>Target larger east coast markets with expanded Good Drinks capabilities</li> <li>Potential acquisitions</li> <li>Distribution partnership opportunities with international brands</li> <li>Growing awareness through brand-in-hand marketing</li> <li>Craft market continues to grow at 7-10%</li> </ul>
 <b>Gross Profit</b>	65% to 70% Gross Profit Margin	<ul style="list-style-type: none"> <li>Continue own-brand growth in overall sales mix</li> <li>High-margin new product development</li> <li>COGS savings via different pack formats</li> <li>Draught volumes growing in overall sales mix</li> </ul>
 <b>Good Drinks</b>	#1 Independent Beer Supplier	<ul style="list-style-type: none"> <li>Best practice key account management</li> <li>Double (50+) field team within 5 years</li> <li>Marketing investment circa 8% of revenue</li> </ul>
 <b>Venues</b>	5 Venues	<ul style="list-style-type: none"> <li>Create up to 5 local brewery and taproom experiences in key markets</li> <li>\$0.5m EBITDA contribution per venue</li> </ul>

# SHAREHOLDER PROPOSITION





GAGE ROADS  
Brew Co.

GR  
BC



Video: <https://vimeo.com/480618561>