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ASX: GDA

## ASX ANNOUNCEMENT

9 May 2022

## Q3 FY22 SALES UPDATE

Please find attached an investor presentation in relation to the Group's sales results for the third quarter of FY22.

-END-

This announcement has been authorised by the Board of Directors.

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# Q3 FY22 SALES UPDATE

GOOD DRINKS AUSTRALIA | ASX: GDA

# Highlights

- Maintained growth momentum from H1 despite challenging Q3 market conditions
- GDA is outperforming the category, strategy on track
- Formed distribution partnership with **Magners** - commencing 1 July
- **Gage Roads Freo** venue opened, 250,000 pints and 150,000 meals served during first three months
- Excellent momentum to continue growth in Q4 to meet and exceed 12m Litre GDA volume target

Sales by Channel (m L)	YTD FY22	YTD FY21	Growth
National Chains	3.5	3.0	17%
Independent Retailers	3.8	3.4	12%
Draught	2.1	1.8	22%
Brand-in-hand	0.6	0.6	0%
<b>Total Good Drinks Volume</b>	<b>10.0</b>	<b>8.9</b>	<b>14%</b>
<b>Contract-Brewed Brands</b>	<b>5.1</b>	<b>4.0</b>	<b>28%</b>
<b>Total Volume</b>	<b>15.1</b>	<b>12.8</b>	<b>18%</b>

Total Good Drinks Volume (YTD)

**10m Litres**

▲ 14%

Total Contract-brewed Volume (YTD)

**5.1m Litres**

▲ 28%

Total Volume (YTD)

**15.1m Litres**

▲ 18%

Good Drinks Draught Volume (YTD)

**2.1m Litres**

▲ 22%

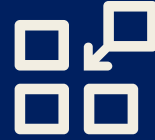
FY22 Annual Good Drinks Volume Target



# The Good Drinks Strategy (20m Good Drinks Litres By FY25)



#1  
independent  
supplier to the  
national beer  
market



Brands that drive  
sustained margin  
growth



Flexible, large-  
scale  
manufacturing



## Opportunities

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



## Targets

- 20mL of own brands by FY25
- 20-25% own-brand growth per annum
- 65-70% gross profit target
- Consistent EBITDA growth per annum

# Good Drinks Sales Snapshot

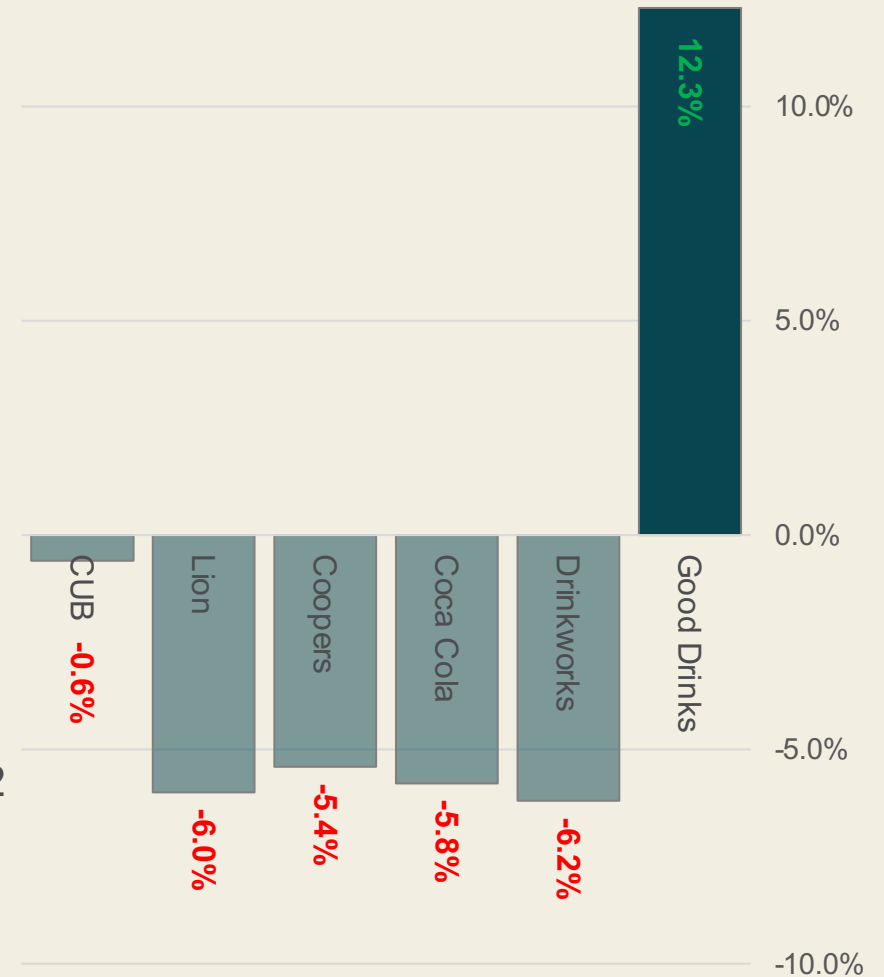


#1  
independent  
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market

- 12.3% MAT growth of GDA brands a great result in challenging market conditions, outperforming the beer market
- COVID
  - Fewer drinking occasions in December reduced pull-through, lower replenishments in January and February
  - Q3 On-premise sales affected by density limits, mask mandates, staff shortages, reduced overall trade
- Gross profit margins
  - Industry margins challenged by both market-led price pressures and cost increases (COGS)
  - Industry expected to recover margin through price increases from 1 August 2022
  - \$1 per litre target for COGS maintained for FY22
  - We maintain our GP target range of 65%-70% (FY22: 66%)

## Australian Beer Market

12 months to 03/04/22





# Good Drinks Marketing Snapshot



Brands that drive sustained margin growth

- **Awareness:** Opening of our spiritual home at Gage Roads Freo - the start of a new era of success for our flagship brand
- **Resourcing:** Senior marketing leader on east coast and dedicated Innovations and digital leaders
- **Portfolio:** Magners partnership commencing 1 July – significant international brand, opens doors to new on-premise customers
- **Re-brand:** ALBY refreshed and relaunched into WA including new 30-can block format
- **Format:** Matso's Ginger Beer cans into 6-Pack format to capitalise on can format growth.





# Good Drinks Venue Snapshot



Brands that drive sustained margin growth

- **Gage Roads Freo**
  - Traded through COVID restrictions profitably
  - Expected to contribute to FY22 group earnings even after accounting for pre-opening costs
- **Atomic Redfern**
  - Trading profitably now but losses incurred through COVID likely result in breakeven for FY22
- **Matso's Queensland**
  - Operating as is and trading profitably
  - Redeveloping into exciting Matso's experience during FY23
  - Projected cost \$3m-\$4m, funded via dedicated venue finance facility





# Good Drinks Manufacturing and Supply Chain Snapshot



Flexible, large-scale manufacturing

- **Volume:** Total YTD production volume of 13.9m Litres, targeting 18.8m Litres for FY22
- **Costs:** Variable production costs within target range (40c/L to 50c/L)
- **Production:** Good Drinks production output unaffected by COVID disruptions
- **Supply:** Supply maintained to market in challenging supply chain environment – no out-of-stock scenarios
- **Efficiency:** Gold WaterWise award - water-saving initiatives recognised by WA Government





# Outlook

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- Contract brewing maintained in H2, planned to reduce significantly in FY23 in line with Good Drinks strategy
- Venues to contribute material earnings and cash flows in FY23 and beyond
- Exploring further agency opportunities to leverage scale, accelerate Good Drinks goal to become #1 independent supplier to the national beer market
- Inflation
  - COGS expected to increase due to international freight and raw material costs to \$1.20 per litre for FY23
  - Longer-term inflationary pressures managed through sales price and sales mix in line with industry response

