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ASX: GDA

## ASX ANNOUNCEMENT

8 February 2022

## H1 FY22 SALES AND RESULTS UPDATE

Please find attached an investor presentation in relation to the Group's sales and financial results for the first half of FY22.

## SHAREHOLDER BROADCAST

A recording of Managing Director John Hoedemaker and Chief Financial Officer Marcel Brandenburg presenting the results can be found on the Group's website under <https://gooddrinks.com.au/media/#>

-END-

This announcement has been authorised by the Board of Directors.

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# H1 FY22 SALES AND RESULTS UPDATE

GOOD DRINKS AUSTRALIA | ASX: GDA

# Highlights

- \$6.0m EBITDA, a strong result given disrupted COVID trading conditions
- H1 FY22 sales results (up 26%) compared to similarly strong comparative period last year
- *Gage Roads Freo* venue opened on time and on budget, 40,000 visitors during the first 2 weeks
- Excellent momentum to continue growth in H2 for a strong FY22 result

Sales by Channel (m L)	H1 FY22	H1 FY21	Growth
National Chains	2.4	2.1	14%
Independent Retailers	2.6	2.3	13%
Draught	1.5	1.3	15%
Brand-in-hand	0.4	0.4	0%
<b>Total Good Drinks Volume</b>	<b>6.9</b>	<b>6.0</b>	<b>15%</b>
Contract-Brewed Brands	3.7	2.4	54%
<b>Total Volume</b>	<b>10.6</b>	<b>8.4</b>	<b>26%</b>

Total Revenue<sup>1</sup>

**\$32.7m**

▲ 15%

Total Volume

**10.6m Litres**

▲ 26%

Gross Profit Margin<sup>1</sup>

**\$22.2m**

▲ 10%

Total Good Drinks Volume

**6.9m Litres**

▲ 15%

EBITDA<sup>1</sup>

**\$6.0m**

– 0%<sup>2</sup>

Total Contract-brewed Volume

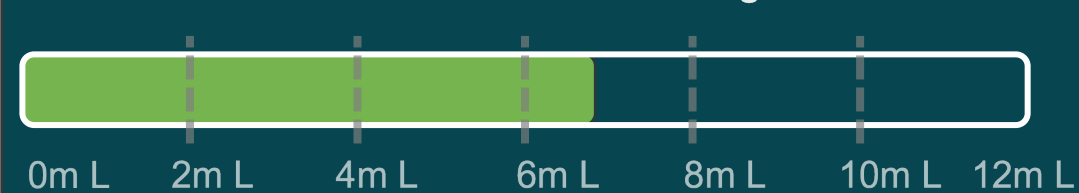
**3.7m Litres**

▲ 54%

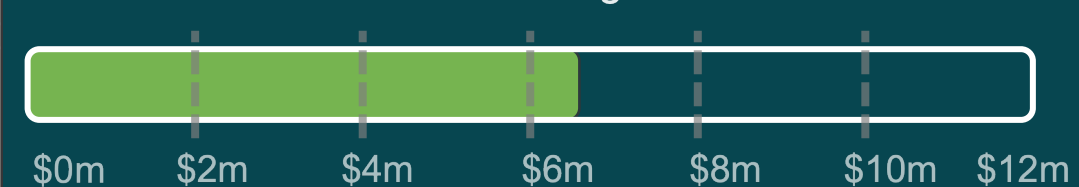
# Key Metrics

Unaudited Management P&L	Good Drinks Core	Good Drinks Hospitality	Group Earnings
Volume (m L)	10.5	0.1	10.6
Revenue	\$31.6	\$1.1	\$32.7
Cogs	(\$10.0)	(\$0.5)	(\$10.5)
<b>Gross Profit</b>	<b>\$21.6</b>	<b>\$0.6</b>	<b>\$22.2</b>
GP%	68%	55%	68%
Variable Costs	(\$4.3)	(\$0.3)	(\$4.6)
<b>Gross Contribution</b>	<b>\$17.3</b>	<b>\$0.3</b>	<b>\$17.6</b>
Sales & Marketing	(\$6.7)	-	(\$6.7)
Operating Costs	(\$4.4)	(\$0.5)	(\$4.9)
<b>EBITDA</b>	<b>\$6.2</b>	<b>(\$0.2)</b>	<b>\$6.0</b>

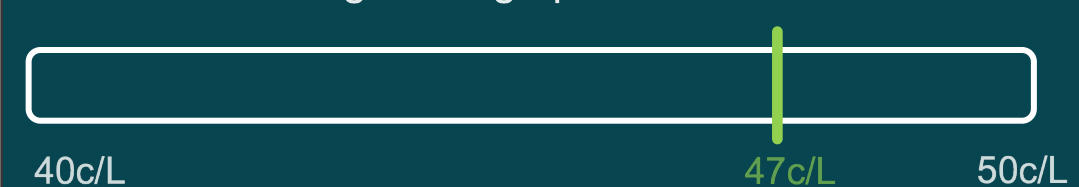
FY22 Annual Good Drinks Volume Target



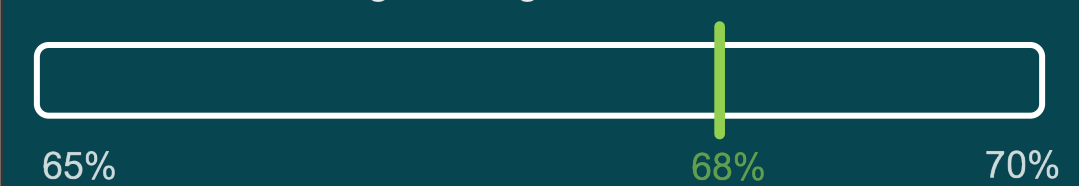
FY22 Annual Sales & Marketing Investment



Variable Cost Target Range per Litre



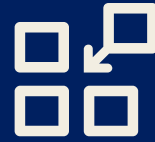
Gross Profit % Target Range



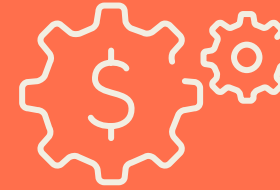
# The Good Drinks Strategy (20m Good Drinks Litres By FY25)



#1  
independent  
supplier to the  
national beer  
market



Brands that drive  
sustained margin  
growth



Flexible, large-  
scale  
manufacturing



## Opportunities

- Untapped 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  
supplier to the  
national beer  
market

- Good Drinks brands sales up 15%
- Christmas key trading period executed well
- East coast impacted by COVID, offset by strong WA/QLD retail and draught sales
- Despite challenges, GDA brands achieved growth on last year in COVID-affected states
- GP margin maintained
  - Brands positioned for volume and growth
  - Efficient scale protects margin
  - Broad portfolio in different segments diversifies margin risk
- Sales team right-sized for FY22,
- FY22 sales investment \$6M, on budget



# Good Drinks Marketing Snapshot



Brands that drive sustained margin growth

- Portfolio is on track and delivering results
  - *Gage Roads* Masterbrand up 25%
  - *Sidetrack XPA* up 139%
  - *Pipe Dreams Coastal Lager* up 50%
  - Non-alcoholic *Yeah Buoy XPA* just launched with great ranging
- Attractive brands in high-value growth segments
- Innovation sold in, ranged successfully
- Targeting 1 million brand-in-hand serves in FY22
  - Fringe World (WA)
  - For The Love Festivals (National)
  - Summer Salt (National)
- Outdoor campaigns - \$1.5m invested
  - Gage Roads “Find Your Free”
  - Matso’s “Everyone Loves a Ginger”
- Atomic rebrand and introduction of Hazy driving performance
- FY22 marketing investment \$6M, on budget



# Good Drinks Venue Snapshot



Brands that drive sustained margin growth

- *Gage Roads Freo:*
  - Doors opened 20<sup>th</sup> January
  - 40,000 people visited in the first 2 weeks
  - Early revenues exceeding expectations
  - Great consumer feedback and brand experience
- *Atomic Beer Project Redfern:*
  - Starting to rebound from impact of Omicron outbreaks
  - Revenues growing
  - Business model proven during normal trading conditions
- *Matso's Queensland:*
  - Operating as is and trading profitably
  - Redeveloping into exciting Matso's experience





# Good Drinks Manufacturing and Supply Chain Snapshot



Flexible, large-scale manufacturing

- Total production volume of 8.9m Litres during H1 FY22, targeting 19m Litres for FY22
- Variable production costs 47 c/Litre within target range
- 100% order fulfilment
- Good Drinks production unaffected by supply chain and labour concerns during H1
- Inventory upsized to mitigate supply chain and production risk
  - Raw Materials
  - Finished goods
  - East coast buffer stock
- COVID protocols in place to mitigate potential production facility exposure risks

# Outlook

- Global challenges continue into H2, mitigation strategies in place
- Inflation
  - Some COGS will increase in H2 due to international freight but GDA maintain COGS target of \$1/Litre
  - Longer-term inflationary pressures can be managed through sales price and sales mix
  - GDA unaffected by labour supply shortages and labour costs have been well controlled
- Supply chain
  - Inventory build has worked in mitigating risks, buffer stock to be maintained in H2
  - Current east/west rail disruption not impacting on east coast fulfilment, provides opportunities in WA
- COVID
  - Fewer drinking occasions in December reduced pull-through, expecting lower replenishments in January and February
  - When COVID impacts WA, on-premise expected to be temporarily disrupted, potentially mitigated by pack sales in off-premise
  - Key states impacted at different times provides flexibility to manage COVID impact to earnings
- Contract brewing maintained in H2, planned to reduce significantly in FY23 in line with Good Drinks strategy
- Mitigation strategies have built resilience into our model and we maintain a positive outlook for FY22

