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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

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%

| 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> |

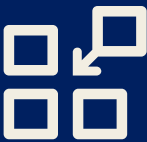
FY22 Annual Good Drinks Volume Target



# 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

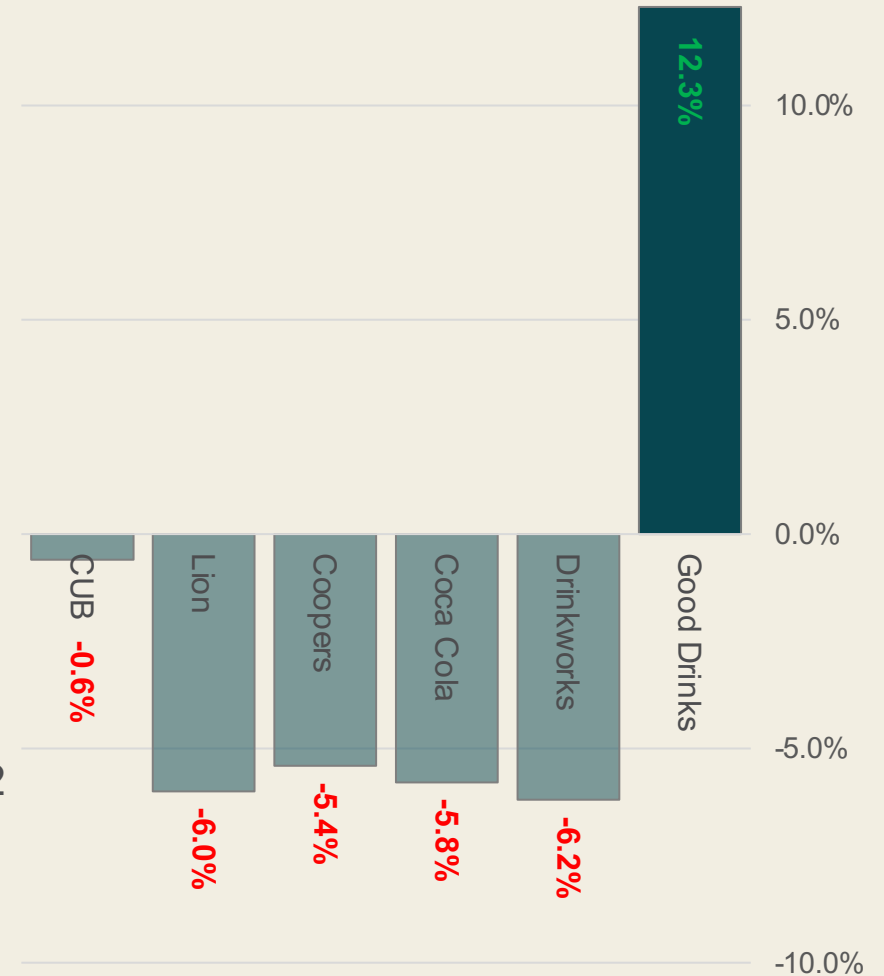


#1  
independent  
supplier to the  
national beer  
market

- 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%)

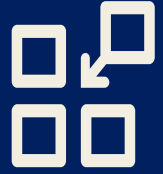
## Australian Beer Market

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

- 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

