



Champions Trophy

Case Competition 2013



Case 2: Moa Brewing Company Limited

31 January 2013

Case prepared by Mr Shivagar Sivashanmuganathan under the supervision of Mr Sunny Gu. This case has been prepared solely for the Champions Trophy Case Competition. All data in this case has been obtained from publically available sources and Moa Brewing Company Limited. The case is not intended to serve as an endorsement, a source of primary data or an illustration of effective or ineffective management.



David Dollar

From: David Dollar
Sent: Thursday, 31 January 2013 3:30
To: Moa Brewing Company Project Teams
CC: Benjamin Banker; Peter Partner; Byron Boss; Warren Wallstreet
Subject: Moa Brewing Company Presentation

Dear all,

Our second client, Moa Brewing Company Limited ("Moa") is a super-premium New Zealand craft beer and cider brewer. The company listed on the New Zealand stock exchange in November 2012 and is currently New Zealand's only listed beer company. Moa aspires to be a globally recognised beer brand tied to New Zealand's identity and heritage.

Josh Scott established Moa in 2004 and since its inception the company has experienced rapid growth in sales volume. In the 12-month periods ended 31 March 2011 and 31 March 2012, sales volume grew 37% and 88% respectively. Moa forecasts that sales volume will continue to grow in 2013 by 97% and 100% in 2014. Despite currently being a loss-making venture, Moa is confident that its award-winning beers are well positioned to cater to the growing demand in the international super-premium craft beer market.

Geoff Ross (CEO) and Grant Baker (Non-Executive Chairman) have asked us to analyse the company and provide recommendations on a strategic level. Specifically, we have been asked to consider how Moa should position its products in the United States in order to increase sales volume. Given that Moa is considerably smaller than its competitors, having less human and financial resources at its disposal it faces a significant challenge in this pursuit.

You will have ten minutes to present to Mr Ross and the Board of Directors, which will be followed by a ten minute question and answer session. Attached are documents prepared by our research team that will assist you.

Kind regards

David Dollar

Senior President
SYG Consulting Group



Company profile



1.0 Introduction

Many countries around the world each have their own beer brand that is synonymous with their country of origin – Australia and Fosters, Mexico and Corona and the United States and Budweiser. According to Moa, New Zealand does not have a globally recognised beer brand that is tied to the identity of the country. The company aspires to fill this void by being “New Zealand’s Beer Globally”.

1.1 Overview of Moa

Moa is an independent manufacturer of super-premium craft beer¹ and cider. The company adopts Méthode Traditionnelle² brewing techniques and premium ingredients in producing its beers.

1.2 Historical background

In 2004, Moa was founded to cater to the growing demand in the super premium craft beer market. The company’s brewery is located in Marlborough, a region synonymous with producing world-class wines. Moa’s Estate and Reserve brands are bottle conditioned. This methodology ensures Moa beers have a longer shelf life than beers produced by Moa’s mass market competitors.³

The Business Bakery LP⁴ and Pioneer Capital⁵ invested in Moa alongside Allan Scott Wines⁶ in 2010. Since then, Moa has experienced rapid growth in sales and entered into new markets including Australia, the United States, United Kingdom, Singapore, Cambodia, Vietnam, China, Finland and Brazil.

In November 2012, Moa floated on the New Zealand stock exchange (NZSX) raising \$16 million. Moa’s float raised \$15 million from institutions, with a further \$1 million coming from retail investors. The public pool was oversubscribed by 124%.

Figure 1: IPO financial summary

Key IPO information	
Offer price per share	\$1.25
Total gross proceeds	\$16 million
Total number of shares issued	12.8 million (42.10%)
- Number of shares issued to new shareholders (excluding shares to be subscribed for by existing shareholders)	11.68 million (38.42%)
- Number of shares issued to existing shareholders	1.12 million (3.68%)
Number of shares held by existing shareholders following the IPO (including additional shares subscribed for in the IPO)	18.72 million (61.58%)
Total number of shares on issue following the IPO	30.4 million ⁷
Implied market capitalisation following the IPO	\$38 million

¹ Craft beers are generally made by small, independent brewers with only traditional brewing ingredients such as malt, hops, yeast and water, and brewed with traditional brewing methods.

² Méthode Traditionnelle is a manufacturing process generally associated with the production of champagne and sparkling wine, whereby the carbonation process which produces the bubbles occurs naturally during a second fermentation, rather than by injection of carbon dioxide. Moa beers have yeast and sugar added to them at the bottling stage similar to champagne and the bubbles produced by this secondary fermentation dissolves in the liquid producing a distinctive brew.

³ Moa beers have a shelf life of approximately five years in comparison to mass market beers which have a shelf life of six to nine months.

⁴ The Business Bakery LP (Limited Partnership) is a venture capital business founded by Steve Sinclair, Geoff Ross and Grant Baker in 2008. The Business Bakery resources high growth businesses, providing them with financial support and managerial expertise. Currently the Business Bakery has investments in Dorchester Pacific, a finance company, Ecoya, a floated candle manufacturing company, and Moa.

⁵ Pioneer Capital is a New Zealand owned and operated investor in New Zealand businesses that are focused on growth in large international markets. Pioneer Capital has invested in ten businesses that collectively employ over 2,000 people and have aggregate revenue in excess of \$400 million per annum, of which over 95% is earned outside of New Zealand.

⁶ Allan Scott Wines is a family owned and operated vineyard and winery group based in Marlborough, New Zealand.

⁷ Comprises of 30,096,549 ordinary shares and 303,452 redeemable employee shares.

Shareholdings before and after the IPO		
Existing shareholders	Before IPO (%)	After IPO (%)
- The Business Bakery	39.6	24.1
- Pioneer Capital	42.6	26.5
- Allan Scott Wines	13.5	8.2
- Gareth Hughes	1.2	0.7
- Kelvin Ovington	1.2	0.7
- Sunil Unka	0.5	0.3
- Justin Bade	1.4	0.8
New investors in the offer	N/A	38.8 ⁸

2.0 Competitive advantage

Moa brews its beers using barrel ageing and bottle fermentation methodology. The finer bead (or bubbles) that results from these processes gives Moa beers a softer feel on the mouth compared to mass market beers. Additionally, the bottle conditioning process ensures that the Reserve and Estate ranges have a longer shelf life than competitor products. These brewing techniques allow Moa beers to be exported internationally with a significantly reduced risk of wastage compared to mass market beers.

Moa is brewed with predominantly New Zealand sourced ingredients including malt, hops and water from the Marlborough's Wairau aquifer. These ingredients enhance the brand's premium pedigree. Additionally, as Moa's product offering falls within the super-premium category, the higher profit margins that can be realised in this market allows the company to sell its products successfully internationally, despite the freight costs that need to be incurred.

3.0 Moa's product range

- Moa Original and Weka Cider – Moa's entry products and are priced marginally above mainstream premium products.



(a) Moa Original RRP \$19.99/6 pack Pilsner. 5% alc. 330ml (6x330ml, 12x330ml) Moa Original is a classically brewed lager created from a blend of New Zealand premium malts and hops from Riwaka. Silver – Australian International Beer Awards 2011, Bronze – Australian International Beer Awards 2012, Bronze – Asia Beer Awards 2011.

(b) Weka Apple Cider RRP \$13.99/4 pack Apple cider. 4% alc. 330ml (4x330ml) Weka Apple Cider is made from 100% New Zealand grown apples. Gold – New Zealand Beer Awards 2011, Silver – Asia Beer Awards 2011.

(c) Weka Pear Cider RRP \$13.99/4 pack Pear cider. 4% alc. 330ml (4x330ml), Weka Pear Cider is made from a blend of North and South Island pears. Gold – Asia Beer Awards 2011, Bronze – Asia Beer Awards 2012, Bronze – New Zealand Beer Awards 2011, Bronze – New Zealand Beer Awards 2012.

⁸ Includes limited partners of The Business Bakery LP and Pioneer Capital participating in their own capacity.

- Moa Estate Range – these beers are brewed for consumers that want greater character from their beers and are priced in line with beers at the super-premium end of the craft beer category.



(d) Moa Blanc RRP \$18.99/4 pack, Wheat beer. 5% alc. 330ml/750ml (4x330ml). Moa Blanc wheat beer is brewed using a blend of 65% wheat malt and 35% barley malt. Bronze – Asia Beer Awards 2012.

(e) Moa Five Hop RRP \$6.99/375ml bottle Winter ale. 6.2% alc. 375ml (4x375ml). Displaying a Riwaka-dominant hoppy nose with a subtle oak character leaving extra smooth and creamy, honeyed characters on the palate. Gold – Australian International Beer Awards 2011, Silver – Australian International Beer Awards 2011, Bronze – Asia Beer Awards 2012, Bronze – Australian International Beer Awards 2012, Bronze – Brewing Industry International Awards 2011.

(f) Moa Methode RRP \$18.99/4 pack Pilsner. 5% alc. 330ml/750ml/1.5L (4x330ml) Moa Methode is bottle conditioned to give a natural, more consistent carbonation and flavour. Gold - Asia Beer Awards 2011, Silver – Australian International Beer Awards 2012, Bronze – Australian International Beer Awards 2011

(g) Moa Pale Ale RRP \$18.99/4 pack NZ pale ale. 5% alc. 330ml/750ml (4x330ml). Moa Pale Ale is a New Zealand take on a popular North American beer style. 2 x Gold – Asia Beer Awards 2011, Gold – Japan International Beer Awards 2012, Silver – Australian International Beer Awards 2012, Bronze – Asia Beer Awards 2012, Bronze – Australian International Beer Awards 2011.

- Moa Reserve Range – brewed specifically for fine dining and specialty liquor settings.



(h) Moa Blanc Evolution RRP \$6.99/375ml bottle Wheat beer with coriander. 6.2% alc. 375ml (4x375ml). Moa Blanc Evolution is bottle fermented in the Belgian-style with a small amount of coriander added during its extended maturation. Gold – Asia Beer Awards 2011, Bronze – Australian International Beer Awards 2012

(i) Moa Five Hop RRP \$6.99/375ml bottle Winter ale. 6.2% alc. 375ml (4x375ml). Displaying a Riwaka-dominant hoppy nose with a subtle oak character leaving extra smooth and creamy, honeyed characters on the palate. Gold – Australian International Beer Awards 2011, Silver – Australian International Beer Awards 2011, Bronze – Asia Beer Awards 2012, Bronze – Australian International Beer Awards 2012, Bronze – Brewing Industry International Awards 2011

(j) Moa Imperial Stout RRP \$6.99/375ml bottle Imperial stout. 10.2% alc. 375ml (4x375ml). Moa Imperial Stout Barrel Reserve is a strong stout beer that is aged in oak Pinot Noir barrels. It is seasonally produced and available for short periods each year. Gold – Asia Beer Awards 2011, Silver – Australian International Beer Awards 2012, Bronze – Asia Beer Awards 2011, Bronze – Australian International Beer Awards 2011.

(k) Moa Breakfast RRP \$6.99/375ml bottle Wheat beer with cherry. 5.5% alc. 375ml (4x375ml). Moa Breakfast Beer is a blend of premium wheat malt, floral hops from Riwaka and cherries. Silver – Asia Beer Awards 2012, Silver – Asia Beer Awards 2011, Bronze – Japan International Beer Awards 2012.

(l) Moa St Josephs RRP \$6.99/375ml bottle Belgian tripel. 9.5% alc. 375ml/1.5L (4x375ml). Moa St Josephs is brewed in the traditional style of a classic Belgian Tripel. Gold - Asia Beer Awards 2011, Silver – Asia Beer Awards 2012, 2 x Silver – Australian International Beer Awards 2012, Silver - Asia Beer Awards 2011, Bronze – New Zealand Beer Awards 2012, Bronze – Australian International Beer Awards 2011

- Special Reserve Range – these beers can be collected and cellared for special occasions.



Special Reserve RRP varies depending on bottle format and alcohol content Moa also produces Special Reserve brews. Recent releases include the Ten Year Beer, the Four Year Beer, Moa Quad, Moa Imperial Pilsner, Moa Seven Hopped, Moa Olympic Edition.

4.0 Moa's plant



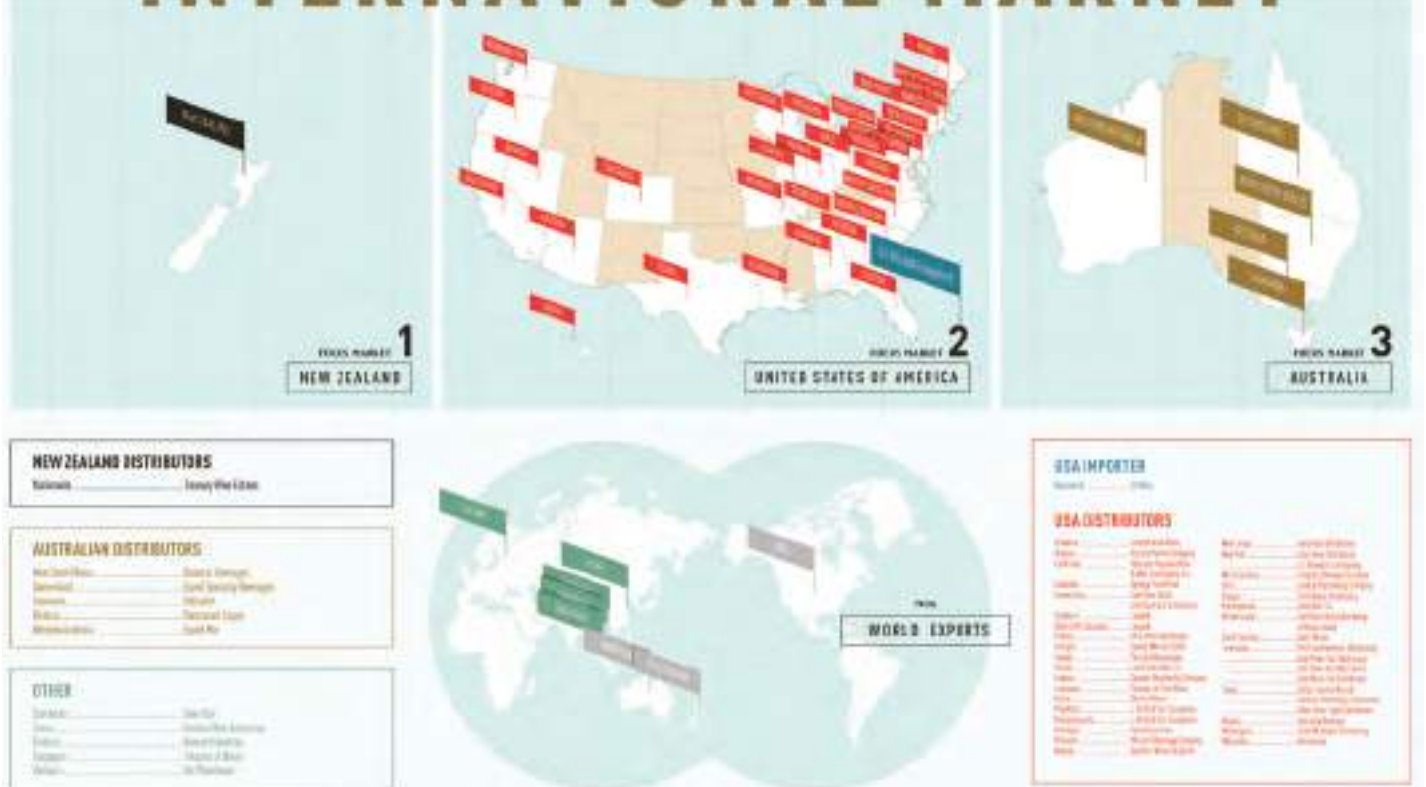
David Nicholls Head Brewer

Moa is brewed in Marlborough adjacent to Allan Scott Wines. The company owns all its brewing and bottling equipment and leases its premises from Allan Scott Wines. Since September 2010, Moa has invested heavily in improving its plant, in particular through purchasing additional brewery equipment, tank capacity and a high speed bottle labeller.

The plant's current capacity is 14,000 cases⁹ per month (excluding cider which is currently produced offsite) which the business expects to reach by FY14. Consequently, Moa is using some of the proceeds of its IPO to invest in larger brewery facilities, additional tanks and a high speed bottle filling machine. Moa estimates that an investment of \$6.1 million should provide capacity (excluding cider production) of up to 50,000 cases per month. Further modular additions to the plant is expected to further increase capacity to 80,000 cases per month.

⁹ 1 case = 9 litres.

INTERNATIONAL MARKET



5.0 Distribution and sales

Moa has an established and growing presence in New Zealand, the United States and Australia, the company’s key focus markets, as well a number of international markets.

In FY12 the company distributed 49,500 cases of product across all its markets and this is expected to double to over 97,000 cases in FY13. Having developed a distribution pipeline and presence in these key markets, the company’s challenge now is to increase the volume of product sold in these countries.

5.1 New Zealand

Moa recognises the importance of continuing to develop its profile locally as a strong position in the New Zealand market adds credibility and substance to the company’s export expansion plans. Moa estimates that in 2011 it had approximately a 0.1% share of the total New Zealand beer market (by volume) and expects this to grow to 0.4% in 2013.

In August 2012, Moa entered into a domestic distribution agreement with Treasury Wine Estates (NZ) Limited (“TWE”) which resulted in its products gaining access to over 2,000 accounts throughout New Zealand. Prior to the distribution agreement with TWE, Moa distributed its products in New Zealand through its own direct sales efforts and had 400 accounts. Moa is TWE’s only New Zealand beer and complements premium international beer brands such as Peroni, Grolsch and Kronenbourg, which TWE distribute in New Zealand on behalf of SABMiller (a multinational beverage company). Moa is sold off-premise in supermarkets owned by Foodstuffs and Progressive Enterprises and on-premise in over 80 tap accounts in New Zealand.

5.2 United States

Moa estimates that in 2011 it had less than 0.001% share of the US craft beer market (by volume) and expects this to grow to approximately 0.02% in 2013. Moa is imported into the United States by St Killian, which is based in Plymouth, Massachusetts. St Killian is a specialist importer that boasts a portfolio which includes Carlsberg, Kronenbourg, Tetley’s, James Boag, and Steinlager. It is one of the largest craft beer distributors in the United States. Moa’s partnership with St Killian gives it access to a national distribution network and enables potential distribution in 45 states in the United States.

To drive the sale of Moa beers, the company appointed a nationwide agent who is responsible for coordinating the importer (St Killian), the distributors in each state and key accounts. In October 2012, Moa employed a full-time brand ambassador to support the agent.

Moa is currently available in 31 states and the District of Columbia in the United States. The key accounts the company has successfully secured in the United States include:

- Whole Foods Market – Whole Foods Market is the largest retailer of natural and organic foods in the United States. It operates a chain of more than 340 natural and organic supermarket stores across North America and the United Kingdom. In January 2012, Moa entered into a national programme with Whole Foods Market, introducing its products to 240 stores across the United States. As part of this programme, Moa was the only brewery in the world invited to present at the Whole Foods Market annual retreat in California in May 2012. Moa launched a Christmas promotion in December 2012 in conjunction with Whole Foods Market, introducing the Moa Methode and Moa St Josephs magnum¹⁰ range into supermarkets.
- Yard House Restaurants – Yard House Restaurants is an upmarket casual dining restaurant chain with approximately 40 locations throughout Arizona, California, Colorado, Florida, Georgia, Hawaii, Illinois, Kansas, Massachusetts, Nevada, New York, North Carolina, Texas and Virginia. Its restaurants offer one of the largest selections of draft beers (up to 250 different beers per restaurant), a diverse menu of American fusion cuisine and play a selection of classic rock music. Moa was introduced on a trial basis into 12 Yard House Restaurants in July 2012. The company will have permanent tap placements in all Yard House Restaurants if it proves to be successful during this trial period.



A Whole Foods store



A Yard House restaurant

5.3 Australia

The company's current strategy in Australia is to build its brand on-premise focusing on top end bars, restaurants and specialist liquor stores and increase sales volume off-premise. Moa has engaged an Australian agent which is responsible for building brand presence and securing new accounts. The agent has a presence in New South Wales and Victoria and operates a state-by-state distribution model in Queensland, Tasmania, Victoria and Western Australia.

Since entering the Australian market in early 2012, Moa has achieved the following:

- 140 on-premise accounts.
- 71 off-premise accounts.
- Won 11 medals at the 2012 Australian International Beer Awards, following the seven medals Moa won in 2011.
- Sent 18 varieties totalling 120 kegs of beer to the Local Tap House in Sydney and Melbourne for "Tap Takeover" events.

¹⁰1.5 litre bottle.

¹¹Local Tap House is a European-inspired tavern located in Sydney and Melbourne which specialises in craft beers.

5.4 Other international markets

In addition to the focus markets described above, Moa currently exports its products to the United Kingdom, Singapore, Cambodia, Vietnam, China, Finland and Brazil. Given Moa's current resources, its strategy to date in relation to other international markets has been to work with appropriate inbound enquiries and fulfill orders as they are received. Moa intends to actively pursue other international markets after its brewing capacity is increased once work is completed on its plant in September 2013.

In December 2012, Moa entered into the South American region, market making in Brazil. The company reached a deal with Brazilian distributor Oceania Group to send a container of beer to Brazil, South America's largest and most populated nation. The Brazilian beer market is thought to be worth more than \$28 billion and is expected to grow by 6.5% per annum over the next five years. Moa beer will initially be sold in bars in Rio de Janeiro and the company intends to expand into other cities, including Sao Paulo.

6.0 Marketing

Moa seeks to leverage the Marlborough region's provenance in its branding. The company's marketing adopts a sharp wit, without political correctness in order to attract aspiring drinkers in the super-premium market segment.

Moa controversially sought to leverage its shamelessly, non-politically correct nature in its IPO offering documents. The investment statement of 11 October 2012 was Mad Men and FHM inspired, featuring black and white photographs of Moa's all-male board and management striking macho poses in sharply cut suits, while female models in black skirts, white blouses and ties featured with cigars and bottles of Moa. One of the more striking pictures features Moa's General Manager, Gareth Hughes, tapping a cigar into an ashtray held by a model above her head.

Moa was the official beer of the 2012 New Zealand Olympic team. The sponsorship provided the company with the opportunity to apply the Olympic rings and Silver Fern on bottle labels and utilise the tagline "Beer for Olympians". Moa beer and Weka cider was supplied to the New Zealand Olympic Committee's marquee events, including the Prime Minister's Olympic Gala Dinners in Auckland in 2011 and 2012 and the New Zealand Olympic Committee Governor-General's Dinner in London in 2012. Moa beer and Weka cider was also available at the New Zealand Olympic Committee's Kiwi House bar¹² in London. Moa's partnership with the Kiwi House bar provided the company a valuable opportunity to showcase itself to prospective business partners and discover which of its products would have traction in the United Kingdom. As a result of its involvement in the Olympic Games, Moa recently was successful in securing a distribution deal with James Clay.¹³

Based on the success of its London Olympic Games sponsorship, Moa recently signed as a sponsor of the New Zealand Olympic team for the 2016 Rio de Janeiro Olympic Games in Brazil. In addition to this, it also signed as sponsor of teams heading to the Glasgow Commonwealth Games and the Sochi Winter Olympics in 2014.

The company has also been successful in generating publicity for its brand through its Facebook page which presently has over 18,000 "likes". Over the Christmas vacation period, Moa ran an advertising campaign through its Facebook page entitled "Hit the Sun Like Māui¹⁴ & Win Beer".¹⁵ The competition required participants to click as many times as they could on a virtual sun in ten seconds, with each click providing an entry into a daily draw. The Facebook application is programmed to randomly select a winner who is couriered a 12-pack of Moa Original.

¹² The Kiwi House bar was a pop-up bar built for the Olympic Games.

¹³ James Clay is an independent importer and distributor of craft beers and beverages from Europe, the United States and worldwide. Its portfolio consists of brands including Duvel, Erdinger, Liefmans, Chimay, Timmermans, Schneider, Brooklyn, Menabrea and Vedett.

¹⁴ Māui is a Maori mythological hero who was responsible for ensuring that the sun travelled slower across the earth. According to the legend, Māui noosed the sun and beat it with a jaw-bone club until the sun promised to travel slower in future, in order to ensure that the days were long enough for people to complete their work.

¹⁵ The competition ran between 21 December 2012 to 11 January 2013.

HIT THE SUN

Like Maui & Win Beer

Hit the living daylight out of the sun and get one entry per hit. Work that jawbone hard. Just like Maui. Hit it!

TIME LEFT



N° OF ENTRIES

0



MOA
BEER CO.

When we're back from holidaying in the real sun we'll courier out one 12pack of Moa Original to one lucky punter for each day the sun shows its face here.

Read the [Terms and Conditions](#) and/or the [Privacy Policy](#). Or not.



Champions Trophy
Case Competition 2013



Industry information¹⁶



¹⁶ Industry information and data sourced from *MarketLine Advantage* reports published in January 2012.

7.0 Overview of the global beer market

The global beer market produced total revenues of US\$497.8 billion in 2010, representing a CAGR of 1.6% for the period spanning 2006-2010. In 2015, the global beer market is predicted to grow to US\$556 billion, an increase of 11.7% since 2010. The CAGR between 2010-2015 is expected to be 2.2%.

Total global consumption was 168.5 billion litres in 2010 with consumption volumes increasing by a CAGR of 2.3% between 2006 and 2010. Standard lager sales proved the most lucrative for the global beer market in 2010, generating total revenues of \$283.9 billion, equivalent to 57% of the market's overall value. In comparison, sales of premium lager generated revenues of \$128.7 billion in 2010, equating to 25.9% of the market's aggregate revenues.

Demand for beer in mature markets such as North America and Western Europe is expected to achieve only moderate growth over the next five years, however the emerging markets of China and India are expected to increase worldwide beer consumption by 3% per annum. China's beer consumption is expected to reach double the size of the United States market by 2015 (in volume).

Figure 2: Summary data for the global beer market

Beer market geography segmentation -2010		
Geography	Market value (US\$ Million)	% Share
Europe	198,096	39.8
Asia-Pacific	143,654	28.9
United States	78,196	15.7
Middle East	10,937	2.2
Rest of the world	66,934	13.4
Total	497,817	

Global beer market distribution channel – 2010	
Channel	% Share
Supermarkets / hypermarkets	44.6
On-trade	30.9
Specialist retailers	14.0
Others	10.5

7.1 Overview of the craft beer market

The craft brewing sector can be separated into the following segments:

- Microbrewery – a brewery that produces less than 15,000 barrels¹⁷ of beer per year with at least 75% of the beer it produces being sold off-site. These companies generally sell to the public through a wholesaler and retailer system or directly to retailers.
- Brewpub – a restaurant brewery that sells 25% or more of its beer through an on-site restaurant or bar and the beer is often sourced directly from the brewery storage tank.
- Regional craft breweries – these breweries are independent brewers with annual beer production of between 15,000 barrels and 6 million barrels. They generally operate an all malt flagship beer or have at least half of their sales volume in either all malt beers or in beers which use adjuncts to enhance flavour.
- Contract brewing companies – these include businesses that market, sell and distribute craft beers, however contract other brewers to produce their beer.

7.2 United States

The United States accounts for 15.7% of the global beer market value and grew by 0.8% in 2010 to reach a value of US\$78.2 billion. The market is forecast to grow to US\$81.5 billion by 2015, with an anticipated CAGR of 0.8% for the five-year period 2010-2015. In terms of volume, the United States market shrank by 1.1% in 2010, with consumption of beer being approximately 25 billion litres. This is expected to fall to 23.9 billion litres in 2015. The beer market in the United States is highly concentrated, with the top three players holding a combined market share of 81.5% by volume of beer produced.

In contrast to the levelling off in the beer market as a whole, sales in the craft beer segment grew at a compound annual rate of 40% over the five-year period ending 1994. Specialty beers distinguished themselves from mass-produced beers by a more full-bodied and bitter taste, usually achieved through the painstaking selection of ingredients, proprietary recipes, and traditional brewing methods. Making up just 5% of the overall beer market in the United States, craft brewers reported a dollar sales increase of 14% in the first half of 2012 and the volume of craft beer sold increased by 12% during this period. During 2011 craft brewers in the United States produced approximately 11.5 million barrels of beer.

Prohibition and the three-tier distribution system

Since 1933, manufacturers (the first tier) are required to sell alcoholic beverages to distributors/wholesalers (the second tier) who then sell to licensed retailers (third tier) for both on-premise (bars, restaurants, venues) and off premise consumption. There are 3,300 beer distributors in the United States that provide transportation, refrigerated storage and maintenance for beer from the time it leaves a brewer or importer until it arrives at a retailer such as a bar, restaurant or supermarkets. They are licensed by both the state and federal government and may have relationships with several brewers. After delivery, the distributor continues to monitor retailer shelves, taps and keg lines to ensure consumers are receiving the freshest product.

Taxation of beer

At the federal level, the excise tax on beer is US\$18/barrel or US\$0.32 per six 12 oz cans (355ml). At the state level, the weighted average state tax is US\$7.83/barrel. In addition, sales tax from beer totals about US\$3.1 billion per annum. State excise tax rates on beer range from US\$0.02/gallon in Wyoming to US\$0.93/gallon in Hawaii (non-draft beer). Combined federal excise tax and state excise tax on average totals US\$0.81 per gallon for beer (approximately US\$0.21/litre).

¹⁷1 barrel = 117 litres.

Key players

Anheuser-Busch InBev (“ABI”) – 47% market share in the United States by volume

ABI is headquartered in Belgium and came into being in late 2008 with InBev’s purchase of Anheuser-Busch. In 2011, ABI’s sales totalled US\$39 billion. It is one of the world’s top five consumer product companies and manages a portfolio of over 200 beer brands. ABI is the largest brewer in the United States. The company has 13 breweries in the United States and its key brands globally include Budweiser, Stella Artois and Beck’s and fast-growing brands like Leffe and Hoegaarden. In addition, the company’s local brands include Bud Light, Budweiser, Michelob, Busch, Natural Light, Skol, Brahma, Quilmes and Jupiler. ABI carries out manufacturing operations in 152 plants globally.

Earlier in 2012, ABI sought to enter the craft beer market through the use of its iconic Budweiser brand name. Each of Anheuser-Busch’s 12 brewmasters were charged with creating their own unique beer recipe. Dubbed Project 12, the original 12 beers were narrowed internally in July 2012 to six. The six chosen beers were released at special events for consumer sampling and feedback. Consumers were then responsible for choosing the best three beers from the six produced. The three chosen beers were released in October 2012 in a 12-bottle package containing four bottles of each of the special beers. The three chosen were:¹⁸

- Budweiser Batch No. 91406 (Los Angeles) – a deep-amber lager with 6% alcohol by volume.
- Budweiser Batch No. 63118 (St. Louis) – a deep-golden pilsner with 6% alcohol by volume.
- Budweiser Batch No. 23185 (Williamsburg, Va.) – a bourbon cask lager with 5.5% alcohol by volume.

MillerCoors (“MC”) – 28% market share in the United States by volume

MC is a 58%/42% joint venture in the United States between SABMiller and MolsonCoors which was established in 30 June 2008. In 2011, net revenue for the joint venture totalled US\$7.6 billion. The joint venture operates nine breweries in the United States and is headquartered in Chicago. In the premium beers category, MC offers brands such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch. It also markets a range of local brands such as Aguila, Blue Moon, Castle, Coors Light, Miller Lite, Snow and Tyskie.

In order to take advantage of the growth in craft beers MC pooled its United States distribution and marketing teams for its craft-style domestic and international brands (including Blue Moon, Leinenkugel’s, Pilsner Urquell, and Peroni Nastro Azzurro) into a new craft-focused division called Tenth and Blake. Tenth and Blake is run independently from other marketing operations undertaken by MC.

Crown Imports (“CI”) – 5.6% market share in the United States by volume

CI is a 50%/50% joint venture in the United States between Grupo Modelo (a Mexican brewer of Corona and other beers) and Constellation Brands. The joint venture distributes Grupo Modelo’s beers in the United States and was established in January 2007 for an initial ten-year term. In the 12 months ended February 2012, CI’s United States net sales totalled US\$2.5 billion. It is the largest beer importer in the United States with a 5.6% market share. Based in Chicago, the joint venture’s key brands include Corona, Negro Modelo, Modelo Especial and Victoria.

Other key brewers

Other key brewers in the United States	
Brewers	% Share
Heineken	4%
Pabst	3%
North American Breweries	1%
Diageo/Guinness	1%
Boston Beer	1%
Yuengling	1%

¹⁸ The beers are named after the ZIP codes in which they were first created.

7.3 Asia-Pacific

The Asia-Pacific region generated total revenues of US\$ 143.7 billion in 2010 which amounts to a CAGR of 4.5% between 2006 to 2010. The market value is expected to increase to \$174.4 billion by the end of 2015. The Asia-Pacific region's aggregate consumption volume was 63.8 billion litres in 2010 with a CAGR of 7% between 2006 and 2010. The region's volume consumption is expected to rise to 78.4 billion litres by the end of 2015, representing a CAGR of 4.2% between 2010 and 2015.

Figure 3: Summary data for the Asia-Pacific beer market

Asia-Pacific beer market geography segmentation – 2010		
Geography	Market value (US\$ million)	% Share
China	58,536	40.7
Japan	40,820	28.4
South Korea	7,907	5.5
India	5,016	3.5
Australia	12,300	8.6
New Zealand	1,419	1.0
Rest of Asia-Pacific	17,656	12.3
Total	143,654	

7.4 Australia

The performance of the Australian market is forecast to decelerate, with an anticipated CAGR of 0.3% for the five-year period between 2010 and 2015. The market size is anticipated to be worth \$12.5 billion by the end of 2015. Comparatively, the Chinese and South Korean markets are expected to grow to \$81.7 billion and \$8.6 billion by 2015, representing CAGRs of 6.9% and 1.6% respectively.

Key players

Fosters Group

The company is headquartered in Victoria, Australia and employs 2,239 people and distributes its products in over 100 countries around the world. In Australia, Foster's major beer brands are VB, Cascade, Foster's Lager, Crown Lager, Carlton Draught, Pure Blonde, Corona, Crown Ambassador and Victoria Bitter. Its products are supplied to over 38,000 customers including wholesalers, importers, hotels, bottle shops and restaurants. The group operates through one distillery, two cideries, seven breweries and 23 wineries located across Australia and the Asia-Pacific region. Foster's also licenses leading international brands including Corona and Asahi. Its cider brands include Strongbow, Bulmer, Dirt Granny, and Mercury.

Kirin Brewery Holdings Company

Kirin Brewery Holdings Company is a Japanese based conglomerate which manufactures alcohol beverages and soft drinks. The company manufactures beer, Happo-Shu (low-malt Japanese beer) and Chu-Hi (ready-to-drink cocktails). Its beer offerings are marketed under the Kirin Lager Beer, Classic Lager and Ichiban Shibori brands. In April 2009, Kirin purchased the remaining 53.9% of shares in Lion Group it did not already own.

Coopers Brewery

Coopers Brewery sells a range of beer products, including ales, stouts, light beers and lagers. The lager beers are bottom fermented in cooler conditions, matured for a short period and pasteurised. Coopers Brewery's ale range includes sparkling ale, pale ale, dark ale and Coopers mild ale. Premium ale is offered under the brand, Extra Strong Vintage Ale. It also offers lager under the Coopers Premium Lager brand. In addition, Coopers Brewery markets stouts under the Best Extra Stout brand, and light beers under Coopers Premium Light and Birell brands.

Figure 4: Summary data for the Australian beer market

Australian beer market segmentation – 2010	
Brewers	% Share
Foster's Group	49.8
Kirin Brewery Holdings Company	8.1
Coopers Brewery	5.8
Others	36.3

7.5 New Zealand

The New Zealand beer market is forecast to grow to US\$1.5 billion by 2015. The compound annual growth rate of the market in the period between 2010 to 2015 is predicted to be 0.1%.

Key players

Lion Group

Lion Group is a wholly owned subsidiary of Kirin and employs over 7,500 staff across Australia and New Zealand. The company's key beer brands in New Zealand include Steinlager, Speights, Mac's, Lion Red, Waikato Draught and Canterbury Draft. Its international premium brands include Guinness, Stella Artois, Corona, Beck's, Budweiser, Kirin, Little Creatures, Kilkenny, Oranjeboom, Hoegaarden and Leffe.

DB Breweries

DB Breweries is a wholly-owned subsidiary of Asia Pacific Breweries, a jointly-owned company of Heineken International N.V and Fraser and Neave Limited of Singapore. The company is headquartered in Auckland, New Zealand. DB Breweries owns and operates four breweries in New Zealand – Waitemata Brewery in Otahuhu, Tui Brewery in Mangatainoka, Mainland Brewery in Timaru and Monteith's Brewery in Greymouth.

The company produces a range of beers for several European brands and also under its own DB name. Its brands include: Amstel Bier, Amstel Premium, Budejovicky Budvar, DB Bitter, DB Draught, Double Brown, Erdinger Weissbier, Export 33, Export Dry, Export Gold, FLAME, Heineken, Monteith's, Murphy's, Sol, Tiger, Tui, Barrel 51, Barrel 71, Fuse and Vudu. DB Breweries also manages more than 70 concept bars spread across New Zealand. Its concept bars include Export Gold bars, Monteith's Bars, Heineken Bars and Tui Bars.

Independent Distillers Group

Independent Distillers Group provides a range of alcoholic beverages, including spirits, liqueur, beer, wines and RTDs (ready to drink). The company's beer brands include Carlsberg, Tuborg, Kingfisher, Haagen, New Zealand Lager, Ranfurly and NZ Pure.

¹⁹ The Asia-Pacific region comprises of Australia, China, Japan, India, Singapore, South Korea, Indonesia, the Philippines, Thailand, Vietnam, New Zealand, Hong Kong, Malaysia, Pakistan and Taiwan.

Figure 5: Summary data for the New Zealand beer market

Australian beer market segmentation – 2010	
Brewers	% Share
Kirin Brewery Holdings Company	47.8
DB Breweries	40.5
Independent Distillers Group	6.6
Others	5.1

7.6 Europe²⁰

The European beer market generated total revenues of \$198.1 billion in 2010, representing a CARC of -0.4% between 2006 and 2010. Market consumption volumes too decreased with a CARC of -1.9% between 2006 and 2010 to 47.7 billion litres in 2010. The European market's volume is expected to fall to 43.1 billion litres and the market value is expected to be US\$203.8 billion by the end of 2015.

Figure 6: Summary data for the European beer market

Australian beer market segmentation – 2010		
Geography	Market value (US\$ Million)	% Share
Germany	33,296	16.8
United Kingdom	29,487	14.9
Spain	19,520	9.9
France	13,496	6.8
Italy	11,155	5.6
Rest of Europe	91,142	46.0
Total	198,096	

7.7 Competition and innovation

Substitutes for beer include wine, spirits and non-alcoholic beverages, such as soft drinks, carbonated soft drinks or water. Recently, some alcoholic beverage producers have either purchased companies that produce non-alcoholic beverages or produced their own alternatives.²¹ For smaller breweries, getting access to distribution networks can be difficult as large breweries often form exclusive agreements with distributors and monopolise sales networks.

In the United States while beer still remains a popular choice, over recent years, beer has lost considerable ground to wine and spirits. Innovation, shifting consumer tastes, an aging population and high young adult male unemployment have been key drivers for this shift. In response to the shift in consumer tastes, some beer companies have expanded into cider, marketing in some cases to women as an alternative to beer. Another trend aiding the increased demand for cider is the growing demand for gluten free products.²²

Alcohol manufacturers have become more creative in recent years, producing dessert flavoured vodka products, red cherry or honey flavoured bourbons, new flavours for whisky, lower calorie beverages, lime flavoured beers, margarita flavoured ready to drink beverages, and sweeter tasting wines (for instance Riesling and Moscato). Many of these flavour innovations seek to draw in more female consumers.

²⁰ Europe comprises of Belgium, the Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Romania, Russia, Spain, Sweden, Ukraine, Turkey, Ireland, Greece, Switzerland, Austria, Portugal, Finland, Croatia, Bulgaria, Lithuania, Latvia, Slovenia, Slovakia, Estonia and the United Kingdom.

²¹ By way of example, Asahi Group Holdings in 2011 purchased Charlie's, a New Zealand-based juice manufacturer in order to further diversify its non-alcoholic beverage offering.

²² Cider is naturally gluten free.

Figure 7: New brand introductions in the United States

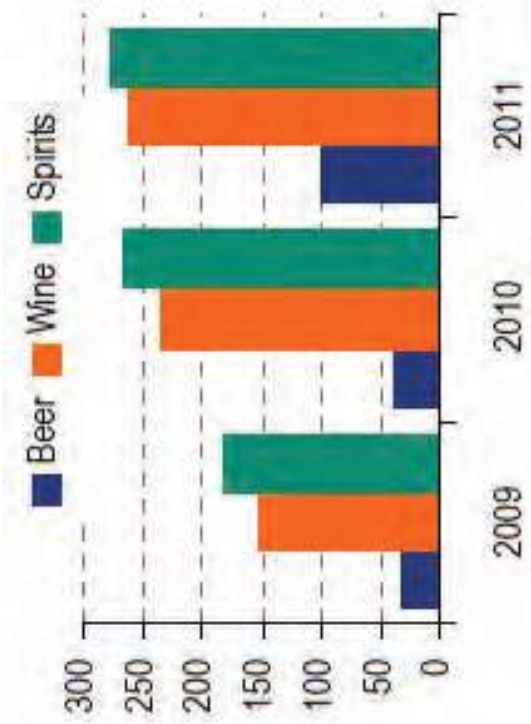
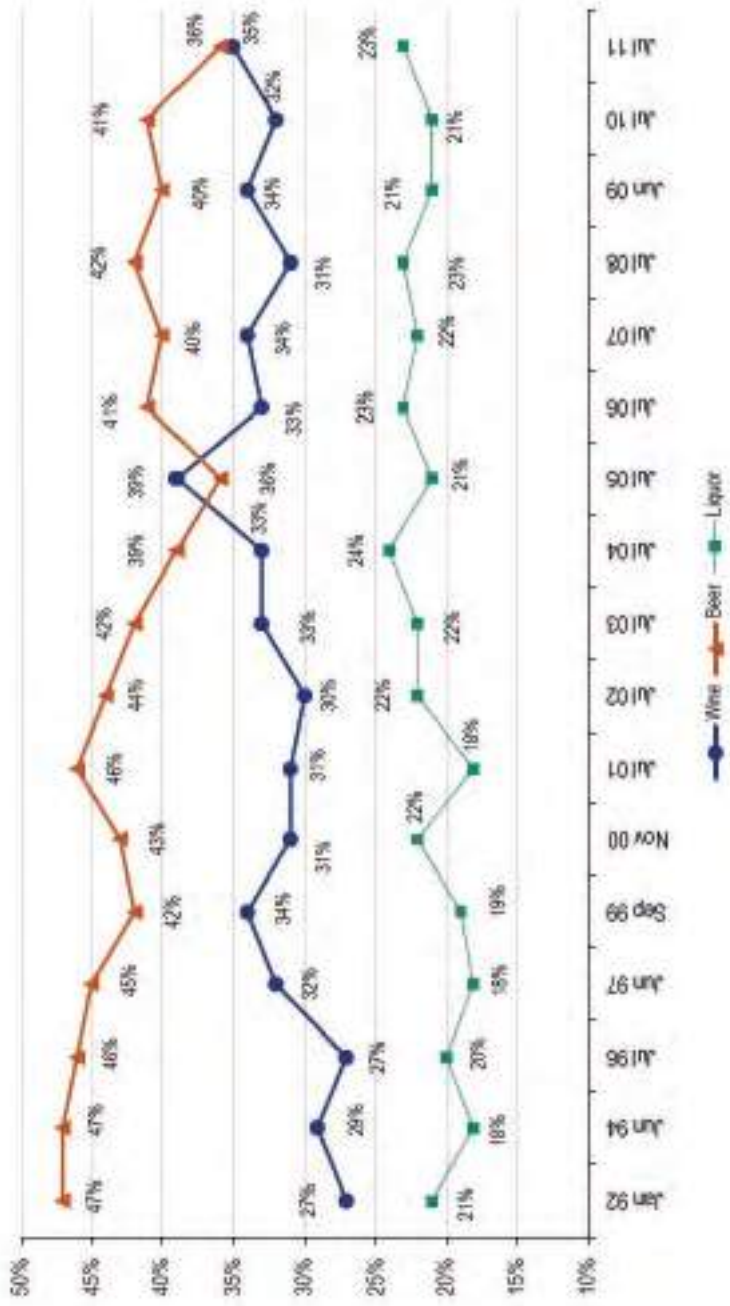
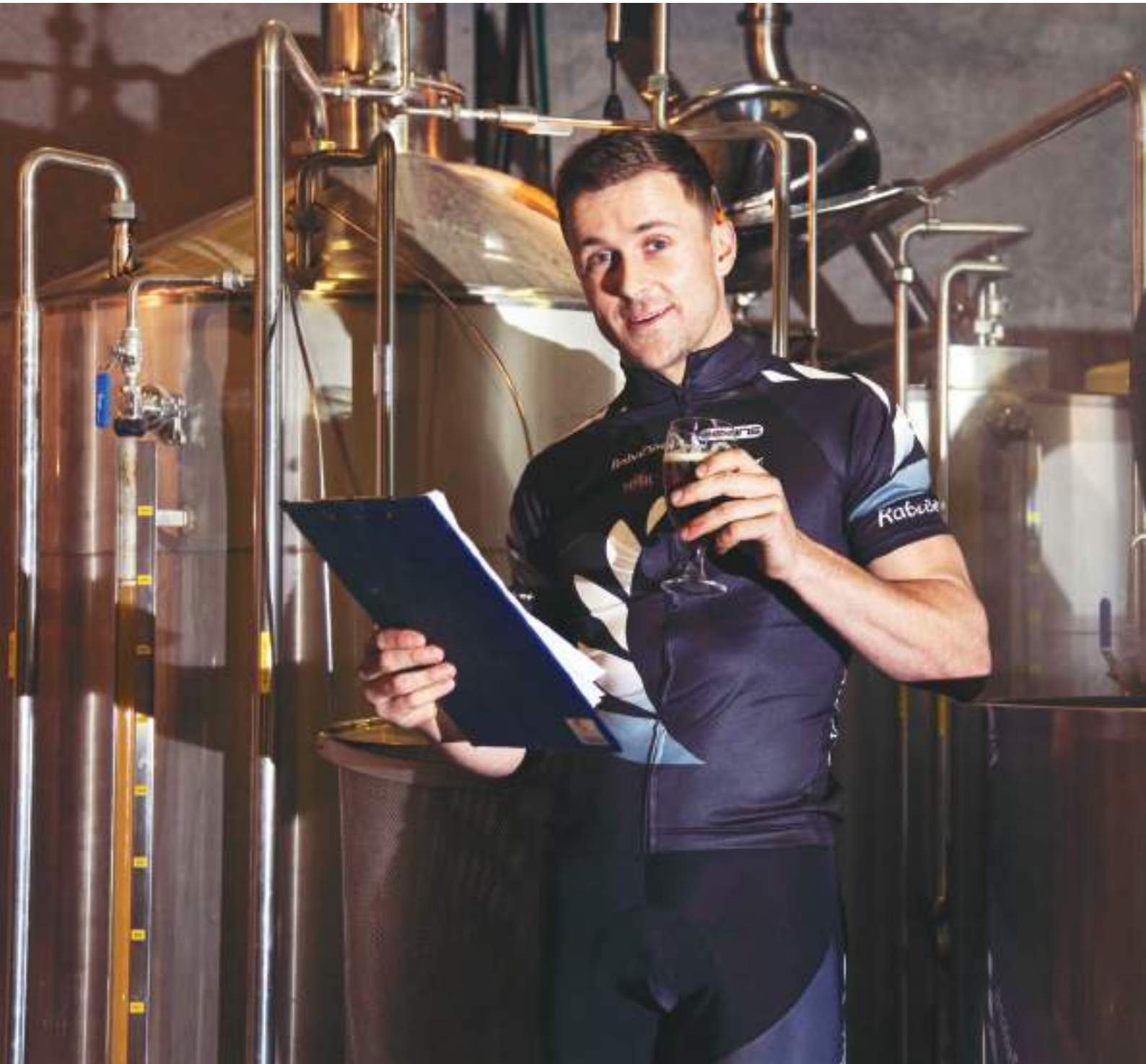


Figure 8: Beverage most preferred in the United States





Financial information



Moa Brewing Company Limited
STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 March 2012

		Contributed Equity \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance as at 1 July 2010		-	(654)	(654)
Total Comprehensive Loss for the period	15	-	(1,030)	(1,030)
Transactions with Owners - Issue of Ordinary shares	14	2,904	-	2,904
Balance as at 31 March 2011		2,904	(1,684)	1,220
Total Comprehensive Loss for the year	15	-	(2,852)	(2,852)
Transactions with owners:				
Shares to be issued	14	3,580	-	3,580
Balance as at 31 March 2012		6,484	(4,536)	1,948

Moa Brewing Company Limited
STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	Notes	31 March 2012 \$'000	31 March 2011 \$'000	30 June 2010 \$'000
ASSETS				
Current Assets				
Cash and bank balances	9	130	54	14
Trade and Other Receivables	10	683	1,142	136
Inventories	11	769	327	226
Total current assets		1,582	1,523	376
Non Current Assets				
Plant and equipment	12	1,293	570	84
Total non current assets		1,293	570	84
Total Assets		2,875	2,093	460
LIABILITIES				
Current Liabilities				
Trade and other Payables	13	927	873	1,114
Total Liabilities		927	873	1,114
Net Assets/(Liabilities)		1,948	1,220	(654)
EQUITY				
Contributed Equity	14	6,484	2,904	-
Accumulated losses	15	(4,536)	(1,684)	(654)
Total equity/(deficit)		1,948	1,220	(654)

Moa Brewing Company Limited
STATEMENT OF CASH FLOWS
As at 31 March 2012

	Notes	12 Months to 31 March 2012 \$'000	9 Months to 31 March 2011 \$'000
Cash flows from operating activities			
Receipts from Customers		2,078	873
Payments to Suppliers and Employees		(5,640)	(1,504)
Interest received		2	-
Interest paid		(1)	2
Net GST received/(paid)		35	(54)
Net cash inflow/(outflow) from operating activities	17	(3,526)	(683)
Cash flows from investing activities			
Purchase of plant and equipment		(778)	(297)
Net cash inflow/(outflow) from investing activities		(778)	(297)
Cash flows from financing activities			
Loan from related party		-	20
Net proceeds from capital contributed	14	4,380	1,000
Net cash inflow/(outflow) from financing activities		4,380	1,020
Net increase/(decrease) in cash and cash equivalents		76	40
Cash and bank balances at the beginning of the year		54	14
Cash and bank balances at the end of year	9	130	54



Historical financial information

Statement of Comprehensive Income					
Period ended NZ\$'000	Financial Reporting Order 30 June 2008 (12 months)	Financial Reporting Order 30 June 2009 (12 months)	NZ IFRS Differential Reporting 30 June 2010 (12 months)	NZ IFRS 31 March 2011 (9 months)	NZ IFRS 31 March 2012 (12 months)
Revenue	336	693	1,014	1,000	2,412
Finance income/(costs) - net	(20)	(40)	(40)	2	1
Tax expense	-	-	-	-	-
Comprehensive loss attributable to Equity holders of the Company	(245)	(222)	(227)	(1,030)	(2,852)
EBITDA	(218)	(168)	(166)	(987)	(2,796)

Statement of Changes in Equity					
Period ended NZ\$'000	Financial Reporting Order 30 June 2008 (12 months)	Financial Reporting Order 30 June 2009 (12 months)	NZ IFRS Differential Reporting 30 June 2010 (12 months)	NZ IFRS 31 March 2011 (9 months)	NZ IFRS 31 March 2012 (12 months)
Total Equity at the start of the period	40	(205)	(427)	(654)	1,220
Total Comprehensive Income	(245)	(222)	(227)	(1,030)	(2,852)
Capital Contributions	-	-	-	2,904	3,580
Total Equity at the end of the period	(205)	(427)	(654)	1,220	1,948

Statement of Financial Position					
As at NZ\$'000	Financial Reporting Order 30 June 2008	Financial Reporting Order 30 June 2009	NZ IFRS Differential Reporting 30 June 2010	NZ IFRS 31 March 2011	NZ IFRS 31 March 2012
Current Assets	176	246	376	1,523	1,582
Non-Current Assets	37	65	84	570	1,293
Total Assets	213	312	460	2,093	2,875
Current Liabilities	418	738	1,114	873	927
Total Liabilities	418	738	1,114	873	927
Net Assets/Liabilities	(205)	(427)	(654)	1,220	1,948
Share Capital	-	-	-	2,904	6,484
Accumulated Losses	(205)	(427)	(654)	(1,684)	(4,536)
Total Equity at the end of the period	(205)	(427)	(654)	1,220	1,948

Statement of Cash Flows		
Period ended NZ\$'000	NZ IFRS 31 March 2011	NZ IFRS 31 March 2012
Cash flows from operating activities		
Cash generated from operations	(631)	(3,562)
Interest paid	2	(1)
Interest received	0	2
Taxation paid	54	35
Net cash inflow/(outflow) from operating activities	(683)	(3,526)
Cash flows from investing activities		
Purchase of property, plant and equipment	(297)	(778)
Net cash inflow/(outflow) from investing activities	(297)	(778)
Cash flows from financing activities		
Loan from related party	20	0
Net proceeds from capital contributed	1,000	4,380
Net cash inflow/(outflow) from financing activities	1,020	4,380
Net increase/(decrease) in cash and cash equivalents	40	76
Cash and bank balances at the beginning of the year	14	54
Cash and bank balances at the end of year	54	130



Josh Scott, Founder

Prospective financial information²³

Consolidated Prospective Statement of Comprehensive Income			
	6 Months to 31 March 2013 \$'000	Pro Forma 12 Months to 31 March 2013 \$'000	12 Months to 31 March 2014 \$'000
Revenue	2,541	4,372	8,623
Cost of sales	(1,702)	(3,003)	(5,459)
Gross profit	839	1,369	3,164
Other gains (losses) - net			
Expenses			
Distribution	(430)	(781)	(1,334)
Listing expenses	(419)	(419)	-
Administration	(1,600)	(2,864)	(3,010)
Sales and Marketing	(392)	(860)	(1,428)
Cellar Door	(35)	(65)	(65)
Operating loss before financing costs	(2,037)	(3,620)	(2,673)
Finance income/(costs) - net	129	125	183
Loss before income tax	(1,908)	(3,495)	(2,490)
Income tax expense	-	-	-
Loss for the period	(1,908)	(3,495)	(2,490)
Other Comprehensive Income	-	-	-
Comprehensive loss for the period attributable to Equity holders of the Company	(1,908)	(3,495)	(2,490)
Operating loss before financing costs	(2,037)	(3,620)	(2,673)
Depreciation	81	149	523
EBITDA	(1,956)	(3,471)	(2,150)

Forecast Sales Revenue by Region			
	Prospective 6 month period ended 31 March 2013 \$'000	Pro Forma 12 month period ended 31 March 2013 \$'000	Prospective 12 month period ended 31 March 2014 \$'000
New Zealand	1,974	3,106	4,957
US	218	572	1,793
Australia	243	464	964
Rest of World	106	230	909
Total revenue	2,541	4,372	8,623
Total volume (cases)	56,761	97,496	195,100

²³ The prospective financial statements assume that there are no material changes in the economic, political and Moa's operating environment and that volume growth in New Zealand increases by 77% from FY12 to FY13 and a further 64% to FY14; in the United States by 180% from FY12 to FY13 and a further 220% to FY14; in Australia by 252% from FY12 to FY13 and a further 124% to FY14; and in the rest of the world by 184% from FY12 to FY13 and a further 315% to FY14.

Consolidated Prospective Statement of Changes in Equity			
	6 Months to 31 March 2013 \$'000	Pro Forma 12 Months to 31 March 2013 \$'000	12 Months to 31 March 2014 \$'000
Opening Balance (1 October / 1 April)	-	1,948	13,940
Loss for the period	(1,908)	(3,495)	(2,490)
Total comprehensive income	(1,908)	(3,495)	(2,490)
Director and employee share scheme – value of services	289	390	319
	(1,619)	(1,575)	11,769
Issue of ordinary shares			
For Cash	15,000	16,278	-
Share issue cost	(1,181)	(1,181)	-
Acquisition of subsidiary	1,740	-	-
Balance at 31 March	13,940	13,940	11,769

Consolidated Prospective Statement of Financial Position		
	31 March 2013 \$'000	31 March 2014 \$'000
ASSETS		
Current Assets		
Cash and bank balances	10,165	2,855
Trade and Other Receivables	933	1,501
Inventories	1,082	1,368
Total current assets	12,180	5,724
Non Current Assets		
Plant and equipment	2,845	7,474
Total non current assets	2,845	7,474
Total Assets	15,025	13,198
LIABILITIES		
Current Liabilities		
Trade and other Payables	1,085	1,429
Total Liabilities	1,085	1,429
Net Assets	13,940	11,769
EQUITY		
Contributed Equity	15,559	15,559
Reserves	289	608
Accumulated losses	(1,908)	(4,398)
Total equity	13,940	11,769

Consolidated Prospective Statement of Financial Position			
	6 Months to 31 March 2013 \$'000	Pro Forma 12 Months to 31 March 2013 \$'000	12 Months to 31 March 2014 \$'000
Cash flows from operating activities			
Receipts from Customers	3,319	4,862	9,064
Payments to Suppliers and Employees	(5,027)	(8,347)	(11,318)
Interest received	136	136	183
Interest paid	(6)	(8)	-
Taxation received	19	16	(86)
Net cash inflow/(outflow) from operating activities	(1,559)	(3,341)	(2,157)
Cash flows from investing activities			
Cash acquired in purchase of subsidiary	12	-	-
Purchase of plant and equipment	(1,507)	(1,701)	(5,153)
Net cash inflow/(outflow) from investing activities	(1,495)	(1,701)	(5,153)
Cash flows from financing activities			
Net proceeds from capital contributed	13,819	15,097	-
Repayment of borrowings	(600)	-	-
Net cash inflow/(outflow) from financing activities	13,219	15,097	-
Net increase/(decrease) in cash and cash equivalents	10,165	10,055	(7,310)
Cash and bank balances at the beginning of the period	-	110	10,165
Cash and bank balances at the end of period	10,165	10,165	2,855



Appendices



News Articles

Giants hop on craft wagon

– Sourced from the New Zealand Herald, article dated Wednesday 2 January 2013

For some beer aficionados, Lion's acquisition of Dunedin independent brewer Emerson's was beyond the pale ale.

Complainants took to Twitter and Facebook to express their distaste for the deal announced in November and bars in the capital [Wellington] even went as far as saying they would stop stocking Emerson's products following the craft brand's sale - for an undisclosed sum - to the Auckland-based, Japanese-owned brewing giant.

Whatever your opinion, the reality is that more consolidation is likely to take place in this country's [New Zealand's] craft beer industry.

The big brewers know all too well that consumers' tastes are changing as they opt to drink smaller amounts of higher quality, more flavoursome beer.

Just a few months before the Emerson's purchase, Lion acquired Aussie craft brewer Little World Beverages for around AUD\$380 million (NZ\$477 million).

While the managing director of Lion's New Zealand operations, Rory Glass, says his firm doesn't have any more craft acquisitions planned, the other big local brewers - DB Breweries and Independent Liquor - are eyeing up the market.

DB Breweries managing director Brian Blake says the possibility of boutique beer brand acquisitions is part of an overall review the company is conducting to establish how it can play "a significant role in the craft market".

"Our focus has very much been on the redevelopment of [existing brand] Monteith's, quite frankly, but that craft market is growing so I think everyone is looking at where the opportunities are," says Blake, who will step down from the managing director role early next year.

The number of small breweries - under 40,000 litres annual production - doubled from 15 to 30 in the four years to the end of 2011, while the total number of breweries went from 48 to 68, according to a survey by the Brewers Guild, an industry group representing craft firms.

Julian Davidson, chief executive of Independent Liquor, operator of the Boundary Road Brewery, says the company is looking closely at the craft beer market.

Davidson says. "For us, acquisitions of really interesting brands could be an appropriate way for us to catch up for lost time" given that Independent Liquor is only 25 years old.

He says that as well as acquisitions, the big brewers are likely to strike up distribution deals with boutique players.

"I think there will be opportunities for craft brewers to stay true to their small operations, but still get the best of both worlds with a big guy helping them out [through distribution deals]."

Moa claims first duty free craft beer

– Sourced from the New Zealand Herald, article dated Thursday 20 November 2011

Moa Beer says it has become New Zealand's first craft brewery to sell its products in duty-free stores.

The Blenheim-based company's beers are now being stocked alongside champagne and premium spirits at JR/Duty Free stores at Auckland International Airport. And they are expected to be available at Christchurch and Wellington airports before Christmas.

Moa general manager Gareth Hughes said the deal with the retailer was good news for the brewery, which in July reported that it had tripled sales between the beginning of 2010 and early 2011.

"We know the powerful impact duty-free stockists have on liquor sales and product consideration, so we couldn't be in a better place than the JR/Duty Free stores at the nation's busiest airport," Hughes said. "It's the first time a craft beer has been offered in duty-free in New Zealand and, we're told, the world."

He said being stocked in airports would allow Moa's brand to be exposed to travellers who might otherwise not have come into contact with it.

"It's also great news for travellers because they can get decent beer when they arrive on or take off from our shores," Hughes said.

Kate Gorman, JR/Duty Free's general manager for Australia and New Zealand, said Moa is perfectly suited to airport shoppers' tastes.

"Our customers love products that represent a little piece of New Zealand for gifting to friends and family, or as souvenirs," she said. "They also enjoy products that feel unique and exclusive, something they can't necessarily buy everywhere on the high street."

To cater for the different shopping patterns of arrivals and departures customers, the company said different products would be ranged in each location. "Because arrivals customers are after convenience, we've ranged Moa 750ml bottles and triple packs so they can grab and go," Hughes said. "Departures customers have more time ... and make more considered purchases for gifting or souvenirs, such as our Moa magnums."

Brewers give French the bird

– Sourced from the New Zealand Herald, article dated Saturday 30 July 2011

Moa Beer, based in Marlborough, has been sent a formal warning which demands that it delete two references to the Champagne name on the brewery's website. The letter was sent by the director-general of Comité Interprofessionnel du Vin de Champagne, the body which represents Champagne wine producers in the northeast of France.

On Moa's website, founder Josh Scott compares the consumption of the company's Breakfast Beer to drinking Champagne at breakfast.

The company also refers to the fact the beer is bottle-fermented, "like they do with Champagne".

Director-general Jean-Luc Barbier wrote that the name Champagne was protected by national laws and trans-border regulations.

He said the rules protected against exploitation of Champagne's reputation, imitation, evocation or any use likely to mislead consumers.

"[We] ask you to immediately amend or delete any reference to 'Champagne' and to refrain from associating your beer with Champagne."

But Moa refused to back down, saying it was being bullied.

Marketing Director Sunil Unka said: "We thought the letter was a little bit overbearing and petty".

"It's fairly obvious that we're a brewery in the business of brewing beer and unmistakably from New Zealand. We're not trying to pass ourselves off as a sparkling wine from France.

Moa Beer responded to the Champagne letter with a flippant postcard.

One side has a photo of the sinking Rainbow Warrior - bombed by the French Secret Service in 1985 - and a caption with the operation's codename, "Operation Satanique".

The other side reads "Pokokohaa Haere Atu - Moa Beer" which, in the company's words, was the closest phrase to "F*** you" in Maori.



Business leader of the year finalist: Grant Baker

– Sourced from the New Zealand Herald, article dated Wednesday 12 December 2012

As businessmen go, Grant Baker is probably at the more unconventional end of the spectrum.

He's still the jeans-and-T-shirt Grant Baker of 42 Below fame, but the co-founder of The Business Bakery is making a name for himself, with fellow founders Geoff Ross and Stephen Sinclair, as credible venture capitalists.

The 42 Below vodka venture, which was sold to liquor giant Bacardi for \$138 million in 2006, was an outstanding success, and formed the foundation of the Bakery.

The Bakery's first investment was in mobile technology company The Hyperfactory, which was sold to US publishing house Meredith in 2010.

The company's second foray took the form of an 83 per cent stake in Australian fragrance company Ecoya. Ecoya listed in 2010 and went on to buy the skincare company, Trilogy Natural Products.

The Bakery's third investment was in the then deeply troubled financial services company Dorchester Pacific, which is now rising from the ashes of the finance company meltdown of 2006-08, thanks in no small part to an infusion of capital from the Bakery.

Baker expects Dorchester to make a profit of at least \$1 million by the end of the March 2013 financial year and \$4 million to \$5 million in the following year.

If these forecasts come to pass, Dorchester will rate as one of the market's best turnaround stories.

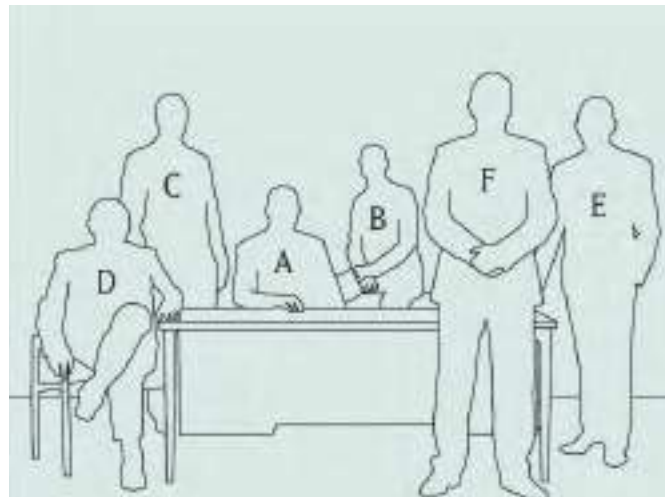
The Bakery's latest venture, the tiny brewing company Moa, was a highly sought initial public offer and NZX listing.

Markets like people who do what they say they are going to do. With Baker they have not been disappointed.

Moa's share price variation



Moa's board of directors



(A) Grant Baker, Non-executive Chairman

Grant was Executive Chairman of 42 Below and is currently Chairman of Dorchester Pacific and an Executive Director of Ecoya. Prior to that he served in a number of senior business positions, including Chief Executive and Director of Blue Star Group, during which time its revenues grew from \$10 million to more than \$1 billion. Grant also served as Chief Executive of Ubig Business Machines and Executive Chairman of electricity retailer Empower prior to its sale to Contact Energy in 2003. He was also Chairman and Founding Director of EFTPOS retailer, Netco, which was successfully developed and sold to Provenco Group in 2000. Grant is also Deputy Chairman of New Zealand cancer charity GICI (Gastro Intestinal Cancer Institute).

(B) Geoff Ross, Chief Executive Officer

Geoff was the founder and CEO of 42 Below, which was a listed company for three years prior to its sale to Bacardi in late 2006. Geoff is also Chairman of Ecoya, an NZX listed company focused on the home fragrances and body care products market. Prior to 42 Below and Ecoya, he was a Managing Partner and Board Member of DDB Advertising for two years and was a Client Service Director and Management Team Member for Saatchi & Saatchi in Wellington for eight years. Geoff is also a Trustee of the Melanoma Foundation and Pure Advantage. Geoff has a Bachelor of Commerce (Agriculture).

(C) Craig Styris, Non-executive Director

Craig is an Investment Director at Pioneer Capital, an investor in New Zealand businesses that are focused on growth in large international markets, and is responsible for helping to source and manage investments for Pioneer Capital. Craig is also a Director of Pukeko Pictures and INTL (formerly INRO Technologies), and an alternate director of Orthopaedic Synergy, Inc. Prior to joining Pioneer Capital, Craig was an Associate Director at Craigs Investment Partners (then ABN AMRO Craigs) and an Associate at Houlihan Lokey, an international investment bank, in its Los Angeles head office. Craig has a Graduate Diploma in Finance and a Bachelor of Management Studies (Accounting and Economics). Craig also completed a year of undergraduate studies at the Haas School of Business, University of California Berkeley.

(D) Allan Scott, Non-executive Director

Allan Scott is one of the pioneers of the wine industry in Marlborough and Managing Director of Allan Scott Wines, which produces estate wines from properties in Marlborough and Central

Otago. Allan is a former Chairman of Marlborough Wine and Food Festival Committee, and Marlborough Winemakers, and is the current Chairman of the Wine and Food Network Group and Trustee Director of Destination Marlborough. Allan was awarded a Member of the New Zealand Order of Merit in the Queen's Birthday honours in 2011.

(E) Alistair Ryan, Independent Director

Alistair Ryan is a chartered accountant and company director. He has extensive corporate and financial experience in the listed company sector in New Zealand (and Australia), having been a founding executive of SKYCITY (from 1995), retiring from the company in June 2011 as Chief Financial Officer. Between 1995 and 2008, Alistair was also Company Secretary for SKYCITY. Prior to SKYCITY, Alistair was a corporate services partner with Ernst & Young in Auckland. Alistair is an independent director for a number of companies. In addition to Moa, Alistair is a director of Kingfish, Barramundi, Marlin Global, Metlifecare and a Board Member of the New Zealand Racing Board. Alistair has a Master of Commerce (Hons) in Accounting and is a member of the Institute of Chartered Accountants, INFINZ, the Institute of Directors and the Institute of Chartered Secretaries. Alistair is Chairman of the Company Audit and Risk Committee.

(F) Kim Ellis, Independent Director

Kim has been a professional director since 2006. He is currently chair of privately held EnviroWaste Services, public (unlisted) New Zealand Social Infrastructure Fund, and privately owned Macaulay Metals. In addition, he is a Director of NZSX-listed Freightways and privately held Tasman Tanning and Jucy Group. At the beginning of 2012, he was appointed an Advisor to the Board of Ballance Agri-Nutrients. He is also a member of the Trust Board of Wanganui Collegiate. Prior to this Kim led Waste Management New Zealand for 13 years, culminating in the company's sale in 2006 for a valuation in excess of NZ\$1 billion. During his tenure, Waste Management produced compound annual earnings growth in excess of 20%, completed in excess of 40 acquisitions and built a successful business in Australia. His earlier CEO appointments, dating back to 1978, covered a number of market sectors including health, manufacturing, distribution, transport, property, agriculture and fashion. Kim has first class honours degrees in Chemical Engineering and Economics.

Moa's management team



(A) Josh Scott, Founder and Executive Brewer

Josh has 16 years' winemaking experience, including the last eight years as head winemaker at the family-owned Allan Scott Wines, and is a three time finalist for the Australasian young winemaker of the year. Josh has a Diploma in Viticulture and Wine Production from the Nelson Marlborough Institute of Technology.

(B) Gareth Hughes, General Manager

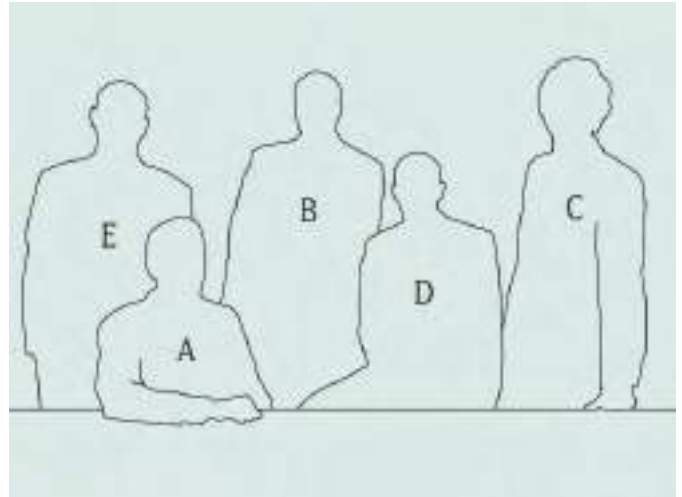
Gareth joined Moa as New Zealand Sales Manager in September 2010 and was subsequently promoted to General Manager in September 2011. Gareth was previously Sales Manager for 42 Below, responsible for sales of Vodka and was the top salesperson at Empower for a number of years, contributing towards its strong growth in the period of 2000 to 2003.

(C) Kelvin Ovington, Chief Financial Officer

Prior to Moa, Kelvin was the CFO at 42 Below where he was responsible for the sales, marketing and distribution of the product's portfolio in New Zealand. After commencing his career in fast-moving consumer goods with Unilever in Wellington and Sydney, Kelvin moved to London where he held accounting and finance roles in a number of sectors including food processing (Tate & Lyle) and media (Discovery Networks Europe). Kelvin then returned to New Zealand where he joined Vodafone and was Head of Group Planning and Reporting prior to joining 42 Below. Kelvin has conjoint Bachelor of Commerce and Bachelor of Science degrees from The University of Auckland and is an Associate of the Chartered Institute of Management Accountants (London).

(D) Sunil Unka, Marketing Manager

Sunil joined Moa in September 2010 and launched its brand development initiatives – establishing the brand foundations and setting brand strategy. Previously, Sunil was part of a dedicated team that managed the commercial strategy, technical developments and marketing for Air New Zealand's highly successful grabaseat platform. Sunil graduated from the Auckland Institute of Technology with a Bachelor of Business, majoring in Marketing.



(E) David Nicholls, Head Brewer

David has over 27 years commercial brewing experience and began home-brewing prior to this in 1977. David trained in London (Institute of Brewing and Distilling), Berlin (VLB) and Amsterdam (Heineken Technical Services). Prior to joining Moa in February 2007 as Head Brewer, David was Technical Manager with Heineken in its St Lucia brewing facility, Brewery Manager at Heineken's Papua New Guinea brewing facility, and Brewery Manager at Tui's Mangatainoka facility. David holds a Bachelor of Technology with honours in Biotechnology and has a Diploma in Brewing from London. David is also a member of the Institute of Brewing and Distilling and the Master Brewers Association of the Americas (past President, Caribbean section).

United States sales restrictions by state

State	Control vs. License	Coupons	Beer Sold in Grocery Stores	Wine Sold in Grocery stores	Spirits Sold in Grocery stores	Beer Sold in Gas or Convenience	Wine Sold in Gas or Convenience	Spirits Sold in Gas or Convenience	Keg Registration	Responsibility for draft line cleaning	Sunday sales of Beer	Sunday sales of Wine	Sunday sales of Liquor
Alabama	C	No	Yes	Yes	No	Yes	Yes	No	No	distributor	Yes	Yes	No
Alaska	L	Yes	No	No	No	No	No	No	No	distributor	Yes	Yes	Yes
Arizona	L	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	distributor	Yes	Yes	Yes
Arkansas	L	No	Yes	No	No	Yes	No	No	No	distributor	Yes	Yes	Yes
California	L	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	distributor	Yes	Yes	Yes
Colorado	L	Yes	No	No	No	Yes	No	No	No*	distributor	Yes	Yes	Yes
Connecticut	L	No (Mail)	Yes	No	No	No	No	No	Yes	distributor	No	No	No
Delaware	L	Yes	No	No	No	No	No	No	No	distributor	Yes	Yes	Yes
District of Columbia	L	Yes	Yes	Yes	No	Yes	Yes	No	Yes	retailer	Yes	Yes	No
Florida	L	Yes	Yes	Yes	No	Yes	Yes	No	No	distributor	Yes	Yes	Yes
Georgia	L	No (Mail)	Yes	Yes	No	Yes	Yes	No	Yes	distributor	No	No	No
Hawaii	L	No	Yes	Yes	Yes	Yes	Yes	Yes	No	distributor	Yes	Yes	Yes
Illinois	C	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	distributor	Yes	Yes	Yes
Indiana	L	No	Yes	Yes	No	Yes	Yes	No	No	retailer	Yes	Yes	Yes
Iowa	C	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	distributor	No	No	No
Kansas	L	Yes	Yes	No	No	Yes	No	No	Yes	distributor	Yes	Yes	Yes
Kentucky	L	No	Yes	No	No	Yes	No	No	No	distributor	Yes	Yes	Yes
Louisiana	L	No (Mail)	Yes	Yes	Yes	Yes	Yes	Yes	No	retailer	Yes	Yes	Yes
Maine	C	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	distributor	Yes	Yes	Yes
Maryland	L	Yes	Yes	Yes	No	Yes	Yes	No	Yes	distributor	Yes	Yes	Yes
Massachusetts	L	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	retailer	Yes	Yes	Yes
Michigan	C	No (Mail)	Yes	Yes	Yes	Yes	Yes	Yes	No	retailer	Yes	Yes	Yes
Minnesota	L	No	Yes	No	No	Yes	No	No	Yes	retailer	No	No	No
Mississippi	C	No	Yes	No	No	Yes	No	No	No	distributor	Yes	Yes	No
Missouri	L	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	distributor	Yes	Yes	Yes
Montana	C	Yes	Yes	Yes	No	Yes	Yes	No	No	distributor	Yes	Yes	No
Nebraska	L	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	distributor	Yes	Yes	Yes
Nevada	L	Yes	Yes	Yes	Yes	Yes	Yes	No	No	distributor	Yes	Yes	Yes
New Hampshire	C	Yes	Yes	Yes	No	Yes	Yes	No	Yes	distributor	Yes	Yes	Yes
New Jersey	L	No (Mail)	No	No	No	No	No	No	No	distributor	Yes	Yes	Yes
New Mexico	L	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	retailer	Yes	Yes	Yes
New York	L	No (M)	No	No	No	No	No	No	No	retailer	Yes	Yes	Yes
North Carolina	C	Yes	Yes	No	No	Yes	Yes	No	No	distributor	Yes	Yes	No
North Dakota	L	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	distributor	Yes	Yes	Yes
Ohio	C	No	Yes	Yes	Yes	Yes	Yes	Yes	No	retailer	Yes	Yes	Yes
Oklahoma	L	No	Yes	No	No	Yes	No	No	Yes	distributor	Yes	No	No
Oregon	C	No	Yes	Yes	No	Yes	Yes	No	Yes	retailer	Yes	Yes	Yes
Pennsylvania	C	No (Mail)	No	No	No	No	No	No	No	retailer	Yes	Yes	Yes
Rhode Island	L	Yes	No	No	No	No	No	No	Yes	retailer	Yes	Yes	Yes
South Carolina	L	Yes	Yes	Yes	No	Yes	Yes	No	No	distributor	Yes	Yes	No
South Dakota	L	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	distributor	Yes	Yes	Yes
Tennessee	L	No	No	No	No	No	No	No	Yes	distributor	Yes	No	No
Texas	L	No	Yes	Yes	No	Yes	Yes	No	No	distributor	Yes	Yes	No
Utah	C	Yes	Yes	No	No	Yes	No	No	No*	distributor	Yes	No	No
Vermont	C	No	Yes	Yes	No	No	Yes	No	Yes	distributor	Yes	Yes	Yes
Virginia	C	No (Mail)	Yes	Yes	No	Yes	Yes	No	Yes	distributor	Yes	Yes	Yes
Washington	C	No (Mail)	Yes	Yes	No	Yes	Yes	No	Yes	retailer	Yes	Yes	Yes
West Virginia	C	No (Mail)	Yes	Yes	Yes	Yes	Yes	Yes	No	distributor	Yes	Yes	No
Wisconsin	L	No	Yes	Yes	Yes	Yes	Yes	Yes	No	retailer	Yes	Yes	Yes
Wyoming	C	Yes	Yes	Yes	Yes	No	No	No	No*	distributor	Yes	Yes	Yes
Total		24	43	35	20	40	33	14	24		47	43	36



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