



Introduction

The West Berkshire Brewery PLC is an independent brewery founded in 1995 by Dave and Helen Maggs. It is situated in Yattendon, Berkshire from where it produces a range of bottled, kegged and cask-conditioned beers and lagers for which over 40 awards have been won, including Champion Strong Beer of Britain.

Distribution of our products is throughout southern England. Currently, the Company's customer base includes hundreds of free houses and off-licences as well as significant listings with national supermarkets and pub companies. In addition, the company has recently agreed to begin to export its beers across the globe.

The company currently employs 19 people in a wide variety of roles. Sales in the year to March 2015 were up 20% on the previous year and continuing growth in the current financial year is showing an increase in revenue to a total of £1.95m.

Planning consent is in process to build a state-of-the-art brewery on the same estate that has hosted the brewery since 1999.

Intended impact

Since 2013 the business has been led by David Bruce. In a 48-year international brewing and licensed retailing career, David has co-founded and invested personally in:

Bruce's Brewery and the Firkin pubs

The Paris Real Ale Brewery (now frogpubs.com)

The Brooklyn Brewery, New York City

The Wynkoop Group of Brewpubs, Denver, Colorado

The Elysian Brewery, Seattle

The Capital Pub Company PLC

The City Pub Companies East and West PLC

During the past 15 years, David has raised over £80m. under the Enterprise Investment Scheme for start-up ventures in the brewing, pub and farm shop sectors.

In March 2013, David was invited by the founders to invest in their company and become its Chairman. Initially, David led a private placing of some of the founders' equity to "the beer drinkers and residents of Berkshire", thereby raising c. £1.25m. for the founders who have subsequently retired but remain significant minority shareholders.

A completely new Board was appointed and a five year strategy for the Company was implemented, focussing on sales and marketing. As a result, like-for-like beer sales have increased beyond expectation. At the current



rate of growth, the Directors anticipate that the brewery will reach its production and storage capacity within the next two years.

In November 2014, West Berkshire Brewery launched an offer for subscription to raise up to £4m under the Enterprise Investment Scheme in order to:

- * build a brand new high-specification brewery with bottling, kegging and canning lines together with a visitor centre, shop and café;
- * acquire a drink-led, managed pub in an urban location in which to promote all of our brands;
- * provide working capital in order to further strengthen our sales and marketing teams as we enlarge our distribution area and expand into new export markets.

All of these aims have been developed. The team has been fully recruited. The brewery specification has been finalised and suitable pub sites have been identified.

Substantial accomplishments to date

So far, a total of £2.75m has been raised through this EIS offer.

Since April 2015, the business has grown by 26% versus the previous year. West Berkshire Brewery brands are now listed with; Enterprise Inns, Waitrose, Tesco, Majestic and Fortnum & Mason. We are the official cask beer of Reading FC, we are the long running supplier to the Henley Royal Regatta and in 2015 we were the official beer supplier to the BMW PGA at Wentworth.

Recently the company has successfully recruited for new roles in the business; Marketing, Finance, Brewery and 2 new Sales positions have been added, including the company's first sales person dedicated to supporting the growth of our customer base in London.

Simon Lewis was appointed CEO in February 2015. Simon has worked extensively across the UK drinks industry with a wide range of leading companies including Bass Brewers, Coors, Red Bull, Monster Energy and Purity Brewing. Simon is charged with the delivery of the company's strategic plans.

Monetisation strategy

West Berkshire Brewery has a vision to develop a business around what we stand for: Great beer, first and foremost. Our plans are very clearly focussed on making the very best of the skills we have, what our customers and consumers are demanding and making sure that we develop a capability to win in all the markets that we compete.

WBB will leverage the recent investment made in our sales and marketing teams. With 2 dedicated field-based Account Managers, working alongside 2 Sales Executives servicing our customer base on the phone, the reach of the business will be dramatically enhanced. Focus for the business will be on generating an increased loyal customer base looking for a variety of great quality beers.



We will develop a range of beers that will meet the increasingly curious taste buds of our consumers. This will include a new craft keg and bottle range utilising the very best ingredients from around the world to make interesting and accessible new beers. In addition, we are in the process of agreeing the distribution of an exclusive range of beers from continental breweries.

Development of other income streams is also to be achieved through:

- Contract bottling
- Managed Pub(s)
- Brewery Shop and Café
- On-line
- Export

The plans for the growth of WBB start with the need to build a new state-of-the-art brewery. It is our intention to remain on the Yattendon Estate, preferably in adjacent but now redundant dairy farm buildings. In conjunction with the landlord, we have received pre-planning approval for the development of a site capable of hosting a brewery that would allow an immediate tenfold increase in capacity. That means that we would not have to consider a move from this site for very many years. Our vision is to build a facility that is future proofed in size, capability, flexibility and ultimately is a sector leading brewing production and packaging site. This investment is an opportunity to benefit from this long term vision.

Use of proceeds

The Company intends to take advantage of the exciting, substantial and growing craft beer market.

- **PRODUCTION:**

The Company will outgrow its current site by 2017. Therefore WBB plans to construct a purpose-built, high-spec brewery, installing kit that will allow for a tenfold increase in production with massively improved efficiencies. WBB intends to build a new visitor centre complete with a larger shop and a café.

The proposed new bottling, kegging and canning facilities at the new brewery will reduce in-house costs, and will provide an additional revenue stream as WBB will provide flexible outsourced packaging services of the highest quality to other brewers.

- **SALES AND EXPORTS:**

The Company has already expanded its sales & marketing team to drive domestic sales through pubs and supermarkets.

After successful initial sales WBB intends to promote export sales.

- **MANAGED PUBS:**



WBB intends to acquire at least one drink-led, managed pub in an urban location.

Target market

West Berkshire Brewery (WBB) is predominantly an on-trade supplier with approximately 20% of its business in the off-trade.

The company has devised a strategic plan to target the right drinks for both customer and consumer type. Within this financial year, our brewing team have developed several new beers including a 'Craft Lager' to appeal to the widest audience possible, where lager accounts for 75% of all beer sales in the UK (Mintel 2014).

At the heart of the current business is the recognition of the massive potential for our traditional cask ale range. The latest Cask Ale Report by Pete Brown identified that: "Cask Ale is in volume growth; Cask Ale is increasing its rate of sale; Cask ale is increasing in market share in the on-trade." WBB is going to continue to grow a strong stable of cask brands. We will grow distribution out from our heartland and across the UK. In particular, Good Old Boy will be the company's focus brand. With 20 years of heritage and experience these beers will benefit from the growing demand in cask beer. The Cask Report 2015-16 identifies that the cask ale drinker is driven to find a "premium experience that can't be replicated at home", they visit the pub twice as often as the average drinker and they spend more. If cask beer is what we do now then the trend toward craft beer cannot be ignored. We have the team to capitalise on this trend.

Growth of craft beer in the UK on-trade last year was +62% (CGA) and that trend is forecast to continue. WBB will approach this market with a new range of inspired craft beers in bottle and keg to make the most of this growing sector. Our young, skilful brew team have created the Renegade Brewery brands to provide a new identity for our craft beers. Using only the finest ingredients, the development of this new range targets the growing market for interesting and premium beers with a quarter of British adults having drunk a craft beer in the last 6 months.

Characteristics of target market

Beer drinkers are changing their habits. People are seeking more quality and less quantity. Large national beer brands are in decline as consumer movement is into premium categories and diverse choice.

- Cask drinkers are affluent, educated and have money to spend. 68% are ABC1 and 60% earn more than the national average wage.
- Nearly 20% of real ale drinkers tried it for the first time in the last 4 years.
- Cask ale appeals to all ages.
- Cask drinkers are more likely to pay more for a good pint of beer.
- CAMRA now has over 160,000 members.

There is an increasing demand from women beer drinkers. Our new Renegade craft beers are designed to target this opportunity.



Our core market in the South East of England accounts for approximately 29% of all beer sales in the UK. WBB is well placed geographically to make the most of this opportunity, with London accounting for 20% of all beer sales, and our focus here will be vital in the growth of the business.

Marketing strategy

We have developed a marketing plan built around the delivery of our range of beers and imported brands;

- * Own Cask Ale

- * Own Craft Beer

- * Third Party products

Our business will focus on delivering the strongest brand quality and variety for the trade. We will work with our loyal customers to support them in brand value and brand support using quality glassware and other materials to enhance the overall consumer experience.

As a business we will drive sales, predominantly led by our free trade, direct delivered, customer base. Strategically, we will develop greater exposure to national retailers, both on-trade and off-trade. Significant gains in the last 6 months have been listings with Punch Taverns, Mitchells & Butlers as well as Greene King. Finally, we will develop a sales and marketing strategy to expand the export of our beers around the world. The appetite overseas for UK produced beers is considerable.

The development of the new brewery site will be a focal point for the business and a stand-alone operation attracting new customers and consumers to the brewery to see and experience the facility first hand. Giving opportunity for a great brewery experience.

The addition of one or more managed pubs will add extra streams of both income and marketing potential. As a showcase for the brewery and our brands, these pubs allow us to market directly to our consumers and develop an integrated approach to brand development.

Competition strategy

There are now in excess of 1,300 breweries in the UK, many of which have a focus on the production of craft ales. Approximately 170 microbreweries have been established within the last year and over 70 of these are located in London and the South East. These new microbreweries will provide a new source of competition for longer-established breweries such as West Berkshire Brewery. However, this trend has helped to raise the profile of real ale and small breweries in general.

WBB will successfully compete with other businesses in our sector by:

- * Virtue of our heritage and experience.

- * Maintaining the highest standards of product quality and consistency.

- * Innovating with and promoting interesting and distinctive products.



* Taking advantage of existing supply lines and customer arrangements to distribute new products.

An emphasis on customer service and a dedicated and well trained sales team will keep West Berkshire and Renegade Brewery products at the front of the queue.

In addition to our sales strategy, WBB will add further income streams to the business in the shape of a top of the range, high speed and automated, flexible packaging line. The specification of this packaging line will include the potential for both bottling and canning of the highest standards.

There is a current shortage of packaging operators in the UK, WBB knows through day to day experience. Following extensive research and negotiation, we are going to build a facility that will allow WBB not only make cost savings by bringing our brands in-house (we currently outsource all packaging), but also provide an increasingly sought after contract bottling / canning solution for the ever expanding brewing community. Already several significant customers have been identified for this service. Our plans include the potential to scale this operation based on capacity requirements and contract gains.