



Executive Summary

An opportunity to invest in a growing, award-winning, independent brewery led by industry veterans



Company Name
The West Berkshire Brewery PLC

Website
www.wbbrew.com

Office Address
2 Old Bath Road, Newbury, Berkshire RG14 1QL

Company Number
03667842

GENERAL INFORMATION

- Food and drink sector
- Established in 1995
- New management took over in 2013
- 17 members of staff
- 31/03/2016 turnover £1,838,000
- Growth of craft beer in the UK on-trade last year was +62% (CGA)
- EIS Advance Assurance

Business overview

The West Berkshire Brewery PLC (WBB) is an award-winning independent brewery, producing 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.

Founded in 1995 and led since 2013 by a board of industry veterans, WBB has embarked on an ambitious expansion strategy, reaching revenues of over £1.8 million in the year to March 2016, an increase of 13.3% from the prior year. Financed by management and a recent fundraise with Seedrs and Asset Match, WBB is seeking further equity funding to acquire public house leaseholds to add to its portfolio.

Revenue streams

Beer sales

A recent fundraising campaign has financed a new, larger brewery premises and visitor shop, to be fully operational from early 2017. New plant and equipment will initially provide a threefold increase in volume production with the ambition and potential to be scaled to ten times current beer volumes and revenues without significant further capital expenditure. The new site is big enough to ensure that the business can grow without relocating again.

WBB has also penetrated the growing craft beer market through its Renegade Brewery brand with an inspired new range of bottled and kegged beers. This is a growing revenue stream and for Q1 2016 Renegade sales accounted for approximately 20% of the Company's turnover, £114k.

The WBB brewing team has also recently developed Renegade Craft Lager to appeal to the widest audience possible. The lager has enjoyed a successful recent launch including a listing with Enterprise Inns.

Leasehold public houses

In addition to being immediately cash generative, owned pubs will allow increased sales and increase brand awareness of WBB.

WBB acquired its first leasehold pub in June 2016 – Shillibeers in Islington, London which is already achieving £1,300 EBITDA per week.

A new site has been identified in North London with a lease premium of £325,000. The target pub is fully functional and will require no initial costs to refurbish. Its annualised turnover is £750k, with net profit of £135k.

Outsource packaging

WBB has designed and purchased a fully automated dual bottling and canning line to be operational from early 2017. This packaging line is unique in the UK and allows brewers to package goods in a range of bottle and can varieties. This is a unique capability in the current brewing market which lacks dedicated packaging facilities. WBB is in advanced discussions with a number of brewers around providing an outsourced packaging service.

Through its packaging capability, WBB will increase cash contribution on its own packaged beers and also generate new revenues by providing a contract bottling and canning solution to the expanding brewing industry.

The market

Brewing is booming in the UK, spurred by growing sales of craft beers and cask ales, with applications to open breweries tripling in the last five years. The UK alone has 1,300+ breweries, the highest since the 1930s according to the Campaign for Real Ale (Camra).

Craft beers and ales, typically brewed locally, are a fast-growing segment of the beer market. GCA Peach reports that in 2014 UK sales grew 30.3% to £404m, the first increase in overall beer sales for a decade. This increase is fuelled by the growing popularity with consumers; 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.

Beyond cask ale, the growth of craft beer in the UK on-trade last year was +62% and that trend is forecast to continue (CGA). Within this financial year, the WBB brewing team has developed several new beers, including Renegade Craft Lager, to its portfolio to address the lager market which accounts for 75% of all beer sales in the UK (CGA 2015).

WBB is predominantly an on-trade supplier, with approximately 20% of its business in the off-trade. WBB aims to continue to grow a strong stable of cask brands, increasing distribution out from the company's South East heartland and across the UK. The WBB core market in the South East and London accounts for 29% of all UK on-trade beer sales. WBB is well placed geographically to make the most of this opportunity.

The team

David Bruce – Chairman

David's fifty year entrepreneurial career in the international brewing industry and licensed trade began when he joined Courage, Barclay & Simonds in Reading, Berkshire, as a brewery management trainee. Having learnt to brew, he became the Brewer and Sales Manager at Theakston's Brewery in Yorkshire before co-founding not only Bruce's Brewery and the Firkin Pubs in 1979 but also the Small Independent Brewers Association (SIBA) in 1980.

David sold Bruce's Brewery and the Firkin Pubs for £6.6 million in 1998 and then became a co-founder and investor in a number of start-up breweries in France and the USA. In 1993, David became the largest private shareholder in Grosvenor Inns PLC and, as Development and Marketing Director, was responsible for rolling out The Slug & Lettuce chain of branded bars.

In December 2000, David co-founded and became Chief Executive of The Capital Pub Company PLC, which floated on AIM in 2007 and was sold in July 2011 to Greene King for an enterprise value of £93 million. In October 2011, David co-founded The City Pub Company (East) PLC and The City Pub Company (West) PLC. In March 2013, David was appointed Chairman of WBB.

Simon Lewis – CEO

Simon has 25 years' experience in the drinks trade through retail, sales, training and marketing. Prior to joining WBB, he was Operations Director at Purity Brewing Co. Ltd from 2012 to 2015. Prior to that he worked for Bass, Red Bull and Monster Energy.

Financial information

For YE (31/03)	31 March 2015 (A)	31 March 2016 (A)	31 March 2017 (F)	31 March 2018 (F)	31 March 2019 (F)
Turnover (£k)	1,622	1,838	3,880	6,512	7,702
PBT (£k)	(315)	(263)	88	507	845
EBITDA (£k)	(248)	(145)	245	846	1,211

Thomas Lucas – Finance Director

An ACCA qualified accountant, Tom joined WBB in 2008. He has been at the heart of the business ever since having enjoyed roles in sales and operations as well as finance. In addition to helping to drive the continuing growth, he has helped the company raise £4.25m to date and with David has been the architect of the business strategy.

Clive Watson – NED

Clive, a Chartered Accountant, co-founded The Capital Pub Company PLC with David Bruce in 2000. He was its finance director until June 2007, managing director until June 2008, and thereafter chief executive. In July 2011, Clive negotiated the sale of the company to Greene King for an enterprise value of £93 million. In October 2011, Clive co-founded with David Bruce and became Chairman of the City Pub Company (East) PLC and The City Pub Company (West) PLC.

Simon Robertson-Macleod - NED

Simon has been involved in the drinks industry for over forty years. Having worked for Martell in Cognac and Deinhard in Koblenz, he joined Scottish & Newcastle Breweries in November 1973 and stayed with them for twenty-two years, his last role being Director of Major Accounts for William Younger & Company. He joined Fuller's in October 1995 as National Accounts Controller (Brewers and Multiple Pub Groups). and retired in 2013 having overseen a growth of 400 per cent in sales of cask London Pride.

Investment requirement

WBB has an ambition to build a portfolio of at least nine leasehold public houses over the next 3-years.

Each public house site is modelled as a £500k investment which will include the agreed leasehold cost.

WBB is opportunistic in its approach, acquiring as suitable locations arise and is looking for investors who can support this approach.

The investment benefits from EIS Advance Assurance.

Exit strategy

Management have extensive experience in the sector of exiting both through trade sale and IPO.

David and Clive floated The Capital Pub Company PLC on AIM in 2007, and later sold it in July 2011 to Greene King for an enterprise value of £93 million, delivering a 3x return to their EIS investors. Prior to this David sold Bruce's Brewery and the Firkin Pubs chain for £6.6 million.

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