BIG PICTURE

- Growth in a Competitive Market
- Growth in a Crowded Marketplace
  - 2 openings a day
  - Large brewer acquisitions
  - Crowded distribution
- Small still healthy
  - Still growth out there
CRAFT BREWER DEFINED

• Small
• Independent
• Traditional

• Important to continue to show numbers based on health of small and independent brewers
• Important to beer drinkers
OVERALL MARKET

6% CRAFT

7% IMPORT

-2% U.S. NON-CRAFT

2% LARGE BREWER DOMESTIC SPECIALTY

STATE OF THE INDUSTRY | BREWERS ASSOCIATION
1. The biggest deal
2. Growing customer uncertainty
3. Increased regulatory action
4. Craft capacity decisions
5. A slowing of the feeding frenzy
6. Questions as to how unified the craft brewing industry can be going forward
We’ve seen this before
SHARE

2012: Volume 6, Dollar 12.3%
2013: Volume 7, Dollar 12.3%
2014: Volume 9, Dollar 12.3%
2015: Volume 11, Dollar 12.3%
2016: Volume 11, Dollar 12.3%

Total Share: 55.3%
BARREL GROWTH

GROWTH RATE


MILLIONS OF BARRELS

1.4 MILLION BARRELS

STATE OF THE INDUSTRY | BREWERS ASSOCIATION
WHAT THE BEER DRINKER IS THINKING

• Local
• Trying something new
• Beer is fun
• Taprooms/community
AT THE BREWERY SALES

SALES M BBLs

2014
2015
2016

2.3 MILLION BARRELS

STATE OF THE INDUSTRY | BREWERS ASSOCIATION
CLOSINGS

2012: 47
2013: 68
2014: 75
2015: 78
2016: 97
<table>
<thead>
<tr>
<th>Year</th>
<th>Openings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>456</td>
</tr>
<tr>
<td>2013</td>
<td>525</td>
</tr>
<tr>
<td>2014</td>
<td>896</td>
</tr>
<tr>
<td>2015</td>
<td>845</td>
</tr>
<tr>
<td>2016</td>
<td>826</td>
</tr>
</tbody>
</table>
BREWERIES IN PLANNING

More are coming

• 7,700+ active TTB licenses as of March 31, 2017...
EXPANSIONS

• Lots of capacity
• But people are getting the message
  ▪ Ratio didn’t change much from 2015-2016
  ▪ Tracked 1,000 breweries from 2015 to 2016
    • Group grew capacity (collectively) by 2.8%.
Average case price in 2016: $36.18

Price increase: $1.02 or +2.9%

Source: IRI Group, MULO+C
1.35M BARRELS

2016

14.8% GROWTH RATE

STATE OF THE INDUSTRY | BREWERS ASSOCIATION
2016
17.94M BARRELS
0.9% GROWTH RATE
U.S. Craft Brewer Exports

4.4%

465,617 BBL

STATE OF THE INDUSTRY | BREWERS ASSOCIATION
## 2016 Dollar Share & Growth

<table>
<thead>
<tr>
<th>Beer Style</th>
<th>Sales Share</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPA</td>
<td>25.4%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Seasonal</td>
<td>13.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Other Pale Lagers</td>
<td>11.2%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Pale Ale</td>
<td>8.8%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Variety</td>
<td>7.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Amber Ale</td>
<td>4.3%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Amber Lager</td>
<td>4.1%</td>
<td>-6.3%</td>
</tr>
</tbody>
</table>

Source: IRI Group
**BEER STYLES**

- Shift toward the lighter side
- Growth in scan
- Hearing on brewpub side

<table>
<thead>
<tr>
<th>Beer Style</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOLDEN ALES</td>
<td>51.2%</td>
</tr>
<tr>
<td>SAISON/FARMHOUSE ALES</td>
<td>44.4%</td>
</tr>
<tr>
<td>PILSNER</td>
<td>12.1%</td>
</tr>
<tr>
<td>WHEAT BEER</td>
<td>11.9%</td>
</tr>
<tr>
<td>BELGIAN WITS</td>
<td>11.4%</td>
</tr>
<tr>
<td>OTHER PALE LAGERS</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

*STATE OF THE INDUSTRY | BREWERS ASSOCIATION*
• What is true nationally not necessarily true in the states
• Starting to see a divergence in growth in different places
• Know your market
• States with **above average** craft share (2015), 2016 growth = **1.9%**

• States with **below average** craft share (2015), 2016 growth = **7.7%**
TRENDS

• Concerns
  ▪ .05
  ▪ Trade practice violations
  ▪ Brewing great beer is no longer enough

• Optimism
  ▪ We’ve built businesses that people love in their communities
  ▪ Premiumization tide isn’t swinging back
  ▪ Inclusiveness
CRAFT BEER SALES ARE AT AN ALL TIME HIGH!