



Upward and Onward: Post-Pandemic Planning for Breweries

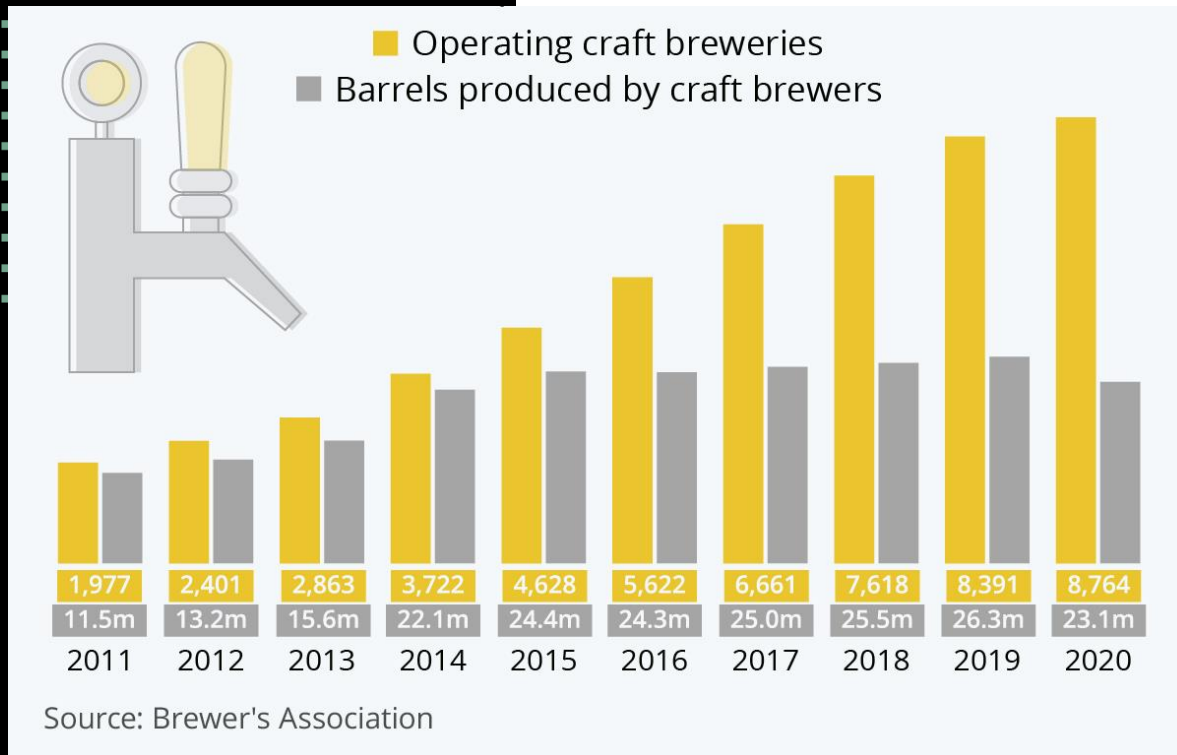
Jim Mackay, CEO Ska Fab

August 19, 2021

COVID

A 4 LETTER WORD?

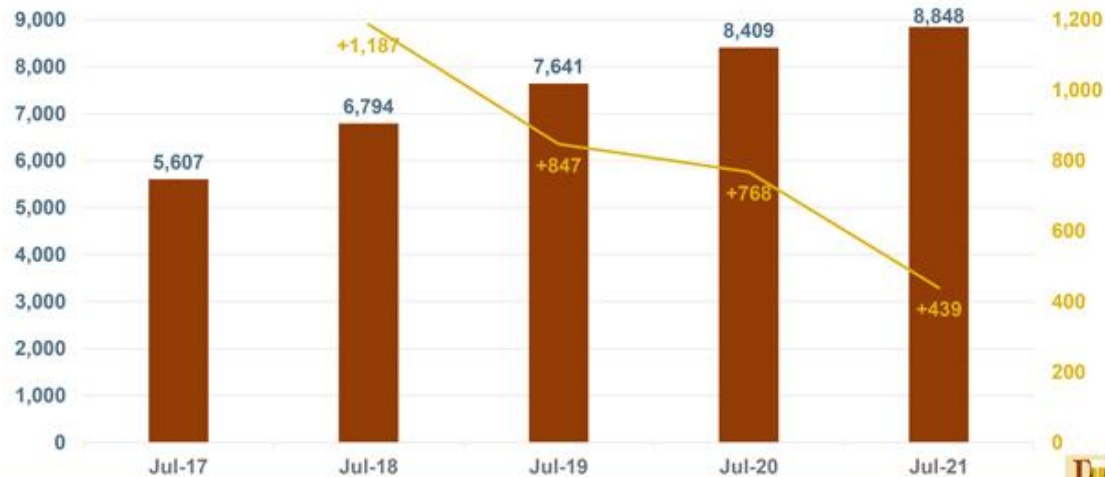
- 2020 saw craft beer's 1st production decline in modern era (-9%)
- Beer industry lost ~650,000 jobs due to COVID



IS IT OVER?

UMMM, NO

Brewery Count - July



- 1st Half 2021 volume 'half way back to normal'
- Lots of re-openings of pubs, taphouses
- Diversified revenue streams
 - Retail
 - Seltzers, etc
- Almost 9,000 Breweries in operation

BUT

- Average spend is down
- Openings are slowing
- Delta variant is changing the game again

COLLATERAL DAMAGE

- Labor Challenges
- Supply Chain shortages
- Inflation



CAN SHORTAGES

(THE GREAT CANDEMIC)

- 2020 saw the shortage go from bad to worse
- New plants in GA, PA, TX in 2021 helped
- Overseas supplies (2 Billion cans!) eased the pain but caused other problems:
 - Funky liners
 - Mismatched lids
 - Sub-par pallets and tier sheets
- RTD growth expected to make it worse in 2022



GET CREATIVE!

- Manage your SKUs
- Re-purpose stock printed cans
- Use small batch can decorators
- Try new can sizes
- Stock up! (but don't hoard, PLEASE)
- Get your own labeler – JIT labeling!
- Do what you can to prevent waste!



SCARCITY = RISING COSTS

- Packaging costs are increasing across the board
- Raising your prices is only one solution:
 - Work with your suppliers
 - Use fewer packaging materials





LABOR CHALLENGES

- Competing with other industries
- It's not just about wages
- Worried about their physical and mental health
- Concerned about sexism and diversity

AUTOMATE!



- Replace your 'dunker' with a twist rinse
 - Add a depal to your twist rinse
 - Add a labeler
 - Add accumulation
 - Think about pack-off
-
- Packaging improvements are also labor savers
 - Depals replace a crappy manual job

AUTOMATE!

- A \$60,000 packaging machine would pay for itself in about 3 months running just 10 hours per week!

Average price for a craft beer keg* (½BBL)?

\$172



Average price for that keg by barrel* (1BBL)?

\$343



Average price if that amount of beer (1BBL) is packaged in a case (24, 12ounce cans or bottles)?

\$506



Extra money in your pocket?

\$162

per BBL
(case versus keg)



If your canning line can process 3 BBL per hour That's

\$486

extra dollars per hour.



To pay off a

\$60,000

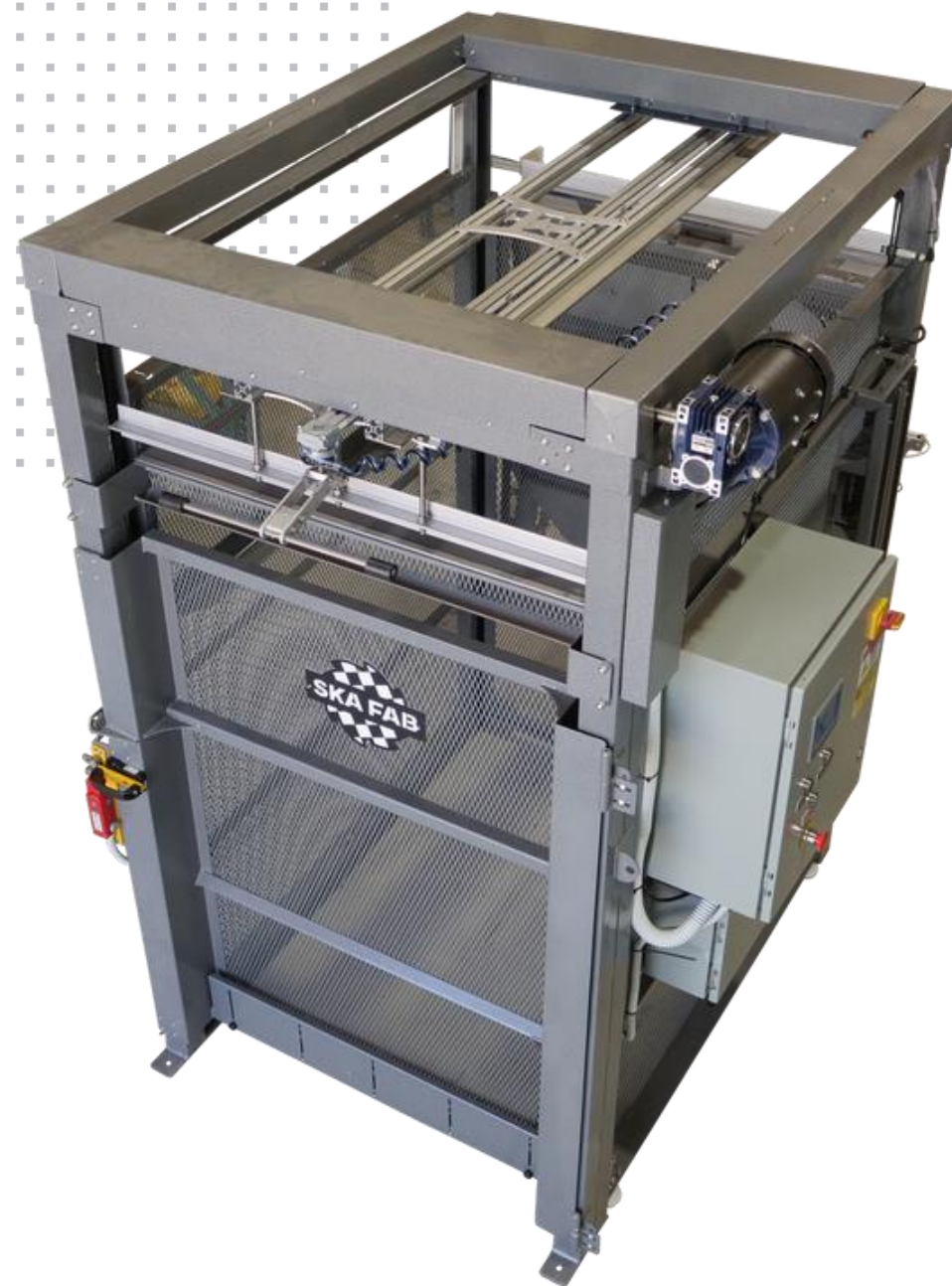
machine, it would take **124 hours** of running the system and 372 BBLs.

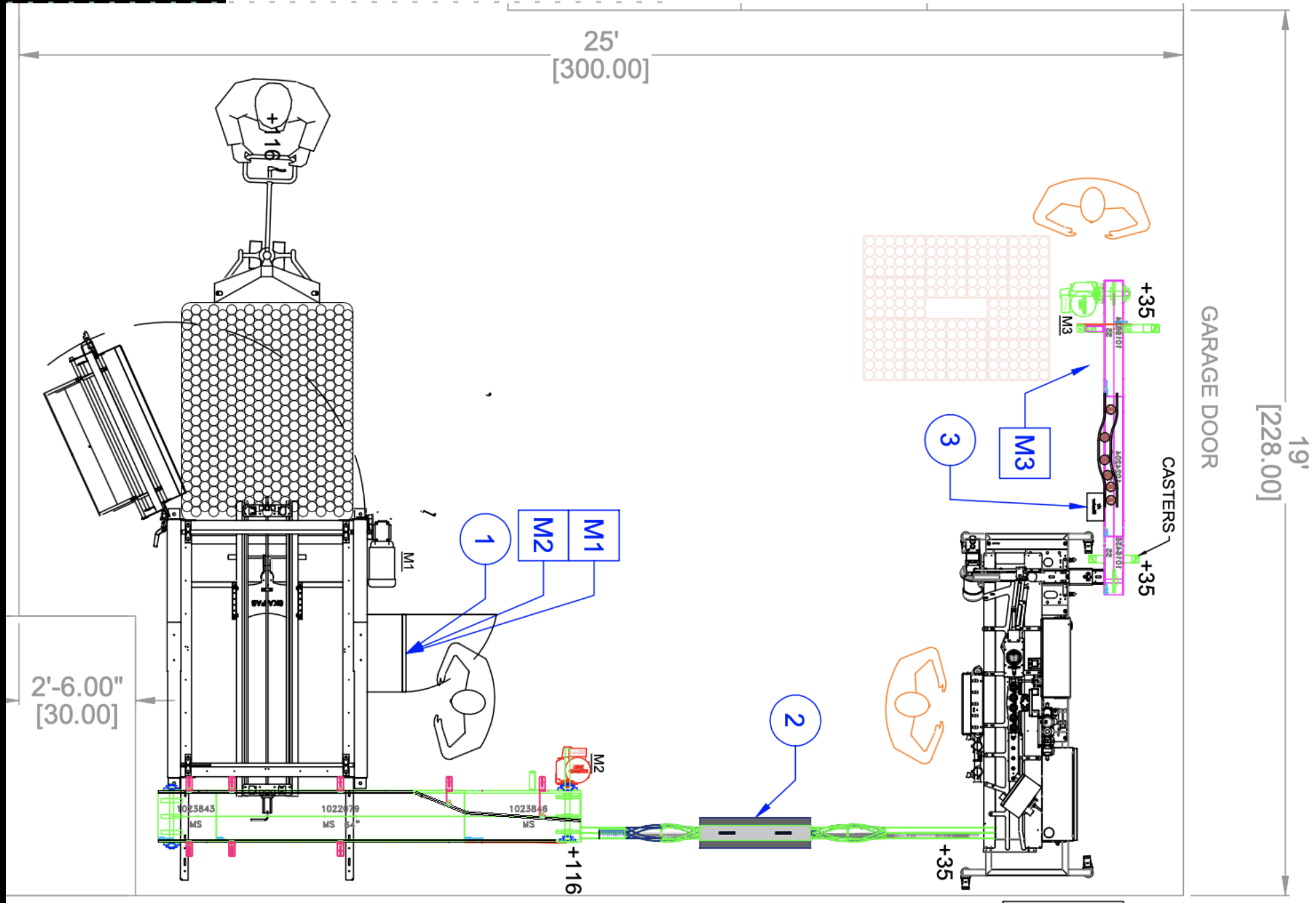


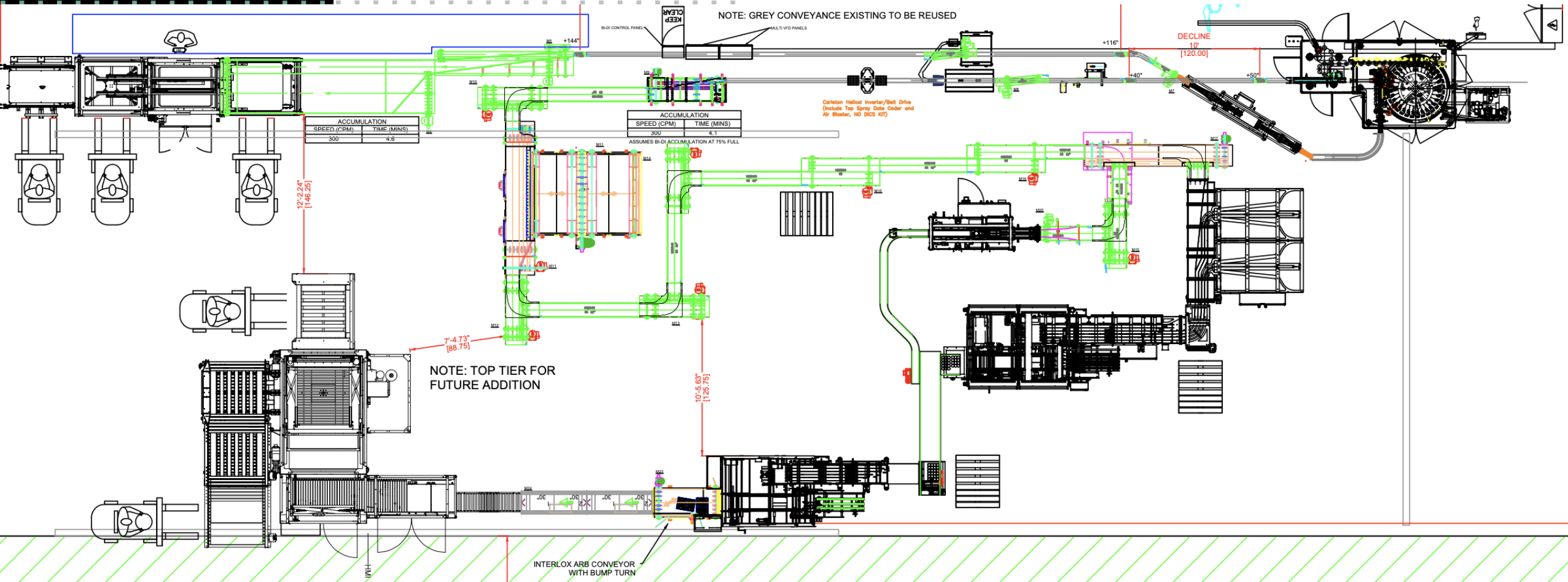


AUTOMATE!

- Revisit your layout
- Plenty of room to work and maintain?
- Keep it clean
- Carry spare 'wear' parts
- Regular maintenance / tuning







FUTURE PROOF YOUR BUSINESS

- Hire good people and invest in them
- Think about your entire Supply Chain
- Eliminate waste
- Automate your packaging line



**BETTER
DAYS**
are
COMING

GUINNESS

THANK YOU



BOLD MACHINES • INNOVATIVE SOLUTIONS

OFFICE 970-403-8562 MOBILE 970-799-1798 EMAIL epd@skafabricating.com

ADDRESS 545 Turner Drive, Suite A / Durango, CO 81303 ONLINE skafabricating.com