BREWERS ASSOCIATION®

STATE of the INDUSTRY

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BEER HEADLINES

- The high end now driving beer with craft as its leader
- Micros continue hot streak
- Brewpubs return to growth/diversity
- Regional brewers continue opening opportunities, new channels growing
- Capacity grows on pace with production
- Styles cut both ways
  - More IPAs – More sessionable options

CRAFT BREWER DEFINED

An American craft brewer is small, independent and traditional.

Small = Annual production of 6 million barrels of beer or less (approximately 3 percent of U.S. annual sales). Beer production is attributed to the rules of alternating proprietorships.

Independent = Less than 25 percent of the craft brewery is owned or controlled (or equivalent economic interest) by an alcoholic beverage industry member that is not itself a craft brewer.

Traditional = A brewer that has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation. Flavored malt beverages (FMBs) are not considered beers.

Volume Growth

18%
CRAFT

0.5%
OVERALL BEER

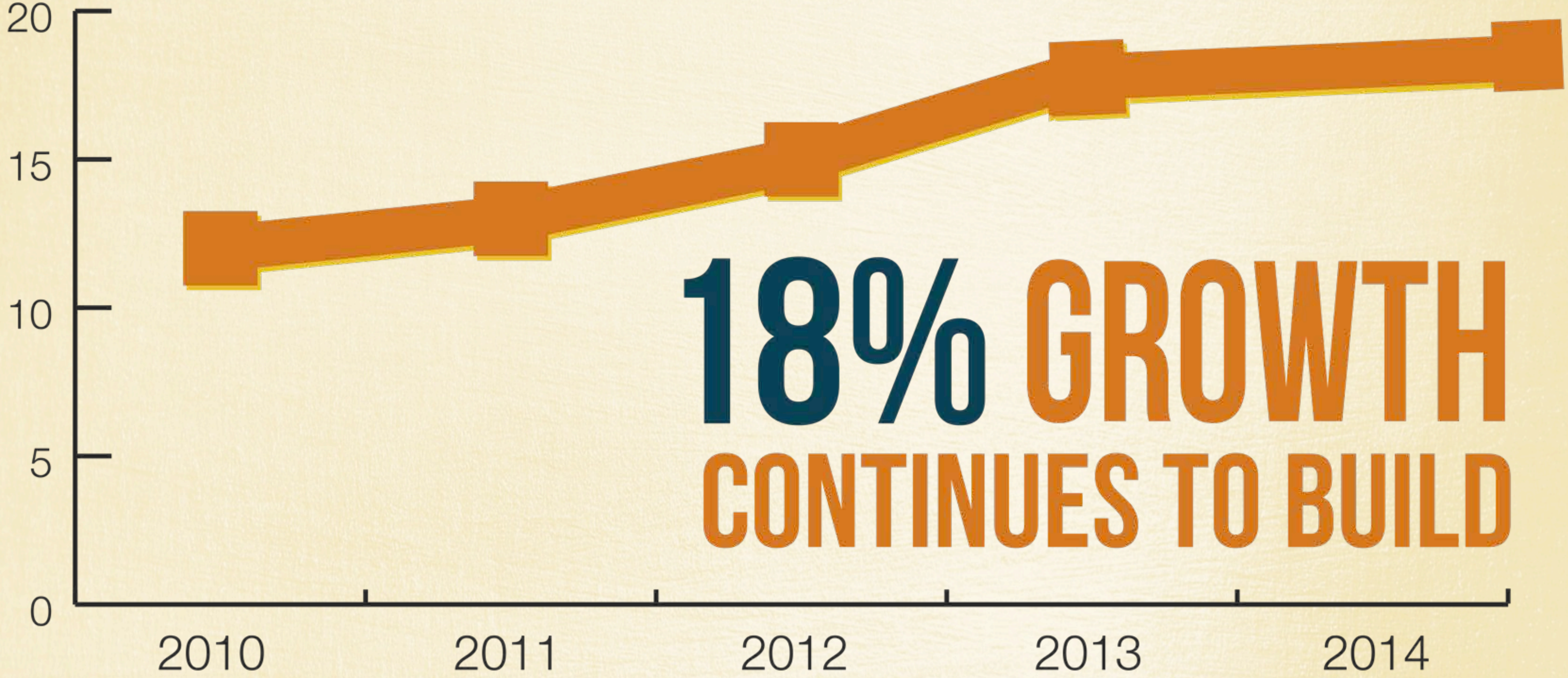

CRAFT BEER NEWS
22.2 MILLION
BBLS SOLD IN 2014
2014 Volume Grows 3.4 Million bbls
U.S. Sales Grew 3.3M · 1.6 Share of U.S. Beer

Pricing

3%

- $1.01/case in scans
- First year where increase is over a buck a case?

Total Craft Industry % Volume Growth



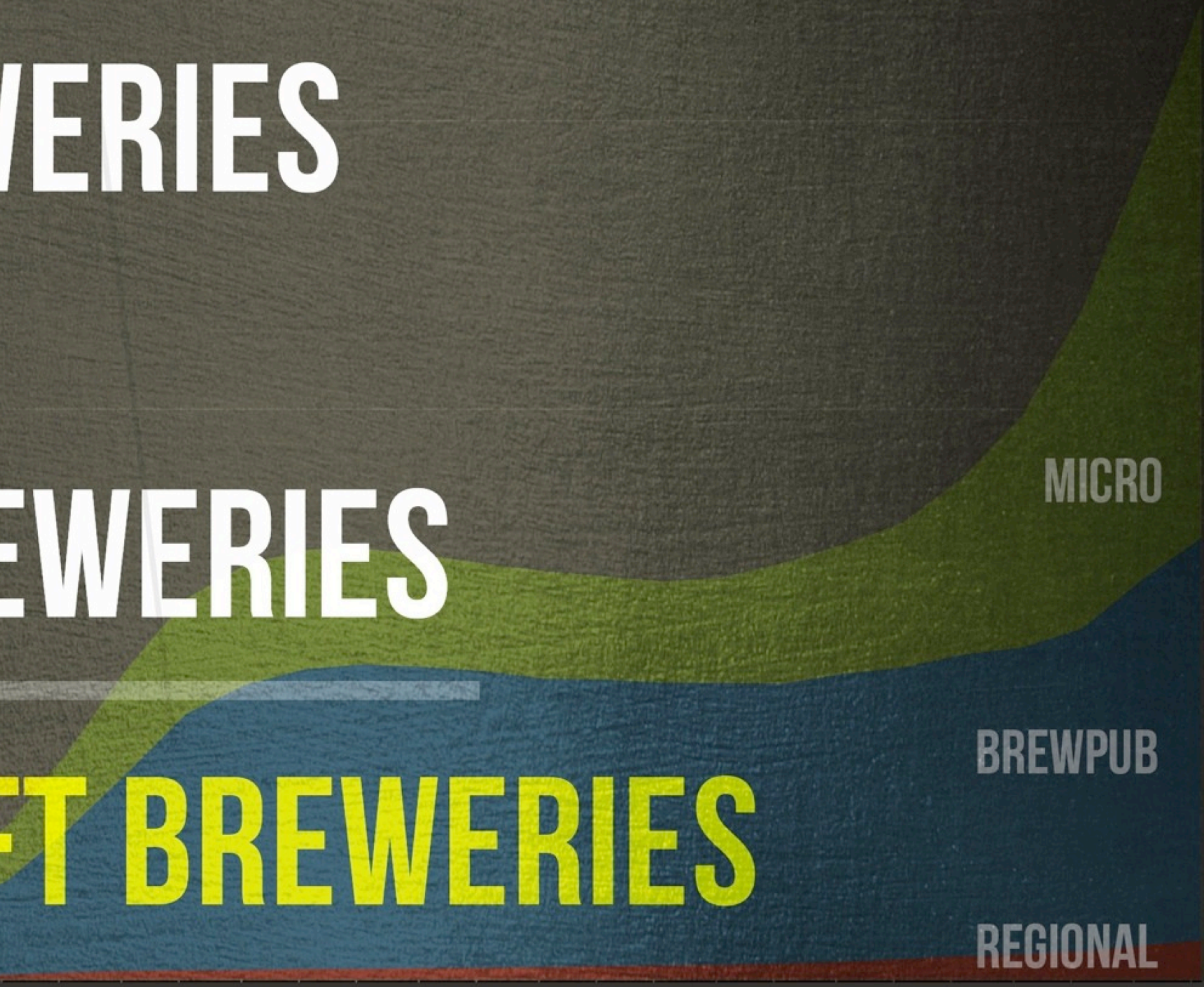
Total Craft Breweries in U.S.

1,871 MICROBREWERIES

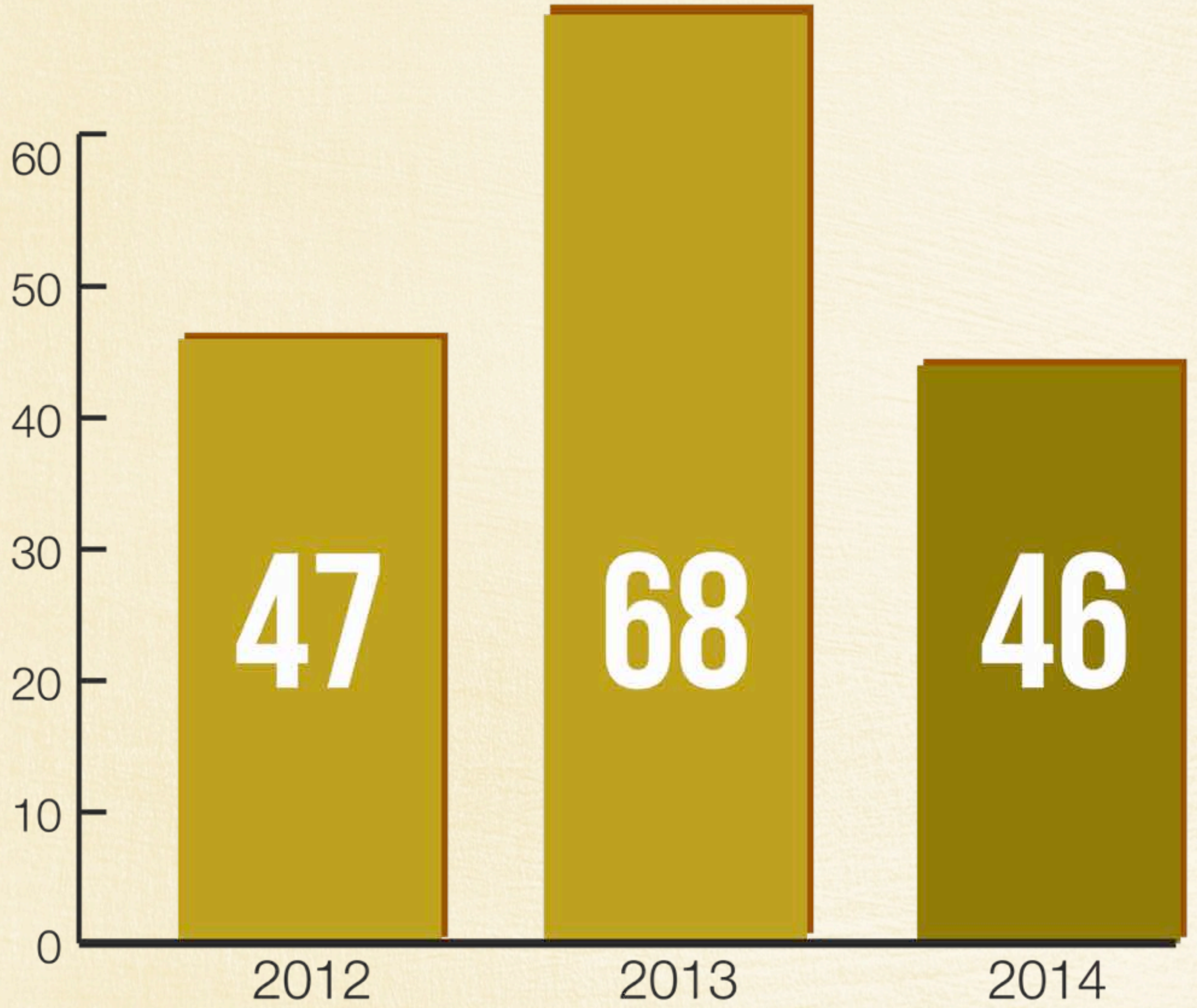
1,412 BREWPUBS

135 REGIONAL BREWERIES

3,418 TOTAL CRAFT BREWERIES

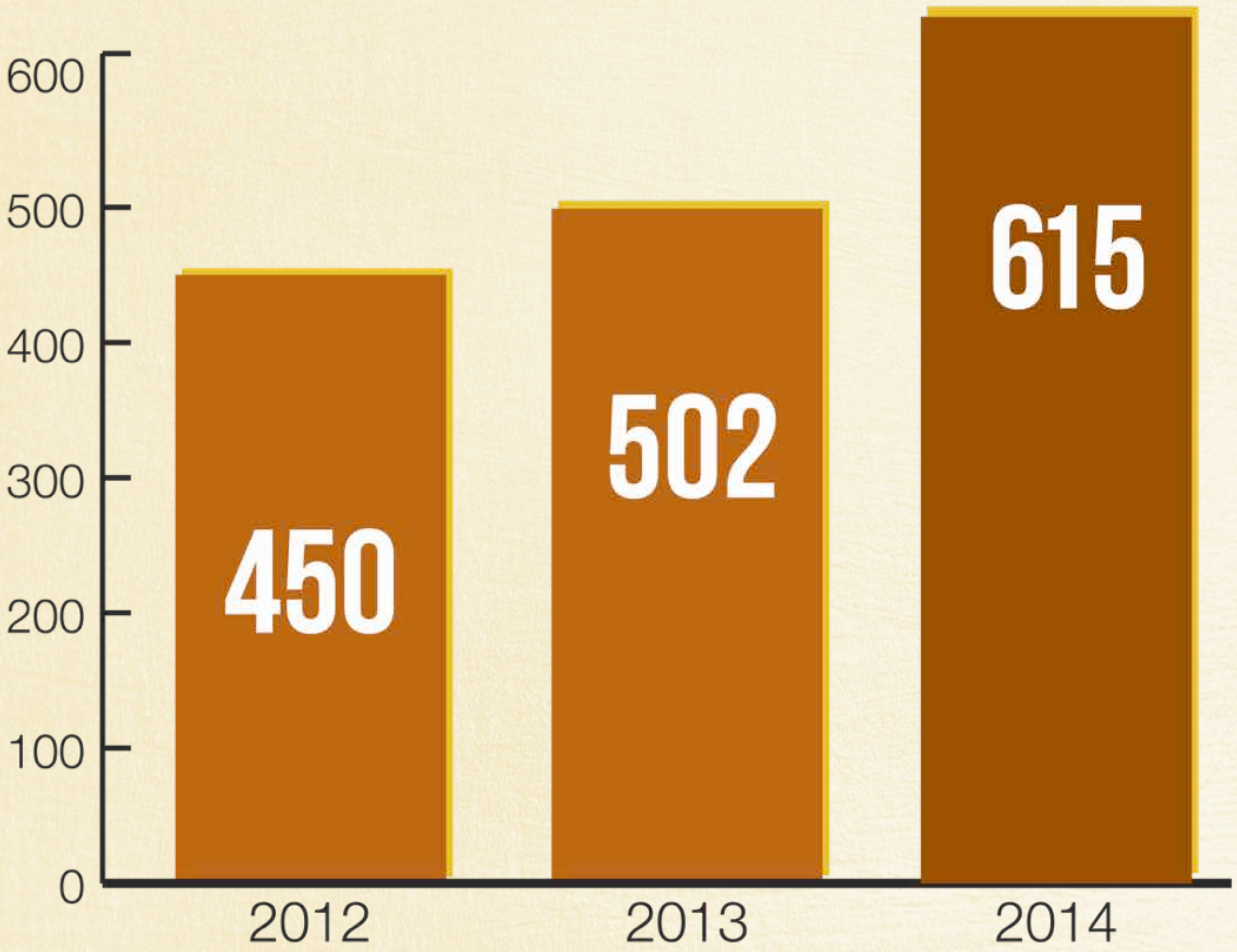


Total Craft Closings



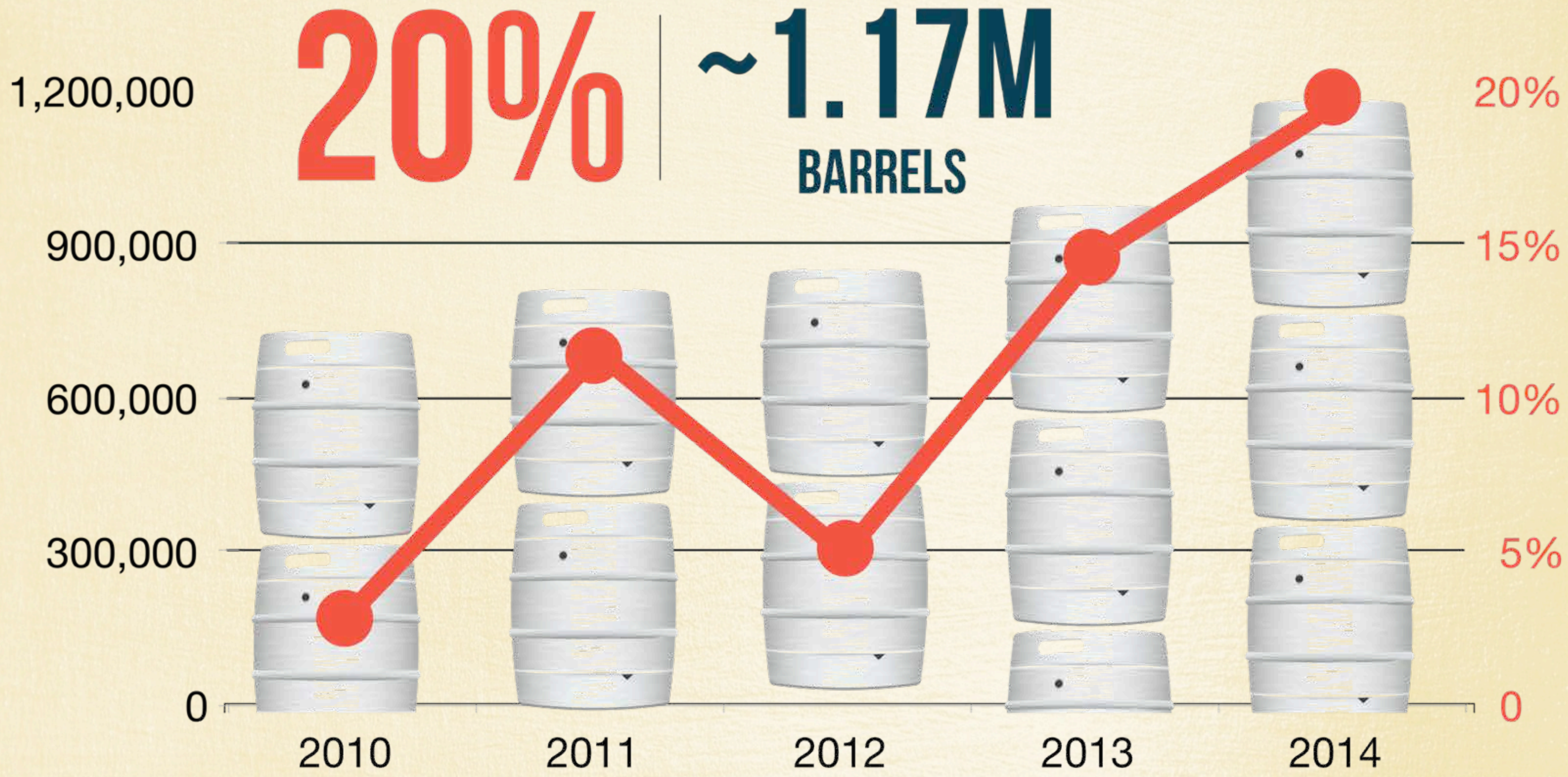
46
CLOSINGS

Total Craft Openings

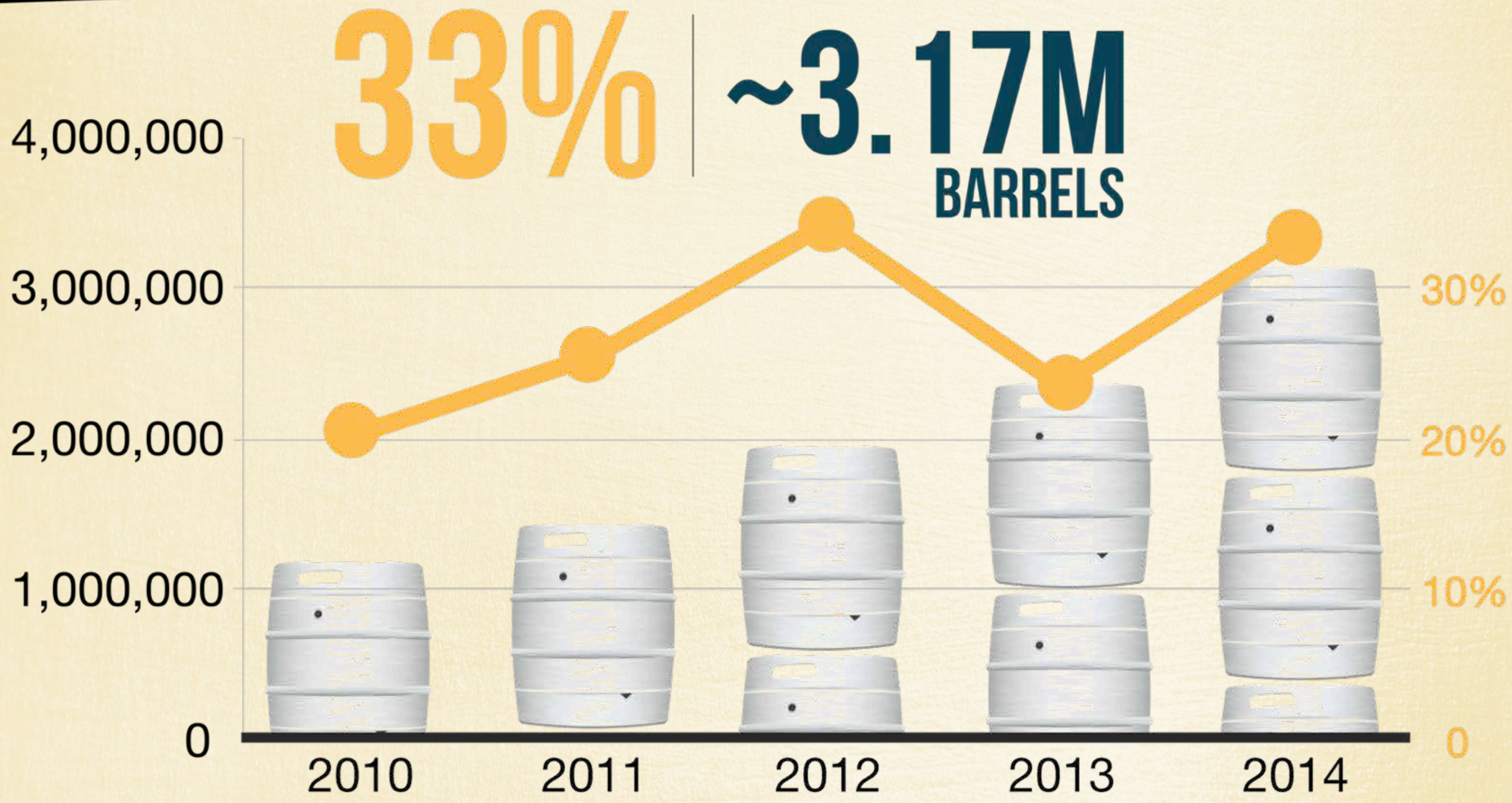


615
OPENINGS

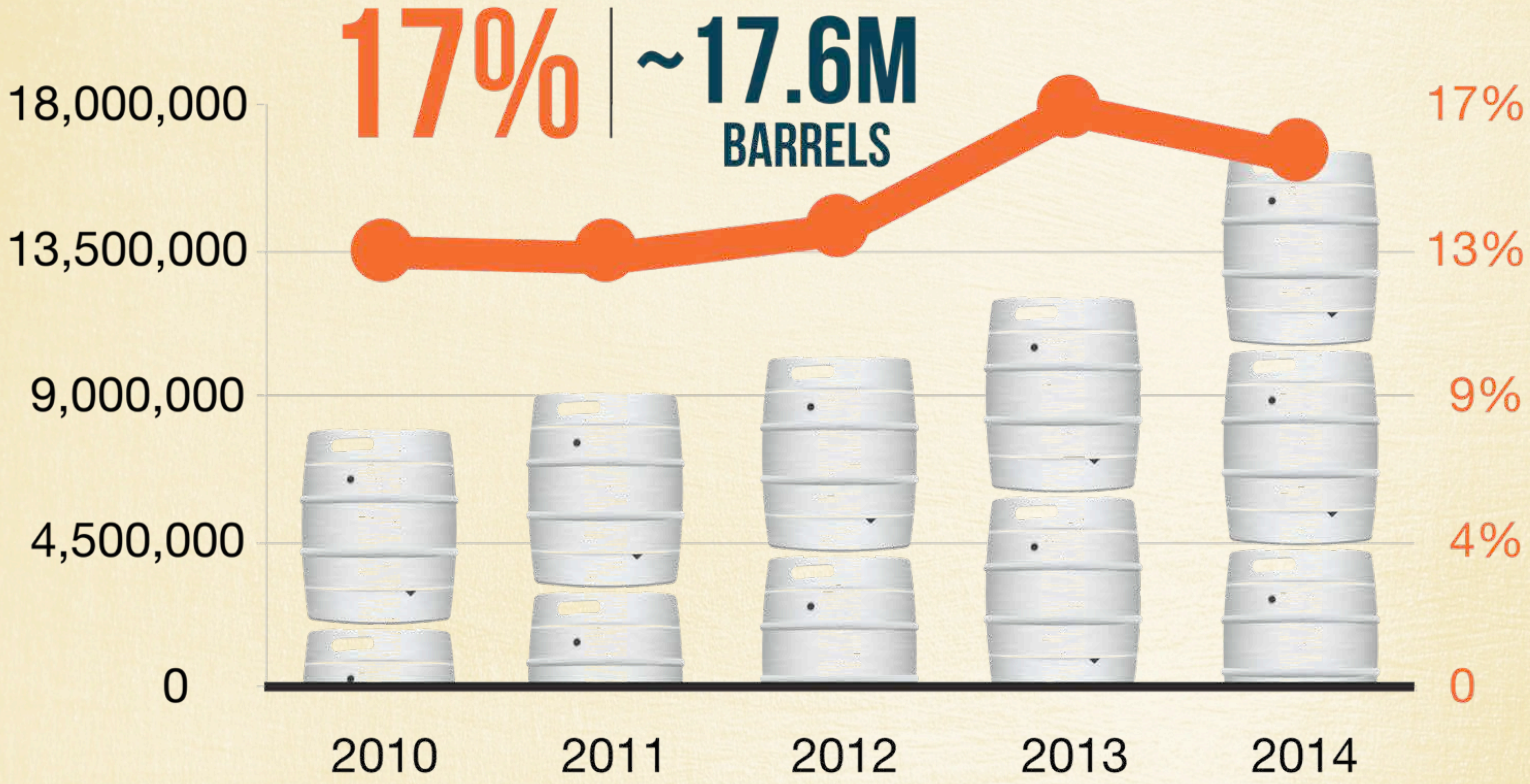
Brewpub Growth [barrels]



Micro Growth [barrels]



Regionals Growth [barrels]



U.S. Breweries in Planning

2,051

BREWERIES IN PLANNING

As of December 31, 2014

U.S. Craft Brewer Exports

36%

383,422 BBL

Top Craft Beer Styles

IRI Group Data

	Dollar Share	Volume Growth %
1. IPA	22.7	46.9%
2. Seasonal	16.8	9.9%
3. Pale Ale	10.6	10.1%
4. Variety	7.8	20.3%
5. Amber Ale	5.7	11.8%
6. Amber Lager	4.9	1.7%
7. Bock	4.0	5.4%

Top 5 States for 2014 Brewery Openings

1. Washington
2. New York
3. California
4. Colorado
5. Florida

Top 5 States Breweries Per Capita

Breweries per 100,000 21+ adults

1. Vermont
2. Oregon
3. Colorado
4. Montana
5. Wyoming

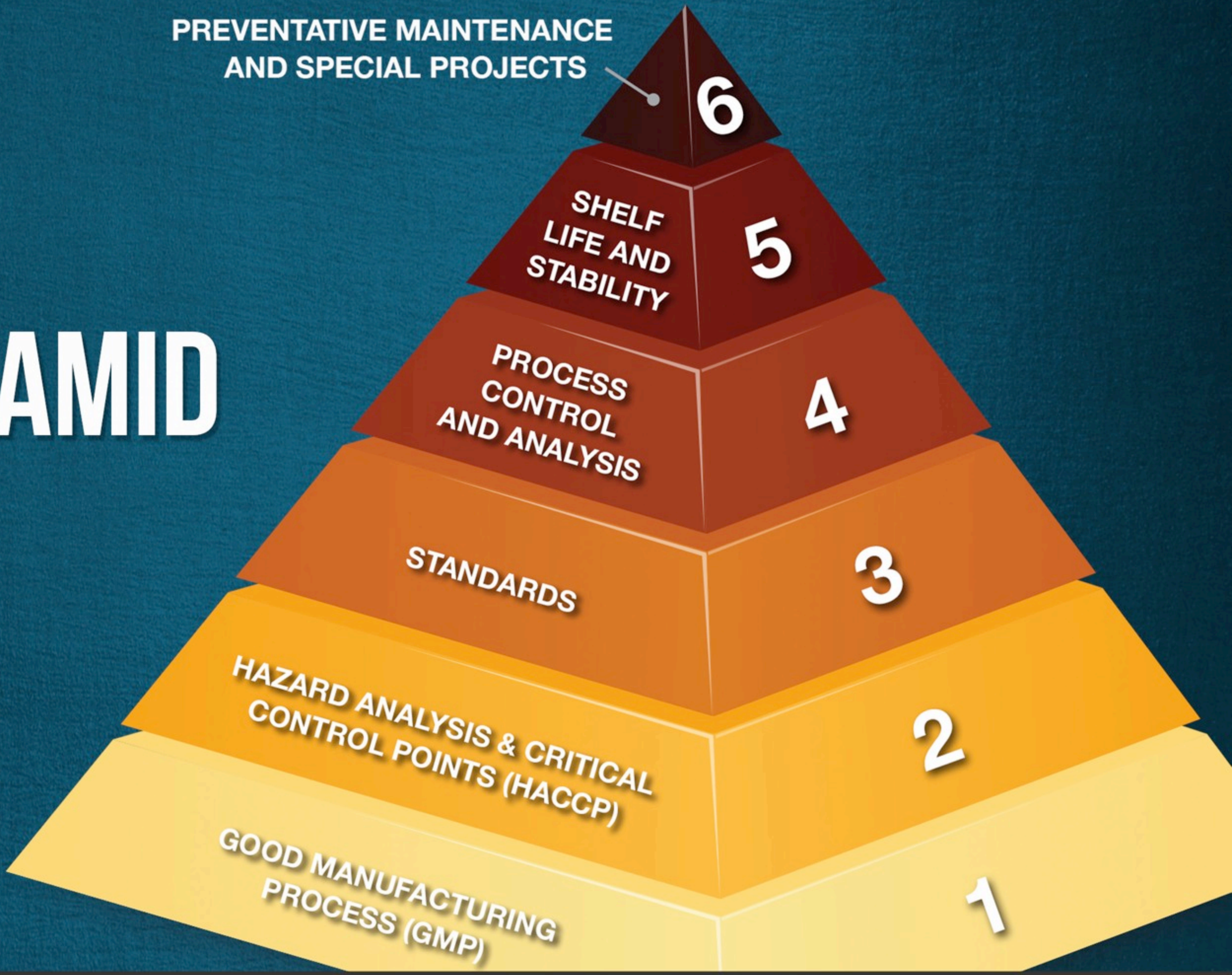
Craft Brewing Trends

- Steady growth on larger bases
- New sources of growth
  - Brewers creating new on-premise growth
  - Overall growth shifting to off-premise
- Sessionable trend
- Diversity in business models

Concerns for Craft Brewers

- Overexpansion/staying in stock
- FDA and beer
- Intellectual property conflicts
- Distribution difficulties
- Deals
- Quality

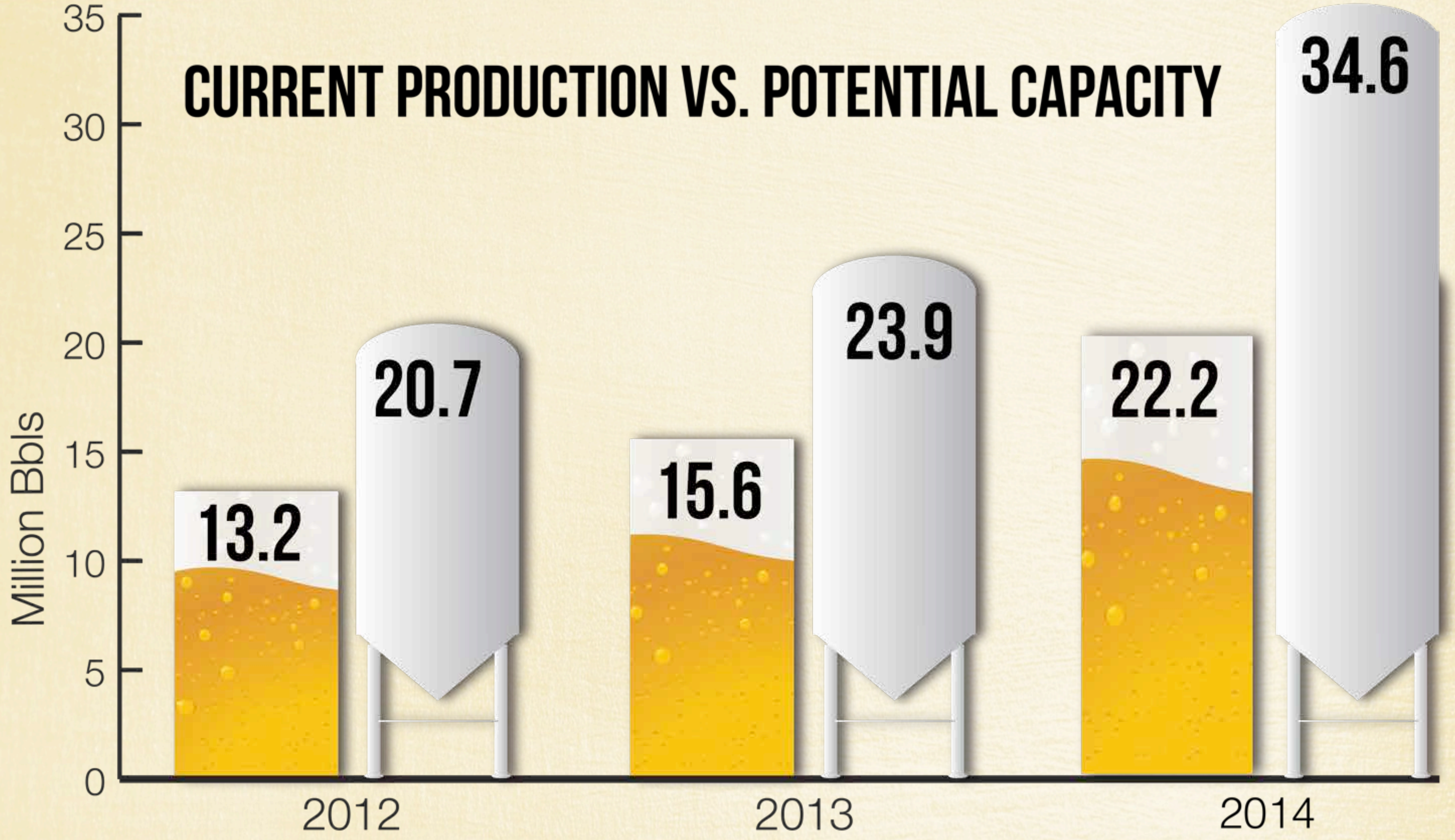
THE QUALITY PRIORITY PYRAMID



Reasons for Optimism

- Quality is top of mind
- Growth and changing tastes
- Who makes the beer matters
- C-stores are the largest beer channel – figuring out craft
- “Belle of the ball” with state legislators
- Continued innovation of raw materials
- Safety emphasis

Production vs. Capacity



Craft Share

U.S. Small Brewing Industry Jobs

115,469
TOTAL JOBS

64,068
FULL-TIME JOBS

51,401
PART-TIME JOBS

CRAFT BEER SALES ARE AT AN ALL TIME HIGH!

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