BREWERS ASSOCIATION®

State of the Industry

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Director

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- THEME: Increasingly Complex Craft Market
- Harder to tell a single story

- U.S. Beer Market Shrinking
- Craft demand and share growing
- More competition than ever

Small Independent Traditional

- Important to continue to show numbers based on health of small and independent brewers
- Important to beer drinkers

TOTAL U.S. BEER

-1%

5% CRAFT

3% IMPORT

1. The rise of better beer

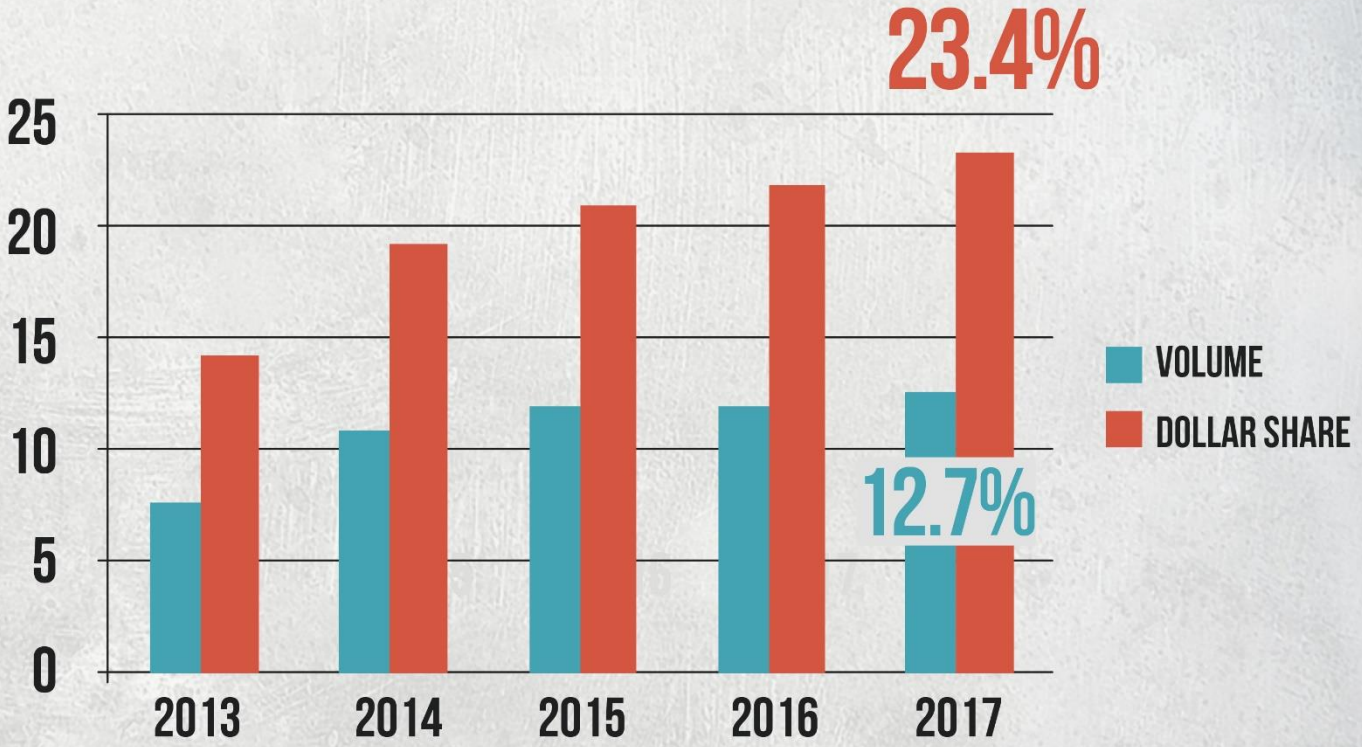
2. A bigger pie means more interest

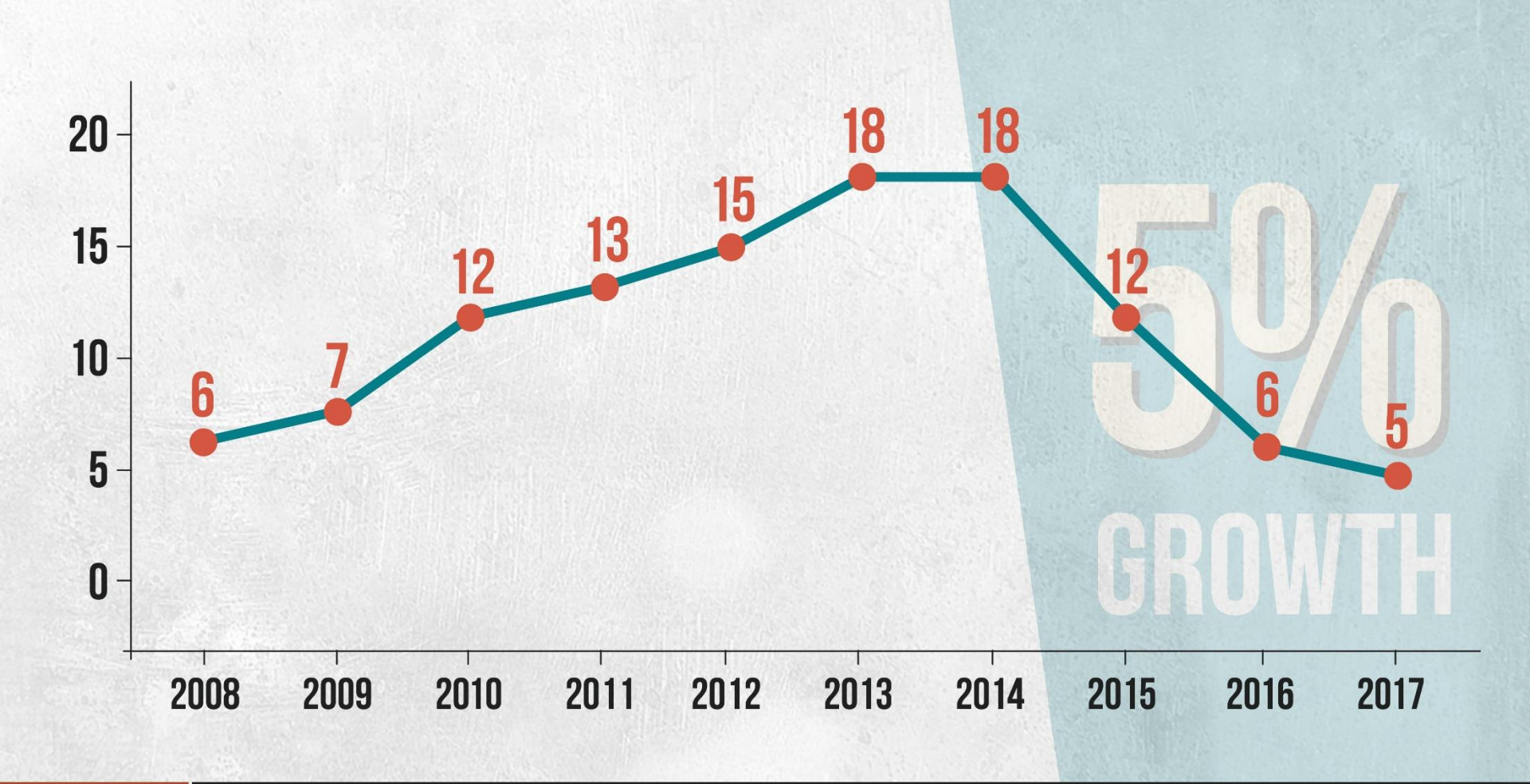
3. Craft's share of growth areas had declined

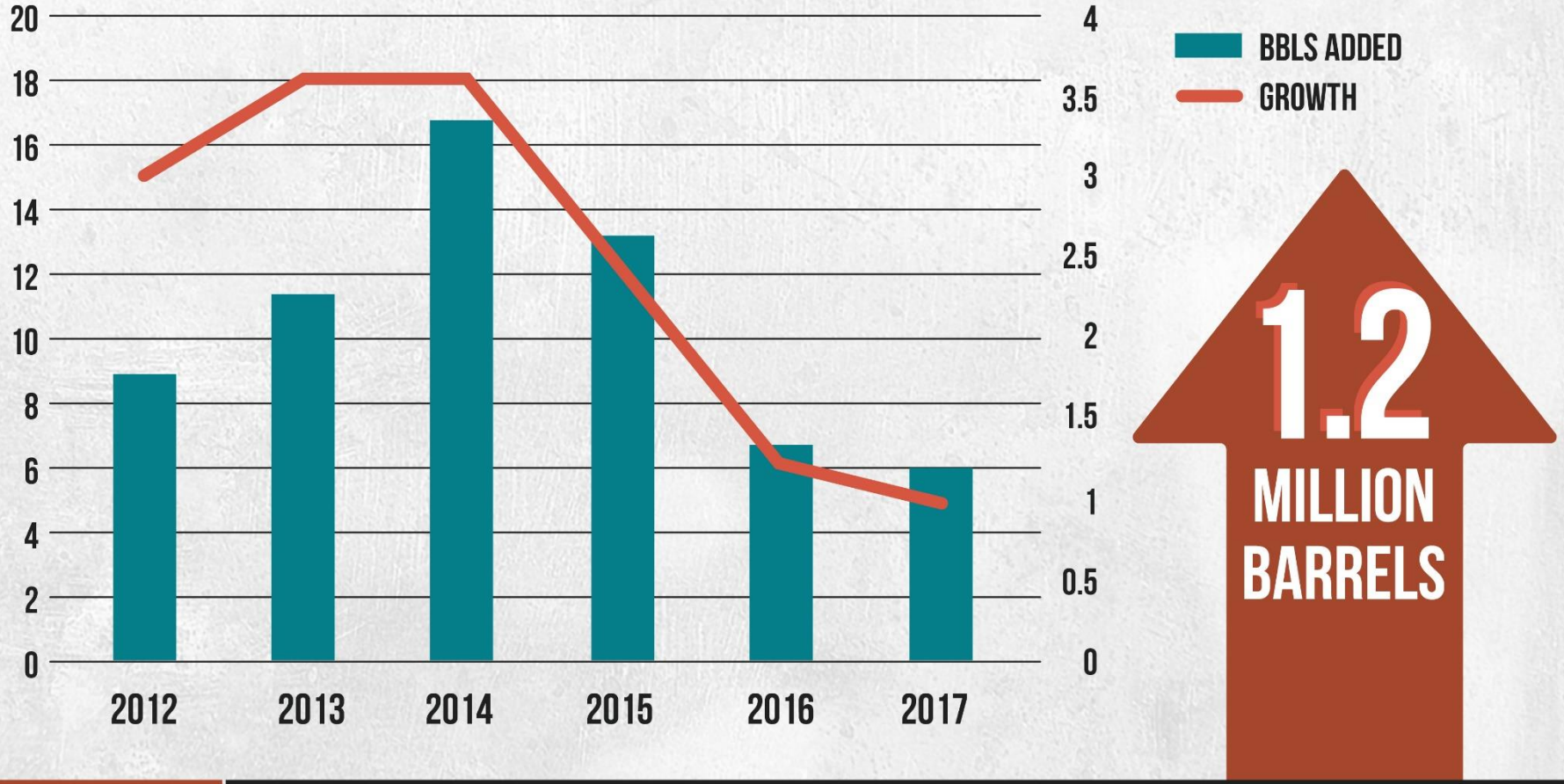
4. More brands, more confusion

5. Questions as to how unified the craft brewing industry can be going forward

- Launched June 2017
- Helping independent craft get a leg up in a crowded environment
- Data shows independence matters


23.4%
12.7%
25
20
15
10
5
0
2013
2014
2015
2016
2017
VOLUME
DOLLAR SHARE


20
15
10
5
0
6
7
12
13
15
18
18
12
6
5
5%
GROWTH
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017



Barrel Growth

2013: 68

2014: 75

2015: 90

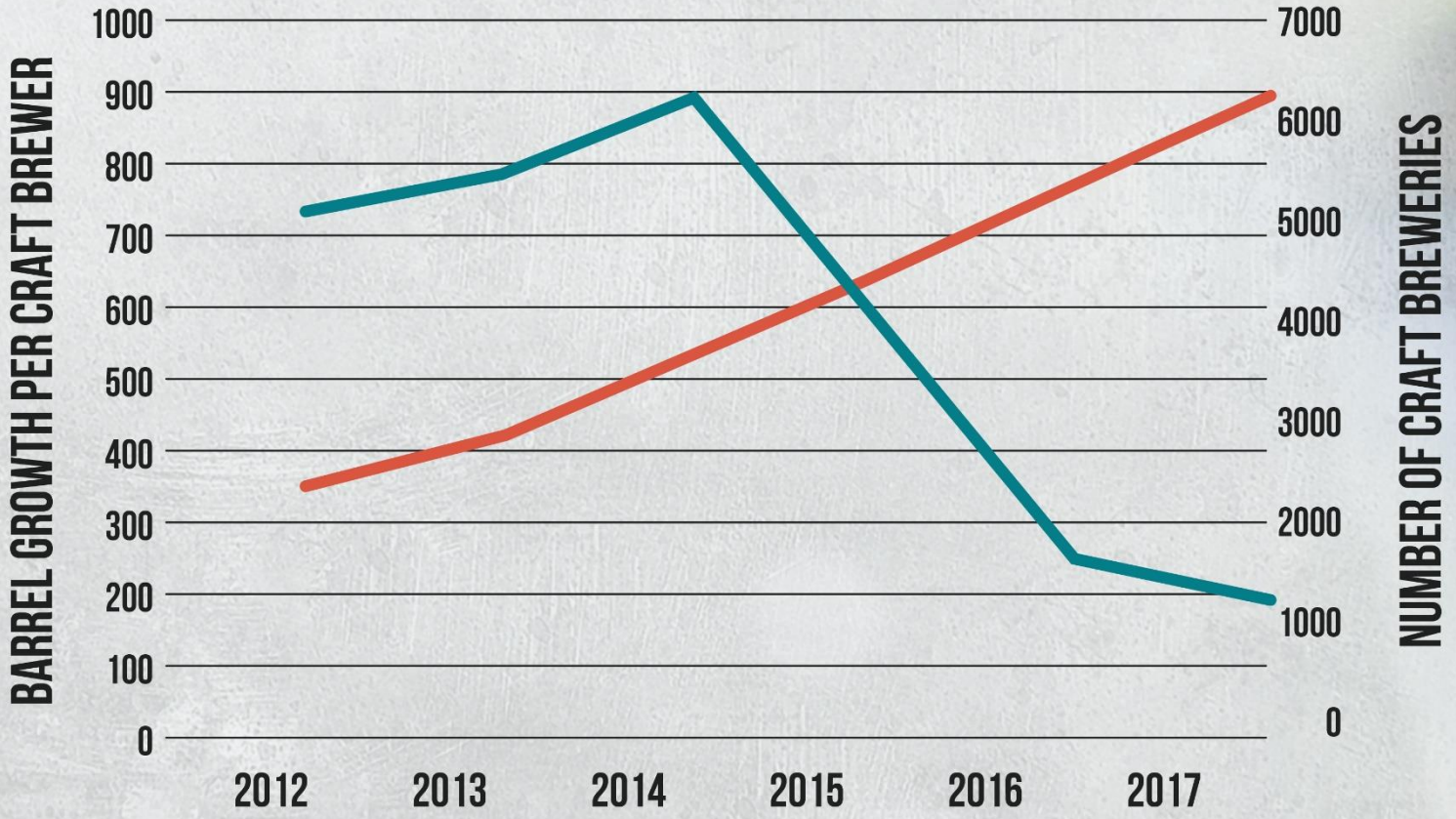
2016: 116

2017: 165

- How many in the room opened in the last two years or are still in planning?
- 2017: 997 Openings

More are coming!

- 9,175 active TTB licenses at the end of Q1 2018…
- Averaged 1,200 new licenses each of the last 4 years



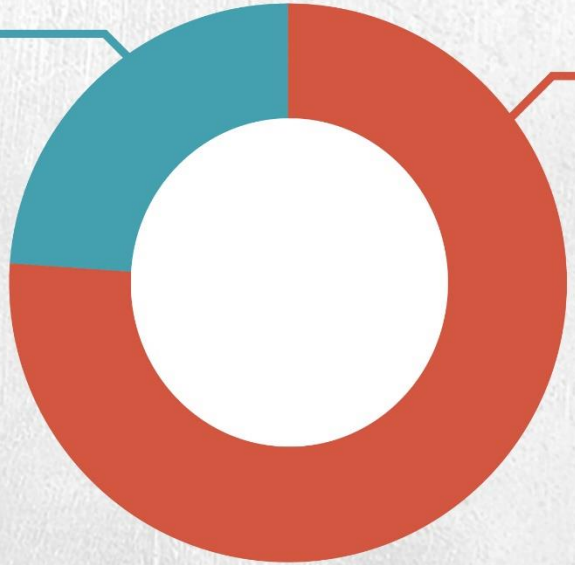
Craft Brewers and Per Brewer Growth

Barrel Growth by Founded Date

2013 or earlier

285,000 BBLS

GROWTH: 1.3%



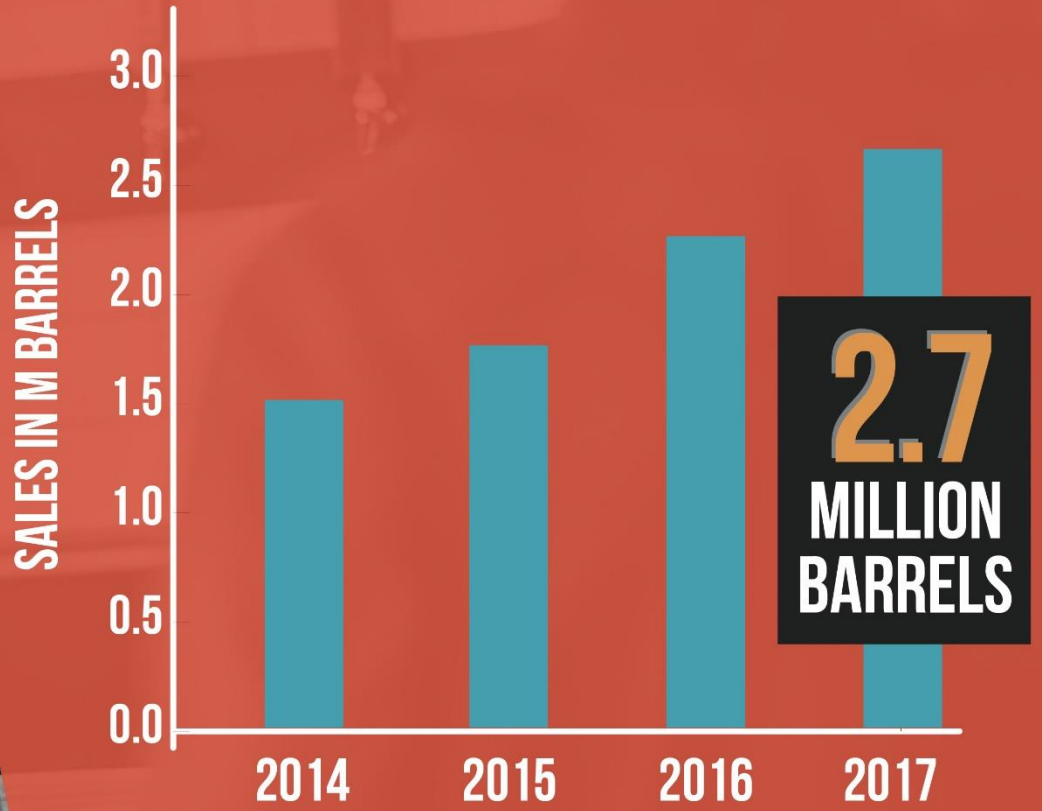
2014-2017

916,000 BBLS

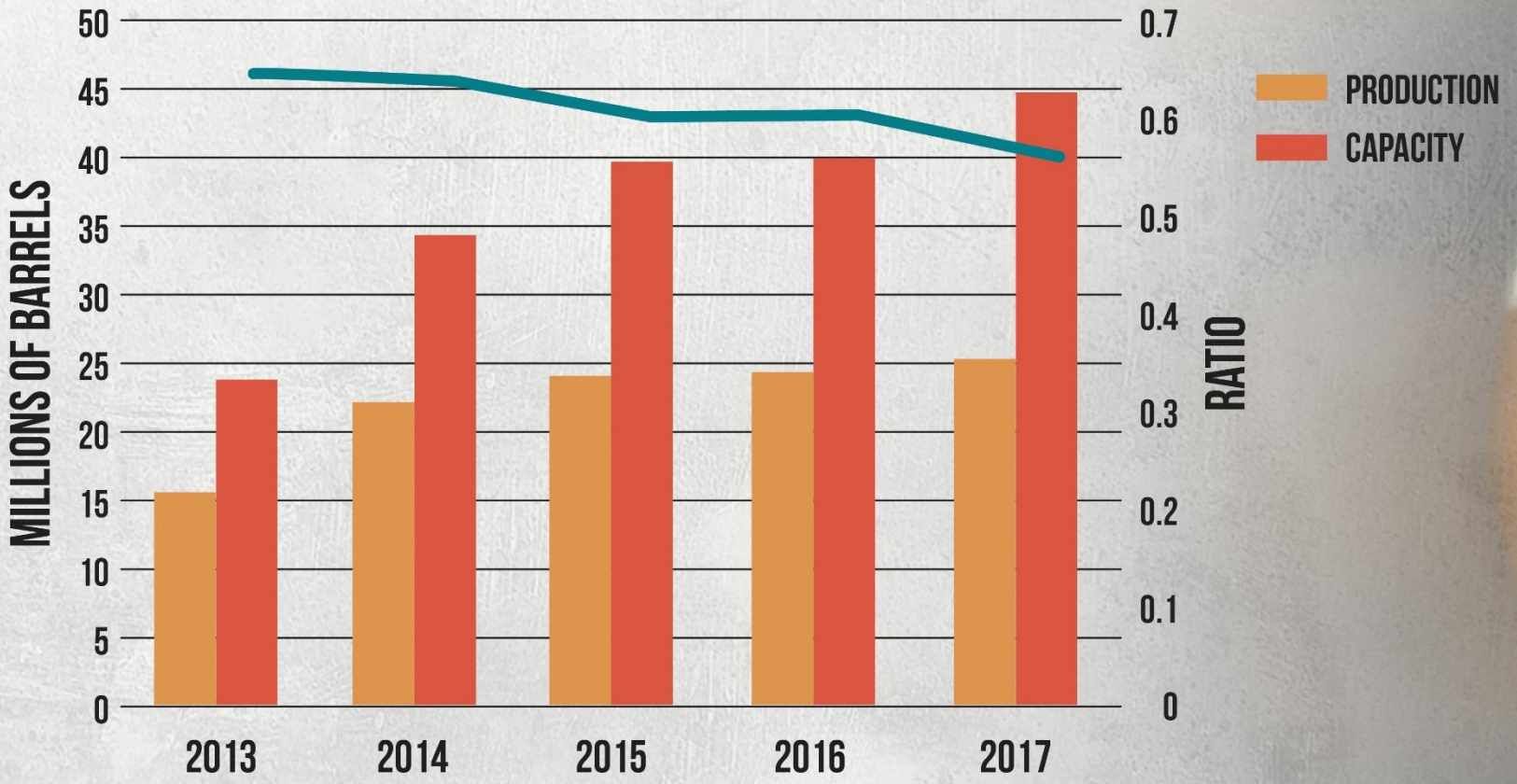
GROWTH: 52.6%

- Know the Regulations
  - Do the Safety Work
  - Do the Quality Work
- If you don’t love it, leave it
- We are stronger together

- Will I have a beer or something else?
- What's new?
- What's rare?
- What haven't I tried?
- What's local or in-state?
- What's healthy?
- What's next?



At the Brewery Sales



Production to Capacity

- Average IRI case price in 2017 = $35.35
- Up, 1.9%; $0.66

Brewpubs

Micros

Regionals

1%

GROWTH

17,902,378 BARRELS

Exports

Share of Dollar Sales and Growth of Hoppy Beers, 2017

	$ Sales Share	Share of 2017 $ Growth
IPA	20.3%	41.1%
Imperial IPA	4.1%	11.8%
Session IPA	2.2%	8.6%
APA	8.6%	8.1%
Fruit IPA	1.6%	1.6%
TOTAL	36.8%	77.1%

Source: IRI Group

Share of Dollar Sales and Growth of Lighter Styles, 2017

	$ Sales Share	Share of 2017 $ Growth
Blonde Ale	2.9%	13.6%
Cream Ale	0.7%	4.4%
Kolsch	0.7%	3.4%
Wheat Ale	0.6%	2.4%
Pilsner	1.3%	2.3%
TOTAL	6.1%	26.1%

Source: IRI Group

- Tariffs
- Alcohol as clickbait
- Territorial expansion issues
- Wholesaler capacity
- Shift in consumer behavior
- Third space domination
- Attempts to limit access

- Taprooms
- Third space opportunity
- Trade practice enforcement
- Excise tax reinvestment
- Growth in lighter styles
- State-level capabilities
- We are businesses loved in our communities

Craft Beer SALES Are At An ALL TIME HIGH

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