



ASX Release

26 February 2019

Australian Whisky Holdings Limited
Report for the half year ended 31 December 2018

Overview

The acquisition of a majority interest in Lark Distillery Pty Limited (Lark) on 28 June 2018 has allowed Australian Whisky Holdings Limited (Company) to implement its business strategy of amalgamating the various business functions to improve operational efficiencies and achieve cost savings. To date this has included locating the bottling and packaging operations of all brands in a single location and significant consolidation of the finance, administration, marketing, sales and distribution functions.

Whilst doing so, the Company maintains the core strategy of operating independent, stand-alone distilling operations and maintaining the unique identity of each individual brand within the portfolio.



Photo: Lark Tasmanian Single Malt Whisky range in the Lark bond store

Corporate

During the December 2018 half year, the Company completed a placement of new shares to raise approximately \$11.40 million, net of capital raising expenses. This allowed the Company to deleverage the balance sheet through an early repayment of





loans totalling \$4.81 million required to settle the purchase of the Nant Estate in Bothwell. As at 31 December 2018, the Company has net assets (at cost) of approximately \$40.90 million, including cash and cash equivalents of \$9.34 million.

The share placement and consequent overall strengthening of the Company's balance sheet has facilitated both investment in the people essential to manage the execution of the business strategy and allowed the continued production and laying down of new make spirit in line with international expansion plans.

Infrastructure and Inventory

The Company completed stage one of the planned expansion at the Nant Distillery in Bothwell (Nant), providing a significant upgrading of both plant and facilities at the site. Production at Nant has increased from 800 litres to 1,400 litres of new make spirit per week. Lark and Overeem each continue to produce approximately 840 litres of new make spirit per week, while production of Forty Spotted gin in the new still commissioned at the Cambridge site during the half year now provides adequate capacity for future growth.

As at the end of the half year, the Company has 3,304 barrels of 100 litre equivalent new make spirit maturing in bonded storage, at various stages of the average five (5) year maturation process.

Sales and Distribution

The December 2018 half year was the first period all brands including Lark, Overeem, Nant and Forty Spotted were consolidated in the Company. Gross Sales vs the prior period grew 49%, driven primarily by strong growth in Tasmania and the commencement of two mainland distribution agreements. Further growth is anticipated in the second half driven by distribution gains in influential bars and retailers on the mainland, commencement of sales into Hong Kong and Macau and organic growth in Tasmania.

The long-term vision of the Company is underpinned by a strong capital base which will facilitate the growth of Tasmanian whisky significantly beyond that which could be achieved by individual distilleries.





Sales and Distribution (continued)

Broadening the distribution base in both domestic and international markets and the effective marketing of the portfolio to build advocacy and drive trial are the main strategic pillars to achieve this vision.

In line with this vision, three new distributors were appointed across the portfolio during the half year. *Spirits Platform* was appointed to distribute Nant in mainland Australia with sales commencing in November 2018. *Proof & Co.* was appointed to distribute Lark, Overeem and Forty Spotted, also in mainland Australia, with sales commencing in December 2018. *Ace Cosmo* was appointed to distribute the entire portfolio in Hong Kong and Macau with sales to commence in March 2019. Distribution rights for Tasmania will continue to be retained by the Company.

The Directors would like to thank our employees for their commitment and passion in crafting and continuing to develop world award winning whisky. Our employees have all worked extremely hard through the ongoing growth initiatives of the business including the transition of the Lark acquisition and development of the groups reporting platform to maintain strong corporate governance. The Directors also thank our shareholders who have strongly supported the growth in the business through further capital placements during the half year and we look forward to building upon and realising the Company's strategic vision through the support of our employees and shareholders.

For further information, please contact our Company Secretary, Mr Gary Stewart at gary.stewart@australianwhiskyholdings.com.



Photo: New Nant labels – Port Cask at 43% and at Cask Strength (63%)

