

# ANNUAL REPORT

# 2019



*Coopers*



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# HIGHLIGHTS



**TOTAL BEER  
SALES RISE**

PG 4



**SIXTH-GENERATION MEMBER  
LOUISE COOPER JOINS COOPERS**

2

PG 9

# NEW BEERS

PG 10



**CANS DRIVE  
SALES GROWTH**

PG 12



**GLOBAL AWARD  
FOR MALTINGS**

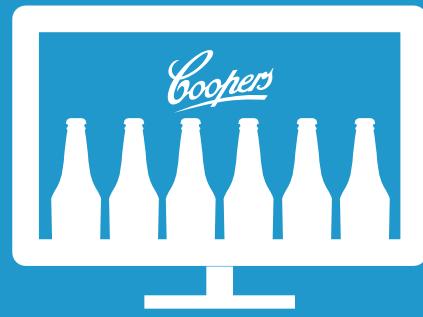
P14





## TIM COOPER APPOINTED TO HEAD OF INTERNATIONAL INDUSTRY BODY

PG 18

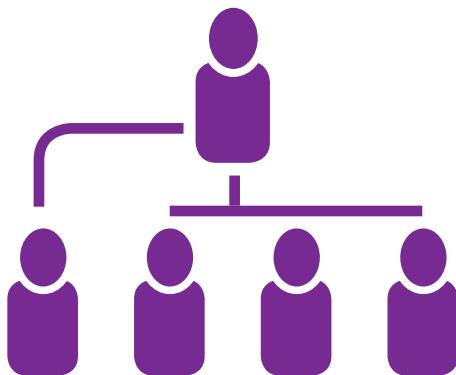


## 6 MILLION PEOPLE REACHED AS COOPERS RETURNS TO TV

PG 20

## MANAGEMENT RESTRUCTURE

PG 6



## 2018 VINTAGE ALE SELLS OUT IN HALF THE TIME

PG 13



## MASTER OF THE BREWNIVERSE COMPETITION LAUNCHED

PG 27

## COOPERS BREWERY FOUNDATION CHARITABLE SUPPORT TOPS

# \$5M



# 2019

## MANAGING DIRECTOR & CHAIRMAN'S REPORT

The 2018 – 19 financial year was one of stability for Coopers Brewery.

Total beer sales increased by 2% to 76.8 million litres, largely on the back of strong growth by Session Ale and Coopers Dry, combined with a pleasing response to the release of Coopers Original Pale Ale in cans.

Session Ale was launched in October 2017, and solid growth during the year in review means that Session now represents an important part of Coopers' ale portfolio.

Coopers Dry entered the market in September 2018 to replace Coopers Clear. Dry or low-carb beers currently represent around 17% of the total beer market, and Coopers Dry has been able to carve

out a strong share of this sector with sales exceeding initial expectations.

The release of Coopers Original Pale Ale in cans in August 2018 helped to boost sales for our leading product, especially in the second half of the year. The Pale Ale cans have greatly exceeded the sales of the former Dr Tim's Traditional Ale, which nonetheless served its purpose as a trial product.

While total sales volumes increased, 2018 – 19 profits before tax declined to \$23.1 million compared with \$34.3 million the previous year. Fully franked dividends totalling \$13.00 per share have been paid.

The reduced profit was largely the result of the changing sales mix, with more profitable bulk (keg) sales declining by 6.6%, offset by growth of 3.6% for the less profitable packaged product. Interest and borrowing costs increased by nearly \$1.7 million during the year, from debt incurred by the maltings project and previous share buy-backs.

Sales of manufactured partner brand beers fell 11.4%, partly attributable to the conclusion of Coopers' agreement with Brooklyn Brewery in December.

Sales volumes rose in Queensland by 6.1%, Western Australia by 3.1%, Victoria by 2.9% and South Australia by 2%, but declined in NSW by 0.4%.

Malt sales increased 132%, albeit from a low base, to 44,300 tonnes. The maltings is now running close to full capacity, providing significant improvements in malt quality and cost savings on this key raw ingredient.

## TOTAL BEER SALES INCREASED BY 2% TO 76.8 MILLION LITRES



Ellerslie Hops continues to act as Coopers' agent for malt sales to craft brewers and distillers throughout Australia. Tim Cooper and a number of staff from the operations team were pleased to celebrate the opening of their new plant in February. The new facility was rebuilt at their hop farm in Victoria, which suffered a devastating fire in April 2018.

In March this year, at the World Barley, Malt and Beer Conference in Warsaw, the maltings obtained world recognition when Coopers was named joint Golden Maltster of the Year, along with The Swaen in the Netherlands.

In addition to some post-commissioning works in the maltings, capital expenditure during the year was highlighted by the installation of a new yeast propagation plant, introduced to improve the shelf-life characteristics of our ales. Four new fermenters have also been ordered, which will lift the number of fermenters on site to 32.

In March, Louise Cooper, a member of the sixth generation, took up the role of Legal Affairs and Risk Manager, based at Regency Park. Louise has degrees in health sciences and law, and has worked as a lawyer for more than seven years. She is the third member of the sixth generation to take up full-time employment, after Andrew Cooper, who is working in the Melbourne office, and Rachel Cooper-Casserly, who worked in marketing between 2009 and 2016.

In September 2018, Tim Cooper was appointed President of the Institute of Brewing and Distilling (IBD), the world's peak membership body representing brewers, distillers, maltsters and cider makers. Tim is the first Australian to lead the IBD since 2005.

Based in the United Kingdom, the IBD has almost 4,000 members across 102 countries, providing professional development to technical personnel, principally focused on education leading to globally recognised qualifications. Coopers has about 20 staff undertaking various IBD training courses currently, and has had diploma graduates in previous years.

Total donations from the Coopers Brewery Foundation have now exceeded \$5 million, with 295 charitable projects having been supported since the Foundation made its first allocation in 2007.

On behalf of Coopers Board and management, thank you to all our staff, customers, suppliers and shareholders for their continuing support and commitment to the company.

A handwritten signature in black ink, appearing to read 'Dr Tim Cooper'.

Dr Tim Cooper AM  
Managing Director

A handwritten signature in black ink, appearing to read 'Glenn Cooper'.

Glenn Cooper AM  
Chairman

# MANAGEMENT RESTRUCTURE

A new management structure was introduced in November 2018 to provide Managing Director Tim Cooper with the necessary ongoing support to enable him to maintain focus on key strategic priorities.

- > Michael Shearer, formerly Commercial Manager, was appointed General Manager, responsible for day-to-day operations, with Operations Manager Nick Sterenberg and Marketing Manager – Brewing Products Scott Harris both reporting through him.
- > Cam Pearce's title changed to Marketing and Innovation Director.
- > Kate Dowd was recruited to fill the new position of National Marketing Manager reporting to Cam Pearce.
- > Mark Goulmy took up a new role as National Manager – Sales and Partner Brands reporting to Michael Shearer.
- > Ben Armstrong took up the new SA/NT Sales Manager role reporting to Heath Grosvenor, National Sales Manager – State Operations.
- > Chief Financial Officer (CFO) Brad Grunert took additional responsibility for the IT, legal and customer call centre departments, together with the financial administration of Premium Beverages Australia and New Zealand.

General Manager Michael Shearer and National Marketing Manager Kate Dowd



**PREMIUM BEVERAGES WAS  
RENAMED COOPERS PREMIUM  
BEVERAGES TO REFLECT ITS CLOSER  
INTEGRATION WITH THE COMPANY**



# AUDIT, RISK & REMUNERATION COMMITTEE

An Audit, Risk and Remuneration sub-committee of the Board was established in 2018. This committee is chaired by Rob Chapman and includes James Cooper and Jim Hazel.

Director of Finance Melanie Cooper and CFO Brad Grunert attend each meeting, together with various other executives depending on the agenda. Items covered by the committee include the annual statutory financial report, reports from the auditor, executive directors' remuneration, senior executive incentive plans, approval of the budget, risk management and statutory compliance.

# SHAREHOLDERS

During the financial year, Coopers transitioned to a shareholder management platform, Share IT, allowing the company to efficiently manage the increasing amounts of data and correspondence from the growing register.

Coopers has kept lengthy generational records of shareholder transactions since the company incorporated in 1923, including details on transfers, issues of shares, dividend reinvestment plans, share purchase plans, cancellation of shares and share buy-backs. These transaction records have the value of the shares attached.

This unique service is provided to shareholders for tax purposes and estate planning free of charge.

The number of shareholders remained at 171, with the introduction of three new shareholders, the exit of two shareholders and the finalisation of a deceased estate.

A share buy-back of 2.5% of the issued capital was offered in August 2018 at \$393 per share. Of the 2.5%, 16,452 shares, comprising just over 1.5% of the issued capital, were bought back by the company.

This buy-back marked the end of Coopers shares held by the Estate of Donald Counter Cooper. Upon his death in 1943, Dr Cooper, a third-generation member, bequeathed the income from his estate to the ETH University in Zurich for research into psychology.

During the dividend paid in December 2018, 21 shareholders were issued with 1,715 shares at \$370 each via the Dividend Reinvestment Plan (DRP). During the dividend paid in June 2019, 23 shareholders were issued with 1,617 shares at \$340 each via the DRP.



The share purchase plan (SPP), which is limited to 20 shareholders, was accepted by 17 shareholders in June, who purchased 870 shares at \$340 per share.

Since 2003, a total of 372,522 shares, or almost 27% of the issued capital, have been cancelled in buy-backs, amounting to more than \$113 million.

Following the introduction of the DRPs in December 2009 and the SPP in June 2012, a total of 48,284 shares have been issued in lieu of \$16.4 million in dividends, and 4,695 shares have been issued in the SPP, principally to smaller shareholders, generating over \$1.65 million.

The total number of issued shares is 1,064,074, held by:

FOURTH GENERATION	51%
FIFTH GENERATION	39%
SIXTH GENERATION	3%
NON-RELATED SHAREHOLDERS	7%

More than 93% of shareholders are related by birth or marriage to Coopers' founder, Thomas Cooper.

# FAMILY

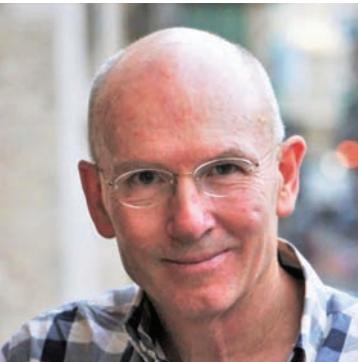
In March this year, sixth-generation family member Louise Cooper, daughter of Managing Director Tim Cooper, joined the company as Legal Affairs and Risk Manager.

Louise has replaced Michael Shearer as a Director of Exchange for Change in NSW and ACT, and will represent Coopers on the Drinks Association Embrace Difference Council.

In the same month, Coopers hosted its third Next Gen event. It was attended by 40 members of the sixth generation who heard presentations from Tim, Melanie and Andrew Cooper, and played lawn games at the brewery.



# VALE



We note with sadness, the passing of Peter Scott Cooper, a fifth-generation shareholder. Peter, a well-respected general and paediatric ophthalmologist, was the son of current fourth-generation shareholder John Cooper and brother of the late Stephany Cooper. Peter is survived by his wife Marianne, two sons Daniel and Jesse, his brother Jamie and sister Margot.

# NEW BEERS



XPA'S STYLE AND BOLD COLOUR  
WAS DESIGNED TO RECRUIT NEW  
CONSUMERS TO COOPERS



The launch of XPA (Extra Pale Ale) and Coopers Dry were two of Coopers' most significant product innovations this year.

## XPA

Coopers XPA was officially launched at the Great Australasian Beer Spectacular (GABS) event in Melbourne in May this year, before being made available in keg format to the on-premise market across Australia.

The ale sits somewhere between an American Pale Ale and India Pale Ale in style. It delivers strong hop flavours through the use of American hop varieties Simcoe and Lemondrop, which provide bright citrus undertones and aromas of grapefruit, lemon and a hint of mandarin. It has an alcohol by volume (ABV) of 5.2% and 37 international bitterness units (IBU).

Taking its place in the Coopers' family of ales, the beer has been allocated a distinctive purple roundel. The initial response has been strong, with 220 tap distribution points achieved in the first two weeks of launch.

## COOPERS DRY

This crisp, refreshing, fine-filtered lager was launched in September 2018 to capitalise on consumer interest in the dry or low-carbohydrate sector. It replaces Coopers Clear, which was launched in 2010.

Dry or low-carb beers currently represent more than 17% of the total Australian beer market, and the category is composed of relatively few brands.

The basis of the beer is a highly fermentable Pilsner malt, which is fermented at a low temperature for an extended period, producing an exceptionally dry finish.

Coopers Dry has an ABV of 4.2% and 8 IBU. The beer is available in keg, bottle and can format.

The lager has been well-received in the dry and low-carb beer market, and is already showing promise, exceeding initial sales expectations.

HIT THE  
REFRESH BUTTON.





# CANS

In August 2018, Coopers Original Pale Ale was released in cans. This is the first time that Pale Ale has been offered in a can under its iconic branding.

Pale Ale is a third iteration of Light Brew or Light Ale, originally brewed in 1895 as a less alcoholic, younger sibling to Coopers Sparkling Ale. The brew has previously been released in a can in 1962 under the name Light Dinner Ale and then in 2004 as Dr Tim's Traditional Ale.

The can format for crafted beer is becoming increasingly popular and has led to Coopers increasing its portfolio of cans. This year, 77 of the GABS Hottest 100 Aussie Craft Beers were available in cans, compared with only four in 2014.

After the successful launch of Pale Ale in cans, there was a groundswell of interest from consumers for the release of Sparkling Ale in cans as well. The decision was made to release both Sparkling Ale and XPA in this format in August 2019. Cans are a growing part of Coopers' business, with their percentage share of our packed volume tripling this past financial year.

# VINTAGE ALE

The 2018 Vintage Ale was launched in late July 2018, featuring new packaging and a revamped roundel label, bringing it into line with Coopers' other ales, while still retaining the distinctive Thomas Cooper image.

Featuring malt from locally grown, single-origin barley and a French variety of hops, the 2018 Vintage is the 18th in the series.

The ale's malt was sourced from Westminster barley grown by Kangaroo Island farmers and prepared in Coopers' malting plant. This was blended with dark crystal malt to provide a light, sweet malt character and a copper hue.

It was the first time Coopers had used a single-origin barley in the production of a seasonal beer.

The featured hop variety, Aramis, from the Alsace region of France, was chosen for its aroma and moderate levels of bitterness.

Like all Coopers' ales, the 2018 Vintage Ale undergoes secondary fermentation and natural conditioning.

Coopers 2018 Vintage Ale has an ABV of 7.5% and a bitterness of 55 IBU.

The 2018 release was a huge success with the batch selling out in 22 weeks. By comparison, the 2017 release sold out in 42 weeks.



# MALTINGS





Just over a year after opening, Coopers' new malting plant has been crowned the best in the world, equalled only by a century-old Dutch malting and brewery business.

In March, an international jury, drawn from members of the global brewing supply chain, declared Coopers, along with The Swaen in the Netherlands, to be joint Golden Maltster of the Year 2019 at the World Barley, Malt and Beer Conference at the Palace of Culture and Science in Warsaw, Poland.

Coopers and The Swaen were named ahead of a prestigious shortlist of maltings from Germany, Vietnam and India.

The RMI Global Brewing Supply Awards are held every two years and recognise the brewing world's leaders in business innovation and technology.

The maltings is now operating at full capacity, well ahead of schedule.

Malt has been exported to a number of countries throughout Asia, while a growing number of Australian craft breweries and distillers are sourcing malt through Coopers' agents Ellerslie Hops.

## BARLEY

The former brewery site at Leabrook, which was Coopers' home for 120 years, has been honoured in a new variety of barley bred by the University of Adelaide.

The new 'Leabrook' barley is currently in seed production and will be available to growers in 2020.

Coopers provided assistance during the assessment process, malting one batch last year and two this year. It is likely that Leabrook will become one of the varieties of choice for Coopers in the future, given the high suitability of the barley for malting.

# AWARDS

Once again, Coopers' awards roll continued to grow.





#### GLOBAL BREWING SUPPLY AWARDS

- > Joint Golden Maltster of the Year, 2019

#### AUSTRALIAN INTERNATIONAL BEER AWARDS

- > Coopers Best Extra Stout (Gold)
- > Coopers Dark Ale, Vintage Ale 2017 (Silver)

#### GABS HOTTEST 100 AUSSIE CRAFT BEERS

- > Coopers Original Pale Ale (No. 17)
- > Coopers Session Ale (No. 22)
- > Coopers Sparkling Ale (No. 46)

#### BEER CARTEL'S AUSTRALIA'S ULTIMATE TOP 50 BEERS

- > Coopers Original Pale Ale and Coopers Session Ale  
These ales were both named in the Beer Cartel's Ultimate Top 50 Beers list which assesses beers from RateBeer, Beer Advocate, Untappd and Australia's Hottest 100 lists

#### ROYAL ADELAIDE BEER & CIDER AWARDS

- > Coopers Sparkling Ale (Most Outstanding Beer in Show, Champion South Australian Beer Exhibit and Champion Traditional Australasian Style Pale Ale)
- > Coopers Mild Ale (Champion Reduced Alcohol Beer)
- > Sapporo (Champion Other Lager)
- > Champion Large Brewery

#### AUSTRALIAN LIQUOR INDUSTRY AWARDS

- > Coopers Clear (Winner of the Low-Carbohydrate division)
- > Coopers Original Pale Ale (Highly Commended in the Premium Domestic division)

#### LIQUOR STORES ASSOCIATION NSW & ACT RETAIL LIQUOR INDUSTRY AWARDS FOR EXCELLENCE

- > Coopers Session Ale (New Beer Product of the Year)
- > Coopers Session Ale (Best Retail Activation Campaign)

#### EXPERTS' CHOICE AWARD BY TRIPEXPERT

- > Coopers Brewery Tours

#### AWARDS TO PERSONNEL

- > Melanie Cooper was advanced to the status of Fellow by Chartered Accountants Australia and New Zealand in recognition of her career achievements and contributions to the profession

# IBD

In September 2018, Managing Director Tim Cooper was elected President of the prestigious Institute of Brewing and Distilling (IBD), the world's peak body for brewers, distillers, maltsters and cider makers.

He is the first Australian to lead the IBD since Bill Taylor (Lion, 2004-05) and Adrian Gardner (CUB, 2001-02) led the Institute and Guild of Brewing – an earlier iteration of the IBD.

Tim served as President for one year, having been Deputy President for the previous two years.

The IBD offers internationally recognised education and training for industry professionals.

Coopers currently has two Master Brewer candidates, nine employees studying the Diploma in Brewing and a further twelve employees, from a number of departments, undertaking the Foundation in Brewing and Packaging course.



# HR AND PEOPLE

The health and wellbeing of our employees is of utmost importance to Coopers.

This financial year, Coopers undertook the following initiatives:

- Assure Programs was engaged to manage the Employee Assistance Program, which provides psychological, financial, legal and physical health support services.

- All employees of Coopers and its subsidiaries completed the 'Call It Out' program, which is designed to empower personnel to 'call out' negative behaviours and role-model respectful behaviours in the workplace.
- Coopers continued its physiotherapy program, which has helped treat 93 employees, with less than 2% proceeding to a Workcover claim.
- Work has commenced on obtaining formal accreditation in the areas of work health and safety, environment and ethics in line with Australian Standards.

# GUIDING PRINCIPLES AND SERVICE AWARDS

Coopers continues to celebrate those employees who have best demonstrated our Guiding Principles of Passion, Respect, Responsibility, Consistency and Service.

Nominations were received via Cheers for Peers on the Tinpulse portal, Coopers' in-house online HR communication platform. We proudly congratulate the following winners:

ABBY RICHARDSON	Brewing Products
ANTHONY PETHERICK	Sales
BETTINA PICKERING	Engineering
BILL PARKER	Maltings
BRADLEY BRAZIL	IT
BRIONY NEINDORF	Foundation/ Corporate Events

FRANK PERROTTA	Distribution
HISHAM OTHMAN	Administration
KATE GREENWOOD	Marketing
MARK ELVERD	Engineering
SHEAHAN RODRIGO	Export
WAYNE HURCOMBE	Engineering



We also recognise and thank those who have achieved significant anniversaries of service with the company:

20 YEARS	Vanessa Edson
25 YEARS	Rob Small (since retired), Melanie Cooper and Tony Pisaniello
30 YEARS	Gavin White, Steven Schmitz, Leon Dimitriou and Graham Surguy (absent)

The average length of employment at Coopers is 12 years.

PASSION, RESPECT,  
RESPONSIBILITY, CONSISTENCY  
AND SERVICE

# WHENEVER, WHEREVER, WHATEVER



THERE'S A *Coopers* FOR THAT

# MARKETING

A new campaign with the tagline: 'Whenever, Wherever, Whatever: There's a Coopers for That', was launched in October 2018.

The advertisements included free-to-air metropolitan and regional television, Foxtel, cinema and digital formats.

The campaign marked the return of Coopers to television advertising after a five year hiatus. It was also the first time the Coopers' masterbrand has featured on television. Paired with upbeat music, the scenes aimed to showcase the versatility of the Coopers' portfolio in a light-hearted manner – proving there really is a Coopers for any occasion!



THE 'HIT THE REFRESH BUTTON' CAMPAIGN WAS LAUNCHED TO PROMOTE THE RELEASE OF COOPERS DRY AND INCLUDED RADIO, OUTDOOR AND SOCIAL ADVERTISEMENTS. THE CAMPAIGN WAS A PLAY ON THE REINVENTION OF COOPERS CLEAR AND A PROMOTION OF THE REFRESHING TASTE PROFILE.

**Coopers**  
Published by Salesforce Marketing Cloud [?] - July 19, 2018 · ⚡  
Yes we can!  
Our famous Original Pale Ale will be available from August 2nd in 375ml cans. You're welcome.



**YES WE CAN**

POST REACH:	431,222
LIKES:	11,488
REACTIONS:	1,573
COMMENTS:	7,586
SHARES:	960

We've been brewing something extra... 😍 ❤️  
Want to be the first to try it at GABS Festival Melbourne?  
Tell us what you think our new brew is in the comments below, 😊 and  
you could win one of two double passes to GABS Festival on Saturday  
18th May! ... See More



**Coopers**  
Published by Salesforce Marketing Cloud [?] - August 25 · ⚡  
Roast me, Toast me, Grill me, Chill me!  
Coopers' Backyard Buddies are here. Simply purchase a Coopers Original Pale Ale at any participating venue across the country, receive your scratch card and enter your unique code on our website to enter!  
More: [buddy.me/2wdus73](http://buddy.me/2wdus73)



## XPA TEASER

POST REACH:	62,850
LIKES:	512
REACTIONS:	70
COMMENTS:	649
SHARES:	32

## BACKYARD BUDDY CAMPAIGN (FOUR POSTS)

POST REACH:	212,778
LIKES:	4,189
REACTIONS:	702
COMMENTS:	188
SHARES:	299
LINKS CLICKS:	3,883

# SOCIAL MEDIA

Coopers maintained its position in the top five most engaging brands on both Facebook and Instagram as measured against its competition and, in June 2019, was sitting in number one position across both platforms.

The strategy of supporting new product development by launching brands or offers on social media channels continued to generate interest and enthusiasm.

Trade activity was also supported by geo-targeted posts to selected audiences, informing them of launches, competitions and events in their local area.

A 'Yes we can' post issued to support the launch of Pale Ale in a can reached more than 430,000 people and received 11,000 likes. The 'Backyard Buddy' campaign in August 2018 had a reach of more than 210,000 people and attracted nearly 4,200 likes, while a teaser ahead of the XPA tap launch in May 2019 reached 62,000 people, with more than 500 likes.

# SPONSORSHIP





The high-profile sponsorship of Australian tennis and the Supercars series continued to attract strong national and international attention.

Coopers has negotiated multi-year sponsorship extensions to the Handa Women's Australian Open golf championships and the Supercars. The golf sponsorship has been extended through to 2021, and the Supercars will run until at least the end of the 2020 season.

While the agreement with Tennis Australia provided Coopers with excellent exposure and tasting opportunities for three years, the decision was made not to extend the agreement once it expires at the end of 2019.

Other major sponsorships include:

- > Sydney, Melbourne and Perth Comedy Festivals
- > Woodford Folk Festival
- > The Adelaide Festival of Arts
- > The Adelaide Fringe and Garden of Unearthly Delights
- > WOMADelaide
- > Gluttony, which has been extended for an additional two years
- > Coopers' partner brand Sapporo sponsored the St Jerome's Laneway Festival held in Brisbane, Sydney, Adelaide, Melbourne and Fremantle
- > The Great Australasian Beer Spectacular (GABS)

**COOPERS HAS A PRESENCE AT  
OVER ONE HUNDRED EVENTS  
ANNUALLY, INCLUDING A NUMBER  
OF COMEDY, CULTURAL, LIVE  
MUSIC AND FESTIVAL EVENTS**





SAPPORO ACHIEVED 1.3% GROWTH,  
STRENGTHENING ITS POSITION AS  
THE NUMBER TWO JAPANESE BEER  
IN THE MARKET



# PARTNER BRANDS



## SAPPORO

Sapporo experienced modest growth in the face of a softening Japanese beer category, which has been weakened by a continuing stream of new products from local craft and national retailers. A further challenge has been aggressive pricing strategies from competitors within the segment.

The 'Legendary Biru' media campaign, which included outdoor and digital advertising together with a pop-up bar at the Qantas Lounge in Sydney's Domestic Airport, assisted in the promotion of products.

## THATCHERS

Thatchers suffered a fall in sales across both bulk and bottled cider. It is hoped that the launch of a new and vibrant can will boost sales in this declining category in the new financial year.



## CARLSBERG

Low-priced European private label beers had a substantial impact on Carlsberg sales during the year.

Significant work is being undertaken on Carlsberg's new global visual identity, including a new bottle which will be launched into the Australian trade in December 2019. The stylish packaging is expected to resonate strongly with consumers.

The Kronenbourg 1664 contract was renewed to align with the Carlsberg agreement term.



## BROOKLYN

Coopers' contract brewing agreement with Brooklyn Brewery concluded in December.

Japanese brewer Kirin, which has full ownership of Lion in Australia, took a 24.5% ownership stake in Brooklyn in 2016 and, accordingly, the decision was made last year to move production and distribution of Brooklyn in Australia to Lion.



## NON-ALCOHOLIC

Holsten 0.0% partnered with IRONMAN Australia during the sport's 2018 - 19 season, providing on-ground support, on-pack promotion and in-store advertising. This was enhanced by activations that included a beer bar at the finish line of each Ironman event. The marketing efforts, combined with expanded distribution, resulted in sales of Holsten 0.0% rising by 10%, despite an increasingly crowded market segment.

Although it remains Australia's best selling non-alcoholic beer, Coopers Ultralight Birell recorded a 2% decrease as a growing number of competitor products entering the market impacted sales. This also gave rise to retailers reducing the amount of stock held off-shelf. As a result, Coopers' overall non-alcoholic beer sales fell by 1% during the financial year.



**COOPERS DIY BEER AND BREWART ONLINE STORES REACHED A RECORD \$1.12 MILLION IN SALES, FOLLOWING THE UPGRADE OF THE COOPERS DIY BEER ECOMMERCE PLATFORM IN MAY 2018**

# DIY BEER

Coopers DIY Beer sales for the financial year were steady, with a slight fall domestically offset by a rise in overseas sales.

Distribution changes resulted in supermarket sales declining but this was balanced by increased sales through specialist brew stores.

Notably, the sales of craft brew kits increased by 35%, indicating a rise in the total number of new home brewers.

Sales of BrewArt BeerDroids in Australia and overseas continued to show pleasing growth. The launch of the updated BeerDroid in November 2019 is expected to help boost sales.

International craft brewer, BrewDog, purchased 35 units to place one in each room of their DogHouse Hotel in Columbus, Ohio. The DIY Beer team is currently investigating further opportunities for partnership in the United Kingdom and European Union.

# MORGAN'S BREWING

Morgan's Brewing achieved another record sales result with overall growth of 12.9% on last financial year.

The result was underpinned by strong growth across core categories, with brewing extract sales growing 9.5%. This was driven by the ultra-premium range coupled with additional sales from recipe pack solutions and improved sales through our speciality retailers.

Malt extract and malted barley revenue increased by 38% following the introduction of bulk grain, combined with additional malt extract drum sales to existing and new customers.

Sales for fresh wort kits grew by 49%, driven by an improved product range, coupled with expanded speciality store distribution.

Morgan's Brewing transitioned smoothly to Coopers' accounting system on 1 July 2019. This implementation was the result of significant efforts by the project team.

## MALT EXTRACT

Whilst overseas sales rose by 6% thanks to increased sales in Japan, malt extract sales for the year fell by 1%, as a result of a 3% fall in domestic sales.

DIY BEER Coopers

# MASTER OF THE BREWNIVERSE

THE SEARCH  
FOR AUSTRALIA'S  
GREATEST DIY  
BREWER IS ON

HAVE YOUR  
BEER BREWED  
BY COOPERS AND  
SOLD THROUGH  
DAN MURPHY'S

SUPPORTING PARTNER

Dan Murphy's



# MASTER OF THE BREWNIVERSE

In May, Coopers launched the 'Master of the Brewniverse' competition to find Australia's best DIY brewer.

The Australian-first competition gives budding brewers the chance to win the ultimate prize of having their recipe brewed and canned by Coopers and sold nationally at Dan Murphy's stores across Australia.

Using Coopers DIY Beer brewing extracts in their recipe, entrants take their beers to selected homebrew stores, from where they are collected and judged at the state finals. The entries are narrowed down to four finalists from five state regions.

The chosen brews then progress to the national finals where a select team of judges from the Beer Judge Certification Program appraise the finalists' entries.

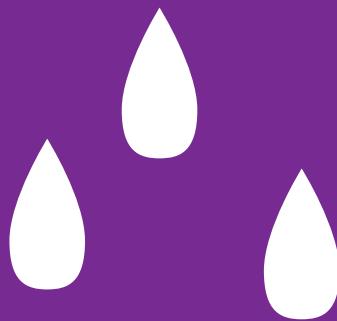
The ultimate winner will be crowned the '2019 Master of the Brewniverse', with the beer available in Dan Murphy's from May 2020.

Strong press coverage and social media engagement has resulted in a sales uplift across the entire product range.

# SUSTAINABILITY

Coopers has adopted world-best practices in the areas of energy recovery, power generation, water usage, recycling and efficient operation.





**EXCESS WATER FROM THE REVERSE  
OSMOSIS PLANT IS MIXED WITH  
BORE WATER TO IRRIGATE THE HIGH  
SALT-TOLERANT LAWNS AROUND  
THE BREWERY**

## COGENERATION PLANT

All Coopers' electricity and steam requirements are drawn from a 4.4 megawatt (MW) natural gas-powered cogeneration plant located on site.

The plant, built in partnership with AGL, burns natural gas in a turbine to drive an electricity generator, and uses the waste heat to produce steam used in the brewing and malting process.

As a result, the plant achieves an energy use efficiency of 80%, which is approximately 2.5 times greater than a conventional power station. This has reduced carbon dioxide emissions by up to 15,000 tonnes per annum compared with a conventional power plant – the equivalent of taking an estimated 3,200 standard vehicles off the road for a year.

The cogeneration plant produces 12,000 megawatt hours (MWh) of power per year for the brewery and the maltings, while a further 13,000 MWh is fed into the South Australian power grid.

The plant also generates 50,000 tonnes of steam a year, used for heating in brewing and production processes, and for pre-heating in the maltings kiln.

## WATER USAGE

All water used by Coopers originates from aquifers beneath the brewery, reducing the demand on Adelaide's reticulated water supply.

This underground water is clean but saline and is purified by reverse osmosis. Extraction rates from the aquifers are monitored to ensure they do not exceed the rate of replenishment.

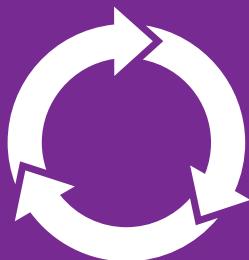
Approximately 70% of the water fed into the purification plant is used in the brewing process. The remaining 30% is concentrated salt water and is pumped through a dedicated pipeline into the intertidal zone at the Barker Inlet under the terms of a licence with the Environmental Protection Agency.

Environmental scientists report that the water from the pipeline has a similar salt concentration to the brackish environment produced in the intertidal zone, where seawater mixes with freshwater.

In addition, Coopers captures and recycles up to 35 megalitres (35 million litres) of water each year. The brewery has two 45,000 litre tanks, in which recaptured water is stored and tested before use.

Water is recovered from production areas, mainly in the bottling and evaporation plants, and is recycled for irrigation and other non-production uses. This is supplemented by further excess water from the reverse osmosis plant.

**ENERGY EFFICIENCY IS FURTHER BOOSTED BY LOW-GRADE HEAT RECOVERY AND REUSE, WHILE THE VAPOUR CONDENSATION AT THE BREW KETTLE ELIMINATES ODOURS**



## MALTING PLANT

The 13,000 square metre plant is considered the most technologically advanced in the world in terms of water usage, process control and automation. It can produce more than 54,000 tonnes of malt a year.

Water used in steeping comes from the purified water from the saline aquifers. Unique custom designed features have allowed Coopers to reduce steeping times, water usage and kiln-gas during the malting process. Power is drawn from the cogeneration plant.

### PRE-STEEPING

Coopers Maltings employs a unique barley wetting screw, that was designed in-house, to wet the grain and remove contaminants from barley. The damp grain is then allowed to rest under controlled conditions for two hours. During this time, the moisture content rises from 10% to 25%, allowing shorter steeping times, more vigorous grain for germination and the possibility of single steeping under certain circumstances, thereby saving water.

### KILN PRE-HEATING

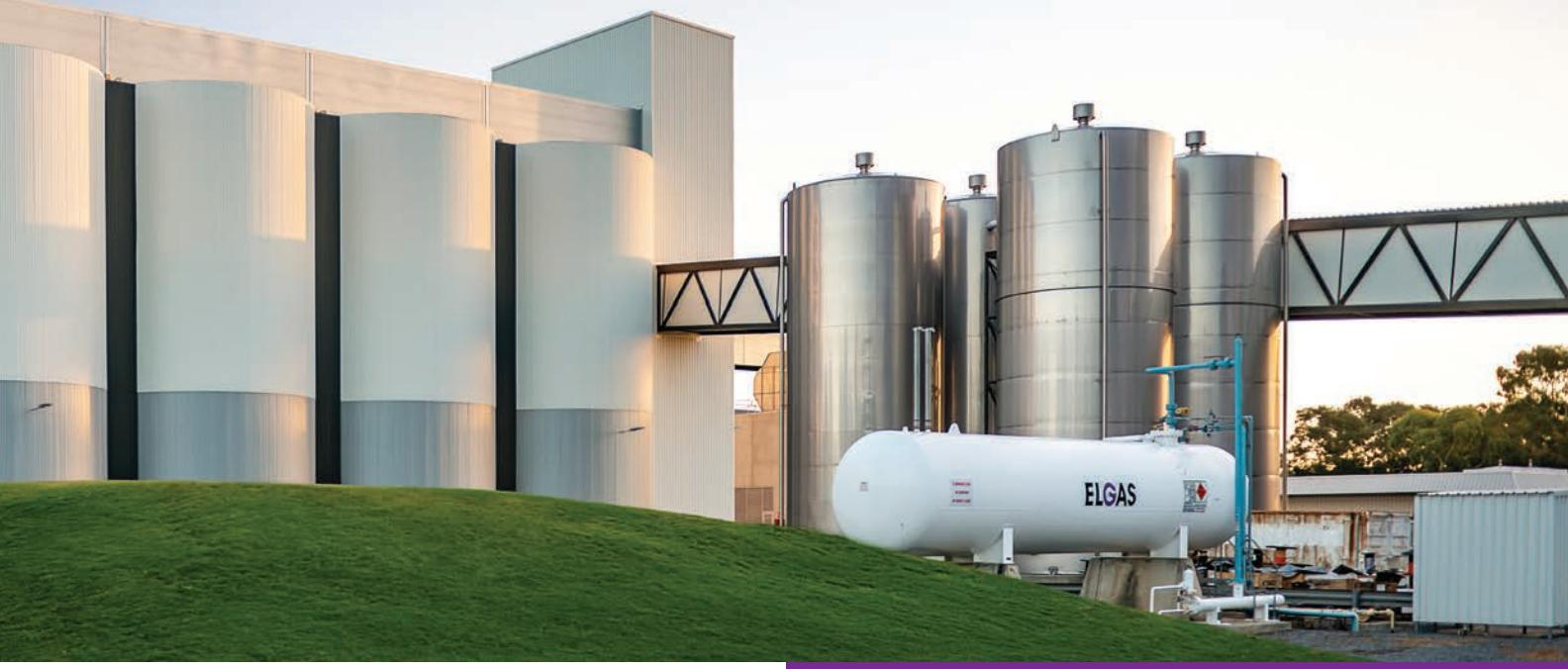
The cogeneration plant produces steam from the gas turbine waste heat. A new heat exchanger has been installed to convert surplus steam into hot water, which is used to pre-heat kiln air. This 'free' energy reduces gas consumption in the kiln by up to 40%.

## OPERATIONS MANAGEMENT

Coopers' extensive monitoring systems help to maximise efficiency and reduce waste. A sophisticated brewery-wide Supervisory Control and Data Acquisition (SCADA) monitoring system collects a broad range of information that is used for this process control and monitoring. It allows all aspects of brewing and evaporation of product to be optimised.

Energy audits have resulted in the installation of high-efficiency, low-energy lighting in all areas of the brewery, while condition monitoring of machinery determines the need for intervention to improve efficiency or, alternatively, replacement with more modern and effective equipment.

All fluid wastes are monitored for temperature, pH levels and conductivity to ensure they meet appropriate standards as part of Coopers' trade waste licence with SA Water.



## RECYCLING

Each year, Coopers sells scrap material generated from day-to-day operations at the brewery for recycling, with all proceeds directed to the Coopers Brewery Foundation. Scrap materials include metal, paper, cardboard, plastics, glass and other sundry items.

The recycling of metals, including aluminium, light gauge and stainless steel, has raised about \$235,000 since 2007, while the recycling of glass, paper and cardboard has generated more than \$200,000.

The company's recycling efforts are largely driven by staff. Coopers has placed special bins at strategic points throughout the brewery where recyclable materials can be deposited. Employees are encouraged to ensure any scrap materials go into the appropriate bins, and suppliers are encouraged to minimise the amount of packaging and other waste that comes into the brewery in the first place.

Organic waste is utilised wherever possible. For example, spent grains and trub (protein waste from the brewing process) are retained and sold as stock feed.

Coopers is a signatory to the National Packaging Covenant and is classified as a leading organisation when measured against the core performance criteria.

All packaging is recyclable and this, in combination with optimisation of the packaging process, has resulted in a 50% reduction in material to landfill.

SINCE THE FOUNDATION WAS  
FORMED IN 2006, IT HAS  
RECEIVED ALMOST \$700,000  
FROM RECYCLING



# FOUNDATION

During the year, the Coopers Brewery Foundation distributed more than \$480,000 among 15 charities. This takes the total amount distributed since inception to \$5,015,000, with 295 charitable projects supported to date.



## COOPERS BREWERY FOUNDATION GOLF DAY

The highlight of the fundraising calendar was the 11th annual Coopers Brewery Foundation Golf Day in May. This event again enjoyed outstanding success, raising more than \$142,000 for the Neurosurgical Research Foundation, to help fund a research project to determine whether administering the sAPPa protein soon after a stroke can reduce brain tissue injury, facilitate recovery and improve patient outcomes.

This takes the total raised from the eleven golf days to more than \$1,065,000.

## SUSTAINABLE GIVING PROGRAM

The Foundation's Sustainable Giving program, now in its third year, provides selected charities with a total of \$150,000 in funding over three years.

In 2017, the Australian Dental Outreach Foundation became the first organisation to benefit from the Sustainable Giving Program, to help it provide mobile dental services to residents in aged care and nursing homes in socially disadvantaged communities, throughout South Australia.

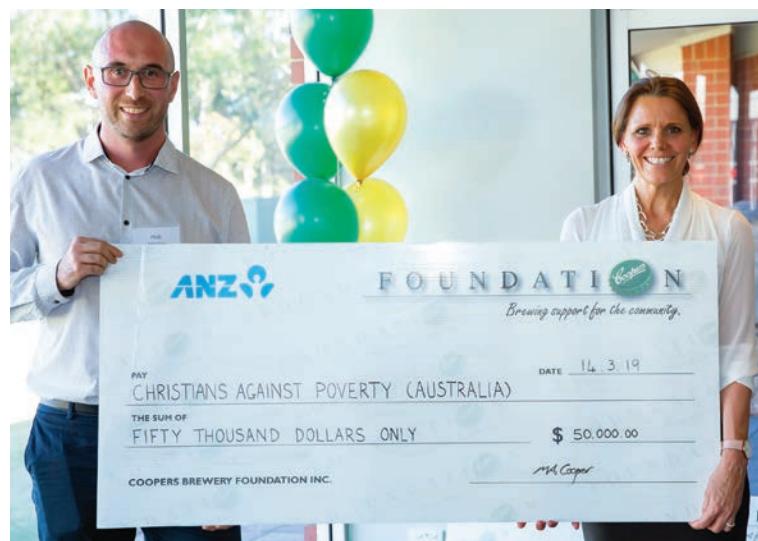
In 2018, Christians Against Poverty was selected from the family and community sector. Their 'Freeing Families: Community-led Debt Relief' program provides free and unconditional access to creditor advocates, financial educators, and support services to assist those individuals facing poverty develop greater financial literacy and enhance their emotional wellbeing.

A shortlist of applicants for 2019 has been chosen from the youth education sector. The recipient will be announced later this year, from which time the Foundation will be simultaneously supporting three charities to the value of \$150,000 each.

## SHAREHOLDER APPEAL

The annual Shareholder Appeal raised more than \$57,500 for Anglicare SA's 'Family Connect' program. This project will work with refugee mothers and their children in the Playford region, particularly those who do not receive settlement support.

By working with local schools to identify families at risk of social isolation, Anglicare aims to increase these mothers' engagement with their children's schooling.



The Coopers Brewery Foundation continues to derive income mainly through donations from corporate partners, shareholders, staff, and the general public, as well as fundraising activities, golf days, recycling and brewery tours. The Executive Officer's salary is paid from income derived from the corpus managed by an Investment Committee. This \$5 million portfolio consists of cash, fixed interest, listed Australian and international shares in various sectors, together with a \$250,000 investment in Aspire Social Impact Bonds.

To thank the many donors and supporters of the Foundation, a Friends of the Foundation function was held in March, with guest speakers including Ian Steel from Kickstart for Kids and Phill Pickering from Christians Against Poverty.



# BREWERS ASSOCIATION OF AUSTRALIA



**BREWERS  
ASSOCIATION**

The Brewers Association of Australia represents the three major brewers in Australia and is headed by Chief Executive Officer (CEO) Brett Heffernan, who prepared the following report:

**Beer plays a major role in bringing families, friends, colleagues and entire communities together.**

However, the impact of Australian beer on the economy, jobs and government coffers is not generally understood.

While the data for 2017-18 has tracked down slightly since 2015-16, mainly due to an increase in imports, beer in Australia is predominately a domestic industry where CUB, Lion and Coopers account for 79.4% of sales volume. Locally brewed beer supports 12,564 full-time Australian jobs in its direct supply chain and generates almost \$6 billion in economic activity.

However, when the jobs and economic inputs that beer drives across agriculture (primarily malting barley and hops), the broader supply chain (including manufacturing, packaging and transport), pubs, clubs, cafes, restaurants and retailers are added in, then beer generates almost 103,000 full-time equivalent jobs in Australia and contributes \$16.5 billion per year to the economy.<sup>^</sup>

Every Australian schooner of beer sold in pubs and other licensed premises contributes \$6.46 to gross domestic product (GDP), while its off-license equivalent in packaged liquor store sales contributes \$2.72 to GDP.

In 2017-18, Australian beer drinkers contributed \$3.613 billion into government coffers – just over \$2 billion in excise and \$1.6 billion in GST. Australian tax is the largest single cost in the price of beer.

The research shows demand for light and mid-strength beers has remained constant at 26.5% of sales volume. However, the trend to lower strength beers has seen full-strength beers sold in Australia average 4.4% alcohol by volume, down from the once typical 5%.

The Australian Bureau of Statistics reports that Australians are drinking less alcohol today than at any point in the past 55 years, with 84% drinking within recommended guidelines.

More than 9.1 million Australians celebrate life's milestones or just enjoy the end of a working week with a beer. Pleasingly they are doing so more responsibly than ever.

**DRINKWISE HAS BEEN ABLE TO  
CHALLENGE ENTRENCHED RISKY  
DRINKING BEHAVIOURS**

Get the facts

**DrinkWise.  
org.au**



# DRINKWISE

As part of the company's commitment to corporate social responsibility, Coopers are proud financial supporters of DrinkWise, a not-for-profit social change organisation. The organisation is headed by CEO Simon Strahan, who prepared the following report:

DrinkWise focuses on cultural change – developing highly effective, evidenced-based social marketing initiatives that inform and support the community, and encourage the adoption of a healthier, safer drinking culture, and the subsequent reduction in alcohol-related problems.

By creating innovative campaigns that resonate with the Australian public, DrinkWise has been able to challenge entrenched risky drinking behaviours, and generate meaningful changes in attitudes and conduct.

We continue to see positive generational shift, with the majority of Australians drinking moderately and enjoying a drink to relax or while sharing a meal with family and friends.

Australian data indicates that an increased number of pregnant women are abstaining from alcohol, young adults are drinking more moderately than ever, and there has been a decrease in the number of minors drinking due to improved parental role modelling.

In 2018, DrinkWise launched the DrinkWise Fetal Alcohol Spectrum Disorder (FASD) Awareness Program. Coopers is a strong supporter of this program, providing funding in addition to other voluntary contributions to DrinkWise.

The program aims to create greater awareness of the fact that FASD is a preventable disorder, and highlight the risks of drinking alcohol while pregnant, planning a pregnancy, or breastfeeding. The innovative use of distribution channels – including medical centres, radio, schools, retail point-of-sale and information kits for pregnant women – ensured this important health message reached as many Australians as possible.

Videos created for the program were shown over four million times, while messaging encouraging GPs and practice staff to educate their patients about FASD have appeared in medical practices over 900,000 times.

DrinkWise and Coopers, along with other market-leading producers, continue to play an important role in creating a safer and healthier drinking culture for Australians.





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