



**State of Craft
Brewing in the US
MBAA Winnipeg
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Points of Discussion

- Evolution of Craft in the United States
- Current State

Evolution of Craft in the US (1850-2000)

1800'S

- 4131 Breweries operating in the US in 1873
- German immigrants arriving and producing all malt lager beer
- Light Lager with corn and rice adjunct began

EARLY 1900'S

- Light lager becomes the product of choice in the US
- Consolidation shrinks number of breweries approximately 1000 by 1918
- 1920 – 1933 National Prohibition
- 756 Breweries operating in the US in 1934

1950-2003

- 1978 Homebrewing is legalized
- 1980 “craft” breweries began differentiating themselves by brewing ales versus lagers
- 8 Craft Breweries in 1980 to 537 in 1994
- 1997 1,396 craft breweries and the begin of the Craft Crash

2004-2012

- 2004 – 2008 growth in the craft market began to rise again to between 6% - 12%
- 2008 Craft Beer owned 4% of total beer

2013-2017

- 2014 532 breweries opened with 68 closing 12%
- 2017 995 breweries opened with 165 closing 17%
- 2017 Craft beer owns 12.7% of overall beer market

1997- 2003 Craft Crash

- 58% annual Growth to between 1-5%
- Little focus on quality for many
- More focus on clever names and novelty
- Consumer palate maturing
- Too many beers for limited shelf space
- Brewpubs with low quality food and beer
- Pressure from major brewery controlled wholesalers
- Large Breweries launched their own “Craft Labels”

Current State 2018

U.S. Brewery Count

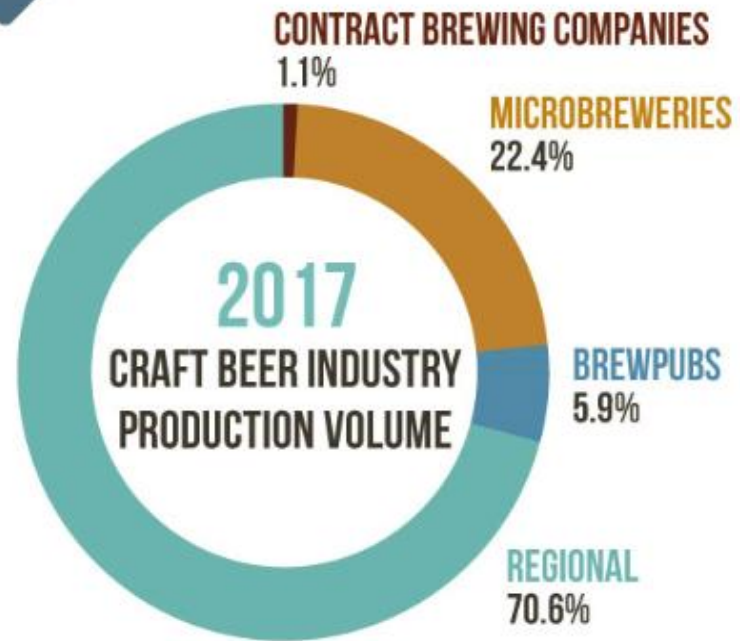
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | '16 to '17 % Change |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|
| CRAFT | 2,420 | 2,898 | 3,739 | 4,544 | 5,424 | 6,266 | + 15.5 |
| Regional Craft Breweries | 97 | 119 | 135 | 178 | 186 | 202 | + 8.6 |
| Microbreweries | 1,143 | 1,471 | 2,076 | 2,626 | 3,196 | 3,812 | + 19.3 |
| Brewpubs | 1,180 | 1,308 | 1,528 | 1,740 | 2,042 | 2,252 | + 10.3 |
| LARGE NON-CRAFT | 23 | 23 | 26 | 30 | 51 | 71 | |
| OTHER NON-CRAFT | 32 | 31 | 20 | 14 | 16 | 35 | |
| Total U.S. Breweries | 2,475 | 2,952 | 3,785 | 4,588 | 5,491 | 6,372 | + 16.0 |

U.S. BEER PRODUCTION VOLUME 2017

OVERALL
BEER
-1%

5%
CRAFT

SOURCE: BREWERS ASSOCIATION, BOULDER CO





U.S. BEER SALES VOLUME GROWTH 2017

OVERALL BEER
-1.2%

196,278,490 BBLs

5.0%
CRAFT

24,868,276 BBLs

3.2%
IMPORT BEER

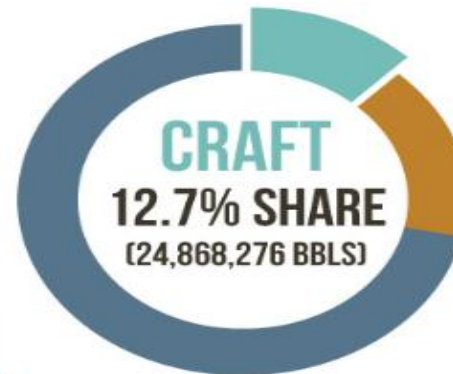
34,428,490 BBLs

3.6%
EXPORT CRAFT BEER

482,309 BBLs

OVERALL BEER MARKET
\$111.4 BILLION

CRAFT BEER MARKET
\$26.0 BILLION
8% DOLLAR SALES GROWTH



IMPORT
(34,428,490 BBLs)

OTHER DOMESTIC
(136,981,724 BBLs)

SOURCE: BREWERS ASSOCIATION, BOULDER CO

A row of six glasses of beer with varying colors and foam, and a row of six wooden bowls containing different types of malted grains, all on a wooden tray.

Questions

Thank you!