



How To Properly Price Your Beers

Presentation by Kate Zittere

Chief Financial Officer

Coronado Brewing Company, Inc.

Financial Components of Beer

- Revenue
- Cost of Goods Sold
- Sales, General & Admin Expenses
- Interest, Taxes, Depreciation & Amortization



Revenue

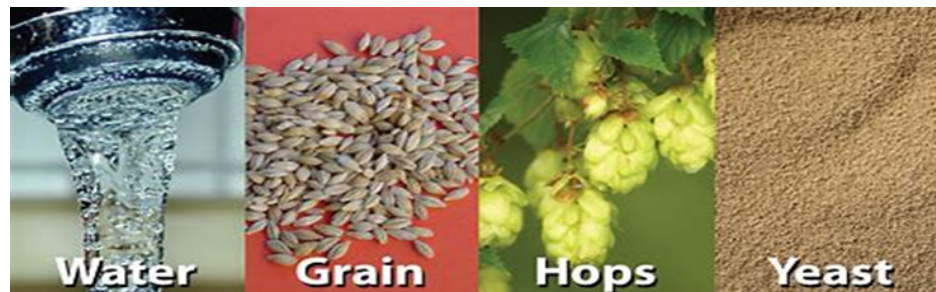
Basic Starting Questions

- Not all beers are created equally
 - What type of beer are you going to brew?
- How much are you planning to brew?
- Who are you going to sell your beer to?
 - Taproom or retail location
 - Distributor
 - ❖ On premise
 - ❖ Off premise
 - Self-distribute
- What package type do you plan on using?



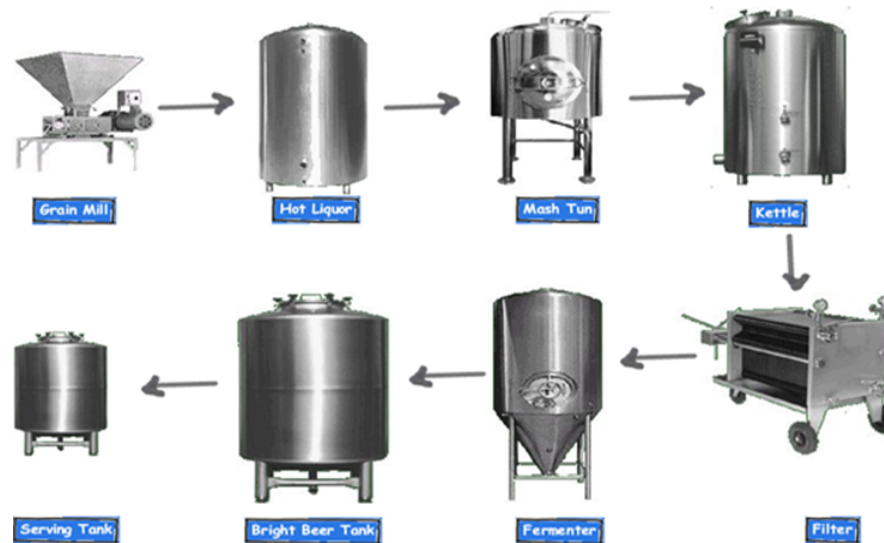
Cost of Goods Sold

- Direct Costs
 - Raw Materials
 - ❖ Malt, yeast, hops, adjuncts, yeast, water
 - Packaging
 - ❖ Bottles, cans, kegs, growlers
 - Labor
 - Taxes



Cost of Goods Sold

- Indirect Costs
 - Rent
 - Utilities
 - Equipment repairs & maintenance



Sales, General & Admin

- Sales & Marketing expenses
 - Advertising & Promotions
 - Samples
 - Events
- Office expenses
- Travel, meals and entertainmen
- Insurance
- Professional fees
- Occupancy



Interest, Taxes, Depreciation and Amortization

- Interest on bank loans
- Taxes – federal & state
- Depreciation and amortization

Compiling Revenue & Expenses

Revenue

Less: Cost of Goods Sold

Gross Margin

Less: Sales, General & Admin

EBITDA

Less: Interest, Taxes, Depreciation & Amortization

Net Income

Calculate Breakeven Point

- Take the financial statement formula and work backwards

Pale Ale				Yield	10 BBLs
	Qty	Price	Total		8.23
Glass			-	BBL/13.78	
Cans	55.00	24.05	1,322.75		
1/6 BBL	12.00	50.10	601.20		
1/2 BBL		117.50	-		
On Premise	672.00	5.00	3,360.00	168 pints per 1/2 BBL	
Total Revenue			5,283.95		
Ingredients					
2-Row Maris Otter Malt	620	0.855	530.10		
Cara-Pils	62	0.852	52.82		
Biscuit	62	0.91	56.42		
Flaked Wheat	62	0.558	34.60		
Amarillo hops	7.75	12.05	93.39		
Mosaic hops	7.75	14.448	111.97		
White Labs WLP-001 Cali Ale Yeast	73 oz.		31.25		
			-		
Packaging					
Cans	1,320	0.348	459.36		
Lids	1,320	0.033	43.56		
Paktech	330	0.1	33.00	(4-pack)	
1/6 bbl	16	6.05	96.80	rental	
Keg collar	16	0.258	4.13		
Keg tops	16	0.07	1.12		
Total Direct Materials			1,548.52		
Direct Labor Component			325.50		
Direct Overhead Component			792.59		
Gross Margin			2,617.34		
Brewery SG&A			1,320.99		
Tasting Room SG&A			1,296.36		
EBITDA			(0.00)		

Pricing

- Once you've completed, if your numbers aren't what you hoped they would be, play with the pricing until you get there
- This is within reason because you have to price based on what the market will bear
- Delicate balance between the art and business of craft beer



Budgets

- Apply the same logic to create an annual budget for multiple beers
- Decide your portfolio





Thanks!

Q&A