

Excerpt from

What It's Worth: Brewery Value

BVR

What It's Worth



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Introduction

With the industry exploding—two new craft breweries are currently being launched every day in the U.S.—breweries are quite unique to assess from a value perspective. Specific and unique considerations to take into account when appraising the value of craft breweries include product life cycle and capacity considerations specific to this industry, how or whether state-specific franchise laws affect the brewery's distribution options, the potential impact of changes in the excise tax on beer currently being debated in Congress, and state laws regarding distributor agreements.

Whether you are a business appraiser, a craft brewery owner, or an investor, you need to pay close attention to quickly shifting trends in this hypercompetitive industry that is growing at an annual rate of 18%.

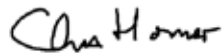
Craft beer typically moves through a three-tiered distribution system—breweries, wholesalers, and retailers—all of which play a key role in valuation. Distribution strategy (use and management of distribution rights) in particular is a key business driver and potential value maximizer. The extremely complex and always evolving web of state and federal laws governing distribution is unique to the brewing industry and involves negotiating all phases of this three-tiered system that gets beer from the brewery to the shelf or on tap.

Another important factor in planning and executing the purchase or sale of a craft brewery is the complex web of alcoholic beverage regulatory requirements unique to the industry—factors that substantially influence deal structuring. Permits and licenses as well as tax considerations—all highly specific to geographic location and the state in which the brewery is located—are critical to take into account in valuation.

In this BVR special report, *What It's Worth: Brewery Value*, you get advice from top experts who work with craft breweries and study valuation issues associated with this industry daily. These

experts walk you through the very specific factors involved in brewery valuation, from the best valuation approaches to use, considerations for valuing the buildings associated with the brewery, the specialized equipment needed to produce the beers, and the value of the key personnel who operate the brewery, such as the brewmaster.

In addition, this report contains valuable benchmarks that will help you understand where a craft brewery falls in terms of revenue, liabilities, and overall value. This special report will bring you up-to-date on the current trends, pressing issues, and the key drivers of craft brewery value that will help you zero in when valuing and/or understanding the value of a craft brewery.



Chris Horner, Editor
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