

**New Age Beverages Corporation NASDAQ: NBEV)
Investor Conference Call
November 14, 2017**

Chuck Ence:

Welcome everyone to our third quarter results conference call. I'd like to remind everyone that this conference call may contain certain forward-looking statements reflecting management's current expectations regarding future results of operations, economic performance, financial condition and achievements of the Company. Forward-looking statements, specifically those concerning future performance, are subject to certain risks and uncertainties.

I'd like to get right into our results for the quarter and for the nine months ending September 30, 2017, the transcript of which will be available on the Company's website, within the investor section at www.newagebev.us.

For the 3rd quarter the Company delivered consolidated gross revenue of \$16.8 million vs. \$15.8 million in the prior year. Subtracting discounts and billbacks, at the net revenue level, the Company achieved \$15.1 million vs. \$13.5 million in the prior year, and increase of 12%. Net Sales as a percent of gross, was significantly better than prior year, and we expect net sales to be around 90% of gross sales for the foreseeable future. For the 9 months ending September, consolidated gross revenue was \$44.3 million vs. \$16.3 million in the prior year and consolidated net sales were \$40.9 million vs. \$14.8 million, increases over prior year of over 1,700%.

Within our operating units, The DSD Division had another outstanding quarter delivering 731 thousand cases. Through the first nine months of the year, the Division has had record performance in 8 of those 9 months, and is up 6% organically vs. a very strong prior year. In addition to being a test bed for all New Age's internal innovative products and a source of visibility

for anything new or new emerging trends in beverages, the Division is a positive cash generator as a standalone entity to fund New Age's growth and diversification.

The International Division also contributed well in the quarter and is quietly becoming a more important part of the Company. Expansions of core brands in major grocery and convenience retailers in Canada, and Marley brand expansions in Latin America both significantly contributed. Búcha for example was up 108% in Canada, and outside of Canada, XingTea was up 115%, more than double in the 3rd quarter vs. prior year.

The US Division is also now starting to pick up steam and added more than 15,000 points of sale in the latter part of the quarter, and is in the process of a number of new brand roll-outs with major ...mostly new customers...that are envisioned to have a material impact on the business. Under the leadership of Mike Cunningham, the new SVP of sales, the core brands, have now stabilized and established a new basis for growth with profitable customer relationships committed to building these brands together with New Age.

In gross profit, the firm delivered \$4.8 million for the 3rd quarter ended September vs. \$3.6 million in the same period in the prior year, or up 33%. This equates, in gross margin percent to 31.9% of net sales, vs. 28.4% in the prior quarter and vs. 26.7% in the prior year. The 3.5 points of continued gross margin improvement is a result of concerted efforts on mix enhancement and overall COGS reduction. Importantly however, the increase in gross margin is before any of the impact of the shift in Coco-libre sourcing, which will impact primarily starting in Q1 2018 and represents a more than 30% improvement in COGS, on this important component of the New Age business. Gross profit year-to-date was 28.8% vs 26.9% for the 9 months ended September 2016 reflective of the same impacts and focus as previously mentioned.

Total operating expenses for the 3rd quarter were \$4.4 million or 28.9% of net sales vs. \$2.7 million or 19.7% in the same quarter last year. The increase of \$1.7 million vs. prior year resulted from investments in people and systems on the commercial and operations sides of the business, and a significant increase in sales and marketing expenditure. Those investments are already delivering with more than 15,000 new points of distribution in the latter part of Q3, and another more than 15,000 already achieved in the month of October. While the expenditure curve has impacted us in Q3, the revenue curve does not impact the income statement until Q4, but we do not manage the business on a quarter to quarter basis, and frankly never will.

Year-to-date OPEX expenditures were \$10.9 million or 26.6% vs. \$5.1 million or 34.5% for the 9 months ended September 2016, a 7.9 pt. improvement vs. prior year. As a result of the organization moves and sales and marketing investments – net loss for the quarter was \$479.8 thousand or minus 2 cents per share vs. a small gain in the 3 months of the prior year. Net income for year-to-date is \$1.31 million, a reversal versus a loss of \$2.1 million for the 9 months ended September in 2016.

EBITDA for the 3rd quarter was minus \$186 thousand and adjusted EBITDA was minus \$131 thousand, when taking out the one-time, non-recurring expense associated with the acquisitions and acquisition integration of \$55 thousand. Year-to-date EBITDA was \$2.2 million, and adjusted EBITDA reached \$2.7 million. There have been a number of other one-time expenses, associated with the acquisitions, transitions, integrations, legal fees and other impacts associated with the uplist onto the NASDAQ, and the acquisitions and absorptions of Coco-Libre, Marley, and Premier Micronutrient Corporation throughout the year that are all non-recurring, but we have just absorbed these in overall opex vs breaking them out separately.

Shifting to the Balance sheet, we now have current assets of \$18.3 million, vs. current liabilities of \$7.0 million, not including a \$1.2 million Marley contingent liability that has no corresponding

current asset entry. From a total assets standpoint, we now have \$69.2 million in assets, vs total liabilities of \$13.2MM, excluding the Marley contingent liability leading to a total of \$55 million of shareholder's equity. We have not yet completed the valuations of the Coco-libre acquisition and intangibles, the Marley acquisition and intangibles, and importantly the PMC acquisition with its 13 patents and related studies and trials. When completed, we expect these to have a significant positive impact on the total assets of New Age.

From the cash flow statement, we generated positive net income for the first nine months, of \$1.3 million. Our working capital ratio of 2.7 when dividing current assets of \$18.3 by our current liabilities \$7.0 million is respectable, and the overall adjusted EBITDA of positive \$2.7 million year-to-date, still makes us the only public small cap beverage company to show a profit of any sort. Yes, we unapologetically had a one-time gain earlier in the year from an asset sale, and we expect to continue to occasionally have these benefits to support the overall health of the Company. We are using our free cash, we think intelligently to increase our inventories consistent with increased demand, and investing in the infrastructure and organic growth activities including new brands coming on stream now to take the business to the next level.

So, summarizing the most germane points of our financial results:

Number 1) Topline continues to grow, is up 12% for the quarter in net sales, and up more than 1,700% year to date.

Number 2) Gross Margin is increasing ...rapidly and methodically. Gross margin increased to 31.9% for the quarter, and is now up 4 points in the past two quarters.

Number 3) Investments of \$1.5 million incremental in the quarter in operations, sales and marketing, to expand distribution, and support the larger scale business with more sophisticated and demanding customers.

Number 4) Adjusted EBITDA of minus \$131 thousand for the quarter, reflective of the investments, but up \$2.7MM year-to-date, the only public small cap that is profitable.

And Number 5) The Balance sheet. \$69.2 million assets vs. \$13.2 million of liabilities, with a working capital ratio of 2.7 of current assets over current liabilities.

And with that I'd like to pass it over to Brent and the team to give you an update on performance vs. our strategic initiatives.

Brent Willis:

My only additional commentary on our financial performance from what Chuck reviewed, is that we are right about where I expected us to be at this point in our journey in our balance sheet, income, statement, and cash flow schedule. I am very pleased with our cash flow and working capital leverage ratios, the de minimis debt, the super clean cap table, and the growth in top line and improvement in gross margin. Would we like more scale – of course. Would we like to be making more money – of course. But we do not manage the business on a quarter by quarter basis, not now, and never will, and will continue to make those choices or investments to build on our platform and position the company well to deliver superior return for shareholders.

I joined the Company almost 18 months ago, when it was a small little craft brewery and Kombucha Company doing \$2 million a year in revenue, and losing \$2 million a year in income. In those five quarters since I started and we began this journey, we have made real, substantive progress. 1st, we acquired Xing. 2nd, we integrated Xing and Búcha, and then in the next quarter we used that base to uplist onto the NASDAQ and establish the right financial platform for the Company. Then, in the Q2 2017, we acquired 3 more companies to give us the brands and the penetration into the segments in which we wanted to compete. And in this last quarter we fully integrated those acquisitions, and prepared for the next wave of growth, building on those acquired platforms. That's it. We have been at it 5 quarters, and versus where we envisioned we would be when we first developed our roadmap, we are right where we predicted and said we'd be – actually ahead of pace.

Our next set of milestones, mostly centered on organic growth are tough. But it's not like the uplist onto the NASDAQ, the acquisitions, the integrations, the building of our financial platform, our business platform, our systems and processes, or the building of our supply chain, our R&D, our sales force, our retail and distribution relationships, and our organization and team...was that easy. Each one of them individually was a real challenge.

12 months ago, there were 4 people in sales – now there is a national, capable sales force. 12 months ago, there was not one person in Marketing. Not one ...for a CPG company. Now there is full team, across brand management, digital, social, creative and design, experiential, and trade marketing to form the foundation of becoming a consumer-led, brand-driven company. A year ago, there had never been an inventory ABC analysis done, ever, or a benchmarking of product input costs, shipping costs, or any costs for that matter. 12 months ago, there was no HR, no performance management system, and no people development or established culture. And 12 months ago, the company had more than \$20 million in debt, no new products in the pipeline, one channel of distribution and essentially one brand that had not been invested in more than 3 years. Now, it is a different day. And through our efforts over the last 12-15 months, we have an excellent platform on which to build.

So – what are we going to do with that, or on that platform. Well, we have already provided that answer and it is written on our roadmap that we have published when we began the plan. In that roadmap, this phase of our trajectory included doubling down with existing customers, expanding to new customers, strengthening sales capability, implementing pervasive marketing, beginning international expansion, and accelerating innovation. And we are still executing against two additional components of the roadmap, overhauling our brands and penetrating new channels.

Since, acquiring and integrating the companies to build the platform of brands, we have been working diligently to first re-architect those brands, and then second, launch innovative offerings on those strengthened platforms. That is very easy to say, but very complicated to do. So far, so good with the re-creation of Marley, a global brand that was highly underleveraged; Búcha, that was not distinctive enough in functional points of difference; or Coco-libre, that was also not differentiated enough. So, you have to get the brand propositions right such that they are competitive and resonate with consumers, and then you have to get them on the shelves, and then you have to drive consumer takeaway to pull them off the shelves.

In the beverage industry – across all companies, all sectors from the \$50 billion dollar companies to the \$5 hundred thousand dollar ones, there are really only two metrics that matter. Some of the more sophisticated ones may try and get creative with terms like revenue management, bottler system management, or other, but basically this business comes down to #1, points of distribution, and the 2nd metric is ...sales per point of distribution. Honestly, everything else is a distraction.

To share what is transpiring in sales, I'd like to ask Terry Sperstad, the SVP of Key Accounts, and a former senior executive with Coca-Cola and Red Bull to talk about some of the impacts.

Terry Sperstad

Thanks Brent. For New Age, the fact that we added more than 15,000 points of sale in the later part of Q3, and already in Q4 have added another 15,000 is a very big deal. Historically – New Age was only strong in the West, and no consumer, retailer or distributor, east of Colorado had ever really even heard of XingTea for example. We defined key account expansion as one of the major pillars of growth for the group, and we are starting to see the results now materialize. Mind you, many of the shelf set decisions for many of the major retailers are made in August. What this means is that we had to have our hustle on for most of the year, because most of the decisions for brands on shelf this year were made in August 2016, when we were essentially just getting started. So, we have had to definitely street fight this year because the timing for retail shifts are excruciatingly slow. That being said, we have indeed this year already penetrated more than 10 of the top 100 global retailers including 7 Eleven, Loblaw's, Sobeys, Circle K, HEB, Ahold Delhaize, Sprouts, BJ's, Whole Foods, Spartan Nash, Jumbo, Circle K, and others. – and we still have wide open runway in front of us.

In just the past 90 days we have added more than 30,000 points of distribution for our brands – impacts that set us up well for Q4 and 2018, and are...material.

We still have a number of other major opportunities that we are working on closing, but the reality is – there was not one national retailer that ever took a position with New Age historically, and not one that had ever really even heard of us, aside from those in a few markets in the West. That has all fundamentally changed, and now... there is not a single distributor, retailer, or competitor for that matter that doesn't know who New Age is, and frankly doesn't see that we have created the only, the only ...one-stop-shop of healthy functional beverages. Retailers and distributors are very risk averse these days – and they do not want to work with small, underfunded single new brand companies that can't properly work with them, and invest in their brands.

That's on the distribution side...in traditional grocery and convenience. The recent partnership with Advantage Solutions and Daymon Worldwide are beginning to bear real fruit and we see significantly more to come from these relationships.

But that is just a start of some of our activities in traditional retail channels. We are equally as excited about our E-Commerce channels penetration, and the new partnerships to expand to Foodservice, workplaces and other alternative channels. The new preferred brand partnerships with Dot Foods, a \$7 billion-dollar company with tremendous reach to foodservice outlets, universities, hospitals and other channels, and USG that has more than 1 million vending outlets, and services more than 75,000 workplace locations ...every day...are...material.

We are starting to hit on all cylinders in sales and distribution, still have a massive amount of opportunity in front of, and are focused on executing and closing distribution opportunities on what is now a portfolio of brands that every customer and in the country now wants, and every competitor wished they had.

Brent

The next metric in the beverage industry that matters is sales per point of distribution. Two of our newest offerings, our Shelf stable Búcha live Kombucha, and our Marley Mate that is just rolling out in distribution now, are exceeding expectations. We made our Kombucha shelf stable with 9 months of shelf life so we could penetrate convenience and gain more multi-location, off-shelf placement in traditional grocery, and that is really materializing. For example, in our first major convenience outlet penetration, we are doing a volume per outlet of more than 20 units per store per week. The threshold requirement for example is 2.

In our newest launch, Marley Mate, we are also exceeding expectations. Although authorized – the difference between authorization and distribution and placement on the shelf are two different things. It takes time and focus...but even though we are still in the initial stages of this brand and rollout, we are outperforming the major competitor in the segment by more than 60% - a fact that makes our retailer partners very happy.

Marley Mate is now also rolling out through McLane's distribution, a \$48 billion-dollar company, and this coupled with our merchandising at the point of sale, and our consumer marketing pull through activities, will continue to drive this brand to be a real winner in the market.

Even though a lot has been made of our communication that we expected and intended to be on an \$80 million run rate for the year – some of this has been misconstrued or misunderstood. Here is the math however. Take our reported revenue for the year including the \$16.8 million for Q3, – then we add the run rate components, #1, the full year impact on a pro-forma basis the acquired companies that came in at different times in the year, #2 and the impact of Q4 with the new products and distribution we get to our target. Given Q4 is seasonally 21% of our business, that revenue extrapolated entering next year gets us to our target, or our incremental distribution and

broader portfolio in that distribution...also get us to our target that forms the basis for our business plan for 2018.

We have a number of other upsides coming from our newest offerings Aspen Pure Probiotic, PediaAde, or our Coco-Libre Sparkling that is rolling out to stores in the end of November. The product is fantastic with 100% coconut water and natural fruits, no added sugar, and only 30 calories a serving. Marley Mate, the Búcha shelf stable, the PediaAde, the Aspen Pure Probiotic, and the Coco-libre sparkling are just a few examples of innovation...but this vector is becoming a hallmark of the company.

The brands, the innovation, and the incremental distribution are all great, but as mentioned, the work that we have done over the past 12 months on our systems, our business foundation, our supply chain, and team, all underpin being able to execute against those growth initiatives.

Driving organic growth has been the focus for this call, but I would make one comment on our external growth pillar and acquisitions. Yes, we could have been well over \$100 million in revenue right now had we added in some of the other acquisitions that we took a hard look at. Would they have been accretive? Absolutely. In shareholders' best interests, we believe absolutely? But, we had to say no, even with accretion levels above 20%. We said no, because with where our stock is right now, we don't have the currency and it would have created dilution that we were not willing to accept. So, until such time to where our stock is similarly valued to its peers, we don't see significant acquisitions on the horizon that we will be able to execute, and as such, see no reason to use or sell any equity to fund them. Instead, we are focusing on organic growth of the initiatives mentioned, and expect to fund the expansion of those brands out of existing working capital.

We have focused today on the platform we have built over the past 5 quarters – a platform that we believe has a tremendous amount of potential, and on which we are confident that we can continue to grow our business well and deliver superior return for shareowners. This is what New Age is all about, a platform of healthy functional brands, on trend with consumers, with the execution capabilities to capture their full potential with consumers. Building that foundational platform, and then leveraging it and growing it, is a proposition, and it doesn't fully materialize in 5 quarters. Any expectation that it would is naïve. What we have done, is converted from a *vision* (not that long ago) – to now *visibility*, with clarity of exactly what we need to execute to achieve our objectives.

We made important investments in the 3rd quarter to build the business, without which, achievement of our longer-term objectives would have become strained. Our revenue is up more than 1500% year to date, our adjusted EBITDA year-to-date is a positive \$2.7MM, and our gross margins are improving significantly. Our platform is getting stronger, and our new brands and retail penetration across all channels, provide tremendous upside for New Age going forward.