New Age Beverages Corporation (OTC: nBev)
Investor Conference Call
August 22, 2016

Introduction

Good morning…and thank you for joining New Age Beverage Corporation's quarterly results investor conference call for the period ending June 30, 2016.

On today's call we will have Brent Willis, Chief Executive Officer of New Age Beverages, Ronil Chandra, sitting in for the Chief Financial Officer, Bob Miranda who is out sick, and Scott ebon, Chief Executive Officer of New Age's operating company.

On our call, Brent will provide some opening comments. Bob will provide an overview of our first half and Q2 2016 results and then turn it back to Brent and Scott who will discuss status of the integration with XingTea, and progress against major priorities. We will then open the call to questions.

We remind you that this conference call contains 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.

The transcript of today's conference call will be available on the Company's website, within the investor section at www.mybucha.com.

I'd now like to turn the call over to Brent….

BRENT WILLIS:

Just a little more than 100 days ago, I was asked to join the American Brewing Company. A lot has happened since then.

In those 100 days, we:

#1) concluded the sale of American Brewing and its related brewing assets to AMBREW.

#2) We acquired the Assets of XingTea, Aspen Pure and New Age Beverages, a 50 plus million dollar acquisition, and we did it – start to finish in less than 45 days. By anyone's metric, that is...expeditious. For long-term shareholders of American Brewing, a company that historically was doing less $2.5 million dollars in historical revenue, acquiring a firm 20 times its size, well - this was no small accomplishment.

#3) We were able to finance the purchase at a blended 3.7% interest rate, with no warrants and no – well anything. This was probably an even greater accomplishment than the acquisition itself, and I know there are still a lot of disbelievers out there for whatever ungrounded reason, but yes, it is true…we gained a simple 3.7% interest from US Bank, one of the leading Commercial Banks in the United States, with no dilution or future dilution from warrants or other liabilities.

#4) We began our integration with XingTea and New Age and merged into New Age's operations in Denver. Acquisition integrations are never easy…but we have a little experience in the process, and so far, our convergence has been seamless.

#5) We shut down operations in California, (this was just after the quarter close) and began to get the benefit of lower G&A on the Bucha operations.

#6) We identified $7.5 million of cost and revenue synergies, put in place AOL's for each synergy, and began capture of them   Our cost synergy efforts are on plan, and our revenue synergies are above our expectations.

#7) Commercially, we have gained Bucha distribution in more than 400 new accounts in the quarter, and this is even before the integration with Xing, whereby we have already gained an additional 200 new selling accounts in the first 30 days of the merger.

#8) We gained over 400 new accounts for XingTea. Overall – we kept our eye on the ball operationally – not an easy task with the acquisition and merger activities and external audits on top of everything.

#9) We hired a new CFO – Bob Miranda, a Harvard Business School Graduate and long term relationship with decades of public and private company CFO experience, and also hired a new external auditing team, Accell, a group with an impeccable reputation.

#10) We have have also made important investments in the sales side of the business in Xing and New Age, as we expand our distribution capabilities on that side of the business. We also emplaced a new performance-based compensation system, key targets for each of the key leaders in the company, and began cascading the new operating values throughout the organization to begin to build a new powerful, metric driven culture.

And on top of all that, we have had a chance to meet with and align with our major customers, major suppliers, and major business partners. We also changed our name to first Bucha, Inc., when we had no idea of the impending acquisition and then again to New Age Beverages Corporation, and gained the ticker symbol nBev. We actually tried to get NABC first and were rejected by FINRA, so maybe its ok to sometimes be lucky than that smart or good…and we believe the nBev ticker symbol is symbolic of the aspirations of the firm.

Now before we get into the details of our operational results, I'd like to ask Bob Miranda, our Chief Financial Officer to review the quarter's results and to help us all understand a complicated 10Q – resulting from the merger of Xing and Bucha.

Ronil Chandra

Thanks Brent and congratulations on a very successful *first* acquisition, and even more so, the financing of it, which was definitely in shareholders best interests. Versus the small scale Bucha operation of roughly $2.5 million in scale historically, to a new combined entity of now almost $60 million in scale, is night and day and a massive transformation that I am not sure I have ever seen in my career. Independent of the share price movement that has gone from a low of 19 cents in the past 4 or 5 months to now in the $1.50 a share range, the platform that the Company now has:

- to create real shareholder value going forward
- to capture the full growth potential of a very good set of brands
- in the right categories is…well – very exciting – even for someone in finance.

Let me now take you into the details of the 2016 second quarter financial results. Let me please caution you however, that Bucha was owned for the 9 months beginning in April 2015. Prior to that was owned by B&R in the first quarter 2015 – so those predecessor numbers are included in the 10Q results. That is the 1st confusing element. The second confusion comes from American Brewing being sold in Q4, which means it is required to be viewed as discontinued operations. An the third piece of confusion is the acquisition of New Age and Xing which closed on the last day of the quarter. New Age Xing gets incorporated in Q2 2016, but only on a balance sheet basis. It is confusing, because there are so many moving parts, and the accounting rules don't help investors really understand fundamentals. but it is also confusing because there are so many moving parts, moving so quickly – and frankly – knowing the management team- to be quite honest, they probably will have more moving parts in the future.

With that being said, my intent is to provide as transparent a financial picture of current performance as possible – on an apples to apples basis.

For the 2nd Quarter 2016, on gross consolidated revenue achieved $15,015,620 vs. $14,637,001 in the prior 3 months ending June 30, 2016, an increase of 3%. Subtracting discounts and billbacks, at the net revenue level, the group achieved $13,951,735 vs. $13,722,566 in the prior year.

All Divisions contributed in the quarter, led by New Age's DSD Division, that was up 7.1% versus prior year. The Búcha Live Kombucha brand was also up more than 32% on an apples to apples basis when removing the unprofitable customers that the Company recently chose to exit, and the compromised accounts associated with the transition of Búcha from previous ownership. In its largest account, a group that has more than 2,700 stores nationally, the Búcha Live Kombucha brand is up 82.9% on a 52-week basis, and is the number one seller in the category in sales per point of distribution, a fact that recently led the account to set up Búcha for expansion to all their retail banners across the United States. Historically, búcha has been distributed in only about 35% of this retailer's outlets, so we expect this expansion alone to have a material impact on revenues and profits.

For the six months ending June 30, 2016, gross sales were $26,480,825 vs. $27,226,878 in the prior year. Net revenue was $24,038,350 in the first six months of 2016, a decrease of 1% vs. prior year. More than $700,000 of revenue has not yet been factored into the net sales numbers as a reserve, pending the final completed audit. The 1% decline in the first half overall is attributed to the previously mentioned Bucha transition in 2015 and a weaker XingTea result in the 1st half, offset by improved performance in all segments in the 2nd quarter. In June for example, the Company had its highest recorded performance on record in comparison …to….well any measure, prior year, prior quarter, trailing twelve month average, or any month in the firm's history. Net Sales were $4.99 million for the month, and what is germane about this number is it represents good momentum going into the more seasonal beverage months. Although there is seasonality in any quarter by quarter comparison, Q2 did indeed show substantially improved performance versus the prior quarter with an increase of 29% vs. the prior quarter, which compares to only 19% quarter vs. quarter last year…..the point being, Q2 was a good quarter, June was especially good and we have momentum leading into Q3.

Looking at the rest of the P&L, gross profit increased 1.4 basis points to 21.4%. The increase in margin percentage is good. The overall percentage is not. As part of the overall cost synergy plans, the company is pursuing every cost synergy from shipping advantages and contracts, common raw and packaging material sourcing, common production locations and other to seriously address improvement in cost of goods sold.

We made the commitment last quarter for a full cost accounting review by every single input into COGS and shipping and every aspect of the supply chain. On búcha that review is now complete, but it takes time to structure new contracts and switch suppliers on any raw or packaging material item.

In operating expenses, this is where we had all the one time expenses associated with the acquisitions that severely distort the numbers. Here is a little clarity, on an apples to apples basis operating expenses at búcha standalone were down 14.1% overall in the quarter. At New Age and Xing operating expenses were up 6.9%, driven 100% by incremental personnel costs in the DSD Division, as we invest in additional drivers and expand our number of regular and Hispanic DSD route. Those investments in people totaled $270,000, which would have flowed through to the bottom line.

In adjusted EBITDA (non-gaap), the company lost approximately $160,000 in the first six months of the year, on 26 and a half million in gross revenue. On a full year basis in 2015, the Xing/New Age business on a standalone basis delivered more than $2.3 million in EBITDA, and in the first six months of 2016 delivered $650,000 in profit. In the first half of the year however, it was more than 100% offset by one time expenses and the operating loss at búcha which was just too small as a standalone entity to be significantly profitable. The elimination of most of the opex at búcha, coupled with the cost synergies and benefits of integration with new age should equate to a substantial benefit in operating income. This change, coupled with the benefits expected from the investment in the new age DSD personnel, and the reduction in interest payments which could total close to $500 thousand per year, are expected to materially improve the company's EBITDA margin, with the benefits of those actions beginning to impact in late Q3 and the full quarter in Q4.

In summary, looking at the financial performance for Q2 2016, there are a few important takeaways:

1) Topline revenue is growing, led by the Bucha live Kombucha brand that is up 82.9% with its largest customer
2) Q1 in the Xing/New Age side of the business started off slow in Q1, but Q2 rebounded significantly and June saw its highest recorder month in history
3) Gross margin actually increased 1.4 basis points vs. prior quarter, but still has significant room for improvement
4) The acquisition and funding of the acquisition is complete, and was done in record time. For shareholders, at a cost of 4.3 million shares, it just does not get any better…ever. There were one time cash and non-cash costs as part of the acquisition, that frankly confuse the heck out of the real profit picture of the company. That is now behind us, and in front of us is the hard work to capture the cost and revenue synergies, and build on a very attractive platform and grow the business.

An finally, the fifth salient takeaway is that the company is focused on capturing synergies and improving our gross margins. It is the company's number one short-term priority. Savings are identified, action plans have been defined, and accountabilities have been defined.

For me it is exciting to be part of, and frankly witness such an impressive transformation. The company is moving very quickly and its prospects for superior….sustainable….and profitable growth look very attractive.

And with that I'd like to pass it over to Brent to give you some of the details in how we are going to deliver.

Brent Willis

Thanks Ronil.

Our big news for the quarter is acquisition of New Age/Xing. This was a lot of work, but was transformative for the firm. Standalone Bucha was a great fast growing brand, just too small scale, and this merger with Xing/New Age provides a real accelerant to capture the growth potential of this brand. Now that we have completed the acquisition, and frankly putting the one-time, short term integration and acquisition costs that distort the quarter as Ronil talked about, what do we have to work with?

Versus where we were 100 plus days ago:

1) We now have a full portfolio of brands, and they are pretty good ones, now competing in a broader portfolio of healthy functional beverage segments
2) We have our own distribution, and a network that gets us to around 20 thousand outlets
3) We have the scale – we need more for sure, but vs. where we were even 45 days ago, we are night and day.
4) We have the profitability – do we need more – of course, do we want more –of course – is it perfect and the level it should be – of course not, but will we get there – no question.
5) ….because, because we now have the sales infrastructure, and it is a pretty good team, we have a distribution infrastructure, we have capabilities across all functions, we have the supply chain to be able to execute a beverage model efficiently, and we have the people and they are now getting laser focused.

On the people front, we are incredibly fortunate to have a leader of the Company of the caliber of Scott LeBon. Scott has more than 20 years of experience in the beverage industry and has been leading a very stable profitable business in New Age, Xing, and Aspen Pure.

I just want to ask Scott to comment on his view of both the acquisition and where we are operationally.

Scott Lebon

Thanks Brent, I'll let you keep doing the strategizing and talking, which is what you're good at, I'll stick to the operations….which is what I am good at. (Yeah, thanks Scott) (Just kiddin)

I've been at this a long time, but I have to tell you I am fired up, and our organization is too. We are good operators, and now as a public company, we are increasing our level of sophistication and becoming a more metric and performance oriented organization.

I am very excited about the combination and about being a public company. It gives us a chance at monetizing our last 15 years of investment in what we have built, which is why personally – I only took in stock as part of the deal. So – I am in the same position…. with the same objectives…. as every single shareholder.

- Grow the business,
- Grow the profit,
- Grow the share price.

We've been very successful over the past 15 years, and I expect to be even more over the next 15.

Operationally, our DSD Division continues to be a real power of the Company. That Division is up 7.1% in the quarter versus prior year. We see great potential for that group, have good leadership in Josh Hillegass running it, and now putting Bucha through it, it is a great new shot in the arm. We have already gained over 200 new buying accounts, from multiple locations at the airport, to hotels, to other down the street outlets. I have a lot of confidence in what we can do nationally with what I see as the best brand in the Kombucha category.

Across the United States, we are getting much more focus on expanding distribution. It is one of our top two priorities. We have already made great progress, especially on Xing Tea, but much of this has begun happening in July and August, so I will be happy to talk about it ----after ----we have already delivered, vs. making any empty promises. Aspen Pure – we kind of cant make enough, and Bucha nationally is a machine or us. It is now fully integrated and we are running all aspects of the firm.

Our second priority is reducing costs, improving profitability and our gross margins. This is hard stuff, and we have to make certain investments like the $270,000 one we did in developing new routes, and adding more labor, but we have the clear plans to improve our costs and margins, I believe we are just getting started.

I am very excited about our future, Brent is a good business partner, and we are connected at the hip. We have our clear priorities, and failure is not an option.

Brent Willis

Thanks Scott.

We have talked about our top 10 accomplishments in the past 100 days, the proforma financials that frankly show a different picture of profitability versus what accounting rules require us to report, and we have talked about the platform and capabilities we now have following the merger.

What I want to add to that is – where are we headed and what are we going to do with the platform.

We have 5 short term priorities:

1) Merge Organizations and Infrastructures
2) Capture Cost Synergies
3) Pursue Revenue Synergies
4) Strengthen Functional capabilities, Expand Organically
5) Accelerate growth/build on platform

In merging organizations and infrastructures, 45 days in, we are about complete, and Scott's team is now in charge of every aspect of Bucha. The headcount is reduced, offices closed, and purchasing, supply chain, accounting, sales, etc. is now integrated and led by the New Age team out of Denver.

In Cost and revenue synergies – essentially to improve profit and profitably grow the top line, we have given ourselves 12 – 18 months to capture them, so one should not expect there impact in the first 45 days. That being said, we have already communicated some of the new distribution wins and these will have immediate impact in Q3. On the cost side, we expect to see these trickle in in the end of Q3 and have material impact in Q4 and thereafter.

On priority 4 …strengthening our functional capabilities – we are doing more in sales, have already strengthened our finance functions, and our next focus is on production, cogs improvement and supply chain efficiencies.

Our last priority is to accelerate growth and build on our platform. Here, our focus is on organic growth, driven via distribution expansion. We have truly a plethora of acquisition opportunities, that all want to join to be part of what we are building – the worlds largest healthy functional beverage company, and we will definitely look at them – but our short term focus is on pragmatically integrating what we have, cutting all the costs out of Bucha, and expanding our profit base.

In profitable topline organic growth, one of the areas on which I personally spend most of my time, we are targeting major key accounts… across all channels of distribution, new alternative channels…. And major DSD distributors. We have gained new agreements for distribution and sales of Bucha especially…but also Xing tea, Xing Energy, and Aspen Pure from two of the largest distributors in the country, and from some of the largest retailers in the country…but we will save specific communication on these wins until after the products hit the shelves, in keeping with our commitment to tell you what we have done after we have done, vs. making a lot of political promises on what might happen.

We are also beginning to build our brands. We have newly refreshed packaging rolling out on Xing and Bucha, and Aspen Pure is now also underway. We are developing the "Ama-Xing" campaign on Xing, "Kom Bucha with Me" campaign on Búcha, and, "Where's your Aspen" campaign on Aspen Pure.

We don't have a lot of money to invest in the brands for the moment honestly, as we are knee deep in integration, so we are preparing and developing what we believe are intrusive and benefit oriented selling ideas, consumer connecting ideas behind our leading brands.

Where does it all lead, and what will be the impact on bottom line profit. Last year, Xing/ New Age delivered around a 5% EBITDA margin on just north of $50 million in gross revenue, $47 million in net revenue. With the addition of Bucha, the elimination of their opex, and the capture of the identified revenue and cost synergies… we expect to increase our EBITDA margin…and we expect to do it quickly, but it does not happen overnight. We have said 12 to 18 months to bring in all the benefit, not 12 to 18 days or 12 to 18 weeks. That being said – for the remainder of 2016, we expect continue to be profitable. That statement and that performance alone – puts us in a different league than virtually all other public or private beverage companies under $100 million in scale. Many of those public comparables, that frankly lose multiples of millions a year, trade at 5 to 20 times revenue – infinitely way more than nBev, and we have the brands and platform and infrastructure and people and history and track record and and and profitable growth prospects that well - frankly don't compare. I respect that we *currently* operate in micro-economic terms – an inefficient market called the OTC. People just did not believe that we could transform American Brewing to Bucha Inc to now New Age and nBev in around 100 days, and that the numbers were real …and externally audited. The scale is there, the organization is there, the brands are there and the people are there – focused and motivated as Scott intimated. Investors in micro-caps just did not believe it was possible, but we did it, and we are not stopping there.

Are we satisfied with the 5% historic profitability, of course not. Do we like all the one time costs associated with the acquisition and integration, that make what is a very clean company and clean cap table, temporarily murky – of course not. But they are non recurring – and our long term growth model of 7-10% revenue growth, 10-12%

margin growth, opex at less than 5% growth, and EBITDA margin improvement at 1 and a half to two basis points improvement per year guidance remains in tact.

So, in closing, lets put things in context – in a little over 100 days, we have made commendable progress for shareowners. And we expect to make even more in the next 100 days, and we will keep providing the transparent dialogue with shareholders, as we have committed and have followed through on. We have the platform, the brands, the distribution, the scale, the profitability, the plans, the experience and the people to create something extraordinary and …different than traditional beverage companies, and in the process create excellent value for shareowners. As Scott Lebon mentioned, managements and shareholders interests are 100% aligned, failure is not an option, and achievement of our objectives is planned and on track.