

FINANCIAL REVIEW

SE Enterprise
HD **Coldstream duo's brewing gold**
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WC 614 words
PD 25 November 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 38
LA English
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They were born two weeks apart in the same hospital, attended the same kindergarten at age four and became best friends. Now at the age of 45 they are partners in a brewery turning over in excess of \$10 **million** a year.

Sound like the perfect friendship? Well, it probably is. Rohan Peters and Mike Basset are partners in Coldstream Brewery, established in 2007 with other friends, which exports 100 per cent apple cider and their own beers to **Hong Kong**, Taiwan and Singapore, with mainland **China** next on the list.

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Located in the Yarra Valley, Victoria, the two best mates came up with the idea while travelling through Europe back in the mid-1990s. "We worked in bars and found that we really liked European beer and cider," Peters says. "It was very different from what we had in Australia and we thought there could be a market back home, especially when it came to brewing our own cider.

"Back then in Europe, the cider market was around 10 per cent of alcohol consumption, while in Australia it wouldn't even have been 1 per cent. We thought if we could get the cider right, it would be an opportunity to first sell it in Australia and then the world."

Peters and Basset returned to their day jobs once back in Australia; Peters working in IT and Basset a vet. The idea brewed in their mind until they were able to make the right cider and find the ideal land to build their brewery.

"We thought the Yarra Valley was great for **wine** but it was missing a brewery," Peters says. "Guys like to have a beer. We found this land on Maroondah Highway, Coldstream – the entry to the Yarra Valley. It took three years to get the brewery up and running; we purchased a brewery that had shut down in New Zealand and had it transported to Victoria." According to IBISWorld's Cider Production in Australia, released in July 2014, Australians will spend \$1 **billion** on cider this financial year. Sales of cider grew at an annualised 33.9 per cent over the past five years, with annualised growth of 21.5 per cent forecast for the five years to 2019-20. Apple cider accounts for 75 per cent of industry revenue.

Over the same five-year period, beer sales grew at only 0.5 per cent and in the next five years is expected to have annualised sales growth of 1.5 per cent. **Wine** sales expect to grow at 5.1 per cent. "We sell 100,000 litres a month, which equates to 15,000 cases a month of cider and beer," Peters says.

"Approximately 90 per cent of ciders are concentrated, whereas ours are 100 per cent natural made from apples. We **buy** from local farms so we support local industries." The products are **sold** in Dan Murphy's and BWS and have been the official cider of the Australian Grand Prix and Moto GP for three years now. "The **business** just keeps growing, with overseas buyers approaching us," Basset says.

Basset splits his time between his veterinary practice and the brewery. Unlike Peters, who quit his IT job in 2010, Basset doesn't see the need to be at the brewery full time. "Since we bought, the other partners out four years ago, there is certainly more work involved." Basset says they have already had

offers from potential suitors but they have no desire to sell the **business**. "Austrade has helped us out with contacts and meetings, but if we can crack the mainland **China** market that will be huge."

IN i427 : Brewing | i41 : Food/Beverages/Tobacco | ialco : Alcoholic Beverages/Drinks | ibevrge : Beverages/Drinks | icnp : Consumer Goods

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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AN Document AFNR000020141124eabp0002b