

eFinancialModels

FINANCIAL MODEL CASE STUDY

Gin Distillery Financial Model Case Study

How we developed a sophisticated Financial Model for a Gin Distillery preparing to raise Capital

Investors in a distillery buy a growth story. The financial model showed the founders what each bottle earns in each channel, and what growth costs in capital and equity. A bottle earns a different amount in an own shop, wholesale, export or online. Growth comes in steps (a still, a channel, a stock build), and each step needs money before it earns money. The number and size of the steps decide how much of the company the founders give up.

KEY TAKEAWAYS

- A gin distillery wanted to raise capital for growth, ending in a sale to a strategic buyer. Investor questions: can the volumes be sold at a profit, what is each stake worth after dilution, what would a buyer pay at exit?
- What mattered: profit per bottle in each sales channel and the share of sales abroad, all in one integrated model, so investors could test each round before committing.
- Turning point: growth proved far more capital-intensive than expected, so the plan has three funding rounds, each sized for what it pays for and costs in ownership.
- Outcome: a detailed model with all KPIs, investor returns for each round and a financial plan until exit.

At a glance

INDUSTRY	Gin distillery (spirits)
CLIENT	Distillery with several years of operation
PURPOSE	Fundraising and financial plan going forward
MODEL SCOPE	Yearly forecast with a monthly first-year budget; profit per bottle by sales channel; capacity steps; liquor taxes; grants; three funding rounds with dilution; exit valuation
DELIVERABLES	Detailed financial model with all KPIs and investor returns

The situation

A distillery with several years of operation wanted to raise capital and needed a financial plan for the road ahead. It sells through several sales channels, including sales abroad. The investment case: scale up operations until the distillery writes healthy profits, then sell to a strategic buyer.

Why the sales channel changes the answer

A distillery typically sells through channels such as its own shop, online, wholesale and export. The own shop sells at full retail price but carries the shop cost. Online adds packaging, postage and platform fees. Wholesale sells larger quantities at a discount. Export adds freight and an importer's margin, and the liquor tax is often borne by the customer. These differences set the profit per bottle.

What was at stake: Why the model mattered for fundraising

Investors ask whether the volumes can be sold at a profit, what their stake is worth after dilution, and what a buyer would pay at exit. Each question has a place in the model: profit per bottle by channel, funding rounds, investor returns and exit value. Because production ramps up in steps, the plan has three rounds. Investors see what each pays for, the milestone before the next and its cost in ownership.

How a distillery works, and where the model comes in

Gin is a spirit flavored with juniper and other botanicals. The distillery distils them with a base spirit, adds water to reach bottling strength and sells the bottles through several channels, each with its own prices and tax treatment. Cash leaves early: spirit, botanicals and glass bottles are bought before distilling, liquor tax can fall due before customers pay. The stills set the volume ceiling, and every step up in capacity needs capital before it earns.



From botanicals to buyer: how the distillery works.

What a bottle earns in each channel

Per bottle, fictional numbers	Own shop	Online	Wholesale	Export
Price excluding tax	32	30	20	19
Liquor tax borne by the distillery	5	5	5	0
Production cost	9	9	9	9
Sales and logistics cost	4	8	2	5
Profit per bottle	**14**	**8**	**4**	**5**
Profit margin on price	**44%**	**27%**	**20%**	**26%**

The own shop earns most per bottle but is limited by volume. Wholesale and export earn less per bottle, yet carry the volume that fills new capacity and tie up cash for longer. The funding plan has to price that trade-off.

What drives the value?

Two drivers matter most: profit per bottle in each channel and the share of exports. They decide where growth earns the most.

Working capital, capex and sales team cost set the capital needed, because all three are paid before the cash comes in.

Grants, dilution per round and the timing and size of each round set how that capital is funded, and what the founders keep.



Driver tree: structure only, no client values.

What we built

INPUTS

- Capacity and expansion
- Channel prices and costs per bottle
- Liquor tax rules
- Sales team, inventory, receivables
- Grants and investor structure

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CALCULATION MODULES

- Profit per bottle by channel
- Capacity utilization
- Working capital
- Funding rounds and dilution
- Exit valuation

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OUTPUTS

- Yearly forecast, monthly first-year budget
- All KPIs
- Investor returns by funding round
- Exit value
- Financial plan until exit

What made it hard to model?

1 A ramp-up from small volumes

DIFFICULTY The distillery sells small volumes today. The plan had to show the growth of the company, with added production capacity, as the base of the investment case.

OUR SOLUTION We built the growth plan and added the production capacity step by step, in three stages that line up with three funding rounds, to make the investment case for investors.

2 Profit per bottle in each sales channel

DIFFICULTY Prices depend on the channel and sometimes on the customer, so one average would mislead. Growth should go where each bottle earns most.

OUR SOLUTION We broke down sales by channel and modeled cost and profit per bottle for each, to compare where it makes most sense to grow.

3 Liquor taxes: who bears them

DIFFICULTY Liquor taxes are sometimes borne by the customer and sometimes by the distillery, which changes revenue and margin.

OUR SOLUTION We modeled the liquor taxes by channel, depending on who bears them.

4 Exports decide the growth case

DIFFICULTY Sales abroad turned out to be essential for a growth case that attracts investors. That is only visible when costs and profits per bottle are known in detail.

OUR SOLUTION We detailed the cost and profit per bottle for sales abroad and compared them with the other channels.

5 Growth needs more than capacity

DIFFICULTY Besides capex for production capacity, growth needs a sales team, inventories and receivables, all funded before real cash flows appear.

OUR SOLUTION We modeled the sales team, inventory and receivables next to capacity, and used projected utilization to see when capacity must expand.

6 Grants and three funding rounds

DIFFICULTY Grants were a free funding source, also accounted for in the profit and loss statement (P&L). Every equity round costs ownership, and dilution adds up over the three rounds.

OUR SOLUTION We included grants as funding and in the P&L, analyzed the investor structure and tested scenarios for the timing and size of each round.

7 Exit valuation

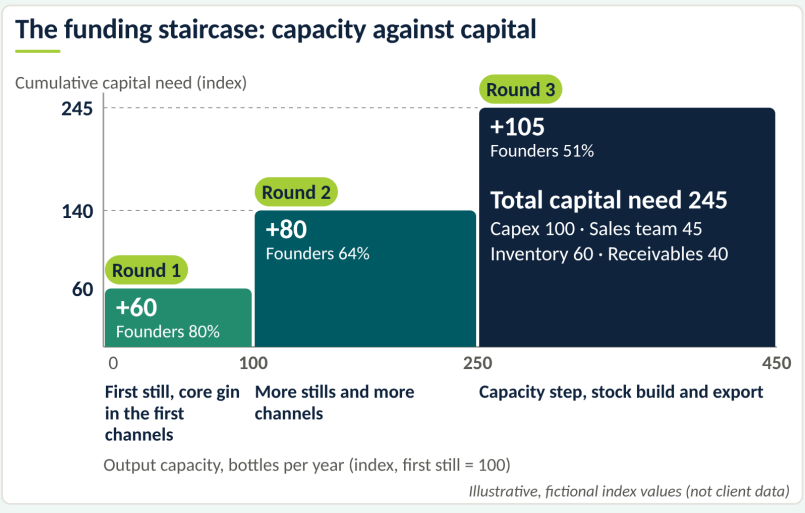
DIFFICULTY The investment case ends with a sale to a strategic buyer, so the exit value has to rest on what such buyers pay.

OUR SOLUTION We looked up the valuation multiples that strategic buyers in spirits normally pay and used them to estimate the exit value.

THE TURNING POINT

Growth turned out to be far more capital-intensive than expected

The founders were surprised how capital-intensive growth is. A distillery needs capex for production capacity, and also large amounts of capital for a sales team, inventories and receivables, paid before the cash comes in. In the staircase, capex for capacity is only 100 of 245 index points. Every capacity step pulls capital behind it, so the plan is sized in three rounds, one per step, instead of one large raise. Every round costs equity. So the funding plan covers dilution, timing and size of each round from the start, tested with a few scenarios.



Illustrative staircase: capacity steps against cumulative capital need, fictional index values (not client data).

How the funding is built: three rounds

Production ramps up in steps, so the model sizes three rounds, each from the cash need at that stage: spirit and botanicals, glass bottles bought ahead, liquor tax timing, stock waiting for sale and customer payment terms. Investors compare what each round buys with what it costs in ownership.

Round 1: launch *capital +60*

PAYS FOR First still, bottling set-up, and stock and team to launch the core gin in the first channels, for example own shop and online.

MILESTONE The still runs near full use and profit per bottle matches the plan.

SIZING Cash by production stage; bottles bought in bulk ahead of filling. Mostly equity; a loan can fund part of the still.

FOUNDERS' STAKE 100% to 80%.

Round 2: stills, channels *capital +80*

PAYS FOR More stills and sales team to open wholesale and first export, with the stock to supply them.

MILESTONE Wholesale and export orders arrive at the modeled prices; utilization shows the next step is due.

SIZING Stock grows with each channel; liquor tax can fall due before customers pay. Grants reduce the equity needed.

FOUNDERS' STAKE 80% to 64%.

Round 3: scale, export *capital +105*

PAYS FOR A large capacity step, bigger batches and the stock they create, and receivables from export customers.

MILESTONE Profit holds at the scale a strategic buyer pays for, which opens the exit.

SIZING The largest working-capital build. A loan against equipment and receivables lowers dilution but adds repayments.

FOUNDERS' STAKE 64% to 51%.

Fictional illustration: each round sells 20% of the company at a rising valuation, so founders' stakes of 80%, 64% and 51% are examples, not client data.

How we worked together

Step 1

Analyse and discuss

Analyzed the production process and the sales channels, and led the opening discussion on growth and funding.

Step 2

Plan and build

Planned the structure together, then built profit per bottle by channel, capacity, liquor taxes and financing.

Step 3

Funding and exit

Added the three funding rounds, dilution, investor returns and the exit value.

Step 4

Deliver

Delivered the detailed model with all KPIs.

What came out of it?

The founders see what each bottle earns by channel and what growth costs in capital and equity.

- A detailed financial model with all KPIs calculated.
- Investor returns for each of the three funding rounds, and the founders' stake after each.
- Cost and profit per bottle by sales channel, to see where it makes most sense to grow.
- A financial plan until exit.

Lessons for distilleries

1. Know the profit per bottle in each channel. It shows where growth makes sense.
2. Count all the capital growth needs. Capacity is only part of it.
3. Split growth into rounds. Size each on what it pays for and test the next one before you raise it.

Questions your model must answer

1. What does a bottle earn per channel after liquor tax?
2. Who bears the liquor tax in each channel?
3. What share of sales goes abroad, and at what profit per bottle?
4. How much capital do the sales team, inventory and receivables tie up?
5. When must capacity expand, judged by projected utilization?
6. Which grants are available, and how do they enter the profit and loss statement?
7. What does each round pay for, which milestone releases the next, and what does it cost in ownership?
8. What would a strategic buyer pay at exit, and do investors still earn an attractive return?

Client details are anonymised to protect confidentiality. Charts, schematics and worked examples are illustrative and contain no client data.

Planning a gin distillery project?

Explore our Distillery financial models or request a custom financial model.

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