



# COOKS

GLOBAL FOODS LTD.



ANNUAL  
SHAREHOLDERS'  
MEETING

2017

21<sup>ST</sup> SEPTEMBER 2017

# AGENDA

1 Executive  
Chairman's  
Introduction

2 Presentation to  
Shareholders

3 Business of the  
Annual Shareholders  
Meeting

Shareholder Discussion

Resolutions

Re-election of Directors

Auditor's Remuneration

New Constitution

Other Business



# EXECUTIVE CHAIRMAN'S INTRODUCTION

# KEY STATISTICS FOR FISCAL YEAR 2017

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 **14%** **STORE NUMBERS**

Store numbers continue to increase as the group focus remains on lifting total Esquires network sales.

 **39.5** **MILLION<sup>1</sup>**

Esquires total coffee store network sales improve 13.1% over the previous year.<sup>2</sup>

 **3.6** **MILLION**

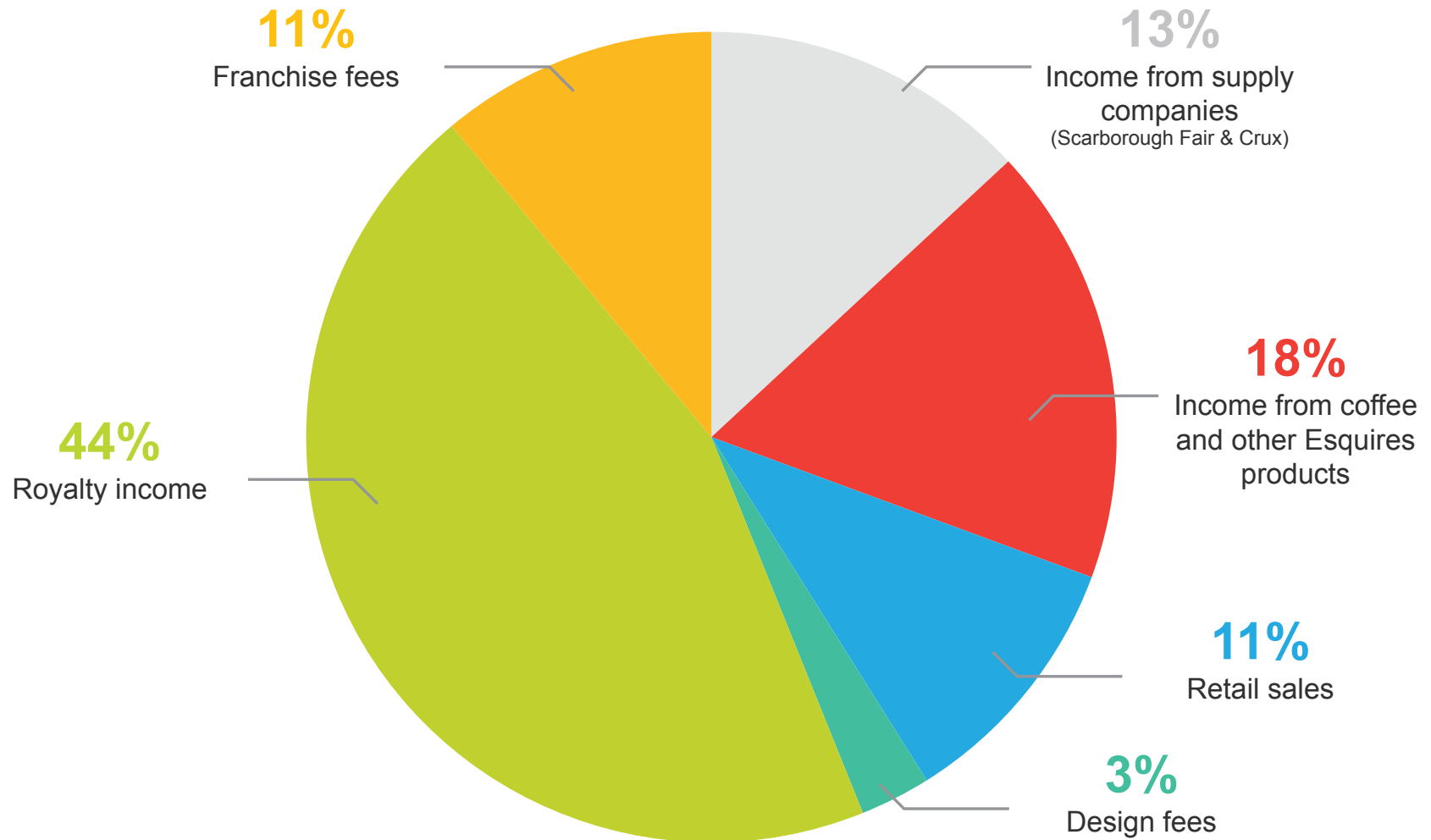
Loss for the year from continuing operations (previous year: \$3.3 million loss). Negative exchange movement from previous year of greater than \$1 million.

<sup>1</sup> All references to Esquires Coffee store network financial performance are expressed in constant currency terms, where the prior year's figures are expressed in the currencies prevailing in the current financial year.

<sup>2</sup> Total store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or owned, across the company's global brand network. CGF's franchise businesses derive their income from franchise-related fees, primarily related to those sales levels, as well as store sales figures for those stores directly owned by them. Total network store sales therefore have a strong correlation to revenue earned by CGF's franchise businesses, however they are NOT the sales for the Cooks Global Foods group.

# HOW WE GENERATE REVENUE

FY17 REVENUE SOURCES FROM CONTINUING OPERATIONS



# CONSOLIDATED FINANCIAL STATEMENT

- ▲ Decision to sell Progressive Processors and restructure Esquires China business. Both are classified as held-for-sale assets at year-end (discontinued operations).
- ▲ Loss from continuing operations increased marginally on prior year, but impacted significantly by negative variance in exchange of over \$1 million from prior year (mainly Brexit-related).
- ▲ Impairment write-downs for progressive processors and Esquires China business units amounted to \$4.5 million.
- ▲ Refocus on core business and those with most profit potential. Esquires Ireland and UK operations continue to grow and improve their financial performance.
- ▲ Royalty and franchise-related income continue to grow. Product sales impacted by timing differences and restructuring of logistics and supply chain.

## COOKS GLOBAL FOODS PROJECTIONS

ACTUAL FY17 & FY16

Y/E 31 MARCH	FY17 A (NZ\$ ,000)	FY16 A (NZ\$ ,000)
Sales revenue	5,340	6,152
Raw materials	(1,250)	(1,366)
Employee costs	(3,149)	(3,457)
Net FX (losses)/gains	(591)	466
Total other expenses	(3,902)	(5,103)
<b>Loss from continuing operations</b>	<b>(3,552)</b>	<b>(3,308)</b>
<b>Loss from discontinued operations</b>	<b>(8,283)</b>	<b>(4,569)</b>

# BALANCE SHEET

- ▲ \$10 million equity raise approved at Shareholders Meeting post-balance date.
- ▲ Result of new equity to increase share capital and total shareholders' fund from that at 31 March 2017.
- ▲ Result of post-balance date new equity, provided by main shareholders, will be a reduction in debt of \$3.4 million and its conversion to equity.
- ▲ With the impairment of China goodwill, the reclassification of Progressive Processors and the China business as assets held for sale, non-current assets showed a substantial decrease on prior year.
- ▲ We continue to explore a range of options to fund the significant opportunities we see for the Esquires Coffee Brand.

## CONSOLIDATED FINANCIAL STATEMENT

As at 31st MARCH	FY17 (000')	FY16 (000')
Current assets	10,007	9,801
Non-current assets	3,306	11,180
Current liabilities	11,617	10,043
Non-current liabilities	1,499	1,291
Shareholder funds	197	9,647



# OUR COMPANIES

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# OUR VISION

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To be the world's leading Organic and Fairtrade coffee retailer.



## STRATEGY

CGF's core strategy has three elements:

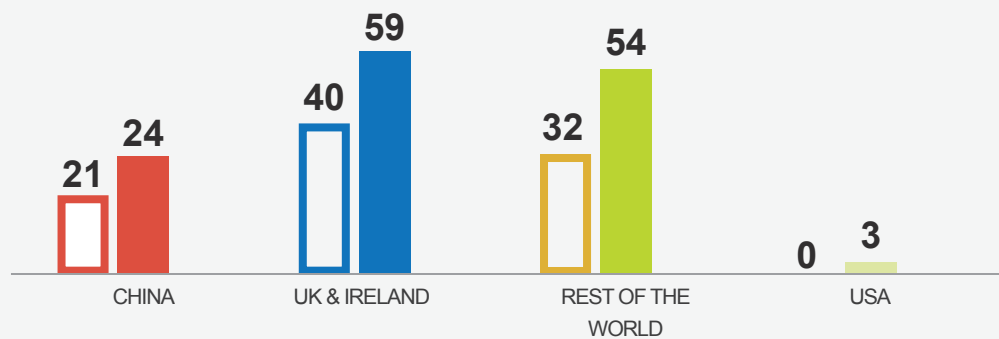
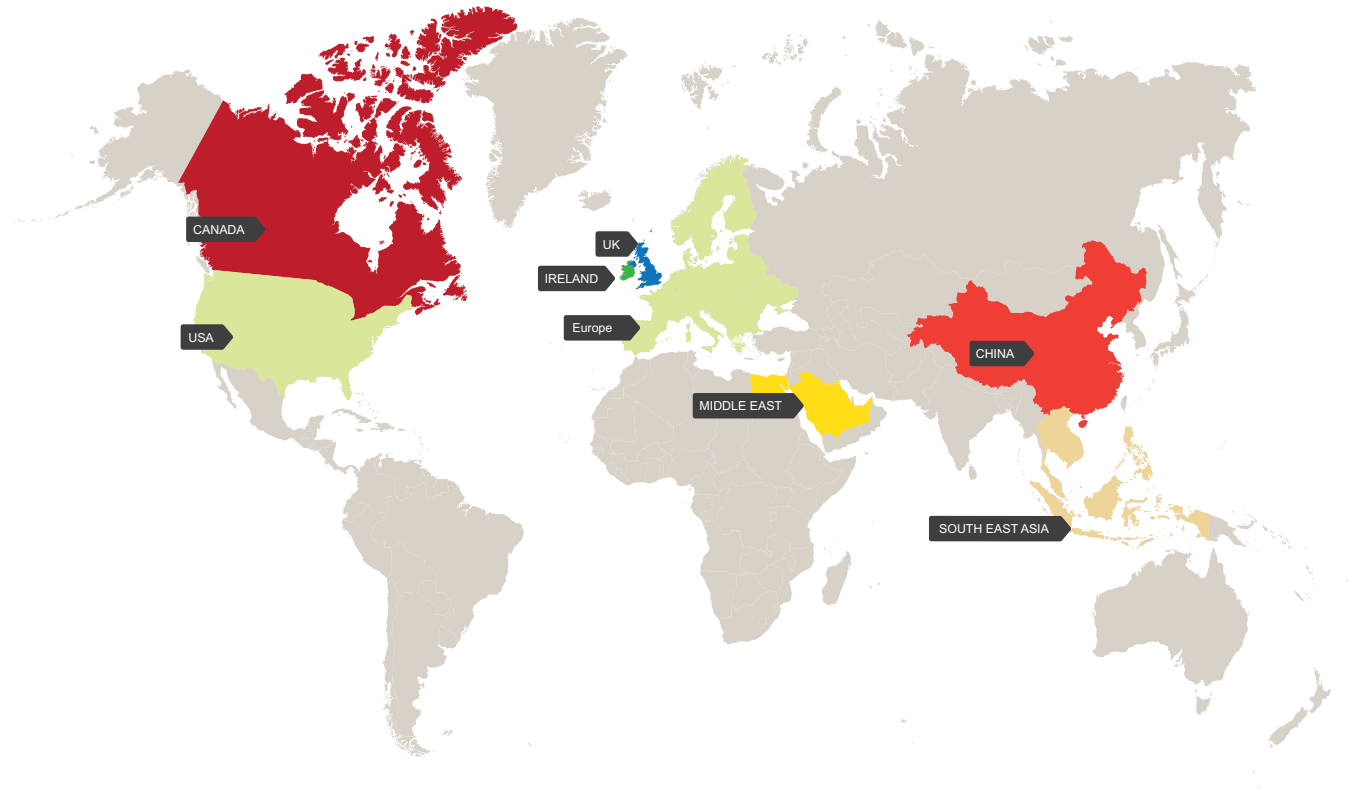
Growing the Esquires brand in its current markets

Growing the Esquires brand in strategically important new markets

Growing a competitive supply chain



# MAJOR FOCUS ON GROWTH



2017

2018

**TOTAL**  
**93** STORE NUMBERS

**TOTAL**  
**140** STORE NUMBERS

# ESQUIRES KEY GROWTH FACTORS FY18

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FIVE-MONTH PERFORMANCE COMPARED TO PRIOR FISCAL YEAR



**STORE NUMBERS**

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AS OF 31 AUGUST 2017



**TOTAL NETWORK SALES**

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AS OF 31 AUGUST 2017



**NETWORK TRANSACTIONS**

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AS OF 31 AUGUST 2017



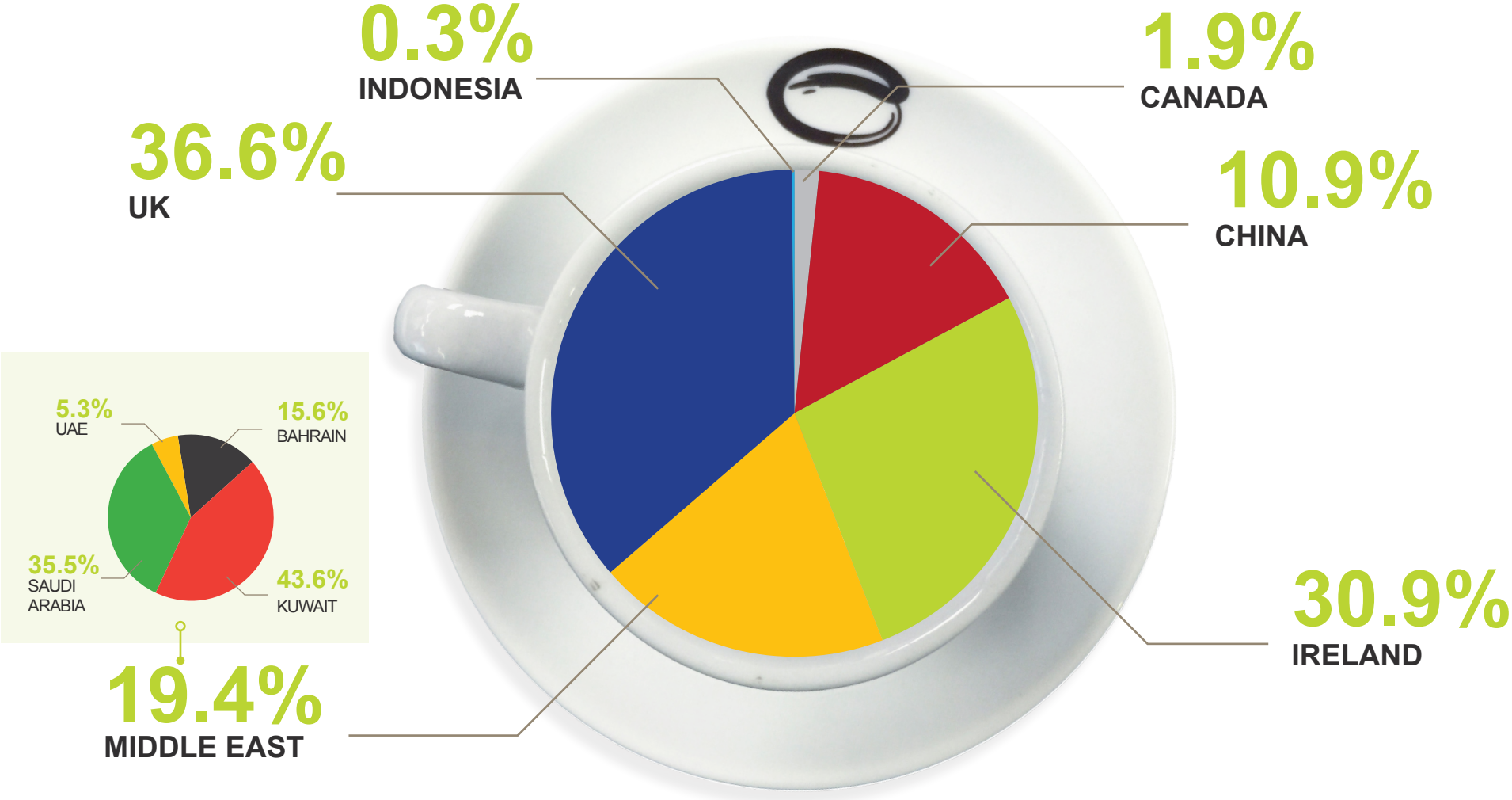
**AVERAGE NETWORK TRANSACTION VALUE**

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AS OF 31 AUGUST 2017

The network is generating a strong and growing recurring revenue stream comprising franchise fees, royalty payments, beverage supply sales, and design and technical service fees.

# ESQUIRES REVENUE BREAKDOWN FY18

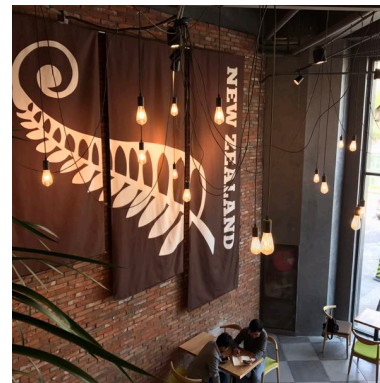


# ESQUIRES CHINA

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## TERM SHEET SIGNED TO INTRODUCE NEW SHAREHOLDERS INTO CHINA

- ▲ 70% new China Shareholders; 30% CGF
- ▲ China shareholders to introduce ¥47m (NZ\$9.8m) into China business
- ▲ Expecte to have all transaction documents signed by end of September



Weihai Dragon Mall store rebranded in May, sales have grown by 76% compared to same period last year.

# ESQUIRES MIDDLE EAST

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## TERM SHEET SIGNED TO ESTABLISH A JOINT VENTURE TO DEVELOP THE REGION.

- ▲ Plan for the joint venture with Anasia Foods to drive the growth of our branded coffee outlets in the Middle East, North Africa, and West Asia.
- ▲ Anasia Foods is owned by Sheikh Anas Abudawood, Chairman of the Abudawood Group which distributes products for multinational companies such as Proctor & Gamble, Quaker Oats and Ferrero Rocher across the Middle East.
- ▲ Anasia Foods will appoint a director to the Cooks Global Foods Board.

# ESQUIRES REST OF THE WORLD



Belpark

## INDONESIA

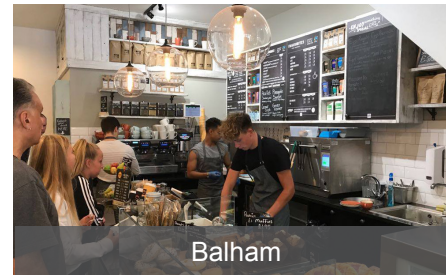
- ▲ 2 more stores in pipeline



Ivy Lake

## CANADA

- ▲ Home of Esquires Coffee



Balham

## UK

- ▲ 3 new stores opened since April 2017
- ▲ Re-branded stores see significant sales growth



Dublin - Airside

## IRELAND

- ▲ High-performance stores
- ▲ New stores in the pipeline



INDONESIA  
Jakarta



UK  
Ambleside



# DEVELOPMENT OPPORTUNITIES

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## USA

- Intend to build in Southeastern USA
- Research conducted to clarify exact positioning within overall market



## PORTUGAL

- Signed a multisite Franchise Agreement for new stores in Oporto
- Target to open first store in December 2017



## PAKISTAN

- Signed Master Franchise Agreement to open 40 stores in Pakistan within 10 years
- Target to open first store in December 2017



## JORDAN

- Signed Master Franchise Agreement with new partners

# GROUNDED COFFEE



Our climate neutral retail range: Grounded Responsible Coffee officially launched in New Zealand in August 2017, replacing our Scarborough Fair Coffee.



# CRUX DEVELOPMENT

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Crux has established a network of contacts with several high-quality New Zealand food and beverage manufacturers.



## WINE

Orders Placed  
**6 containers**



## MINERAL WATER

Orders Placed  
**9 containers**



## BEER

Orders Placed  
**2 containers**



## SQUASH

Orders Placed  
**2 containers**

# BOARD OF DIRECTORS

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**KEITH  
JACKSON**

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EXECUTIVE  
CHAIRMAN



**PEIHUAN  
WANG**

---

DIRECTOR  
*JIAJIAYUE HOLDING  
GROUP*



**HUI  
ZHE**

---

DIRECTOR  
*YUNNAN  
METROPOLITAN  
CONSTRUCTION  
INVESTMENTS*



**ANDREW  
KERSLAKE**

---

DIRECTOR



**MIKE  
HUTCHESON**

---

INDEPENDENT  
DIRECTOR

# SENIOR MANAGEMENT

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**CRAIG BROWN**  
Chief Financial Officer



**DOUG WILLIAMSON**  
Managing Director  
– Great Britain



**TONY MCVERRY**  
Managing Director  
– Ireland



**ELLEN ZHANG**  
Managing Director  
– China



**MICHELLE BRICK**  
Managing Director  
– Canada



**JOHN MACDONALD**  
Design & Brand Manager



**SHANE MOATES**  
Markets & Channels



**ALI SHACKELL**  
HR Manager



**NIC MCCLEAN**  
Logistics



**HAIPIING NIU**  
Digital & Communication



**TONY WANG**  
Business Development  
(Crux)



**KIM PATTERSON**  
Marketing Innovations  
Manager

# SUMMARY

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## COOKS IS NOW FIRMLY FOCUSED ON ITS CORE BUSINESS

- ▲ Britain and Ireland growing strongly
- ▲ China being restructured for growth
- ▲ New markets being developed
- ▲ Strong new coffee brand launched
- ▲ Progressive Processors sold
- ▲ Middle East term sheet signed to form a joint venture



**TRANSITIONING  
TO BE CASH  
FLOW POSITIVE  
ON A FULL-YEAR  
BASIS ONCE ALL  
TRANSACTIONS  
COMPLETED**

**GROWTH PATH  
TO 140 STORES  
BY MARCH 2018,  
WITH FURTHER  
EXPANSION IN  
SUBSEQUENT  
YEARS**

**CAPITAL-RAISING  
PLANS TO  
PROVIDE FUNDS  
TO ENABLE  
DELIVERY**

**STRONG  
TEAM HIGHLY  
MOTIVATED TO  
DELIVER**



# SHAREHOLDER DISCUSSION

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**Q & A**

# RESOLUTIONS

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# RESOLUTION ONE

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## **RE-ELECTION OF ANDREW MALCOLM KERSLAKE**

As an ordinary resolution, that Andrew Malcolm Kerslake, who retires by rotation in accordance with the Company's constitution and NZAX Listing Rule 3.2.6, and being eligible for re-election, be re-elected as a director of the Company.

# RESOLUTION ONE

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## RE-ELECTION OF ANDREW MALCOLM KERSLAKE

As an ordinary resolution, that Andrew Malcolm Kerslake, who retires by rotation in accordance with the Company's constitution and NZAX Listing Rule 3.2.6, and being eligible for re-election, be re-elected as a director of the Company.

PROXIES	FOR	AGAINST	DISCRETIONARY
VOTES	3,385,526	NIL	238,488
PERCENTAGE	93.4%	0%	6.6%

## **RESOLUTION TWO**

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### **RE-ELECTION OF MICHAEL GEORGE RAE HUTCHESON**

As an ordinary resolution, that Michael George Rae Hutcheson, who retires by rotation in accordance with the Company's constitution and Listing Rule 3.2.3, and being eligible for re-election, be re-elected as a director of the Company.

# RESOLUTION TWO

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## RE-ELECTION OF MICHAEL GEORGE RAE HUTCHESON

As an ordinary resolution, that Michael George Rae Hutcheson, who retires by rotation in accordance with the Company's constitution and Listing Rule 3.2.3, and being eligible for re-election, be re-elected as a director of the Company.

PROXIES	FOR	AGAINST	DISCRETIONARY
VOTES	3,385,526	NIL	238,488
PERCENTAGE	93.4%	0%	6.6%

# RESOLUTION THREE

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## AUDITORS

As an ordinary resolution, that the Board is authorised to fix the auditor's remuneration.



# RESOLUTION THREE

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## AUDITORS

As an ordinary resolution, that the Board is authorised to fix the auditor's remuneration.

PROXIES	FOR	AGAINST	DISCRETIONARY
VOTES	3,410,526	NIL	213,488
PERCENTAGE	94,1%	0%	5.9%

# RESOLUTION FOUR

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## ADOPTION OF NEW CONSTITUTION

As an ordinary resolution, that in accordance with the process outlined in the explanatory notes relating to Resolution 4 of the Notice of Meeting, the constitution of the Company be revoked, and the Company adopts the constitution released to market on Wednesday, 6 September 2017 with effect upon its equity securities being accepted for quotation on the NZX Main Board Market.

# RESOLUTION FOUR

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## ADOPTION OF NEW CONSTITUTION

As an ordinary resolution, that in accordance with the process outlined in the explanatory notes relating to Resolution 4 of the Notice of Meeting, the constitution of the Company be revoked, and the Company adopts the constitution released to market on Wednesday, 6 September 2017 with effect upon its equity securities being accepted for quotation on the NZX Main Board Market.

PROXIES	FOR	AGAINST	DISCRETIONARY
VOTES	1,447,185	NIL	2,175,829
PERCENTAGE	39.9%	0%	60.1%

The image features a minimalist design with a white background. In the top-left corner, there is a solid brown triangular shape. A thin, light green line runs diagonally from the top-left towards the bottom-right. A vertical thin, light green line is positioned to the left of the center. A dashed grey line runs diagonally from the top-left towards the bottom-right, parallel to the light green line. The text "MEETING CLOSED" is centered in the middle of the page. "MEETING" is in a bold, light green font, and "CLOSED" is in a bold, dark grey font.

**MEETING**  
**CLOSED**

# FOR FURTHER INFORMATION

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COMPANY NUMBER  
**2089337**

YEAR OF  
INCORPORATION  
**2008**

REGISTERED OFFICE  
**LEVEL 5,  
3 CITY ROAD  
AUCKLAND 1010**

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WELLESLEY STREET  
AUCKLAND**

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INVESTORS  
**+64 21 702 509**

EMAIL  
**INFO@  
COOKSGLOBALFOODS.  
COM**

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**KEITH JACKSON  
PEIHUAN WANG  
HUI ZHE  
MICHAEL HUTCHESON  
ANDREW KERSLAKE**

SOLICITORS  
**DUNCAN COTTERILL**

AUDITORS  
**BDO  
AUCKLAND**

BANKERS  
**ANZ BANK, AUCKLAND**

SHARE REGISTRY  
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SERVICES LIMITED  
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POSTAL ADDRESS:  
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AUCKLAND 1142**

# APPENDIX

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## DEFINITIONS

### NETWORK STORE SALES

Total store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or owned, across the company's global brand network. CGF's franchise businesses derive their income from franchise-related fees, primarily related to those sales levels, as well as store sales figures for those stores directly owned by them. Total network store sales, therefore, have a strong correlation to revenue earned by CGF's franchise businesses. They are NOT, however, the sales for the Cooks Global Foods group.

### SAME STORE SALES

Same store sales are the aggregate of all Esquires-branded coffee stores, whether franchised or owned, across the company's global brand network that have been operational for at least a full two-year period for the purposes of "like-for-like" comparison between current and prior periods. This metric measures improvement in existing store sales within the brand network, excluding new stores opened in the previous 24 months. Same store sales are NOT the sales for the Cooks Global Foods group but nevertheless demonstrate a correlation to revenue earned by CGF's franchise businesses.

### TRANSACTIONS

Transactions relate to the total individual transactions which occur within Esquires-branded coffee stores, whether franchised or owned. A transaction is defined as a single financial transaction for food, beverage, or product which is processed through the point-of-sale system within a coffee store.

### AVERAGE TRANSACTIONS VALUE

Average Transaction Value (ATV) is derived by dividing the total Esquires coffee store sales by total transactions recorded over the same period.