



## COOKS COFFEE STORE SALES UP 15% AS NETWORK GROWTH CONTINUES

Cooks Global Foods (NZAX:CGF) today reports its Esquires Coffee business has rounded out the year with steady sales growth across the global network and the China business starting to roll out its new strategy that sees the introduction of 'express' takeaway outlets into the store mix.



### KEITH JACKSON

Executive Chairman

Network store sales for the three months to 31 March 2019 grew 15.4% to \$12.3 million from \$10.6 million in the same period a year ago. Coffee outlet numbers have risen to 118 from 93 at the same time a year ago and 104 at the end of December 2018.

Transaction volumes across the global Esquires network rose 10.3% to 1.2 million in the three-month period and transaction values increased 4.6% to \$10.61.

Total same-store sales for the three-month period are up just over 4.8% to \$9.7 million from \$9.2 million at the same time a year ago.

Cooks Executive Chairman Keith Jackson said:

“Cooks has ended the 2019 financial year on a positive note, achieving continued strong growth across the global store network with new store openings a resilient performance from the existing store network, and core regions of England & Ireland continuing their strong growth trends.

“Growth in store numbers has been led by China, which over the last quarter has begun to implement its new strategy combining traditional store outlets with smaller ‘express’ outlets in shopping malls, supermarkets and

in business environments. Over the last quarter it has installed 21 express outlets and it is looking to accelerate that rate of growth in the coming year.

“The Chinese business is starting to execute on the strategy that includes self-service machine outlets as well as staffed take-away only stores into the mix of outlets under the new ESQ brand in that country.

“The express stores take advantage of the significant advances in bean-to-cup machines, which now have the potential to deliver a consistent coffee experience in each cup. We believe the strategy has the potential to generate considerable value for shareholders.

“Indeed, this a view that has been supported by the recent independent valuation of Cooks’ stake in the Chinese business at \$5.6 million to \$6.8 million.”

Earlier this year, following discussions with the FMA, Cooks engaged corporate advisory firm Censere to value the Chinese business so Cooks could verify the \$3.08 million carrying value of its 21% share. The resulting valuation of the stake is well above the carrying value in Cooks 2018 annual accounts.”



Esquires IRELAND  
Clonmel (Rebranded)



Esquires CHINA  
Health Center, Beijing

<sup>1</sup> All references to sales and transaction values are constant currency. This means prior year figures are converted at the same exchange rate as the current year to eliminate the effects of foreign exchange rate fluctuations.

## IRELAND LEADS GLOBAL PERFORMANCE

Sales in the Republic of Ireland rose 29.2% for the quarter and same store sales were 12.7% up on the same quarter a year ago. The Irish business which has 14 stores saw transaction volumes up 22.3% and average transaction values up 5.6% to NZ\$13.13 in the quarter. Same store transaction volumes rose 6.8% and average transaction values rose 5.5%.

## UK GROWTH CONTINUES

Store numbers in the UK rose to 41 from 35 at the same time a year ago and up one from the 40 stores open at the end of December 2018. The latest outlet was opened in late March 2019 in Leicester and is performing very well in its early trading.

Total sales for the three-month period rose 15.1% to \$5.1 million, representing just under 42% of the store network's total sales. Same store sales in the UK for the three-month period were up 1.0% to \$3.4 million.

## CHINA GROWING

The Asian business has seen a surge in store numbers as the Chinese business began to accelerate the implementation of its new strategy. Store numbers in the region - including the express-outlets rose to 34 from 18 at the same time a year ago and 21 stores at the end of December 2018.

In the three-month period to the end of March 2019 the Chinese business opened 21 outlets, all of which were the new style 'express' outlets. China also closed a further 8 stores as the joint venture closed the stores that would not reach a level of earnings that justified their continued operation.

Elsewhere in the Asian region the Pakistan business opened another store in late March, in Dolmen Mall, the premier mall in Karachi, both stores in Karachi are performing strongly. Indonesia closed one store as the Mall in which it was located did not reach the planned level of occupancy.

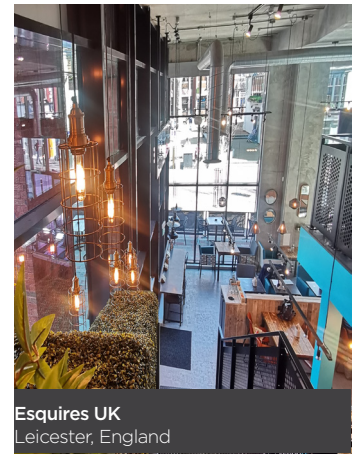
Sales in the Asian region rose 11.7% to \$0.9 million compared to the same three-month period a year ago. Same store sales in Asia rose by 2.8%.

## MIDDLE EAST RESILIENT

The Middle East business turned in a resilient performance. Store numbers were down one store on the same period a year ago at 24 outlets, but unchanged on the prior three-month period. Store sales were down slightly at \$2.1 million. Same store sales in the three-month period were flat at \$1.8 million reflecting steady transaction volumes and values.



Esquires PAKISTAN  
Dolmen, Karachi



Esquires UK  
Leicester, England

## RETAIL BRANDS

Cook's New Zealand retail business unit Scarborough Fair Limited continues to perform strongly driven by growth of Grounded Responsible Coffee, the launch of new 'Blended' freeze-dried coffee and the expansion of distribution.

The Grounded range was extended to 11 products in late 2018, and since then the brand has had significant distribution gains across grocery, office and specialty channels. This programme has been well received by the trade and consumers, and Grounded sales were up 87.4% last six months against the previous six-month period.

For more information please visit [www.blended.net.nz](http://www.blended.net.nz)

Blended freeze-dried coffee was launched recently with a successful PR campaign gaining good exposure for the new brand. Blended launched initially with home compostable 90g retail packs, and is now set to launch a 450g tin, targeted to the office market. The Blended brand also carries the Buy One, Plant One commitment.

For more information, please visit: [www.groundedcoffee.co.nz](http://www.groundedcoffee.co.nz)

April saw the launch of our on-line shop under the name Grounded & Co ([groundedandco.shop](http://groundedandco.shop)). On-line shoppers can now purchase the entire range of Grounded, Blended and Scarborough Fair products and have them delivered directly to their door.



For more information, please visit: [www.groundedandco.shop](http://www.groundedandco.shop)

## ESQUIRES COFFEE OPERATING METRICS

### 3 MONTHS TO 31 MARCH 2019

#### TOTAL NETWORK

	2019	2018	VARIANCE
Esquires Coffee Store sales	NZ\$ 12,283,839	NZ\$10,642,900	15.4%
Transactions	1,158,267	1,049,646	10.3%
Average transaction value	NZ\$10.61	NZ\$10.14	4.6%

#### SAME STORE

	2019	2018	VARIANCE
Esquires Coffee Store sales	NZ\$9,663,556	NZ\$9,222,666	4.8%
Transactions	919,776	918,860	0.1%
Average transaction value	NZ\$10.58	NZ\$10.00	4.7%

### 12 MONTHS TO 31 MARCH 2019

#### TOTAL NETWORK

	2019	2018	VARIANCE
Esquires Coffee Store sales	NZ\$49,328,111	NZ\$44,485,097	10.9%
Transactions	4,662,293	4,446,587	4.9%
Average transaction value	NZ\$10.54	NZ\$9.99	5.4%

#### SAME STORE

	2019	2018	VARIANCE
Esquires Coffee Store sales	NZ\$ 40,020,966	NZ\$39,680,969	0.9%
Transactions	3,806,872	3,558,325	7.0%
Average transaction value	NZ\$10.51	NZ\$11.15	-5.7%

### STORE NUMBERS

	THIRD QUARTER STORE CHANGES				MAR 2018
	DEC 2018	OPENED	CLOSED	MAR 2019	
UK	40	1	0	41	35
Canada	2	0	0	2	2
Asia	21	21	8	34	18
Europe	17	0	0	17	14
Middle East	24	0	1	23	25
<b>TOTAL</b>	<b>104</b>	<b>22</b>	<b>9</b>	<b>117</b>	<b>93</b>



## ABOUT COOKS GLOBAL FOODS

Cooks Global Foods operates in world markets and is listed on the NZAX market operated by NZX Limited in New Zealand under the code CGF. It owns the intellectual property and master franchising rights to Esquires Coffee Houses worldwide (excluding New Zealand and Australia). Cooks currently operates or franchises Esquires Coffee in Canada, the United Kingdom, Ireland, Romania, Portugal, Bahrain, Kuwait, Saudi Arabia, Jordan, Pakistan, Indonesia, and China. It owns the intellectual property for Grounded Responsible Coffee, Blended Freeze Dried Coffee & Scarborough Fair teas.

For more information visit: [www.cooksglobalfoods.com](http://www.cooksglobalfoods.com)

## FOR FURTHER INFORMATION

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## APPENDIX

The following are Non-GAAP reporting metrics which are used in this update:

### Network (Store) Sales

Total store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or partially/fully owned, across the company's global brand network. Cooks derives income from its franchised stores from franchise related fees, primarily related to these sales levels as well as store sales for those stores directly owned by the company, except in China.

Total network store sales, therefore, have a correlation to the portion of revenue earned by Cooks Global Foods relating to recurring franchise fees. Chinese sales are also indicative of the potential value residing in the Chinese venture. However, total network sales are not and should not be confused with the revenue of Cooks Global Foods which is reported in its financial statements as the two do not directly correlate.

### 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.

The metric measures the improvement in existing store sales within the brand network, excluding new stores opened in the previous 24 months. Same store sales are not the same as revenue in the financial statements for Cooks Global Foods group but can indicate stable revenue growth in the brand network.

### 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 that is processed through the point-of-sale system within a coffee store.

### Average Transaction Value

Average transaction values are derived by dividing total Esquires coffee store sales by total transactions recorded over the period.

### Total (Store) Network

All stores whether owned, (in full or as part of an associate, such as in the case of the China business), or franchised, which operate under a brand owned by companies within the Cooks Global Foods Group.