



ESQUIRES UK SIGNS PARTNERSHIPS TO DRIVE GROWTH

Cooks Global Foods (NZAX.CGF) today announces Esquires UK has signed its first regional partnership to accelerate the growth in its largest market.

It also reports continued strong growth of 21.8% in the UK for the full year. The UK now generates 39.1% of total sales, underpinning constant currency quarterly sales across the global Esquires Coffee store network.

The new regional growth partnership in the UK will see a new entity, Esquires Coffee (South East), take responsibility for growth in South East England. It is the first of several agreements to help Esquires accelerate the growth in the business it sees for its unique take on artisanal, Organic and Fairtrade coffee across the UK.



KEITH JACKSON

Executive Chairman

“The UK continues to demonstrate the strong potential of Esquires’ artisanal and independent take on café culture. We believe these new partnerships will help Esquires exploit this potential and accelerate growth for the benefit of shareholders and our franchisees,” Executive Chairman Keith Jackson said.

“Store refurbishments and new store openings have driven fourth quarter sales in the UK 20.0% higher.”

“Recent new store openings in Portugal, Romania, Jordan and Pakistan have established Esquires Coffee houses in new territories where we see strong demand for the brand’s unique take on third-wave artisanal café culture. Indeed, demand is so strong now that the new café in Pakistan has been forced to resort to taking reservations rather than operating an open door, while it has more than 25,000 followers on its Facebook page,” Mr Jackson said.

Constant currency network store sales were up 3.9% to \$10.3 million in the three months to 31 March 2018. Constant currency store sales are a leading indicator of the revenue Cooks expects to generate for new and refurbished stores and recurring revenues, such as royalties, coffee product and other retail sales.

On a same store basis, the total network’s constant currency store sales fell 2.0% to \$7.8 million from \$8 million in the same quarter a year ago.

The reorganisation taking place in China and the Middle East – where Cooks is transitioning the regional operations to new ownership arrangements – also resulted in store closures. At the end of March 2018, store numbers fell to 93, down from 98 at the same time a year ago.

In the 12 months to 31 March 2018, Esquires opened a total of 18 stores, including 8 in the United Kingdom, 6 in the Middle East, 3 in Europe and 1 in China. However, these gains were offset by the closure of 23 stores including 12 stores in China, five stores in the Middle East and a total of six underperforming stores in other territories.



Putney - UK



Karachi - Pakistan

“The ongoing consolidation of Esquires’ Chinese and Middle East operations, the effects of the fourth quarter being one week shorter than the same period a year ago, and temporary store closures in Ireland as the country endured the ‘Beast from the East’ winter storm in late February and early March have diluted the effect of these gains on quarterly sales.” To show fair comparison, an adjustment to remove the impact of the extra week of trading in the 2017 financial year is used in this report.

“We had expected to complete the transition of the Chinese and Middle Eastern operations to new joint ventures by the end of the financial year. In both territories our partners are working through complex regulatory processes. Completion of the Middle East joint venture is now expected within the first half of the new financial year.

“As we mentioned at the end of the third quarter, no further funds have been invested in China since 30 September 2017, with our China partner providing funding until completion during a transition period. Funds that we will owe as part of this interim arrangement will be dealt with by an adjustment to the proportional ownership structure in the new business. The final numbers will be determined prior to the completion of our financial statements for the 2018 financial year.

“The delays in both China and the Middle East and the discussions with potential new business partners are timing issues. We have in place a structure that will allow Esquires Coffee to thrive over the long-term.”

“Finally, we signalled at the end of the third quarter that we had held discussions with a number of partners that could propel growth in the store network to above our 100-store, year-end target. While these discussions are ongoing they are so far inconclusive.”

QUARTERLY REGIONAL PERFORMANCE

The United Kingdom

The UK Esquires business continues to lead performance across the network. Constant currency quarterly sales grew 20.0% to \$4.2 million from \$3.5 million at the same time a year ago. The UK benefited from an increase in store numbers to 35 from 29 at the end of the same period last year and a growing contribution from new or refurbished stores. In the three months to 31 March 2018 the UK business opened one new store.

Europe

Cooks is for the first time reporting the new territory of Europe, which covers the new stores in Portugal and Romania as well as Ireland. Despite the impacts brought by the ‘Beast from the East’ winter storm, which closed all Ireland’s stores for two days, but a majority for three days, constant currency sales were up by 3.5% from \$3.0 million in the same quarter a year ago to \$3.1 million. The increase reflected the contribution from the new stores in Portugal and Romania and continuing growth in transaction values at the Irish stores. In the three months to 31 March 2018, the territory closed a store in Romania that would not easily transition to the Esquires brand.

China

Quarterly constant-currency store sales fell 35.6% to \$0.81 million from \$1.3 million in the same period a year ago, reflecting the fall in store numbers to 15 from 26. In the three months to 31 March the Chinese business closed five stores.

Cooks is continuing to work with our Chinese partners to create a new company to become the master franchisee for the Esquires Coffee brand in China, Hong Kong, Macau and Taiwan.

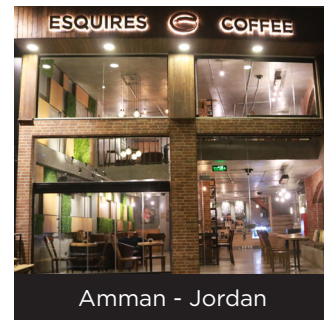
We have been working closely with our partner to restructure this business in preparation for the completion of the new venture, which has meant closure of stores and staff redundancies, where those stores no longer fit with the strategy for the new Chinese operation.

The Middle East

The Middle East Operation has been bolstered by the opening of stores in Pakistan, Jordan and Kuwait in the fourth quarter. Quarterly constant-currency store sales increased by 5.5% to \$2.1 million in the same period a year ago.

Store numbers in the region increased to 26 from 25 at the same time last year, with new stores in Pakistan, Jordan and Kuwait offsetting closures in the UAE and Bahrain. Store numbers in Saudi Arabia were steady.

Quarterly transaction volumes were steady, but transaction values rose as the new food program is implemented.



ESQUIRES COFFEE OPERATING METRICS

3 MONTHS TO 31 MARCH

TOTAL NETWORK

	2018	2017*	VARIANCE
Esquires Coffee Store sales	NZ\$10,331,330	NZ\$9,946,397	3.9%
Transactions	1,066,931	1,077,400	-1.0%
Average transaction value	NZ\$9.68	NZ\$9.23	4.9%

SAME STORE

	2018	2017*	VARIANCE
Esquires Coffee Store sales	NZ\$7,821,939	NZ\$7,984,328	-2.0%
Transactions	798,719	855,368	-6.6%
Average transaction value	NZ\$9.79	NZ\$9.33	4.9%

12 MONTHS TO 31 MARCH

TOTAL NETWORK

	2018	2017*	VARIANCE
Esquires Coffee Store sales	NZ\$43,106,131	NZ\$39,656,630	8.7%
Transactions	4,499,395	4,338,821	3.7%
Average transaction value	NZ\$9.58	NZ\$9.14	4.8%

SAME STORE

	2018	2017*	VARIANCE
Esquires Coffee Store sales	NZ\$33,602,282	NZ\$33,231,225	1.1%
Transactions	3,444,465	3,586,901	-4.0%
Average transaction value	NZ\$9.76	NZ\$9.26	5.4%

*The 2017 operational year was 53 weeks. The 53rd week's sales have been removed so the year is comparable to 2018's 52-week year.

STORE NUMBERS

	FOURTH QUARTER STORE CHANGES				31 MAR 2017
	31 DEC 2017	OPENED	CLOSED	31 MAR 2018	
UK	34	1	0	35	29
China	20	0	5	15	26
Canada	2	0	0	2	4
Indonesia	3	0	1	2	3
Europe	14	0	1	13	11
Middle East	24	3	1	26	25
TOTAL	97	4	8	93	98



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, Bahrain, Kuwait, Saudi Arabia, UAE, Indonesia, Portugal, Romania, Pakistan, Jordan, and China.

For more information visit: www.cooksglobalfoods.com

FOR FURTHER INFORMATION

INVESTORS

KEITH JACKSON

Executive Chairman

 +64 21 702 509

MEDIA

RICHARD INDER

The Project

 +64 21 645 643

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 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. Total network store sales, therefore, have a correlation to the portion of revenue earned by Cooks Global Foods relating to recurring franchise fees. However, they 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 or franchised, which operate under a brand owned by companies within the Cooks Global Foods Group.