



## COOKS DELIVERS ANOTHER QUARTER OF STEADY PROGRESS

Cooks Global Foods (NZAX.CGF) today reports continued growth in sales across its global Esquires Coffee network with growth in outlet numbers and resilient same store sales contributing to the result.



### KEITH JACKSON

Executive Chairman

Network store sales<sup>1</sup> for the three months to 31 December 2018 grew 11.7% to \$12.9 million from \$11.5 million in the same period a year ago, a result that is in line with growth delivered in the second quarter of the 2019 financial year.

Coffee outlet numbers have risen to 104 from 97 at the same time a year ago and 100 at the end of September 2018. Total same-store sales are up just over 1% to \$9.8 million from \$9.7 million at the same time a year ago.

Transaction volumes rose by 5.3% to 1.2 million in the three-month period and transaction values increased 6.1% to \$10.73, reflecting the network's determination to increase the average spend of each customer who comes through the door.

Same-store transaction volumes were down 4.6% to 0.9 million, while same store transaction values improved 6.2% to \$10.83.

Cooks Executive Chairman Keith Jackson said:

**GG** Our coffee store network has made steady progress over the last three months with new store openings and continued re-investment in the existing network delivering strong results.

## REGIONAL PERFORMANCE

### UK BEING RESTRUCTURED INTO REGIONS

The reorganisation of the United Kingdom business into regional franchises will build on the already strong record of success we have established in what is our biggest market, representing 42.7% of total store sales for the quarter.”

With the appointment of regional developers, growth is planned to accelerate as the local developers build their regions through their detailed understanding of the local consumers and the districts.

Store numbers in the UK rose to 40 from 34 at the same time a year ago and up from 38 at the end of September 2018. Total sales rose 15.4% to \$5.5 million. Same store sales were steady at \$3.8 million.

Re-investment in existing stores continues to deliver strong results with Middlesbrough the standout performer with sales up more than 36% for the 9 months to December compared to last year.



<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 PERFORMING STRONGLY

The European business was the stand out performer of the three regions, with store sales rising 21.6% to \$4.3 million.

Within the European numbers Ireland performed very strongly with sales up 17.0% for the quarter and same store sales were 5.7% up on last year.

The Irish business which has 14 stores had transaction volumes up 12.6% and average value up 3.9% to NZ\$13.12 from September 2018.

## MIDDLE EAST RESILIENT

The Middle East business turned in a resilient performance. Following the termination of the regional master franchise agreement for the UAE the two UAE stores were closed. Store numbers were steady at 24 outlets with the opening of new stores in Bahrain and Jordan. Quarterly store sales rose 4.4% to \$2.1 million.

Same store sales rose by 4.8% to \$1.7 million reflecting a 2.9% increase in same-store transaction volumes and a marginal increase in same store transaction values to \$10.09.

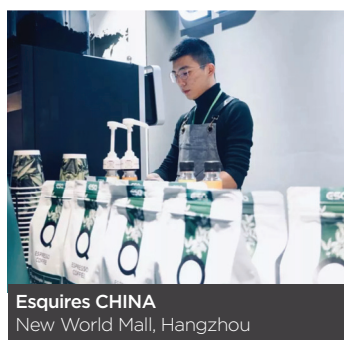
## CHINA NOW GROWING

The results from the Asian business continue to be diluted by the impact of restructuring initiatives in China that prepared the regional network for its inclusion into the new joint venture.

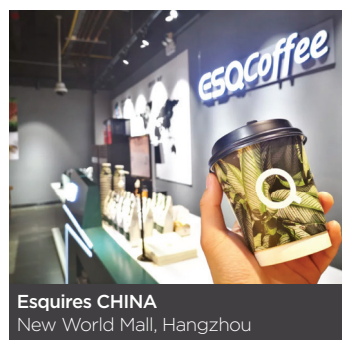
Store numbers in the region fell to 21, down two outlets on the same period a year ago. Sales in the region fell by 25% to \$0.8 million. Same store sales and transaction volumes fell by 14% and 31% respectively.

However, in a sign that the joint venture initiatives are delivering results, same store average transaction values rose a strong 24.2% to \$10.69, a figure broadly in line with the broader network.

Since September two new outlets have opened under the new ESQ brand in high-end supermarkets.



Esquires CHINA  
New World Mall, Hangzhou



Esquires CHINA  
New World Mall, Hangzhou

## RETAIL BRANDS

Cook's New Zealand retail business unit Scarborough Fair Limited is performing strongly with sales of its fresh coffee brand Grounded Responsible Coffee. Grounded was launched in August 2017, replacing Scarborough Fair's fresh coffee. Sales in the second & third quarters this year have doubled that of same periods last year.



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

The brand is resonating with customers not only for its great flavour and modern design but also because of its strong ethical stance – being 100% Fairtrade & Organic, Climate Neutral, planting a tree for every pack sold through its “Buy One, Plant One” scheme, and a Return and Recycle packaging program.



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

Scarborough Fair is now further expanding its range with the launch of freeze-dried coffee brand Blended in February 2019.

Positioned as ‘Blended for you & the planet’, Blended freeze-dried coffees are premium quality, have beautiful distinctive pack designs, and the 90g bags are home compostable.

Blended also has a Buy One, Plant One program, with a tree planted for every pack sold. Consumers who don't have a compost or worm farm can send the packaging back to Scarborough Fair Ltd who will compost it.

## ESQUIRES COFFEE OPERATING METRICS

### 3 MONTHS TO 31 DECEMBER

#### TOTAL NETWORK

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$12,866,497	NZ\$11,514,415	11.7%
Transactions	1,198,911	1,138,807	5.3%
Average transaction value	NZ\$10.73	NZ\$10.11	6.1%

#### SAME STORE

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$9,822,692	NZ\$9,695,495	1.3%
Transactions	907,162	951,148	-4.6%
Average transaction value	NZ\$10.83	NZ\$10.19	6.2%

### 9 MONTHS TO 31 DECEMBER

#### TOTAL NETWORK

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$37,073,028	NZ\$33,771,516	9.8%
Transactions	3,526,060	3,396,941	3.8%
Average transaction value	NZ\$10.51	NZ\$9.94	5.8%

#### SAME STORE

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$28,990,735	NZ\$28,978,744	0.0%
Transactions	2,726,828	2,868,271	-4.9%
Average transaction value	NZ\$10.63	NZ\$10.10	5.2%

### STORE NUMBERS

	THIRD QUARTER STORE CHANGES				DEC 2017
	SEP 2018	OPENED	CLOSED	DEC 2018	
UK	38	2	0	40	34
Canada	2	0	0	2	2
Asia	19	2	0	21	23
Europe	17	0	0	17	14
Middle East	24	1	1	24	24
<b>TOTAL</b>	<b>100</b>	<b>5</b>	<b>1</b>	<b>104</b>	<b>97</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

### INVESTORS

#### KEITH JACKSON

Executive Chairman

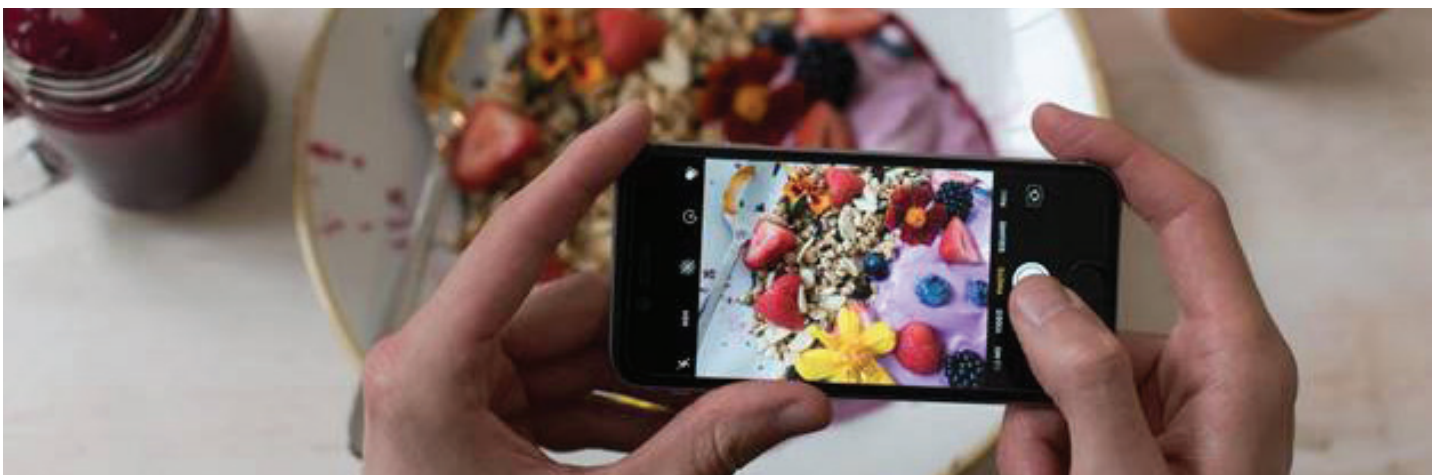
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### MEDIA

#### RICHARD INDER

The Project

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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.