



BUILDING GROWTH MOMENTUM

Cooks Global Foods (NZAX.CGF) today reports that momentum continues to build across its global coffee store network.



KEITH JACKSON
Executive Chairman

Constant currency network store sales¹ for the three months to 30 September 2018 grew 12.9% to \$12.7 million from \$11.2 million in the same period a year ago. The rate of growth is ahead of the 6.9% year-on-year growth posted for the first quarter of the 2019 financial year.

The improvement reflects: an increase in the store network to 100² stores from 92 at the same time a year ago; store performance improvements particularly in the Irish, UK and Saudi Arabian businesses; and the benefits flowing from the restructure of the Chinese business drawing to a close. Same store sales were largely flat at \$9.3 million compared to the same three-month period a year ago, reflecting similar trends.

In the three months to September 2018, Cooks added a net three stores to its network taking the total to 100 from 97 at the end of June. A total of five were opened with two new stores in Ireland, a further two in the United Kingdom and another in Bahrain. These additions were offset by the closure of two stores in the UAE.

Cooks Executive Chairman Keith Jackson said: “After a period of consolidation, our global coffee network is hitting its stride. The Europe, Middle East and UK businesses, which together represent more than 90% of total network sales, grew by 19% compared to the same quarter last year through the addition of new stores and improvements in store performance.

Our joint venture in China has made its first steps on a new strategy with the first rebranded store opening in August after a month-long refurbishment program.

REGIONAL PERFORMANCE

EUROPE

The European business led the global network with sales for the quarter up a strong 18.7% to \$4.2 million from \$3.5 million in the same period a year ago.

The performance reflected the opening of six new stores, including stores in Portugal, Romania and three in Ireland. Transaction volumes and average transaction values increased reflecting a greater contribution from new stores which generate higher traffic and increases in transaction values.

Regional same store sales, which only capture the performance of the Irish network, were up 5.9% to \$3.4 million from \$3.2 million in the same period a year ago. Same-store transaction volumes were up slightly, but same store average transaction values increased 4.0% on the same three-month period a year ago.



Esquires IRELAND
Blanchardstown, Dublin



Esquires IRELAND
Talbot Street, Dublin

¹ 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.

² Store numbers are lower than the 101 reported at the end of August with the closure of two stores in the UAE in September partially offset by the opening of a new store in Bahrain.

REGIONAL PERFORMANCE

UNITED KINGDOM

The United Kingdom continues to perform well. Store numbers at the end of September stood at 38 up from 31 the same time a year ago and 36 stores at the end of June 2018.

UK sales for the three-month period increased 18.7% to \$5.0 million from \$4.2 million in the same period a year ago. Transaction volumes and average transaction values were also up reflecting the improvement in store mix.



Esquires UK
Bournemouth

Same store sales were largely flat at \$3.5 million compared to the same three-month period a year ago. And while transaction volumes were down, same store average transaction values increased 8.6% reflecting a continuing focus on increasing the average spend per customer.



Esquires UK
Tunbridge Wells

THE MIDDLE EAST

Store sales in the Middle East grew 20% to \$2.5 million from \$2.1 million in the same three-month period a year ago as store numbers in the region increased to 24 from 23. Kuwait added 2 new stores, while Esquires opened its first store in Jordan.

These openings were offset by the closure of two stores in the UAE and the discontinuation of the business in that country. Transaction volumes increased 2.2% and average transaction values increased 17.4% to \$11.10. Same store sales increased 6.0% to \$1.7 million from \$1.6 million a year earlier, with a particularly strong performance

in Saudi Arabia and Kuwait offsetting same store sales weakness in Bahrain.

ASIA

Sales in Asia - which includes the contributions from our Chinese joint venture, Indonesia and Pakistan - fell 27.1% to \$0.9 million from \$1.2 million in the same period a year ago.

Store numbers in the region are down to 19 from 24 at the same time a year ago. The closure of five stores in China and another in Indonesia were partially offset by the opening of a new store in Pakistan.

The Chinese business, after a long period of reorganisation to align the store network with the strategy of the new regional business partnership, is stabilising. Same store sales in the region were down 24.2% on the same period a year ago.

The Chinese business is testing the new ESQ store format launched in Beijing at the end of August by the New Zealand Ambassador Clare Fearnley.



Esquires CHINA
The Place Store - Beijing

New Zealand Ambassador Clare Fearnley, Esquires China MD Ellen Zhang and NZTE Trade Commissioner Liam Corkey at the re-launch ceremony of the Place store.

Mr Jackson said: "Chinese Café culture, particularly in the major urban centres such as Beijing and Shanghai is evolving at an unprecedented rate. Importantly, it is merging global café culture with domestic trends at a pace that we have seen in no other market.

Cooks retains the intellectual property of the new ESQ brand and will consider rolling it out in alternative markets where it sees strong demand.



Esquires CHINA
The Place Store - Beijing



Esquires CHINA
The Place Store - Beijing

ESQUIRES COFFEE OPERATING METRICS

3 MONTHS TO 30 SEPTEMBER

TOTAL NETWORK

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$12,658,244	NZ\$11,211,423	12.9%
Transactions	1,187,278	1,115,733	6.4%
Average transaction value	NZ\$10.66	NZ\$10.05	6.1%

SAME STORE

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$9,339,571	NZ\$9,313,755	0.3%
Transactions	878,335	927,374	-5.3%
Average transaction value	NZ\$10.63	NZ\$10.04	5.9%

6 MONTHS TO 30 SEPTEMBER

TOTAL NETWORK

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$24,051,694	NZ\$21,618,890	11.3%
Transactions	2,430,460	2,262,258	7.4%
Average transaction value	NZ\$9.90	NZ\$9.56	3.6%

SAME STORE

	2018	2017	VARIANCE
Esquires Coffee Store sales	NZ\$18,163,685	NZ\$18,229,703	-0.4%
Transactions	1,847,554	1,918,065	-3.7%
Average transaction value	NZ\$9.83	NZ\$9.50	3.4%

STORE NUMBERS

	SECOND QUARTER STORE CHANGES				
	JUN 2018	OPENED	CLOSED	SEP 2018	SEP 2017
UK	36	2	0	38	31
Canada	2	0	0	2	3
Asia	19	0	0	19	24
Europe	15	2	0	17	11
Middle East	25	1	2	24	23
TOTAL	97	5	2	100	92



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, Portugal, Romania, Bahrain, Kuwait, Saudi Arabia, Jordan, Pakistan, Indonesia 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 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 or franchised, which operate under a brand owned by companies within the Cooks Global Foods Group.