



Media and NZX release

25 November 2014

## **VERITAS' PURCHASE OF BETTER BAR COMPANY APPROVED**

### **Shareholders strongly support game-changing acquisition**

Veritas Investments Limited (NZX:VIL) today confirmed strong shareholder support for its fourth acquisition in 18 months, with approval to purchase The Better Bar Company (BBC) group of hospitality outlets for \$31.2 million. This is expected to make Veritas a \$90 million<sup>1</sup> a year revenue group.

The meeting also approved the appointment of BBC Chairman Richard Sigley to the board of Veritas, subject to completion of the BBC acquisition.

The Board also advised shareholders that John Moore will join the Veritas board on 1 December 2014 replacing Stefan Preston who did not seek re-election due to other business commitments.

Veritas Chairman Mark Darrow told the meeting of shareholders that the BBC acquisition represented an "excellent opportunity to pick up one of the best hospitality groups in New Zealand".

"The hospitality industry in New Zealand, to March this year, had its strongest growth in six years with 2013 total revenues at \$7.6 billion, up some 10 per cent on the previous year.

"With a limited number of larger hospitality groups in New Zealand, the board views the acquisition of BBC as a significant and transformational next step in its investment strategy in the food and beverage sector," Mr Darrow said.

He told the meeting the acquisition would leverage off Veritas' existing areas of strength and expertise and diversify risk within the group's investment portfolio. There were further opportunities to expand BBC's operations in New Zealand.

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<sup>1</sup> The financial information for the existing Veritas Group for FY2014 has been obtained from audited historical information of the existing Veritas Group as at 30 June 2014. The pro forma financial information relating to the Combined Group for FY2015 represents unaudited forecast financial information for the year ending 30 June 2015.

“The BBC opportunity is a game changer for Veritas and the board believes it will add significant scale and diversification to Veritas’ current business. We expect the acquisition to increase investor interest in Veritas and the board will also benefit from the addition of an experienced director in Richard Sigley.

“Furthermore, we have supportive vendors prepared to take significant shareholdings in Veritas.”

Mr Darrow says Richard Sigley brings wide hospitality industry experience to the Veritas board having been in the industry for 20 years.

“Richard is the current CEO of the Nourish Group and held several senior management roles at DB Breweries. He has worked in the retail wine and spirits sector and in advertising. He’s also an elected board member of the Hospitality Association of New Zealand.”

Mr Darrow also said new director John Moore will be an exceptional addition to the Board. He is an experienced investment banker and corporate adviser who has worked both in New Zealand and internationally. John was Head of Equity Capital Markets for Craigs Investment Partners, and more recently has established NZX sponsor firm, Miro Capital.

At the meeting the Veritas board confirmed its intention to maintain its policy of paying between 60 and 70 per cent of net profit after tax in dividends<sup>2</sup>.

Mr Darrow said that the combined group’s goal is to leverage its scale and broad capability and to enhance revenue and margin improvement.

“In the food, beverage and franchise sectors our intention is to expand the existing BBC business utilising Veritas’ scale and infrastructure and leverage group buying power and management expertise across all businesses.”

The BBC deal involves Veritas Investments’ subsidiary Veritas Holdings Limited paying \$23.4 million in cash and issuing 6,964,286 new Veritas shares to the certain BBC vendors. This results in the BBC vendors and their associates holding 15.718 per cent of Veritas’ total shares immediately following completion.

In addition, Veritas is assuming approximately \$6 million of the BBC Group’s net debt. \$3 million dollars in cash has been held back as a “retention amount” to deal with any purchase price adjustments and warranties.

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NOTE: Veritas' revenue for the financial year ending 30 June 2014 was \$29.972 million producing a net profit after tax of \$4.353 million. Directors predict revenues of between \$71 million and \$78 million for the year ending 30 June 2015 including the new BBC acquisition for 7 months of that financial year.

#### About BBC Group

The BBC Group is a significant operator of gastro bars in New Zealand, including the newly refurbished and reopened gastro bar "The Cav" in Auckland. It also operates two well-established iconic Irish pubs in Auckland's Viaduct, O'Hagans and Danny Doolans and The Doolan Brothers chain of neighbourhood Irish bars and eating establishments in various suburbs around Auckland and Hamilton. The BBC Group also operates two new establishments in Hamilton, The Good Home and Honky Tonk. It has enjoyed strong periods of growth and profitability driven by a management team with a proven track record of developing and sustaining great, long lasting concepts within the hospitality sector. [www.thebbc.co.nz](http://www.thebbc.co.nz)

#### **About Veritas Investments Limited**

Veritas Investments is an NZX-listed investment company focusing in the Food and Beverage sector. The shell company was formed in December 2011 and made its first acquisition of the Mad Butcher franchisor business in May 2013 through a reverse acquisition transaction. A further investment was made in December 2013 for 50% of Kiwi Pacific Foods Limited. In September 2014 Veritas acquired the Nosh Food Market business. On 25 November 2014 Veritas shareholders approved the purchase of The Better Bar Company group business. [www.veritasinvestments.co.nz](http://www.veritasinvestments.co.nz)

#### **Issued for Veritas Investments Limited by Pead PR**

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