

NZX Release

24th June 2015

Veritas Investments Business Update for FY16

As announced to the market on 29th May 2015, the Veritas Board wishes to provide a business update for the financial year ahead, being the year ending 30 June 2016.

The Group has undergone significant changes during the current financial year through acquisitions of the Nosh Food Market business and The Better Bar Company group business. The Board is aware that these changes have made it difficult for shareholders to accurately gauge the performance, and importantly, the potential, of the Veritas Group, including the metrics of its four underlying businesses.

FY16 Business Update

Management has undertaken a thorough business planning exercise as a part of its annual budget process, and the Board has approved the Group business plan for FY16.

The context of the Group business plan is as follows.

- **Mad Butcher** – The key focus for the year is to open further ‘Mini Mad Butcher’ stores following the launch of the first smaller format store in Mosgiel. A commitment has been made for a store replacement site in Massey, with this likely to come on stream mid-2016 following completion of the development within a new high-profile retail precinct.
- **Better Bar Company Group** – More focus on food offerings is seeing very positive results across this business, with music and entertainment changes and a higher focus around sporting events. A number of sites are undergoing changes to drive higher outdoor patronage to lift results further.
- **Nosh Food Market** – The business turnaround is progressing well, with a number of changes to drive higher sales and margins, particularly with the very successful re-launch of the VIP program, and a focus on opening the new Pakuranga store in August 2015. The refurbished Glen Innes store is performing well, and will be used as a template for other sites.
- **Kiwi Pacific Foods** – After a solid FY15, the business is looking to increase business with key customers.

FY16 Group Revenue

The plan is for the Group to generate revenue of \$86 m to \$92m in FY16, segmented as follows:

| | |
|--------------------------|------------------------------|
| Mad Butcher | \$32m to \$34m* |
| Better Bar Company group | \$25m to \$28m |
| Nosh Food Market | \$28m to \$30m |
| <u>TOTAL</u> | <u>\$85m to \$92m</u> |

**Mad Butcher revenue includes rebate revenue and carcass revenue. Product mix can have a material effect on revenue, but is neutral at gross profit level.*

The above table excludes Kiwi Pacific Foods, as revenue from that business is equity accounted as a 50% Joint Venture. If Kiwi Pacific Foods is included in the calculation, the Group would be managing more than \$100m in revenue between its four businesses.

Market guidance for FY16

The Board wishes to provide market guidance for FY16 well ahead of the next annual meeting, as announced on 29th May 2015.

The current plan is for the Group to achieve underlying net profit after tax (NPAT) for continued operations of \$5.3m to \$5.5m for FY16, which equates to EBITDA of between \$10.5m to \$11.0m.

Quarterly updates

As previously stated, starting with the first quarter of FY16 ending 30 September 2015, the Board will provide the market with quarterly updates of the performance for the Group. These quarterly updates will be provided towards the end of the month following each quarter-end, and after the Veritas Board meeting for that month.

This will enable investors to monitor progress and performance of the individual businesses, and the Veritas Group as a whole.

Change of Chairman

As noted on 10th June 2015, Mark Darrow is stepping down from the Board and from his role as Chairman on 30 June 2015. Tim Cook will take over as acting Chairman while a review of the Board is undertaken. The market will be notified when a permanent appointment is made.

The Board wishes to thank Mr Darrow for his considerable effort and valuable leadership for Veritas, commencing in 2011 as a foundation director.

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For further information, contact: Tim Cook
021 764 401
timc@camgroup.co.nz

About Veritas Investments Limited

Veritas Investments is an NZX Main Board-listed investment company focusing in the Food and Beverage, Franchise and Hospitality sectors. 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. In November 2014 Veritas acquired The Better Bar Company group business.

www.veritasinvestments.co.nz