21 December 2018

MOA SIGNS DEAL TO BREAK THROUGH TO PROFITABILITY AND FAST TRACK GAINS IN CRUCIAL ON-PREMISE CHANNEL

Moa Group Ltd (NZX; MOA) today announces a conditional agreement to purchase one of New Zealand's largest Bar and Restaurant (On-Premise) businesses - Savor Group.

In the recent AGM Moa shared the group's five key strategies. One of those was ensuring the brand can successfully access valuable on premise venues across New Zealand. In recent months the business has secured three significant pourage deals and this acquisition further adds to meeting the objectives of this strategy.

Moa is the largest New Zealand owned brewer and is currently the fastest growing craft beer in supermarkets, growing at more than four times the rate of the NZ craft beer market. It is also the only brand in the top four craft beer brands delivering growth[1]. This has been driven by new product development and Moa's distribution deal with Constellation Brands.

Savor Group is a premiere Auckland based hospitality venture with a collection of bars and restaurants such as Ostro, Seafarers, Ebisu, Azabu, Fukuko, & Las Vegas. This week Savor Group further strengthened its market position and extended its footprint with the opening of 3 new eateries and a central bar in Sanford's new Auckland Fish Market on North Wharf, next to what will become the new Americas Cup village.

Moa expects the acquisition to be accretive to earnings with a contribution of $3.6m EBITDA in its first full financial year.

The base purchase price is $13m. The purchase price will be satisfied via a combination of 60% cash and 40% Moa shares issued at a 20 trading day VWAP prior to settlement. The parties have agreed to an additional payment of $5.4m payable in 12-24 months' time if mutually agreed growth strategies are delivered. Again this payment will be satisfied by a combination of 60% cash and 40% Moa shares at the same price determined for the initial settlement.

Further there is also provision for additional earnout payments of $750,000 to $3m to be satisfied in Moa shares issued at the settlement price if the average EBITDA for the acquired businesses in the next two financial periods is in the range $4m to $6m. Correspondingly the base purchase price would be reduced by a requirement for the vendors to deliver $750,000 to $3m of Moa shares at the settlement price back to Moa for cancellation if the average EBITDA for the acquired businesses in the first two financial years post settlement falls below $3m.

[1] Ac Nielsen TSM ¼ 18/11/18).

The deal is anticipated to close to triple Moa's revenue and take the group into sustainable profitability.

Over the coming years this platform should enable Moa's brands to strengthen their presence through these venues and for new initiatives to be developed to further create value and to leverage the significant experience of the newly formed team. Moa will continue as it recently has to pursue pourage agreements for its brands outside of its own hospitality venues.

Moa's most recent half year announcement advised that Moa plans to be breakeven in the second half of this financial year. At this point Moa continues to be on track.

Geoff Ross, Moa Executive Chairman says "There could be no better partner to build additional brand presence for Moa than Savor Group. Whilst we have seen strong growth in supermarkets a vital channel for us to add is bars and restaurants. These will add greater volume, present our brand to the right audience and create a true Moa experience. We not only see the opportunity to grow the Moa brand but also to further build hospitality venues together."

Lucien Law who founded Savor Group and has significant advertising experience will become an executive Director for the Moa group. Law will work across the Hospitality Venues and the Moa Brand as well as developing new concepts. Long-time shareholder of Savor Group and business partner Paul Robinson will join Law on the board of Moa as an Executive Director. Paul has come back from New York after years in senior roles in investment banking.

Lucien Law says "We are excited to be working together on the development of our new venue - Auckland Fishmarket which has Moa as our exclusive craft beer and cider partner. I see significant opportunities to further grow and strengthen the presence, reach and profitability of the combined Group".

Moa is being advised by Foster Capital. The deal is conditional on shareholder approval, confirmation of finance and receipt of third party consents in late February 2019. A shareholder vote will likely be in early February next year, which will then be followed by a rights issue. The deal is planned to be funded by a mix of bank debt, new equity and the rights issue and aims to settle by the end of February 2019. More details on the proposed rights issue will be advised in the New Year.

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