



THE BUZZ

December 2019



INTRODUCING DAVID BANFIELD

(CEO – starting 20 January 2020)

We were delighted to announce the appointment of our new CEO, David Banfield, on the 12th December following an extensive search and recruitment process.

David is an internationally proven Managing Director/ CEO with significant experience leading both private and public sector companies with revenues of up to NZ\$600 million. He has first-hand experience in acquisition and integration, eCommerce, direct to consumer business models, global retail across four Continents, and on the ground experience in over 60 countries around the world.

David has an excellent track record of delivering strong results utilising his deep cultural understanding and through the motivation and development of diverse multi-cultural teams.

David has been married to his wife, Joy for 28 years and is the proud father of triplet boys Louis, Charlie and Harry. David and Joy will move to the Bay of Plenty prior to joining us on 20 January. On the personal side, he is passionate about rugby (ex-player, Coach and avid supporter) water skiing, golf and football.

David brings a wealth of leadership experience from many countries around the world in premium categories. This along with his long-term experience in China and the US will be hugely valuable in these crucial markets for Comvita. More details of his experience are outlined in the recent NZX announcement sent out earlier in December.

“I cannot wait to get started on the journey to lead the turnaround of results at Comvita with the team.

We recognise that the business has underperformed in recent times and it’s our role to bring performance and returns back to the levels our Team and Shareholders rightfully expect.

I would like to wish all Shareholders a Happy Christmas and a healthy and successful 2020 and look forward to meeting many of you in person in due course.”

- David Banfield



A WORD FROM BRETT

(Executive Director)

Upon the confirmation of the appointment of our new CEO, David Banfield, we draw to a close the period of strategic review undertaken by the Comvita Board which commenced in June 2019.

Our trading environment continues to evolve rapidly, both on the demand and supply side. New norms have been established and we need to continuously adjust and respond.

Comvita’s ability to adapt had not kept pace with the rate of change. Our processes had become complex and our vertically integrated organisation model made us rigid. At times we were distracted by conflicting objectives between supply operations and demand parts of the business. The strategic review identified that we had to refocus to drive value within the business and at the same time maintain sales growth momentum by being more connected with our global consumers.

Accordingly, we have worked to create operational separation between supply and demand (Brand), each with a clear proposition for the creation of commercial value:

- **Mandate for Supply is:** “low cost producer of high-quality ingredients”
- **Mandate for Brand is:** “sustained profitable growth”

The above model will be enabled through a redesigned leadership structure and a streamlined way of working. The aim is to simplify where there was complexity, reduce costs, increase productivity, and drive both top and bottom-line growth.

This is just the beginning of a long-term transformation programme for the full realisation of Comvita’s potential.

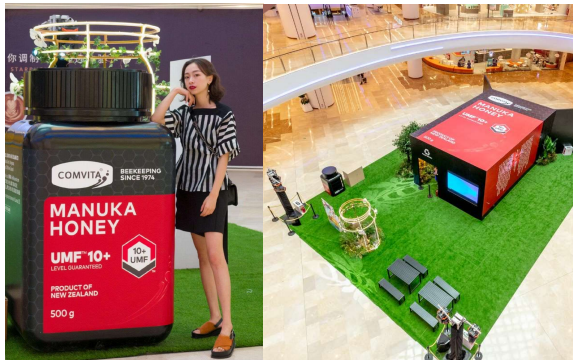
We have laid the groundwork and taken the first step to prepare a stable foundation for our new CEO to build upon. We have an agreed agenda for growth of the business and the direction is clear. Board and Management are looking forward to working with David on the next phase of growth for Comvita in the New Year.

- Brett Hewlett



CHINA: MANUKA HONEY NATURAL WORLD

In September, Comvita launched its transformed UMF™ Manuka honey range to consumers in China at the opening of Comvita Manuka Honey Natural World at L+ Mall, Lujiazui Centre in Shanghai. The immersive Manuka Honey Natural World experience covered 200m² of premium retail space and detailing the source-to-shelf journey of Comvita Manuka honey from rural New Zealand to retail shelves in China's largest city. Chinese celebrities and key opinion leaders, including 菜花美少女 Monica and Yufie 时髦日志 (pictured below), walked through the interactive New Zealand landscape display, which included large-scale scented Manuka flowers and ferns, buzzing honeybees, beehives and a virtual reality experience. In addition to those in attendance, a live broadcast of the opening ceremony was viewed by millions of people.



China is our largest sales market, so revealing our new prestige packaging across the entire Comvita UMF™ Manuka honey range via this large-scale in-market activation demonstrates Comvita is entering a new brand era. We unveiled our new packs to New Zealand consumers earlier in the year.

While all jars still feature the iconic Comvita™ red brand colour which Chinese consumers actively seek out on-shelf, Comvita's new UMF™ Manuka honey packaging has an embellished honeycomb finish with a contemporary bee and Manuka flower motif. Lids are embossed with the Comvita™ logo, and inside the product's premium box, a brand booklet talks to the traceability of the rare honey from its remote New Zealand source throughout the supply chain.



At the Comvita Manuka Honey Natural World opening ceremony, Comvita Co-founder Alan Bougen was joined by New Zealand Trade and Enterprise Regional Director for Greater China, Fiona Acheson, Chinese supermarket chain Ole' Senior Procurement Manager Zhang Haibin and Comvita China General Manager Wang Xiao (pictured above).



USA: COMVITA MANUKA HONEY VERIFIED AS NON-GMO

Comvita has achieved the official Non-GMO Project seal of approval for its UMF™ Manuka honey range sold in the USA and Canada.

The company's UMF™ 5+, 10+, 15+ and 20+ Manuka honey, which is available across North America via large, well-known retailers such as Costco and Vitamin Shoppe as well as online, now features the impartial third-party's seal of approval front-of-pack.

With increased awareness about GMOs across North America, and more in-market shoppers paying attention to labels, displaying the Non-GMO verification on-pack provides American shoppers another reason to choose Comvita. In addition, Comvita is the only Manuka honey sold in North America which is Certified Gluten-Free by the Gluten-Free Certification Organization.

These certifications offer an additional level of assurance of the quality and purity of Comvita Manuka honey, and that our products are true-to-label.

In April, Comvita launched its new USA-specific packaging to North American and Canadian consumers. The newly designed jars have been warmly received by consumers in-market, and clearly differentiate Comvita from other brands in the competitive Manuka set.

As the global leader, Comvita has enjoyed Manuka honey's emergence from niche to mainstream in the Northern Hemisphere, especially as more Americans have discovered its value.

HONG KONG: UPDATE

Most people are aware of ongoing political unrest in Hong Kong in 2019. For the country, there have been commercial ramifications for businesses including store closures, disrupted transport, reduced spending and a significant online delivery impact.

GDP for the third quarter of 2019 has contracted by 2.9% year-on-year with retail sales volume tumbling 26.2% year-on-year in October.

The impact on Comvita sales has been circa -13% year-to-date compared to last year. We have seen a restoration of normal trading activity from Hong Kong locals during November and December although it may take longer for the tourism retail trade in Hong Kong to return to its previous strength.

ARE YOUR DETAILS UP TO DATE?

You can change your address and/or update your holding details online by visiting the Link Investor Centre: www.linkmarketservices.co.nz. You will require your Common Shareholder Number (CSN) number and FASTER Identification Number (FIN) to register these changes and/or access your holding. You can also register for a free online display of your holdings with Link, using your email address and password.

COMVITA KIDS LAUNCH IN USA

Comvita has launched in-market the USA only line of UMF™ certified Manuka Honey-based products for kids. Comvita Kids is a line of Soothing Syrups and Pops that combine Certified UMF™ 10+ Manuka Honey with other well-researched, safe, natural and premium ingredients. Products are available throughout North America in Whole Foods Markets and CVS Pharmacies, as well as online via ComvitaKids.com and Amazon.com.



Three products make up the Comvita Kids line (pictured above):

Manuka Honey Soothing Pops

- 150% daily value of Vitamin C for immune support
- Naturally relieves sore throats
- Three flavours per package including grape, orange and lemon

Manuka Honey Night-Time Soothing Syrup

- Made with Chamomile to promote restful sleep
- Vitamin C, D and Zinc for immune support
- Soothes sore, irritated throats and coughs
- Tasty grape flavour

Manuka Honey Day-Time Soothing Syrup

- Made with Ivy Leaf Extract to help clear mucus
- Vitamin C, D and Zinc for immune support
- Soothes sore, irritated throats and cough
- Tasty orange flavour

PROPOLIS PFL60 CAPSULE LAUNCH

This year Comvita launched its premium PFL60 Propolis capsules with a fresh look and feel, promoting the health benefits of this high-quality product. It has been selling strongly in Hong Kong, New Zealand and via cross-border eCommerce in the lead up to Christmas with sales continuing to maintain momentum.

This premium proposition adds depth to an already strong product category.



2.3 MILLION MANUKA SEEDLINGS PLANTED

During Bee Aware Month in September, Comvita celebrated adding 2.3 million trees to the New Zealand Government's national tree count in 12 months. Comvita currently occupies second place (to a major forestry company) on the official Trees that Count Leaderboard having planted 6.4 million Manuka seedlings in regional parts of New Zealand since 2016.



Comvita's Colin Baskin, Heather Johnston and Joshua Easton.

As well as helping to ensure the longevity of the apiculture industry, the Comvita Manuka Plantation Programme contributes to the biodiversity of the natural environment given Manuka is a nursery plant, and is essential to the wellbeing of bee colonies. Jobs are also created in rural areas where Manuka planting takes place. Over the past year, Comvita planted more than 2,000 hectares of farmland in Manuka across six regions. Once the plantations are established, Comvita will place its hives on the properties to collect a honey crop. Comvita's accompanying Manuka Breeding Programme has been successful in producing high-quality UMF™ Manuka cultivars to suit differing environments. These superior seedlings are used when developing plantations.

Comvita Plantations Manager, Joshua Easton, says, "It's not just about Manuka though. We're now undertaking companion planting, growing a range of other native plant species alongside Manuka to further assist with beehive health and biodiversity."

Comvita's oldest plantation site, Lake Tutira (Hawkes Bay), at eight years old has had another successful year in honey production. This demonstrates the benefits of planting Manuka on marginal farmland creating economic return for both beekeeper and landowner, whilst also improving the environmental impact on the land in both erosion control and effluent runoff.

The honey yield and quality data collected to date from the Tutira plantation trial area is encouraging and consistent with our assumptions included in our Manuka plantation investment modelling scenarios.

