



MOA ACQUISITION OF SAVOR GROUP ADVANCES ON THE BACK OF GOOD SUMMER TRADING FOR BOTH BUSINESSES

22 February 2019

Moa Group Limited (NZX:MOA) announced to the market on 21 December 2018 that it had entered into a conditional agreement to acquire the business of Savor Group, one of New Zealand's largest bar and restaurant groups. This came on the back of Moa outlining its five key strategies at its 2018 AGM - one of which is to strengthen its on premise (bars and restaurants) channel.

Savor Group Acquisition Update

Moa has agreed to purchase Savor Group's outlets, which include Ostro, Ebisu, Seafarers, Azabu, Fukuko, Las Vegas, and four venues at the recently opened Auckland Fish Market (Azabu@AFM, Market Galley, Super Pizza and The Wreck).

The acquisition will be earnings accretive, with a contribution of \$3.6m to EBITDA expected in FY20, and is expected to result in the combined group achieving revenue of over \$40m. Savor founders Lucien Law and Paul Robinson will continue to run the hospitality group, and will also join the Moa Board as executive Directors. The acquisition offers obvious synergies for the Moa brand and further growth opportunities via new venues and brands which the group plan to create together, including branded Moa Craft bars.

This acquisition due diligence has been supported by BDO and Chapman Tripp. A shareholder vote to approve the acquisition is scheduled to be held on Tuesday, 12 March 2019. More information relating to the transaction is contained in the notice of meeting, which has also been released today.

The deal is to be funded by a mix of bank debt, a private placement and a rights issue. A \$5.5m bank facility has now been conditionally agreed with BNZ, and Moa has received firm commitments for a placement of \$3m, at an issue price of 38 cents per share from a group of private investors, including \$750,000 from a family trust associated with executive chair Geoff Ross.

The upcoming rights issue will be priced the same as the private placement, and is intended to be launched after the shareholder approval to approve the acquisition. The rights issue will be a 1 for 11 arrangement, with the aim of raising a further \$2m. Moa will also have a discretion to accept oversubscriptions for up to \$1m. Moa will seek

quotation of the Rights on the NZX Main Board. Shares issued pursuant to the placement will not be eligible to participate in the rights issue. Further details regarding the rights issue will be advised to shareholders in due course.

The funds raised by the rights issue will be primarily applied towards satisfaction of the purchase price for Savor Group. Any excess capital will be used to pursue growth opportunities as agreed between the Board and management.

The deal team are working to close out all conditions and it is expected that the deal will become unconditional if shareholders vote to approve the transaction. Settlement is now anticipated to occur on 1 April 2019.

Moa Trading Update

The Moa brand itself has continued to trade well this summer and has experienced profitable months. The most recent market share data in the supermarket channel shows the Moa beer brand retail value has grown by 32% and has grown retail revenue by \$2m over the last 12 months. This has been driven by a successful innovation program and the new sales joint venture with Constellation Brands. For the last 6 months Moa has achieved more retail revenue growth than any other craft brand. This is the 3rd successive quarter in which Moa has significantly outpaced its craft beer competitors' growth*. Added to this Moa is now enjoying the tap beer volume associated with three new venues as outlined in previous announcements. Two of these venues are located in the Auckland Viaduct.

Savor group has also traded well and is in line with expectations. Pleasingly, the group's new venues at the Auckland Fish Market, which began trading in December 2018, are also meeting expectations.

The business is already working behind the scenes to ensure the newly formed group can start to execute key strategic plans as soon as the deal settles.

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*(27/1/19 quarter AC Nielsen TSM)