

Good afternoon Ladies and Gentleman. On behalf of the Moa Board of Directors, I would like to welcome you to our annual meeting. My name is Grant Baker and I am the Non-Executive Chairman of Moa Group Limited.

We are duly convened as a notice of meeting has been circulated to shareholders and I can confirm that a quorum is present so I am very pleased to declare this meeting open.

Some key formalities first, to get the meeting underway:

We aim to finish by 5:00 pm, after which Moa beer and Weka cider will be available for your enjoyment along with some canapés. The directors and the executives look forward to meeting many of you after the meeting.

The 2013 annual report has been circulated to shareholders – additional copies are available at the registration desk or from Link.

Today we will be voting by way of poll. If you have not yet voted, there will be an opportunity to vote nearer the end of the meeting when the resolutions are put. When the meeting comes to an end, please put your voting papers into the voting box at the back of the room. All votes cast during the meeting will be added to the votes already received and the results will be announced to the NZX after the meeting.

All proxies received have been counted. To date we have received 8.72 million votes, 28% of all shares.

We will begin with the Chairman's address followed by the CEO's Review. There will then be an opportunity for shareholders to ask the Board general questions relating to the management and operations of the business. Those who are not shareholders are welcome to ask questions post the meeting.

We will then move into the formalities of the meeting and vote on the annual meeting resolutions which include the re-election and election of directors and the setting of the auditor's remuneration.

And now some introductions:

Myself, Grant Baker - Non-Executive Chairman; Geoff Ross - CEO of Moa; Non-executive directors Allan Scott and Craig Styris; and our two independent directors Alistair Ryan and Kim Ellis.

We also have in attendance, Moa's chief financial officer and company secretary, Kelvin Ovington, our general manager, Gareth Hughes and Moa founder Josh Scott.

Representatives from our auditor, PricewaterhouseCoopers are here as are representatives from Chapman Tripp, the company's legal advisor.

## **Moa Chairman's address**

While the purpose of this meeting is to cover last years results, I'm sure people are also interested in what's happening right now, how we got here, and what the future has in store.

When we listed in November last year we made sales projections for various markets for the 2014 financial year. At that time we expected that we would sell a total of 195,000 nine litre equivalent cases, a large proportion of which would be sold in New Zealand through our sales and distribution partner.

As we stated in our release of 12 August we now believe we will fall short of that number by about 30%, as sales in New Zealand, and to a much lesser extent Australia, have recently not been meeting expectations.

Our New Zealand sales and distribution agreement was with Treasury Wine Estates (or TWE). The agreement was based on the achievement of agreed sales targets, from which we derived Moa's sales projections. These sales targets will not be met.

TWE is part of the listed Australian Treasury Wine Group that now owns the wine assets of the former Fosters business. TWE still represent the Fosters beer brands in New Zealand.

When Geoff and I were running 42 Below, we had a sales and distribution agreement with Fosters in both New Zealand and Australia, which worked very well. This history and the projections from TWE at the time of the agreement gave us confidence that when we contracted with them for the sales and distribution of Moa in New Zealand, we could expect good results. But this was not to be.

While sales via the grocery channel have been good, allowing us to be the fastest growing craft beer as measured by scan data, our margin has been lower than expected, with too much emphasis on our Moa Original lager, at the expense of our Estate and Reserve ranges.

We are now taking action to address the shortfall in sales and product mix in New Zealand by exiting the TWE agreement. We have also purchased the sales agency rights from our Australian sales agent.

From 1 October we will be managing our own sales force in New Zealand and be distributing through liquor wholesaler Tasman Allied Liquor and via 3<sup>rd</sup> party logistics providers (3PL). We have already commenced selling with our own sales force in Australia, where we also have distribution through 3PL.

We believe that this slower than expected start to the financial year has put us 6-9 months behind in our growth plans for New Zealand and Australia, however we are still very positive about the future for Moa.

In our export markets (with the exception of Australia) volume is tracking to plan. By the end of this month we will have shipped 16 containers to the US versus 14 for the whole of last year. And we've shipped a further 7 containers to other overseas destinations including China, Canada, Finland, UK and Singapore (which is about double the whole of last year).

We've also won over 50 international beer industry awards in NZ, Australia, Japan, Singapore and a number of other countries.

I'd also like to reiterate the personal commitment of Geoff and myself to the business. As you may be aware, our investment vehicle, The Business Bakery has a large holding in Moa and we have invested more than \$2.6m of our own funds, so we are not like many company managers or officers who don't have skin in the game.

We have a vested financial interest in maximizing the success of the business and we intend to make a significant return on that investment.

So please be assured that we are working hard to regain the lost momentum.

I'll now pass you over to Geoff who will talk to you more on the operational side of the business and our initiatives going forward.

## **CEO Review**

Thank you Grant.

And thank you all for coming. We value this opportunity to talk directly with you. And for you to ask questions following the presentation. All the Moa team here are looking forward to discussions post today's formalities.

Whilst this is of course an Annual Meeting, where the previous year's results are presented and put in greater context, like Grant I think it's timely to go into detail on the plans ahead, and the actions we are undertaking as a company this year and next to build a strong base for growth here in New Zealand, and in our International markets. This is where we will give most of the presentation time today.

To start, I would like to re state the Moa Vision - 'To Become New Zealand's beer brand, globally'. Given New Zealand's growing beverage credentials worldwide, given that every country has a beer brand attached to it - Mexico Corona, Australia Fosters, Italy Peroni etc. We believe we have the brand story, the exportability via our shelf life, and provenance and identity to be this brand for New Zealand.

Craft Beer continues to be in growth worldwide. And whilst there are more entrants, there will only be a small number of participants that have the capability - skills, capital, and experience - to become a business of scale and global in nature. We believe Moa has what it takes to be one of these brands.

Last year in November, we raised capital for growth. And you as shareholders joined the Moa journey alongside us. We like you are all invested — personally and professionally in Moa.

With a listing in November, we then had 5 months to run, before the end of our financial year. The year ended on track for us. And I would like to recap on these results. Before going on to 2014 and beyond.

I should also first explain some of the measures we use and why. As a growth business we believe the most important quantum to be judged on is volume. And in our business this is typically done by the measure of 9LE or 9 litre equivalents, which is a standardised case measure in the trade and is around 27 bottles of 330 ml.

Overall, the year ended 31 March 2013 finished slightly ahead of our volume targets. With a target of 97,000 9Le's, we achieved 103,000 9le. This was a growth rate of 107% on the prior year.

At a revenue level this was \$4.38m, up 81% on the prior year.

And country by country this was New Zealand \$3.10m, USA \$0.53m, Australia \$0.46m and Rest of World \$0.30m

Gross margin also tracked up, improving from 27% in the prior year to 31% in FY13.

So now to move from the finish of the FY13 year, to this year and beyond. We will start with the most topical market of late, and the market that has really caused a major restructure for us - New Zealand.

As Grant mentioned, over a year ago, we were approached by TWE, a company that was familiar to us, from 42 Below days. They presented a compelling case for us to join with them, with some projections which we used as the basis for our forecast as we went to market with our capital raise.

Whilst as you can see, the year finished on track, we recently were confronted with a revision to their original forecasts, for the FY14 year. We believe this was unacceptable and incongruent with the trajectory of the brand, which has continued to be built by awareness and understanding. As Josh our founder, says 'Moa is New Zealand's most well know craft beer — you can't buy'.

Whilst April, May and June were tracking behind target, TWE gave assurances that the shortfall would be made up, by various strategies. The July results however were a material miss. On Thursday August 8<sup>th</sup> we were informed the annual number was unlikely to be hit. Friday 9<sup>th</sup> and the weekend were spent examining the potential effects and possible options to make up the forecast shortfall. The following Monday we had a board meeting that spent much of the day on the issues and by the end of that day we deemed it necessary to release a note to the market, to say that unfortunately we would be seriously impacted, and that we would need to part company with TWE to ensure our further growth in New Zealand.

As Grant stated, we believe that this slower than expected start to the financial year puts us 6-9 months behind in our growth plans for New Zealand and Australia, however we remain very positive about the future for Moa.

The lower sales and lower margin in New Zealand, and bias towards our more value driven product, Moa Original, will make a large impact on this years result. Particularly so in the first six months of the year, where these effects will be most pronounced. The half year result will also bear the brunt of the distributor change over, before the benefits of the new model start to come through in the second half of the year. As a result, the full year PFI targets will not now be achieved.

We will still grow substantially internationally this year as a business — but New Zealand growth will be more challenging this year, until new momentum within a new Model is built.

In recent days I have received several comments that I would like to address, the first being — '30% is such a big number' This is true. One reason being that in changing a distributor you invariably take a double hit. The hit of the decline in volumes and then the very substantial hit for the change itself, due to a stop in trading before momentum is regained under a new model. For us, we realized that would be the case. However better to take the hit now, and get on a path to rebuilding momentum sooner, rather than later.

We have moved quickly and decisively with the new model that we are setting up in New Zealand. We can now say we will be setting up a direct model with a dedicated set of Moa sales people. This focused and dedicated team is the same structure that realised Moa's significant growth rates prior to TWE.

Orders will be fulfilled via liquor wholesaler Tasman Allied, who already deliver to the bulk of liquor industry customers – in both off premise (liquor stores) and on premise (bars and restaurants). We will deliver direct to key grocery groups – Progressive and Foodstuffs, utilising third party logistics providers.

We will also add our own sales people. We have two on board already, with another three to come. We believe we will have the new Sales and distribution model up and running by the 1<sup>st</sup> of October. Clearly having an internal sales force introduces additional structure costs to the business. In time this will be covered by the distribution margin captured, incremental volume growth and an improvement in product mix.

A question, since this announcement has been made is, 'Is this because the craft beer category has become more competitive?' The answer to this is, we do not believe so. The craft beer category has attracted more players and will likely continue to do so, as it obviously is in growth - much like the wine industry has attracted many new entrants over the last 30 years. However there will be a small number that do grow and create export orientated businesses. And become substantial in size. Moa is unique, with its brand story, product offering, business skill set and capital. I do not know of another New Zealand craft brewer better equipped to attack the global craft beer opportunity than Moa. Yes, there is a race on — however we have to say, we have a powerful vehicle, even with the disruption and delays in New Zealand of late, to lead this opportunity.

The New Zealand team is eager to get underway with our new model, and in fact is liberated to be able to engage directly in sales ourselves. Over the last few days I have had many messages and emails, from supermarket owners to hotel groups, from bar owners to consumers, which support our move to our own model.

It is now up to us, to build our market. And while we own this responsibility, we hope that you as co-owners can push every outlet you can, to bring in Moa. We all have the same opportunity in that regard. Keep telling your local, bars, liquor stores and supermarkets to get Moa in for you. Or call us directly with your sales opportunity leads.

Whilst we are excited about the export markets, we do believe we can and will create a meaningful share of our home market. An important part of being New Zealand's beer, globally.

In a similar, albeit smaller vein, we have changed the structure in Australia. Where we have taken the agency back ourselves. We have gained distribution via ALM, Australians biggest liquor distributor, which will give us the reach. We now ensure we make the sales ourselves with our own people. We have focused efforts on New South Wales and will build this State up first.

A new team is in place with a new market head who started yesterday.

The USA is tracking to plan. We have a great importer and distributor network in the US.

The US craft beer market is the most advanced in the world, with craft beer taking a much larger portion of the beer market than here. Taste preference is for bigger, more sophisticated beers. Our Reserve range is very well suited to this market.

The draft beer market is also in growth in the US. We operate a one-way disposable key keg system. Sending 30 litre kegs to the US. Kegs are taking a larger portion of sales than previously envisaged.

Whilst the US is a very large market – it requires focus on some key regions. For us this is the Boston, New York areas, Texas, and also Northern California.

We now have four people in the US and have invested ahead of the growth curve there in anticipation of growing a sizable export market.

Much of the investment this year has been in San Francisco. An important Craft beer capital. Fortunately for us, this is also the home of the Americas Cup event this year.

On the back of a very positive experience at the London Olympics last year, with Kiwi House, we have taken a considerable marketing push. We supply a Moa themed bar on the end of Pier 29 overlooking the finish line, called the Moa Bar of Arr – a pirate themed bar.

We also are substantially supporting a restaurant showcasing New Zealand products, called the Waiheke Island Yacht club.

This is obviously a critical time for both these initiatives, and whilst July was a little slow due to cancellation of racing, they are now performing very well. Sales over the weekend just gone, were very strong.

The other markets we export to, whilst not as big as New Zealand or the US, do make a useful addition. The inclusion of Canada, China and Finland have been a great addition for us. These markets are also tracking to plan. And as Grant mentioned are providing exports for this year, already larger than the whole of last year.

Another key part of our growth plan is for the expansion of our Marlborough brewery. This required a very lengthy resource consent process. Whilst approval has now been given, we are in a stand down period while we wait out the possibility of any appeals. This finishes in another week. During this time we have had to make plans for contract brewing to keep capacity growing. We have several options, to contract brew our Moa Original lager. We believe contract brewing is the right way to go for the near and medium term.

The cash position at the end of the FY13 years was \$11.4 million. And with contract brewing we are in a strong position to keep growth going, whilst having a strong balance sheet.

In closing I would like to say I have full confidence in the Moa team and our plans. The set back of last week has certainly created a significant delay in these plans. However we take accountability for this, and importantly getting them back on track. And growing New Zealand's Beer brand, globally.

Personally I would like to thank the Board and the management team. I am convinced we have absolutely the right group of people.

We look forward to reporting progress to you. And giving updates on the developments and impact of our own distribution model here in New Zealand. Thank you for being a Moa owner – and being on this journey with us. And again – keep up the Moa Hunting.



## **Shareholder discussion**

Thank you Geoff. Ladies and Gentlemen, I now invite any question, comments or discussion from shareholders or proxy holders relating to the management and operations of the business. An opportunity to ask questions relating to the formal resolutions will be available during those proceedings shortly. Any shareholders wishing to speak should move to the microphone nearest to them and direct any question through the chair. Please introduce yourself by name to the chair. If you are not a shareholder, we are happy to take questions post the meeting.

## **{Questions and answers}**

We now move on to the formal business, which is detailed in the notice of the meeting. I will move each resolution, invite discussion on that resolution, and then put the resolution on to a vote. As mentioned, voting will be by way of poll. You may choose to complete your voting paper as the resolutions are proposed and discussed or you may choose to complete your voting paper at the conclusion of the meeting

## **Reappointment of directors**

First, we will deal with the re-election of directors. All Board members were appointed simultaneously, following the incorporation of Moa Group Limited. As such, all directors have been in office for equal periods. Alistair Ryan and Craig Styris are retiring by rotation today. Both are eligible to stand for re-election.

### **Resolution 1.a.**

The first resolution is the re-election of Alistair Ryan. As mentioned, Alistair joined the Board in August 2012. Alistair retires by rotation and, being eligible, offers himself for re-election. Alistair will now address the meeting.

## **{Alistair addresses the meeting}**

Thank you Alistair.

The Board considers Alistair Ryan to be an independent director and unanimously endorses Alistair's re-election as a director of the company. I will now put the resolution.

**I move that the company re-elects Alistair Ryan as a director.  
Is there any discussion?**

{Questions, responses}

**I now put the resolution.**

**Shareholders should complete their voting papers for this resolution.**

**Resolution 1.b.**

The second resolution is the re-election of Craig Styris. Craig also joined the Board in August 2012 and is a non-executive director who is an Investment Director at Pioneer Capital, a substantial shareholder in Moa Group Limited.

Craig will now address the meeting.

**{Craig addresses the meeting}**

Thank you Craig.

The Board unanimously endorses Craig's re-election as a director of the company. I will now put the resolution.

**I move that the company re-elects Craig Styris as a director.  
Is there any discussion?**

{Questions, responses}

**I now put the resolution.  
Shareholders should complete their voting papers for this resolution.**

**Resolution 2**

The final matter is to confirm the appointment of PriceWaterhouse Coopers as auditor, and to authorize the Directors to fix the auditor's remuneration.

**Resolution 2**

**I move that PriceWaterhouse Coopers be re-appointed as the auditor of Moa and that the directors be authorized to the fix auditor's remuneration for the coming year. Is there any discussion?**

{Questions, responses}

**I now put the resolution.  
Shareholders should complete their voting papers for this resolution.**

That brings us to the conclusion of the resolutions. At the end of the meeting please deposit your voting paper into the voting box at the exit to this room. The votes will be collated by Link and will be announced to the NZX after the meeting.

**Closing**

That completes the business of the meeting, and today's annual meeting.

The presentation is available on the New Zealand Stock Exchange and will be on the Moa website by the end of today.

Once approved the minutes will also be put onto the website.

Again can I say, we are excited about the year ahead and we look forward to providing feedback as the year progresses.

Thank you for your attendance and I declare the meeting closed.