

Market Release

20 December 2013

Veritas Announces New Acquisition

Veritas Investments Limited (NZX:VIL) announces that it has acquired a 50% shareholding and joint venture interest in Kiwi Pacific Foods Limited, a manufacturer and supplier of meat patties for local and international markets. The remaining 50% of Kiwi Pacific Foods is owned by Antares Restaurant Group Limited, which holds the Burger King franchise in New Zealand. As part of the transaction, Veritas has also acquired the management rights to manage Kiwi Pacific Foods' operations on behalf of its shareholders.

Kiwi Pacific Foods owns and operates a Ministry for Primary Industry (MPI) approved meat patty production facility in Auckland, where it employs 14 staff. It has a preferred supplier arrangement with Antares through which it has been supplying meat patties to Burger King in New Zealand for nearly 20 years. In addition, it also supplies meat patties to other high profile customers in the restaurants and fast food sector in New Zealand.

The purchase price for the acquisition is made up of three elements; \$2.8 million in cash, \$0.6 million of Veritas shares issued at \$1.38 per share, and an earn-out calculated by reference to Kiwi Pacific Foods' net profit before tax attributable to export sales over the three years following acquisition. Under the earn-out, the purchase price will be increased by an amount equal to 25% of Kiwi Pacific Foods' net profit before tax attributable to export sales in each of the three years following the acquisition.

The \$2.8 million cash component of the purchase price has been funded by a debt facility provided by ANZ Bank New Zealand Limited. Veritas otherwise has no further debt and expects to pay dividends in line with forecast as set out in its March 2013 investment statement.

Mad Butcher Chief Executive, Michael Morton, commented, "Kiwi Pacific Foods is a business that can be supported by the procurement base of the Mad Butcher Limited business and aligns us with the iconic "Burger King" brand as our cornerstone client. We see good growth opportunities in export markets through the Burger King connections internationally."

Veritas Chairman, Mark Darrow, added, "This is a natural addition to the Veritas group and gives us valuable production capacity in the meat sector. In the first full year of ownership, after associated acquisition costs, Veritas expects Kiwi Pacific Foods to contribute around \$0.775 million of profit before tax and around \$0.55 million of net profit after tax (NPAT) to the Veritas group. We are particularly excited in the joint venture arrangements with Antares Restaurant Group and look forward to continuing and expanding the long standing partnership."



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