

2020

Feed the South Island



Social Licence to Operate

Foodstuffs supporting our local communities



Our Year In Review

Foodstuffs are continually proving why we're the leading retailer of groceries for the South Island



VERUSCHKA PRETORIUS
- STORE PERSON,
HORNBY DC

Foodstuffs South Island | Annual Report

DELICATESSEN



ELLIOT DARLING – FROZEN FOODS MANAGER, PAK'NSAVE WAINONI
JESS & ARTHUR MILLIGAN – VALUED CUSTOMERS



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JANELLE MOYLAN - STORE PERSON, HORNBY DC

OUR MISSION

Feed the South Island



It's a simple purpose, but a powerful one. More than half the food consumed in the South Island comes into homes through us. Every day, to every part of the mainland, our Co-operative is delivering fresh and affordable food.

Through sunshine and storms, earthquakes and adversity – our network and our people excel. We do everything in our power, and then a bit more, to make sure life is better every day by giving people what they want – the products, the value, the experience and the service.

**We feed families.
We feed communities.
We feed the South Island,
and we're proud of it.**

WHO WE ARE

Our Year in Review

Foodstuffs are continually proving why we're the leading retailer of groceries for the South Island; through sustainability, innovation and customer driven initiatives - but it is truly our people, who drive our success.



APRIL
Private label (Pams and Value) milk manufactured by Synlait enters all stores for the first time



JULY
Pams Pantry, a new concept store opens in Amberley
Trents secure the food service supply contract with Compass Group New Zealand

MAY
New World Durham Street opens (Christchurch)



AUGUST
Four Square Darfield new store opens (Canterbury)

WE HAVE 61 FOUR SQUARES ACROSS THE SOUTH ISLAND

61

MARCH
SHOP'nGO introduced to PAK'nSAVE Wainoni





OCTOBER

PAK'nSAVE wins the prestigious Gold Medal EFFIE marketing award – for Sustained Success in a marketing campaign



DECEMBER

New World Three Parks opens (Wanaka)



FEBRUARY

600,000 New World Club Card members in the South Island

3

WE HAVE 3 DISTRIBUTION CENTRES

NOVEMBER

Chilly Bin, the addition of a world-class chilled and frozen distribution centre (Hornby, Christchurch), is completed and fully operational



JANUARY

Category Service Team rolled out a new product acceptance and review process to new suppliers

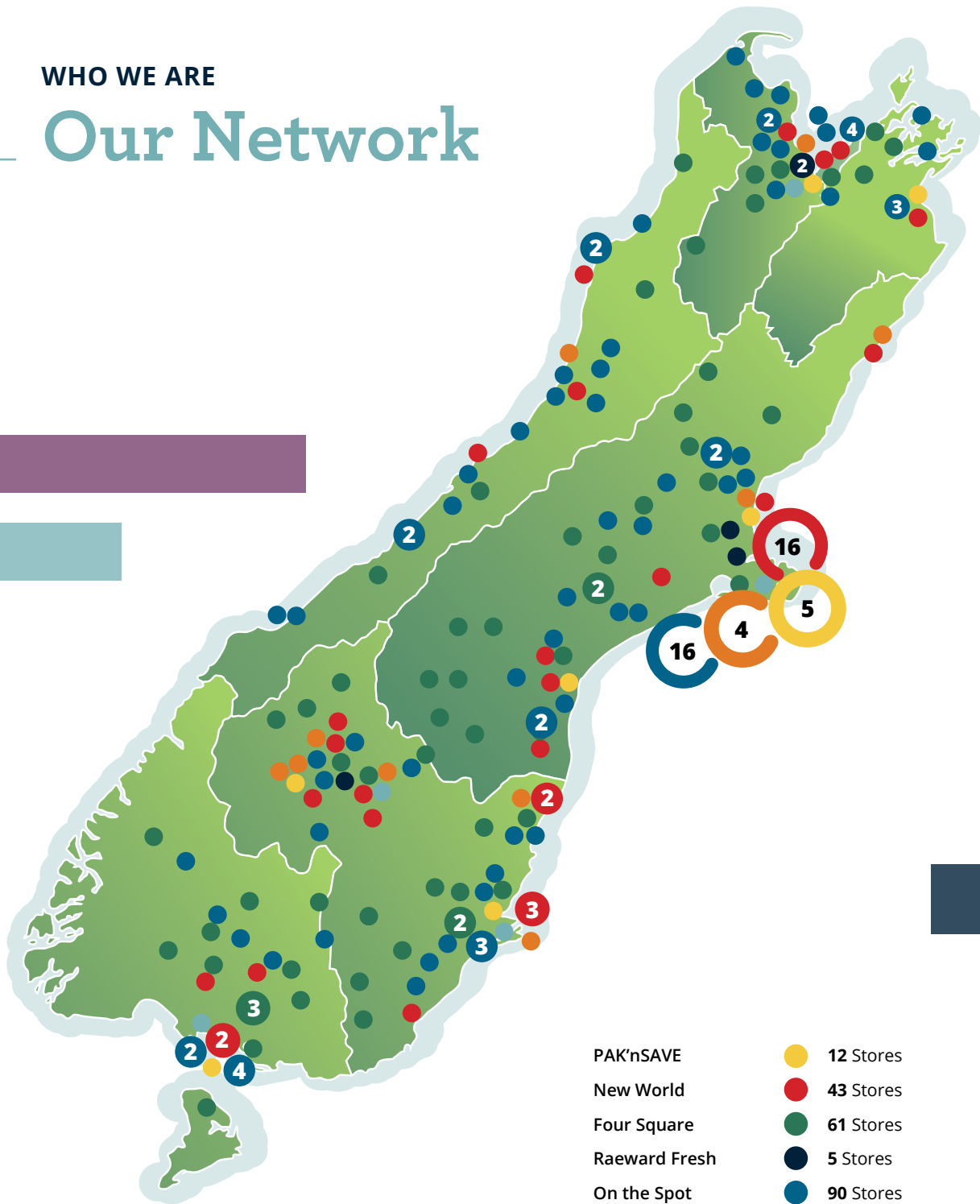




TIM DRUMMOND - STORE PERSON, HORNBY DC

WHO WE ARE

Our Network



- PAK'nSAVE ● 12 Stores
- New World ● 43 Stores
- Four Square ● 61 Stores
- Raeward Fresh ● 5 Stores
- On the Spot ● 90 Stores
- Henry's BWS ● 15 Stores
- Trents ● 5 Branches





WHAT IT
TAKES to FEED THE
SOUTH ISLAND

pams
FINEST

pams.co.nz

THER!



SUDHARAKA ARAMBEPOLA - TSI DRIVER



4:27am

Foodstuffs is a 24hr 7 days a Week Operation

**OUR TRANSPORT FLEET
- TSI LOGISTICS (TRANSPORT SOUTH
ISLAND) ARE THE LINK BETWEEN OUR
SUPPLY CHAIN AND OUR STORES:**

140+

HEAVY TRUCKS, TRAILERS &
SMALLER VEHICLE DELIVERY ASSETS

Transport plays a vital link in our ability to 'Feed the South Island' and the Foodstuffs owned TSI Logistics has a massive presence on South Island roads. We place significant emphasis on ensuring our investment in heavy fleet equipment and driver training is world-class and highly weighted towards the highest Health & Safety outcomes. We firmly believe in our responsibility to provide premium equipment and quality training to ensure TSI delivery drivers and the general public are kept safe within our communities.



**EVERY WEEK WE TRAVEL MORE THAN
TWICE AROUND THE CIRCUMFERENCE
OF THE EARTH!**

That's 85,000km

**EVERY WEEK TO EVERY PART OF THE
SOUTH ISLAND**

We've teamed up with heavy trade linehaul equipment company Penske New Zealand and their world-renowned MAN trucks which make up 70% of our linehaul fleet. They feature the latest in active and passive safety features including built-in crumple zone cabs, advanced cabin ergonomics, Anti-lock Braking System (ABS) and MAN's state-of-the-art Electronic Brake System (EBS) which ensures a shorter emergency stopping distance.

Delivering over

1 million pallets
PER ANNUM TO

2800

MEMBERS AND CUSTOMERS

Complementing our premium quality gear, TSI Logistics engage in training initiatives and ongoing capability assessments, which include driver training simulators, stability and control driving programmes. Our SAFED (Safe and Efficient Driving) focuses on fuel-efficient driving and on improving driving standards, road safety and wellbeing of the driving team.





RUSSELL MCKENZIE, CHAIRMAN FOODSTUFFS SOUTH ISLAND

CHAIRMAN'S REVIEW

Foodstuffs Iconic Status in the Hearts of New Zealanders Remains Strong

As the financial year closes, it's been one of celebrating major milestones, as we see long term projects enter into operation. In particular, the completion of our temperature-controlled distribution centre enhances our ability to feed the South Island. Our state-of-the-art facilities and technologies deliver world-leading results to our members, suppliers and ultimately our shoppers.

Strategy has been a significant focus for the Board and we've simplified and added greater focus to our Co-operative.

Our overarching drivers have been distilled down to two strategic objectives:

1

FUTURE FOCUS ON CO-OPERATIVE SUCCESS

CUSTOMER DRIVEN CO-OPERATIVE

2

Whilst seemingly simplistic, they are each underpinned by a vast depth and breadth of research, data and business plans which will help drive us to greater successes in the coming years.

This strategy further knits together our teams, ensuring the fabric which binds together the 15,000 plus people across the Foodstuffs Co-operative, remains strong and we're all driving for the same outcomes for our members, suppliers and our customers.

There's no denying the larger global environment has been one which has continued to impact us in New Zealand and Foodstuffs has certainly experienced the waves of nervousness which exist globally. At home Kiwis continue to spend cautiously, and while our results still reflect steady year-on-year growth, it sits below our forecasts.

That said, as a Board, we set high expectations and we're not just aiming for great; we're aiming to take our leading position and make it even stronger as we have done throughout our proud history. We hold the market share and aim to keep increasing on this, ensuring we continue to evolve to deliver a complete customer experience that exceeds expectations.

As the only 100% New Zealand owned and operated supermarket group, we've been right here with South Islanders for many decades. This year Four Square celebrated 95 years and remains one of our country's most loved institutions.

“As the only 100% New Zealand owned and operated supermarket group we’ve been right here with South Islanders for many decades. This year Four Square celebrated 95 years and remains one of our country’s most loved institutions.”

RUSSELL MCKENZIE, CHAIRMAN
FOODSTUFFS SOUTH ISLAND

FINANCIAL REVIEW

It’s been a solid year in the face of challenging economic conditions and supply chain cost pressures. Sales have lifted to \$3.19B, an increase of \$51.6M or 1.6%. All retail brands other than Henry’s (due to store exits) saw year-on-year revenue growth, with PAK’nSAVE the strongest performing brand.

The trend from last year continued with customers seeking value and therefore looking to economise on grocery spend. Our customers have also made it clear to us that they cared deeply about Corporate Social Responsibility (CSR) aspects, in particular, use of plastics, and the effect of waste on the environment.

During the year we were also faced with a number of significant adverse events. These included the March 15th terror attacks and the Rangitata river and West Coast floods. We are extremely proud of the way our Co-operative reacted to these – as is often said, “adversity tests culture”, but you need to have a robust culture prior to any adversity. Clearly, our culture was tested and passed.

Gross Profit grew by 3.4% due to sales growth. A key driver was the increase in goods supplied to members via Foodstuffs distribution centres, especially increased chilled and frozen products from our new Temperature Controlled facility.

Operating Income and Operating Expenses increased during the year by \$2.0M and \$25.2M respectively. Costs continued to be a major challenge for the Co-operative. The key driver of the 10.0% increase in operating expenses comes from our supply chain as a greater proportion of revenue growth is from products supplied from our own distribution centres. These higher volumes through the Co-operative’s supply chain have also led to an increase in staff and cartage costs to deliver the increased number of cartons to our members.

In addition, there is an underlying increase in depreciation of \$4.2M from recent investments in new and refurbished supermarkets and the completion of our new Temperature Controlled Distribution Centre. The continued investment in our property, systems, and our supply chain is core to long-term sustained success of the Co-operative.

Operating Profit (before monthly rebates) was \$6.5M higher at \$298.0M, a 2.2% increase.

Distributions to Members (consisting of Rebates, Dividends and Imputation Credits) total \$291.3M, an increase of \$2.3M or 0.8%. The significant rise in monthly rebates by \$23.5M due to greater volumes supplied from our distribution centres is offset by lower supplier rebates -\$10.3M, and other end-of-year rebates -\$11.2M.

THE 2019/20 MEMBER DISTRIBUTIONS

In addition to the year-end rebates, there are \$8.0M of dividends on Retained Patronage Shares which will be paid out with \$3.1M imputation credits attached.

The Board has again decided to pay a dividend on the Trading Deposit Shares held by Members. This dividend will be at the same rate as the Retained Patronage Shares (3.0% fully imputed) and equals \$1.0M with \$0.4M in imputation credits.

The Co-operative continues to maintain its very strong financial position with total assets of \$1.4B and all key financial ratios and associated measures remain within the requirements set by our funding partners.

During the year the funding structure was reviewed, and significant changes were implemented. We have executed new 3 year \$350M syndicated facilities with 4 leading banks. The facilities provide certainty for future years and have provided operational benefits through more streamlined processes and simplified compliance requirements. The syndicated facility combined with our At-Call member deposit facility have the Co-operative well positioned for the years ahead.

ACKNOWLEDGEMENTS

I wish to acknowledge the broader perspective and immense value our two Independent Directors bring to the Board.

We have much to celebrate and I thank every person in Foodstuffs for their contribution which feeds the enduring depth of our commitment and passion to the Co-operative. It requires perseverance and innovation to stay abreast and focused in this ever-changing world. Retail comes with long trading hours, necessitated by changes in lifestyle patterns, rapidly changing community imperatives driven more and more by the consumer voice and fast-moving technology. It’s with pride I can attest to the ever-present ability of our members and our teams to continually exceed expectations. As a Co-operative we always rise to the occasion, Feed the South Island no matter what.

On behalf of the entire Board, I thank everyone for being part of the journey.



Russell McKenzie
Chairman – Foodstuffs South Island



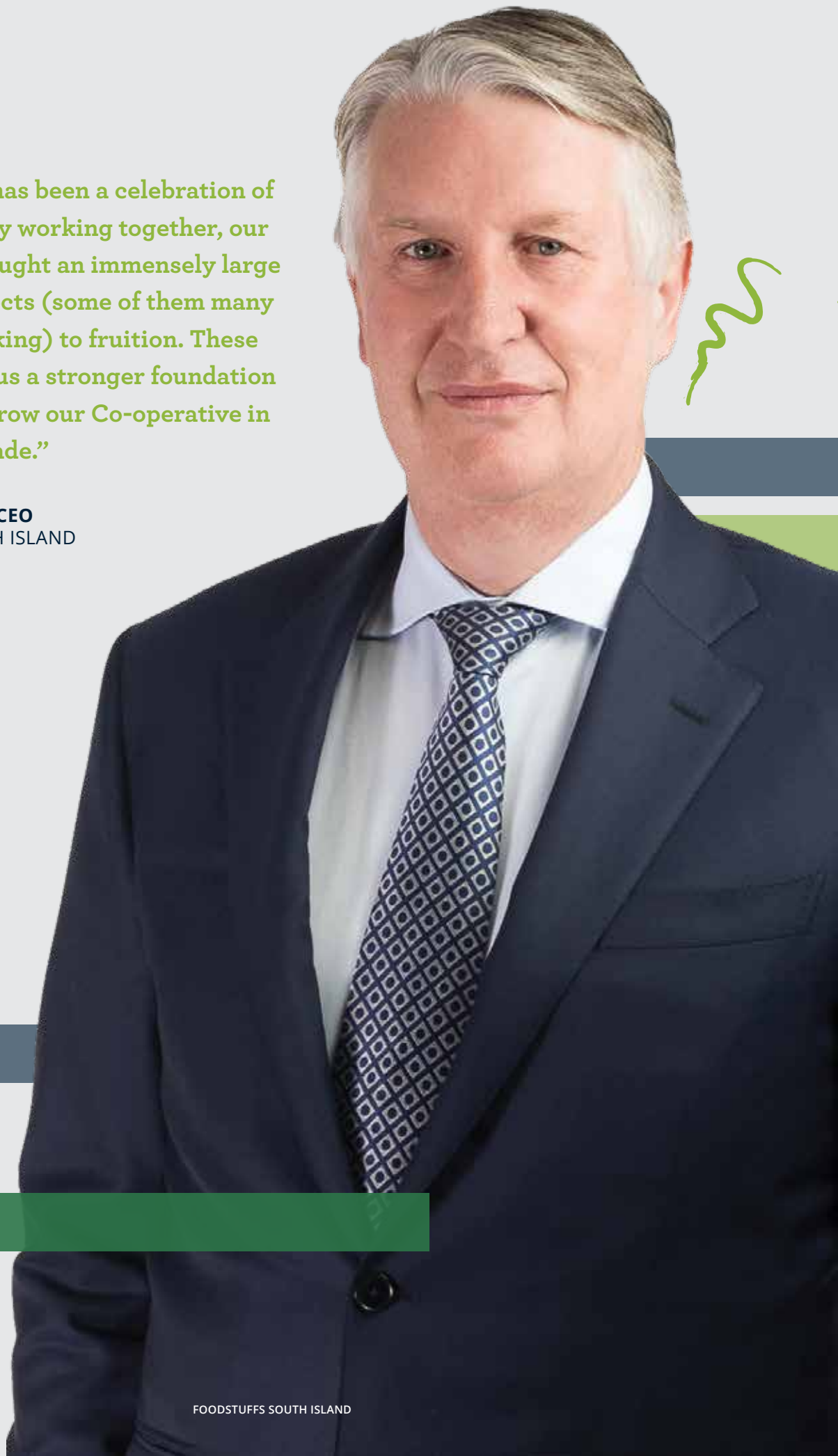
RANDALL HALE - PAK'SAVE WAINONI

PAK'SAVE
WAINONI
PAK'SAVE

Eye CA
Crate 37L 12x1kg
12kg Net
No SKU 230205 306085

“The past year has been a celebration of collaboration. By working together, our people have brought an immensely large number of projects (some of them many years in the making) to fruition. These initiatives give us a stronger foundation from which to grow our Co-operative in the coming decade.”

STEVE ANDERSON, CEO
FOODSTUFFS SOUTH ISLAND



CEO REVIEW

Feed the South Island

It's a simple mission but a powerful one.

During this past year, we've better articulated what 'Feed the South Island' really means to us and used this as the opening commentary to our refreshed strategic direction.

This has further strengthened the fabric of our Co-operative and helped re-focus all our attention on the activity that will really make a difference to our store owners, our suppliers and our customers.

OUR MISSION - FEED THE SOUTH ISLAND

More than half the food consumed in the South Island comes into homes through us. Every day, to every part of the mainland, our Co-operative is delivering fresh and affordable food. Through sunshine and storms, earthquakes and adversity – our network and our people excel. We do everything in our power, and then a bit more, to make sure life is better every day by giving people what they want – the products, the value, the experience and the service.

We've also added a powerful and collaborative Corporate Social Responsibility (CSR) roadmap which has been actioned in conjunction with Foodstuffs North Island. Both Co-operatives have done many great things in this space, but when we formally brought it all together into one strategic document, it was humbling and empowering to see the great work we're doing across New Zealand, (and will continue to do!). Our national CSR strategy clearly articulates what we'll continue to do to retain our social licence to operate.

It's unusual to be writing about last year's performance when we are dealing with the current COVID-19 pandemic crisis. I am incredibly proud of the way we have responded to COVID-19 and how we've remained focused on Feeding the South Island. Notwithstanding that, it is also important to reflect on the previous year.

**We feed families.
We feed communities.
We feed the South Island,
and we're proud of it.**

A YEAR OF PROJECTS COMING INTO THEIR OWN

If I had to find one short statement to summarise this past year – it would be ‘celebration of collaboration’. By working together, our people have brought a large number of projects (some of them many years in the making) to fruition. Across property development, business management systems and retail IT initiatives, we’ve built even stronger foundations for the future.

We saw the final stages of Chilly Bin completed. The build of this world-class chilled and frozen distribution centre at Hornby enables us to increase the volume, ranges and services required to ‘Feed the South Island.’

In our stores, we’ve rolled out enhanced self-checkouts, card-only payment options, reduced receipt printing, provided a retail mobility option which helps stores manage many daily operations. We’ve launched SHOPnGO, added features to our shopper loyalty programmes and we’re using data in more relevant and targeted ways... and that’s just a small snapshot of what we’ve been doing!

On the property front, we’ve opened two incredible, world-class stores - New World Durham Street (Christchurch) and New World Three Parks (Wanaka). A stunning new build for Four Square Darfield also provides an aspirational store to this banner group. We’re proud of all these stores and heartened to see our customers love them as much as we do.

Among these achievements and celebrations, there was a moment of horror, when in March we collectively

experienced the shock of the Christchurch mosque attacks. We had a number of people directly and deeply impacted in both our Distribution Centres and across our Canterbury and Otago supermarkets. One of our Dairy owners was among the 51 killed, two of our staff suffered gunshot wounds and are still recovering. Many more had family and friends directly impacted. Despite the shock of the situation, our incredibly strong Co-operative spirit, with the support of the Foodstuffs (South Island) Community Trust, allowed us to immediately wrap support around everyone who needed (and continues to need) it.

As I approach 20 years as Chief Executive Officer, I remain immensely proud of the people, the culture and the results our teams deliver year after year. It’s been a tough year in retail, but Foodstuffs South Island retains its leading market share, and is steady in its year-on-year growth. Importantly, it remains strong, united and unflappable in times of immense change, through increasing demands from consumer expectation, and accelerated advancements in technology. Our Co-operative stands proud and we continue to Feed the South Island with pride.



Steve Anderson
Chief Executive Officer
Foodstuffs South Island



“As I approach 20 years as Chief Executive Officer, I remain immensely proud of the people, the culture and the results our teams deliver year after year.”

STEVE ANDERSON, CEO
FOODSTUFFS SOUTH ISLAND



JASON WALTON AND CHARLOTTE BATT
- SUPERVISORS, HORNBY DC



WHAT IT TAKES to FEED THE SOUTH ISLAND



6:21am

Fresh Procurement

For our Fresh Procurement Team, early mornings are spent sourcing and securing the best produce from our growers to ensure our stores are well stocked with high quality products (for the best price). From Canterbury grown potatoes to bananas from Ecuador, the team really know their apples from their oranges.



LAST YEAR SARAH SOURCED

58.3M
BANANAS

FOR OUR STORES AND
THEIR CUSTOMERS

*(that's a lot of
banana cake!)*

SARAH AUSTIN – PRODUCE BUYER, MERCHANDISING



FOODSTUFFS NEW ZEALAND REPORT

FSNZ Upfront



The Foodstuffs Marketing and Customer Experience function had a solid year in the face of challenging economic conditions. Following a recalibration of its structure and capability, the team's focus has been to align and integrate more closely with the operational departments of both Co-operatives. The goal of this is to lift the in-store and above-store performance of our brands, particularly New World, as consumers have more options than ever on where to spend their hard-earned money.

A dedicated focus this year has been to reinvigorate our Marketing and Customer Experience team as we differentiated propositions for each of Foodstuffs' brands in order to meet and stay ahead of changing consumer expectations. This has included resetting our capabilities in order to build out from our core traditional marketing into precision and experiential-based marketing. This is so our brand experiences are fit for purpose and can meet the needs of a new, digitally-driven generation. Enabled by an insight-led way of working which puts our customers at the centre of our marketing programs, the performance of our marketing and customer experience initiatives are gaining significant traction.

Shoppers are economising their expenditure and seeking more value from their grocery spend. The launch of New World's 'Three Ways to Save' and 'Everyday Value' propositions have been successful in building value for money equity for the New World brand. This launch of the propositions was quickly followed by the brand's summer Spiegelau glassware promotional campaign, driving a record sales lift and enhancing New World's leadership position as the highest rated supermarket for customer satisfaction (Canstar 2019) and the top ranked supermarket for leadership in the Colmar Brunton "Corporate Reputation RepZ" survey.

PAK'nSAVE continues to deliver on its policy of offering New Zealand's lowest food prices, with New Zealanders ranking it the second most reputable brand across all brands and the leading retailer in NZ (Colmar Brunton "Corporate Reputation RepZ" survey). It was also voted the 5th most loved brand in the country (Colmar Brunton "Brands I Love" register). PAK'nSAVE's advertising continues to receive significant accolades across the industry for its effectiveness and sustained success.

We have a challenging year ahead of us as we adapt to an unpredictable and changing environment.

Four Square, as always, continues to touch the hearts and minds of our local communities and has experienced significant growth. This success is fuelled by our commitment to act on customer insights, deliver top-notch customer experiences, and drive loyalty and engagement with our customers.

Our work with Government to advocate for what's best for our business, customers, and the 39,000 New Zealanders we employ continues. Our Corporate Affairs team is leading the way in spreading the good news about our Co-operatives to New Zealanders. We have made significant strides in sustainability as we integrated our CSR strategy into the business. The hard work of our CSR and Sustainability teams served as a catalyst for FSNZ to join the Climate Leaders Coalition. We also made the decision to further resource our popular school nutrition programme, Food for Thought, into Wellington which will take shape in FY21.

We have a challenging year ahead of us as we adapt to an unpredictable and changing environment. The effects of COVID-19 means this will look different to anything we could have previously anticipated. We are fortunate to have a strong team, who will continue delivering on what New Zealanders need most – and we are proud to have New Zealand's back.



ADVOCACY

The Labour-led Government continued to review and make changes to employment law, reflecting its objective of strengthening protections for workers throughout FY20. Submissions were made in response to MBIE's consultation on fair pay, proposed changes to immigration settings, and proposals to address migrant exploitation. At the time of writing, all these proposals, along with a review of the Holiday's Act and Pay Equity legislation, both initiated in 2018, are progressing but are not yet finalised.



FOODSTUFFS NEW ZEALAND REPORT

Sustainability



In FY20, Foodstuffs New Zealand developed a national Corporate Social Responsibility (CSR) strategy to better direct the two Co-operatives' ability to harness the good work already being done. Our CSR pillars are 'Sustainability Leadership,' 'Healthy and Affordable Food,' 'Meaningful Work' and 'Caring for our Communities.' The pillars are reinforced by work that was carried out to understand areas where the Co-operatives can make a real and positive difference in Aotearoa. Sustainability highlights across our three important areas of focus are outlined below.

A FOCUS ON WASTE MINIMISATION



8 million meals

were provided to local communities via partnerships with food rescue organisations

2000

tonnes of plastic was eliminated across our supply chain per year. This was achieved by switching to NanoWrap, which is one third the weight of traditional pallet wrap

Many sites in the programme have now achieved a

90%

LANDFILL DIVERSION RATE

130

participating sites

in the Foodstuffs waste minimisation programme

18.5 MILLION



cardboard boxes were eliminated by switching to reusable crates.



DAVID MACKENZIE – FSSI MERCHANDISE OPERATIONS MANAGER

DRIVING FORWARD PACKAGING AND SINGLE-USE PLASTIC REDUCTION

- We are actively working towards achieving the goals set by the New Zealand Plastic Packaging Declaration – 100% reusable, recyclable or compostable in-store and private label packaging by 2025. A national project team has been established to drive this change via packaging reviews, in-store trials and the development of best practice guidance.
- In a New Zealand-first, Foodstuffs supermarkets introduced a bring-your-own (BYO) container scheme for store serve-over departments, allowing customers to take active involvement in reducing the amount of packaging they use.
- Plastic straws and oxo-degradable plastics were successfully exited from the business.
- Our private label, Pams brand, introduced home compostable fibre net bags for onions, shallots and garlic, replacing recyclable plastic.
- Our Food in the Nude initiative was rolled out to 36 New World stores. This programme heroes loose produce, reduces single-use plastic, in collaboration with suppliers and supports reusable solutions throughout the supply chain.
- Foodstuffs' partnership with the Sustainable Business Network delivered masterclasses focused on designing out single-use packaging, circular systems and cross-sector collaboration.

A COMMITMENT TO LOW CARBON

With a strong global and national focus on carbon, Foodstuffs decided to make a public statement showing our commitment to change in this important space. The announcement that Foodstuffs joined the New Zealand Climate Leaders Coalition was well received by members and customers alike. The commitments associated with this membership dovetail well with existing activity we have in place, including:

- Trialling electric trucks;
- Rolling out low carbon refrigeration;
- In partnership with ChargeNet and with funding support from EECA, continuing to expand our electric vehicles charging network to more than 90 store-based chargers by the end of 2020.

FOODSTUFFS NEW ZEALAND REPORT

Foodstuffs Own Brands Limited

Foodstuffs Own Brands Limited (FOBL) has wrapped up another successful year, continuing to execute the strategy with many exciting projects on the horizon as the business heads into FY21. With the appointment of Lisa Oldershaw as the FOBL GM, FOBL has gone through a restructure and strategy overhaul, and is ready to drive private label growth this year and beyond.

Commercially, FOBL has gone from strength to strength with a positive track record that's on target to achieve \$1.3b in sales for Retail and Wholesale combined. Just as pleasing, FOBL is enjoying 8% growth year-on-year.

FY20 saw the appointment of a Lead Quality & Technical Manager, tasked with reviewing and refining the processes underpinning innovation and quality within the Pams, Value and Gilmours brands for the business.

Sustainability continues to be a core focus for FOBL as we engage with the wider business and our suppliers to work towards achieving our goal of 100% reusable, recyclable or compostable private label packaging by 2025. We are in the process of exploring on-pack solutions for effective communication of recyclability status to consumers. The team has also drafted a Sustainable Sourcing Policy for private label products that will ultimately form the foundation for standards in key areas: Seafood, Animal Welfare and Modern Slavery.

Once again, Pams was awarded "Most Trusted Brand" in the Supermarket / Home Brand category by Reader's Digest, an annual accolade Pams continues to win year after year.

Colmar Brunton released their results for New Zealand's "Brands Kiwis Love" survey and for the first time, Pams placed on the list at number 11.

We have a goal of



**REUSABLE, RECYCLABLE
OR COMPOSTABLE
PRIVATE LABEL
PACKAGING BY 2025**



Liquorland

Top-line revenue growth finished at 13.6% ahead of last year. Margin (before terms and rebates) grew ahead of last year. Our current network sits at 129 stores, up from 116 stores last year, with four green-fields sites and the rest being conversions from other banners, seven being previous Henry's stores.

Printed mailer performance has improved and continues to drive foot traffic and sales to store. This is supported with a strong digital programme to ensure we're reaching a diverse customer base and speaking to customers in their preferred channel. Liquorland online achieved a 10% increase in traffic and a massive 200% increase in those clicking through our digital mailer. This has allowed more product information to be communicated to the consumer, along with the ability to showcase branded video content. Typically, customers spend more than four minutes perusing our digital mailer each time.

We are leveraging our social channels to promote market trends, new and premium products. Instagram has become increasingly important as the younger demographic spend their social time on this platform and often showcase what's trending in their world.

Liquorland Toast magazine continues to provide weekly inspiration to readers about how to make their everyday and special occasions come to life with everything from the best craft beers, to amazing cocktails to impress your guests.

Liquorland was the naming rights sponsor of major industry events Beervana, the Great Australasian Beer SpectAPular (GABS) Auckland, Dunedin Craft Beer Festival and Highball providing the brand with unparalleled exposure opportunities. They proved to be successful events throughout; a total of over 40,000 attendees had great experiences in our categories.

Customer Radar provides us with real time feedback of our customers' experiences across all our stores nationwide. From customer comments, we've gained insight into what we're doing well, as well as a few areas we may be able to improve.

THE THREE MAIN TRENDS DRIVING CONSUMER BEHAVIOUR AND CATEGORY GROWTH ARE:

Betterment – low/no alcohol, lower carbs, lower calories, less sugar and sustainability

Authenticity – provenance, craft and artisan

Sensory – colour, flavour and texture



Awards

DIRECT MARKETING AWARDS

New World Clubcard for “Beach Dig” campaign

New World Channel Bronze – Campaign website

NEW WORLD

Reader’s Digest – Quality Service Award *Gold*, Loyalty Card

Colmar Brunton Ad Impact Award – “Round at Ours”

KPMG Customer Excellence Award – #10 Ranking

Colmar Brunton “Brands I Love” Register – #7 Ranking

Colmar Brunton “Corporate Reputation RepZ” – #9 Ranking for Leading Retailer: Leadership

Canstar “Overall Customer Satisfaction” – #1 Ranking

New World was triumphant in Canstar Blue’s star ratings, rated a 5-star provider for overall satisfaction, as well as variety of products, layout and presentation of store, and food freshness. New World was the only provider to receive 5-stars for each of these factors!

With a 4-star rating for overall satisfaction, PAK’nSAVE was runner up. It was also the only supermarket to receive 5-stars for value for money and deals/specials available. Four Square was rated 3-stars for overall satisfaction; however, it took out the customer service category as the only supermarket rated 5-stars for this factor.

PAMS

Reader’s Digest “Most Trusted Brand” – in Supermarket/Home Brand category

PAK’NSAVE

EFFIE – “Sustained Success” (Best Campaign Over Three Years)

EFFIE – “The Grand EFFIE” (Best In Show)

Colmar Brunton Ad Impact Award, August – “Saveyest Country”

Colmar Brunton “Brands I Love” Register – #5 Ranking

2019 Brand Axis Award

KPMG Customer Excellence Award – #8 Ranking

Colmar Brunton “Corporate Reputation RepZ” – #2 Ranking for Leading Retailer: Overall and Fairness

Canstar “Overall Customer Satisfaction” – #2 Ranking





TROY BENNETT – BAKERY, SEAFOOD AND SERVICE
DELI MANAGER, NEW WORLD THREE PARKS

SOCIAL LICENCE TO OPERATE

Corporate Social Responsibility Four Pillars



Healthy and affordable food

Provide every Kiwi with access to healthy & affordable foods.

1. Influence healthier food choices
2. Reduce food poverty
3. Healthier and more affordable Own Brands



Sustainability leadership

Lead by example in the way we operate our business and source our products.



4. Reduce our carbon emissions
5. Minimise our waste
6. Improve our packaging sustainability
7. Responsible and ethical sourcing

Feeding the South Island





Meaningful work

3

Shape meaningful careers for our people and prepare them for the future of work.

- 8. Invest in our people
- 9. Committed to inclusive and fair Co-operatives
- 10. Supporting the wellbeing of our people

Supporting local communities

4

Supporting the frontline of our communities in meaningful ways



SOCIAL LICENCE TO OPERATE

Foodstuffs (South Island) Community Trust

The Foodstuffs (South Island) Community Trust is committed to supporting communities and people by helping them to thrive. The Trust has again had a very successful year supporting organisations and individuals in our communities around the South Island and has donated over \$360,000 in grants.

MAJOR SPONSORSHIP

A key milestone this year was the establishment of a three year sponsorship partnership with The Gut Foundation. While gut disease is increasing worldwide, it is particularly prevalent across the South Island. Our decision to fund the Gut Foundation (formerly the Bowel and Liver Trust) follows some worrying figures around gut and bowel disorders. We are now working actively with them on a number of educational campaigns, health hubs and research projects. This new partnership with the Gut Foundation will help provide South Island communities with the knowledge and tools to take greater responsibility for their families' gut health. It's our hope this will be a significant step in the reduction of gut disease in the South Island and beyond.

EDUCATION GRANTS

Education is a significant focus for the Trust and this year it granted \$115,144 in educational grants to 61 students to assist them with their tertiary education. The Trust also continued its support of other endeavours to provide young people with the opportunity to achieve their dreams; awarding four Outward Bound Scholarships and supporting two First Foundation recipients.

DONATED OVER

\$360,000

IN GRANTS

\$115,144

IN EDUCATIONAL GRANTS

COMMUNITY GRANTS

Community Grants are the largest number of grants Trustees consider and approve. It is a pleasure to assist organisations, community groups and individuals with their various requests. This year a significant donation was made to the Canterbury West Coast Air Rescue Trust to purchase emergency simulation equipment for training rescue crews throughout the South Island.

The South Island faced significant challenges last year with tragic events occurring and the Trust provided emergency support and assistance. Firstly, to support staff of stores in the wider Nelson region who were affected by the February 2019 Nelson Fires and then provide donations to support Foodstuffs' and members' staff affected by the terrible Mosque shootings in Christchurch. The Trust continues to monitor the needs of its staff from these events and will look to make further payments as and when the need arises.

ACKNOWLEDGEMENTS

After a successful and long standing relationship between the Community Trust and St John FEDS (Friends of the Emergency Department) our sponsorship partnership of 10 years has now concluded. We wish the St Johns FEDS well in their endeavours and all the great work they continue to do in our hospitals. Once again, a thank you to all our sponsors and supporters who together make the Trust the success it is.



Justin D Smith

Chairman Foodstuffs (South Island) Community Trust





SOCIAL LICENCE TO OPERATE

Food for Thought

Since 2007 we've been running the Food for Thought Education Trust which teaches Year 5 and 6 children more about their food, understanding food labels and basic budgeting skills. Delivered in classroom by qualified nutritionists, followed by an instore session in a local PAK'nSAVE, New World or Four Square Supermarket. Resources are in English, Te Reo and Samoan.

This year our team has focused on how we can reach even more children and schools. This will be by using new digital resources and technologies to complement our in-classroom activity – we're looking forward to rolling that out in 2021.

We're passionate about teaching children to make healthier choices, and this year, across New Zealand we have worked with:



16,252

STUDENTS

180

SCHOOLS

586
CLASSES

1,747
PARENTS



WHAT IT TAKES *to* FEED THE SOUTH ISLAND



The Foodies Café Scene

New cafes, improved cafes, updated equipment, eco-friendly refrigeration and \$2 coffees with your groceries – these are some of the changes to the Foodies café scene across the South Island.

Our two new stores – New World Durham Street and New World Three Parks both have extremely popular full-service cafes featuring cabinet food and an all-day menu. Both are performing well with Three Parks consistently holding either first or second spot for Café sales in the New World Group.



*New World's
introduction of*

**\$2
COFFEES**

*when you spend \$100
on groceries sales
have seen café sales*



AMBER GORDON - CAFÉ STAFF, NEW WORLD DURHAM STREET



Our Brands



PAK'nSAVE

The PAK'nSAVE Group experienced excellent sales growth which resulted in an increase in its share of the market.

PAK'nSAVE Queenstown continues to trade well and the recently refurbished Moorhouse Avenue store experienced significant growth. PAK'nSAVE Invercargill has now commenced its refurbishment programme which will be exciting for the people of Southland.

Stickman continues to play an important part in portraying PAK'nSAVE's commitment to low prices; this was reinforced at the annual EFFIE's where PAK'nSAVE was awarded a gold medal for sustained success and also the prestigious grand prize for the night. The brand also climbed four positions, to rank second in the 2019 Colmar Brunton list for corporate reputation.

The Group's loyalty club programme, Sticky Club, continues to grow and has over 200,000 registered customers. These customers are enjoying the benefits of the programme, in particular the ability to save on fuel.

In 2019, SHOP'nGO was trialled at PAK'nSAVE Wainoni with instant success. This has led to a planned roll out of this service to all PAK'nSAVE South Island sites.

The Group is committed to reducing paper and increasing instore efficiencies. This has included the introduction of electronic shelf labels and a transition from paper to price display boards.

The Group is well positioned to strengthen its position as New Zealand's lowest food prices and continue its growth.





CLAIRE & JUSTIN VAUDREY
 – OWNER OPERATORS,
 NEW WORLD DURHAM STREET.

NEW WORLD

New World South Island had another very strong year of trade that included a number of notable achievements. The opening of New World's Durham Street in May and Three Parks, in Wanaka, in December saw a significant step change for the New World format. This included an increased focus on customer centric layouts centered on fresh food halls, amazing food to go offers, all underpinned with sustainable practices.

On the sustainability front there were a number of key initiatives. The 'Food in the Nude' programme of plastic free produce continues its progress. In addition, a number of stores have introduced Eco Store re-filleries and nut-mills which are proving extremely popular with customers, and the majority of carparks now have E-Car charging facilities.

Whilst our new markets provided positive results, the Group's refurbishment programme was also important; large projects were completed at New World's Balclutha and Fendalton and the attention has now shifted to New World Blenheim.

New World Clubcard saw another big year, reaching a milestone of over 600,000 registered members in the South Island. The Clubcard App has also been innovated and brand web pages for clubcard.co.nz and newworld.co.nz both had significant upgrades. New World also entered the world of Instagram and continues to make excellent gains in the social media landscape.

To round out 2019 New World celebrated Christmas with its launch of the Spiegelau continuity programme;

in the South Island alone over 260,000 packs of Spiegelau glasses were gifted to customers. Spiegelau-mania certainly excited customers and the Group saw increased sales, visits and share of trade as a result.

We certainly look forward to another exciting year in 2020.



on the spot



VICTOR & TRACEY BI - OWNER
OPERATORS, ON THE SPOT CALTEX
CRANFORD STREET AND OTS NPD
LINCOLN ROAD

ON THE SPOT

The On the Spot Group has delivered strong growth. There are 90 stores located across the South Island and the On the Spot brand is well positioned to meet customer demand with strong growth on emergency grocery, impulse and food to go products, whilst still maintaining a more traditional convenience store offer.

There have been several changes of ownership during the year and the Group celebrated the addition of a new store, NPD Lincoln Road.

On the Spot has continued the installation of its new point of sale scanning system with 23 stores active

and the remainder timed for installation over the course of 2020. This new system will provide greater insights on customer purchases and trading patterns which in turn will lead to improved decision making.

This year On the Spot launched its first consumer facing website www.onthespot.co.nz. The site provides users with access to promotions, store locations, store hours and services.

We look forward to strong trading over the balance of 2020 and into the New Year.



RAEWARD FRESH

It is an exciting time for the Raeward Fresh brand – 2019 saw the introduction of a fifth store with the opening of Raeward Fresh Tasman which is primarily a wholesale butcher with a small retail offer.

The Group continues to focus on a strong retail offer with a focus on quality fresh products, wherever viable supporting local production. This retail offer is supplemented by stores supporting their local community with growing sales via wholesale channels.

2020 will see the brand continue to strengthen focus on delivering an offer and experience that resonates with today's conscious consumers.



FOUR SQUARE

The Four Square brand has had a very successful 95th year with a real focus on driving meal solutions and a food to go offer while ensuring that the customer can get a quality offer at good value for money. The brand's position in the community has been a key factor to its success and the dedicated and passionate Owners continue to work hard to cement their position as the locals supermarket.

A highlight of the year was the opening of Four Square Darfield which showcased some firsts for the brand including the introduction of electronic shelf labels and self-checkouts; the latter being rolled out in a number of stores.

There are a number of very positive areas of focus as the brand enters its 96th year including a drive for consistency and business efficiencies.



HENRY'S BEER, WINE & SPIRITS

2019 was another very positive year for Henry's BWS with strong same store sales and share of trade growth.

In November 2019 we celebrated the first anniversary of our Wakatipu store. This store has been a huge success and has set a new benchmark for liquor retailing in New Zealand.

Henry's BWS continues to test and explore new ways of communicating with our customers and this is highlighted with the launch of our new website. Along with our traditional advertising we are now expanding our digital advertising as well as growing our presence on Facebook and Instagram.

New products and innovation continue to drive excitement and growth for the Group. We have seen significant growth in categories such as Craft Beer and RTD's.

2020 will see the Group continue to focus on exceptional store execution to ensure that we maintain our strong position in the Traditional Liquor Market and continue to build on the strong brand equity that we enjoy.



TRENTS WHOLESAL

Trents enjoyed another very successful year from a sales and financial perspective. Significant gains were made in satisfying our customers' needs in butchery, chilled and frozen categories. During the year Trents also introduced fresh milk to its range.

One of the highlights of the year was winning the national foodservice supply contract, in partnership with Gilmours, for Compass Group New Zealand.

Compass is the largest contract foodservice company in the world, operating in 50 countries. Here on home shores they have over 350 customer sites which Trents and Gilmours are

now supplying. These include hospitals, stadiums, military bases and camps, corporate offices and schools.

As Compass had not changed suppliers for 10 years, Trents and Gilmours are proud to have established this new partnership with such a significant customer.

For the sixth year running Trents sponsored the Christchurch Hospitality Awards. Trents is now the Lead Partner and Ambassador for this event. It celebrates the hospitality industry and the hard-working folk that are part of this industry. We are also the Lead Partner and Ambassador for the Queenstown

Hospitality Awards which were re-launched 2 years ago.

In 2020 Trents is looking forward to the launch of our new webshop and website which will represent a significant advancement in the digital space.





BEST IN RETAIL

Packaging Sustainability

In June 2018 Foodstuffs signed the New Zealand Plastic Packaging Declaration, committing to work towards all retail and private label packaging being 100% reusable, recyclable or compostable by 2025.



With this declaration in mind Foodstuffs South Island commenced a project starting with a focus on in-store packaging in all fresh food departments in our retail banners.

The criteria for this project was to find packaging solutions that are recyclable, reusable or compostable, functional, cost effective and wherever possible rationalise the range across the total store.

There has been some fantastic collaborative work completed with our trial stores, valued suppliers, Foodstuffs North Island and Foodstuffs NZ, resulting with the company in an excellent position to achieve the 2025 target.

This is a truly dynamic part of our business and we have navigated some challenging obstacles throughout the project. We are now able to better understand some packaging myths; home compostable versus commercially compostable differences and perceptions versus reality.

From the findings of this project, we have created living best practice documents for each of the fresh food departments. As the packaging environment continues to evolve and innovate, any and all new packaging options will be considered and introduced where applicable.



WHAT IT
TAKES *to* FEED THE
SOUTH ISLAND



LOGAN WHEATLEY - STORE PERSON,
CROSS DOCK, HORNBY DC



11:32am

Distribution: Cross Dock

In July 2019 we implemented a new SAP Cross Dock system into our Hornby Temperature Controlled Distribution Centre.

For our Cross Dock team, no two days are ever the same, with new vendors and articles being introduced often.

Cross Dock is a logistical process of moving goods from the suppliers to the retail stores using the existing Foodstuffs transportation network, without the need for the warehouse to store the product. This reduces supply chain lead time and helps to improve the speed of product into our stores, thus increasing the accessibility of products to more Foodstuffs retail members. The process is most suited to date sensitive product and non-DC ranged articles.

Further vendors and articles will be introduced in 2020 with the extension of Cross Dock into our ambient distribution network.

Board of Directors



Russell McKenzie

CHAIRMAN,
NEW WORLD ST MARTINS



Kathy Frampton

NEW WORLD NORTHWOOD



Phill Blackburn

NEW WORLD ILAM



Chris McDonald

PAK'NSAVE DUNEDIN



Steve Wakefield
INDEPENDENT DIRECTOR



Marcel Gray
DEPUTY CHAIRMAN,
PAK'NSAVE WAINONI



Justin Vaudrey
NEW WORLD
DURHAM STREET



Glenn Anderson
NEW WORLD STOKE



Michelle Grundy
FOUR SQUARE
MANIOTOTO



Mary Devine
INDEPENDENT DIRECTOR



Corporate Executive Team



Steve Anderson
CHIEF EXECUTIVE OFFICER



John Mullins
GENERAL MANAGER
SUPPLY CHAIN



Roger Davidson
GENERAL MANAGER PROPERTY
AND RETAIL DEVELOPMENT



Phil Lemon
GENERAL MANAGER
MERCHANDISE



Damian Lynch

GENERAL MANAGER
STRATEGY & PEOPLE



Nathan Marsh

CHIEF FINANCIAL OFFICER



Tim Donaldson

GENERAL MANAGER RETAIL



Phil Wright

GENERAL MANAGER
INFORMATION TECHNOLOGY

Leadership Teams



PAK'nSAVE Executive Committee

Andrew Howard <i>[Chairman]</i>	PAK'nSAVE Richmond
Brad Spence	PAK'nSAVE Moorhouse
Bryan Dobson	PAK'nSAVE Invercargill
Bryan Walker	PAK'nSAVE Northlands
Chris & William McDonald	PAK'nSAVE Dunedin
James Flanagan	PAK'nSAVE Rangiora
Jason Williams	PAK'nSAVE Timaru
John Lee	PAK'nSAVE Hornby
Marcel Gray	PAK'nSAVE Wainoni
Mark Elkington	PAK'nSAVE Blenheim
Michelle King	PAK'nSAVE Queenstown
Steven McDonald	PAK'nSAVE Riccarton

New World Executive Committee

Phill Blackburn <i>[Chairman]</i>	New World Ilam
Ashley Shore	New World Blenheim
Bradley Patton	New World Elles Road
Jack Stafford	New World Mosgiel
Kyle Burnett	New World Lincoln
Marc Brokenshire	New World Hokitika
Nigel Bond	New World Bishopdale <i>[resigned Feb 2020]</i>
Rodney Flannery	New World Centre City

Four Square Executive Committee

Graeme Neilson <i>[Chairman]</i>	Four Square Ascot
Aaron Challis	Four Square Tuatapere <i>[resigned Feb 2020]</i>
Brent Prue	Four Square Tokomairiro <i>[resigned Feb 2020]</i>
Callum Bruce	Four Square Te Anau
Cushla Jones	Four Square Franz Josef
Damon Kroupa	Four Square Mapua <i>[from August 2019]</i>
Kerry Tull	Four Square Cheviot
Michelle Grundy	Four Square Maniototo
Paul Joyce	Four Square Reefton <i>[resigned July 2019]</i>

Raeward Fresh Executive Committee

Simon <i>[Chairman]</i> & Jo Turnbull	Raeward Fresh Tower Junction <i>[resigned Aug 2019]</i>
Gareth & Laura Caldwell	Raeward Fresh Richmond
Nathan & Angela Imlach	Raeward Fresh Queenstown
Paul & Christiena Joyce	Raeward Fresh Tower Junction <i>[from 12 Aug 2019]</i>
Justin & Melissa Blackler	Raeward Fresh Harewood

Henry's Beer Wine & Spirits Executive Committee

Paddy Breen <i>[Chairman]</i>	Henry's BWS Queenstown
Adrian Hills	Henry's BWS Centre City
Anne Kroupa	Henry's BWS Richmond
Brad Spence	Henry's BWS Moorhouse
Carl Wild Keith Miles	Henry's BWS Rolleston, Rangiora, Hornby, Woolston, Bishopdale, Tower Junction, Shirley and Yaldhurst
Craig Smith	Henry's BWS Kaikoura
Gerry Breen	Henry's BWS Wakatipu
Jamie White	Henry's BWS Cromwell
Jason Hall	Henry's BWS Timaru
Jason Williams	Henry's BWS Northtown
Kevin Ryan	Henry's BWS Alexandra
Louis Vieceli	Henry's BWS Avonhead and Parklands
Victoria Boyes	Henry's BWS Greymouth

Senior Executives

Adrienne Sykes	Human Resources Manager	Kent Mahon	Retail Operations Manager
Ana Connor	Vendor Relationship Manager	Kris Lancaster	Supply Chain Development Manager
Andrew Law	Master Data Manager	Lynne McBeath	Employee Systems Development Manager
Chris Dorward	Manager Members Services	Mark Sullivan	Legal Counsel & Company Secretary
Clayton Young	Property Manager	Matthew Harrison	SAP Operations Manager
Danny Halligan	Henry's BWS Group Manager	Melinda Baillie	Trents Group Manager
Darron Stackhouse	Transport South Island Manager	Mike Arlidge	OTS Group Manager
David MacKenzie	Merchandise Operations Manager	Mike Scofield	Cash'nCarry Operations & Merchandising Manager
Debbie Walker	Executive Assistant	Murray Trim	Decision Support Manager
Eugene Ruane	Loyalty and Digital CX Manager	Nathan Hide	General Manager Murdoch Manufacturing
Gareth Weatherston	Dunedin Regional Distribution Centre Manager	Nigel Murphy	IT Support Manager
Gary Cowens	Operation Services Manager	Philip Smith	Project Delivery Manager
Glen Forrester	Loss Prevention Manager	Rebecca Parish	Property Development Manager
Glen Stevenson	Retail Support Manager – Operations	Ross Martin	New World Group Manager
Gordon McCoy	Business Systems Manager	Scott Fairweather	Hornby Distribution Centre Manager
Haden Piggott	Raeward Fresh & Emerging Brands Group Manager	Simon Hughes	Group Finance Manager
Jamie McColl	Trents Sales Manager	Steve Alexander	Four Square Group Manager
Jason Trewern	Merchandise Manager – Meat & Seafood	Steve Medland	Internal Audit Manager
Justin Dykhoff	Merchandise Manager - Produce	Tony Ziolo	Health & Safety Manager
Justin Waddell	PAK'nSAVE Group Manager		



AUDITORS REPORT



Independent Auditor's Report

To the members of Foodstuffs South Island Limited
Report on the summary consolidated financial statements.

OPINION

In our opinion, the accompanying summary consolidated financial statements of Foodstuffs South Island Limited (the company) and its subsidiaries (the group) on pages 52 to 55:

- i. Has been correctly derived from the audited Group financial statements for the year ended on that date; and
- ii. Is a fair summary of the Group financial statements, in accordance with FRS 43 Summary Financial Statements.

The accompanying summary consolidated financial statements comprises:

- the summary consolidated statement of financial position as at 29 February 2020;
- the summary consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



BASIS FOR OPINION

We conducted our audit in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Our firm has also provided other services to the group in relation to tax advisory services, peer review of compliance with the Holidays Act 2003 and trustee reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

USE OF THIS INDEPENDENT AUDITOR'S REPORT

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this report, or any of the opinions we have formed.

RESPONSIBILITIES OF THE DIRECTORS FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the summary consolidated financial statements in accordance with FRS 43 Summary Financial Statements; and
- implementing necessary internal control to enable the preparation of a summary consolidated set of financial statements that is correctly derived from the audited consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with (or are a fair summary of) the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We expressed an unmodified audit opinion on the consolidated financial statements in our audit report dated 5 May 2020.

The summary consolidated financial statements do not contain all the disclosures required for a full set of consolidated financial statements under generally accepted accounting practice in New Zealand. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the group.

KPMG
Christchurch
5 May 2020

Financial Statements

2020

Income Statement

FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020	2019
	\$000	\$000
Revenue from sale of goods	3,187,839	3,136,258
Less monthly member rebates	209,996	186,501
Net Revenue	2,977,843	2,949,757
Cost of sales	2,787,102	2,765,278
GROSS PROFIT	190,741	184,479
Other income	172,254	170,251
Operating expenses	274,947	249,765
OPERATING PROFIT	88,048	104,965
Net finance costs	12,651	7,510
Rebates to members	68,735	90,197
Share of profit from associates	1,899	3,047
PROFIT BEFORE TAX	8,561	10,305
Income Tax Expense	514	2,187
NET PROFIT FOR THE YEAR AFTER TAX	8,047	8,118
ATTRIBUTABLE TO:		
Shareholders of the parent company	8,047	8,118

Statement of Comprehensive Income

FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020	2019
	\$000	\$000
Net Profit for the year	8,047	8,118
Other comprehensive income:		
Transfer of deferred tax to reserves	742	295
Movement in investments reserve	622	934
Movement in cash flow hedge reserve	(3,103)	(1,056)
Opening Adjustment to Retained Earnings: adjustment on adoption of NZ IFRS 16 (Leases)	(8,119)	-
Movement in other reserves	(336)	(124)
Total comprehensive income for the year	(2,147)	8,167
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Shareholders of the parent company	(2,147)	8,167

Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020	2019
	\$000	\$000
At 1 March 2019	395,699	383,917
Total comprehensive income	(2,147)	8,167
Dividends paid/payable	(8,037)	(7,809)
Total recognised income and expenses	(10,183)	358
Net share issue	7,475	11,424
AT 29 FEBRUARY 2020	392,990	395,699

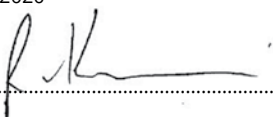
These summary financial statements on pages 52 to 55, comprising the Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders Equity, Balance Sheet, and Statement of Cash Flows are those of Foodstuffs South Island Limited and its subsidiaries. They have been prepared in accordance with Financial Reporting Standard No. 43 "Summary Financial Statements" and have been extracted from full financial statements that have been prepared in accordance with New Zealand Standards that comply with International Financial Reporting Standards. The full financial statements for the year ended 29 February 2020, authorised for issue and signed on 5 May 2020 have been audited by KPMG and given an unqualified opinion. The Group is a profit-oriented entity. For a complete understanding of the financial affairs of the Group, the full financial statements are available to qualifying members on request.

Balance Sheet

AS AT 29 FEBRUARY 2020

	2020	2019
	\$000	\$000
ASSETS		
Non-current assets		
Property, plant and equipment	920,673	833,914
Intangible assets	42,017	34,073
Investments in associates	9,852	16,690
Investments held at fair value: Investments in listed and related companies	22,966	22,344
Total non-current assets	995,508	907,021
Cash and cash equivalents	9,930	3,105
Trade and other receivables	242,680	246,054
Inventories	131,114	123,769
Property, plant and equipment held for sale	23,254	12,872
Total current assets	406,978	385,800
TOTAL ASSETS	1,402,486	1,292,821
EQUITY		
Capital and reserves attributable to equity holders		
Share capital	268,346	260,871
Other reserves	64,679	67,009
Retained earnings	59,965	67,819
TOTAL EQUITY	392,990	395,699
LIABILITIES		
Non-current liabilities		
Borrowings	233,038	86,224
Right of Use lease liability	69,071	-
Employee entitlements	1,099	924
Deferred income tax liability	21,978	28,279
Provisions	350	370
Total non-current liabilities	325,536	115,797
Current liabilities		
Trade and other payables	285,884	271,679
Borrowings	291,154	398,775
Employee entitlements	13,296	12,752
Derivative financial instruments	6,260	3,157
Rebates payable	87,133	93,897
Income tax payable	233	1,065
Total current liabilities	683,960	781,325
TOTAL LIABILITIES	1,009,496	897,122
TOTAL EQUITY AND LIABILITIES	1,402,486	1,292,821

On Behalf of the Board
5th May 2020



Director



Director

Statement of Cash Flows

FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020	2019
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Customers	3,356,876	3,290,195
Interest received	618	144
Member trading accounts	(1,021)	(39,543)
	3,356,473	3,250,796
Cash was applied to:		
Purchases, wages and expenses	3,018,977	2,989,064
Members rebates	229,675	217,860
Interest paid	11,915	10,250
Income tax paid	3,749	4,494
	3,264,316	3,221,668
NET CASH FLOW FROM OPERATING ACTIVITIES	92,157	29,128
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Advances from other related parties	12,002	6,237
Dividends	1,763	1,660
Sale of property plant and equipment	4,040	6,226
	17,805	14,123
Cash was applied to:		
Purchase of intangibles	15,251	11,100
Purchase of property plant and equipment	70,944	104,202
Advances to related parties and associates	-	374
	86,195	115,676
NET CASH FLOW FROM INVESTING ACTIVITIES	(68,390)	(101,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Increase in Trading Deposits/Shares	1,816	4,522
Increase in bank borrowings	38,400	124,541
	40,216	129,063
Cash was applied to:		
Retained Patronage Shares redeemed	48,345	46,112
Dividends paid on Retained Patronage Shares	7,816	7,483
Dividends paid on Trading Credit Shares	997	960
	57,158	54,555
NET CASH FLOW FROM FINANCING ACTIVITIES	(16,942)	74,508
Net increase/(decrease) in cash held	6,825	2,083
Opening cash brought forward	3,105	1,022
Ending Cash carried forward	9,930	3,105
REPRESENTED BY:		
Bank and cash balances	9,675	2,816
Overseas currency accounts	255	289
	9,930	3,105



WHAT IT
TAKES to FEED THE
SOUTH ISLAND



SAMIR GAIKWAD - CHILLED FOODS MANAGER, NEW WORLD DURHAM STREET
LINDA HICKS - VALUED CUSTOMER



Our People: Feeding the South Island, Everyday!

From our people on the shop floor, to warehouse teams, bakers, butchers, chefs, food technicians, accounting teams, marketing experts, truck drivers, software developers, IT technicians and maintenance specialists – these people are our driving force to ensuring we can feed the South Island every single day.



BEN RAINBOW – STORE PERSON,
HORNBY DC



