



THE MARKET

For a country widely considered to serve some of the best espresso coffee in the world, Australians ironically drink a comparatively low amount of coffee by world standards - an estimated 2.4 kg of coffee per year.

However Australian consumption of coffee has grown dramatically over the last decade with consumers now drinking 65 per cent more coffee than they did in 1996. An estimated 1.26 billion cups of coffee worth \$3 billion were served in cafes, restaurants and hotels in the last year, with the majority of all coffee purchases made at franchised coffee stores (40 per cent).

Coffee franchises are one of the fastest growing retail food sector segments in Australia with the number of outlets estimated to have grown by 50 per cent since 2001.

As one of Australia's leading coffee specialists, Gloria Jean's Coffees has played a major role in the development and growth of the retail coffee market in Australia.

Since first entering the market in 1996, the company has opened over 400 stores, operating in every state and territory of the country. Today Gloria Jean's Coffees is Australia's largest and most recognised specialty coffee retailer serving an estimated 7 million guests each month.

(Sources: 'Coffee in Australia 2006-2008' report, BIS Shrapnel, February 2006; 'Australian Coffee Market Key Facts: For 2006' AustralAsian Specialty Coffee Association)

ACHIEVEMENTS

Gloria Jean's Coffees is an Australian owned and operated global brand with over 750 coffee houses in 25 countries including more than 400 in Australia and signed master franchise agreements in 45 countries worldwide. Since 2004, the international branding and roasting rights for all countries outside the USA have been proudly Australian owned.

In Australia, Gloria Jean's Coffees is one of the top 25 fastest growing franchises in terms of both revenue and number of outlets and is also listed as one of Australia's top 1,000 companies (BRW 2006/07).

Under Australian management, Gloria Jean's Coffees has been a runaway success expanding rapidly in Australia and overseas. In 2005-06 the number of Gloria Jean's Coffees stores grew by 28 per cent in Australia and a phenomenal 49 per cent internationally, with similar growth expected in the next few years.



The company's success has assembled an impressive trophy cabinet over the last few years. Awards include '2006 International Franchisor of the Year' awarded by the Franchising and Licence Association, Singapore and the PricewaterhouseCoopers Franchising Excellence Awards '2005 Franchisor of the Year'.

The company has also received the highly prestigious 'American Express Supreme Reward for Best Retailer' and 'Bank of Queensland Best Franchise' Awards presented by the National Retail Association at the American Express Rewards for Excellence.

Last year Gloria Jean's Coffees also won the Premier's NSW Exporter of the Year Awards '2006 Emerging Exporter Award' and the PricewaterhouseCoopers Excellence in Franchising Awards 'Franchise Export Award of the Year 2006'.

HISTORY

The Gloria Jean's Coffees story began in 1979 in a small town just north of Chicago, USA where the company's namesake, Gloria Jean Kvetko and her



husband Ed saw the opportunity to offer specialty gourmet coffees in a warm and friendly atmosphere. With appreciation for quality coffee growing, the concept became a success and Gloria Jean's Coffees stores started to appear around the USA.

In 1993 Gloria Jean and Ed sold the franchise for an estimated US\$40 million and the company began its expansion offshore - a journey that would later take a remarkable turn to make the company an Australian success story.

In 1995, Nabi Saleh, an Australian businessman internationally regarded for his coffee knowledge and expertise, visited the USA to experience the Gloria Jean's Coffees brand first hand. Nabi and his business partner Peter Irvine subsequently bought the Master Franchise for Australia and by 1996 the first Australian Gloria Jean's Coffees store was opened in Miranda, Sydney.

By 2004 Gloria Jean's Coffees had opened more than 200 coffee houses across Australia and become a national brand with stores present in every Australian state and territory. With success accomplished at home, Nabi and Peter set their sights on achieving their vision to make Gloria Jean's Coffees a successful global brand.

They returned to the USA and by the end of 2004, had purchased the international branding and roasting rights for all countries outside of the USA - Gloria Jean's Coffees globally had become Australian owned overnight.

PRODUCT

Gloria Jean's Coffees is passionately committed to creating the ultimate coffee experience for every

guest from bean to cup. The Gloria Jean's Coffees difference comes from a true dedication to handmade coffee - from hand picking beans to handcrafting each individual cup.

The Gloria Jean's Coffees journey to make a quality cup of coffee starts with the purchase of the world's highest quality hand picked Arabica beans. Beans are then meticulously roasted at the company's own state-of-the-art roasting facility in Sydney, Australia to produce exclusive blends which are packed within hours of roasting to ensure freshness.

At each store, Gloria Jean's Coffees has expertly-trained and accredited baristas on staff who handcraft each drink to rich, full, flavoursome perfection.

Coffee houses serve and sell a range of handcrafted espresso coffee drinks, signature espresso based cold drinks, blended and estate whole bean coffees and speciality teas along with pastries and coffee accessories.

Throughout the year Gloria Jean's Coffees also offers innovative special promotional drinks to tempt tastebuds, recent examples included Hot Mudslide Mocha, Voltage and Green Tea Chiller.



RECENT DEVELOPMENTS

In 2005-06 Gloria Jean's Coffees continued to expand, opening 76 new stores in Australia and 41 overseas. In 2006 stores were opened in several new and diverse markets including Cyprus, Guam, Hungary, Kazakhstan, Singapore, Spain, Thailand and the UK.

The company's coming of age as an international brand was celebrated in September 2006, with the first ever Gloria Jean's Coffees International Convention in Hawaii. The Convention was themed 'Unified' to reflect the gathering of the company's global family of franchise partners.

Gloria Jean's Coffees global expansion has also been supported with the appointment of a new global executive management team in 2006-07 including the appointment of new Group Chief Executive, Ian Martin.

In Australia, ongoing success and growth has been helped by strategic partnerships with leading Australian brands. The company now operates in Borders Bookstores in Australia and recently



announced an agreement to operate in Myer department stores nationally.

Gloria Jean's Coffees has also always maintained a dedication to ensuring the long term welfare and sustainability of farmers and workers from which the company sources its coffee.

Building on this commitment, in 2006 Gloria Jean's Coffees announced an important partnership with the Rainforest Alliance which works to make the world a better place, by ensuring that farmers and farming communities meet the highest environmental and social standards, conserve biodiversity and provide sustainable livelihoods.

Currently 100 per cent of Gloria Jean's Coffees flavoured coffees are now Rainforest Alliance certified and the company has also launched a Rainforest Alliance Certified Single Origin Nicaraguan whole bean coffee which won a Silver Medal at the 2007 Sydney Royal Easter Show.

PROMOTION

Gloria Jean's Coffees invests significantly in both above and below the line marketing. In 2007 the company launched a new brand campaign 'Making it glorious' on Australian television. The campaign focuses on Gloria Jean's Coffees commitment and leadership in serving quality handcrafted coffee from bean to cup.

Gloria Jean's Coffees runs regular promotions supporting drinks and events such as Christmas, Valentine's Day, Easter, Mother's and Father's Day.

Company achievements including store number milestones are also supported through events, advertising, promotions and public relations. In November 2006, Gloria Jean's Coffees celebrated its 10th Birthday in Australia with a national promotion offering 10 minutes of free coffee in each store twice a day for three weeks. An estimated 400,000 free lattes, enough to fill to an Olympic Diving Pool, were served as part of the celebration.

Gloria Jean's Coffees also strongly supports local marketing activity undertaken by its franchise partners around the country including local community support, sponsorships, advertising, promotions and radio campaigns.

BRAND VALUES

Gloria Jean's Coffees is driven by a desire to be the most loved and respected coffee company in the world.

The company's success is founded on a commitment to excellence and innovation as well as strong values of integrity and belief in people and changing lives for the better.

With the sale of each cup, Gloria Jean's Coffees helps to support local and international communities through the company's partner programs.

These include sponsorship of over 300 disadvantaged children in Brazil, one of the world's largest coffee-growing nations through Compassion and support of Opportunity International which provides low interest loans to support small business and cottage industries in Asia.

Gloria Jean's Coffees has raised hundreds of thousands of dollars for a range of important community causes including Opportunity International's Tsunami Appeal, a training facility in Sydney's Dillwynia Correctional Centre, the Children's Medical Research Institute's Jeans for Genes program and through Mercy Ministries, a charity that helps young women deal with eating disorders, unplanned pregnancies, abuse and other life controlling issues.

Gloria Jean's Coffees also supports many local community activities and provides Gloria Jean's Coffees product to charities, schools and churches.

THINGS YOU DIDN'T KNOW ABOUT GLORIA JEAN'S COFFEES

- Gloria Jean's Coffees is Australian owned and locally operated. Since 2004, the company has held the international master franchise brand and roasting rights globally and currently has agreements to operate in excess of 45 countries.
- In Australia alone Gloria Jean's Coffees serves more than 7 million coffees per month.
- Over 102 million guests visit Gloria Jean's Coffees stores each year to enjoy their favourite beverage.
- It takes approximately 2,000 hand picked coffee cherries to create half a kilo of coffee, depending on the type, size and density of bean!
- Gloria Jean's Coffees use only top grade high altitude grown premium Arabica beans which are roasted in their state-of-the-art facility in Castle Hill, Sydney.
- Gloria Jean's Coffees Australian Arabica coffee is grown in tropical tablelands at lower altitudes than other countries, producing a heavier, lower-acidity coffee.
- In 2006 Gloria Jean's Coffees launched its own Rainforest Alliance Certified Single Origin Nicaraguan whole bean coffee - plus, 100% of Gloria Jean's Coffees Flavoured Coffees are Rainforest Alliance Certified.
- Gloria Jean's Coffees support Australia's young women in need through Mercy Ministries, sponsor more than 300 impoverished children through Compassion; and also help local businesses in developing countries with Opportunity International.
- A report from BIS Shrapnel released in February 2006, ranked Gloria Jean's Coffees as Australia's most recognised coffee house brand ('Coffee in Australia 2006-2008' report, BIS Shrapnel, February 2006).
- Gloria Jean's Coffees was recently awarded '2006 International Franchisor of the Year' by the Franchising & Licensing Association Singapore (FLA).