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COLLINS FOODS LIMITED

ACQUISITION OF KFC RESTAURANTS IN THE
NETHERLANDS FROM YUM! BRANDS
March 23 2017



COLLINS FOODS LIMITED

ACN 151 420 781

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No person is under any obligation to update this presentation at any time after its release to you. The information in this presentation remains subject to change by Collins Foods without notice.

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Executive summary

Overview of the acquisition

- CFE Investments Ltd, a subsidiary of Collins Foods, has entered into a binding agreement with subsidiaries of Yum! Brands Inc ("Yum!") to acquire 16 KFC restaurants located in the Netherlands (the "Netherlands Acquisition")
- Purchase price of €62.3 million
- Separate agreement has been entered into which governs the roll-out of more than 20 new KFC restaurants by Collins Foods in the Netherlands by 31 December 2021, including six by 31 December 2018 ("Development Agreement")

Funding structure

- Purchase price and associated costs for the equity raising to be funded via:
 - fully underwritten institutional placement of A\$54.5 million; and
 - extension of existing lending facilities

Financial impact

- The acquisition is expected to be mid single digit EPS accretive for Collins Foods shareholders in the first full financial year of ownership (i.e. FY2019), inclusive of expected new restaurant builds over this period
- Pro forma net leverage ratio will be 1.9x

European Management and Board Structure

- Appointment of Mark van 't Loo as CEO Europe, responsible for German and Netherlands operations
- Mark will also join the newly established Board of Collins Foods Europe which will include Graham Maxwell, Nigel Williams and Nigel Clark, an Independent, UK based Director

Trading update

- Unaudited financial results for the 20 weeks to 5 March 2017 reflect continued underlying EBITDA growth
 - revenue of A\$247.2 million, up 12.3%, and underlying EBITDA of A\$30.7 million, up 5.4%



Section 1

Acquisition overview

Acquisition overview

- CFE Investments Ltd, a wholly owned subsidiary of Collins Foods, has agreed to acquire a portfolio of 16 KFC restaurants in the Netherlands from subsidiaries of Yum!
 - sale is part of Yum!'s announced strategy to move to a $\geq 98\%$ franchised model globally
- Cash consideration of €62.3 million
 - reflective of the strong business fundamentals and significant growth opportunity post acquisition
- Has also entered into a Development Agreement with a subsidiary of Yum! which will govern the roll-out of more than 20 new KFC restaurants by Collins Foods in the Netherlands by 31 December 2021
- Completion is subject to a number of conditions precedent regarding the entry into applicable franchise agreements, leases or subleases, service and supply agreements, employee retention arrangements, integration arrangements, the receipt of an unqualified FY2015 audit for the selling entities, obtaining applicable operational permits, successful completion of the equity raising and other customary conditions
- Transaction expected to close in July 2017

Compelling strategic rationale

1

Leverages the core strength of Collins Foods in operating and growing KFC restaurants

2

Accelerates Collins Foods' European expansion, adding critical scale to the recently acquired operations in the adjacent market of Germany

3

The Netherlands is an attractive, underpenetrated market for KFC with low country risk

4

The acquired restaurants together present a high quality, growing, and strong margin business

5

The acquisition secures a pipeline of future KFC restaurant openings that will assist to continue to drive earnings growth

6

The acquisition is expected to be mid single digit EPS accretive for Collins Foods shareholders in the first full financial year of ownership (i.e. FY2019), inclusive of expected new restaurant builds over this period



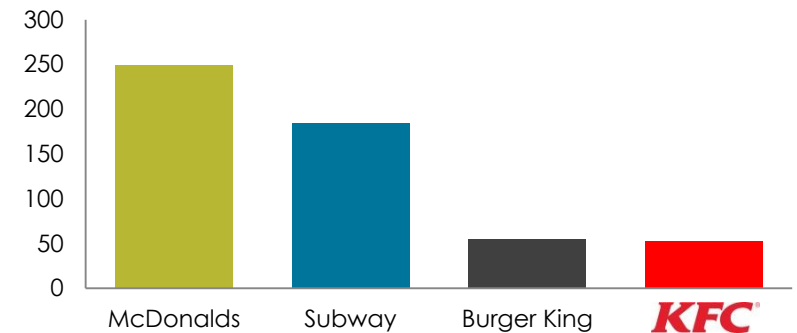
Section 2

Netherlands Acquisition
portfolio

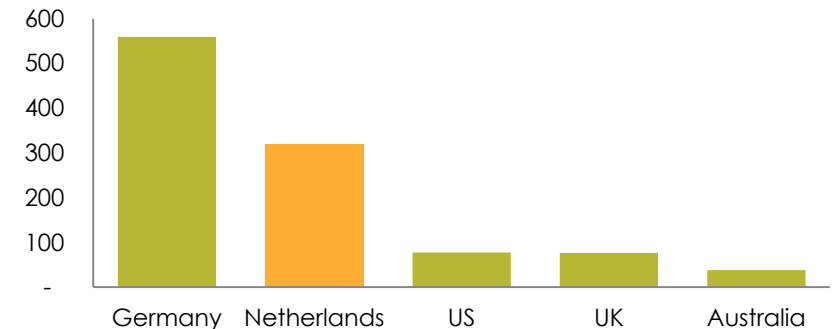
Netherlands market opportunity

- The Netherlands is the world's 17th largest economy
 - forecast GDP per capita growth of 2.6% for CY2017
- Population of c.17 million
 - one of the most densely populated countries in Europe
- Relatively safe, stable environment with low country risk
- Established QSR industry
 - includes 249 McDonalds and 185 Subway restaurants
- Long heritage but remains an under-penetrated market for KFC
 - first KFC restaurant opened in 1972
 - 53 restaurants across the Netherlands today
- Over the past three years, Yum! has opened 4-5 restaurants per year in the Netherlands

Competitor restaurants in the Netherlands



Restaurant density (Population (000s) / KFC restaurant)



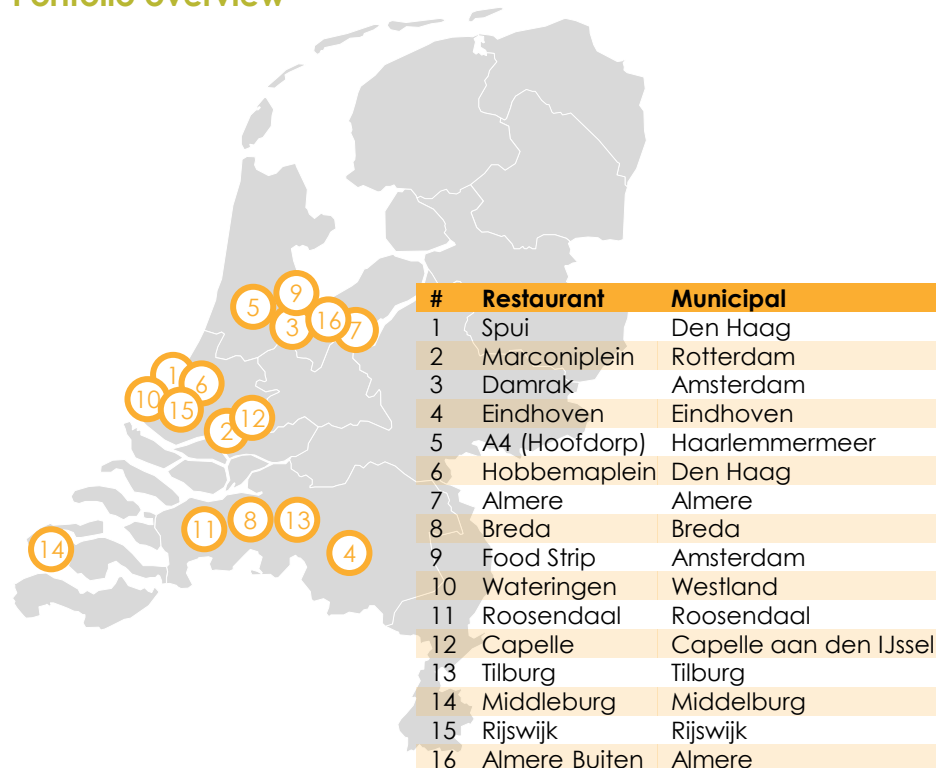
Source: International Monetary Fund, World Bank, company websites

Netherlands Acquisition portfolio

Commentary

- Acquisition includes 16 restaurants across the Netherlands
 - nine restaurants in Amsterdam, the Hague, Almere and seven in major southern cities
 - all established restaurants with the exception of Almere Buiten which commenced trading in November 2016
- Restaurants cover a range of formats including drive-thru, inliner and city centre
- Restaurant sizes range from 240sqm to 894sqm

Portfolio overview



Netherlands Acquisition portfolio (cont'd)

Financial profile

- For the year ending 30 September 2016, the Netherlands Acquisition generated revenue of €46.6 million and EBITDA of €7.3 million on a pro forma basis
 - pro forma financials have been adjusted to reflect the material investment which Collins Foods intends to make post transaction in a European management team, head office and corporate overheads to support the future growth of the business
 - also adjusted to include a full 12 months trading for all restaurants (i.e. no closures for remodels) and a cost structure in line with that which will be in place post transaction including royalties, rent and other costs
 - Annual depreciation charge for the same period of €2.8 million
 - will increase post acquisition with investment in remodels and new restaurants
 - Netherlands corporate tax rate of 25%
 - Highly profitable portfolio with average revenue of c.€3.0 million per restaurant and strong restaurant EBITDA margins
 - Excluding new restaurant openings, the acquisition portfolio has delivered strong underlying revenue growth over recent years
 - Damrak, located in canal district of Central Amsterdam, is the largest restaurant in portfolio, representing c.22% of EBITDA for the 16 restaurants
-

Netherlands Acquisition portfolio (cont'd)

Integration

- The Collins Foods European business will operate independently from the Collins Foods Australian business
- A new European head office, including CEO and finance head, will lead the Netherlands and German operations
- A Netherlands support centre will be established to support the acquired operations and integrate the new build restaurants into Collins Foods systems
 - will include restaurant operations managers and trainers, human resources and accounting and administration
 - will also drive the new restaurant development program, establishing independent restaurant development capabilities over 12-18 months after initial Yum! support
- As the business expands through new restaurant growth, it is expected that overheads will grow at a slower rate than underlying earnings following the initial investment

Restaurant remodels

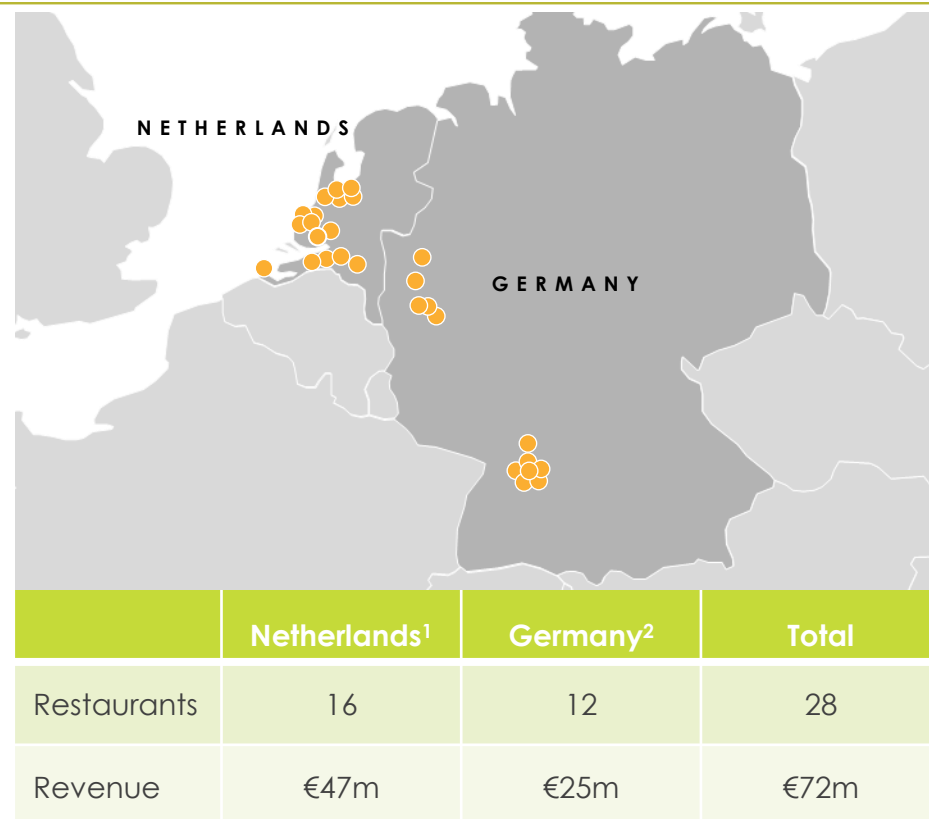
- All restaurants are in good operating condition
- Under the standard terms of the KFC franchise agreements, requirement to remodel restaurants every 5 years, alternating between major and minor works
- For FY2018, two restaurants are due for major remodel and two restaurants for a minor remodel
 - estimated total capital expenditure of €1.6 million
- For FY2019, three restaurants are due for a major remodel and two restaurants for a minor remodel

Development Agreement

- A subsidiary of Collins Foods, CFE Investments Ltd, and a subsidiary of Yum! have entered into a Development Agreement which will govern the roll-out of more than 20 new KFC restaurants in the Netherlands by Collins Foods by 31 December 2021
 - will more than double the number of Collins Foods owned KFC restaurants in the Netherlands over this period
- The agreement specifies an annual number of new build restaurants
 - includes six by 31 December 2018
- Grants Collins Foods first right of refusal to open new restaurants across a number of zones in the Netherlands
- Yum! will work with Collins Foods in sourcing sites for the new restaurants up until 31 December 2018, including accessing potential sites from Yum!'s existing property pipeline
 - Collins Foods will build its own internal property capability in the Netherlands over this time
- Highly attractive new build economics – average new build cost of €1.4 million per restaurant
 - new restaurants expected to generate revenue of c.€3 million per restaurant and deliver strong restaurant margins

Significantly enhanced scale in Europe

- Acquisition accelerates Collins Foods' European expansion strategy, increasing the restaurant footprint from 12 to 28 restaurants following the recent German acquisition
- Allows increased economies of scale to be readily achieved
- Development Agreement lays out path to further growth in the Netherlands
- Netherlands growth is in addition to Collins Foods' previously announced intentions for new restaurants in Germany
 - four to five new restaurants per year in Germany over the next two years increasing to around 10 restaurants per year over the following years
- Ability to consider further bolt-on franchise acquisitions in these markets and, over time, expansion into additional territories



Notes:

1. Pro forma for year ending 30 September 2016
2. Pro forma for year ending 31 October 2016



Section 3

Financial impact of the Acquisition

Financial impact of the Acquisition

- The Netherlands Acquisition and associated costs for the equity raising to be funded through a combination of:
 - fully underwritten institutional placement to raise c.A\$54 million
 - extension of existing lending facilities via a EUR denominated RCF facility with interest cost EURIBOR + 1.7%¹
- In addition, eligible existing Collins Foods shareholders will be given the opportunity to acquire additional shares up to a maximum A\$15,000 per shareholder via a Share Purchase Plan ("SPP"). The SPP will be capped at A\$10.0 million, which means eligible applicants may be subject to scale back

Sources and uses

Sources	A\$m	Uses	A\$m
Placement	54.5	Purchase price ²	87.9
Debt	35.1	Equity raising costs ³	1.8
Total	89.6	Total	89.6

The acquisition is expected to be mid single digit EPS accretive for Collins Foods shareholders in the first full financial year of ownership (i.e. FY2019), inclusive of expected new restaurant builds over this period

Notes:

1. EURIBOR floor rate of 0% resulting in total interest cost of 1.7% at current rates

2. AUD:EUR exchange rate 0.71

3. In addition to the equity raising costs, there is approximately A\$1.3 million of other fees (e.g. due diligence, legal and debt refinancing) which will be funded from Collins Foods existing cash

Pro forma balance sheet

Impact to balance sheet¹

A\$m	Collins Foods as at 16 Oct 16	German acquisition adjustments ²	Netherlands Acquisition adjustments ³	Pro forma
Cash and equivalents	40.4	9.3	—	49.7
Inventories	4.5	0.3	0.4	5.2
Other current assets	4.6	—	—	4.6
Total current assets	49.5	9.6	0.4	59.5
P,P&E	93.1	7.1	16.5	116.7
Goodwill	253.1	12.1	71.0	336.2
Other non-current assets	46.2	0.7	—	46.9
Total non-current assets	392.4	19.9	87.5	499.8
Total assets	441.9	29.5	87.9	559.2
Total current liabilities	63.7	0.9	—	64.6
Debt	164.3	28.6	35.1	228.0
Other liabilities	6.2	—	—	6.2
Total liabilities	234.2	29.5	35.1	298.8
Net assets	207.7	—	52.7	260.4
Total equity	207.7	—	52.7	260.4

- Funding has been structured to ensure a prudent and conservative balance sheet is maintained
- Goodwill of A\$71.0 million to be recognised representing the value of purchase consideration after inventories and P,P&E acquired
- Acquisition funded through proceeds of equity raising and extension of existing debt facilities
- The pro forma equity adjustment represents A\$54.5 million of equity raised net of equity raising costs
- The pro forma debt adjustment represents A\$35.1 million to be drawn down
 - pro forma net leverage ratio will be 1.9x⁴

Notes:

1. Excludes any potential proceeds from the SPP
2. As at acquisition completion date of 1 December 2016
3. As at estimated date of completion in July 2017

4. Net leverage ratio based on pro forma balance sheet as disclosed above and EBITDA for Collins Foods (16 Oct 2016 LTM) adjusted to include full year contribution for New South Wales/Victoria ("NSW"/"VIC") acquisition), German acquisition (31 Oct 2016 LTM) and Netherlands acquisition (30 Sep 2016 LTM)



Section 4

European management structure

Strengthened European management structure

- Mark van 't Loo has joined Collins Foods in the newly created position of CEO, Europe
- A Dutch citizen, Mark has over 24 years' experience in the fast food industry including 17 years with KFC in various roles, including in the Netherlands and Germany
- Mark was most recently the General Manager for the KFC Northern Europe Business Management Unit where he was responsible for 65 KFC restaurants across six countries (including the Netherlands) representing US\$150 million of revenue
- Mark will take responsibility and oversight of the expanded European operations of Collins Foods
- Mark joins the newly established Boards of Collins Foods Europe Ltd and its subsidiaries. Graham Maxwell, Nigel Williams and Nigel Clark, an independent, UK based Director, will also sit on the Board of Directors for these entities



Mark Van 't Loo
CEO, Europe



Section 5

Trading update

Trading update — Collins Foods

(A\$m)	20 weeks to 4 March 2016	20 weeks to 5 March 2017	Change
Revenue	220.1	247.2	12.3%
Underlying EBITDA ¹	29.1	30.7	5.4%
Underlying EBITDA margin	13.2%	12.4%	(0.8%)
Statutory EBITDA	30.7	29.0	(5.5%)

1. Adjusted to exclude A\$1.7 million profit from sale of land and A\$0.1 million of performance rights for 20 weeks to 4 March 2016, A\$1.5 million transaction costs primarily associated with the German acquisition and A\$0.1 million of performance rights for 20 weeks to 5 March 2017

- Revenue growth of 12.3% on pcp driven by KFC Australia SSS growth of 1.6%, two net new KFC Australia restaurant openings, inclusion of NSW/VIC and German acquisitions and consolidation of Snag Stand revenues from July 2016
- Underlying EBITDA growth of 5.4% on pcp, with a decline in underlying EBITDA margins from 13.2% to 12.4%, driven by a slight softening of KFC Australia underlying margins, inclusion of lower margin German and Snag Stand results and additional investment in corporate costs to support the growing business
- Capital expenditure totalled A\$9.7 million for the 20 weeks on an accruals basis
- The NSW/VIC acquisition has been integrated and is performing in-line with expectations
- The German acquisition was completed in December 2016 and the integration is progressing well. The new restaurant pipeline is also progressing positively. Since completing the acquisition of 11 stores in December, one new restaurant has been opened (was under construction at the time of completion), with two new restaurants to open by July 2017. A strong new restaurant pipeline exists for the remainder of FY2018 and FY2019

Trading update — KFC Australia

(A\$m)	20 weeks to 4 March 2016	20 weeks to 5 March 2017	Change
Restaurants	176	192	16
Revenue	192.6	214.2	11.2%
Underlying EBITDA	30.9	33.6	8.9%
Underlying EBITDA margin	16.0%	15.7%	(0.3%)

- Revenue up 11.2% driven by:
 - SSS growth of 1.6%, impacted by weak trading in Western Australia ("WA") which experienced a SSS decline of 2.1% over the period. Trading in Queensland ("QLD") and NSW/VIC remains stronger with SSS growth of 2.3% and 3.8% respectively over the period
 - the acquisition of the 13 restaurants acquired in NSW/VIC contributed revenues of A\$13.0m
 - there were two net new restaurant openings during the period
- Underlying EBITDA growth of 8.9% on pcp with a slight softening of underlying EBITDA margins from 16.0% to 15.7% impacted by the soft trading in WA, increased cost of sales due to change in product mix and the timing of some costs (principally to do with a business interruption insurance claim in 2016)

Trading update — other divisions

	Revenue			Underlying EBITDA		
(A\$m)	20 weeks to 4 March 2016	20 weeks to 5 March 2017	Change	20 weeks to 4 March 2016	20 weeks to 5 March 2017	Change
KFC Europe	—	5.9	na	—	0.4	na
Sizzler	27.4	25.2	(8.0%)	2.2	1.5	(30.5%)
Snag Stand	—	1.9	na	—	(0.3)	na
Corporate	0.1	—	na	(3.9)	(4.5)	(14.4%)

- German acquisition completed 1 December 2016
- Sizzler revenue and earnings impacted by restaurant closures
- Snag Stand consolidated from July 2016 (previously equity accounted)
- Corporate costs increased as a result of additional investment to support the growing business

Outlook

- Expect Group underlying EBITDA growth on pcp for the last 8 weeks of FY2017 to remain broadly in line with that observed over the 20 weeks ending 5 March 2017;
- Expect to report additional one-off costs, including transaction costs in relation to the Netherlands Acquisition and other ongoing M&A and establishment costs in relation to Germany, of up to A\$2.0 million;
- As part of its year end processes, Collins Foods intends to undertake a review of the carrying value of a number of assets (including associated deferred tax assets and goodwill) which may result in the recognition of non-cash impairment charges and/or onerous lease provisions and/or lease exit costs. The assets subject to review include:
 - Snag Stand (current carrying value, including goodwill, of A\$3.0 million);
 - Sizzler (current carrying value of A\$2.0 million, associated deferred tax assets of A\$4.2 million); and,
 - any underperforming KFC restaurants in the portfolio.
- Collins Foods continues to evaluate a range of M&A opportunities, both in Australia and in Europe



Section 6

Equity offer structure

Equity raising details

Offer size

- Fully underwritten institutional placement of approximately 10.4 million shares to raise approximately A\$54.5 million
- Non-underwritten SPP to eligible shareholders in Australia and New Zealand, up to A\$15,000 per shareholder
- The SPP will be capped at A\$10.0 million, which means eligible applicants may be subject to scale back

Issue price

- Offer price of A\$5.25 per new share under the Placement ("Placement Price")
- Offer price represents a 10.7% discount to the closing price on Wednesday 22 March 2017¹
- Shares under the SPP will be issued at the Placement Price

Ranking

- New shares will rank equally with existing Collins Foods shares

Joint Lead Managers and Underwriters

- UBS AG, Australia Branch and Wilsons Corporate Finance Limited are Joint Lead Managers and Joint Underwriters of the Placement

Note:

1. Collins Foods closing share price on 22 March 2017 of A\$5.88 per share

Equity raising timetable¹

Wednesday 22 March 2017	<ul style="list-style-type: none">• Record date for SPP (7pm Sydney time)
Thursday 23 March 2017	<ul style="list-style-type: none">• Trading halt• Bookbuild conducted for the Placement
Friday 24 March 2017	<ul style="list-style-type: none">• Announcement of completion of Placement• Trading halt lifted
Tuesday 28 March 2017	<ul style="list-style-type: none">• Settlement of new shares issued under the Placement
Wednesday 29 March 2017	<ul style="list-style-type: none">• Allotment and normal settlement trading of new shares under the Placement
Monday 3 April 2017	<ul style="list-style-type: none">• SPP opens
Friday 28 April 2017	<ul style="list-style-type: none">• SPP closes (5pm Sydney time)
Monday 8 May 2017	<ul style="list-style-type: none">• Allotment of new shares under the SPP

Note:

1. Dates and times are indicative only and subject to change without notice. Collins Foods reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates refer to Sydney, Australia time



Section 7

Key risks and selling jurisdictions

Key risks

This section outlines some of the key risks associated with an investment in Collins Foods shares, together with risks relating specifically to the Netherlands Acquisition and participation in the Placement and SPP. This is not an exhaustive list of the relevant risks and the risks set out below are not in order of importance.

Additional risks not presently known to Collins Foods, or that are not presently considered by Collins Foods to be material, may also become important factors that adversely affect Collins Foods. If any of the following risks materialise, Collins Foods' business, financial condition and financial performance, and the price of its shares may be adversely affected. Investors should note that the occurrence or consequences of some of the risks described in this section are partially or completely outside of the control of Collins Foods, its directors and senior management.

In deciding whether to participate in the Placement or the SPP, you should read this presentation in its entirety and carefully consider the risks outlined in this section. You should also read this presentation in conjunction with Collins Foods' other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("ASX"), which are available at www.asx.com.au and you should also consider consulting your financial or legal adviser so as to ensure you fully understand the terms of the Placement and the SPP and the inherent risks.

Transaction specific risks

Risk	Explanation
Reliance on information provided for due diligence	<ul style="list-style-type: none">Collins Foods has undertaken a due diligence review in respect of the Netherlands Acquisition. Despite taking reasonable efforts, Collins Foods has not been able to verify the accuracy, reliability or completeness of all the information provided against independent dataThere is a risk that information provided by the seller (including financial information) was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to the Netherlands Acquisition. Limited contractual representations and warranties have been obtained from the seller in respect of the adequacy and accuracy of the materials disclosed during the due diligence process
Completion risk	<ul style="list-style-type: none">Completion of the Netherlands Acquisition is conditional on certain matters (including entry into applicable franchise agreements, leases or subleases, service and supply agreements and employee retention arrangements and obtaining applicable operational permits) which are considered by Collins Foods to be customary conditions for a transaction of this nature and Collins Foods anticipates that the conditions will be able to be satisfied in the required timeframesThere is a risk that any condition may not be able to be satisfied or waived and that completion of the acquisition may be delayed or cancelledIf the Netherlands Acquisition fails to complete, Collins Foods will need to consider alternative uses for the proceeds of the equity raising or options for returning capital. Failure to complete the acquisition may have an adverse impact on Collins Foods' financial performance, financial position and its share price

Key risks

Transaction specific risks

Risk	Explanation
Concentration and integration risk	<ul style="list-style-type: none">Damrak is the largest restaurant in portfolio, representing c.22% of EBITDA for the 16 restaurants. Furthermore, the Netherlands Acquisition contemplates the successful integration of the business including the implementation of a European senior management and shared services teamAny negative performance at Damrak or the failure to execute a successful integration may negatively impact Collins Foods European expansion
Equity raising dilution risk	<ul style="list-style-type: none">If shareholders do not participate in the SPP then their percentage shareholding in Collins Foods will be diluted. Even if a shareholder does take up their full entitlement under the SPP, its percentage shareholding in Collins Foods will be diluted by the Placement and may also be diluted by the SPP because participation is limited to a fixed amount and shareholders are not entitled to participate in the SPP on a pro rata basis relative to their existing shareholdings
Equity raising underwriting risk	<ul style="list-style-type: none">Collins Foods has entered into an Underwriting Agreement under which the underwriters have agreed to fully underwrite the Placement. If certain conditions are not satisfied or certain events occur under the Underwriting Agreement, the underwriters may terminate the Underwriting Agreement. This may have a material impact on the proceeds raised under the Placement, and Collins Foods may need to find alternative financing in order to complete the Netherlands Acquisition
Currency risk	<ul style="list-style-type: none">The actual returns received by Collins Foods in relation to the Netherlands Acquisition may be materially impacted by fluctuations in the AUD/EUR exchange rate, and forecast returns may not be able to be achieved as a result of exposure to exchange rate movements

Key risks

Risks specific to Collins Foods

Risk	Explanation
Acquisition related risks	<ul style="list-style-type: none">Collins Foods may pursue acquisitions to complement its organic growth. There are risks associated with an acquisition strategy, including that Collins Foods is unable to identify suitable opportunities at acceptable prices and to the extent that acquisitions are not completed, are not successfully integrated with Collins Foods' existing business or do not perform in line with expectationsTo fund acquisitions and other growth opportunities, Collins Foods may require additional equity or debt financing. Any additional equity financing may dilute existing shareholdings, and debt financing, if available, may involve restrictions on the financing and operating activities of Collins Foods. There is no guarantee that Collins Foods will be able to secure additional funding or to secure funding on terms favourable to Collins Foods. The availability and terms of debt financing may depend on macroeconomic conditions, the tenor of the facilities, the performance of Collins Foods and the risks associated with the proposed use of funds. An inability to secure funding on reasonable terms in the future could constrain growth and adversely impact Collins Foods' operating and financial performance
Food safety and sanitation	<ul style="list-style-type: none">There is a risk that a serious food-poisoning incident could occur at a Collins Foods KFC, Sizzler or Snag Stand restaurant as a result of an operational lapse in food safety or sanitation procedures or malicious tampering. The occurrence of a serious food-poisoning incident at a KFC, Sizzler or Snag Stand restaurant (including restaurants operated by another franchisee) is likely to have very significant consequences for Collins Foods. It may involve:<ul style="list-style-type: none">a loss of consumer trust in the relevant brand that results in reduced revenues;an increase in expenditure on advertising to seek to attempt to restore consumer trust in the relevant brand;some or all restaurants for the relevant brand being partially or wholly closed while the relevant food safety authorities satisfy themselves that the underlying issue has been resolved satisfactorily. Revenues from these restaurants would be foregone as a result; andthe payment to affected consumers (or their dependents) of some form of compensation and to the relevant food authorities of some form of penalty or fine (unless the incident results from malicious tampering)
Security of supply chain	<ul style="list-style-type: none">There is a risk that the supply chain for one or more of Collins Foods' restaurants will be materially disrupted with the result that sufficient quantities of supplies are not delivered on time. This could result from the occurrence of a natural disaster that affects the delivery by suppliers of supplies to restaurants or alternatively some industry-wide phenomena affecting the availability of supplies to suppliers. It should be noted that the failure of any one supplier common to all restaurants, or the failure of all suppliers to a limited number of restaurants, is unlikely to result in material consequences for Collins FoodsThe occurrence of such an event would potentially have significant consequences for all Collins Foods restaurants (as well as the quick service restaurant ("QSR") or casual dining industries more generally), including the inability to sell some or all products, with an associated loss of revenue and (potentially) brand damage, increased costs flowing from alternative delivery arrangements, or a combination of both

Key risks

Risks specific to Collins Foods

Risk	Explanation
Termination of franchise agreements for non-compliance	<ul style="list-style-type: none">• There is a risk that Yum! could terminate KFC franchise arrangements with Collins Foods as a result of a material breach by Collins Foods of its obligations to Yum! under those arrangements (including to refrain from damaging the KFC brand, a failure by Collins Foods to upgrade its KFC restaurants to Yum! brand standards or if a person acquires control of Collins Foods without Yum!'s prior consent).• The termination of all of Collins Foods' KFC franchise arrangements would result in:<ul style="list-style-type: none">– the imposition on Collins Foods of an obligation not to be engaged in or perform any services for any business involving the preparation, marketing or sale of products similar to the KFC products for a period of 12 months; and– Collins Foods ceasing to trade as KFC through any of its restaurants, with an associated loss of revenue and cost to refurbish its restaurants (if an alternative use for them could be found)• There is a possibility that this would result in Collins Foods being unable to conduct any business from these sites, or be unable to conduct a business that generates revenues equal to those currently being generated, or the cessation of business at all sites and the sale of the assets to a third party or to Yum!
Change in regulation	<ul style="list-style-type: none">• There is a risk that laws or regulations will be introduced that could impact Collins Foods business including changes to advertising of foods sold by QSRs, changes to employee laws and regulation or the introduction of taxation measures that reference food content. There is the potential for such measures to reduce materially revenues, increase costs or cause both to arise
Brand and reputation calamity	<ul style="list-style-type: none">• There is a risk that some incident beyond the control of Collins Foods could occur which would have the effect of reducing consumer confidence or preferences for the KFC, Sizzler or Snag Stand brands or for any of the component menu items sold by those businesses, such as:<ul style="list-style-type: none">– the occurrence of a food safety incident at a KFC, Sizzler or Snag Stand restaurant belonging to a separate franchisee elsewhere in Australia or overseas;– a widespread loss of consumer confidence in one or more of the products sold by Collins Foods' restaurants; and– a widespread loss of consumer confidence in the food safety procedures in the industry as a whole• The consequences of such an incident could be very significant for any or all of Collins Foods' KFC, Sizzler or Snag Stand restaurants, including reduced revenues, loss of consumer trust in the relevant brand or products, reduced desirability of restaurants for the relevant brand to landlords and reduced prominence of the relevant brand in customers' minds.

Key risks

Risks specific to Collins Foods

Risk	Explanation
Failure to continue to open sufficient number of new restaurants	<ul style="list-style-type: none">• There is a risk that Collins Foods will be unable to open new restaurants in accordance with business plan and the recently signed Development Agreement, including as a result of an inability to secure:<ul style="list-style-type: none">– Sufficient numbers of professional builders to construct the new restaurants;– Suitable sites for new restaurants on acceptable terms or at all;– Landlord approvals; and– Yum! approval to open a new restaurant• The effect of such a failure would reduce the growth of Collins Foods business.
The retail food industry is highly competitive	<ul style="list-style-type: none">• The retail food industry in which Collins Foods operate is highly competitive with respect to price and quality of food products, new product development, advertising levels and promotional initiatives, customer service, reputation, restaurant location, and attractiveness and maintenance of properties. If consumer or dietary preferences change, or Collins Foods restaurants are unable to compete successfully with other retail food outlets in new and existing markets, Collins Foods business could be adversely affected. In addition, in the retail food industry, labor is a primary operating cost component. Competition for qualified employees could also require Collins Foods to pay higher wages to attract a sufficient number of employees, which could adversely impact profit margins
Collins Foods may be adversely impacted by general economic conditions	<ul style="list-style-type: none">• Collins Foods results of operations are dependent upon discretionary spending by consumers, which may be affected by general economic conditions globally or in the markets it serves. Some of the factors that impact discretionary consumer spending include unemployment, disposable income and consumer confidence. These and other macroeconomic factors could have an adverse effect on Collins Foods sales, profitability or development plans, which could harm Collins Foods financial condition and operating results

Key risks

General risks

Risk	Explanation
General market and share price risks	<ul style="list-style-type: none">There are general risks associated with any investment in the share market. The price of Collins Foods shares may increase or decrease due to a number of factors. Those factors include fluctuations in domestic or global financial markets and general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the removal or inclusion of Collins Foods from market indices, and the nature of markets in which Collins Foods operates. These factors may cause the price of Collins Foods shares to trade below the price at which they are offered under the Placement and SPP, notwithstanding Collins Foods financial or operating performance
Tax / accounting	<ul style="list-style-type: none">Australian and other international countries' (where Collins Foods operate) accounting standards and tax laws (including GST and stamp duties), or the way they are interpreted, are subject to change from time to time, which may impact Collins Foods' financial position or performanceTaxation arrangements between Australia and the international countries (where Collins Foods operate) may change which in turn could affect the repatriation of funds to Australia
Dividends	<ul style="list-style-type: none">There are a range of factors that determine the payment of dividends on Collins Foods' shares. These include the profitability of the business, its cash reserves, future capital requirements and obligations under debt facilities. Collins Foods' Board will determine any future dividend levels based upon the Company's operating results and financial standing at the time. There is no guarantee that any dividend will be paid by Collins Foods, or guarantee that future dividends will equal or exceed previous payments
Litigation	<ul style="list-style-type: none">Legal proceedings and claims may arise from time to time in the ordinary course of Collins Foods' business and may result in high legal costs, adverse monetary judgments and/or damage to Collins Foods' reputation which could have an adverse impact on Collins Foods' financial position and financial performance and the price of its shares

Foreign selling/offer jurisdictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

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Foreign selling/offer jurisdictions

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Foreign selling/offer jurisdictions

Singapore

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This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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Foreign selling/offer jurisdictions

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

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