

ASX RELEASE

COLLINS FOODS LIMITED ANNOUNCES THE ACQUISITION OF 28 KFC RESTAURANTS FROM YUM! BRANDS ACROSS TASMANIA, SOUTH AUSTRALIA AND WESTERN AUSTRALIA AND STRENGTHENS THE AUSTRALIAN MANAGEMENT TEAM

Monday, 26 June 2017: Collins Foods Limited (ASX: CKF) is pleased to announce:

- Collins Restaurants South Pty Ltd, a wholly owned subsidiary of Collins Foods, has entered into binding agreements to acquire 28 KFC restaurants¹ located in Tasmania, South Australia and Western Australia from a subsidiary of Yum! Brands Inc ("Yum!") for cash consideration of A\$110.2 million² (the "Acquisition");
- The Acquisition and associated equity raising costs will be funded via a fully underwritten, pro-rata accelerated non-renounceable entitlement offer of A\$44.1 million (the "Entitlement Offer") and debt of A\$69.3 million from new enlarged debt facilities; and
- Strengthening of the Australian management team with the appointment of Drew O'Malley to the newly created position of Chief Operating Officer, Australia (further details below).

Collins Foods Managing Director and CEO Graham Maxwell said:

"This acquisition provides an exciting opportunity for us to continue to grow in Western Australia and develop new growth platforms in Tasmania and South Australia. The acquisition portfolio is attractive and the transaction is consistent with Collins Foods' strategy to drive operational growth while delivering strong value for shareholders. Following the acquisition, our national restaurant count will increase to 223 KFC restaurants and Collins Foods will continue to be the largest KFC franchisee in Australia."

"The acquisition further reinforces the confidence that Yum! has in Collins Foods as a strong operator of KFC restaurants in Australia and globally."

Acquisition overview

Collins Foods will acquire 28 KFC restaurants with 14 located in Tasmania, 8 in South Australia and 6 in Western Australia. 2 of the 6 restaurants in Western Australia are under construction and expected to be operational by end of December 2017.

¹ Total restaurants acquired are 29 but 1 loss-making restaurant will be closed post completion. Also includes 2 new restaurants which are under construction and expected to be operational by the end of December 2017.

² In addition to the purchase price, Collins Foods will pay approximately A\$1.9 million for franchise fees in relation to restaurants acquired. Collins Foods will pay a deposit equal to 3.0% of the purchase price (excluding franchise fees) within 5 business days after signing of the Acquisition agreement.

The acquisition builds on the organic growth profile of the business. Based on the increased KFC restaurant count, Collins Foods' plan is to build 8-9 new KFC restaurants a year over the next 4-5 years. This is up from the previous plan of 7-8 new KFC restaurants per year, over that same period.

For the 12 months ended 20 February 2017, the Acquisition portfolio delivered same stores sales growth of c.5.8%³ and generated revenue and EBITDA of A\$93.7 million and A\$15.7 million, respectively. This is after adjusting for the 2 restaurants to be opened in Western Australia (based on expected sales and Western Australian portfolio average margin), the closure of 1 loss making restaurant in Western Australia (based on historical performance) along with incremental G&A for Collins Foods post the Acquisition.

The Acquisition and associated equity raising costs will be funded by a fully underwritten pro-rata accelerated non-renounceable entitlement offer to raise A\$44.1 million and debt of A\$69.3 million from new enlarged debt facilities.

Strategic rationale

The Acquisition is underpinned by a compelling strategic rationale:

- Leverages the core strength of Collins Foods in developing and operating KFC restaurants;
- Enhances the scale of Collins Foods' KFC network in Australia;
- Provides an attractive and scale entry into the Tasmanian and South Australian markets, adding further geographic diversification to Collins Foods' KFC network in Australia. This will also provide access to future growth via new restaurant openings in these markets;
- The Acquisition portfolio represents a well-established, high margin and strong cashflow business; and
- 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)⁴.

Strengthening Australian executive management team

Drew O'Malley will join Collins Foods in the newly created position as Chief Operating Officer, Australia from September 2017. He will be responsible for the daily operation of Collins Foods Australia's expanding network of stores and will form a key part of the executive management team in executing the business strategy in Australia.

Drew has approximately 15 years' experience in the fast food industry having held various roles at AmRest including Chief Operating Officer and Brand President KFC. Drew's roles at AmRest included President of the Central Europe Division in which he was responsible for over 500 restaurants across four brands (KFC, Pizza Hut, Starbucks and Burger King) and several countries in Central Europe with annual sales of over US\$600 million.

Entitlement offer

Collins Foods will undertake a fully underwritten pro-rata accelerated non-renounceable entitlement offer, to raise approximately A\$44.1 million.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new Collins Foods share for every 11 existing Collins Foods shares ("Entitlement") held as at 7:00pm (Brisbane time) on Wednesday, 28 June 2017 ("Record Date").

³ Based on Acquisition data.

⁴ This is inclusive of 1 new restaurant opening per year in these new markets over the period.

The offer price of A\$4.55 per new share represents a 9.7% discount to the dividend adjusted theoretical ex-rights price ("TERP")⁵ of A\$5.04 on Friday, 23 June 2017.

Approximately 9.7 million new Collins Foods shares will be issued under the Entitlement Offer ("New Shares"), representing 9.1% of current Collins Foods shares on issue. New Shares will rank equally with existing shares. New Shares issued under the Entitlement Offer will not be eligible to receive the 2017 final dividend.

The Entitlement Offer will consist of an Institutional Entitlement Offer and Retail Entitlement Offer. It is fully underwritten by UBS AG, Australia Branch and Wilsons Corporate Finance Limited.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Entitlement Offer ("Institutional Entitlement Offer") which is being conducted today Monday, 26 June 2017.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional Entitlements cannot be traded on market or transferred.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for new shares in excess of their Entitlement, as well as to certain other eligible institutional investors who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer.

Collins Foods shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Entitlement Offer for retail shareholders ("Retail Entitlement Offer") at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Monday, 3 July 2017 and close at 5:00pm (Brisbane Time) on Wednesday, 12 July 2017.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which Collins Foods expects to lodge with the ASX and despatch on Monday, 3 July 2017.

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

⁵ TERP is a theoretical price at which Collins Foods shares trade immediately after the ex-date for the Entitlement Offer. TERP is calculated by reference to Collins Foods closing price of A\$5.17 on 23 June 2017. TERP is adjusted by subtracting the 2017 final dividend of 9.0 cents per Ordinary Share. TERP is a theoretical calculation only and the actual price at which Collins Foods shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

Summary of key dates*

Trading halt, announcement of the Acquisition and Capital Raising and Institutional Entitlement Offer opens	Monday, 26 June 2017
Institutional Entitlement Offer and institutional bookbuild closes (pre-market open)	Tuesday, 27 June 2017
Trading halt lifted and announcement of results of Institutional Entitlement Offer (pre-market open)	Tuesday, 27 June 2017
Record date for determining Entitlements to subscribe for new shares under the Entitlement Offer (7:00pm Brisbane Time)	Wednesday, 28 June 2017
Retail offer booklet despatched and Retail Entitlement Offer opens	Monday, 3 July 2017
Ex-dividend date for final 2017 dividend for existing ordinary shares	Tuesday, 4 July 2017
Settlement of Institutional Entitlement Offer	Wednesday, 5 July 2017
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Thursday, 6 July 2017
Retail Entitlement Offer closes (5:00pm Brisbane Time)	Wednesday, 12 July 2017
Announce results of Retail Entitlement Offer	Friday, 14 July 2017
Allotment of New Shares under the Retail Entitlement Offer	Wednesday, 19 July 2017
Quotation and normal trading of New Shares issued under the Retail Entitlement Offer	Thursday, 20 July 2017

* All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Brisbane time. Collins Foods reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Collins Foods reserves the right to extend the closing date for the Retail Entitlement Offer and to accept late applications under the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date for new shares under the Retail Entitlement Offer. Any changes to the timetable will be posted on Collins Foods' website at www.collinsfoods.com.

For further information, please contact:

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About us

Collins Foods Limited (ASX: CKF) is a KFC franchisee in Australia and Europe, and is the owner of Sizzler restaurants in Australia and the franchisor for Sizzler in Asia. The Company also owns Snag Stand which has company owned outlets and a franchise outlet. The Company seeks continuous improvement in all areas of its operations and work towards the following mission: "Establish Collins Foods as a leading restaurant holding company, which operates premier brands where people love to eat and are proud to work." For further information please visit www.collinsfoods.com

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Important Notices

This announcement is for information purposes only and is not a financial product or investment advice or a recommendation to acquire Collins Foods shares (nor does it or will it form any part of any contract to acquire Collins Foods shares). The information in this announcement is in summary form and does not contain all the information necessary to fully evaluate the transaction or investment. It should be read in conjunction with the other materials lodged with ASX in relation to the Acquisition and the Entitlement Offer (including the investor presentation and the key risks set out therein), and Collins Foods' other periodic and continuous disclosure announcements lodged with ASX. This announcement has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives and financial situation and seek legal and taxation advice.

This **announcement** contains certain forward-looking statements about future events. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “guidance”, “will”, “predict” and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this announcement include statements regarding: the timetable and outcome of the Acquisition and the Entitlement Offer, the use of the proceeds thereof and business strategic initiatives. Indications of, and guidance or outlook on, future earnings or distributions and financial position and performance are also forward-looking statements. Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

Such **forward-looking** statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Collins Foods, and its officers, employees, agents, or associates, that may cause actual results to differ materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements, except as required by law or regulation (include ASX Listing Rules), and Collins Foods assumes no obligation to update such information.

Non-IFRS information

This announcement may include certain financial measures that may be considered “non-GAAP financial measures” under Regulation G of the U.S. Securities Exchange Act of 1934, as amended, and are not recognized under Australian Accounting Standards (“AAS”) or International Financial Reporting Standards (“IFRS”). These measures include underlying EBITDA and EBITDA. Such non-GAAP and non-IFRS financial measures do not have a standardized meaning prescribed by AAS or IFRS and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Collins Foods uses these measures to assess the performance of the business and believes that information is useful to investors. Recipients are cautioned not to place undue reliance on any non-GAAP and non-IFRS financial measures included in this presentation.

About the Acquisition and the Entitlement Offer

Further information in relation to the specific details of the Acquisition and the Entitlement Offer described in this announcement including important notices and key risks in relation to certain forward looking information is set out in an investor presentation released on Monday, 26 June 2017 by Collins Foods. The information in the “Important Notice and Disclaimer” and “Key Risk” sections of the investor presentation applies to this announcement as if set out in full in this announcement.

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