COLLINS FOODS LIMITED

FY17 FULL YEAR RESULTS

26 June 2017

COLLINS FOODS LIMITED

ACN 151 420 781

FY17: strong growth across key financial metrics

$m	FY16 Underlying [1]	FY17 Statutory	FY17 Significant Items [2]	FY17 Underlying	Change vs FY16 Underlying
Revenue	574.3	633.6		633.6	10.3% ↑
EBITDA	74.6	78.1	3.2	81.3	8.9% ↑
EBIT	52.4	51.9	5.3	57.2	9.2% ↑
NPAT	30.1	28.0	6.3	34.3	14.1% ↑
ROCE [3] [5]	14.9%	14.0%		15.0%	10 bps ↑
Net Debt [3]	112.5	79.2		133.1	$20.6m ↑
Net Leverage Ratio [3]	1.52	0.94		1.59	
Net Operating Cash Flow	49.7	60.6		60.6	$10.9m ↑
EPS Basic [4] (cents)	32.3	29.1		35.7	10.4% ↑
DPS (cents)	14.0	17.0		17.0	21.4% ↑

[1] FY16 EBIT adjusted to exclude: impairment of restaurant property, plant and equipment $1.3m; impairment of restaurant smallwares $0.7m; onerous lease provision $1.3m; gain on sale of land and building $1.7m

[2] Refer to comments on page 2

[3] Average Capital Employed, net debt and net leverage ratio have been adjusted to exclude the net proceeds from the equity raise to partially fund the acquisition of KFC restaurants in the Netherlands of $53.9m

[4] EPS basic adjusted for NPAT impact of significant items

[5] Underlying EBIT / Average Capital Employed.

- Revenue up 10.3% to $633.6m
- Statutory EBITDA up 5.0% and underlying EBITDA up 8.9% to $81.3m
- Underlying NPAT up 14.1% to $34.3m
- Net debt up to $133.1m post Germany acquisition. Net leverage ratio at 1.59
- Net operating cash flow of $60.6m up $10.9m on prior year due to higher EBITDA and some working capital benefit from acquisitions and timing of rental payments
- Underlying EPS up to 35.7 cps – growth of 10.4%
- Fully franked final dividend of 9.0 cents per ordinary share declared, up 12.5% (FY16: 8.0 cps). Total FY17 fully franked dividend up 21.4% to 17.0 cps (FY16: 14.0 cps)

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FY17: significant items summary

$m	EBITDA	EBIT	NPAT
Acquisition costs			
Legal due diligence	0.8	0.8	0.8
Legal advice	1.2	1.2	1.2
Financial and tax due diligence	0.6	0.6	0.6
Structuring and tax advice	0.6	0.6	0.6
Stamp duty	0.9	0.9	0.9
European set-up and other related costs	0.9	0.9	0.9
Total acquisition costs	5.0	5.0	5.0
Cash accounting adjustments			
Gain on sale of land	(0.5)	(0.5)	(0.5)
Non-cash accounting adjustments			
Realised FX gain	(0.7)	(0.7)	(0.5)
Gain on disposal	(0.6)	(0.6)	(0.4)
Impairment		1.2	0.9
Goodwill		0.9	0.9
DTA write-off			0.9
Total non-cash accounting adjustments	(1.3)	0.8	1.8
Total significant items	**3.2**	**5.3**	**6.3**

Acquisition costs

- **Aggregated costs for the following acquisitions:**
  - 13 restaurants in NSW/VIC (including stamp duty)
  - 12 restaurants in Germany
  - 16 restaurants in Netherlands
  - establishing European company structure and setting up office and legal entities in London
  - 28 restaurants in Australia

Accounting adjustments

- **Gain on sale of land:** gain on sale of property rights at Sizzler premises
- **Realised FX gain:** proceeds from realised foreign exchange gain on translation of A$ cash proceeds from equity raise to Euros
- **Gain on disposal:** gain on disposal of property, plant and equipment
- **Impairment:** impairment of restaurant property, plant and equipment on 5 Snag Stands and 1 Sizzler Australia restaurant
- **Goodwill:** Snag Stand goodwill impairment
- **DTA write-off:** Sizzler Australia deferred tax assets written off at time of restaurant closure

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FY17: operational snapshot

Australia

- Top line revenue growth of 9.5%
- Same Store Sales (SSS) of 0.7% with second half FY17 SSS of 1.7%
- EBITDA margin up 0.1% to 16.4%
- Opened 7 new restaurants

Europe

- Integration of Germany acquisition progressing well
- Post half year announced purchase of 16 stores in Netherlands to complete in July

- Sizzler Australia SSS growth of 0.4%
- 6 Sizzler restaurants closed during the year, bringing store count to 16 at year end
- Sizzler Asia growing sales and earnings with 3 net new stores opened during the year

- Revised menu did not create the desired improvement in trading
- Business is undergoing a strategic review
- No further growth capital will be allocated

KFC

Strategic expansion

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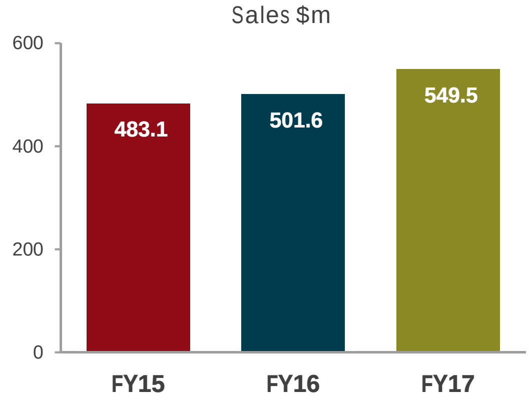
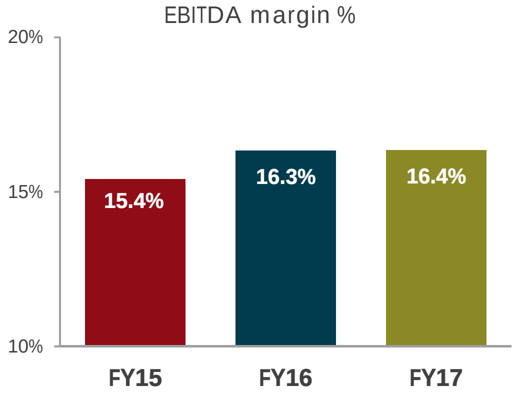
KFC Australia: organic growth bolstered by acquisitions

	FY16 Statutory	FY17 Statutory	FY17 Significant items [1]	FY17 Underlying	Change vs FY16 Statutory
Restaurants					
- Year end	177	195		195	18 ↑
Revenue ($m)	501.6	549.5		549.5	9.5% ↑
- % SSS	3.1%	0.7%		0.7%	
EBITDA ($m)	81.9	90.3	(0.5)	89.8	9.7% ↑
- % margin	16.3%	16.4%		16.4%	10 bps ↑
EBIT ($m)	63.6	70.0	(0.5)	69.5	9.3% ↑
- % margin	12.7%	12.7%		12.6%	10 bps ↓

- Revenue up 9.5% to $549.5m:
  - the acquisition of 13 stores in the NSW/VIC [2] market contributed revenue of $26.0m
- Same Store Sales growth of 0.7% with second half FY17 of 1.7%
- 7 new restaurants opened, with 2 restaurant closures
- 19 major remodels completed
- Underlying EBITDA margin up 0.1% to16.4% for the full year FY17
- Trading conditions across the second half of FY17 saw continued sales growth and some fluctuations in cost of sales, with good sales and flow through later in the half
- During the second half of FY17, EBITDA margins improved slightly to 15.9%, up 0.2% on prior half year





[1] Underlying: excludes gain on disposal of property, plant and equipment relating to insurance recovery $0.6m and acquisitions costs of $0.1m

[2] Acquisition completed on 26 July 2016

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KFC Australia: still delivering innovative products

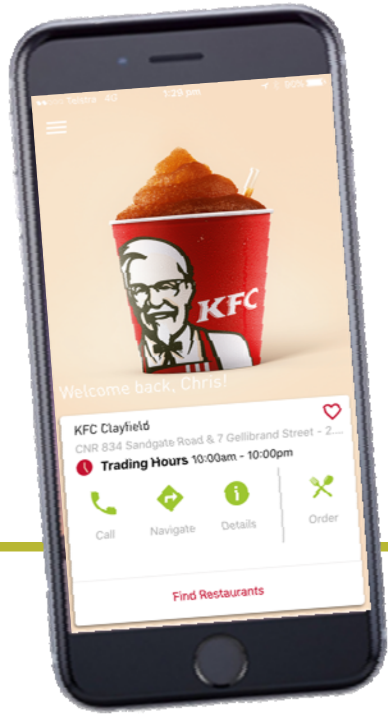
'New products continue to engage customers whilst our value layer continues to deliver great results'

Great value

Value offers such as Large Chips & Gravy for $2.50 and $5 Lunch as well as the introduction of FCBs continue to drive transaction growth and deliver good value

Core product innovation

Zinger Burger family, Bacon Lovers Burger and Tabasco Sauce Marinade provided the brand with a new variation on existing products



Innovation

Rolled out on-line ordering app across all Collins Foods KFC restaurants in Q4

Good up take from customers with over 10,000 transactions a week

Opens up other avenues of customer interaction and provides platform for two-way conversations

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KFC Australia: investment driving further growth

- FY17 capex of circa $19.4m for KFC network development:
  - 7 new openings with 6 in QLD and 1 in WA
  - 19 major remodels
  - 23 minor remodels
- FY17 core maintenance capital circa $3.4m

Burpengary (QLD)

Park Ridge (QLD)

Atwell (WA)

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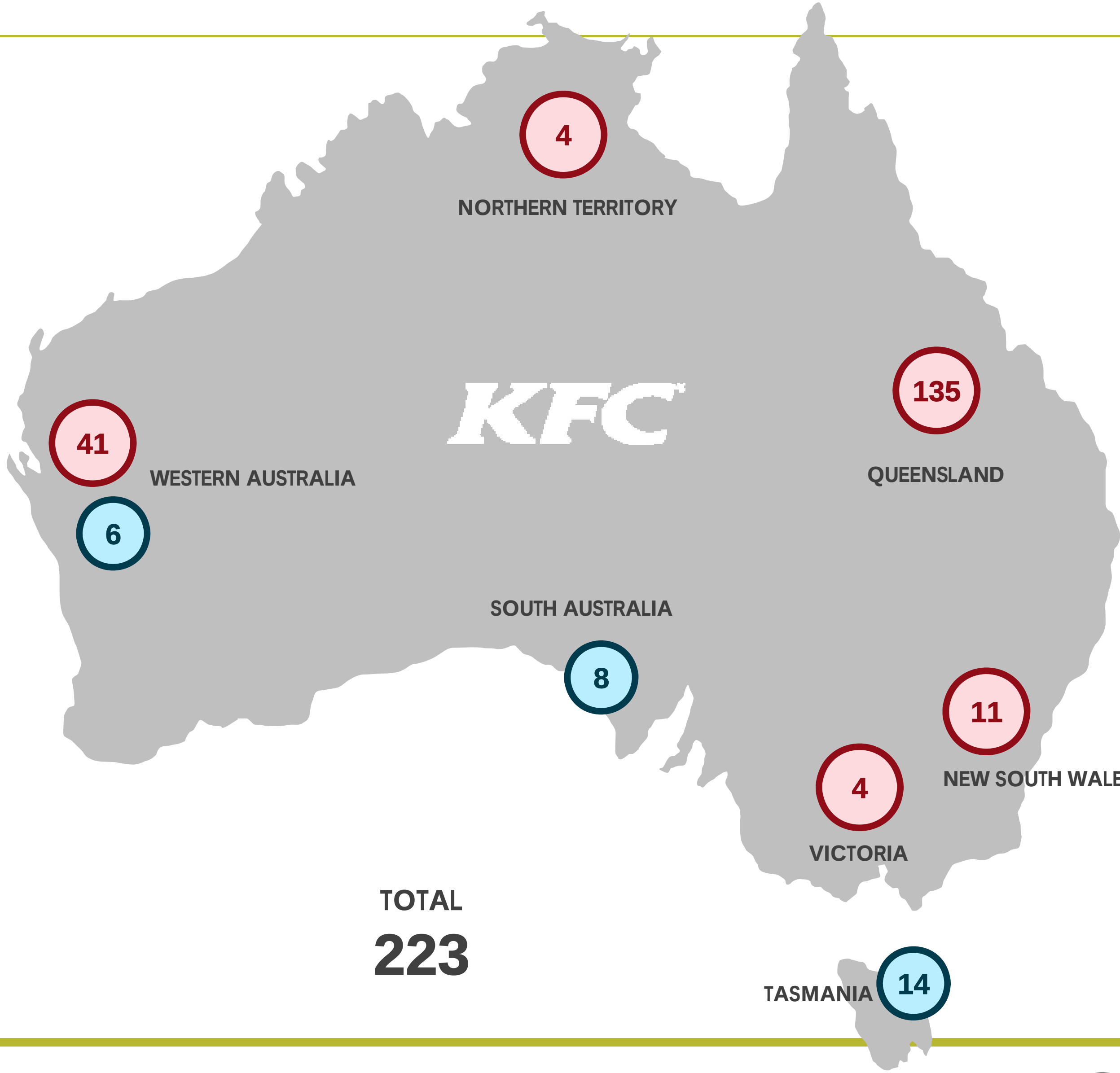
KFC Australia: acquisition of 28 restaurants

- Acquisition of 28 restaurants in Australia from subsidiaries of Yum!
- Restaurants located in WA (6); SA (8); and Tasmania (14)
- Acquired restaurants diversify Collins Food's geographic footprint in Australia with an attractive and scale entry into the Tasmania and South Australia markets
- Portfolio includes 2 restaurants in WA under construction and not yet trading
- Cash consideration of $110.2m funded through equity raise and extension of existing facilities
- Revenue of $93.7m and EBITDA post G&A of $15.7m on a proforma basis
- Acquisition expected to complete by State by the end of calendar 2017



No. of stores being acquired from Yum!

No. of stores currently owned by Collins Foods

TOTAL

223

KFC Europe: Germany integration on track

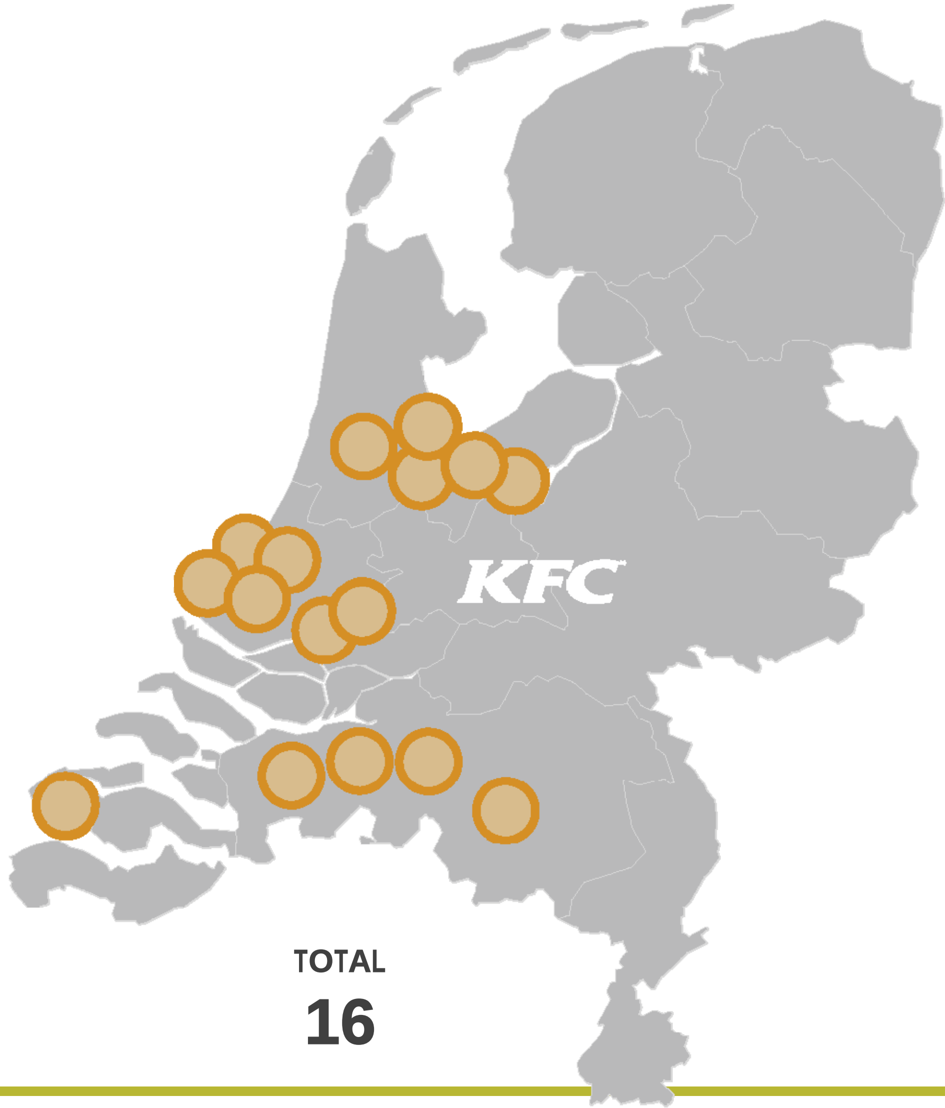
	FY17 Statutory	FY17 Significant items [1]	FY17 Underlying
Restaurants			
- Year end	13		13
Revenue ($m)	14.8		14.8
- % SSS	(3.2%)		(3.2%)
EBITDA ($m)	0.4	0.2	0.6
- % margin	2.7%		4.3%
EBIT ($m)	(0.2)	0.2	0.0
- % margin	(1.4%)		0.1%

[1] Underlying: excludes integration costs of $0.2m

- Back office set up and integration progressing well:
  - payroll established and all employees and suppliers paid accurately and on time
  - POS system integration and cash collection procedures working well
  - accounting and reporting procedures established
- Revenue of $14.8m
- Same Store Sales of (3.2%) after adjusting for impact of cannibalisation following a new store opening
- Underlying KFC Europe EBITDA margin of 4.3%. After adjusting for Europe leadership team costs, KFC Germany underlying EBITDA margin was 6.4%
- 13 restaurants in Germany at year end:
  - 11 purchased on 1 December 2016
  - 1 purchased on 19 December 2016
  - 1 opened on 25 April 2017
- Key priorities:
  - operational execution improvement
  - refine value offering
  - disciplined margin management

KFC Europe: Netherlands acquisition update

- Acquisition of 16 restaurants across Netherlands announced on 23 March 2017:
  - 9 restaurants in Amsterdam, the Hague, Almere and 7 in major southern cities
- The Netherlands is an attractive, underpenetrated market for KFC with low country risk
- The acquired restaurants together present a high quality, growing and strong margin business
- Development Agreement lays out path to further growth in the Netherlands – strong pipeline exists to fulfil this agreement
- Ability to consider further bolt-on franchise acquisitions in these markets and, over time, expansion into additional territories
- Completion expected to occur in the first half of FY18 due to the process for gaining local municipality permits taking slightly longer than expected



TOTAL
16

Location of stores

Collins Foods: KFC strategic expansion

- Total of 252 KFC restaurants
- New restaurant build over the next 4 to 5 years:
  - Australia: 8 to 9 per year
  - Europe: 8 to 10 per year
- We will continue to explore further acquisition opportunities that meet Collins Foods strategic criteria

Australia: 223

Europe: 29

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Sizzler

Sizzler Asia growing and Australia produced positive comps

Sizzler: Asia growing and Australia produced positive comps

	FY16 Underlying [1]	FY17 Statutory	FY17 Significant items [2]	FY17 Underlying	Change vs FY16 Statutory
Restaurants					
- Year end [3]	22	16		16	6 ↓
Revenue ($m)	72.6	65.0		65.0	10.5% ↓
% SSS [3]	(11.4%)	0.4%		0.4%	
EBITDA ($m)	5.3	5.0	(0.5)	4.6	14.1% ↓
- % margin	7.3%	7.8%		7.0%	30 bps ↓
EBIT ($m)	3.4	3.5	(0.3)	3.2	6.0% ↓
- % margin	4.7%	5.4%		5.0%	30 bps ↑

- Overall revenue down 10.5%
- Comp sales in Australia of 0.4%
- Store count down 6 versus prior year due to closures
- Year end store count in Australia at 16, down from 22 prior year
- Underlying EBITDA at $4.6m
- No further growth capital has been invested in Australia
- One store impaired

[1] FY16 EBIT adjusted to exclude: impairment of Sizzler restaurant property, plant and equipment $1.3m; impairment of restaurant smallwares $0.7m; Sizzler onerous lease provision $1.3m

[2] FY17 EBIT adjusted to exclude: impairment of Sizzler restaurant property, plant and equipment for $0.2m and gain on sale of land for $0.5m

[3] Sizzler Australia only (excludes Sizzler Asia)

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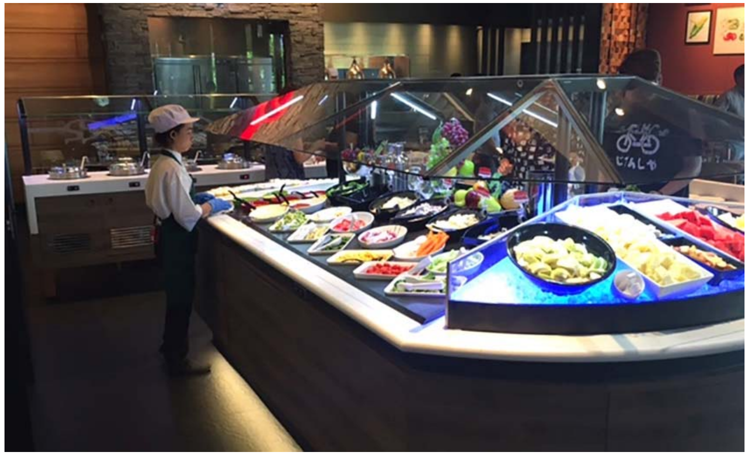
Sizzler Asia continues to grow

- Sizzler Asia continues to grow through increased royalty revenue and store count
- Royalty revenue up 4%
- Thailand sales substantially impacted by the passing of the King and the subsequent mourning period
- 5 new restaurants opened in Thailand in FY17, with 4 closures
- 3 new restaurants opened in China in FY17
- 1 restaurant closure in Japan in FY17
- Total of 68 restaurants in Asia at the end of FY17
- 6 further new restaurant openings are planned for FY18



Financial overview

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Strong growth in net operating cash flow

$m	FY16	FY17
Net operating cash flows before interest and tax	**70.5**	**83.8**
Net interest paid	(7.7)	(7.7)
Income tax paid	(13.1)	(15.6)
Net operating cash flows	**49.7**	**60.6**
Payment for franchise rights	(0.6)	(0.7)
Payment for acquisition of subsidiaries, net of cash acquired	0.0	(34.3)
Proceeds form sale of property, plant and equipment	3.2	0.6
Capex [1]	(27.6)	(30.6)
Net cash flow from investing	**(25.1)**	**(64.9)**
Net cash flow from financing	**(14.3)**	**55.2**
NET CASH FLOW	**10.3**	**50.8**

[1] Total cash spend on capex in FY17 was $30.6m. This includes $3.4m of FY16 accruals paid in FY17

- Net operating cash flow of $60.6m – an increase of $10.9m (21.9%)
- Excluding the investment and financing activities associated with the Germany and NSW/VIC acquisitions, the underlying cash flow for FY17 is $14.9m
- Capex cash spend of $30.6m:
  - new store and remodels circa $22.8m
  - new store in Germany $1.0m
  - group systems $2.4m
  - cash settlement of FY16 accruals of $3.4m
- Payment for acquisition of subsidiaries includes:
  - cash element of KFC restaurants acquired in NSW/VIC for $15.3m
  - cash element of Germany acquisition for $19.2m
- Net cash flow from financing of $55.2m includes the following:
  - $52.4m relating to the capital raising proceeds to partially fund the Netherlands acquisition
  - $15.1m of dividends paid
  - $17.9m relating to net facilities drawn
- Strong cash flows enabling a FY17 fully franked dividend of 17.0 cps, up 21.4% on prior year

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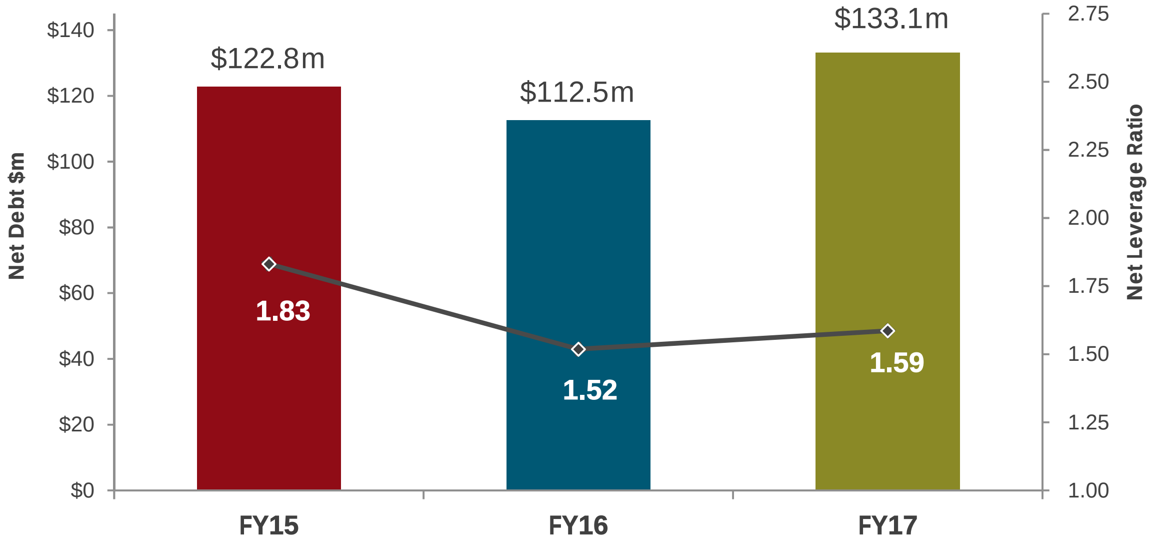
Net leverage ratio is 1.59 after Germany acquisition

- Net leverage ratio (NLR) at 1.59
- Net leverage ratio covenant maximum of 2.75
- Net debt [1] up $20.6m to $133.1m, driven by Germany acquisition
- New multi currency syndicated facility agreement [2] in place

	Existing facility	New facility
A$	215m	270m
Euro €	33m	60m
NLR	2.75x	2.75x

Net Debt [1] / Net Leverage Ratio



[1] The net proceeds raised from the share placement of ordinary shares to partially fund the acquisition of KFC restaurants in the Netherlands of $53.9m (adjusted for FX variances) have been excluded from net debt

[2] New facility of $270m and Euro €60m is subject to customary conditions precedent, the usual terms and conditions, and to a successful capital raise (noting that the Offer is fully underwritten). The new term of the facility is a blend of maturities with $175m expiring on 31 October 2020 and the remaining $95m together with the Euro €60m expiring on 31 October 2022.

Balance sheet

$m	1 May 2016	30 April 2017
Cash and equivalents	52.5	104.8
Total current assets	**65.9**	**114.1**
Property, plant and equipment	88.0	103.4
Total non-current assets	**362.4**	**414.1**
Total assets	**428.3**	**528.2**
Total current liabilities	**68.4**	**73.6**
Debt [1]	164.2	183.0
Total non-current liabilities	**170.2**	**187.8**
Total liabilities	**238.6**	**261.4**
NET ASSETS	**189.7**	**266.8**

- Cash balance up $52.3m to $104.8m due to proceeds from capital raising to partially fund the Netherlands acquisition of $53.9m
- Property, plant and equipment up $15.4m mainly due to new restaurant acquisitions, new restaurant builds and remodels offset by restaurant depreciation
- Increase in non-current assets largely due to an increase in goodwill of $34.9m resulting from the acquisition of new restaurants
- Increase in debt to fund Germany acquisition (Euro €12.7m)
- Total current liabilities up $5.2m driven by trade and other payables due to the growth in store numbers

[1] Net of capitalised costs $1.0m (FY16: $0.8m)

Priorities for FY18

- Growing the core **KFC Australian** business through:
  - transaction led same store sales growth
  - building 8 to 9 stores
  - remodel program with 20 major and 20 minor remodels
  - disciplined focus on operational improvement and margins
- Integrating the newly acquired restaurants in WA, SA and Tasmania
- Growing the **KFC European** business through:
  - integrate the Netherlands business and build a strong and efficient back office to support the European business
  - introduce value concept into Germany to drive transactions and sales
  - build 8 to 10 restaurants with 4 to 5 in Germany and 4 to 5 in the Netherlands
- Strengthening organisational capability to deliver on acquisitions and organic growth

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Questions

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