

## ASX RELEASE

### COLLINS FOODS LIMITED 2017 AGM CHAIRMAN'S ADDRESS

**Thursday, 31 August 2017:** It is with great pleasure that I welcome you to Collins Foods Limited 2017 Annual General Meeting. Collins Foods Limited has continued to build on its strengths in 2017, and as a result has delivered another solid financial performance. As the largest KFC franchisee in Australia, it is pleasing that the Group's flagship business led the way in achieving excellent results throughout the year.

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The 2017 financial period was a transformational year for our company. Collins Foods executed a range of strategic growth objectives during the year that will deliver long term value growth for shareholders.

With the acquisition of 12 restaurants in Germany and 16 in the Netherlands, Collins Foods began the international expansion of its KFC business. These were significant and value accretive acquisitions that lay the foundation for further expansion opportunities in Europe.

Building on the success of previous years, the Group delivered encouraging financial performance as the largest KFC franchisee in Australia. Additionally, the successful integration of the acquired KFC restaurants in Victoria and NSW ensured the stores were performing consistent with expectations and were earnings accretive.

Overall, revenue was up 10.3% to \$633.6 million from same store sales growth, new store openings, continued marketing and the delivery of value to our customers. Strong cost controls and efficiency improvements saw the Group's revenue growth translate into underlying EBITDA growth of 8.9% to \$81.3 million, even as growth investments were being made.

The Group remains committed to maintaining a strong balance sheet and a comfortable level of gearing. Due to the successful integration of our Victorian and NSW KFC restaurants, we have delivered healthy net operating cash flows during the year. This enabled us to invest in our network and purchase more restaurants while also keeping gearing at comfortable levels.

Due to continued strong growth across key financial metrics, the Company has paid shareholders a final fully franked dividend of 9 cents per share, bringing the full-year dividend to 17 cents per share fully franked. The final dividend was paid on 20 July 2017.

This 2017 dividend is in line with the Board's dividend policy to pay out 50% of full-year net profit.

The Group's decision to expand into Europe via the acquisition of KFC restaurants in Germany and the Netherlands provides an attractive platform for future growth. Both markets are underpenetrated, with low country risk, and present a significant high-quality store growth opportunity over the medium to long-term.

To further diversify the geographic spread of our Australian network and build a national footprint, the Company recently announced the acquisition of 28 KFC restaurants in Tasmania, South Australia and Western Australia from Yum!. At completion, Collins Foods will have 223 KFC restaurants across Australia.

During the year, despite being managed as a non core business, Sizzler Australia delivered positive same store sales growth and a positive EBITDA contribution. Sizzler Asia continues to grow, with increased royalty revenue and store count.

The Snag Stand business model is under strategic review, with no further growth capital being allocated in the year ahead.

## Outlook

With a strong platform established for growth across Australia and internationally, the Group is optimistic about the opportunities to deliver long-term sustainable earnings growth and shareholder value.

Our priority will always remain on providing our customers with the highest quality products, in an innovative manner, that adapt to evolving consumer tastes and preferences whilst still offering great value. The Group will continue to progress organic growth via a disciplined approach to operational management and will also ensure the successful integration of its acquisitions to deliver value for shareholders.

I would like to thank each of my directors for their dedication and strategic insights in pursuing this year's growth objectives. I would like to thank our Managing Director and CEO, Graham Maxwell, for another year of leadership, and our fantastic staff, which now number over 10,000, for their hard work and commitment to ensuring that we are the biggest and best KFC franchisee in Australia. Finally, I would like to thank our shareholders for their continued support throughout the year as we grow from strength to strength.

ENDS

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## About us

Collins Foods Limited (ASX: CKF) is a KFC franchisee in Australia and Germany, 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](http://www.collinsfoods.com)