

ASX RELEASE

DELIVERING RESULTS THAT UNDERPIN CONTINUED GROWTH

Wednesday, 29 November 2017: Collins Foods Limited (ASX: CKF) today announced its results for the half year ended 15 October 2017 (HY18), reflecting another period of higher revenues and earnings, while securing the foundations for the Company's next phase of growth.

Commenting on the HY18 result, Collins Foods' CEO Graham Maxwell said:

"Collins Foods continues to deliver an increase in revenues and earnings. We are growing our footprint, both in Australia and internationally, while remaining focused on operational improvements and margin control across the business.

"Leveraging our success in Australia, the integration of our offshore acquisitions is progressing. Our Netherlands business is performing to expectations, and a transformation of our German business is underway. Domestically, we continue to build and open new stores at the same time as integrating the recently acquired Yum! owned KFC stores, while maintaining a commitment to create innovative products that deliver value to our customers. Recently, we launched the first Taco Bell Restaurant in Queensland and early trading is above expectations, with further store openings planned."

Overview of HY18 results

- Revenue up 14.0% to \$322.1 million (HY17: \$282.5 million)
 - KFC Australia SSS (same store sales) growth of 1.2% (HY17: down 0.6%)
 - 1 new restaurant opened in Australia, with 1 closure
 - 5 of 28 restaurants acquired from Yum! completed at HY18, with the remaining 23 to be completed in the second half
 - 15 KFC restaurants in Germany and 16 KFC restaurants in Netherlands at HY18
- Underlying EBITDA up 5.7% to \$40.8 million (HY17: \$38.6 million)
- Statutory NPAT down 17.5% to \$12.7 million (HY17: \$15.4 million) due to \$4.7 million of one-off acquisition costs, refinancing costs, and Snag Stand closure costs
- Underlying NPAT up 3.7% to \$17.4 million (HY17: \$16.8 million)
- Net operating cash flow up 3.4% to \$27.2 million (HY17: \$26.3 million)
- Net debt up to \$151.0 million (HY17: \$124.6 million) and net leverage ratio up slightly from 1.54 to 1.55 post acquisitions in Europe and Australia
- Fully franked interim dividend of 8.0 cents per ordinary share declared (HY17: 8.0 cps)

Commenting on the performance of Collins Foods' KFC business, Mr Maxwell said: "We are committed to the successful execution of new store openings and offshore integrations, while ensuring we continue to innovate our offering to stay competitive. Our focus on operational improvements and margin control across our portfolio continues to contribute to our success."

KFC Australia – continuing the growth story

Collins Foods continues to build and open new stores across Australia. During HY18, there was one new store opening and one store closure. There were also six major store remodels and eight minor remodels completed.

Following the acquisition of 28 restaurants from Yum! in June 2017, the Company has focused on the successful integration of the acquired portfolio. The integrations have progressed well, with acquired stores performing to expectations.

Across the KFC Australia business there has been an operational focus on improving the customer experience, with an emphasis on enhancing the speed of service and identifying efficiency and cost saving opportunities to maintain margins. The newly launched KFC app is tracking well and is processing over 13,000 transactions each week, while the trial of home delivery has been successful and is soon to be expanded.

KFC Europe – transformation of Germany underway, Netherlands performing to expectations

At the half year, Collins Foods had a total of 31 KFC restaurants throughout Europe. Before the end of the 2017 calendar year, an additional two new stores are to be opened in the Netherlands. In addition, the Company is on track to open an additional three to four stores in Germany and three to four in the Netherlands during the 2018 calendar year.

The Netherlands KFC business has been effectively integrated and is performing to expectations. In Germany, the planned business transformation program is underway, which includes renewal and retraining of management and staff, refining the value offering and operational execution improvement.

Taco Bell – an exciting opportunity for Collins Foods to introduce a well-known global brand to Australia

In November 2017, Collins Foods launched its first Taco Bell store in Annerley, Queensland. Early trading has been above expectations. Collins Foods intends to launch a second restaurant in the first half of the 2018 calendar year, with a further restaurant shortly after. A review and evaluation of brand acceptance and performance will occur in 2018, before a potential further rollout.

"Taco Bell presents an exciting opportunity to introduce a new Mexican food brand to Australia. Already, we are pleased with the customer acceptance of the Taco Bell brand and look forward to the rollout of additional stores in 2018," Mr Maxwell said.

Sizzler – Asia growing & Australia performing to expectations

Overall Sizzler revenue is down 23% to \$24.0 million (HY17: 31.2 million), due to fewer restaurants compared to the prior half year. The Australian store count of 14, reflects two closures since FY17 year end.

Sizzler Asia continues to expand, with two restaurants opened in Thailand and one in China during the period. At half year, there were a total of 71 restaurants in Asia with two new restaurant openings planned for the second half of FY18.

Snag Stand

Following the completion of a strategic review, Collins Food has decided to exit the Snag Stand business. The associated costs of \$1.2 million have been booked in the half year. The business is expected to be closed by year end.

Gearing maintained at comfortable levels

Following the Netherlands and WA acquisitions, Collins Foods' net leverage ratio is 1.55. Driven by the acquisition of 16 KFC Netherlands restaurants and 5 KFC WA restaurants, net debt is up \$17.9 million¹ to \$151.0 million.

"We have invested for future growth, while consistently maintaining gearing at comfortable levels given the Company's strong operating cash flows. We are pleased to have acquired new stores, in new geographies, that are earnings accretive for shareholders and are a sound long term strategic fit for our business," Mr Maxwell said.

Dividend

The Board has declared a fully franked interim dividend of 8.0 cents per ordinary share. The interim dividend will have a record date of 7 December 2017 and payment date of 21 December 2017.

Priorities for FY18

Commenting on the priorities for the remainder of FY18, Mr Maxwell said:

"We remain focused on growing the core KFC Australian business through same store sales growth, integrating the newly acquired restaurants in WA, SA and Tasmania, building new stores and positioning delivery for further roll-out.

"With our footprint now established in Europe, we are committed to expanding our KFC presence through new store openings and building a strong and efficient back office to support our European operations, while delivering operational excellence.

"We will continue to strengthen our organisational capability to deliver on acquisitions and organic growth across our portfolio. Continued investment into KFC brand innovation and technology remains important to effectively compete against our QSR peers and maximise shareholder returns.

"Sizzler Asia continues to grow and we will continue to support this. In addition, we are excited by the early response to our first Taco Bell store that was recently opened, and will look to rollout out another two stores in a considered fashion to ensure consumer acceptance before undertaking a major rollout of this chain."

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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 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

¹ At half year the remaining net proceeds raised from the share placement of ordinary shares to partially fund the acquisition of KFC restaurants in WA, SA, and TAS for \$23.0m was included in net debt