Retail Food Group Limited
2017 AGM

Chairman's Address
30 November 2017

[Slide 1 – Chairman's Address]

During FY17, RFG delivered a credible performance within a highly challenging market.

Before elaborating on that performance, I would like to discuss with you the Company's recent share price performance, which, in your Board's view, does not properly reflect the true underlying value of the Company, nor the strong platform which has been set for medium to long term growth.

There exist a number of factors which have operated to create downward pressure:

- The tough retail market in which our Brand Systems and many customers operate, particularly within shopping centers;

- The domestic franchising industry, which has been subject to considerable negative commentary, despite the important contribution it continues to make to the Australian economy; and

- The relentless activity of short sellers, which is undermining perceptions regarding the Group's credentials, performance and future prospects. Your Board understands that short selling is a permitted activity, however, I would implore our members to consider the potential damage to your company, and indeed your own portfolio, before lending shares for these purposes.

  Short selling, by definition, focuses on the short term. However, RFG is evolving, and to do this effectively, requires commitment to a future vision. As shareholders, I urge you to have the confidence not only to follow us as we undertake this process, but to work beside us, and support each and every step that is leading us all towards achieving future success together.

[Slide 2 – FY17 Recap]

Before speaking further on this evolution, it is appropriate that we briefly recap last year's performance.

During FY17, RFG grew revenues to c.$350m, setting a platform for underlying EBITDA of $123.5m and NPAT of $75.7m, the last of these representing a 14.0% increase on the prior corresponding period.

These outcomes translated to underlying Earnings per Share of 43.7 cents per share, a 7.9% increase on FY16's result.

Having regard to the Company's performance, the Board approved a final dividend of 15 cents per share, which contributed to an 8.2% increase in full year dividends to 29.75 cents per share, fully franked.

In FY17, the Group altered its approach to the accounting treatment of certain matters, having regard to recent IFRS guidance and the treatment of marketing fund advances, which lead to restatement of prior years' accounts. I want to assure you that these steps were undertaken following careful consideration by your Board and Executive in consultation with our Auditors.

In terms of capital management, in FY17 the Group:

- Increased its total bi-lateral senior finance facility by $40.0m; and

- Enhanced its interest rate risk management measures by entering into fixed interest rate contracts covering an additional $100m of gross debt, resulting in total debt subject to fixed interest rates of $150m.

On behalf of the Board and management, I would like to take this opportunity to extend sincere thanks to each of the Group's lenders, NAB and Westpac, for their strong support and commitment to RFG and its strategic plan.

Moving forward to the 1H18, the Company undertook a DRP shortfall placement last month in order to raise gross funds of $22m. The placement was considerably oversubscribed, and I would like to thank those new and existing shareholders who participated for their support and endorsement of RFG's business model and investment case.

We are strengthening our business and refining the platforms established for future growth.

We have grown rapidly over the past several years, strategically incorporating several different businesses, and to achieve our vision, we must ensure the fundamentals of our business are operating effectively.

To empower us to do this, we have implemented a whole of business review focused on optimizing resource alignment, driving efficiencies, consolidating our supply chain, and expediting conversion of synergistic opportunity.

Whilst Andre will expand on this shortly, I would note that this review extends to our domestic franchise operations, concentrating on both the challenging retailing environment, and the increasing regulatory burden, recently highlighted by changes to the Fair Work Act.

We have not dictated employment terms via network wide Enterprise Bargaining Agreements, but have empowered our Franchise Partners to have control over their own workplace arrangements.

We have not divested ourselves of responsibility, and considerable effort has been invested in providing our networks with the resources and processes necessary to better assure their success and to ensure our Franchise Partners operate within the boundaries of the law.

Key amongst these is the RFG Foundations program, which was established in conjunction with the National Retail Association to provide the level of support necessary to ensure not only our Franchise Partners, but also their team members, enjoy the benefits of participation in our Brand Systems.

Before passing over to Andre, there is an additional fundamental ingredient to our success which I would like to touch upon, and that is leadership.

RFG is undergoing a period of transition following the recent departure of former Director and founding Managing Director Tony Alford, and earlier this month, the departure of Group CEO Gary Alford, both of whom have served RFG for more than twenty years.

On behalf of the Board and management team, I extend my heartfelt thanks to both Tony and Gary for their incredible contribution to RFG's success, and take comfort in the fact that both remain engaged shareholders and committed supporters of the Company.

The Board retains a diverse mix of experience eminently capable of charting RFG's future trajectory, maintaining appropriate governance, and managing risk, which is important as we grow our business internationally. That said, we will look to fill the vacancy arising from Tony's departure and appoint an additional non-executive Director in the future.

As well, shareholders will appreciate that I am standing for re-election today.

It is my continuing honor to serve as Chairman of the Board and I remain steadfastly focused on assisting Andre as we transition RFG to a global, full service food and beverage group.

But having given 11 years' service to the Company, including the past four and a half years in my present capacity, I have resolved that, should I be re-elected, this will be my final term as Chairman. Succession planning to accommodate my decision has already commenced, and we will keep the Market informed of developments in this regard.

In closing, I extend my appreciation to Andre Nell, who since taking the reigns as Managing Director at the beginning of FY17, is driving strong momentum whilst also having created a roadmap which positions the Group for a sustainable long term future.

I thank the Executive management and broader RFG team for the hard work and dedication they continually apply, noting their ranks will soon be bolstered by a new appointee to the role of Chief Executive – Australia, Richard Hinson, who commences in January 2018.

I'd also thank our Master Franchise Partners, Franchise Partners, and customers for the trust they've placed in RFG, and the strong contribution they've made to the success of our business.

Lastly, but by no means least, I extend my thanks and appreciation to the valuable support afforded to the Company by you, our shareholder community.

I now invite RFG Managing Director Andre Nell to further discuss recent performance and our plans for the future.

Thank you.

CHAIRMAN’S

ADDRESS

COLIN ARCHER | CHAIRMAN, RETAIL FOOD GROUP LIMITED

FY17 Financial Highlights[1]

Metric	FY16	FY17	% Change
Revenue	$275.1m	$349.3m	27.0%
EBITDA	$110.2m	$123.5m	12.1%
NPAT	$66.4m	$75.7m	14.0%
EPS	40.5cps	43.7cps	7.9%
Dividend (Full Year)	27.5cps	29.75cps	8.2%
International Licensed Territories	69	81	17.4%

1 Underlying results