

COLLINS FOODS LIMITED

INVESTOR DAY
4 October 2018



COLLINS FOODS LIMITED
ACN 151 420 781

Collins Foods' management team



Graham Maxwell

Managing Director & Chief Executive Officer

Joined Collins Foods: 2013



Mark van 't Loo

Collins Foods Europe – Chief Executive Officer

Joined Collins Foods: 2017



Nigel Williams

Group Chief Financial Officer

Joined Collins Foods: 2015



Drew O'Malley

Chief Operating Officer – Australia

Joined Collins Foods: 2017



Dawn Linaker

Chief People Officer

Joined Collins Foods: 2015



Paula Nelson

General Manager – Emerging Brands

Joined Collins Foods: 2014

Collins Foods' 50 year growth story



NETHERLANDS



GERMANY



CHINA



JAPAN



THAILAND



AUSTRALIA



1968

Collins Foods obtains KFC Franchise in Qld

1969

Collins Foods opens its first KFC Restaurant in Kedron, Qld

1979

Collins Foods introduces the drive-through format to Aust

1985

Collins Foods opens its first Sizzler restaurant in Aust and its 50th KFC restaurant

1992

Collins Foods expands Sizzler into Asia

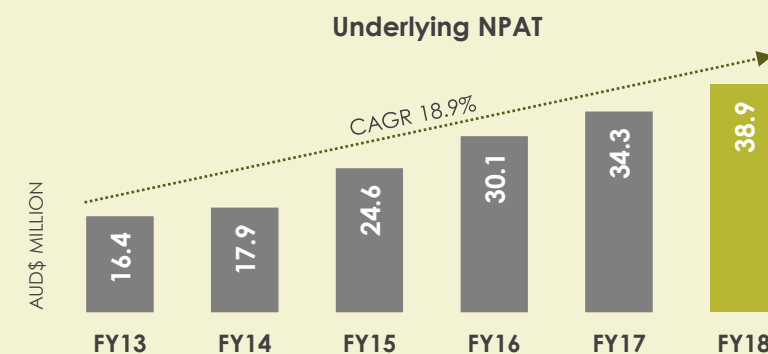
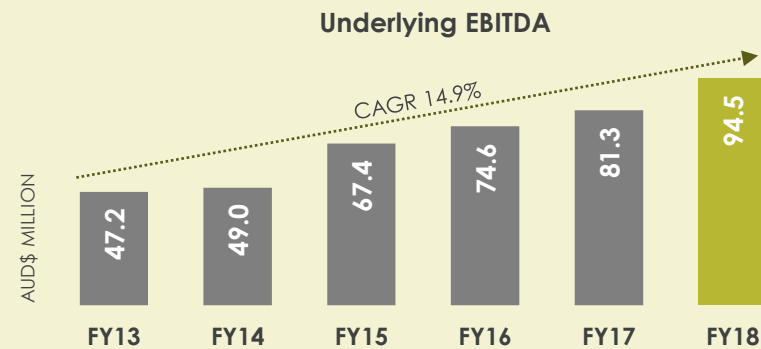
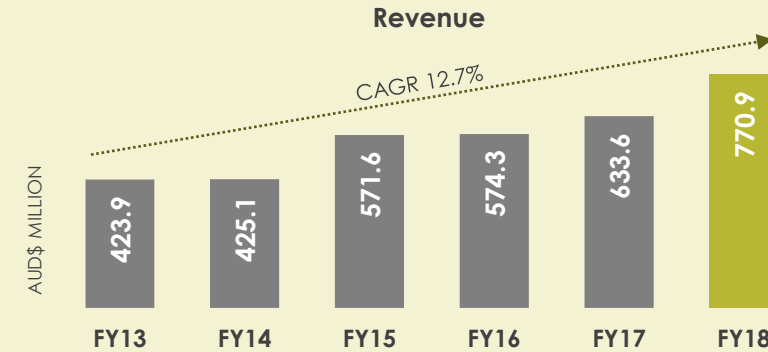
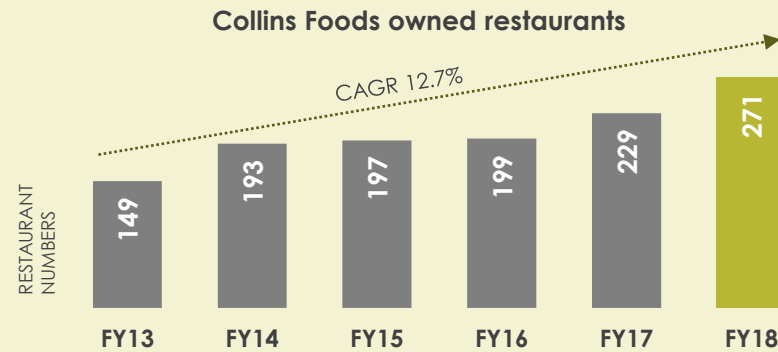
2005

Management and funds advised by Pacific Equity Partners acquire Collins Foods

2011

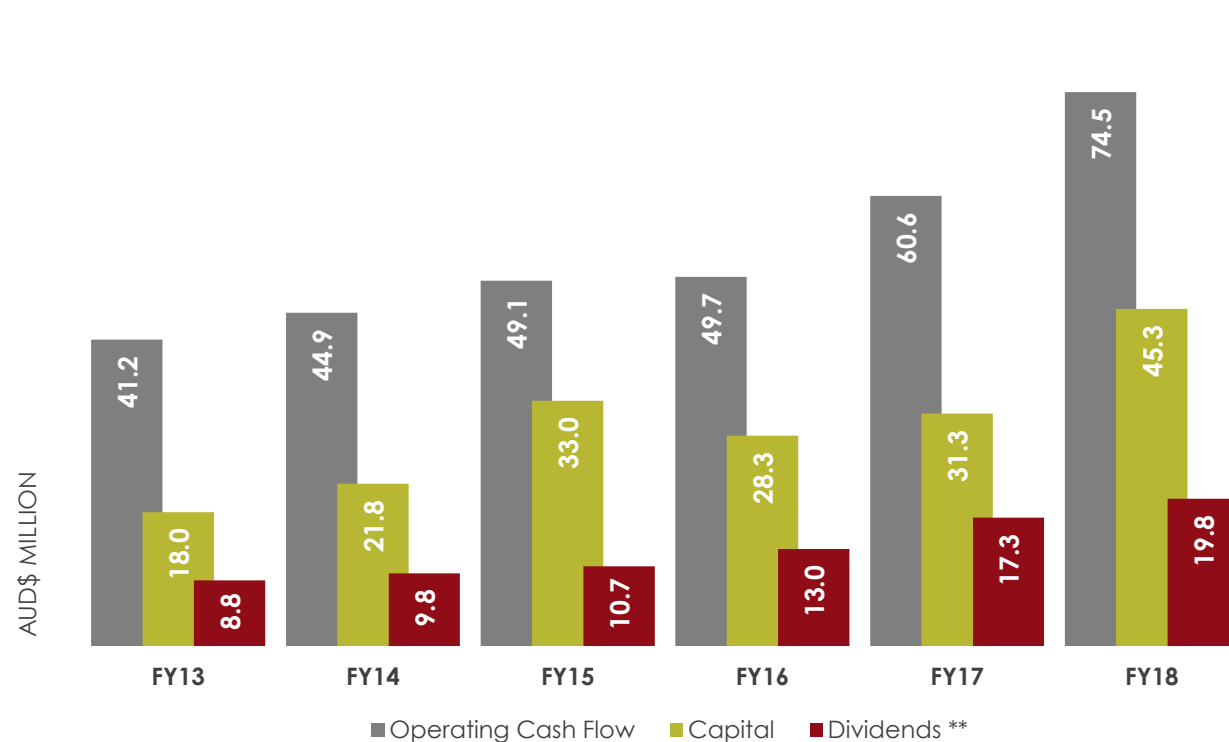
4th Aug 2011 – Collins Foods Limited lists on the Australian Securities Exchange

Delivered consistent and significant growth over past 5 years



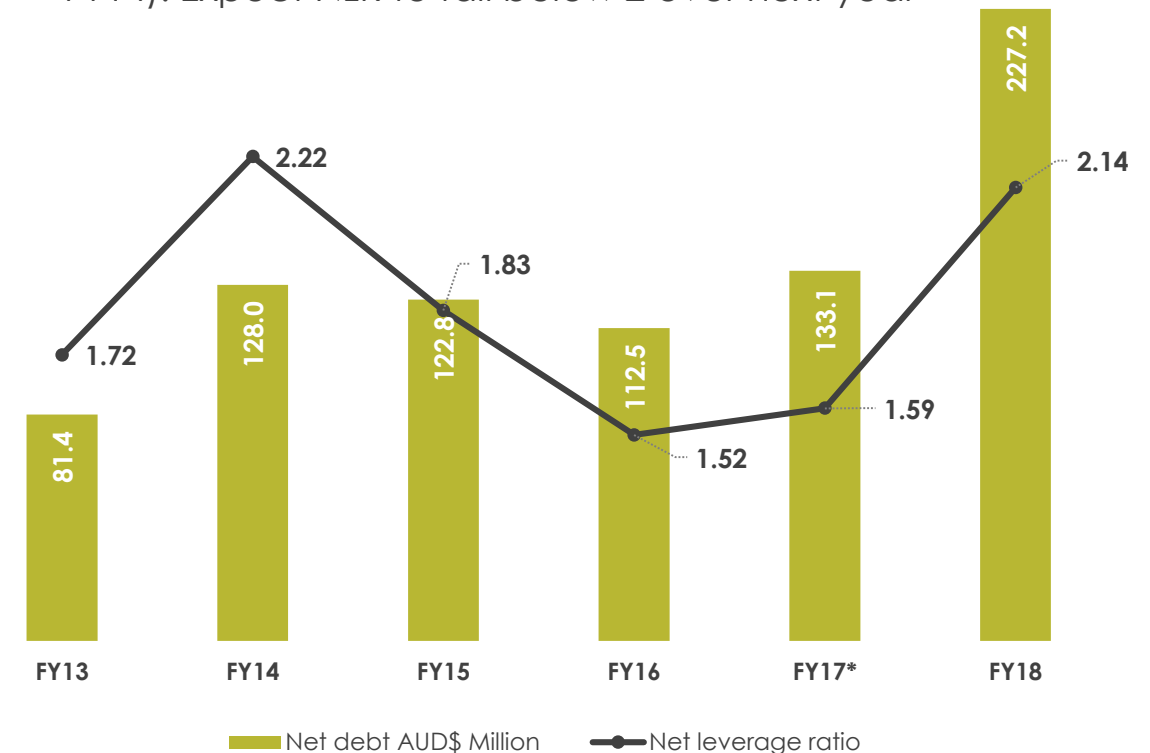
Strong cash flow supporting strategic growth

- ▶ Operating cash flow has increased 80% in 5 years
- ▶ Capital spend reflects growth in restaurant base
- ▶ Dividend payment up over 125% during the last 5 years



** Dividends reflect cash value of dividends declared in relevant financial year

- ▶ Net leverage ratio (NLR) well within covenant maximum of 2.75
- ▶ Lease adjusted interest cover ratio of 2.73 as at end FY18 (covenant minimum 1.75)
- ▶ Proven ability to bring NLR back down following acquisitions (in FY14). Expect NLR to fall below 2 over next year



* At FY17 the net proceeds of \$53m raised from the share placement to partially fund the acquisition of KFC restaurants in the Netherlands was excluded from net debt and net leverage ratio

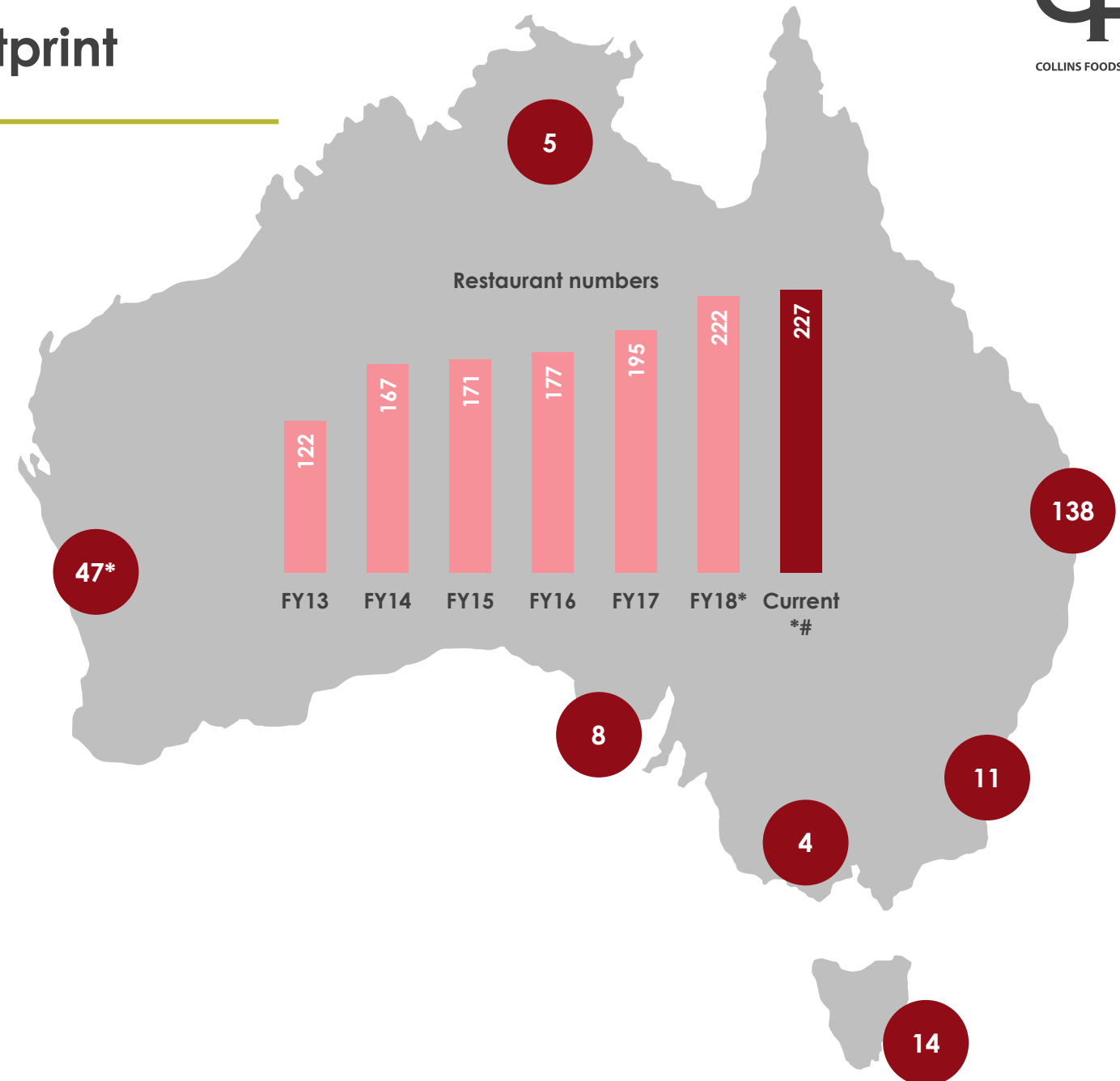


KFC Australia



KFC Australia has built a national footprint

- ▶ Collins Foods now accounts for over 35% of Yum! KFC national presence
- ▶ During the last 5 years, Collins Foods has acquired 83 restaurants in 3 separate deals:
 - 42 restaurants in WA in FY14
 - 13 restaurants in NSW/Victoria border in FY17
 - 28 restaurants in WA, SA and Tasmania in FY18
- ▶ 31 new restaurants have been built since the start of FY13
- ▶ Expecting to build a further 8 to 9 restaurants each year over the next 5 years (40 to 45 restaurants)
- ▶ Further acquisitions as and when they arise

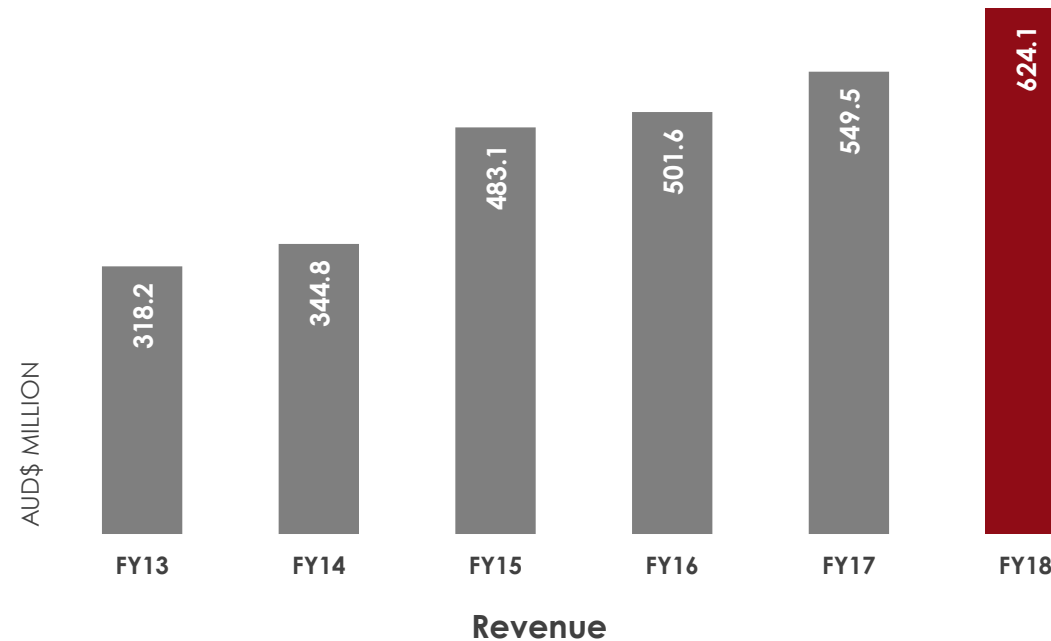


As at today's date

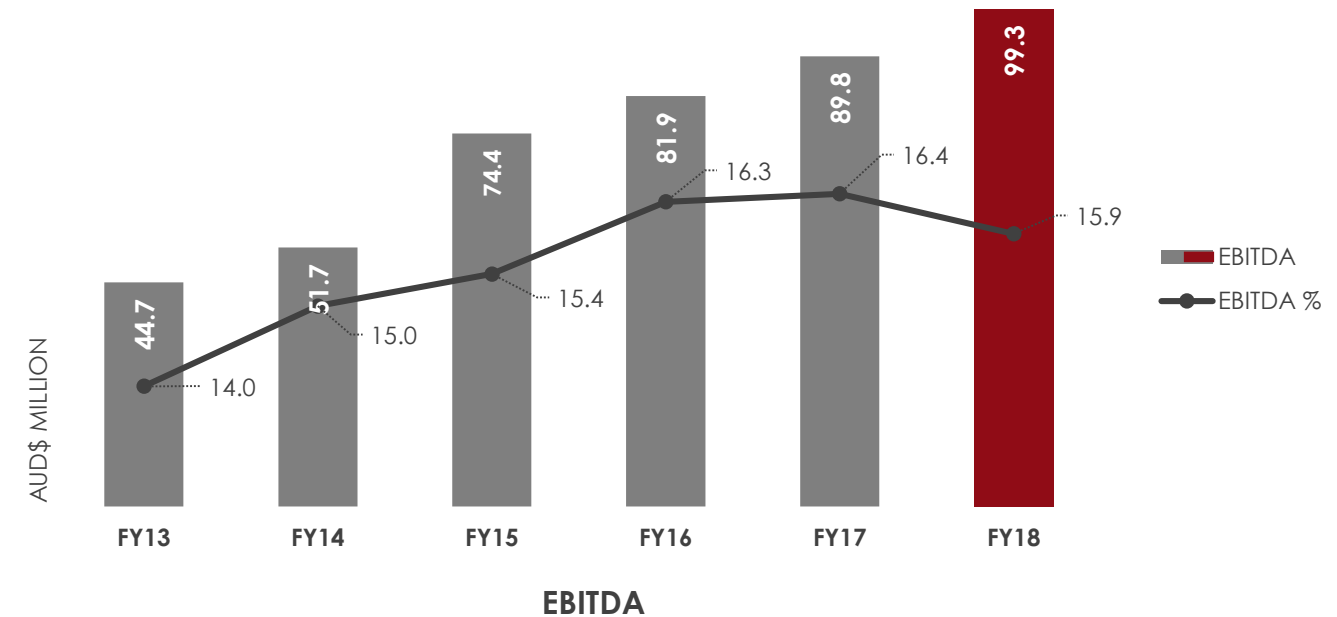
* This number excludes 1 restaurant - closure expected to occur

KFC Australia has delivered consistently strong revenue and EBITDA growth

- ▶ KFC Australia revenue has grown by 96% over 5 years
- ▶ This revenue growth has been generated by:
 - acquisitions 58%
 - system sales growth* 38%



- ▶ KFC Australia EBITDA has grown by 122% over 5 years
- ▶ Disciplined focus on efficiency and productivity initiatives has delivered EBITDA margin growth from 14.0% in FY14 to 15.9% in FY18



* System sale growth is the aggregate of new restaurants and same store sales growth

KFC Australia has substantial opportunities for growth

SALES / MARGIN

- ▶ Ongoing focus on innovative products underpinned by a strong value proposition
- ▶ Improving speed of service to deliver incremental sales
- ▶ Focus on consistency of customer experiences to increase sales
- ▶ Optimising processes and systems to further improve efficiency and manage margins

DELIVERY / DIGITAL

- ▶ Currently operating with delivery in 32 restaurants
- ▶ Potential for delivery to operate in circa 70 restaurants
- ▶ Drive increased frequency through digital platforms (mobile app, loyalty)

DEVELOPMENT / ACQUISITION

- ▶ Targeting to build 40 to 45 restaurants over the next 5 years
- ▶ Ongoing refurbishment of portfolio unlocking capacity (i.e. dual lane drive throughs)
- ▶ Further domestic acquisition opportunities

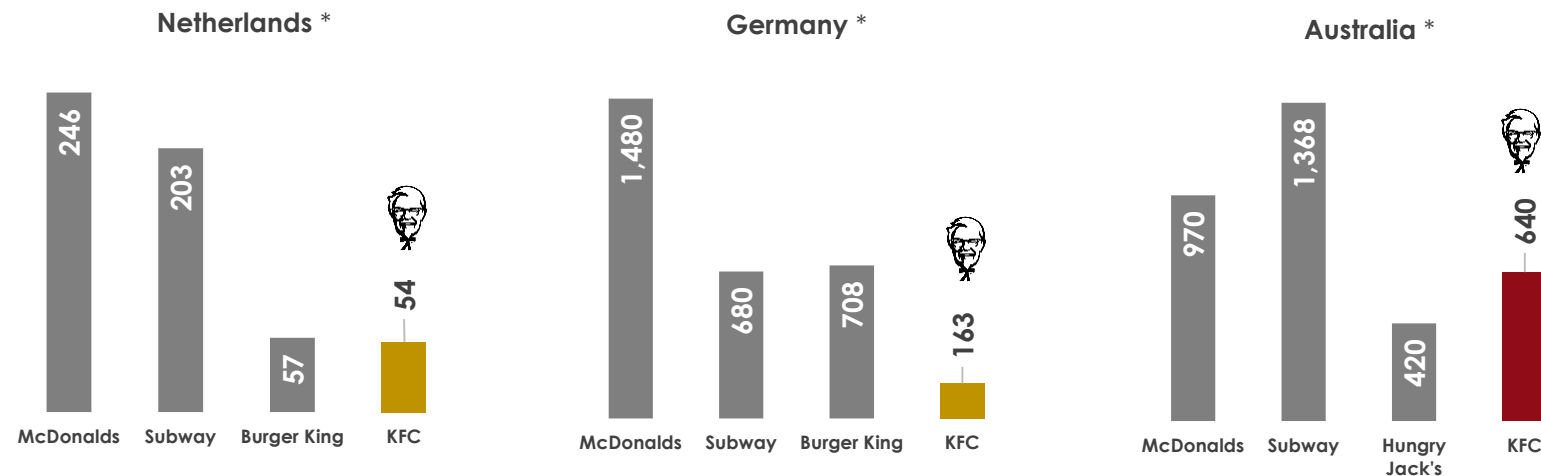
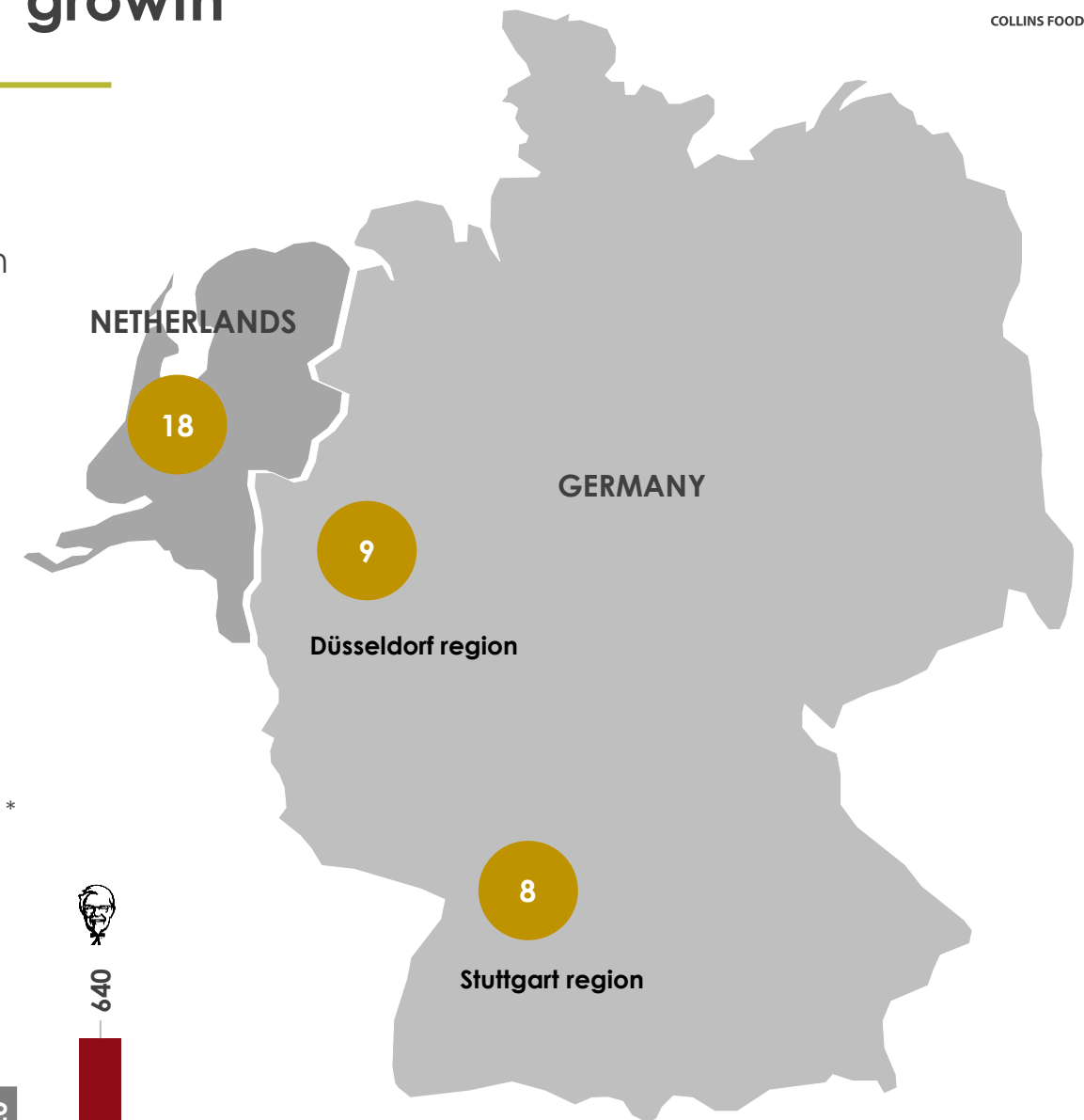


KFC Europe



KFC Europe presents a significant avenue for growth

- ▶ QSR industry well established in Europe
- ▶ Penetration of KFC restaurants to other major QSR players much lower in Netherlands and Germany compared to Australia (illustrated below)
- ▶ KFC Europe restaurants acquired from Yum!:
 - 12 restaurants in Germany in December 2016
 - 16 restaurants in Netherlands in September 2017
- ▶ Significant new restaurant build opportunity
- ▶ Opened 7 restaurants since acquisition



* These graphs depict the approximate number of restaurants per country. This information has been obtained from various sources.

KFC has a stronger market presence in the Netherlands than Germany

KFC Netherlands

- ▶ Good market presence with growing brand awareness
- ▶ Strong sales and transaction growth
- ▶ EBITDA margin in the high teens
- ▶ Good development opportunity



Rijswijk,
NED



KFC Germany

- ▶ Brand is still establishing itself
- ▶ Menu needs to reflect stronger value offerings
- ▶ Transaction growth key to driving sales growth
- ▶ Strong development opportunity in medium to long term



Duisburg,
GER



KFC Europe has significant growth opportunities

SALES / OPERATIONS

- ▶ Drive a strong value proposition within the brand (particularly in Germany) to deliver sales growth
- ▶ Drive trial to build/increase brand awareness
- ▶ Improve consistency and elevate customer experience
- ▶ Expand kiosk and delivery to enhance customer interaction with the brand

MARGIN / BACK OFFICE

- ▶ Tighter management of margins
- ▶ Optimise support centre to improve productivity and efficiency
- ▶ Leverage best practice group systems and processes
- ▶ Create scalable platform for growth

DEVELOPMENT / ACQUISITION

- ▶ Expect to build 6 new restaurants this financial year
- ▶ Beyond FY19, new restaurant builds expected to be 8 to 10 per year over the next 4 years (32 to 40 restaurants)
- ▶ Focus on building more drive through restaurants
- ▶ Opportunity to acquire other franchisee restaurants over time
- ▶ Potential entry into new markets



Taco Bell



Taco Bell offers potential growth avenue in Australia

- ▶ Significant growth within the Mexican category
- ▶ Opportunity for a QSR brand in a 'fast casual' dominated segment
- ▶ Convenience of drive through with QSR+ dining experience
- ▶ QSR pricing while delivering fast casual product taste and quality



Annerley,
Opened Nov 2017



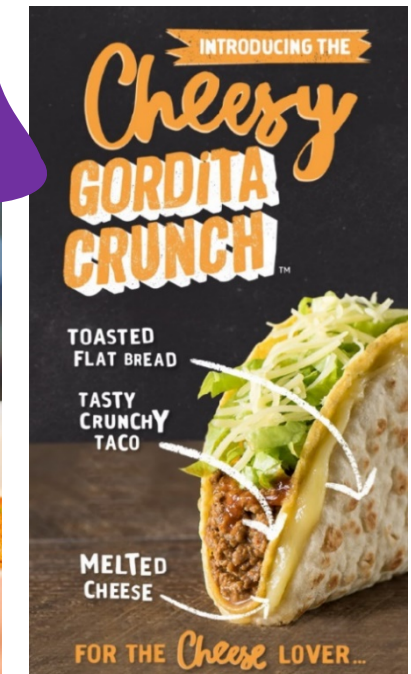
Collins Foods successfully launches Taco Bell in Australia



Customer engagement
Creating a cult following

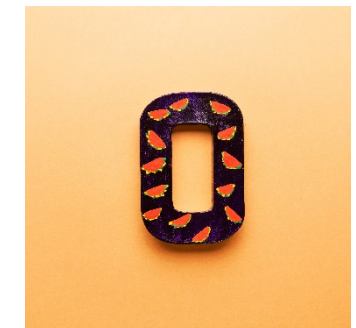
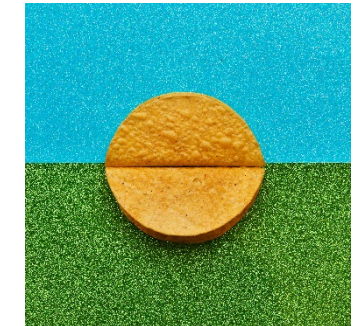


Innovative products
Delicious craveable food



Collins Foods to build 50 Taco Bell restaurants over the next 3 years

- ▶ First Taco Bell opened in November 2017 in Annerley, Brisbane
- ▶ Further 3 new restaurants expected to open before end of calendar year – Robina, Cleveland and North Lakes
- ▶ Entered into a development agreement with Taco Bell (a subsidiary of Yum! Brands Inc.) to build 50 restaurants over the next 3 calendar years:
 - covering 3 states including Queensland
 - right of first offer
 - funding from internally generated cash flows





People and culture

Our people are the key to our success

A business with heart underpinned by a culture that genuinely cares

We are driven by our passion to make a real difference in young people's lives... we take our role very seriously and do this by enabling them to:

BE YOUR BEST SELF

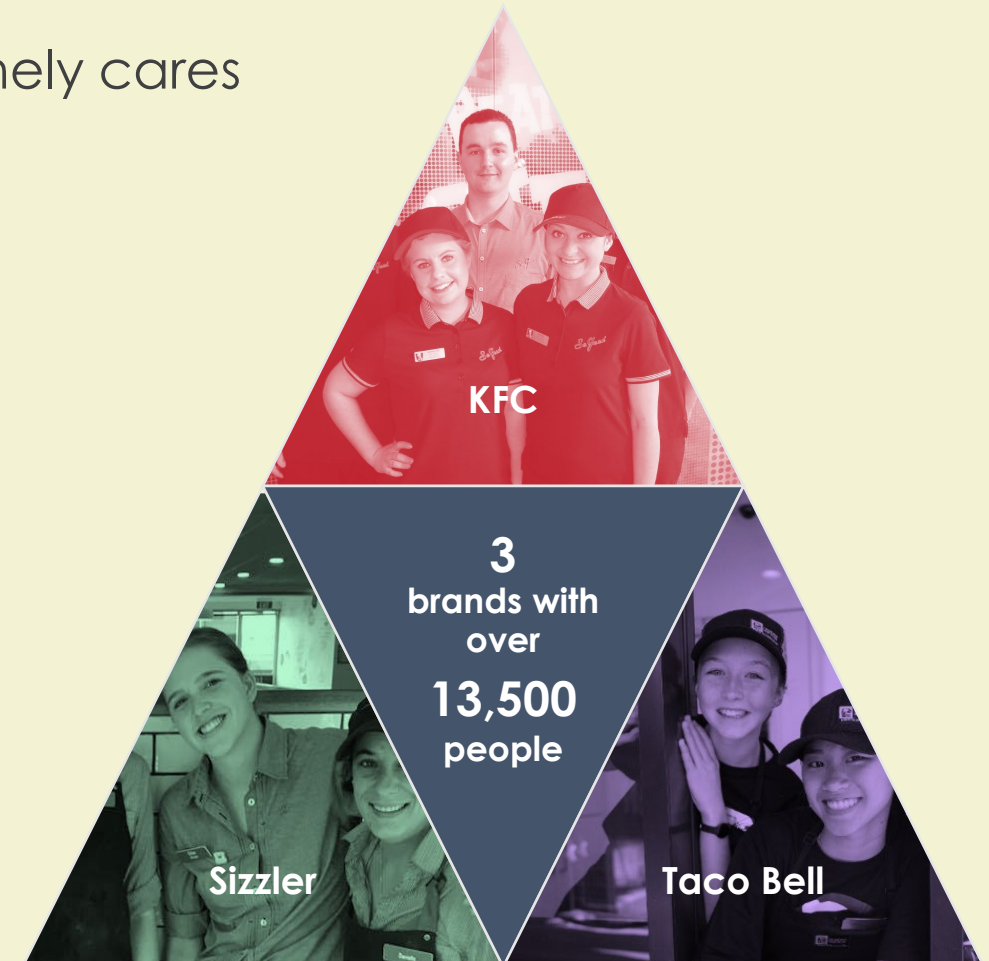
Love what you do
Bring a positive mindset
Be passionately curious
Find a way

ACHIEVE TOGETHER

Engage in positive debate
Embrace differences
Deliver results
Celebrate success

LEAD WITH PURPOSE

Share our vision
Set high expectations
Lead by example
Inspire and develop others



Growth agenda



KFC AUSTRALIA

- ✓ Broaden home delivery network
- ✓ Expansion of digital platform
- ✓ Ongoing operational excellence
- ✓ New restaurant builds ~ 40 to 45 in 5 years
- ✓ Acquisitions as and when

KFC EUROPE

- ✓ Enhanced value proposition and greater brand awareness in Europe
- ✓ Elevate operational excellence to enhance customer experience
- ✓ New restaurant builds ~ 38 to 46 in 5 years
- ✓ Acquisitions/new markets

TACO BELL AUSTRALIA

- ✓ Establish and build the Taco Bell brand in Australia
- ✓ Open 50 restaurants over next 3 years
- ✓ Continually introduce new exciting and craveable products
- ✓ Build customer engagement through social media



Questions

Disclaimer

- ▶ This presentation contains forward looking statements which may be subject to significant uncertainties beyond CKF's control.
- ▶ No representation is made as to the accuracy or reliability of forward looking statements or the assumptions on which they are based.
- ▶ Circumstances may change and the forward looking statements may become outdated as a result so you are cautioned not to place undue reliance on any forward looking statement.
- ▶ The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the presentation. Amounts in the presentation have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.
- ▶ Any discrepancies between totals, sums of components and differences in tables and percentage variances calculated contained in this presentation are due to rounding.
- ▶ EBITDA for the purpose of this presentation is underlying EBITDA. Underlying EBITDA includes adjustments for significant items identified within the corresponding financial period.
- ▶ The FY14 financial information and store counts included in this presentation includes QLD and WA.