COLLINS FOODS LIMITED

HY19 RESULTS
28 NOVEMBER 2018

COLLINS FOODS LIMITED

ACN 151 420 781

Strong growth delivered across key financial metrics

($m)	HY18 Underlying (1)	HY19 Statutory	HY19 Significant items (2)	HY19 Underlying	Change
Revenue	322.1	411.0		411.0	27.6% ↑
EBITDA	40.8	53.6	0.1	53.7	31.7% ↑
EBIT	28.3	36.4	0.5	37.0	30.8% ↑
NPAT	17.4	21.5	0.4	21.9	25.9% ↑
Net Debt (3)	151.0	226.2		226.2	$75.2m ↑
Net Leverage Ratio (3)	1.55	2.08		2.08	
Net Operating Cash Flow	27.2	35.8		35.8	$8.6m ↑
EPS Basic (4) (cents)	15.4	18.5		18.8	21.7% ↑
DPS (cents)	8.0	9.0		9.0	12.5% ↑

(1) Refer to Appendix.
(2) HY19 adjusted to exclude the pre-tax impact of additional depreciation due to a change in the useful life on specific equipment that is associated with a product exist and the provision for an onerous lease.
(3) HY18 underlying net debt and the net leverage ratio include $23.0m yet to be spent proceeds from the equity raise to partially fund the acquisition of KFC restaurants in WA, SA and TAS. Excluding the $23.0m, the net leverage ratio would have been 1.78.
As at 29 April 2018 net debt was $227.2m and net leverage ratio was 2.14.
(4) EPS basic adjusted for NPAT impact of significant items.

- Revenue up 27.6% to $411.0m
- Underlying EBITDA up 31.7% to $53.7m
- Underlying NPAT up 25.9% to $21.9m
- Net operating cash flow up 31.6% to $35.8m
- Underlying EPS up 3.4 cps to 18.8 cps due to the earnings from the acquisition now being reflected
- Fully franked interim dividend of 9.0 cents per ordinary share declared (HY18: 8.0 cps)

HY19 operational overview

Australia

- Revenue growth of 21.9%
- Same Store Sales (SSS) growth of 3.1%
- EBITDA margin 17.0%
- Completion of final 3 KFC restaurants acquired from Yum!
- 2 new restaurants built and opened

Europe

- Same Store Sales (SSS) of (2.5%)
- Sales in Germany and Netherlands were impacted by an unusually hot summer
- 2 new restaurants built and opened in Germany
- 2 new restaurants due to open in Netherlands before the end of 2018

Australia

- First Taco Bell, Annerley, Brisbane continues to trade ahead of expectations
- Second restaurant opened on 3 November in Robina, QLD
- 2 further restaurants to open prior to end of calendar year
- Progressing well with preparation for accelerated development in 2019 and beyond

Australia

- Sizzler Australia SSS growth of 4.6%
- 2 Sizzler restaurants closed during the period

Asia

- Sizzler Asia growing sales and earnings, with 73 restaurants in Asia at half year

KFC Australia

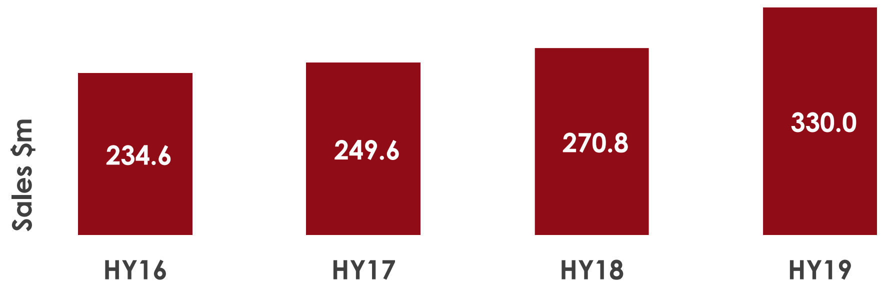
COLLINS FOODS LIMITED

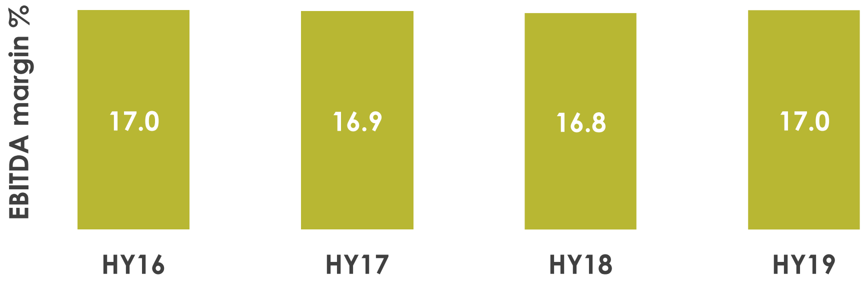
Strong growth for KFC Australia across all key financial metrics

	HY18 Statutory	HY19 Statutory	HY19 Significant items (1)	HY19 Underlying	Change
Restaurants					
half year (no.)	200	228		228	28 ↑
Revenue ($m)	270.8	330.0		330.0	21.9% ↑
% SSS	1.2%	3.1%		3.1%	
EBITDA ($m)	45.5	56.0	0.1	56.1	23.5% ↑
% margin	16.8%	17.0%		17.0%	22 bps ↑
EBIT ($m)	35.5	43.6	0.5	44.1	24.2% ↑
% margin	13.1%	13.2%		13.4%	25 bps ↑

(1) HY19 adjusted to exclude pre-tax impact of additional depreciation due to a change in the useful life on specific equipment that is associated with a product exist and the provision for an onerous lease.

- Revenue up 21.9% to $330.0m
- Overall SSS growth of 3.1% using Yum! methodology
- EBITDA up 23.5% to $56.1m, EBITDA margin of 17.0% mainly due to:
  - leverage generated by overall improved SSS growth % (significant uptick in WA SSS growth % now firmly in positive territory)
  - ongoing focus on operational efficiencies and margin management across the network
- 2 new restaurants opened during the first half of FY19 with 2 more opened subsequent to the half year end





COLLINS FOODS LIMITED

Innovation and great value at the forefront of KFC Australia

CORE PRODUCT INNOVATION

Exciting twists and variations on existing products

GREAT VALUE

Value offers contribute to strong growth

COLLINS FOODS LIMITED

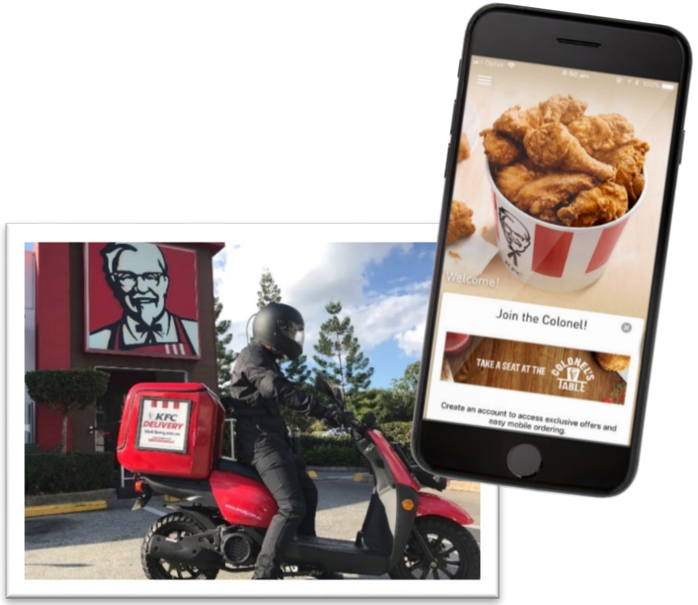
Operations, delivery and digital a key focus for KFC Australia

OPERATIONS

- Incremental sales driven by improvement in speed of service and focus on consistency of customer experience:
  - speed during peak times has improved significantly vs prior year
  - guest satisfaction scores have improved by over 10% vs prior year, complaints have dropped by over 20%
- Systematisation of processes and systems underpinning the optimisation of margins, supported by enhanced procurement and maintenance capability
- Further initiatives underway to support greater automation and digitisation of operational systems

DELIVERY / DIGITAL

- 44 restaurants currently operating with delivery, with sales performance on or above expectations
- Plans underway to double the size of the delivery footprint in the next 6 months using multiple aggregators
- Significant investment in KFC digital yielding continued growth in App sales and expansion of e-commerce and digital marketing initiatives



COLLINS FOODS LIMITED

KFC Australia restaurant build in line with development agreement

- HY19 capex of circa $10.3m for KFC Australia network development:
  - 2 new restaurant openings in Queensland during the half year with 2 more opening subsequent to the half year
  - 19 major remodels and 14 minor remodels completed
- HY19 maintenance circa $1.7m
- On target to deliver 8 new builds in FY19
- Ongoing refurbishment of portfolio unlocking capacity where possible (i.e. dual lane drive throughs)



Pimpama, QLD
New store

Edmonton, QLD
New store

COLLINS FOODS LIMITED

KFC Europe

COLLINS FOODS LIMITED

Growth dampened by unusually hot European summer

	HY18 Underlying (1)	HY19 Statutory (2)	Change
Restaurants half year (no.)	31	35	4 ↑
Revenue ($m)	25.7	56.9	121.5% ↑
% SSS	(0.2%)	(2.5%)	
EBITDA ($m)	0.4	4.1	880.8% ↑
% margin	1.6%	7.3%	564 bps ↑
EBIT ($m)	(0.7)	1.0	(238.1%) ↑
% margin	(2.8%)	1.7%	449 bps ↑

(1) HY18 Underlying excludes integration costs of $0.3m. HY18 does not include the earnings of the Netherlands acquisition.
(2) Exchange rate of AUD $1: EUR €0.6325 for HY19.

- Revenue of $56.9m reflecting a full half-year of revenue from the Netherlands restaurants
- Europe SSS of (2.5%)
- Europe SSS growth was impacted by unusually hot weather during June to August, which significantly reduced customer traffic during this time
- Built and opened 2 restaurants in Germany during the period (Moers on 30 April 2018 and Duisburg on 11 May 2018)
- EBITDA of $4.1m, EBITDA margin of 7.3%. Overall margin impacted by:
  - period of negative SSS growth due to extreme weather which made it challenging to control margins
  - higher administration costs burden while back office support structure is optimised

COLLINS FOODS LIMITED

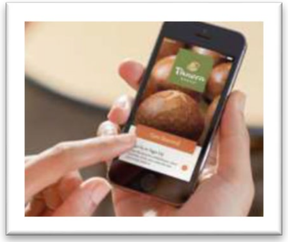
Transaction growth through value and innovation

VALUE AND SNACKING INITIATIVES IN GERMANY

- KFC Goodies currently in test to develop snacking and late night dayparts
- Dealbox XL (everyday value) and 15 for €5 Hot Wings to drive price perception vs competition and transaction growth
- Introduction of breakfast menu at train stations
- Brand re-positioning in Stuttgart region

STRONG INNOVATION AGENDA IN THE NETHERLANDS

- Customer innovation via 100% integration of kiosks, implementation of loyalty and mobile ordering
- KFC Damrak will be the first store with new (K3) interior design
- Drive penetration and frequency of visits via disruptive product innovation
- 24/7 trading at selected restaurants

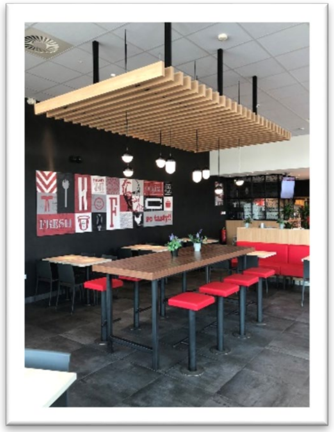


COLLINS FOODS LIMITED

KFC Europe progress update on development strategy

- Optimise development strategy focusing on drive throughs
- HY19 capex of circa $2.2m for KFC Europe network development:
  - 2 new restaurant openings in Germany (Moers on 30 April 2018 and Duisburg on 11 May 2018)
  - 2 major remodels in Netherlands
- 2 new restaurants due to open in Netherlands before the end of 2018 (Den Bosch in November and Vlaardingen in December)
- On track to open 6 restaurants in FY19

Duisburg, GER
New store



Middleburg, NL
Major remodel

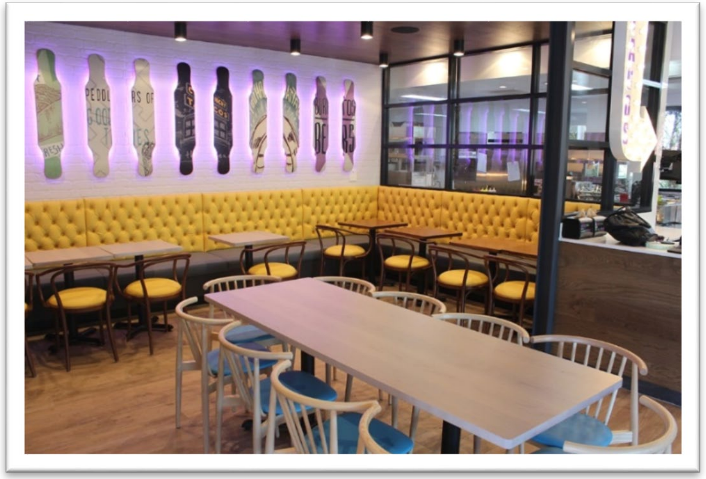
Wateringen, NL
Major remodel

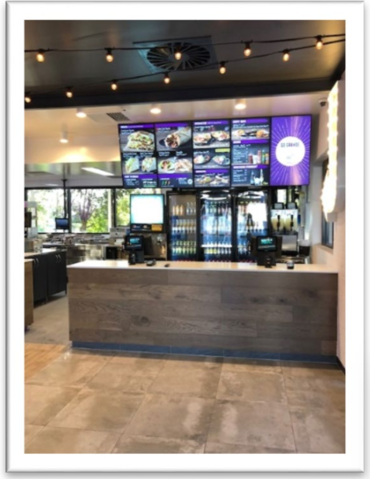
COLLINS FOODS LIMITED

Taco Bell

Successfully opened second Taco Bell restaurant in Robina, QLD

- Opened second restaurant in Robina, Queensland on 3 November 2018
- Robina is trading ahead of expectations during the first 3 weeks
- Economic model delivering to expectations
- 2 further restaurants will be opened prior to end of calendar year in Queensland at North Lakes and Cleveland





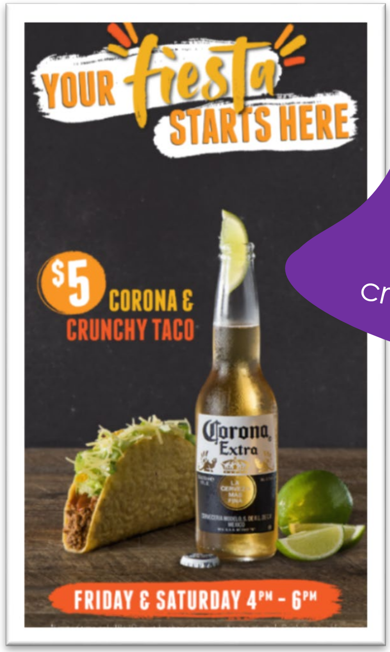
Robina, QLD

COLLINS FOODS LIMITED

Taco Bell brings exciting new products and customer experiences

Customer engagement

Creating a cult following



Innovative products

Delicious craveable food

COLLINS FOODS LIMITED

Taco Bell expansion and development update

- Opened Robina, Queensland on 3 November 2018
- 2 further restaurants will be opened in Queensland prior to end of calendar year at 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 (Queensland, Victoria and Western Australia)
  - right of first offer in all 3 states
  - funding from internally generated cash flows
- On target to open 10 Taco Bell restaurants in calendar year 2019

Sizzler

Sizzler Australia and Asia continues to deliver solid earnings

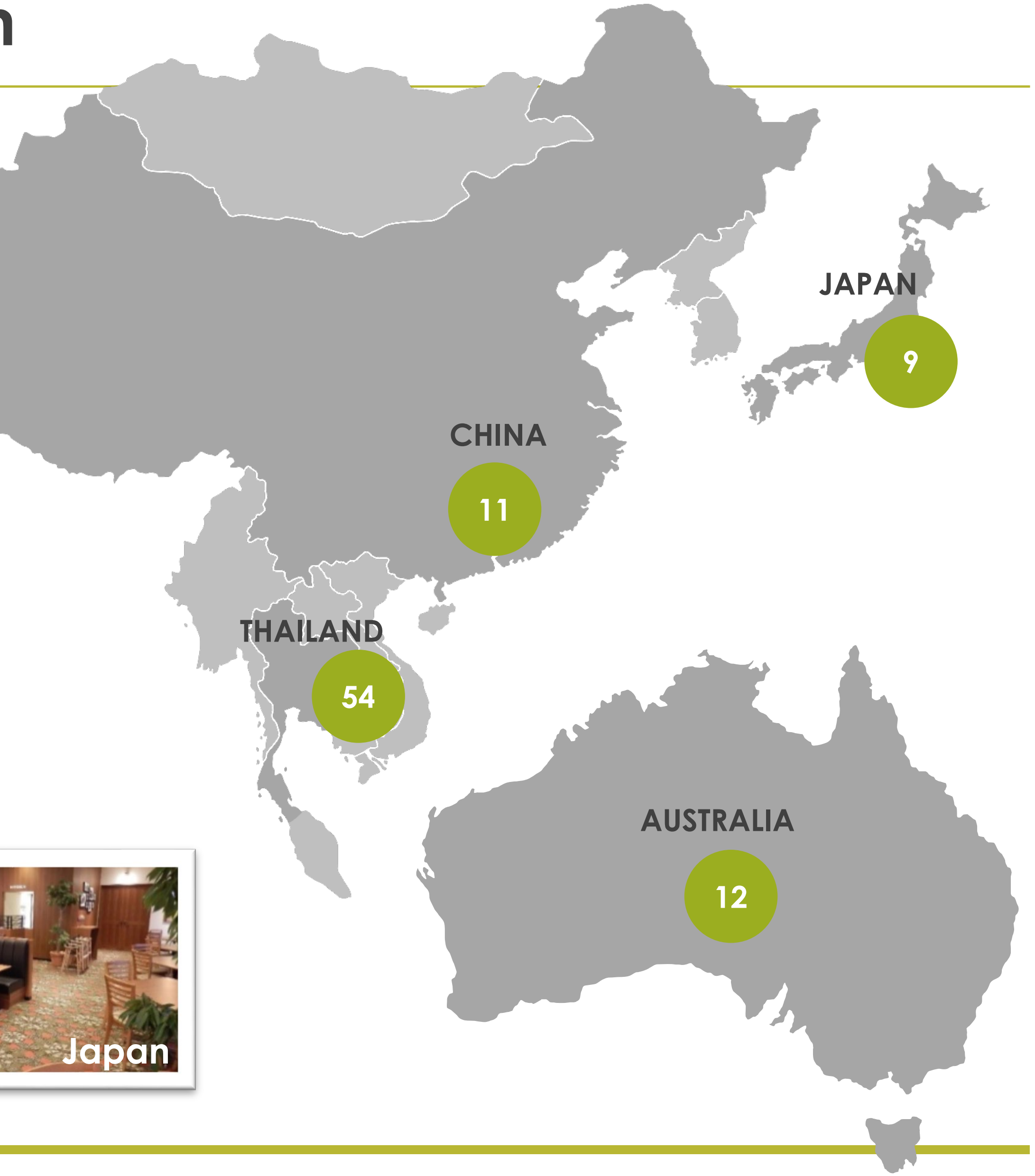
	HY18 Statutory	HY19 Statutory	Change
Restaurants			
year end (no.) [1]	14	12	2 ↓
Revenue ($m)	24.0	22.2	7.6% ↓
% SSS [1]	(1.3%)	4.6%	
EBITDA ($m)	2.3	2.1	7.8% ↓
% margin	9.6%	9.6%	
EBIT ($m)	1.7	1.6	7.7% ↓
% margin	7.0%	7.0%	

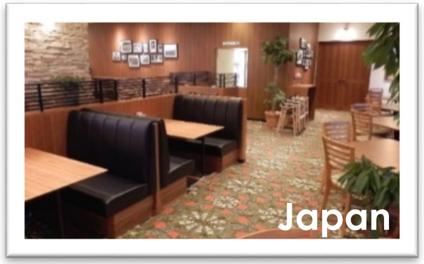
(1) Sizzler Australia only (excludes Sizzler Asia)

- Overall revenue down 7.6% driven by 2 fewer restaurants compared to prior half year
- Sizzler Australia SSS growth of 4.6%
- EBITDA of $2.1m for the half year at margin of 9.6%
- Earnings in Sizzler Asia offsetting decline in Sizzler Australia sales

Sizzler continues to make a strong contribution

- Sizzler Australia restaurant numbers in decline although still positively contributing to earnings
- Sizzler Asia continues to grow in both existing restaurant sales and new builds
- Total of 73 restaurants in Asia at half year, currently 74 with 1 restaurant opening in Thailand shortly after half year
- Royalty revenue from Sizzler Asia up 19.0% compared with the prior half year





COLLINS FOODS LIMITED

Financial overview

COLLINS FOODS LIMITED

Strong operating cash flow supporting growth

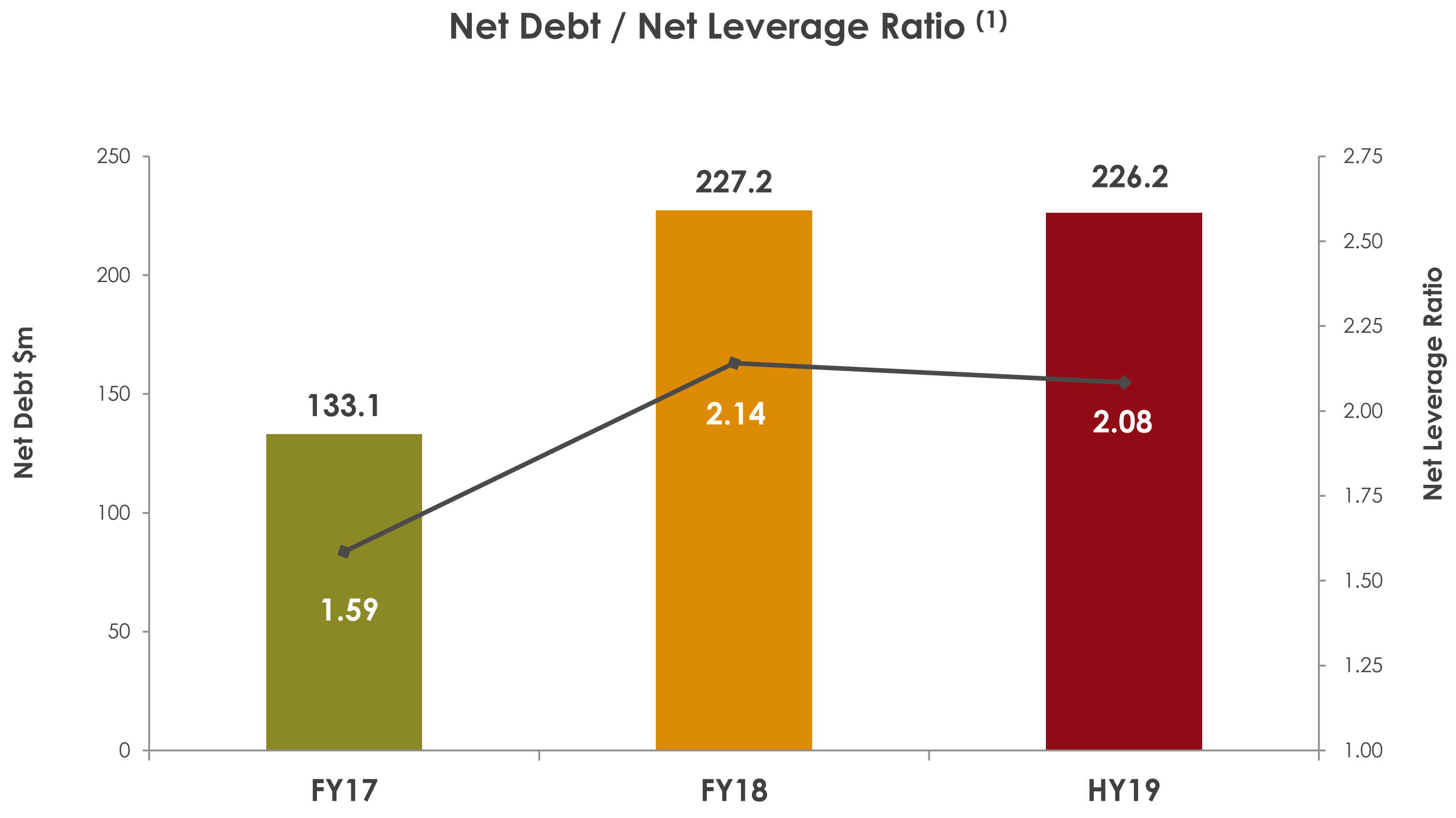
$m	HY18	HY19
Net operating cash flows before interest and tax	40.0	49.9
Net interest paid	(3.6)	(5.4)
Income tax paid	(9.2)	(8.8)
Net operating cash flows	**27.2**	**35.8**
Payment for acquisition of subsidiary, net of cash acquired	(115.2)	(7.5)
Payments for franchise rights	(0.4)	(0.0)
Payments for plant and equipment [(1)]	(17.1)	(16.3)
Net cash flow from investing	**(132.7)**	**(23.9)**
Net cash flow from financing	**59.3**	**(10.5)**
NET CASH FLOW	**(46.2)**	**1.4**

(1) Payments reflects actual capital cash spend

- Net operating cash flow of $35.8m up $8.6m on prior half year
- Capex cash spend of $16.3m:
  - new store and remodels circa $14.0m
  - maintenance and other capital circa $2.3m
- Payment (cash element) for acquisition of subsidiaries includes:
  - KFC restaurants acquired in Australia for $7.5m
  - prior year KFC restaurants acquired in Australia for $21.0m and Netherlands for $94.2m
- Net cash flow from financing of $10.5m due to dividends paid
- Strong cash flows enabling a HY19 fully franked dividend of 9.0 cps

COLLINS FOODS LIMITED

Reduction in net leverage ratio



- Net leverage ratio at 2.08
- Net leverage ratio covenant maximum of 2.75
- Net debt of $226.2m
- Current facility circa $368m [2]

(1) 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.
(2) Exchange rate of AUD $1 : EURO €0.6148 as at 14 October 2018.

Healthy balance sheet

$m	29-Apr-18	14-Oct-18
Cash and equivalents	60.5	62.7
Total current assets	72.9	77.9
Property, plant and equipment (1)	164.9	167.7
Total non-current assets	638.0	648.1
Total assets	**710.9**	**726.0**
Total current liabilities	85.5	88.1
Debt (2)	286.3	287.7
Total non-current liabilities	292.4	294.1
Total liabilities	**377.9**	**382.2**
NET ASSETS	**333.0**	**343.8**

(1) Restatement of prior year property, plant and equipment relates to adjustments to provisional values of assets acquired and liabilities assumed for the acquisition of KFC Netherlands
(2) Net of capitalised costs $1.2m (29 April 2018 $1.4m)

- Cash balance up $2.2m to $62.7m following completion of Netherlands and Australian acquisitions
- Property, plant and equipment up $2.8m mainly due to new restaurant builds, remodels and other capital, partially offset by depreciation
- Increase in other non-current assets largely due to an increase in goodwill of $8.1m resulting from the acquisition of new restaurants

Priorities for second half of FY19

KFC AUSTRALIA

- ✓ Broaden home delivery network
- ✓ Expansion of digital platform
- ✓ Ongoing operational excellence
- ✓ New restaurant builds ~ 6 in second half of FY19

KFC EUROPE

- ✓ Enhanced value proposition and greater brand awareness in Europe
- ✓ Elevate operational excellence to enhance customer experience
- ✓ New restaurant builds ~ 4 in second half of FY19

TACO BELL AUSTRALIA

- ✓ Establish and build the Taco Bell brand in Australia
- ✓ Open a further 2 restaurants by end of calendar year
- ✓ Preparation for the opening of 10 restaurants in calendar year 2019


MORE THAN 12 MILLION
PEOPLE ENJOY THE COLONELS
FRESHLY COOKED CHICKEN
EVERY SINGLE DAY.

Questions

Appendix

HY18: significant items summary

($m)	EBITDA	EBIT	NPAT
Acquisition costs:			
Due diligence and legal advice	0.5	0.5	0.5
Structuring and tax advice for acquisitions	0.3	0.3	0.3
Stamp duty on WA stores	1.0	1.0	1.0
European set-up and integration costs	0.3	0.3	0.2
Total acquisition costs	2.1	2.1	2.0
Restructuring costs	1.2	1.2	0.8
Refinancing costs	0.0	0.0	0.7
DTA write-off	–	–	1.1
Total significant items	**3.3**	**3.3**	**4.7**

Acquisition costs

- Aggregated costs for the following acquisitions:
  - 5 restaurants in WA, with a further 23 to be acquired by year end in WA, SA and TAS
  - 16 restaurants in Netherlands

Other significant items

- Restructuring costs: Snag Stand closure costs
- Refinancing costs: Extinguishment of unamortised costs from previous refinancing
- DTA write-off: Snag Stand deferred tax asset written off

COLLINS FOODS LIMITED

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.