COLLINS FOODS LIMITED

HY20 RESULTS
27 NOVEMBER 2019

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ACN 151 420 781

KFC

Sizzler

Strong earnings growth for Collins Foods group

($m)	HY19 Underlying[(1)] (Pre AASB 16)	HY20 Statutory (Pre AASB 16)	HY20 Non trading items[(2)]	HY20 Underlying (Pre AASB 16)	Change	HY20 Statutory (Post AASB 16)
Revenue	411.0	448.8		448.8	9.2% ↑	448.8
EBITDA	53.7	58.8	(1.1)	57.7	7.4% ↑	81.2
EBIT	37.0	41.2	(1.1)	40.1	8.4% ↑	44.4
NPAT	21.9	24.1	(0.2)	23.9	9.1% ↑	20.4
Net Debt	226.2	217.3		217.3	$8.9m ↓	217.3
Net Leverage Ratio	2.08	1.84		1.84		1.55
Net Operating Cash Flow	35.8	33.7		33.7	$2.1m ↓	56.9
EPS Basic[(3)] (cents)	18.8	20.7	(0.2)	20.5	9.1% ↑	17.5
DPS (cents)	9.0	9.5		9.5	5.6% ↑	9.5

(1) 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 exit and the provision for an onerous lease.

(2) HY20 adjusted to exclude the pre-tax impact of make good expenses associated with equipment from a product exit, insurance money relating to material damages and marketing expenditure redirected to digital technology as well as post-tax impact of unamortised borrowing costs being expenses as a result of the refinancing.

(3) EPS basic adjusted for NPAT impact of significant items

- Revenue up 9.2% to $448.8m
- Underlying EBITDA (pre AASB 16) up 7.4% to $57.7m
- Underlying NPAT (pre AASB 16) up 9.1% to $23.9m
- Net debt down to $8.9m and net leverage ratio (pre AASB 16) down from 2.08 to 1.84 due to strong operating cash flow
- Net operating cash flow (pre AASB 16) $33.7m
- Underlying EPS (pre AASB 16) up 1.7 cps to 20.5 cps from 18.8 cps at the prior half year
- Fully franked interim dividend of 9.5 cps declared (HY19: 9.0 cps)

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HY20 results overview

KFC — Australia

- Top line revenue growth of 8.9%
- Same Store Sales (SSS) growth of 4.9%
- Underlying EBITDA (pre AASB 16) margin of 17.5%, up 50bps on prior corresponding period
- Delivery now available in ~100 restaurants through Deliveroo and Menulog
- 2 new restaurants built and opened in the first half of FY20, with 4 additional restaurants opened subsequent to half year

KFC — Europe

- Same Store Sales (SSS) growth of 0.1%
- New value campaigns delivering success in Germany
- Stuttgart initiatives in Germany beginning to drive sales growth
- New brand and marketing leadership in the Netherlands expected to improve results in second half of the year
- 3 new restaurants opened in the Netherlands and 1 new restaurant opened in Germany

Taco Bell — Australia

- 5th restaurant opened during first half of FY20, with 2 additional restaurants opened subsequent to half year
- New restaurants continue to have strong openings
- New product offerings and menu items proving successful
- Further 5 restaurant openings expected before financial year end

Sizzler — Australia

- Sizzler Australia Same Store Sales (SSS) growth of 4.0%
- 2 restaurant closed during first half of FY20, bringing half year restaurant count to 10

Asia

- Sizzler Asia growing sales and earnings, with 1 restaurant closure during the half year

KFC Australia

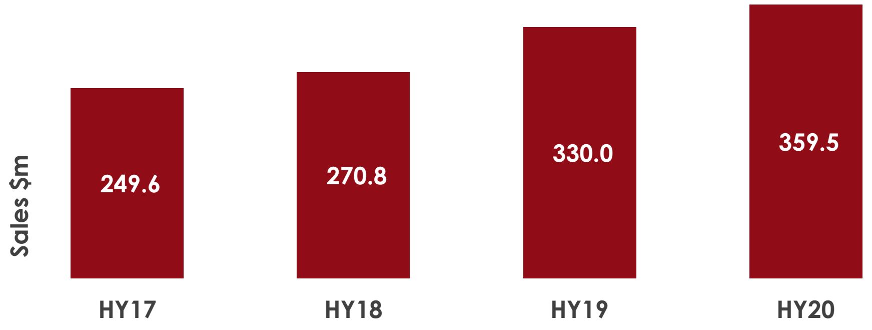
Strong same store sales growth delivered margin uplift across KFC Australia

($m)	HY19 Underlying[1] (Pre AASB 16)	HY20 Statutory (Pre AASB 16)	HY20 Non trading items[2]	HY20 Underlying (Pre AASB 16)	Change	HY20 Statutory (Post AASB 16)
Restaurants						
Half year (no.)	228	233		233	5 ↑	233
Revenue ($m)	330.0	359.5		359.5	8.9% ↑	359.5
% SSS	3.1%	4.9%		4.9%		4.9%
EBITDA ($m)	56.1	64.2	(1.1)	63.1	12.3% ↑	79.4
% margin	17.0%	17.9%		17.5%	50 bps ↑	22.1%
EBIT ($m)	44.1	51.4	(1.1)	50.3	14.1% ↑	52.4
% margin	13.4%	14.3%		14.0%	60 bps ↑	14.6%

(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 exit and the provision for an onerous lease.

(2) HY20 adjusted to exclude the pre-tax impact of make good expenses associated with equipment from a product exit, insurance money relating to material damages and marketing expenditure redirected to digital technology.

- Revenue up 8.9% to $359.5m
- Overall SSS growth of 4.9% with all States showing positive SSS growth
- Underlying EBITDA (pre AASB 16) up 12.3% to $63.1m, EBITDA margin of 17.5% driven mainly by positive leverage from SSS growth and strong cost control resulting from improved network systemisation
- 2 new restaurants opened in the first half of FY20. 4 new restaurants opened subsequent to HY20
- Delivery now available in ~100 restaurants through Deliveroo and Menulog



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Value continues to drive strong earnings for KFC Australia

Innovative new products
Existing products given exciting new twists

Great value
Value remains at the forefront of transaction growth

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Continued focus on delivery and digital driving KFC Australia's strong performance

Delivery / Digital

- ~100 restaurants currently support delivery, with 53 of these covered by multiple delivery aggregators – ahead of schedule
- Delivery channel continues reflecting strong, largely incremental growth
- App "click & collect" sales growing in popularity and importance as a meaningful channel for developing customer loyalty and driving sales
- External digital menu boards for drive-thru have begun rollout, with plans to upgrade the system over the next several years

Operations

- Speed of service 10% faster than prior year during peak times, improving customer service and sales
- Guest satisfaction ratings +11% vs prior year
- Disciplined business review system in each restaurant each period bringing clear focus & accountability to restaurant-level KPIs
- "Digital Ops" strategy underway – multi-year program to reduce paper-based and manual systems to support effective and efficient management of shifts
- Advanced rostering system nearly completely rolled-out, supporting efficient scheduling and deployment of team members and managers

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KFC Australia restaurant build and remodel update

- HY20 capex of circa $9.0 m for KFC Australia network development:
  - 2 new restaurant openings in the half year
  - 4 major remodels and 25 minor remodels completed
- HY20 maintenance and other capital circa $5.0m
- Digital menu board rollout for drive-thrus started during HY20
- On target to build a total of 9 net new restaurants in FY20
- New restaurants are performing in line with expectations

Bundaberg East, QLD

Keperra, QLD

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HAND
MADE
original
HAND
MADE
so tasty!!
CREATED MY SECRET RECIPE AND HONESTLY, THE BEST CHICKEN I EVER PUT IN MY MOUTH"

KFC Europe

National brand refresh and value delivering sales improvements in Germany

($m)	HY19 Statutory (Pre AASB 16)	HY20 Statutory (Pre AASB 16)	Change	HY20 Statutory (Post AASB 16)
Restaurants				
Half year (no.)	35	40	5 ↑	40
Revenue ($m)	56.9	63.7	11.8% ↑	63.7
% SSS	(2.5%)	0.1%		0.1%
EBITDA ($m)	4.1	2.7	33.8% ↓	9.0
% margin	7.3%	4.3%	300 bps ↓	14.2%
EBIT ($m)	1.0	(0.4)	143.2% ↓	1.9
% margin	1.7%	(0.7)%	240 bps ↓	2.9%

- Overall Europe SSS growth of 0.1%, driven by 5.7% SSS growth in Germany whilst dampened by weaker SSS decline of (2.9)% in the Netherlands
- Overall EBITDA (pre AASB 16) margin has been compressed due to the shortfall on the top line in the Netherlands and costs associated with 4 openings in the period
- The introduction of value and snacking as permanent layers, supported by a national brand refresh is showing positive results in Germany
- A renewed focus on value and targeted marketing campaigns in the Netherlands is expected to improve trading in the second half of FY20
- Built and opened 4 new restaurants during the period and closed 1 underperforming restaurant in Germany

Brand initiatives and focus on value driving sales in Germany

Sales driving activities

- National brand refresh launch in June provided good momentum in the first half year
- Value layer is now a permanent menu feature
- Recently introduced permanent snacking layer remains on the menu
- New TV advertising campaign more contemporary and impactful than in previous years
- Standardised and simplified digital menu boards making customer journey easier
- Sales growth in the Stuttgart region benefiting from greater local awareness due to directional signage and "always on" out of home advertising

Operations and restaurant development

- Focus remains on delivering consistently high operational standards and tight margin controls
- Built 1 new restaurant in first half which is trading inline with expectations
- Closed 1 underperforming restaurant
- New restaurant pipeline focused on drive-thru

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New brand and marketing leadership expected to drive transactions growth in the Netherlands

Sales driving activities

- KFC Netherlands have strengthened their marketing capability through a newly appointed CMO, along with significant changes in the marketing plan and the appointment of new agencies
- Primary focus in 2020 will be on driving transaction sales through everyday and disruptive value
- The overall customer experience is being addressed to reduce brand leakage
- Overcoming negative brand barriers for customers is being dialled up

Operations and restaurant development

- Focus remains on delivering consistently high operational standards and keeping tight margin controls
- Refinement of kiosk offering to drive further sales in progress
- Introduction of digital app and table service being trialled
- Built and opened 3 new restaurants in the first half of the year. All performing to expectations

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KFC Europe restaurant build and remodel update

- HY20 capex of circa $6.0m for KFC Europe network development:
  - 3 new restaurants opened in the Netherlands
  - 1 new restaurant opened in Germany and 1 restaurant closure
- Germany new restaurant build program refocussed to drive-thru restaurants
- Additional underperforming restaurant to potentially be closed in Germany
- On target to build 4 to 5 new restaurants in FY20
- FY21 new build target of 4 to 6

Bonn, GER

Helmond, NL

Dordrecht, NL

Taco Bell

Successfully opened additional Taco Bell restaurants in Queensland

- Opened 5th restaurant in Southport, Qld in August 2019, 6th and 7th restaurants opened in Logan Central in October 2019 and Currajong (Townsville) in November 2019
- Expansion into Victoria announced with 2 restaurants to be opened prior to end of calendar year
- Strong pipeline of sites in place, 8 restaurants expected to be opened during the financial year
- Targeting to build 20 restaurants in 2020
- New and innovative products continue to be introduced onto the menu with high degree of success
- International Taco Day in October provided another opportunity to enhance the brand with customers

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Taco Bell continues to launch exciting new products and experiences

Differentiated customer experiences

Unique and exciting products

LIVE MÁS™

Sizzler

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Sizzler growth led by Sizzler Asia

($m)	HY19 Statutory (Pre AASB 16)	HY20 Statutory (Pre AASB 16)	Change	HY20 Statutory (Post AASB 16)
Restaurants				
Half year (no.) [1]	12	10	2 ↓	10
Revenue ($m)	22.2	20.2	8.9% ↓	20.2
% SSS [1]	4.6%	4.0%		4.0%
EBITDA ($m)	2.1	2.8	29.4% ↑	3.0
% margin	9.6%	13.7%	400 bps ↑	14.9%
EBIT ($m)	1.6	2.3	47.2% ↑	2.2
% margin	7.0%	11.4%	440 bps ↑	11.0%

(1) Sizzler Australia only (excludes Sizzler Asia)

- Solid same store sales growth in Australia of 4.0%
- Overall revenue down 8.9% driven by fewer restaurants compared to prior year
- 2 restaurants closed during HY20, bringing restaurant count to 10
- EBITDA (pre AASB 16) of $2.8m for the half year at margin of 13.7%

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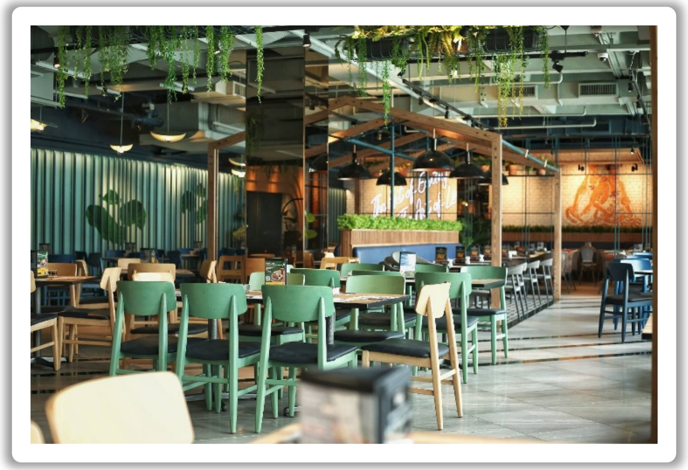
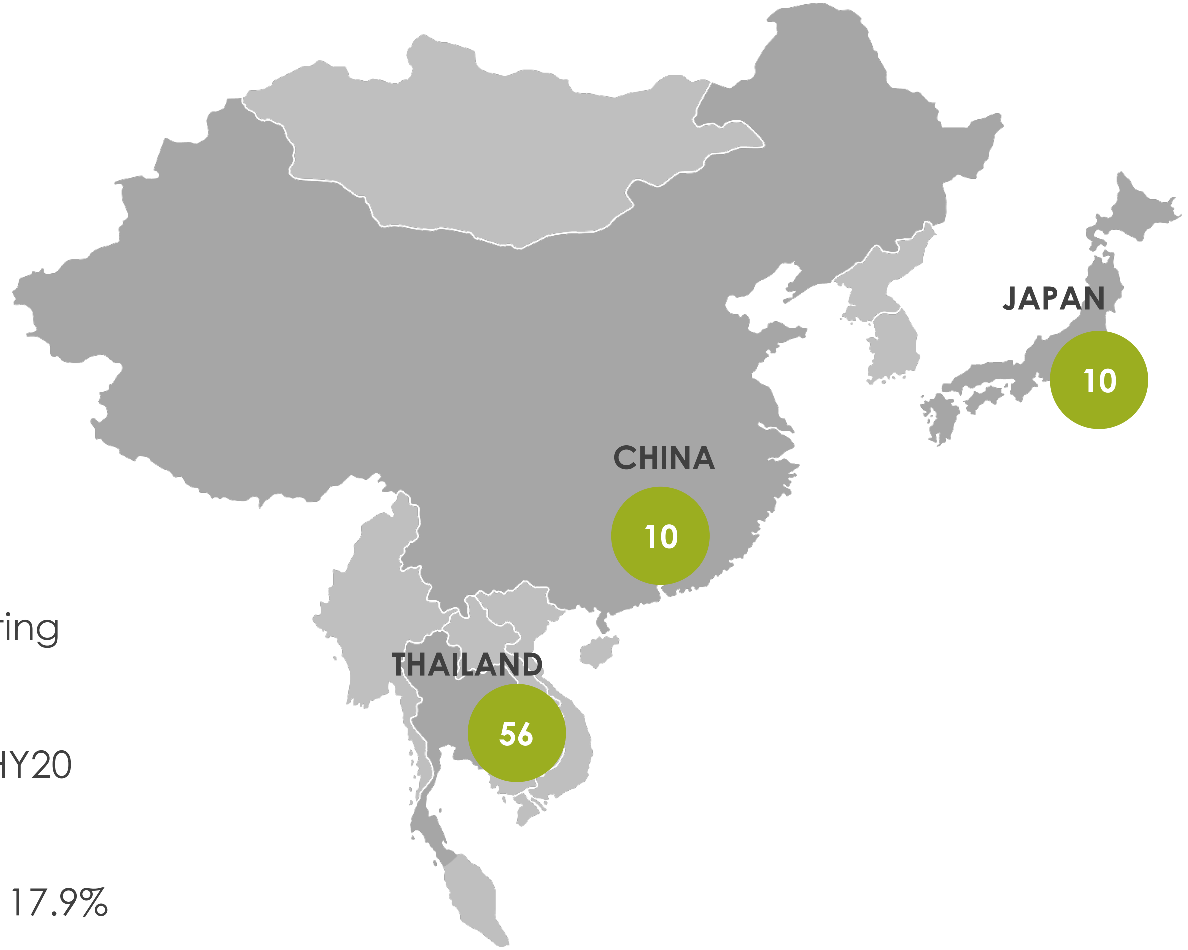
Sizzler Asia delivers good earnings growth



- Sizzler Asia continues to grow in existing restaurant sales
- Total of 76 restaurants in Asia as at HY20 (1 closure in China)
- Royalty revenue from Sizzler Asia up 17.9% compared with the prior full year



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Financial overview

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Healthy operating cash flow

$m	HY19 (Pre AASB 16)	HY20 (Pre AASB 16)	HY20 (Post AASB 16)
Net operating cash flows before interest and tax	49.9	49.0	72.3
Net interest paid	(5.4)	(5.3)	(5.3)
Income tax paid	(8.8)	(10.1)	(10.1)
Net operating cash flows	**35.8**	**33.7**	**56.9**
Payment for acquisition of subsidiary, net of cash acquired	(7.5)	0.0	0.0
Payments for intangibles	(0.0)	(0.9)	(0.9)
Payments for plant and equipment (1)	(16.3)	(23.3)	(23.3)
Proceeds from sale of property, plant and equipment	0.0	0.4	0.4
Net cash flow from investing	**(23.9)**	**(23.7)**	**(23.7)**
Refinance fees paid	0.0	(1.0)	(1.0)
Cashflows attributable to leases	0.0	0.0	(23.2)
Dividends paid	(10.5)	(12.2)	(12.2)
Net cash flow from financing	**(10.5)**	**(13.3)**	**(36.5)**
NET CASH FLOW	**1.4**	**(3.3)**	**(3.3)**

(1) Payments reflects actual capital cash spend

- Net operating cash flow (pre AASB 16) of $33.7m down $2.1m on prior half year due to working capital timing
- Capex cash spend of $23.3m:
  - new restaurants and remodels circa $15.7m
  - maintenance and other capital circa $7.6m
- Prior year payment (cash element) for acquisition of subsidiaries includes 3 KFC restaurants acquired in Australia for $7.5m
- Net cash flow from financing (pre AASB 16) of $13.3m due to dividends paid of $12.2m and $1.0m of refinance fees paid
- No impact to net cash flow post AASB 16
- Strong cash flows enabling a HY20 fully franked dividend of 9.5 cps

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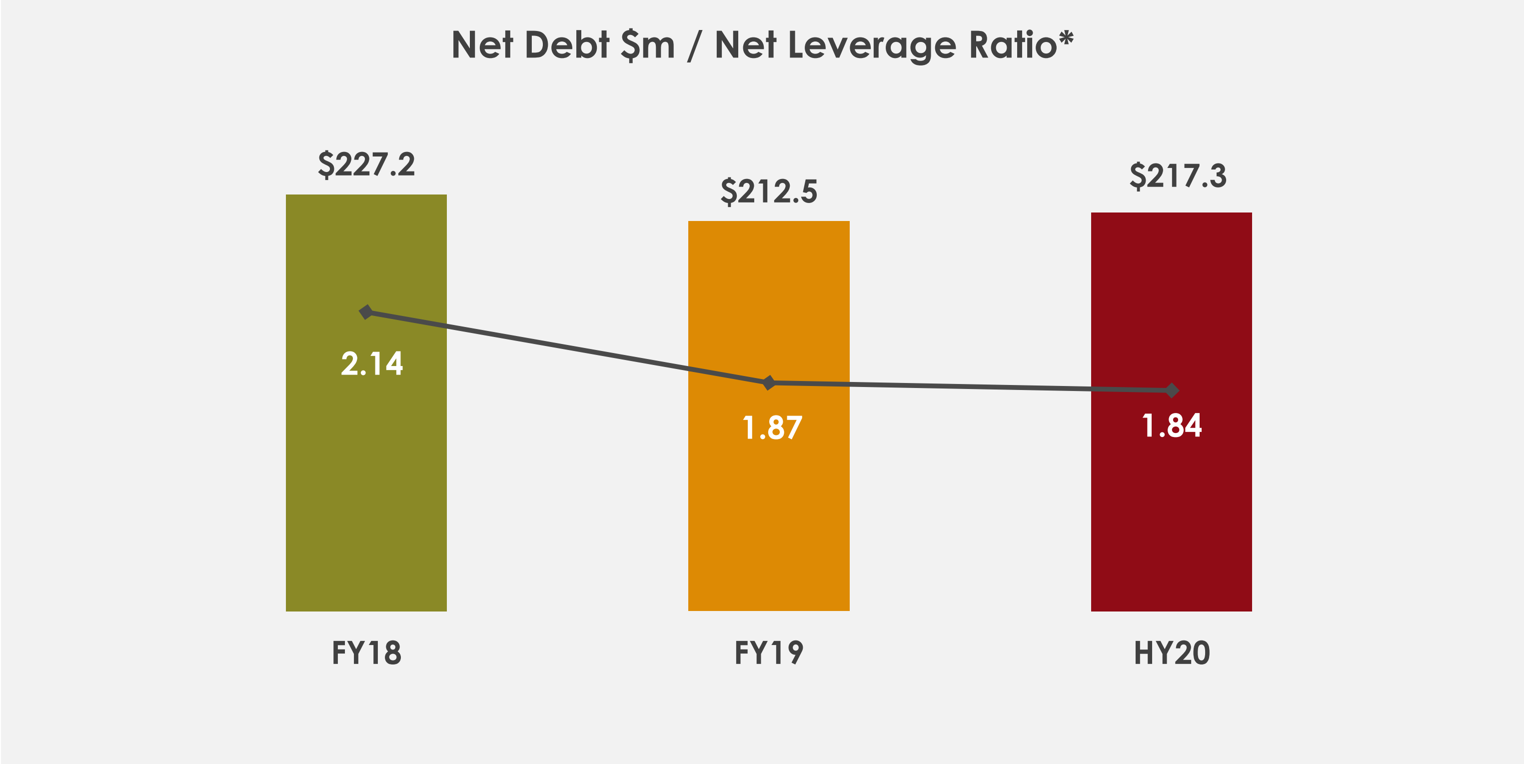
Net leverage ratio reduced due to healthy operating cash flows



- Net leverage ratio (pre AASB 16) at 1.84
- Net leverage ratio (post AASB 16) at 1.55
- Net leverage ratio (pre AASB 16) covenant maximum of 2.75
- Net debt of $217.3m (1)
- Current facility circa $395.0m (2)

* Pre AASB 16
(1) Net debt including $1.0m unamortised bank fees.
(2) Exchange rate of AUD $1 : EURO €0.6153 as at 13 October 2019.

Balance sheet

$m	28-Apr-19 (Pre AASB 16)	13-Oct-19 (Pre AASB 16)	13-Oct-19 (Post AASB 16)
Cash and equivalents	79.8	77.2	77.2
Total current assets	91.7	93.0	90.4
Property, plant and equipment	176.7	187.1	187.1
Right of use assets	0.0	0.0	362.4
Total non-current assets	660.7	670.9	1,038.5
Total assets	**752.4**	**763.9**	**1,128.9**
Lease liabilities	0.0	0.0	27.0
Total current liabilities	102.2	99.5	122.1
Debt	291.3	293.5	293.5
Lease liabilities	0.0	0.0	343.0
Total non-current liabilities	299.6	300.8	647.7
Total liabilities	**401.8**	**400.3**	**769.8**
NET ASSETS	**350.6**	**363.6**	**359.1**

- Cash balance (pre AASB 16) down $2.6m to $77.2m
- Property, plant and equipment up $10.4m to $187.1m mainly due to new restaurant builds, remodels and other capital, partially offset by depreciation
- Right of use assets of $362.4m and lease liabilities of $27.0m and $343.0m introduced as a result of the adoption of AASB 16
- Increase in total non-current assets largely due to property, plant and equipment as described above as well as increase in intangible assets of $2.7m resulting from the purchase of franchise rights and other intangible assets
- Net assets (post AASB 16) is up $8.5m from FY19

Key priorities for second half of FY20

- ✓ Continue to strengthen and streamline operational systems
- ✓ Expand the delivery network above 100 restaurants
- ✓ Increase usership and engagement on app and digital channels
- ✓ New restaurant builds – net 9 in FY20 with FY21 new build target of net 9 to 10

- ✓ Sales growth through "always on", everyday, and disruptive value
- ✓ Elevated focus on customer experience
- ✓ Create back office efficiencies through a new financial system
- ✓ New restaurant builds ~ 4 to 5 in FY20 with FY21 new build target of 4 to 6

- ✓ Continue to establish and build the Taco Bell brand in Australia
- ✓ Open a further 5 restaurants in Queensland and Victoria
- ✓ Constant focus on operational performance ensuring business model returns are delivered
- ✓ Targeting new restaurant builds of 20 in calendar year 2020

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Appendix

HY20 non trading items summary

($m)	EBITDA	EBIT	NPAT
Unamortised borrowing costs expensed as a result of the refinancing	0.0	0.0	0.6
Make good expenses associated with equipment from a product exit	0.4	0.4	0.3
Insurance money relating to material damages – KFC Australia	(0.7)	(0.7)	(0.5)
Marketing expenditure redirected to digital technology	(0.9)	(0.9)	(0.6)
Total significant items	**(1.1)**	**(1.1)**	**(0.2)**

Questions

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Any discrepancies between totals, sums of components and differences in tables and percentage variances calculated contained in this presentation are due to rounding.