COLLINS FOODS LIMITED

ACN 151 420 781 | ABN 13 151 420 781

PO Box 286 Lutwyche QLD 4030
Level 3, KSD1, 485 Kingsford Smith Drive
Hamilton QLD 4007 Australia
T +61 7 3352 0800 | F +61 7 3352 0894

30 June 2020

ASX Market Announcements Office
10 Bridge Street
SYDNEY NSW 2000

Via ASX Online

Dear Sir/ Madam

ANNOUNCEMENT FOR RELEASE VIA MARKET ANNOUNCEMENTS PLATFORM

Please find **attached** for release via the ASX Market Announcements Platform an announcement entitled, "*Collins Foods Limited FY20 Results*" (**Announcement**)

For further information regarding this Announcement, please contact:

Drew O'Malley	Ronn Bechler	Lee McLean
CEO	Investor Relations - Market Eye	Media
P: +61-7 3352 0800	P: +61-400 009 774	P: +61-411 868 348

By Order of the Board

Frances Finucan

Company Secretary

COLLINS FOODS LIMITED

FY20 RESULTS

29 April 2019 – 3 May 2020 (53 weeks)

30 JUNE 2020

COLLINS FOODS LIMITED

ACN 151 420 781

Earnings growth delivered despite COVID-19 impact

($m)	FY19 Underlying[(1)] (Pre AASB 16)	FY20 Statutory (Pre AASB 16)	FY20 Non trading items[(2)]	FY20 Underlying (Pre AASB 16)	Change	FY20 Statutory (Post AASB 16)
Revenue[(4)]	901.2	981.7		981.7	8.9% ↑	981.7
EBITDA	113.5	123.8	(3.2)	120.6	6.3% ↑	175.6
EBIT	76.5	77.8	2.2	80.0	4.7% ↑	85.4
NPAT	45.0	42.2	5.1	47.3	5.1% ↑	31.3
Net Debt	212.5	203.2		203.2	$9.3m ↓	
Net Leverage Ratio	1.87	1.69		1.69	0.18 ↓	1.18
Net Operating Cash Flow	97.5	96.4		96.4	$1.1m ↓	149.3
EPS Basic[(3)] (cents)	38.6	36.3		40.6	5.1% ↑	26.8
DPS (cents)	19.5	20.0		20.0	2.6% ↑	

(1) FY19 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 onerous leases, impairment of property, plant and equipment of restaurants, adjustment to the deferred tax asset position and insurance claim for material store damages offset by the associated asset disposal.

(2) FY20 – Refer to Appendix.

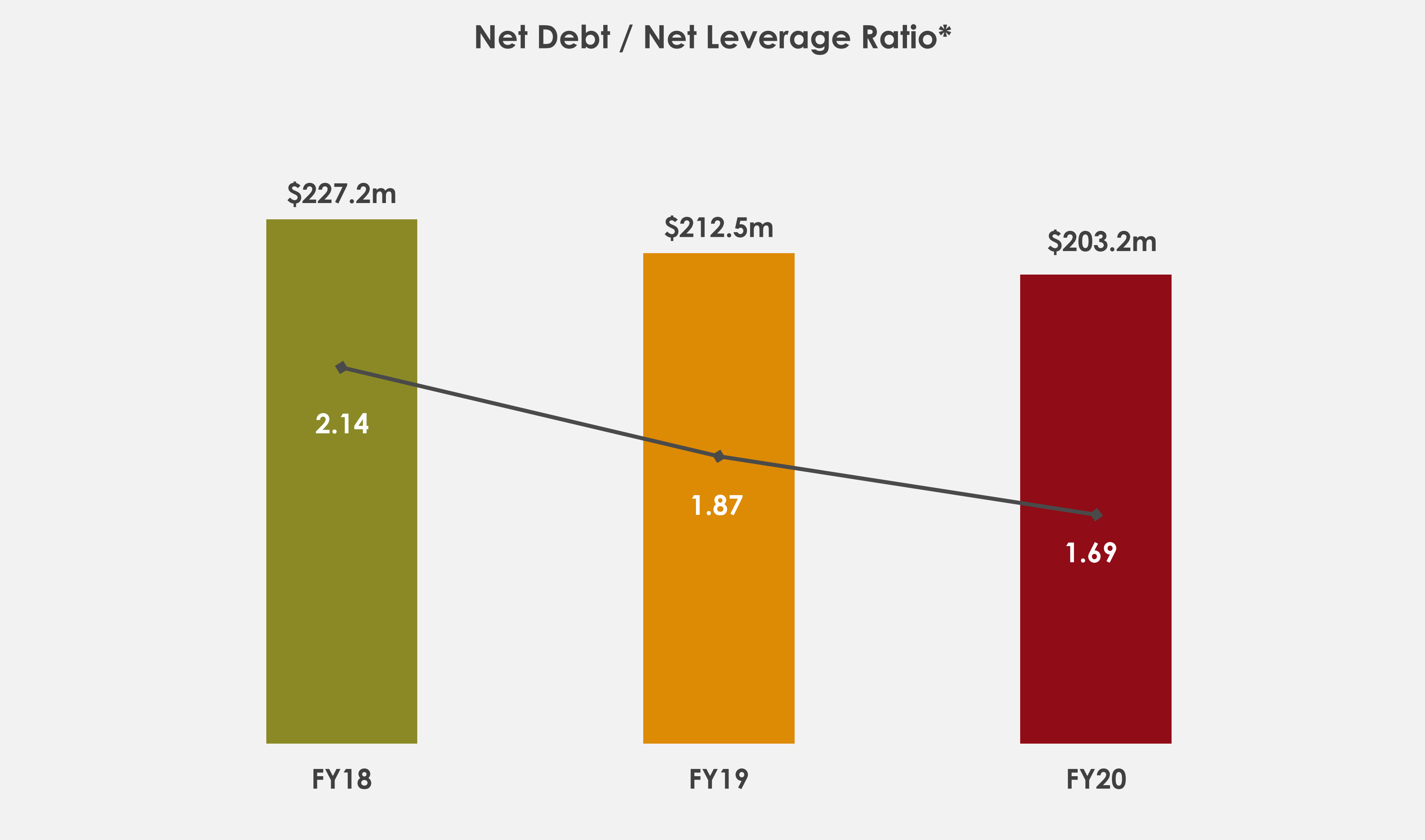
(3) EPS basic adjusted for NPAT impact of significant items.

(4) FY19 – 52 weeks. FY20 – 53 weeks.

- Revenue up 8.9% to $981.7m due to strong growth and impact of 53 week year
- Underlying EBITDA (pre AASB 16) up 6.3% to $120.6m
- Underlying NPAT (pre AASB 16) up 5.1% to $47.3m
- Net debt down to $203.2m and net leverage ratio (pre AASB 16) down from 1.87 to 1.69
- Net operating cash flow (pre AASB 16) $96.4m
- Underlying EPS (pre AASB 16) up 2.0 cps to 40.6 cps from 38.6 cps at the prior year
- Fully franked final dividend of 10.5 cents per ordinary share declared (FY19: 10.5 cps). Total FY20 fully franked dividend of 20.0 cps (FY19: 19.5 cps)

COLLINS FOODS LIMITED

Reductions in Net Leverage Ratio and Net Debt highlight strong balance sheet



- Net Leverage Ratio (pre AASB 16) at 1.69 – significant headroom to covenant maximum of 2.75
- Net Debt of $203.2m(1) – significant headroom to current facility of circa $400.0m(2)
- Reduced Net Debt and reduced Net Leverage Ratio supported by:
  - strong operating cashflows despite COVID-19
  - minimised operational expenditure during COVID-19
  - tight cash management

* Pre AASB 16
(1) Net debt including $1.0m unamortised bank fees.
(2) Exchange rate of AUD $1 : EURO €0.5891 as at 3 May 2020.

COLLINS FOODS LIMITED

Encouraging post COVID-19 results reflect brand resilience

- Comprehensive actions taken to prioritise employee and customer health & safety at each stage of the crisis
- Quick pivot to emphasis on take-away channels (including drive-thru and home delivery) minimised impact from government-mandated dining area closures
- All brands have demonstrated solid recovery after initial 9 weeks of COVID-19 impact, led by KFC Australia in double-digit growth; KFC Europe trends improving as restrictions have eased, though still below prior year levels

Same store sales (SSS)%	FY20 FIRST HALF 24 weeks	FY20 Second half First 20 weeks	FY20 Second half Final 9 weeks	FY20 SECOND HALF Full 29 weeks	FY20 FULL YEAR 53 weeks	FY21 FIRST HALF 7 weeks
KFC Australia	**4.9%**	3.5%	(0.3)%	**2.3%**	**3.5%**	**11.6%**
KFC Europe	**0.1%**	0.0%	(34.4)%	**(10.9)%**	**(5.8)%**	**(13.4)%**

- Recent Taco Bell sales gradually returning to pre COVID-19 levels*, Sizzler showing steady improvement from low base after significant initial impact

* No SSS quoted for Taco Bell as most restaurants have not yet been open for greater than a full year.

COLLINS FOODS LIMITED

FY20 results overview

KFC AUSTRALIA

- Same Store Sales (SSS) growth of 3.5%
- 9 new restaurants built and opened
- Delivery available in 137 restaurants through Deliveroo and Menulog
- Business model proving to be resilient through COVID-19 challenges
- Digital and delivery strategies continue to provide strong momentum

KFC EUROPE

- Same Store Sales (SSS) decline of (5.8)%
- Pre COVID-19 SSS +5.6% in Germany and –3.6% in Netherlands
- 3 new restaurants opened in Netherlands and 1 new restaurant in Germany
- Delivery in 19 restaurants; now using 3 aggregators
- COVID-19 impact far greater in Europe, but operational focus is driving sales recovery

TACO BELL AUSTRALIA

- 6 new restaurants built and opened in Queensland and 2 in Victoria
- Sales trends impacted by COVID-19 but now largely recovered
- Launched delivery in 11 of the 12 restaurants in Q4, ahead of schedule
- Adapted menu to support delivery, including bigger bundle value meal deals

KFC Australia

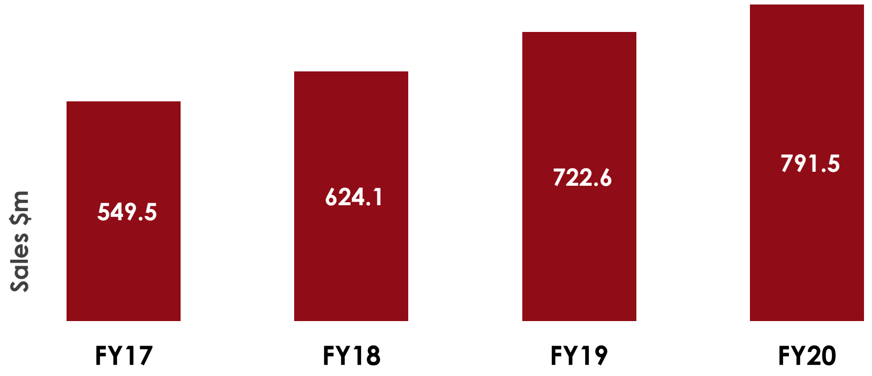
KFC Australia sales and margins continue robust performance

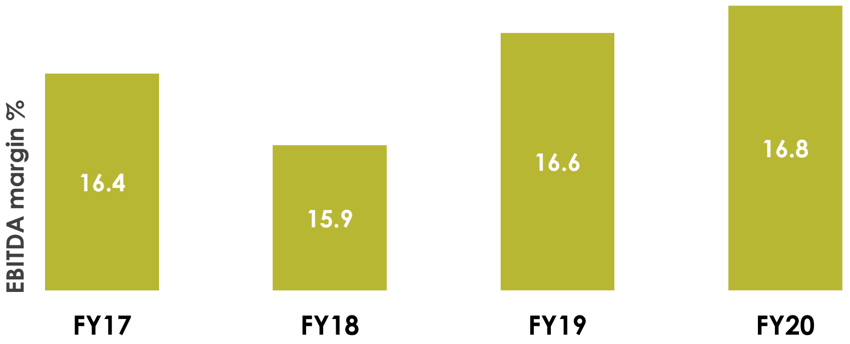
($m)	FY19 Underlying[1] (Pre AASB 16)	FY20 Statutory (Pre AASB 16)	FY20 Non trading items[2]	FY20 Underlying (Pre AASB 16)	Change	FY20 Statutory (Post AASB 16)
Restaurants year end (no.)	231	240		240	9 ↑	
Revenue ($m)	722.6	791.5		791.5	9.5% ↑	791.5
% SSS	3.7%	3.5%		3.5%		
EBITDA ($m)	120.0	135.9	(3.2)	132.7	10.6% ↑	171.9
% margin	16.6%	17.2%		16.8%	16 bps ↑	21.7%
EBIT ($m)	93.0	108.0	(3.2)	104.7	12.6% ↑	116.4
% margin	12.9%	13.6%		13.2%	36 bps ↑	14.7%

(1) FY19 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, impairment of property, plant and equipment of 1 restaurant and insurance claim for material store damages offset by the associated asset disposal.

(2) FY20 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 9.5% to $791.5m
- Overall SSS growth of 3.5%. Second half year SSS growth of 2.3% despite impact of COVID-19
- Underlying EBITDA (pre AASB 16) up 10.6% to $132.7m, EBITDA margin of 16.8% driven mainly by SSS growth and strong cost control despite the impact of COVID-19 during the last few months of the financial year
- 9 new restaurants opened in FY20
- Delivery available in 137 restaurants through Deliveroo and Menulog





COLLINS FOODS LIMITED

Strength of KFC brand and business model in Australia proving advantageous

- Research has shown that customers gravitate to known and trusted brands during uncertain times – attributes strongly associated with the KFC brand in Australia
- Highly effective marketing communications consistently emphasized accessibility, safety, and value to consumers during crisis
- Flexibility of operational model enabled drive-thru and delivery channels to fully absorb sales lost from dine-in
- COVID-19 has also accelerated the shift towards digital and delivery – two central pillars of KFC's brand strategy:
  - 137 restaurants now offer delivery (up from circa 100 at half year)
  - App (click and collect) and website traffic continue to increase rapidly; total e-commerce now over 10% of sales
  - external digital menu board roll out programme underway with 38 restaurants now complete

COLLINS FOODS LIMITED

KFC Australia development pace increasing

- FY20 capex of circa $20.5m for KFC Australia network development:
  - 9 new restaurant openings in the year
  - 16 major remodels and 25 minor remodels completed
- FY20 maintenance and other capital circa $6.8m
- Digital menu board rollout for drive-thru started during FY20 and continuing in all new builds
- New restaurants are performing in line with expectations
- Targeting to build a total of 9 to 12 new restaurants in FY21 despite some development lag due to COVID-19 uncertainty

COLLINS FOODS LIMITED

KFC Europe

KFC Europe experienced greater disruption than KFC Australia due to COVID-19

($m)	FY19 Underlying[1] (Pre AASB 16)	FY20 Statutory (Pre AASB 16)	FY20 Non trading items[2]	FY20 Underlying (Pre AASB 16)	Change	FY20 Statutory (Post AASB 16)
Restaurants						
year end (no.)	37	40		40	3 ↑	
Revenue ($m)	123.8	134.1		134.1	8.3% ↑	134.1
% SSS	(3.7)%	(5.8)%		(5.8)%		
EBITDA ($m)	6.8	6.0	0.8	6.8		18.6
% margin	5.5%	4.5%		5.1%	43 bps ↓	13.9%
EBIT ($m)	(0.1)	(7.2)	6.2	(0.9)	911% ↓	(8.1)
% margin	(0.1)%	(5.3)%		(0.7)%	61 bps ↓	(6.0)%

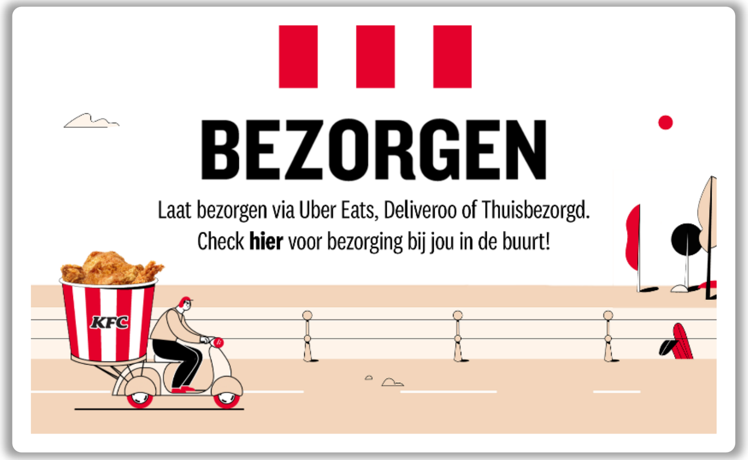
(1) FY19 adjusted to exclude pre-tax impact of impairment of property, plant and equipment of 4 restaurant and the provision of an onerous lease.
(2) FY20 adjusted to exclude the pre-tax impact of impairment of property, plant and equipment of 6 restaurants and Netherlands development agreement fees.

- Overall Europe SSS decline of (5.8)%, significantly impacted by COVID-19 during the last few months of the financial year
- Pre COVID-19 momentum continued in Germany with permanent value and snacking menu layers driving SSS growth
- Netherlands value propositions developed and ready for launch during first half of next financial year (previously delayed due to COVID-19)
- Overall EBITDA (pre AASB 16) margin only slightly below prior year despite the impact of COVID-19 during the last few months of the financial year
- Built and opened 4 new restaurants during the period and closed 1 underperforming restaurant in Germany

COLLINS FOODS LIMITED

KFC Europe focusing on operational priorities as COVID-19 restrictions ease

- Government responses to COVID-19 in Netherlands and Germany featured tighter initial restrictions though also increased financial support for businesses and employees
- KFC Netherlands impacted more significantly than Germany due to higher percentage of sales from in-line restaurants like Damrak (Amsterdam city centre)
- Strong focus on employee and customer safety, rapid operational adjustments to accommodate elevated levels of hygiene and social distancing
- Shifts in consumer behaviour towards takeaway channels, including digital and delivery in both countries:
  - ‘click and collect’ planned for imminent launch in Netherlands
  - Germany experiencing noticeable increase in drive-thru channel
  - 4 restaurants now offer delivery in Germany (all launched during second half). Netherlands has 15 restaurants with delivery
- Current prioritisation on delivering consistently high operational standards and tight margin controls



COLLINS FOODS LIMITED

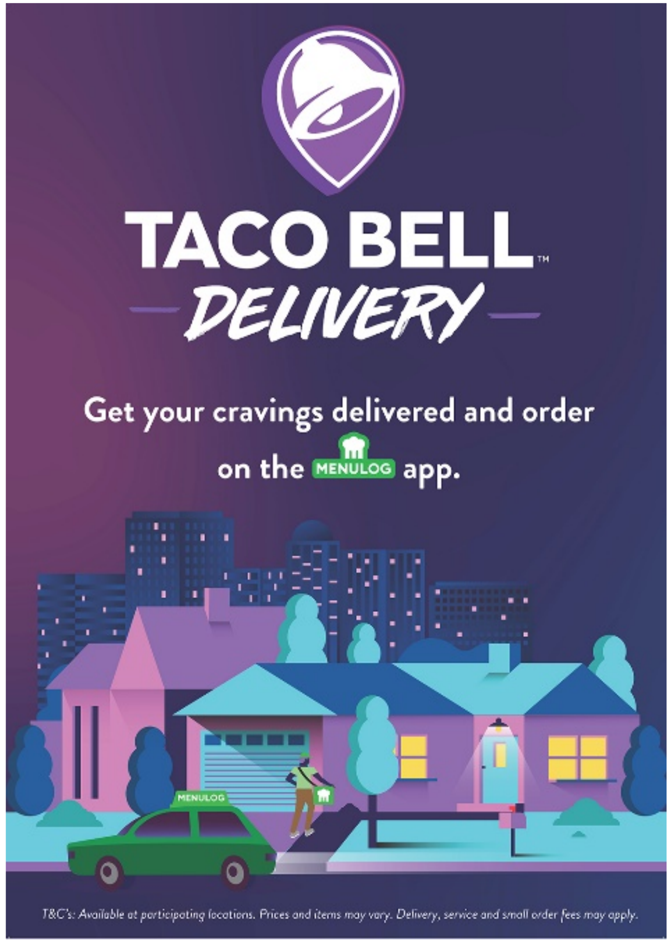
KFC Europe restaurant build and remodel update

- FY20 capex of circa $12.2m for KFC Europe network development:
  - 3 new restaurants opened in the Netherlands
  - 1 new restaurant opened in Germany and 1 restaurant closure
- Greater COVID-19 uncertainty likely to moderately impact development pace in Europe – FY21 new build target of 3 to 4 openings, slight reduction from 5 to 6 expectation pre COVID-19
- New restaurant development pipeline efforts continuing, in order to allow for accelerated pace as conditions warrant

COLLINS FOODS LIMITED

Taco Bell

Early launch of home delivery highlights Taco Bell COVID-19 response efforts



- Significant shift towards takeaway channels as a result of COVID-19, similar to other QSR brands
- Operational focus has been to elevate hygiene and safety standards connected with COVID-19, as well as maximise efficiency of drive-thru operations
- Delivery launched in April in 11 of the 12 restaurants:
  - Menulog selected as first partner, discussions with other aggregators underway
  - high initial double-digit percentage mix, particularly for in-line Melbourne restaurants
  - menu adapted to support delivery, including bigger family bundle value meals

COLLINS FOODS LIMITED

Successful openings of additional Taco Bell restaurants in Queensland and Victoria

- Opened 4 restaurants in Queensland in second half of FY20
- Expansion into Victoria with 2 restaurants opened, South Yarra and Hawthorn in December 2019. Unique launch with the Taco Bell "tram-thru"
- Total of 8 restaurants opened during the financial year, bringing total count to 12
- Adjusting the pace of development during 2020 as a result of COVID-19
- Strong pipeline of sites in place for 2021, currently targeting to build 4 to 6 restaurants in FY21, discussions underway with Taco Bell International around development agreement extensions
- Exploring more efficient, lower-cost build models to reduce associated capital and refine business model

COLLINS FOODS LIMITED

Sizzler

Sizzler growth disrupted by COVID-19

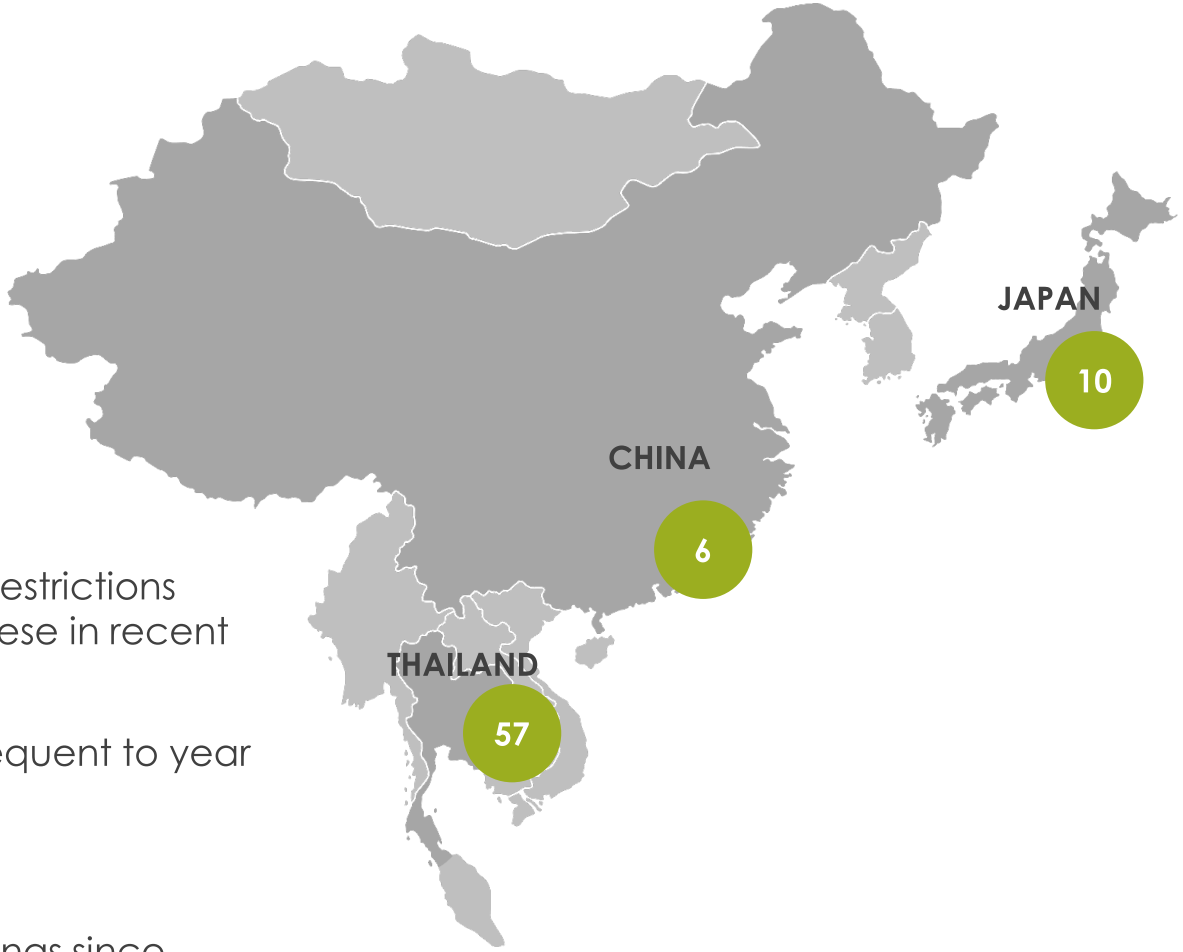
($m)	FY19 Underlying[1] (Pre AASB 16)	FY20 Statutory (Pre AASB 16)	FY20 Non trading items[2]	FY20 Underlying (Pre AASB 16)	Change	FY20 Statutory (Post AASB 16)
Restaurants year end (no.)	12	9		9	3 ↓	
Revenue ($m)	46.7	38.3		38.3	17.9% ↓	38.3
% SSS	4.4%	(5.6)%		(5.6)%		
EBITDA ($m)	4.9	3.4		3.4	29.9% ↓	4.5
% margin	10.5%	9.0%		9.0%	152 bps ↓	11.8%
EBIT ($m)	3.6	2.4		2.4	34.2% ↓	2.2
% margin	7.7%	6.2%		6.2%	152 bps ↓	5.8%

(1) Sizzler Australia only (excludes Sizzler Asia)

- Same store sales decline in Australia of (5.6)% for the full year – significantly impacted by COVID-19 in the last few months of the financial year
- Same store sales growth in Australia pre COVID-19 of 5.3%
- 3 restaurants closed in Australia during FY20, bringing restaurant count to 9
- Dine-in restrictions of COVID-19 severely impacted transactions and provoked changes to operations:
  - supported take-away and launched home delivery services
  - steady improvements being seen as restrictions are eased and dine-in transactions recover

COLLINS FOODS LIMITED

Sizzler Asia heavily impacted by COVID-19



- All 3 markets where Sizzler Asia operates were significantly impacted by dining restrictions as a result of COVID-19, though Japan and Thailand have largely eliminated these in recent weeks
- Total of 73 restaurants in Asia as at FY20 (1 restaurant built in Thailand and subsequent to year end, COVID-19 accelerated the closure of all restaurants in China)
- Royalty revenue from Sizzler Asia up 1.2% compared with the prior full year
- Thailand opened 1 delivery only kitchen at year end with a subsequent 3 openings since
- Trialling a Sizzler TO GO concept – Sizzler kiosks on train stations in Bangkok

Financial overview

Operating cash flows remain healthy

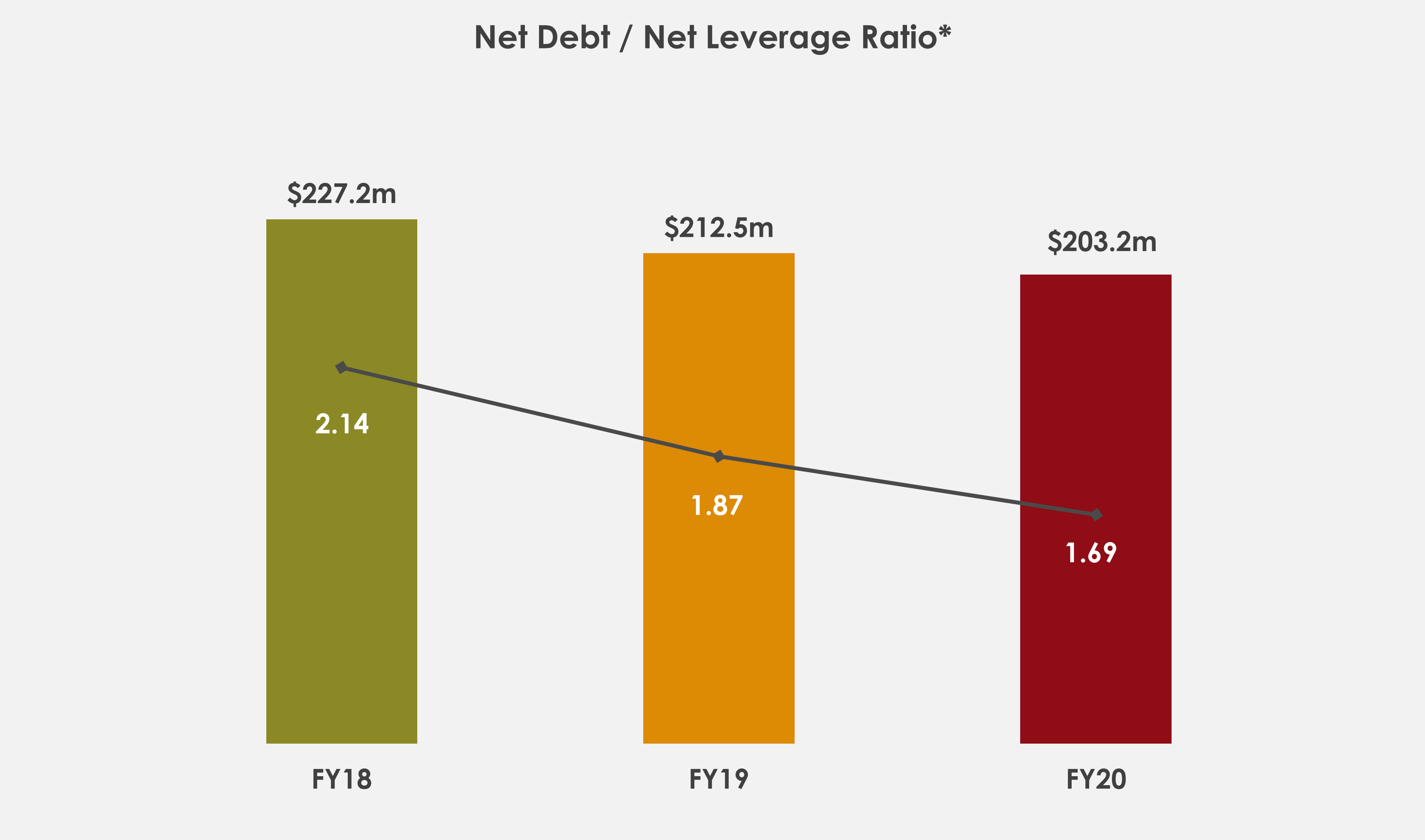
($m)	FY19 (Pre AASB 16)	FY20 (Pre AASB 16)	FY20 (Post AASB 16)
Net operating cash flows before interest and tax	125.0	127.4	180.2
Net interest paid	(10.2)	(10.1)	(10.1)
Income tax paid	(17.3)	(20.8)	(20.8)
Net operating cash flows	**97.5**	**96.4**	**149.3**
Payment for acquisition of subsidiary, net of cash acquired	(7.5)	-	-
Payments for intangibles	(4.8)	(3.8)	(3.8)
Payments for plant and equipment (1)	(50.7)	(54.0)	(54.0)
Proceeds from sale of property, plant and equipment	-	0.5	0.5
Net cash flow from investing	**(63.0)**	**(57.3)**	**(57.3)**
Bank loan borrowings	5.5	21.2	21.2
Refinance fees paid	-	(1.1)	(1.1)
Cashflows attributable to leases	-	-	(52.9)
Dividends paid	(20.9)	(23.3)	(23.3)
Net cash flow from financing	**(15.4)**	**(3.2)**	**(56.1)**
NET CASH FLOW	**19.1**	**35.9**	**35.9**

(1) Payments reflects actual capital cash spend

- Net operating cash flow (pre AASB 16) of $96.4m down $1.1m on prior year due to working capital timing offset by an increase in income tax paid
- Capex cash spend of $54.0m:
  - new restaurants and remodels circa $44.0m
  - maintenance and other capital circa $10.0m
- Net cashflow of $35.9m ($14.7m excluding new bank loan borrowings)
- No impact to net cash flow post AASB 16
- Strong cash flows enabling a FY20 fully franked dividend of 10.5 cps

COLLINS FOODS LIMITED

Reductions in Net Leverage Ratio and Net Debt highlight strong balance sheet



- Net leverage ratio (pre AASB 16) at 1.69 – significant headroom to covenant maximum of 2.75
- Net debt of $203.2m(1) – significant headroom to current facility of circa $400.0m(2)
- Reduced net debt and reduced Net Leverage Ratio supported by:
  - strong operating cashflows despite COVID-19
  - minimised operational expenditure during COVID-19
  - tight cash management

* Pre AASB 16
(1) Net debt including $1.0m unamortised bank fees.
(2) Exchange rate of AUD $1 : EURO €0.5891 as at 3 May 2020.

COLLINS FOODS LIMITED

Balance sheet

($m)	28-Apr-19 (Pre AASB 16)	3-May-20 (Pre AASB 16)	3-May-20 (Post AASB 16)
Cash and equivalents	79.8	116.3	116.3
Total current assets	91.7	132.5	129.2
Property, plant and equipment	176.7	187.5	187.5
Right of use assets	-	-	369.4
Total non-current assets	660.7	681.2	1,053.5
Total assets	**752.4**	**813.6**	**1,182.7**
Lease liabilities	-	-	28.9
Total current liabilities	102.2	111.6	133.1
Debt	291.3	317.3	317.3
Lease liabilities	-	-	361.0
Total non-current liabilities	299.6	328.4	691.9
Total liabilities	**401.8**	**440.0**	**824.9**
NET ASSETS	**350.6**	**373.7**	**357.8**

- Cash balance (pre AASB 16) up $36.5m to $116.3m
- Property, plant and equipment up $10.8m to $187.5m mainly due to new restaurant builds, remodels and other capital, partially offset by depreciation
- Right of use assets of $369.4m and lease liabilities of $28.9m and $361.0m 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 $8.1m resulting from the purchase of franchise rights and other intangible assets
- Net assets (post AASB 16) is up $7.2m from FY19

Key strategic priorities for FY21

KFC Australia

- ✓ Emphasise value and convenience to maintain core brand strength in post COVID-19 environment
- ✓ Accelerate digital initiatives around app and delivery, as well as to automate and streamline operational systems
- ✓ New restaurant builds – 9 to 12 in FY21
- ✓ Pursue acquisitions if available

KFC Europe

- ✓ Build on sales momentum in Germany
- ✓ Resume roll out of value focus agenda in Netherlands
- ✓ Focus on operational disciplines and routines to drive margin improvement
- ✓ New restaurant builds – 3 to 4 in FY21
- ✓ Consider acquisitions if favourable opportunities arise

Taco Bell Australia

- ✓ Continue to establish and build the Taco Bell brand in Australia
- ✓ Drive top-line sales growth through targeted marketing efforts to drive trial and engagement
- ✓ Focus on operational performance ensuring business model returns are delivered
- ✓ Targeting new restaurant builds of 4 to 6 in calendar year 2021

COLLINS FOODS LIMITED

Questions

Appendix

FY20 non trading items summary

($m)	EBITDA	EBIT	NPAT
Fair value gain on debt modification	(0.8)	(0.8)	(0.5)
Netherlands development agreement fee	0.8	0.8	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	(1.6)	(1.6)	(1.1)
Marketing expenditure redirected to digital technology	(2.0)	(2.0)	(1.4)
KFC Europe impairment costs[1]	-	5.5	4.9
DTA derecognition	-	-	2.3
Unamortised borrowing costs expensed as a result of the refinancing	-	-	0.1
Total significant items	**(3.2)**	**2.2**	**5.1**

(1) Post AASB 16 pre-tax impairment of $10.0m (includes $4.5m of lease impairments)

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.

This presentation contains the financial results presented to include and exclude the impact of AASB 16.

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

COLLINS FOODS LIMITED