

ASX RELEASE

COLLINS FOODS LIMITED 2021 AGM CHAIRMAN'S MESSAGE

Friday, 27 August 2021: FY21 marked an excellent year for Collins Foods, delivering another record result reflecting robust sales and earnings growth despite challenging global operating conditions.

Brand strength driving growth

During this challenging year, we saw customers focus on what they trust. The trust we have built in our restaurant operations by engaging with our stakeholders and staying true to our values has paid off.

Eleven new Australian KFC restaurants were opened during FY21 bringing the total number of KFC Australia restaurants we operate to 252. KFC Australia continued to perform ahead of expectations, delivering same store sales growth of 12.9%. The business capitalised on its brand strength, focusing on signature, core and value menu items and best-in-class guest experiences. Meanwhile, new digital and delivery initiatives catered to increased consumer demand for digitally enabled channels and convenience. E-commerce now accounts for around 14% of total KFC Australia sales, reflecting the evolution of consumer dining preferences.

Results in Europe were impacted by COVID-19, where ongoing lockdowns and dining restrictions were far more significant than in Australia. The safety of our people and customers were our primary focus, given the health risk posed by the pandemic. Despite these challenges, Collins Foods leveraged the operating environment to progress its strategic initiatives in the Netherlands, signing a new Development Agreement and undertaking three franchisee acquisitions. We now operate 17 restaurants in Germany and 29 in the Netherlands.

Emerging brand Taco Bell showed strong sales growth of 57.4% during the year, driven by a larger footprint of 16 restaurants and differentiated value proposition. An additional nine to 12 new restaurants are planned for FY22. Alongside brand awareness and trial initiatives, Taco Bell is expected to benefit from increased consumer adoption of Mexican category products. With a marketing mix reinforcing value and our core operational strengths around convenience, we see a bright future for the brand.

Continued growth in dividend

Collins Foods delivered another record result in FY21, with revenue increasing 12.4% to \$1,065.9 million. Growth was driven by strong same store sales growth and new restaurant openings.

An ongoing focus on front-of-house digitisation and back-of-house operational excellence has flowed through to underlying EBITDA of \$136.3 million (continuing operations, pre-AASB 16), an increase of 12.4% on FY20, and underlying NPAT of \$56.9 million, up 18.3% (continuing operations, pre-AASB 16).

Strong earnings and cash flow generation allowed further reduction in net debt and the net leverage ratio, leaving the balance sheet in a strong position to pursue future growth opportunities, and enabling growth in the final dividend.

The Board was pleased to declare a final FY21 fully franked dividend of 12.5 cents per share, with the total dividend for FY21 being 23.0 cents per share fully franked, up from 20.0 cents per share in FY20.

Positive Impact strategy

This year we are pleased to release our inaugural Positive Impact Report, which provides us with an Environment, Social and Governance (ESG) framework to report against. ESG practices have long been embedded in Collins Foods' operations and we are now focused on three key pillars — people and communities, planet, and governance. We remain committed to our Collins Foods Giving program, reducing our carbon footprint, diverting waste from landfill by 25% over the next five years, and maintaining best practice governance standards.

Positive outlook for continued growth

In FY22, Collins Foods is well-positioned to further grow its KFC Australia operations, and build market share for KFC in Europe and Taco Bell in Australia.

Our strong balance sheet provides the flexibility to take advantage of strategic organic and acquisition opportunities across the Group over the coming year.

For KFC Australia, digital and delivery initiatives will be key to improving customer experience alongside new back-of-house technology to drive efficiency. KFC Europe is poised for recovery as COVID-19 restrictions ease, and we are aiming to double our presence in this market by 2026. We will continue to scale the Taco Bell brand in Australia, supported by a clear restaurant rollout strategy and marketing support to drive awareness and trial.

Board changes

Less than a year after taking over as CEO, we were pleased to welcome Drew O'Malley to the Board as Managing Director. Drew has made a significant contribution to Collins Foods since he joined in 2017, particularly over the past year where he successfully steered the business through the COVID-19 pandemic. Drew's appointment further increases the Board's operational expertise and we look forward to leveraging his global Quick Service Restaurant (QSR) knowledge and experience.

As part of our Board succession plan, Newman Manion will retire as a Non-executive Director of the Company at the conclusion of this year's Annual General Meeting. Over the past 10 years, Newman has been a highly valued member of the Board, enabling Collins Foods to benefit from his significant experience in the food franchise industry, obtained over more than 38 years working in Yum! and the KFC brand globally. He retires with sincere thanks from the Board and we all wish him well in his future endeavours.

Thank you

On behalf of the Board, I would like to thank our 15,000+ employees for their hard work and dedication during a challenging year. Our FY21 financial results reflect the significant commitment of our people, who continued to provide our customers with a best-in-class experience despite operational volatility and the ongoing threat of COVID-19.

I would also like to take this opportunity to thank my fellow Directors for their valued input and oversight.

Finally, thank you to you, our loyal shareholders for your ongoing support over the past year.

We are confident in delivering on our sustainable growth strategy and are well-placed for the year ahead, underpinned by strong brands, new delivery and digital initiatives, and our ongoing operational excellence.

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Authorised for release by the Board

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About us

Collins Foods Limited (ASX: CKF) is a KFC and Taco Bell franchisee in Australia and KFC franchisee in the Netherlands and Germany, and the franchisor for Sizzler in Asia. The Company seeks continuous improvement in all areas of its operations and work towards the following mission: "Restaurants Done Better." For further information please visit www.collinsfoods.com