

# COLLINS FOODS LIMITED

BRISBANE INVESTOR FORUM

17 August 2022



ACN 151 420781



Authorised for Release by the Disclosure Committee



# A COMPANY BUILT AROUND VISION, MISSION & VALUES...



## » Our Vision »

THE WORLD'S **TOP**  
**Restaurant**  
**OPERATOR.**

WE CREATE UNMATCHED EXPERIENCES  
FOR OUR CUSTOMERS & PEOPLE.

## » Our Mission »

**RESTAURANTS**  
*done* **BETTER.**

WE HAVE AN OBSESSION FOR RAISING THE BAR ON  
WHAT PEOPLE THINK A RESTAURANT EXPERIENCE  
SHOULD BE.

» MORE HUMAN » MORE SUSTAINABLE »

» MORE DIGITAL » MORE FUN »

**WE WILL LEAD THE WAY.**





# ... OPERATING WORLD-CLASS QSR BRANDS BUILT FOR GROWTH & SCALE



- **Powerhouse core business unit, with 263 restaurants**
- Strong track record delivering growth in same store sales and margins
- Digital initiatives driving innovation in customer and employee experience
- Delivery providing further growth channel
- Attractive organic growth pipeline

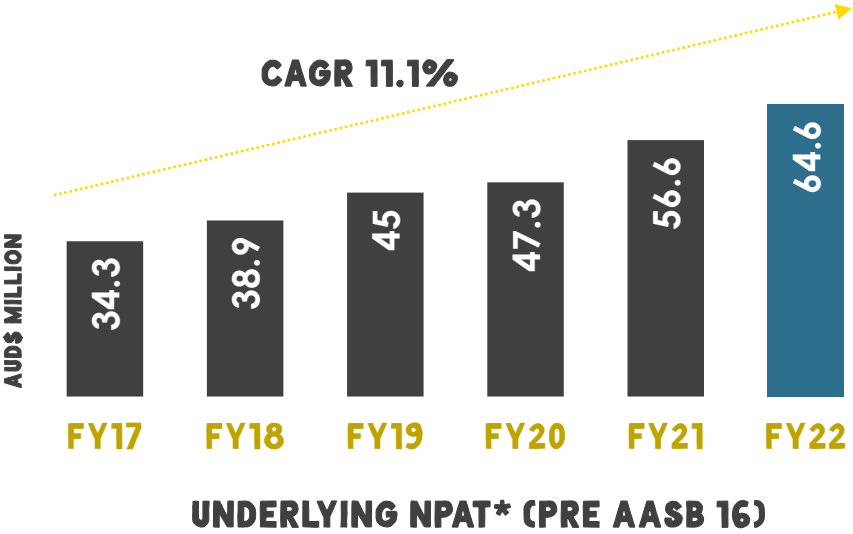
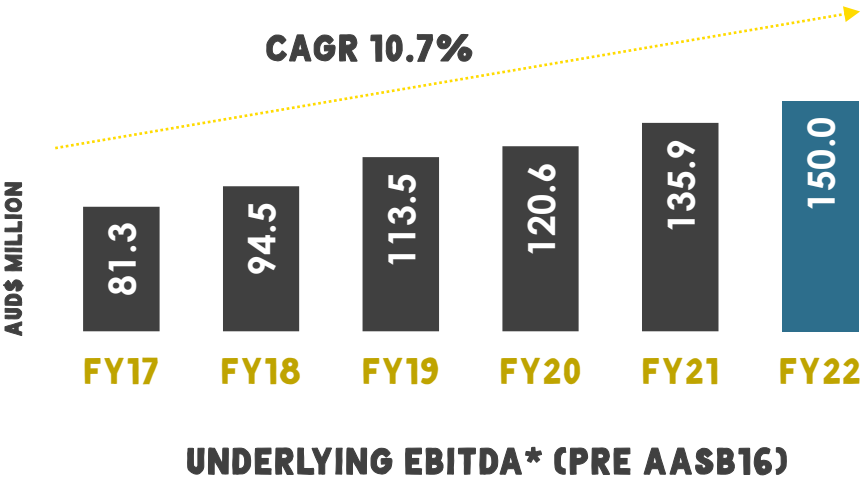
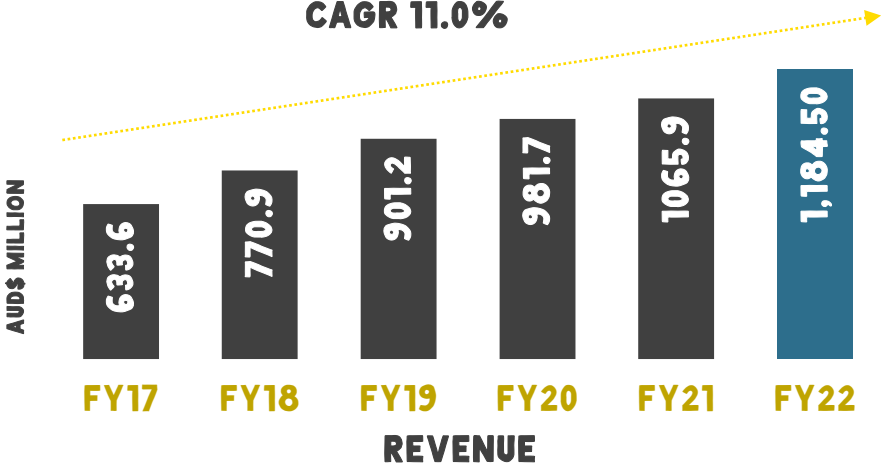
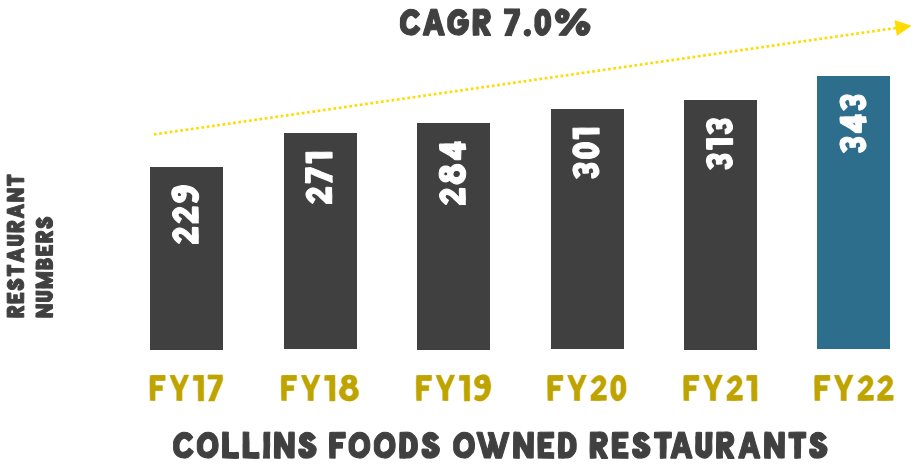


- **Emerging opportunity, with 62 restaurants in the Netherlands and Germany**
- KFC Netherlands Corporate Franchise Agreement with Yum! Underpins new strategic opportunities
- Accelerating growth in Netherlands via ramp up of organic pipeline and further franchisee consolidation
- Will explore growth options in Germany as economics improve



- **Newest growth channel, with 24 restaurants and counting**
- Mexican is the fastest growing QSR segment in Australia
- Driving awareness and trial for the brand, reinforcing QSR credentials
- Massive market openings recently in Perth and Melbourne
- Strong organic pipeline

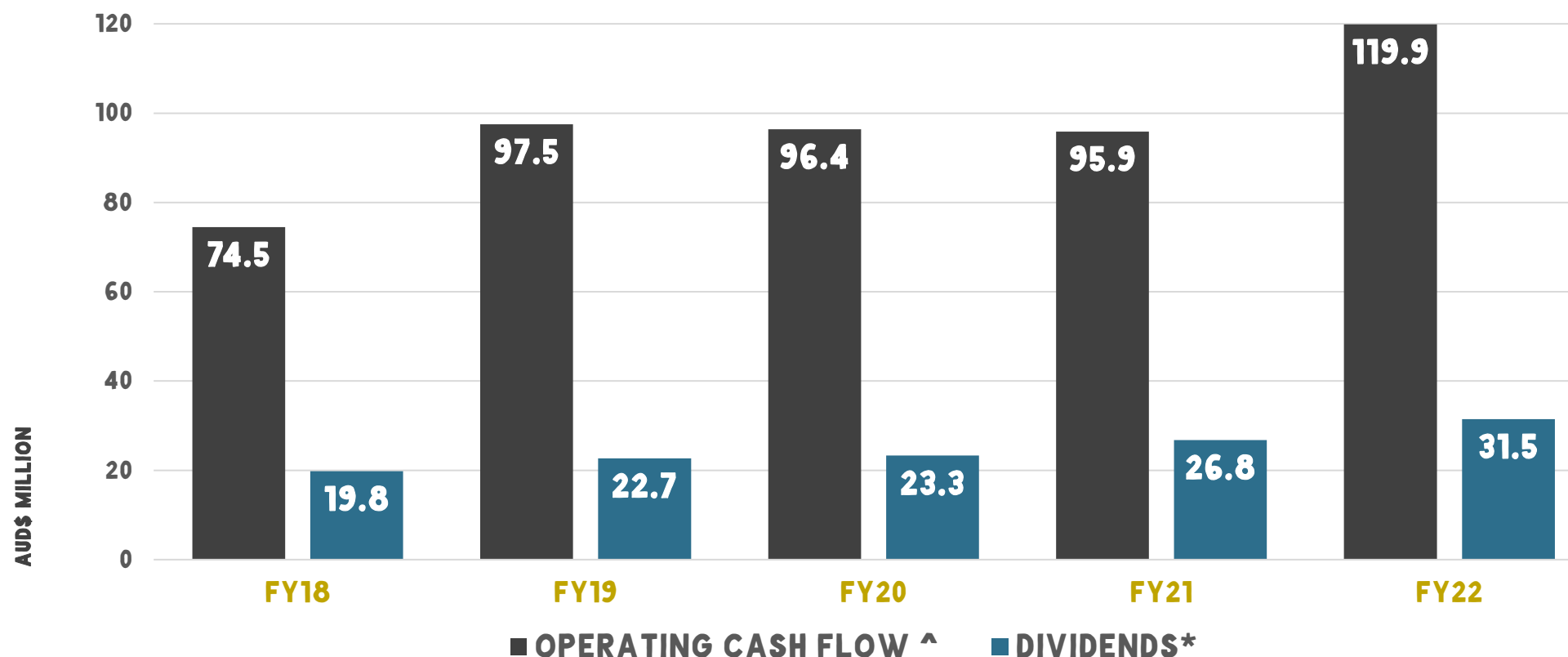
# COLLINS FOODS HAS DELIVERED CONSISTENT SOLID GROWTH OVER THE PAST 5+ YEARS...



\* The earnings and profit results shown on this slide are pre AASB16 to enable a 6-year CAGR perspective to be shown.

# ... GENERATING STRONG OPERATING CASHFLOWS AND GROWING DIVIDENDS...

- Operating cashflow up more than 60% over the last 5 years
- Operating cashflow supports capital investment to grow restaurant base across Taco Bell and KFC Europe
- Dividend payment up more than 59% over the last 5 years

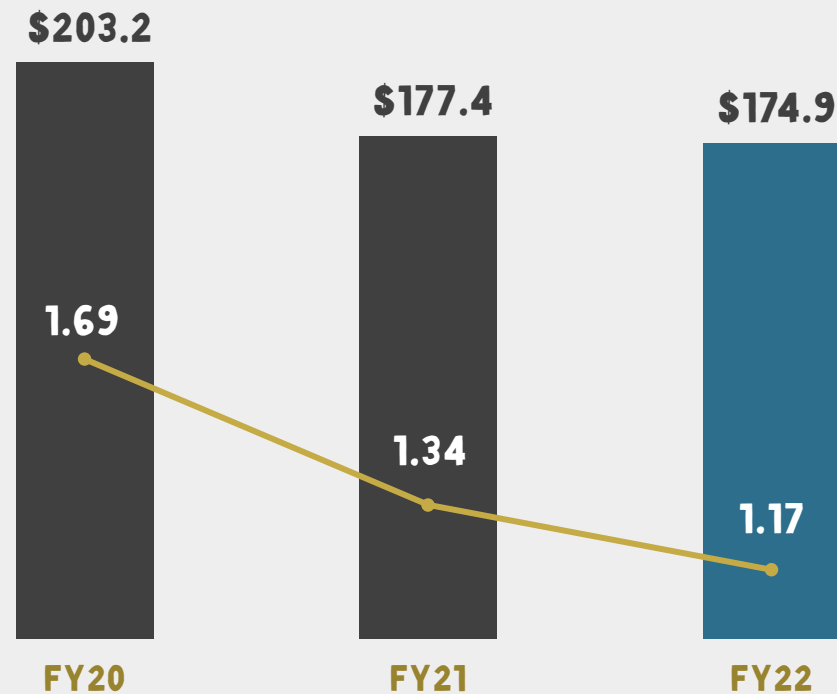


\*\* Dividends reflect cash value of dividends declared in relevant financial year

^ Operating cashflow on this slide is pre-AASB16

# ... AND A HEALTHY BALANCE SHEET, WITH FUNDING CAPACITY TO SUPPORT GROWTH INITIATIVES...

## NET DEBT (\$M)/ NET LEVERAGE RATIO\*



- Net leverage ratio\* (pre AASB 16) of 1.17
  - significant headroom to covenant maximum of 2.75
- Net debt of \$174.9m<sup>(1)</sup>
  - significant headroom to current facility of circa \$380m<sup>(2)</sup>
- Significant capacity to continue to fund future growth opportunities

\* Net Leverage Ratio is shown on a pre AASB 16 basis consistent with measurement criteria in syndicated facility agreement

(1) Net debt including ~\$1.1m unamortised bank fees and fair value on debt modification

(2) Exchange rate of AUD \$1 : EURO €0.6783 as at 01 May 2022

# ... LEADING TO A 70% SHARE PRICE INCREASE OVER THE PAST 5 YEARS








# KENTUCKY FRIED CHICKEN

*Australia*




# A BRAND THAT'S LOVED AND TRUSTED WITH CLEAR MARKET GROWTH POTENTIAL






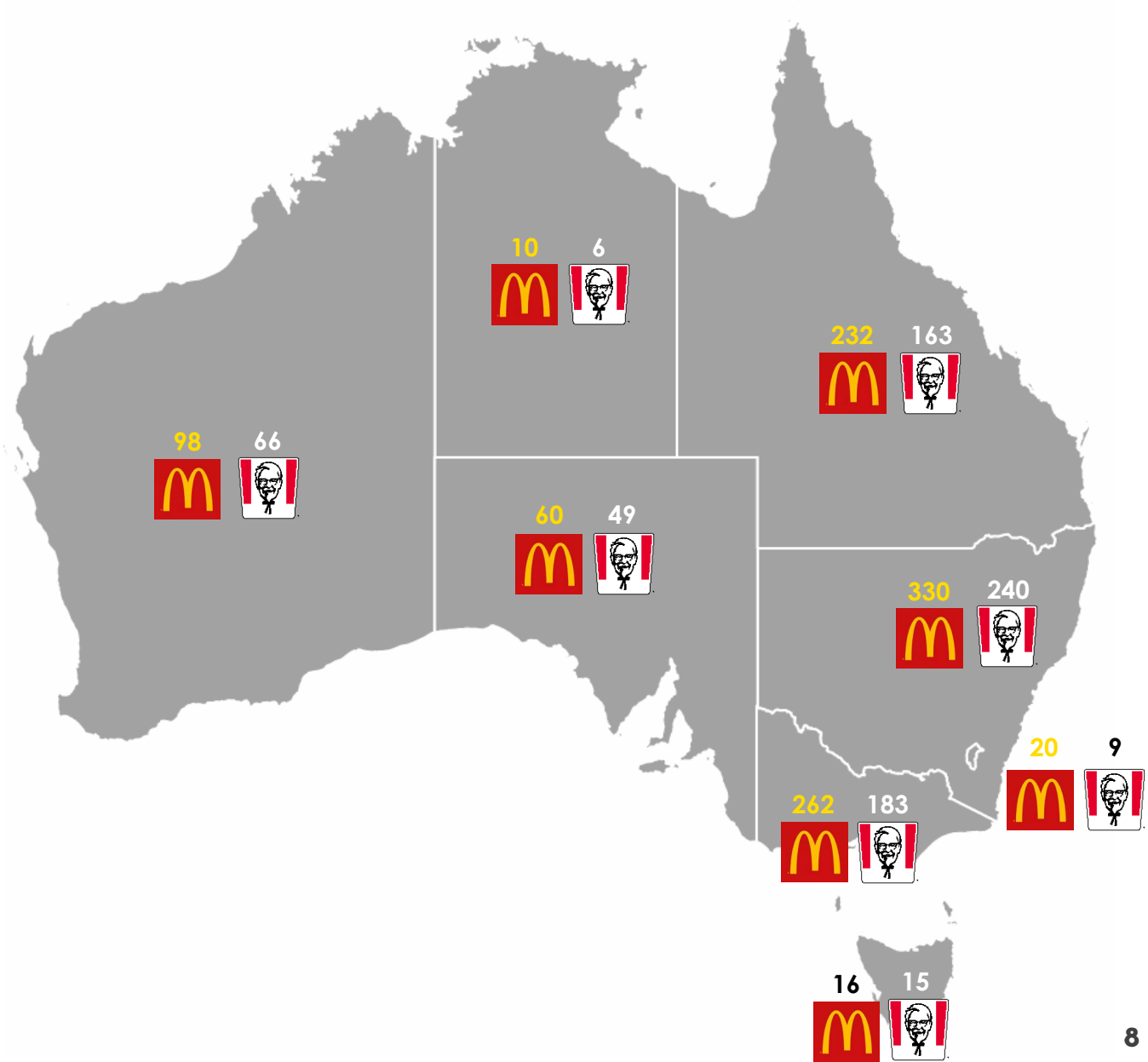
Yum!



CFL



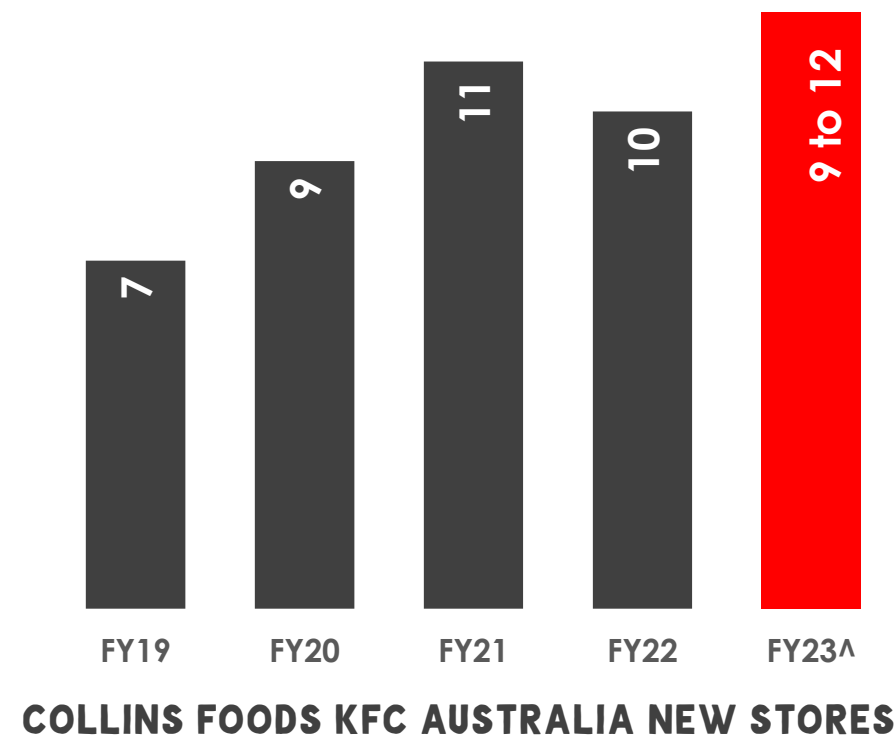
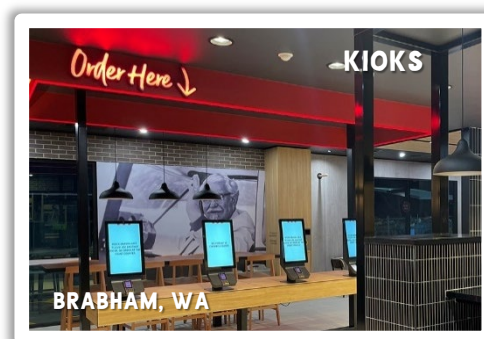
QLD	232	163	163
NSW	330	240	13
VIC	262	183	4
TAS	16	15	15
SA	60	49	9
WA	98	66	54
NT	10	6	5
ACT	20	9	-
	1028	731	263



Source  
McDonalds: <https://www.scrapehero.com/location-reports/McDonald%27s-Australia/>

# STRONG NEW STORE PIPELINE, BOLSTERED BY INNOVATION

- Development Agreement adds at least 55 new restaurants by 2028
- Free-standing drive thru remains our primary format, plus innovation to future proof our business
- Solar panels now installed in 103 locations, with remaining available drive-thru estate\* to be completed during first half of FY23

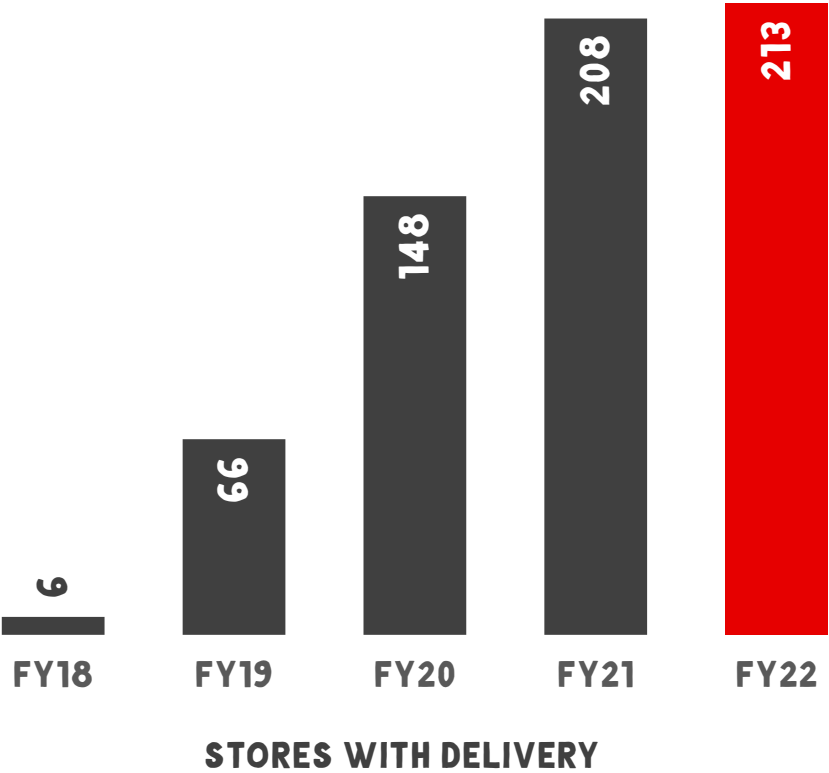
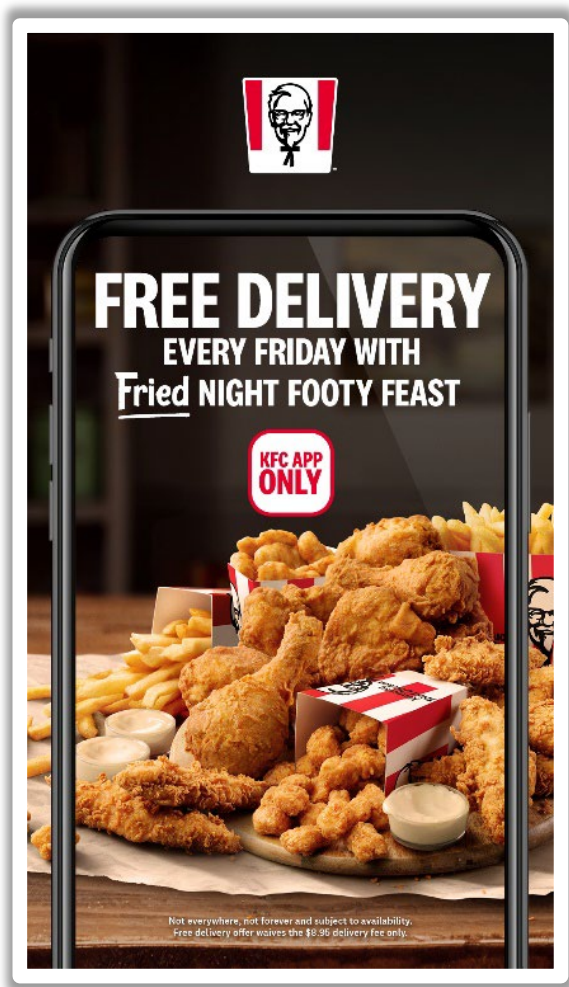


<sup>^</sup> indicates a target to build restaurants. All other figures indicate restaurants that have been built.

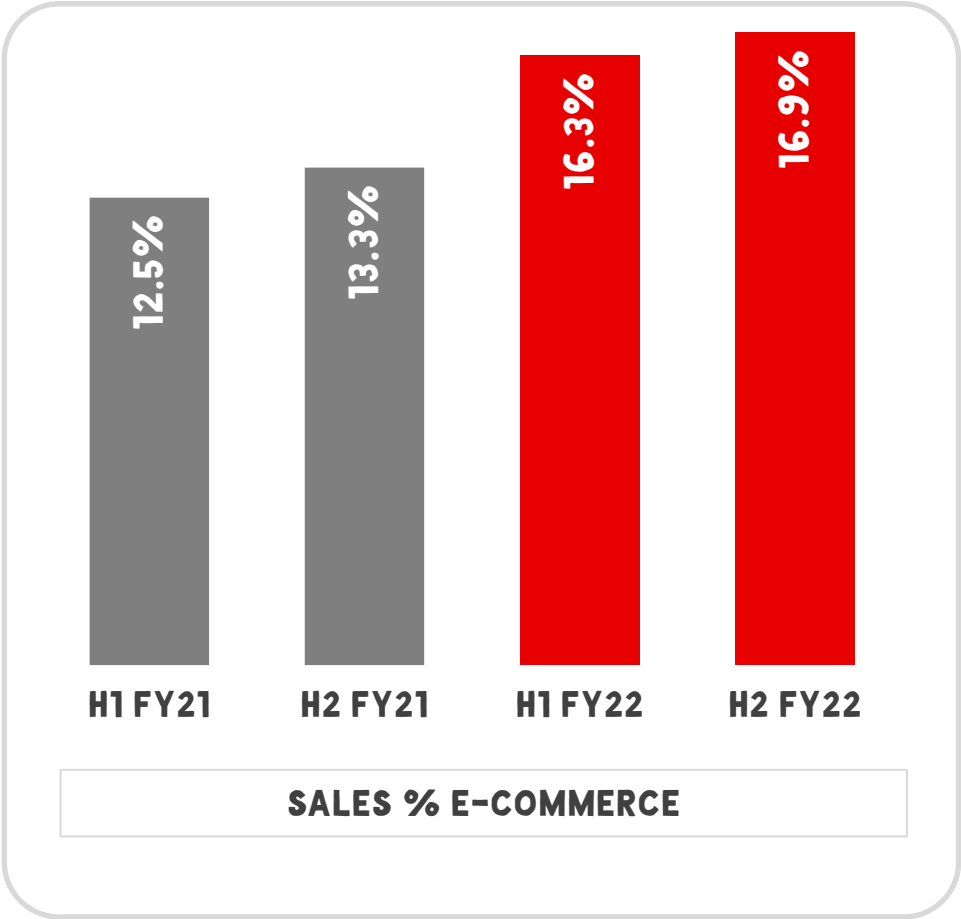
# INVESTMENT IN DIGITAL AND DELIVERY UNDERPINS ENHANCED CUSTOMER EXPERIENCE AND GROWTH...



## 'KFC DELIVERS' TAKING SHARE



**DELIVERY PENETRATION >80%**





# ... WITH PRODUCT INNOVATION, BRAND STRENGTH AND “VALUE” POSITIONING MITIGATING MARGIN HEADWINDS



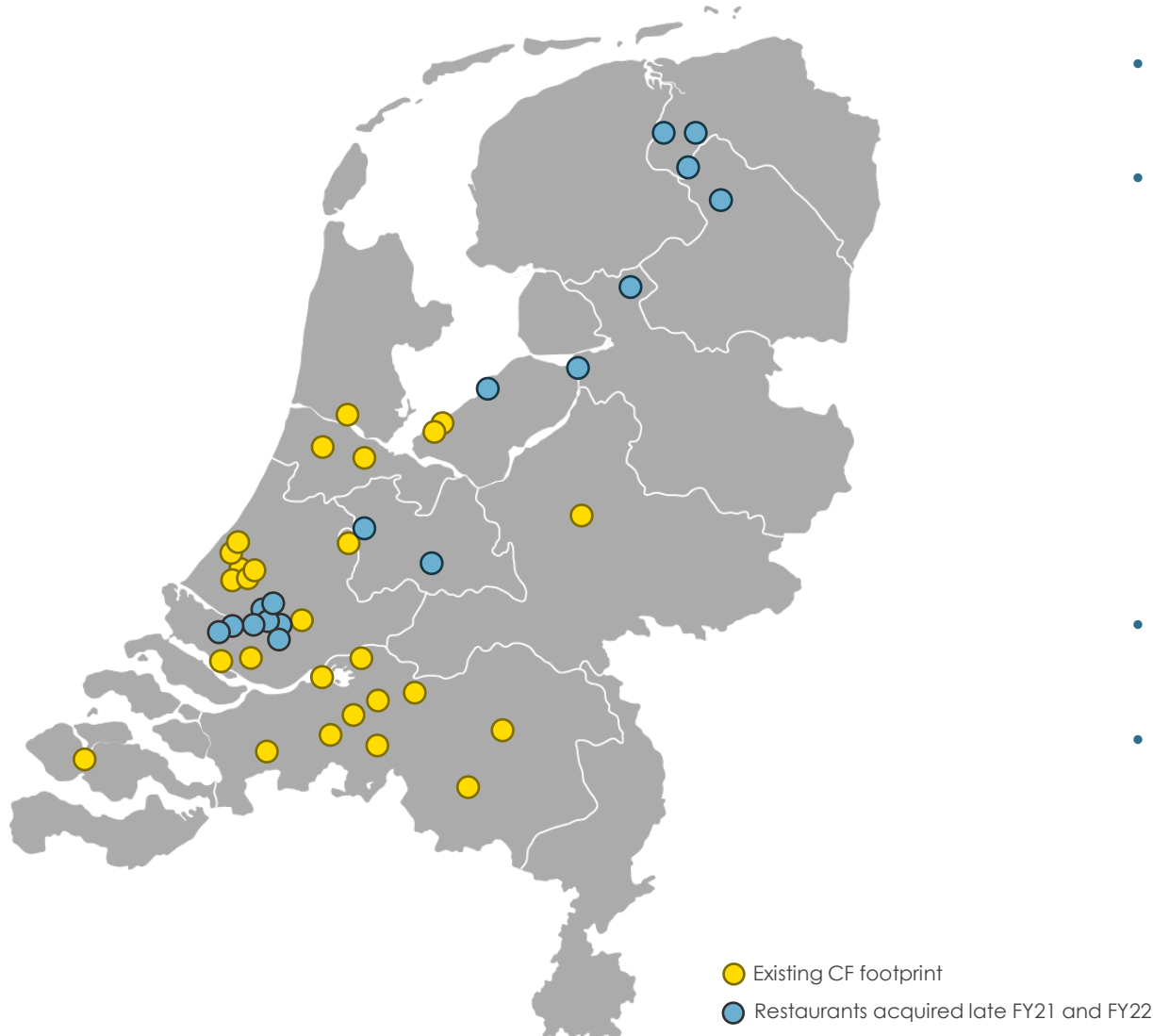




# **KENTUCKY FRIED CHICKEN**

*Europe*

# NETHERLANDS CORPORATE FRANCHISE AGREEMENT UNDERPINS EUROPE GROWTH STRATEGY



- Commencement of Netherlands Corporate Franchise Agreement (CFA) on 31 December 2021
- CFA ensures Collins Foods has primary operational control over this market
  - refined marketing strategy with a return to KFC's core value proposition
  - decision-making authority on pricing
  - management of market store development pipeline
  - greater ability to drive innovation and pace of change
- Franchisees have responded positively, and have engaged constructively to further build the brand
- The combining of Yum! employees and Collins Foods' employees is complete, and a single Collins Foods' culture is emerging



# MARKETING STRATEGY AIMS TO MAINTAIN SALES MOMENTUM WHILE MITIGATING SIGNIFICANT MARGIN HEADWINDS

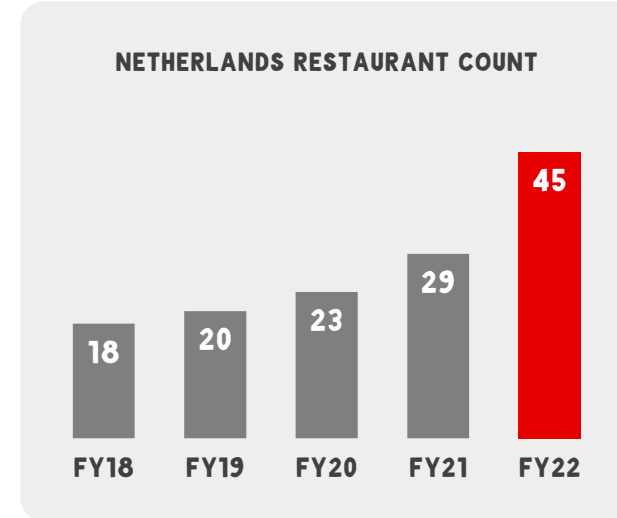


- Renewed focus on Core and shift from "Disruptive Value" to "Everyday Value" supporting positive sales momentum in both Netherlands and Germany
- Recent advertising campaigns have leveraged the Colonel Sanders icon and have resonated well with consumers
- YouGov consumer research reflects improvement on brand 'buzz' and 'advertising awareness'



# SIGNIFICANT EXPANSION OPPORTUNITIES IN EUROPE DESPITE CURRENT MARKET DYNAMICS

- Collins Foods' footprint increased to 45 out of 82 total KFC restaurants in Netherlands (55% market share), following
  - acquisition of 15 restaurants from 3 separate franchisees (in addition to 2 further restaurants acquired in late FY21)
  - 3 new restaurant openings, 1 closure
- Netherlands CFA unlocks further market development potential
  - target up to 130 net new restaurants over next 10 years
  - Development pipeline expanding, including increased appetite from other franchisees
- Highly successful late year drive-thru opening in Goppingen, Germany (€110k first week sales) bolsters confidence for potential ramp-up in that market
- Overall under-penetration of KFC in Northern and Western European markets provides potential long-term expansion opportunity





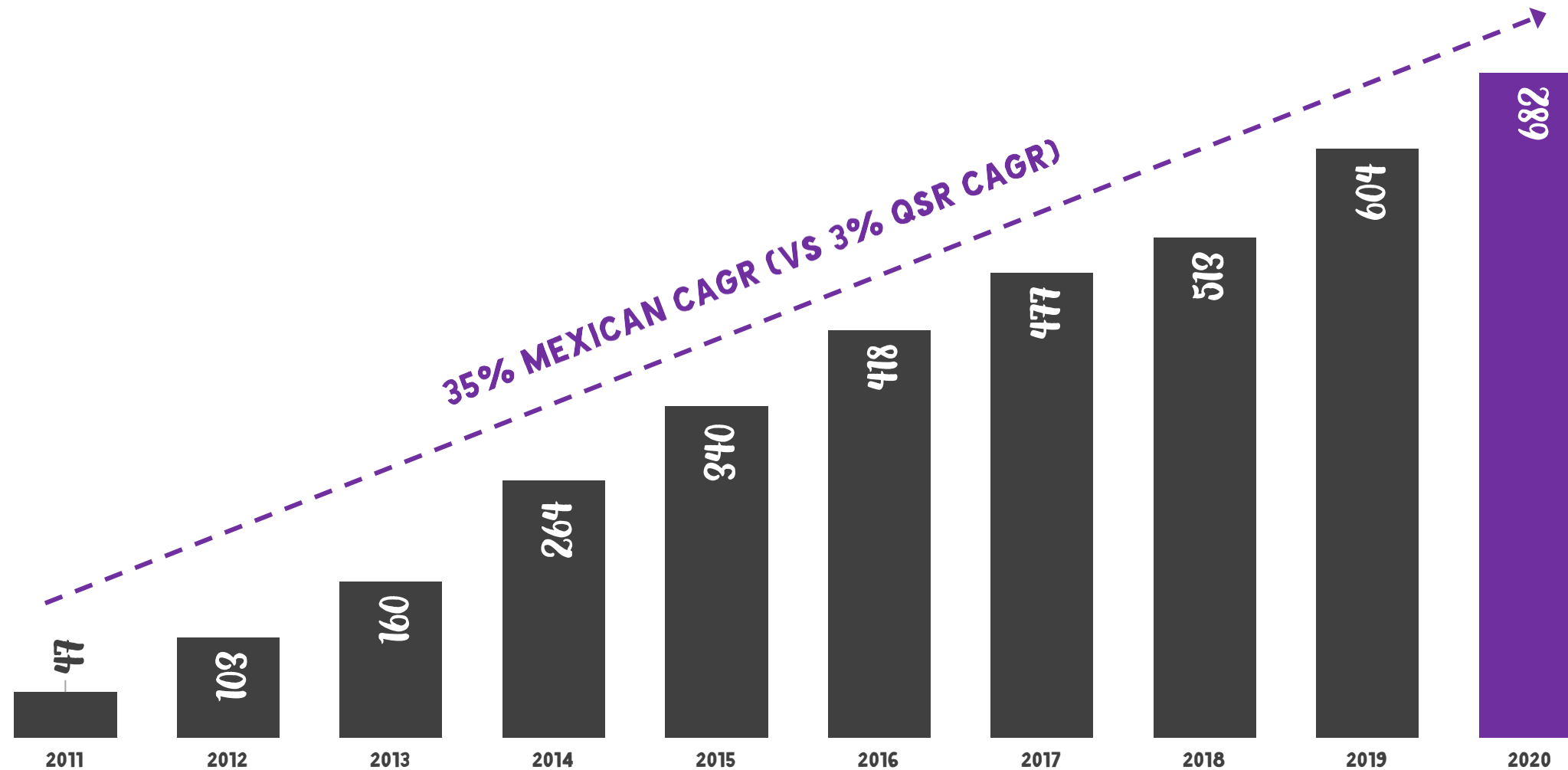


# **TACO BELL**

## *Australia*



# MEXICAN IS THE FASTEST GROWING SEGMENT OF AUSTRALIAN QSR



**MEXICAN QSR SALES IN AUSTRALIA (\$M)\***

# MARKETING EFFORTS CENTRED ON ESTABLISHING BRAND'S TASTE AND VALUE CREDENTIALS



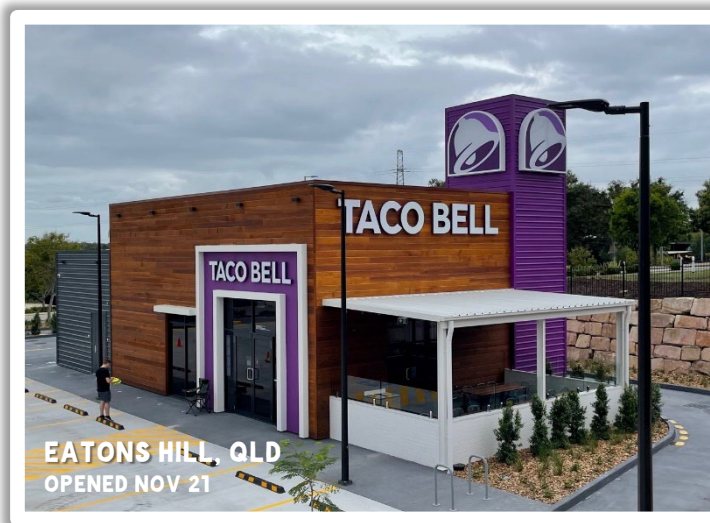
- Focus on improving value and quality of offering is starting to generate positive results
  - menu changes made to increase portion size and value perception
  - leveraging KFC expertise to improve operational efficiency and margins
  - new meal combinations and key price points
- Clear test and learn strategy in place to roll out across estate once benefits clearly visible
- New creative agency and Australian Chief Marketing Officer in place from July to drive performance in FY23
- Willingness to increase media spend above contractual requirements to drive top of mind awareness
- Digital and Delivery sales currently at 15.6% of sales – opportunity for further growth with planned expansion into UberEats expected in first half FY23





# STORE ROLLOUT TO ACCELERATE IN FY23

- Successful opening of 4 restaurants in FY22, all drive-thru, despite COVID-related building delays in Melbourne
  - Midland, VIC opened on 29 September 2021
  - Eatons Hill, QLD opened on 2 November 2021
  - Berwick South, VIC opened on 12 April 2022
  - Dandenong South, VIC opened on 28 April 2022
- Further 4 restaurants opened since year end in Victoria and Western Australia (total 24 restaurants; QLD: 13, VIC: 8, WA: 3)
- Strong development pipeline of tightly clustered locations in South-East Queensland, greater Melbourne and Perth
- 9 to 12 new restaurants planned for FY23, with new build cost typically between \$0.6m and \$1m employing 'hot shell' approach to reduce capex outlay
- On track to reach scale within 3 years







# OUTLOOK



# FY23 & BEYOND: COLLINS FOODS' RECIPE FOR LONG-TERM SUCCESS



## COLLINS FOODS' STRENGTHS ARE WELL-SUITED TO NAVIGATE A TURBULENT ENVIRONMENT

- A healthy balance sheet
- World-class, scalable brands
- Specialisation in the resilient, value-centric QSR sector
- Operational excellence focus
- Management team capability
- Proven track record of growth via both M&A and new store builds





COLLINS FOODS LIMITED

**THANK YOU. QUESTIONS?**



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