

ASX RELEASE

COLLINS FOODS LIMITED 2023 AGM CHAIRMAN'S MESSAGE

Friday, 1 September 2023: Collins Foods delivered solid top-line growth in FY23 amidst a challenging landscape, benefitting from increased scale in Australia and Europe.

Both KFC businesses recorded strong same store sales growth, reflecting the continued strength of the brand and increased adoption of digital and delivery channels.

KFC Australia surpassed \$1 billion in sales for the first time. Higher ticket sizes and strong growth in e-commerce, supported by the rollout of UberEats, were primary contributors to the increase in same store sales growth. With the addition of 11 new restaurants, Collins Foods' Australian network now stands at 272.

Collins Foods' European KFC operations continued its strong momentum, delivering impressive double-digit revenue and same store sales growth as operational control under our Netherlands Corporate Franchise Agreement strengthened brand and product quality perceptions. Increased transaction volumes and higher ticket sizes as value-led marketing campaigns resonated with customers underpinned same store sales growth. Collins Foods continues to move towards scale in the region with its footprint increasing more than 50% over the past two years. Five new restaurants opened in FY23 and a further eight were acquired in May 2023.

Digital and delivery remain key growth drivers for all our business units. Convenience is also key for Taco Bell with a high delivery mix and greater accessibility supporting brand awareness and trial.

Dividend Maintained

In FY23, Collins Foods delivered record revenue of almost \$1.35 billion, up 14.2% over the prior year due to our scaling footprint and growth across all business units.

Topline growth combined with operational efficiencies and cost mitigation initiatives helped to alleviate some of the significant cost inflation across the Group, with underlying EBITDA down 1.2% to \$205.1 million. Underlying NPAT decreased 12.1% to \$51.9 million. Statutory NPAT was impacted by a non-cash accounting charge taken to impair the remainder of Taco Bell.

The Company continued to be highly cash generative with \$146.2 million in operating cash flow, facilitating investment in new restaurants, remodels, and acquisitions.

Taking into consideration Collins Foods' operating cash flow, strong balance sheet, strength of the business and growth opportunities, the Board was pleased to declare a fully franked final dividend of 15.0 cents per share, bringing total FY23 dividend to 27.0 cents per share fully franked, in-line with the prior year.

While cost inflation for some commodities is beginning to moderate, margin pressures are likely to remain for most of the coming year. Collins Foods is well-positioned to navigate these challenging conditions with positive same store sales growth across all three business units in the first seven weeks of FY24, and a strong program of margin support initiatives across energy, supply chain, and menu pricing.

KFC Australia EBITDA margin (pre AASB 16) is expected to remain broadly steady in FY24 with improvement closer to historical levels expected in FY25. Despite a continued high inflationary environment in Europe, our European business is targeting limited EBITDA margin contraction in FY24.

Collins Foods continues to execute on its long-term growth plans with 13 to 18 new restaurant openings planned across the Group in FY24.

Positive Impact strategy

Collins Foods continued its commitment to making a positive impact and delivering sustainable growth, progressing initiatives across people and communities, planet and governance.

Our Positive Impact Report, published separately, outlines Collins Foods' Australian achievements over FY23, including increased safety and wellbeing for employees, more sustainable operations, and greater cyber and data management capability.

While we are proud of our progress over the past three years, we have recently appointed a Group ESG & Sustainability Manager to further strengthen our environmental, social and governance program. Collins Foods is partnering with EY Australia on a materiality assessment to identify and better understand key sustainability priorities, impacts, and opportunities within a dynamically changing landscape. A climate risk assessment and action plan are also being developed to deliver greater alignment with the Taskforce on Climate related Financial Disclosures (TCFD) recommendations.

Board changes

During the year, Collins Foods welcomed highly credentialed executive Nicki Anderson to the Board as a new independent, Non-executive Director and a member of the Audit & Risk and Remuneration & Nomination Committees. Nicki is an excellent addition to the Board, bringing more than 25 years' leadership experience across strategy, sales, marketing, customer experience and innovation within the global food, beverage, and consumer goods sectors.

On behalf of my fellow Directors, I would also like to acknowledge Russell Tate who, after 12 years, is retiring from his Non-executive Director role at this AGM, in line with succession plans. Russell's contribution to the Board has been significant, notably leading the Company as Chair from its listing through to March 2015. On behalf of the Board I would like to thank Russell for the many years of service he has provided to Collins Foods, and the counsel, advice and support he has provided me, other Directors and the Executive team over this period. We wish Russell all the best for the future.

Thank you

On behalf of the Board, I would also like to thank our more than 17,000 employees in Australia, Netherlands and Germany, for their continued hard work and dedication. Our solid FY23 performance amidst a challenging landscape is a testament to our entire team and highly skilled leadership, who continue to raise the bar on creating unmatched experiences for our customers.

I would also like to acknowledge my fellow Directors for their valuable input and guidance throughout the year. And finally, thank you to our shareholders for your support. Your company is well placed to navigate the volatility ahead, operating two of the world's most recognisable brands within the highly resilient, value-centric QSR industry.

ENDS

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, KFC Netherlands corporate franchisee and KFC franchisee in Germany. 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