



COLLINS FOODS LIMITED

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ASX RELEASE

COLLINS FOODS LIMITED 2024 AGM CHAIR'S ADDRESS

Friday, 30 August 2024:

Your company performed well in FY24, delivering record revenue and higher earnings in an inflationary environment with softer consumer sentiment.

The group achieved a solid financial performance in FY24, with strong growth in revenues flowing through to a double-digit increase in earnings, despite a challenging operating environment.

Revenue growth, including same store sales growth, was achieved across all business segments during the year, an impressive outcome given the challenging consumer landscape.

In Australia, product innovation and our focus on affordability, saw KFC retain its leadership on key taste and value metrics, with the brand holding market share. Collins Foods' Australian footprint continues to grow with 9 new restaurants opened in FY24, bringing our network in Australia to 279.

We continued to grow the KFC brand in the Netherlands last year under our Corporate Franchise Agreement, with further gains in market share and brand metrics contributing to same store sales growth. Our business in Germany also enjoyed same store sales growth in FY24. We are growing our presence in Europe, expanding our network by 11 new restaurants, ending the year at 75.

In Taco Bell, our focus on improved product quality and more effective marketing resonated with customers, delivering solid revenue and Same Store Sales growth. The brand's value proposition is well-suited to the current economic environment.

Strong digital adoption was another key driver of growth for all three business units, reflecting changing consumer preferences towards convenience. Digital channels represented approximately 30% of all KFC Australia and Taco Bell sales in FY24, and almost 60% of KFC sales in the Netherlands and Germany.

The Company remained highly cash generative in FY24 with \$176.4 million in cash flow from operating activities after tax, supporting a reduction in net debt to \$165.5 million, and facilitating re-investment in new restaurants, remodels and digital channels.

Strong cash generation also underpinned dividend growth. The Board was pleased to declare a fully franked final dividend of 15.5 cents per share, bringing the total FY24 dividend to 28.0 cents per share fully franked, up 1.0 cent on the prior year.

As noted in the Annual Report and in our recent trading update, the weaker consumer environment in both Australia and Europe is expected to impact Group performance over the year ahead, placing pressure on margins. While we are seeing many commodity prices ease, labour and energy costs remain elevated for all three business units. We're continuing to leverage the deep operational expertise of our leadership team to support profitability, while prioritising consumer trust and the long-term health of our brands.

This approach has enabled us to successfully navigate challenging conditions over the past few years, and ensures we are best placed to take advantage of economic conditions when they improve.

Collins Foods operates world-class value brands within the highly resilient QSR sector. Despite short-term headwinds, we're pushing ahead with our growth plans, investing further in footprint growth, network renovation, and product and digital innovation.

During the past year, we significantly strengthened our Environmental, Social and Governance credentials. We completed our first double materiality assessment with an independent advisory firm and outlined new targets as part of our 2030 Ambition Statement.

Our FY24 progress against our sustainability ambitions is detailed in Collins Foods' Sustainability Report, on our website. Our Sustainability Strategy focuses on five key pillars: Operations, People, Communities, Planet and Governance. Examples include environmentally conscious restaurant designs, new solar installations, battery-supported restaurants, and the introduction of higher chicken welfare products in both Europe and Australia. We are incredibly proud to be a major employer of young people and are leading the way in closing the gender pay

gap, with a median total remuneration gender pay gap of -2.7% in our Australian workforce. We also continue to upskill our people, with 95% of restaurant management positions filled by internal candidates.

In September 2023, we welcomed UK-based Nigel Clark to the Collins Foods Board as a new independent, Non-executive Director. Nigel has more than two decades' legal and financial experience, spanning cross-border finance, business restructuring, and mergers and acquisitions, complementing existing Board expertise and supporting our continued European expansion.

In line with long-term succession plans, Russell Tate retired from his independent Non-executive Director role in September 2023 after more than 12 years on the Board. On behalf of my fellow Directors, I again thank Russell for his significant contribution to Collins Foods during a period of international expansion. Nicki Anderson has succeeded Russell as Chair of the People, Culture and Nominations Committee.

During the year, we also navigated leadership disruption with Managing Director and CEO Drew O'Malley being granted a leave of absence to support his family while his wife underwent treatment for a serious illness. Drew has subsequently decided to step down to focus on his young family. We wish Drew all the best and again thank him for his contribution.

The Board would also like to thank Non-executive Director Kevin Perkins for stepping up to lead the business as Interim Managing Director and CEO as we conduct a search for a permanent replacement. Kevin has provided stability and continuity to the business, leveraging his previous experience as CEO of Collins Foods.

Collins Foods' solid performance during one of the most challenging consumer environments in many years would not have been possible without the hard work and dedication of our people. Our entire team of more than 20,000 employees continues to set new standards in QSR excellence. I'd also like to extend my gratitude to my fellow Directors for their valued governance and oversight of your Company during the year.

Lastly, I would like to thank our loyal shareholders for your ongoing support. While short-term headwinds remain, Collins Foods has a proven track record in challenging macro environments, and we continue to focus on creating long-term shareholder value.

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.