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2014 FINANCIAL YEAR RESULTS

25 June 2014

FY14 financial overview

$m	FY13	FY14	WA impact (1)	Significant items (2)	FY14 Underlying	Change versus FY13 Underlying
Revenue	423.9	440.6	15.4	-	425.1	0.3% ↑
- KFC Qld SSS %	4.2%	0.8%			0.8%	
- Sizzler SSS %	(2.4%)	(9.3%)			(9.3%)	
EBITDA	47.2	50.5	1.5		49.0	3.8% ↑
EBIT	29.8	26.9	(1.5)	(2.4)	30.8	3.5% ↑
NPAT	16.4	14.0	(2.1)	(1.8)	17.9	9.3% ↑
Net cash flow	4.3	13.3				
EPS basic (cents)	17.6	15.1			19.2	9.3% ↑
DPS final (cents)	5.5	6.0				9.1% ↑
DPS full year (cents)	9.5	10.5				10.5% ↑

- Underlying NPAT up 9.3% to $17.9m
- Final dividend 6 cps (fully franked) bringing the full year dividend to 10.5 cps – an increase of 10.5%
- Net cash flow of $13.3m
- Revenue slightly positive at 0.3%
- Underlying EBITDA up 3.8% to $49.0m
- Underlying EBIT up 3.5% to $30.8m
- Underlying EPS up 9.3% to 19.2 cps
- Impairment charge of $2.1m – Sizzler Mackay $1.9m and KFC Valley Metro $0.2m

(1) WA EBIT impact includes acquisition related costs of $2.1m: depreciation and amortisation of $0.5m and LTI costs of $0.5m; WA NPAT impact also includes allocated interest of $0.5m and tax expense from non-deductible acquisition costs $0.6m

(2) Significant items included in EBIT: Sizzler Mackay impairment $1.9m; KFC Valley Metro impairment $0.2m; Performance rights $0.1m and Stand Stand investment acquisition costs $0.2m

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FY14 operational highlights

- Acquired and successfully integrated 42 restaurants
- Continued Top-line growth - revenue growth of 3.5% and SSS up 0.8%
- Built 4 new restaurants, closed 1 and undertook 12 major remodels and 5 minor remodels
- EBITDA margin up 120 bps as a result of labour efficiency and productivity initiatives

- Launched **Get Refreshed** – a company wide initiative repositioning Sizzler catering to the modern family
- Remodel of Cleveland – opened 2 June – incorporating a significant number of **Get Refreshed** elements
- Sizzler Asia – opened 4 new stores in China and Thailand

- Tightened the Snag Stand concept
- Opened the 6th store in Macquarie Centre, Sydney on 10 June

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KFC improves margin & consolidates the WA/NT acquisition

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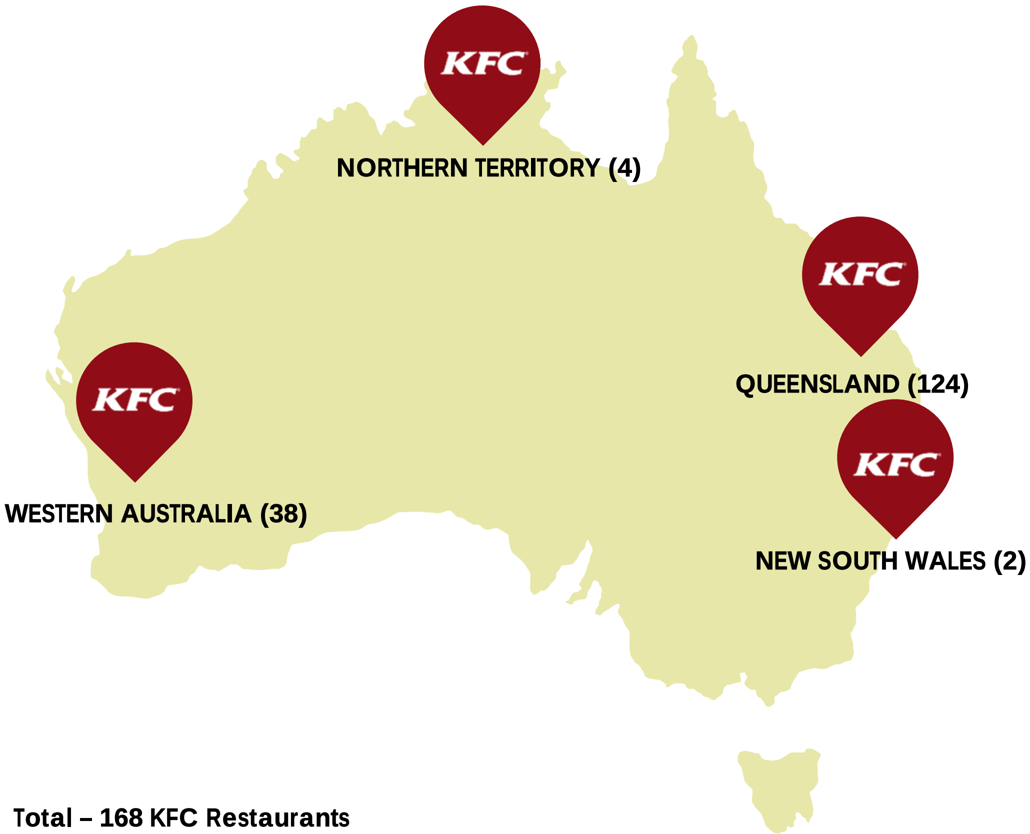
KFC WA/NT – building a national footprint



Total – 168 KFC Restaurants

- Transaction completed on 7 March 2014
- Integration of acquisition complete
- New store – Rockingham – under construction with a further 2-3 stores to be built in calendar year' 16
- 2 Minor remodels completed in last 2 weeks
- 5 Major remodels to be completed this calendar year
- To date key focus has been on product quality and labour/COS efficiencies/productivity improvements
- FY15 capex budget of ~ $4.7m for 7 remodels, ~ $4.4m for 2 new stores and ~ $1.3m for maintenance/systems

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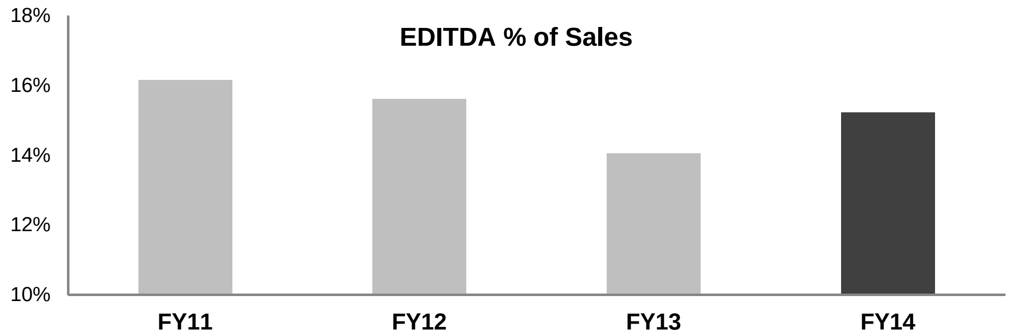
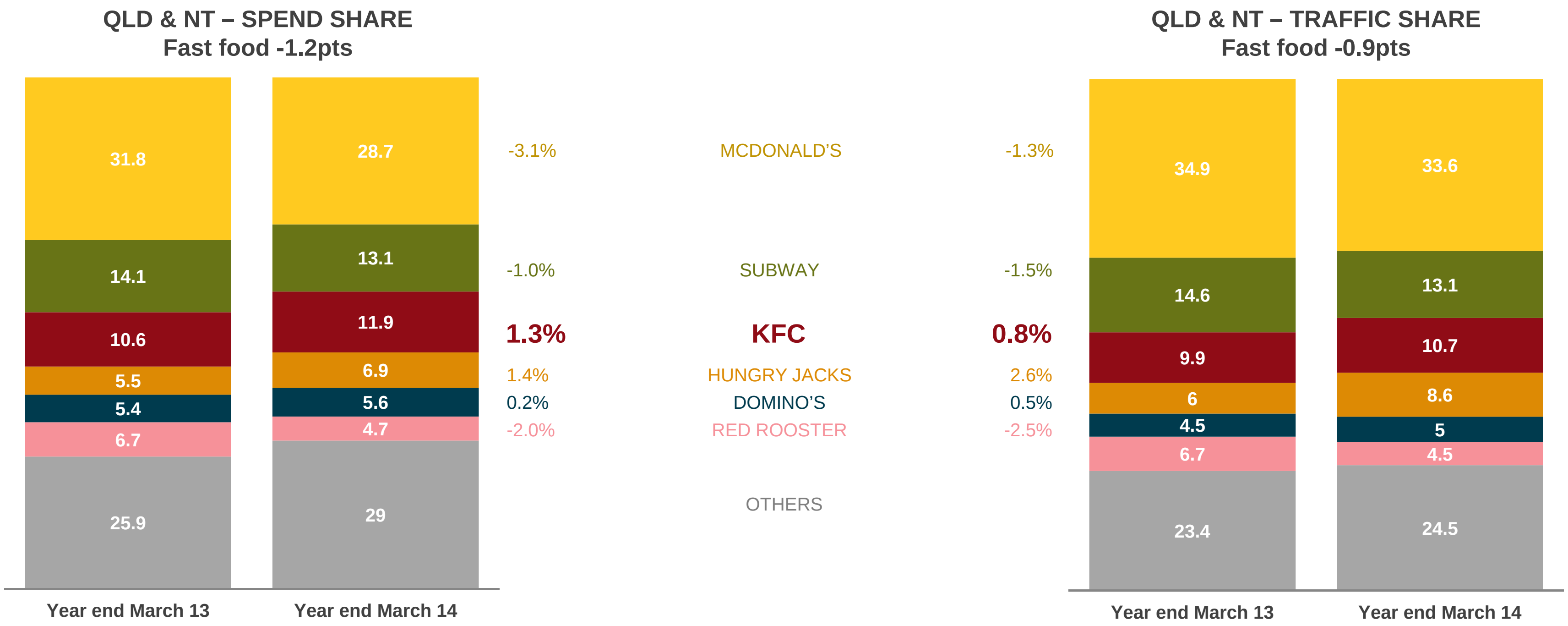
KFC Qld earnings growing faster than revenues

$m	FY13	FY14	Significant items	FY14 Underlying	Change
Restaurants					
- average	120.9	123.5	-	-	2.5 ↑
- period end	122.0	125.0	-	-	3.0 ↑
Revenue	318.2	329.3	-	-	3.5% ↑
% SSS	4.2%	0.8%	-	-	
EBITDA	44.7	50.2	-	-	12.2% ↑
% margin	14.0%	15.2%	-	-	120 bps ↑
EBIT	33.3	37.4	(0.2)	37.6	12.8% ↑
% margin	10.5%	11.3%	-	11.4%	90 bps ↑



- EBITDA margin 15.2% up 120 bps
- Direct and indirect labour efficiencies and productivity gains key component in improved operating margins
- 4 new restaurants opened and 1 closed
- EBIT margin 11.4% up 90 bps
- Revenue up 3.5% with SSS up 0.8%
- Quieter trading period compounded by not running a coupon v PY resulted in softer sales in Q4
- Impairment charge of $0.2m for KFC Valley Metro

KFC Qld/NT performing strongly vs peers



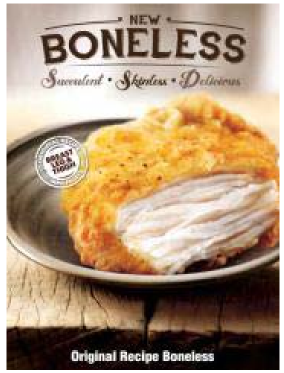
- KFC gains 1.3% on Spend Share of the Fast Food market
- McDonald's and Subway market share declines while Hungry Jack's increases

- KFC gains 0.8% on Traffic Share of the Fast Food market
- McDonald's and Subway market share declines while Hungry Jack's increases

SOURCE: The NPD Group/Crest

KFC Brand supported by solid pipeline/campaigns

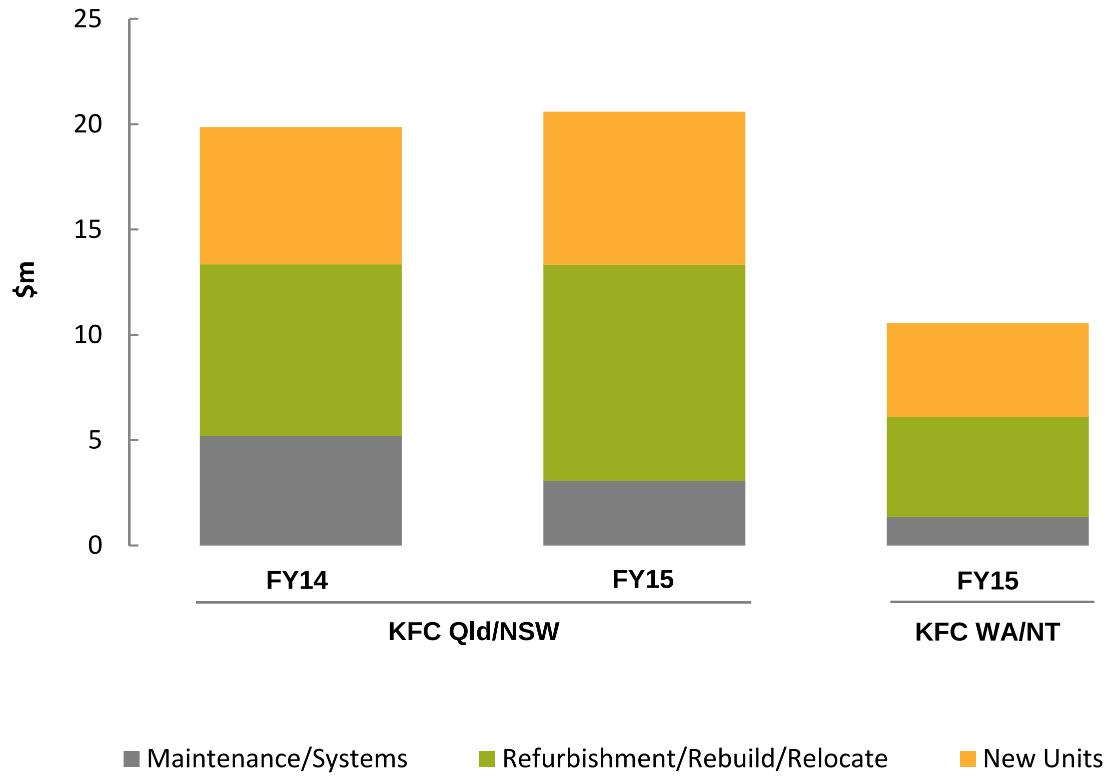
- Strong new product promotions – Zinger pie, Mighty Burger, Boneless chicken etc – continuing to introduce innovation and excitement to the Brand
- Innovative and fun family dinner offerings at centre of Brand strategy
- Value offers remain an industry focus – KFC value plays still relevant to transaction growth
- Breakfast trial results positive
- Green & Gold cricket campaign highly successful in elevating the boldness of the Brand and creating greater awareness
- KFC Australia at forefront of successfully leveraging social media trend: +750,000 Facebook likes



Operational efficiencies driving margin improvements

- In-store labour – direct and indirect – efficiencies and productivity gains have been key to margin improvements
- Service flow format and associated benefits have been rolled out across all non food court stores with positive results for both the consumer and KFC
- New maintenance system enabling more efficient and effective maintenance management leading to lower costs and improved equipment reliability
- Focused efforts in the food courts are having a positive impact
- Innovation continuing to shape the future:
  - dual and tandem drive-thrus
  - digital menu boards
  - on-line ordering

KFC capex focused on growth



- Total KFC capex of ~ $31m for FY15:
  - **~ $20.6m for Queensland:**
    - 5 new builds
    - 11 major remodels
    - 5 minor remodels
  - **~ $10.4m for WA/NT:**
    - 2 new builds
    - 5 major remodels
    - 2 minor remodels

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New builds and remodels

4 new builds

North Lakes

12 major remodels

Gympie

5 minor remodels

Kallangur

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Sizzler in transition

Sizzler performance reflects ongoing transition

$m	FY13	FY14	Significant items (1)	FY14 Underlying	Change
Restaurants					
- average	27.0	26.8	-	-	0.2 ↓
- period end	27.0	26.0	-	-	1.0 ↓
Revenue	105.6	95.8	-	-	9.3% ↓
% SSS	(2.4%)	(9.3%)	-	-	-
EBITDA	10.1	7.8	-	-	22.7% ↓
% margin	9.6%	8.1%	-	-	150 bps ↓
EBIT	6.0	2.0	(1.9)	3.9	34.1% ↓
% margin	5.7%	2.1%	-	4.1%	160 bps ↓

(1) Sizzler Mackay Impairment $1.9m

- Overall revenue down 9.3% to $95.8m with Sizzler Australia SSS down 9.3%
- Closed Sizzler Cairns in February 2014 on expiry of lease – location was no longer suitable
- Revenue decline has put pressure on margins with 150 bps decline in EBITDA margin to 8.1%
- No menu price increases implemented in FY14
- Labour productivity and efficiency improvements have slowed margin decline
- EBITDA declined to $7.8m
- EBIT impacted by $1.9m non-cash impairment for Sizzler Mackay

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A fresh new look and feel for Sizzler

- **Get Refreshed** is a Brand wide initiative designed to contemporise Sizzler and re-engage with our guests
- Key elements of **Get Refreshed** include:
  - creating a fresh/contemporary look and feel in the restaurants
  - elevating both the food and presentation of food on the Salad Bar creating a fresher, more appealing experience
  - elevating service and hospitality delivering a warm, engaging, fun and relaxed experience
  - creating a modern and integrated dining environment within the restaurant
  - new Brand communication to reflect its repositioning

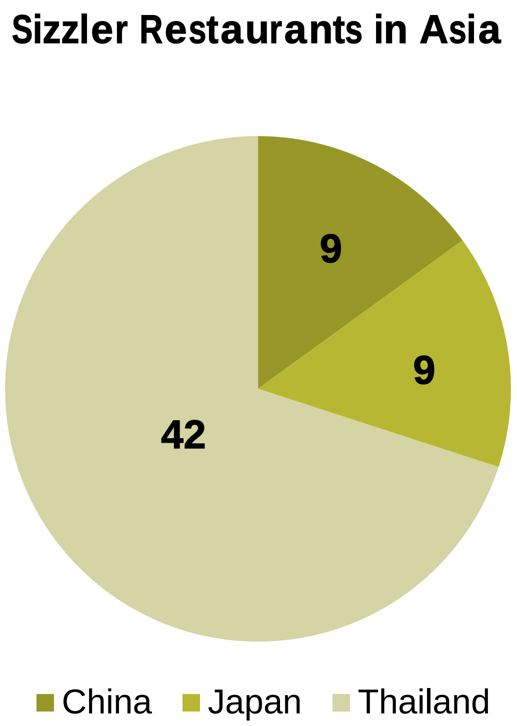
GET REFRESHED

Get Refreshed roll-out

- Sizzler Cleveland opened 2 June with the key **Get Refreshed** elements included in an overall front of house remodel
- Sales in Cleveland over the past 3 weeks have been very positive
- Over the next 6 to 8 months **Get Refreshed** to be rolled out across a number of restaurants

Sizzler Asia continues to grow

- Royalty revenue over the year up 9.9%
- Opened 4 new restaurants in China and Thailand during FY14
- New restaurants in China have performed well on opening
- Plan to open a further 5 new restaurants in China and 2 in Thailand during FY15



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Snag Stand concept evolving

SNAG STAND
GOURMET SAUSAGE GRILL

CFL
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Snag Stand concept evolving

- Tightened the Snag Stand concept
- New stand opened in Macquarie Centre, Sydney – 10 June
- Macquarie Centre is the first stand to incorporate internal seating and providing a more complete brand experience
- Revised the menu and added signature shakes to strengthen the consumer offer

Financial overview

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Strong cash flow generation

$m	FY13	FY14
Net operating cash flows before interest and tax	50.1	57.5
Net interest paid	(6.0)	(5.7)
Income tax paid	(2.9)	(6.9)
Net operating cash flows	41.2	44.9
Payment for acquisitions including costs	0.0	(59.5)
Payment for franchise rights	(0.1)	(1.2)
Capex [(1)]	(17.9)	(20.6)
Net cash flow from investing	(18.0)	(81.3)
Net cash flow from financing	(18.9)	49.8
NET CASH FLOW	**4.3**	**13.3**

(1) Net of capitalised costs $0.6m (FY13: $0.3m)

- Generated a net cash flow of $13.3m
- Net operating cash flow increased $7.4m reflecting strong cash generation and change in working capital primarily due to KFC WA/NT acquisition
- Refinancing of debt in July 2013 has had a positive effect on the financing costs
- Increased income tax paid reflects the utilisation of historical tax losses and final deductions taken for certain remaining IPO related costs in FY13
- Increased borrowings by $60m to fully fund KFC WA/NT acquisition (including associated costs)
- Capex spend of $20.6m primarily to fund KFC Qld remodel and new store program
- Strong cash flows enabled FY14 final fully franked dividend of 6 cps (FY13: 5.5 cps) and total FY fully franked dividends of 10.5 cps (FY13: 9.5 cps)

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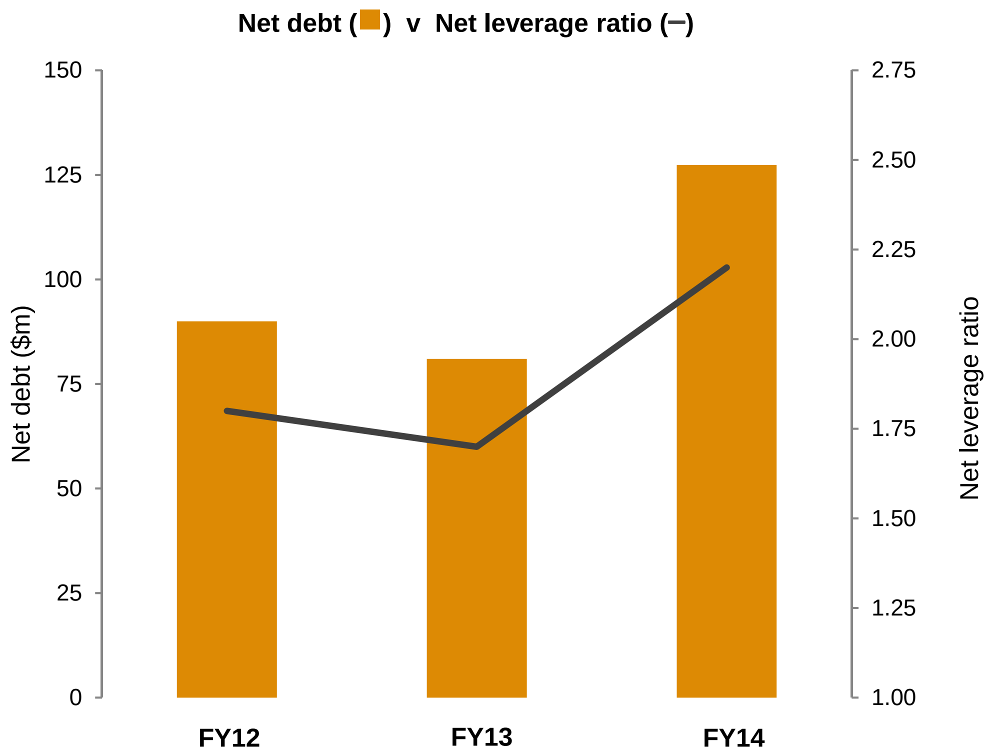
Comfortable debt profile

- Increased overall debt facilities to $175m up from $145m to support KFC WA/NT acquisition
- Net debt up $46.4m to $127.4m (FY13: $81m)
- Strong net operating cash flow generation in the business during FY14 of $44.9m has positively impacted net debt
- Adequate covenant headroom
- Undrawn debt facility ~ $10m
- Refinancing of debt in July 2013 was on improved terms from previous funding



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Balance sheet reflects KFC WA/NT acquisition

$m	FY13	FY14
Cash and equivalents	23.6	37.0
Total current assets	31.8	44.7
Property, plant and equipment	59.1	72.5
Total non-current assets	309.0	376.0
Total assets	340.8	420.7
Debt (1)	104.7	164.4
Total current liabilities	48.5	61.1
Total non-current liabilities	106.8	168.2
Total liabilities	155.3	229.3
NET ASSETS	**185.5**	**191.4**

(1) Net of capitalised costs $0.6m (FY13: $0.3m)

- Increase in cash of $13.4m up from $23.6m
- Impacts on the balance sheet arising from the KFC WA/NT acquisition include:
  - an increase in current assets of $2.5m comprising cash, receivables and inventory
  - an increase in non-current assets of $60m comprising property, plant, equipment, intangible assets and deferred tax assets
  - an increase of other liabilities of $6.9m in relation to trade and other payables and provisions
  - an increase in non-current liabilities of $60m relating to gross debt drawn to fund the acquisition

Priorities and outlook for FY15

- Return Sizzler Australia to positive growth through the roll out of **Get Refreshed**
- KFC sales performance over early FY15 tracking at 1.5% SSSG; expect this trend to continue
- Focus on improving KFC WA/NT operational performance driving top line growth and margin improvement
- Build 7 KFC restaurants – 5 in Qld and 2 in WA
- 11 Major KFC remodels in Qld and 5 in WA
- Build 7 Sizzler restaurants across China and Thailand
- Firming up on Snag Stand concept and ongoing investment in the brand
- Group capital investment in FY15 in the region of $33m
- Dividend policy to pay out 50% of Statutory NPAT of the KFC Qld and Sizzler business – WA profits to be reinvested in WA

Questions

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