Retail Food Group Limited
AGM 2014

Managing Director & CEO's Address
25 November 2014

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Transformation

Good morning ladies and gentlemen, and thank you Mr. Chairman.

The 2014 Annual General Meeting takes place during the year in which Retail Food Group celebrates its 25th anniversary as an Australian retail food franchisor and brand manager.

The past quarter century has indeed represented a remarkable corporate journey.

However, it was the Company's admission to the ASX Official List in June 2006 that facilitated the access to capital which enabled an acquisitive growth path that has augmented organic development activity and expedited the achievement of considerable scale in all facets of the Group's unique business model.

In recent months that development pathway has accelerated considerably, with acquisition of the Cafe2U Brand System in October, entry into an agreement to acquire the Gloria Jean's Coffees Group, and this day, Announcement to acquire the esteemed Di Bella Coffee Group.

To assert that the events of recent years, and indeed recent months, have been transformative for RFG, would be to understate the magnitude of change which has, and continues to be visited upon the Company and its business operations.

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The More Things Change…

Whereas progression within the retail food industry remains in a state of positive fluidity, the underlying values and key competencies of RFG remain aligned to the founding vision and those principals propounded when the Company Listed in 2006.

The Board, management and staff of RFG remains both passionate and committed to the continued elevation of RFG as a leader and innovator in multiple food system ownership and management.

However, the Company also recognizes that continued success arises from, and is dependent upon embracing and commercially exploiting the dual symbiotic relationships that exists between franchisor and franchisee on the one part, and franchisee and customer on the other.

Additionally the Company retains an unwavering credence that to safeguard its Brand Systems, franchisees and the future of RFG, the Company continues to assemble, enhance and grow a fortress of retail food franchise systems whose menus are consumer relevant, inventive, consistent as to quality and beyond that, demand patronage.

These philosophies distil to the maxim ‘strength in brands’, which has served as a guiding thematic for RFG throughout its existence as a public company.

This has in turn provided for the establishment and maintenance of a framework that has to date produced consistent record annual profit growth, enhanced shareholder value, and increased the market capital of the Company by c.17 fold from approx. $52m in 2006 to $900m+ today. During this journey, RFG has proved itself to be an attractive and reliable investment proposition well able to deliver both consistent and increasing benefits to all stakeholders, be that shareholders, franchisees, staff and supply partners.

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FY14 Performance

The outcomes to which has just been alluded were no less evident in FY14.

FY14 Net Profit after Tax (NPAT) of $36.9m was consistent with guidance, and represented a 15.2% increase on the prior year.

Indeed, the Company’s NPAT result represented the ninth consecutive year since Listing during which RFG has delivered record profit.

At a Group level, record FY14 EBITDA of $59.1m represented a 9.8% increase on prior year, and was the product of a resilient business model fortified by:

- The full year contribution of astute FY13 acquisitions (Crust Gourmet Pizza and The Coffee Guy);
- Performance improvements amongst traditional Brand Systems driven by the Company’s Project EVO initiative;
- Record new outlet growth of 150 which was coupled to strategic initiatives including the Project Evo rollout and Project QSR400; and
- Enhanced earnings derived from the Company’s increasing coffee roasting activities.

Net FY14 cash inflows from operating activities of $29.9m (FY13: $31.1m) contributed to a cash flow conversion to EBITDA ratio of 85.8% (FY13: 96.5%), which supported c.$13m investment in future growth opportunity, franchisee financial services initiatives, and importantly, an increased interim and full year dividend per share.

[Slide 5]
A Multi-Revenue Base

QSR (comprising the Pizza Capers and Crust Brand Systems) divisional performance is of particular note given the Company’s relatively recent entry into that market segment.

In just over 2 years, gourmet pizza has emerged as a key driver of RFG performance with increased FY14 EBITDA of $13.5m representing 22.7% of Group EBITDA, validating the strategic decision to acquire both Brand Systems.

Similarly, RFG’s coffee and allied beverage pursuits also warrant recognition given same now constitute a central platform of the Company’s business model. FY14 gross coffee revenues increased 6.5% to $21.0m – accounting for c.8.5% contribution to Group EBITDA - and rewarding the Company’s resolve to enhance third party contract roasting and sales.

These outcomes demonstrate the veracity in pursuing a multi-Brand System and multi-revenue business platform able to diversify earnings amongst multifarious drivers whilst de-risking the Company's exposure to indifferent performance amongst any one business unit.

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Shareholder Metrics

Pleasingly, during FY14 the Company returned Earnings per Share (EPS) to positive growth after the EPS dilutive capital raising in FY14. Whereas that particular capital raising was not immediately aligned to an EPS accretive acquisition, the necessity to provision for future growth at that time was no less valid.

Whilst tempered by investment in organic growth initiatives, delayed acquisitive activity - which did not crystalize until 1H15 – and the Company's Dividend Reinvestment Plan, record EPS of 26.5 cents was never the less achieved and in all the circumstances, represented a credible 1.9% increase over FY13.

Positive EPS movement supported a 9.8% increase in the final fully franked FY14 dividend to 11.25 cents per share, which when coupled with the interim dividend paid in April, contributed to annual dividends of 22.00 cents per share (an 11.4% uplift over the prior year).

In summary, TSR (total shareholder return) in respect of FY14 was a credible 22.8% (pre-tax).

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Brand System Performance

Generally, all Brand Systems enjoyed improved EBITDA contribution on a per store metric during FY14, with the principal driver of Franchise Revenue - franchise service fees - exhibiting an average recovery rate increase to 5.94% (from 5.87% in FY13).

As well, it is instructive to note that whilst total domestic network sales grew 2.4% to $736m, gross Franchise Revenue and net coffee contribution increased 7.5% to $90.4m, once again evidencing a decreasing reliance on traditional royalty income and further supporting RFG's contention that acquisitive activity introduces significant leverage opportunity for the Company and its franchisee community.

At an outlet level, non-QSR weighted Average Weekly Sales (AWS) and Average Transaction Value (ATV) increased 1.5% and 5.2% respectively over the prior year.

QSR Brand Systems also performed well within a highly competitive QSR market, growing weighted store sales and ATV respectively by 2.7% and 2.5%.

These results are all the more pleasing given the challenging trading environment which continued to persist during FY14. Indeed, alike other retailers, RFG's Brand Systems were adversely impacted in May and June 2014 by the dramatic downturn in consumer sentiment attributed to release of the Federal Budget, absent which AWS and ATV performance were both tracking to exceed that actually achieved for the year. This negative impact prevails during 1H15.

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Outlet Growth

In terms of network population, 150 new outlets were commissioned during FY14, comprising 85 QSR outlets and 65 traditional Brand System outlets. This result represented a record annual organic outlet growth achievement for the Company, and translated to a closing network population of 1,434 outlets as at 30 June 2014.

Whereas Project QSR400 represented the chief engine that propelled new outlet growth, it was RFG's other Brand Systems which principally contributed to record new franchise enquiries of c. 2,600 for the year (up 56% on FY13).

The introduction of Project EVO concept outlets across the Donut King, Michel's Patisserie and (in the latter part of the Financial Year) Brumby's Bakery Brand Systems was the key stimulus for this interest, and each has established a strong platform for further new outlet opportunity in respect of FY15.

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Project EVO Traction

Indeed Project EVO, an initiative which represents the single largest venture of reinvigoration ever conscripted to the Company's Brand Systems, has thus far proven a success in multiple respects.

In the first instance, the initiative has afforded RFG significant scope in terms of supporting growth within traditional enclosed shopping centre environs, positioning the Group's Brand Systems for plausible entry into retail strip sites, bulky goods and outlet shopping locations, together with neighborhood shopping centres of which there are over 1,000 units in Australia.

Secondly, at franchisee level, Project EVO outlets have performed remarkably well when compared against the metrics of AWS and ATV.

FY14 AWS amongst new Donut King and Michel's Patisserie EVO outlets trended at 13.3% and 11.4% respectively above the Comparable Store Set (CSS). Similarly, positive results were achieved in connection with refurbished outlets, with Donut King and Michel's Patisserie AWS respectively tracking at 4.8% and 10.4% above pre-refurbishment levels.

The Brumby's Bakery EVO pilot outlet, commissioned in December 2013, remained in assessment phase for the balance of FY14. However, that outlet received immediate positive consumer feedback, and as well, performed to expectation with AWS tracking significantly above the CSS.

During FY14, the number of traditional Brand System outlets to which Project EVO treatment was applied exceeded 100, consisting of 44 new and 57 refurbished outlets, taking the total EVO treated outlet population at financial year end to 117.

Ultimately, it is clear that Project EVO has laid the platform for reinvigorated outlet growth and performance amongst RFG's traditional Brand Systems, with the initiative having been mandated for application to all new and refurbished outlets moving forward.

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Michel's Bakery Solution

An additional initiative set to drive renewed growth amongst the Michel's Patisserie Brand System is the ongoing final phase commissioning of the National Bakery Solution.

Transition of the Michel's Brand System from the unsustainable wholesale margin daily delivery model inherited on acquisition in late 2007 has been a work-in-progress for in excess of five years, and represented a structural change so significant and radical that the renewed Brand System was essentially treated as an early stage retail business.

In any case, the proverbial light is now illuminated at the end of the tunnel with the final phase of transition incorporating an enhanced national product range, enlarged menu, day part offer – all supported by a frozen delivery system – being rolled out.

An innovative RFG rental scheme has enabled expedited outcomes with in-store freezer rollout having reached practical completion in Queensland, roll-out commissioned in Victoria and NSW, with completion now brought forward to 1H16 at the latest.

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Platform for Growth

Ultimately, the multiple initiatives commissioned within the Company's Brand Systems have established an elevated platform for renewed customer engagement, enhanced new outlet growth, and importantly, improved Brand System and corporate performance.

These activities are complemented by a number of additional opportunities now available to RFG, including:

- Franchisee finance, equipment leasing and rental programs, for which the Company considers there exists present opportunity in excess of $40m (absent consideration of the Café2U, Gloria Jean's Coffees and Di Bella Assets);

- Leveraging RFG's coffee expertise and roasting capacity to drive external wholesale supply opportunity;

- Transitioning one-off revenue streams into recurring weekly revenues; and

- Conversion of the multiple opportunities inherent in, or consequential to, the significant acquisitive growth program embarked upon during 1H15.

[Slide 12]
Cafe2U & La Porchetta

Constituting the world's largest mobile coffee franchise with over 230 outlets across Australia, New Zealand, the UK, USA and South Africa, the Cafe2U Brand System represents an excellent fit with RFG's coffee and allied beverage strategy, positioning the Company as the undisputed mobile coffee market leader, and providing increased coffee roasting throughput of circa 70,000 kilograms annually.

As well, the acquisition complements RFG's existing The Coffee Guy Brand System, affording scope for synergistic benefit, whilst providing immediate earnings accretion.

Settlement of the transaction was effected on 11 September 2014, and integration of the Brand System is now substantially completed. In particular, RFG has within forecast timeframes:

- Assumed roasting operations for the Brand System, successfully duplicating the unique Cafe2U coffee blend and taste profile; and

- Replicated the online ordering platform necessary to disseminate coffee product to the network.

In terms of acquisition metrics, consideration for the transaction represented circa 5.5x anticipated out year EBITDA of $2.6m (without regard to transaction costs).

The acquisition was wholly funded from existing cash reserves and debt facilities.

It is also appropriate to briefly touch upon the now defunct La Porchetta transaction.

Whilst it is regrettable that the Share Purchase Agreement was terminated following completion of RFG's due diligence investigations, it was considered that this outcome was the most appropriate in order to give the parties, and the market more generally, necessary certainty regarding the transaction.

RFG continues to engage with the La Porchetta vendors regarding those matters identified during the due diligence process, and in circumstances where a transaction is ultimately enlivened, the market will be immediately informed.

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Gloria Jeans Coffees

a. **Introduction**

It is now an opportune juncture to discuss the Company's acquisition of the Gloria Jean's Coffees Group which is scheduled for settlement imminently.

Gloria Jean's Coffees has long been a prize sought by RFG, and the acquisition represents the largest undertaken by the Group, considerably eclipsing the 2007 Michel's Patisserie acquisition in terms of value, network population, coffee throughput and breadth of operations.

The acquisition and alignment of the Gloria Jean's Coffees Group fundamentally changes the scale of RFG's operational activities, both domestically and internationally. To borrow the vernacular of another successful Australian QSR retailer – "it is a game changer"!

And indeed it will be.

By way of summary, the transaction involves the acquisition of the following assets:

- The global intellectual property in respect of the Gloria Jean's Coffees and It's a Grind Brand Systems;
- Two state-of-the-art coffee roasting facilities, situated in Sydney and Los Angeles;
- A significant roasting and wholesale coffee business which supplies the Gloria Jean's and It's A Grind Brand System franchisee communities throughout the world, as well as third party supply, including supermarket channels;
- The benefit of an established independent and international master franchisee complement; and finally
- Packaging, warehousing and distribution infrastructure and networks both nationally and internationally.

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b. Perspective

Placed into perspective, the Gloria Jeans Coffees Group Assets comprise:

- Circa 800 franchised outlets across approximately 45 countries, advancing total RFG network population to over 2,400 outlets;

- 40 international master territory licensees who manage circa 360 outlets;

- Franchisor, management and operational responsibilities in respect of the domestic and North American franchise network of c. 445 outlets;

- Approximately 2.9m kilograms of annual coffee product through-put, and the tripling of RFG roasting capacity to circa 16m kilograms per annum;

- FY16 underlying EBIT contribution of c.$24m

- Access to the closed (patented) Caffitaly coffee capsule delivery system, and a strong foothold into the fast growing ‘in home’ capsule market via exclusive supply arrangements with Woolworths;

- An experienced management team who will (en globo) transition to RFG, significantly bolstering RFG’s existing human resources complement and skillsets; and finally

- Nabi Saleh, the founder of Gloria Jeans in Australia and the person responsible for licencing the majority of international markets in which the Brand System is now populated, has committed to a long term active ambassadorial role within RFG.

Nabi’s exceptional experience and profound knowledge of international retail and wholesale supply markets, strategic relationships with coffee customers, supply side businesses, and international licenses not only assists in the stewardship transition but critically, enhances those relationships and provides a pathway for further growth in respect of RFG’s existing Brand Systems and commercial pursuits.

We welcome Nabi and the entire Gloria Jeans Team.

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c. Additional Growth Drivers

In the meantime, the transaction transforms RFG in as much as it not only provides a degree of scale and leverage not previously enjoyed, but as well, facilitates a restructure and realignment of RFG’s existing businesses whilst re-prioritising the Company’s growth drivers.

In particular, the transaction places coffee roasting, third party supply and international markets as genuine and immediate growth opportunities, as opposed to future aspirational revenue generators presently lacking sufficient scale to make a meaningful contribution to EBIT.

The transaction provides impetus to realign RFG’s business units and capitalise on the opportunities now presented to the Group. These opportunities are plentiful and include the significant direct benefits of leverage and scale synergies, but as well:

- Scope for alignment of multiple office, warehouse and training facilities – both domestically and otherwise;

- International exploitation of RFG's existing Brand Systems within established master franchisee markets;

- Restructure of existing Brand System operations to enhance performance and eliminate pursuits which represent unnecessary duplication or represent insufficient scale in terms of EBIT contribution; including

- Rationalisation of corporately managed outlets and infrastructure;

- Realignment of international operations, including the potential master franchising of existing networks;

- The rebalancing of RFG's supply-side procurement activities (including green bean purchasing); and

- Identifying further complementary organic and or acquisitive opportunity within the 'coffee space', particularly via roasting throughput opportunity.

As has been detailed (at the time of the Gloria Jeans Coffees acquisition announcement), the results of the forgoing distils to an additional sustainable contribution to Group EBIT of c. $13m (after three years) at an investment cost of approximately $13m.

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d. A Global Business

In summation, the Gloria Jean's Coffees transaction genuinely positions RFG as an international business which will operate on a global platform, whilst providing increased opportunity for accelerated and sustainable growth of existing Brand Systems by entry into new markets.

Additionally, the acquisition delivers an established and efficient international supply chain platform which RFG can significantly leverage across its multiple Brand Systems and revenue streams.

Indeed, the infrastructure already established in North America positions the Company to immediately scale up its existing juvenile operations in that Country.

Ultimately, Gloria Jean's Coffees provides RFG with a sustainable platform for growth for the next half decade and beyond. Moreover, it enables the Company to expedite upon its international growth aspirations.

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1H14 Capital Raising

As already detailed, during 1H14 RFG raised $58.3m via an institutional placement ($53m) and Share Purchase Plan ($5.3m), in order to fund organic growth initiatives and small scale acquisitive transactions.

It is an unfortunate reality that the Capital raising met with a measure of negative sentiment, principally;

- in connection with the manner in which capital was raised (a matter comprehensively addressed during last year's AGM); and subsequently,

- as a consequence of the (transitory) dilutive effect on EPS once it became apparent that an acquisition transaction was no longer immediately available.

It should be said that the acquisitive activity explored today represents the culmination of significant and wide-ranging investigation and due diligence activity in respect of multiple targets over the traverse of the past 18 months.

It was certainly disappointing that the Company did not complete that acquisition opportunity then being investigated. This misalignment transposed to EPS dilution as opposed to accretion.

Ultimately, the RFG Board considered that short term EPS dilution was a more palatable outcome than executing upon transaction activity which was problematic or otherwise provided no enduring benefit in terms of shareholder outcomes or value.

In any event, the acquisitive activity and organic growth initiatives undertaken by the Company over the past 12 months demonstrably supports and vindicates the Board's decision to seek further capital from the market last year, and no doubt, has silenced the premature criticisms alluded to just now.

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Capital Management

The Gloria Jean's Coffees transaction represented the catalyst for the $55m capital raising late last month via an institutional placement ($40m) and SPP (up to $15m).

The placement was significantly oversubscribed, and was achieved with a minimal discount of circa 0.8% to the closing price for RFG shares on 23 October 2014 ($4.84), being the last trading date prior to the Company's trading halt on 24 October 2014.

Eligible shareholders will shortly have the opportunity to participate in the capital raising via the SPP at an offer price of $4.80 per share, a sum which is particularly attractive having regard to recent RFG share price performance.

The support afforded to the recent capital raising activity, together with the escalation in RFG's share price, signifies a strong endorsement of the Company's performance, multiple growth strategies, acquisitive endeavors and prospects.

We welcome those new shareholders who have joined the register, and thank both them and the Company's existing shareholder community, for their valued support and belief in RFG's management team, business case and commercial ambition.

We should also take this opportunity to thank RFG's bankers, the National Australia Bank, for the unwavering support of the Company's various growth initiatives since its appointment as the Group's debt facility provider in late 2010.

It is a pleasing level of commitment to RFG that the NAB agreed to increase the Company's senior debt facility from $135m to $225m, extend the maturity date applicable to circa 90% thereof to September 2017, whilst also providing shorter term facilities at the Company's request.

The capital management initiatives outlined today will ultimately fund completion of the Gloria Jean's Coffees transaction, whilst also affording the Company sufficient headroom to fund future capital intensive initiatives to which we will now address.

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Di Bella Coffee

Notwithstanding the events of the past months, acquisitive activity remains a central feature of RFG's strategic growth drivers. Indeed, the Company remains motivated to pursue the acquisition of complementary businesses which meet the fundamental requirements of:

- Immediate EPS accretion;
- Generation of increased supply-side scale and vertical integration opportunity;
- Enhancement of the number of brands, Brand Systems or outlets under RFG stewardship; and/or
- Complements existing Brand Systems and/or coffee through-put.

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Pricing & Metrics

Di Bella Coffee, in respect to which RFG has today reached a conditional agreement to acquire, is one such complementary business, satisfying each of the pre-requisites noted above.

So far as transaction pricing is concerned, $30.0m will be payable to the vendor in cash ($27.4m) and RFG shares ($2.6m, albeit RFG retains discretion to substitute with cash). Further, up to an additional c.$17m is payable upon achievement of certain earn-out milestones in respect of FY15, FY16 and FY17.

FY16 transaction underlying EV/EBIT multiple is within the range of 5.2 to 6.0 (excluding transaction and other costs), depending upon FY15 and FY16 earn-out achievement.

The NAB has also offered to fully support the Di Bella Group acquisition, should that be required.

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Coffee & Allied Beverage Growth

Di Bella Coffee presents a unique attribute and opportunity to RFG, in that it complements and extends the Company's existing market penetration by providing the Group with a reputable specialist coffee brand well known within wholesale and retail coffee channels.

Importantly, similar to the commitment of Nabi Saleh just referenced, the long term full time engagement of Phillip Di Bella within RFG has also been secured and we will provide further information in this respect as the transaction progresses.

Di Bella Coffee and Gloria Jean's Coffees Group will be simultaneously integrated into RFG by a dedicated alignment and integration team.

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FY15YTD Performance & Guidance

It is evident from the matters discussed today that RFG has recently had a significant amount of work on its proverbial plate.

That being said, the Brand System structure introduced in early 2012 continues to provide the solid bedrock from which the Company can embark upon multiple acquisitive and organic growth pursuits, safe in the knowledge that appropriate infrastructure exists to support and drive continuing operations.

Indeed, RFG's business model has provided exceptional shareholder outcomes over a nine year period, and notwithstanding those challenges that continue to confront the retail marketplace, represents a platform that will again nurture and protect all stakeholders.

Notwithstanding the lingering adverse impact of the May 2014 Federal Budget referenced previously, Weighted AWS and ATV growth in the traditional Brand Systems increased 1.1% and 0.4% respectively.

Particularly pleasing is the AWS growth within the Brumby's Brand System (4.4% YTD against FY14) driven by bread category sales, augmenting the c.1.0% decrease in AWS (against FY14) in the Michel's Brand System – which is undergoing rollout of the final phase of the National Bakery Solution.

Within QSR, Weighted SSS have been strongest in the Crust Brand System (1.1% and an ATV increase of c. 5.0%), driven by innovative Gourmet menu offerings, offsetting a decline in Pizza Capers SSS of -2.0% (with ATV tracking at +3.6%) impacted by intensive competitor discounting.

Importantly, the steadfast focus by QSR Brand System management on promotion of quality gourmet product offerings and the refusal to engage in the unsustainable price discounting presently infecting the entire category has protected RFG margin and most importantly that of its franchisee community.

Pleasingly, online orders continue to increase in both QSR Brand Systems and now represents 33% of network sales.

RFG has also made substantial progress in terms of its FY15 organic new outlet growth program of circa 150 outlets, with commissioning's of 53 outlets achieved October YTD, representing c. 85% of 1H15 forecast.

These metrics have again demonstrated the resilience of RFG's business model and Brand Systems, with EBIT and NPAT performance in accord with management expectation.

To be sure, RFG re-confirms FY15 guidance of c.18.5% underlying NPAT growth (to $43.7m) over the prior year.

Assuming the Gloria Jean's Coffees acquisition is settled within anticipated timeframes, the Company also reiterates its' recent guidance of FY15 underlying NPAT expectation of c. $50m, representing a 36% increase on FY14 performance and delivering FY15 EPS growth of c. 26% over pcp.

Additionally, in circumstances where the Di Bella Coffee acquisition is completed by the end of January 2015 (which is presently envisaged), underlying FY15 EBIT accretion is anticipated to be marginally increased by c.$2.00m (without regard to transaction and integration expenses).

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Close

During FY14 RFG has again demonstrated the robust nature of its unique business model, delivering shareholders record outcomes whilst also positioning the Company to further exploit the various opportunities and initiatives that have been discussed this day.

It is appropriate to endorse the Chairman's expression of gratitude and appreciation to our valued franchisee community who continue to forge ahead notwithstanding an uncertain and often changing retail environment.

It is also timely to once again endorse the Board's thanks to the Company's shareholder community who have and continue to support the Company throughout an engaging and remarkable journey since Listing in 2006.

Finally, the entire Board is extremely proud – indeed gratified. Not in a vainglorious way or as a consequence of the exceptional FY14 results discussed this day, nor even the resplendent acquisition pipeline executed upon this year or to be finalized in the near term. We are proud to be blessed with the richness, vitality, integrity and loyalty of the Company's management team and staff. Therefore it is both fitting and deserving to close this Address by expressing - on behalf of the Board and shareholders - thanks and gratitude for the Team's outstanding contribution to the historical, present and future successes of your Company.

Ends.

MANAGING DIRECTOR /CEO'S ADDRESS

RFG AGM 2014

RETAILFOODGROUP
STRENGTH IN BRANDS
BUILDING ON 25 YEARS OF SUCCESS

Transformation

Remarkable 25 year journey

2006 IPO included organic and acquisitive growth pursuits

Facilitated by access to capital

Expedited achievement of significant scale in all facets of the Group's unique business model

The More Things Change…

Notwithstanding growth, the underlying values and key competencies of the organization remain true to the founders' vision

"Strength in Brands" has served as a guiding thematic throughout RFG's existence as a public company

FY14 Performance

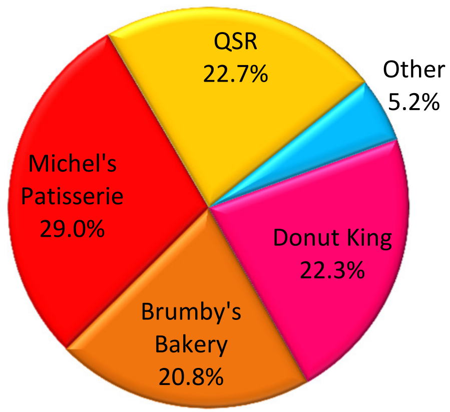
	Statutory Results					
	FY10	FY11	FY12	FY13	FY14	PCP %
Reported Revenue	$134.0m	$125.7m	$116.4m	$141.0m	$168.4m	19.4%
Underlying Revenue[1]	$118.6m	$110.0m	$101.9m	$117.0m	$128.8m	10.1%
EBITDA	$44.9m	$45.9m	$48.4m	$53.8m	$59.1m	9.8%
NPAT	$26.0m	$27.2m	$28.5m	$32.0m	$36.9m	15.2%
Basic EPS	25.3 cps	25.4 cps	26.4 cps	26.0 cps	26.5 cps	1.9%
Dividend (Full Year)	11.75 cps	14.5 cps	17.5 cps	19.75 cps	22.0 cps	11.4%
Net Debt	$72.8m	$70.5m	$98.0m	$92.1m	$57.4m	
Gearing Ratio	34.4%	31.0%	36.6%	29.6%	16.6%	
Interest Cover	6.2x	6.9x	6.9x	7.4x	12.3x	
Franchised Outlets (Aus & NZ)	1,112	1,131	1,231	1,355	1,417	62
Franchised Outlets (Other)	10	17	20	19	17	-2

[1] = Reported revenue less revenue associated with marketing pursuits.

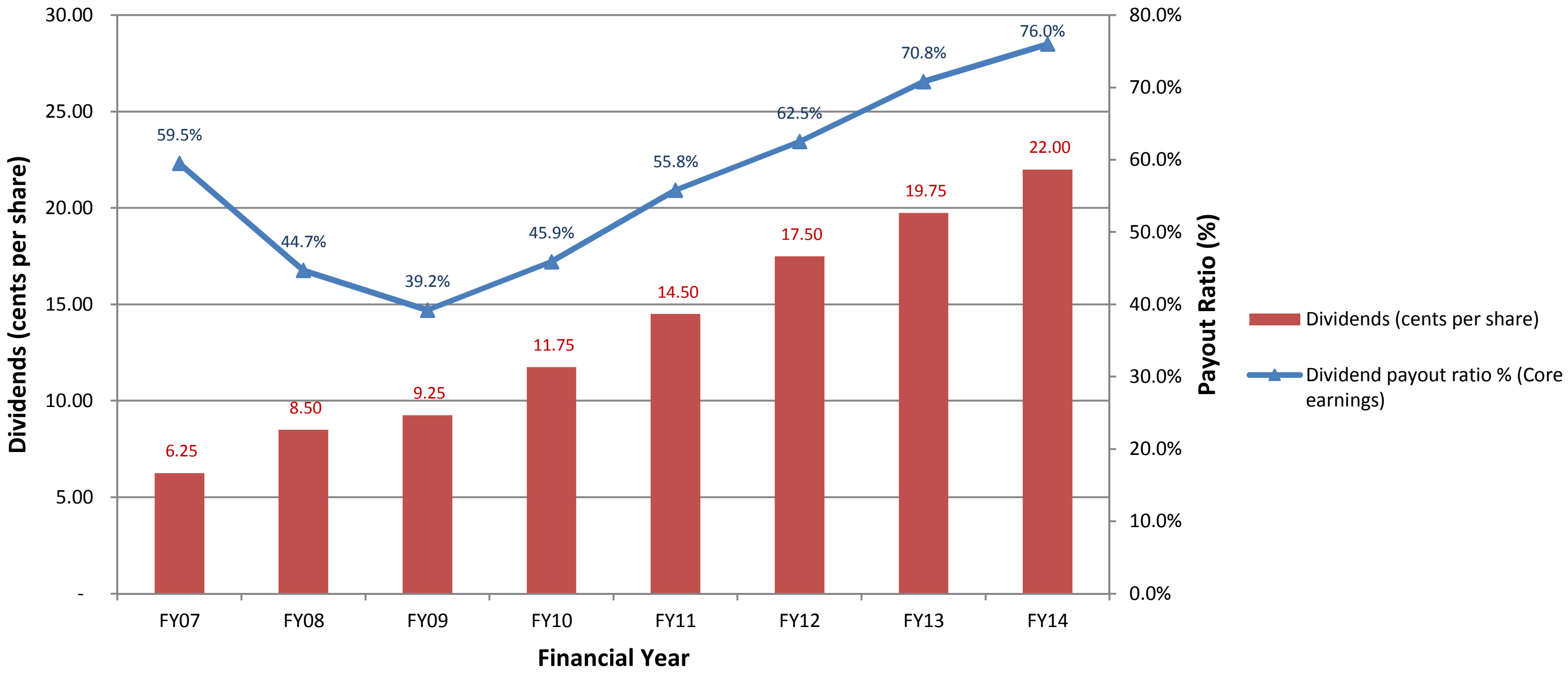
A Multi-Revenue Base

- Stewardship of multiple Brand Systems and diverse revenue streams
- De-risks exposure to any one Brand System or revenue stream
- QSR contribution to FY14 Group EBITDA c.22%
- Coffee revenue growth in FY14 of 6.5% to $21m

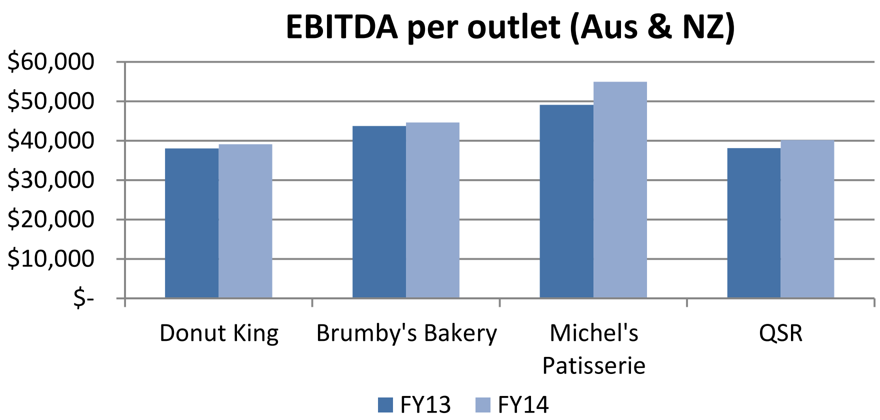
% EBITDA Contribution by Brand System

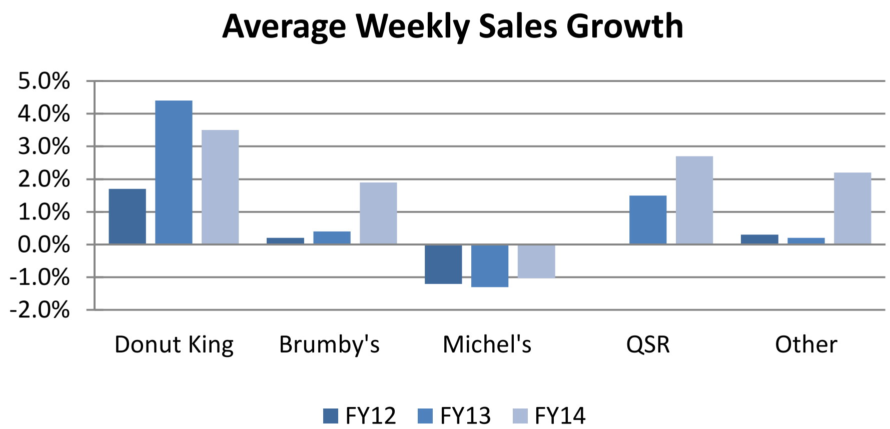


Shareholder Metrics



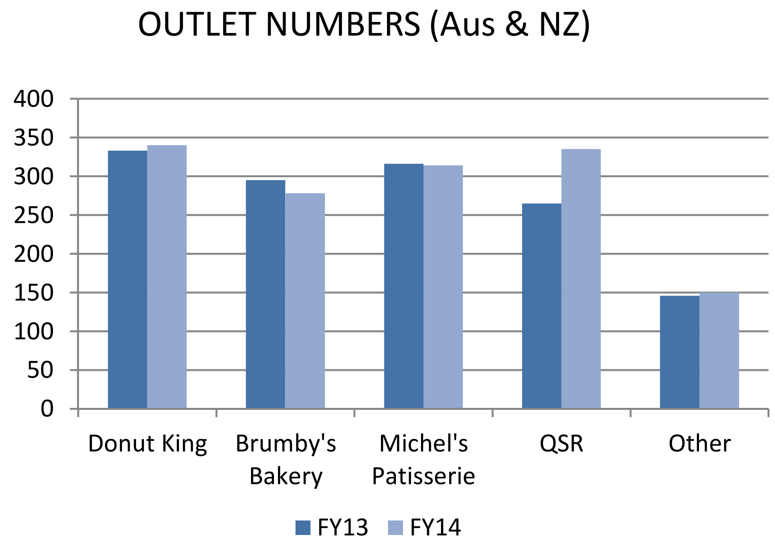
Brand System Performance





Outlet Growth

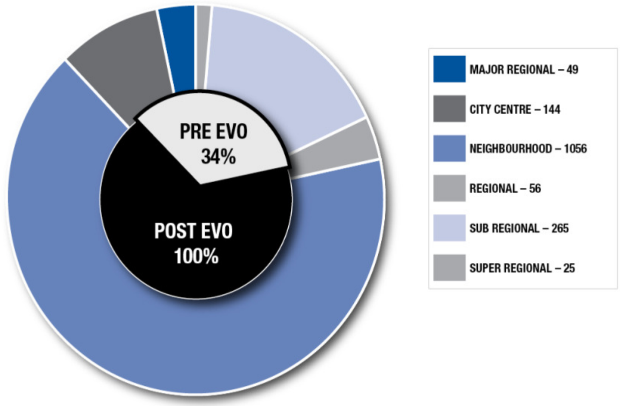
- Record 150 new outlets commissioned in FY14 (QSR: 85; Traditional: 65)
- Closing outlet population 1,434 (including International)



Project EVO Traction

- EVO outlets performing strongly
  - Donut King
    - AWS new outlets 13.3% above Comparative Store Set (CSS)
    - AWS refurbishment 4.8% above CSS
  - Michel's Patisserie
    - AWS new outlets 11.4% above Comparative Store Set (CSS)
    - AWS refurbishment 10.4% above CSS
- 117 EVO outlets as at 30 June 2014
- Platform for reinvigorated outlet growth opportunity and performance

EVO EXPANDS POTENTIAL SITE OPPORTUNITY



Michel's Bakery Solution

Final phases of transition to National Bakery Solution being commissioned

Funded by innovative RFG rental scheme which has encouraged expedited outcomes

In-store freezer rollout:

- Practical completion in Queensland
- Commenced in Victoria and New South Wales
- Program completion by 1H16

Platform for Growth

Numerous complementary opportunities available, including:

- Leveraging existing and acquired Brand Systems via Group finance and equipment leasing programs
- Leveraging RFG's coffee expertise and roasting capacity to drive external wholesale supply opportunity
- Transitioning one-off revenue streams
- Conversion of opportunities inherent in or consequential to acquisitive growth

Cafe2U & La Porchetta

Cafe2U acquisition completed 11 September 2014, with integration substantially complete

La Porchetta SPA termination regrettable, but RFG continuing to liaise with vendors

Gloria Jean's Coffees

Transaction involves the acquisition of:

- Global Gloria Jean's Coffees and It's a Grind IP
- Two state-of-the-art coffee roasting facilities
- Significant roasting and wholesale coffee business
- Established international master franchise network
- Packaging, warehousing and distribution infrastructure and networks both nationally and internationally

FY16 underlying EBIT contribution of c.$24m

Perspective

Gloria Jean’s Coffees Group assets comprise:

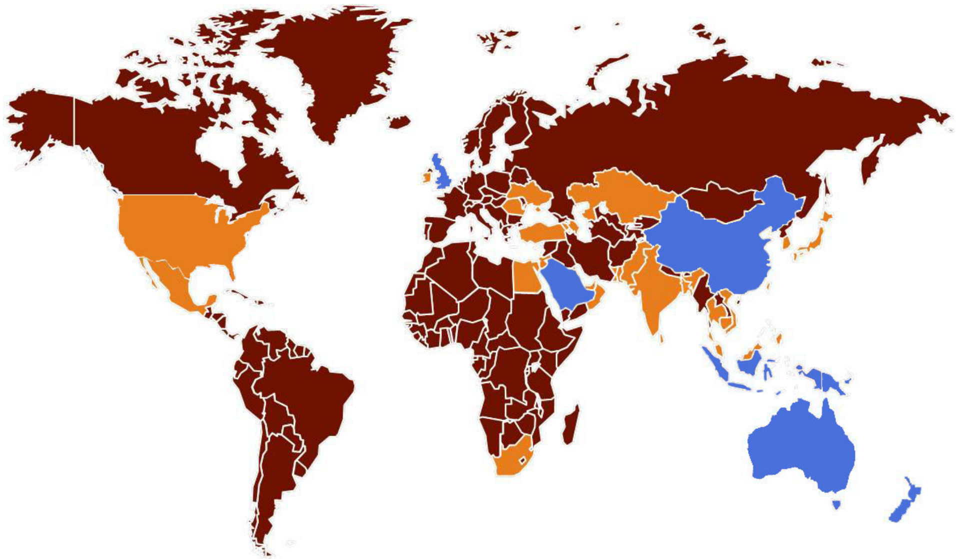
- c.800 franchised outlets across 45 countries (advancing RFG network population to >2,400)
- 40 international master territories (c.360 outlets)
- Franchisor, management and operational responsibilities for Australia and USA (c.445 outlets)
- c.2.9m kg annual coffee through-put (taking Group though-put to c.4.5m kg) and tripling of RFG roasting capacity to c.16m kg per annum
- Entrance into the ‘in home’ espresso market including access to patented Caffitaly capsule delivery system
- Migration of entire management team, including founder Nabi Saleh

Additional Growth Drivers

The transaction:

- Transforms RFG in terms of scale and leverage not previously enjoyed
- Facilitates restructure and realignment of RFG's existing businesses whilst re-prioritizing the Company's growth drivers
  - Rationalisation of sub-scale business activities
  - Integrate Brand System management where commercially expedient
  - Alignment of International operations
- Additional $13m EBIT contribution (after 3yrs) for $13m investment

A Global Business



RFG's network population will exceed 2,400 outlets across 45 domestic and international territories, a truly global franchising business with a fully integrated coffee supply chain of approximately 4.5m kg of through-put

1H14 Capital Raising

- Misalignment of capital raising with acquisition activity
  - Temporary EPS dilution
- Announced acquisition activity culmination of 18 months investigation of opportunities
- RFG Board focused on acquisition opportunity which demonstrates enduring benefit and positive shareholder outcomes

Capital Management

- October 2014 capital raising comprised:
  - $40m placement
  - $15m SPP
- Placement significantly oversubscribed with minimal discount
- SPP opens 26 November 2014 at $4.80 per share
- Senior Debt Facility increased to $225m, including extension of maturity date to September 2017 in respect of c.90%

Di Bella Coffee

- SPA subject to due diligence and other usual conditions, with settlement programmed for 31 January 2015
- Reputable brand and a market leader within independent wholesale channel
- Unique vertically integrated ("crop to cup") business model
- Long term commitment of founder ensures seamless integration and significant growth opportunity across all RFG coffee assets
- Increases RFG coffee through-put by c.30% to 5.9m kg (including Gloria Jean's Coffees Group)
- EPS accretive with supply-side leverage and vertical integration

Di Bella Coffee

- Pricing:
  - $30m - $27.4m cash + RFG ordinary shares at the Company's discretion ($2.6m)
  - Up to $17.3m in milestone and earn-out performance based payments
- FY15 and FY16 EBIT[(1)] contribution: c.$2.0m and c.$6.0m respectively
- FY16 EV/EBIT multiple range: 5.2 to 6.0 (depending upon earn-out performance)
- Pricing will be sourced from the Company's cash and debt facilities

Coffee & Allied Beverage Growth

Coffee Volumes (Tonnes)	Franchise Networks	Contract Roasting	Commercial	In-home	Total
RFG Existing	1,300 40%	200 28%	100 9%	-	1,600 27%
GJC Additional	1,850 56%	250 35%	50 4%	750 100%	2,900 49%
Di Bella Proposed	140 4%	270 37%	990 87%	-	1,400 24%
Total % of Total Throughput	3,290 56%	720 12%	1,140 19%	750 13%	5,900 100%

Gloria Jean's Coffees and Di Bella Group to be integrated simultaneously

FY15YTD Performance & Guidance

- FY15 Guidance reconfirmed:
  - c.18.5% underlying NPAT growth to $43.7m(1)
  - c.36% underlying NPAT growth to $50.0m(2) (assuming Gloria Jean's Coffees settlement prior to 31 December 2014)

- Di Bella Group contribution to FY15 EBIT c.$2m (if transaction settled prior to 31 January 2015)

(1) Including Café2U
(2) Including Café2U and Gloria Jean's Coffees Group

Close

RFG has again demonstrated the robust nature of its unique business model

RFG’s Board expresses sincere thanks and appreciation to franchisees, management, staff and RFG’s valued shareholder community