



RETAIL FOOD GROUP
STRENGTH IN BRANDS

FY15 RESULTS
PRESENTATION



Retail Food Group (ASX:RFG)

RFG is Australia's largest owner, developer & manager of retail food franchise systems

- Network of c.2,450 outlets spanning 58 licensed global territories across 12 Brand Systems
- Roaster and supplier of high quality coffee & affiliated products
- Four coffee roasting facilities & 12 wholesale Brands supplying Australian & international markets

Corporate

ASX Code	RFG
Index	ASX200
Share price ⁽¹⁾	\$4.92
Shares on issue ⁽¹⁾	162,937,484
Market cap ⁽¹⁾	\$801.7m
Net debt ⁽¹⁾	\$192.2m
Enterprise value ⁽¹⁾	\$993.9m
Final dividend (FY15)	11.75 cps
Dividend yield ⁽²⁾	6.76%

Board of Directors/Executive

Colin Archer	Independent Non-executive Chairman
Anthony (Tony) Alford	Managing Director
Stephen Lonie	Independent Non-executive Director
Jessica Buchanan	Independent Non-executive Director
Kerry Ryan (Appointed 27 Aug 15)	Independent Non-executive Director
Andre Nell	CEO (Franchise)
Gary Alford	CEO (Commercial)
Peter McGettigan	CFO
Mark Connors	COO

(1) As at 21 August 2015 (2) Pre-tax FY15 interim + final dividend divided by share price

Brand Systems (Franchise)

Traditional	Donut King	
	Brumby's Bakery	
	Michel's Patisserie	
Coffee Retail	Gloria Jean's Coffees	
	It's A Grind	
	bb's Café/Esquires	
QSR	Crust Gourmet Pizza Bar	
	Pizza Capers	
Mobile	Café2U	
	The Coffee Guy	
Commercial & Wholesale (Commercial)		
Specialty	Di Bella Coffee Group	
	Café Palazzo	
	Roasted Addiqtion	
Roasting Facilities	Evil Child	
	Roasting Australia (NSW)	
	Di Bella Coffee (QLD)	
	Evolution Roasters (NZ)	
	Maranatha LLC (USA)	

Enviably Track Record

Sustained & sustainable outcomes demonstrate RFG continues to be a company in growth

Historical Performance⁽¹⁾

- ☑ EBITDA CAGR since Listing: 27.6%
→ EBITDA CAGR (FY12-FY15): 20.4%
- ☑ NPAT CAGR since Listing: 28.2%
→ NPAT CAGR (FY12-FY15): 24.6%
- ☑ EPS CAGR since Listing: 17.1%
→ EPS CAGR (FY12-FY15): 10.5%
- ☑ Dividend CAGR since Listing: 19.1%
→ Dividend CAGR (FY12-FY15): 10.0%
- ☑ Total Shareholder Return (TSR) CAGR since Listing: 30.3%⁽²⁾
→ TSR CAGR (FY12-FY15): 32.9%⁽²⁾

Strong Growth Story

- Continues to deliver positive outcomes whilst reinvesting in long term acquisitive & organic growth
- Maiden FY07 dividends of 6.25cps increased c.370% to 23.25cps⁽⁴⁾
- Outlet population increased from c.330 to c.2,450 since Listing
- Established inaugural coffee roasting facility in 2008, with total Coffee & Allied Beverage operations now contributing 31.1% to FY15 Group EBITDA⁽³⁾
- Core of Executive Management Team has presided over entirety of growth since Listing

(1) Underlying Results – refer Appendix 1

(2) Includes pre-tax dividends

(3) Includes coffee EBITDA from franchise & wholesale

(4) 1H15 + FY15 final dividend

FY15 Results



Record Achievements

Business model delivering record performance & unique growth platform

FY15 Performance⁽¹⁾

	FY14	FY15	Change
Revenue ⁽²⁾	\$128.8m	\$210.4m	63.4%
EBITDA	\$59.1m	\$88.8m	50.2%
NPAT	\$36.9m	\$55.1m	49.3%
Basic EPS	26.5cps	35.6cps	34.3%
Dividend (Full Year)	22.0cps	23.25cps	5.7%
Dividend Payout Ratio	75.9%	65.3%	
Franchised Outlets (Global)	1,434	2,446	1,012
International Territories	9	58	49
Net Debt	\$57.4m	\$192.2m	
Gearing Ratio	16.6%	33.1%	
Interest Cover	12.3x	11.1x	

Remarkable Outcomes

- ☑ Transformed into genuine global enterprise with significant international footprint
- ☑ Record
 - EBITDA (up 50.2% to \$88.8m)
 - NPAT (\$55.1m) consistent with guidance
 - EPS of 35.6cps (34.3% increase on PCP)
 - Final dividend increase to 11.75 cps (PCP: 11.25cps)
 - Coffee business annualised throughput increased 4.32m kgs to 5.92m kgs
 - 35% increase in Total Shareholder Return⁽³⁾
- ☑ 73% increase in network population (+1,012 outlets) to c.2,450 driven by acquisitions & organic new outlet commissionings
- ☑ Completion of Company defining acquisitions
 - Café2U (September 2014)
 - Gloria Jean's Coffees Group (December 2014)
 - Di Bella Coffee (February 2015)

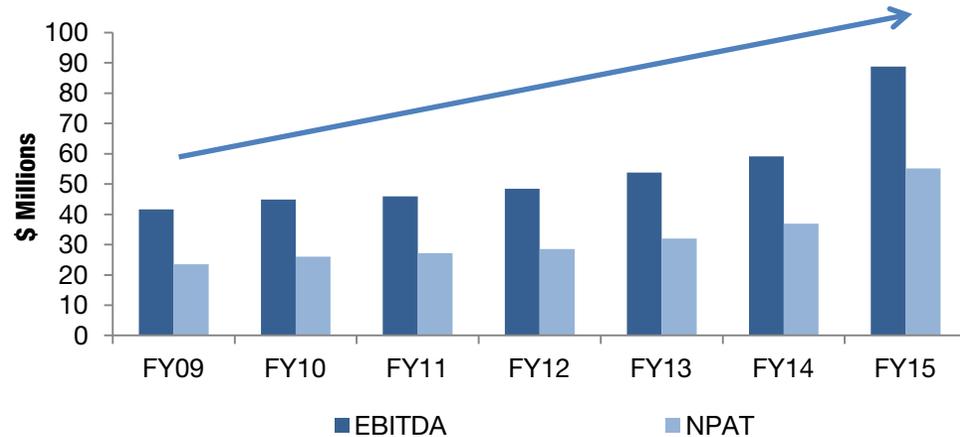
(1) Underlying – refer Appendix 1

(2) Reported revenue less revenue associated with marketing pursuits

(3) Share price change over FY15 + pre-tax dividends paid

Exemplary Performance & Shareholder Outcomes

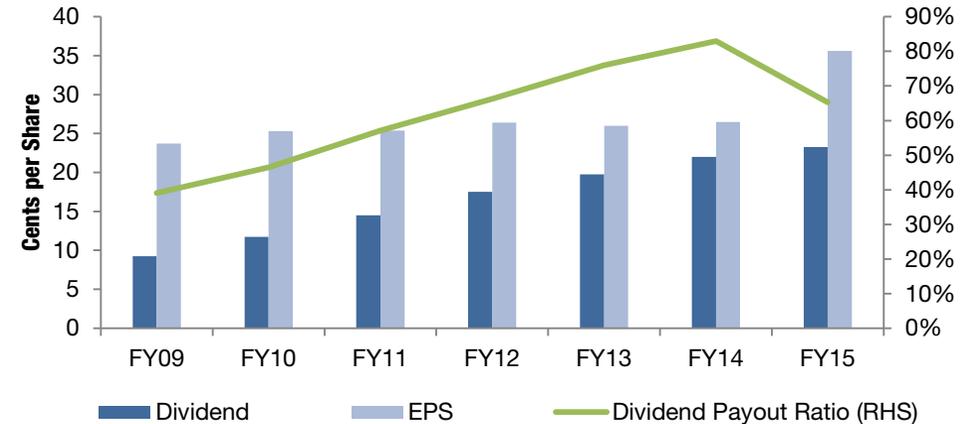
Rewarding shareholders with record earnings & dividends



EBITDA & NPAT⁽¹⁾

- EBITDA up 50.2% on PCP to \$88.8m driven by contributions from strategic acquisitions
 - EBITDA CAGR 20.4% (FY12-FY15)
- NPAT up 49.3% on PCP to \$55.1m
 - NPAT CAGR 24.6% (FY12-FY15)
- FY15 EBITDA conversion to cash flow ratio of 109.6%⁽²⁾ (PCP: 85.8%)
 - Cash flow conversion a continuing strength of Group's business model

(1) Underlying – refer Appendix 1 (2) 92.5% excluding impairment & provisioning charges



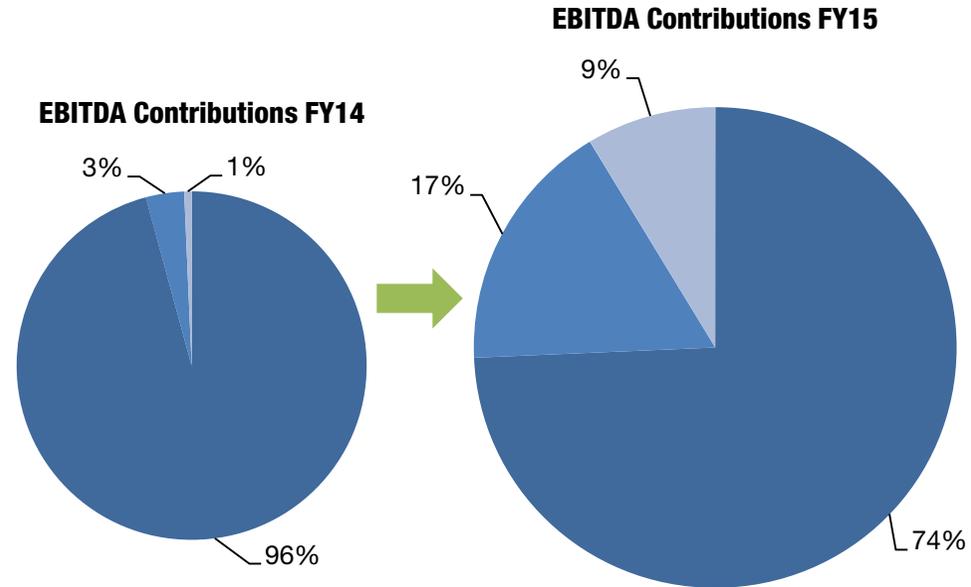
Dividends & EPS⁽¹⁾

- Basic EPS up 34.3% on PCP to 35.6cps
- FY15 dividends increased 5.7% to 23.25cps
- 9th consecutive annual dividend increase
- Dividend payout ratio moderated to 65.3% (PCP: 75.9%)
 - Continues to reward shareholders; whilst
 - Supporting acquisitive & organic growth initiatives

Diversifying Platforms

Diversification nurtures business & drives growth

EBITDA Breakdown	FY14	FY15	%
■ Brand Systems (Domestic) ⁽²⁾	\$56.6m	\$66.0m	↑ 16.6%
■ Brand Systems (International) ⁽²⁾	\$2.1m	\$15.1m	↑ 619%
■ Coffee Wholesale ⁽³⁾	\$0.4m	\$7.7m	↑ 1,825%
Total	\$59.1m	\$88.8m	↑ 50.25%



Strength of Multi-Brand & Multi-Revenue Platforms

- FY15 record outcomes support strategy of pursuing relevant & complementary multi-brand & multi-revenue business drivers
 - Brand System (International) & Coffee Wholesale contribution to Group EBITDA increased to 26% (PCP: 4%)
 - Reliance on domestic Brand System EBITDA reduced from 96% to 74%
 - Business assets which generated 100% of EBITDA in FY06 now represent c.12% of EBITDA⁽¹⁾
- Limits exposure to modest performance amongst any one business unit
 - Affords scope to support challenged business units in the event of adverse conditions (e.g. natural disasters)
- Encourages growth via holistic business model not tied to any one business platform
- Enhances business intelligence leading to better informed strategic & operational decisions

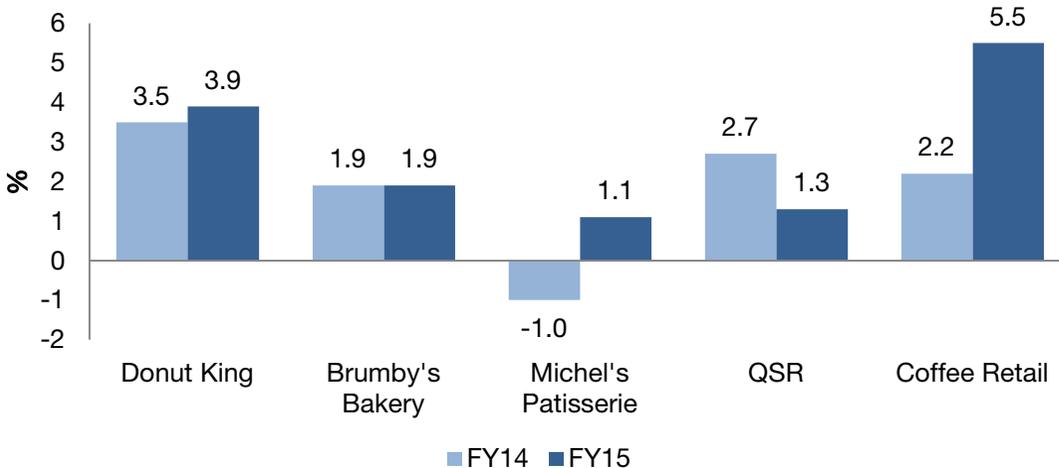
(1) Underlying – refer Appendix 1

(2) Includes EBITDA contribution from Coffee & Allied Beverage sales to Brand System franchisees

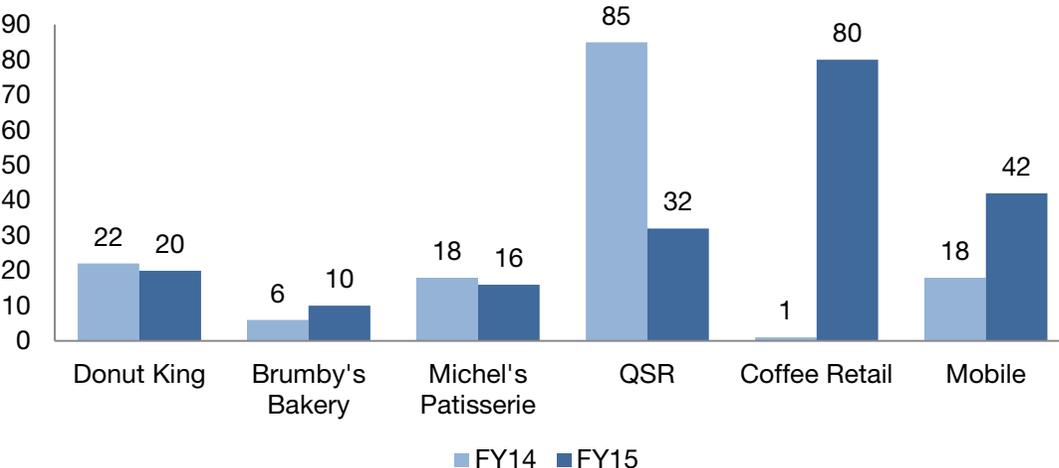
(3) Excludes EBITDA contribution from Coffee & Allied Beverage sales to Brand System franchisees

Brand System Highlights

SSS Growth



Outlet Commissionings by Brand



(1) Weighted average

Healthy Franchise Network

- Positive SSS/ATV growth⁽¹⁾
 - Group SSS growth: 2.9%
 - Group ATV growth: 3.4%
- Results driven by
 - Ongoing Project EVO traction (27% penetration across Traditional Brand Systems)
 - Strong Gloria Jean's Coffees SSS post acquisition bolstered Coffee Retail Division results
- Rollout of National Bakery Solution (NBS) underpinning Michel's SSS turnaround (from -1.0% to +1.1%)
 - NBS first applied to QLD network: SSS growth of c.5%
 - June 15 rollout in NSW: delivering positive SSS results
 - NBS completion scheduled 1H16
- Transactional approvals up 25% to c.400 demonstrates continuing Brand System relevance & outlet performance
 - 199 franchise renewals approved (PCP: 147)
 - 203 outlet resales approved (PCP: 160)

Organic Growth

- Record 200 new outlets commissioned (exceeding guidance by 50) including 81 new international outlets
 - All Brand System categories represented
 - Reflects strong new franchisee pipeline & diverse franchise offer
 - Outlet growth from international licensees reinvigorated subsequent to acquisition

Brand System Results Summary - Financial

Division	Network Sales (\$m)		Gross Franchise Revenue								EBITDA (\$m)		
			Franchise Revenue (\$m)		Net Coffee Contribution (\$m)		International Contribution (\$m)		Total (\$m)				
	FY15	PCP	FY15	PCP	FY15	PCP	FY15	PCP	FY15	PCP	FY15	PCP	
Traditional		160.5	(1.1)%	15.9	1.9%	3.4	13.3%	0.1	-	19.4	3.7%	14.8	11.3%
		164.4	(11.7)%	14.2	(18.4)%	0.2	100%	0.3	-	14.7	(17.4)%	10.8	(12.9)%
		161.0	(7.3)%	18.0	(8.6)%	7.1	(1.4)%	0.0	-	25.1	(6.7)%	17.5	1.2%
	Total:	485.9	(6.9)%	48.1	(8.7)%	10.7	3.9%	0.4	-	59.2	(6.6)%	43.1	0.2%
Like for Like⁽¹⁾											46.1	6.8%	
QSR		205.1	2.5%	19.8	(3.4)%	Not Applicable		-	-	19.8	(3.4)%	12.9	(4.4)%
													
Coffee		241.5	582%	12.7	647%	12.2	917%	12.0	650%	36.9	720%	23.5	968%
													
Mobile		Not Applicable		2.1	2,000%	1.3	117%	1.0	150%	4.4	300%	2.2	267%
													
Group Total		932.5	23%	82.7	10.3%	24.2	100%	13.4	458%	120.3	34.4%	81.7	37.8%

(1) Includes \$3m impact of new accounting policy relating to allocation of network access fees over contract life rather than FY of receipt

Brand System Results Summary - Operational

	Division	SSS (%)	ATV (%)	New Outlets	Closures		Net Outlets	Total Outlets	EVO Traction (% of network)
					Like for Like	Legacy & Consolidation ⁽¹⁾			
Traditional		3.9%	3.7%	20	18	8	(6)	341	34%
		1.9%	2.8%	10	21	18	(29)	250	13%
		1.1%	2.3%	16	20	18	(22)	294	32%
	Total:	2.4%	2.9%	46	59	44	(57)	885	27%
QSR		1.3%	5.4%	32	16	25	(9)	333	Not Applicable
									
Coffee		5.5%	3.1%	80	6	44	810 ⁽²⁾	887	Not Applicable
									
Mobile		Not Applicable		42	4	6	268 ⁽³⁾	341	Not Applicable
									
Group Total		2.9%	3.4%	200	85	119	1,012	2,446	

(1) Refer Market Presentation 2 June 2015

(2) Includes 780 outlets on acquisition of Gloria Jean's Coffees & It's A Grind

(3) Includes 236 outlets on acquisition of Café2U

Acquisition Scorecard

A 'glorious' result

Acquisition	FY15 EBITDA Contribution ⁽¹⁾	FY15 EBITDA Guidance Achieved	Initial Integration Completion	Full Synergy & Leverage Extraction	Development Potential Priority	Return on Capital ⁽³⁾
	\$1.6m	✓	100%	75%	★★★	15.1%
	\$15.3m ⁽²⁾	+9.3%	75%	50%	★★★★★	16.1%
	\$2.9m	+7.4%	65%	40%	★★★★	21.6%
Total:	\$19.8m	+8.2%				

Acquisitive Strategy Validated

- Synergy leverage & development
 - Opportunities identified during due diligence confirmed
 - Additional untapped opportunities to be liberated
 - Extraction on track to be realised over three years
- Endorses resolve to implement accelerated growth platform⁽⁴⁾
- Acquisition activity has driven positive outcomes across the entire business platform
- Acquisition EBITDA in respect of FY16 affirmed at c.\$35m⁽⁵⁾

Integration KPIs Met or Exceeded

- Existing growth platform & drivers would not exist but for Group's pursuit of acquisition strategy
- All FY15 acquisitions met or exceeded acquisition KPIs
 - EBITDA performance exceeded EBITDA KPI by \$1.5m (or 8.2%)
 - Combined acquisition EBITDA (\$19.8m) represents 22.3% of FY15 Group EBITDA
 - c.1,000 outlets added to franchise networks (including c.500 international outlets)
 - Coffee business annualised throughput increased 4.32m kgs

(1) Underlying – refer Appendix 1

(2) Excludes China Joint Venture EBITDA of \$5.7m

(3) Annualised FY15 EBITDA contribution over initial acquisition cost

(4) Refer Market Presentation 2 June 2015

(5) Excluding acquisition & integration costs

FY15 Acquisitions – Mobile & Specialty Coffee

Café2U

- Positions RFG as global mobile coffee leader
 - Acquired September 2014
 - \$1.6m contribution to FY15 EBITDA
 - Performance consistent with acquisition KPI
 - Added 236 outlets across 5 international territories
- Drove closing FY15 global mobile network to 340+ coffee vans
- Strengthened organisational capability
 - Experienced Café2U personnel retained & promoted to senior management roles within Mobile Division
- Post acquisition performance validates entry into mobile 'low entry investment' franchise segment
 - 42 new vans established across Mobile Division in FY15
- Awarded Best Value Franchise Model in Price Range on Australia's 'Today Show' in 2015



Di Bella Coffee

- Australia's pre-eminent specialty coffee brand
 - Acquired February 2015
 - \$2.9m contribution to FY15 EBITDA
 - Exceeded acquisition KPI by 7.4%
 - FY15 vendor earn-out threshold achieved
 - c.1,000 wholesale customers
 - International wholesale penetration significantly more attractive than originally envisaged including launch of brand into USA
- Provided immediate & genuinely scalable footprint within specialty coffee market
- Complements Group's Coffee & Allied Beverage strategy via establishment of tangible service platforms in franchise, 'in-home', contract roasting & specialty coffee markets
- Enhances organisational capability via retention of expert management team
- Research & development continuing with respect to allied coffee drinks & products



FY15 Acquisitions – Coffee Retail & Wholesale

Gloria Jean's Coffees Group

- Transformational acquisition of Gloria Jean's Coffees Group
 - \$15.3m contribution to FY15 EBITDA⁽²⁾
 - Exceeded acquisition KPI by \$1.3m (or 9.3%)
 - Or +\$7m (50% increase) if China JV EBITDA included
 - Footprint of 800+ outlets across 40+ international territories
 - Primed for domestic reinvigoration & accelerated international growth

Franchise Operations

- Enhanced performance post acquisition
 - FY15 Brand System SSS growth 5.5%
 - 80 new outlets (16 domestic + 64 international) commissioned since acquisition, exceeding acquisition KPI
- International operations contributed \$9.4m⁽¹⁾⁽²⁾ to Group EBITDA
 - Includes licence/administration revenue, royalties from sales & service fees
 - Driven by 7 months of Gloria Jean's Coffees international operations
- Successful 2H15 Inaugural GJC Master Franchise Partner (MFP) Conference
 - Consummated RFG/MFP relationships
 - Generated strong MFP interest in RFG Brand System portfolio
 - Re-energised stagnated territory development

Coffee & Allied Beverage Operations

- Coffee roasting & wholesale business acquired via GJC Group transaction, incorporates
 - Central coffee roasting facility (Castle Hill, NSW)
 - State-of-the-art facilities
 - Now producing, warehousing & distributing coffee for all RFG Brand Systems
 - International coffee roasting facility (Los Angeles, USA)
 - Servicing Americas & Ireland
 - Being positioned to roast & distribute other RFG wholesale brands
 - Growing wholesale business
 - Significant in-home (capsule) business & opportunity
- Consolidation of NSW roasting facilities generates immediate manufacturing efficiencies providing access to increased capacity, cutting edge technology & best practice systems to support future coffee growth

(1) Includes EBITDA contribution from Gloria Jean's Coffees Group & existing RFG business

(2) Excludes China Joint Venture EBITDA of \$5.7m

Brand Systems & Coffee Wholesale: FY15 Achievements & FY16 Initiatives



Traditional Brand Systems

FY15 Achievements

- Project EVO achieved 27% penetration across Traditional network
 - Donut King SSS growth continues to benefit from Project EVO
 - Project EVO traction in Michel's Patisserie & Brumby's Bakery now evident in emerging SSS uplift
- Contribution per Outlet⁽¹⁾ increase of \$2.9k over PCP, or 6.2%
 - Weighted average EBITDA contribution per Outlet 13.6% increase on PCP when new accounting policy treatment excluded⁽²⁾
- Reinvigorated promotional activity & focus on core product ranges (donuts, bread & cakes) propelled SSS & ATV
 - First full-year positive SSS growth for Michel's Patisserie since FY11
- Doubled penetration of coffee within Brumby's Bakery network
 - 51 outlets now serving coffee (c.20% of network)
- Michel's Patisserie National Bakery Solution facilitating enhanced product development to capitalise on dessert & baking trends

FY16 Initiatives

- +44% Project EVO traction targeted by end of FY16
- Implementation of initiatives to drive SSS, including
 - Enhanced ecommerce & digital offering for customers
 - Regular innovative product development including day part initiatives
 - Roll out product customisation platforms
 - Enhanced training to improve customer experience
 - Creative in-store & social media promotions to increase awareness, customer engagement & loyalty

(1) Underlying – Refer Appendix 1

(2) Removes \$3m impact of new accounting policy relating to allocation of network access fees over contract life rather than FY of receipt

FY15 Highlights	Donut King	Michel's	Brumby's
SSS Growth	3.9%	1.1%	1.9%
ATV Growth	3.7%	2.3%	2.8%
Network Population	341	294	250
Contribution to Group EBITDA ⁽¹⁾	16.7%	19.7%	12.2%
Traditional Brand Systems Contribution to Group EBITDA ⁽¹⁾			48.5%

EBITDA Contribution per Outlet ⁽¹⁾	FY14 (\$'000)	FY15 (\$'000)	PCP
Donut King	38.3	42.8	11.7%
Michel's Patisserie	54.8	59.5	8.7%
Brumby's Bakery	44.4	43.2	(2.8)%
Weighted Average	45.6	48.5	6.2%
LFL Weighted Average⁽²⁾	45.6	51.9	13.6%



QSR Division

FY15 Achievements

- Avoidance of destructive price discounting practices adopted within competitive set
 - ATV initiatives utilised to support SSS
- Increased digital marketing & enhanced EDM targeting strategies led to enhanced online sales results
 - 28.8% growth in online sales for Pizza Capers (27.6% of total sales)
 - 14.9% growth in online sales for Crust (36.8% of total sales)
- Customer segmented deal strategies & new product innovation contributed to ATV growth of 5.4% across Division
- Crust's mobile activation strategy successful with Mobile Pizza Bar recording >\$500k in retail sales at 2015 Australian Open
 - Full 1H16 calendar of events committed, including Bathurst 1000
 - Three Mobile Pizza Bar outlets now in use

FY16 Initiatives

- Continued focus on digital marketing to drive online sales
- QSR400 tempered by network consolidation but fortified by significant international opportunity & interest
- Pizza Capers driving customer engagement
 - CRM member recruitment & offers to increase customer loyalty
 - Increased product innovation & 'Limited Time Only' offers through introduction of 'Capers Studio'
- Crust Gourmet Pizza Bar focussed on innovation in product & promotion
 - Showcase innovative gourmet flavours brand is renowned for
 - Focus on local area marketing tactics in partnership with franchisees

(1) Underlying – Refer Appendix 1 (2) Refer Market Presentation 2 June 2015

FY15 Highlights

SSS Growth	1.3%
ATV Growth	5.4%
Network Population	333
Contribution to Group EBITDA ⁽¹⁾	14.5%

EBITDA Contribution per Outlet ⁽¹⁾	FY14 (\$'000)	FY15 (\$'000)	PCP%
QSR Division	39.5	38.7	(1.9%)

Performance Tempered

- FY15 EBITDA decrease (4.4%) impacted by
 - Operation of QSR400 corporate outlets prior to disposition
 - Rationalisation/conversion of Pizza Capers outlets outside of QLD, Northern NSW & WA stronghold⁽²⁾



Coffee Retail Division

FY15 Achievements

- Exceptional outcomes
 - SSS & ATV growth (5.5% & 3.1% respectively)
 - EBITDA Contribution per Outlet increase of 41.3% on PCP driven by leverage & scale⁽¹⁾
 - 4Q15 coffee sales up 10.5% supported by new 'Sereno' smooth blend promotion
- Conversions of bb's Café & Esquires outlets to Gloria Jean's Coffees & Michel's Patisserie Brand Systems underway (5 completed during FY15)
- Aligning beverage campaigns with prevailing food trends to drive category growth
- 8 new outlets opened in China during 2H15 reflects strong start to China Joint Venture
- It's A Grind recommenced penetration outside of the USA

FY16 Initiatives

- Continued expansion into non-traditional sites (including drive thru) reducing exposure to shopping centre platform
- International outlet expansion via existing Master Franchise Partners in addition to new partner recruitment
- Launch enhanced tactical marketing campaigns driven by product innovation across food & beverage categories including day part innovation
- Project Evolution concept development to be piloted

FY15 Highlights

SSS Growth	5.5%
ATV Growth	3.1%
Network Population	810
Contribution to Group EBITDA ⁽¹⁾	26.5%

EBITDA Contribution per Outlet ⁽¹⁾	FY14 (\$'000)	FY15 (\$'000)	PCP
Coffee Retail	28.6	40.4	41.3%



(1) Underlying – Refer Appendix 1

Mobile Division

FY15 Achievements

- Exceptional performance
 - Organic growth of 42 outlets
 - EBITDA Contribution per Outlet 6.6% up on PCP⁽¹⁾
- Consolidation of Café2U & The Coffee Guy into Mobile Division
 - Enhanced franchisee profitability through reduced cost of goods, packaging & uniforms
 - Strengthened management team leading Division
- Consolidation of roasting, supply & distribution complete
- Van rental program for The Coffee Guy commissioned
- Café2U Franchisee Leadership Conference held 2H15 & attended by 192 delegates ensured seamless management transition
- Mobile Division is World's largest in terms of outlets
 - The Coffee Guy market leader in New Zealand
 - Café2U market leader in Australia
- Utilisation of social & digital media to re-engage with customers outside of 'coffee run'

FY16 Initiatives

- Mobile Division targeting 25+ new outlets in FY16
 - Reinvigoration of international growth opportunities
- Expand 'grab & go' food offering with focus on enhanced quality & healthy options
- 1H16 launch of first Australian The Coffee Guy container concept outlet
- Piloting of additional Brand System mobile formats & cross-pollination of products

(1) Underlying – Refer Appendix 1

FY15 Highlights

Network Population	341
Contribution to Group EBITDA ⁽¹⁾	2.5%

EBITDA Contribution per Outlet ⁽¹⁾	FY14 (\$'000)	FY15 (\$'000)	PCP
Mobile Division	8.2	8.8	6.6%



Coffee & Allied Beverage

FY15 Achievements

- Annualised throughput of 5.92m kgs consistent with guidance
- Integration of Roasting Australia & Di Bella Coffee
 - Access to best in class equipment & facilities
 - Enhanced management team & expertise
 - Streamlined processes & procedures
- Commenced execution of key internal consolidation & synergistic projects in 2H15
 - Green bean origin & purchasing platform – resulting in increased purchasing power whilst streamlining supply & leveraging scale
 - Regional international distribution hubs (Project Link)
 - Synergistic decommissioning of excess roasters for deployment internationally
 - Expansion of international roasting facilities

FY16 Initiatives

- Further technological & equipment enhancement at Castle Hill (NSW) roasting facility
- Focus on growing Di Bella Coffee domestic market share through expansion into NSW & WA
- Growing 'in-home' (capsule) category penetration via Roasting Australia
- Expansion of wholesale/contract roasting business
- Specialty wholesale & ecommerce re-launch into international territories including Di Bella Coffee & Café Palazzo



Accelerated Growth Plan: FY16 & Beyond



Framework for Continued Success

Ongoing organisational, efficiency & productivity initiatives embellishing platforms for long term success & realisation of enhanced earnings

Realising EBITDA Opportunity

- On track to realise c.\$16m additional EBITDA over 3 years detailed in 2 June 2015 Market Presentation
 - Network consolidation
 - Rationalisation of sub-scale activities
 - Resource consolidation/prioritisation/enhancement
- \$16.3m cash investment
 - \$15.6m expensed during FY15
- \$18.5m non-cash investment
 - \$14m expensed/provisioned during FY15

Organisational Enhancement Implemented

- Board renewal & reinvigoration
 - Kerry Ryan appointed Non-Executive Director
 - Recruitment of additional Non-Executive Director under consideration
- Segregation of MD/CEO functions (June 15)
- Executive Management Team expanded
 - Increased & complementary skillsets
 - All business pursuits/platforms represented

Network Consolidation

- Focus on optimising outlet quality & Brand System profitability
- Program execution well advanced
- Outlet rationalisation/consolidation drives increased Brand System EBITDA & Contribution per Outlet

Resource Consolidation & Prioritisation

- Granville (NSW) roasting facility decommissioned & operations relocated to Castle Hill (NSW)
- Gloria Jean's Coffees Brisbane office closed
- Dedicated International Division established to drive growth, new master franchise/licence relationships & opportunities
- Resources being allocated to highest growth priorities
 - Maximising return on investment
 - Deployment aligned with strategic plan
 - Accelerates outcomes & captures efficiencies

Revenue Drivers

Franchise Initiatives

- Transitioning one off revenue streams into recurring weekly revenue, including 'Inspire' franchisee training program
 - Enhanced program benefits franchisee/franchisor by ensuring regular upskilling
 - Launched via Traditional Brand System network
 - c.200 outlets now participating
- Leveraging existing Brand System network via Group financing & equipment leasing programs
 - c.\$9.1m invested to date (PCP \$3.2m)
 - Investigating further opportunity through coffee wholesale business
 - New products to substantially enlarge investment book
 - Bolsters new outlet growth & franchisee adoption of Brand System initiatives (e.g. National Bakery Solution)
 - Digital platform enhancement & reinvigorated loyalty programs

Strong International Opportunities

- RFG engaging with multiple parties regarding new licensing/master franchise opportunities
 - Focus on India, Asia, UK, USA & Eastern Europe
 - Partnered with leading international franchise development firm (Asia's largest integrated franchise solution company)

Emerging Revenue Streams

- Yatala facility to be re-launched as production hub for development of drinking chocolate formulations with blending & bottling capabilities for complementary beverage & allied products (e.g. chai, syrups, toppings)
- Evaluation of commissioning additional roasting facilities internationally to
 - Grow market share
 - Reduce distribution costs
 - Increase EBITDA
 - Deliver enhanced speed to market for international partners
- Ramp up of Roasting Australia & Di Bella Coffee equipment sales & servicing platform

FY16 Outlook

Outlook

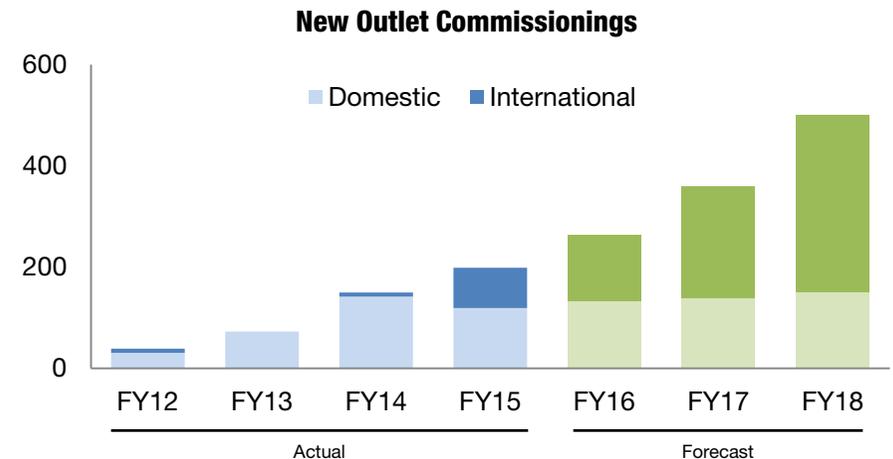
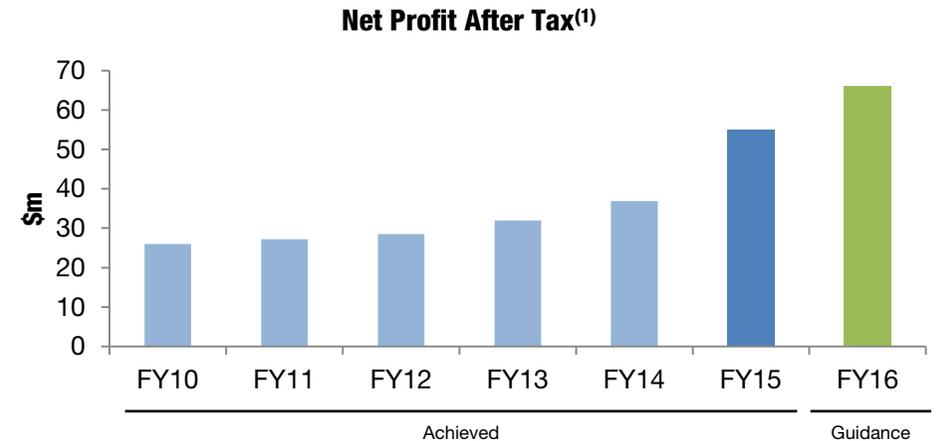
- RFG enthusiastic regarding short & long term performance
 - Proven business model
 - Solid platform laid for enhanced performance, including
 - Full year contributions from FY15 acquisitions
 - Experienced management team driving outcomes
- Multiple levers available for driving future earnings growth
 - Organic domestic opportunity
 - Brand Systems
 - Coffee & Allied Beverage
 - Significant international opportunity

M&A Central Platform for Growth

- RFG retains motivation to pursue businesses which
 - Are Earnings per Share (EPS) accretive
 - Are able to generate increased supply side scale, vertical integration & wider wholesale opportunity
 - Enhance the number of Brand Systems & outlets under RFG stewardship
- Given successful FY15 activity, acquisition strategy now includes international opportunities

FY16 Guidance

- NPAT growth c.20% on PCP (underlying)
- +250 new outlet commissionings, including
 - c.130 international



(1) Underlying – refer Appendix 1

Appendices



Appendix 1 – Earnings & Performance Reconciliation

	FY14	FY15		
	Reported (\$m)	Underlying	LFL	Reported
EBITDA	\$59.1m	\$88.8m	\$86.5m	\$59.4m
PCP%		50.2%	46.4%	0.5%
NPAT	\$36.9m	\$55.1m	\$53.5m	\$34.2m
PCP%		49.3%	45.0%	(7.2%)
EPS	\$26.5m	35.6cps	34.5cps	22.1cps
PCP%		34.3%	30.4%	(16.6%)

EBITDA Adjustments

Reported EBITDA		\$59.4m
Acquisition, Integration & Restructuring Costs ⁽¹⁾		\$29.4m
Underlying EBITDA		\$88.8m
China JV Licence Fee ⁽²⁾	(\$5.7m)	
Accounting Policy Adoption ⁽³⁾	\$3.4m	(\$2.3m)
Like for Like (LFL) EBITDA		\$86.5m

(1) Refer Market Presentation 2 June 2015

(2) China JV Licence Fee net EBITDA contribution of the fee received in respect of GJC International Licence granted per Market Announcement of 21/01/15

(3) Accounting Policy Adoption in recognition of the increasing contribution to EBITDA of initial fees received for Brand System access, RFG has resolved to recognise same over the respective agreement term as opposed to the financial year of agreement

Appendix 2 - Definitions

Acronym	Description
GFR	Franchise Revenue (inc. FSF) + net coffee contribution
FSF	Franchise Service Fee
NWS	Brand System Network Sales (Australia & NZ only)
SSS	Same Store Sales
ATV	Average Transaction Value
LFL	Like for Like
QSR	Pizza Capers & Crust Gourmet Pizza
Coffee Retail	Gloria Jean's Coffees, It's A Grind, Esquires & bb's Café
Mobile	The Coffee Guy & Café2U
Coffee Wholesale/Other	Evolution Coffee, Roasting Australia, Di Bella Coffee, Maranatha USA & sundry

Appendix 3 – Cash Flow Performance

	FY14 \$'m	FY15 \$'m
Receipts from customers	175.5	263.6
Payments to suppliers & employees	(124.9)	(198.5)
Gross operating cash flows	50.6	65.1
EBITDA	59.1	59.4
Ratio of gross operating cash flows to EBITDA	85.8%	109.6%
Interest & other costs of finance paid	(5.4)	(7.2)
Income tax paid	(15.3)	(23.2)
Net operating cash inflows	29.9	34.7
Dividends paid	(25.3)	(24.1)
Net Debt reduction	(40.0)	137.0
Acquisitions of business & intangibles	(3.7)	(194.7)
Acquisition of property, plant & equipment	(15.4)	(6.6)
Net capital raising	56.7	66.6
Funding Marketing Fund R&D initiatives	(7.8)	(10.1)
Other cash activities	0.3	-
	(35.2)	31.9
Net (decrease) / increase in cash reserves	(5.3)	2.8
Cash reserves at year end	11.6	14.4

- 28.6% increase in gross operating cash flow to \$65.1m (PCP: \$50.6m)
- Continuing strong cash flows – a feature of RFG's business model – supported by balanced investment & financing activities
- Increased conversion to EBITDA margin of 109.6%⁽¹⁾ (PCP: 85.8%) reflecting the positive cash generation of acquired businesses & enhanced by the non-cash expense provisions & impairment charges arising from integration & restructuring costs
- Excess free cash derived from operations, capital & debt raising used to fund
 - Acquisition of businesses – Café2U, Gloria Jean's Coffees Group & Di Bella Coffee
 - FY14 final dividend (11.25cps) & 1H15 dividend (11.5cps)
 - Investment in property, plant & equipment to fund QSR400 store growth
 - Investment in freezers in Michel's Patisserie stores across Australia
 - Long-term funding of Marketing R&D initiatives, including EVO concepts

(1) 92.5% excluding impairment & provisioning charges

Appendix 4 – Financial Position

	FY14 \$'m	FY15 \$'m
Assets:		
Cash reserves	11.6	17.1
Trade receivables	23.7	43.9
Financial assets	23.9	29.6
Inventories	10.1	20.9
Plant & equipment	27.7	42.9
Intangibles	299.1	513.0
Tax receivable	-	1.6
Other	2.0	11.0
	<u>398.1</u>	<u>680.0</u>
Liabilities:		
Trade payables	8.3	29.8
Provisions	2.0	5.8
Tax payable	5.0	-
Borrowings	68.9	206.6
Other (including contingent earnout consideration)	3.9	34.0
	<u>88.1</u>	<u>276.2</u>
Equity:		
Share capital	221.7	315.0
Reserves	0.3	1.3
Retained earnings	88.0	87.5
	<u>310.0</u>	<u>403.8</u>

- Working capital increases attributable to seasonal increases in revenues & consolidation of newly acquired businesses including
 - c.\$15m in Trade Receivables
 - c.\$13.5m in Inventories
- Acquisition of Café2U, Gloria Jeans Coffees Group & Di Bella Coffee intellectual property
- Total gross debt increased to \$206 million, primarily attributable to acquisitions
 - \$50 million is classified as current borrowings reflecting October 2015 maturity
 - \$156 million as non-current borrowings reflecting September 2017 maturity
- Contingent earnout consideration attributable to acquisitions
 - Gloria Jean's Coffees Group \$12.7m
 - Di Bella Coffee Group \$15.6m
- Share capital increase of \$93.3m reflecting
 - \$40m capital raising
 - \$15m SPP
 - \$10.6m DRP
 - \$13.3m DRP shortfall placement
 - \$13m shares issued on GJC acquisition
 - \$2.6m shares issued on Di Bella Coffee acquisition

Appendix 5 – Debt Structure

Senior Debt Facility	FY15
Net debt ⁽¹⁾	\$200.3m
Interest expense ⁽¹⁾	\$7.3m
Interest cover (times) ⁽¹⁾	11.1x
Gearing ratio (net debt / (net debt + equity)) ⁽¹⁾	33.1%
Total Facility	\$278.0m

- Facility headroom (including cash) at 30 June 2015 of \$77.4m
- Gross debt of \$206m at 30 June 2015
 - \$50m current borrowings reflecting October 2015 maturity
 - \$156m non-current borrowings reflecting September 2017 maturity
 - Sufficient headroom within non-current facility to accommodate debt maturity date of current borrowings
- Weighted average interest rate as at August 2015 is 4.02%
 - Margin over BBSY currently 2.0%
- Compliance with all lending covenants as at 30 June 2015 comfortably maintained
- Management successfully extended term facility date to September 2017

(1) Calculated in accordance with Senior Debt Facility Agreement

Appendix 6 – Capital Management

	Shares	Price (\$)	Proceeds/Value (\$m)
Shares on issue 1 July 2014	144,868,508		
Dividend Reinvestment Plan (Final FY14 Dividend)	1,168,051	4.66	5.44
Institutional/Sophisticated Investor Placement	8,333,334	4.80	40.00
Gloria Jean's Coffees Group Acquisition	2,371,414	5.48	13.00
Di Bella Coffee Acquisition	446,575	5.82	2.60
SPP	3,124,021	4.80	15.00
Dividend Reinvestment Plan (Interim Dividend)	734,063	7.05	5.17
Dividend Reinvestment Plan Shortfall Placement	1,881,518	7.05	13.26
ESOP – exercise of options	10,000	1.32	0.01
Shares 30 June 2015	162,937,484		
Share Value ⁽¹⁾			\$94.48m

- Institutional placement & SPP over subscribed
- Proceeds utilised to:
 - Assist in funding acquisition activity
 - Investment in QSR400 roll out
 - Provide asset funding/financing capabilities

(1) Before share issue costs & associated expenses of \$1.2m

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