

ASX RELEASE

COLLINS FOODS LIMITED REPORTS STRONG HALF YEAR PROFIT GROWTH

Wednesday, 2 December 2015: Collins Foods Limited (ASX: CKF) today reported its financial results for the half year ended 18 October 2015 (HY16). Highlighting the result was the company's strong growth in earnings and profit – with Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) up 19.8% and Net Profit After Tax (NPAT) up 33.6% (against underlying HY15*).

Directors have declared an interim dividend of 6.0 cents per ordinary share, fully franked, up 20% (HY15: 5.0 cps fully franked).

HY16 results highlights

- Revenue up 5.1% to \$269.7 million (HY15: \$256.7 million)
 - KFC SSS (same store sales) up 5.2% (HY15: up 3.4%)
 - Sizzler Australia SSS down 12% (HY15: down 8.4%)
 - Three new KFC restaurants opened
 - Sixteen KFC restaurants remodeled
- EBITDA up 19.8% to \$35.3 million (HY15: \$29.4 million)
- EBIT up 27.0% to \$24.7 million (Underlying HY15*: \$19.5 million)
- Net Profit After Tax up 33.6% to \$14.3 million (Underlying HY15*: \$10.7 million)
- Net operating cash flow up 43.4% to \$23.8 million (HY15: \$16.6 million) due to the growth in sales and margin in the KFC business
- Solid balance sheet; net debt of \$117.4 million with the net leverage ratio (net debt to EBITDA) improving to 1.62

*HY16 result is statutory, whereas HY15 was underlying as it reflected the business' performance prior to significant items relating to impairment charges

HY16 saw continued top line growth and margin improvement

Commenting on the HY16 results, Collins Foods' Chief Executive Officer, Mr Graham Maxwell said: "We are very pleased with the overall performance of the Collins Foods business, particularly the ongoing strength of our KFC businesses in both Queensland and Western Australia / Northern Territory. They have achieved strong same store sales growth and continue to deliver improved margins resulting from our ongoing focus on operational performance."

Building and remodelling restaurants

Three new KFC restaurants have opened during the first half year, two of which were built in Western Australia. One new restaurant has opened since the half year end with a further new restaurant expected to open before the end of 2015. Sixteen remodels were completed on KFC restaurants during the half year.

“We continue to develop our network of KFC restaurants within the territories that we operate whilst at the same time investing in our existing restaurants to keep the look and feel contemporary and enticing for our customers,” Mr Maxwell said.

Sizzler Australia now managed as a non-core business

The Sizzler Australia business is now managed as a non-core business segment with no further growth capital having been allocated. Three restaurants were closed during the first half of this financial year and EBITDA remains positive for this business.

Sizzler Asia has opened one new restaurant so far this financial year.

Snag Stand

One new Stand has opened at Pacific Fair on the Gold Coast. This new Stand incorporates new brand elements which reflect the latest thinking on the revised brand positioning. Two Stands in Melbourne that were not reflective of this future brand positioning have closed. Snag Stand currently operates five company owned Stands, and one franchised Stand.

Solid balance sheet and comfortable debt position

Net debt reduced to \$117.4 million from \$122.8 million during the half. This has been the result of the generation of good operational cash flow of \$23.8 million, which has translated into a net cash flow of \$5.4 million. The net leverage ratio of debt to EBITDA now stands at 1.62 compared to 1.83 at the end of FY15.

“Having a solid balance sheet, comfortable debt position and growing headroom relative to our covenants, puts us in a strong position to focus on strategically growing the Collins Foods business,” Mr Maxwell said.

Increased dividend

Reflecting the Group’s trading performance, strong balance sheet and growth outlook, the Board has declared an interim 2016 fully franked dividend of 6.0 cents per share, up 20% on the prior corresponding period (HY15: 5.0 cps fully franked). This interim dividend will have a record date of 10 December 2015 and payment date of 23 December 2015.

The dividend payment is in line with previous communications to pay out 50% of full year profits excluding KFC Western Australia / Northern Territory (where profits from that business continue to be re-invested into it to fund growth).

Key priorities for the remainder of FY16

Commenting on Collins Foods' priorities for the remainder of the FY16 financial year, Mr Maxwell said:

"Our focus remains on our three key objectives – maximising operational performance, developing a solid growth platform and building further strength and resilience within the business".

"We will continue to grow by providing excellent customer service, great products that our customers love, building new restaurants and remodelling selected existing restaurants".

- ENDS –

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About us

Collins Foods Limited (ASX: CKF) operates 175 KFC restaurants and 23 Sizzler company owned restaurants throughout Queensland, New South Wales, Western Australia and Northern Territory. In addition, the Company has 62 franchised Sizzler restaurants around Asia.

The Company seeks continuous improvement in all areas of its operations and work towards the following mission: "Establish Collins Foods as a leading restaurant holding company, which operates premier brands where people love to eat and are proud to work." For further information please visit www.collinsfg.com.au