

ASX RELEASE

COLLINS FOODS LIMITED EXPANDS INTO NSW AND VICTORIA WITH THE ACQUISITION OF 13 KFC RESTAURANTS

Thursday, 19 May 2016: Collins Foods Limited (ASX: CKF) is pleased to announce that it has entered into a binding agreement to acquire 13 KFC restaurants located around the New South Wales and Victorian border. These restaurants are being purchased from Chrikim Pty Ltd, Skeeter Wright Pty Ltd and Geoff Wright Corp Pty Ltd (**Wright Group**).

Collins Foods Managing Director & CEO Graham Maxwell said: "Collins Foods' acquisition of these 13 restaurants expands the company's national footprint into New South Wales and Victoria and strengthens Collins Foods' position as the largest KFC franchisee in Australia."

Strategic rationale underpinning the acquisition

The acquisition:

- provides growth opportunities in New South Wales and Victoria;
- is immediately EPS accretive (pre-synergies);
- increases the number of KFC restaurants by 13 to 191; and
- provides margin improvement opportunities.

A compelling acquisition that delivers increased shareholder value

Commenting on the acquisition, Mr Maxwell said:

"We are really excited by the opportunity this acquisition brings to Collins Foods' shareholders. We are committed to delivering on our growth strategy, and this acquisition is entirely consistent with how Collins Foods approaches acquisition opportunities to ensure they add value for shareholders.

"This acquisition further strengthens our growth platform as it provides a footprint from which Collins Foods can grow in New South Wales and Victoria. The addition of these restaurants takes our count to 191 KFC restaurants across four States and one Territory.

"The successful acquisition and integration of Competitive Foods' 42 KFC restaurants in Western Australia and the Northern Territory, a few years ago, clearly highlighted Collins Foods' ability to find the right acquisitions and then deliver shareholder value growth.

"Given Collins Foods' experience operating KFC restaurants in Australia, we expect to be able to drive synergies and margin improvement. This acquisition, without factoring any margin improvement or synergies, will be immediately earnings per share accretive and enhance shareholder value."

Acquisition overview

Collins Foods will pay \$25.46 million for the acquisition plus acquisition costs. The acquisition on a trailing basis is currently delivering \$4.3 million EBITDA (pre-synergies). The acquisition price will be adjusted up for inventory and adjusted down for employee liabilities assumed as part of the acquisition.

The acquisition consideration will comprise \$10 million in Collins Foods' shares (to be issued at a share price per share of the Company on a 10 day trading period on ASX for the 10 trading days immediately prior to the date of this announcement) and the remainder funded from existing available funds.

Geoff Wright of the Wright Group said: "We are very pleased to have negotiated this transaction with Collins Foods. They are a quality company, and as we have known the Management for over 20 years, we feel very confident in passing the running of our restaurants over to them. As part of the transaction, we are delighted to take a further \$10 million equity investment in Collins Foods as part of the settlement package. This gives us an ongoing interest in Collins Foods plus exposure to the powerful KFC Brand which has been so good to us for so long."

Approval from the Franchisor has been received subject to customary conditions. Completion is subject to a number of standard conditions precedent and is expected to be achieved in mid-July 2016.

ENDS

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About us

Collins Foods Limited (ASX: CKF) operates 178 KFC restaurants and 22 Sizzler company owned restaurants throughout Queensland, New South Wales, Western Australia and Northern Territory. In addition, the Company has 64 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