

CELEBRATING



SINCE LISTING

**RETAILFOODGROUP**  
STRENGTH IN BRANDS

**FY16 RESULTS**

RETAILFOODGROUP  
STRENGTH IN BRANDS

donut  
kings

Brunbys  
BAKERY & BUTCHERY

Michael's  
PATISserie

crust  
Gourmet Pizza Bar

PIZZA  
CAPERS  
Bakery & Butchery

Gloria Jean's  
COFFEES

Di Bella  
COFFEE

ESQUIRES  
COFFEE

bb's  
My local cafe

THE  
COFFEE  
GUY

cafe2u  
The national chain cafe

IT'S A GRIND  
COFFEE HOUSE

evolution  
COFFEE MASTERS

ROASTING  
AUSTRALIA

# Retail Food Group (ASX:RFG)

Australia's largest multi-brand retail food franchise owner, developer & manager, with a network of 2,500+ outlets across 12 Brand Systems spanning 71 global licensed territories. The Company is also a roaster and supplier of high quality coffee & affiliated products, operating four coffee roasting facilities which supply Australian & international markets through a suite of wholesale coffee brands.

## Corporate

ASX Code	RFG
Index	ASX200
Share price <sup>(1)</sup>	\$5.96
Shares on issue <sup>(1)</sup>	164.9m
Market cap <sup>(1)</sup>	\$983m
Net debt <sup>(1)</sup>	\$193m
Enterprise value <sup>(1)</sup>	\$1.2bn
Final Dividend (FY16)	14.5cps
Dividend yield <sup>(2)</sup>	6.6%

## Board of Directors/Executive

Colin Archer	Independent Non-executive Chairman
Andre Nell	Managing Director
Anthony (Tony) Alford	Non-executive Director
Stephen Lonie	Independent Non-executive Director
Jessica Buchanan	Independent Non-executive Director
Kerry Ryan	Independent Non-executive Director
Russell Shields	Independent Non-executive Director
Gary Alford	Chief Executive Officer
Peter McGettigan	Chief Financial Officer
Mark Connors	Director Corporate Services/Company Secretary

## Brand Systems (Franchise)

### Bakery/Cafe



### Coffee Retail



### QSR



## Commercial & Wholesale (Commercial)

### Specialty Coffee & Allied Beverage



### Roasting Facilities

Roasting Australia (NSW)

Di Bella Coffee (QLD)

Evolution Roasters (NZ)

Di Bella Coffee (USA)

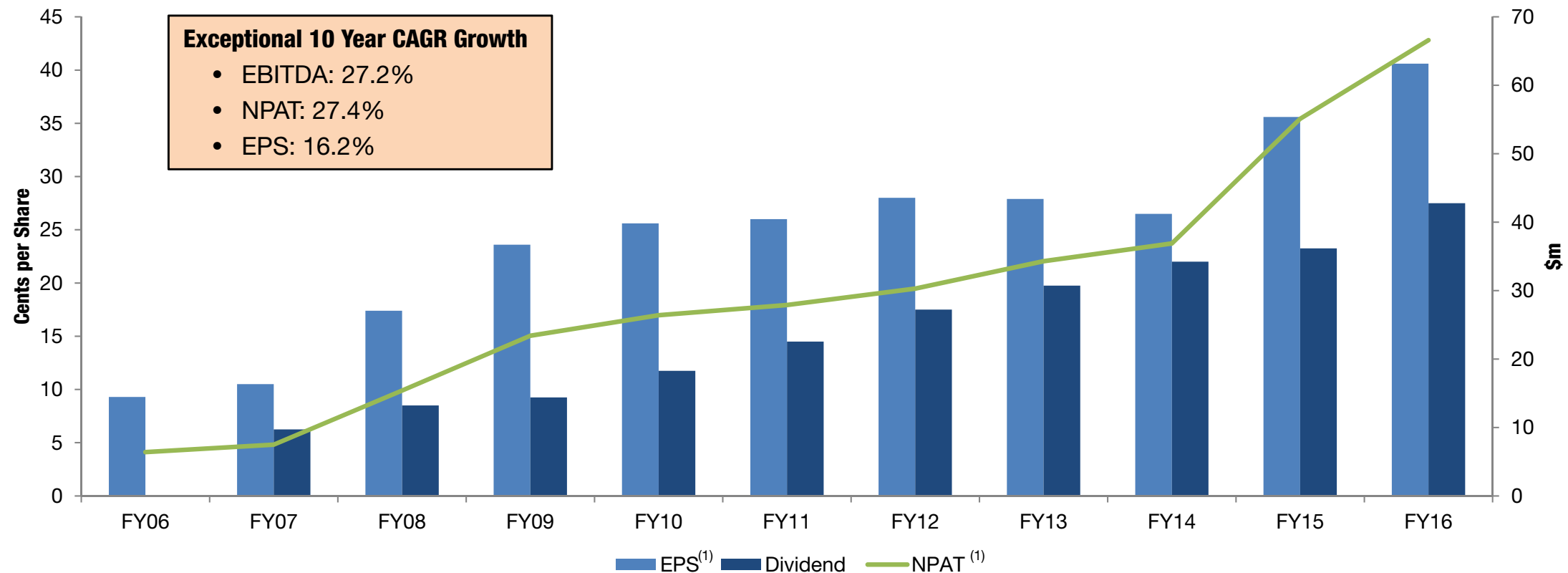
(1) As at 19 August 2016 (2) Gross of imputation & includes FY16 Final Dividend

# Celebrating A Decade of Success

## 10 Years of Record Outcomes

In the decade since Listing, RFG has delivered shareholders exceptional outcomes whilst creating a global platform for growth by:

- Assembling a suite of iconic franchise brands that form a network spanning five continents
- Building a leading vertically integrated coffee & allied beverage business
- Diversifying revenue streams & reducing reliance on any one business segment or driver
- Delivering shareholders 20 consecutive bi-annual dividend increases



(1) Underlying



# Record Achievement

## Diverse revenue streams driving performance

### FY16 Performance - Group<sup>(1)</sup>

RFG	FY15	FY16	Change
Revenue <sup>(4)</sup>	\$210.4m	\$274.6m	↑ 30.5%
EBITDA	\$88.8m	\$110.2m	↑ 24.0%
NPAT	\$55.1m	\$66.4m	↑ 20.5%
EPS	35.6cps	40.5cps	↑ 13.7%
Dividend (Full Year)	23.25cps	27.5cps	↑ 18.3%
Net Operating Cash Flow	\$34.7m	\$65.5m	↑ 88.8%
Net Debt	\$192.2m	\$191.8m	
Gearing Ratio	33.1%	31.0%	
Interest Cover	11.1x	11.5x	
Dividend Payout Ratio	65.3%	67.9%	

### Leveraging Multiple Opportunities

- EBITDA up 24.0% to \$110.2m
- NPAT of \$66.4m consistent with guidance
- EPS of 40.5cps up 13.7% on PCP
- Final Dividend increased 23.4% (to 14.5cps)
- Conservative Gearing Ratio (31.0%) below target ceiling (40.0%)
- EBITDA cash conversion ratio maintained at 90%+ with net operating cash flow increasing by \$30.8m to \$65.5m

### FY16 Performance - Divisional<sup>(1)</sup>

Brand Systems	FY15	FY16	Change
EBITDA	\$81.1m	\$96.1m	↑ 18.5%
EBITDA CPO <sup>(2)</sup>	\$38.0k	\$44.5k	↑ 17.2%
International Territories	58	69	↑ 19.0%
Organic Outlet Commissionings	200	258	↑ 29.0%
Net Outlet Growth	(4) <sup>(3)</sup>	84	↑ 88
Global Outlets	2,446	2,530	↑ 3.4%
<b>Commercial</b>			
EBITDA	\$7.7m	\$14.1m	↑ 83.0%
Annualised Coffee Throughput	5.9m kg	6.2m kg	↑ 5.1%

### Exceptional Divisional Performance

- Brand System EBITDA increased by \$15m (18.5%) over PCP
  - CPO up 17.2% to \$44.5k
- Record new outlet commissionings (258) & net outlet growth (84)
- Expanding global reach via grant of new Master Franchise licenses across Europe, Middle East, Asia & Pacific
- Growing coffee & allied beverage business
  - Multiple distribution channels (franchise, wholesale, speciality, contract & 'in home')
  - 14% increase in international coffee supply (to 256t)

(1) Underlying – refer Appendix 1 for reconciliation to reported

(2) Weighted EBITDA Contribution per Outlet

(3) Includes outlet rationalisation – refer FY15 Results Presentation

(4) Revenue excludes revenue associated with marketing pursuits (marketing contributions paid to Brand System marketing funds)

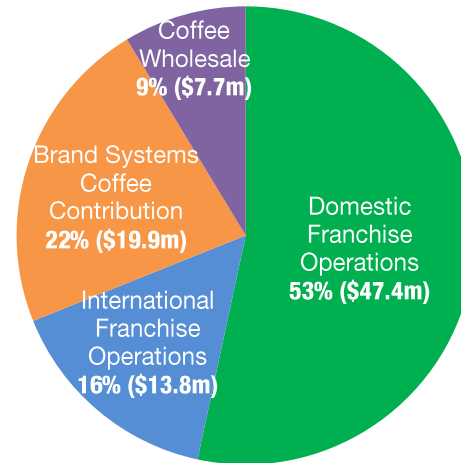
# Global Business Model Underpins Growth

## Maintaining risk averse model whilst maximising opportunities

### Creating Compelling Opportunities

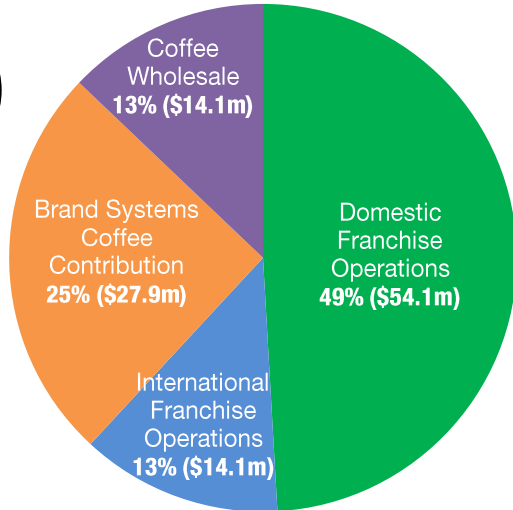
- Broadened revenue streams provide multiple platforms for future growth
- Enhances ability to capitalise on new growth opportunity whilst supporting existing business units
- Reduces reliance on domestic earnings & performance of any one business unit
- Enhances effective utilisation of corporate resources & realisation of scale benefits
- Supported by acquisitive strategy focused on building revenue streams & distribution channels

FY15 EBITDA \$88.8m



**+\$21.4m**  
**+24.1%**

FY16 EBITDA \$110.2m



Divisional EBITDA Contribution <sup>(1)</sup>	FY15	FY16	% Change	Divisional EBITDA Breakdown	FY15	FY16	% Change
Brand Systems (Domestic)	\$66.0m	\$78.0m	↑18%	Domestic Franchise Operations	\$47.4m	\$54.1m	↑14%
				Domestic Coffee Contribution <sup>(3)</sup>	\$18.6m	\$23.9m	↑28%
Brand Systems (International)	\$15.1m <sup>(2)</sup>	\$18.1m	↑20%	International Franchise Operations	\$13.8m	\$14.1m	↑2%
				International Coffee Contribution <sup>(3)</sup>	\$1.3m	\$4.0m	↑208%
<b>Total Brand System EBITDA</b>	<b>\$81.1m</b>	<b>\$96.1m</b>	<b>↑18.5%</b>				
Coffee Wholesale <sup>(4)</sup>	\$7.7m	\$14.1m	↑83%	Domestic Coffee Wholesale	\$7.1m	\$13.5m	↑90%
				International Coffee Wholesale	\$0.6m	\$0.6m	-
<b>Total Commercial EBITDA</b>					<b>\$7.7m</b>	<b>\$14.1m</b>	<b>↑83%</b>
<b>Total Group EBITDA</b>	<b>\$88.8m</b>	<b>\$110.2m</b>	<b>↑24%</b>				

(1) Underlying – refer Appendix 1  
(2) LFL FY16 increase of 94% on PCP when FY15 China JV of \$5.8m excluded

(3) EBITDA contribution from coffee & allied beverage sales to Brand System franchisees  
(4) Excludes EBITDA contribution from coffee & allied beverage sales to Brand System franchisees

# FY16 Group Highlights



# Key Milestones Achieved

## Strategic initiatives underpin growth

### Global Licensing: Expanding

- Significant traction in master franchisee licensing activity
  - Licensed international territories to 69 (PCP: 58)
  - Master rights granted in Europe, Middle East, Asia & Pacific
    - Gloria Jean's Coffees: Iran, Myanmar, Georgia, Macedonia, Bulgaria, Serbia, Slovenia, Croatia & Montenegro
    - Donut King: Iran
    - New Zealand Brand System networks (Brumby's Bakery, Esquires, bb's Café, The Coffee Guy & Cafe2U) transferred to master licensee
- Network Management Rights for domestic Gloria Jean's Coffees Drive Thru outlet network granted 2H16
  - Facilitates accelerated proliferation of Drive Thru model
  - Potential for further network licensing opportunities

### Global Headquarters: Development Underway

- Acquisition of new Global Headquarters on Gold Coast (Qld) completed & re-development commenced
- Enables consolidation of operations & divestment of existing real property portfolio
- Enhanced base for manufacturing pursuits including coffee & allied beverage, capsules & other product lines
- Scope for further operational efficiencies

### Coffee & Allied Beverage: Consolidating

- Powders manufacturing facility commissioned and operational
  - Powder blending facility completed 2H16
  - Supplying franchise partners enhanced product solutions
- Vertical integration positively benefitting international growth
  - 14% increase in coffee supply to international markets
  - Di Bella supply to Asia & Middle East gaining momentum
- Consolidated green bean sourcing delivers savings & new revenue streams
  - Insulates franchisees & commercial customers from commodity pricing fluctuations
  - Now supplying domestic micro-roasters
- Platform established for growth in equipment sales & servicing
  - Technical servicing pilot program launched in SEQ
- Caffitaly Professional program commissioned
  - First tranche of 8g capsule machines now in marketplace
  - Development of 14g capsule machine now completed






# Acquired Asset Performance & Integration

## Performance of FY15 acquired assets reinforces prudent & strategic M&A program

### Acquisitions Fully Integrated

- Integration & synergy extraction across Cafe2U, Gloria Jean's Coffees & Di Bella Coffee ('FY15 Acquired Assets') complete
- \$45.8m FY16 EBITDA contribution from FY15 Acquired Assets c.31% above guidance<sup>(1)</sup>
- Validates RFG's strategic vision & aptitude for new business identification, integration & synergy extraction
  - Demonstrates precision of strategic pursuit of complementary multi-revenue & multi-business growth platform
  - Proven new asset integration capability & skillset
  - Evidences benefits inherent in unique & diverse business model
- Following successful integration of FY15 Acquired Assets, RFG now positioned for new M&A opportunity

Asset	FY16 EBITDA Contribution <sup>(2)</sup>	FY16 EBITDA Budget Achieved	Contribution to Group EBITDA	ROIC <sup>(3)</sup>	Integration Complete
	\$2.9m	✓	2.6%	19%	✓
	\$35.9m	✓	32.6%	20%	✓
	\$7.0m	✓	6.4%	15%	✓
<b>Acquired Assets:</b>	<b>\$45.8m</b>	✓	<b>41.6%</b>	<b>19%</b>	✓

(1) Group EBITDA contribution guidance of \$35m

(2) Underlying – refer Appendix 1

(3) Return on Invested Capital (ROIC): FY16 EBITDA contribution over initial acquisition cost

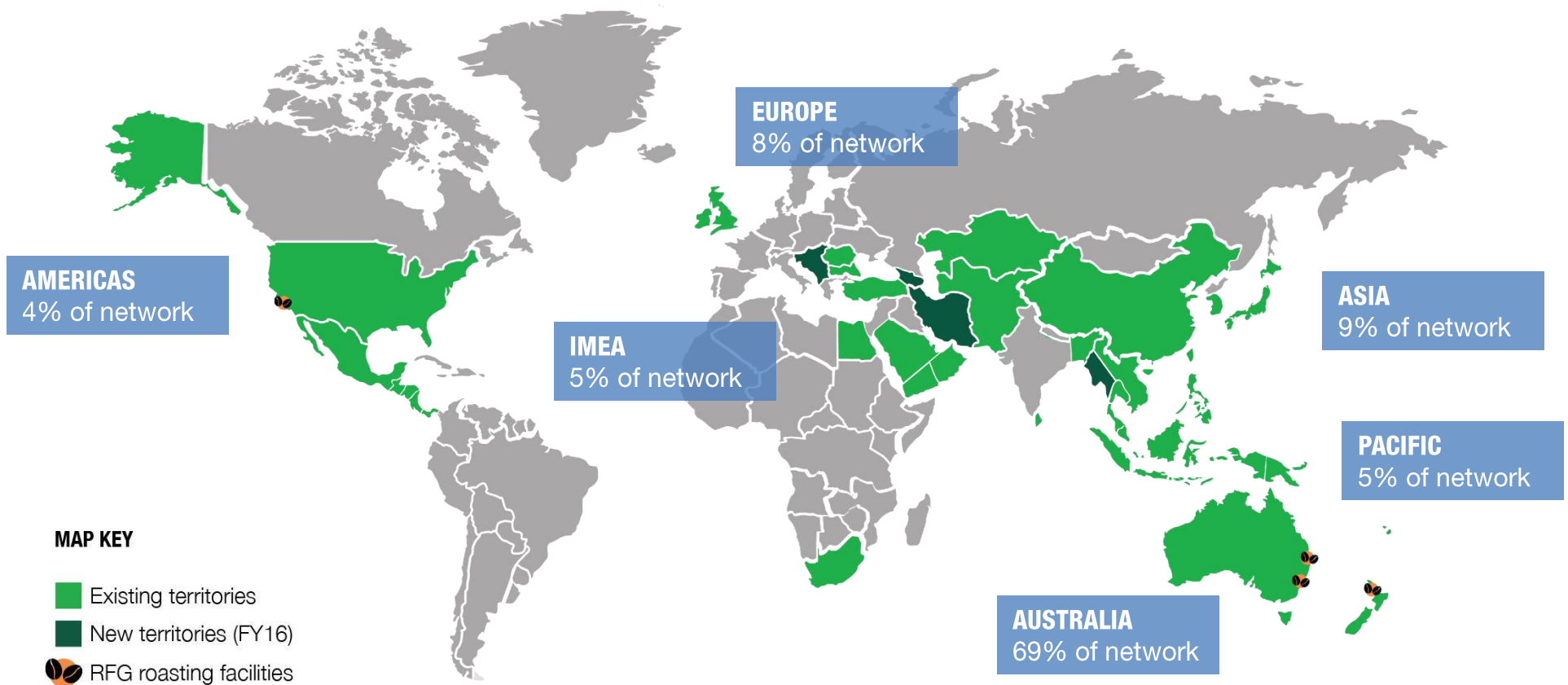


# Divisional Performance














# Expanding Global Footprint

## Growing international Brand System penetration



# Brand System Summary

Global						Domestic			
Division		New Outlets	Total Outlets	EBITDA (\$m) <sup>(1)</sup>		SSS	ATV	CPO <sup>(2)</sup> (\$'000)	
				FY16	PCP			FY16	PCP
Bakery/Café		12	333	15.4	4.4%	2.8%	2.4%	46.3	8.1%
		16	252	11.2	3.2%	2.8%	2.7%	44.2	2.3%
		15	275	17.4	(0.5%)	1.9%	3.1%	63.3	6.3%
	<b>Bakery/Café:</b>	<b>43</b>	<b>860</b>	<b>44.0</b>	<b>2.1%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>51.1</b>	<b>5.4%</b>
Coffee		165	986	33.9	44.3%	1.5%	2.9%	46.6	62.9%
									
									
	Mobile								
		30	355	3.5	60.0%	Not Applicable		13.0	73.1%
									
	<b>Coffee Retail:</b>	<b>195</b>	<b>1,341</b>	<b>37.4</b>	<b>45.7%</b>	<b>1.5%</b>	<b>2.9%</b>	<b>34.7</b>	<b>63.5%</b>
QSR		20	329	14.7	13.8%	(0.2%)	4.7%	44.6	15.2%
									
<b>Group Total:</b>		<b>258</b>	<b>2,530</b>	<b>96.1</b>	<b>18.5%</b>	<b>1.7%</b>	<b>3.2%</b>	<b>44.5</b>	<b>17.2%</b>

## Exceptional EBITDA & CPO performance

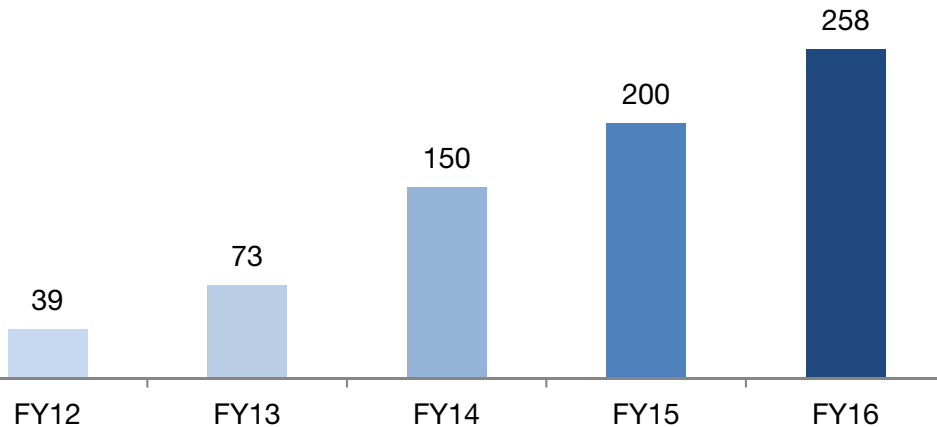
- Refusal to discount RRP fortifies franchisee margins & sustains SSS
- EBITDA growth achieved in all Brand System Divisions
  - Bakery/Café continues to perform (2.1% growth to \$44m)
  - Coffee Retail EBITDA increase of c.\$10m (44% over PCP)
  - 13.8% increase in QSR performance notwithstanding rampant sector discounting
- CPO increase of 17.2% result of consolidation, scale & leverage
  - Michel's Patisserie CPO benefitting from National Bakery Solution completion
  - Coffee Retail CPO increase (63.5%) benefitted from FY contribution of GJC
  - QSR CPO increase (15.2%) consequence of PC store consolidation
- 76% increase in outlet population over the past two years (since FY14) including 458 organic commissionings
  - Reinforces Brand System appeal

(1) Underlying – refer Appendix 1  
 (2) CPO: EBITDA Contribution per Outlet

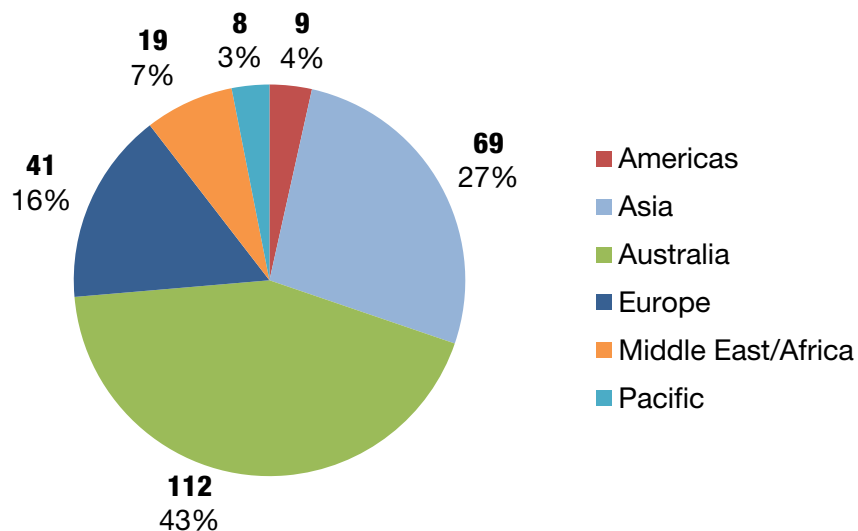
# Record Network Growth

## International Brand System rollout gathering momentum

### New Outlet Commissionings



### FY16 New Outlet Commissionings by Territory



### Record Outlet Commissionings

- Record 258 new outlets commissioned (exceeding guidance of 250)
- Highest growth markets
  - Australia (112), Turkey (20), China (18), UK (14) & Malaysia (14)
- Significant organic growth achieved in GJC international markets
  - Driven by enhanced RFG support structures
  - Engaged partners working collaboratively with RFG International Division to execute market growth strategies

### Record Net Outlet Growth

- Record net outlet growth of 84
  - Net outlet growth increase of 88 on PCP
- Strong domestic & international organic outlet growth reflects
  - Appeal of new store concepts & Brand System offer
  - Engaged & motivated Master Franchisee complement

### Healthy Franchisee Network

- Domestic transactional approvals up 12% to 452 (FY15: 402) reflecting engaged franchisee complement & strong new candidate pipeline
  - 26% of network either renewed their franchise agreement or transferred their outlet to an approved new franchise partner
    - 21% increase in renewals to 240 (FY15: 199)
    - 4% increase in resales to 212 (FY15: 203)



# Bakery/Café Division

## Divisional Highlights

- Donut King, Michel's Patisserie & Brumby's Bakery management, marketing & support structures consolidated into Bakery/Café Division
  - Enhances efficiencies & leverages divisional scale
  - Cross-pollination of resources/expertise across Brand Systems
- Divisional contribution reflects growing diversification of other RFG revenue streams reducing Group EBITDA contribution from c.49% to c.40%
- Growth across all Brand Systems on CPO basis signals improved quality of earnings & benefits of FY15 consolidation program

## Donut King

- Robust SSS (+2.8%) & ATV (+2.4%) performance
  - Strong LTO promotions & licensed product initiatives
  - Refined pricing strategy & top-line focus
- Strong FY17 initiative pipeline
  - Launch of revitalised core donut range leveraging market trends
  - Piloting unique store model for non-traditional/casual market penetration

## Michel's Patisserie

- Platform for network reinvigoration established via FY16 completion of National Bakery Solution (NBS) rollout driving SSS/ATV uplift
  - Facilitates national menu & marketing opportunities
  - High quality product offering with greater speed to market
  - Launch of unique in-store customisable special order technologies

## Brumby's Bakery

- Product innovation driven by handcrafted, rustic/artisan bakery credentials driving SSS (+2.8%) & ATV (2.7%) performance
- Focus on digital & social media tactics including pilot of Brand System digital loyalty program

Network Sales (\$m)	FY15 (\$m)	FY16 (\$m)	PCP
Donut King	160.5	162.6	1.3%
Brumby's Bakery	164.4	160.9	(2.1%)
Michel's Patisserie	161.0	142.5	(11.5%)
<b>Bakery/Café</b>	<b>485.9</b>	<b>466.0</b>	<b>(4.1%)</b>
Gross Franchise Revenue (\$m)	FY15	FY16	PCP
Donut King	19.4	20.2	4.3%
Brumby's Bakery	14.7	15.8	7.5%
Michel's Patisserie	25.1	22.8	(9.1%)
EBITDA (\$m)	FY15	FY16	PCP
Donut King	14.8	15.4	4.4%
Brumby's Bakery	10.8	11.2	3.2%
Michel's Patisserie	17.5	17.4	(0.5%)
EBITDA CPO (\$'000)	FY15	FY16	PCP
Donut King	42.8	46.3	8.1%
Brumby's Bakery	43.2	44.2	2.3%
Michel's Patisserie	59.5	63.3	6.3%
Contribution to Group EBITDA %	FY15	FY16	
Donut King	16.6%	14.0%	
Brumby's Bakery	12.2%	10.1%	
Michel's Patisserie	19.7%	15.8%	
<b>Bakery/Café</b>	<b>48.5%</b>	<b>39.9%</b>	

# Coffee Retail Division

## Coffee Retail EBITDA Increase of 45.7%

- Divisional EBITDA of \$37.4m now represents c.34% of Group EBITDA (PCP: 28.9%)

## Gloria Jean's Coffees: Domestic

- Food offer reinvigorated via launch of National standardised menu driving ATV (+2.9%) & supporting SSS (+1.5%)
- Project EVO pilot store design launch programmed for FY17
- Accelerated Drive Thru model proliferation:
  - On track to achieve milestone 25 outlets in CY16
  - Grant of network management rights enables focused exploitation of strong pipeline opportunity

## Gloria Jean's Coffees: International

- Significant momentum in network growth across international territories
- Successful launch of first 'global' Brand System marketing campaign
  - Suite of marketing materials driving sales performance
  - Reinforces consistent global brand presence & message
  - Strong master franchise partner & subfranchisee support
  - Underpinning new outlet growth within discrete markets
- Expert management & new product innovations team driving positive outcomes in USA market

## Mobile

- Leveraging strategic product innovation & differentiated marketing tactics including health drinks & event sponsorships
- Successful launch of The Coffee Guy in WA/NSW markets

Domestic Network Sales (\$m)	FY15	FY16	PCP
Non-mobile <sup>(1)</sup>	241.5	246.3	2.0%
Mobile	n/a	n/a	-
Gross Franchise Revenue (\$m)	FY15	FY16	PCP
Non-mobile <sup>(1)</sup>	36.9	51.5	39.7%
Mobile	4.4	6.1	38.1%
EBITDA (\$m)	FY15	FY16	PCP
Non-mobile <sup>(1)</sup>	23.5	33.9	44.3%
Mobile	2.2	3.5	60.0%
EBITDA CPO (\$'000)	FY15	FY16	PCP
Non-mobile Domestic <sup>(1)</sup>	28.6	46.6	62.9%
Non-mobile International <sup>(1)</sup>	17.1	26.7	56.1%
Mobile Domestic	7.5	13.0	73.1%
Mobile International	5.0	5.4	9.0%
Contribution to Group EBITDA %	FY15	FY16	
Non-mobile <sup>(1)</sup>	26.5%	30.8%	
Mobile	2.5%	3.2%	
<b>Coffee Retail</b>	<b>28.9%</b>	<b>33.9%</b>	

(1) Represents non-mobile Brand Systems forming part of Coffee Retail Division: Refer Slide 2

# QSR Division

## Gourmet Positioning Driving Positive Outcomes

- Benefits of FY15 consolidation evident in 13.8% increase in EBITDA contribution to \$14.7m
- EBITDA CPO of \$44.6k (up 15.2% on FY15)
  - Validates strategic FY15 repositioning of network
  - Delivers platform for enhanced performance
- Continued focus on market leading gourmet positioning
  - Successful new product launches & targeted online marketing
  - Driving ATV growth (+4.7%)

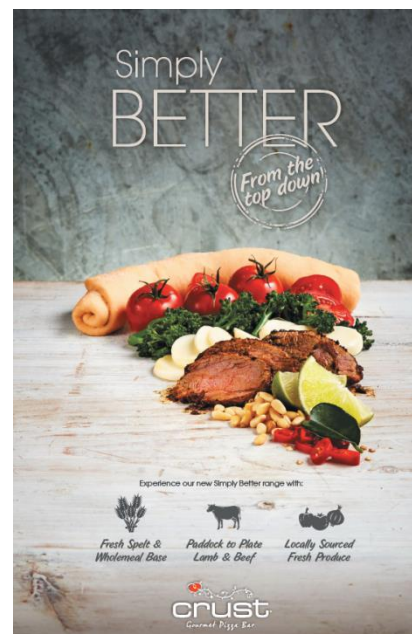
## Online & Digital Ordering Driving ATV

- Strong ATV growth across both Brand Systems driven by enhanced online ordering platforms & digital marketing tactics
  - Crust: 13.2% growth in online sales (39.9% of total sales)
  - Pizza Capers: 12.9% growth in online sales (31.4% of total sales)
- Successful launch of Pizza Capers new mobile online ordering platform

## Digital & Disruptive Marketing

- Leveraging member databases & targeted marketing campaigns led by refined CRM strategy
- Incorporating new channels to market, including third party ordering platforms
- Grow brand & occasion relevance via category driving initiatives across menu offer, store format & product lines
- Crust 'pizza reimaged' gourmet brand positioning underpinned by social & consumer led marketing strategies
- Successful launch of Pizza Capers challenger brand marketing campaign across TV, cinema, radio, digital, social & PR
- Continued targeted online customer marketing, including experiential & disruptive campaigns across digital & social channels

Highlights	FY15	FY16	PCP
Network Sales (\$m)	205.1	201.9	(1.6%)
Gross Franchise Revenue (\$m)	19.8	22.0	11.0%
EBITDA (\$m)	12.9	14.7	13.8%
Contribution to Group EBITDA %	14.5%	13.3%	
EBITDA CPO (\$'000)	FY15	FY16	PCP
QSR Division	38.7	44.6	15.2%





# Coffee & Allied Beverage

## Driving Growth

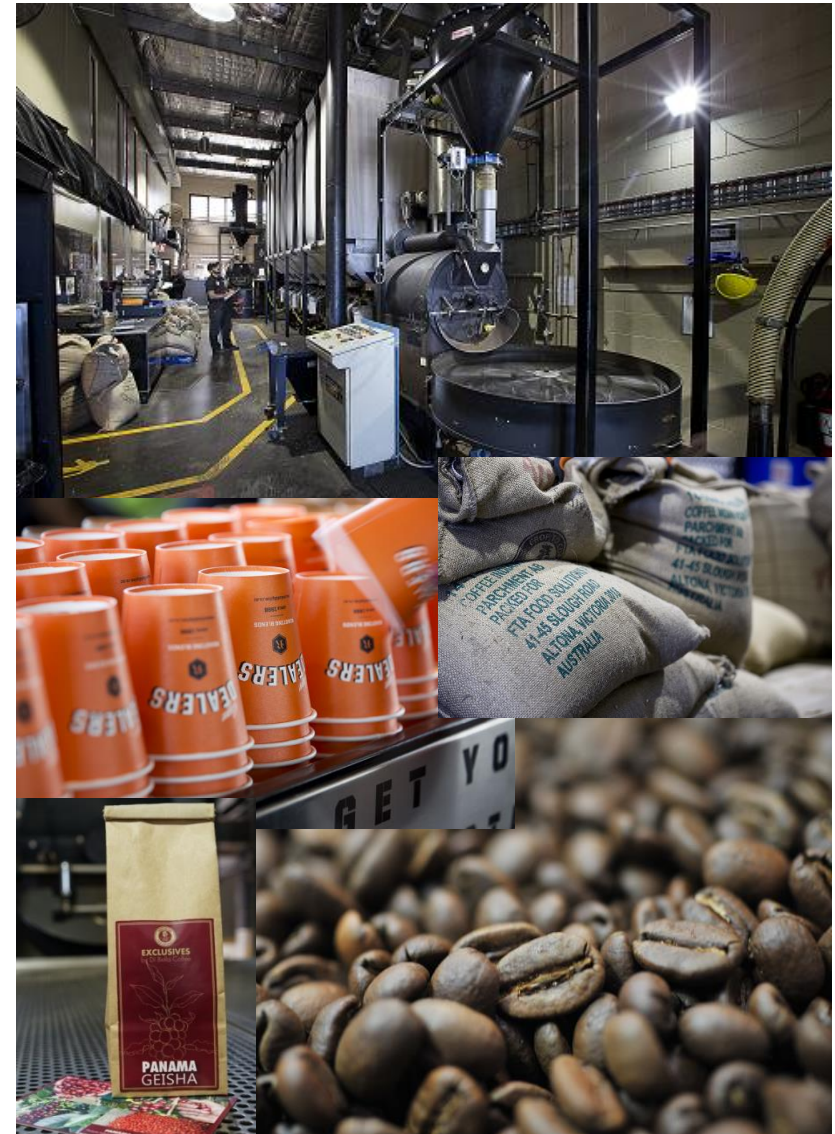
- 5.1% growth in annualised volume throughput to \$6.2m tonnes
  - Notwithstanding manufacturer delayed rollout of Caffitaly Professional program
- +14% growth in coffee volume exported to international territories
- Buoyant revenue & throughput growth for Di Bella Coffee
  - Growing domestic & international customer base
  - Domestic sales driven by enhanced e-commerce strategy & new product development
- Green bean sourcing for wholesale to micro-roasters gaining traction
- Supplying proprietary chocolate powders to all Brand Systems
- Caffitaly Professional business & foodservice program underway

## Sales & Performance Focus

- Continued focus on enhancing expertise & product offer
  - Nurturing strong sales culture to drive growth across supermarket, office, corporate & café channels
  - Pilot program to grow technical servicing capabilities
  - Expanding capsule & equipment offering to leverage growing convenience channel

## Facilities & Expansion

- Los Angeles roasting facility & capabilities enhanced
  - Accommodates Di Bella Coffee roasting
- Scheduled FY17 commissioning of additional off-shore roasting capability
  - Focusing on Asia/Middle East markets
  - Provides opportunity to expand product, sales & supply whilst increasing visibility, accessibility & capacity
  - Fosters ability to leverage coffee hub placement to drive international Brand System & franchise partnership opportunities





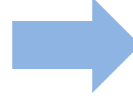
# Outlook



# FY17 Growth & Outlook

## M&A

- Business model continues to support acquisitive growth
- Core investment criteria focussed on opportunities which are:
  - Earnings per Share accretive
  - Able to generate increased scale
  - Complementary to existing operations
  - Able to offer synergistic & vertical operation opportunity
  - Able to enhance the number of Brand Systems, outlets or discrete third party customers serviced by or under RFG stewardship
- M&A strategy includes scope for compelling international opportunities



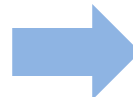
## Hudson Pacific Corporation (HPC)<sup>(1)</sup>

- Entry into Share Purchase Agreement for HPC
  - Subject to due diligence & usual contract terms
  - Programmed for 1H17 settlement
- Expedites RFG's evolution to full service food & beverage enterprise
- Transformation benefits RFG, franchisee community & wholesale customers



## Outlook

- Positive outlook maintained
- RFG possessed of increasingly diverse global operations & opportunities



## Guidance<sup>(2)</sup>

- FY17 underlying NPAT growth of c.20%<sup>(3)</sup>
  - HPC acquisition contribution c.8%<sup>(3)</sup>

(1) Refer Market Presentation of 25 August 2016  
(2) Update to be provided at 2016 Annual General Meeting  
(3) Excluding acquisition & integration costs

# Appendices



# Appendix 1 – Earnings & Performance

	FY15	FY16	
	Reported	Underlying	Reported
EBITDA (\$m)	59.4	110.2	103.7
PCP%		24%	75%
NPAT (\$m)	34.2	66.4 <sup>(2)</sup>	61.3
PCP%		21%	79%
EPS (cps)	22.1	40.5	37.4
PCP%		14%	69%

EBITDA Adjustments	\$m
Reported EBITDA	103.7
Acquisition, Integration & Restructuring Costs	
- FY15 initiatives <sup>(1)</sup>	4.1
- FY16 initiatives	2.4
<b>Total EBITDA Level</b>	<b>110.2</b>

(1) Refer Market Presentation 2 June 2015

(2) Excluded from NPAT is \$0.7m with nil tax effect, in amortisation of Intangible Assets acquired in FY15.



# Appendix 2 - Definitions

Acronym	Description
GFR	Franchise Revenue (including FSF) + Net Coffee Contribution
FSF	Franchise Service Fee
NWS	Brand System Network Sales (Domestic)
SSS	Same Store Sales
ATV	Average Transaction Value
CPO	EBITDA Contribution per Outlet
QSR	Pizza Capers & Crust Gourmet Pizza
Coffee Retail	Gloria Jean's Coffees, It's A Grind, Esquires, bb's Café, The Coffee Guy & Café2U
Mobile	The Coffee Guy & Café2U
Coffee Wholesale/Other	Evolution Coffee, Roasting Australia, Di Bella Coffee & sundry

# Appendix 3 – Cash Flow Performance

Item	FY15	FY16
	\$'000	\$'000
Receipts from customers	263.6	332.8
Payments to suppliers & employees	(198.5)	(238.9)
Gross operating cash flows	65.1	93.8
EBITDA	59.4	103.7
Ratio of gross operating cash flows to EBITDA	109.6%	90.4%
Interest & other costs of finance paid	(7.2)	(9.0)
Income taxes paid	(23.2)	(19.3)
Net operating cash flows	34.7	65.5
Dividends paid	(24.1)	(31.5)
Net debt reduction	137.0	0.0
Acquisition of business & intangibles	(194.7)	(8.2)
Payments for property plant & equipment	(6.6)	(14.4)
Net capital raising	66.6	(0.0)
Amounts advanced to other entities	(10.1)	(8.7)
Other cash activities	0.0	(0.2)
	(31.9)	(62.9)
Net (decrease)/increase in cash reserves	2.8	2.6
Cash reserves at year end	14.4	17.0

- 44.1% increase in gross operating cash flow to \$93.8m (PCP: \$65.1m)
- Continued strong cash conversion to EBITDA margin of 90.4% (PCP: 109.6%<sup>(1)</sup>) consistent with historic full-year conversion ratios of +90%
- Excess free cash derived from operations, capital and debt raising used to fund:
  - Acquisition of businesses – Gloria Jean's Coffees Group and Di Bella Coffee deferred earn-out payments
  - FY15 final dividend (11.75cps) & 1H16 dividend (13.00cps)
  - Acquisition of new corporate office property and Investment in property, plant & equipment
  - Completion of funding to Michel's Marketing R&D initiatives including completion of 4 year investment in the National Bakery Solution
  - Franchisee funding initiatives

(1) 92.5% excluding the non-cash expense provisions and impairment charges arising from acquisition integration and restructuring costs occurring in FY15

# Appendix 4 – Financial Position

RFG Consolidated Group	FY15	FY16
	\$'000	\$'000
<b>Assets:</b>		
Cash reserves	17.1	17.4
Trade receivables	43.9	48.6
Financial assets	29.6	42.3
Inventories	20.9	16.1
Plant & equipment	42.9	51.6
Intangibles	513.0	514.4
Other	12.6	11.4
	680.0	701.7
<b>Liabilities:</b>		
Trade payables	29.8	21.8
Provisions	5.8	3.8
Tax payable	0.0	5.2
Borrowings	206.6	206.8
Contingent consideration	28.3	22.4
Other	5.7	7.4
	276.2	267.4
<b>Equity:</b>		
Share capital	315.0	324.1
Reserves	1.3	1.9
Retained earnings	87.5	108.2
	403.8	434.2

- Trade receivables increases attributable to sale of territory licences and timing of coffee sales to international territories
- Increase in financial assets attributable to (\$5.0m) vendor finance on franchisee funding initiatives and (\$7.7m) funding to marketing R&D initiatives, including completion of the investment in the Michel's Patisserie National Bakery Solution
- Decrease in inventories attributable to a reduction in corporate stores on hand, and a timing reduction in coffee and capsule inventories
- Plant & equipment increase of \$8.7 million includes \$3.9 million investment in new office building
- Total gross debt reduced to \$206.5 million, all of which is recognised as non-current with 2.5 – 4.5 year tenure
- Payment of contingent earn out consideration attributable to acquisitions
  - Gloria Jean's Coffees Group \$2.8m
  - Di Bella Coffee Group \$4.9m
- Share capital increase of \$9m attributable to DRP

# Appendix 5 – Debt Structure

Senior Debt Facility	FY15	FY16
Net debt	\$200.3m	\$191.8
Interest expense	\$7.3m	\$9.6m
Interest cover (times)	11.1x	11.5x
Gearing ratio (net debt / (net debt + equity) )	33.1%	31.0%
Total facility	\$278.0m	\$304.0m

- Facility headroom (including cash) at 30 June 2016 of \$112.2m
- Gross debt of \$209.2m<sup>(2)</sup> at 30 June 2016
  - Non-current borrowings reflecting 2.5 – 4.5 year maturity
  - \$50.0m of non-current borrowings fixed interest rate to September 2017
- Weighted average interest rate as at August 2016 is 3.75%
- Compliance with all lending covenants as at 30 June 2016 comfortably maintained

(1) Calculated in accordance with Senior Debt Facility Agreement

(2) Including ancillary facilities



# Appendix 6 – Capital Management

	Shares	Price (\$)	Proceeds/ Value (\$m)
Share on issue 1 July 2015	162,937,484		
Dividend Reinvestment Plan (Final FY15 Dividend)	1,405,763	4.17	5.86
Dividend Reinvestment Plan (Interim Dividend)	624,836	5.11	3.19
Shares 30 June 2016	164,968,083		
Share Value <sup>(1)</sup>			<u>9.05</u>

(1) Before share issue costs & associated expenses of \$0.03m

# Disclaimer

## **No responsibility for contents of Presentation**

To the maximum extent permitted by law, Retail Food Group Limited (ABN 31 106 840 082), its officers, advisers and representatives:

- make no representation, warranty or undertaking, and accept no responsibility or liability, express or implied, as to the adequacy, accuracy, completeness or reasonableness of this Presentation or any other written or verbal communication transmitted or made available to any recipient
- make no representation, warranty or undertaking, express or implied, in connection with the existing or potential turnover or financial viability of any particular existing or potential Donut King, Michel's Patisserie, Brumby's Bakery, bb's café, Esquires Coffee, Gloria Jean's Coffee, It's A Grind, Café2U, The Coffee Guy, Pizza Capers Gourmet Kitchen or Crust Gourmet Pizza Bar outlet. Franchisees and potential franchisees must make their own investigations and satisfy themselves as to the existing or potential turnover or financial viability of any existing or potential outlet as aforesaid (as the case may be) on the basis of their own investigations and independent legal, financial and commercial advice; and
- accept no responsibility for any errors in, or omissions from, this Presentation whether arising out of negligence or otherwise

The information in this Presentation is for use by recipients who are Australian Financial Services Licensees or persons to whom an offer of securities does not require disclosure under Part 6D.2 of the Corporations Act only

## **Accuracy of projections and forecasts**

This Presentation includes certain statements, opinions, estimates, projections and forward looking statements with respect to the expected future performance of Retail Food Group Limited. These statements are based on, and are made subject to, certain assumptions which may not prove to be correct or appropriate. Actual results may be materially affected by changes in economic and other circumstances which may be beyond the control of Retail Food Group Limited. Except to the extent implied by law, no representations or warranties are made by Retail Food Group Limited, its officers, advisers or representatives as to the validity, certainty or completeness of any of the assumptions or the accuracy or completeness of the forward looking statements or that any such statement should or will be achieved. The forward looking statements should not be relied on as an indication of future value or for any other purpose

## **No offer to sell or invitation to buy**

This Presentation does not, and should not be considered to, constitute or form part of any offer to sell, or solicitation of an offer to buy, any shares in Retail Food Group Limited, and no part of this Presentation forms the basis of any contract or commitment whatsoever with any person. This Presentation does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not permitted under applicable law. Distribution of this Presentation in or from certain jurisdictions may be restricted or prohibited by law. Recipients must inform themselves of and comply with all restrictions or prohibitions in such jurisdictions. Neither Retail Food Group Limited, its officers, advisers or representatives accept any liability to any person in relation to the distribution or possession of this Presentation from or in any jurisdiction

Any advice in this Presentation is general advice only. This advice has been prepared without taking into account the objectives, financial situation and needs of the recipients of this Presentation. For that reason, recipients should consider the appropriateness of the advice having regard to their own objectives, financial situation and needs, and seek appropriate independent legal, financial and other professional advice