

Chairman's Address to AGM

30 November 2012

(SLIDE 1 – TITLE)



SLIDE 2 – CHAIRMAN'S WELCOME

The last twelve months has been an exciting period for RFG and I would like to acknowledge and thank all shareholders, and welcome those who have recently joined the register, for their continued support and commitment to the Company.

SLIDE 3 – ROBUST RESULTS

RFG's robust results and growth during the year were attributed to our management team, whose vision, determination and passion has driven the Company to new heights.

RFG's achievement in delivering shareholders a seventh successive annual record net profit is immensely satisfying. This is particularly noteworthy given the ongoing constricted retail marketplace.

A full year Net Profit After Tax of \$28.5m represented a 4.9% increase over the prior year's result and was built upon:

- a 31% increase in coffee revenues over FY11;
- positive Average Weekly Sales (AWS) and Average Transaction Value (ATV) growth amongst our franchise systems;
- the establishment of 39 new outlets; and
- contributions from the Pizza Capers network.

SLIDE 4 – RECORD DIVIDEND

These strong outcomes, together with a business model which generates high free cash flow, resulted in a 21% increase in the FY12 combined dividend paid to shareholders.

The record full year dividend of 17.5 cents per share represented a payout ratio of 66.3%.

SLIDE 5 – BOARD REINVIGORATION

During the year RFG embarked on a program designed to maximise performance of existing business units whilst driving reinvigorated growth.

RFG's Board of Directors has an integral role in ensuring the Company's long term success and continued shareholder value. Therefore, ensuring it comprises an appropriate skillset and experience essential for effectively charting the future direction of RFG and its Brand Systems is paramount.

Having regard to that necessity, and consistent with the culture of change amongst the remainder of the Company's organisational framework, FY12 witnessed significant rejuvenation at Board level.

The vacancy arising from John Cowley's decision not to seek re-election at last year's AGM resulted in thorough candidate evaluation.

We specifically sought to add to the Board's skillset and enhance its ability to work with management. Individuals with considerable 'director' experience were not our priority and finding good candidates did take time.

The outcome was the appointment of Jessica Buchanan and Tony Williams as non-executive directors in May 2012.

Jessica holds an impressive resume with over 13 years' experience in branding, marketing and advertising. Having advised over 20 retail franchise groups she offers a unique awareness and specialist knowledge which provides greater depth to Board deliberations.

Similarly, Tony has over 30 years' experience in retail food franchising coupled with a long association with RFG. Indeed, he is a founder and former managing director of Retail Food Group (Australia) whose flair for the development of food concepts, ability to identify and capitalize on retail opportunities and empathy for our franchisee community resulted in his immediate appointment once availability was confirmed.

Both Jessica and Tony have brought to the table specialist marketing, retailing and franchising expertise which complements the Board's existing financial, commercial and corporate governance proficiencies and provides valuable balance during policy and decision making discussions. They have also displayed an incredible willingness to share their experience, both having undertaken mentoring roles to assist the personal development of key executive staff.

I would once again like to welcome Jessica and Tony to the RFG Board of Directors.

SLIDE 6 – ORGANISATIONAL RESTRUCTURE

Another fundamental move in the process of rejuvenation was the implementation in March of significant organisational restructure.

This restructure witnessed the migration of operational and service resources from a departmental configuration to an operational and servicing 'Brand Structure'.

This activity represented a watershed event in terms of RFG's organisational framework and was necessitated by a company whose growth in franchise systems and franchise units had exceeded the efficiencies available under the traditional departmental structure previously employed.

It has facilitated the commissioning of an independent structural, operational and management hierarchy for each of our Brand Systems which gives an increased focus on ownership and accountability. This is expected to deliver enhanced outcomes for all stakeholders.

A Managing Director was appointed to each Brand System with the necessary authority, autonomy and resources to develop, set and implement strategy, direction and focus for the relevant Brand System.

This refocus of RFG personnel serves to increase responsiveness, foster individual Brand System growth opportunity, improve franchise system servicing and better align corporate and Brand System objectives.

It also represents the structure best positioned to accommodate the efficient integration of newly acquired businesses under RFG's umbrella.

In addition, a dedicated Marketing & Innovations Department was commissioned to:

- develop and co-ordinate marketing and innovation strategy across all Brand Systems; and
- design and implement the next step in the evolution of each of our Brand Systems.

A key component of this was the development of Project Evolution.

This multi-faceted 'Project Evo', which will be further discussed by the CEO shortly, is targeted at ensuring brand relevance and modernity, increased outlet sales, improved franchisee profitability, non-traditional site opportunity and outlet sustainability long into the future.

SLIDE 7 – STAFFING COMPLEMENT AND INCENTIVISATION

Importantly, the organizational restructure just mentioned, together with the significant acquisitive activity which has taken place over the past 14 months, has:

- offered considerable opportunity for internal staff advancement; and
- positioned RFG as an employer of choice evidenced by the quality of candidates seeking employment with the Company.

It is essential to the long term interests of RFG that it is able to attract and retain high quality executive personnel.

The Board also appreciates that this interest is best served by the implementation of a remuneration structure that incorporates both short and long term incentive components.

Whereas RFG's existing Executive Share Option Plan is no longer considered an appropriate tool to incentivize staff for a variety of reasons, including those related to tangible disincentivation, the Board is focused on delivering an appropriate remuneration structure that:

- contemplates short and long term incentives; which are

- aligned to corporate performance and the creation of positive shareholder outcomes.

Getting it right is important and we will advise stakeholders appropriately once this has been determined.

SLIDE 8 – GROWTH STRATEGY FOR FUTURE SUCCESS

RFG has built incredible momentum in recent years and management is confident it has an appropriate strategy in place to ensure future growth well beyond the 2013 financial year.

The Company's 'Strength in Brands' dictum allows RFG to explore opportunities and leverage its brands to ensure significant outcomes are achieved for all stakeholders.

This also allows RFG to deliver greater value and efficiencies to our network of franchisees.

While the past year delivered exciting additions to the Retail Food Group umbrella, the next 12 months will see the Company achieve continued growth through:

- organically increasing outlets within our Brand Systems;
- a focus on key initiatives targeted at increasing AWS and ATV;
- enhanced operational platforms; and
- innovative developments to spearhead e-commerce and Project EVO for all Brand Systems.

Our future growth strategy will ensure long term profit and EPS growth.

SLIDE 9 – THE YEAR AHEAD

Throughout its proud history, RFG has achieved positive shareholder outcomes via the implementation of a measured approach to organic development as well as acquisitive activity.

Whilst your Board retains unreserved conviction that its strategy will continue to deliver outstanding performance well into the future, we remain cognizant and cautious in respect of FY13 given:

- retailing will likely remain challenged in 2013;
- the Australian economy will not be immune from the growth and debt issues the international financial community is struggling to deal with; and
- the structural change presently being undertaken (to which our CEO will shortly elaborate).

In any event, we remain optimistic of continuing the delivery of positive shareholder outcomes given the platform for genuine growth being created by the Company.

I would like to take this opportunity to thank management and staff on the Company's exceptional FY12 performance and future prospects.

I would also like to thank our franchisee community for their continuing support and commitment to RFG's proven business systems. Their dedication to both their businesses and the Brand Systems under which they operate over these past four retail challenged years is nothing short of outstanding.

As I mentioned earlier, each of them are the foundation upon which RFG's success is based.

I would now like to ask Managing Director and CEO, Tony Alford, to speak to you in more detail concerning the Company's performance and plans for the future.

ENDS



ANOTHER SLICE OF THE PIE

RETAILFOODGROUP
CHAIRMAN'S ADDRESS



Chairman's Welcome

- Last twelve months has been an exciting period for RFG
- We would like to extend a thank you to all our valued shareholders for your continued commitment to RFG
- Welcome to new shareholders who have joined us in recent months



Robust Results

- RFG delivered a 7th successive record annual NPAT of \$28.5m, representing a 4.9% increase over FY11
 - Particularly noteworthy given the ongoing constricted retail marketplace
- This result was built upon:
 - A 31% increase in coffee revenues over FY11
 - Positive AWS and ATV growth
 - The establishment of 39 new outlets
 - Contributions from the Pizza Capers network





Record Dividend

- Strong outcomes resulted in a 21% increase in the FY12 combined dividend paid to shareholders
- The record full year dividend of 17.5 cents per share reflected a 66.3% payout ratio





Board Reinvigoration

- During FY12 RFG embarked on a program designed to maximise performance of existing business units while driving reinvigorated growth
- Sought to add to the Board's skillset and its ability to work with management
- Outcome was the appointment of Jessica Buchanan and Tony Williams as Non-Executive Directors in May 2012
- Both have brought specialist marketing, retailing and franchise expertise which complements the Board's existing proficiencies



Organisational Restructure

- Reinvigoration also included the implementation of significant organisational restructure in March
- Migration from a departmental configuration to an operational and servicing 'Brand Structure' with:
 - A Managing Director appointed to each Brand System with necessary authority and resources to set and implement the brand's strategy, direction and focus
- In addition, a dedicated Marketing & Innovations Department was commissioned to:
 - Develop and co-ordinate marketing and innovation strategy across all Brand Systems
 - Design and implement the next step in the evolution of each Brand System through Project Evolution (EVO)



Staffing Complement and Incentivisation

- Organisational restructure and acquisition activity has:
 - Offered considerable opportunity for internal staff advancement
 - Positioned RFG as an employer of choice
- Essential that RFG attracts and retains high quality executive personnel
- Board is focused on delivering an appropriate remuneration structure that:
 - Contemplates short and long term incentives that are aligned to corporate performance and the creation of positive shareholder outcomes
- Getting it right is important and we will advise stakeholders once this has been determined





Growth Strategy for Future Success

- RFG has built incredible momentum and we are confident we have the right strategy to ensure future growth
- The Company's 'strength in brands' dictum allows RFG to:
 - Leverage its brands to ensure significant outcomes are achieved
 - Deliver greater value and efficiencies to franchisees
- Our growth over the next 12 months will be achieved through:
 - Organic outlet growth within Brand Systems
 - Focus on increasing Averaged Weekly Sales (AWS) and Averaged Transaction Value (ATV)
 - Enhanced operational platforms
 - Innovative developments to spearhead e-commerce and Project EVO
- This growth strategy will ensure long term profit and EPS growth



The Year Ahead

- Board confident its strategy will continue to deliver outstanding performance well into the future but is cautious given:
 - Retailing will likely remain challenged in FY13
 - Australian economy not immune from growth and debt issues facing international financial community
 - The structural change presently being undertaken
- We are optimistic of continuing the delivery of shareholder outcomes
- RFG's incredible results are testament to the Company's Board, management, staff & franchisees who are instrumental in driving the growth of our business

