

# COLLINS FOODS LIMITED

## FY22 RESULTS

3 MAY 2021 TO 1 MAY 2022

28 June 2022

Authorised for release by the Board



# EUROPEAN PERFORMANCE SPARKS DOUBLE-DIGIT GROWTH IN SALES AND PROFITABILITY



	FY21 UNDERLYING** POST AASB 16	FY22 UNDERLYING# POST AASB 16	CHANGE	FY22 UNDERLYING PRE AASB 16
(\$m)				
REVENUE	1,065.9	1,184.5	11.1% ↑	1,184.5
EBITDA CONTINUING OPERATIONS	185.8	209.2	12.6% ↑	150.0
EBIT CONTINUING OPERATIONS	101.8	116.1	14.1% ↑	101.9
NPAT CONTINUING OPERATIONS	47.8	59.7	25.0% ↑	64.6
NET DEBT	177.4	174.9	\$2.5 ↓	174.9
NET LEVERAGE RATIO*	1.34	1.17	0.17↓	1.17
NET OPERATING CASH FLOW	128.2	156.3	\$28.1 ↑	119.9
EPS BASIC CONTINUING OPERATIONS (CENTS)	40.97	51.16	24.9% ↑	55.40
DPS (CENTS)	23.0	27.0	17.4% ↑	27.0

- Revenue up 11.1% to \$1,184.5m with growth across all business units
- Statutory NPAT of \$54.8m (FY21: \$37.3m)
- Underlying EBITDA<sup>^</sup> (post AASB 16) up 12.6% to \$209.2m with strong margin improvement in Europe
  - equivalent underlying EBITDA<sup>^</sup> (pre AASB 16) up 10.4% to \$150.0m
- Underlying NPAT<sup>^</sup> (post AASB 16) up 25.0% to \$59.7m
  - equivalent underlying NPAT<sup>^</sup> (pre AASB16) up 14.1% on prior year to \$64.6m
- Underlying EPS<sup>^</sup> (post AASB16) up 24.9% to 51.16 cps
  - equivalent underlying EPS<sup>^</sup> (pre AASB 16) up 14.0% to 55.40 cps
- Net debt of \$174.9m, down \$2.5m
- Fully franked final dividend of 15.0 cents per ordinary share declared; total FY22 dividend up 17.4% to 27.0 cps fully franked (FY21: 23.0 cps fully franked)

# Refer to Appendix slide 29 for a reconciliation between statutory and underlying results, in pre and post AASB 16

\* Net Leverage Ratio is shown on a pre AASB 16 basis consistent with measurement criteria in syndicated facility agreement

\*\* The prior reporting period has been restated as a result of a change in accounting policy for the recognition of cloud computing arrangements

<sup>^</sup> All references are to continuing operations

# ALL BUSINESS UNITS CONTINUE TO DRIVE TOP LINE SALES AND NEW STORE COUNT



## KFC AUSTRALIA

- FY22 SSS growth of 1.4%, with +2.5% in second half despite challenges of flooding and chicken supply disruptions; cycling +12.9% prior year
- 10 new restaurants opened in FY22, with performance above expectations
- Brand metrics indicate KFC scores on quality, value and consideration at all-time highs
- Digital and delivery channels continue to exhibit growth, with channel innovation highlighted by drone delivery



## KFC EUROPE

- FY22 SSS growth of 16.8% with 11.2% SSS growth on pre-COVID FY19
- Acquisition of 15 further restaurants in the Netherlands taking owned stores to 55% of total market
- Corporate Franchisee Agreement (CFA) successfully executed, providing for effective control of the Netherlands market and enabling improved marketing campaigns
- 3 new restaurants built, with one closure; Netherlands development pipeline expanding, on track to meet CFA targets



## TACO BELL AUSTRALIA

- FY22 SSS decline of 8.1%, with –5.5% in second half. Returned to SSS growth in Q4 with +0.4% SSS growth
- Additional media investment to support core brand positioning around taste and value
- 4 new restaurants opened in FY22, with further 3 openings since year end, taking total to 23 restaurants
- Successful performance of new store openings, especially in VIC and WA, support targeted efforts to bring brand to scale

**31 RESTAURANTS ADDED ACROSS THE GROUP IN FY22, INCLUDING 16 NET NEW OPENINGS**





# KENTUCKY FRIED CHICKEN

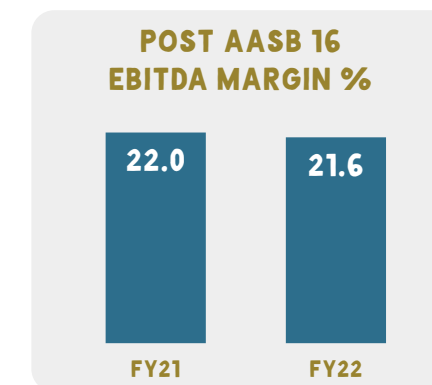
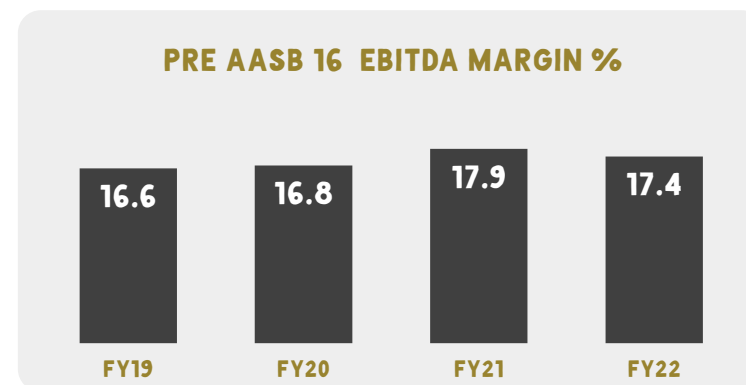
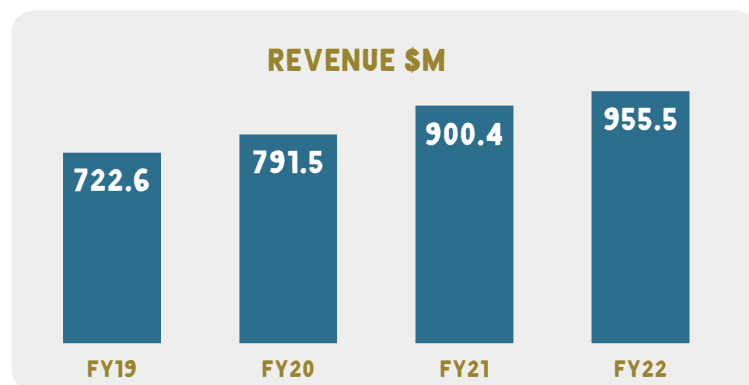
*Australia*

# KFC AUSTRALIA SUCCESSFULLY CYCLES RECORD SALES GROWTH

(\$m)	FY21 UNDERLYING POST AASB 16	FY22 UNDERLYING <sup>#</sup> POST AASB 16	CHANGE	FY22 UNDERLYING PRE AASB 16
<b>RESTAURANTS</b>				
<b>YEAR END (NO.)</b>	251	261	10 ↑	261
<b>REVENUE (\$M)</b>	900.4	955.5	6.1% ↑	955.5
<b>% SSS</b>	12.9%	1.4%		1.4%
<b>EBITDA (\$M)</b>	198.5	206.9	4.2% ↑	166.5
<b>% MARGIN</b>	22.0%	21.6%	(0.4)% ↓	17.4%
<b>EBIT (\$M)</b>	140.0	143.4	2.5% ↑	134.5
<b>% MARGIN</b>	15.5%	14.9%	(0.6)% ↓	14.1%

- Revenue up 6.1% to \$955.5m
- SSS growth of 1.4%, cycling +12.9% prior year
  - second half SSS growth of 2.5%
- Underlying EBITDA margin (post AASB 16) of 21.6%
  - equivalent underlying EBITDA margin (pre AASB 16) of 17.4%, down on prior year as anticipated (FY21: 17.9%)
  - FY22 included 2 successive minimum wage increases
  - modest full-year impact from late-year inflationary pressures
- 10 new restaurants opened in FY22, ahead of development agreement

# Refer to Appendix [slide 30](#) for a reconciliation between statutory and underlying results, in pre and post AASB 16





# BRAND STRENGTH AND VALUE POSITIONING KEY TO SUPPORT NAVIGATING INFLATIONARY CHALLENGES

- Brand metrics\* at record levels
  - purchase intent now in 7th straight year of increase
  - brand consideration at highest level ever
  - KFC now leads McDonald's on both Quality and Value perception scores
  - market share increasing led by gains in delivery
- Well positioned to moderate cost inflation in FY23-24 through
  - consumer-centric menu price increases – anticipated above historic norms, though consistent with strategy to grow transactions and continue to win on Value relative to QSR peers
  - long term nature of chicken supply partnerships – contracts locked in until end of 2022, though concessions given to help offset significant increases in feed prices
  - 95%+ of input items locally sourced, minimising impact from high costs of imports and freight
  - wholistic approach to omni-channel margin management, allowing more flexibility to continue to gain share on emerging delivery channel

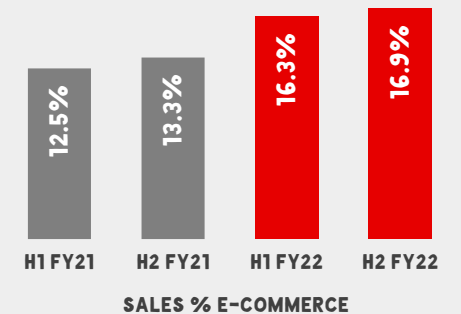
**BRAND STRENGTH IN 'VALUE' A KEY ATTRIBUTE DURING TIMES OF CONSUMER UNCERTAINTY**



# CONVENIENCE AND CUSTOMER EXPERIENCE SOARS TO NEW HEIGHTS



- Continued growth in digital and delivery, with e-commerce (delivery, web, app) accounting for 16.9% of sales, up from 13.3% prior year
  - market share in delivery more than doubled in 2021
  - delivery via aggregator and Delivery-as-a-Service (DaaS) through the app now in >200 restaurants (>80% of restaurants)
  - click & collect ordering through the app increased nearly 60% vs prior year, with new version of app expected first half of FY23
  - Roll-out of Uber Eats across Queensland has commenced in early FY23 with full national roll-out expected before HY23; sales above expectations
- Launched Australia's first KFC drone delivery pilot in partnership with Wing and Yum! Brands
  - contactless drone delivery in an initial 5 Brisbane suburbs, serviced by Collins Foods' first dark kitchen
  - end-to-end delivery twice as fast as traditional delivery
  - drone technology will continue to improve with increased carrying capacity and battery life enabling larger delivery areas

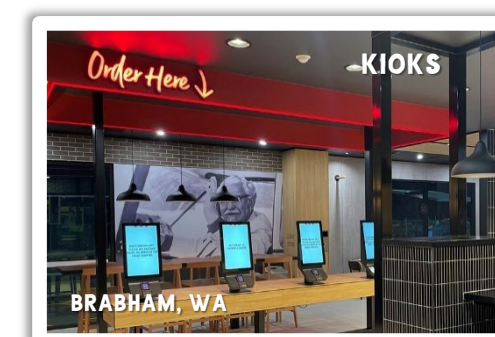
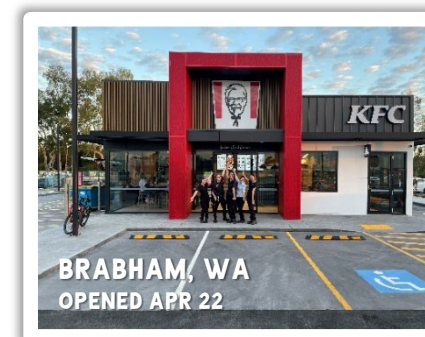
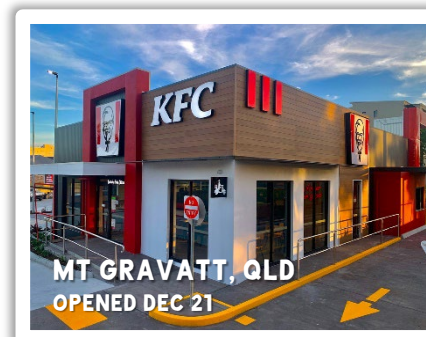
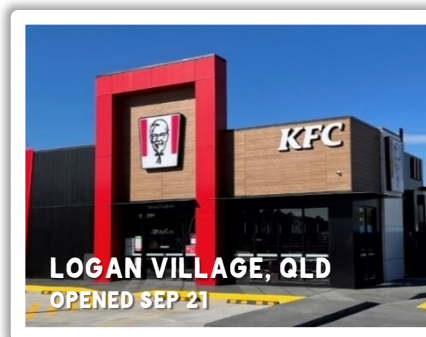




# NEW RESTAURANT DEVELOPMENT CONTINUES ON TRACK

- 10 new restaurants opened in FY22, with performance considerably above expectations
- Acquired 1 store at Griffith in NSW from fellow franchisee in June 2022 at accretive multiple
- Targeting build of 9 to 12 restaurants in FY23, ahead of development agreement requirement of 7 to 8 per year
- Format innovations will continue to support evolution in customer ordering habits, increased per unit volumes and deeper penetration into new geographic areas
- Solar panels now installed in 103 locations, with remaining available drive-thru estate\* to be completed during first half of FY23
- Digital capex investments include
  - external digital menu boards now in 153 sites with remainder of network to be completed in FY23
  - kiosk trial extended to 22 restaurants

\* Inclusion of individual sites subject to landlord approval and local council requirements







# **KENTUCKY FRIED CHICKEN**

*Europe*

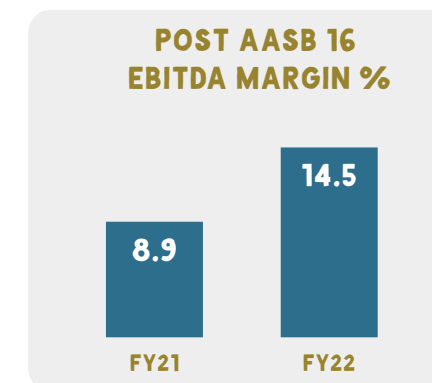
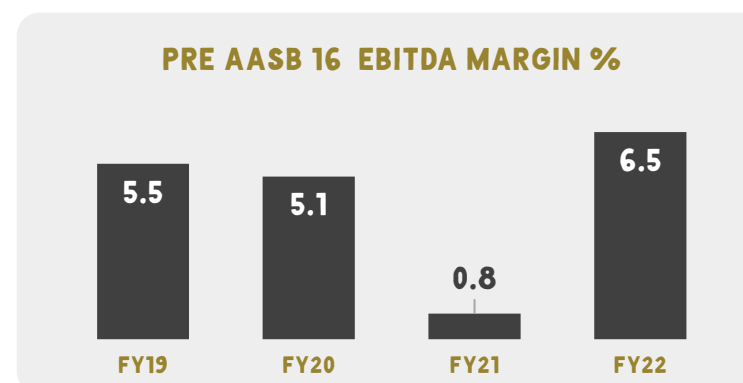
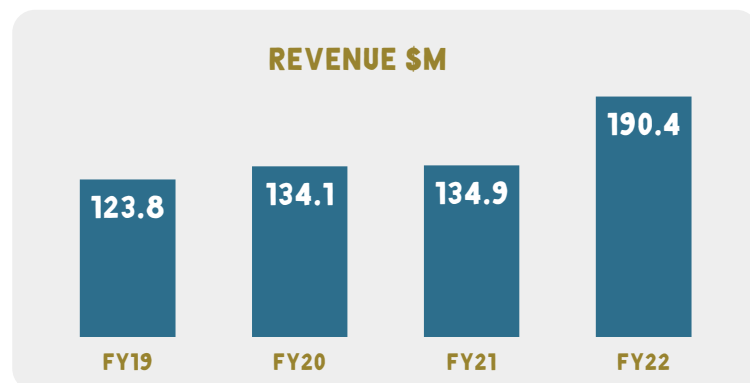
# KFC EUROPE MARKS IMPRESSIVE YEAR OF RECOVERY

	FY21 UNDERLYING	FY22 UNDERLYING <sup>#</sup>	CHANGE	FY22 UNDERLYING
(\$m)	POST AASB 16	POST AASB 16		PRE AASB 16
<b>RESTAURANTS</b>				
<b>YEAR END (NO.)</b>	46	62	16 ↑	62
<b>REVENUE* (\$M)</b>	134.9	190.4	41.2% ↑	190.4
<b>% SSS</b>	(0.6)%	16.8%		16.8%
<b>EBITDA (\$M)</b>	12.0	27.6	130.7% ↑	12.4
<b>% MARGIN</b>	8.9%	14.5%	5.6% ↑	6.5%
<b>EBIT (\$M)</b>	(5.4)	7.6	240.1% ↑	2.8
<b>% MARGIN</b>	(4.0)%	4.1%	8.1% ↑	1.5%

- Significant recovery in Europe with SSS growth of 16.8% (and 11.2% growth on FY19)
  - Netherlands SSSG of 18.8% (7.1% on FY19)
  - Germany SSSG of 11.7% (17.0% on FY19)
  - drive-thru, digital and delivery sales sustaining high levels post reopening from COVID lockdowns
- Acquired restaurant contribution of \$25.2m revenue
- Europe EBITDA margin (post AASB 16) of 14.5% (FY21: 8.9%) reflecting strong SSS performance
  - equivalent EBITDA margin (pre AASB 16) of 6.5% significantly above FY21 of 0.8%
  - second half margin impacted somewhat by seasonality (quieter winter trading) and higher delivery mix

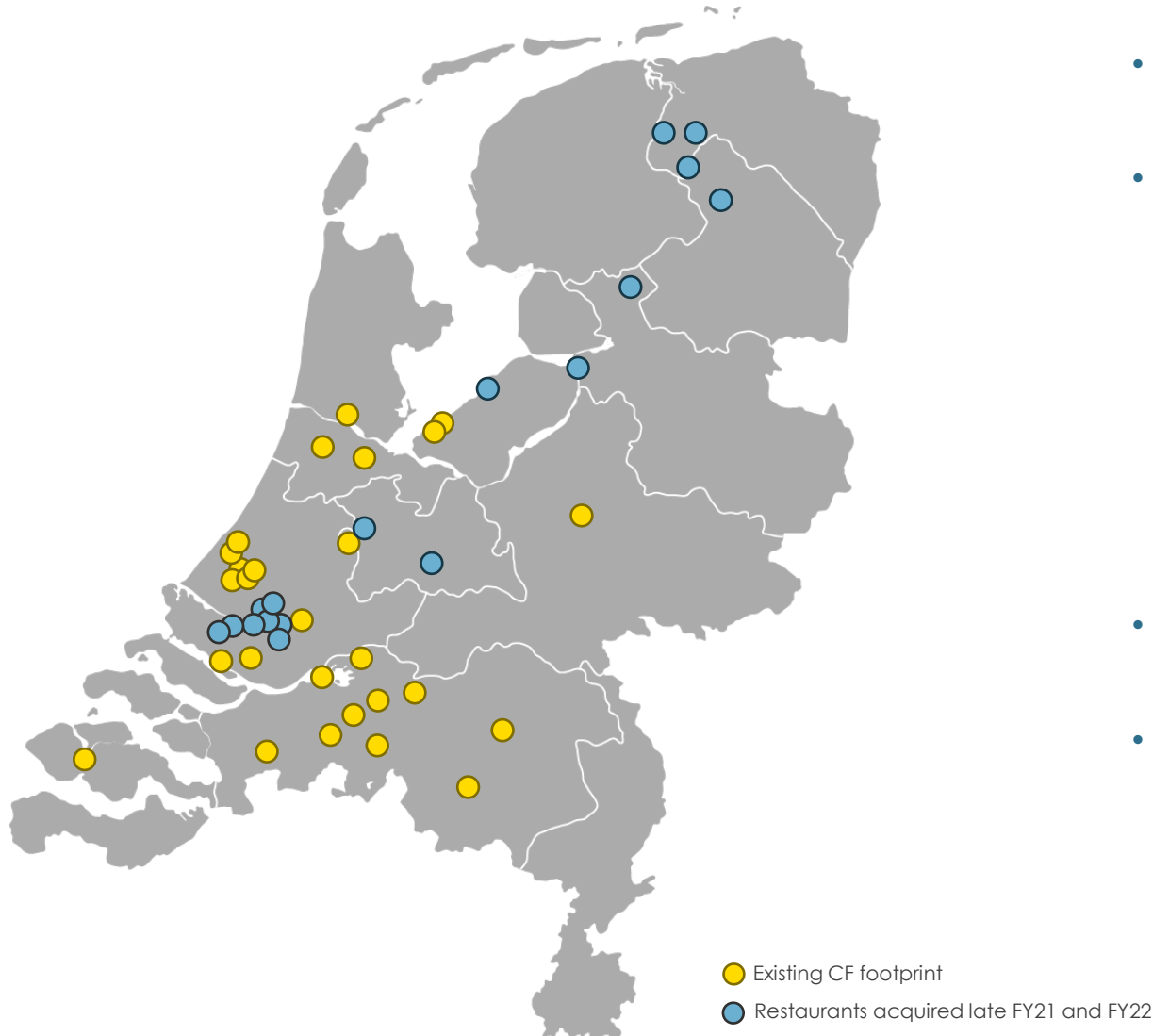
# Refer to Appendix [slide 31](#) for a reconciliation between statutory and underlying results, in pre and post AASB 16

\* FY22 only: includes \$3.6m Corporate Franchise Agreement Revenue 'grossing-up'





# NETHERLANDS CORPORATE FRANCHISE AGREEMENT UNDERPINS EUROPE GROWTH STRATEGY



- Commencement of Netherlands Corporate Franchise Agreement (CFA) on 31 December 2021
- CFA ensures Collins Foods has primary operational control over this market
  - refined marketing strategy with a return to KFC's core value proposition
  - decision-making authority on pricing
  - management of market store development pipeline
  - greater ability to drive innovation and pace of change
- Franchisees have responded positively, and have engaged constructively to further build the brand
- The combining of Yum! employees and Collins Foods' employees is complete, and a single Collins Foods' culture is emerging

# MARKETING STRATEGY AIMS TO MAINTAIN SALES MOMENTUM WHILE MITIGATING SIGNIFICANT MARGIN HEADWINDS



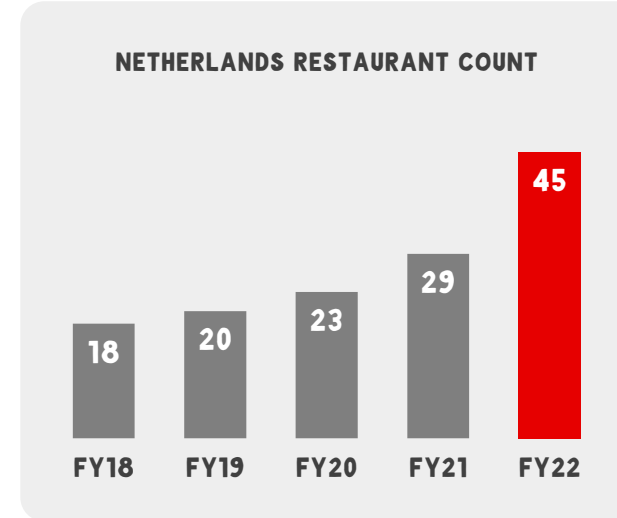
- Renewed focus on Core and shift from "Disruptive Value" to "Everyday Value" supporting positive sales momentum in both Netherlands and Germany
- Recent advertising campaigns have leveraged the Colonel Sanders icon and have resonated well with consumers
- YouGov consumer research reflect improvement on brand 'buzz' and 'advertising awareness'
- Significant margin headwinds in Europe expected from inflationary pressures exacerbated by war in Ukraine. Mitigation plan includes:
  - sizeable but consumer-centric menu price increases
  - continued shift away from "disruptive value" to "everyday value"
  - supply chain initiatives designed to leverage vendor relationships across European markets
  - management of channel mix
  - procurement initiatives to re-tender and re-negotiate long-standing support contracts





# SIGNIFICANT EXPANSION OPPORTUNITIES IN EUROPE DESPITE CURRENT MARKET DYNAMICS

- Collins Foods' footprint increased to 45 out of 82 total KFC restaurants in Netherlands (55% market share), following
  - acquisition of 15 restaurants from 3 separate franchisees (in addition to 2 further restaurants acquired in late FY21)
  - 3 new restaurant openings, 1 closure
  - all acquisitions have been fully integrated into the Collins Foods' network and are performing in line with expectations
- Netherlands CFA unlocks further market development potential
  - target up to 130 net new restaurants over next 10 years
  - Development pipeline expanding, including increased appetite from other franchisees
- Highly successful late year drive-thru opening in Goppingen, Germany (€110k first week sales) bolsters confidence for potential ramp-up in that market
- Overall under-penetration of KFC in Northern and Western European markets provides potential long-term expansion opportunity







# **TACO BELL**

## *Australia*



# TACO BELL'S RETURN TO SAME STORE SALES GROWTH IN Q4 PROVIDES POSITIVE MOMENTUM INTO FY23

(\$m)	FY21 UNDERLYING POST AASB 16	FY22 UNDERLYING <sup>#</sup> POST AASB 16	CHANGE	FY22 UNDERLYING PRE AASB 16
<b>RESTAURANTS</b>				
<b>YEAR END (NO.)</b>	16	20	4 ↑	20
<b>REVENUE (\$M)</b>	28.0	35.8	27.5% ↑	35.8
<b>% SSS</b>	3.9%	(8.1)%		(8.1)%
<b>EBITDA RESTAURANT LEVEL (\$M)</b>	3.2	4.0	25.0% ↑	1.4
<b>% MARGIN</b>	11.4%	11.2%	0.2% ↓	3.7%
<b>EBITDA (\$M)</b>	0.2	(0.4)	(281.0)% ↓	(3.0)
<b>% MARGIN</b>	0.7%	(1.2)%	1.9% ↓	(8.4)%
<b>EBIT (\$M)</b>	(4.5)	(5.6)	(26.0)% ↓	(6.0)
<b>% MARGIN</b>	(16.1)%	(15.7)%	0.4% ↑	(16.7)%

- Revenue up 27.5% to \$35.8m
- SSS decline of 8.1%, though improvement noted from first half result of -11.2%
  - SSS decline of 5.5% in second half
  - SSS returned to positive growth in Q4 (+0.4%)
- EBITDA profitability (post AASB16) at the restaurant level (excluding new restaurant opening costs and brand G&A) of \$4.0m
  - equivalent pre AASB 16 EBITDA maintained at \$1.4m, with margin of 3.7% (FY21: 5.1%)
- \$(0.4)m underlying EBITDA (post AASB 16)
  - equivalent pre AASB 16 EBITDA of \$(3.0)m at margin of (8.4)%
- 4 new restaurants opened during the year, with further 3 opening post year end

# Refer to Appendix [slide 32](#) for a reconciliation between statutory and underlying results, in pre and post AASB 16

# MARKETING EFFORTS CENTRED ON ESTABLISHING BRAND'S TASTE AND VALUE CREDENTIALS



- Focus on improving value and quality of offering is starting to generate positive results
  - menu changes made to increase portion size and value perception
  - leveraging KFC expertise to improve operational efficiency and margins
  - new meal combinations and key price points
- Clear test and learn strategy in place to roll out across estate once benefits clearly visible
- New creative agency and Australian Chief Marketing Officer in place from July to drive performance in FY23
- Willingness to increase media spend above contractual requirements to drive top of mind awareness
- Digital and Delivery sales currently at 15.6% of sales – opportunity for further growth with planned expansion into UberEats expected in first half FY23





# STORE ROLLOUT TO ACCELERATE IN FY23

- Successful opening of 4 restaurants in FY22, all drive-thru, despite COVID-related building delays in Melbourne
  - Midland, VIC opened on 29 September 2021
  - Eatons Hill, QLD opened on 2 November 2021
  - Berwick South, VIC opened on 12 April 2022
  - Dandenong South, VIC opened on 28 April 2022
- Further 3 restaurants opened since year end in Victoria and Western Australia (total 23 restaurants; QLD: 13, VIC: 8, WA: 2)
- Iterative approach to real estate and design ensures learnings are captured: average weekly sales of last 8 openings >\$15k higher than that of first 10 restaurants, with +8.8% store level margin improvement
- Strong development pipeline of tightly clustered locations in South-East Queensland, greater Melbourne and Perth
- 9 to 12 new restaurants planned for FY23, with new build cost typically between \$0.6m and \$1m employing 'hot shell' approach to reduce capex outlay
- On track to reach scale within 3 years







# SIZZLER

## Asia

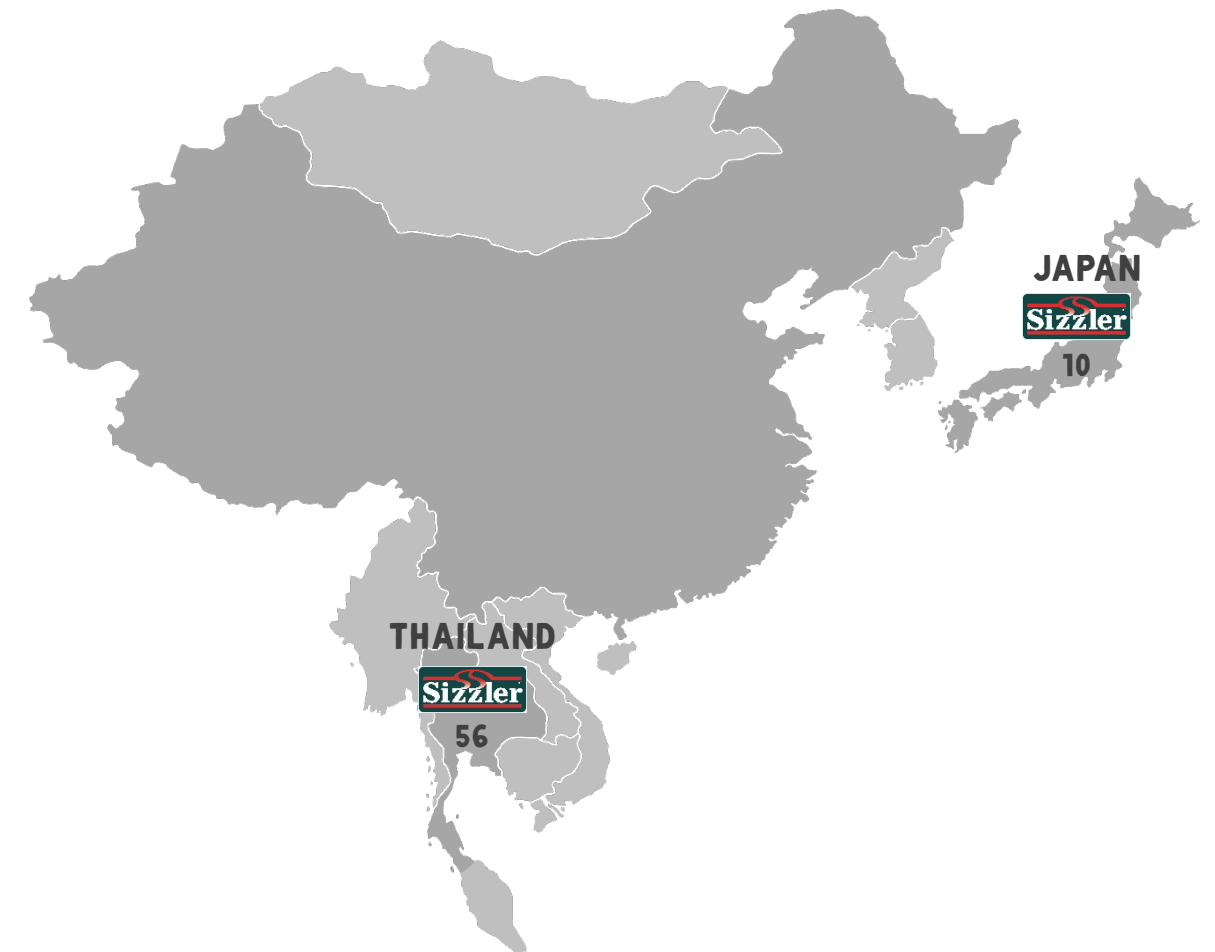


# POST COVID RECOVERY UNDERWAY IN SIZZLER ASIA

	FY21 STATUTORY <sup>#</sup>	FY22 STATUTORY <sup>#</sup>	CHANGE
<b>REVENUE (\$M)</b>	2.5	2.8	10.8% ↑
<b>EBITDA (\$M)</b>	1.6	1.7	4.3% ↑
<b>% MARGIN</b>	64.0%	59.8%	(4.2)% ↓
<b>EBIT (\$M)</b>	0.8	1.1	48.1% ↑
<b>% MARGIN</b>	32.0%	38.6%	6.6% ↑

# There is no impact from AASB 16

- Royalty revenue up 10.8% to \$2.8m, generating EBITDA profit of \$1.7m
- FY22 result includes impact of COVID-19 restrictions in HY22. Significant improvement experienced in Japan and Thailand through second half of FY22 post markets reopening
- Positive franchisee brand economics support potential re-launch of new store development in FY23
- 66 restaurants as at FY22





# **FINANCIAL** *Performance*



# CASH FLOW CONTINUES TO BE REINVESTED FOR GROWTH

(\$m)	FY21 POST AASB 16	FY22 POST AASB 16	FY22 PRE AASB 16
<b>NET OPERATING CASH FLOWS BEFORE INTEREST AND TAX</b>	183.1	212.3	153.3
<b>NET INTEREST PAID</b>	(8.3)	(6.6)	(6.6)
<b>INTEREST PAID ON LEASES</b>	(19.4)	(22.6)	–
<b>INCOME TAX PAID</b>	(27.2)	(26.8)	(26.8)
<b>NET OPERATING CASH FLOWS</b>	<b>128.2</b>	<b>156.3</b>	<b>119.9</b>
<b>PAYMENTS FOR ACQUISITION OF SUBSIDIARIES</b>	(3.9)	(28.3)	(28.3)
<b>PAYMENTS FOR INTANGIBLES</b>	(5.0)	(5.4)	(5.4)
<b>PAYMENTS FOR PLANT AND EQUIPMENT</b>	(41.9)	(67.8)	(67.8)
<b>PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT</b>	0.2	4.2	4.2
<b>NET CASH FLOW FROM INVESTING</b>	<b>(50.6)</b>	<b>(97.3)</b>	<b>(97.3)</b>
<b>REFINANCE FEES PAID</b>	–	(1.5)	(1.5)
<b>PROCEEDS FROM BORROWINGS</b>	4.7	32.6	32.6
<b>REPAYMENT OF BORROWINGS</b>	(42.0)	(28.0)	(28.0)
<b>CASHFLOWS ATTRIBUTABLE TO LEASES</b>	(31.2)	(36.4)	–
<b>DIVIDENDS PAID</b>	(24.5)	(28.6)	(28.6)
<b>NET CASH FLOW FROM FINANCING</b>	<b>(93.0)</b>	<b>(61.9)</b>	<b>(25.5)</b>
<b>NET CASH FLOW</b>	<b>(15.4)</b>	<b>(2.9)</b>	<b>(2.9)</b>

- Net operating cash flow (post AASB 16) of \$156.3m, up \$28.1m on prior year due to stronger underlying EBITDA
- Net operating cashflows before interest and tax (pre AASB16) of \$153.3m, benefiting from \$3.3m of positive working capital
- Capex cash spend of \$73.2m
  - new restaurants \$26.9m
  - land to enable new restaurant buildings \$10.0m
  - remodels \$17.8m
  - digital and sustainability initiatives \$6.0m
  - sustaining and other capital \$12.5m
- Net cash outflow of \$2.9m, compared to outflow of \$15.4m in prior year despite payments for acquisitions of \$28.3m
- Strong cash flows support final fully franked dividend of 15.0 cps

# BALANCE SHEET REMAINS IN HEALTHY SHAPE

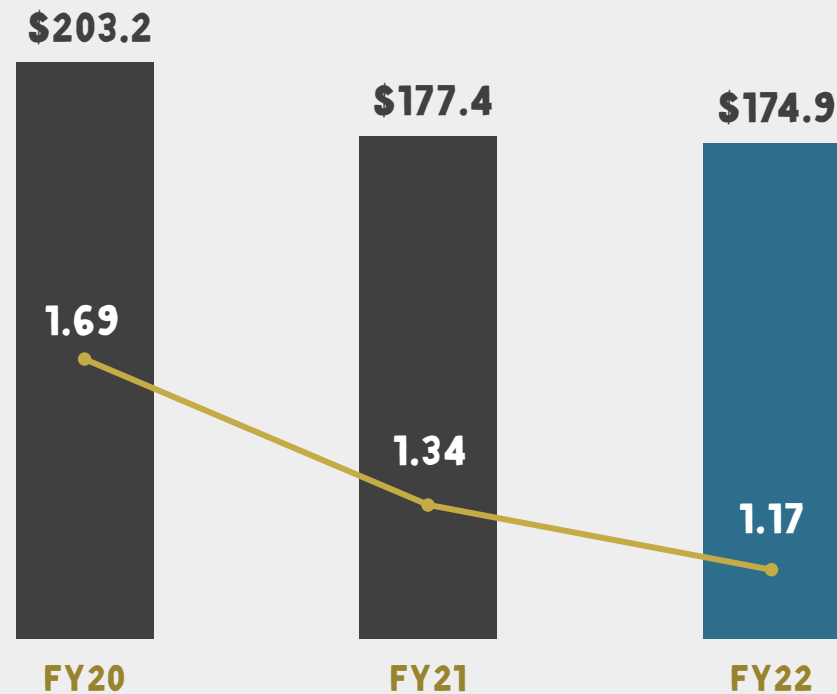
(\$m)	2 MAY 2021 POST AASB 16	1 MAY 2022 POST AASB 16	1 MAY 2022 PRE AASB 16
<b>CASH AND EQUIVALENTS</b>	95.7	97.2	97.2
<b>TOTAL CURRENT ASSETS</b>	<b>111.1</b>	<b>113.9</b>	<b>117.8</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	188.9	216.1	216.1
<b>RIGHT OF USE ASSETS</b>	361.7	432.5	–
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,046.0</b>	<b>1,169.1</b>	<b>720.1</b>
<b>TOTAL ASSETS</b>	<b>1,157.1</b>	<b>1,283.0</b>	<b>837.9</b>
<b>LEASE LIABILITIES</b>	34.2	37.8	–
<b>TOTAL CURRENT LIABILITIES</b>	<b>147.0</b>	<b>166.4</b>	<b>135.8</b>
<b>DEBT</b>	271.5	271.0	271.0
<b>LEASE LIABILITIES</b>	363.6	439.7	–
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>647.5</b>	<b>723.1</b>	<b>275.0</b>
<b>TOTAL LIABILITIES</b>	<b>794.5</b>	<b>889.4</b>	<b>410.8</b>
<b>NET ASSETS</b>	<b>362.6</b>	<b>393.5</b>	<b>427.1</b>

- Cash balance of \$97.2m, slightly up on prior year despite some repayment of borrowings
- Property, plant and equipment of \$216.1m, up \$27.2m reflecting new restaurant builds and acquisitions less the relevant depreciation
- Right of use assets of \$432.5m and lease liabilities of \$477.5m (as a result of AASB 16) up on prior year due to building and acquiring more restaurants than prior year
- Net assets (post AASB 16) of \$393.5m, up from \$362.6m at end of prior financial year



# FUNDING CAPACITY & COVENANTS CONTINUE TO BE AVAILABLE TO SUPPORT GROWTH INITIATIVES

## NET DEBT (\$M)/ NET LEVERAGE RATIO\*



- Net leverage ratio\* (pre AASB 16) of 1.17
  - significant headroom to covenant maximum of 2.75
- Net debt of \$174.9m<sup>(1)</sup>
  - significant headroom to current facility of circa \$380m<sup>(2)</sup>
- Significant capacity to continue to fund future growth opportunities

\* Net Leverage Ratio is shown on a pre AASB 16 basis consistent with measurement criteria in syndicated facility agreement

(1) Net debt including ~\$1.1m unamortised bank fees and fair value on debt modification

(2) Exchange rate of AUD \$1 : EURO €0.6783 as at 01 May 2022



# OUTLOOK



# GROWTH PLANS CONTINUE ON TRACK DESPITE CURRENT MARGIN HEADWINDS



## KFC AUSTRALIA

- First 7 weeks FY23 SSS of +4.1%
- Some margin compression expected especially in first half FY23, with full-year target to stay within low-to-mid 16 to 17% historic range; recovery to higher end of range expected in FY24
- Margin pressure partial offsets expected from menu price increases, supply chain partnerships, procurement initiatives
- Continued expansion of digital and delivery, including UberEats rollout to full system
- New store development of 9 to 12 restaurants expected in FY23



## KFC EUROPE

- First 7 weeks FY23 SSS of +12.2% (Netherlands), +19.4% (Germany)
- Significant margin headwinds (1 to 2% across FY23; more pronounced in first half of the year) from increases in COGS, energy, and labour; potential softening of pressures in second half and FY24
- Margin offsets from menu pricing, sales leverage, cross-border sourcing opportunities, and procurement
- Marketing focus on Everyday Value and core KFC playbook
- New store development of 2 to 5 restaurants expected in FY23, with pipeline expanding for future years
- Continue to monitor landscape for additional M&A opportunities



## TACO BELL AUSTRALIA

- First 7 weeks FY23 SSS of +1.6%
- Moderate margin pressure expected, especially in beef, oil, and labour; full-year target to maintain positive EBITDA at restaurant level (pre- start up and overhead costs)
- Continued strategy to increase media spend above contractual requirements, focusing on taste and value
- UberEats launch expected in first half FY23
- Ramp up development pipeline with 9 to 12 new restaurants expected in FY23, concentrating exclusively on SEQ, Melbourne, and Perth

# FY23 & BEYOND: COLLINS FOODS' LONG-TERM SUCCESS RECIPE



## COLLINS FOODS' STRENGTHS ARE WELL-SUITED TO NAVIGATE A TURBULENT ENVIRONMENT

- A healthy balance sheet
- World-class, scalable brands
- Specialisation in the resilient, value-centric QSR sector
- Operational excellence focus
- Management team capability
- Proven track record of growth via both M&A and new store builds







COLLINS FOODS LIMITED

**Q&A**



COLLINS FOODS LIMITED

# APPENDIX



# EXECUTING AGAINST ESG STRATEGY

OUR PEOPLE, OUR COMMUNITIES AND OUR PLANET DESERVE OUR WHOLEHEARTED COMMITMENT. WE WANT OUR GROWTH TO BE SUSTAINABLE. PRIMARY GOALS:

## PEOPLE AND COMMUNITIES

Establish **Collins Foods Giving** as a best-in-class signature program by 2026 with **75% + PARTICIPATION RATE**

- 36% enrolment achieved in FY22 (FY21: 27%)

## PLANET

Reduce our carbon footprint by achieving a **25% REDUCTION** in **greenhouse gas emissions** by 2026 compared to FY21

- Reducing Scope 1 and 2 GHG despite increasing restaurants - FY22: 65,926 tonnes CO2-e (FY21: 68,613 tonnes CO2-e)
- Solar panels installed in 103 locations

Increase **diversion of waste** from landfill by **25%** by 2026 compared to FY22

- 18.3% diversion in FY22

## GOVERNANCE

Commitment to **CONTINUOUS IMPROVEMENT** in **best practice governance standards** in all our business activities

# GROUP RESULTS SUMMARY

## POST AASB 16

	FY21 UNDERLYING*	FY22 STATUTORY	FY22 NON-TRADING ITEMS	FY22 UNDERLYING	CHANGE
(\$m)	POST AASB 16	POST AASB 16	POST AASB 16	POST AASB 16	
<b>REVENUE</b>	1,065.9	1,184.5	-	1,184.5	11.1% ↑
<b>EBITDA CONTINUING OPERATIONS</b>	185.8	207.2	2.1	209.2	12.6% ↑
<b>EBIT CONTINUING OPERATIONS</b>	101.8	110.9	5.2	116.1	14.1% ↑
<b>NPAT CONTINUING OPERATIONS</b>	47.8	54.8	4.9	59.7	25.0% ↑
<b>NET DEBT</b>	177.4	174.9	-	174.9	\$ 2.5↓
<b>NET LEVERAGE RATIO**</b>	1.34	1.17	-	1.17	0.17 ↓
<b>NET OPERATING CASH FLOW</b>	128.2	156.3	-	156.3	\$28.1↑
<b>EPS BASIC CONTINUING OPERATIONS (CENTS)</b>	40.97	46.96	-	51.16	24.9%↑

## PRE AASB 16

	FY21 UNDERLYING*	FY22 STATUTORY	FY22 NON-TRADING ITEMS	FY22 UNDERLYING	CHANGE
	PRE AASB 16	PRE AASB 16	PRE AASB 16	PRE AASB 16	
	1,065.9	1,184.5	-	1,184.5	11.1% ↑
	135.9	148.3	1.7	150.0	10.4% ↑
	93.0	98.7	3.3	101.9	9.6% ↑
	56.6	61.2	3.4	64.6	14.1% ↑
	177.4	174.9		174.9	\$ 2.5↓
	1.34	1.17	-	1.17	0.17 ↓
	95.9	119.9	-	119.9	\$24.0 ↑
	48.59	52.45	-	55.40	14.0% ↑

\* The prior reporting period has been restated as a result of a change in accounting policy for the recognition of cloud computing arrangements

\*\* Net Leverage Ratio is shown on a pre AASB 16 basis consistent with measurement criteria in syndicated facility agreement



# KFC AUSTRALIA RESULTS SUMMARY – PRE AASB 16

	FY21 UNDERLYING PRE AASB 16	FY22 STATUTORY & UNDERLYING PRE AASB 16	CHANGE
(\$m)			
<b>RESTAURANTS</b>			
YEAR END (NO.)	251	261	10↑
REVENUE (\$M)	900.4	955.5	6.1% ↑
% SSS	12.9%	1.4%	
EBITDA (\$M)	161.4	166.5	3.1% ↑
% MARGIN	17.9%	17.4%	(0.5)% ↓
EBIT (\$M)	132.0	134.5	1.9% ↑
% MARGIN	14.7%	14.1%	(0.6)% ↓

# KFC EUROPE RESULTS SUMMARY

## POST AASB 16

	FY21 UNDERLYING	FY22 STATUTORY	FY22 NON-TRADING ITEMS	FY22 UNDERLYING	CHANGE
(\$m)	POST AASB 16	POST AASB 16	POST AASB 16	POST AASB 16	
<b>RESTAURANTS</b>					
<b>YEAR END (NO.)</b>	46	62		62	16 ↑
<b>REVENUE* (\$M)</b>	134.9	190.4		190.4	41.2% ↑
<b>% SSS</b>	(0.6)%	16.8%		16.8%	
<b>EBITDA (\$M)</b>	12.0	25.3	2.3	27.6	130.7% ↑
<b>% MARGIN</b>	8.9%	13.3%		14.5%	5.6% ↑
<b>EBIT (\$M)</b>	(5.4)	5.3	2.3	7.6	240.1% ↑
<b>% MARGIN</b>	(4.0)%	2.8%		4.1%	8.1% ↑

## PRE AASB 16

	FY21 UNDERLYING	FY22 STATUTORY	FY22 NON-TRADING ITEMS	FY22 UNDERLYING	CHANGE
	PRE AASB 16	PRE AASB 16	PRE AASB 16	PRE AASB 16	
	46	62		62	16 ↑
	134.9	190.4		190.4	41.2% ↑
	(0.6)%	16.8%		16.8%	
	1.1	9.0	3.4	12.4	1,061.4% ↑
	0.8%	4.7%		6.5%	5.7% ↑
	(6.5)	(0.6)	3.4	2.8	142.0% ↑
	(4.8)%	(0.3)%		1.5%	6.3% ↑

\* FY22 only: includes \$3.6m Corporate Franchise Agreement Revenue 'grossing-up'



# TACO BELL RESULTS SUMMARY – PRE AASB 16

	FY21 UNDERLYING	FY22 UNDERLYING	CHANGE
(\$m)	PRE AASB 16	PRE AASB 16	
<b>RESTAURANTS</b>			
YEAR END (NO.)	16	20	4 ↑
REVENUE (\$M)	28.0	35.8	27.5% ↑
% SSS	3.9%	(8.1)%	
EBITDA RESTAURANT LEVEL (\$M)	1.4	1.4	(-)%↓
% MARGIN	5.1%	3.7%	(1.4)%↓
EBITDA (\$M)	(1.6)	(3.0)	(93.4)% ↓
% MARGIN	(5.7)%	(8.4)%	(2.9)% ↓
EBIT (\$M)	(4.4)	(6.0)	(35.5)% ↓
% MARGIN	(15.7)%	(16.7)%	1.0%↓

# FY22 NON TRADING ITEMS SUMMARY

	POST AASB 16			PRE AASB 16		
	EBITDA	EBIT	NPAT	EBITDA	EBIT	NPAT
(\$m)	POST AASB 16	POST AASB 16	POST AASB 16	PRE AASB 16	PRE AASB 16	PRE AASB 16
<b>RESTAURANT IMPAIRMENTS – TACO BELL</b>	0.0	3.2	2.2	0.0	1.6	1.1
<b>GAIN ON DISPOSAL OF LAND</b>	(1.2)	(1.2)	(0.9)	(2.7)	(2.7)	(2.3)
<b>KFC EUROPE CLOSURE PROVISION</b>	0.1	0.1	0.1	1.2	1.2	1.2
<b>KFC EUROPE ACQUISITION COSTS*</b>	2.9	2.9	2.9	2.9	2.9	2.9
<b>FAIR VALUE LOSS ON DEBT MODIFICATION**</b>	0.9	0.9	0.8	0.9	0.9	0.8
<b>OTHER NON TRADING ITEMS***</b>	(0.7)	(0.7)	(0.2)	(0.7)	(0.7)	(0.2)
<b>TOTAL NON TRADING ITEMS</b>	<b>2.1</b>	<b>5.2</b>	<b>4.9</b>	<b>1.7</b>	<b>3.3</b>	<b>3.4</b>

\* \$1.8m included within Europe business segment, remainder in 'Other' segment

\*\* \$0.3m included within Europe business segment, remainder in 'Other' segment

\*\*\* Other non trading items include a foreign exchange gain and unamortised borrowing costs expensed due to debt repayment



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