

## Collins Foods Limited 2022 Annual General Meeting Transcript [Edited]

### Robert Kaye SC

Good morning, ladies and gentlemen, and welcome to the 2022 Annual General Meeting of Collins Foods Limited. My name's Robert Kaye and I'm the Chairman of Collins Foods. I'd like to welcome all that are joining us, thank you for attending our company's annual general meeting. We hope the shareholders will take advantage of the technology that enables us to meet online and allows our shareholders, their appointed proxies, corporate representatives or attorneys, to ask questions and submit votes in real time. At this meeting of Collins Foods Limited, shareholders, only shareholders, their appointed proxies, corporate representatives or attorneys are entitled to make comment, ask questions or vote. All other attendees are welcome as themselves.

Under the Collins Foods Limited constitution, the quorum is two shareholders and our Company Secretary has informed me that we have a quorum present. It's also now 9:30 AM or just past and I declare the meeting open. Before I go any further, I'd like to introduce you to our Board of Directors who are present at the meeting today. To my immediate right, is Drew O'Malley, our Managing Director and CEO. Next to him, is Mark Hawthorne, who was appointed as an independent Non-Executive Director by board in December, 2021. Mark, as you know, stands for election today.

Next to him, is Bronwyn Morris AM, who after 11 years of impeccable service as the Chair of the Audit and Risk Committee and a valued member of the Remuneration and Nomination Committee retires at the conclusion of this AGM. Seated next to Bronwyn is Russell Tate, who is Chair of the company's Remuneration and Nomination Committee, and is also a member of the Audit and Risk Committee. Christine Holman, who we welcome as Chair of the Audit and Risk Committee and is a member of the Remuneration and Nomination Committee is seated next to Russell – sorry, beside Christine is Kevin Perkins, who serves as a member of both the Audit Risk Committee and the Remuneration and Nomination Committee.

We're joined by Nigel Williams, our group Chief Financial Officer, also, other executive members and Frances Finucan, our Company Secretary; Michael Crowe, representing the group's Auditor, Price Waterhouse Coopers, is also in attendance. You'll find biographies of each of the Directors and management on the Company's website.

After outlining a few matters of procedure, I'll begin with a review of the financial year 2022. Following this, Drew, our Managing Director and CEO, will provide an update on our strategy to continue to deliver earnings growth to shareholders. Following the addresses we'll take questions, allowing shareholders an opportunity to consider responses to those questions, before moving to formal business of the meeting.

Ladies and gentlemen, a copy of the notice of AGM dated 25<sup>th</sup> July 2022, has been distributed with the 2022 Annual Report to shareholders, and if there are no objections it will be taken as read. The notice of AGM and the company's webpage provided shareholders with information on how to participate, ask questions and vote the AGM online, using a desktop or mobile device. However, I'll now remind shareholders of the process to submit a question and vote online.

Text questions can be submitted through the online meeting platform from now. To ask a question, press the Q&A icon, type your question into the text box and once you finish typing, please press the send button. To ask a verbal question, please follow the instructions written below the broadcast.

If you're a shareholder in Brisbane and wish to ask a verbal question at the time that verbal questions will be taken, please move to the desk with a microphone, so that your name and question may be heard clearly by everyone. As indicated earlier, questions will be addressed later on in this meeting and these questions will be moderated to avoid repetition in the questions that are particularly lengthy, we may need to summarise them in the interests of time.

Depending on the question asked, I'll make the decision whether I'll answer it or will ask a member of management or another director or indeed, the auditor, to respond. In the unlikely event that we run out of time to answer all the questions, we will respond to you separately after this meeting. I do encourage you to submit your question as soon as you can.

All items of business will be decided on a poll. I'll open the polls now and keep them open so you can vote at any time during the meeting. If you're eligible to vote at this meeting and have logged into the online platform, a voting icon that looks like a page will appear on your device, screen or navigation. Once you click this, the resolutions will appear on your screen and you can select a voting option. There's no need to press a submit or enter button as the vote is automatically recorded.

Shareholders will have the ability to change their vote during the meeting, until I declare that the polls have closed. I'll close the polls at the end of question time, and so I encourage you to vote as soon as possible. For the shareholders and proxy holders here in Brisbane, you may choose to complete your card in its entirety. Lewis Brimelow and David Maffescioni from Computershare will act as returning officers with the purposes of conducting and determining the results of the poll. And those results will be announced to the ASX once final results are known.

The voting icon should soon appear if it hasn't already, please submit your votes anytime from now until the resolutions have been read. If you're having any difficulties in locating the voting icon, please refer to the detailed guidance available on Collins Foods' website. Drew will be speaking to you in a moment, but I wanted to just start off by making a few remarks. FY22 was another successful year for Collins Foods, with the delivery of double-digit earnings growth underpinned by a significant recovery in Europe.

Growth was achieved in all segments during the year, with KFC Australia delivering 1.4 per cent same store sales growth, while cycling extraordinary same store sales comparatives in the prior year. Taco Bell returned positive same store sales in Q4 FY22. Both of these businesses also saw continued store rollout ahead of development agreement pace, and four new Taco Bell restaurants opening despite COVID-19 related building delays. KFC Europe was, nonetheless, the standout performer, both in terms of FY22 results and execution against strategic objectives. Europe saw significant recovery with both same store sales and EBITDA margins recovering to above pre-pandemic levels.

While the business was a natural beneficiary for the post-COVID-19 reopening in the region, pleasingly sales remain strong across both drive-through and digital channels with the return of dining. We also saw the early benefits of changes Collins Foods put in place under the Corporate Franchise Agreement, the CFA. Through the CFA, Collins Foods has effective control over the Netherlands market. Marketing is a key area through which we've seen immediate effect in driving a renewed focus on core and a shift from disruptive value to everyday value. We've also made good progress on building a pipeline to future store developments, as we work towards our target of up to 130 new – net, that is – restaurants in the Netherlands market over the next 10 years.

Collins Foods also increased its share of the Netherlands market share to 55 per cent of stores through the acquisition of 15 restaurants. Collins Foods' focus on convenience and innovation across the group was best captured in continued growth in e-commerce sales, which represented 16.9 per cent of sales in the second half of FY22, with click and collect ordering showing particularly strong growth of nearly 60 per cent. Collins Foods also drove Australia's first drone delivery pilot in partnership with Wing and Yum! Brands.

Another record result was achieved in FY22, with revenue increasing 11.1 per cent to \$1.185 billion dollars, reflecting both same store sales and new restaurant openings. Continued pursuit of operational excellence and a strong margin recovery in Europe saw underlying EBITDA, continuing operations, grow by 12.6 per cent to \$209.2 million dollars; and underlying NPAT, continuing operations, increased 25 per cent to \$59.7 million dollars. The company remained highly cash generative with \$156.3 million in cash flow from operating activities, and which also saw a reduction in net debt to \$174.9 million, notwithstanding reinvestment in growth opportunities, enabling an increase in our final dividend. The Board was very pleased to declare a final FY22 fully franked dividend of 15 cents per ordinary share, taking the total dividend for FY22 to 27 cents per share fully franked, which was up from 23 cents per share in FY21.

Now in its second year, Collins Foods' separately published Sustainability Report demonstrates our continuing commitment to environmental, social and governance and sustainability practices within Australia. During FY22, Collins Foods focused on reviewing the flow of data to improve awareness, to educate employees and empower reporting on all aspects concerning environmental results, energy usage, social progress and governance updates. And for the first time, sought independent assurance over reporting criteria for greenhouse gas emissions, waste diversion and participation rates in the Collins Foods Giving Program.

Australia, and indeed the world, face unprecedented inflationary forces in FY23. With strong brand health and a menu pricing advantage against QSR peers, Collins Foods is well positioned to manage inflation in the year ahead. In case of Europe, margin headwinds are expected to ease in the first half of FY23, albeit some uncertainty remains over the median term due to the war in Ukraine. Collins Foods continues to plan for long-term sustainable growth, which will be supported by new restaurant developments in FY23, with 17 to 24 new restaurant openings planned across the group.

On behalf of the Board, I'd like to take the opportunity to thank Bronwyn Morris AM for her significant contributions to the board over the past 11 years. Bronwyn is retiring from the board as part of our succession plan. Her strong financial, commercial and governance experience through her professional services background has been absolutely invaluable, particularly in her role as Audit and Risk Committee Chair. We wish her all the very best for her future endeavours. As announced earlier in July, in support of an orderly transition, we welcomed Christine Holman to the role of Chair of the Audit and Risk Committee prior to Bronwyn's retirement. During the year, we also had the pleasure of welcoming Mark Hawthorne as an independent Non-Executive Director to the Board. And as you're aware, Mark will stand for election at today's meeting.

The board would like to acknowledge the considerable output of our employees during the year. FY22 was not, as you'll appreciate, without its challenges, as we navigated lockdowns in Europe and the Omicron wave in Australia and our staff once again rose to the occasion and delivered operational excellence. I'd also like to extend my sincere gratitude to my fellow Directors for their guidance and counsel over the course of the year. Lastly, I'd like to thank you, our shareholders, for your support. Your company is well positioned to deliver attractive returns going forward, with the engine room in KFC Australia supported by KFC Europe entering its next phase of maturity and Taco Bell Australia showing positive momentum. I'd now like to welcome Drew O'Malley, our MD and CEO, to address you.

### **Drew O'Malley**

Good morning, everybody, thank you Robert. I'm delighted to report on another year of strong financial performance, where Collins Foods leveraged brand strength, took convenience and innovation to new heights and lived up to its mantra of 'restaurants done better'.

Through laser focus on operational execution, 31 new restaurants were added across the group, including 16 new restaurant owners. In the well-established Australian market, KFC brand metrics hit record levels in FY22, including the seventh straight year of increase in purchase intent, brand consideration, brand consideration reaching its highest level ever, and KFC now leading McDonald's on both taste and value metrics. This brand strength was central to KFC Australia delivering positive same store sales growth in FY22, despite lapping three to four years' worth of same for sales comparatives.

In Europe, the KFC brand showed its potential in FY22, with, as Robert noted, a strong recovery in both revenue and margins to above pre-COVID levels, which provided a strong platform as we embark on taking the Netherlands market to scale through the Corporate Franchisee Agreement. The focus for our emerging Taco Bell brand in Australia has been on establishing its taste and value credentials, which began to show positive results in the second half of FY22. Awareness is being driven by a combination of additional media investment relative to the brand's early stages and restaurant rollout. Four new restaurants were opened during the year, despite COVID-19 related construction impacts in Melbourne. Restaurant openings are set to accelerate in FY23, with the business on track to achieve scale within three years.

I note, on numbers that I'll be sharing with you will all be on a post-AASB 16 state, unless otherwise noted. Collins Foods delivered another record result on FY22, growth was achieved across all business units with Europe driving a double-digit growth outcome for both revenue and earnings. Revenue increased 11.1 per cent to \$1.18 billion dollars through a combination of same store sales growth and the contribution of new restaurant openings and acquired restaurants. Statutory EBITDA increased 12.7 per cent to \$207.2 million dollars, while underlying EBITDA from continuing operations grew 12.6 per cent to \$209.2 million dollars, reflecting the flow through from revenue growth and strong margin recovery.

Statutory NPAT was up 47.2 per cent to \$54.8 million dollars, with underlying NPAT from continuing operations increasing 25 per cent to \$59.7 million dollars. Strong net operating cash flow of \$156.3 million dollars was reinvested in growth initiatives, used to fund dividend growth and further strengthen the balance sheet. Net debt reduced to \$174.9 million dollars, and the net leverage ratio reduced from 1.34 to 1.17, those numbers being pre-AASB 16. Building on record brand strength, KFC Australia became even more accessible to customers through new restaurant openings ahead of development agreement elevations and an ongoing focus on convenience and the customer experience.

Revenue increased 6.1 per cent to \$955.5 million dollars through same store sales growth and contribution 10 new restaurants, increasing KFC Australia's footprint to a total of 261 restaurants at year-end. Revenue growth was also supported by digital and delivery initiatives, with delivery and delivery as a service or DaaS, extended to more than 200 restaurants, the piloting of drone delivery and strong growth in click and collect ordering. E-commerce sales now represent 16.9 per cent of KFC Australia sales, up from 13.3 per cent in the previous year. Underlying EBITDA increased 4.2 per cent to \$206.9 million dollars, with the EBITDA margin declining from 22 to 21.6 on the post-AASB level, and from 17.9 to 17.4 per cent on a pre-AASB 16, reflecting the impact of two annual minimum wage increases in the period. Inflation did not have a noticeable impact in FY22, it was expected to see the pre-AASB 16 margins all to the lower end of the historical 16 to 17 per cent range in FY23.

KFC Europe recovered strongly as pandemic related dining restrictions were relaxed to deliver results above pre-COVID FY19 levels. Same store sales grew 16.8 per cent and were 11.2 per cent above FY19 levels. Both Netherlands and Germany achieved strong growth with the same store sales of 18.8 per cent in the Netherlands, which is plus 7.1 per cent on FY19 and 11.7 per cent in Germany, which is up 17 per cent on FY19 levels. Both regions saw drive-through, delivery and digital sustaining high sales levels following market reopening.

Underlying EBITDA grew 130.7 per cent to \$27.6 million dollars. On a post-AASB 16 basis, the EBITDA margin expanded from 8.9 per cent to 14.5 per cent, noting that the pre-AASB 16 EBITDA margin of 6.5 per cent was above the 5.5 per cent achieved in the pre-COVID world of FY19. FY22 was also transformational in terms of Collins Foods position in the Netherlands, with the acquisition of net 15 restaurants increasing the company's franchisee share to 55 per cent and the signing and commencement of the Corporate Franchise Agreement or CFA, which allows for up to 130 net new restaurants in the Netherlands over the next 10 years.

Collins Foods now has primary operational control over the market, which includes marketing, pricing and management of the market restaurant development pipeline. A test and learn strategy combined with a focus on improving value and quality of the offering is starting to generate positive momentum in Taco Bell performance, providing confidence for an acceleration in store rollout in the years ahead. Taco Bell saw revenue growth of 27.5 per cent to \$35.8 million dollars. While same store sales were down 8.1 per cent for the year, improvement was evident and the second half and the segment returned positive growth in the fourth quarter.

EBITDA profitability at the restaurant level increased 25 per cent to \$4 million dollars, while the segment was slightly loss-making at an EBITDA level with \$0.4 million dollars loss. Sizzler Asia delivered revenue growth of 10.8 per cent to \$2.8 million dollars and EBITDA growth at 4.3 per cent to \$1.7 million dollars. In Europe, it was a tale of two halves, with lockdowns and dining restrictions significantly impacting the first half results. The markets of Japan and Thailand experienced a strong recovery and the second half to deliver a positive full year outcome. Our Positive Impact Strategy, now in its second year, highlights our efforts in implementing visible measurable changes across our restaurants as part of our ongoing pursuit of sustainable growth.

A key highlight of the year was the installation of the 89 additional solar panel based energy systems to 89 drive-through restaurants. We were proud to currently be the only known QSR company in Australia to commit to this level of solar power installation. Participation rates in Collins Foods Giving Program increased to 36 per cent, up from 27 per cent in the prior year. We diverted 9,200 kilograms of cooked chicken to landfill, by donations to food recovery programs, as well as 2,305 tonnes of waste by recycling, first, 2,229 tonnes of cardboard; and second, 77 tonnes of co-mingled recycling. Collins Foods waste diversion rate for FY22 was 18.3 per cent.

We pride ourselves on the opportunities we provide to young Australians to kickstart their careers and with 566 traineeships in progress and 307 completed over FY22, we are excited to watch our graduates grow within the industry.

The global environment continues to exhibit unprecedented challenges with inflationary pressures and supply chain shortages. Our QSR brands are, nonetheless, in excellent shape to navigate this on scale. Through a proven track record with consumer appeal, regardless of economic conditions, combined with our relentless pursuit of operational excellence ensures that we are well positioned to manage through current inflationary environment.

I would like to thank all of our employees at Collins Foods for their tremendous contribution during the year. The results presented in this report are an outcome of the positive engagement in the business we see on a daily basis from our passionate team members.

Finally, thank you to our loyal shareholders for your ongoing support, notwithstanding the inflationary pressures on the horizon, we remain steadfast in our approach to driving long-term sustainable growth across our KFC and Taco Bell business units and I look forward to keeping you updated on our achievements in the year ahead. I'll now hand the meeting back to Robert.

#### **Robert Kaye SC**

Thank you, Drew. I'd now like to provide shareholders with an opportunity to ask general questions. A reminder that we'll take questions relating to the formal business of the meeting prior to considering those items of business. As indicated on the screen, I hope, to type a question, press the Q&A icon and type your question into the text box. Once you finish typing, please press the send button. To ask an audio question, please follow the instructions written below the broadcast. For shareholders attending in person, please move to the table with the microphone, so you name and question may be clearly heard.

I'd like to remind shareholders the poll will shortly be closed in question time, so if you've not yet done, so please submit your votes. Ladies and gentlemen, as indicated at the beginning of the meeting, the notice of meeting dated the 25<sup>th</sup> of July 2022 is taken as read. Proxy results for each item of business being voted on today should now be displayed on your screen.

#### **Patrick**

It's a funny microphone. [Laughter] Make sure I speak loud enough. My name's Patrick, I'm a...

#### **Robert KayeSC**

Oh, just give me one moment, let me just finish this one line, if you wouldn't mind? Just give me one moment, I'll just finish the formal parts here. If you look through the proxy results, you'll notice that all resolutions have been passed. Sir?

**Patrick**

Oh, it was just a simple question. One hears in the media, of course, that one of the problems that beset the hospitality industry is staff shortages, and I'm wondering if this has affected our company to any extent? And as an addition to that, there is also discussion about the employment of 13 to 15-year-olds in hospitality, not the [Inaudible], but...

**Robert Kaye SC**

Let me just give you a couple of high level answers to that, if I may, and maybe pass it over to Drew, if you don't mind. Firstly, thanks for the question, and you're right, staff shortages are, as you say, very topical at the moment in terms of discussion through the media and QSR is no exception in terms of the impact of that. Having said that, I think it's fair to say that this is where the cultural piece where Collins Foods is very proud of really kicks in, because our ability to retain staff is very much driven obviously by combination of remuneration, but probably equally importantly, culture.

And so, look, as I say, I'll pass it over to Drew in terms of more specifics, but I think it's fair to say that we are probably better placed than most organisations within QSR to resist the outflow of staff and staff turnover. Probably more of an issue in Europe, but I'll let I'll Drew answer that. And if I could just jump in on the youth employment thing, I don't think we employ any 13-year-olds, if that's any comfort to you. But there are obviously programs where we need to review through, as a workplace progression thing, through various ranks. And we're also quite proud of those programs. Drew, do you want to add something to that?

**Drew O'Malley**

Certainly, yes. Thank you for the question. It it's very topical for us across the business. As Robert mentioned, I think the intensity of staffing shortages are probably more pronounced in Europe than in Australia. Having said that, we do believe we are weathering it better than most. Part of the reason for that, is because most of our talent we get as school kids coming to our restaurants, really is effectively their first job and there is a rich pipeline of talent in schools. So, we're proud of the role that we play in being the first job for many young Australians. To Robert's point, we act in very strict compliance around child labour laws and practices, we're very acutely aware of all safety practices for young people in our stores. But overall, we're quite proud of the way that factors into the way that we think of employment in our restaurants.

**Robert Kaye**

Yes, my pleasure there. Are there any questions from the floor?

**Peter Corey**

Thank you, Chairman. Peter Corey, ASA. Two questions. One, I was wondering if Mark could give us a bit of a briefing on his background and parts he's bringing, we're aware of his excellent experience, but would like him to give us a bit of a briefing. And two, at our pre-AGM meeting, we raised the issue of gender equality and diversity. Now, with Christine's retirement, you said you working on it, are you in position to give us any more details on that?

**Robert Kaye SC**

Sure, thanks Mark for both those questions. Maybe let's deal with the gender issue first and then I'm sure Mark's more than capable of speaking for himself, although we're very pleased with that appointment. Look, in relation to diversity, we take diversity very seriously. We had a conversation as you'll recall, not long ago, a couple weeks ago, in which we covered that. Just to be clear, Bronwyn Morris is stepping down, not Christine.

**Peter Corey**

Sorry.

**Robert Kaye**

No, that's alright, just for the record... Unless she hasn't told us something.

**[Laughter]**

And look, as you rightly note, obviously there is an inherent, I think, gap there in terms of the diversity that we can achieve on the Board. There is a – I think we discussed on the last occasion, we have a Board succession plan and indeed there's a process underway as we speak in relation to the recruitment of an additional Non-Executive Director to our Board. Those plans are well advanced. I think it's fair to say that our expectation will be that that vacancy, as it were, will be taken by another female director, that would be my expectation. And to that extent, it will effectively, I suppose, restore the diversity balance to the position it was when Bronwyn was sitting on the Board. Does that sort of deal with that? Thanks, Mark.

**Peter Corey**

Peter.

**Robert Kaye**

Sorry?

**Peter Corey**

Peter.

**Robert Kaye**

I'm sorry, Peter.



**[Laughter]**

Thanks, Peter. As far as Mark is concerned, Mark, do you want to say a few words in relation to why you think that you would be an apt fit for the board in terms of your skills?

**Mark Hawthorne**

Thanks, Richard.

**[Laughter]**

Keeping in line with things ... Thanks, Robert, and firstly, thanks to the Board for your support and the shareholders support based on the proxy, I feel privileged to be here and actually really enjoying keeping working with the people on the Board and management. So firstly, I am a chartered accountant and I am a graduate of the Australian Institute of Company Directors, from a qualifications sense. But clearly, from my CV, I've been the CEO of, I'd argue, the two most successful fast food brands in Australia. McDonald's and Guzman y Gomez hold number one and two, if you measure it by average week of sales per unit.

So, McDonald's is the biggest and probably most successful chain. Not only have I been CEO, I've worked in supply chain, I've worked in finance. Importantly, I was also the CEO of the United Kingdom, which was part of the Northwest Europe Division and one of my very close colleagues in that group was the CEO of McDonald's in Germany, so I have a reasonable knowledge of the German market. But also, importantly, I was acting as the franchisor in both Guzman y Gomez and McDonald's, here we are the franchisee and feel it's very important to understand how the franchisor works in this situation. Guzman y Gomez, clearly one of the most fastest growing QSR brands possibly in the world when you look at their numbers, very strong in Mexican, which is obviously relevant to the Taco Bell brand, but I'd also say that one of GyG's strengths is in the digital social media space and using technology to drive the business.

They're one of the leading players in the delivery sector out of all the QSRs, so I would call Guzman y Gomez more of a modern version of QSR, where McDonald's is probably more of the old version of QSR and the learnings from both of them, I think are very important. So, hopefully with a combination of all of that, I can add some value to the Board.

**Robert Kaye**

Thanks for that, Mark. Peter, is there anything else on that...?

**Peter Corey**

No, that's all, thanks.

**Robert Kaye**

As Mark has outlined, central to his appointment was obviously the value he offered to the company as a whole in relation to our Taco Bell business and a better resource in that respect. Any other questions?

**Peter Corey**

What's the target for the share price?

**[Laughter]**

You had a good year, but the share price has gone down.

**Robert Kaye**

Well, look, all I can say that is, if I could control share price, I probably wouldn't be standing here. If I could predict it also I wouldn't be standing here. Look, the vagaries with the share price are not something we watch on an hourly basis, to be frank. You know, we believe that we have a – and I hope our majority of our shareholders believe – we have an extremely strong business with very, very strong foundations for growth and, you know, that will translate into value, and has indeed historically. I think the last two years, I think everyone will recognise, not just confined to QSRs, have been challenging in that respect. I think given where we've come from, emerging from a pandemic where we had stores closed in a bunch of states and very limited options around how we could get food to customers, to come from that position to where we are now, is a real credit to management, indeed our Board. Any other questions?

**Ronn Bechler**

Mr Chairman, can you hear me? It's Ronn Bechler.

**Robert Kaye**

Yes, I can. Thank you.

**Ronn Bechler**

Thank you, Mr Chairman. We have four questions from Stephen Mayne regarding general business that have been submitted online. Can I please ask his questions?

**Robert Kaye**

Yes, please do.

**Ronn Bechler**

Okay. So, question from Mr Mayne, "McDonald's is the biggest employer of school kids in the hospitality business. Further to the earlier question and answer, what recruitment steps do we take to make ourselves more attractive than McDonald's? Do we pay the same award rates as McDonald's or are our pay practices different?"

**Robert Kaye**

Drew, would you like to deal with that?

**Drew O'Malley**

I'm happy to answer that. I think when it comes that issue, look, from a compensation perspective, most of the QSR players are, you know, relatively on the same level, given that we operate on awards that are done in conjunction with the union. I think it's fair if we're saying that we think the differentiator for Collins Foods, really, effectively comes down to culture. So, we're very intentional in the way we recruit, we look for people that share our values, have strong, positive energy, and we do think that the rest is trainable at our restaurants. So, we're proud of the record where well over 80 per cent of our managers are promoted internally from team members and we think that's reflective of the values of the practice as Collins Foods, and we continue to see good results from our improvement, despite difficult circumstances.

**Robert Kaye**

Thanks Drew.

**Ronn Bechler**

Thank you. Next question from Stephen Mayne, "This question is directed to you, Mr Chair. There aren't many practising barristers in the public company directors club. Would you please explain your background of how you finished up as Chair of Collins Foods and wouldn't make more sense to have a Chair and CEO living in the same city as the company's headquarters? Also, how much longer are you planning to serve and how many days a week do you spend on Collins Foods matters?"

**Robert Kaye**

Gosh, alright. Alright, so let take the first question first, and to be clear, in relation to what I currently do, I don't practise as a barrister in the full sense of the word and haven't for about two to three years. I don't take court briefs any longer, nor do I do any legal advice. I do do the occasional mediation and have kept my chambers and the motivation for that is largely to keep in touch with colleagues. In terms of how I began on this Board, prior to my joining the Board, I'd served on three or four other ASX-listed entities as part of a, if you like, a change professionally in my activities. And currently, I probably spend in excess of 95 per cent of my time devoted to my NED responsibilities.

In terms of the how long I plan to be on the Board, I think that's a matter for my colleagues. I'm very proud to have served as Chairman since 2015 and so it's been about seven years now and I would hope that there's a little bit more energy that I can devote to this task and value that I can afford to the Company, and I don't plan on stepping down anytime soon. Again, that will be a matter obviously, ultimately, for my co-directors and indeed, the shareholders.

As to my living in Sydney, Collins Foods itself as a company, obviously, is not confined in its operations to Queensland. We have stores of various kinds in Southern New South Wales, but of course, well beyond that into Victoria, South Australia, Tasmania, Western Australia and the Northern Territory. I think the time when company directors all resided in in the one city are well and truly over. I think we make an effort, if I may say so Stephen, who posed the question, to ensure that as many of our meetings are conducted in person as we can, to ensure that there's effective engagement between directors and that's worked well for us.

Obviously, through the pandemic we had to rely much more on virtual communication and that also, I think, served a useful purpose. We are very conscious of cost when it comes to travel, accommodation and the like, and of course behave prudently in that regard. Ronn? Next question?

**Ronn Bechler**

I believe in the interest of time, for now I'm limiting it to two questions per shareholder.

**Robert Kaye**

Look I'll allow Stephen another question and then we'll move onto others.

**Ronn Bechler**

Okay. The next question on general business from Stephen, "Given the interesting discussions across a range of topics today, could the Chair undertake to make an archive copy of the full webcast, plus a full transcript of proceedings available on the Company's website? Well done for publishing the last two AGM webcasts on YouTube, but could you deliver the transparency cherry on top by also publishing a full transcript? The likes of Nine, AGL, ASX, ANZ, CIMIC and others all produced their first AGM transcripts in 2021, will you follow suit today?"

**Robert Kaye**

Yes. Look, we'll undertake to entertain that. I think it's a useful suggestion and we'll take the suggestion seriously. Thank you.

**Ronn Bechler**

Thank you. There are no other questions from any other shareholders on general business.

**Robert Kaye**

Thanks, Ronn. Any other questions from the floor?

**Male Speaker**

My question is, with the current climate, the way it is, I've seen the news articles in Europe at the present time, you've seen rivers that are dry and the rivers here where we've had droughts, and this sort of thing's clearly been going through with lettuce and chicken prices because of this. What are the longer-term effects on our cost structure in terms of supply of these parts into our response through the present time? It's very important to sort of get that because everyone gets a bit anxious when you're going to serve them, when you get there and sort of cabbage and not lettuce, you know what I mean?

**Robert Kaye**

Yes.

**Male Speaker**

And then while the chicken supplies are frequently [Inaudible] product as well. So, could I get your insights on that?

**Robert Kaye**

No, look, I think it's a really good question. Again, I'm going to hand it over to Drew, because I know he's passionate about the whole supply chain issue. And I'll just say that our relationships with our suppliers are, you know, founded on and years and years of operation, so they're very strong relationships. We are obviously very dependent on our suppliers. As I say, outfits like Inghams and the like are organisations that we've cemented very strong foundations with over many, many years, and that stands us in really good stead.

Drew, do you want just expand on that? Maybe even drawing some distinction between Europe and...

**Male Speaker**

And even another example was the price and the supply of cooking oils in the present time.

**Robert Kaye**

Yes, look, there's no question, your question is spot on, if I may say so. I mean, inflationary pressures are, you know, you can't open a newspaper without seeing some negative news around price rises. I think we're dealing with it very effectively, but Drew, would you want to just perhaps maybe draw a distinction between Europe and Australia, if you think that's appropriate?

**Drew O'Malley**

Sure. Thank you for the question. As you can imagine, inflationary impact on supply chain has our full attention. It is something that is quite dynamic. I mean, almost day by day we have a lot of information that comes in around it. We take our margin management very seriously. I'd say a few things in terms of the way we think about managing some of that pressure. From a supply chain perspective, I'm certainly very pleased to say that the supply chain capability in KFC today is probably the strongest I've seen in my 25 years in the business. So, Michael Clark, who runs the supply chain team for Australia, is one of the best in the business, and he's got very good long-term relationships with our suppliers here, which I think is incredibly important.

So that's one factor. I see the same in terms of capability in Europe. We work closely with KFC across Europe, as you might imagine, given the number of markets, there's a lot of things that we look for in terms of how do we leverage some of the scale of the business across multiple markets, so we work intently on that. Europe has been, as you've seen in the news, the first waves of inflation, I think Australia's been a little bit behind it. Nonetheless, it's something that we work through, really, on a daily basis. We certainly have strategies in place to mitigate it. I think your point on margin recovery, ultimately we do expect full margin recovery on the business, but we're certainly navigating pretty unprecedented times at the moment. So that's the way we think about the challenge.

**Male Speaker**

One of the examples was, you know, olives and olive oil in Spain, they're one of the world's largest producers of olive oil and poor old, little old olives have shrivelled up in amidst the drought...

**Drew O'Malley**

Yes. I think there's multiple factors between drought, war in Ukraine, etcetera. It has been certainly an interesting time period to manage through. Nonetheless, we do think with the nature of the business that we're in and the capability in supply chain, we do think we're as well positioned as anybody to navigate the challenge.

**Robert Kaye**

Thanks for the question. Any other questions from the floor?

If not, moving along, the 2022 Annual Report contains the Financial Report, the Director's Report and the Auditor's Report. The Financial Report has been approved by the directors and audited by Collins Foods Limited's independent auditors at PWC. As required by section 317 of The Corporations Act, I now lay before the meeting, the Financial Report, the Director's Report and Independent Auditor's Report for the financial period ending 1 May 2022. Are there any questions for the auditors, PWC, regarding conduct of the audit, preparation and content of the audit in this report, accounting policies adopted in preparation of the financial statements or independence of PWC in relation to the conduct of the audit?

**Ronn Bechler**

There are no questions online in relation to those points, Mr Chairman,

**Robert Kaye**

Thank you, Ronn. I will now turn to resolution two, regarding the election of Mark Hawthorne as the Director of the Company. Are there any questions related to the election of Mark Hawthorne as a Director from the shareholders?

**Ronn Bechler**

There is one question online from Stephen Mayne in relation to item two, Mr. Chairman.

**Robert Kaye**

Yes?

**Ronn Bechler**

The question from Mr Mayne is as follows. "Webjet adopted a new constitution at yesterday's AGM, no maximum or minimum numbers of directors, which is the new best practice as it allows shareholders to decide how many directors should serve on the board.

Similarly, Treasury Wine Estates has voluntarily moved to annual elections for directors, which is also best practice. Could the Chair and Mark Hawthorne both comment on what they think of these changes and what are the current constitutional numerical limits on our board size?"

**Robert Kaye**

Thank you for the question. Look, our constitution presently provides, as you'll be aware, for a minimum of three directors and a maximum of 10. Obviously, recruiting directors, we take account of all relevant experience, we have a detailed skills matrix that's formulated, we seek both internal and external input in relation to that skills matrix and the system has worked well. We haven't really considered the notion of either eliminating those minimum or maximum prescriptions as set out in our constitution at the moment. I don't see that there's any real strong basis in doing so. Thank you.

**Ronn Bechler**

Thank you. There are no other questions online in relation to item two for the AGM.

**Robert Kaye**

Thank you, Ronn. Are there any questioning to resolution three, seeking shareholder approval for the grant of performance rights to Drew O'Malley?

**Ronn Bechler**

We have one question online from Stephen Mayne in relation to resolution three. The question is, "When disclosing the outcome of voting on all resolutions today, including this performance rights grant, would you please advise the ASX how many shareholders voted for and against each item, similar to what happens with a scheme of arrangement? This will provide a better gauge of retail shareholder sentiment of all resolutions and was the disclosure initiative adopted by Metcash, Altium and Dexus after their 2021 AGMs, and also Webjet agreed to do this for the first time after its AGM yesterday."

**Robert Kaye**

Well, yeah, thanks for the question. Look, we're not Webjet. I haven't had an opportunity to consider the rationale underlying their decision. What I can say, is that in terms of our proxy value history all our historical proxy votes are announced pre-AGM, as is standard practice. And as you know, Stephen will know, Mr Mayne will know, all proxy advisers cover us. And indeed, this year all proxy advisers have supported all of the resolutions that have come before the meeting. It's something I'm happy to have a discussion about with Mr Mayne directly if he wishes to at any time after the meeting. Thanks.

**Ronn Bechler**

Thank you. There are no other questions, Mr Chair, in relation to this resolution.

**Robert Kaye**

Thank you. Lastly, we're turning to resolution four regarding adoption of the Remuneration Report for the 2022 financial year. Are there any questions regarding resolution four, relating to the adoption of the Remuneration Report?

**Ronn Bechler**

There are no questions in relation to resolution four, Mr Chair.

**Robert Kaye**

Thank you, Ronn. So, just a reminder that I'll be closing the poll at the end of questions, and indeed, that does bring formal business of the meeting to an end. As indicated, I will shortly close the poll. If you haven't voted or indeed, if you wish to change your vote, having had an opportunity to hear the questions and responses to those questions, please do so now.

Thank you. For those online, the people in the room are still submitting their votes. Well, thank you, I declare the poll closed and confirm, as indicated earlier in the meeting, the final results will be announced by the ASX once those results are known. Thank you, all, for your attendance, I wish you all well.