# COLLINS FOODS LIMITED

## FY23 RESULTS

2 MAY 2022 TO 30 APRIL 2023

27 June 2023

Authorised for release by the Board

COLLINS FOODS LIMITED

ACN 151 420781

# SOLID TOP-LINE GROWTH DESPITE CHALLENGING ENVIRONMENT

COLLINS FOODS LIMITED

## MANAGING COST INFLATION ACROSS ALL BUSINESS UNITS

| ($m) | FY22 UNDERLYING [1] POST AASB 16 | FY23 UNDERLYING* POST AASB 16 | CHANGE | FY23 UNDERLYING PRE AASB 16 |
|---|---|---|---|---|
| **Revenue continuing operations** [2] | 1,181.7 | 1,349.5 | 14.2% ↑ | 1,349.5 |
| **EBITDA continuing operations** | 207.5 | 205.1 | (1.2)% ↓ | 141.4 |
| **EBIT continuing operations** | 115.0 | 107.9 | (6.2)% ↓ | 93.1 |
| **NPAT continuing operations** | 59.0 | 51.9 | (12.1)% ↓ | 57.9 |
| **Net debt** | 174.9 | 212.2 | $37.3 ↑ | 212.2 |
| **Net leverage ratio**** | 1.17 | 1.47 | 0.30 ↑ | 1.47 |
| **Net operating cash flow** | 156.3 | 146.2 | $(10.1) ↓ | 106.4 |
| **EPS basic continuing operations (cents)** | 50.6 | 44.3 | (12.4)% ↓ | 49.4 |
| **DPS (cents)** | 27.0 | 27.0 | 0% | 27.0 |

[1] Continuing Operations excludes Sizzler Asia
[2] FY23 Revenue includes business rental income of $0.9m. This is shown in other income in the Financial Report
* 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

- Revenue up 14.2% to $1,349.5m with growth across all business units
  - KFC Australia surpasses $1 billion in revenue for the first time
- Statutory NPAT# of $11.3m (FY22: $54.1m)
  - includes $36.7m Taco Bell impairment
- Underlying EBITDA# (post AASB 16) down 1.2% to $205.1m
  - equivalent underlying EBITDA# (pre AASB 16) down 4.6% to $141.4m
- Underlying NPAT# (post AASB 16) down 12.1% to $51.9m
  - equivalent underlying NPAT# (pre AASB16) down 9.4% to $57.9m
- Underlying EPS# (post AASB16) of 44.3 cps
  - equivalent underlying EPS# (pre AASB 16) of 49.4 cps
- Net debt of $212.2m, up $37.3m
- Fully franked final dividend of 15.0 cents per ordinary share (**cps**) declared; total FY23 dividend stable at 27.0 cps fully franked (FY22: 27.0 cps fully franked)

\# All references are to continuing operations

# CONSISTENT DOUBLE-DIGIT EUROPEAN GROWTH THE STANDOUT

COLLINS FOODS LIMITED

## 22 RESTAURANTS ADDED ACROSS THE GROUP IN FY23

### KFC AUSTRALIA

- FY23 SSS growth of +5.8% driven by e-commerce, increased ticket and Uber Eats rollout
- E-commerce accounts for 24.3% of total sales, up from 16.9% in FY22
- Brand value and quality metrics remain strong
- Inflationary pressures across labour and supply chain continuing to impact margins
- 10 new restaurants opened, and one acquired, ahead of development agreement pace

### KFC EUROPE

- FY23 SSS growth of +13.9% reflecting strong growth in transaction volumes and increased ticket
- Netherlands SSS growth of +12.8% as CFA delivers marketing improvements
- Five new Netherlands restaurants opened (two by sub-franchisees), achieved first-year CFA commitments and awarded Franchisee of the Year by Yum! in Western Europe
- Germany sales performing strongly, with SSS growth of +17.3%
- Growing European footprint now at 72 restaurants (64 at year end), up 57% over the past two years

### TACO BELL

- FY23 SSS decline of –4.8%, though second half improvement after launch of Uber Eats
- Eight new restaurants opened (with two closures post year-end). Total of 26 across Queensland, Victoria, and Western Australia at year-end
- Value-led marketing and product quality initiatives underway, expected to drive growth in FY24
- Additional Yum! resources employed to support enhanced marketing, brand awareness and consumer product testing

SSS – Same Store Sales
CFA – Corporate Franchisee Agreement


# KENTUCKY FRIED CHICKEN

## Australia

# $1 BILLION IN SALES ACHIEVED WITH NETWORK EXPANDING

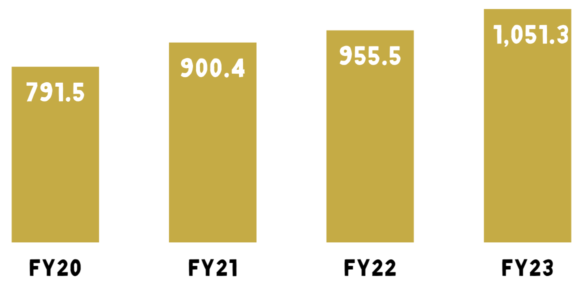
COLLINS FOODS LIMITED

| ($m) | FY22 UNDERLYING POST AASB 16 | FY23 UNDERLYING* POST AASB 16 | CHANGE | FY23 UNDERLYING PRE AASB 16 |
|---|---|---|---|---|
| **Restaurants at year end (no.)** | 261 | 272 | 11 ↑ | 272 |
| **Revenue ($m)** | 955.5 | 1,051.3 | 10.0% ↑ | 1,051.3 |
| **% SSS** | 1.4% | 5.8% | | 5.8% |
| **EBITDA ($m)** | 206.9 | 201.6 | (2.5)% ↓ | 157.9 |
| **% margin** | 21.6% | 19.2% | -247 bps ↓ | 15.0% |
| **EBIT ($m)** | 143.4 | 136.1 | (5.1)% ↓ | 124.7 |
| **% margin** | 14.9% | 12.9% | -196 bps ↓ | 11.9% |

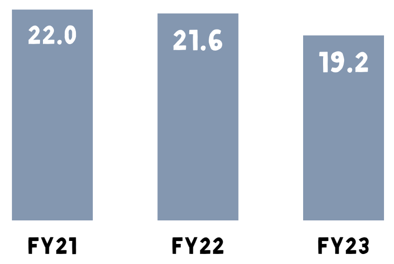
* Refer to Appendix: slide 30 for a reconciliation between statutory and underlying results, in pre and post AASB 16

- Revenue up 10.0% to $1,051.3m
- SSS growth of +5.8% reflects increased ticket and significant growth in e-commerce. Transactions were broadly flat on PCP
- Underlying EBITDA margin (post AASB 16) of 19.2%
  - equivalent underlying EBITDA margin (pre AASB 16) of 15.0%, in line with expectations but down on prior year (FY22: 17.4%)
  - full-year impact of significant cost inflation including 5.2% minimum wage increase, ingredients and energy
- 10 new restaurants opened in FY23, one acquired, and one closure in May 2023, ahead of development agreement of seven new restaurants annually

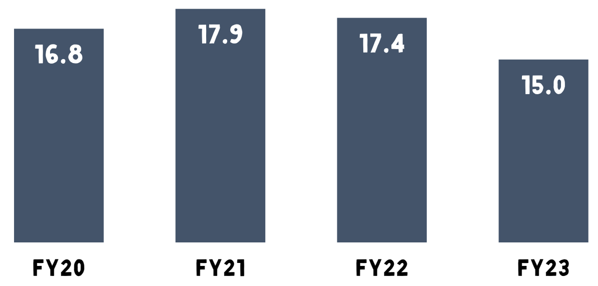
REVENUE $M




POST AASB 16 EBITDA MARGIN %




PRE AASB 16 EBITDA MARGIN %

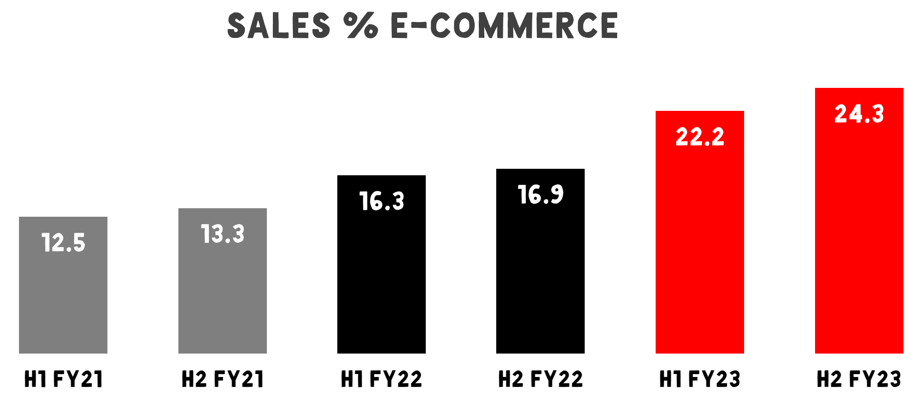


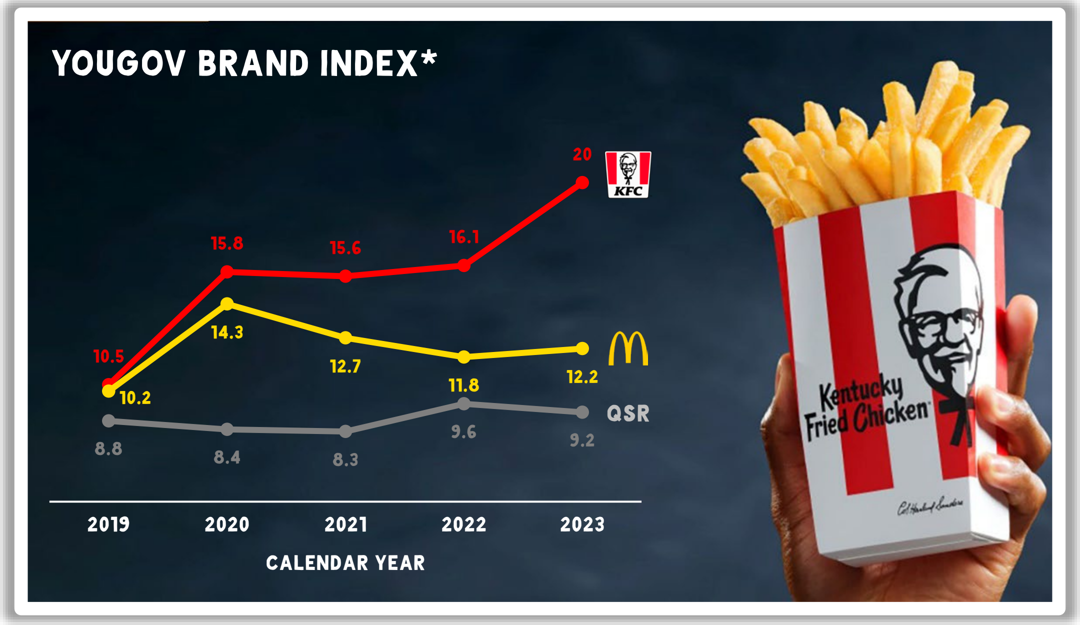
# BRAND CONTINUES TO STRENGTHEN AND MODERNISE, WITH ALMOST 25% OF ALL SALES COMING THROUGH DIGITAL CHANNELS

COLLINS FOODS LIMITED


KFC Couture


- YouGov tracking indicates KFC widening its lead on core brand and value metrics, backed by strong investment in media
- Innovative brand-in-culture initiatives such as KFC Couture, combined with tested platforms like “Shut up and Take my Money” and “Did Someone Say KFC?” continue to drive relevance and broad mainstream appeal
- Strong growth in digital and delivery with e-commerce (delivery, web, app) accounting for 24.3% of total sales in H2 FY23, up from 16.9% prior year
- Delivery now at scale with multiple aggregator partnerships, including Uber Eats, and growing Delivery-as-a-Service (DaaS)
- Improved digital software combined with expanded customer database enabling greater personalisation of exclusive offers with high redemption rates




* **YouGov Brand Index** is derived metric, average of impression, quality, value, reputation & recommendation

# KFC ENHANCING VALUE TO CONSUMERS WHILST MITIGATING INFLATIONARY PRESSURES ON MARGINS



- Sophisticated approach to value keeps affordability strong via highly targeted campaigns to protect transactions and brand health
- Regular willingness-to-pay studies informing menu pricing strategy, with increases in line with market and overall pricing continuing to be highly competitive vs other QSR brands
- Proactive cost mitigation initiatives to alleviate inflationary pressure
  - innovating menu bundles to provide value whilst protecting margins
  - increased diversification of supply chain, including addition of fourth chicken supplier in Australia
  - digital production planning now implemented in all Collins Foods' KFC kitchens to increase freshness and reduce wastage
  - extensive re-tendering underway on key products and services





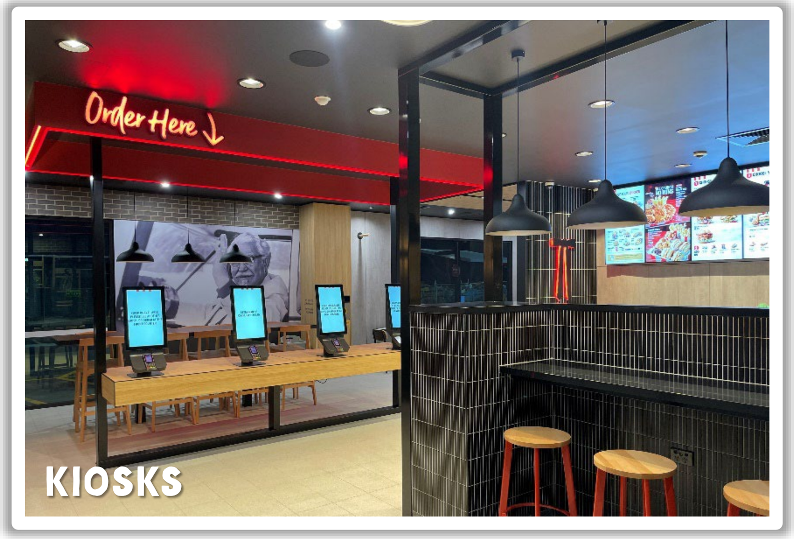
QSR – Quick Service Restaurant

# INNOVATIONS IN DESIGN & TECHNOLOGY DRIVING E-COMMERCE, EFFICIENCY & SUSTAINABILITY IN DEVELOPMENT

COLLINS FOODS LIMITED

- 10 new restaurants opened, and one acquired, ahead of development agreement pace
- Remodels completed in 47 restaurants, with enhancements aimed at unlocking capacity and improving customer experience
- Significant investment in back-of-house technology and design to improve efficiency and speed
- Further modernisation of customer areas, including dedicated delivery-driver entrances and waiting areas, increased kiosk installations, and upgraded music and design elements
- Sustainability initiatives now firmly embedded in restaurant development
  - solar installed in available drive-thru restaurants – 162 in total at year end
  - water tanks installed at 21 restaurants
  - organic waste diversion program in trial at 23 restaurants
  - food recovery partnerships in 16 restaurants






COLLINS FOODS LIMITED

# KENTUCKY FRIED CHICKEN

## Europe

# STRONG SAME STORE SALES GROWTH SUPPORTED STABLE MARGINS

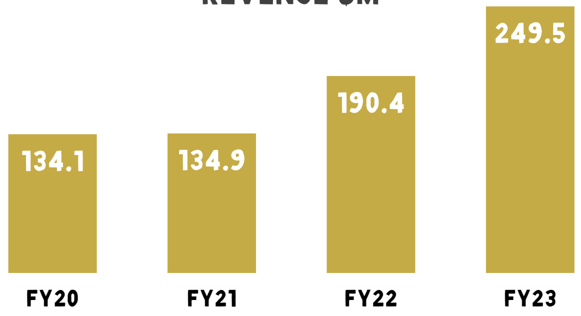
COLLINS FOODS LIMITED

| ($m) | FY22 UNDERLYING POST AASB 16 | FY23 UNDERLYING* POST AASB 16 | CHANGE | FY23 UNDERLYING PRE AASB 16 |
|---|---|---|---|---|
| **Restaurants at year end (no.)** | 62 | 64 | 2 ↑ | 64 |
| **Revenue ($m)** [1] | 190.4 | 249.5 | 31.0% ↑ | 249.5 |
| **% SSS** | 16.8% | 13.9% | | 13.9% |
| **EBITDA ($m)** | 27.6 | 32.8 | 19.0% ↑ | 16.4 |
| **% margin** | 14.5% | 13.2% | -133 bps ↓ | 6.6% |
| **EBIT ($m)** | 7.6 | 9.2 | 21.0% ↑ | 6.2 |
| **% margin** | 4.1% | 3.7% | -41 bps ↓ | 2.5% |

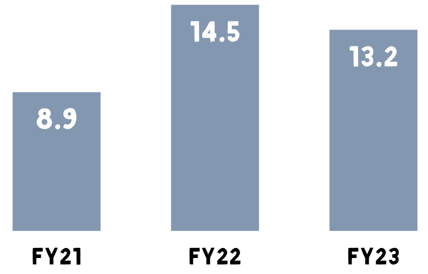
[1] FY23 Revenue includes business rental income of $0.9m. This is shown in other income in the Financial Report
* Refer to Appendix: slide 31 for a reconciliation between statutory and underlying results, in pre and post AASB 16

- Revenue up 31.0% to $249.5m, driven by strong SSS growth and expanded restaurant network
- KFC Europe SSS of +13.9% reflecting increased transaction volumes and higher ticket
  - Netherlands SSS growth of +12.8%
  - Germany SSS growth of +17.3%
- Europe EBITDA margin (post AASB 16) of 13.2% (FY22: 14.5%)
  - equivalent EBITDA margin (pre AASB 16) of 6.6% (FY22: 6.5%)
- Sales growth mitigated significant margin pressures
- CFA incentive achieved with development targets met

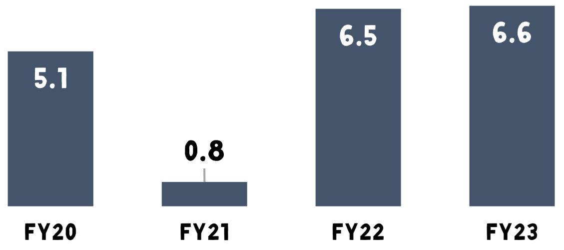
## REVENUE $M




## POST AASB 16 EBITDA MARGIN %




## PRE AASB 16 EBITDA MARGIN %



# STRENGTHENING BRAND FUNDAMENTALS DRIVING SALES GROWTH

COLLINS FOODS LIMITED





- Double-digit SSS growth in Netherlands and Germany with balanced increase in transactions and ticket
- Key brand metrics continue to improve (+1% increase in consideration versus LY, translated also into +1.4% increase in customer conversion)
- Marketing strategy remains focused on core and everyday value relevant to local markets
  - KFC Netherlands registered faster growth than competitors on two key value indicators: "*I feel I can buy anything on their menu*" and "*can feed an entire family affordably*" (beating McDonalds by five percentage points and Burger King by three percentage points)
  - Netherlands a KFC global market leader for veggie, with plant-based alternatives meeting consumer demand
  - KFC remains the market leader for best tasting chicken, widening the gap versus competitors
- Kiosks are now installed in all restaurants and delivery sales remain at double digit levels as a proportion of total sales in Netherlands
- New KFC app expected in July 2023 to provide a more intuitive customer experience


# SIGNIFICANT INFLATIONARY HEADWINDS OFFSET WITH SCALE & MARGIN MITIGATION INITIATIVES

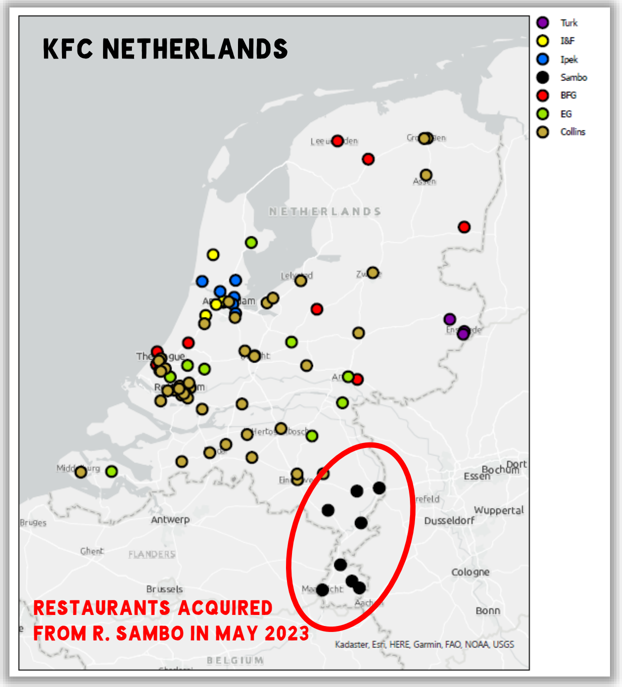
COLLINS FOODS LIMITED

- European businesses and consumers faced unprecedented market conditions over the course of FY23
  - annual inflation more than tripled in the EU in 2022 with CPI in Netherlands reaching 17% in September 2022
  - double digit minimum wage increases in Netherlands and Germany during FY23
  - three to four times increase in energy costs, now past peak
- KFC margin strategy prioritised supporting transaction growth via value with initiatives to alleviate cost pressure
  - "fast follower" approach to menu price increases ensured KFC maintained price parity to competition
  - menu re-engineering, including re-bundling, and optimising media mix through test-and-learn
  - procurement and supply chain initiatives leveraging vendor relationships across Europe
  - labour optimisation initiatives to increase efficiency in restaurant operations




# ACHIEVED FIRST YEAR NETHERLANDS CFA TARGETS; BUILDING REPUTATION AS A KFC GROWTH PARTNER

COLLINS FOODS LIMITED




- Collins Foods Netherlands moving towards scale with 56 restaurants, representing 64% of the KFC market
  - five net new KFC restaurants opened in Netherlands in FY23 (two via sub-franchisees), unlocking first-year CFA incentive
  - eight high-quality restaurants acquired since year end in May 2023
- Expanded development team building pipeline in line with CFA target of up to 130 net new restaurants by 2031, including greater use of smaller, flexible formats
- Awarded Franchisee of the Year by Yum! in Western Europe
- Netherlands CFA boosting brand awareness and franchisee engagement, supporting collective appetite for new restaurant growth
- Continued monitoring of Dutch and German landscapes for additional acquisitions, potential new European geographies

STEENWIJK (DEC 2023)
FIRST DELCO IN NL


KFC DEN HAAG STATIONSWEG, NL
OPENED DEC 2022


KFC NIEUWEGEIN, NL
OPENED DEC 2022


KFC HAARLEM SCHALKWIJK, NL
OPENED DEC 2022

KFC HAARLEM SCHALKWIJK, NL


# TACO BELL

## Australia

# TACO BELL CONSOLIDATES TO RE-FOCUS ON GROWING SAME STORE SALES

COLLINS FOODS LIMITED

| | FY22 UNDERLYING<br>POST AASB 16 | FY23 UNDERLYING*<br>POST AASB 16 | CHANGE | FY23 UNDERLYING<br>PRE AASB 16 |
|---|---|---|---|---|
| **Restaurants at year end (no.)** | 20 | 28 | 8 ↑ | 28 |
| **Revenue ($m)** | 35.8 | 48.7 | 36.1% ↑ | 48.7 |
| **% SSS** | (8.1)% | (4.8)% | | (4.8)% |
| **EBITDA restaurant level ($m)** | 4.0 | 2.8 | (29.2)% ↓ | (1.6) |
| **% margin** | 11.2% | 5.8% | -538 bps ↓ | (3.2)% |
| **EBITDA ($m)** | (0.4) | (1.5) | (267.5)% ↓ | (5.9) |
| **% margin** | (1.2)% | (3.2)% | -200 bps ↓ | (12.2)% |
| **EBIT ($m)** | (5.6) | (6.6) | (19.1)% ↓ | (8.8) |
| **% margin** | (15.7)% | (13.7)% | 205 bps ↑ | (18.2)% |

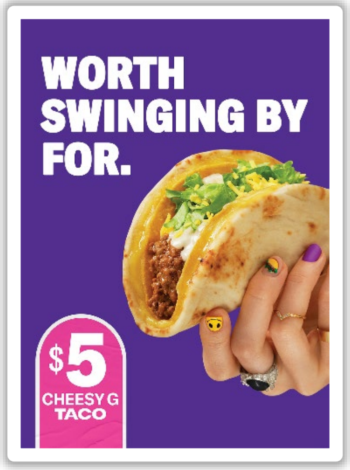
* Refer to Appendix: slide 32 for a reconciliation between statutory and underlying results, in pre and post AASB 16

- Revenue up 36.1% to $48.7m, reflecting higher store count in FY23
- Full year SSS decline of -4.8% full-year (H1 SSS of –7.8%)
- EBITDA profitability (post AASB 16) at the restaurant level (excluding new restaurant opening costs and brand G&A) of $2.8m
  - equivalent underlying EBITDA (pre AASB 16) of $(1.6)m, with margin of (3.2)% (FY22: 3.7%)
- Underlying EBITDA (post AASB 16) of $(1.5)m
  - equivalent underlying EBITDA (pre AASB 16) of $(5.9)m at margin of (12.2)%
  - expect to see diminished EBITDA losses as initiatives progress
- A non-cash post tax accounting charge of $36.7m has been taken to impair the remainder of the Taco Bell asset value
- Collins Foods is continuing to implement product and marketing initiatives to drive transaction growth and return the business to positive SSS

# GREATER FOCUS ON DELIVERY, VALUE, AND PRODUCT QUALITY TO DRIVE CONSUMER TRIAL AND ENGAGEMENT

COLLINS FOODS LIMITED

- SSS improved in H2 FY23 to –2.8%, reflecting impact of Uber Eats rollout
- Delivery now >25% of total sales, with click-and-collect being trialled in Queensland and Victoria restaurants
- Stronger value marketing campaigns focused on iconic craveable Taco Bell products at memorable price points; newly launched $5 Chipotle Crunch Burrito outperforming expectations
- Direct resource and financial support from Taco Bell International (Yum!) to increase media spend, awareness and drive top-line sales growth
- Continued enhancements to product quality underway to suit Australian tastes
  - Taco Bell International (Yum!) support engaged to work with key suppliers on improvements to beef and chicken flavour profiles and consistency
  - launched McCain ultra-premium 'Sure Crisp' french fries as standard in all restaurants to support crispiness and temperature hold times, especially relevant on delivery
  - in-depth consumer research projects in process to support even greater attunement to local preferences


# CURRENT NETWORK OF 26 RESTAURANTS IN KEY METRO CLUSTERS




COOMERA, QLD
OPENED APR 2023


BUTLER, WA
OPENED APR 2023

- Eight new restaurants opened in FY23: three in Victoria, three in Western Australia and two in Queensland
- New restaurants featuring upgraded dual line format, combined with new operating processes, have increased back-of-house efficiency and significantly improved speed of service
- Total of 26 restaurants: 13 in Queensland, nine in Victoria and four in Western Australia
  - closure of Cairns and Currajong locations in May 2023 to provide greater geographic focus on key metro areas
- First integrated Taco Bell connected to BP to open in Underwood during second quarter of FY24
- Additional new development currently paused, with further rollout connected with brand progress versus quarterly milestones


COORPAROO, QLD
OPENED DEC 2022

CHIRNSIDE PARK, VIC
OPENED FEB 2023


COLLINS FOODS LIMITED

# SIZZLER

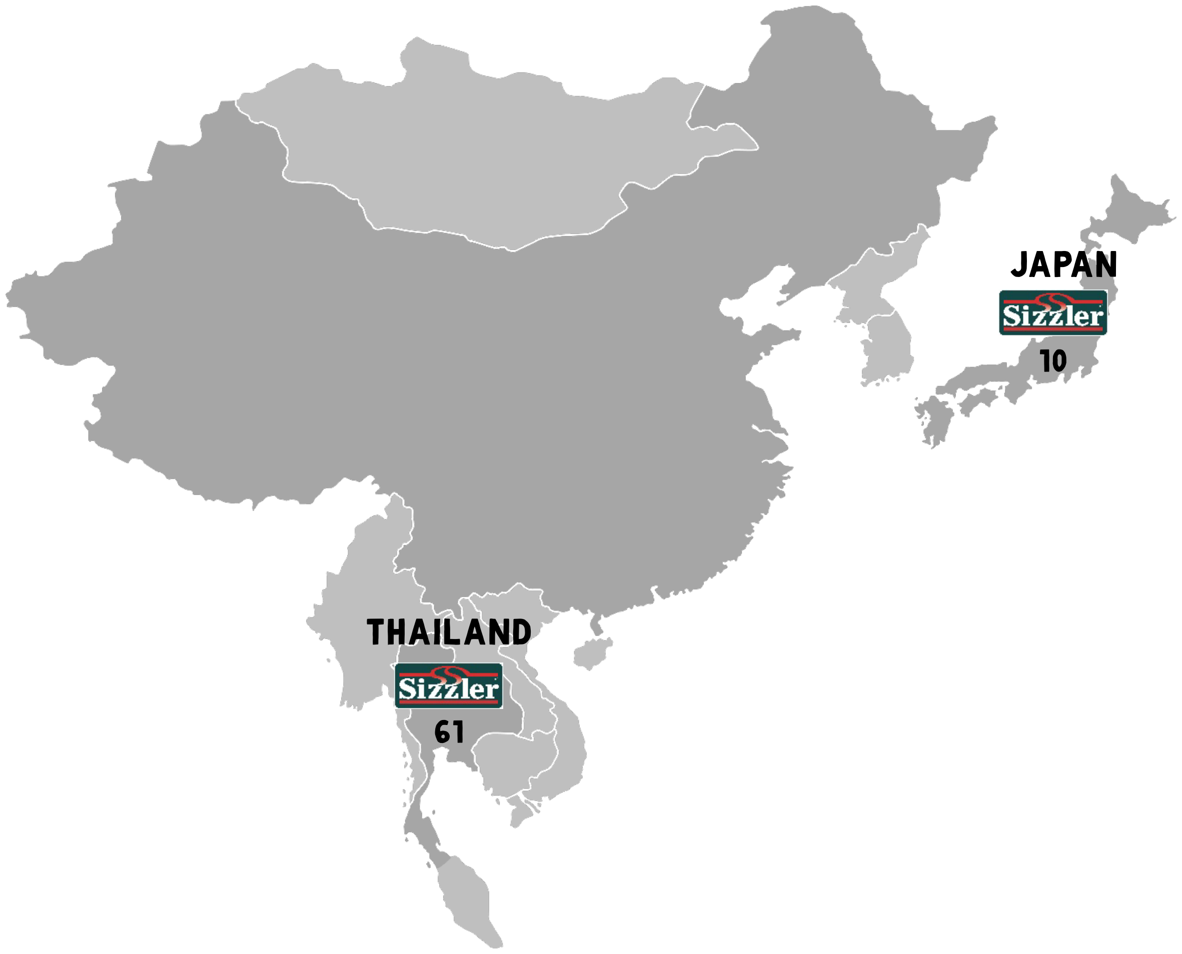
## Asia

# SIZZLER ASIA SOLD FOR SGD $20.2M TO MINOR INTERNATIONAL

CFL
COLLINS FOODS LIMITED

| | FY22 STATUTORY* | FY23 STATUTORY* | CHANGE |
|---|---|---|---|
| **Revenue ($m)** | 2.8 | 4.1 | 45.8% |
| **EBITDA ($m)** | 1.7 | 2.9 | 73.6% |
| **% margin** | 59.8% | 71.3% | 1145 bps ↑ |
| **EBIT ($m)** | 1.1 | 2.0 | 81.7% |
| **% margin** | 38.6% | 48.2% | 953 bps ↑ |

- Sizzler Asia royalty revenue up 45.8% to $4.1m, generating EBITDA profit of $2.9m
- Sizzler Asia sold for SGD $20.2m (AUD $22.8m)[1]
- Capital being redeployed to Europe, as evidenced by purchase of eight KFC restaurants in the Netherlands in May 2023
- Expected book gain of at least AUD$10.2m will be reflected in FY24 financial report, together with additional accounting foreign currency gain, upon completion




* There is no impact from AASB 16
[1] Exchange rate of Singapore dollars (SGD) $1 : AUD $1.13 as at 30 April 2023


# FINANCIAL Performance

# CASH FLOW CONTINUES TO BE REINVESTED FOR GROWTH

COLLINS FOODS LIMITED

| ($m) | FY22 POST AASB 16 | FY23 POST AASB 16 | FY23 PRE AASB 16 |
|---|---|---|---|
| Net operating cash flows before interest and tax | 212.3 | 208.2 | 143.0 |
| Net interest paid | (6.6) | (6.4) | (6.4) |
| Interest paid on leases | (22.6) | (25.4) | – |
| Income tax paid | (26.8) | (30.3) | (30.3) |
| **Net operating cash flows** | **156.3** | **146.2** | **106.4** |
| Payments for acquisition of subsidiaries | (28.3) | (4.6) | (4.6) |
| Payments for intangibles | (5.4) | (9.9) | (9.9) |
| Deposit for acquisition of subsidiary | – | (13.3) | (13.3) |
| Payments for plant and equipment | (67.8) | (65.8) | (65.8) |
| Proceeds from sale of property, plant and equipment | 4.2 | – | – |
| **Net cash flow from investing** | **(97.3)** | **(93.5)** | **(93.5)** |
| Refinance fees paid | (1.5) | – | – |
| Proceeds from borrowings | 32.6 | 28.3 | 28.3 |
| Repayment of borrowings | (28.0) | (25.0) | (25.0) |
| Cashflows attributable to leases | (36.4) | (39.9) | – |
| Dividends paid | (28.6) | (29.4) | (29.4) |
| **Net cash flow from financing** | **(61.9)** | **(65.9)** | **(26.1)** |
| **NET CASH FLOW** | **(2.9)** | **(13.3)** | **(13.3)** |

- Net operating cash flow (post AASB 16) of $146.2m, down $10.1m on prior year
- Net operating cashflows before interest and tax (pre AASB16) of $143.0m, after $9.1m of working capital outflow due to timing of payments around year end
- Capex cash spend of $65.8m
  - new restaurants $20.0m
  - remodels $25.5m
  - digital and sustainability initiatives $3.5m
  - sustaining and other capital $16.8m
- Net cash outflow of $13.3m, compared to outflow of $2.9m in prior year due to a reduction in net operating cash flow
- Strong cash flows support final fully franked dividend declared of 15.0 cps; total FY23 dividend of 27.0 cps full franked

# HEALTHY BALANCE SHEET REFLECTS GROWING NETWORK

COLLINS FOODS LIMITED

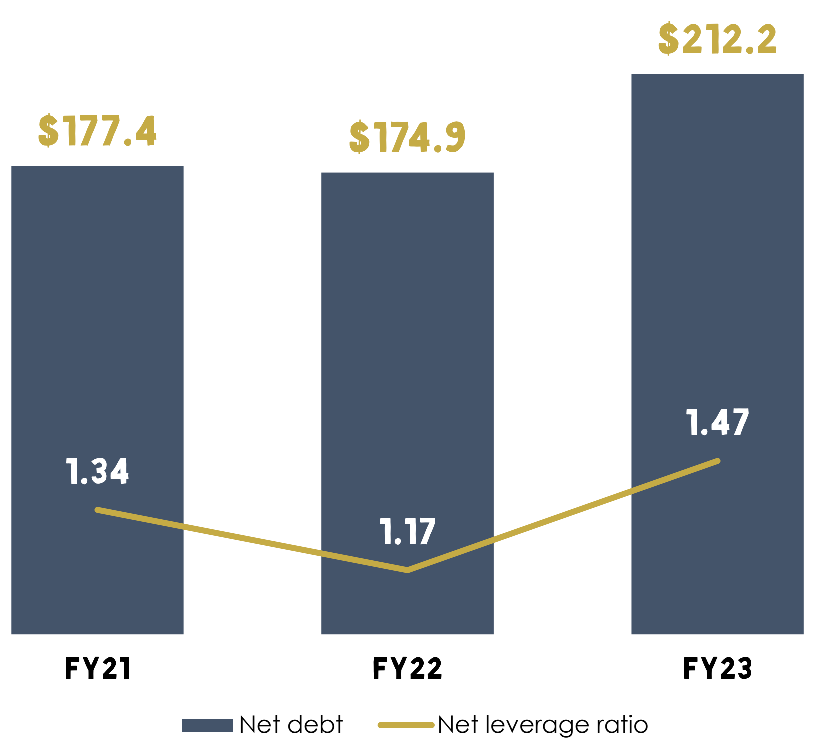
| ($m) | 1 MAY 2022<br>POST AASB 16 | 30 APRIL 2023<br>POST AASB 16 | 30 APRIL 2023<br>PRE AASB 16 |
|---|---|---|---|
| Cash and equivalents | 97.2 | 80.2 | 80.2 |
| **Total current assets** | **113.9** | **130.3** | **136.9** |
| Property, plant and equipment | 216.1 | 224.5 | 224.8 |
| Right of use assets | 432.5 | 465.8 | – |
| **Total non-current assets** | **1,169.1** | **1,240.1** | **748.1** |
| **TOTAL assets** | **1,283.0** | **1,370.4** | **885.0** |
| Lease liabilities | 37.8 | 44.6 | – |
| **Total current liabilities** | **166.4** | **179.2** | **142.9** |
| Debt | 271.0 | 291.9 | 291.9 |
| Lease liabilities | 439.7 | 506.9 | – |
| **Total non-current liabilities** | **723.1** | **806.7** | **296.0** |
| **TOTAL liabilities** | **889.4** | **985.9** | **438.8** |
| **NET ASSETS** | **393.5** | **384.5** | **446.2** |

- Cash balance of $80.2m, down on prior year by $17.0m
- Property, plant and equipment of $224.5m, up $8.4m reflecting new restaurant builds and acquisitions less the relevant depreciation
- Right of use assets of $465.8m and lease liabilities of $551.5m (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 $384.5m, down from $393.5m at end of prior financial year

# FUNDING CAPACITY & COVENANTS AVAILABLE TO SUPPORT GROWTH INITIATIVES

COLLINS FOODS LIMITED

NET DEBT ($M)/ NET LEVERAGE RATIO*




- Net leverage ratio* (pre AASB 16) of 1.47
  - significant headroom to covenant maximum of 2.75
- Net debt of $212.2m [1]
  - significant headroom to current facility of circa $400m [2]
- Net debt increase of $37.3m due to
  - net cash outflow of $13.3m
  - effects of exchange rate changes on net debt ~ $24.0m
- 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 ~$0.6 unamortised bank fees
[2] Exchange rate of AUD $1 : EURO €0.6008 as at 30 April 2023

# PROGRESSING TOWARDS 2026 ESG TARGETS

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




### PEOPLE AND COMMUNITIES

- Strong safety culture with the Lost Time Injury Frequency Rate (LTIFR) reducing to 10.37
- 36% enrolment in Collins Foods Giving
- Collins Family Fund granted over $275k to employees experiencing challenging circumstances

### PLANET

- Greenhouse gas emissions decreased* 11.4% from FY21 to FY23
- Solar in 162 drive-thru restaurants at year end
- Waste diversion rate of 19.5%
- Over 7,000 trees planted

### GOVERNANCE

- Group ESG & Sustainability Manager appointed
- Partnering with EY to undertake Task Force on Climate-related Financial Disclosures (TCFD) analysis and develop a materiality assessment to evaluate climate risk

* In FY23, 9.5% of the reduction is due to emission factors published by the National Greenhouse Accounts (NGA) and outside of Collins Foods' influence.

COLLINS FOODS LIMITED

# OUTLOOK

# FOCUSED ON LONG-TERM GROWTH WHILE NAVIGATING SHORT-TERM MARGIN HEADWINDS

COLLINS FOODS LIMITED

## KFC AUSTRALIA

- First seven weeks FY24 SSS of +8.8%
- Cost pressure expected to persist during FY24 with higher energy and labour costs feeding through; some lag in commodity price improvements flowing through to COGS
- Targeting FY24 EBITDA to be broadly margin neutral with improvement in FY25 towards historical levels
- Supply chain, energy and menu pricing initiatives to mitigate inflation
- Digital and delivery channels expected to drive further growth
- New restaurant development of nine to 12 restaurants expected in FY24

## KFC EUROPE

- First seven weeks FY24 SSS of:
  +9.0% (Netherlands), +12.4% (Germany)
- Margin headwinds remain with significant cost increases across energy, labour and COGS; potential softening of pressures in second half FY24
- Margin offsets from menu pricing, value-focused marketing, operational efficiencies, and procurement initiatives
- Targeting limited margin contraction in FY24
- New restaurant development of three to five restaurants expected in FY24, with pipeline building in line with CFA targets
- Monitoring landscape for additional M&A opportunities, including within other European countries

## TACO BELL

- First seven weeks FY24 SSS of +2.1%
- Focus on return to SSS growth through enhanced product quality, e-commerce expansion, and marketing initiatives focused on value and taste
- Margin pressure expected to continue in FY24
- Target to re-establish positive EBITDA at restaurant level (pre-start up and brand G&A costs; pre AASB 16)
- Restaurant rollout currently paused

SSS – Same Store Sales
CFA – Corporate Franchisee Agreement

# COLLINS FOODS' PROVEN RECIPE FOR LONG-TERM SUCCESS

COLLINS FOODS LIMITED

## 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 RESTAURANT BUILDS






COLLINS FOODS LIMITED

# Q&A

COLLINS FOODS LIMITED

# APPENDIX

# GROUP RESULTS SUMMARY

COLLINS FOODS LIMITED

## POST AASB 16

| ($m) | FY22 UNDERLYING [1] POST AASB 16 | FY23 STATUTORY POST AASB 16 | FY23 NON-TRADING ITEMS POST AASB 16 | FY23 UNDERLYING POST AASB 16 | CHANGE |
|---|---|---|---|---|---|
| **Revenue continuing operations** [2] | 1,181.7 | 1,349.5 | – | 1,349.5 | 14.2% ↑ |
| **EBITDA continuing operations** | 207.5 | 197.9 | 7.2 | 205.1 | (1.2)% ↓ |
| **EBIT continuing operations** | 115.0 | 47.1 | 60.8 | 107.9 | (6.2)% ↓ |
| **NPAT continuing operations** | 59.0 | 11.3 | 40.6 | 51.9 | (12.1)% ↓ |
| **Net debt** | 174.9 | 212.2 | | 212.2 | $37.3 ↑ |
| **Net leverage ratio**** | 1.17 | 1.47 | | 1.47 | 0.30 ↑ |
| **Net operating cash flow** | 156.3 | 146.2 | | 146.2 | $(10.1) ↓ |
| **EPS basic continuing operations (cents)** | 50.6 | 9.6 | | 44.3 | (12.4)% ↓ |

## PRE AASB 16

| ($m) | FY22 UNDERLYING [1] PRE AASB 16 | FY23 STATUTORY PRE AASB 16 | FY23 NON-TRADING ITEMS PRE AASB 16 | FY23 UNDERLYING PRE AASB 16 | CHANGE |
|---|---|---|---|---|---|
| **Revenue continuing operations** [2] | 1,181.7 | 1,349.5 | – | 1,349.5 | 14.2% ↑ |
| **EBITDA continuing operations** | 148.3 | 131.0 | 10.4 | 141.4 | (4.6)% ↓ |
| **EBIT continuing operations** | 100.9 | 60.1 | 33.0 | 93.1 | (7.7)% ↓ |
| **NPAT continuing operations** | 63.9 | 37.8 | 20.2 | 57.9 | (9.4)% ↓ |
| **Net debt** | 174.9 | 212.2 | | 212.2 | $37.3 ↑ |
| **Net leverage ratio**** | 1.17 | 1.47 | | 1.47 | 0.30 ↑ |
| **Net operating cash flow** | 119.9 | 106.4 | | 106.4 | $(13.5) ↓ |
| **EPS basic continuing operations (cents)** | 54.8 | 32.2 | | 49.4 | (9.7)% ↓ |

[1] Continuing Operations excludes Sizzler Asia
[2] FY23 Revenue includes business rental income of $0.9m. This is shown in other income in the Financial Report
** Net Leverage Ratio is shown on a pre AASB 16 basis consistent with measurement criteria in syndicated facility agreement

# KFC AUSTRALIA RESULTS SUMMARY

COLLINS FOODS LIMITED

| | POST AASB 16 | | | | | PRE AASB 16 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY22 UNDERLYING<br>POST AASB 16 | FY23 STATUTORY<br>POST AASB 16 | FY23 NON-TRADING ITEMS<br>POST AASB 16 | FY23 UNDERLYING<br>POST AASB 16 | CHANGE | FY22 UNDERLYING<br>PRE AASB 16 | FY23 STATUTORY<br>PRE AASB 16 | FY23 NON-TRADING ITEMS<br>PRE AASB 16 | FY23 UNDERLYING<br>PRE AASB 16 | CHANGE |
| **Restaurants at year end (no.)** | 261 | 272 | | 272 | 11 ↑ | 261 | 272 | | 272 | 11 ↑ |
| **Revenue ($m)** | 955.5 | 1,051.3 | | 1,051.3 | 10.0% ↑ | 955.5 | 1,051.3 | | 1,051.3 | 10.0% ↑ |
| **% SSS** | 1.4% | 5.8% | | 5.8% | | 1.4% | 5.8% | | 5.8% | |
| **EBITDA ($m)** | 206.9 | 202.1 | (0.5) | 201.6 | (2.5)% ↓ | 166.5 | 158.4 | (0.5) | 157.9 | (5.2)% ↓ |
| **% margin** | 21.6% | 19.2% | | 19.2% | -247 bps ↓ | 17.4% | 15.1% | | 15.0% | -240 bps ↓ |
| **EBIT ($m)** | 143.4 | 136.6 | (0.5) | 136.1 | (5.1)% ↓ | 134.5 | 125.2 | (0.5) | 124.7 | (7.3)% ↓ |
| **% margin** | 14.9% | 13.0% | | 12.9% | -196 bps ↓ | 14.1% | 11.9% | | 11.9% | -221 bps ↓ |

# KFC EUROPE RESULTS SUMMARY

COLLINS FOODS LIMITED

| | POST AASB 16 | | | | | PRE AASB 16 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY22 UNDERLYING<br>POST AASB 16 | FY23 STATUTORY<br>POST AASB 16 | FY23 NON-TRADING ITEMS<br>POST AASB 16 | FY23 UNDERLYING<br>POST AASB 16 | CHANGE | FY22 UNDERLYING<br>PRE AASB 16 | FY23 STATUTORY<br>PRE AASB 16 | FY23 NON-TRADING ITEMS<br>PRE AASB 16 | FY23 UNDERLYING<br>PRE AASB 16 | CHANGE |
| **Restaurants at year end (no.)** | 62 | 64 | | 64 | 2 ↑ | 62 | 64 | | 64 | 2 ↑ |
| **Revenue ($m)** [1] | 190.4 | 249.5 | | 249.5 | 31.0% ↑ | 190.4 | 249.5 | | 249.5 | 31.0% ↑ |
| **% SSS** | 16.8% | 13.9% | | 13.9% | | 16.8% | 13.9% | | 13.9% | |
| **EBITDA ($m)** | 27.6 | 29.3 | 3.5 | 32.8 | 19.0% ↑ | 12.4 | 12.9 | 3.5 | 16.4 | 32.0% ↑ |
| **% margin** | 14.5% | 11.8% | | 13.2% | -133 bps ↓ | 6.5% | 5.2% | | 6.6% | 5 bps ↑ |
| **EBIT ($m)** | 7.6 | 1.1 | 8.1 | 9.2 | 21.0% ↑ | 2.8 | 1.4 | 4.8 | 6.2 | 123.7% ↑ |
| **% margin** | 4.1% | 0.4% | | 3.7% | -41 bps ↓ | 1.5% | 0.5% | | 2.5% | 92 bps ↑ |

[1] FY23 Revenue includes business rental income of $0.9m. This is shown in other income in the Financial Report

# TACO BELL RESULTS SUMMARY

COLLINS FOODS LIMITED

| | POST AASB 16 | | | | | PRE AASB 16 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY22 UNDERLYING POST AASB 16 | FY23 STATUTORY POST AASB 16 | FY23 NON-TRADING ITEMS POST AASB 16 | FY23 UNDERLYING POST AASB 16 | CHANGE | FY22 UNDERLYING PRE AASB 16 | FY23 STATUTORY PRE AASB 16 | FY23 NON-TRADING ITEMS PRE AASB 16 | FY23 UNDERLYING PRE AASB 16 | CHANGE |
| **Restaurants at year end (no.)** | 20 | 28 | | 28 | 8 ↑ | 20 | 28 | | 28 | 8 ↑ |
| **Revenue ($m)** | 35.8 | 48.7 | | 48.7 | 36.1% ↑ | 35.8 | 48.7 | | 48.7 | 36.1% ↑ |
| **% SSS** | (8.1)% | (4.8)% | | (4.8)% | | (8.1)% | (4.8)% | | (4.8)% | |
| **EBITDA restaurant level ($m)** | 4.0 | (1.4) | 4.2 | 2.8 | (29.2)% ↓ | 1.4 | (9.0) | 7.4 | (1.6) | (212.0)% ↓ |
| **% margin** | 11.2% | (2.8)% | | 5.8% | -538 bps ↓ | 3.7% | (18.5)% | | (3.2)% | -694 bps ↓ |
| **EBITDA ($m)** | (0.4) | (5.7) | 4.2 | (1.5) | (267.5)% ↓ | (3.0) | (13.4) | 7.4 | (5.9) | (97.7)% ↓ |
| **% margin** | (1.2)% | (11.8)% | | (3.2)% | -200 bps ↓ | (8.4)% | (27.5)% | | (12.2)% | -381 bps ↓ |
| **EBIT ($m)** | (5.6) | (59.9) | 53.2 | (6.6) | (19.1)% ↓ | (6.0) | (37.6) | 28.7 | (8.8) | (48.0)% ↓ |
| **% margin** | (15.7)% | (123.1)% | | (13.7)% | 205 bps ↑ | (16.7)% | (77.2)% | | (18.2)% | -146 bps ↓ |

# FY23 NON-TRADING ITEMS SUMMARY

COLLINS FOODS LIMITED

| ($m) | POST AASB 16 | | | PRE AASB 16 | | |
|---|---|---|---|---|---|---|
| | EBITDA POST AASB 16 | EBIT POST AASB 16 | NPAT POST AASB 16 | EBITDA PRE AASB 16 | EBIT PRE AASB 16 | NPAT PRE AASB 16 |
| Restaurant impairments and provisions[1] - Taco Bell | 3.7 | 52.7 | 36.7 | 3.7 | 24.9 | 17.3 |
| Closure of 2 restaurants - Taco Bell | 0.5 | 0.5 | 0.4 | 3.8 | 3.8 | 2.6 |
| Restaurant impairments – KFC Europe | – | 4.6 | 4.6 | – | 1.3 | 1.3 |
| Acquisition and operational integration costs | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Marketing expenditure redirected to digital technology | (0.5) | (0.5) | (0.4) | (0.5) | (0.5) | (0.4) |
| Europe Deferred Tax Asset/Deferred Tax Liability | – | – | (4.2) | – | – | (4.2) |
| **TOTAL NON-TRADING ITEMS** | **7.2** | **60.8** | **40.6** | **10.4** | **33.0** | **20.2** |

[1] EBIT post AASB 16 includes $49.1m of impairments and $3.6m of provisions

# FOR FURTHER INFORMATION PLEASE CONTACT


**CORPORATE**

Drew O'Malley
Managing Director & CEO
P: +61-7 3352 0800

**INVESTORS & MEDIA**

Tristan Everett
Automic Markets
P: +61-403 789 096
E: tristan.everett@automicgroup.com.au


COLLINS FOODS LIMITED

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