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CELEBRATING **10** YEARS SINCE LISTING

**RETAILFOODGROUP**  
STRENGTH IN BRANDS

**FY16 RESULTS**

RETAILFOODGROUP  
STRENGTH IN BRANDS

donut  
king

Brumbys  
BAKERY

Michael's  
PATISSERIE

crust  
Gourmet Pizza Bar

PIZZA  
CAPERS  
BAKERY & GASTRO

Gloria Jean's  
COFFEES

DiBella  
COFFEE

ESQUIRES  
COFFEE

bb's  
My local cafe

THE  
COFFEE  
GUY

cafe2u  
My favourite cafe

IT'S A  
GRIND  
COFFEE HOUSE

evolution  
COFFEE MASTERS

ROASTING  
AUSTRALIA

# Retail Food Group (ASX:RFG)

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

## Corporate

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

## Board of Directors/Executive

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

## Brand Systems (Franchise)

Bakery/Cafe



Coffee Retail



QSR



## Commercial & Wholesale (Commercial)

Specialty Coffee & Allied Beverage



Roasting Facilities

Roasting Australia (NSW)  
 Di Bella Coffee (QLD)  
 Evolution Roasters (NZ)  
 Di Bella Coffee (USA)

(1) As at 19 August 2016

(2) Gross of imputation & includes FY16 Final Dividend

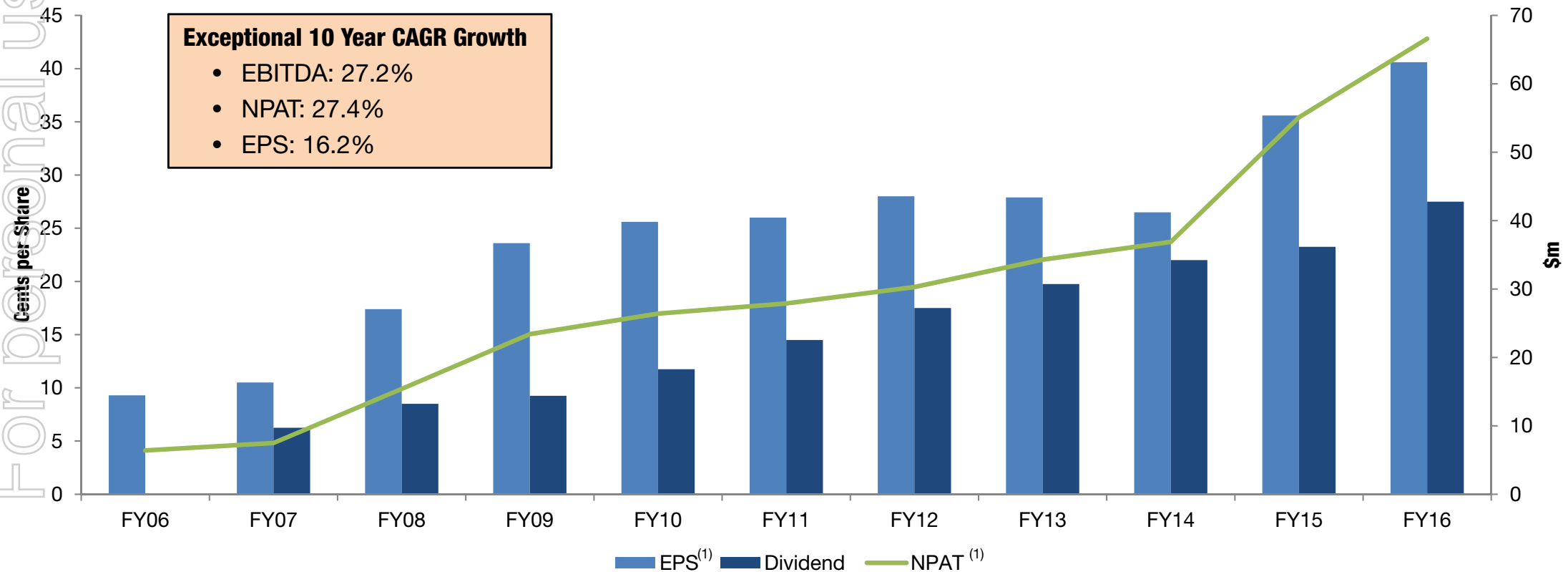
# Celebrating A Decade of Success

## 10 Years of Record Outcomes

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

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

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(1) Underlying



# Record Achievement

## Diverse revenue streams driving performance

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

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

### Leveraging Multiple Opportunities

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

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

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

### Exceptional Divisional Performance

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

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

(2) Weighted EBITDA Contribution per Outlet

(3) Includes outlet rationalisation – refer FY15 Results Presentation

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

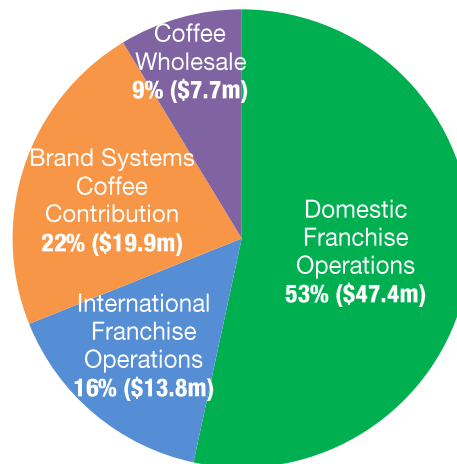
# Global Business Model Underpins Growth

## Maintaining risk averse model whilst maximising opportunities

### Creating Compelling Opportunities

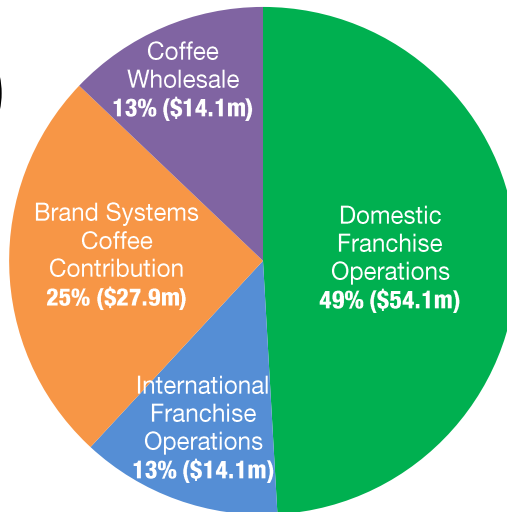
- Broadened revenue streams provide multiple platforms for future growth
- Enhances ability to capitalise on new growth opportunity whilst supporting existing business units
- Reduces reliance on domestic earnings & performance of any one business unit
- Enhances effective utilisation of corporate resources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

FY15 EBITDA \$88.8m



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

FY16 EBITDA \$110.2m



Divisional EBITDA Contribution <sup>(1)</sup>	FY15	FY16	% Change	Divisional EBITDA Breakdown	FY15	FY16	% Change
Brand Systems (Domestic)	\$66.0m	\$78.0m	↑18%	<span style="color: green;">■</span> Domestic Franchise Operations <span style="color: orange;">■</span> Domestic Coffee Contribution <sup>(3)</sup>	\$47.4m	\$54.1m	↑14%
Brand Systems (International)	\$15.1m <sup>(2)</sup>	\$18.1m	↑20%	<span style="color: blue;">■</span> International Franchise Operations <span style="color: orange;">■</span> International Coffee Contribution <sup>(3)</sup>	\$13.8m	\$14.1m	↑2%
<b>Total Brand System EBITDA</b>	<b>\$81.1m</b>	<b>\$96.1m</b>	<b>↑18.5%</b>		<b>\$81.1m</b>	<b>\$96.1m</b>	<b>↑18.5%</b>
<span style="color: purple;">■</span> Coffee Wholesale <sup>(4)</sup>	\$7.7m	\$14.1m	↑83%	<span style="color: purple;">■</span> Domestic Coffee Wholesale <span style="color: purple;">■</span> International Coffee Wholesale	\$7.1m	\$13.5m	↑90%
					\$0.6m	\$0.6m	-
<b>Total Commercial EBITDA</b>					<b>\$7.7m</b>	<b>\$14.1m</b>	<b>↑83%</b>
<b>Total Group EBITDA</b>	<b>\$88.8m</b>	<b>\$110.2m</b>	<b>↑24%</b>				

(1) Underlying – refer Appendix 1

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

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

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

# FY16 Group Highlights

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# Key Milestones Achieved

## Strategic initiatives underpin growth

### Global Licensing: Expanding

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

### Global Headquarters: Development Underway

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

### Coffee & Allied Beverage: Consolidating

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






# Acquired Asset Performance & Integration

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

### Acquisitions Fully Integrated

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

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

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

(2) Underlying – refer Appendix 1

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



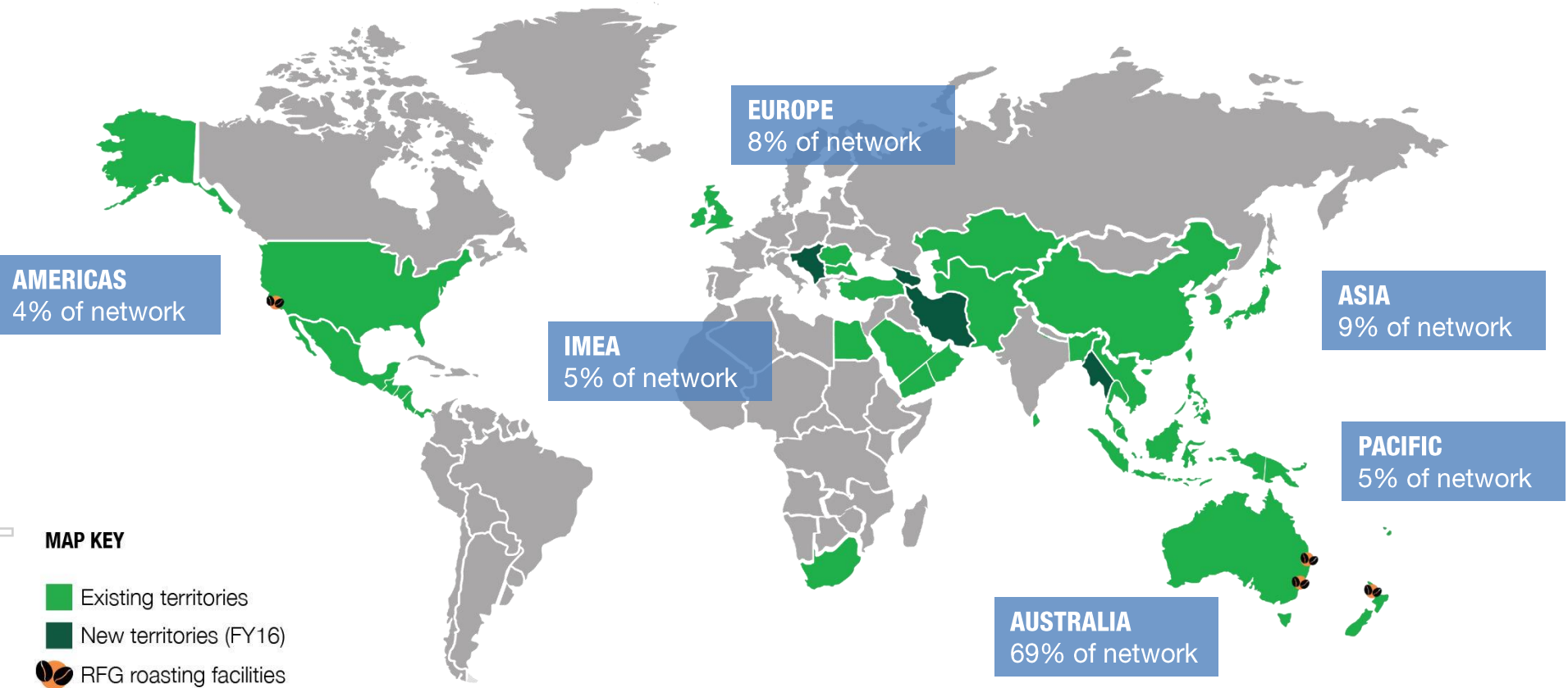
# Divisional Performance

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# Expanding Global Footprint

## Growing international Brand System penetration



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# Brand System Summary

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

## Exceptional EBITDA & CPO performance

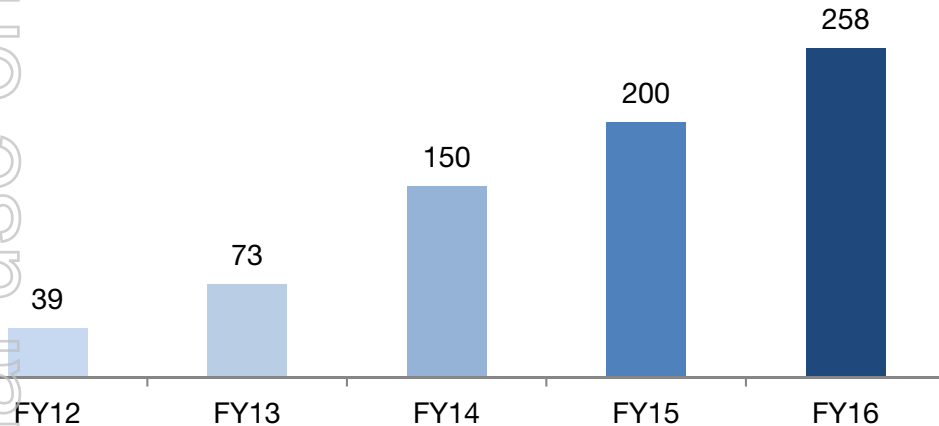
- Refusal to discount RRP fortifies franchisee margins & sustains SSS
- EBITDA growth achieved in all Brand System Divisions
  - Bakery/Café continues to perform (2.1% growth to \$44m)
  - Coffee Retail EBITDA increase of c.\$10m (44% over PCP)
  - 13.8% increase in QSR performance notwithstanding rampant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

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

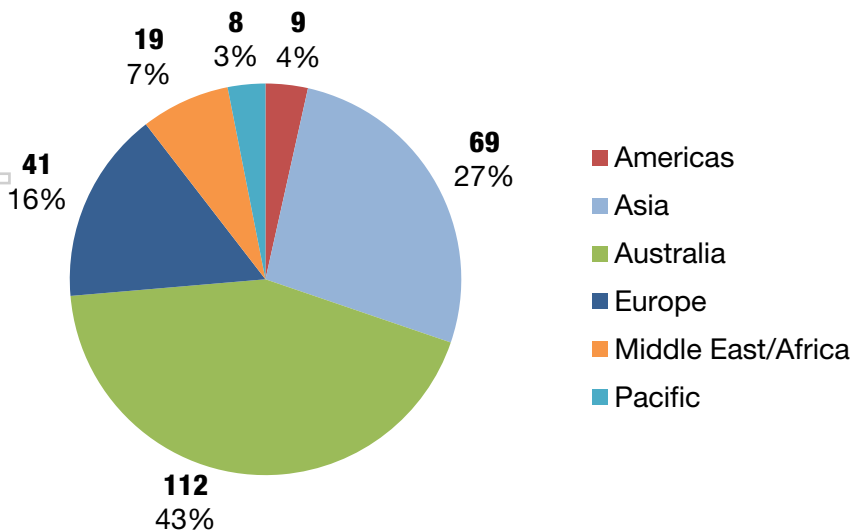
# Record Network Growth

## International Brand System rollout gathering momentum

### New Outlet Commissionings



### FY16 New Outlet Commissionings by Territory



### Record Outlet Commissionings

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

### Record Net Outlet Growth

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

### Healthy Franchisee Network

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



# Bakery/Café Division

## Divisional Highlights

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

## Donut King

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

## Michel's Patisserie

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

## Brumby's Bakery

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

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

# Coffee Retail Division

## Coffee Retail EBITDA Increase of 45.7%

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

## Gloria Jean's Coffees: Domestic

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

## Gloria Jean's Coffees: International

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

## Mobile

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

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

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

# QSR Division

## Gourmet Positioning Driving Positive Outcomes

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

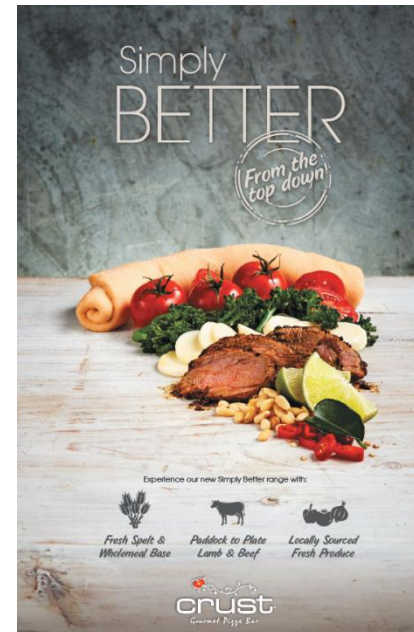
## Online & Digital Ordering Driving ATV

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

## Digital & Disruptive Marketing

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

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





# Coffee & Allied Beverage

## Driving Growth

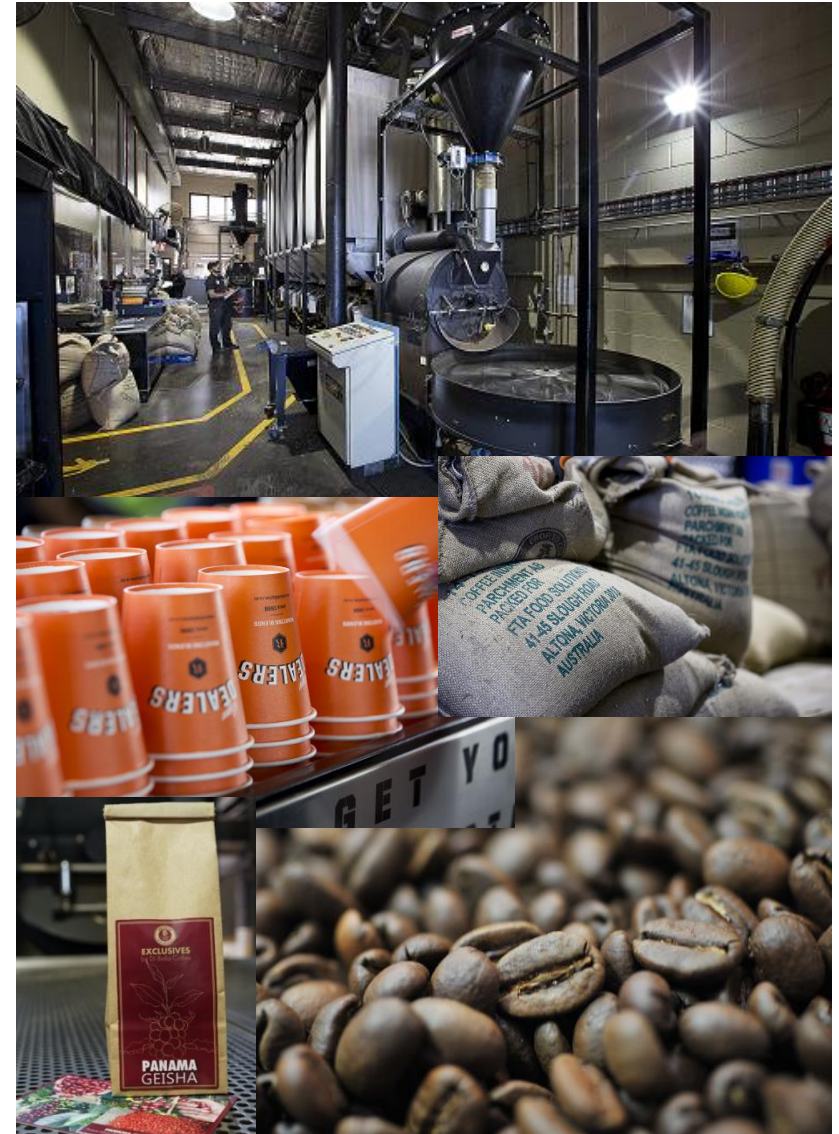
- 5.1% growth in annualised volume throughput to \$6.2m tonnes
- Notwithstanding manufacturer delayed rollout of Caffitaly Professional program
- +14% growth in coffee volume exported to international territories
- Buoyant revenue & throughput growth for Di Bella Coffee
- Growing domestic & international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

## Sales & Performance Focus

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

## Facilities & Expansion

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





# Outlook

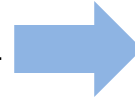
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# FY17 Growth & Outlook

## M&A

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



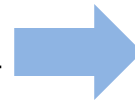
## Hudson Pacific Corporation (HPC)<sup>(1)</sup>

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



## Outlook

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



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

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

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

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# Appendices



# Appendix 1 – Earnings & Performance

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

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

(1) Refer Market Presentation 2 June 2015

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



# Appendix 2 - Definitions

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

# Appendix 3 – Cash Flow Performance

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

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

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

# Appendix 4 – Financial Position

## RFG Consolidated Group

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

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

# Appendix 5 – Debt Structure

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

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

(1) Calculated in accordance with Senior Debt Facility Agreement

(2) Including ancillary facilities



# Appendix 6 – Capital Management

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

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

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