



CELEBRATING SINCE LISTING

RETAILFOODGROUP

STRENGTH IN BRANDS

1H16 RESULTS PRESENTATION



Retail Food Group (ASX:RFG)

RFG is Australia's largest multi-brand retail food franchise owner, developer & manager, with a network of 2,500+ outlets across 12 Brand Systems spanning 63 licensed global territories. The Company is also a roaster and supplier of high quality coffee & affiliated products, operating four coffee roasting facilities supplying Australian & international markets through a suite of wholesale coffee brands.

Corporate

ASX Code	RFG
Index	ASX200
Share price ⁽¹⁾	\$4.50
Shares on issue ⁽¹⁾	164.3m
Market cap ⁽¹⁾	\$739.5m
Net debt ⁽¹⁾	\$188.4m
Enterprise value ⁽¹⁾	\$927.9m
Interim Dividend (1H16)	13.00 cps fully franked

Board of Directors

Colin Archer	Independent Non-executive Chairman
Anthony (Tony) Alford	Managing 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

Brand Systems (Franchise)

Traditional	Donut King
	Brumby's Bakery
	Michel's Patisserie
Coffee Retail	Gloria Jean's Coffees
	It's A Grind
	bb's Café/Esquires
	Di Bella Coffee
Mobile	Cafe2U
	The Coffee Guy
QSR	Pizza Capers
	Crust Gourmet Pizza Bar

Commercial & Wholesale (Commercial)

Specialty	Di Bella Coffee Group
	Café Palazzo
	Roasted Addiqtion
	Evil Child
Roasting Facilities	Roasting Australia (NSW)
	Di Bella Coffee (QLD)
	Evolution Roasters (NZ)
	Di Bella Coffee (USA)

(1) As at 22 February 2016



1H16 Results Highlights

Record Achievements

Global revenue streams driving record business performance

1H16 Performance

	1H15	1H16	Change
Revenue ⁽¹⁾	\$78.0m	\$148.3m	↑ 90.2%
Reported EBITDA	\$34.5m	\$49.2m	↑ 42.7%
Underlying EBITDA ⁽²⁾	\$39.3m	\$53.5m	↑ 36.4%
Reported NPAT	\$21.5m	\$28.9m	↑ 34.4%
Underlying NPAT ⁽²⁾	\$25.3m	\$32.1m	↑ 27.1%
Reported Basic EPS	14.5cps	17.6cps	↑ 21.4%
Underlying Basic EPS ⁽²⁾	17.0cps	19.6cps	↑ 15.3%
Dividend (Interim)	11.5cps	13.0cps	↑ 13.0%
Dividend Payout Ratio ⁽²⁾	67.6%	66.3%	
New Outlet Commissionings	75	142	↑ 67
International Territories	58	63	↑ 5
Net Debt	\$178.2m	\$193.6m	
Gearing Ratio	31.6%	31.9%	
Interest Cover	12.8x	10.0x	

Remarkable Outcomes

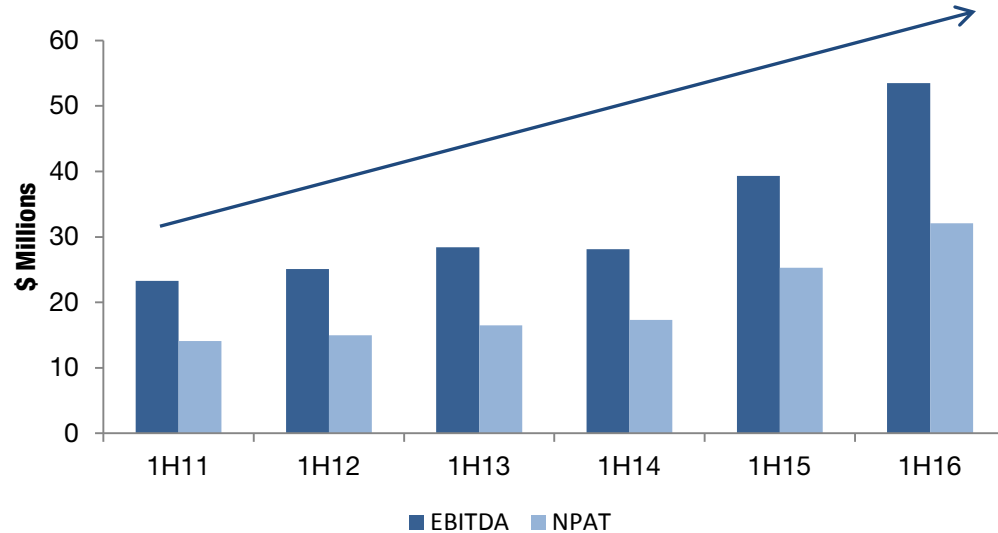
- Leveraging multiple opportunities to drive growth, synergies & overall business performance
- Record results⁽²⁾
 - EBITDA (\$53.5m) up \$14.2m on PCP
 - NPAT (\$32.1m) consistent with guidance
 - EPS of 19.6cps (15.3% increase on PCP)
 - Interim dividend of 13.0cps (PCP: 11.5cps)
- Network of 2,509 outlets including 745 across international markets
- Record 1H net outlet growth (63) driven by organic domestic & international new outlet commissionings of 142 (PCP:75)
- Six new Master Franchise Agreements granted in 1H16 resulting in total of 63 international licensed territories
- 1H16 coffee & allied beverage throughput of 3.04m kg (FY15 annualised throughput: 5.92m kg)

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

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

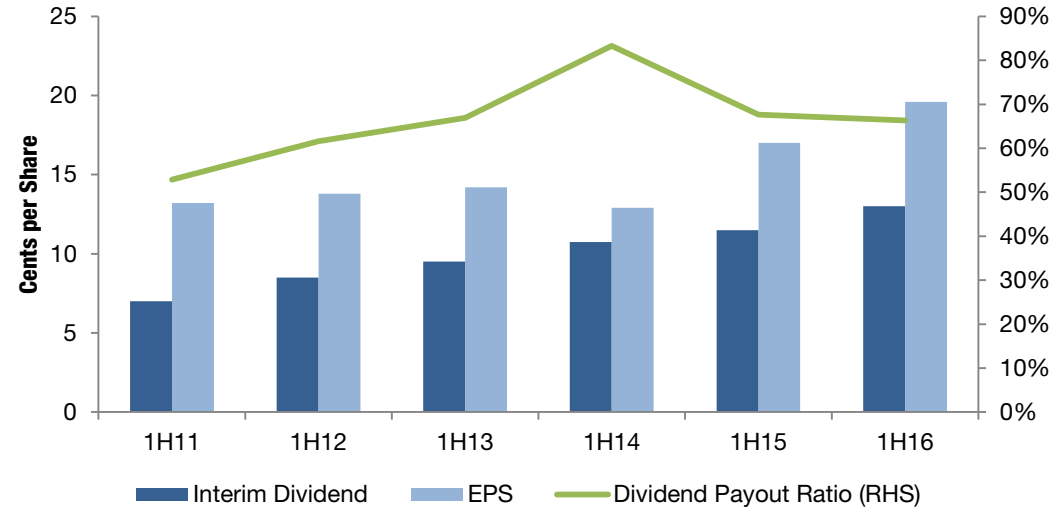
Results Highlights

Proven business model delivering positive shareholder returns



EBITDA & NPAT⁽¹⁾

- EBITDA up 36.4% on PCP to \$53.5m (Reported EBITDA up 42.7% to \$49.2m)
- NPAT up 27.1% on PCP to \$32.1m (Reported NPAT up 34.4% to \$28.9m)
- 1H16 EBITDA conversion to cash flow ratio of 90.4% (PCP: 75.6%)
 - Consistent with historical norm
 - 88% Net Operating Cash Inflows (NOCI) increase to \$28.9m
- Outstanding six year CAGR growth in EBITDA (18.1%) & NPAT (16.3%)



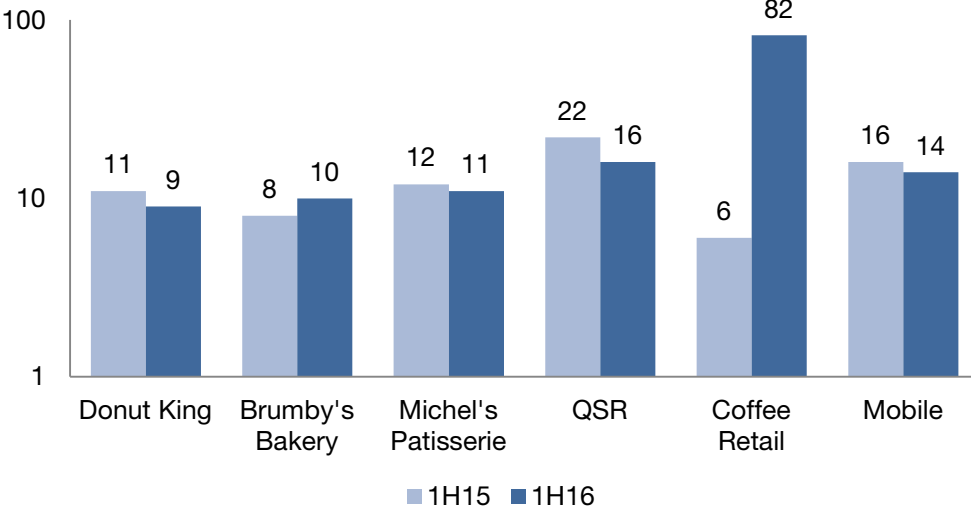
Dividends & EPS⁽¹⁾

- Basic EPS up 15.3% on PCP to 19.6cps (Reported EPS up 21.4% to 17.6cps)
- Interim Dividend increased 13.0% to 13.0cps (PCP: 11.5cps)
- 19th consecutive biannual dividend increase
- Conservative dividend payout ratio of 66.3% (PCP: 67.6%)
 - Continues to reward shareholders whilst supporting acquisitive & organic growth opportunity

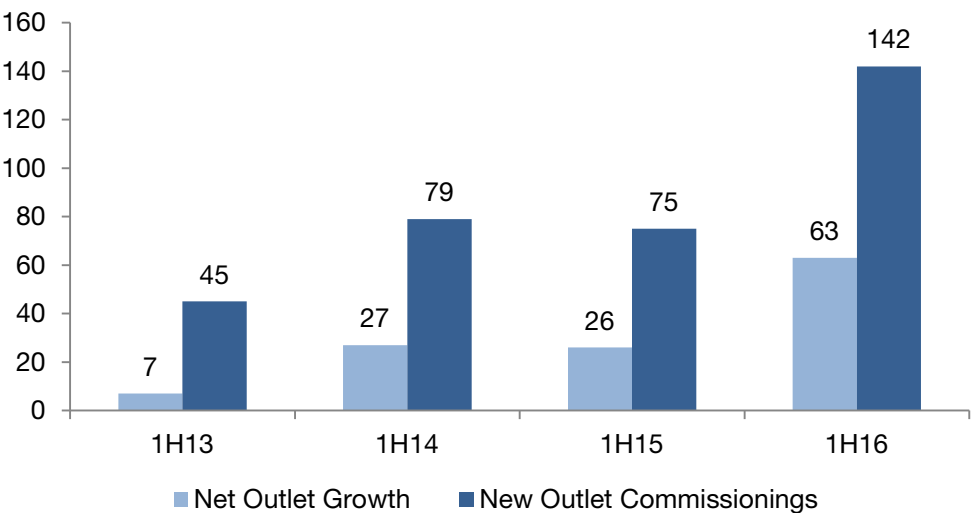
(1) Underlying – refer Appendix 1

Record Network Growth

New Outlet Commissionings



Outlet Growth



Record Outlet Commissionings

- Commissioned 2,500th outlet in December 2015
 - High demand for RFG's innovative retail concepts
 - Recruitment initiatives: 'Manage to Own' & finance incentives
- Record 142 new outlets commissioned (PCP: 75)
 - 69 domestic (PCP: 57)
 - 73 international (PCP: 18)
- Top five regions by outlet footprint comprise Australia (1,764), New Zealand (135), USA (83), UK (77) & UAE (67)
- 63 international licensed territories (PCP: 58)
 - Organic new outlet commissionings in 41 countries during 1H16
- On track to achieve FY16 guidance of 250+ outlet commissionings

Record Net Outlet Growth

- Record net outlet growth of 63 for 1H16 (PCP: 26)
- Growth underpinned by international & domestic opportunities
 - Enhanced international operations driving Master Franchise Partner network growth
 - Rollout of new domestic store concepts (GJC Drive Thru & Michel's Patisserie & Café)
- Achieved further reduction in corporate stores to 33 (1.3% of network)

Healthy Franchisee Network

- Transactional approvals up 29% on PCP to 216 (PCP: 167)
 - 27% increase in resale approvals to 117 (PCP: 92)
 - 32% increase in renewal approvals to 99 (PCP: 75)



Group Achievements & Initiatives

Diverse Global Business Model

Multi-brand & multi-revenue business model driving rapid growth

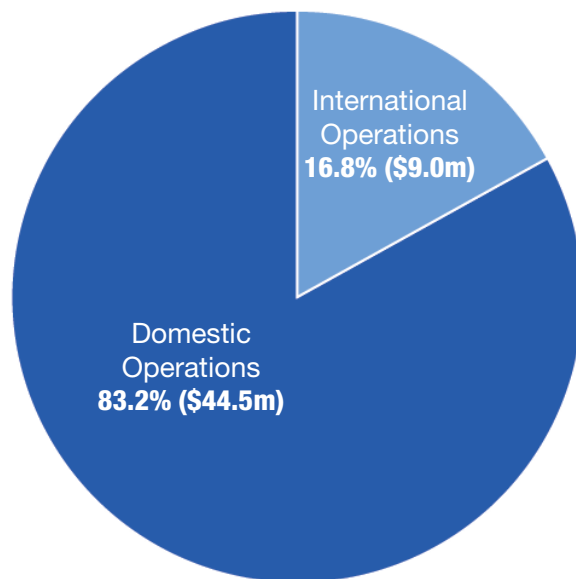
Continued Diversification of EBITDA Composition⁽¹⁾

- Revenue streams demonstrating significant earnings growth
 - 1H16 EBITDA contribution from 'International' (16.8%) & 'Commercial' (37.8%) operations exceeding targets⁽²⁾
- Strategic diversification of assets driving performance & increasing opportunities available to the business
 - Provides various levers for growth & flexibility to enter new markets & territories

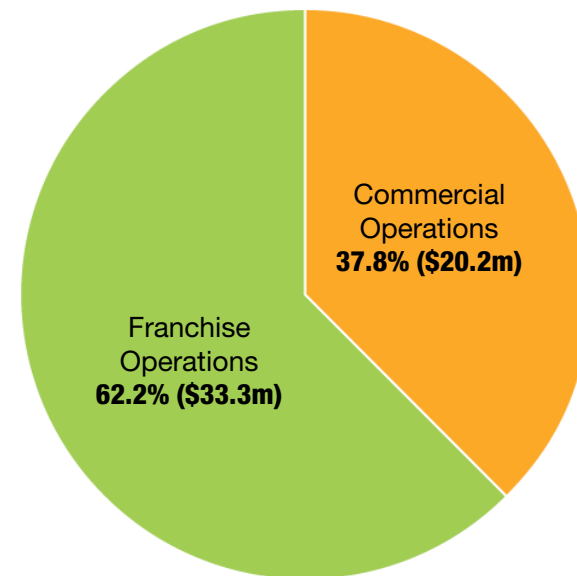
1H16 EBITDA by Region

Region	1H15	1H16
■ Domestic	\$31.5m	\$44.5m
■ International	\$7.8m	\$9.0m
Group EBITDA	\$39.3m	\$53.5m

Division	1H15	1H16
■ Franchise	\$30.9m	\$33.3m
■ Commercial	\$8.4m	\$20.2m
Group EBITDA	\$39.3m	\$53.5m



1H16 EBITDA by Division



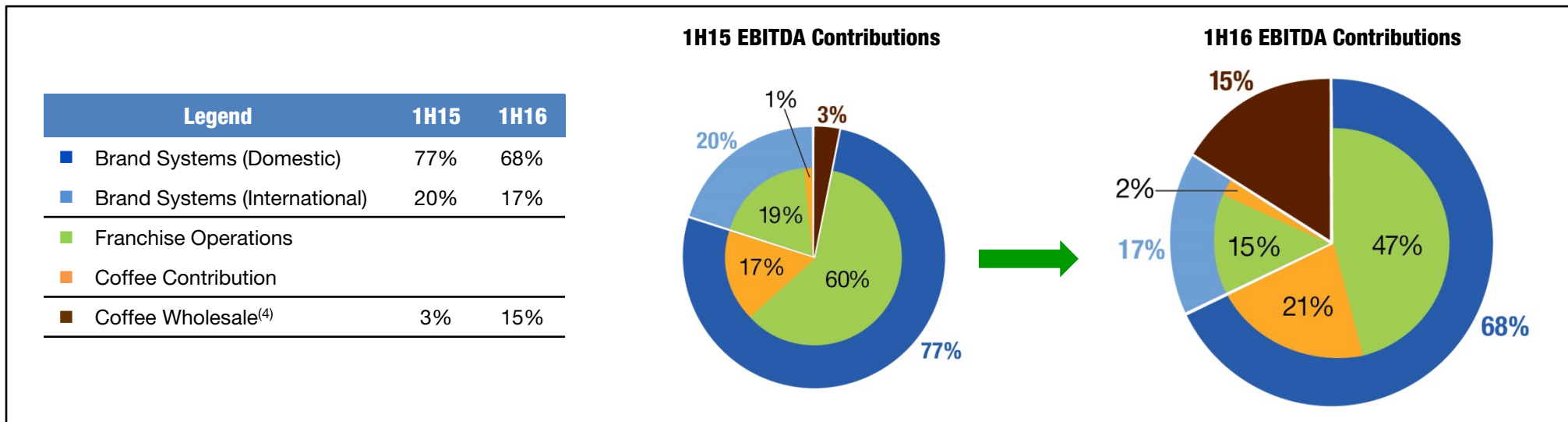
(1) Underlying – refer Appendix 1

(2) Refer Market Presentation released 2 June 2015

EBITDA Summary

Diverse operations safeguard investment & provide multiple levers for growth

Division EBITDA Contribution ⁽¹⁾	1H15	1H16	% Change	Divisional EBITDA Breakdown	1H15	1H16	% Change
■ Brand Systems (Domestic)	\$30.5m	\$36.4m	↑ 19.3%	■ Domestic Franchise Operations	\$23.6m	\$25.4m	↑ 7.6%
				■ Domestic Coffee Contribution ⁽³⁾	\$6.9m	\$11.0m	↑ 59.4%
■ Brand Systems (International)	\$7.6m ⁽²⁾	\$8.9m	↑ 17.1%	■ International Franchise Operations	\$7.3m	\$7.9m	↑ 8.2%
				■ International Coffee Contribution ⁽³⁾	\$0.3m	\$1.0m	↑ 233.3%
Total Brand System EBITDA	\$38.1m	\$45.3m	↑ 18.9%	■ Domestic Coffee Wholesale	\$1.0m	\$8.1m	↑ 710.0%
■ Coffee Wholesale ⁽⁴⁾	\$1.2m	\$8.2m	↑ 583.3%	■ International Coffee Wholesale	\$0.2m	\$0.1m	(50.0%)
Total Group EBITDA	\$39.3m	\$53.5m	↑ 36.4%				



(1) Underlying – refer Appendix 1

(2) LFL 1H16 increase of 309% on PCP when 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

Acquired Asset Integration

FY15 acquired assets continue to outperform

Integration KPIs Exceeded

- Acquired assets & resultant synergies driving positive outcomes across entire business platform
- 1H16 EBITDA contribution from FY15 acquired assets exceeding budget
 - Combined EBITDA \$22.7m
 - Representing 42.4% of Group EBITDA
- Consolidated assets delivered 2.91m kg to Group 1H16 coffee & allied beverage throughput
 - 95.7% of Group throughput
 - 73% to Commercial EBITDA
 - Coffee throughput includes RFG domestic roasting now undertaken post-consolidation of resources & facilities
 - Supply chain synergy benefits realised upon consolidation of RFG surplus roasting facilities post-acquisition is reflected in the increased coffee throughput for Gloria Jean's Coffees
- On track to realise FY16 EBITDA of c.\$35m as guided⁽¹⁾

Asset	1H16 EBITDA Contribution ⁽²⁾	1H16 EBITDA Budget Achieved	1H16 Coffee Throughput (kg)	Contribution to Group EBITDA	Return on Capital ⁽³⁾
	\$1.4m	✓	-	2.6%	17.3%
	\$18.5m	✓	2.24m	34.6%	19.2%
	\$2.8m	✓	0.67m	5.2%	12.3%
FY15 Acquired Assets:	\$22.7m	✓	2.91m⁽⁴⁾	42.4%	17.8%

(1) Excluding acquisition & integration costs

(2) Underlying – refer Appendix 1

(3) Annualised 1H16 EBITDA contribution over initial acquisition cost

(4) Balance of Group coffee throughput (0.13m kg) via Evolution Coffee Roasters (NZ)

Accelerated Growth Platform

Organisational Enhancement & Resource Prioritisation

- Board expansion
 - Kerry Ryan appointed Non-Executive Director
 - Russell Shields appointed Non-Executive Director
- Ongoing organisational enhancement & resource prioritisation aligned to achievement of optimal outcomes

Banking Facilities to Support Growth

- Settled bi-lateral banking arrangement (Dec 15) increasing debt facility with extended maturity & flexibility
 - c.\$300m total Senior Debt Facility with layered 3 year and 5 year tenure to December 2020
 - Lending covenants consistent with existing facilities
 - c.\$18m associated facilities
 - Significant headroom available (c.\$106m)

Global Headquarters

- Acquisition of large site on the Gold Coast, Queensland - due diligence enquiry continues
- Enables facilities consolidation & divestment of existing Southport, Ashmore & Yatala properties
- Potential for expanded manufacturing base for coffee & other products
- Accommodates present decentralised office facilities & future growth

International Territories

- New Zealand Brand System networks (Brumby's, Esquires, bb's Café, The Coffee Guy and Cafe2U) transferred to Master Franchisee stewardship (Dec 2015)
 - Represents 113 outlets across 5 Brand Systems
 - Enabled closure of RFG New Zealand franchise office
 - One RFG international franchise office remaining (USA)
- Master Franchise for Gloria Jean's Coffees granted for Myanmar
- Continued engagement with multiple parties regarding new licensing/master franchise opportunities
 - Focus on India, Asia, UK, USA & Europe
 - Ongoing partnerships with world leading franchise brokers

Equipment Rental & Services

- Significant uplift in demand for internal technical services platform following 1H16 rollout within South East Queensland
 - Scalable service offering facilitates rapid program expansion
 - Full service department to be commissioned in 2H16










M&A Opportunities

- Business model continues to support acquisitive growth
- Core investment criteria focussed on opportunities which are EPS accretive & able to generate increased scale
- M&A strategy includes international opportunities

Divisional Performance



Brand System Summary

	Division	Global				Domestic			
		New Outlet Commissionings	Total Outlets	EBITDA (\$m) ⁽¹⁾		SSS (%)	ATV (%)	EBITDA CPO ⁽²⁾ (\$'000)	
				1H16	PCP			1H16	PCP
Traditional		9	341	7.8	5.4%	2.8%	2.0%	23.0	7.6%
		10	256	5.3	(7.0%)	2.2%	2.4%	21.1	1.4%
		11	281	8.6	2.4%	2.3%	4.7%	29.9	12.0%
	Traditional Total:	30	878	21.7	1.0%	2.5%	3.0%	24.7	7.5%
Coffee		82	945	14.9	70.1%	2.2%	2.8%	18.5	50.2%
									
Mobile		14	351	1.8	80.0%	Not Applicable		6.4	
									
Combined:		126	2,174	38.4	22.7%	2.4%	2.9%	20.5	
QSR		16	335	6.9	3.0%	(0.8%)	6.6%	20.7	7.0% ⁽³⁾
									
Group Total:		142	2,509	45.3	18.9%	1.7%	3.7%	20.6	2.1%

(1) Underlying – refer Appendix 1

(2) EBITDA Contribution per Outlet

(3) Includes QSR400 operational costs

Traditional Brand Systems

1H16 Achievements

- Division Network Sales decrease of 7.4% a result of 2H15 network consolidation activity & rationalisation initiatives offset by SSS increase of 2.5%
- Weighted EBITDA Contribution per Outlet (CPO) increase of 7.5% over PCP positively impacted by consolidation initiatives
- Donut King EBITDA CPO up 7.6% on PCP to \$23k driven by SSS increase of 2.8%
- Michel's Patisserie positive traction continues, supported by National Bakery Solution (NBS) initiative & outlet consolidation
 - SSS increased 2.4% on PCP
 - EBITDA CPO up 12.0% on PCP to \$29.9k
 - Opening of 10th Michel's Patisserie & Café outlet featuring EVO enhancements & expanded café menu offering
- Brumby's Bakery EBITDA CPO up 1.4% on PCP
 - Remains on track to realise 2H15 outlet rationalisation initiatives
 - Sustained SSS & ATV growth (2.2% & 2.4%) benefitting from EVO initiatives

2H16 Initiatives

- Donut King cementing category leadership in treats through further consumer led LTO product innovation
- Whole Cake segment innovation, online ordering & special order initiatives launched across Michel's Patisserie in line with NBS
- Brumby's Bakery launching digital loyalty program & enhancing sweet & savoury category lines with new premium ranges
- Continued Division focus on product innovation & digital strategies

Network Sales	1H15	1H16	PCP ⁽¹⁾
Donut King	\$85.8m	\$82.3m	(4.1%)
Michel's Patisserie	\$81.9m	\$73.0m	(10.8%)
Brumby's Bakery	\$88.8m	\$82.3m	(7.4%)
Traditional Division	\$256.5m	\$237.6m	(7.4%)
Gross Franchise Revenue	1H15	1H16	PCP
Donut King	\$10.3m	\$10.1m	(1.9%)
Michel's Patisserie	\$13.3m	\$12.1m	(9.0%)
Brumby's Bakery	\$7.9m	\$7.9m	-
EBITDA	1H15	1H16	PCP
Donut King	\$7.4m	\$7.8m	5.4%
Michel's Patisserie	\$8.4m	\$8.6m	2.4%
Brumby's Bakery	\$5.7m	\$5.3m	(7.0%)
EBITDA Contribution per Outlet	1H15 (\$'000)	1H16 (\$'000)	PCP
Donut King	21.3	23.0	7.6%
Michel's Patisserie	26.7	29.9	12.0%
Brumby's Bakery	20.8	21.1	1.4%
Contribution to Group EBITDA	1H15	1H16	
Donut King	18.8%	14.6%	
Michel's Patisserie	21.4%	16.1%	
Brumby's Bakery	14.5%	9.9%	
Traditional Division	54.7%	40.6%	

(1) Influenced by FY15 network consolidation activity

Coffee Retail Division

1H16 Achievements

- EBITDA CPO increased \$6.2k or 50.2% over PCP across domestic network driven by integration synergies
- Gloria Jean's Coffees SSS & ATV growth (2.2% & 2.8%) driven by beverage innovation & novel marketing promotions
- International EBITDA CPO decrease (8.1%) due to interim dilution from ramp up phase of new outlets commissioned
- Strong performance in USA
 - Reignited new store growth – 4 new outlets commissioned in 1H16
 - Return to positive net outlet growth for the first time in two years
 - Management structure & franchisee support systems reinvigorated
- Master Franchise Partners achieving significant growth supported by RFG's enhanced International Division
 - 50th outlet commissioning milestone achieved in Turkey (9 outlets commissioned in 1H16)

2H16 Initiatives

- Launch first 'global' marketing campaign for Gloria Jean's Coffees
 - Provides suite of marketing materials & enhanced support systems to international partners across 40+ territories
- Domestic drive thru model finalised for 2H16 proliferation
 - c.25 outlets to be committed to by the end of CY16
 - 16 sites now confirmed (3 operational) & 30+ sites under evaluation
 - Leveraging existing franchise partner interest & strong new franchisee pipeline

Highlights	1H15 ⁽¹⁾	1H16	PCP
Network Sales	\$35.1m	\$124.8m	255.6%
Gross Franchise Revenue	\$14.2m	\$24.6m	73.2%
EBITDA	\$8.8m ⁽²⁾	\$14.9m	70.1%
Contribution to Group EBITDA ⁽¹⁾	22.4%	27.8%	
EBITDA Contribution per Outlet	1H15 ⁽¹⁾ (\$'000)	1H16 (\$'000)	PCP
Domestic	12.3	18.5	50.2%
International	16.0 ⁽³⁾	14.7	(8.1%)



(1) 1H15 statistics based on weighted average outlets following 1H15 acquisitive activity

(2) Includes China JV EBITDA contribution – refer 1H15 Results Presentation

(3) Excludes China JV EBITDA contribution – refer 1H15 Results Presentation

Mobile Division

1H16 Achievements

- Mobile EBITDA CPO increased to \$3.5k (PCP: \$1.0k) for international network, whilst domestic EBITDA CPO sustained at \$6.4k
- Strong network population growth reflective of growing convenience coffee market in Australia & internationally
- Mobile Division training centre consolidated in Sydney, utilising established Cafe2U academy & experienced mobile trainers
- Master Franchise granted to local partner for substantial New Zealand mobile operations (The Coffee Guy & Cafe2U: 67 outlets)
- Marketing promotions focused on supporting franchisee sales
 - Cafe2U 'Weekend Away' campaign attracted 26,000+ new members
 - The Coffee Guy 'Summer' campaign drove increased frequency of purchase

2H16 Initiatives

- Focus on network expansion across both Cafe2U & The Coffee Guy
 - The Coffee Guy leveraging unique low entry, equipment lease franchise model to drive growth domestically
 - International Division supporting existing Master Franchise Partners to drive continued expansion in global territories
- Reinvigorated menu offering to increase ATV, including drinks line expansion & 'on the go' food items
- Leverage opportunities unique to mobile convenience offering, including partnerships with national events (e.g. The Colour Run)

Highlights	1H15 ⁽¹⁾	1H16	PCP
Gross Franchise Revenue	\$1.8m	\$3.5m	94.4%
EBITDA	\$1.0m	\$1.8m	80.0%
Contribution to Group EBITDA ⁽¹⁾	2.5%	3.4%	
EBITDA Contribution per Outlet	1H15 ⁽¹⁾ (\$'000)	1H16 (\$'000)	PCP
Domestic	6.4	6.4	-
International	1.0	3.5	269%



(1) 1H15 statistics based on weighted average outlets following 1H15 acquisitive activity

QSR Division

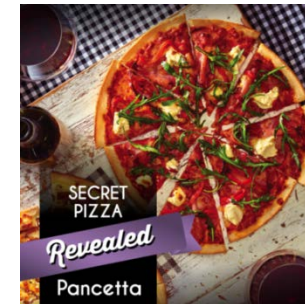
1H16 Achievements

- Successful premium product launches for Pizza Capers & Crust Gourmet Pizza (Summer Flavours & La Dolce) driving Division ATV increase of 6.6% on PCP
- EBITDA CPO increased 7.0% over PCP following consolidation & rationalisation across the Pizza Capers network
- ATV result driven by strong promotional activity & digital initiatives across the Division
 - 17.5% growth in online sales for Crust (39.2% of total sales)
 - 10.4% growth in online sales for Pizza Capers (30.0% of total sales)
- Successful Pizza Capers website relaunch
- Division's philosophy focused on quality products, exceptional service & retail pricing consistent with market leading gourmet offer

2H16 Initiatives

- Crust set to launch new menu in March 2016 focussed on 'paddock to plate' showcasing fresh, wholesome, locally sourced ingredients
- Crust 'VIPP' loyalty program launching collaboration with complementary experiential partners
- Pizza Capers to launch mobile App & disruptive local marketing campaign
- Division focus on driving loyalty to support ATV & grow SSS
 - Utilising digital tactics including EDMs, Search Engine Marketing & third party online ordering platforms
 - Continued development of CRM platform to deliver targeted communications & utilise customer data & analytics

Highlights	1H15	1H16	PCP
Network Sales	\$107.8m ⁽¹⁾	\$102.9m	(4.5%)
Gross Franchise Revenue	\$10.6m	\$10.7m	0.9%
EBITDA ⁽²⁾	\$6.7m	\$6.9m	3.0%
Contribution to Group EBITDA	17.3%	12.9%	
EBITDA Contribution per Outlet	1H15 (\$'000)	1H16 (\$'000)	PCP
QSR Division ⁽²⁾	19.4	20.7	7.0%



(1) 1H15 Network Sales amended to exclude rationalised outlets to reflect LFL

(2) Includes QSR400 operational costs

Coffee & Allied Beverage

1H16 Achievements

- Performance & prospects support continued investment in coffee
 - Coffee Wholesale EBITDA increased to \$8.2m (PCP: \$1.2m)
 - Significant untapped opportunity exists with global coffee market forecast to grow c.17% by 2020⁽¹⁾
- Chocolate powder blending facility commissioned & production commenced
- Consolidation of Brand System coffee production at Castle Hill roasting facility completed
- Los Angeles facility refaced as Di Bella Coffee
 - Retail & wholesale ordering commenced
 - USA sales strategy being executed with new accounts secured

2H16 Initiatives

- Commencement of professional & convenience programs to exploit commercial coffee capsule machine opportunities within Australia & NZ
 - c.25,000 unit penetration forecast in initial 2 years upon program launch
 - Capitalise on forecast growth in ANZ 'fresh coffee pod' market of c.19% to \$193.5m in 2016⁽¹⁾
- Commence sale & distribution of drinking chocolate powder to franchise network & wholesale customers
 - Enhanced vertical integration improves efficiency, consistency & product traceability
- Further expansion of wholesale coffee brands internationally including Di Bella Coffee & Café Palazzo via both e-commerce & wholesale channels

Highlights	1H15	1H16	PCP
Throughput (kg)	1.04m	3.04m	192%
Revenue	\$18.2m	\$78.9m	333.5%
EBITDA	\$8.4m	\$20.2m	140.5%
Contribution to EBITDA	21.4%	37.7%	



(1) Source: Euromonitor 2016

Outlook



FY16 Outlook

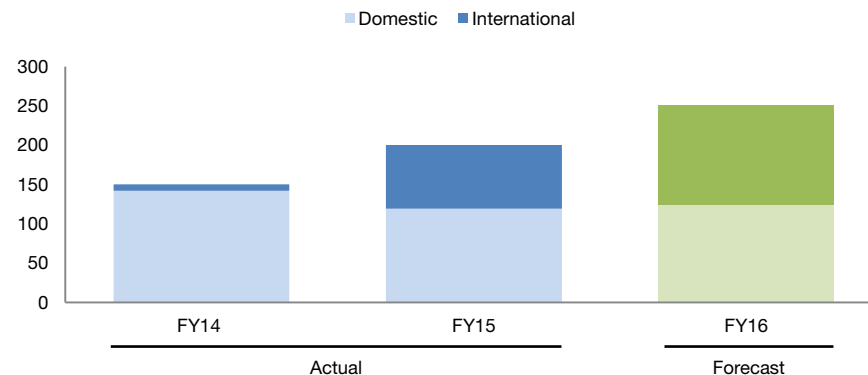
Outlook

- Positive outlook maintained for FY16 & beyond
 - Increasingly diverse global operations & opportunity
 - Low risk expansion framework in place (Master Franchise/Joint Venture Agreements)
 - Strong growth driving initiatives commissioned across Group
 - Continued pursuit of new revenue streams
- On track for delivery of synergy, integration & restructuring benefits

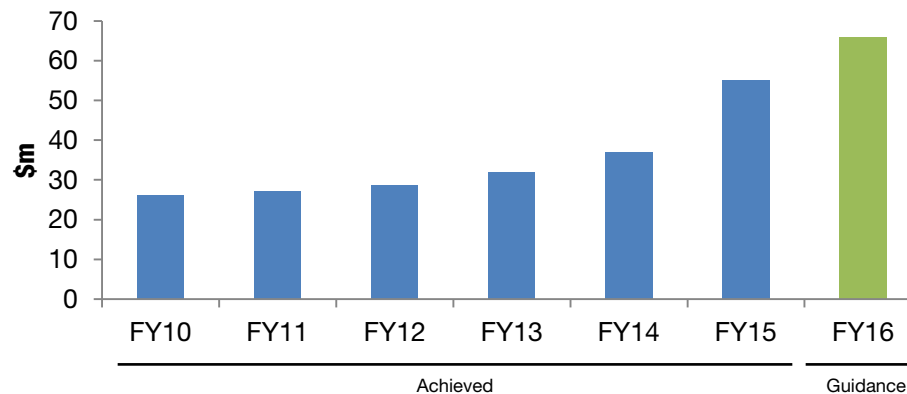
FY16 Guidance Maintained

- NPAT growth c.20% on PCP (underlying)
- +250 new outlet commissionings

New Outlet Commissionings



Net Profit After Tax⁽¹⁾



(1) Underlying – refer Appendix 1



Appendices

Appendix 1 – Earnings & Performance Reconciliation

	1H15			1H16	
	Underlying	LFL	Reported	Underlying	Reported
EBITDA	\$39.3m	\$36.4m	\$34.5m	\$53.5m	\$49.2m
PCP%				36.4%	42.7%
NPAT	\$25.3m	\$23.3m	\$21.5m	\$32.1m	\$28.9m
PCP%				27.1%	34.4%
EPS	17.0cps	15.7cps	14.5cps	19.6cps	17.6cps
PCP%				15.3%	21.4%

EBITDA Adjustments	1H15	1H16
Reported EBITDA	\$34.5m	\$49.2m
Acquisition, Integration & Restructuring Costs ⁽¹⁾	\$4.8m	\$4.3m
Underlying EBITDA	\$39.3m	\$53.5m
China JV Licence Fee ⁽²⁾	(\$5.7m)	-
Accounting Policy Adoption ⁽³⁾	\$2.8m	-
Like for Like (LFL) EBITDA	\$36.4m	\$53.5m

(1) Acquisition, integration and restructuring costs incurred and expensed as at 31/12/15 in respect of Café2U, Gloria Jean's Coffees and Di Bella Coffee transactions

(2) China JV Licence Fee net EBITDA contribution of the fee received in respect of GJC International Licence granted per Market Announcement of 21/01/15

(3) Accounting Policy Adoption in recognition of the increasing contribution to EBITDA of initial fees received for Brand System access, RFG has resolved to recognise same over the respective agreement term as opposed to the financial year of agreement

Appendix 2 - Definitions

Acronym	Description
GFR	Franchise Revenue (inc. FSF) + net coffee contribution
FSF	Franchise Service Fee
SSS	Same Store Sales
ATV	Average Transaction Value
LFL	Like for Like
CPO	Contribution per Outlet (EBITDA)
EVO	Project Evolution
QSR	Pizza Capers & Crust Gourmet Pizza
Coffee Retail	Gloria Jean's Coffees, It's A Grind, Esquires & bb's Café
Mobile	The Coffee Guy & Cafe2U
Coffee Wholesale/Other	Evolution Coffee, Roasting Australia, Di Bella Coffee, Di Bella Coffee USA & sundry

Appendix 3 – Cash Flow Performance

	1H15 (\$m)	1H16 (\$m)
Receipts from customers	92.4	179.3
Payments to suppliers and employees	(66.4)	(134.8)
Gross operating cash flows	26.0	44.5
EBITDA	34.5	49.2
Ratio of gross operating cash flows to EBITDA	75.6%	90.4%
Interest and other costs of finance paid	(2.6)	(4.7)
Income tax paid	(8.0)	(10.9)
Net operating cash inflows	15.4	28.9
Dividends paid	(10.9)	(13.3)
Net debt increase / (reduction)	140.0	2.4
Acquisitions of business and intangibles	(168.4)	(7.6)
Acquisition of property, plant & equipment	(6.4)	(6.2)
Net capital raising	53.6	-
Funding marketing fund R&D initiatives	(2.0)	(2.6)
Franchisee funding initiatives	(1.8)	(0.9)
Other cash activities	(0.3)	(0.6)
	3.8	(28.8)
Net (decrease) / increase in cash reserves	19.2	0.1
Cash reserves at period end	30.8	14.5

- 71.1% increase in gross operating cash flow to \$44.5m (PCP: \$26.0m)
- Continuing strong cash flows – a feature of RFG’s business model – supported by balanced investment and financing activities
- Increased conversion to EBITDA margin of 90.4% (PCP: 75.6%) reflecting the positive cash generation of acquired businesses
- Excess free cash derived from operations used to fund:
 - FY15 final dividend (11.75 cps)
 - Earn-out hurdles achieved relating to Gloria Jean’s Coffees and Di Bella Coffee acquisitions
 - Investment in property, plant & equipment including:
 - Enhanced IT systems and infrastructure to enable integration of acquired businesses
 - Deposit for new RFG Head Office
 - Development of chocolate powder manufacturing facility
 - Investment in freezers in Michel’s Patisserie outlets across Australia
 - Long-term marketing R&D initiatives
 - Assistance packages for franchisee initial capital investment in new stores

Appendix 4 – Financial Position

	FY15 (\$m)	1H16 (\$m)
Assets:		
Cash reserves	17.1	14.9
Trade receivables	43.9	42.5
Financial assets	29.6	33.6
Inventories	20.9	20.9
Plant & equipment	42.9	48.1
Intangibles	513.0	515.6
Tax receivable	1.6	0.3
Other	11.0	11.9
	<u>680.0</u>	<u>687.8</u>
Liabilities:		
Trade payables	29.8	23.6
Provisions	5.8	5.3
Borrowings	206.6	209.0
Other (including contingent earn out consideration)	34.0	28.0
	<u>276.2</u>	<u>265.9</u>
Equity:		
Share capital	315.0	320.9
Reserves	1.3	3.8
Retained earnings	87.5	97.2
	<u>403.8</u>	<u>421.9</u>

- Reduction in trade receivables of \$1.4m due to improved cash collections and reflected in improved cash flow conversion to EBITDA ratio (90.4%)
- Increase of \$4.0m in financial assets primarily attributable to increase in financing assistance provided to franchisees
- Contingent earnout consideration reduction attributable to payout of earn-out hurdles achieved relating to Gloria Jean's Coffees and Di Bella Coffee acquisitions
- Reduction in trade payables of \$6.2m from improved net working capital management
- Share capital increase of \$5.9m reflecting DRP in respect of final FY15 dividend

Appendix 5 – Debt Structure

Senior Debt Facility	1H16
Net debt ⁽¹⁾	\$197.2m
Interest expense ⁽¹⁾	\$9.9m
Interest cover (times) ⁽¹⁾	10.0x
Gearing ratio (net debt / (net debt + equity)) ⁽¹⁾	31.9%
Total Facility	\$304.0m

- New bi-lateral facility secured with NAB and Westpac with combined facility of \$304.0m
- Facility headroom (including cash) at 31 December 2015 of \$106.8m
- Operating leverage ratio as at 31 December 2015 of 1.97x (FY16 forecast ratio: 1.75x)
- Weighted average interest rate as at February 2016 of 3.99%
- Extended maturity dates on senior debt facilities to December 2020

(1) Calculated in accordance with Bi-Lateral Senior Debt Facility Agreement

Appendix 6 – Capital Management

	Shares	Price (\$)	Proceeds/Value (\$m)
Shares on issue 1 July 2015	162,937,484		
Dividend Reinvestment Plan (Final FY15 Dividend)	1,405,763	4.17	5.86
Shares on issue 31 December 2015	164,343,247		
Share Value			5.86

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