



RETAIL FOOD GROUP
RFG
 STRENGTH IN BRANDS



1H17
RESULTS

RETAIL FOOD GROUP (ASX:RFG)

RFG is a global food & beverage company headquartered in Queensland. It is Australia's largest multi-brand retail food franchise owner, developer & manager, with a network of 2,550+ outlets across 12 Brand Systems spanning 78 licensed international territories. RFG is also a roaster & supplier of high quality coffee & affiliated products, operating four coffee roasting facilities supplying Australian & international markets through a suite of wholesale coffee brands. As well, RFG is an emerging leader in the foodservice, dairy processing & wholesale bakery sectors.

CORPORATE

ASX Code	RFG
Index	ASX200
Share Price ⁽¹⁾	\$6.15
Shares on Issue ⁽¹⁾	176.1m
Market Cap ⁽¹⁾	\$1.1bn
Net Debt ⁽¹⁾	\$237.4m
Enterprise Value ⁽¹⁾	\$1.3bn
Fully Franked Interim Dividend (1H17)	14.75cps

BOARD & EXECUTIVE

Colin Archer	Independent Non-executive Chairman
André 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/CAFÉ					
COFFEE RETAIL					
MOBILE					
QSR					

COFFEE & ALLIED BEVERAGE

SPECIALTY COFFEE & ALLIED BEVERAGE				
ROASTING FACILITIES				

COMMERCIAL

FOODSERVICE & MANUFACTURING			
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(1) As at 17 February 2017

DYNAMIC PILLARS UNDERPIN GROWTH

EACH OF THE COMPANY'S GROWTH PILLARS REPRESENT FUNDAMENTAL & COMPLEMENTARY COGS IN A HIGH PERFORMANCE ENGINE

VISION: CREATING COMPELLING OPPORTUNITIES FOR
GLOBAL SUCCESS


FRANCHISE

A diverse portfolio of market leading Brand Systems across bakery, café, retail coffee & QSR segments, supported by a growing complement of engaged Franchise & Master Franchise Partners


INTERNATIONAL

A “world of opportunity” – expanding RFG’s global footprint & providing a platform for sustainable long-term growth


COFFEE & ALLIED BEVERAGE

State-of-the-art infrastructure, significant expertise & growing global demand, allied with diverse market platform, offering significant opportunity to enhance earnings


COMMERCIAL

Provides access to multiple opportunities whilst laying the foundation for enhanced vertically integrated foodservice & manufacturing base that supports further diversification


M&A

15+ strategic acquisitions since Listing have driven RFG’s evolution into a global food & beverage company – prudent & measured M&A approach driving additional growth opportunity

1H17 PERFORMANCE SUMMARY

*MULTIPLE EARNINGS LEVERS
DRIVING SUSTAINABLE GROWTH*

1H17 PERFORMANCE – GROUP ⁽¹⁾

GROUP HIGHLIGHTS

RFG	1H16	1H17	% Change
Revenue ⁽²⁾	\$148.3m	\$161.9m	↑ 9.2%
EBITDA	\$53.5m	\$60.5m	↑ 13.0%
NPAT	\$32.1m	\$36.2m	↑ 12.7%
EPS	19.6cps	21.2cps	↑ 8.3%
Dividend (Half Year)	13.00cps	14.75cps	↑ 13.5%
Net Operating Cash Flow	\$28.4m	\$32.6m	↑ 14.7%
Dividend Payout Ratio	66.3%	69.5%	
Net Debt	\$193.6m	\$227.4m	
Gearing Ratio	31.9%	30.6%	
Interest Cover	10.3x	13.1x	

STRONG 1H17 NPAT OF
\$36.2m
 CONSISTENT WITH GUIDANCE
**REFLECTS 12.7%
 INCREASE**
 ON PREVIOUS CORRESPONDING PERIOD (PCP)

- EBITDA (+13.0% on PCP) & NPAT (+12.7% on PCP) translated to healthy shareholder outcomes:
 - EPS +8.3% on PCP to 21.2cps
 - Positive EPS accretion from 1H17 acquired assets
 - 21st consecutive dividend increase (+13.5% on PCP to 14.75cps)
- Payout ratio rewards shareholders whilst supporting organic & acquisitive growth initiatives
- Strong cash conversion ratio of 96% maintained⁽³⁾
 - 89.1% where acquisition related costs included

(1) Underlying – refer Appendix 1 for reconciliation report

(2) Revenue excludes revenue associated with Brand System marketing pursuits

(3) Excluding acquisition related costs

GLOBAL BUSINESS MODEL DRIVING ENHANCED REVENUE DIVERSIFICATION

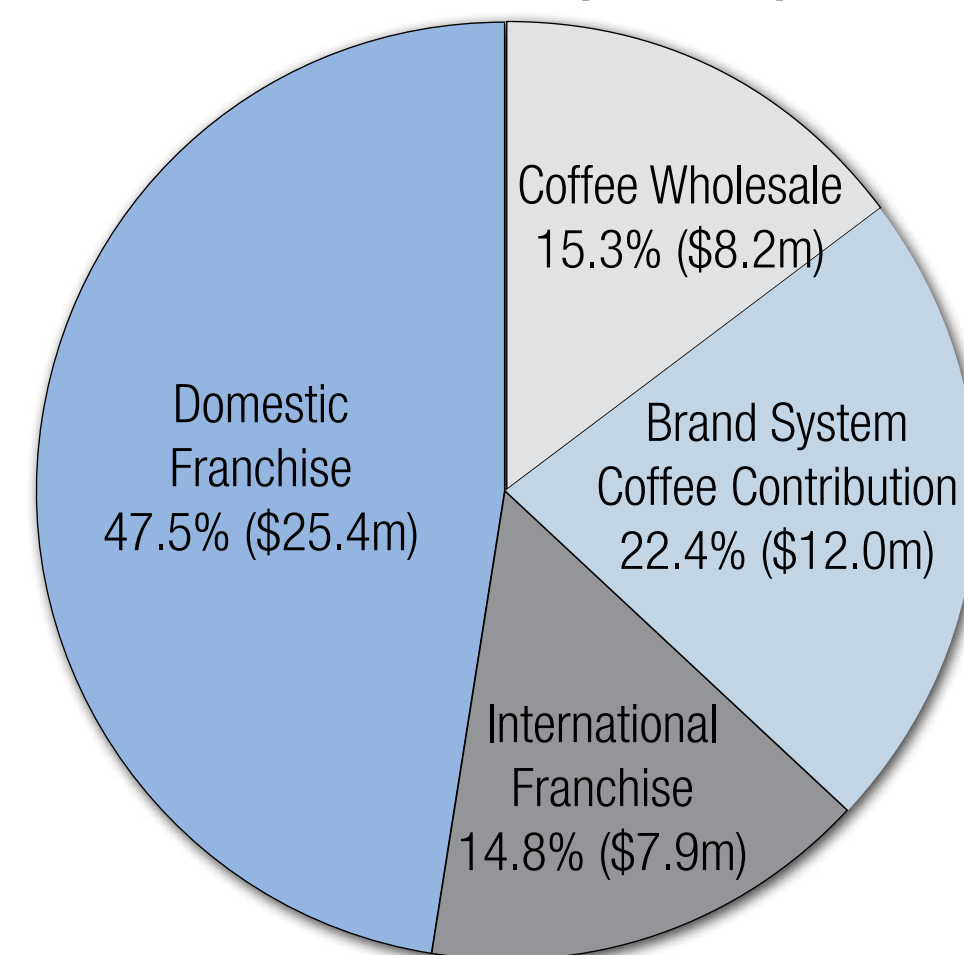
EBITDA DIVERSIFICATION

INVESTING IN LONG-TERM GROWTH DRIVERS

OFFERS MULTIPLE GROWTH PLATFORMS

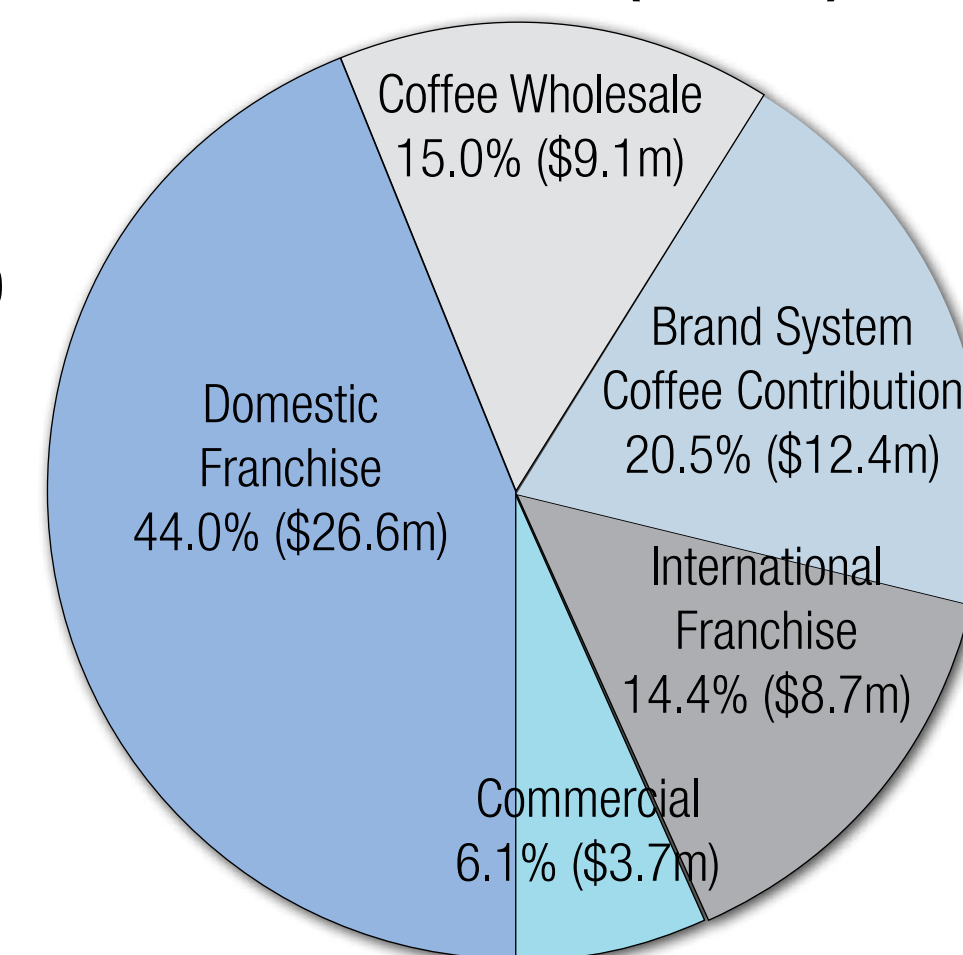
- Formal entry into warehouse, distribution & food manufacturing via Hudson Pacific Corporation (HPC) augments further global revenue diversification
- EBITDA growth amongst all Divisions, allied with reduced reliance on the performance of individual business units, including
 - Domestic franchise earnings (44% of Group EBITDA vs PCP: 47.5%)
- Vertically integrated model supports existing business units whilst enhancing effective resource utilisation & the realisation of scale benefits
- Additional new growth opportunity supported by strategic acquisitive program focused on building sustainable earnings, generating new channels to market & enhancing scale

1H16 EBITDA (\$53.5m)



+\$7.0m
+13.0%

1H17 EBITDA (\$60.5m)



Divisional EBITDA Contribution⁽¹⁾

	1H16	1H17	% Change
Brand Systems (Domestic)	\$36.4m	\$37.6m	↑ 3.3%
Brand Systems (International)	\$8.9m	\$10.1m	↑ 13.3%
TOTAL BRAND SYSTEM EBITDA	\$45.3m	\$47.7m	↑ 5.2%
Coffee Wholesale ⁽³⁾	\$8.2m	\$9.1m	↑ 10.6%
Commercial Division	N/A	\$3.7m	N/A
TOTAL GROUP EBITDA	\$53.5m	\$60.5m	↑ 13.0%

Divisional EBITDA Breakdown⁽¹⁾

	1H16	1H17	% Change
→ Domestic Franchise Operations	\$25.4m	\$26.6m	↑ 4.5%
→ Domestic Coffee Contribution ⁽²⁾	\$11.0m	\$11.0m	↑ 0.4%
→ International Franchise Operations	\$7.9m	\$8.7m	↑ 9.8%
→ International Coffee Contribution ⁽²⁾	\$1.0m	\$1.4m	↑ 40.3%
TOTAL BRAND SYSTEM EBITDA	\$45.3m	\$47.7m	↑ 5.2%
→ Domestic Coffee Wholesale	\$8.1m	\$9.0m	↑ 11.2%
→ International Coffee Wholesale	\$0.1m	\$0.1m	–
→ Commercial Division	N/A	\$3.7m	N/A
TOTAL GROUP EBITDA	\$53.5m	\$60.5m	↑ 13.0%

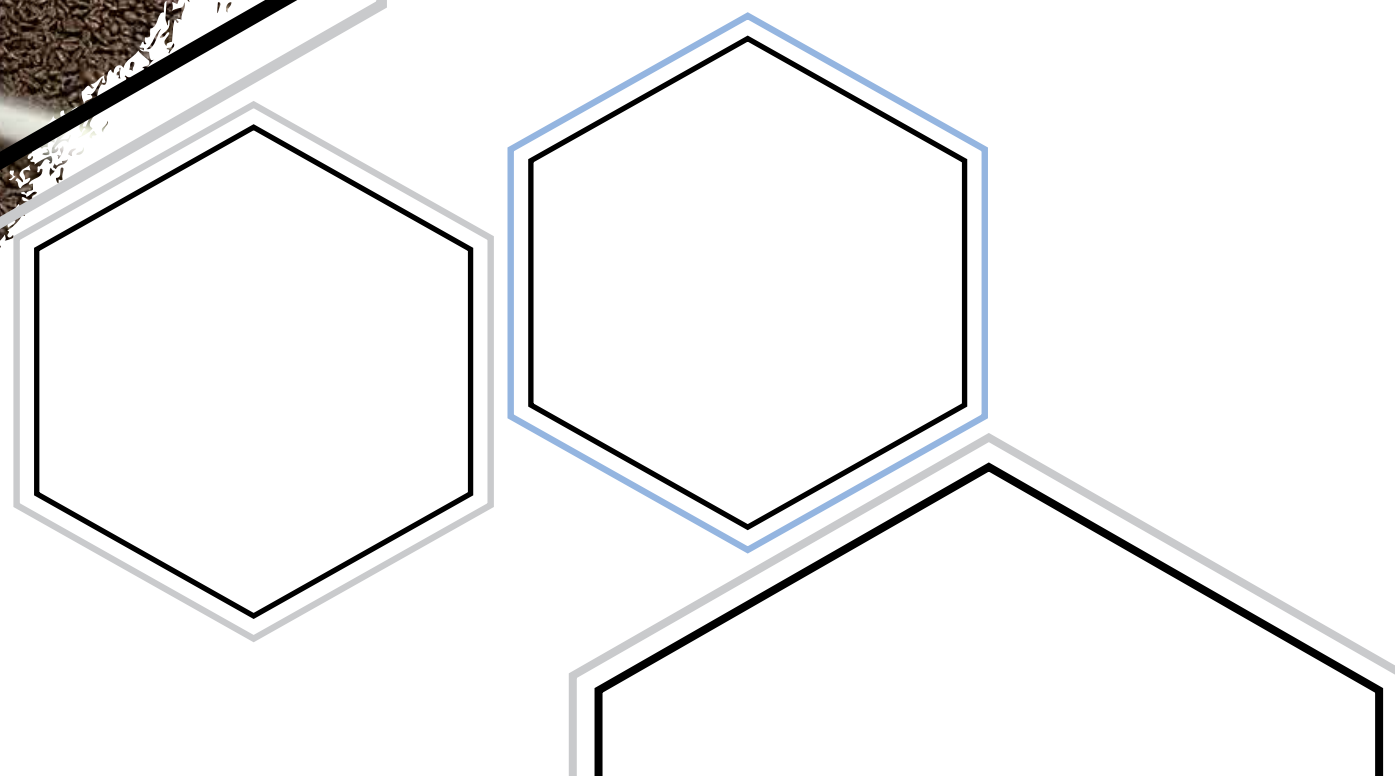
(1) Underlying – refer Appendix 1

(2) EBITDA contribution from coffee & allied beverage sales to Brand System Franchise Partners

(3) Excludes EBITDA contribution from coffee & allied beverage sales to Brand System Franchise Partners



1H17 GROUP HIGHLIGHTS



GROUP HIGHLIGHTS

COMMERCIAL DIVISION

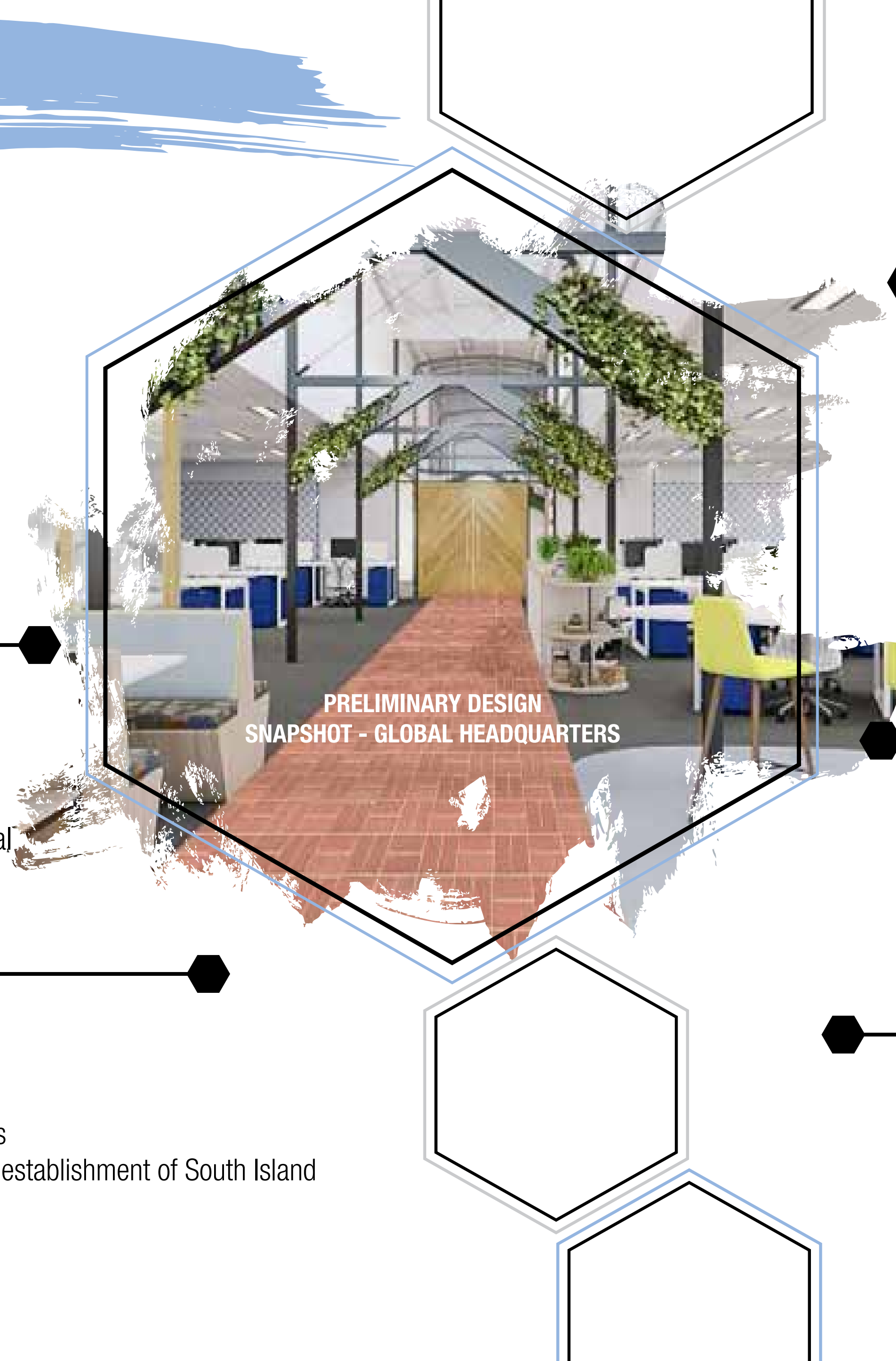
- HPC acquisition 'step changed' commercial pursuits
 - Broadens non-franchise revenue base
- Dedicated Commercial Division established & resourced to realise diverse opportunity profile
 - HPC integration on track & proceeding to plan

GLOBAL LICENSING

- Continued traction amongst growing international network
 - 9 new licenses granted
 - Growth to 78 territories (PCP: 63)
 - 7 existing Master Franchise Licenses renewed
- Advanced negotiations ongoing in connection with multiple global licensing opportunities programmed for CY17 realisation

COFFEE & ALLIED BEVERAGE

- Strong domestic coffee wholesale growth
- Bespoke foodservice offers
 - Targets HPC's +2,000 customers & wider foodservice market
- Launch of proprietary chocolate powders into international markets
- New Zealand roasting operations supported via export accounts & establishment of South Island distribution competency
- Industry leadership recognised at 2016 Golden Bean Awards
 - 27 medals garnered across Group coffee business
 - Di Bella Coffee awarded 2016 Overall Champion



FRANCHISE

- Leveraging unique partnerships including
 - The Franchise Show
 - BP partnership
- 2016 RFG Connect Global Conference
- Embracing technology & focusing on innovation
 - Digital Centre of Excellence
 - Product Innovation Lab
 - Retail Projects Studio
 - Business Intelligence capability

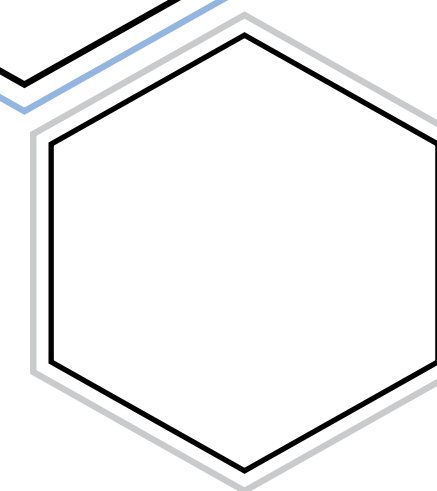
NEW GLOBAL HEADQUARTERS

- Defit works completed
- Stage 2 (pre-fitout) underway
- HQ migration anticipated late CY17
- Facilitates business consolidation & operational efficiencies

CAPITAL MANAGEMENT

- Conservative gearing (30.6%) & leverage (1.8x) ratios maintained
- Subsequent to 31 Dec 2016:
 - Headroom increased to c.\$120m via grant of additional \$40m debt facility
 - c.60% of senior debt subject to fixed interest rates, 3-4.5 year rolling maturity profile

FRANCHISE SUMMARY⁽³⁾



GLOBAL

DOMESTIC

1H17 HIGHLIGHTS

BAKERY/CAFE



DIVISION	NEW OUTLETS	TOTAL OUTLETS	EBITDA ⁽¹⁾ (\$m) 1H17	PCP (%)
	29	859	21.8	↑ 0.2%

SSS	ATV	CPO ⁽²⁾ (\$,000) 1H17	PCP (%)
2.3%	2.2%	25.4	↑ 2.7%

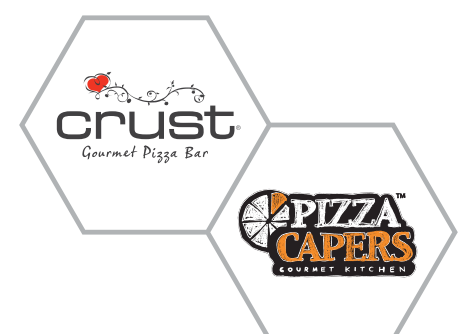
COFFEE RETAIL



105	1,381	18.7	↑ 12.2%
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0.9%	1.9%	15.0	↑ 5.4%
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QSR



4	316	7.2	↑ 4.3%
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(0.5%)	1.6%	22.4	↑ 8.0%
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GROUP TOTAL

138	2,556	47.7	↑ 5.2%
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1.4%	2.0%	21.4	↑ 4.0%
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- Disciplined pricing policies sustain SSS/ATV, protecting Franchise Partner margins
- EBITDA growth achieved in all Divisions
 - Divisional alignment driving performance
- Weighted EBITDA CPO growth across Brand System portfolio (+4.0% on PCP)
- 138 new outlet commissionings consistent with guidance reflects
 - Innovative recruitment activity
 - Engaged, motivated & growing international Master Franchise Partner complement
 - Enduring franchise offer
- 118 renewal approvals processed (+19% on PCP: 99)
 - Evidences robust appetite for renewal amongst existing Franchise Partner complement

(1) Underlying – refer Appendix 1

(2) CPO: EBITDA Contribution Per Outlet

(3) Refer Appendix 7 for Brand System metrics 8

INTERNATIONAL

EXTENDING GLOBAL REACH

**78 TERRITORIES
ACROSS 10
BRANDS SYSTEMS**
(↑c.24% ON PCP)



REPLICATING COMPELLING OPPORTUNITIES FOR SUCCESS
ACROSS AN INCREASINGLY GLOBAL NETWORK

**1H17: 9 NEW LICENSES GRANTED ACROSS
3 BRAND SYSTEMS**

**TOP 10 INTERNATIONAL MARKETS
RANKED BY OUTLET NUMBERS**

(c.600 OUTLETS REPRESENTING c.70%
OF INTERNATIONAL NETWORK)

1	NZ
2	UK
3	USA
4	UAE
5	TURKEY
6	MALAYSIA
7	CHINA
8	PAKISTAN
9	MEXICO
10	STH KOREA

LEGEND
 RFG EXISTING TERRITORIES
 RFG ROASTING FACILITIES

**SIGNIFICANT UNTAPPED
OPPORTUNITIES**

ADVANCED NEGOTIATIONS
FOR MULTIPLE NEW
**INTERNATIONAL
LICENSE OPPORTUNITIES**

**NEW LICENSES
GRANTED FOR
GLORIA JEAN'S COFFEES**

SINGAPORE
 INDONESIA AIRPORTS VANUATU
 SAMOA FRENCH POLYNESIA
 NEW CALEDONIA
 MYANMAR AIRPORTS

**NEW LICENSE
GRANTED FOR
DONUT KING
IN MYANMAR**

**NEW LICENSE GRANTED FOR
BRUMBY'S BAKERY IN FIJI**

FACILITIES IN **AUSTRALIA, NEW ZEALAND & USA**

COFFEE & ALLIED BEVERAGE

STATE-OF-THE-ART INFRASTRUCTURE, SIGNIFICANT EXPERTISE & EXTENSIVE RELATIONSHIPS WITHIN THE COFFEE INDUSTRY OFFER UNPARALLELED OPPORTUNITY TO GROW COFFEE & ALLIED BEVERAGE EARNINGS

PLATFORM FOR GROWTH

- Total coffee contribution to 1H17 Group EBITDA of \$21.5m (+6.4% on PCP)
- 1H17 throughput (3.0m kgs) consistent with PCP
- Domestic coffee wholesale EBITDA \$9.0m (+11.2% on PCP) attributable to
 - Continued strong Di Bella Coffee performance
 - Margin improvement via strategic green bean procurement
- Leveraging international relationships to drive efficiencies & expedite wholesale coffee & Brand System growth
 - International coffee contribution to Group EBITDA +36% on PCP to \$1.5m
 - Establishment of international roasting hub model
 - Advanced negotiations with prospective third party partners
- HPC provides opportunity for penetration of RFG coffee into foodservice market
 - Bespoke foodservice offers
- Launched proprietary chocolate powders into international Brand System network
- Successful capsule initiatives despite manufacturer related delay to Professional Machine launch
 - Launch of new retail capsule machine
 - No. 1 retail capsule system over 2016 Christmas promotional period with supermarket partner
 - Di Bella Coffee launch of organic, biodegradable generic coffee capsules



INDUSTRY RECOGNITION

Di Bella COFFEE

OVERALL CHAMPION ACROSS 50 CATEGORIES

2016 GOLDEN BEAN COFFEE ROASTING COMPETITION



2 GOLD

10 SILVER

14 BRONZE

Gloria Jean's
COFFEES

FRENCH BREAKFAST BLEND
2016 GOLDEN BEAN COFFEE ROASTING COMPETITION



SILVER

Michel's
PATISSERIE

MICHEL'S ESPRESSO
2016 GOLDEN BEAN COFFEE ROASTING COMPETITION



BRONZE

HPC ACQUISITION DRIVES COMMERCIAL EVOLUTION

*WHOLE OF BUSINESS TRANSFORMATION DRIVING
OPPORTUNITIES & BENEFITS FOR RFG, ITS FRANCHISE
COMMUNITY & WHOLESALE CUSTOMERS*

VERTICAL INTEGRATION + SCALE

RETAIL FOOD GROUP STRENGTH IN BRANDS



ACCESS TO
5,500+ CUSTOMERS
COMBINED

DIVERSE CHANNELS TO MARKET:
FRANCHISE, FOODSERVICE, GROCERY

AQIS CERTIFICATION OFFERS SCOPE
FOR INTERNATIONAL EXPLOITATION

ENHANCED PROCUREMENT, MANUFACTURING
& **DISTRIBUTION CAPABILITY**

KEY OPPORTUNITY PROFILE

FRANCHISE

- Leverage new procurement, manufacturing & distribution capabilities to sustain Franchise Partner margin
- Drive innovation & vertically integrated product solutions

INTERNATIONAL

- Aligning HPC export capability with RFG global aspirations & markets

COFFEE & ALLIED BEVERAGE

- Leveraging new foodservice channel for penetration of Group's Coffee & Allied Beverage products

COMMERCIAL

- Consolidation opportunities via RFG's wholesale distribution value (>\$300m)
 - Enhanced procurement capability
 - Leveraging scale across existing business units
- M&A consolidation opportunities across fragmented industry
- Access to established import/export expertise

HPC ACQUISITION DELIVERS AN ENHANCED GROWTH PLATFORM WITH SIGNIFICANT OPPORTUNITY & ACCESS TO DOMESTIC & INTERNATIONAL MARKETS

FRANCHISE PERFORMANCE



BAKERY/CAFÉ DIVISION

DIVISIONAL PERFORMANCE

- Reduced reliance demonstrates growing diversification of Group earnings base
 - Contribution to Group EBITDA 36.0% (PCP: 40.6%)
- Weighted Divisional SSS (+2.3%) & ATV (+2.2%), & overall increase in Divisional EBITDA to \$21.8m, driven by
 - Continued strong performance of Donut King Brand System
 - Reduced corporate outlets
 - Cost efficiencies from centralised Divisional management
- Enhanced EBITDA CPO performance (+2.7% on PCP)

DONUT KING

- Perennial driver of Bakery/Café performance
- Contribution to Group EBITDA \$8.3m (+5.8% on PCP) & EBITDA CPO +7.7% on PCP to \$24.8K
 - Attributable to strong SSS (+5.3%) & ATV (+4.2%), driven by product innovation

BRUMBY'S BAKERY

- Strengthened Brand System EBITDA of \$5.4m attributable to
 - SSS (+1.4%) & ATV (+2.9%) improvements
 - Reduced corporate outlets vs PCP, lowering operating costs
- \$0.4m reduction in GFR cycling against strong 1H16 franchise renewals & periodic license fee revenues
- 2H17 national launch of digital loyalty program

MICHEL'S PATISSERIE

- Decreases in NWS & GFR attributable to CY16 transition of in-store operating model from central bakery to in-store customisation (National Bakery Solution)
 - Outlet population decline as a consequence of implementation phase
 - Impacted SSS (-0.7%) & ATV (-1.0%) performance
- Launch of market disruptive in-store technology to drive growth (in-store image printer & '3D Chocolate Printer')



CONTRIBUTION TO GROUP EBITDA %

	1H16	1H17
Bakery/Café	40.6%	36.0%
Donut King	14.6%	13.7%
Brumby's Bakery	9.9%	8.9%
Michel's Patisserie	16.1%	13.5%

EBITDA (\$m)

	1H16	1H17	PCP
Bakery/Café	21.7	21.8	↑ 0.2%
Donut King	7.8	8.3	↑ 5.8%
Brumby's Bakery	5.3	5.4	↑ 0.5%
Michel's Patisserie	8.6	8.1	↓ 5.3%

EBITDA CPO (\$'000)

	1H16	1H17	PCP
Bakery/Café	24.7	25.4	↑ 2.7%
Donut King	23.0	24.8	↑ 7.7%
Brumby's Bakery	21.1	20.9	↓ 1.0%
Michel's Patisserie	29.9	30.4	↑ 1.8%

GROSS FRANCHISE REVENUE (\$m)

	1H16	1H17	PCP
Bakery/Café	30.1	28.6	↓ 5.5%
Donut King	10.1	10.5	↑ 3.4%
Brumby's Bakery	7.9	7.5	↓ 5.7%
Michel's Patisserie	12.1	10.6	↓ 12.8%

NETWORK SALES (\$m)

	1H16	1H17	PCP
Bakery/Café	237.6	226.6	↓ 4.6%
Donut King	82.3	83.1	↑ 1.0%
Brumby's Bakery	82.3	79.2	↓ 3.7%
Michel's Patisserie	73.0	64.3	↓ 12.0%

DIVISIONAL PERFORMANCE

- Divisional EBITDA increased 12.2% to \$18.7m supported by
 - +13.1% growth in non-mobile Brand System EBITDA
- Cost efficiencies delivered by Divisional management structure
- Comparative 1H16 Divisional results include full period contribution from NZ territories subsequently licensed to Master Franchise Partner late Dec 2015
 - Resulted in 1H17 (vs PCP) reduction in Network Sales, GFR & direct operating costs vis-à-vis NZ operations

GLORIA JEAN'S COFFEES

- Earnings bolstered by Drive-Thru model proliferation
 - 25 CY16 commissioned outlets consistent with guidance
 - Strong new store pipeline & franchise candidate inquiry
- Domestic SSS (+0.9%) & ATV (+1.9%)
- Future operational performance underpinned by
 - Menu extension
 - Focus on coffee credentials

MOBILE

- Consistent domestic EBITDA performance underpinned by growing network footprint
- Tapping health trends via innovative menu development
 - Cafe2U launch of made to order protein shakes
 - 'First to market' within convenience coffee segment



COFFEE RETAIL DIVISION

CONTRIBUTION TO GROUP EBITDA %		1H16	1H17	
Coffee Retail		31.1%	30.9%	
Non-mobile ⁽¹⁾		27.8%	27.9%	
Mobile		3.4%	3.0%	
EBITDA (\$m)		1H16	1H17	PCP
Coffee Retail		16.7	18.7	↑ 12.2%
Non-mobile ⁽¹⁾		14.9	16.9	↑ 13.1%
Mobile		1.8	1.8	↑ 3.9%
EBITDA CPO (\$'000)		1H16	1H17	PCP
Non-mobile Domestic ⁽¹⁾		18.5	18.9	↑ 2.4%
Non-mobile International		14.7	15.6	↑ 5.6%
Mobile Domestic		6.4	7.9	↑ 23.1%
Mobile International		3.5	1.3	↓ 58.6%
GROSS FRANCHISE REVENUE (\$m)		1H16	1H17	PCP
Coffee Retail		28.1	26.3	↓ 6.4%
Non-mobile ⁽¹⁾		24.6	23.7	↓ 3.7%
Mobile		3.5	2.6	↓ 24.9%
NETWORK SALES (\$m)		1H16	1H17	PCP
Non-mobile ⁽¹⁾		124.8	121.1	↓ 3.0%
Mobile		N/A	N/A	N/A

(1) Represents non-mobile Brand Systems forming part of Coffee Retail Division

DIVISIONAL HIGHLIGHTS

- Divisional EBITDA +4.3% on PCP (to \$7.2m) on consistent GFR
- Network Sales impacted by
 - Rationalisation of trading corporate outlets
 - Geographic repositioning of Pizza Capers Brand System
- Associated cost reduction drove +8.0% increase in EBITDA CPO (\$22.4K)
- Gourmet positioning sustaining ATV (+1.6%) within highly competitive QSR segment
- Refined digital marketing & CRM strategies driving online sales
 - Crust +8.2% on PCP to 40.3% of sales
 - Pizza Capers +19.5% on PCP to 35.9% of sales

CRUST

- Successful new channel partnerships (Menulog/Deliveroo) driving incremental sales growth amongst participating outlets
- Multiple 'firsts to market' within QSR category
 - Innovative & responsible alcohol delivery proposition
 - 'Vegan' menu options
 - Interactive outdoor media & 'beat box' gift supporting innovative music collaboration with 'Peking Duk'
- Guinness World Record - 'World's Longest Dessert Pizza'

PIZZA CAPERS

- 'Challenger brand' marketing campaign sustained across TV, cinema, digital & social channels
 - 'Always on' targeted messaging
 - Forcing Brand System USP onto consumer radar
- Unique partnership with Red Bull
- Launch of innovative hand-held lunch offering
 - 'Phat Boy Pizza Wrap'
 - Expands 'time of day' menu offering
 - Offers scope for third party collaboration

QSR DIVISION

HIGHLIGHTS

	1H16	1H17	PCP
CONTRIBUTION TO GROUP EBITDA %	12.9%	11.9%	
EBITDA (\$m)	\$6.9m	\$7.2m	↑ 4.3%
EBITDA CPO (\$'000)	20.7	22.4	↑ 8.0%
GROSS FRANCHISE REVENUE	\$10.7m	\$10.7m	0.0%
NETWORK SALES (\$m)	\$102.9m	\$94.3m	↓ 8.4%



FRANCHISE INDUSTRY LEADERS

DRIVING LEADERSHIP WITHIN THE FRANCHISING INDUSTRY THROUGH UNIQUE PARTNERSHIPS & EVENTS

THE FRANCHISE SHOW

- Pioneering industry support via innovative partnership with national 'franchising' TV program
- Unique opportunity to showcase RFG's entire Brand System portfolio
 - Taps into experience of Franchise Partners at forefront of Australia's dynamic franchising sector
 - Driving invaluable local & national coverage across all media channels
 - Leverages industry experts
- Season One (2 October - 13 November 2016)
- Season Two (12 February - 2 May 2017)



**c.800,000 CUMULATIVE
TARGETED VIEWERS TO DATE**

**RESULTING IN INCREASED
WEBSITE TRAFFIC & ENHANCED LEAD GENERATION**



WATCH AN EPISODE OF THE FRANCHISE SHOW NOW



HIGHLIGHTS FROM 2016 CONNECT CONFERENCE HERE

2016 CONNECT GLOBAL CONFERENCE

- Four day gala event showcasing RFG, its Brand Systems, commercial divisions & franchising more generally
- Launched via inaugural 'open to public' Franchise Expo
 - High attendance by general public
 - Generated significant positive media coverage
 - Elevated RFG & its Brand Systems' public profile
- Attended by RFG Franchise Partners; Master Franchise Partners from around the world; representatives from c.60 different suppliers, exhibitors & trade partners; as well as >100 corporate team members

LEADERS IN INNOVATION

*FORTIFYING KEY BUSINESS DRIVERS
TO ATTAIN LASTING POSITIVE CHANGE*

DIGITAL CENTRE OF EXCELLENCE

- Establishment of centralised Digital Centre of Excellence
- Empowers RFG, its Brand Systems & wider business with digital solutions
 - Transforming customer & Franchise Partner experience
 - Enhancing loyalty & retention platforms
 - Driving efficiencies & speed to market
 - Effecting positive change
- World leading marketing automation platform launched
- Brumby's Bakery digital loyalty platform launched following successful 1H17 pilot

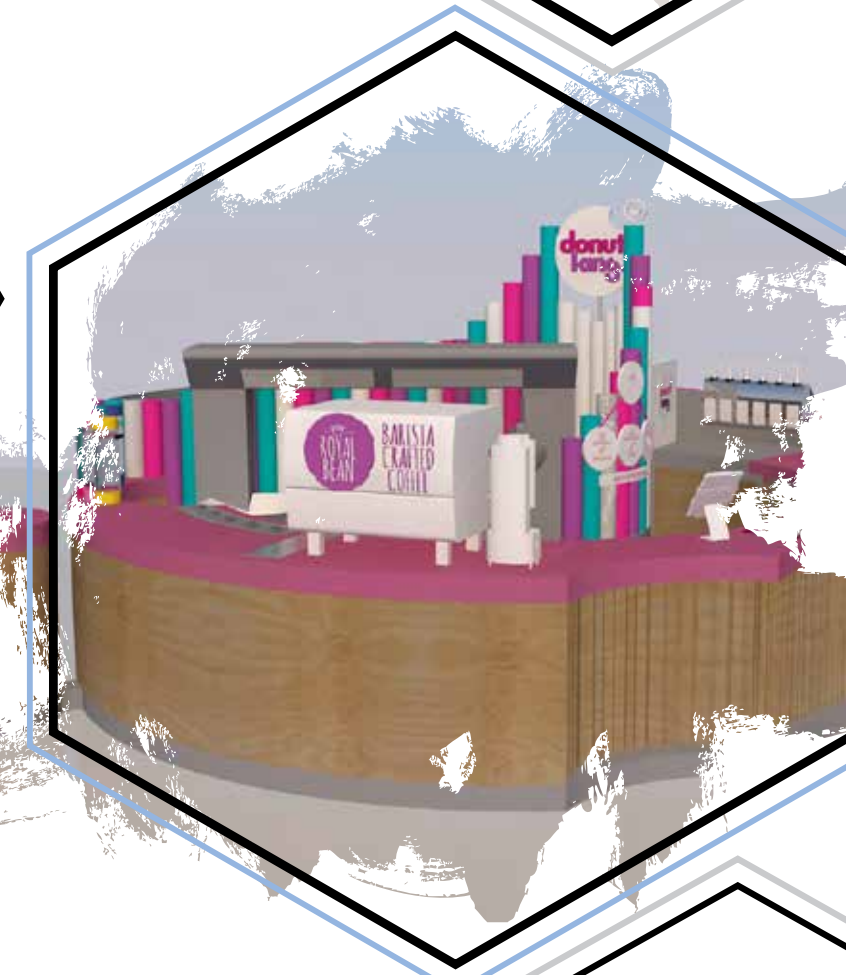


PRODUCT INNOVATION LAB

- Driving category leading pipeline of new product development across all Brand Systems
- Donut King Royal Range
 - Biggest change to DK menu in 30 years
 - Driving c.8.0% sales increase of yeast donut category since launch
- Industry first QSR lunch-time concept (Pizza Capers' "Phat Boy Pizza Wrap")
- Driving novel Michel's Patisserie in-store customisation solutions
- Bolstered Brumby's Bakery savoury category via launch of bespoke hand-crafted pie range

BUSINESS INTELLIGENCE DIVISION

- Enhancing strategic insight, thought leadership & operational activity via investment in strong BI capability
- Facilitates enhanced responsiveness, improved decisions & market leading initiatives
- Delivering market & competitor insights & specialist support across:
 - Marketing
 - Customer experience
 - Product innovation
 - Retail insights
 - Store operations
 - Sales & leasing
 - Customer analytics



RETAIL PROJECTS STUDIO

- Centralised Retail Projects Studio driving standardisation & best practice across all Brand Systems
- Market leading store design innovation
 - Design/launch of new Donut King 'Factory' concept
 - Compact footprint unlocks new site opportunity
 - Abbreviated menu reduces operational costs
 - Design/launch of opportunity rich BP Partnership
- GJC/QSR project management & design internalised

LEADERS IN INNOVATION

STRATEGIC COLLABORATIONS & NEW STORE CONCEPTS SUPPORTING NETWORK GROWTH & ESTABLISHING NEW CHANNELS TO MARKET

BP PARTNERSHIP

- Novel alignment to drive fresh food & coffee choices for BP customers
 - One of Australia's largest fuel suppliers (approximately 1,400 BP branded retail sites)
 - Hybrid model brings Brumby's Bakery, Donut King & Gloria Jean's Coffees under single roof
 - c.70 product SKUs developed for pilot concept
 - Represents culmination of c.10 month engagement
- Initial 2 pilot outlets launched December 2016
 - Additional pilot outlets to be launched 2H17
 - Strong sales performance to date
 - Generating positive customer engagement
- Demonstrates non-traditional network growth & alignment opportunities available to Brand Systems



DRIVE-THRU EXPANSION

- Represents key network growth driver for domestic GJC Brand System
 - Leveraging growing market for convenient consumption
 - Enhances non-traditional site footprint amongst domestic network
 - Higher performing model attracting strong Franchise Partner candidate interest
 - Supported by dedicated management
- Strong new outlet pipeline supporting elevated nature of initiative

LEADERS IN INNOVATION

LEVERAGING WORLD FIRST TECHNOLOGY TO CREATE A SCALABLE & UNIQUE POINT OF DIFFERENCE WHICH REVOLUTIONISES THE CELEBRATION & BROADER CAKE CATEGORY

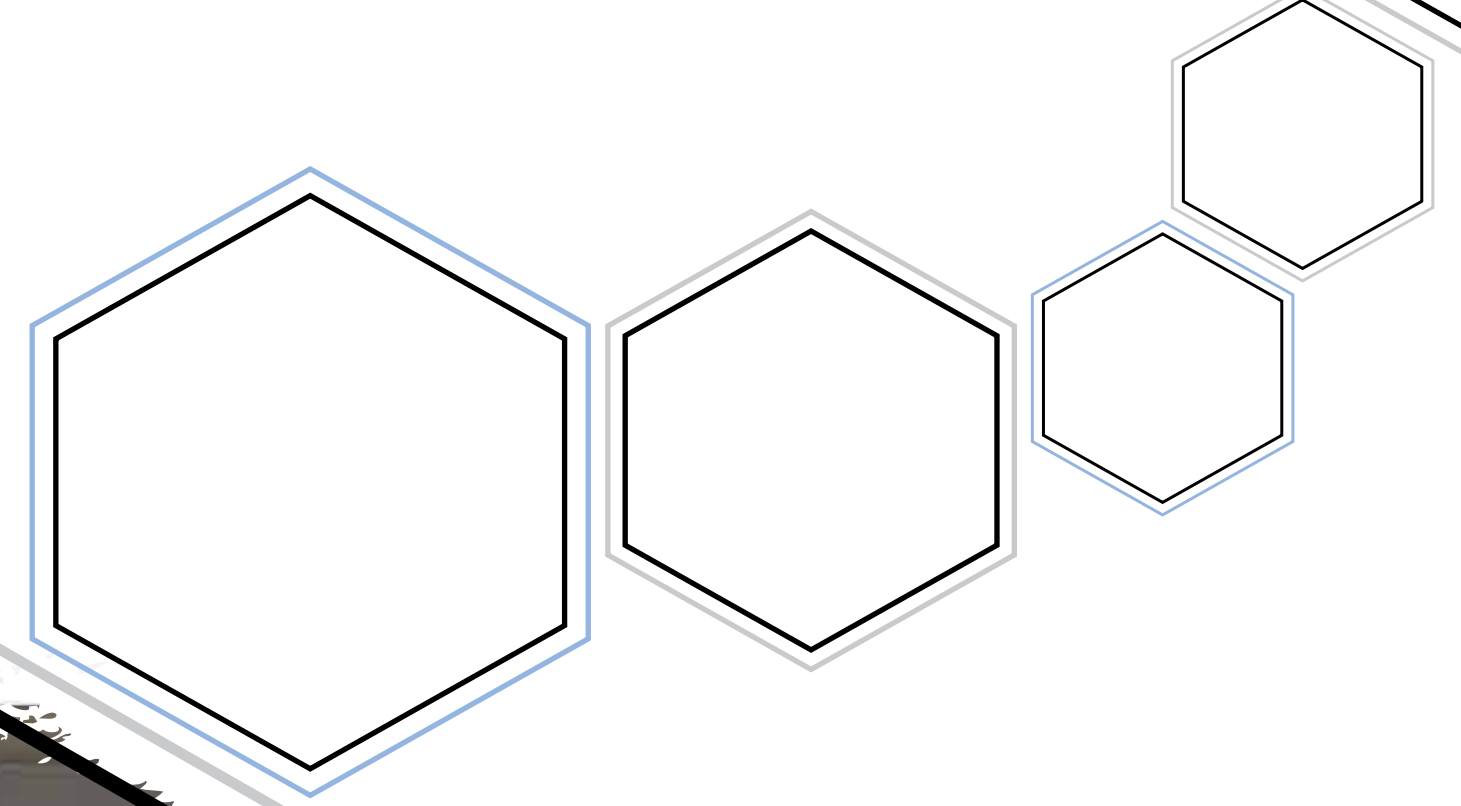
MICHEL'S PATISSERIE IN-STORE CUSTOMISATION

- Launch of market disruptive in-store customisation special order technologies
 - Phase 1: In-store image printer launched 1H17
 - Puts customisation at guests' fingertips
 - Reproduces licensed images, personal photographs & tailored messages
 - Phase 2: '3D Chocolate Printer'
 - World first technology reinvents celebration cake category
 - Currently under in-store trials (positive results to date)
 - Targeted application to high margin/high ATV products
 - Network-wide launch programmed CY17
 - Unique & scalable point of difference

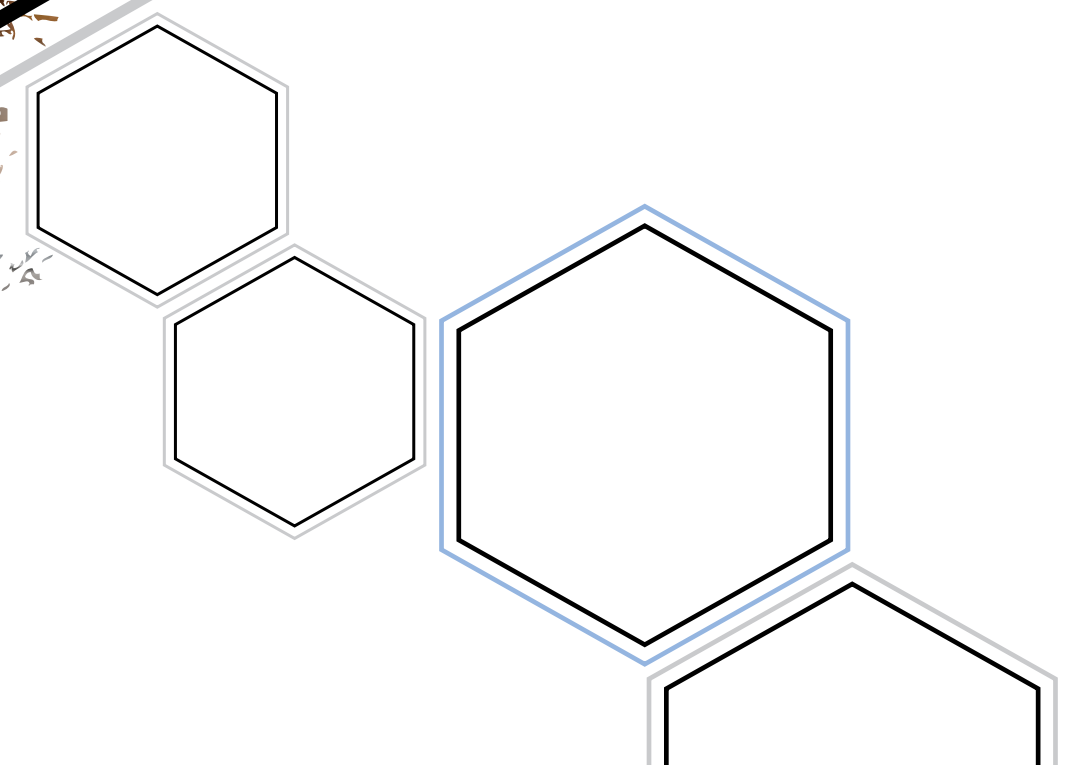


[LEARN MORE ABOUT IN-STORE CUSTOMISATION HERE](#)





OUTLOOK



GROWTH & OUTLOOK

PRUDENT & MEASURED M&A PROGRAM

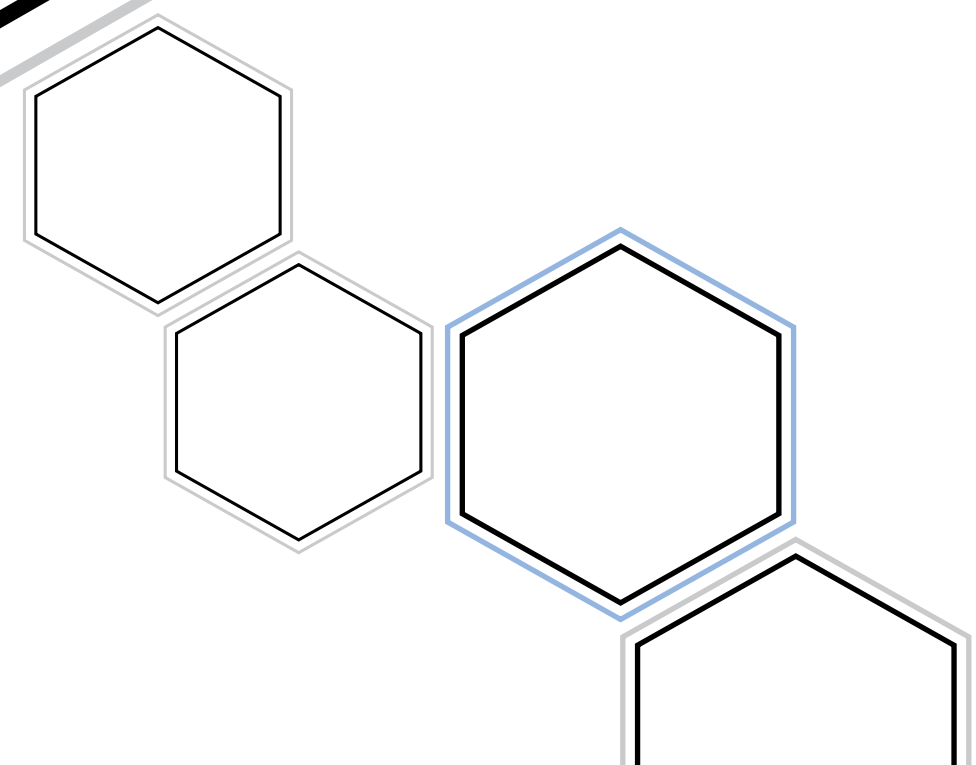
- Business model continues to support & benefit from acquisitive growth
 - RFG an acquirer of choice
 - Plethora of opportunity exists
 - Acquisition of HPC extends M&A scope to include foodservice & food/beverage manufacturing & processing opportunities
- Ongoing engagement in connection with multiple EPS accretive opportunities
 - Near term focus on specific 'bolt on' opportunities
 - Franchise
 - Foodservice
 - Coffee & allied beverages
- Core investment criteria unchanged
 - Earnings per Share accretive
 - Generate increased scale
 - Complementary to existing operations
 - Offers both synergistic & vertical integration opportunity
 - Enhancing the number of Brand Systems, outlets or discrete third party customers serviced by or under RFG stewardship
- M&A strategy includes scope for international opportunities where compelling

OUTLOOK & GUIDANCE

- Positive outlook affirmed
- Diverse global business model offers plethora of opportunity
- FY17 underlying NPAT growth of c.20% maintained⁽¹⁾
 - Weighted c.54% to 2H17 per AGM guidance, reflecting
 - Impact of 1H17 acquisitive activity
 - Timing & realisation of international growth initiatives
- HPC on track to contribute c.8% of FY17 guided NPAT⁽¹⁾



APPENDICES



APPENDIX 1 TRADING SUMMARY

1H17 (\$m)

	UNDERLYING	REPORTED
EBITDA	60.5	56.6
NPAT	36.2	33.5
EPS	21.2	19.6
EBITDA ADJUSTMENTS		
REPORTED EBITDA		56.6
M&A COSTS:		
• ACQUISITION		1.4
• INTEGRATION		0.9
• RESTRUCTURING		1.6
UNDERLYING EBITDA		60.5

APPENDIX 2 DEFINITIONS

NWS	Network Sales: inc. network sales from stores in non-licensed territories
GFR	Gross Franchise Revenue
FSF	Franchise Service Fee
SSS	Same Store Sales
ATV	Average Transaction Value
PCP	Previous Corresponding Period
CPO	Contribution per Outlet (EBITDA)
QSR	Pizza Capers & Crust Gourmet Pizza
COFFEE RETAIL	Gloria Jeans Coffees, Cafe2U, The Coffee Guy, It's A Grind, bb's Café, Esquires Coffee
MOBILE	Cafe2U, The Coffee Guy
COFFEE & ALLIED BEVERAGE	Di Bella Coffee, Di Bella Coffee USA & sundry, Evolution Coffee, Roasting Australia
COMMERCIAL	Hudson Pacific Corporation, Bakery Fresh, Dairy Country
BAKERY/CAFE	Donut King, Michel's Patisserie & Brumby's Bakery

APPENDIX 3 CASH FLOW STATEMENT

- 14.7% increase in gross operating cash flow to \$50.4m (PCP: \$44.0m⁽¹⁾)
- Conversion to EBITDA margin of 89.1% consistent with PCP (90.0%⁽¹⁾) & historical conversion ratios, reflecting continued strong cash generation of traditional & acquired businesses
 - Excluding acquisition related costs, conversion ratio increases to 96%
- Excess free cash derived from operations used to fund
 - FY16 final dividend (14.50 cps)
 - Acquisition of Hudson Pacific Corporation
 - Earn-out hurdles achieved relating to Gloria Jean's Coffees & Di Bella Coffee acquisitions
- Investment in property, plant & equipment including
 - Enhanced IT systems & infrastructure increasing Digital & Business Intelligence capabilities, & enabling integration of acquired businesses
 - Construction of new RFG Global Headquarters

	1H16 (\$m)	1H17 (\$m)
Receipts from customers	179.3	180.0
Payments to suppliers & employees	(135.3)	(129.6)
Gross operating cash flows	44.0	50.4
EBITDA	48.9	56.6
Ratio of gross operating cash flows to EBITDA	90.0%	89.1%
Interest & other costs of finance paid	(4.7)	(4.6)
Income taxes paid	(10.9)	(13.2)
Net operating cash inflows	28.4	32.6
Dividends paid	(13.3)	(20.5)
Net Debt increase	2.4	32.3
Acquisition of business & intangibles	(7.1)	(62.4)
Payments for property, plant & equipment	(6.2)	(17.8)
Net capital raising	(0.0)	35.1
Funding marketing fund R&D initiatives	(3.5)	(1.7)
Other cash activities	(0.6)	0.3
	(28.3)	(34.7)
Net (decrease)/increase in cash reserves	0.1	(2.1)
Cash reserves at year end	14.5	14.8

(1) Refer 1H17 Financial Statements in respect of 1H16

APPENDIX 4 FINANCIAL POSITION

- Increases in working capital balances, PP&E & intangible assets primarily attributable to acquisition of Hudson Pacific Corporation
- Other movements include
 - Increased trade receivables attributable to
 - \$28.3m increase due to Hudson Pacific Corporation
 - \$5.9m seasonal increase in commercial receivables
 - Increase of \$3.1m in financial assets primarily attributable to increase in franchise financing initiatives
 - Inventories increase of \$8.5m predominantly due to Hudson Pacific Corporation acquisition (\$7.0m)
 - Increase in plant & equipment of \$11.6m due to construction of new RFG Global Headquarters & continued investment in corporate IT systems, capability & infrastructure
 - Contingent earn-out consideration reduction
 - Gloria Jean's Coffees & Di Bella Coffee earn out achievements
 - Offset by additional consideration relating to Hudson Pacific Corporation
 - Share capital increase of \$74.8m reflecting equity issues for Hudson Pacific Corporation acquisition (\$36.2m), DRP & dividend shortfall placement, including oversubscriptions (\$38.6m)

	FY16 (\$m)	1H17 (\$m)
ASSETS:		
Cash reserves	17.4	15.4
Trade receivables	48.6	84.5
Financial assets	42.3	45.4
Inventories	16.1	24.6
Plant & equipment	51.6	79.7
Intangibles	512.9	585.3
Other	10.5	13.5
	699.3	848.4
LIABILITIES:		
Trade payables	21.8	61.7
Provisions	3.8	7.7
Tax payable	5.2	6.9
Borrowings	205.9	238.4
Contingent Consideration	21.8	9.0
Other	8.0	7.1
	266.5	330.8
EQUITY:		
Share capital	324.1	398.9
Reserves	1.9	2.3
Retained earnings	106.8	116.4
	432.8	517.5

APPENDIX 5 DEBT STRUCTURE

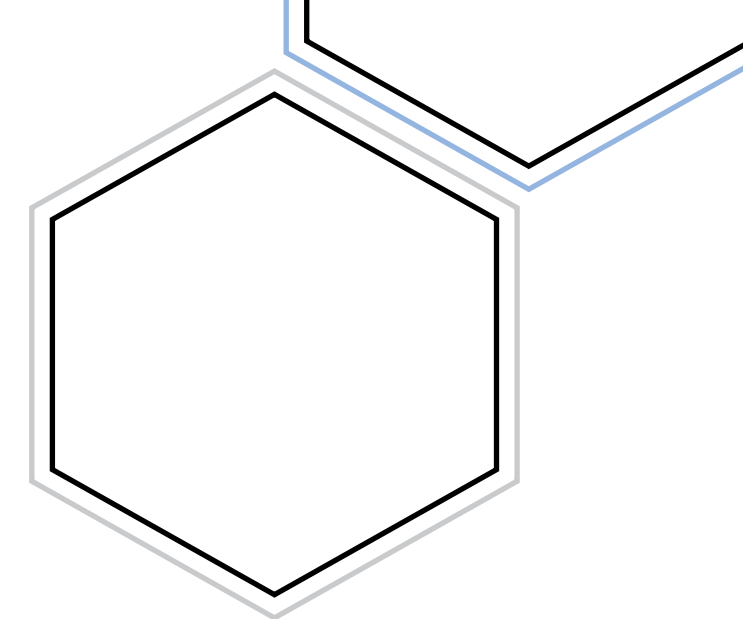
- Facility headroom (including cash) at 31 December 2016 of \$80.4m
- Weighted Average Interest Rate at 31 December 2016 of 3.52%
- Comfortable compliance with all lending covenants as at 31 December 2016
- Subsequent to 31 December 2016 the Group
 - Increased facility with Westpac Banking Corporation by \$40.0m resulting in pro-forma facility headroom of c.\$120m
 - Entered fixed interest rate contracts for an additional \$100m with a 3-4.5 year maturity
 - Total debt subject to fixed interest rates now \$150m or c.60% of gross debt

SENIOR DEBT FACILITY

	1H16	1H17
Net debt ⁽¹⁾	\$197.2m	\$223.6m
Interest expense ⁽¹⁾	\$9.9m	\$9.6m
Interest cover (times) ⁽¹⁾	10.3x	13.1x
Gearing ratio (net debt / (net debt + equity)) ⁽¹⁾	31.9%	30.6%
Total Facility	\$304.0m	\$304.0m

(1) Calculated in accordance with Senior Debt Facility Agreement

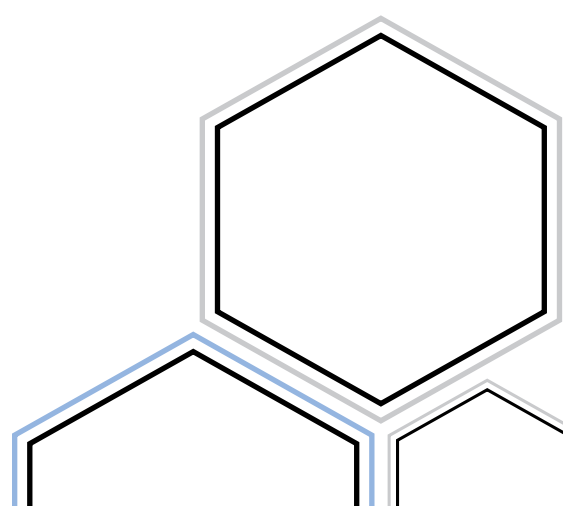
APPENDIX 6 CAPITAL MANAGEMENT













	SHARES	PRICE (\$)	PROCEEDS/VALUE (\$m)
Shares on issue 1 July 2016	164,968,083		
Dividend Reinvestment Plan (Final FY16 Dividend)	509,210	6.7	3.4
Dividend Reinvestment Plan Shortfall Placement (inc. oversubscriptions)	5,197,044	6.9	35.6
Issue of ordinary shares – Acquisition of Hudson Pacific Corporation ⁽²⁾	5,379,747	6.7	36.2
Shares 31 December 2016	176,054,084		
Share Value ⁽¹⁾			75.2

(1) Before share issue costs & associated expenses

(2) Represents fair value of shares issued at acquisition date



APPENDIX 7 BRAND SYSTEM SUMMARY

	DIVISION	GLOBAL				DOMESTIC					
		NEW OUTLETS	TOTAL OUTLETS	EBITDA ⁽¹⁾ (\$m) 1H17	PCP (%)	SSS	ATV	CPO (\$'000) 1H17	PCP (%)		
BAKERY/CAFE		12	337	8.3	↑ 5.8%	5.3%	4.2%	24.8	↑ 7.7%		
		15	262	5.4	↑ 0.5%	1.4%	2.9%	20.9	↓ 1.0%		
		2	260	8.1	↓ 5.3%	(0.7%)	(1.0%)	30.4	↑ 1.8%		
	BAKERY/CAFE	29	859	21.8	↑ 0.2%	2.3%	2.2%	25.4	↑ 2.7%		
COFFEE RETAIL	  	82	1,018	16.9	↑ 13.1%	0.9%	1.9%	18.9	↑ 2.4%		
		MOBILE		23	363	1.8	↑ 3.9%	N/A	N/A	7.9	↑ 23.1%
											
	COFFEE RETAIL COMBINED	105	1,381	18.7	↑ 12.2%	0.9%	1.9%	15.0	↑ 5.4%		
QSR		4	316	7.2	↑ 4.3%	(0.5%)	1.6%	22.4	↑ 8.0%		
											
	GROUP TOTAL	138	2,556	47.7	↑ 5.2%	1.4%	2.0%	21.4	↑ 4.0%		

(1) Underlying – refer Appendix 1

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