FY19 RESULTS PRESENTATION

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NON-IFRS INFORMATION

This Presentation contains certain non-IFRS financial measures. Non-IFRS financial measures are defined as financial measures that are presented other than in accordance with all relevant Accounting Standards. Non-IFRS financial measures are used internally by management to assess the financial performance of RFG's business and include EBITDA, Underlying EBITDA, Underlying NPAT and Underlying EPS.

A reconciliation and description of the items that contribute to the difference between RFG's underlying and statutory results is provided on page number 3 of this Presentation.
Further information regarding the non-IFRS financial measures and other key terms used in this Presentation is included in this Appendix.

Non-IFRS measures have not been subject to audit or review.

FY19 SNAPSHOT

- FY19 Underlying EBITDA[(1)] of $50.7m ($44.0m excluding effect of AASB 15, consistent with guidance).
  - Underpins FY19 Underlying NPAT[(1)] of $15.4m (FY18: $33.3m).
- Statutory net loss after tax of $149.3m (FY18: ($306.7m)) recognises $185.2m in non-cash impairments, provisioning and restructuring costs, which reflects forecast sustainable earnings, existing Group risk profile and restructuring activities.
- Significant restructuring initiatives to improve business performance and reduce cost base commenced in FY19:
  - Targeting c.$20m in annualised cost savings.
  - Refocusing business on core retail food franchise and coffee operations.
  - Improved alignment of resources closer to business units and franchisee/customer needs.
- Range of initiatives aimed at improving franchisee profitability:
  - Implementation of new product and marketing strategy delivering rolling pipeline of 62 new campaigns over 12-18 months.
  - 15-20% reduction (dependent on Brand System) in wholesale coffee pricing.
  - Simplification and reduction of franchise renewal cost structures.
  - Increased franchisee support, particularly in connection with lease renewals.
- Ongoing strategic focus on balance sheet repair:
  - Continued evaluation of a range of debt reduction options, including equity and debt funding options as well as asset sales.
  - Indicative non-binding proposal from Soliton Capital Partners received.
- Key executive changes and Board renewal effected, including appointment of turnaround specialist Peter George as Executive Chairman to drive business turnaround.
- 173 outlet closures (130 outlets and 43 coffee vans), following 2018 strategic domestic store network reset.

[(1)] Underlying EBITDA and NPAT are non-IFRS financial measures. Non-IFRS financial measures have not been subject to audit or review. A reconciliation and description of the items that contribute to the difference between statutory performance and underlying performance is provided on Page 4 and in the summary of financial information attached to the Directors' Report for FY19

FY19 PERFORMANCE REVIEW

FY19 GROUP PERFORMANCE[1]	FY19	FY18	% Change
Revenue (including disc ops) [2]	**$349.8m**	$374.0m	(6.5%)
EBITDA (underlying)	**$50.7m**	$71.4m	(28.9%)
EBITDA (statutory)	**($134.5m)**	($354.3m)	62.0%
NPAT (underlying)	**$15.4m**	$33.3m	(53.6%)
NPAT (statutory)	**($149.3m)**	($306.7m)	51.3%
EPS (underlying)	**8.4cps**	18.4cps	(54.0%)
EPS (statutory)	**(81.7cps)**	(169.5cps)	51.8%
Dividend	**-**	-	
Net Operating Cash Flow[3]	**($8.5m)**	$12.9m	
Net Debt[4]	**$259.7m**	$258.9m	

[1] Underlying EBITDA, Underlying NPAT and Underlying EPS are non-IFRS measures used by management to assess financial performance. Refer to Page 4 for reconciliation of underlying to statutory results.

[2] Revenue (including discontinued operations)

[3] Statutory

[4] Net Debt excludes restricted cash and is calculated in accordance with Senior Debt Facility Agreement

FY19 PERFORMANCE SUMMARY

> FY19 revenue includes $24.0m arising from adoption of new AASB 15 revenue standard, including consolidating Franchise Marketing Funds. The contribution to FY19 EBITDA from adoption of AASB 15 is $6.7m.

> FY19 performance influenced by:

- Planned reduction of outlets following 2018 strategic domestic store network reset;
- Decline in domestic franchise new / renewal activity and international licenses, impacted by prevailing negative sentiment;
- Di Bella Coffee FY18 exit from capsule business and loss of key customers in competitive contract roasting sector;
- Implementation of major restructuring and cost reduction initiatives across the Group:
    - Including staff redundancies, asset write downs and disposals, and the closure or exit of certain non-core operations and premises;
- Non-cash write-downs of intangibles, and provisioning of $150.3m, and other business turnaround and restructuring costs of $35.2m;
- Operating net cash outflows impacted by funding and restructuring activities, supplier credit terms, franchisee assistance and lease occupancy and exit costs on onerous franchise leases.

RECONCILIATION OF UNDERLYING TO STATUTORY RESULTS

- Impairment and provisioning assessments for FY19 considered RFG's market capitalisation as at 30 June 2019 compared to the carrying value of assets, RFG's store closure assessment, expected FY19 sustainable earnings, and the risk profile of the Group.
- Non-cash impairments and write-downs, and provisioning, totalling $150.3m accounted for in FY19, comprising:
  - Brand System and Goodwill impairments $98.7m;
  - Non-cash write-downs, and provisioning, of $51.6m, including trade debtor provisioning, PP&E and inventory write-downs, and onerous lease and contract provisions.
- Adjustments to statutory EBITDA also reflect $35.2m non-core expenditure, major restructuring and cost reduction initiatives, including staff redundancies, asset write downs and disposals, and the closure or exit of certain non-core businesses and premises.

FY19	Underlying	Statutory
EBITDA $m	50.7	(134.5)
NPAT $m	15.4	(149.3)
EPS cps	8.4	(81.7)

Underlying Adjustments[1]	$m
Statutory EBITDA	(134.5)
Provisioning & Impairment of Assets	
• Provisioning	51.6
• Impairment of assets (non-cash)	98.7
Business turnaround & Restructuring	35.2
Marketing Fund Reserves	(0.3)
Underlying EBITDA	50.7

[1] Refer FY19 financial statements for further details.

EBITDA PERFORMANCE BY DIVISION TO PCP

UNDERLYING EBITDA[1]	FY19	FY18	% Change
Bakery / Café Division[2]	**$21.9m**	$24.4m	(9.9%)
Coffee Retail Division[3]	**$8.8m**	$8.5m	4.0%
QSR[4]	**$11.8m**	$10.2m	16.0%
Domestic Franchising Total	**$42.5m**	$43.1m	(1.4%)
International Franchising	**$5.9m**	$10.2m	(42.7%)
Di Bella Coffee[5]	**$3.5m**	$8.1m	(56.8%)
Manufacturing & Distribution[6]	**($1.2m)**	$10.0m	(112.0%)
Group Total EBITDA	**$50.7m**	$71.4m	(29.0%)

(1) Underlying EBITDA – Includes $6.7m impact of AASB 15 adoption
(2) Michel's, Brumby's, Donut King.
(3) Gloria Jean's, Mobile.
(4) Crust Gourmet Pizza Bar, Pizza Capers.
(5) EBITDA derived from Di Bella Coffee supply to franchise network is reported within the Franchise Division's results.
(6) Dairy Country, Bakery Fresh, Hudson Pacific.

> Domestic Franchise operations EBITDA declines due to:
  - Trading revenue impact of planned reduction in outlets, following 2018 strategic domestic store network reset;
  - Decline in revenues from new and renewing franchisees;
  - Offset by reduced overhead costs from restructuring and redundancies, particularly in 2H19.

> International Franchise EBITDA declines due to:
  - Prevailing negative sentiment impacting new Master Licence sales;
  - Lower international coffee sales on PCP, influenced by outlet closures across network.

> Di Bella Coffee impacted by:
  - Loss of key customers in the contract roasting sector;
  - Margin reduction in contract roasting sector and non-recurring revenues attributable to FY18 cessation of capsule supply contract.

> Manufacturing & Distribution impacted by:
  - Distribution: Loss of customers and sales volumes, as service levels impacted by tightening supplier credit conditions and associated operational challenges;
  - Manufacturing: Margin decline on increased sales volumes, and additional overhead costs associated with additional production and cold storage facility.

CASH FLOWS

- Decrease in cash receipts from customers consistent with reduced underlying revenues in Franchise and Di Bella Coffee operations.
- The Group's cash conversion reduced on PCP influenced by significant costs associated with restructuring activities undertaken in FY19, including:
  - $39.8m in costs attributable to restructuring activity and asset sale activities, including:
    - onerous lease payments;
    - redundant payroll and premises;
    - professional advisory fees and associated vendor due diligence expenses.
- $8.3m increase in interest and other costs of finance paid due to timing of interest payments and increased cost of finance.
- $7.3m income tax refund on FY18 received in the period.
- Proceeds from sale of Property, Plant & Equipment predominantly represent sale of corporate office buildings. 100% of net proceeds returned to lenders as debt repayment.

	FY19 ($m)	FY18 ($m)
Receipts from Customers	468.3	584.7
Payments to Suppliers & Employees	(466.2)	(552.1)
Gross Operating Cash Flows	**2.1**	32.5
Interest & Other Costs of Finance Paid	(17.9)	(9.6)
Income Taxes Paid	7.3	(10.1)
Net Operating Cash Inflows	**(8.5)**	12.9
Dividends Paid	-	(22.0)
Net Debt **(repayment)/**increase	(4.5)	18.5
Acquisition of Business & Intangibles	(1.0)	(8.3)
Payments for Property, Plant & Equipment	(3.0)	(22.9)
Proceeds from sale of Property, Plant & Equipment	9.1	6.9
Net Capital Raising	-	22.0
Other Cash Activities	2.2	1.2
	2.8	(4.6)
Net (Decrease)/Increase in Cash Reserves	(5.7)	8.3
Cash Reserves at Period End[1]	**13.3**	19.0

(1) Cash Reserves include Continuing and Discontinued Operations

BALANCE SHEET

Balance Sheet at 30 June 2019	FY19 ($m)	FY18 ($m)
Assets		
Cash Reserves	12.3	19.0
Trade Receivables	15.4	52.9
Financial Assets	4.7	23.8
Inventories	6.9	24.6
Assets held for sale	65.5	9.4
Plant & Equipment	23.1	64.6
Intangibles	256.2	364.1
Current Tax Assets	0.2	7.3
Deferred Tax Assets	55.9	32.3
Other	5.0	6.6
	445.2	604.6
Liabilities		
Trade Payables	15.0	70.1
Provisions	28.3	31.7
Borrowings	264.1	264.3
Derivative Liability	3.1	1.5
Deferred Tax Liability	55.9	64.2
Contingent Consideration	-	0.2
Other	40.9	10.8
Liabilities Classified as Held for Sale	53.6	3.8
	460.9	446.6
Net Assets	(15.7)	158.0

> Decreases in receivables, PP&E, intangible assets, and deferred tax balances, and increases in provisioning, primarily attributable to non-cash impairments and write-downs, and provisioning, totalling $150.3m.

> As previously disclosed, Donut King and QSR division no longer held for sale following termination of asset sale process given binding agreement could not be reached on terms considered to be in the best interests of the Company as a whole.

> Assets and liabilities held for sale represent the Manufacturing & Distribution division, which is considered non-core, at FY19 (FY18: Corporate properties held for sale).

> Other asset and liability movements include:
- $39.1m increase in Other Liabilities and $13.2m increase in Deferred Tax Assets due to adoption of AASB15;
- $7.6m decrease in inventories due to working capital reductions in the Di Bella Coffee division;
- $9.4m decrease in assets held for sale as disposal of properties completed in the period.

> The Group will adopt AASB16 Leases from 1 July 2019. AASB 16 will result in the majority of all leases where the Group is the lessee being recognised on the balance sheet. The new leasing Standard will have a material impact on the Group’s financial statements, particularly with the inclusion of $162m of lease liability, offset by Right of use assets/financial assets.

DEBT STRUCTURE

- Continued evaluation of a range of debt reduction options including:
  - Equity and debt funding;
  - Asset sales;
  - Major restructuring and cost reduction initiatives.

Senior Debt Facilities	FY19
Total Bank Borrowings	$262.8m
Tenor of Facilities	31 October 2019

- The Board and management in conjunction with the Group's advisors have been actively pursuing options to secure the financing arrangements of the Group for the future, and are confident that one or more of the financing alternatives outlined below will be successfully executed over the coming months to extend, replace and or supplement the Company's current financing arrangements:
  - The Group has requested an extension for the repayment of the current syndicated debt facility of $262.8 million loans beyond its current maturity date of 31 October 2019. At the date of this report, the extension is under consideration by the lenders.
  - The Group is continuing to investigate ways to maximise cash-flow for the business, including targeted asset sales. Completion of the disposal of the Manufacturing & Distribution Division is expected to realise cash proceeds that will be used in full to pay down a portion of the external borrowings. It is currently expected that a binding sale agreement will be achieved in the first half of FY20.
  - The Group is well advanced in executing on one of the following options to raise up to $160m in funds to pay down a significant portion of the existing syndicated debt facility:
    - the provision of a debt and convertible note financing package with Soliton Capital Partners (Soliton); or
    - a new equity raising.
  - The Group will also seek to agree a new financing facility for the residual debt with the existing syndicated debt lenders as part of a comprehensive funding program, in conjunction with the Soliton proposal or the new equity raising, or other potential financing.

FY19 DIVISIONAL PERFORMANCE

FY19 Initiatives to Drive Domestic Franchisee Profitability

> Significant improvements to RFG's domestic operations have been implemented in FY19, some of which include:

- The total redevelopment of RFG's approach to Brand System marketing, with the implementation of new processes and strategies. This has led to the establishment of 62 new product marketing initiatives to be introduced to the Michel's, Brumby's and Gloria Jean's network over 12 to 18 months. Initial results have been promising, with annualised incremental network revenue growth of more than $5m to date.

- c.15-20% reduction (dependent upon Brand System) in the wholesale price of coffee for franchisees of RFG's domestic retail brands, to be funded by a restructure of RFG's wholesale coffee business.

- Reduced costs associated with franchise renewals and a Company wide review initiated of all lease arrangements, to drive better outcomes for franchise partners. This has included the appointment of experienced leasing consultants to assist in lease renewal negotiations.

- Establishment of tiered store refurbishment options to make it more affordable for franchisees to reflect current brand standards and ensure modern appeal in a competitive consumer environment, particularly in shopping centres.

- Move back to fresh cakes for Michel's Patisserie franchisees, which has now been rolled out in New South Wales, Victoria and South Australia, with Queensland to follow. This initiative will not eradicate the use of frozen product within the Michel's network, with franchisees having sought to retain aspects of the existing frozen model.

DOMESTIC BAKERY / CAFÉ DIVISION

- FY19 performance influenced by:
  - Trading revenue decline primarily due to cumulative impact of FY18 & FY19 outlet closures, and fee reductions;
  - Decline in Transactional Revenues due to nil new outlets / reduced renewal activity, impacted by prevailing negative sentiment;
  - Offset by implementation of major restructuring and cost reduction initiatives across the Group.

	FY19	FY18	% Change
- New Outlets	-	2	
- Closures	(76)	(131)	
Outlets at 30 June 2019	562	638	(11.9%)
Same Store Sales (SSS)	(2.4%)	(2.4%)	
Network Sales	$307.9m	$348.4m	(11.6%)
- Transaction Revenues	$1.7m	$3.0m	(44.2%)
- Trading Revenues	$40.6m	$49.8m	(18.4%)
External Revenue	$42.3m	$52.8m	(19.8%)
Bakery Café Division EBITDA(1)	$21.9m	$24.4m	(10.0%)
- Brumby's EBITDA(1)	$5.4m	$6.3m	(14.2%)
- Donut King EBITDA(1)	$11.1m	$11.2m	(0.9%)
- Michel's Patisserie EBITDA(1)	$5.4m	$6.9m	(21.8%)

(1) Underlying EBITDA – Domestic Operations. Includes $2.4m impact of AASB 15 adoption

DOMESTIC COFFEE RETAIL DIVISION

> FY19 performance influenced by:

- Trading revenue decline primarily due to cumulative impact of FY18 & FY19 outlet closures, and fee reductions;
- Decline in Transactional Revenues due to limited new outlets / reduced renewal activity, impacted by prevailing negative sentiment;
- Offset by implementation of major restructuring and cost reduction initiatives particular to this Division.

	FY19	FY18	% Change
- New Outlets	7	5	
- Closures	(80)	(47)	
Coffee Outlets at 30 June	251	287	(12.5%)
Mobile Vans at 30 June	144	181	(20.4%)
Same Store Sales (SSS)	(3.6%)	(1.9%)	
Network Sales	$148.0m	$169.8m	(12.8%)
- Transaction Revenues	$0.9m	$1.6m	(39.2%)
- Trading Revenues	$39.5m	$45.2m	(12.7%)
External Revenue	$40.4m	$46.8m	(13.6%)
Coffee Retail Division EBITDA[(1)]	$8.8m	$8.5m	4.0%
- Gloria Jeans EBITDA[(1)]	$6.8m	$6.6m	2.8%
- Mobile Coffee EBITDA[(1)]	$2.0m	$1.9m	8.4%

(1) Underlying EBITDA – Domestic Operations. Includes $2.4m impact of AASB 15 adoption

DOMESTIC QSR DIVISION

> FY19 performance influenced by:

- Trading revenues increase attributable to vertically integrated product supply into QSR in FY19, and $7.7m impact of AASB 15 adoption, offset by FY18 & FY19 outlet closures, and fee reductions;
- Decline in Transactional Revenues due to minimal new outlets / reduced renewal activity, impacted by prevailing negative sentiment;
- Offset by implementation of major restructuring and cost reduction initiatives across the Group.

	FY19	FY18	% Change
- New Outlets	1	1	
- Closures	(17)	(54)	
Outlets at 30 June 2019	222	238	(6.7%)
Same Store Sales (SSS)	(1.5%)	2.0%	
Network Sales	$159.1m	$169.7m	(6.2%)
- Transaction Revenues	$0.9m	$0.9m	(0.0%)
- Trading Revenues	$18.1m	$15.8m	14.6%
External Revenue	$19.0m	$16.7m	13.8%
EBITDA	$11.8m	$10.2m	15.7%

(1) Underlying EBITDA – Domestic Operations. Includes $1.9m impact of AASB 15 adoption

INTERNATIONAL FRANCHISING DIVISION

	FY19	FY18	% Change
New Master Franchise Agreements	6	9	
New Outlets	42	93	
Outlets at 30 June 2019[(1)]	699	866	(19.3%)
- Transaction Revenues	$2.0m	$6.3m	(67.8%)
- Trading Revenues	$16.2m	$19.8m	(18.6%)
External Revenue	$18.2m	$26.2m	(30.5%)
EBITDA[(2)]	$5.9m	$10.3m	(42.5%)
EBITDA Margin	32.5%	39.2%	

(1) Opening outlets excludes 14 concept and trial stores no longer franchised
(2) Underlying EBITDA – International Operations. Includes ($0.1m) impact of AASB 15 adoption

> FY19 performance influenced by:

- Reduction in Transactional Revenues (and EBITDA) primarily attributable to prevailing negative sentiment surrounding the franchise industry and RFG impacting new master licence candidate interest;
- International Franchise Partners reported 171 outlet and 38 mobile van closures across 87 international territories;
- Reduction in Trading Revenues consistent with reduced outlets reported;
- Lower coffee sales contribution to EBITDA than PCP.

DI BELLA COFFEE
(Formerly Coffee & Allied Beverages Division)

- Divisional FY19 performance influenced by:
  - $3.7m margin reduction on loss of key customers in the independent contract roasting sector, particularly in Victoria;
  - $14.8m revenue and $0.8m EBITDA reductions following cessation of capsule business in FY18;
  - Decreased earnings on international roasting operations (NZ & USA).
- Di Bella Coffee segment underlying EBITDA excludes contribution from Di Bella Coffee to supply franchisees, contributing $16.1m across domestic and international franchise network.
- Di Bella Coffee Operational focus:
  - Following management renewal within the Division, the focus is to capitalise on the brand equity which exists in Di Bella Coffee, and pursue organic growth opportunities in the domestic and international coffee markets;
  - To be complemented by streamlining of business cost base as the Group's major restructuring activity is progressed.

	FY19	FY18	% Change
Revenue	$35.8m	$53.7m	(33.3%)
EBITDA(1)	$3.5m	$8.1m	(56.8%)
EBITDA Margin	8.7%	15.0%	

(1) Underlying. Includes $0.1m impact of AASB 15 adoption

MANUFACTURING & DISTRIBUTION DIVISION

(formerly Commercial)

	FY19	FY18	% Change
Revenue			
Foodservice	$53.6m	$82.7m	(35.2%)
Dairy Country	$99.5m	$68.3m	45.8%
Bakery Fresh(1)	-	$16.1m	-
TOTAL	$153.1m	$167.1m	(8.3%)
EBITDA(2)			
Foodservice	($4.7m)	$2.3m	(309.5%)
Dairy Country	$3.5m	$6.2m	(43.5%)
Bakery Fresh	-	$1.5m	-
TOTAL	($1.2m)	$10.0m	(112.3%)

(1) Excludes $12.7m of Bakery Fresh revenue not included in underlying operations
(2) Underlying.

> Divisional performance for FY19 attributable to:

- Foodservice: significant operational challenges arising subsequent to 2H18 integration of AFS into HPC facilities, resulting in reduction of FY19 sales revenue of $29.1m, increased operating costs on PCP, and failure to fully extract synergy opportunity;
- Dairy Country: increased revenues by $31.2m on PCP via increased processing volumes, offset by additional overhead costs of operating a second Dairy Country facility, and margin reduction on increased wholesale manufacturing sales;
- As foreshadowed, the non-profitable Bakery Fresh business ceased operation in May 2019.
- Hudson Pacific and Dairy Country held for sale, negotiations with interested parties currently underway.

> Operational focus:

- Remedial restructuring program and management renewal in Foodservice commenced FY19 to rectify operational issues and improve service levels;
- Tendering for additional production volumes with existing and new customers to drive economic returns from RFG's investment in second DC facility.

FY19 STRATEGY & OUTLOOK

SIX POINT PLAN

Business improvement will be driven by the successful implementation of RFG's Six Point Plan that focuses on business stabilisation, debt reduction and operational improvement amongst the Company's business units:

1. Re-focusing the Group on its core retail food franchise and coffee supply operations and divesting or discontinuing non-core business units;
2. Strengthening the Company's balance sheet to improve financial stability;
3. 'Right sizing' shared services resourcing, aligning resources closer to customers/franchisees, and implementing initiatives to consolidate supply chains for a more agile and efficient business;
4. Improving the health of the domestic franchise network through ongoing implementation of strategic initiatives, including a focus on product innovation, quality and marketing.
5. Leveraging Di Bella Coffee's competencies to profitably service the external customer base, while continuing to support RFG's franchise partners;
6. Driving growth in RFG's franchise business by leveraging a healthy network as a platform for new store sales and increased renewals, and capitalising on targeted international expansion opportunities, particularly in Asia.

OUTLOOK

- While the retail industry continues to provide its challenges, RFG is beginning to observe the positive impacts of the vast business improvement measures being implemented throughout the Group as part of its turnaround strategy.
- Management remains focused on the execution of RFG's Six Point Plan to continue to stabilise performance.
- RFG continues to explore options to reduce debt – definitive decisions yet to be made.
- Continued rollout of RFG's new marketing and product strategy, with potential impact of this initiative expected to materialise throughout FY20.

APPENDICES

DEFINITIONS

BCD	Bakery/Café Division: Donut King, Michel's Patisserie, Brumby's Bakery
CRD	Coffee Retail Division: Gloria Jean's, Café2U, The Coffee Guy, It's A Grind, bb's Café, Esquires Coffee
MANUFACTURING & DISTRIBUTION	Hudson Pacific Foodservice, Associated Foodservice, Bakery Fresh, Dairy Country (formerly referred to as Commercial Division)
DBC	Di Bella Coffee: Franchise supply; specialty roasting; in-home/grocery; contract roasting
GFR	Gross Franchise Revenue
MAT	Moving Annual Turnover
MOBILE	Café2U, The Coffee Guy
NWS	Network Sales
PCP	Previous Corresponding Period
QSR	QSR Division: Crust Gourmet Pizza Bar, Pizza Capers
SSS	Same Store Sales
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
NPAT	Net Profit After Tax
EPS	Earnings Per Share