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ASX RELEASE

GROUP RESULTS FY25 AND OUTLOOK

Tuesday, 24 June 2025: Collins Foods Limited (ASX: CKF) announced its results for the full year ended 27 April 2025 (FY25), a period which included a challenging first half but with an improved performance in the second half.

Group FY25 results* - solid underlying result in a challenging market

- Revenue from continuing operations[1] up 2.1% to a record $1,519.5 million (FY24: $1,488.9 million) with growth in Australia partially offset by softness in Europe. Performance reflected difficult, albeit improving, conditions in Australia and Europe.
- Underlying[2] EBITDA from continuing operations[1] flat at $228.5 million (FY24: $229.8 million), despite soft economic conditions and cost inflation, especially in H1.
- Underlying[2] EBIT from continuing operations[1] down 5.7% to $117.1 million (FY24: $124.1 million), reflecting flat EBITDA and higher depreciation charges.
- Underlying[2] NPAT from continuing operations[1] down 14.8% to $51.1 million (FY24: $60.0 million), as a result of lower EBIT.
- Statutory NPAT down 88.5% to $8.8 million, inclusive of $40.8 million in restaurant impairments and $3.2 million provision for potential wage underpayments. Statutory NPAT of $76.7 million in FY24 benefitted from a $20.2m gain from Sizzler Asia sale.
- Strong net operating cash flows of $181.4 million (FY24: $176.4 million) enabled significant investment in restaurant network and technology, as well as a reduction in net debt to $137.9 million (FY24: $165.5 million).
- Net Leverage Ratio[3] down to 0.93 (FY24: 1.07) leaving the Group with significant capacity to invest in future growth opportunities.
- Fully franked final dividend of 15.0 cents per ordinary share (cps) declared; total FY25 dividend of 26.0 cps fully franked (FY24: 28.0 cps fully franked.)

Commenting on Collins Foods' FY25 results, Managing Director and CEO, Xavier Simonet, said:

"In FY25, we sharpened our priorities to focus on same store sales growth and profitable network expansion in Australia and Europe. Our teams delivered a resilient performance this year in a challenging consumer environment. While trading conditions were subdued, particularly in the first half, the strength of the KFC brand held firm. Market share increased in both Australia and the Netherlands, underpinned by improvements in brand health, compelling marketing campaigns, product innovation, everyday value initiatives, and a heightened focus on operational excellence.

"Encouragingly, tax cuts and lower interest rates are beginning to support improvements in consumer sentiment, with same store sales improving in the second half in Australia and the Netherlands. Growing sales, deflation in key input costs in Australia, and operational efficiency gains assisted in delivering a stronger H2 performance with revenues, EBITDA and EBIT all up on the prior year.

* Note: All figures are presented on a post AASB 16 basis, unless otherwise stated.

[1] Represents continuing operations, FY24 comparatives excludes Sizzler Asia.
[2] Underlying results excludes impairments, wage compliance provision, Taco Bell closure and net investment hedge
[3] Net Leverage Ratio stated on pre AASB 16 basis consistent with measurement criteria in Syndicated Facility Agreement.

"Our business continued to generate exceptional cash flows, and combined with a disciplined approach to capital deployment, has ensured we remain in a very strong financial position with the flexibility and capacity to invest in future growth."

KFC Australia

- Revenue up 3.0% to $1,154.2 million (FY24: $1,121.0 million)
- SSS growth[4] of +0.3% (FY24: +3.8%)
- Underlying EBITDA up 0.5% to $222.6 million (FY24: $221.4 million) at a margin of 19.3% (FY24: 19.8%)
- Underlying EBIT of $146.2 million (FY24: $149.7 million) at a margin of 12.7% (FY24: 13.4%)

KFC Australia revenue increased 3.0% over the prior year to a record $1,154.2 million, benefitting from new restaurants, strong digital growth, product innovation, and operational excellence. Revenues in the second half of the year were 3.2% higher than the same period last year, with SSS improving to 0.6%. Modest SSS growth, and commodity cost deflation in the second half, assisted an underlying EBITDA increase of 0.5% over the prior corresponding period to $222.6 million, with margins down 46 basis points. Underlying EBIT of $146.2 million was down 2.4% on the prior year, reflecting higher depreciation in line with restaurant portfolio growth.

Digital[5] channels accounted for 34.2% of total sales in FY25, up from 29.4% for the same period last year, driven by increased app adoption and greater kiosk availability. The KFC brand continued to modernise, leveraging the new "FLG" marketing campaign and core product innovations including Waffle Double Chicken and Zinger Nachos to introduce the brand to new consumers. Returning favourites The Slab and Tower Burger encouraged brand engagement, targeting light and lapsed users at higher price points. Brand initiatives like these enabled KFC to maintain market share with the highest QSR brand index[6], essential in advance of a consumer-led recovery.

Collins Foods continued to invest in its Australian KFC network in FY25, opening 10 new restaurants and closing one, bringing its footprint to 288 nationally. A further 40 restaurants were remodelled, inclusive of 8 supercharged, unlocking operational capacity and improving customer experience. A further 7- 10 new restaurants are expected to be added to the network in FY26, and the Company remains on track to deliver 28-30 new restaurants by 2028. Continued investment in digital channels, including rolling out kiosks to more than 100 restaurants during the year, improved accessibility, contributing to sales growth.

Commenting on Collins Foods' KFC Australia's FY25 performance, Mr Simonet, said:

"Our KFC Australia team delivered another solid performance, building momentum in the second half of the financial year with same store sales accelerating and revenues up 3.2% over the prior corresponding period. KFC continues to lead the QSR sector on key brand metrics, achieving the highest level of consideration among key QSR peers - at a four-year high. Brand health was supported by modern brand campaigns, menu innovation, and continuing everyday value, underscoring the continued effectiveness of KFC's long-term brand and customer strategies."

KFC Europe

- Revenue down 0.4% to $312.3 million (FY24: $313.5 million)
- SSS growth of (2.7%) (FY24: +4.9%)
- Underlying EBITDA down 7.5% to $39.4 million (FY24: $42.5 million) at a margin of 12.6% (FY24: 13.6%)
- Underlying EBIT of $7.6 million (FY24: $12.1 million) at a margin of 2.4% (FY24: 3.9%)

KFC Europe revenue of $312.3 million was down slightly on the prior year. This reflected challenging market conditions driven by cost-of-living pressures, the war in Ukraine impacting costs, and the Middle East conflict impacting sentiment towards American brands, primarily in the Netherlands. Further, development and access to high traffic sites in the Netherlands were impacted by a challenging regulatory environment, zoning and permitting restrictions, and access to energy. As a result of lower profitability, 16 Netherlands restaurants were impaired with a non-cash impact of $35.0 million.

As in Australia, sales improved in H2 with European revenue up 2.3% over the prior year. While SSS declined in FY25 overall following two consecutive years of strong growth, SSS were stronger in H2 at (1.7)%. On a full-year basis, Netherlands SSS was (2.5%) (FY24: +4.3%) and Germany SSS (3.3%) (FY24: +6.4%). Sales in Germany were impacted by the transition of the management of the German market between Yum! Brands and the previous master franchisee.

[4] Using the same methodology as Yum! Brands.
[5] Digital channels comprised of delivery, web, app, kiosk, and click and collect.
[6] Data Source - YouGov Q1 2025. Brand Index is a derived metric reflecting avg score on Quality, Value, Reputation, Satisfaction, Recommend & Impression.

Underlying EBITDA declined 7.5% to $39.4 million due to subdued trading conditions in both markets, high labour and energy costs in the Netherlands, and variable performance across the Netherlands network. Lower EBITDA and higher depreciation on a growing network impacted underlying EBIT, down 37.1% over the prior year to $7.6 million.

Digital sales continued to perform well, representing 62.9% of sales in Netherlands and 66.7% in Germany, benefitting from continued investment in kiosks and third-party delivery channel services. Improved brand accessibility and customer experience supported market share gains in the Netherlands. Brand awareness increased to 70%[7] while consideration rose 0.9 percentage points over the same period last year[8].

Taste and innovation were key drivers of improved brand metrics with KFC continuing to lead the market on best tasting chicken[9]. New products, Kipsalon and Lava Sauce, catered to consumer demand for innovation and value, with these higher-margin products also supporting the bottom line. Brand health and operational excellence will be key drivers of SSS growth and improved profitability moving forward.

Collins Foods added 4 new restaurants to its Netherlands portfolio in FY25, with one closure, bringing its European footprint to 78 restaurants.

Despite being subscale, average restaurant revenues in Germany of $4.4m in FY25 and margins are comparable to KFC Australia (Germany EBITDA margin of 21.3%, Australia 21.2%; Germany EBIT margin 13.4%, Australia 14.6%). Encouragingly, there is significant investment in capability, including marketing, by Yum! Brands after a period of instability.

On performance, Mr Simonet, said:

"Despite navigating challenging conditions in Europe in recent periods, consumer sentiment appears to be stabilising. New products and impactful brand campaigns have positioned KFC as a modern and distinctive brand in Europe. Improved perceptions around taste, quality and value are also contributing to market share gains in the Netherlands.

"Our immediate priority is leveraging brand and operational performance to drive sales, productivity and profitability in the Netherlands. In Germany, our recent binding agreement with Yum! Brands will allow us to accelerate restaurant development in an under-penetrated market, where unit economics are strong, despite the market's relative instability over the last few years. Initially, we are focused on two large German states with significant development potential - North Rhine Westphalia and Baden-Württemberg - where a single KFC restaurant currently services 391,000 and 407,000 people respectively (as compared to 34,000 in Australia). In time, we will look at penetrating other states with targeted acquisitions and development. We look forward to leveraging our operational expertise to scale this market, working with Yum! Brands to build KFC as a powerhouse QSR brand in Germany."

Taco Bell

- Revenue down 2.5% to $53.0 million (FY24: $54.4 million)
- Underlying EBITDA of $(1.6) million (FY24: $(0.7) million) at a margin of (3.0)% (FY24: (1.3)%)
- Underlying EBIT of $(1.7) million (FY24: $(1.2) million) at a margin of (3.2)% (FY24: (2.1)%)

Taco Bell delivered revenue of $53.0 million, slightly lower than FY24, impacted by a weaker consumer environment. Digital accounted for almost a third of all sales, in line with the same period last year. EBITDA at a restaurant level was $1.7 million, reflecting lower sales, cost inflation and higher marketing investment.

Discussions with Taco Bell International to transition the business to new ownership are ongoing. Collins Foods is aiming to complete the transition within 12 months, subject to formal terms being agreed. If a new operator cannot be identified or an agreement cannot be reached, other exit options will be explored.

Cash flow and dividends

Collins Foods remained highly cash generative in FY25 with operating cash flow of $181.4 million and cash conversion strong at 120.2%. Investing cash outflows of $67.9 million, inclusive of $65.8 million capex, reflects network and digital investment. This included $26.1 million on remodels and $17.4 million for new restaurants.

Financing cash outflows of $78.0 million included $10.0 million in debt repayments (FY24: $41.0 million), and $42.2 million in lease principal payments.

Taking into consideration Collins Foods' FY25 performance and strong balance sheet, the Board declared a fully franked final dividend of 15.0 cents per ordinary share. The final dividend will have a record date of 8 July 2025 and payment date of 5 August 2025. This brings the total FY25 dividend declared to 26.0 cps fully franked (FY24: 28.0 cps fully franked).

[7] Data Source - YouGov Unaided Awareness April 2025.
[8] Data Source -YouGov Consideration April 2025.
[9] Data Source -YouGov Taste (incl. best tasting chicken) April 2025.

Remediation of unpaid entitlements

Collins Foods is committed to meeting its obligations under the Fair Work Act, recognising that people are at the heart of the business. The Company is reviewing historical employment and wage data over an eight year period to determine whether employees may have been entitled to additional payments. As a result, the provision for wage compliance has been increased to $7.9 million pre-tax (2024: $2.7 million pre-tax) to recognise the expected costs of potential unpaid entitlements.

Collins Foods is constructively and proactively liaising with the Fair Work Ombudsman in relation to these matters and is committed to fully remediating any impacted team members.

Outlook

While market conditions remain challenging, H2 performance was markedly stronger than H1 with absolute revenue, EBITDA and EBIT all up on prior year. Pleasingly, sales growth in the first eight weeks of FY26 improved again with KFC total sales up 4.9% in Australia, 2.6% in the Netherlands and 2.4% in Germany. KFC SSS for the same period was 1.6% in Australia, (0.2)% in the Netherlands and 1.3% in Germany.

Collins Foods remains focused on operational excellence to further improve customer engagement and grow sales, while labour productivity and disciplined cost management is expected to deliver margin improvement. KFC Australia will continue to benefit from deflation across some product inputs categories while other inputs are expected to grow broadly in line with inflation. Pressure on European poultry costs, due to avian flu, is expected to continue in FY26.

In FY26, Collins Foods is targeting year-on-year group underlying NPAT (post AASB16) growth in the low to mid-teens (percentage basis).

Commenting, Managing Director and CEO, Xavier Simonet said:

"Our H2 FY25 performance was very encouraging. In FY26, we will be laser focused on strengthening operational performance, driving same store sales growth and margin improvement. Easing cost-of-living pressures provide a supportive backdrop for growth, while deflation in Australian input costs, particularly chicken and potatoes, and efficiency gains will assist in driving a higher margin.

"We're doubling down on growth with further investment in network expansion and modernisation in Australia, elevating the customer experience to support brand health, which is key to lifting sales. In Europe, we will balance near-term optimisation with long-term opportunity. Innovation and operational excellence is expected to assist in lifting the profitability of our Netherlands portfolio while Germany, our second strategic growth pillar, provides an exciting opportunity to deliver profitable scale.

"Finally, the cash-generative nature of our business and our strong balance sheet provide us with plenty of capacity to invest in future growth opportunities."

Investor conference call today

A briefing for investors and analysts will be held at 11:30am AEST today. Participants can register for the briefing session via: https://s1.c-conf.com/diamondpass/10047767-la8tbc.html

Please select either the "Teleconference" tab for audio participation only or "Webcast" to also view the slide presentation. Please note that registered participants will receive a calendar invite once registration is complete. Registered participants for the Teleconference will also receive their dial in number upon registration.

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Authorised for release by the Board.

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