The Restaurant Group plc

Full year results presentation

52 Weeks to 31 December 2017

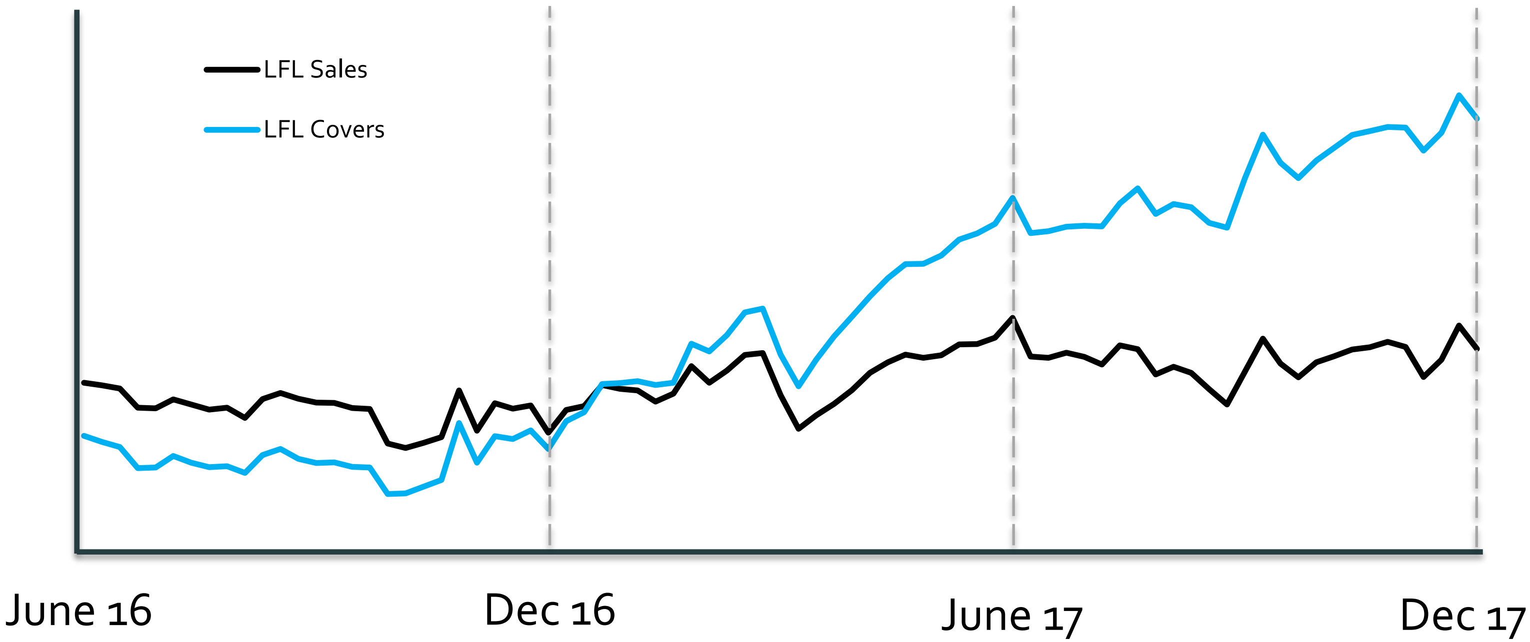
Continued good progress on strategic initiatives

- Proposition enhancements in Frankie & Benny's are improving volume momentum
- Good progress across other Leisure brands
- Pubs business continues to outperform the market and pipeline of new opportunities further strengthened
- Concessions business expanding into new infrastructure hubs, and with relevant new brands
- Cost reduction programme of £10m delivered ahead of plan, enabling reinvestment in Leisure business
- Enhanced senior leadership team in place

Progressively improving volume momentum in our Leisure business

Leisure business

YoY, 6 month moving average



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Financial review

Financial highlights

	2017 FY 52 weeks £m	2016 FY 53 weeks £m	% Change
Revenue	**679.3**	710.7	(4.4%)
Like-for-like %			**(3.0%)**
EBITDA*	**95.1**	121.0	(21.4%)
*EBITDA margin %**	***14.0%***	*17.0%*	
EBIT / Operating profit*	**58.6**	79.2	(26.0%)
*Operating margin %**	***8.6%***	11.1%	
PBT*	**56.7**	77.1	(26.4%)
Earnings per share*	**22.3p**	30.0p	(25.7%)

* Adjusted (pre-exceptional charge)

Total sales decrease on a 52 week basis is (1.8%)

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Exceptional charges FY 2017

	Onerous lease provisions £m	Impairment of property, plant & equipment £m	Restructuring costs £m	Total £m
Closed sites	(2.7)	0.4	-	**(2.3)**
Distressed/closure sites	6.9	3.8	-	**10.7**
Restructuring	-	-	4.8	**4.8**
2017 Exceptional charge	**4.2**	**4.2**	**4.8**	**13.2**

- Successfully exited 21 out of 41 closed sites in FY2017
- Restructuring costs in line with expectations
- Additional onerous lease and impairment provision due to specific trading in certain locations

Cost headwinds expected FY 2018

	£m
NLW / NMW / Apprentice levy/Auto-enrolment	**4-5**
Rent and rates	**4-5**
Purchase cost inflation	**4-5**
Sugar tax	**1**
Utilities	**3**
Total	**16-19**

- Continue to focus on cost efficiencies and expect to mitigate c.50% of 2018 cost increases via:
  - Continuing to leverage purchasing scale
  - Improved labour scheduling and deployment
  - Overhead savings

Capital expenditure and development

	2017 FY £m	2016 FY £m
Development expenditure	**18.4**	28.8
Refurbishment and maintenance expenditure	**10.2**	23.6
Technology investment	**4.7**	2.6
Total fixed asset additions	**33.3**	55.0
Number of new units	**17**	24

- Maintenance capital expenditure decreased year-on-year due to:
  - £7m bars to covers conversion programme in 2016
  - Re-phasing of major refurbishment projects into 2018
- Openings in 2018 will be between 16 to 20, and will predominantly be within Pubs and Concessions
- 2018 development capital expenditure – £24m to £30m
- 2018 refurbishment and maintenance capital expenditure – £20m to £25m

Cash flow

	2017 FY £m	2016 FY £m
Adjusted operating profit*	**58.6**	**79.2**
Working capital and non-cash adjustments	**12.5**	1.1
Depreciation	**36.5**	41.8
Cash inflow from operations	**107.6**	**122.1**
Net interest paid	**(0.7)**	(0.8)
Tax paid	**(7.1)**	(16.2)
Maintenance capital expenditure	**(14.9)**	(26.2)
Free cash flow	**84.9**	78.9
Development capital expenditure	**(18.4)**	(28.8)
Movement in capital creditor	**(5.9)**	(10.3)
Dividend paid	**(34.9)**	(34.9)
Utilisation of onerous lease provisions	**(12.7)**	(3.3)
Exceptional restructuring costs	**(6.8)**	(3.8)
Other items	**0.5**	2.3
Cash inflow	**6.7**	0.1
Net bank debt at start of year	**(28.3)**	(28.4)
Net bank debt at end of year	**(21.6)**	(28.3)

** Adjusted (pre-exceptional charge)*

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Balance sheet and key ratios

Balance Sheet	As at 31 December 2017 £m	As at 1 January 2017 £m
Net assets	201.9	201.6
Net bank debt	(21.6)	(28.3)

- Revolving £140m credit facility committed to June 2020
- EBITDA interest cover (12 months): 66x (2016: 60x), covenant >4x
- Net debt to EBITDA (12 months): 0.2x (2016: 0.2x), covenant <3x
- Fixed charge cover (12 months): 2.1x (2016: 2.4x)

Dividend	2017 FY	2016 FY
Full year dividend	17.4p	17.4p

- Full year dividend maintained reflecting the Board's continued confidence in delivery of the plan

Business review

Our plan

1. Re-establish competitiveness of our Leisure brands
2. Serve customers better and more efficiently
3. Grow our Pubs and Concessions businesses
4. Build a leaner, faster and more focused organisation

Re-establishing competitiveness of Frankie & Benny's

Frankie & Benny's

Restored value credentials

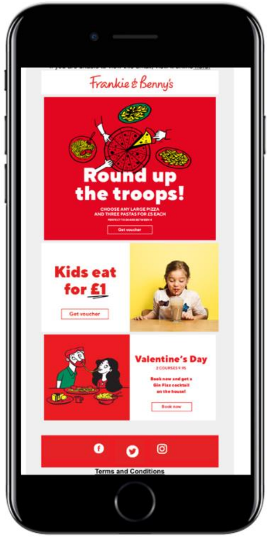
- Significant investment in core menu price:
  - Mains entry prices reduced by 26%
  - LFL mains prices reduced by 7%
- Re-introduced £9.95 two-course value menu, lowest price for six years
- Strengthened partnerships with value affiliates
- Intensified promotional activity

Deepened the distinctiveness of offer

- Upgraded menus to amplify appeal to core family audience
- Improved ingredients quality
- Introduced popular new dishes
- 10 sites piloted for restaurant 'capital refresh'

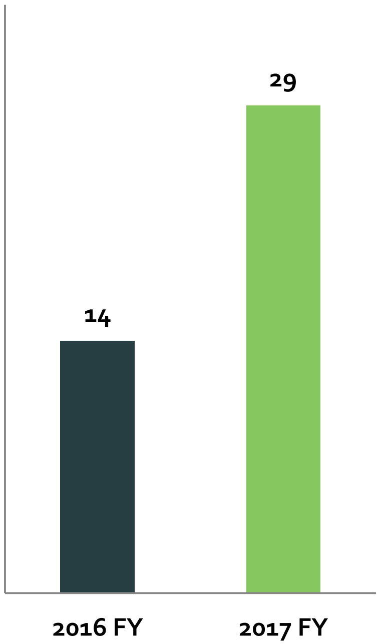
Marketing to attract back lapsed customers

- Launched refreshed brand look and feel
- Upgraded website and app
- Improved digital listings
- Integrated online / offline media campaigns



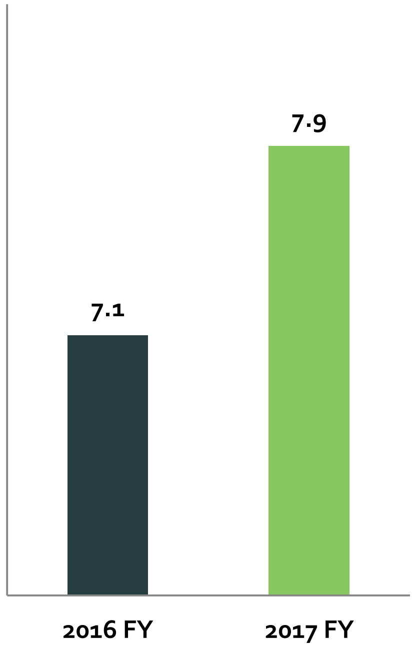
Customers are recognising improvements

NPS*



Source: MCA

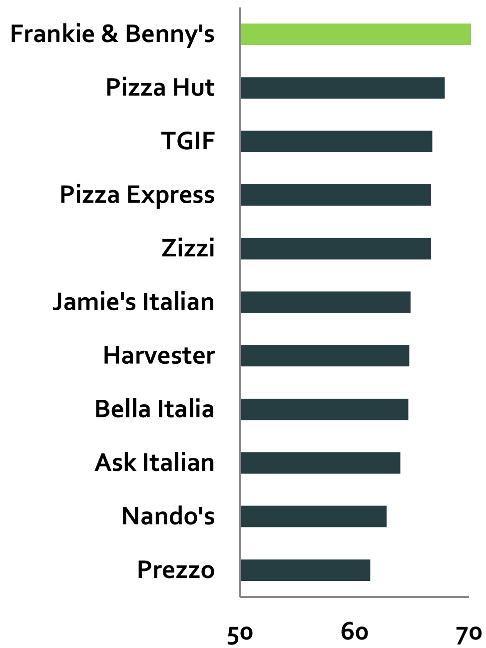
Value for Money*



Source: MCA

Kids' menu

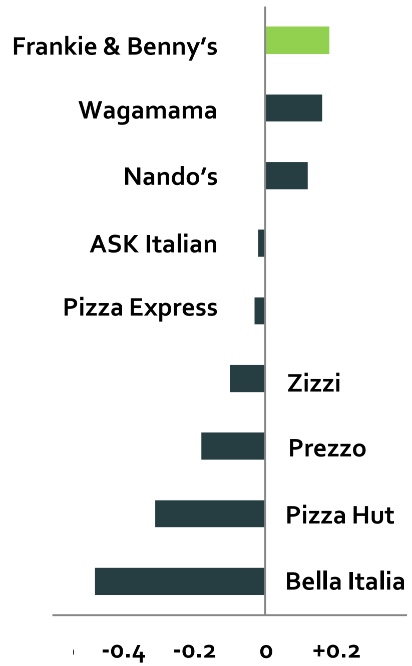
(Rating Q4 2017)



Source: Morar/BrandVue

Revisit intention scores

(Change 2017 vs 2016)



Source: MCA

*MCA independent results; rolling 12 months rating

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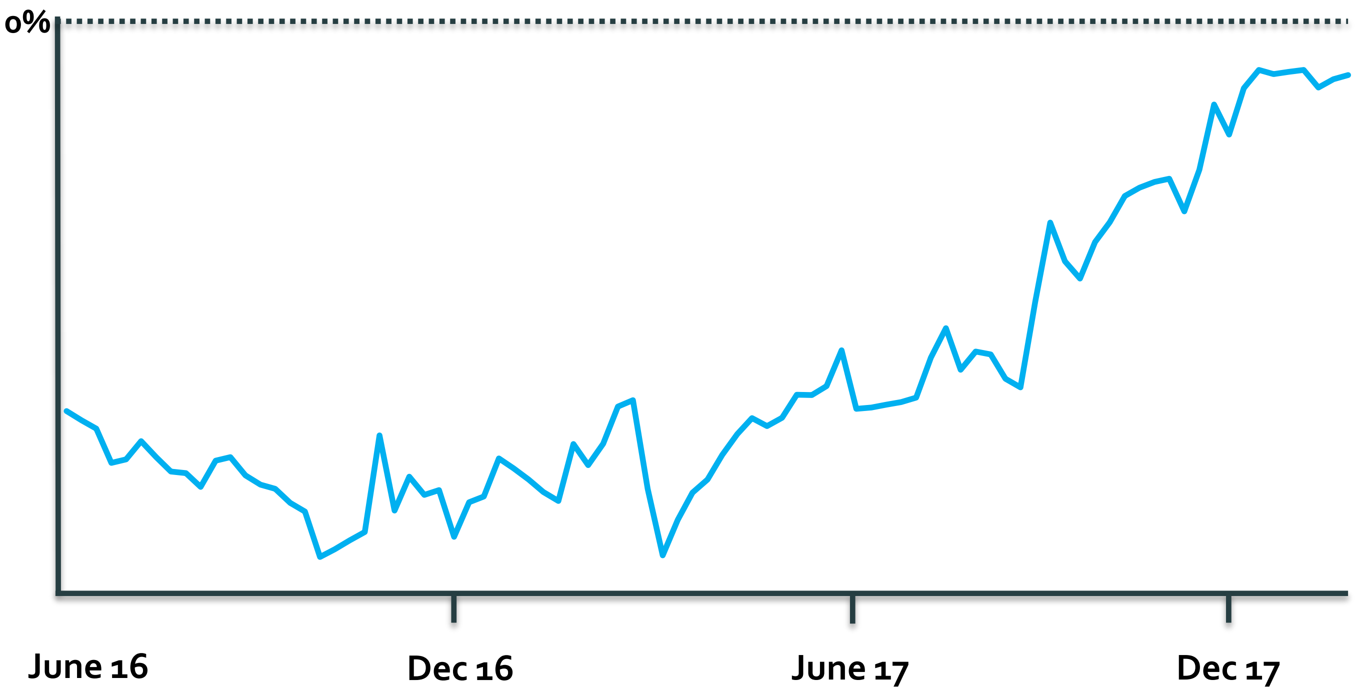
Volume momentum is progressively improving

Frankie & Benny's

Frankie & Benny's LFL covers

YoY, 6 month moving average



- Improved volume momentum
- Brand is taking volume share:
  - Coffer Peach restaurants LFL –0.5% Aug 17 – Jan 18
  - 3.5% average LFL price increases over last six months by top casual dining brands

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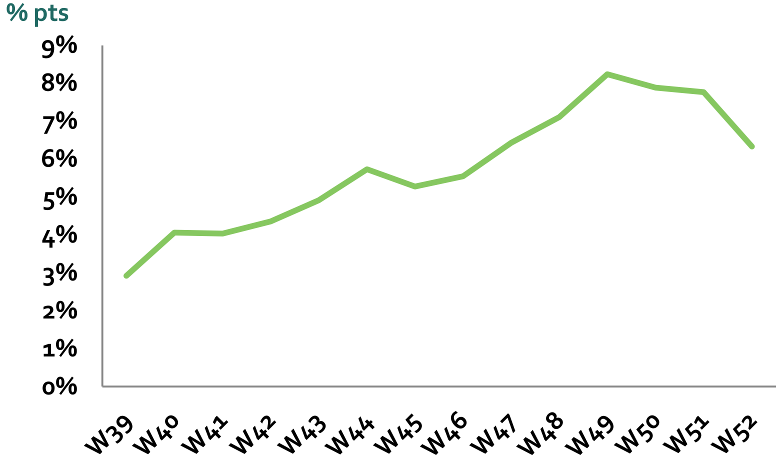
Re-establishing competitiveness of other Leisure brands

CHIQUITO RESTAURANT BAR & MEXICAN GRILL

LFL Covers* of 'trial' menu vs old 'core' menu



**6 week moving average*

- New menu rolled out across the estate in January 2018:
  - Better value
  - Improved accessibility
  - Greater customisation options
- Retrained service standards
- Strengthened operations leadership team

COAST TO COAST American Restaurant & Bar

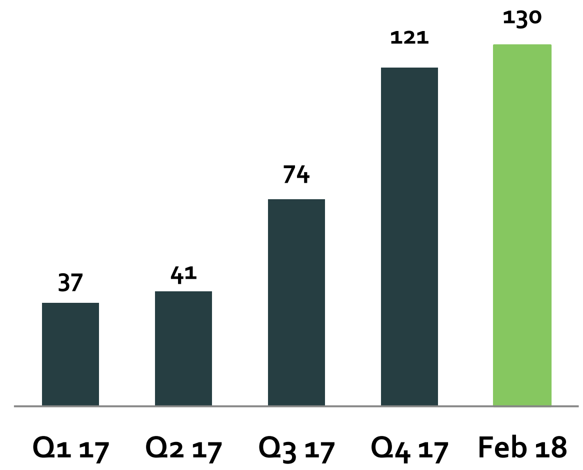
- Continued improved trading momentum via discounting
- 'Firejacks' new concept site trading well

FIREJACKS

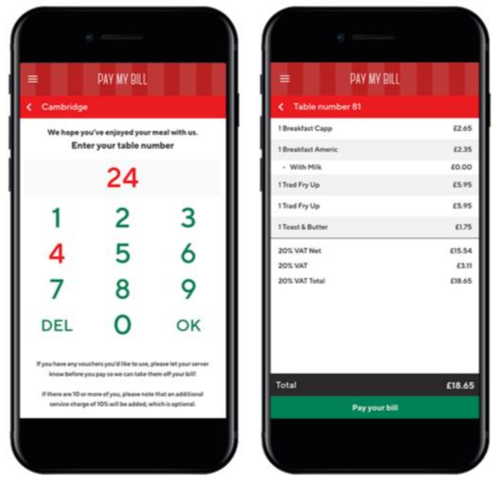
Serving customers better and more efficiently

- **Continued optimisation of labour management:**
  - Deployment of labour scheduling tool
  - More flexible working practices
  - 7% reduction in labour cost per cover in the Leisure business*
- **New service standards rolled out across Leisure business**
- **Increased focus on convenience solutions for customers:**
  - Increased penetration with Deliveroo
  - Trials underway with UberEats and Just Eat
  - Trialling new 'virtual' delivery brand
  - Click and collect functionality successfully trialled and rolling out in Q2 to Leisure business
  - Pay with app functionality, facilitating faster payment, rolling out by end of Q1
  - Integrated to OpenTable as a booking partner

of sites on Deliveroo



Pay with app functionality



** Year-on-year (H2 17 vs H2 16)*

Leisure brands: next steps

Proposition

- New Frankie & Benny's menu:
  - Improved healthy range
  - Extended vegetarian and vegan options
  - Innovative desserts
  - Optimised pricing
- Further delivery rollout

Marketing

- New CRM platform enabling targeted customer contact
- Upgraded social media activity
- Extended affiliate partnerships
- Introduction of limited time offers

Operational effectiveness

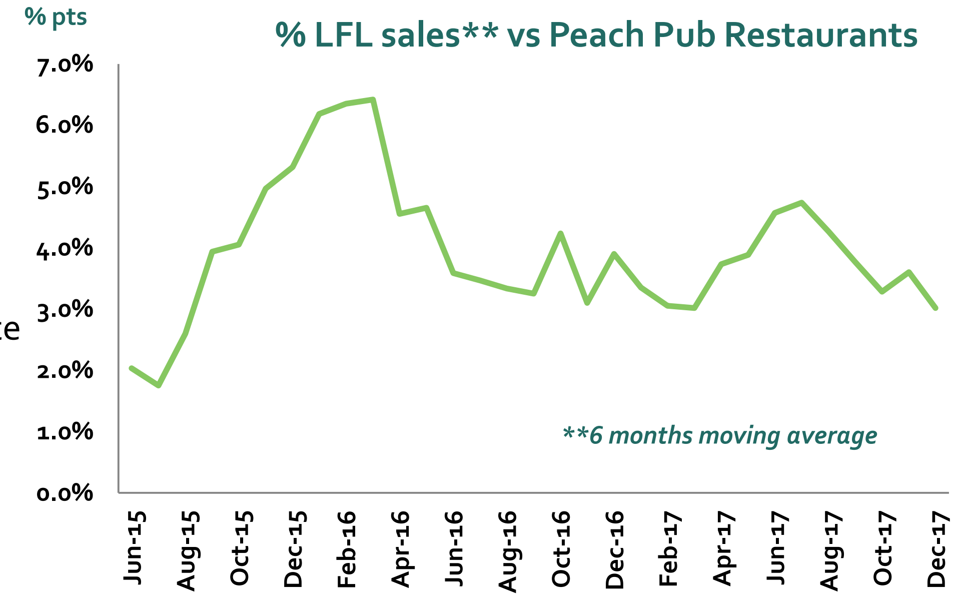
- Investment in more granular customer feedback tools
- Further optimisation of service standards

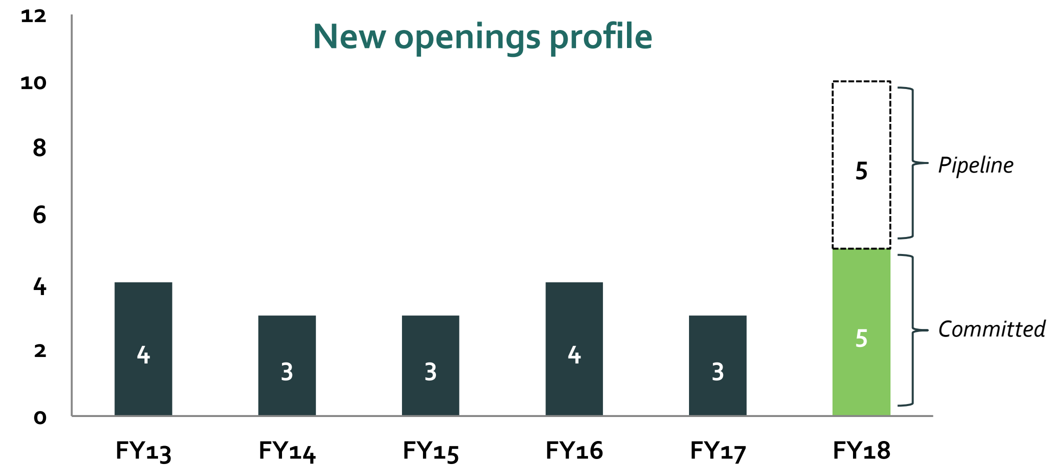
Capital investment

- Optimisation and potential further investment in Frankie & Benny's site refreshes
- Conversions of more Coast to Coasts to Firejacks

Growing our Pubs business

- **Leading performer in the market:**
  - 61 high quality premium food-led pub restaurants
  - Differentiated proposition
- **Attractive economics:**
  - Recent openings (2013-2016) consistently generate >20% EBITDA returns*
  - Freehold asset backed in excess of £80m
- **Further opportunities to grow LFL sales:**
  - Improved price architecture
  - Exploiting breakfast and afternoon tea
  - Improved bookings optimisation driving more volume
- **Growing our pipeline of new openings:**
  - Accelerated expansion programme
  - Extending geographic footprint
  - First foray into rooms





*EBITDA returns based on leasehold ownership at 7% yield

3

Growing our Concessions business

trg concessions
a division of the restaurant group plc

- **57 units**
- **Attractive market dynamics:**
  - Air passenger growth 6% CAGR over the last four years
  - Airports increasingly investing in terminals, capacity and offer quality
- **Grow LFL sales:**
  - Underlying trading continues to be strong
  - Improved passenger throughput with use of technology
  - Optimising use of existing space
  - Continuous menu optimisation
- **Growing our business:**
  - Entry into new airport and transport hubs
  - Accelerated brand portfolio development
  - Expect to open c.10 new concession sites in FY18

Edinburgh Barburrito

New brand partnerships

SPUNTINO

BREWDOG

4

Build a leaner, faster and more focused organisation

- **£10m savings in 2017:**
  - Restructured central head office roles and streamlined field operations structure
  - Centralised purchasing to leverage Group scale through rationalisation of suppliers
  - Reduced overheads including improved energy management and supplier pricing

- **Strengthened team now in place:**
  - Balance of hospitality and other consumer sector experience
  - Improved analytical and customer insight capability across the organisation

- **Future initiatives:**
  - Ongoing efficiencies identified in overhead costs through continuing consolidation of suppliers
  - Further labour efficiency expected through improving labour deployment
  - Transition to new logistics partner in 2019 to maximise supply chain opportunities, including waste and recycling

Summary

- Leisure improvements are progressing on track
- Customers are responding to our changes
- Pubs and Concessions growth accelerating to plan
- Fundamentally leaner and more focused business in 2018
- Current trading broadly in line with our expectations
- Dividend maintained reflecting the Board's continued confidence in delivery of the plan

Q&A