The
Restaurant
Group plc

Half year results presentation

26 Weeks to 28th June 2020

Agenda

1.	**Introduction**	Andy Hornby (CEO)
2.	**H1 2020 Results**	Kirk Davis (CFO)
3.	**Trading and operational update**	Andy Hornby
4.	**Q&A**	Andy Hornby and Kirk Davis

Decisive actions taken in response to Covid-19

Lockdown of the business

- Closed all restaurants and pubs from 20 March 2020
- Formed core team to run the business and prioritised critical and time-sensitive actions

Cost mitigation

- Reduced monthly cash burn to a maximum of c.£3.5m
- Significant reduction in the capital expenditure of the Group by £40m in FY20

Behaving responsibly

- Safeguarding colleagues and customers
- Executive pay cuts
- Community initiatives

Shareholder support

- Equity placing to raise c.£55m

Lender support

- Increased debt facilities by £25m and secured 6 month extension on the RCF
- Obtained covenant waivers for 2020

Restructuring the estate

- Placing Chiquito Limited and Food & Fuel Limited into administration
- CVA of TRG UK Limited (primary operator of the Frankie & Benny's brand)

Successful re-opening strategy

- Phased re-opening
- Strong operational procedures

Post restructuring: Higher quality, diversified estate

	Estate at YE 2019	Administrations	CVA	Closures**	Expected Retained Estate***
Wagamama UK	148 (23%)			(2)	146 (37%)
Leisure	350 (53%)	(45)	(128)	(35-40)	c.140 (35%)
Pubs	84 (13%)	(7)		-	77 (19%)
Concessions*	71 (11%)			(36-41)	30-35 (9%)
Total	653	(52)	(128)	(73-83)	c.400

* Subject to negotiation with airport partners
** Net of any new openings this year
*** Expectations as at October 2020

Post-lockdown trading: Encouraging performance to date

LFL sales (%)
for the 11 weeks from July 4th to 20th September 2020 (Q3)

	% of sites reopened*	LFL Sales	*Performance vs Market***
Wagamama	*90%*	**+11%**	*+5%*
Leisure	*90%*	**+4%**	*Broadly in line*
Pubs	*100%*	**+14%**	*+20%*
Concessions	*40%*	**(58)%**	*+15%*

*** Sites reopened as at 20th September 2020**
****Market refers to Coffer Peach tracker for restaurants (Wagamama and Leisure benchmark), Coffer Peach tracker for pub restaurants (TRG Pubs benchmark), and air passenger growth (Concessions benchmark)**
Coffer peach numbers represent the weighted average of weekly numbers (internal calculation)

H1 2020 Results

Group financial summary

	2020 HY £m (IFRS 16)	2020 HY £m (IAS 17)	2019 HY £m (IAS 17)
Revenue	227.2	**227.2**	515.9
EBITDA*	18.9	**(18.3)**	61.4
*EBITDA margin %**	*8.3%*	***(8.1%)***	*11.9%*
EBIT / Operating (loss)/profit*	(41.3)	**(38.9)**	36.5
*Operating margin %**	*(18.2%)*	***(17.1%)***	*7.1%*
(LBT)/PBT*	(62.6)	**(47.5)**	28.1
(Loss)/Earnings per share*	(11.2)p	**n/a**	4.5p

* Adjusted (pre-exceptional charge)

- Generated £16m of EBITDA (IAS 17 basis) in the first 2 months of the financial year, up 40% on last year
- H2 EBITDA will benefit from rent credits of £9m to £10m relating to the Leisure CVA and other landlord deals

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Group cash flow

	2020 HY £m (IFRS 16)	2019 HY £m (IAS 17)
Adjusted* (loss)/profit before tax	**(62.6)**	28.1
Non-cash items	**21.4**	8.0
Depreciation	**60.2**	25.0
Rent payments	**(11.2)**	-
Working capital	**(46.4)**	(8.8)
Operating cashflow	**(38.6)**	52.3
Net interest paid	**(7.7)**	(7.4)
Tax paid	**(2.8)**	(4.0)
Refurbishment and maintenance capital expenditure	**(10.0)**	(14.0)
Free cash flow	**(59.1)**	26.9
Development capital expenditure	**(14.4)**	(24.3)
Utilisation of onerous lease provisions	**-**	(6.7)
Exceptional costs	**(6.5)**	(20.7)
Proceeds from issue of share capital	**54.6**	-
Proceeds from disposals	**2.5**	-
Other items	**(0.7)**	(0.9)
Cash movement	**(23.6)**	(25.7)
Group net debt at start of period	**(286.6)**	(291.1)
Non-cash movement in net debt	**(0.7)**	-
Group net debt at end of period (IAS 17 basis)	**(310.9)**	(316.8)
Incremental lease liabilities (IFRS 16)	**(827.2)**	
Group net debt at end of period (IFRS 16 basis)	**(1,138.1)**	

Commentary

Analytical review:

- Working capital outflow relates to the unwind of supplier creditor terms during closure
- Net proceeds of c.£55m were raised from the equity placing in April
- Net debt (on an IAS 17 basis) reduced by £5.9m to £310.9m

IFRS 16:

- IFRS 16 Lease liabilities increase net debt by £827.2m
- No cash impact
- No impact on banking arrangements

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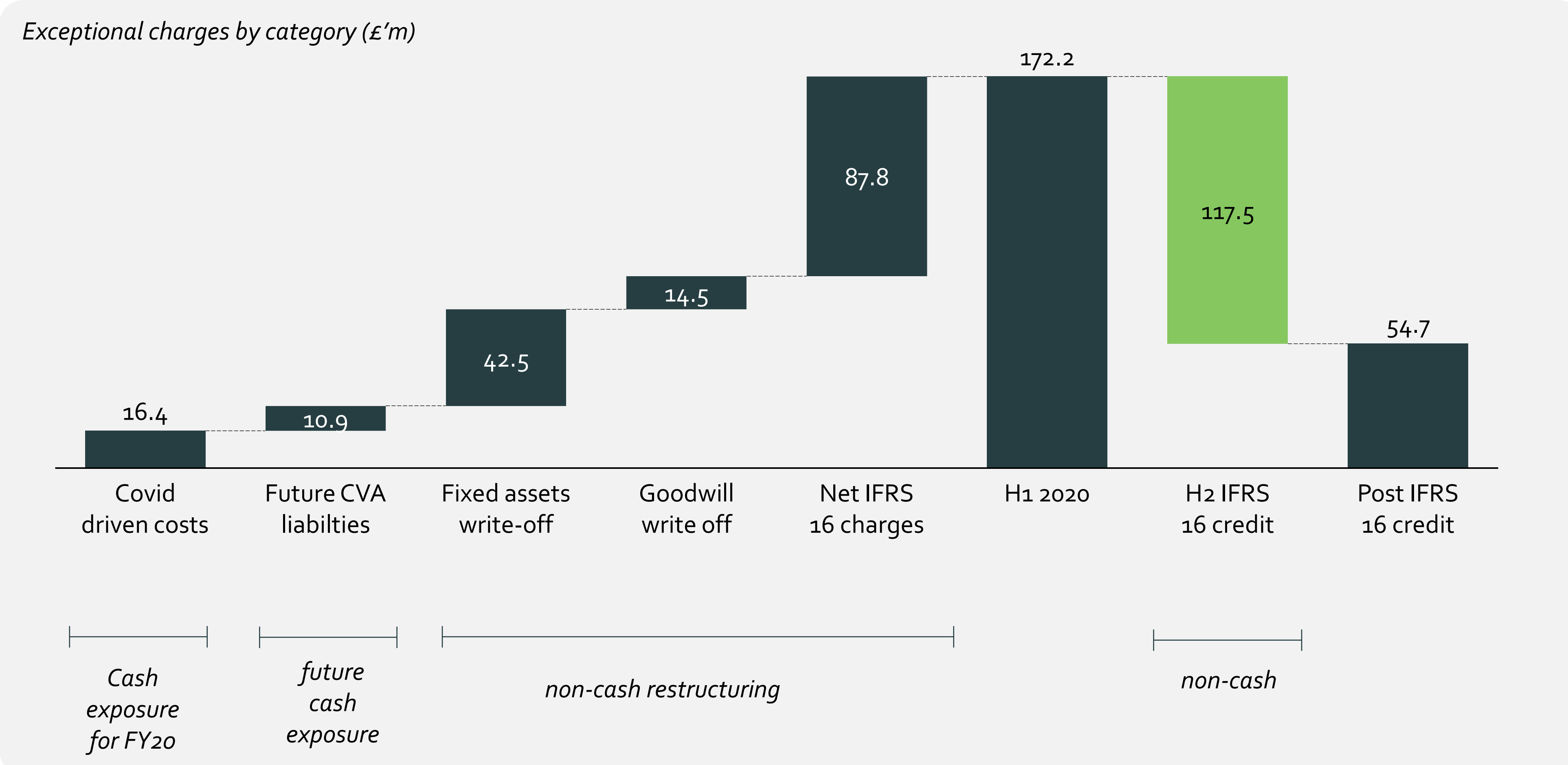
Group exceptional charges

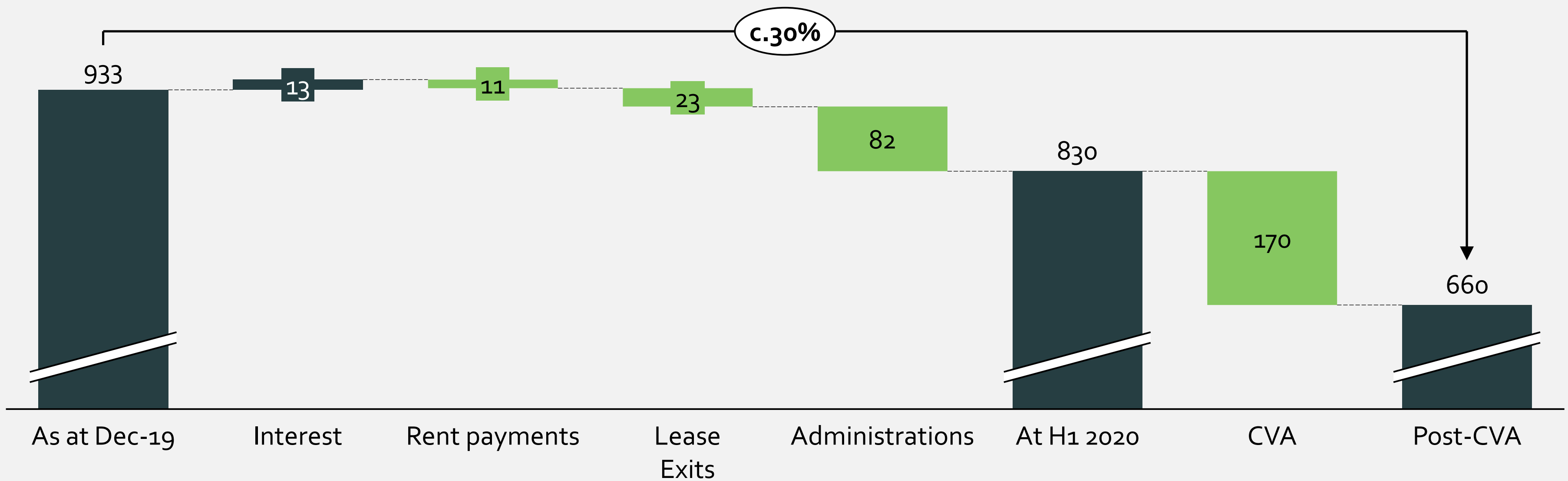
H1 2020 Exceptional Charges



Restructured leasehold portfolio: reduced lease liabilities, more flexible and improved rental structure

Lease Liability reduced by c.30%

Lease Liabilities (£'m)



Improved and more flexible rental structure

- Leisure CVA achieved a £9m reduction in annual base rents that are then subject to turnover rent top up payments
- Of our trading leasehold sites 50% are subject to turnover rent* (versus 25% previously**)

***For the period of the CVA (i.e. upto June 2022)**
**** Relates to the estate as at Dec 2019**

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Credit facilities and capital structure

Debt facility overview

(£'m)	YE 2019	HY 2020
Wagamama Bond	225	225
Banking Facilities	220	195
CLBILS	-	50
Total	**445**	**470**
Net Debt	287	311
Headroom*	c.160	c.160

Commentary

- **Revised banking arrangements**:
  - Covenant waivers achieved for June 2020 and December 2020
  - £160m RCF facility extended by 6 months to 30th June 2022
  - Wagamama Super Senior RCF increased with Santander to £35m from £20m
  - £50m CLBILS loan secured through Lloyds Banking Group expiring in June 2022
  - £225m Wagamama High Yield Bond maturing in July 2022
- **H1 actions show continued commitment to reduce debt**:
  - Capital expenditure reduced by £40m to £35m in 2020 , similar run-rate anticipated for 2021
  - Equity raised to provide additional liquidity
- **Significant cash headroom**

***Subject to minimum liquidity covenant of £50m**

Trading and operational update since reopening

Significant capacity coming out of Casual dining sector

Total closures of brands listed below representing c.30% capacity reduction to date

CHIQUITO
~70%

Carluccio's
~60%

AZZURRI GROUP
~25%

Frankie & Benny's
~50%

CDG casual dining group
~35%

wahaca
~35%

GOURMET BURGER KITCHEN
~15%

YO! sushi
~30%

Bill's
~30%

BYRON
~60%

PIZZA EXPRESS
~15%

Pizza Hut
~10%

Le Pain Quotidien
~40%

New market dynamics

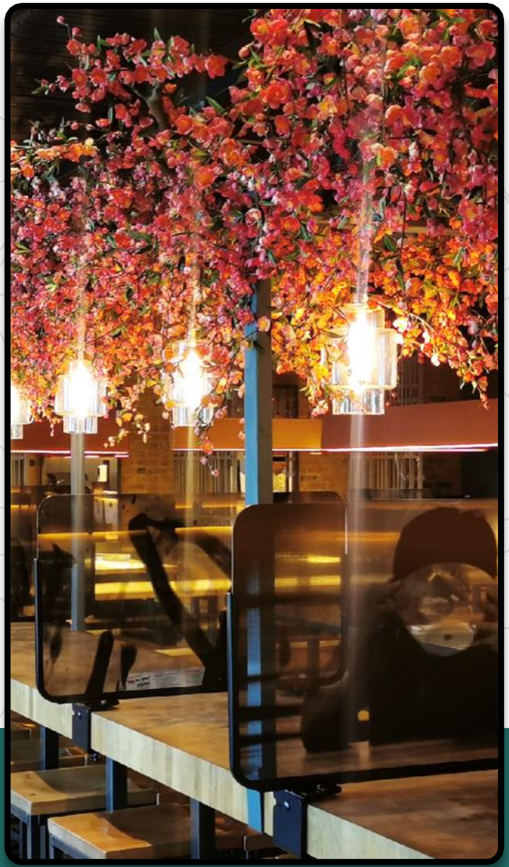
Revised commercial property leases

Improved availability of Labour supply

Off-trade channels becoming increasingly important

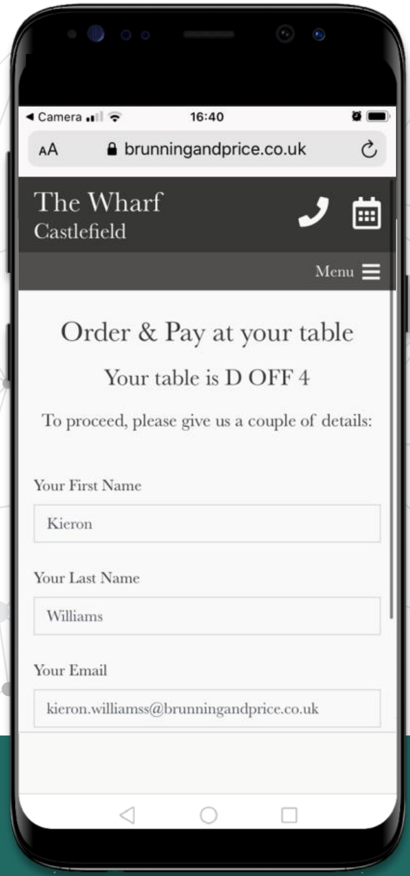
*Percentages shown under each brand logo refer to % of estate closed

Rigorous operational initiatives



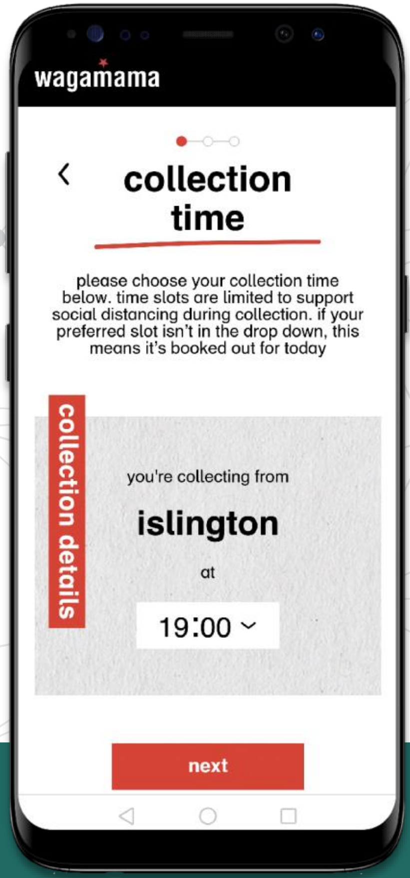
Safety

Wagamama sliding screens



Technology

Pubs pay at table

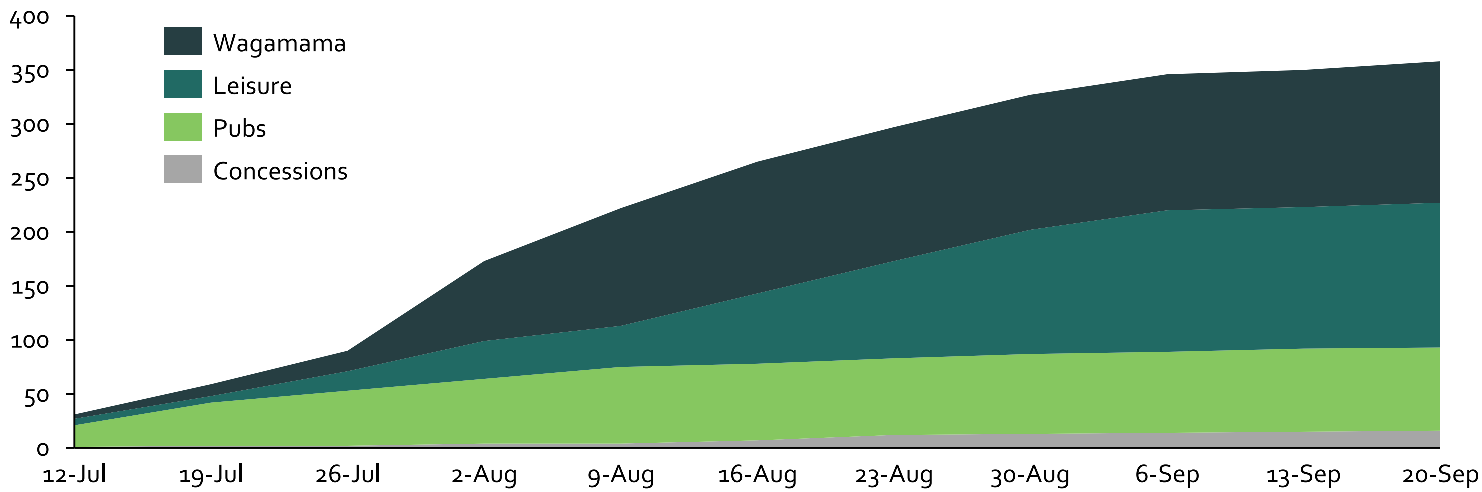


Off-trade

Wagamama click and collect

Implemented a phased approach to reopening sites for eat-in trade

Number of sites trading per week (cumulative)



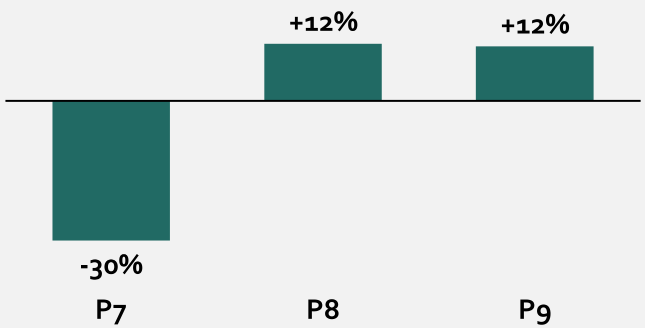
	P7			P8				P9				
Week ending	12-Jul	19-Jul	26-Jul	02-Aug	09-Aug	16-Aug	23-Aug	30-Aug	06-Sep	13-Sep	20-Sep	% of sites reopened
Wagamama	4	11	19	74	109	122	124	125	126	127	131	**90%**
Leisure	6	6	18	35	38	65	90	115	131	131	134	**90%**
Pubs	20	40	51	60	71	71	71	74	75	77	77	**100%**
Concessions*	1	2	2	4	4	7	12	13	14	15	16	**40%**
Total	**31**	**59**	**90**	**173**	**222**	**265**	**297**	**327**	**346**	**350**	**358**	**90%**

Wagamama located in Gatwick North included within Concessions number

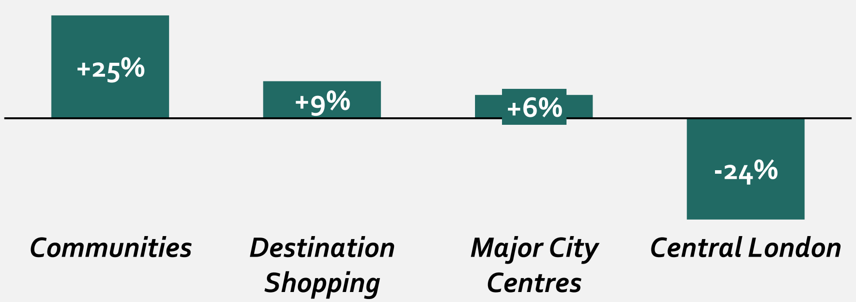
Wagamama: Continued strong trading out-performance vs market

Q3 LFL Sales (11 weeks to 20th September)

*LFL Sales by month**



*LFL Sales by segment***

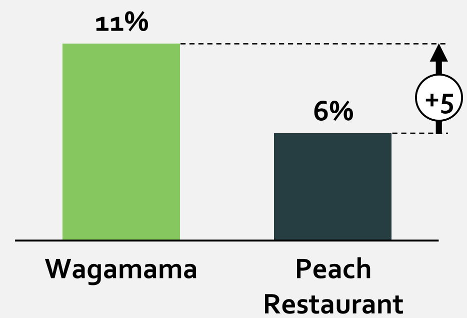


# of sites trading for eat-in at the end of Q3

Communities	Destination Shopping	Major City Centres	Central London
67	34	15	15

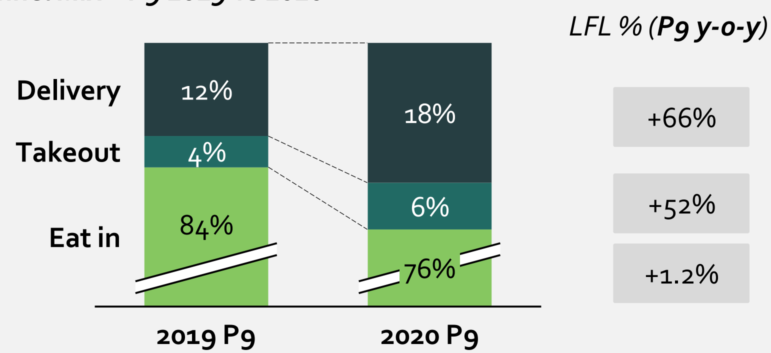
Market Comparison

Q3 LFL Sales vs market



Off-trade performance encouraging

Channel Mix – P9 2019 vs 2020



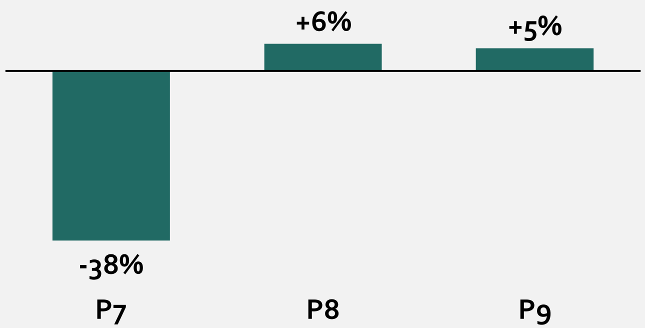
** P7 refers to the period of 3 weeks to 26 July 2020; P8 refers to the period of 4 weeks to 23 August 2020; P9 refers to the period of 4 weeks to 20 September 2020*

*** Communities site example= St Albans, Destination shopping site example= Westfield(Stratford), Major city centres site example= Manchester St Peters Square, Central London= Canary Wharf*

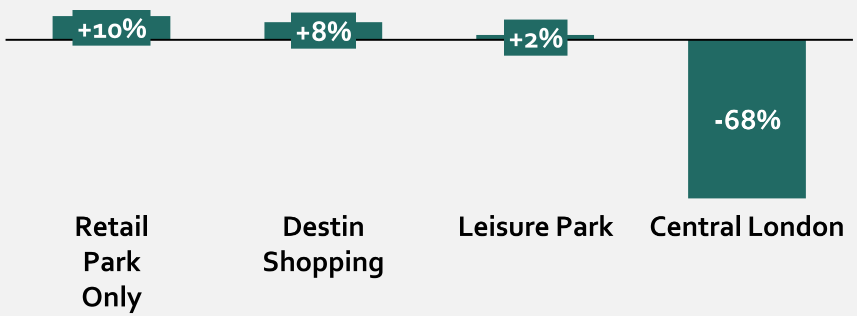
Leisure: Restructured estate trading broadly in line with the market

Q3 LFL Sales (11 weeks to 20th September)

*LFL Sales by month**



*LFL Sales by segment***

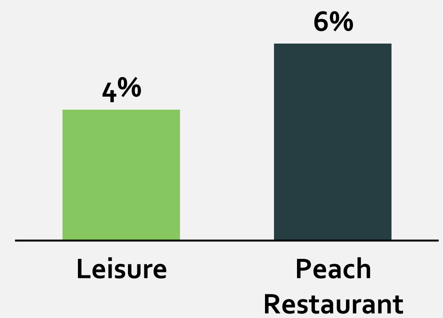


# of sites trading for eat-in at the end of Q3

Retail Park Only	Destin Shopping	Leisure Park	Central London
27	25	81	1

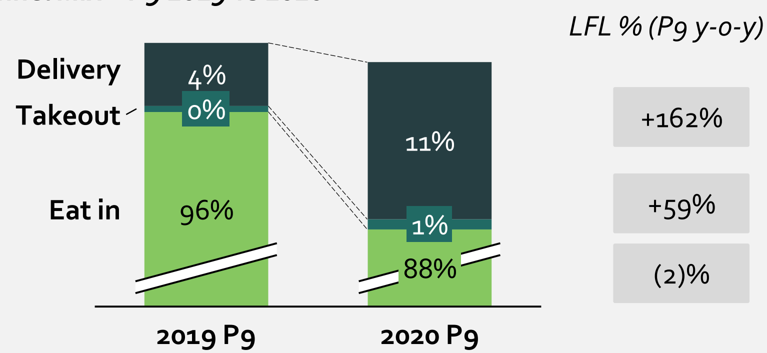
Q3 Market Comparison

Q3 LFL Sales vs market



Off-trade performance encouraging

Channel Mix – P9 2019 vs 2020



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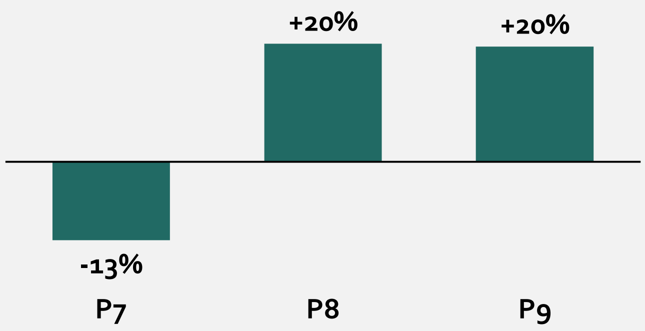
*** Retail park example= Cambridge retail park, Destination shopping site example= Trafford centre, * Leisure park example= Basildon festival park, Central London site example= Burleigh House (Strand)*

Pubs: Exceptional trading outperformance vs market

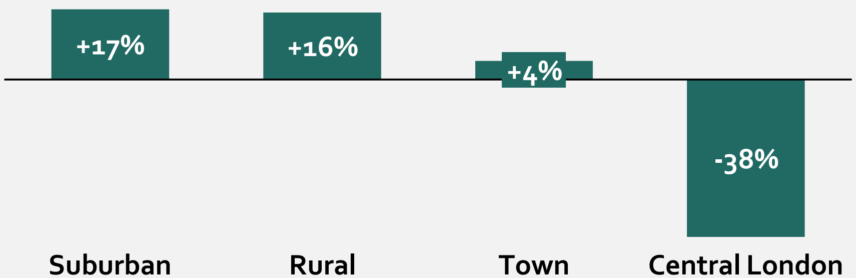
Brunning & Price LIMITED

Q3 LFL Sales (11 weeks to 20th September)

*LFL Sales by month**



*LFL Sales by segment***

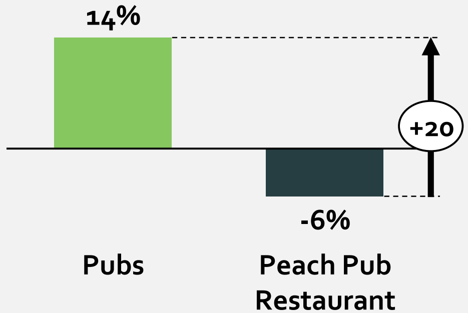


# of sites trading for eat-in at the end of Q3

Suburban	Rural	Town	Central London
28	32	12	5

Market Comparison

Q3 LFL Sales vs market



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*** Rural site example= The Roe Deer (Strourbridge), Suburban site example= Red Lion (Rugely), Town site example= The Architect (Chester), Central London site example= Queens Arms (Pimlico)*

Concessions: Disciplined reopening programme

trg concessions
a division of the restaurant group plc

Currently operational in 16 sites across 10 airport locations

71	→	16	→	30-35
Pre-Covid Estate		***Sites already reopened***		***Expected 2021 Estate***

Trading update

- Measured reopening programme focussing on EBITDA delivery
- Q3 LFL sales of (58)%, ahead of passenger volume declines of (73)%
  - Reduced competition operating
  - Longer dwell times for passengers driving improved spend per head
- Not anticipating significant improvement in airport passenger volumes until H2 2021/H1 2022

Restructured group with four distinct pillars well positioned to deliver long-term shareholder value

Wagamama (37% of retained estate)

- Only scale UK pan Asian brand
- Strong LFL sales growth ahead of market pre and post lockdown
- Clear winner from long-term structural growth in delivery
- Future potential in the UK for c.200 sites
- International expansion via franchise and US JV

Leisure (35% of retained estate)

- Significant restructuring undertaken
- Significantly improved rental structure will drive higher average outlet EBITDA
- Focus on cash generation
- Significant scope to increase delivery penetration

Pubs (19% of retained estate)

- Attractive demographics with limited competition nearby
- Freehold asset base valued at £153m
- Continued LFL sales growth well ahead of market
- Future potential to grow considerably to 120-160 sites

Concessions (9% of retained estate)

- Disciplined reopening programme, focused on EBITDA delivery
- Short term passenger volatility partially offset by flexible rental structure
- Estate restructured with potential for higher average outlet EBITDA
- Attractive financial returns will be delivered when passenger volumes eventually recover

For illustrative purposes* the restructured Group as it stands today would be capable of delivering annualised EBITDA of between £110m to £125m (on an IAS 17 basis) if its retained estate achieved 2019 sales levels

* For the avoidance of doubt, this is not intended to be a profit forecast and is purely illustrative in nature

Group is well positioned despite challenging sector outlook

Sector capacity reducing

A much higher quality, diversified estate

Restructured group with four distinct pillars well positioned to deliver long-term shareholder value

Very encouraging trading since reopening

Appendices

Selected FY20 guidance

FY20 update

- 2020 to include a 53rd week with an additional working capital outflow of £15m
- Depreciation expected to be c.£41m*
- P&L Interest expected to be c.£17m*
- Capital expenditure expected to be no more than £35m
- Exceptional cash costs expected to be c.£20m

*** On an IAS 17 basis**

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ESG Initiatives

Young Minds	Magic Breakfast	Zero carbon reduction
Partnered with young minds to help develop their peer to peer support campaign and raise awareness	Selected charity partnership providing healthy breakfasts to children living with food poverty	Member of the Zero carbon forum supporting the hospitality sectors decarbonisation plans

IFRS 16 P&L Reconciliation

H1 P&L excluding exceptional costs

	Trading IAS 17 £m	Exclude Rent £m	Include Depreciation £m	Include Interest £m	Trading IFRS 16 £m
Revenue	227.2	-	-	-	227.2
Operating costs	(245.5)	37.2	-	-	(208.3)
EBITDA	(18.3)	37.2	-	-	18.9
Depreciation, amortisation and impairment	(20.6)	0.1	(39.7)	-	(60.2)
Operating Profit / Loss	(38.9)	37.3	(39.7)	-	(41.3)
Interest payable	(8.7)	-	-	(12.8)	(21.5)
Interest receivable	0.1	-	-	0.1	0.2
Profit before tax	(47.5)	37.3	(39.7)	(12.7)	(62.6)