Restructured

Recapitalised

Ready for Relaunch

The Restaurant Group plc

FY 2020 results presentation

52 Weeks to 27th December 2020

Agenda

1.	**Introduction**	Andy Hornby (CEO)
2.	**FY 2020 Results**	Kirk Davis (CFO)
3.	**Restructured, Recapitalised and Ready for Relaunch**	Andy Hornby
4.	**Q&A**	Andy Hornby and Kirk Davis

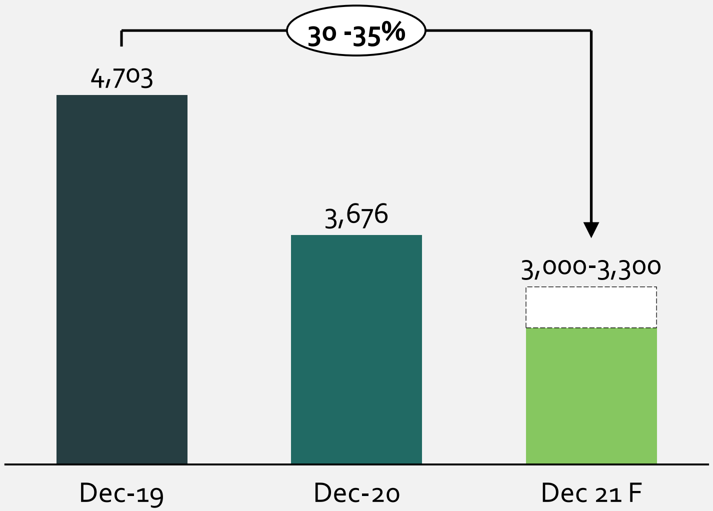
Summary

- Encouraging trading performance in all periods when permitted to trade
  - Wagamama and Pubs businesses particularly strong
- Leisure and Concessions estate right-sized with the exit of approximately 250 sites through restructuring actions
- Long-term financing secured with £500m of new debt facilities in place and a flexible covenant package
- Capital raise of £175m to enhance liquidity, accelerate deleveraging and support selective growth
- Business well positioned for relaunch when restrictions eased

Evolving market

Significant capacity has come out of the market, with more to go

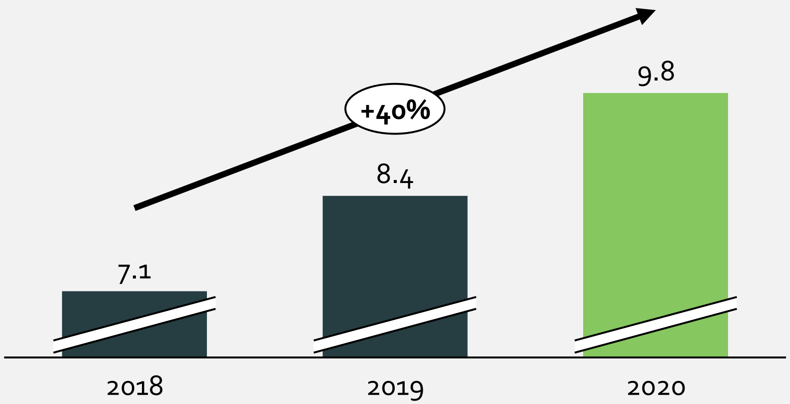
# of branded restaurant outlets



Source: The Rebuilding of Hospitality 2021 to 2025 report, management forecast

Strong delivery market growth

UK delivered foodservice market (£'bn)



**Source: The Rebuilding of Hospitality 2021 to 2025 report,
MCA Food service delivery report (2019)**

Post-lockdown 1 trading: Outperformed market and strong growth in delivery

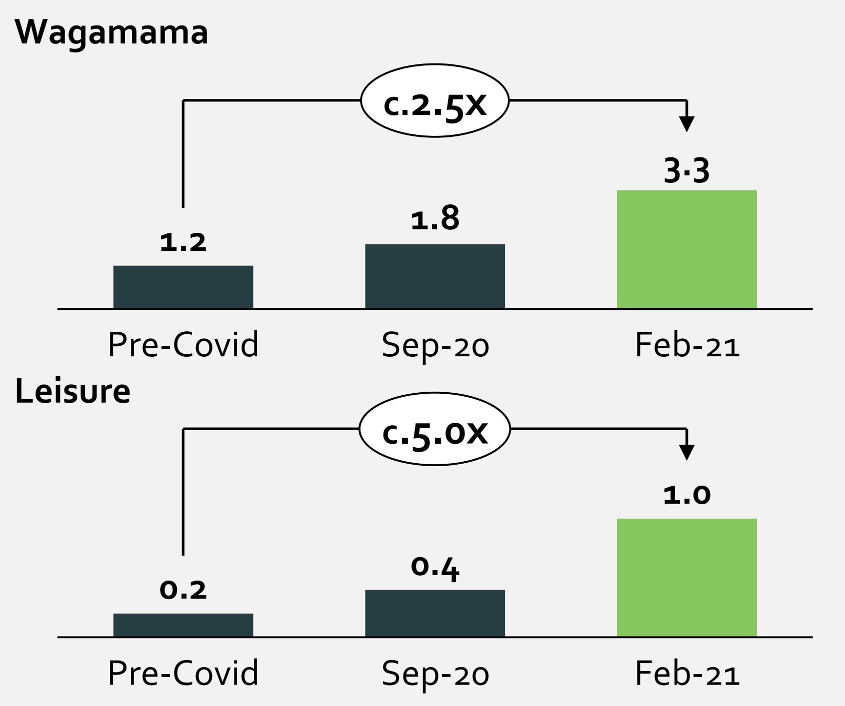
Trading across all channels

For the 11 weeks from 4th July to 20th September 2020 (Q3)

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

Delivery and takeaway only

Average weekly delivery and takeaway sales (£'m)**



*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)

** Pre-Covid refers to the period of 8 weeks to 23 Feb 2020; Sep 20 refers to the period of 4 weeks to 20 September; Feb 21 refers to the period of 4 weeks to 28 February

TRG: Restructured , Recapitalised and Ready for Relaunch

	Challenge	Actions	Result
1 **Restructured**	• Significant onerous leases within Leisure estate • Passenger volumes significantly reduced	• Exited c.60% of Leisure estate deemed structurally unattractive • Exited c.50% of Concessions sites deemed uneconomical to trade	• Lease liabilities reduced by c.50% to c.£48om • Higher quality diversified estate
2 **Recapitalised**	• Current facilities expire in June 2022 • Significant increase in net debt due to trading restrictions in 2020 and 2021	• Secured private term loan facility of £380m and RCF of £120m and a flexible covenant package • Capital raise of £175m	• £500m of debt facilities in place for 4-5 years • Capital raise increases liquidity and accelerates deleveraging to below 1.5x in medium term
3 **Ready for Relaunch**	• Covid-19 materially changing the operating landscape • Volatile trading environment for dine-in for the last 12 months	• Rigorous operational initiatives implemented to ensure colleague and guest safety • Maximised off-trade channel capability	• Trading after 1st national lockdown very encouraging • Standalone delivery and takeaway propositions trading strongly

FY 2020 Results

Group financial summary

	2020 FY £m (IFRS 16)	2020 FY £m (IAS 17)	2019 FY £m (IAS 17)
Revenue	459.8	**459.8**	1,073.1
EBITDA*	53.4	**8.7**	136.7
*EBITDA margin %**	*11.6%*	***1.9%***	*12.7%*
EBIT / Operating (loss)/profit*	(49.7)	**(30.5)**	91.1
*Operating margin %**	*(10.8%)*	***(6.6%)***	*8.5%*
(LBT)/PBT*	(87.5)	**(47.9)**	74.5
(Loss)/Earnings per share*	(13.4)p	n/a	11.9p

* Adjusted (pre-exceptional charge)

- Only 4 months of trading for dine-in due to Covid-19 restrictions
- Strong cash generation when permitted to trade without restrictions
- Significant difference between IFRS 16 and IAS 17 Loss Before Tax due to one-off accounting treatment of Covid-related rental "waivers"

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Group cash flow (on a pre IFRS-16 basis)

	2020 FY £m (Pre IFRS 16)	2019 FY £m (Pre IFRS 16)
Adjusted* EBITDA (IAS 17 basis)	**8.7**	136.7
Working capital and non-cash adjustments	**(26.9)**	3.8
Operating cashflow	**(18.2)**	140.5
Net interest paid	**(15.5)**	(14.5)
Tax received/paid	**5.1**	(10.3)
Refurbishment and maintenance capital expenditure	**(21.9)**	(34.5)
Free cash flow	**(50.5)**	81.2
Development capital expenditure	**(17.0)**	(38.8)
Movement in capital creditors	**(1.0)**	(5.0)
Utilisation of onerous lease provisions	**(9.3)**	(12.6)
Exceptional costs	**(34.9)**	(28.5)
Dividends	**-**	(17.5)
Proceeds from issue of share capital	**54.6**	-
Other items	**3.3**	27.3
Cash movement	**(54.8)**	6.1
Group net debt at start of period	**(286.6)**	(291.1)
Derecognition of finance lease liabilities (IFRS16 transition)	**2.6**	-
Non-cash movement in net debt	**(1.6)**	(1.6)
Group net debt at end of period (IAS 17 basis)	**(340.4)**	(286.6)
Lease liabilities (IFRS 16 basis)	**(483.8)**	**(933.4)**
Group net debt at end of period (IFRS 16 basis)	**(824.2)**	**(1,220.0)**

** (pre-exceptional charge)*

Commentary

Analytical review:

- Working capital outflow relates to the significant unwind of supplier creditor positions
- Disciplined management of capital expenditure in FY20 with a £35m reduction from the prior year
- Exceptional costs relate primarily to restructuring, Covid-related impacts and corporate costs

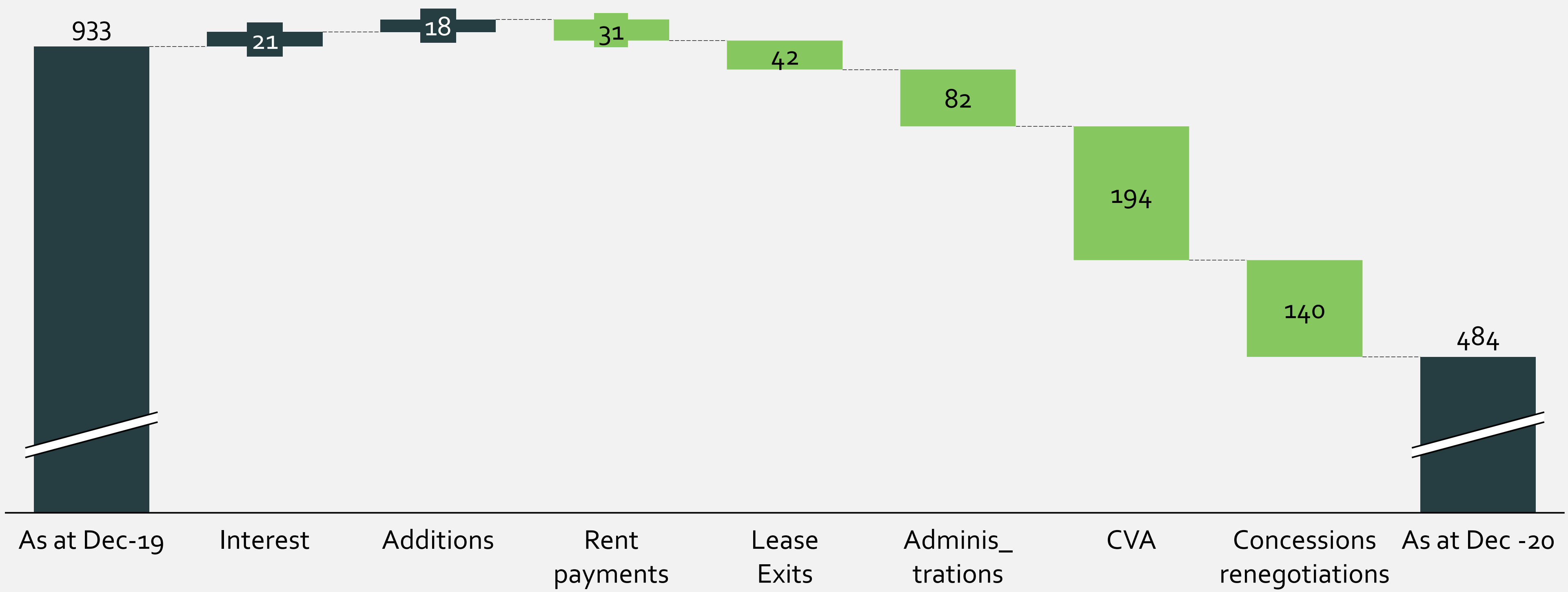
IFRS 16:

- IFRS 16 Lease liabilities increase net debt by £484m
- No cash impact
- No impact on banking arrangements

Restructured leasehold portfolio: significantly reduced lease liabilities

Lease Liabilities reduced by c.50%

IFRS 16 Lease Liabilities (£'m)



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Secured long-term debt financing

Debt facility overview

(£'m)	Previous		New
High Yield Bond	225	Private Term Loan	380
Banking Facilities*	245	Banking Facilities	120
Total Facilities	470	Total Facilities	500
Net Debt Feb 21	c.400	Net Debt Feb 21	c.400
Headroom **	c.70	Headroom ***	c.100

* Includes CLBILS

**Subject to minimum liquidity covenant of £50m

***Subject to minimum liquidity covenant of £40m

Commentary

- **Enhanced liquidity with £500m of long-term debt facilities:**
  - £380m term loan maturing in Q2 2026 with no repayments until maturity
  - £120m RCF maturing in Q2 2025
- **Improved covenant package:**
  - No return to leverage-based testing until June 22
  - Reduced minimum liquidity requirement of £40m
- **Increased flexibility**
  - New facilities have a leverage-based margin ratchet – decreasing our cost of debt as leverage decreases
  - Term loan offers significant prepayment flexibility in line with our plans to reduce leverage
- **Expect weighted average borrowing cost initially at c.7% falling to c.6% as leverage (pre-IFRS16) falls below 2.0x**

Restructured, Recapitalised and Ready for Relaunch

Post restructuring: Reshaped group

	Estate at YE 2019	Administrations	CVA	Net Closures**	Estate at YE 2020 ***
Wagamama UK	148 (23%)			1	149 (38%)
Pubs	84 (13%)	(7)		1	78 (20%)
Leisure*	350 (53%)	(45)	(128)	(40-45)	132-137 (33%)
Concessions*	71 (11%)			(36-41)	30-35 (9%)
Total	653	(52)	(128)	(74-84)	c.400

* Subject to negotiation with landlords and airport partners
** Net of any new openings and transfers across divisions
*** Expected retained estate

Diversified portfolio well positioned to deliver long-term shareholder value

Wagamama

Consistent track record of outperforming the sector, significant roll-out potential both domestically and internationally

Pubs

Consistent track record of outperforming the sector, long-term growth ambition to double the size of the existing estate

Leisure

Restructured business with strong cash generation and improved rental structure

Concessions

Well positioned to deliver attractive financial returns when passenger volumes recover

Current site portfolio* (c.400 sites), delivered EBITDA** (pre-IFRS 16) of £118 million in FY 2019, prior to CVA rent reductions and completed head office cost savings

*Following CVA and other restructuring, **Adjusted (pre-exceptional charge)

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Wagamama: The UK's Pan-Asian Market Leader

wagamama

Compelling proposition

Differentiated brand with no large direct competitor

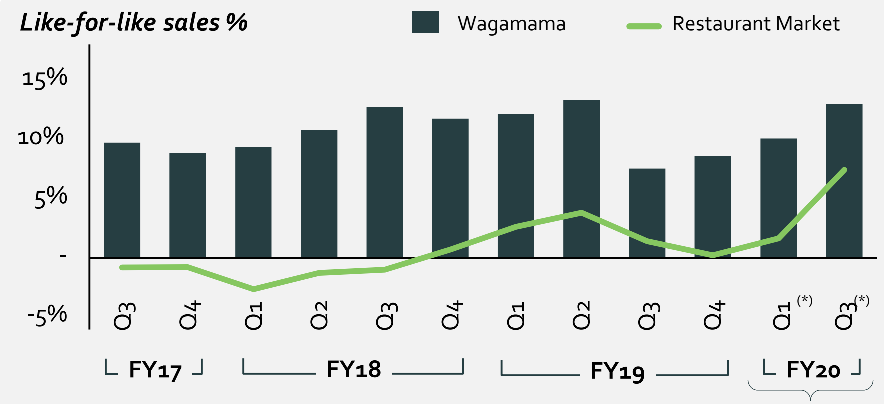
Fully aligned to key structural trends: fast service, convenience, delivery and healthy options

Scale food expertise, difficult to replicate

Unique, cohesive culture with industry leading team turnover rate

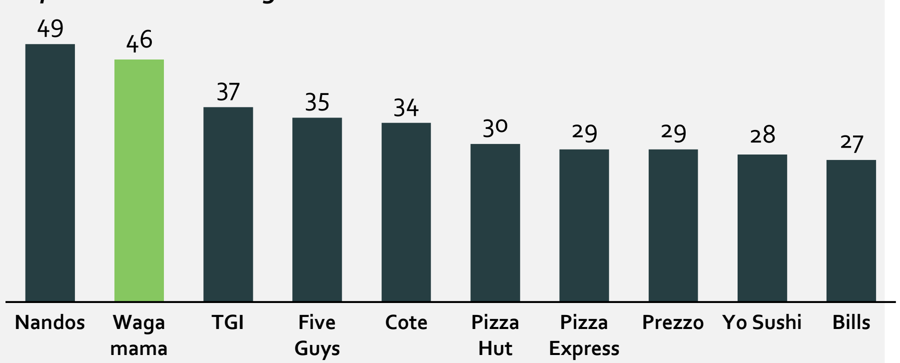
Cuisine travels extremely well for delivery and takeaway

Market Leading UK LFL Sales



Note: Results as per TRG financial year quarters
Source: Peach Tracker, Restaurants

Strong customer ratings



Source: BrandVue NPS – January 2021

*2020 Q1 represents a period of 8 weeks to 23 February 2020; 2020 Q3 represents a period of 11 weeks to 20 September

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Pubs: Market leading premium food-led operation

Strong business model with defensible well-invested locations

Strong demographics with limited competition nearby

Autonomy at site level allows rapid adaptation to local trends

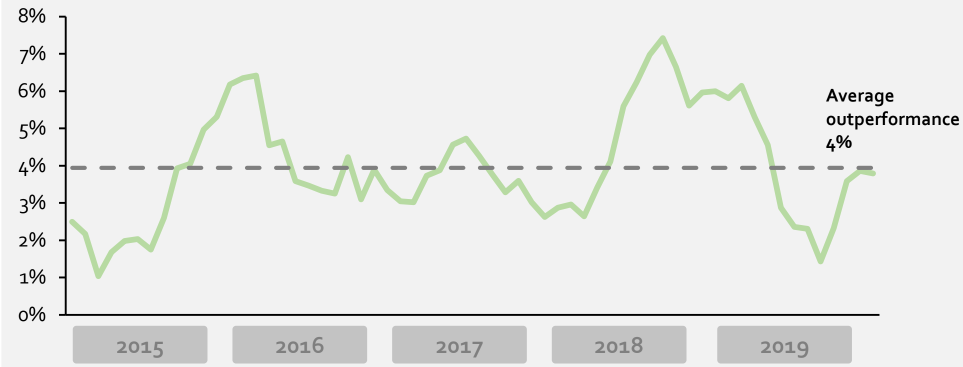
Expansive buildings and grounds providing multiple ancillary trading opportunities

50% of estate has over a 100 "external" covers

Strong asset backing with freehold estate valued at £153m**

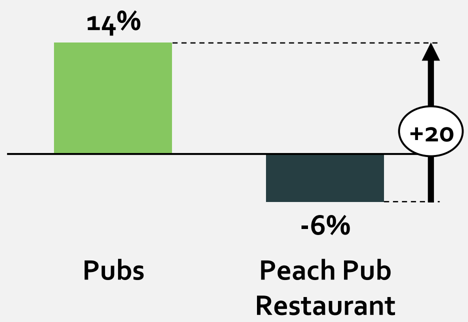
Consistent track record of market outperformance

Outperformance vs Peach Pub Restaurants
Like-for-like sales % (6-month moving average)



Exceptional market out-performance post 1st national lockdown

Q3* 2020 LFL Sales vs market



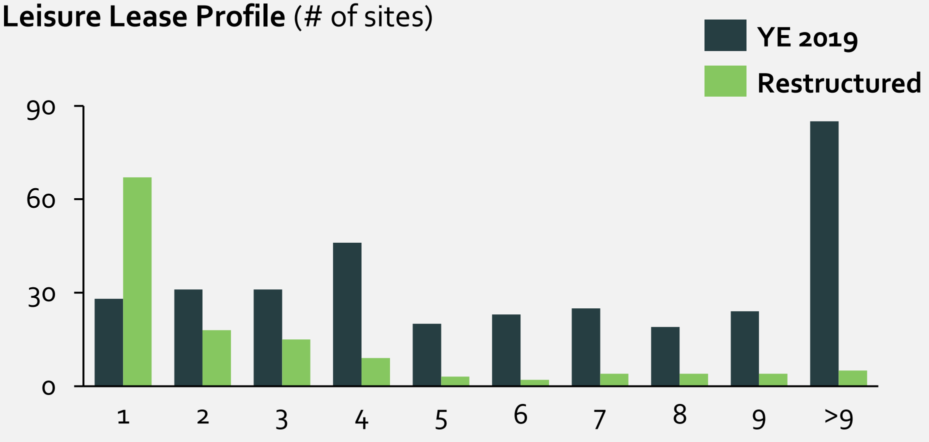
*2020 Q3 represents a period of 11 weeks to 20 September
**as of 27 December 2020, according to a third-party valuation commissioned by the Group

Restructured | Recapitalised | Ready for Relaunch

Leisure and Concessions: Restructuring has resulted in a higher quality portfolio

Leisure

Leisure Lease Profile (# of sites)



Concessions

	YE 2019	Retained Estate
London airports*	**33** (c.45%)	**17-20** (c.60%)
Major city airports*	**20** (c.30%)	**9-10** (c.30%)
Regional Airports*	**18** (c.25%)	**4-5** (c.10%)
Total	71	30-35

Average lease maturity reduced from 6 to 2.3 years

Achieved improved terms with the majority of our airport partners through reduced MGRs linked to passenger volumes**

Retained estate (c.40% of 2019 sites) represents c.70% of 2019 outlet EBITDA

Retained estate (c.50% of 2019 sites) represents c.80% of 2019 outlet EBITDA

* Includes some sites located in rail stations
** Minimum guaranteed rents

Capital raise further strengthens balance sheet

Transaction overview	**Proposed capital raise to achieve gross proceeds of approximately £175m**
Rationale for equity raise	**Sufficient liquidity headroom to protect against a resurgence of Covid-19**
	Accelerates deleveraging profile to a target (pre IFRS 16) of <1.5x net debt/EBITDA* in the "medium term"
	Strengthened flexibility to capitalise on selective Wagamama (UK restaurants & delivery kitchens) and Pub expansion opportunities

*** Adjusted (pre-exceptional charge)**

Enhanced liquidity and ability to accelerate our deleveraging profile

Optimised Capital Structure

Objective

Ongoing commitment to reduce leverage (net debt/EBITDA*) < 1.5x (pre IFRS 16)

Shareholder Value

The <1.5x leverage target is based on 3 pillars that enhance shareholder value:

1. **Balance sheet security:** strengthens balance sheet and provides substantial liquidity to protect against future disruption
2. **Strengthened flexibility:** liquidity available for selective growth opportunities in Wagamama and Pubs
3. **Cost of capital:** availability of long term debt at competitive rates

Minimum cash liquidity** of £170m in all reasonable scenarios

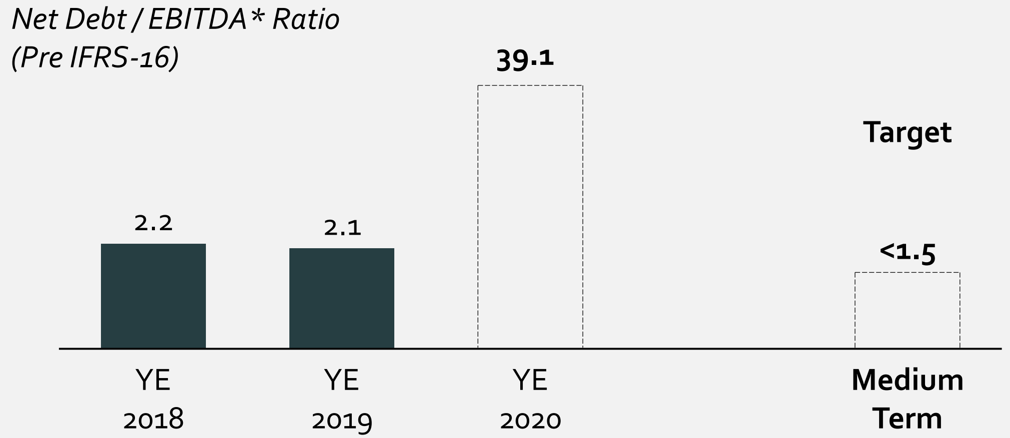
Base case scenario:

- National lockdown until 17 May 2021***
- Followed by trading with restrictions**** until July 2021
- c.40% of Concessions estate trading from June 2021

Reasonable worst case scenario:

- National lockdown until 17 May 2021***
- Followed by trading with restrictions**** until Dec 2021
- No Concessions sites trading in 2021

Deleveraging Profile



*Adjusted (pre-exceptional charge), **Post capital raise, subject to minimum liquidity covenant of £40m
*** Assumes the extension of business support initiatives, principally through the extension of VAT reduction to 5% and business rates relief to 17 May 2021 (i.e. during the period of national lockdown restrictions) and the extension of the Coronavirus Job Retention Scheme until the end of restrictions (being July 2021 in the base case and Dec 2021 in the reasonable worst case) ****In line with October 2020 tiering allocation

Strengthened flexibility to capitalise on selective market opportunities

	Existing estate	Roll-out potential	*ROIC**	*Average site EBITDA****
Wagamama UK restaurants	144	180-200	>40%	~£500k
Wagamama UK delivery kitchens	5	20-30	>75%	~£225k
Pubs	78	140-160	>25%**	~£450k

*ROIC refers to return on invested capital defined by 2019 outlet EBITDA/initial capex invested, earned by sites opened from 2015-2017 except for Wagamama delivery kitchens
** EBITDA assumed on leasehold basis at 6% interest on freehold component of investment
*** Based on 2019 outlet EBITDA earned by sites opened from 2015-2017 except for Wagamama delivery kitchens

Ready for a rapid and profitable reopening when restrictions ease

- **Currently operating c.200 restaurants for delivery and takeaway:**
  - All other viable restaurants can be re-opened within 2 weeks
  - Mothballed Concessions sites can be quickly reactivated
- **EBITDA conversion will be strong on reopening:**
  - c.50% of leasehold estate now on a turnover rent structure
  - Premises already Covid-secure with previous investments made in technology apps, screens, visors, hand sanitisers and extensive team training
- **Sales densities should recover quickly:**
  - Significantly less capacity in the market
  - Pent-up demand for hospitality

Ready and waiting to welcome back customers across the portfolio

TRG: Restructured , Recapitalised and Ready for Relaunch

Restructured	Restructuring has created four distinct pillars all capable of delivering sustainable shareholder returns
Recapitalised	Secure long-term capital structure with flexibility to take advantage of selective market growth opportunities
Ready for Relaunch	Strong operating platform in place to deliver an accelerated reopening plan

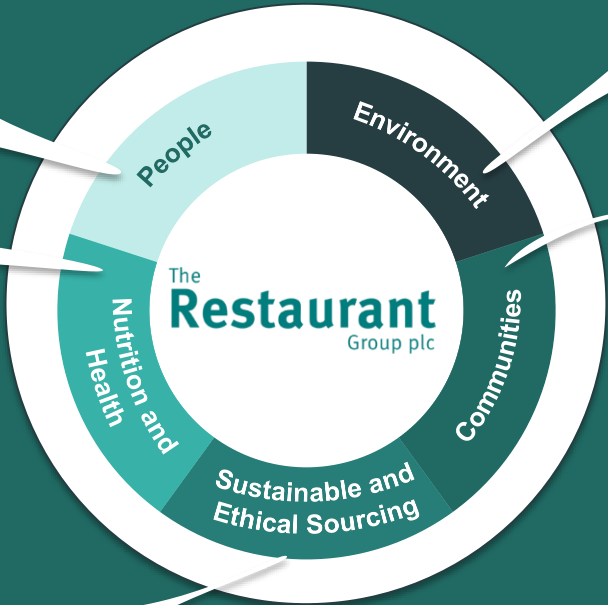
Appendices

Increased commitment to Corporate and Social Responsibility

- Introduced a new learning and development platform to provide greater choice of career pathways for employees
- Enhanced our communication and engagement tools with an increased focus on employees physical and mental health

Founding member of Hospitality Zero Carbon Forum and co-chairing working group

ZERO CARBON FORUM



Wagamama expansion of vegan range, championing plant-based food

Wagamama has partnered with "Young Minds" to help develop their peer to peer support campaign and raise awareness

YOUNGMINDS
fighting for young people's mental health

Frankie & Benny's and Chiquito have partnered with "Too Good To Go", the food app which aims to reduce food waste

- Wagamama has a target to have 100% of plastic packaging either reusable or recyclable by 2025
- Group practices responsible sourcing throughout the supply chain, ensuring customers get great quality, high welfare and sustainable food on their plates

Overview of capital raise and expected timetable

Firm Placing and Placing and Open Offer to raise gross proceeds of £175m

- 54% Firm Placing, 46% Placing and Open Offer
- Conditional placing of new shares will be subject to clawback through the Open Offer
- Subject to shareholder approval at General Meeting
- New shares will rank pari passu in all aspects
- Cashbox structure
- Directors' subscribing for approximately £0.2m in aggregate in connection with the capital raise

Expected timetable

- Announcement of capital raise and FY20 results: 10 March 2021
- Launch Firm placing and conditional placing bookbuild(am): 10 March 2021
- Publication of Prospectus: 10 March 2021
- Open Offer period: 12 March – 26 March 2021
- General Meeting: 29 March 2021
- Admission: 30 March 2021

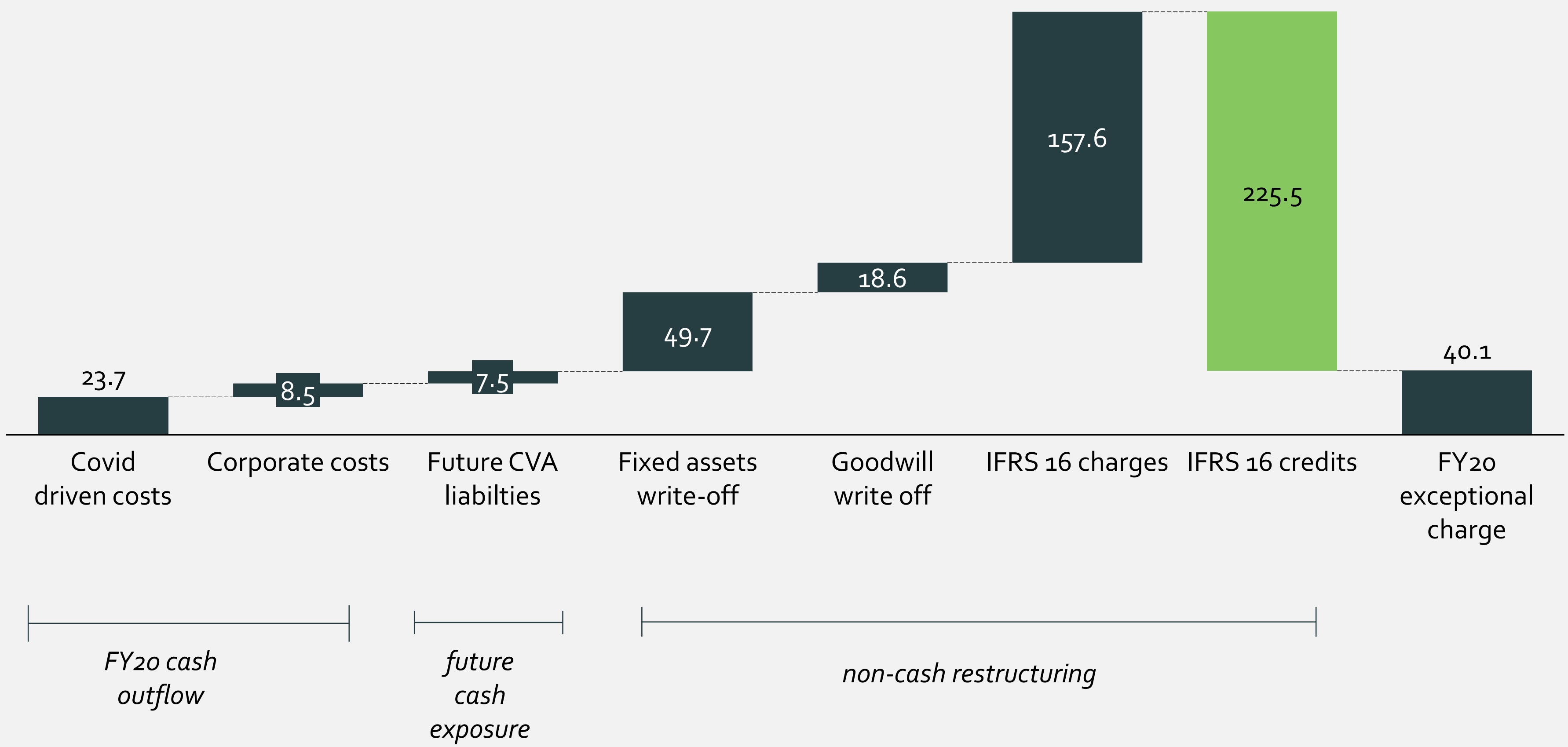
Selected FY21 guidance

- Net debt (pre-IFRS 16) of c.£400m as at 28 Feb 2021, with key movements since year-end comprising:
  - £40m working capital outflow due to unwind of trade creditor positions, VAT payments and timing benefit of certain payments at year-end e.g. payroll costs
  - £6m of interest payments primarily due to Wagamama bond interest
  - Operating cash-burn of £12m over the first 2 months of the financial year
- £30m of liabilities relating to deferred rent and VAT deferral to be paid through 2021, which will be offset as the trade creditor position rebuilds in 2021
- Capital expenditure expected to be c.£30m for the full-year
- Exceptional cash costs expected to be c.£25m due to refinancing and corporate transaction costs
- P&L Depreciation expected to be c.£40m-£42m (pre-IFRS 16 basis)
- P&L Interest expected to be between c.£25m-£28m (pre-IFRS 16 basis), pre capital raise

Group exceptional charges

FY 2020 Exceptional Charges

Exceptional charges by category (£'m)



IFRS 16 P&L Reconciliation

FY P&L excluding exceptional costs

	Trading IAS 17 £m	Exclude Rent £m	Include Depreciation £m	Include Interest £m	Trading IFRS 16 £m
Revenue	459.8	-	-	-	459.8
Operating costs	(451.1)	44.7	-	-	(406.4)
EBITDA	8.7	44.7	-	-	53.4
Depreciation, amortisation and impairment	(39.2)	-	(63.9)	-	(103.1)
Operating Profit / Loss	(30.5)	44.7	(63.9)	-	(49.7)
Interest payable	(17.6)	-	-	(20.6)	(38.2)
Interest receivable	0.2	-	-	0.2	0.4
Profit before tax	(47.9)	44.7	(63.9)	(20.4)	(87.5)

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