The Restaurant Group plc

Half Year Results Presentation

27 Weeks to 4 July 2021

Agenda

1.	**Introduction**	Andy Hornby (CEO)
2.	**H1 2021 Results**	Kirk Davis (CFO)
3.	**Business update**	Andy Hornby
4.	**Q&A**	Andy Hornby and Kirk Davis

Group well positioned following restructuring and recapitalisation

FY21

- Strong LFL sales outperformance versus the market
- Trading performance since re-opening supports an increase in our FY21 EBITDA expectations
- Strengthened ESG Strategy established with clear targets

FY22

- Sector challenges around VAT normalisation, labour availability and increased inflationary cost pressures
- Only planning on a gradual recovery in international air travel

Longer term

- Four businesses all capable of delivering good sustainable shareholder returns
- Progressing well on targeted organic growth avenues
- Lower net debt and substantial liquidity

Strong trading outperformance since re-opening

LFL sales (%) vs 2019 comparable
for the 15 weeks from 17 May to 29 August 2021

	TRG LFL Sales	*Market* LFL sales*	Outperformance	*TRG LFL Sales ex VAT benefit*	*Market* LFL Sales ex VAT benefit*
Wagamama	**+21%**	+8%	***+13%***	+9%	(4%)
Pubs	**+12%**	(2%)	***+14%***	+2%	(12%)
Leisure	**+18%**	+8%	***+10%***	+6%	(4%)

	TRG LFL Sales	*Airport passenger volumes*	Outperformance	*TRG LFL Sales ex VAT benefit*	*Airport passenger volumes*
Concessions**	**(53%)**	(74%)	***+21%***	(65%)	(74%)

*Market refers to Coffer Peach tracker for restaurants (Wagamama and Leisure benchmark), Coffer Peach tracker for pub restaurants (TRG Pubs benchmark)
Coffer peach LFL sales represent the weighted average of weekly LFL sales reported (internal calculation)

** UK air passenger growth used as market benchmark for Concessions

Ongoing sector challenges to navigate in FY22

1 Dine-in customer volumes under pressure

- LFL's supported by VAT reduction which is expected to normalise in April 2022
- Delivery sales mix remains elevated

2 Labour market pressures

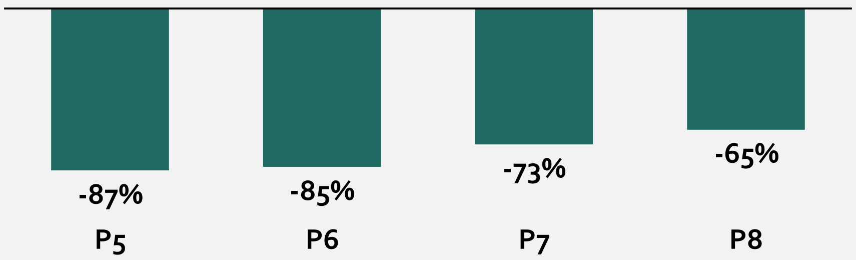
- Significant pressure on labour availability resulting in rising costs
- Expecting an above inflationary rise in NLW from April 2022

3 Increasing inflationary pressures

- General food and drink cost inflation due to commodity markets and distribution pressures
- Material market driven increases in utility costs

4 International travel recovering slowly

Airport passenger volumes by month* (vs 2019 comparable)

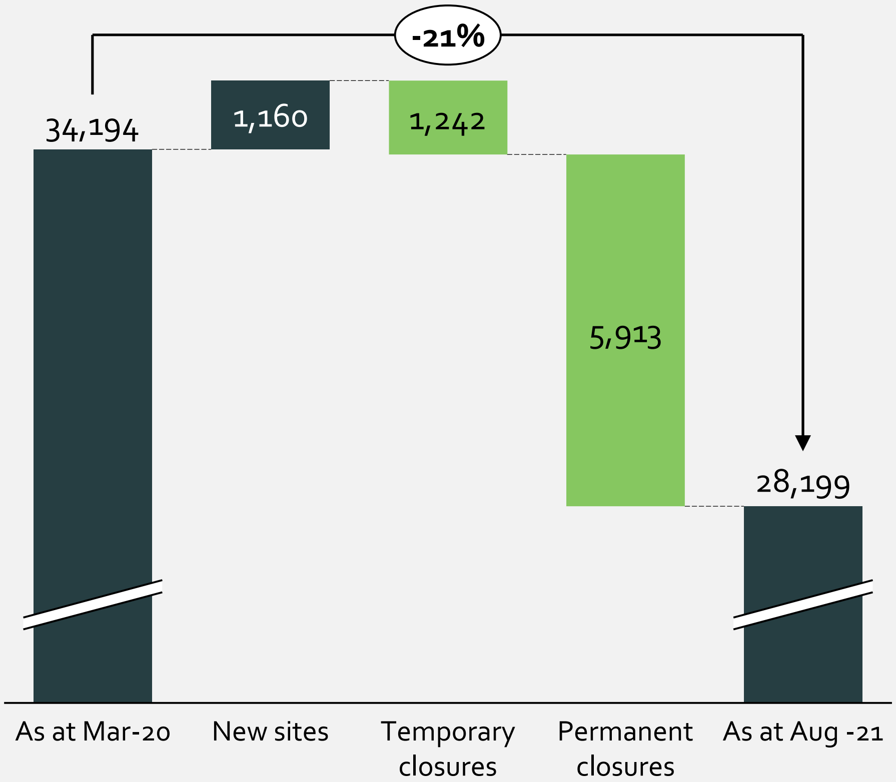


** P5 refers to the period of 2 weeks to 30 May 2021; P6 refers to the period of 5 weeks to 4 July 2021; P7 refers to the period of 4 weeks to 1 August 2021, P8 refers to the period of 4 weeks to 29 August 2021*

However evolving market conditions present TRG with good opportunities

21% capacity reduction in locations where we trade since the pandemic

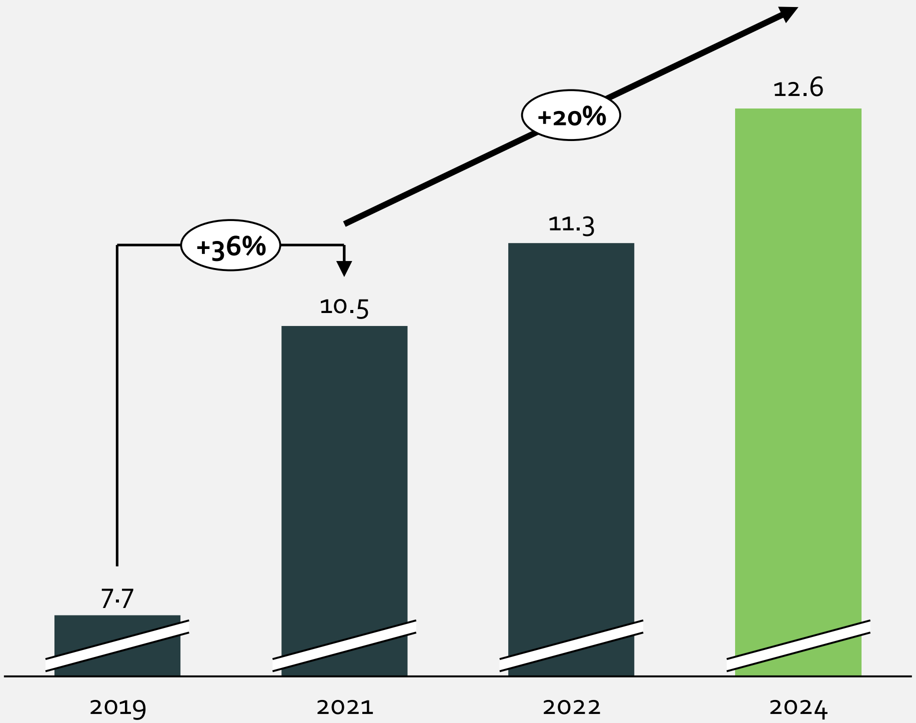
No. of food and drink sites in close proximity* to our sites**



Source: HDI Insights (Credit card transactions analysis)

Strong growth in delivery market forecast to continue

UK delivered foodservice market (£'bn)



Source: Lumina Intelligence (MCA) Food service delivery report (2021)

***Within 0.5 miles of each location for Wagamama and Leisure sites and within 5 miles for each Pub site**
****Relates to 355 sites excluding Concession sites**

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Restructured and recapitalised group outperforming the market

- Strong LFL sales outperformance versus the market
- Trading performance since re-opening supports an increase in our FY21 EBITDA expectations
- Ongoing sector challenges to navigate through FY22
- Lower net debt and substantial liquidity

H1 2021 Results

Group financial summary

	2021 HY £m (IFRS 16)	2020 HY £m (IFRS 16)	2021 HY £m (IAS 17)	2020 HY £m (IAS 17)
Revenue	216.8	227.2	216.8	227.2
EBITDAR*	28.1	21.2	30.1	16.7
EBITDA*	23.6	18.9	11.2	(18.3)
*EBITDA margin %**	*10.9%*	*8.3%*	*5.2%*	*-8.1%*
LBIT / Operating (loss)*	(18.6)	(41.3)	(8.6)	(38.9)
*Operating margin %**	*-8.6%*	*-18.2%*	*-4.0%*	*-17.1%*
(LBT)/Loss before tax*	(39.5)	(62.6)	(19.9)	(47.5)
(Loss) per share*	(4.7)p	(11.2)p	n/a	n/a

* Adjusted (pre-exceptional charges)

- Q1 2021 (whilst in lockdown): £60.1m of Revenue and an EBITDA loss (on an IAS 17 basis) of £18.1m
- H1 EBITDA loss (on an IAS 17 basis) of £6.5m, if exclude business rates relief and government grants benefits

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Group cash flow

	2021 HY £m (Pre IFRS 16)	2020 HY £m (Pre IFRS 16)
Adjusted* EBITDA (IAS 17 basis)	**11.2**	(18.3)
Working capital and non-cash adjustments	**2.6**	(10.1)
Operating cashflow	**13.8**	(28.4)
Net interest paid	**(14.3)**	(7.7)
Tax paid	**(0.2)**	(2.8)
Refurbishment and maintenance capital expenditure	**(6.7)**	(10.6)
Free cash flow	**(7.4)**	(49.5)
Development capital expenditure	**(5.3)**	(14.4)
Utilisation of onerous lease provisions	**(3.4)**	(10.2)
Exceptional costs	**(7.6)**	(6.5)
Proceeds from issue of share capital	**166.8**	54.6
Other items	**-**	2.4
Cash movement	**143.2**	(23.6)
Group net debt at start of period	**(340.4)**	(286.6)
Derecognition of finance lease liabilities (IFRS16 transition)	**-**	2.6
Non-cash movement in net debt	**(3.1)**	(0.7)
Group net debt at end of period (IAS 17 basis)	**(200.3)**	(308.3)
Lease liabilities (IFRS 16 basis)	**(434.7)**	**(829.8)**
Group net debt at end of period (IFRS 16 basis)	**(635.0)**	**(1,138.1)**

** (pre-exceptional charge)*

Commentary

Analytical review:

- Improved EBITDA and working capital performance
- Net proceeds of £166.8m from March 21 capital raise
- Net debt (on an IAS 17 basis) reduced by £108m to £200.3m
- Deferred Covid liabilities of c.£25m on the balance sheet as at the half-year

IFRS 16:

- IFRS 16 Lease liabilities reduced from £483.8m at year-end to £434.7m
- No impact on cash or banking arrangements

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Lower net debt with substantial liquidity

Debt facility overview

(£'m)	YE 2020	HY 2021
High Yield Bond	225	-
Banking Facilities	245	120
Term Loan	-	330
Total	**470**	**450**
Net Debt*	c.340	**c.200**
Headroom**	c.130	**c.235**

Commentary

- **£450m of long-term debt facilities:**
  - £330m term loan maturing in Q2 2026 with no amortisation
  - £120m RCF maturing in Q2 2025
- **Flexibility in term-loan structure**
  - 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
- **Significant cash headroom**
- **Continue to target Net Debt to EBITDA*** (IAS 17) below 1.5 times in the medium term**

* Net debt includes unamortised loan fees

**Current facilities subject to minimum liquidity covenant of £40m

*** Pre exceptional charges

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Selected FY21 Guidance

- P&L benefit of one-off government support
  - £12.4m in business rates relief and £10.7m in government grants
- Total capital expenditure expected to be up to £45m
  - 5 new Wagamama restaurants
  - 5 new delivery kitchens in the UK
  - 2 new Wagamama sites in the US as part of the JV*
  - 1 new freehold Pub
  - Maintenance and IT investment of £20m and Refurbishment capex of £8m
- 11 Leisure sites closed since March 21, which contributed £2.5m of annualised EBITDA in 2019**
- Seeking to reduce risk of further Leisure site closures due to landlord CVA break clauses in June 22

***20% capex contribution to the sites**
**** Based on 2019 outlet EBITDA**

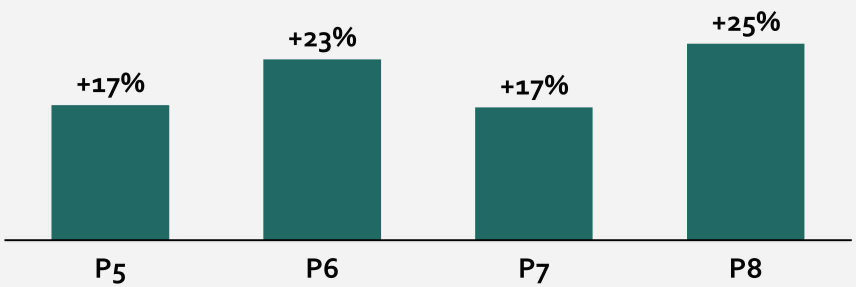
Business update

Wagamama: Consistently strong market outperformance

wagamama

LFL sales growth since reopening

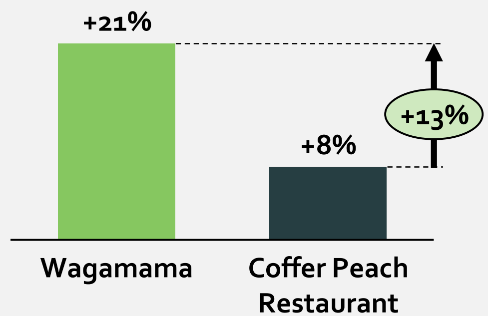
LFL Sales by month (vs 2019 comparable)*



Includes VAT benefit of c.12%

Clear market outperformance

YTD LFL Sales (15 weeks to 29th August) vs market (vs 2019 comparable)



Further improving customer offer

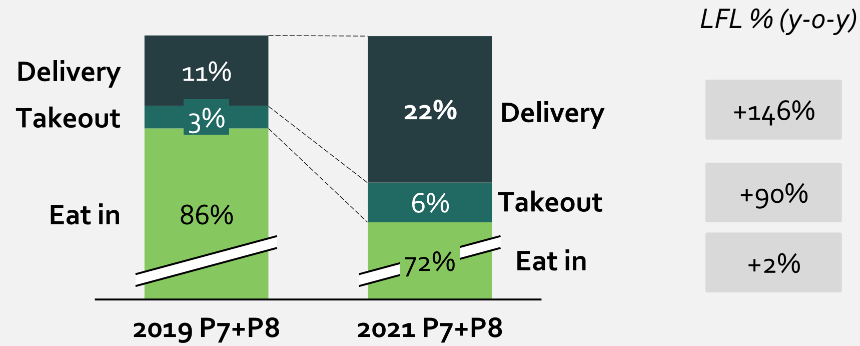
Expansion of vegan range

Launch of healthy summer range

12 targeted light-touch refurbishments

Increased delivery mix

Channel Mix – P7+P8 2019 vs 2021



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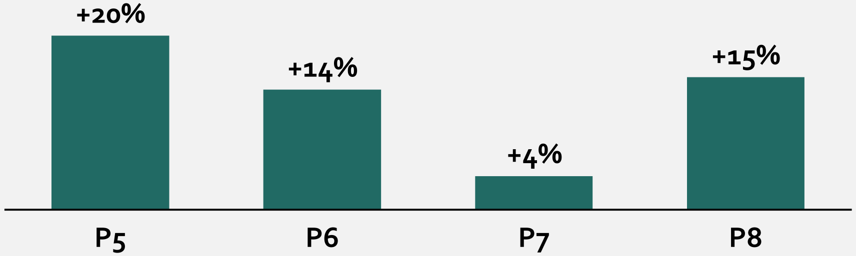
Pubs: Strong outperformance vs market continues

Brunning & Price LIMITED

LFL sales growth since reopening

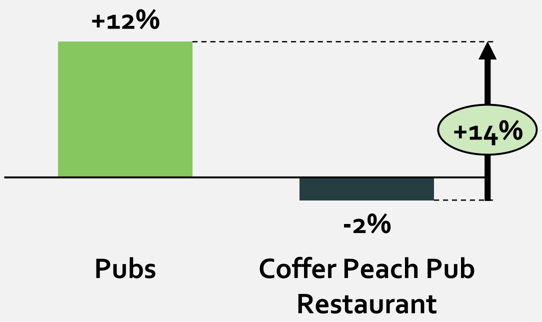
LFL Sales by month (vs 2019 comparable)*



Includes VAT benefit of c.10%

Clear market outperformance

YTD LFL Sales (15 weeks to 29th August) vs market (vs 2019 comparable)



Key operational initiatives

Stretch tents

Investment in rooms

More flexible working arrangements for teams

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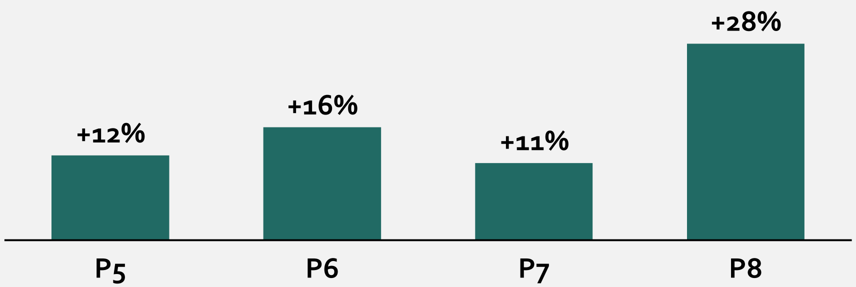
Leisure: Very encouraging market outperformance

LFL sales growth since reopening

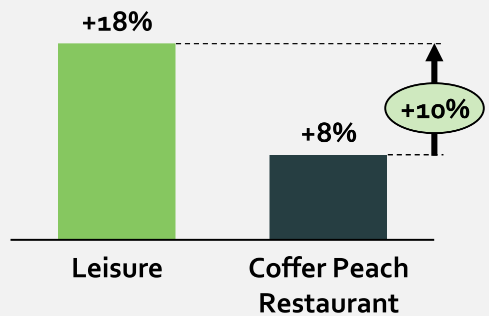
LFL Sales by month (vs 2019 comparable)*



Includes VAT benefit of c.12%

Clear market outperformance

YTD LFL Sales (15 weeks to 29th August) vs market (vs 2019 comparable)



Further improving customer offer

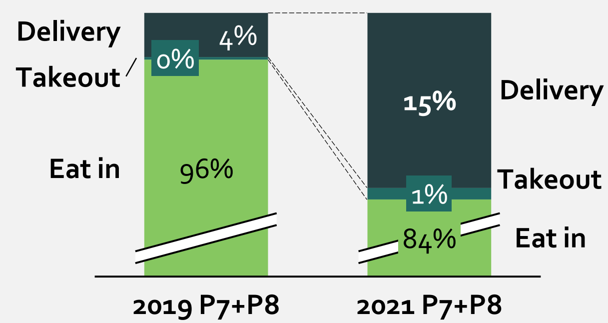
Investment in food quality

Increased virtual brand presence

Improved customer insight tools

Increased delivery mix

Channel Mix – P7+P8 2019 vs 2021



LFL % (y-o-y)	
Delivery	+465%
Takeout	+53%
Eat in	+5%

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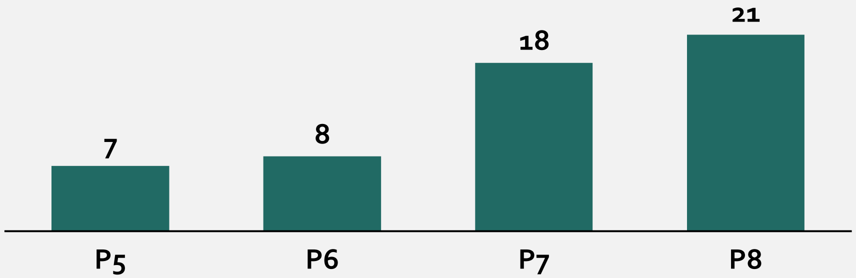
Concessions: Disciplined reopening programme as international travel recovers

Individual site reopening programme focussing on EBITDA delivery

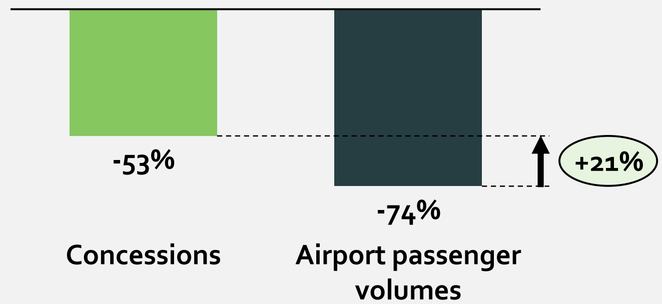
Number of trading sites by month*



21 sites represent c.50% of Concessions estate

YTD Market Comparison (15 weeks to 29th August)

YTD LFL Sales vs market (vs 2019 comparable)



Includes VAT benefit of c.12%

Operational update

- More flexible terms agreed with most airport partners regarding Minimum Guaranteed Rents
- Trading significantly ahead of passenger volume declines, benefitting from:
  - Lower VAT rate
  - Limited competition operating
  - Longer dwell times for passengers driving improved spend per head
- Only planning on a gradual improvement in airport passenger volumes through 2022 and 2023

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Progressing well on targeted organic growth avenues

	Existing estate	Roll-out potential	*2021 new openings*	*2022-2026 target run-rate p.a*	*Historical ROIC**
Wagamama UK restaurants	144	180-200	5	5-7	>40%
Wagamama UK delivery kitchens	7	20-30	4-5	5-7	>75%
Pubs	78	140-160	1	3-5	>25%**

Wagamama International

- 3-4 new US sites due to open in FY22 under JV partnership
- At least 5 new international franchise sites due to open in FY22

*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

Strengthening our ESG Strategy: "Preserving The Future"

Preserving the Future

Environmental

- Achieve Net Zero Carbon Emissions by 2035
- Enhance existing sustainable practices

Social

- Care for our communities
- Care for our colleagues
- Foster a representative, diverse and inclusive environment

Underpinned by strong governance framework

Strengthening our ESG Strategy: Environmental initiatives

Activity

- Founding member of hospitality industry body
- On the advisory board & co-chair of emissions working groups

All direct* energy supplies from renewable sources from October 21

Investing in carbon removal reforestation projects in FY2022

- Reducing food waste with the SRA's 'Bad Taste' project
- Donated c.4,000 food bags through the 'Too Good to Go' food waste initiative

- New Wagamama, lower plastic packaging content range from Q2 2022
- Trialling a 'Bowl Return Scheme'

- Wagamama menu 50% vegan & vegetarian by the end of 2021
- Frankie & Benny's launching new healthier children's menu with increased vegetarian options in Oct 21

* Includes electricity, gas & LPG. Where we control the specific supply point for contracting. Excludes landlord supplies

Strengthening our ESG Strategy: Social initiatives

Activity

YOUNGMINDS | mind

- Donating all profits from Wagamama's retail range and book launches to Young Minds
- Variety of employee fundraising activities to support charity partners

ONLY A PAVEMENT AWAY | LIFE SKILLS HUB

- Trustee of homelessness charity
- Supporting with employment opportunities and training

Apprenticeships

- Apprenticeships expected to double in 2022 to over 350
- Provides qualifications equivalent to GCSE through to Degree level

THE BURNT CHEF PROJECT

Partnership with a specialist hospitality focused mental health organisation delivering training to colleagues

HOME GROWN

Improved colleague training and development tools providing professional support for our teams

Multiple courses underway to support Diversity & Inclusion initiatives

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Restructured and recapitalised group outperforming the market

- Strong LFL sales outperformance versus the market
- Trading performance since re-opening supports an increase in our FY21 EBITDA expectations
- Ongoing sector challenges to navigate through FY22
- ESG Strategy established with clear targets
- Lower net debt and substantial liquidity provides ability for targeted organic growth opportunities

Appendices

IFRS 16 P&L reconciliation

	Trading IAS 17 £m	IFRS 16 Depreciation £m	IFRS 16 Interest £m	Non-cash rent items £'m	Fixed rent £m	Trading IFRS 16 £m
Revenue	216.8	-	-	-	-	216.8
Operating costs*	(205.6)		-	(6.6)	19.0	(193.2)
EBITDA*	11.2	-	-	(6.6)	19.0	23.6
Depreciation, amortisation and impairment*	(19.9)	(22.3)	-	-	-	(42.2)
LBIT / Operating (loss)*	(8.6)	(22.3)	-	(6.6)	19.0	(18.6)
Interest payable*	(11.3)	-	(9.5)	-	-	(20.8)
(LBT)/Loss before tax*	(19.9)	(22.3)	(9.5)	(6.6)	19.0	(39.5)

* Adjusted (pre-exceptional charge)

- H1 Fixed rent under IAS 17 is significantly reduced due to Covid related rent deals obtained from landlords and airports
- H1 Depreciation and interest under IFRS 16 is higher than ongoing run-rate due to the completion of some airport concession rent deals during the first half
- Non-cash rent related charge under IFRS 16 is due to the reversal of onerous lease provisions, made under IAS 17

- **Once Covid related rent deals expire and onerous lease provisions unwind, we expect IFRS16 and IAS17 PBT to be broadly similar**

IFRS 16 Balance sheet Reconciliation

	IAS 17 £m	IFRS 16 Adjustments £m	IFRS 16 £m
Non-current assets	**888.0**	**312.6**	**1,200.6**
Intangible assets	599.0	-	599.0
Right of use assets	-	302.4	302.4
Property, plant and equipment	288.5	7.8	296.3
Net investment in subleases	-	2.9	2.9
Fair value lease assets	0.5	(0.5)	-
Current assets	**159.1**	**(8.8)**	**150.3**
Stock	5.1	-	5.1
Trade and other receivables	13.4	(1.4)	12.1
Net investment in subleases	-	0.7	0.7
Corporation tax assets	12.6	-	12.6
Prepayments	12.2	(8.1)	4.0
Cash and cash equivalents	115.8	-	115.8
Total assets	**1,047.1**	**303.8**	**1,351.0**
Current liabilities	**(152.9)**	**(38.3)**	**(191.2)**
Trade and other payables*	(141.4)	30.7	(110.7)
Provisions	(11.5)	6.4	(5.1)
Lease liabilities	-	(75.4)	(75.4)
Non-current liabilities	**(416.5)**	**(319.0)**	**(735.5)**
Long-term borrowings	(316.0)	-	(316.0)
Non-current lease liabilities	-	(359.3)	(359.3)
Other payables	(13.6)	13.6	-
Deferred tax liabilities	(50.3)	-	(50.3)
Provisions	(30.0)	20.2	(9.9)
Fair value lease liabilities	(6.6)	6.6	0.0
Total liabilities	**(569.5)**	**(357.3)**	**(926.8)**
Net assets	**477.6**	**(53.5)**	**424.1**

Estate mix

	Estate at 27/12/20	Openings	Closures	Estate at 14/09/21
Wagamama UK	142	2	-	144
Frankie & Benny's	106	-	(10)	96
Pub Restaurants	78	-	-	78
Concessions	43	2	(3)	42
Chiquito	22	-	-	22
Other Leisure Brands	9	-	(1)	8
Wagamama Delivery kitchens	5	2	-	7
Total TRG	405	6	(14)	397