The
Restaurant
Group plc

Full Year Results Presentation

52 Weeks to 1 Jan 2023

Agenda

1.	**Introduction**	Andy Hornby (CEO)
2.	**Financial Review & Outlook**	Kirk Davis (CFO)
3.	**Business review**	Andy Hornby
4.	**Q&A**	Andy Hornby & Kirk Davis

Summary

FY22 Financial highlights	**Adjusted EBITDA***	**Adjusted PBT***	**Net debt***	**Leverage***
	FY 22: £83.0m	**FY 22: £20.3m**	**FY 22: £185.7m**	**FY 22: 2.2x**
	FY 21: £81.2m	FY 21: £16.6m	FY 21: £171.6m	FY 21: 2.1x

FY22 Operational highlights

- Robust trading performance in a challenging market
- Proactive cost management to mitigate ongoing inflationary pressures
- Amended debt facilities with extended tenor and improved covenant headroom

FY23 outlook

- A very encouraging start to the trading year
- Cost outlook in line with previous guidance
- Management's expectations for FY23 remain unchanged

****Pre IFRS 16 Adjustment and exceptional charges***

Current trading (1): Very encouraging start to FY23

Year to date ("YTD") LFL sales (%) vs 2022 comparable for the 8 weeks to 26 Feb 2023

	TRG LFL Sales	TRG VAT*** adjusted LFL Sales
Wagamama	+2%	+9%
Pubs	+9%	+14%
Leisure*	(4)%	+2%
Concessions**	+48%	+56%

* Leisure includes Barburrito
**Concessions LFL sales vs 2019 for the period is (1)%

***VAT benefit boosted LFL sales by approximately 5 to 7% for the restaurant and pub sector in Q1 2022 (13 weeks to 3 April 2022)

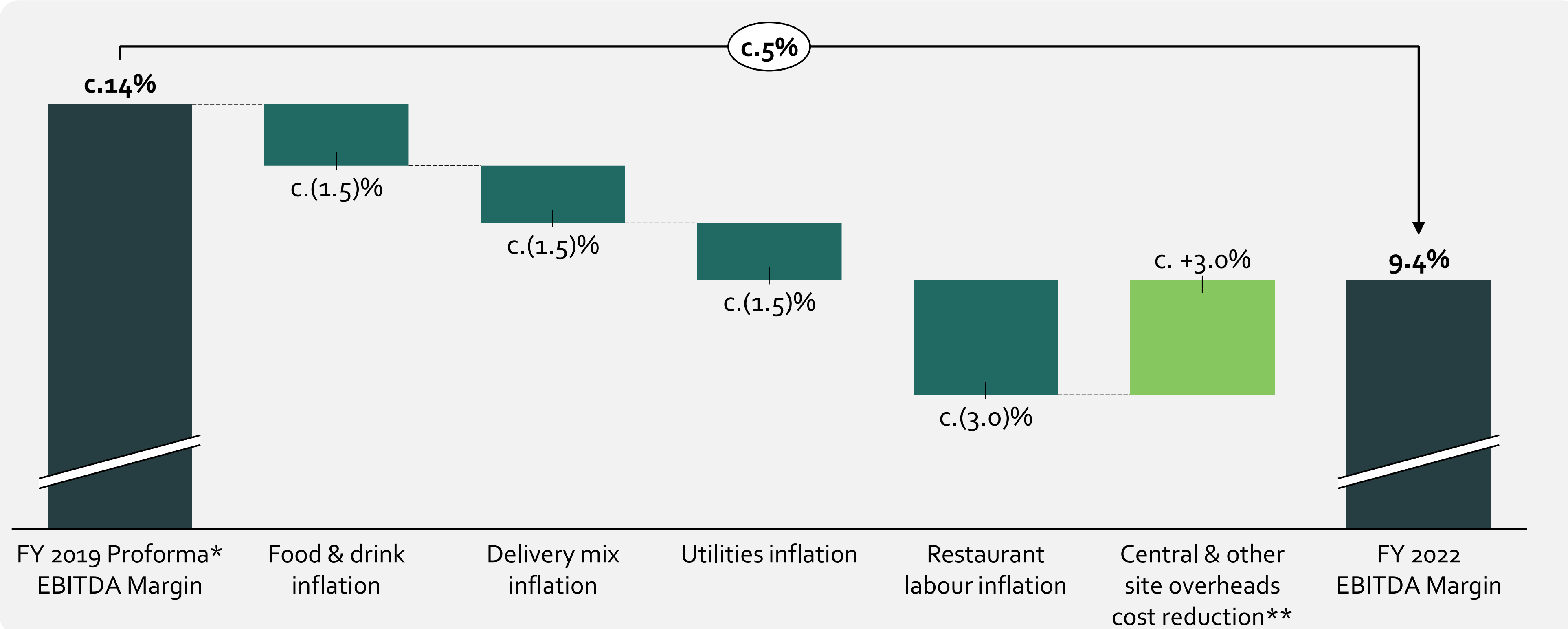
Current trading (2): Dine-in trends particularly strong

Year to date ("YTD") LFL sales (%) vs 2022 comparable for the 8 weeks to 26 Feb 2023

	Total LFL Sales	Delivery and takeaway LFL Sales	Dine-in LFL Sales	VAT Adjusted* Dine-in LFL Sales
Wagamama	+2%	(17)%	+9%	+16%
Pubs	+9%	n/a	+9%	+14%
Leisure	(4)%	(17)%	(1)%	+5%
Concessions	+48%	n/a	+48%	+56%

*VAT benefit boosted LFL sales by approximately 5 to 7% for the restaurant and pub sector in Q1 2022 (13 weeks to 3 April 2022)

Sector-wide cost inflation has impacted TRG's EBITDA margin since 2019



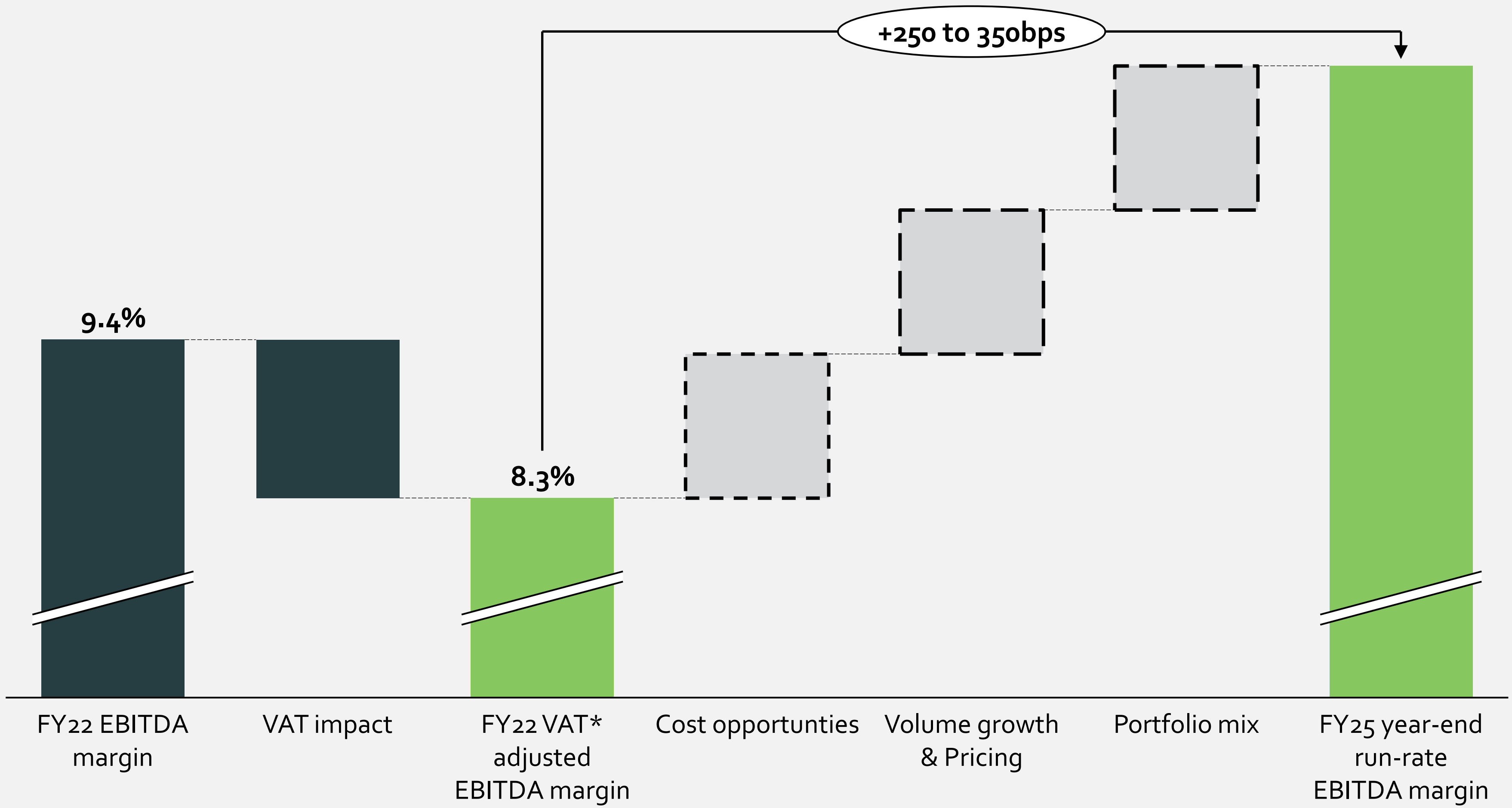
Clear plan developed to improve margins over the next three years

* 2019 proforma (illustrative) relates to the EBITDA achieved in 2019 post the covid restructuring activity of our Leisure and Concessions divisions

** Central costs refer to head-office & divisional office costs. Other site overheads include cost lines such as Rent, Repairs & maintenance , IT etc.

Our framework to increase EBITDA margin over the next three years

Illustrative EBITDA margin improvement plan by end FY25



*** 2022 VAT adjusted EBITDA margin relates to the FY2022 EBITDA Margin excluding the benefit of a lower VAT rate in Q1 2022 (c.£10m benefit to EBITDA)**

Financial review & Outlook

Group income statement summary

	2022 FY £m (Pre-IFRS 16)	2021 FY £m (Pre-IFRS 16)	2022 FY £m (IFRS 16)	2021 FY £m (IFRS 16)
Revenue	**883.0**	636.6	**883.0**	636.6
EBITDA*	**83.0**	81.2	**147.2**	115.2
*EBITDA margin %**	***9.4%***	*12.8%*	***16.7%***	*18.1%*
EBIT / Operating profit*	**44.5**	42.8	**72.7**	37.1
*Operating margin %**	**5.0%**	6.7%	**8.2%**	5.8%
PBT/(LBT)*	**20.3**	16.6	**30.7**	(8.0)

* Adjusted (pre-exceptional charges)

- Q1 sales and EBITDA benefited from reduced VAT rate of 12.5%, contributing c.£10m to EBITDA
- EBITDA increased due to limited Covid impact on H1 trading compared to 2021, which was offset by significant inflationary cost pressures
- IFRS16 PBT benefits from a significant gain relating to the renegotiation of some airport concession leases in the period

The Restaurant Group plc

Exceptional charges: Cash component in year of £8.6m, overall cash inflow £1.7m

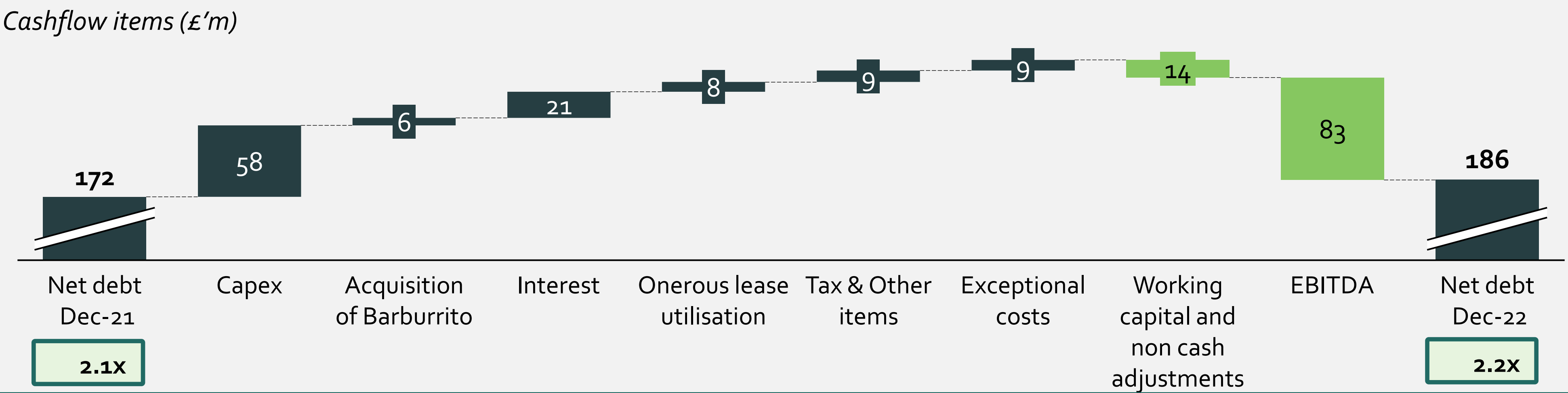
	Non-cash component £m	Cash component £m	Total £m	FY 2022 Cash component £m
Impairment				
ROU Asset (IFRS 16)	60.4	-	60.4	-
Property, Plant & Equipment	46.0	-	46.0	-
Goodwill	7.5	-	7.5	-
Estate restructuring				
Onerous lease	3.2	4.6	7.8	4.6
Site exits	(3.3)	2.3	(1.0)	2.3
Corporate costs				
Gain on interest rate cap		(11.9)	(11.9)	-
Refinancing fees/other	5.4	3.3	8.7	1.7
2022 FY Exceptional charge	**119.2**	**(1.7)**	**117.5**	**8.6**

- Impairment charges predominately relate to sites in our Leisure business
- An increased onerous lease provision reflects the planned accelerated disposal of certain Leisure sites
- Refinancing fees relate primarily to the write off of previously capitalised loan fees following the amend and extend of the existing debt facilities

The Restaurant Group plc

Debt overview – Leverage in line with FY21

Net debt (Pre-IFRS 16) movements FY22 vs FY21



Overview of amended debt facilities

- **Additional two years of debt facilities:**
  - £220m term loan maturing in April 2028
  - £120m RCF maturing in March 2027
- **Improved covenant package**
- **Maintained flexibility:**
  - Significant prepayment flexibility
  - Leverage-based margin ratchet – decreasing interest cost as leverage falls

(£'m)	Current
Private Term Loan	220
Banking Facilities	120
Total Facilities	340

FY23 inflation trends in-line with previous guidance

Themes	Inflationary impact post mitigation (FY23 vs FY22)
1 Labour	8 to 10%
2 General food and drink inflation	10%+
3 Utilities* inflation	£7m-£8m incremental (inc. government support)

Management actions

- Improving retention rates leading to lower labour turnover
- Short-term contract extensions with suppliers to benefit from softening of inflation through 2023
- Improved data analytics leading to selective price increases whilst focusing on value for money
- Utilities fully hedged for FY23** providing certainty

**Utilities relate to Electricity and Gas*

***Hedging position relates to own billed and managed sites and excludes landlord billed sites at shopping centres and airport concession sites*

TRG's hedges: Provides certainty and medium-term cost benefits

Utilities

Utilities* hedging

- Fully hedged** for FY23 and FY24
- Hedged c.80% of utilities volume for Q1 to Q3 2025

At current prices* TRG is hedged broadly in line with spot prices over the next 3 years**

Interest rate caps

Interest rate caps purchased

- On £125m of gross debt running from Nov 22 to Nov 25
- Limits Sonia bank rate to 0.75%

At current Sonia bank rate of 4%, cash saving is over £4 million per annum, or over £12m over the next 3 years

**Utilities relate to Electricity and Gas*
***Hedging position relates to own billed and managed sites and excludes landlord billed sites at shopping centres and airport concession sites*
****Spot prices remain volatile. At spot prices as at end of Feb, TRG is hedged at c.£4.5m adverse in 2023, c.£1.0m adverse in 2024 and c.£3.0m positive in 2025*

Illustrative cost framework: We anticipate an improving medium-term cost outlook

High-level assumptions:

- Labour inflation based on low-pay commission recommendations, which are expected to moderate from FY24
- Expectation that food and drink, utilities and interest cost pressures begin to ease from FY24

	Themes	(FY23 vs FY22)	Expected Inflationary impact (FY24 vs FY23)	Expected Inflationary impact (FY25 vs FY24)
1	Labour market pressures	8 to 10%	6 to 7%	5 to 6%
2	General food and drink inflation	10%+	3 to 4%	2 to 3%
3	Utilities inflation* inc. non-commodity costs	£7m to £8m incremental vs FY22	£3m to £4m lower than FY23	£4m to £5m lower than FY24
4	Average cost of debt/ BOE rate	Libor/Sonia rate = 4 to 4.5%	Libor/Sonia rate = 3.5 to 4.0%	Libor/Sonia rate = 3.0 to 3.5%

** Utilities relate to Electricity and Gas. Inflationary impact in FY24 vs FY23 is net of government support. FY25 benefit relates to 80% of volume hedged for Q1 to Q3*

The Restaurant Group plc

Focused on disciplined management of cash flow in FY23

	FY22 actuals	FY23 guidance	
Disciplined and flexible capex programme	£58m	£40m to £45m	New site openings focused on 5 new Wagamama UK restaurants Includes 3 major concession refurbishments linked to renewals
Cash interest costs	£21m	£21m to £22m	Increased Sonia rate offset by £21m debt repayment on refinancing
Working capital inflow	£14m	£5m to £10m	Improved payment terms across key suppliers and ongoing benefit from further revenue growth
Onerous lease costs	£8m	£10m to £12m	Increase due to planned Leisure estate restructuring
Substantial liquidity	FY Cash Headroom* of c.£140m		

** Cash headroom as at FY22 (Dec) net debt position against total current debt facilities of £340m. Minimum liquidity requirement of £40m*

Illustrative cashflow outlook: We anticipate gradual deleveraging profile

Target net debt / EBITDA* below 1.5x within three years

Themes	Expected (FY23 vs FY22)	Illustrative (FY24 vs FY23)	Illustrative (FY25 vs FY24)
1 Capital expenditure	£40m to £45m	£45m to £55m	£45m to £55m
2 Cash interest costs	£21m to £22m	£17m to £20m	£15m to £18m
3 Working capital inflow	£5m to £10m	£2m to £5m	£2m to £5m
4 Onerous lease exposure	£10m to £12m	£5m to £7m	£2m to £4m

** Pre IFRS 16 Adjustment and exceptional charges*

The Restaurant Group plc

Outlook summary

- A very encouraging start to the trading year
  - FY23 cost outlook in line with previous expectations
- Management's expectations for FY23 remain unchanged
- Medium-term cost outlook improving
- Focus on disciplined management of cashflows
  - Target net debt/EBITDA* below 1.5x within 3 years

** Pre IFRS 16 Adjustment and exceptional charges*

Business review

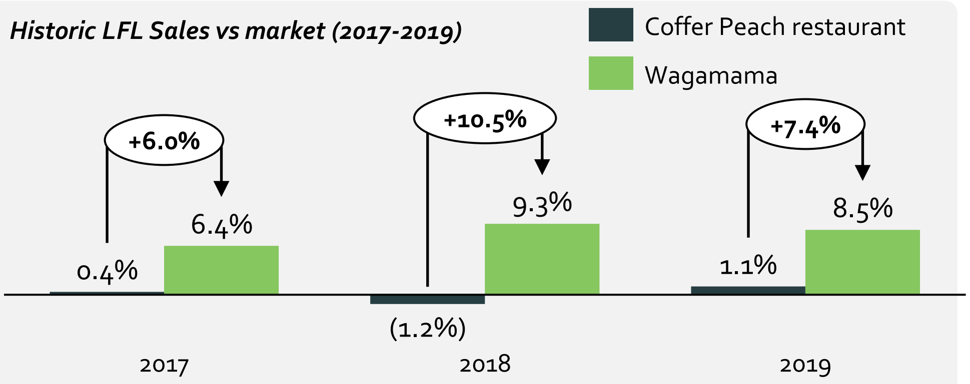
Diversified portfolio well positioned to deliver shareholder value

Business division	Value creation opportunity
1 **Wagamama**	Market-leading casual dining brand with significant roll-out potential both domestically and internationally
2 **Pubs**	Market-leading premium-food led pub brand with a strong track record of consistent market outperformance
3 **Leisure**	Proactive portfolio management to enhance cashflow
4 **Concessions**	A leading operator of Airport Concessions now benefitting from the recovery in air travel

Wagamama: Consistently strong sales outperformance and customer ratings

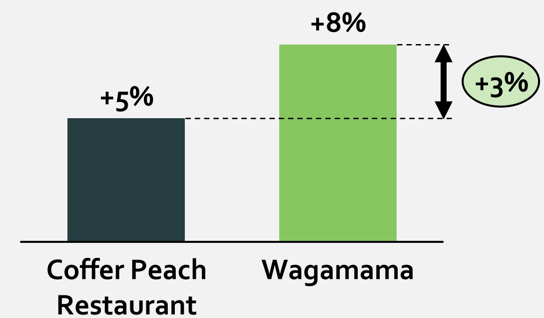
Strong track record of sales outperformance…

Historic LFL Sales vs market (2017-2019)



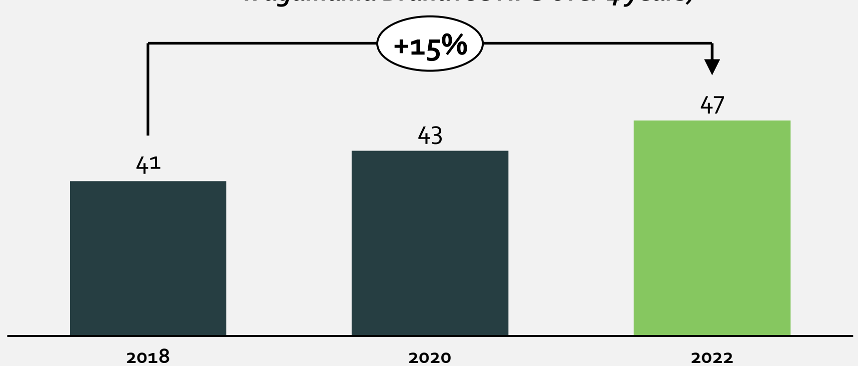
…Sustained post-Covid

FY22 LFL Sales (52 weeks to 1 Jan 23) vs market (vs 2019 comparable)



Improving customer ratings…

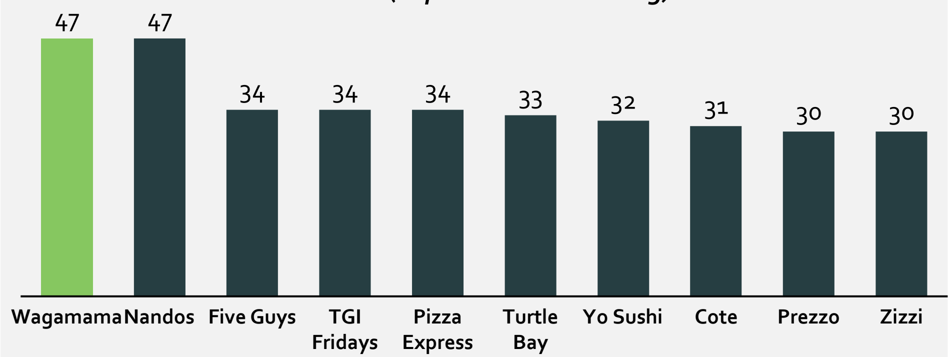
Wagamama Brandvue NPS over 4 years)



Source: BrandVue NPS – Dec 2022 (rolling 12 months)

…Representing a market leading position

Brandvue NPS (Top 10 UK casual dining)



Source: BrandVue NPS – Dec 2022 (rolling 12 months)

Market-leading premium casual dining brand

wagamama

Trend-led menu innovation

Unique people-centric culture

Purpose-led marketing

Vegan fish & chips

Promoting inclusiveness

Influencer partnership for students

Chicken gyoza ramen

Wagamama conference

Community partnership for low-income families

Significant potential for further profitable Wagamama expansion

Wagamama UK

- **Opened 22 new full-service restaurants between 2018-2021**
  - 2 inside London , 20 outside of London ("regional")
  - 35 to 40% ROIC* delivered in FY22 across the "regional" openings

- **Clear visibility of profitable openings for next three years:**
  - 5 planned for FY23
  - At-least 5 further openings per year in the pipeline for FY24 & FY25
  - Confident in long-term potential to build from 156 sites today to approximately 200 sites

Wagamama International

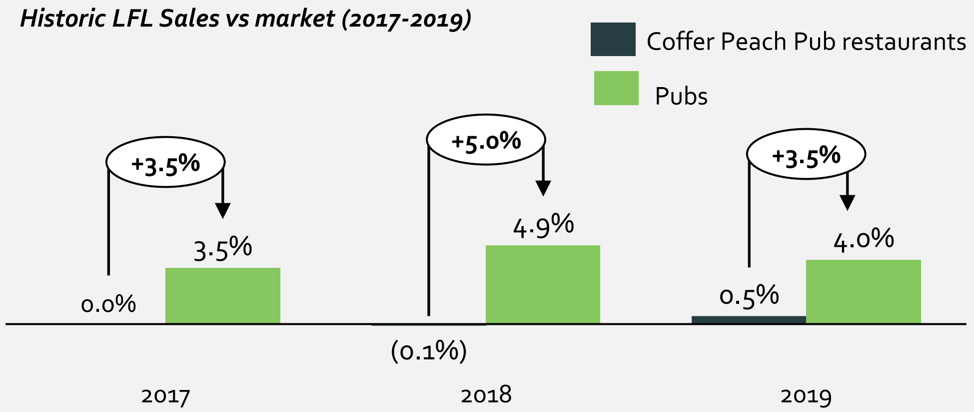
- **USA: 20:80 JV partnership (with TRG as the minority investor):**
  - First option to repurchase remaining equity stake from Dec 2027
  - 7 sites currently trading
  - Opened two sites in the last 6 months in Atlanta and Tampa
  - Two further sites planned in FY23 in Dallas and Arlington
  - Targeting an estate of 25-35 by 2027

- **Franchised operations in Europe and Middle East:**
  - 58 sites currently trading
  - Overall LFL sales trading ahead of 2019
  - Opened 7 new sites in FY22
  - We expect 5-8 new sites per year over the next 3 years

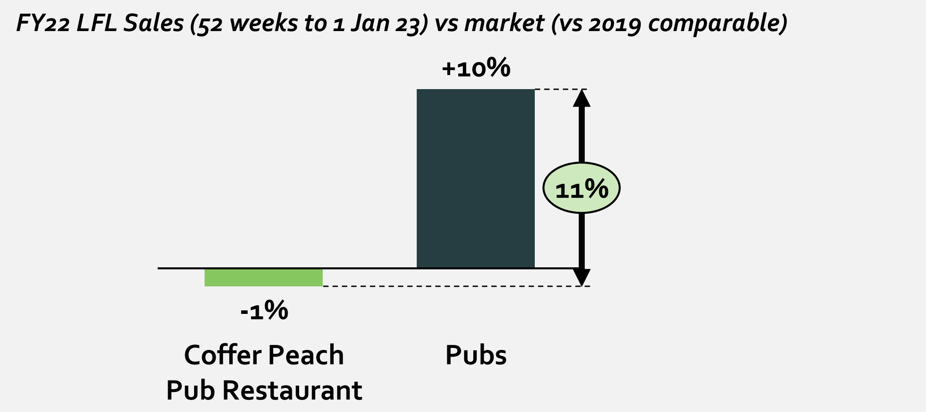
***ROIC refers to return on invested capital defined by outlet EBITDA/initial capex invested**

Pubs: Exceptional performance on both sales and customer ratings

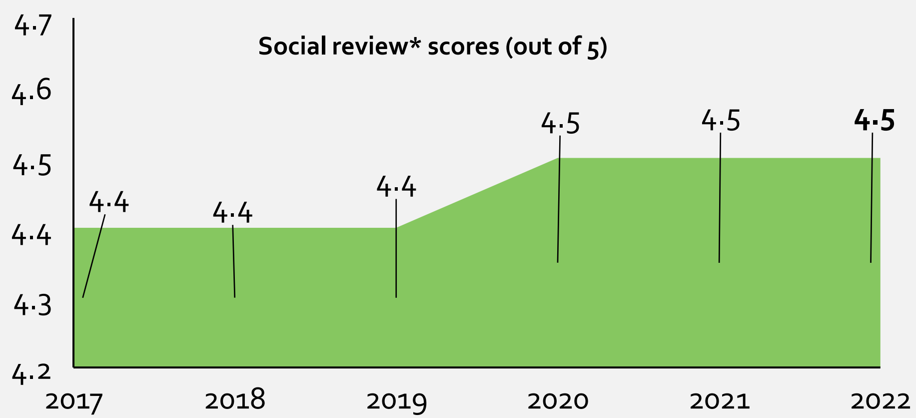
Strong pre-Covid track record of market outperformance



Exceptional outperformance post-Covid



Customer sentiment remains high



* Social review scores relate to a consolidation of Facebook, Google and TripAdvisor scores

Focus areas ahead

- Continue to drive LFL sales growth with core model proving extremely resilient
- Exploring opportunities to increase our accommodation offering
- Resume expansion plan when quality pub asset values moderate

Leading premium food-led concept

The Mill House, Hook

Highdown, Worthing

Attractive customer demographics

- Older and higher demographic customer base
- Target min of 25K population of ABC1 within a 15 min drive time
- B&P offer has proved timeless through all economic cycles

Defensible, well invested locations

- c.80% of the estate in sub-urban/rural locations with limited direct competition
- Over 60% of the estate have >100 external covers
- Low refurbishment and maintenance cost due to initial level of investment

Localised business model with strong execution

- Only c.20% of the menu is core dishes
- Strong retention / stability of management team
- High level of local management autonomy

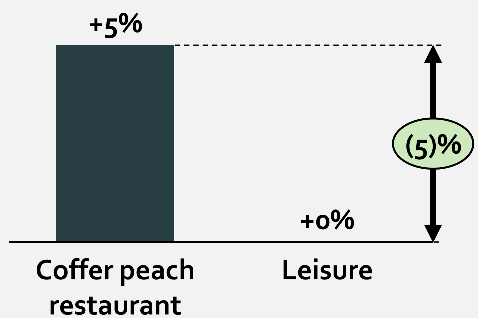
Freehold estate valued at £160m*

*as of August 2022, according to a third-party valuation commissioned by the Group

Leisure: operational improvements driving improved customer sentiment

Trading broadly flat versus 2019

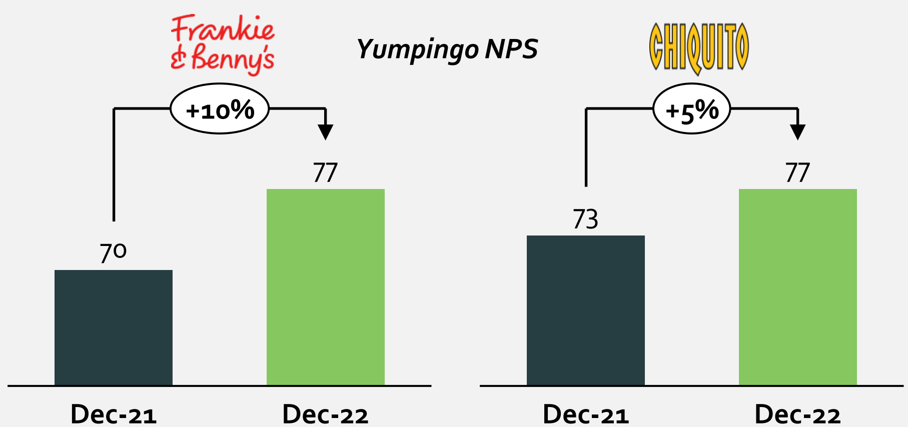
FY22 LFL Sales (52 weeks to 1 Jan 23) vs market (vs 2019 comparable)



Operational improvements

- Ongoing investment in food quality, menu simplification and our virtual brands
- Improved colleague engagement
- Selective refurbishments

Improving customer ratings



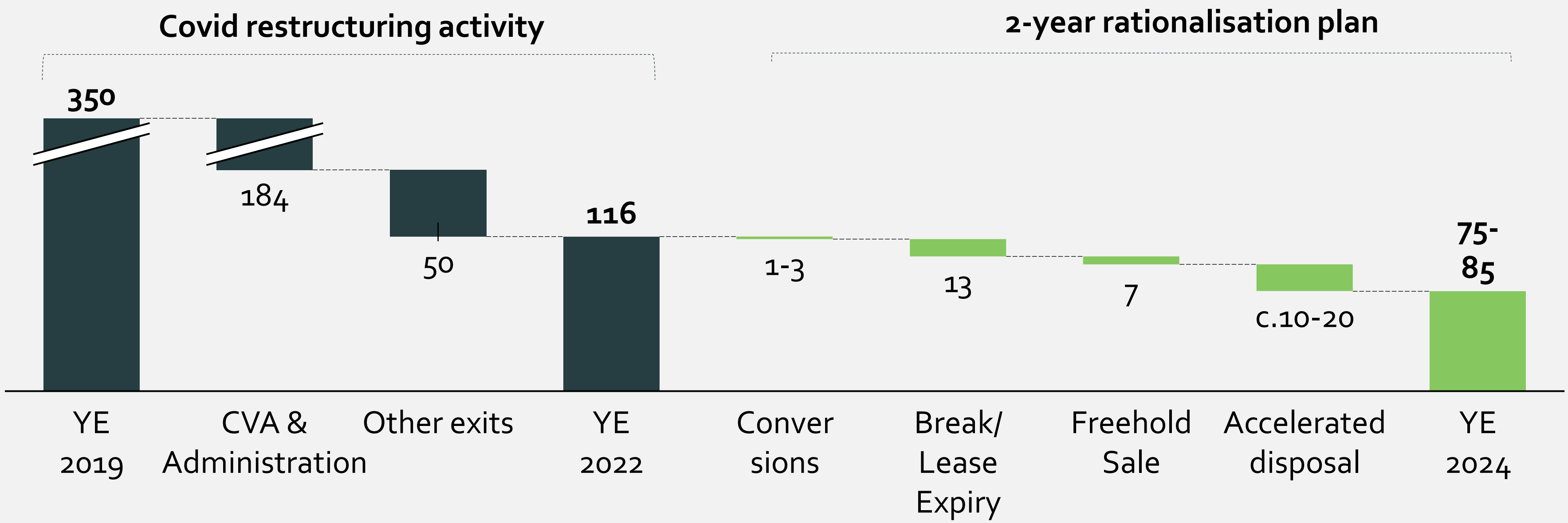
Successful integration of Barburrito

Acquired brand's 16 site portfolio in July 2022

Further estate rationalisation will enhance cash generation

Pro-active Estate Management

Number of sites (Leisure estate excluding Barburrito)

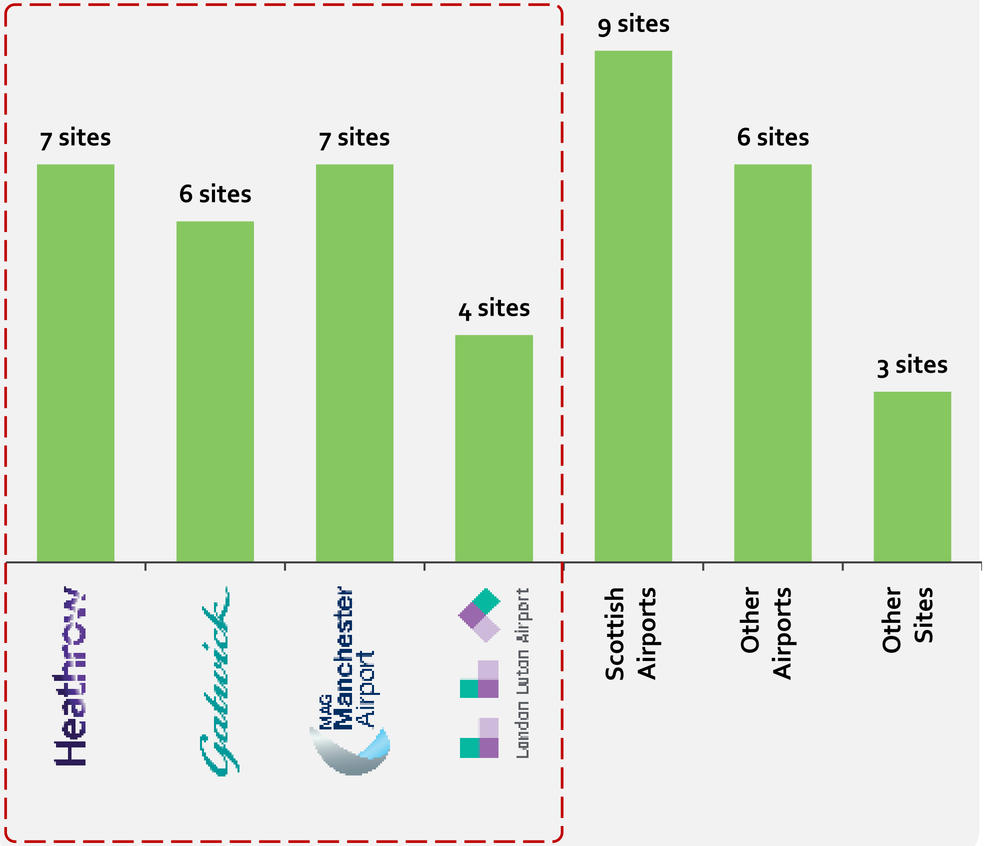


- 1-3 conversions to Wagamama
- Exit at least 13 sites at lease expiry or break clause
- 7 freehold sites already on the market
- 10-20 sites for accelerated disposal

Concessions: A leading airport Concessions operator in the UK

Long-term presence in UK's busiest airports

70% of revenue generated from major UK airports



Strong multi-brand portfolio

TRG Bespoke Brands

Prince of Wales pub and dining

The Curator bar & dining

Sonoma

The Smithfield Est. 2017

the Distilling House pub & dining

TRG Brands

joes coffee house

Frankie & Benny's

Franchised Brands

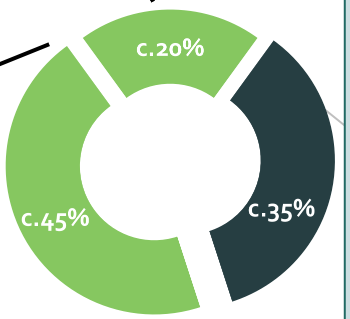
Shake Shack

Wondertree

BrewDog

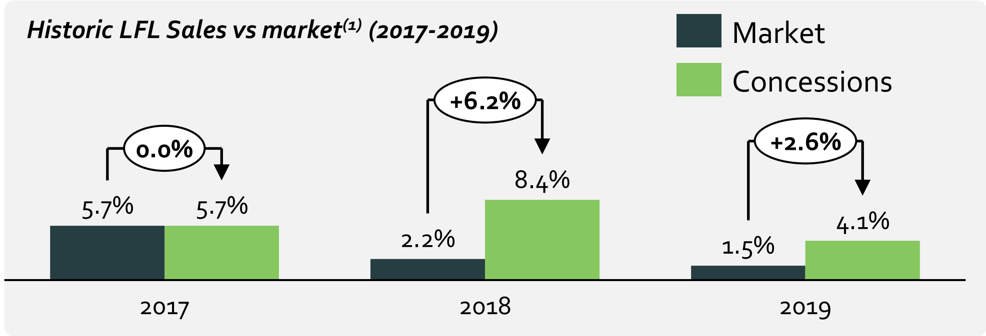
San Carlo

Giraffe

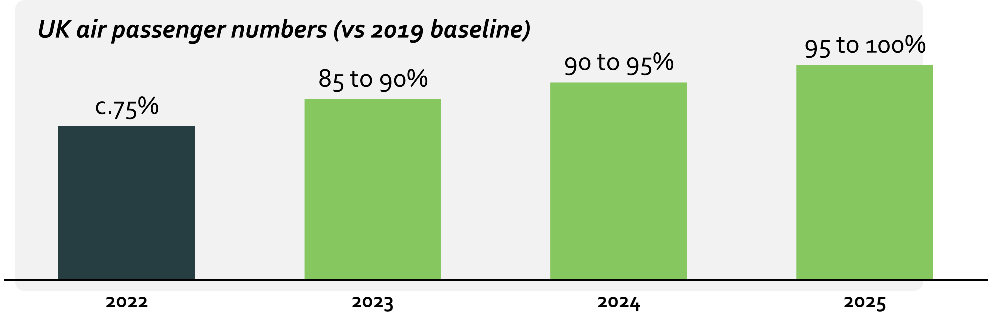


Strong LFL sales recovery as passenger volumes continue to improve

Strong pre-Covid track record of LFL sales growth

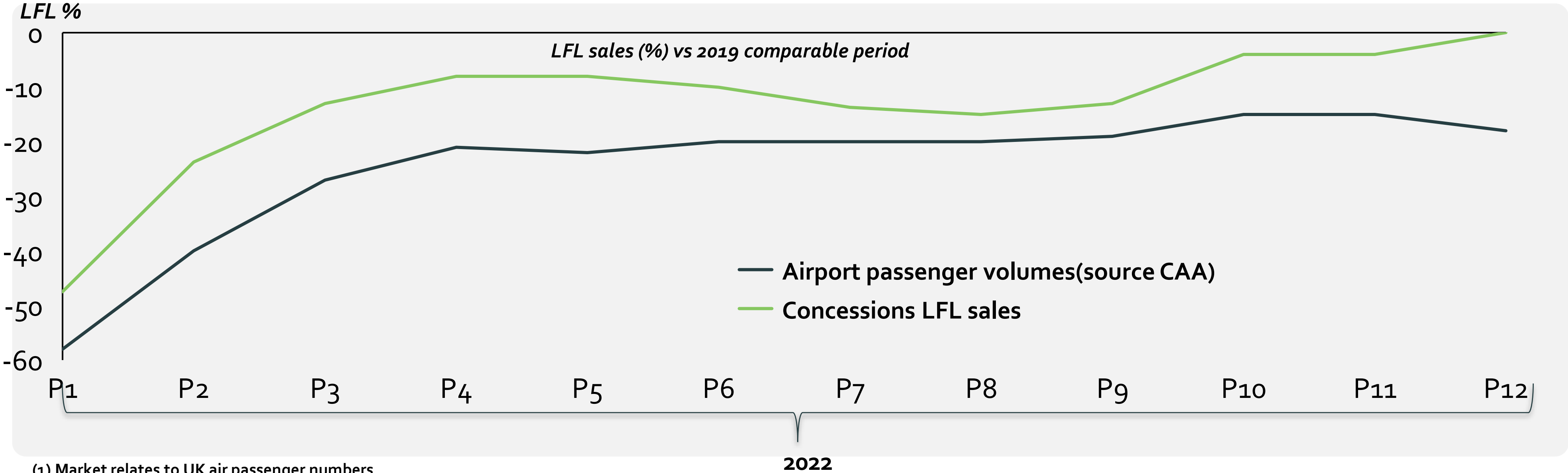


UK air passenger volumes expected to fully recover by 2025



Source: Based on management's current expectations

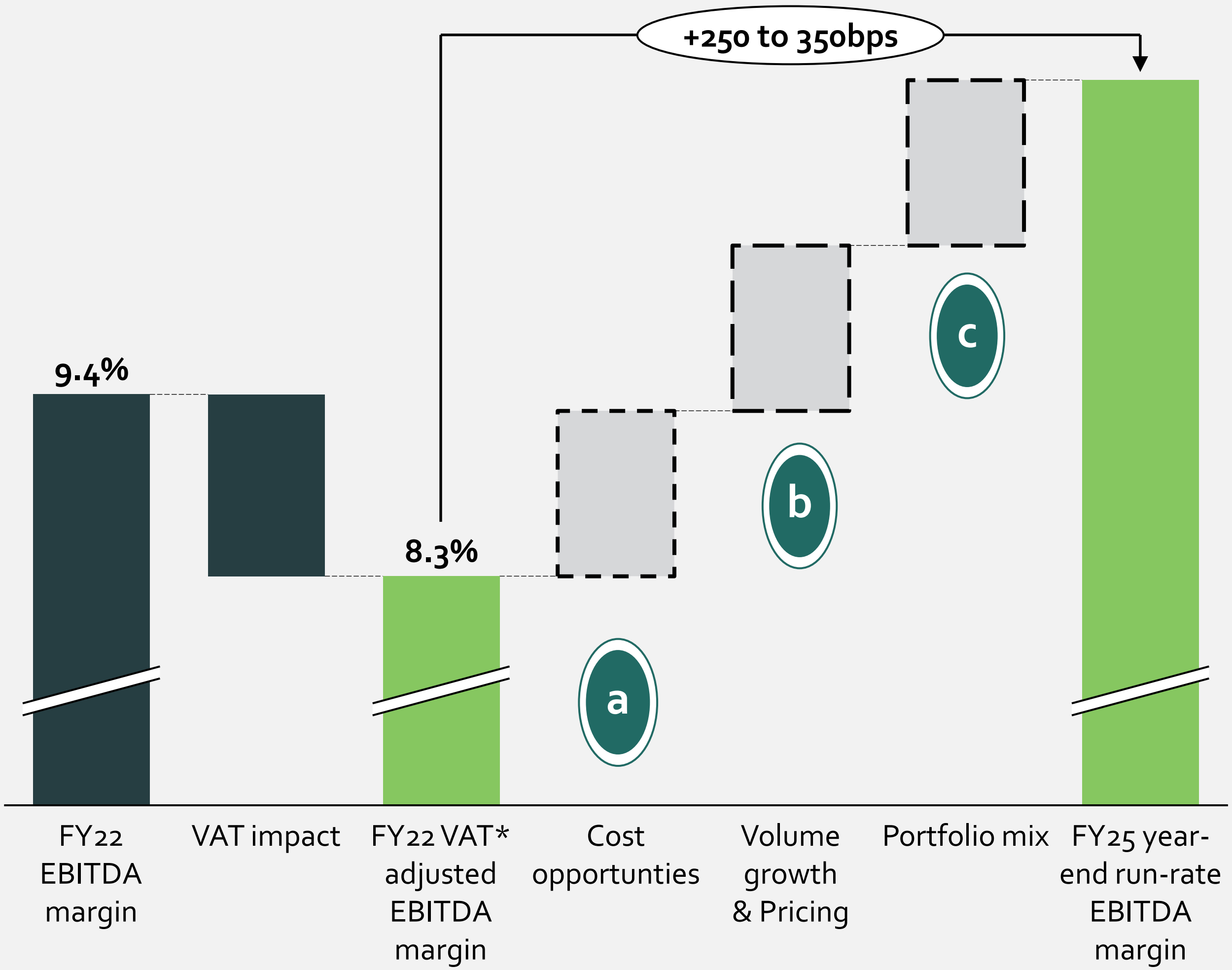
Concessions LFL sales recovering strongly as passenger volumes return



(1) Market relates to UK air passenger numbers

Clear plan to deliver significant EBITDA margin accretion over a 3 year time horizon

Illustrative EBITDA margin improvement plan by end FY25



Key drivers of margin improvement

a
- Central cost efficiencies
- Leveraging procurement scale
- Utilities deflation

b
- Operational initiatives to drive footfall
- Selective price increases whilst preserving value for money offer

c
- Wagamama expansion
- Pubs LFL sales growth
- Concessions recovery
- Further rationalisation of Leisure estate

* 2022 VAT adjusted EBITDA margin relates to the FY2022 EBITDA Margin excluding the benefit of a lower VAT rate in Q1 2022 (c. £10m benefit to EBITDA)

Summary

- Delivered a robust trading and operating performance in FY22
- A very encouraging start to FY23 trading
- Cost outlook improving
- Medium-term strategic priorities
  - Proactive plan to deliver significant EBITDA margin accretion
  - Target net debt/EBITDA below 1.5x
  - Continue to review longer-term strategic options

Appendices

Preserving the Future - our sustainability programme/framework

Our Preserving the Future programme has 3 pillars, each containing commitments that align to the UN Sustainable Development Goals

Conserving resources in our own operations

1. Maintain renewable energy across our directly contracted supplies
2. Improve our energy and water efficiency
3. Reduce waste
4. Improve the sustainability of our packaging

Working with partners on our sustainability journey

5. Engage with suppliers and distributors to reduce emissions across our supply chain
6. Sustainable and responsible sourcing practices
7. Sustainable restaurant design and fit outs

Supporting People & Communities

8. Care for our customers and communities
9. Care for our colleagues
10. Foster a representative, diverse & inclusive environment

Underpinned by strong governance framework

Environmental & Social initiatives update – FY22

Scope 3 emissions reduction

Worked with specialist sustainability company to identify Scope 3 decarbonisation levers

More sustainable packaging

New packaging rolled out to >80% of restaurants – remaining sites/ delivery kitchens using up stock and expected to move to new packaging in May

Reduce waste

SRA plate waste project trials complete, with average c.20% reduction of plate waste per cover

Care for our colleagues

350 apprentices on our programmes/ graduated in 2022

Care for our communities

Raised over £300,000 for charity in FY 2022

Foster a representative, diverse and inclusive environment

D&I training, engagement surveys, inclusion campaigns & events

IFRS 16 P&L reconciliation

	Trading Pre IFRS 16 £m	IFRS 16 Depreciation £m	IFRS 16 Interest £m	Non-cash £m	Modifications £m	Fixed rent £m	Trading IFRS 16 £m
Revenue	883.0	-	-	-	-	-	883.0
Operating costs*	(800.0)	-	-	(5.0)	9.4	59.8	(735.8)
EBITDA*	83.0	-	-	(5.0)	9.4	59.8	147.2
Depreciation, amortisation and impairment*	(38.5)	(36.0)	-	-	-	-	(74.5)
EBIT /Operating profit*	44.5	(36.0)	-	(5.0)	9.4	59.8	72.7
Interest payable*	(24.2)	-	(17.7)	-	-	-	(42.0)
PBT*	20.3	(36.0)	(17.7)	(5.0)	9.4	59.8	30.7

* Adjusted (pre-exceptional charge)

- Non-cash related charges under IFRS 16 is due primarily to the reversal of onerous lease provisions and capital contributions, made under IAS 17
- Modifications of £9.4m relate primarily to the renegotiation of some airport concession leases in the period

Other FY23 Guidance

- **IFRS 16 EBITDA add-backs (i.e., rent & other property non-cash charges) :**
  - Net add-back £49m to £53m
    - £60m to £62m for fixed rent
    - (£9m) to (£11m) for non-cash property charges

- **P&L Depreciation and interest detailed in table below:**

	Pre-IFRS 16 charge £'m	IFRS 16 impact £'m	Total charge £'m
P&L Depreciation*	35-37	31-33	66-70
P&L Interest*	24-26	16-17	40-43

* Adjusted (pre-exceptional charges)

Group cash flow

	2022 FY £m (Pre IFRS 16)	2021 FY £m (Pre IFRS 16)
Adjusted* EBITDA (pre IFRS 16 basis)	83.0	81.2
Working capital and non-cash adjustments	14.3	5.7
Operating cashflow	97.3	86.9
Net interest paid	(21.3)	(20.6)
Tax paid/received	-	(2.6)
Refurbishment and maintenance capital expenditure	(36.6)	(19.0)
Free cash flow	39.4	44.7
Development capital expenditure	(21.6)	(14.1)
Acquisition of Barburrito	(6.2)	-
Movement in capital creditors	(1.5)	(1.0)
Utilisation of onerous lease provisions	(8.3)	(5.9)
Exceptional costs	(8.6)	(15.0)
Proceeds from issue of share capital	-	166.8
Proceeds from disposals	0.8	-
Other items	(1.4)	(1.6)
Cash movement	(7.4)	174.0
Group net debt at start of period	(171.6)	(340.4)
Non-cash movement in net debt	(6.7)	(5.2)
Group net debt at end of period (pre IFRS 16 basis)	(185.7)	(171.6)
Lease liabilities (IFRS 16 basis)	(396.0)	(410.4)
Group net debt at end of period (IFRS 16 basis)	(581.7)	(582.0)

* *(pre-exceptional charge)*

Commentary

- Positive working capital due to increased trading levels and VAT reverting to 20%
- Restarted our targeted capital expenditure programme
- FY22 Onerous lease cash cost excludes costs associated with business rates which are recognised in exceptional costs

Capital allocation framework

Priorities	Parameters
1 Reinvest in customer offer	Maintenance and refurbishment capex between £20m to £30m
2 Maintain a strong balance sheet	Target net debt/EBITDA* below 1.5x within 3 years
3 Wagamama and Pubs new site expansion	Deliver against targeted returns criteria – Wagamama >35% ROIC – Pubs >20% ROIC

** Pre IFRS 16 Adjustment and exceptional charges*

IFRS 16 lease liability summary by division

	IFRS 16 Lease liability £'m
Wagamama	220
Leisure	77
Barburrito	8
Concessions	48
Pubs	34
Central head office	8
Total	**396**

– c.£35m of the Leisure lease liability relates to non-trading sites

IFRS 16 Balance sheet Reconciliation

	Pre IFRS 16 £m	IFRS 16 Adjustments £m	IFRS 16 £m
Non-current assets	**879.8**	**243.2**	**1,123.0**
Intangible assets	604.1	-	604.1
Right of use assets	-	237.6	237.6
Property, plant and equipment	257.6	0.1	257.7
Derivative financial instruments	15.4	-	15.4
Trade and other receivables	2.7	5.5	8.2
Current assets	**67.9**	**(7.4)**	**60.5**
Stock	6.5	-	6.5
Trade and other receivables	17.7	0.6	18.3
Prepayments	16.0	(8.0)	8.0
Cash and cash equivalents	27.7	-	27.7
Total assets	**947.7**	**235.8**	**1,183.5**
Current liabilities	**(214.4)**	**(3.6)**	**(218.0)**
Trade and other payables*	(199.4)	38.7	(160.7)
Provisions	(15.0)	12.7	(2.3)
Lease liabilities	-	(55.0)	(55.0)
Non-current liabilities	**(271.6)**	**(313.9)**	**(585.5)**
Long-term borrowings	(213.4)	-	(213.4)
Deferred tax liabilities	(25.8)	-	(25.8)
Provisions	(30.3)	25.0	(5.3)
Non-current lease liabilities	-	(341.0)	(341.0)
Other payables	(2.1)	2.1	-
Total liabilities	**(486.0)**	**(317.5)**	**(803.5)**
Net assets	**461.7**	**(81.7)**	**380.0**

Estate mix

	Estate at 02/01/22	Openings	Closures	Estate at 01/01/23
Wagamama UK	148	8	(3)	153
Frankie & Benny's	96	-	(10)	86
Pub Restaurants	79	2	(2)	79
Concessions	44	2	(4)	42
Chiquito	22	-	-	22
Other Leisure Brands	8	-	-	8
Wagamama Delivery kitchens	8	3	(8)	3
Barburrito*	-	17	-	17
Total TRG	405	32	(27)	410

In addition to the above, the Wagamama business has a 20% stake in a JV currently operating six Wagamama restaurants in the US and over 50 franchise restaurants across a number of territories (as at 01/01/23)

***Barburrito acquired and consolidated into TRG results from 12th July 2022**