The Restaurant Group plc

Half Year Results Presentation

26 Weeks to 2 July 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: Strong progress, increase in management EBITDA expectations for FY23

H1 23 Financial highlights

Total Revenue	Adjusted EBITDA*	Adjusted PBT*
H1 23: £467.4m	**H1 23: £36.3m**	**H1 23: £7.2m**
H1 22: £423.4m	H1 22: £31.4m	H1 22 : £(0.1)m

H1 23 Operational highlights

- Excellent early progress in executing medium-term plan
  - Strong trading performance
  - £5m of annualised incremental cost savings achieved
  - Acceleration of new Wagamama UK openings and the rationalisation of the Leisure estate

FY23 outlook

- Strong first 8 months of trading
- Cost outlook in line with previous guidance
- Strong trading performance supports a moderate increase in management's FY23 EBITDA expectations
  - Net debt* expected to be between £180m and £190m

****Pre IFRS 16 Adjustment, exceptional charges and VAT benefit in H1 22 (for EBITDA and PBT)***

Trading performance: Dine-in trends particularly strong

Year to date ("YTD") LFL sales (%) vs 2022 comparable for the 34 weeks to 27 August 2023

	Total LFL Sales	VAT Adjusted* Total LFL Sales	Delivery and takeaway LFL Sales	Dine-in LFL Sales	VAT Adjusted* Dine-in LFL Sales
Wagamama	+7%	+9%	(8)%	+11%	+14%
Pubs	+8%	+10%	n/a	+8%	+10%
Leisure	(3)%	(1)%	(6)%	(2)%	Flat
Concessions	+29%	+31%	n/a	+29%	+31%

Wagamama, Pubs and Concessions delivering dine-in covers growth (YTD)

*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)

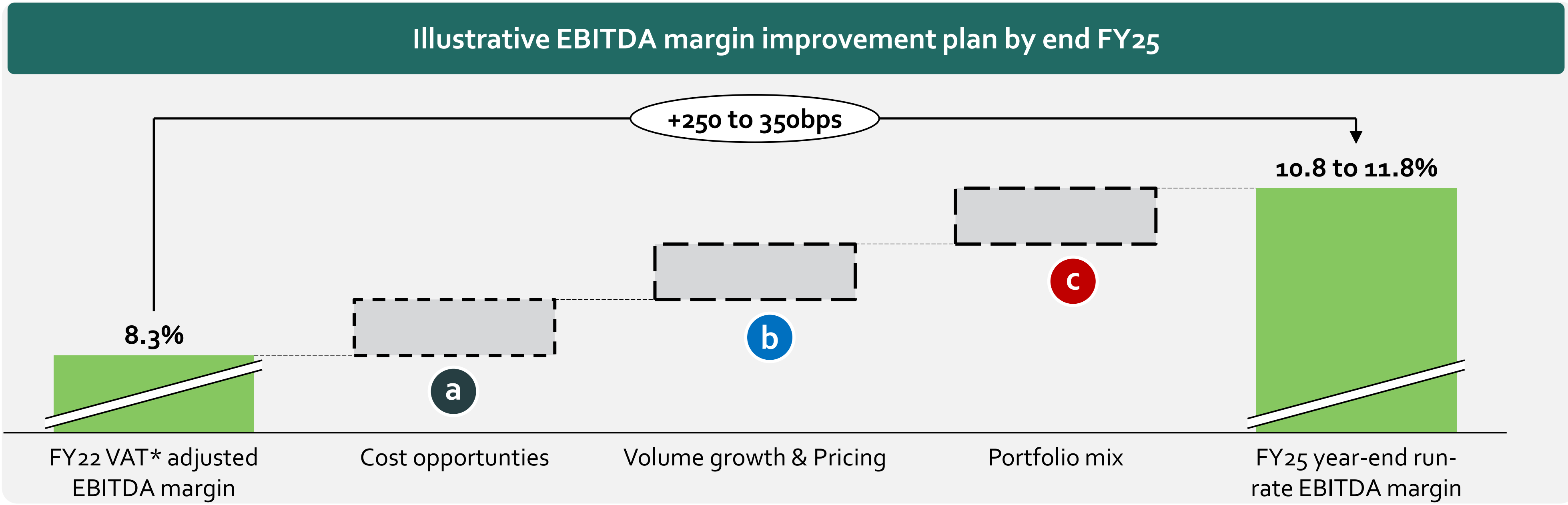
Group Trading has strengthened further in Q3

Total LFL sales % vs 2022 comparable split by quarter for the 34 weeks to 27 August 2023

	Q1 Total LFL sales	Q1 Total LFL sales "Excl. VAT benefit" (illustrative*)	Q2 Total LFL sales	Q3 (to-date) Total LFL sales	Q2 and Q3 (to-date) combined Total LFL sales
	13 weeks to 2 April 2023	*13 weeks to 2 April 2023*	*13 weeks to 2 July 2023*	*8 weeks to 27 August 2023*	*21 weeks to 27 August 2023*
Wagamama	+2%	+9%	+5%	**+16%**	+9%
Pubs	+5%	+10%	+13%	**+5%**	+10%
Leisure	(4%)	+2%	(7%)	**+6%**	(2)%
Concessions	+37%	+44%	+23%	**+33%**	+27%

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

Excellent early progress in executing medium-term plan



a — Delivered incremental cost savings of £5m p.a with further cost initiatives under way

b — Strong LFL trading performances in Wagamama, Pubs and Concessions

c — Accelerated Wagamama new site expansion and Leisure estate rationalisation

* 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: Strong underlying EBITDA* growth

	2023 HY £m (Pre-IFRS 16)	2022 HY VAT adjusted £m (Pre-IFRS 16)	2022 HY £m (Pre-IFRS 16)
Revenue	**467.4**	423.4	423.4
EBITDA*	**36.3**	31.4	41.7
*EBITDA margin %**	***7.8%***	*7.4%*	*9.8%*
EBIT / Operating profit*	**20.3**	12.6	22.9
*Operating margin %**	**4.3%**	3.0%	5.4%
PBT/(LBT)*	**7.2**	(0.1)	10.2
*EPS**	**0.5p**	n/a	1.0p

* Adjusted (pre-exceptional charges)

- In 2022 , sales and EBITDA benefited from reduced VAT rate of 12.5% in Q1, contributing c.£10m to EBITDA
- Most comparable underlying profit metrics are therefore on a VAT adjusted basis as outlined in the black box in the table above
- EBITDA (VAT adjusted) increased by c.15% due to a strong sales performance in our Wagamama, Pubs and Concessions businesses and tight cost management

**** Pre IFRS 16 Adjustment, exceptional charges and VAT benefit in H1 22 (for EBITDA and PBT)***

Segmental analysis: Strong EBITDA* growth driven by Wagamama, Pubs and Concessions

	Wagamama		Pubs		Concessions		Leisure		TRG Group	
	2023 HY £m	2022 HY £m	2023 HY £m	2022 HY £m	2023 HY £m	2022 HY £m	2023 HY £m	2022 HY £m	2023 HY £m	2022 HY £m
Revenue	**222**	207	**80**	71	**81**	57	**84**	88	**467**	423
Restaurant EBITDA* (VAT adjusted)	**36.6**	31.2	**11.7**	10.9	**8.8**	4.4	**2.1**	8.3	**59.2**	54.8
Divisional overheads	**(7.8)**	(8.1)	**(2.7)**	(2.7)	**(2.0)**	(1.7)	**(2.9)**	(3.2)	**(15.4)**	(15.7)
Divisional EBITDA* (VAT adjusted)	**28.8**	23.1	**9.0**	8.2	**6.8**	2.7	**(0.8)**	5.1	**43.8**	39.1
Central overheads									**(7.5)**	(7.7)
EBITDA* (VAT adjusted)									**36.3**	31.4

* Adjusted (pre-exceptional charges)

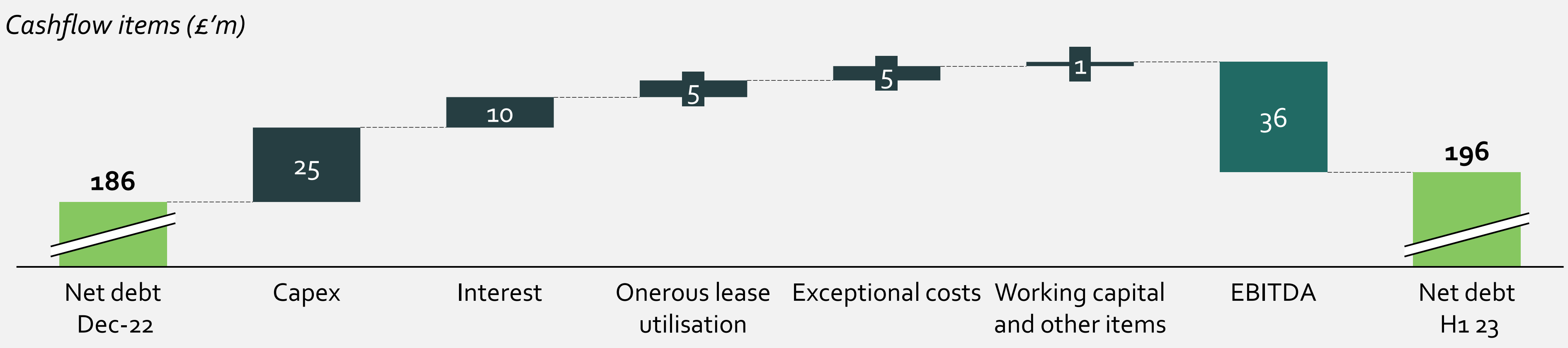
Note: Divisional overheads relate to the operations, HR, marketing and commercial finance teams within the divisions

c.40% of Central overheads relate to shared service functions (procurement, property and IT) providing direct support to the trading divisions and c.60% relate to Corporate functions (inc. Plc Board requirements, central finance and Head Office property costs).

**** Pre IFRS 16 Adjustment, exceptional charges and VAT benefit in H1 22 (for EBITDA and PBT)***

Debt overview – FY23 Net Debt expected to be between £180m and £190m

Net debt (Pre-IFRS 16) movements H1 23 vs FY22



FY23 year-end Net Debt (Pre-IFRS 16) expected to be between £180m and £190m

Drivers of second half net debt reduction

Higher management expectations for H2 EBITDA

Expect to generate c.£5m from Leisure freehold sales in H2

Expect working capital inflow in H2

Lower Capex in H2

Lower exceptional costs in H2

The Restaurant Group plc

FY23 costs unchanged, medium-term cost outlook continues to improve

	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 5%	2 to 4%
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 = average of 5.0%	Libor/Sonia rate = 5.75 to 6.25%	Libor/Sonia rate = 5.0 to 6.0%

*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
_ FY24 and FY25 implied Sonia rates are based on the Sonia curve as at end of August 23_**

Capital investment: Focus on accelerating Wagamama UK new openings

Development capex (new site) plan

	2023 openings	*2024 onwards target openings*	*Expected average capex investment*	
Wagamama UK restaurants	**6**	**8-10**	**£1.2m - £1.5m**	**Capitalising on improved commercial terms and site availability**
Pubs*	**1**	**1-3**	**£1.8m - £4.0m**	**Targeted expansion plan**
Concessions	**N/A**	**2-4**	**£0.5m - £2.5m**	**2-4 renewals or new openings**

*** Average capex investment range relates to both leasehold and freehold pubs (i.e. £4.0m capex investment relates to a freehold pub)**

Improving deleveraging profile supports accelerated Wagamama new openings

Target net debt / EBITDA* below 1.5x before the end of FY25

	Themes	Expected (FY23 vs FY22)	Expected FY24	Expected FY25
1	Capital expenditure	£43m to £45m	£50m to £55m	£50m to £55m
2	Cash interest costs	£22m to £23m	£18m to £21m	£15m to £18m
3	Working capital inflow	£2m to £5m	£2m to £5m	£2m to £5m
4	Onerous lease expense	£9m to £10m	£5m to £7m	£3m to £5m

Pre IFRS 16 Adjustment and exceptional charges

FY23: Outlook

- A strong trading performance year-to-date, supports a moderate increase in management's FY23 EBITDA* expectations
- Net debt forecast range for FY23 of between £180m to £190m
- Medium-term cost outlook continues to improve
- Target net debt/EBITDA* below 1.5x before the end of FY25

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

The Restaurant Group plc

Business review

Clear action plan to increase margins and reduce leverage

Priorities

1. Continue to drive like-for-like sales growth in Wagamama, Pubs and Concessions
2. Capturing further cost savings driving improved profitability
3. Accelerate Wagamama openings and selectively expand Pubs estate
4. Proactive Leisure portfolio rationalisation
5. Target net debt / EBITDA* below 1.5x before the end of FY25

Continue to actively explore strategic options to further accelerate margin accretion and deleveraging

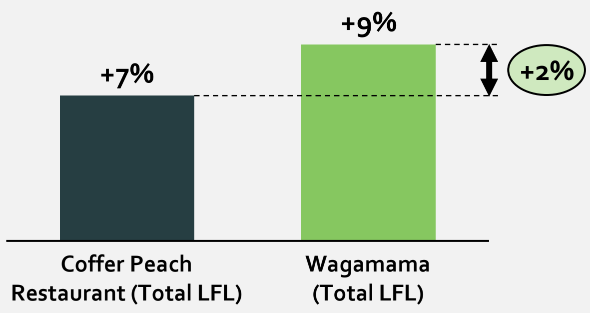
** Pre IFRS 16 Adjustment and exceptional charges*

The Restaurant Group plc

Wagamama: Market-leading premium casual dining brand

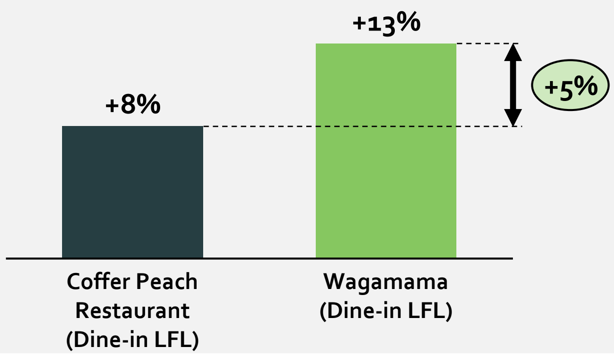
Continued market outperformance

LFL Sales (21 weeks to 27 August 23) vs market (vs 2022 comparable)*



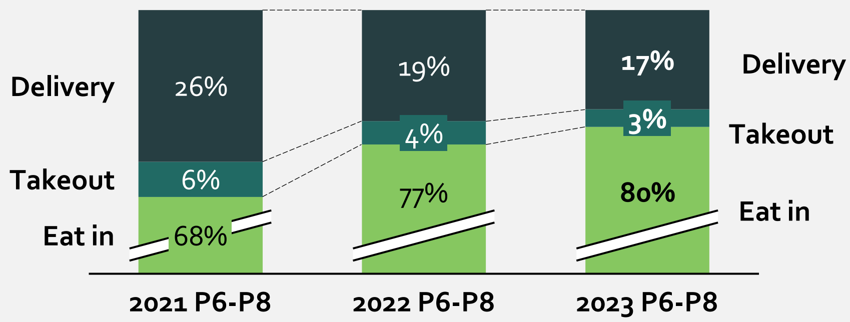
...particularly strong market outperformance in Dine-in

LFL Sales (21 weeks to 27 August 23) vs market (vs 2022 comparable)*



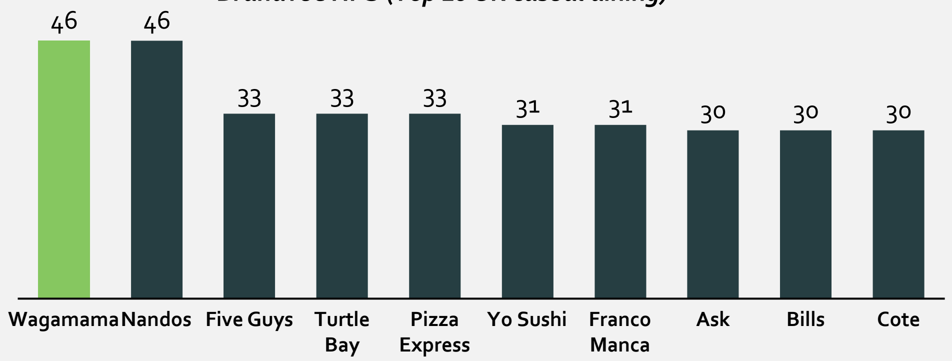
Delivery and takeaway mix stabilising at c.20%

Channel Mix – Last 3 months 2023 vs 2022 vs 2021*



Continued strong customer ratings

Brandvue NPS (Top 10 UK casual dining)



Source: BrandVue NPS – June 2023 (rolling 12 months)

* Q2 and Q3 to date

Significant potential for further profitable Wagamama expansion

Wagamama UK

- **New sites continue to deliver strong returns:**
  - Opened 38 new full-service restaurants between 2016-2021
    - 33 regional* openings, 5 inside central London
  - Regional openings delivered over 35% ROIC** despite high food and energy inflation

- **Accelerating expansion plans to build towards long-term target of 200-220 sites:**
  - 6 planned for FY23
  - Expect to end the year at 161 sites
  - 8-10 planned for FY24 onwards

Wagamama International

US JV

- **20:80 JV partnership (with TRG as the minority investor)**
- **Expect to deliver positive EBITDA in FY24 (9 sites trading)**
- **Targeting an estate of 20-30 sites by 2027**

Franchised operations in Europe and Middle East

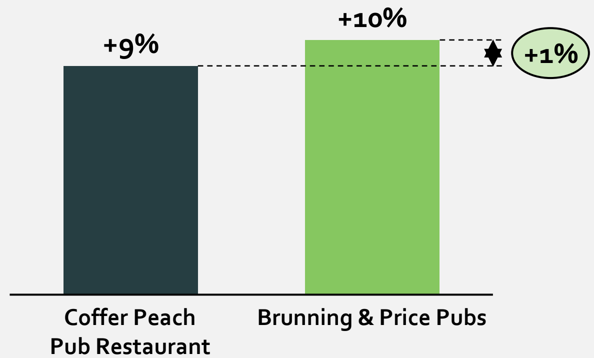
- **Currently operate 59 sites delivering c.£2.5m EBITDA (post divisional overheads)**
- **New territory agreement to open seven sites in India from FY24 onwards**
- **Exploring opportunities to accelerate international footprint**

* Regional openings exclude central London and airport sites
**Return on invested capital defined by outlet EBITDA/initial capex invested.....outlet EBITDA is the rolling 12 months to June 23

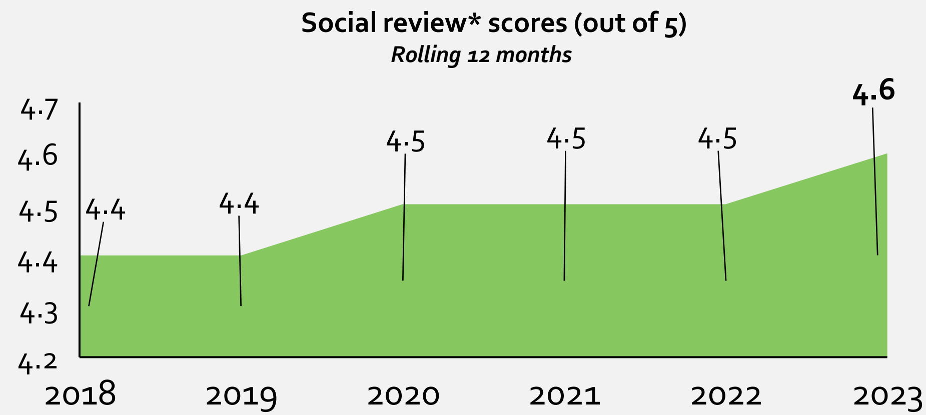
Brunning & Price: Continued market outperformance and strong customer ratings

Continued market outperformance

LFL Sales (21 weeks to 27 August 23) vs market (vs 2022 comparable)*



Consistently strong customer sentiment



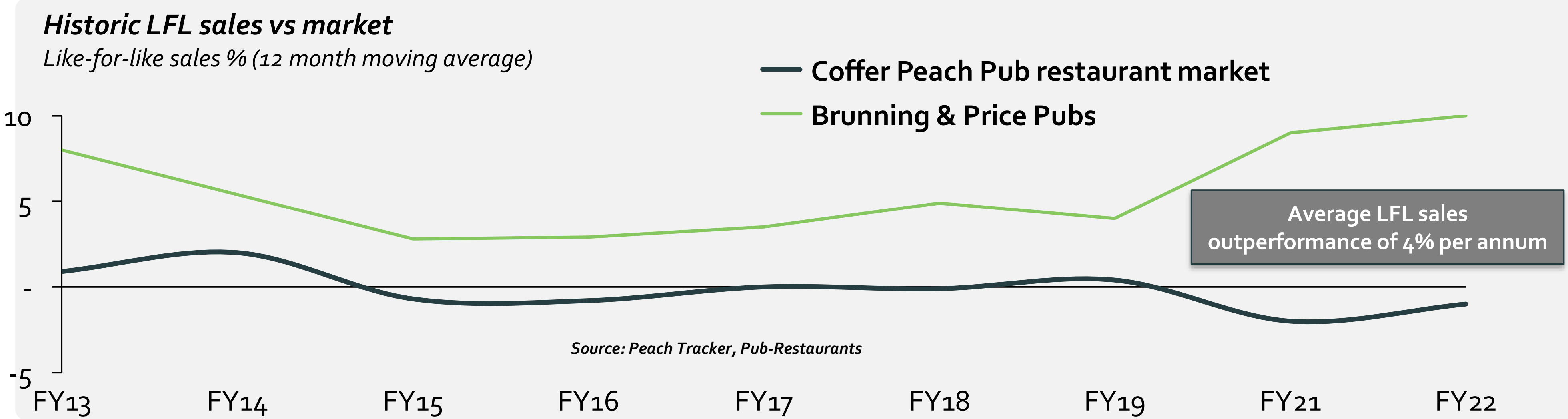
- Good customer demographics with limited competition nearby
- High quality property estate in defensible, well-invested locations
- Approximately 50% of estate is Freehold - Valued** at £160m

* Q2 and Q3 to date

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

Brunning & Price: High-quality asset with significant potential to create further value

B&P offer has outperformed through the cycle



Targeted expansion plan

- Opened 29 new pub restaurants between 2013-2021
  - Over 20% ROIC*
- Opened 1 new site in FY23, trading significantly ahead of expectations
- Long-term potential for 120-140 sites
  - Targeting 1-3 high quality new openings a year

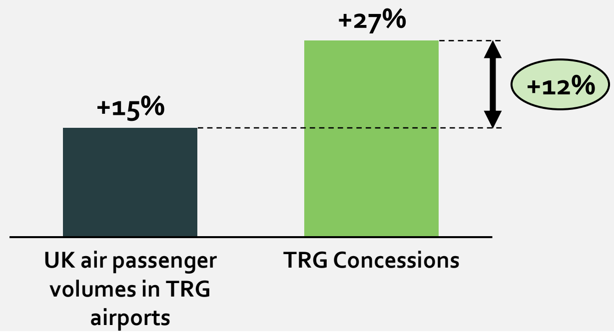
*Return on invested capital defined by outlet EBITDA/initial capex invested.....outlet EBITDA is the rolling 12 months to June 23....... EBITDA assumed on leasehold basis at 6% interest on freehold component of investment

Concessions: Exceptional LFL sales as passenger volumes continue to recover

trg concessions
a division of the restaurant group plc

Continue to trade well ahead of airport passenger volumes

LFL Sales (21 weeks to 27 August 23) vs market (vs 2022 comparable)*



Trading continues to strengthen as passenger volumes approach 2019 levels

	Q1	Q2	Q3
	13 weeks to 02 April 2023	*13 weeks to 02 July 2023*	*8 weeks to 27 August 2023*
Concessions LFL sales vs 2019	+3%	+10%	+13%
UK passenger volumes in TRG airports	90% of 2019 levels	93% of 2019 levels	96% of 2019 levels

* Q2 and Q3 to date

Leisure: Accelerated rationalisation plan, good progress on exiting 40 closed sites lease obligations

Pro-active Estate Management

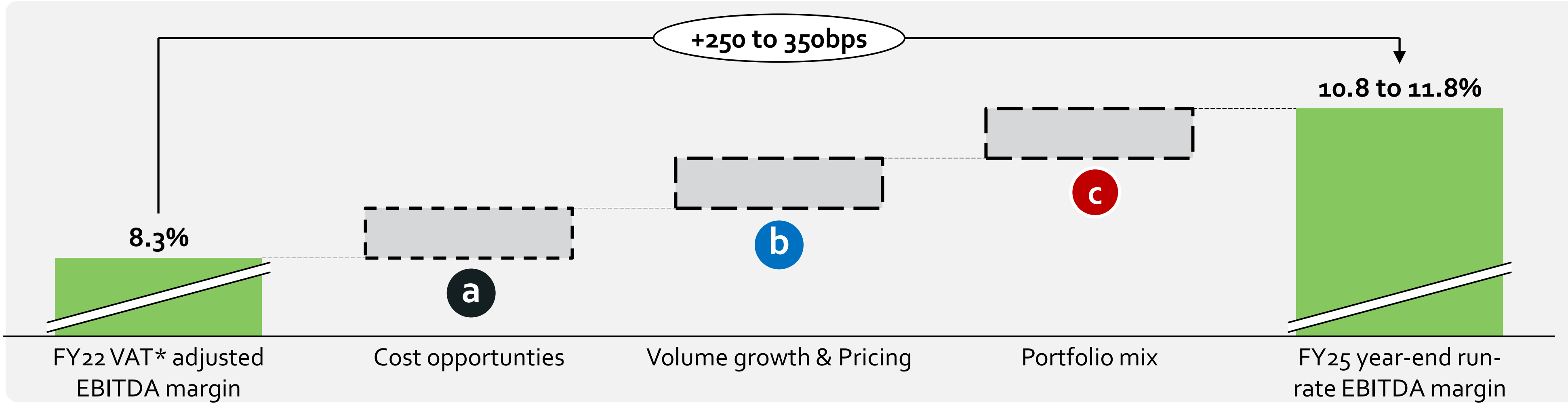
116	c.40	c.76
*Dec 22 estate**	*FY23 closures*	*Dec 23 estate**

** Excludes Barburrito sites*

	Nr of sites	Status
Lease/break expiry	14	Contractual expiry within next 18 months
Freehold sales	8	Anticipate 5 sold by end of Q4 23 for c.£5m
Conversion to Wagamama	3	Conversions completed by end of FY24
Accelerated disposal	12-17	Expect to agree lease exit on c.50% of sites by Q1 FY24
Total	c.40	Vast majority of lease obligations exited by end of FY24

Excellent early progress in executing medium-term plan

Illustrative EBITDA margin improvement plan by end FY25



a — **£5m of incremental annualised cost savings, with further benefit from central cost initiatives in FY24**

b — **Wagamama, Pubs and Concessions delivering strong LFL sales growth , with dine-in covers in growth**

c — **Acceleration of Wagamama UK new openings and Leisure estate rationalisation**

*** 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

- Strong LFL sales and EBITDA* growth driven by Wagamama, Pubs and Concessions
- Trading performance supports a moderate increase in management's FY23 EBITDA* expectations
- Excellent early progress in executing medium-term plan:
  - Deliver 250bps to 350bps of EBITDA margin accretion over the next 3 years
  - Target net debt/EBITDA* below 1.5x before the end of FY25, whilst supporting accelerated investment in Wagamama openings
- Continue to actively explore strategic options to further accelerate margin accretion and deleveraging

** Pre IFRS 16 Adjustment and exceptional charges*

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 – HY23

Scope 3 data improvements

Partnered with AI-driven carbon accounting engine provider Normative to improve scope 3 carbon data

Supplier engagement

Surveyed all key suppliers on data & decarbonisation activity; running workshops and collaborative decarbonisation projects with them

Energy efficiency

Submetering & remote monitoring; heat reclamation and electric kitchens in all new sites where feasible

Care for colleagues

Continued focus on engagement, wellbeing and mental health; wagamama people promise launched

Care for communities

Support for charity partners through donations, fundraising and community partnerships

Foster a representative, diverse and inclusive environment

Consistent D&I data collected across the group through employee engagement surveys

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	467.4	-	-	-	-		467.4
Operating costs*	(431.1)	-	-	(3.6)	8.7	30.8	(395.2)
EBITDA*	36.3	-	-	(3.6)	8.7	30.8	72.2
Depreciation, amortisation and impairment*	(16.0)	(17.1)	-	-	-	-	(33.1)
EBIT /Operating profit*	20.3	(17.1)	-	(3.6)	8.7	30.8	39.1
Interest payable*	(13.1)	-	(8.5)	-	-	-	(21.6)
PBT*	7.2	(17.1)	(8.5)	(3.6)	8.7	30.8	17.5

* 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
- Lease modifications of £8.7m relate primarily to the renegotiation of some airport concession leases in the period

The Restaurant Group plc

Other FY23 Guidance

- **IFRS 16 EBITDA add-backs (i.e., rent & other property non-cash charges) :**
  - Net add-back £58m to £64m
    - £60m to £62m for fixed rent
    - £7m to £9m for lease modifications
    - (£7m) to (£9m) 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*	35-36	34-35	69-71
P&L Interest*	27-28	16-17	43-45

* Adjusted (pre-exceptional charges)

The Restaurant Group plc

Group cash flow

	2023 HY £m (Pre IFRS 16)	2022 HY £m (Pre IFRS 16)
Adjusted* EBITDA (pre IFRS 16 basis)	**36.3**	**41.7**
Working capital and non-cash adjustments	0.1	15.9
Operating cashflow	**36.4**	**57.6**
Net interest paid	(10.0)	(11.0)
Tax paid/received	(0.5)	(2.0)
Refurbishment and maintenance capital expenditure	(16.0)	(15.6)
Free cash flow	**9.9**	**29.0**
Development capital expenditure	(7.8)	(6.4)
Movement in capital creditors	(0.8)	1.0
Utilisation of onerous lease provisions	(5.5)	(3.9)
Exceptional costs	(4.7)	(3.1)
Other items	(0.6)	(1.4)
Cash movement	**(9.5)**	**15.2**
Group net debt at start of period	(185.7)	(171.6)
Non-cash movement in net debt	(0.3)	(2.0)
Group net debt at end of period (pre IFRS 16 basis)	**(195.5)**	**(158.4)**
Lease liabilities (IFRS 16 basis)	(390.0)	(402.4)
Group net debt at end of period (IFRS 16 basis)	**(585.5)**	**(560.8)**

** (pre-exceptional charge)*

Commentary

- Year on Year EBITDA down by c. £5m due to the £10m VAT benefit received in H1 2022
- Significant working capital inflow in H1 2022 was due to the significant increase in trade compared to H1 2021 when covid restrictions were in place
- Increase in both new build and refurbishment capex in H1 2023

IFRS 16 lease liability summary by division

	IFRS 16 Lease liability £'m
Wagamama	219
Leisure	77
Barburrito	9
Concessions	45
Pubs	33
Central head office	7
Total	**390**

– c.£25m 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	**886.2**	**246.0**	**1,132.2**
Intangible assets	596.5	-	596.5
Right of use assets	-	240.1	240.1
Property, plant and equipment	269.3	0.2	269.5
Derivative financial instruments	17.9	-	17.9
Investments	0.6	-	0.6
Other receivables	1.9	5.7	7.6
Current assets	**52.9**	**(9.6)**	**43.3**
Inventory	7.1	-	7.1
Trade and other receivables	14.0	(0.7)	13.3
Prepayments	13.5	(8.9)	4.6
Cash and cash equivalents	18.3	-	18.3
Total assets	**939.1**	**236.4**	**1,175.5**
Current liabilities	**(206.5)**	**(9.6)**	**(216.1)**
Trade and other payables*	(190.7)	36.9	(153.8)
Provisions	(15.8)	12.0	(3.8)
Lease liabilities	-	(58.5)	(58.5)
Non-current liabilities	**(273.3)**	**(306.5)**	**(579.8)**
Long-term borrowings	(213.8)	-	(213.8)
Deferred tax liabilities	(29.7)	-	(29.7)
Provisions	(29.8)	25.0	(4.8)
Non-current lease liabilities	-	(331.5)	(331.5)
Total liabilities	**(479.8)**	**(316.1)**	**(795.9)**
Net assets	**459.3**	**(79.7)**	**379.6**

The Restaurant Group plc

Estate mix

	Estate at 01/01/23	Openings	Closures	Estate at 06/09/23
Wagamama UK	153	4	(1)	156
Frankie & Benny's	86	-	(22)	64
Pub Restaurants	79	1	(1)	79
Concessions	42	-	(2)	40
Chiquito	22	-	(5)	17
Other Leisure Brands	8	-	(1)	7
Wagamama Delivery kitchens	3	-	-	3
Barburrito*	17	-	-	17
Total TRG	410	5	(32)	383

In addition to the above, the Wagamama business has a 20% stake in a JV currently operating seven Wagamama restaurants in the US and over 50 franchise restaurants across a number of territories (as at 06/09/23)

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

FY22 segmental disclosure

	Wagamama	Pubs	Concessions	Leisure	TRG Group
	2022 FY £m	2022 FY £m	2022 FY £m	2022 FY £m	2022 FY £m
Revenue	424	150	131	179	883
Restaurant EBITDA* (including VAT benefit)	74.9	26.8	9.1	14.9	125.7
Divisional overheads	(13.4)	(5.8)	(3.4)	(6.6)	(29.2)
Divisional EBITDA* (including VAT benefit)	61.5	21.0	5.7	8.3	96.5
Central overhead					(13.5)
EBITDA* (including VAT benefit)					83.0
VAT benefit	(6.0)	(1.6)	(0.6)	(2.1)	(10.3)
EBITDA* (excluding VAT benefit)	55.5	19.4	5.1	6.2	72.7

* Adjusted (pre-exceptional charges)

Note: Divisional overheads relate to the operations, HR, marketing and finance teams within the divisions

c.40% of Central overheads relate to shared service functions (procurement, property and IT) and c.60% relate to Corporate functions (inc. Plc Board, central finance and Head Office property costs).