



7 December 2017

RFG UPDATE ON BUSINESS-WIDE REVIEW

At its Annual General Meeting on 30 November 2017, Retail Food Group (RFG) provided an update concerning the business wide review it is conducting to better assure a sustainable long-term future for its business, those of its franchisees, as well as other stakeholders.

Following the AGM, RFG received enquiries from investors regarding the scope of this review, as well as a detailed Fairfax Media enquiry relating to domestic franchise operations.

In view of those enquiries, RFG considers it appropriate to provide additional information regarding the company review, its scope, and the outcomes it is expected to produce.

The review was commissioned by RFG's new Managing Director and Executive team in late FY17 and is being supported by Deloitte. It has a 24-month project lifecycle, noting RFG will be acting on improvement opportunities to strengthen its business model throughout the course of the review.

A key aspect of the review is a focus on domestic franchise operations to ensure RFG's strategic business model, and those of its franchisees, are appropriate for a retail market which remains challenging, particularly for shopping centre tenants.

Legislative and regulatory obligations have also recently changed for both franchisors and franchisees. RFG already has in place a number of proactive measures to inform, support and educate franchisees to ensure they are aware of their obligations as employers. Deloitte is also evaluating the Company's complementary monitoring and supervision framework in relation to managing franchisees' employee entitlement compliance.

In addition, RFG has recently completed an extensive franchisee engagement process across its domestic brand network to allow it to better understand where franchisee outcomes can be improved.

Numerous initiatives, including investment in business intelligence, digital capability, product innovation, retail design, field service support and supply chain improvements, have already been implemented to drive improved domestic franchise outcomes.

Shareholder updates on the review's progress, business and operations improvement outcomes, and associated financial benefits will be provided via usual half and full year reporting.

As advised at its AGM, RFG retains an optimistic outlook despite the challenging domestic retail market and maintains its FY18 guidance of c.6% underlying NPAT growth.

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For further information, interviews or images contact:

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About Retail Food Group Limited:

RFG is a global food and beverage company headquartered in Australia. The Company is owner of the Donut King, Brumby's

Bakery, Michel's Patisserie, bb's Café, Esquires, Gloria Jean's Coffees, It's A Grind, The Coffee Guy, Café2U, Pizza Capers and Crust Gourmet Pizza Bar Brand Systems, and is a significant wholesale coffee roaster supplying existing Brand Systems and third party accounts under the Di Bella Coffee Co. As well, RFG is an emerging leader in foodservice, dairy processing and wholesale bakery pursuits, operating the Hudson Pacific Foodservice, Associated Foodservice, Dairy Country and Bakery Fresh businesses. For more information about RFG visit: www.rfg.com.au