



The
Restaurant
Group plc

Proposed acquisition of Wagamama

November 2018

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Wagamama is a transformative opportunity to accelerate TRG's growth strategy and create significant shareholder value

1

Differentiated, high growth business

- UK leader in Pan-Asian cuisine, highly rated across channels
- Fully aligned to key structural trends: fast service, delivery and healthy options
- Significant and consistent outperformance in core UK market
- Excellent ongoing growth prospects
- Cohesive people focused culture

2

Accelerates growth potential for both businesses

- Acceleration of Wagamama UK roll-out with selected TRG site conversions
- Expansion of Wagamama UK concessions leveraging TRG relationships
- Significant combined delivery opportunities via restaurants and delivery kitchens
- Potential for pan-Asian cuisine food-to-go offerings
- International growth options

3

Transformed group strongly growth oriented, with leading scale advantage

- Firmly re-orientates group to growth – c.70% of combined outlet EBITDA from high growth segments
- Capacity to invest in growth and talent
- Buying power advantage

Delivering enhanced shareholder value

£15m cost and £7m site conversion synergies

ROIC exceeds WACC in year 3

Strongly EPS enhancing in year two and thereafter

Deal overview

- Transaction EV of £559m
 - 8.7x LTM August 2018 Adj. EBITDA including cost & site conversion synergies¹
- Funding and capital structure
 - Fully underwritten c. £315m rights issue
 - Standby underwrite in place on announcement
 - Out-of-the-box net debt/EBITDA of approximately 2.5x²
 - Strongly cash generative combined business
 - Dividend policy: 2x cover
- Management / board
 - Emma Woods to be Wagamama CEO (currently Chief Growth Officer of Wagamama)
 - Allan Leighton to join TRG board as a NED (currently Chairman of Wagamama)
- Timetable
 - Announcement: 30 October 2018
 - Announcement of rights issue terms, posting of circular & prospectus: 12 November
 - General meeting: 28 November 2018
 - Expected completion of acquisition: 21 December 2018

¹ Based on Wagamama LTM Aug-18 Adj. EBITDA after pre-opening costs of £42.5m, cost synergies of £15m & site conversion synergies of £7m

² Based on Wagamama LTM Aug-18 Adj. EBITDA after pre-opening costs £42.5m and TRG Jun-18 LTM Adj. EBITDA of £88.9m

Snapshot of Wagamama

- Leading pan-Asian restaurant brand
- Proven concept in the UK with 133 restaurants¹
 - Selective and well invested estate (c. 50% of sites refurbished over the last 3 years)
 - Attractive site economics
 - No tail to estate
- International business spanning 23 countries
 - 58 franchise sites in Europe, Middle East, New Zealand
 - 5 company operated sites in US
- Strong and experienced senior management and operational team
- Exceptional clarity of brand values and purpose throughout organisation drives performance



Source: Wagamama information

Note: ¹ Number of restaurants as at Aug-18; ² EBITDA (pre-exceptionals) before net franchise income of £1.8m, head office overhead costs of £17.5m, pre-opening costs of £3.6m; ³ EBITDA (pre-exceptionals) before corporate expenses of £0.4m; ⁴ Share of total UK company operated restaurants by location type as at Aug-18; ⁵ Inside and outside of London; ⁶ Excludes shopping centres

FYE April 2018 financials (53 weeks)

	Revenue	Restaurant EBITDA ²	EBITDA ³
UK	£293.3m		
US	£10.3m		
Franchise	£3.1m		
Wagamama	£306.7m	£62.3m	£43.0m

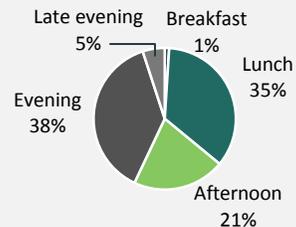
UK site locations⁴



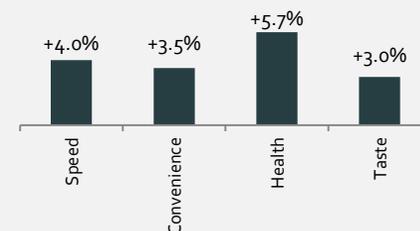
Differentiated proposition aligned to structural growth trends

- The only UK Asian player of scale
 - c. 3x the size of the next largest branded operator in fast growing & fragmented cuisine type¹
- Outstanding customer ratings
 - Top 3 NPS ranking among large mainstream brands
 - Highly rated across key customer demographics (social demographic & life stage)
- Aligned to customer trends
 - Speed
 - Convenience
 - Healthy
 - Delivery
- Loyal, attractive customer base
 - Over-indexes in younger, affluent customers
 - Resonates with customers focused on healthy eating who eat out frequently and are taste conscious

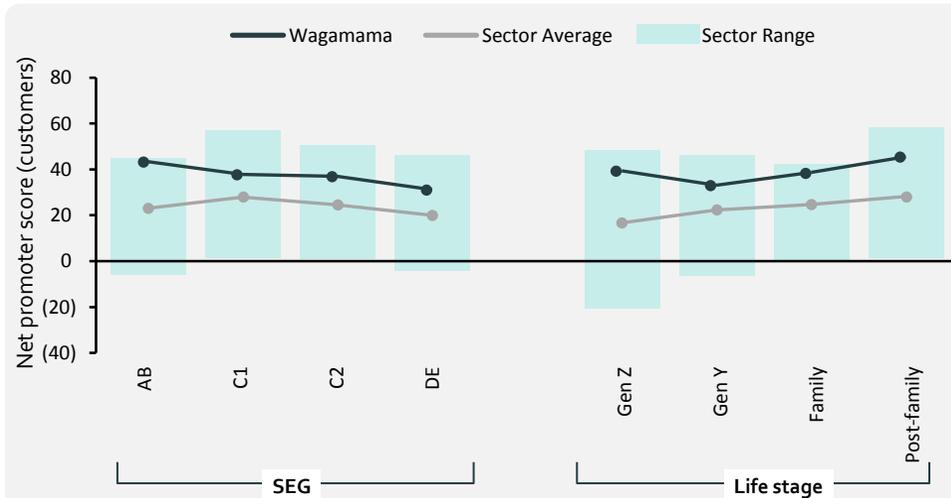
Visits by occasion²



KPC rating³ vs market



UK NPS score (Q2 2018)



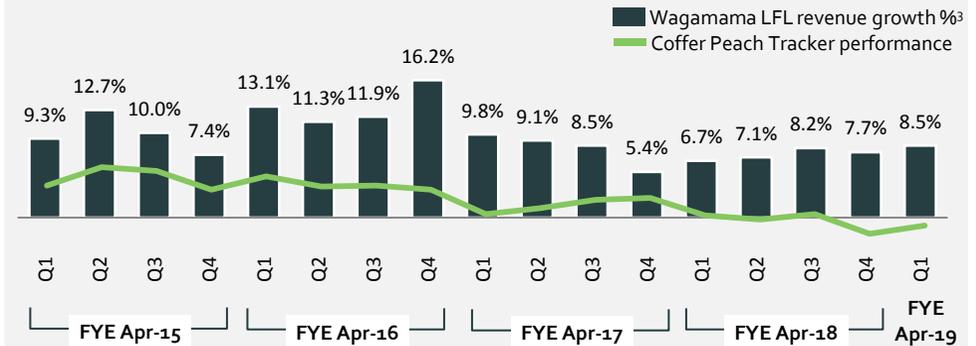
Source: Morar BrandVue Research Q2 2018; OC&C analysis; Wagamama information

¹Based on revenue; ²Share of total UK customers by occasion for FYE Apr-18; ³% outperformance compared to the market. From OC&C Consumer Survey July 2018 representing delta of KPC (key purchase criteria) rating for Wagamama customers to market. KPC rating based on responses to "How would you rate <restaurant> on this occasion on the following?", grading of 1=very poor and 5=very good

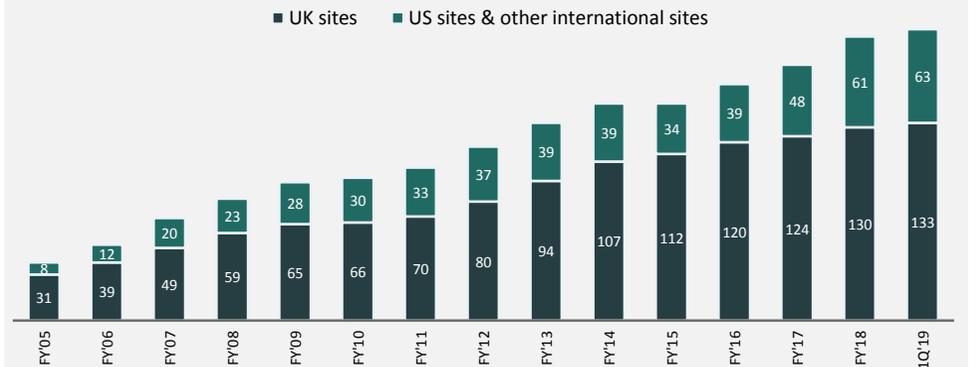
Track record of consistent outperformance

- Outstanding overall growth track record with 17% revenue CAGR and 14% EBITDA¹ CAGR over FY 15-18 period
- 233 consecutive weeks of trading ahead of the market²
 - Average annual LFL revenue growth of 9.6%³ since FY 2015
 - Significantly ahead of market
 - Average outperformance of 8.5%pts vs Coffer-Peach

Consistent LFL revenue growth outperformance



Consistent expansion track record



Source: Wagamama information

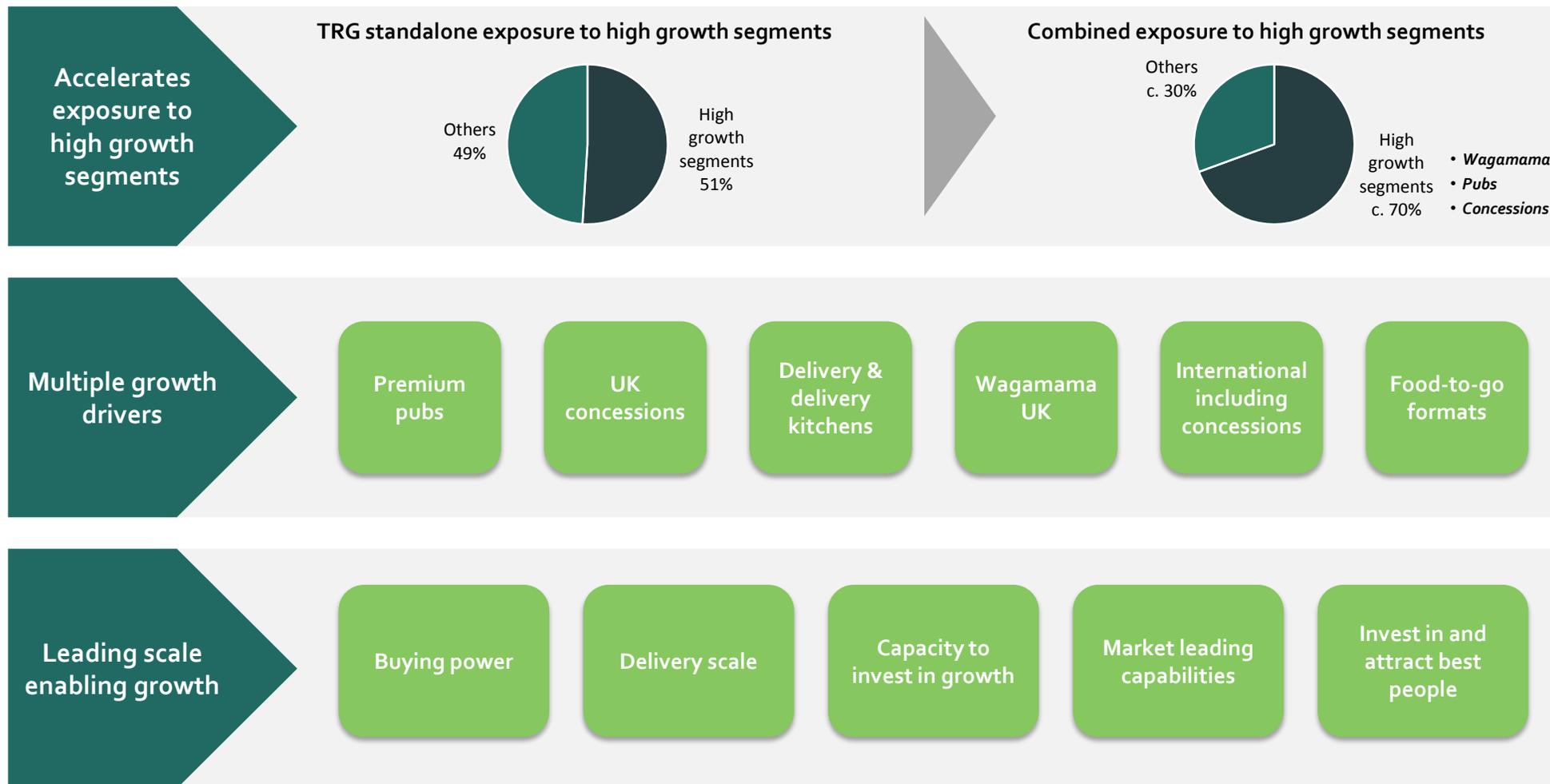
¹ Based on EBITDA (pre-exceptions) before corporate expenses; ² Wagamama vs. Coffer Peach Tracker performance; ³ Arithmetic average of LFL revenue growth in FYE Apr-15, Apr-16, Apr-17, Apr-18; ³ Like for like sales reflect sales from restaurants which traded for at least 17 full four week periods

Combined business has multiple avenues for growth

	Wagamama growth positioning		Combination growth positioning
UK Casual Dining	<ul style="list-style-type: none"> Well positioned to drive continued LFL growth Headroom to expand UK estate by 40-60 sites 		<ul style="list-style-type: none"> Roll-out acceleration through c. 15 site conversions (£7m run-rate incremental EBITDA)
UK Concessions	<ul style="list-style-type: none"> Under-indexed in UK travel hubs (3 sites nationwide) 		<ul style="list-style-type: none"> Leverage TRG relationships (presence in 14 airports¹) to accelerate Wagamama UK concessions
Delivery	<ul style="list-style-type: none"> Leading position in delivery today 		<ul style="list-style-type: none"> Combined group well positioned to invest behind structural growth in delivery space <ul style="list-style-type: none"> Delivery kitchens Digital capabilities Online brands
International	<ul style="list-style-type: none"> Existing international presence Proven customer resonance in markets outside of the UK 		<ul style="list-style-type: none"> 'Calling card' brand for TRG international concessions expansion Further options for international growth via further rollout and potentially alternative business models
Food to go formats	<ul style="list-style-type: none"> Asian food adaptable to new convenience format 		<ul style="list-style-type: none"> Expect to pilot food-to-go format in London and in concessions Potential to leverage Wagamama brand

¹ As at 26 August 2018

Transformed group focused on high growth segments of market



Source: TRG and Wagamama filings

Transaction expected to enhance shareholder value

Synergy benefits

- £15m EBITDA cost synergies largely through scale advantage, delivered in year 3
 - Procurement & logistics
 - Overheads
 - Central costs
- £7m run-rate incremental EBITDA from site conversions in years 1 and 2

Attractive earnings impact

- Expected to be marginally earnings dilutive in the first full year of ownership¹
- Expected to be strongly accretive thereafter

Compelling value creation

- ROIC expected to exceed WACC in third full year of ownership

Transformed growth profile

- Significantly enhanced underlying growth profile
- c. 70% of combined outlet EBITDA derived from high growth segments

¹ The earnings impact reflects TRG's prevailing share price and, as a consequence, this statement has been updated from that made in the announcement of the Acquisition on 30 October 2018.

Funding and capital structure

- Proposed acquisition of Wagamama for an enterprise value of £559m
 - 8.7x LTM August 2018 Adj. EBITDA including cost & site conversion synergies¹
- Equity financing
 - Fully underwritten rights issue of c.£315m
- Debt financing
 - A new £220m fully underwritten RCF added to TRG capital structure; “portability” feature² allows Wagamama £225m senior secured notes to remain in place on completion
 - Out-of-the-box net debt / EBITDA c. 2.5x³; 2.2x including cost & site conversion synergies
 - Anticipate leverage to be below 2x by December 2020
- Combined company dividend policy
 - 2x dividend cover
 - Policy to be reflected in final dividend declared for FY 2018

¹ Based on Wagamama LTM Aug-18 Adj. EBITDA post pre-opening costs of £42.5m, cost synergies of £15m & site conversion synergies of £7m

² Subject to ratio test

³ Based on Wagamama LTM Aug-18 Adj. EBITDA post pre-opening costs of £42.5m and TRG Jun-18 LTM Adj. EBITDA of £88.9m

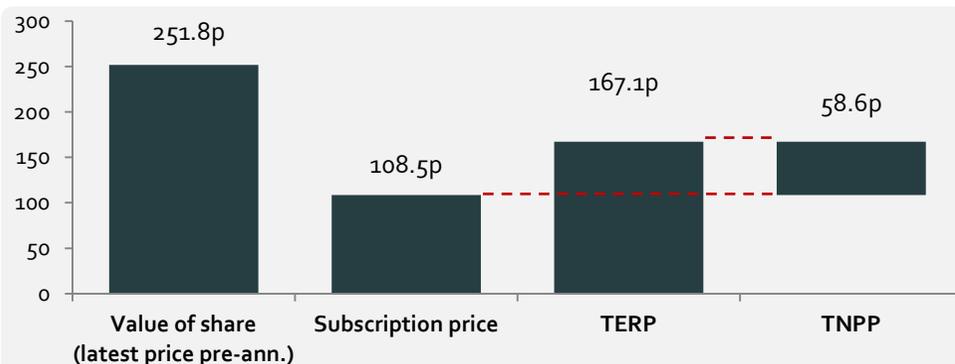
Theoretical Ex-Rights Price and Bonus Factor adjustment calculation

Rights issue summary	
Proposed gross proceeds	£315m
Rights issue terms	13 for 9
Latest closing price (as at close on 9 Nov)	251.8p
Subscription price	108.5p
13 Current shares @ 108.5p	1,410.5p
9 Current shares @ 251.8p	2,266.2p
22 Total shares	3,676.7p
Theoretical ex right price (TERP)	167.1p
Theoretical nil paid price (TNPP)	58.6p
Discount to TERP	35.1%
Discount to last closing price	56.9%

Bonus Factor adjustments	
A: Share price as of 9 Nov	251.8p
B: TERP	167.1p
C: Indicative bonus factor ¹ (C=B/A)	0.66
D: Historical EPS ²	22.3p
Indicative bonus adjusted historical EPS (DxC)	14.7p

¹ The actual bonus factor will be calculated as at close on 28 November 2018 (last day when shares trade cum rights)

² FY 2017 Adjusted EPS



- Value for 1 share held pre rights issue: 251.8p
- Number of rights issued per share: $13/9 = 1.44$
- Value of rights received per 1 share held: $58.6p * 1.44 = 84.7p$
- Total value post rights detached for 1 share held pre rights issue: $167.1p + 84.7p = 251.8p$

Timetable

- SPA signed and announcement with underwritten debt financing and standby underwrite in place 30-Oct-18
- Announcement of rights issue terms, posting of circular & prospectus 12 Nov-18
- General meeting to approve acquisition and rights issue 28 Nov-18
- Nil-pays trading period 29 Nov-18 – 13 Dec-18
- Results of rights issue 14 Dec-18
- Expected completion of acquisition 21 Dec-18

Conclusion

1

Acquisition of a differentiated, high growth asset that is well aligned to our strategy

2

Combination will enhance shareholder value by creating a group with the brands, capabilities and scale to capitalise on multiple growth drivers

3

Wagamama to be run as an autonomous division, retaining its distinctive culture and values

4

Quantified cost and site conversion synergies of £22m with significant further opportunities

5

Attractive impact of TRG's financial profile – re-orientates group to growth, strongly earnings accretive from year 2 onwards, ROIC > WACC in year 3



