



**Oliver's Real Food Ltd**  
**ABN 33 166 495 441**

**PO Box 3678**  
**TUGGERAH NSW 2259**  
**(02) 4353 8055**

23<sup>rd</sup> May 2018

## **ASX Release**

### **Oliver's Real Food (ASX:OLI) Trading update and revised FY2018 Earnings Guidance**

Oliver's Real Food Limited (**Oliver's** or **the Company**) today provides a trading update and revised FY2018 earnings guidance.

#### **Trading Update**

As previously disclosed, throughout the year the Board has taken decisions to open stores not identified in the Prospectus and to delay the opening of other stores, depending on the circumstances at the time and the opportunity that presented itself.

On 29 March 2018 the Company re-affirmed its prospectus forecast EBITDA guidance based on Oliver's EBITDA performance through to the end of February and its forecast EBITDA performance for the period March to June 2018. Since the last guidance on 29 March 2018, several matters related to store trading performance and other operational aspects have come into clear focus:

- Trading in the stores over the Easter and school holiday period at the end of March and during April was not as strong as expected based on historical trading
- Despite detailed research prior to opening, certain stores that were opened during the current year have not performed as well as expected, including Aratula, Ballarat and Horsham, which is now forecast to result in underperformance against the previous EBITDA forecast by approximately \$308,000
- The delay in opening dates in some stores during the current year compared to the assumptions underlying the previous forecast, including stores at Coomera and Dubbo (due to open in June 2018), is now forecast to result in underperformance against the previous EBITDA forecast by approximately \$210,000
- In other cases, the opening of new stores, including Sutton Forest and Halfway Creek, has been delayed due to issues outside the control of the Company and this is now forecast



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to result in underperformance against the previous EBITDA forecast by approximately \$200,000

- Trading in the remaining stores was mixed, with same store sales growth (defined as stores that were owned and operated during the whole of FY2017), up by 5.7% but this was not enough to offset the less than forecast performance of the remaining stores, which accounted for net underperformance against the previous EBITDA forecast by approximately \$440,000
- Unforeseen and one-off costs, such as redundancy, recruitment and other overhead costs together with the underperformance in the Red Dragon business have also had a detrimental effect on the Company's FY2018 forecast EBITDA

The combined result of all of these and other contributory factors, has seen an adverse effect on the Company's performance during the months of March and April, which has negatively affected the earnings and resulting forecast EBITDA of the Company for FY2018.

### **Revised FY2018 earnings guidance**

Due to the above factors, the Directors advise that FY2018 sales revenue is now expected to be in the range of \$36 to \$37 million, which in turn is expected to generate FY2018 EBITDA of between \$3.0 and \$3.3 million, including the profit of approximately \$1.8 million arising from the sale of properties during the year.

### **Initiatives to improve performance**

In December 2017, the Directors undertook a review of the growth potential and direction that Oliver's should take over the medium term and concluded that the Company's next stage of growth should be led by an experienced QSR executive, who has a demonstrated ability in rapidly growing a QSR business and creating operational excellence.

A process was commenced at that time to recruit a new CEO for the Company, which culminated in the appointment of Gregory Madigan to succeed Jason Gunn as Chief Executive Officer (CEO). The appointment was formally announced on 29 March 2018.

Greg's previous role was with Subway as the Country Director of UK & Ireland, the brand's largest market outside of North America, with over 2,400 stores. During his time in that role he



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opened more than 600 new stores in the UK & Ireland. Prior to this he was General Manager of Subway NSW & ACT, having moved from 14 years in full service company owned restaurants with Black Stump Char-grill.

Greg commenced as CEO on 9 April 2018 and is undertaking a full review of all aspects of the business.

The new CEO, Greg Madigan, has initiated several actions to resolve identified organisational and operational gaps, including:

- Completing a full review of the organisational structure and commencing the recruitment of key positions including a Chief of Operations responsible for improving store operations and a Red Dragon Business Development Manager to focus on growing the Red Dragon business
- Closing the Oliver's Horsham store on 22 May 2018
- Expediting the development and planned delivery of the in store self-ordering kiosk system which is expected to increase store sales
- Introducing a structured Menu and Pricing Development Committee to ensure the menu is appropriate and competitively priced
- Working with the newly appointed Chief of Supply Chain to bring identified efficiencies into the supply chain process

The Chairman of Oliver's, Mark Richardson, said "Although the Directors are disappointed with the significant downturn in trading in March and April and the recent performance of the business generally, the Directors are confident that the operational and organisational changes being implemented will improve performance at all levels of Oliver's operational footprint."



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### **Investor Conference Call**

The Company will conduct an Investor Conference Call today, Wednesday 23 May 2018, at 1.00pm (Sydney time). The dial in details are as follows:

Conference Call: +61 2 8038 5221  
Toll free: 1800 123 296

To ask a question, participants will need to dial \*1 (star, 1) on their telephone keypad.

For further information please contact:

Gregory Madigan  
Chief Executive Officer  
Phone: 02 4353 8055

Mark Richardson  
Chairman  
Phone : 02 4353 8055

### **About Oliver's Real Food Limited (ASX:OLI)**

Oliver's Real Food Limited (**Oliver's**) listed on the ASX on 21 June 2017 after raising \$15m by way of an Initial Public Offering. Over its 13-year operating history, Oliver's has established a significant market position providing a healthy fast food alternative for travellers on Australia's major arterial highways. Oliver's Real Food is considered to be the world's first "certified organic fast food chain" and provides its customers with premium quality, "real" food that is fresh, natural, & free from additives and preservatives, 7 days a week.

Oliver's is a conscious business that understands, and is committed to, the interdependency of "all stakeholders" including our, customers, investors, team members, suppliers, the environment, and the communities in which we operate. [www.oliversrealfood.com.au](http://www.oliversrealfood.com.au)