The background image shows the interior of a restaurant, likely a Recipe Unlimited location. It features a modern, industrial-style design with dark wood paneling, a large leather tufted sofa, and several round wooden tables with chairs. A prominent metal lattice structure is visible on the left. The lighting is warm and ambient, with pendant lights hanging from the ceiling. In the background, a bar area with illuminated shelves of bottles is visible.

RECIPE

EST. 1883

# INVESTOR PRESENTATION - APRIL 2019

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## Business Overview & Update

Recipe Unlimited Corporation

Frank Hennessey, CEO | Ken Grondin, CFO

# DISCLAIMERS



This presentation contains “forward-looking information” within the meaning of applicable securities laws. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “estimates”, “intends”, “anticipates”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “achieve”.

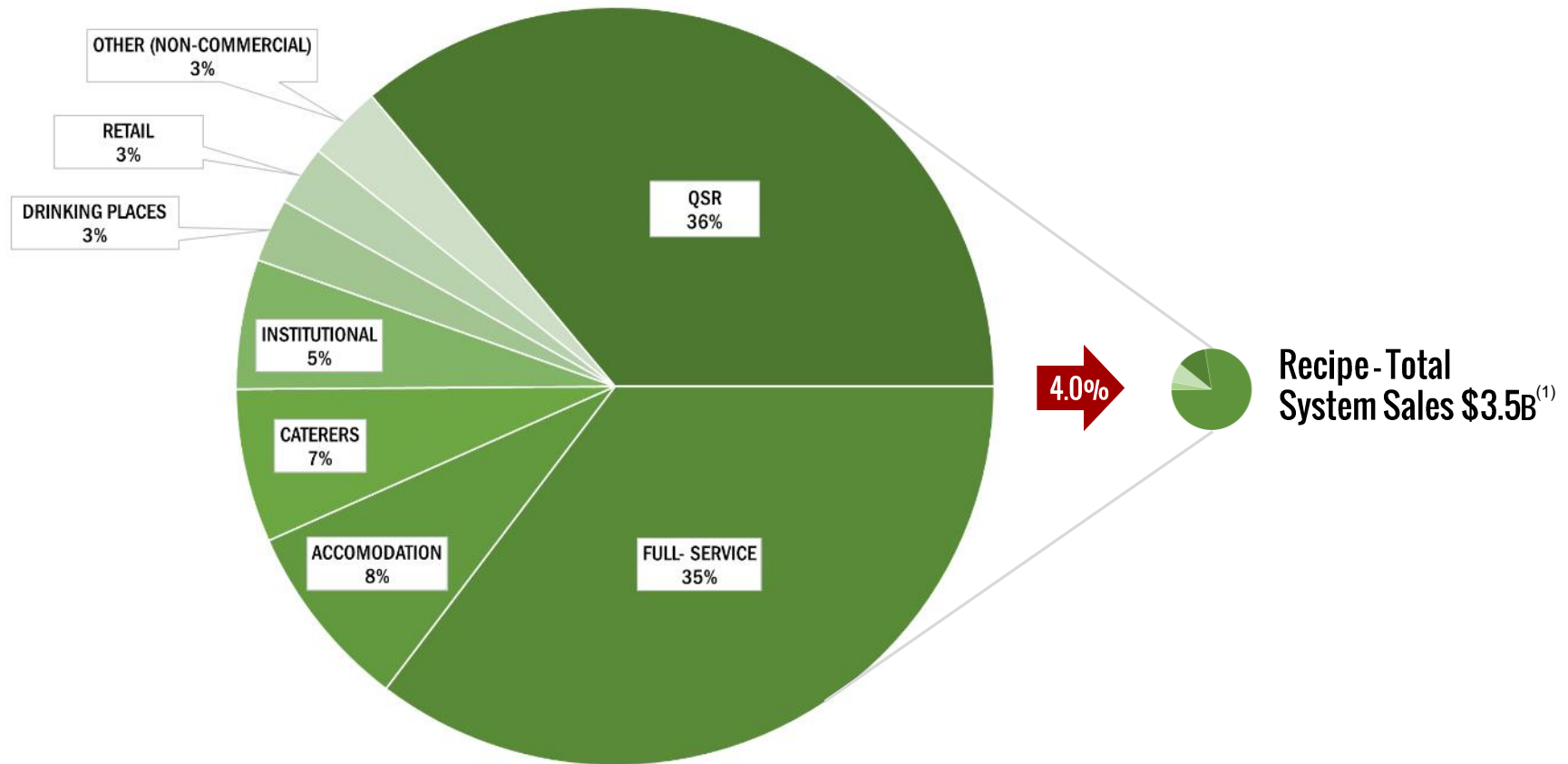
Forward-looking information is necessarily based on a number of assumptions and estimates that, while considered reasonable by the Company as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking information. With respect to other forward-looking information, these factors and assumptions include: potential volatility of Subordinate Voting Share price; payment of dividends; financial reporting and other public company requirements; forward-looking information; significant ownership by the Principal Shareholders; dilution; limited voting rights of the Subordinate Voting Shares; quarterly operating results may fluctuate; securities analysts’ research or reports could impact price of Subordinate Voting Shares; the restaurant industry; competition with other franchisors; quality control and health concerns; security breaches of confidential guest information; public safety issues; damage to the Company’s reputation; availability and quality of raw materials; reliance on suppliers; growth of the Company; franchisees; franchise fees and other revenue; franchisee relations; revenue reporting risks; opening new restaurants; potential inability to consummate acquisitions; integration of acquisitions and brand expansion; retail licensing opportunities; seasonality and weather; regulations governing alcoholic beverages; laws concerning employees; dependence on key personnel; attracting and retaining quality employees; unionization activities may disrupt the Company operations; reliance on information technology; intellectual property; lawsuits; regulation; and Company’s insurance may not provide adequate levels of coverage. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the Company. These factors and assumptions, however, should be considered carefully.

Although the Company has attempted to identify important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors and assumptions that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information contained herein, except as required by applicable securities laws.

# RECIPE HAS A 4.0% SHARE IN A \$88.6B INDUSTRY AND IT'S POSITIONED IN A CATEGORY FORECASTED TO GROW 16% BY 2022



## Canadian Foodservice Industry - Total Sales \$88.6B



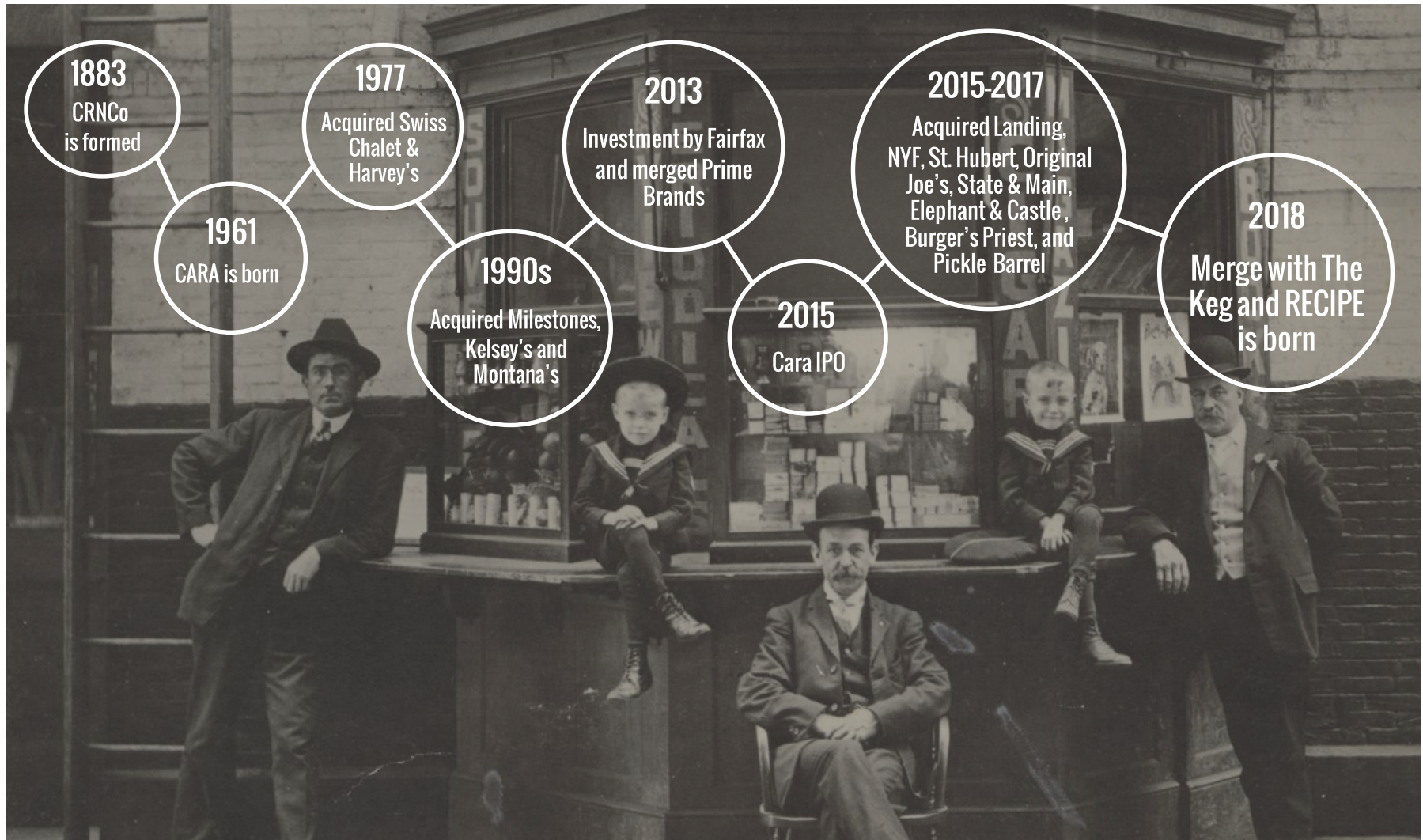
Source: Technomic - 2018 Commercial Food Service (Canada)

(1) System Sales are LTM as at December 30, 2018 with pro forma adjustments for The Keg transaction



# TIMELINE

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milestones



# ICONIC BRANDS



## QSR



## FAMILY CASUAL



## CASUAL



## PREMIUM CASUAL



## CATERING



## RETAIL



## MANUFACTURING





# SERVING CANADIANS FOOD STATE NEEDS

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# ACROSS ALL 10 PROVINCES

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## 1,382 Restaurants – 85% Franchise & J.V.<sup>(1)</sup>

BRITISH COLUMBIA

6%

of locations

Total 88

ALBERTA

13%

of locations

Total 173

SASKATCHEWAN

2%

of locations

Total 30

MANITOBA

2%

of locations

Total 28

ONTARIO

55%

of locations

Total 759

QUEBEC

13%

of locations

Total 175

ATLANTIC

5%

of locations

Total 71

INTERNATIONAL

4%

of locations

Total 58

(1) As of December 30, 2018 (Q4 2018). Excludes East Side Mario restaurants located in the United States.



milestones





# PRIMARY GOALS

PROFITABLE SRS GROWTH  
THROUGH 4 PILLARS



LEVERAGE OUR SCALE AS A  
STRATEGIC ADVANTAGE



DEVELOP OUR PEOPLE



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# SRS GROWTH THROUGH 4 PILLARS

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## FOOD



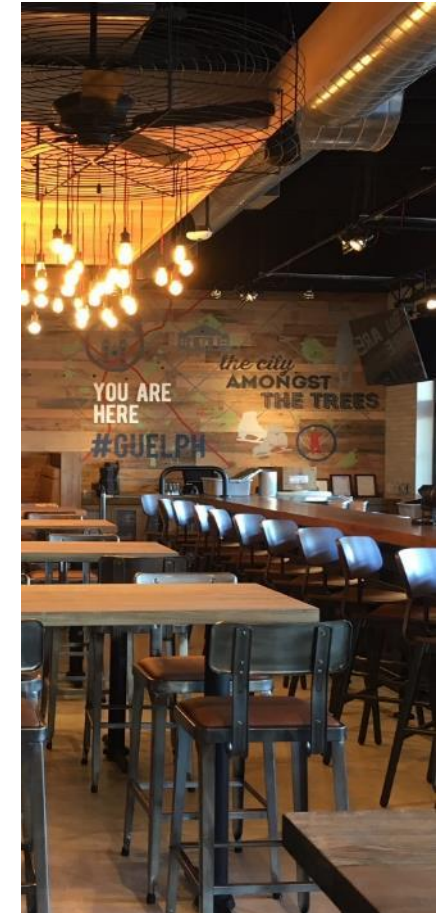
## SERVICE



## VALUE



## AMBIENCE



# SCALE AS STRATEGIC ADVANTAGE



We use our scale to achieve best in class

## PROCUREMENT



## PARTNERSHIPS



## REAL ESTATE



## DIGITAL DATA



## E-COMMERCE





# PROVEN RENOVATION PLANS BEING EXECUTED



**SWISS  
CHALET**  
RESTAURANT & GRILL

**KELSEYS**  
*original*  
**ROADHOUSE**



**THE KEG**  
STEAKHOUSE & BAR



# GROWING FOOD RETAIL OPERATIONS



- Recipe owns and operates two manufacturing plants as well as two distribution centres. Its food operations can be grouped into the following 3 areas:

- 1** Grocery – fresh, frozen and non-perishable food items are sold to retail grocers, including Sobeys, Wal-Mart, Loblaws, Costco and Metro under the following banners:
- 2** Products sold to restaurants – products are produced and sold internally to the St-Hubert restaurant network and this is beginning to take place for other Recipe brands
- 3** Distribution to St-Hubert restaurants – transportation of fresh, frozen and non-perishable 3rd party sourced recipe inputs through a fleet of trucks

## Manufacturing Plants Overview



## Select Products

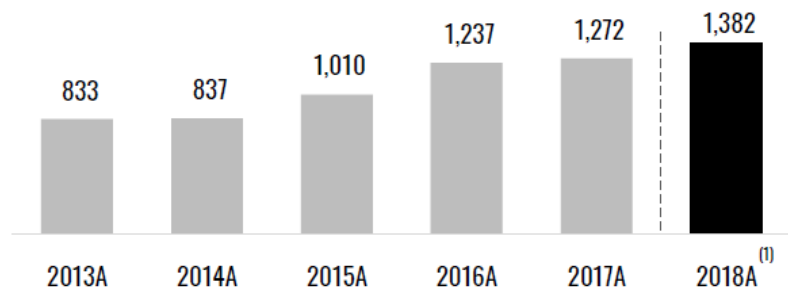




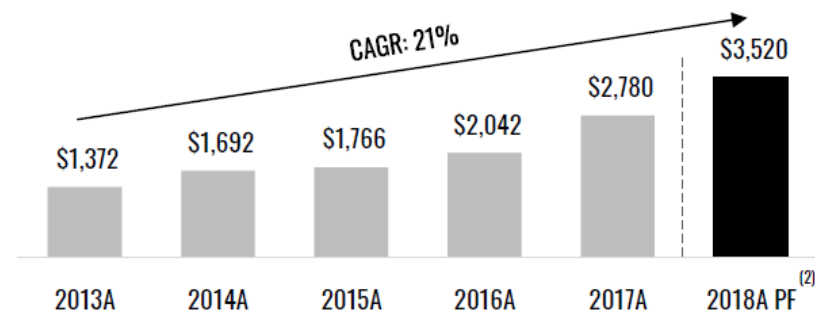
# GROWTH HISTORY

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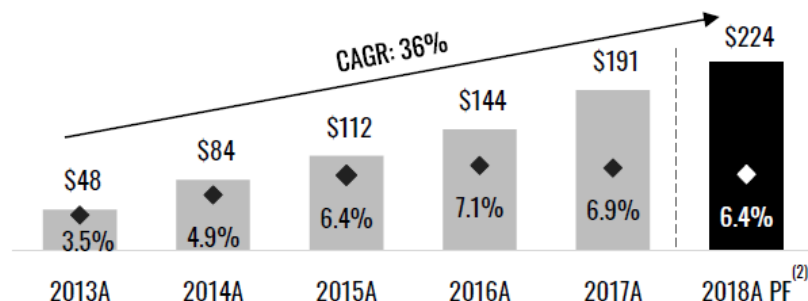
## Restaurant Count



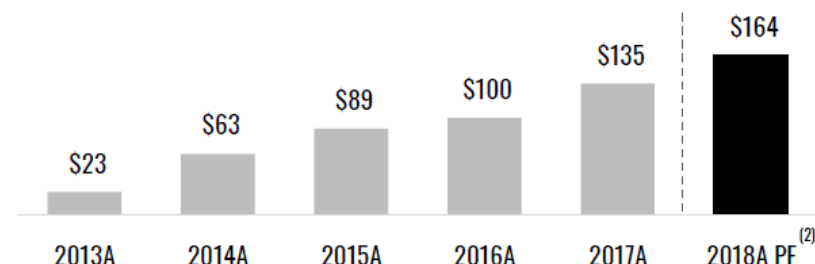
## System Sales (CS millions)



## Operating EBITDA & Operating EBITDA Margin on System Sales (CS millions) | (% of system sales)



## Adjusted Free Cash Flow (CS millions)



Recipe's Operating EBITDA Margin on System Sales was 7.1% in 2016, however, recent transactions have brought Operating EBITDA Margin to 6.4% after the Keg royalty. Recipe management are targeting Operating EBITDA Margin to build back to 7.0% over time.

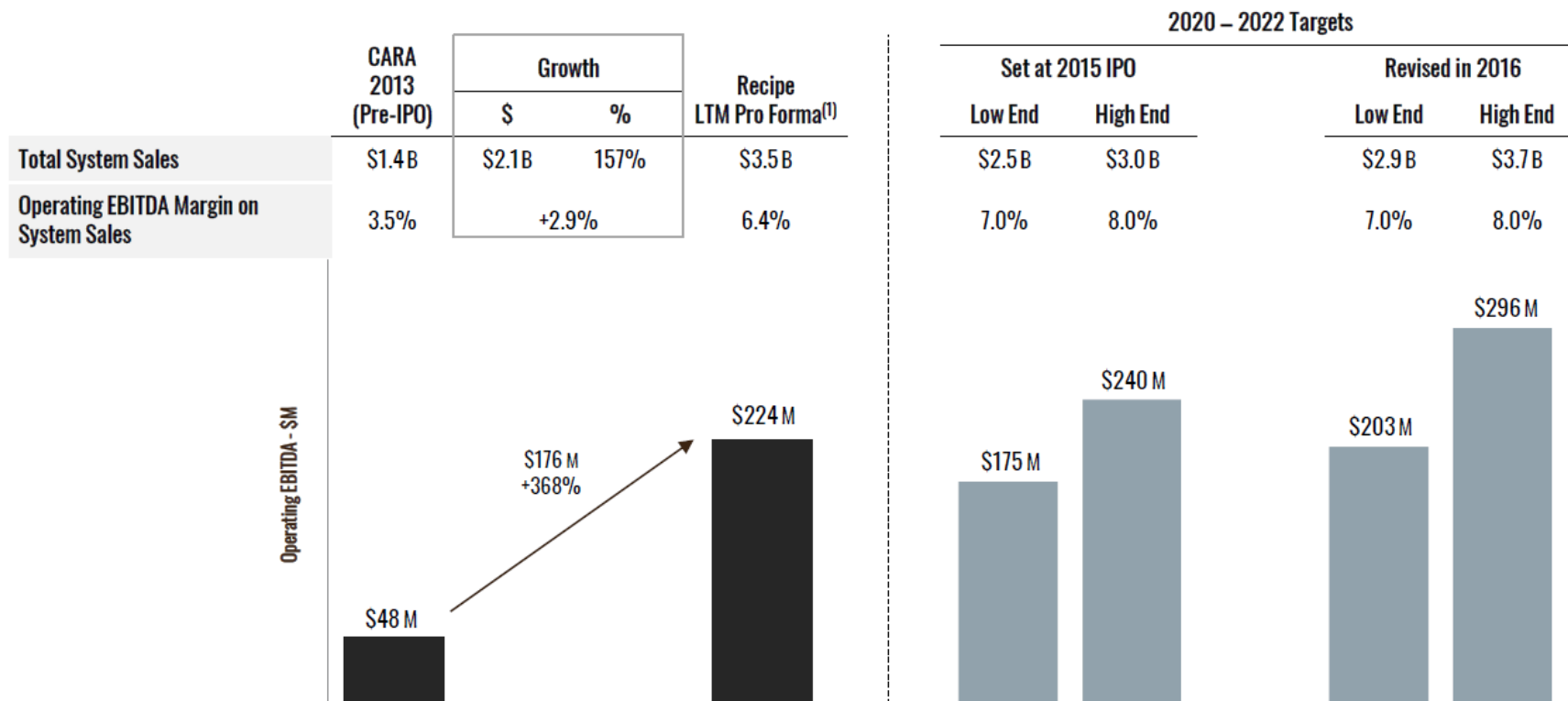
Note: Refer to "Non-IFRS Measures".

(1) Total restaurant count is at December 30, 2018. East Side Mario's restaurants in the United States have been excluded.

(2) LTM as at December 30, 2018 with pro forma adjustments for The Keg transaction.



# PROGRESS ON 2020-2022 FINANCIAL TARGETS



The Keg transaction puts Recipe within the 2020-2022 targeted ranges for System Sales and EBITDA which were set during the 2015 IPO and revised upwards in 2016. Recipe's 2016 Operating EBITDA Margin on System Sales was 7.1%. Recent transactions (Original Joe's, Pickle Barrel & The Keg) have temporarily brought Operating EBITDA Margin below 7.0% which presents an opportunity.

Note: Refer to "Non-IFRS Measures".

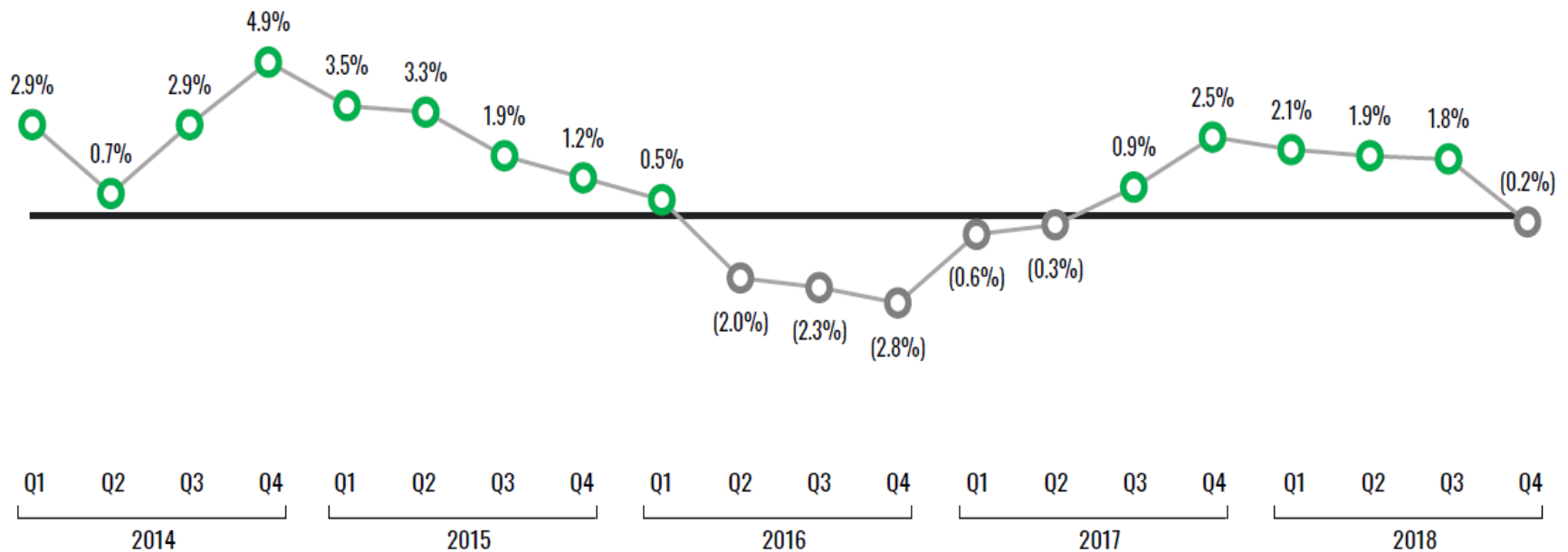
(1) LTM as at Dec. 30, 2018 with pro forma adjustments for The Keg transaction. EBITDA results after 4% Keg royalties to Keg Royalty Income Fund.





# QUARTERLY SRS GROWTH

Recipe management is working to lay a strong foundation that will drive sustained SRS Growth



Note: Refer to "Non-IFRS Measures".

# LTM SEGMENTED OPERATING EBITDA RESULTS

*LTM Q4 2018*

*CS millions*

	Corporate	Franchise	Retail & Catering	Central	Total (52 weeks)	Pro Forma Adjustments	Pro Forma Total (52 weeks) <sup>(1)</sup>
System Sales	\$ 765.1	\$ 2,362.4	\$ 287.8	\$ -	\$ 3,415.3	\$ 104.7	\$ 3,520.1
Contribution from corporate restaurants	\$ 80.5	\$ -	\$ -	\$ -	\$ 80.5	\$ 7.3	\$ 87.8
Contribution from franchise restaurants	-	99.3	-	-	99.3	2.7	102.0
Retail and catering contribution	-	-	19.5	-	19.5	0.2	19.6
Net central contribution	-	-	-	32.6	32.6	(3.1)	29.5
Operating EBITDA prior to KRIF royalty	\$ 80.5	\$ 99.3	\$ 19.5	\$ 32.6	\$ 231.9	\$ 7.1	\$ 239.0
Operating EBITDA as a % of System Sales	10.7% <sup>(2)</sup>	4.2%	6.8%	1.0%	6.8%		6.8%
Net royalty expense (to KRIF)	\$ -	\$ -	\$ -	\$ (12.3)	\$ (12.3)	\$ (2.3)	\$ (14.6)
Operating EBITDA	\$ 80.5	\$ 99.3	\$ 19.5	\$ 20.3	\$ 219.6	\$ 4.8	\$ 224.3
Operating EBITDA Margin on System Sales	10.7% <sup>(2)</sup>	4.2%	6.8%	0.6%	6.4%		6.4%

Note: Refer to "Non-IFRS Measures".

(1) LTM as at Dec. 30, 2018 with pro forma full-year adjustments for The Keg.

(2) Operating EBITDA margin for corporate segment as a % of LTM sales (excluding System Sales attributable to JV partners).

# STRONG FREE CASH FLOW (FCF) AND LEVERAGE



LTM Q4 2018

CS millions

	LTM Q4 2018 Actual	Pro Forma Adjustments	LTM Q4 2018 Pro Forma <sup>(1)</sup>	Pro Forma Tax Adjustment <sup>(2)</sup>	LTM Q4 2018 Pro Forma with Tax Adjustment
<b>Operating EBITDA</b>	\$ 219.6	\$ 4.8	\$ 224.3	\$ -	\$ 224.3
<b>Cash distributions</b>					
Interest	\$ (19.0)	(0.6)	(19.6) <sup>(3)</sup>	\$ -	\$ (19.6)
Maintenance Capex	(25.8)	(4.1)	(29.9) <sup>(4)</sup>	-	(29.9)
Cash taxes	(10.7)	-	(10.7)	(24.3)	(35.0)
<b>Adjusted Free Cash Flow</b>	\$ 164.1	\$ 0.1	\$ 164.2	\$ (24.3)	\$ 139.9
Growth Capex (new builds and major renovations)	(17.0)	(13.1)	(30.1) <sup>(4)</sup>	-	(30.1)
Proceeds from corporate dispositions net of buy backs	13.4	-	13.4	-	13.4
Dividends paid	(26.6) <sup>(5)</sup>	(1.2)	(27.8) <sup>(6)</sup>	-	(27.8)
NCIB purchases	(16.2)	-	(16.2)	-	(16.2)
<b>Free Cash Flow</b>	\$ 117.7	\$ (14.1)	\$ 103.5	\$ (24.3)	\$ 79.2

Note: Refer to "Non-IFRS Measures".

(1) LTM as at Dec. 30, 2018 with pro forma full-year adjustments for The Keg.

(2) Pro forma tax adjustment brings full-year Cash Taxes estimate to \$35.0 million, a level indicative of what Recipe will pay when fully taxable (no loss carry forwards). This estimate excludes The Keg as it is estimated that the Keg will fully utilize its loss carried forward balances by the year 2024.

(3) Conservatively assumes ending gross debt balances as at Q4 2018 (excluding finance leases) were outstanding for an entire year at a 5.0% interest rate.

(4) Assumes \$60 million total annual capital capex including maintenance and growth capex.

(5) Dividends paid in 2018A.

(6) Based on current shares outstanding and current annualized dividend of \$0.4484/share.





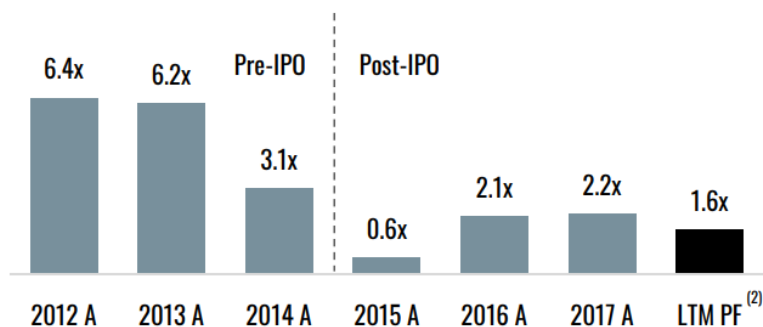
# STRONG AND FLEXIBLE BALANCE SHEET

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## Current Capitalization (CS millions)

	Q4 2018
Term credit facility - revolving	\$220.0
Term credit facility - non-revolving	\$150.0
The Keg credit facilities	\$21.0
Finance leases	\$26.0
Private notes	--
<b>Total Debt Outstanding</b>	<b>\$417.0</b>
Less: Cash	(\$49.3)
<b>Net Debt Outstanding</b>	<b>\$367.8</b>
Pro Forma LTM Operating EBITDA	\$224.3
<b>Net Debt / Pro Forma LTM Operating EBITDA</b>	<b>1.6x</b>

## Net Debt / Operating EBITDA<sup>(1)</sup>



\$979 million in purchase price consideration for acquisitions (2014-2018)

## Liquidity (as at Q4 2018) (CS millions)

Revolving credit facility	\$400.0
Add: Accordion feature	\$50.0
Add: Term credit facility	\$150.0
Add: The Keg credit facilities	\$47.0
<b>Subtotal - credit availability</b>	<b>\$647.0</b>
Less: Draw on revolving credit facility	(\$220.0)
Less: Draw on term credit facility	(\$150.0)
Less: The Keg credit facilities	(\$21.0)
<b>Subtotal - credit drawn</b>	<b>(\$391.0)</b>
Add: Cash	\$49.3
<b>Liquidity</b>	<b>\$305.2</b>

Note: Refer to "Non-IFRS Measures".

(1) Pro forma for acquisitions where applicable.

(2) LTM as at December 30, 2018 with pro forma adjustments for The Keg transaction. Net Debt / LTM Operating EBITDA multiples above reflect finance leases (~\$26 million); finance leases are not reflected in the *Liquidity* summary above.



# OTHER FINANCIAL HIGHLIGHTS



- Under its Normal Course Issuer Bid (NCIB) and to enhance EPS, Recipe has purchased 634,850 Recipe SVS shares at an aggregate cost of \$16.2 million (full year 2018). Recipe can purchase up to another 1,266,482 shares before its existing NCIB expires in June 2019.
- In March 2018, Recipe increased its quarterly dividend 5% and based on Recipe's current share price, Recipe's annual dividend yield is 1.69%<sup>(1)</sup>. Opportunities exist for Recipe to increase its future dividends, as a result of strong Free Cash Flow.
- Recipe Management continue to opportunistically manage its portfolio of corporate and franchise restaurants, closing underperforming locations to strengthen its network of existing stores and maximizing profitability by reducing future costs. Excluding new stores added through M&A, total gross openings by year were as follows:
  - 2016 – 42 openings
  - 2017 – 56 openings
  - 2018 – 61 openings
- With 85% of total restaurants operated by franchise and joint venture partners, Recipe has a capital light operating model. Total 2019 capital expenditures are estimated to be between \$60-65 million, driven by new store openings for The Keg and other select growth opportunities.

(1) Based on share price of \$26.56 as at March 25, 2019.





# RECIPE TODAY

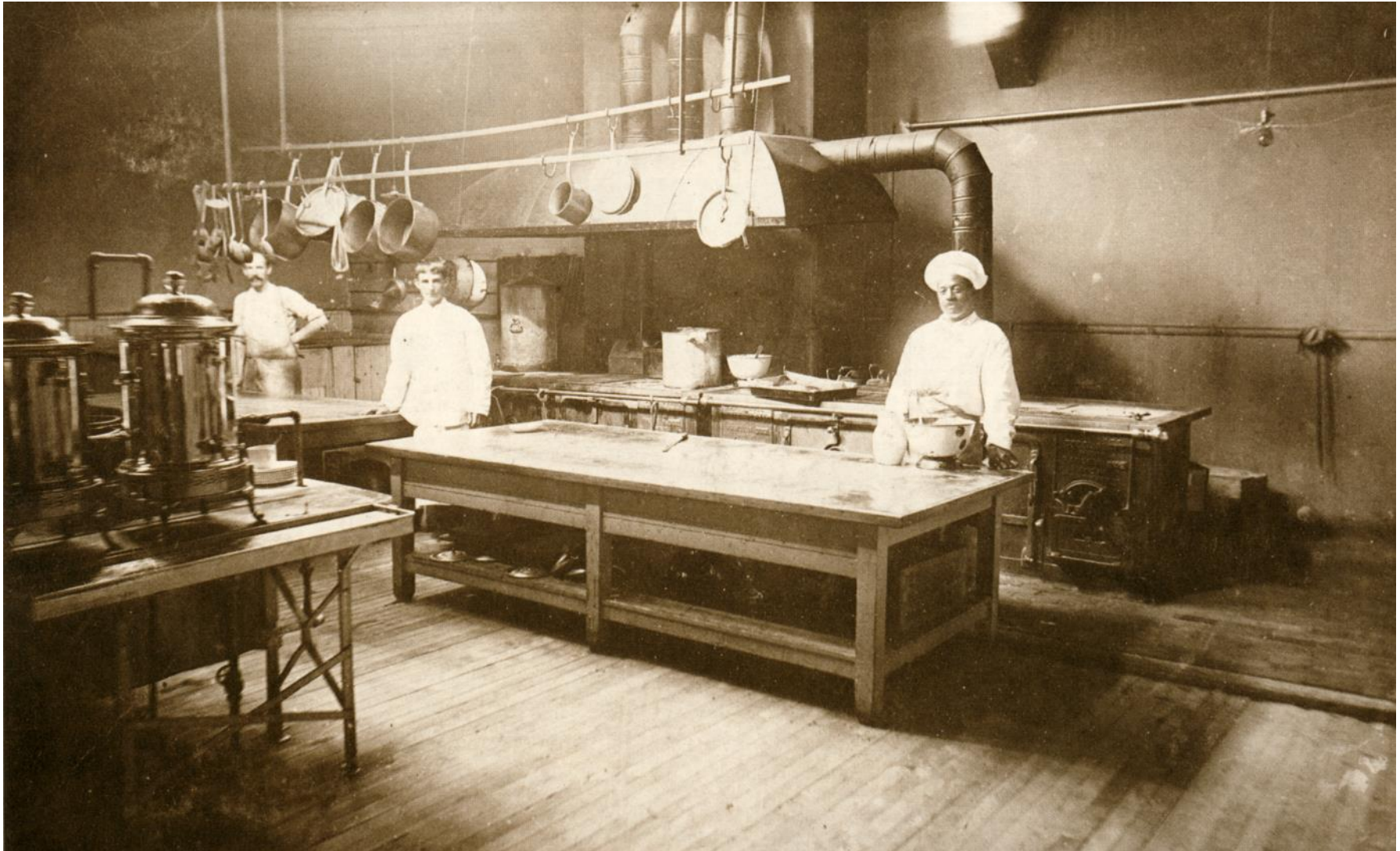


- Iconic Brands that Canadians Love
- Commitment to Driving Shareholder Value
- Industry Consolidator with Successful Synergy and Integration History
- Leveraging Scale as Strategic Advantage
- Strong Free Cash Flow
- Strong Balance Sheet
- Regional Expertise
- Deep Operational Knowledge



**As a leading foodservice company with iconic brands and an omnichannel focus, RECIPE is positioned for continuous growth through acquisitions as well as organically, by elevating guest experiences through our 4 pillars**







# MANAGEMENT TEAM



## BILL GREGSON | Executive Chairman, Board of Directors

Bill Gregson was appointed Executive Chairman of the Board of Directors for Recipe Unlimited Corporation in May, 2018. Bill joined Recipe in 2013 as Chief Executive Officer and Chairman of the board. During this time, the company grew from \$1.2 billion to \$3.4 billion in sales and went public as profits turned from negative to positive. The company also embarked on an acquisition strategy and grew from five brands to 18.



## FRANK HENNESSEY | CEO

Frank Hennessey is Chief Executive Officer of Recipe Unlimited Corporation and brings more than 30 years of restaurant, food manufacturing and grocery retail experience to his role. Frank returns to Recipe where he held various executive leadership roles including Vice President of Purchasing and President of Harvey's restaurants. Following several years of organizational growth and change, Frank takes the Recipe helm at an exciting time and will work with leadership to guide the company through the next levels of transformation, innovation and growth.



## DAVID AISENSTAT | President and CEO, Keg Restaurants Limited, and Vice Chairman, Board of Directors, Recipe Unlimited Corporation

David Aisenstat is President and CEO of Keg Restaurants Limited. Following a business merger with Recipe Unlimited Corporation in January 2018, David assumed leadership of the Milestones, Bier Markt and Landing restaurant brands. He is also Vice Chairman of the Recipe Board of Directors. David has spent most of his life in the restaurant business learning from his father Hy, a giant of the industry and owner of the famous Hy's Steakhouse chain of which David eventually became President in 1988. In 1997, David purchased The Keg Steakhouse + Bar chain, one of Canada's most renowned premium casual restaurant chains.



## KEN GRONDIN | CFO

Ken is the Chief Financial Officer of Recipe Unlimited Corporation. Ken joined Recipe in 2013 with Bill Gregson after they led a financial turnaround at The Brick. Reporting to the Recipe CEO, Ken is responsible for all finance related functions including corporate, board and public reporting, financial controls, planning and budgeting, tax and regulatory compliance, treasury and insurance. From a shared service perspective, he also leads the company's legal, human resource, information technology, real estate and franchising areas that support both corporate and franchise operations.



# RECIPE'S CAPITAL MARKET SUMMARY



## Recipe Coverage (as at March 25, 2019)

	Rating	Target Share Price
Scotiabank	Buy	\$35.00
RBC Capital Markets	Buy	\$33.00
Laurentian	Buy	\$32.50
BMO Capital Markets	Buy	\$32.00
Canaccord	Hold	\$31.00
Raymond James	Hold	\$32.00
CIBC	Hold	\$29.00
Macquarie	Hold	\$28.00
Average		\$31.56

## Shareholder Profile<sup>(1)</sup>

	Number of shares in thousands			Economic Interest	Voting Interest
	MVS	SVS	Total		
Fairfax Financial	19,903	7,224	27,127	43.9%	56.9%
Cara Holdings (Phelan)	14,493	-	14,493	23.5%	40.8%
Public / Other Shareholders	-	20,135	20,135	32.6%	2.3%
Total	34,396	27,956	61,755	100.0%	100.0%

<sup>(1)</sup> Share count is as at Dec. 30, 2018 and it excludes approximately 7,394 associate options. Note that each SVS is entitled to 1 vote and each MVS is entitled to 25 votes on all matters.

## Recipe Stock Price Since IPO





# NON-IFRS MEASURES



This presentation makes reference to certain non-IFRS measures. These measures are not recognized measures under International Financial Reporting Standards (“IFRS”) and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective.

Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company’s financial information reported under IFRS. The Company uses non-IFRS measures including “System Sales”, “EBITDA”, “Operating EBITDA”, “Operating EBITDA Margin”, “Operating EBITDA Margin on System Sales”, “Pro Forma System Sales”, “Pro Forma Operating EBITDA”, “Pro Forma Operating EBITDA Margin on System Sales”, “Adjusted Free Cash Flow”, and “Free Cash Flow” to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. See “Description of Non-IFRS Measures”.

The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. The Company’s management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation.



# DESCRIPTION OF NON-IFRS MEASURES



The Company's audited financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and accounting policies adopted by the Company in accordance with IFRS.

The Company's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. This presentation makes reference to certain non-IFRS measures including:

"System Sales" represents top line sales received from restaurant guests at both corporate and franchise restaurants including take-out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. Pro forma System Sales for the acquisition of St-Hubert include third party sales from the food division which consist of sales to franchise restaurants, grocery, industrial and food service clients net of commercial expenses. Management believes System Sales provides meaningful information to investors regarding the size of RECIPE's restaurant network, the total market share of the Company's brands and the overall financial performance of its brands and restaurant owner base, which ultimately impacts RECIPE's consolidated financial performance.

"Operating EBITDA" is defined as net earnings (loss) before: (i) net interest expense and other financing charges; (ii) income taxes; (iii) depreciation of property, plant and equipment; (iv) amortization of other assets and deferred gain; (v) impairment of assets, net of reversals; (vi) losses on early buyout / cancellation of equipment rental contracts; (vii) restructuring and other; (viii) conversion fees; (ix) net (gain) / loss on disposal of property, plant and equipment; (x) stock based compensation and costs related to its restricted share units; (xi) changes in onerous contract provision;; (xii) expense impact from fair value inventory adjustment resulting from the St-Hubert purchase relating to inventory sold during the period; (xiii) acquisition related transaction costs; (xiv) change in fair value of non-controlling interest liability; (xv) change in fair value of Exchangeable Partnership units; (xvi) the Company's proportionate share of equity accounted investment in joint ventures; and (xvii) interest income from the Partnership units.

"Operating EBITDA Margin on System Sales" is defined as Operating EBITDA divided by System Sales.

"Pro Forma System Sales" is defined as System Sales adjusted for the full-year contribution of The Keg as if the transactions had occurred on January 1, 2018 (i.e. beginning of LTM pro forma period).

"Pro Forma Operating EBITDA" is defined as Operating EBITDA adjusted for the full-year contribution of The Keg as if the transactions had occurred on January 1, 2018 (i.e. beginning of LTM pro forma period).

"Pro Forma Operating EBITDA Margin on System Sales" is defined as Pro Forma Operating EBITDA divided by Pro Forma System Sales.

"Adjusted Free Cash Flow" is defined as Operating EBITDA less (i) cash interest paid; (ii) maintenance capex; and (iii) cash taxes paid.

"Free Cash Flow" is defined as Operating EBITDA less (i) cash interest paid; (ii) maintenance capex; (iii) cash taxes paid; (iv) growth capex; (vi) dividends paid; (vi) shares repurchased under the NCIB; and (vii) proceeds from sale of assets.