

Reaching
new heights



Restaurant Brands NZ Limited

2019 Half Year Results Presentation

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Presentation Outline

- Highlights
- Results Overview
- New Zealand Operations
- Australia Operations
- Hawaii Operations
- Growth Opportunities
- Outlook
- Partial Takeover Proposal

Highlights

\$NZm

Group sales up 11.6% mainly on Australian acquisitions

NPAT up 7.0%

NPAT (excluding non-trading items) up 7.0%

Brand EBITDA up 9.1% across all three divisions

1H 17

256.2

13.5

15.9

45.3

1H 18

386.1

19.1

20.4

63.4

1H 19

431.0

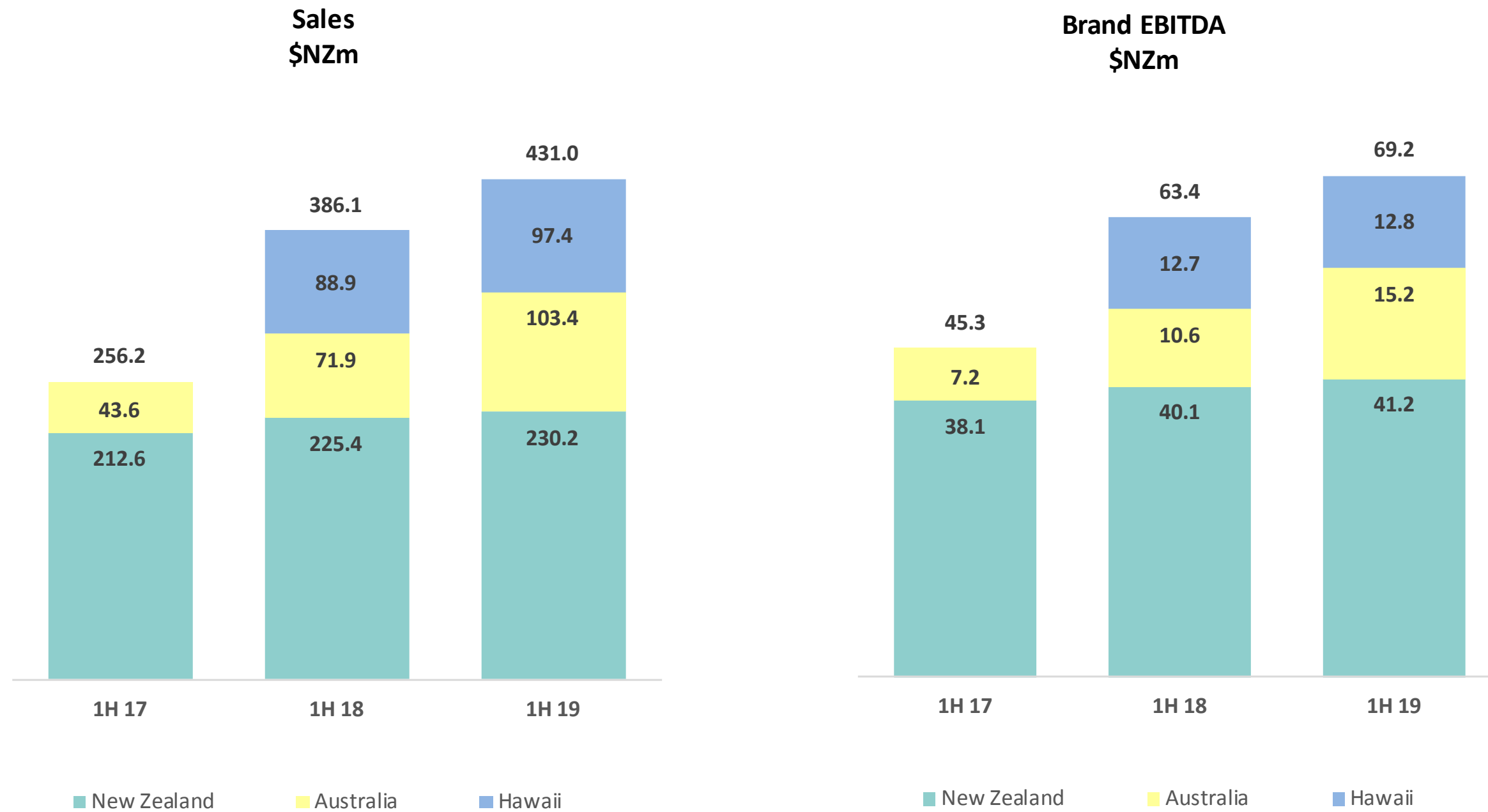
20.4

21.9

69.2

RESULTS OVERVIEW

New acquisitions contributed strongly, but NZ still comprises 53% of store sales and 60% of brand EBITDA



Offshore operations contributed 33% of EBIT (before non-trading items)

\$NZm	New Zealand		Australia		Hawaii		Corporate		Total	
	1H 18	1H 19	1H 18	1H 19	1H 18	1H 19	1H 18	1H 19	1H 18	1H 19
Brand EBITDA	40.1	41.2	10.6	15.2	12.7	12.8	-	-	63.4	69.2
G&A	(7.2)	(7.1)	(2.7)	(3.9)	(4.2)	(4.8)	(0.8)	(1.1)	(14.9)	(16.8)
	32.9	34.1	7.9	11.3	8.5	8.0	(0.8)	(1.1)	48.6	52.4
Depreciation and amortisation	(10.3)	(10.3)	(3.4)	(4.5)	(3.1)	(3.7)	-	-	(16.8)	(18.5)
EBIT (before non-trading items)	22.6	23.8	4.5	6.9	5.4	4.3	(0.8)	(1.1)	31.8	33.9

Reported profit up 7.0% from ongoing sales growth

<i>\$NZm</i>	1H 18	1H 19
EBIT (before non-trading items)	31.8	33.9
Non-trading items	(1.7)	(2.1)
EBIT (after non-trading items)	30.1	31.8
Financing expenses	(2.7)	(3.7)
NPBT	27.4	28.1
Income tax expense	(8.3)	(7.7)
NPAT	19.1	20.4
NPAT (excluding non-trading items)	20.4	21.9
Earnings per share (cents)	15.5c	16.5c

Non-trading items were primarily leave remediation costs and franchise rights amortisation, partly offset by gain on sales of Pizza Hut stores

<i>\$NZm</i>	1H 18	1H 19
Gain on sale of Pizza Hut stores	(0.3)	(1.6)
Store closure costs	0.2	(0.1)
Acquisition costs	0.7	0.2
Relocation and refurbishment	-	0.5
ASX listing costs	0.6	-
Franchise rights amortisation	1.0	1.1
Leave remediation	0.4	2.0
Realised gain on FX contracts	(0.9)	-
	1.7	2.1

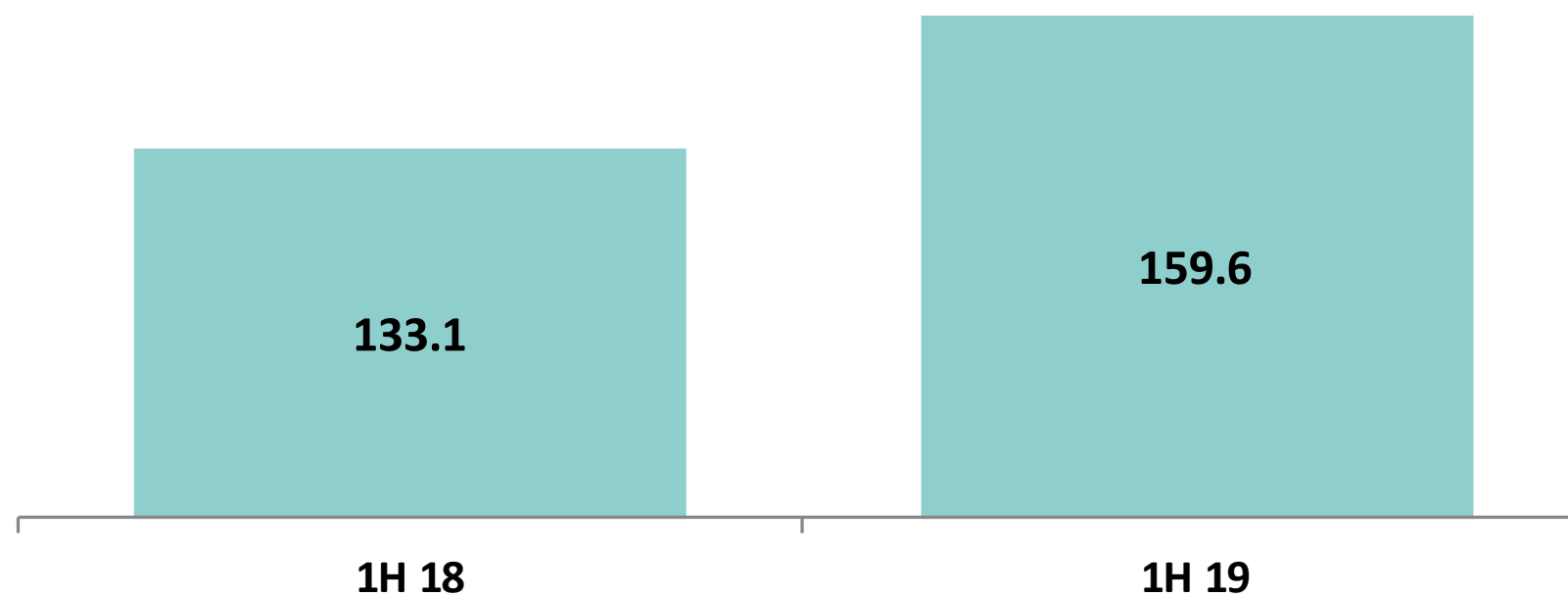
Operating cash flows up 25% (with some assistance from working capital movements). “Normal” investing cash flows beginning to increase as capex increases

<i>\$NZm</i>	1H 17	1H 18	1H19
Operating cash flow	30.7	37.6	47.3
Investing cash flow (adjusted)	(8.6)*	(10.1)*	(13.9)
Free cash flow	22.1	27.5	33.4

** Excluding business acquisitions*

Bank debt up on Australian acquisitions, comfortably within facility levels (\$NZ258 million)

Bank Debt \$NZm



Ratios

	1H 18	1H 19
Interest cover (EBITDA)	18x	14x
Net debt: EBIT	2.3:1	2.3:1
Gearing (D:D+E)	39.2%	40.5%

New Zealand Operations

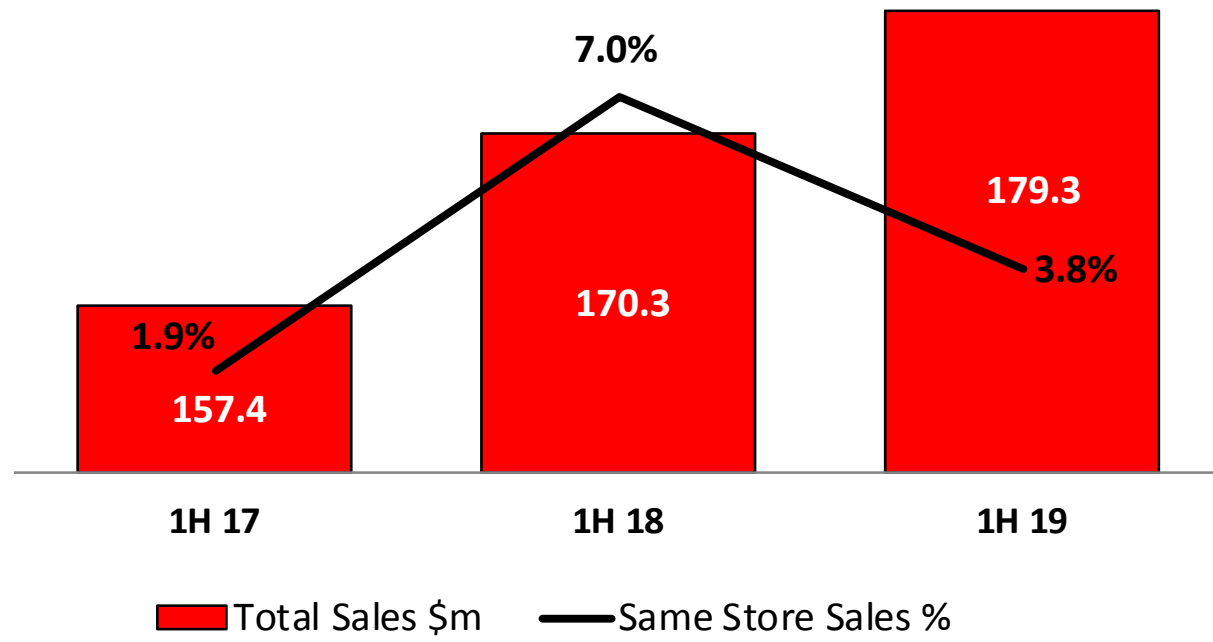


New Zealand Key Points

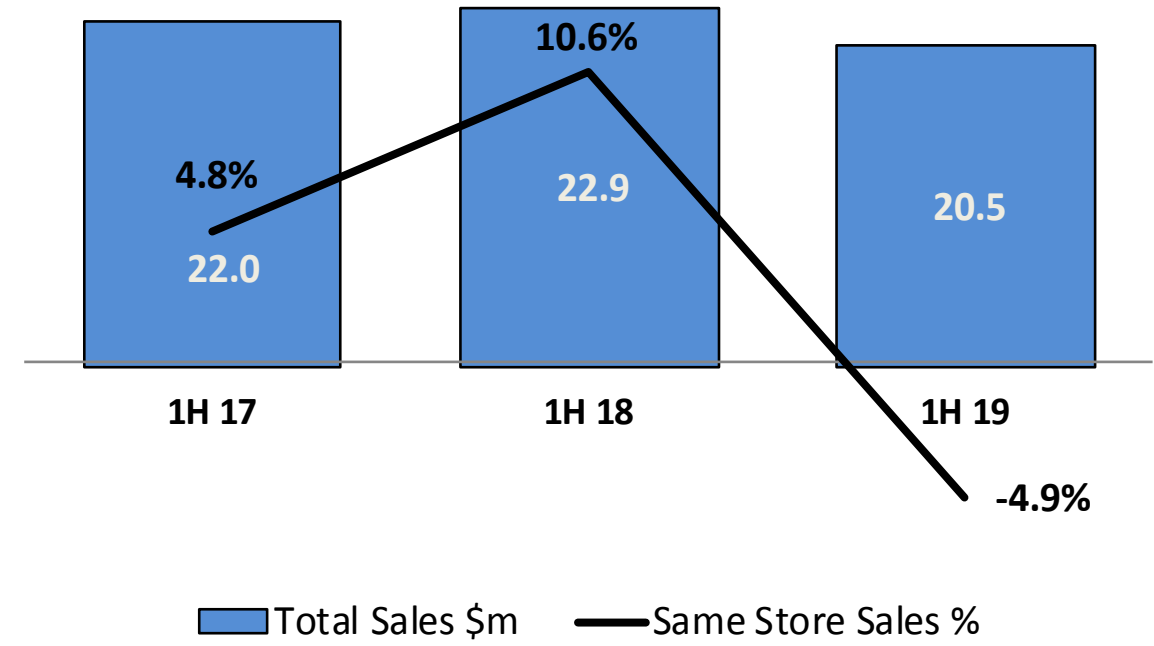
- KFC network hit 100 stores with opening of new Christchurch Airport store
- KFC Fort St continuing to trade strongly with similar designs underway for CBD Wellington and Christchurch
- Signing of Pizza Hut MFA brings full control of business to RBD (and enhanced revenue stream)
- Pizza Hut network rollout continues (under IF ownership) 100+ stores targeted by year end
- Starbucks Coffee brand franchise agreements not renewed and network sold with effect late October as part of refocus on QSR brands

New Zealand division sales were up 2.1% (+2.5% same store) to \$NZ230.2m led by KFC

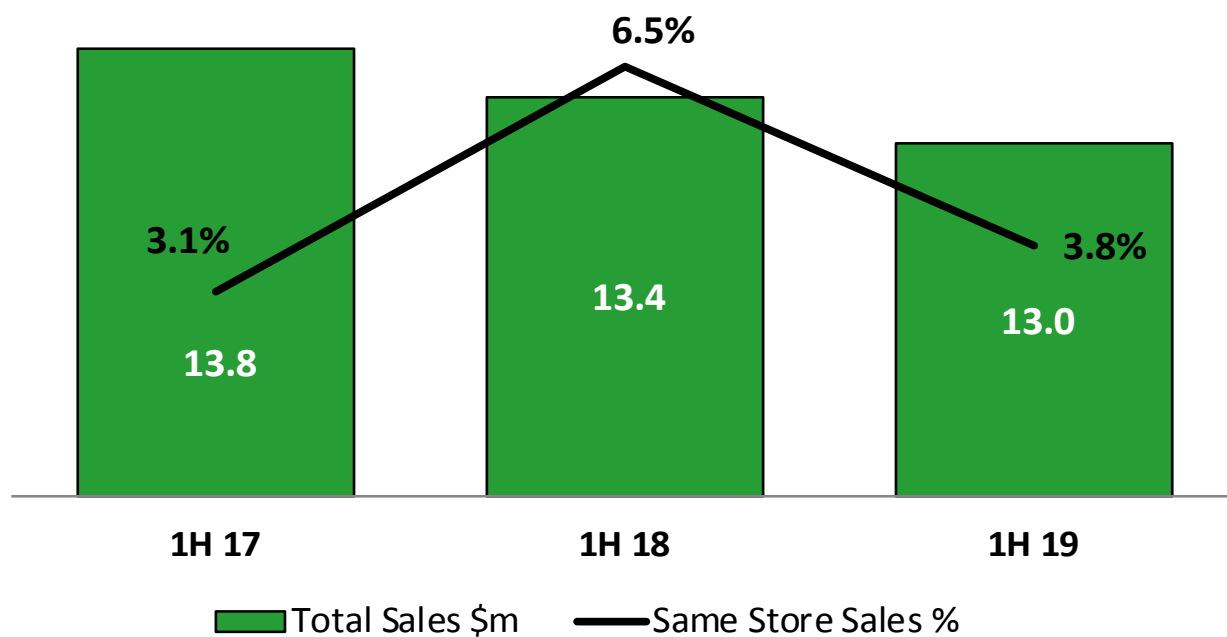
KFC Sales



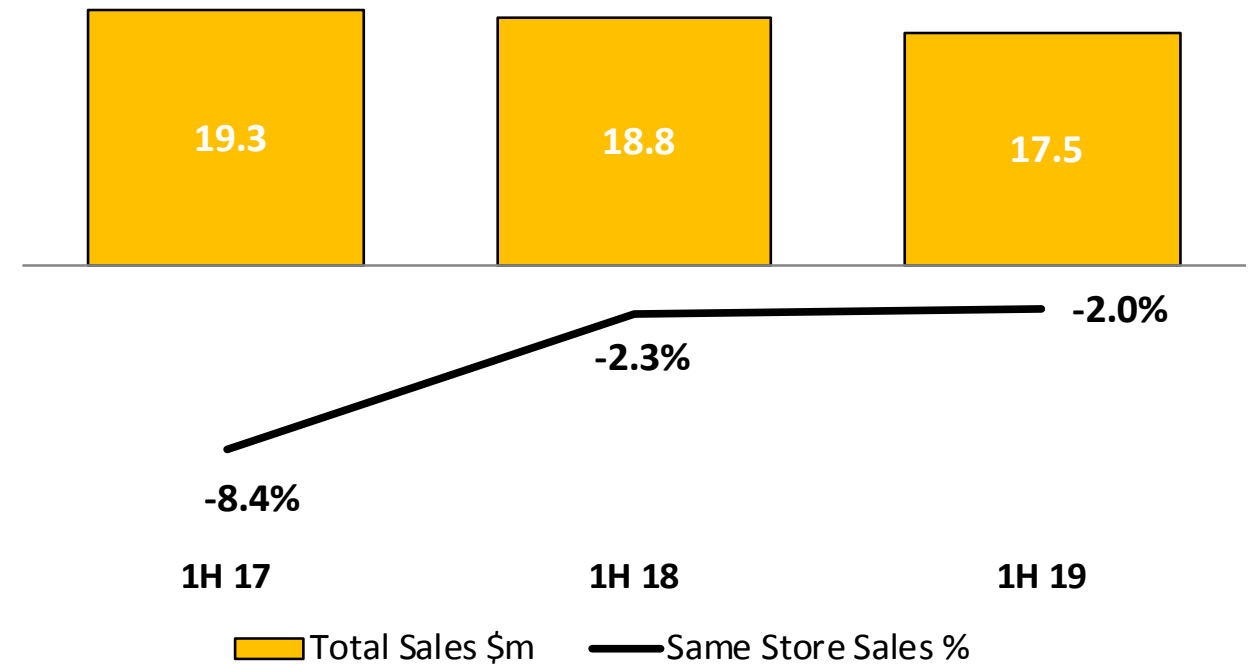
Pizza Hut Sales



Starbucks Sales

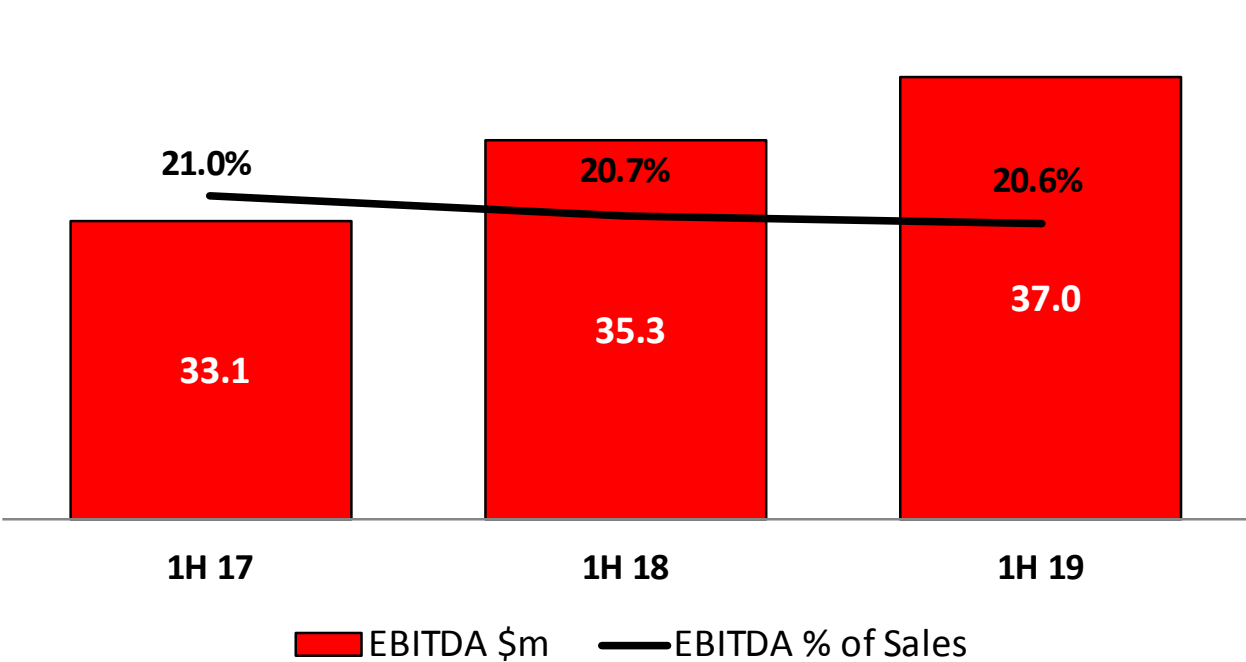


Carl's Jr. Sales

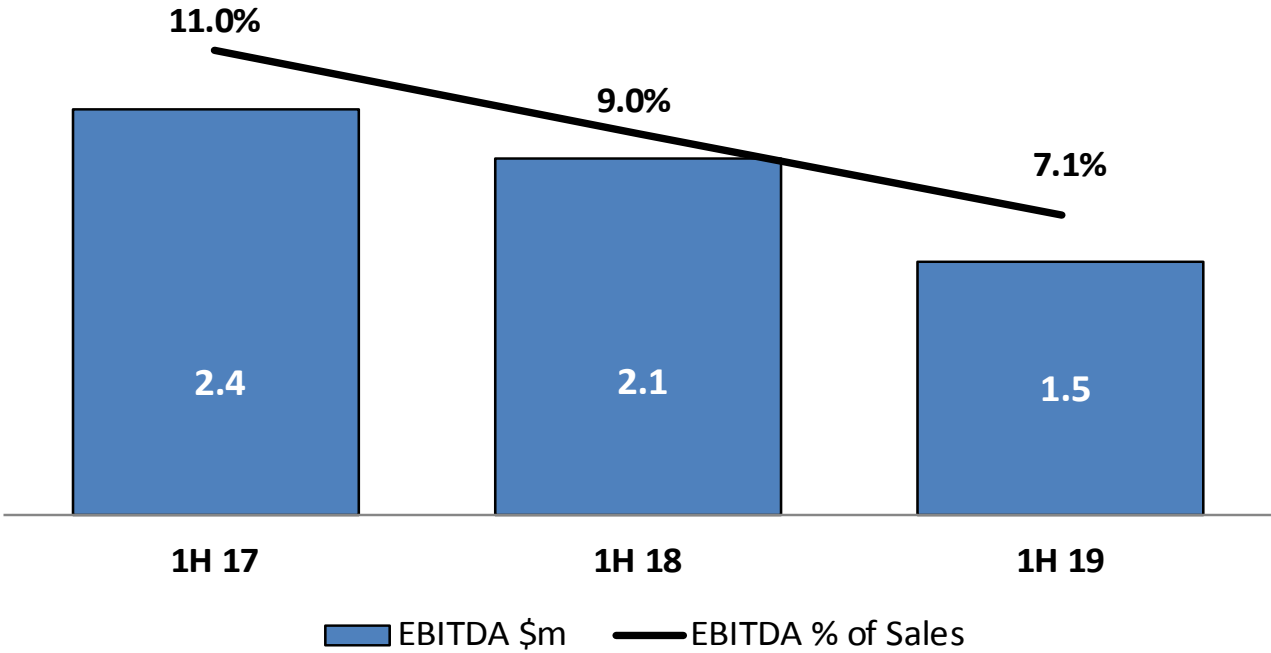


New Zealand division EBITDA at a new high of \$NZ41.2m (up 2.8%) mainly driven by KFC

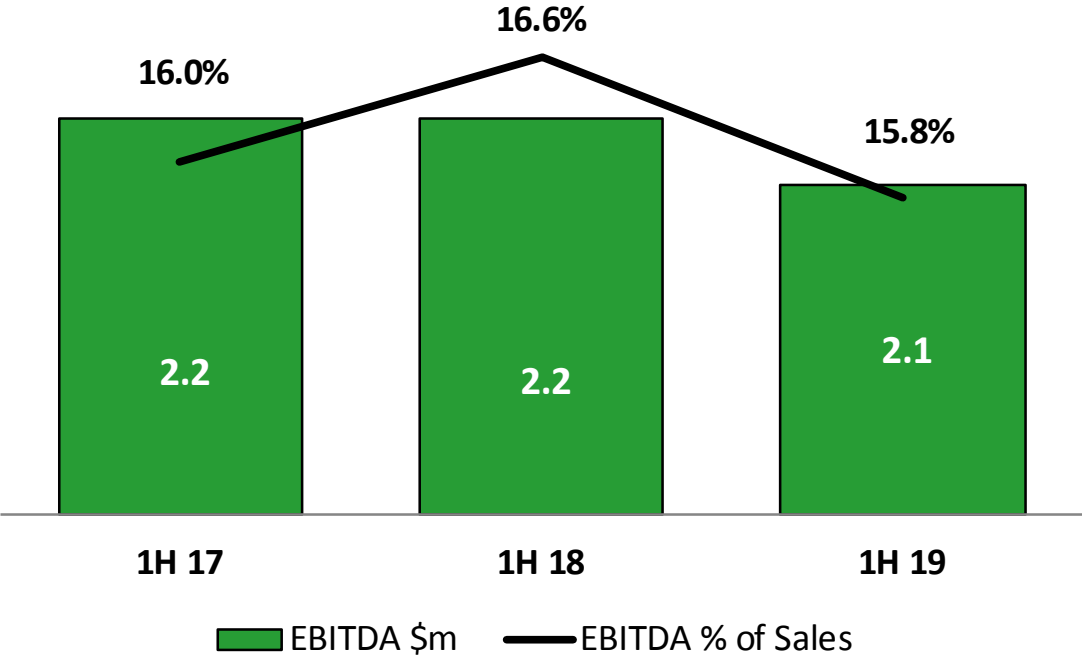
KFC EBITDA



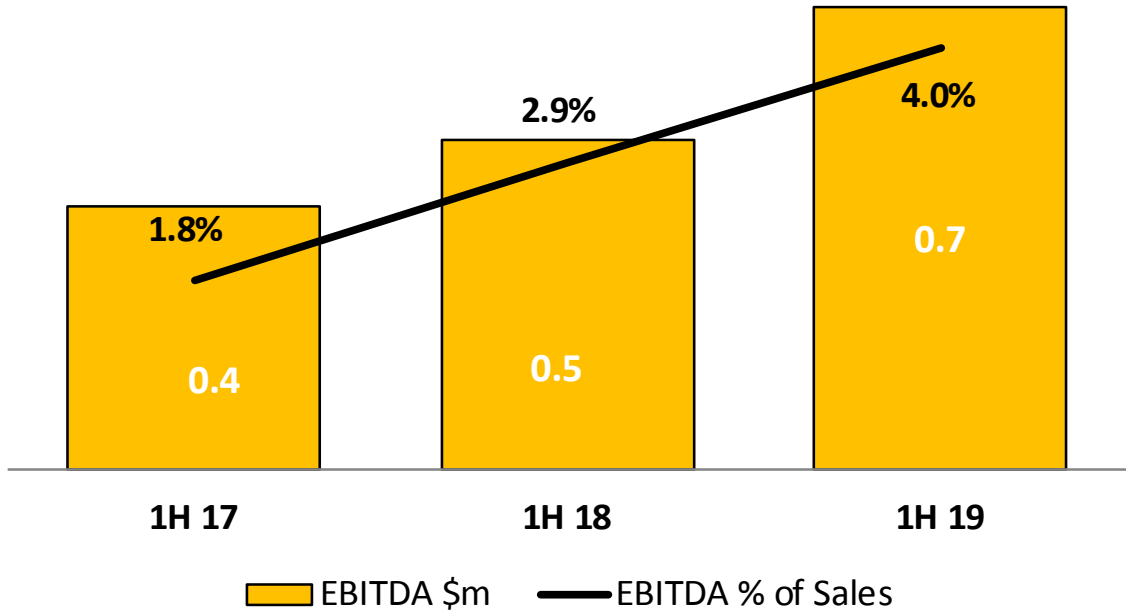
Pizza Hut EBITDA



Starbucks EBITDA



Carl's Jr. EBITDA



Australian Operations



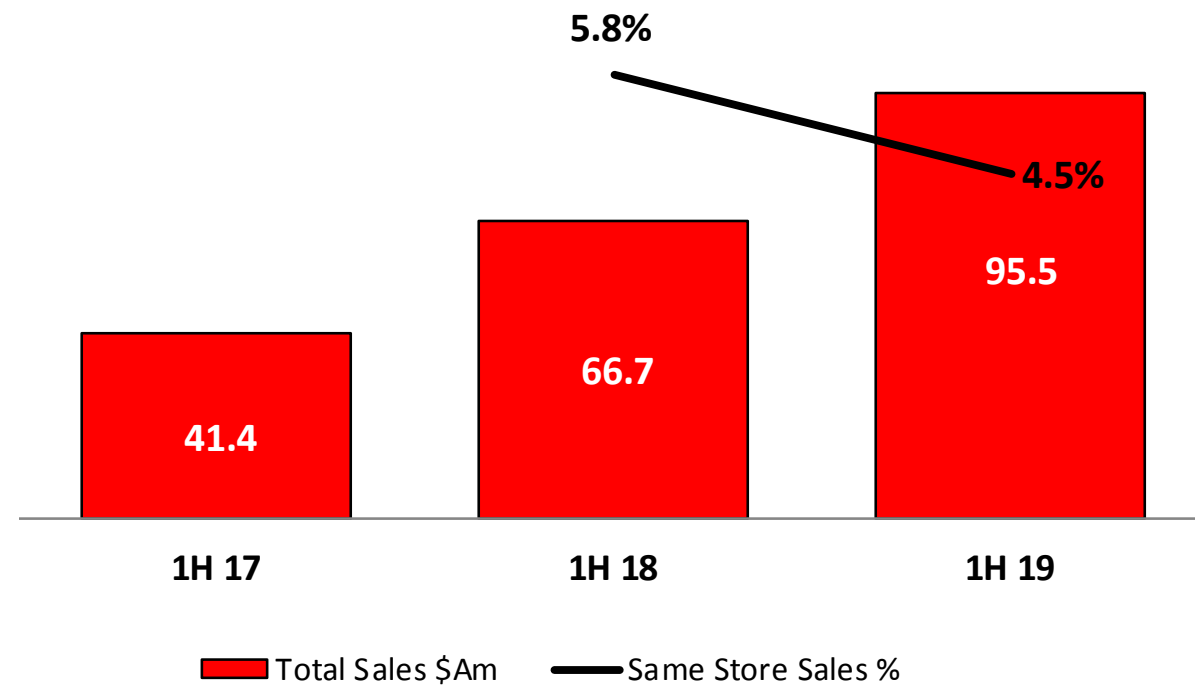
KFC

Australia Key Points

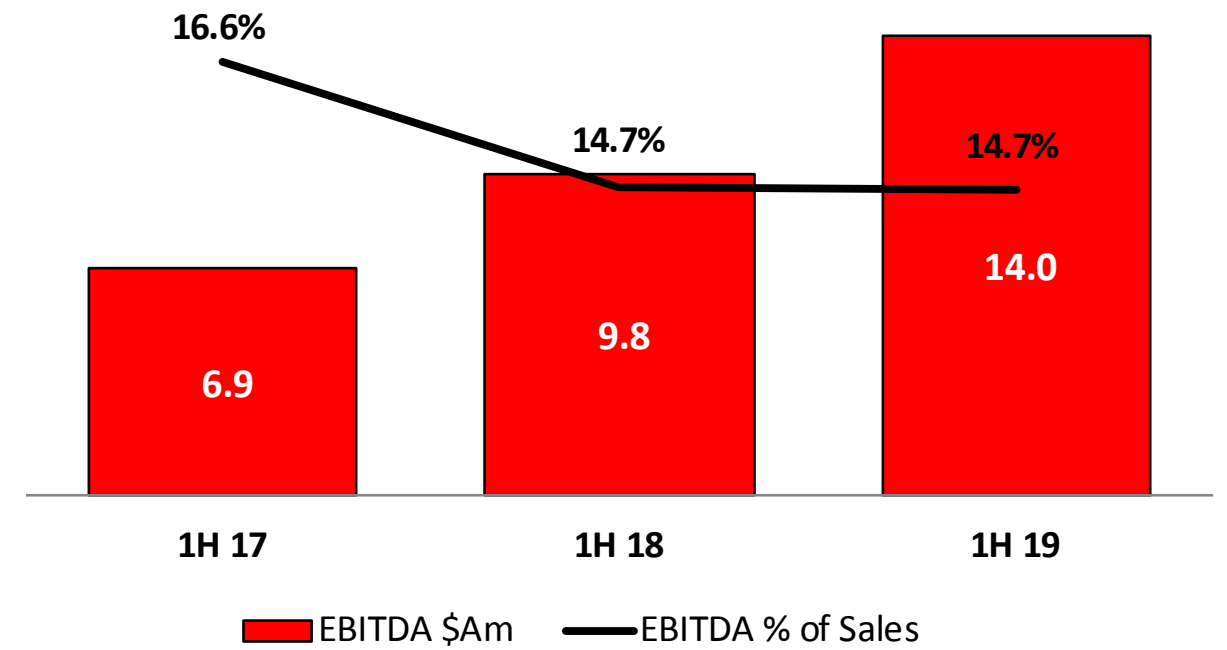
- Yum and independent franchisee store acquisitions from FY18 successfully integrated
- Discussions with IF's for further acquisitions continue
- Store build pipeline increasing
- New management team in place
- Solid operations meant margins held, some upside to come

Australia division saw sales grow 43.1% on additional acquisitions in 2H18, with commensurate increase in profit

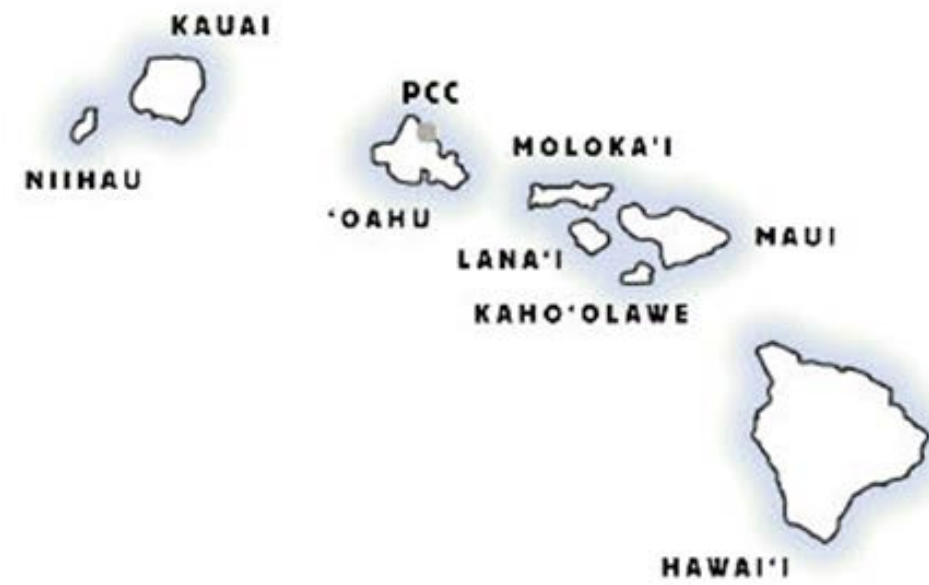
KFC Australia Sales



KFC Australia EBITDA



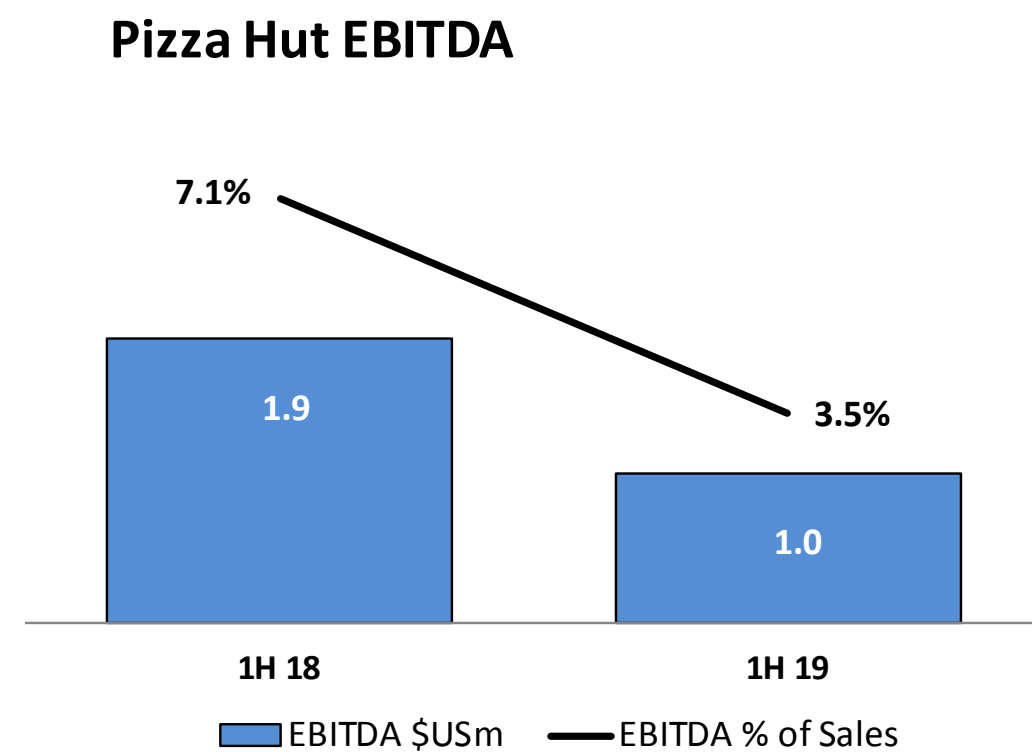
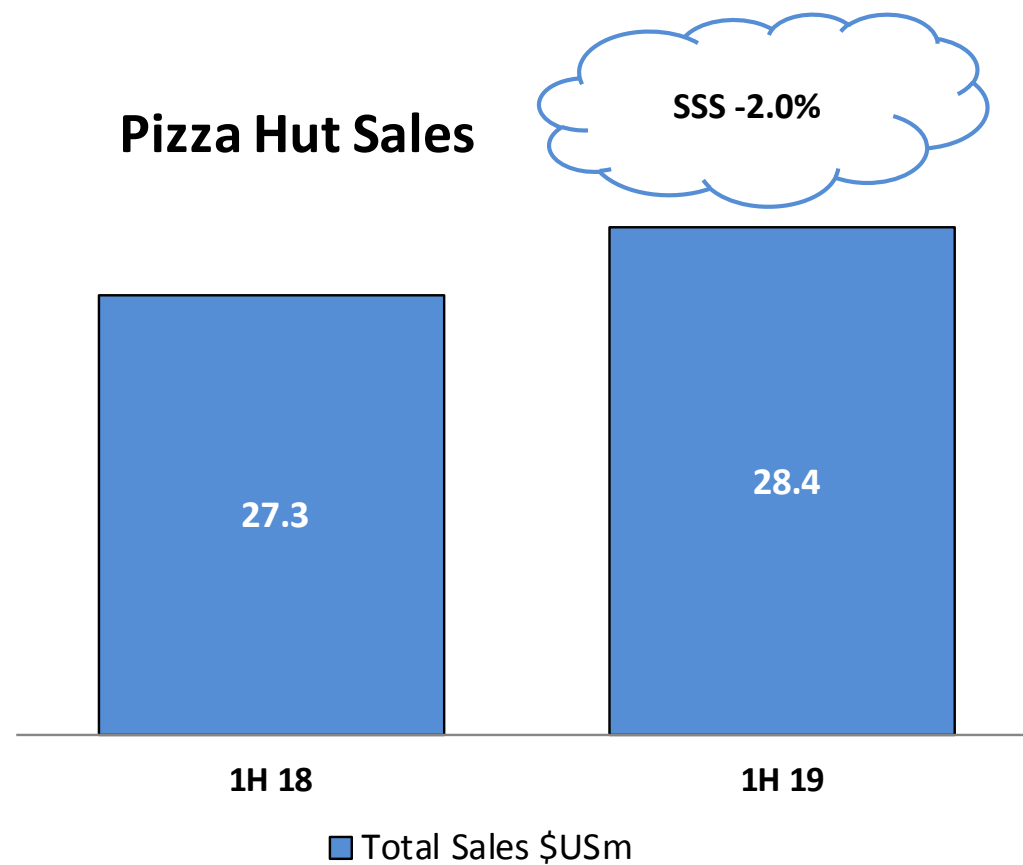
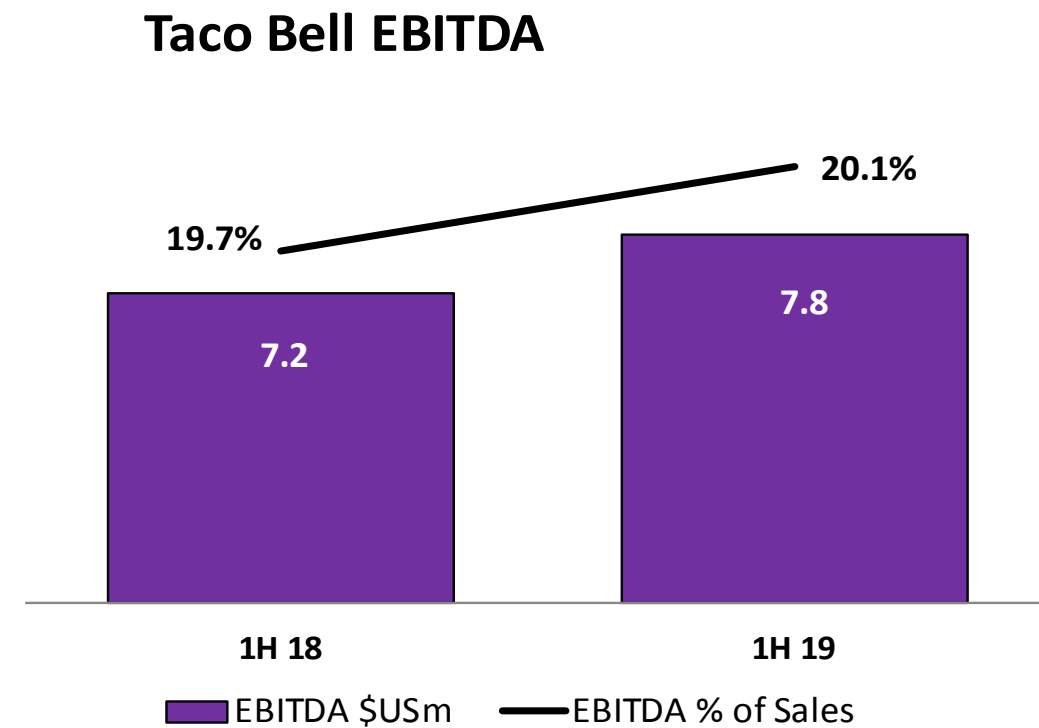
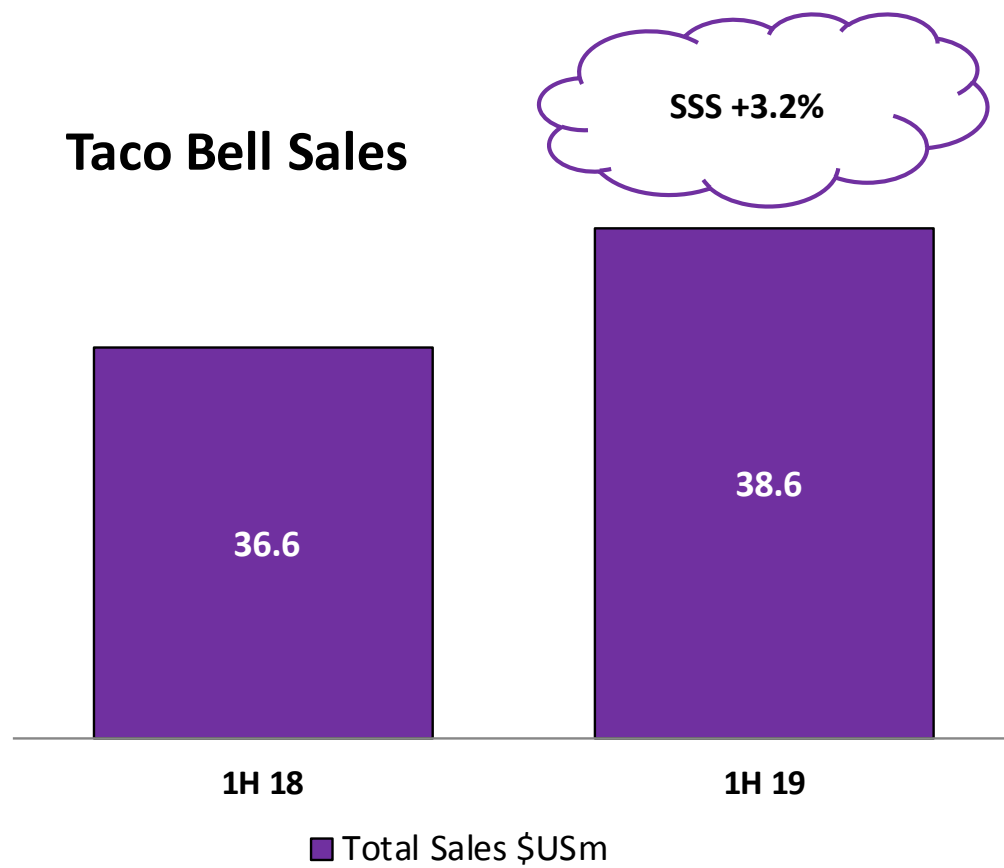
Hawaii Operations






Hawaii Key Points

- Taco Bell margins >20% despite cost pressures
- Pizza Hut performance was poor with continuing US market discounting, limited NPD and impact of new POS system
- New store and transformation pipeline continues to build with next Taco Bell transformation expected early in the new year

Hawaii division saw a 'mixed bag' in performance with a solid Taco Bell result offset by a weaker Pizza Hut one



Growth opportunities are being actively pursued in all four markets

	New Zealand	Australia	Hawaii	US
	<ul style="list-style-type: none"> • Store builds 	<ul style="list-style-type: none"> • Store builds • Small franchisee acquisitions • Large acquisition 	<ul style="list-style-type: none"> • Potential acquisition • New store builds 	<ul style="list-style-type: none"> • Potential acquisition (beach head)
	<ul style="list-style-type: none"> • Store builds (network) 		<ul style="list-style-type: none"> • Relocations • New store builds 	
	<ul style="list-style-type: none"> • Potential entry 	<ul style="list-style-type: none"> • Potential entry 	<ul style="list-style-type: none"> • New store builds • Transformations 	<ul style="list-style-type: none"> • Potential acquisition (beach head)

OUTLOOK

Current strategies are delivering positive results across all three markets

The Taco Bell (Hawaii) and KFC brands in Australia and New Zealand have considerable momentum. The opportunity is in the Pizza Hut business with network growth in New Zealand and refurbishment/relocates in Hawaii

The sale of the Starbucks Coffee business will impact current year earnings

Absent any major changes to economic or market conditions or changes to the brand portfolio, the Group will deliver a Net Profit After Tax (excluding non-trading items) for the FY19 year of between \$43 million and \$45 million

Partial Takeover Proposal

- Refer to full NZX/ASX release 18 October 2018
- Non-binding indicative approach from Finaccess to acquire up to 75% of Restaurant Brand shares at \$NZ9.45 cash per share
- No guarantee that the proposal will advance to the stage of a takeover notice being issued.
- If Finaccess does proceed to make a takeover conditions would include Overseas Investment Office and Yum consents
- Interim dividend not declared at this time

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