Restaurant BRANDS

ANNUAL RESULTS TO 31 DECEMBER 2023 (FY23)

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26 February 2024

Presentation Outline

FY23 Overview

Key Points

	FY21	FY22	**FY23**	FY23 vs. FY22
• Group Store Sales	$1,068.2m	$1,239.0m	$1,322.2m	+6.7%
• Reported NPAT	$51.9m	$32.1m	$16.3m	-49.3%
• Store EBITDA *	$172.7m	$180.0m	$178.4m	-0.9%

- Store sales hit record high of $1,322m, up $83m (6.7%) on FY22.
- Store EBITDA down 0.9% from inflationary pressures, particularly in the first half of FY23.
- Reported NPAT of $16.3m, down $15.8m on FY22 due to external economic pressures.

- *- Store EBITDA includes Government Grants - FY21 $7.2m*

FY23 in review

- Despite challenging operating environment, sales reached a record high.
- All divisions experienced ingredient inflation and minimum wage increases, with New Zealand stores impacted the most, which impacted margins.
- A year of two halves with a recovery in margins during the second half as ingredient/wage inflation pressures eased assisted by mitigation strategies.
- Caution exercised on price increases to ensure long term consumer base is supported.
- Continued progress delivered against business improvement and innovation workstreams to ensure our systems and customer offering place the Group in a strong position for sustainable future growth.

FY23 Financial Performance

NPAT decreases on inflationary pressures and higher financing costs

$NZm	FY22	FY23	Change B/(W)	
Store EBITDA *	180	**178**	(2)	(1%)
Net G&A Expenses	55	**58**	(3)	(5%)
	125	**120**	(5)	(4%)
Other Expenses	3	**6**	(3)	(100%)
Depreciation & Amortisation	55	**58**	(3)	(5%)
Operating Profit Pre IFRS 16	**67**	**56**	**(11)**	**(16%)**
IFRS 16 Adjustment	19	**22**	3	16%
Operating Profit	**86**	**78**	**(8)**	**(9%)**
Financing Expenses	44	**56**	(12)	(27%)
Net Profit Before Tax	**42**	**22**	**(20)**	**(48%)**
Taxation	10	**6**	4	40%
Net Profit After Tax	**32**	**16**	**(16)**	**(50%)**

** - Pre G&A, NZ IFRS 16 and Other (Income)/Expenses*

NPAT improved in second half on margin improvement

$NZm	FY23 1st Half	FY23 2nd Half	Change B/(W)	
Store EBITDA *	78	**100**	22	28%
G&A Expenses	29	**29**	0	0%
	49	**71**	22	45%
Other Expenses	2	**4**	(2)	(100%)
Depreciation & Amortisation	28	**30**	(2)	(7%)
Operating Profit Pre IFRS 16	**19**	**37**	**18**	**95%**
IFRS 16 Adjustment	11	**11**	0	0%
Operating Profit	**30**	**48**	**18**	**60%**
Financing Expenses	27	**29**	(2)	(7%)
Net Profit Before Tax	**3**	**19**	**16**	**533%**
Taxation	1	**5**	(4)	(400%)
Net Profit After Tax	**2**	**14**	**12**	**600%**

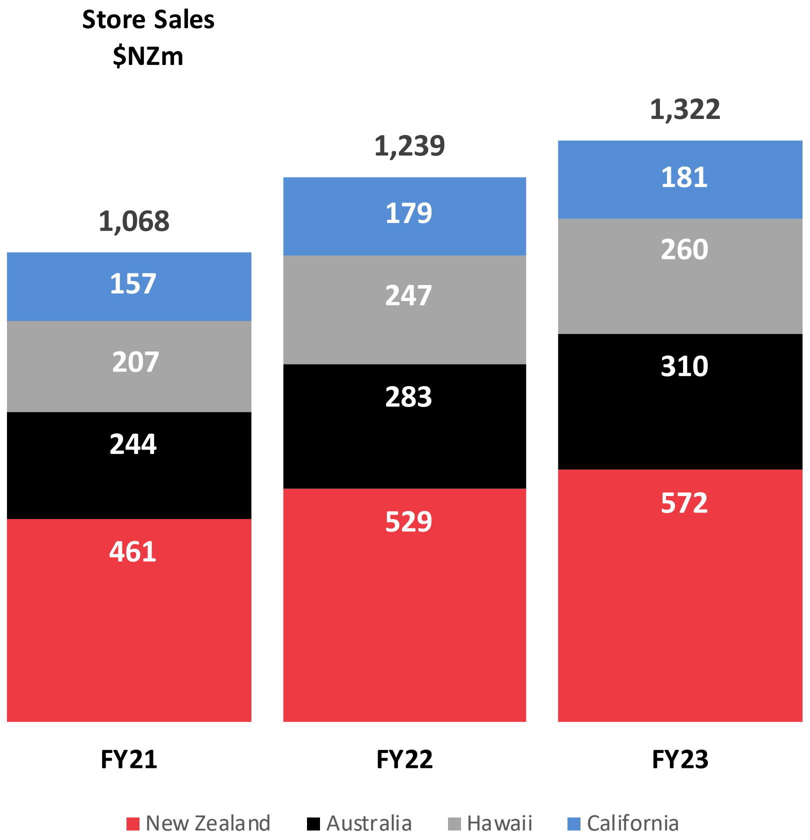
** - Pre G&A, NZ IFRS 16 and Other (Income)/Expenses*

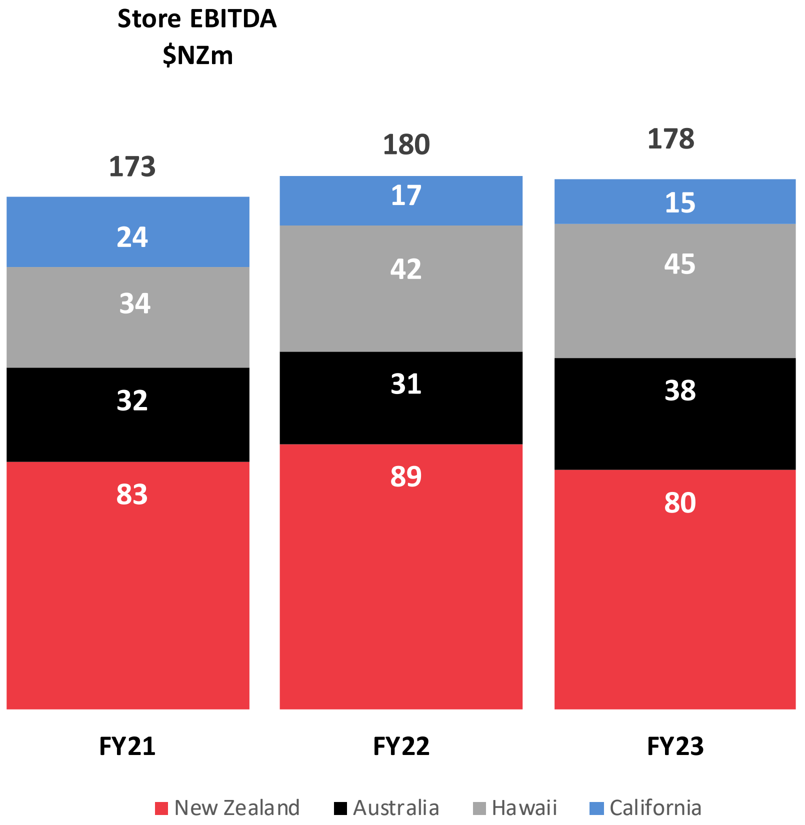
Quarterly Trends – Consistent recovery from inflation impact

FY23 Store EBITDA %

FY22 Store EBITDA %

Sales lift with margins under inflationary pressures





Other Income and Expenses – Store impairment costs partly offset by insurance recoveries

$NZm Pre-tax (Other Income)/Expenses

	FY22	FY23
Insurance recoveries	(1.6)	**(4.7)**
Gain on acquisition	(0.8)	**-**
Acquisition costs	0.1	**-**
Legal settlement	-	**1.2**
ERP implementation	4.0	**-**
Store impairments & closures	1.2	**9.6**
Net Other (Income)/Expenses	2.9	**6.1**

Operating cash flows supported by inventory reductions. Investing cash flows at traditional run rate of new stores and refurbishments

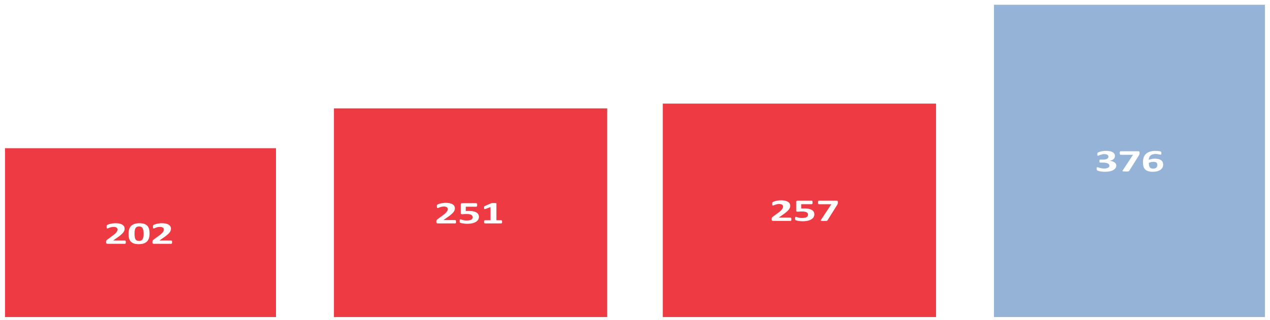
$NZm	**FY21**		**FY22**		**FY23**	
Operating Cash Flow (NZ IFRS 16 adjusted)	102	*	95	*	**98**	*
Investing Cash Flow (adjusted)	(82)	**	(92)		**(85)**	
Free Cash Flow	20		3		**13**	

* Adjusted for lease principal payments of $29.5m (FY22 $27.0m, FY21 $24.5m) classified as financing activities under NZ IFRS 16

** Adjusted for $27.5m ($A23.3m) 5 store Australia acquisition in FY21

Net borrowings – minor increase following softer first half year result

Net Bank Debt $NZm



Ratios	FY21	FY22	FY23	Facility (3-4 years)
Net Bank Debt: EBITDA*	1.6:1	2.0:1	2.2:1	
Gearing (NBD:NBD+E)	41%	46%	47%	

* *EBITDA excluding right of use asset lease costs (pre-NZ IFRS 16)*

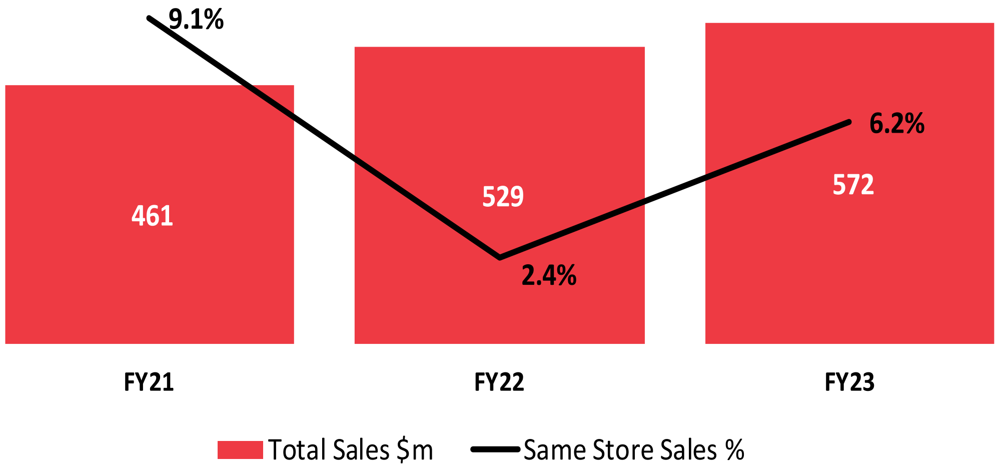
FY23 Regional Performance

New Zealand Operations

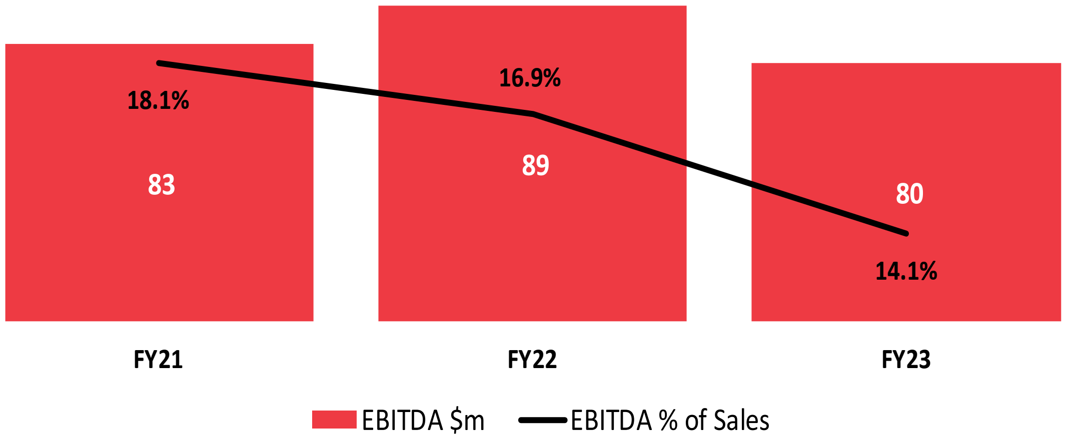
KFC Pizza Hut TACO BELL Carl's Jr.

NZ sales grow on rolling over prior year COVID-19 impact and new stores. Margins impacted by inflation and higher number of Taco Bell stores

NZ Store Sales



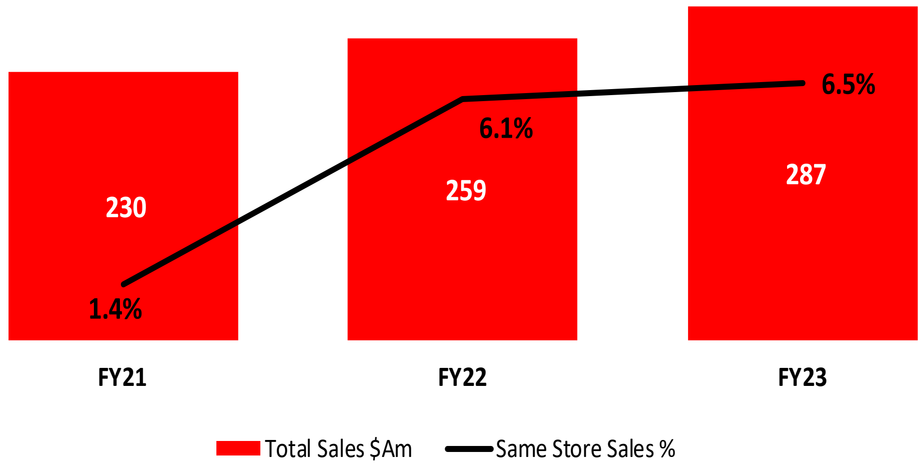
NZ Store EBITDA



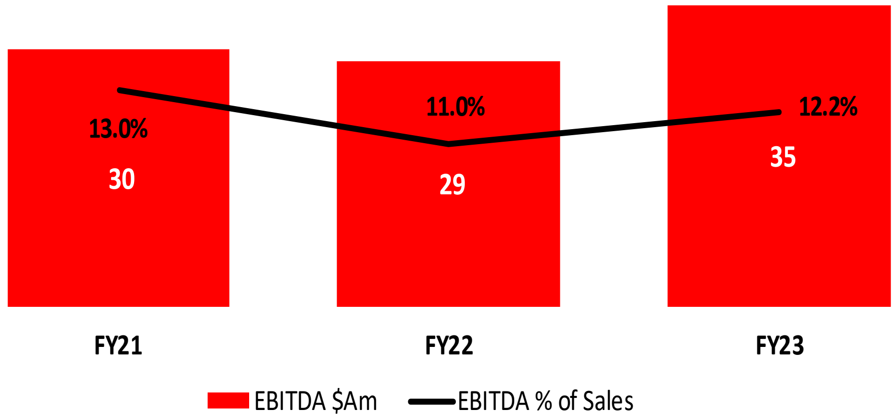
Australian Operations

Australian sales and margin increase as mall and CBD stores recover from COVID-19. Inflation pressures on consumers continue

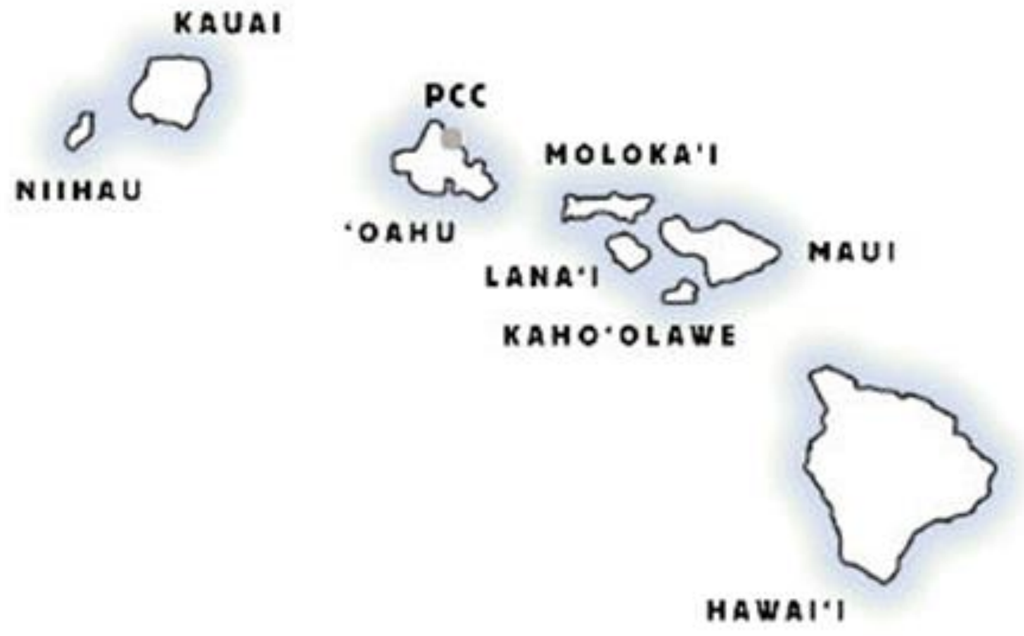
Australia Store Sales



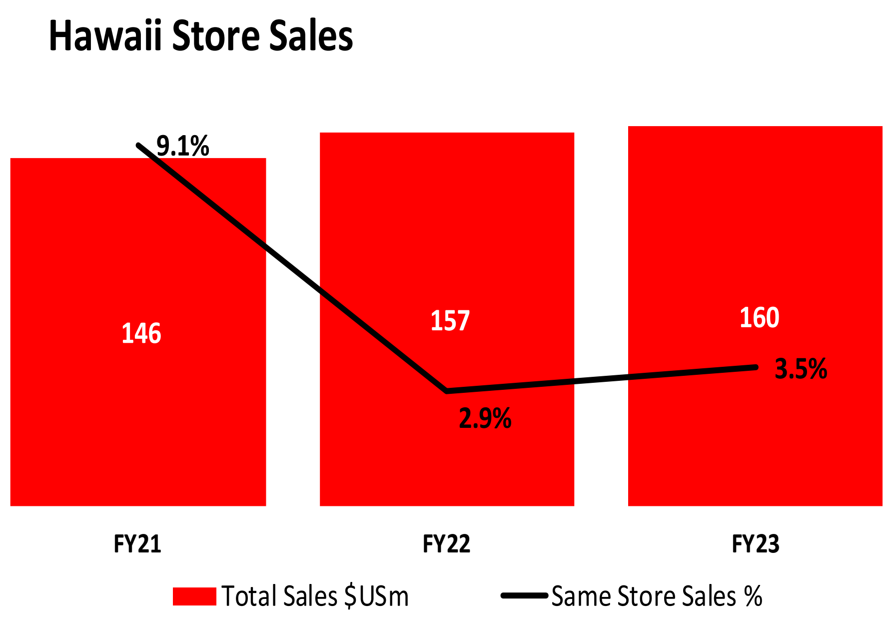
Australia Store EBITDA

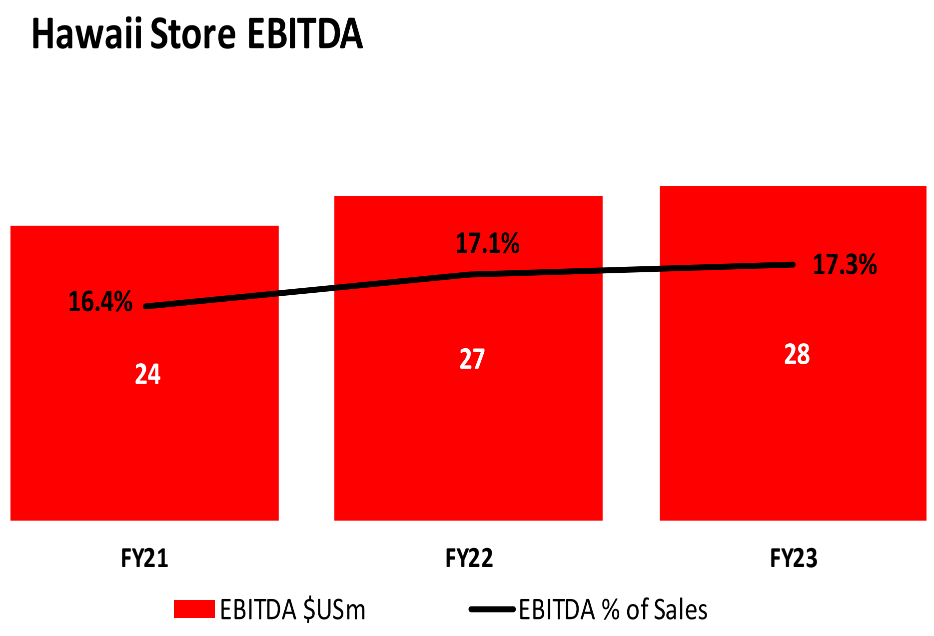


Hawaiian Operations



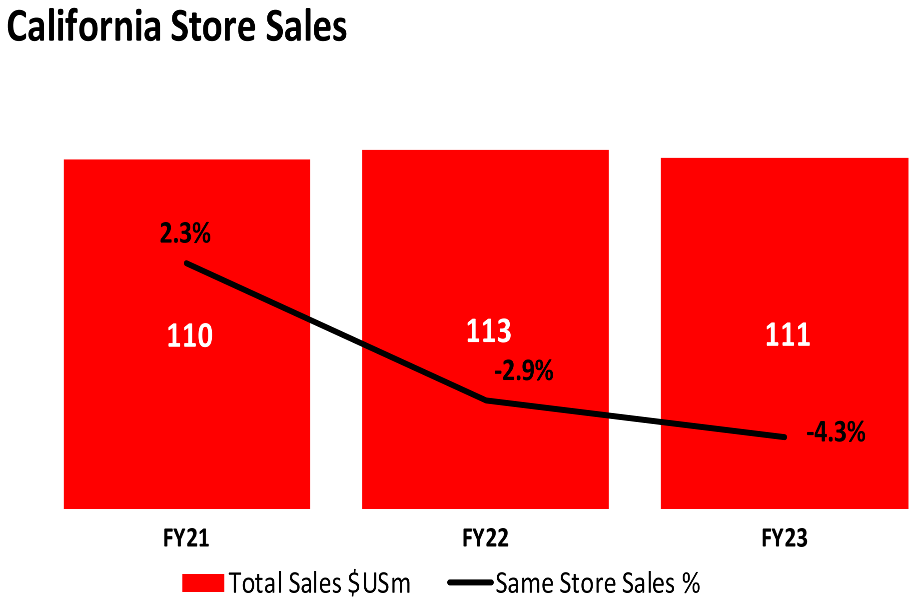
Hawaii sales and margins continue to be strong

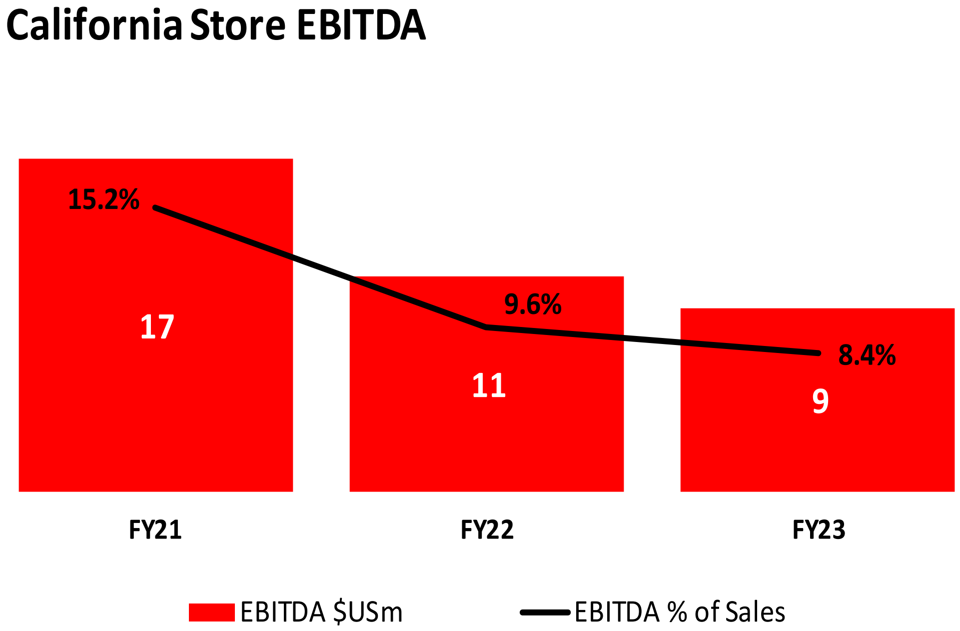




Californian Operations

California adversely impacted by inflationary impacts on consumers





FY24 Expectations

- Sales - New Zealand to continue strong growth, weaker sales in Australia and California, with Hawaii maintaining their strong market share.
- Margin gains from second half of FY23 to continue, noting that inflationary pressures continue to impact our consumers, particularly in Australia and California markets.
- $20 p/hr minimum wage in California starts 1 April (currently $16 p/hr), with plans in place to maintain margin and capture market share.
- Capex spend expected to continue at FY23 levels on mix of new stores, refurbishments and new technology.

FY24 Outlook

FY24 Outlook

Dividend update

- Given the demands of the store development programme on the Group's capital resources and an increased level of debt, directors believe it is in the best interests of the Group to retain cash in order to support growth and maintain funding flexibility, therefore the Directors have not deemed it appropriate to declare a dividend payment.

Profit guidance

- No guidance at present given ongoing economic volatility, but to reassess after half year.

What's next: the roadmap for sustainable growth

- Restaurant Brands remains well positioned to deliver on its strategy to provide continued long-term shareholder value despite current challenging economic conditions.

- Key strategic workstreams are underway to continue transforming the business and ensure strong foundations are in place to deliver sustainable growth.

  - Innovation across menu store formats, operations, staffing and customer experience
  - Ongoing margin improvement and cost stabilisation measures
  - Enhancement of end-to-end processes to streamline contracting, procurement, pricing, hiring and inventory management
  - Investment in digital platforms to maximise customer access
  - Enhanced marketing and promotions
  - ESG initiatives, including general waste diversion, energy efficiency, and food waste reduction programs

Questions

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