



RESTAURANT BRANDS NEW ZEALAND LIMITED

NZX/ASX
7 August 2023

GUIDANCE UPDATE AND Q2 SALES RESULTS

Restaurant Brands New Zealand Limited (“RBD”) has today provided updated earnings guidance for the 2023 financial year and released its Q2 sales announcement.

Guidance Update

The RBD Board of Directors wishes to provide updated full year NPAT guidance for the 2023 financial year, which is now expected to be in the range of \$12 million to \$16 million.

As announced at the 2023 Annual Shareholders' Meeting in May, RBD continues to face global inflationary pressures, particularly in regard to rising ingredient and wage costs, which is having a significant and ongoing impact on profits.

A soft first half of the 2023 financial year was anticipated when the initial guidance was provided. However, the inflationary environment has continued to evolve, and performance continues to be impacted significantly due to:

- continued input cost increases in the New Zealand business which have exceeded earlier expectations of scope and quantum; and
- lower than expected sales growth in California and Hawaii.

Given these factors will continue for some time, at a level far greater than anticipated, it has become apparent that recovery in the second half is also going to be weaker than expected.

While the business has implemented a strategic programme of price increases and cost control measures to relieve margin pressures, we have not yet been able to raise prices to fully offset the input cost increases.

Sales growth and customer loyalty remain foundational to RBD’s long-term growth strategy. While the near-term focus is firmly on managing cost pressures and margin performance, it is also critical that our pricing strategy continues to support sales volumes, protect our strong customer base and maintain relativity to competitors into the future.

Restaurant Brands New Zealand Limited Chairman, José Parés, said: “We acknowledge this adjustment will be disappointing for shareholders. The Board of Directors wishes to provide assurance that the Company is diligently managing these short-term challenges and have full confidence in the new leadership team to deliver on our strategy to provide continued long-term shareholder value.”

RBD expects to release its half year trading results on 28 August 2023.

FY23 Q2 Sales Results

RBD total sales for the second quarter to 30 June 2023 increased to \$331.6 million. This was up \$22.1 million (+7.1%) over the equivalent period last year. This reflects ongoing recovery from the impacts of the 2022 COVID-19 Omicron outbreak and the price increases that were implemented across all markets.

Total year to date sales reached \$640.2 million (an increase of 9.4% on the prior year). Total sales were supported by the net inclusion of 10 new stores (to 377 stores in total) and the strengthening US dollar since the equivalent period last year.

New Zealand

Second quarter sales for New Zealand were \$142.9 million, up 7.2% in total and 4.7% on a same store basis. Sales grew across all brands, largely driven by price increases and the easing of pandemic-related trading constraints.

Total year to date sales were \$272.3 million, an increase of 8.1% on the prior year and 6.0% on a same store basis. Store numbers remained constant during the quarter at 143 stores.

Australia

Australia's sales for the second quarter were \$A72.4 million (\$NZ78.2 million), an increase of 13.0% in total on the prior year. Same store sales were up 8.4% (local currency). Mall and city store sales have recovered to near pre-COVID-19 levels.

Total year to date sales were \$A140.3 million (\$NZ151.9 million). This is an increase of 14.2% on a total basis on the prior year and 9.7% on a same store basis.

Store numbers increased by two during the quarter to 85 stores with the opening of new Taco Bell stores in Bathurst and Cessnock.

Hawaii

Sales for the second quarter in Hawaii were \$US40.4 million (\$NZ65.3 million), flat on a total basis, but up 4.2% on a same store basis (local currency).

Hawaii trading has solidified around the new highs achieved during last year and the new stores opened in 2022 continued to produce strong trading results. Total year to date sales were \$US79.3 million (\$NZ127.1 million), an increase of 4.3% on a total basis and 2.6% on a same store basis.

Store numbers decreased by two during the quarter to 73 stores with the closure of the Taco Bell and Pizza Hut stores at Pearl Harbour.

California

California's sales in the second quarter were \$US27.9 million (\$NZ45.2 million), a decrease of 1.5% on a total basis, and a decrease of 3.5% on a same store basis (local currency).

Same store sales have reduced on the prior year largely due to customers shifting to value-orientated menu and promotional items.

Total year-to-date sales were \$US55.5 million (\$NZ88.9 million), a decrease of 0.6% on a total basis and a decrease of 3.7% on a same store basis.

Store numbers increased by one during the quarter to 76 stores with the opening of the new KFC store at Paramount.

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Quarterly Sales Report

Summary of Results for the 2nd Quarter (Q2)

(for the 3 months 01/04/23 to 30/06/23)

	2023 (\$000's)	2022 (\$000's)	Change
Total Store Sales (\$NZ)			
<u>Q2 2023 vs Q2 2022</u>			
New Zealand	142,937	133,288	7.2%
Australia	78,188	70,384	11.1%
Hawaii	65,300	62,093	5.2%
California	45,161	43,721	3.3%
Total Store Sales	331,585	309,486	7.1%
<u>YTD 2023 vs YTD 2022</u>			
New Zealand	272,317	251,816	8.1%
Australia	151,894	133,473	13.8%
Hawaii	127,076	115,139	10.4%
California	88,864	84,462	5.2%
Total Store Sales	640,151	584,890	9.4%
Same Store Sales			
<u>Q2 2023 vs Q2 2022</u>			
New Zealand	4.7%	3.2%	1.6%
Australia	8.4%	5.0%	3.4%
Hawaii	4.2%	3.6%	0.6%
California	(3.5%)	(6.1%)	2.6%
<u>YTD 2023 vs YTD 2022</u>			
New Zealand	6.0%	1.4%	4.6%
Australia	9.7%	3.4%	6.3%
Hawaii	2.6%	2.9%	(0.3%)
California	(3.7%)	(3.0%)	(0.7%)

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	2023 (\$000's)	2022 (\$000's)	Change
Total Store Sales (Local Currency)			
<u>Q2 2023 vs Q2 2022</u>			
New Zealand (\$NZ)	142,937	133,288	7.2%
Australia (\$A)	72,358	64,045	13.0%
Hawaii (\$US)	40,387	40,423	(0.1%)
California (\$US)	27,937	28,366	(1.5%)
<u>YTD 2023 vs YTD 2022</u>			
New Zealand (\$NZ)	272,317	251,816	8.1%
Australia (\$A)	140,264	122,842	14.2%
Hawaii (\$US)	79,287	75,997	4.3%
California (\$US)	55,451	55,810	(0.6%)
Number Of Stores Open At Quarter End			
	2023	2022	Change
New Zealand	143	138	5
Australia	85	81	4
Hawaii	73	74	(1)
California	76	74	2
Total Stores	377	367	10
Exchange Rates			
- Blended \$A:\$NZ rate for Q2	0.925	0.910	0.015
- Blended \$A:\$NZ rate for YTD	0.923	0.920	0.003
- Blended \$US:\$NZ rate for Q2	0.619	0.650	(0.031)
- Blended \$US:\$NZ rate for YTD	0.624	0.660	(0.036)
Note: Some sales numbers for each of the divisions may not aggregate in total due to rounding.			