**Annual Shareholders' Meeting 2017**

**Chairman's Address**

The past year has been one of significant transition for Restaurant Brands. It has been a year in which the company has transformed from a purely New Zealand-based business to one where nearly 50% of revenues and 40% of earnings will be generated offshore. We are making steady progress towards achieving our goal of becoming a 'billion dollar enterprise' in terms of both revenue and market capitalisation.

When I addressed you last year, we had barely settled our Australian acquisition and the New Zealand operations were performing at an all-time high. It is heartening to be able to report that, less than 12 months later, the New Zealand business has continued its momentum to reach yet another high in both revenues and profit, the Australian business has performed ahead of plan and we have completed a major acquisition of a further 82 Pizza Hut and Taco Bell stores in Hawaii. It's been a very busy year!

Turning now to our most recent results. The 2017 financial year saw a continued lift in reported profit (up 7.8%) to $26.0 million (or 24.1 cents per share). However, with the significant corporate activity in the past 12 months weighing on non-trading costs, the underlying trading result for the business was much higher.

Non-trading costs for the year totalled $5.1 million. These were primarily legal, due diligence and stamp duty costs associated with the Australian and Hawaiian acquisitions.

After adjusting for the impact of these "one-off" items the underlying profit result was up $6.4 million or 26.3% on the prior year to $30.6 million (or 28.4 cents per share).

Whilst the excitement and future potential of the recent offshore acquisitions has been a point of focus for our investors we have not lost sight of the importance of our New Zealand operations.

The New Zealand business had its strongest year ever, generating total sales of $400 million and a store EBITDA of $71.2 million. On a per store basis all four brands in New Zealand improved profitability, with KFC continuing to be the primary driver, generating the bulk of the $4.3 million (+6.4%) improvement on prior year's earnings.

Russel will provide you with a more detailed commentary on individual brand performances, but some selected highlights for the year include:

- Total sales at a new high of $497.2 million (with $400.0 million from New Zealand)
- KFC NZ sales setting another new record of $296.5 million, up 4.9% in total;
- KFC NZ margins also set a new record of $61.4 million, up 7.5% on prior year.
- Starbucks Coffee' s earnings reached a new high at $4.8 million, up 8.0% on prior year;
- A maiden result for the Australian KFC business with $97.2 million in sales and $15.0 million in EBITDA;
- We announced a full year dividend of 23.0 cents per share, up 2.0 cents to a new peak;
- And of course, although settled after balance date, the acquisition of Pacific Island Restaurants Limited in Hawaii.

I would like to dwell briefly on the background to the acquisition of Pacific Island Restaurants Limited in Hawaii. Whilst Restaurant Brands has embarked on a growth strategy through acquisition, our primary focus was Australia. The opportunity to look further afield had not initially been considered; however when the prospect of expansion in that region presented itself, our due diligence showed this investment made sound strategic sense:

- It will diversify our earnings base into the United States;
- It presented an opportunity to reinvigorate an existing store network for growth as we had successfully done with KFC in New Zealand;
- It provided an introduction of the third Yum brand – that of Taco Bell - into the Restaurant Brands' stable.

Our due diligence identified a well-run, although under-invested network of 82 stores in Hawaii and Guam with solid potential. With 45 Pizza Huts and 37 Taco Bells, Pacific Island Restaurants had exclusive rights to these markets. We entered into a competitive tender process, eventually succeeding in securing the business for a price of $US105 million.

In order to fund this acquisition the company launched a successful equity raising through an Accelerated Renounceable Entitlement Offer (AREO) providing all shareholders with an opportunity to participate in the investment on an equal footing. Under the offer we issued (on a 1 for 5.15 share basis) 19.972 million new shares for a total value of $93.9 million. We were extremely pleased to see a very strong uptake by retail holders and the institutional offer was oversubscribed.

Whilst the acquisition was not settled until the current financial year, meaning there is no trading in the results we have presented to you, this new Hawaiian business is expected to add another $180 million in sales and store EBITDA of $27 million in its first full year of ownership.

Strong cash flows continue to define this company. Operating cash flows reached new highs of $47.9 million (up $3.6 million or +8.1% on prior year). Net investing cash outflows – our investment back in to the business - were well up on prior year to $79.0 million, mainly because of the cash settlement component of $63.9 million for the QSR acquisition in Australia.

Financing and investing cash flows were distorted by the equity raising for Hawaii, which hadn't been settled at balance date. This resulted in a financing net inflow for the year of $99.2 million, most of which was disbursed a week after balance date to settle the Pacific Island Restaurants acquisition.

With the increase in dividend, payments to shareholders accounted for $22.6 million in the current year, up 15.6% from $19.6 million in the prior year.

Total bank debt was up to $46.5 million following the QSR acquisition, but was distorted by the net cash receipts of $91 million following the capital raising for the Hawaiian acquisition. Following the settlement of the Hawaiian business, total debt has settled at approximately $130 million against total assets in excess of $400 million.

As shareholders, you will receive today a final fully imputed dividend of 13.5 cents a share, which, in addition to your interim of 9.5 cents, will bring your annual dividend to 23.0 cents per share. This is up 2.0 cents or +9.5% above the previous year and is the highest annual dividend since we first listed in 1997.

As I've noted before, we do not commit to a fixed pay-out policy; however your directors will continue to increase dividend payments commensurate with increased earnings, but always subject to our capital expenditure requirements, where we believe we can generate a better return on the investment than returning it to shareholders.

All dividends continue to be paid as fully imputed to New Zealand tax residents. With a current imputation credit balance of $18.9 million we believe that, even with increased diversification of earnings into the Australian and US markets, we will be able to continue to pay fully imputed dividends to New Zealand resident shareholders for some years to come.

Restaurant Brands has previously offered a dividend reinvestment plan which has not been in operation for several years. With a stronger share price and much higher levels of debt, it makes sense to consider a re-introduction of a dividend reinvestment plan. Your directors are currently reviewing this and expect to be making an announcement in time for this year's interim dividend.

Whilst a reluctant commentator on share price performance, I have noted the continuing increases in shareholder value we have seen over the past two-to-three years. Last year I noted the share price had reached $5.30 as the market began to attribute more value to the longer term growth prospects of the company.

Over the 12 months to February 2017 we increased the number of shares on issue by over 25% to nearly 123 million with the issue of 5 million shares associated with the Australian acquisition and another 20 million shares issued to fund the purchase of the Hawaiian business. Yet over that time the share price has appreciated further to over $6.00.

RBD's market capitalisation this time last year was $500 million; it is now over $700 million – well on the way to our billion dollar target. We are currently ranked thirty-fifth on the NZX50 and number two in the retail market sector.

As Restaurant Brands has grown we have seen increased offshore interest in the company. In order to broaden our investor base and reflect our increased investment in Australia, your board has decided to seek a dual listing for Restaurant Brands on the Australian Stock Exchange. We will therefore be applying for foreign-exempt status listing with the ASX over the coming weeks in addition to our primary NZX listing.

As the company grows we continue to review the composition of the board and refresh the board membership. Following the addition of Vicky Taylor and Stephen Copulos to the board as new directors during the last financial year, the board appointed David Beguely as a director earlier in this financial year. David has considerable in-depth experience in managing large corporates. Whilst originally from New Zealand, he is based in Australia and will be able to provide considerable input to board deliberations, particularly as we grow our Australian business.

David is seeking election as a director at this meeting and you will have an opportunity to hear from him later in the proceedings.

At only five in number, your board remains small for the size and scope of the company and we will be seeking to recruit another new independent director over the coming months.

Our two recent acquisitions have underlined the importance of staff to the success of our business. We have added more than 2,000 staff in Australia and a similar number in Hawaii join our 3,500 personnel in New Zealand, effectively doubling the size of our team to more than 8,000 employees.

As we have grown, we have evolved our structure into three divisions to lead our regional business interests. Russel will be introducing the leaders of our three new divisions as part of his address, but I would like to add the board's note of welcome to our Hawaiian and Australian staff. I am happy to say that the acquisition of these two businesses has been welcomed by both local management and store staff alike.

The media have reported some industrial action by members of the New Zealand union as part of the current round of employment contract negotiations which have now been settled. I note that this activity was by a small minority and we pride ourselves on our proactive and fair approach to remunerating our staff.

You will have the opportunity to meet some of the people from our local stores after the meeting as they will be assisting in serving you a selection of our fine products.

Whilst, as I've said before it is the board that provides strategic direction and governance, it is the management team that is accountable for delivering the results. I'd like to acknowledge the fine performance of our Chief Executive, Russel Creedy and his management team over the past year in not only delivering another strong outcome for our New Zealand operations, but also completing two major offshore acquisitions.

As you are aware, the board set up a long term incentive scheme for Russel which crystallised last year following the delivery of significant share price growth for shareholders. It is your directors' intent to continue with a similar scheme that aligns key management remuneration with shareholder wealth as reflected in continued growth in the company's share price and we will be making an announcement on this very shortly.

Our first quarter sales results were released on 1 June. Total sales were up 67% to $161.2 million, primarily driven by the impact of the offshore acquisitions. However, the New Zealand business continued to underpin the strength of our existing brands, contributing strongly to the group's same store sales growth of +7.2% for the quarter. New Zealand operations continue to be the largest segment in terms of sales and profit for Restaurant Brands, even as we continue our offshore growth.

Whilst the new financial year has started strongly from a sales and profit perspective across all four New Zealand brands and our Australian and Hawaii divisions, your directors are concerned not to "over-promise" on full year outcomes. We have two brand new businesses we need to fully understand and integrate into Restaurant Brands. And whilst the New Zealand operations are performing well, there are some cost pressures starting to build.

We therefore re-iterate our guidance of 20 April in that we are expecting the company to deliver a profit result (excluding unusual items) for the current financial year in the vicinity of $40 million. We will provide an update to the market on further progress when we release the interim result on 19 October.

I would like to take this opportunity to thank my fellow board members for their continuing support and dedication in what has been a busy year in the life of your company. And in conclusion I would like to thank you, our shareholders, for your continued investment and interest in Restaurant Brands.

As I indicated earlier, this has been a year in which the company has undergone a significant transformation. We are excited by the challenges and opportunities the expanded business brings and we look forward to updating you on our progress throughout the coming year.

I will now ask Russel to address you further on our results and discuss in more detail our overseas acquisitions and our strategies for the year ahead.