Restaurant BRANDS NEW ZEALAND LTD

Chairman's Address to the 2011 Annual Shareholders' Meeting

Fellow shareholders,

I would now like to report to you on the progress of the business and our outlook for the year ahead.

We have enjoyed a successful year with record sales and profits achieved. Indeed, Restaurant Brands has continued to build on past momentum and delivered an excellent result for shareholders.

Last year I talked about the company having gone through a "work in progress" phase and I am very pleased to be able to report that the strategies put in place by your board and senior management have delivered the results we expected.

Last Year's Results

The 2010/11 financial year was a very good one for the company. Despite the challenges of a poor economic climate Restaurant Brands continued to perform strongly to produce a net profit after tax, excluding non-trading items, of $25.1 million. This was 26% up on the prior year's result and an all time record trading profit for the company.

KFC remains the engine room of Restaurant Brands' growth. The ongoing transformation of the store network lifted sales to a new record for the company of $324.4 million, offsetting lower sales levels at the Pizza Hut and Starbucks Coffee operations.

From an earnings perspective, KFC contributed the lion's share of the improvement, to a new high of $52.1 million EBITDA, that's earnings before interest, tax, depreciation and amortisation. However, pleasingly both Pizza Hut and Starbucks Coffee improved their earnings performance on the prior year.

The strong profit was matched by equally strong operating cash flows of $40.6 million for the year. Even after paying out a record dividend, we still managed to reduce total debt to a low of $12.2 million from nearly $50 million five years ago.

Dividend

Reflecting the continuing improvements in profitability of and strong cash flows, directors have again increased the dividend to you, our shareholders.

Tomorrow you will all have a final dividend of 10 cents per share paid into your bank accounts. This, on top of the 7 cents per share interim dividend paid late last year amounts to a fully imputed dividend paid to shareholders of 17 cents per share for the year, 36% up on last years' 12.5 cents per share.

Directors will look to continue to increase the dividend payout in line with improvements in the company's profitability, but as always with an eye to retaining funds for reinvestment where this is justified.

Board

As you can see, Restaurant Brands operates with a very small board of directors who take an active day to day interest in the performance of the company. Over the past three or so years they have become very adept at working closely together.

I would like to acknowledge the support of my fellow directors and appreciate their continued commitment to the company.

Each member of the board brings particular and complementary strengths and this has proved very useful in providing the necessary guidance and direction to management and producing the kind of results we have seen in recent times.

However, in the interests of best governance, the board is conscious of a need for constant refreshment. To that end, as promised last year, we have commenced a recruitment process for a new director to return the complement of directors to five. A number of potential candidates have been evaluated but as befits the importance of this appointment your directors are being particularly careful in finding a suitable candidate. Work continues on this initiative.

Shareholders will have seen the proposed resolution seeking an increase in the pool of directors' fees and I shall talk about this a little bit later on in the meeting.

Suffice to say, your board has had only one increase in fees during the 14 year history of the company . It strongly believes that a modest increase of $30,000 to take the available pool to $250,000 is reasonable.

Staff and Management

You will have received our annual report, the theme of which is all parts of the Restaurant Brands organisation working together towards a common goal. To that end I wish to acknowledge the fine contribution made by every member of our staff at all levels to the solid profit performance we have seen for the year and we look forward to a continuation of that performance.

Strategy

So what can the shareholders expect from the company over the next year or two?

At a corporate level we will continue to leverage our existing systems and capabilities as you will have read in the annual report.

In every store across all our brands the operators (our staff) rely on the expertise provided by our people in the support centre, whether it be finance, purchasing, marketing, information systems, store development or training and HR. Restaurant Brands will continue to leverage these capabilities to support stores, thus enabling them to focus on their primary task of serving the customer.

KFC's strategy is to maintain and build on the transformation process. Transformation has been the key driver of the improved performance for KFC and indeed Restaurant Brands and it is vital to continue to build on that process.

With a little over half our KFC stores now transformed there is still a great deal of opportunity in this area.

Pizza Hut's strategy is to continue the focus on returning profitability to our pizza business whilst at the same time progressively reducing the numbers of our smaller regional stores through a controlled sell down process.

From our current store numbers of 82 we expect to sell 10 to 12 stores each year over the next 2 – 3 years with our strengthened residual core remaining around the major urban centres.

Starbucks Coffee will continue to build sales whilst maintaining profitability and our intention is to continue to support this strategy through new menus, possible new sites and a continued focus on operational excellence.

Fourth Brand

As the market is well aware, we continue to evaluate opportunities to bring another brand to the Restaurant Brands stable. As I said in the annual report any such introduction will require significant analysis and an appropriate economic environment. Russel Creedy will elaborate a little more on progress in this area during his address.

Yum Conference

Russel Creedy and I have just returned from an annual world-wide conference in Vancouver hosted by our franchisor for KFC and Pizza Hut, Yum Brands. This conference provided an excellent opportunity to learn about the latest developments from the franchisor and to meet and share experiences with other franchisees.

Yum Brands is the largest fast food retailer in the world with nearly 38,000 restaurants in over 110 countries. Yum is seeing significant growth in both its KFC and Pizza Hut brands in China, India, Brazil and Russia markets in particular, with a new KFC being opened every single day in China last year.

We were presented with a trophy at the conference recognising the significant investment in, and the subsequent performance of, the KFC business in New Zealand, which is ranked at world standard.

Outlook

As I have already outlined, Restaurant Brands achieved excellent results in the 2010/11 financial year despite a difficult trading environment.

While we continue to await meaningful signs of recovery in the general economy, we have some reason to believe that the imminent Rugby World Cup activity may be a catalyst for our business based on previous similar live and televised events. However we remain somewhat cautious as to the flow through to the wider retail environment in the current financial year.

All three Restaurant Brands businesses while still performing well, did see some tapering off in sales growth during the second half of the last financial year and there is little evidence to date that this trend has begun to significantly turn around during the first quarter of this year. Nonetheless, directors remain confident that the levels of profitability seen from the company over the last two years continue to be sustainable.

Your company has continued to demonstrate resilience in the face of tough economic times and we are confident we have the strategies and systems in place to deliver continued excellent returns to our shareholders.

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