

8 March 2007
News release

RESTAURANT BRANDS REPORTS FOURTH QUARTER SALES

Restaurant Brands today announced total sales across the company's three brands for the 12 weeks ended 26 February 2007 of \$69.7 million, an increase of 2.8% on the equivalent period last year. Total New Zealand same store sales increased 3.1%. Chief Executive Vicki Salmon said both KFC and Starbucks ended a record sales year with both concepts showing strong same store sales growth.

"The transformation of KFC is clearly gaining momentum as we combine store revamps with some innovative new products and a successful promotional calendar. Starbucks also enjoyed a very good quarter as a result of a great Christmas promotion. However, Pizza Hut New Zealand has not yet achieved the required improvement in sales and we continue to focus on operational improvements and new marketing initiatives."

For the full year, total New Zealand sales increased 1.7% to \$293.6 million and same store sales increased 0.8%. Fourth quarter and full year sales results do not include Pizza Hut Victoria which was classified as a discontinued operation at the half year.

KFC

The brand transformation programme of KFC has continued to contribute to a strong fourth quarter with sales increasing 6.5% to \$44.6 million, and same store sales increasing 7.8%. This is the seventh consecutive quarter of same store sales growth, and the second highest for the brand.

Sales were also driven by successful promotions including *Hot & Spicy Chicken*, *Hot Rods* and a cross promotion with the *Eragon* movie.

“During the quarter we continued our plans for the KFC brand transformation including the introduction of a new logo. We are particularly pleased with the way in which the transformation strategy is leading to an improvement in sales across the network, not just those with new look facilities, and remain confident of the long term growth that can be delivered from this business,” said Salmon.

Over a quarter of the stores in the KFC network now have the new look facilities and continue to deliver significant increases in sales.

KFC ended the financial year with the highest total sales ever at \$182.7 million, an increase of 6.3% over the prior year. Same store sales increased 7.1% for the full year, the highest annual same store sales growth. This is the third consecutive year of same store sales growth for KFC.

Store numbers remained constant at 87 during the quarter, compared with 88 at the end of last year.

Pizza Hut New Zealand

Total sales for Pizza Hut New Zealand during the fourth quarter were \$17.2 million, a decrease of 8.6% over the prior period, with same store sales declining 7.5%.

“We are continuing to implement our store by store operational review to improve overall performance,” said Salmon. “Increased marketing activity during what is traditionally a slow period for pizza sales saw a return of our customer base through increased transactions, although there is still work to do to get our business back to satisfactory levels.”

“After a complete network review, we have made the decision to progressively replace the remaining 15 Red Roof Restaurants with delivery and takeaway outlets, which better meet the needs of our customers. This project is already underway.”

Over the quarter, one delco (Petone) and one Red Roof Restaurant (Pakuranga) were closed at lease end, a delco at Royal Oak in Auckland was relocated and a third delco was built to replace a Red Roof Restaurant that closed in Lincoln Road, Auckland.

Pizza Hut ended the year with 103 stores compared with 107 at the end of the prior year.

For the full year, total Pizza Hut New Zealand sales were \$79.7 million, a decrease of 10.5%, with same store sales declining 11.8%.

Starbucks Coffee

Starbucks delivered the thirteenth quarter of sales growth, increasing 10.6% on prior year to \$7.9 million. Same store sales increased 3.9%, the best growth for two years.

“A great selection of Christmas merchandise contributed to this excellent result for Starbucks,” said Salmon.

Year to date sales were \$31.3 million, an increase of 12.2%, and same store sales grew 3.2%.

Store numbers increased by one to 47 with the opening of a new store in Chartwell, Hamilton.

Discontinued Operations

As announced on 30th November 2006, the exit from Pizza Hut Victoria was classified as a discontinued operation as the company sells stores to potential new individual owners. At year end there remained 23 stores from the original 50. Of these 23 stores, 19 are subject to sale & purchase agreements. These stores are expected to be transferred to the new owners in the next three months. Settlement of stores remains a frustratingly slow process due to a number of factors including finalising complex lease transfer arrangements with landlords and training requirements for new franchisees.

During the quarter, total sales for this business were \$A3.0 million, decreasing 46% on prior year as stores are exited.

Outlook

The company intends to release its audited results for its financial year ended 26 February 2007 on 12 April 2007. Full year net profit before non-trading items is expected to be in the range of \$6.2 million to \$6.5 million. A decision on the final dividend will follow a completion of the annual accounts and a review of initial trading for the new financial year.

Update on Discussion with Interested Parties

The company previously announced that it had received a number of approaches from parties expressing interest in their potential participation in the future of the company.

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The company confirms that at this stage, no firm proposal has been forthcoming from any of these parties following a period of discussions. The Board of Directors will keep shareholders updated on any material developments should anything eventuate.

Ted van Arkel
Chairman

Vicki Salmon
Chief Executive

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For more information contact:

Suzanne Stephenson, Raynish Group

Ph: +64 9 309 6663 or 021 400 301

Email: suzanne@raynish.co.nz