

11 December 2007

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RESTAURANT BRANDS THIRD QUARTER SALES

Restaurant Brands' total sales across its three businesses for the third quarter (12 weeks ended 3 December 2007) were \$69.1 million, an increase of 1.9% on the equivalent period last year. Same store sales increased 1.8% with KFC's strong momentum continuing and another good result from the Starbucks Coffee business. Pizza Hut continues to experience tight trading conditions in a very competitive market which has meant continuing short term sales decline.

For the year to date, total sales were up 4.1% to \$233.2 million, an increase on prior year to date of 3.9% on a same store basis.

(Sales results do not include Pizza Hut Victoria which is classified as a discontinued operation).

KFC

The continuing momentum of the transformation process drove KFC sales to a new high for the quarter at \$45.6 million, up 7.9% or \$3.4 million in total and up 5.8% on a same store basis.

For the year to date, total sales of \$151.8m are \$13.7 million or 9.9% up on the prior year and 8.7% up on a same store basis.

Four stores were closed during the quarter for major transformations – Hastings, Massey, Whangarei and Invercargill South. Three of these four stores also operated with drive-through facilities only over the conversion period, diluting the same store result.

The revamp is positively impacting all stores under the KFC brand with large numbers of non-transformed stores also producing good same store sales growth as the transformation programme continues rolling out through the store network.

Continued strong in-store operating standards, together with successful promotional activity such as *Wicked Wings*, *Hot and Spicy Boneless Chicken*, *Teriyaki Chicken* and the *Trivial Pursuit Fun Bucket* also assisted in producing another solid sales result.

The strong sales increase is particularly pleasing as the brand rolls over highly successful promotional programmes from the previous year such as *Hot Rods* and the launch of *Boneless Chicken*.

At quarter end, store numbers remained the same as last year at 87. To date, a total of 26 new or upgraded stores have been completed.

Pizza Hut New Zealand

Total sales for Pizza Hut New Zealand during the quarter were \$15.9 million, a decrease of 13.4% over the prior period, with same store sales declining 8.8%.

For the year to date, total sales of \$56.5m are down 9.7% on the prior year and down 6.6% on a same store basis.

The promotional calendar saw the return of *Chicken Chompers*, *Pork Ribs* and more recently the return of the innovative *Cheesy Bites Pizza*, *Cheesy Potato Bites* and the introduction of the *Cheesy Bacon Bites Pizza*.

Changes to marketing strategy started to be implemented towards the end of the quarter are expected to deliver better sales in the last quarter of the year.

Store numbers decreased from 105 in the third quarter last year to 98 stores nationwide with the closure during the quarter of the Eastridge delco at the end of its lease. The programme to progressively close red roof restaurants continues as leases expire or the opportunity to exit a store arises.

Starbucks Coffee

Starbucks Coffee delivered its sixteenth consecutive quarter of sales growth, increasing 5.6% on the prior year to \$7.5 million. Same store growth was 4.8%.

For the year to date, total sales of \$25.0m were up 6.7% and an increase of 3.2% on a same store basis with the more recently opened Symonds Street store rolling opening same store sales of a year ago.

This years 'Pass the Cheer' Christmas promotion has pushed strong growth in merchandising sales which are up 38% for the quarter compared to the prior year.

Store numbers fell 1 to 45 due to the closure of the Albany store at the end of the tenancy.

Discontinued Operations

The exit from Pizza Hut Victoria continues with only 6 stores remaining and on target for final completion by financial year end.

During the quarter, total sales for this business were \$A0.6 million, decreasing 90% on prior year as stores have been sold or closed.

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RESTAURANT BRANDS NEW ZEALAND LIMITED

**Quarterly Sales Report
Summary of Results for the 3rd Quarter (Q3)
(for the 12 weeks 11/9/2007 to 03/12/2007)**

<u>Q3 2007/8 vs Q3 2006/7</u>	Q3 2007/8 (\$000's)	Q3 2006/7 (\$000's)	% change
Total Store Sales - KFC	45,597	42,243	7.9%
Total Store Sales - Pizza Hut NZ	15,946	18,406	-13.4%
Total Store Sales - Starbucks	7,525	7,128	5.6%
Total NZ Concepts	69,068	67,777	1.9%
Same Store Sales - KFC	43,679	41,298	5.8%
Same Store Sales - Pizza Hut NZ	15,924	17,464	-8.8%
Same Store Sales - Starbucks	7,236	6,907	4.8%
Total NZ Concepts	66,839	65,669	1.8%
<u>YTD 2007/8 vs YTD 2006/7</u>			
Total Store Sales - KFC	151,772	138,080	9.9%
Total Store Sales - Pizza Hut	56,453	62,530	-9.7%
Total Store Sales - Starbucks	24,950	23,384	6.7%
Total NZ Concepts	233,175	223,994	4.1%
Same Store Sales - KFC	146,353	134,633	8.7%
Same Store Sales - Pizza Hut	55,979	59,958	-6.6%
Same Store Sales - Starbucks	23,703	22,976	3.2%
Total NZ Concepts	226,035	217,567	3.9%
<u>NUMBER OF STORES OPEN AT QUARTER END</u>			
Qtr End no of Stores - KFC	87	87	0
Qtr End no of Stores - Pizza Hut	98	105	-7
Qtr End no of Stores - Starbucks	45	46	-1
Total Stores - NZ Concepts	230	238	-8