

**6 March 2008**

**NZX**

## **RESTAURANT BRANDS FOURTH QUARTER SALES**

Restaurant Brands today announced total sales for the fourth quarter (12 weeks ended 25<sup>th</sup> February 2008) of \$70.4 million, an increase of 1.0% on the equivalent period last year. Same store sales increased 1.9% with KFC's positive momentum continuing to produce another quarter of strong sales growth.

KFC continues to go from strength to strength with total sales up 6.2% on the equivalent period last year and same store sales also up 4.9%. The continuing success of the KFC store transformations, strong promotional calendar and product offering has seen sales continue to grow right across the brand.

Starbucks Coffee recorded its seventeenth consecutive quarter of sales growth, up 2.5% on the equivalent period last year with a very successful Christmas trading promotion.

Pizza Hut had a disappointing sales result in a very competitive market, with same store sales down 8.2% for the quarter. There has been continuing progress on the revamp of the brand's operations in stores and changes in marketing direction.

For the full year, total New Zealand sales achieved in excess of \$300 million for the first time at \$303.5 million, up \$9.9 million or 3.4% on prior year for total sales and same store sales.

Sales results do not include Pizza Hut Victoria which was classified as a discontinued operation.

### **KFC**

The KFC business delivered another quarter of strong sales growth. The company's biggest brand, contributing 67% of total sales, increased sales by \$2.8 million for the quarter to total \$47.3 million.

This result is 6.2% up on the prior year and up 4.9% on a same store sales basis.

For the full year, total KFC sales reached a new high of \$199.1million, an increase of 9.0% over the prior year and 7.7% up on a same store basis. This same store sales performance is up on the 7.1% same store growth achieved in the previous year and is the fourth consecutive year of solid same store sales growth for the brand.

The four stores that closed in the previous quarter for major transformations – Hastings, Massey, Whangarei and Invercargill South all re-opened in the fourth quarter with double digit sales growth.

The Kaitaia store was refurbished in February and re-opened with sales levels above expectations. This brings the total number of new or upgraded stores to 31 of which nine have been completed in the past 12 months.

Non-transformed stores also continue to make solid sales gains from the positive brand perception as the transformation programme rolls out through the store network.

Successful promotional activity such as *Hot Rods*, *Boneless Chicken* and *Hot and Spicy Chicken* as well as innovations in the form of *Cheesies* and *Fiesta Burger* also contributed to the strong sales performance.

Total store numbers remained constant at 87.

### **Pizza Hut New Zealand**

Total sales for Pizza Hut New Zealand during the quarter were \$15.0 million, a disappointing decrease of 12.9% over the prior period, with same store sales declining 8.2%.

For the full year, total sales of \$71.4m are down 10.4% on the prior year and down 7.0% on a same store basis.

During the quarter, the *Cheesy Bites Pizza* and *Cheesy Potato Bites* promotions returned with some success and the new *Mediterranean Pizza* as well as additional side items also performed satisfactorily.

Store numbers were down 1 to 97 stores nationwide with the closure of the Queenstown Red Roof with the opportunity to surrender the lease. The programme to progressively close red roof restaurants continues as leases expire or the opportunity to exit a store arises.

### **Starbucks Coffee**

Starbucks completed its seventeenth consecutive quarter of sales growth with sales up 2.5% on the prior year to \$8.1 million. Same store growth continued to improve to 6.4%.

For the full year, total sales of \$33.0 million were up 5.6% and an increase of 4.0% on a same store basis with the more recently opened Chartwell and Symonds Street stores rolling into same store sales after opening just over a year ago.

This year's '*Pass The Cheer*' Christmas promotion has produced another year of strong growth in merchandising sales in the fourth quarter.

In January the company closed the poorly performing Lynnmall Store (although a smaller format store remains within the mall) and the Downtown Auckland store (due to redevelopment of the site). A new store was opened prior to the end of the quarter at a site in Victoria Street West in Central Auckland which has seen strong initial customer counts in the first week of trading.

Store numbers were 44 at year end.

### **Discontinued Operations**

The exit from Pizza Hut Victoria continues to prove time consuming. Of the 6 stores remaining at balance date, two stores were settled and two closed immediately after balance date. The remaining two are expected to be sold within the next month.

During the quarter, total sales for this business were \$A0.7 million, decreasing 77% on prior year reflecting the fewer number of stores remaining.

Full year trading results will be released on 10 April 2008.

For further information please contact

Russel Creedy  
CEO  
Phone: 525 8722

Grant Ellis  
CFO/Company Secretary  
Phone: 525 8722

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# RESTAURANT BRANDS NEW ZEALAND LIMITED

## Quarterly Sales Report

### Summary of Results for the 4th Quarter (Q4)

(for the 12 weeks 04/12/2007 to 25/2/2008)

	Q4 2007/8 (\$000's)	Q4 2006/7 (\$000's)	% change
<b><u>Q4 2007/8 vs Q4 2006/7</u></b>			
Total Store Sales - KFC	47,344	44,593	6.2%
Total Store Sales - Pizza Hut NZ	14,966	17,191	-12.9%
Total Store Sales - Starbucks	8,062	7,868	2.5%
<b>Total NZ Concepts</b>	<b>70,372</b>	<b>69,652</b>	<b>1.0%</b>
Same Store Sales - KFC	46,276	44,118	4.9%
Same Store Sales - Pizza Hut NZ	14,795	16,114	-8.2%
Same Store Sales - Starbucks	7,920	7,442	6.4%
<b>Total NZ Concepts</b>	<b>68,991</b>	<b>67,673</b>	<b>1.9%</b>
<b><u>Full Year 2007/08 to Full Year 2006/07</u></b>			
Total Store Sales - KFC	199,116	182,673	9.0%
Total Store Sales - Pizza Hut	71,419	79,721	-10.4%
Total Store Sales - Starbucks	33,012	31,252	5.6%
<b>Total NZ Concepts</b>	<b>303,547</b>	<b>293,646</b>	<b>3.4%</b>
Same Store Sales - KFC	192,629	178,849	7.7%
Same Store Sales - Pizza Hut	70,774	76,072	-7.0%
Same Store Sales - Starbucks	31,623	30,418	4.0%
<b>Total NZ Concepts</b>	<b>295,026</b>	<b>285,339</b>	<b>3.4%</b>
<b><u>NUMBER OF STORES OPEN AT QUARTER END</u></b>			
Qtr End no of Stores - KFC	87	87	0
Qtr End no of Stores - Pizza Hut	97	103	-6
Qtr End no of Stores - Starbucks	44	47	-3
<b>Total Stores - NZ Concepts</b>	<b>228</b>	<b>237</b>	<b>-9</b>