

**27 May 2008**

**NZX**

## **RESTAURANT BRANDS FIRST QUARTER SALES**

Restaurant Brands total sales across the company's three brands for the first quarter (12 weeks ended 19 May 2007) were \$69.8 million, a decrease of 0.9% on the equivalent period last year. Same store sales increased 0.4%

Sales have been somewhat affected by the overall contraction in retail spending during the quarter and the rollover of strong combined Easter/School Holiday trading period from the prior year.

KFC sales grew by 3.4% over the prior year as the brand continued to benefit from its transformation of stores. Starbucks Coffee also showed growth in total sales over prior year of 1.4%, despite a reduced number of stores.

Pizza Hut recorded a disappointing 13.0% decrease in total sales largely because store numbers were down 7 on prior year with red roof closures. Same store decline was 7.1%.

### **KFC**

The KFC business delivered another quarter of positive sales growth. The company's biggest brand, contributing two thirds of total sales, produced a sales increase of \$1.5 million for the quarter to a total of \$47.0 million.

This result is 3.4% up on the prior year (2.1% on a same store basis) and rolls over 10.6% growth for the quarter last year confirming the continuing momentum of sales growth for the brand.

One store, KFC Fairy Springs, at Rotorua, was closed for part of the quarter for extensive refurbishment, with further stores scheduled to be refurbished shortly as part of the continuing transformation programme. A total of 32 stores have been transformed of the 87 stores in the network.

The successful promotional activity for the quarter included *Wicked Wings*, *Summer Classic Burger* and *Family Fun Bucket*. These promotions together with the continuing benefits of an increasing number of major store transformations contributed to this result.

Store numbers remained stable at 87.

### **Pizza Hut New Zealand**

Total sales for Pizza Hut New Zealand during the fourth quarter were \$15.2 million, a decrease of 13.3% over the prior period, with same store sales declining 7.1%.

Sales for the brand continue to disappoint although a significant part of the decline was because of reduced store numbers which at 96 were 7 down on the prior year. Most of these closures have been as part of the red roof restaurant closure programme.

During the quarter, the brand ran promotions focussing back on core pizza product lines with additional side items to make added value meal deals.

The programme to progressively close red roof restaurants continues as leases expire or the opportunity to exit a store arises

### **Starbucks Coffee**

Starbucks delivered the eighteenth consecutive quarter of sales growth, increasing 1.4% on the prior year to \$7.7 million, despite a reduced number of stores. Same store growth was 6.7%.

Successful retail promotions such as the “Good Coffee Day” reinforced the continued positive underlying growth in the beverage business.

Store numbers remained at 44, two down on prior year with last year’s closures for lease end reasons.

### **Discontinued Operations**

The exit from Pizza Hut Victoria was finally concluded with the last store sold during the quarter.

For further information please contact

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**RESTAURANT BRANDS NEW ZEALAND LIMITED**

Quarterly Sales Report

**Summary of Results for the 1st Quarter (Q1)**

(for the 12 weeks 26/2/2008 to 19/5/2008)

<b><u>Q1 2008/9 vs Q1 2007/08</u></b>	Q1 2008/9 (\$000's)	Q1 2007/8 (\$000's)	% change
-			
Total Store Sales - KFC	47,004	45,462	3.4%
Total Store Sales - Pizza Hut NZ	15,163	17,435	-13.0%
Total Store Sales - Starbucks	7,677	7,572	1.4%
<b>Total NZ Concepts</b>	<b>69,844</b>	<b>70,469</b>	<b>-0.9%</b>
Same Store Sales - KFC	46,115	45,183	2.1%
Same Store Sales - Pizza Hut NZ	15,106	16,260	-7.1%
Same Store Sales - Starbucks	7,425	6,959	6.7%
<b>Total NZ Concepts</b>	<b>68,646</b>	<b>68,402</b>	<b>0.4%</b>
<b><u>YTD 2008/09 vs YTD 2007/08</u></b>			
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<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	96	103	-7
Qtr End no of Stores - Starbucks	44	46	-2
<b>Total Stores - NZ Concepts</b>	<b>227</b>	<b>236</b>	<b>-9</b>