

9 December 2008

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RESTAURANT BRANDS THIRD QUARTER SALES UP 0.8%

Restaurant Brands' total sales across the company's three brands for the third quarter (12 weeks ended 1 December 2008) were \$69.6 million, an increase of 0.8% on the equivalent period last year. The quarter's same store sales increased 1.1%.

Year to date total sales were \$231.9 million, 0.6% down on the prior year across the three brands with same store sales improving 0.9% on the prior year.

Total sales for the quarter grew in the KFC business by 5.0% over the prior year as the benefits of investment in store transformation, consistent marketing message and new menu items continued. This was a particularly satisfactory result in the face of tight economic conditions, rising consumer prices and the reported general downturn in retail sales.

Pizza Hut is starting to show initial signs of stabilisation, with same store sales for the quarter down 4.3% and total sales declining by 8.6%. The total number of stores has reduced by four versus prior year as part of the programme to progressively close red roof restaurants.

Starbucks Coffee quarterly sales declined by 4.6% against prior year due to a reduced number of stores as some poorer performing stores have been closed – the store count was down three on the prior year. On a same store basis however, sales for the quarter increased by 1.6%.

KFC

The KFC business delivered another quarter of solid sales growth. The company's biggest brand, contributing two thirds of total sales, produced a sales increase of \$2.3 million for the quarter to a total of \$47.9 million.

This result is 5.0% up on the prior year and 2.9% on a same store sales basis. This quarter's result is on top of a 5.8% increase in the same quarter last year as the brand continues to produce consistent strong sales growth.

KFC Panmure was closed for part of the quarter while undergoing extensive transformation. To date, a total of 34 stores have now been transformed of the 84 stores in the network. Growth also continues strongly in non-transformed stores with the carryover of the positive perception of the brand from the refurbished stores.

Whilst the continuing investment in store transformation is the key driver in the brand's strong growth, a focus on operational standards and additions to the permanent menu such as *Original Recipe Fillets* and *Wicked Wings* assisted in driving volume. Successful promotional activity such as *Party Pack with Lollies*, the old favourite *Hot and Spicy* and the new *Country Crunch* also contributed to the result.

Year to date sales of \$158.2 million are up 4.3% on prior year and an improvement of 3.7% on a same store basis.

Store numbers declined by three to total 84 with the closure in November of the Manners Mall (Wellington) store at lease end. Two other stores, Wainuiomata and Howick South also closed at lease end on the last day of the quarter. The closure of all three of these stores will be earnings positive for the brand.

Pizza Hut

Total sales for Pizza Hut during the second quarter were \$14.6 million, a decrease of 8.6% over the prior year, with same store sales declining 4.3%.

For the year to date, total sales of \$49.1 million are down 12.9% on prior year with a same store decline of 7.9% as stores are closed as part of the progressive red roof restaurant closure programme.

Pizza Hut sales have seen some recovery after last quarter's significant changes to menu, marketing creative and agencies. The change in focus to providing a value message to customers has proved successful with the national rollout of the 14 inch *Jumbo Pizza*, *More4 All* innovation and the *Triple Dipper* promotion triggering a revival in sales as marketing activity articulates genuine points of difference from competitors.

Store numbers at 94 are down four on prior year. The programme to progressively close dine in restaurants continues as leases expire or the opportunity to exit a store prior to lease end arises.

Starbucks Coffee

Starbucks Coffee total sales were \$7.2 million, down 4.6% on the prior year – the same store result was up on prior year by 1.6%.

Store numbers declined against prior year by three with four stores having closed since Q3 last year (due to poor performance or property related issues) and one new store having opened in Auckland. The four closures included the Pakuranga store which closed in the third quarter. Store numbers total 42 at quarter end.

For the year to date, total sales of \$24.5 million are down 1.8% on prior year but show a 3.6% improvement on a same store basis.

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RESTAURANT BRANDS NEW ZEALAND LIMITED

Quarterly Sales Report

Summary of Results for the 3rd Quarter (Q3)

(for the 12 weeks 9/9/2008 to 1/12/2008)

	Q3 2008/9 (\$000's)	Q3 2007/8 (\$000's)	% change
<u>Q3 2008/9 vs Q3 2007/08</u>			
Total Store Sales - KFC	47,866	45,597	5.0%
Total Store Sales - Pizza Hut NZ	14,577	15,946	-8.6%
Total Store Sales - Starbucks Coffee	7,180	7,525	-4.6%
Total NZ Concepts	69,623	69,068	0.8%
Same Store Sales - KFC	46,710	45,413	2.9%
Same Store Sales - Pizza Hut NZ	14,571	15,230	-4.3%
Same Store Sales - Starbucks Coffee	7,001	6,890	1.6%
Total NZ Concepts	68,282	67,533	1.1%
<u>YTD 2008/09 vs YTD 2007/08</u>			
Total Store Sales - KFC	158,241	151,772	4.3%
Total Store Sales - Pizza Hut	49,147	56,453	-12.9%
Total Store Sales - Starbucks Coffee	24,497	24,950	-1.8%
Total NZ Concepts	231,885	233,175	-0.6%
Same Store Sales - KFC	155,840	150,330	3.7%
Same Store Sales - Pizza Hut	48,908	53,130	-7.9%
Same Store Sales - Starbucks Coffee	23,837	23,018	3.6%
Total NZ Concepts	228,585	226,478	0.9%
<u>NUMBER OF STORES OPEN AT QUARTER END</u>			
Qtr End no of Stores - KFC	84	87	-3
Qtr End no of Stores - Pizza Hut	94	98	-4
Qtr End no of Stores - Starbucks Coffee	42	45	-3
Total Stores - NZ Concepts	220	230	-10