

3 June 2009
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Restaurant Brands First Quarter Sales

Restaurant Brands' total sales across the company's three brands for the first quarter (12 weeks ended 25th May 2009) were \$72.8 million, an increase of 4.3% on the equivalent period last year. Same store sales increased 6.5% with KFC and Pizza Hut recording same store sales growth during the quarter, although Starbucks Coffee sales were slightly negative.

The current economic environment has not adversely impacted on the continued overall positive sales growth for the company, which was again led by the KFC brand and was further assisted by the effect of a combined Easter/School Holiday trading period compared to the prior year.

KFC recorded a 6.5% increase in total store sales over the prior year with ongoing benefits from the transformation of stores, together with continued focus on operational excellence and menu and marketing enhancements to better reflect customer needs.

Pizza Hut returned to same store sales growth for the first time in nearly four years, after 15 consecutive quarters of same store decline. Total sales grew 2.4% in the quarter and same store sales grew 5.2% as the brand finally began to realise the benefits of improved in-store operations and more recent marketing initiatives and new product releases.

KFC

The KFC business delivered another quarter of positive sales growth. The company's biggest brand, contributing over two thirds of total sales, produced a sales increase of \$3.0 million for the quarter to a total of \$50.0 million. The \$50.0 million total marks another sales record for KFC as the highest first quarter total since the inception of Restaurant Brands.

This result is 6.5% up on the prior year and 8.3% on a same store sales basis. Continued consistency in store operations, wider menu options and a more focussed approach to marketing with a closer alignment to the franchisor's marketing programmes all helped deliver the improved sales result. The growth in total sales was achieved despite the closure of three stores since the equivalent quarter last year.

One store in Quay Street, Auckland was closed for part of the quarter for extensive refurbishment, with four further stores scheduled for upgrades later in the year as part of the continuing transformation programme. It is planned to have almost 50% of stores in the network transformed, together with opening two new stores by the end of the year.

Successful promotions during the quarter included the introduction of the new *Ultimate Burger Meal*, *Movie Trivia Bucket* and *Mixed Fillets Meal*, the return of favourites such as the *Wrapstar* and the revamp of one of KFC's iconic Quarter Packs as the new *Deluxe Quarter Pack*.

Store numbers remained stable at 84 during the quarter but were three down on the equivalent quarter last year.

Pizza Hut New Zealand

Total sales for Pizza Hut were up 2.4% on prior year to \$15.5m with same store sales increasing 5.2%. This marks the first quarterly increase in both total and same store sales for the brand for nearly four years.

The continuing focus on consistent in-store operations and the recent changes to marketing programmes and new product offerings reflecting the needs of the market have all contributed to a return to positive sales growth.

This quarter's promotional activity included the return of the innovative *More 4 All* Pizza, a continuing favourite with Pizza Hut customers. Towards the end of the quarter, Pizza Hut launched *Tuscani Pastas*, a restaurant-quality pasta offering that has been very successful in overseas markets. Initial sales of *Tuscani Pastas* have been encouraging with sales exceeding initial expectations.

The programme to progressively close red roof restaurants continues as leases expire or the opportunity to exit a store arises. One red roof restaurant in Hamilton closed during the quarter to bring store numbers to 92, down four stores on the same quarter last year.

Starbucks Coffee

Starbucks Coffee total quarterly sales were \$7.3 million, down 2.3% on the prior year on a same store basis, but down 5.5% in total with two less stores than the first quarter last year.

The brand experienced a softening in demand across both coffee and food lines, not seen since late 2004. The loss in sales is seen as temporary with some changes to the management of the business, with a review of pricing, product mix and customer offer underway to address this change in demand whilst still maintaining margins.

Store numbers remained at 42 for the quarter.

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RESTAURANT BRANDS NEW ZEALAND LIMITED

Quarterly Sales Report

Summary of Results for the 1st Quarter (Q1)

(for the 12 weeks 3/3/2009 to 25/5/2009)

	Q1 2009/10 (\$000's)	Q1 2008/09 (\$000's)	% change
<u>Q1 2009/10 vs Q1 2008/09</u>			
Total Store Sales - KFC	50,040	47,004	6.5%
Total Store Sales - Pizza Hut NZ	15,520	15,163	2.4%
Total Store Sales - Starbucks	7,253	7,677	-5.5%
Total Store Sales	72,813	69,844	4.3%
Same Store Sales - KFC	49,746	45,942	8.3%
Same Store Sales - Pizza Hut NZ	15,506	14,738	5.2%
Same Store Sales - Starbucks	7,203	7,374	-2.3%
Total Same Store Sales	72,456	68,054	6.5%
<u>YTD 2009/10 vs YTD 2008/09</u>			
Total Store Sales - KFC	50,040	47,004	6.5%
Total Store Sales - Pizza Hut	15,520	15,163	2.4%
Total Store Sales - Starbucks	7,253	7,677	-5.5%
Total Store Sales	72,813	69,844	4.3%
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Total Same Store Sales	72,456	68,054	6.5%
<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	92	96	-4
Qtr End no of Stores - Starbucks	42	44	-2
Total Stores	218	227	-9