

**23 September 2009**

**NZX**

## **RESTAURANT BRANDS SECOND QUARTER SALES**

Restaurant Brands' total sales across the company's three brands for the second quarter (16 weeks ended 14<sup>th</sup> September 2009) were \$96.9 million, an increase of 4.8% on the equivalent period last year. Same store sales increased 6.9% with KFC and Pizza Hut recording same store sales growth during the quarter, although Starbucks Coffee sales were slightly negative.

The current economic recession has not adversely affected the overall positive sales growth for Restaurant Brands of 4.8% which is on top of a 4.3% lift in the first quarter.

YTD total sales were \$169.7 million, 4.6% up on the prior year across the three brands, with year to date same store sales improving 6.7% on the prior year.

### **KFC**

KFC in contributing 70% of company sales recorded a further quarter of strong sales growth, up 7.6% to a total of \$68.2 million. Sales increased 9.2% on a same store basis.

A continuing focus on improving store operations, responding to customer needs with changes to menu options and a more consistent approach to marketing with closer alignment to the franchisor's marketing programmes all assisted in delivering the improved sales result. The increase in total sales was achieved despite the closure of three stores since the equivalent period last year.

Two stores were closed for part of the quarter for extensive transformation. KFC Quay Street in Auckland was completed in July with KFC Whakatane completed in early September. It is planned to have almost 50% of the stores in the network transformed by the close of the year – with three further stores scheduled for upgrades as part of the brand's continuing transformation programme. In addition, one new store will be in operation by the close of the year with further new stores planned in the new year.

Successful marketing and promotional activities during the quarter included the introduction of the very successful *Popcorn Chicken Roller* and *Honey Soy Twister* as well as favourites such as *Hot & Spicy*, *Variety Bucket* and the return of the legendary *KFC Tower Burger*.

For the year to date, sales of \$118.2 million were up 7.1% on prior year and 8.8% on a same store basis.

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

### **Pizza Hut**

Total sales for Pizza Hut during the second quarter were \$19.9 million, heralding another increase in total store sales of 2.4% with same store sales increasing 5.2%. This quarterly increase builds on the return to positive total and same store sales growth of 5.2% from the first quarter.

Pizza Hut launched the '*Hot 2 You Guarantee*' promotion reflecting the brand's confidence in the consistency of the in-store and delivery operations to deliver consistent, hot pizza to customers.

The '*Hot 2 You Guarantee*' programme together with the launch of *Stuffed Crust with Italian Herbs and Cheddar* and *Tuscani Pastas* range all contributed to the sales growth.

For the year to date, total sales of \$35.4 million were up 2.4% on prior year, with a same store increase of 5.2%.

Store numbers at 92 remained stable but were two down on the equivalent quarter last year. The programme to progressively close dine in restaurants continues as leases expire or the opportunity to exit a store arises.

### **Starbucks Coffee**

Starbucks Coffee quarterly sales were \$8.8 million, down 5.0% on the prior year on a same store basis and down 8.4% in total sales with two less stores than the equivalent quarter last year.

The brand has experienced softening demand across both its coffee and food lines again during the quarter. Changes to the management of the business in the previous quarter along with pricing, product mix and customer offer changes have been implemented to address this change in demand.

For the year to date, total sales of \$16.0 million were down 7.1% on prior year and 3.8% down on a same store basis.

Store numbers remained stable at 42 for the quarter.

### **Half Year Profit**

As previously announced, Restaurant Brands now anticipates its half year net profit after tax (excluding non trading items) to be in the vicinity of \$8.7 million. This will be a \$4.1 million (or 87%) increase on the first half last year's result.

The improved profitability largely arises from sustained strong sales growth in the KFC brand and a continued turnaround in the financial performance of the Pizza Hut business.

The half year profit announcement will be on 16 October.

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# RESTAURANT BRANDS NEW ZEALAND LIMITED

## Quarterly Sales Report

### Summary of Results for the 2nd Quarter (Q2)

(for the 16 weeks 26/5/2009 to 14/9/2009)

	Q2 2009/10 (\$000's)	Q2 2008/09 (\$000's)	% change
<b><u>Q2 2009/10 vs Q2 2008/09</u></b>			
Total Store Sales - KFC	68,163	63,371	7.6%
Total Store Sales - Pizza Hut	19,866	19,407	2.4%
Total Store Sales - Starbucks Coffee	8,833	9,640	-8.4%
<b>Total Store Sales</b>	<b>96,862</b>	<b>92,418</b>	<b>4.8%</b>
Same Store Sales - KFC	66,922	61,289	9.2%
Same Store Sales - Pizza Hut	19,857	18,872	5.2%
Same Store Sales - Starbucks Coffee	8,830	9,298	-5.0%
<b>Total Same Store Sales</b>	<b>95,609</b>	<b>89,459</b>	<b>6.9%</b>
<b><u>YTD 2009/10 vs YTD 2008/09</u></b>			
Total Store Sales - KFC	118,203	110,375	7.1%
Total Store Sales - Pizza Hut	35,386	34,570	2.4%
Total Store Sales - Starbucks Coffee	16,086	17,317	-7.1%
<b>Total Store Sales</b>	<b>169,675</b>	<b>162,262</b>	<b>4.6%</b>
Same Store Sales - KFC	116,668	107,230	8.8%
Same Store Sales - Pizza Hut	35,363	33,610	5.2%
Same Store Sales - Starbucks Coffee	16,033	16,672	-3.8%
<b>Total Same Store Sales</b>	<b>168,064</b>	<b>157,512</b>	<b>6.7%</b>
<b><u>NUMBER OF STORES OPEN AT QUARTER END</u></b>			
Qtr End no of Stores - KFC	84	87	-3
Qtr End no of Stores - Pizza Hut	92	94	-2
Qtr End no of Stores - Starbucks Coffee	42	44	-2
<b>Total Stores</b>	<b>218</b>	<b>225</b>	<b>-7</b>