

**5 March 2010**

**NZX**

## **RESTAURANT BRANDS FOURTH QUARTER SALES UP 5.3%**

*Note: Restaurant Brands' 2008/09 financial year was based on a 13 week quarter and a 53 week year. 2009/10 results are based on a 12 week quarter and a 52 week year. Prior year comparisons have therefore been restated on a proforma basis to reflect 12 week and 52 week periods. Unadjusted comparisons are contained in the appended table*

Restaurant Brands' total sales for the fourth quarter (12 weeks ended 1<sup>st</sup> March 2010) were \$75.3 million, an increase of 5.3% on the equivalent 12 week period last year.

Same store sales increased 6.7%, with KFC and Pizza Hut recording same store sales growth. Starbucks Coffee recorded another quarter with a small decline.

The current economic downturn and slow recovery have not adversely affected sales growth, with the fourth quarter equivalent increase on prior year of 5.3% outstripping the 4-5% growth achieved in the previous three quarters of this year.

Annual sales were \$317.8m, an increase of 2.8% on the 53 week prior year, with KFC being the main driver of the total sales growth. Annual total sales growth when compared against the equivalent 52 week prior year is up 4.8%, with KFC striking a 7.5% increase, Pizza Hut up 1.2% and Starbucks Coffee down 5.8%.

### **KFC**

KFC, contributing over 70% of total company revenues, recorded total store sales of \$53.6m, an increase of 8.7% against the equivalent 12 week period last year. Same store sales growth was 9.4% following 10.0%, 9.2% and 8.3% in the previous three quarters of the year.

Two stores, Dunedin North and Blenheim, were closed for part of the quarter for transformation, with Waihi and Blenheim reopening prior to the busy Christmas trading period. The KFC Invercargill (Dee Street store) closed just prior to period end for transformation. During the quarter, Levin was closed for trading after extensive fire damage. Planning and design work has already commenced to rebuild the Levin store during 2010 with a substantial upgrade to incorporate the key elements of the transformation experience.

KFC Greenlane was opened in December and is trading satisfactorily, with a further new store having commenced construction in Auckland in January 2010.

Successful marketing and promotional activities during the quarter included the introduction of the *Pocketfuls*, the successful *All Star Meal Pack* promotion, as well as favourites such as *Hot Rods*. *Krushers*, a frozen beverage range, was launched across 56 stores in the network and this has also been very successful in driving sales growth.

For the full year, total sales of \$223.2m marked a new record for the brand. Sales were up 7.5% on the equivalent 52 week period last year, with a strong gain of 9.2% in same store sales growth.

Store numbers were up by one to 85 during the quarter with the opening of the Greenlane store.

## **Pizza Hut**

Total sales for Pizza Hut during the quarter were \$14.2 million, representing a decrease in total store sales of 0.2% against the equivalent 12 week period last year. However, same store sales continued to be positive at 2.6%. This quarterly increase in same store sales builds on the return to positive total and same store sales growth of 1.9% in the third quarter and 5.2% from the first and second quarters.

For the first time since Q3 2003/04, Pizza Hut has recorded four consecutive quarters of same store sales growth, and the first time since 2002/03 that every quarter in a year has shown same store sales growth.

The launch of *Pizza Mia*, a range of everyday value pizzas, as well as the return of *More4All*, along with promotional and marketing activity, helped drive this growth.

For the full year, total sales of \$64.2m were up 3.9% on a same store basis, and with two less stores were still up 1.2% in total on the equivalent 52 week period last year.

One delco store in Mairangi Bay was closed at the end of lease and store numbers overall were two down on the equivalent quarter last year to a total of 91. 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 \$7.4m, down 5.6% on the equivalent 12 week period last year, with one less store and down on a same store basis by 3.1%, after declines of 0.6%, 5.0% and 2.3% respectively in the previous three quarters.

Continuing work on pricing, product mix and promotional activity, together with better cost management, are improving profitability despite the sales decline.

For the full year, total sales of \$30.5m were down 5.8% on the equivalent 52 week period last year, with a net decline of 2.9% in same store sales growth.

Store numbers remained stable at 41, down one on prior year.

## **Annual Results**

The annual profit announcement will be made on 7 April 2010.

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## RESTAURANT BRANDS NEW ZEALAND LIMITED

### Quarterly Sales Report

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

(for the 12 weeks 8/12/2009 to 1/03/2010)

	Q4 2009/10 (\$000's)	Q4 2008/09 (\$000's) <span style="color: red;">(includes 53rd Week)</span>	% change
<b><u>Q4 2009/10 vs Q4 2008/09</u></b>			
Total Store Sales - KFC	53,639	53,290	0.7%
Total Store Sales - Pizza Hut	14,215	15,448	-8.0%
Total Store Sales - Starbucks Coffee	7,399	8,483	-12.8%
<b>Total Store Sales</b>	<b>75,253</b>	<b>77,221</b>	<b>-2.5%</b>
Same Store Sales - KFC	52,732	48,197	9.4%
Same Store Sales - Pizza Hut	14,010	13,656	2.6%
Same Store Sales - Starbucks Coffee	7,297	7,532	-3.1%
<b>Total Same Store Sales</b>	<b>74,039</b>	<b>69,385</b>	<b>6.7%</b>
<b><u>YTD 2009/10 vs YTD 2008/09</u></b>			
Total Store Sales - KFC	223,228	211,531	5.5%
Total Store Sales - Pizza Hut	64,158	64,595	-0.7%
Total Store Sales - Starbucks Coffee	30,463	32,980	-7.6%
<b>Total Store Sales</b>	<b>317,849</b>	<b>309,106</b>	<b>2.8%</b>
Same Store Sales - KFC	220,631	202,021	9.2%
Same Store Sales - Pizza Hut	63,923	61,550	3.9%
Same Store Sales - Starbucks Coffee	30,308	31,221	-2.9%
<b>Total Same Store Sales</b>	<b>314,862</b>	<b>294,792</b>	<b>6.8%</b>
<b><u>NUMBER OF STORES OPEN AT QUARTER END</u></b>			
Qtr End no of Stores - KFC	85	84	1
Qtr End no of Stores - Pizza Hut	91	93	-2
Qtr End no of Stores - Starbucks Coffee	41	42	-1
<b>Total Stores</b>	<b>217</b>	<b>219</b>	<b>-2</b>

\* 2008/09 results were prepared on a 53 week basis. Because the company normally uses a 52 week (364 day) year, a "leap" year is occasionally required.

Accordingly, prior year Total Store Sales figures are presented for 53 weeks compared with 52 weeks in the current year. For the 4th Quarter, 13 weeks are included in the comparative, compared to 12 weeks in the current year.

The Same Store Sales comparison however is for 52 weeks compared with the same 52 weeks in the prior year and 12 weeks for the quarter compared with the same 12 weeks in the prior year.

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## Quarterly Sales Report

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

(for the 12 weeks 8/12/2009 to 1/03/2010) compared to proforma 12 week quarter  
and 52 week prior year

	Q4 2009/10 (\$000's)	Q4 2008/09 (\$000's) (excludes 53rd Week)	% change
<b><u>Q4 2009/10 vs Q4 2008/09</u></b>			
Total Store Sales - KFC	53,639	49,361	8.7%
Total Store Sales - Pizza Hut	14,215	14,249	-0.2%
Total Store Sales - Starbucks Coffee	7,399	7,842	-5.6%
<b>Total Store Sales</b>	<b>75,253</b>	<b>71,452</b>	<b>5.3%</b>
<b><u>YTD 2009/10 vs YTD 2008/09</u></b>			
Total Store Sales - KFC	223,228	207,602	7.5%
Total Store Sales - Pizza Hut	64,158	63,396	1.2%
Total Store Sales - Starbucks Coffee	30,463	32,339	-5.8%
<b>Total Store Sales</b>	<b>317,849</b>	<b>303,337</b>	<b>4.8%</b>

\* 2008/09 results were prepared on a 53 week basis. Because the company normally uses a 52 week (364 day) year, a "leap" year is occasionally required.

For comparison purposes, quarterly Total Store Sales in this table are compared to the equivalent 12 weeks in the prior year. Total Store Sales for the full year have been compared to the equivalent 52 weeks last year.

The Same Store Sales comparison however is for 52 weeks compared with the same 52 weeks in the prior year and 12 weeks for the quarter compared with the same 12 weeks in the prior year.