

**1 June 2010**  
**NZX**

### **Restaurant Brands' First Quarter Sales up 4.2%**

Restaurant Brands' total sales across the company's three brands for the first quarter (12 weeks ended 24<sup>th</sup> May 2010) were \$75.9 million, an increase of 4.2% on the equivalent period last year. Same store sales increased 6.3%.

The company continues to enjoy sustained growth for its KFC brand, which recorded double digit same store sales growth during the quarter, but Starbucks Coffee and Pizza Hut sales were slightly down on last year.

#### **KFC**

The KFC brand continued its trend of strong sales growth. The company's biggest brand produced a sales increase of \$4.3 million for the quarter to a total of \$54.3 million. This marks another record for KFC as the highest first quarter total since the inception of Restaurant Brands.

This represents an 8.5% increase on the prior year and 10.7% on a same store sales basis. This quarter's same store sales increase of 10.7% rolls over a healthy 8.3% same store increase in the first quarter last year as the consistent strong sales growth continues.

The ongoing transformation programme, with consistency in store operations, wider menu options and a more focussed approach to marketing following a closer alignment to the franchisor's marketing programmes, all assisted in maintaining sales momentum.

Three stores, Dunedin North, Invercargill and Colombo Street (in Christchurch) were closed for part of the quarter for transformation, with Dunedin North reopening in early March 2010. Construction has commenced at KFC Levin after it was closed during the previous quarter after extensive fire damage. This rebuild will incorporate a substantial upgrade as part of the transformation process.

One new KFC store in Point Chevalier, Auckland opened in May 2010 to brisk trading with a further new store in Tauranga commencing construction during April 2010.

Successful promotions during the quarter included the *Movie Mania Bucket* and *Ultimate Burger Meal*, as well as the return of the *Tower Burger*. *Krushers*, KFC's frozen beverage range that was available across 56 stores this summer, also made a solid contribution to sales growth.

Store numbers increased by one with the opening of KFC Point Chevalier to 86 during the quarter, up two on the prior year.

## **Pizza Hut**

Total sales for Pizza Hut were down 5.6% on prior year to \$14.6m. Same store sales also declined 4.1%. Whilst slightly disappointing, given the sales growth for the previous four quarters, it is worth noting that this quarter's sales were rolling over the significant 5.2% same store sales increase in the prior year with the launch of *Tuscani Pasta* with associated media support.

This quarter's promotional activity included the return of *More 4 All* Pizza, a continuing favourite with Pizza Hut customers, and also *Garlic Bites* Pizza. It also saw the introduction of *7 New Flavours* and *Cheesy Garlic Bread* bringing innovation to the menu.

Store numbers remained stable at 91 for the quarter, down one on last year.

## **Starbucks Coffee**

Starbucks Coffee total quarterly sales were \$6.9 million, down 4.7% on the prior year and down 1.8% on a same store sales basis.

The sales decline has slowed and is expected to revert back to same store sales growth during the year as ongoing work on new promotions and customer offers continues.

Store numbers were down by one with the closure of the Onehunga store at the end of lease to bring store numbers to 40 during the quarter, two down on last year.

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## RESTAURANT BRANDS NEW ZEALAND LIMITED

### Quarterly Sales Report

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

(for the 12 weeks 2/3/2010 to 24/5/2010)

	Q1 2010/11 (\$000's)	Q1 2009/10 (\$000's)	% change
<b><u>Q1 2010/11 vs Q1 2009/10</u></b>			
Total Store Sales - KFC	54,295	50,040	8.5%
Total Store Sales - Pizza Hut	14,644	15,520	-5.6%
Total Store Sales - Starbucks Coffee	6,915	7,253	-4.7%
<b>Total Store Sales</b>	<b>75,854</b>	<b>72,813</b>	<b>4.2%</b>
Same Store Sales - KFC	53,393	48,221	10.7%
Same Store Sales - Pizza Hut	14,637	15,264	-4.1%
Same Store Sales - Starbucks Coffee	6,873	6,998	-1.8%
<b>Total Same Store Sales</b>	<b>74,903</b>	<b>70,483</b>	<b>6.3%</b>
<b><u>YTD 2010/11 vs YTD 2009/10</u></b>			
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<b><u>NUMBER OF STORES OPEN AT QUARTER END</u></b>			
Qtr End no of Stores - KFC	86	84	2
Qtr End no of Stores - Pizza Hut	91	92	-1
Qtr End no of Stores - Starbucks Coffee	40	42	-2
<b>Total Stores</b>	<b>217</b>	<b>218</b>	<b>-1</b>