

**21 September 2010**  
**NZX**

### **Restaurant Brands' Second Quarter Sales up 3.7%**

Restaurant Brands' total sales across the company's three brands for the second quarter (16 weeks ended 13<sup>th</sup> September 2010) were \$100.4 million, an increase of 3.7% on the equivalent period last year. Same store sales increased 3.9%.

The company continued to enjoy sustained growth for its KFC brand and saw a return to same store sales growth for Starbucks Coffee, but Pizza Hut sales still remained slightly down on last year.

Year to date sales of \$176.3 million were up 3.9% on prior year and 4.9% on a same store basis.

#### **KFC**

The KFC brand continued to deliver increased sales with total revenues up \$4.6 million for the quarter to \$72.8 million. This was another second quarter sales record for KFC.

The increase in total sales on the prior year was 6.7% (5.9% on a same store sales basis), rolling over a healthy 9.2% same store sales increase in the second quarter last year.

The ongoing transformation programme, consistency in store operations, wider menu options and a more focussed approach to marketing, all assisted in maintaining this sales momentum.

Total sales were impacted for the quarter with six large stores - Invercargill, Colombo Street (in Christchurch), Papakura, New Plymouth, Nelson and Tauranga - being closed for between two and eleven weeks for transformation. Invercargill and Colombo St reopened in June and Papakura reopened in early September. KFC Levin reopened in July 2010 after being closed with extensive fire damage in the final quarter of the previous year.

One new KFC store at Gate Pa in Tauranga opened in July 2010 to brisk trading.

The recent earthquake in the Canterbury region resulted in some initial disruption to the business. Of the seven KFC stores operated by Restaurant Brands, only the Christchurch CBD store was closed for any length of time after the quake. Although sales were adversely affected in the week following the earthquake, most of the stores in the region have recovered well.

Successful promotions during the quarter included the *Supercharged Zinger Burger* and the *All Stars Box*, as well as the return of favourites such as *Hot and Spicy* and the *Hot Rods Ultimate Burger Meal*.

Year to date sales were \$127.1 million, nearly \$9 million more than the previous year. This represents an increase of 7.5% in total sales and 7.9% on a same store basis.

Store numbers increased by one over the quarter with the opening of KFC Gate Pa, bringing total stores to 87, up three on the prior year. KFC have opened three stores in the past 12 months, with a further two new stores planned to open before the end of the calendar year.

## **Pizza Hut**

Total sales for Pizza Hut were down 3.8% on prior year to \$19.1million. However, on a same store sales basis, the decline was only 2.0% for the quarter, which was rolling over a strong 5.2% increase in the prior year.

Promotional activity included the launch of *The Big New Yorker* with further product innovation bringing new flavours to the menu, such as *BBQ Smokehouse and Angus Beef*. The successful value offering of *Pizza Mia* was further expanded with the addition of new flavour variants as well as the promotion of favourites such as *More-4-All*.

Year to date total Pizza Hut sales were \$33.8 million, down 4.6% in total on prior year with four less stores. Same store sales YTD were down 2.9%, showing an improving trend from the first quarter's same store sales decline of 4.1%.

During the quarter, the Whangarei, Hamilton East and Papanui red roof stores were closed as part of the dine-in restaurant closure programme. As a consequence, store numbers were reduced by three to 88, down four on last year.

Pizza Hut was also initially affected by the Canterbury earthquake. Nine delco stores in the area were closed for one day immediately after the quake, with the Papanui dine-in restaurant planned closure at lease end being brought forward two weeks in light of the disrupted trading. However, sales recovered strongly in the following weeks.

## **Starbucks Coffee**

Starbucks Coffee returned to same store sales growth over the quarter after recording negative same store sales for the previous five quarters. Same store sales were up 2.4% for the quarter and 0.5% year to date. Total quarterly sales were \$8.6 million, down 3.1% on the prior year with three less stores.

The growth in same store sales this quarter results from ongoing work focussing on operations and improving the customer product and value offer.

Year to date sales were \$15.5 million, down 3.8% on prior year.

The four Starbucks Coffee stores that are based in Christchurch were closed on 4<sup>th</sup> September as a result of the earthquake, with all four re-opening within the week. Since the resumption of trade at the Christchurch stores, sales continue to be adversely affected but are beginning to build back as central Christchurch recovers from the quake.

Store numbers were down by one with the closure of the Parnell store at the end of lease to bring store numbers to 39 during the quarter, three down on last year.

For further information please contact:

Russel Creedy  
CEO  
Phone: 525 8722

Grant Ellis  
CFO/Company Secretary  
Phone: 525 8722

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## RESTAURANT BRANDS NEW ZEALAND LIMITED

### Quarterly Sales Report

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

(for the 16 weeks 25/5/2010 to 13/9/2010)

	Q2 2010/11 (\$000's)	Q2 2009/10 (\$000's)	% change
<b><u>Q2 2010/11 vs Q2 2009/10</u></b>			
Total Store Sales - KFC	72,756	68,163	6.7%
Total Store Sales - Pizza Hut	19,112	19,866	-3.8%
Total Store Sales - Starbucks Coffee	8,562	8,833	-3.1%
<b>Total Store Sales</b>	<b>100,430</b>	<b>96,862</b>	<b>3.7%</b>
Same Store Sales - KFC	69,516	65,655	5.9%
Same Store Sales - Pizza Hut	19,096	19,484	-2.0%
Same Store Sales - Starbucks Coffee	8,552	8,351	2.4%
<b>Total Same Store Sales</b>	<b>97,164</b>	<b>93,490</b>	<b>3.9%</b>
<b><u>YTD 2010/11 vs YTD 2009/10</u></b>			
Total Store Sales - KFC	127,051	118,203	7.5%
Total Store Sales - Pizza Hut	33,756	35,386	-4.6%
Total Store Sales - Starbucks Coffee	15,477	16,086	-3.8%
<b>Total Store Sales</b>	<b>176,284</b>	<b>169,675</b>	<b>3.9%</b>
Same Store Sales - KFC	122,909	113,875	7.9%
Same Store Sales - Pizza Hut	33,734	34,749	-2.9%
Same Store Sales - Starbucks Coffee	15,424	15,349	0.5%
<b>Total Same Store Sales</b>	<b>172,067</b>	<b>163,973</b>	<b>4.9%</b>
<b><u>NUMBER OF STORES OPEN AT QUARTER END</u></b>			
Qtr End no of Stores - KFC	87	84	3
Qtr End no of Stores - Pizza Hut	88	92	-4
Qtr End no of Stores - Starbucks Coffee	39	42	-3
<b>Total Stores</b>	<b>214</b>	<b>218</b>	<b>-4</b>