

7th March 2012
NZX

Restaurant Brands' Sales Report

Restaurant Brands NZ Limited's full year sales for the year ending 27 February 2012 were \$308.2m. This is a decrease of \$16.2m on the previous year, mainly arising from lost sales from store closures in Christchurch following the 22 February 2011 earthquake (\$5.9m) and the sell down of Pizza Hut stores to independent franchisees (\$5.9m). On a same store basis sales were down (2.5%) for the year.

KFC saw an increase of \$0.5m (0.2%) in total sales for the year to \$236.3m, rolling over a 5.6% increase in the prior period. This was despite having one store in Christchurch closed for the entire year. Pizza Hut's annual sales were down \$13.8m of which \$5.9m was as a result of the sell down of eight stores this year to independent franchisees. Starbucks Coffee also recorded a decline in total sales of \$2.9m of which \$2.5m is due to the closure of three stores in the Christchurch CBD for the entire year.

On a same store basis, KFC's annual sales were down 1.8%, Pizza Hut recorded a 9.7% decrease and Starbucks Coffee saw an annual increase of 5.4%.

For the 4th quarter, total sales across the company's three brands were down \$4.1m or 5.5% with the earthquake-affected stores making up \$1.1m and the effect of Pizza Hut stores being sold to franchisees making up \$1.8m of the decline. Same store sales decreased 1.8% with the KFC and Pizza Hut operations recording same store declines and Starbucks Coffee continuing to record modest same store sales growth.

A total of four stores (one KFC and three Starbucks Coffee) in Christchurch city remained inaccessible with KFC Christchurch CBD closed permanently.

KFC

For the 4th quarter, KFC sales decreased 1.6% or \$0.9m over the prior year to \$53.3m (compared with a 1.0% increase in the prior year). The earthquakes negatively impacted growth, accounting for about \$0.5m in lost sales from the closed Christchurch CBD store which is closed permanently, with the building now demolished.

Same store sales were down by 1.9%, compared with a 2.6% decrease on the prior year.

Successful promotions over the quarter included the debut of *Fiery Drums* (spicy drumsticks), *Sparklers* – a flavoured carbonated beverage range, along with the *Las Vegas Quarter Pack* promotion and the return of the *All Stars Pack* for a limited time offer.

Full Year sales for KFC were \$236.3m, \$0.5m up on the previous year, an increase of 0.2%, although down 1.8% on a same store basis. Without the impact of the earthquake, KFC sales would have been approximately \$239.3m (an increase of 1.4%).

Total stores at year end numbered 88, down one on last year with the permanent closure of the Christchurch CBD store.

Pizza Hut

Quarterly sales for Pizza Hut were down \$2.4m (or 19.3%) on prior year to \$10.2m. Same store sales declined 5.3%. Total sales were impacted by store numbers being significantly down on the prior year, with the sell down of eight stores to independent franchisees over the last 12 months contributing \$1.8m of the \$2.4m in reduced revenues.

This quarter's promotional activity included new product innovation with the *The Big Box Meal* bundle, together with some strong customer value propositions such as the return of *The Slab*, and the *\$5.90 Everyday Value* promotion.

Full Year Pizza Hut sales were \$45.5m, down \$13.8m (23.3%) in total on prior year with 11 less stores. The disposal of stores to franchisees contributed \$5.9m of the reduced sales revenues. Same store sales for the full year were down 9.7%.

Store numbers at year end were 71, down 11 on last year (eight sales and three closures) but with no further stores sold during the quarter.

A cumulative total of 13 stores had been sold to independent franchisees by year end compared to five stores at the previous year end.

Starbucks Coffee

Starbucks Coffee total quarterly sales were \$6.4m, down \$0.7m or 10.2% on the prior year, with five less stores trading. Two were permanently closed as a result of store rationalisation (at lease end) and a further three stores in Christchurch (with \$0.6m lost sales) still not trading as a result of the earthquakes.

However, overall Starbucks Coffee sales were up 4.3% on a same store sales basis. This continues the improving same store sales trend seen in the latter half of last year.

Full Year Starbucks Coffee sales were \$26.5m, down \$2.9m (9.8%) in total on prior year with two less stores, but effectively five stores down due to the three stores that have not been able to trade this year in Christchurch, making up \$2.5m of the shortfall. Same store sales YTD were up 5.4%.

Store numbers were stable for the quarter although they are down by two due to store closures over the past year. Of the 35 stores, only 32 were actively trading because three earthquake affected stores in Cashel Mall, Cathedral Square and Colombo Street remain closed.

Results Announcement

The annual profit announcement for Restaurant Brands will be made on 3 April 2012.

For further information please contact

Russel Creedy

CEO

Phone: 525 8710

ENDS

Grant Ellis

CFO/Company Secretary

Phone: 525 8710

RESTAURANT BRANDS NEW ZEALAND LIMITED

Quarterly Sales Report

Summary of Results for the 4th Quarter (Q4)

(for the 12 weeks 6/12/2011 to 27/2/2012)

	Q4 2011/12 (\$000's)	Q4 2010/11 (\$000's)	% change
<u>Q4 2011/12 vs Q4 2010/11</u>			
Total Store Sales - KFC	53,271	54,157	-1.6%
Total Store Sales - Pizza Hut	10,204	12,647	-19.3%
Total Store Sales - Starbucks Coffee	6,366	7,087	-10.2%
Total Store Sales	69,841	73,891	-5.5%
Same Store Sales - KFC	51,990	52,980	-1.9%
Same Store Sales - Pizza Hut	9,966	10,519	-5.3%
Same Store Sales - Starbucks Coffee	6,268	6,008	4.3%
Total Same Store Sales	68,224	69,507	-1.8%
<u>YTD 2011/12 vs YTD 2010/11</u>			
Total Store Sales - KFC	236,284	235,805	0.2%
Total Store Sales - Pizza Hut	45,477	59,266	-23.3%
Total Store Sales - Starbucks Coffee	26,452	29,313	-9.8%
Total Store Sales	308,213	324,384	-5.0%
Same Store Sales - KFC	225,421	229,628	-1.8%
Same Store Sales - Pizza Hut	45,161	50,034	-9.7%
Same Store Sales - Starbucks Coffee	26,294	24,936	5.4%
Total Same Store Sales	296,876	304,598	-2.5%
<u>NUMBER OF STORES OPEN AT QUARTER END</u>			
Qtr End no of Stores - KFC	88	89	-1
Qtr End no of Stores - Pizza Hut	71	82	-11
Qtr End no of Stores - Starbucks Coffee	35	37	-2
Total Stores	194	208	-14