

20 September 2012
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Restaurant Brands' Second Quarter Sales up 2.3%

Restaurant Brands' total sales across the company's three brands trading during the second quarter (16 weeks ended 10th September 2012) were \$96.1 million, an increase of 2.3% or \$2.2 million on the equivalent period last year. Same store sales for the company increased by 3.7%.

KFC total sales increased 1.8% in the quarter. Starbucks sales decreased 5.1% but Pizza Hut sales were 9.5% higher than last year despite having 11 less stores at quarter end compared to the equivalent period last year.

KFC same store sales saw a 0.7% increase. Starbucks had a same store decline of 4.0% but Pizza Hut saw a significant increase of 26.5%.

KFC

KFC sales increased 1.8% or \$1.3 million over the prior year to \$73.4 million (compared with a 0.9% decrease in the prior year). Sales were enhanced by the return of the KFC *Double Down* burger promotion, which although not reaching the same levels as last year, certainly had a positive impact on KFC sales as a limited time offer.

Same store sales improved by 0.7%. Successful product releases over the second quarter included the return of the *Double Down*, introduction of the *KFC Pie*, *\$20 Dinner Deals*, as well as the return of old favourites like *Hot and Spicy Chicken*.

During the quarter, stores in Te Awamutu, Thames and Hawera were closed temporarily for transformation with Hawera reopening during August and Te Awamutu and Thames reopening during September.

Two stores at Lower Hutt and Park Avenue, Hutt Valley were closed during the quarter to prepare for site relocation. The relocation is part of the next phase of the KFC transformation programme.

The new relocated KFC Hutt Valley store opened shortly after quarter end as one of the flagship stores for the brand with very strong sales.

As a result of the closure of the Lower Hutt store, store numbers were reduced to 86 at quarter end, three stores less than prior year. This was two less trading stores than the prior year as one store in Christchurch did not trade in the prior year and was subsequently permanently closed as a result of the earthquake.

Year to date sales for KFC were \$127.4 million, \$0.5 million down on the previous year to date. This was a decrease of 0.4% on a total basis and down 2.4% on a same store basis.

Pizza Hut

Total sales for Pizza Hut at \$15.3 million were up \$1.3m (9.5%) despite a reduction of 11 stores (15%) on the prior year from the sale of stores to independent franchisees and closures.

Same store sales increased by 26.5%. This quarter's main promotional activity has been the sustained success of the *\$4.90 Large Classics Pizza* offering a strong value-based entry and headline price point for Pizza Hut in a very competitive and crowded market. During the quarter, Pizza Hut also ran a *\$9.90 Large Favourites Pizza* limited time offer which was also successful.

Company store numbers were reduced by six with the sale of five stores in Papamoa, Tauranga, Westown, Ashburton and Mount Maunganui and the closure of the Taradale store during the quarter. This brought company store numbers to 63, down 11 on last year with an additional 20 stores now operated by independent franchisees.

Year to date sales for Pizza Hut were \$25.9 million, \$1.3 million more than the previous year to date. This was an increase of 5.4% on a total basis and an increase of 19.5% on a same store basis.

Total Pizza Hut system sales (including those of independent franchisees) were \$33.2m for the year to date, up 37.6% in total and up 18.3% on a same store basis.

Starbucks Coffee

Starbucks Coffee total quarterly sales were \$7.5 million, down 5.1% on the prior year. Same store sales were down 4.0% rolling a 6.2% increase in the prior year.

Changes to the customer offer have been made during the quarter to address the same store sales decline. These include revisions to beverage formulations, new food offerings and more competitive pricing options.

During the quarter, the Cathedral Square, Christchurch store was permanently closed due to a lease termination relating to the earthquake, reducing the store count by one to 33 stores, down two on last year.

In Christchurch, the Cashel Mall store also remains closed as a result of the earthquake.

Year to date sales for Starbucks were \$13.4 million, \$0.5 million less than the previous year to date. This was a decrease of 4.4% on a total basis and a decrease of 2.7% on a same store basis.

Carl's Jr

Restaurant Brands plans to open its first Carl's Jr restaurant at the end of the third quarter of this year with several more store sites currently under evaluation.

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RESTAURANT BRANDS NEW ZEALAND LIMITED

Quarterly Sales Report

Summary of Results for the 2nd Quarter (Q2)

(for the 16 weeks 22/5/2012 to 10/9/2012)

	Q2 2012/13 (\$000's)	Q2 2011/12 (\$000's)	% change
<u>Q2 2012/13 vs Q2 2011/12</u>			
Total Store Sales - KFC	73,377	72,111	1.8%
Total Store Sales - Pizza Hut	15,299	13,977	9.5%
Total Store Sales - Starbucks Coffee	7,452	7,849	-5.1%
Total Store Sales	96,128	93,937	2.3%
Same Store Sales - KFC	72,164	71,650	0.7%
Same Store Sales - Pizza Hut	15,144	11,970	26.5%
Same Store Sales - Starbucks Coffee	7,448	7,762	-4.0%
Total Same Store Sales	94,756	91,382	3.7%
<u>YTD 2012/13 vs YTD 2011/12</u>			
Total Store Sales - KFC	127,443	127,912	-0.4%
Total Store Sales - Pizza Hut	25,884	24,565	5.4%
Total Store Sales - Starbucks Coffee	13,369	13,980	-4.4%
Total Store Sales	166,696	166,457	0.1%
Same Store Sales - KFC	124,337	127,372	-2.4%
Same Store Sales - Pizza Hut	25,282	21,149	19.5%
Same Store Sales - Starbucks Coffee	13,254	13,621	-2.7%
Total Same Store Sales	162,873	162,143	0.5%
<u>NUMBER OF STORES OPEN AT QUARTER END</u>			
Qtr End no of Stores - KFC	86	89	-3
Qtr End no of Stores - Pizza Hut	63	74	-11
Qtr End no of Stores - Starbucks Coffee	33	35	-2
Total Stores	182	198	-16