

28 May 2014
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Restaurant Brands' First Quarter Sales up 5.9%

Restaurant Brands' total sales during the first quarter (12 weeks ended 19 May 2014) were \$77.7 million, an increase of 5.9% or \$4.3 million on the equivalent period last year, with all four brands recording positive sales growth.

Of the total increase in sales KFC was the key contributor at \$2.8 million with Carl's Jr. contributing a further \$1.4 million.

Same store sales for the company were up 4.3% with strong growth in KFC which grew 5.0%. Starbucks Coffee was up 5.5% and Pizza Hut up 9.3%. Carl's Jr was down 36.2% as it rolled over very high new store opening sales in the four stores open in the prior year.

KFC

Total sales for KFC increased by 5.2% or \$2.8 million to \$56.9 million over the quarter (compared with 0.1% growth the year before).

Same store sales increased by 5.0%. The strong sales increase was driven by the launch of a new menu, in particular around family meals. The sponsorship of the New Zealand Super Rugby franchises and associated promotions such as the *Kiwi Onion Dip* burger were highly successful for the brand in the quarter.

Store numbers increased by one during the quarter to 91 with the purchase of the KFC at Mt. Maunganui, previously an independently franchised store.

Pizza Hut

Total sales for Pizza Hut were in line with last year at \$11.3 million (compared with a 6.7% increase in the prior year). This result is with seven (12.3%) fewer stores as the company continued its strategy of selling regional and lower volume stores to independent franchisees.

Same store sales for the quarter increased by 9.3% on top of a 28.6% growth in the same quarter of the prior year. This growth has been sustained by the continuing value offer and successful promotions in the quarter including the popular *Hot Dog Stuffed Crust*.

There were 50 company stores at the end of the quarter versus 57 in the prior year with 34 Pizza Hut stores now operated by independent franchisees. The Newtown store was sold to an independent franchisee during the quarter.

Starbucks Coffee

Starbucks Coffee total quarterly sales were \$5.7 million, up \$0.1 million or 2.2%, despite having two fewer stores than the prior year.

Same store sales were up 5.5% (compared with a 1.7% increase in the prior year). This is a continuation of the growth in sales that has been driven by better value and improved customer experience initiatives implemented in the middle of 2012/13.

Successful promotions for Starbucks Coffee in the quarter were the *Mocha Cookie Crumble* Range, which held particular appeal with consumers and helped maintain sales momentum.

There were no store changes during the period with total stores at the end of the quarter numbering 27.

Carl's Jr.

Total Carl's Jr. sales for the first quarter were up 59.7% to \$3.7 million driven by new store openings, whilst same store sales were down 36.2% as the brand rolled over very strong openings from last year.

The Carl's Jr. brand saw no new stores opening in this quarter with current company store numbers at eight, four higher than the first quarter of the prior year. A new store has opened in Gisborne in the first week of quarter two with three more stores planned to open this fiscal 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 25/02/2014 to 19/05/2014)

	2014/15 (\$000's)	2013/14 (\$000's)	% change
<u>Q1 2014/15 vs Q1 2013/14</u>			
Total Store Sales - KFC	56,936	54,141	5.2%
Total Store Sales - Pizza Hut	11,330	11,299	0.3%
Total Store Sales - Starbucks Coffee	5,736	5,614	2.2%
Total Store Sales - Carl's Jr.	3,665	2,295	59.7%
Total Store Sales	77,667	73,349	5.9%
Same Store Sales - KFC	55,812	53,178	5.0%
Same Store Sales - Pizza Hut	11,323	10,364	9.3%
Same Store Sales - Starbucks Coffee	5,701	5,402	5.5%
Same Store Sales - Carl's Jr.	1,464	2,295	-36.2%
Total Same Store Sales	74,300	71,239	4.3%
<u>YTD 2014/15 vs YTD 2013/14</u>			
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<u>NUMBER OF STORES OPEN AT QUARTER END</u>			
Qtr End no of Stores - KFC	91	89	2
Qtr End no of Stores - Pizza Hut	50	57	-7
Qtr End no of Stores - Starbucks Coffee	27	29	-2
Qtr End no of Stores - Carl's Jr.	8	4	4
Total Stores	176	179	-3