Restaurant Brands NZ Limited

2016 Half Year Results Presentation

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PRESENTATION OUTLINE

- Highlights
- Results Overview
- KFC
- Pizza Hut
- Starbucks Coffee
- Carl's Jr.
- Outlook

HIGHLIGHTS

Commentary*	1H2014	1H2015	1H2016
• Group Sales up 13.1%	$175.4m	$185.7m	$210.0m
• NPAT up 16.7%	$9.7m	$11.5m	$13.4m
• NPAT (excluding non-trading) up 13.8%	$8.8m	$11.5m	$13.1m
• Brand EBITDA up 13.8% with strong performance by KFC	$27.2m	$31.6m	$36.0m
• Fully imputed dividend declared – up 1 cent per share	6.5cps	7.5cps	8.5cps

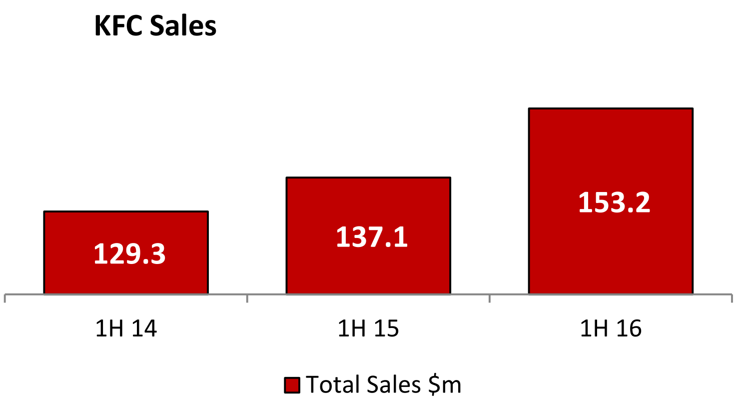
* Changes are 1H2016 over 1H2015

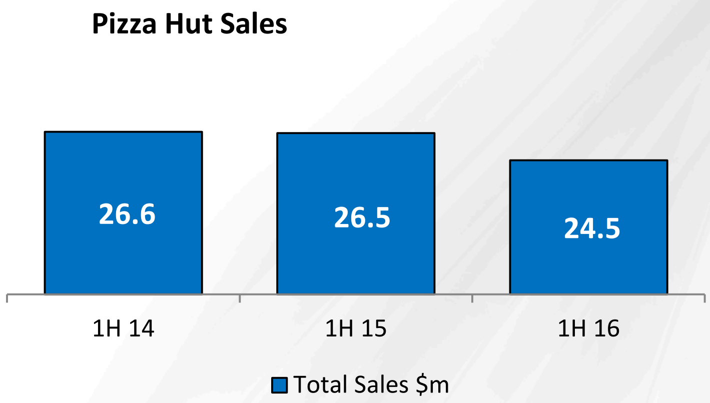
RESULTS OVERVIEW

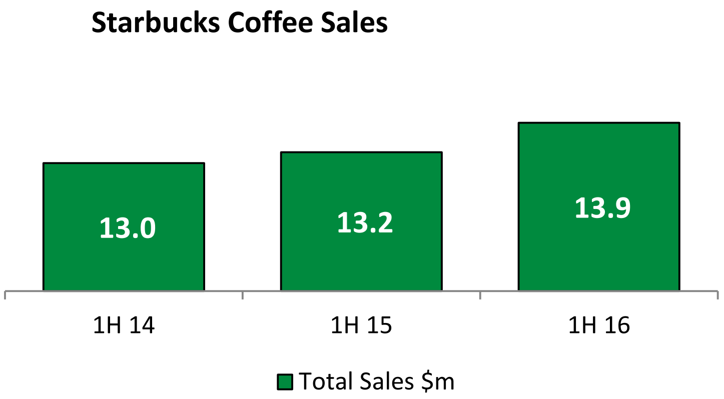
Consolidated NPAT was $13.4 million, up 16.7% on prior year

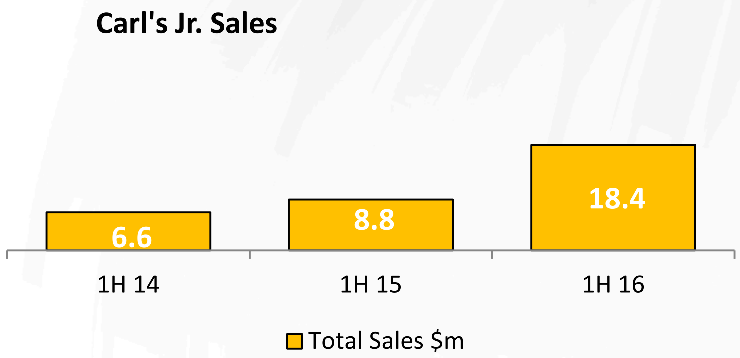
$m	**1H2014**	**1H2015**	**1H2016**
Revenue	176.0	192.0	218.4
Gross Margin	28.8	34.9	39.5
Distribution	(1.4)	(1.3)	(1.3)
Marketing	(7.7)	(9.4)	(10.8)
G&A	(7.2)	(7.8)	(8.7)
EBIT	**12.5**	**16.3**	**18.7**
Non-trading	1.1	(0.2)	0.3
Interest	(0.4)	(0.4)	(0.6)
NPBT	13.3	15.7	18.4
Tax	(3.6)	(4.2)	(5.0)
NPAT	**9.7**	**11.5**	**13.4**
NPAT (excl non-trading)	**8.8**	**11.5**	**13.1**

KFC and Carl's Jr. contributed to a 13.1% increase in total sales to $210 million

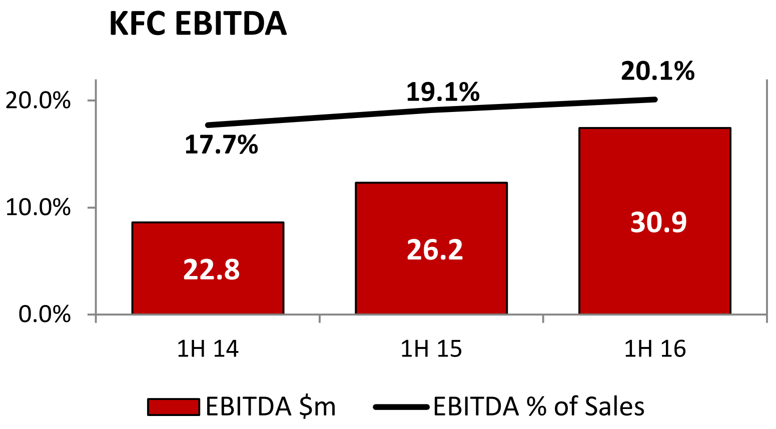


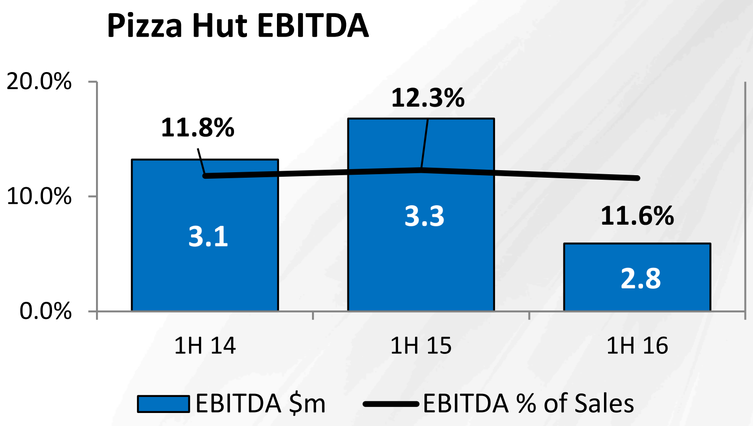


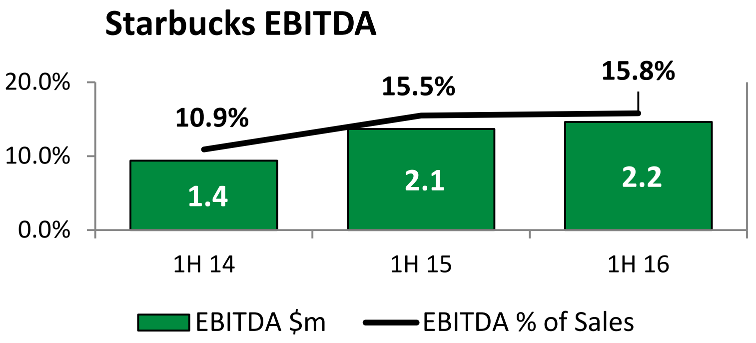


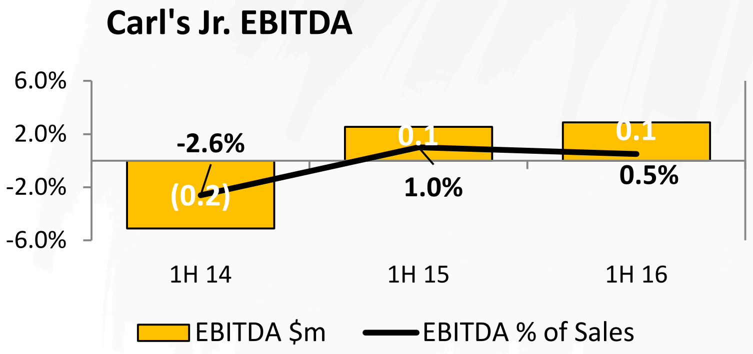


KFC continues to drive earnings growth

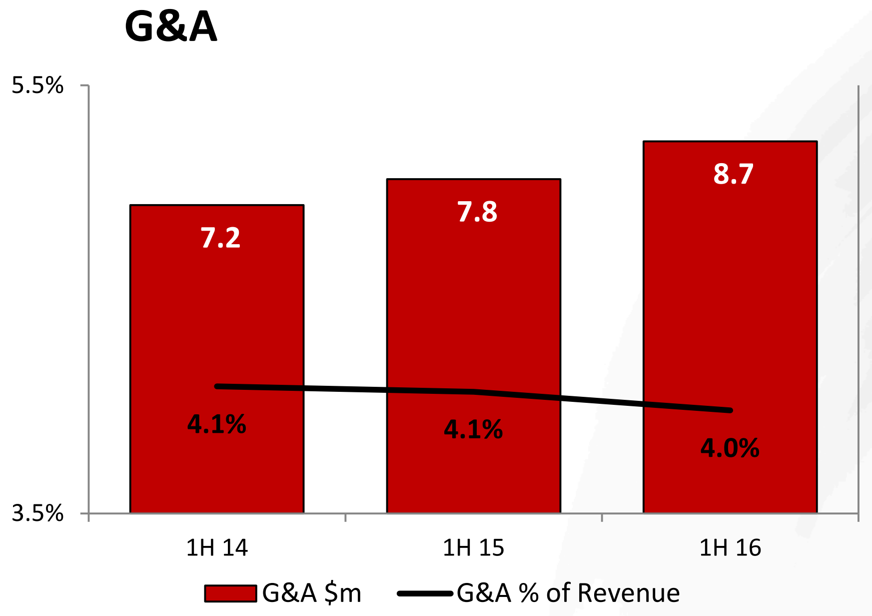








G&A costs up with increased investment in HR and marketing but still on 4% target



Non-trading items primarily comprise gains on disposal of Pizza Hut stores

Non- trading $m	1H2015	1H2016	$ Δ B/(W)
Gain on sale Pizza Hut stores	(0.4)	(0.4)	-
Goodwill write down on sale of Pizza Hut stores	0.2	0.1	0.1
Store closure costs	0.4	-	0.4
Gain on sale and leaseback of stores	(0.1)	-	(0.1)
Impairment on property, plant and equipment	0.3	-	0.3
Insurance proceeds	(0.2)	-	(0.2)
	0.2	**(0.3)**	0.5

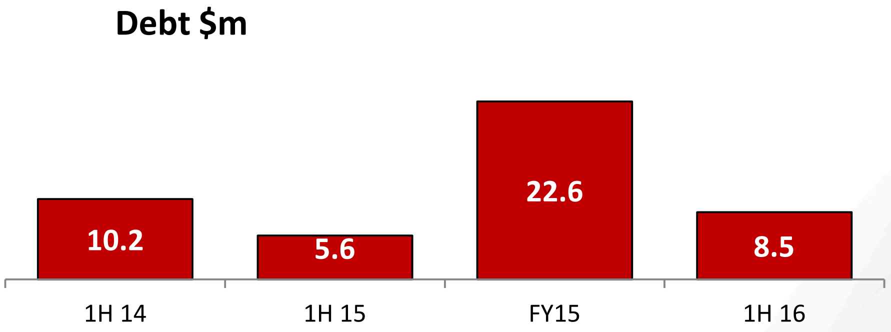
Operating cash flows continue to grow strongly. Investing cash flow reflects lower capex

Cash flow $m	**1H2014**	**1H2015***	**1H2016**
Operating Cashflow	17.0	23.9	30.4
Investing Cashflow	(3.0)	(11.3)	(5.5)
Free Cashflow	**14.0**	**12.6**	**24.9**

	1H2014	**1H2015**	**1H2016**
Investing Cash Outflow	(12.2)	(14.7)	(9.1)
Investing Cash Inflow	9.2	3.4	3.6
	(3.0)	(11.3)	(5.5)

*Restated for change in treatment of FITC

After year end peak following Forsgren acquisition bank debt continues to fall



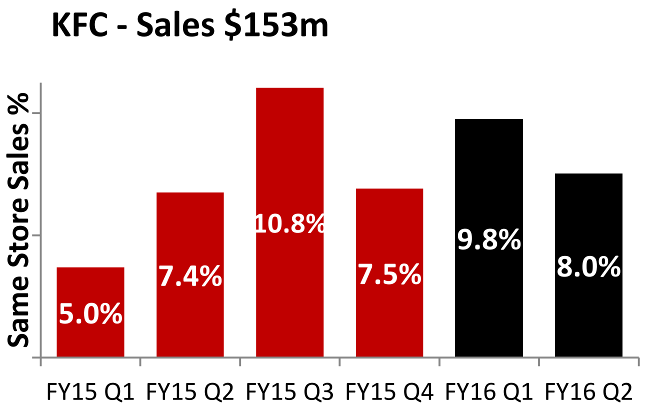
Ratios	1H2014	1H2015	FY2015	1H2016
Interest Cover	32x	38x	33x	30x
Net Debt: EBIT	0.8:1	0.3:1	0.7:1	0.4:1
Gearing (D:D+E)	14%	8%	23%	9%

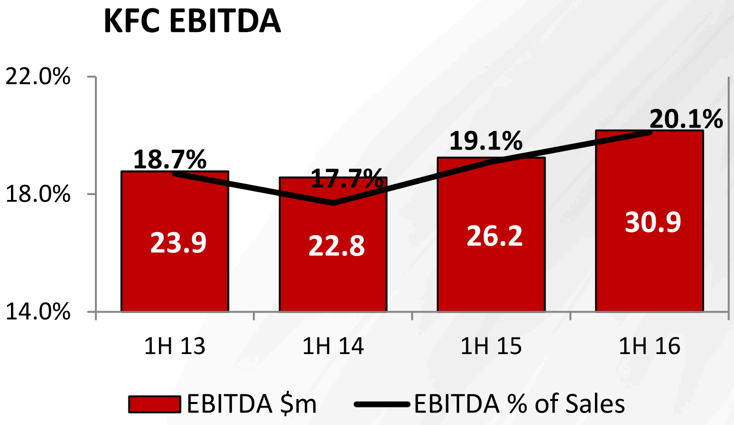
Dividend continues to increase in line with profit – up 1.0 cps (13.3%)

		1H2014	1H2015	1H2016
Earnings per share	cps	9.0	11.7	13.7
Interim dividend (fully imputed)	cps	6.5	7.5	8.5
Payout ratio	%	72%	64%	62%

KFC

KFC – maintaining momentum





- Record sales continue, driven by increased marketing activity, strong promotions and operational improvements
- EBITDA margin increases with sales leverage and stable input costs

New Product development continues to drive sales


Aioli Burger


Tower Stacker Burger

KFC continues to over-deliver in FY16, building on FY15 momentum

Strategy	Target	1H2016 Outcome
Maintain sales growth through building a pipeline on innovative NPD	SSS >cpi	SSS +8.8%
Continued major reinvestment in store transformation	Entire network transformed by early FY17	No majors in 1H2016 but 4 under way in 2H → 87/92
Network rationalisation to enhance cover and improve ROI	1-2 closures, 1-2 new stores	Nil closures (one planned 2H16), Albany opened
Improve staff efficiency through centralised recruiting process and improved scheduling practices	Mutually beneficial collective (80% minimum hours). Higher labour productivity	Collective signed GMH (80%) in place at minimum cost.

KFC growth continues

- Major transformation programme (10 years) complete by FY17
- Same store sales growth continues strongly

↓

Further KFC development will focus on in-fill and new territory opportunities. Potential 10 – 15 stores

- Marketing activity and successful promotions continue to drive sales
- Traditional media being supplemented by digital and social media marketing

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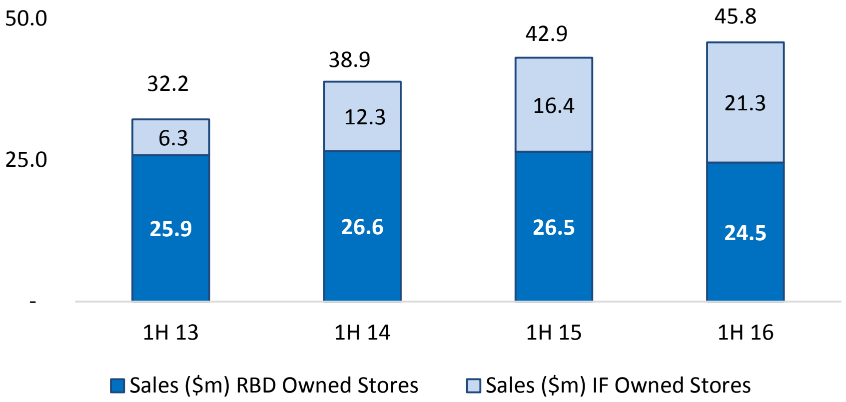
Increasing move to digital marketing

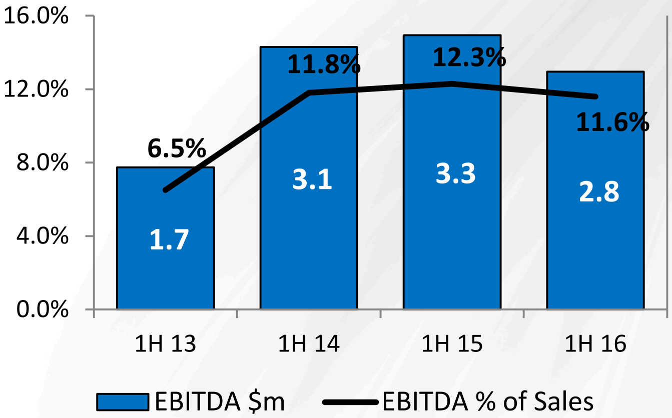
Pizza Hut

Pizza Hut – RBD sales and profit growth levelling off but network continues to grow. System sales growth strong.

Pizza Hut Total System Sales ($m)

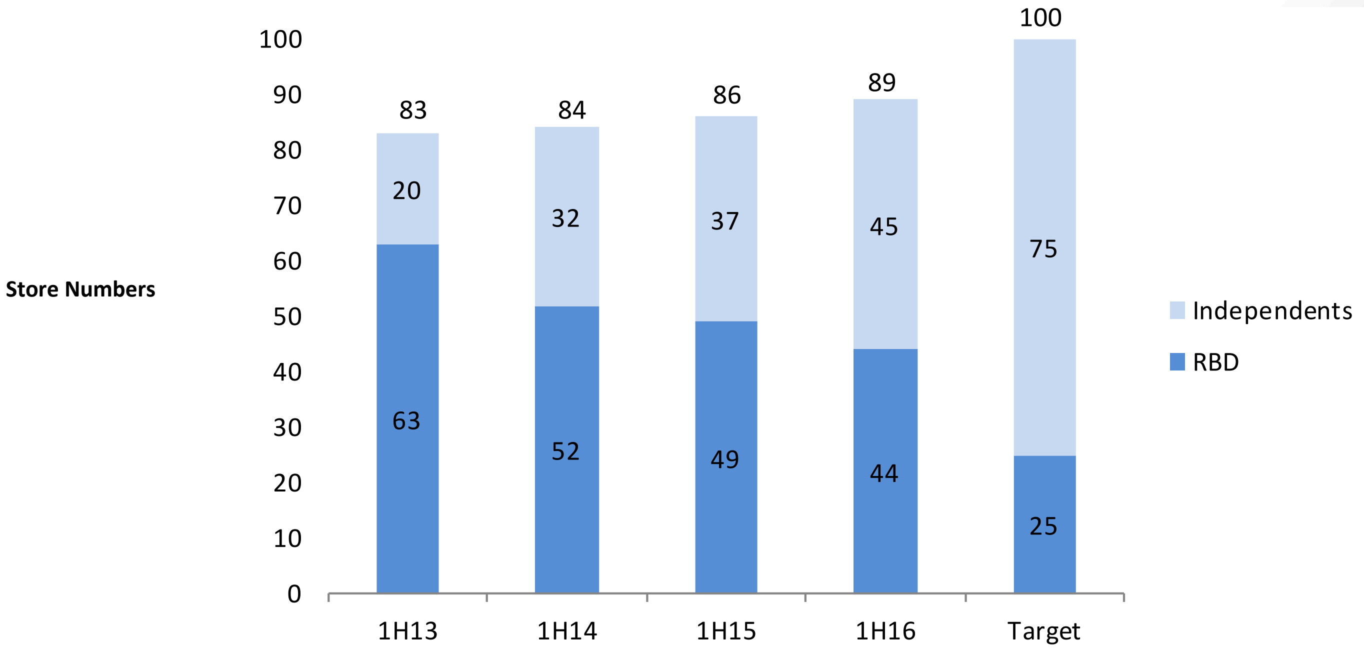


Pizza Hut EBITDA

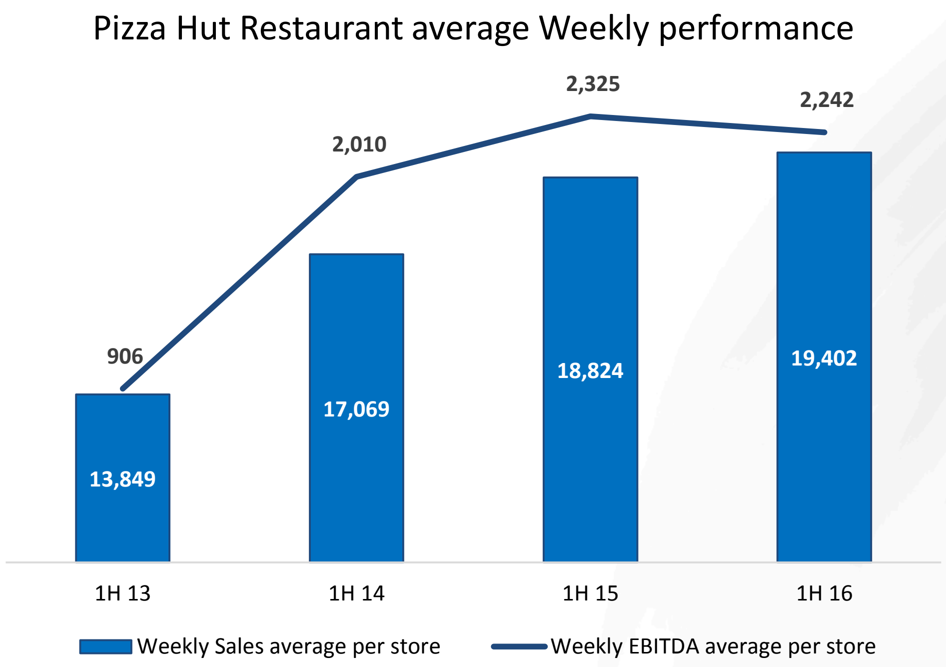


- Same store sales flattened off as brand rolls over 3rd year of very strong growth
- Margins holding with input costs still benign
- Store sales continue to independent franchisees (IFs)

Sales of stores to independent franchisees continues as does new store builds. RBD now on track to a concentrated core holding with continued store growth in Pizza Hut network

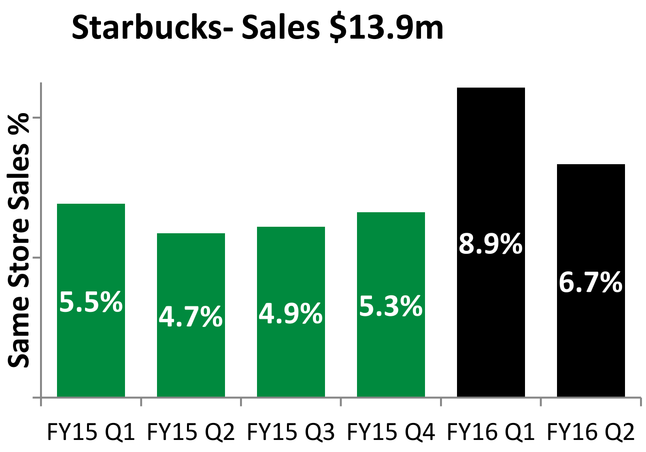


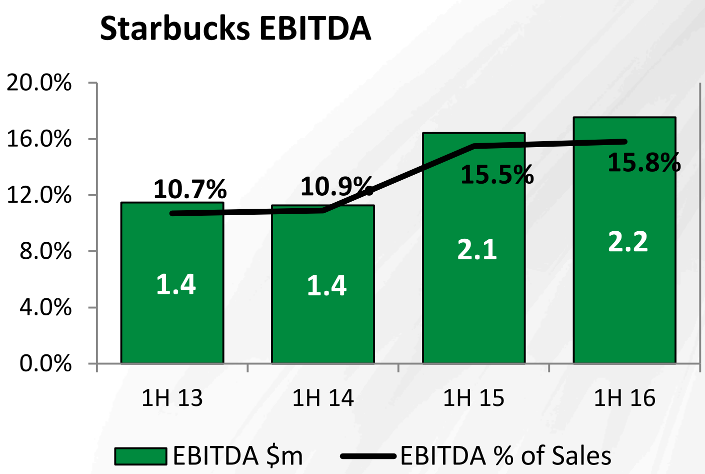
Sales per store continues to improve with margins holding



Starbucks Coffee

Starbucks Coffee – still full of beans

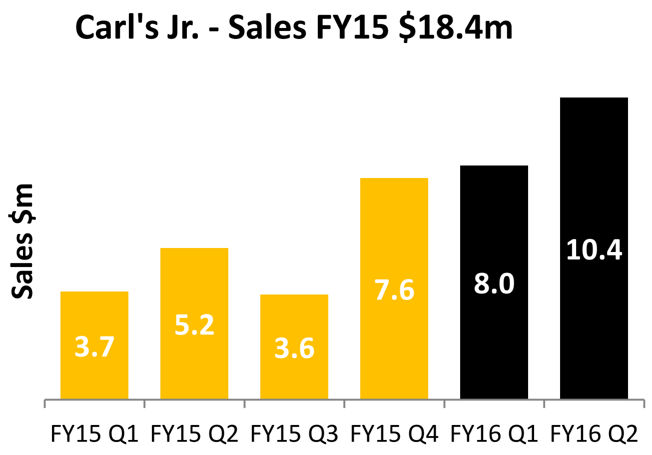


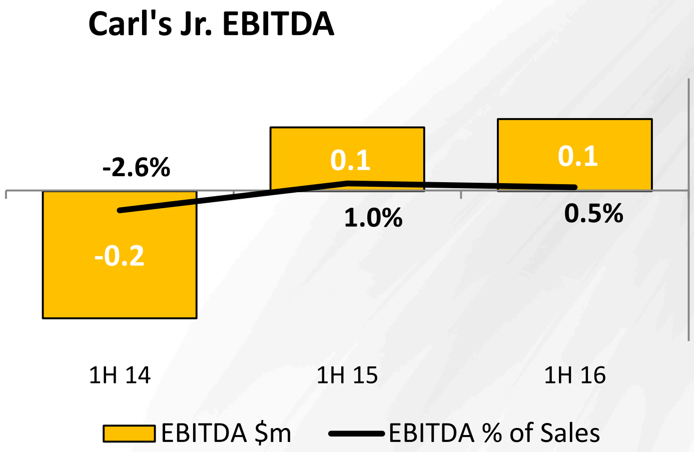


- Fully rationalised network producing consistent same store sales growth
- Sales leverage and continued operating efficiencies improved earnings
- Reinvestment re-commenced in facilities and systems (Micros POS and store upgrades)

Carl’s Jr.

Carl's Jr. – slower quality expansion





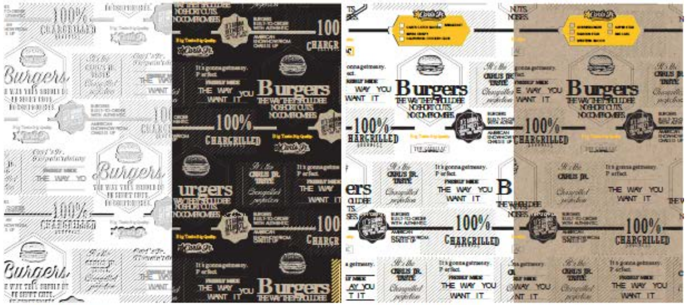
- Total sales up as a result of new store builds and Forsgren acquisition.
- Margin impacted by US West Coast port strike and beef prices
- Forsgren acquisition (7 stores) in December 2014 rationalised the network and will be earnings accretive. Considerable integration required which impacted on margins

FY16 Carl's Jr. establishment phase has taken longer than expected with new brand learnings and margin "headwinds"

Strategy	Target	1H2016 Achievement
Use critical mass and integrated marketing to deliver positive SSS growth	Positive SSS for the year	YTD SSS -6.8%, but ↑ in 2H
Continue network expansion through new store builds	3-4 new stores	No new store builds 1H16 as continue to integrate Forsgren stores. 1-2 planned 2H16
Build margins through fully localized supply chain and labour efficiencies	EBITDA margins >5% of sales	Margins 0.5% of sales – West Coast port strike and integration issues
Progress sublicensing opportunity	1-2 sublicenses in place	One sublicense pending

Carl's Jr. brand 'reinvention' – opportunities to widen brand appeal from original target market

- New store formats
- NZ developed marketing
- New menu presentation
- New burger specifications and range



COLLAR WRAP FOR
- CLASSIC
- CHICKEN AND FISH

COLLAR WRAP FOR
- THICKBURGER

CHICKEN AND FISH WRAP

CLASSIC WRAP

OUTLOOK

FY6 Major Initiatives - Progress

Carl’s Jr.

- Build sales
- Expand network into large metro areas
- New store formats
- Pursue mixed ownership opportunities
- “Bed down” supply chain
- Complete integration of Forsgren stores

Information Systems

- Labour management
- Communications and training capability
- Starbucks loyalty card
- Pizza Hut website
- Financial systems upgrade
- Major database upgrade
- Digital marketing initiatives

KFC

- Store reinvestment – complete major transformations and maintain our 5 and 10 year upgrades
- Labour management
- Increased marketing activity
- Focus on NPD pipeline

FY16 has started strongly although results will be more measured for balance of year

- KFC – some softening in same store sales growth, consistent margins
- Pizza Hut – same store sales return to mildly positive with profitable residual stores. Sell down continues, reducing RBD earnings
- Starbucks Coffee – positive same store sales continue. Forex movement may affect margins slightly
- Carl's Jr. – Move to positive SSS with some margin improvement

Net Profit after Tax is expected to be in excess of $24 million