



Restaurant Brands New Zealand Limited

27 July 2022
ASX/NZX

Profit Guidance - Sales Growth Delivered Despite Continued COVID-19 Disruptions

COVID-19 continues to affect Restaurant Brands' business operations, with high case numbers resulting in staffing issues for the business as well as its contractors and suppliers.

Worldwide inflationary pressures have resulted in the company experiencing significant cost inflation across all regions. The company has implemented price increases where possible in response to increased costs.

Preliminary management financial results for the half year ending 30 June 2022 indicate that NPAT for the period will be between \$14 million and \$16 million (half year 2021 NPAT was \$34.5m). The half year for 2021 included one-off income of \$11.4 million arising from the forgiveness of the Hawaiian PPP loan.

Restaurant Brands' total sales for the second quarter to 30 June 2022 increased to \$309.5 million (an increase of 10.2% over the equivalent period last year). Total year to date sales reached \$584.9 million (an increase of 8.2% on the prior year). Total sales were supported by the inclusion of 17 new stores (to 367 stores in total) and the strengthening US dollar since the equivalent period last year.

New Zealand

Second quarter sales for New Zealand were \$133.3 million, up 7.4% in total and 3.2% on a same store basis.

All brands showed sales growth, despite the impact of shorter trading hours for some stores due to staff isolation requirements and lower dine-in traffic with the ongoing Omicron variant outbreak.

New product innovations continue to lift sales with Hot and Crispy Boneless Chicken (KFC), Detroit Style Pizza (Pizza Hut) and Il Diablo Burger (Carl's Jr.) all proving very popular with customers.

Total year to date sales were \$251.8 million, an increase of 5.2% on the prior year and 1.4% on a same store basis.

Store numbers remained constant during the quarter at 138 stores, but up six on the prior year.

Australia

Australia's sales for the second quarter were \$A64.0 million (\$NZ70.4 million), an increase of 5.6% in total (local currency).

Same store sales were up 5.0% (local currency). Mall and in-line inner city store sales are now beginning to recover towards pre-COVID-19 levels.

Total year to date sales were \$A122.8 million (\$NZ133.5 million). This is an increase of 7.0% on a total basis on the prior year and 3.4% on a same store basis.

Store numbers increased by one during the quarter to 81 (five up on the prior year), following the opening of a new Taco Bell store in Bungarribee, Sydney.

Hawaii

Sales for the second quarter in Hawaii were \$US40.4 million (\$NZ62.1 million), showing solid growth of 8.6% in total and 3.6% on a same store basis (local currency).

With the removal of COVID-19 dine-in restrictions in Hawaii, the dine-in market is rebounding towards pre-pandemic levels. This resulted in a lift in sales for Taco Bell, partly offset by previous large Pizza Hut delivery growth easing.

Total year to date sales were \$US76.0 million (\$NZ115.1 million), an increase of 4.6% on a total basis on the prior year and 2.9% on a same store basis.

Store numbers increased by one to 74 stores during the quarter with the opening of a new Taco Bell store in Ho'okele.

California

California's sales in the second quarter were \$US28.4 million (\$NZ43.7 million), a decrease of 1.2% on a total basis and 6.1% on a same store basis (local currency).

Sales have dipped on the prior year due to the rolling over of large Government stimulus payments made in 2021 and COVID-19 related supply chain disruptions leading to instances of key ingredient shortages.

Total year to date sales were \$US55.8 million (\$NZ84.5 million), an increase of 1.0% on a total basis on the prior year but a decrease of 3.0% on a same store basis.

Store numbers increased by one during the quarter to 74 stores (five up on the prior year), following the opening of a new KFC store in Barstow.

Half Year Results

The company expects to release its half year trading results on 29 August 2022.

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RESTAURANT BRANDS NEW ZEALAND LIMITED**Quarterly Sales Report****Summary of Results for the 2nd Quarter (Q2)****(for the 3 months 01/04/22 to 30/06/22)**

	2022 (\$000's)	2021 (\$000's)	Change
Total Store Sales (\$NZ)			
<u>Q2 2022 vs Q2 2021</u>			
New Zealand	133,288	124,086	7.4%
Australia	70,384	64,900	8.4%
Hawaii	62,093	51,868	19.7%
California	43,721	40,089	9.1%
Total Store Sales	309,486	280,943	10.2%
<u>YTD 2022 vs YTD 2021</u>			
New Zealand	251,816	239,274	5.2%
Australia	133,473	123,027	8.5%
Hawaii	115,139	101,024	14.0%
California	84,462	77,316	9.2%
Total Store Sales	584,890	540,641	8.2%
Same Store Sales			
<u>Q2 2022 vs Q2 2021</u>			
New Zealand	3.2%	14.0%	(10.8%)
Australia	5.0%	9.5%	(4.5%)
Hawaii	3.6%	10.1%	(6.5%)
California	(6.1%)	n/a	n/a
<u>YTD 2022 vs YTD 2021</u>			
New Zealand	1.4%	12.5%	(11.1%)
Australia	3.4%	5.2%	(1.8%)
Hawaii	2.9%	9.9%	(7.0%)
California	(3.0%)	n/a	n/a

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Quarterly Sales Report

Summary of Results for the 2nd Quarter (Q2)

(for the 3 months 01/04/22 to 30/06/22)

	2022 (\$000's)	2021 (\$000's)	Change
Total Store Sales (Local Currency)			
<u>Q2 2022 vs Q2 2021</u>			
New Zealand (\$NZ)	133,288	124,086	7.4%
Australia (\$A)	64,045	60,660	5.6%
Hawaii (\$US)	40,423	37,228	8.6%
California (\$US)	28,366	28,715	(1.2%)
<u>YTD 2022 vs YTD 2021</u>			
New Zealand (\$NZ)	251,816	239,274	5.2%
Australia (\$A)	122,842	114,758	7.0%
Hawaii (\$US)	75,997	72,654	4.6%
California (\$US)	55,810	55,245	1.0%
Number Of Stores Open At Quarter End			
	2022	2021	Change
New Zealand	138	132	6
Australia	81	76	5
Hawaii	74	73	1
California	74	69	5
Total Stores	367	350	17
Exchange Rates			
- Blended \$A:\$NZ rate for Q2	0.910	0.935	(0.025)
- Blended \$A:\$NZ rate for YTD	0.920	0.933	(0.013)
- Blended \$US:\$NZ rate for Q2	0.650	0.717	(0.067)
- Blended \$US:\$NZ rate for YTD	0.660	0.717	(0.057)

Note: Some sales numbers for each of the divisions may not aggregate in total due to rounding.