

**M
M
M
M**
**O
O
O
O**
**R
R
R
R**
E

Restaurant Brands NZ Limited

1H 20 Results Presentation

Russel Creedy - Group CEO
Grant Ellis - Group CFO

16 October 2019

Presentation Outline

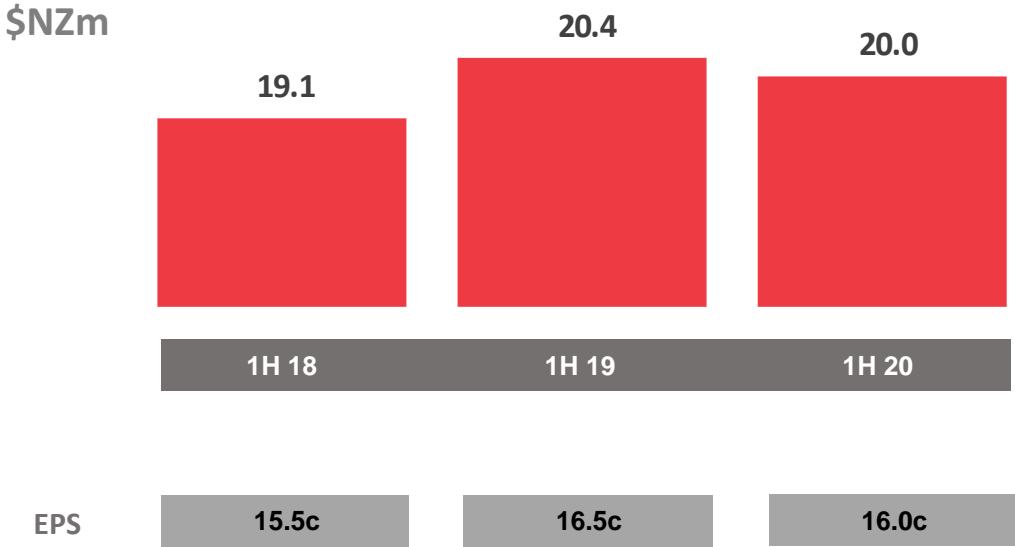
- Highlights
- Results Overview
- New Zealand Operations
- Australia Operations
- Hawaii Operations
- Growth Opportunities
- Outlook

Highlights

- Group sales \$442.6 million up \$11.6 million (+2.7%)
- NPAT \$20.0 million down \$0.4 million (-2.0%)
- NPAT (excluding non-trading items and effect of NZ IFRS 16) up \$3.2 million (+14.4%)
- Brand EBITDA (excluding G&A) up \$3.4 million (+5.0%)

Results overview – NPAT (1)

Reported NPAT down 2.0% on prior year to \$20.0m with significant impact from NZ IFRS 16



NZ IFRS 16

Impact of NZ IFRS 16 on reported profit has been substantial

<i>\$NZm</i>	1H 20
Lease costs (previously expensed)	20.2
Depreciation - right of use assets	(14.0)
Finance cost - right of use assets	(10.1)
NZ IFRS 16 impact pre-tax	(3.9)
Income tax	1.0
NPAT impact of NZ IFRS 16	(2.9)

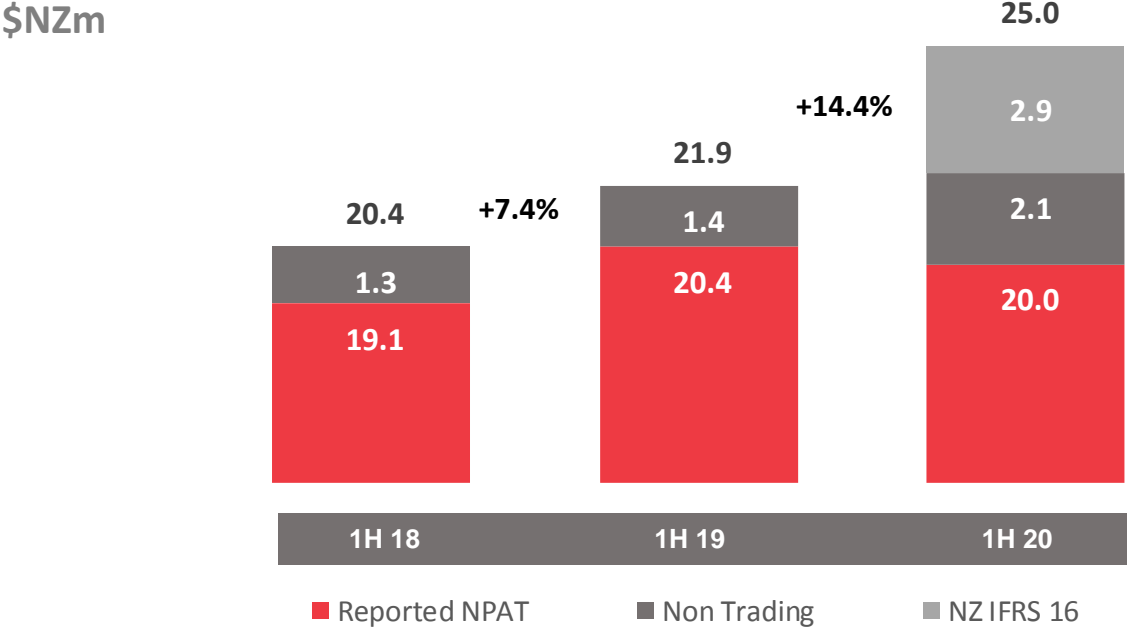
Non-trading items

Non-trading items similar to prior year overall

<i>\$NZm</i>	1H 19	1H 20
Lease modification	-	(0.2)
Gain on sale Pizza Hut stores	(1.6)	0.1
Leave remediation	2.0	0.3
Store closure costs	0.2	0.4
Relocations	0.4	0.6
Franchise rights amortisation	1.1	1.1
	2.1	2.3
Less tax	(0.7)	(0.2)
	1.4	2.1

Results overview – NPAT (2)

NPAT on a comparative basis up 14.4% on 1H 19

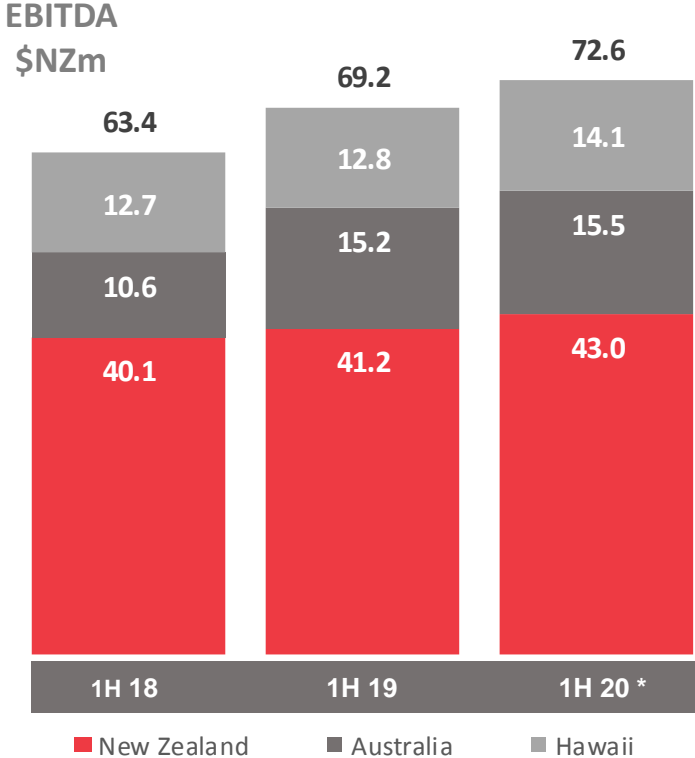
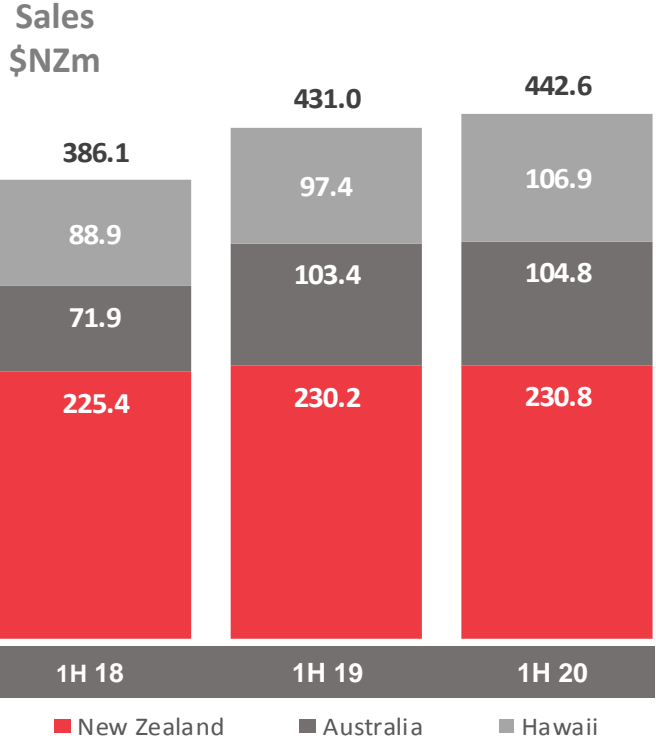


Note: 1H 19 trading included a further \$1.1m NPAT from Starbucks Coffee business

EPS	1H 18	1H 19	1H 20
	16.6c	17.6c	20.0c

Results overview by division

Sales and margins grew across all three divisions with strong sales growth in Hawaii



* Excludes impact of NZ IFRS 16

Cash flows remain strong

Operating cash flow growth utilised in accelerated capex programme

<i>\$NZm</i>	1H 18	1H 19	1H 20
Operating cash flow	37.6	47.3	53.6 **
Investing cash flow (adjusted)	(10.1) *	(13.9)	(27.7)
Free cash flow	27.5	33.4	25.9

*Adjusted for PIR purchase

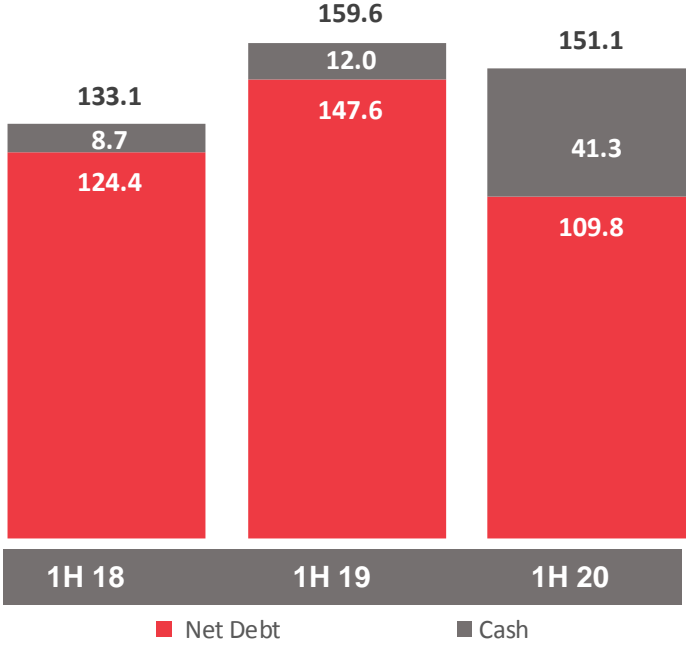
**Adjusted as follows:

Reported under NZ IFRS 16	63.7
Less lease expense	(20.2)
Add back lease interest	10.1
	53.6

Net borrowings

Continued growth in free cash flow, together with dividend hold reduces net borrowings

Net debt \$NZm



Ratios

Net Debt: EBITDA	1.4:1	1.5:1	1.1:1
Gearing (D:D+E)	39.2%	40.5%	35.0%
	1H 18	1H 19	1H 20

New Zealand operations

- Standout sales and margin performance by KFC
- Pizza Hut weak sales and margins reduced
- Carl's Jr. significant sales improvement with delivery service introduced
- Taco Bell infrastructure established, staff trained. First store opening in November 2019 (Lynn mall)
- Three KFC stores opened in 1H 20, bringing RBD KFC stores to 99
- Pizza Hut store sales to independent franchisees continues (mix of new builds and existing stores)



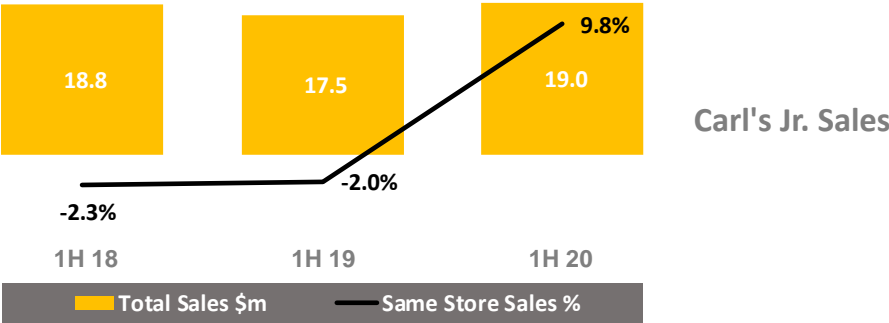
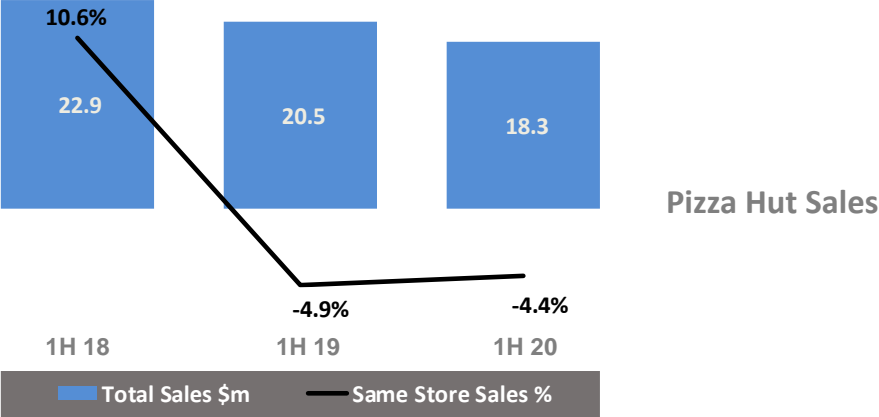
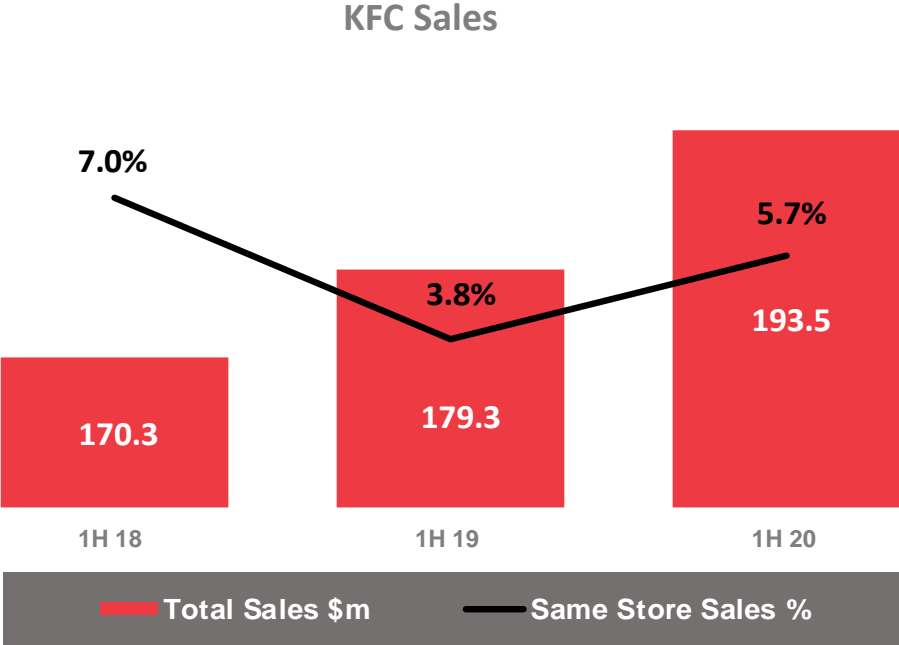
Newmarket KFC

Newly opened KFC featuring the new food-court design



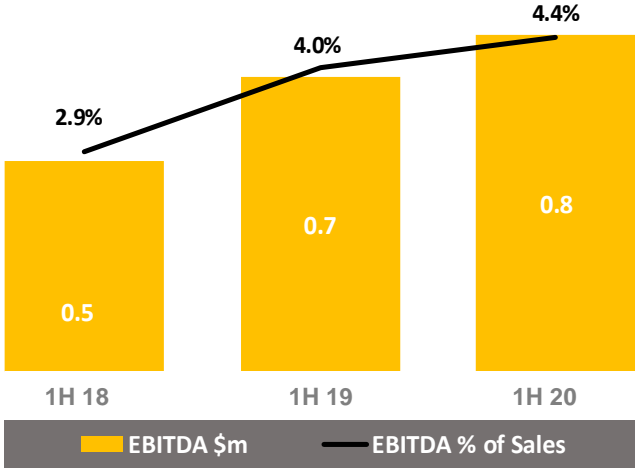
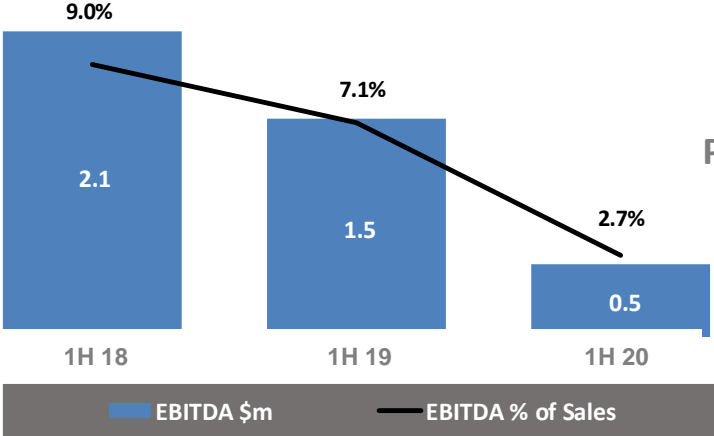
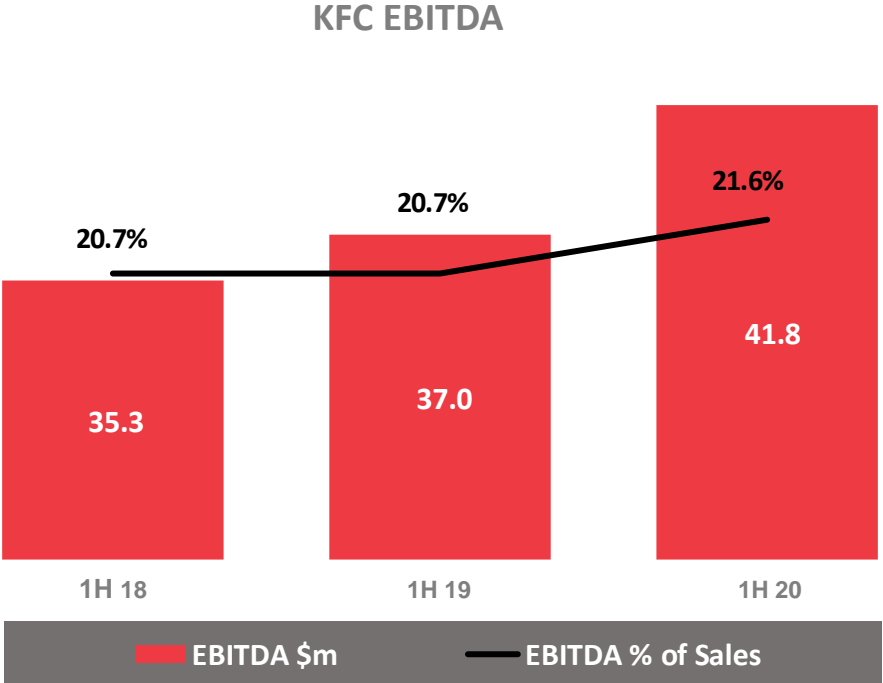
New Zealand division sales

Another record performance by KFC and good recovery by Carl's Jr. offset by softer Pizza Hut result



New Zealand division EBITDA

Sales leverage and good cost control assisted earnings with KFC reaching a new record



Australia operations

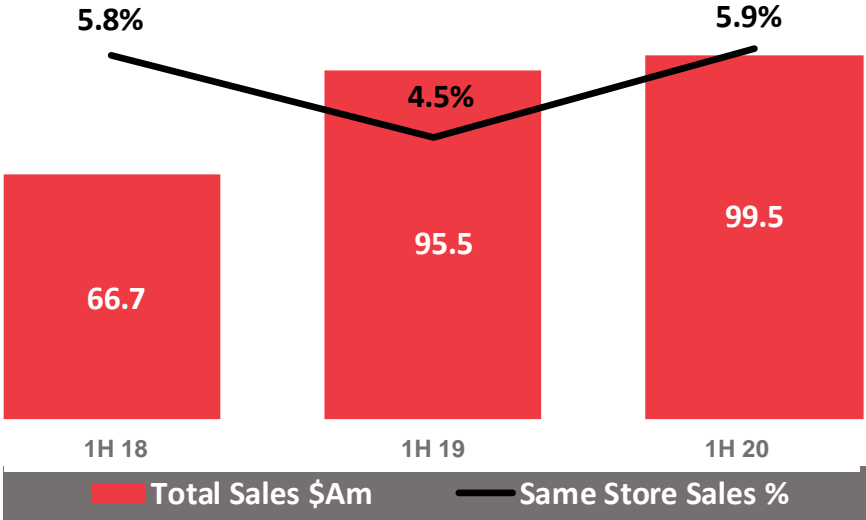
- Solid same store sales growth and profit performance in KFC
- No new KFC store openings in 1H, however two planned for 2H
- Taco Bell infrastructure established, staff trained. Two new stores opening pre-Christmas in Jesmond and Blacktown



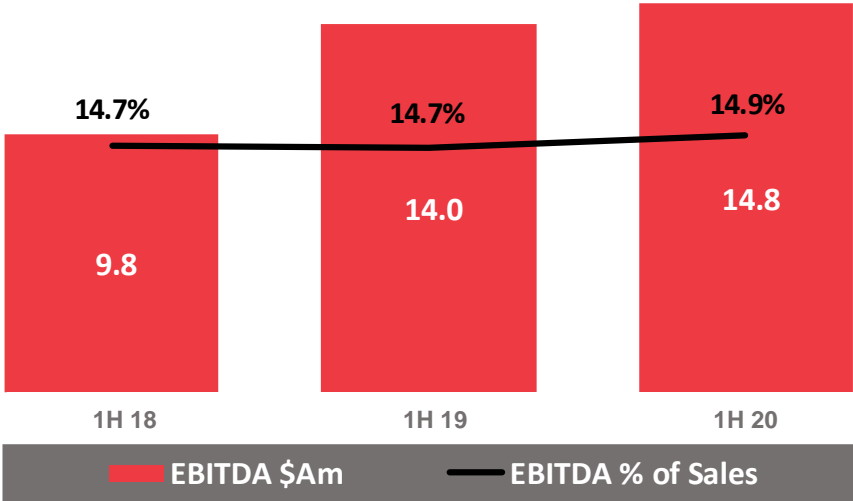
Australia division

A sound result from KFC as business continues to consolidate on recent acquisitions

KFC Australia Sales



KFC Australia EBITDA



Hawaii operations

- Very strong sales performance by Taco Bell on good promotions and innovative product releases
- Pizza Hut showing improved performance with local promotional activity (Big New Yorker)
- Both brands are seeing some margin pressure (wage rates and imported ingredients)
- Moanalua Taco Bell reopened after transformation with +29% sales growth since reopening.
- Two more Taco Bell transformations scheduled by year end



Moanalua Taco Bell

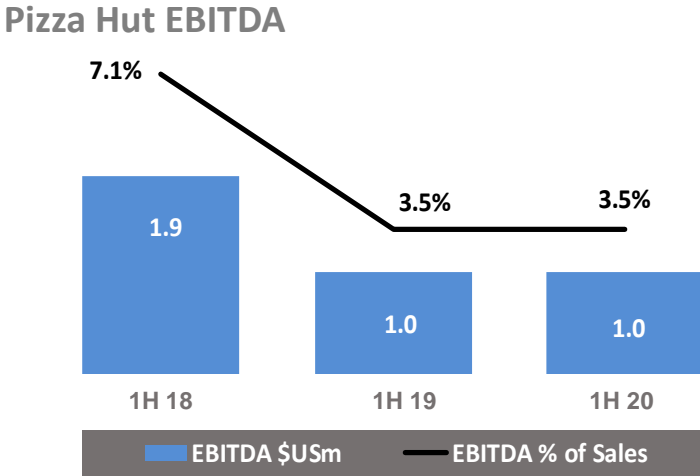
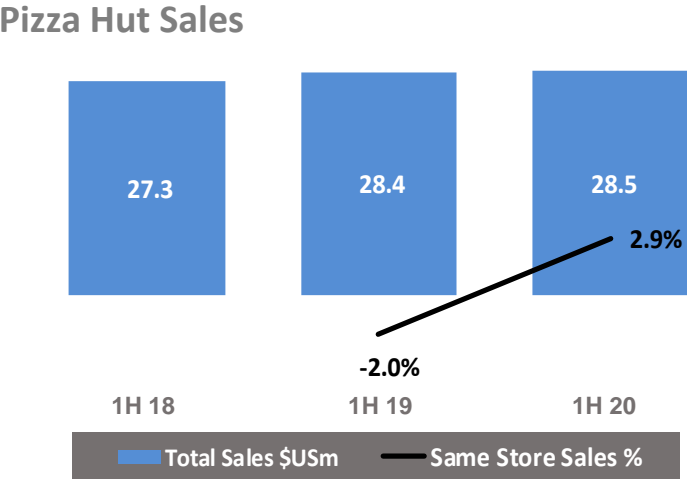
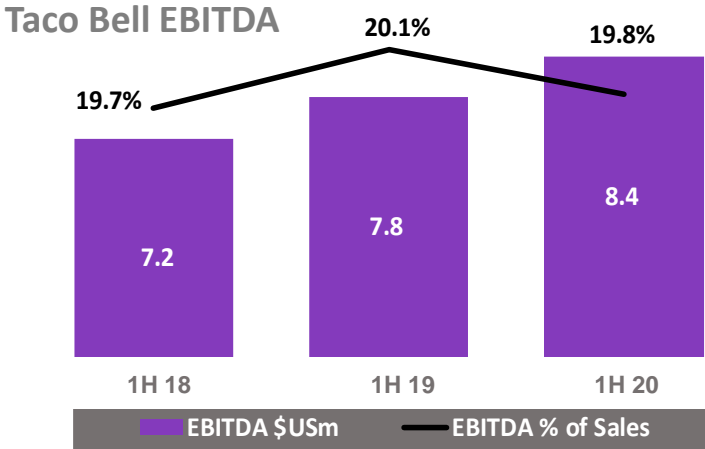
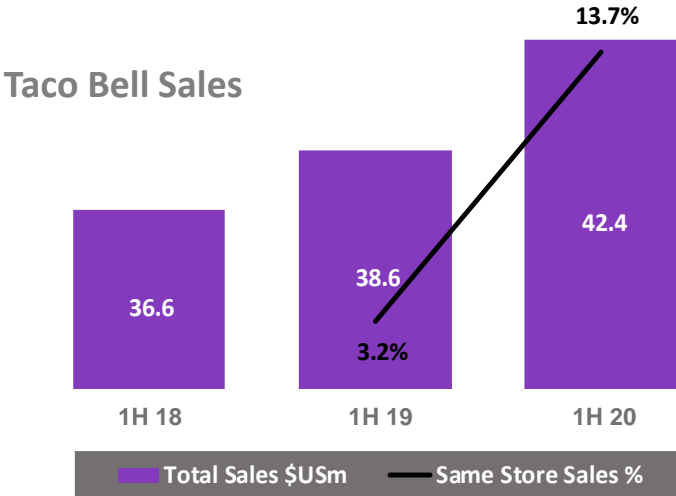
Latest Taco Bell transformation






Hawaii division

Double-digit same store sales growth for Taco Bell with some very strong promotions.

Pizza Hut sales and margins stabilised with local promotions and resolution of systems issues



Growth opportunities progress to date (FY20)

	New Zealand	Australia	Hawaii	US
 KFC FINGER LICKIN' GOOD	PLAN <ul style="list-style-type: none"> Network and channel expansion (4-5 new stores) 1H <ul style="list-style-type: none"> Delivery rolled out to a total of 32 stores in network 3 new stores opened with 2 new stores in 2H 	<ul style="list-style-type: none"> Network and channel expansion (2 new stores) Small franchisee acquisitions Large acquisition <ul style="list-style-type: none"> Delivery rolled out to 30 stores in network No new stores 1H with 2 new stores in 2H Discussions continuing with small franchisees 	<ul style="list-style-type: none"> Potential acquisition New store builds <ul style="list-style-type: none"> No further progress on acquisition (now 15 stores) Sites identified for new builds 	<ul style="list-style-type: none"> Potential acquisition (beachhead) Actively looking (West Coast, US) <ul style="list-style-type: none"> Focus sharpening on potential targets
 Pizza Hut	PLAN <ul style="list-style-type: none"> Store builds (network) 8 builds for re-sale 1H <ul style="list-style-type: none"> 3 built and 2 on-sold 		<ul style="list-style-type: none"> Relocations New store builds (1-2 new delcos) 	
 TACO BELL	PLAN <ul style="list-style-type: none"> Market secured 2 new stores 1H <ul style="list-style-type: none"> Development agreement signed 2 stores to open in 2H 	<ul style="list-style-type: none"> NSW / ACT market secured 2 new stores <ul style="list-style-type: none"> Development agreement signed 2 stores to open in 2H 	<ul style="list-style-type: none"> New store builds Transformations (2-3 transformations) <ul style="list-style-type: none"> No new store builds One transformation complete (1H) – Moanalua 2 scheduled for 2H 	<ul style="list-style-type: none"> Potential acquisition (beachhead) <ul style="list-style-type: none"> No further progress to date

Outlook

- The Group expects to deliver a NPAT (excluding effect of NZ IFRS 16) for FY20 of at least 10% in excess of FY19

Questions

DISCLAIMER

The information in this presentation:

- Is provided by Restaurant Brands New Zealand Limited (“RBD”) for general information purposes and does not constitute investment advice or an offer of or invitation to purchase RBD securities.
- Includes forward-looking statements. These statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond RBD’s control, and which may cause actual results to differ materially from those contained in this presentation.
- Includes statements relating to past performance which should not be regarded as reliable indicators of future performance.
- Is current at the date of this presentation, unless otherwise stated. Except as required by law or the NZX Main Board and ASX listing rules, RBD is not under any obligation to update this presentation, whether as a result of new information, future events or otherwise.
- Should be read in conjunction with RBD’s consolidated financial statements for the 28 weeks to 9 September 2019, the audited consolidated financial statements for the full year ended 25 February 2019 and the NZX and ASX market releases relating to these financial statements.
- Includes non-GAAP financial measures including “EBITDA”. These measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities, and should not be used in substitution for, or isolation of, RBD’s audited consolidated financial statements.
- Has been prepared with due care and attention. However, RBD and its directors and employees accept no liability for any errors or omissions.
- Contains information from third parties RBD believes reliable. However, no representations or warranties are made as to the accuracy or completeness of such information.