RESTAURANT BRANDS NEW ZEALAND LIMITED

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Restaurant Brands Annual Shareholders' Meeting
GROUP CHIEF EXECUTIVE'S ADDRESS

Thank you, José, and welcome everyone. It is a privilege to be standing here today for the second time.

Today I am going to update you on trading results by division and provide an overview of our Group strategy for recovery and growth.

Over the past 12-months, I've spent a significant amount of time in the field and in our stores across all our divisions, meeting our teams and learning from them. No one has more insight into our business than our people, who served almost 60 million customers last year.

I am proud of all 12,353 members of our team - from our stores to our customer service and restaurant support centres - for their passion and dedication to building winning teams and winning customer experiences, despite the challenging operating environment.

As José said, it has been a challenging year, but also a year of significant transformation for the Group. Alongside diligent margin and cost controls, we are being disruptive in the way we deliver great tasting food that represents great value and winning brand experiences to our customers as we head into a new era.

Despite the impact of economic pressures on Group performance, our brands remain trusted and strong, and this is critical for our next phase of growth.

Some key highlights for FY23 include:

- 39 store refurbishments - a record number to support the transformation of our brand experiences.
- The opening of nine new stores, including the introduction of new take-out formats.
- A record number of 10 franchised store openings for the Pizza Hut brand in New Zealand.
- Significant investment into operational technology to drive cost and time efficiencies.
- Enhanced marketing and brand activation to capture new and younger demographics.
- Digital sales continued their upwards trajectory with the continued deployment of kiosks in our Taco Bell and KFC stores, and an increase in click and collect orders.
- Several of our store managers were awarded Global Restaurant Manager of the Year titles and our stores have won top performer awards within the global network.
- Our marketing campaigns in New Zealand also continue to win awards across several categories.

I'll now walk you through the FY23 results by division.

Despite tough economic conditions, the New Zealand business once again delivered a solid result. Total store sales were up $42.6 million to $571.8 million, an increase of 8.1% from FY22, showing strong customer growth.

Positive same store sales growth of 6.2% was delivered. The opening of four new stores during the year drove a strong result in tough economic conditions.

Store EBITDA for New Zealand operations was $80.5 million, down $8.8 million. This was due to persistent inflation, particularly in the first half of FY23, which resulted in significantly elevated input costs.

Cost reduction initiatives and strategic pricing improved the result in in the second half, with Store EBITDA margin up by 2.0%.

The New Zealand KFC and Pizza Hut businesses both delivered the strongest sales in their respective brand histories. Carl's Jr. continues to perform well, with sales up on last year. Although Taco Bell remains a small portion of the New Zealand business, brand sales are strong, with an increase of 13.3% year-on-year.

While the pace of increased input costs is expected to slow in 2024, inflation is expected to persist and place pressure on EBITDA margins in the near term. Our mitigation strategy, including strategic pricing and cost control measures, remains in place to alleviate these pressures where possible.

The Australian business continued to deliver strong year-on-year sales growth in FY23, with total sales of $A286.6 million, up $A27.7 million on FY22.

The implementation of value-driven marketing strategies had a positive impact on store sales, delivering same store sales growth of 6.5%.

Continued focus on operational efficiencies, and sales growth in Australia has resulted in Store EBITDA of $A34.9 million, an increase of $A6.3 million on FY22.

The improved Store EBITDA result was driven by the strong performance of the KFC brand and the continued recovery of the Sydney CBD and mall stores.

Taco Bell in Australia has not recovered to the levels we have seen in New Zealand; however, we remain confident in the brand's future in this market as it becomes more established.

The establishment of a brand takes time, and we believe we have the right strategy in place to support this.

Household spending decline is expected to place pressure on sales volume and margins in FY24 and recovery is occurring at a slower pace.

Our mitigation strategy continues to be deployed to protect and improve margins where possible. The division will continue to see the benefits of planned investment into new stores and store refurbishments in FY24.

Profitability remained strong for the Hawaii division, despite continuing cost pressures. In US dollar terms, total store sales in Hawaii were $US159.5 million, an increase of 2% on FY22.

Store EBITDA increased $US0.8 million to $US27.6 million.

The Taco Bell brand continues to thrive in the Hawaiian market, with extended store hours, new product innovations and strong marketing campaigns driving sales growth.

Pizza Hut benefited from staffing gains, which enabled select stores to expand operating hours to access the late-night customer market. A 16.7% minimum wage increase in Hawaii came into effect in January 2024. Our pricing and cost control strategy to mitigate the margin impact of increased labour and ingredient costs remains in play. We are confident that similar, strong Store EBITDA margins can be achieved in FY24.

California continues to navigate the impacts of the inflationary environment on input costs, alongside a market-wide reduction in consumer spending.

Although inflation eased in the second half of FY23, the shift in consumer preference to a value-orientated menu and promotional items has hampered the ability to fully recover.

Mitigation measures implemented to drive sales and limit impact on margins are showing progress, however at a rate slower than expected. As a result, Store EBITDA was $US9.3 million, down 14.7%, on FY22.

Total store sales were $US110.9 million, down 2% on FY22. Labour conditions remain tight, and the minimum wage for QSR franchises increased by 29% to $US20.00 per hour in April 2024.

The impacts of this increase are being monitored carefully, and mitigation measures are in place to soften additional margin pressure. While this market remains challenging, we believe we have the right strategy in place and the benefits of this will be realised over the next few years as we grow our market share.

General and administration expenses were $67.2 million, up $5.7 million from last year. This reflects the effect of inflation on salary costs, filling vacancies and upgrades to the SaaS systems.

G&A as a per cent of total revenue was 4.8%, up from 4.7% for FY22. Depreciation charges of $89.3 million were $4.1 million higher than the prior year, primarily due to continued capital expenditure on refurbishments of existing stores.

Our strategy is focused on two priority areas: recovery and growth. We are working to achieve improved margins and increased profit, while continuing to position the Group to deliver sustainable, long-term shareholder value.

We aspire to reach $2 billion in Group sales and are well on our way to achieving this through the growth and optimisation of our portfolio.

I'd like to talk you though the four pillars of our strategy in more detail. As we continue to navigate volatile economic conditions, margin improvements are being driven by a strategic pricing programme and cost control measures.

This is supported by the increase of store capacity as we progress back to full staffing levels and trading hours. While the near-term focus is firmly on managing cost pressures, our pricing programme will continue to be executed in a manner that supports sales volumes, protects our strong customer base, and maintains relativity to competitors.

We are enhancing our systems and processes to meet the challenges of the current operating environment and support our growing store network.

We have implemented digital point-of-sale kiosks across KFC and Taco Bell, enhanced our e-commerce platforms across all brands and fully embedded Enterprise Resource Planning technology across the Group to drive supply chain and financial efficiencies. Significant investment into technology will continue in FY24.

Our growth, and pathway to reaching $2 billion in Group sales, is fuelled by the expansion of our store network. We're extending our brand reach with the opening of new company owned stores and adopting new, more agile store formats.

This includes new small-format delivery and carry out concepts and the optimisation of drive-through and inline formats to meet the changing needs of customers. Franchisees play a critical role in our recipe for success, and we continue to have a strong focus on the recruitment of business owners to join our award-winning Pizza Hut network in New Zealand.

Our focus is on building modern, distinctive, relevant, digital-first brands that deliver a winning experience - not only to our customers, but to the Restaurant Brands team, and our franchisee network. We are transforming our menus, store formats and customer experience models, and investing in digital platforms and marketing to enhance access to new customers and optimise our current customer base.

FY23 saw the Group advance our ESG journey significantly as we delivered our first environmental report and climate related disclosure.

A big milestone in measuring our carbon footprint was achieved during the period, with the implementation of a cloud-based carbon footprint tracking tool – as well as greenhouse gas measurement across all divisions.

We continue to advance energy efficiency, food waste reduction programs and diversity and inclusion initiatives to ensure we are doing our part for the environment, our team, and the communities we operate in.

While total store sales have delivered record growth in the first quarter of the new financial year, cost of living pressures are impacting consumer spending, particularly in Australia and California.

Margin improvement continues, however input costs related to staffing and ingredients remain elevated. We are monitoring the impact on all divisions closely, and in particular, the minimum wage increases in Hawaii and California.

No guidance is being provided for FY24 given the ongoing market volatility.

Current forecasts suggest the Group is 12-18 months away from achieving margin recovery to FY22 levels.

The strength of our brands, in combination with our business improvement and innovation workstreams, position the Group well to come through the current environment into a period of sustainable long-term growth.

We are excited for what is to come and the shareholder value that can be unlocked.

I'd like to thank our team, our customers, the Board and our shareholders for their ongoing trust and support. I'll now hand you back to José.

ENDS.