

Restaurant

BRANDS

RESTAURANT BRANDS NEW ZEALAND LIMITED



INVESTOR PRESENTATION

NOVEMBER 2017

RUSSEL CREEDY
CHIEF EXECUTIVE OFFICER

GRANT ELLIS
CHIEF FINANCIAL OFFICER

RESTAURANT BRANDS

A CORPORATE FRANCHISEE, BASED IN THE SOUTH PACIFIC



ICONIC BRANDS

RESTAURANT BRANDS HOLDS THE FRANCHISE FOR SOME OF THE WORLD'S BEST KNOWN BRANDS



KFC

KFC is the world's most popular chicken restaurant chain. Established by Colonel Harland Sanders over 70 years ago, it now has more than 20,000 locations in 125 countries.



PIZZA HUT

Founded in 1958 and a household name for pizza, Pizza Hut is an American restaurant chain and international franchise with over 16,000 locations in more than 100 countries.



STARBUCKS COFFEE

From a single store in Seattle in 1971, Starbucks Coffee has grown into an international coffeehouse chain now operating in almost 24,000 locations worldwide.



CARL'S JR.

Established in 1941, this American burger quick service restaurant chain serves the 'best burgers on the planet' to customers at more than 3,600 US and international locations.



TACO BELL

An American chain of quick service restaurants established in 1962, Taco Bell serves a variety of Tex-Mex foods, including tacos, burritos, quesadillas, nachos, and other specialty items in around 7,000 restaurants.

FRANCHISED FROM:

NZ: 1997
AUSTRALIA: 2016

NZ: 1997
HAWAII: 2017

NZ: 1999

NZ: 2013

HAWAII: 2017

INVESTMENT THESIS

AN ATTRACTIVE INVESTMENT ON A NUMBER OF LEVELS

PROVEN CAPABILITY IN MANAGING AND GROWING A HIGH PERFORMING STABLE OF ICONIC, BRANDED FOOD CHAINS

- Consistent track record of continued growth in revenues and earnings
- World-class corporate franchisee with recognised skills in marketing, facility and supply chain management

SHARPLY FOCUSED GROWTH STRATEGY THAT HAS TRANSFORMED THE COMPANY INTO A MULTI-BRAND INTERNATIONAL BUSINESS

- Demonstrated execution capability with a track record of store transformation and operational excellence that can be replicated in new acquisitions and across additional brands
- Strong capital allocation capabilities that have consistently grown returns for shareholders

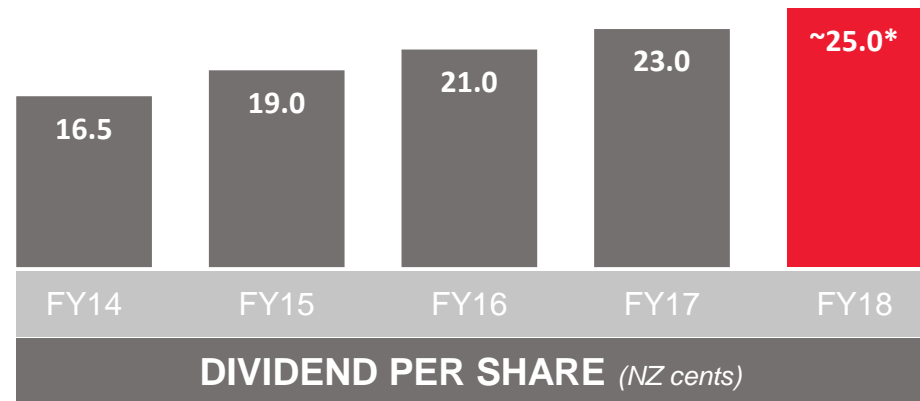
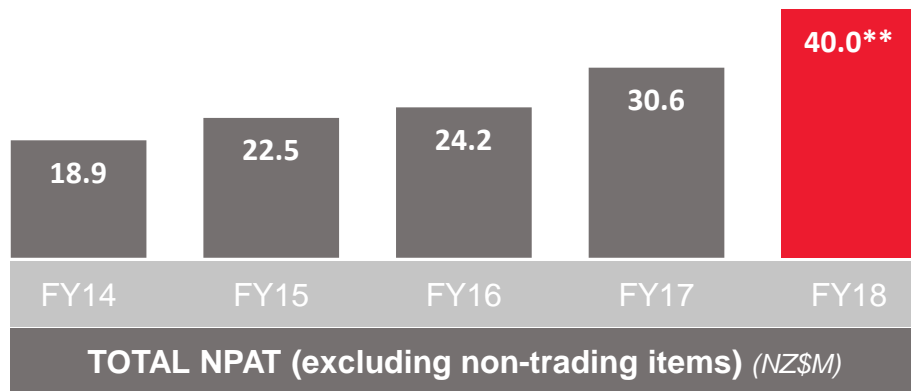
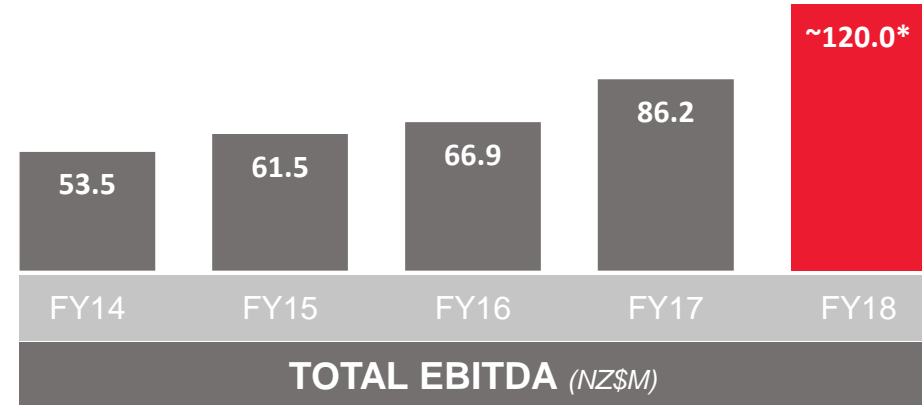
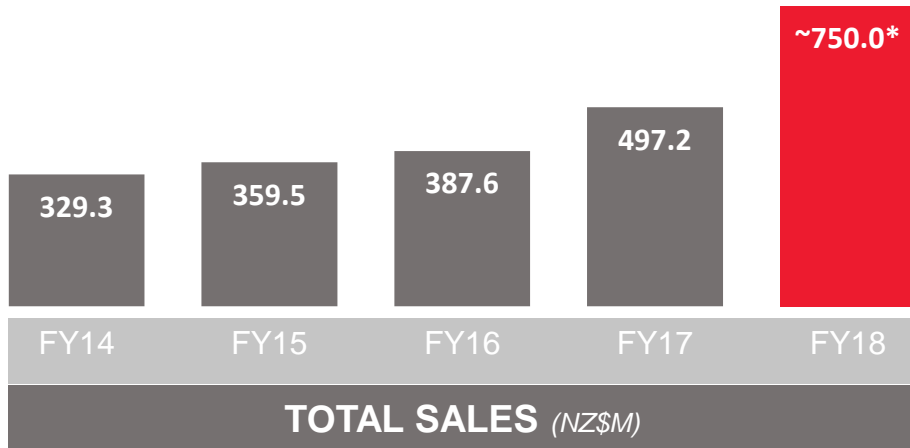
INVESTMENT IN STRONG CASH GENERATING BUSINESSES

- Strong balance sheet and cash flows
- Consistent and growing dividend yields



GROUP FINANCIAL OVERVIEW

TRACK RECORD OF DELIVERING CONTINUED GROWTH

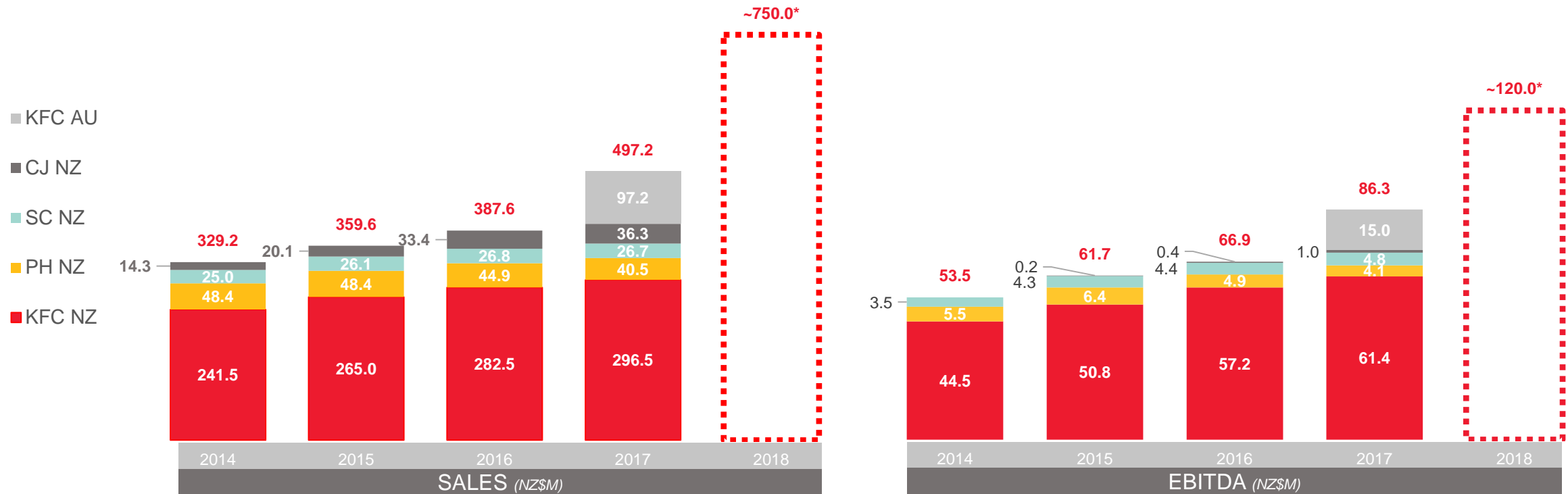


* FY18 numbers - analyst consensus forecasts

** FY18 number – company guidance

TRADING HISTORY

FROM A SOLID, BUT FLAT FINANCIAL PERFORMANCE FIVE YEARS AGO, RBD HAS SEEN STRONG SALES AND EARNINGS GROWTH FROM BOTH ITS DOMESTIC KFC BUSINESS AND ITS OFFSHORE ACQUISITIONS



* FY18 numbers - analyst consensus forecasts

OFFSHORE GROWTH STRATEGY

RECENT ACQUISITIONS HAVE BROUGHT SCALE AND DIVERSIFICATION OF EARNINGS



NEW ZEALAND



AUSTRALIA



HAWAII

\$NZM	NZ	AUS	HAWAII	TOTAL
STORES ¹	172	61	83	316
STORE SALES ² (\$NZM)	422	153	175	750
STORE EBITDA ² (\$NZM)	75	23	22	120
PEOPLE	3,500	2,200	2,000	7,700

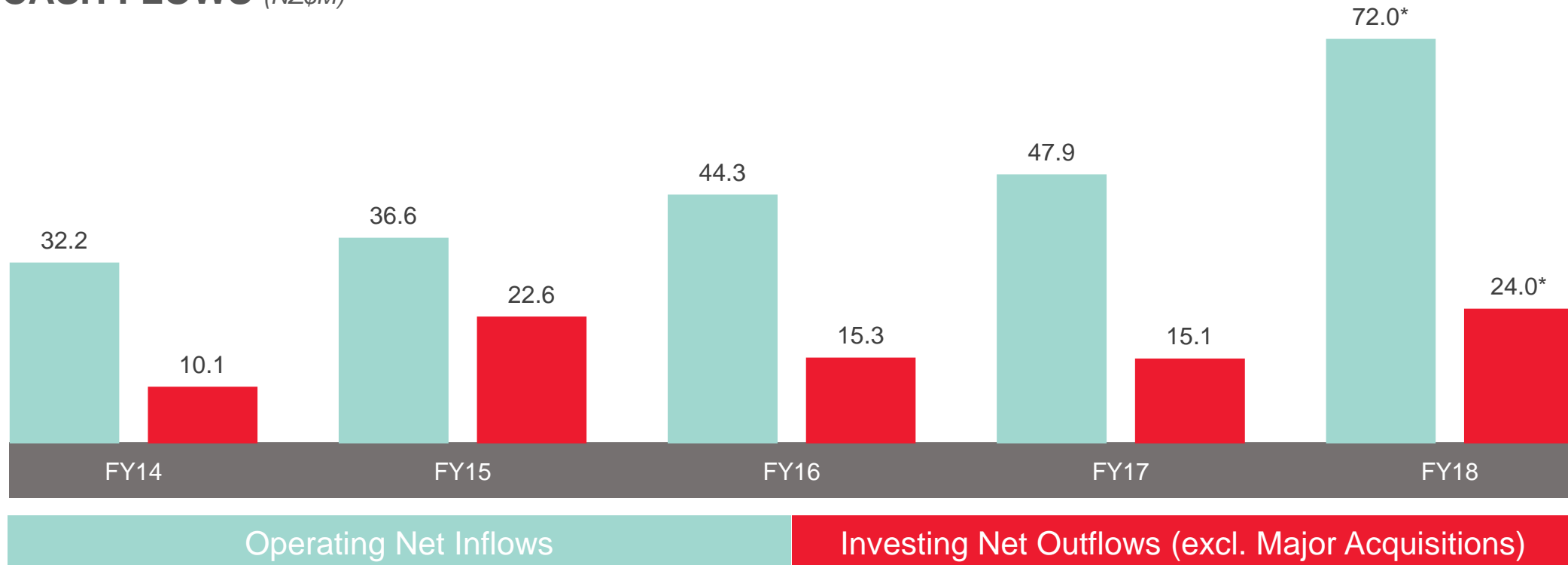
1. Company forecast year end FY18

2. FY18 analyst consensus forecasts

CASH FLOW

RECENT ACQUISITIONS HAVE ENHANCED ALREADY STRONG CASH FLOWS

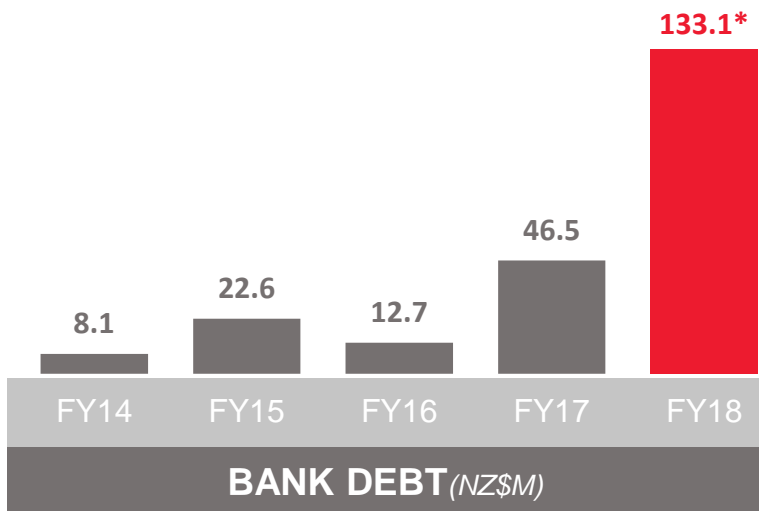
CASH FLOWS (NZ\$M)



* FY18 numbers - analyst consensus forecasts

CAPITAL MANAGEMENT

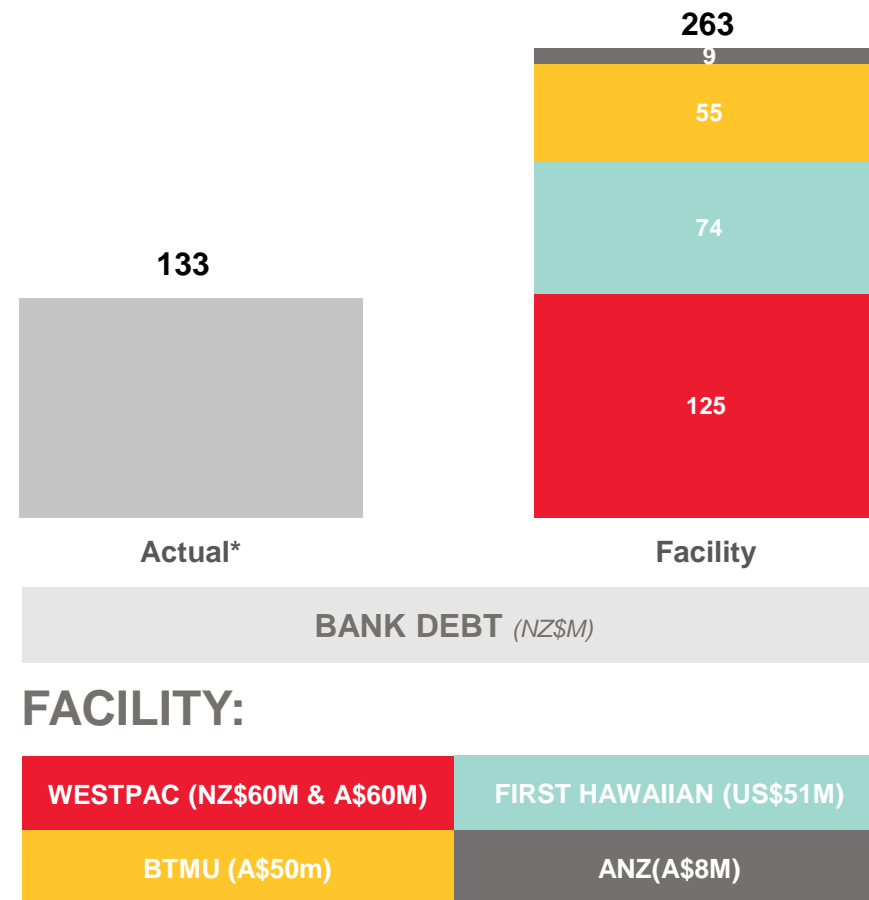
BANK DEBT UP ON AUSTRALIA AND HAWAII ACQUISITIONS BUT WELL WITHIN (NEW) FACILITY LIMITS AND WITHOUT ANY PRESSURE ON THE BALANCE SHEET



RATIOS*

Interest Cover (EBITDA)	18x
Net Debt: EBIT	2.4:1
Net Debt: EBITDA	1.5:1
Gearing (D:D+E)	39.2%

* as at 1H2018





KFC



AUSTRALIA OPERATIONS



KFC AUSTRALIA

THE KFC BUSINESS IN NSW CONTINUES TO GROW STRONGLY WITH NEWLY ACQUIRED STORES AND ORGANIC SALES GROWTH



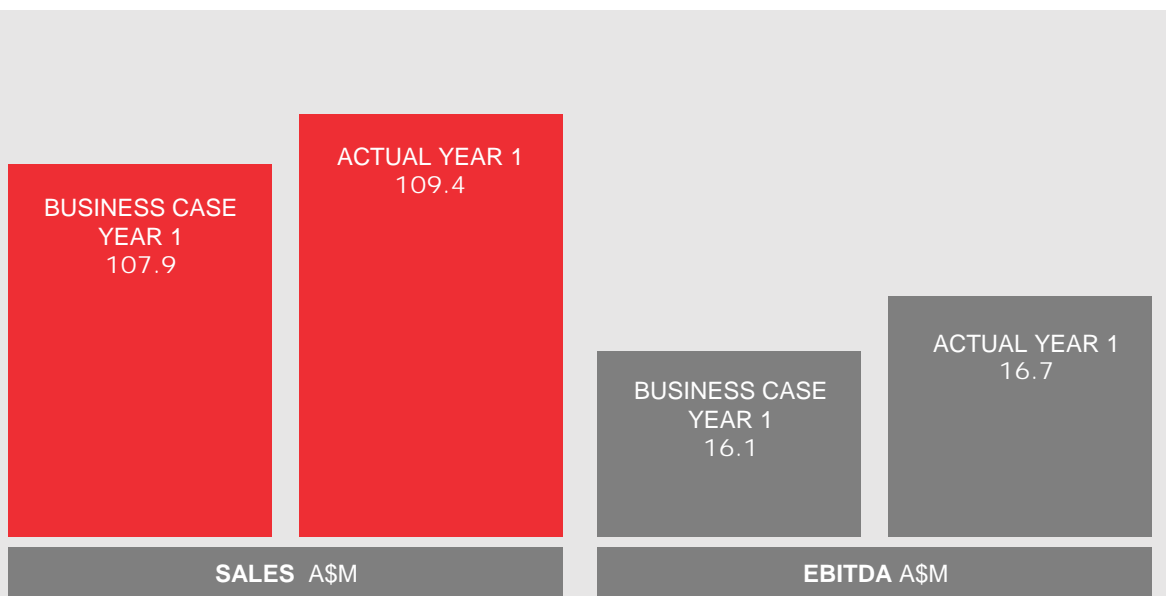
There are over 600 KFC restaurants across Australia, mostly held by franchisees



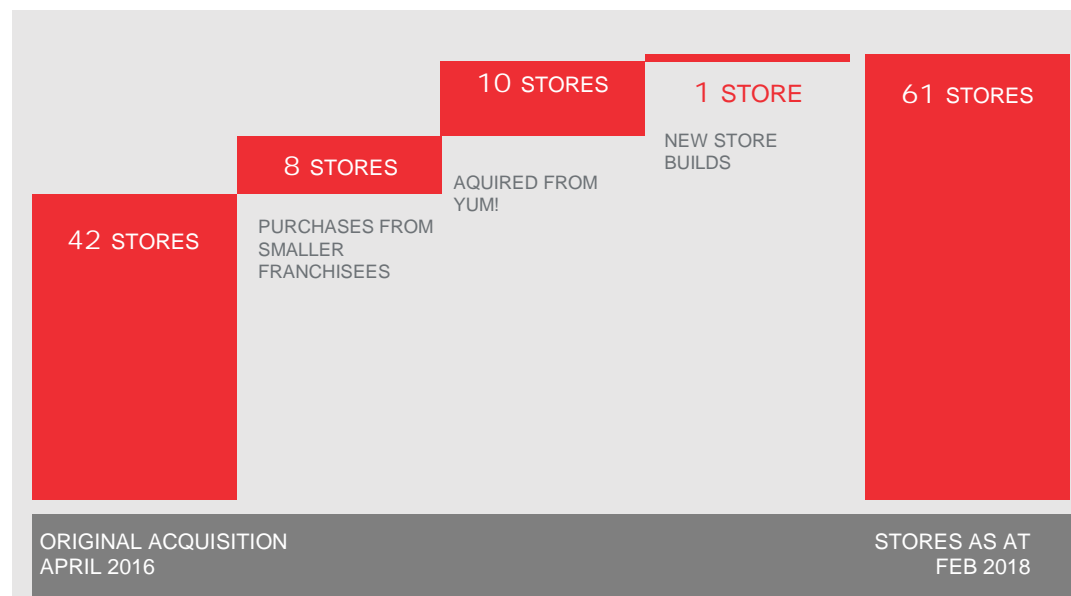
GROWTH STRATEGY EXECUTION

EXECUTION HAS GONE WELL TO DATE, WITH STORE NUMBERS AND UNDERLYING BUSINESS PERFORMANCE AHEAD OF PLAN

- Growth focus around NSW
- Acquisitions not excessively priced (EBITDA multiples 5-6x)
- Strong, established management team
- Business successfully integrated into RBD
- Continued active involvement by vendor (Stephen Copulos)



Post investment review on the Australian acquisition shows performance ahead of target for the 42 stores acquired



Store numbers up 45% on original acquisition in Australia as “beach head” expands

GROWTH OPPORTUNITIES

EXPAND RESTAURANT NETWORK

Infill opportunities to increase the restaurant portfolio footprint in existing trade areas



One new store completed FY18.
More sites pending

ACQUIRE OTHER FRANCHISE PORTFOLIOS

Potential scope to acquire other franchise portfolios in the KFC network from individuals to large multi-store operations



Eight independent franchisee stores acquired in FY18

POTENTIAL ACQUISITION OF YUM! RESTAURANTS

Yum! owns approximately 50 KFC residual restaurants in Australia after selling a number off to franchisees



RBD in a strong position to purchase residual stores (all in NSW)



HAWAII OPERATIONS

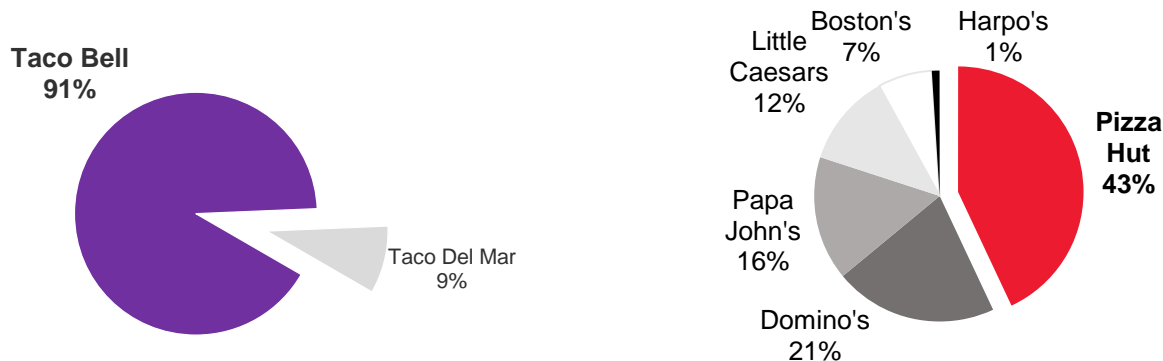


HAWAII

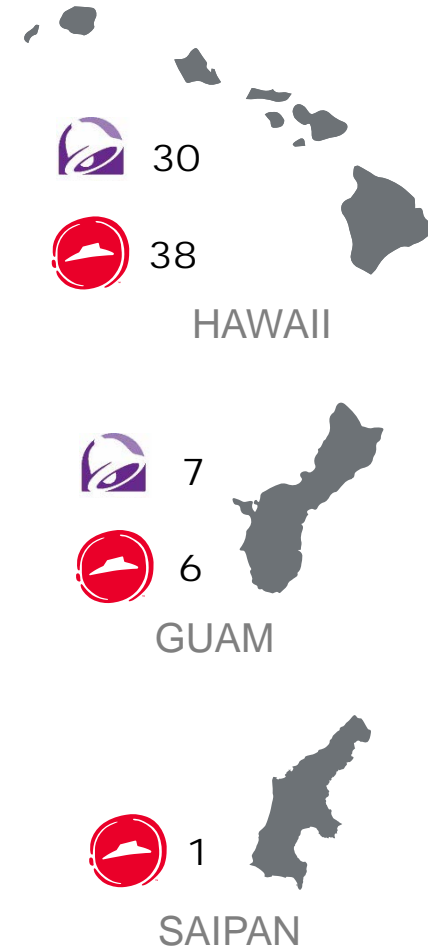
BACKGROUND AND ACQUISITION OVERVIEW

- Agreement to purchase Pacific Island Restaurants Inc. (PIR) for \$US105 million signed 26 October 2016 and settled on 7 March 2016
- PIR is the sole Taco Bell and Pizza Hut franchisee in Hawaii, Guam and Saipan (82 stores)
- Capital raising in November 2016 through Accelerated Renounceable Entitlement Offer (AREO) raised \$NZ94 million from mainly existing shareholders

LEADING MARKET SHARE IN BRANDED QSR PIZZA AND MEXICAN FOOD IN HAWAII

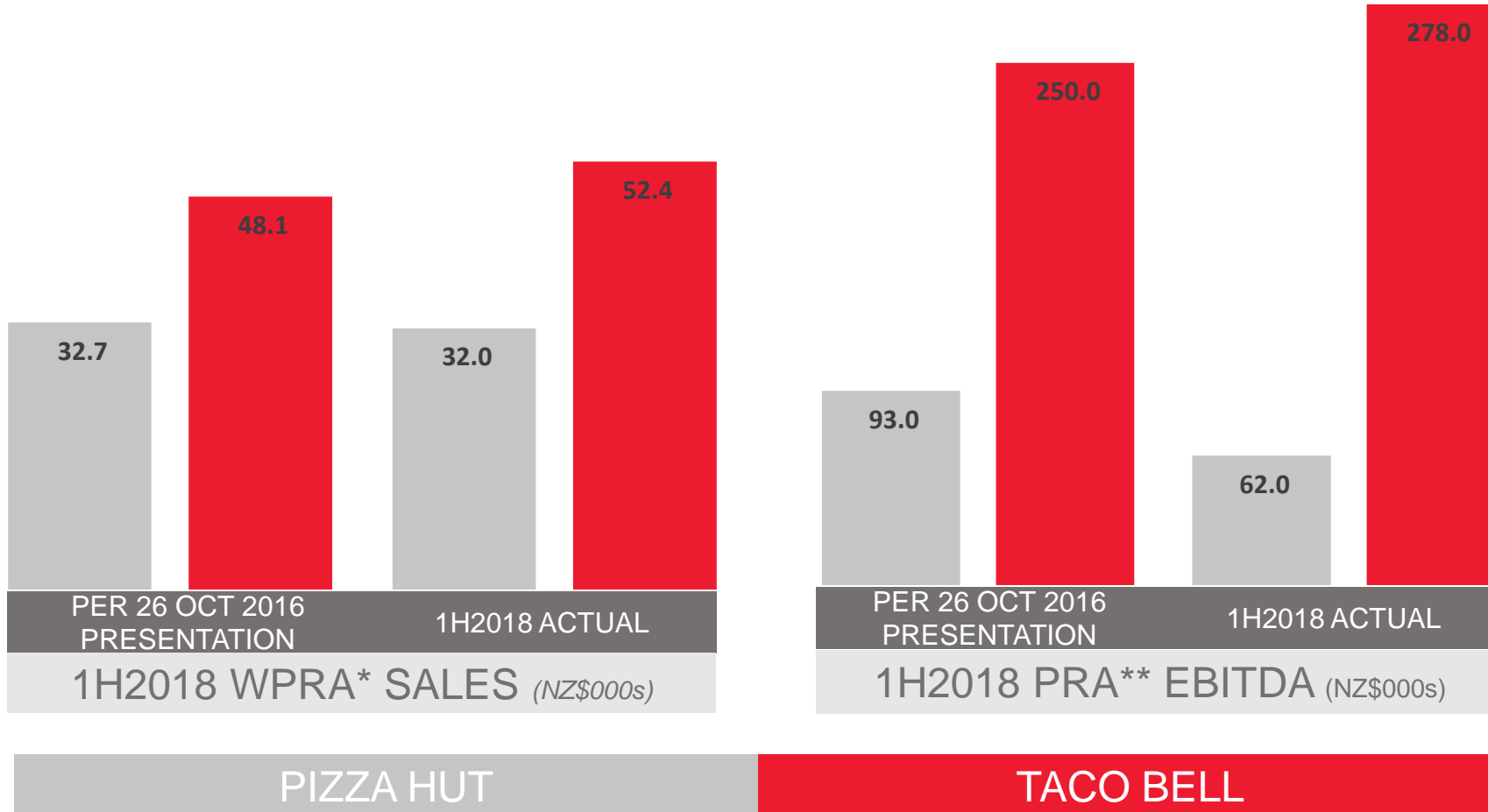


STORE NETWORK



HAWAII

OVERALL HAWAIIAN BUSINESS AFTER 27 WEEKS IS OFF TO A SATISFACTORY START



* Weekly Per Restaurant Average

** Per Restaurant Average

GROWTH OPPORTUNITIES

EXPAND RESTAURANT NETWORK

Infill opportunities to increase the restaurant portfolio footprint in existing trade areas, predominantly for Taco Bell



One new Pizza Hut to open before year end.
Refurbishments under way on 3 Taco Bell sites

ACQUIRE OTHER BRANDS

Potential scope to acquire other franchises in Hawaii, leveraging multi-brand capabilities



Evaluating potential KFC purchase

EXTENSIVE NETWORK REFURBISHMENTS

Considerable upgrade opportunities for Taco Bell network.

Pizza Hut rationalisation from red roofs to delcos



First Taco Bell transformation performing very well

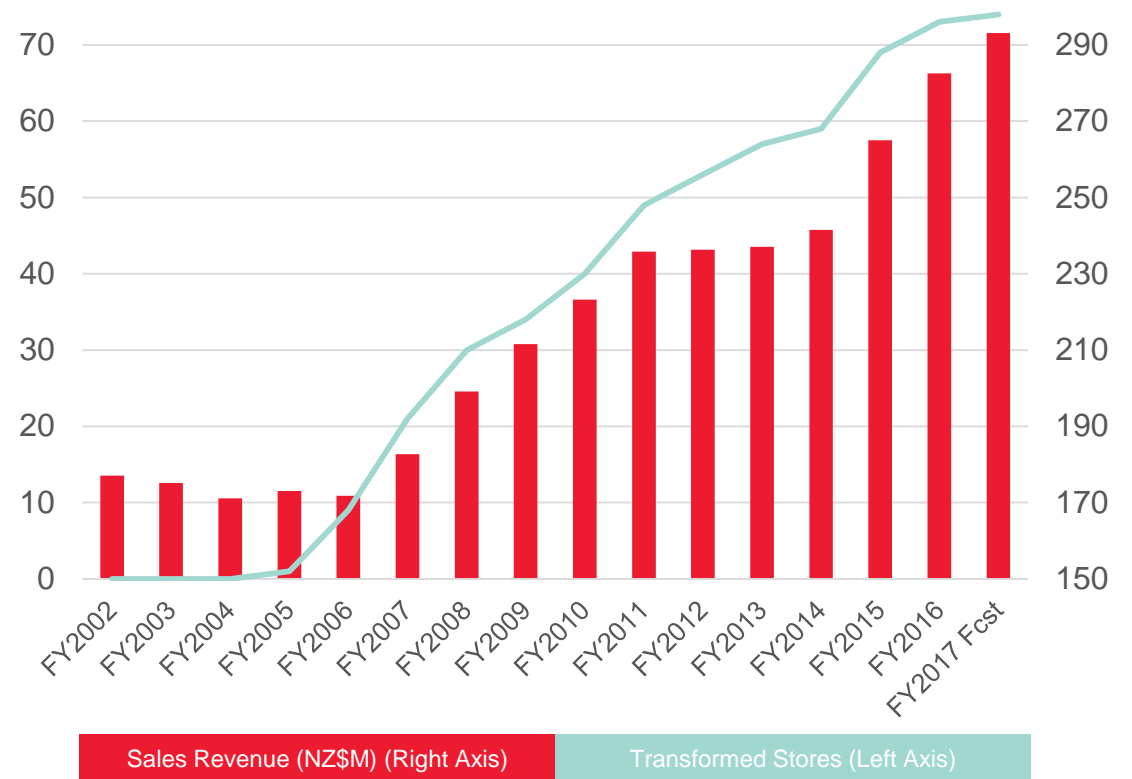
HAWAII STORE REFURBISHMENTS

RESTAURANT BRANDS' EXPERIENCE IN NEW ZEALAND INDICATES THAT A TARGETED STORE REFRESH PROGRAMME COULD FURTHER IMPROVE PIR'S PROFITABILITY





OVERVIEW

- Investment programmes to be funded out of operating cash flows and debt facility.
- RBD's own experience in New Zealand has been that store refresh expenditure typically results in increased store sales and profitability and generates an attractive return on capital.
- In New Zealand, RBD has been able to achieve sustainable sales growth and an uplift in profitability across its portfolio from its refresh programme

KFC NEW ZEALAND SALES GROWTH FOLLOWING STORE TRANSFORMATION PROGRAMME



THE STORE TRANSFORMATION PROCESS IS UNDERWAY

FY2018			FY2019	
				
1	-	NEW STORES	2	1
1	2	MINOR REFURBISHMENTS	-	5
2	3	MAJOR REFURBISHMENTS	2	3
-	-	RELOCATES	1	-
-	1	TRANSFORMATIONS	-	2



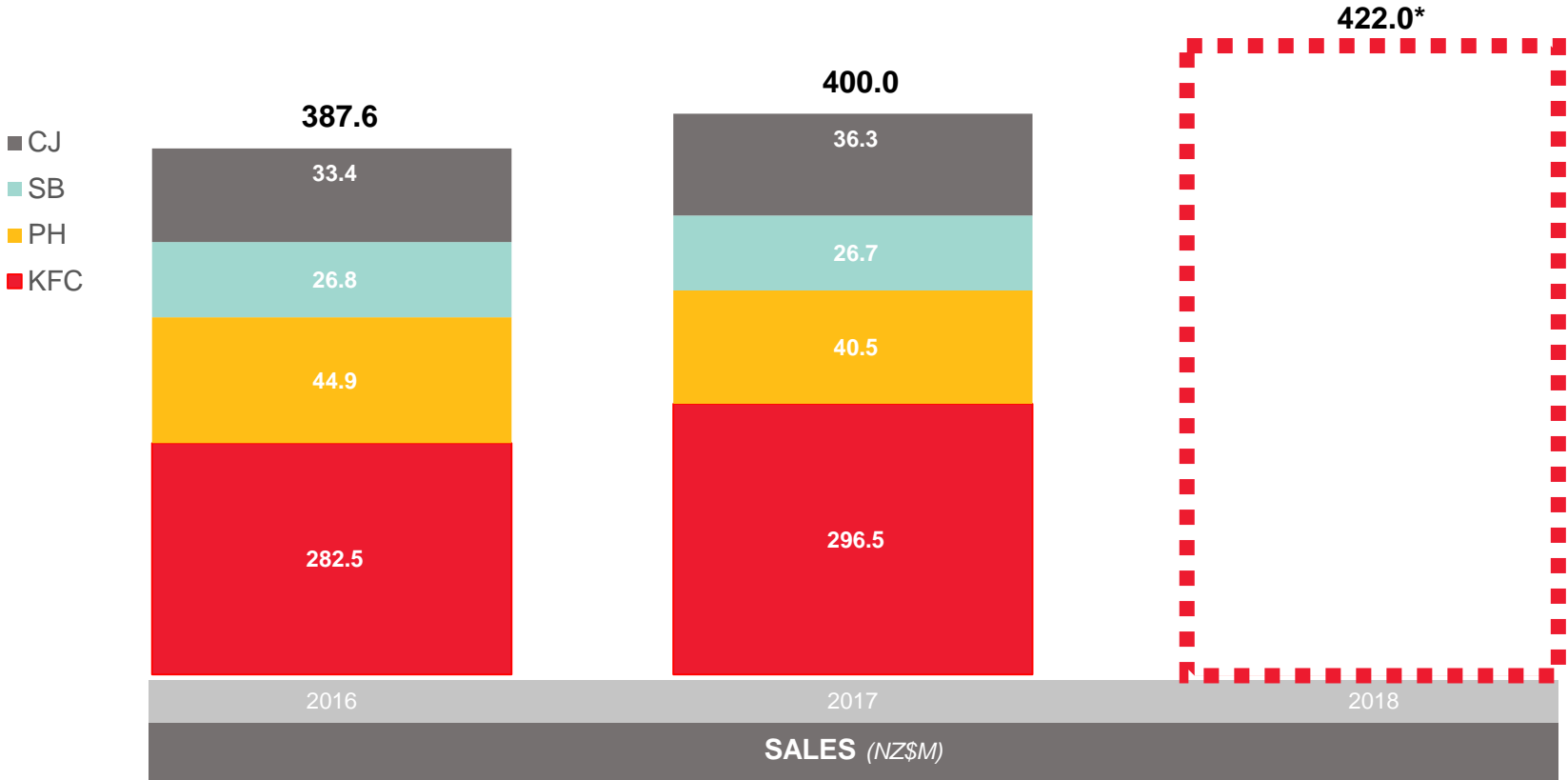


NEW ZEALAND OPERATIONS



STRONG REVENUES

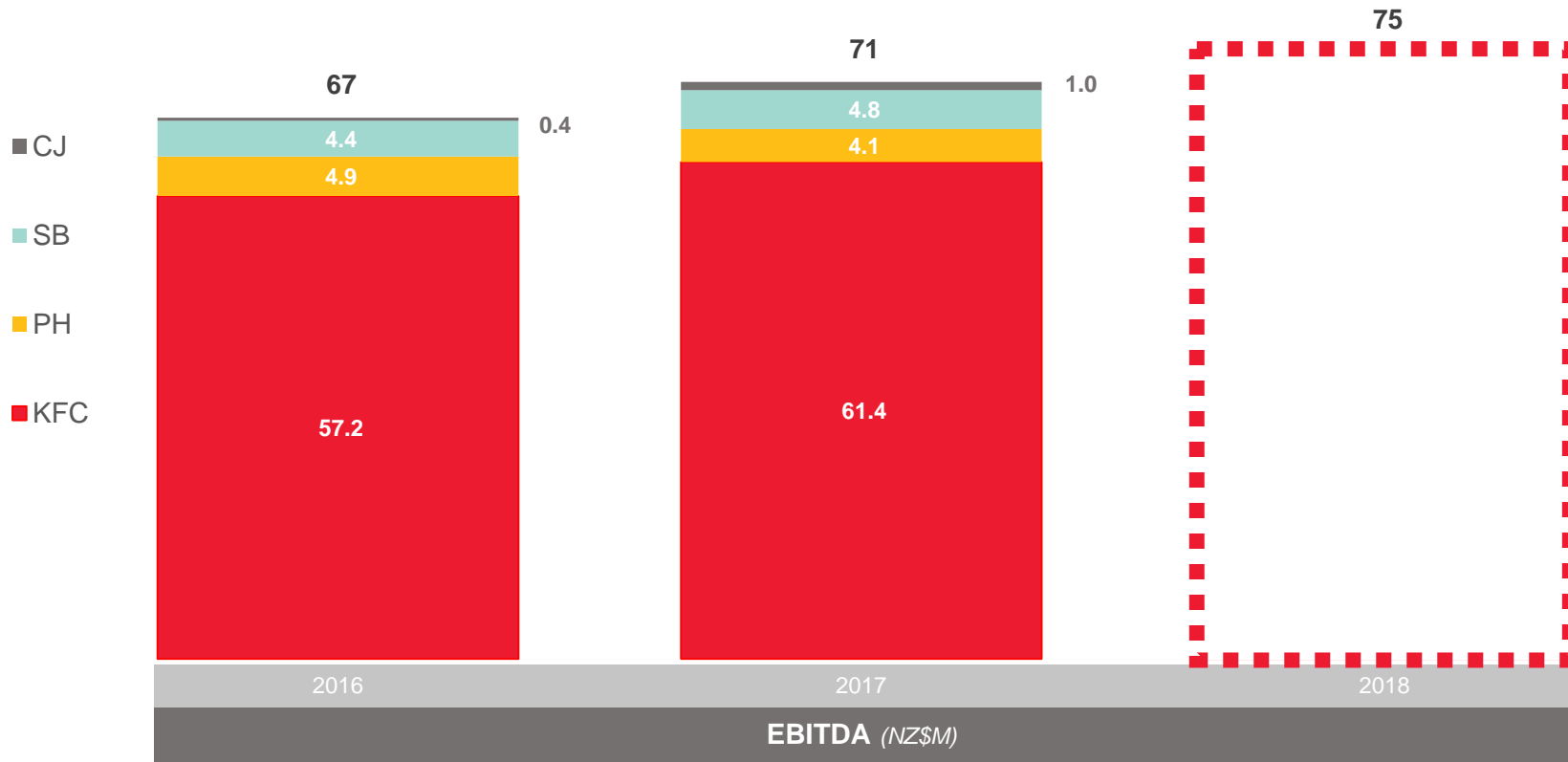
THE NEW ZEALAND BUSINESS CONTINUED TO GROW STRONGLY WITH FY17 SALES IN EXCESS OF \$400M, LED BY KFC



* FY18 analyst consensus forecasts.

EARNINGS MOMENTUM

KFC DRIVES NEW ZEALAND EARNINGS GROWTH



* FY18 analyst consensus forecasts.

GROWTH OPPORTUNITIES



NETWORK AND CHANNEL EXPANSION

Successful opening of new format store in Fort St shows potential for the brand in downtown locations.

Traditional format KFC's continue to provide growth opportunities with the 100th store in NZ targeted by year end.

Delivery trial underway in eight stores. Initial results positive.



RAPID NETWORK DEVELOPMENT WITH FORMALISATION OF MFA

New store build (primarily for independent franchisees) gaining momentum. NZ Store numbers expected to exceed 100 early in FY18






SMALLER BRANDS HAVE FURTHER DEVELOPMENT POTENTIAL BUT DEPENDENT ON CURRENT INITIATIVES

Starbucks growth potential dependent on terms of new franchise agreement

Carl's Jr. growth dependent on improving existing profitability

SUMMARY

WHILST CONSOLIDATING THE ACQUISITIONS OF THE PAST 18 MONTHS, THE FOCUS REMAINS ON GROWTH OPPORTUNITIES THROUGH STORE BUILDS AND TRANSFORMATIONS

	New Zealand	Australia	Hawaii
	Store builds	Store build (corridors) Small franchisee acquisitions Large acquisition	Potential acquisition
	Store builds (network)	N/A	Relocations New store builds
	Potential entry	Potential entry	New store builds Transformations

OUTLOOK FY18 YEAR

- Current strategies across all geographic markets are delivering positive results.
- Acquisition of the Taco Bell and Pizza Hut brands in Hawaii has seen a solid contribution in the first period of ownership.
- Strong performance of the KFC brand in Australia and New Zealand expected to continue in the second half.
- **Absent any major changes to economic or market conditions, the Group will deliver a Net Profit after Tax (excluding non-trading items) for the FY18 year of around \$40 million**



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 audited consolidated financial statements for the year to 27 February 2017 and the unaudited six months to 11 September 2017 and NZX and ASX market releases.
- 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. However, they should not be used in substitution for, or isolation of, RBD's audited consolidated financial statements. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.
- 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.