28 February 2020
NZX/ASX

RESTAURANT BRANDS ANNOUNCES ANNUAL PROFIT RESULT

$NZm	**Dec 2019** ***(44 weeks)***	**Feb 2019** ***(52 weeks)***	**Change ($)**	**Change (%)**
Total Sales	**705.5**	**794.0**	**-88.5**	**-11.1**
Net Profit After Tax	**30.1**	**35.7**	**-5.6**	**-15.8**

Note: With the change in balance date announced last year, these reported results are for the 44 weeks ended 31 December 2019 (Dec 2019) whereas the prior year comparisons are for the 52 weeks ended 25 February 2019. A comparable unaudited "gross up" summary is annexed to this report.

Key Points

- Following the announcement of a change in balance date for the company in October 2019, the trading results for the December 2019 period are for only 44 weeks (10 months) vs 52 weeks (12 months) for the February 2019 period previously reported.
- Total sales for the 10 month period were $705.5 million, down against the previous 12 month period, but positive on a same store basis across all three operating divisions. On an equivalent 12 month basis sales were up over 5%.
- Reported net profit after tax of $30.1 million for the 10 month period was adversely impacted by the shorter reporting period and the adoption of NZ IFRS 16.
- Combined store EBITDA[1] (pre NZ IFRS 16) for the 10 months was $116.0 million, down 10.3% on the previous 12 month period; however on an equivalent 12 month basis, EBITDA is up over 6% at $137.1 million.
- The Taco Bell brand was successfully launched in New Zealand and Australia (New South Wales) with the first three stores opening in the last quarter of the December 2019 year.
- The company has entered into a conditional agreement to acquire 70 KFC and Taco Bell stores in California to be settled in the first half of the December 2020 financial year.

Overview

Restaurant Brands (RBD) changed its balance date from February to 31 December during the year. Hence the financial results for the reporting period to December 2019 (FY Dec 19) are for 44 weeks compared with 52 weeks in the prior year (FY Feb 19). The company also saw the first full period impact of the adoption of leasing standard NZ IFRS 16 on the financial results, resulting in a reported Net Profit After Tax of $30.1 million, down $5.6 million on the 52 week result of $35.7 million last year.

When excluding the negative impact of NZ IFRS 16 leases, the shorter accounting period and (for the previous year) the impact of some significant one-off costs, the normalised NPAT is $45.7 million, up 8.3% on the prior year equivalent. This was primarily driven through the aggressive capital investment programme and continued positive trading momentum across the key brands.

Taco Bell was successfully launched in New Zealand and New South Wales Australia with three stores opened during the last quarter of the year. The introduction of Taco Bell in New Zealand and New South Wales had a minimal impact on this year's results. However, more than ten stores are forecast to open during the next financial year with significant growth expected in sales as the brand builds towards an initial target of sixty stores by 2024.

Group Operating Results

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[1] [1]EBITDA is earnings before interest, tax, depreciation and amortisation. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS.

Directors are pleased to report that Restaurant Brands has produced a net profit after tax (NPAT) for the period ended 31 December 2019 (FY Dec 19) of $30.1 million, down 15.8% on the reported NPAT of $35.7 million for the prior year. As previously noted this year's reported NPAT is for 44 weeks compared to 52 weeks in the prior year and includes the impact of the introduction of NZ IFRS 16 (the new lease accounting standard).

$NZm after tax	Dec 2019	Feb 2019	Change ($)	Change (%)
Reported NPAT	**30.1**	**35.7**	**-5.6**	**-15.8%**
Impact of NZIFRS 16	4.5	-	4.5	-
Other Income & Expenses	4.0	6.5	-2.5	-38.5%
Change of Balance Date*	7.1	-	7.1	-
Comparable Trading NPAT	**45.7**	**42.2**	**3.5**	**8.3%**

**Estimated (unaudited) NPAT over the eight weeks to February 2020, prorata'd from the 44 weeks to December 2019*

The above table sets out a like-for-like comparison of the current year's 10 month result versus the prior year 12 months' normalised trading (detail of which is attached to this report). After adjusting for the negative impact of the new lease standard ($4.5 million) and the shorter trading period (estimated at $7.1 million), together with the positive impact of lower net income and expenses unrelated to normal trading ($2.5 million), the underlying trading profit is estimated at $45.7 million (up 8.3% on the prior equivalent year).

Total brand sales for the Group were $705.5 million, down $88.5 million when compared with the 52 week comparison; however on a like-for-like annualised footing they are up approximately 5% and are positive on a same store basis in all three divisions.

Combined store EBITDA (pre-NZ IFRS 16) of $116.0 million was down $13.3 million or -10.3% on prior year, although on an annualised basis the results were up over 6% due to strong performances primarily from KFC in NZ and Australia and Taco Bell in Hawaii. EBITDA margins (as a % of sales) improved from 16.3% to 16.4%.

Due to the difficulty for direct comparisons between reporting periods resulting from the change in balance date the divisional analysis will focus more on same store sales and EBITDA margin as a % of sales as these operational performance measures are not affected by the change in reporting period or the lease standard.

Restaurant Brands' store numbers total 287, comprising 148 in New Zealand, 74 in Hawaii and 65 stores in Australia.

New Zealand Operations

New Zealand operating revenue for the 44 weeks ended 31 December was $395.5 million, down $56.3 million on the 52 week FY Feb 2019 year, including a $16.0 million reduction in sales due to the disposal of the Starbucks Coffee business during the prior year.

Total store sales were $367.5 million, a decrease of $52.2 million on last year. However, when normalised for 12 months New Zealand sales were up 3.5% and same store sales were strongly up 5.0%.

The New Zealand business delivered EBITDA of $67.9 million, an $8.5 million reduction on FY Feb 2019. Overall the New Zealand operations achieved a concept EBITDA before G&A of 18.5%, up from 18.2% last year, however on an annualised basis the result is up 5% up on the prior year. Once again this was largely driven by the continued strong performance of the KFC brand.

KFC New Zealand

$NZm	Dec 2019	Feb 2019	Change ($)	Change (%)
Network sales	**325.8**	**356.9**	**-31.1**	**-8.7**
Network store numbers	**106**	**100**		
RBD sales	**308.4**	**336.5**	**-28.1**	**-8.4**
RBD store numbers	**100**	**94**		
RBD EBITDA	**66.1**	**70.4**	**-4.3**	**-6.1**
EBITDA as a % of sales	***21.4***	***20.9***		

KFC New Zealand continues to underpin the overall performance of the New Zealand operations with another excellent year. Although reported sales were down 8.4% to $308.4 million due to the 44 week reporting year, same store sales were up 5.2% and total full year equivalent sales up 8.3%.

The KFC sales growth was driven by sound marketing programmes, a further roll out of KFC delivery to a more than forty stores, six new store openings, some very strong new product releases and continued positive impact from the sponsorship of Super Rugby.

Whilst there remain input cost pressures, the EBITDA margin strengthened to 21.4% of sales. In dollar terms, EBITDA for the 44 weeks totalled $66.1 million, down 6.1% on last year's (52 week) result, but on a 52 year equivalent basis was up 10.9% to $78.1 million.

The brand continued delivering investment in store assets with 10 major renovations completed during the year, along with the opening of up to six new stores.

Pizza Hut New Zealand

$NZm	**Dec 2019**	**Feb 2019**	**Change ($)**	**Change (%)**
Network sales	**85.2**	**101.0**	**-15.8**	**-15.6**
Network store numbers	**101**	**98**		
RBD sales	**28.5**	**35.4**	**-6.9**	**-19.3**
RBD store numbers	**29**	**30**		
RBD EBITDA	**0.9**	**2.0**	**-1.1**	**-56.1**
EBITDA as a % of Sales	***3.1***	***5.7***		

Transformation of the Pizza Hut network in New Zealand to a master franchise model continues on plan with the sale of two stores to franchisees during FY Dec 19. The company remains on target to reduce the number of company stores to 15 by the end of the next financial year.

Company owned store numbers decreased by one to 29, whilst the number of independent franchisee stores has increased to 73, bringing the total Pizza Hut network to 102 stores. During the period two stores were closed and six new stores were opened with two further stores expected to be opened in the first quarter of this year.

In company owned stores, total sales were down to $28.5 million, which is due to the reduced reporting period, less stores and lower same store sales. On an annual equivalent basis they were $33.7 million, down 4.7%. Same store sales declined by 4.1% over the period

Restaurant Brands' Pizza Hut store EBITDA was $0.9 million (3.1% of sales), reflecting continued margin pressures with labour rates and ingredient costs increases.

Carl's Jr. New Zealand

$NZm	**Dec 2019**	**Feb 2019**	**Change ($)**	**Change (%)**
Sales	**29.9**	**31.9**	**-2.0**	**-6.1**
Store numbers	**18**	**18**		
EBITDA ($m)	**1.3**	**0.9**	**+0.4**	**+41.0**
EBITDA as a % of sales	***4.4***	***2.9***		

Note: All Carl's Jr. stores are RBD owned

Reported sales were down 6.1% due to the reduced reporting period although on an annualised basis sales were up 11.0%. The introduction of a delivery service in February 2019 continues to have a positive impact with strong same store sales growth of 11.3% helping drive profitability into the brand. Store numbers remained stable at 18.

EBITDA was $1.3 million (4.4% of sales vs 2.9% last year), an increase of $0.4m on the prior year despite the reduced reporting period.

Taco Bell New Zealand

In November the first Taco Bell was opened in New Lynn Mall, Auckland. The store opened with a first week's sales of over $150,000 and delivered over $0.7 million in sales in its first two months trading, significantly up on expectations. With establishment costs, the business incurred a small loss of $0.3 million for the year. The next store in Shortland Street, Auckland is expected to open in the first quarter of 2020 with five further stores forecast to be opened during the 2020 year.

Australian operations

In $NZ terms, the Australian business (operating the KFC and Taco Bell brands) contributed total sales of $NZ169.1 million, store EBITDA of $NZ25.2 million and EBIT of $NZ8.6 million. On an annualised basis both sales and store EBITDA are well up on the prior year.

Store EBITDA was impacted by costs of $NZ0.7 million relating to the initial launch of the first two Taco Bell stores in December 2019.

KFC Australia

$Am	Dec 2019	Feb 2019	Change ($)	Change (%)
Sales	**159.6**	**178.3**	**-18.7**	**-10.5**
Store numbers	**63**	**61**		
Store EBITDA	**24.5**	**27.0**	**-2.5**	**-9.3**
EBITDA as a % of sales	***15.4***	***15.2***		

In $A terms, total sales for the KFC business in Australia were $A159.6 million, down $A18.7 million (or 10.5%) on last year due to the reduced reporting period. Same store sales continue to remain strong, up 5.1% on last year. On a full year equivalent basis sales were up 5.8% or $A10.3 million.

Store EBITDA of $A24.5 million was down $A2.5 million or -9.3% on last year due to the reduced reporting period. Full year equivalent EBITDA however was $A29.0 million, up over 7.4%. Store EBITDA as a percentage of sales is 15.4%, up from 15.2%, with good operating controls.

The company-owned KFC store network totalled 63 stores as at balance date. One store was opened in the last quarter of the year along with one store acquired in December 2019. The business has continued to invest in the store upgrade programme with 14 stores completed in the financial year.

Taco Bell Australia

In December the first two Taco Bell stores were opened in Jesmond and Blacktown in New South Wales with initial sales exceeding expectations to a total of $A0.6 million. As with the New Zealand Taco Bell business initial set up costs have resulted in a small EBITDA loss of $A0.7 million A further seven stores are forecast to open in 2020.

Hawaii operations

In $NZ terms, the Hawaiian operations contributed $NZ168.9 million in revenues, $NZ22.9 million in brand EBITDA (pre-NZ IFRS 16) and an EBIT of $NZ8.1 million for the FY Dec 19.

Total sales in Hawaii were $US110.6 million, with store level EBITDA of $US15.0 million. Once again Taco Bell had a very strong result with sales and margins well ahead of expectations. Whilst Pizza Hut continues to be challenged, facing increased margin pressures, the results this period were much improved. Same store sales in Hawaii were up 9.1% overall.

Taco Bell Hawaii

$USm	Dec 2019	Feb 2019	Change ($)	Change (%)
Sales	**66.5**	**72.3**	**-5.8**	**-8.0**
Store numbers	**37**	**36**		
Store EBITDA	**13.5**	**14.3**	**-0.8**	**-5.6**
EBITDA as a % of sales	***20.2***	***19.8***		

Taco Bell continues to perform very well with total sales of $US66.5 million and store-level EBITDA of $US13.5 million (20.2% of sales). Full year equivalent sales and EBITDA are $US78.6 million (+8.7%) and $US15.9 million (+11.2%) respectively. A full promotional programme including both new product releases and the re-introduction of previously successful products, together with initial returns from refurbished stores all helped to drive the strong sales growth which resulted in same store sales of +13.7%.

Pizza Hut Hawaii

$USm	Dec 2019	Feb 2019	Change ($)	Change (%)
Sales	**44.1**	**52.4**	**-8.3**	**-15.8**
Store numbers	**37**	**44**		
Store EBITDA	**1.6**	**1.9**	**-0.3**	**-15.8**
EBITDA as a % of sales	***3.4***	***3.6***		

Total sales were $US44.1 million, up 3.0% on a same store basis. Store-level EBITDA was $US1.6 million, down only $0.3 million despite the shorter reporting period. Margin pressure from participating in US-wide value-led marketing promotions together with higher commodity and direct labour expenses continue meaning EBITDA as a percentage of sales remained similar to prior period at 3.4%.

There has been a review and realignment of the store network resulting in 7 stores closing during the period. This is in line with our refurbishment strategy that will see a move away from the larger restaurants into smaller, more cost-effective delivery and carry out (delco) units.

A new franchise agreement has been agreed in principle with Yum!, providing certainty for the brand going forward.

Corporate & Other

General and administration (G&A) costs were $33.3 million, down $2.5 million from last year due to the reduced reporting period, but were up $3.6 million on a normalised annual basis. G&A as a % of total revenue was 4.5% which is consistent with FY Feb 2019.

Depreciation charges of $47.6 million for FY Dec 19 was $17.3 million higher than the prior year primarily due to the impact of depreciation of $22.4 million on the right of use assets created under NZ IFRS 16. Excluding the effect of NZ IFRS 16 depreciation was $25.4 million down $5.2 million due to the change in reporting period.

Financing costs of $21.5 million were up $14.7 million on prior year once again reflecting the impact of NZ IFRS 16 with lease interest of $16.4 million. Interest on debt for the period ended 31 December 2019 was $5.4 million, down $1.4 million on last year reflecting the shorter reporting period.

Tax expense was $12.8 million, down $0.9 million on the prior year with an effective tax rate of 29.9% (27.7% for FY Feb 19) without the one off benefit of non-assessable income in the prior year.

Other items

Other net income and expense of $4.6 million is down from $9.0 million for the prior year. This primarily relates to continued costs for refurbishment and relocation of stores of $3.2 million.

The FY Feb 19 figure included $3.5 million leave remediation costs and an impairment charge of $3.5 million relating to Carl's Jr. asset-carrying value in New Zealand, partially offset by a gain on the sale of the Starbucks Coffee business. These were not repeated in the current FY Dec 2019 year.

Cash Flow & Balance Sheet

The composition of the Group's balance sheet is significantly affected by the introduction of NZ IFRS 16. Its introduction has increased the total assets of the Group by $374.6 million primarily due to the inclusion of $356.1 million in right of use assets associated with the Group leased property and the deferred tax asset created from the adoption of the standard. Equally there has been an increase of $426.5 million in liabilities reflecting the future discounted lease liability on these leased stores.

Other than the impact of NZ IFRS 16 the balance sheet is largely unchanged with the exception of net debt (loans less cash holdings) which has reduced by $11.5 million to $119.4 million reflecting the build-up in cash from not paying an interim dividend in preparation for the acquisition in California. The company's New Zealand and Australian banking facilities expire in October 2020 therefore $101.6 million was included in current liabilities. Subsequent to year end new facility agreements were signed with Westpac Banking Corporation, Bank of China, Rabobank and JP Morgan for a new facility for approximately $370 million for refinancing existing debt together with funding of the new California acquisition.

Operating cash flows were up $16.4 million to $87.6 million due once again to the impact of NZ IFRS 16 with $16.0 million of lease payments classified as financing activities (as payments of lease principal). After adjusting for NZ IFRS 16, the operating cash flows are up $0.3 million to $71.6 million (despite the change in the reporting period) reflecting continuing strong profitability (and some working capital movements).

Net investing cash outflows were $59.7 million (versus $26.7 million last year) with payments for fixed assets and intangibles of $59.7 million up from $36.9 million including the scrape and rebuild of three Taco Bells in Hawaii, building three new Taco Bell stores in New Zealand and Australia and significant KFC refurbishment expenditure in both those markets. Last year's net investing cash flows also included $10.2 million received from the sale of nine Pizza Hut stores and the Starbucks Coffee business.

US Expansion

On 23 December the company announced that it had entered into a conditional agreement to acquire 59 KFC and 11 joint KFC/Taco Bell stores in California, USA for $US73 million. The business generates an annual turnover of $US95 million and has a 12 month trailing store EBITDA of in excess of $US12 million.

This initiative, which has been well signalled to the market is a sound strategic move, providing immediate critical mass in two very strong brands. It also provides significant growth potential for further expansion into mainland USA.

The transaction is contingent upon Yum! approval and satisfactory assignment of leases and other critical contracts for the business. It is expected to be completed by March-April this year.

Outlook

Following the introduction of the Taco Bell brand to New Zealand and Australia (New South Wales) at the end of FY Dec 19, the focus remains on investing to build brand presence with more than ten stores expected to open in FY Dec 20. While we do not forecast the brand to be margin positive, it is not expected to have a material effect on the result in FY Dec 20.

The conditional acquisition of 59 KFC and 11 joint KFC/Taco Bell stores in California will have a considerable impact on the balance sheet and earnings profile once completed. Once the acquisition is finalised (provisionally March-April 2020) further details as to the financial impact on the company's results will be provided.

The company is not anticipating any significant change in the economic and competitive environment or unusual costs in the 2020 financial year.

Further updates will be provided at the annual meeting.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of the company will be held in Auckland, New Zealand on Thursday 28 May 2020. For further information please contact:

Russel Creedy
Group CEO
Phone: 525 8710

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Group CFO/Company Secretary
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ENDS

About Restaurant Brands:

Restaurant Brands New Zealand Limited operates the KFC, Pizza Hut, Taco Bell and Carl's Jr. brands in New Zealand, the KFC and Taco Bell brands in Australia and the Taco Bell and Pizza Hut brands in Hawaii and Guam. These brands - four of the world's most famous - are distinguished for their product, look, style and ambience, service and for the total experience they deliver to their customers around the world.

Consolidated Income Statement
For the 44 week period ended 31 December 2019

$NZ000's	31 Dec 2019 44 weeks		vs Prior %	25 Feb 2019 52 weeks	
Sales					
KFC	308,357		*(8.4)*	336,534	
Pizza Hut	28,515		*(19.3)*	35,350	
Starbucks Coffee	-		*(100.0)*	16,022	
Carl's Jr.	29,920		*(6.1)*	31,864	
Taco Bell	729		*n/a*	-	
Total New Zealand sales	**367,521**		***(12.4)***	**419,770**	
KFC	168,532		*(12.0)*	191,547	
Taco Bell	573		*n/a*	-	
Total Australia sales	**169,105**		***(11.7)***	**191,547**	
Taco Bell	101,586		*(4.2)*	106,004	
Pizza Hut	67,329		*(12.2)*	76,725	
Total Hawaii sales	**168,915**		***(7.6)***	**182,729**	
Total sales	**705,541**		*(11.1)*	**794,046**	
Other revenue	28,125		*(13.1)*	32,357	
Total operating revenue	**733,666**		***(11.2)***	**826,403**	
Cost of goods sold	(587,874)		*13.2*	(677,185)	
Gross margin	**145,792**		***(2.3)***	**149,218**	
Distribution expenses	(3,976)		*(9.6)*	(3,629)	
Marketing expenses	(39,524)		*11.3*	(44,542)	
General and administration expenses	(33,306)		*7.0*	(35,818)	
Other items	(4,616)		*48.7*	(8,997)	
Operating profit (EBIT)	**64,370**		***14.5***	**56,232**	
Financing expenses	(21,464)		*(215.8)*	(6,797)	
Net profit before taxation	**42,906**		***(13.2)***	**49,435**	
Taxation expense	(12,815)		*6.4*	(13,694)	
Net profit after taxation (NPAT)	**30,091**		***(15.8)***	**35,741**	
		% sales			% sales
Concept EBITDA before G&A					
KFC	66,065	*21.4*	*(6.1)*	70,384	*20.9*
Pizza Hut	885	*3.1*	*(56.1)*	2,017	*5.7*
Starbucks Coffee	-	*n/a*	*(100.0)*	3,110	*19.4*
Carl's Jr.	1,302	*4.4*	*41.0*	923	*2.9*
Taco Bell	(345)	*(47.3)*	*n/a*	-	*n/a*
Total New Zealand	**67,907**	***18.5***	***(11.2)***	**76,434**	***18.2***
KFC	25,902	*15.4*	*(10.9)*	29,064	*15.2*
Taco Bell	(700)	*(122.1)*	*n/a*	-	*n/a*
Total Australia	**25,202**	***14.9***	***(13.3)***	**29,064**	***15.2***
Taco Bell	20,546	*20.2*	*(2.0)*	20,968	*19.8*
Pizza Hut	2,319	*3.4*	*(16.6)*	2,781	*3.6*
Total Hawaii	**22,865**	***13.5***	***(3.7)***	**23,749**	***13.0***
Total concept EBITDA before G&A	**115,974**	***16.4***	***(10.3)***	**129,247**	***16.3***
Ratios					
Net tangible assets per security (net tangible assets divided by number of shares) in cents	9.9			(19.6)	

Cost of goods sold are direct costs of operating stores: food, paper, freight, labour and store overheads.
Distribution expenses are costs of distributing product from store.
Marketing expenses are order centre, advertising and local store marketing expenses.
General and administration expenses (G&A) are non-store related overheads.

Non-GAAP Financial Measures
For the 44 week period ended 31 December 2019

The Group results are prepared in accordance with New Zealand Generally Accepted Accounting Practice ("GAAP") and comply with International Financial Reporting Standards ("IFRS"). These financial statements include non-GAAP financial measures that are not prepared in accordance with IFRS. The non-GAAP financial measures used in this presentation are as follows:

1. **EBITDA before G&A and other items.** The Group calculates Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") before G&A (general and administration expenses) by taking net profit before taxation and adding back (or deducting) financing expenses, non-trading items, depreciation, amortisation and G&A. The Group also refers to this measure as **Concept EBITDA before G&A and other items.** This measure provides the results of the Group's core operating business and excludes those costs not directly attributable to stores. This is believed to be a useful measure to assist in the understanding of the financial performance of the Group.

   The term **Concept** refers to the Group's seven operating divisions comprising the New Zealand divisions (KFC, Pizza Hut, Taco Bell and Carl's Jr.), two Australia divisions (KFC and Taco Bell) and the two Hawaii divisions (Taco Bell and Pizza Hut). The term **G&A** represents non-store related overheads.

2. **Total NPAT excluding the impact of NZ IFRS 16**. Total Net Profit After Taxation ("NPAT") excluding the impact of NZ IFRS 16 is calculated by taking profit after taxation attributable to shareholders and adding back (or deducting) lease items whilst also allowing for any tax impact of those items. This measure reflects the performance of the business, excluding costs associated wit the adoption of NZ IFRS 16 and is considered a useful measure to assist with understanding the financial performance of the Group.

3. **Capital expenditure including intangibles**. Capital expenditure including intangibles represents additions to property, plant and equipment and intangible assets. This measure represents the amount of reinvestment in the business and is therefore a useful measure to assist the financial position of the Group.

The Group believes that these non-GAAP measures provide useful information to readers to assist in the understanding of the financial performance and position of the Group but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. Non-GAAP measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies.

The following is a reconciliation between these non-GAAP measures and net profit after taxation:

$NZ000's	Note*	31 Dec 2019	25 Feb 2019
EBITDA before G&A, NZ IFRS 16 and other items	**1**	**115,974**	**129,247**
Depreciation		(25,250)	(30,163)
Loss on sale of property, plant and equipment (included in depreciation)		(106)	(146)
Lease deprecation		(22,395)	-
Add back lease costs		32,369	-
Amortisation (included in cost of sales)		(2,178)	(3,112)
General and administration costs - area managers, general managers and support centre		(29,428)	(30,597)
Other income		722	3,034
Other expenses		(5,338)	(12,031)
EBIT		**64,370**	**56,232**
Financing expenses		(21,464)	(6,797)
Net profit before taxation		**42,906**	**49,435**
Taxation expense		(12,815)	(13,694)
Net profit after taxation		**30,091**	**35,741**
Add back IFRS 16 impact		6,076	-
Taxation expense on IFRS 16 impact		(1,547)	-
Net profit after taxation excluding NZ IFRS 16	**2**	**34,620**	**35,741**

* Refers to the list of non-GAAP measures as listed above.

Consolidated Income Statement
For the period ended 31 December 2019
Annualised unaudited results for 52 weeks - based on audited 44 week period results

$NZ000's	Reported 31 Dec 2019 44 weeks	Annualised 31 Dec 2019 52 weeks	Annualised % change	Reported 25 Feb 2019 52 weeks
Sales				
KFC	308,357	364,422	*8.3%*	336,534
Pizza Hut	28,515	33,700	*(4.7%)*	35,350
Starbucks Coffee	-	-	*n/a*	16,022
Carl's Jr.	29,920	35,360	*11.0%*	31,864
Taco Bell	729	861	*n/a*	-
Total New Zealand sales	**367,521**	**434,343**	*3.5%*	**419,770**
KFC	168,532	199,174	*4.0%*	191,547
Taco Bell	573	677	*n/a*	-
Total Australia sales	**169,105**	**199,852**	*4.3%*	**191,547**
Taco Bell	101,586	120,056	*13.3%*	106,004
Pizza Hut	67,329	79,570	*3.7%*	76,725
Total Hawaii sales	**168,915**	**199,626**	*9.2%*	**182,729**
Total sales	**705,541**	**833,821**	*5.0%*	**794,046**
Other revenue	28,125	33,239	*2.7%*	32,357
Total operating revenue	**733,666**	**867,060**	*4.9%*	**826,403**
Cost of goods sold	(587,874)	(694,760)	*(2.6%)*	(677,185)
Gross margin	**145,793**	**172,300**	*15.5%*	**149,218**
Distribution expenses	(3,976)	(4,699)	*(29.5%)*	(3,629)
Marketing expenses	(39,524)	(46,710)	*(4.9%)*	(44,542)
General and administration expenses	(33,309)	(39,365)	*(9.9%)*	(35,818)
Other items	(4,616)	(5,455)	*39.4%*	(8,997)
Operating profit (EBIT)	**64,370**	**76,072**	*35.3%*	**56,232**
Financing expenses	(21,464)	(25,367)	*(273.2%)*	(6,797)
Net profit before taxation	**42,906**	**48,343**	*(2.2%)*	**49,435**
Taxation expense	(12,815)	(15,145)	*(10.6%)*	(13,694)
Net profit after taxation (NPAT)	**30,091**	**35,562**	*(0.5%)*	**35,741**
Concept EBITDA before G&A				
KFC	66,065	78,076	*10.9%*	70,384
Pizza Hut	885	1,046	*(48.1%)*	2,017
Starbucks Coffee	-	-	*n/a*	3,110
Carl's Jr.	1,302	1,538	*66.6%*	923
Taco Bell	(345)	(408)	*n/a*	-
Total New Zealand	**67,907**	**80,253**	*5.0%*	**76,434**
KFC	25,902	30,611	*5.3%*	29,064
Taco Bell	(700)	(827)	*n/a*	-
Total Australia	**25,202**	**29,784**	*2.5%*	**29,064**
Taco Bell	20,546	24,282	*15.8%*	20,968
Pizza Hut	2,319	2,740	*(1.5%)*	2,781
Total Hawaii	**22,865**	**27,023**	*13.8%*	**23,749**
Total concept EBITDA before G&A	**115,974**	**137,060**	*6.0%*	**129,247**

The annualised December 2019 figures are an arithmetic calculation grossing up the 44 week audited results to reflect the equivalent 52 week period. This has been done for illustrative purposes only.