

2 June 2016
NZX

Restaurant Brands' First Quarter Sales up 8.5% following Australian Acquisition

Restaurant Brands' total sales during the first quarter of the financial year (12 weeks ended 23 May 2016) were \$96.6 million, an increase of 8.5% or \$7.6 million on the equivalent period last year.

Of the increase, the acquisition of 42 KFC outlets in Australia contributed \$8.1 million for the quarter. Pizza Hut total company sales were down \$1.2 million with a reduction in store numbers by nine from the prior year.

Same store sales for the company were steady at 0.4%, led by Pizza Hut which grew 4.3% with positive growth from KFC up 1.4% and Starbucks Coffee up 1.8%. Carl's Jr. ended the quarter with negative same store sales growth of 13.5%.

Total company store numbers were up on the equivalent period last year by 33 to 215 with the Australian acquisition, off-set by Pizza Hut store sales.

KFC

For the first quarter, total sales for KFC were \$65.4 million, up 1.4% or \$0.9 million on the equivalent 12 week period last year. This is rolling over an increase of 13.2% the year before.

Quarterly same store sales were up by 1.4%, on top of a high 9.8% same store growth figure from the same period last year. Successful promotions in the quarter were the *Bacon Lovers Stack Burger*, *Kentucky Stacker Burger*, as well as the *Team Bucket* as part of the KFC New Zealand Super Rugby teams' sponsorship.

Store numbers remained steady through the quarter at 91.

Pizza Hut

Total sales for the quarter for Restaurant Brands' own Pizza Hut stores were \$9.2 million, a decrease of 11.8% on the equivalent 12 week period last year, due to having nine fewer stores as the company continued its strategy of selling lower volume and regional stores to independent franchisees.

Same store sales for the quarter increased 4.3% benefiting from the continued success of a new mobile friendly Pizza Hut website. A very popular promotion in the quarter was the *Cheesy Garlic Stuffed Crust*.

There were 37 company stores at the end of the quarter versus 46 in the prior year. There are now 53 Pizza Hut stores operated by independent franchisees with the Quay Street and New Plymouth stores sold to independent franchisees in the quarter. The total network now comprises 90 stores.

As a brand, Pizza Hut continued to grow strongly with the total network sales for the quarter at \$20.5 million (up 6.0% on the equivalent period).

Starbucks Coffee

Starbucks Coffee total sales for the quarter were \$6.0 million, down \$0.1 million or 2.2% on the equivalent period last year, due to having one less store.

Same store sales were up 1.8% (rolling over an 8.9% increase in the prior year). The *Mocha Honeycomb Crunch Frappuccino* proved a successful promotion as well as a popular *Sakura* Japanese themed merchandise line.

Store numbers remained steady during the quarter at 25, one fewer than the prior year.

Carl's Jr.

Total Carl's Jr. sales for the quarter were \$7.9 million, a decrease of 1.1% on the equivalent period last year. On a same store basis sales for the quarter were down 13.5%.

During the quarter two new stores opened to strong sales in Christchurch; one store in Hornby and another in Bush Inn. With these two stores the total store numbers at the end of the quarter were 20.

KFC Australia

On 27 April Restaurant Brands acquired 42 KFC stores in New South Wales, Australia.

For the period from the 28th April to 23rd May, total sales were AUD \$7.6 million (NZD \$8.1 million). The sales were in line with what the company achieved in the prior year.

Store numbers remained steady at 42 during the quarter.

For further information please contact

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RESTAURANT BRANDS NEW ZEALAND LIMITED

Quarterly Sales Report

Summary of Results for the 1st Quarter (Q1)

(for the 12 weeks 01/03/2016 to 23/05/2016)

	2016/17 (\$000's)	2015/16 (\$000's)	% change
<u>Q1 2016/17 vs Q1 2015/16</u>			
Total Store Sales - KFC New Zealand	65,378	64,449	1.4%
Total Store Sales - Pizza Hut	9,230	10,467	-11.8%
Total Store Sales - Starbucks Coffee	5,977	6,113	-2.2%
Total Store Sales - Carl's Jr.	7,948	8,033	-1.1%
Total Store Sales - New Zealand	88,533	89,062	-0.6%
Total Store Sales - KFC Australia *	8,092	-	-
Total Store Sales	96,625	89,062	8.5%
Same Store Sales - KFC New Zealand	64,854	63,937	1.4%
Same Store Sales - Pizza Hut	9,085	8,713	4.3%
Same Store Sales - Starbucks Coffee	5,949	5,841	1.8%
Same Store Sales - Carl's Jr.	6,943	8,029	-13.5%
Same Store Sales - New Zealand	86,831	86,520	0.4%
Same Store Sales - KFC Australia *	N/A	-	-
Total Same Store Sales	86,831	86,520	0.4%
<u>YTD 2016/17 vs YTD 2015/16</u>			
Total Store Sales - KFC New Zealand	65,378	64,449	1.4%
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<u>NUMBER OF STORES OPEN AT QUARTER END</u>			
Qtr End no of Stores - KFC New Zealand	91	92	-1
Qtr End no of Stores - Pizza Hut	37	46	-9
Qtr End no of Stores - Starbucks Coffee	25	26	-1
Qtr End no of Stores - Carl's Jr.	20	18	2
Total Store no - New Zealand	173	182	-9
Qtr End no of Stores - KFC Australia	42	0	42
Total Stores	215	182	33
<u>AUSTRALIAN SALES IN AUD</u>			
Q1 2016/17 vs Q1 2015/16			
Total Store Sales - KFC Australia	7,572	-	-
Same Store Sales - KFC Australia	N/A	-	-
YTD 2016/17 vs YTD 2015/16			
Total Store Sales - KFC Australia	7,572	-	-
Same Store Sales - KFC Australia	N/A	-	-
* <u>Note:</u>			
- Blended AUD:NZD rate for Q1	0.936	-	-
- Blended AUD:NZD rate for YTD	0.936	-	-