16 April 2015
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RESTAURANT BRANDS' 2015 ANNUAL RESULT

	2015 $m	2014 $m	Change %
Total Group Store Sales	**359.5**	**329.3**	**+9.2%**
Group Net Profit after Tax	**23.8**	**20.0**	**+19.4%**
Dividend (cps)	**19.0**	**16.5**	**+15.2%**

Key points

- Group Net Profit after Tax was $23.8 million (24.3 cents per share), up $3.9 million (+19.4%) on prior year. Net Profit after Tax (excluding non-trading items) was $22.5 million (23.0 cents per share), also up 19.4% on prior year.

- Total Group Store Sales were $359.5 million, up $30.3 million (+9.2%) on prior year with continued strong growth from KFC and store builds and acquisitions in the Carl's Jr. brand.

- KFC sales continued to grow to a new high of $265 million despite competitive market conditions.

- Pizza Hut and Starbucks Coffee delivered solid same store sales growth, up 6.3% and 5.1% respectively.

- The roll out of the new Carl's Jr. brand continued with the construction of three new stores and the acquisition in December 2014 of seven Carl's Jr. stores owned by Forsgren NZ Limited, bringing total store numbers to 18.

- Total store EBITDA of $61.5 million was up $8.0 million (+15.0%) on the prior year mainly driven by the strong performance by KFC.

- Operating cash flows were $36.6 million, up $4.4 million on prior year, driven by higher earnings. Investing cash flows were also substantially up on prior year, reflecting strong levels of store reinvestment and the acquisition of seven Carl's Jr. stores.

- A final fully imputed dividend of 11.5 cents per share will be paid on 26 June, making a full year dividend of 19.0 cents (up 15.2% on the previous year).

Note: Results for the 2014/15 financial year are on a 53 week basis vs 52 weeks for the previous year. Because the company normally uses a 52 week (364 day) year, a "leap" year is occasionally required; hence an extra week. All comparative data (with the exception of same store sales) is stated on the basis of a 53 week to 52 week comparison.

Group Operating Results

Restaurant Brands Net Profit after Tax for the 53 weeks to 2 March 2015 (FY15) was $23.8 million (24.3 cents per share), up 19.4% on last year's profit of $20.0 million (20.4 cents per share).

Net Profit after Tax (excluding non-trading items) was $22.5 million (23.0 cps) also up 19.4% on the $18.9 million (19.3 cps) result in FY14.

Non-trading items primarily comprised gains on Pizza Hut store sales and the sale and leaseback of a KFC store. In total non-trading items contributed $1.3 million (pre-tax) compared with $1.5 million in the prior year.

Total store sales of $359.5 million were up $30.3 million (+9.2%) on the previous year's sales. The extra trading week accounted for $6.9 million of the increase with the majority of the balance coming from KFC and Carl's Jr. Same store sales for the group were up 5.7% (up 2.4% in FY14).

Group revenues for the year were $372.6 million with the inclusion of sales of ingredients and packaging materials. This produced an increase in other revenues of $11.9 million on prior year.

Store EBITDA (before G&A costs) was up by $8.0 million (+15.0%) to $61.5 million, with KFC contributing $6.3 million of the improved earnings. All four brands delivered improved results on last year.

Year end store numbers at 181 were five up on February 2014 with continuing sales of regional Pizza Hut stores to independent franchisees, offset by the Forsgren acquisition and new builds for Carl's Jr.

KFC

	2015 $m	2014 $m	Change $m	Change %
Sales	**265.0**	**241.5**	**+23.5**	**+9.7%**
EBITDA	**50.8**	**44.5**	**+6.3**	**+14.0%**
EBITDA as % of Sales	***19.2%***	***18.4%***	***-***	***+0.8%***

KFC, the company's biggest brand, continued its strong run, producing record annual sales of $265.0 million, an increase of $23.5 million or 9.7% on the prior year (noting that $5 million of this was derived from the extra week's trading). Same store sales were strong throughout the year with the first half delivering same store sales growth of +6.4% and finishing the full year at +7.7% (compared with +0.2% last year).

KFC continued to roll out a range of new products throughout the year. These included a new burger range - the *Colonel's Stack* burger, the *Kiwi Onion Dip* burger and the *Moroccan* burger. Other successful KFC promotional activity included the release of new *Double Down* variants and a re-launch of the popular *Hot 'n Spicy* range. Continued store transformation investment, in-store operational enhancements (including extended opening hours) and an increase in marketing and promotional spend also reinforced the strong same store sales momentum.

Margins were up on prior year with the brand producing an EBITDA of $50.8 million, +14.0% ($6.3 million) up on prior year. As a % of sales, brand EBITDA improved from 18.4% in FY14 to 19.2% this year.

Store transformations picked up momentum in FY15 with ten major transformations undertaken and twelve minor upgrades. The major transformation process is now nearly complete with 82 out of the company's 91 stores now either new or fully transformed.

Store numbers increased to 91 with the acquisition of two stores from independent franchisees in Mt Maunganui and Oamaru and the closure of the Taihape store at end of lease.

Pizza Hut

	2015 $m	2014 $m	Change $m	Change %
Sales	**48.4**	**48.4**	**-**	**-0.1%**
EBITDA	**6.4**	**5.5**	**+0.9**	**+15.8%**
EBITDA as % of Sales	***13.2%***	***11.4%***	***-***	***+1.8%***

Pizza Hut continued to enhance both sales and profit despite continuing strong competition. Total sales were held flat to prior year at $48.4 million, with five fewer stores operating as a result of continued sell downs to independent franchisees. Same store sales continued to perform strongly at +6.3% (+15.3% in FY14). The brand undertook a number of promotions such as the *Mexican* range and innovative *Stuffed Crust* variants that were also particularly well received by customers.

Despite the lower store numbers Pizza Hut improved total earnings on prior year, with all stores operating profitably. The continued improvements in sales volumes, cost-effective menu changes and limited ingredient cost pressures, increased earnings by $0.9 million (+15.8%) on prior year. Resulting EBITDA was $6.4 million or 13.2% of sales (11.4% in FY14).

The sale of stores to independent franchisees continued, with five sold over the year, leaving Restaurant Brands with a total of 46 stores out of a total of 88 in the market. Favourable trading conditions have underpinned the strong demand from potential purchasers of the company's Pizza Hut stores.

Starbucks Coffee

	2015 $m	2014 $m	Change $m	Change %
Sales	**26.1**	**25.0**	**+1.0**	**+4.1%**
EBITDA	**4.3**	**3.5**	**+0.8**	**+21.6%**
EBITDA as % of Sales	***16.3%***	***14.0%***	***-***	***2.3%***

The Starbucks Coffee brand continued with consistent improvements in its business performance to where this year's earnings were at an all-time high. Improved operational standards in conjunction with a rationalised network of stores assisted the brand in delivering total sales of $26.1 million, a growth rate of +4.1% and same store growth of +5.1% for the year (+5.7% for FY14).

Improved sales and continuing operating efficiencies (with some assistance from a stronger exchange rate) saw Starbucks Coffee EBITDA climb to a new high of $4.3 million (or 16.3% of sales), an increase of 21.6% on the prior year result.

Carl's Jr.

	2015 $m	2014 $m	Change $m	Change %
Sales	**20.1**	**14.3**	**+5.7**	**+40.1%**
EBITDA	**0.2**	**0.0**	**+0.2**	**+3,725%**
EBITDA as % of Sales	***0.8%***	***-***	***-***	***+0.8%***

Our commitment to the development of the Carl's Jr. brand was reinforced by the acquisition of the seven stores operated by Forsgren NZ Limited, and the opening of three new stores in Gisborne, Albany and Manukau, increasing the number of stores to 18. Total sales were up by over 40% to $20.1 million, while same store sales remained negative as the brand rolled over the excessive volumes experienced in comparative prior year periods.

The Carl's Jr. brand experienced margin pressures from a variety of sources over the year. New store openings continued to incur training and set up expenditure and there were a number of incremental costs incurred in integrating the Forsgren stores into the Restaurant Brands' network. Food costs were adversely impacted by major industrial action at the West Coast US ports, necessitating an urgent search for alternative sources of supply at often significant cost premiums. The industrial action has now been settled and normal shipments will be under way again by the middle of the current year. The company is prioritising local sourcing where possible. Heavy competitive discounting also meant that the brand was limited in its ability to recover cost increases, further impacting margins.

Despite this the brand managed to deliver a small improvement in EBITDA from break-even to $0.2 million for the year. The company is focused on developing the brand and improving the profitability of the business in the coming year now that Carl's Jr. has sufficient scale and presence in the market.

Corporate and Other Costs

G&A (above store overheads) at $15.1 million were $2.0 million up on prior year. Most of this increase arose from variable remuneration costs (self-funding) that were incurred as the business improved profitability. As a result G&A costs were slightly above the targeted 4.0% of operating revenue at 4.1% (4.0% in FY14).

A $0.3 million pre-tax charge was taken up to G&A costs in the year to recognise the fair value of the liability that directors believe will arise as a result of eligibility conditions being met under the Chief Executive's Long Term Incentive Scheme.

Group non-trading gains of $1.3 million arose primarily from gains on sale following the successful sale and leaseback of a KFC store ($0.9 million) and Pizza Hut store disposals ($0.8 million). This compares with a $1.5 million non-trading profit in FY14.

Depreciation charges of $15.0 million were up $0.9 million on the prior year largely as a result of the Carl's Jr. new store roll out and Forsgren purchase (an additional $1.0 million). Reduced depreciation charges in Pizza Hut with store disposals amounted to $0.3 million and the KFC depreciation charge at $10.5 million was flat to prior year.

Interest and funding costs at $1.0 million were up slightly on prior year with a small increase in borrowings to fund the Forsgren acquisition. Bank interest rates (inclusive of margins) for the year averaged 5.1% compared with 4.9% in FY14.

Cash Flow and Balance Sheet

Operating cash flows increased to $36.6 million, $4.4 million up on the prior year, reflecting improved sales and profitability. Bringing inventory ownership in-house had an effect on working capital movements, although the increase in inventories of $7.9 million was partly offset by a corresponding increase in creditors.

Net investing cash outflows were significantly up on prior year to $33.0 million from $10.1 million in FY14. Expenditure on plant and equipment and intangibles increased from $22.5 million to $31.0 million, largely from KFC transformation and the purchase of two independent KFC franchisees. A significant additional investment in the current year was from the acquisition of the Carl's Jr. business from Forsgren NZ Limited for $10.3 million. FY15 also saw a reduction in investing cash inflows from $12.4 million to $8.4 million as there was only one sale and leaseback of a KFC store (versus two in the prior year).

The high level of investing cash flows saw resultant free cash flows down to $3.6 million for the year. With dividend payments taking $17.1 million, borrowings increased by $14.5 million. Resulting bank debt was up to $22.6 million at year end, well within the company's $35 million facility limit.

Total assets at year end were $144.6 million, up $36.3 million. Non-current assets made up $24.4 million of the increase with $10.4 million attributable to KFC store transformations and $4.9 million arising from the Carl's Jr. store roll out, together with $10.3 million from the acquisition of the seven stores from Forsgren NZ Limited. The bulk of the additional $11.9 million increase in current assets was in inventories (with the transfer of inventory ownership in-house) and debtors with the company now charging independent franchisees directly for raw material and ingredient supplies.

Total liabilities were up by $29.7 million, with $13.0 million attributable to creditors (again largely as a result of increased levels of bulk stock ownership) and $14.5 million in increased borrowings.

Year end shareholders' funds of $71.2 million were $6.6 million up on prior year because of increases in retained earnings.

The balance sheet remains conservative with a gearing ratio of 23% (FY14: 11%).

Dividend

Directors have declared a final fully imputed dividend of 11.5 cents per share. This, together with the interim dividend of 7.5 cents per share, makes a full year dividend of 19.0 cents per share (16.5 cents for FY14).

Restaurant Brands continues to enjoy strong cash flows and dividend levels will continue to increase as the company continues to enhance its profit performance.

The 11.5 cents final dividend will be paid on 26 June 2015 to all shareholders on the register as at 12 June 2015. A supplementary dividend of 2.0294 cents per share will also be paid to overseas shareholders on that date.

The dividend re-investment plan remains suspended for this dividend.

Outlook

Directors are pleased with the trading results for the FY15 year. The $22.5 million NPAT (excluding non-trading items) is the second best result in the company's history. However despite the benign retail environment, continued competitive pressures mean that the margin improvements achieved across all our brands have been hard-won.

The new financial year has started well with continuing strong sales across all four brands and the company is very focused on maintaining this momentum. Ingredient input prices are expected to remain stable; however there is an expectation of higher levels of labour cost.

KFC will see continued high levels of investment in store transformation as the brand comes closer to its target of having all 91 stores at the new high standard. This, together with a strong promotional calendar will see continued same store sales growth for the coming year (albeit at lower levels than the FY15 year), with margins at similar levels.

Pizza Hut will also see same store sales growth in its company stores. The store sell down programme will see company stores at less than 50% of the network by year end, but the residual stores will remain profitable and the brand continues to thrive.

Starbucks Coffee will again see similar levels of same store sales growth. Margins will remain strong, but there will be some pressure from exchange rate movements.

Building momentum and profitability in the Carl's Jr operations will be a major focus for the company over the next 12 months. Expanding the brand footprint will continue with the intention of reaching into previously unpenetrated markets. Addressing the current supply chain issues, the continued move to local sourcing, more efficiency in new store openings and leverage from sales growth will all help to significantly improve margins in the FY16 year.

Subject to any significant changes in the economic and competitive environment or unusual costs, with increased contributions from both KFC and Carl's Jr, directors expect that the company will deliver an improved profit result in the new financial year. More details will be provided at the Annual Shareholders' Meeting.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting for the company will be held in Christchurch on 2 July 2015.

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About Restaurant Brands:

Restaurant Brands New Zealand Limited operates the New Zealand outlets of KFC, Pizza Hut, Carl's Jr. and Starbucks Coffee. 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 in New Zealand and around the world.

RESTAURANT BRANDS GROUP
Consolidated Income Statement
For the 53 week period ended 2 March 2015

$NZ000's	2 March 2015 53 weeks		vs Prior %	24 February 2014 52 weeks	
Sales					
KFC	265,038		*9.7*	241,521	
Pizza Hut	48,364		*(0.1)*	48,393	
Starbucks Coffee	26,067		*4.1*	25,041	
Carl's Jr.	20,059		*40.1*	14,314	
Total sales	**359,528**		*9.2*	**329,269**	
Other revenue	13,075		*1,057.1*	1,130	
Total operating revenue	**372,603**		*12.8*	**330,399**	
Cost of goods sold	(304,190)		*(11.2)*	(273,493)	
Gross margin	**68,413**		*20.2*	**56,906**	
Distribution expenses	(2,321)		*5.8*	(2,464)	
Marketing expenses	(18,892)		*(28.9)*	(14,656)	
General and administration expenses*	(15,105)		*(15.4)*	(13,088)	
EBIT before non-trading	**32,095**		*20.2*	**26,698**	
Non-trading	1,328		*(9.8)*	1,472	
EBIT	**33,423**		*18.6*	**28,170**	
Interest income	2		*(89.5)*	19	
Interest expense	(963)		*(24.4)*	(774)	
Net profit before taxation	**32,462**		*18.4*	**27,415**	
Taxation expense	(8,632)		*(15.7)*	(7,462)	
Total profit after taxation (NPAT)	**23,830**		*19.4*	**19,953**	
Total NPAT excluding non-trading	**22,523**		*19.4*	**18,863**	
		% sales			% sales
EBITDA before G&A					
KFC	50,777	*19.2*	*14.0*	44,529	*18.4*
Pizza Hut	6,365	*13.2*	*15.8*	5,496	*11.4*
Starbucks Coffee	4,253	*16.3*	*21.6*	3,498	*14.0*
Carl's Jr.	153	*0.8*	*3,725.0*	4	-
Total	**61,548**	***17.1***	***15.0***	**53,527**	***16.3***
Ratios					
Net tangible assets per security (net tangible assets divided by number of shares) in cents	51.2c			47.2c	

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 call centre, advertising and local store marketing expenses.
General and administration expenses (G&A) are non-store related overheads.

*Included in general and administration expenses is a $0.3 million charge (2014: nil) relating to the long term incentive scheme ("LTI Scheme") the Group entered into with the Chief Executive Officer. Refer to Note 27(d) of the financial statements for further details.

Restaurant Brands Group
Non-GAAP Financial Measures
For the 53 week period ended 2 March 2015

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.** 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) net financing expenses, non-trading items, depreciation, amortisation and G&A. The Group also refers to this measure as **Concept EBITDA before G&A**.

   The term **Concept** refers to the Group's four operating segments comprising KFC, Pizza Hut, Starbucks Coffee and Carl's Jr. The term **G&A** represents non-store related overheads.

2. **EBIT before non-trading**. Earnings before interest and taxation ("EBIT") before non-trading is calculated by taking net profit before taxation and adding back (or deducting) net financing expenses and non-trading items.

3. **Non-trading items**. Non-trading items represent amounts the Group considers unrelated to the day to day operational performance of the Group. Excluding non-trading items enables the Group to measure underlying trends of the business and monitor performance on a consistent basis.

4. **EBIT after non-trading items**. The Group calculates EBIT after non-trading items by taking net profit before taxation and adding back net financing expenses.

5. **Total NPAT excluding non-trading**. Total Net Profit After Taxation ("NPAT") excluding non-trading items is calculated by taking profit after taxation attributable to shareholders and adding back (or deducting) non-trading items whilst also allowing for any tax impact of those items.

6. **Capital expenditure including intangibles**. Capital expenditure including intangibles represents additions to property, plant and equipment and intangible assets.

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*	2 March 2015	24 February 2014
EBITDA before G&A	1	**61,548**	**53,527**
Depreciation		(15,008)	(14,114)
Loss on sale of property, plant and equipment (included in depreciation)		-	(51)
Amortisation (included in cost of sales)		(1,628)	(1,432)
General and administration - area managers, general managers and support centre		(12,817)	(11,232)
EBIT before non-trading	2	**32,095**	**26,698**
Non-trading items **	3	**1,328**	**1,472**
EBIT after non-trading items	4	**33,423**	**28,170**
Net financing costs		(961)	(755)
Net profit before taxation		**32,462**	**27,415**
Income tax expense		(8,632)	(7,462)
Net profit after taxation		**23,830**	**19,953**
Deduct non-trading items		(1,328)	(1,472)
Taxation expense on non-trading items		21	382
Net profit after taxation excluding non-trading items	5	**22,523**	**18,863**

* Refers to the list of non-GAAP measures as listed above.
** Refer to Note 5 of the financial statements for an analysis of non-trading items