Restaurant Brands New Zealand Limited

Results Presentation

6 Months to 30 June 2022 (1H 22)

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Presentation Outline

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Key Points

	1H 22 vs. 1H 21	1H 20	1H 21	1H 22
• Group Sales	+8%	$383.4m	$540.6m	$584.9m
• Reported NPAT	-56%	$11.2m	$34.5m	$15.3m
• Brand EBITDA	-4%	$61.7m	$88.1m	$84.3m

- Continued sales growth across all divisions boosted by new store openings (and favourable exchange rate)
- COVID-19 continues to impact operations in all markets and in particular staff availability and supply chain
- Significant increases in input costs resulted in short term margin degradation as businesses struggled to recover costs
- Prior year NPAT comparison distorted by "one-offs" and adjustments including loan forgiveness of $11.4m Hawaii PPP loan

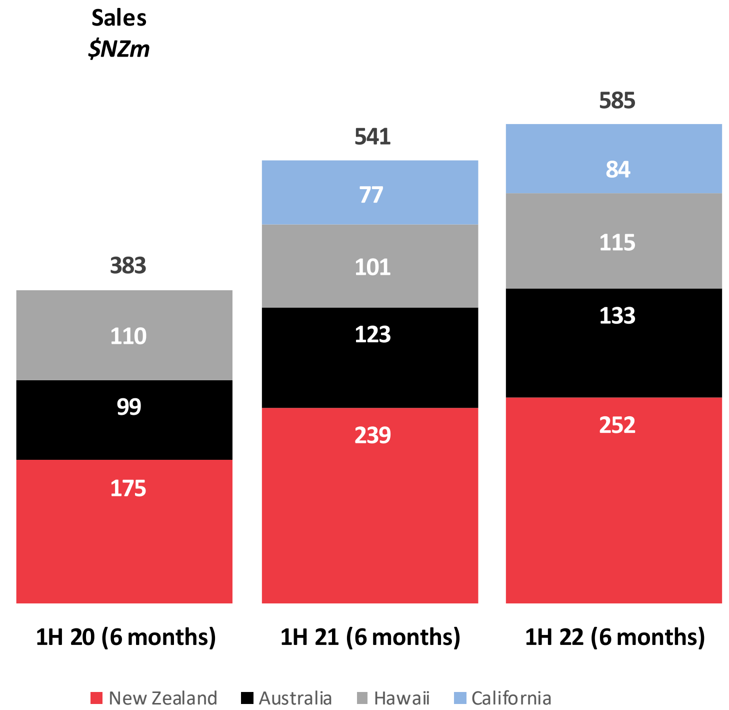
Whilst reported profit is down 56%, underlying brand EBITDA is only 5% down with "one-off" comparisons and non-cash items

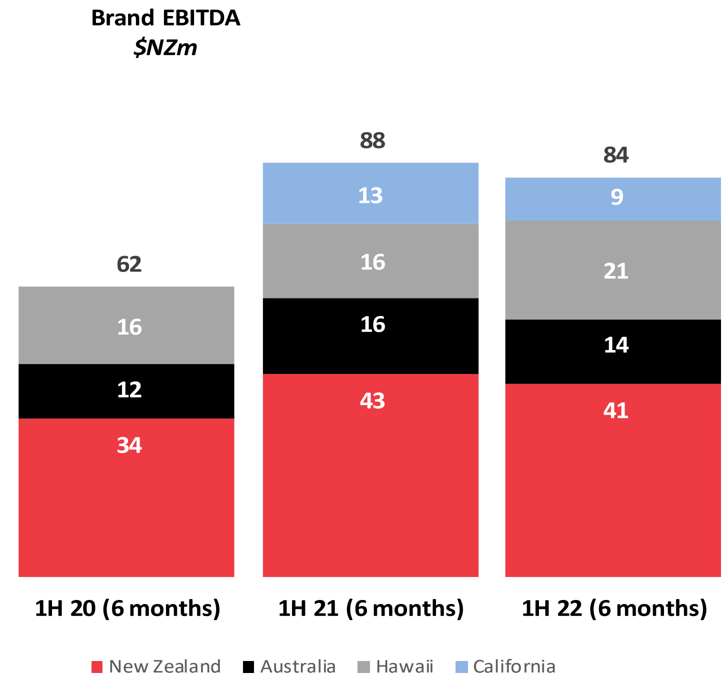
$NZm	1H 21	1H 22	Change B/(W)
Group EBITDA *	90	**85**	(5)
G&A Expenses	22	**25**	(3)
	68	**60**	(8)
Loan Forgivness	(11)	**-**	(11)
Other Expenses	2	**2**	0
Depreciation & Amortisation	23	**27**	(4)
Operating Profit Pre IFRS 16	54	**31**	(23)
IFRS 16 Adjustment	8	**9**	1
Operating Profit	62	**40**	(22)
Financing Expenses	18	**20**	(2)
Net Profit Before Tax	44	**20**	(24)
Taxation	9	**5**	4
Net Profit After Tax	35	**15**	(20)

**pre G&A, NZ IFRS 16 and Other Expenses*

Results Overview

Sales up $44m from acquisitions and store openings; however brand EBITDA down $4m with COVID related staff shortages and inflationary pressures





Net “non-trading” items primarily ERP implementation costs

$NZm (Pre tax)

	1H 21	**1H 22**
ERP implementation	1.2	**3.4**
Acquisition costs	0.7	**0.1**
Gain on acquisition	-	**(0.9)**
Sundry other income & expenses	(0.1)	**-**
Gain on sale Pizza Hut stores	(0.9)	**-**
US PPP Loan Forgiven	(11.4)	**-**
Net Other (Income)/Expense	(10.5)	**2.6**

Operating cash flow down on prior year from cost pressures. Investing cash flow lower with COVID related construction delays.

$NZm	1H 21	**1H 22**
Operating Cash Flow (adjusted) *	50	**35**
Investing Cash Flow	(53)	**(34)**
Free Cash Flow	(3)	**1**

**Adjusted for payments of lease interest classified as operating activities under NZ IFRS 16 of $14.2m in 1H 21 and $16.0m in 1H 22, and payments of lease costs excluded from operating activities under NZ IFRS 16 of $26.3m in 1H 21 and $29.3m in 1H 22.*

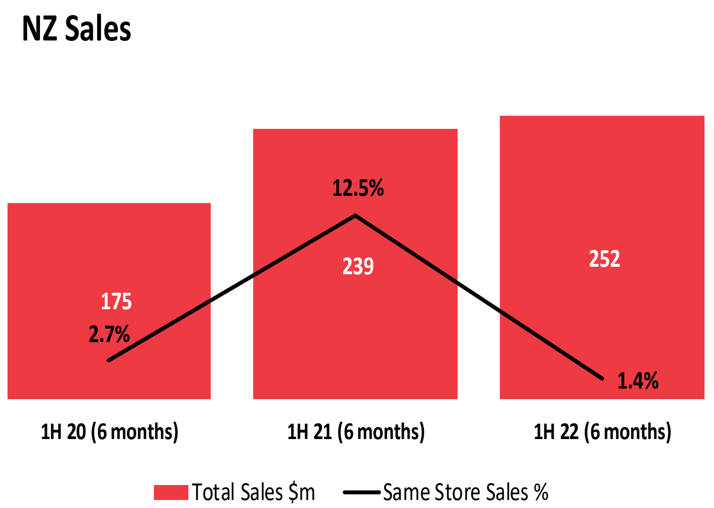
Net borrowings up on 2021 1H with ongoing new store construction and $40m dividend paid in April, but ratios remain well within required limits

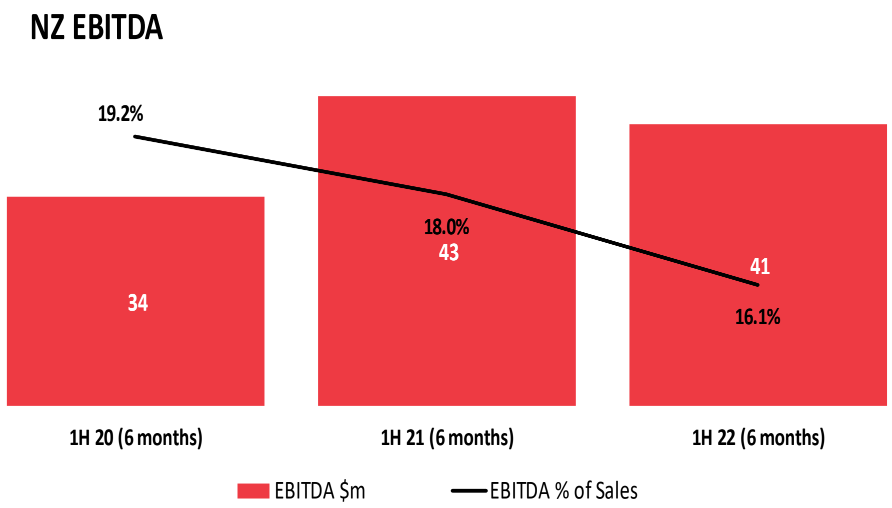
$NZm	**1H 21**	**1H 22**
Net Debt	**195**	**257**
Net Debt:EBITDA*	**1.4:1**	**2.1:1**
Gearing (ND:ND+E)	**42%**	**48%**

* *EBITDA for rolling 12 months, including lease costs*

New Zealand Operations

NZ sales up against prior year with moderate same store sales growth. EBITDA lower with COVID staff issues impacting on trading and cost pressures.



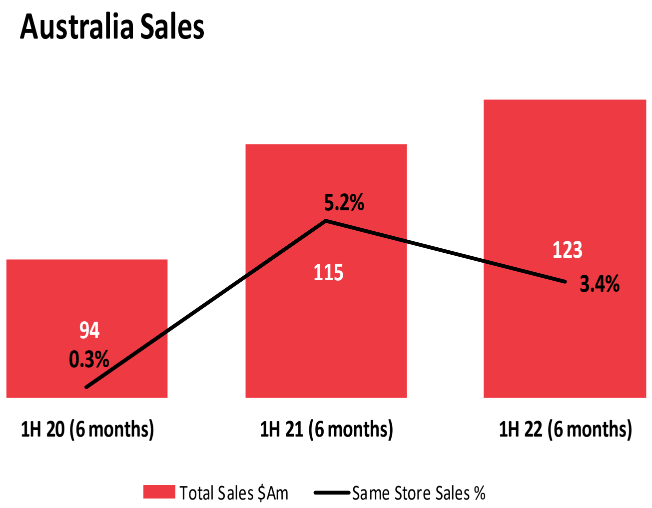


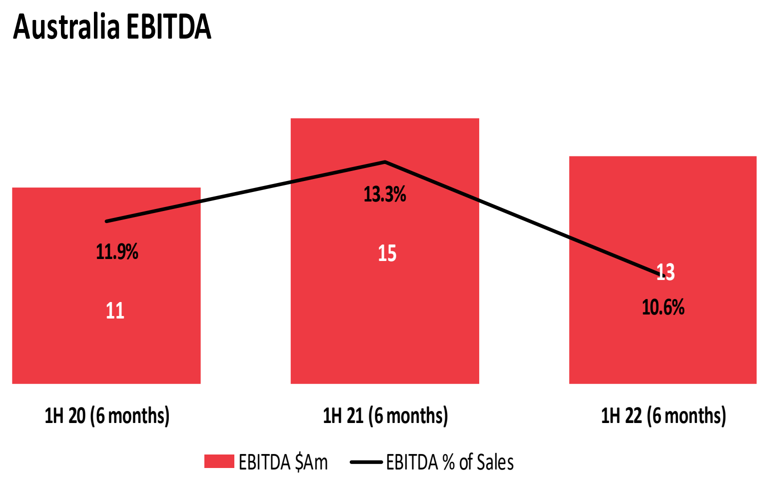
Australia Operations

KFC
FINGER LICKIN' GOOD

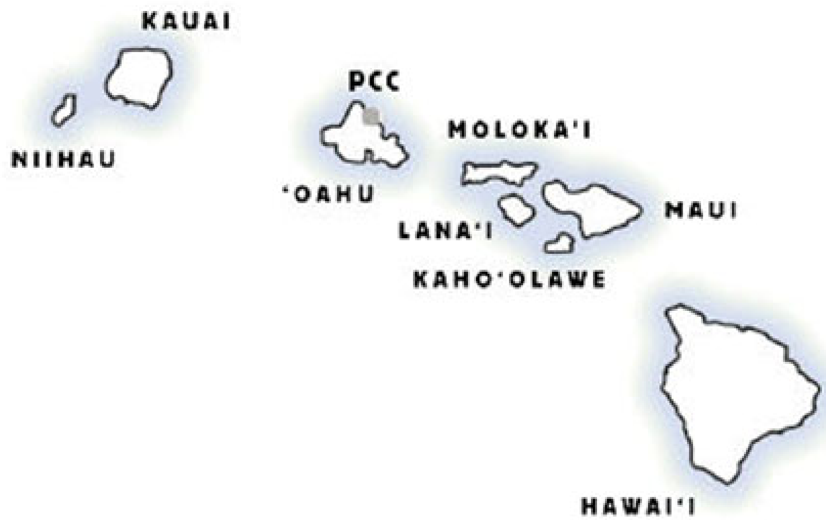
TACO BELL

Australia business continues to grow with slow recovery in non-FSDT stores. Margins down from COVID related staff shortages, inflation and new Taco Bell mix.

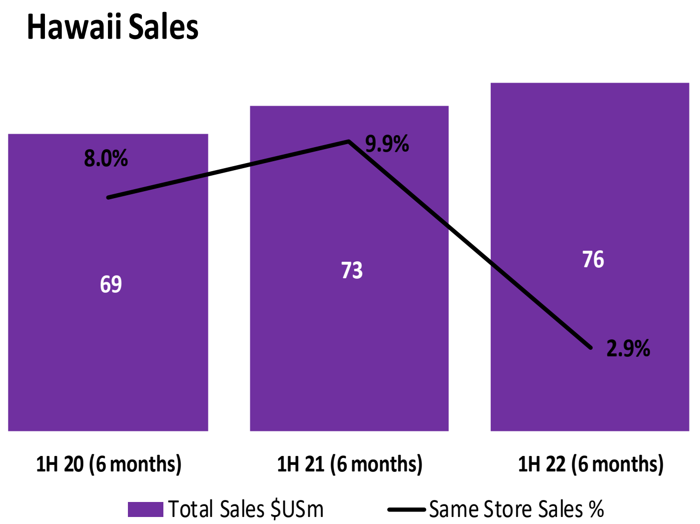


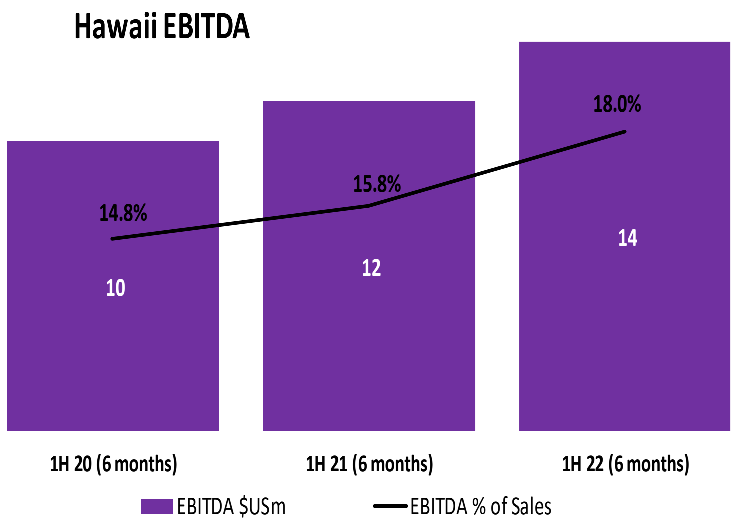


Hawaii Operations



Hawaii margin growth driven by continuing improvement in Taco Bell post-COVID restrictions



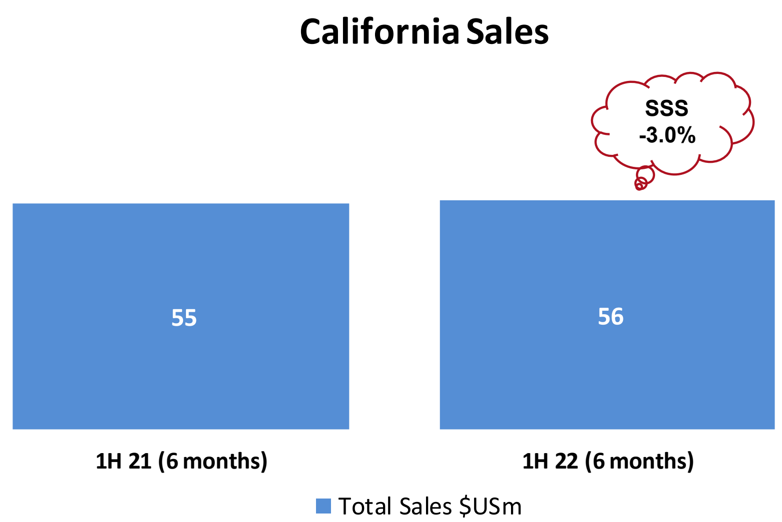


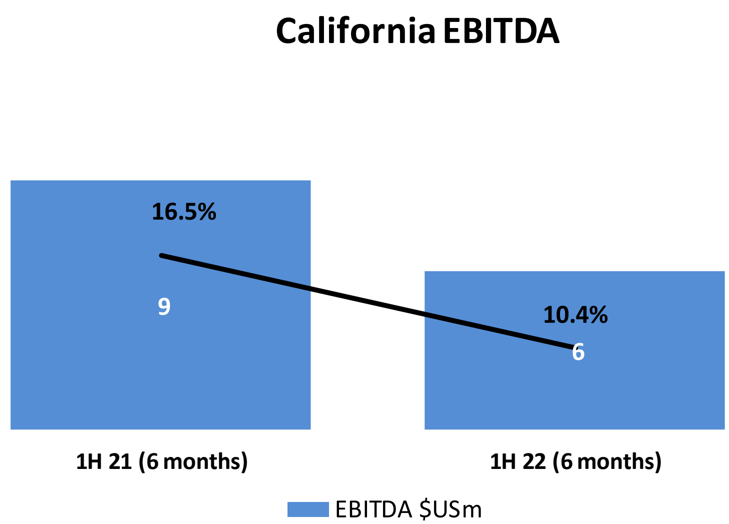
California Operations

KFC
FINGER LICKIN' GOOD

TACO BELL

New store sales offset the impact of rolling prior year stimulus payments. Earnings adversely impacted by significant input cost inflation.





Despite increased operating cost pressures. California built three new stores and acquired one other in 1H 2022. All are performing well against business case.

KFC Waterman

+18% on business case

KFC Perris

+45% on business case

KFC Barstow

+55% on business case

Desert Hot Springs (acquired)

+5% on business case

Outlook

Despite a solid start to the year in terms of sales growth, the continued challenges of the COVID-19 pandemic and high inflation have adversely impacted 1H profitability.

However, Taco Bell store builds will continue in Australia and New Zealand (another five stores expected to open by year end). New KFC store openings will continue in New Zealand and California. Hawaii will continue focus on maintaining the refurbishment programme momentum.

Significant uncertainty continues with COVID-19 and high inflation. However, the company is confident in its ability to manage and recover input costs as the year progresses with some improvement already seen. Whilst the prevailing uncertainty makes it difficult to provide firm guidance, the company predicts a full year reported NPAT of $32 to 37 million.

Questions

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