



# Restaurant Brands New Zealand Limited

## Results Presentation

6 Months to 30 June 2023 (1H 23)

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28 August 2023

## Presentation Outline

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- Key Results
- Results Overview
- New Zealand Operations
- Australian Operations
- Hawaiian Operations
- Californian Operations
- Outlook
- Questions



## Key Results

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|                | 1H 23 vs. 1H 22 | 1H 21     | 1H 22    | 1H 23    |
|----------------|-----------------|-----------|----------|----------|
| • Group Sales  | +9%             | \$540.6m  | \$584.9m | \$640.2m |
| • Store EBITDA | -8%             | \$88.1m   | \$85.4m  | \$78.3m  |
| • NPAT         | -86%            | \$34.5m * | \$15.3m  | \$2.2m   |

- Continued sales growth boosted by new store openings, price increases to cover inflation and favourable exchange rate
- EBITDA reduces on inflation impact
- NPAT reduces on inflation impact and higher interest rates

\* 1H 21 comparison distorted by "one-offs" and adjustments including loan forgiveness of \$11.4m Hawaii PPP loan

## NPAT decreases on inflation pressures, staff shortages and higher financing costs

| \$NZm                                  | 1H 22 | 1H 23 | Change B/(W) |
|--|-------|-------|--------------|
| Group EBITDA *                         | 85    | 78    | (7)          |
| G&A Expenses                           | 25    | 29    | (4)          |
|  | 60    | 49    | (11)         |
| Other Expenses                         | 2     | 2     | 0            |
| Depreciation & Amortisation            | 27    | 28    | (1)          |
| <b>Operating Profit Pre NZ IFRS 16</b> | 31    | 19    | (12)         |
| NZ IFRS 16 Adjustment                  | 9     | 11    | 2            |
| <b>Operating Profit</b>                | 40    | 30    | (10)         |
| Financing Expenses                     | 20    | 27    | (7)          |
| <b>Net Profit Before Tax</b>           | 20    | 3     | (17)         |
| Taxation                               | 5     | 1     | 4            |
| <b>Net Profit After Tax</b>            | 15    | 2     | (13)         |

\* - Pre-G&A, NZ IFRS 16 and Other (Income)/Expenses

## Inflation – A significant and continuing impact on the business

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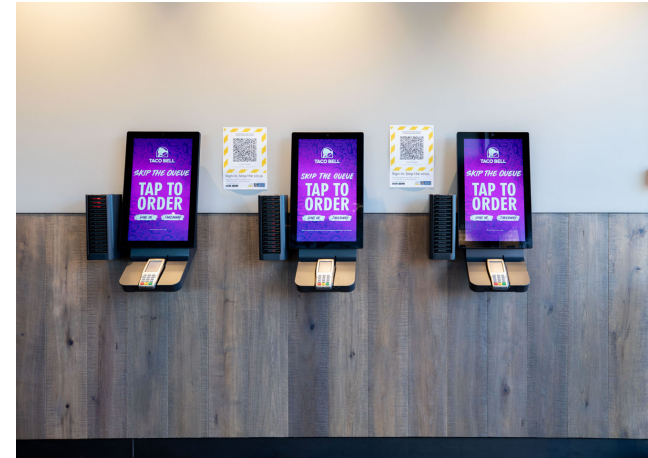
- All divisions experienced significant inflation pressures, with New Zealand stores suffering the most.
- Labour market pressures caused staff shortages hence reduced trading hours.
- Price increases made at a pace and level factoring sales volumes, customer loyalty, our relativity to competitors and long-term shareholder value.
- Mitigation strategies include:
  - Continue investing in digital platforms
  - Enhanced marketing and promotions
  - System improvements streamlining and improving end to end processes.
  - Margin recovery initiatives



## Taco Bell – New Zealand & Australia

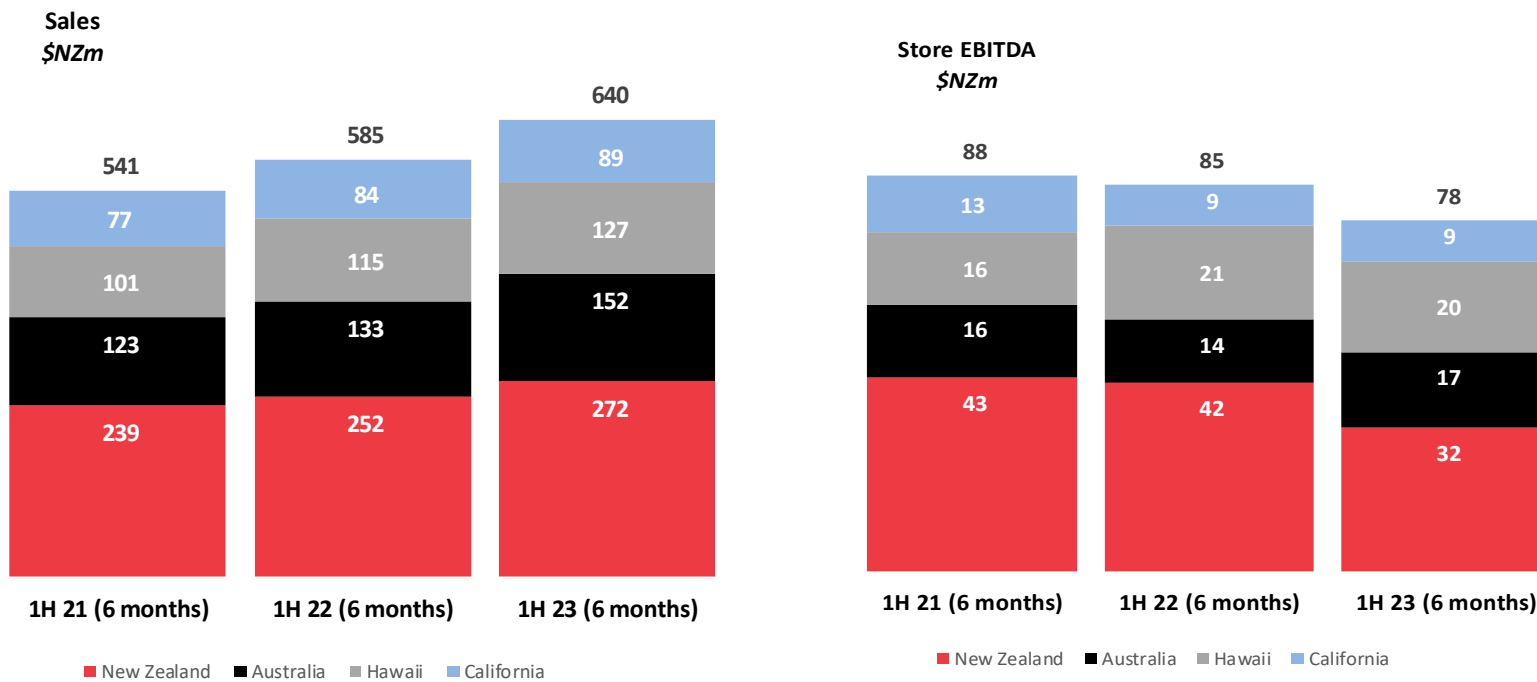
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- At June 2023, 14 stores trading in New Zealand and 13 stores in NSW.
- Ability to pass on cost increases more limited than with established brands.
- Roll out of further stores at a slower pace until margins and trading conditions stabilise.
- Two Australian stores impaired.



# Results Overview

## Sales up \$55m supported by store openings; however Store EBITDA down \$7m due to inflationary pressures and staff shortages





## Non trading – Two Australian stores impaired

*\$NZm (Pre-tax)*

|                            | 1H 22 | 1H 23      |
|----------------------------|-------|------------|
| ERP implementation         | 3.4   | -          |
| Acquisition costs          | 0.1   | -          |
| Gain on acquisition        | (0.9) | -          |
| Net impairment             | -     | <b>1.8</b> |
| Net Other (Income)/Expense | 2.6   | <b>1.8</b> |



ERP improvements of \$0.8m in 1H 23 expensed under new IFRS rules as G&A

## Operating cash flows in line with prior year; store refurbishments continue

**\$NZm**

|                                  | 1H 22 | 1H 23 |
|----------------------------------|-------|-------|
| Operating Cash Flow (adjusted) * | 35    | 35    |
| Investing Cash Flow              | (34)  | (33)  |
| Free Cash Flow                   | 1     | 2     |



*\*Adjusted for payments of lease interest classified as operating activities under NZ IFRS 16 of \$16.0m in 1H 22 and \$17.6m in 1H 23, and payments of lease costs excluded from operating activities under NZ IFRS 16 of \$29.3m in 1H 22 and \$31.8m in 1H 23.*

## Net borrowings up on 1H 22 with ongoing refurbishments and new store construction, but ratios remain well within required limits

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***\$NZm***

Net Debt

Net Debt:EBITDA\*

Gearing (ND:ND+E)

1H 22

257

2.1:1

48%

1H 23

275

2.4:1

49%



\* EBITDA for rolling 12 months, including lease costs

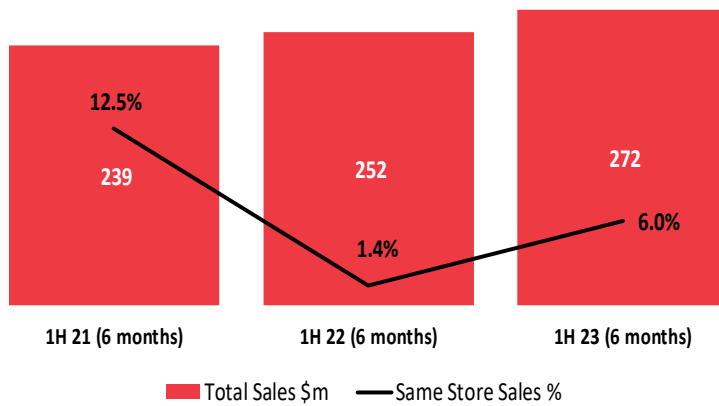
# New Zealand Operations

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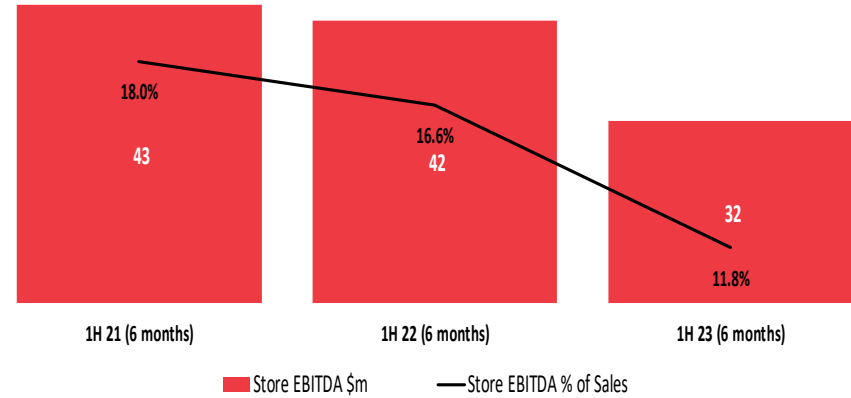


## NZ sales up against prior year with moderate sales growth. EBITDA lower with inflation pressures

### NZ Sales



### NZ Store EBITDA



## Australian Operations

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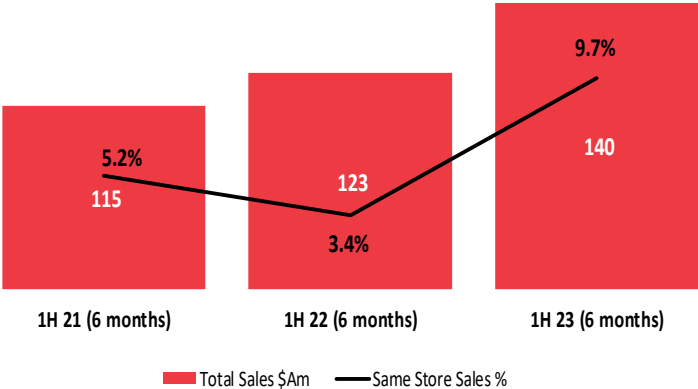


**KFC**  
FINGER LICKIN' GOOD

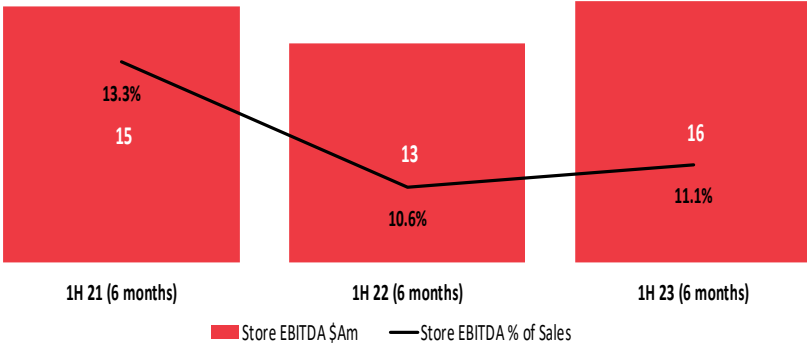
  
**TACO BELL**

# Australia business continues to grow with recovery in CBD and Mall stores

### Australia Sales



### Australia Store EBITDA



# Hawaiian Operations

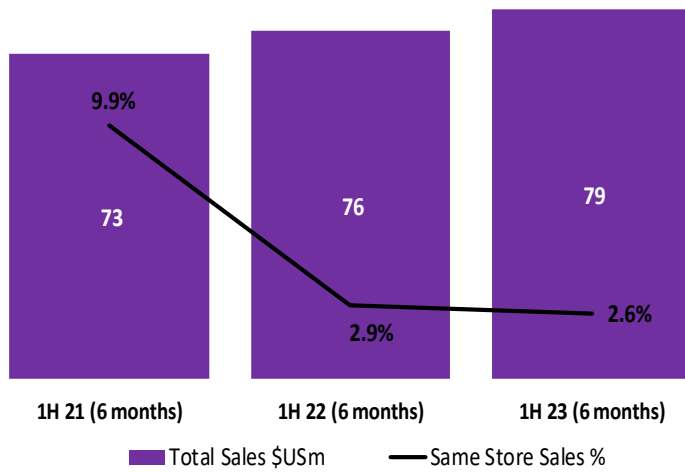
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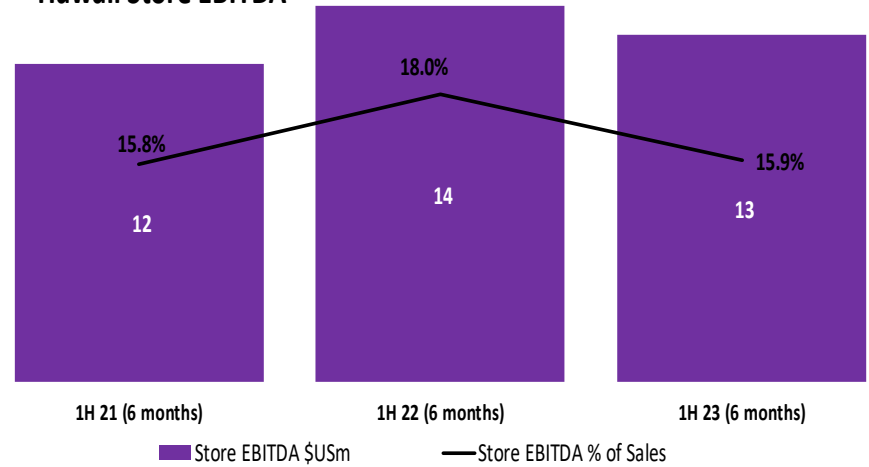


## Hawaii sales growth driven by increased trading hours but still short on expectations

### Hawaii Sales



### Hawaii Store EBITDA



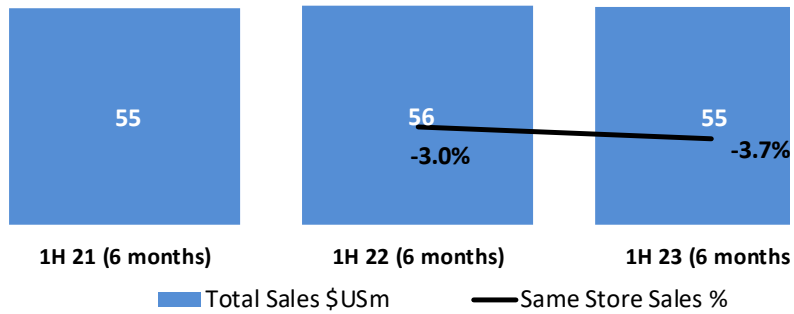
# Californian Operations

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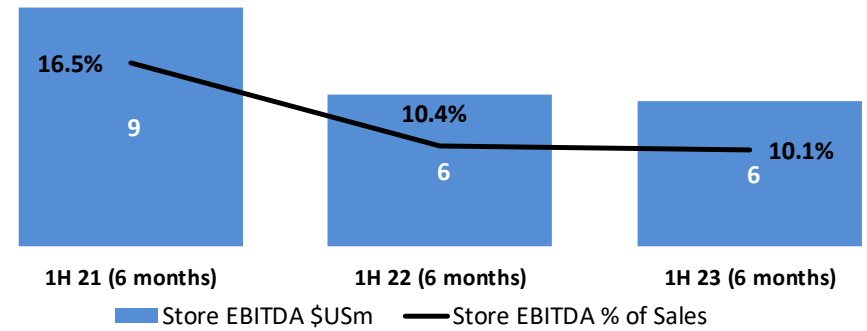


## Sales growth impacted by weaker Californian economy

### California Sales



### California Store EBITDA



## Outlook

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**The Group continues to monitor the trading and economic environment closely as volatility continues across its key markets. Management plans to provide an update on outlook, in terms of expected time for recovery, at the time of the full-year results.**

**The Group continues to predict a full year NPAT of \$12 to \$16 million.**

# Questions

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