



KFC

KFC UKI

Green Shoots

No Parachute required

Everett FIELDGATE

Business Development Director KFC UKI

Accessible Retail Conference

15th October, 2009







Agenda

1. The QSR Market / KFC UKI Performance

2. The Green Shoots of Growth



The macro economic environment is affecting consumer on all fronts

Food inflation

Gas price hikes

Interest rates cuts

House market standstill

Drop in bank lending

Job losses





Those affected are adapting their behaviour accordingly



Cutting Back



Life on Hold



Trading Off



Trading Down



**Occasional
Treats**



It's worth it



Life goes on



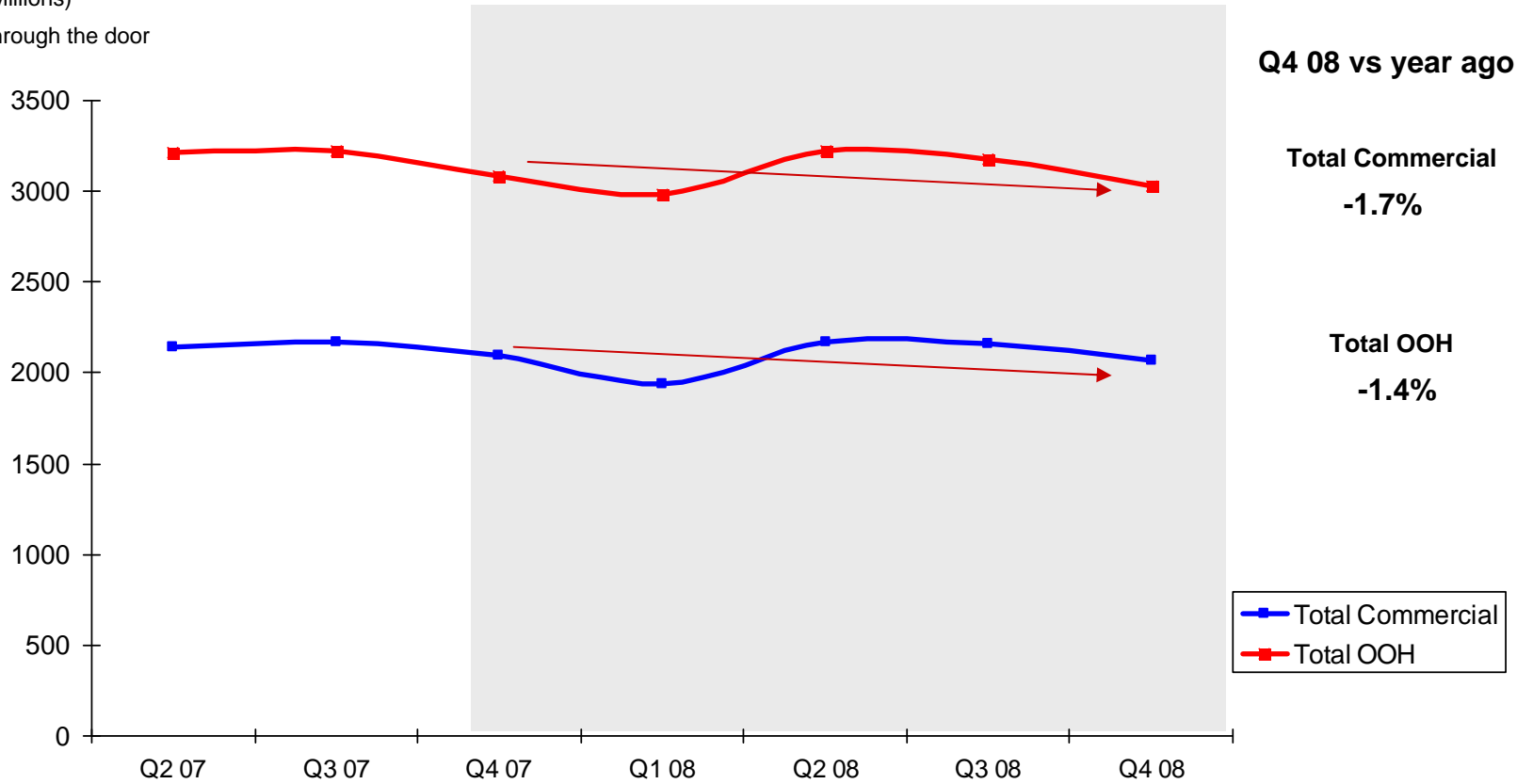
On the up



This is resulting in a reduction in overall Out Of Home eating across the UK

Long term trends Total OOH and Total Commercial

Traffic (Millions)
Heads through the door



SOURCE: CREST/The NPD Group

QSR includes: Burger, Pizza, Fish & chips, Chinese (t/away & delivery), Indian (t/away & delivery), Fried chicken, Sandwich, Coffee Shops, Retail/Grocery, Kebabs etc

Non QSR includes: Pubs, FSR (incl Chinese and Indian), Cafés, In-store Restaurants, Hotels, Service Stations and Other Leisure

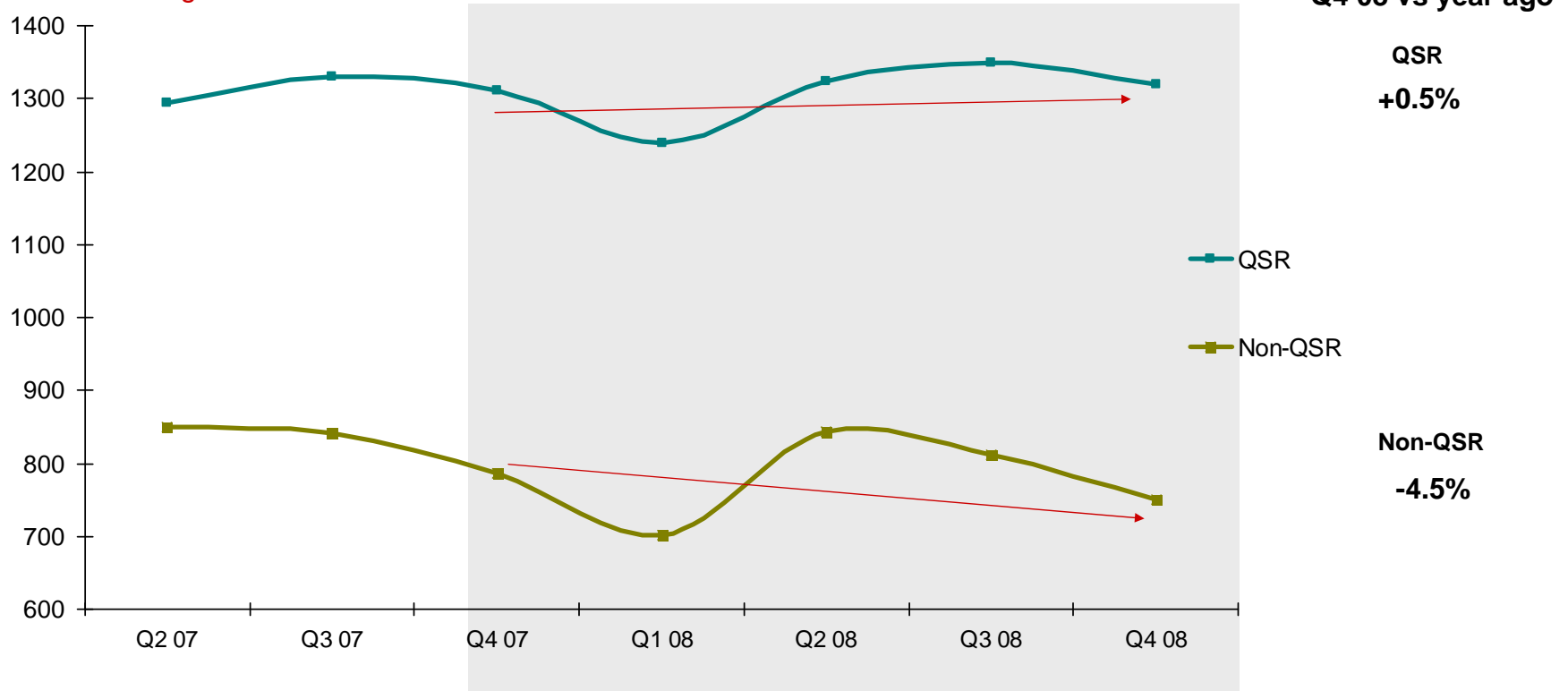


However, as a result of people trading across from Casual Dining to the QSR Market, resulting in slight growth.

Traffic (Millions)

Heads through the door

LONG TERM TREND QSR VS. NON-QSR



SOURCE: CREST/The NPD Group

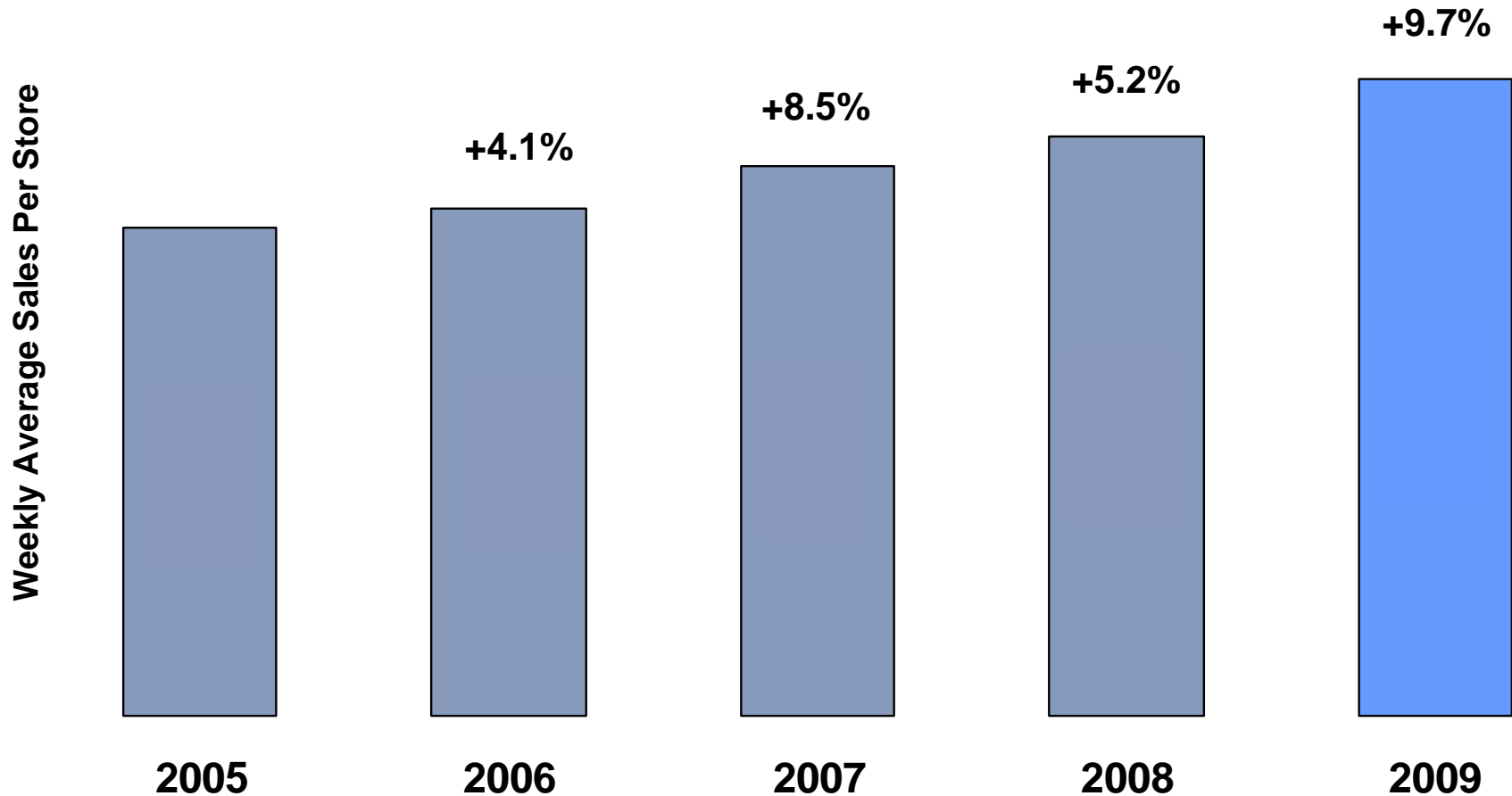
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With KFC being one of the top performers in this category

KFC GB Ltd Sales (£M and SSSG%)





Equally as important, our sales growth is strong across asset types and regions

2009 YTD P10 growth by asset type

	<u>SSSG</u>
Drive Thru	112%
Food Court	107%
High St Rest	107%
Restaurant	107%
Express	107%



2009 YTD P10 growth by Region

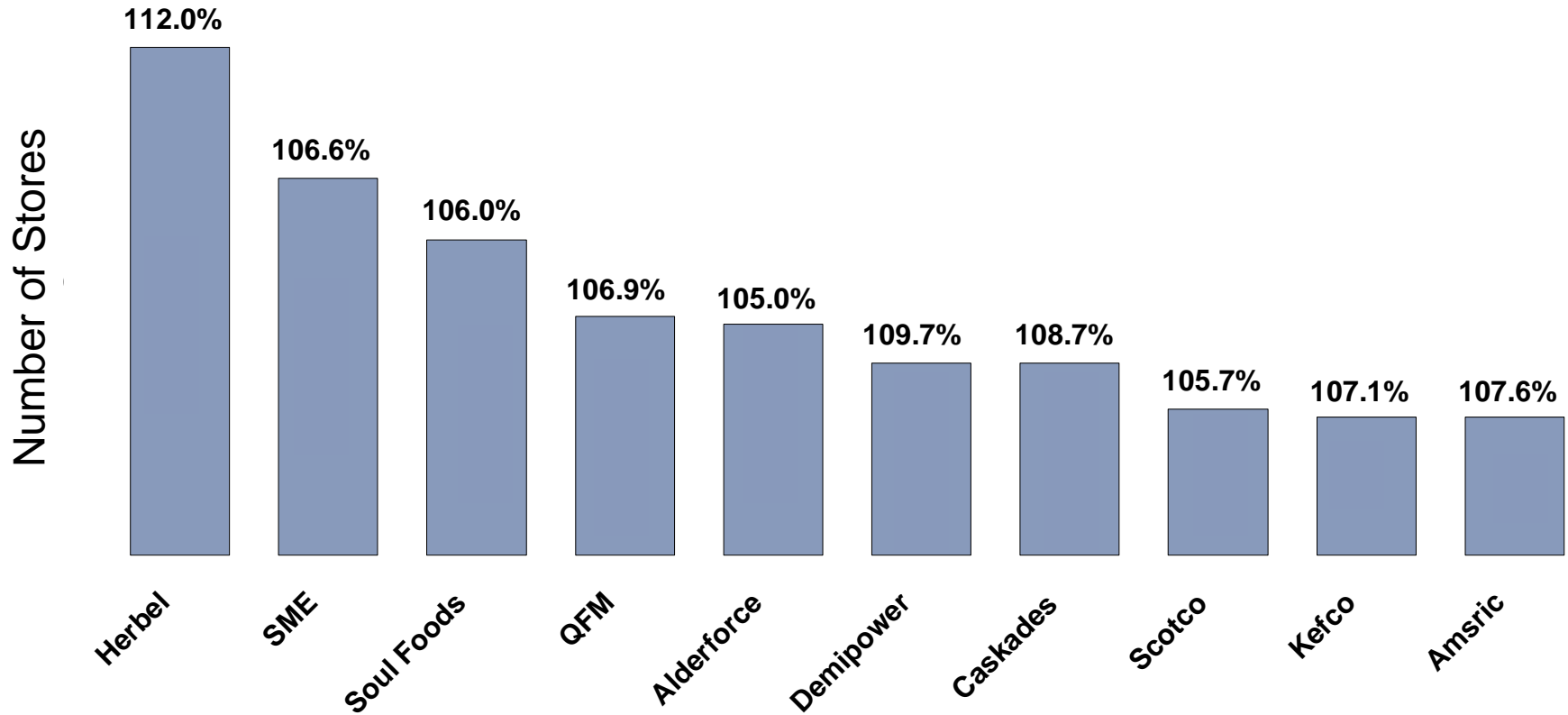
	<u>SSSG</u>
Midlands	112%
East	111%
London	110%
Scotland / North	110%
South West	109%





And our franchisees are benefiting also.

KFC Franchise Store No's and SSSG%





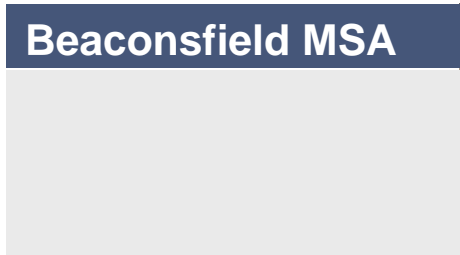
And our New Store Openings are breaking sales records



Worcester



Manchester Fort



Beaconsfield MSA

Washington



Canterbury



Hazel Grove





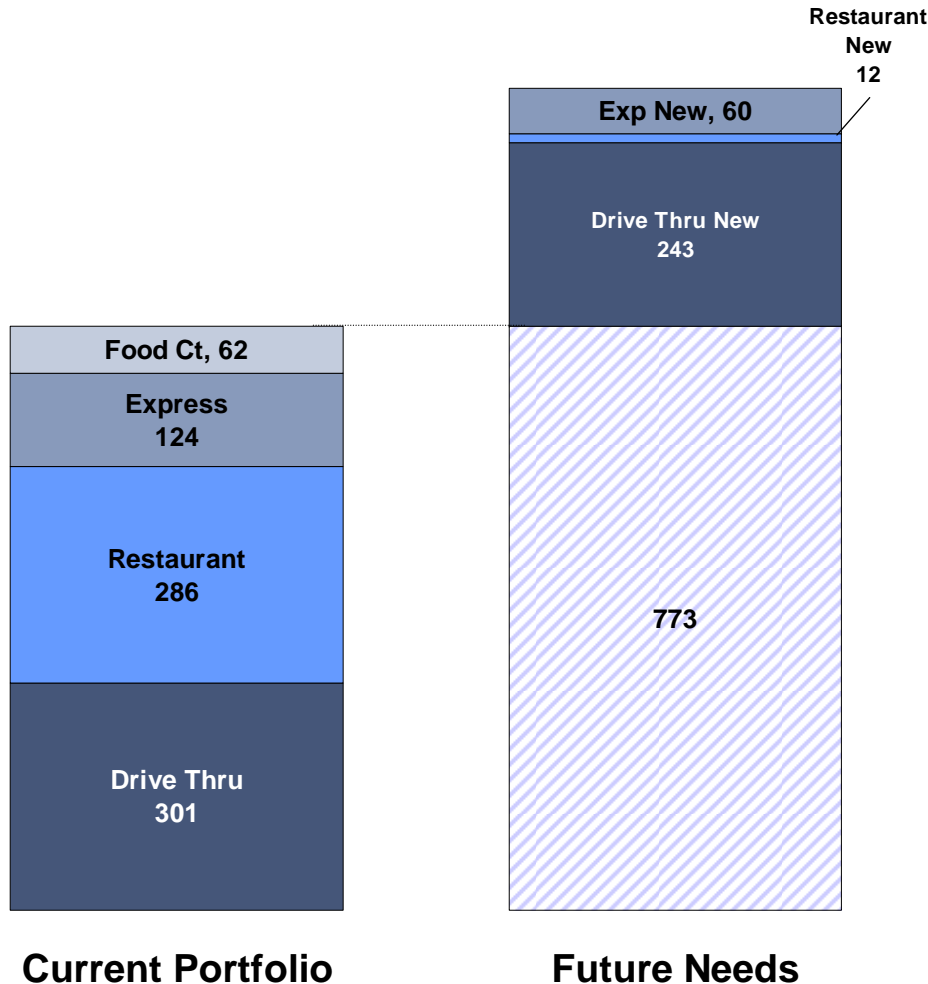
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Our estate is growing by approximately 35 restaurants per year, and we are actively looking to increase this rate.

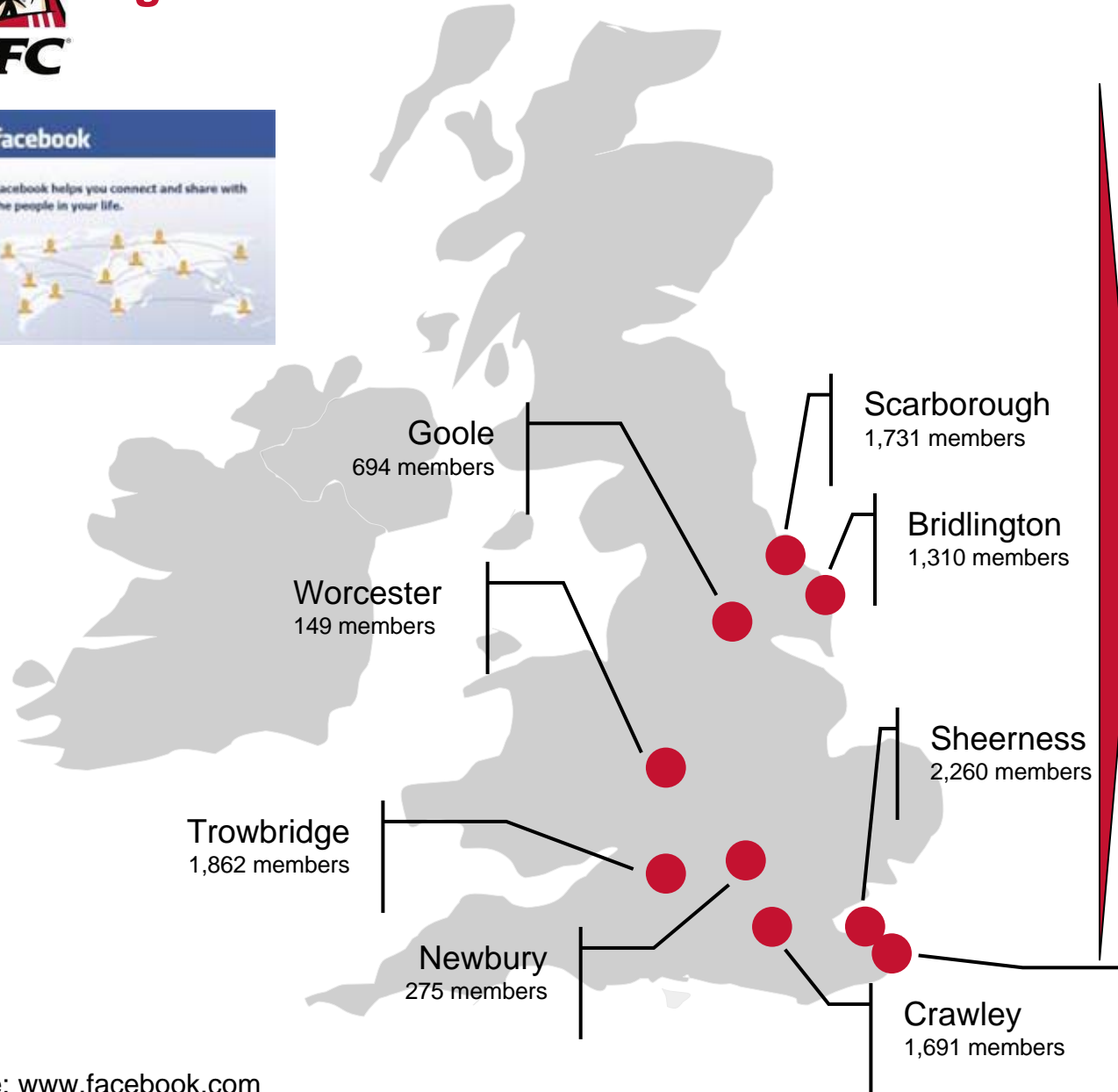


Key Benefits

- We are actively seeking growth opportunities throughout the UK.
- Over 400 opportunities to increase income

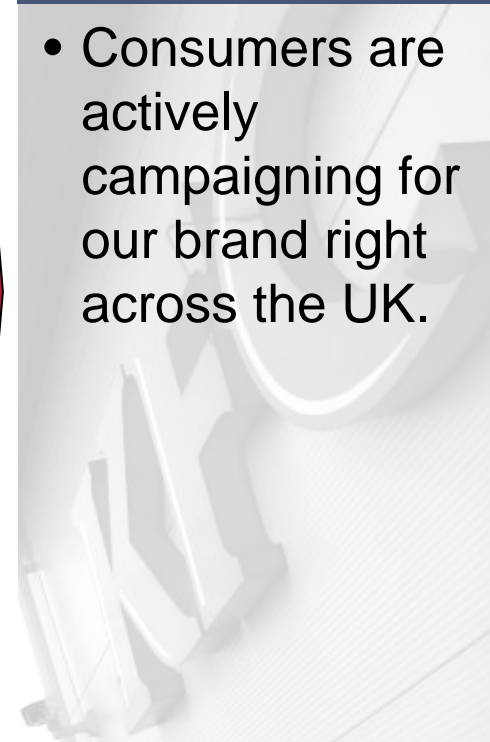


We have a number of Facebook campaigns supporting a KFC right across the UK



Key Benefits

- Consumers are actively campaigning for our brand right across the UK.





We are upgrading our restaurants with new contemporary designs and are committed to a rolling 5 year program

Old design



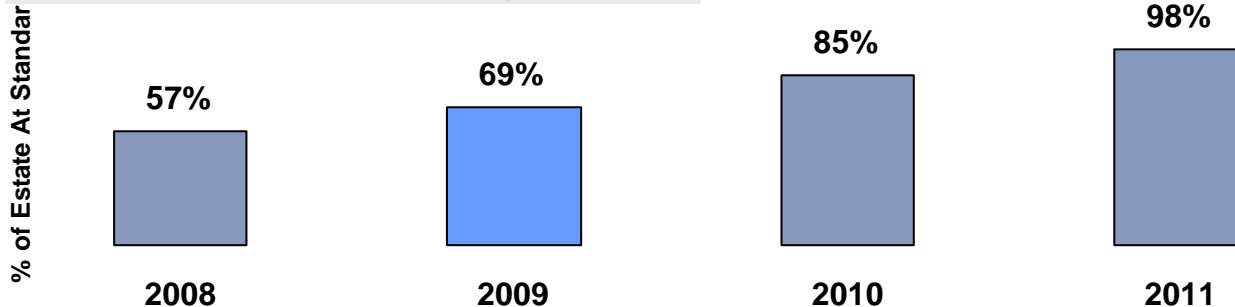
New design



Key Benefits

- Our assets will be regularly upgraded to add to the look and feel of your developments and ensure we attract the right customers

% of assets at current designs



Source: internal data



And our new designs are advancing even further.

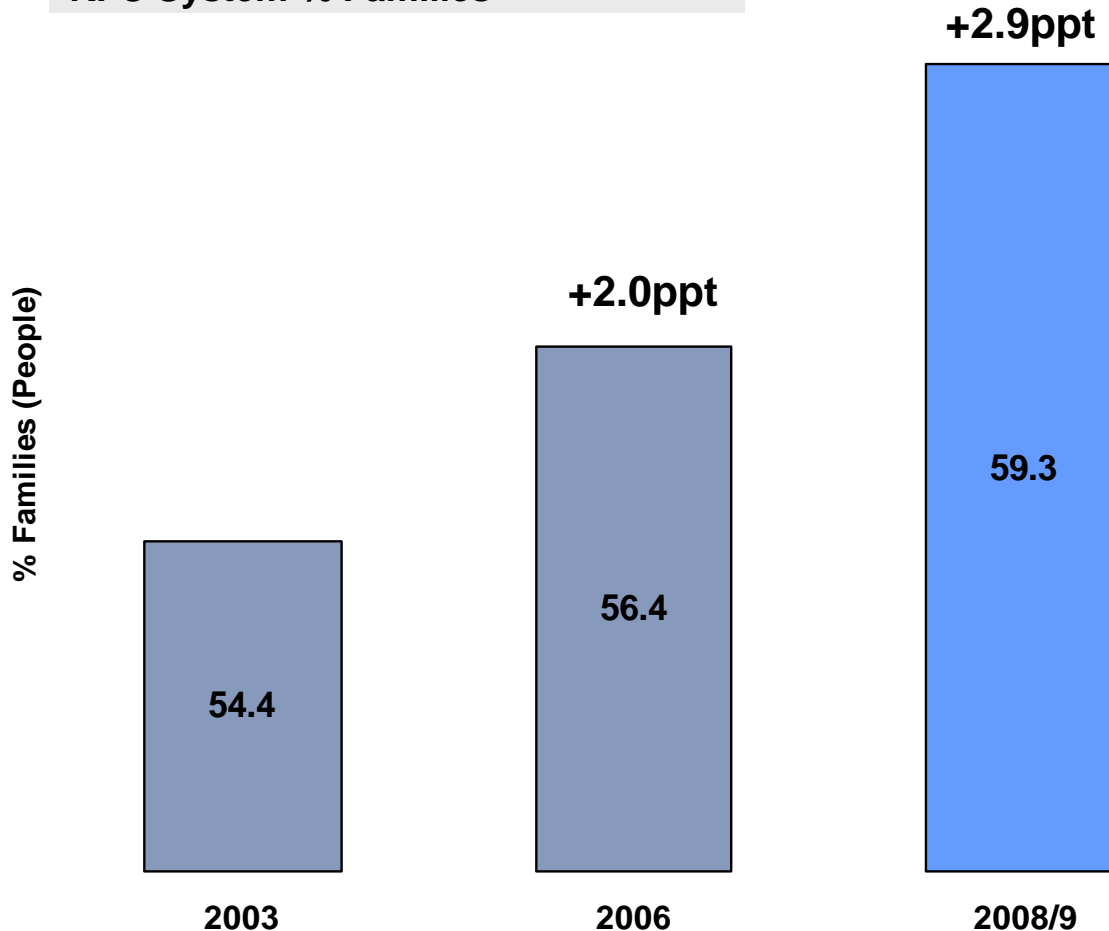


Testing a new design in 2010



As we do this our customer base is changing towards even more families

KFC System % Families



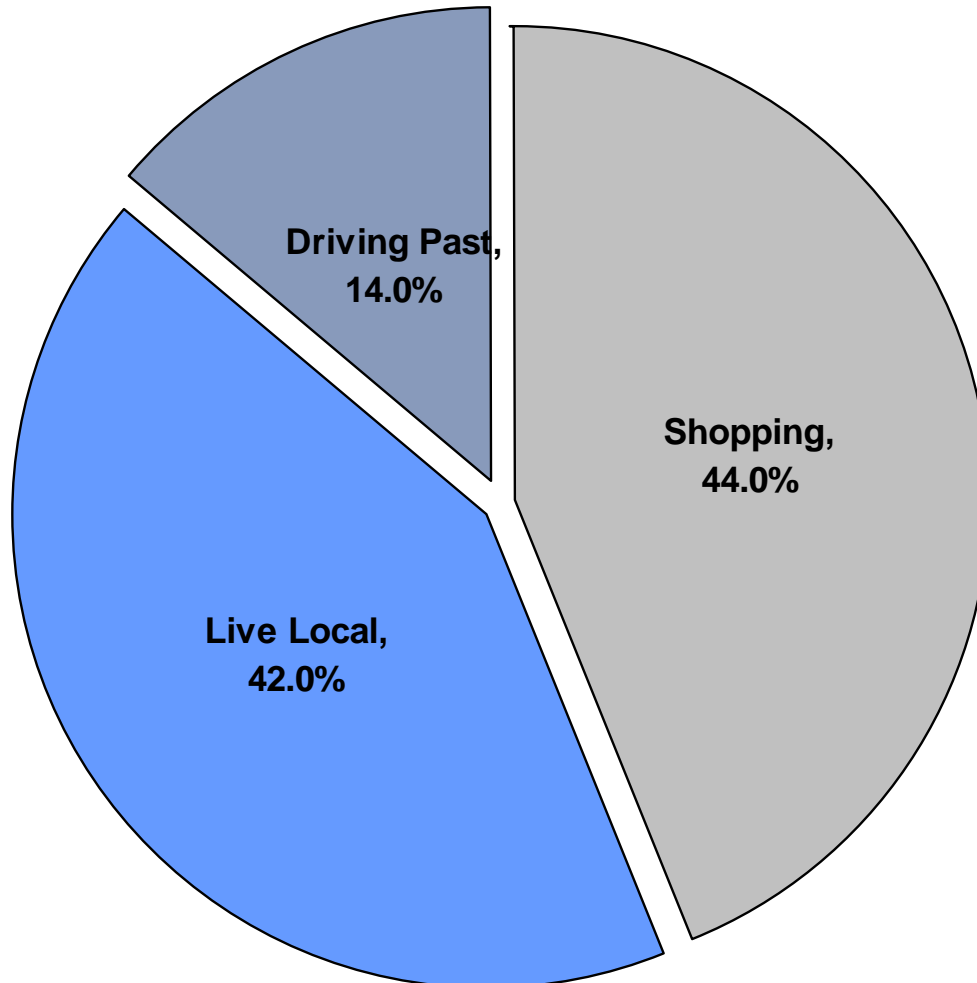
Key Benefits

- We are attracting more families as we build consumer confidence across our business



KFC benefits from being located along side good retail generators, but Retail Parks benefit also...

KFC System % Reason for Going



Key Benefits

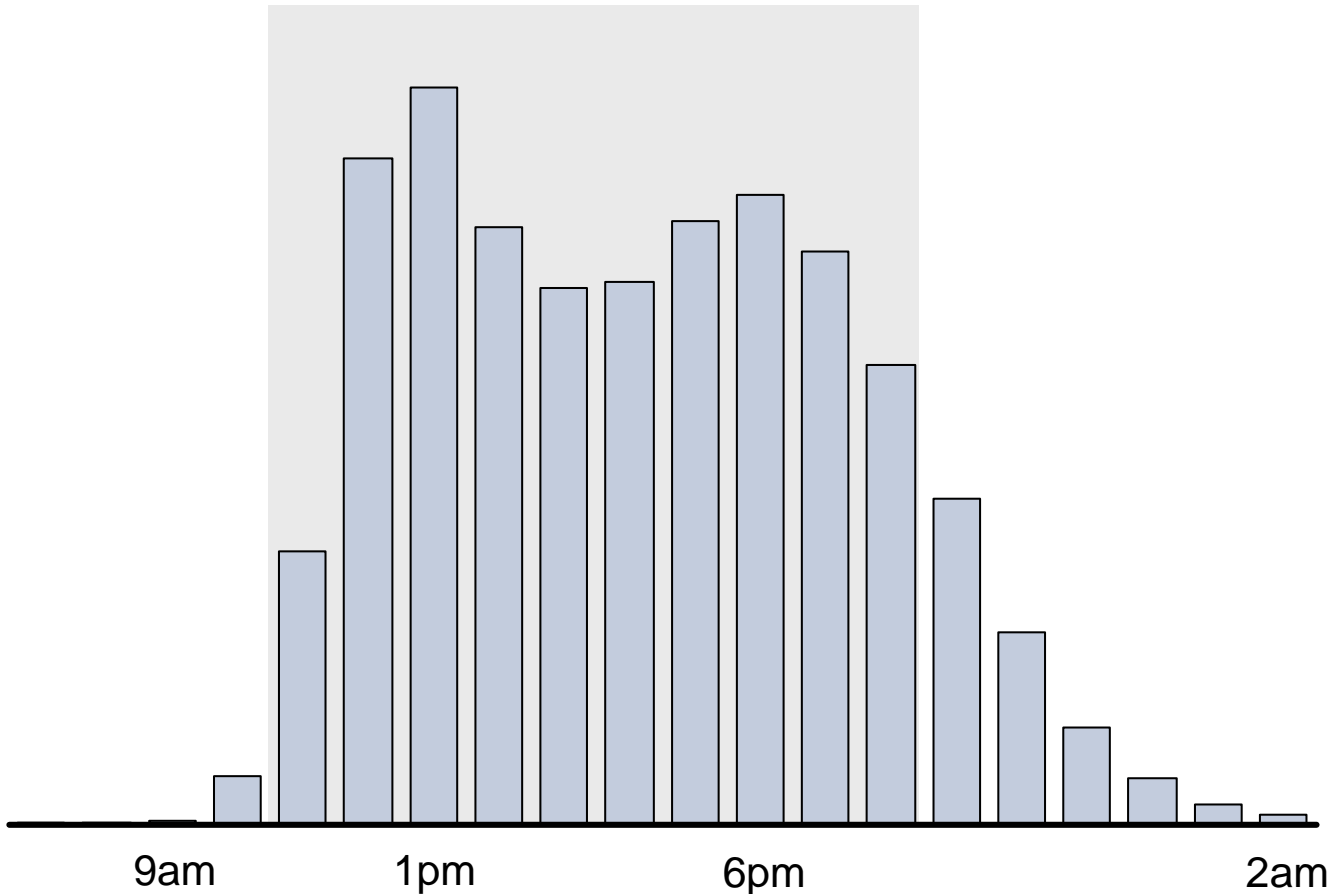
- KFC creates / encourages linked trips
- KFC may also increase visit frequency of local residents



Our transaction base is consistent across the main retail dayparts.

Transactions by hour

Weekly average transactions YTD



Key Benefits

- Consistent trade throughout the day limiting car park issues.



We are listening to the Community and are progressing our brand reputation framework.



Dinner time

	Kcal per person	PRICE
Deluxe Boneless Box		
12 Mini Breast Filets serves 4	890-1175	15.99
8 Mini Breast Filets serves 4	755-1000	12.99
WITH 2 Reg Popcorn Chicken*, 4 Fries, 2 Lge Sides, 1.5ltr Bottle		
Bargain Bucket*		
16 Pieces and 6 Fries* serves 6	820	14.99
14 Pieces and 6 Fries* serves 6	750	12.99
10 Pieces and 4 Fries* serves 4	785	9.99
Family Feast*		
12 Pieces, 4 Fries, 2 Lge Sides, 1.5ltr Bottle serves 4	965-1125	14.49
8 Pieces, 4 Fries, 2 Lge Sides, 1.5ltr Bottle serves 4	750-915	11.49
Variety Bucket		
8 Pieces serves 4	890-930	13.49
4 Pieces serves 4	680-720	10.49
WITH 4 Mini Breast Filets, Reg Popcorn Chicken*, 4 Fries		
The Full Works		
14 Pieces and 6 Fries serves 6	1580-1750	18.49
10 Pieces and 4 Fries serves 4	1240-1410	15.49
WITH 4 Lge Sides, 1.5ltr Bottle, 1tr Rolo* Ice Cream Tub		

KFC creating 9,000 jobs in new outlets





And we are listening to Developers, with programs to anticipate and address unsociable behaviour, litter and smells.

THE O.N.100 ODOUR NEUTRALISER

How it works and its use in the control of odours from commercial kitchen extract systems

THE FOLLOWING ARE SOME OF THE MAJOR ADVANTAGES OF THE O.N.100:

- Instant control of odour
- Efficiency up to 90%
- Visual Awareness of Neutralising Agent
- Fully adjustable
- Easy and Economical to Maintain
- Installed easily into existing systems
- No resistance to the Airflow
- User friendly

HOW IT WORKS: The incoming airstream is drawn off the majority of particulate contaminants such as oil, grease and steam leaving the grease phase behind to be treated by the O.N.100. Ambient air is drawn into the unit and mixed with a specially blended neutralising chemical. A coarse filter which is then bonded to a negative polarity of A.C. volts. The neutralising process along a micro-fine fibre and a discharge into the centre of the unit on a misting stage, the misting stage is further through the same high tension stage which makes the contaminants as an opposite polarity to the negatively charged agent. The electrostatic difference between the contaminants and the neutralising agent causes the ions to combine which either stick or break in motion to neutralise the odour.

MAINTENANCE: The O.N.100 needs to be topped up with a chemically balanced neutralising agent which is contained in a hopper tank. In an average situation an average exchange time to be weekly depending dependent on usage.

ELECTROSTATIC PRECIPITATORS

Electrostatic precipitators are used to clear the extraction of grease and hydrocarbon fumes. These highly efficient units are known particles as well as dirt removal as an efficiency in smoke of odour present. The equipment should be used before the O.N.100 to systems with a high 'sooty' use of grease or smoke. The units clean in modular form, these units in the O.N.100 which is suitable for surfaces up to 1000 cubic metres per hour (1000 m³/hr). For further information see O.P. literature.

purified air
providing a better environment

Quick Pick Litter Picks

Litter picks can now be carried out in the hours of darkness

Why?
To reduce the amount of visible litter to our "evening" customers and local residents. This "quick pick" is in addition to the current four daily litter picks

What is it?

- Removal of litter:
- During hours of darkness
- Close to Store
- Easily accessible and visible rubbish
- Empty bins close to Store
- Lit areas only

Could be carried out on returning from delivering a drive thru' order!

We can save literally **thousands** of road miles by collecting larger quantities less frequently.

1 collection instead of **6**



Tank levels are monitored via telemetry. We automatically send a collection lorry at the appropriate time.

The oil is collected and a print out of the true litreage, not an average, is provided. The oil is then taken to our closest facility to be bulked up, saving more road miles.

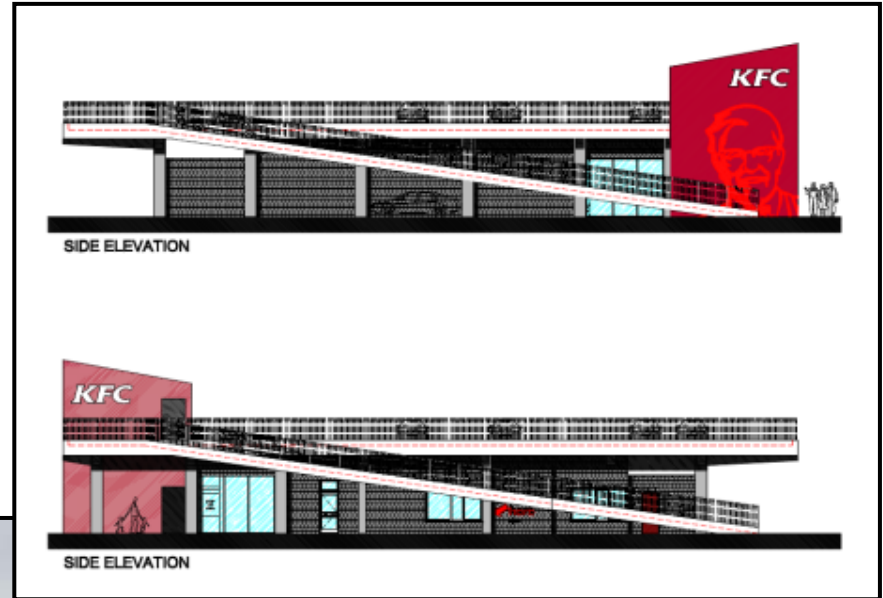
Once we have purified the oil, it's delivered to a biodiesel producer.

Each consignment is tested for impurities and quality. We will then process it, and provide detailed reports showing if the oil is being changed too early or too late.

"With Oilsense your business will see many benefits. Kitchens are cleaner and safer for staff, food is crisp and consistent for customers, and managers have total control over oil use."



We are also listening in other ways... Design flexibility, Point of contact, Expertise, Agents fees





Better Cash Flow/Better Yields We need more sites – Freehold or Leasehold



Growing at a double digit rate this year, with 750 restaurants in the UK we are hungry for at least another 400. And we're offering fingerlickin' good finders fees.*

Immediate requirement for:

- **'Drive Thru'**
0.4 to 2 acre sites
- **Food Court Kiosk**
(shared seating) 1,300 sq ft
- **Drive To/Stand Alone building**
Typical floor area 1,900 sq ft
- **Local Restaurants/Express**
(Inside M25 only) 1,600 to 2,000 sq ft
(min 1,100 sq ft Ground)

*£20,000 for recognised Drive Thru/Drive To/Stand Alone introductions.
£12,500 for recognised Local Restaurants/Express/Food Court introductions.
Fees only paid to property professionals on unconditional exchange.
Valuations/negotiation advice and monthly updates required to remain eligible.

For more information and full requirements list visit
www.kfcdevelopment.co.uk

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