

Yum! Brands Inc. Reports Second-Quarter 2008 EPS of \$0.45 per share, 16% Growth Excluding Special
Items
2008-07-17

Raises Full-Year EPS Growth Forecast to 12% from 11%, Excluding Special Items

Yum! Brands Inc. (NYSE: YUM) today reported results for the second quarter ended June 14, 2008.

SECOND-QUARTER HIGHLIGHTS

Very strong system-sales growth of +43% in mainland China and +15% in Yum! Restaurants International (YRI), fueled by broad-based unit development, same-store-sales growth, and favorable foreign currency translation.

Worldwide same-store-sales growth of +4%, including +14% in mainland China, +4% in YRI, and +2% in the U.S. (all figures are system-wide).

Operating profit growth of +38% in China Division and +18% in YRI, with a 12% decline in the U.S.

Lower effective tax rate versus prior year.

Increased quarterly dividend by 27% with our yield now about 2%.

In the second quarter, special items totaled less than a \$0.01 negative impact to EPS and included \$4 million of pre-tax charges related to U.S. restructuring partially offset by \$1 million of pre-tax U.S. refranchising gains.

FULL-YEAR OUTLOOK

The Company, for the second time, raised its full-year 2008 EPS forecast. We expect to generate \$1.89 per share or 12% growth, a \$0.02 increase from our previous guidance in our first-quarter earnings release. This is prior to full-year net gains from special items of up to \$0.06 per share as previously announced in the Company's full-year 2007 earnings release on February 4, 2008. Full-year reported EPS, including all items, is expected to total up to \$1.95, or 16% growth.

David C. Novak, Chairman and CEO, said, 'The power of the global Yum! portfolio is most evident even in difficult times, and I'm pleased to report second-quarter EPS growth of 16%, excluding special items. Based on this strong performance, we confidently raise our full-year EPS growth forecast to 12%. The strength of YUM's global development machine, which will deliver over 1,600 new units in 2008, and the major progress we're making on key sales growth initiatives gives us confidence we will be able to continue this type of consistent performance in 2009.

'Our strong second-quarter EPS growth of +16% was driven by exceptional profit growth in our international businesses and tax benefits recognized during the quarter. Our global system-sales growth of 11% was led by our China and YRI businesses as well as favorable foreign currency impact. Importantly, our international development pace is full speed ahead, as both our China and YRI businesses are on pace to match or exceed last year's record performance. As a result, our international businesses delivered spectacular profit growth this quarter with China up 38% and YRI up 18%. In the U.S., our profit declined primarily due to the continuation of high commodity inflation. However, I am pleased to report our U.S. business continues to make top line progress generating second-quarter same-store-sales growth of +2%, the fourth consecutive quarter of positive growth.

'Shareholders should expect us to continue building consistent value by differentiating our portfolio of brands and driving profitable global expansion through our four key strategies that make us not your ordinary restaurant company: build leading brands in China in every significant category, drive aggressive international expansion and build strong brands everywhere, dramatically improve U.S. brand positions, consistency and returns, and drive industry-leading, long-term shareholder and franchisee value.'

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article33558.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html