SPHERA

Sphera Franchise Group

Interim results: Jan-Jun 2019

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Therefore, the final results achieved may vary significantly from the forecasts, and the variations may be material.

Sphera – H1-2019 key events

All-store sales up 27.3% with same-store sales growth of 9.0%

- Same-store double-digit growth from KFC, improved performance of Pizza Hut, marginally positive for KFC Italy

Total store openings: 7 in Q2; on track to deliver full-year target; network size 145 @ 30 June 2019

KFC sales remained strong, with another double-digit quarterly growth, as delivery operations gain momentum

Pizza Hut curbs sales decline on better Delivery activity, but profitability remains the key challenge under labour pressure

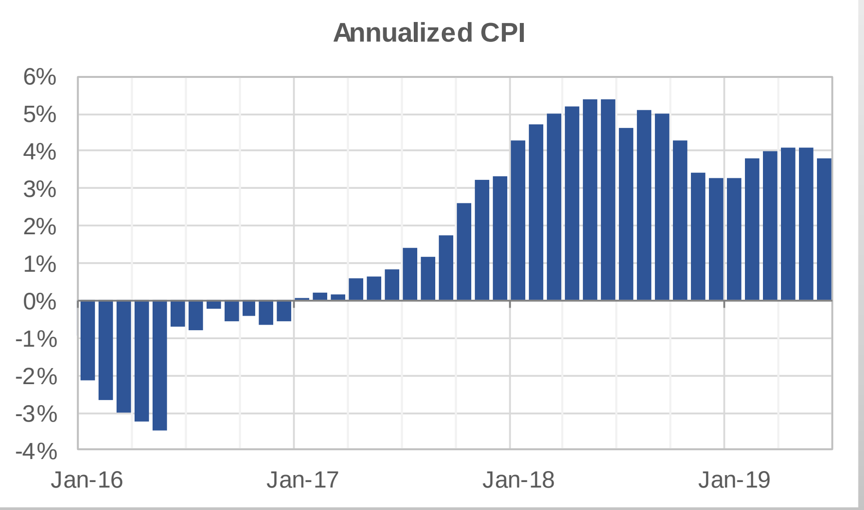
Both KFC Italy and Taco Bell performance significantly improved both at restaurant level and G&A, on track to deliver breakeven EBITDA

- **Interim results***

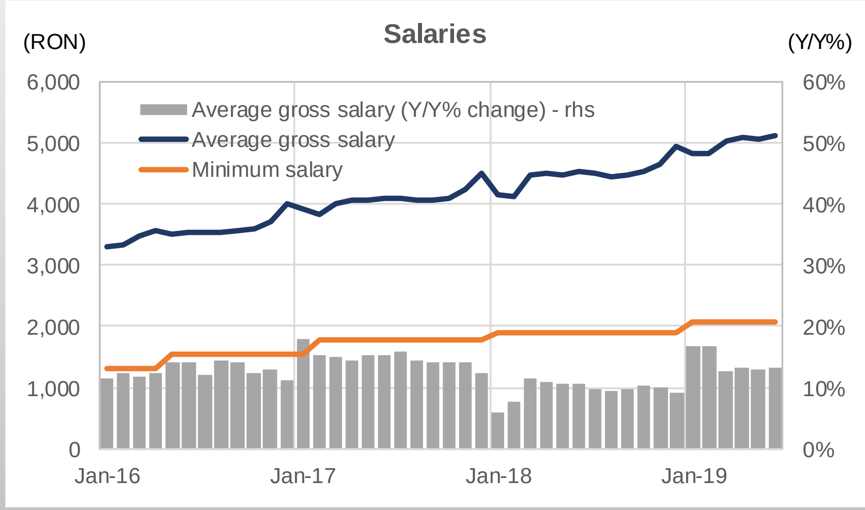
	H1-2019			**Q2-2019**		
	RONm	Y/Y*	Margin	RONm	Y/Y	Margin
Sales	445.6	+27.3%		230.8	+28.4%	
Restaurant profit	49.4	+6.2%	11.1%	27.6	+35.1%	12.0%
Normalized EBITDA	36.7	+13.6%	8.2%	21.2	+57.1%	9.2%
Net Profit	18.1	(3.5)%	4.1%	13.0	+108.9%	5.6%

*) excluding the impact from the adoption of IFRS 16.

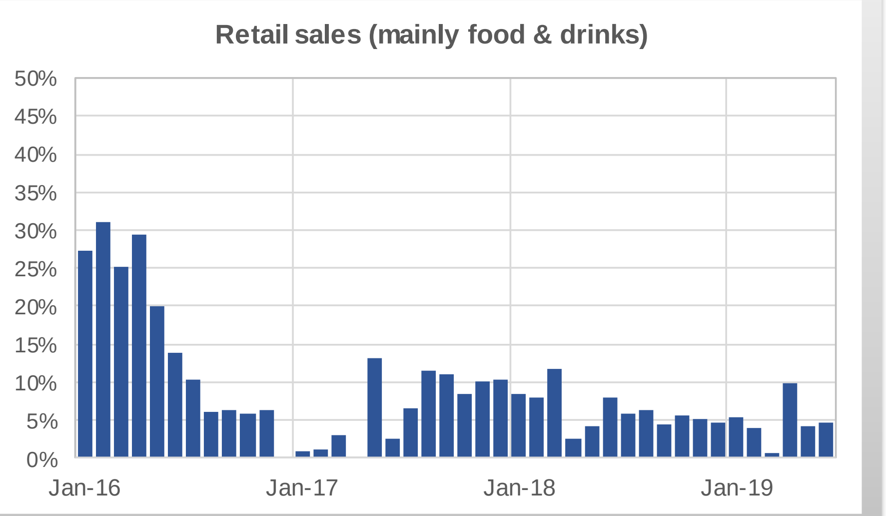
CPI stabilizes as labour market remains tight



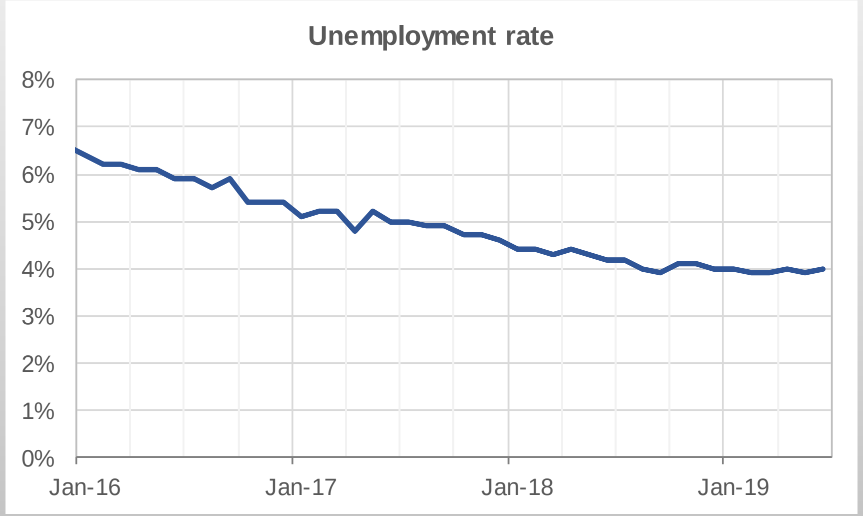
- CPI consolidates around 4.0% in Q2-2019



- Average salary up 13.1% in Q2-2019 and 14.2% in H1-2019



- Retail sales Y/Y growth reaches 6.2% in Q2-2019 and 4.7% in H1-2019



- Unemployment rate remains stable at c. 4.0% in Q2-2019

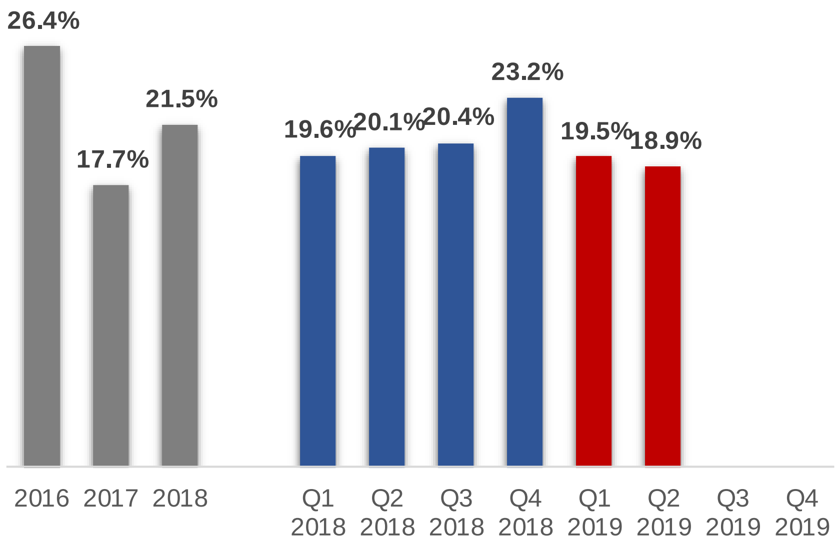
Sales performance by brands

Brand performance: KFC Romania

Sales growth analysis

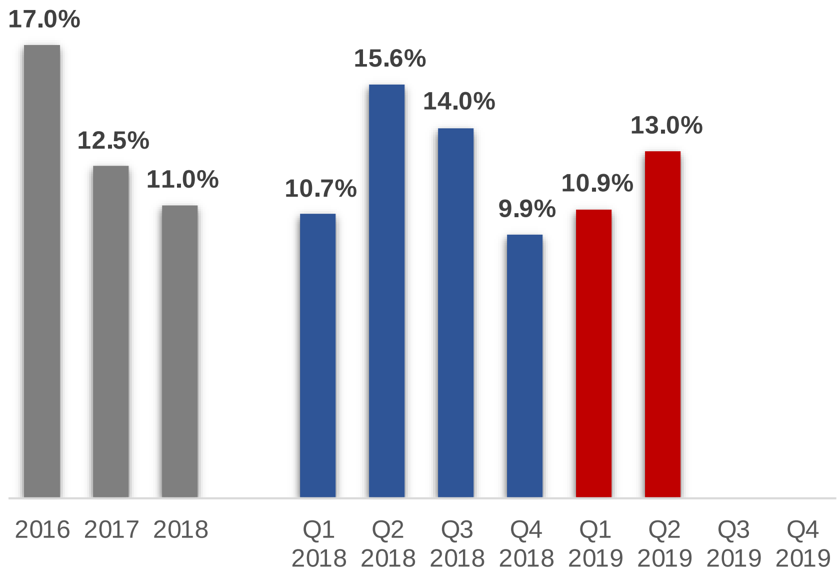
All-store performance

- All-store sales growth of 18.9% Y/Y in Q2-2019 supported mainly by same-store growth of 13.0%;
- The 9 net openings (since Jan-2018) contributed c. 6pp to the Y/Y growth in Q2-2019, six of these openings were in new cities.



Same-store performance

- Same-store sales growth of 13.0% Y/Y in Q1-2019 on the back of stronger performance from the foodcourt format, as well as a better performance of the restaurants located outside Bucharest;
- Average ticket was up 13.0% and transactions fell 0.9% in H1-2019 vs H1-2018.

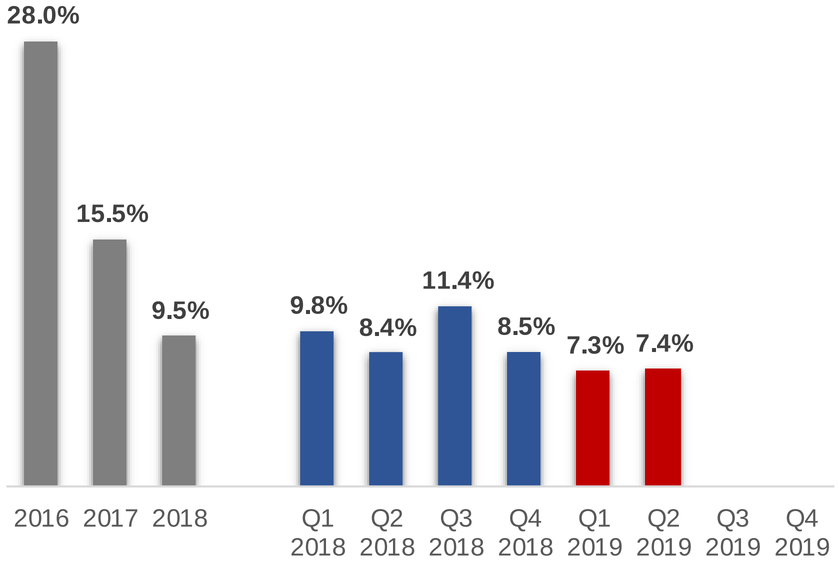


Brand performance: Pizza Hut

Sales growth analysis

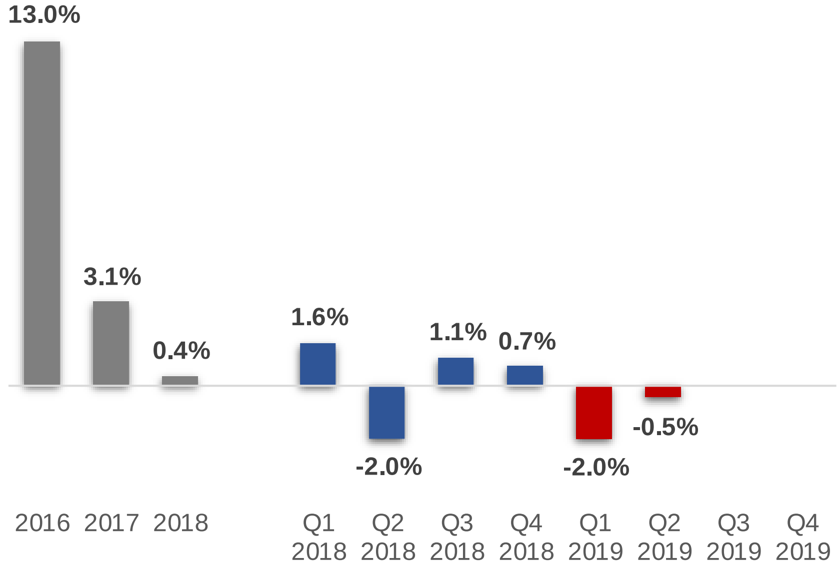
All-store performance

- All-store sales growth of 7.4% Y/Y in Q2-2019, driven by the 6 stores opened starting Jan-2018 (of which 3 in existing cities);



Same-store performance

- Same-store sales fell 0.5% Y/Y in Q2-2019, with the improving performance compared to Q1-2019 being explained by the significant slowdown in the loss of Delivery sales;
- Average ticket was up 6.4% and transactions were down 7.2% in H1-2019 vs H1-2018.



Development

Development

Restaurant openings in 2019

	Total stores BoY	Openings Q2-2019	Total stores end Q2-2019	2019 Opening Plan
KFC	78	1	79	8
KFC	10	4	14	10
Pizza Hut	23	0	23	0
Pizza Hut DELIVERY	22	0	22	1
TACO BELL	5	2	7	5
	138	7	145	24

Brand news

Brand news

Q2-2019 highlights

- KFC focused on building favorability for its burger layer by successfully launching a new and innovative burger in Q2 called Real Burger, with a distinctive communication campaign and maintaining strong same-store sales growth
- The brand relaunched *studycoin*, a platform that rewards teens who solved math problems with digital coins that could be redeemed in the stores; this year we added a math coach that helped students solve over 85K problems in the first 3 weeks of the campaign
- Continuous effort in reinforcing the “value for money” perception by communicating Tuesday Bucket through a 360 campaign that drove traffic in the stores
- Building a digital brand through our *social entertainment channel* by launching a new series called Random as part of an integrated campaign that resulted in double-digit same-store sales growth

Random – campaign results

- +19M paid views registered
- +8M engagements generated
- +490M secs of content viewed = 15.6 years in real life

Self-ordering kiosks & digital menu boards

- Roll-out of kiosks completed in 20 stores
- Roll-out of digital menu-boards completed in 54 stores

Brand news

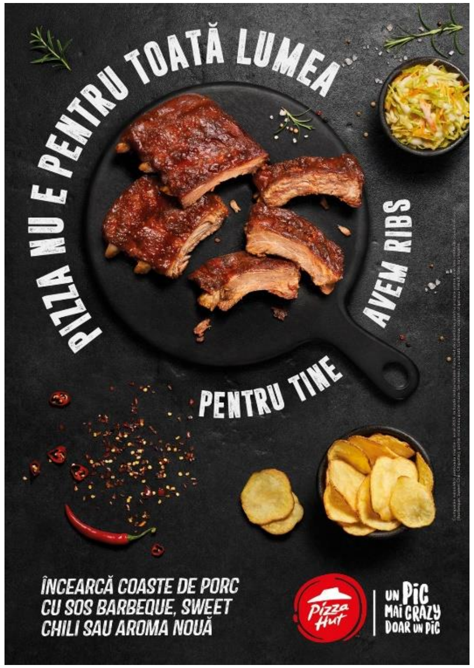
Q2-2019 highlights

- Pizza Hut reinforced its product and menu variety by launching Ribs but leveraging in the communication our pizza superiority and enjoyed single-digit positive sales growth
- With the aim of increasing penetration among lapsed and new users, the brand communicates Crazy Tuesday, a disruptive value offer on pizza valid one day per week
- Pizza Hut Delivery launched the same innovation campaign, Ribs and was present on TV with a tail on the brand commercial, enjoying a healthy sales mix of the product
- Overall online orders exceeding 45% of delivery sales, part of the percentage coming through aggregator platforms

- Taco Bell continued to build brand equity and top line by opening its sixth & seventh stores and communicated the launch in Sibiu & Timisoara utilizing proximity outdoor and digital marketing
- The brand focused its communication in existing stores on innovation by launching a new taco, with the aim of creating favorability & differentiation while reinforcing the belief that Taco Bell is the expert in tacos

- Top Social Brands 2019, 1st place in QSR - KFC is the most visible & innovative brand in social media in this category
- Effie Awards for KFC, GOLD for BoxMaster in Branded Content, BRONZE for Booster in Restaurants, SILVER for Garlic Sauce in Packaged Food and BRONZE for Xmas Bucket in Seasonal Marketing

Q2-2019 campaigns



In April, we launched the first **Sustainability Report** of **Sphera Group** for 2018 with specific strategic goals to be reached by 2025

<u>Our mission</u>: "Excellence in everything we do"
<u>Our vision: </u>"Development through relevance and trust"

Financials

Financial performance: H1-2019

Statement of comprehensive income

- Sales up 27.3% Y/Y on strong performance from KFC Romania/Moldova (+19.3% Y/Y, 15.1pp contribution), with increasing contribution from KFC Italy (8.3pp) and Taco Bell (2.7pp);
- Restaurant operating profit up 9.2% Y/Y, with margin down 1.9pp, especially on labour (+3.1pp) and other operating expenses (+0.9pp), while cost of food improved (-1.1pp);
- G&A expenses up 4.6% Y/Y, reaching 5.9% of sales (down 1.3pp Y/Y);
- Normalized EBITDA up 85.9% Y/Y, with EBITDA margin up 4.2pp to 13.5% of sales, mainly due to adoption of IFRS 16 as well as to lower G&A expenses;
  - excluding KFC Italy and Taco Bell, EBITDA margin would have been 1.4pp higher Y/Y at 14.9% of sales;
- Net profit down 26.9% Y/Y, with net profit margin down 2.3pp to 3.1% of sales, due to the incremental finance cost (especially forex depreciation) as a result of IFRS 16 adoption.

			Y/Y%	% of Sales		
Data in RON'000	**Jun-19**	**Jun-18**	**2019/2018**	**Jun-19**	**Jun-18**	**Δ%**
Restaurant sales	**445,567**	**350,068**	**27.3%**			
Restaurant expenses	**394,721**	**303,503**	**30.1%**	**88.6%**	**86.7%**	**1.9%**
Food and material	154,699	125,383	23.4%	34.7%	35.8%	-1.1%
Payroll and employee benefits	106,321	72,749	46.1%	23.9%	20.8%	3.1%
Rent	9,713	25,562	-62.0%	2.2%	7.3%	-5.1%
Royalties	26,075	20,650	26.3%	5.9%	5.9%	0.0%
Advertising	20,387	18,186	12.1%	4.6%	5.2%	-0.6%
Other operating expenses, net	44,061	31,397	40.3%	9.9%	9.0%	0.9%
Depreciation and amortization	33,464	9,576	249.4%	7.5%	2.7%	4.8%
Restaurant operating profit	**50,846**	**46,565**	**9.2%**	**11.4%**	**13.3%**	**-1.9%**
General and administration expenses, net	26,410	25,237	4.6%	5.9%	7.2%	-1.3%
Operating profit	**24,437**	**21,328**	**14.6%**	**5.5%**	**6.1%**	**-0.6%**
Finance costs	9,341	1,159	705.8%	2.1%	0.3%	1.8%
Finance income	63	148	-57.5%	0.0%	0.0%	0.0%
Profit before tax	**15,158**	**20,317**	**-25.4%**	**3.4%**	**5.8%**	**-2.4%**
Income tax expense	1,455	1,560	-6.7%	0.3%	0.4%	-0.1%
Profit for the period	**13,703**	**18,757**	**-26.9%**	**3.1%**	**5.4%**	**-2.3%**
EBITDA	60,058	31,383	91.4%	13.5%	9.0%	4.5%
Normalised EBITDA*	60,058	32,315	85.9%	13.5%	9.2%	4.2%

*) Excluding a non-recurring provision for litigation worth RON 0.93m recorded in Q2-2018.

Financial performance: H1-2019

Impact of IFRS 16 - Leases on H1-2019 results

- Starting 1 January 2019, Sphera applied IFRS 16 that sets out the principles for the recognition, measurement, presentation and disclosure of leases. Sphera uses the modified retrospective approach for this transition, thus not restating comparative amounts for the comparative periods presented;
- At the commencement date of a lease, a lessee recognises a **liability** to make lease payments (i.e., the lease liability) and an **asset** representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the **interest expense** on the lease liability and the **depreciation expense** on the right-of-use asset;
- In H1-2019, following the adoption of IFRS 16, Sphera recognized additional depreciation expense of RON 20.3m (4.6% of sales) and finance cost of RON 5.8m (1.3% of sales) – of which RON 2.5m in forex expenses related to the revaluation of FCY-denominated lease liability (c. EUR 43m); concomitantly, rent expenses were reduced by RON 21.9m (4.9% of sales);
- As a result, EBITDA margin was increased by 5.2pp to 13.5%, while net profit fell by 1.0pp to 3.4% (of which 0.6pp represents unrealized forex losses).

				% of Sales		
Data in RON'000	**Including impact of IFRS16**	**Excluding impact of IFRS16**	**Impact of IFRS 16 adoption**	**Including impact of IFRS16**	**Excluding impact of IFRS16**	**Impact of IFRS 16 adoption**
Restaurant sales	**445,567**	**445,567**	**0**	**100.0%**	**100.0%**	**0.0%**
Restaurant expenses	**394,721**	**396,138**	**(1,417)**	**88.6%**	**88.9%**	**-0.3%**
Food and material	154,699	154,699	0	34.7%	34.7%	
Payroll and employee benefits	106,321	106,321	0	23.9%	23.9%	
Rent	9,713	31,642	(21,929)	2.2%	7.1%	-4.9%
Royalties	26,075	26,075	0	5.9%	5.9%	
Advertising	20,387	20,387	0	4.6%	4.6%	
Other operating expenses, net	44,061	43,883	178	9.9%	9.8%	
Depreciation and amortization	33,464	13,130	20,334	7.5%	2.9%	4.6%
Restaurant operating profit	**50,846**	**49,429**	**1,417**	**11.4%**	**11.1%**	**0.3%**
General and administration expenses, net	26,410	26,632	(222)	5.9%	6.0%	0.0%
Operating profit	**24,437**	**22,797**	**1,639**	**5.5%**	**5.1%**	**0.4%**
Finance costs	9,341	3,467	5,874	2.1%	0.8%	1.3%
Finance income	63	63	0	0.0%	0.0%	
Profit before tax	**15,158**	**19,393**	**(4,235)**	**3.4%**	**4.4%**	**-1.0%**
Income tax expense	1,455	1,297	159	0.3%	0.3%	0.0%
Profit for the period	**13,703**	**18,096**	**(4,394)**	**3.1%**	**4.1%**	**-1.0%**
EBITDA	60,058	36,712	23,346	13.5%	8.2%	5.2%

Financial performance: H1-2019

Statement of comprehensive income (excluding impact of IFRS 16 adoption)

- Sales up 27.3% Y/Y on strong performance from KFC Romania/Moldova (+19.3% Y/Y, 15.1pp contribution), with increasing contribution from KFC Italy (8.3pp) and Taco Bell (2.7pp);
- Restaurant operating profit up 6.2% Y/Y, with margin down 2.2pp, especially on labour (+3.1pp) and other operating expenses (+0.9pp), while cost of food improved (-1.1pp);
- G&A expenses up 5.5% Y/Y, reaching 6.0% of sales (down 1.2pp Y/Y);
- Normalized EBITDA up 13.6% Y/Y, with EBITDA margin contracting 1.0pp to 8.2% of sales, helped by lower G&A expenses;
  - excluding KFC Italy and Taco Bell, EBITDA margin would have been 1.6pp higher Y/Y at 9.8% of sales;
- Net profit down 3.5% Y/Y, with net profit margin down 1.3pp to 4.1% of sales.

			Y/Y%	% of Sales		
Data in RON'000	**Jun-19**	**Jun-18**	**2019/2018**	**Jun-19**	**Jun-18**	**Δ%**
Restaurant sales	**445,567**	**350,068**	**27.3%**			
Restaurant expenses	**396,138**	**303,503**	**30.5%**	**88.9%**	**86.7%**	**2.2%**
Food and material	154,699	125,383	23.4%	34.7%	35.8%	-1.1%
Payroll and employee benefits	106,321	72,749	46.1%	23.9%	20.8%	3.1%
Rent	31,642	25,562	23.8%	7.1%	7.3%	-0.2%
Royalties	26,075	20,650	26.3%	5.9%	5.9%	0.0%
Advertising	20,387	18,186	12.1%	4.6%	5.2%	-0.6%
Other operating expenses, net	43,883	31,397	39.8%	9.8%	9.0%	0.9%
Depreciation and amortization	13,130	9,576	37.1%	2.9%	2.7%	0.2%
Restaurant operating profit	**49,429**	**46,565**	**6.2%**	**11.1%**	**13.3%**	**-2.2%**
General and administration expenses, net	26,632	25,237	5.5%	6.0%	7.2%	-1.2%
Operating profit	**22,797**	**21,328**	**6.9%**	**5.1%**	**6.1%**	**-1.0%**
Finance costs	3,467	1,159	199.1%	0.8%	0.3%	0.4%
Finance income	63	148	-57.5%	0.0%	0.0%	0.0%
Profit before tax	**19,393**	**20,317**	**-4.5%**	**4.4%**	**5.8%**	**-1.5%**
Income tax expense	1,297	1,560	-16.9%	0.3%	0.4%	-0.2%
Profit for the period	**18,096**	**18,757**	**-3.5%**	**4.1%**	**5.4%**	**-1.3%**
EBITDA	36,712	31,383	17.0%	8.2%	9.0%	-0.7%
Normalised EBITDA*	36,712	32,315	13.6%	8.2%	9.2%	-1.0%

*) Excluding a non-recurring provision for litigation worth RON 0.93m recorded in Q2-2018.

Financial performance: Q2-2019

Statement of comprehensive income (excluding impact of IFRS 16 adoption)

- Sales up 28.4% Y/Y on strong performance from KFC Romania/Moldova (+18.9% Y/Y, 15.0pp contribution), with significant contribution from KFC Italy (8.8pp) and Taco Bell (3.4pp);
- Restaurant operating profit up 35.1% Y/Y, with margin up 0.6pp, as lower cost of food (-1.7pp) and advertising (-1.4pp) were partly offset by higher labour (+2.7pp);
- G&A expenses up 5.1% Y/Y, reaching 5.9% of sales (down 1.3pp Y/Y);
- Normalized EBITDA up 57.1% Y/Y, with EBITDA margin improving 1.7pp to 9.2% of sales, helped by lower G&A expenses and higher restaurant margin;
  - excluding KFC Italy and Taco Bell, EBITDA margin would have been 1.5pp higher Y/Y at 10.7% of sales;
- Net profit up 109% Y/Y, with net profit margin up 2.2pp to 5.6% of sales.

			Y/Y%	% of Sales		
Data in RON'000	**Q2-2019**	**Q2-2018**	**2019/2018**	**Q2-2019**	**Q2-2018**	**Δ%**
Restaurant sales	**230,843**	**179,836**	**28.4%**			
Restaurant expenses	**203,217**	**159,384**	**27.5%**	**88.0%**	**88.6%**	**-0.6%**
Food and material	77,514	63,474	22.1%	33.6%	35.3%	-1.7%
Payroll and employee benefits	57,220	39,739	44.0%	24.8%	22.1%	2.7%
Rent	16,151	13,145	22.9%	7.0%	7.3%	-0.3%
Royalties	13,443	10,732	25.3%	5.8%	6.0%	-0.1%
Advertising	11,052	11,125	-0.7%	4.8%	6.2%	-1.4%
Other operating expenses, net	21,145	16,459	28.5%	9.2%	9.2%	0.0%
Depreciation and amortization	6,693	4,709	42.1%	2.9%	2.6%	0.3%
Restaurant operating profit	**27,625**	**20,452**	**35.1%**	**12.0%**	**11.4%**	**0.6%**
General and administration expenses, net	13,545	12,888	5.1%	5.9%	7.2%	-1.3%
Operating profit	**14,081**	**7,564**	**86.2%**	**6.1%**	**4.2%**	**1.9%**
Finance costs	1,012	672	50.6%	0.4%	0.4%	0.1%
Finance income	45	(35)	230.6%	0.0%	0.0%	0.0%
Profit before tax	**13,114**	**6,857**	**91.2%**	**5.7%**	**3.8%**	**1.9%**
Income tax expense	148	649	-77.2%	0.1%	0.4%	-0.3%
Profit for the period	**12,966**	**6,208**	**108.9%**	**5.6%**	**3.5%**	**2.2%**
EBITDA	21,172	12,547	68.7%	9.2%	7.0%	2.2%
Normalised EBITDA*	21,172	13,479	57.1%	9.2%	7.5%	1.7%

*) Excluding a non-recurring provision for litigation worth RON 0.93m recorded in Q2-2018.

Financial performance: Margin trend Q2-2019 vs Q1-2019 vs Q2-2018

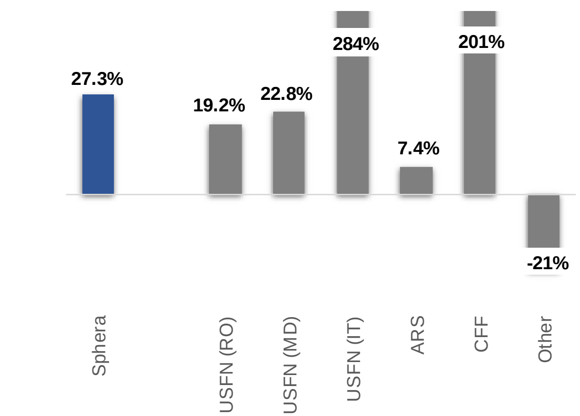
Statement of comprehensive income (excluding impact of IFRS 16 adoption)

% of Sales	Quarter			Change		Half-year		Change
	2019-Q2	2019-Q1	2018-Q2	2019-Q2 vs 2019-Q1	2019-Q2 vs 2018-Q2	2019-H1	2018-H1	2019-H1 vs 2018-H1
Restaurant expenses	**88.0%**	**89.8%**	**88.6%**	**-1.8%**	**-0.6%**	**88.9%**	**86.7%**	**-1.2%**
Food and material	33.6%	35.9%	35.3%	-2.4%	-1.7%	34.7%	35.8%	-0.7%
Payroll and employee benefits	24.8%	22.9%	22.1%	1.9%	2.7%	23.9%	20.8%	-0.8%
Rent	7.0%	7.2%	7.3%	-0.2%	-0.3%	7.1%	7.3%	0.1%
Royalties	5.8%	5.9%	6.0%	-0.1%	-0.1%	5.9%	5.9%	0.1%
Advertising	4.8%	4.3%	6.2%	0.4%	-1.4%	4.6%	5.2%	1.8%
Other operating expenses, net	9.2%	10.6%	9.2%	-1.4%	0.0%	9.8%	9.0%	-1.4%
Depreciation and amortization	2.9%	3.0%	2.6%	-0.1%	0.3%	2.9%	2.7%	-0.4%
Restaurant operating profit	**12.0%**	**10.2%**	**11.4%**	**1.8%**	**0.6%**	**11.1%**	**13.3%**	**1.2%**
G&A expenses	5.9%	6.1%	7.2%	-0.2%	-1.3%	6.0%	7.2%	1.1%
Operating profit	**6.1%**	**4.1%**	**4.2%**	**2.0%**	**1.9%**	**5.1%**	**6.1%**	**0.1%**
Finance costs	0.4%	1.1%	0.4%	-0.7%	0.1%	0.8%	0.3%	-0.8%
Finance income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit before tax	**5.7%**	**2.9%**	**3.8%**	**2.8%**	**1.9%**	**4.4%**	**5.8%**	**0.9%**
Income tax expense	0.1%	0.5%	0.4%	-0.5%	-0.3%	0.3%	0.4%	-0.2%
Profit for the period	**5.6%**	**2.4%**	**3.5%**	**3.2%**	**2.2%**	**4.1%**	**5.4%**	**1.1%**
EBITDA	9.2%	7.2%	7.0%	1.9%	2.2%	8.2%	9.0%	-0.3%
Normalised EBITDA	9.2%	7.2%	7.5%	1.9%	1.7%	8.2%	9.2%	0.3%

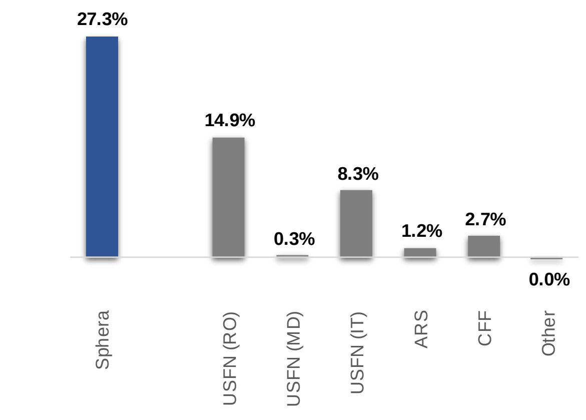
Breakdown of results by Group companies

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
Restaurant sales	**322,861**	**63,508**	**5,411**	**39,196**	**13,956**	**13,402**	**(12,767)**	**445,567**
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
Restaurant expenses	**274,228**	**62,149**	**4,437**	**40,759**	**13,181**	**0**	**(33)**	**394,721**
Food and material	118,595	16,875	2,106	12,045	5,079	0	0	154,699
Payroll and employee benefits	68,930	21,001	879	11,817	3,694	0	0	106,321
Rent	8,689	418	36	404	166	0	0	9,713
Royalties	19,341	3,702	326	2,346	360	0	0	26,075
Advertising	12,854	3,947	191	2,732	697	0	(32)	20,387
Other operating expenses, net	26,903	8,661	432	6,476	1,590	0	(1)	44,061
Depreciation and amortization	18,916	7,546	466	4,940	1,595	0	0	33,464
Restaurant operating profit	**48,633**	**1,359**	**975**	**(1,563)**	**775**	**64,641**	**(63,973)**	**50,846**
General and administration expenses, net	15,433	4,261	144	2,560	1,560	15,141	(12,688)	26,410
Operating profit	**33,200**	**(2,903)**	**831**	**(4,123)**	**(784)**	**49,500**	**(51,285)**	**24,437**
Finance costs	5,884	1,690	216	1,968	771	1,008	(2,195)	9,341
Finance income	1,352	4	0	16	0	886	(2,195)	63
Profit before tax	**28,669**	**(4,589)**	**615**	**(6,076)**	**(1,555)**	**49,379**	**(51,285)**	**15,158**
Income tax expense	1,731	785	107	(1,067)	103	(204)	0	1,455
Profit for the period	**26,938**	**(5,374)**	**507**	**(5,009)**	**(1,658)**	**49,582**	**(51,285)**	**13,703**
EBITDA	53,218	4,742	1,316	829	886	50,353	(51,285)	60,058

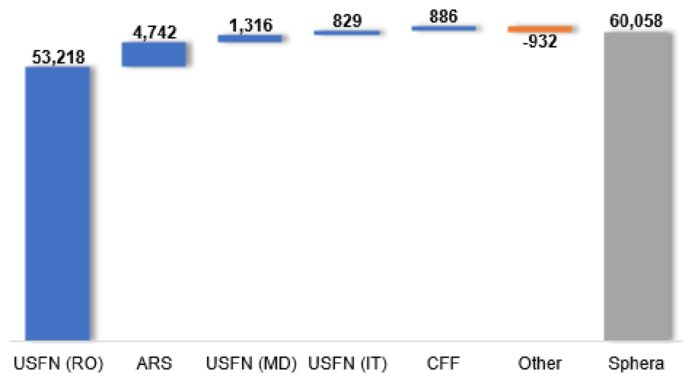
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies

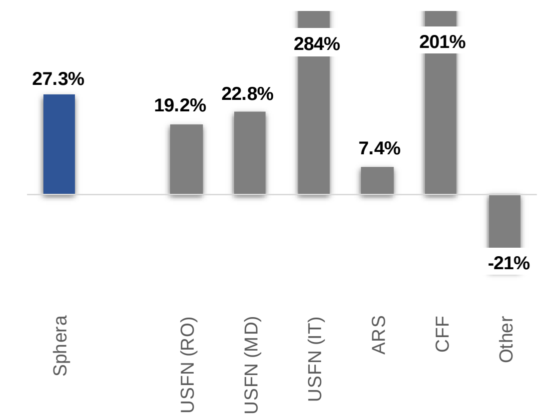


Financial performance: H1-2019

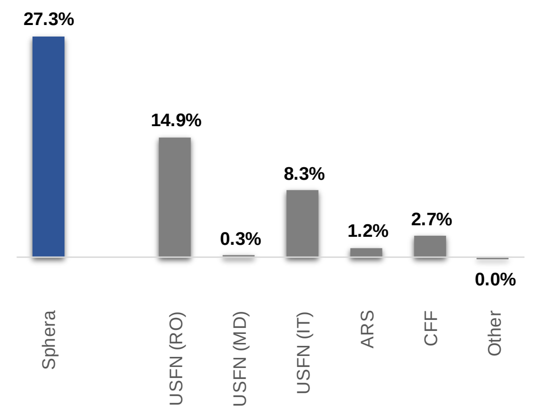
Breakdown of results by Group companies (excluding impact of IFRS 16 adoption)

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
Restaurant sales	**322,861**	**63,508**	**5,411**	**39,196**	**13,956**	**13,402**	**(12,767)**	**445,567**
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
Restaurant expenses	**275,538**	**62,292**	**4,461**	**40,652**	**13,229**	**0**	**(33)**	**396,138**
Food and material	118,595	16,875	2,106	12,045	5,079	0	0	154,699
Payroll and employee benefits	68,930	21,001	879	11,817	3,694	0	0	106,321
Rent	21,752	5,425	386	2,782	1,297	0	0	31,642
Royalties	19,341	3,702	326	2,346	360	0	0	26,075
Advertising	12,854	3,947	191	2,732	697	0	(32)	20,387
Other operating expenses, net	26,726	8,661	432	6,476	1,590	0	(1)	43,883
Depreciation and amortization	7,340	2,681	142	2,455	513	0	0	13,130
Restaurant operating profit	**47,324**	**1,216**	**950**	**(1,456)**	**727**	**64,641**	**(63,973)**	**49,429**
General and administration expenses, net	15,471	4,330	144	2,580	1,580	15,215	(12,688)	26,632
Operating profit	**31,853**	**(3,114)**	**806**	**(4,036)**	**(853)**	**49,426**	**(51,285)**	**22,797**
Finance costs	1,998	916	138	1,275	544	793	(2,195)	3,467
Finance income	1,352	4	0	16	0	886	(2,195)	63
Profit before tax	**31,207**	**(4,025)**	**668**	**(5,295)**	**(1,397)**	**49,520**	**(51,285)**	**19,393**
Income tax expense	1,731	785	85	(1,204)	103	(204)	0	1,297
Profit for the period	**29,476**	**(4,810)**	**583**	**(4,091)**	**(1,500)**	**49,723**	**(51,285)**	**18,096**
EBITDA	39,456	(335)	966	(1,570)	(266)	49,745	(51,285)	36,712

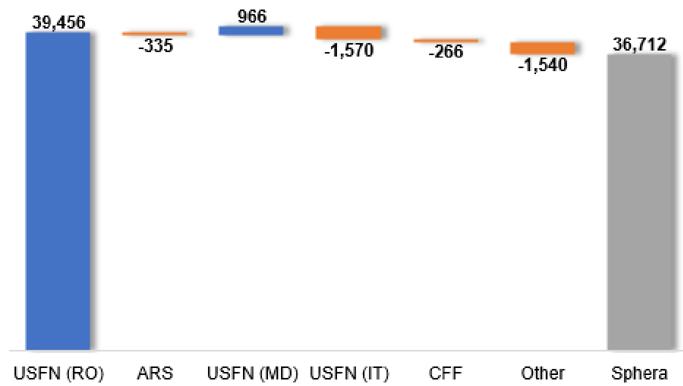
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies



Financial performance: H1-2019

Restaurant operating expenses and margin

Including the impact of IFRS 16 adoption

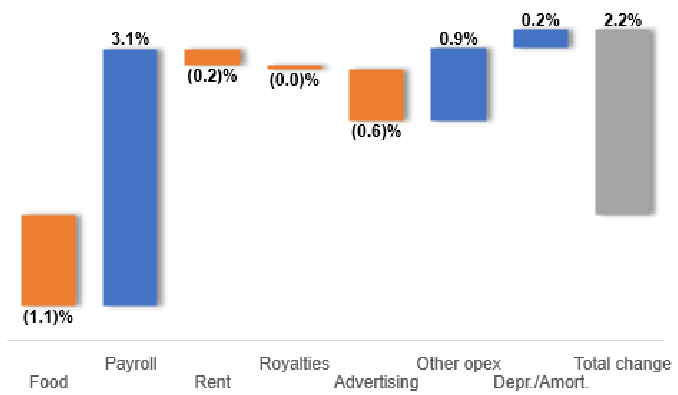
Data in RON'000	Jun-19	Jun-18	Y/Y% 2019/2018	% of Sales Jun-19	% of Sales Jun-18	Δ%
Restaurant expenses	**394,721**	**303,503**	**30.1%**	**88.6%**	**86.7%**	**1.9%**
Food and material	154,699	125,383	23.4%	34.7%	35.8%	-1.1%
Payroll and employee benefits	106,321	72,749	46.1%	23.9%	20.8%	3.1%
Rent	9,713	25,562	-62.0%	2.2%	7.3%	-5.1%
Royalties	26,075	20,650	26.3%	5.9%	5.9%	0.0%
Advertising	20,387	18,186	12.1%	4.6%	5.2%	-0.6%
Other operating expenses, net	44,061	31,397	40.3%	9.9%	9.0%	0.9%
Depreciation and amortization	33,464	9,576	249.4%	7.5%	2.7%	4.8%
Restaurant operating profit	**50,846**	**46,565**	**9.2%**	**11.4%**	**13.3%**	**-1.9%**

Excluding the impact of IFRS 16 adoption

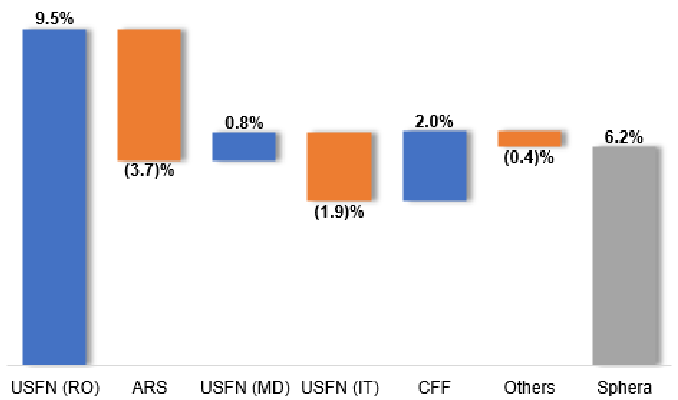
Data in RON'000	Jun-19	Jun-18	Y/Y% 2019/2018	% of Sales Jun-19	% of Sales Jun-18	Δ%
Restaurant expenses	**396,138**	**303,503**	**30.5%**	**88.9%**	**86.7%**	**2.2%**
Food and material	154,699	125,383	23.4%	34.7%	35.8%	-1.1%
Payroll and employee benefits	106,321	72,749	46.1%	23.9%	20.8%	3.1%
Rent	31,642	25,562	23.8%	7.1%	7.3%	-0.2%
Royalties	26,075	20,650	26.3%	5.9%	5.9%	0.0%
Advertising	20,387	18,186	12.1%	4.6%	5.2%	-0.6%
Other operating expenses, net	43,883	31,397	39.8%	9.8%	9.0%	0.9%
Depreciation and amortization	13,130	9,576	37.1%	2.9%	2.7%	0.2%
Restaurant operating profit	**49,429**	**46,565**	**6.2%**	**11.1%**	**13.3%**	**-2.2%**

- Excluding the impact of IFRS adoption, operational expenses increased 30.5% Y/Y to RON 396.1m in H1-2019;
- As percentage of sales, operational expenses increased by 2.2pp Y/Y to 88.9% in H1-2019, of which:
  - +3.1pp from payroll expenses
  - +0.9pp from other operating expenses
  - -1.1pp from cost of food and materials

Contribution to change in restaurant opex ratio*



Contribution to change in restaurant profit*



*) Excluding the impact of IFRS 16 adoption

Financial performance: Q2-2019

Restaurant operating expenses and margin

Including the impact of IFRS 16 adoption

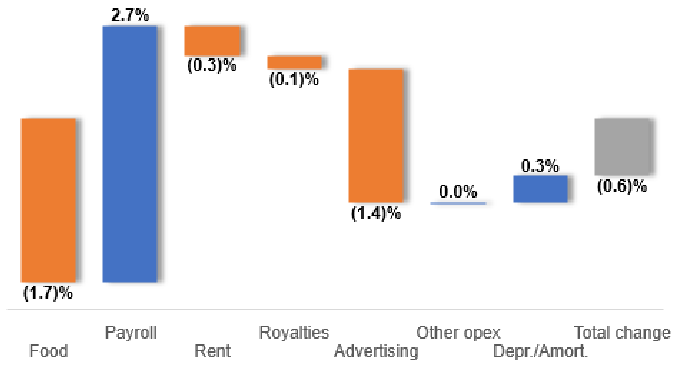
Data in RON'000	Q2-2019	Q2-2018	Y/Y% 2019/2018	% of Sales Q2-2019	% of Sales Q2-2018	Δ%
Restaurant expenses	**202,790**	**159,384**	**27.2%**	**87.8%**	**88.6%**	**-0.8%**
Food and material	77,514	63,474	22.1%	33.6%	35.3%	-1.7%
Payroll and employee benefits	57,220	39,739	44.0%	24.8%	22.1%	2.7%
Rent	5,031	13,145	-61.7%	2.2%	7.3%	-5.1%
Royalties	13,443	10,732	25.3%	5.8%	6.0%	-0.1%
Advertising	11,052	11,125	-0.7%	4.8%	6.2%	-1.4%
Other operating expenses, net	21,232	16,459	29.0%	9.2%	9.2%	0.0%
Depreciation and amortization	17,298	4,709	267.3%	7.5%	2.6%	4.9%
Restaurant operating profit	**28,052**	**20,452**	**37.2%**	**12.2%**	**11.4%**	**0.8%**

Excluding the impact of IFRS 16 adoption

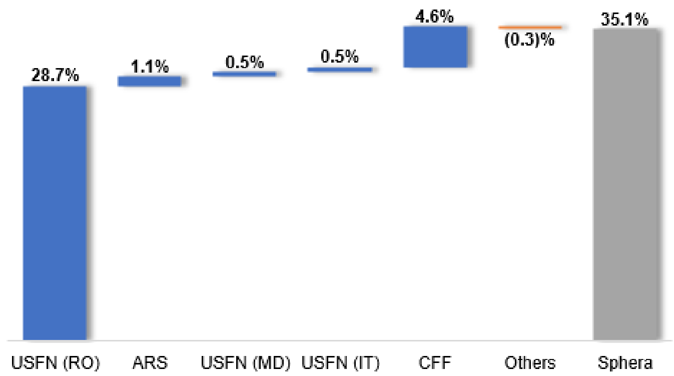
Data in RON'000	Q2-2019	Q2-2018	Y/Y% 2019/2018	% of Sales Q2-2019	% of Sales Q2-2018	Δ%
Restaurant expenses	**203,217**	**159,384**	**27.5%**	**88.0%**	**88.6%**	**-0.6%**
Food and material	77,514	63,474	22.1%	33.6%	35.3%	-1.7%
Payroll and employee benefits	57,220	39,739	44.0%	24.8%	22.1%	2.7%
Rent	16,151	13,145	22.9%	7.0%	7.3%	-0.3%
Royalties	13,443	10,732	25.3%	5.8%	6.0%	-0.1%
Advertising	11,052	11,125	-0.7%	4.8%	6.2%	-1.4%
Other operating expenses, net	21,145	16,459	28.5%	9.2%	9.2%	0.0%
Depreciation and amortization	6,693	4,709	42.1%	2.9%	2.6%	0.3%
Restaurant operating profit	**27,625**	**20,452**	**35.1%**	**12.0%**	**11.4%**	**0.6%**

- Excluding the impact of IFRS adoption, operational expenses increased 27.5% Y/Y to RON 203.2m in Q2-2019;
- As percentage of sales, operational expenses decreased by 0.6pp Y/Y to 88.0% in Q2-2019, of which:
  - -1.7pp from cost of food and materials
  - -1.4pp from advertising expenses
  - +2.7pp from payroll expenses

Contribution to change in restaurant opex ratio*



Contribution to change in restaurant profit*



*) Excluding the impact of IFRS 16 adoption

Financial performance: H1-2019

G&A expenses

Including the impact of IFRS 16 adoption

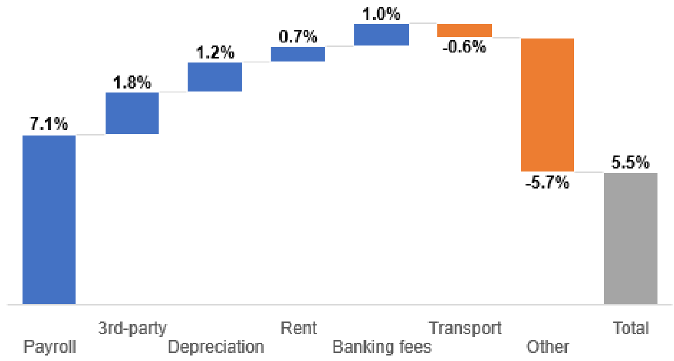
			Y/Y%	% of Sales	
Data in RON'000	**Jun-19**	**Jun-18**	**2019/2018**	**Jun-19**	**Jun-18**
General and administration expenses (net), of which:	**26,410**	**25,239**	**4.6%**	**5.9%**	**7.2%**
Employee benefits	15,808	14,010	12.8%		
Third-party expenses	4,051	3,603	12.4%		
Depreciation	2,158	479	350.7%		
Rent	237	1,660	-85.7%		
Banking charges	1,561	1,317	18.5%		
Transport	1,315	1,463	-10.1%		
Other expenses	1,281	2,708	-52.7%		

Excluding the impact of IFRS 16 adoption

			Y/Y%	% of Sales	
Data in RON'000	**Jun-19**	**Jun-18**	**2019/2018**	**Jun-19**	**Jun-18**
General and administration expenses (net), of which:	**26,632**	**25,239**	**5.5%**	**6.0%**	**7.2%**
Employee benefits	15,808	14,010	12.8%		
Third-party expenses	4,051	3,603	12.4%		
Depreciation	785	479	64.0%		
Rent	1,831	1,660	10.3%		
Banking charges	1,561	1,317	18.5%		
Transport	1,315	1,463	-10.1%		
Other expenses	1,281	2,708	-52.7%		

- Excluding the impact of IFRS adoption, G&A ratio improved 1.2pp Y/Y to 6.0% of sales (RON 26.6 million), mainly on slower growth in payroll expenses and a reduction in third-party expenses;

Contribution to growth in G&A expense*



*) Excluding the impact of IFRS 16 adoption

Sphera – Consolidated financial performance

Statement of financial position

Data in RON'000	30-Jun-19	31-Dec-18	Change	Excluding impact of IFRS 16 adoption 30-Jun-19	Impact of IFRS 16 adoption 30-Jun-19
Assets					
Non-current assets	**465,557**	**229,173**	**236,384**	**260,800**	**204,757**
Property, plant and equipment	385,168	158,122	227,047	180,253	204,915
Intangible assets	64,256	62,150	2,106	64,255	1
Deposits for rent guarantee	11,016	5,219	5,797	11,016	-
Deferred tax assets	5,116	3,682	1,434	5,275	(159)
Current assets	**109,756**	**122,979**	**(13,223)**	**113,100**	**(3,344)**
Inventories	10,238	10,564	(326)	10,238	-
Trade and other receivables	28,330	16,444	11,885	28,330	-
Prepayments	2,439	5,306	(2,867)	5,783	(3,344)
Cash and short-term deposits	68,750	90,665	(21,916)	68,750	-
Assets held for sale	-	-	-	-	-
Total assets	**575,313**	**352,152**	**223,161**	**373,900**	**201,413**
Equity and liabilities					
Total equity	**131,691**	**128,825**	**2,865**	**132,846**	**(1,155)**
Equity attributable to equity holders of the parent	**131,623**	**128,679**	**2,944**	**132,810**	**(1,187)**
Issued capital	581,990	581,990	-	581,990	-
Share premium	(519,998)	(520,578)	580	(519,998)	-
Retained earnings	69,776	67,247	2,530	70,975	(1,199)
Foreign currency translation reserve	(145)	20	(165)	(157)	12
Non-controlling interests	68	146	(78)	36	32
Non-current liabilities	**248,738**	**91,536**	**157,201**	**81,689**	**167,049**
Interest-bearing loans and borrowings	80,931	86,787	(5,856)	80,931	-
Finance lease liabilities	167,806		167,806	464	167,342
Trade and other payables		4,749	(4,749)	293	(293)
Current liabilities	**194,884**	**131,790**	**63,094**	**159,366**	**35,518**
Trade and other payables	102,573	82,658	19,914	107,176	(4,603)
Interest-bearing loans and borrowings	40,256	37,669	2,587	40,256	-
Finance lease liabilities	40,593		40,593	472	40,121
Provisions	11,463	11,463	-	11,463	-
Total liabilities	**443,622**	**223,327**	**220,296**	**241,055**	**202,567**
Total equity and liabilities	**575,313**	**352,152**	**223,161**	**373,900**	**201,412**