



Sphera Franchise Group

Interim results: Jan-Mar 2019





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



All-store sales up 26.2% with same-store sales growth of 7.3%

- Same-store double-digit growth from KFC, mixed performance of Pizza Hut, normal sales corrections for Taco Bell and KFC Italy

Total store openings: none; 4 stores opened until 15-May; on track to deliver full-year target; network size 138 @ 31st March 2019 and 142 @ 14th May 2019

Strong Operational performance with all brands performing well in league tables measuring operational metrics and customer feedback

KFC continuing to drive new sales channels with roll out of delivery to new stores continuing whilst presence in retail through garlic sauce initiative increasing

Pizza Hut Dine In business performance improvement started in Q3/Q4 2018 continued in Q1 2019 whilst delivery business, although still negative, is starting to see projected slow top line improvement towards the end of the quarter, helped in part by starting collaboration with aggregators

Italy performance consolidating with number of stores being developed for Q2 opening. New Marketing Co-Op established with Yum with key representation on the Ad-Board to take increasing ownership and involvement in Co-Op strategic thinking and promotional execution. Taco Bell launched first value promotion with strong sales mix and 2 new stores prepared for Q2 opening

New CEO George Argentopoulos and new CFO Valentin Budes joined Sphera at the beginning of May

Interim results

| | Q1-2019 | | | Significant impact from the adoption of IFRS 16 |
|---------------------|-------------|-------------|---------------|---|
| | <u>RONm</u> | <u>Y/Y*</u> | <u>Margin</u> | <u>Impact on margins</u> |
| ▪ Sales | 191.9 | +26.1% | | |
| ▪ Restaurant profit | 22.8 | -12.7% | 10.6% | +0.5pp |
| ▪ EBITDA | 27.1 | +43.7% | 12.6% | +5.4pp |
| ▪ Net Profit | 1.3 | -89.8% | 0.6% | -1.8pp |

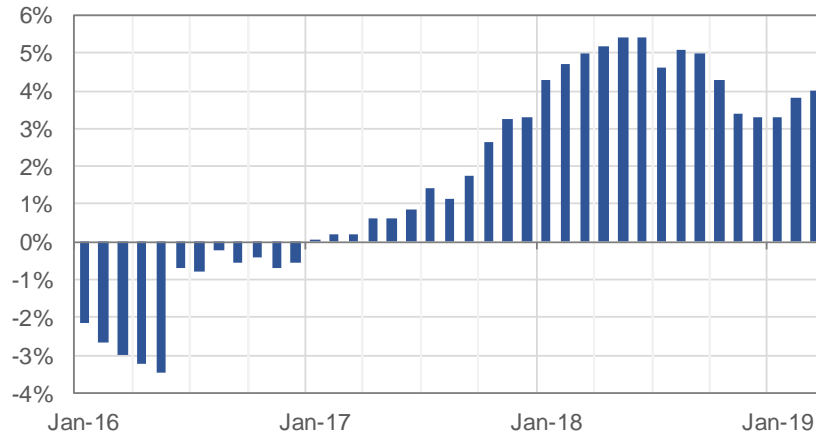




Macro environment becomes increasingly challenging

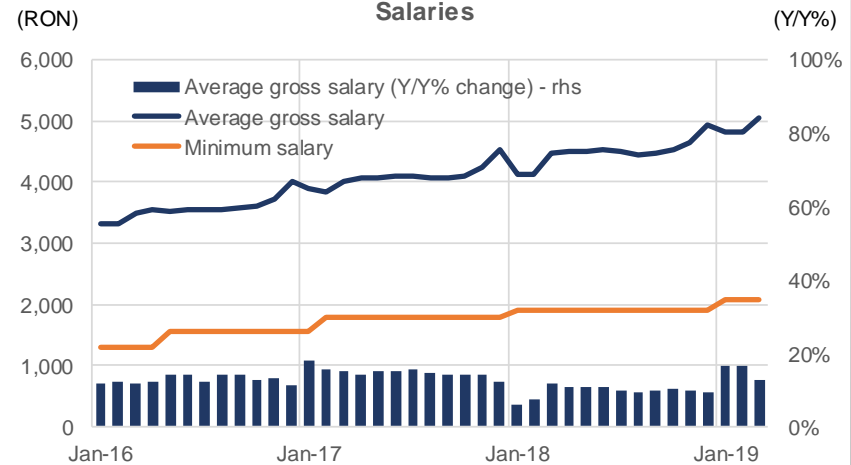
Retail sales easing further as CPI resumes growth

Annualized CPI



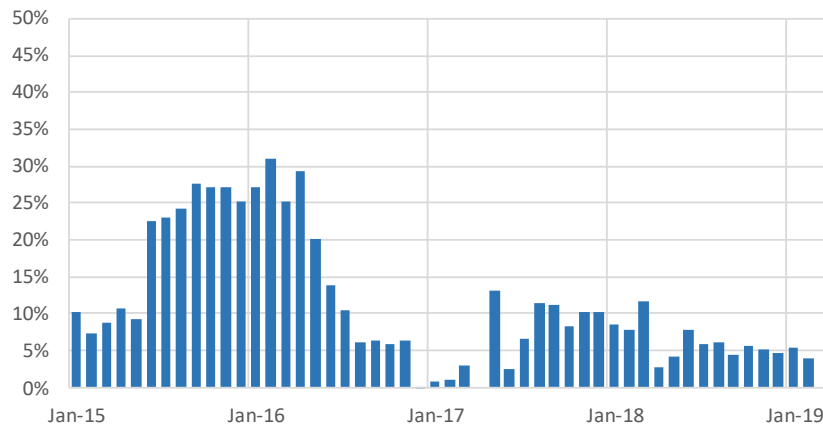
- CPI resumed growth in Q1, reaching 4.0% in Mar-2019

Salaries



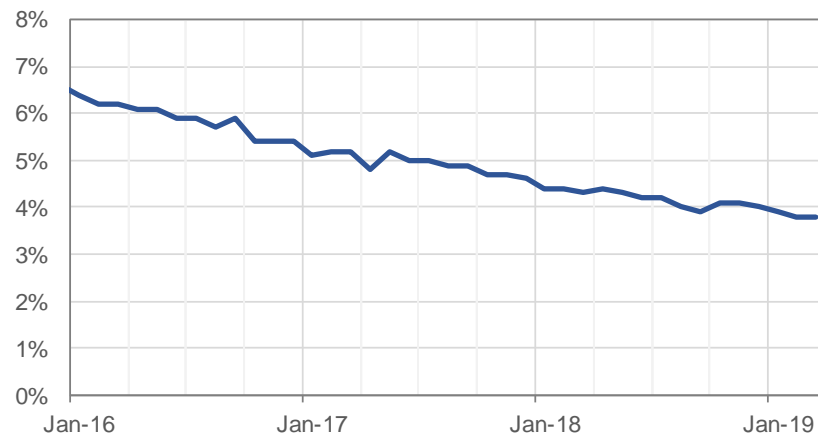
- Minimum salary up 9.5% and average salary up 15.3% in Q1-2019

Retail sales (mainly food & drinks)



- Retail sales Y/Y growth slows down to 3.1% in Q1-2019

Unemployment rate



- Unemployment rate hit a minimum record of 3.8% in Mar-19



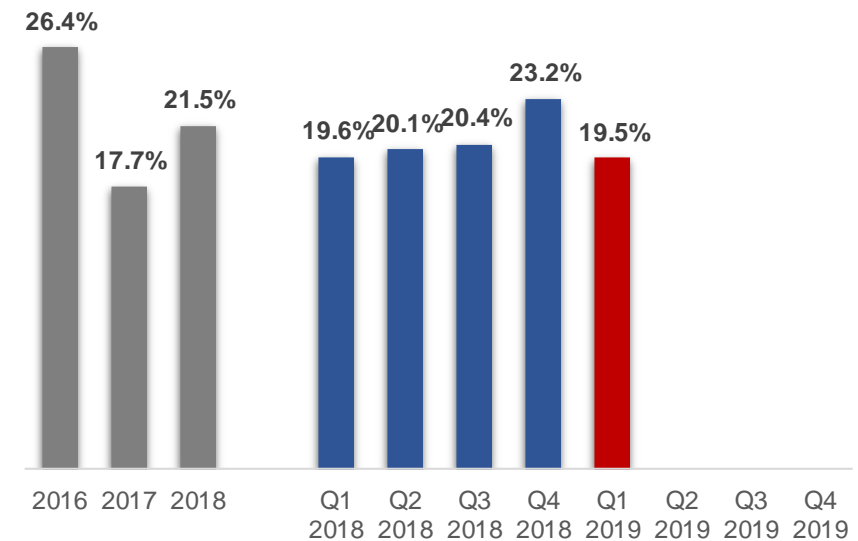
Sales performance by brands



Sales growth analysis

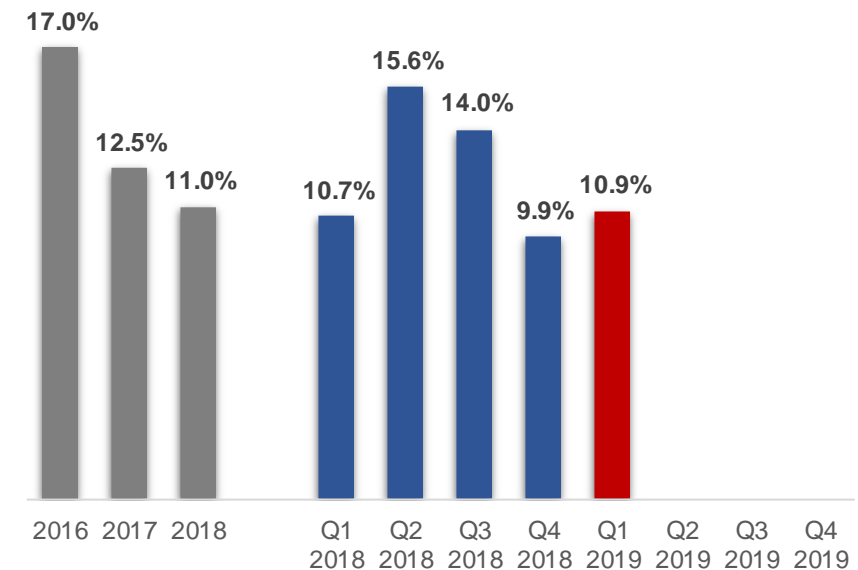
All-store performance

- All-store sales growth of 19.5% Y/Y in Q1-2019 supported mainly by same-store growth of 10.9%;
- The 8 net openings (since Jan-2018) contributed 8.6pp to the Y/Y growth in Q1-2019, six of these openings were in new cities.



Same-store performance

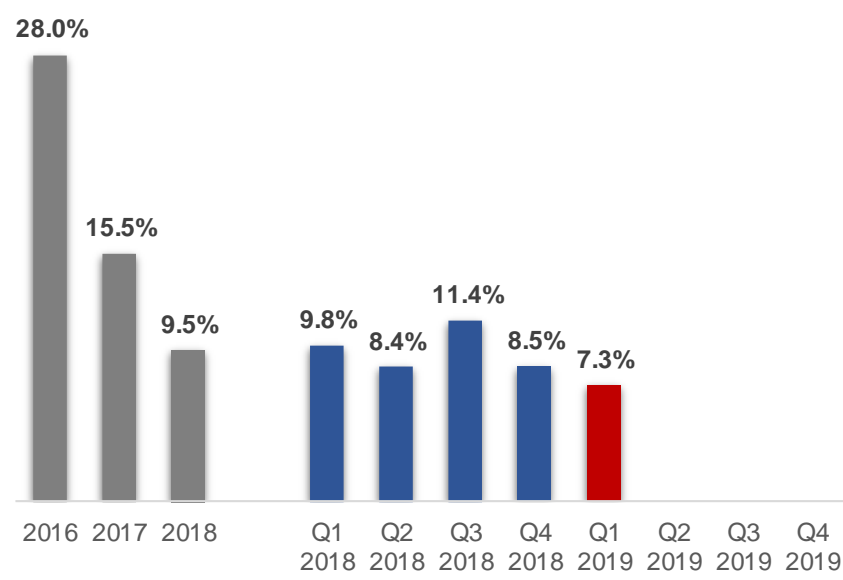
- Same-store sales growth of 10.9% Y/Y in Q1-2019 on the back of continued strong performance from the Drive-Thru format, as well as a better performance of the restaurants located outside Bucharest;
- Delivery effective in 21 stores during Q1-2019 with increasing impact on sales growth
- Average ticket was up 11.9% and transactions fell 0.9% in Q1-2019 vs Q1-2018.



Sales growth analysis

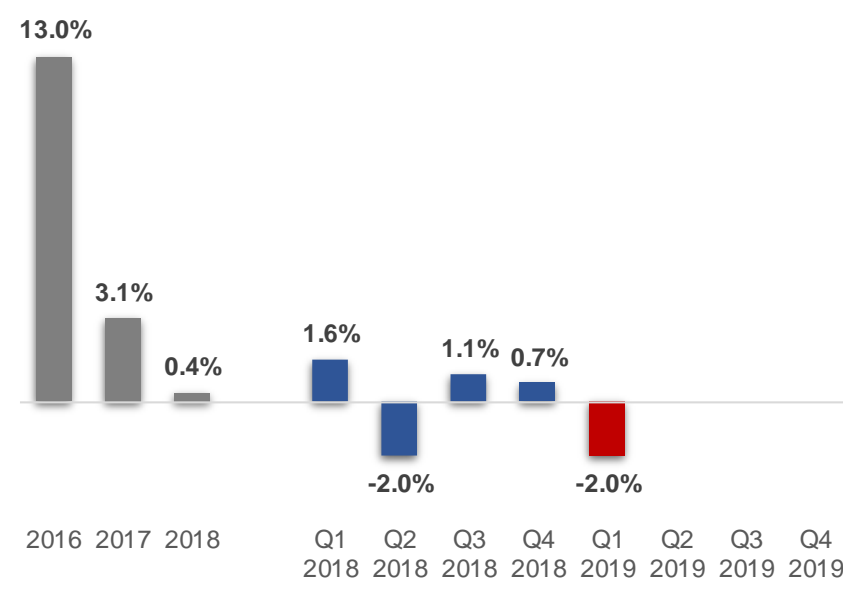
All-store performance

- All-store sales growth of 7.3% Y/Y in Q1-2019, driven by the 6 stores opened starting Jan-2018 (of which 3 in existing cities);



Same-store performance







- Same-store sales fell 2% Y/Y in Q1-2019, with an improving performance from the Dine-In format being offset by weaker Delivery sales;
- Average ticket was up 9.1% and transactions were down 10.2% in Q1-2019 vs Q1-2018.





Development

Restaurant openings in 2019

| | Total stores BoY | Openings Q1-2019 | Total stores end-2019 | 2019 Plan | QTD ¹⁾ openings |
|---|---------------------|---------------------|--------------------------|-----------|-------------------------------|
|  KFC | 78 | 0 | 78 | 8 | 1 |
|  KFC | 10 | 0 | 10 | 10 | 1 |
|  | 23 | 0 | 23 | 0 | 0 |
|  | 22 | 0 | 22 | 1 | 0 |
|  | 5 | 0 | 5 | 5 | 2 |
|  | 138 | 0 | 138 | 24 | 4 |

1) As of 14-May-2019.



Brand news

Q1-2019 highlights



- KFC concentrated its communication on value for Q1, successfully re-launching Smart Menu (a full meal for 13.9 RON) and Ceva (*Something*) (value bundle for 5 RON) and maintaining double-digit sales growth for the 6th consecutive year;
- The brand continued its digital journey by launching a chatbot which will have different roles throughout the year, during Jan-Feb it taught users basic economic principles so they can save money and afford a Smart Menu; in March, a new series for the social entertainment channel was launched, promoting Ceva and reaching millions of people in the target group;
- In an effort to help the environment, we discontinued the plastic straws in our stores and introduced paper ones with the aim to remove all non-recyclable packaging by 2025.

Garlic sauce in retail

- Discussions with various retailers to launch the 325 g sauce as a permanent product were successful
- We are now present on the shelves of major players like Carrefour, Kaufland and Auchan



Self-ordering kiosks & digital menu boards

- Roll-out of kiosks completed in 12 stores
- Roll-out of digital menu-boards completed in 48 stores

Q1-2019 highlights



- Pizza Hut started the year by communicating abundant value through its Pizza Festival all-you-can-eat signature campaign, under the re-positioning tagline *“a little crazier, just a little”* and enjoyed positive sales growth;
- The new menu launched by Pizza Hut last year was communicated as a second layer in order to attract new clients and enjoyed a high sales mix and positive consumer feedback;
- Pizza Hut Delivery launched Mix for 2, an abundant value campaign with a distinctive communication message; despite efforts to reverse the negative sales trend triggered by increased competition of the delivery segment, the brand did not enjoy a strong quarter;
- Overall online orders exceeding 40% of delivery sales, part of the percentage coming through aggregator platforms;

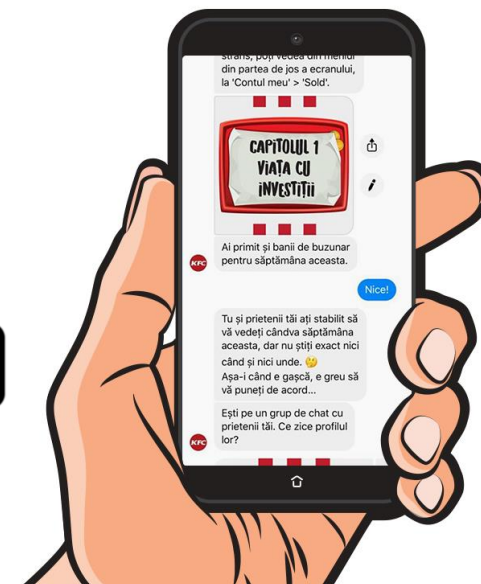
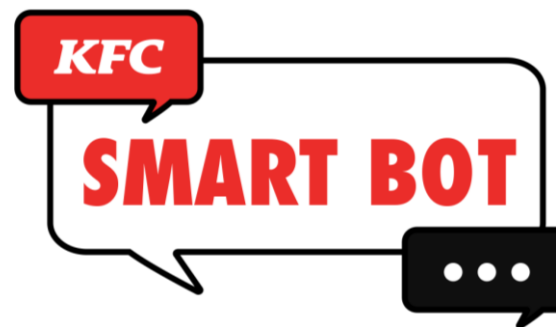


- The brand focused its communication in existing stores on innovation by launching a new taco, with the aim of creating favorability & differentiation while reinforcing the belief that Taco Bell is the expert in tacos;



- 2019 Q1 award: BIZ Social Media Awards – excellence award for innovation in social video content communication for the launch of KFC Social Entertainment Chanel

Q1-2019 campaigns





Financials



Statement of comprehensive income

- Sales up 26.1% Y/Y on strong performance from KFC Romania/Moldova (+19.6% Y/Y, 15.0pp contribution), with significant contribution from KFC Italy (7.7pp) and increasing contributions from the new businesses (KFC Italy and Taco Bell);
- Restaurant operating profit down 12.7% Y/Y, with margin down 4.7pp, especially on labour and other operating expenses, while cost of food improved;
- G&A expenses up 5.0% Y/Y, reaching 6.0% of sales (down 1.2pp Y/Y);
- EBITDA up 43.7% Y/Y, with EBITDA margin up 1.5pp to 12.6% 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 2.1pp higher Y/Y at 14.1% of sales;
- Net profit down 89.8% Y/Y, with net profit margin down 6.8pp to 0.6% of sales, due to the incremental finance cost (especially forex depreciation) as a result of IFRS 16 adoption).

| Data in RON'000 | Mar-19 | Mar-18 | Y/Y% | % of Sales | | Δ% |
|--|----------------|----------------|---------------|--------------|--------------|--------------|
| | | | 2019/2018 | Mar-19 | Mar-18 | |
| Restaurant sales | 214,725 | 170,232 | 26.1% | | | |
| Restaurant expenses | 191,931 | 144,119 | 33.2% | 89.4% | 84.7% | 4.7% |
| Food and material | 77,186 | 61,909 | 24.7% | 35.9% | 36.4% | -0.4% |
| Payroll and employee benefits | 49,101 | 33,010 | 48.7% | 22.9% | 19.4% | 3.5% |
| Rent | 4,682 | 12,416 | -62.3% | 2.2% | 7.3% | -5.1% |
| Royalties | 12,632 | 9,918 | 27.4% | 5.9% | 5.8% | 0.1% |
| Advertising | 9,336 | 7,060 | 32.2% | 4.3% | 4.1% | 0.2% |
| Other operating expenses, net | 22,829 | 14,938 | 52.8% | 10.6% | 8.8% | 1.9% |
| Depreciation and amortization | 16,166 | 4,867 | 232.2% | 7.5% | 2.9% | 4.7% |
| Restaurant operating profit | 22,794 | 26,113 | -12.7% | 10.6% | 15.3% | -4.7% |
| General and administration expenses, net | 12,968 | 12,350 | 5.0% | 6.0% | 7.3% | -1.2% |
| Operating profit | 9,826 | 13,764 | -28.6% | 4.6% | 8.1% | -3.5% |
| Finance costs | 7,447 | 487 | 1428.1% | 3.5% | 0.3% | 3.2% |
| Finance income | 18 | 183 | -90.3% | 0.0% | 0.1% | -0.1% |
| Profit before tax | 2,397 | 13,459 | -82.2% | 1.1% | 7.9% | -6.8% |
| Income tax expense | 1,122 | 910 | 23.2% | 0.5% | 0.5% | 0.0% |
| Profit for the period | 1,275 | 12,549 | -89.8% | 0.6% | 7.4% | -6.8% |
| EBITDA | 27,075 | 18,836 | 43.7% | 12.6% | 11.1% | 1.5% |



Impact of IFRS 16 - Leases on Q1-2019 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 Q1-2019, following the adoption of IFRS 16, Sphera recognized additional depreciation expense of RON 10.4m (4.9% of sales) and finance cost of RON 5.0m (2.3% of sales) – of which RON 3.4m in forex expenses related to the revaluation of FCY-denominated lease liability (c. EUR 39m); concomitantly, rent expenses were reduced by RON 11.6m (5.4% of sales);
- As a result, EBITDA margin was increased by 5.4pp to 12.6%, while net profit fell by 1.8pp to 0.6% (of which 1.6pp represents unrealized forex losses).

| Data in RON'000 | Including impact of IFRS 16 | Excluding impact of IFRS 16 | Impact of IFRS 16 adoption | % of Sales | | |
|--|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| | | | | Including impact of IFRS 16 | Excluding impact of IFRS 16 | Impact of IFRS 16 adoption |
| Restaurant sales | 214,725 | 214,725 | 0 | | | |
| Restaurant expenses | 191,931 | 192,921 | (990) | 89.4% | 89.8% | -0.5% |
| Food and material | 77,186 | 77,186 | 0 | 35.9% | 35.9% | |
| Payroll and employee benefits | 49,101 | 49,101 | 0 | 22.9% | 22.9% | |
| Rent | 4,682 | 15,491 | (10,810) | 2.2% | 7.2% | -5.0% |
| Royalties | 12,632 | 12,632 | 0 | 5.9% | 5.9% | |
| Advertising | 9,336 | 9,336 | 0 | 4.3% | 4.3% | |
| Other operating expenses, net | 22,829 | 22,739 | 90 | 10.6% | 10.6% | |
| Depreciation and amortization | 16,166 | 6,437 | 9,729 | 7.5% | 3.0% | 4.5% |
| Restaurant operating profit | 22,794 | 21,804 | 990 | 10.6% | 10.2% | 0.5% |
| General and administration expenses, net | 12,968 | 13,087 | (119) | 6.0% | 6.1% | -0.1% |
| Operating profit | 9,826 | 8,717 | 1,110 | 4.6% | 4.1% | 0.5% |
| Finance costs | 7,447 | 2,455 | 4,992 | 3.5% | 1.1% | 2.3% |
| Finance income | 18 | 18 | 0 | 0.0% | 0.0% | |
| Profit before tax | 2,397 | 6,279 | (3,882) | 1.1% | 2.9% | -1.8% |
| Income tax expense | 1,122 | 1,149 | (27) | 0.5% | 0.5% | 0.0% |
| Profit for the period | 1,275 | 5,131 | (3,855) | 0.6% | 2.4% | -1.8% |
| EBITDA | 27,075 | 15,540 | 11,535 | 12.6% | 7.2% | 5.4% |



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

- Sales up 26.1% Y/Y on strong performance from KFC Romania/Moldova (+19.6% Y/Y, 15.0pp contribution), with significant contribution from KFC Italy (7.7pp) and increasing contributions from the new businesses (KFC Italy and Taco Bell);
- Restaurant operating profit down 16.5% Y/Y, with margin down 5.2pp, especially on labour and other operating expenses, while cost of food improved;
- G&A expenses up 6.0% Y/Y, reaching 6.1% of sales (down 1.2pp Y/Y);
- EBITDA down 17.5% Y/Y, with EBITDA margin contracting 3.8pp to 7.2% of sales, helped by lower G&A expenses;
 - excluding KFC Italy and Taco Bell, EBITDA margin would have been 3.1pp lower Y/Y at 8.9% of sales;
- Net profit down 59.1% Y/Y, with net profit margin down 5.0pp to 2.4% of sales.

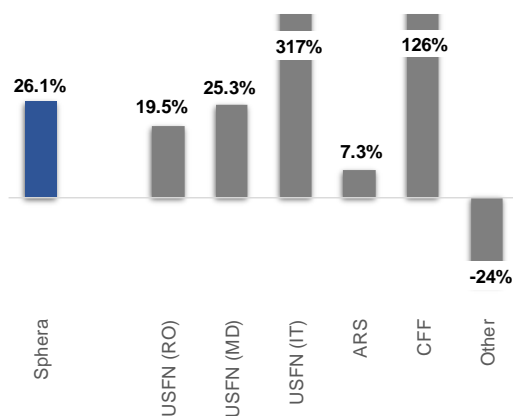
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| Restaurant sales | 214,725 | 170,232 | 26.1% | | | |
| Restaurant expenses | 192,921 | 144,119 | 33.9% | 89.8% | 84.7% | 5.2% |
| Food and material | 77,186 | 61,909 | 24.7% | 35.9% | 36.4% | -0.4% |
| Payroll and employee benefits | 49,101 | 33,010 | 48.7% | 22.9% | 19.4% | 3.5% |
| Rent | 15,491 | 12,416 | 24.8% | 7.2% | 7.3% | -0.1% |
| Royalties | 12,632 | 9,918 | 27.4% | 5.9% | 5.8% | 0.1% |
| Advertising | 9,336 | 7,060 | 32.2% | 4.3% | 4.1% | 0.2% |
| Other operating expenses, net | 22,739 | 14,938 | 52.2% | 10.6% | 8.8% | 1.8% |
| Depreciation and amortization | 6,437 | 4,867 | 32.3% | 3.0% | 2.9% | 0.1% |
| Restaurant operating profit | 21,804 | 26,113 | -16.5% | 10.2% | 15.3% | -5.2% |
| General and administration expenses, net | 13,087 | 12,350 | 6.0% | 6.1% | 7.3% | -1.2% |
| Operating profit | 8,717 | 13,764 | -36.7% | 4.1% | 8.1% | -4.0% |
| Finance costs | 2,455 | 487 | 403.8% | 1.1% | 0.3% | 0.9% |
| Finance income | 18 | 183 | -90.3% | 0.0% | 0.1% | -0.1% |
| Profit before tax | 6,279 | 13,459 | -53.3% | 2.9% | 7.9% | -5.0% |
| Income tax expense | 1,149 | 910 | 26.2% | 0.5% | 0.5% | 0.0% |
| Profit for the period | 5,131 | 12,549 | -59.1% | 2.4% | 7.4% | -5.0% |
| EBITDA | 15,540 | 18,836 | -17.5% | 7.2% | 11.1% | -3.8% |



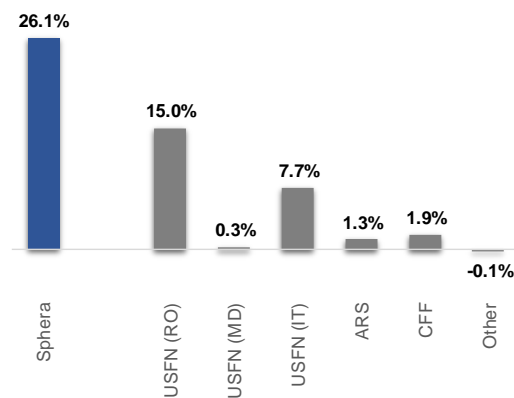
Breakdown of results by Group companies

| Data in RON'000 | USFN (RO) | ARS | USFN (MD) | USFN (IT) | CFF | SFG | Cons.Adj | SFG Cons. |
|--|----------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|
| Restaurant sales | 156,561 | 32,157 | 2,742 | 17,203 | 5,750 | 6,123 | (5,812) | 214,725 |
| Restaurant expenses | 135,151 | 31,075 | 2,186 | 17,953 | 5,580 | 0 | (14) | 191,931 |
| Food and material | 60,239 | 8,541 | 1,063 | 5,221 | 2,123 | 0 | 0 | 77,186 |
| Payroll and employee benefits | 31,146 | 10,202 | 407 | 5,727 | 1,620 | 0 | 0 | 49,101 |
| Rent | 4,292 | 204 | 20 | 95 | 71 | 0 | 0 | 4,682 |
| Royalties | 9,383 | 1,903 | 165 | 1,029 | 152 | 0 | 0 | 12,632 |
| Advertising | 5,982 | 2,124 | 75 | 973 | 197 | 0 | (15) | 9,336 |
| Other operating expenses, net | 14,740 | 4,350 | 219 | 2,857 | 663 | 0 | 0 | 22,829 |
| Depreciation and amortization | 9,370 | 3,752 | 237 | 2,052 | 755 | 0 | 0 | 16,166 |
| Restaurant operating profit | 21,410 | 1,082 | 556 | (750) | 170 | 6,123 | (5,798) | 22,794 |
| General and administration expenses, net | 7,336 | 2,355 | 72 | 1,337 | 814 | 6,852 | (5,798) | 12,968 |
| Operating profit | 14,074 | (1,273) | 484 | (2,086) | (643) | (729) | (0) | 9,826 |
| Finance costs | 4,938 | 1,410 | 98 | 902 | 531 | 678 | (1,110) | 7,447 |
| Finance income | 670 | 3 | 0 | 0 | 0 | 455 | (1,110) | 18 |
| Profit before tax | 9,807 | (2,681) | 386 | (2,989) | (1,174) | (952) | (0) | 2,397 |
| Income tax expense | 971 | 391 | 73 | (512) | 43 | 154 | 0 | 1,122 |
| Profit for the period | 8,835 | (3,072) | 312 | (2,476) | (1,218) | (1,106) | (0) | 1,275 |
| EBITDA | 23,999 | 2,528 | 730 | (28) | 149 | (303) | (0) | 27,075 |

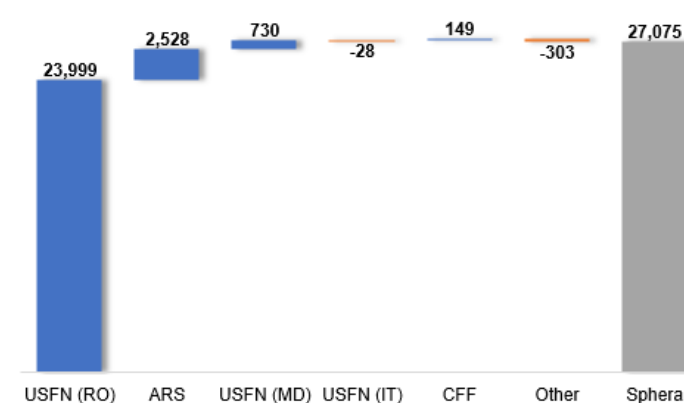
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies



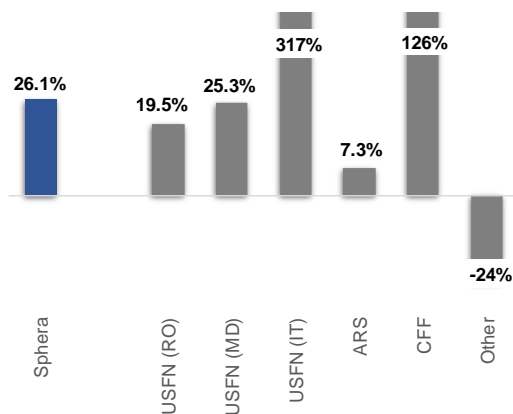


Financial performance: Q1-2019

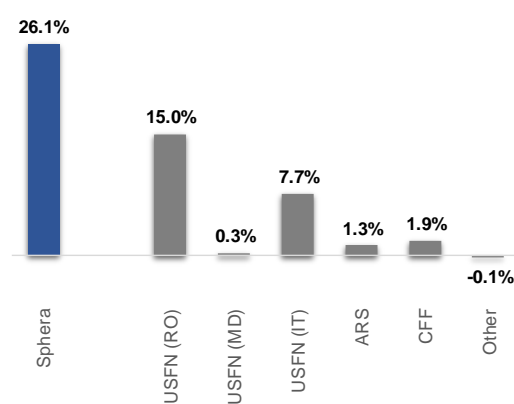
Breakdown of results by Group companies (excluding impact of IFRS 16 adoption)

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|--|----------------|----------------|--------------|----------------|----------------|--------------|----------------|----------------|
| Restaurant sales | 156,561 | 32,157 | 2,742 | 17,203 | 5,750 | 6,123 | (5,812) | 214,725 |
| Restaurant expenses | 135,853 | 31,156 | 2,195 | 18,067 | 5,663 | 0 | (14) | 192,921 |
| Food and material | 60,239 | 8,541 | 1,063 | 5,221 | 2,123 | 0 | 0 | 77,186 |
| Payroll and employee benefits | 31,146 | 10,202 | 407 | 5,727 | 1,620 | 0 | 0 | 49,101 |
| Rent | 10,819 | 2,688 | 194 | 1,114 | 676 | 0 | 0 | 15,491 |
| Royalties | 9,383 | 1,903 | 165 | 1,029 | 152 | 0 | 0 | 12,632 |
| Advertising | 5,982 | 2,124 | 75 | 973 | 197 | 0 | (15) | 9,336 |
| Other operating expenses, net | 14,650 | 4,350 | 219 | 2,857 | 663 | 0 | 0 | 22,739 |
| Depreciation and amortization | 3,635 | 1,349 | 72 | 1,148 | 234 | 0 | 0 | 6,437 |
| Restaurant operating profit | 20,708 | 1,001 | 547 | (864) | 87 | 6,123 | (5,798) | 21,804 |
| General and administration expenses, net | 7,370 | 2,389 | 72 | 1,346 | 824 | 6,882 | (5,798) | 13,087 |
| Operating profit | 13,338 | (1,389) | 474 | (2,210) | (737) | (759) | (0) | 8,717 |
| Finance costs | 1,412 | 673 | 27 | 657 | 314 | 482 | (1,110) | 2,455 |
| Finance income | 670 | 3 | 0 | 0 | 0 | 455 | (1,110) | 18 |
| Profit before tax | 12,596 | (2,059) | 447 | (2,868) | (1,051) | (786) | (0) | 6,279 |
| Income tax expense | 971 | 391 | 73 | (512) | 43 | 182 | 0 | 1,149 |
| Profit for the period | 11,625 | (2,451) | 374 | (2,355) | (1,095) | (968) | (0) | 5,131 |
| EBITDA | 17,100 | 9 | 556 | (1,057) | (466) | (602) | (0) | 15,540 |

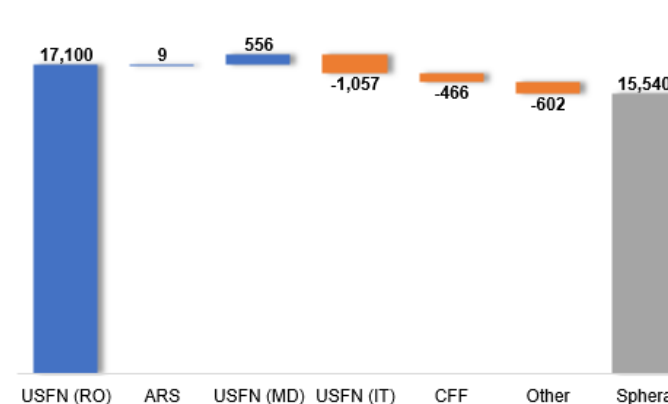
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies





Financial performance:

Restaurant operating expenses and margin

Including the impact of IFRS 16 adoption

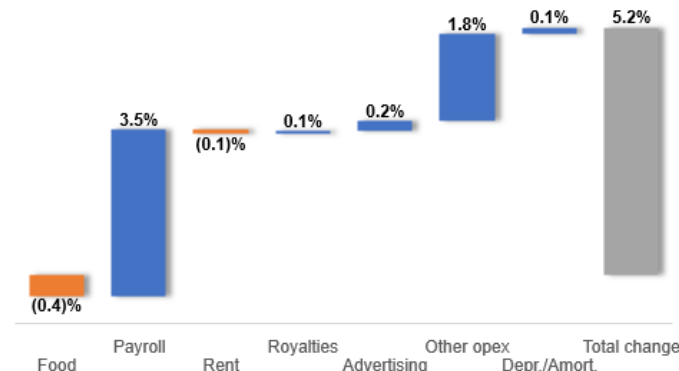
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| Payroll and employee benefits | 49,101 | 33,010 | 48.7% | 22.9% | 19.4% | 3.5% |
| Rent | 4,682 | 12,416 | -62.3% | 2.2% | 7.3% | -5.1% |
| Royalties | 12,632 | 9,918 | 27.4% | 5.9% | 5.8% | 0.1% |
| Advertising | 9,336 | 7,060 | 32.2% | 4.3% | 4.1% | 0.2% |
| Other operating expenses, net | 22,829 | 14,938 | 52.8% | 10.6% | 8.8% | 1.9% |
| Depreciation and amortization | 16,166 | 4,867 | 232.2% | 7.5% | 2.9% | 4.7% |
| Restaurant operating profit | 22,794 | 26,113 | -12.7% | 10.6% | 15.3% | -4.7% |

Excluding the impact of IFRS 16 adoption

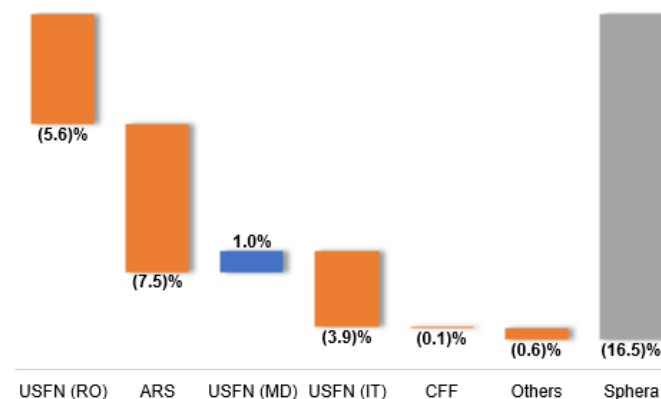
| Data in RON'000 | Mar-19 | Mar-18 | Y/Y% | % of Sales | | Δ% |
|------------------------------------|----------------|----------------|---------------|--------------|--------------|--------------|
| | | | 2019/2018 | Mar-19 | Mar-18 | |
| Restaurant expenses | 192,921 | 144,119 | 33.9% | 89.8% | 84.7% | 5.2% |
| Food and material | 77,186 | 61,909 | 24.7% | 35.9% | 36.4% | -0.4% |
| Payroll and employee benefits | 49,101 | 33,010 | 48.7% | 22.9% | 19.4% | 3.5% |
| Rent | 15,491 | 12,416 | 24.8% | 7.2% | 7.3% | -0.1% |
| Royalties | 12,632 | 9,918 | 27.4% | 5.9% | 5.8% | 0.1% |
| Advertising | 9,336 | 7,060 | 32.2% | 4.3% | 4.1% | 0.2% |
| Other operating expenses, net | 22,739 | 14,938 | 52.2% | 10.6% | 8.8% | 1.8% |
| Depreciation and amortization | 6,437 | 4,867 | 32.3% | 3.0% | 2.9% | 0.1% |
| Restaurant operating profit | 21,804 | 26,113 | -16.5% | 10.2% | 15.3% | -5.2% |

- Excluding the impact of IFRS adoption, operational expenses increased 33.9% Y/Y to RON 192.9m in Q1-2019;
- As percentage of sales, operational expenses increased by 5.2pp Y/Y to 89.8% in Q1-2019, of which:
 - +3.5pp from payroll expenses
 - +1.8pp from other operating expenses
 - 0.4pp 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



G&A expenses

Including the impact of IFRS 16 adoption

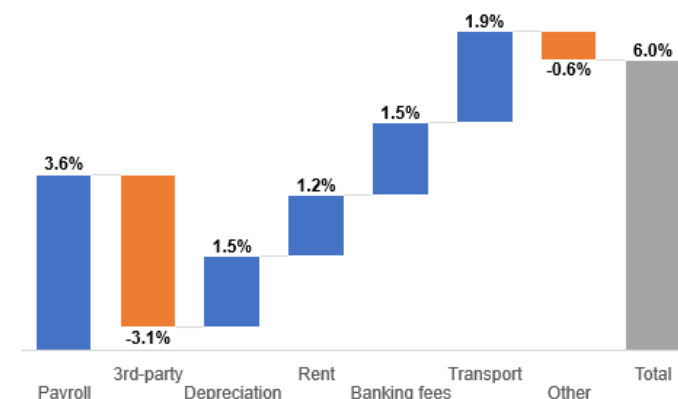
| Data in RON'000 | Mar-19 | Mar-18 | Y/Y% | % of Sales | |
|---|---------------|---------------|-------------|-------------|-------------|
| | | | 2019/2018 | Mar-19 | Mar-18 |
| General and administration expenses (net), of which: | 12,968 | 12,349 | 5.0% | 6.0% | 7.3% |
| Employee benefits | 7,276 | 6,828 | 6.5% | | |
| Third-party expenses | 2,016 | 2,405 | -16.2% | | |
| Depreciation | 1,083 | 205 | 427.4% | | |
| Rent | 99 | 762 | -87.0% | | |
| Banking charges | 819 | 635 | 29.0% | | |
| Transport | 974 | 742 | 31.4% | | |
| Other expenses | 700 | 772 | -9.3% | | |

Excluding the impact of IFRS 16 adoption

| Data in RON'000 | Mar-19 | Mar-18 | Y/Y% | % of Sales | |
|---|---------------|---------------|-------------|-------------|-------------|
| | | | 2019/2018 | Mar-19 | Mar-18 |
| General and administration expenses (net), of which: | 13,087 | 12,349 | 6.0% | 6.1% | 7.3% |
| Employee benefits | 7,276 | 6,828 | 6.5% | | |
| Third-party expenses | 2,016 | 2,405 | -16.2% | | |
| Depreciation | 386 | 205 | 88.3% | | |
| Rent | 915 | 762 | 20.0% | | |
| Banking charges | 819 | 635 | 29.0% | | |
| Transport | 974 | 742 | 31.4% | | |
| Other expenses | 700 | 772 | -9.3% | | |

- Excluding the impact of IFRS adoption, G&A ratio improved 1.2pp Y/Y to 6.1% of sales (RON 13.1 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



Statement of financial position

| Data in RON'000 | 31-Mar-19 | 31-Dec-18 | Change | Excluding impact of IFRS 16 adoption | Impact of IFRS 16 adoption |
|--|----------------|----------------|-----------------|---|----------------------------------|
| 31-Mar-19 | | | | | |
| Assets | | | | | |
| Non-current assets | 422,171 | 229,173 | 192,998 | 238,902 | 183,269 |
| Property, plant and equipment | 347,339 | 158,122 | 189,217 | 164,097 | 183,242 |
| Intangible assets | 63,399 | 62,150 | 1,249 | 63,399 | - |
| Deposits for rent guarantee | 7,306 | 5,219 | 2,087 | 7,306 | - |
| Deferred tax assets | 4,128 | 3,682 | 446 | 4,101 | 27 |
| Current assets | 101,975 | 122,979 | (21,004) | 104,993 | (3,019) |
| Inventories | 9,755 | 10,564 | (809) | 9,756 | (1) |
| Trade and other receivables | 23,207 | 16,444 | 6,763 | 23,207 | - |
| Prepayments | 2,074 | 5,306 | (3,232) | 5,092 | (3,018) |
| Cash and short-term deposits | 66,939 | 90,665 | (23,727) | 66,939 | - |
| Assets held for sale | - | - | - | - | - |
| Total assets | 524,146 | 352,152 | 171,994 | 343,895 | 180,251 |
| Equity and liabilities | | | | | |
| Total equity | 133,233 | 128,825 | 4,407 | 133,847 | (614) |
| Equity attributable to equity holders of the parent | 132,970 | 128,679 | 4,291 | 133,619 | (649) |
| Issued capital | 581,990 | 581,990 | - | 581,990 | - |
| Share premium | (520,578) | (520,578) | - | (520,578) | - |
| Retained earnings | 71,641 | 67,247 | 4,394 | 72,304 | (663) |
| Foreign currency translation reserve | (83) | 20 | (103) | (97) | 14 |
| Non-controlling interests | 263 | 146 | 117 | 228 | 35 |
| Non-current liabilities | 233,984 | 91,536 | 142,447 | 84,723 | 149,260 |
| Interest-bearing loans and borrowings | 84,259 | 86,787 | (2,528) | 84,430 | (171) |
| Finance lease liabilities | 149,724 | | 149,724 | | 149,724 |
| Trade and other payables | | 4,749 | (4,749) | 293 | (293) |
| Current liabilities | 156,930 | 131,790 | 25,140 | 125,325 | 31,605 |
| Trade and other payables | 69,110 | 82,658 | (13,549) | 73,814 | (4,705) |
| Interest-bearing loans and borrowings | 39,922 | 37,669 | 2,253 | 40,048 | (127) |
| Finance lease liabilities | 36,437 | | 36,437 | | 36,437 |
| Provisions | 11,463 | 11,463 | (0) | 11,463 | (0) |
| Total liabilities | 390,914 | 223,327 | 167,587 | 210,049 | 180,865 |
| Total equity and liabilities | 524,146 | 352,152 | 171,994 | 343,895 | 180,251 |