



# Sphera Franchise Group

Interim results: Jan-Sep 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 25.9% with same-store sales growth of 8.2%**

- Q3 overall sales growth of 23.5%, same-store sales growth of 6.8%

**Total store openings: 1 in Q3; network size 146 @ 30 September 2019**

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

**Pizza Hut sales recover on stronger Delivery activity, pushing 9-month EBITDA in positive territory**

**KFC Italy and Taco Bell displayed another quarter of significant same-store sales and margin performance, sending 9-month EBITDA above breakeven level**

▪ **Interim results\***

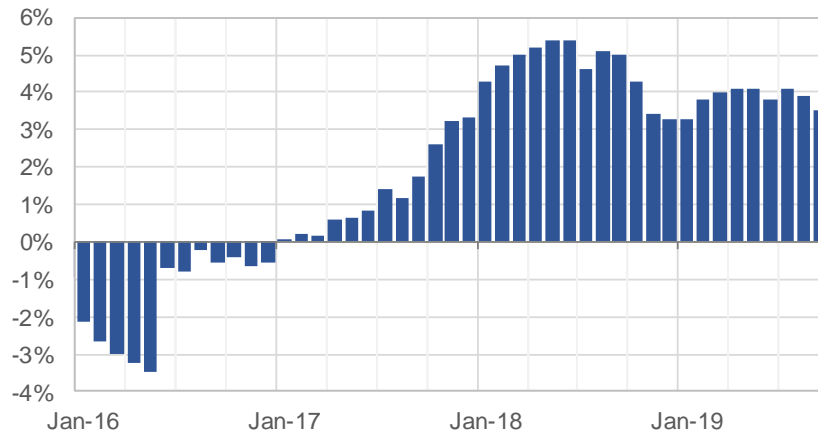
	Jan-Sep 2019			Q3-2019		
	<u>RONm</u>	<u>Y/Y*</u>	<u>Margin</u>	<u>RONm</u>	<u>Y/Y</u>	<u>Margin</u>
▪ Sales	694.3	+25.9%		248.7	+23.5%	
▪ Restaurant profit	88.2	+18.3%	12.7%	38.8	+38.5%	15.6%
▪ Normalized EBITDA	67.2	+26.0%	9.7%	30.5	+45.1%	12.3%
▪ Net Profit	38.2	17.9%	5.5%	20.1	+47.4%	8.1%

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



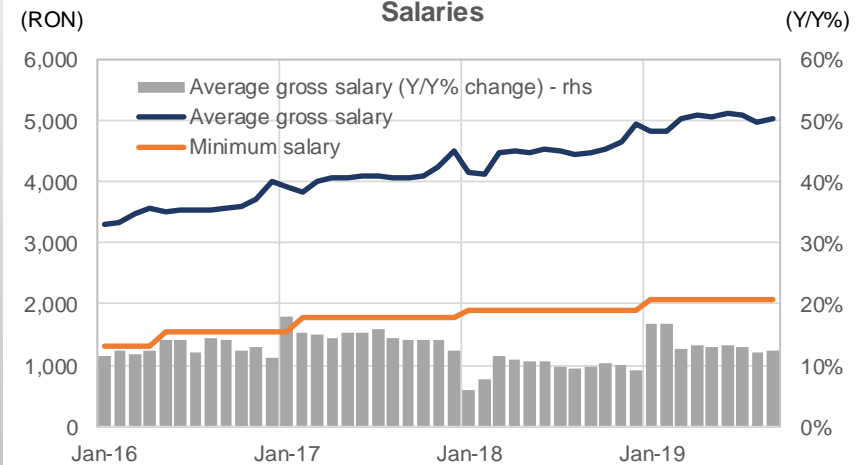
## CPI stabilizes as labour market remains tight

Annualized CPI



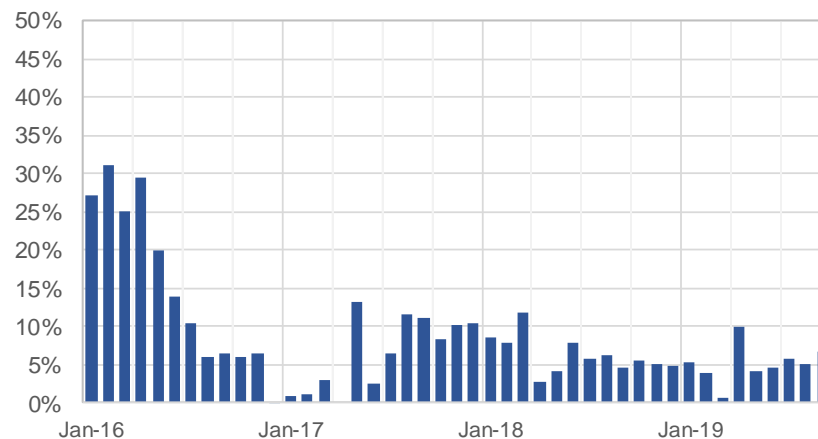
- CPI edges lower to 3.5% in Sep-2019

Salaries



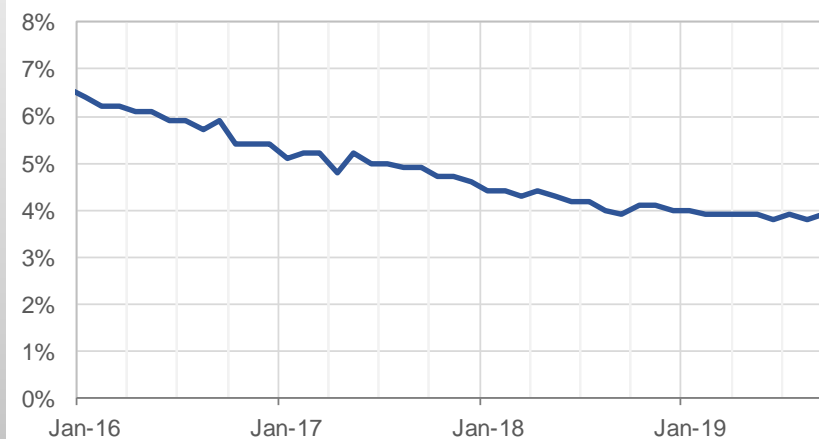
- Average salary up 12.4% in Q3-2019 and 13.6% in 9-mth 2019

Retail sales (mostly food & drinks)



- Retail sales Y/Y growth reaches 5.9% in Q3-2019 and 5.1% in 9-mth 2019

Unemployment rate



- Unemployment rate remains stable at c. 4.0% in Q3-2019



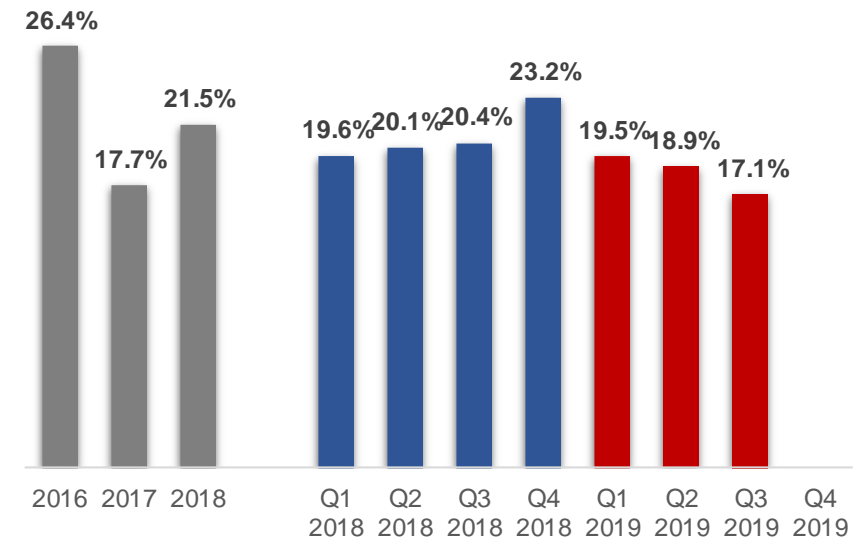
## **Sales performance by brands**



## Sales growth analysis

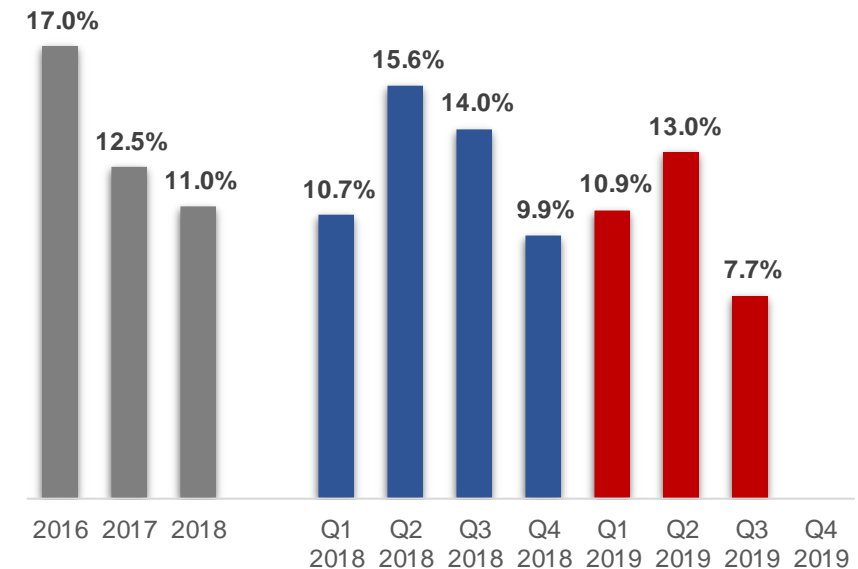
### All-store performance

- All-store sales growth of 17.1% Y/Y in Q3-2019 with same-store growth reaching 7.7%;
- The 9 net openings (since Jan-2018) contributed c. 9.5pp to the Y/Y growth in Q3-2019.



### Same-store performance

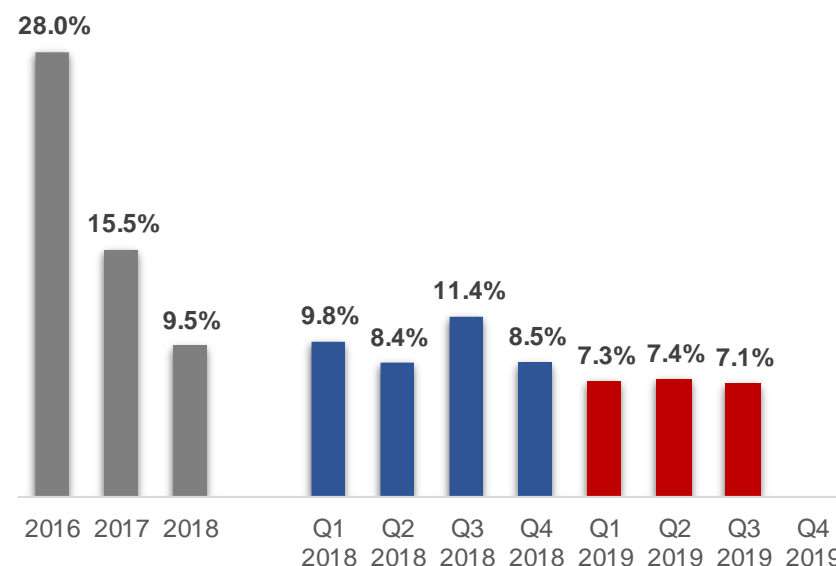
- Same-store sales growth of 7.7% Y/Y in Q3-2019 lower than in the previous two quarters as the growth rates of a number of stores cooled down from high double-digit levels;
- Average ticket was up 12.6% and transactions fell 1.9% in 9-mth 2019 vs 9-mth 2018.



## Sales growth analysis

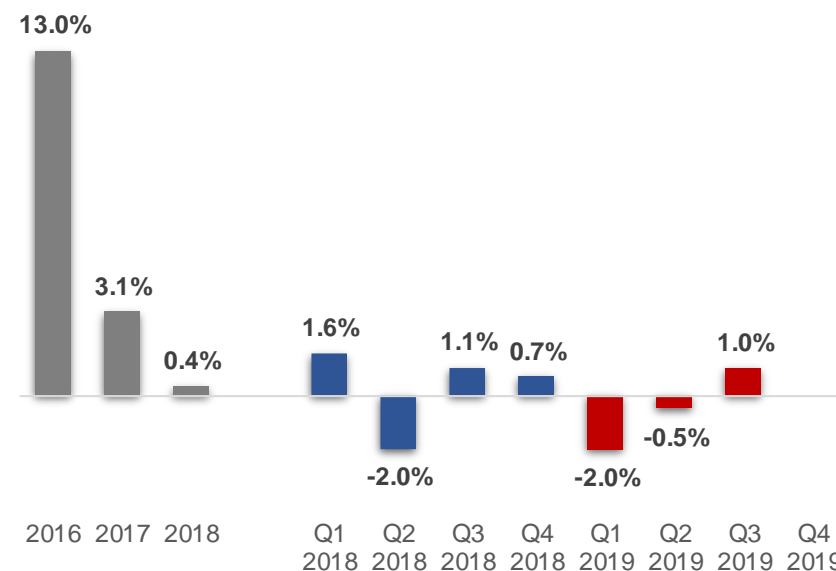
### All-store performance

- All-store sales growth of 7.1% Y/Y in Q3-2019, with majority of growth coming from the 6 stores opened starting Jan-2018;



### Same-store performance

- Same-store sales advanced 1.0% Y/Y in Q3-2019, with the improving performance compared to Q2-2019 being helped by a strong recovery in Delivery sales;
- Average ticket was up 5.0% and transactions were down 5.3% in 9-mth 2019 vs 9-mth 2018.











**Development**





## Restaurant openings in 2019

	Total stores BoY	Openings Q1-2019	Openings Q2-2019	Openings Q3-2019	Total stores end Q3-2019	2019 Opening Plan
 <b>KFC</b>	78	0	1	0	79	8
 <b>KFC</b>	10	0	4	1	15	10
	23	0	0	0	23	0
	22	0	0	0	22	1
	5	0	2	0	7	5
	138	0	7	1	146	24



**Brand news**

## Q3-2019 highlights



- Already a summer tradition in KFC, this year innovation platform featured 3 limited-time offer products (Holiday Burger, Summer Twister and Crispy Box) aiming at increasing frequency of visits;
- For the back-to-school calendar window, KFC launched a new format product (Crispy Hot Dog), building on entry level value with the objective of maximizing transactions, as well as an abundant meal for one (The Box), with medium-term role of increasing average spend;
- KFC Haunted Camping – Untold: the first partnership of KFC with a music festival in Romania was an activation dedicated to the popular Garlic Sauce; the brand challenged the consumers to enter a competition to win tickets for the festival and accommodation in the KFC camp located in the most haunted forest in the world (Hoia-Baciu Forest) with the garlic sauce serving as protection.

### KFC Arena

- KFC and gaming are a natural match that the brand approached this year for the first time by launching a CS:GO tournament for non-pro teams in partnerships with one of the biggest gaming events in Romania, Bucharest Gaming Week
- Over 1.000 unique gamers registered for the online qualifiers, and over 200.000 people watched the live streaming



### Self-ordering kiosks & digital menu boards

- Roll-out of kiosks completed in 24 stores
- Roll-out of digital menu-boards completed in 58 stores

## Q3-2019 highlights



- To unlock new pizza territories and stay relevant to our clients, Pizza Hut introduced a new pizza innovation (San Francisco Dough) over the summer, made with Sourdough for more artisanal taste, with the aim of attracting new users.
- Targeting improving transaction levels, the brand communicated “All you can eat Pizza”, the most iconic offer in Pizza Hut, by promoting our hero product (Pan Pizza) into our most valuable offer; the campaign was communicated through an anniversary price (25 Lei);
- Pizza Hut Delivery launched for a second year Couple Combo, one of our best abundant value offers (2 medium pizza plus 2 bottles of soda for a special price), with very good results in terms of both sales and transactions;
- Overall online orders approaching 50% of delivery sales, of which over 20% coming through aggregator platforms.



- Communication focused on innovation by launching new products, with the aim of creating favorability & differentiation from local competitors and build deeper connection with consumers to grow the brand cult by communicating the core products as being our unique, creative, innovative & iconic



- **Silver Drum** for Untold Haunted Camping - Protected by KFC Garlic Sauce
- **Silver Drum** for KFC Social Entertainment Channel at Golden Drum 2019<sup>th</sup> edition
- **Webstock 2019:**
  - 1st place** – KFC Best Brand on YouTube
  - 1st place** – KFC Best Online Video Show (Random)
  - 1st place** – Best Experiential Campaigns for Untold Haunted Camping by KFC Garlic Sauce
  - 2nd place** – KFC Best Online Video Shows (Friendzone)
  - 3rd place** – KFC Best Digital Innovation (Smartchat)



**Crispy Hot Dog**  
O idee atât de ?? ca e bună

CEAPA ROȘIE KETCHUP  
CAȘCĂ ȘTAFID MUSTAR ȘIFIȚĂ

**500 LEI**

**KFC**

**NU LĂSA VACANȚA ALTORA SĂ-ȚI TAIE POFTA DE KFC**

**13 lei FIECARE**

Holiday BURGER  
Summer TWISTER  
Crispy BOX

**KFC**

**KFC**

POTI CÂȘTIGA BILETE ȘI CAZARE LA UNTOLD

**UNTOLD HAUNTED CAMPING**  
PROTECTED BY THE KFC GARLIC SAUCE

PĂDUREA HOIA-BACIU

**AFLĂ CUM**

**TACO BELL**

AM ÎNCERCAT SĂ FACEM ȘNITEL CU SALATĂ... ȘI TOT **TACO** NE-A IEȘIT

**NAKED CHICKEN TACO**

**SAN FRANCISCO STYLE PIZZA**

**ATÂT DE BUNĂ CĂ E BUNĂ ȘI FĂRĂ TOPPING-URI**

Pe blat aerat, ușor crocant, cu bază Sourdough și ingrediente fresh.

**DE LA 14.00 LEI**

**Pizza Hut** UN PIC MAI CRAZY BOM IN PIC

Mercur în Retrograd cere

**ALL YOU CAN EAT PIZZA**

DE LUNI PÂNĂ VINERI  
ORICÂTE PIZZE PE BLAT PAN VREI, CU DOAR **25 LEI**

**Pizza Hut** UN PIC MAI CRAZY BOM IN PIC

**Pizza Hut**

**COUPLE COMBO** MIXEAZĂ COMBO-UL PERFECT

DOUĂ PIZZE MEDII LA DOAR **42 LEI** + **2x COCA-COLA 750ML CADOU**

**TACO BELL**

**CRUNCHWRAP E DOAR UNUL**

ZICI CĂ-ȚI IEȘI LA FEL? AM PUS REȚETA PE NET



# Financials





## Statement of comprehensive income

- Sales up 25.9% Y/Y on strong performance from KFC Romania/Moldova (+18.1% Y/Y, 13.5pp contribution), with increasing contribution from KFC Italy (8.6pp) and Taco Bell (2.7pp);
- Restaurant operating profit up 20.0% Y/Y, with margin down 0.6pp, especially on labour (+2.2pp) and other operating expenses (+1.0pp), while cost of food improved (-1.8pp);
- G&A expenses up 12.3% Y/Y, reaching 6.1% of sales (down 0.7pp Y/Y);
- Normalized EBITDA up 92.1% Y/Y, with EBITDA margin up 5.1pp to 14.8% 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 5.1pp higher Y/Y at 15.9% of sales;
- Net profit down 1.8% Y/Y, with net profit margin down 1.3pp to 4.6% of sales, due to the incremental finance cost (especially forex depreciation) as a result of IFRS 16 adoption.

Data in RON'000	Sep-19	Sep-18	Y/Y%	% of Sales		
			2019/2018	Sep-19	Sep-18	Δ%
<b>Restaurant sales</b>	<b>694,317</b>	<b>551,562</b>	<b>25.9%</b>			
<b>Restaurant expenses</b>	<b>604,825</b>	<b>476,993</b>	<b>26.8%</b>	<b>87.1%</b>	<b>86.5%</b>	<b>0.6%</b>
Food and material	235,421	197,211	19.4%	33.9%	35.8%	-1.8%
Payroll and employee benefits	158,397	113,731	39.3%	22.8%	20.6%	2.2%
Rent	16,063	40,014	-59.9%	2.3%	7.3%	-4.9%
Royalties	40,780	32,497	25.5%	5.9%	5.9%	0.0%
Advertising	34,230	30,421	12.5%	4.9%	5.5%	-0.6%
Other operating expenses, net	67,871	48,378	40.3%	9.8%	8.8%	1.0%
Depreciation and amortization	52,062	14,742	253.2%	7.5%	2.7%	4.8%
<b>Restaurant operating profit</b>	<b>89,492</b>	<b>74,568</b>	<b>20.0%</b>	<b>12.9%</b>	<b>13.5%</b>	<b>-0.6%</b>
General and administration expenses, net	42,285	37,661	12.3%	6.1%	6.8%	-0.7%
<b>Operating profit</b>	<b>47,207</b>	<b>36,907</b>	<b>27.9%</b>	<b>6.8%</b>	<b>6.7%</b>	<b>0.1%</b>
Finance costs	12,926	2,071	524.3%	1.9%	0.4%	1.5%
Finance income	121	118	2.0%	0.0%	0.0%	0.0%
<b>Profit before tax</b>	<b>34,402</b>	<b>34,955</b>	<b>-1.6%</b>	<b>5.0%</b>	<b>6.3%</b>	<b>-1.4%</b>
Income tax expense	2,570	2,549	0.9%	0.4%	0.5%	-0.1%
<b>Profit for the period</b>	<b>31,831</b>	<b>32,406</b>	<b>-1.8%</b>	<b>4.6%</b>	<b>5.9%</b>	<b>-1.3%</b>
EBITDA	102,468	52,394	95.6%	14.8%	9.5%	5.3%
Normalised EBITDA *	102,468	53,340	92.1%	14.8%	9.7%	5.1%

\*) Excluding a non-recurring expense for litigation worth RON 0.95m recorded in Jan-Sep 2018.



## Impact of IFRS 16 - Leases on 9-mth 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 recognizes 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 recognize the **interest expense** on the lease liability and the **depreciation expense** on the right-of-use asset;
- In 9-mth 2019, following the adoption of IFRS 16, Sphera recognized additional depreciation expense of RON 31.5m (4.5% of sales) and finance cost of RON 8.1m (1.2% of sales) – of which RON 2.7m in forex expenses related to the revaluation of FCY-denominated lease liability (c. EUR 47m); concomitantly, rent expenses were reduced by RON 33.1m (4.8% of sales);
- As a result, EBITDA margin was increased by 5.1pp to 14.8%, while net profit was reduced by 0.9pp to 4.6%.

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
<b>Restaurant sales</b>	<b>694,317</b>	<b>694,317</b>	<b>0</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Restaurant expenses</b>	<b>604,825</b>	<b>606,107</b>	<b>-1,282</b>	<b>87.1%</b>	<b>87.3%</b>	<b>-0.2%</b>
Food and material	235,421	235,421	0	33.9%	33.9%	
Payroll and employee benefits	158,397	158,397	0	22.8%	22.8%	
Rent	16,063	49,123	-33,060	2.3%	7.1%	-4.8%
Royalties	40,780	40,780	0	5.9%	5.9%	
Advertising	34,230	34,230	0	4.9%	4.9%	
Other operating expenses, net	67,871	67,625	246	9.8%	9.7%	
Depreciation and amortization	52,062	20,530	31,532	7.5%	3.0%	4.5%
<b>Restaurant operating profit</b>	<b>89,492</b>	<b>88,210</b>	<b>1,282</b>	<b>12.9%</b>	<b>12.7%</b>	<b>0.2%</b>
General and administration expenses, net	42,285	42,644	-359	6.1%	6.1%	-0.1%
<b>Operating profit</b>	<b>47,207</b>	<b>45,566</b>	<b>1,642</b>	<b>6.8%</b>	<b>6.6%</b>	<b>0.2%</b>
Finance costs	12,926	4,822	8,104	1.9%	0.7%	1.2%
Finance income	121	121	0	0.0%	0.0%	
<b>Profit before tax</b>	<b>34,402</b>	<b>40,864</b>	<b>-6,463</b>	<b>5.0%</b>	<b>5.9%</b>	<b>-0.9%</b>
Income tax expense	2,570	2,650	-80	0.4%	0.4%	
<b>Profit for the period</b>	<b>31,831</b>	<b>38,214</b>	<b>-6,383</b>	<b>4.6%</b>	<b>5.5%</b>	<b>-0.9%</b>
<b>EBITDA</b>	<b>102,468</b>	<b>67,223</b>	<b>35,245</b>	<b>14.8%</b>	<b>9.7%</b>	<b>5.1%</b>



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

- Sales up 25.9% Y/Y on strong performance from KFC Romania/Moldova (+18.1% Y/Y, 13.5pp contribution), with increasing contribution from KFC Italy (8.6pp) and Taco Bell (2.7pp);
- Restaurant operating profit up 18.3% Y/Y, with margin down 0.8pp, especially on labour (+2.2pp) and other operating expenses (+1.0pp), while cost of food improved (-1.8pp);
- G&A expenses up 13.2% Y/Y, reaching 6.1% of sales (down 0.7pp Y/Y);
- Normalized EBITDA up 26.0% Y/Y, with EBITDA margin unchanged at 9.7% of sales, helped by lower G&A expenses;
  - excluding KFC Italy and Taco Bell, EBITDA margin would have been 0.2pp higher Y/Y at 11.1% of sales;
- Net profit up 17.9% Y/Y, with net profit margin down 0.4pp to 5.5% of sales.

Data in RON'000	Sep-19	Sep-18	Y/Y%	% of Sales		Δ%
			2019/2018	Sep-19	Sep-18	
<b>Restaurant sales</b>	<b>694,317</b>	<b>551,562</b>	<b>25.9%</b>			
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Royalties	40,780	32,497	25.5%	5.9%	5.9%	0.0%
Advertising	34,230	30,421	12.5%	4.9%	5.5%	-0.6%
Other operating expenses, net	67,625	48,378	39.8%	9.7%	8.8%	1.0%
Depreciation and amortization	20,530	14,742	39.3%	3.0%	2.7%	0.3%
<b>Restaurant operating profit</b>	<b>88,210</b>	<b>74,568</b>	<b>18.3%</b>	<b>12.7%</b>	<b>13.5%</b>	<b>-0.8%</b>
General and administration expenses, net	42,644	37,661	13.2%	6.1%	6.8%	-0.7%
<b>Operating profit</b>	<b>45,566</b>	<b>36,907</b>	<b>23.5%</b>	<b>6.6%</b>	<b>6.7%</b>	<b>-0.1%</b>
Finance costs	4,822	2,071	132.9%	0.7%	0.4%	0.3%
Finance income	121	118	2.0%	0.0%	0.0%	0.0%
<b>Profit before tax</b>	<b>40,864</b>	<b>34,955</b>	<b>16.9%</b>	<b>5.9%</b>	<b>6.3%</b>	<b>-0.5%</b>
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EBITDA	67,223	52,394	28.3%	9.7%	9.5%	0.2%
Normalised EBITDA*	67,223	53,340	26.0%	9.7%	9.7%	0.0%

\*) Excluding a non-recurring expense for litigation worth RON 0.95m recorded in Jan-Sep 2018.



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

- Sales up 23.5% Y/Y on strong performance from KFC Romania/Moldova (+13.6% Y/Y, 10.5pp contribution), with significant contribution from KFC Italy (9.2pp) and Taco Bell (2.7pp);
- Restaurant operating profit up 38.5% Y/Y, with margin up 1.7pp, as lower cost of food (-3.2pp) and advertising (-0.5pp) were partly offset by higher labour (+0.6pp) and other operating expense (+1.1pp);
- G&A expenses up 28.9% Y/Y, reaching 6.4% of sales (up 0.3pp Y/Y);
- Normalized EBITDA up 45.1% Y/Y, with EBITDA margin improving 1.8pp to 12.3% of sales, helped by higher restaurant margin;
  - excluding KFC Italy and Taco Bell, EBITDA margin would have been 1.4pp higher Y/Y at 13.4% of sales;
- Net profit up 47.4% Y/Y, with net profit margin up 1.3pp to 8.1% of sales.

Data in RON'000	Q3-2019	Q3-2018	Y/Y%	% of Sales		Δ%
			2019/2018	Q3-2019	Q3-2018	
<b>Restaurant sales</b>	<b>248,749</b>	<b>201,493</b>	<b>23.5%</b>			
<b>Restaurant expenses</b>	<b>209,969</b>	<b>173,490</b>	<b>21.0%</b>	<b>84.4%</b>	<b>86.1%</b>	<b>-1.7%</b>
Food and material	80,722	71,829	12.4%	32.5%	35.6%	-3.2%
Payroll and employee benefits	52,077	40,981	27.1%	20.9%	20.3%	0.6%
Rent	17,481	14,453	21.0%	7.0%	7.2%	-0.1%
Royalties	14,705	11,846	24.1%	5.9%	5.9%	0.0%
Advertising	13,843	12,235	13.1%	5.6%	6.1%	-0.5%
Other operating expenses, net	23,741	16,981	39.8%	9.5%	8.4%	1.1%
Depreciation and amortization	7,400	5,166	43.3%	3.0%	2.6%	0.4%
<b>Restaurant operating profit</b>	<b>38,781</b>	<b>28,003</b>	<b>38.5%</b>	<b>15.6%</b>	<b>13.9%</b>	<b>1.7%</b>
General and administration expenses, net	16,012	12,424	28.9%	6.4%	6.2%	0.3%
<b>Operating profit</b>	<b>22,768</b>	<b>15,579</b>	<b>46.1%</b>	<b>9.2%</b>	<b>7.7%</b>	<b>1.4%</b>
Finance costs	1,355	911	48.7%	0.5%	0.5%	0.1%
Finance income	58	(30)	293.7%	0.0%	0.0%	0.0%
<b>Profit before tax</b>	<b>21,471</b>	<b>14,638</b>	<b>46.7%</b>	<b>8.6%</b>	<b>7.3%</b>	<b>1.4%</b>
Income tax expense	1,354	989	36.9%	0.5%	0.5%	0.1%
<b>Profit for the period</b>	<b>20,118</b>	<b>13,649</b>	<b>47.4%</b>	<b>8.1%</b>	<b>6.8%</b>	<b>1.3%</b>
EBITDA	30,512	21,011	45.2%	12.3%	10.4%	1.8%
Normalised EBITDA*	30,512	21,026	45.1%	12.3%	10.4%	1.8%

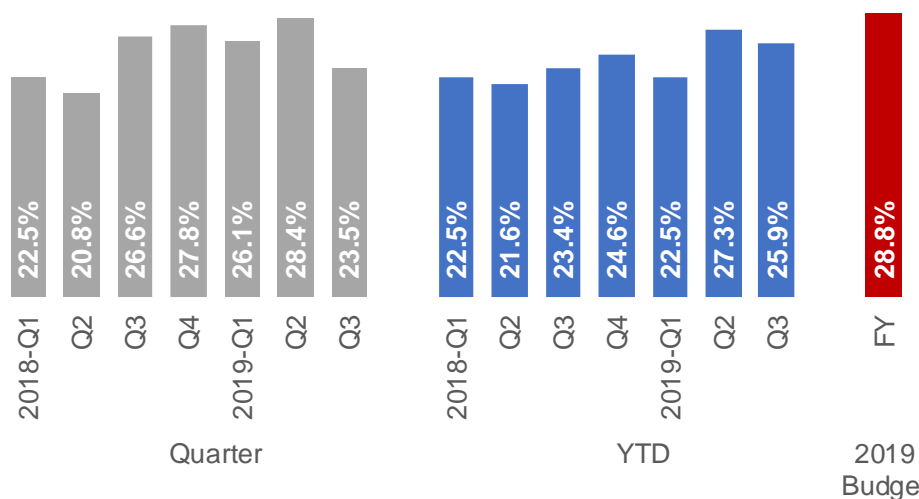
\*) Excluding a non-recurring provision for litigation worth RON 0.93m recorded in Q3-2018.



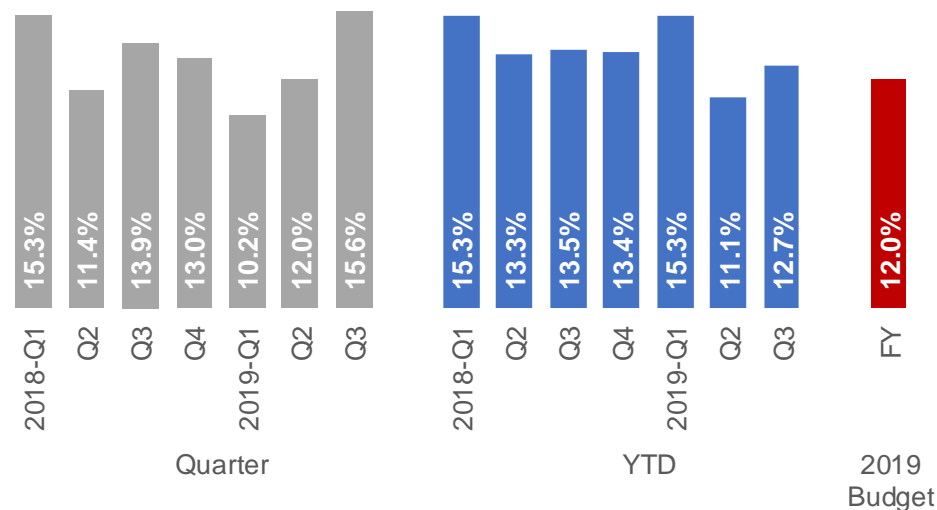
# Financial performance: Margin trend (Quarterly and YTD)

(excluding impact of IFRS 16 adoption)

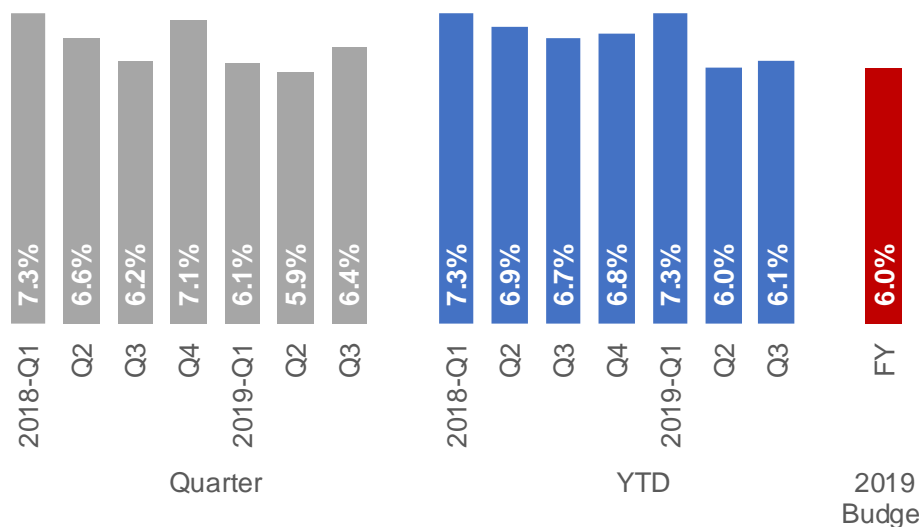
### Restaurant sales - Y/Y% growth



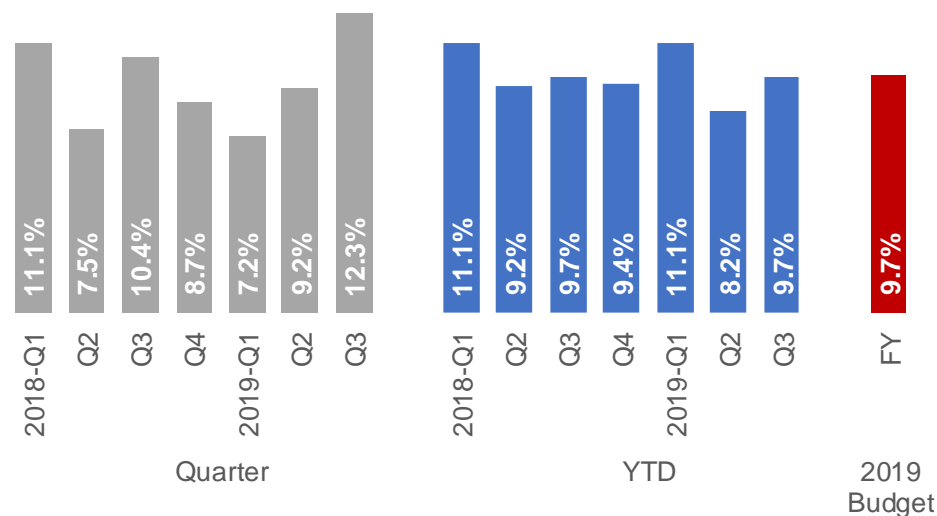
### Restaurant operating profit margin



### Normalized G&A ratio



### Normalised EBITDA margin



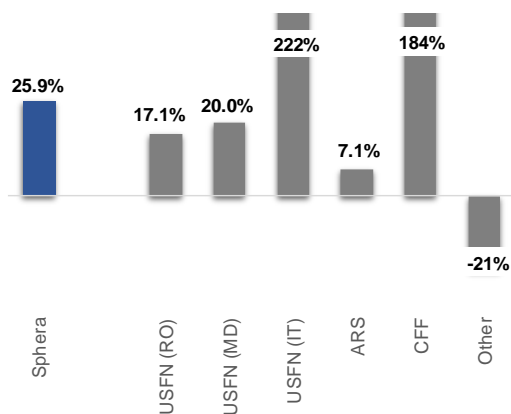


# Financial performance: 9-mth 2019

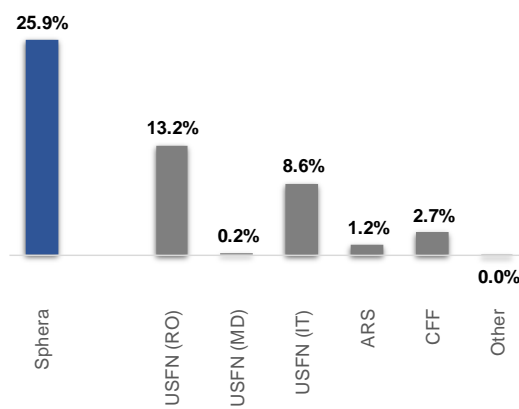
## Breakdown of results by Group companies

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
<b>Restaurant sales</b>	<b>497,837</b>	<b>95,584</b>	<b>8,214</b>	<b>68,968</b>	<b>22,844</b>	<b>22,370</b>	<b>(21,500)</b>	<b>694,317</b>
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
<b>Restaurant expenses</b>	<b>417,582</b>	<b>91,657</b>	<b>6,800</b>	<b>69,631</b>	<b>21,044</b>	<b>0</b>	<b>(1,889)</b>	<b>604,825</b>
Food and material	178,022	25,221	3,234	20,988	7,955	0	0	235,421
Payroll and employee benefits	101,777	30,144	1,339	19,513	5,624	0	0	158,397
Rent	14,305	546	57	909	246	0	0	16,063
Royalties	29,916	5,587	494	4,144	639	0	0	40,780
Advertising	24,464	5,640	319	4,393	1,299	0	(1,886)	34,230
Other operating expenses, net	40,516	13,004	651	11,009	2,695	0	(4)	67,871
Depreciation and amortization	28,581	11,514	705	8,676	2,586	0	0	52,062
<b>Restaurant operating profit</b>	<b>80,255</b>	<b>3,926</b>	<b>1,414</b>	<b>(664)</b>	<b>1,800</b>	<b>73,610</b>	<b>(70,849)</b>	<b>89,492</b>
General and administration expenses, net	22,950	6,714	214	3,951	2,076	25,908	(19,528)	42,285
<b>Operating profit</b>	<b>57,305</b>	<b>(2,787)</b>	<b>1,200</b>	<b>(4,614)</b>	<b>(276)</b>	<b>47,701</b>	<b>(51,321)</b>	<b>47,207</b>
Finance costs	7,941	2,408	185	3,136	1,187	1,418	(3,348)	12,926
Finance income	2,063	7	0	16	0	1,383	(3,348)	121
<b>Profit before tax</b>	<b>51,427</b>	<b>(5,188)</b>	<b>1,015</b>	<b>(7,734)</b>	<b>(1,462)</b>	<b>47,666</b>	<b>(51,321)</b>	<b>34,402</b>
Income tax expense	2,551	1,180	166	(1,444)	213	(95)	0	2,570
<b>Profit for the period</b>	<b>48,876</b>	<b>(6,368)</b>	<b>849</b>	<b>(6,290)</b>	<b>(1,675)</b>	<b>47,761</b>	<b>(51,321)</b>	<b>31,831</b>
EBITDA	87,551	8,867	1,932	4,078	2,371	48,991	(51,321)	102,468

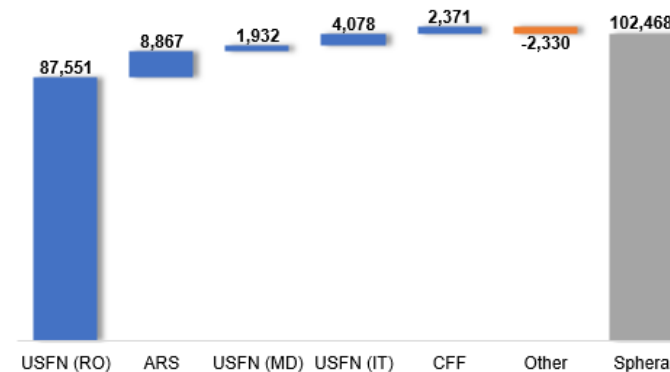
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies



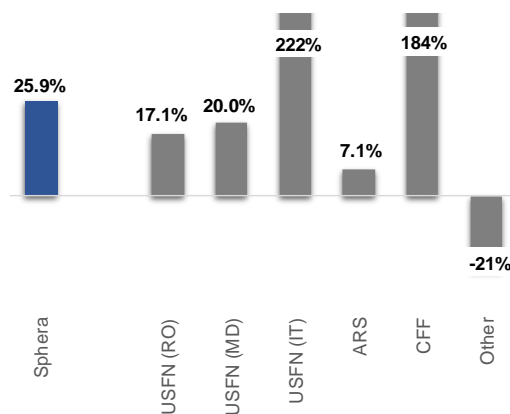




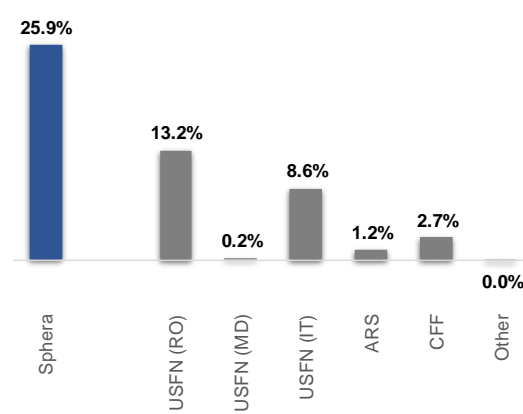
## Breakdown of results by Group companies (excluding impact of IFRS 16 adoption)

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
<b>Restaurant sales</b>	<b>497,837</b>	<b>95,584</b>	<b>8,214</b>	<b>68,968</b>	<b>22,844</b>	<b>22,370</b>	<b>(21,500)</b>	<b>694,317</b>
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
<b>Restaurant expenses</b>	<b>418,864</b>	<b>91,763</b>	<b>6,836</b>	<b>69,399</b>	<b>21,133</b>	<b>0</b>	<b>(1,889)</b>	<b>606,107</b>
Food and material	178,022	25,221	3,234	20,988	7,955	0	0	235,421
Payroll and employee benefits	101,777	30,144	1,339	19,513	5,624	0	0	158,397
Rent	33,417	8,179	581	4,943	2,003	0	0	49,123
Royalties	29,916	5,587	494	4,144	639	0	0	40,780
Advertising	24,464	5,640	319	4,393	1,299	0	(1,886)	34,230
Other operating expenses, net	40,269	13,004	651	11,009	2,695	0	(4)	67,625
Depreciation and amortization	10,998	3,986	217	4,410	918	0	0	20,530
<b>Restaurant operating profit</b>	<b>78,972</b>	<b>3,821</b>	<b>1,378</b>	<b>(432)</b>	<b>1,711</b>	<b>73,610</b>	<b>(70,849)</b>	<b>88,210</b>
General and administration expenses, net	23,049	6,817	214	3,981	2,091	26,020	(19,528)	42,644
<b>Operating profit</b>	<b>55,923</b>	<b>(2,996)</b>	<b>1,163</b>	<b>(4,413)</b>	<b>(381)</b>	<b>47,590</b>	<b>(51,321)</b>	<b>45,566</b>
Finance costs	2,785	1,352	82	1,929	899	1,124	(3,348)	4,822
Finance income	2,063	7	0	16	0	1,383	(3,348)	121
<b>Profit before tax</b>	<b>55,201</b>	<b>(4,341)</b>	<b>1,081</b>	<b>(6,325)</b>	<b>(1,279)</b>	<b>47,849</b>	<b>(51,321)</b>	<b>40,864</b>
Income tax expense	2,551	1,180	146	(1,344)	213	(95)	0	2,650
<b>Profit for the period</b>	<b>52,650</b>	<b>(5,520)</b>	<b>936</b>	<b>(4,981)</b>	<b>(1,493)</b>	<b>47,944</b>	<b>(51,321)</b>	<b>38,214</b>
EBITDA	67,318	1,131	1,409	14	597	48,076	(51,321)	67,223

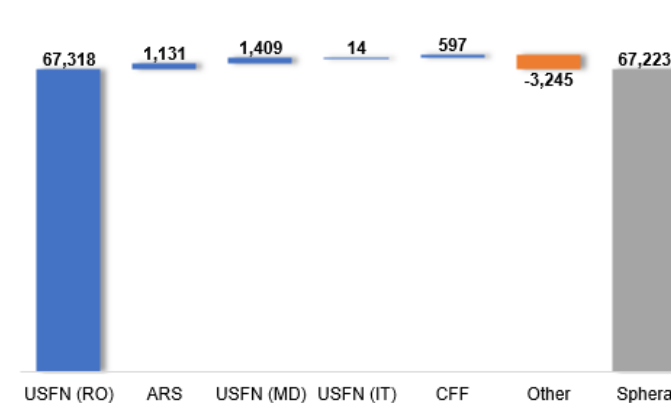
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies



# Financial performance: 9-mth 2019

## Restaurant operating expenses and margin

### Including the impact of IFRS 16 adoption

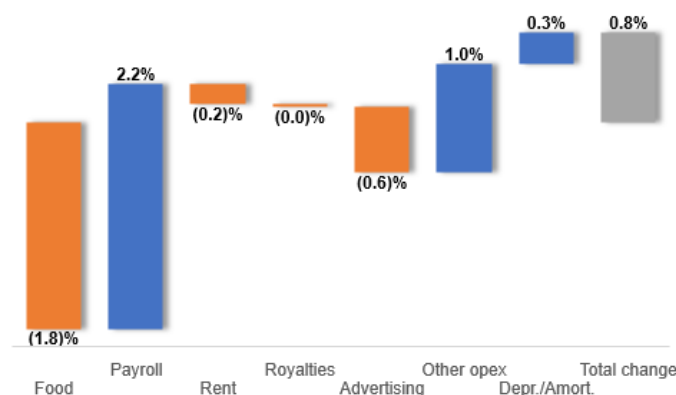
Data in RON'000	Sep-19	Sep-18	Y/Y%	% of Sales		Δ%
			2019/2018	Sep-19	Sep-18	
<b>Restaurant expenses</b>	<b>604,825</b>	<b>476,993</b>	<b>26.8%</b>	<b>87.1%</b>	<b>86.5%</b>	<b>0.6%</b>
Food and material	235,421	197,211	19.4%	33.9%	35.8%	-1.8%
Payroll and employee benefits	158,397	113,731	39.3%	22.8%	20.6%	2.2%
Rent	16,063	40,014	-59.9%	2.3%	7.3%	-4.9%
Royalties	40,780	32,497	25.5%	5.9%	5.9%	0.0%
Advertising	34,230	30,421	12.5%	4.9%	5.5%	-0.6%
Other operating expenses, net	67,871	48,378	40.3%	9.8%	8.8%	1.0%
Depreciation and amortization	52,062	14,742	253.2%	7.5%	2.7%	4.8%
<b>Restaurant operating profit</b>	<b>89,492</b>	<b>74,568</b>	<b>20.0%</b>	<b>12.9%</b>	<b>13.5%</b>	<b>-0.6%</b>

### Excluding the impact of IFRS 16 adoption

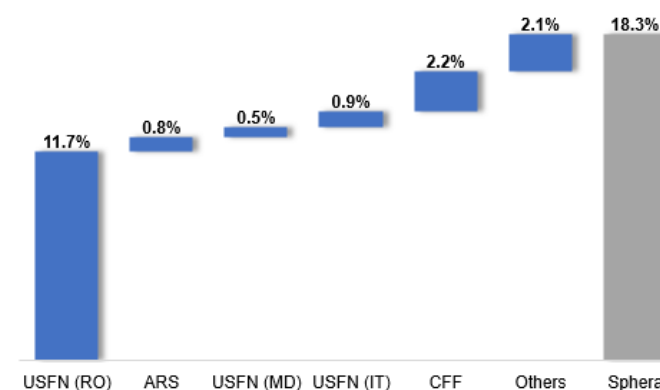
Data in RON'000	Sep-19	Sep-18	Y/Y%	% of Sales		Δ%
			2019/2018	Sep-19	Sep-18	
<b>Restaurant expenses</b>	<b>606,107</b>	<b>476,993</b>	<b>27.1%</b>	<b>87.3%</b>	<b>86.5%</b>	<b>0.8%</b>
Food and material	235,421	197,211	19.4%	33.9%	35.8%	-1.8%
Payroll and employee benefits	158,397	113,731	39.3%	22.8%	20.6%	2.2%
Rent	49,123	40,014	22.8%	7.1%	7.3%	-0.2%
Royalties	40,780	32,497	25.5%	5.9%	5.9%	0.0%
Advertising	34,230	30,421	12.5%	4.9%	5.5%	-0.6%
Other operating expenses, net	67,625	48,378	39.8%	9.7%	8.8%	1.0%
Depreciation and amortization	20,530	14,742	39.3%	3.0%	2.7%	0.3%
<b>Restaurant operating profit</b>	<b>88,210</b>	<b>74,568</b>	<b>18.3%</b>	<b>12.7%</b>	<b>13.5%</b>	<b>-0.8%</b>

- Excluding the impact of IFRS adoption, operational expenses increased 30.5% Y/Y to RON 396.1m in 9-mth 2019;
- As percentage of sales, operational expenses increased by 2.2pp Y/Y to 88.9% in 9-mth 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: Q3-2019

## Restaurant operating expenses and margin

### Including the impact of IFRS 16 adoption

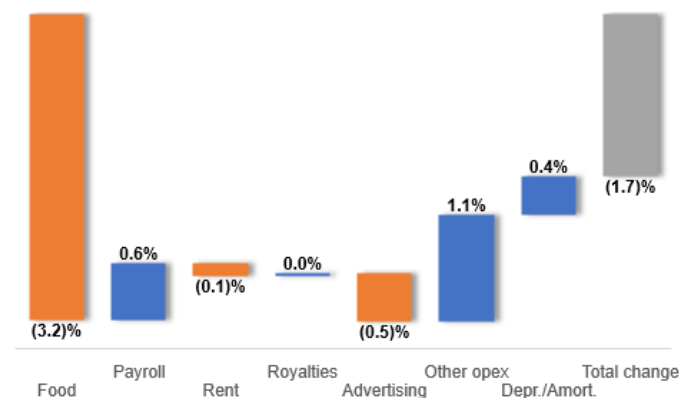
Data in RON'000	Q2-2019	Q2-2018	Y/Y%	% of Sales		Δ%
			2019/2018	Q2-2019	Q2-2018	
<b>Restaurant expenses</b>	<b>210,104</b>	<b>173,490</b>	<b>21.1%</b>	<b>84.5%</b>	<b>86.1%</b>	<b>-1.6%</b>
Food and material	80,722	71,829	12.4%	32.5%	35.6%	-3.2%
Payroll and employee benefits	52,077	40,981	27.1%	20.9%	20.3%	0.6%
Rent	6,351	14,453	-56.1%	2.6%	7.2%	-4.6%
Royalties	14,705	11,846	24.1%	5.9%	5.9%	0.0%
Advertising	13,843	12,235	13.1%	5.6%	6.1%	-0.5%
Other operating expenses, net	23,810	16,981	40.2%	9.6%	8.4%	1.1%
Depreciation and amortization	18,598	5,166	260.0%	7.5%	2.6%	4.9%
<b>Restaurant operating profit</b>	<b>38,645</b>	<b>28,003</b>	<b>38.0%</b>	<b>15.5%</b>	<b>13.9%</b>	<b>1.6%</b>

### Excluding the impact of IFRS 16 adoption

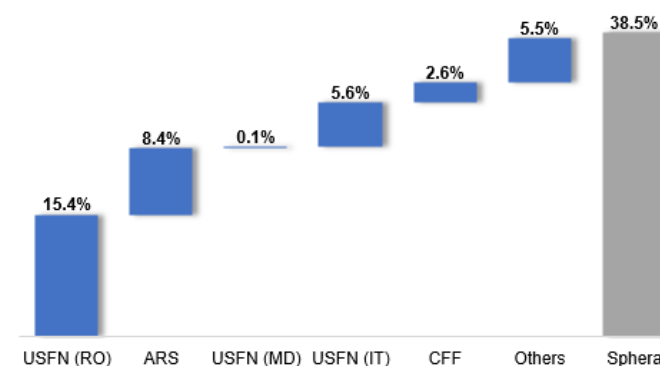
Data in RON'000	Q3-2019	Q3-2018	Y/Y%	% of Sales		Δ%
			2019/2018	Q3-2019	Q3-2018	
<b>Restaurant expenses</b>	<b>209,969</b>	<b>173,490</b>	<b>21.0%</b>	<b>84.4%</b>	<b>86.1%</b>	<b>-1.7%</b>
Food and material	80,722	71,829	12.4%	32.5%	35.6%	-3.2%
Payroll and employee benefits	52,077	40,981	27.1%	20.9%	20.3%	0.6%
Rent	17,481	14,453	21.0%	7.0%	7.2%	-0.1%
Royalties	14,705	11,846	24.1%	5.9%	5.9%	0.0%
Advertising	13,843	12,235	13.1%	5.6%	6.1%	-0.5%
Other operating expenses, net	23,741	16,981	39.8%	9.5%	8.4%	1.1%
Depreciation and amortization	7,400	5,166	43.3%	3.0%	2.6%	0.4%
<b>Restaurant operating profit</b>	<b>38,781</b>	<b>28,003</b>	<b>38.5%</b>	<b>15.6%</b>	<b>13.9%</b>	<b>1.7%</b>

- Excluding the impact of IFRS adoption, operational expenses increased 27.5% Y/Y to RON 203.2m in Q3-2019;
- As percentage of sales, operational expenses decreased by 0.6pp Y/Y to 88.0% in Q3-2019, 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



## G&A expenses

### Including the impact of IFRS 16 adoption

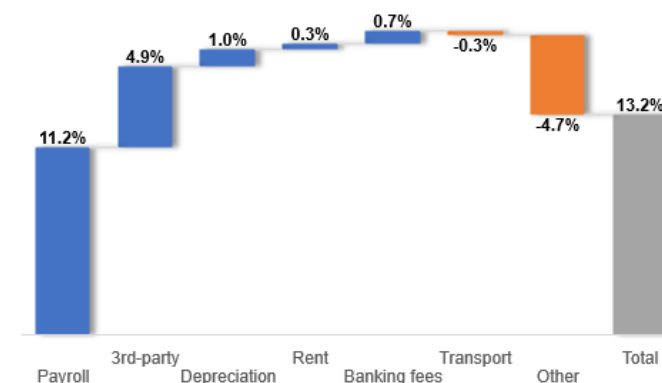
Data in RON'000	Sep-19	Sep-18	Y/Y%	% of Sales	
			2019/2018	Sep-19	Sep-18
<b>General and administration expenses (net), of which:</b>	<b>42,285</b>	<b>37,661</b>	<b>12.3%</b>	<b>6.1%</b>	<b>6.8%</b>
Employee benefits	25,727	21,496	19.7%		
Third-party expenses	7,043	5,200	35.4%		
Depreciation	3,199	745	329.4%		
Rent	262	2,566	-89.8%		
Banking charges	2,276	2,004	13.6%		
Transport	1,891	1,985	-4.8%		
Other expenses	1,886	3,664	-48.5%		

### Excluding the impact of IFRS 16 adoption

Data in RON'000	Sep-19	Sep-18	Y/Y%	% of Sales	
			2019/2018	Sep-19	Sep-18
<b>General and administration expenses (net), of which:</b>	<b>42,644</b>	<b>37,661</b>	<b>13.2%</b>	<b>6.1%</b>	<b>6.8%</b>
Employee benefits	25,727	21,496	19.7%		
Third-party expenses	7,043	5,200	35.4%		
Depreciation	1,128	745	51.4%		
Rent	2,693	2,566	4.9%		
Banking charges	2,276	2,004	13.6%		
Transport	1,891	1,985	-4.8%		
Other expenses	1,886	3,664	-48.5%		

- Excluding the impact of IFRS adoption, G&A ratio improved 0.7pp Y/Y to 6.1% of sales (RON 42.6 million), mainly on slower growth in payroll expenses;

### Contribution to growth in G&A expense\*



\*) Excluding the impact of IFRS 16 adoption



## Statement of financial position

Data in RON'000	30-Sep-19	31-Dec-18	Change	Excluding impact of IFRS 16 adoption 30-Sep-19	Impact of IFRS 16 adoption
<b>Assets</b>					
<b>Non-current assets</b>	<b>486,396</b>	<b>229,173</b>	<b>257,223</b>	<b>270,405</b>	<b>215,991</b>
Property, plant and equipment	188,104	158,122	29,982	190,025	(1,921)
Right-of-use assets	217,832		217,832	-	217,832
Intangible assets	64,646	62,150	2,496	64,646	-
Deposits for rent guarantee	10,304	5,219	5,085	10,304	-
Deferred tax assets	5,509	3,682	1,827	5,429	80
<b>Current assets</b>	<b>119,079</b>	<b>122,979</b>	<b>(3,900)</b>	<b>121,892</b>	<b>(2,814)</b>
Inventories	9,780	10,564	(783)	9,780	-
Trade and other receivables	28,396	16,444	11,952	28,396	-
Prepayments	2,743	5,306	(2,563)	5,556	(2,814)
Cash and short-term deposits	78,160	90,665	(12,505)	78,160	-
Assets held for sale	-	-	-	-	-
<b>Total assets</b>	<b>605,475</b>	<b>352,152</b>	<b>253,323</b>	<b>392,297</b>	<b>213,178</b>
<b>Equity and liabilities</b>					
<b>Total equity</b>	<b>149,886</b>	<b>128,825</b>	<b>21,061</b>	<b>153,032</b>	<b>(3,146)</b>
<b>Equity attributable to equity holders of the parent</b>	<b>149,738</b>	<b>128,679</b>	<b>21,059</b>	<b>152,914</b>	<b>(3,176)</b>
Issued capital	581,990	581,990	-	581,990	-
Share premium	(519,998)	(520,578)	580	(519,998)	-
Retained earnings	87,837	67,247	20,590	91,023	(3,186)
Foreign currency translation reserve	(90)	20	(110)	(100)	10
Non-controlling interests	148	146	2	118	30
<b>Non-current liabilities</b>	<b>259,118</b>	<b>91,536</b>	<b>167,581</b>	<b>79,415</b>	<b>179,703</b>
Interest-bearing loans and borrowings	78,695	86,787	(8,093)	78,695	-
Finance lease liabilities	180,423		180,423	427	179,996
Trade and other payables		4,749	(4,749)	293	(293)
<b>Current liabilities</b>	<b>196,471</b>	<b>131,790</b>	<b>64,681</b>	<b>159,850</b>	<b>36,621</b>
Trade and other payables	102,572	82,658	19,913	107,054	(4,482)
Interest-bearing loans and borrowings	40,941	37,669	3,272	40,941	-
Finance lease liabilities	41,495		41,495	392	41,103
Provisions	11,463	11,463	-	11,463	-
<b>Total liabilities</b>	<b>455,589</b>	<b>223,327</b>	<b>232,262</b>	<b>239,265</b>	<b>216,324</b>
<b>Total equity and liabilities</b>	<b>605,475</b>	<b>352,152</b>	<b>253,323</b>	<b>392,297</b>	<b>213,178</b>