



Sphera Franchise Group

Interim results: Jan-Sep 2019





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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

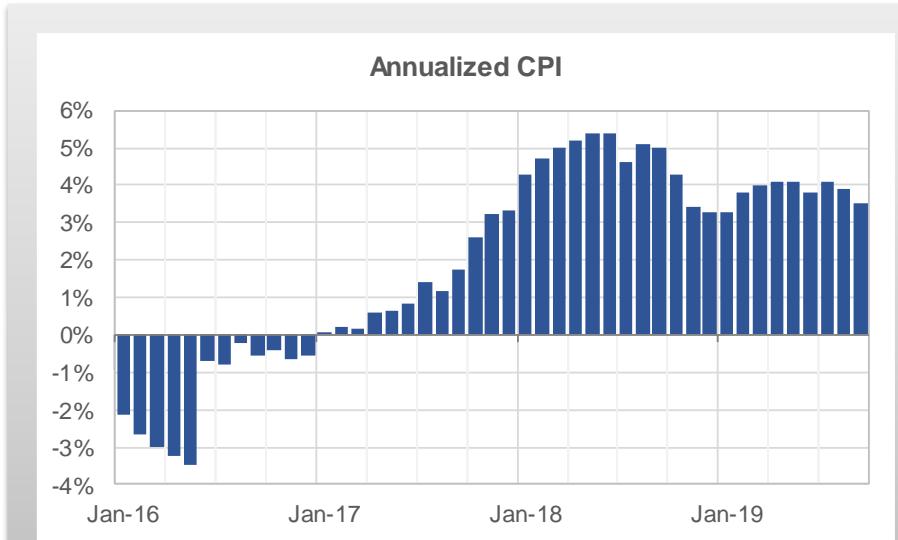
KFC Italy and Taco Bell displayed another quarter of significant same-store sales and margin performance, sending 9-month EBITDA above breakeven level

▪ Interim results*

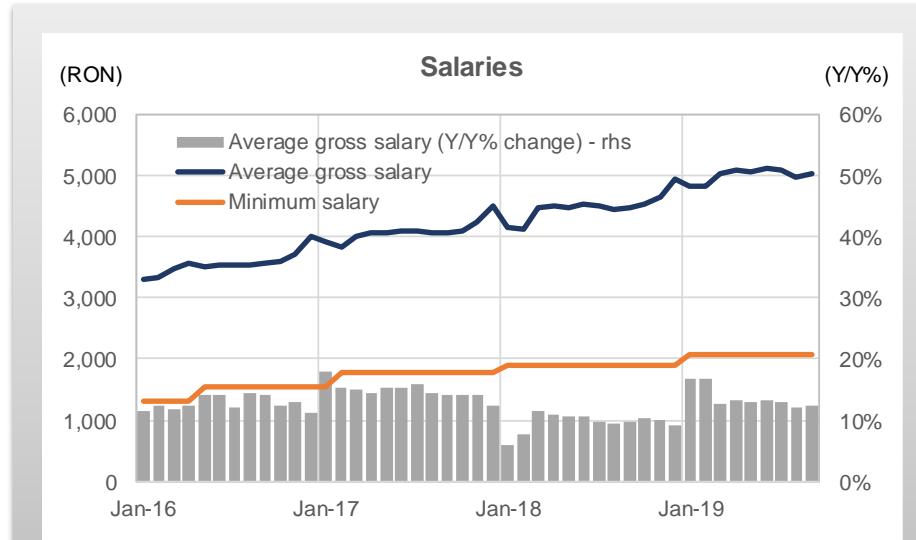
	Jan-Sep 2019			Q3-2019		
	RONm	Y/Y*	Margin	RONm	Y/Y	Margin
▪ Sales	694.3	+25.9%		248.7	+23.5%	
▪ Restaurant profit	88.2	+18.3%	12.7%	38.8	+38.5%	15.6%
▪ Normalized EBITDA	67.2	+26.0%	9.7%	30.5	+45.1%	12.3%
▪ Net Profit	38.2	17.9%	5.5%	20.1	+47.4%	8.1%

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

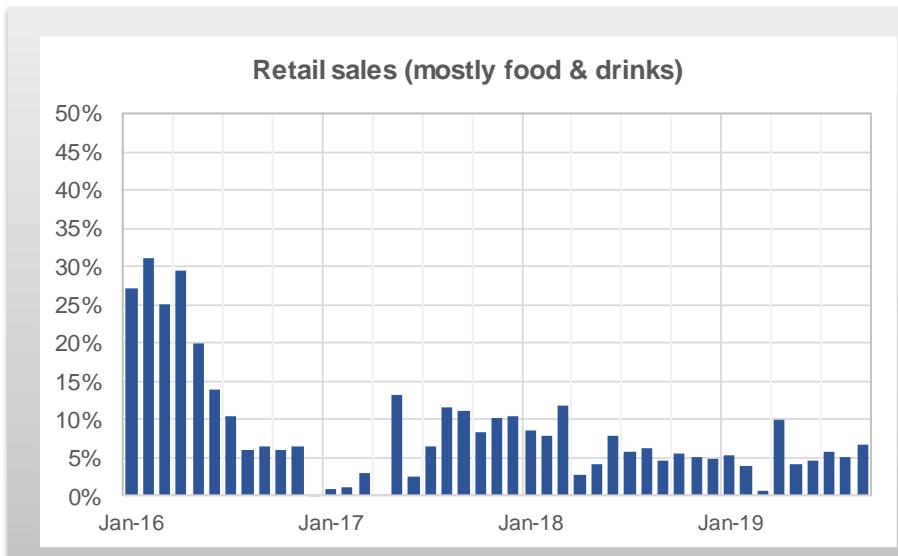
CPI stabilizes as labour market remains tight



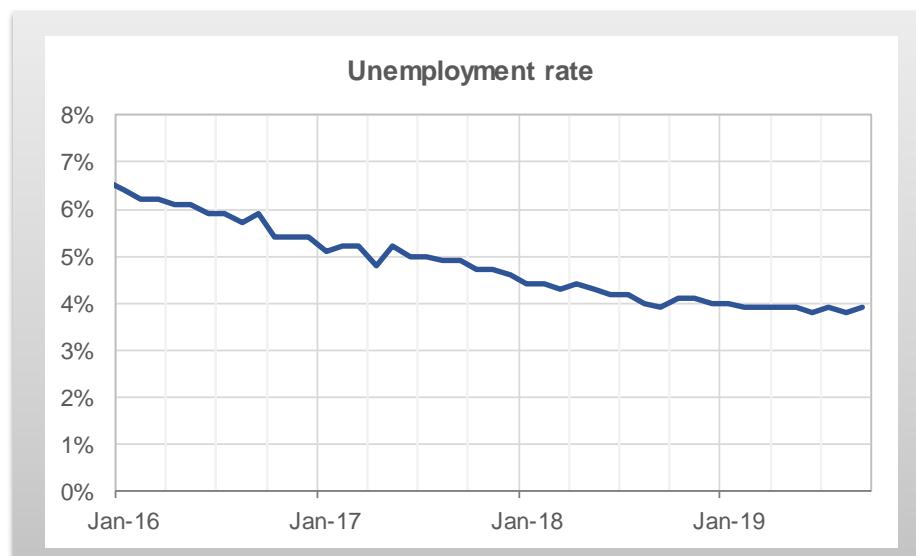
- CPI edges lower to 3.5% in Sep-2019



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



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



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



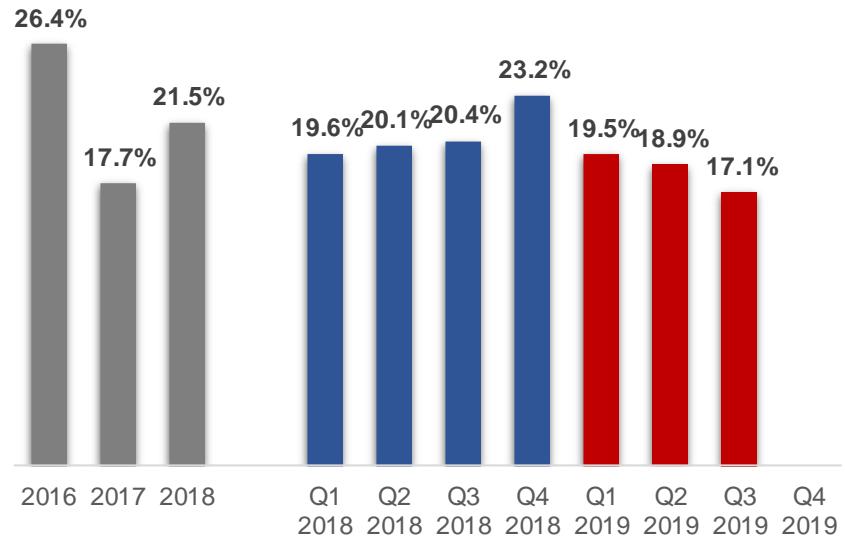
Sales performance by brands



Sales growth analysis

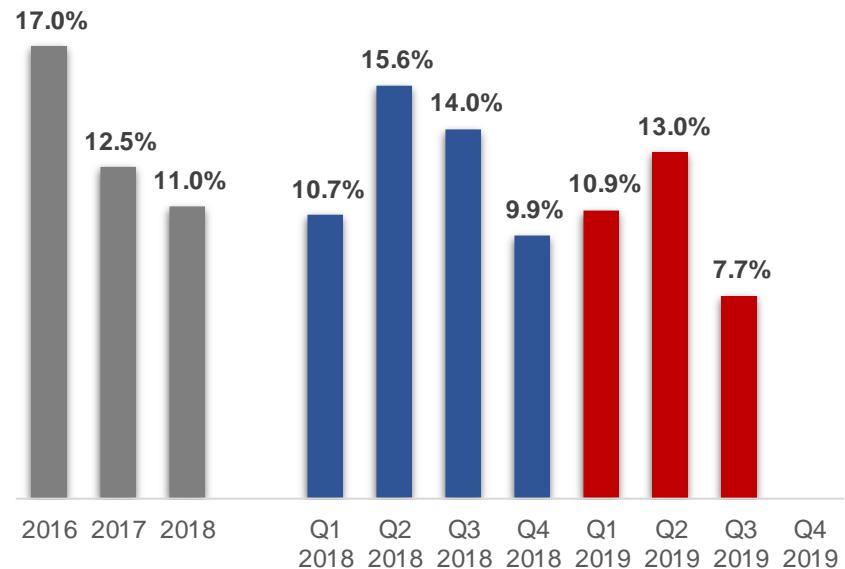
All-store performance

- 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

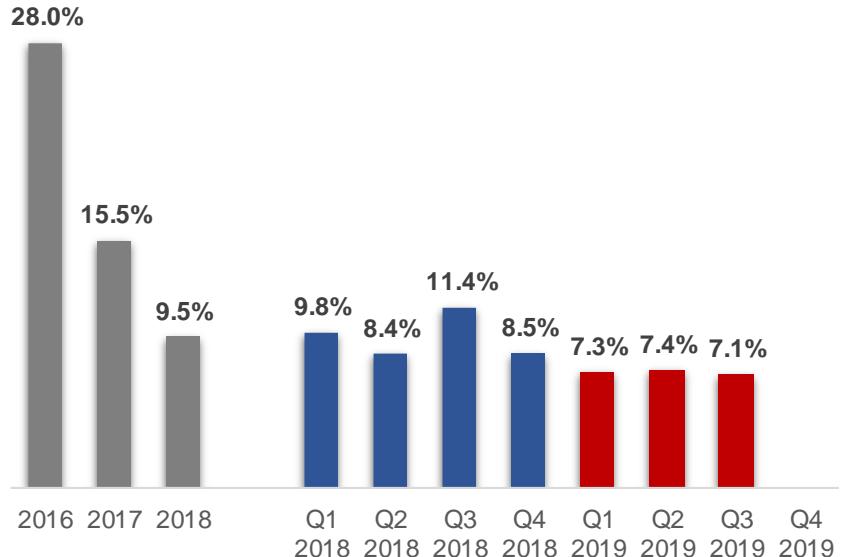
- Same-store sales growth of 7.7% Y/Y in Q3-2019 lower than in the previous two quarters as the growth rates of a number of stores cooled down from high double-digit levels;
- Average ticket was up 12.6% and transactions fell 1.9% in 9-mth 2019 vs 9-mth 2018.



Sales growth analysis

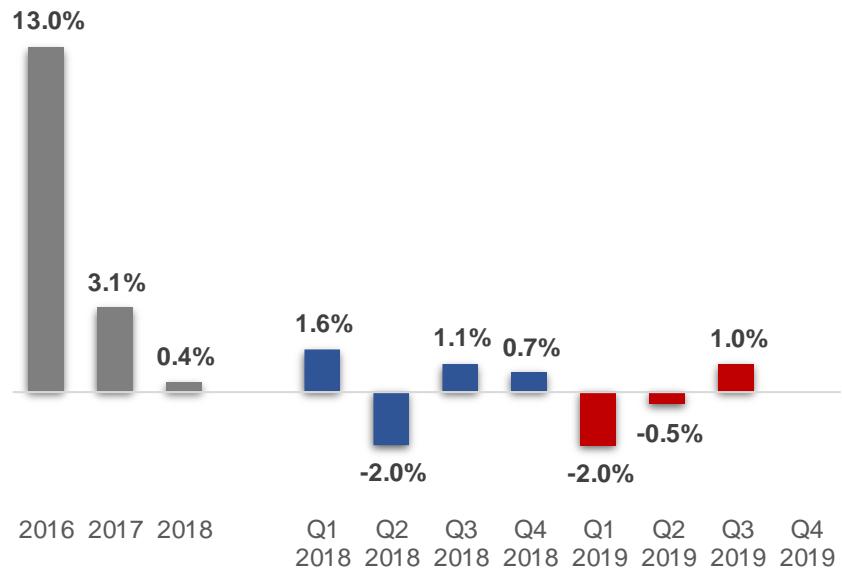
All-store performance

- 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
 KFC	78	0	1	0	79	8
 KFC	10	0	4	1	15	10
 Pizza Hut	23	0	0	0	23	0
 Pizza Hut Delivery	22	0	0	0	22	1
 TACO BELL	5	0	2	0	7	5
 S	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

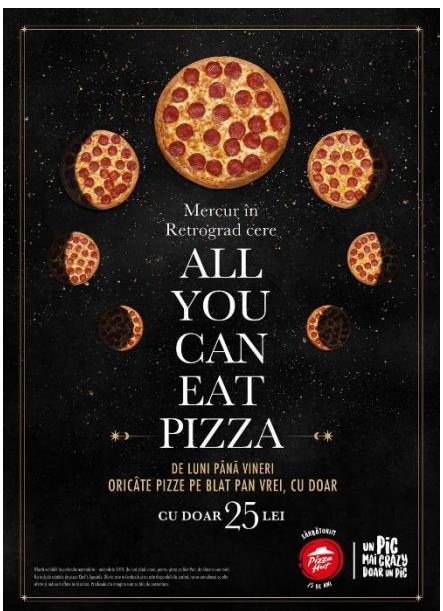
- Roll-out of kiosks completed in 24 stores
- Roll-out of digital menu-boards completed in 58 stores

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 2019th 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)

Q3-2019 campaigns





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%
Restaurant sales	694,317	551,562	25.9%				
Restaurant expenses	604,825	476,993	26.8%				
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%
Restaurant operating profit	89,492	74,568	20.0%		12.9%	13.5%	-0.6%
General and administration expenses, net	42,285	37,661	12.3%		6.1%	6.8%	-0.7%
Operating profit	47,207	36,907	27.9%		6.8%	6.7%	0.1%
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%
Profit before tax	34,402	34,955	-1.6%		5.0%	6.3%	-1.4%
Income tax expense	2,570	2,549	0.9%		0.4%	0.5%	-0.1%
Profit for the period	31,831	32,406	-1.8%		4.6%	5.9%	-1.3%
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
				100.0%	100.0%	
Restaurant sales	694,317	694,317	0			
Restaurant expenses	604,825	606,107	-1,282	87.1%	87.3%	-0.2%
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%
Restaurant operating profit	89,492	88,210	1,282	12.9%	12.7%	0.2%
General and administration expenses, net	42,285	42,644	-359	6.1%	6.1%	-0.1%
Operating profit	47,207	45,566	1,642	6.8%	6.6%	0.2%
Finance costs	12,926	4,822	8,104	1.9%	0.7%	1.2%
Finance income	121	121	0	0.0%	0.0%	
Profit before tax	34,402	40,864	-6,463	5.0%	5.9%	-0.9%
Income tax expense	2,570	2,650	-80	0.4%	0.4%	
Profit for the period	31,831	38,214	-6,383	4.6%	5.5%	-0.9%
EBITDA	102,468	67,223	35,245	14.8%	9.7%	5.1%

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			
				2019/2018	Sep-19	Sep-18	Δ%
Restaurant sales	694,317	551,562	25.9%				
Restaurant expenses	606,107	476,993	27.1%				
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%	
Restaurant operating profit	88,210	74,568	18.3%				
General and administration expenses, net	42,644	37,661	13.2%	6.1%	6.8%	-0.7%	
Operating profit	45,566	36,907	23.5%				
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%	
Profit before tax	40,864	34,955	16.9%				
Income tax expense	2,650	2,549	4.0%	0.4%	0.5%	-0.1%	
Profit for the period	38,214	32,406	17.9%				
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			
				2019/2018	Q3-2019	Q3-2018	Δ%
Restaurant sales	248,749	201,493	23.5%				
Restaurant expenses	209,969	173,490	21.0%				
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%	
Restaurant operating profit	38,781	28,003	38.5%				
General and administration expenses, net	16,012	12,424	28.9%	6.4%	6.2%	0.3%	
Operating profit	22,768	15,579	46.1%				
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%	
Profit before tax	21,471	14,638	46.7%				
Income tax expense	1,354	989	36.9%	0.5%	0.5%	0.1%	
Profit for the period	20,118	13,649	47.4%				
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%	

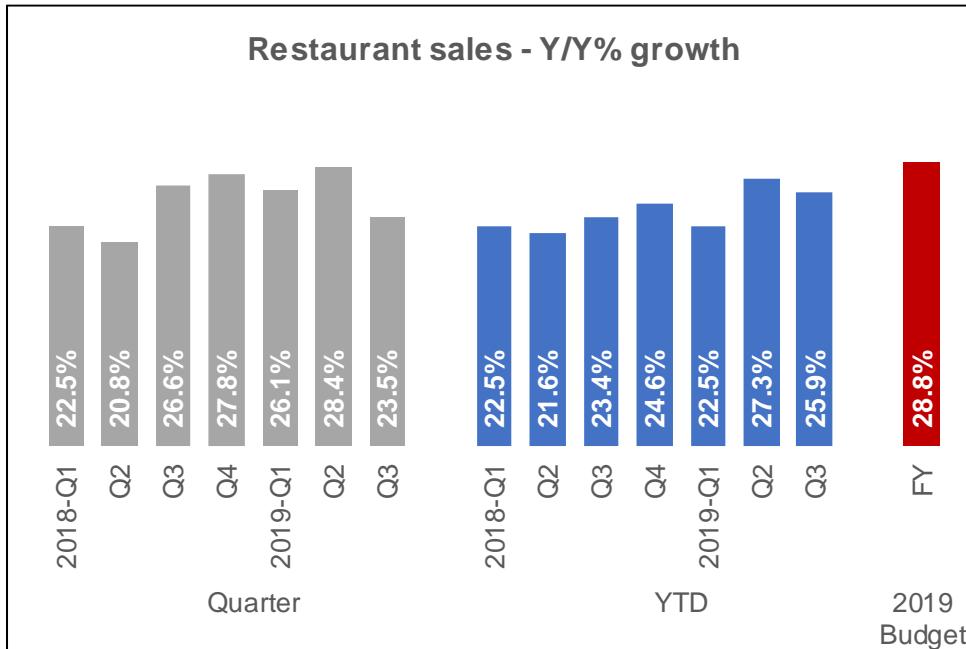
*) Excluding a non-recurring provision for litigation worth RON 0.93m recorded in Q3-2018.

Financial performance: Margin trend (Quarterly and YTD)

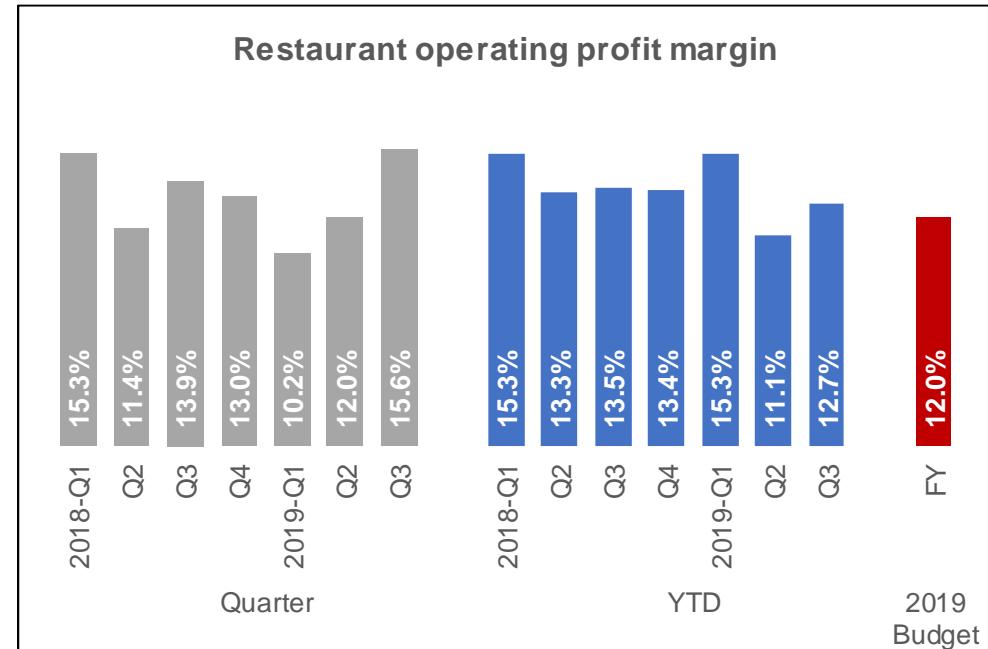


(excluding impact of IFRS 16 adoption)

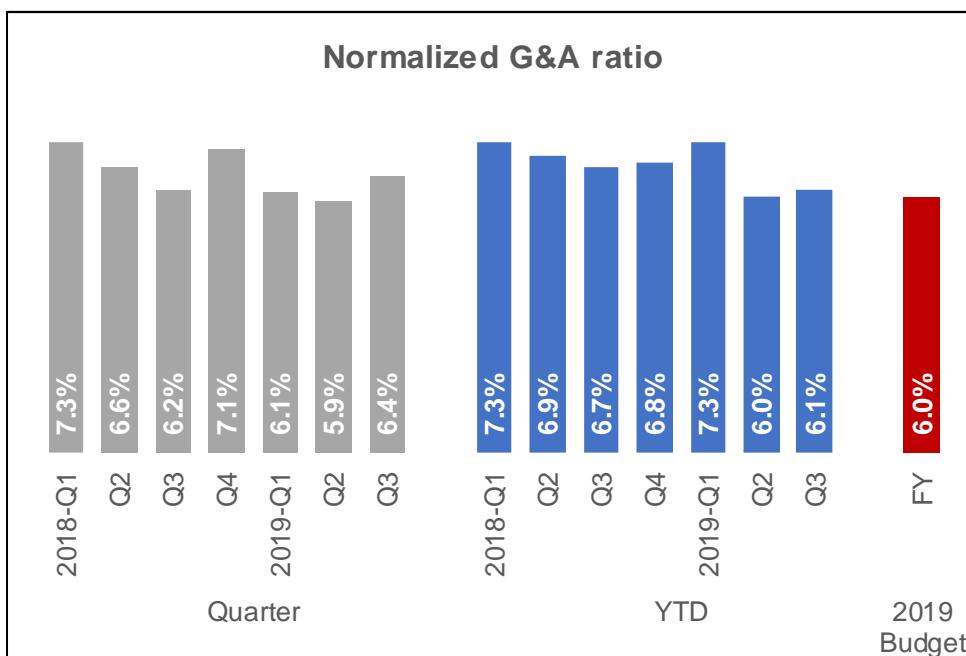
Restaurant sales - Y/Y% growth



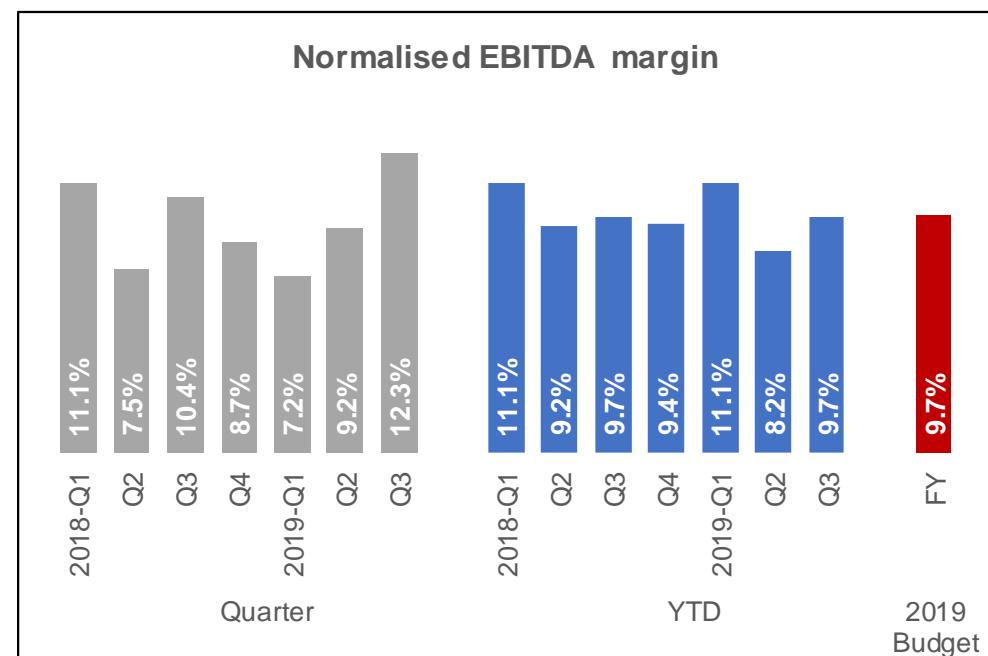
Restaurant operating profit margin



Normalized G&A ratio



Normalised EBITDA margin

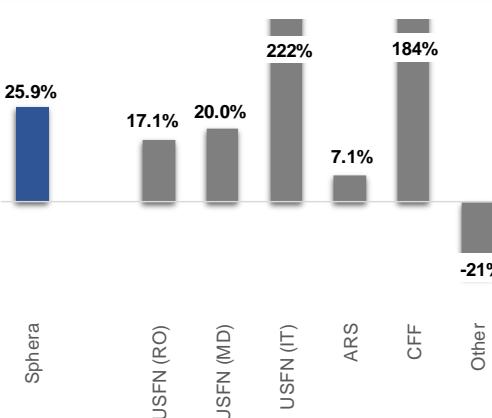




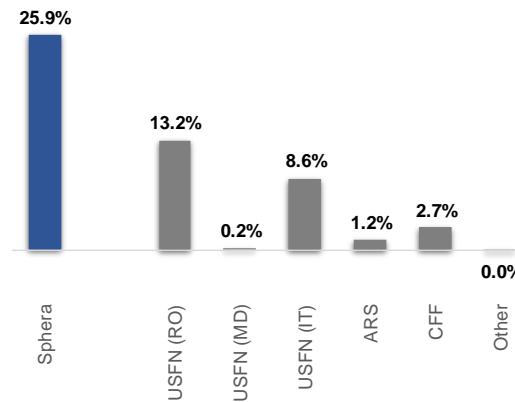
Breakdown of results by Group companies

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
Restaurant sales	497,837	95,584	8,214	68,968	22,844	22,370	(21,500)	694,317
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
Restaurant expenses	417,582	91,657	6,800	69,631	21,044	0	(1,889)	604,825
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
Restaurant operating profit	80,255	3,926	1,414	(664)	1,800	73,610	(70,849)	89,492
General and administration expenses, net	22,950	6,714	214	3,951	2,076	25,908	(19,528)	42,285
Operating profit	57,305	(2,787)	1,200	(4,614)	(276)	47,701	(51,321)	47,207
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
Profit before tax	51,427	(5,188)	1,015	(7,734)	(1,462)	47,666	(51,321)	34,402
Income tax expense	2,551	1,180	166	(1,444)	213	(95)	0	2,570
Profit for the period	48,876	(6,368)	849	(6,290)	(1,675)	47,761	(51,321)	31,831
EBITDA	87,551	8,867	1,932	4,078	2,371	48,991	(51,321)	102,468

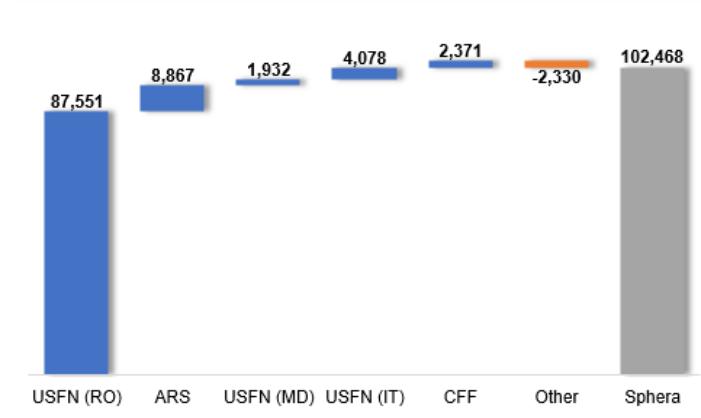
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies

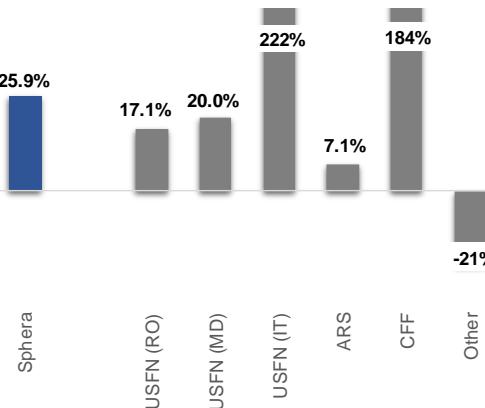




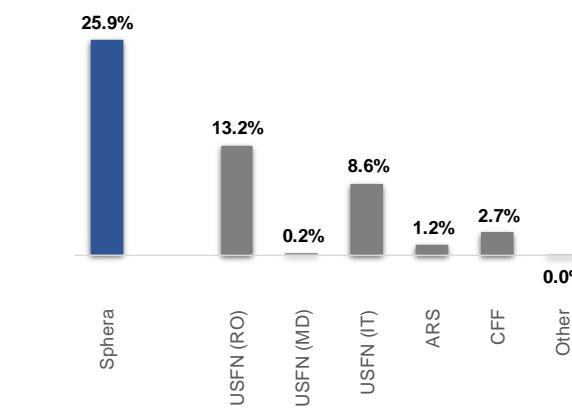
Breakdown of results by Group companies (excluding impact of IFRS 16 adoption)

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
Restaurant sales	497,837	95,584	8,214	68,968	22,844	22,370	(21,500)	694,317
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
Restaurant expenses	418,864	91,763	6,836	69,399	21,133	0	(1,889)	606,107
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
Restaurant operating profit	78,972	3,821	1,378	(432)	1,711	73,610	(70,849)	88,210
General and administration expenses, net	23,049	6,817	214	3,981	2,091	26,020	(19,528)	42,644
Operating profit	55,923	(2,996)	1,163	(4,413)	(381)	47,590	(51,321)	45,566
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
Profit before tax	55,201	(4,341)	1,081	(6,325)	(1,279)	47,849	(51,321)	40,864
Income tax expense	2,551	1,180	146	(1,344)	213	(95)	0	2,650
Profit for the period	52,650	(5,520)	936	(4,981)	(1,493)	47,944	(51,321)	38,214
EBITDA	67,318	1,131	1,409	14	597	48,076	(51,321)	67,223

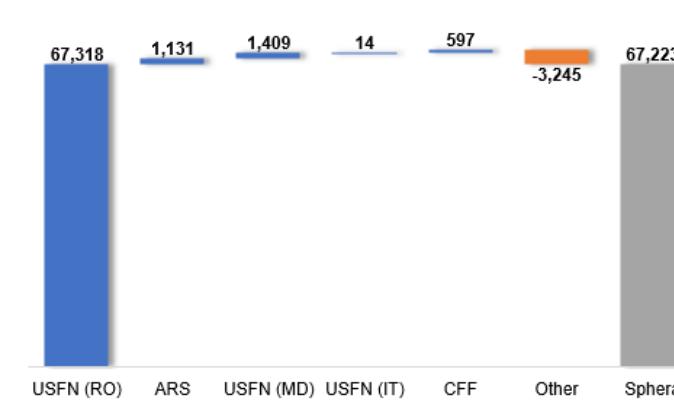
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies



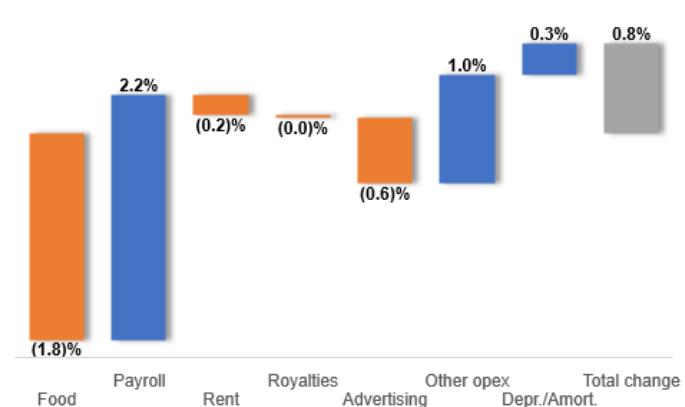


Restaurant operating expenses and margin

Including the impact of IFRS 16 adoption

Data in RON'000	Sep-19	Sep-18	Y/Y% 2019/2018	% of Sales		
				Sep-19	Sep-18	Δ%
Restaurant expenses	604,825	476,993	26.8%	87.1%	86.5%	0.6%
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%
Restaurant operating profit	89,492	74,568	20.0%	12.9%	13.5%	-0.6%

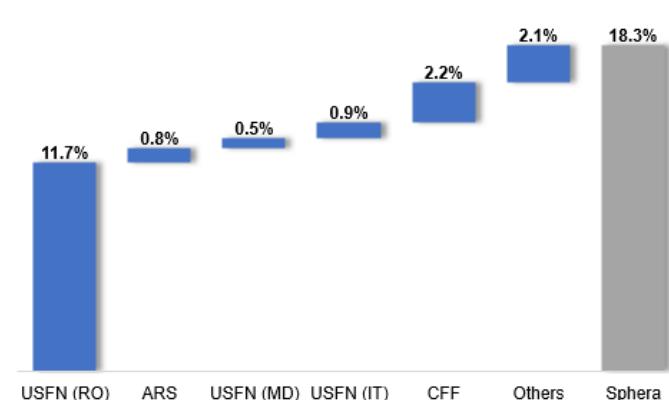
Contribution to change in restaurant opex ratio*



Excluding the impact of IFRS 16 adoption

Data in RON'000	Sep-19	Sep-18	Y/Y% 2019/2018	% of Sales		
				Sep-19	Sep-18	Δ%
Restaurant expenses	606,107	476,993	27.1%	87.3%	86.5%	0.8%
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%
Restaurant operating profit	88,210	74,568	18.3%	12.7%	13.5%	-0.8%

Contribution to change in restaurant profit*



*) Excluding the impact of IFRS 16 adoption

- 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

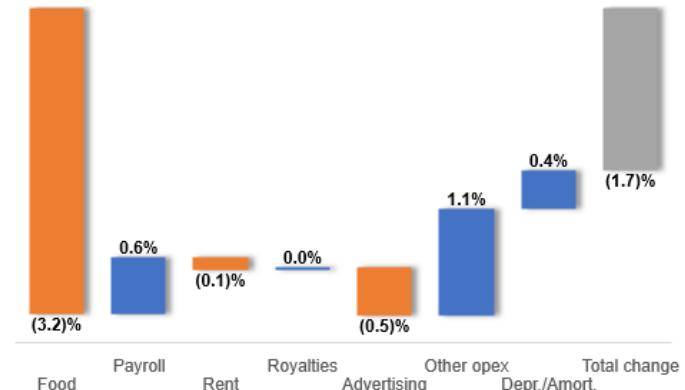


Restaurant operating expenses and margin

Including the impact of IFRS 16 adoption

Data in RON'000	Q2-2019	Q2-2018	Y/Y%	% of Sales		
			2019/2018	Q2-2019	Q2-2018	Δ%
Restaurant expenses	210,104	173,490	21.1%	84.5%	86.1%	-1.6%
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%
Restaurant operating profit	38,645	28,003	38.0%	15.5%	13.9%	1.6%

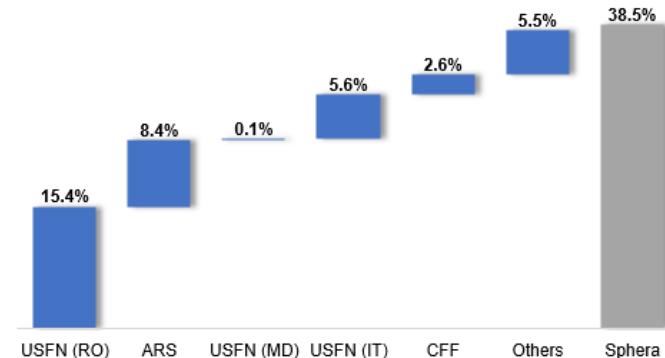
Contribution to change in restaurant opeX ratio*



Excluding the impact of IFRS 16 adoption

Data in RON'000	Q3-2019	Q3-2018	Y/Y%	% of Sales		
			2019/2018	Q3-2019	Q3-2018	Δ%
Restaurant expenses	209,969	173,490	21.0%	84.4%	86.1%	-1.7%
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%
Restaurant operating profit	38,781	28,003	38.5%	15.6%	13.9%	1.7%

Contribution to change in restaurant profit*



*) Excluding the impact of IFRS 16 adoption

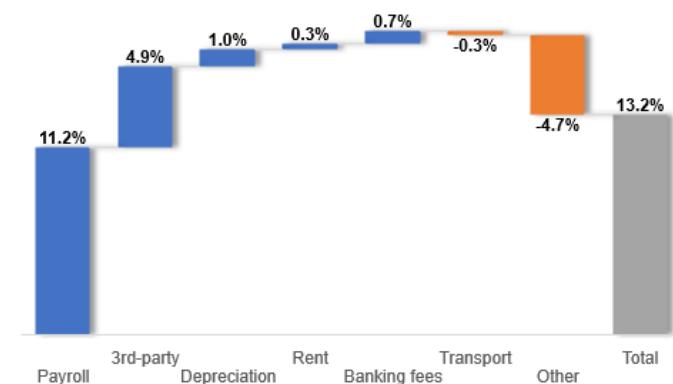
- Excluding the impact of IFRS adoption, operational expenses increased 27.5% Y/Y to RON 203.2m in Q3-2019;
- As percentage of sales, operational expenses decreased by 0.6pp Y/Y to 88.0% in Q3-2019, of which:
 - 1.7pp from cost of food and materials
 - 1.4pp from advertising expenses
 - +2.7pp from payroll expenses

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	Sep-19
General and administration expenses (net), of which:	42,285	37,661	12.3%	6.1%	6.8%	
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%			

Contribution to growth in G&A expense*



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	Sep-19
General and administration expenses (net), of which:	42,644	37,661	13.2%	6.1%	6.8%	
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 16 adoption

- 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;



Statement of financial position

Data in RON'000	30-Sep-19	31-Dec-18	Change	Excluding	Impact of
				impact of IFRS 16 adoption	IFRS 16 adoption
Assets					30-Sep-19
Non-current assets	486,396	229,173	257,223		270,405
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
Current assets	119,079	122,979	(3,900)	121,892	(2,814)
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	-	-	-	-	-
Total assets	605,475	352,152	253,323	392,297	213,178
Equity and liabilities					
Total equity	149,886	128,825	21,061	153,032	(3,146)
Equity attributable to equity holders of the parent	149,738	128,679	21,059	152,914	(3,176)
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
Non-current liabilities	259,118	91,536	167,581	79,415	179,703
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)
Current liabilities	196,471	131,790	64,681	159,850	36,621
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	-
Total liabilities	455,589	223,327	232,262	239,265	216,324
Total equity and liabilities	605,475	352,152	253,323	392,297	213,178