



Sphera Franchise Group

Preliminary results: Year 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 23.8% with same-store sales growth of 7.8%

- Q4 overall sales growth of 18.6%, same-store sales growth of 6.2%

Total store openings: 8 in Q4; network size 154 @ 31 December 2019

KFC sales slowed down in Q4 as a result of the health hazard issue, while delivery operations continue to grow

Pizza Hut sales posted a strong same-store performance in Q4 thanks to improving Delivery activity

KFC Italy and Taco Bell displayed another good quarter of same-store sales and margin performance, both finishing the year with positive EBITDA

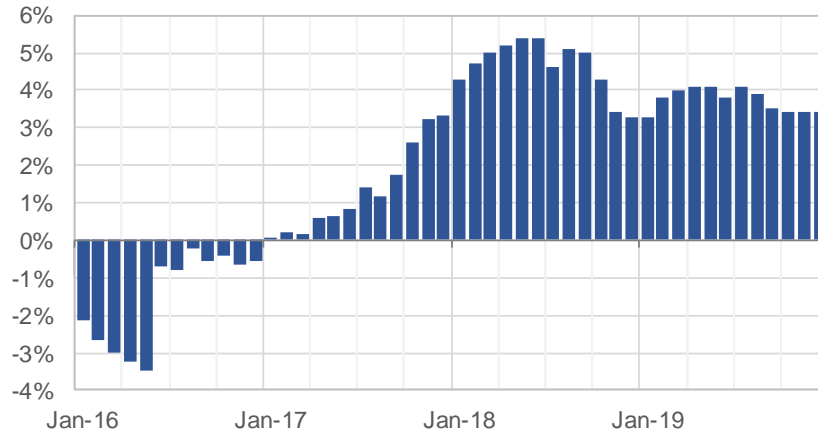
▪ **Preliminary results***

	FY-2019			Q4-2019		
	<u>RONm</u>	<u>Y/Y*</u>	<u>Margin</u>	<u>RONm</u>	<u>Y/Y</u>	<u>Margin</u>
▪ Sales	954.7	+23.8%		260.4	+18.6%	
▪ Restaurant profit*	124.3	+20.5%	13.0%	36.1	+26.1%	13.9%
▪ Normalized EBITDA*	96.0	+32.7%	10.1%	28.8	+51.2%	14.1%
▪ Net Profit	64.2	164.5%	6.7%	26.0	+418.7%	10.0%

*) excluding the impact from the adoption of IFRS 16 and one-off operations.

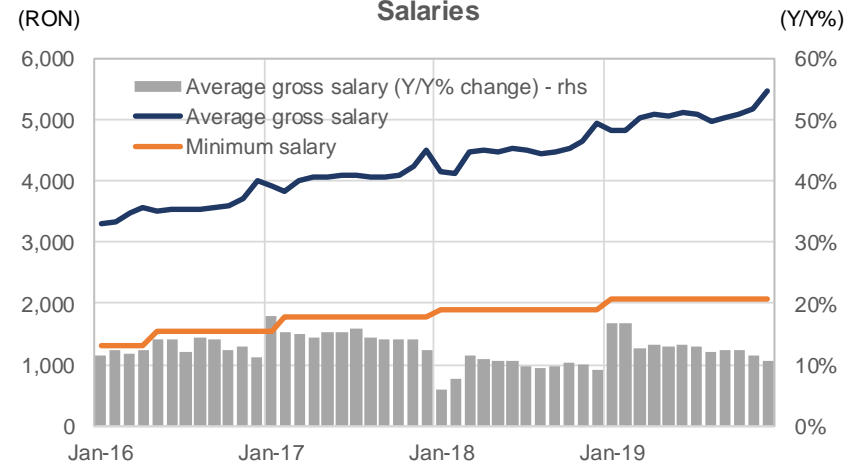
CPI stabilizes as labour market remains tight

Annualized CPI



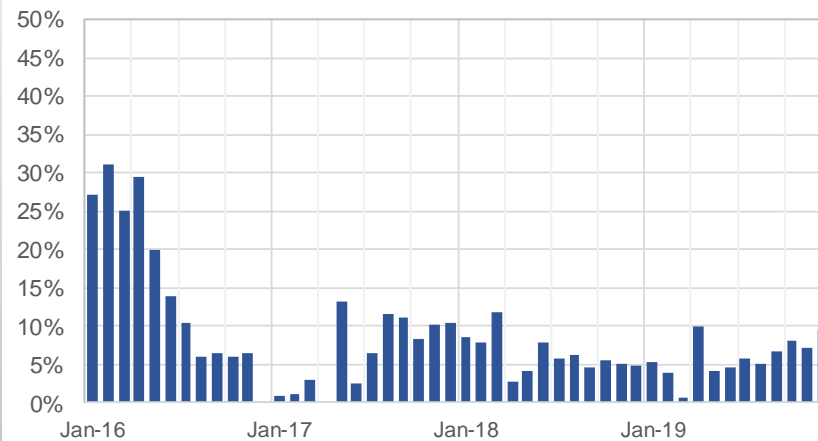
- CPI remained stable at around 3.5% in Dec-2019

Salaries



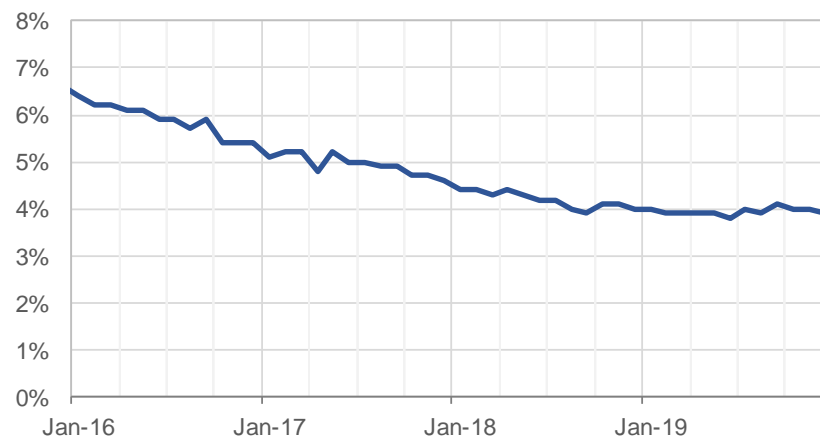
- Average salary up 11.5% in Q4-2019 and 10.7% in FY-2019

Retail sales (mostly food & drinks)



- Retail sales Y/Y growth reaches 8.3% in Q4-2019 and 6.0% in FY-2019

Unemployment rate



- Unemployment rate remains stable at c. 4.0% in Q4-2019



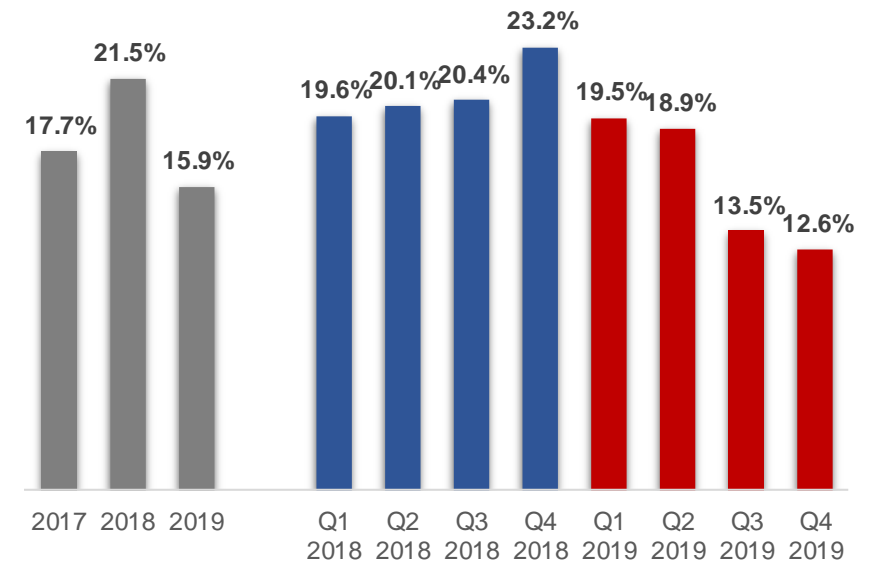
Sales performance by brands



Sales growth analysis

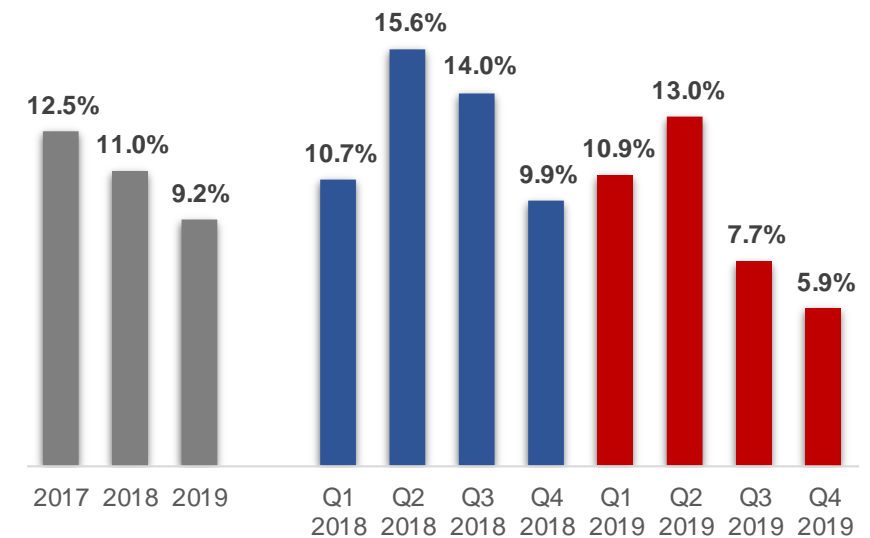
All-store performance

- All-store sales growth of 12.6% Y/Y in Q4-2019 with same-store growth reaching 5.9%;
- The 14 net openings (since Jan-2018) contributed c. 7.0pp to the Y/Y growth in Q4-2019.



Same-store performance

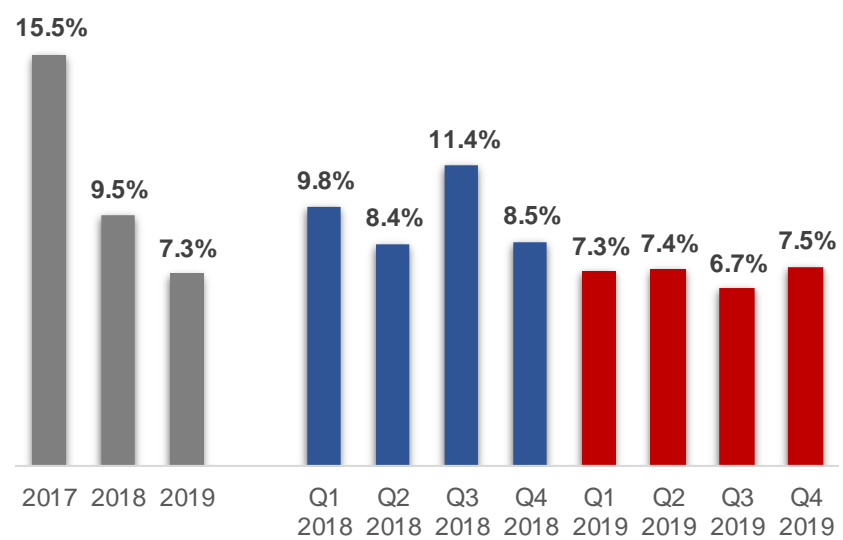
- Same-store sales growth of 5.9% Y/Y in Q4-2019 lower than in Q3 following the negative impact from the health hazard issue that broke in end-October;
- In Q4-2019, average ticket was up 12.1% and transactions fell 5.6% vs Q4-2018.
- In FY-2019, average ticket was up 12.4% and transactions fell 2.8% vs FY-2018.



Sales growth analysis

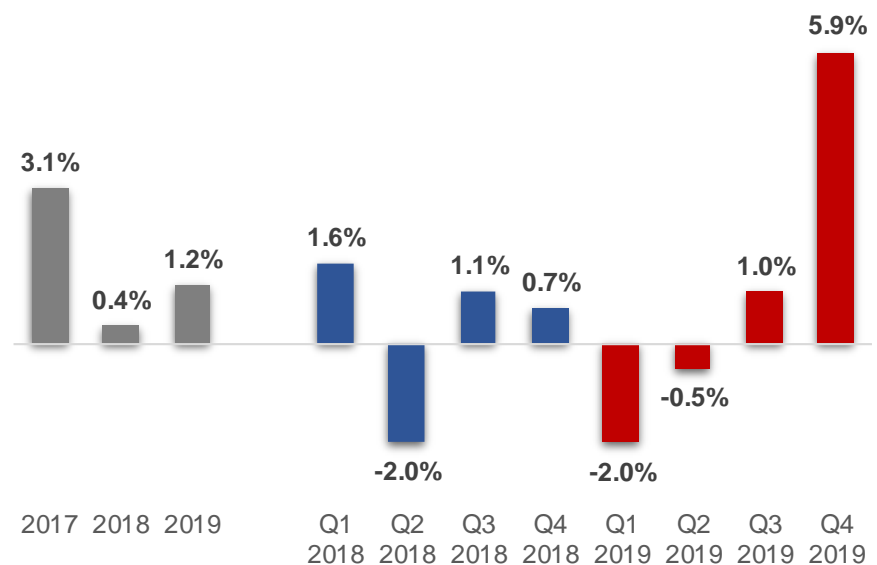
All-store performance

- All-store sales growth of 7.5% Y/Y in Q4-2019, with majority of growth coming from the same-store units;



Same-store performance

- Same-store sales jumped 5.9% Y/Y in Q4-2019, with most of the improved performance being driven by the continuing recovery in Delivery sales;
- In Q4-2019, average ticket was up 0.7% and transactions advanced 5.2% vs Q4-2018.
- In FY-2019, average ticket was up 4.0% and transactions fell 2.7% vs FY-2018.











Development



Restaurant openings in 2019

	Total stores BoY	Openings Q1-2019	Openings Q2-2019	Openings Q3-2019	Openings Q4-2019	Total openings 2019	Total stores end-2019	Opening Plan 2019
 KFC	78	0	1	0	5	6	84	8
 KFC	10	0	4	1	0	5	15	10
	23	0	0	0	0	0	23	0
	22	0	0	0	0	0	22	1
	5	0	2	0	3	5	10	5
	138	0	7	1	8	16	154	24



Q4-2019 highlights



- For the last window of the year, KFC successfully launched an iconic KFC product: the Double Down Burger. The product is both an innovation in format and it supports our efforts of strengthening a new territory, while building on our differentiator, the always original Colonel's freshly prepared chicken.
- Building on our traditional, "approved by mom" Christmas campaign, KFC launched a special range of products, a bucket and a box meal, which was communicated broadly, but also targeted specific moments and placements in order to tap into the holidays spirit at the right moment and place.
- New-growth-layers strategy was sustained by further adding delivery in our restaurants. We ended the year with a total of 82 KFC restaurants in Romania, delivering out of 26. With these 26 restaurants we cover 9 cities via 2 delivery models: own delivery in Bucharest and aggregators in the other 8 cities.

80 reasons to be authentic

- For the opening of our 80th restaurant, we launched a national promotion in order to drive transactions and generate online conversations.
- 80.000 guaranteed prizes were in play for our consumers and another 80 prizes were offered through lucky draws.



Kiosks, digital menu boards, free refill

- 30 stores with kiosks until YE (+7 vs previous quarter)
- 64 stores with DMBs until YE (+6 vs previous quarter)
- Pilot test for free drinks refill in Baneasa Feeria



Q4-2019 highlights



- For the winter marketing campaign Pizza Hut & Pizza Hut Delivery brought into focus one of their iconic products – Cheesy Bites, the dough with 24 bites filled inside with delicious Mozzarella. The campaign successfully delivered sales and increased consideration by building on distinctiveness and strengthening our “best pizza”/“craving” attribute.
- Pizza Hut Wednesday Burger – continued to communicate our Menu Variety by creating a dedicated campaign for burgers at a special price, with the aim of building frequency on a specific day of the week and attracting new users to the brand.
- Pizza Hut Delivery & Nexus – with the objective of associating Pizza Hut Delivery with the gaming community, a perfect match in many markets, we have partnered with Nexus for their project Romanian E -Sports League and brought new users to the brand.
- Online orders coming from both our website and aggregator platforms reached a historical high in November, accounting for 55% of delivery sales. By year-end online sales stabilized at 51%.



- Taco Bell continued to build brand equity and top line by opening three new stores in the market in Ploiesti, Brasov and Constanta.
- Pilot kiosks were implemented in the first store in November with the aim of staying relevant for our desired target and improving customer experience
- The brand focused its efforts to build relevance, generate awareness and strengthen the craveable innovation territory by launching Chalupa, an upgraded taco range.



▪ Internetics 2019:

Gold for KFC's FRIENDZONE in Branded Content

Silver for KFC's RANDOM in Branded Content

Gold for KFC's RANDOM in Digital Component of an Integrated Campaign

Silver for KFC Smart Chat in Gamification



'I want to go to high-school' program running each October in all **KFC & Pizza Hut restaurants**

- Fund raising campaign in collaboration with **World Vision Romania** as part of Yum!'s "World Hunger Relief" international effort – in 2019 we celebrated the 12th anniversary of the campaign and managed to raise **140,000 euros** which will help over **200** children continue their education in high-school.



'Bucket of Good' sponsorship program running throughout the year in all **KFC restaurants**

- Long term partnership with **SOS Children Villages Romania** through 'adoption' of two houses in the Bucharest village to support their annual budget covering all necessities such as food, clothes, school supplies, toys for underprivileged children; in 2019, we managed to raise over **70,000 euros** by **donating 1 Leu** from each **Hot Bucket** sold at KFC.



Harvest

- A food donation program, implemented in **11 KFC restaurants** in Romania, in collaboration with different associations, as a sustainable measure to use the food surplus from the restaurants to support people from disadvantaged or social risk exclusion environments. Since the beginning of the program, in 2017, we've donated over **3,000 kg of chicken**.



Financials



Statement of comprehensive income

- Sales up 23.8% Y/Y on strong performance from KFC Romania/Moldova (+15.9% Y/Y, 12.1pp contribution), with significant contribution from KFC Italy (7.8pp) and Taco Bell (2.7pp);
- Restaurant operating profit up 22.5% Y/Y, with margin down 0.1pp, especially on labour (+2.3pp) and other operating expenses (+0.8pp), while cost of food improved (-2.3pp);
- G&A expenses down 31.5% Y/Y, reaching 5.2% of sales (down 4.2pp Y/Y);
- Normalized EBITDA up 99.9% Y/Y, with EBITDA margin up 5.8pp to 15.2% 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 5.4pp higher Y/Y at 16.4% of sales;
- Net profit up 129% Y/Y, with net profit margin up 2.7pp to 5.8% of sales, due to the incremental finance cost (especially forex depreciation) as a result of IFRS 16 adoption.

Data in RON'000	Dec-19	Dec-18	Δ%	% of Sales		Δ%
			2019/2018	Dec-19	Dec-18	
Restaurant sales	954,728	771,197	23.8%			
Restaurant expenses	828,334	668,018	24.0%	86.8%	86.6%	0.1%
Food and material	319,059	275,497	15.8%	33.4%	35.7%	-2.3%
Payroll and employee benefits	215,739	161,874	33.3%	22.6%	21.0%	1.6%
Rent	22,480	54,372	-58.7%	2.4%	7.1%	-4.7%
Royalties	56,029	45,532	23.1%	5.9%	5.9%	0.0%
Advertising	49,359	41,059	20.2%	5.2%	5.3%	-0.2%
Other operating expenses, net	93,750	69,227	35.4%	9.8%	9.0%	0.8%
Depreciation and amortization	71,917	20,458	251.5%	7.5%	2.7%	4.9%
Restaurant operating profit	126,395	103,179	22.5%	13.2%	13.4%	-0.1%
General and administration expenses, net	50,022	73,048	-31.5%	5.2%	9.5%	-4.2%
Operating profit	76,372	30,131	153.5%	8.0%	3.9%	4.1%
Finance costs	17,538	3,102	465.3%	1.8%	0.4%	1.4%
Finance income	166	106	55.6%	0.0%	0.0%	0.0%
Profit before tax	59,000	27,135	117.4%	6.2%	3.5%	2.7%
Income tax expense	3,538	2,874	23.1%	0.4%	0.4%	0.0%
Profit for the period	55,462	24,262	128.6%	5.8%	3.1%	2.7%
EBITDA	152,619	51,638	195.6%	16.0%	6.7%	9.3%
Normalised EBITDA*	144,682	72,360	99.9%	15.2%	9.4%	5.8%

* Excluding the impact of certain one-off transactions (litigation expense in 2018, ANAF tax control provision in 2018 and release of provision in 2019 and impairment loss of goodwill in 2018 and 2019).



Impact of IFRS 16 - Leases on FY-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 FY-2019, following the adoption of IFRS 16, Sphera recognized additional depreciation expense of RON 43.3m (4.5% of sales) and finance cost of RON 11.6m (1.2% of sales) – of which RON 3.9m in forex expenses related to the revaluation of FCY-denominated lease liability (c. EUR 49m); concomitantly, rent expenses were reduced by RON 45.4m (4.8% of sales);
- As a result, EBITDA margin was increased by 5.1pp to 16.0%, while net profit was reduced by 0.9pp to 5.8%.

				% of Sales		
	Including impact of IFRS 16	Excluding impact of IFRS 16	Impact of IFRS 16 adoption	Including impact of IFRS 16	Excluding impact of IFRS 16	Impact of IFRS 16 adoption
Restaurant sales	954,728	954,728	0	100.0%	100.0%	
Restaurant expenses	828,334	830,448	-2,114	86.8%	87.0%	-0.2%
Food and material	319,059	319,059	0	33.4%	33.4%	
Payroll and employee benefits	215,739	215,739	0	22.6%	22.6%	
Rent	22,480	67,867	-45,386	2.4%	7.1%	-4.8%
Royalties	56,029	56,029	0	5.9%	5.9%	
Advertising	49,359	49,359	0	5.2%	5.2%	
Other operating expenses, net	93,750	93,755	-4	9.8%	9.8%	
Depreciation and amortization	71,917	28,640	43,277	7.5%	3.0%	4.5%
Restaurant operating profit	126,395	124,281	2,114	13.2%	13.0%	0.2%
General and administration expenses, net	50,022	50,519	-497	5.2%	5.3%	-0.1%
Operating profit	76,372	73,761	2,611	8.0%	7.7%	0.3%
Finance costs	17,538	5,980	11,557	1.8%	0.6%	1.2%
Finance income	166	166	0	0.0%	0.0%	
Profit before tax	59,000	67,946	-8,946	6.2%	7.1%	-0.9%
Income tax expense	3,538	3,779	-241	0.4%	0.4%	
Profit for the period	55,462	64,167	-8,705	5.8%	6.7%	-0.9%
EBITDA	152,619	103,926	48,693	16.0%	10.9%	5.1%



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

- Sales up 23.8% Y/Y on strong performance from KFC Romania/Moldova (+15.9% Y/Y, 12.1pp contribution), with significant contribution from KFC Italy (7.8pp) and Taco Bell (2.7pp);
- Restaurant operating profit up 20.5% Y/Y, with margin down 0.4pp, especially on labour (+2.3pp) and other operating expenses (+0.8pp), while cost of food improved (-2.3pp);
- G&A expenses down 30.8% Y/Y, reaching 5.3% of sales (down 4.2pp Y/Y);
- Normalized EBITDA up 32.7% Y/Y, with EBITDA up 0.7pp to 10.1% of sales, helped by lower G&A expenses;
 - excluding KFC Italy and Taco Bell, EBITDA margin would have been 0.6pp higher Y/Y at 11.5% of sales;
- Net profit up 164% Y/Y, with net profit margin up 3.6pp to 6.7% of sales.

Data in RON'000	Dec-19	Dec-18	Y/Y%	% of Sales		Δ%
			2019/2018	Dec-19	Dec-18	
Restaurant sales	954,728	771,197	23.8%			
Restaurant expenses	830,448	668,018	24.3%	87.0%	86.6%	0.4%
Food and material	319,059	275,497	15.8%	33.4%	35.7%	-2.3%
Payroll and employee benefits	215,739	161,874	33.3%	22.6%	21.0%	1.6%
Rent	67,867	54,372	24.8%	7.1%	7.1%	0.1%
Royalties	56,029	45,532	23.1%	5.9%	5.9%	0.0%
Advertising	49,359	41,059	20.2%	5.2%	5.3%	-0.2%
Other operating expenses, net	93,755	69,227	35.4%	9.8%	9.0%	0.8%
Depreciation and amortization	28,640	20,458	40.0%	3.0%	2.7%	0.3%
Restaurant operating profit	124,281	103,179	20.5%	13.0%	13.4%	-0.4%
General and administration expenses, net	50,519	73,048	-30.8%	5.3%	9.5%	-4.2%
Operating profit	73,761	30,131	144.8%	7.7%	3.9%	3.8%
Finance costs	5,980	3,102	92.8%	0.6%	0.4%	0.2%
Finance income	166	106	55.6%	0.0%	0.0%	0.0%
Profit before tax	67,946	27,135	150.4%	7.1%	3.5%	3.6%
Income tax expense	3,779	2,874	31.5%	0.4%	0.4%	0.0%
Profit for the period	64,167	24,262	164.5%	6.7%	3.1%	3.6%
EBITDA	103,926	51,638	101.3%	10.9%	6.7%	4.2%
Normalised EBITDA*	95,989	72,360	32.7%	10.1%	9.4%	0.7%

* Excluding the impact of certain one-off transactions (litigation expense in 2018, ANAF tax control provision in 2018 and release of provision in 2019 and impairment loss of goodwill in 2018 and 2019).



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

- Sales up 18.6% Y/Y on strong performance from KFC Romania/Moldova (+12.5% Y/Y, 9.3pp contribution), with solid contribution from KFC Italy (6.2pp) and Taco Bell (2.9pp);
- Restaurant operating profit up 26.1% Y/Y, with margin up 0.8pp, as lower cost of food (-3.5pp) was partly offset by higher advertising (+1.0pp) and other operating expense (+0.5pp);
- G&A expenses down 77.7% Y/Y, reaching 3.0% of sales (down 13.1pp Y/Y);
- Normalized EBITDA up 51.2% Y/Y, with EBITDA margin improving 2.4pp to 11.0% of sales, helped by higher restaurant margin;
 - excluding KFC Italy and Taco Bell, EBITDA margin would have been 2.1pp higher Y/Y at 12.8% of sales;
- Net profit up 419% Y/Y (RON 26.0m, compared to negative RON 8.1m in 2018), with net profit margin up 13.7pp to 10.0% of sales.

Data in RON'000	Q4-2019	Q4-2018	Y/Y%	% of Sales		Δ%
			2019/2018	Q4-2019	Q4-2018	
Restaurant sales	260,412	219,636	18.6%			
Restaurant expenses	224,341	191,025	17.4%	86.1%	87.0%	-0.8%
Food and material	83,638	78,285	6.8%	32.1%	35.6%	-3.5%
Payroll and employee benefits	57,342	48,143	19.1%	22.0%	21.9%	0.1%
Rent	18,743	14,358	30.5%	7.2%	6.5%	0.7%
Royalties	15,249	13,035	17.0%	5.9%	5.9%	-0.1%
Advertising	15,128	10,638	42.2%	5.8%	4.8%	1.0%
Other operating expenses, net	26,130	20,849	25.3%	10.0%	9.5%	0.5%
Depreciation and amortization	8,111	5,716	41.9%	3.1%	2.6%	0.5%
Restaurant operating profit	36,071	28,611	26.1%	13.9%	13.0%	0.8%
General and administration expenses, net	7,875	35,386	-77.7%	3.0%	16.1%	-13.1%
Operating profit	28,195	(6,776)	516.1%	10.8%	-3.1%	13.9%
Finance costs	1,158	1,032	12.2%	0.4%	0.5%	0.0%
Finance income	45	(12)	471.2%	0.0%	0.0%	0.0%
Profit before tax	27,082	(7,820)	446.3%	10.4%	-3.6%	14.0%
Income tax expense	1,129	325	247.4%	0.4%	0.1%	0.3%
Profit for the period	25,953	(8,144)	418.7%	10.0%	-3.7%	13.7%
EBITDA	36,703	(756)	4957.2%	14.1%	-0.3%	14.4%
Normalised EBITDA*	28,766	19,019	51.2%	11.0%	8.7%	2.4%

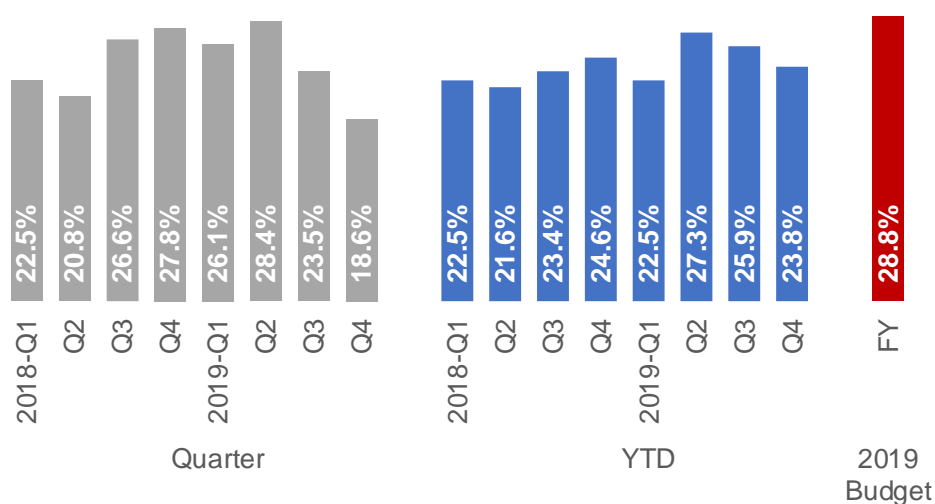
* Excluding the impact of certain one-off transactions (litigation expense in 2018, ANAF tax control provision in 2018 and release of provision in 2019 and impairment loss of goodwill in 2018 and 2019).



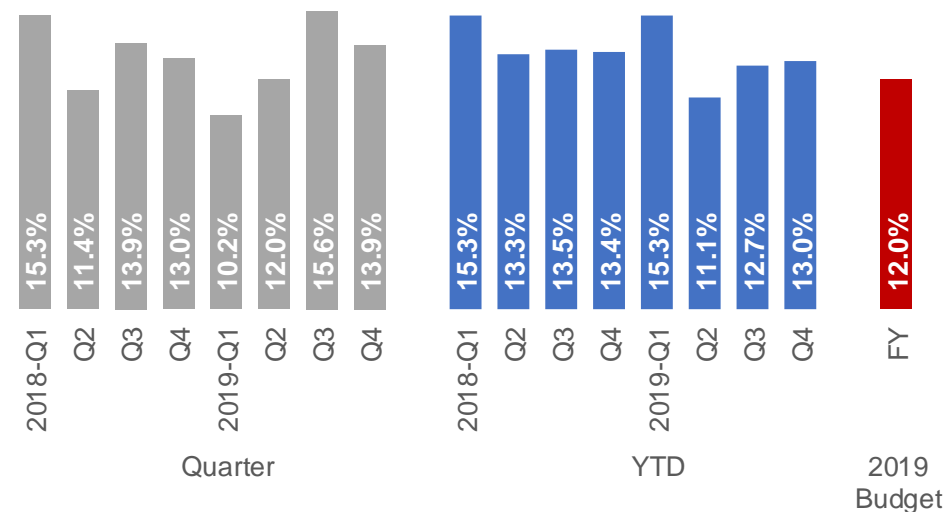
Financial performance: Margin trend (Quarterly and YTD)

(excluding impact of IFRS 16 adoption)

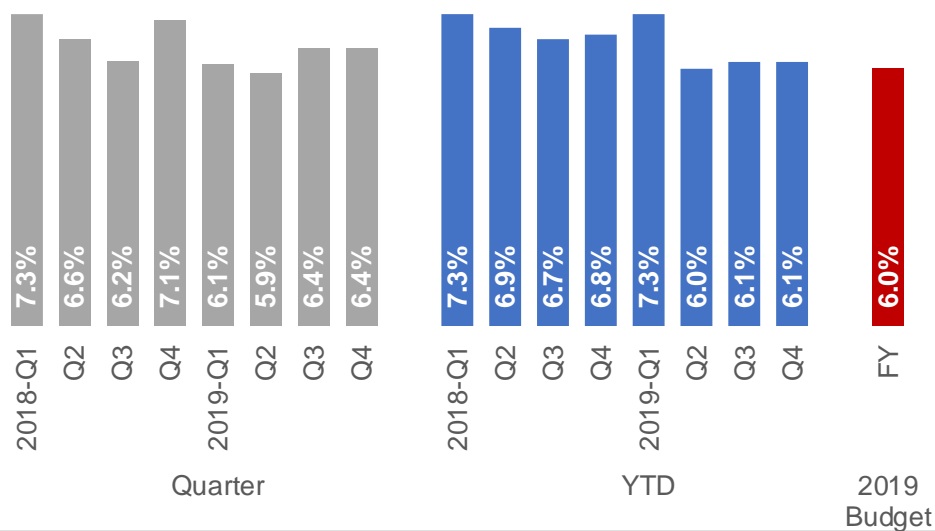
Restaurant sales - Y/Y% growth



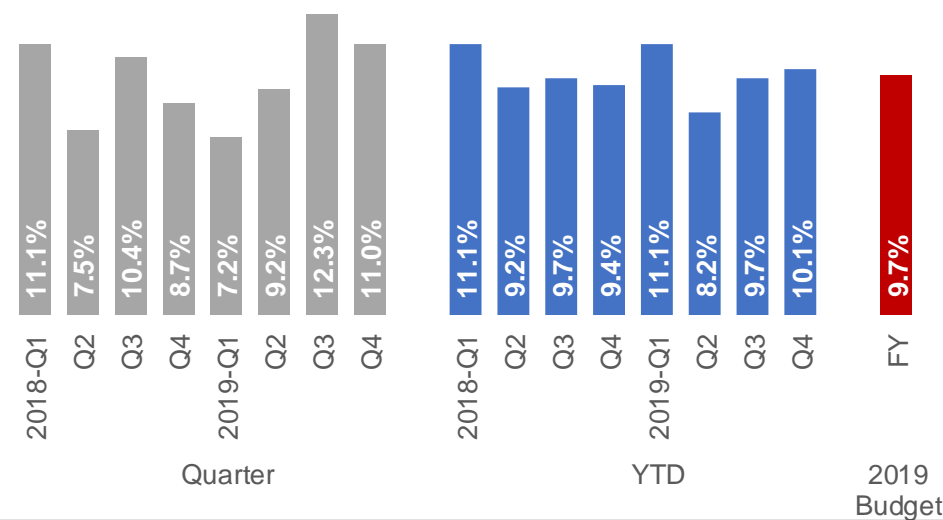
Restaurant operating profit margin



Normalized G&A ratio



Normalised EBITDA margin

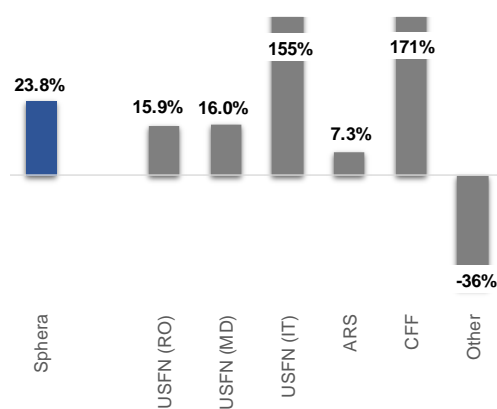




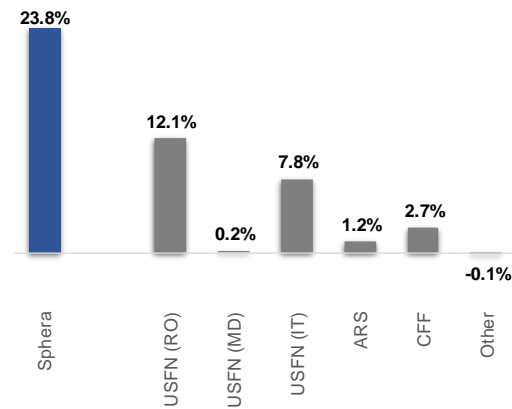
Breakdown of results by Group companies

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
Restaurant sales	679,644	131,728	11,328	98,430	32,627	30,360	(29,389)	954,728
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
Restaurant expenses	568,009	126,052	9,368	97,776	30,294	0	(3,165)	828,334
Food and material	239,405	34,346	4,468	29,612	11,228	0	0	319,059
Payroll and employee benefits	138,706	40,721	1,807	26,331	8,174	0	0	215,739
Rent	20,029	850	111	1,127	364	0	0	22,480
Royalties	40,765	7,681	681	5,906	997	0	0	56,029
Advertising	35,375	8,079	471	6,658	1,945	0	(3,169)	49,359
Other operating expenses, net	55,076	17,808	876	16,065	3,922	0	4	93,750
Depreciation and amortization	38,653	16,567	955	12,079	3,663	0	0	71,917
Restaurant operating profit	111,635	5,676	1,959	654	2,334	81,599	(77,463)	126,395
General and administration expenses, net	21,266	8,960	299	6,098	3,077	49,472	(39,150)	50,022
Operating profit	90,369	(3,284)	1,660	(5,444)	(743)	32,128	(38,314)	76,372
Finance costs	10,908	3,170	238	4,404	1,657	1,797	(4,636)	17,538
Finance income	2,757	10	0	31	0	2,004	(4,636)	166
Profit before tax	82,218	(6,445)	1,422	(9,816)	(2,400)	32,335	(38,314)	59,000
Income tax expense	3,446	1,560	243	(2,286)	238	337	0	3,538
Profit for the period	78,772	(8,004)	1,179	(7,530)	(2,639)	31,998	(38,314)	55,462
EBITDA	131,284	13,470	2,652	6,659	3,001	33,868	(38,314)	152,619
Normalised EBITDA*	120,941	13,470	2,652	6,659	3,001	49,325	(51,365)	144,682

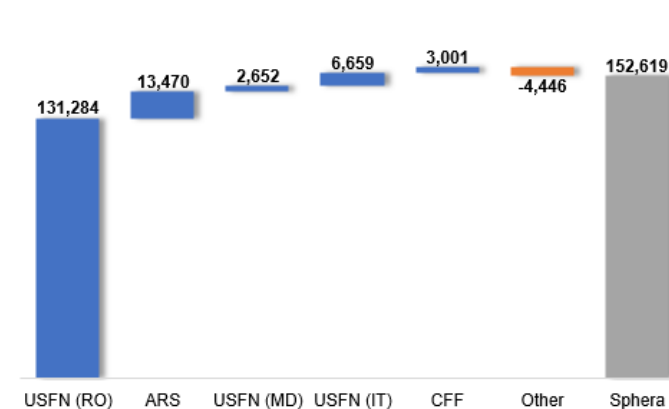
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies

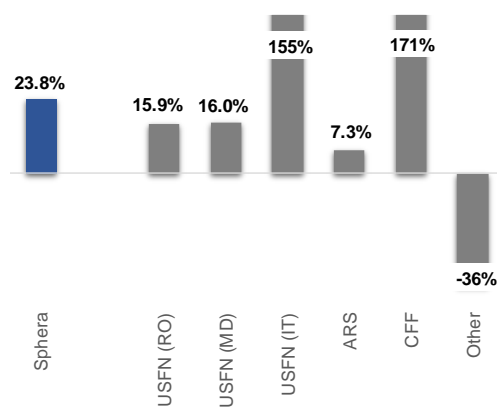




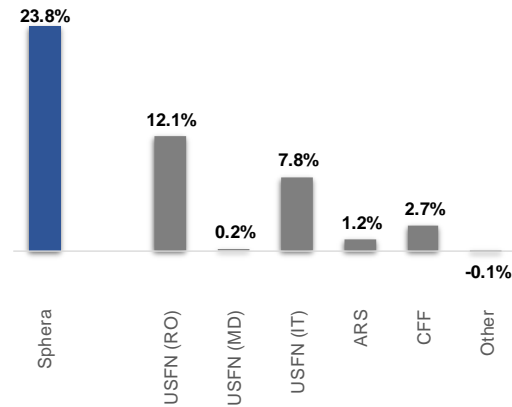
Breakdown of results by Group companies (excluding impact of IFRS 16 adoption)

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons.Adj	SFG Cons.
Restaurant sales	679,644	131,728	11,328	98,430	32,627	30,360	(29,389)	954,728
Dividend revenue	0	0	0	0	0	51,239	(51,239)	0
Restaurant expenses	570,095	126,060	9,407	97,659	30,392	0	(3,165)	830,448
Food and material	239,405	34,346	4,468	29,612	11,228	0	0	319,059
Payroll and employee benefits	138,706	40,721	1,807	26,331	8,174	0	0	215,739
Rent	46,015	11,066	811	7,165	2,810	0	0	67,867
Royalties	40,765	7,681	681	5,906	997	0	0	56,029
Advertising	35,375	8,079	471	6,658	1,945	0	(3,169)	49,359
Other operating expenses, net	55,076	17,808	876	16,065	3,926	0	4	93,755
Depreciation and amortization	14,753	6,360	293	5,924	1,311	0	0	28,640
Restaurant operating profit	109,549	5,668	1,921	771	2,236	81,599	(77,463)	124,281
General and administration expenses, net	21,392	9,099	299	6,138	3,119	49,622	(39,150)	50,519
Operating profit	88,157	(3,431)	1,622	(5,367)	(883)	31,977	(38,314)	73,761
Finance costs	3,437	1,746	106	2,680	1,237	1,412	(4,636)	5,980
Finance income	2,757	10	0	31	0	2,004	(4,636)	166
Profit before tax	87,477	(5,167)	1,516	(8,016)	(2,120)	32,570	(38,314)	67,946
Income tax expense	3,446	1,560	226	(2,028)	238	337	0	3,779
Profit for the period	84,031	(6,726)	1,290	(5,988)	(2,358)	32,233	(38,314)	64,167
EBITDA	103,445	3,116	1,952	580	508	32,639	(38,314)	103,926
Normalised EBITDA*	93,102	3,116	1,952	580	508	48,096	(51,365)	95,989

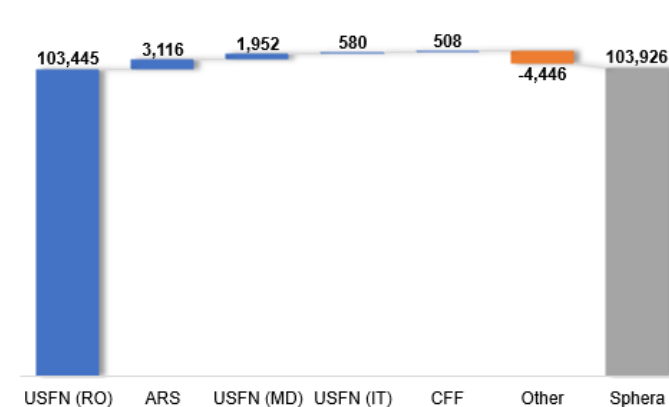
Y/Y Sales growth by companies



Contribution to Sales growth by companies



Contribution to EBITDA by companies



Restaurant operating expenses and margin

Including the impact of IFRS 16 adoption

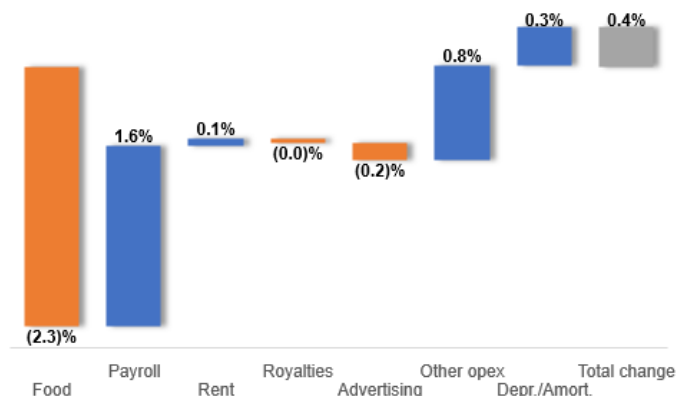
Data in RON'000	Dec-19	Dec-18	Δ%	% of Sales		
				2019/2018	Dec-19	Dec-18
Restaurant expenses	828,334	668,018	24.0%		86.8%	86.6%
Food and material	319,059	275,497	15.8%		33.4%	35.7%
Payroll and employee benefits	215,739	161,874	33.3%		22.6%	21.0%
Rent	22,480	54,372	-58.7%		2.4%	7.1%
Royalties	56,029	45,532	23.1%		5.9%	5.9%
Advertising	49,359	41,059	20.2%		5.2%	5.3%
Other operating expenses, net	93,750	69,227	35.4%		9.8%	9.0%
Depreciation and amortization	71,917	20,458	251.5%		7.5%	2.7%
Restaurant operating profit	126,395	103,179	22.5%		13.2%	13.4%

Excluding the impact of IFRS 16 adoption

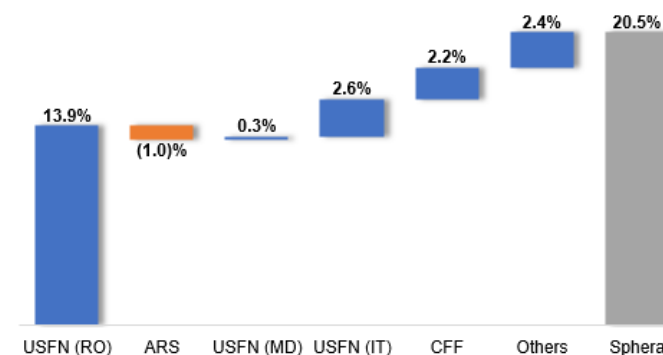
Data in RON'000	Dec-19	Dec-18	Y/Y%	% of Sales		
				2019/2018	Dec-19	Dec-18
Restaurant expenses	830,448	668,018	24.3%		87.0%	86.6%
Food and material	319,059	275,497	15.8%		33.4%	35.7%
Payroll and employee benefits	215,739	161,874	33.3%		22.6%	21.0%
Rent	67,867	54,372	24.8%		7.1%	7.1%
Royalties	56,029	45,532	23.1%		5.9%	5.9%
Advertising	49,359	41,059	20.2%		5.2%	5.3%
Other operating expenses, net	93,755	69,227	35.4%		9.8%	9.0%
Depreciation and amortization	28,640	20,458	40.0%		3.0%	2.7%
Restaurant operating profit	124,281	103,179	20.5%		13.0%	13.4%

- Excluding the impact of IFRS adoption, operational expenses increased 24.3% Y/Y to RON 830.4m in FY-2019;
- As percentage of sales, operational expenses increased by 0.4pp Y/Y to 87.0% in FY-2019, of which:
 - 2.3pp from cost of food and materials
 - +1.6pp from payroll expenses
 - +0.8pp from other operating expenses

Contribution to change in restaurant opex ratio*



Contribution to change in restaurant profit*



*) Excluding the impact of IFRS 16 adoption



Financial performance: Q4-2019

Restaurant operating expenses and margin

Including the impact of IFRS 16 adoption

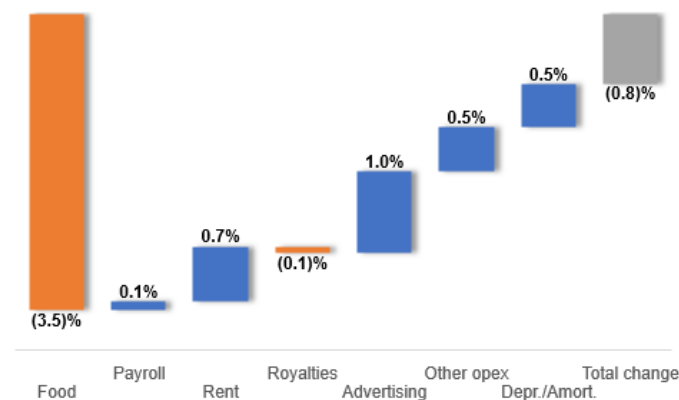
Data in RON'000	Q4-2019	Q4-2018	Y/Y%	% of Sales		Δ%
			2019/2018	Q4-2019	Q4-2018	
Restaurant expenses	223,509	191,025	17.0%	85.8%	87.0%	-1.1%
Food and material	83,638	78,285	6.8%	32.1%	35.6%	-3.5%
Payroll and employee benefits	57,342	48,143	19.1%	22.0%	21.9%	0.1%
Rent	6,417	14,358	-55.3%	2.5%	6.5%	-4.1%
Royalties	15,249	13,035	17.0%	5.9%	5.9%	-0.1%
Advertising	15,128	10,638	42.2%	5.8%	4.8%	1.0%
Other operating expenses, net	25,879	20,849	24.1%	9.9%	9.5%	0.4%
Depreciation and amortization	19,855	5,716	247.4%	7.6%	2.6%	5.0%
Restaurant operating profit	36,903	28,611	29.0%	14.2%	13.0%	1.1%

Excluding the impact of IFRS 16 adoption

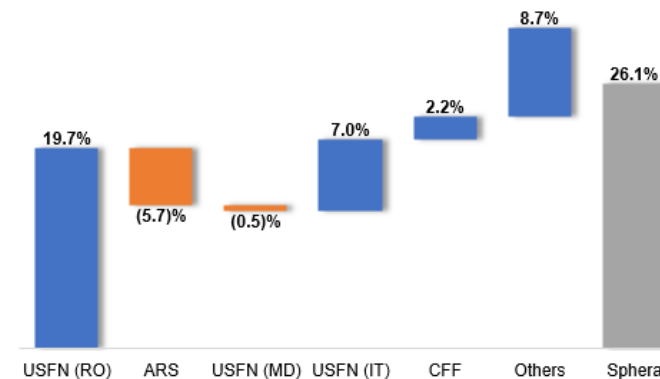
Data in RON'000	Q4-2019	Q4-2018	Y/Y%	% of Sales		Δ%
			2019/2018	Q4-2019	Q4-2018	
Restaurant expenses	224,341	191,025	17.4%	86.1%	87.0%	-0.8%
Food and material	83,638	78,285	6.8%	32.1%	35.6%	-3.5%
Payroll and employee benefits	57,342	48,143	19.1%	22.0%	21.9%	0.1%
Rent	18,743	14,358	30.5%	7.2%	6.5%	0.7%
Royalties	15,249	13,035	17.0%	5.9%	5.9%	-0.1%
Advertising	15,128	10,638	42.2%	5.8%	4.8%	1.0%
Other operating expenses, net	26,130	20,849	25.3%	10.0%	9.5%	0.5%
Depreciation and amortization	8,111	5,716	41.9%	3.1%	2.6%	0.5%
Restaurant operating profit	36,071	28,611	26.1%	13.9%	13.0%	0.8%

- Excluding the impact of IFRS adoption, operational expenses increased 17.4% Y/Y to RON 224.3m in Q4-2019;
- As percentage of sales, operational expenses decreased by 0.8pp Y/Y to 86.1% in Q4-2019, of which:
 - 3.5pp from cost of food and materials
 - +1.0pp from advertising expenses
 - +0.7pp from rent expenses

Contribution to change in restaurant opex ratio*



Contribution to change in restaurant profit*



*) Excluding the impact of IFRS 16 adoption



Financial performance: FY-2019

G&A expenses

Including the impact of IFRS 16 adoption

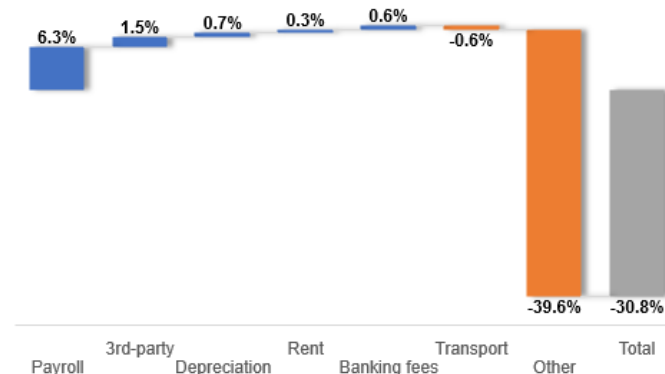
Data in RON'000	Dec-19	Dec-18	Y/Y% 2019/2018	% of Sales	
				Dec-19	Dec-18
General and administration expenses (net), of which:	50,022	73,047	-31.5%	5.2%	9.5%
Employee benefits	35,183	30,563	15.1%		
Third-party expenses	9,008	7,890	14.2%		
Depreciation	4,330	1,049	312.7%		
Rent	386	3,478	-88.9%		
Banking charges	3,384	2,921	15.8%		
Transport	2,591	3,063	-15.4%		
Other expenses	-4,859	24,083	-120.2%		

Excluding the impact of IFRS 16 adoption

Data in RON'000	Dec-19	Dec-18	Y/Y% 2019/2018	% of Sales	
				Dec-19	Dec-18
General and administration expenses (net), of which:	50,519	73,047	-30.8%	5.3%	9.5%
Employee benefits	35,183	30,563	15.1%		
Third-party expenses	9,008	7,890	14.2%		
Depreciation	1,525	1,049	45.3%		
Rent	3,688	3,478	6.1%		
Banking charges	3,384	2,921	15.8%		
Transport	2,591	3,063	-15.4%		
Other expenses	-4,859	24,083	-120.2%		

- Excluding the impact of IFRS 16 adoption and the one-off expenses, normalized G&A expenses reached RON 58.5m for the full-year 2019 (6.1% of sales), up 11.7% compared to previous year (6.8% of sales).

Contribution to growth in G&A expense*



*) Excluding the impact of IFRS 16 adoption



Statement of financial position

				Excluding impact of IFRS 16 adoption	Impact of IFRS 16 adoption
Data in RON'000	30-Dec-19	31-Dec-18	Change	30-Dec-19	
Assets					
Non-current assets	508,730	229,173	279,558	281,592	227,138
Property, plant and equipment	199,959	158,122	41,838	202,186	(2,227)
Right-of-use assets	229,121		229,121	-	229,121
Intangible assets	64,835	62,150	2,685	64,835	-
Deposits for rent guarantee	8,455	5,219	3,236	8,455	-
Deferred tax assets	6,360	3,682	2,678	6,117	243
Current assets	112,001	122,979	(10,978)	114,894	(2,893)
Inventories	11,589	10,564	1,025	11,589	-
Trade and other receivables	39,250	16,444	22,806	39,250	-
Prepayments	3,889	5,306	(1,416)	6,782	(2,893)
Cash and short-term deposits	57,272	90,665	(33,393)	57,272	-
Assets held for sale	-	-	-	-	-
Total assets	620,731	352,152	268,580	396,486	224,245
Equity and liabilities					
Total equity	172,251	128,825	43,425	177,723	(5,472)
Equity attributable to equity holders of the parent	172,049	128,679	43,370	177,521	(5,472)
Issued capital	581,990	581,990	-	581,990	-
Share premium	(519,998)	(520,578)	580	(519,998)	-
Retained earnings	111,402	67,247	44,155	116,862	(5,461)
Other reserves	(1,178)		(1,178)	(1,178)	-
Foreign currency translation reserve	(166)	20	(186)	(154)	(11)
Non-controlling interests	201	146	55	201	-
Non-current liabilities	265,596	91,536	174,060	76,184	189,412
Interest-bearing loans and borrowings	73,617	86,787	(13,170)	73,617	-
Finance lease liabilities	190,073		190,073	368	189,705
Provisions	1,906		1,906	1,906	-
Trade and other payables		4,749	(4,749)	293	(293)
Current liabilities	182,884	131,790	51,094	142,579	40,305
Trade and other payables	102,199	82,658	19,540	106,626	(4,427)
Interest-bearing loans and borrowings	34,427	37,669	(3,242)	34,427	-
Finance lease liabilities	45,139		45,139	407	44,732
Provisions	1,120	11,463	(10,343)	1,120	-
Total liabilities	448,481	223,327	225,154	218,764	229,717
Total equity and liabilities	620,732	352,152	268,579	396,486	224,245