



AmRest Q3 2016 Financial Results

Exponential growth. Record-high profits.

Wrocław, Poland, Nov 7th 2016, AmRest (WSE: EAT), the largest publicly listed restaurant group in CE, today reports financial results for the third quarter of 2016.

Key highlights:

- 29 new stores opened in Q3 2016, total number of restaurants as of Nov 7th, 2016 at 1 132,
- Total revenues increased by 34.4% to PLN 1 158m (€ 266m),
- EBITDA increased by 30.4% to PLN 161m (€ 32m),
- EBITDA margin at 13.9%,
- Net profit at PLN 62m^[2] (€ 16m),
- Net debt/EBITDA at 1.83.

Henry McGovern, Member of Supervisory Board of AmRest, commented:

‘We have just concluded another quarter of fantastic performance of AmRest Group. For the first time in our history EBITDA profit exceeded PLN 160m. In the last couple of years, we have consistently strengthened the leadership position of restaurant industry in the markets of our operations. I am proud to see tangible effects of building unique culture, 20+ years expertise, growing scale and developing diversified portfolio of great brands.

Favorable trends in Q3 2016 were observed across the whole Group. Our core business, particularly in Spain and Central Europe (‘CE’), grew in double-digit pace, supported by solid LFL growth in each of the brands. As communicated before, with a significant white space identified, we have accelerated the pace of organic growth. In Q3 2016 we opened 29 new restaurants and are on track with initial plan of 140 openings for the year. In May the position of Starbucks in our portfolio was strengthened by acquisition of 144 Starbucks stores in Germany. Dynamically growing scale was one of the key drivers of record-high results for the quarter: Group’s revenues grew by 34.4% to PLN 1 158m while EBITDA reached PLN 161m and was the highest in our history (+30.4% vs Q3 2015). Our balance sheet remains strong, with net debt to EBITDA ratio of 1.83 at the end of Q3 2016.

^[2] Attributable to AmRest’s shareholders



I'd like to highlight that significant improvement came from all markets of AmRest's operations. In Poland, despite challenging labor market, we have managed to increase margins thanks to economies of scale in supply chain management and discipline in G&A spending. The biggest brand in portfolio – KFC – continued enhancing margins while performance of Starbucks exceeded our expectations reaching record-high results in each markets of CE. We are also pleased with a successful entry of Starbucks to Slovakia – after initial few months the market has already broke-even. EBITDA in CE increased by 22% compared to Q3 2015 and the margin reached all-time high of 15.6%.

Performance of other divisions was also spectacular. Stable and balanced growth of La Tagliatella in Spain drove 25% profitability improvement. EBITDA margin in Spanish market increased to 22.8% in Q3 2016. In Russia, despite challenging macro environment, our business maintained double-digit LFL trends. Successful negotiations with suppliers and landlords helped us get back on the path of 10%+ margins (EBITDA margin at 12.6% in Q3 2016). With the first signs of macro and political stabilization now we are well positioned to accelerate our expansion in this region. In Germany our efforts are focused on integration of acquired Starbucks business and implementation of management tools that's been proven in other markets. I am truly impressed how quickly AmRest culture is being integrated and how smoothly best practices are shared. It gives me confidence that our presence in Germany, along with expected improvement in Starbucks' profitability, will bring a lot of value to our shareholders in the future. In the meantime, we have worked on strengthening Blue Frog portfolio in China. Cross-functional support from Poland and implementation of AmRest operating routines brought tangible results in Q3 2016. EBITDA in China more than double over the year and the margin increased to 11%.

Looking back, I have no doubt that it is unique AmRest culture and great people capabilities that drove our success in building the leadership position of restaurant industry in Central Europe and Spain. I am convinced that it is just a beginning of our journey and – with such great attributes – we will achieve much more in the future'.

Outlook

For over two years AmRest has consistently delivered on the promise of significant profitability improvement, which was also confirmed in Q3 2016 results. Maintained solid top line and bottom line growth suggests that current trends shall continue going forward.

2016 is expected to be a breakthrough year in terms of organic growth. Until today AmRest opened 95 new restaurants. With a solid pipeline of secured locations, we are confident on delivering the promise of 140 new openings for the year.



Looking ahead, the Group will continue to strengthen its leadership position in Europe through increased pace of organic growth as well as exploring M&A opportunities that could enhance current portfolio of brands. The Company closely observes the latest developments in restaurant industry and changing patterns in consumers' behaviors. With growing share of delivery segment, AmRest intends to replicate great success of KFC Delivery offer outside Poland. Going forward, the Company will continue investing in new restaurant formats such as Pizza Hut Express and Pizza Hut Delex (combination of PH Express and delivery offer). Development of the latter is strategically supported by a masterfranchise agreement signed between AmRest and the owner of Pizza Hut Brand. Future growth of the business will be additionally enhanced by development of digital platforms and mobile applications, being one of the important pillars of AmRest's success story.

Further information

The full H1 2016 results can be found on www.amrest.eu

The teleconference with investors will be held on Nov 8th, 2016 at 2:30pm CET, to attend the conference and for any other enquiries please contact:

Dorota Surowiec

IR Manager

+48 71 386 1235

dorota.surowiec@amrest.eu