AmRest Q2 2019 Financial Results

Q2 2019 total sales up by +32.5% to EUR 483m
EBITDA margin (non-IFRS16) for the quarter expanding to 10.9%

Madrid, Spain, August 29th 2019, AmRest (WSE: EAT), one of the largest publicly listed restaurant groups in Europe, yesterday reported financial results for the second quarter.

Key highlights:

- 57 new stores opened in Q2 2019, resulting in total number of restaurants at 2 179,
- Consolidated revenues increased in Q2 2019 by 32.5% to EUR 482.8m,
- EBITDA at EUR 89.0m (IFRS 16) or EUR 52.4m excluding IFRS 16 (+26.9% over the year),
- EBITDA margin (IFRS 16) at 18.4% or 10.9% excluding IFRS 16.
- Net profit reached EUR 6.7m[1] in Q2 2019 or EUR 12.8m excluding IFRS 16 (+39.1% year-on-year).

Peter Kaineder, Chief Strategy Officer, commented:

"Overall, we are well on track in executing our strategy and are pleased with the performance in the last quarter, which is setting another important milestone on our way to becoming the leading restaurant operator in Europe. Our results are characterized by solid top-line expansion driven by supportive like-for-like growth, an acceleration of store openings as well as the consolidation of acquisitions completed last year. Consequently and alongside a positive outlook for the second half of this year, management feels confident and reiterates full year guidance on store openings, top line growth and margin.

The teams are laser-focused on the integration of recent acquisitions and realizing identified synergies. As result of those efforts in the past years we see positive momentum at Starbucks Germany which has turned into positive EBITDA during the 1H19 having generated its two best quarters since we acquired the business in April 2016.

The recently announced deal to transfer PizzaPortal to Glovo will allow us to de-leverage our balance sheet as we will de-consolidate losses and benefit from a solid financial gain on the sale. At the same time we further strengthen our partnership with Glovo and in parallel focus on our core business of building and operating best in class brands and restaurants.

Overall, we are convinced that we are ideally positioned to capture an increasing share of the foodservice market and will continue to execute our four-pillar strategy with discipline and focus on efficiency and profitability. At the same time, we remain committed to investments in growth, aiming to deliver on our objectives and in order to create long term value for our shareholders.

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Consolidated revenues for Q2 2019 grew by 32.5% year-on-year to EUR 482.8m mainly supported by positive like-for-like growth rates across the large part of our markets, 285 organic store builds over

[1] Attributable to AmRest's shareholders

the past 12 months, as well as the consolidation of Sushi Shop and other acquisitions. Excluding M&A transactions from the last 12 months, core revenues increased by 18.3% year-on-year in Q2 2019.

Segment-wise, the highest revenue growth of 56.5% was recorded in Western Europe primarily due to consolidation of Sushi Shop Group results and other most recent acquisitions (16 KFC France and Bacoa). Revenues in Central and Eastern Europe reached EUR 203.3m in Q2 2019, implying a 18.0% increase year-on-year, mainly driven by solid like-for-like ("LFL") growth in all of our major markets in the segment. Sales in Russia in Q2 2019 increased by 22.6% vs. last year to EUR 52.0m on the back of positive LFL, strong roll-out and acquisition of Pizza Hut. Sales in China amounted to EUR 24.3m, up by 21.2% year-on-year due to new additions and positive revenue trends.

Strong performance of our core business along with our food-service division had driven profitability during the second quarter despite continued pressure on labor costs, softening in general casual dining market as well as the consolidation of Sushi Shop and integration efforts linked to our most recent M&A deals. Reported EBITDA (IFRS 16) reached EUR 89.0m or 18.4% margin in Q2 2019. Adjusting for the effects of IFRS 16 EBITDA amounted to EUR 52.4m, a 26.9% increase over the year.

Central and Eastern Europe improved its comparable EBITDA margin (non-IFRS 16) versus last year by 0.3pp to 15.2% driven by strong results in Poland, improvement in Hungary and Other CEE. Also, Western Europe managed to partially reduce the gap in profitability recorded in Q1 2019 as non-IFRS 16 EBITDA margin reached 8.4%, lower just by 0.1pp versus last year, despite ongoing integration costs in recently acquired businesses and payroll pressure. Russia recorded non-IFRS 16 EBITDA margin at 13.3%. Last year's profitability figures in the segment were restated in Q2 2018 to include bargain gain on Pizza Hut Russia acquisition at EUR 1.0m. Excluding the restatement, comparable EBITDA margin decreased by 0.9pp primarily due to dilutive effect from the recent acquisition. China segment improved profitability versus last year by 0.2pp to 18.0% driven by strong sales trends and proper cost control.

Core EBITDA margin (excluding M&A transactions from the last 12 months and IFRS 16 impact) reached 11.3% in Q2 2019, higher by 0.2pp than last year.

Reported net profit attributable to AmRest's shareholders (IFRS 16) in the second quarter of the year amounted to EUR 6.7m and excluding IFRS16 amounted to EUR 12.8m (+39.1% vs. last year's restated figure or +56.1% excluding bargain gain).

Further information

The full Q2 2019 results can be found on www.amrest.eu

The teleconference with investors will be held on August 29th, 2019 at 1:00pm CEST, to attend the conference and for any other enquiries please contact:

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