



AmRest Q3 2017 Financial Results

Record EBITDA of PLN 200m

Wrocław, Poland, November 21st 2017, AmRest (WSE: EAT), the largest publicly listed restaurant group in CE, today reports financial results for the third of 2017.

Key highlights:

- 52 new stores opened in Q3 2017, total number of restaurants as at November 21st, 2017 is 1 567,
- Total revenues increased by 17.1% to PLN 1 356m (€ 318m),
- EBITDA increased by 24.8% to PLN 200m (€ 47m),
- EBITDA margin at 14.8%,
- Net profit increased by 36.5% to PLN 85m¹ (€ 20m).

Wojciech Mroczyński, Member of Management Board of AmRest, commented:

“We are pleased to announce a very good quarter being in line with our long-standing ambition to maintain 20%+ EBITDA growth. Such an outcome was possible thanks to two main drivers, i.e. growth in our Core (EBITDA +21%) and additional positive impact of M&As adding to a total of 24.8% increase. For the first time in our history we have generated PLN 200m EBITDA in one quarter. Though Q3 is typically one of the strongest quarters in a year such positive results were possible this time specifically due to improved margins development in our Core business. EBITDA margin of the Group increased by +0.9pp to 14.8% in Q3. Without margin dilutive impact of M&As the EBITDA margin would stand even higher at 16.2% for the quarter. In the same period, our top line grew by +17.1% driven by Core business (positive LFL across the board, accelerated organic growth) and added M&As. Without M&As top line grew by 15.7%.

In terms of regional performance record-high EBITDA margin in CEE of 16.6% (+1pp vs Q3 2016) was reinforced by some local historical peaks (21% in Czech Republic, 17.8% in Hungary). What is also worth noting is the margin improvement in Spain up to 23.6% and to an even larger extent in Russia (+36% EBITDA growth and margin at 15%).

Consistent with our earlier development guidance we are on track with 200+ openings plan for 2017. The number of 172 new openings in the past 12 months as well as accelerating

¹ Attributable to equity holders of the parent



openings rate in recent weeks are both positive indications in this respect. Speaking about new openings I would like to highlight a couple of recent milestones. In recent weeks, we entered two new markets, i.e. Portugal and Austria by opening our first La Tagliatella and KFC in those countries, respectively. Another highlight was the launch of our successful Casual Dining brand Blue Frog in two of our existing markets, i.e. Spain and Poland as well as first opening of Pizza Hut Express in Czech Republic. Strengthening our Digital Platform, we have also added our delivery brands on the recently acquired aggregator platform called pizzaportal.pl.

In 2017 we have been also focused executing our M&A roll up strategy particularly regarding KFC and Pizza Hut across continental Europe. In Q3 we concluded a few more acquisitions, i.e. Pizza Hut Germany and closed a few smaller transactions in Germany and Spain (KFC stores). Just after Q3 we also concluded another transaction by acquiring 21 KFCs in the Krasnodar region of Russia. Those acquisitions are intended to strengthen our scale in those markets and provide additional white space and value creation potential. Our presence and scale will also be further enhanced in Poland through acquisition of 51% stake in pizzaportal.pl and signing operating agreements with our aggregator partner, Delivery Hero, for some other CE markets. Those expansion moves bring us closer toward our vision of becoming #1 European restaurant operator in the future.

Looking ahead, despite strong growth of the Core, we expect the integration and start-up costs to continue having negative impact on our total financial performance in the short term. This applies not only to already closed transactions but also acquisitions currently in final closing stage e.g. KFC France. In aggregate, the impact of those is expected to lower the total EBITDA growth in Q4 to single digit.

As for 2018 we are planning to maintain our pace of organic growth through 300+ openings reinforced by positive LFL across entire business. We expect less M&A activity in 2018 focusing on integration of the recently acquired companies and getting traction in their performance.

Our macro outlook remains positive with very favorable trends in the foodservice industry in Europe. Having said that in Poland we see some continued uncertainty regarding implementation of Sunday trading ban, taxation or changes to social security system. Due to lack of regulatory clarity it is hard for us to assess full impact of those risks”.



Further information

The full Q3 2017 results can be found on www.amrest.eu

The teleconference with investors will be held on November 22nd, 2017 at 4:00pm CET, to attend the conference and for any other enquiries please contact:

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