



AmRest Q1 2017 Financial Results

Strengthening growth platform

Wrocław, Poland, May 18th 2017, AmRest (WSE: EAT), the largest publicly listed restaurant group in CE, today reports financial results for the first quarter of 2017.

Key highlights:

- 7 new stores opened in Q1 2017, total number of restaurants as at May 18th, 2017 is 1 338,
- Total revenues increased by 33.7% to PLN 1 147m (€ 265m),
- EBITDA increased by 0.9% to PLN 117m (€ 27m),
- EBITDA margin at 10.2%,
- Net profit decreased by 48.3% to PLN 21m¹ (€ 5m).

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

“In the first quarter 2017 AmRest continued dynamic growth of the business. Solid LFL trends in most of the markets, accelerated pace of organic development as well as finalized acquisitions in Germany allowed us to report significant top line growth. Revenues of the Group grew in Q1 2017 by 33.7% and amounted to PLN 1 147m.

In the first months of the year we clearly focused on strengthening the platform of future growth of the Company. The leading position of restaurant operator in Central Europe together with solid reputation of trusted partner among franchisors created multiple attractive M&A opportunities in Europe. As evidenced by recent developments, AmRest successfully continued execution of the roll-up strategy of existing brands in new European markets.

The acquisition of 15 KFC restaurants in Germany in February 2017 was our first step in expanding KFC brand to Western Europe. We truly believe in the huge potential of developing the KFC business in all major European markets, which is also evidenced by ongoing negotiations on potential acquisition of KFC restaurants in France. Earlier this week AmRest also announced finalization of the purchase agreement regarding Pizza Hut chain in France. Taking over Pizza Hut delivery business gave us a great opportunity to quickly expand in the segment of food delivery in that market. At the same time, signing the master franchise agreement for Pizza Hut Delivery and Pizza Hut Express in France will strengthen the position of this brand in our portfolio. We are expecting similar transactions in other markets, and we have already announced plans to acquire Pizza Hut businesses in Germany and Russia.

¹ Attributable to the parent shareholders



On April 1st AmRest announced the investment in the on-line food ordering platform, buying 51% stake in Pizzaportal.pl. This acquisition is expected to address dynamically growing trends in delivery segment. We are convinced that a partnership between an on-line ordering expert and a leading multibrand restaurant operator will not only enhance our delivery channel, but also significantly contribute to the future value creation for the Company.

In addition to M&A activities, we also focus on our core businesses, i.e. Spain and Central Europe. As mentioned above, we continued to see solid LFL growth in most of our mature markets, which is a clear indication of growing demand for our products among the customers. Additionally, achieved economies of scale and further improvement in cost efficiencies, especially in supply chain management and food cost, helped us partially offset the negative impact of growing labor cost. Observed pressure on payroll in most of the markets, along with increased expenditures related to integration of acquired businesses were the main drivers behind decreasing margins in Q1 2017. EBITDA profit for the quarter reached PLN 117m and was 1% higher than year ago. EBITDA margin amounted to 10.2%. Management of AmRest shares the belief that weakening of profitability improvement is temporary. It should be noted that in many markets positive business trends continued, leading to further margin enhancement (e.g. Spain, Czech Republic, Romania and Hungary). Great improvement was observed in China, with Blue Frog coming out of startup phase and reaching 5.9% EBITDA margin (compared to a loss in Q1 2016). In the near future, we would like to introduce this great brand to Europe as well.

Going forward, AmRest will focus on finalizing ongoing M&A projects and profitability improvement in acquired businesses, which should enhance future margins for the Group. We also plan to accelerate the pace of organic growth to further expand the scale of the business. Expected 200+ new openings this year will be mostly focused on the markets of Central Europe and Spain.”

Further information

The full Q1 2017 results can be found on www.amrest.eu

The teleconference with investors will be held on May 19th, 2017 at 2:30pm CET, to attend the conference and for any other enquiries please contact:

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