



AmRest H1 2016 Financial Results

Growing scale and further margin improvement

Wrocław, Poland, Aug 12th 2016, AmRest (WSE: EAT), the largest publicly listed restaurant group in CE, reports financial results for the first half of 2016.

Key highlights:

- 40 new stores opened in H1 2016, supported by acquisition of 144 Starbucks locations in Germany in May 2016, total number of restaurants as of Aug 12th, 2016 at 1 091,
- Total revenues increased by 17.7% to PLN 1 835m (€ 420m),
- Adjusted EBITDA increased by 17.2% to PLN 253m^[1] (€ 58m),
- EBITDA increased by 22.8% to PLN 243m (€ 56m),
- Adjusted EBITDA margin at 13.8%, EBITDA margin at 13.2%,
- Net profit increased to PLN 76m^[2] (€ 17m),
- Net debt/EBITDA at 2.09.

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

'I am pleased to present record-high results of AmRest Group. Our figures reported for the first half of 2016 reflected continued positive trends in both revenues and profitability.

Dynamic growth of scale has always played an important role in development of AmRest business. Thanks to accelerated organic growth (40 openings in H1 2016) and execution of well-planned M&A strategy, AmRest exceeded a milestone number of 1 000 restaurants in Q2 2016. Solid LFL trends across the brands and markets supported our top line growth. As a result, consolidated sales grew by 20.7% in Q2 2016 to PLN 977m. H1 2016 revenue amounted to PLN 1 835m and was 17.7% higher than year ago.

Continued favorable macro trends, economies of scale, stable situation in commodity markets as well as improved costs efficiency resulted in another quarter of record-high profitability. Q2 2016 EBITDA reached PLN 127m and was the highest in AmRest history*

^[1] EBITDA adjusted by costs of new stores openings, costs of mergers and acquisitions, corrections in indirect taxes and the effect of SOP exercise method modification (difference in accounting cost of employee benefits accounted under cash settled versus equity settled option plan).

^[2] Attributable to AmRest's shareholders

* Excluding results for Q4 2012 which included PLN 68m one-off gain on sale of Applebee's assets



(24.4% growth vs Q2 2015). EBITDA for H1 2016 amounted to PLN 243m and was 22.8% higher than year ago.

Building upon growing revenues, improved operating margins and relatively lower financing costs, net profit attributable to AmRest shareholders grew by 40.2% and amounted to PLN 36m in Q2 2016.

Similar to previous periods, significant improvement in profitability was driven by solid performance in CE and Spain, especially in KFC, Starbucks and La Tagliatella restaurants. Outstanding results were recorded in Czech Republic, where EBITDA margin reached 19.5% in Q2 2016. In the meantime, our Hungarian business benefited from strong LFL trends and further margins enhancement which led to 44.4% growth of EBITDA. In Romania the incredible strength of Starbucks brand along with AmRest's expertise in running coffee business were the key factors behind improved profitability. EBITDA margin of Starbucks Romania exceeded 25% in Q2 2016 and was the highest across all AmRest's Starbucks markets. Profitability of the Group was additionally enhanced by solid performance of La Tagliatella in Spain. Strong LFL trends, increased pace of new openings and healthy margins in both base and new business enhanced outstanding results of the Group in H1 2016.

Operating restaurant business in Russia remains challenging in the light of unfavorable political and economic conditions. However, in recent months the first signs of stabilization were observed. Q2 2016 witnessed strong growth of sales and EBITDA in local currency (19.4% and 8.3% respectively), mainly on the back of stable LFL growth, reduction in G&A structure and successful rent negotiations. In H1 2016 AmRest opened 10 restaurants in the region. Development activity in Russia is expected to increase as the macro conditions improve.

In May 2016 AmRest acquired chain of 144 Starbucks stores in Germany. Operating the world's leading coffee brand in this rich and prospective market is a great opportunity for further expansion and growth of our scale. Acquisition of Starbucks Germany was also a clear sign of trust and belief in AmRest's capability as a leading restaurant operator. We strongly believe that potential of German market combined with our expertise in coffee segment will drive profitability improvement of this brand.

For a number of quarters AmRest have strengthened its leadership position in the restaurant industry. Significant growth of scale and solid margin improvement resulted from consistently executed strategy based on three pillars: People – Brand – Scale. Looking ahead, I truly believe that continuation of our growth path will bring a lot of value to AmRest's shareholders".



Outlook

Outstanding performance in H1 2016 together with a solid track record of both sales and profitability improvement bode well for the future results. Similar to previous years, we expect second half of the year to be stronger than the first one.

With accelerated pace of new openings and solid pipeline of secured locations we remain confident in our ability to deliver initially communicated target of 140 new restaurants for this year. Capex in 2016, excluding M&A activities, should range between PLN 450-500m.

Earlier this year AmRest portfolio was strengthened with 144 Starbucks locations in Germany. Currently we are focused on integrating the business within our structures and improving operating margins. With ample room for growth in Germany, the importance of Starbucks brand in our portfolio is expected to grow. This will be additionally enhanced by higher number of new openings in CE as well as recent introduction of Starbucks to Slovakia in May 2016.

AmRest will continue strengthening its leadership position of restaurant operator across Europe through organic growth and pursuit of M&A opportunities that would enhance current portfolio. Our expansion will be additionally supported with investment in digital platforms as well as further development of new channels (e.g. KFC Delivery) and new restaurant formats. A perfect example of the latter is successful launch of Pizza Hut Express in Poland.

Further information

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

The teleconference with investors will be held on Aug 12th, 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