



AmRest Q2 2017 Financial Results

Dynamic growth across the board

Wrocław, Poland, September 14th 2017, AmRest (WSE: EAT), the largest publicly listed restaurant group in CE, today reports financial results for the second quarter of 2017.

Key highlights:

- 36 new stores opened in Q2 2017, total number of restaurants as at September 14th, 2017 is 1 460,
- Total revenues increased by 27.2% to PLN 1 243m (€ 295m),
- EBITDA increased by 17.1% to PLN 149m (€ 35m),
- EBITDA margin at 12%,
- Net profit decreased by 8.8% to PLN 33m¹ (€ 8m).

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

“We have concluded another quarter of dynamic growth of AmRest. On the back of continued positive sales trends on most of the markets, accelerated organic growth and recent M&A activities, our top line grew by 27.2% reaching PLN 1 243m in Q2 2017. In the meantime, EBITDA of the Group amounted to PLN 149m and was 17.1% higher than year ago. Profitability improvement was mainly driven by enhanced margins in most of our core markets. Q2 2017 EBITDA of the Group, adjusted for the impact of recent M&As (Starbucks and KFC in Germany, Pizza Hut in France) grew by 21.6% over the year, exceeding again our 20% ambition.

For many years, AmRest has strengthened its leadership position of restaurant operator in the markets of Central and Eastern Europe (CE) and Spain. Nearly 24-years’ experience in operating branded concepts, integrated supply chain, proven management tools and a team cultivating the unique *Anything Is Possible* culture stand behind that success. We truly believe in our ability to replicate this success story across Europe.

In Q2 2017 AmRest continued its efforts focused on enhancing the future growth platform. We have successfully completed unprecedented number of M&A projects since the beginning of the year. The acquisition of KFC chain in Germany was followed by purchase

¹ Attributable to the parent shareholders



of Pizza Hut business in France and Germany, while another two transactions – KFC in France and Russia are being finalized. Our M&A pipeline is a clear indication of a trusted relationship between AmRest and Yum!. this also recognizes our capability to provide best in class operations. Execution of mentioned projects opens the gate to prospective markets with a huge development potential.

Two weeks ago, we also completed the process of buying a majority stake in pizzaportal.pl and agreed the conditions of cooperation with its owner in the other CE markets. In our view, this unique partnership with an on-line food ordering expert will bring a lot of value to our customers and shareholders. Currently, we are working on introducing our brands to the portal. The launch on Hungarian Delivery Hero platform exceeded our expectations.

In the meantime, we continued dynamic growth of core business and further profitability improvement. In Q2 2017 most of our markets reported better results vs last year. In Spain, EBITDA margin reached 21.1% and was nearly 2pp higher than in Q2 2016. Strong performance of newly opened La Tagliatella restaurants confirms our belief in existing market potential for this brand. Encouraged by successful development in Spanish market, we have decided to bring La Tagliatella to Portugal. In July, our first restaurant was opened in Lisbon.

In Central Europe, we maintained last year's margins despite continued pressure on labor costs. The highest increase in payroll was observed in Poland, however it's impact was partially offset by savings in other areas, mostly food cost. Challenging market conditions didn't impair our ability to achieve breakthrough results. In Q2 2017, our KFC business in Poland reached a record high EBITDA margin. At the same time, in markets of Czech Republic, Hungary and "Other CE" our margins are getting closer to a 20% threshold, encouraging us to further investments in the region. At the end of August, we opened our first Pizza Hut Express in Czech Republic, capitalizing on the rights to develop this brand across Central Europe.

The results of Russian business improved over the year. In Q2 2017 our profitability came back to double-digit areas, as we reached 12.5% EBITDA margin. Encouraged by stabilizing macro situation we are accelerating the pace of development in the region.

Great news came also from China. Well-thought investment strategy, growing scale of Blue Frog business and continued pursuit of operational excellence allowed us to report breakthrough results in Q2 2017. Compared to last year, our EBITDA margin in China doubled, reaching the level of 16.7%. Having proved the business model in China, we are

ready to expand with Blue Frog to Europe. Still this year, we will invite our customers to our first restaurants in Spain and Poland.

Looking ahead, the results of AmRest Group shall be shaped by continued positive trends in the core markets. Additionally, we expect the current costs of integrating acquired businesses to have a temporary dilutive impact on our margins. However, we believe that in a long-term perspective these necessary investments will form a source of the future value creation.

Currently, our efforts are focused on finalizing ongoing M&A projects (KFC France, Pizza Hut and KFC Russia) and integrating already acquired businesses. At the same time, we are getting closer to launching our brands on Pizzaportal.pl and will continue further development of delivery services.

As previously communicated, our ambitious development plan assumes opening of min. 200 restaurants in 2017. Today we have the full confidence in delivering on this promise”.

Further information

The full Q2 2017 results can be found on www.amrest.eu

The teleconference with investors will be held on September 15th, 2017 at 2:30pm CET, to attend the conference and for any other enquiries please contact:

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