AmRest Q1 2015 Financial Results

Positive trends continue

Wrocław, Poland, May 8th 2015, AmRest (WSE: EAT), the largest publicly listed restaurant group in CE, today reports financial results for the first quarter of 2015.

Key highlights:

- 15 new stores opened in Q1 2015, total number of restaurants as at May 8th, 2015 is 818,
- Total revenues increased by 11.3% to PLN 750.4m (€ 178.8m),
- Adjusted EBITDA increased by 28.3% to PLN 99.2m[1] (€ 23.7m),
- EBITDA increased by 31.5% to PLN 95.7m (€ 22.8m),
- Adjusted EBITDA margin at 13.2%, EBITDA margin at 12.8%,
- Net profit increased to PLN 27.1m[2] (€ 6.5m).

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

"AmRest has followed the path of stable improvement of results. In Q1 2015 we observed strong growing trends in all divisions resulting in 11% sales increase for the Group. Maintained pace of new openings along with solid LFL improvement across the board contributed highly to that growth. It is particularly worth noting that positive LFL trends were observed in each brand of two biggest divisions of AmRest – Central and Eastern Europe (CE) and Spain. Growing economies and reviving private consumption translated into increased traffic in our restaurants.

Double-digit growth of sales supported even higher improvement in profitability. EBITDA in Q1 2015 amounted to PLN 96m and was over 30% higher than year ago.

The highest increase in profits was realized in CE, where favorable trends in commodity markets positively impacted our food cost. Additionally, a number of optimizing initiatives brought savings in G&A costs and restaurant expenses. As a result EBITDA margin grew by 1pp and was at 13.8% in Q1 2015.

Similar to CE, EBITDA margin in Spain also increased by 1pp, reaching 20.4% in Q1 2015. On the back of reviving economy, consumers have increased the frequency of dining out, which is clearly visible in our restaurants as both La Tagliatella and KFC brands continue reporting strong LFL trends. In the meantime, growing scale of the business allow us to leverage our central kitchen facility.

[1] EBITDA adjusted by one-off costs of new stores opening, costs of mergers and acquisitions and corrections in indirect taxes.
[2] Attributable to the parent shareholders

Stable improvement in CE and Spain is the key factor determining results of the Group. We are pleased to see not only significantly better results across our portfolio but also a great potential in the future development of these divisions – both increase in number of restaurants and strengthening of margins. Growing disposable income in CE as well as changing eating-out habits should positively contribute to our margins. In Spain the market potential has been proven by strong performance of newly opened restaurants.

Results of Russian division in Q1 2015 exceeded our expectations. Record number of new openings in 2014 along with continued double-digit LFL growth resulted in 35% increase in sales (in RUB). Additionally, strong efforts taken to minimize the impact of higher inflation and weakening ruble helped us maintain EBITDA margin at last year's level of 10.3%

In the same period profitability of New Markets division improved significantly. Successful launch of La Tagliatella in France together with the expansion of Blue Frog brand in China, supported by further decrease of operational loss in the rest of the markets helped us to reduce EBITDA loss by 70% compared to Q1 2014.

Stable top line growth and solid margins across the board resulted in significant increase of net profit, which more than tripled in Q1 2015 and totaled PLN 27m.

Great performance achieved in Q1 2015 proved sustainability in our profitability improvement. I am convinced that thanks to our constant focus on development of core brands in dynamically growing markets we will continue delivering strong results in the upcoming quarters."

Outlook

The outlook for 2015 remains positive as preliminary results of April and May indicate the continuation of current trends. Strong pipeline of new openings along with positive news coming from macro trends will enable us to maintain last year's pace of new openings and profitability improvement in line with "AmRest 2.0" assumptions.

The scope of investment activities will be similar to the previous year, with the capital allocation focused on CE and Spain, where returns on capital are the highest across the Group. Investments in Russia will stay limited to the cash flow generated locally until geopolitical situation stabilizes, thus the number of new openings in this region will not exceed ten.

Further information

The full Q1 2015 results can be found on www.amrest.eu

The teleconference with investors will be held on May 8th, 2015 at 2:30pm CET, to attend the conference and for any other enquiries please contact:

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