



AmRest Holdings N.V.  
Management Board  
Q4'2006 Teleconference  
with Investors

1st of March 2007

# Teleconference details



Telephone Number: **+48 71 712 1080**

PIN Number: **6584**

The complete AmRest Q4'2006 Financial Report is available to download in the Investor Relations section at: <http://www.amrest.pl/eng/>

## **The AmRest's participants:**

Henry McGovern, CEO

Wojciech Mroczyński, CFO

Piotr Boliński, Group Financial Controller

## **Contact Person:**

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# Growth of Sales



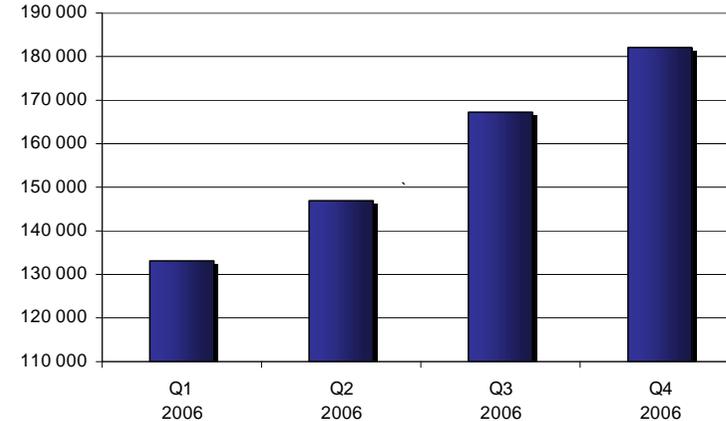
- Third consecutive quarter with all-time **sales record** – AmRest's Q4 2006 sales amounted to PLN 182,0 m (increase of 28.8% compared to Q4 2005)

- The rise came from both **same-store-sales in existing markets as well as new units in Hungary**. As a result of Hungarian acquisition additional PLN 11.4 m of sales was added.

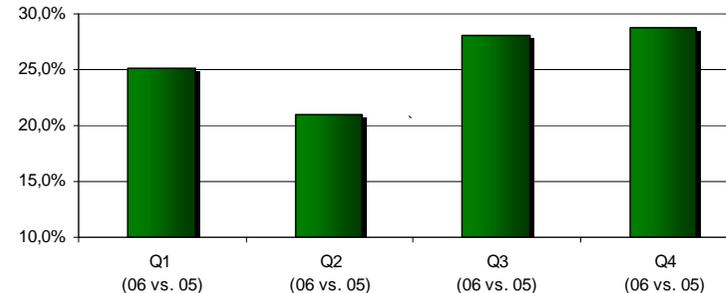
- The split of sales between Poland, Czech Republic and Hungary in Q4 2006 was the following: **67%**, **27%** and **6%**, while for YTD Q4 2006 the proportion was: **69%**, **27%** and **3%**. In 2005 the share of Polish and Czech businesses amounted to **71%** vs. **29%** respectively (for Q4 2005) and **72%** vs. **28%** (for Q1-Q4 2005).

- The Polish sales increased by **20.3%** in Q4 2006 (quarter on quarter) and by **21,0%** in the four quarters of 2006 (year on year). The Czech sales grew up by **21,8%** and by **23,2%** respectively.

Sales revenues by quarters [000'PLN]



Sales increases (quarter on quarter)

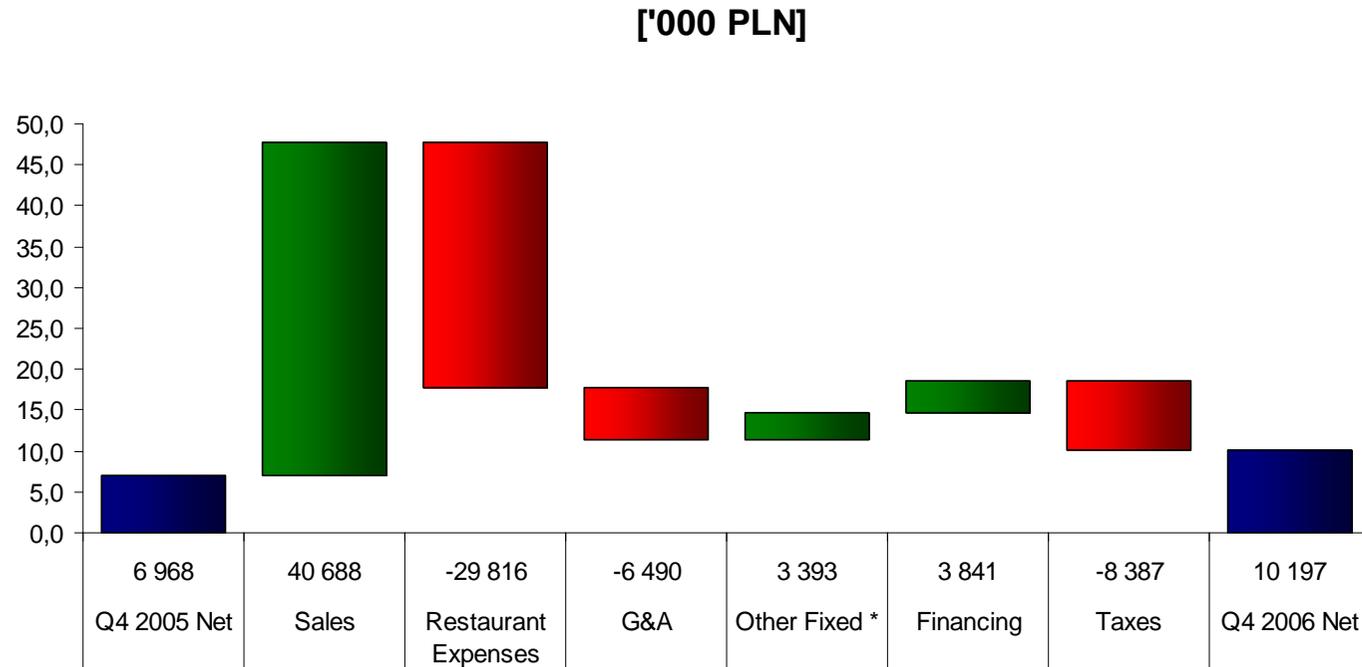


# Profit & Loss Account Q4'2006 vs. Q4'2005



<i>in thousands of Polish złoty</i>	<b>Q4 2006</b>	<b>Q4 2005</b>
<b>Restaurant sales</b>	<b>181 998</b>	<b>141 310</b>
Restaurant expenses:		
Cost of food	(60 169) 33,1%	(47 773) 33,8%
Direct marketing expenses	(7 933) 4,4%	(7 247) 5,1%
Direct depreciation and amortization expenses	(12 321) 6,8%	(9 513) 6,7%
Payroll and employee benefits	(33 819) 18,6%	(25 062) 17,7%
Continuing franchise fees	(10 751) 5,9%	(8 369) 5,9%
Occupancy and other operating expenses	(30 043) 16,5%	(27 256) 19,3%
<b>Gross profit on sales</b>	<b>26 962 14,8%</b>	<b>16 090 11,4%</b>
General and administrative (G&A) expenses	(13 927) 7,7%	(7 437) 5,3%
Depreciation and amortization expense (G&A)	(1 451) 0,8%	(1 709) 1,2%
Other operating income/(expense), net	3 107 1,7%	2 748 1,9%
Gain/(loss) on the disposal of fixed assets	(475) 0,3%	(307) 0,2%
Impairment gain/(losses)	(714) 0,4%	(3 658) 2,6%
<b>EBIT</b>	<b>13 502 7,4%</b>	<b>5 727 4,1%</b>
EBITDA	27 988 15,4%	20 607 14,6%
Finance income	2 248 1,2%	(965) 0,7%
Finance costs	(910) 0,5%	(1 608) 1,1%
Share of profit of associates	107 0,1%	177 0,1%
<b>Net profit before tax</b>	<b>14 947 8,2%</b>	<b>3 331 2,4%</b>
Income tax expense	(4 750) 2,6%	3 637 2,6%
<b>Net profit</b>	<b>10 197 5,6%</b>	<b>6 968 4,9%</b>

# Net Profit Bridge (Q4'2006 vs. Q4'2005)



**\*Other Fixed include:**

Depreciation and amortization of G&A), (Loss)/gain on disposal of property, plant and equipment and intangibles, Impairment losses, Initial public offering expenses, Other operating income.

# Profit & Loss Account Q4'2006 YTD vs. Q4'2005 YTD

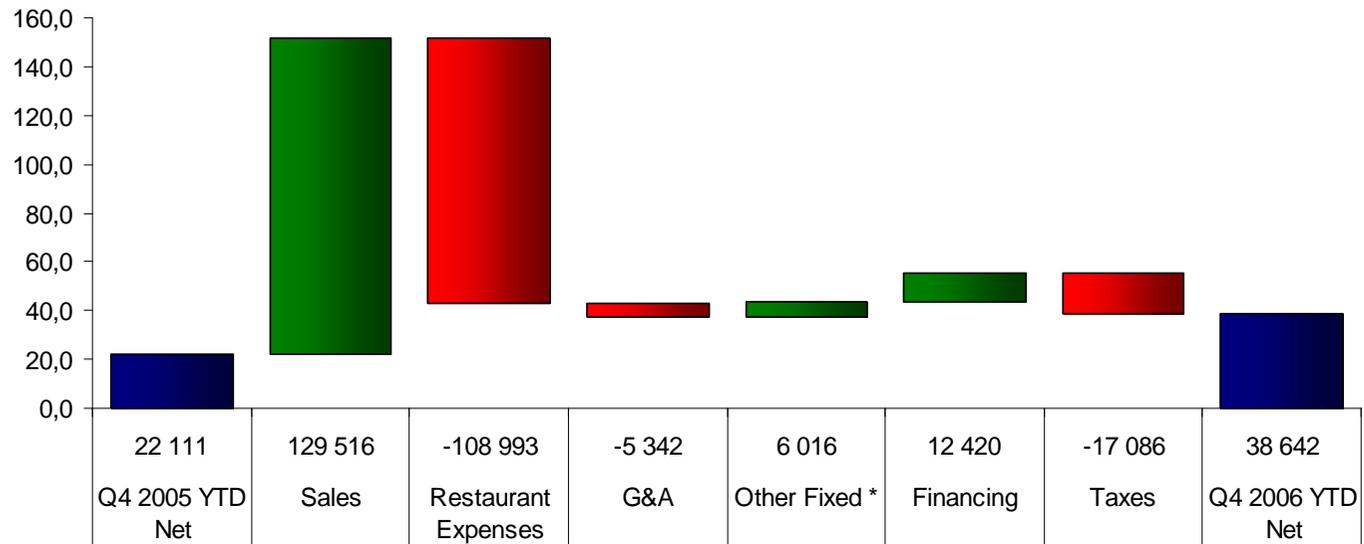


<i>in thousands of Polish zloty</i>	Q4'2006 YTD		Q4'2005 YTD	
<b>Restaurant sales</b>	<b>629 326</b>		<b>499 810</b>	
Restaurant expenses:				
Cost of food	(210 926)	33,5%	(167 283)	33,5%
Direct marketing expenses	(30 590)	4,9%	(25 462)	5,1%
Direct depreciation and amortization expenses	(40 177)	6,4%	(31 741)	6,4%
Payroll and employee benefits	(119 331)	19,0%	(91 969)	18,4%
Continuing franchise fees	(37 300)	5,9%	(29 700)	5,9%
Occupancy and other operating expenses	(105 600)	16,8%	(88 776)	17,8%
<b>Gross profit on sales</b>	<b>85 402</b>	<b>13,6%</b>	<b>64 879</b>	<b>13,0%</b>
General and administrative (G&A) expenses	(41 290)	6,6%	(35 948)	7,2%
Depreciation and amortization expense (G&A)	(3 416)	0,5%	(2 710)	0,5%
Other operating income/(expense), net	5 505	0,9%	6 826	1,4%
Gain/(loss) on the disposal of fixed assets	1 411	0,2%	(2 711)	0,5%
Impairment gain/(losses)	(3 117)	0,5%	(5 101)	1,0%
IPO expenses		0,0%	(1 937)	0,4%
<b>EBIT</b>	<b>44 495</b>	<b>7,1%</b>	<b>23 298</b>	<b>4,7%</b>
<b>EBITDA</b>	<b>91 205</b>	<b>14,5%</b>	<b>62 850</b>	<b>12,6%</b>
Finance income	8 671	1,4%	1 351	0,3%
Finance costs	(4 847)	0,8%	(9 769)	2,0%
Share of profit of associates	637	0,1%	459	0,1%
<b>Net profit before tax</b>	<b>48 956</b>	<b>7,8%</b>	<b>15 339</b>	<b>3,1%</b>
Income tax expense	(10 314)	1,6%	6 772	1,4%
<b>Net profit</b>	<b>38 642</b>	<b>6,1%</b>	<b>22 111</b>	<b>4,4%</b>

# Net Profit Bridge (Q4'2006 YTD vs. Q4'2005 YTD)



['000 PLN]



**\*Other Fixed include:**

Depreciation and amortization of G&A), (Loss)/gain on disposal of property, plant and equipment and intangibles, Impairment losses, Initial public offering expenses, Other operating income.

# Balance sheet Q4'2006 vs. 2005 (in '000 PLN)



<i>in thousands of Polish zloty</i>	31 Dec '06	31 Dec '05	Change
<b>Assets</b>			
Property, plant and equipment, net	191 705	174 141	17 564
Intangible assets	12 829	16 280	(3 451)
Goodwill	23 657	4 765	18 892
Investments in associates	1 221	574	647
Other non-current assets	17 726	17 342	384
Deferred tax assets	9 336	11 540	(2 204)
<b>Total non-current assets</b>	<b>256 474</b>	<b>224 642</b>	<b>31 832</b>
Inventories	8 134	5 973	2 161
Trade and other receivables	11 460	15 072	(3 612)
Income tax receivable	-	3 673	(3 673)
Other current assets	5 976	4 788	1 188
Held-to-maturity investments	9 984	-	9 984
Cash and cash equivalents	25 241	31 575	(6 334)
Assets held for sale	3 861	3 219	642
<b>Total current assets</b>	<b>64 656</b>	<b>64 300</b>	<b>356</b>
<b>Total assets</b>	<b>321 130</b>	<b>288 942</b>	<b>32 188</b>
<b>Equity</b>			
Issued capital	519	519	-
Share premium	219 137	218 640	497
Retained deficit	(95 514)	(117 641)	22 127
Current year net profit	38 583	22 127	16 456
Cumulative translation adjustment	(4 799)	(574)	(4 225)
<b>Equity attributable to shareholders of the parent</b>	<b>157 926</b>	<b>123 071</b>	<b>34 855</b>
<b>Minority interests</b>	<b>79</b>	<b>20</b>	<b>59</b>
<b>Total equity</b>	<b>158 005</b>	<b>123 091</b>	<b>34 914</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	72 140	80 440	(8 300)
Finance lease liabilities	3 326	3 237	89
Employee benefits	913	791	122
Provisions	5 565	4 690	875
Deferred tax liabilities	760	1 263	(503)
Other non-current liabilities	1 721	2 168	(447)
<b>Total non-current liabilities</b>	<b>84 425</b>	<b>92 589</b>	<b>(8 164)</b>
Interest-bearing loans and borrowings	918	18 321	(17 403)
Finance lease liabilities	68	45	23
Trade and other accounts payable	75 448	54 896	20 552
Income tax payable	2 266	-	2 266
<b>Total current liabilities</b>	<b>78 700</b>	<b>73 262</b>	<b>5 438</b>
<b>Total liabilities</b>	<b>163 125</b>	<b>165 851</b>	<b>(2 726)</b>
<b>Total equity, minority interests and liabilities</b>	<b>321 130</b>	<b>288 942</b>	<b>32 188</b>

# Cash Flows Q4'2006 YTD vs. Q4'2005 YTD (in '000 PLN)



<i>in thousands of Polish zloty</i>	Q4'06 YTD	Q4'05 YTD
<b>Cash flows from operating activities</b>		
Profit before tax	48 956	15 339
Adjustments for:		
Share of profit of associates	(637)	(459)
Amortization	6 108	3 817
Depreciation	37 485	30 634
Interest expense, net	3 577	5 729
Unrealized foreign exchange (gain)/loss	(4 726)	(1 820)
(Gain)/loss on disposal of fixed assets	(1 411)	2 711
Impairment losses	2 242	5 101
Equity-settled share based payments expenses	497	2 147
Forgiveness of loans	(3 396)	-
Working capital changes:		
(Increase)/decrease in receivables	7 643	(3 031)
(Increase)/decrease in inventories	(772)	(373)
(Increase)/decrease in other assets	(1 524)	(8 484)
Increase/(decrease) in payables and other liabilities	14 652	(192)
Increase/(decrease) in other provisions and employee benefits	997	(745)
Income taxes paid	(5 580)	(4 513)
Interest paid	(3 577)	(5 876)
Other	5 860	94
<b>Net cash provided by operating activities</b>	<b>106 394</b>	<b>40 079</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(20 730)	(17 752)
Proceeds from the sale of property, plant and equipment	245	489
Acquisition of property, plant and equipment	(54 843)	(34 595)
Acquisition of intangible assets	(1 123)	(4 780)
Acquisition of investment in related parties	(10)	(35)
Loans repaid/(granted)	-	42
<b>Net cash used in investing activities</b>	<b>(76 461)</b>	<b>(56 631)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	4 179	177 815
Acquisition of held-to-maturity investments	(9 954)	-
Proceeds from issuance of shares	-	77 866
Repayment of borrowings	(30 111)	(219 007)
Repayment of finance lease	(115)	(86)
<b>Net cash provided by/(used in) financing activities</b>	<b>(36 001)</b>	<b>36 588</b>
<b>Net change in cash and cash equivalents</b>	<b>(6 068)</b>	<b>20 036</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>31 575</b>	<b>11 486</b>
<b>Effect of foreign exchange rate movements</b>	<b>(266)</b>	<b>53</b>
<b>Cash and cash equivalents, end of period</b>	<b>25 241</b>	<b>31 575</b>

# Key Figures (Q4'2005 – Q4'2006)



'000 PLN	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	(Q1'06 - Q4'06)	2005 **
<b>Sales</b>	141 310	133 167	146 842	167 325	181 998	629 326	499 810
<i>Sales growth *</i>	17,4%	25,1%	20,9%	28,1%	28,8%	25,9%	7,9%
<i>Gross Profit (%)</i>	11,4%	10,8%	13,5%	14,6%	14,8%	13,6%	13,0%
<b>EBITDA</b>	18 510	16 458	22 636	24 124	27 988	91 205	64 787
<i>EBITDA (%)</i>	13,1%	12,4%	15,4%	14,4%	15,4%	14,5%	13,0%
<b>EBIT</b>	5 599	6 554	11 684	12 756	13 502	44 495	25 235
<i>EBIT (%)</i>	4,0%	4,9%	8,0%	7,6%	7,4%	7,1%	5,0%
<b>Net income</b>	6 980	5 321	13 630	9 495	10 197	38 642	24 048
<i>Net income (%)</i>	4,9%	4,0%	9,3%	5,7%	5,6%	6,1%	4,8%
<b>Net debt</b>	67 186	58 833	62 339	57 458	47 817	47 817	67 186
<i>Net debt/Equity</i>	54,6%	46,1%	44,7%	38,6%	30,3%	30,3%	54,6%

\* the growth vs. corresponding period in the previous year

\*\* excluding the IPO costs

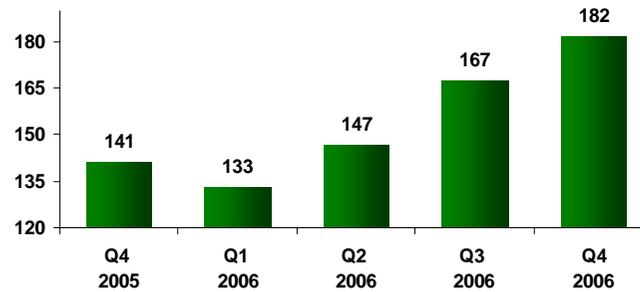
## Seasonality of sales:

The lowest sales are recorded in the first quarter of the year, which is attributable primarily to fewer operating days in February and fewer people dining out. The next quarter in terms of sales is the second quarter, in which the restaurants achieve better results thanks to improving weather and a positive effect of the beginning of the holiday season in June. The highest sales are achieved at the end of the third and at the beginning of the fourth quarter. Very good performance in the third quarter is attributable to the increased tourist traffic. Autumn is traditionally a season when people tend to dine out more frequently, which translates into higher sales. An important time in the last three months of the year is the pre-Christmas period, when particularly high sales are reported by the restaurants situated in shopping centres.

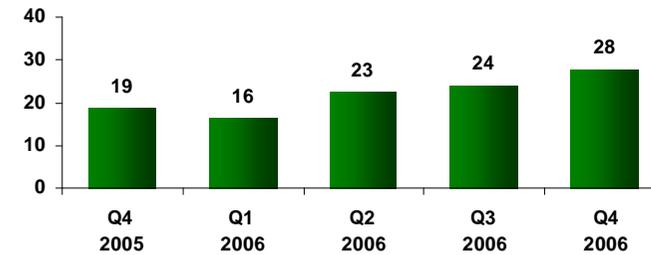
# Key Figures (Q4'2005 – Q4'2006)



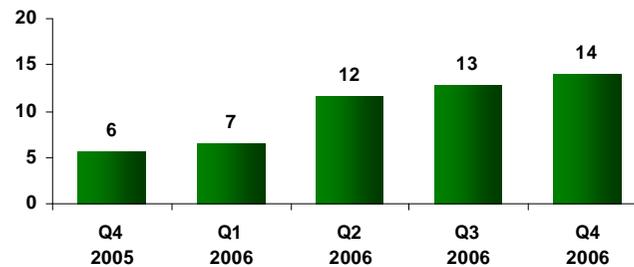
Sales PLN m



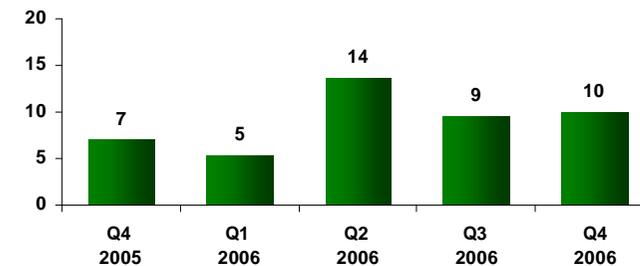
EBITDA PLN m



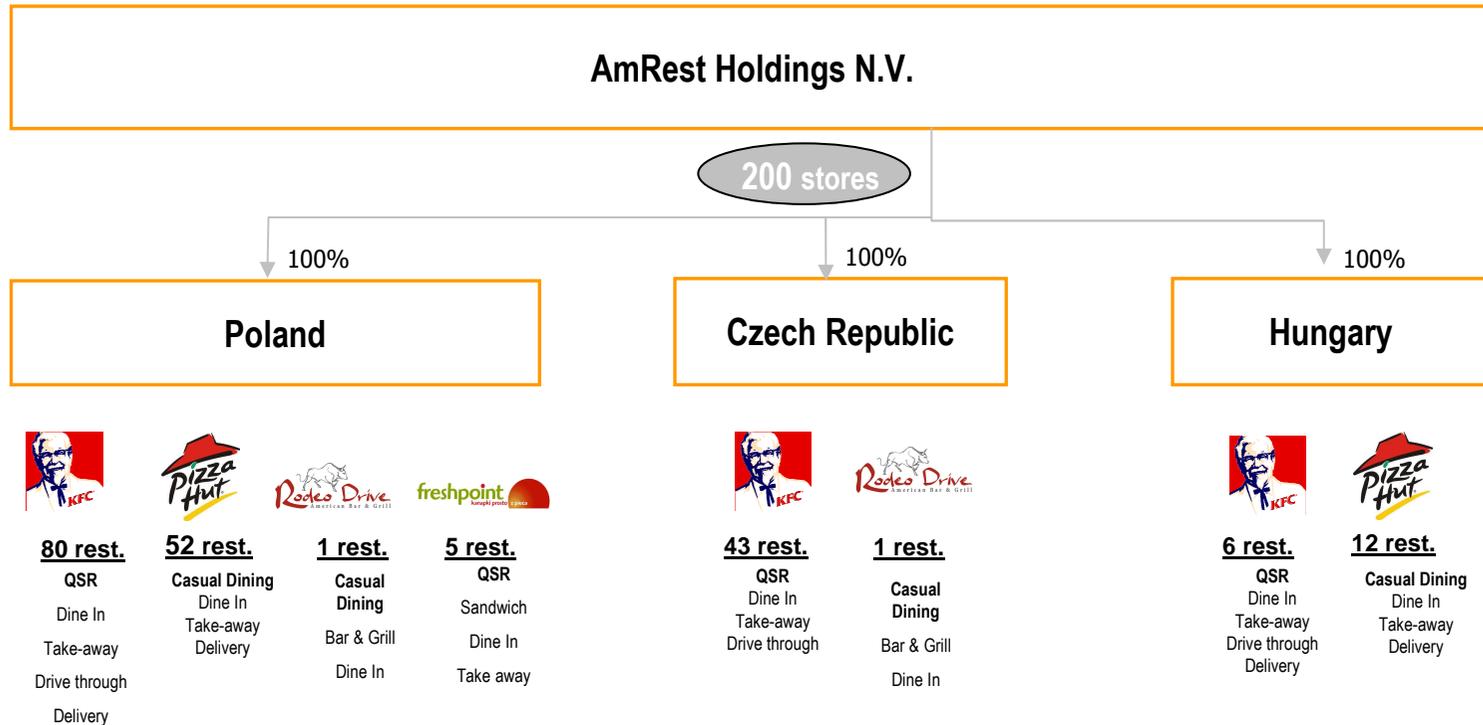
EBIT PLN m



Net PLN m



# AmRest Group – restaurants



- ❑ 16 restaurants opened and 5 closed/relocated in 2006 (net increase of 11)
- ❑ Additional 17 restaurant delivered through the acquisition of Hungarian business
- ❑ 3 restaurants already opened since the beginning of 2007
- ❑ the 200th restaurant (KFC) opened in Budapest in February!

# Growth Outlook



- **Core Business** – strong performance of the core from 2006 continues in 2007
- **Hungary update** – as planned we develop the business by opening new restaurants (mention 200th location) and restructuring the existing portfolio; we continue to improve the elements of the P/L with growing scale of the business; at the same time we are strengthening our local team to support our growth (G&A and start-ups are affected); despite all these initiatives the business shows positive CF ahead of plan.
- **New Brands update** – We continue to meet with delays in our test of new concepts FreshPoint and Rodeo Drive. We continue to open the restaurants to reach the critical mass of 10 FreshPoints and 5 Rodeo Drives. Due to delays we continue to have operational inefficiencies and development cost overruns. The Brand positioning of each is clear but we are too slow in delivery to market and thus are unable to provide any forward looking guidance on the impact to AmRest's growth.
- **Burger King update** – we are close to finalizing our contractual discussions and we expect to open the first BK restaurant in the 2nd quarter
- **Starbucks update** – after signing the MOU we continue our contractual and business planning discussions; we expect to finalize this process in the 2nd quarter of the year;
- **AmRest Outlook update** – we are planning to organize an investors' conference to summarize the operational and financial aspects of our development plans.