

A close-up photograph of a burrito filled with lettuce, tomatoes, cheese, and a fried chicken patty, resting on a wooden surface.

# AmRest Holdings SE

Management Board

Annual 2010

Teleconference with Investors

21 March 2011

- **AmRest annual 2010 results** are included in **annual 2010 Financial Report** which is available to download from Investor Relations section at:  
<http://www.amrest.eu>
- The recording of this Teleconference will be available at our website within 24 hours
- The AmRest participants:
  - Henry McGovern, Chairman of the Supervisory Board,
  - Mark Chandler, Management Board Member, CFO
  - Piotr Boliński, Management Board Member, Finance Director
  - Maciej Mausch, IR Manager

- Overall consolidated financial results were below expectations. Full year sales of PLN 2 011 million and EBITDA of PLN 176.5 million were flat in comparison with 2009.
- Stronger performance in second half of year continued with **significant improvement** in both sales and EBITDA in Q4
  - Continued **positive upswing in Russia and US** (Q4 2010 sales +17.7% and +9.8% respectively in comparison to Q4 2009)
  - Rebound in both Polish (+3.4%) and Czech (+1.6%) sales performance
  - Overall EBITDA margins in Q4 improved from 8.1% in 2009 to 8.9% in 2010
- Although total 2010 new store openings of 38 were below our expectations, continued growth in pipeline realized: 23 new restaurants opened since last call and strong 2011/2012 pipeline in place
- Despite unrest in commodities market, relatively stable cost structure compared to overall market (result of close cooperation with suppliers and improved efficiency of food production processes)
- **Balance sheet extremely strong.** Debt/Equity ratio at 0.5 in comparison to 1.4 in 2009 and term of Club Deal extended with additional flexibility

- Consolidated **sales in 2010 remained flat** (+0.5%). CEE +2.5%, US -2.9% (US +1% in local currency)
- **Q4 sales improved significantly** across **all markets** +6.1%. CEE +4.5%, Poland +3.4%, Czech 1.6%. US + 9.8% (US +6.3% in local currency)
- Russian revenues up by +6.0% in 2010. **17.7% growth in Q4 driven by strong same-store-sales growth** in both KFC and PH
- US same store sales growth in Q4 due to a **stronger consumer demand**, revitalized stores in the **Colorado region**

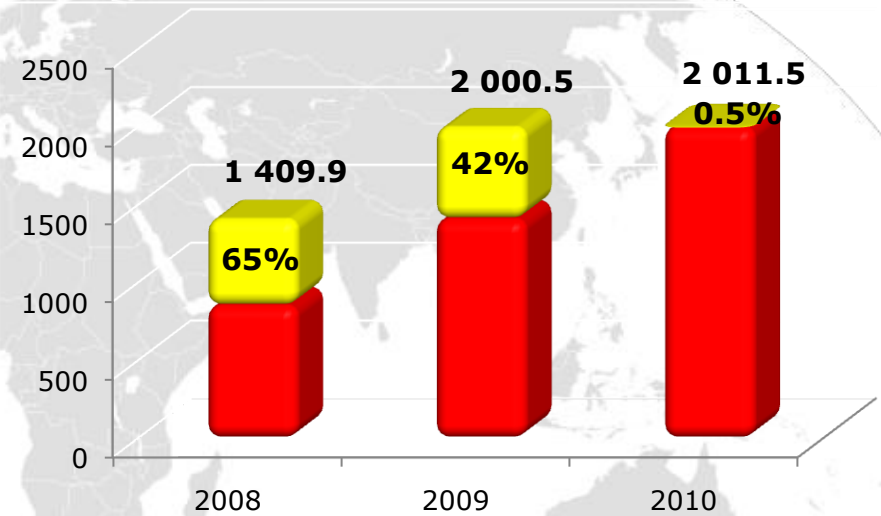
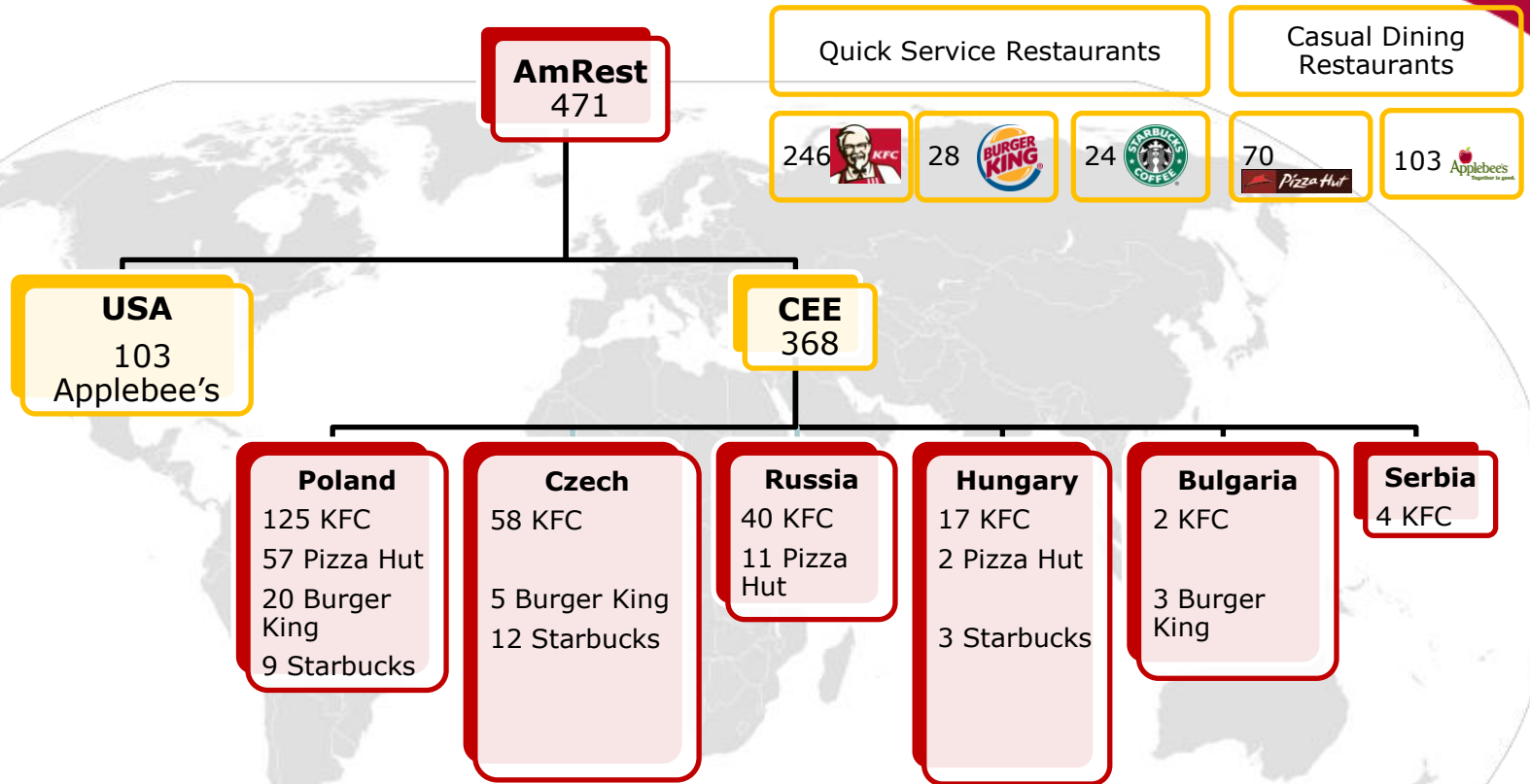


Chart: Sales and sales dynamics



- Total of **471** restaurants
- 23 new restaurants opened since the last call

- **Strong financial performance of Q4'2010 helped bridge performance gap compared to 2009**
  - Full year EBITDA at PLN 176.5 m – in line with last year
  - Q4' 2010 EBITDA at PLN 45.9 m – PLN 6.6 m higher than last year, consolidated margin improved by 80 basis points
  - CEE margin flat compared to Q4' 2009 (11.8%) – EBITDA improvement coming from the US (2.8% for the quarter and 3.5% for the full year)
- **Stable cost structure** with major store level cost categories in line with last year. The noticeable hike in depreciation charge related to new openings and increased renovation expenditures in 2010.
- **Net profit for the full year at PLN 40.6 m\***. With flat store level results compared to 2009, bottom line improvement in Q4 and the full year coming from reduction in corporate expenses as well as more effective international tax planning.
- **Development activities accelerated significantly in Q4' 2010** – investment cash flows for the quarter at approx. PLN 100 m (PLN 233.0 m for the full year)



# Financial Highlights by Segment

Thousand PLN	Q4 2010		Q4 2009	
	sales revenues share	margin (% of sales)	sales revenues share	margin (% of sales)
<b>Sales</b>	<b>512 422</b>		<b>483 092</b>	
Poland	204 541	39.9%	197 816	40.9%
Czech	79 368	15.5%	78 145	16.2%
Russia	44 206	8.6%	37 556	7.8%
Other	21 973	4.3%	21 693	4.5%
<b>Total Europe</b>	<b>350 088</b>	<b>68.3%</b>	<b>335 210</b>	<b>69.4%</b>
<b>US</b>	<b>162 334</b>	<b>31.7%</b>	<b>147 882</b>	<b>30.6%</b>
<b>EBITDA</b>	<b>45 860</b>	<b>8.9%</b>	<b>39 266</b>	<b>8.1%</b>
Poland	27 273	13.3%	27 405	13.9%
Czech	9 375	11.8%	9 811	12.6%
Russia	8 266	18.7%	3 718	9.9%
Other	-3 599	-16.4%	-1 362	-6.3%
<b>Total Europe</b>	<b>41 315</b>	<b>11.8%</b>	<b>39 572</b>	<b>11.8%</b>
<b>US</b>	<b>4 545</b>	<b>2.8%</b>	<b>-306</b>	<b>-0.2%</b>
<b>EBIT</b>	<b>15 072</b>	<b>2.9%</b>	<b>12 170</b>	<b>2.5%</b>
Poland	8 090	4.0%	17 609	8.9%
Czech	3 384	4.3%	2 677	3.4%
Russia	5 757	13.0%	799	2.1%
Other	-5 454	-24.8%	-4 509	-20.8%
<b>Total Europe</b>	<b>11 777</b>	<b>3.4%</b>	<b>16 576</b>	<b>4.9%</b>
<b>US</b>	<b>3 295</b>	<b>2.0%</b>	<b>-4 406</b>	<b>-3.0%</b>
<b>Net Profit attributable to equity holders of AmRest</b>	<b>10 842</b>	<b>2.1%</b>	<b>2 137</b>	<b>0.4%</b>

## Profit & Loss Statement 2010 vs.2009

in thousands of PLN	2010	% of sales	2009	% of sales
<b>Restaurant sales</b>	<b>2 011 448</b>		<b>2 000 490</b>	
<b>Restaurant expenses:</b>				
Food and material	(636 417)	-31.6%	(632 248)	-31.6%
Direct marketing expenses	(98 008)	-4.9%	(93 179)	-4.7%
Direct depreciation expenses	(94 546)	-4.7%	(80 716)	-4.0%
Payroll and employee benefits	(514 513)	-25.6%	(510 345)	-25.5%
Royalties	(106 723)	-5.3%	(106 301)	-5.3%
Occupancy and other operating expenses	(390 760)	-19.4%	(391 382)	-19.6%
<b>Gross profit on sales</b>	<b>170 481</b>	<b>8.5%</b>	<b>186 319</b>	<b>9.3%</b>
General and administrative (G&A) expenses	(105 820)	-5.3%	(107 635)	-5.4%
Depreciation expense (G&A)	(9 170)	-0.5%	(7 609)	-0.4%
Other operating income / (expense). net	23 640	1.2%	25 115	1.3%
(Loss)/profit on the sale of fixed assets	(6 342)	-0.3%	(7 103)	-0.4%
Impairment losses	(4 127)	-0.2%	(9 263)	-0.5%
<b>Operating profit(EBIT)</b>	<b>68 662</b>	<b>3.4%</b>	<b>79 824</b>	<b>4.0%</b>
<b>EBITDA</b>	<b>176 505</b>	<b>8.8%</b>	<b>177 412</b>	<b>8.9%</b>
Financial costs net	(17 750)	-0.9%	(15 411)	-0.8%
Income/(loss) from associates	47		(3 002)	-0.2%
<b>Profit before tax</b>	<b>50 959</b>	<b>2.5%</b>	<b>61 411</b>	<b>3.1%</b>
Income tax expense	(7 344)	-0.4%	(9 951)	-0.5%
Net profit/(loss) from continuing operation	43 615	2.2%	51 460	2.6%
Net profit/(loss) from discontinued operation	(3 619)	-0.2%	(12 886)	-0.6%
Total net profit/(loss)	39 996	1.9%	38 574	1.9%
Profit/(loss) attributable to minorities	(602)		342	
<b>Total net profit attributable to equity holders of AmRest</b>	<b>40 598</b>	<b>2.0%</b>	<b>38 232</b>	<b>1.9%</b>



## Funding and uses of cash in 2010

- **Full year CapEx at PLN 241.8 m (compared to PLN 157.9 m in 2009)**
  - Continued investment in new stores – 38 new openings
  - Significant resources committed to renovations of existing restaurants (both in CEE as well as in the US)
- **Significant portion of investments was self-funded.** The other portion of development activities was funded with proceeds from corporate bonds issue of late 2009 (PLN 110 m) and Q1' 2010 (PLN 40 m).
- **Proceeds from share issuance of PLN 306.5 m** helped improve the overall liquidity standby of the company. At the end of 2010 cash available for further investments stood at approximately PLN 430 m (cash in hand and available committed credit facilities)
- **Sound balance sheet structure with leverage ratio at 0.8 at the end of 2010.** Net debt down to PLN 138.2 m compared to PLN 377.9 m at the end of 2009

## Key Figures 2010 vs. 2009

Thousand PLN	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	TTM***
<b>Sales</b>	483 092	481 206	500 916	516 904	512 422	<b>2 011 448</b>
<i>Sales growth *</i>	-0.1%	-7.8%	-2.5%	7.3%	6.1%	<b>0.5%</b>
<b>EBITDA</b>	39 266	48 721	40 141	41 782	45 860	<b>176 505</b>
<i>EBITDA (%)</i>	8.1%	10.1%	8.0%	8.1%	8.9%	<b>8.8%</b>
<b>EBIT</b>	12 170	24 877	13 260	15 453	15 072	<b>68 662</b>
<i>EBIT (%)</i>	2.5%	5.2%	2.6%	3.0%	2.9%	<b>3.4%</b>
<b>Net income****</b>	2 137	11 577	12 371	5 808	10 842	<b>40 598</b>
<i>Net income (%)</i>	0.4%	2.4%	2.4%	1.1%	2.1%	<b>2.0%</b>
<b>Net debt</b>	377 890	382 332	86 767	132 195	138 163	-
<i>Net debt/EBITDA**</i>	2.1	2.1	0.5	0.8	0.8	-

\* the growth vs. corresponding period in the previous year, \*\* 12-months trailing EBITDA, \*\*\*trailing 12 months, \*\*\*\*attributable to equity holders of AmRest

### Seasonality of sales:

The seasonality of sales and inventories of the AmRest Group is not significant which is typical of the whole restaurant industry. On Central and East European markets, restaurants have lower sales in the first half of the year which is mainly the result of a smaller number of days of sale in February and lower number of customers in the restaurants. The United States market is characterized by stronger first half versus second half sales performance. After a period of lower sales in the summer months and a slight revival related to the Christmas season, the first half of the year is a period of increased activity in connection with the use of holiday vouchers, promotional coupons and a high number of holidays.

## Scope

**Achieve market dominance\* through acquisitions & operating scalable (\$50+ m in annual sales), highly profitable (20%+IRR) branded QSR & CD restaurants concepts**

## Our unique value proposition

**Through our „WJM” culture we will deliver craveable taste and exceptional service at affordable prices.**

\*Dominance defined as clear sales leader in the country

A grayscale world map showing the continents and oceans, centered on the Atlantic Ocean. The map is framed by a thin gray border.

**Questions**