



PRESS RELEASE

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Sphera Franchise Group delivers significantly improved results in H1-2019, on the back of strong Q2 sales and margin performance

Key events:

- Q2-2019 sales growth accelerates to 28.4% Y/Y, sending H1-2019 sales up 27.3% Y/Y
- Restaurant operating profit* improves 35% Y/Y in Q2-2019 and 6.2% in H1-2019
- EBITDA* jumps 69% Y/Y in Q2-2019 to 9.2% of sales and 17% Y/Y in H1-2019 to 8.2% of sales
- Net profit rose 109% Y/Y in Q2-2019 and was 3.5% Y/Y lower in H1-2019

*) Excluding impact from the adoption of IFRS 16

Sphera Franchise Group ("Sphera") reports consolidated sales amounting to RON 446 million for the first half of the year, representing a 27.3% increase compared to the similar period of the previous year. This performance was supported to stronger sales growth in the second quarter of the year, mainly coming from KFC Italy and Taco Bell as a result of the continuous growth in restaurant network. Sphera opened seven stores in Q2-2019, of which 5 KFC (4 in Italy, 1 in Romania) and 2 Taco Bell.

„Our strong second-quarter results confirm that we are on the right track from both top-line and bottom-line perspective so far this year. Since joining Sphera at the beginning of May, I've found a great team and a solid operational setup that give me full confidence on our ability to successfully deliver upon our commitments.”, George Argentopoulos, Sphera Franchise Group CEO, said.

In H1-2019, sales of KFC in Romania and Moldova advanced 19.3% Y/Y, sales of Pizza Hut stores advanced 7.4%, while KFC Italy and Taco Bell improved sales by 284% and 201%, respectively. Like-for like performance remained strong, reaching 9.0% on a consolidated level, being supported by a 12% advance of KFC Romania, with KFC Italy increasing 0.4% and Pizza Hut operations increasing 0.4%.

„We are very pleased with the solid growth in sales achieved in the first half of this year; nonetheless, we are extremely committed to keeping costs under control so that we deliver our bottom-line target for the full year.” added Valentin Budes, Sphera Franchise Group CFO.

Restaurant operating profit improved 6.2% year-on-year to RON 49.4 million, supported by a 35% Y/Y growth in Q2, EBITDA advanced 17.0% Y/Y to RON 36.7 million (8.2% of sales), on the back of a 69% improvement in Q2 (9.2% of sales), while net profit was 3.5% lower Y/Y to RON 18.1 million following a 109% improvement in Q2. The margin



improvement in Q2 was due to both to better margins at both the restaurant level and lower G&A expenses.

"We are focused on providing great services in our restaurants, food that our customers love, things that are key drivers for our future growth", George Argentopoulos added.

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