

## PRESS RELEASE

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### **Sphera Franchise Group posts annual sales in excess of EUR 200m and normalized EBITDA margin of over 10%**

#### Key events:

- Sphera's consolidated sales reached RON 955 million (c. EUR 201 million) for the full year 2019, up 24% Y/Y; Q4 sales up 19% to RON 260 million
- Like-for-like sales across Sphera brands increased 6.2% Y/Y in Q4 and 7.8% Y/Y for the full year 2019
- Restaurant operating profit\* jumped 26% Y/Y in Q4 and 20.5% Y/Y for the full year 2019
- Normalized EBITDA\*<sup>1)</sup> improved 51% Y/Y in Q4 and 33% Y/Y for the full year 2019, reaching 10.1% of full-year sales
- Net profit\* rose 165% Y/Y for the full year 2019

\*) Excluding the impact of IFRS 16 adoption. 1) Excluding one-off operations.

Sphera Franchise Group ("Sphera") reports consolidated sales of RON 954.7 million (c. EUR 201 million) for the full year 2019, representing an increase of 23.8% compared to previous year, after a 19% increase in sales in Q4 2019, up to RON 260 million.

The main contributors were the 15.9% growth in the sales of USFN Romania (KFC restaurants), compared to 2018, and the 155% growth of USFN Italy (KFC restaurants in Italy). CFF (Taco Bell restaurants) sales grew 171%, while ARS (Pizza Hut restaurants) sales advanced 7.3% Y/Y.

"We are very satisfied with our results for the year 2019. Our sales remained strong and our margins improved despite ongoing challenges. We opened 16 stores last year and remain firmly committed to continue the expansion of our brands in all markets that we operate", said Georgios Argentopoulos, CEO of Sphera.

For the full-year 2019, like-for-like sales across Sphera brands increased 7.8%, being mainly supported by a 9.2% advance for KFC Romania, a 16.2% increase for KFC Moldova and a 5.6% increase for KFC Italy. In Q4, like-for-like sales across Sphera brands increased 6.2% compared to the same period of 2018.

"We delivered solid results in the fourth quarter that have contributed to the overall strong profitability of our group for the full year, which exceeded the budgeted targets. Our Q4 restaurant operating margins improved Y/Y mainly on the back of lower cost of sales" said Valentin Budes, CFO of Sphera.

Excluding the impact of IFRS 16 and one-off adjustments, normalized EBITDA increased 32.7% Y/Y to RON 96 million in 2019, boosted by the 51% Y/Y advance registered in Q4 2019.



For the full-year 2019, excluding the impact of IFRS 16 adoption, Sphera posted restaurant operating profit of RON 124.3 million, up 20.5% Y/Y, and a net profit of RON 64.2 million, up 165% Y/Y. In Q4-2019, restaurant operating profit jumped 26% Y/Y to RON 36.1 million, while net profit reached 26.0 million compared with a loss of RON 8.1 million in Q4-2018.

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