



S P H E R A

PRESS RELEASE

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Sphera Franchise Group posts highest quarterly profit since its listing on BSE

Key events:

- Like-for-like sales across Sphera brands increased 6.8% Y/Y in Q3 and 8.2% Y/Y in Jan-Sep 2019
- Restaurant operating profit* jumped 38% Y/Y in Q3 and 18% Y/Y in Jan-Sep 2019
- Normalized EBITDA* improved 45% Y/Y in Q3 and 26% Y/Y in Jan-Sep 2019
- Net profit* rose 47% Y/Y in Q3 and 18% Y/Y in Jan-Sep 2019

*) Excluding the impact of IFRS 16 adoption.

Sphera Franchise Group ("Sphera") reported a rise of 25.9% in consolidated sales, to RON 694 million, in the first nine months of 2019, following a 23.5% Y/Y growth in Q3. This nine-month performance was fueled by the continuous growth in sales of USFN Romania (KFC restaurants) (+17.1% Y/Y), USFN Italy (KFC restaurants in Italy), (+222% Y/Y) and CFF (Taco Bell restaurants) (+184% Y/Y), while ARS (Pizza Hut restaurants) sales advanced 7.1% Y/Y.

„Sphera's robust results reflect our commitment to delivering value to our customers and through that to our shareholders. We will continue to demonstrate our ability to overcome the increasingly challenging market conditions and further grow our business solidly, fulfilling our obligations towards all our stakeholders”, said Georgios Argentopoulos, CEO of Sphera Franchise Group.

The improved overall profitability in the first nine months of 2019 is the result of the strong performance in Q3, when all Sphera Franchise Group brands generated positive EBITDA, including the new business lines KFC Italy and Taco Bell.

Helped by better restaurant margins, normalized EBITDA* jumped 45% Y/Y to RON 30.5 million in Q3, the best quarterly result of the group since its listing on Bucharest Stock Exchange (BSE) in Q4-2017. In the same period, Sphera's consolidated sales grew 23.5% Y/Y to RON 249 million, with like-for-like sales advancing 6.8%.

„These results are achieved by our capable and committed team. I am proud of them and proud to be part of them. We will continue this way”, Argentopoulos added.

In Q3-2019, the like-for-like sales were supported by a 7.7% advance for KFC Romania, 1.0% increase for Pizza Hut, 5.9% increase for KFC Italy and 22% increase for Taco Bell stores.

Restaurant operating profit* rose 18.3% to RON 88.2 million in the first nine months of 2019, reaching 12.7% of sales. At the same time, normalized EBITDA* rose 26.0% Y/Y to RON 67.2 million in the first nine months of 2019, while net profit* increased 17.9% Y/Y to RON 38.2 million.



In Q3, restaurant operating profit* rose 38.5% to RON 38.8 million, normalized EBITDA* advanced 45.1% to RON 30.5 million, while net profit* increased 47.4% Y/Y to RON 20.1 million.

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