



# Consolidated Budget of Revenues and Expenses

## Proposal for Year 2019





## Macroeconomic environment

- We expect overall inflation to reach 3-4% in 2019, being driven by the continuous increases in minimum salary;
- Increase in the minimum salary from a gross level of RON 1,900 in 2018 to RON 2,080 in 2019;
- RON will continue a slight depreciation trend against EUR amid further deterioration of the current account deficit;

## Development plan

- The development plan will focus on the opening of 24 restaurants (8x KFC Romania, 10x KFC Italy, 1x Pizza Hut and 5x Taco Bell), with an estimated capex of approximately EUR 19.8m;
- Store remodelings are expected to cost EUR 3.1m;

## Pricing policy

- We expect to be able to increase our prices at least in line with overall inflation, subject to changes in the population's purchasing power and the pricing policy of our main competitors in quick-service, casual dine-in and delivery segments;

## Restaurant operating expenses

- Cost of food (as percentage of sales) is forecast to decrease slightly as we expect to be able to use our buying leverage and growing volumes to keep the increases in raw material prices below our selling prices;
- Cost of labour will reflect the increase in the economy's minimum salary as well as the impact of higher meal tickets granted to our staff, being expected to further increase as percentage of sales;
- Certain restaurant expenses will also be impacted by the high pace of new store development (especially labour, rent and semi-variable expenses);

## G&A expenses

- Normalized G&A expenses are expected to fall as percentage of sales, as we will slow down significantly the hiring of additional staff.



Indicator	Budget 2019		Year 2018		Change (%) 2019/2018
	RON million	% of sales	RON million	% of sales	
<b>Restaurant sales</b>	<b>993.4</b>	<b>100.0%</b>	<b>771.2</b>	<b>100.0%</b>	<b>28.8%</b>
Cost of sales	345.5	34.8%	275.5	35.7%	25.4%
<b>Restaurant gross margin</b>	<b>647.9</b>	<b>65.2%</b>	<b>495.7</b>	<b>64.3%</b>	<b>30.7%</b>
Restaurant operating expenses (excluding Depreciation & Amortisation)	491.8	49.5%	372.1	48.2%	32.2%
Depreciation & Amortisation	36.7	3.7%	20.5	2.7%	79.3%
<b>Restaurant operating profit</b>	<b>119.4</b>	<b>12.0%</b>	<b>103.2</b>	<b>13.4%</b>	<b>15.7%</b>
G&A	60.0	6.0%	73.0	9.5%	-17.9%
<b>EBITDA (normalized)</b>	<b>96.1</b>	<b>9.7%</b>	<b>72.4</b>	<b>9.4%</b>	<b>32.7%</b>
<b>Operating profit</b>	<b>59.4</b>	<b>6.0%</b>	<b>30.1</b>	<b>3.9%</b>	<b>97.0%</b>
Net finance cost	7.3	0.7%	3.0	0.4%	143.1%
Profit before tax	52.1	5.2%	27.1	3.5%	92.0%
Income tax expense	2.9	0.3%	2.9	0.4%	0.9%
<b>Profit for the year</b>	<b>49.2</b>	<b>5.0%</b>	<b>24.3</b>	<b>3.1%</b>	<b>102.7%</b>