Results 2018

April 2019
Who are we?

- Opened the first Pizza Hut in Portugal in 1990
- Listed in the Euronext Lisbon since 1997
- 125 franchised units and operating directly 516 equity restaurants
  - Portugal 332
  - Spain 292
  - Angola 10
  - Italy 7
- We have more than 10,200 employees
Mission

• Ibersol is a multi brand operator in the restaurant business with a strong foothold in Iberia and a presence in Angola

Principles:

➤ Quality, Food Safety and Environment
➤ Human Resources highly motivated and qualified
➤ Customer focus
➤ Proper Shareholder remuneration
## BUSINESS EVOLUTION

### The Brands

<table>
<thead>
<tr>
<th>Restaurants</th>
<th>Counters</th>
<th>Concessions &amp; Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Own</strong></td>
<td><strong>Franchised</strong></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>Portugal</td>
<td>Portugal</td>
</tr>
<tr>
<td><strong>pasta caffé</strong></td>
<td><strong>Pizza Hut</strong></td>
<td><strong>KFC</strong></td>
</tr>
<tr>
<td>Italian restaurant</td>
<td>Pizza Delivery</td>
<td>Chicken Sandwiches and pieces</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>Spain</td>
<td>Angola</td>
</tr>
<tr>
<td><strong>Ribs</strong></td>
<td><strong>Pizza Hut</strong></td>
<td><strong>Chicken Sandwiches and pieces</strong></td>
</tr>
<tr>
<td>American Restaurant</td>
<td>Restaurant and Delivery</td>
<td></td>
</tr>
<tr>
<td><strong>Tapas</strong></td>
<td><strong>FrescCo</strong></td>
<td><strong>Burger King</strong></td>
</tr>
<tr>
<td><strong>Mediterranic Buffet</strong></td>
<td><strong>KFC</strong></td>
<td></td>
</tr>
</tbody>
</table>
Activity

Turnover Evolution (€ Mio)

- **2006** Lurca acquisition
- **2012** 1st KFC in Angola
  - VAT in Portugal (13% to 23%)
- **Jun 2016** VAT in Portugal (23% to 13%)
- **Nov 2016** EOG Acquisition

Average Yearly Growth = 10,0%

Jun 2016 VAT in Portugal (23% to 13%)
Nov 2016 EOG Acquisition

Jun 2016 VAT in Portugal (23% to 13%)
Nov 2016 EOG Acquisition
EBITDA Evolution (€ Mio)

Average Yearly Growth = 9.5%
Maintained the net increase of equity restaurants in 2018.

Average yearly growth = 6,7%
In Iberia we had a positive evolution of employment for the second consecutive year and a GDP increase by over 2% and inflation of around 1%.

Private consumption in Portugal, with fluctuations over the quarters, with the fourth quarter recovering to 2.8%.

In Angola, 2018 registered a recession, an inflation rate of 18.6% and a currency devaluation of 88%.
At the end of the year Ibersol operated 331 equity restaurants in Portugal, 175 in Spain and 10 in Angola.
## CONSOLIDATED KPI's

### 2018 Activity – equity restaurants

<table>
<thead>
<tr>
<th>Section</th>
<th>Sales (in Mn euros)</th>
<th>Units</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESTAURANTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>101.8</td>
<td>149</td>
<td>(+2,4%)</td>
</tr>
<tr>
<td><strong>COUNTERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>204.26</td>
<td>251</td>
<td>(+0,1%)</td>
</tr>
<tr>
<td><strong>Concessions &amp; Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>126.7</td>
<td>116</td>
<td>(-7,7%)</td>
</tr>
</tbody>
</table>

Consolidated Sales: 432.8 Mn euros, (-1.8%)

Counters and concession sales, penalized by activity in Angola and the reduction of restaurants at Barcelona airport, respectively.
CONSOLIDATED KPI's

Activity 2018 – Turnover

The Travel business had a significant weight in the portfolio (€ 116M), with scale to be a platform that allows future international expansion.
**Economic Environment**

- In Iberia, despite the slowdown in GDP growth, there is an increase in private consumption. However, in Angola there has been an economic recession with relevant impacts on the activity.

**Portfolio Readjustment**

- Ensure the Travel concessions turnover in Spain, after the end of the contracts at Barcelona and Malaga airports,

**Focus on the Operations**

- A bet on the employees, engine of the success of Ibersol Group, through continuous training programs and career development programs.
After 12 years growth of Travel in Spain, the end of the Barcelona and Malaga airports concession, placed a significant part of the Group’s turnover at risk.
Evolution – Contract maturities

- 32 restaurants = 50% of Travel business restaurants in Spain
- 78M€ turnover = 75% of Spain Travel turnover

The main objective for 2018 was to ensure the maintenance of turnover, with the award of equivalent number of restaurants to those lost by the contract concessions maturities.
Process – Concession Tenders in Spain

- AENA tender process – Spain airports:
  
  - Standard duration of the concession contracts – 8 years;
  - The process begins with a technical phase of concepts presentation;
  - Final award decision – Variable income amount for the concession period;
  - Minimum guaranteed income is 80% of the considered income value (Proposed Income Rate x Estimated Turnover)
In 2018 we won new Travel concession restaurants, that were auctioned in Spain, which compensated the losses by term of the concessions:

- 6 Tenders
- We guarantee 40% of restauration market share at Barcelona airport;
- We doubled the number of restaurants at Malaga airport;
- Started to operate at 3 new airport locations (Madrid, Las Palmas, Alicante);
- We won an AVE concession at Girona;
In total, 36 new restaurants won during 2018, which we estimate will compensate the lost of turnover of the 33 restaurants; The loss of market share in Barcelona will be compensated with the presence in the remaining locations.
2018 Tender Results

10 airports
4 Train station AVE
26 brands
66 Equity restaurants
11 equity
15 franchised
15 Million of passengers attended by year
1.6 MM€ By restaurant
Ibersol maintained an important presence in this Iberian business. Dimension allows us to consider the presence in other markets.
Process – Concession Tenders in Spain

- 2018 was a transition year to new locations and beginning of construction of restaurants;
- Higher volume of concessioner restaurant openings in one year;
- 2019 completion of works in all places for the definitive concepts;
- It involves a long and transitional period of projects and works.
Process – Concession Tenders in Spain
# FINANCIAL STATEMENTS

## PROFIT & LOSS ACCOUNT

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ Mn</td>
<td>%</td>
<td>€ Mn</td>
</tr>
<tr>
<td><strong>Turnover</strong></td>
<td>450,1</td>
<td>0,4%</td>
<td>448,3</td>
</tr>
<tr>
<td><strong>Sales in Restaurants</strong></td>
<td>432,8</td>
<td>-1,8%</td>
<td>440,7</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>341,3</td>
<td>75,8%</td>
<td>345,5</td>
</tr>
<tr>
<td><strong>Costs of Labour</strong></td>
<td>137,1</td>
<td>30,5%</td>
<td>135,3</td>
</tr>
<tr>
<td><strong>Operating Costs</strong></td>
<td>149,9</td>
<td>33,3%</td>
<td>149,5</td>
</tr>
<tr>
<td><strong>Other Operating Income</strong></td>
<td>9,9</td>
<td>2,2%</td>
<td>9,8</td>
</tr>
<tr>
<td><strong>Operating Costs</strong></td>
<td>3,1</td>
<td>0,7%</td>
<td>5,2</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>61,0</td>
<td>13,6%</td>
<td>65,3</td>
</tr>
</tbody>
</table>

- EBITDA reached 65.3 million euros **-6.5% vs 2017**
- Sales in restaurants decreased 8 million euros, which led to a reduction of the gross margin of 5.5 million euros, although percentage remained at the same level as the previous year;
- Increase in personal costs, due to salary increases and lower efficiency in the transition period of the new concessions.
- Due additional rents: **-1.3 million euros** – Application of IAS17 – Linearization of guaranteed rents for the contractual period of the new concessions.
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### PROFIT & LOSS ACCOUNT

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<th>%</th>
<th>2017</th>
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<th>Var.</th>
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</thead>
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<tr>
<td><strong>EBITDA</strong></td>
<td>61,0</td>
<td>13,6%</td>
<td>65,3</td>
<td>14,8%</td>
<td>-6,5%</td>
</tr>
<tr>
<td><strong>Depreciations</strong></td>
<td>29,8</td>
<td>6,6%</td>
<td>31,9</td>
<td>7,1%</td>
<td>-6,7%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>31,3</td>
<td>6,9%</td>
<td>33,4</td>
<td>7,4%</td>
<td>-6,3%</td>
</tr>
<tr>
<td><strong>Financial Results</strong></td>
<td>3,0</td>
<td>0,7%</td>
<td>5,4</td>
<td>1,2%</td>
<td>-44,6%</td>
</tr>
<tr>
<td><strong>Gains (losses) in joint controlled subsidiaries</strong></td>
<td>-0,4</td>
<td>-0,1%</td>
<td>0,0</td>
<td>0,0%</td>
<td></td>
</tr>
<tr>
<td><strong>Gain (loss) on the net monetary position</strong></td>
<td>1,2</td>
<td>0,3%</td>
<td>6,0</td>
<td>1,3%</td>
<td>-79,8%</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>29,1</td>
<td>6,5%</td>
<td>33,9</td>
<td>7,5%</td>
<td>-14,1%</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>4,1</td>
<td>0,9%</td>
<td>2,7</td>
<td>0,6%</td>
<td>50,7%</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>25,1</td>
<td>5,6%</td>
<td>31,2</td>
<td>7,0%</td>
<td>-19,7%</td>
</tr>
</tbody>
</table>

- Net financing cost of 3.0 million euros -44.6% vs 2017
- Losses of 4.8 million euros on the net monetary position - IAS29 (Hyperinflationary Economies)
- Taxes of 4.1 million euros
- Net profit of 25.1 million euros -19.7% vs 2017
Assets increase of 3.4% and liabilities at the same level of 2017.

Investment achieved € 39 Mn with € 11 Mn in refurbishments and € 24 Mn in expansion;

Net debt decreased € 8.5 Mn to € 75 Mn

Gearing reduced to 27% (31% in 2017)

Interest cover: 18x
Share price adjusted to take into consideration the bonus issue.
Price per share has decreased 22,5%. PSI-20 index decreased 12,5%.

Dividends – € 0,10 per share (vs € 0,10 in 2017)

Share Capital increase through incorporation of reserves from 30 to 36 million with one share for each existing four
• In Portugal, sales growth is expected to slowdown in line with what has been seen in recent months, while growth in Spain will be very moderate.

• In Spain, we expect to complete during the 3rd quarter all the new restaurants of the new concessions won in 2018 at Barcelona, Gran Canaria, Malaga and Alicante airports, with the definitive concepts.

• In Angola, it is estimated that the decline in consumption will continue with the inherent drop in transactions. The inability to increase prices, at the same pace of devaluation, will also lead to a sharp decline in the profitability of our operations.

• As far as expansion is concerned, we intend to maintain the pace of openings in the last years in Portugal, and in Spain, selective openings of Pans and Ribs.

• The market of home delivery operators has opened an opportunity for brands that have the capacity to serve this market but didn’t have scale to do it alone.

• A KFC development agreement was recently signed for the next 5 years, which provides for the opening of 80 restaurants.

• In 2019, with IFRS16 application, a strong impact is expected on the financial statements. We estimate that the recognition of the right of use in the Asset and the corresponding Lease Liability is between 260 and 290 million euros.