



PRESS RELEASE

ROSINTER RESTAURANTS INCREASED CONSOLIDATED REVENUE BY 10% IN 2018

Moscow, April 29, 2019: Rosinter Restaurants Holding PJSC (Rosinter or Rosinter Restaurants or the Company) is one of the major operators in the casual dining restaurant segment in Russia (MICEX-RTS: ticker ROST) announces its operating and financial performance for 2018, in accordance with IFRS.

FINANCIAL AND OPERATING HIGHLIGHTS IN 2018

- **Consolidated revenues** increased by 9.9%, amounted to RUB 7,651 mln in 2018.
- Consolidated gross operating revenues ^[1] increased by 8.8% in 2018 compared to 2017 and amounted to RUB 8,367 mln. The revenues growth related to the aggressive strategy to open new locations and exit from non-profitable assets, which the Company implemented in 2018.
- Rosinter Restaurants opened 35 new restaurants, including 21 corporate and 14 franchising locations.
- Gross revenues of comparable restaurants ^[2] amounted to RUB 5,764 mln in 2018, that increased by 4.6% compared to 2017. The increase of the indicator was due to 2.9% growth in transactions and 1.6% average check increase.
- The franchising network extension pushed up the franchising revenues by 17.4% compared to 2017.
- EBITDA before impairment and write-offs ^[3] amounted to RUB 481 mln in 2018, increased by 19.1% compared to RUB 404 mln in 2017. EBITDA margin amounted to 6.3% in 2018.
- The Company's large-scale investment program in 2018 drove up the restaurant opening expenses to RUB 151 mln (increased by 123.4% in compared to 2017) and resulted in the net loss for the year in amount of RUB 83 mln.

CONSOLIDATED GROSS OPERATING REVENUE PERFORMANCE ^[1] (RUB mln)

Total			Same-store sales growth ^[2]		
2018	2017	% change	2018	2017	% change
8,367	7,690	8,8%	5,764	5,513	4,6%

KEY OPERATING INDICATORS OF COMPARABLE RESTAURANTS

Number of transactions			Average check, roubles		
2018	2017	% change	2018	2017	% change
6,426	6,243	2,9%	897	883	1,6%

Sergey Zaitsev, CEO, Rosinter Restaurants Holding PJSC:

"Results of 2018 indicated the stable trends of Rosinter revenues growth. This is connected with consistent implementation of the Company's strategy aimed at increasing efficiency and stripping off non-profitable assets in 2016/2017. Further connected with intensive development of the network under its key restaurant brands and the start of operational growth in 2018.

At the end of 2018, Rosinter's portfolio rose to 272 restaurants (2017: 259 restaurants). As a result of the large-scale investment program, the Company launched 35 new restaurants, including 21 corporate locations, 14 franchising location. The Company's systemic revenue^[4] rose by 8.6%, to RUB 10,422 mln, of which 26.6% were accounted for franchising partners' income.

The main development of corporate locations accounted on transport hubs. The Company introduced its brand portfolio in the new terminal B at the Sheremetyevo International Airport, Domodedovo and Vnukovo international airports, Moskovsky railway station in St. Petersburg. We boosted not only have the number of restaurants but also completely updated the AmBar and Mama Russia chains concepts, which were specifically developed for transport hubs. City restaurants were also actively updated. At the end of year 2018 the number of updated restaurants in the overall chain exceeded 60%, and for Rosinter's key brand - IL Patio Italian restaurants this indicator is increase to 70%.

The challenging macro-economic environment, low consumer demand and high competition in the casual dining segment required us to maximize efforts and enhance business efficiency looking for additional profit growth drivers. The cost-cutting efforts, food cost operating along with menu updates, service quality improvement, catering and Honored Guest loyalty program development allowed us to generate profit for comparable restaurants.

After the period of intensive corporate network growth our goal for 2019 is to develop franchising and increase EBITDA by improving the current efficiency of the business model. The Company will be focusing on the following objectives:

- development of the delivery system;**
- financial efficiency maximization of the new locations in transport hubs opened in 2018;**
- Honored Guest loyalty program development and usage of customized approach in marketing communications;**
- implementation of a number of personnel management programs that are intended to increase the principles of financial incentives for the restaurants' management depending on performance in specific locations;**
- development and implementation of IT solutions that should become the platform for the Company's operational activities».**

Income statement

(RUB) thousands	12M 2018		12M 2017		% Change Y-o-Y	p.p. change, Y-o- Y
Net revenue	7,650,799	100.0 %	6,962,213	100.0 %	9.9 %	-
<i>Incl. Revenue from restaurants</i>	7,368,526	96.3 %	6,713,752	96.4 %	9.8 %	(0.1)%
<i>Incl. Revenue from franchising</i>	211,385	2.8 %	179,991	2.6 %	17.4 %	0.2 %
Cost of sales	6,375,472	83.3 %	5,789,194	83.2 %	10.1 %	0.1 %
<i>Incl. Food and beverages</i>	1,628,377	21.3 %	1,438,516	20.7 %	13.2 %	0.6 %
<i>Incl. Payroll and related taxes</i>	1,449,434	18.9 %	1,433,433	20.6 %	1.1 %	(1.7)%
<i>Incl. Rent</i>	1,982,658	25.9 %	1,756,371	25.2 %	12.9 %	0.7 %
Gross profit	1,275,327	16.7 %	1,173,019	16.8 %	8.7 %	(0.1)%
SG&A Expenses	843,689	11.0 %	928,380	13.3 %	(9.1)%	(2.3)%
Start-up expenses for restaurants	150,724	2.0 %	67,473	1.0 %	123.4 %	1.0 %
Other gains	9,363	0.1 %	68,222	1.0 %	(86.3)%	(0.9)%
Other losses	102,530	1.3 %	40,314	0.6 %	154.3 %	0.7 %
<i>Incl. Loss on disposal of non-current assets</i>	62,413	0.8 %	19,747	0.3 %	216.1 %	0.5 %
Profit from operating activities before impairment	187,747	2.5%	205,074	2.9 %	(8.4)%	(0.4)%
Loss from/(reversal of) impairment of operating assets	20,807	0.3 %	(110,172)	(1.6)%	(118.9)%	1.9 %
Profit from operating activities after impairment	166,940	2.2 %	315,246	4.5 %	(47.0)%	(2.3)%
Financial expenses, net	288,871	3.8 %	296,682	4.3 %	(2.6)%	(0.5)%
Foreign exchange gain, net	1,121	-	1,782	-	(37.1)%	0.0%
(Loss)/profit before income tax	(120,810)	(1.6)%	20,346	0.3 %	(693.8)%	(1.9)%
Income tax benefit/(expense)	38,175	0.5 %	(12,219)	(0.2)%	(412.4)%	0.7 %
Net (loss)/profit	(82,635)	(1.1)%	8,127	0.1 %	(1116.8)%	(1.2)%
Profit from operating activities before impairment	187,747	2.5%	205,074	2.9 %	(8.4)%	(0.4)%
Depreciation and amortization	230,890	3.0 %	178,976	2.6 %	29.0 %	0.4 %
Loss on disposal of non-current assets	62,413	0.8 %	19,747	0.3 %	216.1 %	0.5 %
EBITDA before impairment and write-offs	481,050	6.3 %	403,797	5.8 %	19.1 %	0.5%

Consolidated revenues amounted to RUB 7,651 mln in 2018, that increased by 9.9% compared to 2017. The restaurants' revenue increased by 4.6% compared to 2017. The trend of growth in restaurant revenue in 2018 was the result of an improvement in food and service quality, the increase in transactions by 2.9% and average check growth by 1.6%. Moreover, the revenue changes were triggered by exit from non-profitable locations (7.0% reduction) and by launch of new restaurants and updating the existing locations (11.9% growth) in 2018. All indicators were calculated as percentage of revenue.

Cost of sales was comparable to the level 2017: the indicator increased by 0.1%, increase in food cost (by 0.6%), rent cost growth (by 0.7%) were compensated by optimization in personnel costs (decreased by 1.7%). All indicators were calculated as percentage of revenue.

The food cost increase was largely caused by increase in food prices in the second half of 2018.* The lease costs increased due to the launch of new locations in 2018.

*The information is supported by the Russian Statistics Committee.

Gross profit margin was equal to 16.7% in 2018 and stood almost at the level of 2017 – 16.8%, which was mainly due to the compensation of the effect from exit from non-profitable locations in 2017 by launching new locations in 2018.

Decreasing in **selling, general and administrative costs** by 9.1% related to implementing a campaign on cost reduction during the last years.

The start-up expenses soared 123.4% compared to 2017. The significant growth in the restaurant opening costs in 2018 resulted from the earlier announced course for the intensive development of the restaurant chain under the key brands and the updating of the existing locations. In 2018, the Company opened 21 corporate locations, compared to 5 locations in 2017. The updated restaurants exceeded 60% in the Rosinter's portfolio at the end of 2018 and for the IL Patio key brand, they were 70%.

Other costs decreased by 86.3% due to the generation of the one-off income from writing off payables in 2017.

The loss from impairment of operating assets in 2018 amounted to RUB 21 mln compared to **the reversal of loss from impairment of operating assets** in 2017 in the amount of RUB 110 mln. The reversal of the impairment loss was the result of a change in the estimates used to determine the asset's recoverable amount in 2017.

The decrease of **net financial expenses** by RUB 8 mln (by 2.6% compared to 2017) was due to the decrease in borrowing costs.

Net loss in 2018 amounted to RUB 83 mln compared to RUB 8 mln **net profit** in 2017. The losses incurred in 2018 were related to the large-scale investment program implemented by the Company in 2018.

Alexey Shorohov, CFO, Rosinter Restaurants Holding PJSC:

"Generally, Rosinter's financial statements for 2018 suggest that the Company reached the operational growth. The net loss is caused by aggressive investment policy, which significantly raised the Company's presence in transport hubs and shopping centers of Moscow. Most restaurants were opened late in 2018, therefore we will witness the Company's positive financial results during 2019.

The principal objective that Rosinter faces is to reduce the debt burden and to align Debt/EBITDA ratio to the comfortable level. And whereas this indicator grew to 7.8 according to 2018 financial statements - as the result of the investment program, the normal Debt/EBITDA, not taking into account the impact of costs on the chain development in 2018, displays the reduction and approximates the level of 6.0, according to our estimates."

Cash flow statement

(RUB) thousands	12M 2018	12M 2017	% Change Y-o-Y
Net cash flow generated from/ (used in) operating activities	381,530	(415,794)	(191.8)%
<i>Incl. Cash flow before changes in operating assets and liabilities</i>	500,239	349,022	43.3 %
<i>Incl. Changes in operating assets and liabilities</i>	263,729	(439,487)	(160.0)%
<i>Incl. Financial and tax cash outflow</i>	(382,438)	(325,329)	17.6 %
Net cash flow used in investing activities	(1,229,159)	(670,053)	83.4 %
Net cash flow from financing activities	842,455	1,127,377	(25.3)%
Effect of exchange rates on cash and cash equivalents	1,183	(2,575)	(145.9)%
Net (decrease)/ increase in cash and cash equivalents	(3,991)	38,955	(110.2)%
Cash & Cash equivalents at beginning of period	152,376	113,421	34.3 %
Cash & Cash equivalents at end of period	148,385	152,376	(2.6)%

The operating cash flow amounted to RUB 382 mln in 2018 as a result of the increase in operating revenues and in payables.

Net investment cash outflow increased by 83.4% in 2018 compared to 2017, due to the Company's implementation of its plans to upgrade and expand the restaurant chain. The Company also implemented the program to upgrade the IT infrastructure (the project to create the commodity accounting system in restaurants was implemented; the BI system was introduced), thus laying the groundwork for further implementation of IT solutions that will enhance business efficiency.

Net financial cash inflow decreased by RUB 842 mln in 2018 compared to RUB 1,127 mln in 2017, at the expense of receipt of additional credit resources under new long-term loan agreements in 2017. The raised funds were applied for implementation of the strategic chain development and upgrading plan.

Loans and liquidity

(RUB) thousands	12M 2018		12M 2017		% Change Y-o-Y
Total Gross Debt	3,934,813	100.0 %	3,091,071	100.0 %	27.3 %
Short-term	982,978	25.0 %	312,406	10.1 %	214.6 %
Long-term	2,951,835	75.0 %	2,778,665	89.9 %	6.2 %
Net Debt	3,786,428	96.2 %	2,938,695	95.1 %	28.8 %
Net Debt / EBITDA before impairment and write-offs	7.8x		7.2x		-

The Company's gross debt amounted to RUB 3,935 mln as of December 31, 2018. The net debt soared 28.8% in 2018 compared to 2017. The debt portfolio is denominated in rubles and 75% of it is accounted for long-term borrowings.

^[1] Unaudited operating revenue includes only total gross sales of corporate restaurants and canteens and does not include revenue from premises sublease, franchise operations and other revenue items.

^[2] Calculation is based on gross operating sales data (including VAT) for the pool of currently operating mature restaurants, which had operated for 18 months as of 31 December 2018.

^[3] EBITDA is calculated by adding back depreciation and amortization to profit from operating activities after impairment. EBITDA measures are not measurements of our operating performance under IFRS and should not be considered as an alternative to profit for the year, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of our liquidity. Our approach to calculating EBITDA may differ from the approach of other companies.

^[4] Systemic revenue - is the total revenue of corporate and franchise restaurants, is calculated by the Company itself and is not an indicator of the audited consolidated financial statements.

Some information in this review may contain "forward-looking statements" which include all statements other than statements of historical fact. Such forward-looking statements can often be identified by words such as "plans", "believes", "anticipates", "expects", "intends", "estimates", "will", "may", "continue", "should" and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's and/or its Management control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made, and the Company and/or its Management does not intend and has no duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained herein to reflect any change in the Company's and/or its Management expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. The information and opinions contained in this review are provided as at the date of this review and are subject to change by the Company's own discretion without notice of any kind and form.

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Note to Editors:

As of 01 April 2019 PJSC Rosinter Restaurants Holding is the leading casual dining restaurant company in Russia and CIS, which operates 270 outlets in 27 cities in Russia, CIS and Central Europe, including Baltic countries. The chain has 162 corporate restaurants and 108 franchised restaurants. The Company develops its own brands IL Patio, Planet Sushi, Shikari, American Bar and Grill, Mama Rasha, and operates under franchise agreements a chain of American restaurants TGI FRIDAYS and a chain of British coffee shops Costa Coffee. In March 2012 Razvitie ROST LLC (a subsidiary of PJSC Rosinter Restaurants Holding) has acquired the right to develop McDonald's brand on a franchise basis in Moscow and Saint Petersburg transportation hubs. Rosinter Restaurants Holding is listed on the Moscow Exchange MICEX-RTS (www.moex.com) under the stock ticker ROST.

Company site: www.rosinter.com

APPENDIX

Consolidated statement of financial position

At December 31, 2018

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	December 31, 2018	December 31, 2017
ASSETS			
Non-current assets			
Property and equipment	6	1,941,211	1,435,757
Intangible assets	7	479,806	84,887
Goodwill	8	143,137	143,137
Long-term loans due from related parties	9	13,800	–
Deferred income tax asset	10	299,208	193,504
Rent deposits and other non-current assets		625,535	583,554
		3,502,697	2,440,839
Current assets			
Inventories	11	200,885	160,179
VAT and other taxes recoverable		55,431	76,055
Income tax receivable		5,327	11,634
Trade and other receivables	12	231,284	174,219
Advances paid	13	213,123	168,674
Receivables from related parties	9	170,828	155,697
Short-term loans		1,261	1,046
Short-term loans due from related parties	9	21,965	21,015
Cash and cash equivalents	14	148,385	152,376
		1,048,489	920,895
Assets classified as a held for sale	15	230,542	230,542
TOTAL ASSETS		4,781,728	3,592,276
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Share capital	16	2,767,015	2,767,015
Additional paid-in capital		2,090,217	2,090,217
Treasury shares	16	(269,337)	(269,337)
Other capital reserves		1,148	7,795
Accumulated losses		(5,031,600)	(4,915,490)
Translation difference		(404,310)	(425,514)
		(846,867)	(745,314)
Non-controlling interests		2,706	2,331
		(844,161)	(742,983)
Non-current liabilities			
Long-term loans and borrowings	18	2,951,835	2,778,665
Finance lease liabilities		76	432
Deferred income tax liabilities	10	88,008	29,619
		3,039,919	2,808,716
Current liabilities			
Trade and other payables	20	1,479,349	1,056,416
Short-term loans and borrowings	18	982,978	312,406
Payables to related parties	9	11,657	8,246
Short-term loans due to related parties	9	11,051	10,067
Current portion of finance lease liabilities		357	532
Short-term liabilities to partners	19	198	526
Deferred income		19,968	48,890
Income tax payable		80,412	89,460
		2,585,970	1,526,543
TOTAL EQUITY AND LIABILITIES		4,781,728	3,592,276

Consolidated statement of profit or loss

For the year ended December 31, 2018

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2018	2017
Revenue	21	7,650,799	6,962,213
Cost of sales	22	(6,375,472)	(5,789,194)
Gross profit		1,275,327	1,173,019
Selling, general and administrative expenses	23	(843,689)	(928,380)
Start-up expenses for restaurants		(150,724)	(67,473)
Other gains	25	9,363	68,222
Other losses	25	(102,530)	(40,314)
Profit from operating activities before impairment		187,747	205,074
(Loss from)/ reversal of impairment of operating assets	26	(20,807)	110,172
Profit from operating activities after impairment		166,940	315,246
Financial income	27	2,544	3,925
Financial expense	27	(291,415)	(300,607)
Foreign exchange gain, net		1,121	1,782
(Loss)/ profit before income tax		(120,810)	20,346
Income tax benefit/(expense)	10	38,175	(12,219)
Net (loss)/ profit for the year		(82,635)	8,127
Attributable to:			
Equity holders of the parent entity		(83,459)	(2,121)
Non-controlling interests		824	10,248
Loss per share	17		
Basic, loss per share, roubles		(5.27)	(0.13)
Diluted, loss per share, roubles		(5.25)	(0.13)

Consolidated statement of cash flows

For the year ended December 31, 2018

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2018	2017
Operating activities			
(Loss)/ profit before tax		(120,810)	20,346
<i>Adjustments to reconcile profit before tax to net cash provided by operating activities:</i>			
Depreciation and amortization	22, 23	230,890	178,976
Foreign exchange gain, net		(1,121)	(1,782)
Financial income	27	(2,544)	(3,925)
Financial expense	27	291,415	300,607
Allowance for impairment/(reversal of write-down) of advances paid, taxes recoverable and receivables	23	20,826	(1,294)
Allowance for impairment/(reversal of write-down) of inventories to net realisable value		919	(5,190)
Loss on disposal of non-current assets	25	62,413	19,747
Loss from / (reversal of) assets impairment	26	20,807	(110,172)
Write-off of trade and other payables	25	(6,853)	(40,492)
(Reversal of)/provision for contingent claims	25	6,596	(6,522)
Share-based payment benefit	28	(2,299)	(1,277)
		500,239	349,022
<i>Changes in operating assets and liabilities:</i>			
(Increase)/ decrease in inventories		(41,171)	13,017
Increase in advances, taxes recoverable, receivables, rent deposits and other non-current assets		(247,493)	(103,007)
Decrease in receivables from related parties		21,232	14,862
Increase/ (decrease) in payables to related parties		3,132	(26,265)
Increase/ (decrease) in trade and other payables		528,029	(338,094)
Net cash generated from/ (used in) operations		763,968	(90,465)
Interest paid		(349,026)	(311,012)
Interest received		1,100	1,567
Income tax paid		(34,512)	(15,884)
Net cash flows generated from/(used in) operating activities		381,530	(415,794)
Investing activities			
Purchases of property and equipment		(833,652)	(256,523)
Issuance of loans to third parties		–	(404,345)
Purchase of intangible assets		(384,483)	(36,330)
Issuance of loans to related parties		(15,325)	(6,600)
Proceeds from disposal of property and equipment		4,301	13,290
Proceeds from repayment of loans issued to third parties		–	2,300
Proceeds from sale of shares in joint ventures		–	18,155
Net cash flows used in investing activities		(1,229,159)	(670,053)

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Consolidated statement of cash flows (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2018	2017
Financing activities			
Proceeds from bank loans		1,680,724	2,075,391
Repayment of bank loans		(837,332)	(944,827)
Payments to partners	19	–	(1,620)
Repayment of related party loans		(1,745)	(195)
Proceeds from related party loans		2,730	3,850
Repayment of lease obligation		(1,518)	(1,107)
Acquisition of treasury shares		–	(2,506)
Dividends paid to shareholders		(404)	(1,609)
Net cash flows generated from financing activities		842,455	1,127,377
Effect of exchange rate on cash and cash equivalents		1,183	(2,575)
Net (decrease)/increase in cash and cash equivalents		(3,991)	38,955
Cash and cash equivalents at beginning of the year		152,376	113,421
Cash and cash equivalents at end of the year		148,385	152,376