



SFINKS POLSKA S.A.

# Sfinks Polska 2.0



Warsaw, November 19th, 2015

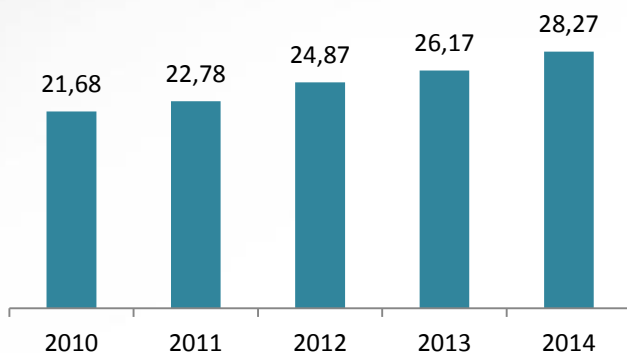
**SPHINX**  
RESTAURACJE

**福 WOK**  
RESTAURACJE

**Chtopskie jądło**  
Restauracje

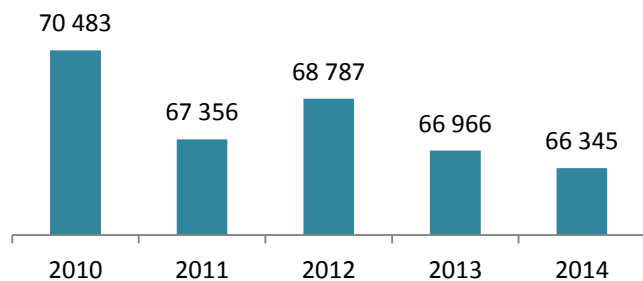
# GASTRONOMIC MARKET OVERVIEW

**Sales from gastronomic business  
(in billion PLN)**



Source: Central Statistical Office of Poland

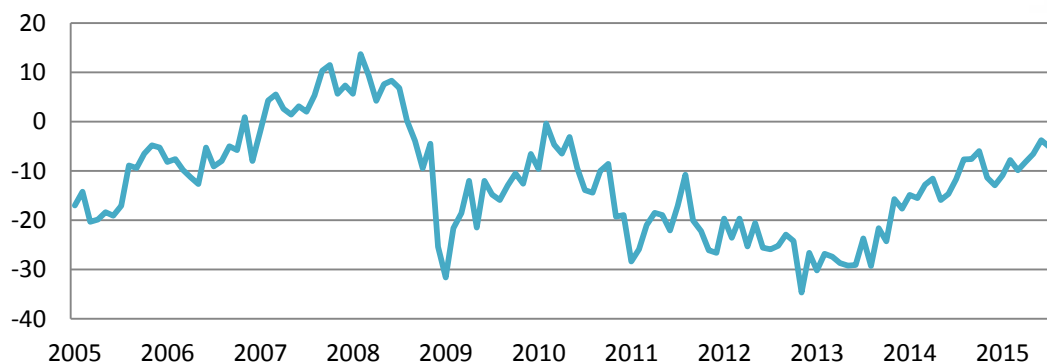
**The number of gastronomic  
outlets**



Source: Central Statistical Office of Poland

- ✓ Increase of sales in HoReCa outlets by 8% (14' vs. 13')
- ✓ Decrease of the number of gastronomic outlets by 1% (14' vs. 13') while the number of restaurants has increased at that time by 7,5% (from 16 202 in 2013 up to 17 414 in 2014)
- ✓ Noticeable improvement of Polish Consumer Optimism Index by 3,6 points YoY (October)

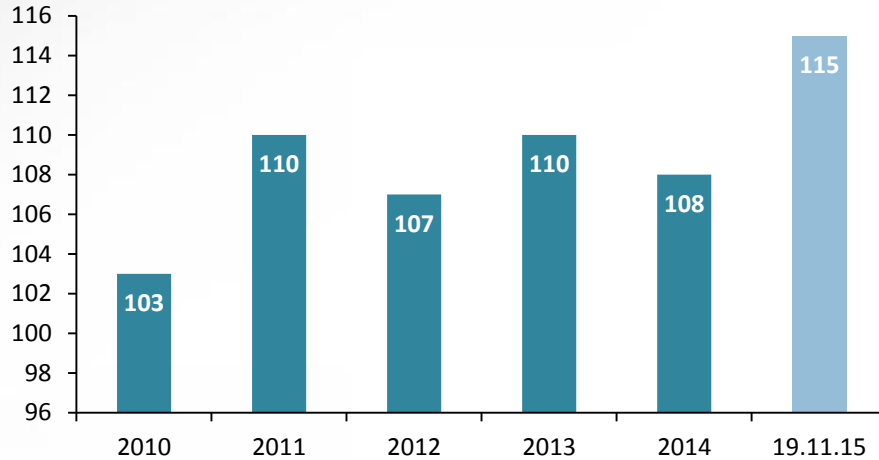
**TNS Consumer Index**



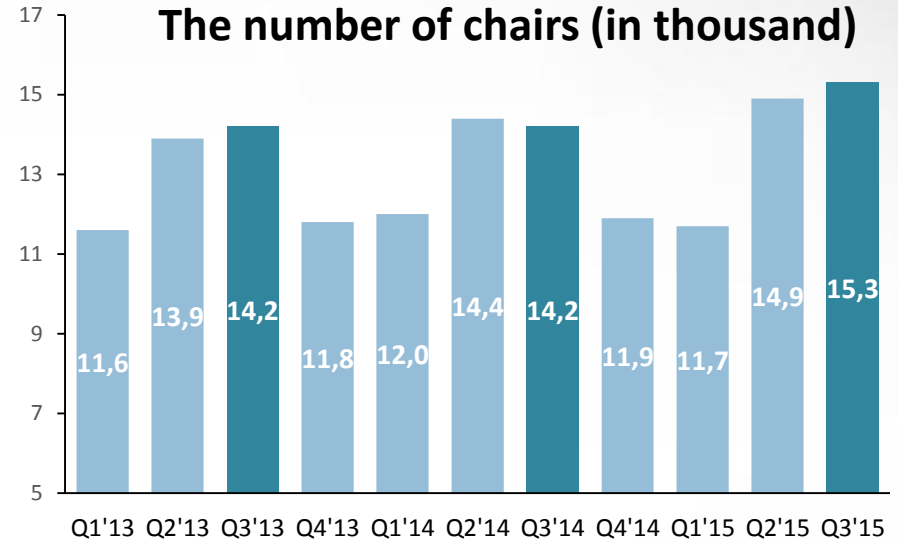
Source: TNS

# CONSISTENT DEVELOPMENT OF A PROFITABLE CHAIN

The number of restaurants

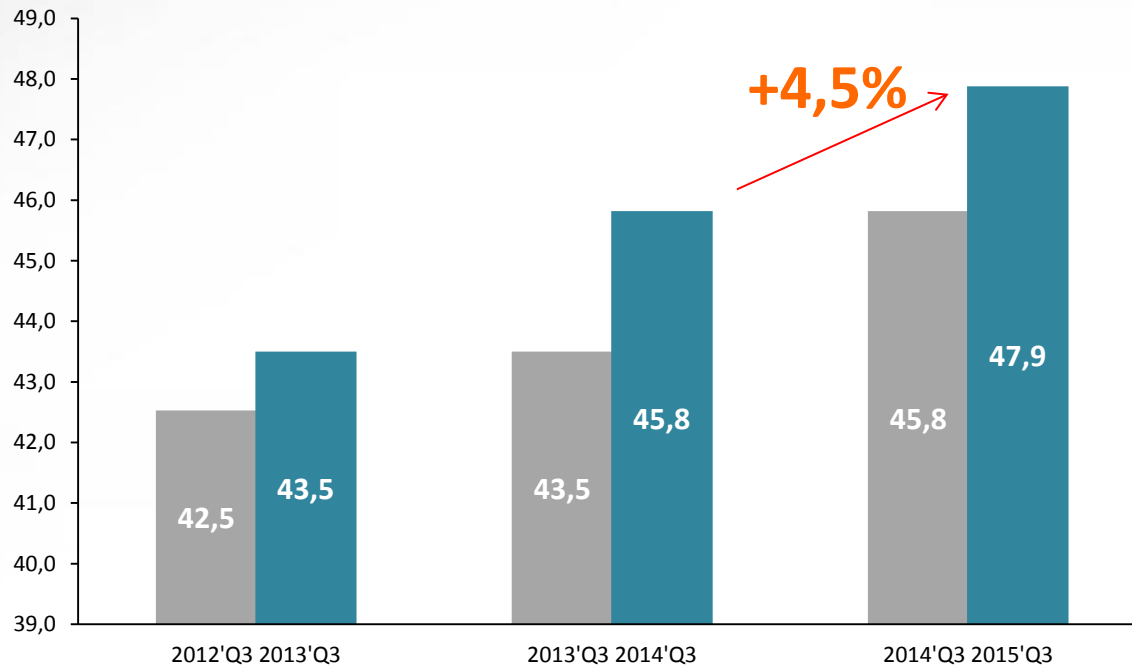


The number of chairs (in thousand)



**Restaurant openings finalised up to 19.11.2015: 13**  
**Meeting the assumed min. 30% ROI target**

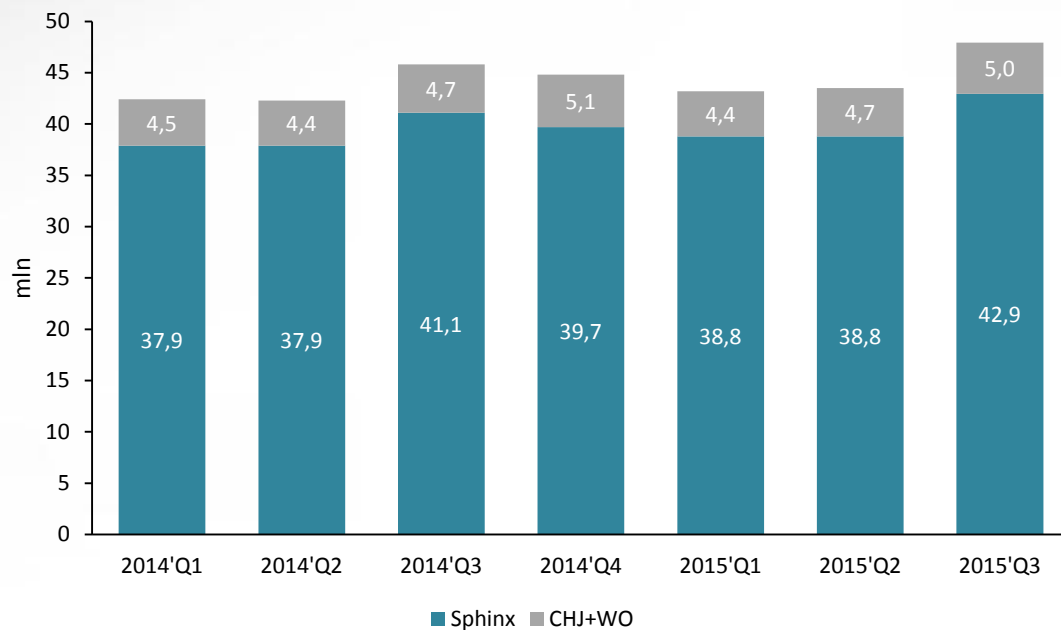
# GASTRONOMIC SALES



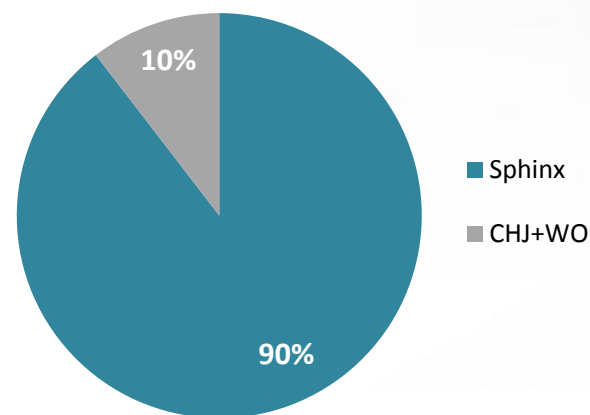
- ✓ Increase of chain's gastronomic sales in Q3 2015 by 2,1 mPLN (+4,5% YoY)

Gastronomic revenue of Sfinks Polska Capital Group and franchise revenue are shown as gastronomic sales, detailed information is presented in the Management Report on the operations of Sfinks Polska Capital Group.

# GASTRONOMIC SALES – by brands



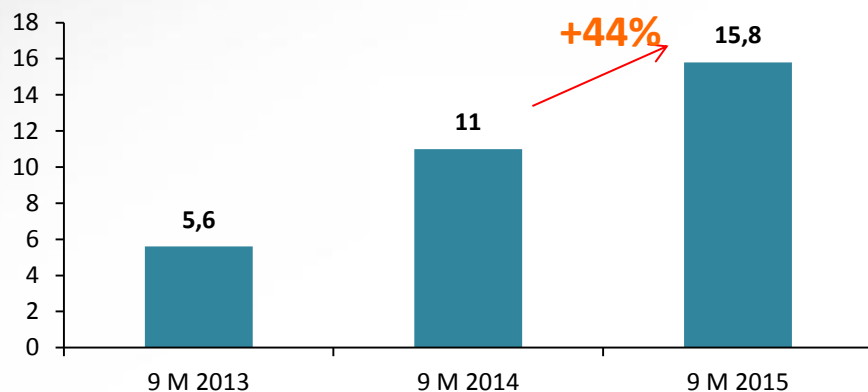
Gastronomic sales structure in Q3'15



**+4,5% - total turnover growth of SPHINX restaurants in Q3 (YoY)**  
**+12,9% - total turnover growth of Chtopskie Jadło restaurants in Q3 (YoY)**

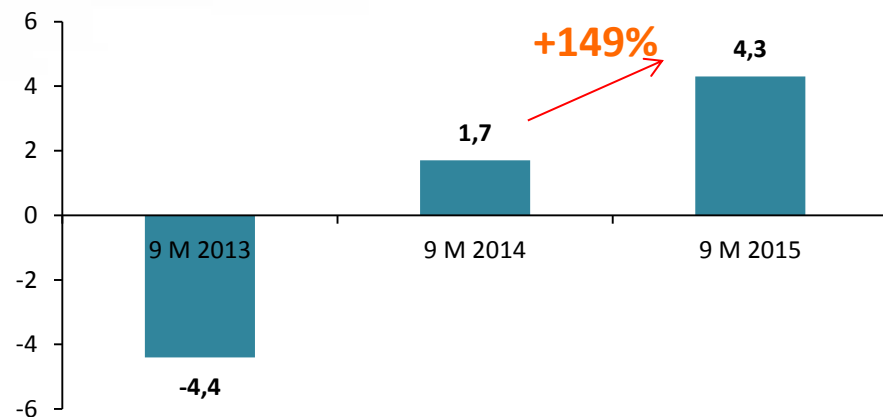
# IMPROVEMENT OF RESULTS

EBITDA (in mPLN)



- ✓ Continuation of the positive trend of EBITDA growth
- ✓ Growth of net profit despite the fact that as of 2015 income tax is imposed on it, amounting to 2,8 mPLN after 9 months of 2015

Net profit (in mPLN)



- ✓ Income tax does not result in cash outflow because the company carries forward the loss from previous years

# RESULTS 9M'15

kPLN

Standalone result	9M'2015	9M'2014	9M'2013	change 2015 / 2014 %
Sales revenue	130 289	122 516	102 357	6%
Cost of goods sold	-108 372	-102 406	-87 046	-6%
<b>Gross profit on sales</b>	<b>21 917</b>	<b>20 110</b>	<b>15 311</b>	9%
<b>Operating profit</b>	<b>9 269</b>	<b>4 492</b>	<b>-660</b>	106%
<b>Gross profit</b>	<b>7 089</b>	<b>1 730</b>	<b>-4 383</b>	310%
<b>Net profit</b>	<b>4 300</b>	<b>1 730</b>	<b>-4 383</b>	149%
Standalone EBITDA	15 849	11 022	5 647	44%
<b>Net profit/ Sales</b>	<b>3,3%</b>	<b>1,4%</b>	<b>-4,3%</b>	
<b>EBITDA / Sales</b>	<b>12,2%</b>	<b>9,0%</b>	<b>5,5%</b>	



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# Version 2.0



Warsaw, November 19th, 2015

**SPHINX**  
RESTAURACJE

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Restauracje



## BASIS FOR CHANGES

- ✓ No agreement from the banks to finance the development of the network through bond issuing
- ✓ The repayment schedule of old loans limiting the development to a great extent
- ✓ Ensuring stable financing for the strategy implementation
- ✓ Reducing the risk connected with financing
- ✓ Improving the balance sheet of the company



- ✓ Taking advantage of the market situation to build a profitable restaurant chain

## CONDITIONS OF NEW LOAN FACILITY IN BOŚ

- ✓ Refinancing of capital, a write-off of interest in 100%
- ✓ Decrease in debt: 81,7 mPLN vs. 92 mPLN at this moment (vs. 110 mPLN in 2014 strategy)
- ✓ Loan period: 7 years, a 12-month grace period on capital repayment
- ✓ Interest: WIBOR 3M + 2,80%, interest rate risk hedged (IRS)
- ✓ Interest expenses at the level assumed in the forecast in 2014 (in total from loans and bonds)
- ✓ Repayment in tranches: 32 mPLN in 2015 (incl. PKO BP) and 50 mPLN in 2016 (ING)

**The requirement for starting the credit is positive equity**

# CAPITAL INCREASE

Issue of series N shares as part of private subscription

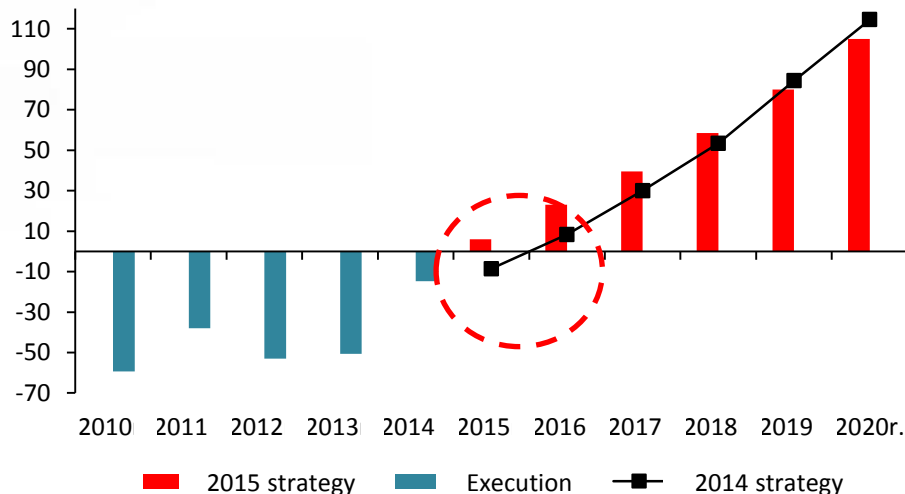
**Recapitalization of the company amounting to  
12 mPLN**

Capital increase enables debt restructuring

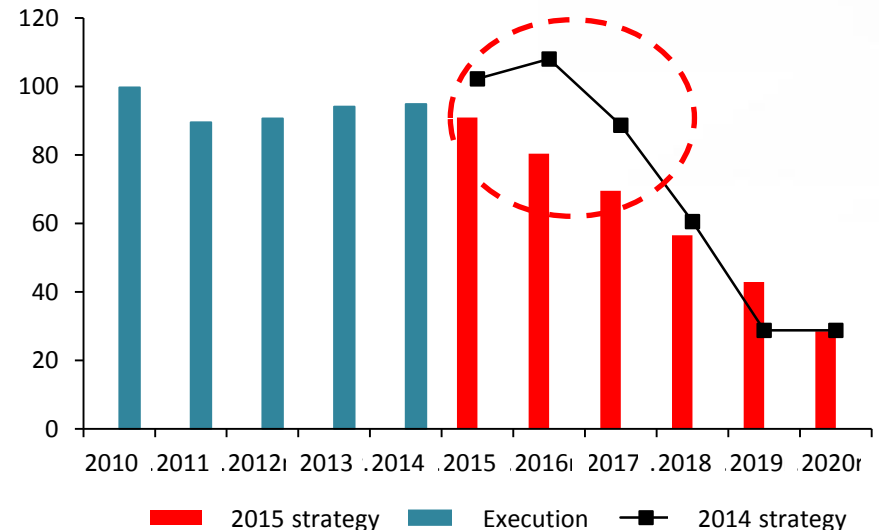
# EFFECTS OF RESTRUCTURING

- ✓ Positive equity:
  - Issue intended to be used for development: +12 mPLN
  - Net result due to the write-off of interest: +10 mPLN
- ✓ Increase of credibility connected with a better balance sheet of the company
- ✓ The doors open for cooperation with financial institutions

Equity (mPLN)



Debt (mPLN)



# NEW ASSUMPTIONS REGARDING RESTAURANT CHAIN DEVELOPMENT

## SPHINX

- ✓ Strategic investment goal – the development of brand's restaurants based on a verified model
- ✓ Chain with a potential for international growth

## Chtopskie Jadło

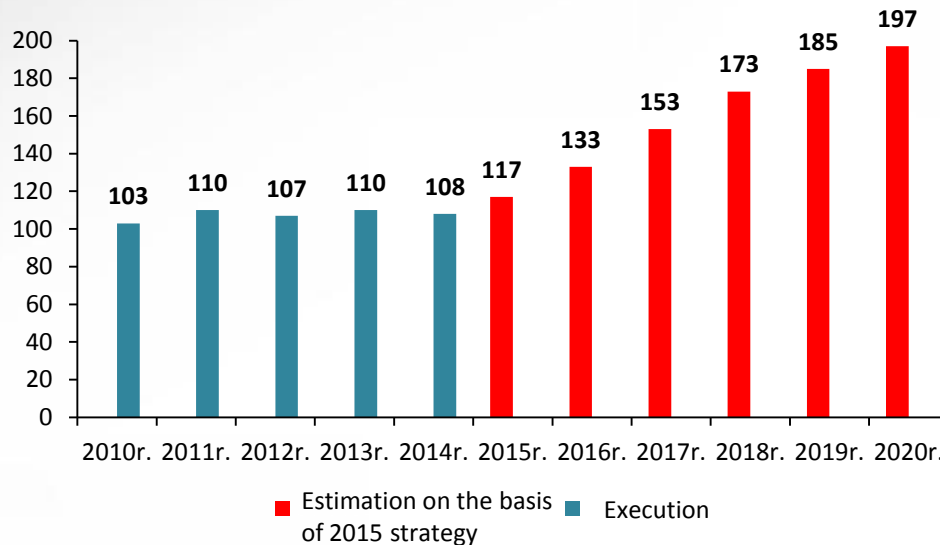
- ✓ Doubling of the size of the network by 2020
- ✓ Maintaining restaurants' efficiency –  $(\text{rent} + \text{margin}) / (\text{sales revenue})$  – at the level of min. 35%

## WOOK

- ✓ Chain development within Shanghai Express company
- ✓ Doubling the size of the network by 2020 based on Shanghai Express' own funds
- ✓ Results of the chain not included in the forecast due to a „standalone” character of the forecast

# INCREASE OF THE SCALE OF CHAIN DEVELOPMENT

The number of restaurants



- ✓ Financing of chain development secured
  - with no debt increase
  - with no other issue of shares
- ✓ Possibility to carry out a greater number of restaurant openings

## The difference in the pace of network development (pcs)

	2015	2016	2017	2018	2019	2020
The estimated number of restaurants according to 2015 strategy	16	16	20	20	12	12
The estimated number of resta restarants according to 2014 strategy	22	18	11	6	6	6
<b>Difference</b>	<b>-6</b>	<b>-2</b>	<b>9</b>	<b>14</b>	<b>6</b>	<b>6</b>

**+27**

Estimations on the basis of an average cost of a restaurant opening. The actual number of openings will depend on the size of restaurants.

# FINANCIAL FORECAST

**Goal: to adjust forecast to new financial parameters**

## **Business assumptions for the forecast:**

- ✓ EBITDA margin of company-owned restaurants based on the past financial results circa 19%
- ✓ EBITDA margin of already existing franchise restaurants at the level of 7%, no increase assumed
- ✓ Regular credit repayment, a decrease of Debt/EBITDA ratio to 0,5
- ✓ Investments with min. 30% ROI

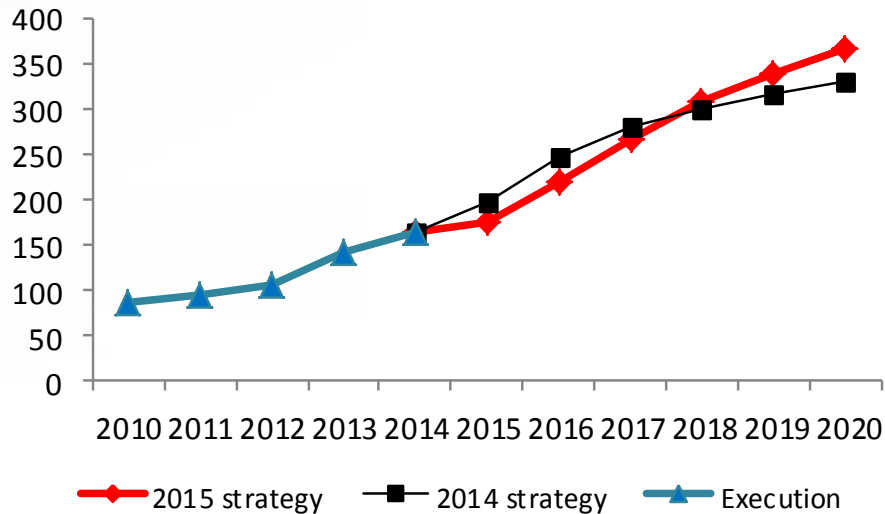
## **Elements included in the forecast:**

- ✓ Executing the annexes signed with banks: PKO BP and ING (full repayment + a 100% write-off of interest)
- ✓ Financing of development with the funds owned, with no issue of additional debt
- ✓ Provision amounting to 1% of sales revenue for potential costs that could not be predicted at the stage of planning charged to financial result
- ✓ The use of tax shield

# REVENUE FORECAST

Comparable periods (12 months)

Sales revenue (mPLN)



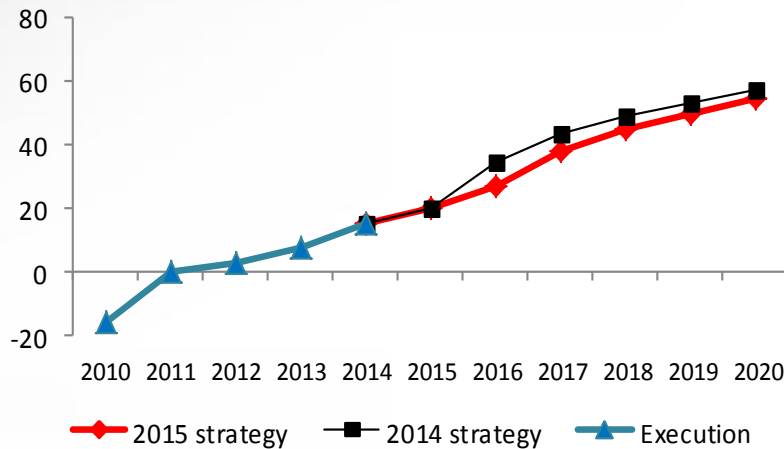
- ✓ Projected sales revenue in 2020 at the level of **367,6 mPLN**, that is 11% higher than predicted in 2014 strategy
- ✓ Increase of the number of new restaurant openings
- ✓ Maintaining the assumption of min. 30% ROI concerning new locations



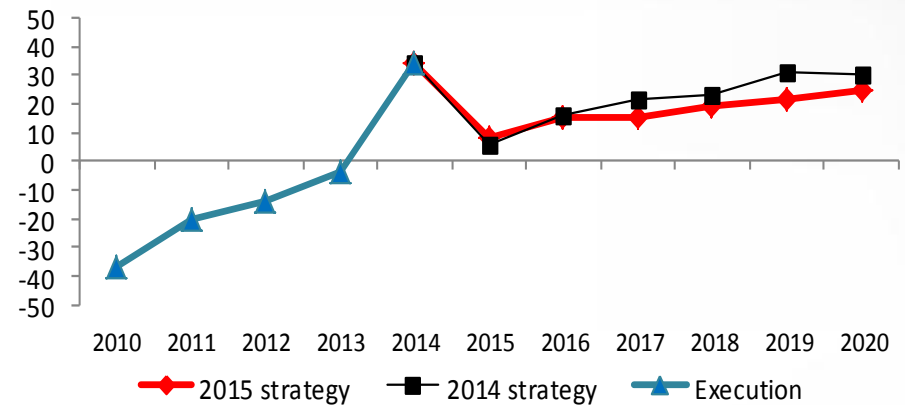
# EBITDA AND NET PROFIT

Comparable periods (12 months)

Company's EBITDA (mPLN)



Net profit (mPLN)



✓ Projected EBITDA of the company in 2020 amounting to **54,2 mPLN**

✓ Projected standalone net profit in 2020 at the level of **24,9 mPLN**

- Maintaining a positive EBITDA and net profit growth trend
- Additional provision in the amount of 1% of sales revenue for potential costs that could not be predicted at the stage of planning charged to those results in comparison to 2014 forecast

# RESULTS BASIC FINANCIAL PARAMETERES

## Current forecast

mPLN	Execution	Estimation	Est.	Est.	Est.	Est.	Est.
	2014	2015	2016	2017	2018	2019	2020
<b>Standalone result</b>							
Sales revenue	165,4	175,9	219,2	265,9	308,9	340,5	367,6
Sales YoY	17%	6%	25%	21%	16%	10%	8%
Net profit	34,6	8,1	15,0	15,5	18,9	21,6	24,9
Net profit/ Sales	21%	5%	7%	6%	6%	6%	7%
EBITDA	15,1	20,1	27,2	37,8	44,6	49,6	54,2
EBITDA / Sales	9%	11%	12%	14%	14%	15%	15%
Equity	-14,7	6,0	23,1	39,5	58,4	80,1	105,0
Debt	94,9	91,0	80,4	69,6	56,6	42,9	28,5
Debt/ EBITDA	6,3	4,5	3,0	1,8	1,3	0,9	0,5

# EXPECTED SHARE PRICE

	<b>Ratio*</b>	<b>2015</b>
AmRest	P/E	32,14
AmRest	EV/EBITDA	11,86

	<b>P/E</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Sfinks	Net profit [mPLN]	8,1	15,0	15,5	18,9	21,6	24,9
Sfinks	Price [PLN]	8,71	16,06	16,63	20,29	23,19	26,67

	<b>EV/EBITDA</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Sfinks	EBITDA [mPLN]	20,1	27,2	37,8	44,6	49,6	54,2
Sfinks	EV	238,7	323,1	447,8	529,1	588,5	643,0
Sfinks	Price [PLN]	4,92	8,09	12,61	15,75	18,18	20,48

\* Source: Bloomberg

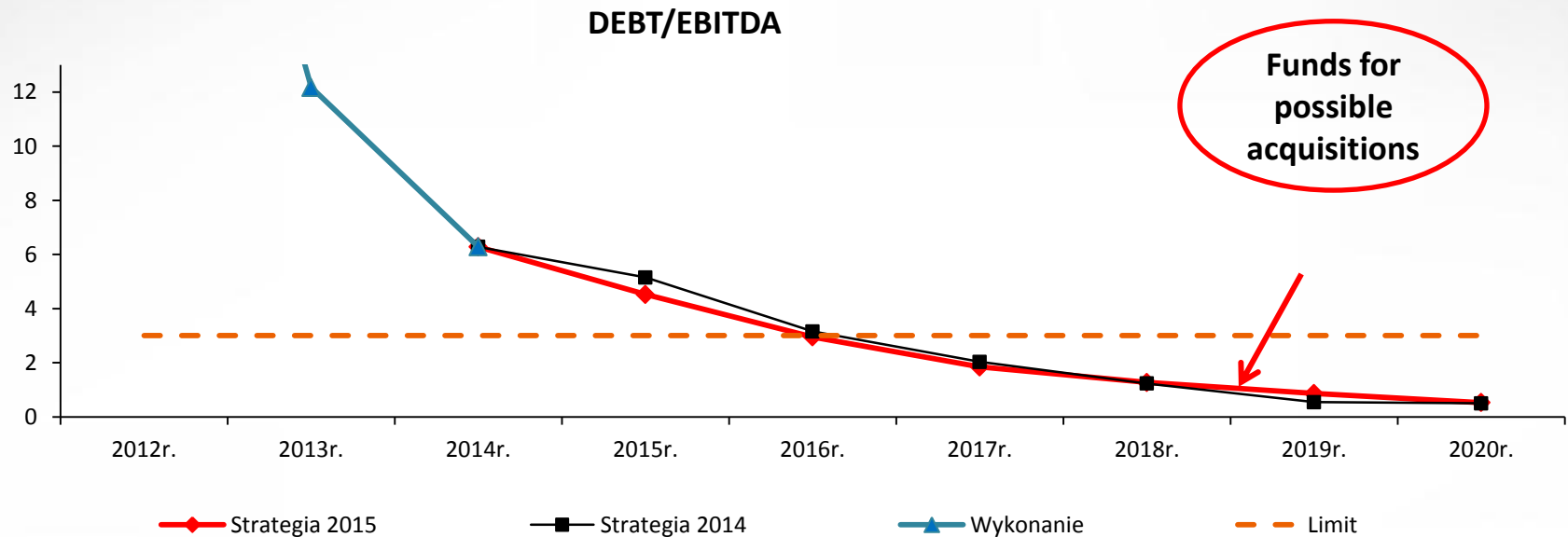
The estimation performed on a maximum number of shares allowed by the status that is 30 million pieces.

## ADDITIONAL POTENTIAL

### The forecast presented does not include:

- ✓ Additional chain development based on the purchase of real estate by SPVs
- ✓ Additional chain development based on the cooperation with real estate funds
- ✓ Acquisition of other chains
- ✓ WOOK chain development
- ✓ Chain development in the franchise and master franchise system
- ✓ Possible reversal of provision for the Chłopskie Jadło trademark
- ✓ Making full use of financial leverage at the level of Debt/EBITDA=3,5

# INVESTMENT POTENTIAL OF THE COMPANY



The company's potential to generate cash with the ratio Debt/EBITDA=3,5

	2016	2017	2018	2019	2020
<b>DEBT/ EBITDA</b>	3,5	3,5	3,5	3,5	3,5
<b>Potential funds for investment (mPLN)</b>	22	64	100	143	191

# COMPARISON OF RESTAURANT MODELS

The model of SPHINX restaurants based on rent vs the model based on real estate purchase by SPV limited partnership

	Space rental	Real estate purchase	
	Comparable	Repayment period	After repayment
SPHINX restaurant model	Comparable	Repayment period	After repayment
Gastronomic sales	100%	100%	100%
Rent/instalments of principal and interest	18%	32%	0%
<b>EBITDA/sales</b>	<b>24%</b>	<b>10%</b>	<b>42%</b>

• interest  
 • principal instalment  
 • surplus to secure the liquidity risk

- ✓ In a model based on real estate purchase in the period of purchase loan repayment the EBITDA margin is lower than the average for the already existing restaurants (min 10%)
- ✓ After the loan is repaid restaurants will become the property of Sfinks Polska and they will generate EBITDA at the level of circa 42% (no rent and purchase loan service costs)

## SUMMARY

- ✓ Decrease of debt to 82 mPLN, the write-off of 100% interest
- ✓ Adjusting the strategy and forecast to the new loan facility
- ✓ Ensuring funds in order to meet the forecast
- ✓ Positive equity as early as 2015
- ✓ About 200 restaurants in 2020
- ✓ Min. 30% ROI on the basis of results achieved

# HOW TO PARTICIPATE IN ISSUE OF SHARES?

**November 19th 2015**  
opening of the  
subscription of series N  
shares



**November 19th-23 rd  
2015**  
book-building

- ✓ Investors owning at least 1% stock of Sfinks on November 18th, 2015 have priority in allotment of shares proportionally to the number of shares owned divided by shares in total
- ✓ Offer price to be set by the board after book-building process is finished
- ✓ Book-building via e-mail: [ir@sfinks.pl](mailto:ir@sfinks.pl)





# ATTACHMENTS

# RESULTS – BASIC FINANCIAL PARAMETRES

## 2015 forecast

mPLN	Execution	Execution	Execution	Execution	Execution	Est.	Est.	Est.	Est.	Est.	Est.
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020r
<b>Standalone statement</b>											
Sales revenue	86,4	95,3	107,2	141,2	165,4	175,9	219,2	265,9	308,9	340,5	367,6
Sales YoY		10%	13%	32%	17%	6%	25%	21%	16%	10%	8%
Net profit	-36,6	-19,9	-13,7	-3,6	34,6	8,1	15,0	15,5	18,9	21,6	24,9
Net profit / Sales	-42%	-21%	-13%	-3%	21%	5%	7%	6%	6%	6%	7%
Net profit YoY		-46%	-31%	-74%	-1061%	77%	84%	4%	22%	14%	15%
EBITDA	-15,7	0,1	2,7	7,7	15,1	20,1	27,2	37,8	44,6	49,6	54,2
EBITDA / Sales	-18%	0%	2%	5%	9%	11%	12%	14%	14%	15%	15%
EBITDA YoY		----	----	191%	95%	33%	35%	39%	18%	11%	9%
Equity	-59,3	-38,1	-53,0	-50,6	-14,7	6,0	23,1	39,5	58,4	80,1	105,0
Debt	99,8	89,6	90,7	94,2	94,9	91,0	80,4	69,6	56,6	42,9	28,5
Debt / EBITDA	----	----	34,1	12,2	6,3	4,5	3,0	1,8	1,3	0,9	0,5

## 2014 strategy

mPLN	Execution	Execution	Execution	Execution	Execution	Str.	Str.	Str.	Str.	Str.	Str.
	2010r.	2011r.	2012r.	2013r.	2014r.	2015r.	2016r.	2017r.	2018r.	2019r.	2020r.
<b>Standalone statement</b>											
Sales revenue	86,4	95,3	107,2	141,2	165,4	198,5	247,1	279,9	300,5	316,2	332,0
Sales YoY		10%	13%	32%	17%	20%	24%	13%	7%	5%	5%
Net profit	-36,6	-19,9	-13,7	-3,6	34,6	5,6	16,5	21,6	23,4	30,9	30,2
Net profit / Sales	-42%	-21%	-13%	-3%	21%	3%	7%	8%	8%	10%	9%
Net profit YoY		-46%	-31%	-74%	-1061%	-84%	194%	31%	8%	32%	-2%
EBITDA	-15,7	0,1	2,7	7,7	15,1	19,9	34,2	43,6	49,1	53,0	57,3
EBITDA / Sales	-18%	0%	2%	5%	9%	10%	14%	16%	16%	17%	17%
EBITDA YoY		----	----	191%	95%	31%	72%	27%	13%	8%	8%
Equity	-59,3	-38,1	-53,0	-50,6	-14,7	-8,6	8,4	30,0	53,4	84,3	114,5
Debt	99,8	89,6	90,7	94,2	94,9	102,3	108,0	88,7	60,6	28,7	28,7
Debt / EBITDA	----	----	34,1	12,2	6,3	5,1	3,2	2,0	1,2	0,5	0,5

# STANDALONE BALANCE SHEET

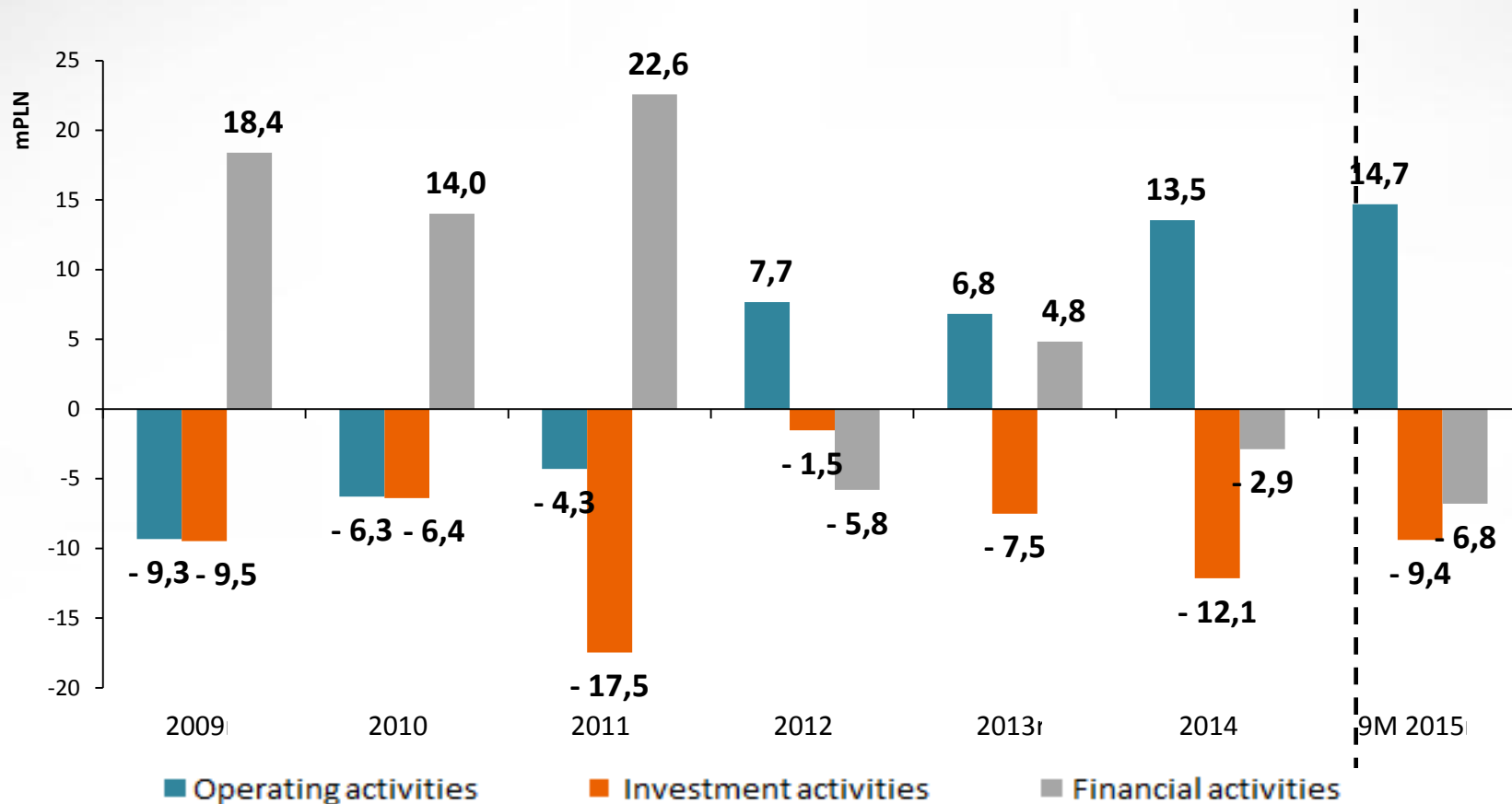
Standalone balance sheet	30.09.2015	30.09.2014	change	change %
<b>Fixed assets</b>	<b>84 430</b>	<b>50 452</b>	<b>33 978</b>	<b>67,3%</b>
Intangible assets	18 189	3 034	15 155	499,5%
Tangible fixed assets	35 334	31 335	3 999	12,8%
Long-term receivables	1 707	2 811	-1 104	-39,3%
Long-term investments	4 446	3 578	868	24,3%
Long-term financial assets	7350	8000	-650	-8,1%
Deferred tax assets	17 404	1 694	15 710	927,4%
<b>Current assets</b>	<b>23 757</b>	<b>15 458</b>	<b>8 299</b>	<b>53,7%</b>
Inventory	2 433	2 233	200	9,0%
Short-term receivables	16 558	8 592	7 966	92,7%
Short-term financial assets	0	0	0	
Short-term investments	4 766	4 633	133	2,9%
<b>TOTAL ASSETS</b>	<b>108 187</b>	<b>65 910</b>	<b>42 277</b>	<b>64,1%</b>
<b>Equity</b>	<b>-10 012</b>	<b>-47 938</b>	<b>37 926</b>	<b>-79,1%</b>
Share capital	26 753	26 753	0	0,0%
Paid-in capital, non-authorized/other	1704	975	729	74,8%
Supplementary capital	137 779	137 779	0	0,0%
Previous years profit (loss)	-215 175	-215 175	0	0,0%
Net profit (loss)	38927	1730	37197	2150,1%
<b>Liabilities and provisions for liabilities</b>	<b>118 199</b>	<b>113 848</b>	<b>4 351</b>	<b>3,8%</b>
Provisions for liabilities	5 341	5 476	-135	-2,5%
Long-term liabilities	82 371	90 623	-8 252	-9,1%
Short-term liabilities	30 487	17 749	12 738	71,8%
<b>TOTAL LIABILITIES</b>	<b>108 187</b>	<b>65 910</b>	<b>42 277</b>	<b>64,1%</b>

# CONSOLIDATED RESULT 9M'15 vs 9M'14

in kPLN

Consolidated result	9M'2015	9M'2014	change	Change %
Sales revenue	132 943	126 833	6 110	4,8%
Cost of goods sold	-111 946	-106 634	-5 312	-5,0%
<b>Gross profit (loss) on sales</b>	<b>20 997</b>	<b>20 199</b>	<b>798</b>	<b>4,0%</b>
General&administrative expenses	-16 435	-15 336	-1 099	-7,2%
Other operating revenues	5 963	1 810	4 153	229,4%
Other operating expenses	-2 106	-1 652	-454	-27,5%
<b>Operating profit (loss)</b>	<b>8 419</b>	<b>5 021</b>	<b>3 398</b>	<b>67,7%</b>
Financial revenues	218	301	-83	-27,6%
Financial expenses	-2 398	-3 084	686	22,2%
<b>Profit (loss) before tax</b>	<b>6 239</b>	<b>2 238</b>	<b>4 001</b>	<b>178,8%</b>
Income tax	-2 811	-8	-2 803	
<b>Net profit (loss)</b>	<b>3 428</b>	<b>2 230</b>	<b>1 198</b>	<b>53,7%</b>
<i>attributed to:</i>				
<i>shareholders of the parent company</i>	3 395	2 612	783	30,0%
<i>minority shareholders</i>	32	-382	414	108,4%

# THE COMPANY'S STANDALONE CASH FLOW



The development of the network financed from the operating activities

# STANDALONE CASH FLOW 9M 2015

Standalone cash flow	9M'2015	9M'2014	change	change%
	7 090	1 730	5 360	310%
<b>Adjustments:</b>	7 597	9 205	-1 608	-17%
Amortization	6 581	6 529	52	1%
Liquidation of fixed assets	201	399	-198	-50%
Allowance for shares and granted loans	-193	0	-193	
Interest yield	-123	-178	55	-31%
Interest expenses	2 066	3 004	-938	-31%
Profit/loss on sale of fixed assets	0	21	-21	-100%
Other	433	937	-504	-54%
<b>Change in current assets</b>	<b>-1 369</b>	<b>-1 507</b>	<b>138</b>	<b>-9%</b>
Inventory	-189	-294	105	-36%
Trade receivables and other receivables	-5 529	340	-5 869	-1726%
Trade liabilities and other liabilities	4 349	-1 553	5 902	-380%
<b>Net cash flows from operating activities</b>	<b>14 687</b>	<b>10 935</b>	<b>3 752</b>	<b>34%</b>
Proceeds from sale of fixed assets	0	158	-158	
Proceeds from repayment of granted loans	96	90	6	7%
Capital expenditure	-9 346	-9 127	-219	2%
Establishment of long-term bank deposits	-100	-2 750	2 650	
Loans granted	-128	-410	282	
Interest earned	99	153	-54	-35%
<b>Net cash flows from investment activities</b>	<b>-9 379</b>	<b>-11 886</b>	<b>2 507</b>	<b>-21%</b>
Interest paid	-233	-164	-69	42%
Credits and loans repayment	-5 911	-1 800	-4 111	228%
Own share issuance costs	-1	-2	1	-50%
Repayment of finance lease	-654	-182	-472	259%
<b>Net cash flows from financial activities</b>	<b>-6 799</b>	<b>-2 148</b>	<b>-4 651</b>	<b>217%</b>
<b>Increase (decrease) in net cash</b>	<b>-1 491</b>	<b>-3 099</b>	<b>1 608</b>	<b>-52%</b>
Cash opening balance	6 257	7 732	-1 475	-19%
Cash closing balance	4 766	4 633	133	3%

# CONTACT

**Kinga Szkutnik**

**Practum Consulting**

Phone: 609 884 480

E-mail: [kinga.szcutnik@practum.pl](mailto:kinga.szcutnik@practum.pl)

**Iwona Wiącek**

**Practum Consulting**

Phone: 666 30 30 06

E-mail: [iwona.wiacek@practum.pl](mailto:iwona.wiacek@practum.pl)

**Anna Omelańska**

**Practum Consulting**

Phone: 666 366 188

E-mail: [anna.omelanska@practum.pl](mailto:anna.omelanska@practum.pl)