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Vapiano SE publishes its consolidated financial statements for the fiscal year 2018 and the first quarter of 2019

- Group net sales in the fiscal year 2018 increased to EUR 371.5 million (+14.4%), in first quarter of 2019 to EUR 97.9 million (+13.4%)
- Like-for-like decline in sales of -1.0% in 2018; in Q1 2019 -3.5%
- Adjusted EBITDA[1] in 2018: EUR 29.0 million (including effect from the sale of the US business[2]), in Q1 2019: EUR 4.0 million (including effect from the sale of the US business[2])
- Strategic transitional year 2019, focussing on profitable growth

Cologne, 17 June 2019 – Vapiano SE (ISIN: DE000A0WMNK9, Ticker symbol: VAO) has today published its consolidated financial statements for the fiscal year 2018 and the first quarter of 2019. The increase in Group net sales (corporate and consolidated joint venture restaurants) of 14.4% to EUR 371.5 million achieved in 2018 (2017: EUR 324.7 million) is due in particular to the opening of new restaurants abroad. While sales in the Germany segment increased only slightly (+3%), the Rest of Europe (+18.9%) and Rest of World (+74.3%) segments recorded significantly stronger sales growth. Adjusted like-for-like sales, which exclude newly opened restaurants and remodelings, declined slightly by -1.0%. With a slight increase of +0.5%, the Germany segment was unable to offset the decline in the Rest of Europe (-2.8%) and Rest of World (-0.2%) segments.

Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA[1]) amounted to EUR 29.0 million in 2018 (2017: EUR 38.8 million), taking into account the effect of the sale of the US business. The adjusted EBITDA margin reduced accordingly from 11.9% in the previous year to 7.8%.

In the financial year 2018, depreciation and amortisation increased significantly year-on-year from EUR 41.2 million to EUR 79.7 million. On the one hand, this is due to the expansion-related increase in scheduled depreciation on property, plant and equipment invested in the restaurants. On the other hand, it was necessary to report unscheduled write-downs of EUR 34.5 million. Other operating expenses increased significantly by EUR 24.4 million to EUR 127.6 million, mainly due to the increase in the number of restaurants operated and the associated increase in operating costs. Overall, the consolidated results for 2018 were clearly negative due to the disappointing operating performance and considerable one-off effects in the amount of EUR 65 million, amounting to EUR -101.0 million (2017: EUR -29.6 million).

Net debt rose to EUR 173.7 million, compared with EUR 116.2 million as at 31 December 2017. At the end of 2018, Vapiano had equity of EUR 46.9 million, which corresponds to an equity ratio of 13.3%, compared with 37.4% at the end of December 2017.

Due to the negative operating business performance and the newly opened restaurants in the ramp-up phase, the operating cash flow before interest declined significantly and amounted to EUR 9.3 million in the past fiscal year (2017: EUR 20.7 million). The net cash flow from investment activities fell from EUR 78.5 million to EUR 65.8 million due to the reduction in the number of the company's newly opened own restaurants compared to the previous year. Net cash inflow provided by financing activities amounted to EUR 78.4 million (2017: EUR 70.9 million).

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In 2018, Vapiano opened 32 new restaurants globally while at the same time closing six existing restaurants. The international presence therefore expanded to 231 restaurants in 33 countries on five continents. Take-away and delivery service stations had been implemented in 129 restaurants at the end of the fiscal year.

In the first quarter of 2019, Group net sales increased by 13.4% year-on-year to EUR 97.9 million (Q1 2018: EUR 86.3 million). Like-for-like sales declined by 3.5% overall compared to the same period last year. Adjusted EBITDA in the first three months of 2019 amounted to EUR 4.0 million (Q1 2018: EUR 9.3 million), taking into account the effect of the sale of the US business. Effects from the first-time application of the new provisions of IFRS 16 on lease accounting were included in the adjustments. The main reason for the decline was the year-on-year increase in ramp-up losses from the newly opened restaurants in the 2018 financial year.

Cornelius Everke, CEO of Vapiano SE: “The past fiscal year was a challenging and, unfortunately, very disappointing year for Vapiano. The previous strategy, which was strongly focused on growth and expansion, did not achieve the desired results. For this reason, we have adjusted our strategy significantly in recent months and we will focus more on our profitability and, above all, on our core markets in the coming years. Although our initial measures are already showing results, we are still seeing a significant decline in guest numbers in the first quarter of 2019. We therefore regard the current financial year as a strategic transitional year.”

Strategic transitional year 2019, focussing on profitable growth

The new strategy for the coming years places a much stronger focus on profitability. This should allow for sustainable and targeted expansion in the future, in which the pace of new restaurant openings will slow significantly with a greater focus on a few European core markets such as Germany, Austria and France. Outside Europe, the franchising business will be expanded and, at the same time, a consolidation of the existing corporate and joint venture markets will be pursued. Another target is the increase of the operative excellency, focussing on the guest experience. This covers the enhancement of the operational processes as well as the re-structuring of the support centre. To this end, Vapiano will refocus on its core idea: to offer fresh, high-quality Italian food at affordable prices for a wide target group. In particular, the waiting time shall be reduced at lunch time and the appeal and atmosphere in the evening shall be increased through appropriate marketing measures. Selective innovations shall enhance the Vapiano DNA in a consistent manner and continuously improve the guest experience. In this context, the expansion of the take-away and home delivery services will be reviewed and adapted.

On the way to meet these targets, the 2019 fiscal year is a transitional year, for which the management board of Vapiano SE is forecasting a Group net sales between EUR 390 and 420 million and an adjusted EBITDA in a range of EUR 20 million and EUR 25 million (excluding IFRS 16) respectively EUR 60 million to EUR 67 million (including IFRS 16). The management board further assumes that in the 2019 fiscal year, the Group net income will, on the one hand, be significantly better against prior year, on the other hand, still negative in the mid double-digit million range. For the upcoming year 2019 Vapiano plans to open between 10 to 15 new restaurants which represents a significant slowdown in the pace of expansion at a continuously downward like-for-like development, which is below the level of the financial year 2018 (-2% to -4%). In the medium term, the management board expects in 2020 a positive free cash flow and positive Group net earnings in 2021.

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The Annual Report 2018, the Quarterly Financial Statement as of March 31, 2019 and the presentation for analysts and investors are available on the Investor Relations pages (http://ir.vapiano.com) under the “Reports & Presentations” tab.

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[1]Adjusted for the pre-operating costs for the opening of restaurants as well as other one-time effects, e.g., from expenses for previous periods and re-structuring. For Vapiano, as a growth-oriented company, the adjusted EBITDA is the most important index of the operative business performance as the adjustments increase both the transparency and, in addition, the comparability of the figures over time.

[2] In the adjustment, the impact on earnings from the US business in the amount of EUR 2.7 million for the year 2018 and EUR 0.8 million for the first quarter 2019 are included.

About Vapiano

With its innovative “fresh-casual-dining concept” in 2002 the Italian lifestyle brand Vapiano established a new category in the food service industry. Quality, an uncompromising freshness of the ingredients and transparency form the foundation of the restaurant concept. In each Vapiano, pasta is freshly prepared on a daily basis. The dishes are prepared “à la minute” in front of the guests and are tailored to suit guests' tastes. The cosmopolitan ambience is also part of the recipe for success. Long oak tables encourage communication, a tall olive tree and a cosy bar and lounge area characterise the feel-good atmosphere of every Vapiano. Vapiano also stands for self-determination and individuality; guests can choose between different “Guest Journeys”: they decide whether to order their food from the Vapianisti, at the terminal or via the Vapiano app and whether to pay for it using the chip card or the app. In addition, the company is offering take-away and delivery services. As of 31 March 2019, 233 restaurants in 33 countries on five continents belong to the Vapiano network. Vapiano shares (ISIN: DE000A0WMNK9) have been traded in the Prime Standard of the Frankfurt Stock Exchange since June 27, 2017. For further information please visit ir.vapiano.com.

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VAPIANO SE –Key financials (in million euros)

	2018	2017	Change
System sales (corporate, joint venture and franchise restaurants)	532.6	497.8	7.0%
Net sales (corporate and consolidated joint venture restaurants)	371.5	324.7	14.4%
Like-for-like sales	-1.0%	4.8%	–
Average receipt per guest (EUR)	11.8	11.2	5.4%
Adjusted EBITDA (for USA)	29.0	38.8	-25.3%
Adjusted EBITDA margin (for USA)	7.8%	11.9%	–
Reported EBITDA	-5.4	15.8	>-100%
Reported EBITDA margin	-1,5%	4.9%	–
Adjusted net profit or loss for the period	-12.9	3.2	>-100%
Adjusted earnings per share (in EUR)	-0.49	0.14	>-100%
Reported net profit or loss for the period	-101.0	-29.6	>-100%
Reported earnings per share (in EUR)	-3.83	-1.25	>-100%
Cash flow from operating activities before taxes and interest	9.3	20.7	-55.1%
Investments in tangible and intangible assets	63.8	73.0	-12.6%
Investments for acquisitions (less acquired cash and cash equivalents)	0.3	5.0	-94.0%
Cash flow from investing activities	-65.8	-78.5	16.2%
Cash flow from financing activities	78.4	70.9	10.6%

	31 Dec 2018	31 Dec 2017	Change
Balance sheet total	353.5	350.3	0.9%
Equity	46.9	131.1	-64.2%
Equity ratio	13.3%	37.4%	–
Net financial debt	173.7	116.2	49.5%
Net debt / adjusted EBITDA (in years)	6.6	3.0	>100%

	31 Dec 2018	31 Dec 2017	Change
Number of restaurants	231	205	12.7%