Financial Analysis Summary

20 June 2019

Issuer

Premier Capital p.l.c.

WEALTH MANAGEMENT • CORPORATE BROKING
CHARTS
A division of MeDirect Bank (Malta) plc

WEALTH MANAGEMENT • CORPORATE BROKING

CHARTS

A division of MeDirect Bank (Malta) plc

The Directors
Premier Capital p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000

20 June 2019

Dear Sirs

Premier Capital p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the 2019 Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Premier Capital p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the years ended 31 December 2016 to 31 December 2018 has been extracted from the audited consolidated financial statements of Premier Capital p.l.c.

(b) The forecast data of the Group for the years ending 31 December 2019 and 31 December 2020 has been provided by management of the Company.

(c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

WEALTH MANAGEMENT • CORPORATE BROKING

CHARTS

A division of MeDirect Bank (Malta) plc

The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

Evan Mohnani
Head – Corporate Finance

CHARTS - a division of MeDirect Bank (Malta) plc
The Centre, Tigné Point, Sliema TPO 0001 - Tel: 2557 4400

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE COMPANY

1. KEY ACTIVITIES

Premier Capital p.l.c. (the "**Company**", "**Issuer**" or the "**Group**") was incorporated on 30 June 2005 as a private limited liability company, subsequently (on 26 February 2010) converted into a public limited liability company and thereafter renamed Premier Capital p.l.c. The Issuer is a holding company, having no trading or operating activities of its own. Accordingly, the operating and financial performance of the Group is directly related to the financial and operating performance of the Issuer's subsidiary companies. The Group is engaged in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.

The McDonald's franchise for Malta was awarded to the group company Premier Restaurants Malta Limited (formerly First Foods Franchise Limited), in 1995, pursuant to the terms of an operating license agreement entered into with, *inter alia*, McDonald's Corporation.

In 2007, the Premier Group was awarded the McDonald's franchise in respect of each of Latvia, Lithuania and Estonia (the "Baltic countries"), pursuant to which it was charged with the responsibility of developing the brand in those territories by: taking over from the McDonald's Corporation the operation of the then existing 19 McDonald's restaurants in the Baltic countries (7 restaurants in Estonia and 6 restaurants in each of Latvia and Lithuania); and by acquiring the right, and taking on the responsibility, to open new restaurants in the Baltic countries. The majority of these restaurants are located in the Baltic countries' respective capital cities, Tallinn, Riga and Vilnius.

In 2011, Premier Capital p.l.c. was awarded the developmental license for McDonald's in Greece, taking over 19 restaurants.

On 22 January 2016, the Group acquired 90% shareholding in Premier Capital SRL, an SPV company purposely set up to acquire Premier Capital Delaware Inc. (formerly, McDonald's Systems of Romania Inc.), a non-trading holding company registered in Delaware US, and Premier Restaurants Romania SRL (formerly, McDonald's Romania SRL) ("McD Romania") which operates the McDonald's restaurants in Romania. McD Romania is headquartered in Bucharest and as at date of acquisition operated 67 restaurants across the country.

In 2016, the Group opened the 23rd restaurant in Greece, a seasonal restaurant located in the island of Santorini, 1 restaurant in Bugibba Malta, following its relocation to a prime area, and there were 2 new openings and 1 closure in Romania. The Group also remodelled 3 existing restaurants in Romania and remodelled 2 restaurants in the Baltics.

In 2017, the Group opened 7 new restaurants; 1 restaurant in Greece, 2 restaurants in Lithuania, and 4 restaurants in Romania. The Group also remodelled 5 of the existing restaurants in Romania.

As at 31 December 2018, the Group continued to grow its portfolio, increasing the total number of restaurants to 146 compared to 140 in the prior year. During 2018, 10 new restaurants were opened, 8 of which were inaugurated in Romania and 1 restaurant each in Greece and Lithuania. Conversely, a total of 4 restaurants were closed (2 in Greece and 2 in Romania). In the reviewed period, the Group remodelled 2 restaurants in the Baltic States and 1 in Romania.

An analysis of restaurant sales by country is provided hereunder:

Premier Capital p.l.c. **Revenue by Territory**	**2016** **Actual** **(€'000)**	**2017** **Actual** **(€'000)**	**2018** **Actual** **(€'000)**	**2019** **Forecast** **(€'000)**	**2020** **Projection** **(€'000)**	**CAGR** **FY16-18**	**CAGR** **FY16-20**
Estonia	18,488	20,740	22,629	24,968	25,976	10.6%	8.9%
Greece	25,018	29,024	33,042	38,867	43,319	14.9%	14.7%
Latvia	19,366	21,385	23,281	26,606	28,599	9.6%	10.2%
Lithuania	19,480	22,373	26,617	30,740	33,566	16.9%	14.6%
Malta	20,662	22,800	24,504	25,700	26,149	8.9%	6.1%
Romania	127,147	147,098	163,577	191,127	210,134	13.4%	13.4%
	230,161	**263,420**	**293,650**	**338,008**	**367,743**	**13.0%**	**12.4%**

2. DIRECTORS AND SENIOR MANAGEMENT

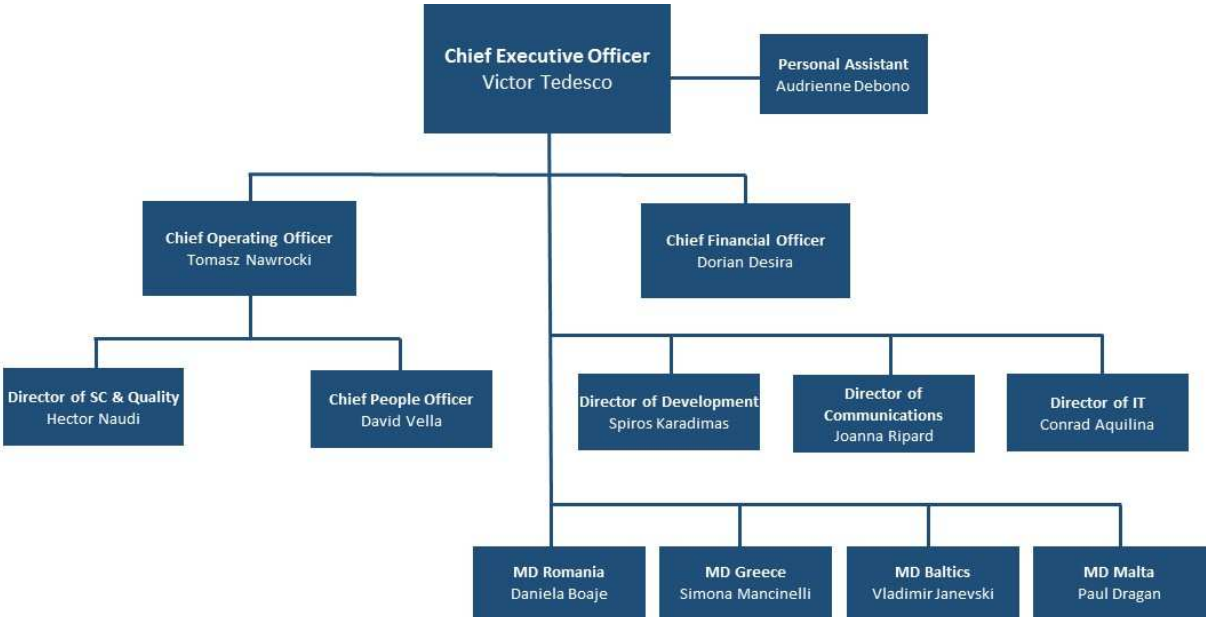
The Company is managed by a Board consisting of six directors entrusted with its overall direction and management.

Board of Directors

Carmelo *sive* Melo Hili	Chairman and Non-Executive Director
Victor Tedesco	Executive Director
Valentin – Alexandru Truta	Non-Executive Director
Ann Fenech	Independent Non-Executive Director
Karen Pace	Independent Non-Executive Director
Massimiliano Lupica	Independent Non-Executive Director

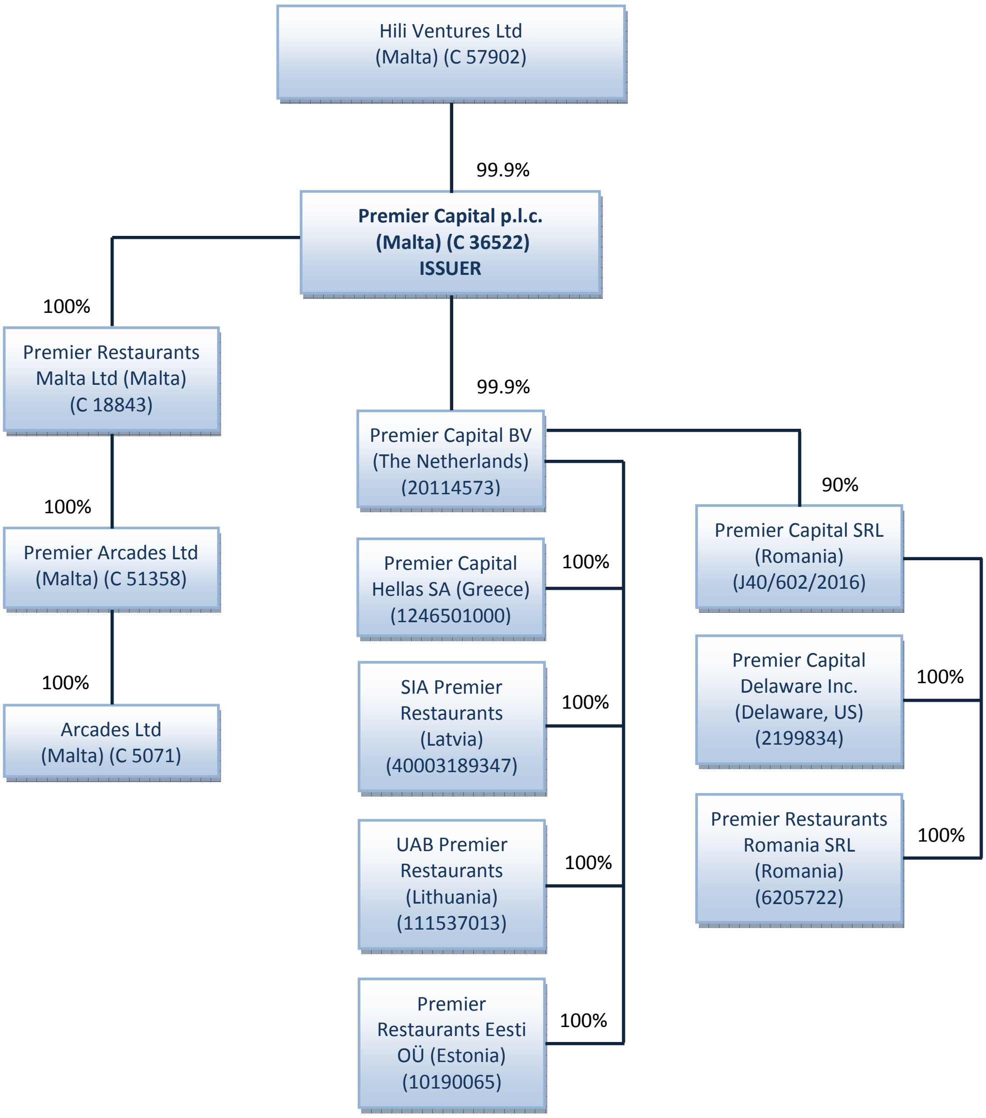
Senior Management of the Group

The Board of Directors establishes policy for the Group and is responsible for appointing all executive officers and other key members of the Group's management team. The members of Senior Management are included hereunder:



3. GROUP ORGANISATIONAL STRUCTURE

As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating companies. The organisational structure of the Group is illustrated in the diagram hereunder:



The Group's business is described in section 4 hereunder.

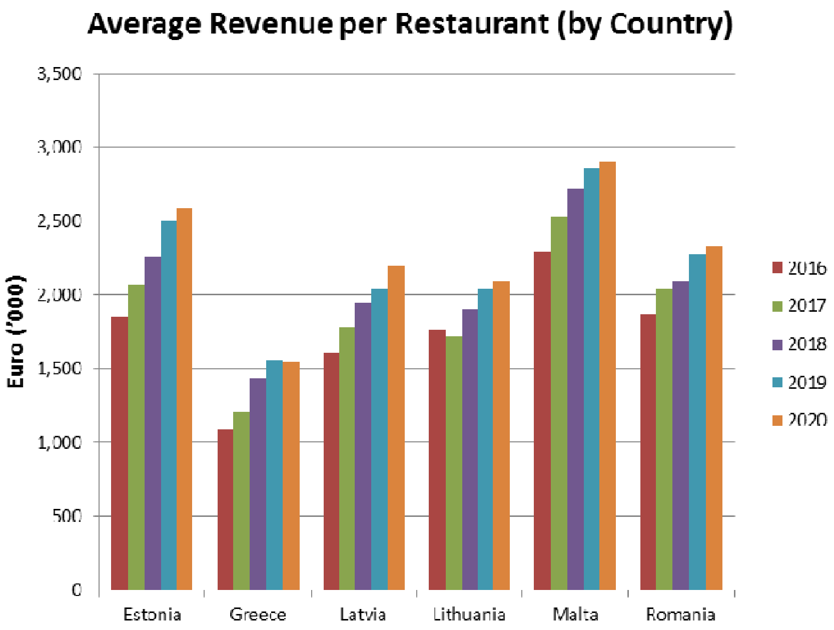
4. GROUP OPERATIONAL DEVELOPMENT

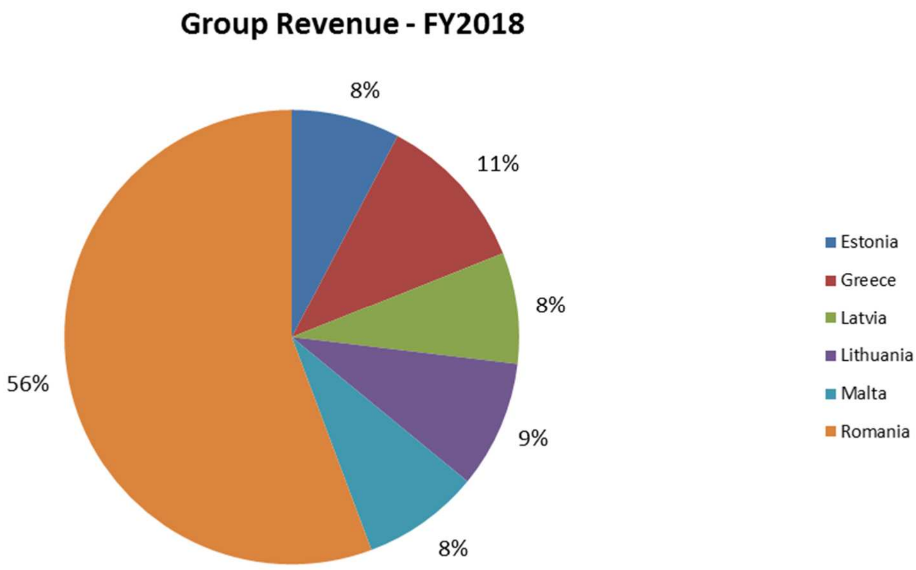
The table below provides an analysis of performance by country for the financial years FY2016 to FY2020:

Premier Capital p.l.c. Segment Information	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2020 Projection	CAGR FY16-18	CAGR FY16-20
Estonia							
Revenue (€'000)	18,488	20,740	22,629	24,968	25,976	10.6%	8.9%
Profit (loss) before tax (€'000)	2,491	2,668	2,709	2,982	3,317	4.3%	7.4%
Number of restaurants at year end	10	10	10	10	10		
Average revenue per restaurant (€'000)[2]	1,849	2,074	2,263	2,497	2,598	10.6%	8.9%
Growth in average revenue per restaurant	4.7%	12.2%	9.1%	10.3%	4.0%		
Pre-tax profit margin	13%	13%	12%	12%	13%		
Greece							
Revenue (€'000)	25,018	29,024	33,042	38,867	43,319	14.9%	14.7%
Profit (loss) before tax (€'000)	(911)	144	492	562	1,180	n/a	n/a
Number of restaurants at year end	23	24	23	25	28		
Average revenue per restaurant (€'000)[2]	1,088	1,209	1,437	1,555	1,547	14.9%	9.2%
Growth in average revenue per restaurant	-0.8%	11.2%	18.8%	8.2%	-0.5%		
Pre-tax profit margin	-4%	0%	1%	1%	3%		
Latvia							
Revenue (€'000)	19,366	21,385	23,281	26,606	28,599	9.6%	10.2%
Profit (loss) before tax (€'000)	1,375	1,370	1,955	2,516	2,182	19.2%	12.2%
Number of restaurants at year end	12	12	12	13	13		
Average revenue per restaurant (€'000)[2]	1,614	1,782	1,940	2,047	2,200	9.6%	8.1%
Growth in average revenue per restaurant	3.3%	10.4%	8.9%	5.5%	7.5%		
Pre-tax profit margin	7%	6%	8%	9%	8%		
Lithuania							
Revenue (€'000)	19,480	22,373	26,617	30,740	33,566	16.9%	14.6%
Profit (loss) before tax (€'000)	2,384	2,353	2,046	1,960	2,847	-7.4%	4.5%
Number of restaurants at year end	11	13	14	15	16		
Average revenue per restaurant (€'000)[2]	1,771	1,721	1,901	2,049	2,098	3.6%	4.3%
Growth in average revenue per restaurant	6.7%	-2.8%	10.5%	7.8%	2.4%		
Pre-tax profit margin	12%	11%	8%	6%	8%		
Malta							
Revenue (€'000)	20,662	22,800	24,504	25,700	26,149	8.9%	6.1%
Profit (loss) before tax (€'000)	562	1,142	1,422	1,453	1,755	59.1%	32.9%
Number of restaurants at year end	9	9	9	9	9		
Average revenue per restaurant (€'000)[2]	2,296	2,533	2,723	2,856	2,905	8.9%	6.1%
Growth in average revenue per restaurant	-13.2%	10.3%	7.5%	4.9%	1.7%		
Pre-tax profit margin	3%	5%	6%	6%	7%		
Romania							
Revenue (€'000)	127,147	147,098	163,577	191,127	210,134	13.4%	13.4%
Profit (loss) before tax (€'000)	17,487	18,880	20,250	24,999	28,596	7.6%	13.1%
Number of restaurants at year end	68	72	78	84	90		
Average revenue per restaurant (€'000)[2]	1,870	2,043	2,097	2,275	2,335	5.9%	5.7%
Growth in average revenue per restaurant	n/a	9.3%	2.6%	8.5%	2.6%		
Pre-tax profit margin	14%	13%	12%	13%	14%		
Total							
Revenue (€'000)	230,161	263,420	293,650	338,008	367,743	13.0%	12.4%
Profit (loss) before tax (€'000)[1]	23,388	26,557	28,874	34,472	39,877	11.1%	14.3%
Number of restaurants at year end	133	140	146	156	166		
Average revenue per restaurant (€'000)[2]	1,731	1,882	2,011	2,167	2,215	7.8%	6.4%
Growth in average revenue per restaurant	9.1%	8.7%	6.9%	7.7%	2.2%		
Total revenue growth	130.3%	14.5%	11.5%	15.1%	8.8%		
Pre-tax profit margin	10.2%	10.1%	9.8%	10.2%	10.8%		

[1] The profit figure as reported excludes results of the holding company.

[2] Average revenue per restaurant is calculated by dividing total revenue by the number of restaurants at year end. Accordingly, the result does not take into consideration the timing of store openings and closures during the relevant financial year.





During the three historical financial years (FY2016 to FY2018), revenue generated by the Group increased at a compound annual growth rate (**CAGR**) of 13.0%, from €230.2 million in FY2016 to €293.7 million in FY2018 (an increase of €63.5 million). Such growth was achieved as a result of an increase in average revenue per restaurant, from €1.7 million in FY2016 to €2.0 million in FY2018 (CAGR: 7.8%), and through net restaurant openings of 7 outlets in FY2017 and an additional 6 outlets in FY2018 (from 133 outlets in FY2016 to a total of 146 outlets in FY2018). Profit before tax increased in the period under review from €23.4 million in FY2016 to €28.9 million in FY2018, while pre-tax profit margin remained fairly constant at the 10% mark.

In the projected two financial years, Group revenue is expected to increase by €44.4 million (+15.1%) in FY2019 and €29.7 million (+8.8%) in FY2020 to €367.7 million, principally as a result of a net increase of 20 outlets during the said financial years. Average revenue per restaurant is projected to improve from €2.01 million in FY2018 to €2.17 million and €2.22 million in FY2019 and FY2020 respectively. Profit before tax is expected to increase by €5.6 million in FY2019 to €34.5 million, and by €5.4 million in the subsequent year to amount to €39.9 million. Management is forecasting pre-tax profit margin to increase to 10.2% in FY2019 (from 9.8% in FY2018), and improve thereafter to 10.8% in FY2020.

During FY2016 to FY2018, Group revenue was principally generated from Romania as to *circa* 55%, while the remaining 45% was derived from the other countries. Revenue growth in Romania increased by a CAGR of 13.4%, mainly on account of an increase in the number of restaurants from 68 in FY2016 to 78 in FY2018 (+10 restaurants). With respect to the other countries, CAGR over the 3 year period equated to 12.4%, with only Lithuania increasing its complement of restaurants by 3 to a total of 14 restaurants in FY2018.

Notwithstanding Romania's share of revenue being 55%, it contributed *circa* 70% to 75% of the Group's aggregate profit before tax during the afore-stated financial years. Accordingly, the Group is significantly reliant on Romania's operating performance. A similar situation is projected for FY2019 and FY2020, wherein Romania should continue to generate *circa* 57% and 73% of aggregate Group revenue and profit before tax respectively.

With respect to the other countries (excluding Romania), Greece generated the highest revenue in FY2018 at €33.0 million representing 25% of total revenue (excl. Romania), whilst Estonia was the lowest contributor at €22.6 million or 17% of aggregate revenue (excl. Romania). In contrast, Estonia registered the highest profit before tax at €2.7 million which made up 31% of aggregate profit before tax (excl. Romania), whereas Greece generated 6% of total profit before tax (excl. Romania). No major changes are being projected for FY2019 and FY2020 as to the ranking of each country in terms of revenue generation and contribution to profit before tax.

5. BUSINESS DEVELOPMENT STRATEGY AND MARKET ANALYSIS

5.1 Strategy

(a) Expand penetration within existing and new geographical territories

The Premier Group's principal objective is to focus on the expansion of the McDonald's restaurant network within existing and new markets, given the belief of the Group's management that there is significant market potential (as described in section 5.2 below) to continue to develop the McDonald's concept in Malta, the Baltic countries, Romania and Greece and, possibly, other territories (subject to franchisor's approval and granting of the associated licenses).

The outlook for the Group's business across all six markets is positive. In the Baltic States, Malta and Romania, the McDonald's brand remains a market leader within the informal eating -out sector and the Group continues to grow its market share and broaden its user base through improving overall customers' restaurant experience. This indication provides the Group with opportunities to continue to expand the business in such markets in the coming years.

As to the Greek market, McDonald's still faces strong competition from key players in the informal eating-out sector which have a larger market share. Notwithstanding, the Group has registered an increase in its share of the market and the financial results from the Greek operations have improved.

(b) Continue to improve revenue and profitability

During the past three financial years (FY2016 – FY2018), the Premier Group has consistently expanded the number of its McDonald's restaurants and McCafe's, and remodelled and upgraded the ambience and technology of a number of its existing restaurants. The Group intends to pursue this growth strategy to sustain and improve its revenues and profitability.

(c) Commitment to customer satisfaction

The Premier Group is committed to provide an efficient and attentive customer service and consistent food quality. The Group plans to do so by investing in new technologies and service platforms, providing ongoing training for its personnel, improving the quality of store ambience, maintaining high health and safety standards, improving the quality of store furnishings and others.

5.2 The Informal Eating-Out[1] ("IEO") market in Malta, Estonia, Latvia, Lithuania, Romania and Greece

The opportunities for further expansion in the regions in which the Group operates will depend on a number of factors that could have a material impact on the Group's strategy to increase its operational

[1] IEO is a term used to categorise sectors of the food industry where customers can buy food commodities without the need to book a table.

presence in these territories. These factors are driven principally by the level of penetration that management reckons is sustainable in each of these territories to conduct profitable operations.

In devising future strategy, the Group's management takes an ad hoc regional view of: general macro-economic conditions; the social development of the population; competition; regulation; affluence; political and economic stability within each territory. Moreover, the Group commissions regular market studies in each of the territories in which it operates restaurants in order to keep under review all the relevant market conditions that could have an impact on its development strategy and to enable it to react in a timely manner as and when market conditions so dictate.

On the basis of data available to the Group's management, it transpires that the Romanian and the Greek markets can sustain further expansion, albeit not necessarily with the same potential.

In the case of Malta and the Baltic countries, the Group already has a high penetration rate, comparable to that prevailing in the more developed city centres in Western Europe. The Group's management believes that growth in these regions remains sustainable, with plans for relocations and renovations of its existing restaurants.

In the case of Romania and Greece, the Group's management believes that there is further room for higher penetration rates. The relatively low penetration rate of restaurants per capita, combined with the high level of brand recognition enjoyed and the Group's pricing strategy for the region, is believed to postulate the right platform for expansion in these regions.

5.3 Restaurant development

The Group's management believes that the ability to select attractive locations and develop new restaurants is important in ensuring its continued growth. Accordingly, the Premier Group undergoes a detailed and comprehensive process to:

(a) Determine key development markets

Target markets and the pace and level of development in those markets are determined by a detailed review of many factors, including the potential of individual markets, existing and expected competition, any current penetration and historical performance of Premier Group restaurants in those markets and any key challenges facing development. The Premier Group believes that by focusing on further penetration of its existing markets it is able to increase brand awareness and improve operating and marketing efficiencies. Subject to obtaining the approval of its franchisor, the Group may also expand geographically to other countries where suitable opportunities occur.

(b) Select and approve new locations

The Group's management believes that its site selection strategy is critical to its success and it devotes substantial effort to evaluating each potential site. Each city is divided into trade zones based on criteria such as pedestrian and automotive traffic levels, population, traffic generators, including shopping centres or petrol stations, household income levels and unemployment. Sites are principally sourced by the Group's internal development team with the support of local real estate agents.

(c) Negotiate attractive lease terms

The Premier Group leases sites for terms usually of a minimum of 20 years with, where possible, a provision to extend the term by an agreed period. A minority of the Group's lease agreements provide for financial penalties on early termination and a small number do not provide for early terminations. Since McDonald's has developed significant brand identity in Malta, Estonia, Latvia, Lithuania, Romania and Greece, the Group has been able to negotiate more favourable leases for the placement of restaurants in premium locations, such as new shopping centre developments, as operators of these centres often seek to secure McDonald's as "flagship" tenants.

(d) Design, construct and manage restaurants

Upon securing a site, the Premier Group engages an approved architect to prepare the design of the restaurant based on a master design prepared in accordance with established brand standards to support the process of obtaining appropriate permits, and to oversee the construction process. Upon completion of all construction works, the Group's design team manages the fitting out of the restaurant, which typically takes from 12 to 14 weeks.

PART 2 – GROUP PERFORMANCE REVIEW

6. FINANCIAL INFORMATION

The projected financial statements detailed below relate to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The financial information below is extracted from the audited consolidated financial statements of Premier Capital p.l.c. for the financial years ended 31 December 2016 to 2018. The projected financial information for the years ending 31 December 2019 and 2020 has been provided by Group management.

The key performance drivers of the Group's business are: (i) restaurant sales; (ii) cost of food and packaging material; (iii) cost of labour; and (iv) occupancy and other related expenses.

Restaurant sales are influenced by a number of factors including, in particular, the opening of new restaurants, pricing and the product mix, the introduction of new products, successful advertising campaigns and, to a limited extent, seasonality.

The cost of food and packaging material is a significant performance driver with meat, paper and packaging, cold beverages, vegetables, cheese, buns and french-fries representing the largest components of this category. The European supply chain group works closely with the system suppliers in order to source high quality products and services at competitive prices.

Restaurant staffing consists mainly of hourly paid employees. Staffing levels vary depending on transaction volume and are primarily driven by the time of the day. Hourly pay rates are adjusted periodically.

Occupancy and other related expenses include restaurant rental or concession payments and all associated utility costs. The Group's leases and/or concessions provide either for fixed rents or for rents calculated by reference to restaurant sales.

Premier Capital p.l.c. Consolidated Income Statement for the year ended 31 December	**2016 Actual €'000**	**2017 Actual €'000**	**2018 Actual €'000**	**2019 Forecast €'000**	**2020 Projection €'000**
Revenue	230,161	263,420	293,650	338,008	367,743
Net operating expenses	(197,418)	(228,357)	(255,222)	(280,935)	(303,991)
EBITDA[1]	**32,743**	**35,063**	**38,428**	**57,073**	**63,752**
Depreciation and amortisation	(11,516)	(11,645)	(12,387)	(22,799)	(24,847)
Acquisition related costs	(456)	-	-	-	-
Net finance costs	(4,311)	(3,453)	(3,043)	(6,633)	(6,316)
Profit before tax	**16,460**	**19,965**	**22,998**	**27,641**	**32,589**
Taxation	(7,123)	(4,075)	(5,117)	(7,110)	(8,383)
Profit after tax	**9,337**	**15,890**	**17,881**	**20,531**	**24,206**
Other comprehensive income					
Gain on revaluation of tangible assets	44	-	-	-	-
Movement in fair value of financial assets	39	(361)	(39)	(6)	-
Exchange differences - foreign operations	(221)	(1,054)	(29)	(1,281)	-
	(138)	**(1,415)**	**(68)**	**(1,287)**	**-**
Total comprehensive income	**9,199**	**14,475**	**17,813**	**19,244**	**24,206**

[1]EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

Premier Capital p.l.c. Consolidated Balance Sheet					
as at 31 December	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Goodwill and other intangibles	36,015	35,740	34,983	34,048	33,649
Property, plant and equipment	74,864	74,855	83,739	170,077	167,296
Financial assets	1,596	891	856	850	850
Loans and receivables	1,967	15,131	9,817	4,663	1,163
Deferred tax asset	803	600	603	602	689
Prepayments	2,114	2,220	2,350	2,049	1,863
	117,359	**129,437**	**132,348**	**212,289**	**205,510**
Current assets					
Inventory	3,924	4,073	5,192	4,845	5,251
Trade and other receivables	2,528	3,417	5,131	5,729	5,642
Other current assets	7,427	2,981	3,208	3,597	3,985
Cash and cash equivalents	62,113	21,222	33,572	14,838	18,527
	75,992	**31,693**	**47,103**	**29,009**	**33,405**
Total assets	**193,351**	**161,130**	**179,451**	**241,298**	**238,915**
EQUITY					
Equity and reserves	**41,630**	**47,607**	**48,701**	**45,350**	**54,305**
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	95,130	79,768	83,753	76,806	70,034
Lease liabilities	-	-	-	76,470	69,429
Other non-current liabilities	3,162	2,311	2,372	2,252	2,037
	98,292	**82,079**	**86,125**	**155,528**	**141,500**
Current liabilities					
Borrowings	26,309	4,801	6,051	6,649	6,649
Other current liabilities	27,120	26,643	38,574	33,771	36,461
	53,429	**31,444**	**44,625**	**40,420**	**43,110**
	151,721	**113,523**	**130,750**	**195,948**	**184,610**
Total equity and liabilities	**193,351**	**161,130**	**179,451**	**241,298**	**238,915**

Premier Capital p.l.c. Consolidated Cash Flow Statement for the year ended 31 December	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Forecast €'000	2020 Projection €'000
Net cash from operating activities	28,451	24,652	37,682	34,957	43,400
Net cash from investing activities	(55,397)	(26,871)	(23,756)	(29,666)	(21,845)
Net cash from financing activities	86,722	(38,193)	(1,662)	(24,025)	(17,866)
Net movement in cash and cash equivalents	**59,776**	**(40,412)**	**12,264**	**(18,734)**	**3,689**
Cash and cash equivalents at beginning of year	2,666	62,113	21,222	33,572	14,838
Exchange difference - foreign operations	(329)	(479)	86	-	-
Cash and cash equivalents at end of year	**62,113**	**21,222**	**33,572**	**14,838**	**18,527**

Key Accounting Ratios	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast	FY2020 Projection
EBITDA margin *(EBITDA/revenue)*	14%	13%	13%	17%	17%
Interest cover (times) *(EBITDA/net finance cost)*	7.60	10.15	12.63	8.60	10.09
Net debt to EBITDA (years) *(Net debt/EBITDA)*	1.81	1.81	1.46	1.20	0.91
Net profit margin *(Profit after tax/revenue)*	4%	6%	6%	6%	7%
Earnings per share (€) *(Profit after tax/number of shares)*	27.73	47.19	53.10	60.97	71.88
Return on equity *(Profit after tax/shareholders' equity)*	22%	33%	37%	45%	45%
Return on capital employed *(EBITDA/total assets less current liabilities)*	23%	27%	29%	28%	33%
Return on assets *(Profit after tax/total assets)*	5%	10%	10%	9%	10%

Source: Charts | A Division of MeDirect Bank plc

In **FY2016**, the Group's revenue increased by €130.2 million (+130.3%) from €99.9 million in FY2015 to €230.2 million in FY2016, mainly as a consequence of the acquisition in January 2016 of the business operating McDonald's restaurants in Romania. Excluding the Romanian business, revenue generated by the Group increased by 3.1% or €3.1 million to €103.0 million, primarily due to an increase of 2 restaurants to 65 outlets. Overall, the Group operated a total of 133 restaurants as at year end.

The market reporting the highest growth was Lithuania, with an overall growth of 6.7% on 2015. Estonia, Greece and Latvia registered a y-o-y growth of 4.7%, 3.7% and 3.3% respectively, whilst Malta retracted by 2.3% due to the closure of one restaurant for the first five months of the year, which was re-opened after relocation. On a stand-alone basis, Romania registered a very positive year, registering double-digit turnover growth of 11.9% over 2015.

During FY2016, besides adding 67 stores with the acquisition in Romania, the Group continued to grow its portfolio, bringing the total number of restaurants it operates to 133 (FY2015: 63 stores). Development activity included the opening of one restaurant each in Greece and Malta, and two new openings and one closure in Romania. The Group also remodelled three existing restaurants in Romania and remodelled two restaurants in the Baltics.

In 2016, the Group registered y-o-y comparative guest count growth (excluding Romania) of 0.5%. With the addition of Romania, the Group served a total of 105 million customers in 2016.

EBITDA for the year ended 31 December 2016 increased by €22.4 million (+216.0%) when compared to the prior year to €32.7 million. As explained hereinabove, the new acquisition more than doubled the number of restaurants under operation and is the principal reason for the y-o-y increase in EBITDA. After factoring in depreciation & amortisation, net finance costs and taxation, the Group reported a total comprehensive income of €9.2 million in FY2016, an increase of €7.7 million when compared to FY2015.

In **FY2017**, the Group's revenue increased by €33.2 million (+14.5%) from €230.2 million in FY2016 to €263.4 million in FY2017. Excluding the Romanian business, revenue generated by the Group increased by 12.9% or €13.3 million to €116.3 million, primarily due to an increase of 3 restaurants to 68 outlets. Overall, the Group operated a total of 140 restaurants as at year end.

In percentage terms, the market reporting the highest growth was Greece, with an overall growth of 16.0% on 2016, equivalent to a €4.0 million increase in revenue. Romania was a close second reporting a 15.7% growth on 2016 and in absolute terms, reported the most significant increase in revenue of €20.0 million due to another 4 outlets being opened during FY2017. Lithuania, Estonia, Latvia, and Malta also registered positive y-o-y growth of 14.9%, 12.2%, 10.4% and 10.3% respectively.

During FY2017, the Group continued to grow its portfolio, bringing the total number of restaurants it operates to 140 (FY2016: 133 stores). Development activity included the opening of one restaurant in Greece, two new opening in Lithuania and 4 new openings in Romania. The Group also remodelled five of the existing restaurants in Romania at a cost of €2.2 million averaging €0.4 million per refurbishment. There were no closures during FY2017.

A key achievement for the Group in 2017 was its ability to serve more customers than ever before since it commenced operations. The Group registered y-o-y comparative guest count growth 6.7% serving a total of 112 million customers during the said year (FY2016: 105 million customers).

EBITDA for the year ended 31 December 2017 increased by €2.3 million (+7.1%) when compared to the prior year to €35.1 million, however EBITDA margin dropped by 1% from 14% in FY2016 to 13% in FY2017, primarily due to an increase in raw material and labour costs. After factoring in depreciation & amortisation, net finance costs and taxation, the Group reported a total comprehensive income of €14.5 million in FY2017, an increase of €5.3 million when compared to FY2016. The increase was mainly due to lower net finance costs and taxation as well as increasing EBITDA as aforementioned. However, this was partly offset in the main by adverse exchange differences on foreign operations.

In **FY2018**, the Group's revenue increased to €293.7 million, an increase of €30.2 million (+11.5%) when compared to €263.4 million generated in FY2017. Across all markets, the Group has registered an increase in revenue, the most notably being Lithuania with an increase of 19.0% compared to FY2017. With regard to the other territories, Malta registered a growth of 7.5% when compared to FY2017, Latvia 8.9%, Estonia 9.1%, Romania 11.2%, and Greece grew by 13.8%. During FY2018, the Group closed 4 outlets and added 8 new outlets in Romania, 1 in Greece and 1 in Lithuania, bringing the total number of restaurants to 146 as compared to 140 the prior year. In addition, the Group registered year-on-year guest count growth of 6.5% serving a total of *circa* 119 million customers in 2018.

EBITDA for the year ended 31 December 2018 increased by €3.4 million (+9.6%) when compared to the prior year to €38.4 million. After factoring in depreciation & amortisation, net finance costs and taxation, the Group reported a total comprehensive income of €17.8 million in FY2018, an increase of €3.3 million when compared to FY2017. The increase was mainly due to an increase in EBITDA of 9.6% over last year's results, as well as lower net finance costs of €0.4 million.

IFRS 16 - Leases

The Group has adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-us asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Comparative information is not restated.

Accordingly, as of FY2019, the Group will need to recognise a right-of-use asset and a lease liability in the Consolidated Balance Sheet for the lease of premises and land currently treated as operating leases. With regard to the impact in the Consolidated Income Statement, the nature of the relevant expense will change from being an operating lease expense to depreciation and interest expense.

In **FY2019**, the Group's revenue is expected to grow by 15.1% from €293.7 million in FY2018 to €338.0 million, the principal factor being an increase of 10 restaurants in operation to a total of 156 restaurants. In addition, the Group is projecting higher volume of sales across all markets.

Net operating expenses is projected to increase y-o-y at a lower rate than revenue by 10.1% or €25.7 million, with the consequence that EBITDA is anticipated to improve by €18.7 million (+48.5%) to €57.1 million (FY2018: €38.4 million). The significant increase in EBITDA is principally due to the effect of IFRS 16, whereby operating lease expenses (previously accounted for in net operating expenses) are reflected in depreciation and net finance costs (both being below EBITDA level).

Furthermore, a reduction in VAT in Greece and Romania during 2019 is expected to impact the Group's results positively. In Greece, the VAT rate on food has been reduced from 24% to 13%, whilst in Romania, the VAT rate on food consumed in restaurants (hence, not applicable for take-outs) has been reduced from 9% to 5%. This has enabled the Group to lower menu prices to some extent, though a portion of the VAT reductions has been retained and will therefore increase profitability margins.

Profit before tax is expected to increase y-o-y by 20.2% to €27.6 million, and comprehensive income for the financial year ending 31 December 2019 is projected to amount to €20.5 million (FY2018: €17.9 million).

In the FY2019 consolidated balance sheet, the impact of IFRS 16 should result in an increase in property, plant & equipment of €86.3 million, while non-current and current liabilities are expected to increase by €65.2 million (in aggregate).

With respect to **FY2020**, the Group's revenue is projected to increase by 8.8% from €338.0 million in FY2019 to €367.7 million. The Group plans to increase its portfolio of restaurants by 10 outlets to an aggregate of 166 restaurants. EBITDA is projected to grow by €6.7 million (+11.7%) to €63.8 million (FY2019: €57.1 million). Accordingly, comprehensive income for the financial year ending 31 December 2020 is expected to reach €24.2 million as compared to €20.5 a year earlier.

The financial information below provides an analysis of capital expenditure incurred by the Group during the historical financial years FY2016 to FY2018 and the projected expenditure for the forward years FY2019 and FY2020. As detailed hereunder, average capital expenditure per new store is projected to increase by 5.8% to €1.18 million in FY2019 (FY2018: €0.8 million), and decrease by 5.4% to €1.12 million in the following year. The majority of new openings in FY2018 comprised drive-thru restaurants, which tend to generate higher average spend per customer and have a higher footfall when compared to other store concepts such as that experienced from malls and in-store.

Premier Capital p.l.c. Analysis of Capital Expenditure	2016 Actual (€'000)	2017 Actual (€'000)	2018 Actual (€'000)	2019 Forecast (€'000)	2020 Projection (€'000)
New stores	4,465	5,342	11,181	14,193	13,427
Re-modelling	2,780	2,168	2,233	780	1,428
General capital expenditure	3,689	6,215	6,747	7,531	5,992
	10,934	**13,725**	**20,162**	**22,504**	**20,847**
Number of new stores	4	7	10	12	12
Capex per new store (€'000)	1,116	763	1,118	1,183	1,119
Number of re-modelled stores	5	5	3	1	2
Capex per re-modelled store (€'000)	556	434	744	780	714

Other than equity, the Group is principally financed through bank loans and debt securities, analysed as follows:

Premier Capital p.l.c. Consolidated Borrowings as at 31 December	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Forecast €'000	2020 Projection €'000
Bank loans	39,065	20,404	25,545	19,103	12,237
Other financial liabilities	10,919	-	-	-	-
6.8% Bonds 2017-2020	7,384	-	-	-	-
3.75% Bonds 2026	64,071	64,165	64,259	64,352	64,446
Total borrowings and bonds	**121,439**	**84,569**	**89,804**	**83,455**	**76,683**

Key Accounting Ratios	31 Dec'16 Actual	31 Dec'17 Actual	31 Dec'18 Actual	31 Dec'19 Forecast	31 Dec'20 Projection
Net assets per share (€) *(Net asset value/number of shares)*	123.62	141.37	144.62	134.67	161.26
Liquidity ratio (times) *(Current assets/current liabilities)*	1.42	1.01	1.06	0.72	0.77
Gearing ratio *(Net debt/net debt and shareholders' equity)*	59%	57%	54%	60%	52%

Source: Charts | A Division of MeDirect Bank (Malta) plc

Related Party Debt Securities

Premier Capital p.l.c. is a member of the Hili Ventures Group. Within the same group, 1923 Investments p.l.c., Hili Properties p.l.c. and Hili Finance p.l.c., all sister companies of Premier Capital p.l.c., have the following outstanding debt securities:

Security ISIN	Security Name	Amount Listed	Currency
MT0000841206	5.1% 1923 Investments plc Unsecured € 2024	36,000,000	EUR
MT0000941204	4.5% Hili Properties plc 2025	37,000,000	EUR
MT0001891200	3.85% Hili Finance plc 2028	40,000,000	EUR

Variance Analysis

Premier Capital p.l.c. Consolidated Income Statement (€'000)	FY2018 Actual	FY2018 Forecast	Variance
Revenue	293,650	289,580	4,070
Net operating expenses	(255,222)	(251,101)	(4,121)
EBITDA	**38,428**	**38,479**	**(51)**
Depreciation and amortisation	(12,387)	(14,393)	2,006
Net finance costs	(3,043)	(3,144)	101
Profit before tax	**22,998**	**20,942**	**2,056**
Taxation	(5,117)	(4,128)	(989)
Profit for the year	**17,881**	**16,814**	**1,067**

As presented in the above table, the Group's revenue for FY2018 was higher than projected by €4.1 million, principally due to better than expected sales performance in Romania (positive variance of €2.4 million). Only two markets achieved lower revenues than forecasted by an aggregate amount of €1.1 million, which was offset by the rest of the markets.

As to net operating expenses, the Group reported higher expenses than projected by €4.1 million, mainly attributable to an increase in average number of persons employed during FY2018 (+370 employees) as well as an increase in wages per employee. As a result, the adverse variance in EBITDA was of €51,000.

The profit for the year was significantly higher than expected by €1.1 million, due to a lower than projected depreciation & amortisation costs and net finance costs of €2.1 million.

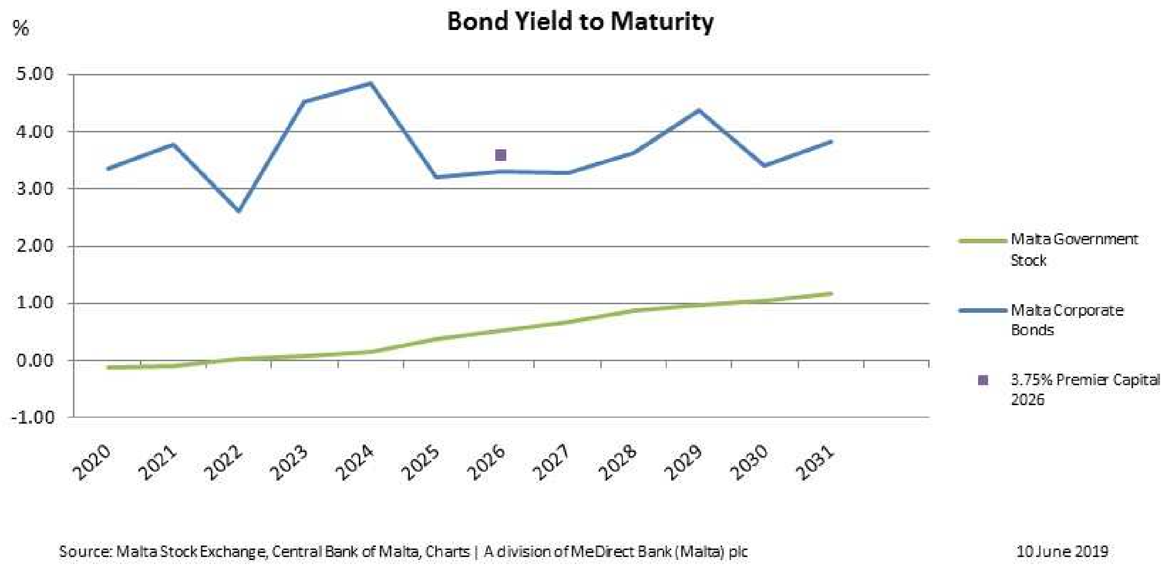
PART 3 – COMPARABLES

The table below compares the Company and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.50% Pendergardens Dev. plc Secured € 2020 Series I	14,711,300	3.36	1.23	80,052	25,712	48.95
6.00% Pendergardens Dev. plc Secured € 2022 Series II	26,921,200	2.60	1.23	80,052	25,712	48.95
4.25% Gap Group plc Secured € 2023	19,931,000	3.48	4.45	55,237	9,869	71.82
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.53	1.19	21,625	6,916	62.72
6.00% AX Investments Plc Unsecured € 2024	40,000,000	1.98	6.97	325,243	214,590	18.66
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.84	5.33	83,223	44,177	43.99
5.00% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.35	2.29	112,006	43,514	51.65
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.50	4.02	25,986	3,432	82.64
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.41	1.41	120,794	38,318	54.97
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.55	154,742	52,242	61.72
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.81	2.09	5,499	- 19,741	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.91	2.59	1,765,072	901,595	40.43
4.00% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.27	1,617,853	877,620	36.63
4.00% International Hotel Invest. plc Unsecured € 2026	40,000,000	3.63	3.27	1,617,853	877,620	36.63
4.00% MIDI plc Secured € 2026	50,000,000	3.30	9.80	220,613	97,440	31.83
3.75% Premier Capital plc € Unsecured Bonds 2026	**65,000,000**	**3.59**	**12.63**	**179,451**	**48,701**	**54.42**
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.86	10.08	28,166	6,135	60.96
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.75	5.93	229,882	63,771	50.15
4.00% Eden Finance plc Unsecured 2027	40,000,000	3.27	5.68	185,717	103,511	31.82
4.00% Stivala Group Finance plc Secured 2027	45,000,000	3.32	3.73	202,425	115,827	32.23
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.63	3.44	455,113	86,390	73.98

10 June '19

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts | A division of MeDirect Bank (Malta) plc



To date, there are no corporate bonds which have a redemption date beyond 2031. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue (primarily food and beverage sales) generated by the Group from the operation of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania (as from FY2016).
Net operating expenses	Net operating expenses include the cost of food, beverages, packaging material, labour expenses, other direct expenses, selling & marketing expenses, general & administration expenses and royalty fees payable under the franchise agreements.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

Profitability Ratios	
EBITDA margin	EBITDA margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.

Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include goodwill and other intangible assets, property, plant & equipment, financial assets and deferred tax assets.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable and cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include bank borrowings, bonds and deferred tax liabilities.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.

Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.