



Trading H1/2019 and Transformation Update

11 September 2019 – VAPIANO SE

AGENDA

- I. Introduction New CEO & First Thoughts
- II. Q2/2019 and H1/2019 Trading Update
- III. Transformation Process



Introduction New CEO
First Thoughts

Vanessa Hall
Chief Executive Officer
VAPIANO SE



VANESSA HALL – a new CEO for VAPIANO SE

Chief Executive Officer
(since 5 September 2019)



- >25 years of experience in managing gastronomy businesses (YO Sushi, Browns Restaurants and All Bar One)
- CEO and Supervisory Board experience
- Experience as Certified Charter Accountant (BDO)

Vapiano: Still a highly desirable and relevant brand

Vapiano attracts high daily guest count and remains relevant to guest needs and the 'fast casual' market opportunity:

Experience
driven
customisation

Informality

Premium
products

Italian cuisine

Digitalisation

Healthier
eating

Value scrutiny

Home delivery

Vapiano: Moving on from recent challenges

For a multitude of reasons, Vapiano has lost sales momentum:

Organisation
growing pains
due to
expansion

Guest
intolerance of
queue time

Decline in
operations
excellence

Limited brand
evolution

Limited
trade
marketing
activities

Reduced value
proposition

Rapid growth
of brand
competitors

Impact of
negative
corporate
publicity

Strategy remains unchanged

Focus for next 12 months

Market position

Leading position in D-AT
Strong position in European core markets
Strong global franchise

Measures

1
Slow down expansion
Franchising focus

2
Reduction of complexity, speed of service
Improved sales and conversion

3
Grow guest volume
Enhance brand appeal

4
Develop performance culture
Simplify organization

Strategic pillars

Sustainable and profitable expansion

Operational excellence and guest centric

Strengthen the Vapiano uniqueness

Invest in unique Vapianisti culture

T R A N S F O R M A T I O N

1 - Focused Growth

231 Restaurants in 2018
235 Restaurants in H1/2019



✓ 7 openings and 3 closings in 2019

- ✓ Focus on European core markets
- ✓ Refranchising strategy



2 - Operational Excellence with a focus on the guest



STANDARDISED PROCESSES:

- ✓ Optimisation of processes in the restaurant -> shared production will be implemented in Q4
- ✓ Optimisation of processes throughout the entire organisation -> simplification of organisation structure
- ✓ Increasing quality by reducing complexity in food preparation -> new menu design process

OPERATIONAL PROCESSES:

- ✓ Strengthen operational leadership and capabilities. "Back to basic" operational programme to enhance guest experience and drive sales performance and profit conversion.
- ✓ Increase speed of service in the restaurant and reduce waiting times (e.g. buzzer test)
- ✓ Learn from successful franchisees (better LFL performance in Germany)

3 - BRAND - Strengthening of Brand Profile and increasing customer numbers

Q4 & 2020

SHORT-TERM



EVOLVE

- Product innovation and menu development
- Evolution of design and ambience in the restaurant
- New loyalty programme
- Develop opportunities for smaller models

ENERGIZE

- Social media and digital strategy
- Trade marketing activities
- Innovation focus
- Daypart offers – lunch/ dinner/ evenings/ family weekend

OPTIMIZE

- Enhancement of take away and delivery specials
- Momenti Specials (Asparagus, Burrata, Pumpkin, Truffles)
- Clear Brand Positioning – “Italian, your way”
- Corporate PR campaign

4 - VAPIANISTI - Transformation/ Cultural Change

INVESTMENT IN THE ORGANISATION:

- ✓ Analytical expertise and project management → CTO
- ✓ Marketing → new marketing structure (Head of Marketing)
- ✓ Operations → new OPS structure (focus on Germany)
- ✓ Franchise → new CEO Franchising International

PROMOTION OF SERVICE AND PERFORMANCE-ORIENTED WORK:

- ✓ “Back to basic” training:
 - Recruit, train and develop
 - Flawless execution of brand standards
 - Simplification for enhanced consistency
- ✓ Reward and recognise good service and profitability on restaurant level



Summary of First Thoughts

Still a strong and popular brand relevant to consumer needs

Negativity of recent months has knocked confidence – team, guest, investors.
Need to rebuild positive culture, capability and performance

Immediate priority is operational excellence + effective marketing to restore
LFL sales momentum – especially in the core market

Ongoing brand evolution required – in particular to reduce guest wait time
frustration

Strategy remains unchanged – priority now is to make it happen

Q2/2019 and
H1/2019 Trading Update

Lutz Scharpe
Chief Financial Officer
VAPIANO SE



Vapiano – A Year of Transition / HY 1 2019

Group sales Q2 19 increased by 11.3% to €98.7m; H1 +12.3% to €196.6m

Lfl sales Q2 19 decreased by -2.8% due to:

- Negative Lfl trend in Germany and Rest of Europe
- Overall reduction in guest count ongoing (-8% on group level)

Adjusted EBITDA Q2 19 at €4.4 m (close to prior year), H1 19 at €7.6m behind last year

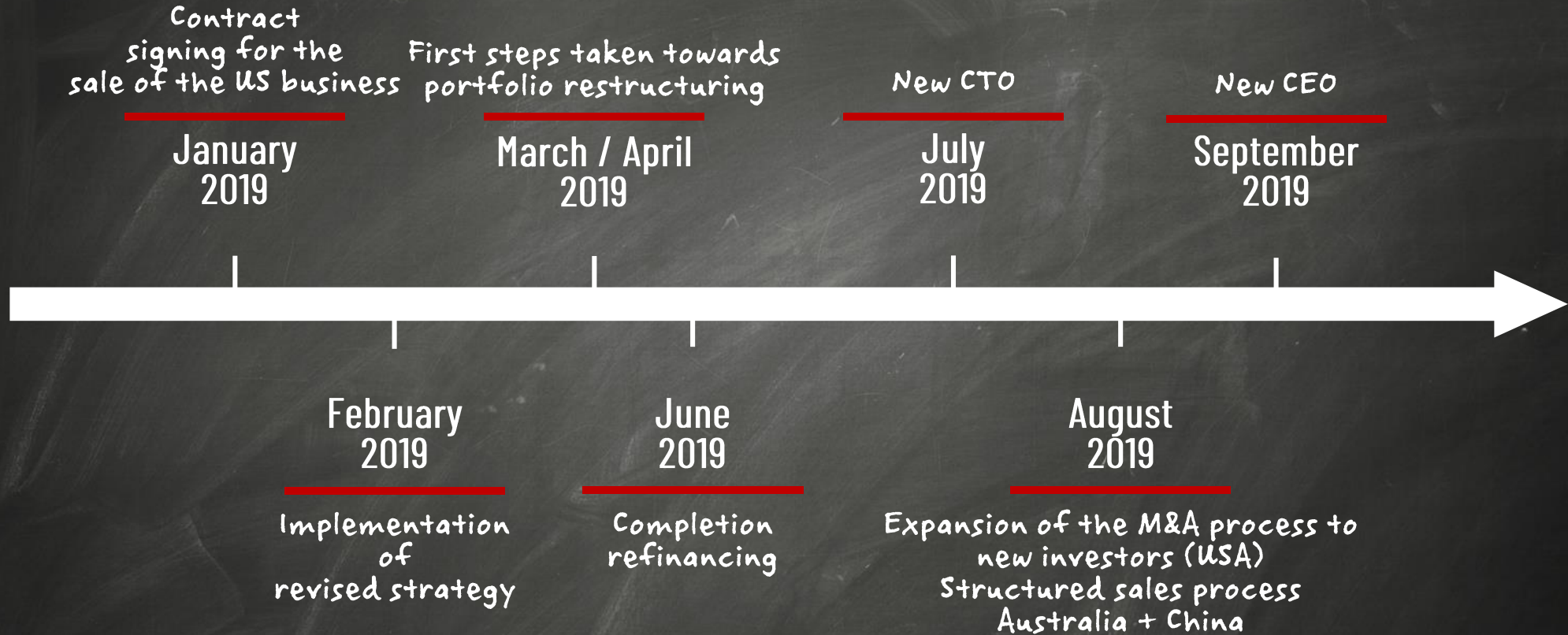
- International openings 2017 and 2018 below expectations
- Overall margin pressure in core markets (Germany and Austria)

Net income H1 19 at - €34.3m including one-time effects:

- €8.4m impairment losses
- One-time costs €5.8m include refinancing costs, pre-opening costs and restructuring expenses

7 Openings and 3 Closings in first half 2019 lead to 235 restaurants

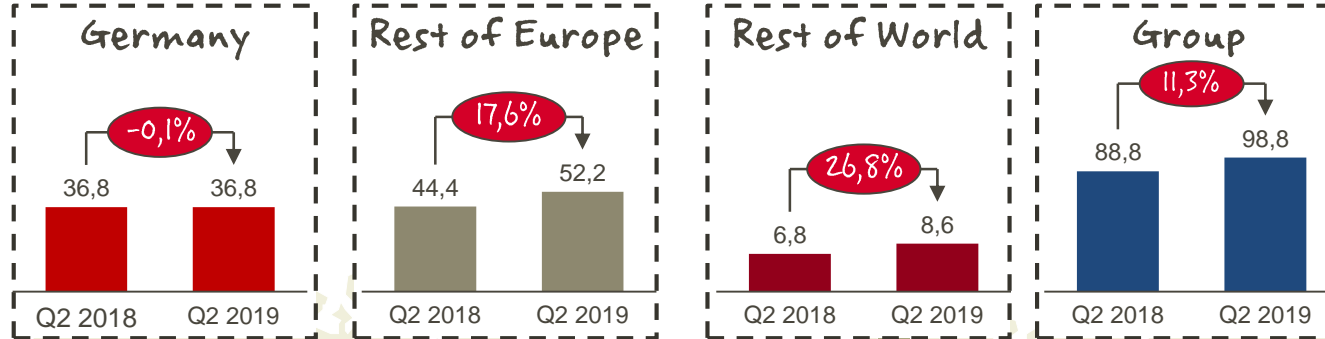
VAPIANO in the transformation year



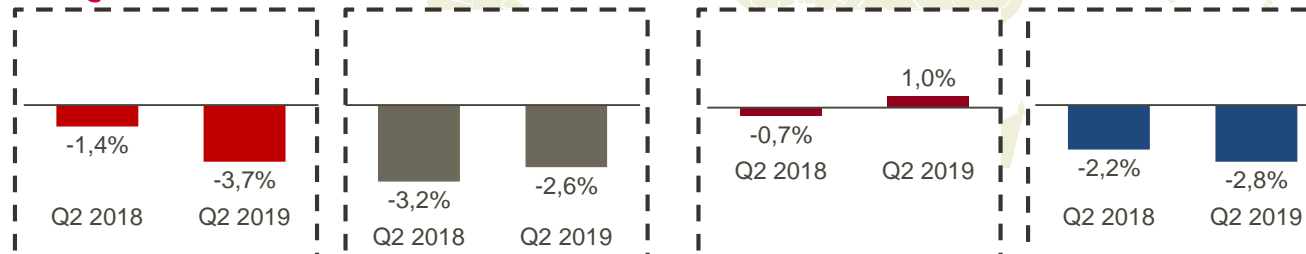
Summary financial performance Q2-2019 – Net Sales and LFL

LFL sales in Germany and Europe still challenging

Net Sales €m



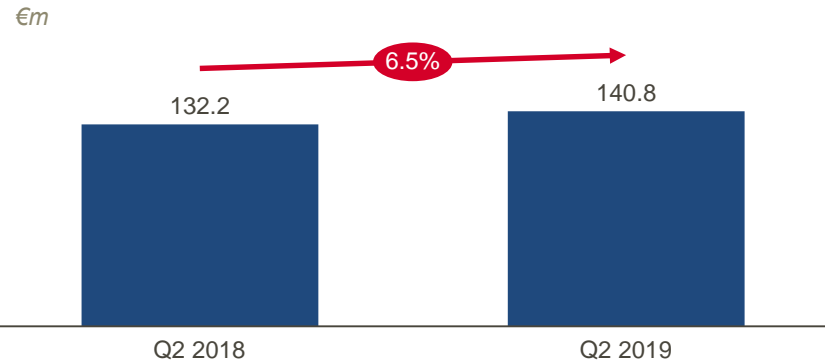
LFL growth %



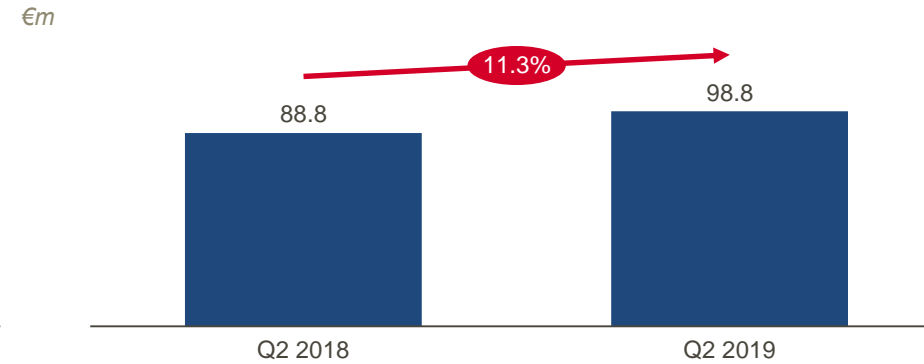
Summary financial performance Q2-2019 – Financial KPIs

Adj. EBITDA Q2/2019 close to level of 2018

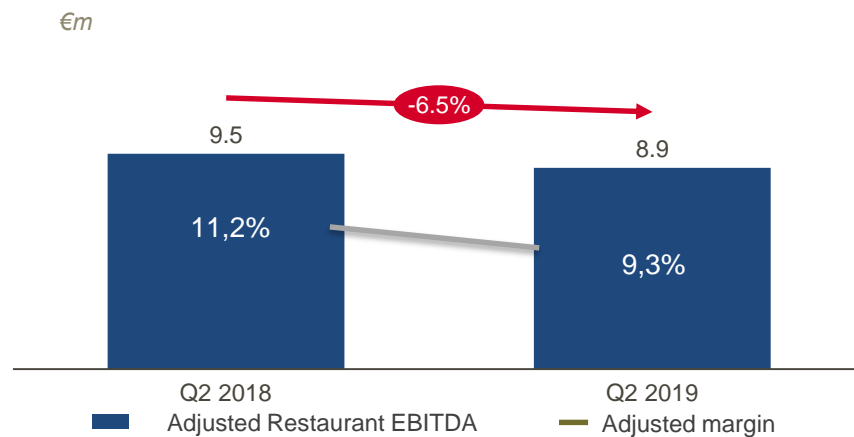
System sales



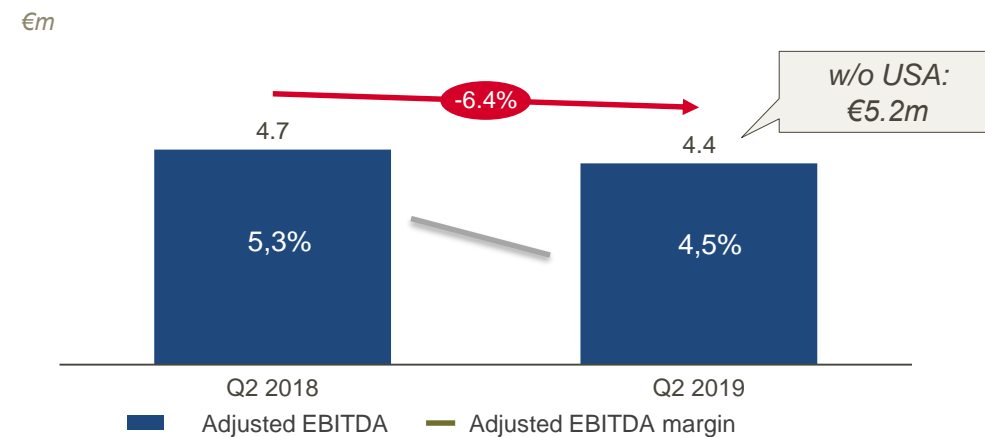
Net sales



Restaurant contribution



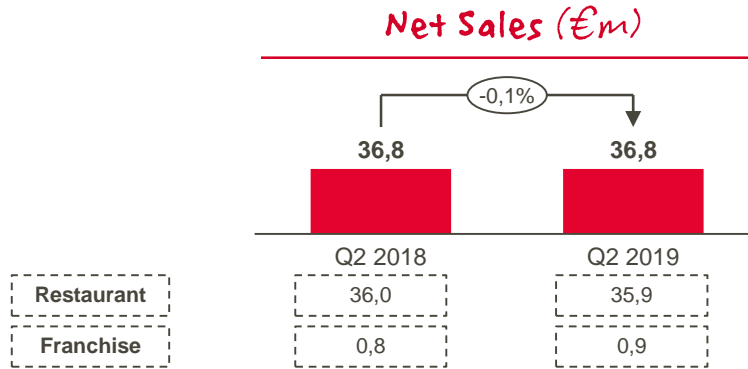
Adjusted EBITDA



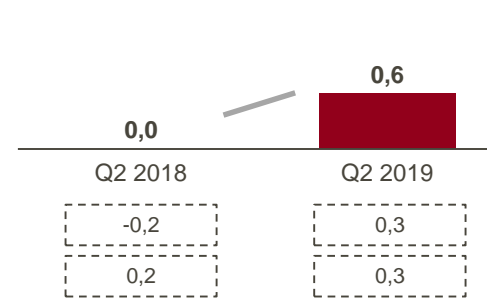
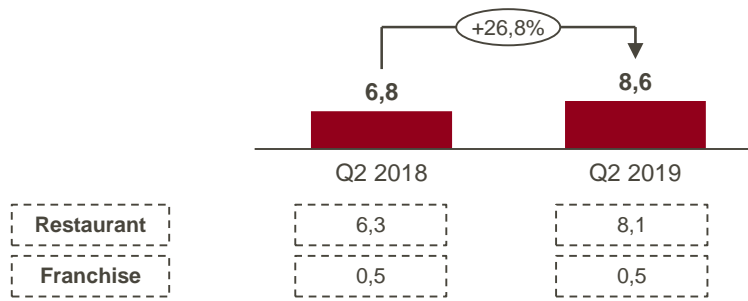
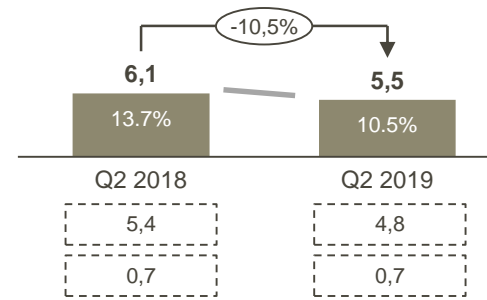
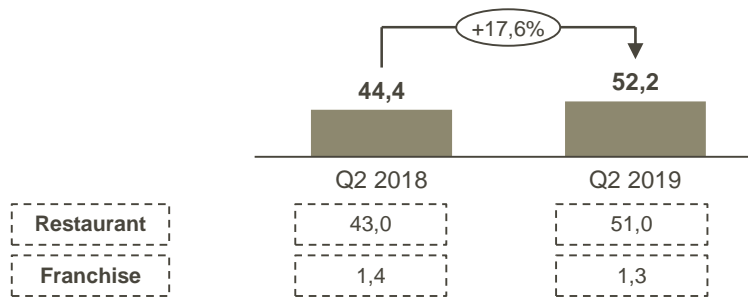
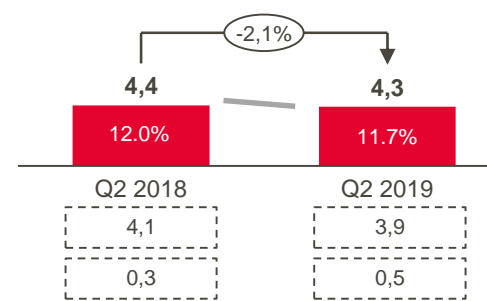
Summary financial performance Q2-2019 – Segment Overview

Stable profit development in Germany but reduction in Europe

Segment *



Adjusted EBITDA (€m)



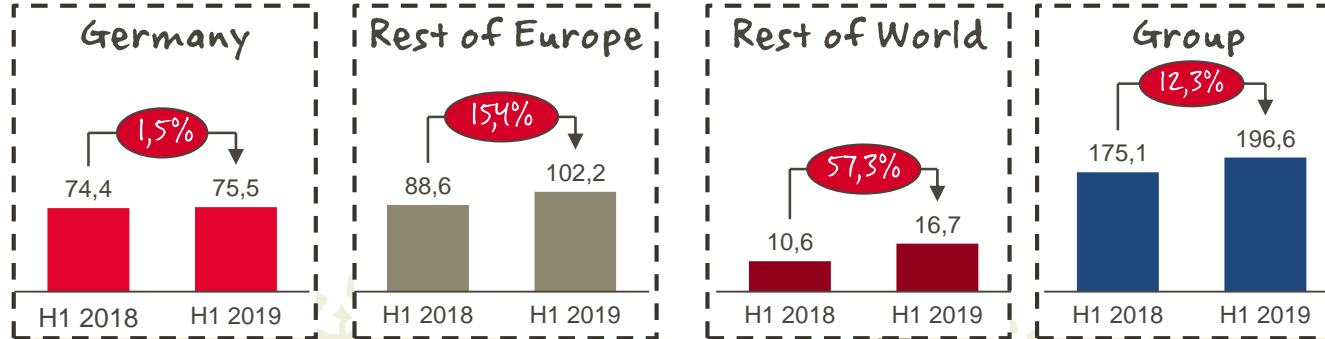
— Adjusted EBITDA Margin

* Segment includes proportional sales and EBITDA from franchising

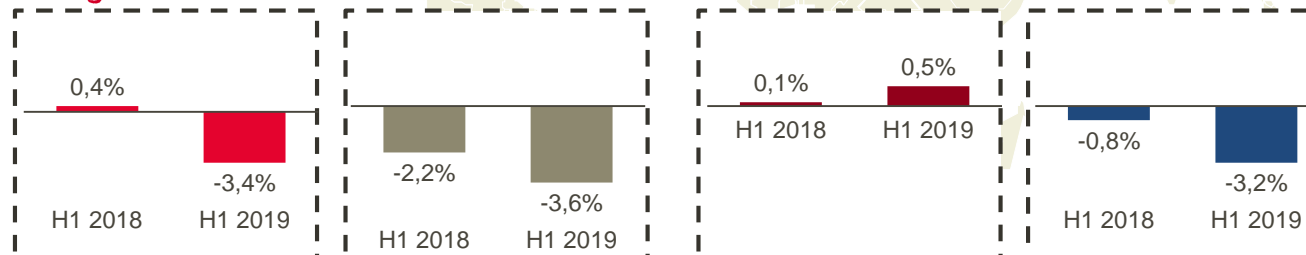
Summary financial performance H1-2019 – LFL

LFL sales in Germany and Europe trade negative

Net Sales €m



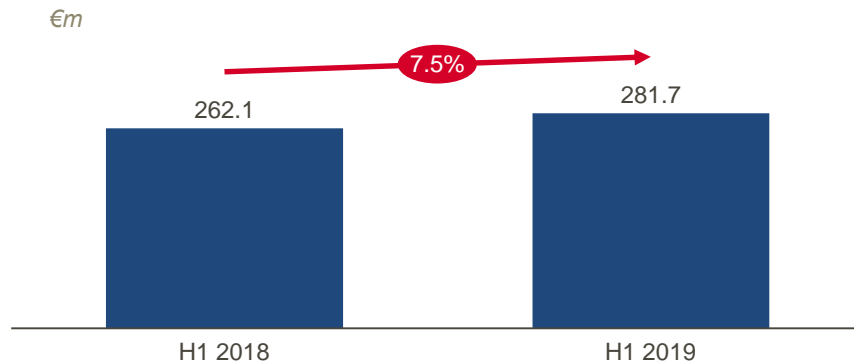
LFL growth %



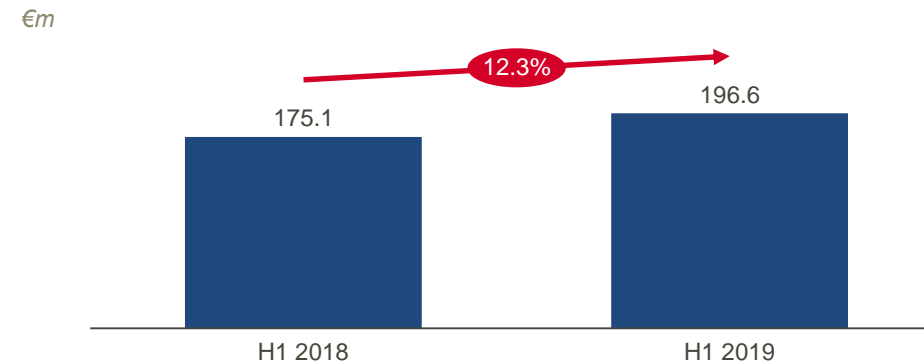
Summary financial performance H1-2019 – Financial KPIs

Adj. EBITDA development still suffers from negative Q1/19 performance

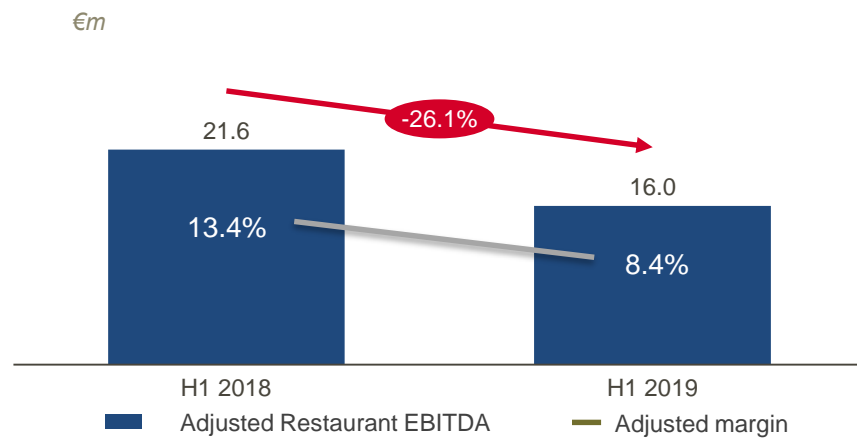
System sales



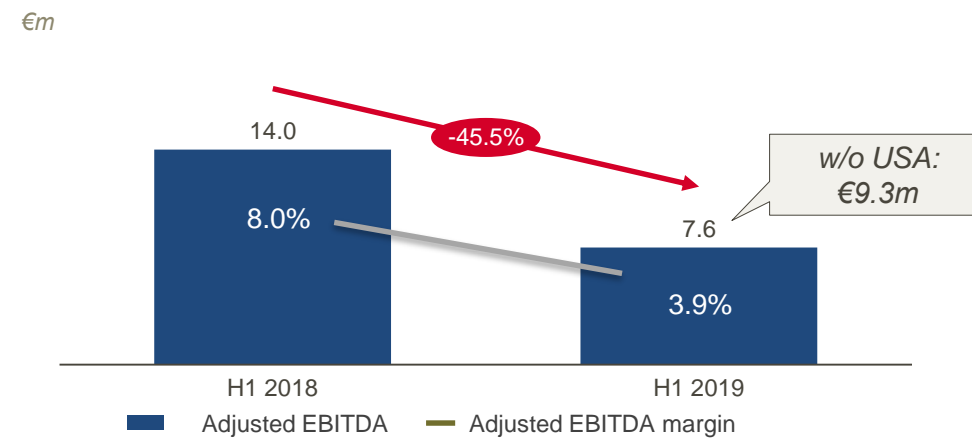
Net sales



Restaurant contribution



Adjusted EBITDA



Guidance for the financial year 2019 remains unchanged

	Excl. IFRS 16	Incl. IFRS 16
Net Sales	390 - 420	390 - 420
Adj. EBITDA	20 - 25	60 - 67
LFL	-2% to -4%	-2% to -4%
Openings	10 - 15	10 - 15

In € million

Transformation - Update

Johann Stohner
Chief Transformation Officer
VAPIANO SE



JOHANN STOHNER – a new Executive Board member for VAPIANO SE

CHIEF TRANSFORMATION OFFICER
(since 1 July 2019)



Market position

Leading position in D-AT
Strong position in European core markets
Strong global franchise

Measures

1	2	3	4
Slow down expansion Franchising focus	Reduction of complexity, speed of service Improved sales and conversion	Grow guest volume Enhance brand appeal	Develop performance culture Simplify organization

Strategic pillars

Sustainable and profitable expansion	Operational excellence and guest centric	Strengthen the Vapiano uniqueness	Invest in unique Vapianisti culture
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T R A N S F O R M A T I O N

- >20 years of experience with corporate restructurings
- International transformation expert at board level
- Head of Alvarez & Marsal's Restructuring practice in Germany
- Withdrawal from non-core markets: USA, Australia, China
- Store exits / Review of new openings
- Re-franchising: (Partial) sale of corporate restaurants

Withdrawal from non-core markets: USA, Australia, China (1/2)

INITIATIVE

- ✓ Sale of US business
 - 6 corporate restaurants (3x Chicago, 2x Washington, New York)
 - Overhead structure
- ✓ Sale of Australian business
 - 7 restaurants (2x Brisbane, Canberra, Gold Coast, Melbourne, Sydney, Toowoomba)
 - Joint Venture (75%), overhead structure
- ✓ Sale of Chinese business
 - 1 corporate restaurant in Shanghai
 - Overhead structure

BACKGROUND UP UNTIL AUGUST 2019

- ✓ **USA:** Sale to Plutos Sama has been delayed several times
 - Initial closing planned for March 2019
 - Share deal and development rights for 5 states
 - Exclusivity terminated on 16 August 2019; expansion of M&A process to other interested parties in mid of August 2019
- ✓ **AUS / CHN:** NDAs signed with selected interested parties
 - Common approach with joint venture partner (AUS) or independent (CHN), until August 2019 without M&A consultant
 - Development rights for further franchise potential in both regions

Withdrawal from non-core markets: USA, Australia, China (2/2)

STATUS AND NEXT STEPS

- ✓ Set-up of a structured and transparent process that will be orchestrated by an M&A advisor
 - Market package deal and potentially pivot separate transactions based on investor interest
 - Maximise outcome under currently achievable market conditions
 - Ensure transparency of competing offers and reliability of execution

→ M&A advisor selection finished in CW 36/2019

- 6 acknowledged M&A advisors contacted, 3 final round offers being assessed
- Both, approach to transaction strategy and structure as well as commercial terms as decision criteria

→ Structured processes for all three regions to kick-off in CW 37/2019 with an intention to close the deals in Q1/2020 for USA and Q2/2020 for China and Australia

Store exits / Review of new openings

INITIATIVE

- ✓ Detailed analysis of unprofitable restaurants taking into account contractual obligations and possible exit options
- ✓ Review of investment decisions for initially planned restaurant openings/ remodellings
- ✓ Stricter assessment of costs and construction obligations with regard to ramp up profile and return on investment of measures
- ✓ Reduction of cash burn rate and performance improvement through portfolio streamlining

STATUS QUO / NEXT STEPS

- ✓ First closures of unprofitable restaurants carried out
 - Munich Pasing closed, finalisation of documents and dismantling in Q3/2019
 - Glasgow closed, finalisation of documents and dismantling in Q4/2019
- ✓ Stop of planned new openings with unsatisfactory return profile finally decided
 - Berlin Borsigturm (Plan Q2/2019, €2.1m invest)
 - Frankfurt Winxtower (Plan Q2/2019, €2.2m invest)
 - London Canary Wharf (Plan Q2/2019, €2.9m invest)
- ✓ Continuous assessment of performance and local conditions

Re-franchising: (Partial) sale of corporate restaurants

INITIATIVE

- ✓ Evaluation of restaurant portfolio with focus on core markets in Europe
- ✓ Improving liquidity through cash proceeds from divestment of joint ventures/ corporate restaurants
- ✓ Reduction of investments for new restaurants or restaurants that need to be refurbished
- ✓ Realisation of franchise fees and increased performance through local entrepreneurship
- ✓ Special focus on franchisees / joint venture partners with proven success

STATUS QUO / NEXT STEPS

- ✓ Potential identified for (partial) sale of restaurants particularly in Germany
- ✓ Ongoing assessment of requests from existing franchisees and joint venture partners as well as potential new partners
- ✓ Negotiations already started
- ✓ Completion of first transactions still expected for 2019

THANKS FOR YOUR
ATTENTION AND TRUST!

