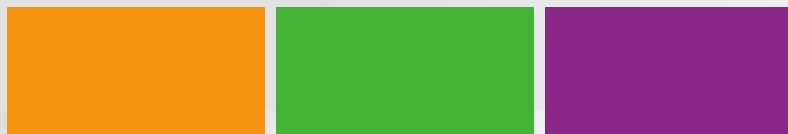
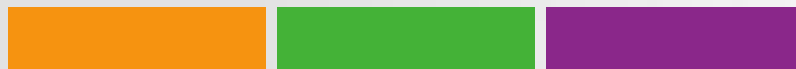




## Nordic Service Partners Holding AB (publ)

ProHearings 28 augusti, 2015  
Morgan Jallinder, CEO NSP



# Agenda

NSP introduction

New brands

Highlights and financials

NSP going forward

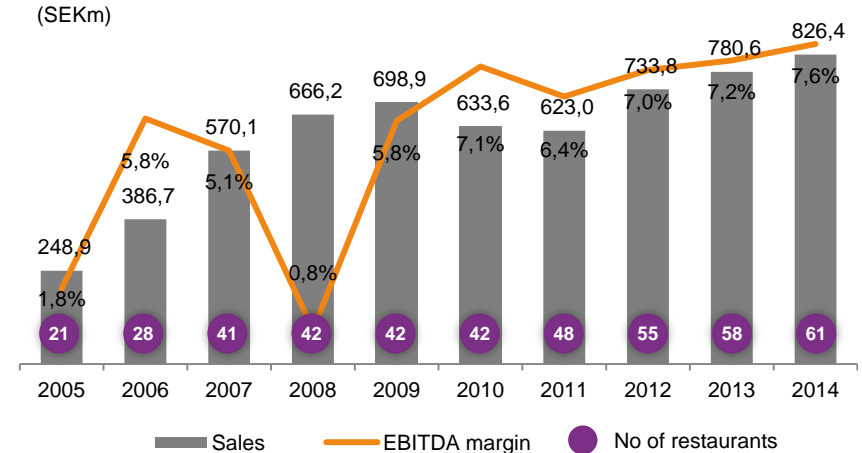
Q&A

# Nordic Service Partners at a glance

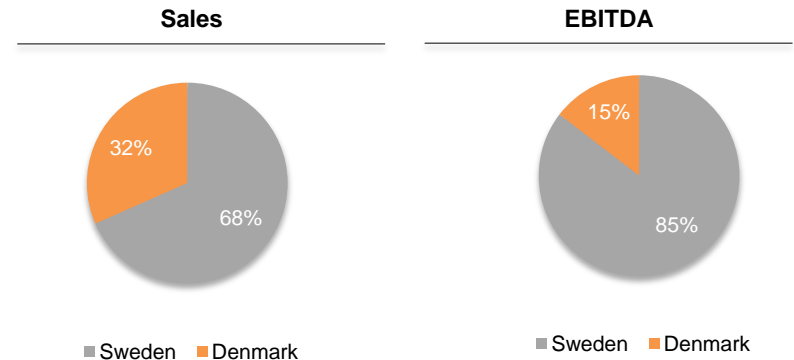
## NSP in brief

- Largest multi franchisee of Burger King in the, founded in 2004
- 61 Burger King restaurants
  - Sweden - 44 restaurants
  - Denmark - 17 restaurants
- New brands 2014
  - KFC (Kentucky Fried Chicken)
  - TGI Fridays
- Infrastructure ready for growth
- NSP is traded on Nasdaq Stockholm since 2008
- 2 700 shareholders
- Market cap 200 MSEK (137 MSEK)
- A board of directors and management with long and relevant experience in QSR

## Group sales and EBITDA margin



## Breakdown by geography 2014



# Key historical milestones

## 2004 – 2005

1

### The foundation

- Nordic Service Partners was established in 2004 when the Company acquired 21 Burger King restaurants in Sweden from Burger King Corporation
- Turnover increased by 14% for the existing restaurants whilst the market grew by 5%
- The NSP stock listed at NGM Equity

## 2006 – 2008

2

### Acquisitions and growth

- NSP acquired Taco Bar with 12 existing restaurants and opened 4
- Acquired 7 of Denmark's existing Burger King restaurants
- Established 2 food courts in the Stockholm region
- Stock listed on Nasdaq First North
- Acquired 9 Burger King restaurants
- Acquired the rights for Tasty Thai concept in Sweden and opened 1 Tasty Thai restaurant in Stockholm
- Stock listed on Nasdaq Stockholm

## 2009 – 2010

3

### Consolidation

- Focus on profitable Burger King restaurants, development of brand name, and Taco Bar
- NSP regained profitability in 2009 after a period of heavy investments
- Cost savings program put in place in 2008 had an effect of SEK 10m

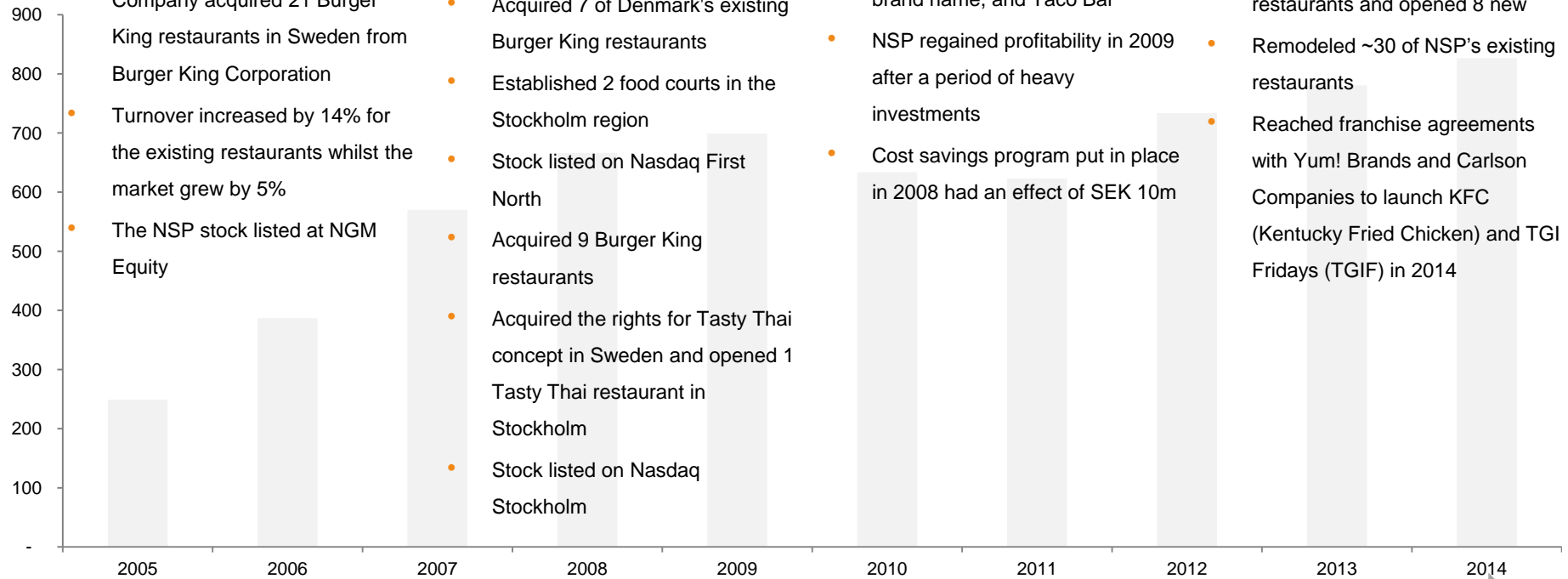
## 2011 – 2014

4

### Growth

- NSP sold Taco Bar in Q1 2014
- Acquired 4 Burger King restaurants and opened 8 new
- Remodeled ~30 of NSP's existing restaurants
- Reached franchise agreements with Yum! Brands and Carlson Companies to launch KFC (Kentucky Fried Chicken) and TGI Fridays (TGIF) in 2014

Sales (SEKm)

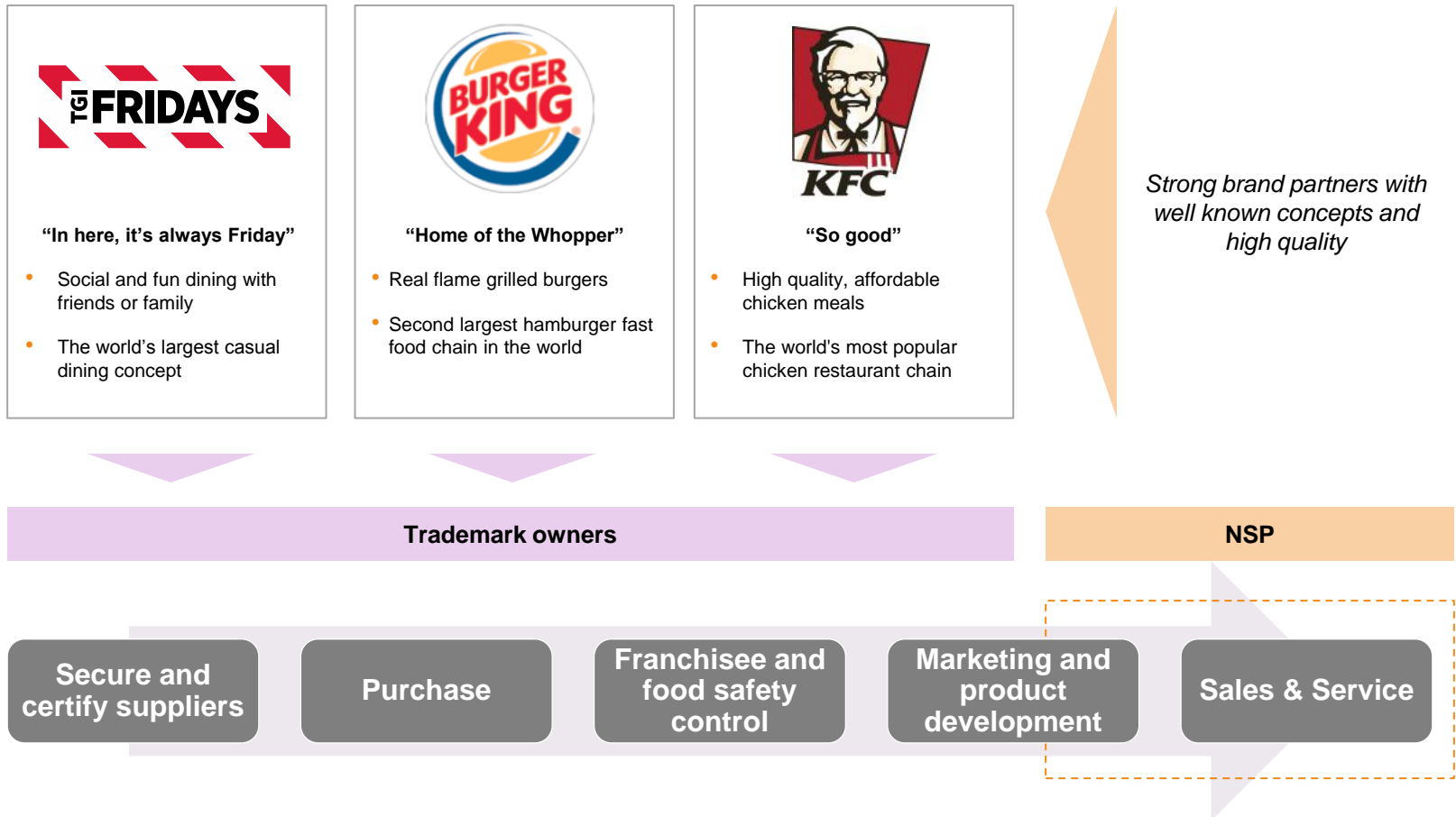


onsp  
nordic service partners



# First class brand portfolio

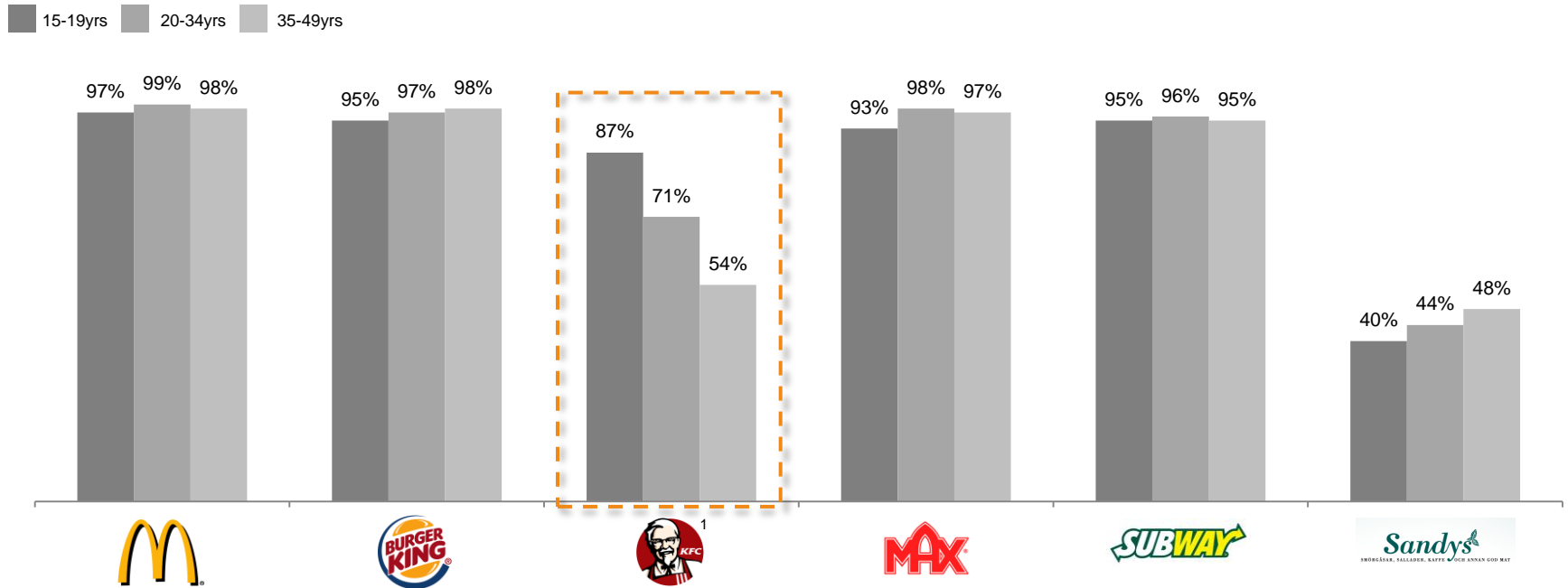
Strong brand partners ensure high quality throughout the value chain and strengthen NSP's offering



# First class brand portfolio (cont.)

KFC is well known with Swedish consumers even before launch

## Brand awareness study



- Market research shows that 87% of NSP's target customers, between age 15-19, knows KFC
- Brand awareness is high for KFC, with 57% national recognition, even though there are no restaurants in Sweden to date

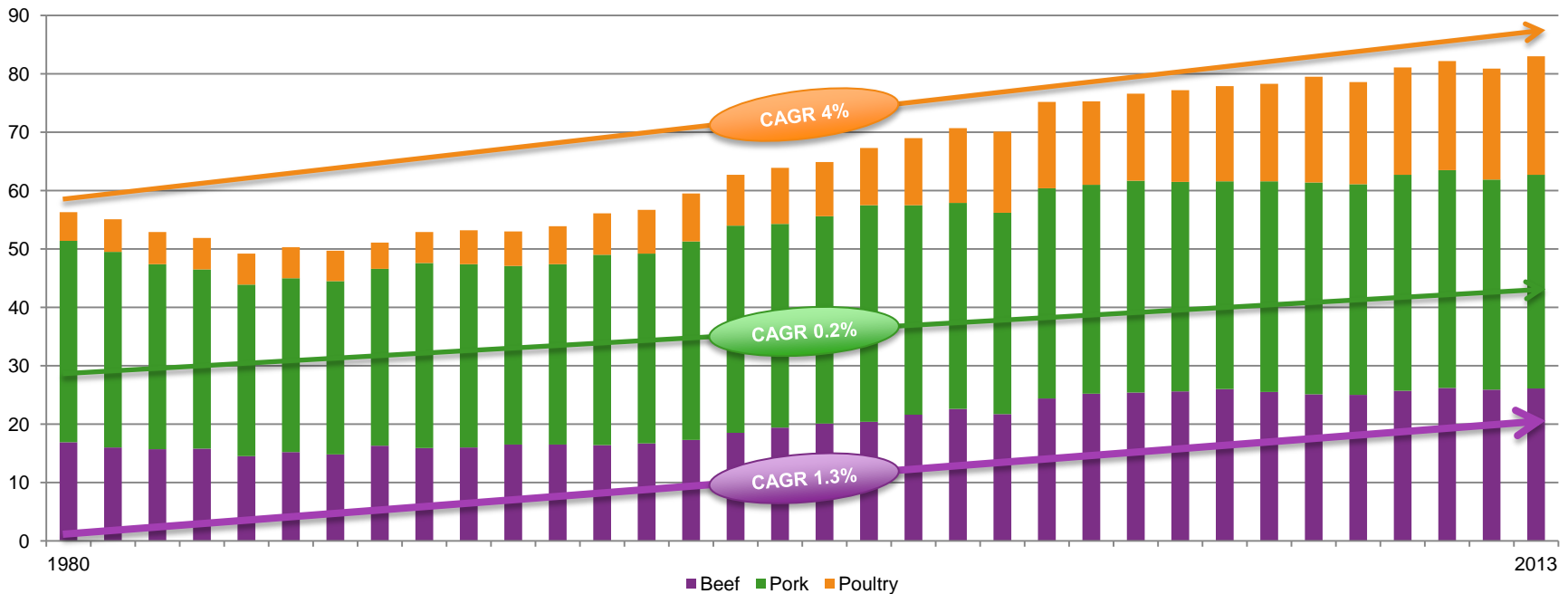
Source: Here Are Lions research

1) For KFC, if spelled out in full name, Kentucky Fried Chicken, the brand awareness amounts to 83%, 71%, and 61% for the three age categories respectively

# Increasing demand for chicken

## Swedish meat consumption

(kg per person and year)



- The consumption of chicken has shown strong growth over the past decades
- Overall, Swedish meat consumption (measured in volume) has increased by 1% annually between 1980-2013, mainly driven by a growth in chicken consumption
- However, the chicken consumption in Sweden remains low in an international context

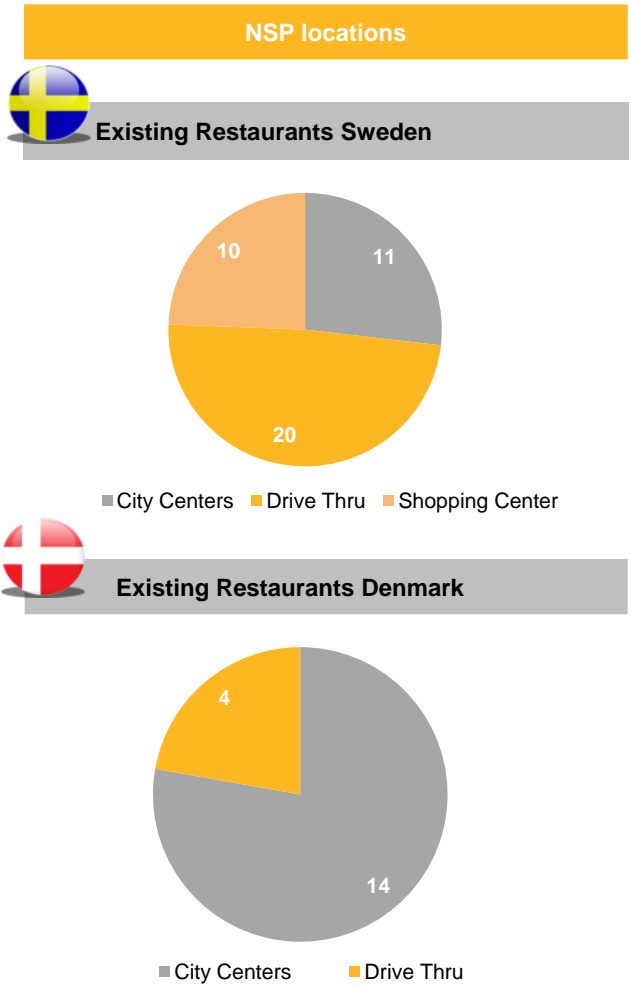
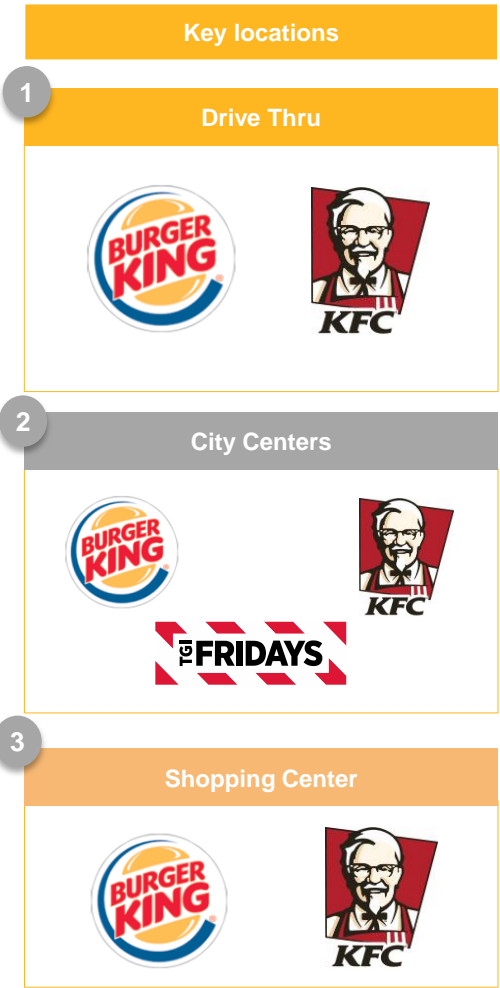
Source: Swedish Board of Agriculture statistics

# Competitive landscape

|                   |                    |  |  |
|-------------------|--------------------|--|--|
| Eating Home       | HMR                | <ul style="list-style-type: none"> <li>Foods prepared in a store and consumed at home or in-store which require little or no preparation on the part of the consumer</li> </ul>  |  |
|                   | QSR                | <ul style="list-style-type: none"> <li>Also known as "quick-serves," these restaurants are known for fast, efficient, take-out-ready foods at affordable prices. Many consider the term "quick-serve" as synonymous with "fast food."</li> </ul>   |  |
| Restaurant market | Fast Casual Dining | <ul style="list-style-type: none"> <li>A type of restaurant that does not offer full table service, but promises a higher quality of food and atmosphere than a fast food restaurant. It is a relatively new and growing concept positioned between fast food and casual dining</li> </ul> |  |
|                   | Casual Dining      | <ul style="list-style-type: none"> <li>Provide table service but no educated chefs. Comprises a market segment between fast food and fine dining restaurants. Often have a full bar with separate bar staff, a larger beer menu and a limited wine menu</li> </ul>                         |  |
|                   | Dining             | <ul style="list-style-type: none"> <li>Offers the finest in food, service and atmosphere. It is also the highest priced</li> </ul>   |  |



# Location, location, location...



# NSP Way – a successful business model

Secures optimal operations from both a revenue and a guest:s point of view

## Raw material

- Excellent control of the raw materials in each restaurant
- Daily check of inventories to manage the food cost gap
- Goal – maximum 0.2% in gap will result in improved Gross Profit

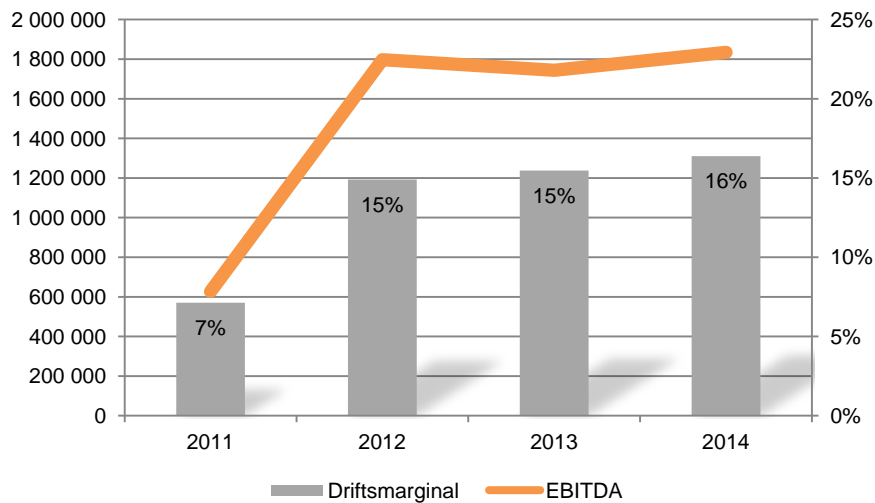
## Labour

- Control of NSP's scheduling is a key to their success
- Schedule the number of employees every 30 minutes to match expected sales
- In Swedburger this has resulted in an increase in cash flow from 12% to c.22%

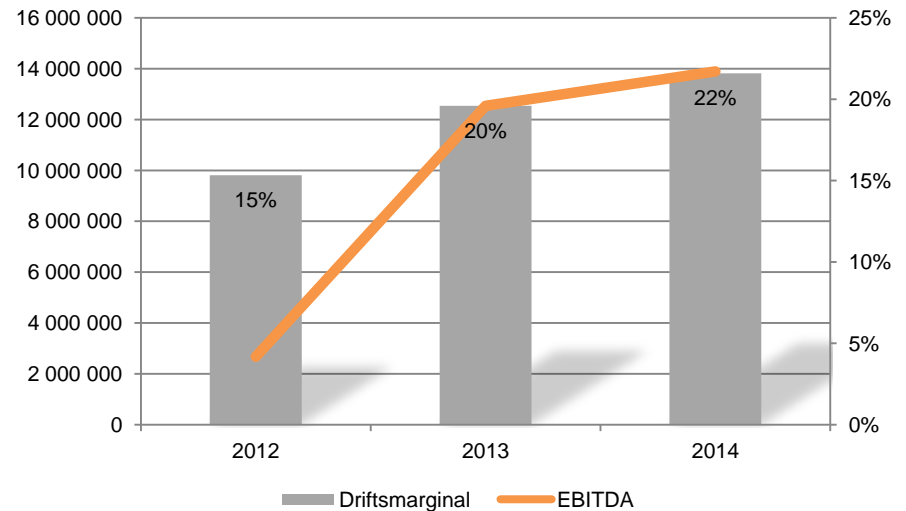
## Local store marketing

- Marketing of the different stores in the local markets where they operate

### Örebro

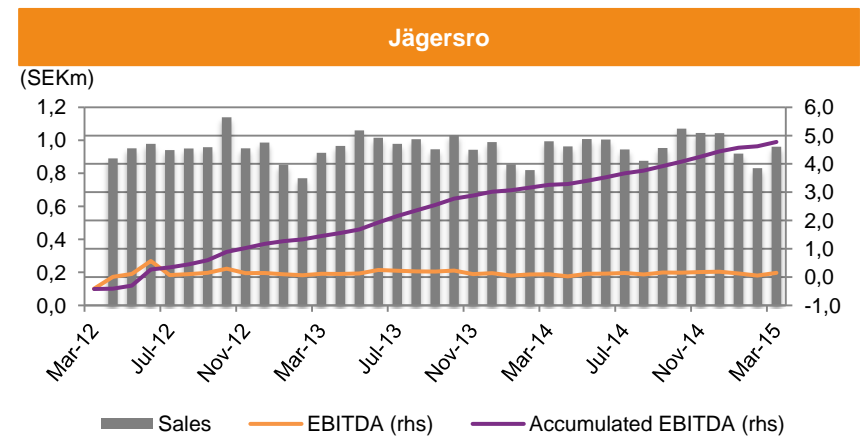
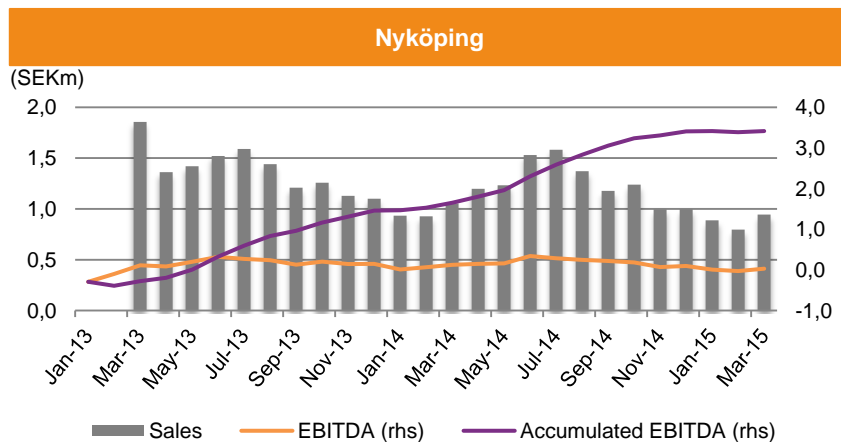
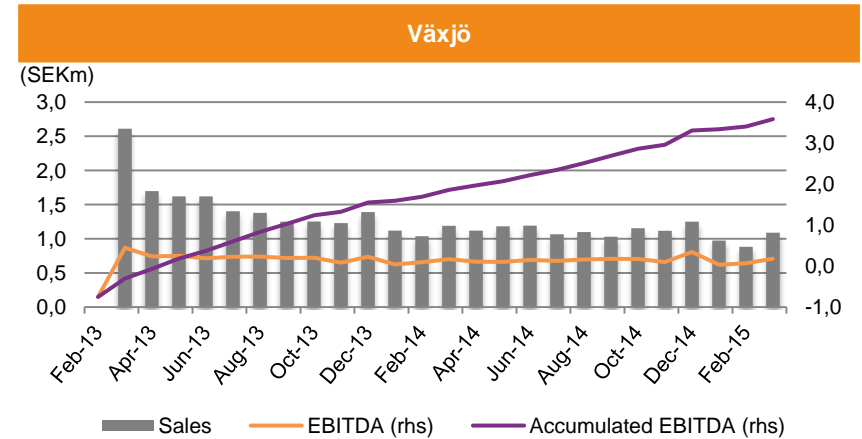
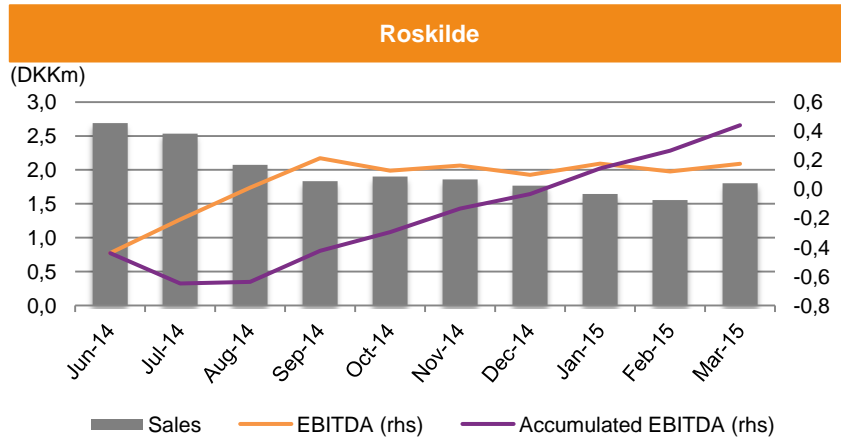


### Swedburger



# Proven ability to drive operational excellence (cont.)

Structured approach to restaurant openings leads to quick payback



- Investments in new restaurants are around SEK 5.5 – 6.0 million. On average, the initial investments is paid back already after 3 years
- Roskilde reached a quicker break-even with new methods such as staying at opening levels of staff for a longer period

# TGI Fridays

- Exclusive development agreement
  - Denmark
  - Five restaurants in five years
- Fridays at Højbro Plads
  - Located in the heart of Copenhagen, between Rådhuspladsen and Nyhavn, 240+ seats plus outdoor seating
  - Management team in place
  - Opened in mid July

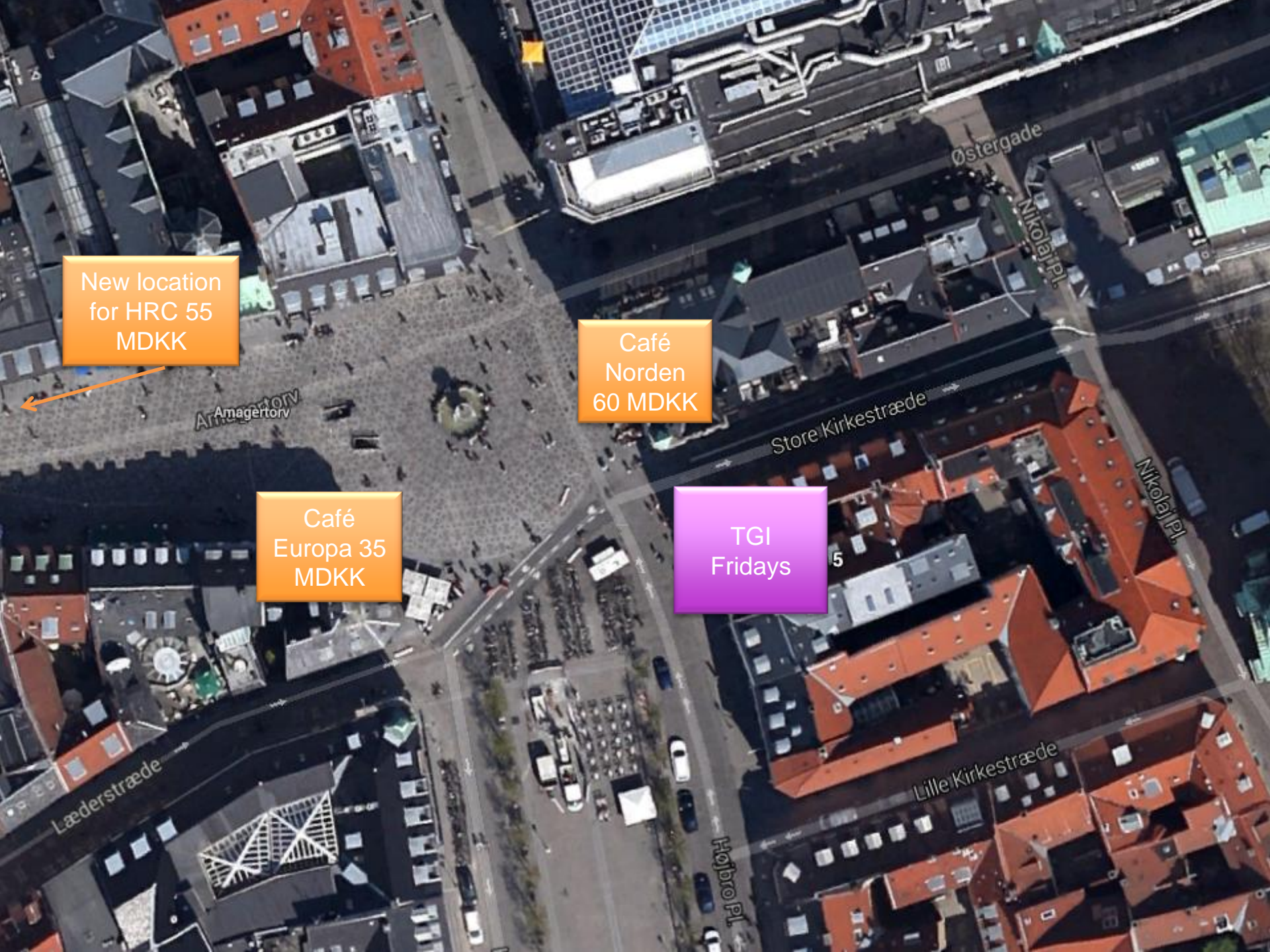
New location  
for HRC 55  
MDKK



Café  
Norden  
60 MDKK

Café  
Europa 35  
MDKK

TGI  
Fridays



# KFC

- Agreement of understanding
  - Establishment of KFC in Sweden
  - Starting with Malmö, Göteborg and Stockholm
- Status KFC
  - Restaurants to be opened in Lockarp and Stortorget in Malmö
  - Opening planned for December and Q1 2016
  - Recruitment of district manager and restaurant managers
  - Extensive training in Holland
- Market expectations
  - Analysis shows positive market demand
  - Great interest in social media

# NSP:s standard KFC building



# Key highlights 2014

- Agreement with TGI Fridays to open 5 Fridays in Denmark
- Agreement with YUM Brands to (re)launch KFC, starting in Sweden
- 200 MSEK bond issue
- Opened the biggest Burger King restaurants in Denmark (Roskilde) and Sweden (Hallunda) and acquired two restaurants in Malmö
- Strong 4<sup>th</sup> quarter and turnaround in Denmark in H2



# Financials Q2 2015

## Financials Q2 2015

| MSEK           | apr-juni<br>2015 | apr-juni<br>2014 | Förändring<br>% |
|----------------|------------------|------------------|-----------------|
| Summa intäkter | 225,2            | 208,1            | 8%              |
| Driftsresultat | 28,3             | 23,4             | 21%             |
| SG&A           | -12,2            | -10,0            | 22%             |
| Ebitda         | 16,1             | 13,4             | 20%             |
| Avskrivningar  | -10,9            | -9,4             | 15%             |
| Ebit           | 5,2              | 3,9              | 32%             |
| Finansnetto    | -10,8            | -2,5             | 337%            |
| Ebt            | -5,5             | 1,5              | -476%           |

## Comments

- Strong increase in EBITDA
- Cash flow from restaurants now @ 13% on R12 basis
- Continued increase in profitability in Denmark
- A one off cost of -6,5 MSEK due to NSP bid by DKR
- Stable cash flows from restaurants.
- Deprecation of restaurants peaks during the first six year

# Financials H1 2015

## Financials H1 2015

| MSEK           | jan-juni<br>2015 | jan-juni<br>2014 | juli 2014-<br>juni 2015 | Helår<br>2014 | Förändring<br>% |
|----------------|------------------|------------------|-------------------------|---------------|-----------------|
| Summa intäkter | 422,1            | 389,4            | 859,1                   | 826,4         | 4%              |
| Driftsresultat | 47,2             | 39,6             | 111,5                   | 103,9         | 7%              |
| SG&A           | -42,0            | -40,5            | -45,3                   | -41,1         | 10%             |
| Ebitda         | 24,0             | 20,8             | 66,2                    | 63,0          | 5%              |
| Avskrivningar  | -21,5            | -18,4            | -42,2                   | -39,1         | 8%              |
| Ebit           | 2,5              | 2,2              | 24,1                    | 23,7          | 2%              |
| Finansnetto    | -15,1            | -5,1             | -22,5                   | -12,5         | 81%             |
| Ebt            | -12,6            | -2,9             | 1,6                     | 11,3          | -86%            |

## Comments

- Improved EBITDA and EBIT
- Cash flow from restaurants now @ 13% on R12 basis
- Continued increase in profitability in Denmark
- A one off cost of -6,5 MSEK due to NSP bid by DKR
- Stable cash flows from restaurants.
- Deprecation of restaurants peaks during the first six year

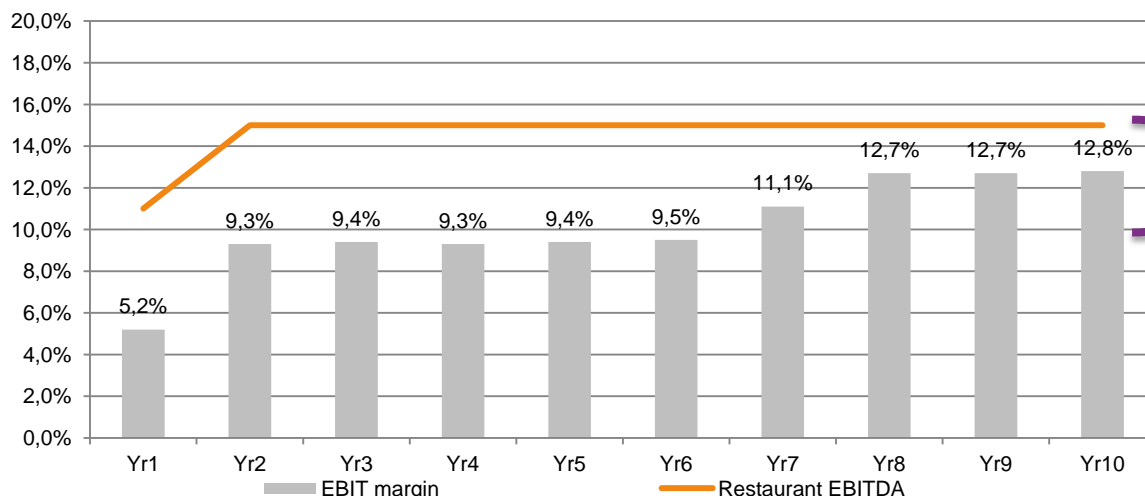
# Financial goals

## Financial goals

| % of turnover     | Goal        | R12 2015    | Actual 2014 |
|-------------------|-------------|-------------|-------------|
| Restaurant EBITDA | 13.0%       | 13,0%       | 12,6%       |
| SG&A              | 4.0%        | 5.3%        | 5,0%        |
| EBITDA            | 9.0%        | 7.7%        | 7.6%        |
| Depreciation      | 4.0%        | 4.9%        | 4.7%        |
| <b>EBIT</b>       | <b>5.0%</b> | <b>2,8%</b> | <b>2,9%</b> |

\* Including Taco Bar

## Development of restaurant EBIT – profitability development



## Comments

- Stable cash flows from restaurants
- Negative working capital
- Flexible (50 - 60%) cost structure
- Low risk in established restaurants
- Higher risk in opening new restaurants
- Depreciation of restaurants peaks during the first six year
- Limited re - investment

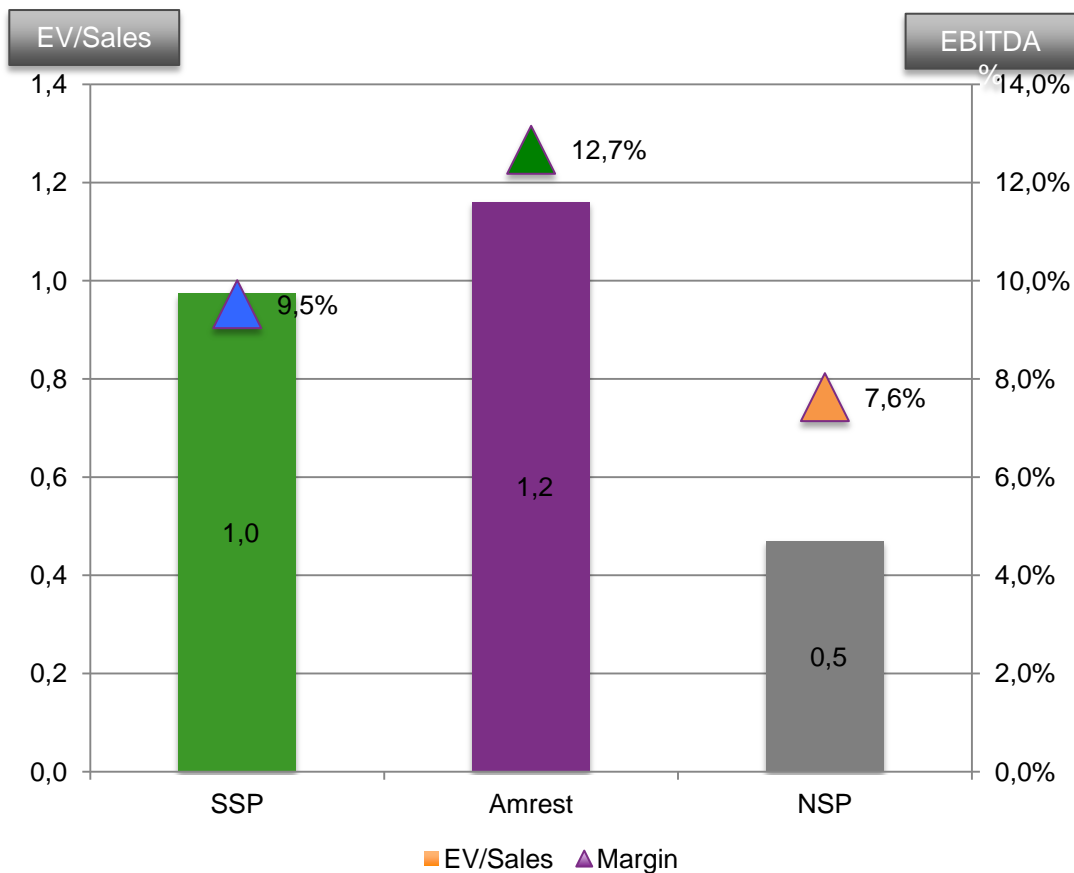
# Strategic initiatives going forward

2015 and onwards

- Corporate
  - NSP brand building
  - New organisation and collaboration with new franchisors
- Burger King
  - Optimize marketing and local store marketing
  - Further development of existing restaurants
- KFC
  - Open new restaurants
  - Building operative organisation
  - Prospecting and development of new site
- TGI Fridays
  - Open new restaurants
  - Building operative organisation
  - Prospecting and development of new sites

# Benchmarking multi franchisee companies

## SSP, AmRest and NSP valuation benchmarking



- SSP, London exchange in 2014, restaurants in airports and railways
- AmRest public on the Polish exchange, restaurants in Central and Eastern Europe
- Economies of scale with volume



# Tack för er tid!

För ytterligare information kontakta:

**Morgan Jallinder**, CEO NSP

telefon 08-410 189 50

mobil 0708-787 843

**Johan Wedin**, CFO NSP

telefon 08-410 189 50

mobil 0761-26 20 20