Financial Analysis Summary

25 June 2018

Issuer

Premier Capital p.l.c.

WEALTH MANAGEMENT ▪ CORPORATE BROKING

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

25 June 2018

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 2018 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 2015 to 31 December 2017 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 2018 and 31 December 2019 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.

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

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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.

During 2017, the Group opened 1 restaurant in Greece, 2 restaurants in Lithuania, and 4 restaurants in Romania (an aggregate of 7 new openings). The Group also remodelled 5 of the existing restaurants in Romania. There were no restaurant closures during FY2017.

As at 31 December 2017, the Group operated 140 restaurants as follows: 9 in Malta and Gozo; 10, 12 and 13 in Estonia, Latvia and Lithuania respectively; 24 in Greece; and 72 restaurants in Romania.

An analysis of restaurant sales by country is provided hereunder:

Premier Capital p.l.c. Revenue by Territory	2015 Actual (€'000)	2016 Actual (€'000)	2017 Actual (€'000)	2018 Forecast (€'000)	2019 Projection (€'000)	CAGR FY15-17	CAGR FY15-19
Estonia	17,659	18,488	20,740	21,592	23,112	8.4%	7.0%
Greece	24,127	25,018	29,024	33,225	37,675	9.7%	11.8%
Latvia	18,744	19,366	21,385	22,566	25,432	6.8%	7.9%
Lithuania	18,260	19,480	22,373	25,605	28,555	10.7%	11.8%
Malta	21,148	20,662	22,800	25,406	28,627	3.8%	7.9%
Romania		127,147	147,098	161,186	174,391		11.1%
	99,938	**230,161**	**263,420**	**289,580**	**317,792**	**62.4%**	**33.5%**

2. DIRECTORS AND SENIOR MANAGEMENT

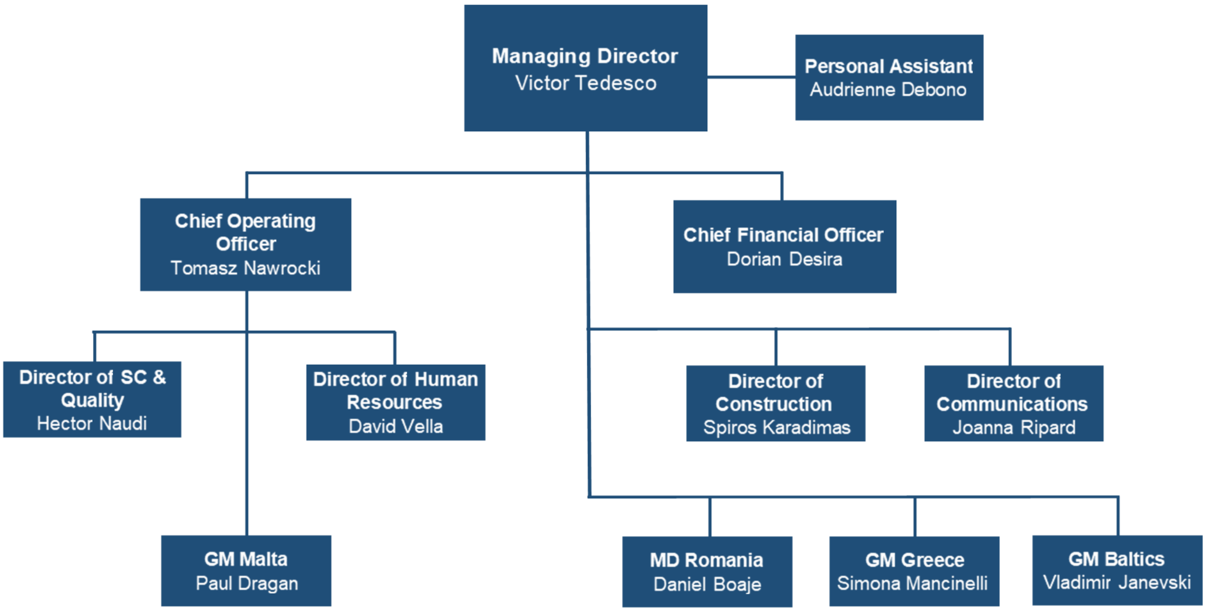
The Company is managed by a Board consisting of six directors entrusted with its overall direction and management.

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

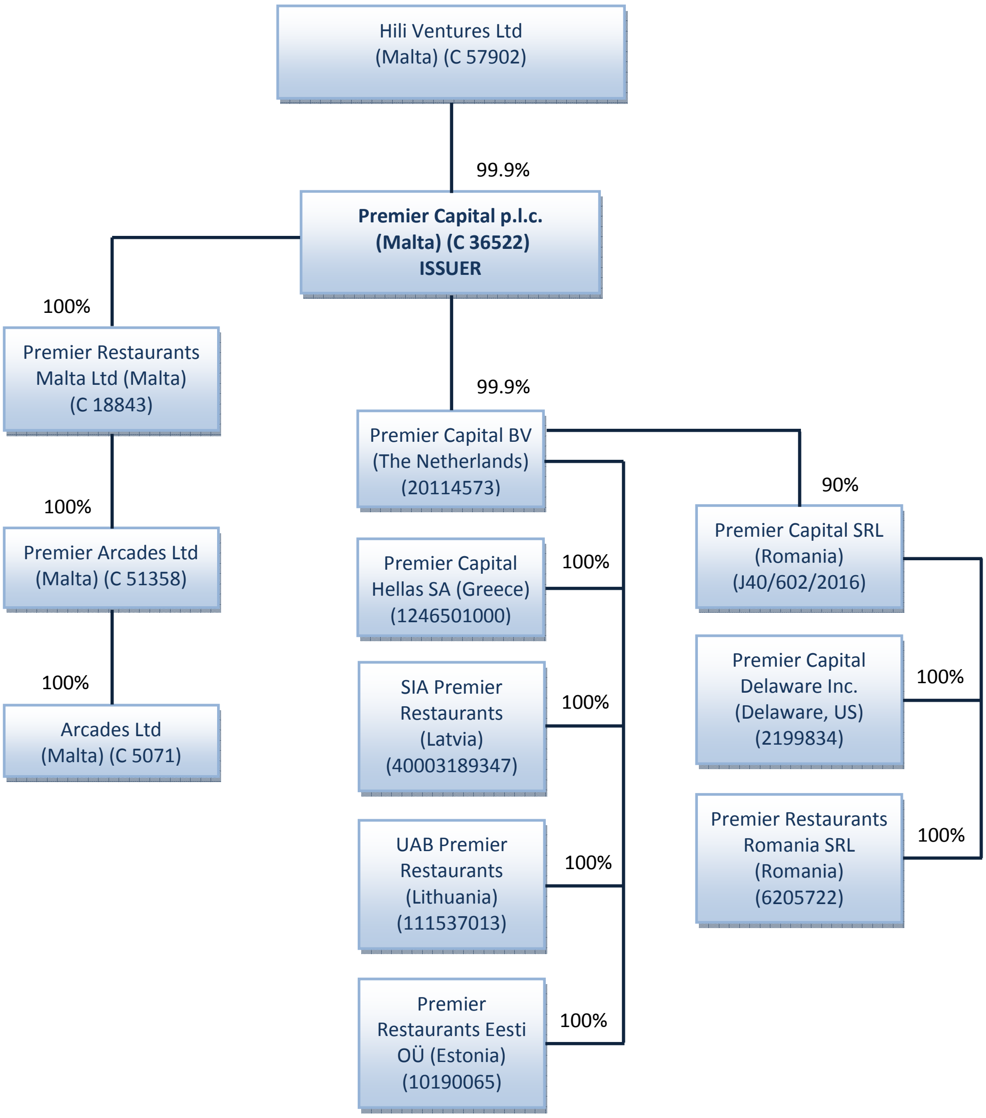
Senior Management of the Group

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:



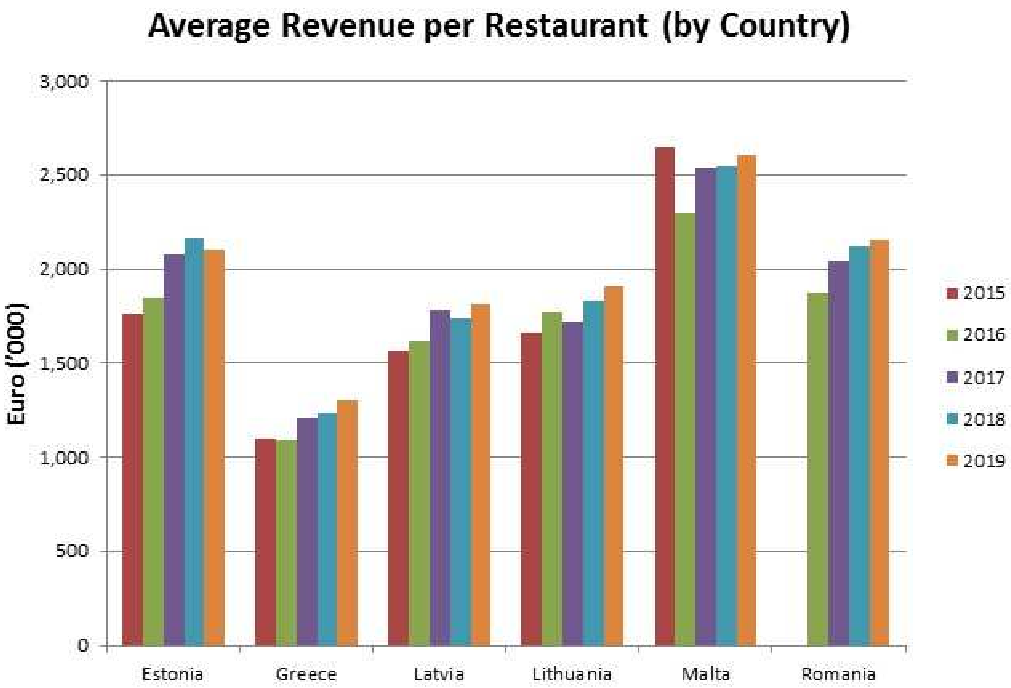
The Group's business is described in section 4 hereunder.

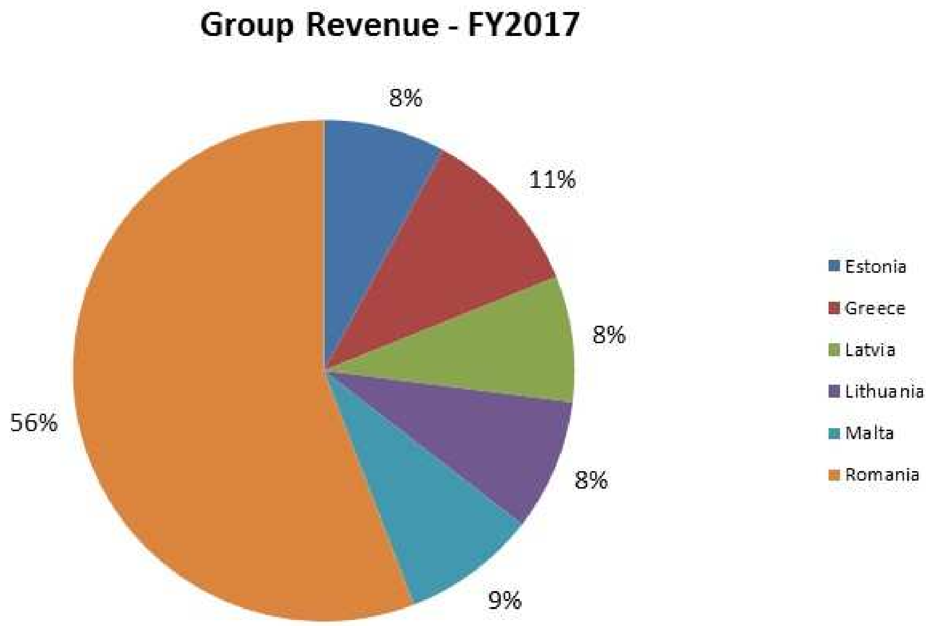
4. GROUP OPERATIONAL DEVELOPMENT

The table below provides an analysis of performance by country for the financial years FY2015 to FY2019:

Premier Capital p.l.c. Segment Information	2015 Actual	2016 Actual	2017 Actual	2018 Projection	2019 Projection	CAGR FY15-17	CAGR FY15-19
Estonia							
Revenue (€'000)	17,659	18,488	20,740	21,592	23,112	8.4%	7.0%
Profit (loss) before tax (€'000)	2,012	2,491	2,668	2,776	3,199	15.2%	12.3%
Average number of restaurants	10	10	10	10	11		
Average revenue per restaurant (€'000)	1,766	1,849	2,074	2,159	2,101	8.4%	4.4%
Growth in average revenue per restaurant	1.6%	4.7%	12.2%	4.1%	-2.7%		
Pre-tax profit margin	11%	13%	13%	13%	14%		
Greece							
Revenue (€'000)	24,127	25,018	29,024	33,225	37,675	9.7%	11.8%
Profit (loss) before tax (€'000)	(560)	(911)	144	18	873	n/a	n/a
Average number of restaurants	22	23	24	27	29		
Average revenue per restaurant (€'000)	1,097	1,088	1,209	1,231	1,299	5.0%	4.3%
Growth in average revenue per restaurant	10.0%	-0.8%	11.2%	1.8%	5.6%		
Pre-tax profit margin	-2%	-4%	0%	0%	2%		
Latvia							
Revenue (€'000)	18,744	19,366	21,385	22,566	25,432	6.8%	7.9%
Profit (loss) before tax (€'000)	492	1,375	1,370	1,090	1,658	66.9%	35.5%
Average number of restaurants	12	12	12	13	14		
Average revenue per restaurant (€'000)	1,562	1,614	1,782	1,736	1,817	6.8%	3.8%
Growth in average revenue per restaurant	-5.0%	3.3%	10.4%	-2.6%	4.7%		
Pre-tax profit margin	3%	7%	6%	5%	7%		
Lithuania							
Revenue (€'000)	18,260	19,480	22,373	25,605	28,555	10.7%	11.8%
Profit (loss) before tax (€'000)	2,197	2,384	2,353	2,468	3,063	3.5%	8.7%
Average number of restaurants	11	11	13	14	15		
Average revenue per restaurant (€'000)	1,660	1,771	1,721	1,829	1,904	1.8%	3.5%
Growth in average revenue per restaurant	-9.0%	6.7%	-2.8%	6.3%	4.1%		
Pre-tax profit margin	12%	12%	11%	10%	11%		
Malta							
Revenue (€'000)	21,148	20,662	22,800	25,406	28,627	3.8%	7.9%
Profit (loss) before tax (€'000)	494	562	1,142	1,466	1,717	52.0%	36.5%
Average number of restaurants	8	9	9	10	11		
Average revenue per restaurant (€'000)	2,644	2,296	2,533	2,541	2,602	-2.1%	-0.4%
Growth in average revenue per restaurant	21.4%	-13.2%	10.3%	0.3%	2.4%		
Pre-tax profit margin	2%	3%	5%	6%	6%		
Romania							
Revenue (€'000)		127,147	147,098	161,186	174,391		11.1%
Profit (loss) before tax (€'000)		17,487	18,880	18,969	21,637		7.4%
Average number of restaurants		68	72	76	81		
Average revenue per restaurant (€'000)		1,870	2,043	2,121	2,153		4.8%
Growth in average revenue per restaurant		n/a	9.3%	3.8%	1.5%		
Pre-tax profit margin		14%	13%	12%	12%		
Total							
Revenue (€'000)	99,938	230,161	263,420	289,580	317,792	62.4%	33.5%
Profit (loss) before tax (€'000)[1]	4,635	23,388	26,557	26,787	32,147	139.4%	62.3%
Average number of restaurants	63	133	140	150	161		
Average revenue per restaurant (€'000)	1,586	1,731	1,882	1,931	1,974	8.9%	5.6%
Growth in average revenue per restaurant	2.3%	9.1%	8.7%	2.6%	2.2%		
Total revenue growth	5.6%	130.3%	14.5%	9.9%	9.7%		
Pre-tax profit margin	4.6%	10.2%	10.1%	9.3%	10.1%		

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





During the three historical financial years (FY2015 to FY2017), excluding the acquisition of the Romanian operation in FY2016, revenue generated by the Group increased at a compound annual growth rate (**CAGR**) of 7.9%, from €99.9 million in FY2015 to €116.3 million in FY2017 (an increase of €16.4 million). Such growth was achieved as a result of an increase in average revenue per restaurant, from €1.59 million in FY2015 to €1.71 million in FY2017 (CAGR: 3.8%), and through net restaurant openings of 2 and 3 outlets in each of FY2016 and FY2017 (from 63 outlets in FY2015 to 68 in FY2017). Profit before tax increased in the period under review from €4.6 million in FY2015 to €7.7 million in FY2017 and pre-tax profit margin improved from 4.6% to 6.6% in the respective aforementioned years.

With the inclusion of the Romanian operation in FY2016, the Group's portfolio of restaurants more than doubled from 63 outlets in FY2015 to 140 in FY2017. Achieved aggregate revenue amounted to €263.4 million in FY2017, an increase of €163.5 million from FY2015, and average revenue per restaurants improved from €1.59 million in FY2015 to €1.88 million in FY2017. With respect to profitability, the Group generated a profit before tax of €26.6 million in FY2017, an increase of €21.9 million when compared to FY2015. More notably, pre-tax profit margin improved from 4.6% in FY2015 to 10.1% in FY2017.

In the projected two financial years, Group revenue is expected to increase by €26.2 million (+9.9%) in FY2018 and €28.2 million (+9.7%) in FY2019 to €317.8 million, principally due to a net increase of 10 and 11 outlets in the respective financial years. Average revenue per restaurant is projected to improve from €1.88 million in FY2017 to €1.93 million and €1.97 million in FY2018 and FY2019 respectively. Profit before tax is projected to increase by €0.2 million in FY2018, and by €5.4 million in FY2019, to amount to €32.1 million. Pre-tax profit margin is projected at *circa* 9.3% in FY2018 and 10.1% in FY2019.

On a per country basis, revenue generated in Malta increased marginally from FY2015 to FY2017 at a CAGR of 3.8%, mainly on account of an increase in one restaurant in FY2016. As for the Estonian and Latvian operations, no new stores were opened during the period from FY2015 to FY2017, with the Estonian and Latvian operations having 10 and 12 outlets, respectively and registering CAGRs of 8.4% and 6.8%, respectively, which was registered due to increased revenues generated per outlet. Revenue generated in Greece and Lithuania increased at a CAGR of 9.7% and 10.7%, respectively, during the same period, performing better when compared to the other countries. This was due to the increase in outlets in both countries, with Greece opening 1 new outlet in both FY2016 and FY2017, and Lithuania opening 2 new outlets in FY2017.

Although the increase in revenue from FY2015 to FY2017 was mainly the result of a net amount of 5 new outlet openings in the above-mentioned territories, average revenue per restaurant also improved from €1.59 million in FY2015 to €1.71 million in FY2017. In Romania, revenue increased by 15.7% in FY2017, an increase of €20.0 million from FY2016. This was due to 4 new restaurants opened during FY2017 as well as revenue per restaurant increasing from €1.87 million in FY2016 to €2.04 million in FY2017.

It is observed that average revenue per restaurant is relatively consistent amongst the Baltic restaurants (FY2017 average: €1.86 million), but varies quite significantly in Greece (FY2017: €1.21 million) and Malta (FY2017: €2.5 million). The primary reason for this difference is that in Greece the Group operates outlets that are relatively smaller in size and a number of them are seasonal restaurants (in touristic destinations). In comparison to Malta, the Group operates a small number of relatively large outlets in high traffic destinations (such as, the Malta International Airport, St Julians and Valletta) and furthermore, 2 of the 8 restaurants are drive thru outlets which typically attract a higher spend per customer. The average revenue per restaurant in Romania amounted to €2.04 million in FY2017, which is marginally higher than the average revenue achieved in the Baltics.

In FY2018, all territories (other than Latvia) are projected to register gains in average revenue per restaurant. Latvia is projected to generate a marginally lower average revenue per restaurant of €46,000 to €1.74 million, principally due to the additional store not generating revenue for a full year.

As for FY2019, management is projecting marginal increases in revenue per restaurant in each of the territories, except for Estonia which, due to the inclusion of one new opening during the year, is expected to generate lower average revenue per restaurant by €58,000 to €2.1 million per restaurant. On a same store basis, the Group is projecting a y-o-y increase in average revenue per restaurant in all territories.

In terms of profitability, all territories increased their profits when comparing FY2015 to FY2017, as follows: Latvia - an increase of €0.9 million (+178.5%) in profit before tax from €0.5 million in FY2015 to €1.4 million in FY2017; Malta – an increase of €0.6 million (+131.2%) in profit before tax from €0.5 million in FY2015 to €1.1 million in FY2017; Estonia – an increase of €0.7 million (+32.6%) in profit before tax from €2.0 million in FY2015 to €2.7 million in FY2017; Lithuania – an increase of €0.2 million (+7.1%) from €2.2 million in FY2015 to €2.4 million in FY2017; and finally Greece, which registered a profit of €0.1 million in FY2017 compared to prior year losses of €0.6 million and €0.9 million in FY2015 and FY2016, respectively. With respect to the operation in Romania, profit before tax in FY2017 amounted to €18.9 million, an increase of €1.4 million from the previous year and represented 71.1% of pre-tax profit reported by the Group (on a consolidated basis).

The forecast profit before tax for FY2018 is expected to decrease in Greece and Latvia, with all other territories forecasted to generate increases. Greece is projected to register a profit of €0.02 million in FY2018, whilst Latvia's pre-tax profit is expected to decrease by 20.4% (-€0.3 million) to €1.1 million in the same financial year. In contrast, marginal increases in profit before tax of 0.5% (+€0.1 million), 4.0% (+€0.1 million) and 4.9% (+€0.1 million) are forecasted for Romania, Estonia and Lithuania respectively, with the highest forecasted positive change in profit before tax to be registered in Malta, with a €0.3 million increase (+28.4%) to €1.5 million in FY2018.

As for projected profit before tax for FY2019, all territories are set to register increases in profit before tax, with the most significant being a 14.1% increase in the Romanian territory, equivalent to a y-o-y growth of €2.7 million.

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).

Indeed, the expansion strategy reveals an increase in store openings in excess of 50% by the year of 2026. The growth is spread across all markets, with 2 new restaurants in Malta, 8 in Greece, 4 in each of Estonia and Latvia, 8 in Lithuania and another 37 in Romania. Furthermore, a total of 58 restaurants will be subject to remodelling.

(b) Continue to improve revenue and profitability

During the past three financial years (FY2015 – FY2017), 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 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

[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.

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 2015 to 2017. The projected financial information for the years ending 31 December 2018 and 2019 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	2015 Actual €'000	2016 Actual €'000	2017 Actual €'000	2018 Forecast €'000	2019 Projection €'000
Revenue	99,938	230,161	263,420	289,580	317,792
Net operating expenses	(89,577)	(197,418)	(228,357)	(251,101)	(272,217)
EBITDA[1]	**10,361**	**32,743**	**35,063**	**38,479**	**45,575**
Depreciation and amortisation	(6,403)	(11,516)	(11,645)	(14,393)	(16,448)
Acquisition related costs	-	(456)	-	-	-
Net finance costs	(2,261)	(4,311)	(3,453)	(3,144)	(3,097)
Profit before tax	**1,697**	**16,460**	**19,965**	**20,942**	**26,030**
Taxation	(371)	(7,123)	(4,075)	(4,128)	(4,776)
Profit (loss) after tax	**1,326**	**9,337**	**15,890**	**16,814**	**21,254**
Other comprehensive income					
Gain on revaluation of assets	-	44	(88)	-	-
Movement on available-for-sale investments	134	39	(273)	-	-
Exchange differences - foreign operations	-	(221)	(1,054)	910	-
	134	**(138)**	**(1,415)**	**910**	**-**
Total comprehensive income	**1,460**	**9,199**	**14,475**	**17,724**	**21,254**

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

Premier Capital p.l.c. Consolidated Cash Flow Statement for the year ended 31 December	2015 Actual €'000	2016 Actual €'000	2017 Actual €'000	2018 Forecast €'000	2019 Projection €'000
Net cash from operating activities	7,780	28,451	25,172	30,005	41,862
Net cash from investing activities	(7,679)	(55,397)	(27,391)	(28,629)	(22,884)
Net cash from financing activities	(266)	86,393	(38,672)	(7,703)	(17,660)
Net movement in cash and cash equivalents	**(165)**	**59,447**	**(40,891)**	**(6,327)**	**1,318**
Cash and cash equivalents at beginning of year	2,831	2,666	62,113	21,222	14,895
Cash and cash equivalents at end of year	**2,666**	**62,113**	**21,222**	**14,895**	**16,213**

Premier Capital p.l.c. Consolidated Balance Sheet as at 31 December	2015 Actual €'000	2016 Actual €'000	2017 Actual €'000	2018 Forecast €'000	2019 Projection €'000
ASSETS					
Non-current assets					
Goodwill and other intangibles	25,084	36,015	35,740	35,388	34,994
Property, plant and equipment	30,682	74,864	74,855	89,324	97,001
Financial assets	3,039	1,596	891	907	-
Loans and receivables	-	1,967	15,131	15,131	15,131
Deferred tax asset	2,495	803	600	429	154
Prepayments	1,440	2,114	2,220	2,281	2,255
	62,740	**117,359**	**129,437**	**143,460**	**149,535**
Current assets					
Inventory	3,011	3,924	4,073	4,623	4,644
Trade and other receivables	1,389	2,528	3,417	6,038	6,429
Other current assets	705	7,427	2,981	3,041	3,101
Cash and cash equivalents	4,363	62,113	21,222	14,895	16,213
	9,468	**75,992**	**31,693**	**28,597**	**30,387**
Total assets	**72,208**	**193,351**	**161,130**	**172,057**	**179,922**
EQUITY					
Equity and reserves	**17,739**	**41,630**	**47,607**	**55,331**	**66,585**
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	32,777	95,130	79,768	78,275	70,708
Other non-current liabilities	3,015	3,162	2,311	2,093	1,875
	35,792	**98,292**	**82,079**	**80,368**	**72,583**
Current liabilities					
Bank overdrafts	1,697	-	-	-	-
Borrowings	3,438	26,309	4,801	7,716	7,716
Other current liabilities	13,542	27,120	26,643	28,642	33,038
	18,677	**53,429**	**31,444**	**36,358**	**40,754**
	54,469	**151,721**	**113,523**	**116,726**	**113,337**
Total equity and liabilities	**72,208**	**193,351**	**161,130**	**172,057**	**179,922**

Key Accounting Ratios	FY2015	FY2016	FY2017	FY2018	FY2019
EBITDA margin *(EBITDA/revenue)*	10%	14%	13%	13%	14%
Interest cover (times) *(EBITDA/net finance cost)*	4.58	7.60	10.15	12.24	14.72
Net profit margin *(Profit after tax/revenue)*	1%	4%	6%	6%	7%
Earnings per share (€) *(Profit after tax/number of shares)*	9.77	27.73	47.19	49.93	63.12
Return on equity *(Profit after tax/shareholders' equity)*	7%	22%	33%	30%	32%
Return on capital employed *(EBITDA/total assets less current liabilities)*	19%	23%	27%	28%	33%
Return on assets *(Profit after tax/total assets)*	2%	5%	10%	10%	12%

Source: Charts Investment Management Service Limited

In **FY2015**, the Group registered an EBITDA of €10.4 million (FY2014: €9.7 million) on revenue of €99.9 million (FY2014: €94.6 million). After accounting for depreciation and net finance costs, the Group registered a pre-tax profit of €1.7 million (FY2014: €1.5 million). The Group reported total comprehensive income of €1.5 million (FY2014: €1.3 million).

All markets except for Malta registered increases in revenue when compared to the prior year. The market reporting the highest growth was Greece for the second consecutive year, with an overall growth of 15.2% on FY2014. Lithuania, Latvia and Estonia registered growth of 11.2%, 3.6% and 1.6% respectively, whilst Malta retracted by 2.9% as a result of closing one restaurant in the reviewed year.

In terms of guest count, the Group served a total of 36.5 million customers in FY2015, an increase of 988,000 customers (+2.8%) over FY2014 (35.5 million customers).

During FY2015, the Group increased its number of restaurants it operates to 63 as at year end (2014: 61). Development activity included the opening of 2 new restaurants in Greece and the remodelling of another restaurant. The Group also opened 3 new restaurants and remodelled one in the Baltics. The total investment undertaken on new openings was of €3.6 million, whilst €1.0 million was used to fund the remodelling of restaurants in Greece and the Baltics. In addition, an amount of €0.8 million was invested in the upgrade of the Group's IT systems, and €2.2 million was spent on equipment replacements and upgrades in existing restaurants.

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 is expected to generate revenue amounting to €289.6 million, an increase of €26.2 million (+9.9%) when compared to €263.4 million generated in FY2017. During the year under review, the Group plans to increase its portfolio of restaurants by 10 outlets to an aggregate of 150 restaurants. EBITDA is thereby projected to increase from €35.1 million in FY2017 to €38.5 million (+9.7%) and the Group expects to achieve comprehensive income of €17.7 million (FY2017: €14.5 million).

With respect to **FY2019**, the Group's revenue is projected to grow by 9.7% from €289.6 million in FY2018 to €317.8 million, the principal factor being an increase of 11 restaurants in operation to a total of 161 restaurants. EBITDA is anticipated to improve by €7.1 million (+18.4%) to €45.6 million (FY2018: €38.5 million). Comprehensive income for the financial year ending 31 December 2019 is projected at €21.3 million (FY2018: €17.7 million).

The financial information below provides an analysis of capital expenditure incurred by the Group during the historical financial years FY2015 to FY2017 and the projected expenditure for the forward years FY2018 and FY2019. As detailed hereunder, average capital expenditure per new store is projected to increase considerably from €763,000 in FY2017 to €1,546,000 and €1,136,000 in FY2018 and FY2019 respectively. Management explained that the majority of new openings in FY2017 comprised stores in malls, whilst it is anticipated that upcoming openings will include more drive-thru restaurants which tend to generate higher average spend per customer and higher footfall when compared to other store concepts. Moreover, in FY2018, management plans to re-locate 3 stores and thus, the average expenditure per store opening (10 new stores and 3 re-locations) equates to €1,190,000.

Premier Capital p.l.c. Analysis of Capital Expenditure	2015 Actual (€'000)	2016 Actual (€'000)	2017 Actual (€'000)	2018 Forecast (€'000)	2019 Projection (€'000)
New stores	3,650	4,465	5,342	15,464	12,493
Re-modelling	1,047	2,780	2,168	3,963	3,315
General capital expenditure	3,037	3,689	6,215	7,884	7,129
	7,734	**10,934**	**13,725**	**27,311**	**22,937**
Number of new stores	5	4	7	10	11
Capex per new store (€'000)	730	1,116	763	1,546	1,136
Number of re-modelled stores	2	5	5	6	5
Capex per re-modelled store (€'000)	524	556	434	661	663

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	2015 Actual €'000	2016 Actual €'000	2017 Actual €'000	2018 Forecast €'000	2019 Projection €'000
Bank loans	10,631	39,065	20,404	21,732	14,072
Bank overdrafts	1,697	-	-	-	-
Other financial liabilities	1,189	10,919	-	-	-
6.8% Bonds 2017-2020	24,395	7,384	-	-	-
3.75% Bonds 2026	-	64,071	64,165	64,259	64,352
Total borrowings and bonds	**37,912**	**121,439**	**84,569**	**85,991**	**78,424**

Key Accounting Ratios	**31 Dec'15**	**31 Dec'16**	**31 Dec'17**	**31 Dec'18**	**31 Dec'19**
Net assets per share (€) *(Net asset value/number of shares)*	130.68	123.62	141.37	164.31	197.73
Liquidity ratio (times) *(Current assets/current liabilities)*	0.51	1.42	1.01	0.79	0.75
Gearing ratio *(Net debt/net debt and shareholders' equity)*	65%	59%	57%	56%	48%

Source: Charts Investment Management Service Limited

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. and Hili Properties p.l.c., both 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

Variance Analysis

Premier Capital p.l.c. Consolidated Income Statement (€'000)	**FY2017 Actual**	**FY2017 Forecast**	**Variance**
Revenue	263,420	255,112	8,308
Net operating expenses	(228,357)	(219,440)	(8,917)
EBITDA	**35,063**	**35,672**	**(609)**
Depreciation and amortisation	(11,645)	(12,485)	840
Acquisition related costs	-	-	-
Net finance costs	(3,453)	(3,938)	485
Profit before tax	**19,965**	**19,249**	**716**
Taxation	(4,075)	(2,939)	(1,136)
Profit for the year	**15,890**	**16,310**	**(420)**

As presented in the above table, the Group's revenue for FY2017 was higher than projected by €8.3 million, principally due to better than expected sales performance in Romania (positive variance of €8.6 million). As to the other markets, actual sales were marginally lower than forecasted by an aggregate amount of €0.3 million. As to net operating expenses, the Group reported higher expenses than projected by €8.9 million, mainly attributable to an increase in average number of persons employed during FY2017 (+292 employees) as well as an increase in wages per employee. The increase in net operating expenses was partly offset by the afore-stated higher revenue of €8.3 million, resulting in a negative variance of €0.6 million in EBITDA when compared to the projected EBITDA.

Furthermore, profit for the year was lower than expected by €0.4 million, in consequence of higher than projected taxation of €1.1 million which was partly offset by lower than expected depreciation & amortisation and net finance costs of €1.3 million.

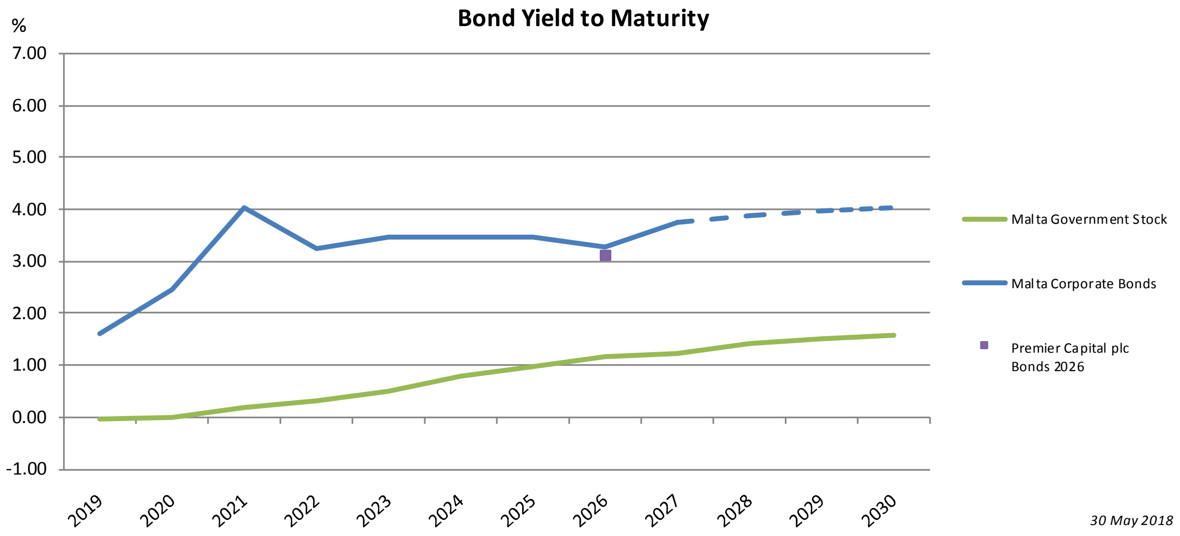
PART 3 – COMPARABLES

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 (%)**
5.5% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	2.44	6.29	68,589	14,418	66.04
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.23	6.29	68,589	14,418	66.04
4.25% Gap Group plc Secured € 2023	40,000,000	3.47	2.61	56,906	6,696	85.08
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.14	1.19	21,625	4,844	69.04
6% AX Investments Plc Unsecured € 2024	40,000,000	3.47	4.44	286,318	173,323	26.09
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.45	4.42	77,088	38,701	45.62
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.74	3.05	107,801	39,813	54.01
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.38	1.79	118,490	33,711	58.11
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.47	1.26	135,879	38,358	69.11
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.51	2.59	1,765,072	901,595	40.43
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.03	1,602,317	884,632	36.36
4.0% MIDI plc Secured € 2026	50,000,000	3.28	- 0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	**65,000,000**	**3.12**	**7.90**	**161,128**	**47,607**	**57.32**
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.63	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.74	5.46	217,599	65,698	47.74
4.0% Eden Finance plc Unsecured 2027	40,000,000	3.46	4.46	169,936	90,162	36.52
4% Stivala Group Finance plc Secured 2027	45,000,000	3.40	6.21	199,560	121,041	31.54

30 May '18

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2027 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). 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.