

# PUBlico

- CHAIN of SPORTS PUBS –

*“One for All and All for FUN”*



1. Market Overview
2. Concept
  - A. General concept
  - B. Differentiators
3. Expansion Potential
4. Financing
5. Key Financials and Business Case

## 1. Market Overview

There are very few locations in Bucharest where one can watch a sport broadcast at a good quality (visibility, availability of events) and, at the same time, enjoy the atmosphere of a traditional pub (hanging-out, drinking, eating, unwinding after work).

The ones that do exist are all highly popular and have great success:

- Champions - <https://jwbucharestcollection.ro/champions/>
- InFusion – [www.infusionsportbistro.ro](http://www.infusionsportbistro.ro)
- Halftime Pub - [www.halftimepub.ro](http://www.halftimepub.ro)
- Stadio - <http://www.stadio.ro/>
- Trafalgar
- The Dubliner
- St. Patrick
- Olimpico (inside Bucuresti Mall)
- Shooterville (Timpuri Noi)
- The Pub (Piata Universitatii)

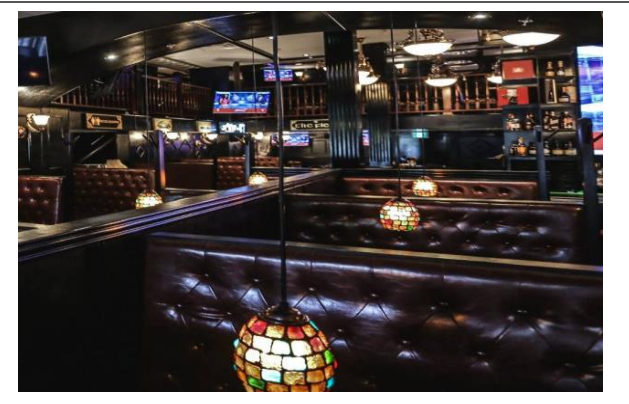
## 2. Concept

### A. General

According to the original definition of a pub, PUBlico Sports Pubs will be the ideal place to hang-out with your buddies, enjoy drinks and good food, watch at very good quality any major sport event broadcasted and even play games (fussball, darts, cards, boardgames etc), while being catered in the friendliest way by the PUBlico staff.

The pub will have

- between 150-200 sqm
- 20 tables x 2/4/6/8 persons
- a terrace with at least another 10 tables
- a lot of TV screens in order to have visibility to sport events from any angle
- interior plated entirely with dark wood, recreating the atmosphere of original Irish pubs
- 2 types of tables:
  - a) tables with stools: located in the center of the space
  - b) tables with plump green leather sofas, train wagon like (or like in the American diners); each table with sofa has its own TV set where customers can choose their preferred TV sport channel (e.g.: in case they are not interested in the running CL football match, they can opt for tennis or horse racing, w/o tampering the viewing of neighboring customers).
- a big screen and projector in the middle area, where all the main events will run



- a large assortment of beers, including local craft and import beers
- a diversified food menu, containing all the classic pub dishes (fish and chips, hamburgers with fries, ribs, salads, pasta etc), but also healthy dishes and snacks (dried fruits/walnuts/strips of carrots etc) and “PUBlico signature” dishes (e.g. special hamburger/salad)
- a playing area with darts, fussball table, flipper, PlayStation consoles, tables for Board Games or for playing cards etc
- a “child-friendly” zone with a playground and other entertainment options, free of the pervasive technology temptations
- the prices will be affordable (medium), but big enough to convey the care for quality; the menu will also include “high-end” special dishes (at more expensive prices), but also combo offers (“Mixed grill plateau for 2 ” – 20% discount).
  - Beer – 8 RON/draft (but also Guinness/draft beer at 15 RON)
  - Cocktail – 15 RON
  - Hamburger – 25 RON (but also Special burger at 35 RON)

## B. Differentiators:

1. **Very hot and very affable waitresses/waiters** (Hooters-like, but not so exhibited), wearing sexy outfits (e.g. referees).
  - not only they would have to be sexy, but also possess the social skills required to do small-talk and be able to build rapport with each customer (transforming them into regulars); all should be kept within the boundaries of gender-equality, respect and camaraderie (couples, families, women/girls groups etc should feel as comfortable and welcomed as anyone else).



2. **Customer care obsession** – the customer should feel like in his own living room, watching a game with his friends, but also catered for every need (his 2<sup>nd</sup> home)
  - greetings and table placement
  - smile and being helpful
  - setting expectations regarding serving times
  - asking regularly if everything is in order
  - having the gadgets where you can order, ask for check etc
3. **Extensive broadcasting coverage** – all major sport channels available (having a satellite dish); each table will have the possibility to select the desired sport event broadcast on its dedicated screen
4. **Dedicated areas** for playing games (cards, board games, darts, fussball, flipper, pool etc), for reading newspapers, private discussions or for just having a chill-time (separate like).

**5. Quality Sport Information** – on special screens, objective information from the Sport World meant to lead to better predictions and facilitate decision;

- the betting industry is a highly expanding one (it has the most retail POSs in Romania – 14,000) and most of the guys are amateur punters (betting for amplifying thrill of a game, not necessarily for winning); it's a huge loyalty tool – leaving a pub with more money than you entered.

**6. Code of Conduct** – having an aspirational Manifesto (PUBlico Manifesto) which will attract a certain segment of clientele (loyal, modern, sophisticated) and will build a loyal community; the pub (comes from Public House) is not only the place where you go to drink and eat, but where you find people with whom you share the same values and ideas.

**7. No Tip Policy** – implying and coining the idea that you will receive the same top-class service no matter what, irrespective of tips; “we take pride in our work and we are fairly remunerated for it” (having an incentive scheme which makes the entire personnel having a vested interest in the business success – e.g. 10% of the Net Profit will be splitted between employees).

**8. “Founding Fathers”** – the initial investment (cca. 200 kEUR) will be raised through crowd funding; all the initial “subscribers” will become shareholders of the pub and will receive a Membership Card which will bring them special benefits, like:

- no mark-up for the bills at their table
- priority for reservations
- anniversary parties

**9. Loyalty Scheme** – 10% of your bill will cummlate onto your “Loyal Customer Card”.

### **3. Expansion Potential**

The business will be scalable and will grow its brand awareness.

In order to do that

- it will be highly proceduralized, with clear and uncompromising quality standards in place: PUBlico – Code of Conduct, based on the principles stated in the PUBlico Manifesto
- will have a strong brand identity (already in place)

The targeted POS number at national level: 20 POSs (benchmark - CityGrill).

International expansion also envisaged, after setting a strong national foothold (like Hard Rock Cafe, but not so poshy).

#### 4. Financing

| Total Investment                           |                  |            |
|--------------------------------------------|------------------|------------|
| Fit-out of the pub (400 EUR/sqm x 200 sqm) | 400,000          | RON        |
| Endowment of kitchen(50,000 EUR)           | 250,000          | RON        |
| Cash-flow needs till break-even (8 months) | 420,156          | RON        |
| <b>Total Investment</b>                    | <b>1,070,156</b> | <b>RON</b> |
|                                            | 214,031          | EUR        |
| Rounded Investment                         |                  |            |
|                                            | 220,000          | EUR        |
| <b>Crowd Funding (total amount):</b>       | <b>200,000</b>   |            |
| <b>Investment of founding associates</b>   | <b>20,000</b>    |            |
| <b>Total Amount</b>                        | <b>220,000</b>   |            |

|                                                       |                                                                                                                                                            |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Pack 1 - PUBLICo Platinum ("Founding Fathers")</b> |                                                                                                                                                            |
| Value (EUR):                                          | 2,000                                                                                                                                                      |
| Pieces:                                               | 25                                                                                                                                                         |
| Benefits:                                             | free Birthday Party<br>dividends<br>allways no mark-up consumption<br>priority for reservations<br>"founding star" in the pub                              |
| <b>Pack 2 - PUBLICo Gold ("Shareholder")</b>          |                                                                                                                                                            |
| Value (EUR):                                          | 1,000                                                                                                                                                      |
| Pieces:                                               | 50                                                                                                                                                         |
| Benefits:                                             | dividends<br>24 no mark-up consumptions/year<br>priority for reservations<br>customized branded t-shirt<br>individual caricature on the wall               |
| <b>Pack 3 - PUBLICo Silver ("Trust Circle")</b>       |                                                                                                                                                            |
| Value (EUR):                                          | 500                                                                                                                                                        |
| Pieces:                                               | 100                                                                                                                                                        |
| Benefits:                                             | -20% for all consumptions<br>12 no mark-up consumptions/year<br>priority for reservations<br>customized branded t-shirt<br>mentioned in the Book of Honour |
| <b>Pack 4 - PUBLICo Bronze ("Groupie")</b>            |                                                                                                                                                            |
| Value (EUR):                                          | 250                                                                                                                                                        |
| Pieces:                                               | 200                                                                                                                                                        |
| Benefits:                                             | -15% for all consumptions<br>6 no mark-up consumptions/year<br>priority for reservations<br>customized branded t-shirt<br>mentioned in the Book of Honour  |

After the entire amount **(220,000 EUR)** is gathered, in the new established Company:

- **25%** of Shared Capital (and the correspodng Dividends) will be allocated to the 75 investors (25 Platinum + 50 Gold):

Platinum:  $2\% \times 25\% = 0.5\%$  of Shared Capital (Dividends)

Gold:  $1\% \times 25\% = 0.25\%$  of Shared Capital (Dividends)

- **75%** of Shared Capital will remain with the 3 Founding Associates (25% each).

## 5. Key Financials and Business Case

**PUBLICO - Pub 1**

**KRON**

### EXECUTIVE SUMMARY

| id | Indicators                        | Y1     | Y2     | Y3     | Y4     | Y5     | Y6     | Y7     | Y8     |
|----|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1  | Total Gross Sales (VvPam)         | 1,840  | 3,106  | 3,257  | 3,392  | 3,513  | 3,617  | 3,708  | 3,799  |
| 2  | Client Discount                   | -184   | -311   | -326   | -339   | -351   | -362   | -371   | -380   |
| 3  | Total Net Sales                   | 1,656  | 2,795  | 2,931  | 3,053  | 3,162  | 3,256  | 3,337  | 3,419  |
| 4  | Net Margin                        | 1,240  | 2,094  | 2,196  | 2,287  | 2,369  | 2,439  | 2,500  | 2,561  |
|    | Net Margin % (on Net Sales)       | 74.9%  | 74.9%  | 74.9%  | 74.9%  | 74.9%  | 74.9%  | 74.9%  | 74.9%  |
| 5  | Other Revenue                     | 17     | 28     | 29     | 31     | 32     | 33     | 33     | 34     |
| 6  | Direct Costs                      | -1,536 | -1,581 | -1,628 | -1,677 | -1,727 | -1,779 | -1,833 | -1,881 |
| 7  | People Cost                       | -1,224 | -1,267 | -1,311 | -1,357 | -1,405 | -1,454 | -1,505 | -1,550 |
| 8  | Rent Cost                         | -240   | -240   | -240   | -240   | -240   | -240   | -240   | -240   |
| 9  | Utilities Cost                    | -24    | -25    | -26    | -27    | -28    | -29    | -30    | -30    |
| 10 | Other Costs                       | -48    | -50    | -51    | -53    | -55    | -57    | -59    | -61    |
|    | Contribution Profit               | -279   | 541    | 597    | 641    | 673    | 692    | 700    | 715    |
| 11 | Marketing Cost                    | -12    | -12    | -12    | -12    | -12    | -12    | -12    | -12    |
| 12 | Indirect Cost (HQ)                | -12    | -12    | -12    | -12    | -12    | -12    | -12    | -12    |
| 13 | EBITDA                            | -303   | 517    | 573    | 617    | 649    | 668    | 676    | 691    |
| %  | % EBITDA from Net Sales           | -18.3% | 18.5%  | 19.6%  | 20.2%  | 20.5%  | 20.5%  | 20.3%  | 20.2%  |
| 14 | Depreciation                      | -130   | -130   | -130   | -130   | -130   | 0      | 0      | 0      |
| 15 | Revenues from disposal of assets  | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| 16 | Costs from disposal of assets     | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| 17 | EBIT                              | -433   | 387    | 443    | 487    | 519    | 668    | 676    | 691    |
| %  | % EBIT from Net Sales             | -26.2% | 13.8%  | 15.1%  | 15.9%  | 16.4%  | 20.5%  | 20.3%  | 20.2%  |
| 18 | Financial Costs                   | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| 19 | Financial Revenues                | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| 20 | Income tax                        | 0      | -62    | -71    | -78    | -83    | -107   | -108   | -111   |
| 21 | Net Profit/Loss                   | -433   | 325    | 372    | 409    | 436    | 561    | 568    | 580    |
| %  | % Net Profit/Loss% from Net Sales | -26.2% | 11.6%  | 12.7%  | 13.4%  | 13.8%  | 17.2%  | 17.0%  | 17.0%  |

|  |                      |      |      |      |      |      |      |      |      |
|--|----------------------|------|------|------|------|------|------|------|------|
|  | CF Adjustments       |      |      |      |      |      |      |      |      |
|  | EBITDA               | -303 | 517  | 573  | 617  | 649  | 668  | 676  | 691  |
|  | Income Tax           | 0    | -62  | -71  | -78  | -83  | -107 | -108 | -111 |
|  | CAPEX                | -10  | -17  | -18  | -18  | -19  | -20  | -20  | -21  |
|  | NWC variation        | 34   | 23   | 3    | 3    | 2    | 2    | 2    | 2    |
|  | Free Cash Flow (FCF) | -279 | 462  | 487  | 523  | 549  | 544  | 550  | 561  |
|  | Discounting factor   | 0.87 | 0.76 | 0.66 | 0.57 | 0.50 | 0.43 | 0.38 | 0.33 |
|  | Discounted FCF       | -243 | 349  | 320  | 299  | 273  | 235  | 207  | 184  |

Investment (space + fit-out) (650)  
Exit Value (10 x EBITDA) 6,907

#### KPIs

|                          |       |
|--------------------------|-------|
| NPV (Net Present Value)  | 3,232 |
| Nominal profit (8Y)      | 9,654 |
| Payback Period           | 3.0   |
| Cash-on-cash return (8Y) | 1585% |
| IRR                      | 52.2% |

#### Conclusions

In Year 1 Publico will generate a Net Loss of approx -80k EUR, mainly due to a slow ramp-up (maturization) of sales (conservative approach). Break-even will be reached only after 8 months. Year 2 Net Profit will be around +65k EUR, Year 3 to Year 5 around +80k EUR. The initial investment will be recovered in approximately 3 years, generating an Internal Rate of Return of 52.2% on a 8 year period.

## Break-even Analysis

### Fixed Costs (Y1)

-130,000 RON

Net Margin (Sales - CoS/Sales)

75%

300% mark-up

Monthly Gross Sales required for Break-even

173,333 RON/month

### Daily Gross Sales required for Break-even

**5,778** RON/daily

Hourly Sales

413 RON/hour

Average spending per client

50 RON/customer

Customers/hours

8.3

### Customers/day

**116**

*For the more interested investors, the full business case, with all its assumptions, can be provided, with a non-disclosure agreement!*

## **Appendix 1.**

### **What's the difference between a Bar and Pub**

Bar and Pubs are the usual places where people like to meet and hang-out, drink and have fun. Although many think that both these establishments are the same, they are not.

Bars are establishments that serve drinks for consumption on the premises. A Pub generally is a place for locals to hang out, eat and drink.

The term “Bar” is derived from the counter where the drinks are served by the bartender. Whereas the “Pub” is derived from public house, which is a drinking establishment, is a type of bar.

Bars usually have a younger crowd and patronage, where people just come to get drunk and have a good time. They serve a variety of alcohol such as beer, wine, cocktails and mocktails and offers a limited menu and few food options, mostly appetizers. Bars also offer entertainment such as singers and live bands. It has an age limit of 18 or 21 depending on where it is located. Children are generally not allowed to enter it. Bars are commonly associated with loud, bold, lively, happy ambience. There are also different types of bars that cater to a niche clientele such as sports bar, comedy bar, gay bar, karaoke bars, college bar and biker bar to name a few.

Pub is a drinking establishment fundamental to the culture of Britain, Ireland, Australia, Newfoundland and New Zealand.

Pubs offers drinks and a wide range of food to their clientele that is mostly locals or regulars who come to relax and unwind after work. Most pubs offer a variety of beers, wines, spirits and soft drinks. Since pubs offer a wide range of food, they can also be called a restaurant, where families and friends can gather, eat, drink and be merry. Children are allowed as long as they are accompanied with adults for dining purposes. Pubs usually have a casual atmosphere with soothing and quiet music.

Pubs also usually host a trivia night, open mic, live betting, and sports betting and probably have a pool table or card table. There are also themed pubs for catering to specific clientele such as strip pubs, Irish pubs, sports pub and many more.