



**Rostik Restaurants Limited
(RRL)**

The TGI Fridays Experience

March 2nd , 2005

Rostik Restaurant Group

- As Franchisees:
 - TGIF in the CIS since 1995 (15 units)
 - Benihana since 2001 (1 unit)

- As Franchisor:
 - Rostik's (Corp: 20; Reg: 12; Fran: 35)
 - Il Patio (Corp: 16; Reg: 13; Fran: 6)
 - Planet Sushi (Corp: 14; Reg: 15; Fran: 4)
 - Moka Loka (15)
 - Sibirskaya Korona (15)

Restaurant Trends in Russia

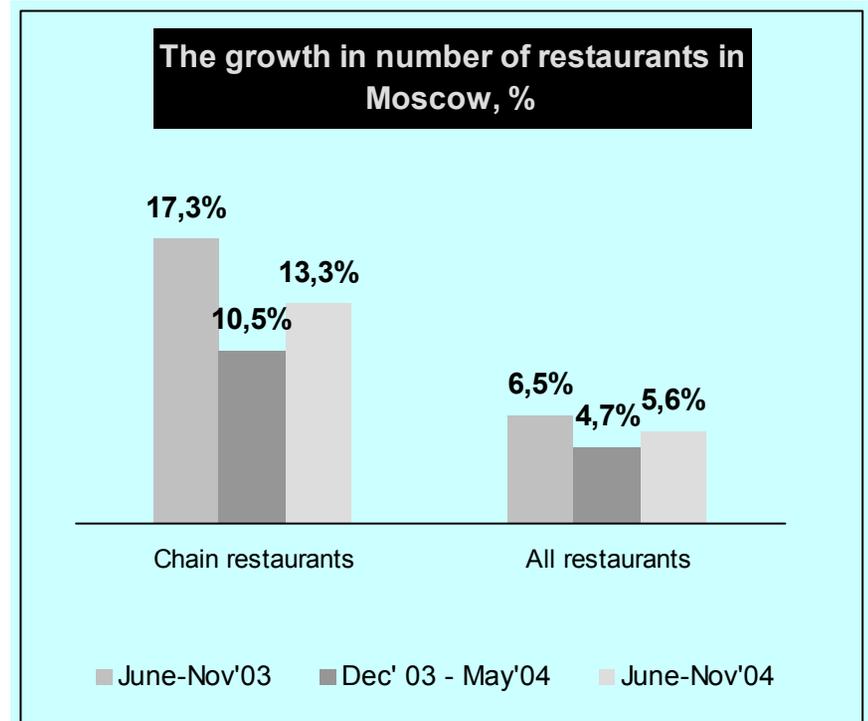
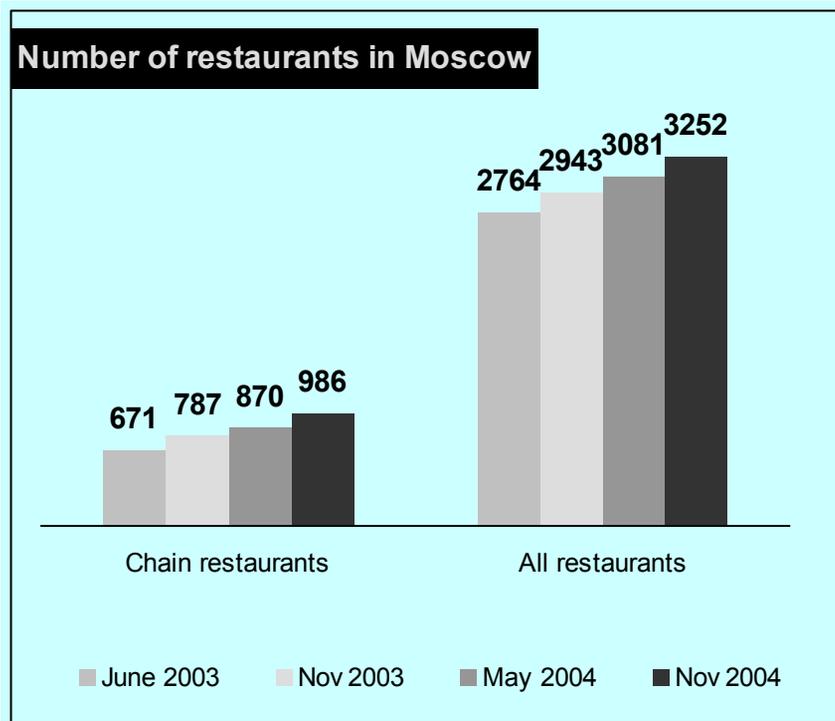
- **Russian Restaurant Market is changing:**
 - Increased competition
 - Increased risk of small business failures
 - Stronger Branded Concepts
 - More Chain and Multi-unit Concepts
 - Increasing desire to Expand of Established Brands outside of Moscow

Moscow Restaurant Market Dynamics

At present more than 3200 enterprises work on the Moscow restaurant market.

Almost 1000 of restaurants belong to chains.

Since November 2003 there have been about 160 restaurants opened in Moscow.



TGI Fridays Strategy and Benefits

- When discussions w/ Fridays started we already had 2 American Bar & Grills.
- TGI Fridays was just launching an aggressive international expansion.
- We understood our vulnerability toward the International leader in American Casual dining segment.
- We recognized we would learn from a leader in the Restaurant Casual dining industry.
- We hoped for value in “carry over” into other concepts

Value from Partnership

- Long Term Strategic Brand that can withstand Strong Competition
- Industry Best Practices
- Credibility (Investment community, partners and guests...)
- OPIC funding

TGI Fridays Experience

- **Easier Start-up**
 - Well-defined Brand DNA
 - Well defined Quality and Operational standards
 - Strong Training Systems
 - Construction and Design Specifications
 - Many Years of Accumulated Know-How

TGI Fridays Experience:

- **Less Management Resources**
 - Concept development (new menus, new designs...)
 - Operational improvements
 - Marketing support
 - Training upgrades
 - Access to depth of experience and Best Practices

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- **Other possible benefits:**
 - Brand Awareness?
 - Economies of scale? (ex: purchasing)
 - Financing options? (OPIC, inv. Funds...)

Difficulties Encountered:

- TGI Fridays' approach to international Business was the same as for their Domestic Business

Drivers in a Franchisee/Franchisor Relationship

Franchisor

**Brand
Integrity
Consistency
& Standards**

Examples:

Menu Specifications (portions)
Product Specifications (suppliers)
Construction Materials

Balance of Interests

Franchisee

**Business
Success
Local
adaptations**

Examples:

Post Crisis Adaptations
Kitchen Size
Lower budget Construction

**Long Term
Business Success**

Synergies in Franchising

- A Franchisee that loses money will Stop New Development, disregard any Brand Value, Brand Standard and Brand Specification until he starts to make money...

Franchising: Multi-unit Business

- The difficulty in Restaurant Multi-unit business is the ability to deliver a consistent Product and Service
- Franchising offers an “easy” way to implement a Successful Chain business model
- Franchising shifts Reliance onto Ready to Use Systems and away from Individuals/Personalities

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- **Key Considerations when Buying a Franchise:**
 - Alignment of Business and Management Culture
 - Readiness / Willingness / Ability of Franchisor to invest sufficient Resources in your Success:
 - Management Support (# visits)
 - Training Programs (in-country, HQ...?)
 - Development Support (in-country, hands on support)



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