

FY 2017 Results presentation



28 February, 2018

telepizza 
the secrets in the dough

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FY 2017 highlights



1

+8.6% chain sales growth, +5.5% EBITDA¹ growth and 0.38€ EPS²; above guidance

2

Chain sales +5.8% in Spain, good recovery in non-delivery due to refurbishments and commercial policy

3

Record year in Core International, chain sales +13.9%³

4

Acquisition of leading pizza player in Ireland, Apache Pizza; stores in 5 new geographies in 2017

5

Record net new stores: +218 (+16% y-o-y), over 1,600 stores reached in 2017

5

Proposed payment of 2017 dividend: 20% payout (€6.4m)

Notes:

1. Underlying EBITDA adjusted by €0.7 million of extraordinary costs
2. Based on cash taxes and before PPA amortization charges
3. Constant currency, excluding Master Franchises

FY 2017 performance vs guidance

Guidance (as of Q3 results presentation)	FY actual
Spain total chain sales growth: 5% to 6%	▶ 5.8% ✓
Core International total chain sales growth ¹ : 12% to 14%	▶ 13.9% ✓
Underlying EBITDA: €65 million to €67 million	▶ €67.2m ✓✓
Net new stores in Core Geographies: 70 to 80	▶ 204 ✓✓✓
Capex: c.€30 million (excluding larger acquisitions)	▶ €27.8m ² ✓
Cash EPS(A) ³ : €0.32 to €0.35 per share	▶ €0.38 ✓✓
Initiation of a dividend for year-end 2017, with payout ratio in the 15% to 20% range	▶ 20% ✓

Notes:

1. Constant currency, excluding Master Franchises
2. Excluding €6.7m acquisition of Aparche Pizza
3. Based on cash taxes and before PPA amortization charges

Solid chain sales growth in 2017 in Spain and International

Record growth in Core International, EBITDA growth above guidance

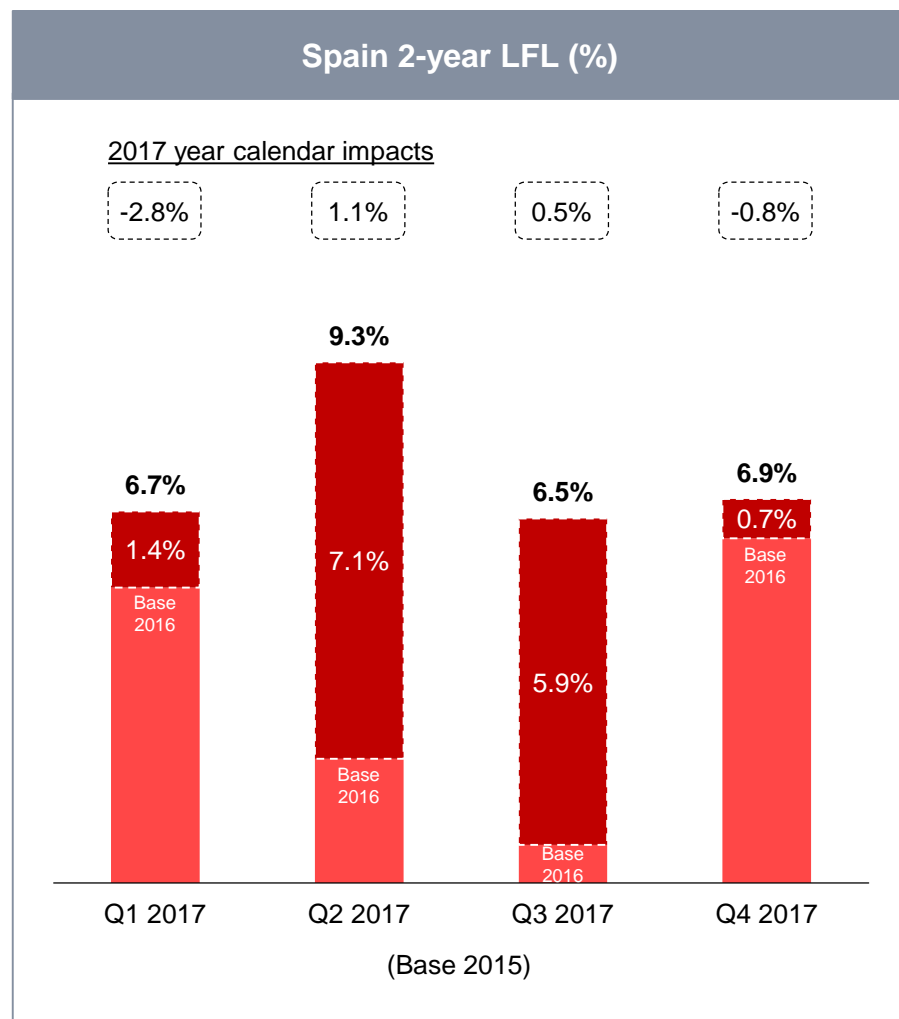
€m (unless otherwise stated)	FY 2017	FY 2016	% change
Group chain sales	561.6	517.0	8.6%
Core Geographies ¹ chain sales	529.3	486.9	8.7%
Core Geographies¹ constant currency sales growth (%)			8.3%
Core Geographies ¹ LFL sales growth (%)			<u>4.1%</u>
Spain chain sales	354.7	335.2	5.8%
Lfl sales growth (%)			<u>3.6%</u>
International chain sales	206.9	181.8	13.8%
Core International ¹ chain sales	174.6	151.7	15.1%
Core International¹ constant currency sales growth (%)			13.9%
Core International ¹ LFL sales growth (%)			<u>5.2%</u>
Revenues	361.0	339.6	6.3%
Constant currency revenue growth (%)			5.9%
Group Underlying EBITDA²	67.2	63.6	5.5%

Notes:

1. Excluding Master Franchises
2. FY 2016 adjusted for €32 million of IPO related costs, FY 2017 adjusted by €0.7 million of corporate deal extraordinary costs

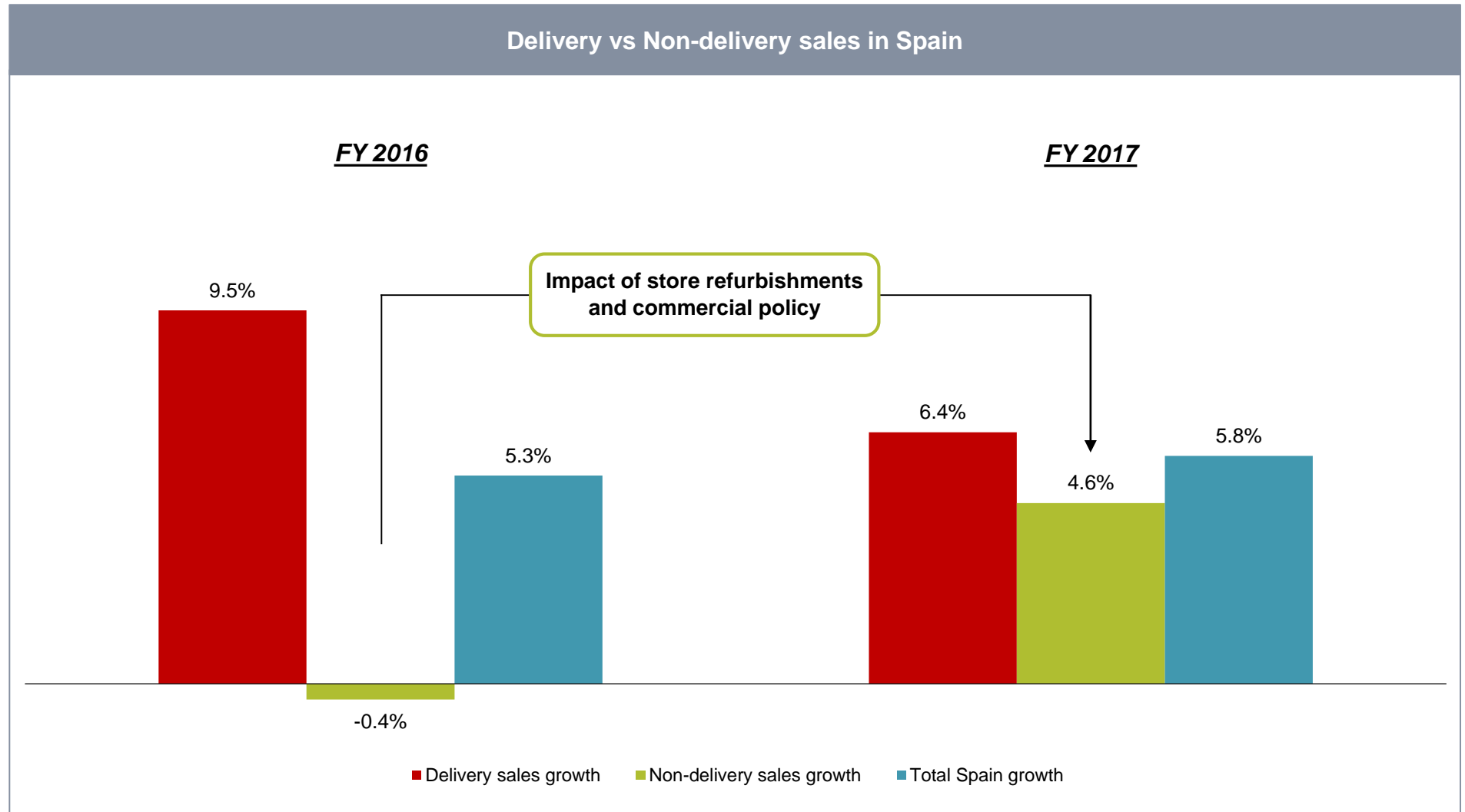
Q4 LFL performance: 2-year view

Spain and Core International LFL impacted in Q4 by high PY comparables, additional impact in Spain due to negative calendar effect



Note:
1. Excluding Master Franchises

Actions in Non-delivery increasing growth y-o-y in Spain in 2017

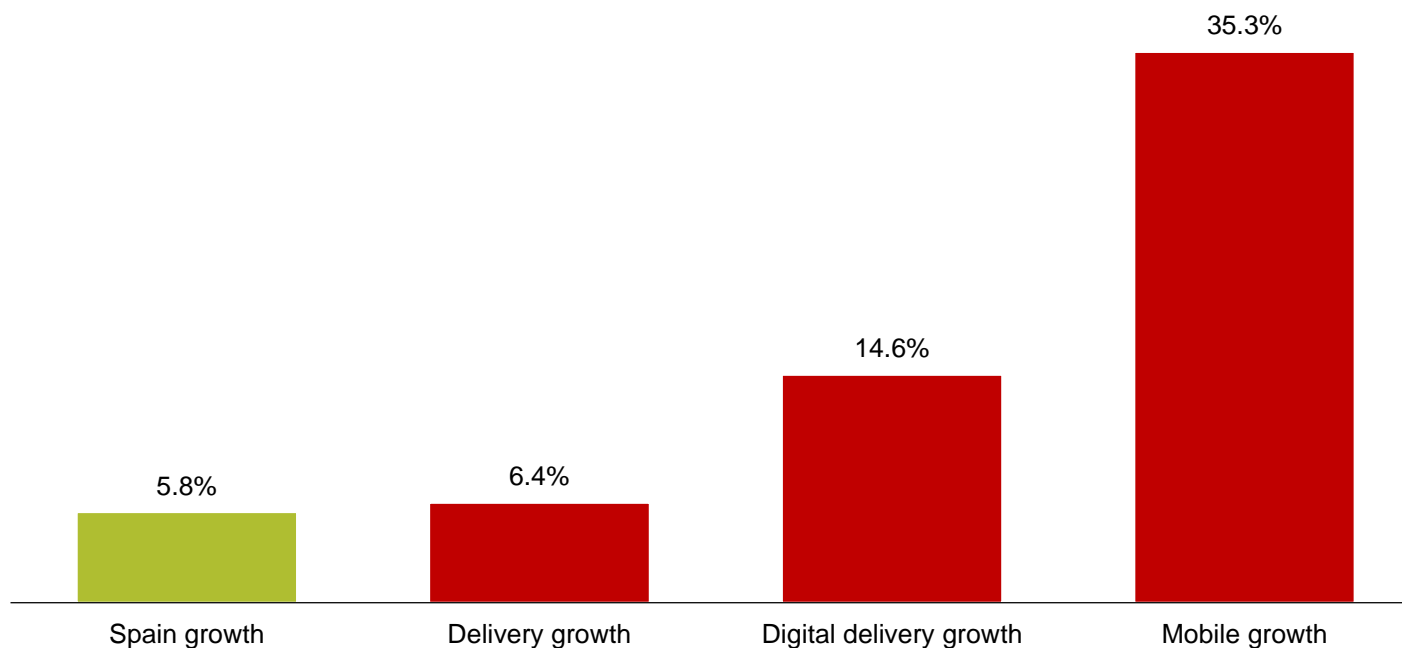


Digital driving growth in the Delivery channel

Double digit digital sales growth in 2017, accounting for 39% of delivery sales in Spain¹

Continued growth of the delivery channel in Spain

Telepizza growth by channel in FY 2017



Note:

1. Digital Delivery sales over Delivery sales in Spain

Digital in 2017

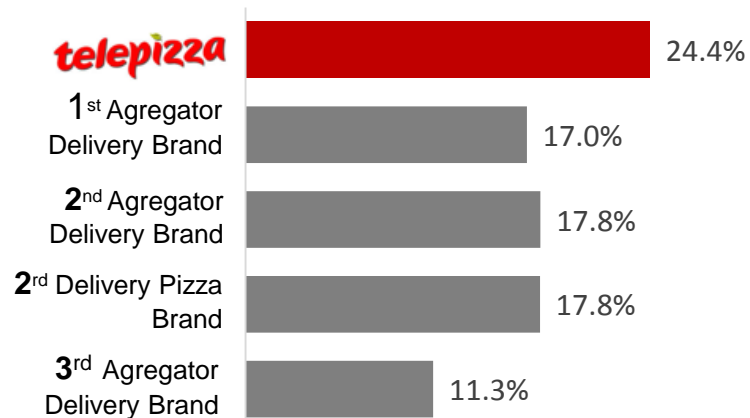
New app, in constant development with new features



Implementing new features

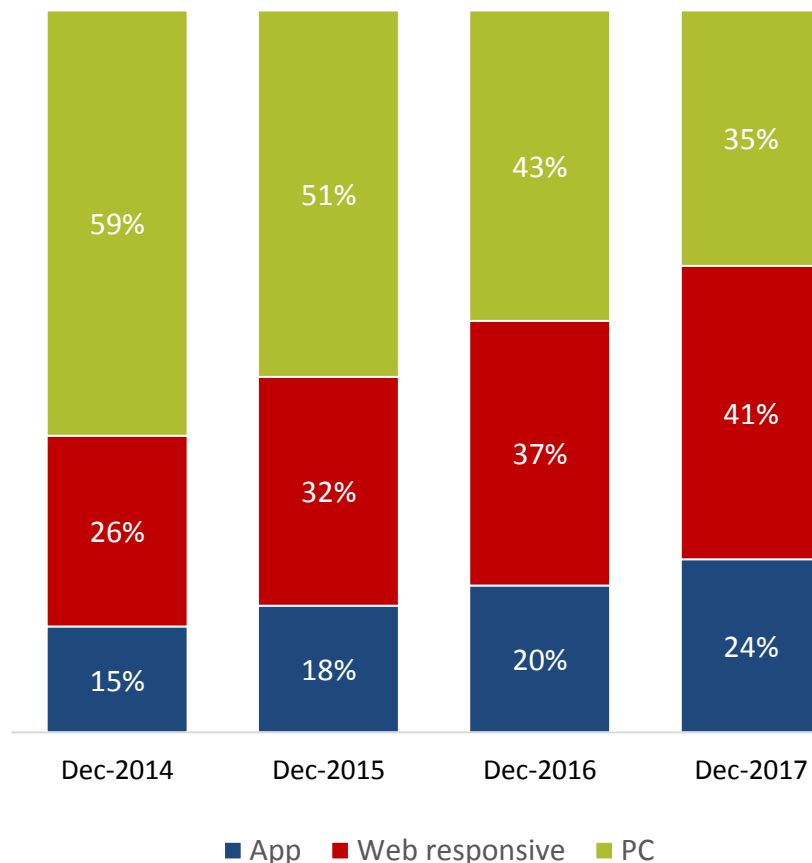
- Geolocation
- Real time tracker
- Payment tokenization
- Faster/easier

Conversion rates as of Q4 2017



Source: PC and web responsive conversion rates: Netquest data

Telepizza Digital sales by platform



Innovation in 2017

Gourmet pizzas

- Priced at +2€

Carnivora Gourmet



Carbonara Gourmet

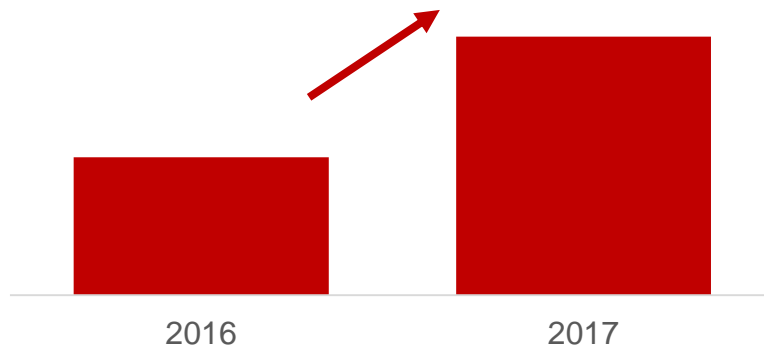


Barbacoa Meat & Grill



Penetration of innovation¹

+99% sales growth vs 2016



Pizza Sweet

- Together with Nestlé
- Using our dough
- Extending dessert range

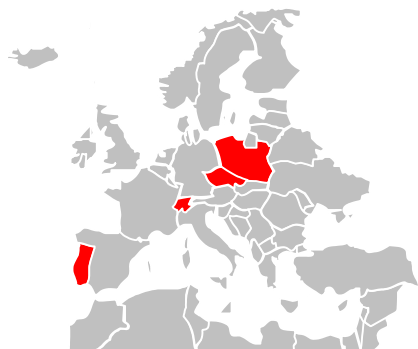


Note:
1. Sales including innovation over total sales

Core International performance

Record double digit growth in Core International, underpinned by outstanding performance in H1

Core International during FY 2017



Rest of Europe

- **Portugal:** Consistent double digit LFL growth
- **Poland:** strong LFL growth in owned stores
- **Switzerland & Czech:** full conversion to Telepizza brand

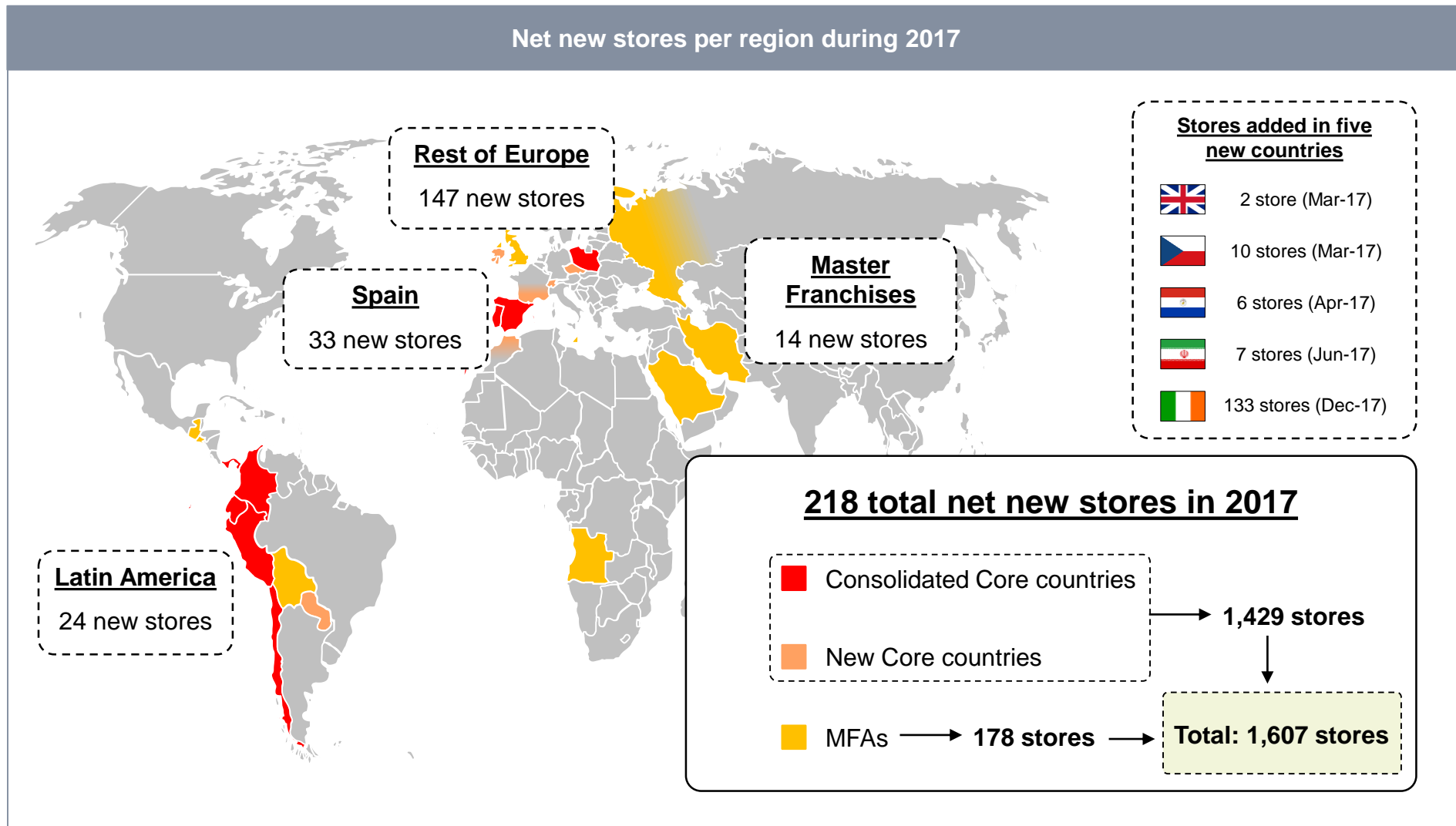


Latin America

- **Chile:** positive performance, outperforming market despite challenging macro environment in the second half of the year
- **Colombia, Peru and Ecuador:** double digit growth, driven by horizontal expansion and positive LFL growth

Unit expansion: Over 1,600 stores reached in 2017

+218 net new stores in 2017, stores in 5 new geographies in 2017



International expansion: Ireland, with



Acquisition of Apache Pizza in Ireland, +133 stores

- **Market leader** in Ireland, doubling the 2nd player in number of stores
- **Operating Apache brand**, leader in brand awareness
- **100% franchised operation**, strong pipeline of new franchisees
- **Joint venture with OKR**, controlled by Telepizza
- **€1.4m EBITDA** in FY 2017¹, pre industrial synergies
- **€6.7m acquisition investment** in 2017 and potential additional €4m in earnouts to be paid in 2018, 7.6x multiple

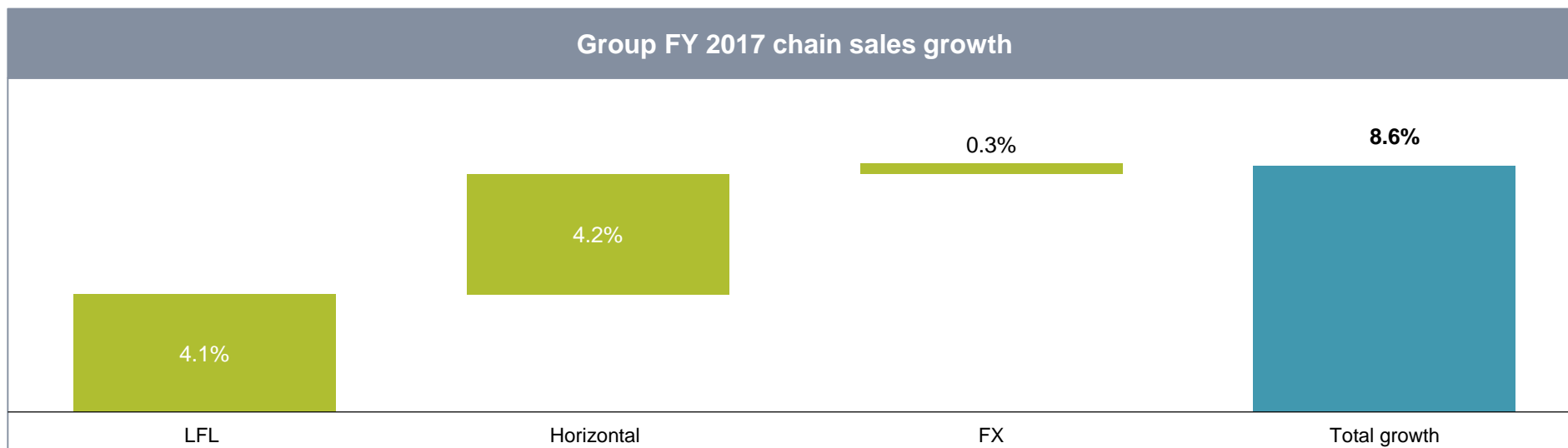
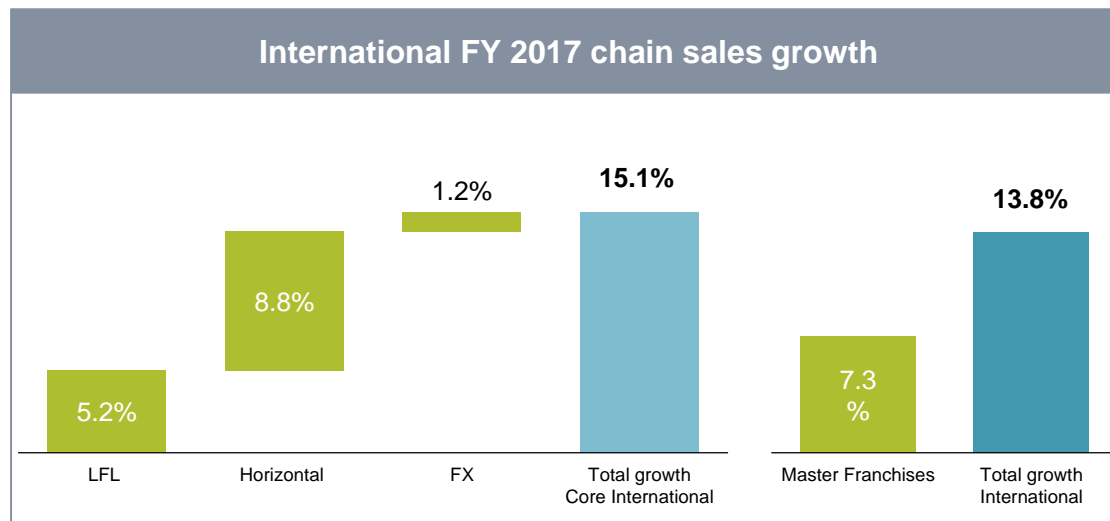
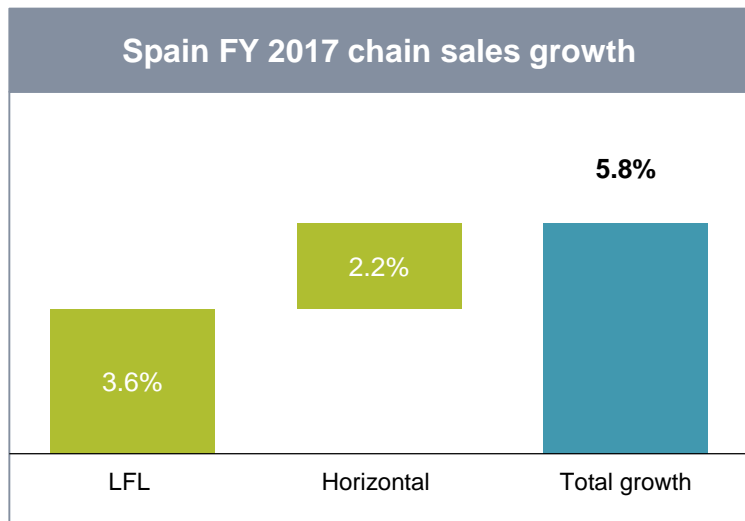
Notes:

1. Fiscal year ended 30th June 2017

Financial information



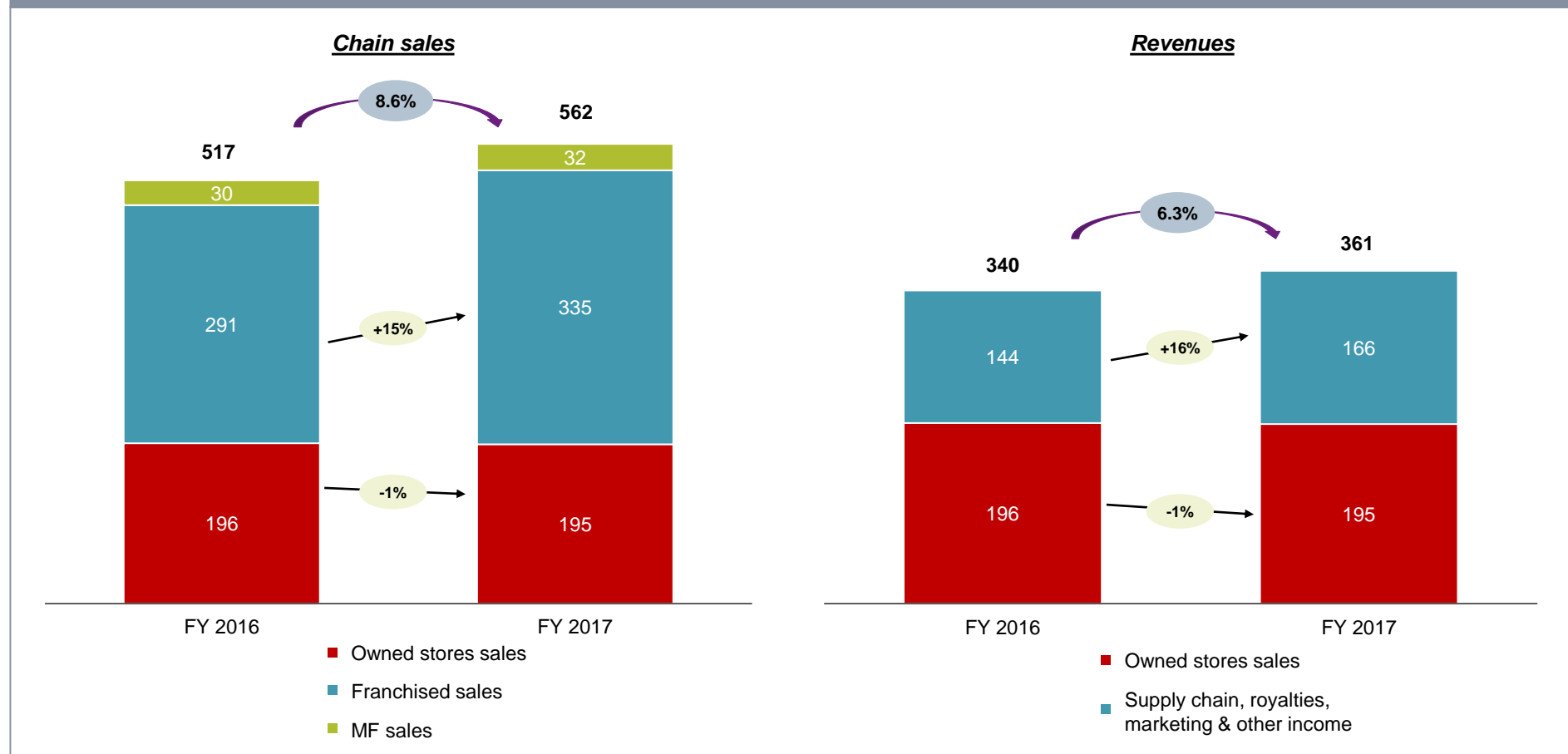
Chain sales bridge



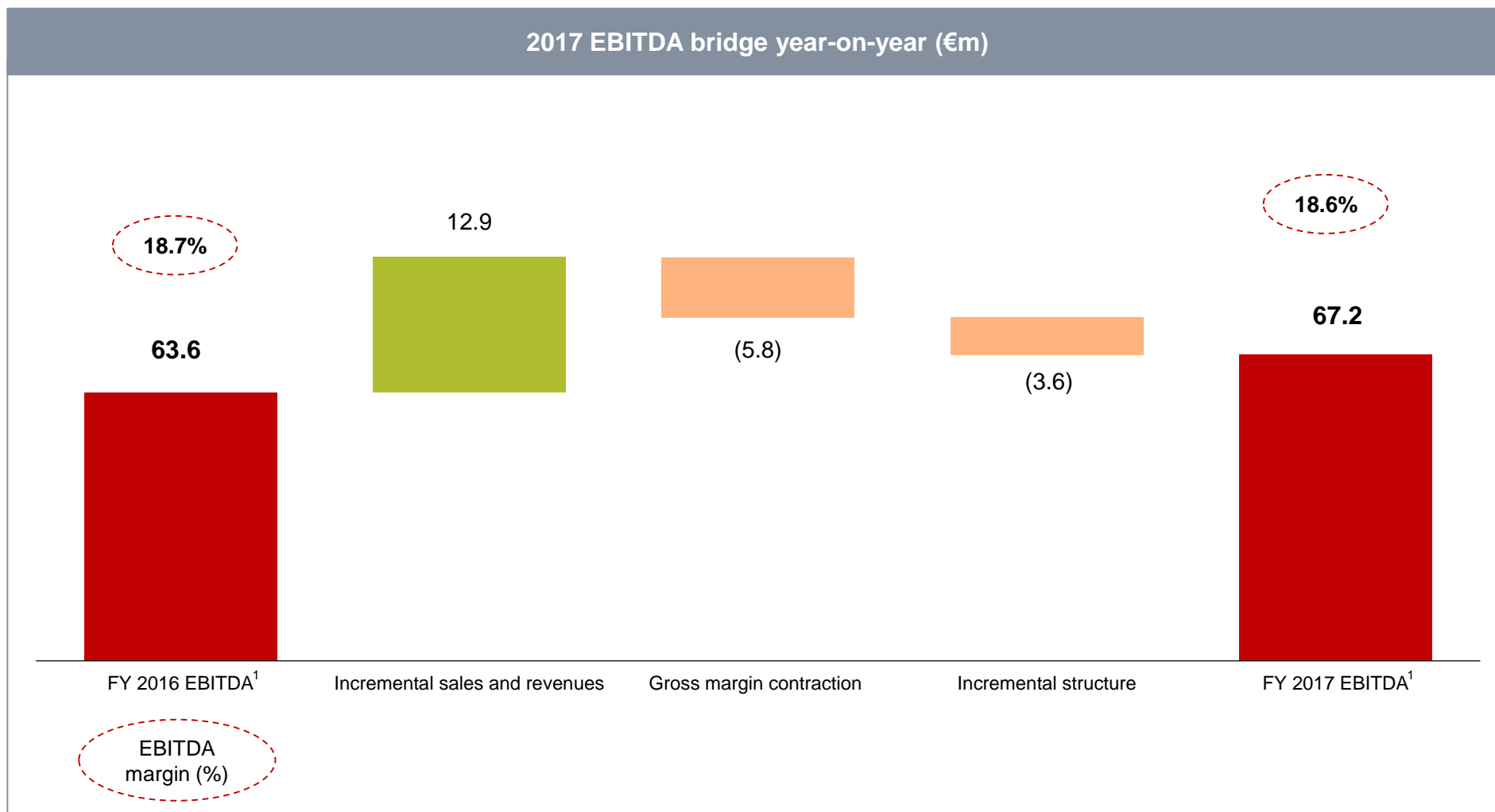
Chain sales and Revenues

Continued growth in franchised chain sales, as the franchisee network expands

Group chain sales and Revenues (€m)



EBITDA bridge



Note:

1. Underlying EBITDA, excluding €32m of IPO related costs in FY 2016 and €0.7m corporate deal extraordinary costs in FY 2017

Income statement

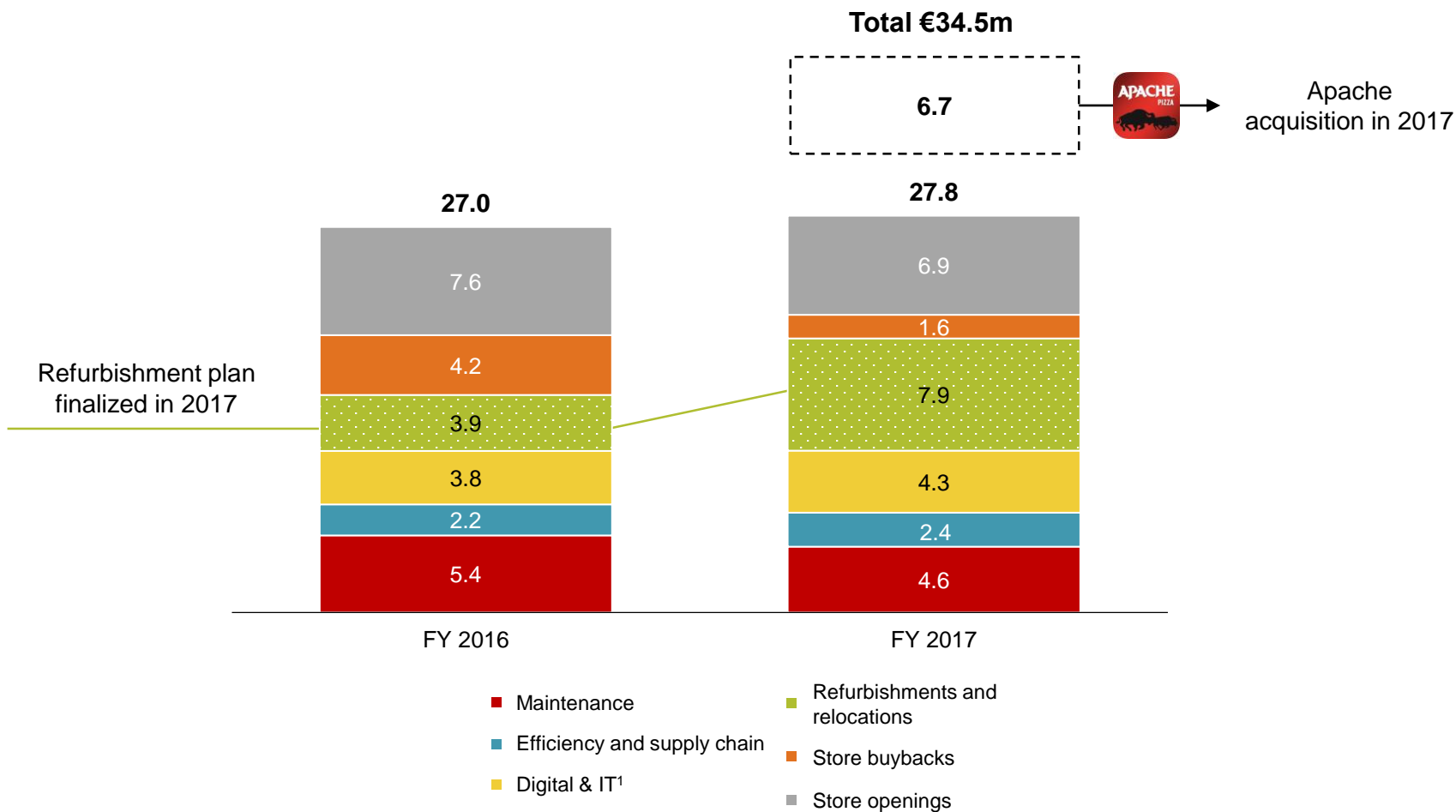
€m (unless otherwise stated)	FY 2017	FY 2016	% change
Total revenues	361.0	339.6	6.3%
COGS	-100.0	-88.6	12.8%
Gross margin	261.0	251.0	4.0%
<i>% of revenues</i>	72.3%	73.9%	-1.6pp
Other Opex	-193.8	-187.3	3.5%
Underlying EBITDA	67.2	63.6	5.5%
<i>% of revenues</i>	18.6%	18.7%	-0.1pp
Corporate deal extraordinary costs	-0.7	-	n.m.
IPO costs	-	-32.0	n.m.
Reported EBITDA	66.4	31.6	110.1%
Depreciation (excl. PPA amortisation)	-13.4	-11.6	16.0%
Underlying EBITA	53.8	52.1	3.2%
PPA amortisation	-5.5	-5.8	-4.6%
Net financial income / (expense)	-8.5	-19.9	-57.3%
Exchange differences	-0.9	-1.9	-52.9%
Other ¹	0.0	-0.7	n.m.
Income tax	-6.4	19.0	n.m.
Minority interest	0.2	0.0	n.m.
Results for the period	31.8	10.7	197.8%

Note:

1. Includes impairments and losses on sale of PP&E

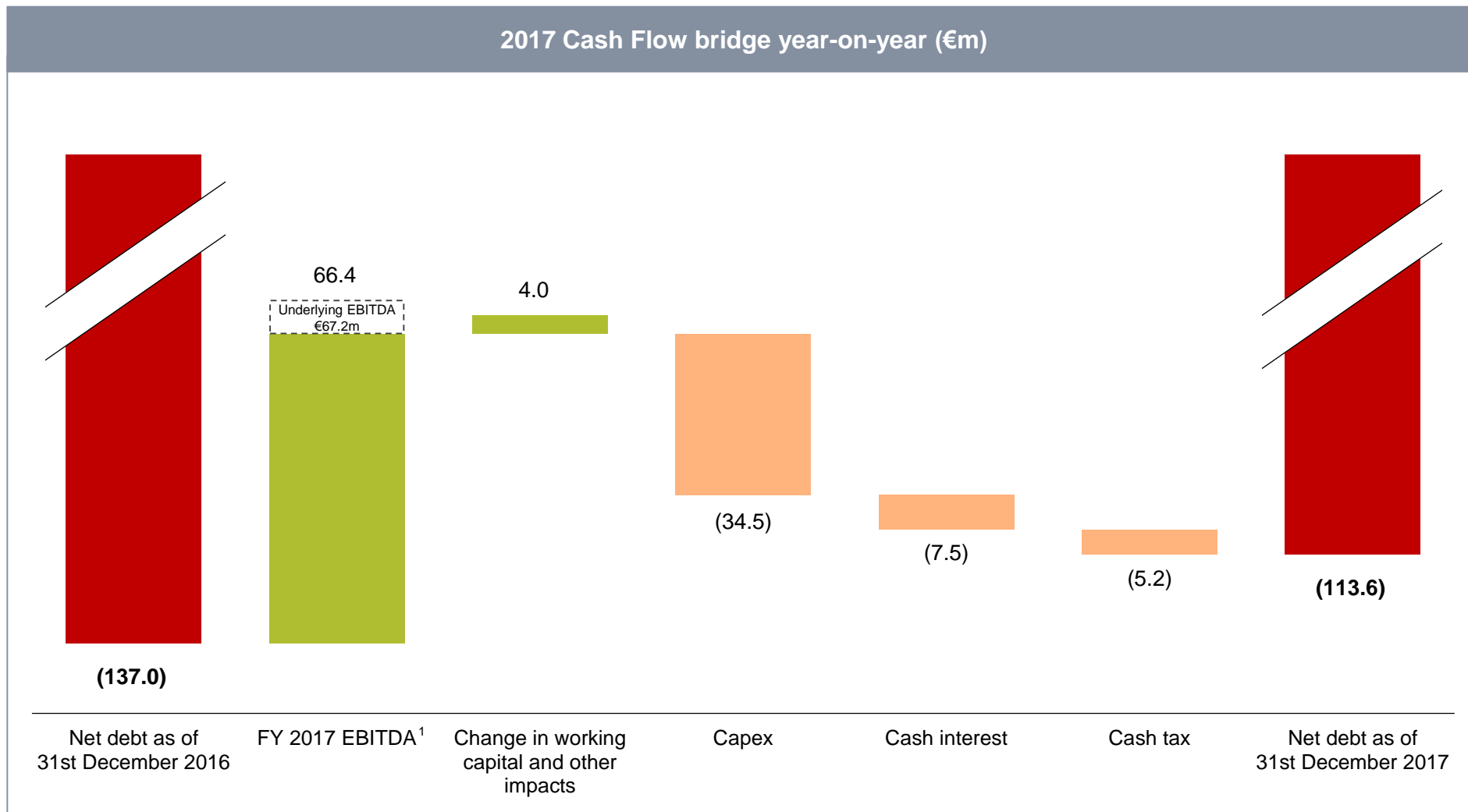
Capital expenditure

Total capex in 2016 and 2017 (€m)



Note:
1. Including IT-related maintenance capex

Cash Flow bridge

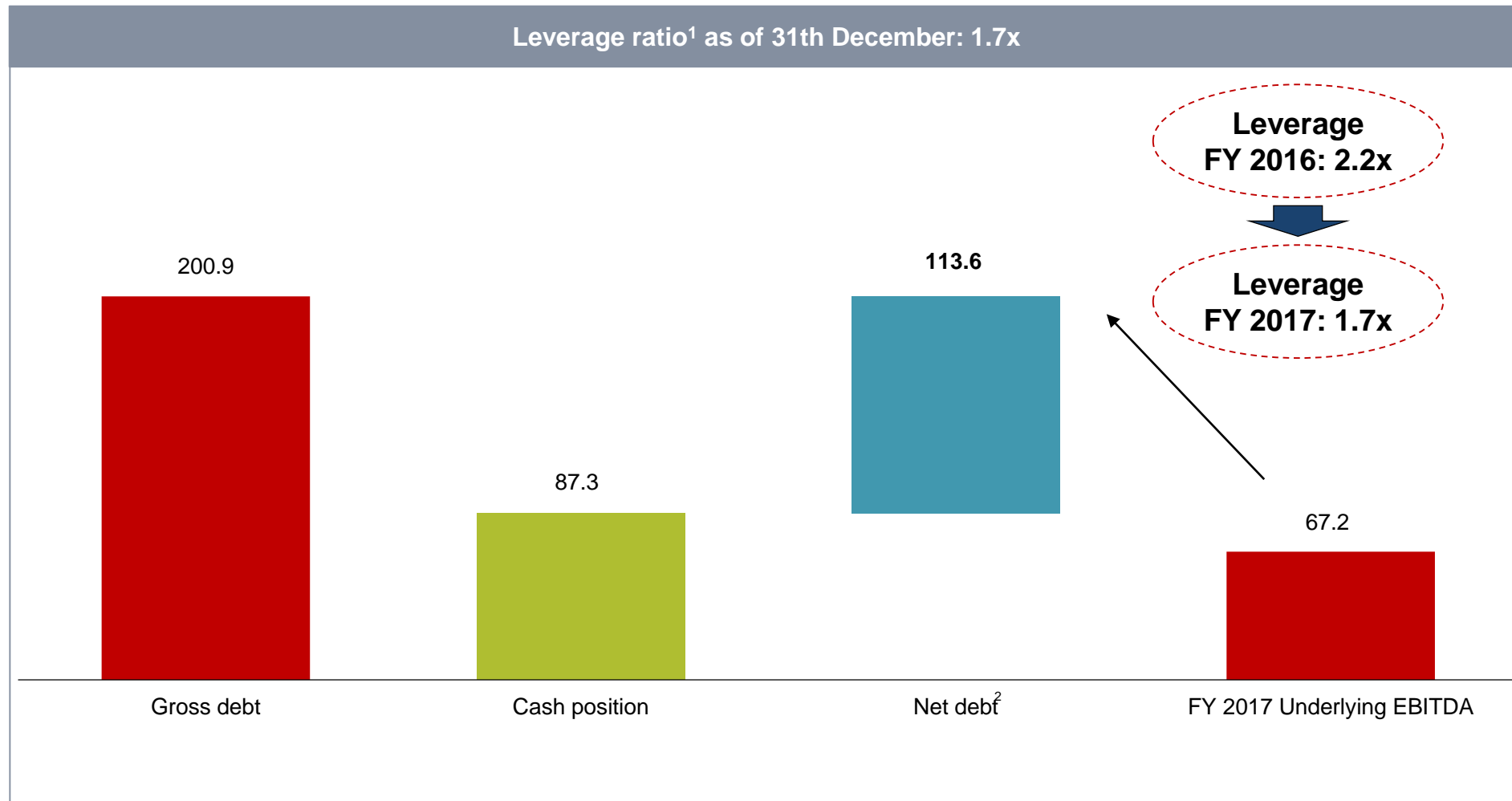


Note:

1. The reported EBITDA figure of €66.4m is being used in the Cash Flow bridge calculation

Net debt and leverage

Deleveraging on track, under 2x in 2017



Notes:

1. Measured as Net Debt / Underlying EBITDA
2. Net debt measured as gross debt – cash position

FY 2018 outlook

Spain total chain sales growth: 4% to 5%

Core International total chain sales growth: double digit

Underlying EBITDA growth: Low to mid-single digit

Net new stores in Core Geographies: 60 to 70

Capex: c.€25 million (excluding larger acquisitions)

Cash EPS(A)¹: c.€0.40 per share

Dividend for year-end 2018, with payout ratio in the 15% to 20% range

Note:

1. Based on cash taxes and before PPA amortization charges

Q&A



Appendix



Store Count

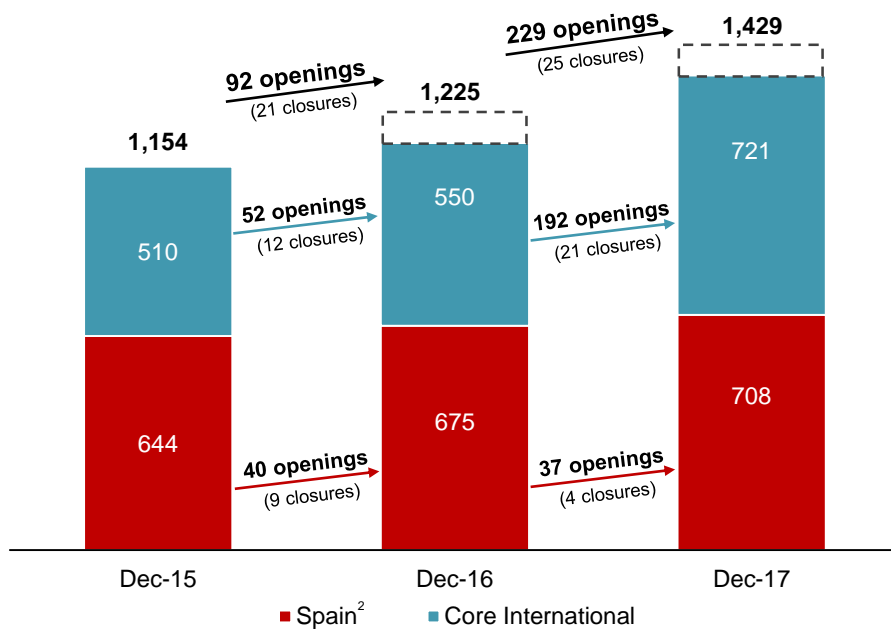
Number of Stores	2017			2016			2015		
	Own stores	Franchised stores	Total stores	Own stores	Franchised stores	Total stores	Own stores	Franchised stores	Total stores
Core Geographies	441	988	1,429	454	771	1,225	461	693	1,154
Spain¹	137	571	708	164	511	675	183	461	644
Core International	304	417	721	290	260	550	278	232	510
Rest of Europe	91	296	387	73	167	240	73	153	226
Portugal	43	73	116	41	68	109	44	61	105
Poland	38	81	119	32	88	120	29	92	121
Switzerland	0	9	9	0	11	11	0	0	0
Czech Republic	10	0	10	0	0	0	0	0	0
Ireland	0	133	133	0	0	0	0	0	0
Latin America	213	121	334	217	93	310	205	79	284
Chile	92	68	160	91	52	143	89	49	138
Colombia	45	45	90	61	34	95	64	27	91
Peru	45	4	49	43	4	47	35	1	36
Ecuador	23	4	27	20	3	23	17	2	19
Panama	6	0	6	2	0	2	0	0	0
Paraguay	2	0	2	0	0	0	0	0	0
Master Franchises	0	178	178	0	164	164	0	157	157
Guatemala	0	93	93	0	88	88	0	83	83
El Salvador	0	48	48	0	49	49	0	47	47
Russia	0	14	14	0	13	13	0	14	14
Bolivia	0	7	7	0	5	5	0	4	4
Iran	0	7	7	0	0	0	0	0	0
Angola	0	5	5	0	5	5	0	5	5
UK	0	2	2	0	0	0	0	0	0
Saudi Arabia	0	2	2	0	4	4	0	0	0
Others	0	0	0	0	0	0	0	4	4
Total Group	441	1,166	1,607	454	935	1,389	461	850	1,311

Notes:

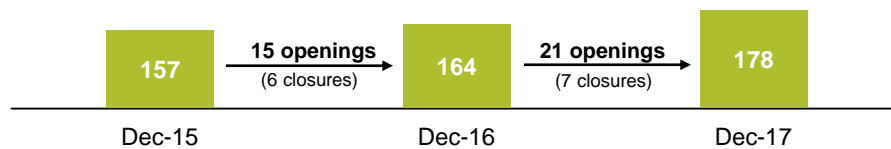
1. Includes stores in Morocco and France.

Unit expansion

Core Geographies¹ network development

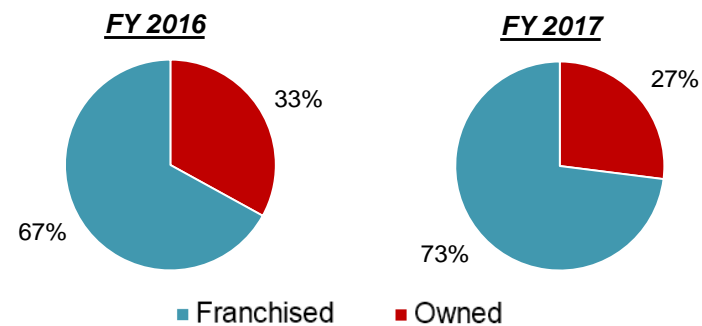


Master Franchised store network

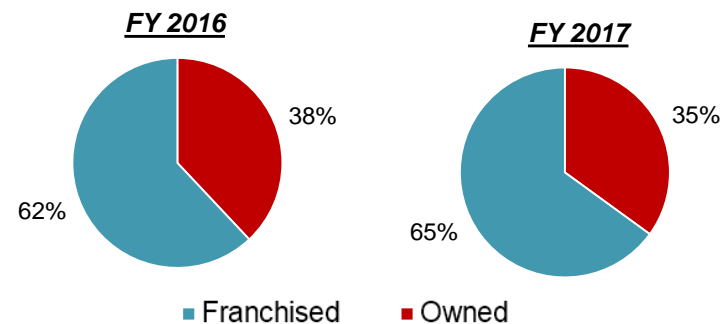


Franchised vs owned mix y-o-y

By number of stores



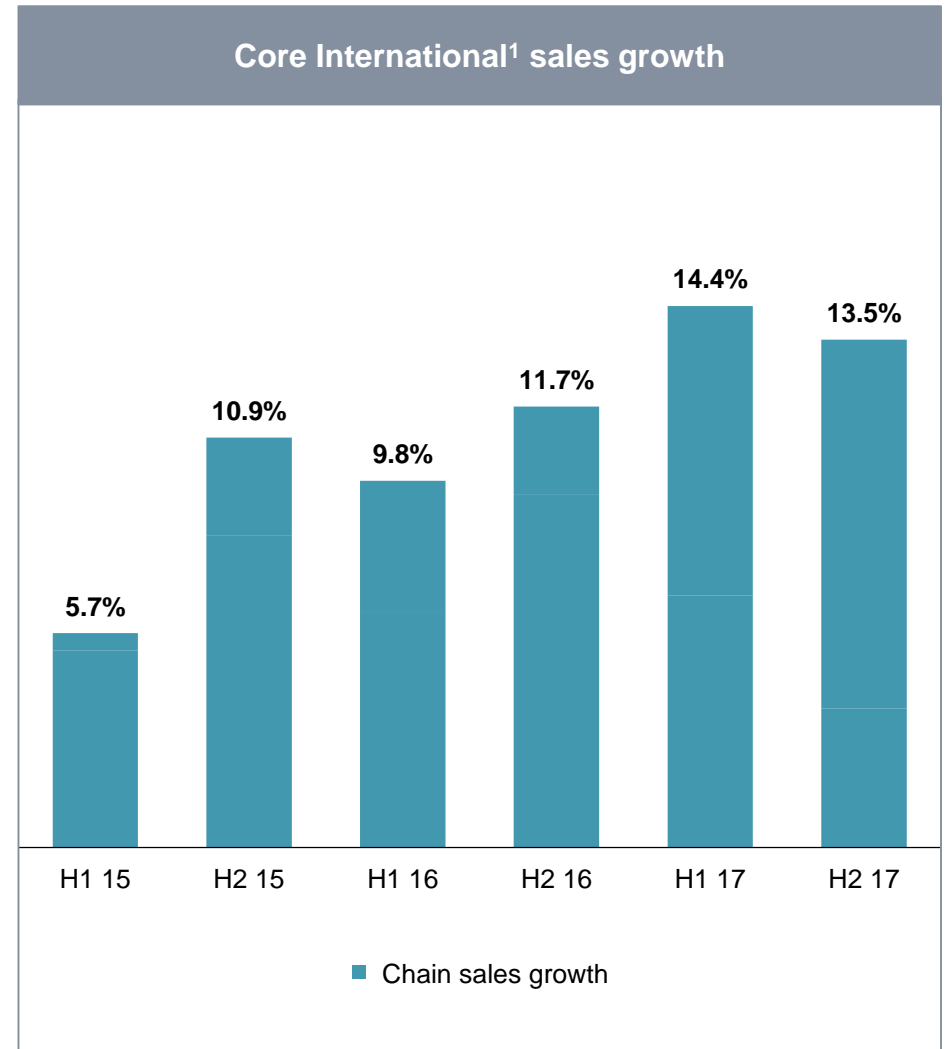
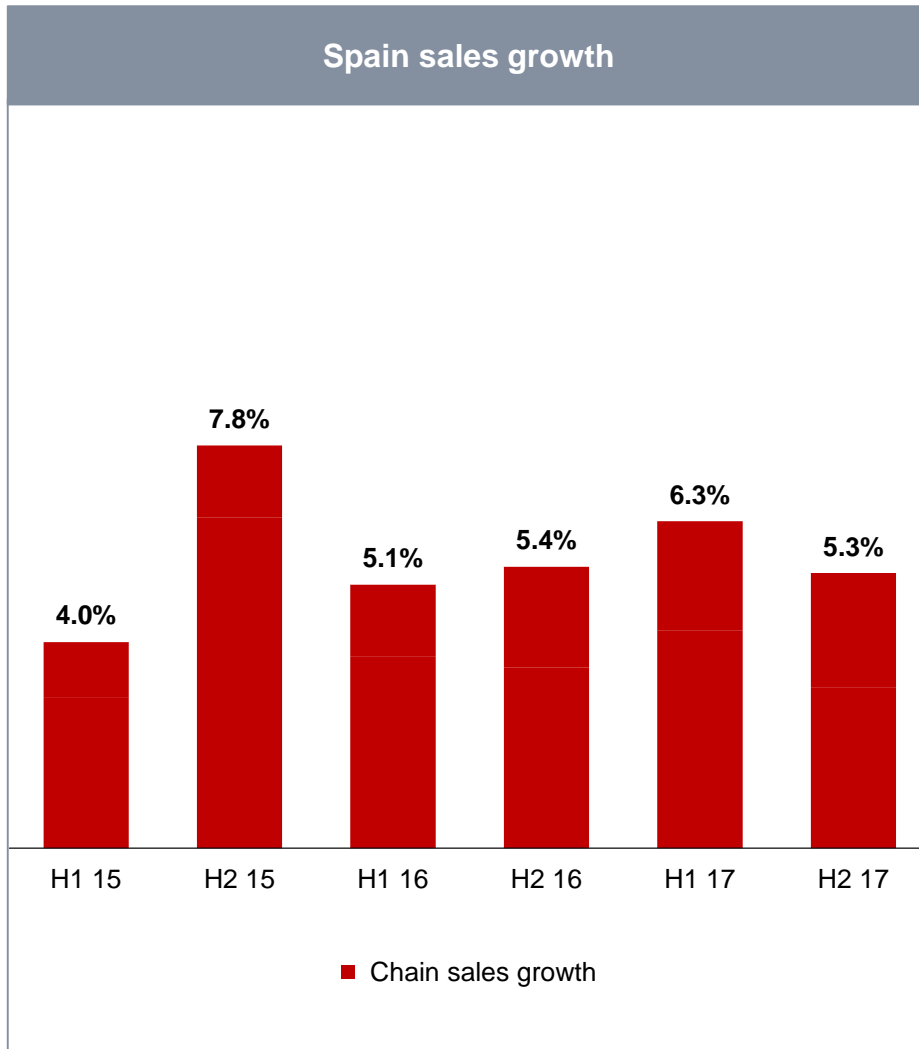
By chain sales



Notes:

1. Excluding Master Franchises.
2. Includes stores in Morocco and France.

Chain sales growth

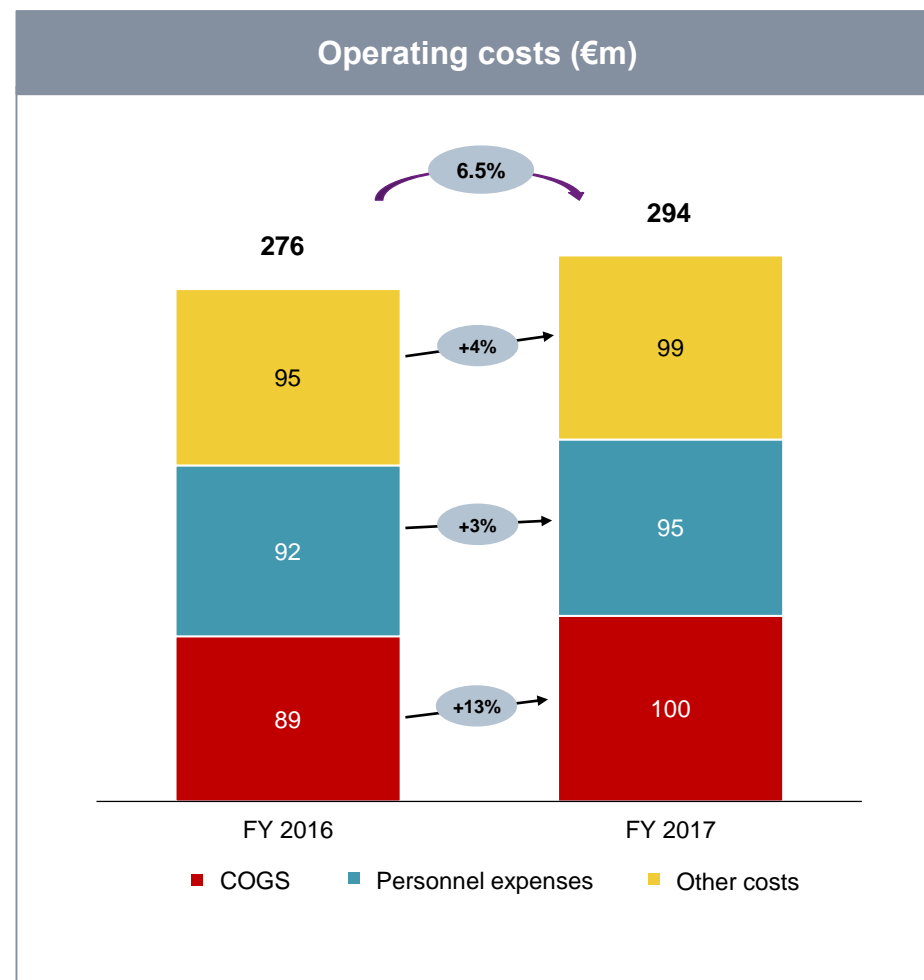
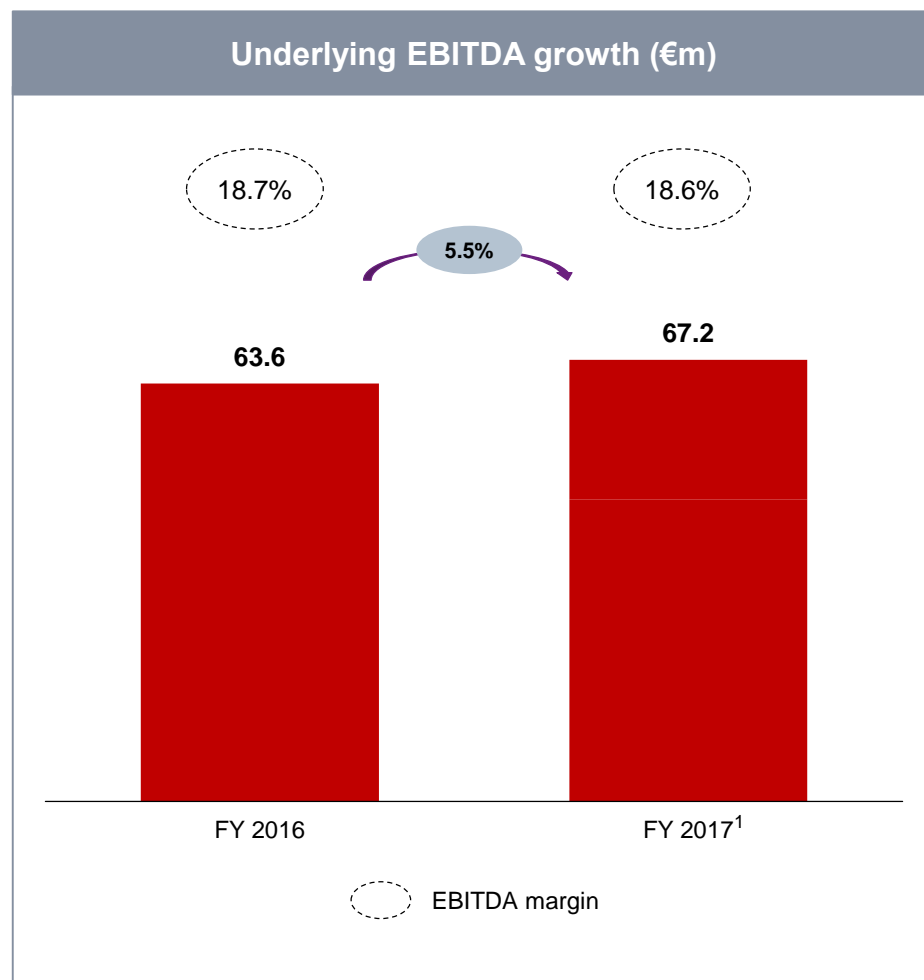


Note:

1. Constant currency, excluding Master Franchises

Underlying EBITDA

Underlying EBITDA growth above guidance, impacted by gross margin pressure



Note:

1. FY 2016 adjusted for €32 million of IPO related costs, FY 2017 adjusted by €0,7 million of extraordinary costs

Balance sheet

€m (unless otherwise stated)	31 st December 2017	31 st December 2016		31 st December 2017	31 st December 2016
Non current assets	<u>835.8</u>	<u>826.4</u>	Equity	<u>635.4</u>	<u>607.1</u>
Property, plant and equipment	50.5	46.0	Non-current liabilities	<u>290.2</u>	<u>285.0</u>
Goodwill	392.5	387.3	Borrowings	196.7	195.6
Other intangible assets	326.9	330.2	Other non-current liabilities	93.5	89.4
Other non-current assets	65.9	62.8			
			Current liabilities	<u>55.5</u>	<u>54.2</u>
Current assets	<u>145.3</u>	<u>119.9</u>	Trade and other payables	51.7	50.2
Subtotal current assets	145.3	119.6	Other current liabilities	3.8	3.9
Inventories	10.9	11.6			
Receivables and other current assets	47.1	44.0	Liabilities classified as discontinued operations	0.1	0.1
Cash and cash equivalents	87.3	64.0			
Assets classified as discontinued operations	0.1	0.3			
Total assets	<u>981.2</u>	<u>946.3</u>	Total equity and liabilities	<u>981.2</u>	<u>946.3</u>

Glossary

- **Chain sales:** Chain sales are own store sales plus franchised and master franchised store sales as reported to us by the franchisees and master franchisees
- **LfL chain sales growth:** LfL chain sales growth is chain sales growth after adjustment for the effects of changes in scope and the effects of changes in the euro exchange rate as explained below
 - Scope adjustment. If a store has been open for the full month, we consider that an “operating month” for the store in question; if not, that month is not an “operating month” for that store. LfL chain sales growth takes into account only variation in a store’s sales for a given month if that month was an “operating month” for the store in both of the periods being compared. The scope adjustment is the percentage variation between two periods resulting from dividing (i) the variation between the chain sales excluded in each of such periods (“excluded chain sales”) because they were obtained in operating months that were not operating months in the comparable period, by (ii) the prior period’s chain sales as adjusted to deduct the excluded chain sales of such period (the “adjusted chain sales”). In this way, we can see the actual changes in chain sales between operating stores, removing the impact of changes between the periods that are due to store openings and closures; and
 - Euro exchange rate adjustment. We calculate LfL chain sales growth on a constant currency basis in order to remove the impact of changes between the euro and the currencies in certain countries where the Group operates. To make this adjustment, we apply the monthly average euro exchange rate of the operating month in the most recent period to the comparable operating month of the prior period
- **EBITDA:** EBITDA is operating profit plus asset depreciation and amortization
- **Underlying EBITDA:** Underlying EBITDA is EBITDA excluding IPO related costs in FY2016 and the extraordinary corporate deal costs in FY2017.
- **Digital delivery chain sales:** Digital delivery chain sales are the delivery chain sales made through digital channels (PC, web responsive and Telepizza application), expressed in percentage terms. Digital delivery chain sales (both own and franchised) are recorded automatically in the Company’s SAGA store information system when the online order is placed by the customer