

Q3 2016 Results presentation



telepizza 
the secrets in the dough

7 November, 2016

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Q3 2016 highlights



1

5.3% Core Geographies¹ chain sales growth (in constant currency), of which 3.2% LFL

2

7.4% Underlying EBITDA growth

3

Core International¹ LFL growth of 9%, the best quarter on record

4

21 net new stores in Core Geographies¹ and 52 more stores refurbished during Q3

5

Nick Dutch appointed as Head of Digital

Note:

1. Excluding Master Franchises

Q3 2016: International underpinning robust growth

Core Geographies¹ chain sales growth of 5.3% in Q3 2016, driven by an acceleration in International. Group EBITDA growth of 12.4% for the 9 months ended September 2016

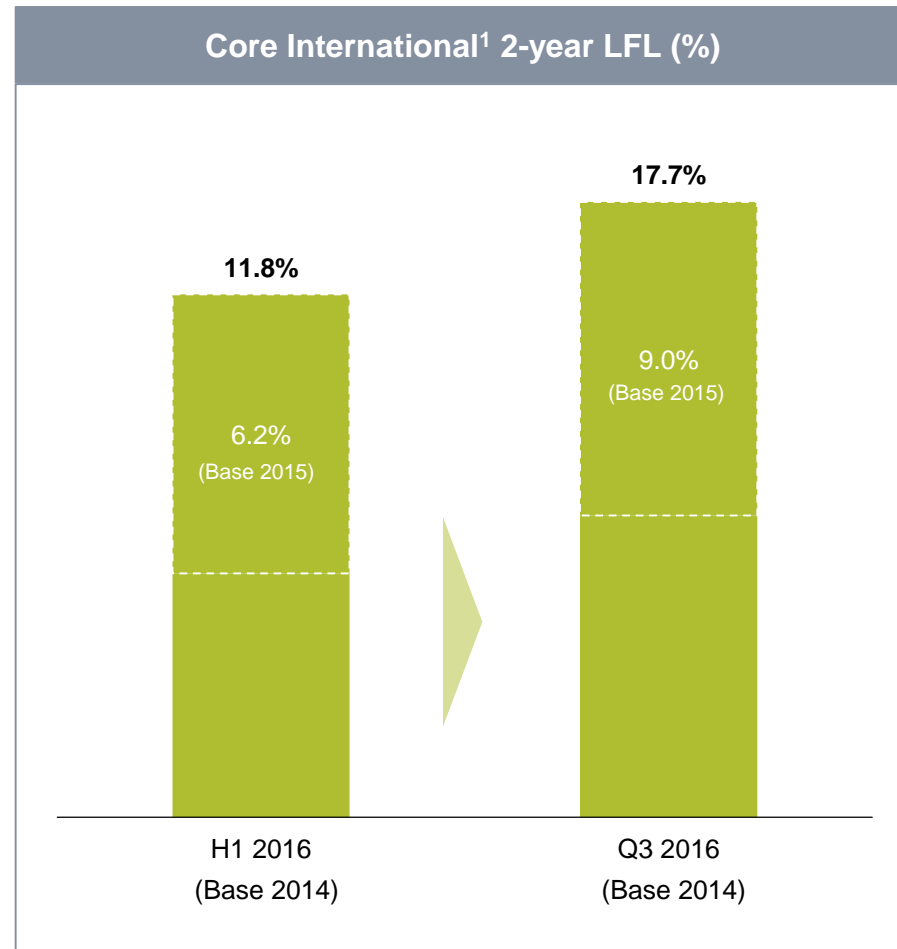
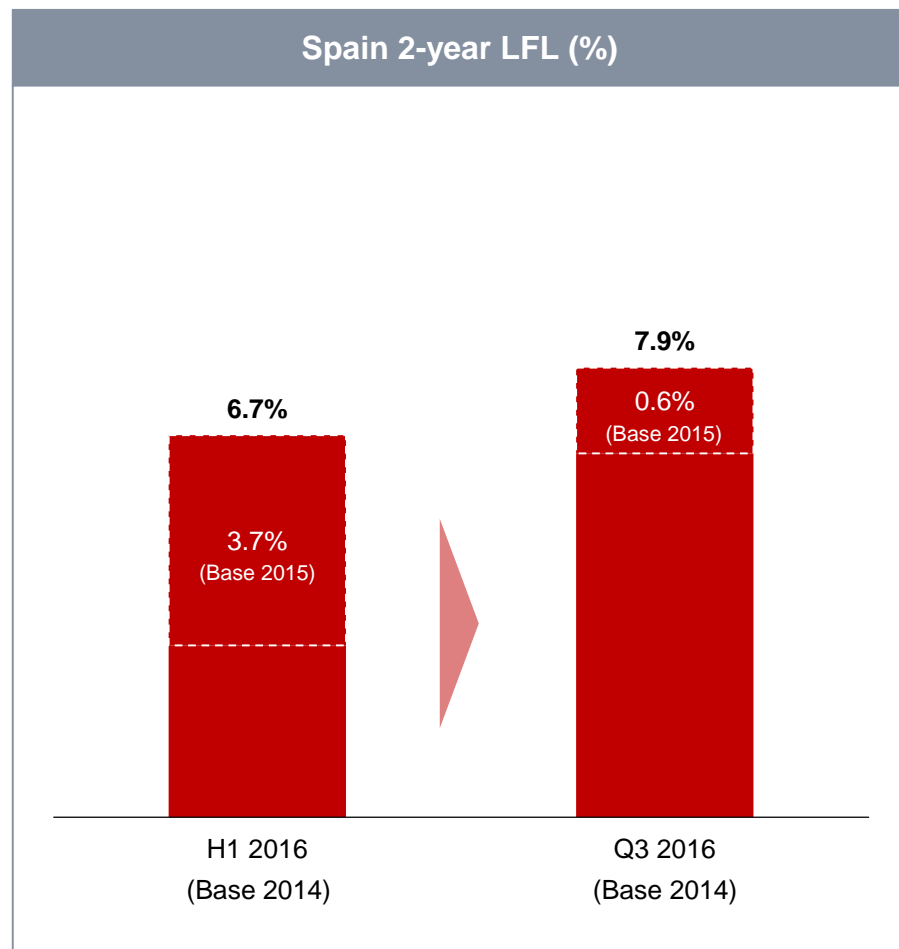
| €m (unless otherwise stated) | Q3 2016 | Q3 2015 | % change | 9M 2016 | 9M 2015 | % change |
|--|-------------|-------------|--------------|--------------|--------------|--------------|
| Group chain sales | 126.3 | 121.0 | 4.4% | 378.5 | 364.2 | 3.9% |
| Core Geographies ¹ chain sales | 119.0 | 113.1 | 5.2% | 356.0 | 340.8 | 4.5% |
| Core Geographies¹ constant currency sales growth (%) | | | 5.3% | | | 6.1% |
| Core Geographies ¹ LFL sales growth (%) | | | <u>3.2%</u> | | | <u>4.0%</u> |
| Spain chain sales | 80.1 | 78.0 | 2.6% | 246.1 | 236.1 | 4.3% |
| LfL sales growth (%) | | | <u>0.6%</u> | | | <u>2.7%</u> |
| International chain sales | 46.2 | 42.9 | 7.5% | 132.4 | 128.1 | 3.3% |
| Core International ¹ chain sales | 39.0 | 35.1 | 11.1% | 109.9 | 104.8 | 4.9% |
| Core International¹ constant currency sales growth (%) | | | 11.4% | | | 10.3% |
| Core International ¹ LFL sales growth (%) | | | <u>9.0%</u> | | | <u>7.2%</u> |
| Group Underlying EBITDA² | 15.1 | 14.1 | 7.4% | 51.1 | 45.5 | 12.4% |

Notes:

1. Excluding Master Franchises
2. 9M 2016 adjusted for €32m of IPO related costs

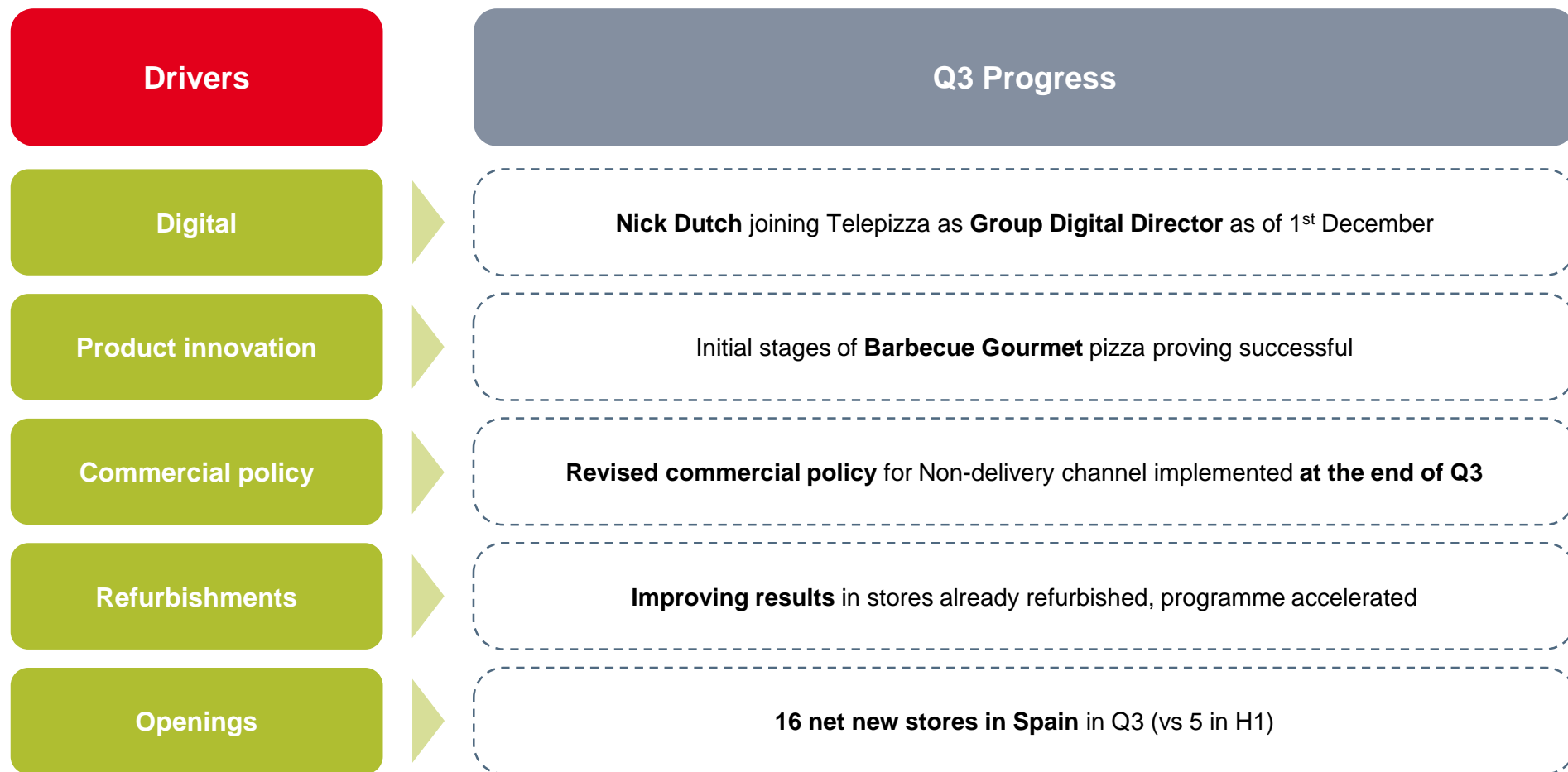
Q3 performance: 2-year view

Spain Q3 LFL impacted by high comparable year-on-year. International delivering incremental LFL growth in Q3 vs H1 and FY 2015



Note:
1. Excluding Master Franchises

Continued focus on key growth drivers



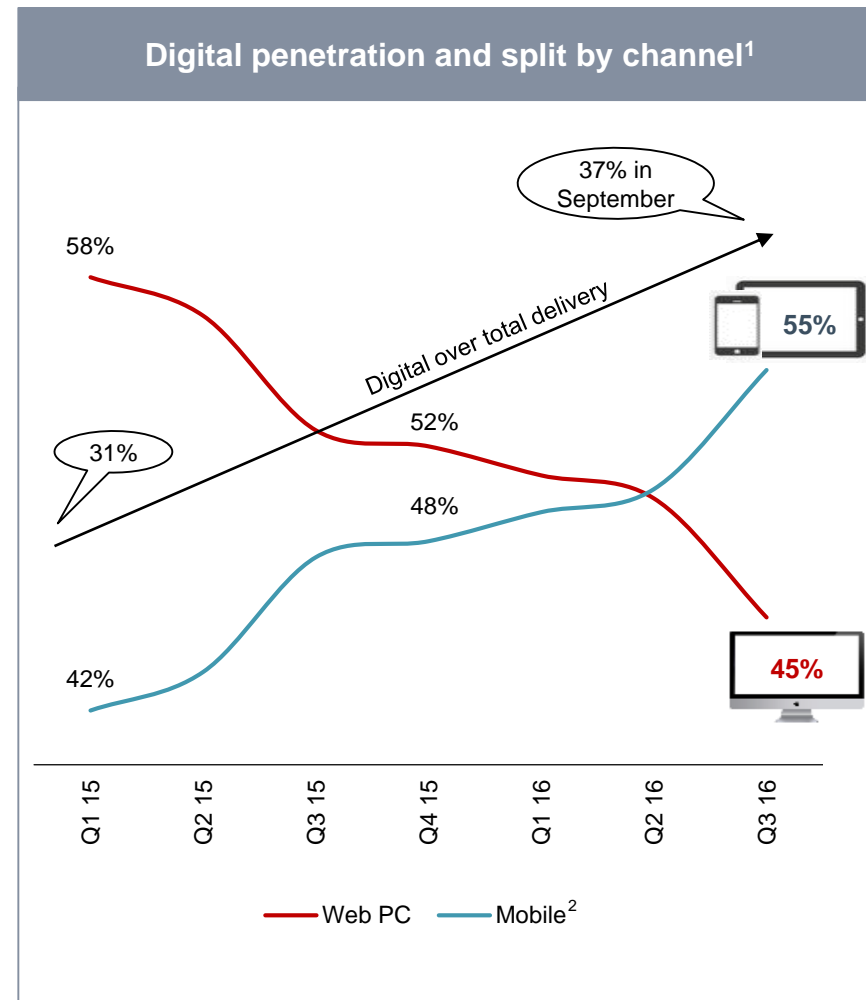
Digital: Taking our platform to a new level

■ Digital leading the growth in the Delivery channel

- c. 55% of digital orders placed through mobile platform in Q3
- **37% digital penetration reached in September**

■ Appointment: **Nick Dutch, new Group Digital Director**

- Previously, Head of Digital of Domino's Pizza UK
- Focus areas: New App, Digital marketing, CRM strategy, Social customer care
- 14 years experience pushing transformational digital thinking into organisations



Notes:

1. Data for Spain based on number of orders
2. Includes App and web responsive

Repositioning in the Non-delivery channel

New commercial policy

- Adapted to local market conditions
- Value products: Pizza of the month
- €7 range
- Supported by targeted communication

Refurbishments

- Strengthening the brand image
- Open kitchens

Product innovation

- Premium launches: Barbecue Gourmet pizza in October



Improving trend in October

Refurbishments: Strengthening Telepizza's brand image

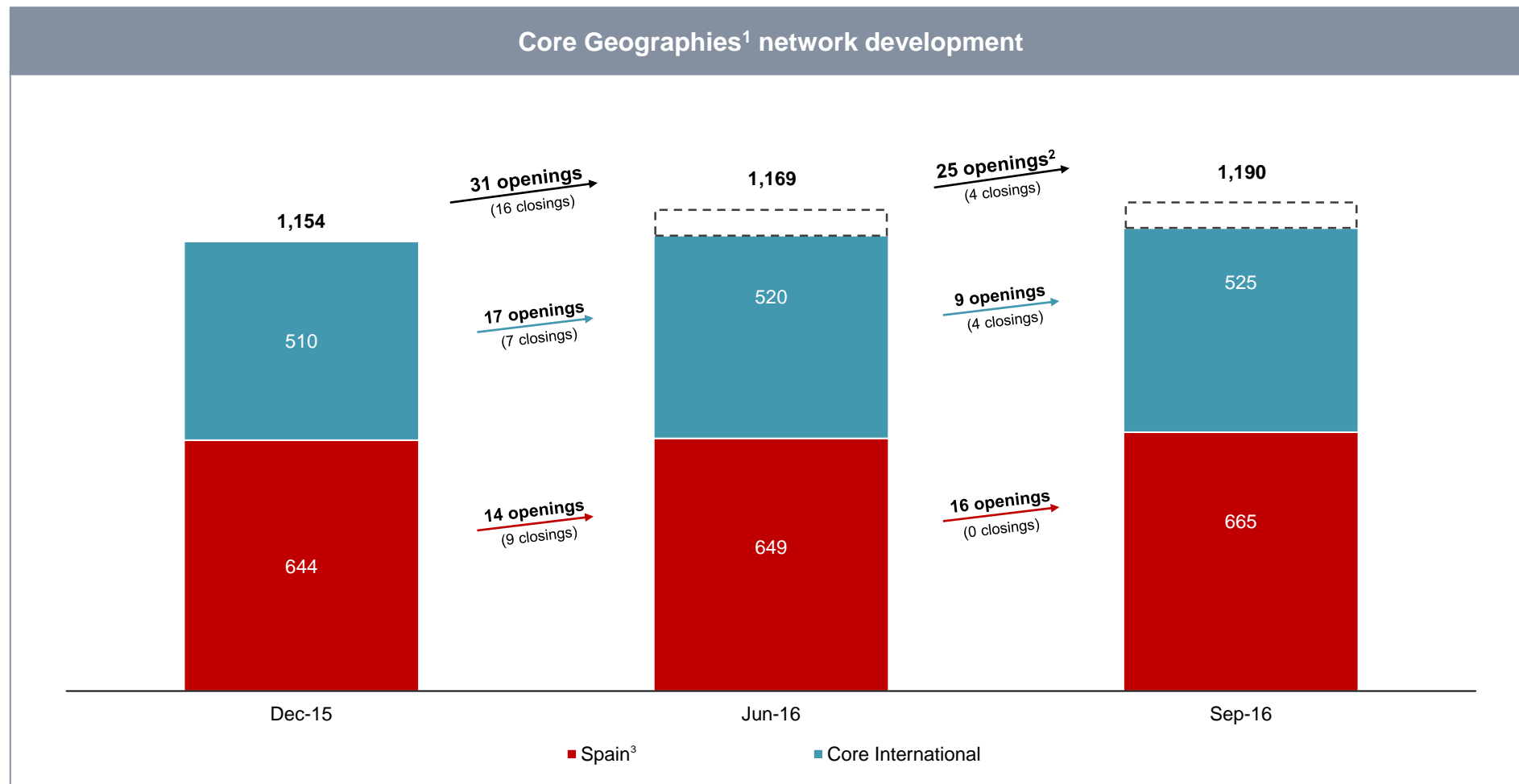


104 stores refurbished in 2016 until the end of September



Unit expansion: Increasing rate of openings in Q3

25 gross / 21 net new stores in Core Geographies during Q3



Notes:

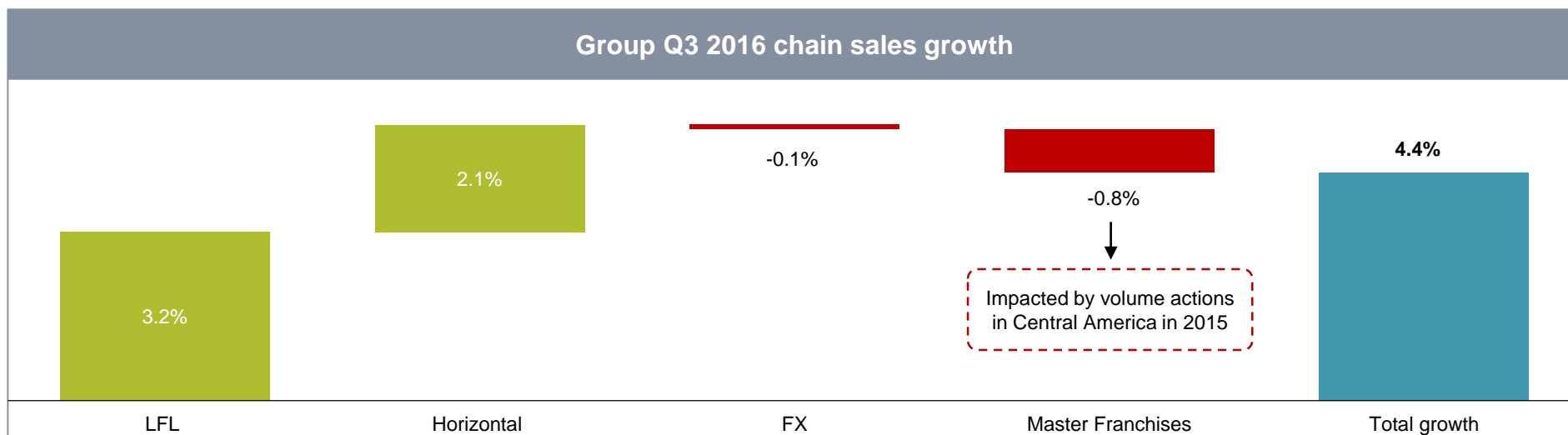
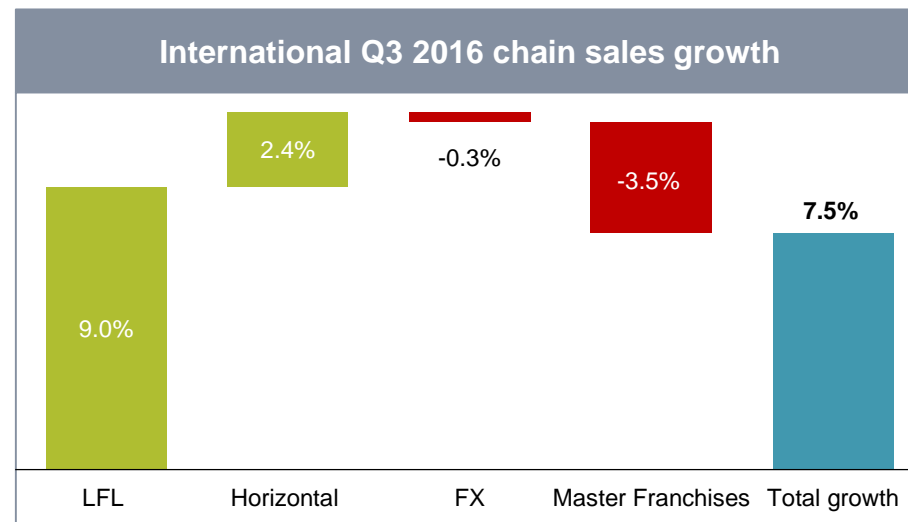
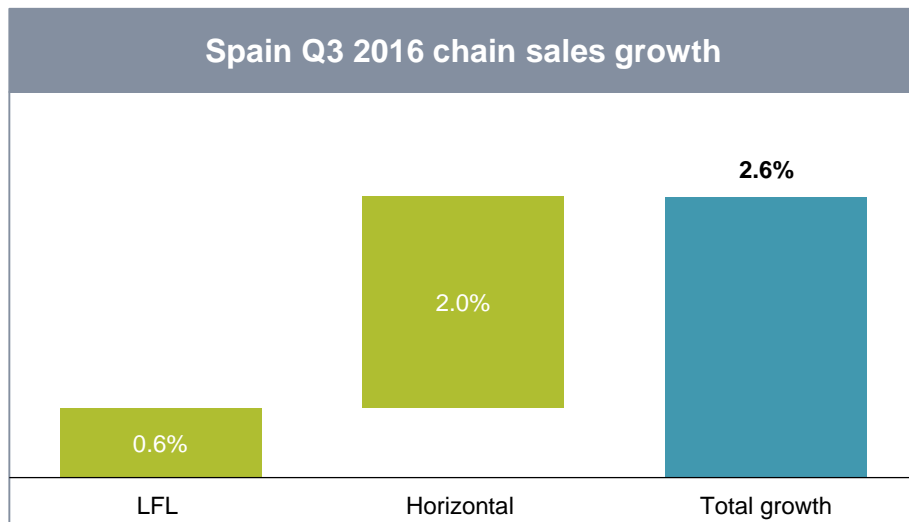
1. Excluding Master Franchises
2. Including 2 stores in Panama, previously operated as MF, operated directly by Telepizza since Q3
3. Including 2 stores in Morocco

Financial information



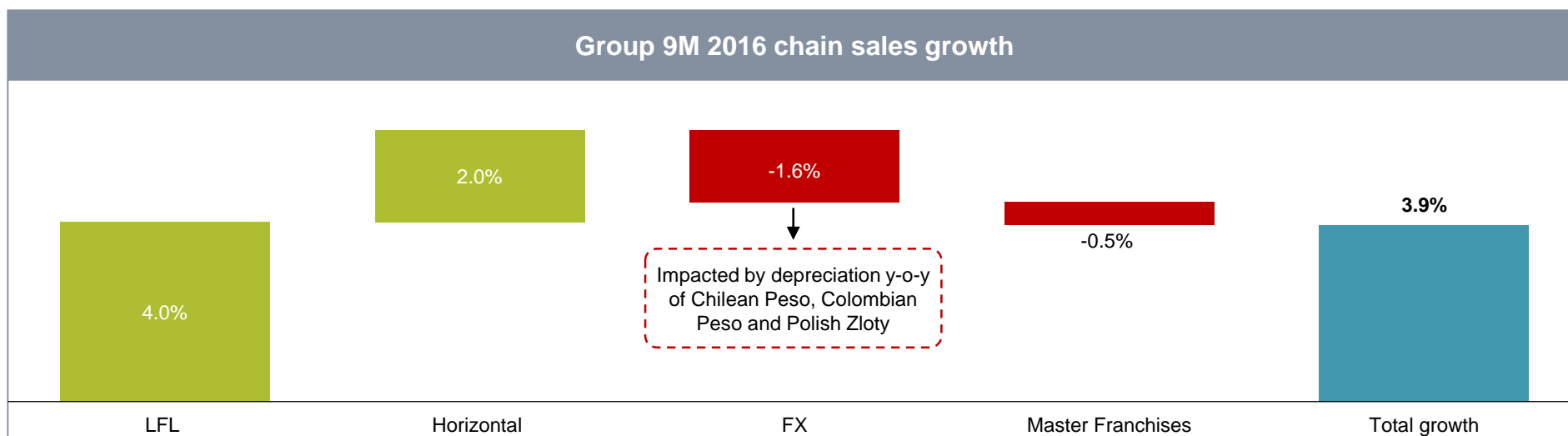
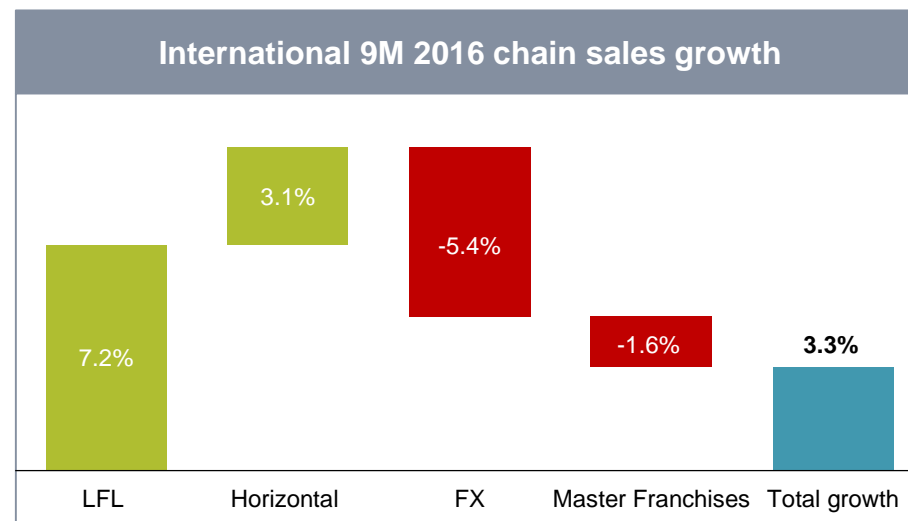
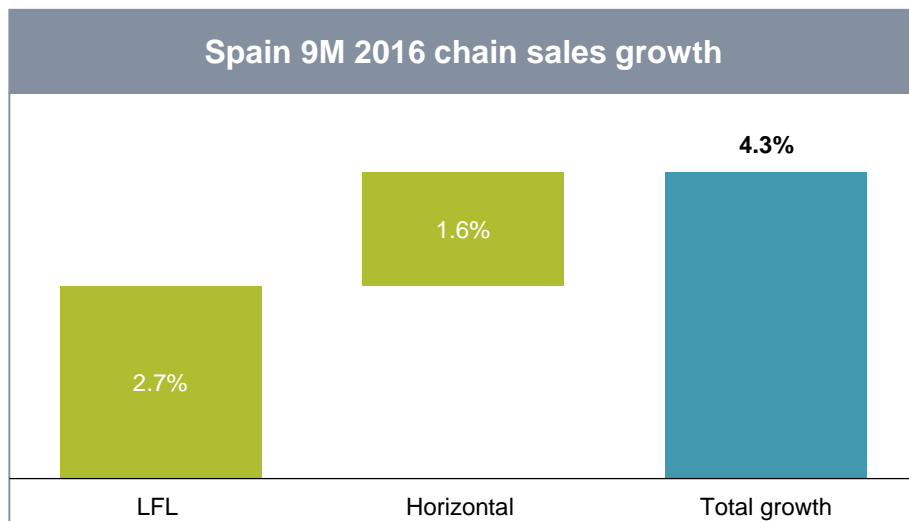
Q3 reported chain sales bridge

Negative contribution of Master Franchises in Q3



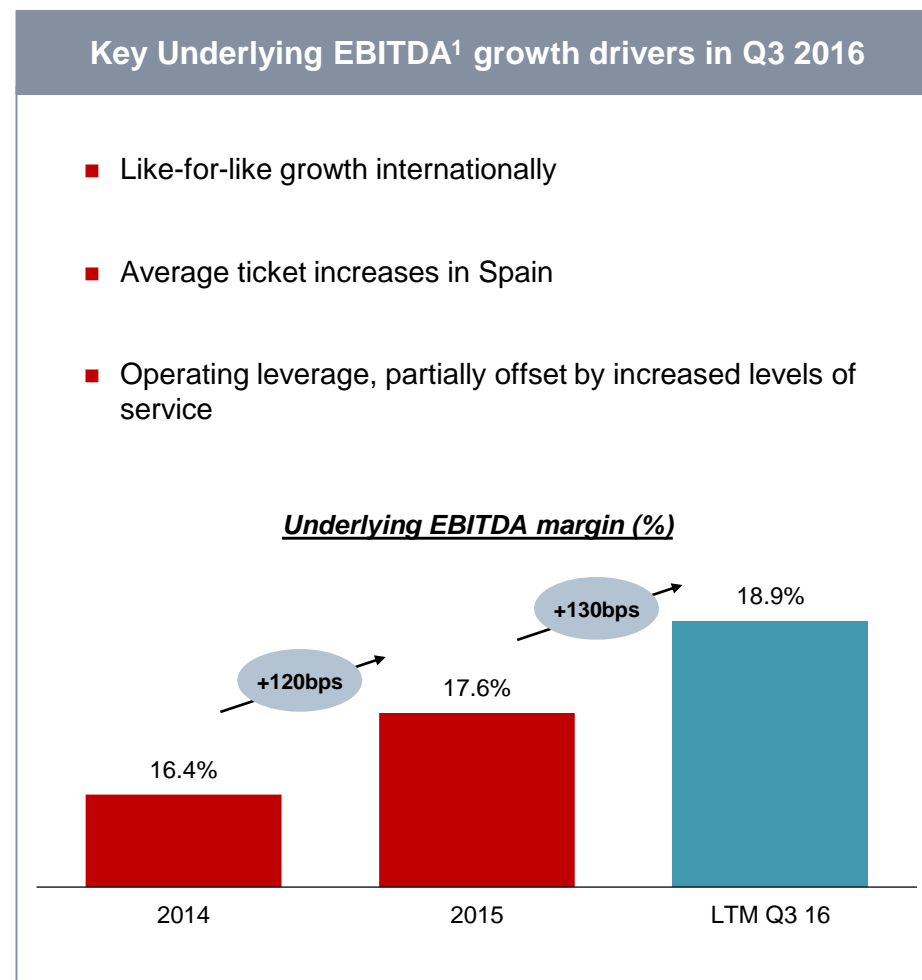
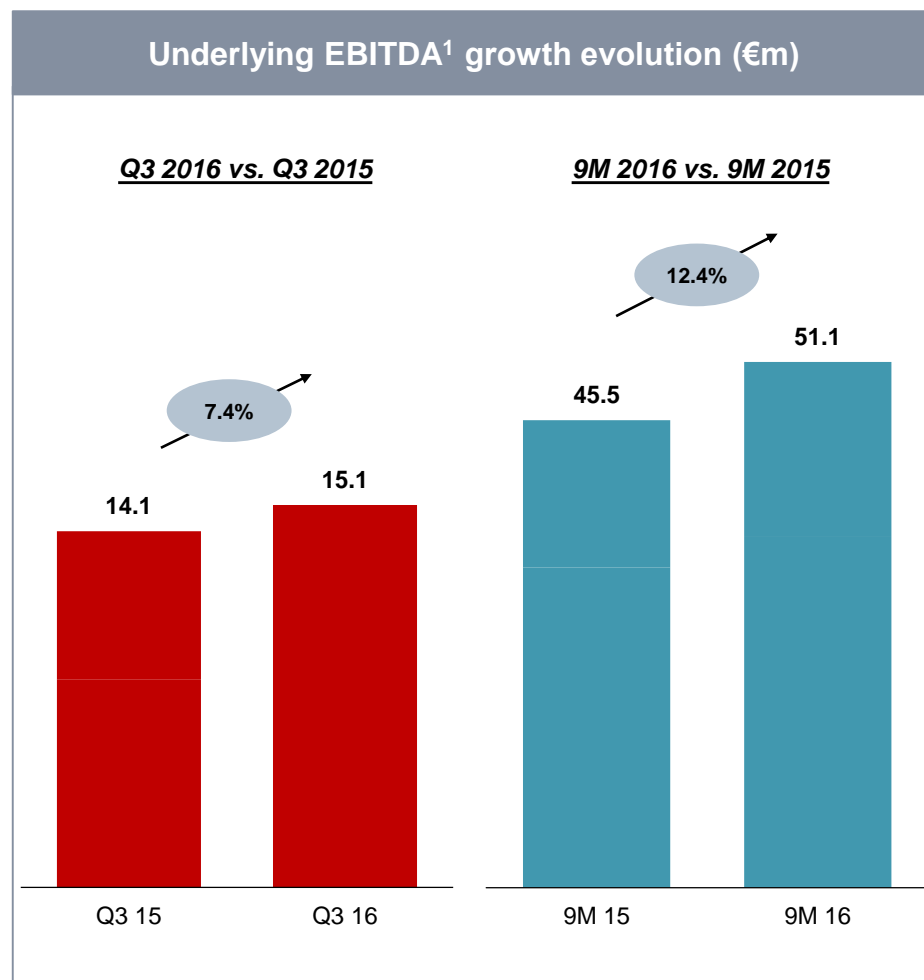
9M reported chain sales bridge

Significant impact of FX during H1



Underlying EBITDA

7.4% Underlying EBITDA growth in Q3, with LTM margin increasing +130bp vs FY 2015



Notes:
1. 9M 2016 adjusted for €32.0m of IPO related costs

FY 2016 outlook

- ✓ Spain total chain sales growth: 4-5%
 - ✓ Core International total chain sales growth: 9-11%
 - ✓ Double digit Underlying EBITDA growth
 - ✓ c.80 net new stores in Core Geographies
 - ✓ €20-25 million capex
- FY estimates towards upper end of the range
- Downside risk

Q&A



Appendix



Summary income statement

| €m (unless otherwise stated) | Q3 2016 | Q3 2015 | % change | 9M 2016 | 9M 2015 | % change | LTM Q3 2016 |
|--|--------------|--------------|-------------|---------------|--------------|--------------|---------------|
| Total revenues | 83.1 | 78.2 | 6.2% | 248.7 | 242.2 | 2.7% | 335.3 |
| <i>Constant currency revenue growth (%)</i> | | | 6.3% | | | | |
| Underlying EBITDA | 15.1 | 14.1 | 7.4% | 51.1 | 45.5 | 12.4% | 63.4 |
| <i>Underlying EBITDA margin (%)</i> | 18.2% | 18.0% | 0.2% | 20.6% | 18.8% | 1.8% | 18.9% |
| Depreciation and amortisation (excl. PPA amortisation) | (2.8) | (2.8) | 0.6% | (8.7) | (7.9) | 10.0% | (11.6) |
| Underlying EBIT | 12.3 | 11.3 | 9.0% | 42.4 | 37.5 | 13.0% | 51.8 |
| IPO costs | 0.2 | - | - | (32.0) | - | - | (32.0) |
| PPA amortisation | (1.5) | (1.5) | n.m. | (4.4) | (4.4) | n.m. | (5.8) |
| Net financial income / (expense) | (2.2) | (8.6) | (74.0%) | (19.1) | (27.0) | (29.1%) | (27.6) |
| Other ¹ | (0.1) | (0.2) | n.m. | (0.2) | (2.0) | n.m. | (1.9) |
| Profit before tax on continued operations | 8.7 | 1.0 | n.m. | (13.4) | 4.2 | n.m. | (15.5) |
| Income tax | (1.8) | (2.3) | n.m. | 1.0 | (6.4) | n.m. | 4.6 |
| Results for the period | 6.9 | (1.3) | n.m. | (12.4) | (2.2) | n.m. | (10.9) |

Note:

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

Store Count

| Number of Stores | September 2016 | | | 2015 | | | 2014 | | | 2013 | | |
|---------------------------------------|----------------|-------------------|--------------|------------|-------------------|--------------|------------|-------------------|--------------|------------|-------------------|--------------|
| | Own stores | Franchised stores | Total stores | Own stores | Franchised stores | Total stores | Own stores | Franchised stores | Total stores | Own stores | Franchised stores | Total stores |
| Spain | 170 | 495 | 665 | 183 | 461 | 644 | 191 | 439 | 630 | 235 | 386 | 621 |
| International | 284 | 394 | 678 | 278 | 389 | 667 | 273 | 365 | 638 | 266 | 343 | 609 |
| Rest of Europe | 71 | 157 | 228 | 73 | 153 | 226 | 74 | 149 | 223 | 79 | 146 | 225 |
| Portugal | 42 | 67 | 109 | 44 | 61 | 105 | 44 | 64 | 108 | 45 | 65 | 110 |
| Poland | 29 | 90 | 119 | 29 | 92 | 121 | 30 | 85 | 115 | 34 | 81 | 115 |
| Latin America | 215 | 82 | 297 | 205 | 79 | 284 | 199 | 75 | 274 | 187 | 66 | 253 |
| Chile | 93 | 49 | 142 | 89 | 49 | 138 | 85 | 52 | 137 | 67 | 58 | 125 |
| Colombia | 63 | 29 | 92 | 64 | 27 | 91 | 82 | 20 | 102 | 94 | 7 | 101 |
| Peru | 38 | 1 | 39 | 35 | 1 | 36 | 22 | 1 | 23 | 20 | 1 | 21 |
| Ecuador | 19 | 3 | 22 | 17 | 2 | 19 | 10 | 2 | 12 | 6 | 0 | 6 |
| Panama ¹ | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Master Franchises & Others | 0 | 152 | 152 | 0 | 157 | 157 | 0 | 141 | 141 | 0 | 131 | 131 |
| Guatemala | 0 | 84 | 84 | 0 | 83 | 83 | 0 | 83 | 83 | 0 | 81 | 81 |
| El Salvador | 0 | 44 | 44 | 0 | 47 | 47 | 0 | 49 | 49 | 0 | 46 | 46 |
| Russia | 0 | 13 | 13 | 0 | 14 | 14 | 0 | 2 | 2 | 0 | 0 | 0 |
| Angola | 0 | 5 | 5 | 0 | 5 | 5 | 0 | 1 | 1 | 0 | 0 | 0 |
| Bolivia | 0 | 4 | 4 | 0 | 4 | 4 | 0 | 2 | 2 | 0 | 1 | 1 |
| Saudi Arabia | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Panama ¹ | 0 | 0 | 0 | 0 | 3 | 3 | 0 | 3 | 3 | 0 | 2 | 2 |
| United Arab Emirates | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 |
| Total Group | 456 | 886 | 1342 | 461 | 850 | 1311 | 464 | 804 | 1268 | 501 | 729 | 1230 |

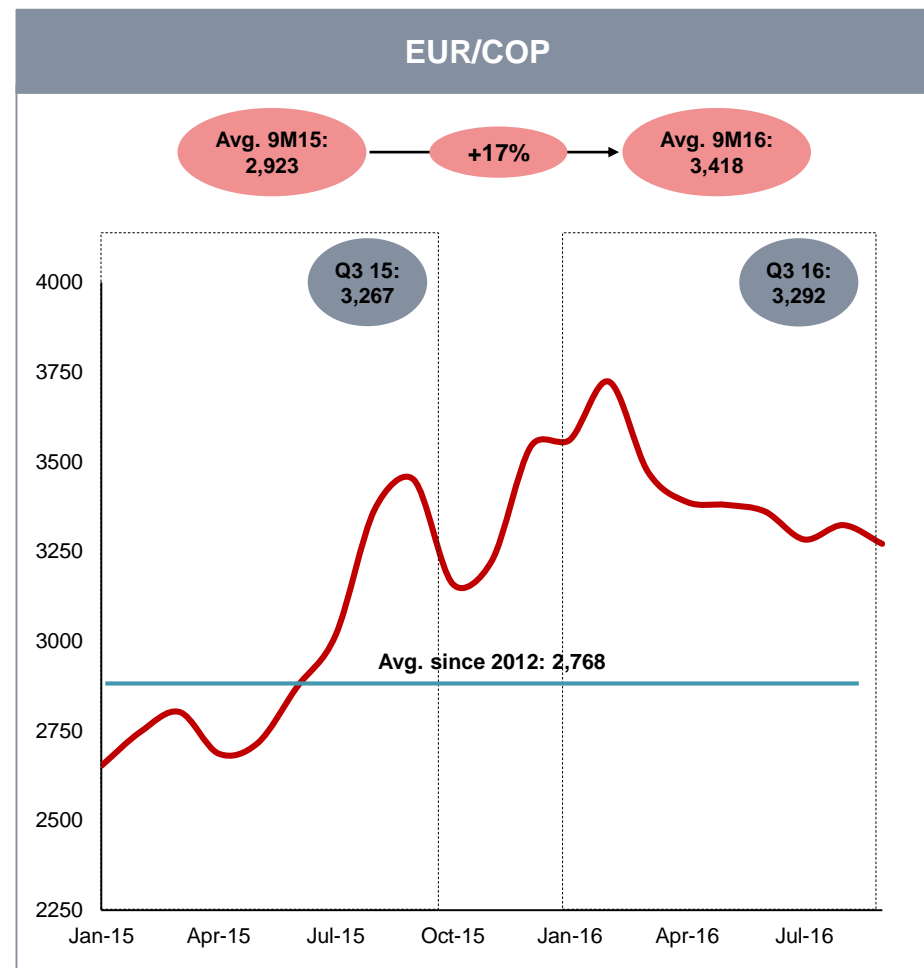
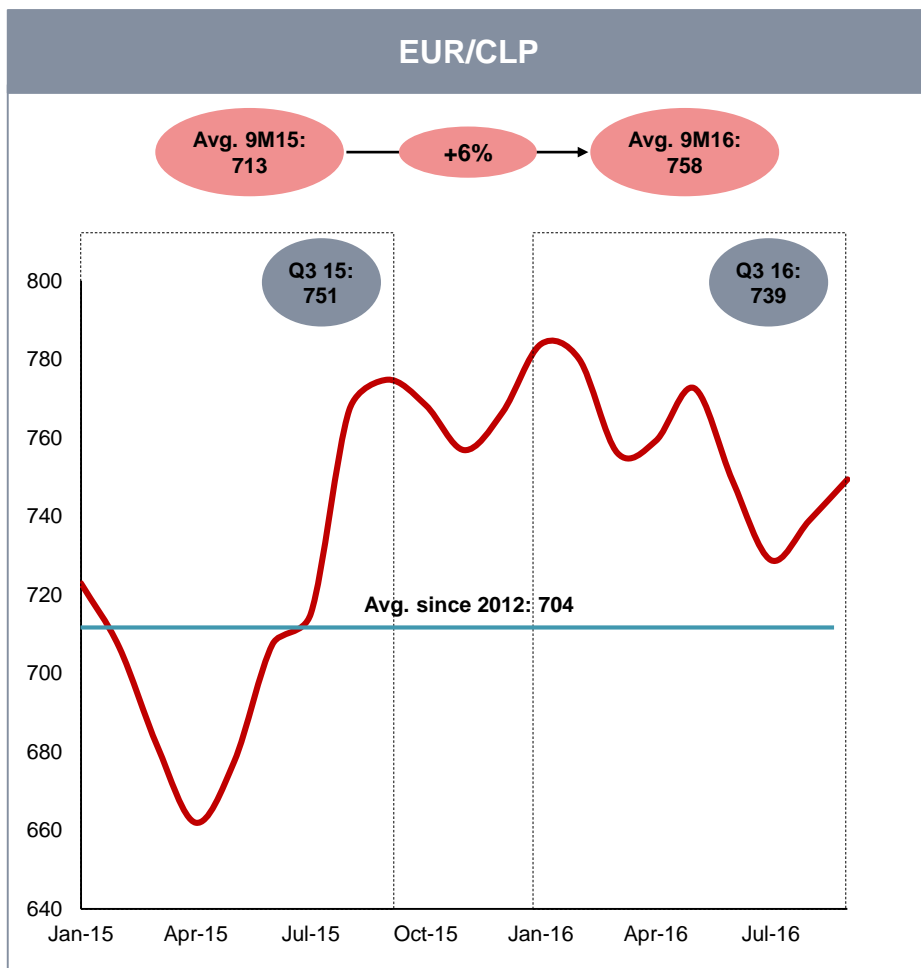
Note:

1. Panama, previously operated as MF, operated directly by Telepizza since Q3 2016

Chain sales breakdown

| €m (unless otherwise stated) | Q3 2016 | Q3 2015 | % change | 9M 2016 | 9M 2015 | % change | LTM Q3 2016 |
|---|--------------|--------------|-------------|--------------|--------------|-------------|--------------|
| Total chain sales | 126.3 | 121.0 | 4.4% | 378.5 | 364.2 | 3.9% | 506.2 |
| Own store sales | 46.7 | 48.5 | (3.6%) | 144.3 | 149.4 | (3.4%) | 195.2 |
| Franchised and master franchised stores | 79.6 | 72.5 | 9.7% | 234.2 | 214.8 | 9.0% | 311.0 |
| <i>LfL sales growth (%)</i> | | | 2.7% | | | 3.6% | |
| <i>Horizontal (%)</i> | | | 2.0% | | | 2.2% | |
| <i>Exchange rate adjustment (%)</i> | | | (0.3%) | | | (1.8%) | |
| Spain chain sales | 80.1 | 78.0 | 2.6% | 246.1 | 236.1 | 4.3% | 328.6 |
| <i>LfL sales growth (%)</i> | | | 0.6% | | | 2.7% | |
| <i>Horizontal (%)</i> | | | 2.0% | | | 1.6% | |
| International chain sales | 46.2 | 42.9 | 7.5% | 132.4 | 128.1 | 3.3% | 177.6 |
| <i>LfL sales growth (%)</i> | | | 6.5% | | | 5.3% | |
| <i>Horizontal (%)</i> | | | 2.0% | | | 3.4% | |
| <i>Exchange rate adjustment (%)</i> | | | (1.0%) | | | (5.3%) | |

FX impact – Chilean and Colombian Peso vs Euro



Source: Bank of Spain

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 closings; 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 the operating costs associated with our refinancing operation in FY2014 and IPO related costs in 9M 2016
- **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