

9M 2018 RESULTS PRESENTATION

12.11.2018



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9M 2018: acceleration

**Base business:
accelerating towards
year end**

+15.2%¹

Group system
sales growth

&

**Pizza Hut integration:
M&A deals ahead of target
Global deal closure on final
stage**

Ecuador

deal closed

Chile

pending anti-
trust

9M 2018 highlights – base business



15.2% Group system sales growth, commercial activity accelerating towards year end



3.8% Spain system sales growth, versus a strong comparable in Q2 and Q3



40.8% Core International system sales growth, underpinned by the contribution of Apache Pizza



Comparable EBITDA of **€50.1m** in 9M, -0.5% growth, impacted by minor effects in Q3 to be offset in Q4



Net new stores: **+20** in 9M, reflecting adjusted store plan following the Pizza Hut agreement

Highlights – Pizza Hut alliance

M&A deals ahead of target
Global deal closure on final stage





Commercial activity update

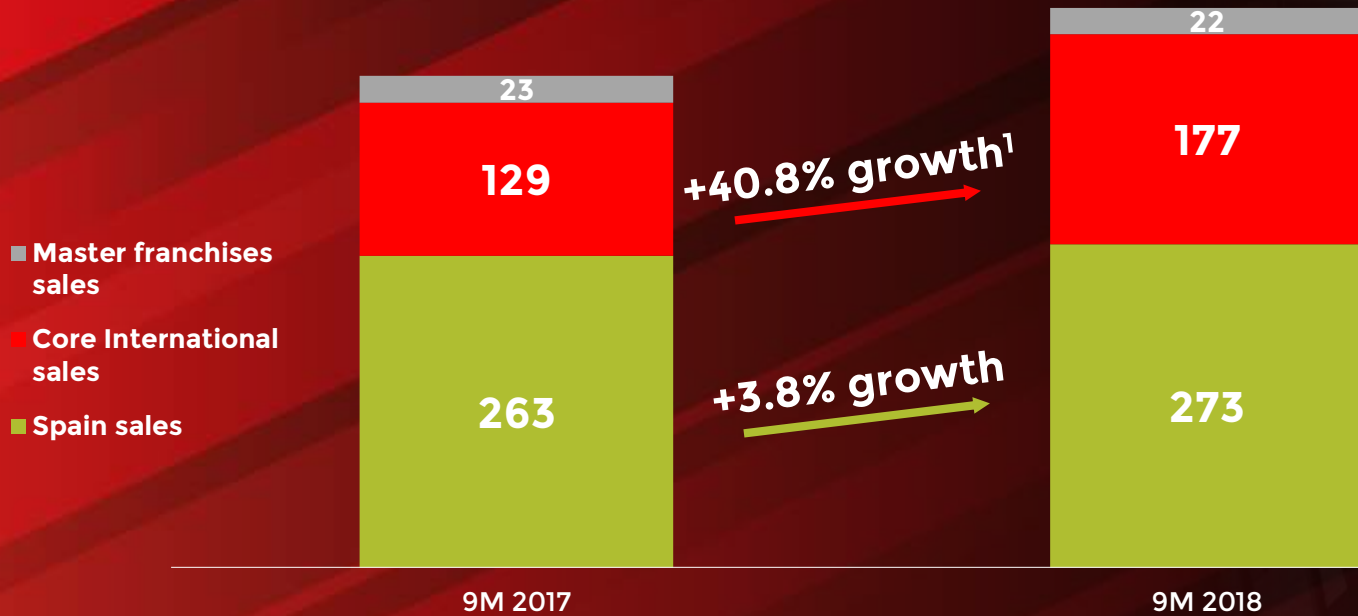
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9M 2018: Commercial activity, accelerating towards year end

Group system sales growth



9M 2017
€416m
 9M 2018
€473m
+15.2%¹

Spain performance

Positive LFL growth, accelerating towards year end



- **Growth on track:** Positive expansion performance, positive LFL growth in spite of strong comparable in Q2 and Q3 2017

Accelerating in Q4 to reach c.4% Spain system sales growth in FY 2018



- **Digital:** Accelerating our digital strategy, aiming to a new and comprehensive customer digital experience

SYSTEM SALES 9M

Spain system sales (%)	3.8%
LFL growth (%)	1.0%
Expansion (%)	2.7%
Calendar impact	Q3 - Neutral

Innovation and Digital: accelerating our digital strategy

New digital initiatives

Developing a new customer relationship model with digital tools



First step of a comprehensive program to foster customer loyalty



Increasing order frequency and average ticket



Strengthening long-term brand value in a digital environment

New product launches

Pizza Tandem Gourmet...



... and a Halloween special



amazon alexa

Alexa service recently launched in Spain, with Telepizza order system



Telepicoin

First stage of new digital loyalty program already in place



Si estás registrado en Telepizza recibirás 1 Telepicoin en cada pedido

Consigue 10 Telepicoin y disfruta del premio más delicioso: ¡tu Telepizza mediana (*) favorita!

Core International performance

Expansion driven by Apache Pizza acquisition



Rest of Europe

- **Portugal:** Top performance with strong LFL growth
- **Others:** Solid expansion in Ireland

Poland disposal pending anti-trust



Latin America

- Strong growth in Peru, expansion in the LatAm region impacted by adjustment in store opening plan
- Hiccup in Chile during Q3 due to overall weak market performance, recovery accelerating towards year end

SYSTEM SALES 9M

Core International system sales (%) ¹	40.8% ²
LFL growth (%)	4.6%
Expansion (%)	36.2%

Notes:

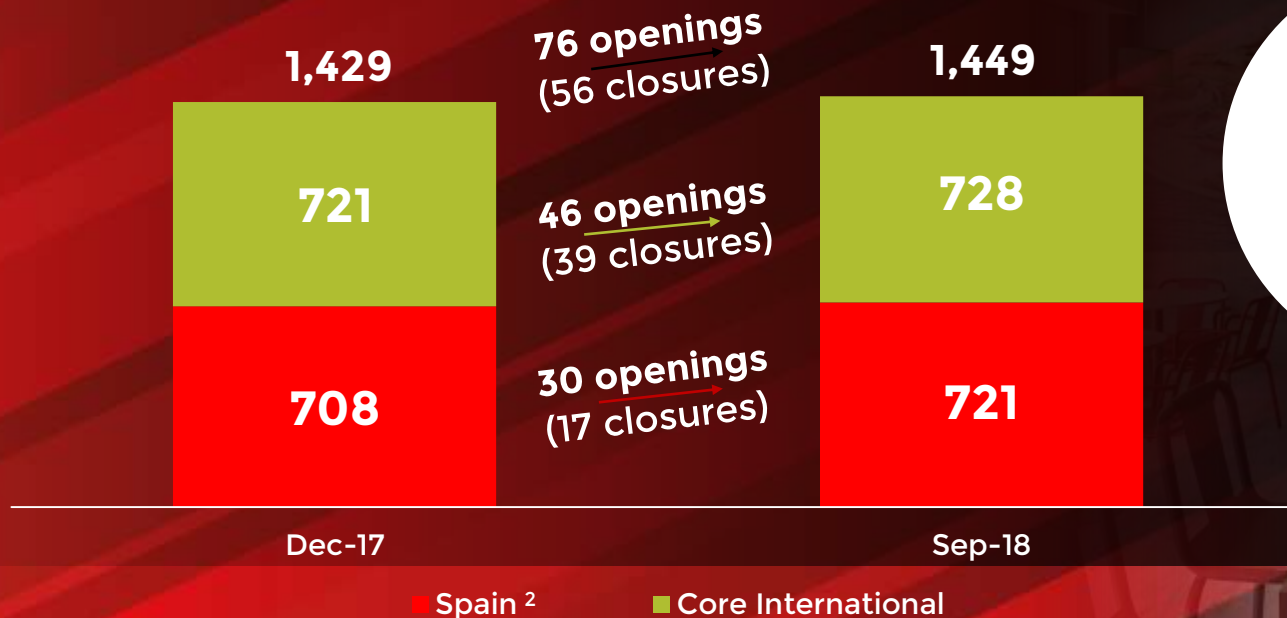
1. Constant currency growth
2. Excluding the impact of Apache Pizza, Core International system sales growth would be 7.4%



Unit expansion, +20 net new stores

Adjusted store expansion and closure plan in anticipation of closing Pizza Hut agreement

Core Geographies¹ network development



Total stores
(including MFAs)
DEC-17

1.607

SEP-18

1.629

Notes:

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

Financial information

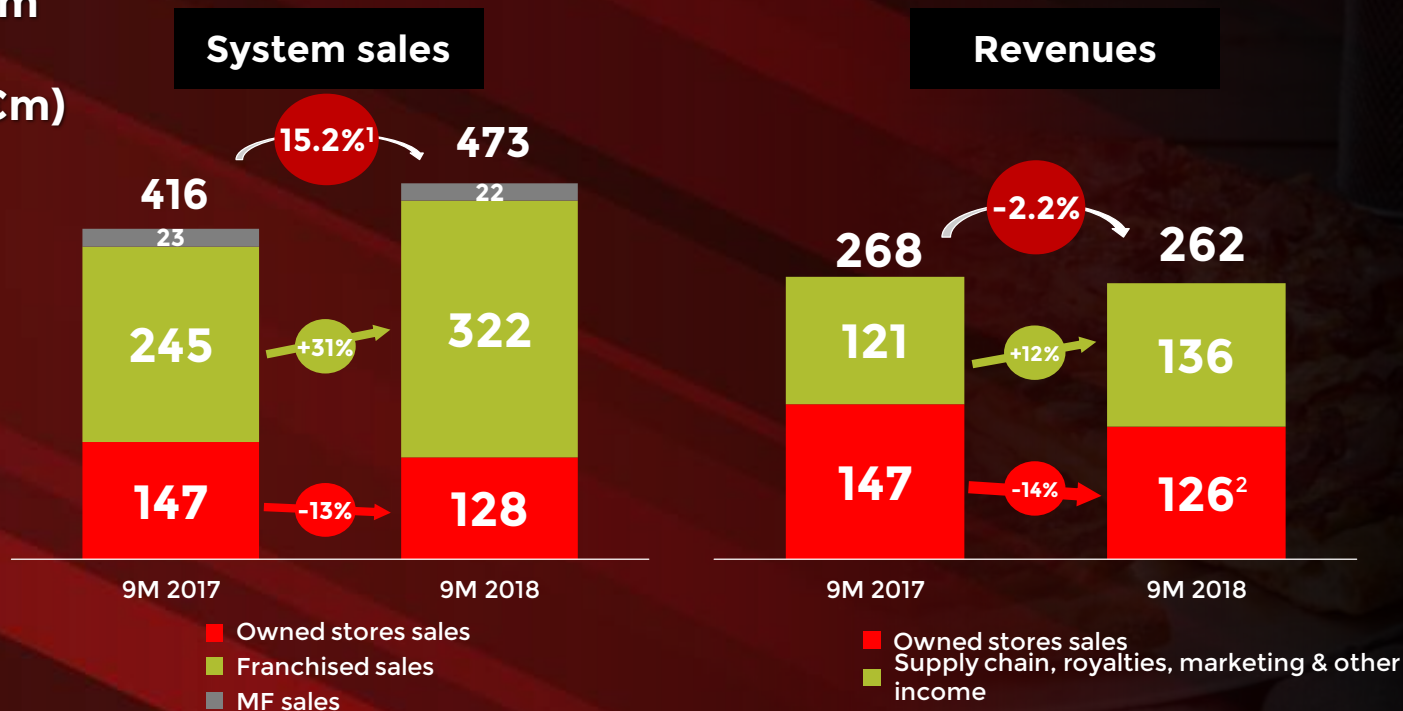
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System sales and Revenues

Evolution reflecting the change in the mix of owned vs franchised stores

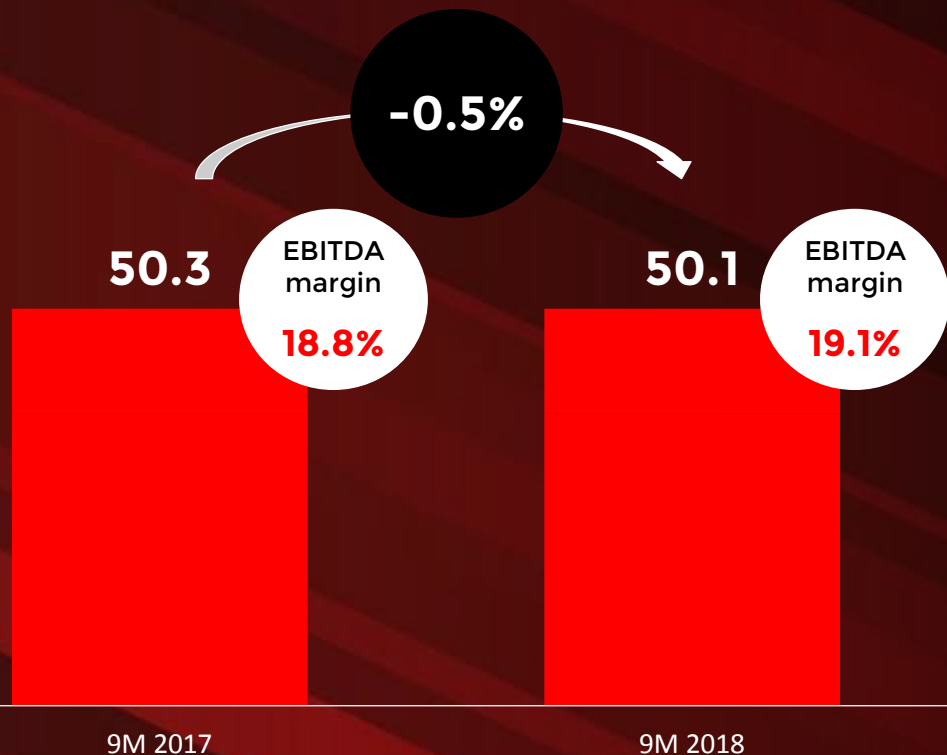
Group system sales and Revenues (€m)



Note:

1. Constant currency growth
2. Owned stores sales revenue difference vs system sales due to assets reclassification as available for sale

Comparable EBITDA growth¹ (€m)



- Q3 results impacted by minor seasonal effects to be offset in Q4
- More benign cheese price environment expected in Q4 vs Q3

Note:

1. Adjusted for €0.6 million of build-up costs related to Pizza Hut deal

Income statement

€m (unless otherwise stated)	9M 2018	9M 2017	% change
Total revenues	262.0	267.8	-2.2%
COGS	-69.9	-72.7	-3.8%
Gross margin	192.0	195.1	-1.6%
<i>% of revenues</i>	<i>73.3%</i>	<i>72.9%</i>	<i>0.5pp</i>
Other Opex	-142.0	-144.8	-2.0%
Comparable EBITDA	50.1	50.3	-0.5%
<i>% of revenues</i>	<i>19.1%</i>	<i>18.8%</i>	<i>0.3pp</i>
Build-up costs related to Pizza Hut deal	-0.6		
Underlying EBITDA	49.4	50.3	-1.7%
Pizza Hut deal extraordinary costs	-13.2		
Reported EBITDA	36.2	50.3	-28.0%
Depreciation (excl. PPA amortisation)	-9.3	-9.1	1.4%
Underlying EBITA	40.2	41.2	-2.4%
PPA amortisation	-3.2	-4.4	-26.2%
Net financial income / (expense)	-5.6	-6.0	-6.3%
Exchange differences	0.4	-0.3	n.m.
Other ¹	-0.7	-0.6	8.8%
Income tax	-5.0	-8.5	-41.3%
Minority interest	-0.5	0.1	n.m.
Post-tax results on discontinued operations ²	-0.4	0.0	n.m.
Results for the period	12.0	21.6	-44.3%
Results for the period (adjusted by extraordinary items)³	21.9	21.6	1.7%

Notes:

1. Includes impairments and losses on sale of PP&E
2. Reclassification of assets as available for sale
3. Adjusted by net effect of €13.2 million of extraordinary costs related to Pizza Hut deal and the fiscal impact of the cost



FY 18 & Strategic Outlook

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FY 2018 outlook

Adjusted for Pizza Hut deal impact

Spain total system sales growth: c.4%

Unchanged

Core International total system sales growth: double digit

Unchanged

Comparable EBITDA growth: Low single digit

Unchanged

Net new stores in Core Geographies: 20 to 30 (c.70 gross openings)

Unchanged

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

Unchanged

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

Unchanged



Pizza Hut Strategic Partnership: Expanding the growth opportunity for Telepizza



PizzaHut strategic partnership: value creation, 9M update



Adjusted 2018 capex spending plans

- CAPEX already reviewed in non-core geographies for the Telepizza Group
- Investment projects reoriented towards integration of Pizza Hut business



Mapping of expansion opportunities

- An expansion plan for both the Telepizza and Pizza Hut brands is completed in all countries and we are ready to start opening stores as soon as the deal is closed (locations identified and construction projects ready for execution)



Confirmation of synergy potential

- We have developed +700 initiatives identified to capture the value of the Partnership, with the different teams ready to enter in "implementation mode"
- Early data obtained from Ecuador reveal confirmation of potential synergies in line with plan



M&A opportunities ahead of target

- We are already integrating the acquired operations of Pizza Hut in Ecuador
- Chile potential acquisition and Poland disposal are pending local anti-trust approval, expected before year end
- Other potential M&A deals are being considered, aiming at shareholder value creation



Organisation reinforcement

- We continue to reinforce the organization to implement the plan, especially in Supply Chain, also with key personnel to launch a Digital Transformation
- We are taking advantage of our recent M&A, retaining key personnel to enrich our teams



Deal closing readiness

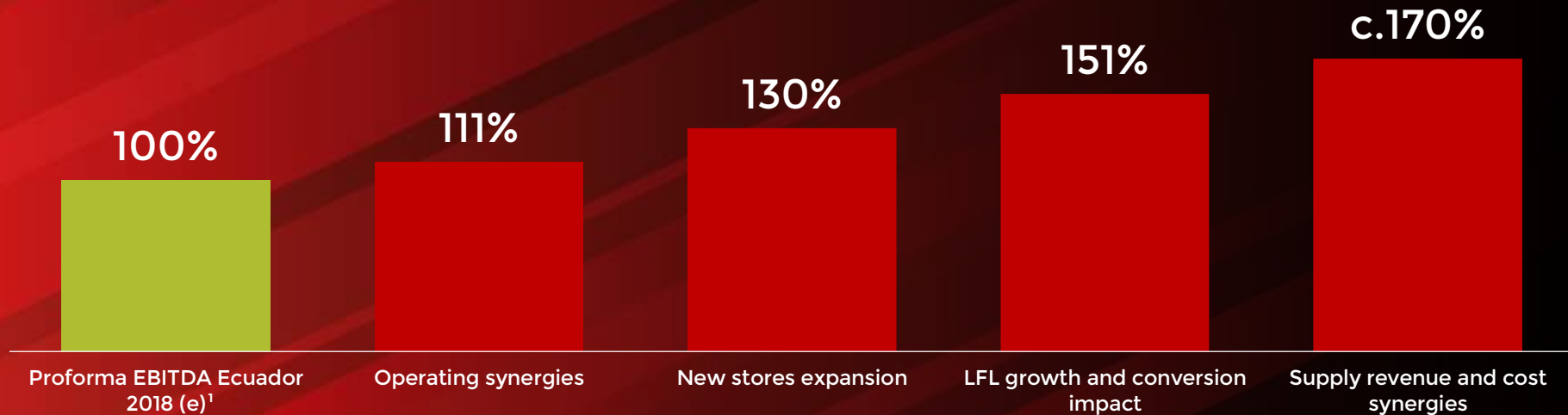
- Product tests already underway in the different geographies to accelerate store conversions after closing

Value creation opportunity: Ecuador case

Immediate accretive deal



Replicable value creation model



Closing remarks



Q&A

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APPENDIX

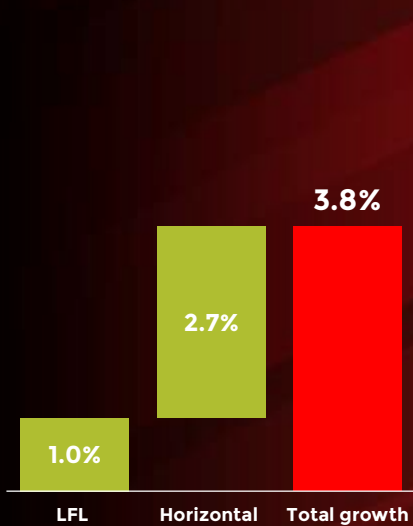


Commercial activity summary

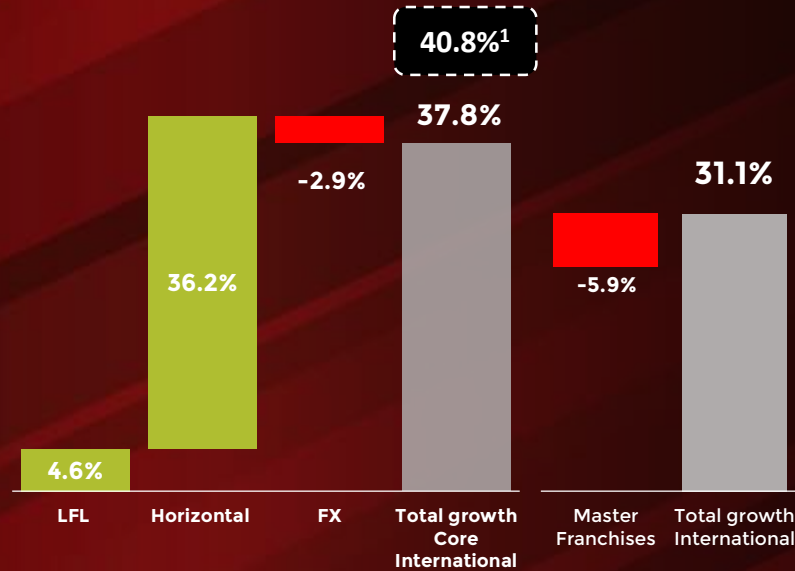
€m (unless otherwise stated)	9M 2018	9M 2017	% change
Group system sales	472.7	415.5	13.8%
Group system sales constant currency sales growth (%)			15.2%
Core Geographies ¹ system sales	450.7	392.2	14.9%
Core Geographies¹ constant currency sales growth (%)			15.7%
Core Geographies¹ LFL sales growth (%)			2.2%
Spain system sales	273.4	263.4	3.8%
LfL sales growth (%)			1.0%
International system sales	199.4	152.1	31.1%
Core International ¹ system sales	177.3	128.7	37.8%
Core International¹ constant currency sales growth (%)			40.8%
Core International¹ LFL sales growth (%)			4.6%
Revenues	262.0	267.8	-2.2%
Constant currency revenue growth (%)			-1.5%

System sales bridge

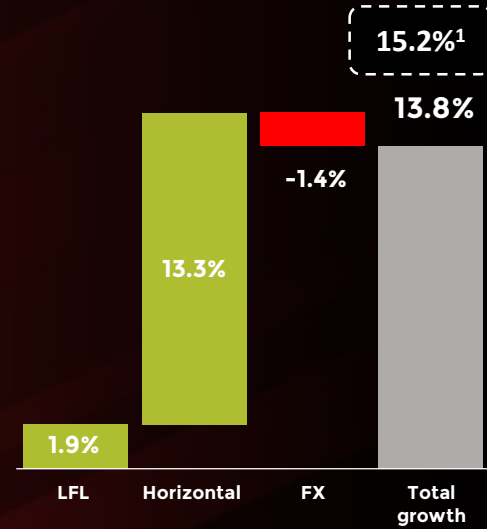
Spain 9M 2018 system sales growth



International 9M 2018 system sales growth

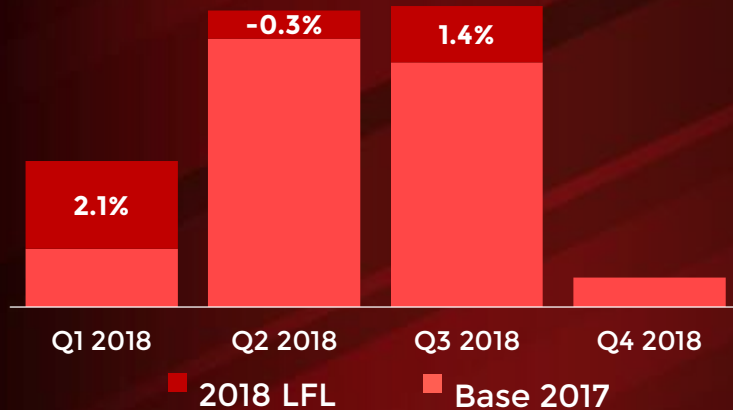


Group 9M 2018 system sales growth

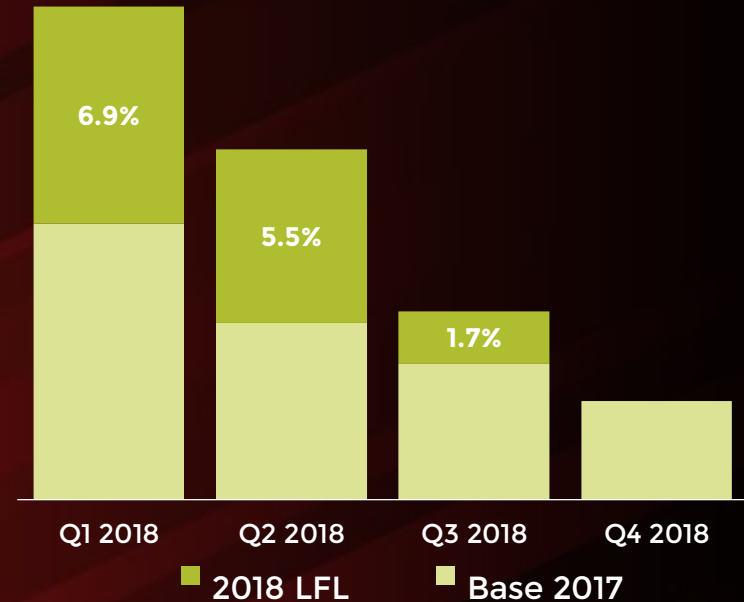


LFL performance: 2-year view

Spain 2-year LFL (%)



Core International¹ 2-year LFL (%)



Store Count

NUMBER OF STORES	Q3 2018			2017			2016		
	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES
Core Geographies	397	1,052	1,449	441	988	1,429	454	771	1,225
Spain¹	117	604	721	137	571	708	164	511	675
Core International	280	448	728	304	417	721	290	260	550
Rest of Europe	90	311	401	91	296	387	73	167	240
Ireland	0	159	159	0	133	133	0	0	0
Portugal	48	74	122	43	73	116	41	68	109
Poland	34	70	104	38	81	119	32	88	120
Switzerland	0	8	8	0	9	9	0	11	11
Czech Republic	8	0	8	10	0	10	0	0	0
Latin America	190	137	327	213	121	334	217	93	310
Chile	84	83	167	92	68	160	91	52	143
Colombia	38	45	83	45	45	90	61	34	95
Peru	43	5	48	45	4	49	43	4	47
Ecuador	19	4	23	23	4	27	20	3	23
Paraguay	5	0	5	6	0	6	0	0	0
Panama	1	0	1	2	0	2	2	0	2
Master Franchises	0	180	180	0	178	178	0	164	164
Guatemala	0	94	94	0	93	93	0	88	88
El Salvador	0	48	48	0	48	48	0	49	49
Russia	0	14	14	0	14	14	0	13	13
Iran	0	8	8	0	7	7	0	0	0
Bolivia	0	7	7	0	7	7	0	5	5
Angola	0	5	5	0	5	5	0	5	5
UK	0	3	3	0	2	2	0	0	0
Saudi Arabia	0	0	0	0	2	2	0	4	4
Malta	0	1	1	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
Total Group	397	1,232	1,629	441	1,166	1,607	454	935	1,389

Note:
1. Includes stores in Morocco and France.

GLOSSARY

- **System sales:** System sales are own store sales plus franchised and master franchised store sales as reported to us by the franchisees and master franchisees
- **LfL system sales growth:** LfL system sales growth is system 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 system 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 system sales excluded in each of such periods (“excluded system sales”) because they were obtained in operating months that were not operating months in the comparable period, by (ii) the prior period’s system sales as adjusted to deduct the excluded system sales of such period (the “adjusted system sales”). In this way, we can see the actual changes in system 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 system 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 extraordinary costs related to the Pizza Hut deal and other one-off impacts
- **Comparable EBITDA:** Comparable EBITDA is EBITDA excluding the extraordinary costs and recurrent build-up costs related to the Pizza Hut deal
- **Digital delivery system sales:** Digital delivery system sales are the delivery system sales made through digital channels (PC, web responsive and Telepizza application), expressed in percentage terms. Digital delivery system 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
- **Pizza Hut MFA countries:** Countries included in the Master Franchise Agreement with Pizza Hut

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