



November 7, 2017

PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue,
Makati City, Philippines

Attention: **MR. JOSE VALERIANO B. ZUÑO III**
Officer-in-Charge, Disclosure Department

RE: **Press Release – SHAKEY’S PIZZA DELIVERS 9 MO NET INCOME GROWTH OF 15%**

Please be informed that Shakey’s Pizza Asia Ventures Inc (PIZZA) is issuing the attached press release entitled “SHAKEY’S PIZZA DELIVERS 9 MO NET INCOME GROWTH OF 15%”.

Very truly yours,

GIOVANNA M. VERA
Head – Investor Relations



SHAKEY'S PIZZA DELIVERS 9 MO NET INCOME GROWTH OF 15%

The Philippines' leading chained full-service restaurant, Shakey's Pizza Asia Ventures Inc. (PSE:PIZZA), delivered recurring net income of Php519 million for the first nine months of 2017, a 15% increase versus the comparable period last year. Net income grew primarily on the back of a bigger revenue base and improved operating profitability.

System wide sales rose by 15% to Php6.0 billion, driven by same store sales growth of 6% and an expanding local store network. Since the start of the year, PIZZA has added 16 new outlets, ending September 2017 with a Philippine store network of 200. It expects to end the year with 207 stores in the Philippines, ahead of its earlier target of 204.

All in all, the Company's net revenues for the nine-month period grew by 18% to Php5.0 billion versus the Php4.2 billion during the comparable period last year. For the third quarter alone, revenues grew by 11% to Php1.6 billion.

"We encountered a more competitive environment in the third quarter, which is also typically the second half's leaner period. We are confident however that with the various product and marketing initiatives implemented, we will see another round of good sales growth as we enter the Christmas season – historically the strongest part of the year," said Vicente Gregorio, President and CEO of PIZZA.

In terms of margins, that of recurring net income slightly dipped to 10.4% due primarily to interest expense incurred by the Company beginning middle of 2016.

However, focusing on operations alone, PIZZA was able to improve profitability with operating profit and adjusted EBITDA margins expanding by 210 bps and 120 bps respectively versus the same period last year. These were attributed to synergies implemented post acquisition by the Century Pacific Group, as well as various price increases and operating efficiencies in anticipation of higher input costs.

As a result, operating income and EBITDA adjusted for nonrecurring items grew by 36% and 26% respectively, with their corresponding margins at 16.4% and 19.4% during the nine months of the year.



“For the last quarter, we expect seasonally strong revenues to translate to better profitability metrics as we spread costs over a much larger base. We will also continue our efforts to monitor expenses closely as we start to feel the impact of higher raw material price and a weaker peso on our gross margin,” said Gregorio.

He added, “Nevertheless, we remain on track towards hitting our full year targets and now look forward to a good start for 2018.”

Apart from the Philippines, PIZZA also owns the perpetual rights to the Shakey's brand for the Middle East, most of Asia, China, Australia, and Oceania.

It recently opened its first international store in Kuwait having signed a development agreement for the construction of at least 10 Shakey's outlets in the region within a span of 7 years.

It also recently signed another area development agreement to build at least 10 Shakey's Pizza outlets in the United Arab Emirates (UAE) over a span of 5 years. The first store, to be located in Dubai, is scheduled for opening in the first half of 2018.

About PIZZA:

Shakey's has been creating over 40 years of great times and great memories in the Philippines. Having started its first store in Metro Manila in 1975, Shakey's now operates nationwide with a store count of 200 stores. Shakey's is one of the leading operators of Fast Casual Restaurants in the Philippines, focused on family casual dining. It maintains market leadership in both the chained pizza full-service and chained full-service restaurant categories. Shakey's believes its superior value arises from its differentiated menu offerings, high-quality products, and a mission to consistently provide great times and great memories to every Shakey's guest.