



November 12, 2018

**PHILIPPINE STOCK EXCHANGE, INC.**

PSE Tower, 28<sup>th</sup> Street cor. 5<sup>th</sup> Avenue  
Bonifacio Global City, Taguig City

Attention: **MS. JANET A. ENCARNACION**  
Head, Disclosure Department

RE: **Press Release – Shakey’s sales growth holds steady at 13%; Earnings up 6% amidst a more challenging environment**

Please be informed that Shakey’s Pizza Asia Ventures Inc (PIZZA) is issuing the attached press release entitled “Shakey’s sales growth holds steady at 13%; Earnings up 6% amidst a more challenging environment”

Very truly yours,

GIOVANNA M. VERA  
Head – Investor Relations



## Shakey's sales growth holds steady at 13%; Earnings up 6% amidst a more challenging environment

Shakey's Pizza Asia Ventures (PSE: PIZZA), the Philippines' leading chained full-service restaurant, saw systemwide sales growth hold steady at 13% as of September 2018, similar to the growth rate posted in the first half.

The measure of total sales for both company-owned and franchised stores, stood at Php6.8 billion year-to-date, versus the Php6.0 billion posted last year. The third quarter alone saw sales of Php2.2 billion, less than the previous quarter due to the seasonal slowdown, but still higher by 13% year-on-year.

Similarly, same store sales growth (SSSG) held steady at 5% for the first nine months of 2018. However, SSSG in the third quarter also saw a slight dip versus that of the first half.

"Bad weather typically makes it difficult for guests to come to our store, and this year's rainy season seems to have been worse than the year before. Moreover, the inflationary environment in the Philippines has made consumers relatively price sensitive, hence the need for us to spend a bit more on value creating promotions," said Vicente Gregorio, President and CEO of PIZZA.

Gross profit for the period was up 4%, to Php1.5 billion, with gross margins down 160bps year-on-year due primarily to the sales supporting initiatives and higher input costs.

Earnings before interest, taxes, depreciation and amortization (EBITDA), however, grew at a faster clip - up 6% to Php1.0 billion.

"Despite the more challenging third quarter, we are looking forward to a stronger year end and the holiday peak season. October sales look promising and hopefully, these will translate to better profitability as well," added Gregorio.

Though slightly lower year on year, the Company's margins as of end September 2018 remain industry-leading at 28% for gross profit and 18% for EBITDA. For the period, PIZZA's return on sales and return on equity was at 10% and 20%, respectively.

All in all, nine month earnings grew by 6%. This resulted to a net income of Php535 million versus the Php504 million generated the year before.



The Company also remains well on track to meet its target of opening 20 net new stores this year.

During the quarter, Shakey's successfully opened five net new outlets bringing its nationwide store count to 222. It expects to end 2018 with 228 stores in the Philippines, with another six stores lined up for the balance of the year.

Gregorio said, "Even amidst short term pressures on consumer sentiment, we continue to make investments in our store network - increasing the number of outlets overall and accelerating our presence in second and third tier cities. We will also intensify efforts to improve the efficiency of our operations and the experiences of our guests, as we strive to meet the Filipinos' continuing need for an affordable yet WOW-ing dine out option."

#### 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 more than 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.