



April 15, 2019

**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 increases sales by 12%, sustaining its 15-year track record of double-digit growth; Audited earnings accelerates to plus 10% for FY 2018**

Please be informed that Shakey’s Pizza Asia Ventures Inc (PIZZA) is issuing the attached press release entitled “Shakey’s increases sales by 12%, sustaining its 15-year track record of double-digit growth; Audited earnings accelerates to plus 10% for FY 2018”

Very truly yours,

GIOVANNA M. VERA  
Head – Investor Relations



## Shakey's increases sales by 12%, sustaining its 15-year track record of double-digit growth; Audited earnings accelerates to plus 10% for FY 2018

Shakey's Pizza Asia Ventures Inc (PSE: PIZZA), the Philippines' leading chained full-service restaurant, posted a 12% increase in system wide sales, sustaining its double-digit growth momentum in 2018.

Its combined company-owned and franchised stores hit sales of Php9.36 billion, driven primarily by the opening of 20 net new stores locally. This brought PIZZA's Philippine store count to 228 as of end-2018.

Same-store sales growth likewise remained healthy at 4%, in line with the Company's annual target of 3 to 5%. This notwithstanding a more challenging second half due to weakened consumer sentiment brought about by higher inflation.

"2018 marks our fifteenth year of consecutive double-digit sales growth. The sustainability of our expansion is a commendable feat by all measures. Last year however was especially challenging given the headwinds in consumer spending and the continued entry of new competitors in the dining out space. Thankfully, we managed to weather these due to a loyal brand following, various value-for-money promotions, new product launches, and the reliable service execution that Shakey's has always been known for," said Vicente Gregorio, President and CEO of PIZZA.

In 2018, the Company saw total revenues grow 8% to Php7.58 billion for the twelve-month period. In terms of profitability, gross profit was up 5% to Php2.18 billion, translating to a 70-basis point drop in gross profit margins to 28.8%.

This was driven mainly by various cost pressures, including higher raw material prices and a weakened local currency, combined with the impact of various sales-supporting initiatives.

Earnings before interest, taxes, depreciation and amortization (EBITDA) grew at a faster clip of 7% to Php1.50 billion, following a 30-basis point drop in EBITDA margins.

Nevertheless, the Company was able to maintain industry-leading profitability with margins of 20% for EBITDA and 11% for net income as of end 2018. PIZZA's return on equity likewise held steady at 20%.

"The good news is we saw profit improvements during the last quarter despite compression in our margins for most of the year. Towards yearend, we benefitted from the softening of certain raw material prices, which were



then supported by more judicious promotional spending and the operating leverage brought about by seasonally strong December sales,” said Gregorio.

All in all, audited earnings for full-year 2018 came in at Php841 million, 10% higher relative to the previous year.

In 2019, PIZZA is set to open another 20 net new stores in the Philippines targeting a nationwide store count of 248 by the end of this year.

Internationally, the Company currently has 3 outlets in the Middle East where strong sales there are supported by a large overseas Filipino base. With two international area development agreements signed up, its total international pipeline is at least 20 outlets over the next few years.

The Company also recently announced the acquisition of Peri-Peri Charcoal Chicken (“Peri”), an emerging fast casual and full service brand which has demonstrated consistent profitability, brand strength, and robust growth in both system wide sales and store count over the last few years.

“We are excited about 2019 amidst today’s dynamic restaurant landscape. In this environment, we will intensify further our efforts to improve the effectiveness and efficiency of our operations, focusing primarily on superior execution this year,” said Gregorio.

He added, “Notwithstanding any short-term challenges, we remain confident in the long-term growth of the casual dining space. We intend to continue taking advantage of this via the ongoing expansion of Shakey’s – and soon, the expansion of Peri as well. As we grow both businesses, we aspire towards a portfolio of “WOW BRANDS” which will hopefully serve as Filipinos’ go-to options for affordable yet premium dining out experiences.”

#### 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 228 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.

Peri is an emerging fast casual and full service restaurant brand in the Philippines. Its mainstay is charcoal-grilled chicken, marinated for 24 hours, served with an assortment of unique sauces to choose from. Over the last few years, the business has demonstrated consistent profitability, brand strength, and robust growth in both system wide sales and store count. Currently, Peri has a store network of 23 units in various parts of the Philippines.



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