



May 14, 2019

PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street cor. 5th Avenue
Bonifacio Global City, Taguig City

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

RE: **Press Release – Shakey's posts 6% increase in 1Q 2019 systemwide sales; Net income up 3%;
Double-digit earnings growth target for the year still intact**

Please be informed that Shakey's Pizza Asia Ventures Inc (PIZZA) is issuing the attached press release entitled "Shakey's posts 6% increase in 1Q 2019 systemwide sales; Net income up 3%; Double-digit earnings growth target for the year still intact"

Very truly yours,

GIOVANNA M. VERA
Head – Investor Relations



Shakey's posts 6% increase in 1Q 2019 systemwide sales; Net income up 3%; Double-digit earnings growth target for the year still intact

Shakey's Pizza Asia Ventures Inc (PSE: PIZZA), the Philippines' leading chained full-service restaurant, saw its system wide sales increase 6% year-on-year for the first three months of 2019.

System wide sales, a measure of both company-owned and franchised store sales, reached Php2.34 billion driven primarily by new store openings over the last several quarters. In the first quarter of 2019, the Company had a net addition of one store in the Philippines and one store abroad. This brought PIZZA's store count to 229 locally and 3 internationally as of end-March 2019.

The Company likewise generated revenues amounting to Php1.84 billion, a 4% increase compared to last year's Php1.77 billion.

"The first three months was a slow start to the year, typical of the post-holiday season, but also reflective of continued weakness in consumer sentiment with last year's inflationary pressures. Growth was also affected by the timing of Holy Week, a strong sales period for our business which falls in the second quarter of this year versus the first quarter in the last. Finally, we are seeing continued entry of new players and aggressive promotional activity in the industry. Nonetheless, we retain a loyal brand following and are working on several brand-building activities, new product campaigns, and service execution initiatives which should help sales pick up amidst the more challenging environment," said Vicente Gregorio, President and CEO of PIZZA.

In terms of profitability, gross profit was flattish at Php511 million, translating to a 100-basis point drop in gross profit margins to 27.8%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) saw a 2% improvement to Php352 million, equivalent to relatively unchanged EBITDA margin of 19.2%.

All in all, PIZZA registered a 3% increase in first quarter net income to Php188 million, whilst maintaining its double-digit earnings growth target for the full year.

Moreover, the Company maintained industry-leading profitability with net income margin of 10% and return on equity of 19%.

"We have made inroads in our operational cost-saving initiatives, which have helped offset reduced operating leverage coming from slower sales growth, and the use of revenue-generating promotional activities amidst increased competition," added Gregorio.



The Company is set to open 7 more stores in the second quarter, in addition to the one store opened during the first three months of the year. For 2019, PIZZA expects to open a total of 20 net new stores in the Philippines to end the year with a nationwide store count of 248.

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.

The deal is on track to close in June 2019, with the fulfillment of conditions precedent customary to this kind of transaction.

“We are looking forward to better performance for the balance of the year, with the addition of the Peri brand to our platform and seasonally stronger sales in the second half. We also anticipate the positive effects of strengthened execution across all sales platforms. These include continued improvement in overall guest service and ambiance for dine-in, ease of user experience in delivery and digital, and our increasing presence beyond the typical first-tier cities,” said Gregorio.

He added, “Overall, we continue to remain positive in the long-term growth prospects of the casual dining space. As the country’s leading full-service restaurant chain, and with the recent addition of Peri to our growing brand portfolio, we are primed to benefit from Filipinos’ growing need for premium yet affordable dining options.”

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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