



August 9, 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 EBITDA growth picks up to 7% as systemwide sales improve and operating margins expand; Net Income grows 5% in 1H19

Please be informed that Shakey’s Pizza Asia Ventures Inc (PIZZA) is issuing the attached press release entitled “Shakey’s EBITDA growth picks up to 7% as systemwide sales improve and operating margins expand; Net Income grows 5% in 1H19”

Very truly yours,

GIOVANNA M. VERA  
Head – Investor Relations



## Shakey's EBITDA growth picks up to 7% as systemwide sales improve and operating margins expand; Net Income grows 5% in 1H19

Shakey's Pizza Asia Ventures Inc (PSE: PIZZA), the Philippines' leading chained full-service restaurant, saw earnings before interest, taxes, depreciation and amortization, or EBITDA, grow by 7% year-on-year during the first six months of 2019. The pick up from the 2% growth as of end-March was driven primarily by higher systemwide sales due to new stores and operating margin expansion from lower costs and improved efficiencies.

Systemwide sales, a measure of both company-owned and franchised stores' topline, grew by 8% in the first half, hitting Php5.0 billion as of end-June 2019. The increase was driven mainly by store openings, with same-store sales growth (SSSG) flat during the period. SSSG did however show improvement in the second quarter as it reverted to positive growth from negative 1% in the three months before.

Operating income posted a similar trend, growing by 13% in the second quarter, from negative 1% as of end March 2019. Operating margins in Q2 alone expanded by 140bps versus same period last year on the back of subdued input prices and enhanced operating efficiencies.

"We are pleased to see sales pick up and SSSG revert back to positive territory in the second quarter. We look forward to increasing contributions from new stores, with the opening of at least 15 more outlets in the Philippines during the second half of 2019. We've consolidated Peri-Peri beginning June 1 and though still relatively small to total, we remain very excited about its prospects," said Vicente Gregorio, President and CEO of PIZZA.

He added, "We are however still challenged by continued competition in the restaurant space and the promotion-heavy initiatives of various industry players. We will likely miss our target SSSG of 3 to 5% for this year, but remain positive that we can make up for it via margin expansion and bottom line improvements with the efficiency-enhancing and cost reduction initiatives in place. Margins in the second quarter already show some of the results from these measures, and we will continue to intensify our efforts in this area."

For the first half of 2019, the Company's gross profit stood at Php1.1 billion, an increase of 5% year-on-year. For the second quarter alone, growth was at 9% with gross margins expanding by 120bps versus same period last year.

EBITDA margins likewise expanded by 110bps in Q2 2019, resulting in a first half EBITDA margin of 20.1% - 50bps higher versus same period last year.

Finally, net income margins in the first six months of 2019 also saw a slight increase, to 10.8% from the 10.7% the year before. This resulted in a consolidated net income of Php418 million for the period, or a 5% growth as of end June 2019.



“Despite a slower start, we are maintaining our goal of increasing recurring net income by double-digits this year and extending to 2019 our 15-year streak of growing earnings by double-digits. We will remain focused on strengthened execution across dine-in and delivery, as well as on the expansion of our network of stores. We will also pursue further cost improvement and margin-enhancing measures to help shore up profitability and create increased value for our guests,” said Gregorio.

He added, “We think current industry challenges are temporary and we remain long-term believers in the full-service dining space in the Philippines. We will continue to invest in our brand and our people to better take advantage of the existing opportunity. We will also maintain our store expansion strategy, which now includes both Shakey’s and Peri-Peri, local and international as well.”

In the first six months of the year, the Company opened 5 new Shakey’s stores in the Philippines and 1 Shakey’s store abroad. On June 1, it also closed the acquisition of Peri-Peri officially adding another 23 stores to its portfolio.

As of end June 2019, PIZZA ended with a total store count of 259 consisting of 3 Shakey’s internationally, 233 Shakey’s locally, and 23 from Peri-Peri.

PIZZA owns the perpetual rights to the Shakey’s brand for the Middle East, Asia (excluding Japan and Malaysia), China, Australia, and Oceania. With two international area development agreements signed up, its total international pipeline is at least 20 outlets over the next few years.

It also acquired Peri-Peri Charcoal Chicken, an emerging fast casual and full service restaurant brand in the Philippines, to diversify its portfolio and help achieve its vision of WOW BRANDS - a handful of industry leading, full service chains appealing to the Filipinos’ increasing need for affordable yet premium dining out options.

#### About PIZZA:

Shakey’s has been creating over 40 years of great times and great memories. 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.



PIZZA Investor Relations  
investorrelations@shakeys.biz  
+(632) 633 8555