



April 5, 2021

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 reverts to positive bottomline in the fourth quarter;
Projects return to profitability in 2021 amidst continued uncertainty around COVID-19
pandemic**

Please be informed that Shakey’s Pizza Asia Ventures Inc (PIZZA) is issuing the attached press release entitled “Shakey’s reverts to positive bottomline in the fourth quarter; Projects return to profitability in 2021 amidst continued uncertainty around COVID-19 pandemic”

Very truly yours,

MARIA ROSARIO YBAÑEZ

Corporate Secretary



Shakey's reverts to positive bottomline in the fourth quarter; Projects return to profitability in 2021 amidst continued uncertainty around COVID-19 pandemic

Shakey's Pizza Asia Ventures Inc (PSE: PIZZA), the Philippines' leading chained full-service restaurant, saw fourth quarter bottomline revert to positive territory, registering net income of Php215 million for the last three months of the year following the losses posted for most of 2020.

Earnings before interest, tax, depreciation, and amortization, or EBITDA, also saw sequential improvement, hitting Php400 million in the fourth quarter - up significantly from Php6 million the quarter before. This widely used metric for cash flow also managed to stay positive for the full year, hitting Php635 million in 2020.

The improvement in both profit and cash flow during the last three months was brought about by a marked increase in systemwide sales. The Company's fourth quarter net income was also boosted by tax benefits as a result of its negative full year profitability.

At the end of 2020, PIZZA's 12-month net income stood at negative Php247 million.

"2020 was obviously a one-of-a kind year amidst the COVID-19 pandemic and the restaurant industry was one of the hardest hit. Nonetheless, despite our net loss for the year, we've managed to pull through with positive cash flows, improved cost structures, and greater ability to address off-premise demand thanks to the gallant efforts of our team and the numerous business innovations we've been put into place," said Vicente Gregorio, PIZZA President and CEO.

For most of last year, the Philippines was under different phases of lockdowns which, at its peak, forced the temporary closure of 91% of the Company's store network at the end of March.

Quarantine measures have however since eased with store traffic inching up slowly during the second half of 2020. For the fourth quarter alone, PIZZA's systemwide sales stood at Php1.8 billion, a growth of 33% versus the previous quarter due to the seasonal holiday pick-up, increased dine-in sales, as well as a resilient delivery and carry-out business.

For full year 2020, the Company ended with total sales of Php6.6 billion – equivalent to 64% of 2019 sales. On a same-store sales basis, excluding the impact of closed stores, sales were down 30% year-on-year.

Gregorio said, "We are pleased by the improvements we saw towards year-end which gave us the confidence to further invest in future growth, readying ourselves to better compete in the 'new normal' whilst creating jobs amidst the Philippines' tough economic environment. Moving into 2021, the ability to stay nimble and adapt to the ever-changing environment will be of utmost importance.



We are hopeful that dine-in continues to recover this year, but are nonetheless managing the fact that guests will likely continue to need convenient and flexible out-of-store options.”

The Company recently announced plans to restart a store network expansion strategy that was put on hold last year due to the COVID-19 pandemic. The stores will however have smaller footprints and reduced investment requirements relative to traditional brick-and-mortar stores. This ensures payback periods are kept short and return on capital remains high.

The Company is also looking to build locations that have the Shakey’s, Peri-Peri Charcoal Chicken, and R&B Milk Tea brands in one location to maximize the existing asset base.

Finally, it will be rolling a number of so-called ghost kitchens or kitchen extensions to further strengthen its delivery business, alongside a ‘31 Minute, If It’s Late, It’s Free’ guarantee in select areas in Metro Manila.

“Despite continued uncertainty around the COVID-19 pandemic and the various restrictions that go along with it, we are confident that this year will be a better one for us. We’ve made various adjustments to our business - streamlining operations, managing our costs, and doubling down on delivery and carry-out for all of our brands. We believe this will allow for continued profitability coming into 2021 and a reversion to year-on-year growth,” said Gregorio.

He added, “We remain optimistic about the future and continue to invest in our business – our brands, our people, and our stores. The *Shakey’s* brand in particular and our battle-tested teams are no strangers to abrupt changes in the environment, and I am confident that these latest developments will only make us stronger and better than before.”

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.



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