

H1 2016 Results presentation



telepizza
the secrets in the dough



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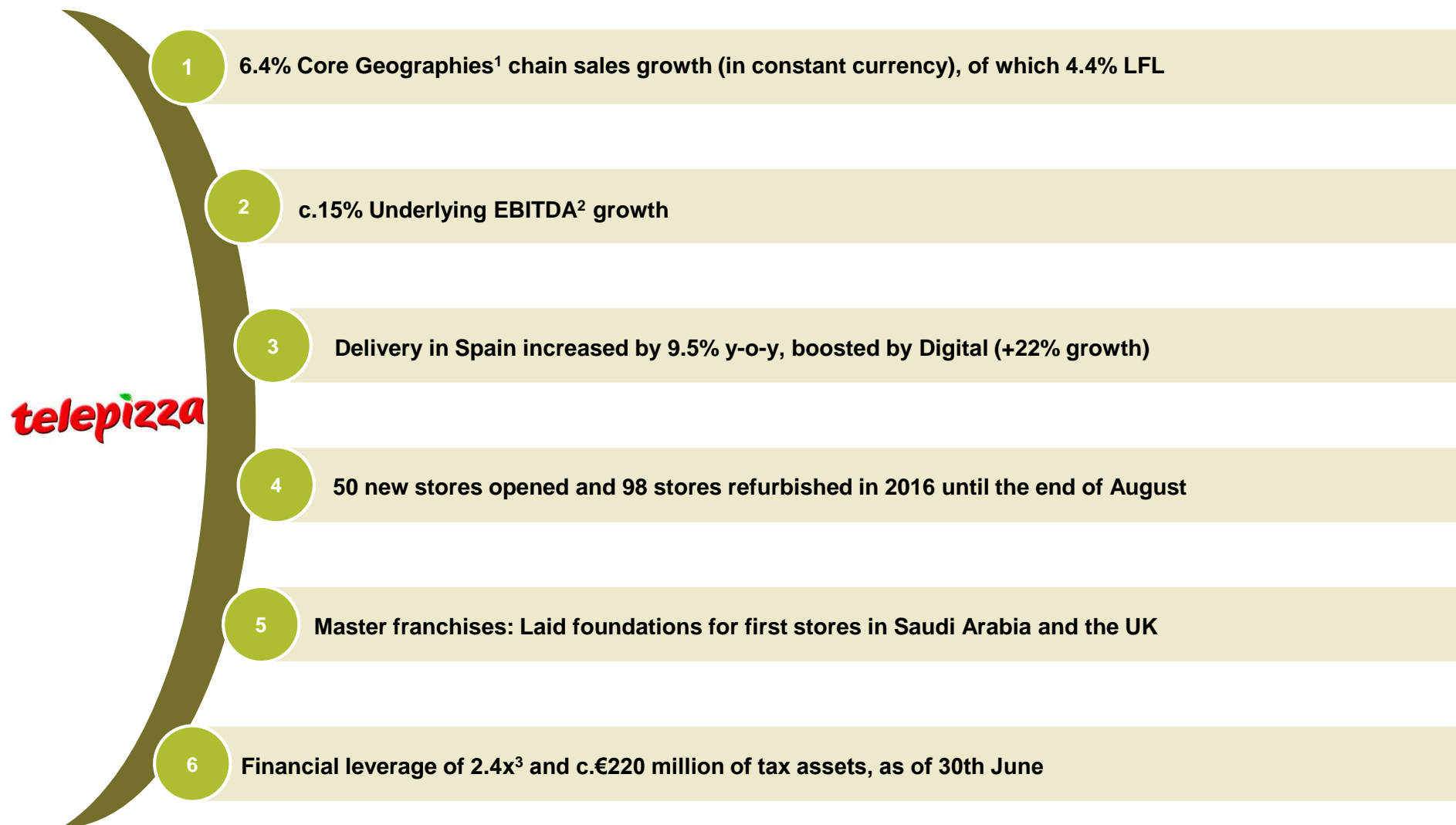
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H1 2016 highlights



Notes:

1. Excluding Master Franchises
2. H1 2016 adjusted for €32.2m of IPO related costs
3. Measured as Adjusted Net Debt (adjusting cash position for pending IPO related payments) over Underlying EBITDA of last-twelve-months to June 2016

H1 2016: Growing profitably

Core Geographies¹ chain sales growth in H1 2016 in line with 2015, with International outpacing Spain (in constant currency), translating into double digit EBITDA growth

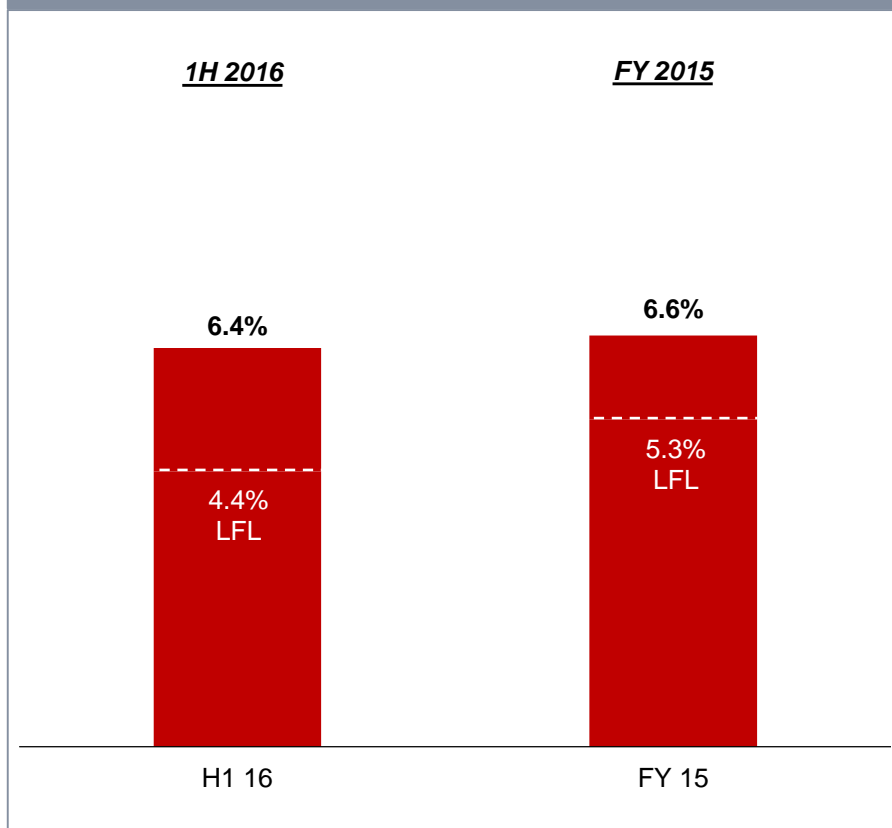
€m (unless otherwise stated)	H1 2016	H1 2015	% change	FY2015	FY2014	% change
Group chain sales	252.3	243.2	3.7%	491.8	451.0	9.1%
Core Geographies ¹ chain sales	237.0	227.7	4.1%	459.8	431.2	6.6%
Core Geographies¹ constant currency sales growth (%)			6.4%			6.6%
Core Geographies ¹ LFL sales growth (%)			<u>4.4%</u>			<u>5.3%</u>
Spain chain sales	166.0	158.0	5.1%	318.5	300.9	5.8%
LfL sales growth (%)			<u>3.7%</u>			<u>4.6%</u>
International chain sales	86.2	85.2	1.2%	173.3	150.1	15.5%
Core International ¹ chain sales	70.9	69.7	1.8%	141.3	130.2	8.5%
Core International¹ constant currency sales growth (%)			9.8%			8.3%
Core International ¹ LFL sales growth (%)			<u>6.2%</u>			<u>6.8%</u>
Revenues	165.6	164.0	1.0%	328.9	326.5	0.7%
Constant currency revenue growth (%)			3.6%			0.7%
Group Underlying EBITDA²	36.0	31.4	14.7%	57.7	53.4	8.1%

Notes:

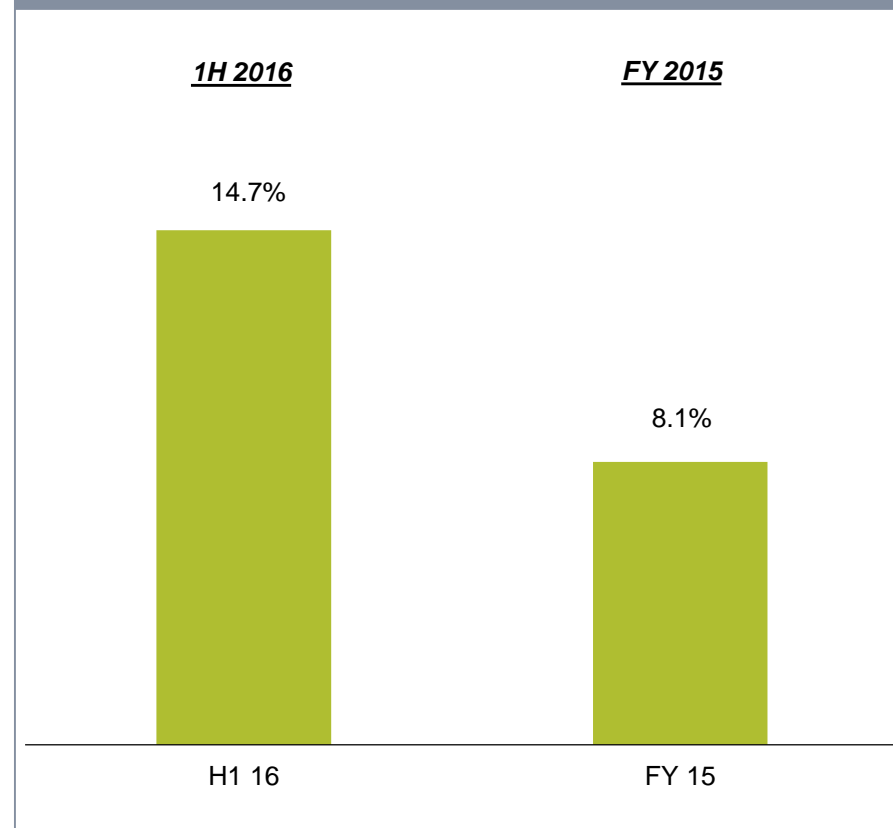
1. Excluding Master Franchises
2. H1 2016 adjusted for €32.2m of IPO related costs; FY2014 adjusted for €14.1m of non-recurring refinancing costs

H1 2016 growth driving increased profitability

Core Geographies¹ constant currency sales growth (%)





Group Underlying EBITDA² growth (%)



Note:

1. Excluding Master Franchises
2. H1 2016 adjusted for €32.2m of IPO related costs

Top line momentum: Spain facing tough comps, International strong



















	Q1 2016	Q2 2016	Q3 YTD 2016	YTD assessment
Spain chain sales (%)	6.4%	3.7%	Challenging comparable y-o-y	Strong growth in Delivery driving sales Non-delivery evidencing price sensitivity
LFL growth (%)	5.2%	2.1%		
Calendar impact				
Expansion (%)	1.1%	+50bp → 1.6%	Increasing	Strong performance across all key geographies Hiccup in Poland in Q2
Core international chain sales ¹ (%)	10.0%	9.5%	Accelerating	
LFL growth (%)	6.7%	5.8%		
Expansion (%)	3.3%	+40bp → 3.7%		


Note:









1. Constant currency, excluding Master Franchises

Spain: A tale of two channels

2016 quarterly development of Delivery and Non-delivery channels

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Delivery  59% of H1 sales	 	 	 	 
Eat-In & Take Away  41% of H1 sales	 	 	 	 

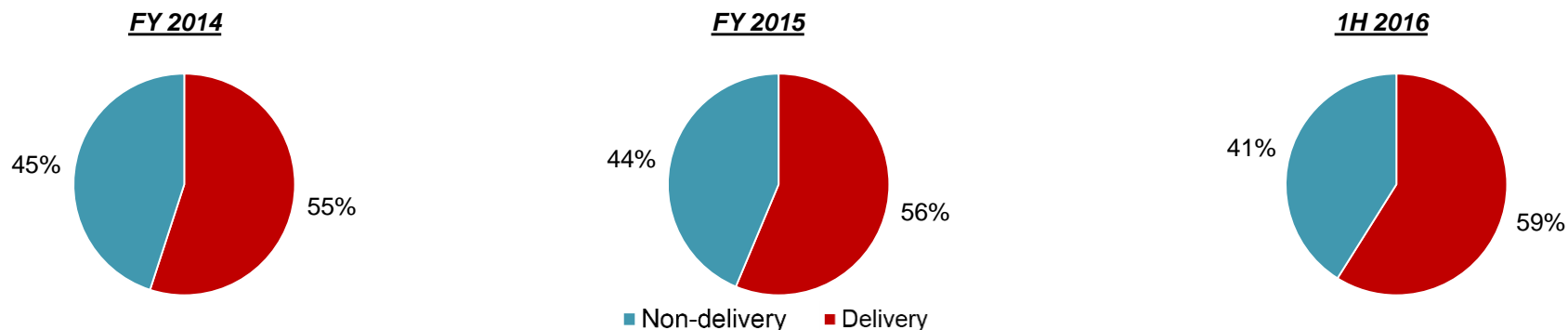
 Spain QSR market channel trend
  Competition

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Factors impacting growth y-o-y	 	 	 	 

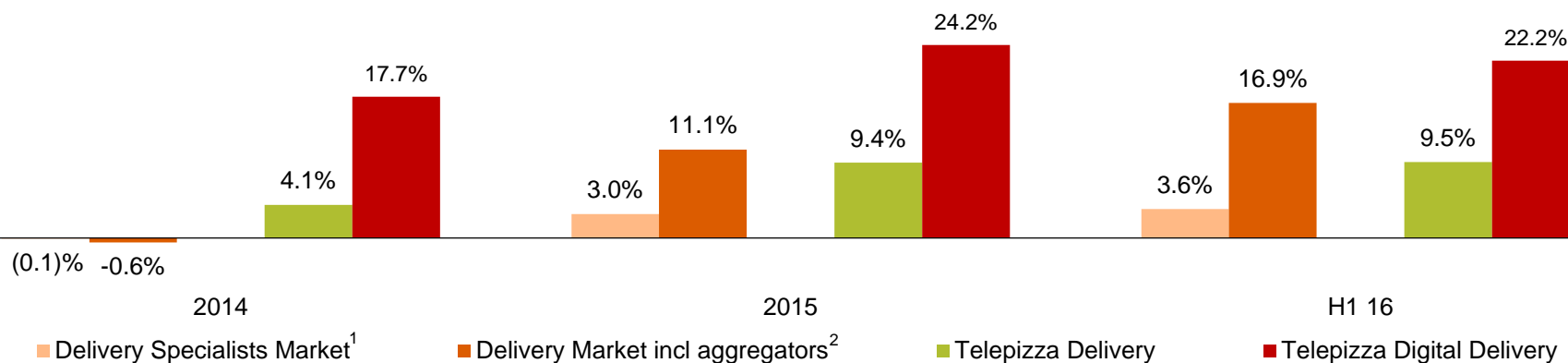
 Calendar impact y-o-y
  2015 LFL comparable

Delivery, fuelled by digital, accounts for c.60% of Spain sales in H1

Spain sales split by channel



Spain delivery sales growth















Source: NPD

Notes:

1. Chained pizza stores and other services focused on delivery
2. Including non-specialists in delivery and aggregators

Spain: Pursuing drivers of profitable growth across channels

Drivers	Channel impact		Customer benefits	Long-term margin impact	Strategy
	1	2			
Digital sales			Loyalty, frequency	Highest	Increase investment
Product innovation			Differentiation, variety	Positive	4-6 new products, per country/year
Promotions			Value	Negative	Selective use to increase loyalty
Refurbishments and Relocations			Brand image, convenience	High	Accelerate plan
Openings: Malls			Convenience	Sustainable	Roll-out through franchisees
Openings: Mini-Stores			Capillarity	Sustainable	Roll-out through franchisees

Notes:

1. Eat-In & Take Away
2. Delivery

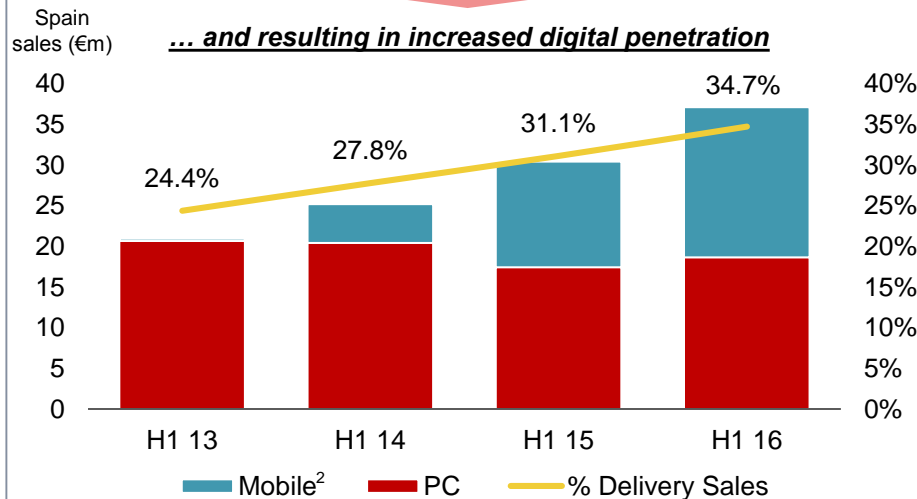
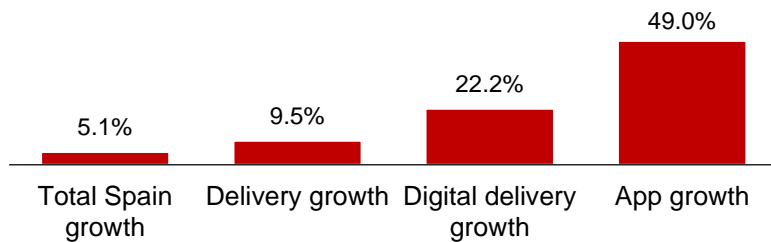
Spain: Digital driving growth in delivery channel

Digital sales growth of 22% in H1 2016, driving delivery growth of 9.5% y-o-y.

Digital now accounts for c.35% of delivery sales

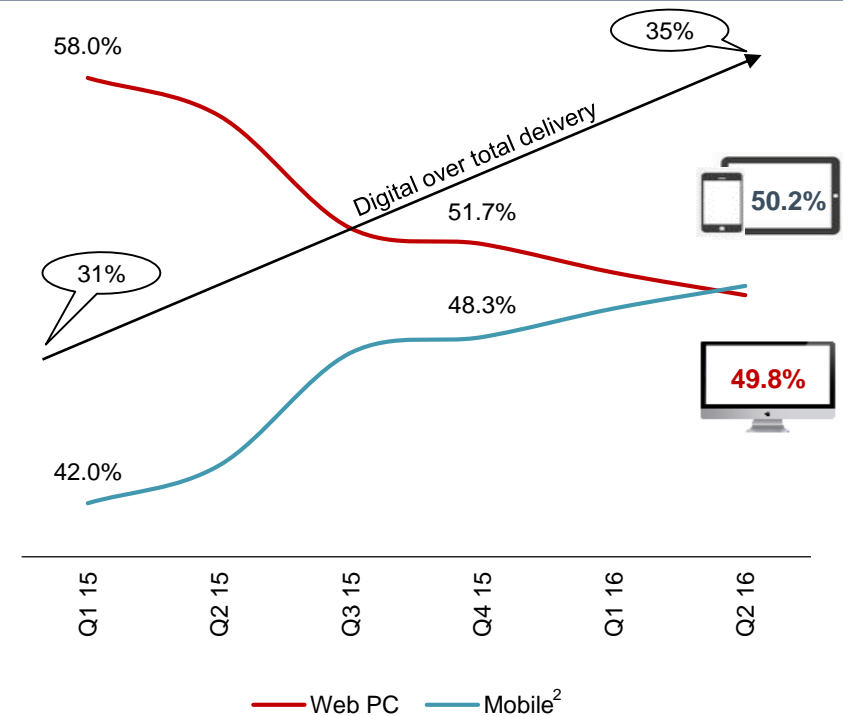
Continued growth of the delivery channel in Spain

Digital fostering delivery sales growth (H1 2016) ...



- Notes:**
1. Data for Spain based on number of orders
 2. Includes App and web responsive

Digital increasing and shifting towards mobile platforms¹



■ App orders have grown +48% in H1 2016 y-o-y

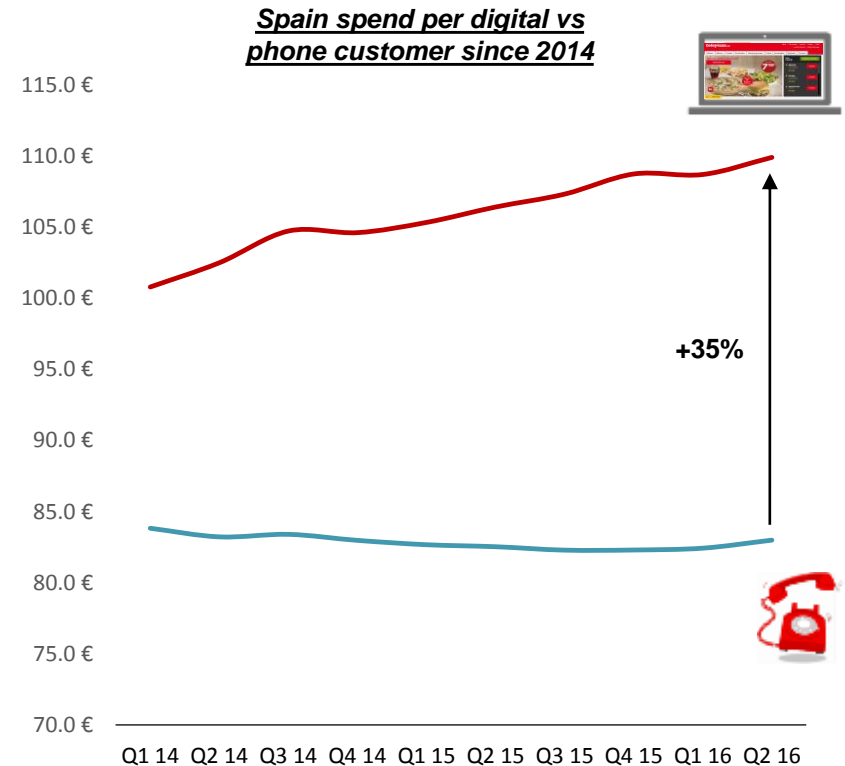
Key benefits of growth in digital

Digital customers spend c.35% more on average vs phone customers, with gap increasing over time

Digital benefits

- Digital customers **order more frequently** than phone customers, resulting in **higher average expenditure** per digital customer
- Improved **order accuracy** and reduced time on the phone for Telepizza employees, allowing them to focus on **improving service**
- Enhanced **brand** image, increased brand awareness and higher penetration of **innovation**
- High **engagement** rate with customers through active social media presence

Increased spend vs telephone channel in Spain



Telepizza's digital presence

Continued investment in digital platform to drive further shift to online channel

Digital engagement

■ Social media buzz through different channels

Example: Launch of "Proud sponsor of soccer at home" campaign



> 15 MM Video impressions
> 6 MM users impacted
> 50k Facebook interactions

May 2016: Trending Topic in Spain
#EresFrikiSi

- Prints: 8.550.276
- Audience: 1.415.845



Nos encanta el día del **#OrgulloFriki** y queremos celebrarlo con tod@s. Contadnos vuestras frikadas con **#EresFrikiSi**



■ Boosting traffic and App installations

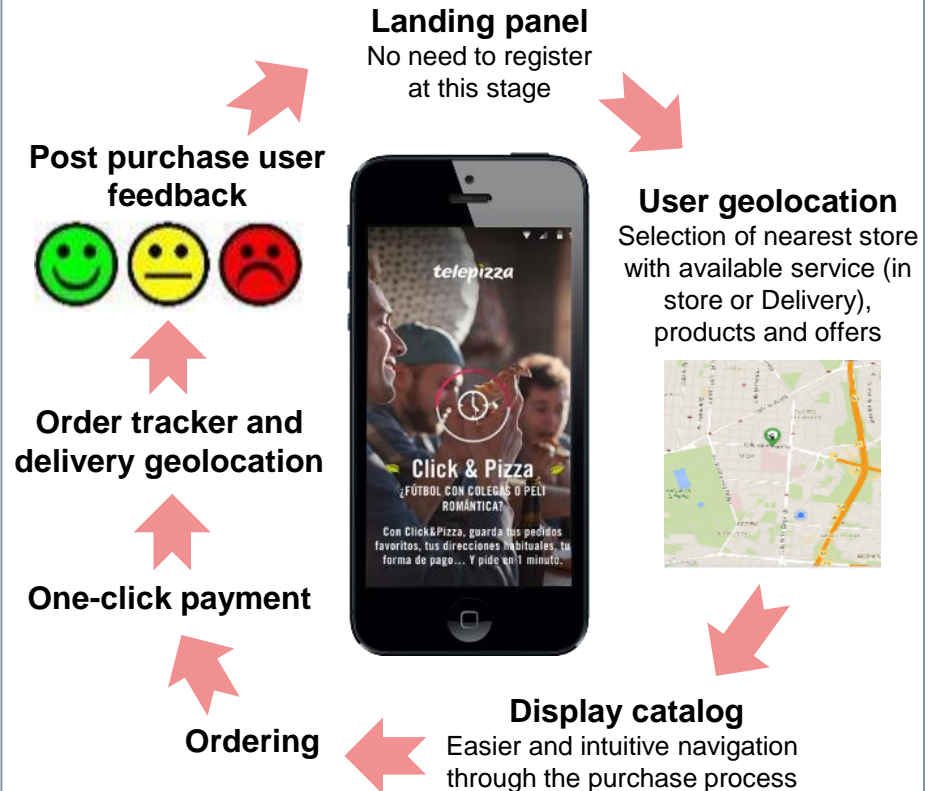
Over 1 million app downloads

2.617.346 digital orders in H1 2016 → + 22% H1 2015

■ Increasing average ticket, conversión and frequency

Launched late June new "Ciberchollo" meal deals achieving > 8% of digital orders in July





Initiatives to drive digital penetration: New App (2017)















Spain: Developing further our Brand image and customer awareness

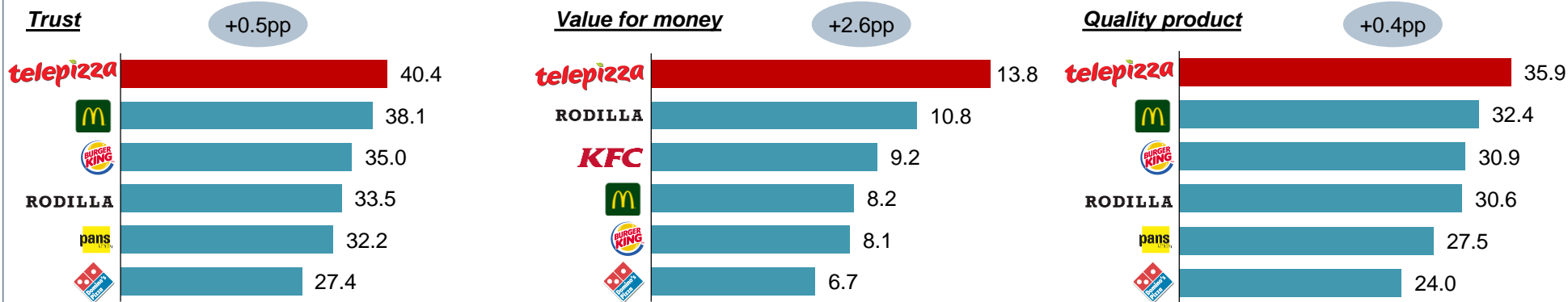
Advertising Recall Ranking (IOPE)

- Telepizza recall: +15% vs. H1 2015
- Leader in QSR category
- More efficient Media mix and investment relative to Brand recognition across categories

Top of advertising recall		
	QSR Spain ranking	Total market Spain ranking
	1	12
	2	23
	3	32
	4	62

	Spain Top Advertising Recall	Ranking investment
	1	67
	2	2
	3	39
	4	74
	5	63
	6	27
	7	12
	8	79
	9	34
	10	11
	11	41
	12	141

Top brand in QSR category in key brand attributes, which continue to grow



Source: Ranking Notoriedad IOPE H1 2016, Kantar Worldpanel LTM to Q1 16

Innovation scaled across our global network

Innovation drives higher average ticket, brand differentiation and customer loyalty



Telepizza Burger
Pizza Primavera
Valentine's Day Pizza



H1 innovations launched: 4



Pizza Lasagna



H1 innovations launched: 2



Pizza Thai Royal



H1 innovations launched: 2

Special mall store menus



Focus on individual and group menus



Pizza Pollo Vegetariano
Pizza Pollo Carnívoro
Pizza Pollo BBQ Creme



H1 innovations launched: 4



Midday Menus



Slush Beverage



H1 innovations launched: 3

Pizza Vulcano



Launched in:



Refurbishment plan already yielding tangible benefits

Increased benefits of refurbishments driving acceleration of refurbishment plan

FY 2016 refurbishments target

Refurbished stores

Target FY2016
c.2x vs 2015

86

98 by the end
of August

52

2015

H1 16

Positive impact of refurbishment

Strengthen brand image

- Modernised store
- Open kitchen
- Lighting
- Look and feel
- Redistribution of spaces

Refurbished stores in Spain: +5% LFL vs. mirror stores

+8% LFL in store

+3% LFL in delivery



International: Rest of Europe

Rest of Europe: Portugal growing double digit LFL

LFL sales growth in H1 16 y-o-y:
+7.7%

Total growth in H1 16 y-o-y:
+9.7% in constant currency



- Very positive contribution from Portugal, evidencing strong recovery from downturn, growing close to double digit LFL
- Poland challenged by tough competitive environment, high promotion driven comps y-o-y and negative FX impact
- Continued tailwinds in Portugal supported by VAT reduction from 1st of July
- Improving performance in Poland in Q3 YTD

International: Latin America

Latin America: Strong underlying performance, negative FX impact

LFL sales growth in H1 16 y-o-y:
+4.9%

Total growth in H1 16 y-o-y:
+9.8% in constant currency

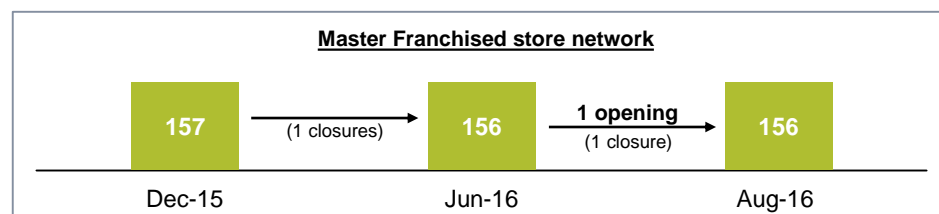
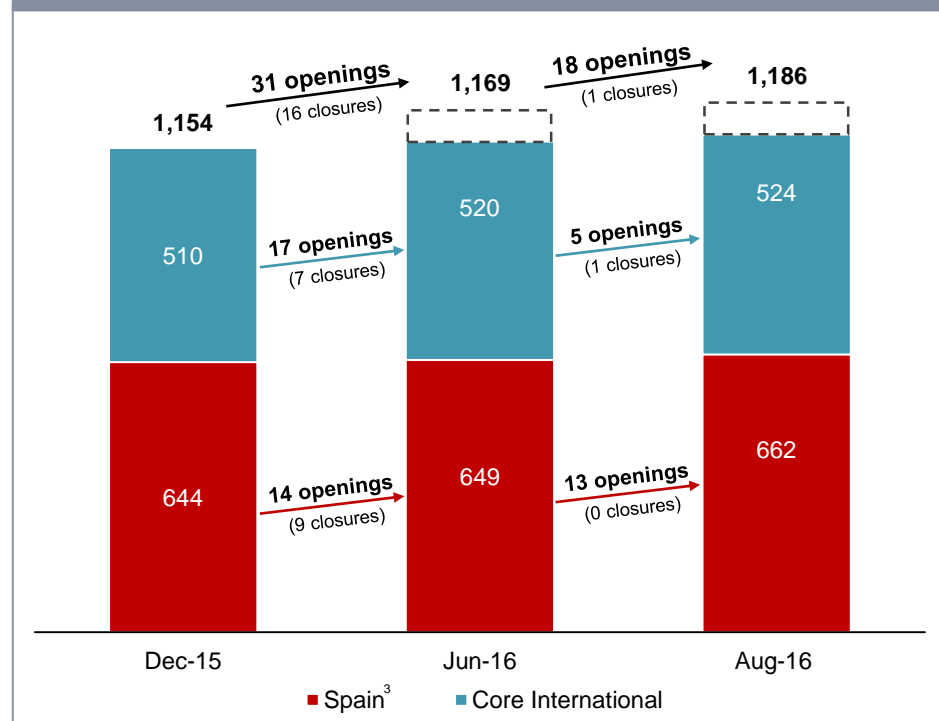


- Healthy growth across all LatAm geographies, with increases in LFL and acceleration of horizontal expansion from Q2, resulting in +9.8% total growth in constant currency in H1 2016
- Steep depreciation of LatAm currencies from Summer 2015 resulting in significant negative reported top line FX impact y-o-y in H1 2016
- Increases in average ticket in Chile and scale benefits in other LatAm geographies driving margin improvement

Unit expansion: Accelerating into H2

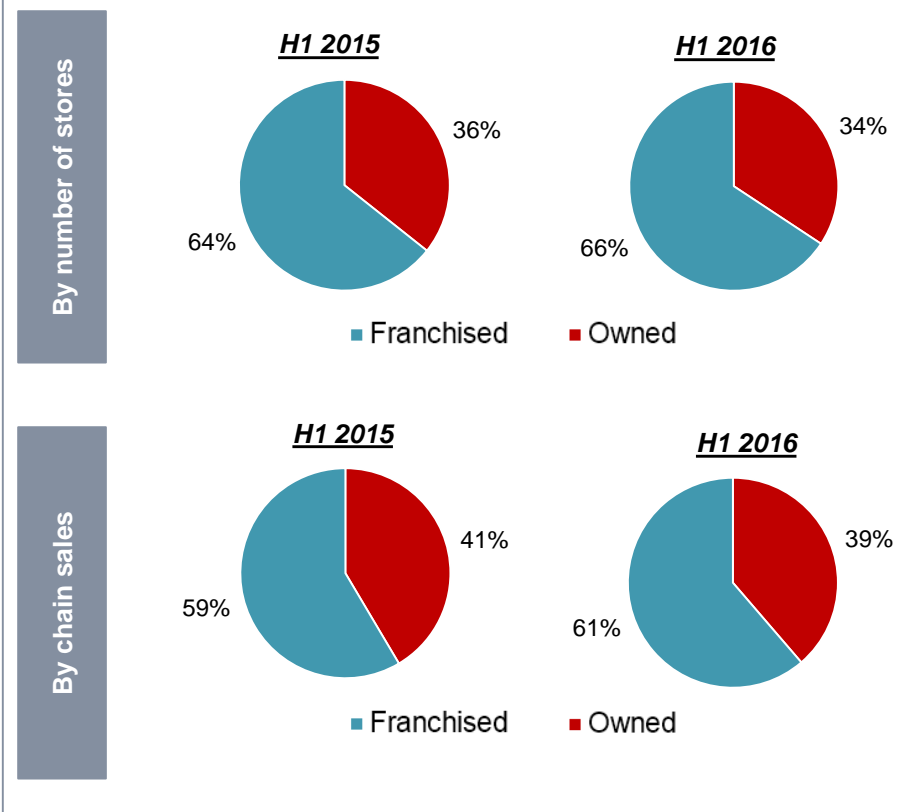
49 gross / 32 net store openings in Core Geographies YTD, of which 18 openings during July and August

Core Geographies¹ network development (until 31 August²)



- Notes:
1. Excluding Master Franchises
 2. Estimated as of 31 August
 3. Includes stores in Morocco

Franchised vs owned mix y-o-y



■ Franchises represented 66% of stores and 61% of chain sales in H1 2016

Unit expansion opportunity

Significant scope to open additional mall stores and mini-stores in Spain.

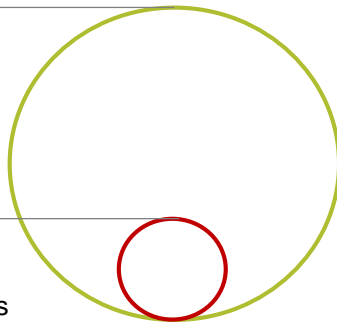
Largest unit expansion opportunity in LatAm

Spain mall expansion potential

Opportunity in Spain...

c.200 potential target shopping centers

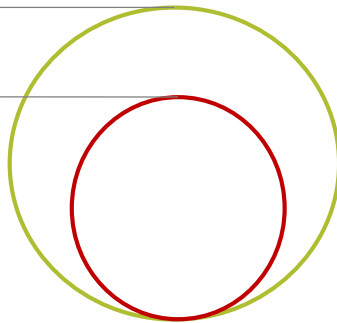
Currently¹ 23 shopping centers with Telepizza stores



...as evidenced in Chile

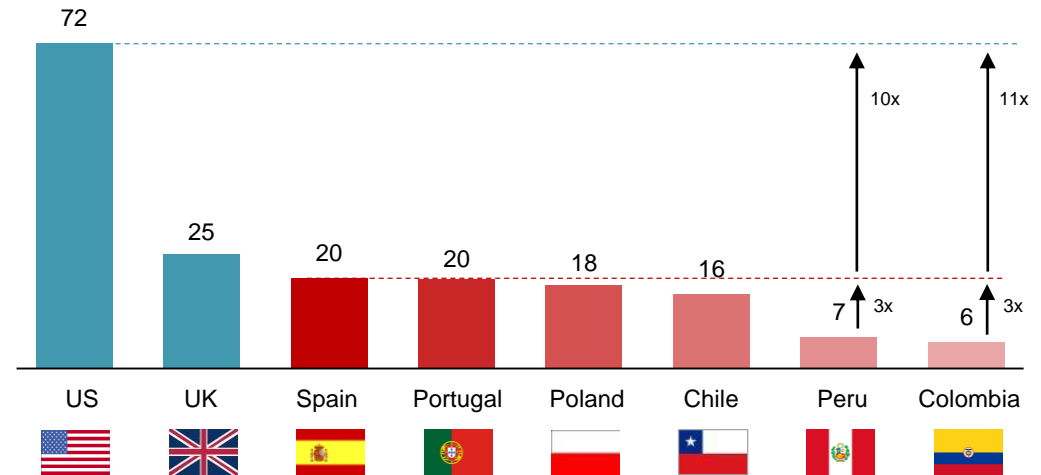
c.100 potential target shopping centers

Currently¹ 48 shopping centers with Telepizza stores



LatAm expansion potential

Existing chained pizza delivery pizza stores per 1m inhabitants (2015)



Investing in geographies with highest expansion potential



Sources: Store data – Euromonitor
Population – US Census Bureau

Note:
1. At the end of August 2016

Master Franchises providing capital light growth potential

Laid foundations for first stores in Saudi Arabia and the UK

MF agreements in UK (33 zones)



- c.€4bn pizza foodservice market, of which c.€1.5bn in pizza delivery segment, high resilience during recession
- Over 50% of outlets are chains, declining independents
- Country divided into 33 zones

**First MF agreement in UK,
signed with Karali Group**

- Karali: proven track record operating over 60 Burger King franchises in UK
- Three zones already awarded
- c.30 store target in awarded zones

MF agreement in Saudi Arabia



- c.€1.3bn pizza foodservice market size, high expansion potential
- Growth prospects of 6% (CAGR) over the next 5 years
- Around 100 MF stores targeted in the next 10 years

**MF agreement in Saudi Arabia,
signed with Al Bayan Group**

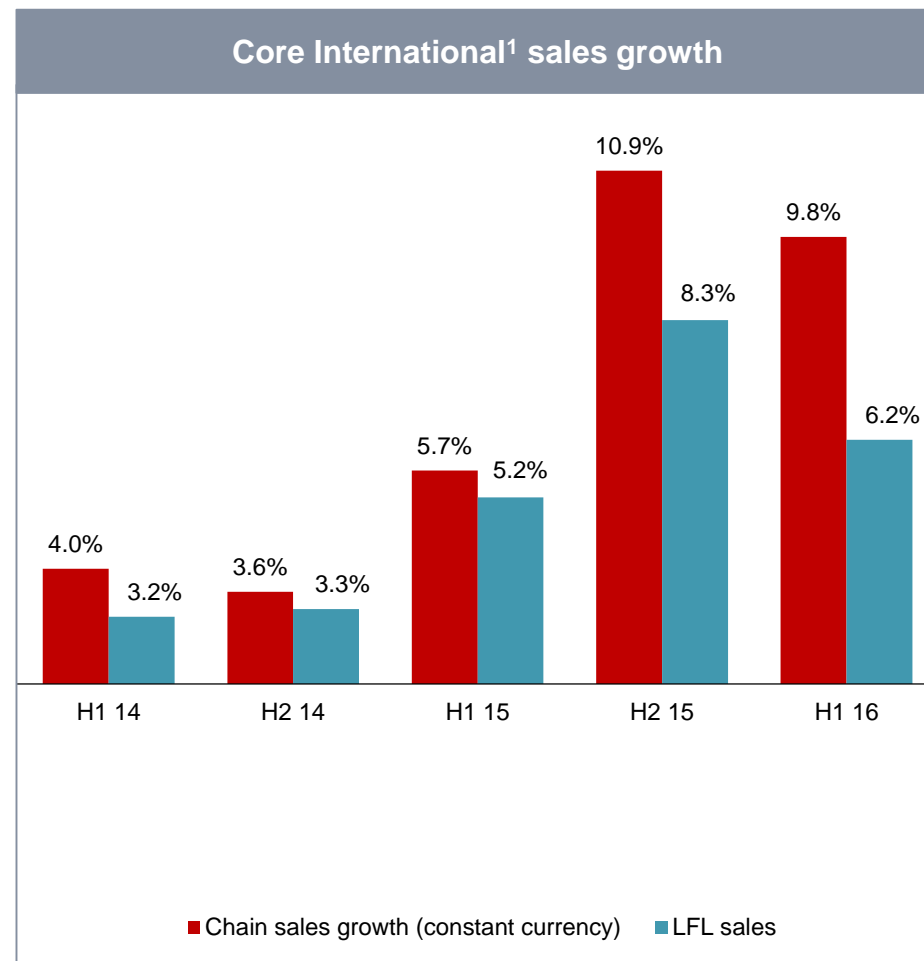
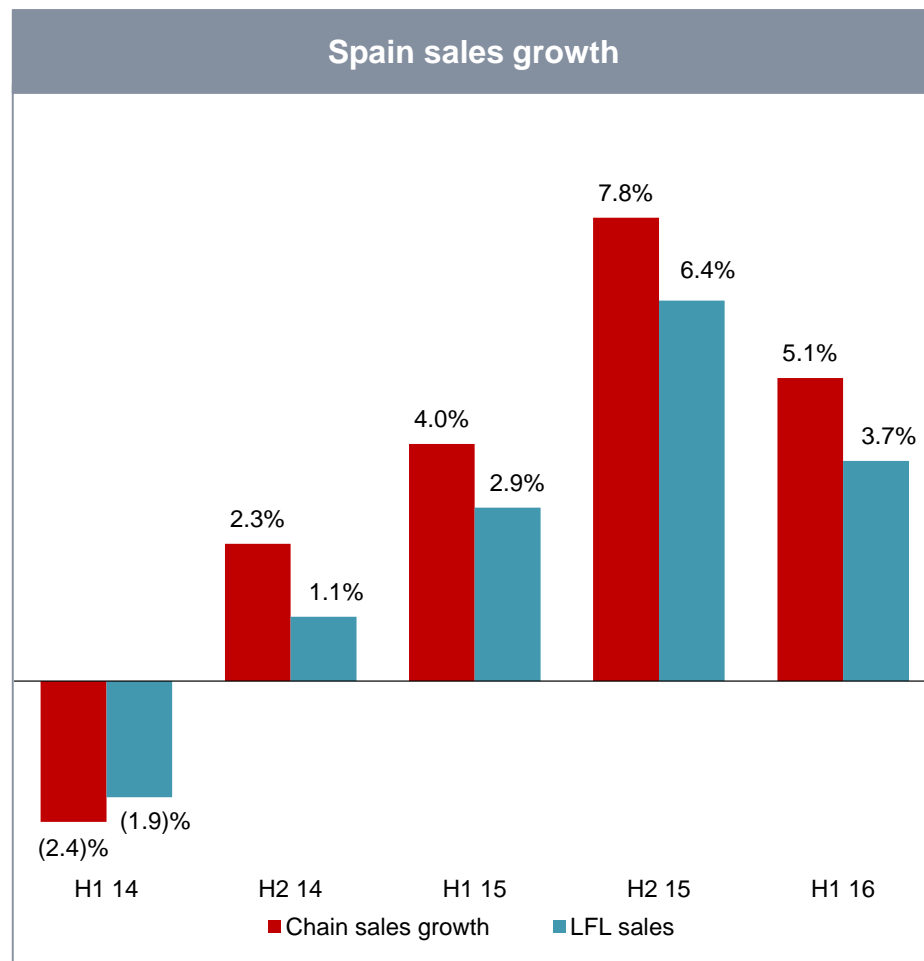
- Al Bayan: diversified business group with interests in food and beverages, as well as real estate development
- First four stores already under development

Financial information



Half year chain sales growth: solid performance in H1 2016

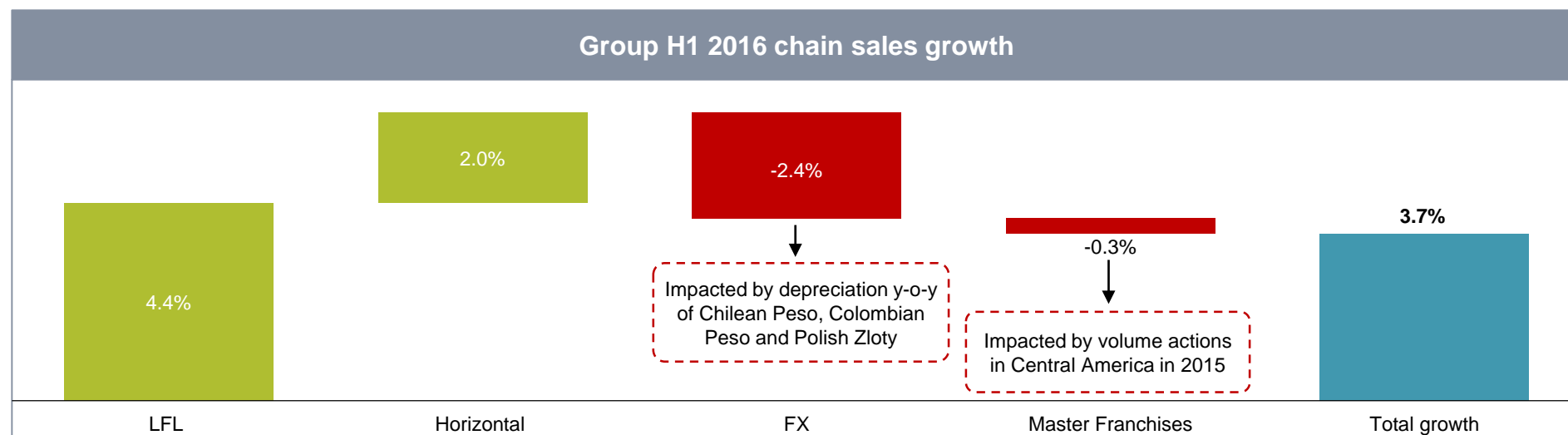
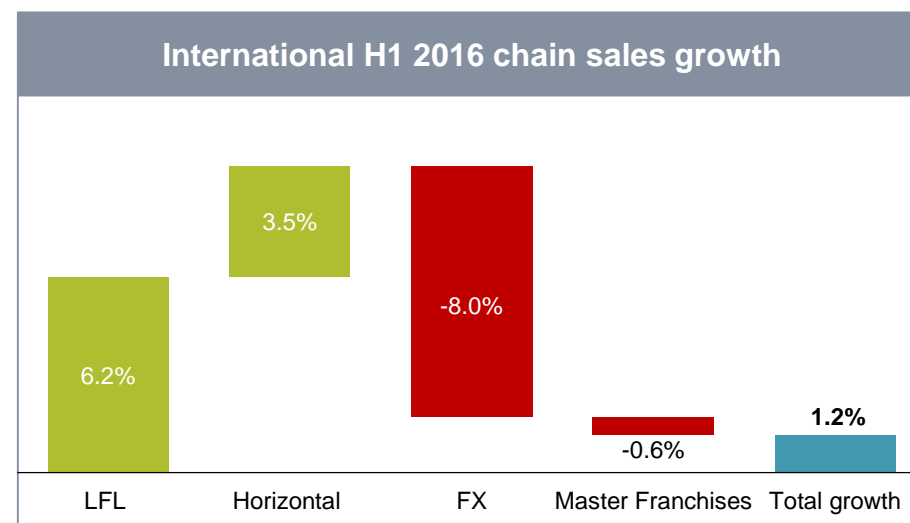
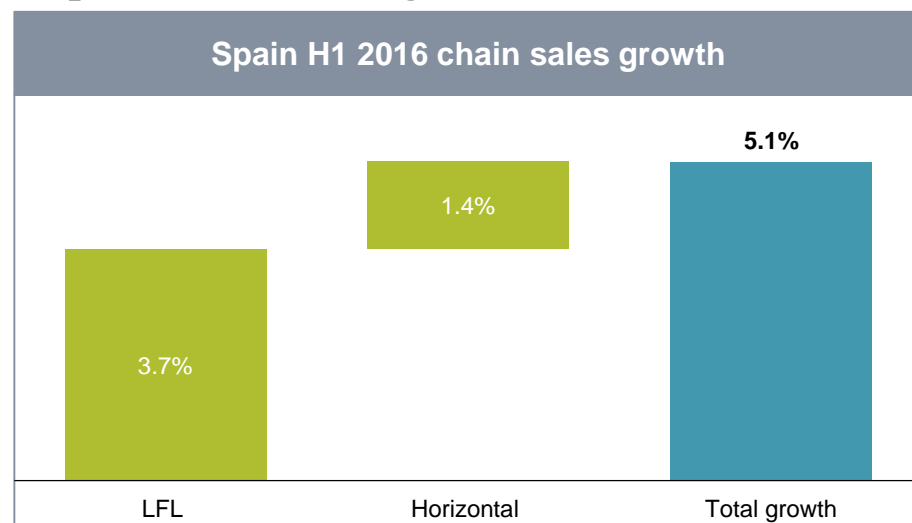
In H1 2016, chain sales growing 5.1% in Spain, while posting 9.8% growth in Core International¹ in constant currency. Challenging comps y-o-y for the rest of 2016



Note:
1. Excluding Master Franchises

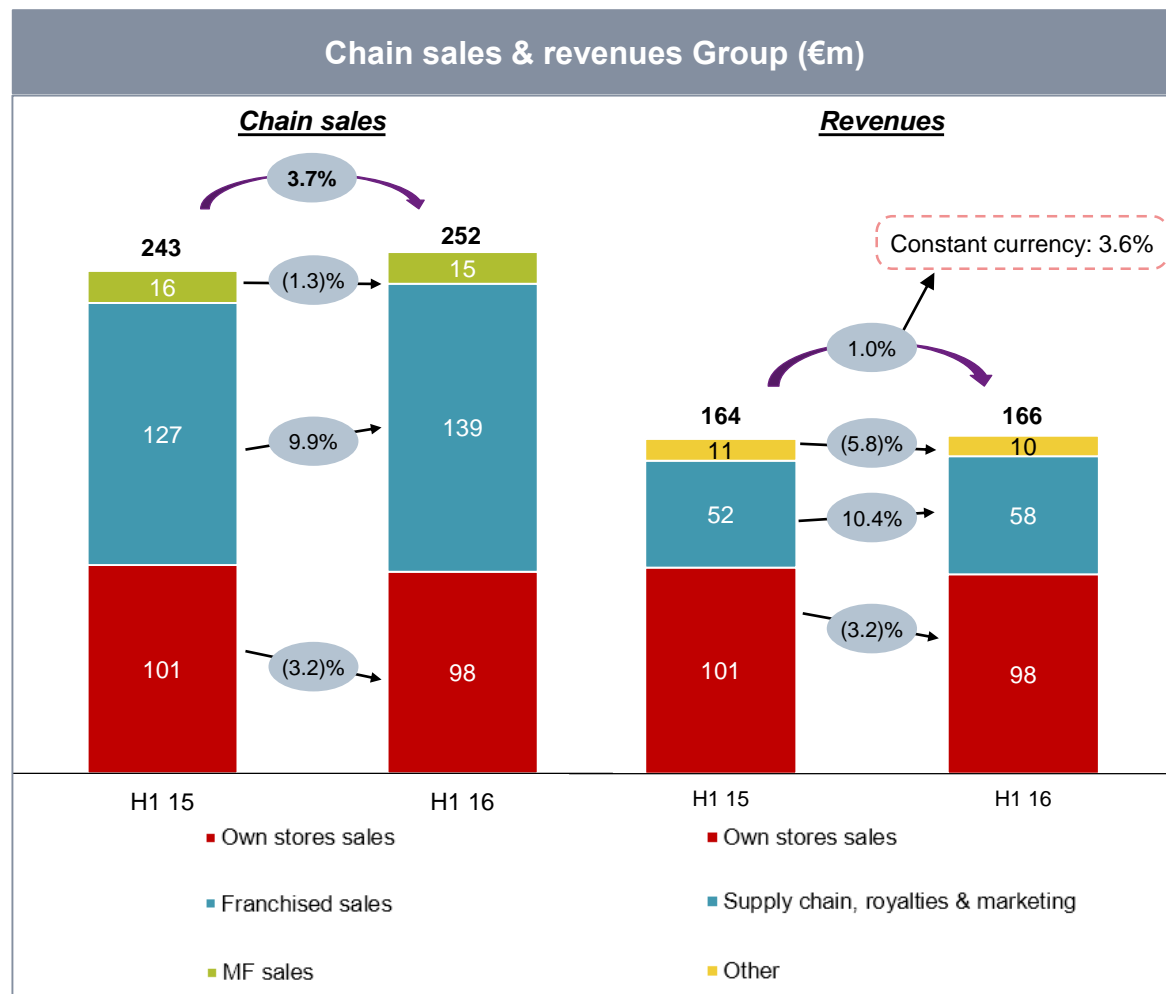
Reported chain sales bridge

Impact of FX and negative contribution of Master Franchises in International sales



Chain sales & Revenues

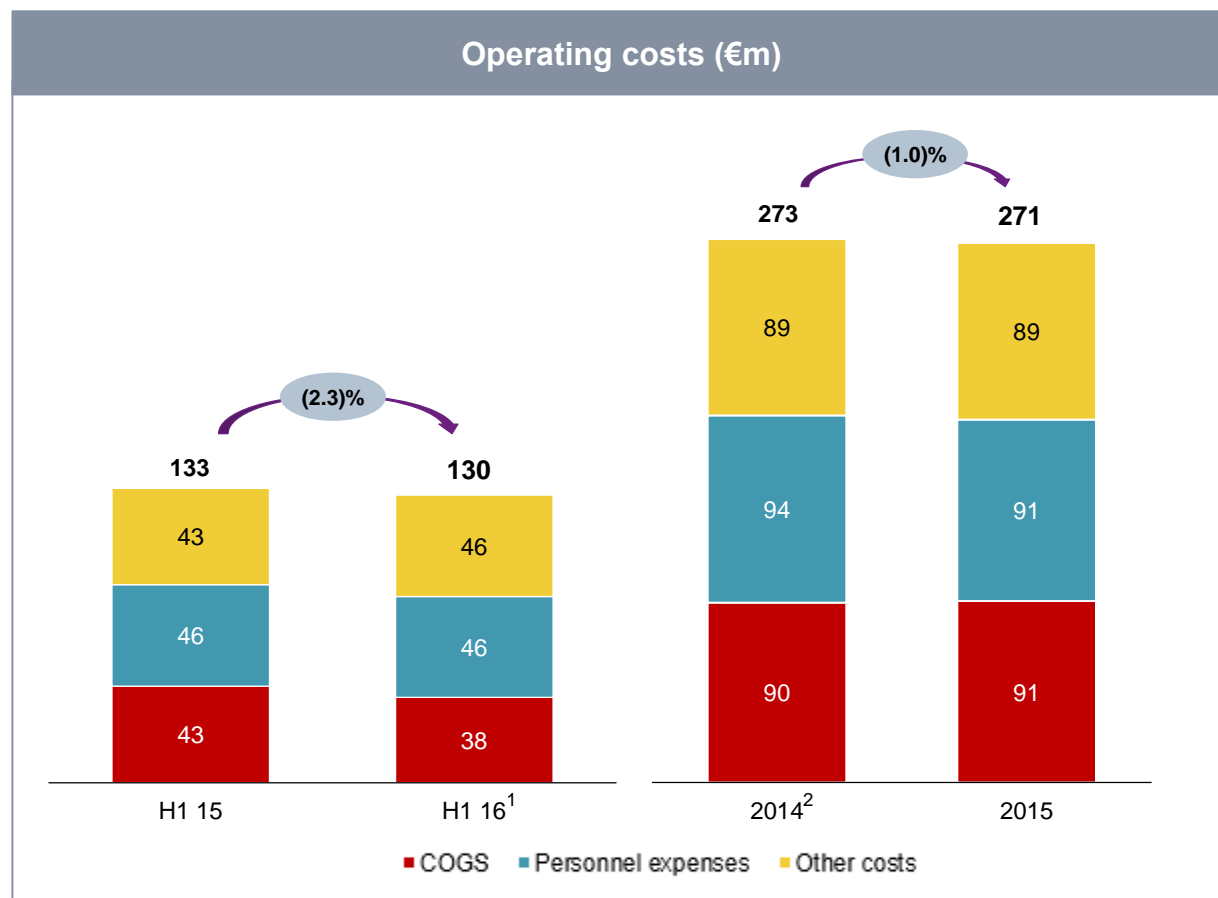
Modest growth in reported revenues in H1, reflecting currency impact and a shift in ownership mix, as franchised stores continue to increase



- Evolution of chain sales and revenues reflects a shift in the ownership mix, increasing the volume of franchised stores in mature markets
- Masterfranchised sales negatively impacted y-o-y by volume actions undertaken in Central America in 2015
- Supply chain, royalties and marketing revenues growing in line with franchised sales
- Small decline in Other revenues given the lower level of store transfers y-o-y

Operating costs

Cost reduction in H1 driving margin improvement. Raw material benefits and increase in average ticket partially reinvested in brand and service



- COGS positively impacted in H1 2016 by reduction in milk prices since H2 2015, and increases in average ticket in 2016YTD
- Limited reduction in personnel expenses, despite higher number of franchised stores, as delivery grows and service levels continue to improve
- Other costs increased in line with unit sales in H1, driven by incremental investments in brand and higher presence in media

Source: Company information

Notes:

1. Operating costs excluding €32.2m of IPO related costs

2. Operating costs excluding €14.1m of non-recurring refinancing costs

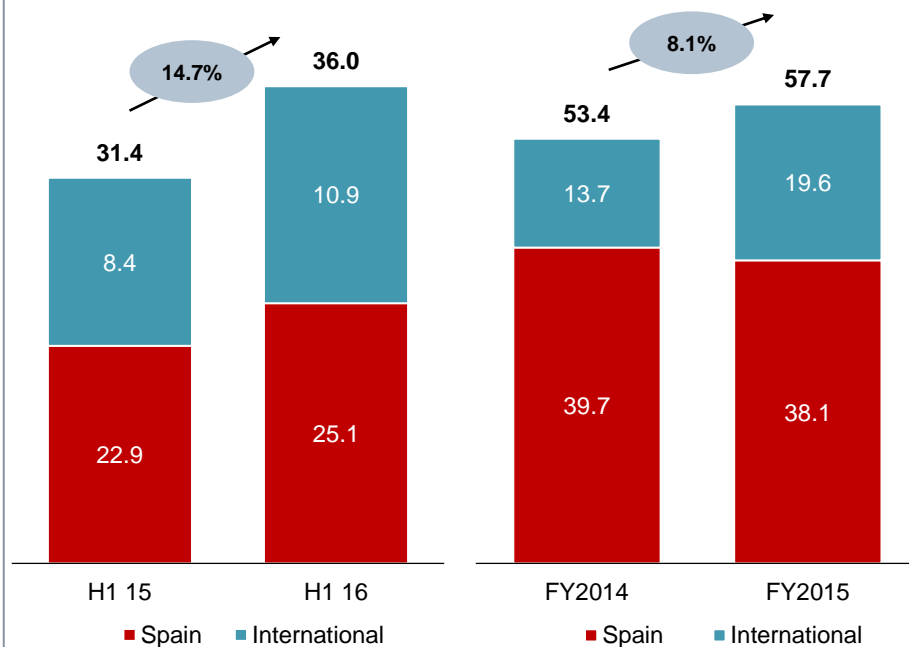
Underlying EBITDA

Double digit underlying EBITDA growth on the back of LFL growth, gross margin expansion and operating leverage

Underlying EBITDA¹ growth evolution (€m)

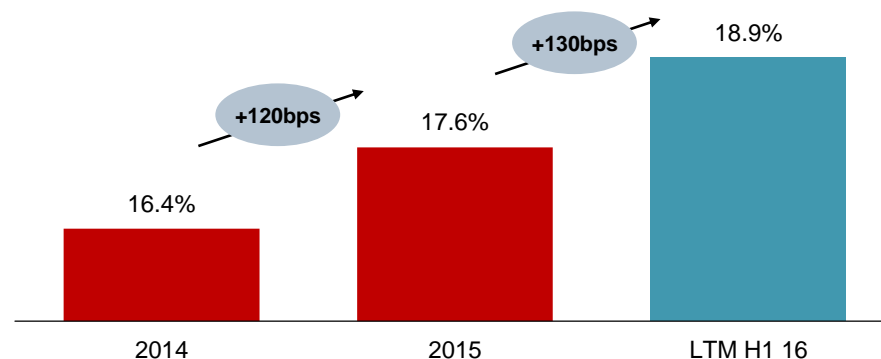
H1 2016 vs. H1 2015

FY 2015 vs. FY 2014



Key Underlying EBITDA¹ growth drivers in H1 2016

Underlying EBITDA margin (%)



- Chain sales growth, with average ticket increases
- Raw materials price reduction
- Operating leverage
- Economies of scale internationally

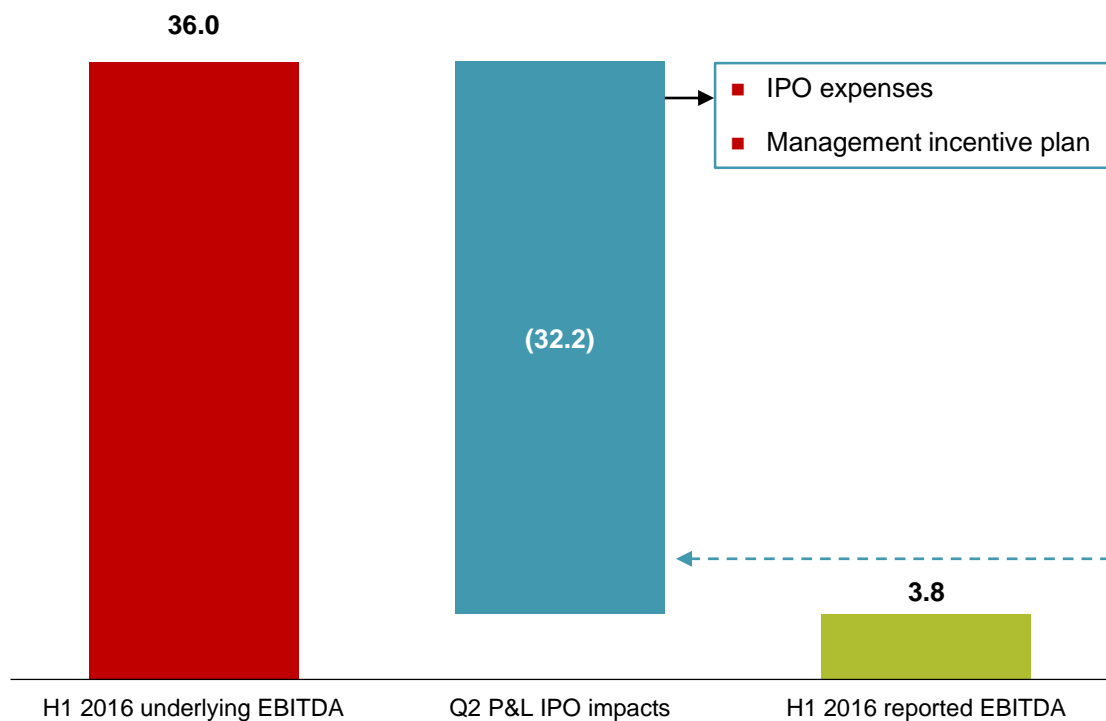
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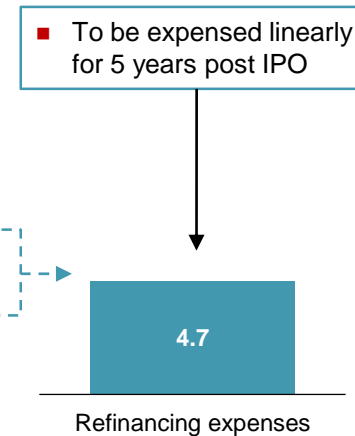
Impact of IPO charges

IPO costs (€m)

H1 2016 EBITDA bridge



IPO refinancing charges



Summary income statement

€m (unless otherwise stated)	H1 2016	H1 2015	% change	FY2015	FY2014	% change	LTM H1 2016
Total revenues	165.6	164.0	1.0%	328.9	326.5	0.7%	330.5
Underlying EBITDA	36.0	31.4	14.7%	57.7	53.4	8.1%	62.3
<i>Underlying EBITDA margin (%)</i>	<i>21.7%</i>	<i>19.1%</i>	<i>13.6%</i>	<i>17.6%</i>	<i>16.4%</i>	<i>7.3%</i>	<i>18.9%</i>
Depreciation and amortisation (excl. PPA amortisation)	(5.9)	(5.1)	15.0%	(10.8)	(11.5)	(5.9%)	(11.6)
Underlying EBIT	30.1	26.2	14.6%	46.9	41.9	11.9%	50.8
IPO costs	(32.2)	-	-	-	-	-	(32.2)
PPA amortisation	(2.9)	(2.9)	n.m.	(5.8)	(5.9)	n.m.	(5.8)
Net financial income / (expense)	(16.9)	(18.4)	(8.0%)	(35.4)	(68.4)	(48.2%)	(33.9)
Other ¹	(0.2)	(1.7)	n.m.	(4.0)	105.7	n.m.	(2.4)
Profit before tax on continued operations	(22.1)	3.2	n.m.	1.7	73.3	n.m.	(23.6)
Income tax	2.8	(4.1)	n.m.	(2.8)	17.5	n.m.	4.1
Results for the period	(19.3)	(0.9)	n.m.	(1.1)	90.7	n.m.	(19.5)

Tax assets as of 30 June

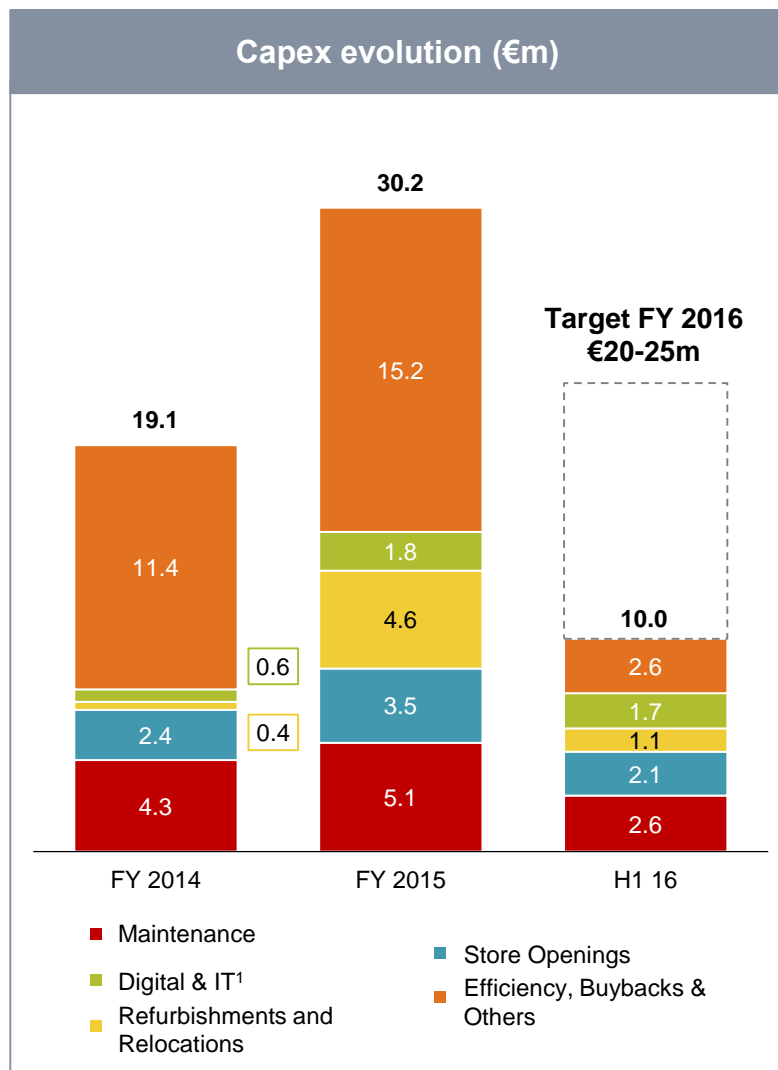
€52m NOLs²

€169m of interest carried forward
(deductible up to 30% of annual EBITDA)

Notes:

1. Includes impairment losses, losses on sale of PP&E, and extraordinary refinancing costs in 2014
2. Net operating losses

2016 investment plan



Maintenance, Efficiency, Buybacks and Other

35-40% of capex in FY 2016

- Maintenance capex in line with 2015
- Efficiency plans
- Limited store buybacks planned for 2016

Digital and IT

15-20% of capex in FY 2016

- Investing in upgrading the digital platform
- Improving the App with better usability and new features

Refurbishments and Relocations

20-25% of capex in FY 2016

- Accelerating store network renewal plan
- Selective relocations to adapt to changes in urban landscape

Store openings

20-25% of capex in FY 2016

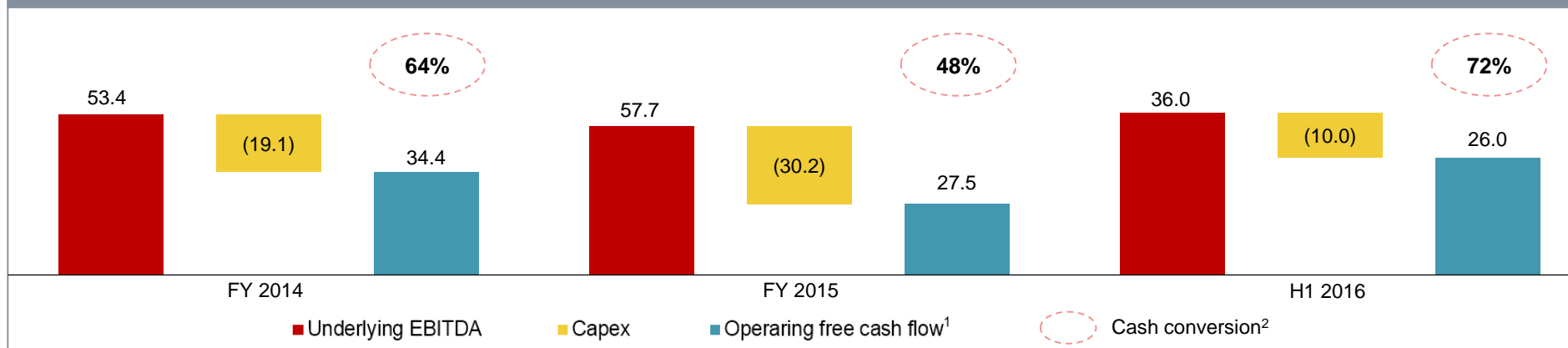
- Rate of openings increasing in H2
- Bulk of owned store openings in fast-growing LatAm countries

Note:

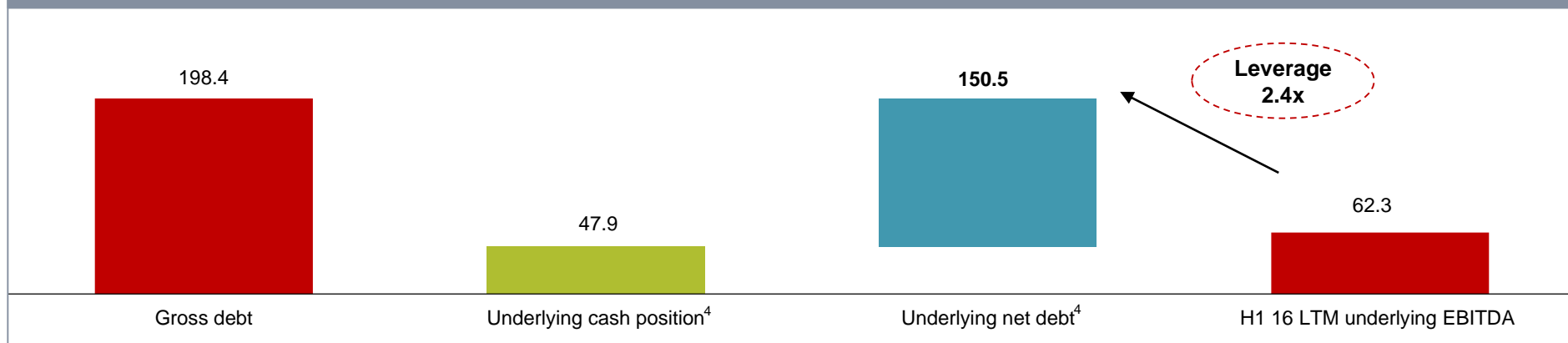
1. Including c.€0.5m of maintenance IT per year

Cash conversion and Leverage

Cash conversion (Underlying EBITDA – Capex) (€m)



Leverage ratio³ as of 30 June: 2.4x



Notes:

1. Operating cash flow measured as Underlying EBITDA - Capex
2. Cash conversion measured as operating cash flow divided by underlying EBITDA
3. Measured as Net Debt (underlying cash) / Underlying LTM EBITDA
4. Adjusted by pending payments from IPO, reported cash position c.€63m, Net debt measured as gross debt – Underlying cash position

FY 2016 outlook



Spain sales growth: 4-5%



Core International sales growth (constant currency): 9-11%



Double digit Underlying EBITDA growth



c.80 net store openings in Core Geographies



€20-25 million capex, including new stores, but excluding potential acquisitions

Q&A



Appendix

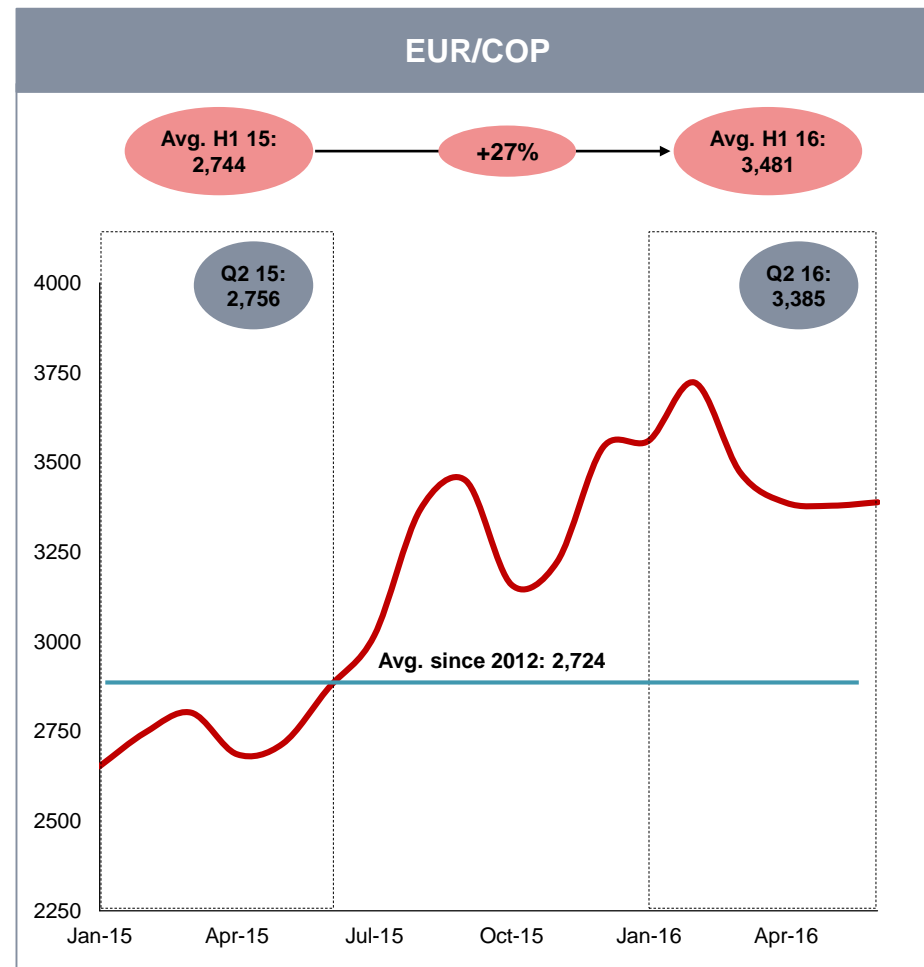
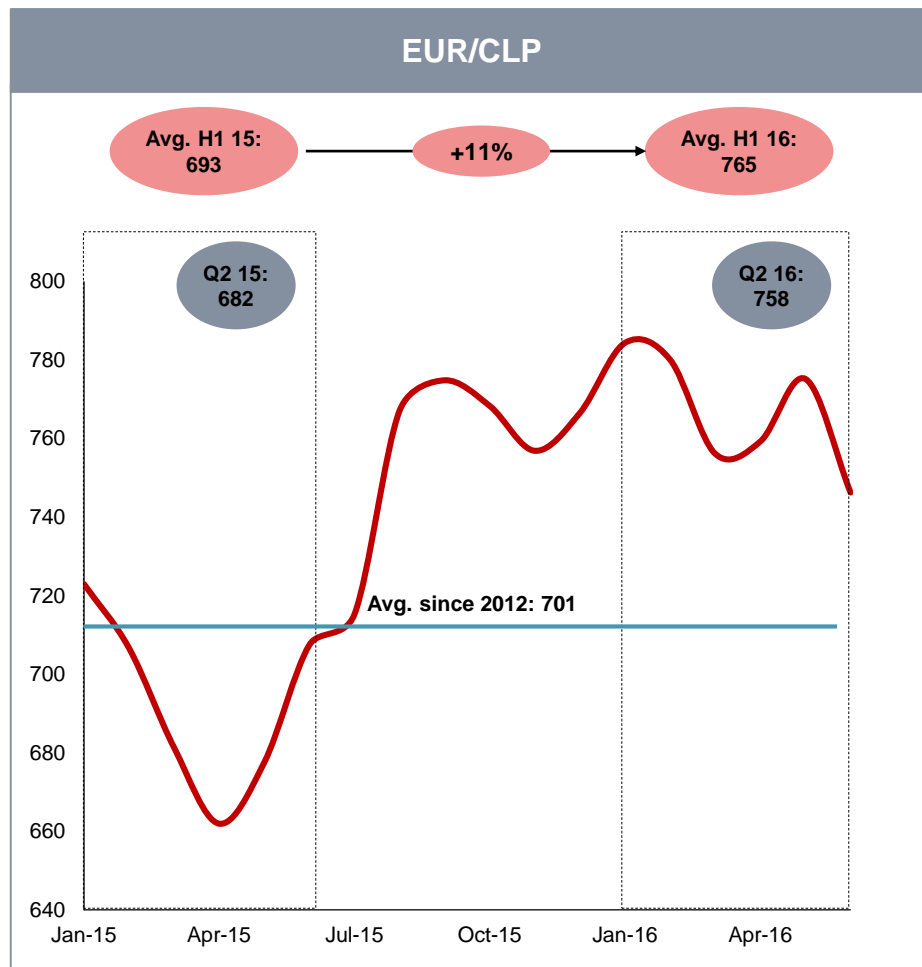


Chain sales breakdown

€m (unless otherwise stated)	H1 2016	H1 2015	% change	FY2015	FY2014	% change	LTM H1 2016
Total chain sales	252.3	243.2	3.7%	491.8	451.0	9.1%	500.9
Own store sales	97.6	100.9	(3.2%)	200.2	202.4	-1.1%	197.0
Franchised and master franchised stores	154.6	142.3	8.7%	291.6	248.6	17.3%	304.0
<i>LfL sales growth (%)</i>			4.0%			5.5%	
<i>Horizontal (%)</i>			2.3%			2.7%	
<i>Exchange rate adjustment (%)</i>			(2.6%)			0.9%	
Spain chain sales	166.0	158.0	5.1%	318.5	300.9	5.8%	326.5
<i>LfL sales growth (%)</i>			3.7%			4.6%	
<i>Horizontal (%)</i>			1.4%			1.2%	
International chain sales	86.2	85.2	1.2%	173.3	150.1	15.5%	174.4
<i>LfL sales growth (%)</i>			4.5%			7.2%	
<i>Horizontal (%)</i>			4.1%			5.5%	
<i>Exchange rate adjustment (%)</i>			(7.4%)			2.9%	

Translational FX impact in context

Latam reported financials in EUR impacted by steep decline in local currencies yoy – Impact more pronounced in H1, with current exchange rates in line with H2 2015



Source: Bank of Spain

Balance sheet

€ '000 (unless otherwise stated)	June 2016	FY 2015
Non current assets	<u>800,806</u>	<u>792,404</u>
Property, plant and equipment	40,597	40,158
Goodwill	382,971	382,694
Other intangible assets	331,919	333,982
Other non-current assets	45,319	35,570
Current assets	<u>117,599</u>	<u>94,086</u>
<u>Subtotal currents assets</u>	117,599	93,956
Inventories	12,107	11,392
Receivables and other current assets	42,942	42,618
Cash and cash equivalents	62,550	39,946
Assets classified as discontinued operations	0	130
Total assets	<u>918,405</u>	<u>886,490</u>

	June 2016	FY 2015
Equity	<u>570,737</u>	<u>354,342</u>
Non-current liabilities	<u>286,455</u>	<u>472,988</u>
Borrowings	196,983	286,176
Shareholders loans	0	96,704
Other non-current liabilities	89,472	90,108
Current liabilities	<u>61,213</u>	<u>59,075</u>
Trade and other payables	55,918	48,696
Other current liabilities	5,295	10,379
Liabilities classified as discontinued operations	0	85
Total equity and liabilities	<u>918,405</u>	<u>886,490</u>

Store Count

Number of Stores	H1 2016			2015			2014			2013		
	Own stores	Franchised stores	Total stores	Own stores	Franchised stores	Total stores	Own stores	Franchised stores	Total stores	Own stores	Franchised stores	Total stores
Spain	172	477	649	183	461	644	191	439	630	235	386	621
International	282	394	676	278	389	667	273	365	638	266	343	609
Rest of Europe	72	155	227	73	153	226	74	149	223	79	146	225
Portugal	43	66	109	44	61	105	44	64	108	45	65	110
Poland	29	89	118	29	92	121	30	85	115	34	81	115
Latin America	210	83	293	205	79	284	199	75	274	187	66	253
Chile	91	49	140	89	49	138	85	52	137	67	58	125
Colombia	63	30	93	64	27	91	82	20	102	94	7	101
Peru	37	1	38	35	1	36	22	1	23	20	1	21
Ecuador	19	3	22	17	2	19	10	2	12	6	0	6
Master Franchises & Others	0	156	156	0	157	157	0	141	141	0	131	131
Guatemala	0	83	83	0	83	83	0	83	83	0	81	81
El Salvador	0	47	47	0	47	47	0	49	49	0	46	46
Russia	0	13	13	0	14	14	0	2	2	0	0	0
Angola	0	5	5	0	5	5	0	1	1	0	0	0
Bolivia	0	4	4	0	4	4	0	2	2	0	1	1
Panama	0	3	3	0	3	3	0	3	3	0	2	2
United Arab Emirates	0	1	1	0	1	1	0	1	1	0	1	1
Saudi Arabia	0	0	0	0	0	0	0	0	0	0	0	0
Total Group	454	871	1325	461	850	1311	464	804	1268	501	729	1230

Glossary

- **Chain sales:** Chain sales are own store sales plus franchised and master franchised store sales as reported to us by the franchisees and master franchisees
- **LfL chain sales growth:** LfL chain sales growth is chain sales growth after adjustment for the effects of changes in scope and the effects of changes in the euro exchange rate as explained below
 - Scope adjustment. If a store has been open for the full month, we consider that an “operating month” for the store in question; if not, that month is not an “operating month” for that store. LfL chain sales growth takes into account only variation in a store’s sales for a given month if that month was an “operating month” for the store in both of the periods being compared. The scope adjustment is the percentage variation between two periods resulting from dividing (i) the variation between the chain sales excluded in each of such periods (“excluded chain sales”) because they were obtained in operating months that were not operating months in the comparable period, by (ii) the prior period’s chain sales as adjusted to deduct the excluded chain sales of such period (the “adjusted chain sales”). In this way, we can see the actual changes in chain sales between operating stores, removing the impact of changes between the periods that are due to store openings and closures; and
 - Euro exchange rate adjustment. We calculate LfL chain sales growth on a constant currency basis in order to remove the impact of changes between the euro and the currencies in certain countries where the Group operates. To make this adjustment, we apply the monthly average euro exchange rate of the operating month in the most recent period to the comparable operating month of the prior period
- **EBITDA:** EBITDA is operating profit plus asset depreciation and amortization
- **Underlying EBITDA:** Underlying EBITDA is EBITDA excluding the operating costs associated with our refinancing operation in FY2014 and IPO related costs in H1 2016
- **Digital delivery chain sales:** Digital delivery chain sales are the delivery chain sales made through digital channels (PC, web responsive and Telepizza application), expressed in percentage terms. Digital delivery chain sales (both own and franchised) are recorded automatically in the Company’s SAGA store information system when the online order is placed by the customer