

6M 2019 RESULTS PRESENTATION

26.09.2019

PRESENTATION

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Telepizza Group

- **Largest global non-US-based pizza delivery company** by number of stores
- **Market leader** in its core markets: Spain, Portugal and Chile
- Strategic shift to being a “**Brand Operator**” following the completion of the **strategic partnership with Yum! Brands**
- **Diversified business model**, with profitability generated from
 - Own store sales
 - Royalties from franchisees
 - Supply chain sales
- **Vertically integrated supply chain is a key differentiating factor**: provides full production and food service offering to franchisees



Key Facts – 6M 2019



2 Global
Brands

38

Countries

€1,229m

System
Sales (LTM)

2,353

Stores in the
MF perimeter

83%

Franchised
Stores

Vertically Integrated Supply Chain

7

Dough
Production
Facilities

23

Logistics
Centers

2

Innovation
Labs

6M 2019 highlights



5.0% Group system sales growth, commercial activity on track



5.4% EMEA system sales growth, solid top line results in mature geographies



4.6% LatAm system sales growth, positive across region



Adjusted EBITDA of **€33.3m**
-4.5% decline, due to early upfront investments in Pizza Hut partnership



Underlying free cash flow generation of **€21.7m**



Net new stores in MF perimeter: **+16**, and **+34**
Telepizza stores converted, with double digit sales uplift. Pace of store openings & conversions to accelerate in H2

Progress in value creation plan and new corporate structure

Telepizza

Strategic alliance with Pizza Hut in place



Investment in capacity and Pizza Hut homologation in factories in Colombia, Ecuador and Chile



Acquired PH operations in Chile



16 new stores opened in the MF perimeter, new openings accelerating towards year end



34 stores converted, positive initial sales uplift exceeding expectations



KKR, main shareholder and partner

Fully aligned to support Telepizza strategy

Take private process

December



KKR launch a tender offer for Telepizza Group

May



Tasty Bondco 1 issues €335 million of senior secured notes due 2026

KKR acquires 56% of Telepizza Group



July



KKR increases its ownership to 83.9% through mandatory purchase order and Telepizza is de-listed



Commercial activity update

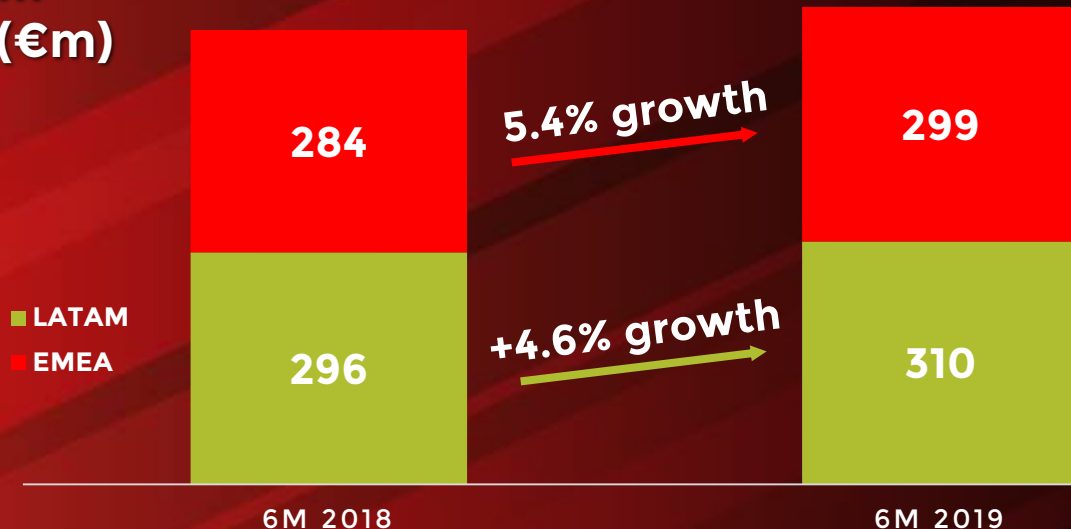
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6M 2019: Top line growth on track

Group system¹ sales growth (2018 sales are shown pro forma for Pizza Hut system sales contribution)

System
sales (€m)



Segments performance – 6M 2019

Top line growth across regions



EMEA

- **Spain and Portugal:** solid top line performance, with medium single-digit growth while building growth platform for Pizza Hut in Spain
- **Rest of Europe:** double-digit growth in Ireland and Switzerland

LatAm

- **Positive** topline growth across the region, underpinned by positive currency effect
- **Telepizza** constant currency results reflect conversion of stores to Pizza Hut
- **Pizza Hut**, being mainly a franchised business, in transition with opportunity to accelerate growth and fix some underperforming countries

	EMEA	Latam	Total
System sales growth¹ (%)	5.4%	4.6%	5.0%
System sales growth ¹ constant currency (%)	5.6%	0.4%	2.9%
System sales growth ¹ constant currency - Telepizza (%)	5.5%	(3.2%)	4.0%
System sales growth ¹ constant currency - Pizza Hut (%)	5.8%	1.2%	1.8%

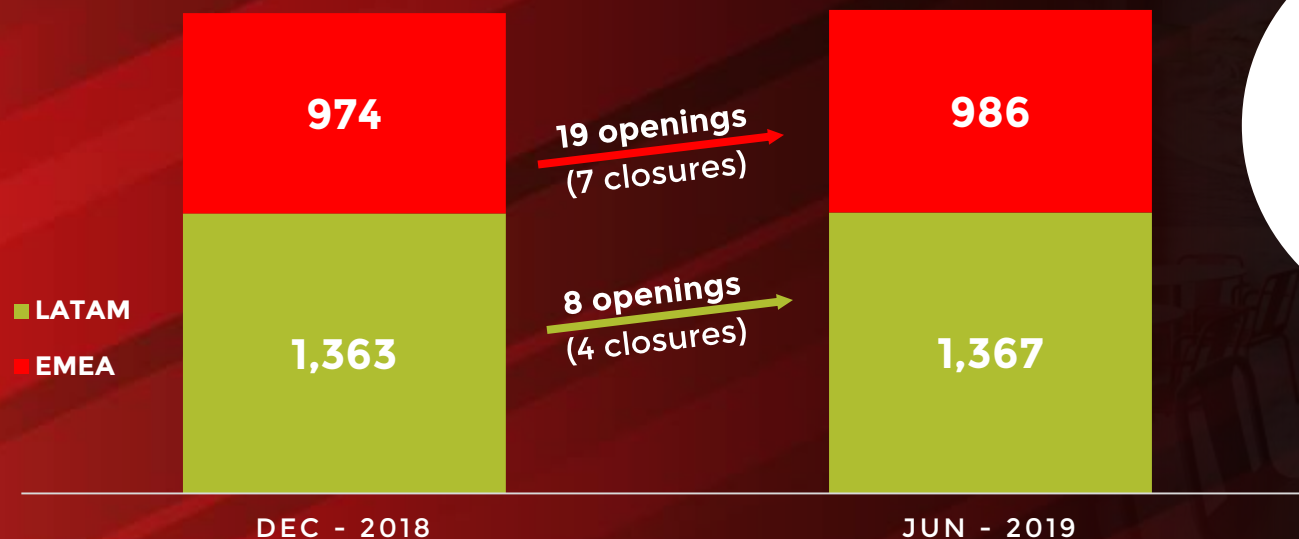
Note:

1. Excluding discontinued operations of Poland and Czech Republic; 2018 sales are shown pro forma for Pizza Hut system sales contribution

Unit expansion and conversion 6M 2019

+16 new stores¹ in the MF perimeter

+34 Telepizza stores converted to Pizza Hut, double digit sales uplift in Latam



Total stores
Dec-18

2,337

Jun-19

2,353

Note:

1. Total openings minus total closures in the Pizza Hut master franchise perimeter (Spain, Portugal, Switzerland and Latam ex-Brazil), including Telepizza and Pizza Hut stores

M&A update

July 2019 – Pizza Hut acquisition in Chile

Divestments expected in the coming months



Pizza Hut acquisition in Chile

- Acquired 45 stores from local Pizza Hut franchisee
- FY 2018 €2.4 million EBITDA
- €19.7 million investment, 8.0x multiple pre-synergies
- Synergies due to corporate structure and supply chain integration, c.6.4x multiple expected post-synergies

Financial information

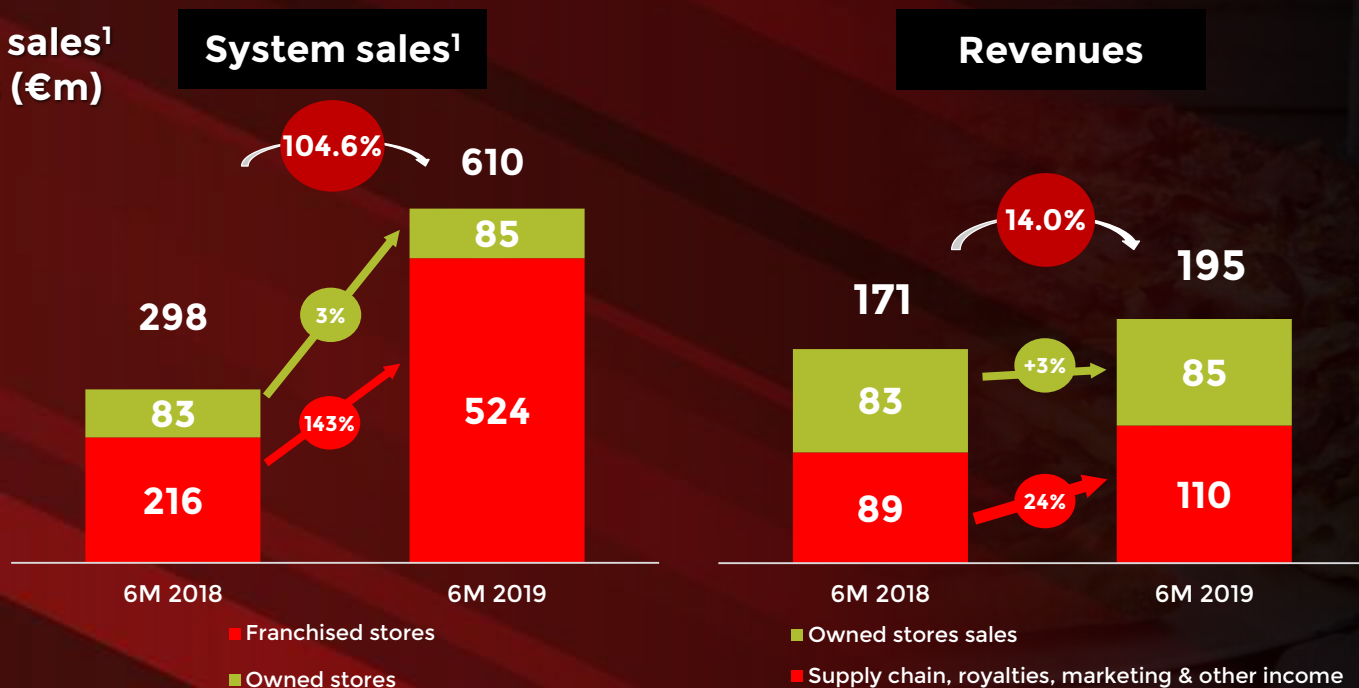
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System sales and Revenues

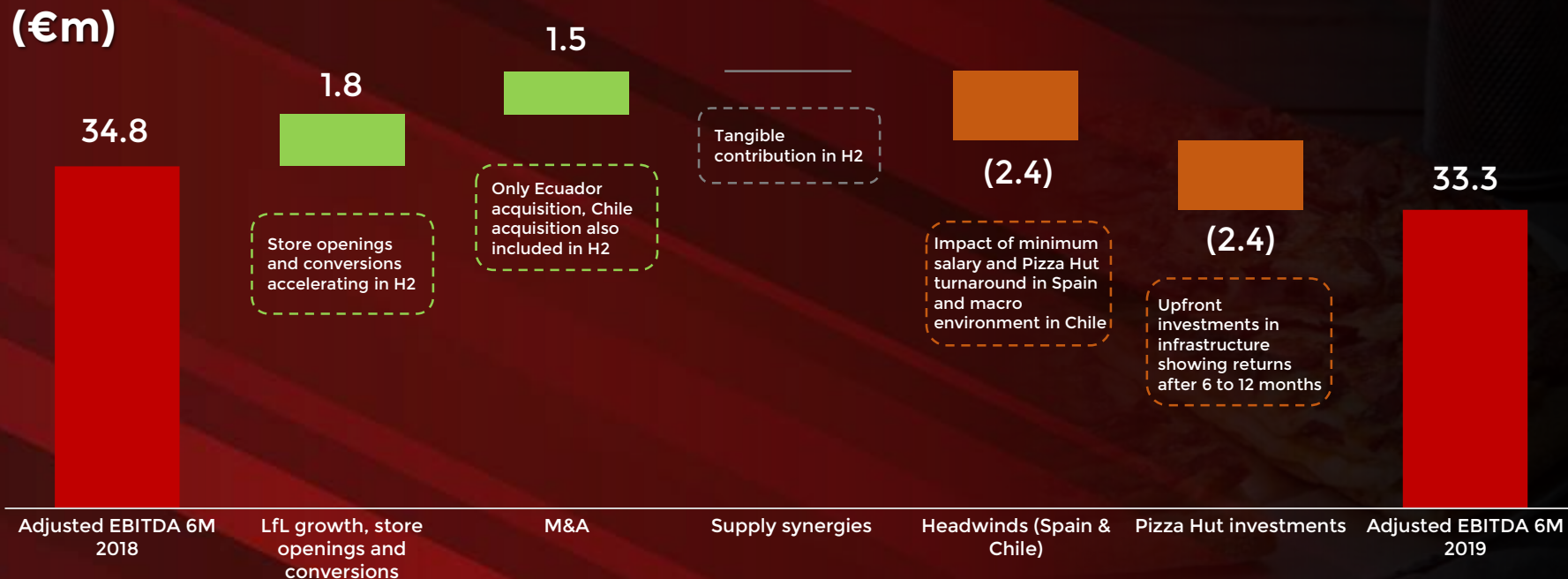
Evolution in sales and revenues reflecting the change in the perimeter after the inclusion of Pizza Hut operations, the incremental system sales of Pizza Hut translate into a 6% royalty + 6% marketing fee revenue

Group system sales¹ and Revenues (€m)



Note:

1. Excluding discontinued operations of Poland and Czech Republic; 2018 sales are shown in actual perimeter

EBITDA¹ bridge – 6M 2018 to 6M 2019

Notes:

1. Financial information excluding impact of IFRS-16
2. EBITDA 6M 2018 has been slightly restated from historical reporting, please refer to p.23 in appendix

Income statement summary¹

€m (unless otherwise stated)	6M 2018	6M 2019	% change
Own Store Sales	82.7	85.2	3.1%
Supply chain, royalties, marketing & other income	88.5	110.0	24.3%
Total revenue	171.2	195.2	14.0%
COGS	-46.1	-49.1	6.5%
<i>% Gross margin</i>	<i>73.1%</i>	<i>74.8%</i>	<i>+1.8p.p.</i>
Operating Expenses	-90.2	-112.8	25.1%
Adjusted EBITDA	34.8	33.3	-4.5%
<i>% Adjusted EBITDA margin</i>	<i>20.3%</i>	<i>17.0%</i>	<i>-3.3p.p.</i>
Non-recurring expenses related to Pizza Hut alliance and new corporate structure	-9.3	-7.3	n.m.
Non-operating items	-1.7	-1.4	n.m.
Phasing impacts ²	2.4	-3.7	n.m.
Reported EBITDA	26.2	20.8	-20.7%

Notes:

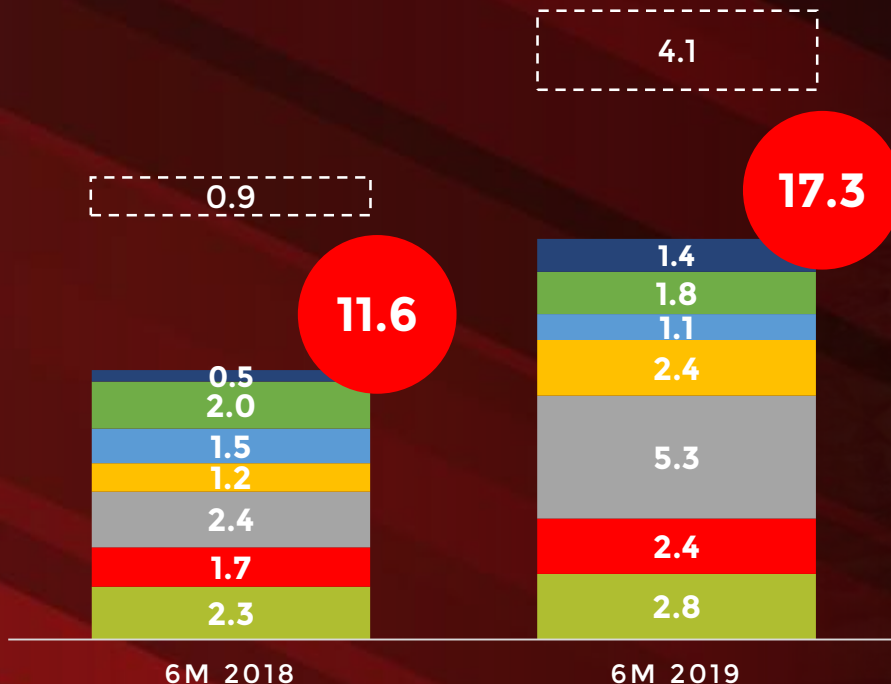
1. Financial information excluding impact of IFRS-16
2. Normalization of spending across the year

Capital expenditure – 6M 2019

Capex (€m)

M&A capex

- Others
- Buybacks
- Store openings
- Conversions & relocations
- Digital & IT
- Supply chain
- Maintenance



- Capex increase reflecting initial investment focus to integrate Pizza Hut business and update stores

Underlying Free Cash Flow Generation – 6M 2019

(€m)



Cash flow statement summary

€m (unless otherwise stated)	6M 2018	6M 2019	% change
Underlying EBITDA	34.8	33.3	-4.5
Non-recurring expenses related to Pizza Hut alliance and new corporate structure	-9.3	-7.3	<i>n.m.</i>
Non-operating items	-1.7	-1.4	<i>n.m.</i>
Phasing impacts	2.4	-3.7	<i>n.m.</i>
Tax and others	-1.5	-3.9	<i>n.m.</i>
Change in working capital ¹	1.5	12.0	<i>n.m.</i>
Advanced royalty	-	-3.5	<i>n.m.</i>
Operating Cash Flow	26.3	25.4	-3.4%
Maintenance capex	-3.6	-4.1	14.5%
Expansion capex	-8.0	-13.2	65.1%
M&A	-0.9	-4.1	<i>n.m.</i>
Investing Cash Flow	-12.5	-21.4	71.2%
Cash Interest	-3.1	-3.9	25.4%
Sale of treasury Stock	-7.8	16.4	<i>n.m.</i>
Dividend / Tasty BidCo acquisition bridge repayment ²	-	-130.9	<i>n.m.</i>
Bond proceeds	-	335.0	<i>n.m.</i>
Refinancing of Senior Facilities	-	-200.0	<i>n.m.</i>
Bond one-off expenses	-	-10.2	<i>n.m.</i>
Tasty DebtCo proceeds	-	2.3	<i>n.m.</i>
Swap cancellation	-	-0.6	<i>n.m.</i>
Financing Cash Flow	-10.9	8.1	<i>n.m.</i>
Underlying Free Cash Flow³	29.8	21.7	-27.1%

€m	6M 2018	6M 2019
Cash Balance		
Cash BoP	87.3	56.7
Δ Cash	2.9	12.1
Cash EoP	90.2	68.8

Notes:

1. Impacted by one-off effect due to delay in royalty payment to Yum
2. Dividend paid to Telepizza Group shareholders including Tasty BidCo as part of the Bond pushdown mechanics
3. Underlying free cash flow is Adjusted EBITDA minus tax and others, advanced royalty and maintenance capex

Net debt and leverage - 6M 2019

6M 2019 LTM proforma EBITDA¹:
€73.9m

€m (unless otherwise stated)

6M 2019 LTM adjusted EBITDA	66.7
Annualized EBITDA of Pizza Hut Ecuador acquisition	0.6
Annualized EBITDA of Pizza Hut Chile acquisition	2.6
Average of estimated procurement synergies for the first two years	4.0
6M 2019 LTM proforma EBITDA	73.9

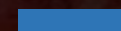
335.0



(68.8)

266.2

19.7



285.9

Leverage²:
3.9x

Gross debt
(senior secured
notes)

Cash position

Net debt as of June
30th, 2019

Pizza Hut Chile
acquisition

Net debt after
Pizza Hut Chile
acquisition

Notes:

1. LTM proforma EBITDA is Adjusted EBITDA plus proforma of annualized results of M&A and supply synergies
2. Leverage is the ratio between net debt and LTM proforma EBITDA

Closing remarks



Q&A

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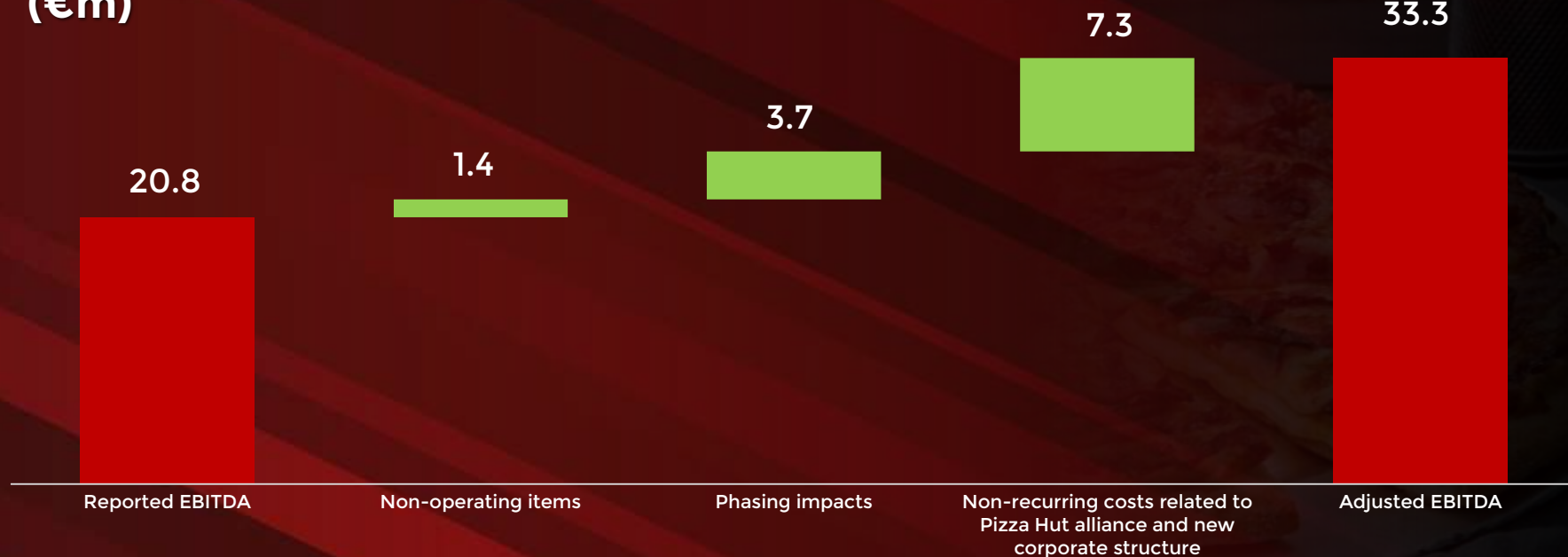
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APPENDIX



EBITDA¹ adjustments - 6M 2019

(€m)

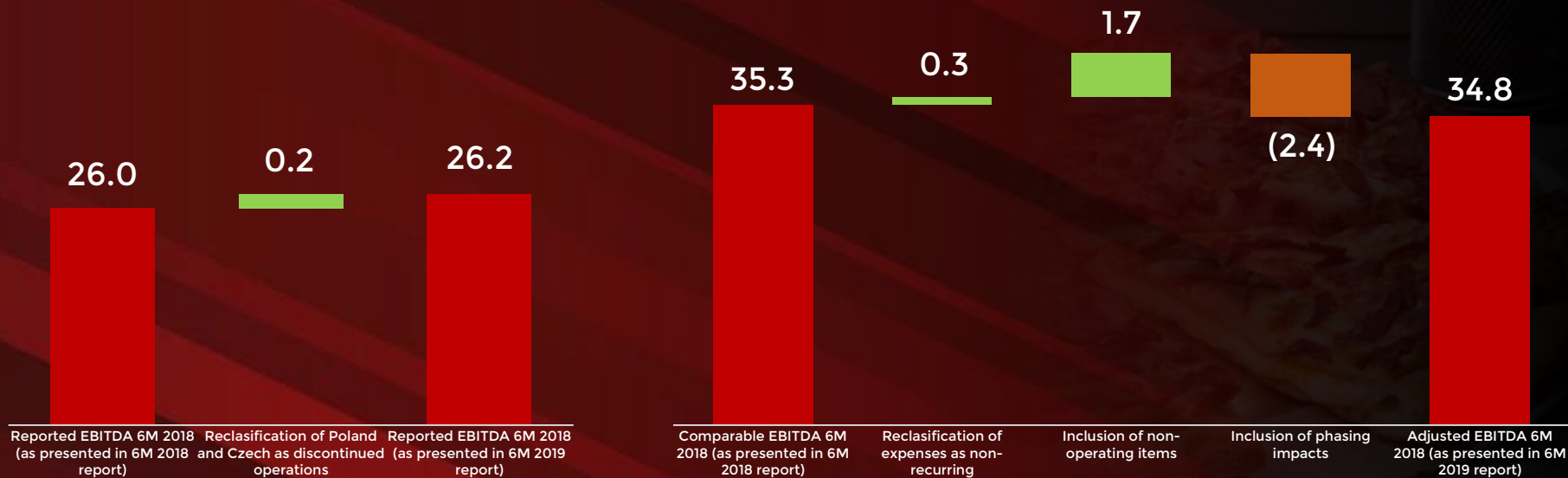


Note:

1. Financial information excluding impact of IFRS-16

EBITDA¹ 2018 reconciliation

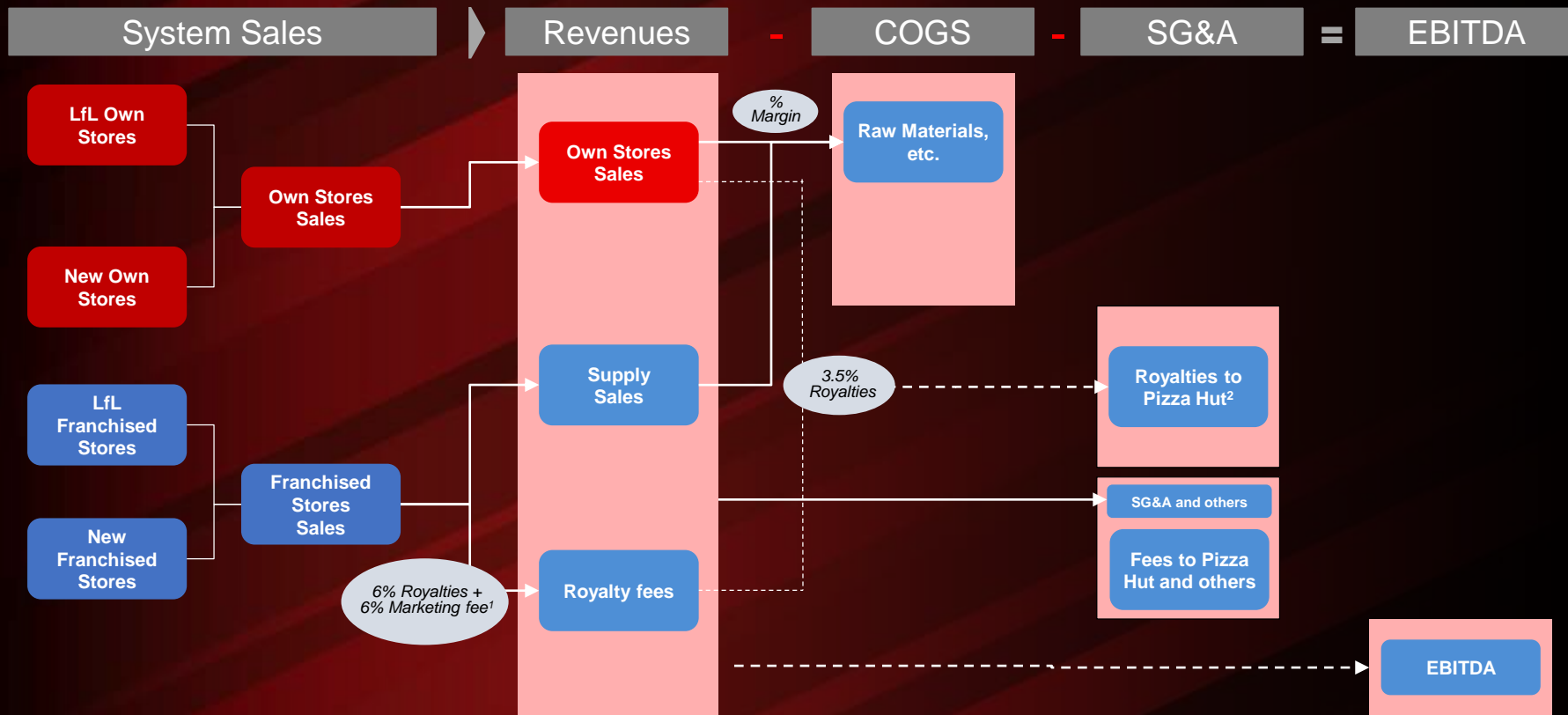
(€m)



Note:

1. Financial information excluding impact of IFRS-16

Revenues to EBITDA bridge



Note:

1. Marketing fee expended in full
2. Net royalty paid reduced due to royalty credit

Store Count

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NUMBER OF STORES	6M 2019			2018			2017		
	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES
EMEA	154	891	1045	160	885	1045	180	816	996
Spain	105	619	724	113	607	720	137	571	708
Ireland	0	160	160	0	159	159	0	133	133
Portugal	49	80	129	47	78	125	43	73	116
Russia	0	16	16	0	15	15	0	14	14
Switzerland	0	8	8	0	8	8	0	9	9
Angola	0	5	5	0	5	5	0	5	5
UK	0	2	2	0	3	3	0	2	2
Malta	0	1	1	0	1	1	0	0	0
Others	0	0	0	0	9	9	0	9	9
Latin America	164	282	446	185	288	473	213	269	482
Chile	77	79	156	80	85	165	92	68	160
Guatemala	0	97	97	0	96	96	0	93	93
Colombia	31	41	72	41	42	83	45	45	90
El Salvador	0	49	49	0	49	49	0	48	48
Peru	41	6	47	41	6	47	45	4	49
Ecuador	10	3	13	18	3	21	23	4	27
Bolivia	0	7	7	0	7	7	0	7	7
Paraguay	5	0	5	5	0	5	6	0	6
Others	0	0	0	0	0	0	2	0	2
Total Group	318	1173	1491	345	1173	1518	393	1085	1478
Poland	33	58	91	33	61	94	38	81	119
Czech Republic	0	8	8	8	0	8	10	0	10

Store Count



NUMBER OF STORES	6M 2019			2018		
	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES
EMEA	16	109	125	0	121	121
Portugal	0	93	93	0	93	93
Spain	16	16	32	0	28	28
LatAm	76	845	921	38	852	890
Mexico	0	248	248	0	248	248
Peru	0	90	90	0	90	90
Chile	10	57	67	0	58	58
Costa Rica	0	59	59	0	59	59
El Salvador	0	59	59	0	58	58
Puerto Rico	0	58	58	0	58	58
Honduras	0	56	56	0	54	54
Guatemala	0	52	52	0	52	52
Caribbean	0	48	48	0	47	47
Ecuador	46	0	46	38	0	38
Panama	0	44	44	0	44	44
Dominican Republic	0	29	29	0	29	29
Colombia	20	0	20	0	10	10
Paraguay	0	19	19	0	19	19
Nicaragua	0	17	17	0	17	17
Venezuela	0	9	9	0	9	9
Total	92	954	1,046	38	973	1011

GLOSSARY 1/2

- **System sales:** System sales are own store sales plus franchised and master franchised store sales as reported to us by the franchisees and master franchisees
- **LfL system sales growth:** LfL system sales growth is system 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 system 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 system sales excluded in each of such periods (“excluded system sales”) because they were obtained in operating months that were not operating months in the comparable period, by (ii) the prior period’s system sales as adjusted to deduct the excluded system sales of such period (the “adjusted system sales”). In this way, we can see the actual changes in system 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 system 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
- **Adjusted EBITDA:** Adjusted EBITDA is EBITDA adjusted for costs that are non-operating in nature, phasing impacts, and non-recurring costs related to both the Pizza Hut alliance and the new corporate structure
- **LTM proforma EBITDA:** LTM proforma EBITDA is Adjusted EBITDA plus proforma of annualized results of M&A and supply synergies

GLOSSARY 2/2

- **Underlying free cash flow:** Underlying free cash flow is Adjusted EBITDA minus tax and others, advanced royalty and maintenance capex
- **Net debt:** Net debt is total outstanding amount of issued senior secured notes minus cash position at the end of the period
- **Leverage:** Leverage is the ratio between net debt and LTM proforma EBITDA

GRACIAS

