

9M 2019 RESULTS PRESENTATION

14.11.2019



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Telepizza Group

- **Largest pizza delivery operator** by number of stores
- **Market leader** in its core markets: Spain, Portugal, Chile and Ecuador
- 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 and services 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 – 9M 2019

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2 Global
Brands

36

Countries

€1,242m

System
Sales (LTM)

2,370

Stores in the
MF perimeter

82%

Franchised
Stores

Vertically Integrated Supply Chain

7

Dough
Production
Facilities

23

Logistics
Centers

2

Innovation
Labs

9M 2019 highlights



4.8% Group
system sales
growth, commercial
activity on track



5.3% EMEA
system sales
growth, solid top
line results in
mature geographies



4.3% LatAm
system sales
growth, positive
across region



Adjusted EBITDA of
€49.8m
-3.9% decline, due
to early upfront
investments in Pizza
Hut partnership



Underlying free
cash flow
generation of
€34.5m



Net new stores in MF
perimeter: **+33**, and
+58 Telepizza
stores converted,
with double digit
sales uplift. Pace of
store openings &
conversions to
accelerate

Progress in value creation plan and new corporate structure

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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, divestment in Peru



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



58 stores converted, positive initial sales uplift exceeding expectations



Industrial strategy on track, supply plants construction in LatAm completed, initial synergies expected towards year end



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

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Commercial activity update

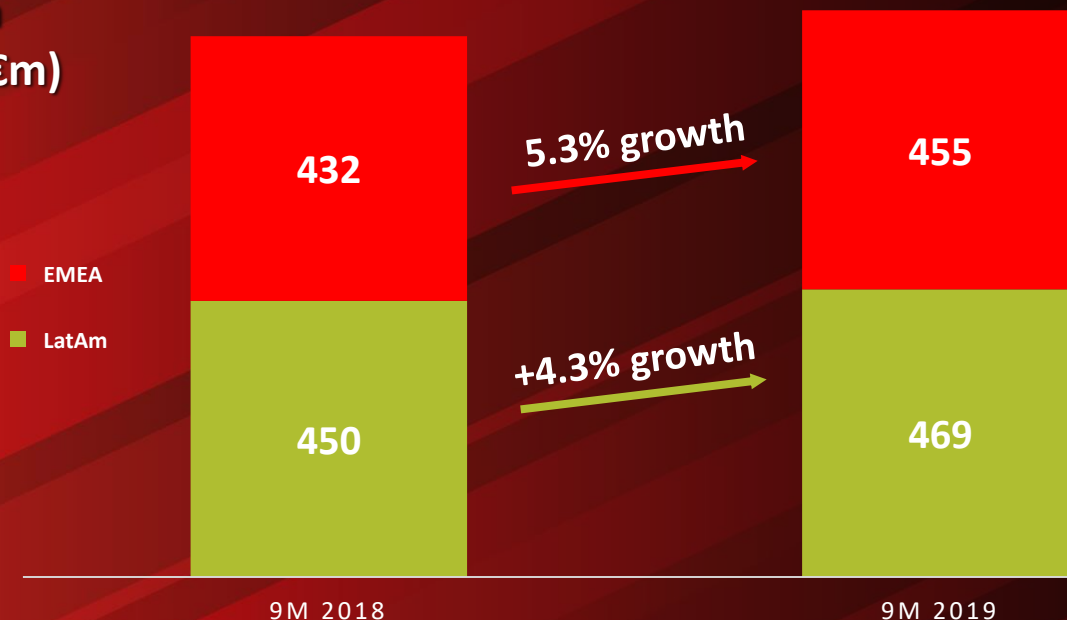
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9M 2019: Top line growth on track

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

System
sales (€m)



9M 2018

€882m

9M 2019

€924m

+4.8%

Note:

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

Segments performance – 9M 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** negative constant currency results reflect conversion of Telepizza 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 growth ¹ (%)	5.3%	4.3%	4.8%
System sales growth ¹ constant currency (%)	5.3%	0.4%	2.8%
System sales growth ¹ constant currency – Telepizza (%)	5.2%	(4.1%)	3.5%
System sales growth ¹ constant currency – Pizza Hut (%)	6.2%	1.3%	2.0%
Telepizza system sales weight (%)	85.0%	15.0%	50.1%
Pizza Hut system sales weight(%)	16.2%	83.8%	49.9%

Note:

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

Update on Chile and Ecuador



Ecuador

- Disruption in normal operations during 11 days
- No stores damaged
- Recovery to normal trend already in place



Chile

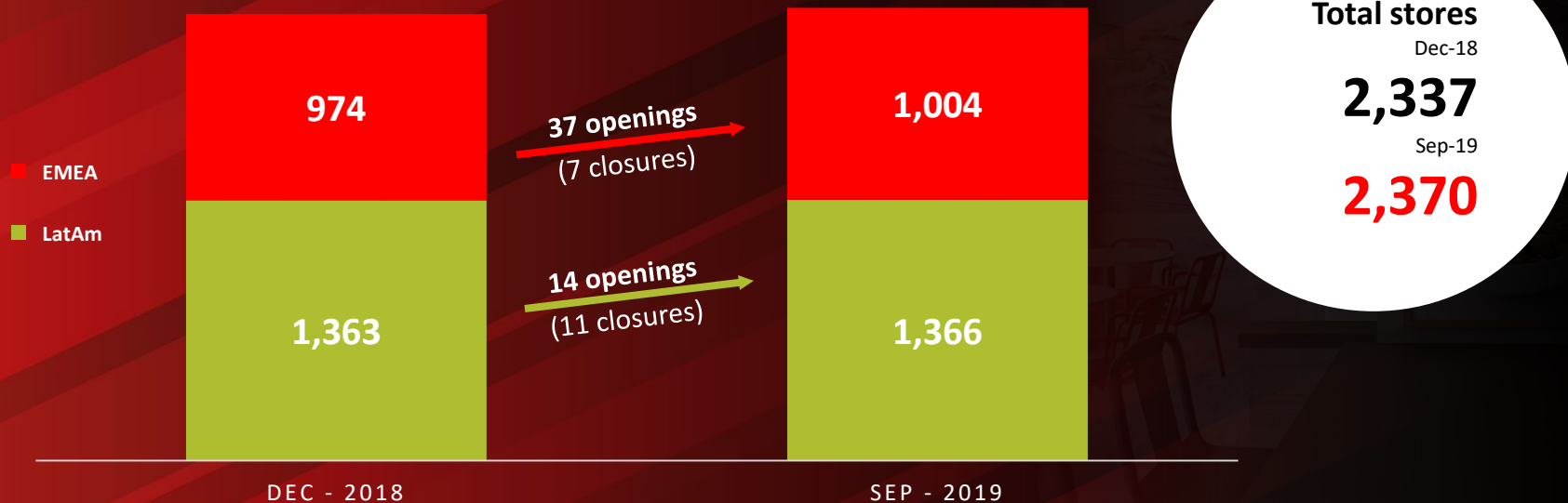
- Disruption in normal operations over 20 days
- Significant impact with c. 30 stores with some level of damage (insurance covered)
- Unrest still impacting current trading



Unit expansion and conversion 9M 2019

+33 new stores¹ in the MF perimeter

+58 Telepizza stores converted to Pizza Hut, double digit sales uplift in Latam



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

DESDE 1988
el secreto está en la masa

July 2019 – Pizza Hut acquisition in Chile

October 2019 – Divestment in Peru



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



Divestment of operations in Peru

- Agreement to transfer Telepizza operations in Peru to local Pizza Hut franchisee
- Marginal impact at EBITDA level
- Significant cash proceeds
- Store development and supply chain agreement

Financial information

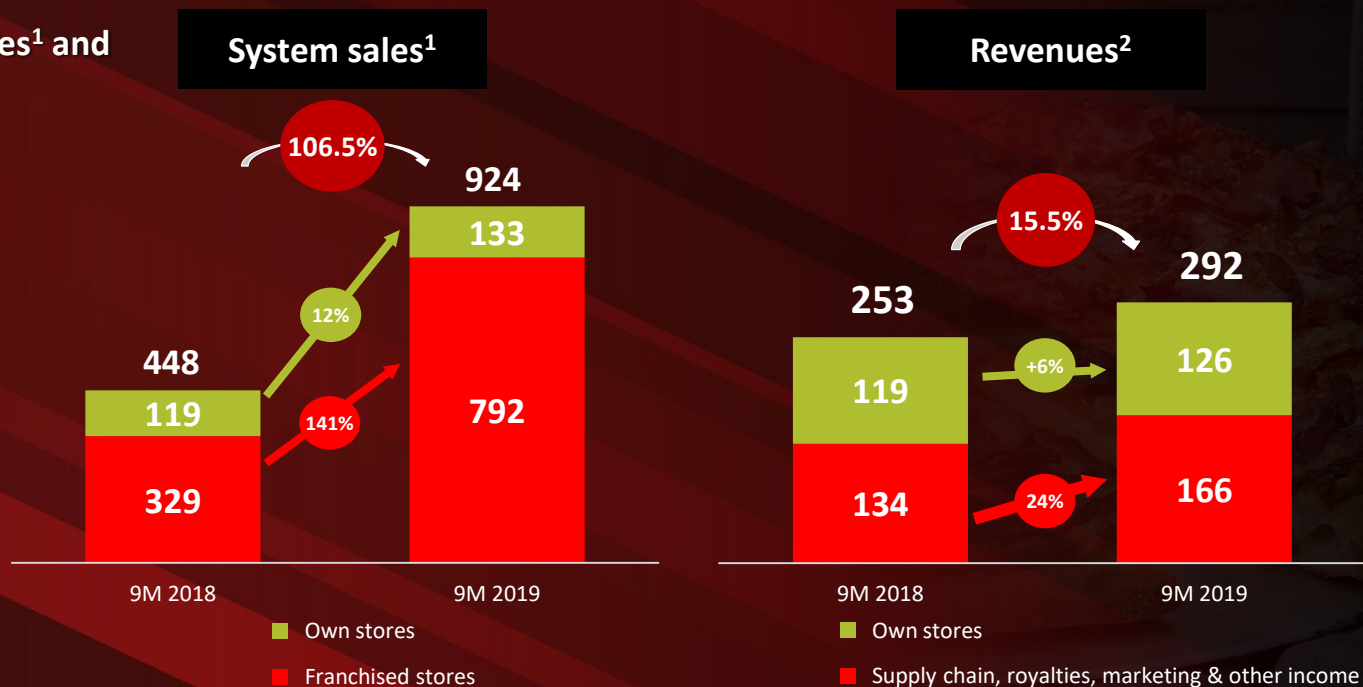
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System sales and Revenues

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)

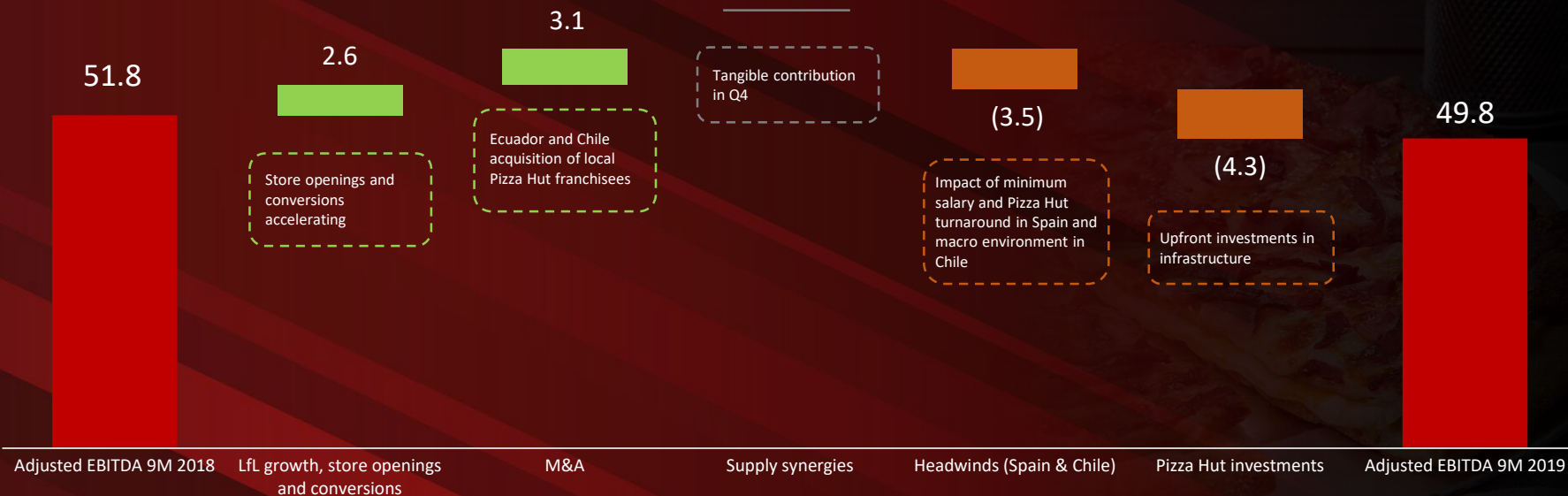


Notes:

1. Excluding discontinued operations of Poland and Czech Republic; 2018 sales are shown in actual perimeter
2. The difference on own stores sales revenue and own stores system sales is related to the reclassification of Peru and Paraguay as discontinued

EBITDA¹ bridge – 9M 2018 to 9M 2019

(€m)



Notes:

1. Financial information excluding impact of IFRS-16
2. EBITDA 9M 2018 has been slightly restated from historical reporting, please refer to p.23 in appendix

Income statement summary¹



€m (unless otherwise stated)	9M 2018	9M 2019	% change
Own Store Sales	119.2	126.4	6.0%
Supply chain, royalties, marketing & other income	133.7	165.7	23.9%
Total revenue	253.0	292.2	15.5%
COGS	-66.6	-73.8	10.7%
<i>% Gross margin</i>	<i>73.7%</i>	<i>74.8%</i>	<i>+1.1p.p.</i>
Royalties and fees to Yum! (fully offset in revenue line)	-	-22.5	<i>n.m.</i>
Operating Expenses excluding royalties and fees to Yum! ²	-134.6	-146.1	8.6%
Adjusted EBITDA	51.8	49.8	-3.9%
<i>% Adjusted EBITDA margin</i>	<i>20.5%</i>	<i>17.0%</i>	<i>-3.5p.p.</i>
Non-recurring expenses related to Pizza Hut alliance and new corporate structure ³	-13.6	-10.9	<i>n.m.</i>
Non-operating items ³	-2.6	-2.1	<i>n.m.</i>
Phasing impacts ³	0.9	-4.1	<i>n.m.</i>
Reported EBITDA	36.5	32.6	-10.5%

Notes:

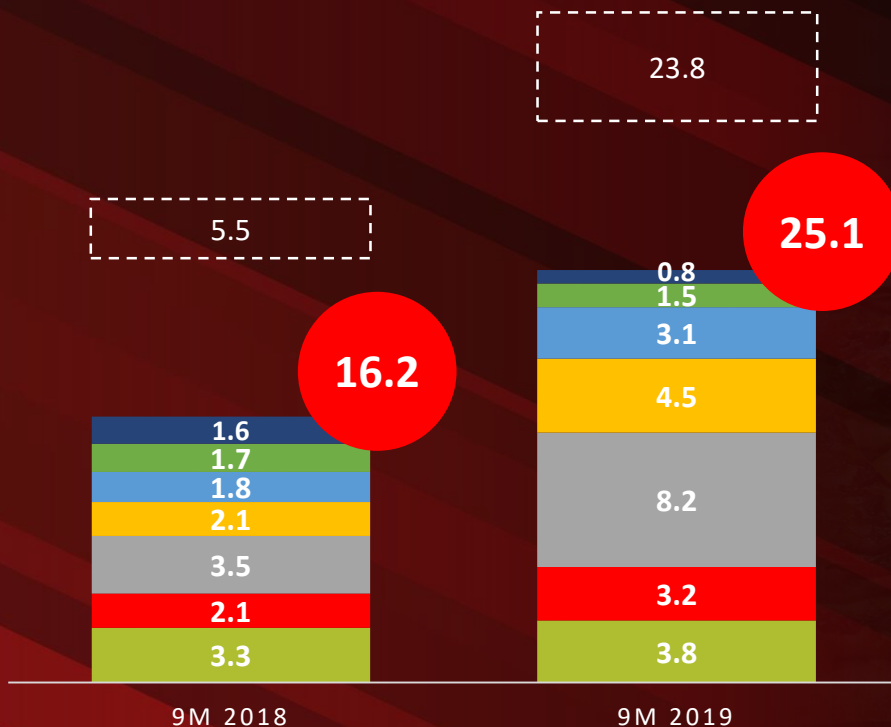
1. Financial information excluding impact of IFRS-16
2. Including personnel costs, rents, advertising, transport and other expenses
3. As detailed in the appendix

Capital expenditure – 9M 2019

Capex (€m)

M&A capex

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



- Capex increase in 2019 reflecting initial investment focus to integrate Pizza Hut business and update stores
- M&A capex in 2019 mainly related to Pizza Hut acquisition in Chile in Q3

Underlying Free Cash Flow Generation – 9M 2019

(€m)



Cash flow statement summary

€m (unless otherwise stated)	9M 2018	9M 2019	% change
Underlying EBITDA	51.8	49.8	-3.9%
Non-recurring expenses related to Pizza Hut alliance and new corporate structure	-13.6	-10.9	<i>n.m.</i>
Non-operating items	-2.6	-2.1	<i>n.m.</i>
Phasing impacts	0.9	-4.1	<i>n.m.</i>
Tax and others	-2.0	-3.8	<i>n.m.</i>
Change in working capital ¹	-8.2	8.8	<i>n.m.</i>
Advanced royalty	-	-5.3	<i>n.m.</i>
Operating Cash Flow	26.2	32.4	23.4%
Maintenance capex	-5.2	-6.1	17.8%
Expansion capex	-10.9	-19.0	73.4%
M&A	-5.5	-23.8	<i>n.m.</i>
Investing Cash Flow	-21.7	-48.9	125.7%
Cash Interest	-3.9	-5.3	35.9%
Sale of treasury Stock	-15.5	16.5	<i>n.m.</i>
Dividend / Tasty BidCo acquisition bridge repayment ²	-5.3	-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	-	-13.1	<i>n.m.</i>
Tasty DebtCo proceeds	-	2.3	<i>n.m.</i>
Swap cancellation	-	-0.6	<i>n.m.</i>
Financing Cash Flow	-24.6	3.8	<i>n.m.</i>
Underlying Free Cash Flow³	44.5	34.5	-22.4%

€m	9M 2018	9M 2019
Cash Balance		
Cash BoP	87.3	56.7
Δ Cash	-20.1	-12.8
Cash EoP	67.2	43.9

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 - 9M 2019

9M 2019 LTM proforma EBITDA¹: €72.5m

€m

9M 2019 LTM adjusted EBITDA 66.3

Annualized EBITDA of Pizza Hut Chile acquisition 2.2

Average of estimated procurement synergies for the first two years 4.0

9M 2019 LTM proforma EBITDA 72.5

335.0

(43.9)

Leverage²:

4.0x

291.1

Gross debt
(senior secured notes)

Cash position

Net debt as of September 30th, 2019

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

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Q&A

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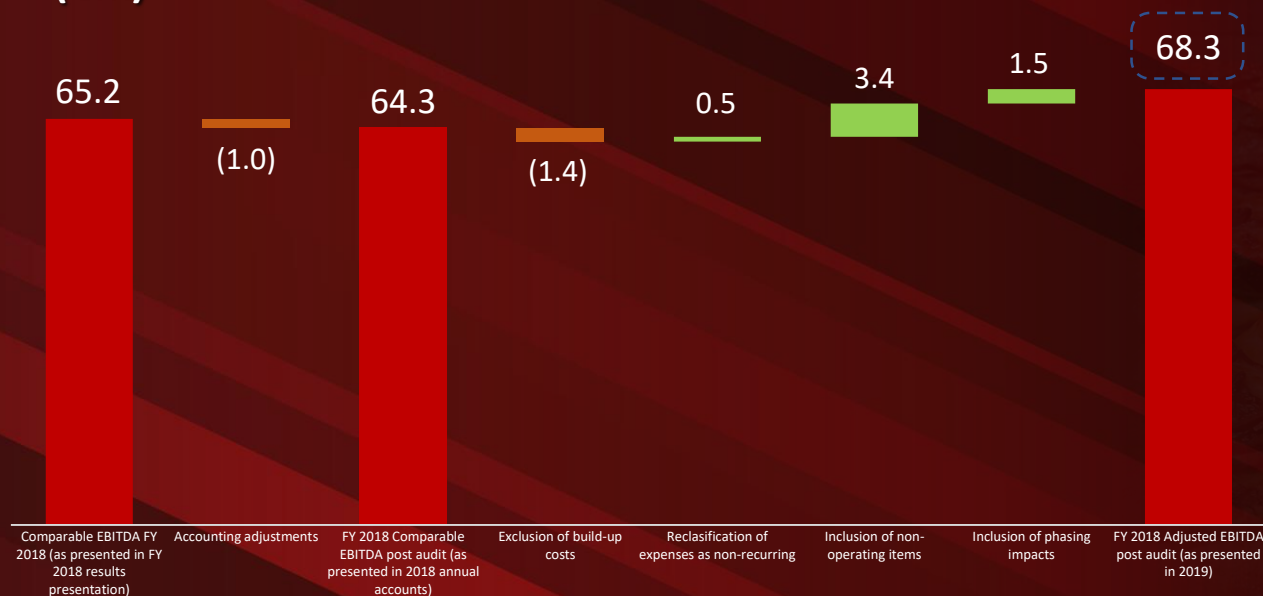


APPENDIX



Adjusted EBITDA¹ 2018 reconciliation

(€m)



Q1 2018 €18.4m

Q2 2018 €16.4m

Q3 2018 €16.9m

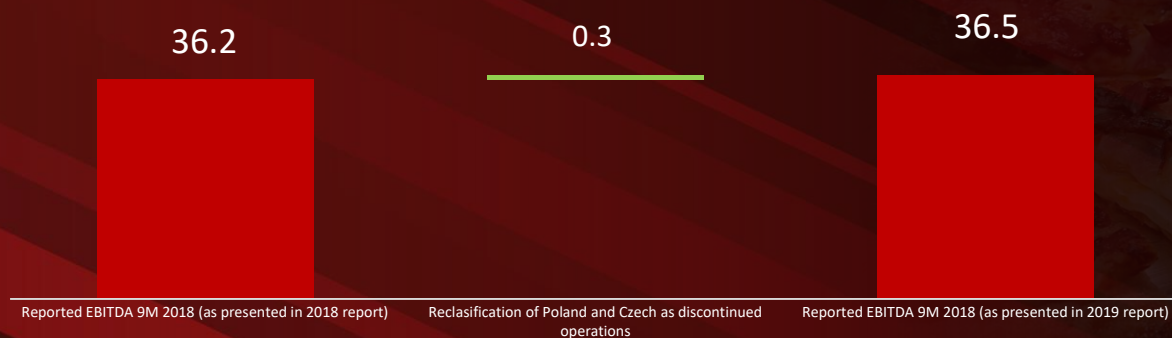
Q4 2018 €16.5m

Note:

1. Financial information excluding impact of IFRS-16

Reported EBITDA¹ 2018 reconciliation

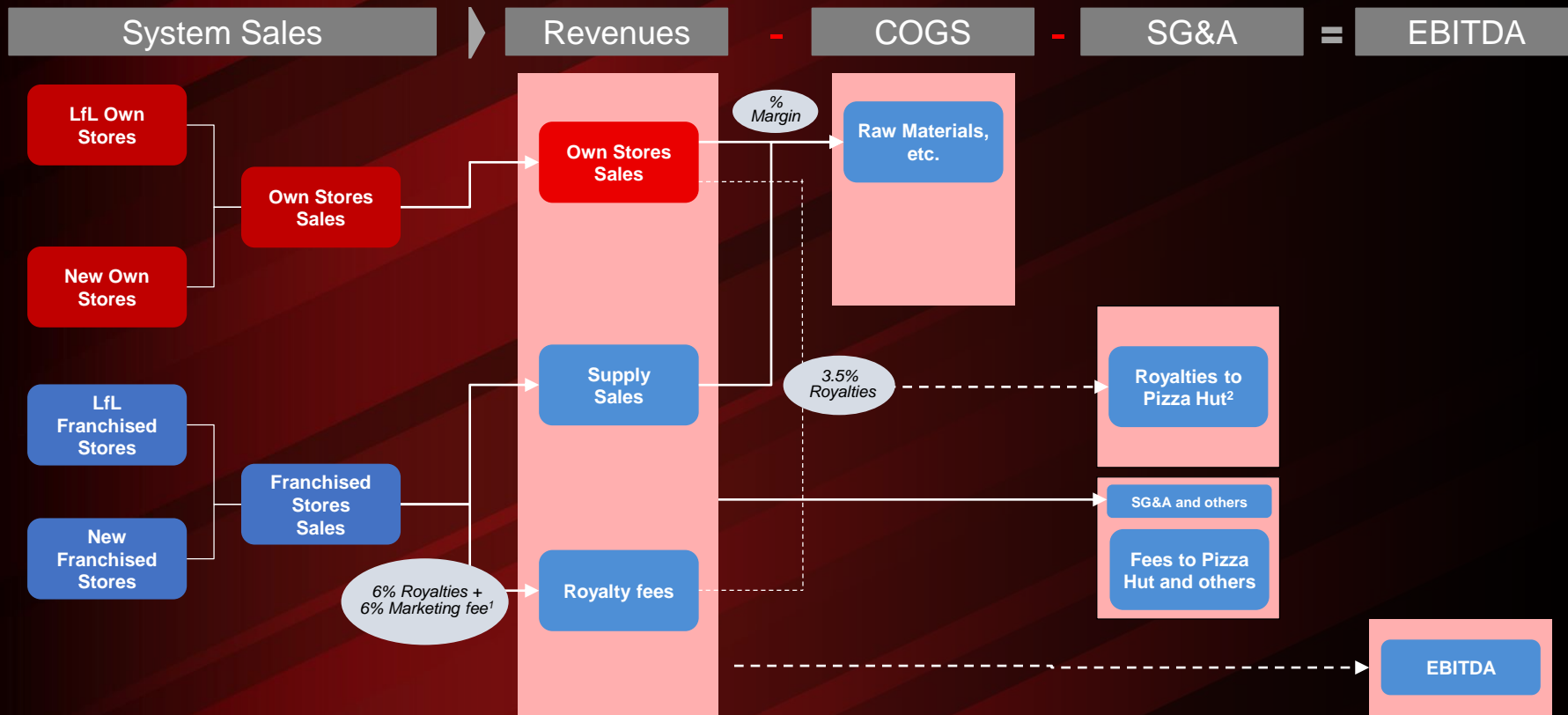
(€m)



Note:

1. Financial information excluding impact of IFRS-16

Revenues to EBITDA bridge



Notes:

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

Store Count



NUMBER OF STORES	9M 2019			2018			2017		
	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES
EMEA	153	899	1052	160	885	1045	180	816	996
Spain	104	627	731	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	6	6	0	5	5	0	5	5
UK	0	2	2	0	3	3	0	2	2
Others	0	0	0	0	10	10	0	9	9
Latin America	148	275	423	185	288	473	213	269	482
Chile	74	74	148	80	85	165	92	68	160
Guatemala	0	97	97	0	96	96	0	93	93
Colombia	25	40	65	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
Bolivia	0	7	7	0	7	7	0	7	7
Paraguay	5	0	5	5	0	5	6	0	6
Ecuador	3	2	5	18	3	21	23	4	27
Others	0	0	0	0	0	0	2	0	2
Total Group	301	1174	1475	345	1173	1518	393	1085	1478
Poland	33	58	91	33	61	94	38	81	119
Czech Republic	8	0	8	8	0	8	10	0	10

Store Count



NUMBER OF STORES	9M 2019			2018		
	OWN STORES	FRANCHISED STORES	TOTAL STORES	OWN STORES	FRANCHISED STORES	TOTAL STORES
EMEA	20	116	136	0	121	121
Portugal	0	93	93	0	93	93
Spain	20	23	43	0	28	28
LatAm	144	799	943	38	852	890
Mexico	0	249	249	0	248	248
Peru	0	90	90	0	90	90
Chile	62	11	73	0	58	58
El Salvador	0	60	60	0	58	58
Costa Rica	0	58	58	0	59	59
Puerto Rico	0	58	58	0	58	58
Honduras	0	56	56	0	54	54
Ecuador	55	0	55	38	0	38
Guatemala	0	52	52	0	52	52
Caribbean	0	49	49	0	47	47
Panama	0	42	42	0	44	44
Dominican Republic	0	29	29	0	29	29
Colombia	27	0	27	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	164	915	1,079	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
- **Non-operating items:** Certain expenses, mainly related to onerous leases that are non-operating in nature
- **Phasing impacts:** Normalization of certain expenses across the year
- **Non-recurring costs related to Pizza Hut alliance and new corporate structure:** Extraordinary expenses related to the set-up of the Pizza Hut alliance (strategy consulting, legal fees, performance bonuses and other expenses), also extraordinary expenses related to the set-up of new corporate structure (finance consulting, legal fees and other expenses) and minor impact related to discontinued operations

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

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