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SHAKEY'S PIZZA ASIA VENTURES, INC.
1H24 EARNINGS PRESENTATION
AUGUST 2024

1H 2024

Financial Performance



1H 2024 KEY TAKEAWAYS

**SUSTAINS TOPLINE
GROWTH**
boosted by
continued network
expansion of PIZZA's
multi-brand portfolio



**GROSS MARGIN
EXPANDS**
with easing
commodity prices

**BOTTOMLINE
SOFTENS**
YEAR-ON-YEAR
with investments in
the organization
and marketing spend
to support growth



FY2024 MID-TEENS GROWTH OUTLOOK FOR TOPLINE AND BOTTOMLINE INTACT



1H 2024 FINANCIAL RESULTS HIGHLIGHTS



1H

NETWORK EXPANSION

+210

Total network: 2,351

SYSTEMWIDE SALES

10.1B

+14% YoY

GROSS PROFIT

1,586M

+10% YoY

NET INCOME

421M

-14% YoY

2Q

+119

Stores and outlets

5.3B

+14% YoY

867M

+7% YoY

249M

-14% YoY



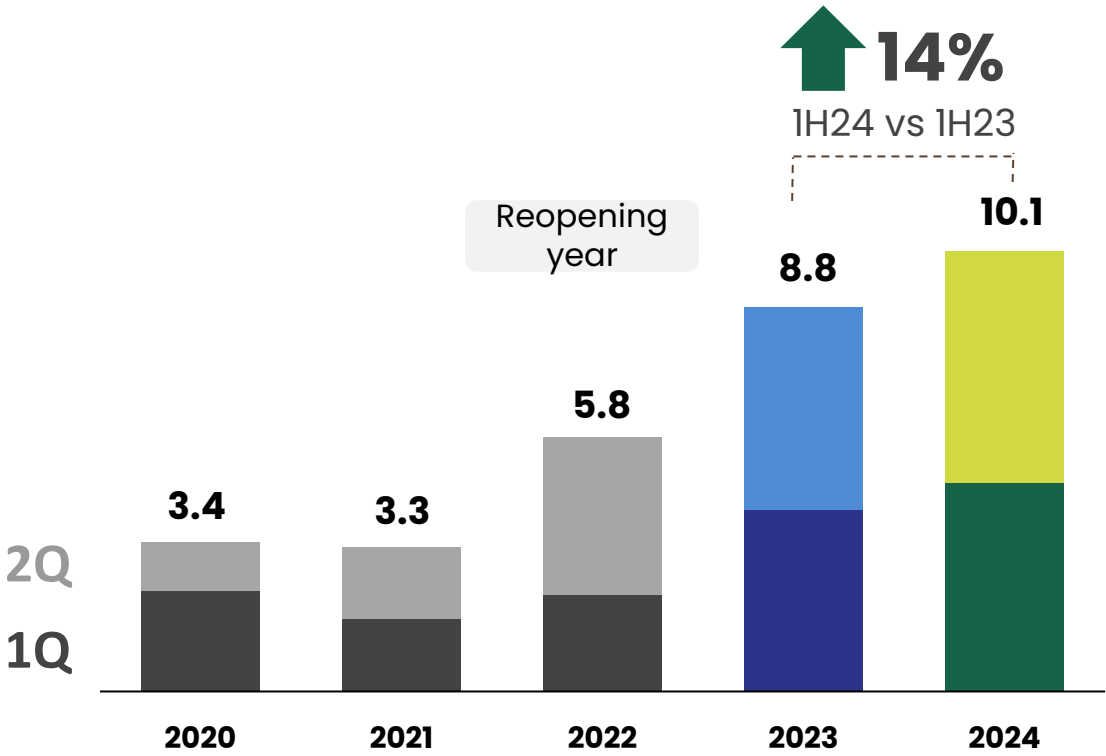
* Financial metrics are reported on a year-on-year basis and are reported in PHP billions or millions as applicable

1H24 systemwide sales grew 14% year-on-year, primarily driven by SPAVI's multi-brand portfolio expansion

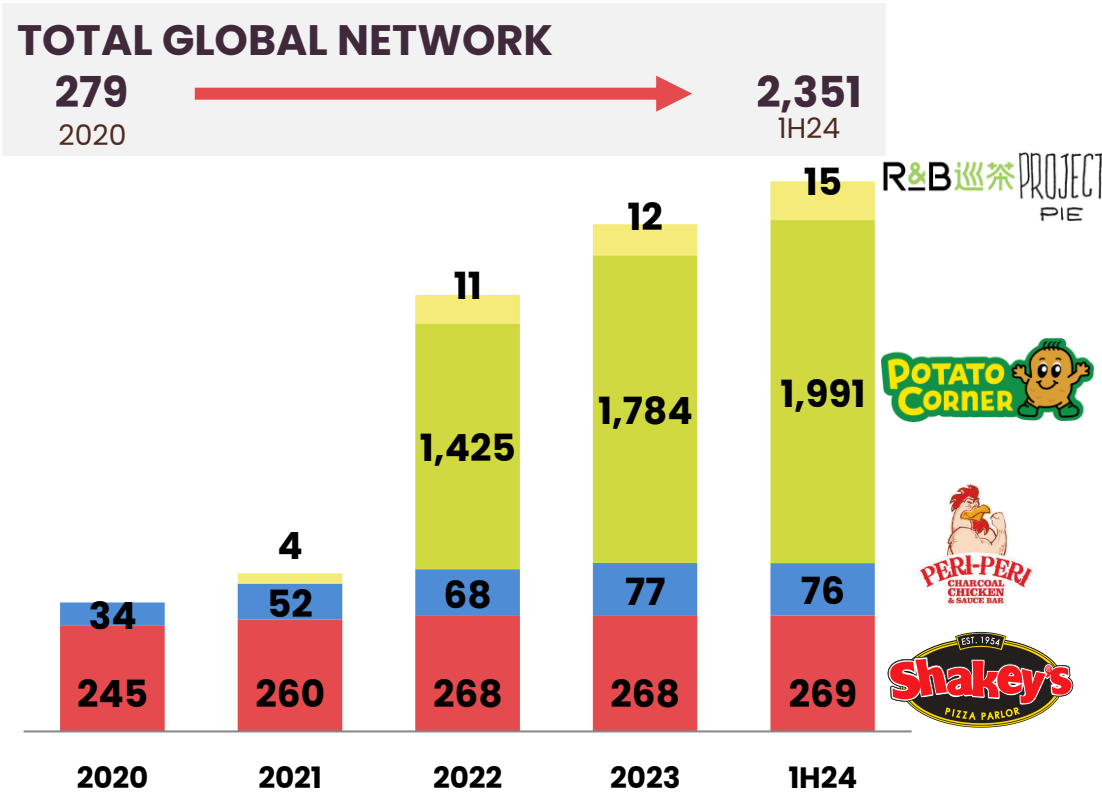


in PHP B

Historical 1H Systemwide Sales (SWS)



Historical Network Expansion



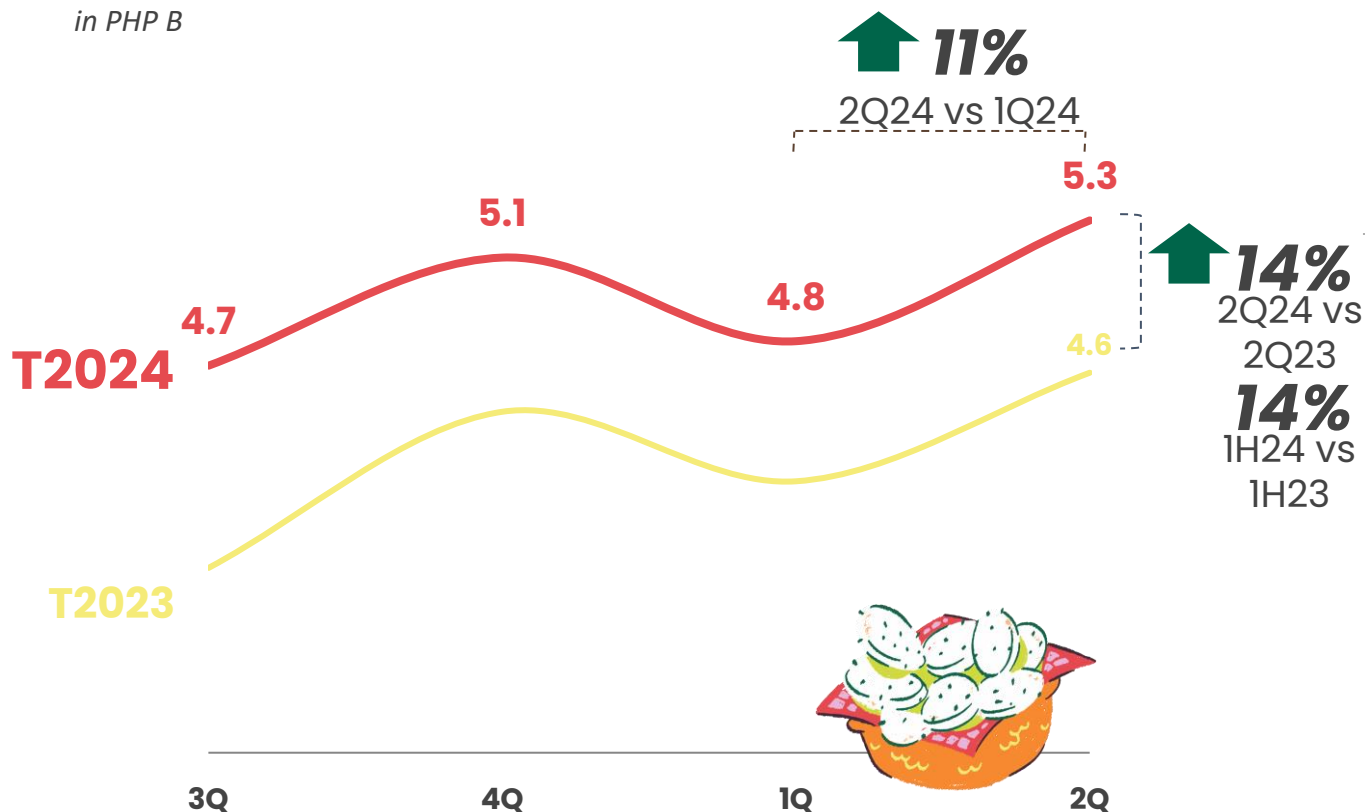
- SPAVI's SWS has grown more than 2x from handling a single brand to operating a portfolio of five WOW! Brands
- The Group is on track to delivering mid-teens topline growth for the full year

SPAVI's double-digit growth in SWS driven by accelerated network expansion and sequential SSSG growth QoQ

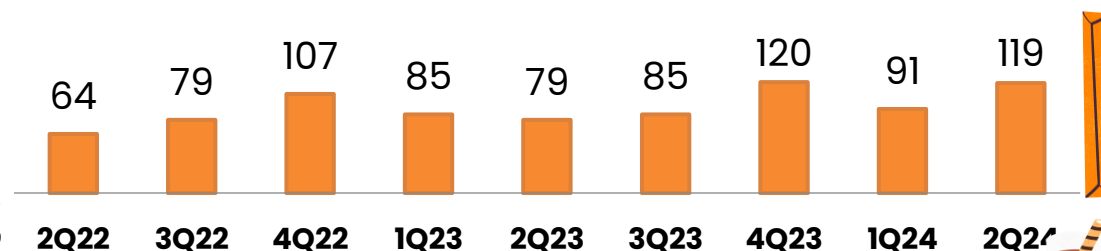


Trailing 4 Quarters Systemwide Sales (SWS)

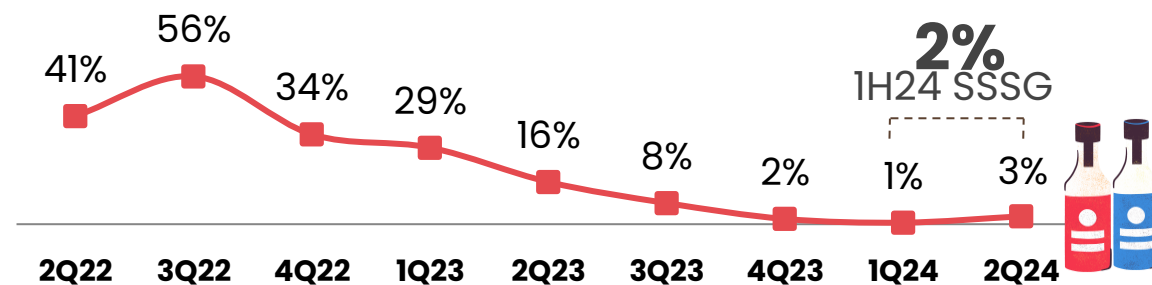
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Quarterly Network Expansion



Quarterly Same Store Sales Growth (SSSG)*



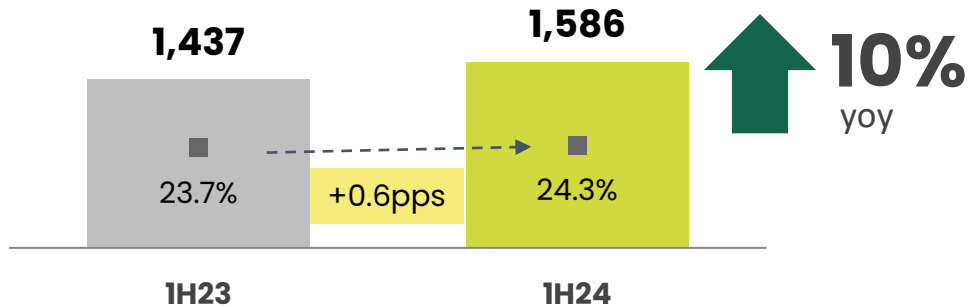
- 1H 2024 SWS grew 14% YoY, boosted by the impact of the SPAVI Group's **progressive network expansion for the past quarters. Network expansion to further accelerate** in 2H 2024
- 2Q 2024 SSSG slightly improved quarter-on-quarter **to 3%, supported by celebrations** such as Mother's Day, Father's Day and graduations

*SSSG figures prior to 2Q23 exclude Potato Corner numbers

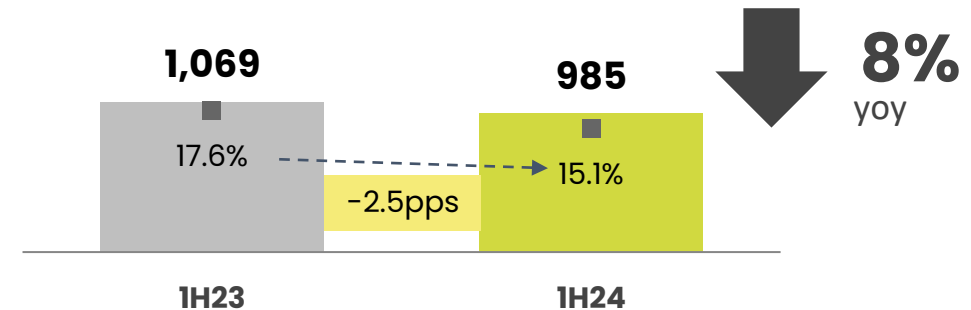
While 1H24 gross margins improve, brand and organizational investments to support growth drive bottomline to soften YoY



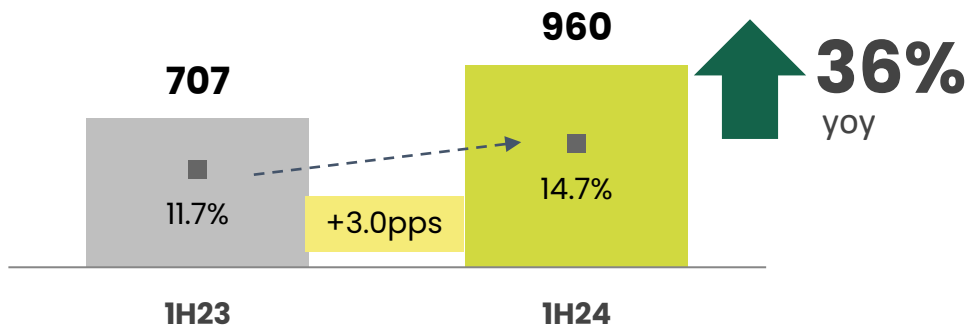
Gross Profit* and Gross Margin



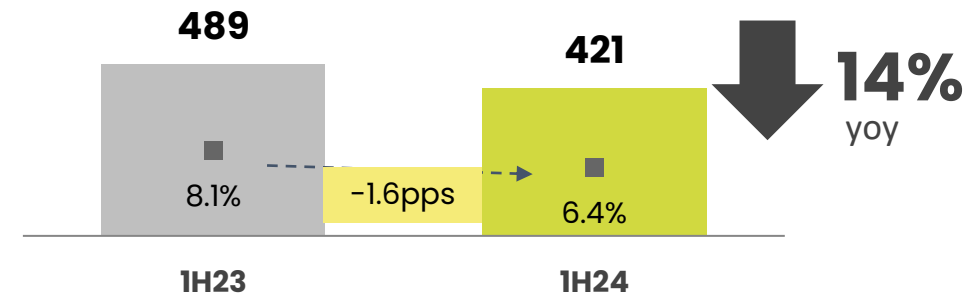
EBITDA* & EBITDA Margin



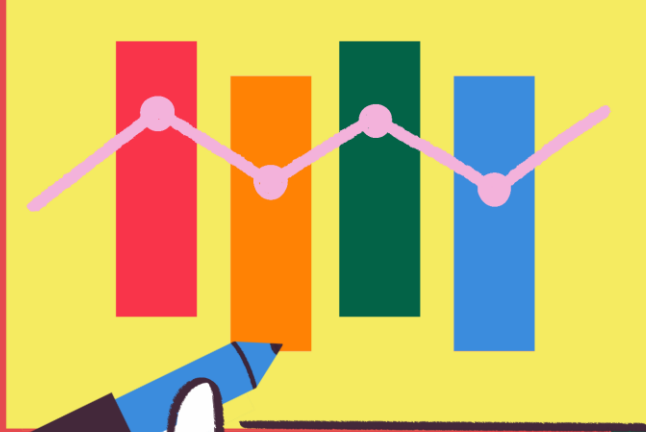
Opex* & Opex as % of Sales



Net Income* & Net Margin



- 1H24 gross margin expands, reflecting **easing input costs**
- OPEX grew (1) as anticipated GM expansion was **re-invested in brand building activities**; (2) given lower OPEX base in 1Q23
- Margin expansion expected in 2H24 as (1) **input costs ease** and majority of covers are locked in; (2) **OPEX levels stabilize** and sales leverage impact fully kicks in starting 3Q24



BUSINESS HIGHLIGHTS & OUTLOOK

Building a diversified portfolio of WOW! Brands for long-term sustainable growth



CORE BRAND

#1 full-service chain restaurant & full-service pizza chain restaurant



NEW GROWTH BOOSTER

#1 Philippine kiosk & 'Franchise of Choice' for SMEs in the country



STRONG CHALLENGER

One of the largest full-service chicken chain restaurants in the Philippines



EMERGING BRANDS

Incubating concepts for opportunistic growth

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PROJECT
PIE



SUPPORT INFRASTRUCTURE

SUPPLY CHAIN, BUSINESS DEVELOPMENT, IT & DIGITAL, HUMAN RESOURCES

Investing in our Brands allows us to remain relevant to our guests across changing macroeconomic landscapes



BRANDS

Bringing Back Value to the Guests + Strengthening Brand Love

SHAKEY'S AND PERI-PERI PROMOS
Driving superior value through occasion-based bundles and deals



SOLO PLATES
Highlighting affordable offerings



NEW PRODUCTS
Launching winning value-for-money innovations



BRANDED MERCHANDISE
Strengthening brand love through collectible merchandise



*PC stands for Potato Corner

Investing in our Stores and our People provides us with the infrastructure needed to help us achieve our long-term plans



STORES

Network Expansion and Renovations Featuring Elevated and Refreshed Store Designs



BEFORE



AFTER

Shakey's Festival Mall Renovation



Peri-Peri Robinson's Ilocos



PC XP Glorietta

PEOPLE

Supporting Entrepreneurship via Franchising



PC Booth in PFA Franchise Expo

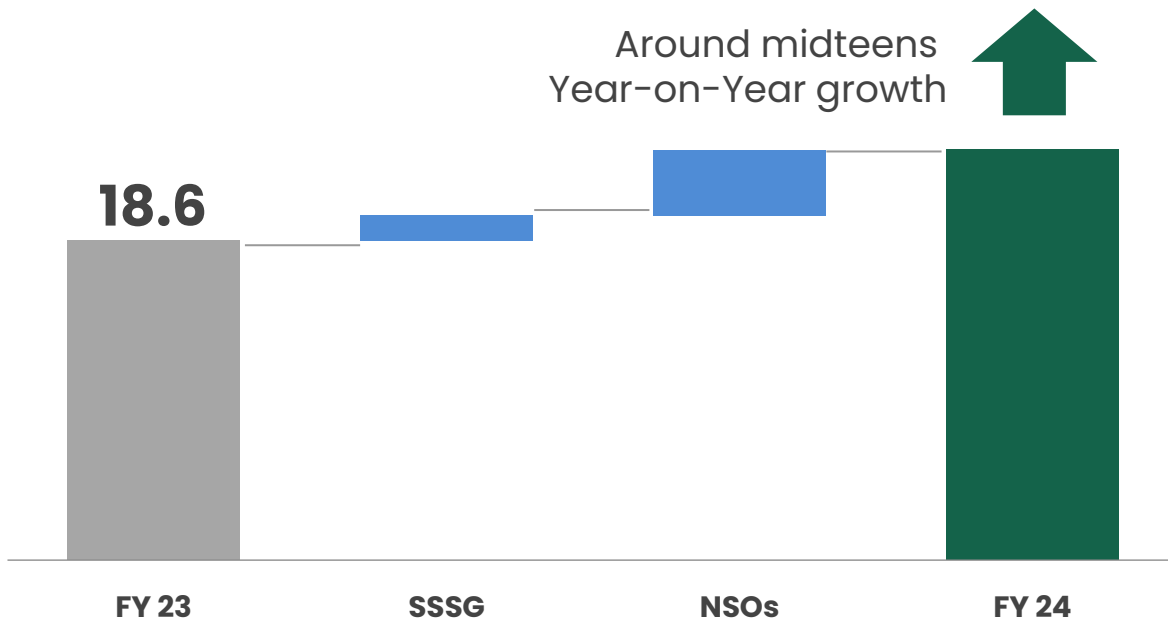
*PC stands for Potato Corner

2024 Topline and Bottomline Growth Outlook



Topline Guidance

in PHP B



Network Expansion



>400
new stores and outlets



Performance Drivers



Inflationary challenges persist, but margins to further improve in 2H2024 as commodities soften; majority of inputs covered and secured until year end

Innovations and channel management to support SSSG

Both domestic and international network expansion to ramp up during the 2nd half of the year

Strategic investments in place to support global expansion; OPEX % normalizes in succeeding quarters

Proactive measures to drive efficiencies in fixed and variable costs

Bottomline Guidance

Net income to grow at the same pace as topline; growth is back-ended



2024 Outlook



CONTINUE STRONG GROWTH TRAJECTORY

Leverage on capabilities to grow volumes + expand network, on top of a high base

INVESTMENT IN PEOPLE AND INFRASTRUCTURE

Including capital expenditures to support topline growth for the next 3 to 5 years

SUSTAINABLE BOTTOMLINE GROWTH

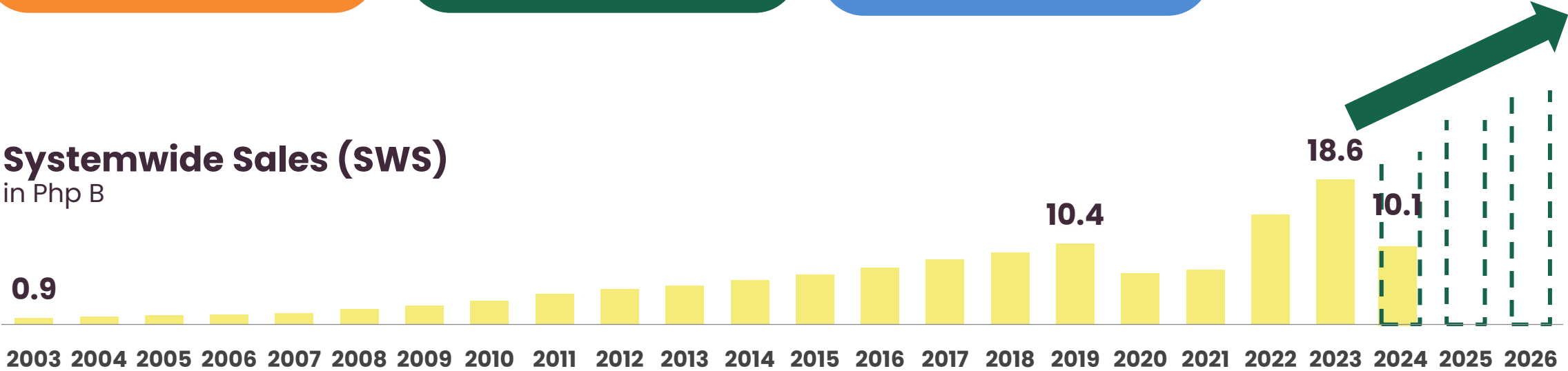
driven by improving input costs, topline growth trajectory and strategic investments

Sustain NEW and STRONGER double-digit growth run

while providing decent returns to shareholders

Systemwide Sales (SWS)

in Php B



*Systemwide Sales (SWS) in Billions of Philippine Pesos



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Other FINANCIALS



1H 2024 Summarized P&L

In PHP M	1H 2023	1H 2024	Δ 1H24 vs 1H23
Systemwide Sales	8,820	10,091	14%
Total Revenue	6,062	6,524	8%
Cost of Sales	(4,624)	(4,939)	7%
Gross Profit	1,437	1,586	10%
Operating Expenses	(707)	(960)	36%
Operating Income	730	626	-14%
EBITDA	1,069	985	-8%
Interest Expense	(171)	(187)	9%
Income before Tax	575	441	-23%
Income Tax Expense	(86)	(20)	-76%
Net Income	489	421	-14%
Earnings per Share	0.29	0.25	-14%
Margins			
Gross Profit	23.7%	24.3%	+0.6 pps
Operating Income	12.0%	9.6%	-2.5 pps
EBITDA	17.6%	15.1%	-2.5 pps
Net Income	8.1%	6.4%	-1.6 pps

- 1H24 systemwide sales **grew 14% YoY**, primarily supported by our **global network expansion**
- **Dine-in posted steady growth** whilst off-premise sales are largely sustained

- **Gross margin expanded** with the fuller impact of 2023 price increases and improving input prices
- **Net margin softened** amid higher gross margin as 1H 2024 numbers reflect:
 - Brand building activities
 - OPEX investments in systems and organization supporting domestic and international expansion

1H 2024 Summarized Balance Sheet



In PHP M	FY 2023	1H 2024	In PHP M	FY 2023	1H 2024
Cash	901	688	Trade and Other Payables	1,753	1,984
Receivables	1,225	1,730	Short-Term Debt	748	1,048
Inventories	1,712	1,732	Other Current Liabilities	448	350
Other Current Assets	635	496	Total Current Liabilities	2,949	3,382
Total Current Assets	4,473	4,646	Long-Term Debt	5,195	5,170
Property, Plant, and Equipment	1,834	2,005	Other Non-Current Liabilities	2,525	2,577
Intangible Assets	10,367	10,391	Total Non-Current Liabilities	7,720	7,747
Other Non-Current Assets	1,954	2,132	TOTAL LIABILITIES	10,669	11,129
Total Non-Current Assets	14,155	14,528	TOTAL EQUITY	7,959	8,045
TOTAL ASSETS	18,628	19,174	TOTAL LIABILITIES AND EQUITY	18,628	19,174

- Working capital increases as both domestic and international businesses grow. **Cash remains at healthy levels.**
- Long-term loans all **peso-denominated with fixed interest rates for the next 2 years**

1H 2024 Summarized Cash Flows

In PHP M	1H 2023	1H 2024
Income before Income Tax	575	441
Depreciation and Amortization	322	357
Changes in Working Capital	(834)	(147)
Other Operating Cash Flows	85	52
Net Operating Cash Flow	149	703
Capital Expenditures	(229)	(503)
Other Investing Cash Flows	(9)	(92)
Net Investing Cash Flow	(238)	(596)
Financing Costs	(25)	289
Dividends	-	(337)
Other Financing Cash Flows	(99)	(114)
Net Financing Cash Flow	(249)	(321)
Beginning Cash	990	901
Change in Cash	(338)	(213)
Ending Cash	651	688
Free Cash Flow	(80)	200

1H 2024 changes in working capital primarily driven by:

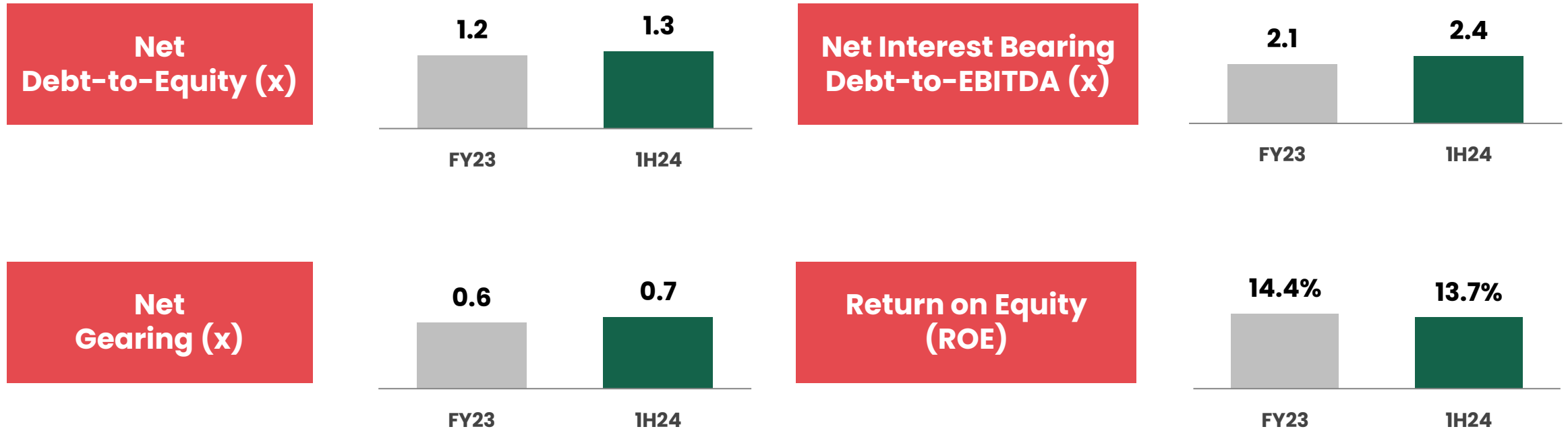
- 1) Increase in receivables driven by growth in franchisee volumes
- 2) Increase in payables driven by overall business growth

Lower working capital investment YoY due to stabilizing inventory covers

Capex primarily focused on **investments in new and existing stores**

Dividends of **Php0.20/share** paid in May 2024 100% higher vs pre-pandemic dividends; prior year dividends paid in July 2023

Key Financial Ratios

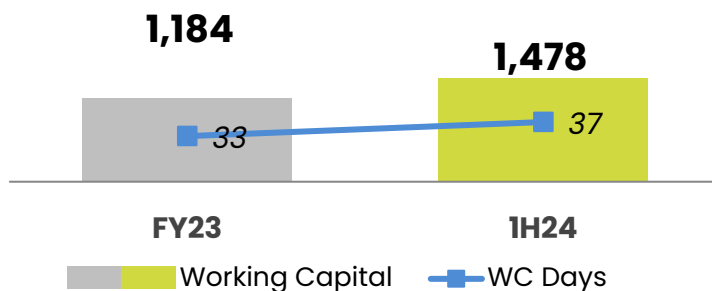


- Net debt-to-equity slightly higher vs YE 2023 due to short-term borrowings for working capital
- Gearing ratios are manageable and at healthy levels; year-end 2024 ratios expected to remain within range
- Return on Equity remains attractive in the mid-teens levels; year-end 2024 ROE expected to improve given back-ended growth in net income

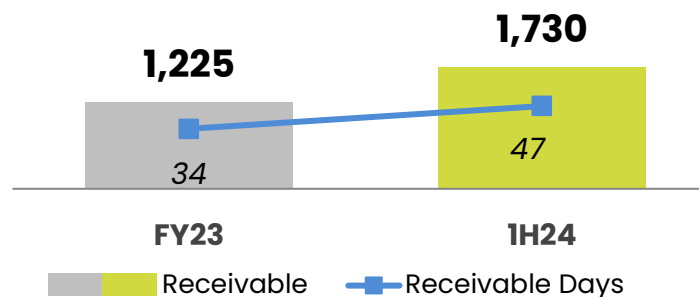
Cash Conversion Cycle



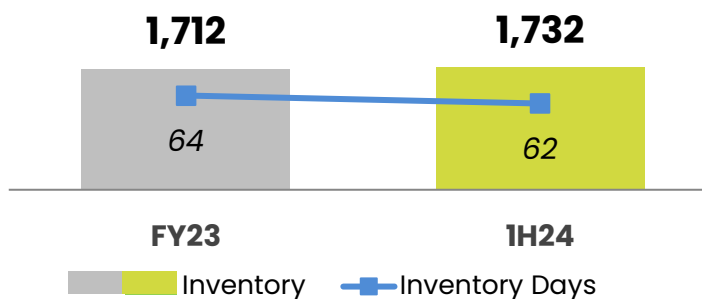
WORKING CAPITAL



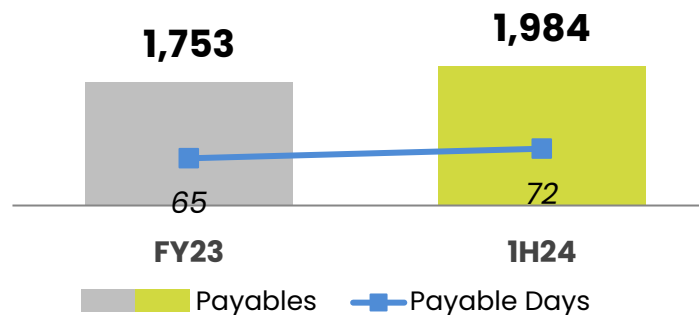
RECEIVABLES



INVENTORY



PAYABLES



- Higher receivable days driven **by growth in franchisee receivables**
- Inventory days stable with **stabilizing inventory covers**
- Payable days **slightly increase** from year-end driven by **growth in franchisee-related payables**

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