



May 15, 2024

**PHILIPPINE STOCK EXCHANGE, INC.**  
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Bonifacio Global City, Taguig City

Attention: **MS. ALEXANDRA D. TOM WONG**  
Officer-in-Charge, Disclosure Department

RE: **PRESS RELEASE – Shakey's Pizza Sustains Double-digit Rise in 1Q24 Systemwide Sales; Ramps Up Investments in Expansion and Growth**

Please be informed that Shakey's Pizza Asia Ventures Inc (PIZZA) is issuing the attached press release entitled *"Shakey's Pizza Sustains Double-digit Rise in 1Q24 Systemwide Sales, Ramps Up Investments in Expansion and Growth"*.

Very Truly Yours,

Jenifer Mae San Juan - Tecson  
Investor Relations Manager



## **Shakey's Pizza Sustains Double-digit Rise in 1Q24 Systemwide Sales Ramps Up Investments in Expansion and Growth**

- ≠ 1Q24 systemwide sales grew 15% year-on-year (YoY), landing at Php 4.8 billion, in the midst of a persisting inflationary environment. Full-year topline is expected to grow in the mid-teens.
- ≠ 1Q24 net income after tax (NIAT) stood at Php 171 million, softening 15% YoY due to investments for growth. With margin expansion in the second half of the year, the Group anticipates bottomline to grow in the mid-teens territory.
- ≠ SPAVI's global network totals 2,232 stores and outlets, with 91 units added in 1Q24. The Group network is on track to expand by 400 units in 2024.

**Shakey's Pizza Asia Ventures, Inc. (PSE:PIZZA | SPAVI)**, one of the leading chain restaurant and food service groups in the Philippines, released its unaudited financial results for the first three months of 2024. Systemwide sales amounted to Php 4.8 billion, marking a growth of 15% from the high base in 1Q23. This performance was supported by the Group's network expansion program and sustained same-store sales.

In terms of profitability, 1Q24 net income registered at Php 171 million, softening by 15% YoY, driven by higher operating expenses due to investments in the organization and in sales generating activities. As margins improve from locked-in raw material costs, SPAVI expects an upswing in net income during the second half of 2024, with full year profits growing in the mid-teens.

Vic Gregorio, SPAVI President and Chief Executive Officer, said, "Our Group remains optimistic with a healthy dose of caution when it comes to our outlook. Given that we have been operating in a strained consumer environment and are coming from a high base due to the reopening, we are grateful to be able to deliver double-digit topline growth, which we expect to be sustained for the balance of the year."

He continued, "Our guests were more careful about when and how they choose to spend their money. They sought even more value. Therefore, it was crucial for us to ensure that our brands remained relevant through compelling offers and programs to sustain sales."

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During the first quarter, SPAVI benefited from gross margins improving by 160 basis points to 23.3% on the back of easing commodities since the end of 2023. Gross profits registered at Php 719 million, posting a 15% increase from the same period last year.

Anticipating gross margin gains and recognizing the need to deliver value to guests in a soft consumer market, the Group invested in topline growth and brand building activities to better capture demand.



In line with SPAVI's strategic focus to invest in its brands, Shakey's and Peri-Peri launched the Supercard Super Cars program to boost brand salience and strengthen brand loyalty. Three lucky registered Supercard users were rewarded with one BMW each through a series of draws. The Supercard, SPAVI's flagship loyalty program, aims to deliver more value to loyal guests across the Group's multi-brand portfolio. To date, the Supercard has over 2.2 million users nationwide.

Meanwhile, Potato Corner (PC) doubled down on partner franchisee engagement through the recently concluded Golden Fries Awards and ongoing Franchise Roadshows. The Golden Fries Awards recognized the exemplary performance of PC franchisees, cultivating excellence and creating long-term brand love and commitment. Conducted nationwide across the brand's over 700 franchisee network, the PC franchise roadshows serve as avenues whereby SPAVI is able to promote entrepreneurship by enhancing the knowledge and skills of franchisees, almost all of whom are small and medium-sized enterprises.

Coupled with progressive investments in systems and the organization since 3Q23 to support domestic and international expansion, operating expenses increased to Php 472 million for 1Q24.

Given these, earnings before interest, taxes, depreciation, and amortization (EBITDA) landed at Php 412 million, softening by 10%. Net income after taxes amounted to Php 171 million, with NIAT margins at 5.5%.

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SPAVI concluded the quarter with 2,232 stores and outlets in its global network. During the period, the Group ramped up expansion, adding 91 units to its network.

According to Gregorio, the Group's network expansion program is progressing at a healthy pace. "We continue to capitalize on our brands' attractive returns, which will support our Group's growth performance moving forward."

As at end March 2024, Shakey's, the leading full-service chain restaurant in the country, had 268 outlets. Potato Corner, the country's top food kiosk brand, had 1,874 stores and outlets. Meanwhile, the network of the Group's non-fried chicken chain, Peri-Peri Charcoal Chicken and Sauce Bar, stood at 76 units, while other incubating brands, R&B Milk Tea and Project Pie had a total of 14 units. Approximately 13% of SPAVI's network were international stores.

According to Gregorio, SPAVI will be expanding its network footprint by 400 units in 2024.

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Gregorio continued, "While we had a challenging start, SPAVI has been reaping the benefits of a more diverse, multi-brand portfolio. As we move into the succeeding quarters, we expect our profitability to improve with tailwinds from easing commodities and improving OPEX as a percentage of sales. Furthermore, store network expansion will be financially accretive to the Group."



“Thus, overall, we are on track to deliver topline growth in the mid-teens territory, and we expect profits to grow at the same pace as sales. While it will be yet another difficult year for us in the discretionary space, at SPAVI, we remain focused on building our portfolio of WOW brands for long-term, sustainable growth – guided by our strategic pillars of investing in our brands, our stores, and our people,” he concluded.

**Disclaimer:**

**This press release includes forward-looking statements. Such forward-looking statements are management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.**

**The reader is cautioned not to rely on such forward-looking statements, which speak only as of the date they were made. All subsequent forward-looking statements attributable to the Company, its affiliates or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referred to in this press release.**

About PIZZA:

Shakey’s Pizza has been creating over 40 years of great times and great memories. It is one of the leading 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.

Peri-Peri Charcoal Chicken and Sauce Bar 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. Since its acquisition in 2019, PIZZA has already doubled the store footprint of Peri-Peri.

PIZZA owns the master franchise of R&B Milk Tea in the Philippines. R&B Milk tea is one of the leading milk tea players in Singapore. It is available in Shakey’s stores and now has two independent stores, one of which is the first drive-through milk tea store in the country.

In 2021, PIZZA relaunched Project Pie, a modern and upscale pizza concept and an artisan pizza chain known for its build-your-own pizzas.

In 2022, PIZZA acquired Potato Corner, one of the leading food kiosk brands in the Philippines renowned for its flavored fries. Potato Corner has over 1,000 stores in the Philippines and a wide store network internationally.

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