

PIZZAEXPRESS GROUP

FULL YEAR RESULTS for 52 weeks ended 31 December 2017

Resilient performance in UK & Ireland and good progress in International

01 May 2018

Highlights¹

- Group turnover of £534.2m, up 6.3% on the pro-forma prior year period (52 weeks to 1 January 2017)
- Group like-for-like sales increased 1.4%
- UK & Ireland:
 - Like-for-like sales up 0.4% against a challenging market backdrop
 - 13 new restaurants and 25 sites refurbished
- International:
 - Continued strong performance; like-for-like sales grew 8.2%
 - A record 27 new openings in equity markets and a further seven by franchise partners
 - Now operating in eight cities in Mainland China
- As expected, growth in International was offset by industry-wide cost pressures in the UK, leading to a 8.9% decrease in EBITDA to £94.6m
- PizzaExpress is demonstrating resilience in the UK while continuing to grow overseas. Longer term growth fundamentals of UK restaurant market remain compelling

Jinlong Wang, Group Chairman and Chief Executive Officer of PizzaExpress, commented:

“PizzaExpress has continued to progress in 2017, with Group turnover and like-for-like sales growing on the prior year. We are delighted that this year saw UK & Ireland like-for-like sales return to growth, while our International business delivered an exceptional performance with like-for-like sales increasing by 8.2%. As expected, the growth in International has been offset by the widely publicised sector cost headwinds in the UK, including higher food prices and wage increases as well as the rise in business rates and commercial rents; as a result, Group EBITDA decreased by 8.9%.

“In the UK & Ireland, we continued to grow our estate and opened 13 new restaurants in the year, including the first PizzaExpress site operated by our new franchise partner, Welcome Break, at the Oxford Services. We also refurbished 25 sites to ensure they are as modern and appealing to our customers as they can be, including the complete transformation of our restaurant in High Holborn to the first of our new-look ‘PizzaExpress Live’ sites. We are very pleased with the performance of this site since it opened in August and the customer feedback has been encouraging.

“Throughout 2017, we have explored innovative ways to diversify PizzaExpress and reach new audiences, such as the trial of a PizzaExpress ‘Boxed’ concept, a mobile site able to provide a taster of the PizzaExpress experience at events such as the British Summer Time festival. We have also made improvements to our retail range, which continues to be popular among consumers – the PizzaExpress grocery range is one of the UK’s hundred biggest retail brands (source: The Grocer, March 2017) with retail sales having grown to over £100m per annum.

¹ Growth rates stated at actual exchange rates

“Our International business continued to expand in the year, with a record number of 27 openings in our equity markets and a further seven restaurants opened by our franchise partners. We operate restaurants in over a dozen territories around the world and International now represents around 22% of the total Group estate. A further example of our growth in our International markets is our entry into the Philippines market, which was agreed in December 2017 with the first site opening in February 2018.

“To achieve our international growth ambitions, we must understand our customers and their tastes in each market and adjust our offering accordingly. Food innovation plays a large part in this - for example, in China we introduced steak and fish dishes, and in the UAE, we introduced a signature pizza to cater for Arabic tastes. Another example of adapting our model, outside of food development, is that in China we accept smartphone payments such as Alipay, a popular method in the country, in addition to the card payments favoured by European customers.

“Despite considerable recent negative sentiment surrounding the restaurant industry in the UK, it is my belief that the growth fundamentals of the sector remain sound. With consumers increasingly seeking to spend their money on experiences and an ever-growing popular interest in food, the casual dining market is well placed to continue to benefit from these trends in the long term, although we remain cautious about prospects in the nearer term.

“In challenging conditions, the strongest brands, like PizzaExpress, will prove resilient. But we don’t take this for granted – more than ever we are focused on supporting and developing our teams and we are continually seeking to better understand and meet our customers’ needs, all in service of enhancing their experience in our restaurants. And we do this wherever we operate, whether this is in the UK or overseas, where there remains significant potential to grow PizzaExpress, especially in China where there is a growing middle class and demand for Western brands like ours.”

For further details, please contact:

Teneo Blue Rubicon
Ben Foster / Laura Stewart

+44 (20) 7260 2700

Notes to Editors

A Pizza History:

- PizzaExpress has been obsessed with pizza ever since its founder Peter Boizot opened the first PizzaExpress restaurant on Wardour Street in London’s Soho in 1965
- The brand was one of the first to adopt open kitchens
- PizzaExpress now has over 600 restaurants globally and sells over 35 million pizzas in UK supermarkets every year
- To find out more visit www.pizzaexpress.com