

PIZZAEXPRESS GROUP

HALF YEAR RESULTS for 26 weeks ended 30 June 2019

28 August 2019

Resilient performance despite challenging trading environment

Highlights

- Continued growth at Group level, with total sales up +2.6% and like-for-like sales up +0.2%*
- UK & Ireland:
 - Total sales up +0.5% and like-for-like sales broadly flat at (0.2)%
 - Focus on upgrading existing sites, with further development of “Future Express” programme
 - Expansion of vegan offering and strengthened relationships with partners such as Deliveroo to meet consumer demand
 - Opened a net two new sites since 30 December 2018
- International:
 - Solid growth in International markets with total sales up +11.5% and like-for-like sales growth of +1.9%
 - Trialling new menus, new store formats and optimizing operating models, appealing to changing consumer demands
 - Ended the half with 148 sites across the estate. International operations now generate 21% of Group revenues
- Group EBITDA** down (7.7)% to £32.4m, driven primarily by industry-wide cost pressures in the UK

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

“In the first half of the year, we are pleased that we have remained resilient across all our markets despite sector-wide challenges. At a Group level, total sales grew by +2.6% and like-for-like sales were broadly flat. Costs across the sector continue to rise and this offset the revenue growth with Group EBITDA down (7.7)% to £32.4m. We will continue to maintain our focus on cost control, further improving productivity and efficiency, and are taking a measured approach to expanding our estate.”

“Although we are not immune to the cautious consumer environment in the UK and Ireland, we are pleased to have delivered positive sales growth of +0.5% and a largely flat like-for-like sales performance.”

“We are taking a measured approach to growing our business in the UK and Ireland, and in the first half we opened a net two new sites. We are now planning to focus our capital investment on upgrading our existing estate rather than adding more sites. The re-opening of our Langham Place restaurant earlier this year kick-started our “Future Express” programme, in which we are creating more sociable pizzerias and a more inviting dining environment, with, for example a greater focus on our kitchens, a refreshed customer service approach and new uniforms. We have now refurbished a further six sites and are pleased with the increased sales performance we have seen to date with a greatly enhanced customer experience generating very positive feedback.”

* LFL sales performance is shown at constant exchange rates. All other figures are quoted at actual exchange rates unless otherwise stated.

** EBITDA is the key profit measure used by the PizzaExpress. Pre-tax and net profit are reported for the full year only

“Intense competition in the casual dining sector encourages innovation and we are constantly seeking ways to increase appeal to new and existing customers. We developed our summer menu with a particular focus on our Leggera offering, which provides choices under 600 calories and now extends across our pizza range to tap into the wider trends of health and well-being. Our vegan offering has also grown in popularity as we added additional items to the menu. Delivery remains a key part of our strategy and we have benefited from our strong partnership with Deliveroo. By participating in campaigns such as Deliveroo’s “Treat Yourself Tuesdays” offer and launching a vegan virtual brand in certain restaurants, we saw a positive volume benefit.”

“Working closely with charitable partners has always been at the heart of our business. This year we are extremely proud to have reached the milestone of raising £2m for Macmillan Cancer Support. This has been achieved by our teams and through customer donations and could fund the equivalent of 36 Macmillan nurses full time for one year.”

“Our International business continued to make steady progress and has shown early signs of recovery from a challenging 2018. We had a good start to the year, which continued throughout the first half, resulting in total sales growth of +11.5% and like-for-like sales growth of just under +2%. We have taken a measured approach to expanding our International estate and ended the first half with 148 sites, with five new openings and six closures since 30 December 2018.”

“Throughout the first half of this year we have continued to invest in our brand proposition, develop new formats and maximise operational efficiencies. In China for example, to appeal to changing consumer demands we recently launched a refreshed menu, reinforcing our differentiated offering and highlighting that pizza is at the very heart of our business. We have also trialled new formats such as PizzaMarzano Select, a smaller version of our standard site, which has shown early signs of success due to its simplified operations, reduced menu and enhanced use of digital technology for a better customer experience and improved satisfaction.”

“Looking ahead, whilst we expect both the UK and Ireland and International markets to remain challenging, we are confident in our ability to successfully appeal to customers and believe that we will continue to deliver a resilient performance across the remainder of 2019.”

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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