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# TELEPIZZA®

## *Y-T-D- September 2000 Results*

November, 2000

TELEPIZZA®



# ***Contents***



- Market Data Spain
  - Fast Food Market Spain
  - Pizza Segment Spain
- Y-T-D September 2000 Sales Performance:
  - Spain
  - International
- Y-T-D September 2000 Results
- Store Situation

# *Market Data Spain*

## Up to September 2000

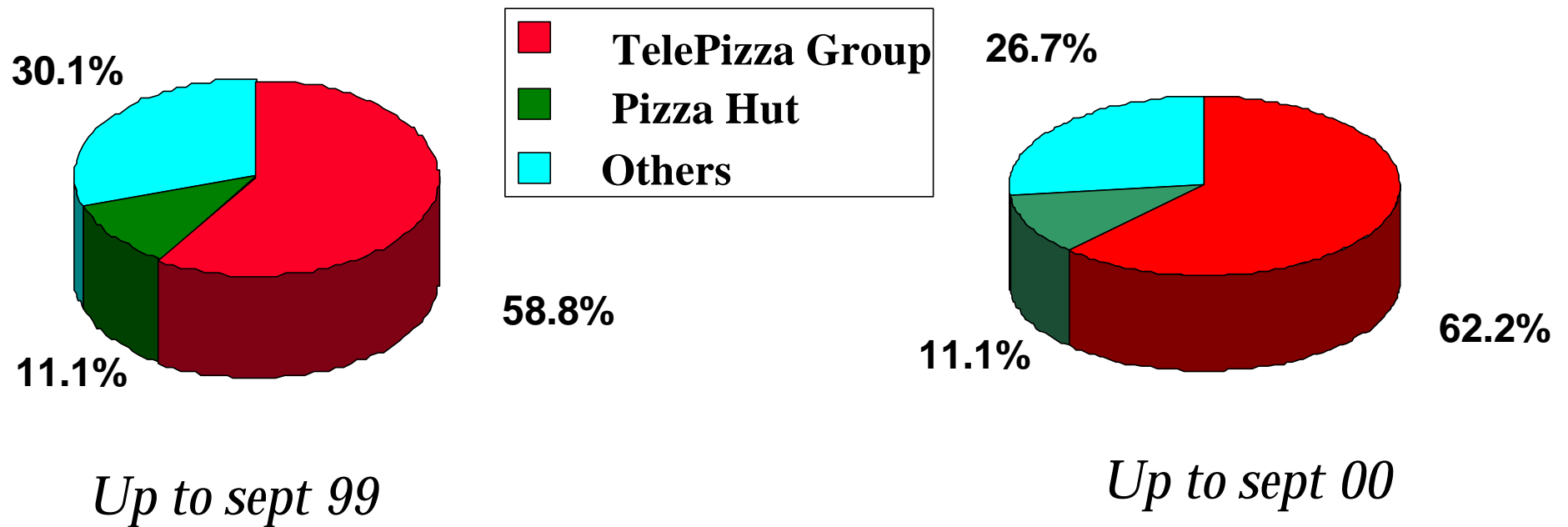
- Pizza remains as the most important segment of the Fast Food market in terms of value, accounting for 39.3%\* of the total
- Hamburgers and “Bocadillos” continue being the best performing segments, with growth rates of 26%\* and 14%\* respectively

\* Source: Dympanel

# ***Pizza Segment Spain***

## **Pizza Market Share Evolution**

TelePizza increases its pizza market share



Source: Dympanel

# VERTICAL-HORIZONTAL ANALYSIS

## Vertical Sales:

Sales of existing outlets (twelve months before this period) and sales of new outlets opened in areas already delivered by an existing outlet (splits).

## Horizontal Sales:

Sales of new outlets opened in areas not delivered before or delivered for less than twelve months. After twelve months operating, the outlet go to the vertical category.

## Growth:

**Vertical Growth:** the comparison is made between current year **vertical** figures and last year **total** figures, as the vertical stores this year are and horizontal stores plus vertical openings.

**Total Growth:** **Total** figures this year are compared with **total** figures last year.

**Horizontal Growth:** It is calculated as the **difference** between **total** growth and **vertical** growth.

# Total Chain Sales Performance

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	Δ Total
Owned Stores	184.01	26.48	210.49	4.00%	14.96%	18.96%
Franchised Stores	91.96	3.66	95.62	-6.22%	3.73%	-2.49%
<b>Total Chain</b>	<b>275.97</b>	<b>30.13</b>	<b>306.11</b>	<b>0.35%</b>	<b>10.96%</b>	<b>11.31%</b>

## Year-to-date September 2000

### STORE OPERATING MONTHS

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	Δ Total
Owned Stores	3,812	1,226	5,038	2.14%	32.85%	34.99%
Franchised Stores	1,759	133	1,892	-2.22%	7.39%	5.17%
<b>Total Chain</b>	<b>5,571</b>	<b>1,359</b>	<b>6,930</b>	<b>0.72%</b>	<b>24.57%</b>	<b>25.29%</b>

*Figures in Euro  
million*

*(except AMS in  
Euro Thousand)*

### AVERAGE MONTHLY SALES

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	Δ Total
Owned Stores	48.27	21.59	41.78	1.82%	-13.70%	-11.88%
Franchised Stores	52.28	27.50	50.54	-4.10%	-3.18%	-7.28%
<b>Total Chain</b>	<b>49.54</b>	<b>22.17</b>	<b>44.17</b>	<b>-0.37%</b>	<b>-10.79%</b>	<b>-11.16%</b>

# TelePizza Sales Performance

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	Δ Total
Owned Stores	140.06	3.51	143.57	4.55%	2.62%	7.17%
Franchised Stores	72.17	1.65	73.82	-5.55%	2.15%	-3.39%
Spain	212.23	5.16	217.39	0.88%	2.45%	3.34%
International	43.76	24.89	68.66	18.27%	67.27%	85.54%
<b>Total Chain</b>	<b>255.99</b>	<b>30.05</b>	<b>286.04</b>	<b>3.48%</b>	<b>12.15%</b>	<b>15.63%</b>

## STORE OPERATING MONTHS

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	Δ Total
Owned Stores	2,505	105	2,610	13.19%	4.74%	17.94%
Franchised Stores	1,217	46	1,263	4.64%	3.96%	8.60%
Spain	3,722	151	3,873	10.25%	4.47%	14.72%
International	1,274	1,205	2,479	0.00%	94.58%	94.58%
<b>Total Chain</b>	<b>4,996</b>	<b>1,356</b>	<b>6,352</b>	<b>7.44%</b>	<b>29.16%</b>	<b>36.60%</b>

## AVERAGE MONTHLY SALES

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	Δ Total
Owned Stores	55.91	33.47	55.01	-7.39%	-1.50%	-8.89%
Franchised Stores	59.30	35.79	58.45	-9.76%	-1.30%	-11.06%
Spain	57.02	34.18	56.13	-8.34%	-1.44%	-9.78%
International	34.35	20.66	27.69	18.26%	-22.91%	-4.65%
<b>Total Chain</b>	<b>51.24</b>	<b>22.16</b>	<b>45.03</b>	<b>-3.55%</b>	<b>-11.80%</b>	<b>-15.35%</b>

**Year-to-date  
September  
2000**

*Figures in Euro  
million*

*(except AMS in  
Euro Thousand)*

# *Sales Performance*

## *SPAIN*

- Short Term growth still affected by the previous y.
- Company focus on **long term policies** to guarantee continuous growth for the near future
  - Long term strategies:
    - » Commercial Policy based on:
      - Focus on innovation → 5 new products already launched this year
      - Design of a powerful Data Warehouse
      - Design of segmented loyalty plans
      - Focus on improvement of service ratios



# Sales Performance

## SPAIN

### ➤ Long term strategies:

- » **Diversification** through the implementation of TelePizza stores (376 stores already offering these products)
- » **geographical coverage** through franchisees in locations under 30.000 inhabitants
  - 4 stores already operating and 12 stores under construction
- » Development of new store concept (**TelePizza Express**) at shopping malls, commercial areas, leisure centers and airports/train stations:
  - Two stores already operating and another one under construction
- » Reinforcement of Franchisees relationship
  - Oct 00: First time for TelePizza in the F
  - Nov 00: First TelePizza Franchisees Convention

# *Sales Performance*

## *SPAIN*

- Long term strategies:
  - » Global and professional study of the

# Pizza World Sales Performance

			<u>Total</u>	Δ Vertical	Δ Horizontal	✚ Total
Owned Stores	7.41	0.08	7.49	-41.96%	0.63%	-41.34%
Franchised Stores	12.57	0.00	12.57	-15.41%	0.00%	-15.41%
<b>Total Chain</b>	19.98	0.08	20.06	<b>-27.68%</b>	<b>0.29%</b>	<b>-27.39%</b>

## Year-to-date September 2000

### STORE OPERATING MONTHS

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	✚ Total
Owned Stores	208	3	211	-51.29%	0.70%	-50.59%
Franchised Stores	367	0	367	-19.16%	0.00%	-19.16%
<b>Total Chain</b>	575	3	578	<b>-34.73%</b>	<b>0.34%</b>	<b>-34.39%</b>

### AVERAGE MONTHLY SALES

	<u>Vertical</u>	<u>Horizontal</u>	<u>Total</u>	Δ Vertical	Δ Horizontal	✚ Total
Owned Stores	35.61	26.68	35.49	15.91%	-0.41%	15.50%
Franchised Stores	34.26	0.00	34.26	4.64%	0.00%	4.64%
<b>Total Chain</b>	34.75	26.68	34.71	<b>9.41%</b>	<b>-0.13%</b>	<b>9.28%</b>

Figures in Euro  
million

(except AMS in  
Euro Thousand)

# ***Sales Performance***

## **PIZZA WORLD PERFORMANCE**

- Stores concentrated on Catalonia with a positive average monthly sales evolution (9.28% increase over up to Sept 00)

<u>Q4 99</u>	<u>Q1 00</u>	<u>Q2 00</u>	<u>Q3 00</u>
31.95	34.19	34.73	35.25

*Figures in Euro '000*

# International Sales Performance

**Year-to-date  
September  
2000**

*Sales in local currency  
million and thousand*

**Vertical      Horizontal      Total      D      D      D Total**

## STORE OPERATING MONTHS

				<b>D Vertical</b>	<b>D Horizontal</b>	<b>D Total</b>
Portugal	357	38	395	4.39%	11.11%	15.50%
Mexico	420	724	1144	-4.55%	164.55%	160.00%
Poland	180	229	409	13.92%	144.94%	158.86%
Chile	152	22	174	13.43%	16.42%	29.85%
France	139	80	219	-20.11%	45.98%	25.86%
U.K.	26	91	117	0.00%	350.00%	350.00%
Morocco	0	21	21	---	---	---

## AVERAGE MONTHLY SALES

	<b>Vertical</b>	<b>Horizontal</b>	<b>Total</b>	<b>D Vertical</b>	<b>D Horizontal</b>	<b>D Total</b>
Portugal	10,188.3	6,717.6	9,854.4	6.75%	-3.50%	3.25%
Mexico	217.8	163.5	183.4	9.86%	-17.63%	-7.77%
Poland	136.6	97.8	114.8	20.08%	-19.12%	0.96%
Chile	19,239.8	14,307.6	18,616.2	-0.21%	-3.23%	-3.44%
France	130.5	127.2	129.3	50.54%	-1.43%	49.11%
U.K.	12.9	14.9	14.5	-25.13%	9.02%	-16.11%
Morocco		189.5	189.5	---	---	---

# ***Sales Performance***

## ***INTERNATIONAL***

### ■ **Performance by Country:**

- Performance in line with our expectations in Portugal, Chile and
- Mexico: Rationalization of the strong growth achieved in 1999.
- U.K. and France: Strategy currently under review, with final decision to be taken before year end. Options include:
  - » Strategic alliances
  - » Master Franchising the operations
  - »
- Morocco: Still not meaningful in terms of total company sales

# ***Sales Performance***

## ***INTERNATIONAL***

### **New countries:**

- Entrance into emerging or developing countries, through Joint Venture or Master Franchise, such as:
  - » Sept 00: Agreement with Goody's to develop Greece
  - » Negotiations in Central America, Brazil, India ....

# Y-T-D September 2000 Results

	<u>Y-T-D Sept 99</u>		<u>Y-T-D Sept 00</u>		<u>D %</u>
Other operating income					
<b>TOTAL INCOME</b>	<b>223.42</b>	<b>105.69%</b>	<b>260.00</b>	<b>105.48%</b>	<b>16.37%</b>
Cost of goods sold	-64.39	-30.46%	-71.14	-28.86%	10.47%
<b>GROSS MARGIN</b>	<b>159.03</b>	<b>75.23%</b>	<b>188.86</b>	<b>76.62%</b>	<b>18.76%</b>
Personnel cost	-72.13	-34.12%	-86.96	-35.28%	20.56%
Depreciation and amortization	-12.71	-6.01%	-14.68	-5.95%	15.52%
Other operating expenses	-46.63	-22.06%	-59.53	-24.15%	27.67%
<b>TOTAL EXPENSES</b>	<b>-131.46</b>	<b>-62.19%</b>	<b>-161.17</b>	<b>-65.39%</b>	<b>22.60%</b>
<b>OPERATING PROFIT</b>	<b>27.57</b>	<b>13.04%</b>	<b>27.69</b>	<b>11.24%</b>	<b>0.46%</b>
<b>NET FINANCIAL EXPENSES</b>	<b>-0.41</b>	<b>-0.20%</b>	<b>-3.51</b>	<b>-1.42%</b>	<b>746.38%</b>
Share in profits from companies consolidated under equity	0.09	0.04%	0.09	0.04%	0.00%
Amortization of consolidated goodwill					
<b>EXTRAORDINARY RESULT</b>					
<b>CONSOLIDATED PROFIT BEFORE TAXES</b>					
<b>CONSOLIDATED PROFIT</b>					
Profit allocated to minority interests					
<b>PROFIT ALLOCATED TO THE PARENT COMPANY</b>					

*Figures in Euro Million*



# ***Y-T-D September 2000 Results***

<b>Breakdown</b>	<b>EBIT</b> (in euro million)	<b>EBIT</b> (% over sales)	<b>EBIT</b> (% increase over EBIT Y-T-D Sept 99)
Portugal	2.53	13.6%	57.2%
Chile	0.88	14.5%	66.7%
Poland	0.43	3.8%	468.8%
Mexico	-1.13	-4.9%	-8217.1%
Morocco	-0.15	-40.6%	---
U.K.	-0.88	-58.5%	-3601.2%
France	-2.80	-66.2%	-5.8%
<b>International</b>	<b>-1.12</b>	<b>-1.7%</b>	<b>-1421.7%</b>
 <i>TOTAL</i>	 <i>27.69</i>	 <i>11.2%</i>	 <i>0.46%</i>

# ***Y-T-D September 2000 Results***

## ■ **International Performance \***

<b>Country</b>	<b>Y-T-D Sept 99 EBIT</b>		<b>Y-T-D Sept 00 EBIT</b>		<b>CHAIN SALES GROWTH**</b>	<b>VERTICAL AMS*** GROWTH**</b>
	Million	% Sales	Million	% Sales		
	Euros		Euros			
Portugal	1.61	10.0%	2.53	13.6%	19.3%	6.8%
Chile	0.53	11.6%	0.88	14.5%	25.4%	-0.2%
Poland	-0.12	-2.7%	0.43	3.8%	161.4%	20.1%
Mexico	-0.01	-0.2%	-1.13	-4.9%	139.8%	9.9%
Morocco	----	----	-0.15	-40.6%	----	----
U.K.	0.03	6.0%	-0.88	-58.5%	277.5%	-25.1%
France	-2.65	-115.4%	-2.80	-66.2%	87.7%	50.5%

\*% of International Chain Sales over Total Chain sales has risen from **13%** (up to Sept 99) to **22%** (up to Sept 00)

\*\*In Local Currency

<sup>18</sup> \*\*\* Average Monthly Sales

# Store Situation

	SITUATION AT 12/31/99	OPENINGS AT 09/30/00	ADJUSTMENTS AND CHANGES	SITUATION AT 09/30/00	4Q00 OPENINGS	ADJUSTMENTS AND CHANGES	SITUATION AT 12/31/00
<b>SPAIN</b>							
TelePizza	413	36	-1	448	17	-4	461
Pizza World	79	0	-14	65	0	0	65
Stores to be used under other business lines	0	0	36	36	0	0	36
<b>Total</b>	<b>492</b>	<b>36</b>	<b>21</b>	<b>549</b>	<b>17</b>	<b>-4</b>	<b>562</b>
<b>INTERNATIONAL</b>							
TelePizza	240	51	7	298	12	0	310
TeleGrill	3	0	-3	0	0	0	0
Hippo Pizza	12	0	-6	6	0	0	6
<b>Total</b>	<b>255</b>	<b>51</b>	<b>-2</b>	<b>304</b>	<b>12</b>	<b>0</b>	<b>316</b>
<b>TOTAL GROUP</b>	<b>747</b>	<b>87</b>	<b>19</b>	<b>853</b>	<b>29</b>	<b>-4</b>	<b>878</b>

# Store Openings Situation at September, 30th

		<u>Under Construction</u>		<u>Under Negotiation</u>
SPAIN				
TelePizza	36	25	6	2
Pizza World	0	0	0	0
<b>TOTAL SPAIN</b>	<b>36</b>	<b>25</b>	<b>6</b>	<b>2</b>
INTERNATIONAL				
Portugal	3	1	2	0
Mexico	30	0	0	0
Chile	4	1	0	1
Poland	10	10	0	0
France	2	0	0	0
U.K.	0	0	0	0
Morocco	2	0	0	0
<b>TOTAL INTERNATIONAL</b>	<b>51</b>	<b>12</b>	<b>2</b>	<b>1</b>
<b>TOTAL GROUP</b>	<b>87</b>	<b>37</b>	<b>8</b>	<b>3</b>