



PIZZA PIZZA #ShareTheMoment

f PizzaPizzaCanada  
t PizzaPizzaLtd

PIZZA PIZZA #ShareTheMoment



Pizza Pizza Royalty Corp.

Annual General Meeting May 25, 2016



**Elizabeth Wright**

**Pizza Pizza Royalty Corp.**

Board Chair

# Forward-Looking Statement



- This presentation will contain forward-looking statements.
- Investors should be aware that any forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those disclosed here today.
- Investors are directed to the Company's Annual Information Form for a full discussion of risks.
- Management does not intend to discuss any undisclosed material information today.



**Paul Goddard**

**Pizza Pizza Limited**

Chief Executive Officer

# Royalty Revenues



**\$26.5M in Royalty Revenue**

6% of System Sales

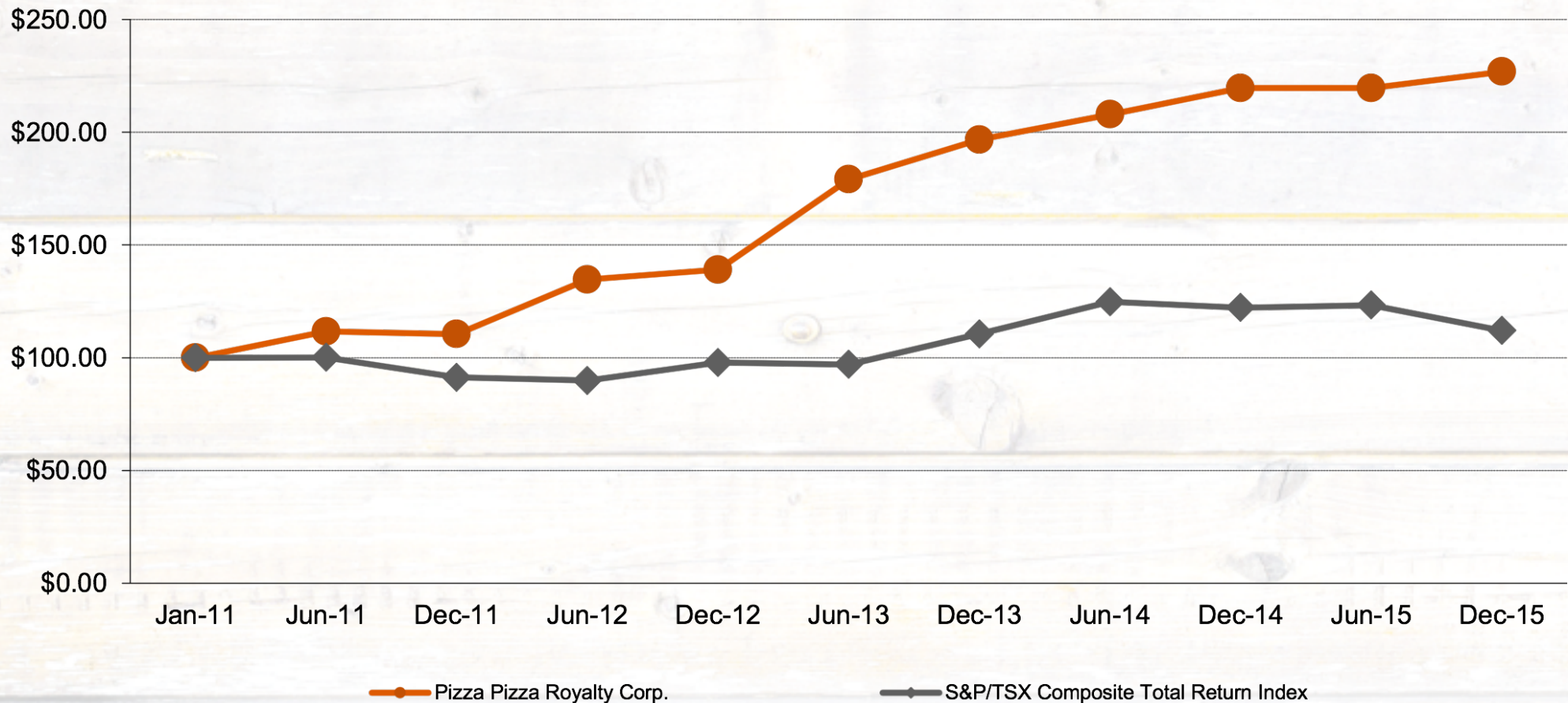
**\$8.3M in Royalty Revenue**

9% of System Sales



Licence and royalty agreements with Pizza Pizza Limited provide cash flow stability to investors, with limited operational risks.

# PZA compared to S&P/TSX



**\$100 invested in PZA in 2011 grew to \$227 by the end of 2015, far outpacing the TSX Composite.**

# Pizza Pizza Limited



The private operating company  
pays a monthly royalty for use of the trademarks.

# Business Fundamentals



#10 DEMAR DEROZAN OF THE TORONTO RAPTORS

# WE'RE ON FIRE!

NEW FIERY HOT CHICKEN PIZZA!

Hot & Fresh PIZZA PIZZA

OFFICIAL PIZZA OF THE TORONTO RAPTORS

LARGE PIZZA + 3 COKE! \$13.99

MADE WITH OUR NEW FIERY HOT CHICKEN, JALAPENO PEPPERS, RED ONIONS AND FIERY HOT SAUCE!

Hot & Spicy ADD-ONS! \$5.99 EACH

5 PCS. FIERY RED HOT CHICKEN WINGS!

8 JALAPENO POPPERS!

6 SAUCED & TOSSED CHICKEN BITES!

MEGA MUNCH! LARGE PIZZA + 3 TOPPINGS + 10 PCS. CHICKEN WINGS + 4 COKE + 2 DIPS \$23.99

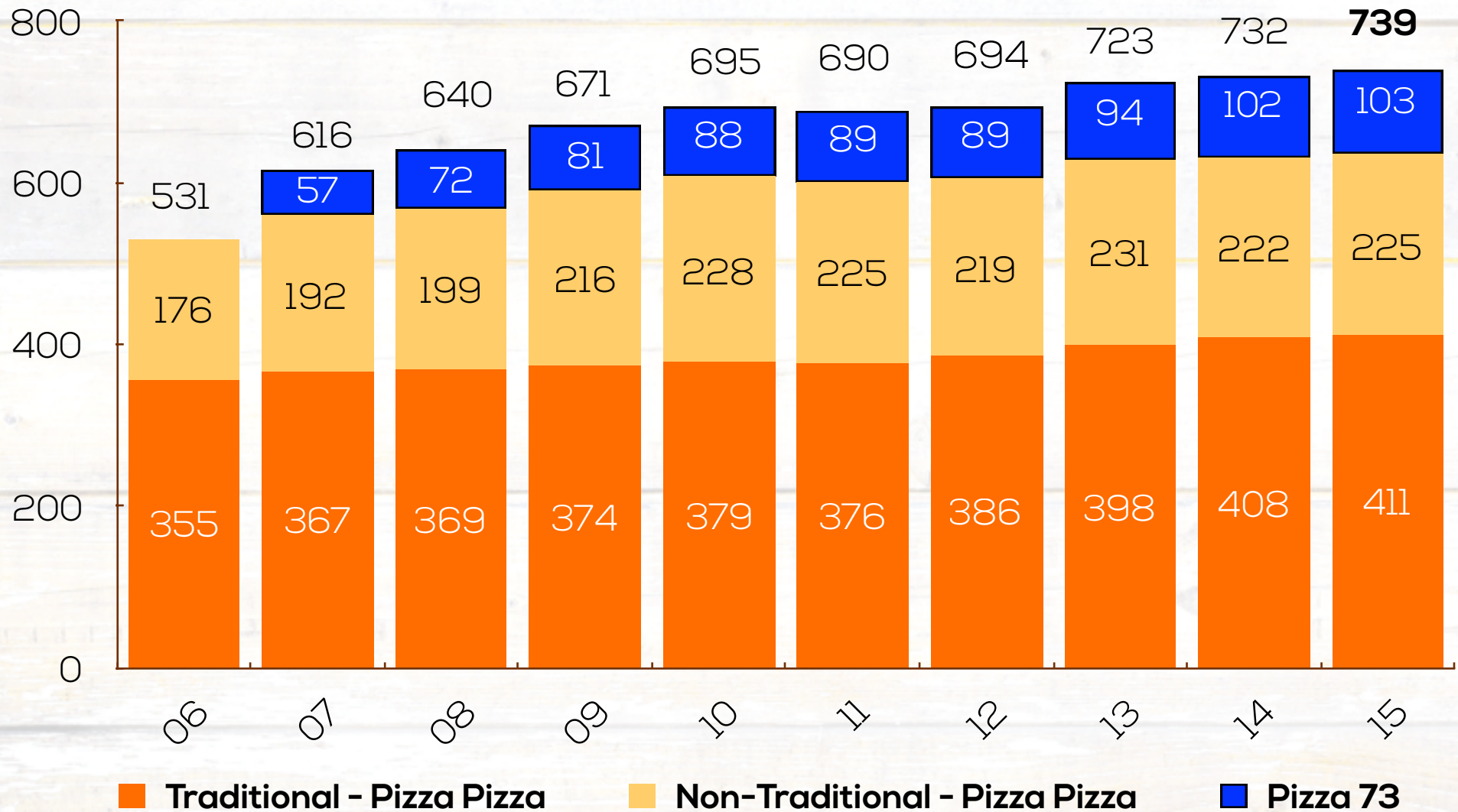
SCORE SAVINGS! 2 MEDIUM PIZZAS + 2 TOPPINGS (ON EACH) + 6 COKE + 2 DIPS \$18.99

- Canada's #1 pizzeria
- Seasoned management team
- Strong & proven business model
- Powerful brands
- Geographic diversification
- Modernized restaurant chain
- Innovation leader since 1967

Pizza Pizza Limited's mandate is to grow and protect the brands.



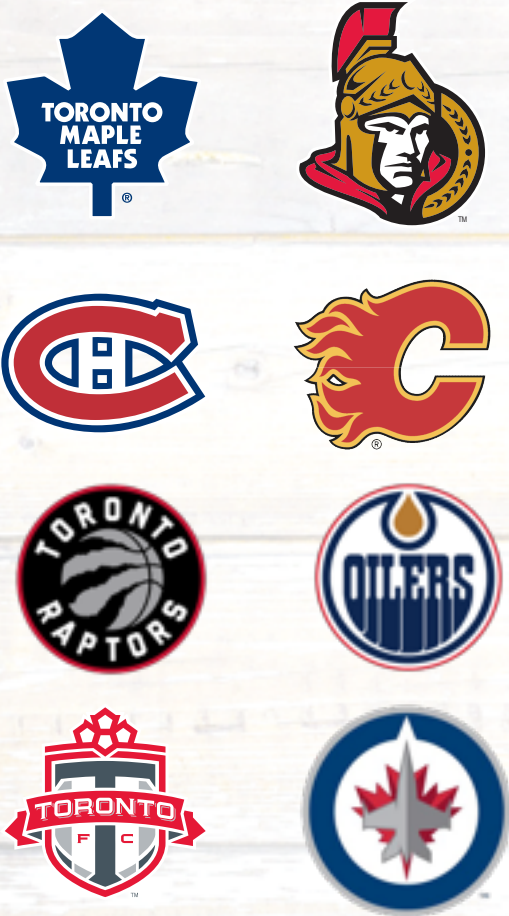
# Number of Restaurants



# Non-Traditional Partnerships Build Brand Awareness



## Sponsorships



## Non-Traditional Locations

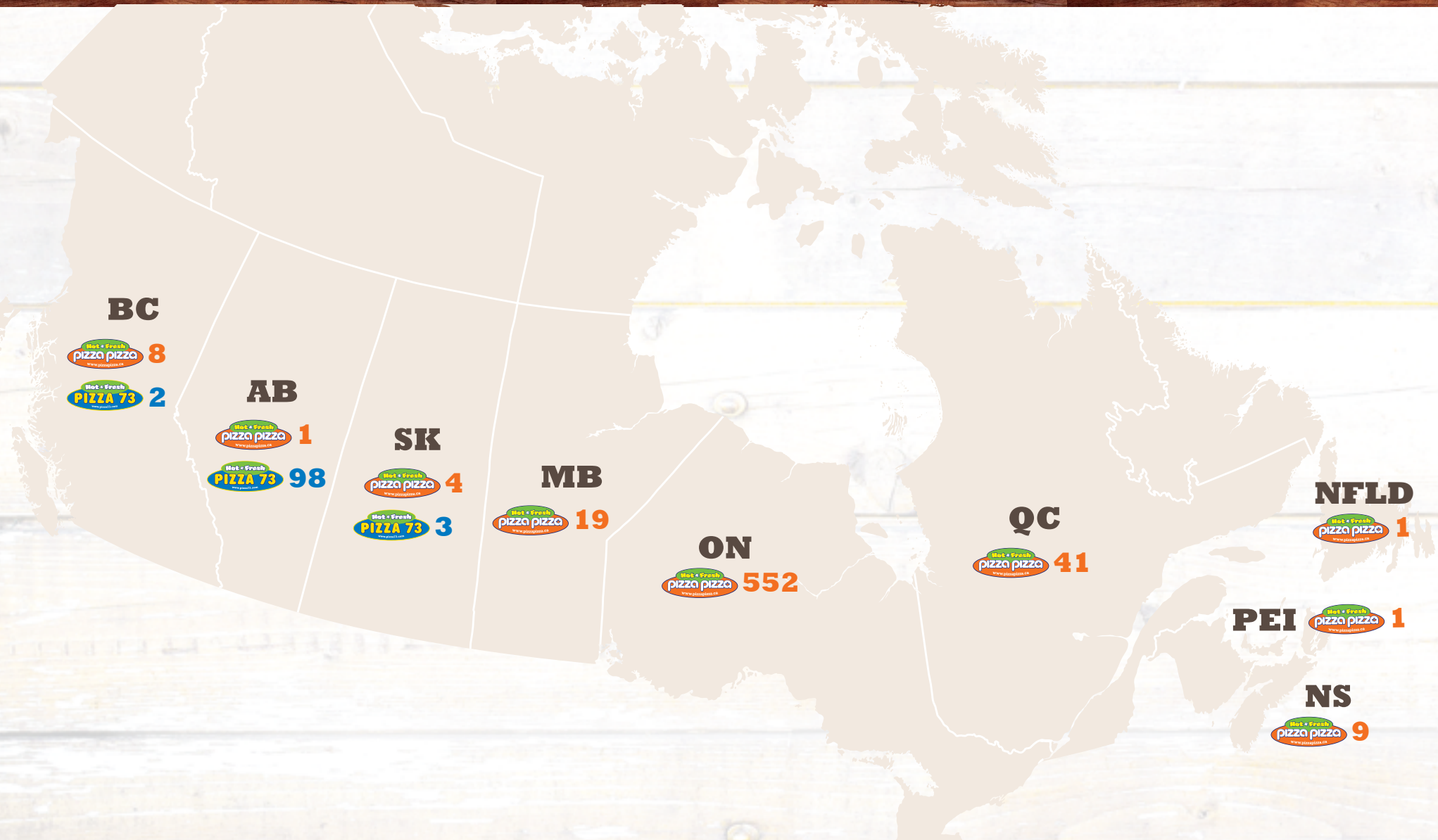


## Special Events



Partnering with major sports arenas, entertainment venues and special community events provide marketing and business opportunities.

# Canada's #1 Pizza Franchise



Building a national presence outside our core  
Alberta and Ontario markets.



The Pizza 73 brand dominates the Alberta pizza market.



# PIZZA 73



PLENTY FOR  
**\$20**

2 MEDIUM 2-TOPPER PIZZAS + 4 COKE

LET'S GIVE BACK TO  
**FORT MAC**

WE WILL DONATE **\$1 TO FORT MCMURRAY\***  
WITH EVERY PLENTY FOR \$20 SOLD!

UPSIZING TO LARGE **\$5**

## MEGA MEAL

**\$29.99**  
UPSIZING TO LARGE **\$5**

2 MEDIUM 2-TOPPER PIZZAS  
+ 8 CHICKEN WINGS + 4 COKE  
+ 4 BAGS OF CHIPS + 2 DIPS



### WALK-IN SPECIAL

**MEDIUM \$7.99**  
1-TOPPER PIZZA

**LARGE \$9.99**  
1-TOPPER PIZZA



### ADD-ON TO ANY ORDER!

POUIFNE **\$4.99**



JALAPEÑO POPPERS **\$5.99**  
8 PC.



**NEW GREEK SALAD \$6.99**



FUNNEL CAKE STIX + CARAMEL DIP **\$5.99**



## SIZZLE WITH OUR SINGLES

**SRIRACHA**  
CHICKEN PIZZA + 2 CANS OF COKE

**\$12.99**  
MEDIUM PIZZA



PINEAPPLE, CHICKEN, GREEN PEPPERS AND SRIRACHA HONEY GARLIC SAUCE

**SRIRACHA**  
CHICKEN PIZZA + 3 CANS OF COKE

**\$15.99**  
LARGE PIZZA

**NEW SRIRACHA CREAMY GARLIC DIP 75¢**



**NEW OVEN BAKED GLUTEN BONELESS FREE WINGS + DIP \$8.29**  
8 PCS

GREAT ADD ON WITH YOUR GLUTEN FREE CHEESE PIZZA

**\$10.99**



## PIZZA 73

In Calgary call:

**(403) 273-7373**

Place your next order online:  
[www.pizza73.com](http://www.pizza73.com)

MANY LOCATIONS OPEN FROM 11AM DAILY!

**ALWAYS OPEN LATE!**  
Till 3am Friday & Saturday

\*LIMITED TIME OFFER. PIZZA 73 APP FOR iPhone & Android. © 2016 Pizza Pizza

# Product Innovation



**NEW!**

Trio  
Italiano  
Pizza  
&  
Chorizo  
Potato  
Pizza



New product launches are key to sales building.

# Product Innovation



**NEW**

## mini chicken sliders!



mini chicken italiano slider \$2<sup>99</sup>

- Raised without antibiotics
- 100% white chicken meat
- Sourced from Canadian farms

**NEW** snack-sized sliders:

**2 for \$5**



mini chicken sriracha slider \$2<sup>99</sup>

**NEW** OVEN BAKED **GLUTEN FREE** BONELESS WINGS +DIP \$8<sup>29</sup> 8 PCS

GREAT ADD ON WITH YOUR **GLUTEN FREE** CHEESE PIZZA \$10<sup>99</sup>

New product offerings satisfy changes in consumer cravings.

## ALWAYS THE BEST FOOD, MADE ESPECIALLY FOR YOU!



### PIZZA DOUGH:

Our pizza dough is made with 100% Canadian wheat and spring water, and delivered fresh to our restaurants daily. We're making our crust thinner and dusting it with durum semolina flour for a lighter artisan flavour.

### TOMATO SAUCE:

Our **NEW** pizza sauce is made from vine ripened tomatoes harvested at their peak and fresh packed to seal in their bold, vibrant flavours.

### MOZZARELLA CHEESE:

Our mozzarella cheese is 100% Canadian, and sprinkled on every pizza for an ample amount of cheese in each bite.



Pizza Pizza's R&D team source  
the highest quality and freshest ingredients



# Technological Innovation



**NEW!**

**ORDER AHEAD EXPRESS**  
MENU NOW AVAILABLE!

**MEDIUM ANY 1 TOPPING PIZZA \$6<sup>99</sup>**

*Walk-in only. No phone orders. Additional toppings extra.*

**Hot & Fresh PIZZA PIZZA**



Partnering innovation with consumer convenience leads to sales growth.

# Marketing Message



# Social Responsibility



Our fundraising events have raised over \$2,000,000 for various charities including the Children's Miracle Network.

**Curt Feltner**

**Pizza Pizza Limited**  
Chief Financial Officer



# Shareholder Information



• TSX exchange listing	<b>PZA</b>
• Publicly-traded shares outstanding	<b>24,618,392</b>
• Fully Diluted shares	<b>30,921,241</b>
• Pizza Pizza Limited's ownership	<b>20.4%</b>
• Market Capitalization	<b>\$423 million</b>
• Current monthly dividend	<b>\$0.0697</b>
• Recent trading price	<b>\$13.70</b>
• Recent yield	<b>6.1%</b>
• Credit facility matures April 2020	<b>\$47M</b>

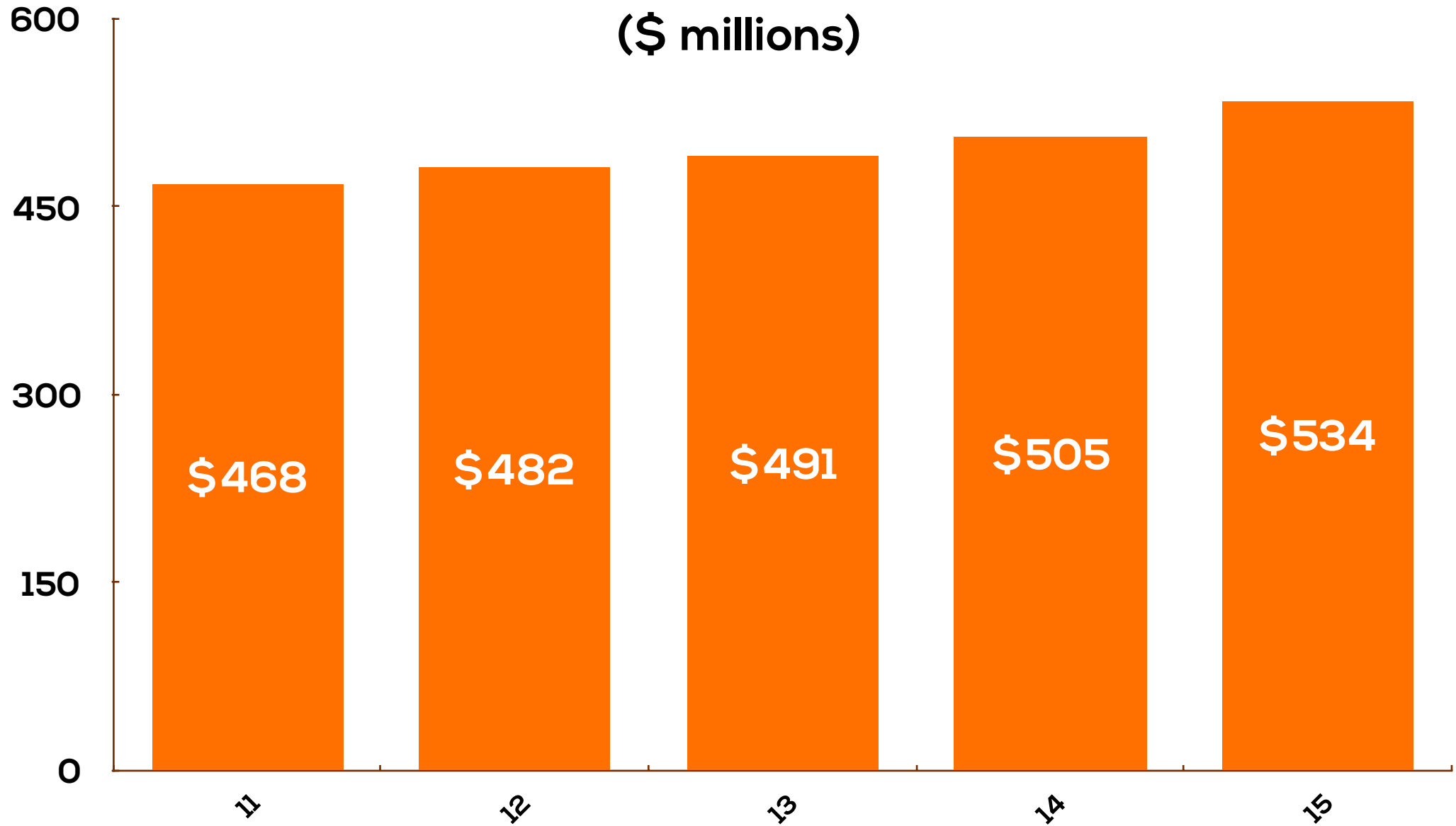
# 2015 Performance Highlights



- Royalty Pool System Sales \$534 M
- SSSG 4.5%
- Dividend increased twice
- \$4.9 million working capital reserve
- Adjusted earnings per share \$0.895
- Dividends per share \$0.8155
- Pay-out ratio 95%
- Loan interest rate reduced 1.37%
- Public float increased 2.8 million

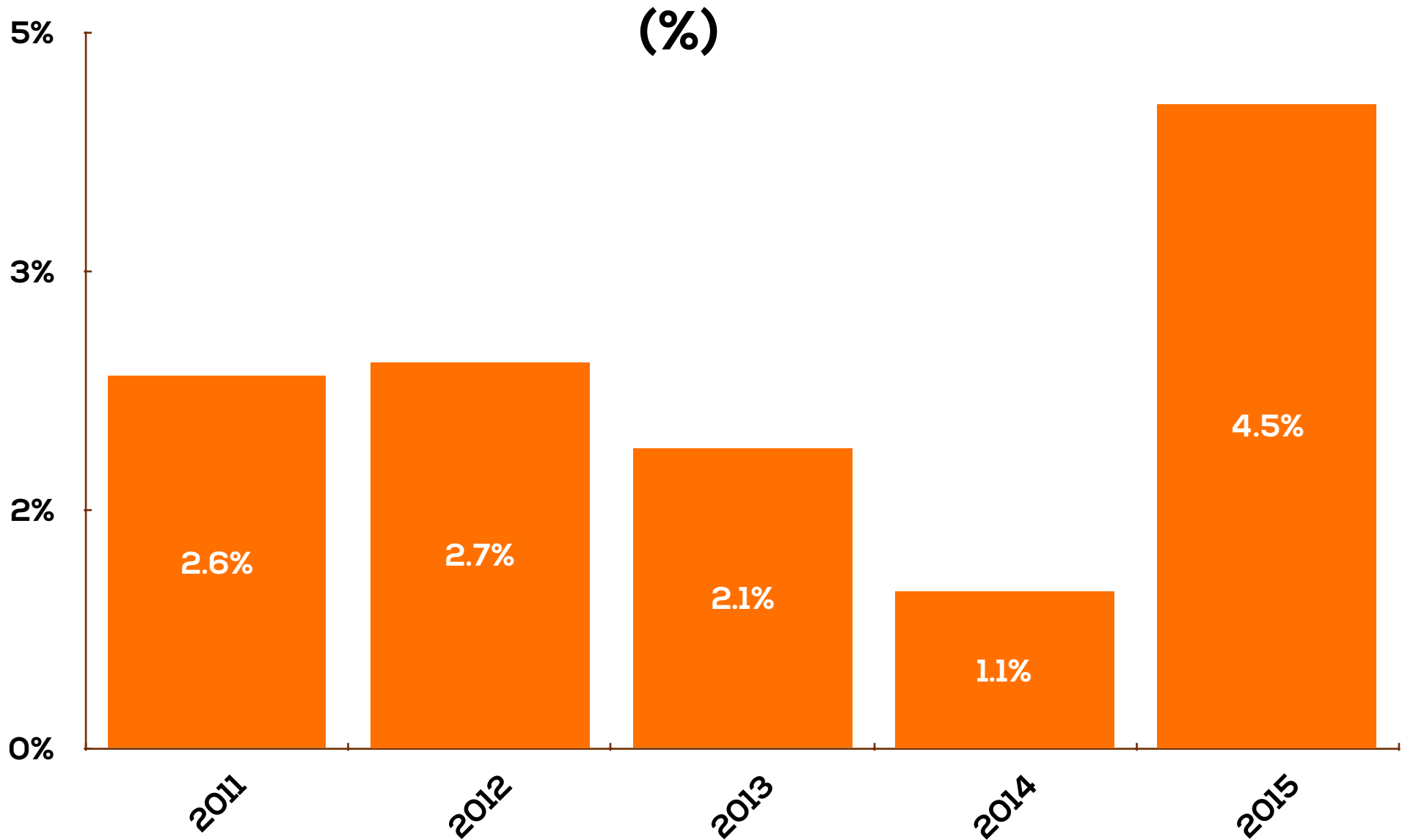
**SSSG is the key driver of shareholder yield.**

# Royalty Pool System Sales



Royalty revenues are based on top-line Royalty Pool Sales.

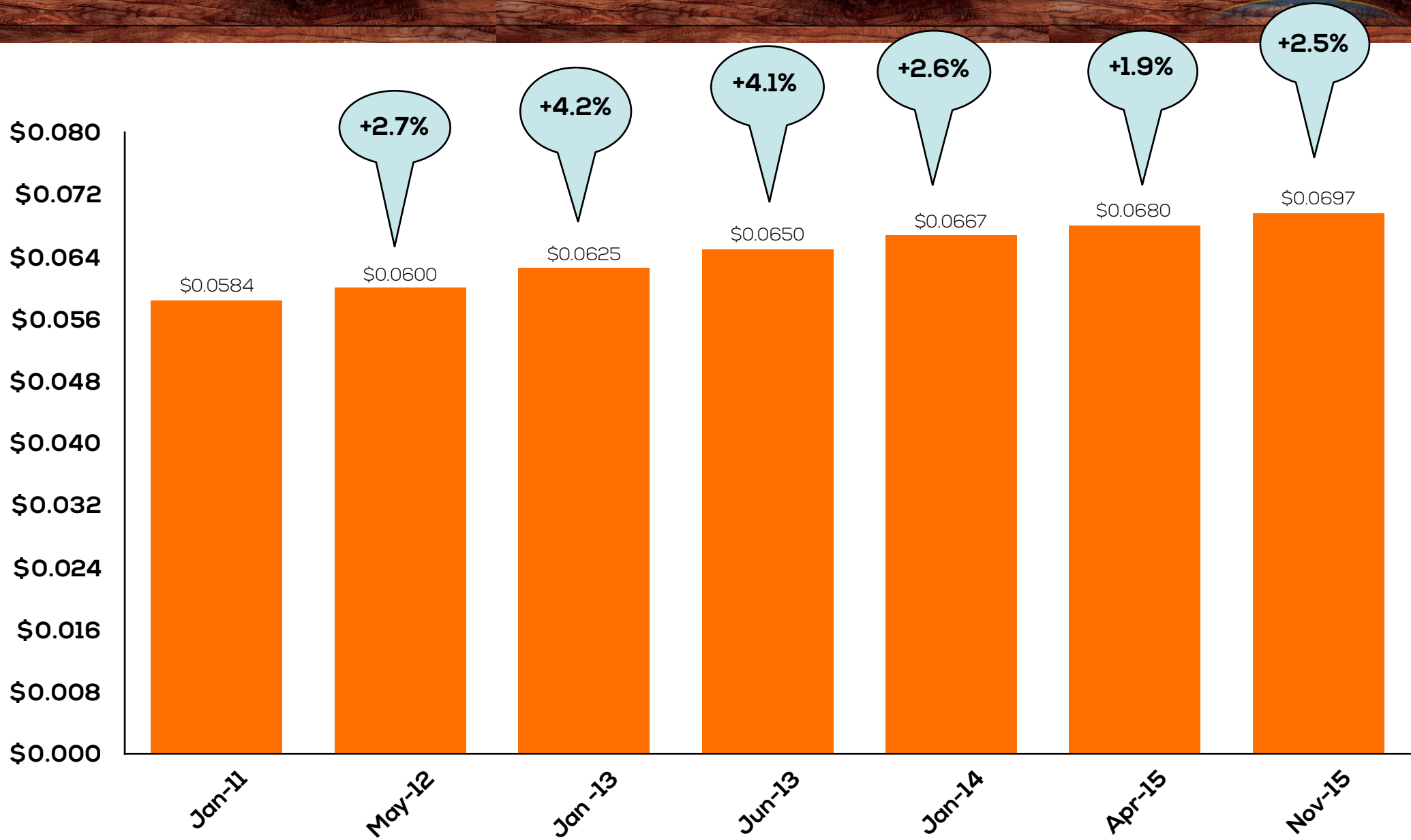
# Same Store Sales Growth



SSSG is the key driver of shareholder yield growth



# Dividend Growth



PPRC increased dividends six times in five years.

# Q1 '16 Performance Highlights



- Royalty Pool System Sales \$133 M
- SSSG 2.5%
- Adjusted earnings per share \$0.219
- Dividend per share \$0.2091
- Pay-out ratio = 100%
- Royalty Pool = 736 restaurants
- \$4.9 million working capital reserve
- Debt:EBITDA ratio = 1.37:1

# Advantages of PZA



- Royalty Structure
- High-yield Dividend Corp
- Sales Growth History
- Exceptional Brand Recognition
- Stable Quick Service Industry
- Strong cash position

