

PIZZA PIZZA



**Pizza Pizza Royalty Corp.**

Annual General Meeting May 27, 2015



PIZZA PIZZA #ShareTheMoment

f PizzaPizzaCanada  
t PizzaPizzaLtd

PIZZA PIZZA #ShareTheMoment

**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



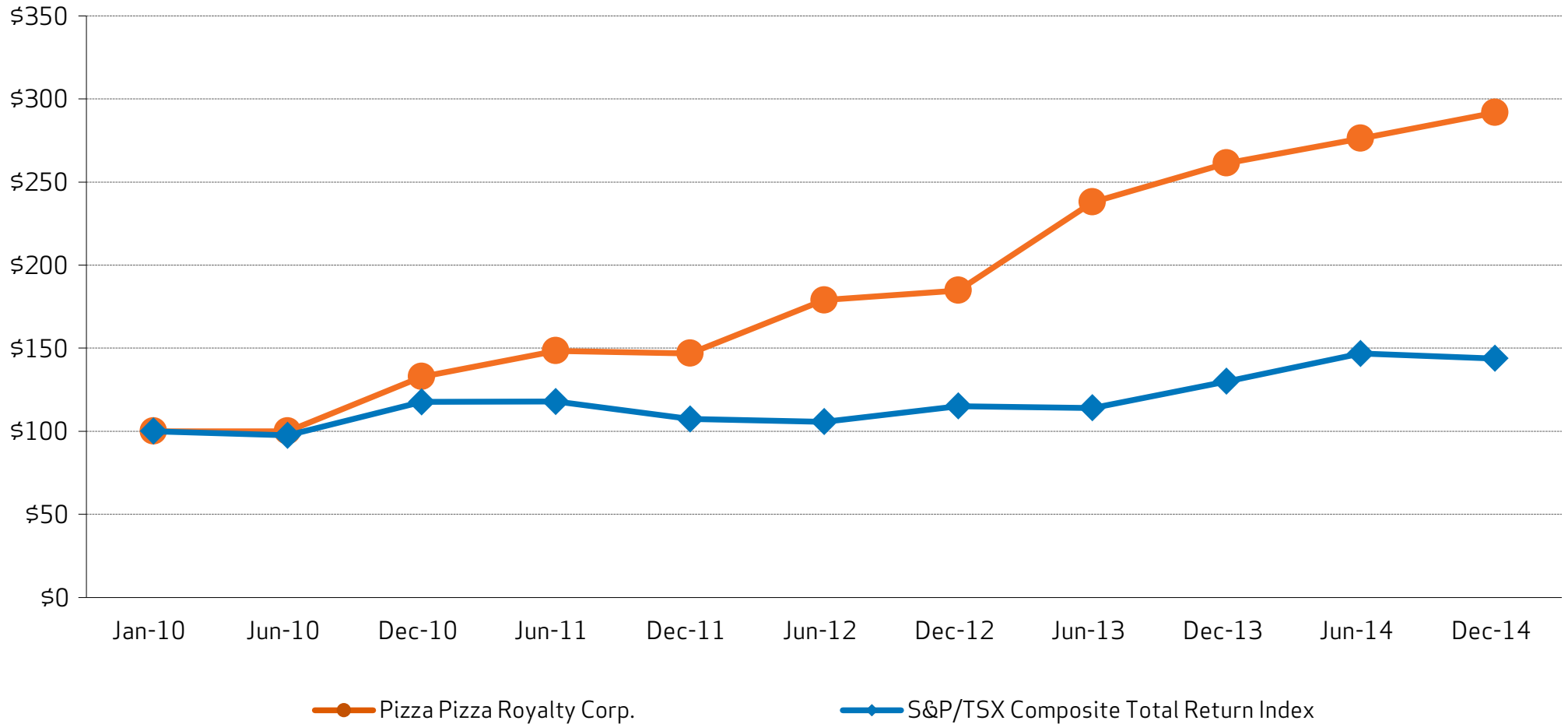
**6% of System Sales**  
*\$24.9M in Royalty Revenue*

**9% of System Sales**  
*\$8.1M in Royalty Revenue*



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 2010 would be worth \$292 in 2014, far outpacing the TSX Composite.**

# Business Fundamentals



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



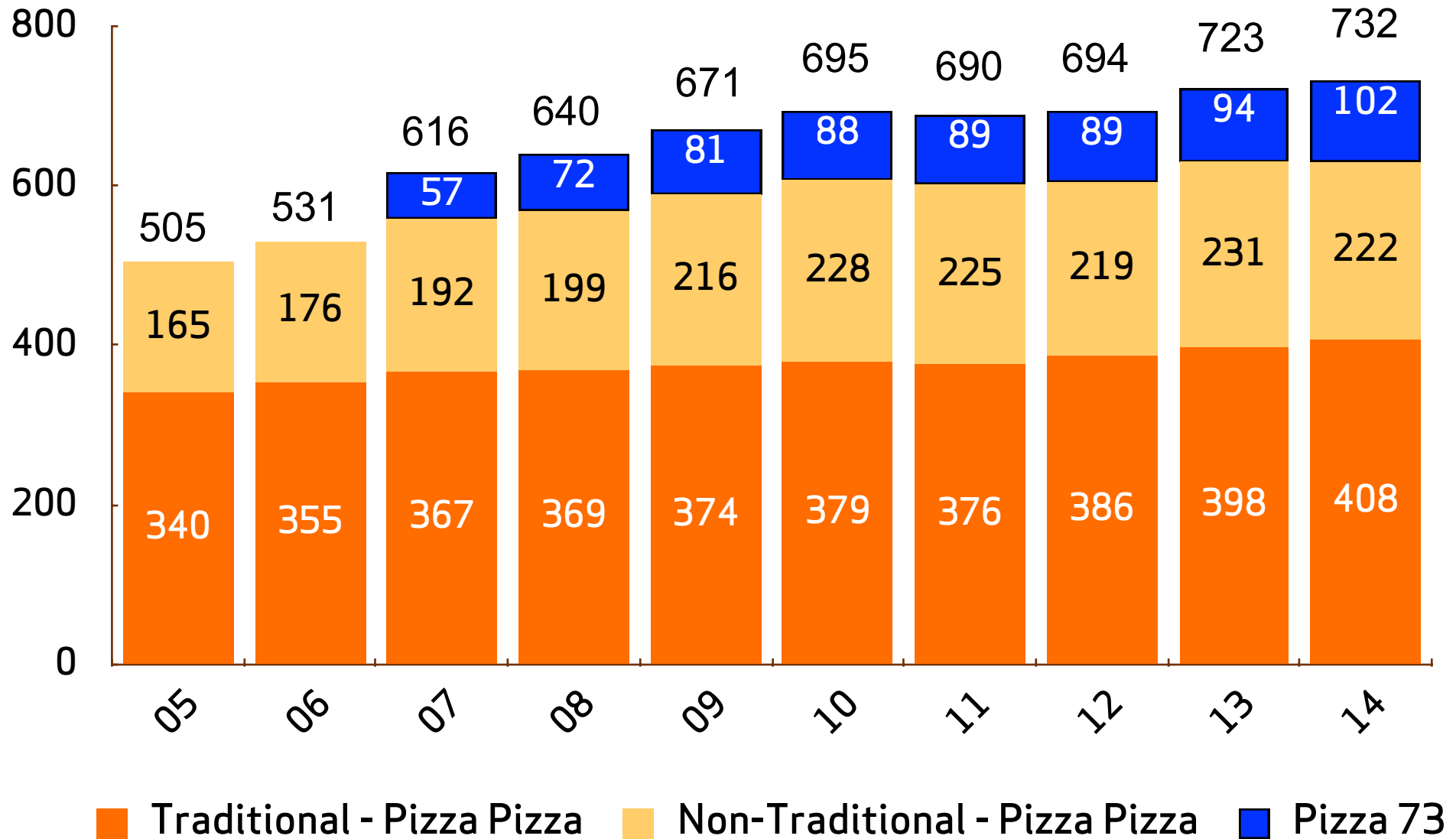
The private operating company pays a monthly royalty for use of trademarks.



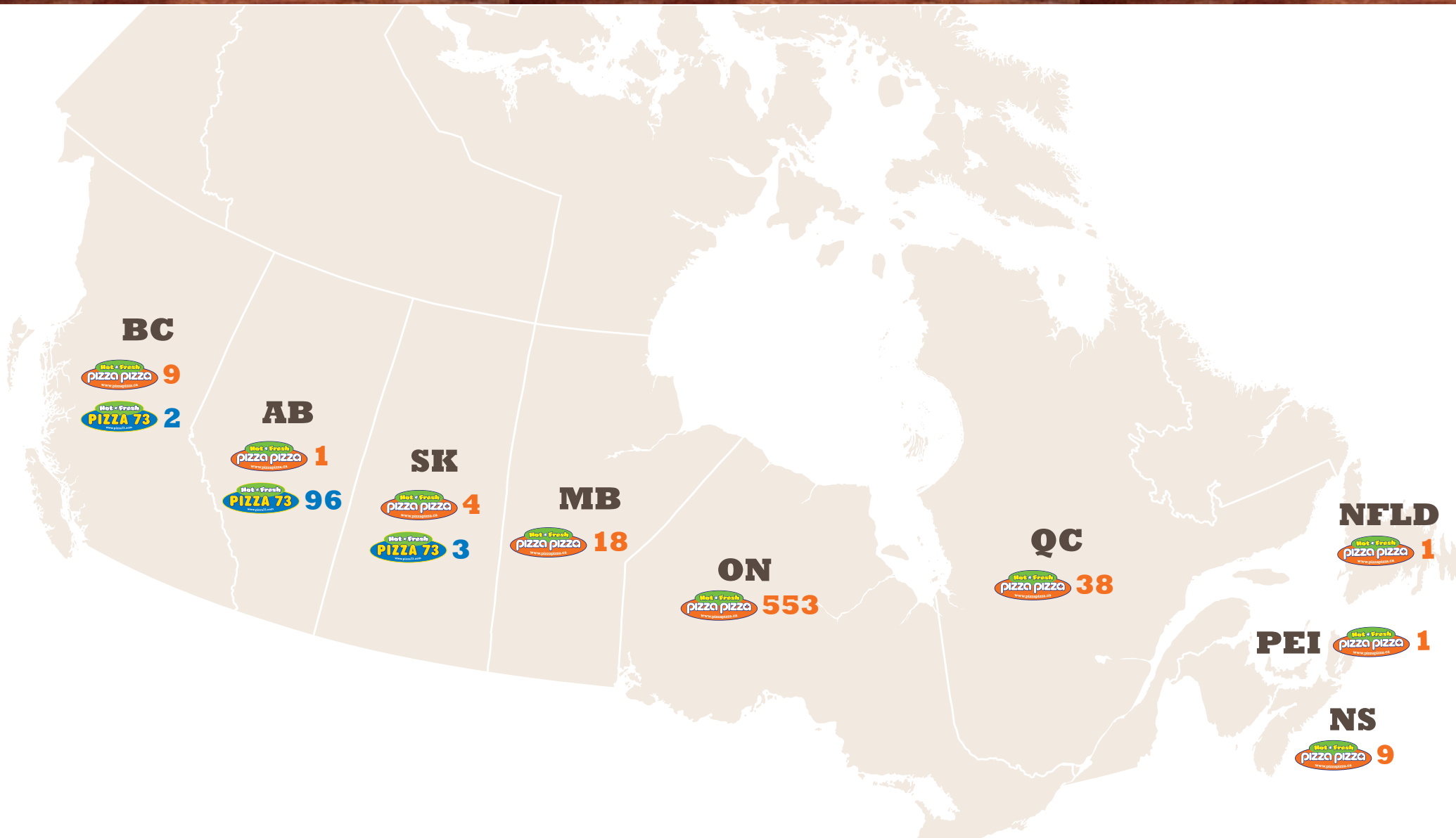
Pizza Pizza honoured with industry and consumer choice awards.



# Number of Restaurants



# Canada's #1 Pizza Franchise



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

# 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.



The Pizza 73 brand dominates the Alberta pizza market.





Plenty  
for

\$20

PIZZA 73

- 2 Medium
- 2-Topper Pizzas
- + 4 FREE Cake
- + 2 FREE Dips

\$20

UPSIZE  
TO LARGE  
\$5



AIR MILES  
BONUS OFFER!

EARN 5 BONUS REWARD MILES  
WHEN YOU ORDER THIS  
SPECIAL ONLINE ONLY!

# Consumer Preferences



**CANADA**  
Classic Tomato Sauce  
Classic Pepperoni  
Mozzarella Cheese  
Fresh Mushrooms  
Bacon Strips

**GREECE**  
Classic Tomato Sauce  
Kalamata Olives  
Spinach | Red Onions  
Mozzarella Cheese  
Feta Cheese

**USA**  
Classic Tomato Sauce  
Mini Italian Meatballs  
NY Style Pepperoni  
Mozzarella Cheese  
Ground Beef

**ITALY**  
Italian Homestyle Tomato Sauce | Spicy Italian Sausage  
Genoa Sausage | Red Onions  
Parmesan Cheese | Italian Blend Seasoning  
Mozzarella Cheese

**NEW!** International GOURMET THIN CRUST PIZZAS! 8 GOURMET PIZZAS TO CHOOSE FROM

ANY 2 \$13<sup>99</sup> INTERNATIONAL SMALL PIZZAS

BUY 3 \$20<sup>99</sup> INTERNATIONAL SMALL PIZZAS

GET A FREE FLAG BAG!

Ordering Pizza Pizza has never been easier!

Fast and convenient ordering is available through our iPhone, iPad, iPod Touch and Android apps, plus our mobile web for all smart devices.

Order online at [www.pizzapizza.ca](http://www.pizzapizza.ca), in-store or call (905) 967-1111

**Hot & Fresh pizza pizza**

Dip into flavour!  
Choose from one of our famously delicious Dipping Sauces for 75¢

ADD 3 COKE OR COKE \$2<sup>99</sup> | ADD 6 COKE OR COKE \$3<sup>99</sup>

**Hot & Fresh pizza pizza (416) 967-1111**

New international flavours satisfy consumer cravings.

# Product Quality



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.

— *get to* —  
**KNOW  
OUR NEW  
PIZZA  
FLAVOUR**



Our **NEW** pizza sauce is made from **100% GMO-free**, vine ripened tomatoes exclusively selected for Pizza Pizza. They're harvested at their peak and **fresh packed** to seal in their bold, vibrant flavours.

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

# Product Innovation



New product launches are key to sales building.



# Technological Innovation



Partnering innovation with consumer convenience leads to sales growth.

# Social Responsibility



Our fundraising events have raised over \$1,700,000 for various charities including the Children's Miracle Network.



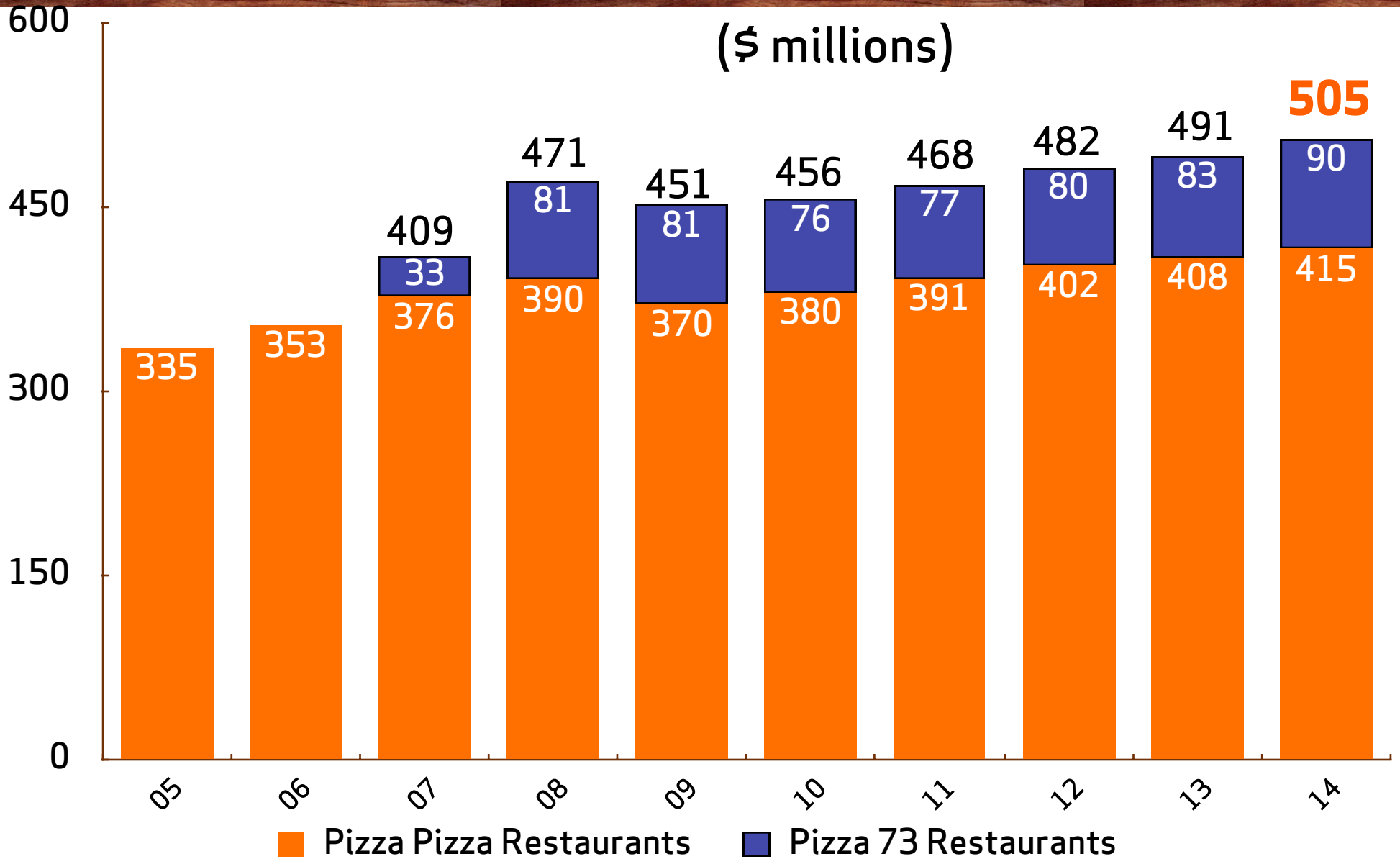
**Curt Feltner**  
**Pizza Pizza Limited**  
*Chief Financial Officer*

# 2014 Performance Highlights

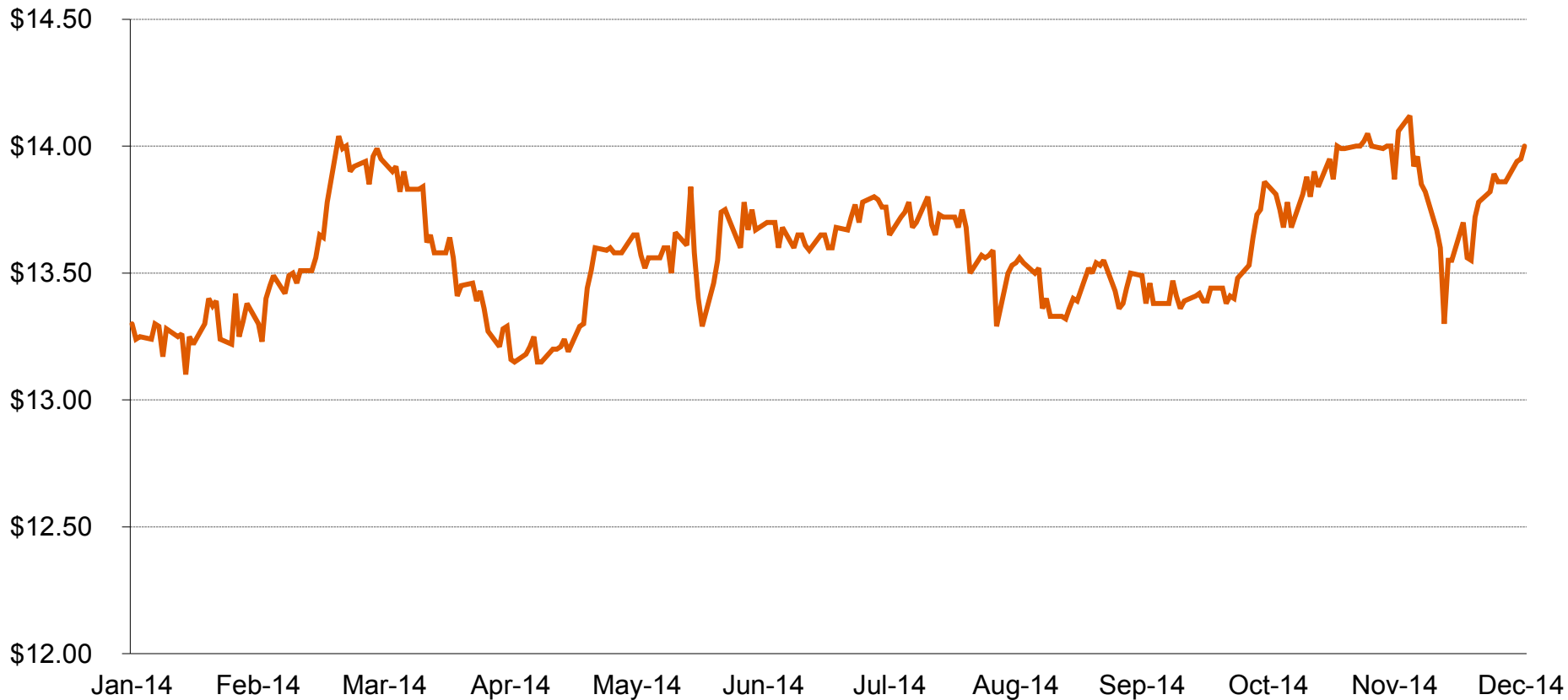


- Royalty Pool System Sales \$505 M
- SSSG 1.1%
- Royalty Pool restaurants increased to 722
- \$3.9 million working capital reserve
- Dividend increased 2.6% in January 2014
- Loan interest rate reduced 0.25%
- Adjusted earnings per share \$0.861
- Dividends per share \$0.8004

# Royalty Pool System Sales

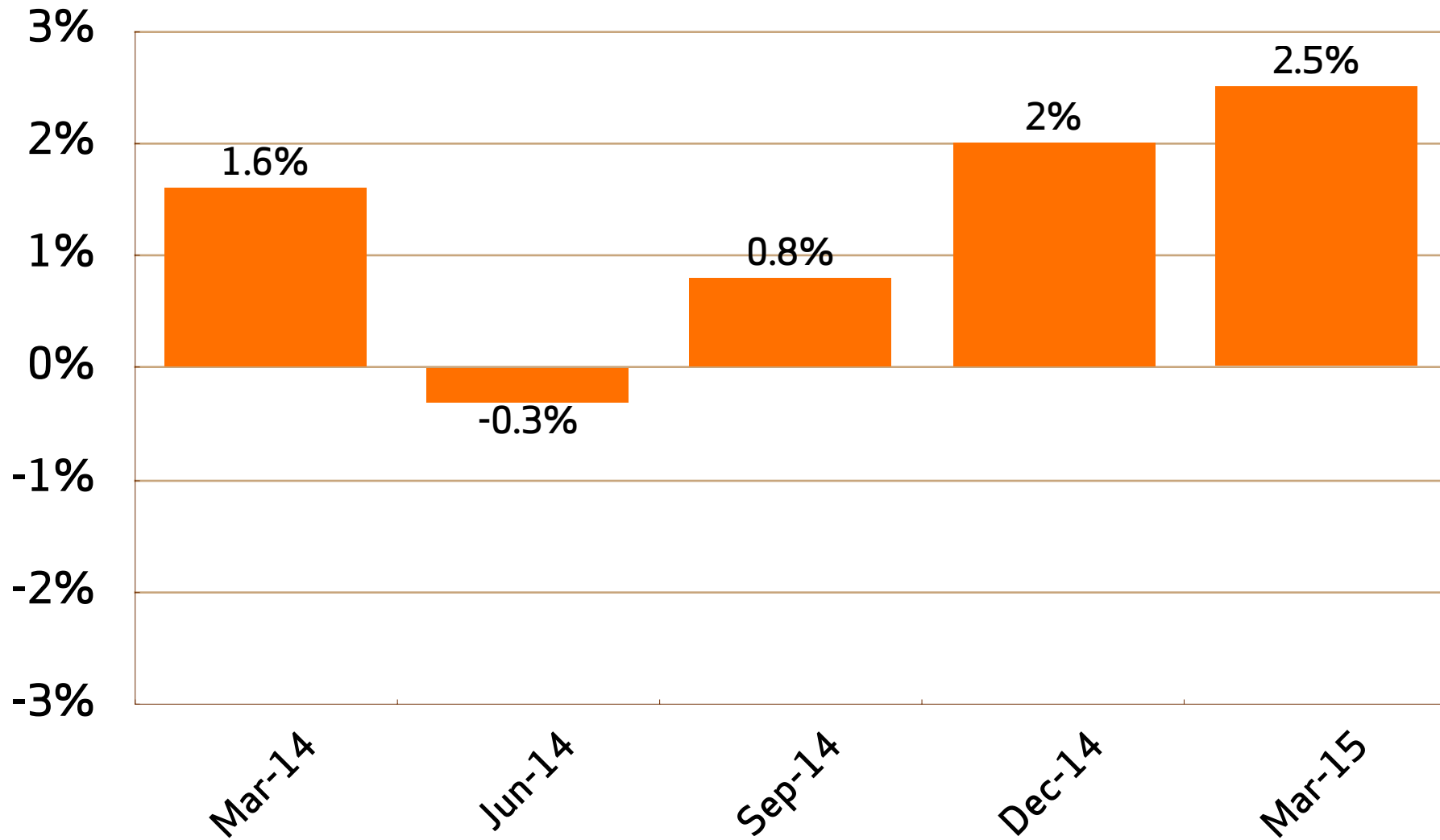


# PZA Share performance 2014

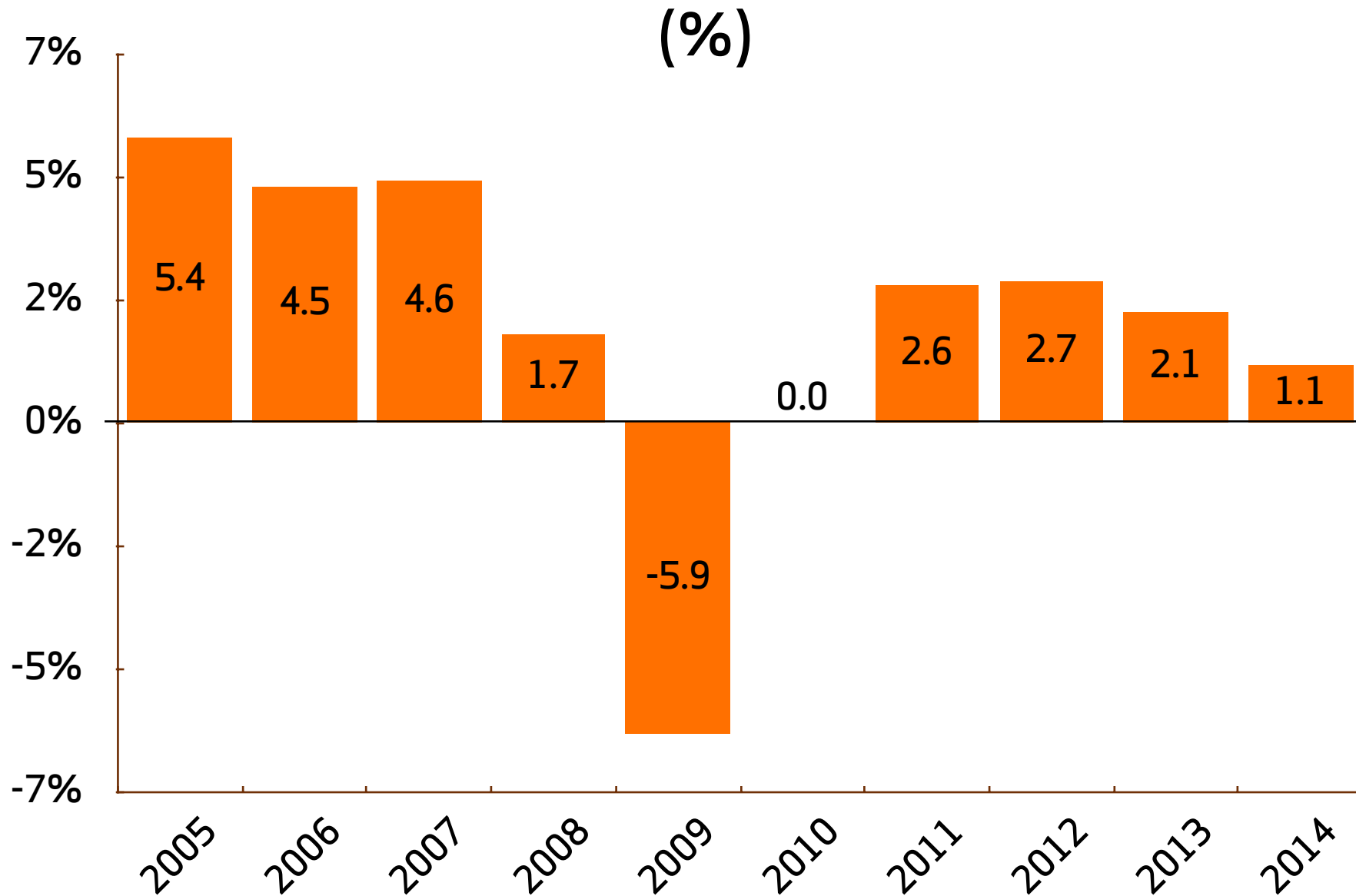


PZA increased from \$13.30 to \$14.00 over 12 months as of December 31, 2014. Total return, with dividend = 11%

# SSSG - Quarterly

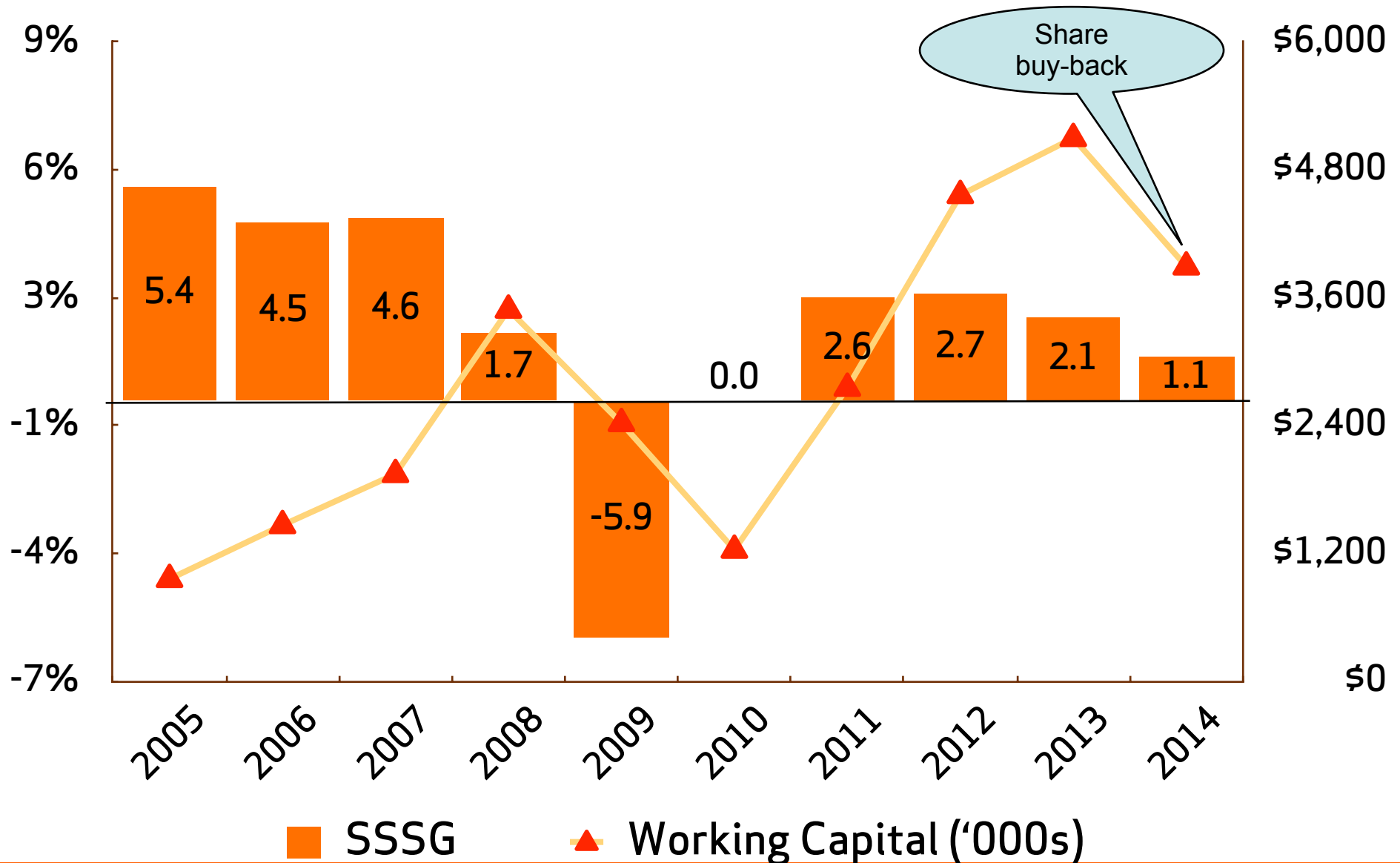


# Same Store Sales Growth

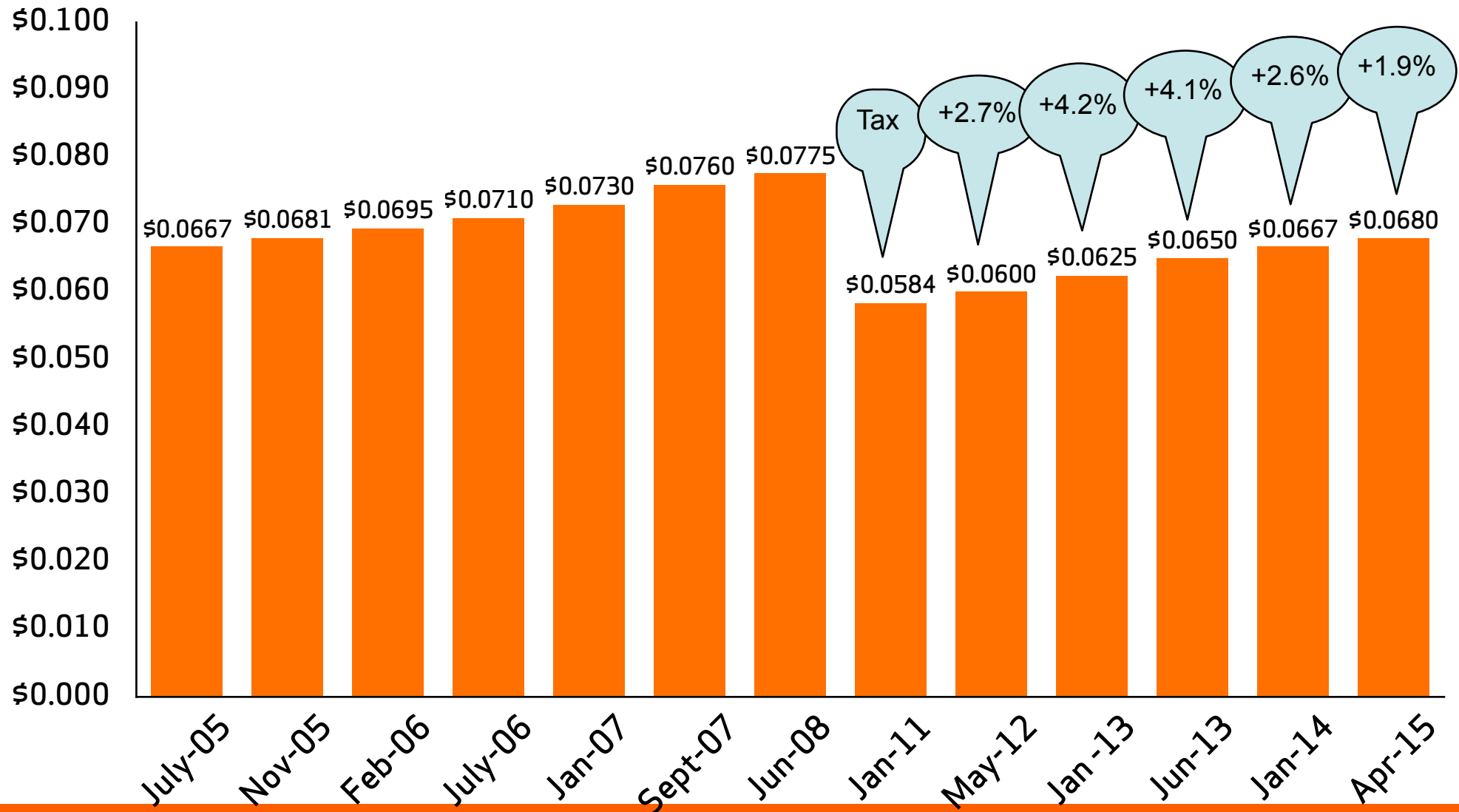




# Sales Growth and Cash Reserve



# Dividends Since IPO



# Q1 '15 Performance Highlights



- Royalty Pool System Sales of \$129 M
- SSSG 2.5%
- Adjusted earnings per share \$0.216
- Dividend per share \$0.2001
- Pay-out ratio = 100%
- Royalty Pool increased to 730 restaurants
- \$3.9 million working capital reserve

# March 2015 Bought Deal



	<i>Public Float</i>	<i>PPL Equivalent Shares</i>	<i>Fully-diluted Shares</i>
<i>January 1, 2015</i>	21,818,392	8,924,133	30,742,525
<i>March 23, 2015</i>	2,800,000	(2,800,000)	-
<b>Current</b>	<b>24,618,392</b>	<b>6,124,133</b>	<b>30,742,525</b>

# Credit Facility Renewal



	<i>New Facility</i>	<i>Old Facility</i>
<i>Maturity</i>	April 24, 2020	December 6, 2016
<i>Interest Rate</i>	2.75% (1.875% + 0.875%)	4.12% (2.87% + 1.25%)
<b><i>Annual Interest Savings</i></b>	<b>\$640,000</b>	

The early renewal of the Partnership's credit facility resulted in annual interest savings of \$640,000.

# Shareholder Information



• TSX exchange listing	PZA
• Publicly traded shares	24,618,392
• Fully Diluted shares	30,742,525
• Market Capitalization	\$438M
• Pizza Pizza Limited's ownership	19.9%
• Current monthly dividend	\$0.068
• Recent trading price	\$14.25
• Recent yield	5.7%
• Credit facility matures April 2020	\$47M

**Pizza Pizza Royalty Corp.**

