



Pizza Pizza Royalty Corp.

ANNUAL GENERAL MEETING

May 28, 2014





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,
Chief Executive Officer, Pizza Pizza Limited**

Royalty Revenues - 2013

6% of System Sales



\$24.5M in Royalty Revenue

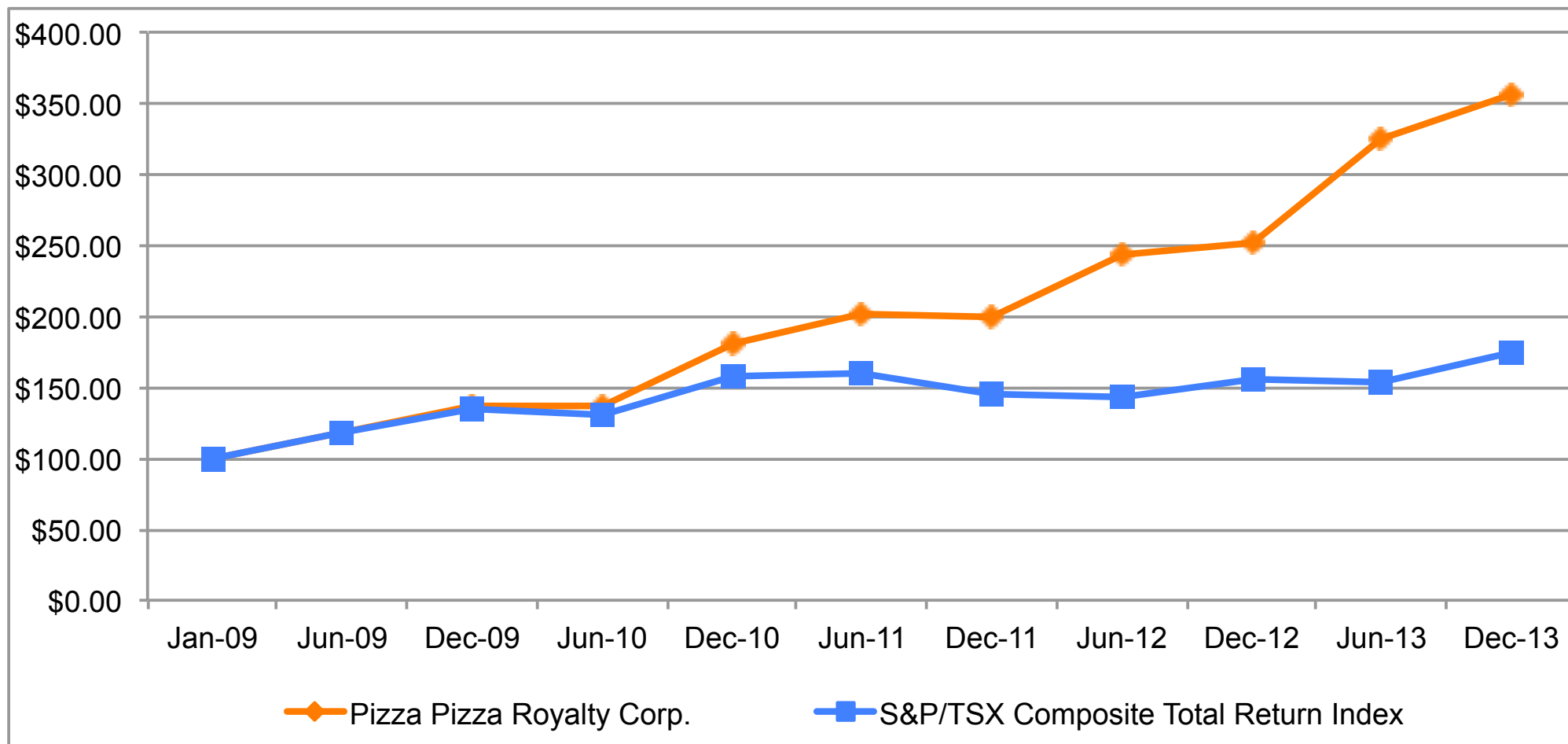
9% of System Sales



\$7.4M 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 Composite Total Return Index (\$100 invested for last five years)



**\$100 invested in PZA in 2009 would be worth \$350 in 2013,
far outpacing the TSX Composite.**

Pizza Pizza Limited - Fundamentals

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

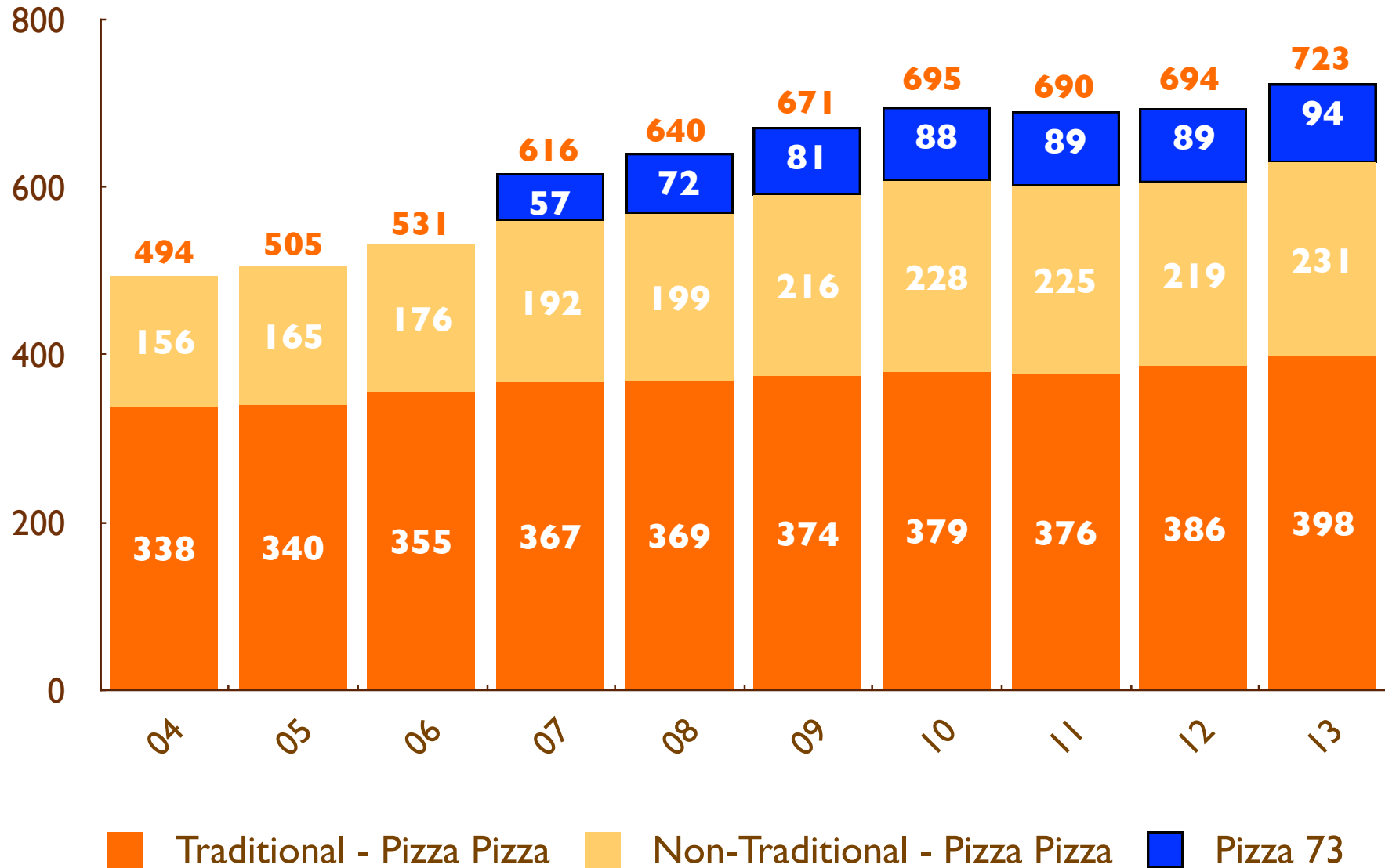


The private operating company pays a monthly royalty for use of trademarks

Restaurant Success

- Pizza Pizza provides restaurant operators a high level of service:
 - Centralized food distribution - Volume purchasing
 - Pizza Pizza Training Centre - Operator training
 - Turn-key Operation, plus Centralized Financing
 - Real estate site selection and lease renewal
 - Centralized payment of all operating expenses including rents, mortgages, and sales taxes

Number of Restaurants



PIZZA PIZZA

957.11.11

THIS SATURDAY
pepperoni slice french fries **\$3.99** cheese slice onion rings
Enter to **WIN** Pizza for a Year!

\$2 Early Week Special!

MONDAYS
Pepperoni Pizza
Italian Sandwich

TUESDAYS
Any Size Salad

WEDNESDAYS
Pepperoni

3525B

\$2 Early Week Special!

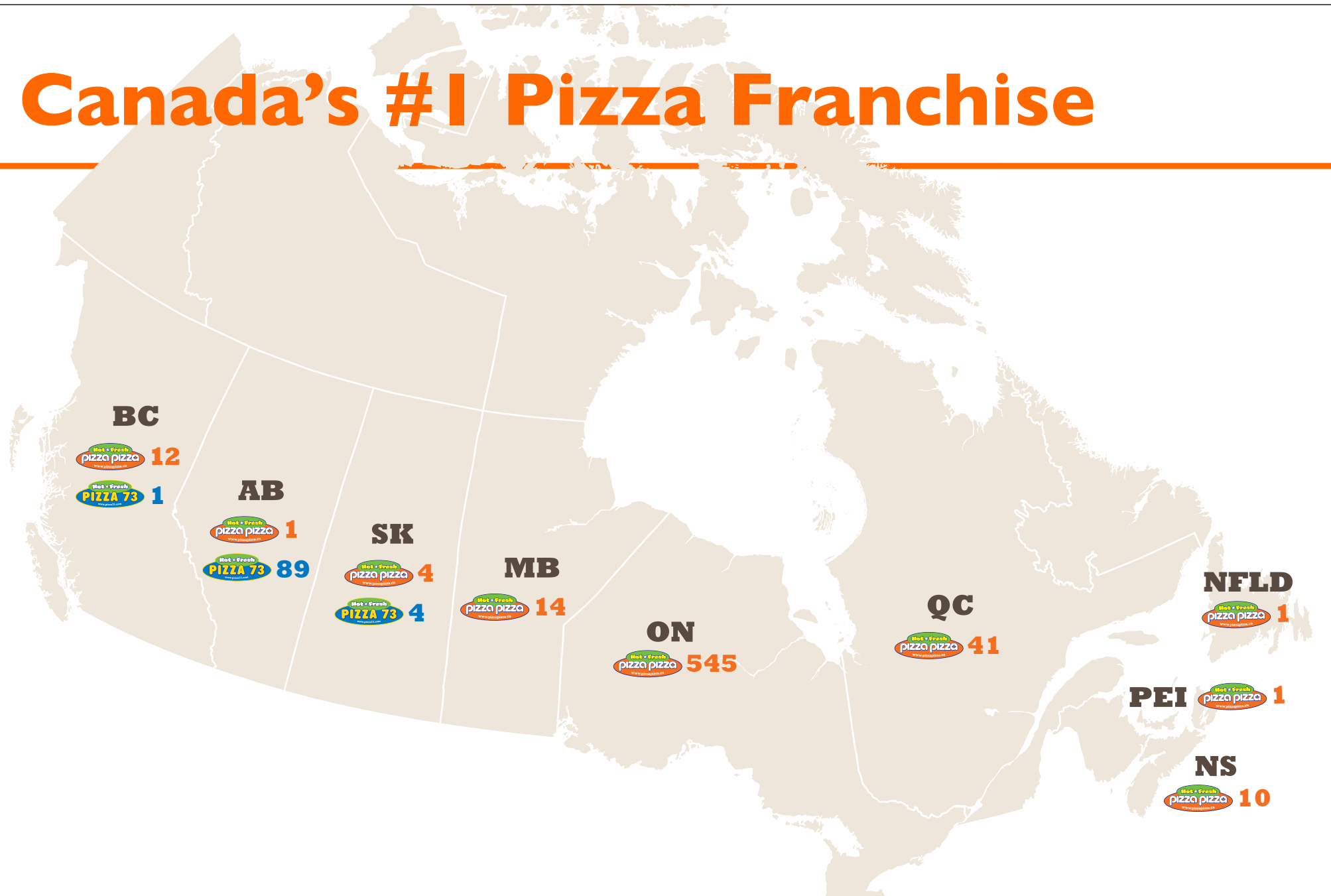
MONDAYS
Pepperoni Pizza
Italian Sandwich

TUESDAYS
Any Size Salad

WEDNESDAYS
Pepperoni

P CUSTOMERS ONLY

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



Value-oriented Menu Offerings

MEDIUM
PEPPERONI PIZZA

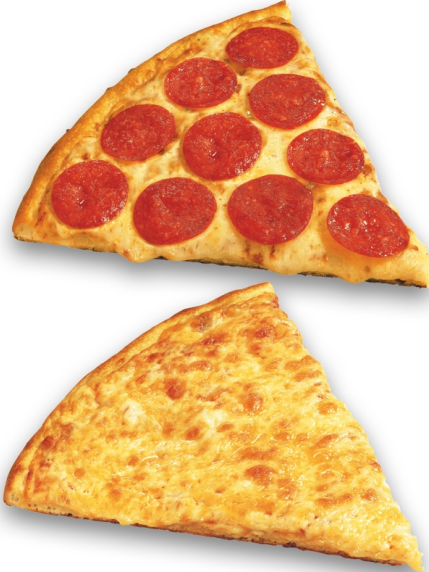
\$5.49

Taxes extra. Walk-in only.
No phone orders.



2 **\$5**
FOR

CHEESE OR PEPPERONI SLICES



CHILI &
POUTINE

\$3.99 each

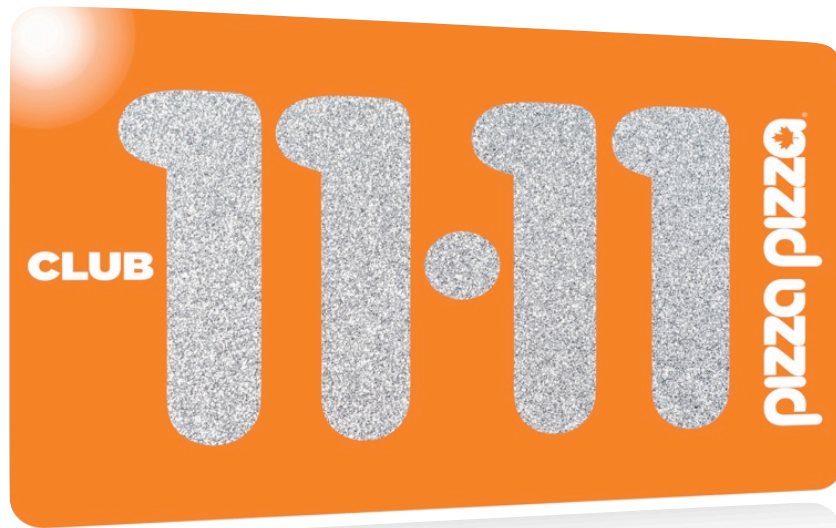


Pizza Pizza is constantly reinventing its offerings to meet consumer's changing needs and desires

Product Innovation



Technological Innovation



Partnering innovation with consumer convenience
leads to sales growth

Brand Recognition



**Pizza Pizza is one of the most recognized brands in Canada.
Our products are being featured on multiple media.**

Social Responsibility



Our fundraising events have raised over \$1,300,000 for various charities including the Children's Miracle Network

Curt Feltner

Chief Financial Officer, Pizza Pizza Limited



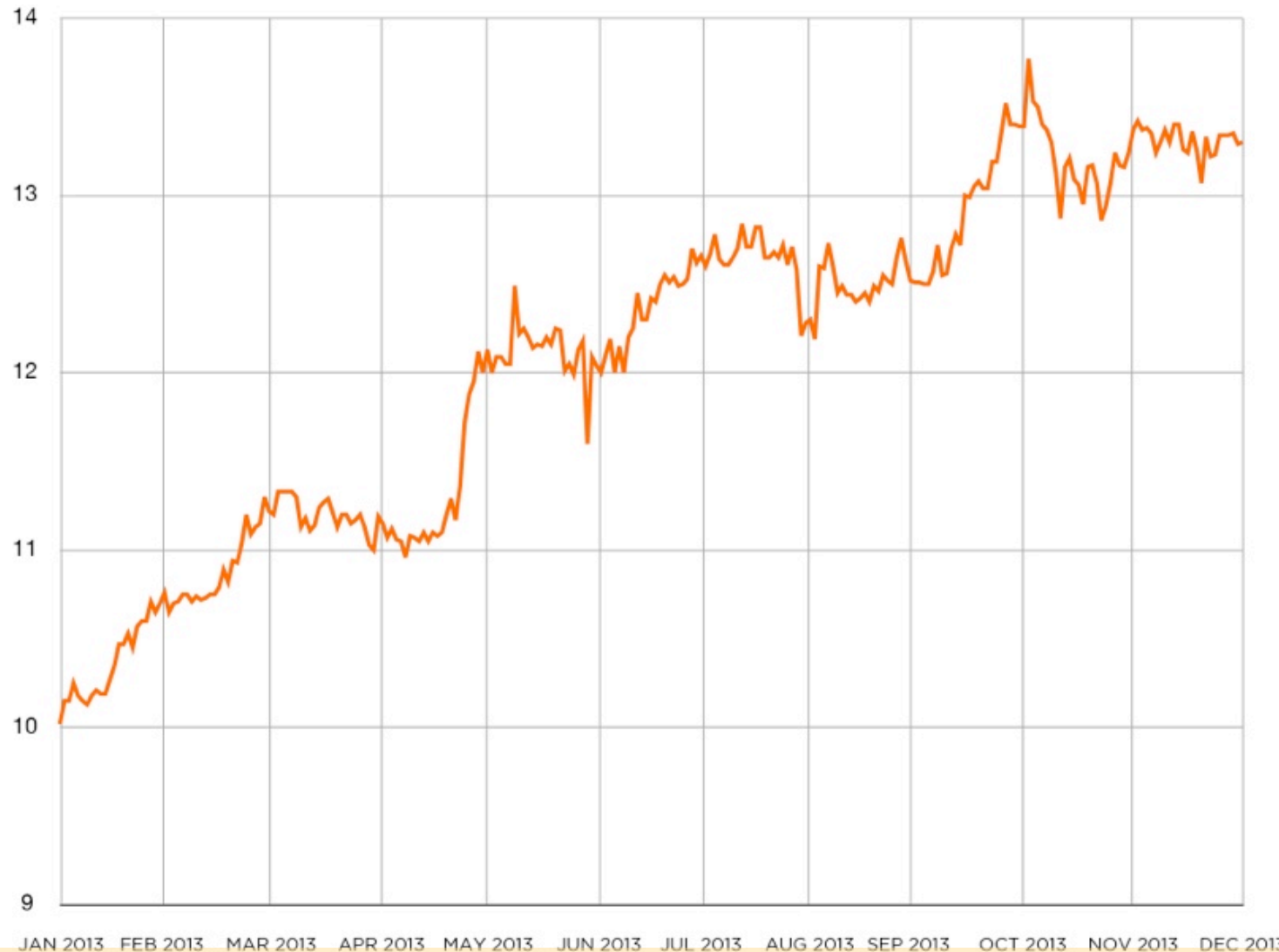
Shareholder Information

• TSX exchange listing	PZA
• Publicly traded shares outstanding	21,818,392
• Fully Diluted shares	30,300,375
• Market Capitalization	\$410M
• Pizza Pizza Limited's ownership	28.0%
• Current monthly dividend	\$0.0667
• Recent trading price	\$13.50
• Recent yield	5.9%
• Credit facility matures Dec 2016	\$47M
• Debt to EBITDA ratio at 3/31/14	1.49

2013 Performance Highlights

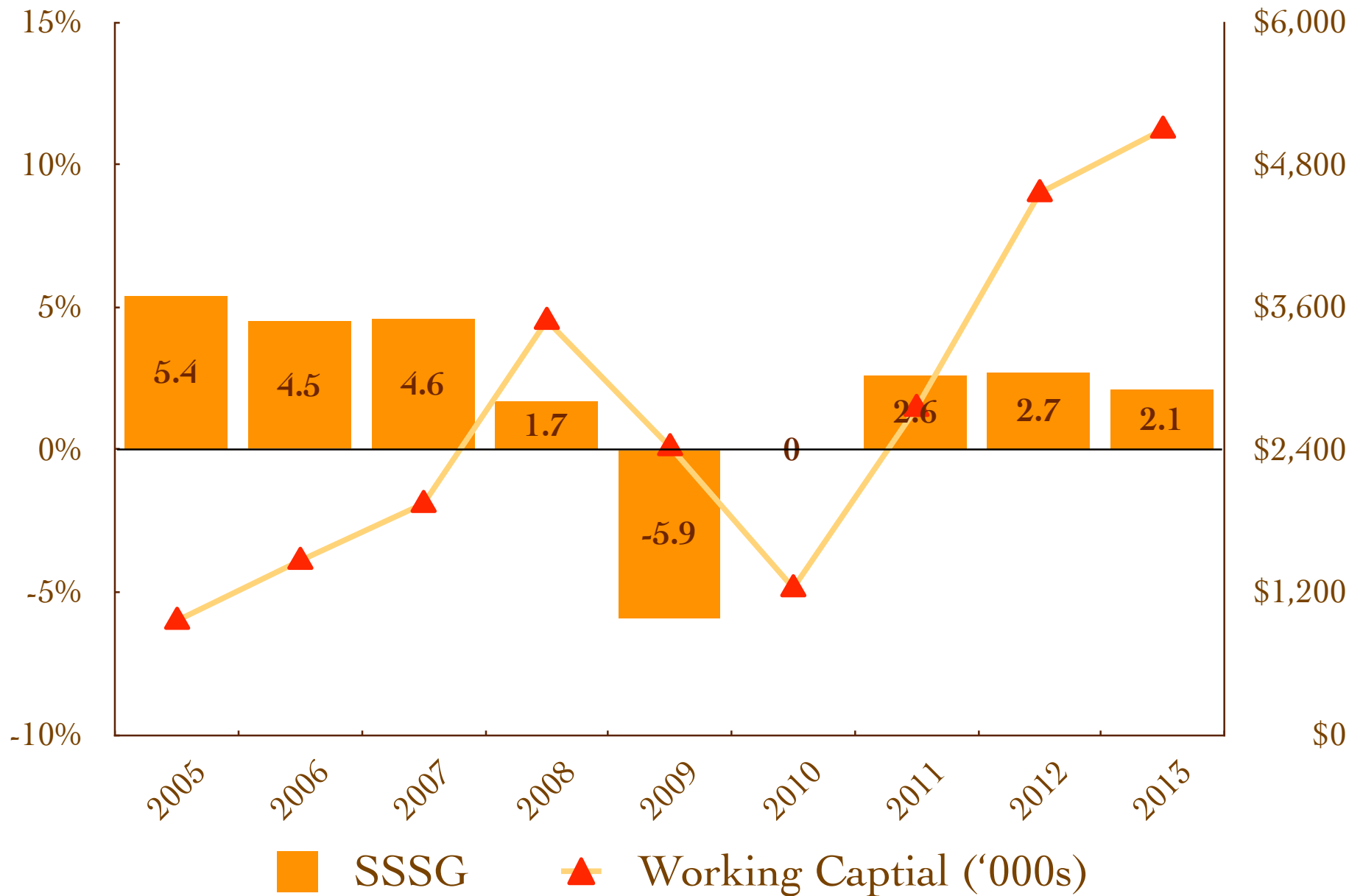
- Royalty Pool System sales \$491 M
- SSSG 2.1%
- Number of restaurants in Royalty Pool: 694
- \$5.1 million working capital reserve
- Adjusted earnings per share \$0.838
- Dividends per Fund share \$0.7675
- Pay-out ratio = 97%

PZA Share performance 2013

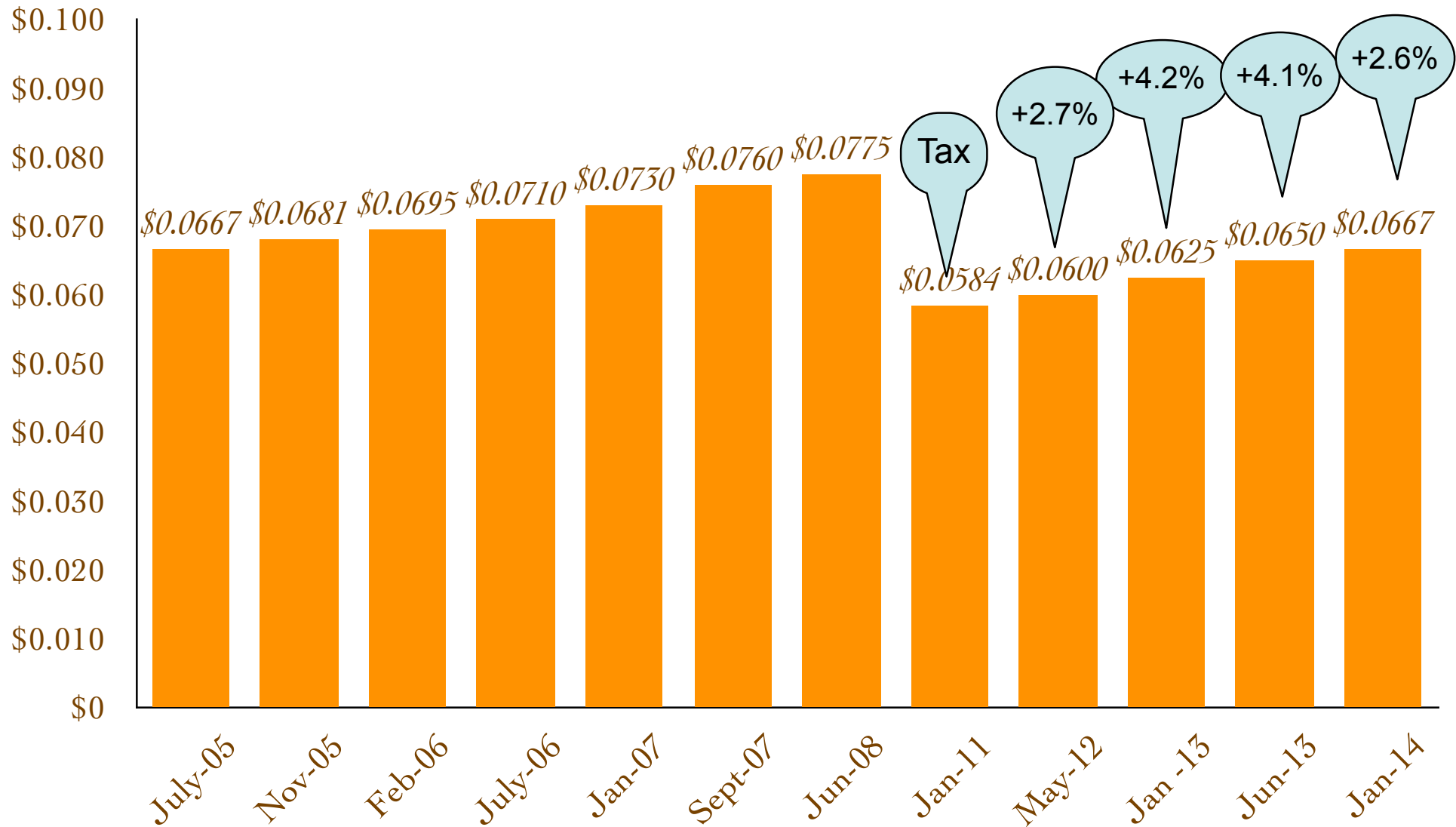


**PZA increased from \$10.02 to \$13.30 over 12 months as of December 31, 2013.
Total return, with dividend = 40%**

Sales Growth and Cash Reserve



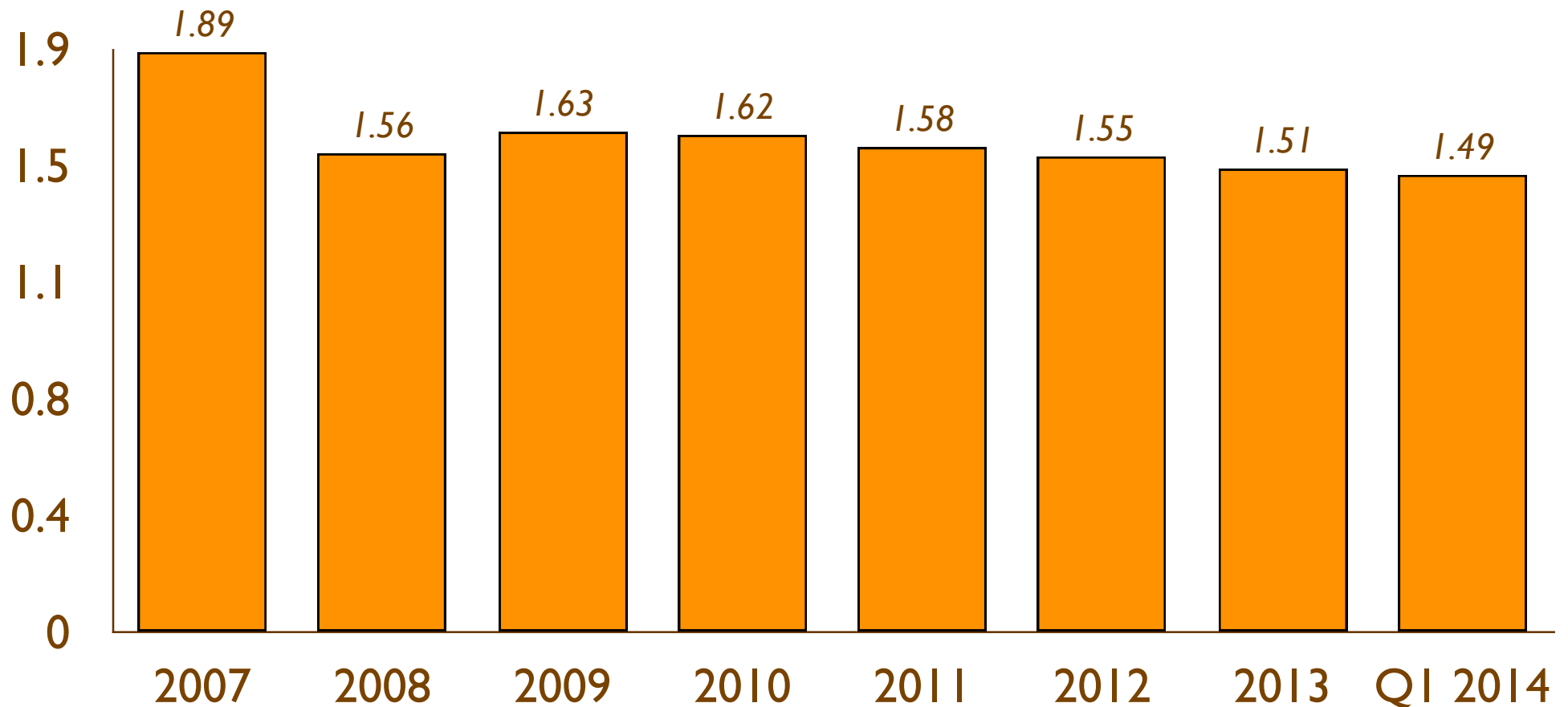
Dividends Since IPO



Q1 2014 Performance Highlights

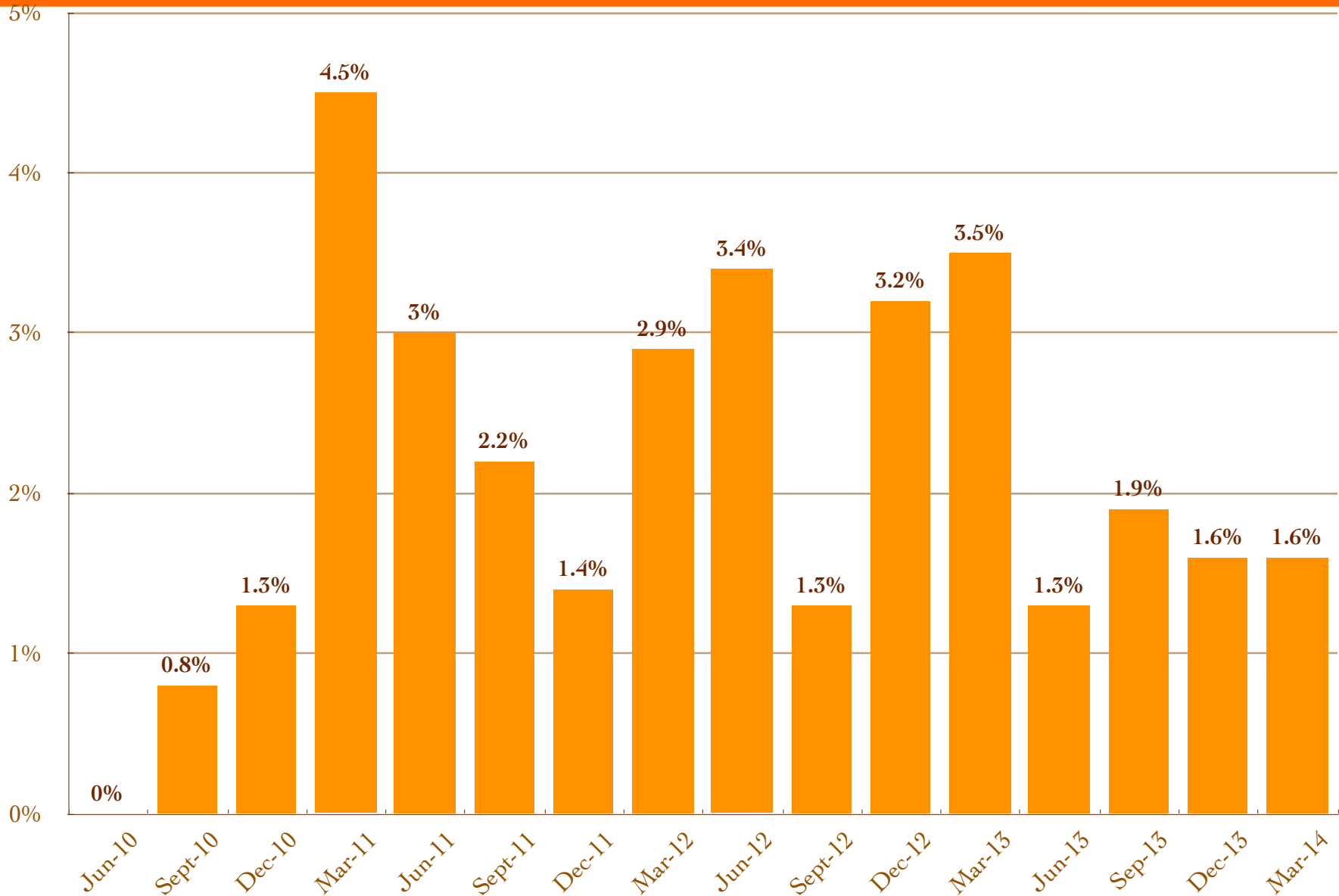
- System sales of Royalty Pool \$124 M
- SSSG 1.6%
- Adjusted earnings per share \$0.212
- Dividend per share \$0.2001
- Pay-out ratio = 100%
- Royalty Pool increased to 722 restaurants
- \$1.1 million working capital used for 2014 vend-in
- \$4.0 million working capital reserve

Credit Facility - Debt to EBITDA

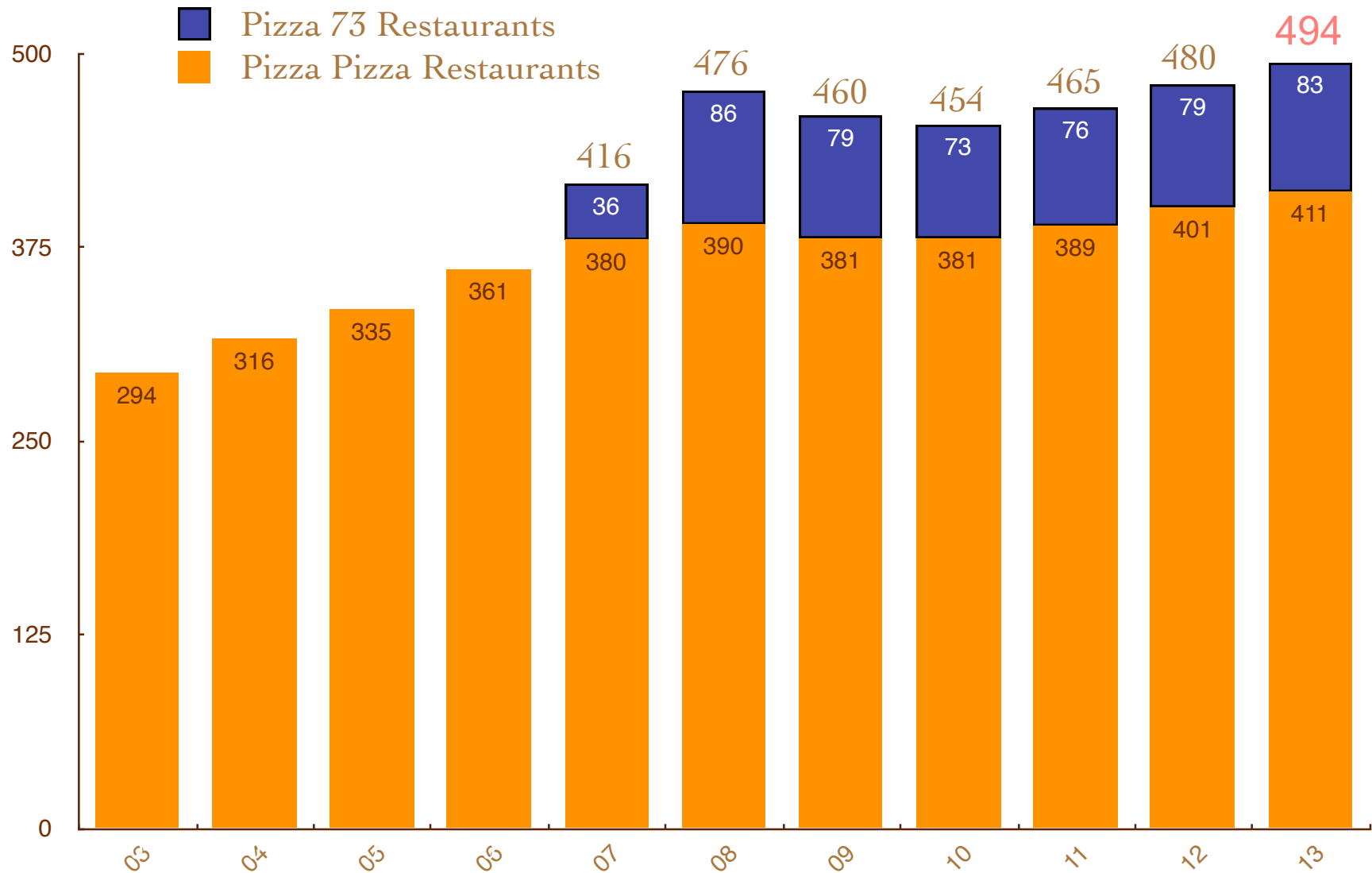


Consistent decline in Debt to EBITDA ratio on \$47M Credit Facility maturing December 2016

SSSG - Quarterly



Pizza Pizza Limited - Annual System Sales



Conversion to a Corporation

- **Benefits of Corporate structure**
 - Simply the organization structure for investors
 - the story is simplified
 - Simplify financial reporting
 - more transparent
 - earnings per share now fully diluted
 - measurable to industry competitors
 - Enhanced access to capital markets if needed in the future

Pizza Pizza Royalty Corp.

