

PIZZA PIZZA



Pizza Pizza Royalty Corp.

Investor Presentation

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.



Curt Feltner
Pizza Pizza Limited
Chief Financial Officer

Overview



- Pizza Pizza Limited
 - Business Fundamentals
 - Restaurant Growth and Concepts
 - Innovation
 - Social Responsibility
- Pizza Pizza Royalty Corp.
 - Restaurant Royalty Structure
 - Financial Results
 - 2015 Transactions
 - Summary

Business Fundamentals

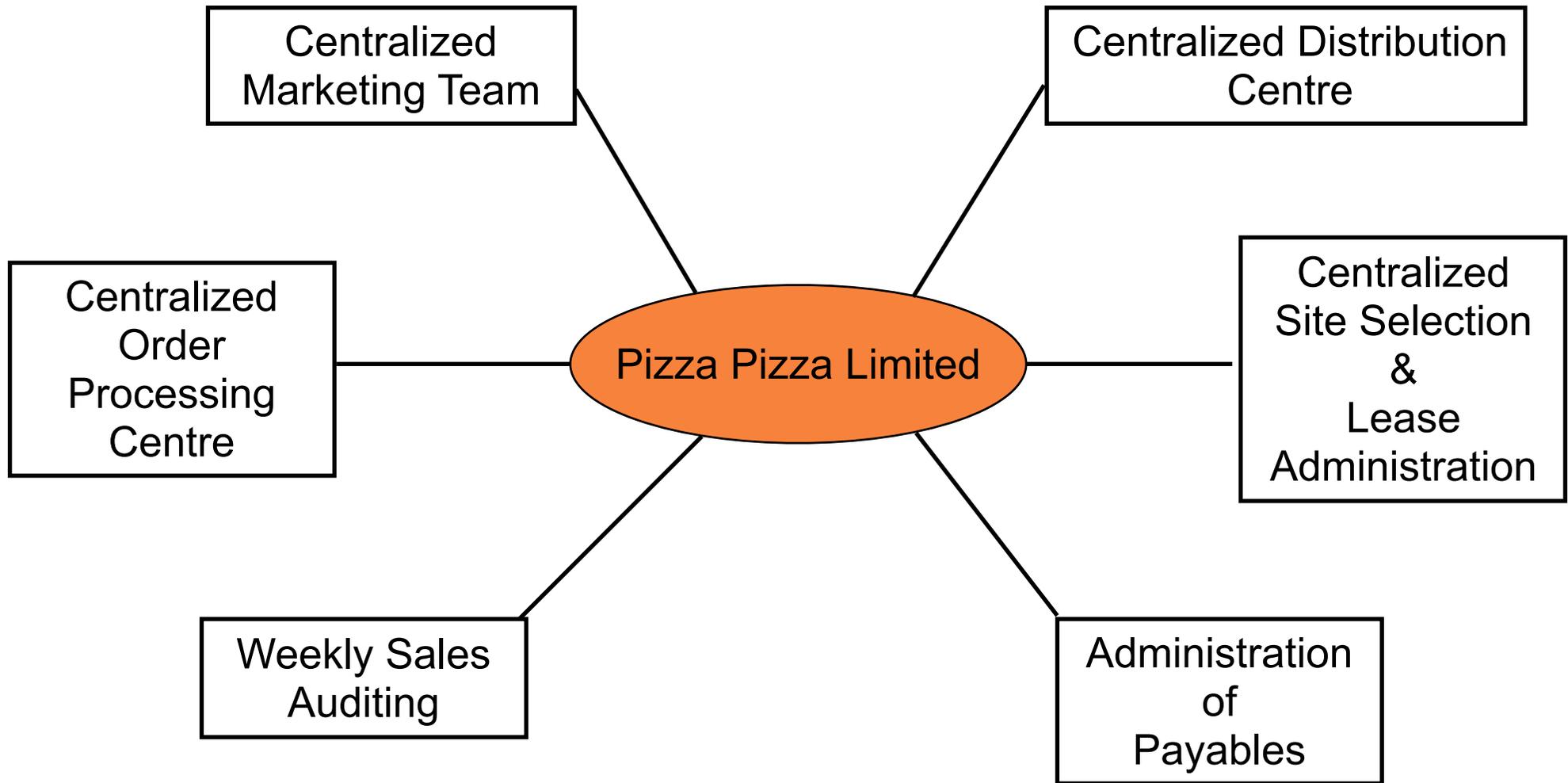


- Canada's #1 pizzeria
- Seasoned management team
- Strong and proven business model
- Powerful brands
- Geographic diversification
- Modernized restaurant chain
- Innovation leader since 1967



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

Turn-Key Franchise System

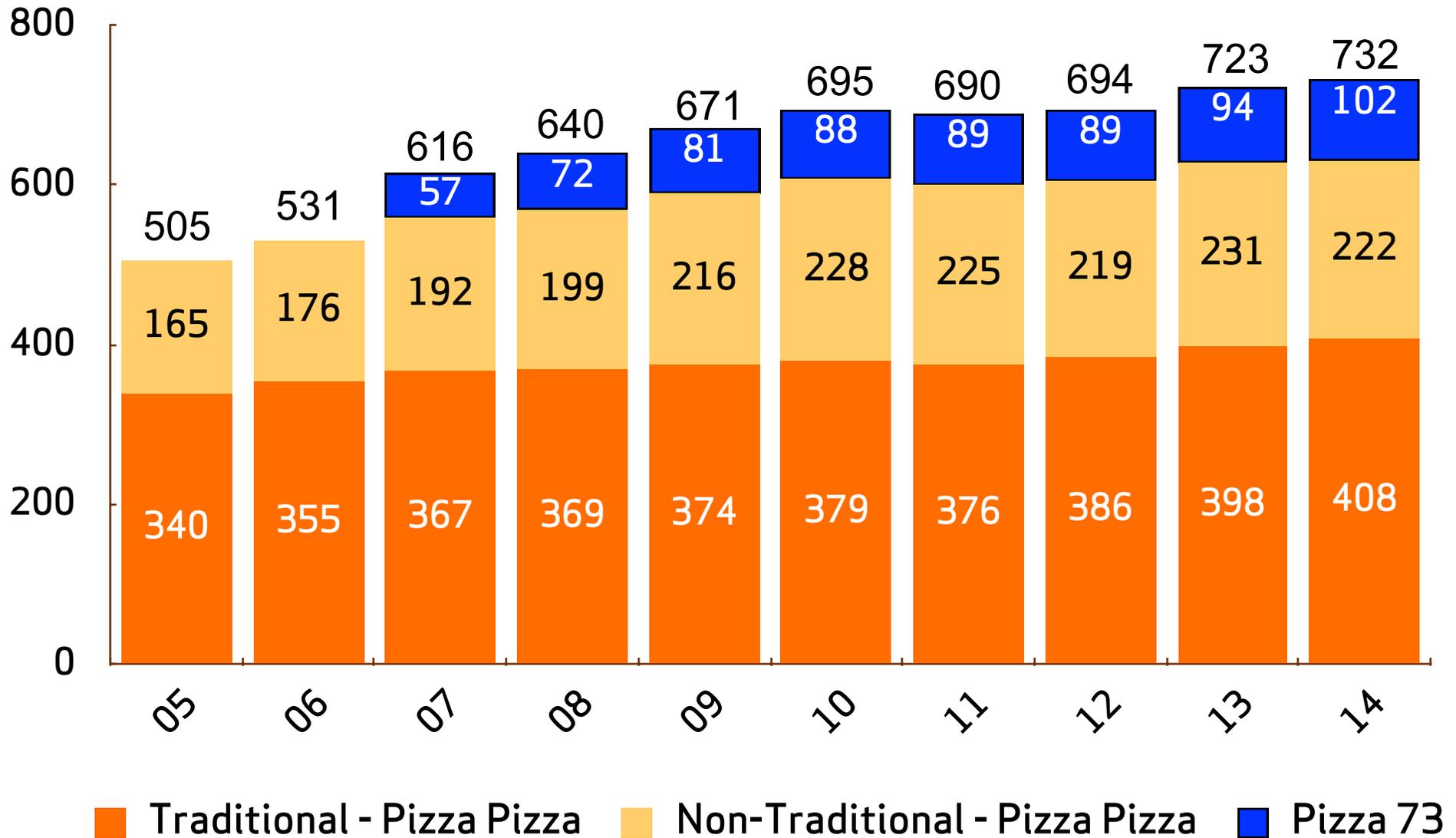


Pizza Pizza Limited performs all back office activity for our franchisees, allowing them to focus on the customer experience.



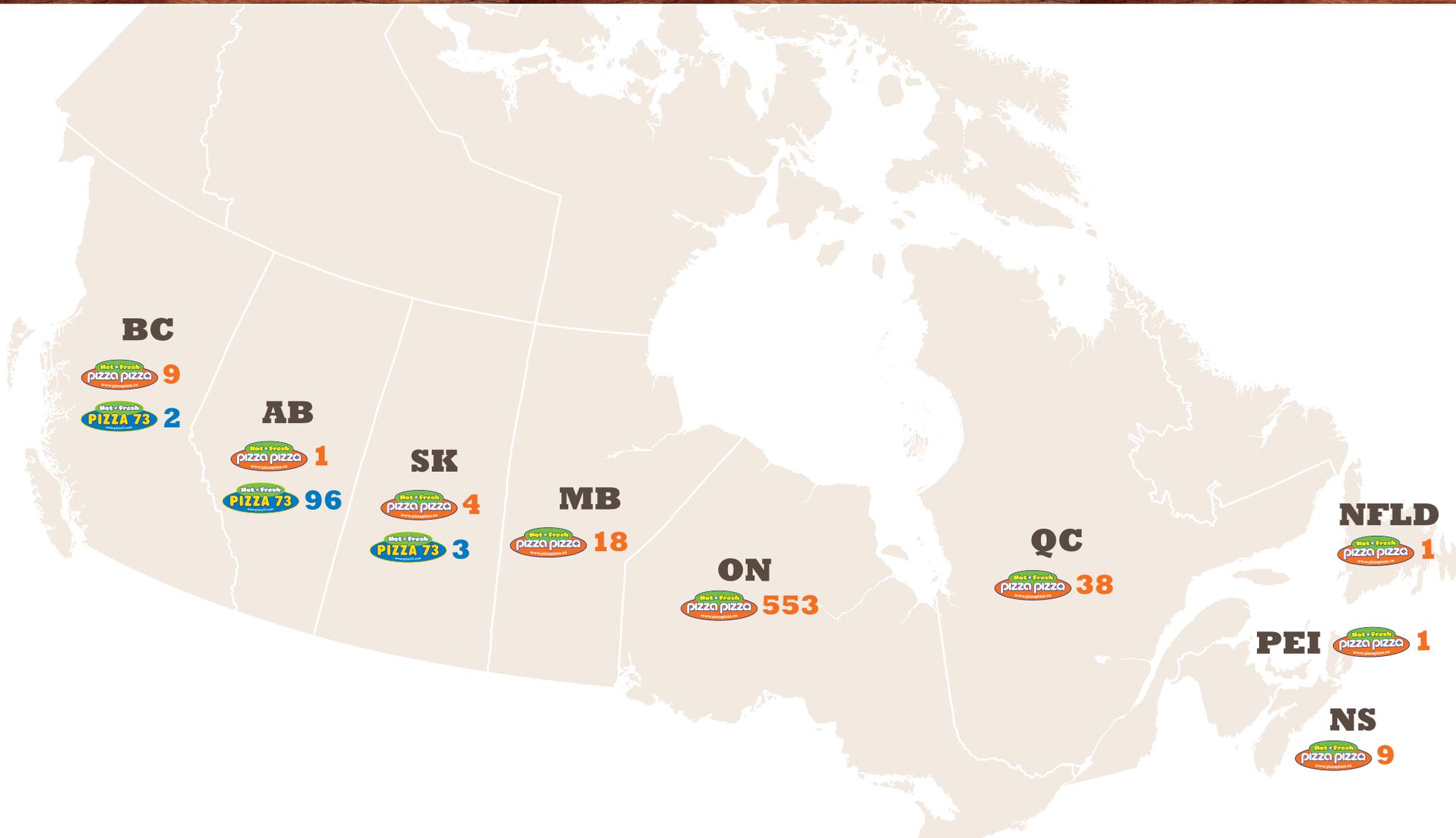
Pizza Pizza honoured with industry and consumer choice awards.

Number of Restaurants



With over 730 restaurants across Canada, we serve over 33 million customers annually.

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 Peppermi
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 Peppermi
Mozzarella Cheese
Ground Beef

ITALY
Italian Homemade Tomato Sauce | Spicy Italian Sausage
Genoa Salami | Red Onions
Parmesan Cheese | Romano
Blend Shredding
Mozzarella Cheese

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

ANY 2 \$13⁹⁹ INTERNATIONAL SMALL PIZZAS

BUY 3 \$20⁹⁹ INTERNATIONAL SMALL PIZZAS

AND GET A FREE FLAG BAG!

Ordering Pizza Pizza has never been easier!

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

Order online at www.pizzapizza.ca, in-store or call (416) 967-11-11

Hot & Fresh PIZZA pizza

Dip into flavour!

Choose from one of our famously delicious dipping sauces for **75¢**

ADD 3 CANS OF COKE \$2⁹⁹ | ADD 5 CANS OF COKE \$3⁹⁹

Hot & Fresh PIZZA pizza (416) 967-11-11

New international flavours satisfy consumer cravings.

Product Quality



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



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.

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



\$30 million marketing budget is key to building sales.

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.



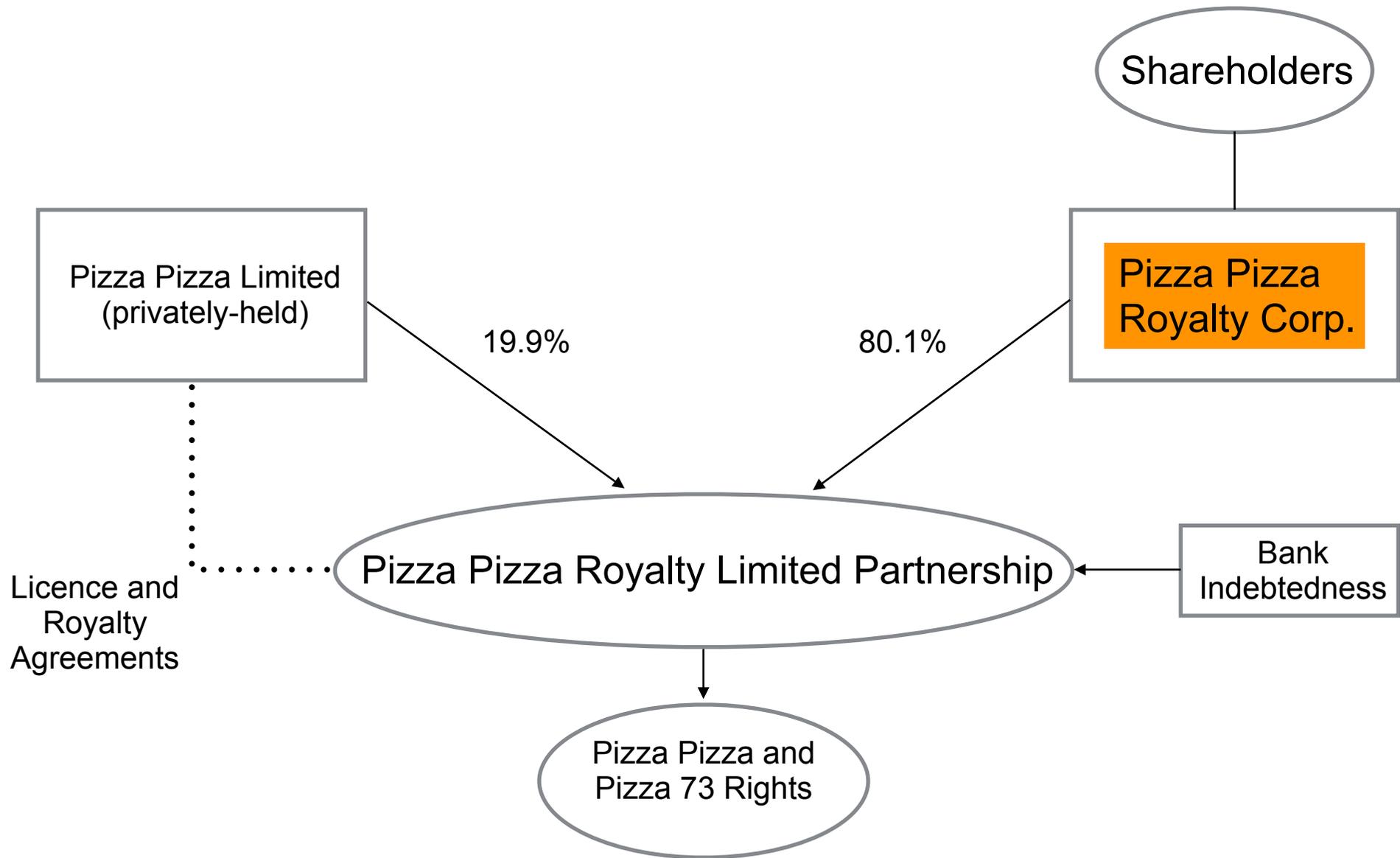
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 PizzaPizzaCanada
 PizzaPizzaLtd

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Financial Update

Organizational Structure

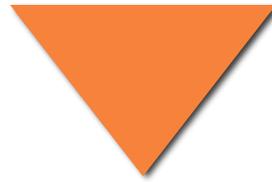


Licence and royalty agreements with Pizza Pizza Limited provide cash flow stability to investors with limited operational risks.

Organizational Structure



Restaurant Retail Sales



Royalty Income

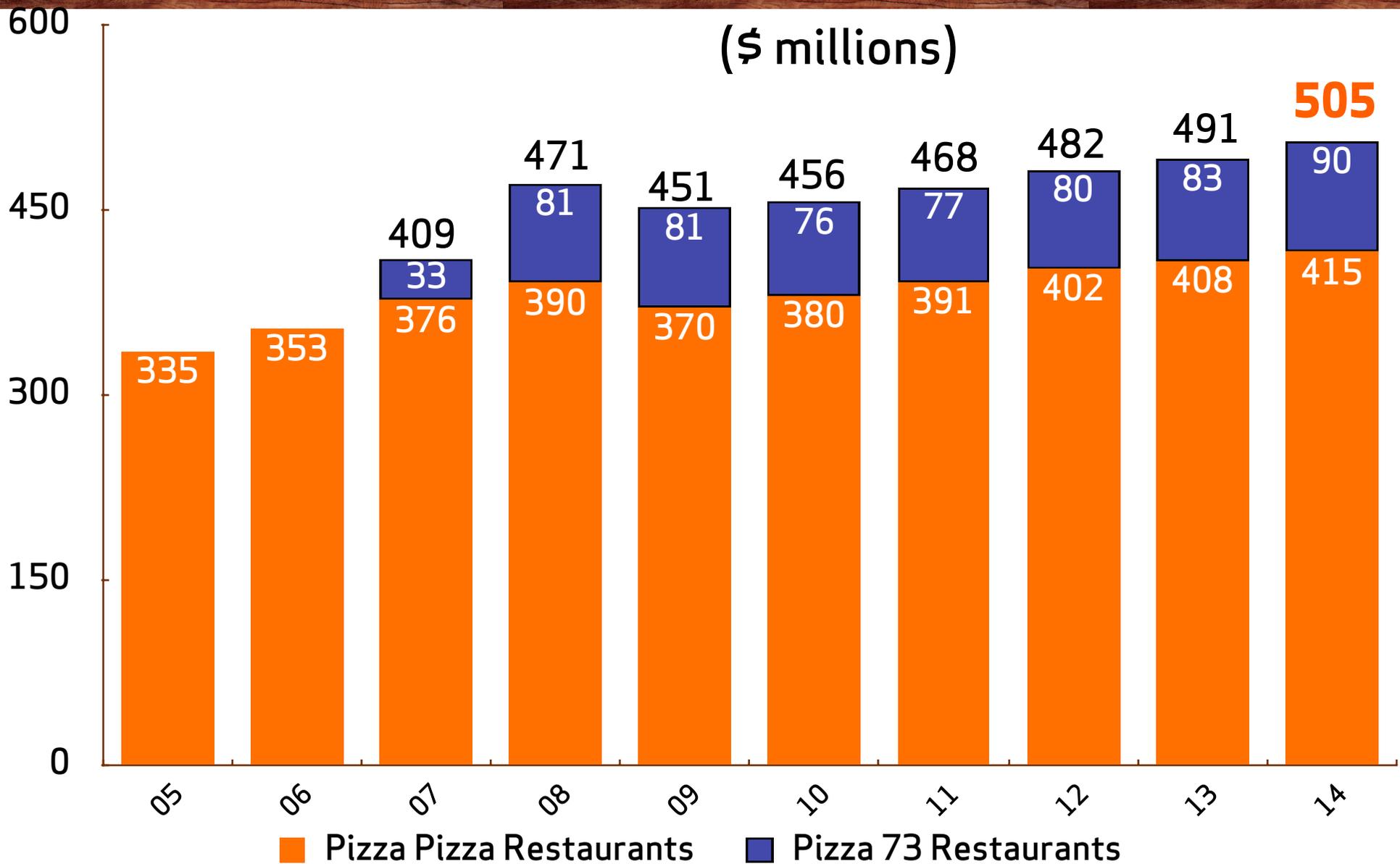
*Less:
Admin. Expenses
Interest,
and Taxes*



Shareholder Dividends

With a strong cash reserve in place, PPRC targets a payout ratio of 100%.

Royalty Pool System Sales



In 2014 the Royalty Pool Sales surpassed the \$500 million mark.

Royalty Revenues



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

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



System Sales Drivers



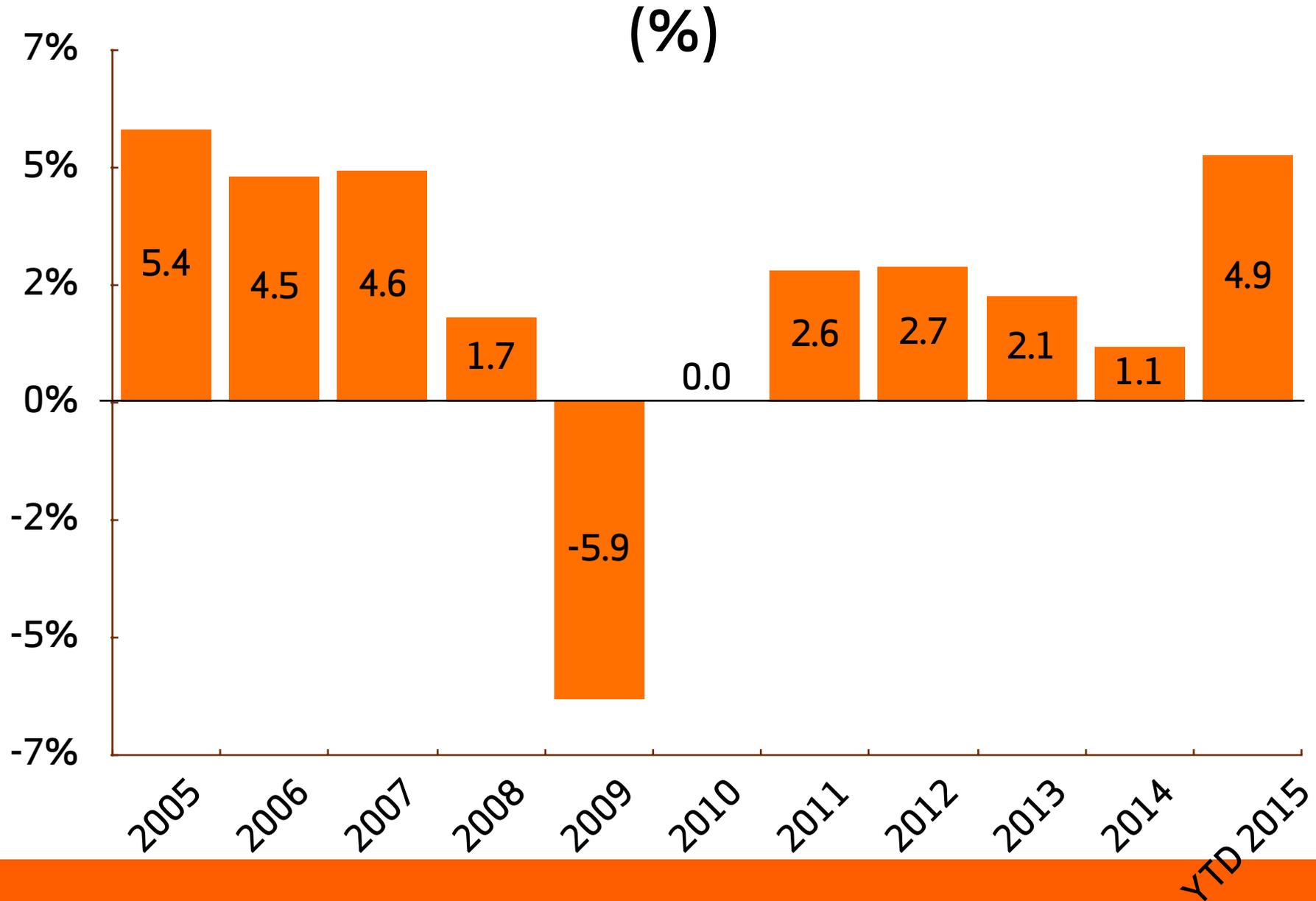
Royalty Pool System Sales are driven by:

- Same Store Sales Growth
 - Customer Traffic
 - Average Ticket

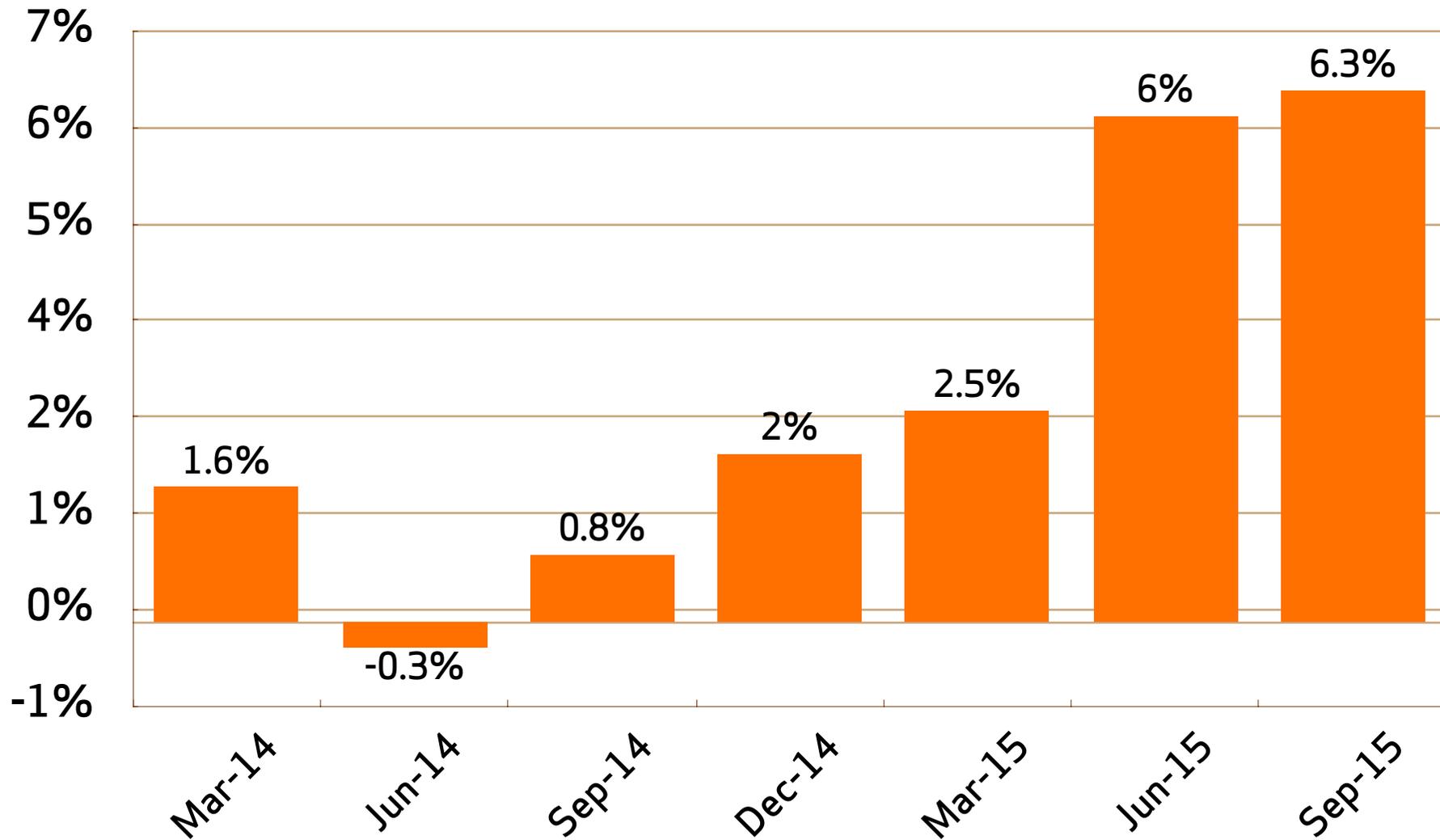
and

- New Restaurant Openings

Same Store Sales Growth

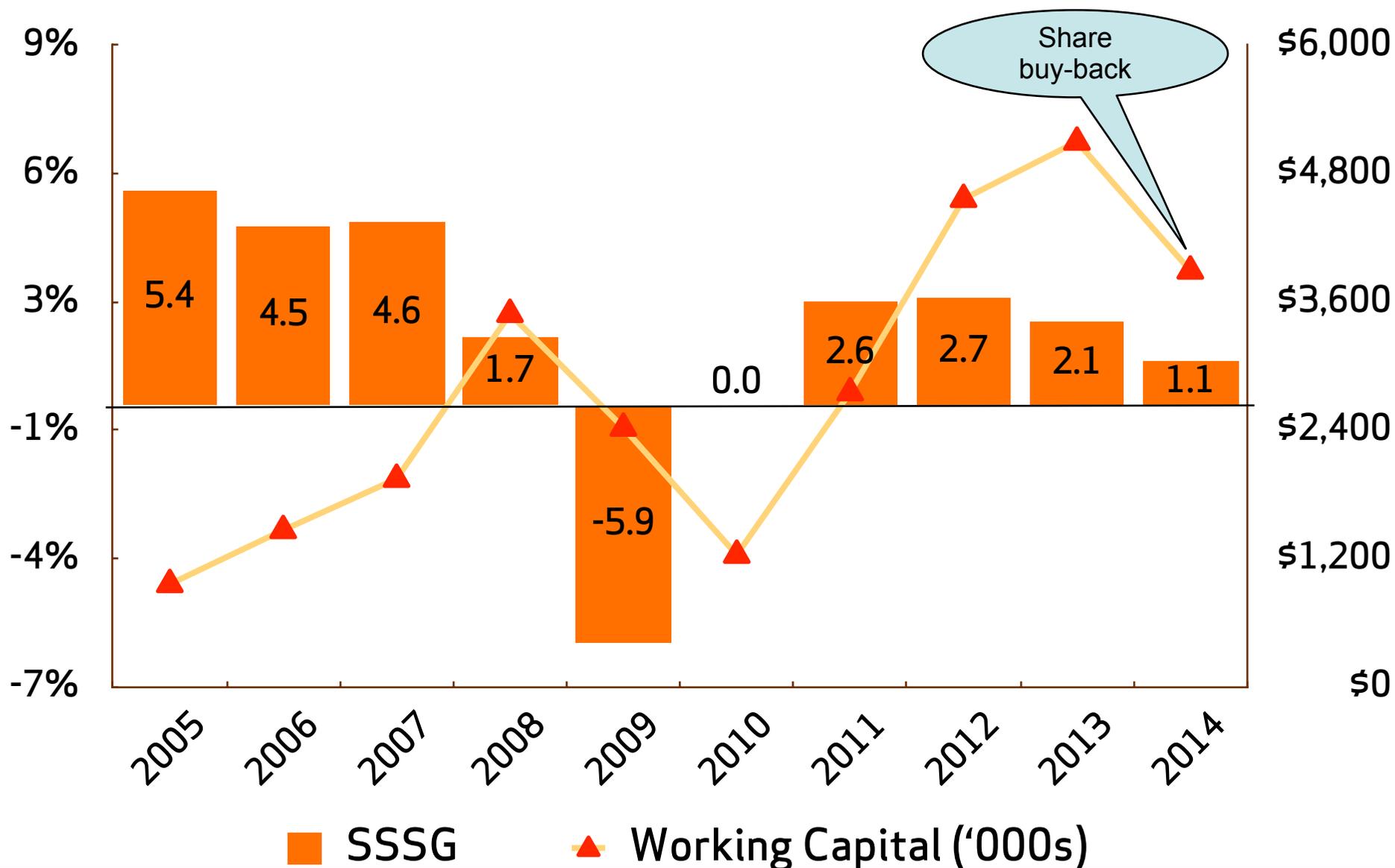


SSSG - Quarterly



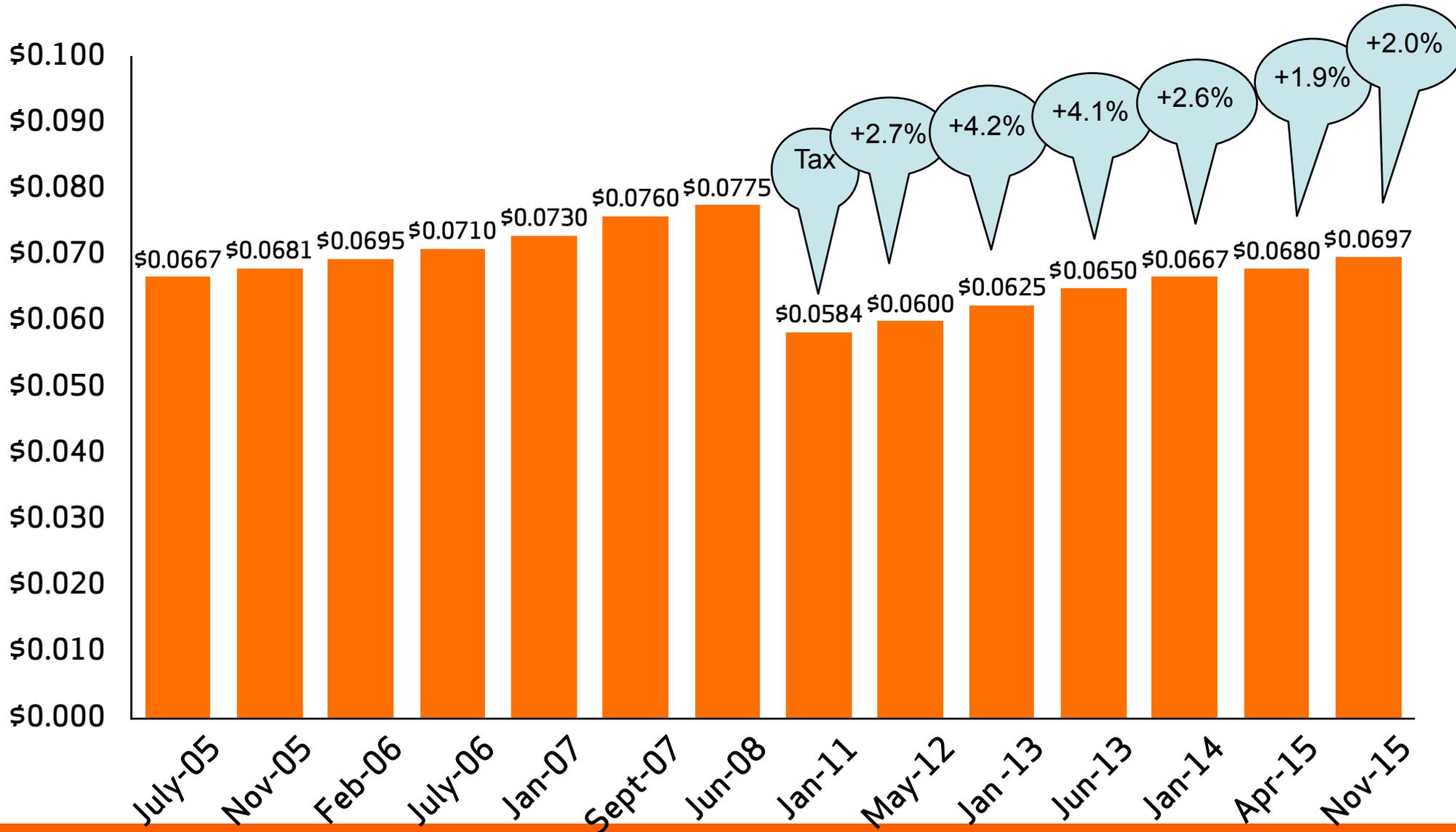
Consumer traffic growth is driving Same Store Sales Growth.

Sales Growth and Cash Reserve



PPRC's cash reserve is available to stabilize dividends in the event of short -to-medium term variability in System Sales.

Dividends Since IPO



Since its IPO in 2005, PZA has increased its dividends 12 times.

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

Q3 '15 Performance Highlights



- Royalty Pool System Sales of \$133 M
- SSSG 6.3%
- Adjusted earnings per share \$0.221
- Dividend increased twice in 2015
- Dividend per share \$0.204
- Pay-out ratio = 96%
- Royalty Pool increased to 730 restaurants
- \$4.4 million working capital reserve

Pizza Pizza Limited's 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)	-
<i>Current</i>	24,618,392	6,124,133	30,742,525

PPL, the private operating company, sells 2.8 million equivalent shares in a bought deal.

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%)
<i>Annual Interest Savings</i>	\$640,000	

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	\$435M
• Pizza Pizza Limited's ownership	19.9%
• Current monthly dividend	\$0.0697
• Recent trading price	\$14.15
• Recent yield	5.9%
• Credit facility matures April 2020	\$47M



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Hot & Fresh
PIZZA 73
www.pizza73.com