

Azzurri Group

2017-18 Financial Results

Another strong year: Azzurri delivers like-for-like growth for sixth year running, all brands performing well

Azzurri Group, a market leader in the Italian casual dining sector through its Zizzi, ASK Italian, Coco di Mama and Radio Alice brands, today announces its financial results for the year ended 1 July 2018.

Financial Highlights

- Group sales increased by 8.5% compared to last year to £279.8m, with good like-for-like growth
 - Azzurri continued to outperform the market
 - Like-for-like growth achieved across all four brands
- Worked hard to mitigate industry cost pressures without compromising on our customer offer, meaning EBITDA margin fell slightly to 13.2% from 14.5% the prior year
- Adjusted EBITDA remained in line with last year at £37m* (2017: £37.3 on a comparable 52 week basis)

Operational Highlights

- Expansion continued with 15 successful new site openings, made up of:
 - Zizzi + 8
 - ASK Italian + 3
 - Coco di Mama + 4
- Further investment in the existing estate with 33 refurbishments
- Constant focus on evolving the menu to meet changing consumer tastes
- Coco di Mama prepares to scale up in the City and beyond
- Radio Alice emerging as key player with further openings planned

Outlook

- New year has started with good momentum; ongoing opportunity for growth

Steve Holmes, CEO of Azzurri Group, commented:

“I am pleased to report that 2018 was another successful year for Azzurri as the group continues to grow despite the challenging environment faced by the UK casual dining market. We delivered like-for-like growth across all of our brands. We continue to consistently perform ahead of the industry benchmark, the Peach Restaurant Tracker.

“We continued to expand the estate, opening 15 new sites and undertaking one brand conversion, turning an ASK Italian in to a Zizzi – this brings our total estate to 290. Investment in the look and feel of our existing restaurants also remains key to our strategy and we completed 33 successful refurbishments in the year. These investments ensure our sites stay up to date and appealing to customers and generate strong returns on investment.

“At Azzurri we are constantly focussed on reviewing our proposition, to ensure our menu is relevant and exciting in a competitive market. Our offering regularly evolves to meet changing consumer tastes and trends, especially among the millennial generation. Our popular vegan offering, for example, now comprises 8% of our overall sales and continues to grow strongly. This year at Zizzi we launched a chilli infused dough as a pizza base and we

* Adjusted EBITDA is defined as EBIT plus depreciation and amortisation, goodwill amortisation, items of a one-off non-recurring nature and pre-opening costs.

have recently added a naturally pink 'ruby chocolate' cheesecake to the dessert menu, while ASK Italian developed a Purple Basil Pesto inspired by the trend for colourful food, which has since won a Great Taste Award.

"Azzurri was an early embracer of the home delivery trend and this revenue stream has steadily grown for us. We see home delivery as a big opportunity that will only continue to grow, so in 2017 we introduced state of the art takeaway packaging for ASK Italian and Zizzi which has allowed us to deliver the full menu in top condition. This is a positive response to customers who are increasingly looking to replicate restaurant experiences at home.

"This year saw Coco di Mama continue to grow and we have begun to evolve its proposition. Coco di Mama remains focussed on its traditional strengths of coffee and fast pasta but we have evolved to be an 'Italian to go' operator serving more quality Italian food in all parts of the day. We are expanding the range with a stronger focus on health including salads. We have launched a new breakfast offer that includes vegan croissants and the UK's first breakfast carbonara coming next week. Overall, we are well positioned for further growth in The City and beyond.

"Meanwhile Radio Alice is emerging as a key player within the small group of high quality, fast-casual pizzerias in London. It has been a transformational year for the brand, with increased awareness and footfall. We are excited by its potential and look forward to capitalising on the momentum by expanding the number of sites over the year ahead.

"Azzurri has gone into the new financial year with good momentum. Despite the challenging backdrop in the UK market, we are confident there is further opportunity for our brands to continue to grow."

Enquiries

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About Azzurri Group:

- The Azzurri Group is a market leader in the Italian Casual dining sector through its Zizzi, ASK Italian, Coco di Mama and Radio Alice brands
- Azzurri operates total of 290 sites in the UK and two restaurants in the Republic of Ireland
 - Zizzi: 156 UK sites and two RoI sites
 - ASK Italian: 111 UK sites
 - Coco di Mama: 21 shops, all in London
 - Radio Alice: Two restaurants, both in London
- Azzurri employs over 6,000 staff and serves over 17 million meals annually