

Interim Report 2010

GONDOLA
GROUP LIMITED



ASK

Italiano
Zizzi
Ristorante

BYRON
PROPER HAMBURGERS

KETTNER'S
ESTABLISHED 1867





The Gondola Group is the market leader in the UK casual dining sector, operating PizzaExpress, Milano, ASK, Zizzi, BYRON and Kettners, employing 14,500 people and serving 41 million meals a year in over 600 restaurants.

Introduction



“Our approach during this period has been continued investment – in new sites, in refurbishing existing restaurants, refining and building our brands and in training and developing our people.”



In a period where customers have experienced tighter budgets, people are looking for the pleasure and escape of a good quality, enjoyable meal out, but at a price they can afford. Our price points and dedication to quality food, great service and attractive restaurant environments has put us in a good place to satisfy this demand.

Promotional campaigns have run in conjunction with brand building activity, attracting new and lapsed customers into our restaurants.

Gondola's distinct brands have broad customer appeal, and lend themselves to different occasions.

PizzaExpress: A local pizzeria, the national favourite, pioneering pizza on the high street since 1965

Milano: PizzaExpress brand in the Republic of Ireland

ASK: Established in 1993, serving delicious food in a relaxed and stylish environment

Zizzi: The Italian restaurant with real personality, famous for making every occasion feel special from 1999

BYRON: Simple, superb quality hamburgers, the way they should be

Kettner's: Iconic Soho champagne bar, restaurant and event space

Locations



We have continued to successfully open new restaurants for all key brands during the first half of the year. In total we have opened 13 sites as well as continuing our regular programme of refurbishments, to ensure that the quality of our estate is maintained.

Our new additions were:

PizzaExpress

Coventry (Belgrade Plaza)
Cardiff (St Davids)
West Midlands (Dudley)
London (Great Portland Street)
West Midlands (Solihull)
Gloucester (Gloucester Quays)

ASK

Aberdeen (Union Square)
East Yorkshire (Beverley)
Merseyside (Southport)
Kent (Faversham)

Zizzi

Winchester (High Street)
Manchester (Didsbury)

BYRON

London (Wardour Street)

Food



Last year PizzaExpress introduced Theo Randall's highly successful signature pizzas in our autumn menu. This year we have continued this strategy of associating the brand with a highly regarded chef and increasing customers' awareness of the high quality ingredients and dishes that appear across the core menu.

Francesco Mazzei, chef of the acclaimed London restaurant L'Anima, is our new guest chef. Calabria-born Mazzei worked closely with Antonio Romani, Executive Chef of PizzaExpress, over a six month period developing six signature dishes: two starters, three pizzas and a pasta. The range launched in February to critical acclaim.

This success builds on the outstanding performance of the Leggera range of lighter pizzas launched in April 2009. These pizzas are based on classic PizzaExpress dough and tomato sauce but they are lower in calories and fat – typically around 500 calories. Leggera is now a core part of the PizzaExpress menu and we are extending and developing this category. In November we introduced a new leggera pizza, Contadina, and we have launched two leggera wines, featuring lower calories and alcohol content.

In October 2009, ASK successfully launched a new menu bringing together the ASK and ASK Italian concepts and introducing meat and fish dishes to further enhance the brand positioning as "Everybody's favourite Italian". Ongoing Specials development allows for seasonal variation and further enhances the customer proposition.

Zizzi has continued to grow, driving awareness and trial with competitive promotions targeting a younger audience. The distinctiveness of the food offer continues to improve, with a regularly updated specials menu, broader main menu and a new premium Rustica pizza range. The wine list has been extended with the limited edition Wine & Dine range, selected by experts to complement the Specials menu.

In November, BYRON opened its seventh restaurant in Wardour Street in Soho. The site is trading encouragingly and has helped to raise brand awareness beyond West London. A hamburger special was developed in January with renowned Knightsbridge butcher O' Sheas and launched to great acclaim. Development work continued on refining the brand positioning ahead of four planned new openings in the second half.

Kettner's has continued to build a loyal following for its fresh contemporary brasserie food and iconic champagne bar. Its Events business has grown especially strongly and has staged numerous parties and events for fashion houses, beauty brands and media companies.

People



“We have continued to make significant investments in the recruitment, training and development of our people at all levels across each of our businesses.”

During this period, we continued to make significant investments in the recruitment, training and development of our people at all levels across each of our businesses.

PizzaExpress introduced a leadership development programme called ‘Future, Engage and Deliver’ (FED). It helps participants understand themselves and others better, and gives them the confidence to have difficult conversations that they might previously have avoided, helping resolve conflict, build bigger and better working relationships, and increase cooperation between departments. The programme started with the Board, and has since covered 100 other leaders within the business. The results have been transformative.

ASK implemented a new approach to recruitment aimed at attracting the best candidates on the market, whilst the ongoing development of its total team was further supported by the introduction of a competency framework across the Estate. More effective ways of working were implemented and a thorough training programme was introduced to support the training teams.

Zizzi continued to focus on attracting and retaining high calibre people at all levels. Following a consultation process in the summer we worked with team members in restaurants to introduce new pay scales and contracts for all hourly paid employees, which has improved retention. We also continued to attract restaurant managers through our own branded recruitment schemes and have significantly increased direct methods of sourcing. A Zizzi behavioural framework (‘Zizzibilities’) was launched to recruit and develop our teams; enabling us to instil the foundation of our Zizzi culture.

Corporate responsibility



We are focusing on our environmental impacts across the group. Various initiatives are in hand addressing energy saving and recycling. Our biggest energy uses are in air conditioning units and ovens, but energy saving measures cover everything from the installation of new, more efficient, Dyson hand driers to changing our digital music systems to run off our office PCs rather than dedicated systems. New Dry Mix and Glass Recycling arrangements are being rolled out and should be operating across the entire estate by mid-2010.

Our restaurants are parts of local communities throughout the country and we endeavour to play a full and responsible role wherever we are.

Over the Christmas period PizzaExpress teamed up with UK fashion designer Betty Jackson to support the charity 'Dress for Success' which helps disadvantaged women get back into work. Our 8,500 waiters and waitresses donned specially designed t-shirts to raise awareness and across all PizzaExpress restaurants a donation of 25p from every La Reine pizza sold and 50p from every Christmas Set Menu went to the charity. A total of £86,000 was raised: enough to fund the charity for 18 months.

PizzaExpress also continued its long-term support of the 'Venice in Peril' charity, which was set up to help with the restoration of Venice. A 25p contribution from every Veneziana pizza sold goes to this fund which has raised £1.9 million since it was set up in the late 1960s.

ASK was delighted to once again be supporting Great Ormond Street Hospital Children's Charity, aiming to raise money to build a new ward kitchen in the new wing in Great Ormond Street Hospital. As part of this fund raising activity ASK produced a celebrity pasta recipe book packed with some of their favourite pasta recipes featuring 40 top celebrities. This book has been available for just £5 exclusively at ASK with £4 from each book sold going directly to the charity. In addition, selected celebrity special dishes are being sold in all ASK restaurants throughout the year with proceeds from the dish going to the charity.

Zizzi has been supporting local artists as part of its new design concept. Its Head of Design has been commissioning 'Fresh Talent' in the form of graduate illustrators, who have been helping to bring the interior of its new concept restaurant to life, creating an environment that is both interesting and unique to that particular location.

In another example of local involvement, through a new series of Grandes Fêtes des Artistes, Kettner's is reopening up Soho, the London art world's spiritual home, to the artists who made it what it is. Inspired by the grand tradition of such legendary brasseries as Paris' La Coupole, Kettner's is supporting up and coming artists to pay for their meal with a work of art which is then displayed in the restaurant or show-casing performance art for fellow diners.

Recent trading and outlook



During the period, and despite the economic backdrop, the Group has continued to drive positive like-for-like and growth. New opening returns remain strong and we are planning to increase our restaurant opening programme.

Our teams' efforts have underpinned our performance and I thank them for their effort and loyalty.

Chris Woodhouse
Chairman

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