

Interim report 2009



ASK

St. 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, together with a number of smaller brands. The Group employs over 13,500 people, serving 38 million meals a year in over 585 restaurants.



Introduction



Gondola's strategy is to:

- Focus on 'restaurant basics' – great food, the best people and stylish locations – to deliver great dining and profitable growth from its existing estate
- Expand the estate through the rollout of its main brands
- Develop other growth opportunities, including new concepts

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

PizzaExpress: The nation's favourite pizzeria

Milano: PizzaExpress brand in the Republic of Ireland

ASK: The local Italian restaurant with a trattoria feel

Zizzi: A special experience, with truly memorable Italian food and great people at its heart

BYRON: Great quality hamburgers in chic yet comfortable surroundings

Kettners: Iconic Soho champagne bar and restaurant



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 25 as well as continuing our regular programme of refurbishments, to ensure that the quality of our estate is maintained.

Our new additions were:

PizzaExpress

Bristol, Melton Mowbray, Midhurst, Wrexham, White City, Fleet, Russia Row, Leeds, York, Bromsgrove, Belfast and Castleford

ASK

Abingdon, Livingston and Epsom

Zizzi

Liverpool, Bristol, Wokingham, Sheffield Meadowhall, Finchley and Leicester

BYRON

White City, Gloucester Road and King's Road

Milano

Killarney

Recent returns from new openers have been strong. We are confident in our future expansion and expect to open over 35 sites for the full year.



Food



For the first time PizzaExpress put a named chef on the menu. Theo Randall, ex-head chef at the River Café and now with his own restaurant in London, created four signature pizzas for its autumn menu. The new pizzas brought a fresh look and taste to the menu, characterised by their oval shape and inspired combination of ingredients. By associating the brand with a highly regarded chef, it increased customers' awareness of the high quality ingredients and dishes that appear across the core menu.

ASK continued to refine its customer proposition as 'the local Italian restaurant with a trattoria feel'. In October it successfully launched a menu incorporating seasonal changes and introducing meat and fish dishes as part of the new specials offerings. Specials boards were rolled out across the estate giving restaurants the ability to meet customer needs at a local level. ASK Italian, the new brand identity that supports the proposition, launched successfully in May and has grown to eight restaurants with a further four scheduled for launch before the end of this financial year.

Zizzi also made good progress on refining its brand positioning, targeting a younger audience with great Italian favourites made special, in

an inspired contemporary environment. In particular it achieved great success with the launch of a new menu extending their offer beyond pizza and pasta. The menu focuses on Italian favourites made authentically and presented in a memorable way. Zizzi continued its development of individual restaurants, designed to reflect their location whilst retaining the warmth and everyday appeal of its current restaurants.

Following an extensive refurbishment, Kettner's reopened in November. Its new look brings a bright, fresh feel to this unique Soho institution. The Champagne Bar still plays centre stage, whilst the main dining room has been converted into an all-day brasserie with a versatile menu. The two upper floors have been restored and offer private dining room and party options including club-like space 'The Apartment', plus an entire floor for parties.

Development work on the early stage hamburger brand, BYRON, has continued. Its simple, straightforward menu of proper hamburgers and homemade chips, set in chic, comfortable surroundings, has been well received. Now at six restaurants, this budding brand was recently voted 'Best Cheap Eat' for 2009 in the Observer Food Monthly Awards.



People



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

PizzaExpress implemented a Leadership Development Programme that will filter down to the rest of the business through the senior management teams. Its aim is to develop and retain its best people. A Customer Service Project was also set up to ensure PizzaExpress delivers the best customer service on the high street.

ASK continued to consolidate ways of working across operations to drive consistency throughout the business. This included a Balanced Scorecard approach to measuring restaurant performance against broad business objectives and the development of a communications programme to enable effective execution across all sites. Great progress was made in the Training function with particular emphasis on the development of new managers via induction.

Zizzi has bedded down a new, clear operational structure across the business. For each restaurant a 'family tree' has been developed to support recruitment and succession planning. New training programmes have been introduced that affect all operators, from restaurant teams to General Managers, to increase awareness and knowledge of Zizzi's superior food offering.



Supporting our local communities



To rival Gondola's previous group charity initiative – the North Pole Marathon – a team of waiters, restaurant managers, support managers and directors plus legends from sport Lawrence Dallaglio and Damian Hopley, took part in a once in a lifetime opportunity to raise money for the baby charity Bliss. The challenge was to cycle 933km over the Pyrenees from Biarritz on the Mediterranean to Banyuls on the Atlantic coast in just eight days. After eight months of training, the Gondola team of 30 cyclists completed this challenge in September and raised £435,500 for Bliss – the most Bliss has ever received from a single event. The amount raised will fund the Bliss research and development budget for an entire year.

PizzaExpress' Schools Programme, developed in association with Education Business Partnerships, continued to engage with primary school children across the country. This programme gives children an introduction to the workplace, a chance to see the practical application of subjects learnt at school and an experience to build on back in the classroom.

PizzaExpress also continued its long-term support of the 'Venice in Peril' charity, which was set up to help in the restoration of Venice. A 25p contribution from every Veneziana pizza sold goes to this fund which has raised £1.6 million since it was set up in the late 1960s.

ASK and Zizzi continued their support of local communities through donating vouchers to charities that support babies, children, adults and the elderly, ranging from nationally-known charities such as Crisis to local groups such as the Amersham on the Hill Scout Group.



Recent trading & outlook



Whilst the economic backdrop is challenging, we have made real progress in building upon our market leading position and remain positive for the prospects for the Group.

I would like to thank all our people for their continued support and efforts throughout the business.

Chris Woodhouse
Chairman



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