



Domino's Pizza Enterprises Limited
1/485 Kingsford Smith Drive
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www.dominos.com.au

11 June, 2021

DOMINO'S PIZZA ENTERPRISES LTD TO ENTER 10TH MARKET: TAIWAN

Highlights

- **Domino's Pizza Enterprises Ltd ("DPE") has entered into a binding agreement with Formosa International Hotels Corporation to acquire a 100% interest in PizzaVest Company Limited ("Domino's Taiwan")**
- **Domino's Taiwan operates 157 corporate and franchised stores and is the second largest pizza chain in Taiwan**
- **Long-term market potential of 400+ stores and expected uplift in earnings following application of DPE's IT capabilities and operating expertise to the market and leveraging regional synergies**
- **As a result of the acquisition, DPE is revising its future store count outlook in Asia from 1500 stores to 1900 stores by 2030-2032**
- **Consideration of approximately NT\$1.7 billion (A\$79 million) on a cash and debt free basis to be funded from cash and debt facilities**
- **Investments in IT, infrastructure and additional management resources in first few years to enhance customer offering, system performance and build for long term growth**
- **Low single digit EPS accretion to DPE on a FY2020 pro-forma basis (excluding integration, reorganisation and transaction costs)**
- **The acquisition is expected to close in the first half of FY2022, subject to satisfaction of local regulatory approvals**

Domino's Pizza Enterprises (ASX.DMP) today announced it has entered a binding agreement with Formosa International Hotels Corporation (Taiwan Stock Exchange: 2707) to acquire the corporate stores and franchise rights held by Domino's Taiwan, for approximately NT\$1.7 billion (A\$79 million) on a cash and debt free basis.

Domino's Taiwan has the second largest pizza chain in the market, with a sophisticated network of 138 franchised stores and 19 corporate stores. Stores are located across all major cities with substantial opportunity for further growth.

The business to be acquired delivered network sales of approximately NT\$1.6 billion (A\$73 million) and earnings before interest, tax, depreciation and amortisation ("EBITDA") of approximately NT\$103 million (A\$4.8 million) for FY20¹ under its current ownership.

As demonstrated in other acquired markets, DPE intends to significantly expand the business with a long term aspiration of 400+ store footprint and growing average weekly unit sales.

DPE expects to work with experienced local pizza experts who built a solid foundation in the market, adding to the business with its proven technology (including online platform OneDigital) and operational innovations (including 3TEN).

¹ Financials for the year ended 31 December 2020



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Over time, DPE also expects to benefit from regional procurement, supply chain and operational synergies through leveraging DPE's existing capabilities in Japan and globally over a larger store network.

With a population of more than 23.5 million people, the addition of Domino's Taiwan to DPE's portfolio will expand the Asian market by more than 18 per cent, to almost 150 million people.

Domino's Pizza Enterprises Ltd Group CEO & Managing Director Don Meij said the Company believed there is significant potential to open more stores, closer to customers, throughout the market.

"This is a market with tremendous opportunity for our business and this acquisition provides similar opportunity for the local team," Mr Meij said.

"Our expansion focus has been on identifying opportunities with large total addressable markets and a stable economy – we look forward to bringing our High Volume Mentality to this business.

"We have built centres of excellence in Australia/New Zealand, Europe and Asia, allowing us to complement local expertise in menu development and taste preferences with proven experience in technology, marketing, operations, and strategy and insights.

"Just as this approach has worked in Europe and more recently in Japan, we intend to apply the same lessons in the new market.

"Equally we expect to identify and promote high quality management and multi-unit franchisees within Domino's Taiwan, whose lessons we can apply in other markets.

"This is a people-powered business, and although we may speak different languages, we all speak the language of pizza and customer service.

"We intend to expand the store footprint through opening more corporate stores, introducing new, internal, franchisees to the network, helping existing franchisees profitably expand their businesses, and investing in the network and our people to drive long term growth."

The transaction is expected to complete in the first half of FY2022, subject to local regulatory approval.

DPE remains active in pursuing suitable additional markets as acquisition opportunities.

Acquisition consideration and funding

The purchase price of approximately NT\$1.7 billion (A\$79 million) will be payable on completion of the transaction and will be financed from cash and debt facilities.

On a FY2020 pro-forma basis, the transaction is approximately 2% earnings per share ("EPS") accretive (excluding integration, reorganisation and transaction costs).

Based on the timing of completion, realisation of synergies and expected digital investments to align platforms to the broader DPE network, the transaction will have no contribution to DPE's FY2021 financial result and is only expected to have a marginal positive contribution to DPE's FY2022 underlying earnings.



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Financial reporting

The new market will have alignment with operations in Japan, under the leadership of Josh Kilimnik.

Following completion, DPE will rename the reporting segment "Japan" to "Asia". The aggregate financial results of Domino's Taiwan, China and Domino's Japan will be reported in the renamed "Asia" segment.

Master Franchisor approval

The transaction has received the full support of Domino's Pizza, Inc.

This release has been authorised for release by the Board of Directors.

END

For further information, contact Nathan Scholz, Head of Investor Relations at investor.relations@dominos.com.au or on +614 1924 3517.

DPE was advised by Flagstaff Partners and Thomson Geer, with support from Deloitte, EY and local counsel, Lee and Li (Attorneys-at-Law).