

ersonal use only



Domino's®

ACQUISITION OF DOMINO'S TAIWAN 11 JUNE 2021

AUSTRALIA

NEW ZEALAND

BELGIUM

FRANCE

THE NETHERLANDS

JAPAN

GERMANY

LUXEMBOURG

DENMARK

TRANSACTION HIGHLIGHTS



KEY HIGHLIGHTS

- ✓ Acquisition of Domino's Taiwan, the second largest pizza chain in Taiwan, with 157 corporate and franchise stores
- ✓ Longer term aspiration of 400+ store footprint and local market leadership
- ✓ Profitable business with meaningful operating leverage expected once DPE's proven technology (including online platform OneDigital), operational innovations and High Volume Mentality are fully recognised
- ✓ Expected uplift in performance over time following application of DPE's IT capabilities and operating expertise in the market
- ✓ Creates larger Asian business positioned for further growth, leveraging regional expertise and initiatives across marketing, operations, procurement and supply chain from Japan and globally
- ✓ On a FY2020 pro-forma basis, the transaction is approximately 2% earnings per share ("EPS") accretive (excluding integration, reorganisation and transaction costs)

The acquisition of Domino's Taiwan represents a strategic addition to DPE's global store footprint and an important step towards enhancing our positive momentum in Asia



FINANCIAL SUMMARY

- DPE to acquire a 100% interest in PizzaVest Company Limited, the operating entity of Domino's Taiwan, for approximately NT\$1.7 billion (A\$79 million) on a cash and debt free basis
- Under its current ownership, 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 of approximately NT\$103 million (A\$4.8 million) for FY2020⁽¹⁾
- Transaction consideration to be funded from cash and debt facilities
- Transaction is expected to complete in the first half of FY2022, subject to satisfaction of regulatory approvals in Taiwan
- On a FY2020 pro-forma basis, the transaction is approximately 2% EPS accretive excluding integration, reorganisation and transaction costs

⁽¹⁾ Financials for the year ended 31 December 2020



OVERVIEW OF DOMINO'S TAIWAN

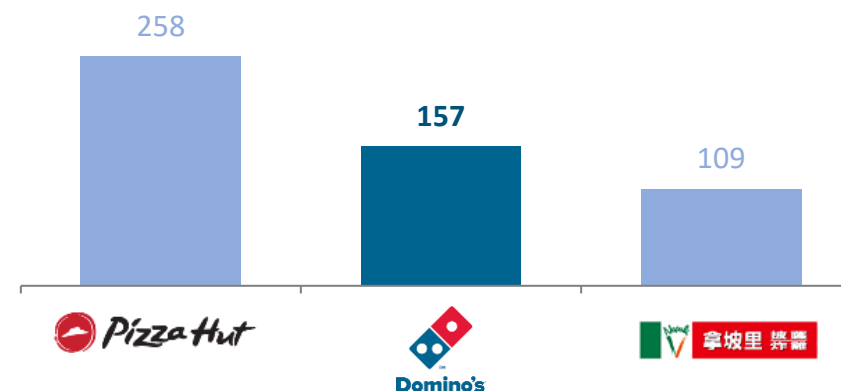


OVERVIEW OF DOMINO'S TAIWAN

- Domino's Taiwan opened its first store in 1989 and has grown to become the #2 chain by store count and network sales
- Currently owned by Formosa International Hotels Corporation, a hotel operator listed on the Taiwan Stock Exchange who owns and operates hotels and food and beverage businesses in Taiwan. Formosa had acquired the business in 2007
- Store network of 157 stores generating network sales of approximately NT\$1.6 billion (A\$73 million) for FY2020⁽¹⁾
- Network is predominantly franchised (138 stores), operated by 37 sub-franchisees of which 24 are multi-unit franchisees
- The business has two commissaries/warehouses located near New Taipei and in Taichung
- The business has approximately 100 employees across head office, corporate store operations and commissary operations



Taiwan pizza market: store count⁽²⁾



(1) Financials for the year ended 31 December 2020; (2) Management estimates



STORE NETWORK

- Domino's Taiwan has built a strong store network with stores located across all major cities
- Management intends 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
- Network operations to be optimised immediately by leveraging local expertise from Japan in marketing and operations

Market dashboard

TOTAL STORES DEC-20: 157

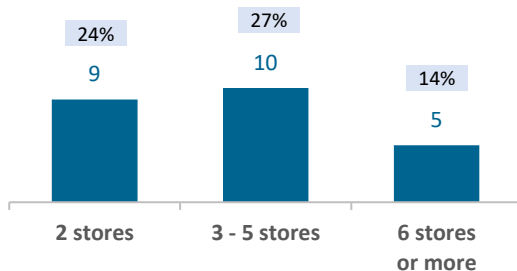
NUMBER OF SUB-FRANCHISEES: 37

AVERAGE NUMBER OF STORES PER SUB-FRANCHISEE: 3.7

POPULATION: ~23.5m

PEOPLE PER STORE: ~150k

DISTRIBUTION OF MULTI-UNIT SUB-FRANCHISEES (#; % of total sub-franchisees)



Store locations



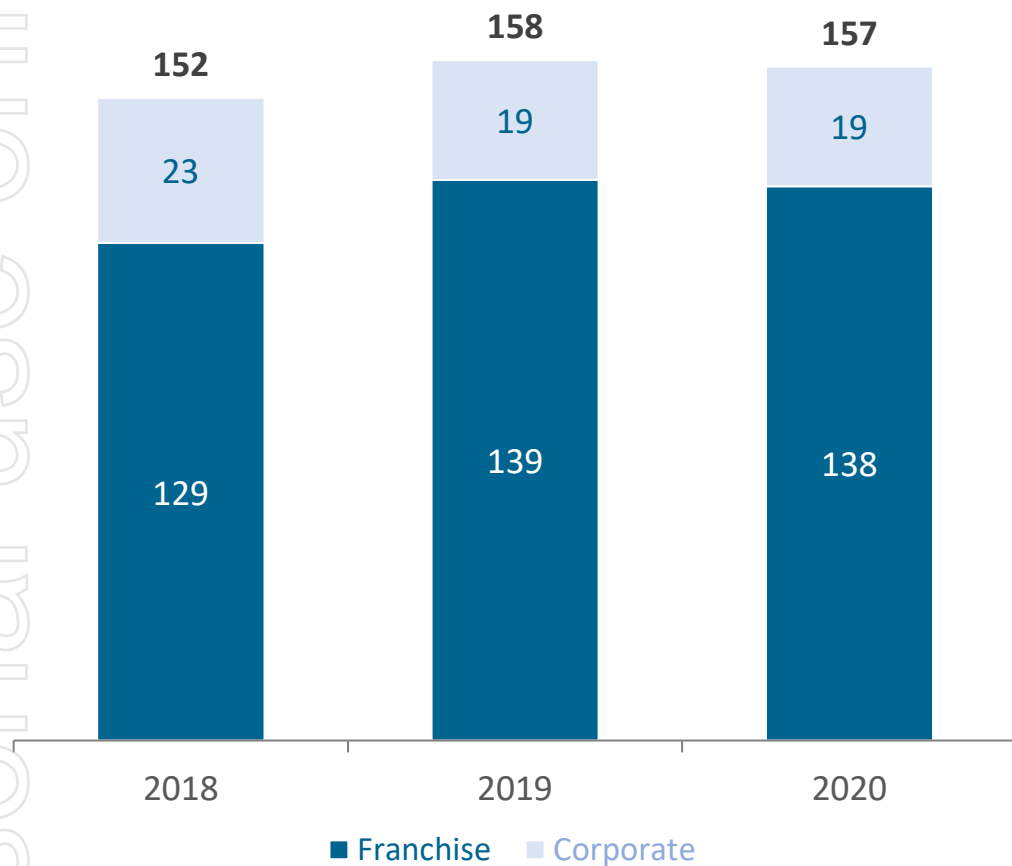
DIVERSE PRODUCT OFFERING

- Diverse menu consisting of 41 specialty pizza recipes and 8 different crust varieties
- Quattro-style pizzas comprise c. 10% of sales – this is a key category in Japan and presents an opportunity to coordinate marketing initiatives where there are similarities in customer preferences
- Diverse offering of side items and desserts including pizza pockets, chicken varieties and other items

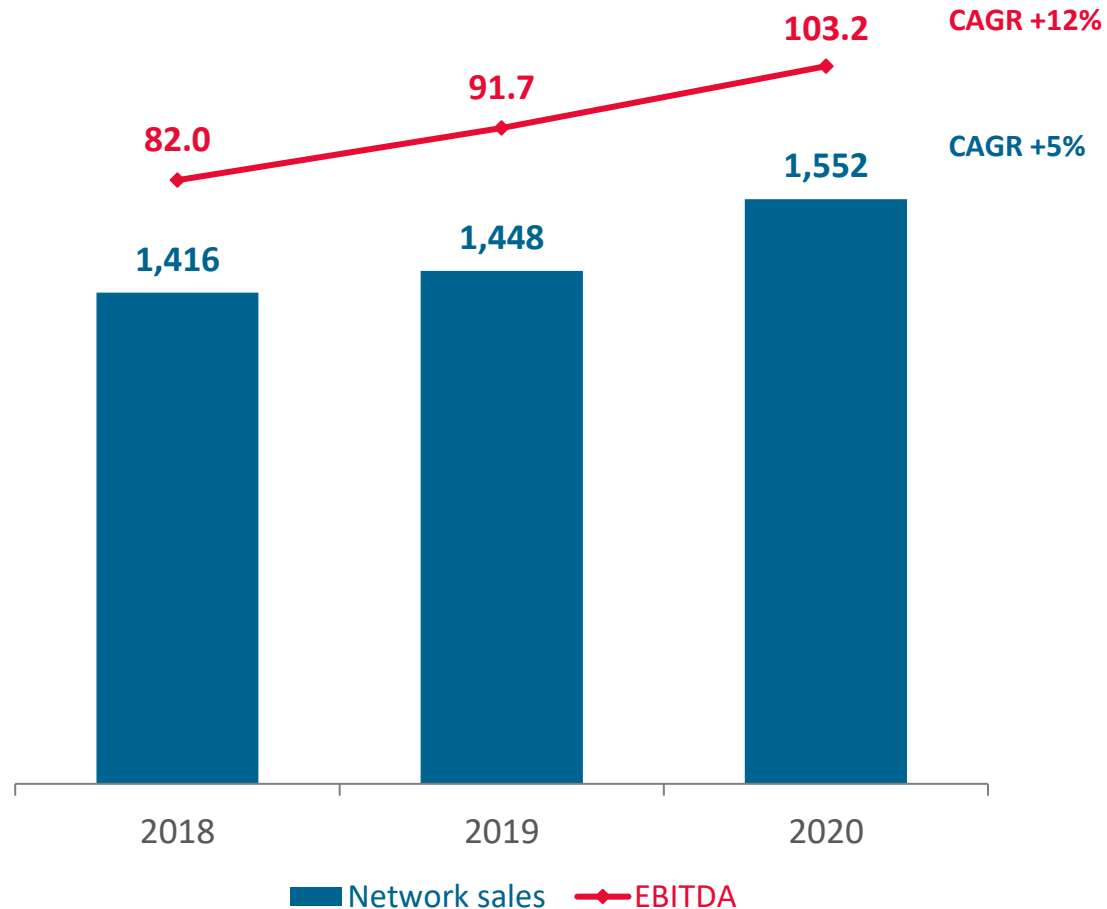


HISTORICAL PERFORMANCE OF DOMINO'S TAIWAN

Store count⁽¹⁾



Network sales and EBITDA (NT\$m)⁽²⁾



(1) Change in corporate store count from 23 stores (2018) to 19 stores (2019) was due to the sale of four corporate stores to a single sub-franchisee

(2) Management account for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 under current ownership



STRATEGIC PLAN FOR GROWTH

Our strategic plan for the market is methodological, building on lessons from entering new markets globally

TEST AND LEARN (0-1 YEARS)

- Leverage learnings and regional expertise from Japan where there are appropriate cultural similarities
- Test various initiatives in order to better understand the local market
- Adapt DPE's prior lessons and strategic growth initiatives for execution in a new market

INTEGRATION AND INVESTMENT (0-2 YEARS)

- DPE recognises that there are many areas in which Domino's Taiwan does well and wants to ensure that its local market knowledge, customer insights and skills are retained
- DPE will add to the market its proven technology and operational innovations, providing franchisees with the benefit of full suite of DPE's digital innovations and improving customer experience

GROWTH (THEREAFTER)

- Focus on store rollouts and initiatives to expand store footprint and increase sales momentum
- Increased scale of national advertising, including potential for coordinated regional campaigns with Japan, to drive meaningful SSS% growth
- Potential for distribution and procurement synergies to be realised through leveraging a larger business in Asia
- Fully leverage the expertise and infrastructure of DPE's global operations

DPE expects the business to have only a marginal contribution to underlying earnings in the first two years following acquisition, however the long term growth opportunity is substantial



FINANCIAL IMPACT ON DPE



TRANSACTION FUNDING AND FINANCIAL IMPACT TO DPE

- The purchase price of approximately NT\$1.7 billion (A\$79 million) on a cash and debt free basis will be payable on completion of the transaction and will be financed from cash and debt facilities
- Subject to customary conditions precedent, the transaction is expected to complete in the first half of FY2022
- The transaction is approximately 2% EPS accretive on a FY2020 pro forma basis, 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
- Non-recurring expenses and capital expenditure of A\$10-11m expected over the first three years

Pro-forma historical transaction impact

A\$m	DPE Group 30 June 2020 Underlying	Domino's Taiwan 31 December 2020 Management accounts	Pro-forma adjustments ⁽²⁾	Pro-forma FY2020 for acquisition	Change (%)
Stores	2,668	157		2,825	5.9%
Network sales	3,268	73		3,341	2.2%
EBITDA⁽¹⁾	303	5		308	1.6%
NPAT to equity holders⁽¹⁾	146	3	(0.3)	149	2.0%

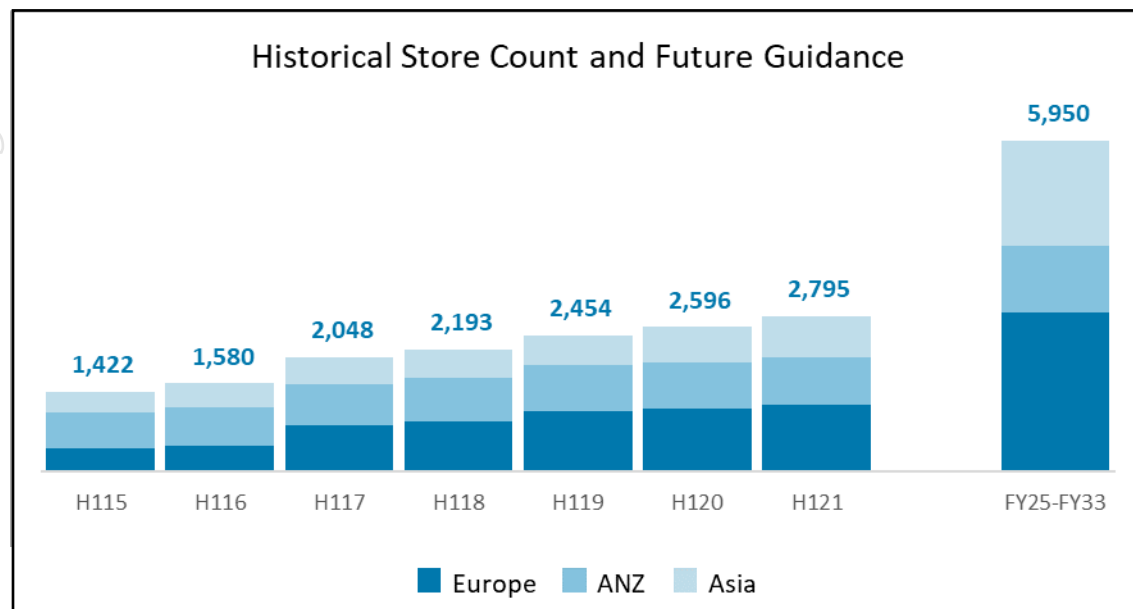
(1) Underlying excluding the impact of AASB 16 Leases; (2) Reflects impact of debt financing



OUTLOOK



GROUP - FUTURE OUTLOOK 2025-2033



- As a result of the acquisition, DPE is revising its future store count outlook in Asia from 1,500 stores to 1,900 stores by 2030-2032
- The updated Group future outlook is 5,950 stores by 2033
- DPE will continue to leverage its position through store expansion
- Management remains active in pursuing suitable additional markets and bolt-ons as acquisition opportunities

