



Domino's Pizza Enterprises Limited  
1/485 Kingsford Smith Drive  
Hamilton, QLD, Australia 4007  
ACN: 010 489 326  
www.dominos.com.au

24 August 2022

The Manager

Market Announcements Office

Australian Securities Exchange

4<sup>th</sup> Floor, 20 Bridge Street

SYDNEY NSW 2000

Dear Sir

**Media Release about Acquisition of Three Asian Markets**

Please find attached for immediate release the media release about Acquisition of Three Asian Markets.

For further information, contact Nathan Scholz, Head of Investor & Government Relations at [investor.relations@dominos.com.au](mailto:investor.relations@dominos.com.au) or on +61-419-243-517.

Authorised for lodgement by the Board.

**Craig Ryan**

**Company Secretary**

**END**

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## DOMINO'S EXPANDS ASIAN FOOTPRINT WITH THREE MARKET ACQUISITION

### Highlights

- Domino's Pizza Enterprises Ltd (DPE) has entered into binding agreements with Mikenwill (M) Sdn Bhd, Impress Foods Pte Ltd and minority shareholders to acquire 100% interests in the Domino's Pizza businesses in Malaysia, Singapore and Cambodia
- The three territories comprise 287 corporate-owned stores, with 240 stores in Malaysia, 38 stores in Singapore and 9 stores in Cambodia
- The initial purchase price is 660 million Malaysian ringgit (equivalent to A\$214)<sup>(1)</sup>, with an earn out payment to be determined over the next two to three years based on capitalising earnings at an 11x adjusted EBITDA pre-IFRS16 multiple<sup>(2)</sup>
- Total consideration may include an earn out of up to 440m Malaysian ringgit (equivalent to A\$142m)<sup>(1)</sup> paid over the next two to three years
- DPE intends to apply proven digital, operational, franchising and marketing expertise to grow unit sales and improve unit economics, whilst accelerating store expansion
- DPE's serviceable market in the APAC region is now 30% larger – at 234 million people
- Management assesses the long-term market potential of 600+ stores
- As a result of this acquisition DPE is increasing its future store count outlook in Asia from 2,400 stores to 3,000 stores by 2033
- Domino's Pizza Inc. has provided its support for the transaction and will enter into new master franchise agreements for each territory with a term of 25 years
- The transaction is c. 5% EPS positive on a proforma 2022 June financial year end basis without synergies and excluding integration, reorganisation and transaction costs.

Domino's Pizza Enterprises Ltd (Domino's) has announced one of the largest expansions in the Company's history, with binding agreements with the owners and operators of Domino's Malaysia, Singapore and Cambodia.

The initial purchase price for the acquisition is 660 million Malaysian ringgit (equivalent to c. A\$214 million), which Domino's will fund through cash and debt facilities. The business delivered 65 million Malaysian ringgit (A\$21m) normalised EBITDA pre-IFRS16 in the year to 30 June 2022<sup>(3)</sup>.

The final purchase price is subject to an earn out over the next two to three years based on a mechanism that capitalises earnings at an 11x adjusted EBITDA pre-IFRS16 multiple which is measured as an average over a trailing two-year period. The maximum earn out is 440 million Malaysian ringgit (equivalent to A\$142m). The earn out recognises current business volatility and has allowed DPE to acquire the territories earlier than otherwise would have been the case.

<sup>1</sup> Assumes FX of 3.09 MYR to AUD

<sup>2</sup> Adjustments include the removal of unusual and non-recurring items, asset write-offs or revaluations, one-off profit or loss on asset disposals and after the inclusion of DPE management charges

<sup>3</sup> Normalised EBITDA reflects adjustments for COVID-19 support schemes, non-operating expenses and certain other changes to determine underlying operating performance based on unaudited management accounts



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The acquisition will further cement the position of Domino's Pizza Enterprises Ltd in Asia, where the Company has been expanding its store footprint through franchised and corporate stores in Japan and Taiwan. The transaction is the largest single acquisition of stores in the company's history.

Group CEO & Managing Director Don Meij said the acquisition demonstrated the value of the Company's twin-region focus, Europe and APAC, with the Asia-Pacific now serving a population of more than 230 million people.

Mr Meij said Domino's had carefully reviewed the potential for the new markets and intended to apply proven expertise from the company's other ten markets to accelerate performance. Domino's Pizza is the 2<sup>nd</sup> largest pizza chain by store count behind Pizza Hut in the three regions.

"Domino's Pizza Enterprises Ltd has never entered a market as number one, nor do we impose our flavour preferences on a new market.

"Instead, by listening to our customers and exceeding their expectations with world class operations – built on safe, fast, affordable delivery – we have built a leadership position and provided a pathway to success for franchises, team members, and their families.

CEO Asia/Pacific Josh Kilimnik said management intended to apply proven strategies in these newest markets.

"We are excited for the opportunity to work with the team in Malaysia, Singapore and Cambodia, unlocking new opportunities for team members to become franchisees, building on our shared expertise to lift this business to the next level," Mr Kilimnik said.

"We thank the founders of the business, Dato' Ting (George) Yew Tong and his business partners, for their successes in creating a path for Domino's across multiple markets, introducing Domino's (and indeed pizza) to new customers, and winning their loyalty.

"Domino's Pizza Enterprises will build on these solid foundations, applying our High Volume Mentality with team members in stores to remove barriers to increasing per store sales and profits."

### **Continuation of Management and New Regional Leadership**

DPE intends to secure the ongoing services of Ba U Shan-Ting, a 22-year pizza veteran and the current Group CEO of the acquired businesses. Shan-Ting would consult to deliver his local market insights to augment DPE's leadership for the next one-two years on Franchising establishment, shared services and overhead integration.

On the ground, the new markets will be led by experienced Domino's Pizza Enterprises Ltd regional CEO Ringo Joannes, a former multi-unit franchisee who has overseen the Belgian business since 2019, expanding the Belgium/Luxembourg network from 87 stores to 140 stores.

Mr Joannes said: "I am excited to have this opportunity to work with team members in these new markets, and to provide them with the opportunity to become franchisees for the first time.

"This is a significant opportunity for Domino's Pizza Enterprises Ltd, and for me, and I'm looking forward to showing our customers and our team what is possible as we invest to reach our potential."



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The territories will report to Mr Kilimnik.

### **Master Franchisor Support**

The transaction has the full support of the master franchisor, Domino's Pizza Inc., who has made a commitment to enter into new master franchise agreements for each territory with DPE with a term of 15 years with a further 10-year renewal period.

### **Closing Conditions**

The acquisition is scheduled for completion at the end of the first half of FY23, subject to the satisfaction of conditions precedent and local regulatory approvals. Due to the different regulatory and procedural requirements in each of the territories, transaction documentation contemplates that the acquisition of the Malaysian and Singapore territories may conclude prior to the completion of the acquisition of the smaller Cambodian business.

Investments in digital and to align operating platforms to the broader DPE network are expected to be made during the FY23 year with EBITDA expected to be mildly lower than in FY22. Synergies are expected to be delivered over time, including those resulting from digital investment, improved effectiveness of operations, store count growth and reinvestment of capital into developing significant franchise operations as was the case in the Japan business.

DPE was advised by Aperture Capital Partners and Thomson Geer, with assistance from EY, Mah-Kamariyah & Philip Koh, GT Law and DFDL.

This release has been authorised for release by Group CEO & Managing Director, Don Meij.

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