



## **Pizza Hut and Telepizza Group Announce Landmark International Growth Alliance**

- Doubles Pizza Hut’s footprint in the regions covered by the alliance; places Pizza Hut in the #1 position in the category across Latin America and the Caribbean in terms of unit count; and confirms Pizza Hut position as the world’s largest pizza restaurant company
- Telepizza Group to become a leading multi-country pizza operator worldwide and Pizza Hut’s largest master franchisee globally by unit count
- Alliance nearly doubles Telepizza Group’s store portfolio to more than 2,500 units and €1.1 billion (1.3 Bn \$) in system sales, with a presence in 37 countries with more than 500 million potential consumers
- Long-term alliance involves Telepizza Group opening 1,300 new stores over the next 10 years across regions covered in alliance: Spain, Portugal, Latin America (excluding Brazil), the Caribbean and Switzerland

**PLANO, TEXAS, and MADRID, SPAIN, May 16, 2018** – Pizza Hut, a division of Yum! Brands, Inc. (NYSE: YUM) and the world’s largest pizza restaurant company with nearly 17,000 restaurants in over 100 countries, and Telepizza Group (BME: TPZ), the largest non-U.S. pizza delivery company worldwide with more than 1,600 stores in over 20 countries, today announced a strategic deal and master franchise alliance to accelerate growth across Latin America (excluding Brazil), the Caribbean, Spain (including Andorra), Portugal and Switzerland.

The landmark deal doubles Pizza Hut’s footprint in the regions covered by the alliance; places Pizza Hut in the number one position in the category across Latin America and the Caribbean in terms of unit count; and confirms Pizza Hut’s position as the world’s largest pizza restaurant company. As a result of the alliance, Telepizza Group will become Pizza Hut’s largest master franchisee globally by unit count and a leading multi-country pizza operator worldwide.

“This ground-breaking deal is a major milestone in our journey to become the most loved, fastest growing pizza brand in the world, and Telepizza Group is the ideal partner with the capability, commitment and capital to accelerate Pizza Hut’s expansion into key high-growth regions like Latin America,” said Milind Pant, President, Pizza Hut International. “Geographically, this long-term, strategic alliance with Telepizza Group will make Pizza Hut accessible to more consumers over time, helping fulfill our mission of making it easier to get a better quality pizza.”

“Our alliance with Pizza Hut delivers on Telepizza Group’s strategic plan to transform pizza delivery with a management model grounded in improving the customer experience through best-in-class operations,” said Pablo Juantegui, Executive Chairman and Chief Executive Officer, Telepizza Group. “The deal accelerates our global growth plan, nearly doubles the scale of our business and extends our international reach to 37 countries, which represent more than 500 million potential consumers. The aspirations and capabilities of Telepizza Group and Pizza Hut International are complementary, and we are confident this deal will drive significant value for customers, employees, franchisees and shareholders as it represents an ideal platform for future growth opportunities.”



“At Pizza Hut International, we’re focusing all of our innovation, technology investments and franchise alliances on delivering the easiest, fastest and tastiest pizza experience wherever we operate,” said Enrique Ramirez, Global Chief Growth Officer, Pizza Hut. “Telepizza Group is the ideal partner to help us deliver on this focus across Latin America (excluding Brazil), the Caribbean, Spain, Portugal and Switzerland, because of their incredible depth and capability in franchise operations and supply chain management. Leveraging the strong experience of our Pizza Hut franchisees, we expect this to accelerate the growth of Pizza Hut with a best-of-both approach.”

#### **Highlights of the alliance include:**

- **Spain and Portugal.** In Spain, where Telepizza is the leading player, and in Portugal, Telepizza Group will continue operating the Telepizza brand, but it will also operate Pizza Hut stores and oversee Pizza Hut franchisees. Telepizza will leverage the best of Pizza Hut capabilities and well-known signature products.
- **Latin America (excluding Brazil) and the Caribbean.** As master franchisee, Telepizza Group will oversee Pizza Hut franchisees who will continue to operate Pizza Hut stores in Latin America (excluding Brazil) and the Caribbean. Telepizza Group will also progressively convert its existing stores in this region to Pizza Huts and leverage Pizza Hut’s brand awareness to accelerate store network expansion and boost entry into key growth markets.
- **Unit Development Growth.** Across the regions covered in the alliance, Telepizza Group will target opening at least 1,300 new stores over the next 10 years, and 2,550 stores total over 20 years. The vast majority of the new store openings will be Pizza Hut, including all stores in Latin America and the Caribbean.
- **Supply Chain:** Telepizza Group will manage Pizza Hut’s supply chain in Latin America (excluding Brazil), the Caribbean, Spain (including Andorra), Portugal and Switzerland and will become an authorized supplier of Pizza Hut establishments. Both groups will explore further possibilities of collaboration in this field worldwide.

Completion of the alliance will be subject to certain conditions, including regulatory approvals and approval by Telepizza Group shareholders.

#### **Impact to Telepizza**

The alliance will nearly double Telepizza Group’s store portfolio to more than 2,500 units and €1.1 billion (1.3 Bn \$) in system sales, making the company present in 37 countries with more than 500 million potential consumers. Telepizza Group will leverage its strong operational capabilities to crystallize the significant industrial synergies resulting from the combined platform, and will also benefit from its enlarged footprint to accelerate its international growth expansion. All this will be achieved without impacting Telepizza Group’s leverage profile nor its dividend policy and preserving Telepizza Group’s commitment with its current network of franchisees, targeting €100 million (120 M \$) EBITDA by 2021.



## Impact to Pizza Hut

This landmark deal moves Pizza Hut to the number one position in the category across Latin America and the Caribbean in terms of unit count. Across all the markets covered in the alliance, Telepizza Group will oversee nearly 1,000 Pizza Huts and contribute nearly 1,500 of its stores to Pizza Hut's global unit count. Pizza Hut International franchisees in these regions will continue to operate their businesses, under the management of Telepizza as a Pizza Hut master franchisee. This strategic deal is a long-term initiative by Pizza Hut expected to result in accelerated unit development and operating profit growth on what will be a combined initial unit count of nearly 2,500 stores. The transaction is not expected to have a significant impact on Yum! Brands' core operating results or cash flows over the next few years.

## About Pizza Hut

Pizza Hut, a subsidiary of Yum! Brands, Inc. (NYSE: YUM), has more restaurant locations in the world than any other pizza company. Founded in 1958 in Wichita, Kan., Pizza Hut operates nearly 17,000 restaurants in more than 100 countries. For more information, visit [www.pizzahut.com](http://www.pizzahut.com).

## About Telepizza

Telepizza Group, headquartered in Madrid, operates in 23 countries with Telepizza and Jeno's Pizza brands, among others, and celebrates 30 years with over 60 million of pizzas delivered worldwide. The Company manages a total network of 1,607 stores including 441 owned stores and 1,166 franchisees and master franchisees (as of 31 December, 2017) and is the leading player by number of stores in Spain, Portugal, Chile and Colombia. Total sales in its network, including own stores, franchisees and master franchisees, recorded as chain sales, amounted €561.6 million euro in the 12 months ended December 31, 2017. Telepizza Group is listed in the Barcelona, Bilbao, Madrid and Valencia stock exchanges with its shares starting trading on April 27, 2016.

## About Yum! Brands

Yum! Brands, Inc., based in Louisville, Kentucky, has over 45,000 restaurants in more than 135 countries and territories and is one of the Aon Hewitt Top Companies for Leaders in North America. In 2018, Yum! Brands was recognized as part of the inaugural Bloomberg Gender-Equality Index and ranked among the top 100 Best Corporate Citizens by Corporate Responsibility Magazine. In 2017, Yum! Brands was named to the Dow Jones Sustainability North America Index. The company's restaurant brands – KFC, Pizza Hut and Taco Bell – are global leaders of the chicken, pizza and Mexican-style food categories. Worldwide, the Yum! Brands system opens over seven new restaurants per day on average, making it a leader in global retail development.

## More information:

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This communication contains forward-looking information and statements about TELEPIZZA GROUP, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words “expects”, “anticipates”, “believes”, “intends”, “estimates” and similar expressions. Although TELEPIZZA GROUP believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of TELEPIZZA GROUP shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of TELEPIZZA GROUP, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the documents sent by TELEPIZZA GROUP to the Comisión Nacional del Mercado de Valores.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of TELEPIZZA GROUP. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All oral or written forward-looking statements hereby made or otherwise attributable to TELEPIZZA GROUP or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified on its entirety by the cautionary statement above. All the forward-looking statements included herein are based on information available to TELEPIZZA GROUP on the date hereof. Except as required by applicable law, TELEPIZZA GROUP does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## FORWARD-LOOKING STATEMENTS

This announcement may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “expect,” “expectation,” “believe,” “anticipate,” “may,” “could,” “intend,” “belief,” “plan,” “estimate,” “target,” “predict,” “likely,” “seek,” “project,” “model,” “ongoing,” “will,” “should,” “forecast,” “outlook,” “new store opening goals” or similar terminology. These statements are based on and reflect our current expectations, estimates, assumptions and/or projections, our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. There can be no assurance that our expectations, estimates, assumptions and/or projections, including with respect to the future earnings and performance or capital structure of Yum! Brands, will prove to be correct or that any of our expectations, estimates or projections will be achieved.

Numerous factors could cause our actual results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation: food safety and food borne-illness issues; health concerns arising from outbreaks of viruses or other diseases; the success of our franchisees and licensees, and the success of our transformation initiatives, including our refranchising strategy; our significant exposure to the Chinese market; changes in economic and political conditions in countries and territories outside of the U.S. where we operate; our ability to protect the integrity and security of individually identifiable data of our customers and employees; our increasing dependence on digital commerce platforms and information technology systems; the impact of social media; our ability to secure and maintain distribution and adequate supply to our restaurants; the success of our development strategy in emerging markets; changes in commodity, labor and other operating costs; pending or future litigation and legal claims or proceedings; changes in or noncompliance with government regulations, including labor standards and anti-bribery or anti-corruption laws; recent Tax Legislation (defined below) and other tax matters, including disagreements with taxing authorities; consumer preferences and perceptions of our brands; changes in consumer discretionary spending and general economic conditions; competition within the retail food industry; and risks relating to our significant amount of indebtedness. In addition, other risks and uncertainties not presently known to us or that we currently believe to be immaterial could affect the accuracy of any such forward-looking statements. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Information regarding the impact of the Tax Cuts and Jobs Act of 2017 (“Tax Legislation”) consists of preliminary estimates which are forward-looking statements and are subject to change. Information regarding the impact of Tax Legislation is based on our current calculations, as well our current interpretations, assumptions and expectations relating to Tax Legislation, which are subject to further ongoing change.

The forward-looking statements included in this announcement are only made as of the date of this announcement and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.