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Telepizza Group, S.A. ("**Telepizza Group**" or the "**Company**"), in compliance with the provisions of article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on the abuse of the market and article 228 of the rewritten text of the Securities Market Law approved by Royal Legislative Decree 4/2015, of 23 October, by means of this letter communicates the following:

#### **RELEVANT FACT**

Telepizza S.A.U., a wholly owned subsidiary of Telepizza Group, S.A., has entered into a sale and purchase agreement over all the shares of the companies Sodetur and Costa Hut, the current Pizza Hut franchisees in Ecuador and owners of 38 Pizza Hut stores in that country, within the framework of the strategic alliance between Pizza Hut and Telepizza Group, which was communicated to the market last 16 May (registration number 265,703) (hereinafter, the "**Transaction**").

The amount of the purchase has been set at 6.5 times the proforma EBITDA of the acquired business and has been entirely financed with the Company's own resources.

The purchase has been authorised by Pizza Hut and is subject to the closing of the Transaction, which is currently pending authorisation by the European competition authorities. Should such closing not take place, Telepizza will sell the Pizza Hut business in Ecuador to Pizza Hut itself (or to the entity designated by it) under the same terms and conditions.

[A press release is attached]

In Madrid, 9 October 2018

Mr Javier Gaspar Pardo de Andrade.

Secretary to the Board of Directors.

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With 61 stores, Telepizza becomes the leader of the Ecuadorian market

**Telepizza Group acquires Pizza Hut's franchise in Ecuador, accelerating the implementation of its global strategic alliance**

**Madrid, 9 of October 2018.-** Telepizza Group has acquired the companies Sodetur and Costa Hut, franchisees of Pizza Hut in Ecuador and owners of 38 stores in that market. With this acquisition Telepizza Group, which currently operates 23 stores in that territory, becomes the leader of the Ecuadorian market in terms of both sales and number of stores, managing a total of 61 stores.

This acquisition represents the achievement of the first milestone of the initiatives that the Telepizza Group is carrying out before the closing of its strategic alliance with Pizza Hut, an agreement that was unanimously approved by the Telepizza Group's shareholders last June, by virtue of which Telepizza Group will become the largest Pizza Hut master franchisee in the world by number of stores and a world leading pizza restaurant operator.

The purchase price has been set at 6.5 times the proforma Ebitda of Sodetur and Costa Hut<sup>1</sup>. The operation, with an immediate positive impact on the consolidated Ebitda of Telepizza Group in 2018, has been financed with own resources, in line with what was communicated to the market in May 2018 and in the publication of results for the second quarter.

The closing of this acquisition in Ecuador is a major step both in terms of business building and in terms of value creation for shareholders. From a business point of view, this transaction provides Telepizza Group with an early learning platform on how to successfully and quickly manage the integration with Pizza Hut, thus enabling a gradual adaptation in the implementation of the agreement and in process management, minimising the execution risk of the global transaction.

According to Pablo Juantegui, President of Telepizza, "the acquisition of the Pizza Hut franchise in Ecuador is the starting signal for the deployment of all our expertise and our operational capabilities in Latam, which will allow us to start generating synergies with a direct impact on earnings". This agreement places us with a position of absolute leadership in a market that is in full expansion, as is the Latin American market. "

Ana Diogo, Managing Director of Telepizza Group for LATAM, highlights that "the transaction in Ecuador represents an important growth for the Telepizza Group in this market, adding more capacities, expanding our geographic coverage, offering new options to the consumer and integrating new stores".

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<sup>1</sup> According to the forecast for the close of 2018.

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