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13 February 2020

Domino's Pizza Group Plc Proposed Disposal of the Norwegian Business

Domino's Pizza Group plc ("**DPG**" or the "**Company**"), is today announcing that, conditional on shareholder approval, it has agreed to sell its entire shareholding in DP Norway AS ("**Domino's Norway**" or "**DPN**") to Pizza Holding AS and EYJA Fjarfestingafelag III EHF, the existing minority shareholders ("**Minority Shareholders**") in Domino's Norway.

Transaction Summary

- Provides a complete exit for DPG from Norway for a cash outlay of up to £7.0 million, in addition to funding DPN's losses to completion
 - DPN reported an underlying operating loss before tax of £6.6 million for the year ended 31 December 2018
- Facilitates an orderly exit from PPS Foods AB ("**Domino's Sweden**" or "**DPS**") in due course through the transfer of minority shareholdings in DPS to DPG as part of the transaction
- Transaction subject to shareholder approval and has unanimous support from the Board of Directors of the Company who intend to recommend that shareholders vote in favour of the resolution(s) to approve transaction at a General Meeting to be convened in due course

Details of the Transaction

- DPG to sell its 71% interest in Domino's Norway to the Minority Shareholders for consideration comprised of a combination of the payment of a nominal amount (NOK 1) in cash and the transfer by the Minority Shareholders' of their entire shareholdings in Domino's Sweden to DPG (which will result in DPG owning 100% of Domino's Sweden) (the "**Transaction**").
- DPG will fund DPN for the period up to Completion inclusive of a marketing campaign of NOK 6 million (£0.5 million). Such funding, alongside the existing intercompany receivable owed by DPN of NOK 360.4 million as at 31 December 2019 (approximately £30.0 million) will be converted into one share in Domino's Norway and transferred to the Minority Shareholders at Completion as part of the Company's shareholding in DPN. The equitisation of the existing intercompany receivable will have no cash impact on DPG or impact the group profit and loss statement of DPG.
 - In addition, on Completion DPG will fund certain identified future liabilities of Domino's Norway (including the anticipated costs of closure of certain non-performing stores), expected in aggregate to be up to approximately NOK 34.0 million (being approximately £2.9 million) which is subject to reduction through DPG's procuring the closure of certain stores or settlement of certain liabilities prior to Completion.

- DPN will also retain NOK 24.4 million (approximately £2.0 million) of cash held within the business as at 31 December 2019, which includes an adjustment for normalized working capital, and rent deposits of NOK 10.6 million (approximately £0.9 million).
- The Transaction follows the announcement of 17 October 2019 regarding the Group’s intention to exit its directly operated international operations in an orderly manner, and find more suitable owners for these businesses.
 - Domino’s Norway has incurred operating losses for a number of years and required high levels of capital expenditure to fund organic new store growth, the Dolly Dimple’s acquisition and store conversions. It has therefore required ongoing funding support from DPG. Following Completion, funding previously allocated to Domino’s Norway will be retained within DPG. The Transaction will also allow DPG management to focus on the core business and the orderly exit from the remaining directly operated international businesses.
 - The transfer of minority interests in Domino’s Sweden to DPG as part of the Transaction is expected to simplify DPG’s disposal of its Swedish business in due course.
- The Transaction is a Class 1 and a Related Party transaction for the purposes of the Listing Rules published by the Financial Conduct Authority and is therefore conditional upon the approval of the Company’s shareholders at a general meeting (the “**General Meeting**”).
- The Company expects to publish a circular (“**Circular**”) setting out further details of the Transaction and convening a General Meeting to approve the Transaction by early May 2020.
 - The Board of Directors of the Company (the “**Board**”) has unanimously agreed that the Transaction is in the best interests of the Company’s Shareholders and intends to recommend shareholders to vote in favour of the resolution(s) to approve the Transaction.
 - Domino’s Pizza International Inc, the brand owner, is also supportive of the Transaction.
- Subject to shareholder approval being obtained it is anticipated that completion of the transaction (“**Completion**”) will occur by the end of May 2020. In the event that shareholder approval is not obtained, DPG will pay the Minority Shareholders a £1 million break fee.
- A further announcement will be made on the posting of the Circular and notice of General Meeting in due course.

Commenting on today’s announcement, David Wild said:

“We are today announcing the disposal of our Norwegian business to its minority shareholders, subject to shareholder approval. This transaction is positive for all stakeholders and also provides DPG with a clean exit from Norway following operating losses and high levels of capital expenditure over a number of years. The new owners have exciting plans for the business and importantly, the Domino’s brand will retain its presence in Norway.”

“Now we have agreed the transaction for Norway, we will focus on progressing transactions for our businesses in Sweden, Switzerland and Iceland. We are focused on securing the best possible terms for

shareholders and are working closely with Domino's International throughout. We will update the market in due course."

Eirik Bergh of Pizza Holding AS said:

"This is great news for our hard working store colleagues, our loyal pizza fans and our supply chain partners. We believe Domino's is the best pizza in the world and we're delighted to ensure this brand will remain in Norway. I'm confident our in depth knowledge of Norwegian consumers is key to unlocking the potential of Domino's in this important market. The management team and I have lots of exciting plans and innovations we're looking forward to sharing."

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulations (EU) No. 596/2014 ("MAR") and is disclosed in accordance with DPG's obligations under Article 17 of MAR.

The person responsible for making this notification is Adrian Bushnell, Company Secretary.

For further information, please contact:

Domino's Pizza Group plc:

Bethany Barnes, Head of Investor Relations
07387 015695

Brunswick:

Simon Sporborg, Samantha Chiene
020 7404 5959

About Domino's Pizza Group

Domino's Pizza Group plc is the UK's leading pizza brand and a major player in the Irish market. We hold the master franchise agreement to own, operate and franchise Domino's stores in the UK, the Republic of Ireland, Switzerland, Iceland and Liechtenstein. In addition, we have a controlling stake in the holders of the Domino's master franchise agreements in Norway and Sweden, as well as associate investments in Germany and Luxembourg.

Summary of the Transaction

The Company has conditionally agreed to sell its 71% interest in Domino's Norway, which owns the Domino's Master Franchise in Norway and operates 55 stores in-country (8 of which operate under the Dolly Dimples brand), to Pizza Holding AS ("**PH**") (a vehicle in which Eirik Bergh has a substantial interest) and EYJA Fjarfestingafelag III EHF ("**EYJA**") (a vehicle owned by Birgir Bieltvedt), who are the existing minority shareholders in Domino's Norway as at the date hereof (the "**Minority Shareholders**"). PH will purchase 69% of the Company's interest in Domino's Norway and EYJA will purchase the remaining 31% (the "**Relevant Proportions**"). The consideration for the DPN Shares (as defined below) is comprised of a combination of a payment of a nominal amount (NOK 1) in cash and the transfer by the Minority Shareholders' of their entire shareholding in Domino's Sweden, which owns the Domino's Master Franchise in Sweden (the "**DPS Shares**"), which will result in DPG owning 100% of Domino's Sweden. DPG will also provide certain funds to DPN prior to and upon Completion. Further details of DPG's funding obligations are set out in "Principal terms of the Transaction" below.

As Birgir Bieltvedt is a director of Domino's Norway and was a director of Domino's Sweden within the last 12 months, both which are subsidiaries of DPG, any transaction between him and DPG (or Domino's Norway or Domino's Sweden) is a Related Party transaction for the purposes of the Listing Rules. PH is also a "related party" of DPG under the Listing Rules. PH is a substantial shareholder in Domino's Norway and Domino's Sweden because it owns or controls more than 10% of the voting rights in each entity.

The Transaction will also involve DPG amending the terms of a consultancy agreement, between it and, amongst others, Domino's Norway, Domino's Sweden, Birgir Bieltvedt and his service company B2B EHF ("**B2B**") dated 8 June 2016 (as amended and restated on 14 December 2017) and approved by the Company's shareholders on 11 January 2018 (the "**Consultancy Agreement**").

The Transaction is a Class 1 and Related Party Transaction for the purposes of the Listing Rules published by the Financial Conduct Authority ("**FCA**"), (the "**Listing Rules**"). A Circular is to be sent to all shareholders of the Company to provide details of the Transaction, to convene the General Meeting and to explain why the Board considers the Transaction to be in the best interests of the Company and its shareholders as a whole.

Background to, and reasons for, the Transaction

Trading in DPG's directly operated international businesses has been challenging in recent years, despite management's efforts which have focused on improving operational capability and performance. As a result, in conjunction with external consultants the Board launched a full review of its directly operated international businesses, which included an assessment of the future prospects of those markets. Following the review, on 17 October 2019 the Board announced that, whilst it believed the Company's international markets were attractive, DPG was not the best owner of these businesses. As a result, it launched a process to exit the markets in an orderly manner.

Principal terms of the Transaction

Sale and Purchase Agreement

Pursuant to a sale and purchase agreement dated 13 February 2020 between, amongst others, DPG, and each of the Minority Shareholders (the "**SPA**"), DPG has agreed to sell, and the Minority Shareholders have agreed to purchase, in the Relevant Proportions, the Company's shares in Domino's Norway (representing 71% of the share capital of Domino's Norway) (the "**DPN Shares**").

The key terms of the SPA are as follows:

- i. The consideration payable by the Minority Shareholders for the DPN Shares is comprised of the payment of a nominal amount (NOK 1) in cash and the transfer by the Minority Shareholders of the DPS Shares to the Company;
- ii. DPG will fund DPN for the period up to Completion inclusive of a marketing campaign of NOK 6 million (£0.5 million). Such funding, alongside the existing intercompany receivable owed by DPN of NOK 360.4 million as at 31 December 2019 (approximately £30.0 million) will be converted into one share in Domino's Norway and transferred to the Minority Shareholders at Completion as part of the Company's shareholding in DPN;

- a. In addition, on Completion DPG will fund certain identified future liabilities of Domino's Norway (including the anticipated costs of closure of certain non-performing stores), expected in aggregate to be up to approximately NOK 34.0 million (being approximately £2.9 million) which is subject to reduction through DPG's procuring the closure of certain stores or settlement of certain liabilities prior to Completion
 - b. DPN will also retain NOK 24.4 million (approximately £2.0 million) of cash held within the business as at 31 December 2019, which includes an adjustment for normalized working capital, and rent deposits of NOK 10.6 million (approximately £0.9 million)
- iii. Completion is conditional only on the approval of the Transaction by DPG's shareholders at a General Meeting to be convened by DPG. The approval requirement is more than 50% of independent DPG shareholders voting in person or by proxy at the General Meeting. The Transaction is a Class 1 transaction and a Related Party transaction for the purposes of the Listing Rules. The long stop date for the satisfaction of this condition is 31 July 2020. In the event that the condition is not satisfied by 31 July 2020, the Company shall pay the Minority Shareholders a break fee of £1 million; the break fee arrangement falls within Listing Rule 11.1.10R;
 - iv. The Minority Shareholders will procure additional new investors to subscribe for new shares in DPN at Completion to raise NOK 50 million (approximately £4.3 million) (or failing which the Minority Shareholders shall subscribe for such shares themselves). The Minority Shareholders have also undertaken not to exercise their put options in respect of their minority holdings in DPN and DPS as contained in the relevant shareholders agreements (which will be terminated at Completion). If the Minority Shareholders dispose of a 50% interest or more in DPN or all of, or materially all of, the assets of DPN within 18 months of Completion, the Minority Shareholders are required to pay to DPG an amount equal to 10% of the consideration it receives for such sale in excess of the NOK 50m (approximately £4.3 million) investment made at Completion;
 - v. Birgir Bieltvedt, Eirik Bergh and the other underlying investors in PH have agreed to guarantee the due and punctual performance by the Minority Shareholders of all of their respective obligations under the SPA. This guarantee is a primary obligation and can be called upon by the Company on demand;
 - vi. On Completion, DPG will be released from all guarantees given by it in respect of DPN to support the obligations of DPN under the Domino's Norway Master Franchise Agreements.

Further details of the SPA will be set out in the Circular.

As part of the filing of the annual financial accounts for DPN for the year ended 31 December 2018 and to ensure DPN is able to do so on a going concern basis, DPG will provide a letter of support (the "**Letter of Support**") to the DPN Group (being DPN and its relevant subsidiaries). DPG will agree to provide the DPN Group with funds of up to NOK 120 million (approximately £10.0 million) to enable it to meet its obligations to third party creditors. The Letter of Support will cease to apply from the earlier of (i) Completion and (ii) February 2021.

Settlement and Amendment to the Consultancy Agreement

Pursuant to the Consultancy Agreement, as approved by the Company's shareholders, B2B agreed to make Birgir Bieltvedt available to provide certain general corporate advisory services to Domino's Norway, Domino's Sweden and PPI. In return for the provision of these services in Norway and Sweden, B2B was paid an annual fee from each of Domino's Norway and Domino's Sweden as follows:

- €250,000 per annum in aggregate payable by DPN and DPS until 31 May 2022 (the "**Norway Consultancy Fee and Swedish Consultancy Fee**").

The Company, DPN and DPS have agreed to enter into a settlement and amendment agreement with B2B and Birgir Bieltvedt in respect of the Consultancy Agreement (the "**Settlement and Amendment Agreement**") pursuant to which the Company (for and on behalf of Domino's Norway and Domino's Sweden) has agreed to make a payment of €500,000 in full and final settlement of DPN's and DPS's respective future obligations to pay the Norway Consultancy Fee and the Sweden Consultancy Fee (the "**Consultancy Settlement Fee**").

Furthermore, in consideration for B2B and Birgir Bieltvedt agreeing to carry out certain services to attempt to secure the master franchise rights for the Domino's brand in Finland and the Baltics, under the Consultancy Agreement, DPG had agreed to pay to Birgir Bieltvedt an amount of up to €1 million in aggregate (the "**Equity Contribution**"), such Equity Contribution to be used for the sole purpose of Birgir Bieltvedt subscribing for shares (alongside DPG) in any new subsidiary that was incorporated with the benefit of the relevant master franchise rights in Finland or the Baltics (as the case may be).

DPG has agreed to pay a cash payment of €375,000 in full and final settlement of DPG's present and future obligation to pay the Equity Contribution to Birgir Bieltvedt (the "**Finland/Baltics Settlement Amount**"). Birgir Bieltvedt shall continue to provide general corporate advisory services to PPI under the terms of the amended Consultancy Agreement. The Settlement and Amendment Agreement is subject to shareholder approval.

Further details of the Settlement and Amendment Agreement will be set out in the Circular.

Effects of the Transaction

The Company's financial commitments under the SPA will be funded from existing resources. The Transaction provides an exit for DPG from the Norwegian market where it has incurred operating losses and high levels of capital expenditure over a number of years and will allow funds previously used to support DPN to be retained within DPG and DPG management to focus on the core business and the orderly exit from the remaining directly operated international businesses.

In addition, as a result of the transfer of the minority shareholdings in Domino's Sweden to DPG as part of the Transaction, DPG expects the process to dispose of its Swedish business in due course will be simplified.

Information on Domino's Norway

Domino's Norway was established in 2014 and is the master franchisee of Domino's Pizza in Norway. In March 2017, Domino's acquired Dolly Dimple's, which at the time of the Further Acquisition was the third largest pizza company in Norway, with 42 stores across the country.

As at the date of this announcement, Domino's Norway operates 55 stores in Norway, 47 of which operate under the Domino's brand, and 8 of which operate under the Dolly Dimple's brand. This includes 5 new stores that were opened in 2019, of which 3 were Corporate Stores and 2 were franchised Stores.

The Board of Domino's Norway consists of Eirik Bergh, Birgir Bieltvedt, David Wild and Simon Wallis (with David Wild and Simon Wallis being the two directors nominated by the Company both of whom shall resign at Completion).

Information on Domino's Sweden

Domino's Sweden was established in 2014 and is the master franchisee of Domino's Pizza in Sweden. At the time of the Initial Acquisition, no Domino's Pizza store had been opened in Sweden. As at the date of this announcement, DPS operates 13 stores in Sweden.

The Board of Domino's Sweden consists of David Wild and Clive West.

Financial Information on Domino's Norway and Domino's Sweden

As at 30 June 2019, the gross assets of DPN were £28.9 million. DPN's underlying operating loss for the year ended 31 December 2018 was £6.6 million, in addition DPN recorded a non-underlying charge of £4.5m and recorded a non-underlying impairment of £10.2 million in 2018 resulting in a reported operating loss of £21.3 million. The following individuals are deemed to be key individuals to the operations of Domino's Norway: Eirik Bergh (Director and beneficial owner of PH) and Birgir Bieltvedt (Director and beneficial owner of EYJA).

Gross debt for Domino's Norway as at 31 December 2018 was NOK 250.6 million (approximately £21.6 million) and principally, as a result of the trading result, capital expenditure on new stores and IT and interest, increased to NOK 360.4 million (approximately £30.0 million) as at 31 December 2019.

Full year system sales in the year to 31 December 2019 for Domino's Norway were NOK 343 million (approximately £30.7 million). Like for like system sales for the same period, including the impact of territory splits were down 16.9%, with Q4 like for like sales down 18.4%. Whilst savings have been made in the Domino's Norway stores, supply chain and Domino's Norway Head Office operating costs, these have not fully offset the reduction in gross margin from the lower sales.

The trading outlook for Domino's Norway for 2020 remains challenging and it is expected that net debt will increase through 2020, albeit at a slower rate.

As at 30 June 2019, the gross assets of DPS were approximately £15.3 million. DPS's underlying operating loss for the year ended 31 December 2018 was approximately £1.6 million, in addition DPS recorded a non-underlying impairment of approximately £2.7 million in 2018, resulting in a reported operating loss of approximately £4.3 million.

Sweden full year system sales for the financial year ended 31 December 2019 were SEK 63.4 million (approximately £5.3 million) with like for like sales down 6.6%.

Intended Recommendation

The Board considers the terms of the Transaction to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Board intends to unanimously recommend that shareholders vote in favour of the resolution(s) to approve the Transaction at the General Meeting.

Cautionary statement

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This announcement has been prepared for the purposes of complying with the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with laws and regulations of any jurisdiction outside of England.

No offer or solicitation

This announcement is not intended to, and does not constitute, or form part of, any offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. The Company's shareholders are advised to carefully read the Circular in relation to the Transaction once it has been dispatched. Any response to the Transaction should be made only on the basis of the information in the Circular to follow.

Information regarding forward-looking statements

This announcement contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of a date in the future or forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims", "projects" or words or terms of similar substance or the negative of those terms, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations or events that are beyond the Group's control.

Forward-looking statements include statements regarding the intentions, beliefs or current expectations of the Company concerning, without limitation: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Company's operations; and (iii) the effects of United Kingdom and global economic conditions on the Company's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Dominos' Pizza Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause the actual results, performance or achievements of the Domino's Pizza Group to differ materially from the expectations of the Company include, amongst other things, general business, economic and political conditions in the United Kingdom and globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety, taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, the outcome of any litigation, the impact of any acquisitions or similar transactions, IT system and technology failures, political and economic uncertainty and other factors. Such forward-looking statements should therefore be construed in light of such factors.

Neither Domino's Pizza Group Plc nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement.

Forward-looking statements contained in this announcement apply only as at the date of this announcement. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation), the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No profit forecast

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Domino's Pizza Group plc, Domino's Norway or the Retained Group (being Domino's Pizza Group plc and its subsidiary undertakings excluding Domino's Norway and its subsidiary undertakings) (as appropriate) for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for Domino's Pizza Group plc.