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M.9025 – PIZZA HUT / TELEPIZZA

SECTION 1.2

Description of the concentration

The proposed concentration involves the integration of Pizza Hut International, LLC (“**Pizza Hut**”, part of the YUM! Group) and Telepizza Group, S.A. (“**Telepizza**”, together with Pizza Hut, the “**Parties**”, and each of them individually, a “**Party**”) systems in the informal restaurants sector.

Each Party is engaged in the operation, directly or through master franchisees and franchisees, of pizza restaurants under the Pizza Hut and Telepizza brands, respectively, and has developed a system for the preparation, marketing and retail sale of a limited menu of uniform and quality food products through prompt and courteous quick-service, dine-in, delivery and carry-out outlets (the “**Pizza Hut System**” and the “**Telepizza System**”, together, the “**Pizza Hut and Telepizza Systems**”).

Pizza Hut is established in more than 100 countries over six continents, including the US and most of the EU Member States.

Telepizza is established in Spain, Portugal, Poland, Chile, Guatemala, Colombia, Peru, Ecuador, Panama, Morocco, the Czech Republic, Sweden, Paraguay, Arabia Saudi, Malta, Russia, Bolivia, the UK, Iran, El Salvador, Angola and Ireland¹.

By means of the proposed concentration the Parties have agreed to integrate the Telepizza and Pizza Hut Systems globally and progressively (the “**Proposed Transaction**”), and more specifically, as follows:

- a) In the so-called “**MFA Territories**”, that is, in all the countries in the Americas (except Canada, the US and Brazil), Spain, Portugal and Switzerland (i) Telepizza will become the exclusive master franchisee of the Pizza Hut System; (ii) the Telepizza outlets will gradually convert to the Pizza Hut System except in Iberia; (iii) Pizza Hut will assign to the Telepizza Master Franchisees the then existing Pizza Hut outlets in the MFA Territories; and (iv) Telepizza will manage the supply chain network in the MFA Territories and, together with its approved suppliers, will be entitled to act as Pizza Hut approved suppliers.

¹ As noted, Telepizza has no longer business activities in France.

- b) In the so-called “**Non-MFA Territories**”, including, in the EU, Poland, the Czech Republic, France², the UK and Malta, Telepizza will make commercially reasonable efforts to sell and transfer or assign the Telepizza outlets in the relevant territory to the relevant master franchisee of Pizza Hut or any other party doing business with Pizza Hut, or, as applicable, facilitate the transition of such Telepizza outlets into the Pizza Hut System, by having a franchise agreement for the Pizza Hut System executed.
- c) Pursuant to a commitment letter signed by the Parties they undertake to use their best efforts to reach an agreement prior to the closing Date and subject to closing, on the terms under which the activities of the Telepizza Group in **Ireland** (and Northern Ireland, Wales and/or Scotland) would form part of the Proposed Transaction.

The Proposed Transaction has EU-dimension, since (i) the combined worldwide turnover of the Parties to the concentration is above EUR 5,000 million, (ii) their individual EU-wide turnover is above EUR 250 million, and (iii) the Parties do not achieve more than two-thirds of their EU-wide turnover in one and the same EU Member State.

² Telepizza has no longer business activities in France.