

Bulletin:

# Uni-President's Acquisition Will Expand Retail Network

July 18, 2024

This report does not constitute a rating action.

Taiwan Ratings Corp. said today that **Uni-President Enterprises Corp.**'s acquisition of an 80% stake in Yahoo! Taiwan Holdings Ltd. (Yahoo Taiwan) will slightly enhance the group's retail network in Taiwan. We do not expect the acquisition to have a material impact on Uni-President's debt leverage, given our view of the company's sustainable cash flow.

On July 17, 2024, Uni-President (twAA/Stable/twA-1+) announced it has reached an agreement to acquire an 80% shareholding in Yahoo Taiwan for US\$100 million (around new Taiwan dollar (NT\$) 3.3 billion). Taiwan's Fair-Trade commission has already approved the transaction. We anticipate the proposed investment will somewhat expand Uni-President's ecommerce business. However, this is unlikely to materially alter the company's overall business profile, given Yahoo Taiwan's limited business scale and uncertainty over how Uni-President will integrate Yahoo Taiwan into its existing retail operations.

The transaction will not materially impair Uni-President's financial strength, given our forecast for the group's sustainable discretionary cash flow of around NT\$12 billion in 2024 and about NT\$20 billion in 2025. The transaction is also in line with our base case assumption that Uni-President will take on some small-to-medium size acquisitions to enhance its service portfolio and geographical footprint. We continue to forecast Uni-President's ratio of debt to EBITDA remaining at about 2.3x in 2024, after factoring in the potential NT\$3.3 billion cash outflow for the acquisition.

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