



## Media Announcement – ASX

# Acquisition Helps Deliver Outstanding Full Year Results for Domino's

Domino's Pizza Enterprises Limited (DMP) today announced an Underlying<sup>1</sup> Net Profit After Tax of \$45.8m, an increase of 50.4% on the previous year, with the Company's expansion in Japan proving profitable.

### Financial Summary

In the first full year results reported since the 75% shareholding acquisition in Domino's Pizza Japan (DPJ), DMP has reported an impressive Underlying EBITDA of \$95.1m, a 70.0% increase from the corresponding period last year, of which Japan has contributed an Underlying EBITDA of \$27.4m.

Strong trading results in ANZ, structural changes gaining momentum in Europe, as well as Japan's store relocation strategy and TV advertising have also contributed to the impressive results.

The Group achieved Same Store Sales (SSS) growth of 5.8% which included strong SSS in ANZ 6.3%, significantly improved SSS in H214 in Europe 4.6% despite a VAT increase, and impressive SSS in Japan for the period under DPE ownership 10.7%.

DMP will pay shareholders a final fully-franked dividend of 19.0 cents per share, in addition to the interim dividend of 17.7 cents per share. This brings the full year dividend to 36.7 cents per share, an 18.8% increase over the prior year.

The final dividend will be paid on Friday 12 September 2014 with a record date of Tuesday 26 August.

	Full Year 14 Statutory	Significant Charges <sup>1</sup>	Full Year 14 Underlying <sup>1</sup>	Full Year 13 Statutory	Significant Charges	Full Year 13 Underlying <sup>1</sup>	+ / - Underlying <sup>1</sup>
Store count	1,333		1,333	970		970	363
Total Network Sales	\$1,249.3m		\$1,249.3m	\$848.6m		\$848.6m	47.2%
Same Store Sales	5.8%		5.8%	2.0%		2.0%	
Revenue	\$588.7m		\$588.7m	\$294.9m		\$294.9m	99.6%
EBITDA	\$90.7m	\$4.3m	\$95.1m	\$54.0m	\$2.0m	\$55.9m	70.0%
NPBT	\$66.6m	\$4.3m	\$70.9m	\$40.8m	\$2.0m	\$42.7m	66.0%
<b>Net Profit After Tax<sup>2</sup></b>	<b>\$42.3m</b>	<b>\$3.5</b>	<b>\$45.8m</b>	<b>\$28.7m</b>	<b>\$1.8m</b>	<b>\$30.4m</b>	<b>50.4%</b>
<b>EPS<sup>3</sup></b>	<b>50.5c</b>		<b>54.6c</b>	<b>39.1c</b>		<b>41.5c</b>	<b>31.6%</b>
<b>Dividend (fully-franked)</b>	<b>36.7c</b>		<b>36.7c</b>	<b>30.9c</b>		<b>30.9c</b>	<b>18.8%</b>

*Figures in the above table have been rounded to one decimal. Percentages (%) have been calculated on actual figures.*

<sup>1</sup> Underlying profit is the Statutory profit contained in Appendix 4E of the Domino's FY14 Annual Report adjusted for significant items specific to the 2014 Financial Year. Significant charges included transaction, acquisition and additional legal charges relating to acquisition activity, Japan market research costs post acquisition and costs associated with the Europe management restructure.

<sup>2</sup> After Minority Interest

<sup>3</sup> The EPS in FY13 has been adjusted and restated to reflect the capital raising in FY14



## **Domino's Delivers Strong Store Growth & Continued Digital Innovation**

DMP has added a record number of new stores across the Group including 44 new stores in ANZ, 27 to the European network and 61 new stores added in the full financial year for Japan.

Domino's Group CEO & Managing Director, Don Meij said the Company has been busy opening new stores and enhancing their 'Entice' store design with a range of new design palettes to suit any location.

"The evolution of 'Entice' is an authentic, raw and fresh design with stripped-back clean lines. This design is already being rolled out in the ANZ markets." Mr Meij said.

In addition to the focus on store design and organic store growth, the Company has launched a number of exciting digital platforms including the Offers App, Pizza Chef and digital wallet options (commencing with PayPal) in Australia and New Zealand.

Mr Meij said the business had worked hard to position itself with a clear digital advantage in its marketing and social strategies.

"During the past 12 months in particular, we have invested in our electronic commerce capabilities to ensure we remain relevant to our customers' changing preferences."

This strategy has seen DMP reach record online sales in a number of markets.

"We continue to invest in this area and have successfully implemented our global point-of-sale and online ordering systems from Australia into The Netherlands as a first step to updating all of the Company's European territories.," Mr Meij said.

## **Product Quality & Innovation**

Product innovation, coupled with strong promotional campaign execution in all six markets, has also contributed to this year's profit result.

Product highlights include the Summer Prawn and Peri Peri Ranges and popular desserts to the menu in ANZ, the successful introduction of a Cheese stuffed crust in both The Netherlands and France, the Chicken Tandoori pizza in Belgium and the new Seafood pizza and Quattro Cheese'n'Roll in Japan.

"Increasing our investment in national advertising, including television campaigns, to promote these exciting product launches has been a big driver of increased sales, particularly in Europe and Japan," Mr Meij said.

## **Outlook for FY15**

If the first five weeks of results are an indication, DMP is set to continue the momentum with double digit SSS growth of 14.8% already recorded in Europe compared to SSS of -5.0% at the same time last year. ANZ recorded solid SSS of 10.3% compared to 4.7% for the corresponding time last year and Japan reported SSS of 6.9%. The Company has also already opened 14 new stores in the Group.

"We are confident of continuing the current strong momentum to deliver EBITDA growth in the region of 20% and add approximately 175-185 new stores to the Group," Mr Meij said.

"These numbers include the biggest pipeline of new stores we have had in Europe, giving us confidence across all three countries.

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“We are working closely with the DPJ management team on a strategy which will see us continue to relocate stores to higher profile locations in FY15. We are confident this will assist in our goal to be the number one competitor in the Japanese market within 18 months.”

Mr Meij reinforced that the ANZ market is also far from mature, commenting that, “target store counts in these markets have been upgraded from 800 to 900 stores, being nearly 50% more than the number open today.”

Pizza Mogul, an interactive new website and app dedicated to pizza lovers was also launched in Australia in August to help drive sales, increase average ticket and improve customer engagement.

As online sales continue to strengthen, the Company will continue to invest in new initiatives including GPS tracking solutions, digital payment options and the continued evolution and growth of Pizza Mogul.

“This platform is set to catch the next wave of social retailing and will continue to drive sales and deliver a new level of user generated content – with thousands of Moguls and pizzas created already, the potential is exciting.

“In Europe we will continue to roll out our global online ordering system, and the existing point of sale system will also be converted to the global point-of-sale system in Belgium with expected completion for November. France begins its rollout in February with a significant part of the project expected to be completed by June 2015.”

DMP has confirmed the location for a new Commissary has been found in northern Paris, with the project approved and completion set for early 2016.

Mr Meij says quality remains a priority in all six markets.

“The recent price leadership in the \$4.95 cheaper everyday initiative in Australia won’t negatively impact quality or profitability; in fact it makes us hungrier than ever to deliver more for less!

“In all of our markets we remain committed to improving the quality of our products, driving the Domino’s vision of leading the way in the digital space, and delivering value for our customers – that’s what they want from us and we are committed to raise the bar to a new level.”

### **New Zealand Specific Results**

New Zealand General Manager, Scott Bush adds, “The strong results Domino’s Pizza Enterprises Limited have reported definitely reflects what we are seeing in New Zealand where we have experienced record breaking results in terms of profitability and growth.

“We continue to develop our extensive digital offerings, including an upgrade to HTML 5, making the ordering process simple for our customers and furthering our push to be market leader for digital innovation, which has been well received. We also worked hard on the quality of our menu and products regularly launching new flavours and new products to the market – often in consultation with our customers.

“We have had a strong focus within New Zealand across the last 12 months on operational excellence, with additional resources made available to our franchisees along with systems being put in place to help in all areas managing what is actually a complex business.

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“The overall results also reflect the ongoing investment we have made in the refurbishment of our existing stores to the previously mentioned ‘Entice’ concept and continued opening of new stores around New Zealand. We always keep an eye out for great landlords and more importantly great franchisees to open stores and become part of this successful franchise. We have grand plans to open 10 more stores in the next 12 months - in fact we have opened two new stores in the last quarter alone - with a long term aim of a total of 120 stores in New Zealand to meet demand. This immense growth also equals a multitude of employment opportunities”

Bush further states it is a People Powered business, “The growth within the New Zealand market is also testament to the personnel we have on the ground working day to day in our stores to deliver a top quality product. Without the large number of staff we have who are engaged and invested in the success of the business, we would not be able to experience the highs that we have over the last 12 months. We truly are People Powered Pizza and we are excited about what the 2014/2015 Financial Year will bring with the large amount of potential we have for further growth. I expect it to be big”.

Domino’s Pizza Enterprises Limited (DMP) holds the master franchise rights in six markets including Australia, New Zealand, Belgium, The Netherlands, France and the most recently added market to the Group, Japan. Today, the company has grown to leading position in a number of these markets and, with more than 1,300 stores, is now considered the largest international Domino’s franchisee. For more information including investor relations, visit [www.dominospizza.co.nz](http://www.dominospizza.co.nz)

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