



.....  
**FULL YEAR  
RESULTS**  
.....

29 JUNE 2014



DOMINO'S PIZZA  
ENTERPRISES LTD





# EXECUTIVE TEAM

Don Meij

Group Chief Executive Officer / Managing Director

Richard Coney

Group Chief Financial Officer

Andrew Rennie

Chief Executive Officer Europe

Scott Oelkers

Chief Executive Officer Japan



## ~ Section 1 ~

# HIGHLIGHT

# RESULT HIGHLIGHTS

ANZ Network Sales (\$)	SSS +6.3%
Europe Network Sales (€)	SSS +2.7%
Japan Network Sales (¥) <sup>(2)</sup>	SSS +10.7%
EBITDA <sup>(1)</sup>	+70.0%
NPAT <sup>(3)</sup>	+50.4%
EPS <sup>(1)</sup>	+31.6%
Dividend (cps)	+18.8%
Free Cash Flow (\$m) <sup>(4)</sup>	\$48.3m
Return on Capital Employed <sup>(1)</sup>	18.7%
Return on Equity <sup>(1)</sup>	19.8%



*These results include 10 months contribution from Domino's Japan for the period 3<sup>rd</sup> Sep 2013 to 29<sup>th</sup> Jun 2014*

*(1) Based on underlying results*

*(2) During the DPE ownership period from 3<sup>rd</sup> Sep 2013 to 29<sup>th</sup> Jun 2014*

*(3) Underlying NPAT growth after Minority Interest*

*(4) Free cash flow excluding Japan acquisition*



# GROUP HIGHLIGHTS

	FY 12 Underlying \$ mil	FY 13 Underlying \$ mil	FY 14 Statutory \$ mil	Significant Charges <sup>(1)</sup> \$ mil	FY 14 Underlying \$ mil	+/(-) FY 13 Underlying
Network Sales	805.3	848.6	1,249.3		1,249.3	47.2%
Same Store Sales %	6.5%	2.0%	5.8%		5.8%	
Revenue	264.9	294.9	588.7		588.7	99.6%
<b>EBITDA</b>	<b>48.1</b>	<b>55.9</b>	<b>90.7</b>	<b>4.3</b>	<b>95.1</b>	<b>70.0%</b>
Depreciation & Amortisation	(10.0)	(12.8)	(21.7)		(21.7)	69.7%
<b>EBIT</b>	<b>38.1</b>	<b>43.1</b>	<b>69.0</b>	<b>4.3</b>	<b>73.4</b>	<b>70.1%</b>
Interest	(0.5)	(0.4)	(2.5)		(2.5)	506.9%
<b>NPBT</b>	<b>37.6</b>	<b>42.7</b>	<b>66.6</b>	<b>4.3</b>	<b>70.9</b>	<b>66.0%</b>
Tax Expense	(10.7)	(12.3)	(21.3)	(0.9)	(22.2)	80.2%
<b>NPAT before Minority Interest</b>	<b>26.9</b>	<b>30.4</b>	<b>45.3</b>	<b>3.5</b>	<b>48.7</b>	<b>60.2%</b>
Minority Interest	0.0	0.0	(3.0)		(3.0)	
<b>NPAT</b>	<b>26.9</b>	<b>30.4</b>	<b>42.3</b>		<b>45.8</b>	<b>50.4%</b>
EPS (basic) <sup>(2)</sup>	37.2	41.5	50.5		54.6	31.6%
<b>Dividend per Share</b>	<b>27.1</b>	<b>30.9</b>	<b>36.7</b>		<b>36.7</b>	<b>18.8%</b>

- Underlying NPAT up 50.4% to \$45.8m
- Final dividend 19.0c (fully franked), bringing full year dividend to 36.7c, +18.8%
- SSS positive +5.8%
- Underlying EBITDA up 70.0% to \$95.1m
- Underlying NPBT up 66.0% to \$70.9m
- Underlying EPS 54.6c, up 31.6%



(1) Acquisition and integration costs associated with Domino's Japan, along with additional restructuring costs in Europe  
 (2) EPS has been restated in FY14 following the capital raising for Japan acquisition. Refer slide 13 for further detail



# SIGNIFICANT CHARGES

	NPAT Impact \$'000	
Domino's Japan Acquisition	2,271	Professional fees & other costs directly attributable to the Japanese acquisition
Japan Market Research Costs	399	Post-acquisition research conducted by DPE in Japan as part of the integration process. Includes customer, branding and sensory testing
Europe Restructuring Costs	781	Abnormal restructuring costs relating to the new Europe CEO (Andrew Rennie) - includes several termination payments, relocation expenses and other associated costs
<b>TOTAL NPAT IMPACT</b>	<b>3,452</b>	



# FY14 GUIDANCE ASSESSMENT

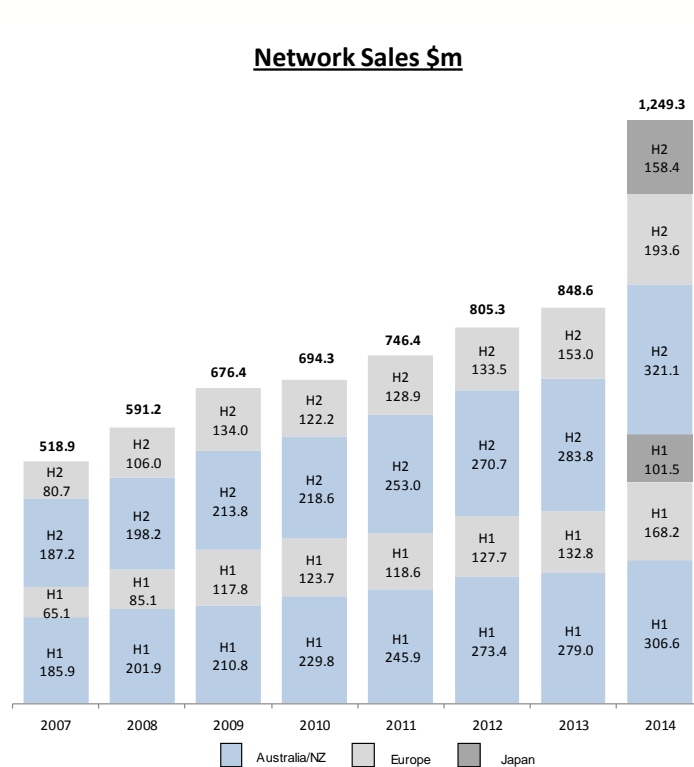
	ANZ/Europe			Japan <sup>(1)</sup>		
	as at February 2014	Actual Achieved		as at February 2014	Actual Achieved	
SSS%	2-4%	5.0%	✓	5-7%	11.2%	✓
New Store Openings	70-80	71	✓	>50	61	✓
EBITDA Growth <sup>(2)</sup>	in the region of 15%	21.0%	✓	in the region of 25%		✓
Net Capex	\$30-35m	\$23.8m	✓	¥1.5 - 2.0Bn	¥1.7Bn	✓

(1) Guidance for Japan was based on full 12 months for the Japan business from Jul 2013 to Jun 2014, including the period prior to DPE ownership. EBITDA figures based on JGAAP and not reported

(2) Based on underlying results



# NETWORK SALES GROWTH



	Total Sales	Same Store Sales
Australia/NZ	11.5%	6.3%
Europe (€)	7.9%	2.7%
Japan (¥) <sup>(1)</sup>	na	10.7%

ANZ new store rollout coupled with strong SSS has resulted in a substantial growth in sales

European SSS have significantly improved in H2 resulting in a pleasing full year outcome

Strong SSS in Japan for the period under DPE ownership have been assisted by the introduction of television activity and relocating stores to higher profile locations



(1) During the DPE ownership period from 3<sup>rd</sup> Sep to 29<sup>th</sup> Jun 2014. Note also H1 network sales for Japan in chart above refers to the DPE ownership period from 3<sup>rd</sup> Sep to 29<sup>th</sup> Dec 2013



# NETWORK STORE COUNT

	FY 12	FY 13	Japan Acquisition	FY 14
<b>Australia/NZ stores</b>				
Network Sales (A\$ mil)	544.1	562.8		627.6
Franchised stores	476	501		551
Corporate stores	83	84		61
<b>Aus/NZ Network Stores</b>	<b>559</b>	<b>585</b>		<b>612</b>
Stadium outlets incl in above	29	29		17
Corporate store %	14.8%	14.4%		10.0%
<b>Net Stores added in period</b>	<b>9</b>	<b>26</b>		<b>27</b>
<b>European stores</b>				
Network Sales (€ mil)	201.4	227.2		245.1
Franchised stores	320	330		359
Corporate stores	29	55		42
<b>European Network Stores</b>	<b>349</b>	<b>385</b>		<b>401</b>
Corporate store %	8.3%	14.3%		10.5%
<b>Net Stores added in period</b>	<b>33</b>	<b>36</b>		<b>16</b>
<b>Japan stores<sup>(1)</sup></b>				
Network Sales (¥ mil)	-	-		24,264.5
Franchised stores	-	-		64
Corporate stores	-	-		256
<b>Japanese Network Stores</b>	<b>-</b>	<b>-</b>		<b>320</b>
Corporate store %	-	-		80.0%
<b>Net Stores added in period</b>	<b>-</b>	<b>-</b>	<b>266</b>	<b>54</b>
<b>Consolidated number of stores</b>				
Franchised stores	796	831		974
Corporate stores	112	139		359
<b>Total Network Stores</b>	<b>908</b>	<b>970</b>		<b>1333</b>
Corporate store %	12.3%	14.3%		26.9%
<b>Net Stores added in period</b>	<b>42</b>	<b>62</b>		<b>97</b>
<b>Europe as % of Total Stores</b>	<b>38.4%</b>	<b>39.7%</b>		<b>30.1%</b>
<b>Japan as % of Total Stores</b>	<b>0.0%</b>	<b>0.0%</b>		<b>24.0%</b>

- New record of 125 new store openings for the Group <sup>(1)</sup>
- Opened 44 new stores in ANZ during the year, also a record for organic new stores (there were 5 traditional store closures)
- Reduced our stadium presence by 12 outlets in Victoria during the period <sup>(2)</sup>
- Added 27 new stores to the European network (there were 11 closures across the 3 countries)
- Since acquisition 54 new stores have been added to the Japanese network. During the full 12 month period, 61 new stores were opened in Japan (guidance 50+)
- With the Japanese acquisition, corporate stores now make up 26.9% of the Group
- Material sell down of Corporate stores in both ANZ and EU predominantly in the second half



(1) Only includes stores opening in Japan during the DPE ownership period from 3<sup>rd</sup> Sep 2013 to 29<sup>th</sup> Jun 2014

(2) Stadium outlets have an immaterial impact on DPE revenues and are solely for the purpose of branding, especially in immature markets

~ Section 2 ~

.....  
**FINANCIALS**  
.....



# PROFIT & LOSS

	FY 12 Underlying \$ mil	FY 13 Underlying \$ mil	FY 14 Underlying \$ mil	+/(-) FY 13 Underlying
Revenue	264.9	294.9	588.7	99.6%
<b>EBITDA</b>	<b>48.1</b>	<b>55.9</b>	<b>95.1</b>	<b>70.0%</b>
Depreciation & Amortisation	(10.0)	(12.8)	(21.7)	69.7%
<b>EBIT</b>	<b>38.1</b>	<b>43.1</b>	<b>73.4</b>	<b>70.1%</b>
EBIT Margin	14.4%	14.6%	12.5%	
Interest	(0.5)	(0.4)	(2.5)	506.9%
<b>NPBT</b>	<b>37.6</b>	<b>42.7</b>	<b>70.9</b>	<b>66.0%</b>
Tax Expense	(10.7)	(12.3)	(22.2)	80.2%
<b>NPAT before Minority Interest</b>	<b>26.9</b>	<b>30.4</b>	<b>48.7</b>	<b>60.2%</b>
Minority Interest	0.0	0.0	(3.0)	
<b>NPAT</b>	<b>26.9</b>	<b>30.4</b>	<b>45.8</b>	<b>50.4%</b>
<i>Performance Indicators</i>				
Interest Coverage (times)	84.5	106.5	29.8	
EPS (basic) <sup>(1)</sup>	37.2	41.5	54.6	31.6%
Average exchange rate for New Zealand	1.2830	1.2497	1.1072	
Average exchange rate for Europe	0.7708	0.7949	0.6774	
Average exchange rate for Japan			93.38	
Acquisition exchange rate for Japan			88.40	

- Strong trading results in ANZ and the acquisition of the Japan business has seen EBITDA grow by 70.0% on an underlying basis
- Effective tax rate 31.3% vs 28.8% in FY13 (increase resultant from Japan acquisition)
- Underlying NPAT growth 50.4%, inclusive of acquisition funding cost, higher marginal tax rate (37.5% in Japan) and the 25% minority interest distribution in Japan
- Underlying EPS up 31.6% aided by highly accretive Japan acquisition

(1) EPS has been restated in FY14 following the capital raising for Japan acquisition. Refer slide 13 for further detail



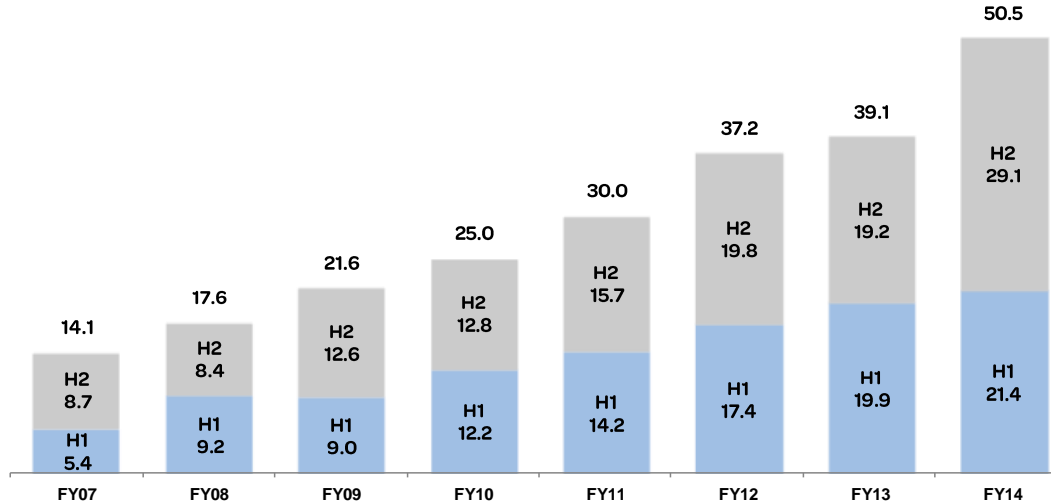
# GEOGRAPHIC SUMMARY

	FY 12 Underlying \$ mil	FY 13 Underlying \$ mil	FY 14 Underlying \$ mil	+ / (-) FY 13 Underlying %
<b>REVENUE</b>				
Australia/NZ	168.5	174.2	203.3	16.7%
Europe	96.4	120.7	144.4	19.6%
Japan	-	-	241.0	-
<b>Total Revenue</b>	<b>264.9</b>	<b>294.9</b>	<b>588.7</b>	<b>99.6%</b>
<b>EBITDA</b>				
Australia/NZ	41.8	49.2	58.1	18.2%
Europe	6.3	6.7	9.5	41.1%
Japan	-	-	27.4	-
<b>Total EBITDA</b>	<b>48.1</b>	<b>55.9</b>	<b>95.1</b>	<b>70.0%</b>
<b>EBITDA MARGIN %</b>				
Australia/NZ	24.8%	28.2%	28.6%	
Europe	6.5%	5.6%	6.6%	
Japan	-	-	11.4%	
<b>Total EBITDA Margin %</b>	<b>18.2%</b>	<b>19.0%</b>	<b>16.2%</b>	

- Revenues have almost doubled as a result of the Japan acquisition (80% Corporate stores) and double digit growth in ANZ & Europe
- ANZ delivered a strong core operating result, driven by promotional activity, digital innovation, improved corporate store margins and record organic new store openings
- Europe has made material improvements in the second half as new initiatives and structural changes begin to gain momentum, H2 14 EBITDA up 53.7% on pcp (constant currency, underlying basis)
- The Japan business has made a solid contribution to Group earnings, adding \$27.4m EBITDA (on an underlying basis)
- Japan underlying EBITDA margin of 11.4% has improved compared to 10.7% in the prior year (DPJ year ended 31 March 2013 – JGAAP)



# EARNINGS PER SHARE



- EPS CAGR of 19.9% since listing
- Statutory EPS up 29.2%
- Underlying EPS for FY14 is 54.6c, up 31.6% on FY13

*Note: The denominators for the purposes of calculating both the basic and diluted earnings per share have been adjusted to reflect the capital raising in FY14*



# CASH FLOW

	FY 13	FY 14
	\$ mil	\$ mil
Net Profit After Tax before Minority Interest	28.7	45.3
Profit on Sale non-current assets	(3.0)	(3.6)
Depreciation & Amortisation	12.8	21.7
Change in Working Capital	(2.6)	26.1
Movement in current and deferred tax	(1.1)	1.2
Other	(1.6)	0.1
<b>Operating Cash Flow</b>	<b>33.2</b>	<b>90.7</b>
Capital Expenditure	(54.0)	(63.8)
Proceeds from Sale of PP&E & Intangibles	21.1	23.7
Loans repaid by/(to) Franchisees	2.5	(2.3)
<b>Net cash investing activities</b>	<b>(30.4)</b>	<b>(42.4)</b>
<b>Free cash flow before Japan Acquisition costs</b>	<b>2.8</b>	<b>48.3</b>
Japan Acquisition		(232.6)
Dividends Paid	(20.8)	(26.1)
Return of Share Capital	(30.0)	0.0
Debt Movement	23.2	80.4
Proceeds from Shares Issued	1.0	152.3
<b>Increase in Cash &amp; Equivalents Held</b>	<b>(23.8)</b>	<b>22.4</b>

- Operating Cash Flow up \$57.5m supported by a \$21.9m improvement in working capital in Japan (timing difference approx \$17m)
- Net Capex came in at the lower end of guidance, \$42.4m vs \$46-56m, benefitting from strong sell down of corporate stores in ANZ and Europe
- Free Cash Flow before Japan acquisition \$48.3m



# BALANCE SHEET

	FY 13 \$ mil	FY 14 \$ mil	+ / (-) FY 13 \$ mil
Cash & equivalents	18.7	42.3	23.6
Trade & Other Receivables	26.4	36.6	10.2
Other Current Assets	15.3	24.3	9.0
<b>Current Assets</b>	<b>60.4</b>	<b>103.1</b>	<b>42.8</b>
Property, plant & equipment	49.7	93.3	43.6
Goodwill	57.1	278.1	221.0
Other Non-current Assets	22.6	84.5	61.9
<b>Non-current Assets</b>	<b>129.4</b>	<b>455.9</b>	<b>326.5</b>
<b>Total Assets</b>	<b>189.8</b>	<b>559.0</b>	<b>369.3</b>
Trade & Other Payables	38.1	100.4	62.3
Borrowings	7.1	1.3	(5.8)
Other Current Liabilities	6.2	10.9	4.8
<b>Current Liabilities</b>	<b>51.3</b>	<b>112.6</b>	<b>61.3</b>
Borrowings	32.6	118.6	86.0
Other Non-current Liabilities	3.3	68.4	65.1
<b>Non-current Liabilities</b>	<b>35.9</b>	<b>187.0</b>	<b>151.2</b>
<b>Total Liabilities</b>	<b>87.2</b>	<b>299.6</b>	<b>212.5</b>
<b>Net Assets</b>	<b>102.6</b>	<b>259.4</b>	<b>156.8</b>
Issued Capital & Reserves	38.9	179.4	140.6
Retained Earnings	63.7	79.9	16.2
<b>Equity</b>	<b>102.6</b>	<b>259.4</b>	<b>156.8</b>

- Cash & equivalents up \$23.6m benefitting from timing of Japan creditor payments
- Increase in Plant & Equipment and Goodwill, predominantly resulting from Japan acquisition (\$260.0m) and expenditure on new & refurbished stores
- Other non current assets have increased by \$61.9m mainly related to Japan identified intangibles recognised on acquisition
- Other non-current liabilities increased \$65.1m related to Minority Interest liability in Japan



# KEY FINANCIAL RATIOS

	<u>FY13</u> <u>Underlying</u>	<u>FY14</u> <u>Underlying</u>
Net Debt to Equity	20.5%	30.0%
Net Debt	\$21.0m	\$77.6m
Return on Equity <sup>(1)</sup>	27.1%	19.8%
Return on Capital Employed <sup>(1)</sup>	32.8%	18.7%

- Net debt and gearing increased as a result of Japan, still remains a conservative balance sheet with relatively low gearing and interest coverage of +29.8 times
- Net Debt to Equity has improved over the half year (previously 40.4%). Net debt has reduced by \$26.4m since half year
- Return on equity & capital in line with expectations, although lower than FY13 due to impact of the Japanese acquisition

(1) Due to the seasonality of the Japanese business and better matching of the timing of capital contribution and earnings, we have changed our methodology for calculating ROE and ROCE. The new methodology uses average monthly equity and capital employed balances throughout the year rather than a simple average of opening and closing annual balances. ROE is calculated using NPAT after Minority Interest



~ Section 3 ~

# AUSTRALIA/NZ



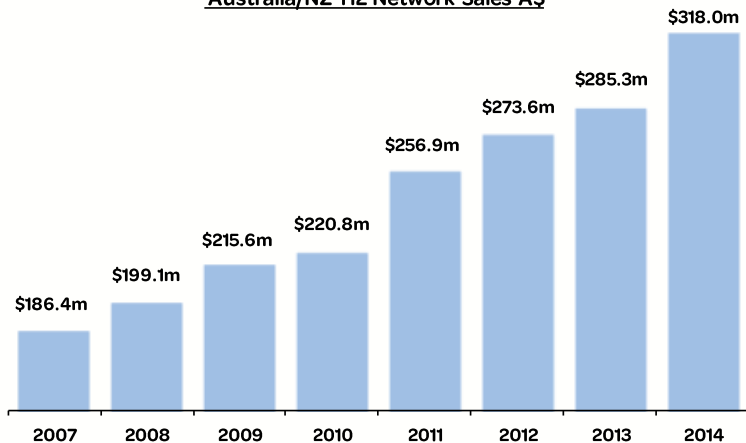
# ..... **AUSTRALIA/NZ HIGHLIGHTS** .....

- Our 600<sup>th</sup> ANZ store opened in November
- Continued the momentum from the first half with our new store openings, reaching a total of 44 new stores for the year, setting a new record for organic new store growth
- New Zealand has had a very strong year in terms of same store sales and customer growth
- Successfully launched our Offers App and added PayPal to our list of online payment options
- Product launches such as the Peri Peri range and a vast array of new desserts have contributed to very pleasing network sales in ANZ
- Created a dedicated training centre to develop new and existing franchisees in our Brisbane Head Office building, which also incorporates a Domino's store
- Sold down 19 net corporate stores in the second half, in line with our strategic goals

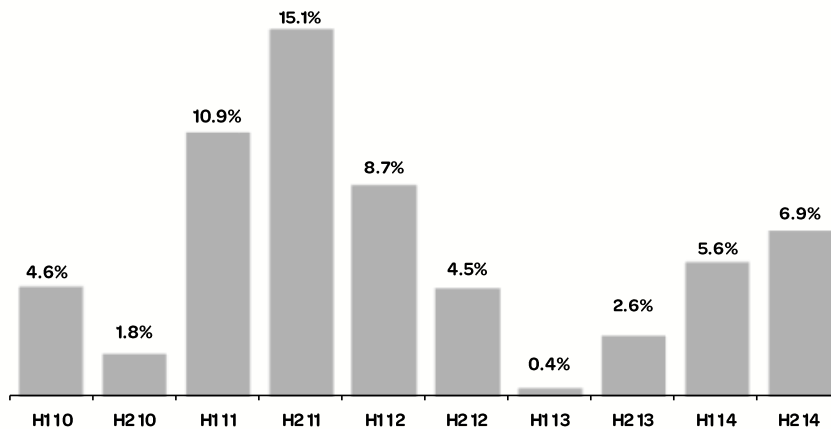


# NETWORK SALES – AUSTRALIA/NZ

Australia/NZ H2 Network Sales A\$



ANZ SSS Growth



- Strong network sales in both Australia and New Zealand, up 11.5% driven by both new stores and relocations along with accelerated growth in SSS
- Promotional activity such as the Peri Peri range, Super Delivery weekends, and other targeted value drivers have all contributed to this result
- Key digital enhancements that have also driven sales growth have included our Offers App, HTML5 website operational for full year, and increased capability/optimisation of our website hosting infrastructure (Cloud)



# PRODUCT INNOVATION - ANZ



- Launched the Summer Prawn Range of our Chef's Best pizza's featuring Honey Soy Prawn, BBQ Prawn and Prawn, Bacon & Feta
- Enhanced our dessert range with the addition of premium Italian Desserts as well as Salted Caramel Chocolate Mousse
- Continued to introduce new high quality ingredients including roast chicken breast, juicy leg ham, pork pepperoni and camembert
- In February 2014, we introduced our South American-inspired Peri Peri pizza range
- Recent menu additions have included the revival of the classic 70's range with a modern twist



# DIGITAL UPDATE

- Launched our Offers App in March in ANZ which reached the #1 Free App position for the Food & Drink category as well as a top 10 position in the all Free App categories chart
- Successfully integrated PayPal into our online ordering website in May this year
- Our highly popular interactive Pizza Chef tool has now been integrated into all HTML5 platforms
- First QSR in Australia and one of the first companies globally to utilise SnapChat for commercial activity
- In a Domino's global first, our Taringa store went completely online for a whole day with great success
- Recognised in June by being named as a finalist in the "Best Mobile Commerce Website/Application" category at the 2014 Online Retail Industry Awards



# THE THEATRE OF FOOD CONTINUES

- We have commenced the rollout of our next generation of the Entice store design which has been enhanced with a range of design palettes to match each location
- These designs have been created to incorporate the feedback we receive from our customers
- They are authentic, raw and fresh with stripped-back clean lines, providing a look that is not too polished with an urban edge



# LOOKING FORWARD - AUSTRALIA/NZ

- Our digital advertising presence will continue to increase
- Targeting record organic new store openings in FY15, with an expanded franchising team to help achieve our goal of 60+ stores in both metro and regional markets
- Our next generation Entice store image is being rolled out into the system, keeping our stores fresh and relevant
- Management is cautious of margin pressure from higher commodity prices (particularly cheese pricing) due to unfavourable foreign exchange and commodity market movements
- Labour cost increases expected to be lower than the past 5 years
- Our new product and promotional pipeline continues to be strong
- We will continue to invest in our back of house systems to provide our franchisees with enhanced productivity and decision making tools



.....  
**LOOKING FORWARD - AUSTRALIA/NZ cont...**  
.....



## ..... **LOOKING FORWARD – AUSTRALIA/NZ cont...** .....

- **Pizza Mogul Launched**

- We have developed a world-first in the next wave of social retailing – Pizza Mogul
- Our Pizza Chef tool has been taken to a whole new level allowing you to create your own pizza; share it with your social networks; and then earn a cut from every sale
- Moguls have the opportunity to earn between \$0.25 and \$3.25 every time someone buys their creation as well as earning a variety of rewards in the form of badges, digital advertising and cash prizes along the way
- Pizza Mogul has been designed to appeal to entrepreneurs and social media-savvy pizza lovers while also providing a facility to donate a portion of their earnings to a nominated charity or community group

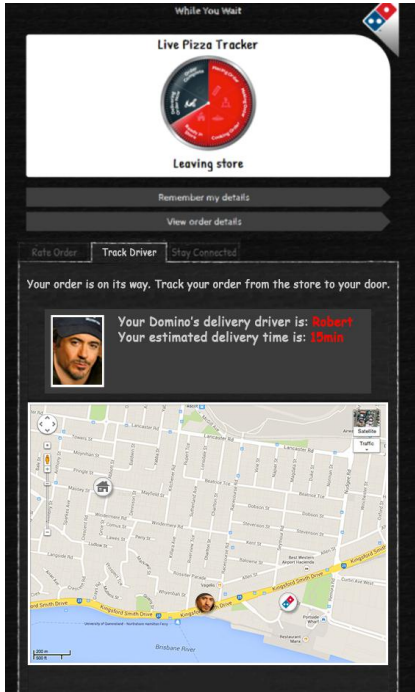


## ..... **LOOKING FORWARD – AUSTRALIA/NZ cont...** .....

- **Cheaper Everyday – \$4.95**
  - Throughout the second half we have trialled our \$4.95 value promotion around the country
  - This has proved very successful with our customers, as evidenced by feedback on social media platforms
  - We have now taken this one step further to reinforce that we are the customers champion by extending this offer to every day of the week nationally
  - This has again reinforced Domino's superiority in consistently giving our customers:
    - Great value; whilst at the same time
    - Not compromising on pizza quality; and also
    - Giving more choice than our competitors



# LOOKING FORWARD – AUSTRALIA/NZ cont...



- **GPS Tracker**

- For over 2 years we have been testing a GPS monitoring system that could provide a number of benefits to our stores (38 stores to date) including more efficient deliveries, reductions in vehicle maintenance costs and most importantly improve safety
- As a leader in digital innovation we will be expanding the capabilities of the store GPS system to integrate with our “Live Pizza Tracker”
- As a result customers will be able to visually see exactly where their delivery driver is as their pizza makes its way to the front door
- We expect this to be rolled out across all of our ANZ stores in 12 to 18 months



LEKKERE  
KAAS

SAVEUR  
EST ROI

GIVE ME  
SAUCE, SAUCE,  
AND MORE  
SAUCE

I WANT  
MORE  
CHOICE

The  
FRESHER  
THE BETTER

より多く  
の選択肢

~ Section 4 ~

.....  
**EUROPE**  
.....



**Domino's®**

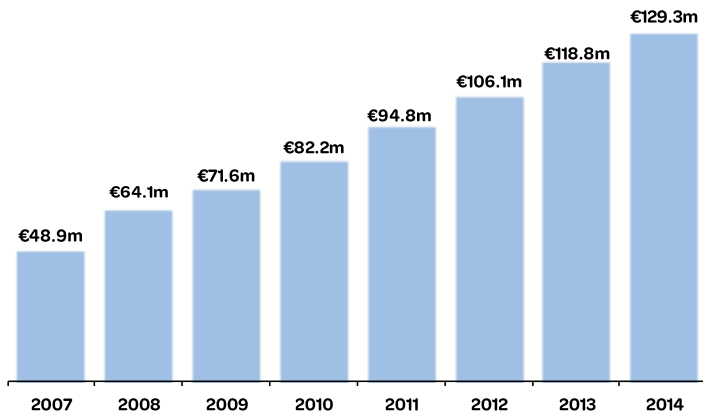
# EUROPE HIGHLIGHTS

- We have successfully implemented the global point of sale and Online Ordering (OLO) systems in The Netherlands which is already delivering an additional material layer to our sales growth
- We have also commenced the rollout of the Pulse/OLO systems in Belgium
- Launched a “pizza by the slice” concept store in Amsterdam which is trading above expectations. We have plans to roll out more of these in FY15
- Initiatives that were put in place in France during the first half such as increased national marketing spend and the launch of the Mozza Crust have resulted in a marked improvement in SSS
- The management restructuring in France, including the hiring of a new Chief Marketing Officer, is showing great promise as seen by the improvement in our H2 performance
- We have reached new record levels of 50% of Online Ordering in France now on mobile

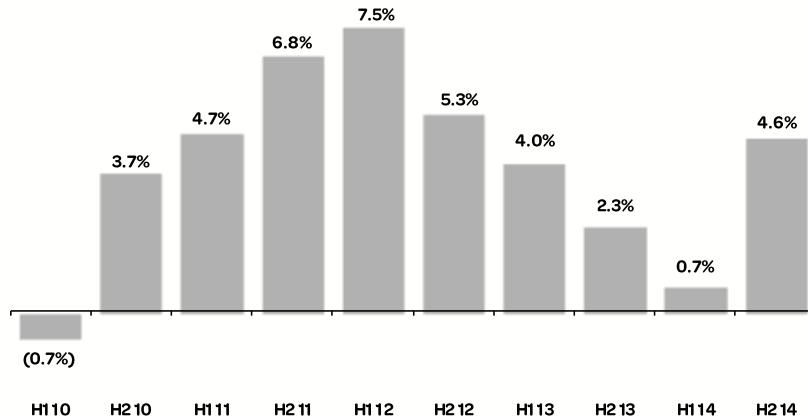


# NETWORK SALES – EUROPE

European H2 Network Sales €



European SSS Growth



- Even with the head winds of a VAT increase in January (rate rose from 7% to 10%), the initiatives implemented by Andrew Rennie on his return have lifted SSS to 4.6%
- SSS in our smaller markets of The Netherlands and Belgium have also been strong in H2, with sales in The Netherlands greatly aided by the implementation of our global Online Ordering and point of sale systems
- Increased national marketing spend, along with a restructured team and other initiatives have all laid a solid platform for continued growth in FY15
- The FIFA World Cup has also had a positive impact on the last two weeks sales across our European markets



# EUROPE PROFITABILITY

	FY13 € mil	FY14 € mil	+ / (-) FY13 %
Network Sales	227.2	245.1	7.9%
Revenue	95.9	97.8	2.0%
EBITDA (reported)	5.0	5.7	14.6%
<i>Add back:</i>			
Speed Rabbit Litigation Costs	0.4	0.5	
Restructuring Costs	0.2	0.8	
<b>EBITDA before SRP &amp; Restructuring</b>	<b>5.6</b>	<b>6.9</b>	<b>23.4%</b>
<i>EBITDA MARGIN %</i>	<i>5.9%</i>	<i>7.1%</i>	

- Europe has made substantial improvements in the second half as new initiatives and structural changes begin to gain momentum, H2 14 up 53.7% on pcp (constant currency, underlying basis)
- Profitability in our European business in the past 2 years has been impacted by both the litigation related to Speed Rabbit Pizza (SRP) and restructuring costs associated with Andrew Rennie's return to EU
- EBITDA margin before SRP & restructuring costs increasing to 7.1%



# EUROPEAN ACHIEVEMENTS

- SSS in France has been trending upwards since we have increased our investment in national advertising along with the successful launch of the Mozza Crust
- We have successfully introduced the Cheesy Crust pizza in The Netherlands
- Achieved our 4<sup>th</sup> consecutive 5 Star audit rating (highest operational award presented by Domino's Pizza International) in the Dutch commissary



# PRODUCT INNOVATION – EUROPE

- New product launches during the year have included the Mozza Crust in France which has been strongly supported by advertising
- The Cheesy Crust was also featured on television in The Netherlands along with special carry out offers such as our Hot & Spicy pizza
- Another popular product launch was our Chicken Tandoori pizza that proved to be a hit with our customers in Belgium



# LOOKING FORWARD - EUROPE

- A site for our new commissary has been located in northern Paris and designs are underway. This facility, expected to open in early 2016, is a key component of our growth strategy
- Commenced the global OLO/Pulse point of sale system rollout in Belgium with an expected completion in November
- France begins rollout in February 2015 and expect 90% completion by June 2015
- Targeting record new store openings in FY15. Currently have the biggest pipeline of new stores, giving us confidence across all three countries
- Now that The Netherlands is connected to global OLO they will be able to grow OLO towards 60%
- Rolling out the new Entice image across our stores from September
- Increasing our trading hours in The Netherlands to include lunch
- There has been a court decision in the proceedings brought by Speed Rabbit Pizza in 2012, with all claims against Domino's Pizza France being dismissed. SRP has filed an appeal to the decision



# Domino's Pizza

~ Section 5 ~

BUY 1 GET 1 FREE!

お持ち帰り限定!  
1枚注文すると、もう1枚無料

## JAPAN



# JAPAN HIGHLIGHTS

- Achieved same store sales (SSS) of 10.7%<sup>(1)</sup> (11.2% for the full 12 months)
- We had a record sales month of ¥3.6billion in December 2013, up from a previous record of ¥2.9billion
- Introduced television campaigns in Tokyo and Osaka for the first time since 2006, which have been a key driver of SSS growth
- We have opened an additional 33 stores in H2 taking our total to 54<sup>(1)</sup> new stores in the 10 months Sep to Jun (61 in total for the full 12 months)
- Following our first Can Do! Partners store launch in December, we have expanded this to 11 in the second half (franchise stores now account for 20% of the system)
- We have opened stores in 6 new regions in Japan during the year
- A number of stores have been relocated into higher profile locations to help drive carry out sales



# NETWORK SALES – JAPAN

- For the 10 month period Sep to Jun<sup>(1)</sup>, DPJ has achieved a SSS% of 10.7%
- Television advertising in the regions of Tokyo and Osaka were introduced for the first time since 2006 and this, coupled with relocating stores to higher profile locations, have been key drivers of this growth
- The addition of 54<sup>(2)</sup> new stores during the period has also contributed to the solid result

	Network Sales	SSS%
DPE ownership period <sup>(1)</sup>	¥24,265m	10.7%
Jul 2013 to Jun 2014	¥29,032m	11.2%

- Note, the methodology used to calculate the SSS growth is the same as that employed by the existing DPE business (this methodology maybe reviewed in future periods due to the material number of territory carve-outs)



# JAPAN PROFITABILITY

	JGAAP	IFRS
	Apr 12 - Mar 13	Sep 13 - Jun 14
	12 months ¥ mil	10 months ¥ mil
Network Sales	23,007	24,265
Revenue	21,519	22,504
EBITDA	2,295	2,260
<i>Adjustments:</i>		
Market Research		60
Japan Acquisition cost		241
<b>EBITDA underlying</b>	<b>2,295</b>	<b>2,561</b>
EBITDA MARGIN %	10.7%	11.4%

- DPJ generated ¥24,265m network sales for the 10 month to June 14 higher than the 12 month sales to March 13
- We have also seen material underlying EBITDA growth in the 10 months to June 14 compared to the 12 months to March 13

*Note: this slide has been prepared for information purposes only and direct comparisons between periods should not be made*



# JAPANESE ACHIEVEMENTS

- We opened our milestone 300<sup>th</sup> store in March and went on to finish the year at 320 stores
- Developed, designed and implemented the “Can Do! Partners” franchising program to provide support for high calibre internal team members take the next step into store ownership
- Successful launch of the stuffed crust pizza
- The relocation and building of new stores in higher profile locations has helped us achieve the highest carry out sales in DPJ history – we surpassed our H1 record of 31% by achieving 34.6% in the second half



~ 39 ~



# JAPANESE ACHIEVEMENTS

- We have launched the new Mugen store design
- Our digital growth and innovation continues in Japan also, with significant upgrades to our electronic direct mail system and further participation in social media platforms
- Rolled out a new make line monitor system in all stores
- Completed the rollout of the new digital training system, “Mammoth”, to all team members



~ 40 ~



# PRODUCT INNOVATION - JAPAN

- A substantial amount of research was carried out in H1 14 which has resulted in the development and launch of the *Cheese'n'Roll*
- Part of this range includes a new seafood pizza, the Quattro Cheese'n'Roll which has been extremely popular with customers during the summer months



# LOOKING FORWARD - JAPAN

- Pleased to announce that we will launch our new HTML5 website in November
- We will also convert our existing point of sale system across to the global POS system (Pulse) and expect this to be completed by the end of FY15
- Another 15 stores will be relocated to higher profile locations in the first half to continue the growth of carry out sales
- We expect to finance an additional 8 new “Can Do! Partners” stores during the first half as well as continuing our internal franchisee recruitment program
- Continue to expand our presence in markets such as Nagoya, Fukuoka, Okinawa and Hiroshima
- We are going into a period of record commodity pricing (particularly cheese) which will put margin pressure on corporate stores
- At this point, we have not been noticeably impacted by the increase in sales tax in April, however we understand other retailers are being impacted and management remains cautious



~ Section 6 ~

# SUMMARY



# FUTURE OUTLOOK – GROUP STORE COUNT



**Australia/NZ**

**900 Stores**

incl 50 2Go outlets



**Europe**

**1,350 Stores**



**Japan**

**700 Stores**

- We are upgrading our ANZ store count forecast from 800 to 900 stores. The remaining stores will come predominantly through territory optimisation (approx 200 stores) with the remaining coming from expansion into other regions. We plan to deliver this growth over the next 4-5 years
- The past six months have shown that our potential in Europe is even greater than we previously expected, particularly in Belgium and The Netherlands. With this in mind we are lifting our store count forecast in Europe from 1,250 to 1,350
- The updated Group plan now reaches 2,250 stores within the next 5 years

June 2014  
1,333 stores

June 2019  
2,250 stores

June 2025  
2,950 stores



# FY15 GROUP GUIDANCE

	<i>FY14 Actual</i>	<i>FY15 Guidance</i>
SSS%	5.8%	4-6%
New Store Openings	132 (125 - 10 mths DPE)	175-185
EBITDA Growth *	70.0%	in the region of 20%
NPAT Growth *	50.4%	in the region of 20%
Net Capex	\$42.4m	\$45-55m

- Increased Capex to fund additional digital projects and new store growth in all regions



\* Based on underlying results



# TRADING UPDATE

Update through first 5 weeks of FY15

	<i>Australia/NZ</i>	<i>Europe</i>	<i>Japan</i>
SSS%	10.3%	14.8%	6.9%
New Store Openings	1	5	8

- Australia/NZ sales momentum is continuing on from H2 with +10.3% SSS. The launch of our Cheaper Everyday \$4.95 pricing and Pizza Mogul are also driving sales growth
- SSS in Europe have been assisted by FIFA World Cup sales, particularly with the strong performances of the French and Dutch national teams
- Japan SSS is in line with expectations at this early stage



LEKKERE  
KAAS

SAVEUR  
EST ROI

GIVE ME  
SAUCE, SAUCE.  
AND MORE  
SAUCE

I WANT  
MORE  
CHOICE

The  
FRESHER  
THE BETTER

より多く  
の選択肢

# CONCLUSION

- The addition of the Domino's Japan business to the Group in FY14 has been another significant milestone in our Company's history, contributing \$27.4m to EBITDA on an underlying basis
- Strong sales, store count growth, improved corporate store margins and a range of successful promotions in Australia/NZ have all contributed to a solid result
- A restructured European management team under Andrew Rennie's leadership has had an immediate positive impact. SSS in H2 was 4.6%, the rollout of Pulse/OLO system in Belgium is underway, the new French Commissary is approved and the project has commenced, and the Speed Rabbit litigation claims have been dismissed
- The implementation of our digital platforms in Europe is expected to be largely completed in FY15 and will continue to drive our dominance in this space
- The launch of our internal franchisee financing program (Can Do! Partners) in Japan will support our new store rollout plan
- Digital development will also be a key focus in Japan over the coming year as we look to launch a new HTML5 website in November along with a migration to our global POS system (Pulse)
- We are very optimistic that our new store pipeline in all regions will deliver store growth in line with our strategic goals and as a result we have upgraded our future Group store count outlook
- We are expecting strong profit contributions from all regions of ANZ, Europe and Japan this year, despite some margin pressure in Japan due to food inflation and weaker Yen
- The new financial year has commenced with strong SSS across the board



# DISCLAIMER & IMPORTANT INFORMATION

- Domino's Pizza Enterprises Limited (Domino's) advises that the information in this presentation contains forward looking statements which may be subject to significant uncertainties outside of Domino's control.
- Domino's does not undertake any obligation to provide recipients of this presentation with further information to either update this presentation or correct any inaccuracies.
- While due care has been taken in preparing these statements, no representation or warranty is made or given as to the accuracy, reliability or completeness of forecasts or the assumptions on which they are based.
- Actual future events may vary from these forecasts and you are advised not to place undue reliance on any forward looking statement.
- A number of figures in the tables and charts in this presentation pack have been rounded to one decimal place. Percentages (%) have been calculated on actual figures.

## Statutory Profit and Underlying Profit

- Statutory profit is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS).
- Underlying profit is the Statutory profit contained in Appendix 4E of the Domino's FY14 Full Year Financial Report adjusted for significant items specific to the period as outlined on slide 6.
- Due to the seasonality of the Japanese business, from Half Year FY14 onwards, we have changed the calculation of our half year ROE and ROCE calculations to be on a "Last 12 Months" (LTM) basis rather than for the half year annualised as has been done historically. This is still prepared on an underlying basis.

