



# Annual General Meeting

Domino's Pizza Enterprises Limited (DMP)

4 November 2015



# Chairman's Address



YOUR PRESENTER IS

**Jack Cowin**

Chairman - Domino's Pizza Enterprises Limited



# FY15 Financial Highlights

- Net Profit After Tax<sup>(2)</sup> of \$64.0m, up 40%
- Revenue up 19.3%, or \$113.7m, to \$702.4m
- Underlying EBITDA<sup>(1)</sup> growth up 34.4% to \$127.8m
- ANZ strong earnings growth, double digit SSS
- Europe unprecedented Underlying EBITDA<sup>(1)</sup> growth of 92.3%
- Strong SSS in both France and the Netherlands including best first and second half achieved in three years
- Japan Underlying EBITDA<sup>(1)</sup> growth of 38.0%

(1) Comparison to FY14 underlying results

(2) (NPAT) growth after Minority Interest



# Dividends

- The Company paid shareholders a final dividend of 27.2c (fully franked)
- Full year dividend was 51.8c, up 41.1% per share on prior year



# Conclusion

- FY15 has been another successful year for Domino's Pizza Enterprises Limited
- The Company has delivered another year of solid financial results
- Thank you to our shareholders



# Domino's Pizza Enterprises Ltd

## Annual General Meeting

### Chairman's Address

#### 4 November 2015

**(SLIDE ONE) – Introduction/Holding Slide**

**(SLIDE TWO) – Chairman's Address**

It is with great pleasure I address you for the second year running in my position as Chairman.

The format for this afternoon is that I will present a review of the financial results and Group highlights for FY15 and I will then hand over to DPE's Group CEO and Managing Director, Don Meij. Mr Meij will provide further information on each of our markets as well as providing a trading update for the first 18 weeks of the year.

**(SLIDE THREE) Financial Highlights**

Since I last reported the performance of the Domino's Pizza Enterprises Limited (DMP) business has continued to go from strength to strength. The Company reported a Net Profit After Tax <sup>(2)</sup> of \$64.0m, an increase of 40%<sup>1 2</sup> on last financial year.

The Group's revenue was up 19.3%, or \$113.7m, to \$702.4m driven by record store growth, strong operations in all six markets and industry-shifting digital innovation. I am pleased to report that the strong operating performance in all regions has resulted in Underlying EBITDA<sup>1</sup> growth up 34.4% to \$127.8m.

ANZ delivered another year of strong earnings growth driven by double digit Same Store Sales (SSS) and record store openings, with New Zealand proving to be a stand-out for the second consecutive year. Network sales growth continues to be supported by the \$5 Cheaper Everyday campaign and Pizza Mogul in Australia. Digital, marketing and promotional activities also significantly contributed to higher SSS in this market with record new store numbers contributing to higher network sales.

Europe delivered an unprecedented Underlying EBITDA<sup>(1)</sup> growth of 92.3%, leveraging on prior managerial and structural investments, and we exceeded our Group EBITDA<sup>(1)</sup> growth guidance of 30%. A key milestone for Europe included delivering a double digit EBITDA margin of 10.7%.

Strong SSS in both France and the Netherlands has seen us achieve our best first and second half in three years - the restructuring of the Marketing team, as well as the rollout of our global Point of Sale and Online Ordering platforms, is also delivering material results.

Japan Underlying EBITDA<sup>(1)</sup> growth of 38.0% was driven by record store openings and scale benefits. In this market we achieved annual SSS growth of 1.8% despite lapping high growth in 2014, the impact of an increase in sales tax and a tough economic environment. Network sales grew 14.8%<sup>(3)</sup> on a comparable full year basis.

**(SLIDE FOUR) Dividends**

The Company paid shareholders a final dividend of 27.2c (fully franked), bringing the full year dividend to 51.8c, up 41.1% per share on prior year.

(1) Comparison to FY14 Underlying results

(2) NPAT growth after Minority Interest

(3) 37.3% sales growth over the DPE ownership period from 3rd September 2013 to 29th June 2014

***(SLIDE FIVE) In Conclusion***

In conclusion, FY15 has been another successful year for the Domino's Pizza Enterprises business. The Company, led by a talented and strong senior executive team, has delivered exceptional financial results and continues to position the brand for sustained growth.

On behalf of the Board of Directors I again thank our shareholders. Your commitment and investment in not only the business but the journey of the brand means we are able to push the boundaries, continue to improve the quality of our product, innovate and think outside the box to deliver technology that benefits our stores, our customers and our shareholders.

With that, I would now like to hand over to Don Meij to share more about the commencement of this new financial year and the exciting new initiatives we have in the pipeline.

**Jack Cowin - DPE Chairman**



# Managing Director's Address



YOUR PRESENTER IS

**Don Meij**

Group CEO and Managing Director- Domino's Pizza  
Enterprises Limited



## FY15 Performance - ANZ

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- DPE record for organic store growth for ANZ
- Focus on digital innovation, new product launches
- 11.3% like for like sales growth in ANZ largely attributed to Pizza Mogul and Value Range



## FY15 Performance - Europe

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- SSS growth of 6.4%
- Introduction of Pizza Chef platform in Europe, Online Ordering System in Belgium, Quick Ordering in the Netherlands
- New product innovation big drivers of SSS achieved in this market



# FY15 Performance - Japan

- 64 new stores added in Domino's Pizza Japan (DPJ) in FY15
- SSS of 1.8% in line with management expectations
- New HTML 5 platform launched



## Group Store Focus in FY15

- Added 177 new stores to the Group
- Celebrated a number of key milestones – including the Group's 1500th store opening, just over six months after celebrating our 1400th opening.



# FY16 Trading Update

- First Quarter SSS Results for first 18 weeks of FY16:
  - ANZ SSS 13.9%
  - Europe SSS 7.7%
  - Japan SSS 0.7%
  - Group SSS 10.5%



# FY16 Outlook – Upgrading guidance

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- EBITDA and NPAT guidance upgrade to be in region of 25% on Underlying<sup>(4)</sup>
- Upgrading ANZ SSS guidance to 9-11%
- Upgrading Europe SSS Guidance to 6-8%
- SSS guidance remains unchanged in Japan
- As of today we have a total of 1,544 stores
- New store openings upgraded to 260 to 280 stores (including Pizza Sprint stores) across the Group
- Upgrading Europe long term store count from 1,350 to 1,500

*(4) After removing the effects of non-recurring acquisition costs and associated integrations costs relating to the Pizza Sprint acquisition in France*



# FY16 Outlook - ANZ

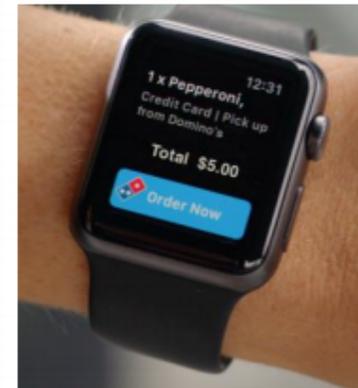
13

- Announced 40 new digital projects to be delivered
- Implementation of GPS Driver Tracker has increased customer growth
- Plan to implement iPad multi-tasking through split screen technology
- Investing in high tech, energy efficient, smart ovens
- New Responsive Online Ordering website
- Fast Favourite ordering in little as four clicks
- Pizza Mogul pushing boundaries of customer engagement in retail space
- Recently launched Smart Watch ordering allowing two tap ordering



## FY16 Outlook – ANZ Cont.

- SMS Ordering to launch in December 2015
- Upgraded our iPhone app for improved high resolution experience
- Rolled out new website testing tool to increase efficiencies
- Faster 'save payment preferences' have been launched
- Advancements to Apple and Android ordering apps
- Annual report and investor apps made available
- 15 and 20 Minute Service Guarantee





## FY16 Outlook - Europe

- Global online ordering platform to be rolled into France
- Plans to launch SMS ordering
- GPS Driver Tracker rollout in the Netherlands
- Launching Domino's Live Pizza Tracker on Apple Watch, live store ratings and online ordering systems
- e-bikes and e-scooters in European markets
- Convert Pizza Sprint stores to Domino's store from January 2016
- Opening of new French Commissary in Gennevilliers expected in June 2016



## FY16 Outlook - Japan

- Introduction of 'Line' ordering
- Roll out GPS Driver Tracker and Global Online Ordering
- Rapid store growth plan
- Tracking for 70-80 new store openings YTD
- Focus on 'Mugen 3.0' store design
- Product innovation development, launching pan pizza



# Conclusion

- Upgrading our Guidance for EBITDA and NPAT growth to be in the region of 25% on an Underlying<sup>(4)</sup> basis
- Increased SSS Guidance for ANZ & Europe
- Commitment to more digital projects than ever before
- Increased store count and guidance.
- Product innovation and store growth continues to play a vital role in the Company strategy

(4) After removing the effects of non-recurring acquisition costs and associated integrations costs relating to the Pizza Sprint acquisition in France



Thank you



**Domino's Pizza Enterprises Ltd  
Annual General Meeting  
Managing Director's Address  
4 November 2015**

***(SLIDE SIX) – Managing Director's Address***

Thank you Mr Chairman. It's my pleasure to address you once again as Group CEO and Managing Director of DPE.

***(SLIDE SEVEN) Performance – ANZ***

Firstly, turning our attention to Australia and New Zealand, we celebrated a number of successes in this market in FY15 including record store openings, significant digital innovation and new product launches.

We were able to achieve 11.3% like for like sales growth in ANZ as well as very strong customer growth, largely attributed to Pizza Mogul and our Value Range price point.

***(SLIDE EIGHT) Performance - Europe***

The European market recorded strong SSS growth of 6.4% driven by innovative marketing, strong management and traction in digital developments, despite facing a tough macro environment.

FY15 saw the European Domino's market introduce the Company's popular Pizza Chef platform. Belgium moved onto the Global Online Ordering platform, resulting in digital innovation being shared across markets that can be rolled out seamlessly. New product innovation such as the Hot Dog stuffed crust and Gyros pizza were also big drivers of the SSS achieved in this market.

***(SLIDE NINE) Performance – Japan***

Since the acquisition of Domino's Pizza Japan (DPJ) in September 2013, the store network in this market has significantly increased from 260 stores to 384 stores, with an increase of 64 new stores in the FY15 year alone and SSS of 1.8% achieved.

Our Japan business has leveraged key digital learnings in Australia with the implementation of a number of platforms including the new HTML 5 platform, increasing mobile engagement.

***(SLIDE TEN) Group Store focus***

In FY15 we added 177 new stores to the Group, which included a number of key milestone openings – including opening the doors to our 1500th store in Mosgiel, Otago - Just over six months after celebrating our 1400th opening.

***(SLIDE ELEVEN) Trading Update***

We have already recorded impressive SSS in ANZ and Europe for the first 18 weeks of FY16 and Japan is trading in line with management expectations.

ANZ SSS: 13.9%, Europe SSS: 7.7%, Japan SSS: 0.7%, Group SSS: 10.5%

***(SLIDE TWELVE) 2016 Outlook – Upgrading Guidance***

Due to the strong early financial performance of ANZ and Europe and favourable foreign exchange translation benefits, we will be upgrading our EBITDA and NPAT guidance to be in the region of 25% on an Underlying basis<sup>(4)</sup>.

- We are also upgrading ANZ SSS guidance from 6-8% to 9-11% for the full year.
- In Europe we are upgrading our SSS guidance from 4-6% to 6-8% for the full year.
- Japan SSS guidance remains unchanged of between 1-2% for the full year.

*(4)After removing the effects of non-recurring acquisition costs and associated integrations costs relating to the Pizza Sprint acquisition in France*

In regards to our store count numbers, as of today we have a total of 1,544 stores. This excludes Pizza Sprint stores as the acquisition is expected to close in January 2016.

The acquisition will further reinforce DPE's position as the largest pizza chain in the French market and, as a result, DPE revises its guidance for new store openings in FY16 in this market to between 260 and 280 stores, up from the previous guidance range of 180 to 200 stores. Additionally, we are upgrading our Europe long term store count guidance from 1,350 to 1,500 stores.

A total of 44 new stores have already opened across the Group in the first 18 weeks of trading.

It must be said that while we remain cautious with eight months of trading head, we are confident about continuing the same strong momentum from the past four months.

***(SLIDE THIRTEEN) FY16 Outlook - ANZ***

FY16 will see an increased investment in digital projects in ANZ with the announcement of 40 new digital projects to be delivered. A number of these projects are set to revolutionise the QSR space, others are more operational focussed, but all of them with the end goal to improve the customer's ordering experience.

- The launch of the **GPS Driver Tracker** technology in ANZ has increased customer growth while having a significant, positive impact on customer feedback, increased online orders and reductions in driver incidents. This QSR industry first is a big contributor to the strong SSS we've already seen achieved in ANZ for the first quarter of the year.
- Based on the success of the GPS Driver Tracker to date, we plan to implement the available **iPad multi-tasking** through split screen technology so customers can watch their pizza coming to the door while doing other things – again improving customer convenience.
- We are investing in **high tech, energy efficient, smart ovens** to reduce the all-important wait times for customers and further increase consumer convenience. This technology will see us significantly reduce the cooking process and result in a material improvement to our business.
- We recently rolled out our **new, responsive online ordering website** into Australia. With a fresh new look and image and a better and more visually enriched user friendly ordering experience, the website now seamlessly adjusts across any screen size. This has also been rolled out into New Zealand, the Netherlands and Belgium. Since rolling out we have seen new online ordering records set in all of these markets.
- The launch of **Fast Favourite** ordering allowing customers to save their favourite order and place it in as little as four clicks as well as leveraging new **PayPal** online functionality.
- We continue to invest in our consumer platform, **Pizza Mogul** pushing the boundaries on what's possible with customer engagement in the retail space. A new 'My Mogul' development will be live shortly.
- We recently launched **Smart Watch ordering** allowing customers to order on their Apple and Android Smart Watch in just two taps.

***(SLIDE FOURTEEN) FY16 Outlook – ANZ Cont.***

- We announced **SMS ordering** will come to market next month where registered Domino's customers with saved payment details can order simply and easily by sending the word 'pizza' or the pizza emoji to Domino's.
- We have **upgraded our iPhone app** for an improved high resolution experience for iPhone 6 and 6+ customers.
- A **new website testing tool** has been rolled out to allow for faster, creative user testing. This is set to improve the customer experience of our site and allow for more flexibility with promotions, reducing work and improving efficiencies for our franchisees.
- A faster "**Save Payment Preferences**" has been launched to speed up the customer's online ordering experience.
- Continual advancements and improvements will be made to our **Apple and Android ordering apps** through push notifications for an improved user experience for our customers.
- We have developed **apps for our shareholders and investors** to keep up to date with insights, annual reports and notifications relating to Company announcements.
- With the incredibly strong Same Stores Sales being achieved in ANZ for the first quarter, we have pushed out the official launch date of our **15 & 20 Minute Service Guarantee**. The algorithm technology is already live and being tested in 100+ stores, however the investment of a national campaign will now be early next year to allow our stores to execute this technology efficiently. This QSR first means customers will reap the benefits of piping hot, fresh pizzas reduced waiting times and increased convenience.

Outside of technology, store and product development remain core to our business. This is evident in key initiatives including our commitment to an artificial preservative free menu in the next two years and our investment in our E-bike program. Our E-bike solution is state-of-the-art and purpose built for our business. Over the coming months and years E-bikes will play a significant role in transforming our delivery business, including cost reductions for our franchisees and the carbon footprint we generate. This will be a big focus of the business over the coming months not only in ANZ but also in Europe.

#### ***(SLIDE FIFTEEN) FY16 – Outlook Europe***

We will shortly be commencing the roll-out of our Global Online Ordering System in France, which should bring great success for that market in the digital space. It will give our customers in France more flexibility and better online ordering experiences, which we hope will increase our customer base.

We have plans to roll out SMS ordering in other markets after its launch in Australia. It is important we develop our digital projects as a group now with the end goal of being able to roll out each new digital feature in every market simultaneously.

Technology will continue to play a key role in driving sales and customer convenience in this market. This includes the rollout of GPS Driver Tracker in The Netherlands in the next 3-4 months as well as the rollout of electric push bikes and completion of rolling global platforms.

Pulse Point of Sale in France will be fully rolled out in FY16 and focus will shift to adding the ability to order via new growing digital mediums like social media.

Other projects, including adding the ability to order via new growing digital mediums and various social media platforms, the release of the Domino's Live Pizza Tracker on Apple Watch, live store ratings in Europe and the rollout of the new responsive online ordering system across all

European countries, will see the customer's ordering experience play a vital role in the marketing strategy moving forward.

E-bikes and E-scooters will continue to rollout across all three European markets and our management team will work hard to convert the Pizza Sprint stores to Domino's in France from January onwards.

We are also still on track to open our new French Commissary, Gennevilliers expected in June 2016.

**(SLIDE SIXTEEN) FY16 – Outlook Japan**

In the Japan market we are focusing on the incredible efforts of the team to stay ahead of our competitors and innovate globally. Late this year we introduced an innovative ordering system in 'Line', an app and social network similar to WhatsApp, which is one of the most popular social networks in Japan. Similar to SMS ordering, Line allows customers to order from Domino's in a fast and convenient way. People who are time poor, on the move and are hungry can simply order.

We also have plans to rollout the GPS Driver Tracker technology into the Japan market in the final quarter of FY16 and the upcoming Pulse roll out, which will allow us to leverage tech platforms in the future

Our rapid store growth plans will see us target 500 stores by Christmas next year. We are currently tracking for 70-80 new store openings year to date.

We have worked hard to improve the image of our stores in this market so they are high quality outlets customers want to visit. Since January 2014, we have been introducing our "Mugen 3.0" store look and designs. Our new look is fun and modern, giving us better awareness, visibility and transparency, accessibility and service, ultimately allowing us to continue our strong store growth.

In addition to this, product innovation such as the new pan pizza product which performed extremely well in our consumer research will continue to play an important role to our success and growth in this market.

**(SLIDE - SEVENTEEN) Conclusion**

In summary, just to recap on some of today's key points shared:

- It's been another solid year of growth for Domino's with strong sales reported, strong store growth and solid FY15 financial results achieved.
- The early strong momentum given in the trading update, particularly with ANZ and Europe, has contributed to an upgrade in EBITDA and NPAT growth guidance to be in the region of 25% on an Underlying basis<sup>(4)</sup>.
- We have also increased our SSS guidance in ANZ to be in the region of 9-11% and in Europe to be in the region of 6-8%.
- FY16 will see the roll-out of more digital products than ever before with a key focus on the customer experience – reducing waiting times, increasing convenience and fitting into the lives of our customers.
- We have increased our store count growth numbers in Europe and the Group.
- Product innovation and store growth continues to play a vital role in our growth strategy in the next 12 months with all six markets demonstrating strong momentum and strong management teams.

Before closing I would like to take this opportunity to thank all of the people involved in this business:

- To the Board members who continuously reinforce and support our strategy and vision;
- To our executive team who push to execute excellence at every level;

- To our shareholders who believe in what we are doing and are on this journey with us – with every piece of technology and every pizza made; and
- Most importantly to our franchisees and employees who are the true heroes of this business. They deliver in the rain, work the long hours, smile at every customer and live and breathe the passion that is pizza and is Domino's. Thank you.

We look forward to continuing to deliver value, innovation and results next year and into the future.

**Don Meij – DPE Group CEO and Managing Director**

*(4)After removing the effects of non-recurring acquisition costs and associated integrations costs relating to the Pizza Sprint acquisition in France.*