



Domino's Pizza Enterprises Limited  
1/485 Kingsford Smith Drive  
Hamilton, QLD, Australia 4007  
ACN: 010 489 326  
www.dominos.com.au

23 February 2022

## Domino's Pizza Enterprises Ltd Financial Results For the six months ended December 2021

**Global Food sales of \$2.05b (+11.1%) | Half Year EBIT<sup>1</sup> \$144.7m (-5.7%)**

### Highlights

- Network sales: +11.1% to \$2.05b
- Online sales: +11.5% to \$1.6b
- EBIT: -5.7% to \$144.7m
- Underlying NPAT (after Minority Interest): -5.3% to \$91.3m
- **Asia:** Added 10<sup>th</sup> market (Taiwan +156 stores) and added +87 organic stores. Sales grew +16.4% despite lifting of State of Emergency in Japan. EBIT -17.3% reflecting rebasing of Japan sales and accelerated corporate store openings compressing margins
- **Europe:** Regional sales (+11.9%, to \$796.7m), with franchisees rising to COVID conditions by growing delivery sales through improved execution. EBIT grew +11.5%, to \$49.7m
- **ANZ:** Multiple stores set records as Network Sales grew (+6.4% to \$689.6m). EBIT -6.1% to \$60.3m reflecting investment in franchisees (Project Ignite ~\$6m) and temporary closure in New Zealand.

Domino's Pizza Enterprises Ltd (ASX:DMP) is planning a record Full Year expansion of its store network<sup>2</sup>, as the Company and franchisees reinvest in their shared, long-term strategy.

In the first Half, the Company and its franchisees added +285 stores, (+156 acquired in Taiwan, +129 organic), and is on track for a ~500 store expansion<sup>3</sup> this financial year.

Asia added +87 organic new stores, including +5 in Taiwan, Europe expanded by +39 stores, and Australia/New Zealand added +3 new stores. Following the commencement of Project Ignite, 19 corporate stores in Australia were refranchised to existing store managers and franchisees.

Group CEO & Managing Director Don Meij recognised the ongoing efforts and performance of more than 80,000 team members and franchisees, who had served their communities in some of the most challenging conditions the COVID-19 pandemic has imposed so far.

Despite the ongoing effects of COVID-19 in each of Domino's 10 markets, Domino's has reiterated the Company's long-term store milestones, 3-5 year outlook for new stores openings (+9-12%) and same store sales (+3-6%), noting sales growth this year is expected to be slightly below this range.

Domino's H1 earnings results were lower than the prior comparable period largely due to investments in Project Ignite (ANZ) and a rebasing of sales in Japan in Q2. The latter followed record growth that meant Japan same store sales remained +40% higher compared to pre-COVID-19<sup>4</sup>.

Just two years after Domino's served \$3 billion in global food sales (\$2 billion online), the Company expects this year to reach \$4 billion in global food sales, with more than \$3 billion online.

"It remains our intention to deliver another strong year of profit – a result of our long-term investments that accelerated during COVID-19," Mr Meij said.

<sup>1</sup> H122 underlying compared to H121 underlying, excluding significant charges

<sup>2</sup> Prior record expansion 484 stores in FY16, including addition of 201 Joey's stores (Germany) and 89 Sprint stores (France)

<sup>3</sup> ~500 store full year goal includes +156 stores acquired in Taiwan

<sup>4</sup> H122 compared to H120



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"While there may be uncertainty about what it means for society to be 'living with COVID', we are certain we have the essential ingredients for long-term future success, and plan to deliver significant continued growth.

"COVID-19 has brought unanticipated challenges, including the closure of a market<sup>5</sup>, temporary store closures, and staff shortages as they self-isolate as patients or close contacts.

"It is a testament to our team to have delivered a strong performance in the face of these challenges.

"Nobody delivers like Domino's; during these most challenging times our teams have actually lowered delivery times and lifted customer satisfaction scores, showing the importance of our delivery-first approach and having more stores, closer to customers.

"Prior to the pandemic, Domino's made clear our vision for the future of the Quick Service Restaurant Industry is delivered food, ordered online. COVID-19 brought forward this future; the 'Age of Delivery' for our industry has begun.

"As our industry globally has started to adjust to this new reality, and the associated complexities of food delivery, Domino's experienced franchisees and store managers were prepared by decades of practice in safely delivering hot, fresh meals at an affordable price.

"Our growth has come from those franchisees and store managers who understand the importance of fortressing their markets, and their businesses – managers have chosen to become franchisees, and franchisees have expanded by opening new stores or purchasing corporate stores.

"COVID-19 has not changed our shared business strategy but instead reinforced the importance of it. Having experienced franchisees open stores closer to customers reduces delivery times and costs, increases customer satisfactions and sales, and makes our marketing and technology investments more efficient.

"Before COVID-19 we committed to making decisions in our business for the long-term benefit of our customers, franchisee business partners, investors and our communities.

"Put to the test, I'm pleased we have delivered on that commitment, for our shared long-term success.

"Domino's avoided the temptation to take a defensive approach during the most uncertain times in our history. As a result we have built a materially stronger and more resilient business in all markets - in partnership with our people – and we will continue to do so."

#### **ASIA – Sales +25.5% to ¥46.1b (+3.5% SSS), +243 new and acquired stores, EBIT \$45.7m (-17.3%)**

APAC CEO Josh Kilimnik acknowledged the market-leading performance of franchisees and store managers, particularly those in Japan, who had responded to rapid changes in customer behaviour.

"Our franchisees have demonstrated their alignment with our strategy. The resilience of their businesses is supporting their demand for organic new store openings and franchising corporate stores.

"It was their engagement with expanding our offering in Japan to reach new customers on new occasions throughout the year that helped us to provide world's-class delivery times, grow the pizza category and to win market share.

"I'm also very pleased that our newest market, Taiwan, has performed above expectations, with sales growth and new store openings accelerating compared to pre-acquisition.

"We now have a new base in customer demand supporting a materially larger business in Asia. With the marketing and digital investment that comes from that scale, we are well positioned for the years ahead."

#### **Europe – Sales +15.3% to €502.1m (+3.6% SSS), +39 new stores, EBIT \$49.7m (+11.5%)**

Europe CEO Andre ten Wolde said the European business had delivered a positive performance, with franchisees resourcing record delivery numbers.

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<sup>5</sup> New Zealand – August 2021



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"The customer behaviour since the start of COVID-19 remains ongoing: carry-out sales are still below pre-pandemic levels while delivery orders, largely from new customers, have broadly offset these changes.

"Those competing with Domino's for this 'share of stomach' have learned that delivery brings significant challenges, including the availability of labour – I'm proud our teams have risen to meet those challenges.

"For our teams to have delivered meaningful growth because of our delivery expertise, while also lowering delivery times to increase our competitive advantage, is a meaningful achievement.

"Our franchisees recognise that although all of our industry is facing the same storms, not all of us are in the same boat. They are building stronger businesses by opening +39 new stores in H1, with many more to open this year and beyond."

#### **Australia/New Zealand – Sales +6.4% to \$689.6m (+1.7% SSS), +3 new stores, EBIT \$60.3m (-6.1%)**

Australia/New Zealand CEO David Burness said he had assumed leadership of a business in a strong position – and an appetite for continued improvement.

"As local conditions have evolved we have recorded growing same store sales, ending the year on a high with record sales across Australia/New Zealand," Mr Burness said.

"Sales are an important short-term measure, but I am more focused on store profitability and the franchisee appetite for growth – I am very pleased with their results.

"With the reinvestment into our system through Project Ignite, we have refranchised 19 of our corporate stores, giving many store managers their first chance at building their own businesses, and experienced franchisees the ability to rapidly grow.

"Our 1200 store target for Australia/New Zealand is not only achievable, but necessary to reach our customers – and I'm confident we have the business model, customer offering and the people to reach our potential."

#### **"Domino's for Good" – Environment, Social and Governance**

Domino's has made continued progress on our Domino's for Good ESG program, including making a commitment to science-based climate change targets under the Science Based Target initiative.

"We expect to be able to submit our science-based target this calendar year and moving forward intend to report on our progress against these targets," Chief of ESG Marika Stegmeijer said.

"We are also proud that Domino's has expanded our partnership with Compassion in World Farming, extending our Better Chicken Commitment to now include Australia and New Zealand. We were the first in our market to introduce this new standard."

Our Domino's registered charity Give for Good in Australia has also announced new partnerships with the Australian Indigenous Leadership Centre, Orange Sky Australia, The Pinnacle Foundation, and The Reach Foundation with plans to launch in New Zealand by the end of the financial year.

#### **FY22 Trading Update and Outlook: Network Sales +6.0% (SSS +1.7%), +23 new stores**

Domino's has reported a positive start to the Second Half, with Network Sales +6.0% higher (+1.7% on a same store sales basis).

Mr Meij said forecasting short-term same store sales growth was challenging, particularly given very strong sales in the prior comparable period in some markets, and the sales rebuilding in Japan. Management expected SSS this Financial Year would be slightly below the 3-5 year outlook.

"Domino's will continue to win and keep customers by delivering Value: Product, Service and Image, at an affordable price.

"This means we will respond to tackle short-term inflationary pressures with a customer-first approach, serving 'More for More' – such as upsized meal offerings that are a win for customers and franchisees.



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"We are excited to be rolling out important initiatives this year – including our latest customer-facing ordering app, and a team member facing program to deliver career-building skills.

"We intend to grow our delivery team by offering real jobs with long-term opportunities, including franchising, and will counter labour pressures by being the most relentlessly efficient delivery company – particularly by reducing the last mile with even more stores.

"Our teams in each region are working with our supply chain partners to ensure our customers continue to enjoy their favourite meals. It is worth noting their efforts so far have avoided any menu unavailability, which reflects positively on our team and our partners.

"We are not immune to the challenges facing the global economy, but these are short-term challenges we will navigate through, with a continued focus on the long-term.

"Importantly, despite this short-term uncertainty, there is no question that our business is materially stronger than prior to COVID-19.

"The cumulative growth we have delivered on a two-year basis reflects this strength and it is our intention to continue to build on this strength for the long-term."

The Company will pay shareholders an interim dividend of 88.4 cents per share (70% franked). This is to be paid on 17 March 2022, with a record date of 2 March 2022.

This release has been authorised for release by the Board of Directors.

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For further information, contact Nathan Scholz, Head of Investor Relations at [investor.relations@dominos.com.au](mailto:investor.relations@dominos.com.au) or on +614 1924 3517.

Domino's Pizza Enterprises Limited (DMP) is Domino's largest franchisee outside of the USA. It holds the master franchise rights to the Domino's brand and network in Australia, New Zealand, Belgium, France, The Netherlands, Japan, Germany, Luxembourg, Denmark and Taiwan. Today, DMP has a network of more than 3,200 stores. For more information, visit [www.dominosinvestors.com.au](http://www.dominosinvestors.com.au)

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