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Domino's Annual General Meeting and Trading update

Highlights

In Financial Year 2021, Domino's Pizza Enterprises Ltd recorded:

- Network sales of \$3,744.4m, up 14.6%
- Online sales of \$2,929.8m, up 21.5%
- Underlying EBIT of \$293.0m (+27.2%) on revenue of \$2,199.1m (+15.4%)
- 281 million pizzas served
- More than 410,000 hot, fresh, meals donated to those in need

Domino's for Good – ESG

- Domino's has today committed to Net Zero emissions before 2050
- Expanded partnership with Compassion in World Farming (CIWF) on their Better Chicken Commitment, to include Australia and New Zealand

FY22 Trading update and outlook

- Network Sales +8.0% (SSS +4.3%)
- 222 stores added (+66 new stores)
- Domino's has recorded strong growth in FY22 during difficult and uncertain times
- However, sales growth has been uneven across regions, with operations affected by local conditions including lockdowns and ongoing changes in customer behaviour, making short-term forecasts challenging.
- Domino's intends to set a new record for store expansion this Financial Year, adding the equivalent of more than one store each day.

Domino's Pizza Enterprises Ltd (ASX:DMP) Group CEO and Managing Director Don Meij today reaffirmed the Company's long-term outlook at the Annual General Meeting.

Mr Meij told investors the future of Domino's – with the network planned to more than double by 2033^[1] – would be created in partnership with existing franchisees and store managers investing in their future.

“Because of the actions we have taken during this pandemic, I am confident we have built a significantly stronger business, prepared for the next phase of our growth,” Mr Meij said.

“Simply being able to trade during COVID-19 was a privilege not available to many businesses, including some of our stores. That meant we were determined to give back to our community where possible, and avoid unneeded government supports.^[2]”

“Our results were not the inevitable outcome of being allowed to keep our doors open to trade during a pandemic.

“More than a decade ago we made deliberate choices to expand beyond Australia, to implement High Volume Mentality, to grow the market for delivered food ordered online, and to fortress our territories to serve our customers better. These choices made both our recent, and future, successes possible.

[1] Group store milestone 6,650 stores by 2033

[2] Domino’s Pizza Enterprises Ltd has not accepted JobKeeper or JobMaker support in FY21 and has repaid the Australian government’s previous support in full. Franchised stores may apply for government support if eligible

“Our growth in total sales, online sales, new store openings and profit were made possible because of a long-term strategy that laid a platform for our future – both online and in stores.

“What has allowed us to navigate successfully through the most challenging conditions in our history has been a values-based approach and the results are clear.”

Environmental, Social, Governance – Domino’s for Good

“We have made significant strides in progressing our ESG efforts this year – collectively Domino’s for Good^[1].” Mr Meij said.

This includes a substantial reduction in single-use packaging, increasing the use of electric vehicles for deliveries, and the completion of the Company’s first Modern Slavery Statement.

Our registered charity, Give for Good continues to provide much-needed support to Australian communities, announcing two new significant partnerships in the past four months with Rural Aid and a partnership with the Australian Indigenous Leadership Centre (AILC) – Australia’s only national provider of accredited Indigenous Leadership education programs.

In the coming year, Domino’s intends to step-up this work, including working with supply-chain partners to improve visibility of the risks of modern slavery and completing the inaugural footprint assessment, including carbon emissions, land and water usage and our impact on biodiversity.

“In the next 12 months, we will set time-bound and science-based targets with an interim goal and a commitment to reach net zero greenhouse gas emissions before 2050.

“We are embracing this responsibility to take action now and inspire our industry and supply chain partners.

“We intend to deliver a more sustainable future without compromising on the quality of our food – pizza is an indulgence and our customers deserve that choice.

“Domino’s crushes convention, and high quality food can be affordable, ethical and sustainable – I am pleased to announce we will partner with Compassion in World Farming (CIWF) on their Better Chicken Commitment, expanding this commitment from Europe to include Australia and New Zealand.”

[1] For more information visit: <https://dominosforgood.dominos.com.au/>

FY22 Trading Update and Outlook – Sales +8.0% (+4.3% SSS), +222 stores (+66 new)[1]

Domino’s Pizza Enterprises Ltd has delivered positive sales momentum despite significant societal changes as each market continues to respond to COVID-19.

Network sales year-to-date are +8.0% higher (+4.3% on a same store sales basis). This compounds +14.9% sales growth at this time last year (+8.4% on a Same Store sales basis) – strong growth during difficult and uncertain times.

While this represents an improvement compared to the Full Year trading update[2], sales growth has been uneven across regions, with operations affected by local conditions including lockdowns and ongoing changes in customer behaviour, making short-term forecasts challenging.

Due to a strengthening of the AUD versus DMP’s offshore currencies, the translation of earnings back to AUD faces a headwind on current trends.

[1] FY22 Trading update for first 18 weeks

[2] FY22 Trading update for first 7 weeks: Network Sales +7.7% (+2.7% SSS)

Asia[1]

Domino’s is starting to integrate our newest market, Taiwan, with first results pleasing.

In the first quarter of FY22, Domino's Japan recorded excellent compounding sales, prior to the government lifting the national State of Emergency at the end of September. With restaurants, bars, and shopping centres now reopened (with some minor restrictions), network sales are negative on a one-year basis (but positive on a two year basis).

Because of current negative sales, and the material contribution of the Christmas trading period, management is unable to forecast whether FY22 Japan sales (and accordingly earnings) will surpass FY21.

New store openings continue to remain very strong and, as a result of structural changes in marketing, pricing and store penetration, current sales and customer counts remain materially higher than the corresponding period pre-COVID.

Europe

Initial indications are positive that newly acquired delivery customers are largely being retained as societal restrictions ease, in line with Domino's expectations. Efforts in each market to rebuild carry-out sales (impacted since the start of the pandemic) are ongoing. European store openings are on track to deliver a new store opening record and will be skewed to H2.

ANZ

Local conditions included a recent two-week closure of our New Zealand operations^[2] (with Auckland stores closed for five weeks) and extended lockdowns in Victoria and New South Wales. The latter restricted some team members' ability to travel to work and required some changes to delivery areas.

Project Ignite has commenced in ANZ, with incentives designed to increase store openings, particularly in opportunity markets. As previously disclosed, the \$10-12 million investment is a net operating expense, and will lower earnings in the first half, before lifting store openings this year, and over the medium term.

[1]As previously announced , DMP will report on Japan and Taiwan as the 'Asia' segment (June 11, 2021). Management is moving to a Twin region structure of Europe and the Asia-Pacific (September 28, 2021), but will continue to report financials aligned with Europe, Asia and ANZ.

[2] Domino's notes the New Zealand market ordinarily provides an outsized benefit to earnings given its low-overhead model, with support services largely leveraged from Australia.

Group Outlook

Domino's anticipates some inflationary headwinds including energy price increases (electricity and gas) in the 2022 calendar year. Additionally, global food cost increases are now anticipated in H2 22, although Domino's long-term contracts will provide some buffer. Management expects enhanced efficiency at a store level will continue to provide customers value, growing unit sales to offset short-term inflation.

Mr Meij said: "While there are short-term challenges ahead of us as we transition to 'living with COVID-19', this is not new: our experienced teams have successfully navigated multiple challenges since the start of this pandemic.

"Our network is already more than 7% larger this Financial Year (and 15% larger than this time last year), through continued organic new store openings and acquisitions, including the opening of 66 new stores and the addition of 156 stores with the acquisition of Taiwan.

"We have a busy new store pipeline and this year we aim to open a record number of new stores; indeed, we are targeting FY22 to be the largest expansion of our store footprint in our Company's history^[1]. We also remain active in pursuing additional markets.

"Our online sales continue to outpace offline sales, and we are pleased with our next iteration of our OneDigital ordering experience, which is in advanced testing."

Domino's Pizza Enterprises Ltd's 3-5 year outlook remains unchanged: +3-6% Same Store Sales growth at a Group level, +9-12% new store openings and net Capex of \$100-150m.

"We will be responsive, agile and people-focused – as we have been throughout. Our clear strategy, purpose and values will continue to guide our operations.

"A year ago, we noted: 'We have the right product, value offering, and team members to confront this challenge' – and our view remains unchanged."

^[1] *Prior record 484 stores in FY16, including acquisition of Joey's Pizza (Germany) and Sprint Pizza (France)*

Domino's: wereld's grootste pizza bezorg- en afhaalbedrijf.

Domino's heeft wereldwijd ruim 18.000 vestigingen in meer dan 89 landen. De franchiseformule is sinds 1989 in Nederland gevestigd en heeft hier inmiddels meer dan 300 vestigingen. Als marktleider heeft Domino's het grootste en meest geavanceerde delivery systeem, waardoor de koeriers jaarlijks zo'n 24 miljoen absoluut verse, warme en kwalitatief hoogstaande pizza's bezorgen. Domino's Pizza Nederland maakt sinds april 2006 deel uit van Domino's Pizza Enterprises Ltd (DPE). DPE is in Australië beursgenoteerd en is de master franchisenemer voor het merk Domino's Pizza in Australië, Nieuw-Zeeland, Monaco, Frankrijk, Japan, Duitsland, België, Nederland en Denemarken. Voor meer informatie, ga naar www.dominos.nl.

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