



**Domino's**



# Annual General Meeting

Tuesday, 29 October 2013

# Chairman's Address - Ross Adler



# Financial Highlights



- Underlying NPAT growth up 13.0% to \$30.4M\*
- SSS grew 2% for the full year
- Total Network Sales up 5.4% to \$848.6M
- Underlying EBITDA growth of 16.2% to \$55.9M\*
- Return on capital employed 30.7%\*
- Dividend +14% to 30.5 cents per share
- Underlying EPS 43.4c, up 11.5%\*

*\*Based on Underlying results. 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 FY13 Annual Report adjusted for significant items specific to the 2013 Financial Year.*



# Dividends



- Final fully-franked dividend of 15.4 cents per share
- Interim dividend of 15.5 cents per share
- Full Year dividend to 30.9 cents per share
- In addition to the dividends, a \$30M Capital Return was made bringing the total return to shareholders in 2013 to 73.7 cents per share



# Key Highlights – DPE Group



- Digital performance continues to be a key driver of growth in ANZ
- Celebrated 500<sup>th</sup> store opening in Australia
- Added 67 new stores to the network (27 in ANZ, 40 in Europe)
- Acquisition of 75% shareholding interest in Domino's Pizza Japan (DPJ)



# Key Highlights – ANZ



- A stronger second half SSS of 2.6% contributed to an overall result of 1.4% in ANZ
- Network Sales growth of 3.4% in ANZ
- ANZ EBITDA up 17.5%\* due to a combination of improved margins, economies of scale and the continued sell down of corporate stores.



# Key Highlights – Europe



- We had record organic store growth over the twelve month period
- Total Network Sales grew 12.8% (constant currency on FY12)
- DPE Europe Same Store Sales growth of +3.1%



# Domino's Pizza Japan



- September 3, 2013 DPE completed the acquisition of a 75% interest in DPJ
- Comprising 216 corporate stores and 43 franchise stores
- Exciting opportunity to leverage our experience in store growth/digital etc.
- Increases our total store network to over 1,250 stores in the DPE Group





# Management Changes



- CEO Europe, CEO France – Andrew Rennie
- Domino's Pizza France Chairman – Jean-Marc Dayan
- CEO Australia & New Zealand – Andrew Megson
- ANZ Operations Manager - Nick Knight



# Looking Ahead



- Continued store growth
- Growth strategies in Europe
- Exciting new chapter of growth with Japan joining the DPE group
- Set new benchmarks and lead the way in digital innovation – as we progress to 80% of sales online
- Continue to exceed expectations in product, service and image





### ***(SLIDE ONE)***

#### ***Annual General Meeting***

Good afternoon,

Welcome to the 2013 Domino's Pizza Enterprises Limited Annual General Meeting.

### ***(SLIDE TWO)***

#### ***Chairman's Address***

Domino's Pizza Enterprises has seen some solid results from the past financial year across both the Australia/New Zealand and European markets and concluded the financial year with the announcement of the acquisition of a 75% interest in Domino's Pizza Japan.

Strong product development, providing our customers value and quality, and digital innovation were strong focus areas of the business in all five markets.

### ***(SLIDE THREE)***

#### ***Financial Highlights***

The entire Domino's team has worked extremely hard to deliver the following results and the Leadership Team in particular should be encouraged by the solid results reported in the past financial year.

An Underlying Net Profit After Tax of \$30.4 million, up 13.0% on the previous year, was achieved through strong performances across our ANZ and European markets and the introduction of some major product campaigns including the Artizzan range in Europe and Chef's Best in Australia and New Zealand.

Same Store Sales growth improved in the second half of the year, finishing the full year at 2.0%.

The year's profit was generated from Total Network Sales of \$848.6M, up 5.4% on same period last year.

Domino's Pizza also had solid underlying EBITDA growth of 16.2% to \$55.9 million for the 2013 Financial Year.

Other key financial highlights include:

Return on Capital Employed 30.7%; Dividend +14% to 30.5 cents per share; and

An increase in Earnings Per Share (EPS) of 11.5% to 43.4 cents.

**(SLIDE FOUR)**

***Dividends***

As a result of its solid underlying NPAT, Domino's paid shareholders a final fully-franked dividend of 15.4 cents per share, in addition to the interim dividend of 15.5 cents per share.

This brought the total dividend for the Financial Year 2012-2013 to 30.9 cents per share. In addition to the dividends, a \$30M Capital Return was made bringing the total return to shareholders in 2013 to 73.7 cents per share.

**(SLIDE FIVE)**

***Key Highlights – DPE Group***

We are extremely happy with the FY13 results, given the challenges still facing the retail industries.

Our digital performance continues to be a key driver of growth in Australia and New Zealand with a positive flow-on effect to the other markets of the business. This area of the business has also seen us lead the category in innovation and reach our consumers easier and faster.

A number of key milestones were celebrated throughout the year including our 500<sup>th</sup> store opening in Australia. We also added 67 new stores across the network which is a huge achievement.

And of course our biggest acquisition in the history of DPE – the announcement of our acquisition of a 75% interest in Domino's Pizza Japan.

**(SLIDE SIX)**

***Key Highlights - ANZ***

A stronger second half Same Store Sales of 2.6% contributed to an overall result of 1.4% in ANZ.

We had total network sales growth in ANZ of 3.4%.

The Australian and New Zealand market continued to benefit from a combination of improved margins, economies of scale and the continued sell down of corporate stores, recording an EBITDA growth of 17.5%.

**(SLIDE SEVEN)**

***Key Highlights - Europe***

In DPE Europe, we had record organic store growth over the past twelve month period.

Total Network Sales grew 12.8% (constant currency on FY12) and we were able to achieve Same Store Sales growth of +3.1%.

**(SLIDE EIGHT)**

***Domino's Pizza Japan (DPJ)***

On 3<sup>rd</sup> of September this year DPE completed the acquisition of a 75% interest in Domino's Pizza Japan.

The acquisition represents an exciting opportunity to leverage our proven track record of successfully growing the Domino's network to deliver shareholder value. Comprising of 216 corporate stores and 43 franchise stores, Japan is a strategic location for DPE's future expansion.

The large market is well suited to significant new store rollouts and the relocation of stores to higher traffic locations with improved image and formats. We look forward to the ability to introduce DPE's product expertise, innovation and digital leadership to Japanese customers.

The acquisition increases DPE's total store network to over 1,250 stores, further cementing DPE as the leading international Domino's franchisee.

**(SLIDE NINE)**

***Management Changes***

The Board has made a decision that, due to the size and significance of the European market, and given the expectations we have placed on this market, we have appointed Andrew Rennie CEO for Europe and CEO for France. We feel confident that having one of our most senior executives in the DPE Group heading up this market will see Europe reach its full potential at greater pace.

In addition to the CEO appointment, we have appointed Jean-Marc Dayan to the position of Chairman of Domino's Pizza France. He will provide strategic advice and direction to DPF. Jean-Marc brings a wealth of local business experience to this role.

This market is an important part of the DPE business and the Domino's future but over the past couple of years it hasn't performed as strongly as we would have liked. We are committed to achieving our growth and profit objectives in this market and we have every confidence that these appointments will achieve exactly this.

Other changes in management within the DPE Group include welcoming back Andrew Megson to Australia, after his short term assignment in Europe. Andrew will fill the role of CEO Australia and New Zealand. He has been with Domino's for over 27 years and his wealth experience will be a valuable asset to the ANZ market.

And lastly, with the proposed continued reduction in corporate stores we have amalgamated the Franchise and Corporate Operations Roles into one role. As a result, Nick Knight has been promoted to the newly created position of ANZ Operations Manager. Nick's experience as a franchisee, along with his strong detailed operational focus, will equip him well for this very meaningful role in the ANZ business.

**(SLIDE TEN)**

***Looking Ahead***

The months ahead look strong for the DPE Group:

We will continue to drive impressive store growth numbers

We will work closely with Europe on store growth, marketing initiatives and profit improvement plans

We will further integrate Domino's Pizza Japan into the DPE group

And perhaps most importantly, we will continue to exceed customer's expectations in terms of product, service and image.

The Domino's Board and senior management remains committed to achieving the Company's goals for the benefit of all shareholders.

On behalf of the Directors, I would like to thank you all for your ongoing support. Your ongoing commitment to DPE provides us with the foundations to drive future growth. Additionally, our ongoing solid financial performance would not be possible without the support and commitment of our senior management, franchisees and store employees.

I would now like to invite Domino's Group CEO and Managing Director Don Meij to present the overview for our operation performance, share current trading insights with you and further discuss what we have to look forward to in the coming months and year ahead.



Group CEO Address – Don Meij



# Agenda



- Recap of 2013 performance
- Store roll out and planned progression
- Current trading update
- 2014 outlook
- Conclusion





# 2013 Performance - ANZ



- Biggest launch in our 20 year history – Chef's Best
- Over 50% - progressing to 60% of sales now coming from online
- 50% of these are coming from mobile
- HTML5 roll out, Facebook Real Time App, iPad App
- Product innovation and value



# 2013 Performance - Europe



- Exciting new product launches including new Artisan range in France, Dutch Pancakes in The Netherlands
- Roll out of Pulse POS system in The Netherlands
- Significant digital investment in France launching the iPhone App and Mobile website
- First official Entice branded store opened in The Netherlands (also being rolled out in France).



# Store Focus



- Celebrated milestone of 500<sup>th</sup> store opening in Australia
- 67 new stores (27 in ANZ, 40 in Europe)
- Current store growth
- Total of 74 ANZ stores were refurbished to new Entice look and feel
- Plan to open 70-80 new stores in ANZ and Europe with an additional 40-50 opening in Japan
- 600<sup>th</sup> ANZ store opening by December 2013



# Trading Update



- First quarter FY14 results in line with management expectations
- ANZ SSS growth of 5.2%
- Europe SSS is flat at 0.1%
- Japan SSS growth of 9.7%
- Total Group SSS growth is 4.3%



# FY14 Outlook

## – Confirming Guidance



- Continue current momentum in FY14 to deliver EBITDA growth in the region of 15%
- Confirm underlying EBITDA growth in the region of 15% after removing the effects of non-recurring acquisition and associated integration costs relating to the Japan acquisition
- Total DPE Group SSS growth of 3-5%



# FY14 - ANZ



- Solid momentum in new stores in ANZ
- Recent upgrade to HTML5 means even bigger push towards digital to drive sales in FY14
- Online print, POS and our biggest television marketing campaign in the past two years
- Sell down of corporate stores remains a key strategy
- Continued product development, innovation and online ordering platforms



# FY14 - Europe



- Committed to achieving our growth & profit objectives – big part of DPE's future
- Accelerate growth and improve returns
- Digital innovations
- Continue to roll out the Pulse POS system
- HTML5 technology



# FY14 – Japan



- Strong start to the year – SSS 9.7%^
- Continued integration of DPJ into the DPE group
- Continued growth of online in DPJ
- Relocation strategy
- Leverage the expertise within the DPE business to assist in the DPJ growth plans
- Internally funded franchising program to support our best managers in the system
- 15% EBITDA growth
- 40-50 new stores to be added to the Japan network

*^From 1 July 2013 to present*

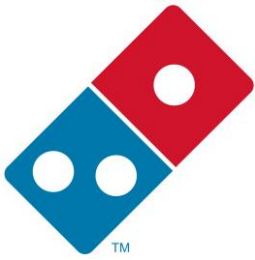


# Conclusion



- Record organic growth planned with approx. 110-130 new stores to open FY14 in the group
- Pleased with performance during the first quarter of FY14
- Cautious but optimistic about continuing the solid momentum already seen in FY14
- Confirming FY14 underlying EBITDA growth in the region of 15% and Same Store Sales growth of 3-5%
- DPE product innovation, value and digital dexterity to give a competitive edge





**Domino's Pizza Enterprises Ltd**

**AGM 2013**

**Managing Director's Address**

**29 October 2013**

***(SLIDE ELEVEN)***

***Group CEO Address – Don Meij***

Thank you Mr Chairman.

Ladies and Gentlemen, it's my pleasure to address you once again as Managing Director and Group CEO of Domino's Pizza Enterprises Ltd.

***(SLIDE TWELVE)***

***Agenda***

It's definitely been a busy year for the Domino's business and I am happy to share with you the highlights, achievements and results of the past twelve months. In particular, I look forward to sharing more information on the 2013 performance, an update on Domino's Pizza Japan, sharing more details on our store rollout and planned progression, providing you a trading update and taking a closer look at the FY14 projects we're currently working on in each of our six markets.

***(SLIDE THIRTEEN)***

***Performance – ANZ***

Turning our attention firstly to the Australian and New Zealand markets, and we had one of our most significant new product launches in March this year with the addition of the new Chef's Best range. The response from consumers has been positive and we can reveal that one in four Domino's orders currently goes out the door with a Chef's Best included – something we are extremely proud of. This product launch was all about our ability to democratise great food for the masses and ultimately provide premium quality ingredients at an affordable price. We shared with you all last year that value was a focus area of the business and we have enjoyed much success in this area by being able to offer our customers the Chef's Best range – an incredible range of pizzas that sits in the middle of our already well-established Value and Traditional ranges. It truly is a level of value that has never before been seen in our industry.

Currently, over 50% of our sales now come from online and over 50% of those sales from mobile. This is an area of the business we are enjoying much success and cut-through in and we have every intention to continue with the momentum already achieved by Domino's in the digital space.

Being leaders in this space has seen us roll out the new Domino's websites in Australia and New Zealand in May this year. These sites greatly enhance the customer experience and offer users an improved platform to showcase our product range, all using HTML5 technology.

The HTML5 ordering platform allows us to tailor the ordering experience for the customer based on the device they are using.

We also launched the new iPad App in September 2012 featuring 'Pizza Chef' giving customers the unique ability to create their own pizzas and add them to their order.

Other highlights and achievements enjoyed in this space include reaching over one million fans in Facebook on our Australian and New Zealand pages and topping the rankings of the top 20 ASX-listed company-owned brands on Facebook by fan numbers.

## ***(SLIDE FOURTEEN)***

### ***Performance - Europe***

The European market has enjoyed some exciting new product launches including the successful launch of the Artisan pizza range placing the emphasis on the quality of our ingredients and toppings.

In The Netherlands, we launched the popular mini Dutch Pancakes which also proved to be a huge success.

The rollout of the global POS system (Pulse) is also progressing well, with over 50% of stores already converted in the first six months.

We have invested significantly into our digital platforms following the success in the ANZ markets and, following the release of our iPhone App and mobile website, online has quickly reached 25% of sales in France.

We opened a record number of new organic stores in Europe and the new store 'Entice' image developed in ANZ has begun to rollout in both France and The Netherlands and is being extremely well received in both markets.

## ***(SLIDE FIFTEEN)***

### ***Store Focus***

Store growth has definitely been a focus area of the business over the past 12 months and as such we have seen some solid results across all markets of the business.

As previously mentioned, we celebrated the milestone of our 500<sup>th</sup> Australian store opening earlier this year in Beaconsfield, Victoria.

New store rollout and same store sales continue to drive growth in Europe.

Our impressive store growth includes a record 67 additional new stores to the network during the year (27 of these in ANZ and 40 in Europe). This was slightly lower than our guidance update of 80+ given in February 2013. Regulatory challenges have slowed our rollout progress in France while council, landlord and conversion delays have been experienced in Australia. We do, however expect this to lead to a greater number of openings in FY14.

I'm happy to report today that we have already opened 26 new stores across the Group in the first four months of the financial year.

By achieving these forecasted openings, and with the addition of the Domino's Pizza Japan store count to the DPE Group, we are currently sitting at 1,254 stores in the network.

While new store openings play an important role in growing Domino's Pizza, we are also committed to refreshing our existing stores. Our 'Entice' image roll out is progressing well and each week more and more store are undergoing the transformation. This is something we have been extremely proud to rollout and a total of 74 ANZ stores were refurbished to the new entice look and feel (including 54 in AU and 20 in NZ).

We will also open our 600<sup>th</sup> ANZ store opening in the coming months – another milestone achievement.

## ***(SLIDE SIXTEEN)***

### ***Trading Update***

We are happy to report that the FY14 first quarter results have been solid and are in line with management expectations.

Same Store Sales growth in DPE ANZ is 5.2% and Japan is off to a strong start with an impressive Same Store Sales growth of 9.7% recorded.

Same Store Sales in Europe have recovered from the Ramadan period to reach 0.1%.

Year to date total DPE Group Same Store Sales growth is currently sitting at 4.3%.

## ***(SLIDE SEVENTEEN)***

### ***FY14 Outlook – Confirming Guidance***

The year ahead for Domino's will see some exciting developments as we continue to focus on pushing the boundaries of innovation and technology.

Before I move on to some highlights for the year ahead across our two major markets I want to confirm Domino's Pizza is on track to deliver our 2014 guidance.

The first quarter has been encouraging for us and while we are optimistic we are also cautious with eight months of trading still to record.

We do want to take this opportunity to reiterate our guidance for Full Year 2014 to deliver underlying EBITDA growth in the region of 15% after removing the effects of non-recurring acquisition and associated integration costs relating to the Japan acquisition.

We are also confirming guidance of Same Store Sales growth for DPE Group of 3-5%.

## ***(SLIDE EIGHTEEN)***

### ***FY14 Outlook - ANZ***

The year looks exciting for Domino's ANZ. We are enjoying strong momentum, particularly in our new stores. The recent upgrade to HTML5 technology means an even bigger push towards digital to drive sales in FY14.

The sell down of corporate stores in ANZ will remain a key strategy, along with a good pipeline of new store builds scheduled in the ANZ market.

We will continue to work on product development, innovation and our online ordering platforms in making it even easier and faster for the consumer to reach us.

In the past year we have disrupted the market and challenged the industry. We have challenged our competitors to lift their game and offer quality products at an affordable price tag. We will continue to do this and while we can't share too much, we look forward to once again democratising great food with the launch of a new product before Christmas this year... watch this space.

## ***(SLIDE NINETEEN)***

### ***FY14 – Outlook Europe***

As Ross previously mentioned, we are committed to achieving our growth and profit objectives in this market. Europe is a big part of DPE's future and we are confident the new management appointments will lead to improvements.

One area we feel passionately about is digital and so we are excited that we are finally able to offer the innovative technology solutions in The Netherlands as we do in the ANZ market.

The continued rollout of Pulse POS System, as well as the move to HTML5 technology, will see the majority of Australia and New Zealand systems implemented into The Netherlands business by December this year.

These enhancements to the business will provide customers further convenience when ordering online and we intend to continue to enhance and grow our online ordering capabilities in the next 12 months to lift sales.

Domino's Pizza France has the goal to reach 30% of online orders in volume by the end of 2013 and 40% in late 2014. This will be made possible due to the arrival of the mobile Application on Android which took place last month and the implementation of online ordering loyalty programs.

## **(SLIDE TWENTY)**

### ***FY14 – Outlook Japan***

We are really excited about the inclusion of Domino's Pizza Japan in the DPE Group. The existing management has already achieved some significant milestones and we believe we can take the business to the next level. We have already seen a strong start to the year in Japan with Same Store Sales growth of 9.7% and store openings on track.

We are already working closely with Domino's Pizza Japan business to look at ways of implementing successful innovations of the DPE brand and will continue to grow the online business even further.

We have plans to introduce an internally funded franchising program in Japan, supporting some of our best managers in the system in buying their own stores. We are in discussions with some candidates already, and potentially half our new stores in the coming year could be internally funded under this program.

We also have plans to continue to relocate stores from back streets to high streets with improved visibility and a high brand perception.

Overall, we are confident we will be able to achieve underlying EBITDA growth of 15% and add approximately 40-50 new stores to the Japan network.

## **(SLIDES TWENTY ONE)**

### ***Conclusion***

In conclusion, I would like to recap some of the key points from today's presentation:

- Record organic growth planned with the opening of between 110-130 new stores in Full Year 2013
- We are cautious but optimistic about our performance during the remaining eight months of FY14
- Confirming our guidance of:
  - EBITDA growth in the region of 15%
  - SSS growth of 3-5%
- Our digital business will continue to set Domino's apart from our peers. We have a significant number of new digital projects being rolled out in the second half of this financial year. We will see an even bigger push towards digital with the recent upgrade to the HTML5 technology in ANZ, along with the rollout of the ANZ systems into our European business.
- We will continue to challenge the industry, particularly in ANZ where we will roll-out another exciting product before Christmas this year; and

- Domino's Pizza Japan presents an exciting opportunity for the DPE Group – store growth, digital and innovation.

Our ongoing solid financial performance would not be possible without the support of our Board members, team members, franchisees, Leadership Team, managers and frontline employees. Your trust and belief in the brand allows us the opportunity to continue to explore new opportunities for growth, as well as keep up with retail trends and customer demands to improve our business for the future. Thank you also goes to our shareholders for their ongoing support of the DPE business.

And on a final note, as our product continues to bring people together, I am more confident than ever that we have a recipe that works and we look forward to building on the momentum of the results already achieved to date.

Thank you.