



Domino's Tech Innovation Drives Record Profits- 40% Increase in Net Profit after Tax

On the back of record store growth, strong operations in all six markets and industry-shifting digital innovation, Domino's Pizza Enterprises Limited (DMP) has delivered Net Profit after Tax of \$64.0m, an increase of 40% on the same period last year.

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

The final dividend will be paid on Friday 11 September 2015 with a record date of Tuesday 25 August 2015.

Financial Highlights for FY15 for DMP include:

	FY15 Statutory \$ mil	FY14 Underlying \$ mil	FY15 Statutory \$ mil	+ / (-) FY14 Underlying %
Revenue	294.9	588.7	702.4	19.3%
EBITDA	55.9	95.1	127.8	34.4%
Depreciation & Amortisation	(12.8)	(21.7)	(27.5)	26.6%
EBIT	43.1	73.4	100.3	36.7%
<i>EBIT Margin</i>	14.6%	12.5%	14.3%	
Interest	(0.4)	(2.5)	(2.5)	(0.3%)
NPBT	42.7	70.9	97.8	38.0%
Tax Expense	(12.3)	(22.2)	(29.4)	32.8%
NPAT before Minority Interest	30.4	48.7	68.4	40.4%
Minority Interest	0.0	(3.0)	(4.4)	46.1%
NPAT	30.4	45.8	64.0	40.0%
<i>Performance Indicators</i>				
EPS(basic)	415 cps	54.6 cps	74.2 cps	36.0%
Dividend per Share	30.9 cps	36.7 cps	51.8 cps	41.1%
Same Store Sales %	2.0%	5.8%	8.6%	

FY15 DMP Highlights & Achievements

Australia and New Zealand (ANZ)

ANZ recorded strong Same Store Sales (SSS) growth of 11.3% largely driven by the success of digital and product innovation and the interactive Pizza Mogul platform which continue to grow digital sales, increase lunch sales and attract new customers.

The market achieved record new store organic growth of 59 new stores, with 86% of all stores now refurbished into the next generation 'Entice' store image.

With a focus on digital innovation, the popular Domino's Live Pizza Tracker was launched in Australia on both Android and iOS watches, capitalising on the movement towards wearable technology. The rollout of '4 Click Ordering' and 'Payment Tokenisation' in Australia and '5 Click Ordering' in New Zealand, as well as Touch ID for iPhone/iPad App have all increased customer frequency with Domino's.



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In its unending pursuit of innovation, the Company continued the roll out of the Electric Push Bike initiative; improving store level profitability and community relations through the reduction of noise pollution and providing cleaner, more effective delivery in neighbourhoods.

Group CEO and Managing Director, Don Meij said: “We have continued the positive sales momentum right across the Group in each of our six markets and in ANZ we delivered another year of strong earnings growth driven by double digit SSS and record store openings.

“Product innovation continued to be core to our business with the ANZ menu inspired by the street-food trend with flavours such as the launch of Pulled Pork, Pulled Beef and the popular oven baked Churros.”

Europe

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

Europe delivered unprecedented EBITDA margin growth of 92.3%, leveraging on prior managerial and structural investments - a promising indicator of future growth prospects in this market.

Record organic growth in Europe in FY15 was achieved, with a total of 54 new stores added to the European network, a new full year record. This included opening 30 new stores in the second half of the year. A number of key milestones were also celebrated with the 200th store opening in Netherlands/Belgium and the 250th store opening in France.

Corporate stores in the Netherlands excelled in all metrics, with the corporate stores in France starting to lead the growth.

A number of stores in the Netherlands and France already deliver 100% via electric pushbikes and this continues to grow.

Belgium has moved onto the Global Online Ordering (OLO) platform, resulting in digital innovation being shared across markets that can be rolled out seamlessly. Testing of GPS Driver Tracker in the Netherlands will take place in the coming months, adding material growth to online sales which currently account for 60% of sales.

Japan

Domino's Pizza Japan (DPJ) continues to trade to expectations during this phase of investment. Network Sales grew 14.8% on a full year basis and SSS growth of 1.8% was recorded. This was despite the implementation of the new sales tax in the 2014 calendar year and a tough economic environment.

DPJ increased its store count by 64 new stores in the year, with franchise stores now accounting for 26% of store count in Japan, up from 17% at the time of acquisition and 20% at the end of FY14. A total of 25 new stores have been financed through our Can Do! Partners franchising program. DPJ also celebrated the 350th store opening in December and finished the year at 384 stores.

In Japan there is promising growth from the new image stores that have been remodeled and relocated. A total of 31 stores have been relocated to improved locations. These factors have contributed to the highest pick up sales in DPJ's history – 46% in the second half, compared to 34% last year.

We have also opened stores in five markets in the second half: Yamaguchi, Gifu, Wakayama, Nagasaki and Kumamoto, totaling seven markets in the year.

Store operations continue to improve as shown by record inspection scores, productivity numbers and service times. Other significant highlights include the launch of the new HTML5 website as well as some exciting product innovation with the launch of a new hand tossed dough and summer campaign product – the Summer Quattro - featuring unique tastes such as Cajun Chicken and Tom-Yum-Goong.



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Looking Forward

ANZ

DMP has seen record profits and explosive growth over the past five years which is largely attributed to product innovation and world-first digital initiatives.

In the biggest change to pizza delivery in the global brand's 54 year history, GPS Driver Tracker rolled out nationally in Australia in July, allowing customers to track their order from store to their door. Following its launch, a huge lift in net promoter scores, customer feedback, product quality and process ratings and store margins have been recorded with improved driver safety, productivity and delivery counts. It was also the catalyst for the Company's biggest recruitment drive earlier this year.

Mr Meij recognises that connecting with consumers in the digital age is the biggest opportunity and continued investment in new digital initiatives is imperative to maintaining sales momentum and growth.

"In ANZ we have in excess of 40 exciting digital projects in the pipeline for FY16. This includes many that will make the ordering process even faster and easier for our customers with a 15 and 20 Minute Delivery Guarantee and Fast Favourites which allows customers to order in fewer clicks."

Mr Meij said the new GPS tracking technology will continue to be the linchpin of the ANZ business and drive sales, take operational execution and customer service to a new level, and offer the customer unprecedented engagement in the Quick Service Restaurant (QSR) space.

"We have only just fired up the ovens on what is possible with GPS Driver Tracker. The rollout of the 15 and 20 Minute Service Guarantee, a QSR first, means customers will reap the benefits of piping hot, fresh pizzas, reduced waiting times and increased convenience.

"The algorithm behind the 15 and 20 Minute Delivery Guarantee, as well as GPS Driver Tracker, means it's only activated when we can do this safely from an operations perspective.

"This move will see us compete in a new market, taking share from the convenient fast food drive-thru outlets."

Other initiatives include providing customers with an even quicker way to order at the tap of a finger with the launch of Fast Favourite ordering. This will form the foundation of many new ways to interact with Domino's in future years and take us beyond ordering via phones, watches, laptops, cars and iPads.

"These revolutionary projects will also assist us in reaching our record store growth in ANZ in FY16," Mr Meij said.

Europe

With the strong organic store growth trend set to continue in Europe, the new 'Entice' image has begun rolling out in all three European countries with an emphasis on the artisan look and feel.

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 as well as the rollout of electric push bikes and completion of rolling global platforms.

Mr Meij said: "The new Paris Commissary is under way and expected to yield substantial freight and productivity savings to the Company when it opens in 2016."

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 and the rollout of the new responsive online ordering system, will see the customer's ordering experience play a vital role in the marketing strategy moving forward.

Electric e-bikes and e-scooters will continue to rollout across all three European markets.



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Japan

The Company plans on opening its 400th store in Japan prior to our 30th anniversary next month and has its eyes firmly set on opening 60 stores.

“We will also introduce another four Can Do! Partners stores and 15 additional franchise stores in the first half of the year helping to achieve this goal.

“We will continue to focus our efforts on relocating stores to pick-up friendly locations in the first half of the new financial year and continue our expansion into new markets such Nagoya, Kyushu, Okinawa and Sendai,” Mr Meij said.

In addition to this, product innovation will continue to be key to our success and growth in this market. So too will be expanding on digital and social platforms including the rollout of the global point of sale and expanding onto the nation’s biggest social networking service – LINE - in September.

The Group

With 75% of the business franchised, Mr Meij says this is the heart of the operation and a large reason for the Company’s success to date.

“We can be agile, stay ahead of the curve, innovate and improve because our franchisees are world-class. Our goal is to continue to make a material difference to their bottom line and the value of their overall business.

“This also means a commitment to deliver food that keeps getting better and service that never rests. To deliver in tune with our customer’s changing needs and wants and deliver innovation that excites.

“The commitment in this space, to stay ahead of the curve and be at the forefront of digital innovation is demonstrated by our significant investment of the 40+ new and exciting digital projects in the pipeline for the year ahead.

“As part of this focus, we continue to assess opportunities to further leverage our capabilities in new and existing markets which includes reviewing strategic acquisitions if relevant to our growth strategy.”

Guidance Update

In 2016 the Company plans on driving and delivering innovation at an increased pace, fuelling growth and taking market share from other categories.

“We plan on opening 180-200 new stores across the Group over the next 12 months. This includes upgrading our Japan store count forecast from 700 to 850 stores. This is based on territory optimisation as well as continued expansion across the country.

“The ANZ and Europe store count targets remain unchanged. The updated Group plan now reaches 3,100 stores by 2025, including the upgrade of the outlook for Japan being in excess of 850 stores.” Mr Meij said.

SSS Guidance is set in the region of 6-8% for ANZ, 4-6% in Europe and 1-2% in Japan.

EBITDA Growth Guidance and NPAT Growth Guidance are strong, in the region of 20% for FY16.

~ENDS

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, France, Belgium, The Netherlands and Japan. Today, DMP has a network of 1,506 stores, including 670 stores in ANZ, 452 stores in Europe and 384 stores in Japan. For more information visit www.dominos.com.au

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