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Domino's First Quarter Results Top Management Expectations

Domino's Pizza Enterprises Limited (**DMP**) today announced strong first quarter results and upgraded Full Year 2016 (FY16) Guidance of 25% growth over 2015 underlying⁽¹⁾ NPAT and EBITDA.

These results are underpinned by a lift in Same Store Sales (SSS) Guidance for ANZ and Europe.

Domino's Pizza Enterprises Limited Group CEO and Managing Director Don Meij credited the strong start to the year to the roll-out of a number of significant tech-convenient projects aimed at improving the customer's ordering experience.

"The strong positive momentum we are experiencing in Australia and New Zealand is largely attributed to the implementation of the GPS Driver Tracker technology over the past couple of months which allows customers to track their order from the store to the door."

Australia, New Zealand and Europe were the standouts with strong SSS of 13.9% achieved in ANZ, while Europe achieved SSS of 7.7%.

Japan is currently performing in line with management expectations, achieving 0.7% SSS growth in the first 18 weeks of trading.

"As a result of the above expectation first quarter results and and favourable foreign exchange translation benefits, we are upgrading ANZ SSS from 6-8% to 9-11% for the full year and from 4-6% to 6-8% SSS for the full year in Europe," Mr Meij said.

The Company confirmed Japan SSS guidance remained unchanged of between 1-2% for the full year.

Domino's also revised its guidance for new store openings in FY16 to between 260 and 280 stores (including the Pizza Sprint stores) across the Group, up from its previous guidance range of 180 to 200 stores.

"While we remain cautious with eight months of trading ahead, we are confident about continuing the same strong momentum and as such, have upgraded guidance to reflect this."

Recently Domino's announced plans to deliver over 40 new digital projects across the Group in FY16.

The tech-savvy company is putting their dough where their mouth is, already unveiling Smart Watch ordering via Apple and Android in as little as two taps and, from next month, SMS ordering where registered customers can place their order by simply texting 'pizza' or the pizza emoji to Domino's.

"We have been extremely busy working on and delivering key digital projects to market. Some are significant pieces of technology set to revolutionise the QSR space, others are focused on creating operational efficiencies in the business, but all of them have the end goal to improve the customer's ordering experience," Mr Meij said.

"Just some of these innovations include rolling out high-tech, energy efficient, smart ovens to reduce waiting times, 15 and 20 minute service guarantees, faster save payment preferences, iPad multi-tasking technology, further enhancements to GPS Driver Tracker and Pizza Mogul, as well as continual advancements and improvements to our customer ordering apps."

Mr Meij said it was great to see that the business was off to such a great start, reflecting a strong digital and marketing strategy as well as investment in store and product innovation.

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



“At the end of the day we know people come to us for great pizza. It’s for this reason that product innovation, as well as aggressive store growth and development remain at the core of our strategy.

“We are investing in our menus, committed to an artificial preservative free menu and continually keep up to date with the latest food trends and tastes. It’s who we are and what we do best.”

In Japan, Domino’s continues to leverage key digital learnings in Australia with the implementation of a number of platforms including the new HTML 5 platform, offering even more customer engagement.

“We are focused on staying ahead of our competitors and innovating globally. We have seen this through the introduction of the innovative ordering system via ‘Line’, an app and social network similar to WhatsApp, which is one of the most popular social networks in Japan. We also plan to roll-out GPS Driver Tracker in the last quarter of FY16.”

Moving into market leader position in Japan earlier this year, Domino’s has been busy reinvigorating the image and look of the stores so they are high quality outlets customers want to visit.

“This image involves removing pass-through windows and out-dated imagery. Our new look is fun and modern, gives us increased awareness, visibility and transparency, accessibility and service, ultimately allowing us to continue our strong store growth in this market.”

The Company recently announced it had entered into a binding agreement to acquire the Pizza Sprint* chain of 89 pizza stores in France, further consolidating its growth in this market.

Mr Meij said Europe has experienced significant momentum and this is set to continue with the rollout of the Global Online Ordering System in France in FY16.

“It’s important we develop our digital projects as a Group with the end goal to roll out each new digital feature in every market simultaneously.

“A great example of this is our GPS Driver Tracker which will also roll-out in The Netherlands in the next three to four months, as well as the rollout of our state-of-the-art electric push bikes and completion of rolling global online ordering platforms.

“We pride ourselves on having best-in-class digital platforms but FY16 is all about pushing to deliver even more for our customers,” Mr Meij said.

Today, DMP has a network of 1,544 stores across six markets – Australia, New Zealand, the Netherlands, Belgium, France and Japan. For more information visit www.dominos.com.au or download the FY15 Annual Report via the App store or Google Play. To keep up to date with shareholder information please visit www.dominosinvestors.com.au

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**The Pizza Sprint acquisition transition is scheduled for completion in January 2016 and DPE will work with the vendors and franchisees towards conversion of the Pizza Sprint stores to Domino’s Pizza stores from that time until the end of 2017 calendar year.*

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