



Domino's Delivers Unprecedented NPAT Growth of 56.7% Based on a 29.6% Growth in Revenue

Domino's Pizza Enterprises Limited (**ASX: DMP**) today reported underlying record Net Profit After Tax (NPAT) of \$45.6m, an increase of 56.7% on the prior corresponding period (**PCP**), driven by organic growth and defying the current global economic environment.

With markets in Australia, New Zealand, Belgium, France, The Netherlands and Japan, the Company reported strong Group Same Store Sales (SSS) of 10.3% for HY16.

Group underlying revenue for HY16 increased by 29.6% to \$445.3m, while a strong operating performance in all markets saw underlying EBITDA grow by 44.9% to \$87m compared to the PCP.

The Company confirms that the underlying results are from organic growth, with recent acquisition activity in France and Germany not yet contributing to earnings.

A focus on developing and delivering online platforms with global capacity resulted in cost and operations efficiencies across the Group and strong online sales growth achieved with new highs recorded in all six markets.

The Company will pay shareholders an interim dividend of 34.7cents (70% franked), up 41.1% on the interim dividend paid in the PCP. This will bring the full year dividend to 69.3 cents.

The final dividend will be paid on Tuesday 15 March 2016 with a record date of Monday 29 February 2016.

Australia and New Zealand (ANZ)

Domino's ANZ recorded strong underlying HY16 EBITDA growth of 27% and double digit SSS of 13.8%, driven by the Company's \$5 Cheaper Everyday campaign and the successful implementation of the GPS Driver Tracker technology throughout all stores.

The launch of disruptive digital initiatives such as the market-first SMS ordering also contributed to strong network sales.

HY16 saw Domino's ANZ create even more customer convenience and market first initiatives. This included multi-tasking to the iPad App, Smart Watch ordering in Australia and the rollout of a 20 Minute Delivery Guarantee, setting the benchmark for the Quick Service Restaurant industry and contributing to strong ANZ online sales growth of 23.9% year on year (**YoY**).

Other highlights in this market included the momentum of the electric push bike rollout and the next generation Entice store branding, with over 300 bikes operating in stores and 89% of stores refurbished.

Food innovation continued to be a major ingredient of the successful HY16 results with Domino's ANZ launching the Chef's Best Prawn range, as well as popular side items such as the Chipotle Chicken Kickers.

The Company continues to forge the way with its commitment to eliminate all artificial colours, flavours and preservatives from the menu in this market, and remains on track to achieve these targets in two years.

The Company also launched the first ever 10 minute delivery store in New Farm, Queensland, in December, with DMP Group CEO and Managing Director Don Meij revealing the goal for the next 3-5 years is to execute delivered pizzas nationally in 10-12 minutes.

"Our commitment is to a philosophy of being "slow where it matters, fast where it counts". Slow in the careful preparation of high quality pizzas, safe delivery and friendly service at the door. Fast in that we are cutting the cook time in half, hustling to and from cars and using faster ovens and improved technology," Mr Meij said.



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“This philosophy is expected to deliver strong growth for a number of years as it is delivered throughout our global DMP network.”

The ongoing investment in disruptive technology to improve the customer’s experience and offer even more convenience will continue into the second half.

Other key promotions being executed include the, ‘we’re more than just pizza’ campaign highlighting the improvements made to the brand, as well as the national rollout of the 15 and 20 Minute service Guarantees.

“The significant investment in our digital pipeline, as well as the opening of more than 50 new stores for FY16 will continue to improve productivity and drive sales in the second half and beyond,” he said.

Europe

Europe continues to deliver unprecedented EBITDA growth with 108.1% achieved in the first half attributed to digital innovation, strong margin growth and record franchisee profitability.

Strong SSS in all three countries delivered the highest Europe region SSS of 8.5% in the last six years with networks sales growth being supported by the roll out of Pulse (the global Point of Sale platform) and ‘OneDigital’.

These platforms helped all three European countries achieve record digital growth, with the Netherlands leading the way having achieved digital growth of 31.1% YoY.

France YoY digital growth of 33.0% was achieved with the successful implementation of DMP’s new Group online ordering platform ‘OneDigital’ into more stores.

HY16 saw the successful implementation of Pulse contributing to Belgium’s YoY digital growth of 55.4% achieved. Belgium has extended its online payment methods, adding PayPal and the number one debit-transaction method, Bancontact/Mr. Cash.

New product innovation saw the European Development Chef create an exciting pipeline of culturally relevant products including mini donuts and cheesy bread with soft pizza dough topped with an iconic French Cheese, recognising the importance of provenance and local produce.

“The next six months are set to be just as strong with the Company set to achieve a record number of organic new store openings (in excess of 60 new stores in FY16, excluding acquisitions) and franchisee profitability at record highs which is stimulating strong organic growth.

“The focus will also be on the integration of the Pizza Sprint and Joey’s Pizza stores into the Domino’s business, with the rollout of Pulse and OneDigital expected to be completed in early 2017.”

The new, highly automated, French commissary is under construction and remains on track to open in August 2016.

Japan

Japan sales, impacted by a slightly softer Christmas trade and despite battling a tough environment, delivered SSS of -1.2%, outpacing the competition.

This, along with Network sales growth of 26% in HY16, is in line with management expectations during this phase of investment.

Japan EBITDA growth of 54.8% was driven by record store openings and the additional week’s trading including New Year’s Day.



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The first half of FY16 saw Japan achieve the highest digital sales in DPJ history, with YoY digital growth of 10%. The rollout of the Pulse Point of sale project is expected to be entirely rolled out by the end of 2016.

Other highlights included exceeding 50% of online sales via mobile and in a world first launching into the nation's biggest social networking platform, LINE.

Japan finished HY16 with 432 stores celebrating the opening of a record 48 new stores during the first half of the year, 38 corporate and 10 franchised. This included the opening of the market's 400th store and expansion into three new markets; Sandai, Shuiga and Tokushima.

Pick up sales in Japan continued to grow, due to the focus on relocating another 27 stores to carry-out friendly locations.

The commitment to the 'Mugen' store design saw more than half of all stores now converted over to this design. The updated resort version of the 'Mugen 3.0' store design, featuring an even brighter image and larger dine-in space and outside terrace also began rolling out.

Mr Meij said a new pan pizza was added to the menu, the result of a lot of hard work and various rounds of consumer and sensory research spanning 12 months.

"The new pan pizza is an important part of our menu and is setting Domino's apart from its competitors in this market."

Other innovative products added to the menu included an expanded chicken range and the winter campaign product, Winter Quattro, featuring Aged Beef and Crab Gratin.

Looking forward, a key milestone for the next six months is the implementation of the GPS Driver Tracker technology in Japan by July 2016. This technology saw increased customer counts, positive customer feedback and improved operational efficiencies in the ANZ market and is another example of DMP leveraging global platforms.

Mr Meij confirmed, "the company is set to open the 500th store by the end of 2016, rollout the global Pulse Point of Sale from March to June 2016 and implement DMP's OneDigital platform in early FY17.

"We are confident that by Capitalising on the strong global platforms available such as OneDigital, Pulse and GPS Driver Tracker that we will continue to see great results from this market.

"This will also be aided by strong food innovation and transparent and engaging store designs that will continue to play a big role in the organic growth and outlook of this market," he said.

Acquisitions

The acquisition of the 89 Pizza Sprint stores in France, comprising 12 corporate stores and 77 franchise stores, was completed on 26 January 2016.

The first Pizza Sprint stores will commence the conversion to Domino's stores in early March, with completion expected 6-9 months later.

The second acquisition, Germany's largest pizza chain, Joey's Pizza settled on 1 February 2016. This acquisition is in a joint venture with Domino's Pizza Group, plc.

With a total of 212 stores, comprising 209 franchise stores and 3 corporate, Joey's Pizza will commence converting to Domino's in the second half of the year, with completion scheduled for 12 months later.

With both brands having little to no prior television exposure in the past, management recognises the opportunity to increase market exposure and sales in both markets.



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Mr Meij confirmed the focus was on these current conversions but that, “the Company continues to look at ways to accelerate growth through network expansion and leveraging innovation that’s in line with our strategy.

“Both acquisitions are yet to contribute to DMP earnings, however will begin to contribute to the underlying earnings in the second half,” Mr Meij said.

Guidance Update

The positive outlook for sales, store growth and margin improvement has resulted in the upgrading of the underlying EBITDA and NPAT Growth Guidance to be in the region of 35% for FY16.

SSS Guidance for ANZ has increased to be in the region of 11 to 13% SSS and for Europe has increase to 8 to 10% SSS. Japan SSS has been revised to -2 to 0%.

The DMP group store count targets remain unchanged, with targets to open 4,250 stores by 2025 still confirmed. This number includes 900 stores in ANZ, 2,500 throughout Europe and 850 new stores in Japan.

FY16 Guidance on new store openings is between 460-500 for the Group (includes acquisitions of Pizza Sprint and the German Joint Venture).

~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, Belgium, France, The Netherlands, Japan and Germany. Today, DMP has a network of over 1,700 stores. For more information visit www.dominosinvestors.com.au

DMP Group CEO & Managing Director Don Meij (pronounced May) will be available for interviews on Wednesday 17 February 2016.

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