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9 March 2017

DOMINO'S PIZZA GROUP plc

PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 25 DECEMBER 2016

Strong UK performance drives 17% profit growth

Domino's Pizza Group plc ("DPG" or the "Group"), the leading pizza company in the UK, announces its results for the 52 weeks ended 25 December 2016.

Financial Highlights	52 Weeks Ending 25 December 2016	52 Weeks Ending 27 December 2015	Change
System Sales[1]	**£1,004.2m**	**£877.2m**	**14.5%**
UK Like-for-Like System Sales[2]	**7.5%**	**11.7%**	
UK Like-for-Like System Sales (excluding impact of split stores)[3]	**9.8%**	**13.5%**	
Underlying[4] Profit before tax	**£85.7m**	**£73.2m**	**17.1%**
Underlying Basic EPS[5]	**13.8p**	**11.9p**	**15.6%**
Net (debt)/cash balance	**£(34.6)m**	**£40.4m**	**£75m**
Recommended Total Dividend per share	**8.00p**	**6.92p**	**15.6%**
Statutory Revenue[6]	**£360.6m**	**£316.8m**	**13.8%**
Statutory Profit After Tax	**£65.2m**	**£59.3m**	**9.9%**
Basic EPS continuing operations	**13.1p**	**11.9p**	**10.3%**

[1] System sales represent the sum of all sales made by both franchisee and corporate stores in the United Kingdom, Republic of Ireland, and Switzerland to consumers
[2] Defined as system sales from stores that were opened before 28 December 2014, compared to the corresponding 52 week period in the prior year
[3] Like-for-like sales excluding the impact on mature stores in which the territory they operate in had one or more additional new stores added in the year
[4] Underlying is defined as operations excluding amounts in relation to one off restructuring costs associated with associate investments and discontinued operations
[5] 2015 EPS has been adjusted to reflect the 3 for 1 share split that took place on 27 June 2016
[6] Statutory revenues represent revenues directly attributable to DPG being derived from monies paid by franchisees for food products together with royalty payments for us of the Domino's brand, rental income from freehold and leasehold property, and corporate store sales in Switzerland

Highlights

- Total UK sales growth of 14%, including like-for-like of 7.5% and record number of new stores – 81 (2015: 61)
    - Average sales per address (ASPA) in new stores grew 15%
    - Targeting at least 80 new stores in the UK for 2017, creating up to an estimated additional 3,000 new jobs
    - Planned new Supply Chain Centre in Warrington due December 2017, creating 200 additional jobs

- Continued success of digital investment programme in the UK
    - On-line now represents 72% of system sales
    - Up by 21% year-on-year
    - Mobile represents 73% of digital sales, up by 31%

- Further increase in franchisee profitability fuelling investment in growth

- Improving system sales performances in international businesses
    - Republic of Ireland (ROI) delivering 10% year-on-year growth in local currency
    - Switzerland delivering 21% year-on-year growth, in local currency, including 1 new store – EBITDA positive
    - Conversion process of stores in Germany following Joey's acquisition delivered successfully 6 months ahead of plan
    - Solid start in Nordics

- Strong cash flow conversion enabling investment in growth and share buy-backs

- A recommended final dividend of 4.5p giving a total dividend of 8.0p, growing 16% year on year

Current Trading

Sales growth in the first nine weeks of 2017 trading is as follows:

	Total sales growth	LFL sales excluding splits	LFL sales including splits
UK	8.3%	3.9%	1.5%
ROI	12.3%	12.3%	12.3%
Switzerland	17.7%	9.4%	9.4%

During this period, we have opened 11 stores in the UK (2015: 5 stores).

Commenting on the results, Chief Executive Officer David Wild, said:
"2016 was another successful year for Domino's Pizza Group and this performance is reflected in today's financial results. The UK delivered strong year-on-year growth due to robust like-for-like sales and the opening of 81 new stores. This performance, combined with our tight control of costs, has generated a significant rise in profits and a dividend payment of 8.00p per share. Our cash conversion remains very strong and we have reinvested through International expansion and returned cash to shareholders through dividends and share buy-backs.

"We remain confident in the resilience and long-term potential of our business model and are committed to continue to invest with our franchisees for growth. We expect to open at least 80 new stores in the UK with further footprint expansion in all our overseas operations.

“I would like to thank the DPG team for their continued hard work. I also want to pay tribute to our franchisees whose tireless endeavours ensure that our customers continue to enjoy great pizzas with great service every day – whether ordered online or by phone, delivered to the door or collected in store.”

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A presentation to analysts will be held at 9.00am on 9 March 2017 at LSE Theatre, London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS

Notes to Editors:

Domino's Pizza Group plc is the leading player in the fast-growing pizza market holding the exclusive master franchise to own, operate and franchise Domino's Pizza stores in the UK, Republic of Ireland, Switzerland, Liechtenstein and Luxembourg. Additionally it owns a strategic stake in the largest pizza delivery business in Germany and in the holders of the Domino's master franchises in Iceland, Norway and Sweden. The first UK store opened in Luton in 1985 and the first Irish store opened in 1991.

As at 25 December 2016, the Group had the following stores:

	UK	ROI	Switzerland	Total
As at 27 December 2015	869	47	15	931
New store openings	81	-	1	82
As at 25 December 2016	950	47	16	1,013

Founded in 1960, Domino’s is one of the world’s leading pizza brands. Through its primarily franchised system, it operates a global network of more than 11,000 stores in over 70 international markets. Domino’s has a singular focus – pizza made freshly to order with high quality ingredients.

Customers in the UK can order online at www.dominos.co.uk, in the Republic of Ireland at www.dominos.ie and in Switzerland at www.dominos.ch. In addition, mobile customers can order by downloading Domino’s free iPhone, iPad and Android apps.

For photography, please visit the media centre at corporate.dominos.co.uk, contact the Domino’s Press Office on +44 (0)1908 580654, or call Maitland on +44 (0)20 7379 5151.

Chairman's statement

I am very proud that the Group has produced another excellent set of results with record sales and profits. We continue to deliver as one of the leading franchises across the Domino's network worldwide and we are proud of our achievement as the number one pizza company in the UK and Republic of Ireland. We are in a strong position to build for the future.

In the UK and ROI, our success in 2016 is once again rooted in revenue-driven profit growth based on continued investment in e-commerce initiatives and record levels of new store openings, underpinned by strong franchisee profitability.

I am encouraged by the signs of progress we are seeing in Switzerland. Total sales were up 21.1% (2015: 18.4%) with like-for-like sales in local currency up 5.8% (2015: 5.4%).

Towards the beginning of the year, we invested in a strategic partnership with Domino's Pizza Enterprises Limited in order to acquire Joey's Pizza, Germany's largest pizza delivery chain. This has given us the opportunity to participate in a larger scale business in this market. I am very pleased with the success of the conversion of Joey's Pizza stores into Domino's stores.

During the year, we took a strategic stake in Domino's in Iceland, Norway and Sweden. We are expanding through local partnerships with strong local Domino's businesses, which combine their local knowledge with DPG's expertise in franchising, e-commerce and supply chain.

The Group's business model continues to be highly cash generative and will allow us to invest in the future growth strategy of the business, to invest in operating assets and to support the capital returns policy.

Dividend

The Board recommends a final dividend for 2016 of 4.5p (2015: 3.9p) per share, being a 14.8% increase on the final dividend for the prior year. Together with the interim dividend of 3.5p per share paid on 2 September 2016, the total dividend for the year will be 8.0p per share, representing an increase of 15.6% on the dividend paid for the prior year (2015: 6.9p). The full year dividend is 1.7 times covered by underlying profits after tax (2015: 1.7 times). Subject to receiving shareholder approval at the Annual General Meeting on 20 April 2017, the final dividend will be paid on 25 April 2017 to shareholders on the register at the close of business on 17 March 2017.

Our people

Our business relies on a network of entrepreneurial, diligent and driven franchisees who serve our customers day and night. Every year, I continue to be amazed by their ability to improve our business, for our mutual benefit. This year is no exception and I would like to place on record my thanks for all of their hard work and commitment, which continues to be the lifeblood of the business. Their willingness to invest in new stores and to explore other means of growth gives the Board continued confidence for the future.

Our franchisees in turn depend on their employees, and I want to thank them for their ongoing commitment and contribution, helping to keep us as the number one pizza company in every neighbourhood in which we operate, despite ever increasing competitive pressures.

Board changes

In my report last year, I noted that we were seeking a new Chief Financial Officer. On 10 October 2016, Rachel Osborne joined the Board and was appointed as our CFO. Rachel has significant commercial finance experience having previously worked most recently at Vodafone and John Lewis Retail, in addition to other consumer-facing businesses. Rachel also serves as a non-executive director of HM Courts and Tribunals Service. I am delighted that Rachel has joined Domino’s at such an exciting time for the Group. I have no doubt that her extensive experience of financial and strategic management gained across blue-chip retailers will be an asset for Domino’s.

Additionally, we reported in last year’s corporate governance statement that we intended to appoint one of our independent non-executive Directors as the Senior Independent Director. I’m pleased to report that Helen Keays was appointed to this role on 20 April 2016.

Conclusion

In summing up, 2016 has been another year of excellent progress, and one in which we are well positioned for the future. I continue to be delighted with the momentum across the business and the entire team can be very proud of its efforts. Our focus is now on 2017 and I look forward with optimism to our continued progress in the next phase of the Group’s development.

Stephen Hemsley
Non-executive Chairman

Chief Executive Officer's statement

Overview

2016 was another very successful year for the Group with double-digit system sales growth, and I am particularly pleased with the strong performance of new stores in the UK, where we achieved a record number of openings at very strong average sales per address. This is the result of a relentless focus on driving our digital offering through investment and innovation, ambitious targets for new store openings and a continued focus on franchisee profitability.

We had a good year in ROI, with volume growth driven by improved performance from digital channels and a strong economy aiding consumer spending. We made a strategic investment to acquire the largest pizza delivery chain in Germany through our associate investment. I am also encouraged by our continued progress in Switzerland, where we have generated a positive EBITDA for the first time since our acquisition. Our investment in the Nordics, which we announced in June, gives us access to over 15m people in three markets and our partnership with our colleagues is off to a promising start.

Our strategy remains simple and clear. We aim to be the number one pizza company in each neighbourhood in the countries in which we operate, through a commitment to offering the best product and service to our customers.

UK and ROI

UK

The UK business delivered a robust set of results from the 950 stores that were trading at the year-end (2015: 869). System sales were 13.8% ahead, driven by strong like-for-like performance with growth of 7.5% (9.8% removing the impact of split stores). Like-for-like order volumes were ahead by 4.5% whilst average order value grew by 3.0%, helped by an increased proportion of bundle deals offering value for money.

We believe that our continued focus on the three priorities set out in our preliminary announcement two years ago remains fundamental to our success in the UK:

- New store openings: The rate of new store openings continued to increase in the period and the UK opened a record 81 new stores in 2016; these continue to perform well, providing a foundation for future growth and confirming our long-term opportunity.
- Digital: We have continued to increase investment in our digital offering, driving an increased number of customer visits, improved conversion rates and higher order values.
- Franchisee profitability: The Group has continued to focus on franchisee profitability by passing on cost savings, fuelling the appetite for further investment.

New stores

2016 saw record store openings of 81 in the UK, bringing the total portfolio to 950 (2015: 869). The performance of these new stores has been excellent with strong penetration in the territories in which they have opened. These stores are operating in lower address count areas with a 15.4% increase in sales per address. They include both virgin territories and those existing areas which have been "split", increasing density, improving service for customers, and raising sales and profitability for franchisees. 53 of the 81 stores opened were splits. We provide incentive packages to franchisees to encourage opening of stores in areas that meet our strategic requirements for the estate, including lower address counts and splits. Depending on the nature of the incentive these may be spread over the life of the lease. No stores were closed in 2016.

Digital

The Group's investment in e-commerce software development increased significantly in 2016, reflecting our continued commitment to providing the business, our customers and franchisees with a best-in-class digital platform. In the UK, online system sales now represent 72% of all delivered sales, up from 67% in 2015, with mobile sales accounting for 73% of online system sales. This will drive further growth in the UK business.

Digital channels deliver a number of benefits for both the consumer and our franchisees. From a consumer perspective, ordering is easier and promotional offers are more easily accessed. Franchisees benefit through store labour efficiencies and being better able to target local marketing campaigns, particularly through customer relationship management.

The results of this strategy are continuing to pay off, with total online orders in the UK 18% ahead and average order value 2.6% ahead of last year. Mobile sales continue to drive much of our success, with orders 2.7% ahead and mobile order value 2.9% ahead of last year. 14.9m customers have downloaded the app.

Despite these strong results we are striving to deliver further digital innovation in order to improve our customer experience even more.

In August 2016, Domino's launched chat-bot via Facebook Messenger, the first app allowing us to broaden our e-commerce platform from ordering to customer service.

Brand

Our brand purpose is to fuel the power of possible one pizza at a time.

The origins of this stem right back to the foundations of the brand, when Tom Monaghan challenged convention and set about delivering pizzas to customers, at a time when it was not possible to have a pizza delivered to your door. Innovation is in the very DNA of the brand, be that the invention of the spoodle (a device for applying pizza sauce quickly), or the revolutionary heat-wave bag, to the first forays into e-commerce back in 1999. We are fuelled by our desire to inspire our customers through our actions.

It also plays right into the heart of the service we provide to our customers. We recognise that Domino's has the power to bring busy families together in front of the TV on a Saturday night, provide comfort and relaxation on a lazy Sunday or that much needed downtime during the busy working week.

It also taps into the franchisee ownership of the business, how Domino's can turn drivers into shift runners, into store managers and into entrepreneurial franchisees who run multi-site retail operations.

It is underpinned by our relentless commitment to uphold our promise to our customers to handcraft every one of our pizzas just for them and to give exceptional service all the time, providing delicious tasting pizza at great value.

Domino's now enjoys dominant levels of awareness in the branded delivery/takeaway category, and market-leading levels of customer satisfaction.

Smart deployment of the national advertising fund allows us to drive growth through broadcast communication that places the brand top of mind at key occasions, to increase saliency and relevance by communicating product and service benefits. Demand is then increased through digital performance channels with more precise targeting that optimises conversion to sale by customer, and is then optimised further through our own digital, social media and CRM tools with content that engages with customers.

Product

In 2016, we launched our biggest ever refresh of our menu. The Italiano range is a range of handmade Italian inspired pizzas, that take our signature fresh dough and authentic Italian ingredients like Ventricini Salami and Prosciutto Ham with premium toppings like Roquitto Pepper Pearls and fresh Rocket leaves; alongside new sides such as Italiano Garlic Bread and a Tomato & Mozzarella Salad, with classic Italian inspired desserts like Sicilian Lemon Cheesecake and Tiramisu. Since launch we have now sold over 2 million Italiano pizzas, and reached out to a different customer base generating strong repurchase rates and comments like….“The new Italiano range is superb. My husband is not a big pizza fan but thought the Domino’s Verona pizza was the best pizza he'd ever had!”.

Franchisees

Our franchisees are some of the best entrepreneurs in the Domino’s system worldwide, and we continue to share in their success and provide the support and guidance to assist them in their future growth and ambition. The Group is committed to ensuring that they are successful, and in 2016 cash profitability improved year on year, primarily as a result of increased sales and the benign food cost environment combined with Domino’s purchasing power. This has enabled the franchisees to invest the additional profits in labour and to deliver improved service. During the year, Domino’s passed on food savings in the region of £5.0m. DPG has agreed the prices of its main food costs, except for dairy, well into the first half of 2017 and there was a negligible impact on input prices as a result of the UK’s decision to leave the EU.

Supply chain

We are particularly proud of our supply chain in the UK, which is one of the most sophisticated and efficient across the Domino’s global network. Our main facility is located at West Ashland, Milton Keynes, with a secondary plant in the North West in Penrith and satellite bases in Livingston and Bristol. We have broken ground on our new facility in Warrington, which is due to open in early 2018. Although the supply chain handled record volumes in 2016, it did so whilst improving on already excellent service levels to stores, with delivered-on-time to stores measures increasing to 99.9%.

It is our commitment to franchisees that we provide them with high quality products at low cost. Our philosophy is based on establishing long-term relationships and we are able to leverage the Group’s buying power to secure the most competitive deals with quality suppliers.

ROI

ROI delivered a good set of results, with system sales of €61.7m (2015: €56.0m) in local currency, a sterling value of £50.1m (2015: £40.7m). In local currency, sales were ahead by 10.1%, but in sterling they were 23.2% ahead, reflecting the relative strength of the euro against sterling. We operate 47 stores across the ROI with the Dublin stores performing well and benefiting from the continued economic recovery. We will be upgrading our Supply Chain Centre capability.

Our digital channels continue to improve in ROI. Online system sales were 26% ahead of 2015 and now represent 49% of total system sales, up from 43% last year. Mobile-based growth continues to drive digital adoption and now accounts for 74.4% of online system sales (2015: 68.6%).

Switzerland

We made good progress in Switzerland with strong local currency sales growth of 21.1% to CHF 20.6m (sterling 33.1% and £15.4m). Like-for-like sales were 5.8% ahead of last year in local currency, with the mature store portfolio significantly improving profitability. We had one new store opening, resulting in 16 stores at the end of 2016 (2015: 15), all of which are under corporate ownership and operation. There were discernible improvements in all operational metrics at store level, which contributed to the better financial outcome.

Underlying operating losses for the year were £1.3m (2015: £1.3m). This business broke even at EBITDA, up from a loss of £0.5m in 2015. We remain encouraged by the improving performance of our mature stores, which provides a solid footprint for the future, while focusing management attention on accelerating the maturity curve for new and immature stores.

A further major contributor to the better Swiss performance has been the progress with online ordering. The website was relaunched in January 2016 and online sales grew steadily through the year, reaching 59.9% by Q4.

Germany

The acquisition of Joey's Pizza, the largest German pizza delivery business in Germany through our associate, Daytona JV Limited, in which we hold a one-third stake, was completed on 1 February 2016. Contingent consideration was payable by the associate based on the rate at which existing franchisees signed up to become Domino’s franchisees. We are delighted to report that conversion has been very successful and consequently this was paid earlier than anticipated during H1 2016.

The investment has performed well and in line with plan, contributing £0.7m to the underlying Group profit before tax. The programme to convert Joey’s stores to Domino’s and subsequent rebranding have been a success, with all stores now converted. The Group’s share of these costs amounted to £3.1m and is included in non-underlying items.

Discontinued operations includes £8.1m income in respect of the Market Access Fee, which is the fair value of the deferred consideration payable by Domino’s Pizza Enterprises LTD (DPE) for the divestment of our German business. This becomes payable from 2017.

Nordics

On 8 June 2016, the Group acquired an interest in the Domino’s business in Norway, Sweden and Iceland for consideration of £24m payable in cash. This strategic investment means that the Group holds a 49% interest in Iceland and a 45% interest in both Norway and Sweden through direct and indirect holdings. Existing management continues to run the business and will be responsible for executing the strategy to expand further in Norway and to open up the Swedish market over the medium term. This is an exciting opportunity for us in attractive growth markets and will enable us to grow the Domino’s brand further.

Profit contribution for the 7 month investment was £0.2m.

Leadership team

During the year, we promoted our Sales and Marketing Director, Simon Wallis, to the role of Chief Operating Officer for the UK and ROI. Simon has been with Domino's for seven years, during which time he has made a major contribution to our success and the promotion is richly deserved. He is succeeded by Tony Holdway, an experienced multi-site marketing professional, who joined us in September 2016.

We also recruited a new Supply Chain Director, Peter Trundley, to replace Mike Botha. Peter Trundley has deep manufacturing and supply chain experience from roles in Masterfoods and ABF.

In addition, Robin Caley was promoted to Property & Business Development Director, succeeding Julia Poulson in July 2016.

Finally, Jane Franks, our long-serving HR Director, decided to step down after 30 years in the business. She left with our appreciation of a significant contribution to the Group. We were delighted to appoint Nadine Wyncoll as her successor. Nadine has operations and HR experience from Tesco and Dixons Carphone.

Our people

I would like to thank the Domino's team for its hard work in a most challenging year. I also want to echo the appreciation from our Chairman of the franchisee community. Our success is in large measure due to its unrelenting efforts, pride in the brand and determination to bring its vision to life.

Outlook

2016 has been a record year for system sales, and also saw us entering into a landmark investment transaction to transform our activities in Germany as well as a new partnership in the Nordics. In Switzerland, we are seeing encouraging signs of progress with the business profitable at EBITDA level. The UK and ROI business continues to set sales records, and we sold 94m pizzas in the year, averaging over 257,000 per day. We are very happy with the new store opening programme, in particular the average sales per address of these stores. We continue to exploit the opportunities of new technology to the full, with online orders now being the source of over 71.5% of our total system sales. This has been a year of significant positive change. The strength of the core business and international investments gives us the ability to build for the future. During 2017 we expect to be opening around 80 new stores in the UK, and we are investing in additional supply chain centres to ensure we can supply our new long-term store target of 1,600 UK stores and 76 stores in ROI. We look forward to the continuing success of the Swiss, German and Nordics businesses.

David Wild
Chief Executive Officer

Financial review

The Group operates across a number of territories. The key performance indicators shown below relate to continuing operations.

	25 December 2016	27 December 2015	Variance
System sales (£m)			
UK and ROI	**£988.8m**	£865.6m	14.2%
Switzerland	**£15.4m**	£11.7m	31.6%
Like-for-like sales growth			
UK	**7.5%**	11.7%	
ROI	**10.3%**	8.6%	
Switzerland	**9.3%**	5.4%	
Statutory revenue (£m)			
UK	**£323.4m**	£283.7m	14.0%
ROI	**£21.6m**	£21.4m	0.8%
Switzerland	**£15.6m**	£11.7m	32.9%
Underlying operating profit/(loss) (£m)			
UK and ROI	**£86.5m**	£74.5m	16.0%
Switzerland	**£(1.3)m**	£(1.3)m	0.0%
International Associates	**£1.0m**	—	n/a%
Underlying basic EPS (pence)	**13.8p**	11.9p	15.6%

Revenue

System store sales grew by 14.5% driven by UK like-for-like sales of 7.5%. New store openings increased to 82 bringing the total stores in operation to 1,013 at the end of the financial year (2015: 931). DPG revenues grew by £43.8m or 13.8%. The DPG revenues are driven by sales of food and non-food from our supply chain centre, royalties’ payable by franchisees and our corporate store sales in Switzerland.

Commodity prices

During 2016, we and our franchisees continued to enjoy the benefits of stable food prices, passing on the benefit of savings from supply contract negotiations for key products, to help minimise the headwind post-Brexit.

Underlying operating profit/ (loss)

Underlying profit before tax increased by 17.1% to £85.7m, reflecting higher system sales and our focus on driving efficiencies in our operating model to drive sustainable profit growth.

In the UK and ROI, underlying operating profit increased by 16.2% to £86.5m (2015: £74.5m), compared with system sales growth of 13.1%. The share of profits from our investments in UK associates and joint ventures has increased to £2.1m, up from £1.7m in 2015. We continue to view these joint operations as an excellent value generator and the opportunity to share in the full value chain of the Domino’s system.

In Switzerland the underlying operating loss was £(1.3)m (2015: £(1.3)m) with the launch of the web-site in January 2016 and continued focus on consumer offering driving underlying EBITDA in our mature stores.

Discontinued operations

The strategic investment in Germany in December 2015 resulted in the Group ceasing direct operations in this market. These results are disclosed as discontinued operations. In 2016 the total profit from the closure of the German operations was £6.7m (2015 loss of £9.6m), which includes the proceeds from the Market Access Fee (MAF) payable by DPE.

The tax impact of discontinued operations is a £2.7m charge (2015: £0.4 credit).

Interest

Net interest expense for 2016 was £0.5m (2015: £nil), and includes banking facility interest expense of £1.0m reflecting the new Revolving Credit Facility agreed in July to finance the international associates investments and future SCC capacity increases.

Taxation

The underlying effective tax rate is 20.3% (2015: 19.0%), reflecting the impact of some prior year adjustments and the decrease in the UK corporation tax rate from 21% to 20% from 6 April 2015.Statutory effective tax rate was 21.9% (2015: 21.7%) reflecting prior year adjustments relating to the German discontinued operations.

Earnings per share

Underlying basic earnings per share for the period was 13.8p, representing 15.6% growth over last year (2015: 11.9p). Underlying diluted earnings per share for the period was 13.6p, up 15.3% on the prior year (2015: 11.7p).

Statutory basic earnings per share from continuing operations for the period was 13.1p, up 10.3% on the prior year (2015: 11.9p). Statutory diluted earnings per share from continuing operations for the period of 12.9p was up 10.1% on the prior year (2015: 11.7p).

Statutory basic and diluted earnings per share from continuing and discontinued operations for the year were 14.5p (2015: 10.0p) and 14.3p (2015: 9.8p) respectively.

Cash flows and cash balance

During the year the Group invested in new international associates. In addition, there was a return to shareholders of £37.0m in dividends and £32.4m in share buybacks. This moved the cash position at the end of the period to a net debt of £(34.6)m from a net cash balance of £40.4m at the end of 2015.

Capital employed and balance sheet

Non-current assets increased from £95.7m to £181.0m, from investment in associates of £50.7m and fixed assets additions, capital expenditure on SCC facilities of £7.7m, loans to associates of £11.4m and new ERP system costs of £3.8m.

Current assets decreased from £89.7m to £75.4m. This was due to a reduction in cash and cash equivalents of £29.8m and £0.9m asset held for sale; offset by an increase in trade and other receivables of £13.6m and inventories of £3.0m.

Current liabilities increased from £71.3m to £84.8m due to a £10.0m share buy-back obligation in 2016 (2015: £nil), and £13.3m uplift in trade creditors from higher sales and increased inventory at the year end.

Total provisions decreased by £4.7m to £2.7m, which reflects the usage of prior year provisions for German closure costs.

Treasury management

In July, the Group successfully negotiated a new five-year £175m unsecured revolving multi-currency facility, with two one-year extension options and a £75m accordion mechanism. The new facility attracts a margin of 75-150bps above LIBOR and a utilisation fee at 0-30% of the margin.

The Group monitors its overall level of financial gearing on a regular basis to ensure that it remains well within its targets and banking covenants. The Group monitors its cash resources through short, medium and long-term cash forecasting. Surplus cash is pooled into an interest bearing account.

In addition, the Group has invested in operations outside the UK and also buys and sells goods and services in currencies other than sterling. As a result, the Group is affected by movements in exchange rates, the euro in particular. It is the Group's policy to mitigate these effects by agreeing fixed euro rates with its suppliers, wherever possible.

Rachel Osborne
Chief Financial Officer

Group income statement

52 weeks ended 25 December 2016

Continuing operations	Notes	**52 weeks ended 25 December 2016 Total £000**	52 weeks ended 27 December 2015 Total £000
Revenue		**360,577**	316,788
Cost of sales		**(215,719)**	(193,171)
Gross profit		**144,858**	123,617
Distribution costs		**(23,900)**	(18,949)
Administrative costs		**(37,826)**	(33,211)
		83,132	71,457
Share of post-tax (losses)/profits of associates and joint ventures		**(85)**	1,724
Operating profit		**83,047**	73,181
Finance income		**726**	362
Finance expense		**(1,250)**	(380)
Profit before taxation		**82,523**	73,163
Taxation	3	**(17,369)**	(13,874)
Profit for the period from continuing operations		**65,154**	59,289
Discontinued operations			
Profit/(loss) for the period from discontinued operations		**6,662**	(9,626)
Profit for the year attributable to owners of the parent		**71,816**	49,663
Earnings per share			
From continuing operations			
– Basic (pence)	4	**13.1**	11.9
– Diluted (pence)	4	**12.9**	11.7
From continuing and discontinued operations			
– Basic (pence)	4	**14.5**	10.0
– Diluted (pence)	4	**14.3**	9.8
Non-GAAP measure: underlying profit before taxation			
Operating profit		**83,047**	73,181
- Restructuring costs within Daytona JV Limited		**3,144**	—
Underlying operating profit		**86,191**	73,181
Net finance costs		**(524)**	(18)
Underlying profit before tax		**85,667**	73,163
Taxation		**(17,369)**	(13,874)
Underlying profit for the period from continuing operations		**68,298**	59,289

Group statement of comprehensive income

52 weeks ended 25 December 2016

	52 weeks ended 25 December 2016 Total £000	52 weeks ended 27 December 2015 Total £000
Profit for the period	**71,816**	49,663
Other comprehensive expense:		
Items that may be subsequently reclassified to profit or loss:		
Exchange gain/(losses) on retranslation of foreign operations	**7,287**	(852)
Other comprehensive expense for the period, net of tax	**7,287**	(852)
Total comprehensive income for the year attributable to owners of the parent	**79,103**	48,811

Group balance sheet

at 25 December 2016

	At 25 December 2016 £000	At 27 December 2015 £000
Non-current assets		
Intangible assets	**18,209**	12,000
Property, plant and equipment	**67,827**	58,566
Prepaid operating lease charges	**821**	1,010
Trade and other receivables	**20,962**	7,107
Net investment in finance leases	**200**	1,209
Available-for-sale financial asset	**8,050**	—
Investments in associates and joint ventures	**58,751**	7,985
Deferred tax asset	**6,133**	7,851
	180,953	95,728
Current assets		
Inventories	**9,240**	6,208
Prepaid operating lease charges	**118**	194
Trade and other receivables	**42,392**	28,747
Net investment in finance leases	**577**	774
Cash and cash equivalents	**23,091**	52,860
Assets classified as held for sale	**—**	935
	75,418	89,718
Total assets	**256,371**	185,446
Current liabilities		
Trade and other payables	**(59,425)**	(52,912)
Deferred income	**(5,553)**	(4,312)
Financial liabilities	**(668)**	(988)
Financial liabilities – share buyback obligation	**(10,000)**	—
Deferred and contingent consideration	**(1,077)**	(2,865)
Current tax liabilities	**(6,213)**	(4,151)
Provisions	**(1,457)**	(6,113)
	(84,393)	(71,341)
Non-current liabilities		
Trade and other payables	**(2,798)**	(316)
Financial liabilities	**(56,980)**	(11,450)
Deferred income	**(3,465)**	(3,334)
Deferred tax liabilities	**(360)**	(115)
Provisions	**(1,217)**	(1,215)
Total liabilities	**(149,213)**	(87,771)
Net assets	**107,158**	97,675
Shareholders' equity		
Called up share capital	**2,597**	2,606
Share premium account	**36,629**	29,155
Capital redemption reserve	**457**	425
Capital reserve – own shares	**(12,310)**	(2,238)
Currency translation reserve	**7,007**	(280)
Retained earnings	**72,778**	68,007
Total equity shareholders' funds	**107,158**	97,675

Group statement of changes in equity

52 weeks ended 25 December 2016

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Capital reserve – own shares £000	Currency translation reserve £000	Retained earnings £000	Equity shareholders' funds £000
At 28 December 2014	2,592	25,597	425	(2,238)	572	46,450	73,398
Profit for the period	—	—	—	—	—	49,663	49,663
Other comprehensive expense – exchange differences	—	—	—	—	(852)	—	(852)
Total comprehensive (expense)/income for the period	—	—	—	—	(852)	49,663	48,811
Proceeds from share issues	14	3,558	—	—	—	—	3,572
Share transaction charges	—	—	—	—	—	(8)	(8)
Tax on employee share options	—	—	—	—	—	1,580	1,580
Share options and LTIP charge	—	—	—	—	—	1,328	1,328
Equity dividends paid	—	—	—	—	—	(31,006)	(31,006)
At 27 December 2015	2,606	29,155	425	(2,238)	(280)	68,007	97,675
Profit for the period	—	—	—	—	—	71,816	71,816
Other comprehensive income – exchange differences	—	—	—	—	7,287	—	7,287
Total comprehensive income for the period	—	—	—	—	7,287	71,816	79,103
Proceeds from share issues	23	7,474	—	—	—	—	7,497
Share buybacks	(32)	—	32	(10,072)	—	(22,346)	(32,418)
Share buyback obligation	—	—	—	—	—	(10,000)	(10,000)
Tax on employee share options	—	—	—	—	—	78	78
Share options and LTIP charge	—	—	—	—	—	2,186	2,186
Equity dividends paid	—	—	—	—	—	(36,963)	(36,963)
At 25 December 2016	**2,597**	**36,629**	**457**	**(12,310)**	**7,007**	**72,778**	**107,158**

Group cash flow statement

52 weeks ended 25 December 2016

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Cash flows from operating activities		
Profit for the period	**71,816**	49,663
Income tax expense	**20,116**	13,501
Net finance costs	**524**	17
Share of post-tax losses/(profits) of associates	**85**	(1,724)
Amortisation and depreciation	**7,616**	6,779
Impairment	**—**	326
(Profit)/loss on disposal of non-current assets	**(137)**	84
Profit on disposal of direct interest in German business	**(8,050)**	—
Share option and LTIP charge	**2,264**	1,328
Increase in inventories	**(2,866)**	(1,402)
(Increase)/decrease in receivables	**(17,382)**	1,804
Increase in payables	**8,216**	5,775
Increase in deferred income	**1,338**	131
(Decrease)/increase in provisions	**(4,868)**	4,091
Cash generated from operations	**78,672**	80,373
UK corporation tax paid	**(13,588)**	(10,922)
Overseas corporation tax paid	**(2,046)**	(476)
Net cash generated by operating activities	**63,038**	68,975
Cash flows from investing activities		
Interest received	**304**	191
Dividends received from associates	**813**	490
(Increase)/decrease in loans to associates and joint ventures	**(11,012)**	542
Decrease in loans to franchisees	**1,257**	2,174
Payments to acquire finance lease assets	**(15)**	(93)
Receipts from repayment of franchisee leases	**1,206**	1,288
Purchase of property, plant and equipment	**(14,069)**	(6,763)
Deferred consideration for Domino’s Leasing Limited	**(2,884)**	(3,517)
Purchase of intangible assets	**(8,389)**	(5,267)
Receipts from the sale of other non-current assets	**2,923**	—
Investment in joint ventures and associates	**(42,803)**	—
Net cash used by investing activities	**(72,669)**	(10,955)
Cash (outflow)/inflow before financing	**(9,631)**	58,020
Cash flows from financing activities		
Interest paid	**(925)**	(278)
Issue of Ordinary share capital	**7,494**	3,572
Purchase of own shares	**(32,418)**	—
Payments under LTIP schemes	**—**	(8)
New bank loans and facilities draw down	**150,556**	5,657
Repayment of borrowings	**(107,477)**	(16,329)
Equity dividends paid	**(36,963)**	(31,006)
Net cash used by financing activities	**(19,733)**	(38,392)
Net (decrease)/increase in cash and cash equivalents	**(29,364)**	19,628
Cash and cash equivalents at beginning of period	**52,860**	33,743
Foreign exchange gain on cash and cash equivalents	**(405)**	(511)
Cash and cash equivalents at end of period	**23,091**	52,860

Notes to the Group financial statements
52 weeks ended 25 December 2016

1. Accounting policies

Basis of preparation
The Group's financial statements have been prepared in accordance with IFRSs as adopted by the European Union as they apply to the financial statements of the Group for the 52 weeks ended 25 December 2016 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 25 December 2016.

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The financial statements are prepared using historic cost basis with the exception of the available-for-sale financial assets which are measured at fair value in accordance with IFRS 13 Fair Value Measurement.

The Group financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

2. Segmental information

For management purposes, the Group is organised into four geographical business units, based on the territories governed by the MFA: the UK, Ireland, Switzerland and International Investments. These are considered to be the Group's operating segments as the information provided to the chief operating decision makers, who are considered to be the Executive Directors of the Board, is based on these territories. Revenue included in each includes all sales (royalties, Supply Chain Centre sales, rental income and finance lease income) made to franchise stores and by corporate stores located in that segment. Segment results for the Ireland segment include both the ROI and Northern Ireland as both of these territories are served by the same Supply Chain Centre.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing (including finance costs and finance revenue) and income taxes are managed on a Group basis and are not allocated to operating segments.

In 2016 the Group made significant financial investments into overseas associated undertakings. They comprise its investment in the Domino's operation in the Nordics, including Iceland, Norway and Sweden, which are managed by the same management team and new strategic associate arrangement with Domino's Pizza Enterprises in the German Domino's operation. This is the basis on which investment performance is reported to the DPG Board. For segmental purposes these are classified as 'International Investments'.

Unallocated assets include cash and cash equivalents and taxation assets. Unallocated liabilities include the share buyback obligation, bank revolving facility, bank loans, deferred consideration and taxation liabilities.

2. Segmental information *(continued)*

	At 25 December 2016 £000	At 27 December 2015 £000
Deferred tax asset	**6,133**	7,851
Cash and cash equivalents	**23,091**	52,860
Unallocated assets	**29,224**	60,711
Deferred consideration	**—**	2,865
Current tax liabilities	**6,213**	4,151
Deferred tax liabilities	**360**	115
Bank revolving facility	**56,719**	10,485
Share buyback obligation	**10,000**	—
Unallocated liabilities	**73,292**	17,616

Operating segments

	52 weeks ended 25 December 2016					52 weeks ended 27 December 2015			
	Switzerland £000	**Ireland £000**	**UK £000**	**International Investments £000**	**Total £000**	Switzerland £000	Ireland £000	UK £000	Total £000
Segment revenue									
Revenue from external customers	**15,550**	**26,003**	**319,024**	**—**	**360,577**	11,698	21,381	283,709	316,788
Results									
Segment result	**(1,300)**	**7,242**	**77,190**	**—**	**83,132**	(1,303)	5,035	67,725	71,457
Underlying share of post-tax profit of associates	**—**	**—**	**2,095**	**964**	**3,059**	—	—	1,724	1,724
Non-underlying share of post-tax losses of associates	**—**	**—**	**—**	**(3,144)**	**(3,144)**	—	—	—	—
Group operating profit	**(1,300)**	**7,242**	**79,285**	**(2,180)**	**83,047**	(1,303)	5,035	69,449	73,181
Net finance costs					**(524)**				(18)
Profit before taxation					**82,523**				73,163
Taxation					**(17,369)**				(13,874)
Profit/(loss) for the period from discontinued operations					**6,662**				(9,626)
Profit for the year attributable to owners of the parent					**71,816**				49,663
Other segment information									
Depreciation	**1,535**	**122**	**3,289**	**—**	**4,946**	707	105	2,482	3,294
Amortisation	**34**	**18**	**2,618**	**—**	**2,670**	302	16	2,714	3,032
Share-based payment charge	**126**	**—**	**2,060**	**—**	**2,186**	45	—	1,218	1,263
Entity-wide disclosures									
Royalties, corporate store sales	**—**	**25,099**	**301,355**	**—**	**326,454**	—	20,675	267,777	288,452
Corporate store sales	**15,550**	**—**	**—**	**—**	**15,550**	11,698	—	—	11,698
Rental income on leasehold and freehold property	**—**	**904**	**17,587**	**—**	**18,491**	—	705	15,786	16,491
Finance lease income	**—**	**—**	**82**	**—**	**82**	—	—	147	147
	15,550	**26,003**	**319,024**	**—**	**360,577**	11,698	21,380	283,710	316,788
Assets									
Segment current assets	**1,064**	**2,311**	**48,672**	**—**	**52,047**	901	1,132	33,839	35,872
Segment non-current assets	**11,856**	**3,256**	**81,452**	**11,456**	**108,020**	9,672	1,960	68,160	79,792
Equity accounted investments	**—**	**—**	**11,933**	**46,818**	**58,751**	—	—	7,985	7,985
Total segment assets	**12,920**	**5,567**	**142,057**	**58,274**	**218,818**	10,573	3,092	109,984	123,649
Unallocated assets					**29,224**				60,711
Assets relating to discontinued operations					**8,329**				1,086
Total assets					**256,371**				185,446
Liabilities									
Segment liabilities	**2,796**	**4,763**	**64,358**	**1,077**	**72,994**	1,615	1,612	60,253	63,480
Unallocated liabilities					**73,292**				17,616
Liabilities relating to discontinued operations					**2,927**				6,675
Total liabilities					**149,213**				87,771
Additions to non-current assets									
Property, plant and equipment	**2,820**	**1,072**	**10,516**	**—**	**14,408**	3,482	100	1,963	5,545
Intangible assets	**59**	**—**	**8,330**	**—**	**8,389**	87	—	4,956	5,043
Prepaid operating lease charges	**—**	**—**	**—**	**—**	**—**	—	—	156	156
	2,879	**1,072**	**18,846**	**—**	**22,797**	3,569	100	7,075	10,744

* The Group made financial investments in its associated undertaking in Germany and the Nordics (comprising Iceland, Norway and Sweden) during 2016. There are no corresponding amounts in 2015.

Major customers

Annual revenue from two franchisees amounted to £76,906,000 (2015: £50,153,000) and £67,409,000 (2015: £54,864,000) respectively, arising from sales reported in the United Kingdom segment.

3. Taxation

(a) Tax on profit on ordinary activities

	Continuing operations		Discontinued operations		Total	
	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000	**52 weeks ended 25 December 2016 £000**	52 weeks ended 27 December 2015 £000	**52 weeks ended 25 December 2016 £000**	52 weeks ended 27 December 2015 £000
Tax charged in the income statement						
Current income tax:						
UK corporation tax:						
– current period	**15,544**	13,026	**1,756**	(986)	**17,300**	12,040
– adjustment in respect of prior periods	**304**	(546)	**(354)**	(1,015)	**(50)**	(1,561)
	15,848	12,480	**1,402**	(2,001)	**17,250**	10,479
Income tax on overseas operations	**618**	430	**864**	919	**1,482**	1,349
Total current income tax charge/(credit)	**16,466**	12,910	**2,266**	(1,082)	**18,732**	11,828
Deferred tax:						
Origination and reversal of temporary differences	**598**	994	**390**	23	**988**	1,017
Effect of change in tax rate	**296**	375	**130**	62	**426**	437
Adjustment in respect of prior periods	**9**	(405)	**(39)**	624	**(30)**	219
Total deferred tax	**903**	964	**481**	709	**1,384**	1,673
Tax charge/(credit) in the income statement	**17,369**	13,874	**2,747**	(373)	**20,116**	13,501
The tax charge/(credit) in the income statement is disclosed as follows:						
Income tax expense/(credit)	**17,369**	13,874	**2,747**	(373)	**20,116**	13,501
Tax relating to items credited/(charged) to equity						
Reduction in current tax liability as a result of the exercise of share options	**617**	584	**—**	—	**617**	584
Origination and reversal of temporary differences in relation to unexercised share options	**(539)**	996	**—**	—	**(539)**	996
Tax credit in the Group statement of changes in equity	**78**	1,580	**—**	—	**78**	1,580

There is no tax impact in relation to the foreign exchange differences in the statement of comprehensive income.

4. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would have been issued on the conversion of all dilutive potential Ordinary shares into Ordinary shares.

Earnings

Continuing operations	**52 weeks ended 25 December 2016 £000**	52 weeks ended 27 December 2015 £000
Profit attributable to owners of the parent	**65,154**	59,289
Non-underlying items included in operating profit		
– Amounts included within share of post-tax result of associates and joint ventures	**3,144**	—
Underlying profit attributable to owners of the parent	**68,298**	59,289
Continuing and discontinued operations		
Continuing operations profit attributable to owners of the parent	**65,154**	59,289
Discontinued operations profit/(loss) attributable to owners of the parent	**6,662**	(9,626)
Total profit attributable to owners of the parent	**71,816**	49,663

Weighted average number of shares

	At 25 December 2016 Number	At 27 December 2015 Number (restated)
Basic weighted average number of shares (excluding treasury shares)	**496,496,866**	498,204,716
Dilutive effect of share options and awards	**7,453,287**	6,399,881
Diluted weighted average number of shares	**503,950,153**	504,604,597

The performance conditions relating to share options granted over 2,380,181 shares (2015: 1,894,686) have not been met in the current financial period and therefore the dilutive effect of the number of shares which would have been issued at the period end have not been included in the diluted earnings per share calculation.

There are no share options excluded from the diluted earnings per share calculation because they would be antidilutive (2015: nil).

At the Annual General Meeting held on 20 April 2016, a resolution was tabled and passed to subdivide the 256,000,000 Ordinary shares of 1.5625p each, both issued and unissued, into 768,000,000 Ordinary shares of 25/48ths of a penny each. Comparatives have been adjusted to show an accurate position.

4. Earnings per share (continued)

Continuing operations	**52 weeks ended 25 December 2016**	52 weeks ended 27 December 2015 (restated)
Basic earnings per share	**13.1p**	11.9p
Diluted earnings per share	**12.9p**	11.7p
Underlying earnings per share:		
Basic earnings per share	**13.8p**	11.9p
Diluted earnings per share	**13.6p**	11.7p
Discontinued operations		
Basic profits/(losses) per share	**1.3p**	(1.9p)
Diluted profits/(losses) per share	**1.3p**	(1.9p)
Continuing and discontinued operations		
Basic earnings per share	**14.5p**	10.0p
Diluted earnings per share	**14.3p**	9.8p

5. Dividends paid and proposed

	52 weeks ended 25 December 2016 £000	52 weeks ended 27 December 2015 £000
Declared and paid during the year:		
Equity dividends on Ordinary shares:		
Final dividend for 2015: 3.92p (2014: 3.23p)	**19,533**	16,039
Interim dividend for 2016: 3.50p (2015: 3.00p)	**17,430**	14,967
Dividends paid	**36,963**	31,006
Proposed for approval by shareholders at the AGM (not recognised as a liability at 25 December 2016 or 27 December 2015)		
Final dividend for 2016: 4.50p (2015: 3.92p)	**22,249**	19,513

Dividends per share have been restated to reflect the subdivision of shares in the year. At the Annual General Meeting held on 20 April 2016, a resolution was tabled and passed to subdivide the 256,000,000 Ordinary shares of 1.5625p each, both issued and unissued, into 768,000,000 Ordinary shares of 25/48ths of a penny each. Comparatives have been adjusted to show an accurate position.

6. Additional cash flow information

Analysis of Group net debt

	At 27 December 2015 £000	Cash flow £000	Exchange differences £000	Non-cash movements £000	**At 25 December 2016 £000**
Cash and cash equivalents	52,860	(29,364)	(405)	—	**23,091**
Bank revolving facility	(10,485)	(44,200)	(1,840)	(194)	**(56,719)**
Finance leases	(45)	(36)	9	—	**(72)**
Other loans	(1,908)	1,051	—	—	**(857)**
Net cash/(debt)	40,422	(72,549)	(2,236)	(194)	**(34,557)**

	At 28 December 2014 £000	Cash flow £000	Exchange differences £000	Non-cash movements £000	At 27 December 2015 £000
Cash and cash equivalents	33,743	19,628	(511)	—	52,860
Bank revolving facility	(5,447)	(4,698)	(287)	(53)	(10,485)
Bank loans	(15,000)	15,000	—	—	—
Finance leases	(60)	13	2	—	(45)
Other loans	(2,278)	370	—	—	(1,908)
Net cash/(debt)	10,958	30,313	(769)	(53)	40,422
Other loans	—	—	—	—	—
Net cash/(debt)	10,958	30,313	(769)	(53)	40,422