26 February 2015

DOMINO'S PIZZA GROUP plc
PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 28 DECEMBER 2014

"Growth in online ordering, new store performance and franchisee profitability drives record results"

Domino's Pizza Group plc ("Domino's" the "Company" or the "Group"), the leading pizza delivery company, announces its results for the 52 weeks ended 28 December 2014.

Financial Highlights

- System sales[1] increased by 14.6% to £766.6m (2013: £668.8m)
- Underlying[2] profit before tax, of £54.8m, up 15.1% (2013: £47.6m)
- Like-for-like sales[3] growth of 11.3% in 724 UK mature stores (2013: 7.0% in 670 mature stores)
- Underlying profit before tax for UK & ROI increased by 14.3% to £63.1m (2013: £55.2m)
- Underlying earnings per share:
    - Diluted earnings per share up 10.5% to 26.4p (2013: 23.9p)
    - Basic earnings per share up 10.8% to 26.6p (2013: 24.0p)
- Statutory operating profit up at £54.0m (2013: £20.4m)
- Statutory basic earnings per share up at 25.9p (2013: 10.7p)
- Final dividend increased by 10.1% to 9.69p per share (2013: 8.80p) bringing the total dividend for the year to 17.50p per share up 10.1% (2013: 15.90p)
- 44 new stores opened in the period (2013: 57 stores) with eight closures (2013: four) resulting in a total of 894 stores in four countries as at 28 December 2014
- UK & ROI online system sales increased by 30.2% to £440.0m (2013: £338.0m) with online sales accounting for 69.4% of UK & ROI delivered sales (2013: 61.5%). Of this, 44.2% of online orders were taken through a mobile device (2013: 30.9%)
- Strong balance sheet with an adjusted net cash position[4] of £11.0m (2013: adjusted net debt of £13.6m)

Current Trading

Like-for-like sales in the first eight weeks of 2015 are as follows:

UK (£)	9.5%
ROI (€)	4.8%
Germany (€)	0.1%
Switzerland (CHF)	7.7%

Commenting on the results, Chief Executive Officer, David Wild, said:

"It has been another strong year for Domino's, particularly in our core UK market, confirming the strength of our customer offer. Both UK like-for-like sales and new store performance were excellent and this has largely been driven by our sector-leading e-commerce initiatives. Our renewed focus on franchisee profitability has also provided an impetus to continued growth.

Outside the UK, we are pleased with progress in Ireland and Switzerland, both of which showed improvement. In Germany, there remains much work to do, but underlying losses have reduced, in the second half and we remain optimistic about the opportunity in this market.

These results are a tribute to the entire Domino's team, including the franchisees and their colleagues, who work in the stores and served our customers with more than 75 million pizzas during 2014. I would like to thank them for their amazing efforts.

We look forward with continued optimism. We have a great brand and a strong plan; the year has started promisingly, but there are tough comparators to beat, so we will not get complacent and will continue to ensure Domino's remains the Number One pizza brand in the UK."

1 *Total sales made by all franchisee and corporate stores in the UK, Republic of Ireland, Germany and Switzerland to the public. It is not revenue attributable to Domino's as it is derived mainly from stores owned by franchisees*
2 *Underlying is defined as excluding amounts in relation to onerous leases, impairments, acquisition of joint ventures, associates and subsidiaries, and other restructuring and one-off items, as reconciled on the income statement*
3 *Like-for-like sales are sales in UK stores that were open before 2013 compared to the corresponding 52 week period in the prior year*
4 *Excludes Domino's Leasing Limited's and the non-controlling shareholder loan in Germany in 2013*

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A presentation to analysts will be held at 09.30 on 26 February 2015 at The Lincoln Centre. To register for attendance please contact Naomi Lane at MHP Communications on Naomi.Lane@mhpc.com.

Notes to Editors:

Domino's Pizza Group plc is the leading player in the fast-growing pizza delivery market and holds the exclusive master franchise to own, operate and franchise Domino's Pizza stores in the UK, Republic of Ireland, Germany, Switzerland, Liechtenstein and Luxembourg. The first UK store opened in Luton in 1985 and the first Irish store opened in 1991. In April 2011, the Group acquired a majority stake in the exclusive master franchise to own, operate and franchise Domino's Pizza stores in Germany. In September 2012, the Group acquired the master franchise for Switzerland, Luxembourg and Liechtenstein and an option to acquire the Master Franchise Agreement in Austria prior to the end of 2014, which was not exercised. On 26 February 2014, the Group acquired the remaining non-controlling interest of the German business

As at 28 December 2014, there were 894 stores in the UK, Republic of Ireland, Germany and Switzerland. Of these, 696 stores are in England, 56 are in Scotland, 36 are in Wales, 22 are in Northern Ireland, one is on the Isle of Man, two are mobile units, 48 are in the Republic of Ireland, 22 are in Germany and 11 are in Switzerland.

Founded in 1960, Domino's Pizza is one of the world's leading pizza delivery brands. Through its primarily franchised system, Domino's Pizza operates a global network of more than 11,000 Domino's Pizza stores in over 70 international markets. Domino's Pizza has a singular focus – the home delivery of pizza, freshly made 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, in Germany at www.dominos.de and in Switzerland 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 www.dominos.uk.com, contact the Domino's Press Office on +44 (0)1908 580732, or call MHP on +44 (0)20 3128 8100.

Chairman's statement

This is another set of excellent financial results, having achieved record sales and profit growth together with strong cash flow. The Group has delivered very solid underlying profit before tax of £54.8m, representing excellent growth in our core markets of the UK and Republic of Ireland ("ROI") which are up 14.3% against last year, but partially offset by losses in Germany of £7.3m.

In 2015, we celebrate 30 years since the Company opened its first store in the UK, and we are proud to be recognised as one of the leading territories in the Domino's worldwide system, having continuously exceeded UK growth expectations and new store openings year after year.

At the heart of the Group's story in 2014 is some very powerful growth in our core UK market, where like-for-like sales growth accelerated to 11.3% (2013: 7.0%), confirming our status as one of the strongest growth stories on the UK high street. This strong performance was driven by a broad mix of activities, including investment into digital sales, innovative new product development and targeted incentives for franchisees to accelerate their order counts.

I am delighted to report that ROI has had a sustained recovery. After the economic crisis, we have now seen eight consecutive quarters of sales growth and are encouraged by the progress made. During the year, like-for-like sales were up 4.3% with all regions showing positive sales growth. Mobile sales have more than doubled in the last two years and they now represent almost 50% of online sales.

Our German business has continued to have a difficult year with like-for-like sales down 4.9%, as we change our operating framework and focus on developing a store level economic model that is attractive to franchisees. During the year, we rationalised our overhead spend, reduced local marketing spend to more appropriate levels and lowered food costs. We have also focused on our financial reporting to ensure that we have better oversight of business performance. Due to poor performance, we closed four stores, but opened three new stores which are all performing well.

Switzerland's like-for-like sales were up 4.7% (2013: 5.4%) with total system sales up 8.0% (2013: -5.0%) in local currency. During the year, we opened one new store, relocated one store in Zurich, and strengthened the management team. In the final quarter of 2014, the business in Switzerland broke even, and is well positioned to become a valuable contributor to Group profits going forward.

We have decided not to renew our option to acquire the master franchise agreement for Austria.

Dividend

The Board recommends a final dividend for 2014 of 9.69p (2013: 8.80p) per share. This is a 10.1% increase on the final dividend for the prior year. Together with the interim dividend of 7.81p per share paid on 5 September 2014, the total dividend for the year will be 17.50p per share, representing an increase of 10.1% on the dividend paid for the prior year (2013: 15.90p). The full year dividend is 1.5 times covered by underlying profits after tax (2013: 1.5 times). Subject to receiving shareholder approval at the Annual General Meeting on 21 April 2015, the final dividend will be paid on 27 April 2015 to shareholders on the register at the close of business on 6 March 2015.

Our People

I continue to praise our franchisees, who are at the heart of everything we do. I am delighted to see so many of our long standing franchisees thriving with increased profitability, and continuing to open new stores. Day and night they are out there, focused on product, service and image, always seeking to ensure customers get what they want, and I am grateful to them all.

I would also like to thank our employees for their hard work and dedication to help make us the number one pizza company in every neighbourhood in which we operate.

Board changes

The Board has undergone significant change in 2014 in pursuit of creating a Board structure that has the skills and experience to positively drive the business forward.

Chief Executive Officer, David Wild, joined the Board in November 2013, initially as a non-executive Director. In January 2014, he was appointed as Interim Chief Executive Officer following the resignation of Lance Batchelor. David was appointed as Chief Executive Officer in April 2014.

Chief Financial Officer Sean Wilkins resigned on 20 January 2015 having helped David drive the growth of the business by delivering a strong increase in our UK like-for-likes. The process for finding a new Chief Financial Officer is well advanced and the Board looks forward to updating the market in the near future.

Outlook

2014 was a year of great progress and achievement. During the year, the UK and ROI sold, on average, over 1.4 million pizzas each week. With the improving strength of e-commerce, mobile technology and online penetration, we regularly break internal weekly sales records, and together with our aim to further expand the number of UK based stores, the business has never looked in better health. We therefore look forward to seeing continued Group growth for many more years to come.

Stephen Hemsley

Chairman
26 February 2015

Chief Executive Officer's statement

I am delighted to present my first Chief Executive Officer's statement since being appointed in April 2014.

2014 was an excellent year for the Company, building on our established platforms for growth and benefitting from the economic recovery in our core UK market. A recognition that franchisee profitability is a critical component of our success and a renewed focus to enhance this has been a feature of the way in which the business has been managed in the past 12 months.

Alongside the focus on franchisee profitability, 2014 has also been marked by the ongoing rapid growth of e-commerce within the business as well as the strong performance of the new stores we are opening across the UK. These areas of growth, on which we will continue to focus, provide confidence that the momentum can be maintained into the future.

Strategy

The strategy for our business is simple and clear. We aim to be the number one pizza company in each neighbourhood in which we operate, through a commitment to offering the best product, service and quality to our customers.

We have a very strong network of franchisees who execute the strategy locally. We support them with:

- an efficient, low-cost supply chain to help drive down costs;
- innovative product development;
- world-class marketing and e-commerce initiatives;
- audits that maintain standards; and
- property management, including new store development.

We have a highly developed and successful business in the UK and ROI. We have the opportunity to develop a strong position in Germany and Switzerland, where, although our operations are very immature, we are rapidly gaining experience.

Store Network

The Group opened 44 stores and now operates 894 stores across our four markets. Our store numbers by country at the end of 2014 were: UK – 813; ROI – 48; Germany – 22; and Switzerland – 11.

We are particularly pleased with the performance of our new UK stores; in 2014 we opened successfully in smaller territories and are confident that our model generates a profitable return for franchisees in lower address count communities. This gives further confidence that our long-term target of 1,200 UK outlets is achievable over the coming years.

Technology

High quality information technology is key to running our business successfully, both in providing efficient systems for franchisees in the stores and e- and m-commerce, which enables customers to order our pizzas easily. We have achieved significant progress in both areas in 2014, with an emphasis on accelerating our growth in online ordering. Our focus on this strategy has led to record sales, profits and cash generation in 2014. In the UK in 2014, 53.3% of total orders were made by customers online, up from 47.2% in 2013. Expressed as a total of delivered orders, e-commerce customers represented 70.6%.

During 2014, we enhanced our mobile app and launched a new website. The changes, coupled with further diversion of marketing funds from conventional media into digital, drove significant growth in our online sales. Customers who shop online have a higher rate of conversion, buy from us more frequently, spend more per visit, hold the brand in high regard and are less costly for our franchisees to service.

By the end of 2014, 8.2m customers had downloaded our app, up from 3.2m at the start of the year.

One recent example of innovation in technology has been a joint project with Microsoft to enable gamers to order a pizza from an Xbox console. This was groundbreaking in the UK and is an example of the business embracing new channels to make it easier for customers to buy whilst they are enjoying another activity.

The rapid progress we have made in e-commerce means that we are already the clear leader amongst quick service restaurant operators in digital. We plan an aggressive programme of further investment in 2015 to strengthen our position.

Supply Chain

Our UK supply chain is one of the most sophisticated and efficient throughout the Domino's worldwide system. We operate two Supply Chain Centres: our main facility in Milton Keynes, where our Head Office is based, and a secondary plant in Penrith. Both of these handled record volumes in 2014, and we are now actively planning a third unit, which we expect to be located to the west of Manchester and plan to open in early 2017.

In ROI, we have a Supply Chain Centre in Naas, just outside Dublin. This services the stores in Northern Ireland, as well as those in ROI. Our German units are supplied from a Supply Chain Centre in Berlin, and in Switzerland, we have a long-term contract with a producer and distributor to service our growing network.

It is critical to our business that we provide excellent service to stores from these centres and we achieved record service levels in 2014.

Success in the Supply Chain Centres depends on supplier partners providing us with consistent quality products. Our philosophy is to enter long-term relationships, which ensures that they benefit from our growth. The added bonus from this approach is that we are able to give our franchisees not only low food costs, but also medium-term certainty of pricing, enabling them to plan their businesses and pricing effectively. We are also able to compare prices and pool supply to guarantee that we are minimising costs in our smaller markets.

Marketing

We launched our "Greatness" campaign in September 2013. During 2014, this was the focus of our above-the-line investment, providing an umbrella to our advertising, whether it was strategic and brand-building or tactical to highlight our national promotion offers.

As mentioned earlier, more of our National Advertising Fund was deployed in digital in 2014. The information available from the data analytics for online spend is a powerful tool in ensuring that investment is appropriately targeted. Equally, our website is always up to date with the latest offers and menu choices, which together with the appetising presentation of the product, makes selection easier.

Local store marketing continues to be an important component of our mix, allowing franchisees to respond to individual store or community opportunities effectively.

Our continued sponsorship of the X-Factor app has been successful and ensures brand salience during the key weekend evening slots. The 2014 season was a successful one with a record 2.6m downloads of the app.

Product Development

During 2014, we continued to innovate in pizzas with the Carnivale range launched in late spring to coincide with the interest in everything Brazilian during the football World Cup. We also launched a new Domino's Stuffed Crust product, using cheese and smoky bacon. In ROI, where Domino's Stuffed Crust has not been a success, we introduced a pan pizza product, learning from the impact that this has had in the US.

We also launched some great new sides, most notably nachos, to reflect our increasing wish to broaden customers' menu options.

Finally, our Q4 launch was hot doughnuts, extending our dessert offer and providing a unique and popular choice for customers.

UK

The UK business achieved sales growth of 16.0% including 11.3% like-for-like. This was a strong and pleasing performance, which reflects not only the strength of the business, but also the opportunity for further expansion.

During 2014, we opened 40 stores in the UK. These units performed very well, achieving average weekly unit sales ('AWUS') of £13,555, 6.9% better than those opened the previous year. Equally encouraging was the performance of the immature stores opened in 2013. On average their AWUS was £13,279, 27.9% better than the 2012 cohort delivered the previous year.

Part of our success in 2014 can be attributed to recovery in the UK economy, as well as the benefits of an effective football World Cup campaign. The sales growth was boosted especially by the continued stream of family meal bundles and the execution of our e-commerce programmes described above.

ROI

2014 was another year of recovery within our Irish business. The country was badly hit by the global economic crisis and the customers in ROI suffered a dramatic reduction in spending power and sales dropped sharply as a result. We have now seen two years of growth and the Dublin market is demonstrably stronger than the rest of the country.

We have dedicated programmes of activity in marketing and product development for ROI. This includes sponsorship of "The Big Big Movie" on RTE and the launch of pan pizza amongst other initiatives.

Online participation in ROI has been significantly lower than the UK, but the launch of a specially adapted version of the new UK website has led to a dramatic improvement in performance. Our mobile app has proved particularly popular with Irish customers.

We are optimistic that we will see new store opportunities in ROI in 2015.

Germany

2014 was a year of change in Germany as we implemented a new strategy. We opened three new stores and closed four underperforming outlets. We started the year believing that a transition from corporate stores to a franchise model was appropriate. It became clear, however, that until viable store level economics are established, the losses associated with operating in this market are unsustainable for franchisees. Equally, it became evident that UK franchisees, accustomed to a more liberal and lower-cost labour environment, could not adjust their model to the German market and three left the network, leaving just one remaining. At the half-year, we reported a write-off against accounts receivable relating to under-performing franchisees of €2.5m. This was not repeated in the second half.

Overheads in Germany were reduced early in the year as we sought to focus on store level economics rather than rapid expansion. Additionally, we leveraged capability from the core UK business to improve effectiveness in the key areas of marketing, supply chain, IT and finance.

A challenge in Germany has been the historic widening of delivery areas to boost sales. Whilst this is superficially attractive, the delivery and local marketing costs associated with this are punitive and ultimately, pizza quality suffers. We have now rationalised and are servicing manageable territories and, in some stores, we have seen a sales impact.

At the end of 2014, there were 22 stores in Germany, of which 11 were corporate and 11 were franchised. We plan a modest opening programme in 2015 as we continue to focus on creating attractive store-level economics prior to a significant roll-out.

In preparation for the introduction of the national minimum wage in Germany, we raised remuneration for colleagues in corporate stores and have invested significantly in training. More work is required in this area and labour scheduling continues to be an opportunity.

Our menus have improved with new pizza toppings being regularly introduced. We have also launched a range of pasta in line with other German competitors.

Overall, sales performance in Germany has disappointed, albeit there was some modest improvement towards the end of the year.

The financial performance continues to be a concern, but losses narrowed sharply in the second half, compared to 2013 and we expect this trend to continue into 2015.

Switzerland

The integration of the Swiss master franchise, acquired in September 2012, continued in 2014. This is a corporate store market and we have no immediate plans to introduce sub-franchisees.

Switzerland had a slow start to 2014, in part, due to mild weather which suppressed sales.

From Q2 however, we saw a steady improvement in inter-year sales growth.

The store network has been improved significantly, with one major re-model, two relocations, which have raised sales substantially, and one new store. In 2015, we plan a further two relocations and four new stores.

Revenue costs associated with the network improvements depressed profitability by CHF 0.2m and additional depreciation of CHF 0.2m was charged in the year, but the benefits associated with the enhancements will continue in the years ahead.

We have introduced a steady stream of new products in Switzerland, including mazubi pizza, which features a cream spinach base, developed in collaboration with Migros, Switzerland's most important retailer. We have also improved our salad quality and introduced single-serve desserts in the form of brownies, which were especially popular with the carry-out customers.

A major initiative in the market was the introduction of e-scooters, which significantly reduce delivery costs and are more environmentally friendly. The scooters have been well received by the public officials in Switzerland because they have lower noise pollution, and we received a grant from the energy department to support the investment.

During the year, we seconded a very experienced UK operator to Switzerland to improve store-level execution. Through the implementation of new scheduling systems, we have shortened delivery times to customers and reduced store payroll. We also rationalised Head Office costs. We continue to seek benefits from closer management of our price lists, leveraging the power of purchasing from the UK and ensuring we are appropriately competitive.

We have been disappointed with our digital performance in Switzerland and plan to replace our current website later in 2015. Online participation in the market is very low compared to others and we see opportunity for material up-side in the future from this change.

Future Prospects

We have entered 2015 with a strong plan and a high degree of confidence around its successful outcome. The UK business is performing strongly and consistently ranks highly against other Domino's countries around the globe. Both the franchisees and my Head Office colleagues are proud to be the largest non-US market and are excited about the future growth potential.

David Wild

Chief Executive Officer
26 February 2015

Financial review

The Group's financial statements for the 52 weeks ended 28 December 2014 ("the period") have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the EU, as were the results for the comparative period last year.

Financial highlights

Our core market in the UK and ROI delivered an excellent set of results against strong comparatives in 2013, with system sales growing by 14.9% (2013: 12.0%) and like-for-like sales growth in the UK of 11.3% (2013: 7.0%) and in the ROI (in euros) of 4.3% (2013: 6.0%). We continued our store opening programme in the period and opened a further 40 stores in the UK.

Online sales now represent 69.4% of all delivered sales (2013: 61.5%), with mobile sales increasing by 95.7% to account for 44% of the total.

The Group faced high commodity prices going into 2014 which softened during the course of the year. In particular, milk prices fell as a result of increased production both across the EU, partly as a result of the ban on imported goods into Russia, and globally. The Group also benefitted from the impact of favourable wheat harvests, which in turn contributed to lower feed and meat prices. As a result, we were able to pass on food price reductions to our franchisees in the second half of the year with a positive impact on franchisee profitability. At H1 2014 we reported an annualised increase in the average store food basket of 3.4%. For the full year this reduced to a decrease of 0.6%. We continue to work hard to optimise the impact of commodity prices on the Group's margins and franchisee margins by working closely with our suppliers and ensuring that we utilise our strong relationships with them.

Performance in ROI was consistent, continuing to build on the recovery shown in the prior year. Stable like-for-like growth continues to be an area of focus and we are continuing to drive a successful marketing strategy, leveraging successes in the UK, especially in the digital arena.

Our business in Germany has had a challenging year, with system sales growing by 5.6% in local currency to €10.9m (2013: €10.4m) and like-for-like sales decreasing 4.9% (2013: increasing 14.7%). This was partly the result of reducing marketing spend to sustainable levels and rationalising delivery areas for certain stores. During the year three new stores were opened and four were closed, leaving a total of 22 stores at the end of 2014. Our focus in Germany is on establishing viable store level economics, which will ensure that the model is attractive to both existing and new franchisees. As we continue to work on this the market remains challenging for franchisees and by the end of the year we had increased our corporate store holding from seven to 11 through the acquisition of the remaining shares in one of our joint ventures. We intend to take full control of the remaining jointly controlled store in early 2015 and, in addition, a further corporate store was acquired from a franchisee in 2015.

Germany's operating loss for 2014 was £7.3m (2013: £7.0m), including a further charge against accounts receivable in H1 2014. The second half of the year showed a significant improvement on the comparative period in 2013 at a loss of £2.6m (2013: loss of £3.8m) as management actions around improving store economics in the corporate stores combined with reducing central overheads gained some traction.

In Germany approximately 65% of our food basket is purchased using volume deals that we have in place for the UK and as such, food prices in our German business are following a similar pattern to the UK.

In our Swiss operation sales were slow at the start of the year, impacted by both the weather and a delay in the store opening programme. Despite this the business delivered like-for-like sales growth of 4.7% (2013: 5.4%). Profitability was also affected by costs associated with our store relocation and refurbishment programme and the operating loss for the year was £1.0m (2013: £0.6m). However, we are pleased to report that the fourth quarter was break-even, the result of increased sales, improved cost control in the stores and rationalisation of overhead. We opened one new store during the year and relocated two stores, meaning that a total of 11 stores were open at the end of 2014 (2013: 10).

Overall, the Group has delivered a strong set of results for 2014 with significant increases in system sales, Group revenue, underlying profit before tax and underlying diluted earnings per share. The table below highlights this growth.

	52 weeks ended 28 December 2014	52 weeks ended 29 December 2013	Variance	
Group results				
System sales	£766.6m	£668.8m	£97.8m	14.6%
Group revenue	£294.4m	£266.8m	£27.6m	10.3%
Underlying operating profit	£55.5m	£47.9m	£7.6m	15.7%
Underlying PBT	£54.8m	£47.6m	£7.2m	15.1%
Underlying diluted EPS	26.4p	23.9p	2.5p	10.5%
Underlying operating profit % of Group revenue	18.9%	17.8%		
Underlying PBT % of system sales	7.1%	7.1%		
UK & ROI Results				
System sales	£748.2m	£650.9m	£97.3m	14.9%
UK & ROI revenue	£279.1m	£250.7m	£28.4m	11.3%
Underlying operating profit	£63.8m	£55.6m	£8.2m	14.9%
Underlying PBT	£63.1m	£55.2m	£7.9m	14.3%
Underlying operating profit % of UK & ROI revenue	22.3%	22.2%		
Underlying PBT % of system sales	8.4%	8.5%		

Underlying Group earnings before interest, taxation, depreciation and amortisation ("underlying EBITDA") were up 14.2% at £61.3m (2013: £53.7m), again demonstrating the strong cash generative nature of the Domino's model. As a result of this strong performance the Board is proposing to increase the final dividend by 10.1% to 9.69p (2013: 8.80p) and, together with the interim dividend of 7.81p (2013: 7.10p), total dividends of 17.50p (2013: 15.90p) will represent an increase of 10.1% on the prior year.

Underlying Group profit before tax was £54.8m (2013: £47.6m). Statutory Group profit before tax was £53.8m (2013: £21.6m).

At 28 December 2014, the Group had cash and cash equivalents of £33.7m (2013: £31.6m), total debt has reduced to £22.7m (2013: 47.2m) as a result of repaying some of our borrowings, and consolidated adjusted net cash of £11.0m (see note 8) (2013: net debt of £13.6m). Adjusted net cash or debt excludes non-recourse loans and non-controlling shareholder loans in 2013. The Group has substantial headroom against its banking covenants and is in a very strong financial position with low levels of financial leverage.

The ratio of underlying profit before tax as a percentage of system sales (excluding the loss of the German and the Swiss operations), a key ratio that highlights the strength of the underlying operational gearing of the business, remained in line with prior year at 8.4% (2013: 8.5%). This has been managed by continuing focus on and tight control of our cost base, close management of procurement costs and operational efficiencies across the business.

Group system sales

Group system sales increased by 14.6% to £766.6m (2013: £668.8m). The main drivers of this growth were:

- like-for-like sales growth of 11.3% in 724 UK mature stores (2013: 7.0% in 670 mature stores);
- buoyant e-commerce sales in the UK, growing by 30.6% to £425.3m (2013: £325.8m), supported by continued investment and innovation in the online marketing arena;
- 44 (2013: 57) new store openings across all territories; and
- successful new product development activity.

Commodity prices

For the full year 2014 the average store food basket saw a year-on-year decrease of 0.6% over 2013. This was driven by record-high cheese prices in the last quarter of 2013 carrying over into the first half of 2014. During the year the food cost environment turned more benign and we have been able to pass on the benefit of these price decreases to our franchisees and improve their profitability. Food costs remain benign going into 2015.

Net interest charge

The net interest charge for the year, including the non-cash impact of £0.5m (2013: £0.2m) arising on the unwinding of discounts in relation to deferred consideration for Domino's Leasing Limited and the provisions for onerous leases, was £1.4m (2013: £0.6m).

Operating profit/ (loss)

The Group operates in the UK, ROI, Germany and Switzerland, the results of which are disclosed in the segmental reporting note (note 2):

Table of segmental underlying operating profit/(loss) excluding share of associates				
Segment	52 weeks ended 28 December 2014	52 weeks ended 29 December 2013	Variance	
UK	£57.7m	£50.4m	£7.3m	14.5%
ROI	£5.0m	£4.5m	£0.5m	11.1%
Germany	£(7.3)m	£(7.0)m	£(0.3)m	(4.2)%
Switzerland	£(1.0)m	£(0.6)m	£(0.4)m	(66.6)%
Group	£54.4m	£47.3m	£7.1m	15.0%

The market in the UK has seen further steady growth in underlying operating profits of 14.5% as a result of a continued push to open new stores (40 in the year) along with a robust operational model supporting strong operational gearing.

ROI delivered a consecutive year of steady like-for-like sales growth which resulted in a positive contribution as set out in the segmental results.

The operating loss in Germany was similar to last year at £7.3m (2013: £7.0m) with performance towards the end of the financial year improved after benefitting from the results of management action taken earlier in the year.

Our Swiss operation contributed an operating loss for the year of £1.0m (2013: £0.6m), with a break-even fourth quarter and we are pleased with the progress made in this territory.

Non-GAAP measures: items excluded from underlying operating profit

The items that are excluded from statutory operating profit to arrive at underlying operating profit comprise a charge of £0.5m in respect of onerous lease provisions in Germany, a charge of £1.0m in respect of store asset impairments in Germany and the UK and a credit of £0.1m in respect of other restructuring and one-off items.

Taxation

The effective tax rate on underlying profit before tax is 20.1% (2013: 21.1%). The rate is lower than the statutory tax rate of 21.5% as a result of the impact of the lower tax rate applicable in the Group's ROI subsidiary, offset by the level of expenses not deductible for corporation tax purposes.

Group earnings per share

Underlying basic earnings per share for 2014 of 26.6p was up 10.8% on the prior year (2013: 24.0p). Underlying diluted earnings per share for 2014 of 26.4p was up 10.5% on the prior year (2013: 23.9p).

Basic earnings per share for 2014 of 25.9p was up 142% on the prior year (2013: 10.7p). Diluted earnings per share for 2014 of 25.8p was up 141% on the prior year (2013: 10.7p)

Cash flow and net debt

The Group has a consistent record of delivering strong cash flows and in 2014 this was again the case. Underlying Group EBITDA increased by 14.2% to £61.3m (2013: £53.7m). Net cash generated from operating activities was £60.4m (2013: £40.7m).

During the year, outflows of £8.1m (2013: £8.5m) of corporation taxes and £2.8m (2013: £4.2m) of capital expenditure and financial investment were incurred. Included in the capital expenditure and financial investment was £1.2m (2013: £1.4m) relating to payments to Commerzbank under the arrangements of the acquisition of Domino's Leasing Limited.

Overall net cash inflow before financing was £57.6m (2013: £36.5m). During the year we have distributed a further £29.7m (2013: £24.6m) to shareholders through share buybacks of £2.2m (2013: nil) and £27.5m in dividends (2013: £24.6m).

In the period, options over 0.5m (2013: 0.8m) new shares were exercised generating an inflow of £2.0m (2013: £2.2m).

DP Capital Limited continued to provide leasing support to franchisees for their in-store equipment as well as the refit of existing stores, with new advances of £2.0m (2013: £0.9m). After repayments, the balance outstanding at the end of the period on these leases was £2.2m (2013: £2.6m). These facilities are financed by a limited recourse facility and the amount drawn down at the end of the year stood at £2.3m (2013: £2.2m).

The Group is now in an adjusted net cash position of £11.0m (2013: net debt of £13.6m). The Group monitors the ratio of adjusted net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) on a quarterly basis as this is one of the financial covenants for the £30m five-year facility. The Group includes within net debt, interest bearing loans and borrowings, bank revolving facilities, less cash and cash equivalents and excludes non-recourse loans and the Domino's Pizza Germany non-controlling interest loans, which was repaid during 2014.

Banking facilities

At 28 December 2014 the Group had a total of £50.0m of banking facilities of which £27.3m was undrawn. The main facilities were a £30m five year facility with an interest margin of LIBOR plus 135 bps and a £15m term loan expiring on 31 January 2015 with an interest margin of LIBOR plus 110 bps. The term loan was repaid in full in January 2015.

The Directors are comfortable that the Group will continue to have sufficient liquidity and headroom going forward.

Capital employed

Non-current assets reduced slightly during the year from £94.9m to £90.5m, due to a decrease in long-term receivables.

Current assets increased from £71.5m to £74.6m. This was predominantly due to an increase in cash and cash equivalents of £2.1m.

Current liabilities increased from £61.4m to £78.6m, due to the increase of the Group's short-term facilities of £2.1m, repaid in full (£15.0m) in early 2015 as discussed above, and due to an increase in trade and other payables of £11.9m.

Non-current liabilities reduced from £44.9m to £13.2m, due to the reduction in the drawn amount of the revolving credit facility.

On 26 February 2014 the Group purchased the remaining 25% shareholding in relation to the German business from our non-controlling interest partner, Briskas Limited, for consideration of 880,000 shares (issued contingently in the original acquisition) and an option of 3,000,000 shares in Domino's at 577.7 pence per share.

Treasury management

The Group's main treasury risks relate to the availability of funds to meet its future requirements and fluctuations in interest rates and currency exchange rates. The treasury policy of the Group is determined and monitored by the Board.

The Group monitors its cash resources through short, medium and long-term cash forecasting. Surplus cash is pooled into an interest bearing account. The Group monitors its overall level of financial gearing monthly, with our short, and medium-term forecasts showing underlying levels of gearing well within our targets and banking covenants, as discussed above.

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.

Conclusion

In 2014 the Group achieved record sales and profits together with strong cash flows. As always, our people and franchisees have worked hard to deliver these excellent results. This performance demonstrates the robustness of the Domino's business model and the continued growth in the pizza home delivery market.

In the UK, the business continues to enjoy exceptional growth in system sales and operating profit and, in ROI our stores continue to show a sustained recovery. Our German business has gone through another challenging year, but we have significantly reduced losses in H2 and are now focussed on creating a store model that is attractive to franchisees. In Switzerland we have continued to make good progress in 2014, finishing with a break-even performance in the last quarter.

We are well positioned to continue our expansion and implement our plans for the future growth of the Group, backed by our strong balance sheet and low financial gearing. During 2015 we will continue to:

- focus on our customers by providing excellent value and choice through continued new product innovation and service
- maintain high standards of operational efficiency and execution
- carefully control our costs and seek to mitigate and minimise the impact of inflationary input costs, thereby driving operational gearing benefits
- grow our store portfolio in line with our long term plans
- build a business capable of delivering long-term, sustainable growth in cash flows to drive shareholder value, which will be returned to shareholders through share buybacks and dividends.

GROUP INCOME STATEMENT

	Notes	**52 weeks ended 28 December 2014**	52 weeks ended 29 December 2013 restated
		£000	£000
Revenue		**294,378**	266,819
Cost of sales		**(184,645)**	(169,871)
Gross profit		**109,733**	96,948
Distribution costs		**(16,465)**	(15,704)
Administrative costs	4	**(40,289)**	(61,490)
		52,979	19,754
Share of post tax profits of associates and joint ventures		**1,047**	642
Operating profit		**54,026**	20,396
Other gains and losses		**1,147**	1,745
Profit before interest and taxation		**55,173**	22,141
Finance income		**620**	789
Finance expense		**(1,996)**	(1,340)
Profit before taxation		**53,797**	21,590
Taxation	5	**(11,059)**	(9,467)
Profit for the period		**42,738**	12,123
Profit for the period attributable to:			
Owners of the parent		**42,938**	17,568
Non-controlling interests		**(200)**	(5,445)
		42,738	12,123
Earnings per share			
- Basic (pence)	6	**25.9**	10.7
- Diluted (pence)	6	**25.8**	10.7

Non-GAAP measure: underlying profit before tax			
Profit before tax		**53,797**	21,590
Onerous lease provision		**492**	949
Impairments		**1,036**	19,599
Amounts in connection with acquisition of joint ventures, associates and subsidiaries		**-**	110
Other restructuring and one-off items		**(102)**	6,862
Amounts included in operating profit		**1,426**	27,520
Other gains and losses		**(1,147)**	(1,745)
Discount unwind on items included in finance expense		**722**	236
Underlying profit before tax		**54,798**	47,601
Underlying operating profit		**55,452**	47,916
Underlying earnings per share			
- Basic (pence)	6	**26.6**	24.0
- Diluted (pence)	6	**26.4**	23.9

GROUP STATEMENT OF COMPREHENSIVE INCOME

	52 weeks Ended 28 December 2014 £000	52 weeks Ended 29 December 2013 £000
Profit for the period	**42,738**	12,123
Other comprehensive income:		
Exchange differences on retranslation of foreign operations	**(188)**	818
Other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods	**(188)**	818
Total comprehensive income for the period	**42,550**	12,941
Total comprehensive income for the year attributable to:		
Owners of the parent	**42,750**	18,386
Non-controlling interests	**(200)**	(5,445)
	42,550	12,941

GROUP BALANCE SHEET

	At 28 December 2014 £'000	At 29 December 2013 £'000
Non-current assets		
Intangible assets	10,561	11,227
Property, plant and equipment	57,374	57,508
Prepaid operating lease charges	1,072	1,286
Trade and other receivables	4,579	7,756
Net investment in finance leases	1,285	1,528
Investments in associates and joint ventures	7,170	6,158
Deferred tax asset	8,507	9,417
	90,548	94,880
Current assets		
Inventories	4,826	4,249
Trade and other receivables	34,982	34,366
Net investment in finance leases	900	1,108
Prepaid operating lease charges	198	228
Cash and cash equivalents	33,743	31,597
	74,649	71,548
Total assets	165,197	166,428
Current liabilities		
Trade and other payables	(52,071)	(40,202)
Deferred income	(283)	(293)
Financial liabilities	(16,054)	(13,960)
Deferred and contingent consideration	(3,841)	(1,532)
Current tax liabilities	(5,072)	(3,323)
Provisions	(1,270)	(2,084)
	(78,591)	(61,394)
Non-current liabilities		
Financial liabilities	(6,731)	(33,291)
Deferred income	(1,899)	(2,229)
Deferred and contingent consideration	(2,483)	(6,923)
Deferred tax liabilities	(95)	(167)
Provisions	(2,000)	(2,270)
Total liabilities	(91,799)	(106,274)
Net assets	73,398	60,154
Shareholders' equity		
Called up share capital	2,592	2,570
Share premium account	25,597	20,156
Capital redemption reserve	425	425
Capital reserve – own shares	(2,238)	(1)
Currency translation reserve	572	760
Other reserve	-	3,432
Retained earnings	46,450	37,236
Equity shareholders' funds	73,398	64,578
Non-controlling interests	-	(4,424)
Total equity	73,398	60,154

GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium Account	Capital Redemption Reserve	Capital Reserve-Own Shares	Currency Translation Reserve	Other Reserve	Retained Earnings	Equity Shareholder's Funds	Non-Controlling Interests	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 30 December 2012	**2,557**	**17,932**	**425**	**(9)**	**(58)**	**3,432**	**45,028**	**69,307**	**1,021**	**70,328**
Profit for the Period	-	-	-	-	-	-	17,568	17,568	(5,445)	12,123
Other comprehensive income – exchange differences	-	-	-	-	818	-	-	818	-	818
Total comprehensive income for the period	-	-	-	-	818	-	17,568	18,386	(5,445)	12,941
Proceeds from share issues	13	2,224	-	-	-	-	-	2,237	-	2,237
Share transaction charges	-	-	-	-	-		(22)	(22)	-	(22)
Vesting of LTIP grants	-	-	-	8	-	-	(1,718)	(1,710)	-	(1,710)
Tax on employee share options	-	-	-	-	-	-	376	376	-	376
Share options and LTIP charge	-	-	-	-	-	-	613	613	-	613
Equity dividends paid	-	-	-	-	-	-	(24,609)	(24,609)	-	(24,609)
At 29 December 2013	**2,570**	**20,156**	**425**	**(1)**	**760**	**3,432**	**37,236**	**64,578**	**(4,424)**	**60,154**
Profit for the Period	-	-	-	-	-	-	42,938	42,938	(200)	42,738
Other comprehensive income – exchange differences	-	-	-	-	(188)	-	-	(188)	-	(188)
Total comprehensive income for the period	-	-	-	-	(188)	-	42,938	42,750	(200)	42,550
Proceeds from share issues	8	2,023	-	-	-	-	-	2,031	-	2,031
Issue of ordinary shares on acquisition of non-controlling interest	14	3,418	-	-	-	(3,432)	-	-	-	-
Purchase of own shares	-	-	-	(2,237)	-		-	(2,237)	-	(2,237)
Share transaction charges	-	-	-	-	-	-	(142)	(142)	-	(142)
Vesting of LTIP grants	-	-	-	-	-	-	(2,769)	(2,769)	-	(2,769)
Tax on employee share options	-	-	-	-	-	-	392	392	-	392
Share options and LTIP charge	-	-	-	-	-	-	899	899	-	899
Equity dividends paid	-	-	-	-	-	-	(27,480)	(27,480)	-	(27,480)
Acquisition of non-controlling interest	-	-	-	-	-	-	(4,624)	(4,624)	4,624	-
At 28 December 2014	**2,592**	**25,597**	**425**	**(2,238)**	**572**	**-**	**46,450**	**73,398**	**-**	**73,398**

GROUP CASH FLOW STATEMENT

		52 weeks ended 28 December 2014	52 weeks ended 29 December 2013
Cash flows from operating activities	Notes	**£000**	£000
Profit before taxation		**53,797**	21,590
Net finance costs		**1,375**	551
Share of post tax profits of associates		**(1,047)**	(642)
Amortisation and depreciation		**5,824**	5,798
Impairment	3	**1,036**	19,599
(Profit) / Loss on disposal of non-current assets		**(1,147)**	(109)
Profit on disposal of investments		**-**	(1,745)
Share option and LTIP charge		**899**	613
Other non cash movements		**-**	326
Decrease/ (increase) in inventories		**(616)**	3,089
Decrease/ (increase) in receivables		**(1,626)**	1,702
(Decrease)/increase in payables		**11,447**	(3,527)
Increase in deferred income		**(339)**	52
Increase in provisions		**(1,100)**	2,021
Cash generated from operations		**68,503**	49,318
UK corporation tax		**(7,499)**	(8,330)
Overseas corporation tax paid		**(612)**	(255)
Net cash generated by operating activities		**60,392**	40,733
Cash flows from investing activities			
Interest received		**186**	154
Dividends received from associates		**45**	62
Decrease/ (increase) in loans to associates and joint ventures		**582**	404
Increase in loans to franchisees		**3,275**	529
Refinancing of loans to franchisees		**-**	1,366
Payments to acquire finance lease assets		**(741)**	(1,308)
Receipts from repayment of franchisee finance leases		**1,121**	4,214
Purchase of property, plant and equipment		**(4,412)**	(8,145)
Deferred consideration for Domino's leasing		**(1,208)**	(1,395)
Purchase of other non-current assets		**(2,559)**	(2,835)
Cash proceeds on the disposal of interest in associate		**-**	2,377
Receipts from the sale of other non-current assets		**1,086**	332
Investment in joint ventures		**-**	-
Purchase of non-controlling interest		**(132)**	-
Net cash used by investing activities		**(2,757)**	(4,245)
Cash inflow before financing		**57,635**	36,488
Cash flow from financing activities			
Interest paid		**(807)**	(875)
Issue of ordinary share capital		**2,032**	2,237
Purchase of own shares		**(2,237)**	-
Payments under LTIP schemes		**(2,914)**	(1,718)
New bank loans and facilities draw down		**31,912**	1,826
Repayment of borrowings		**(56,253)**	(4,191)
Equity dividends paid		**(27,480)**	(24,609)
Net cash used by financing activities		**(55,747)**	(27,330)
Net increase / (decrease) in cash and cash equivalents		**1,888**	9,158
Cash and cash equivalents at beginning of period		**31,597**	21,975
Foreign exchange gain / (loss) on cash and cash equivalents		**258**	464
Cash and cash equivalents at end of period		**33,743**	31,597

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The preliminary results for the 52 weeks ended 28 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are in line with the accounting policies set out in the interim financial statements for the 26 weeks ended 29 June 2014. Sales and cost of sales have been re-presented for the 52 weeks ended 29 December 2013 for the Switzerland segment to more accurately present the classification of internal sales. This has resulted in an adjustment between revenue and cost of sales for £2,083,000 and does not have a profit impact on either the operating results of the segment or the group as a whole.

The financial information in the preliminary statement of the results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 (the Act). The financial information for the 52 weeks ended 28 December 2014 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the 52 weeks ended 28 December 2014 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial statements, and this preliminary statement, of Domino's Pizza Group plc for the 52 weeks ended 28 December 2014 were authorised for issue by the Board of Directors on 26 February 2015 and the balance sheet was signed on behalf of the Board by David Wild, Chief Executive Officer.
The statutory accounts have been delivered to the Registrar of Companies in respect of the 52 weeks ended 29 December 2013 and the Auditors of the Company made a report thereon under section 235 of the Act. That report was an unqualified report and did not contain a statement under section 498(2) or (3) of the Act.

2. SEGMENTAL INFORMATION

For management purposes, the Group is organised into four geographical business units, the United Kingdom, Ireland, Germany and Switzerland, based on the territories governed by the Master Franchise Agreement ("MFA"). 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 located in that segment. Segment results for the Ireland segment include both the Republic of Ireland and Northern Ireland as both of these territories are served by the same Supply Chain Centre.

Sales and cost of sales have been re-presented for the 52 weeks ended 29 December 2013 for the Switzerland segment to more accurately present the classification of internal sales. This has resulted in an adjustment between revenue and cost of sales for £2,083,000 and does not have a profit impact on either the operating results of the segment or the group as a whole.

NOTES TO THE GROUP FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION (continued)

Operating segments	52 weeks ended 28 December 2014					52 weeks ended 29 December 2013 restated				
	Switzerland £000	Germany £000	Ireland £000	United Kingdom £000	Total £000	Switzerland £000	Germany £000	Ireland £000	United Kingdom £000	Total £000
Segment revenue										
Sales to external customers	9,590	5,687	21,461	257,640	294,378	9,199	6,948	20,847	229,825	266,819
Results										
Segment result	(1,019)	(7,348)	5,034	57,738	54,405	(638)	(7,002)	4,541	50,373	47,274
Exceptional items	-	(957)	(863)	394	(1,426)	42	(26,466)	(154)	(942)	(27,520)
Share of profit of associates	-	-	-	1,047	1,047	-	-	-	642	642
Group operating profit	(1,019)	(8,305)	4,171	59,179	54,026	(596)	(33,468)	4,387	50,073	20,396
Other gains and losses	949	-	-	198	1,147	-	-	-	1,745	1,745
	(70)	(8,305)	4,171	59,377	55,173	(596)	(33,468)	4,387	51,818	22,141
Net finance costs					(1,376)					(551)
Profit before tax					53,797					21,590
Assets										
Segment current assets	782	1,812	1,271	37,041	40,906	3,736	3,953	1,213	31,049	39,951
Segment non-current assets	7,295	128	2,124	65,324	74,871	5,910	1,480	2,308	69,607	79,305
Equity accounted investments				7,170	7,170				6,158	6,158
Unallocated assets					42,250					41,014
Total assets	8,077	1,940	3,395	109,535	165,197	9,646	5,433	3,521	106,814	166,428
Liabilities										
Segment liabilities	1,532	4,692	1,706	51,931	59,861	5,976	6,586	823	39,259	52,644
Unallocated liabilities					31,938					53,630
Total liabilities	1,532	4,692	1,706	51,931	91,799	5,976	6,586	823	39,259	106,274

3. Items excluded from non-GAAP measure: underlying profit before tax

(a) Included within operating profit

	52 weeks Ended 28 December 2014 £000	52 weeks Ended 29 December 2013 £000
Onerous leases	**492**	**949**
Master Franchise Agreement ("MFA") and related costs	-	9,267
Corporate stores	-	4,945
Goodwill	-	2,928
Property, plant and equipment	1,036	2,164
Website and domain costs	-	295
Impairments	**1,036**	**19,599**
Acquisition costs and restructuring costs relating to Domino's Switzerland	-	(42)
Acquisition costs and on-off costs relating to new UK joint ventures	-	152
Amounts in connection with acquisition of joint ventures, associates and subsidiaries	**-**	**110**
Transition of German corporate stores	-	1,981
Amounts receivable in Germany	-	3,438
Restructuring and reorganisation costs		1,119
Domino's Leasing deferred consideration	(102)	6,324
Other restructuring and one-off items	**(102)**	**6,862**
	1,426	27,520

Onerous Lease Provision

An onerous lease charge of £0.5m (2013: £0.9m) was made in respect of unused properties in Germany relating to last year's restructuring activities, and an unsuccessful concept store the UK.

Impairments

Impairments of £1.0m relate to store assets in Germany following restructuring activities that carried on into the first half of the year, and an unsuccessful new format (Extra stores) in the UK.

In 2013, the performance of the German business fell below expectations and management announced a change in strategy for the German business opening fewer stores than initially expected and reducing its expectations for sales and profit growth. As a result, management prepared updated financial budgets for the next five years and used these to calculate medium and long term discounted cash flows for the German business using a long term average growth rate for Germany of 1.4% and a discount rate of 13%. Following these calculations, the Group recognised a number of impairment charges related to the German business:

- A charge of £9,267,000 in relation to the value in use of the German Master Franchise Agreement
- A charge of £4,945,000 in relation to the carrying value of property, plant and equipment of the 15 corporate stores
- A charge of £2,164,000 in relation to the carrying value of property, plant and equipment in the Supply Chain Centre and Düsseldorf head office

3. Items excluded from non-GAAP measure: underlying profit before tax (continued)

- A charge of £295,000 in relation to the carrying value of capitalised website and development costs

Additionally, the Group is obliged test Goodwill for impairment on an annual basis, due to goodwill being deemed to have an indefinite useful life. In 2013, management deemed that the goodwill was fully impaired and recognised a charge of £2,928,000. A detailed analysis of the calculation and related assumptions was disclosed in the 2013 annual report.

Amounts in Connection with Acquisition of Joint Ventures, Associates and Subsidiaries
Costs of £0.1m were incurred in 2013 in relation to the acquisition and transfer of stores into two UK joint ventures with third party franchisees.

Other Restructuring and one-off items
The charge recognised in 2013 of £6.9m included transition of German corporate stores to franchisees, German bad debt write off and costs to restructure the UK and German businesses. The £0.1m credit in 2014 represents the release of the unused provision for German restructuring costs recognised in 2013.

(b) Included below operating profit
Other gains and losses
This includes a £0.9m credit in relation to the release of contingent consideration in respect of Domino's Pizza Switzerland following final settlement with the vendor and a £0.2m credit in respect of the sale of store assets. In 2013, a profit of £1.7m was recognised on the sale of Dominoid Limited.

Discount unwind on items included in finance expense
A charge of £0.7m has been recognised in respect of discount unwind on items included in finance expense (2013: £0.2m).

Change in tax rates
In 2013, the Group incurred a non underlying tax charge of £1.6m in relation to an adjustment to deferred tax following a change in tax law. The impact of these tax rate changes has been classified as non-underlying due to its material impact on the Group's tax charge for the period.

This charge is reduced by £nil (2013: £2.3m) to become a credit of £nil (2013: £0.6m) due to the tax impact of other non underlying items disclosed above.

4. TAXATION

(a) Tax on profit on ordinary activities

Tax charged in the income statement

	52 weeks ended 28 December 2014 £000	52 weeks ended 29 December 2013 £000
Current income tax:		
UK corporation tax		
- current period	9,780	7,646
- adjustment in respect of prior periods	(160)	(440)
	9,628	7,206
Income tax of overseas operations on profits for the period	415	375
Total current income tax	10,043	7,581
Deferred tax:		
Origination and reversal of temporary differences	1,802	97
Effect of change in tax rate	-	1,628
Adjustment in respect of prior periods	(786)	161
Total deferred tax	1,016	1,886
Tax charge in the income statement	11,059	9,467
The tax charge in the income statement is disclosed as follows:		
Income tax expense on continuing operations	11,059	9,467
Tax relating to items credited / (charged) to equity:		
Reduction in current tax liability as a result of the exercise of share options	214	662
Origination and reversal of temporary differences in relation to unexercised share options	178	(286)
Tax credit in the Group statement of changes in equity	392	376

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

4. TAXATION (continued)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the 52 weeks ended 28 December 2014 is lower than the statutory corporation tax rate of 21.5% (2013: 23.3%). The differences are reconciled below:

	52 weeks ended 28 December 2014 £000	**52 weeks ended 29 December 2013 £000**
Profit before taxation	53,797	21,590
Accounting profit multiplied by the UK statutory rate of corporation tax of 23.3% (2012: 24.5%)	11,566	5,030
Expenses not deductible for tax purposes	633	3,199
Accounting depreciation not eligible for tax purposes	310	196
Adjustments relating to prior years	(909)	(277)
Difference between current and deferred tax rates	(232)	1,628
Other	18	1
Tax rate differences	(327)	(310)
Total tax expense reported in the income statement	11,059	9,467
Effective tax rate (%)	20.6	43.8
Underlying effective tax rate (%)	20.1	21.1

(c) Temporary differences associated with Group investments

At 28 December 2014, there was no recognised deferred tax liability (2013: nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, or its associates, as there are no corporation tax consequences of the Group's UK, Irish or overseas subsidiaries or associates paying dividends to their parent companies.

There are also no income tax consequences for the Group attaching to the payment of dividends by the Group to its shareholders.

4. TAXATION (continued)

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	At 28 December 2014 £000	At 29 December 2013 £000
Deferred tax arising in the UK on non-capital items	8,203	9,194
Deferred tax arising in Ireland and the UK on capital gains	(65)	(110)
Deferred tax arising on acquisition of subsidiary in previous periods	274	166
	8,412	9,250

	At 28 December 2014 £000	At 29 December 2013 £000
Gross movement in the deferred income tax account		
Opening balance	9,250	11,422
Tax credit / (charge) to equity	178	(286)
Income statement charge	(1,016)	(1,886)
Closing balance	8,412	9,250

Deferred tax arising in the UK on non-capital items

	Share-based payments £000	Accelerated capital allowances £000	Lease inducements £000	Goodwill and amortisation £000	Provisions £000	Total £000
At 30 December 2012	811	11,077	207	(13)	278	12,360
Charge to equity	(286)	-	-	-	-	(286)
(Charge) / credit to income	(71)	(3,185)	(41)	-	417	(2,880)
At 29 December 2013	454	7,892	166	(13)	695	9,194
Credit to equity	178	-	-	-	-	178
(Charge) / credit to income	(23)	(1,289)	(15)	-	158	(1,169)
At 28 December 2014	609	6,603	151	(13)	853	8,203

4. TAXATION (continued)

A deferred tax asset of £8,203,000 (2013: 9,194,000) has been recognised to the extent that future taxable profits are expected to be in excess of the profits arising from the reversal of existing taxable temporary differences.

The Group has tax losses of £79,000 (2013: £51,000) which arose in relation to the Swiss business during the period and are available for offset against future taxable profits in Switzerland. A deferred tax asset has been recognised in relation to these taxable losses in Switzerland on the basis they are expected to be recovered in the near future. In addition there are £901,000 of losses (2012: £1,128,000) that have arisen in Germany and Cyprus in current and prior periods which are available for offset against future taxable profits in these jurisdictions. No deferred tax asset has been recognised in respect of these losses due to the uncertain timing of the availability of future profits in these territories. Taxable losses that have arisen in the period in the German branch of Domino's Pizza Germany Limited are available to surrender as group relief to the UK Group and have been fully utilised. There is no tax deduction for the goodwill which arose on the acquisition of Germany and Switzerland in previous years.

Deferred tax arising in Ireland and the UK on capital gains

	Roll over relief £000	Accelerated capital allowances £000	Total £000
At 30 December 2012	(23)	(85)	(108)
Credit/charge to income	1	(3)	(1)
At 29 December 2013	(22)	(88)	(110)
Credit/charge to income	-	45	45
At 28 December 2014	(22)	(43)	(65)

Deferred tax arising on other overseas subsidiaries

	£000
At 30 December 2012	(830)
Credit to income	996
At 29 December 2013	166
Credit to income	108
At 28 December 2014	274

Included within the above is a deferred tax asset of £303,000 (2012: £233,000) in relation to the recognition of Switzerland tax losses and a deferred tax liability relating to accelerated capital allowances in Cyprus and Ireland. Deferred tax in respect of Switzerland cannot be offset against the deferred tax in respect of Cyprus and Ireland as the Group do not have a legally enforceable right to offset these assets and liabilities due to them arising in differing territories.

5. 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.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	52 weeks ended 28 December 2014 £000	52 weeks ended 29 December 2013 £000
Profit for the period	42,738	12,123
Adjusted for – non-controlling interests	200	5,445
Profit attributable to owners of the parent	42,938	17,568

	At 28 December 2014 No.	At 29 December 2013 No.
Basic weighted average number of shares (excluding treasury shares)	165,471,079	163,737,665
Dilutive potential ordinary shares:		
Employee share options	547,979	614,168
Reversionary interests	582,848	270,470
Diluted weighted average number of shares	166,601,906	164,622,303

The performance conditions for reversionary interests granted over nil shares (2013: 1,021,684) and share options granted over 4,087,596 shares (2013: 1,319,391) 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 are anti dilutive (2013: nil).

5. EARNINGS PER SHARE (continued)

	52 weeks ended 28 December 2014	52 weeks Ended 29 December 2013
Basic earnings per share	25.9p	10.7p
Diluted earnings per share	25.8p	10.7p

Underlying earnings per share

Underlying profit attributable to owners of the parent is derived as follows:

	£'000	£'000
Profit for the period	42,738	12,123
Adjusted for – non-controlling interests	200	5,445
Profit attributable to owners of the parent	42,938	17,568
Amounts excluded from underlying profit – attributable to equity holders of the parent	1,026	21,805
- Amounts included in operating profit	1,426	27,520
- Other gains and losses	(1,147)	(1,745)
- Discount unwind	722	236
- Impact of non-controlling interest related non-underlying items	-	(3,584)
- Taxation impact	25	(2,250)
- Change in corporation tax rate	-	1,628
Underlying profit attributable to owners of the parent	43,964	39,373

Underlying basic earnings per share	26.6p	24.0p
Underlying diluted earnings per share	26.4p	23.9p

6. DIVIDENDS PAID AND PROPOSED

	52 weeks ended 28 December 2014 £000	52 weeks ended 29 December 2013 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2013: 8.80p (2012: 7.90p)	14,551	12,936
Interim dividend for 2014: 7.81p (2013: 7.10p)	12,929	11,673
Dividends paid	27,480	24,609

Proposed for approval by shareholders at the AGM (not recognised as a liability at 28 December 2014 or 29 December 2013)

Final dividend for 2014: 9.69p (2013 8.80p)	16,034	14,432

7. ADDITIONAL CASH FLOW INFORMATION

Analysis of Group net debt

	At 29 December 2013 £000	Cash flow £000	Exchange differences £000	Non-cash movements £000	At 28 December 2014 £000
Cash and cash equivalents	31,597	1,888	258	-	33,743
Bank revolving facility	(29,814)	24,494	41	(168)	(5,447)
Bank loans	(13,000)	(2,000)	-	-	(15,000)
Finance leases	(134)	71	3	-	(60)
Other loans	(2,213)	(65)	-	-	(2,278)
Adjusted net debt	(13,564)	24,388	302	(168)	10,958
Other loans	(2,090)	2,059	31	-	-
Net cash / (debt)	(15,654)	26,447	333	(168)	10,958

7. ADDITIONAL CASH FLOW INFORMATION (continued)

	At 30 December 2012 £000	Cash flow £000	Exchange differences £000	Non-cash movements £000	At 29 December 2013 £000
Cash and cash equivalents	21,975	9,158	464	-	31,597
Bank revolving facility	(29,737)	-	-	(77)	(29,814)
Bank loans	(12,035)	(965)	-	-	(13,000)
Finance leases	(228)	-	(1)	95	(134)
Other loans	(2,939)	726	-	-	(2,213)
Adjusted net debt	(22,964)	8,919	463	18	(13,564)
Non-recourse loans	(2,604)	2,604	-	-	-
Other loans	(2,050)	-	(44)	-	(2,090)
Net debt	(27,618)	11,523	423	18	(16,654)