



LEI: 213800Q6ZKHAOV48JL75  
27 March 2020

## **Domino's Pizza Group Plc**

### **Coronavirus (COVID-19): Update**

Domino's Pizza Group Plc ("Domino's" or "the Group") is today providing an update on trading, actions being taken as a result of Covid-19 and its strong financing and liquidity position.

**David Wild, CEO said,**

*"We've been working closely with the wider industry and Government, and are keen to do all we can to support our customers and communities by safely delivering hot food to help people stay at home during this difficult time. The safety of our colleagues and customers is always our top priority, so we've strengthened our already high hygiene standards, rolled out contact free delivery and switched to delivery only to ensure we can confidently serve the public. We are also looking to recruit additional store colleagues and delivery drivers."*

*"I'd like to say a big thank you to all our colleagues and franchisee partners who are working incredibly hard to keep Domino's delivering. Domino's is at its heart a delivered food business, and we're working around the clock to keep our supply chain operational, our back-office colleagues working from home, and our stores making great tasting pizzas for our customers."*

### **Background**

In light of the outbreak of the Covid-19 pandemic and its impact on the global economy and the food delivery sector, our focus in recent weeks has been on ensuring the safety of our franchisees, employees and customers, together with the continuity of our stores, our deliveries and supply chain operations. We continue to review this rapidly changing situation on a daily basis and are engaging in evolving Government policy discussions. We are in regular dialogue with the wider Domino's system to share learnings and best practice. We are keen to do all we can to help our communities and continue to be the leader in safe food delivery in the countries in which we operate.

### **UK & Ireland**

In our core UK & Ireland business, trading in January, February and the first two weeks of March was in line with our expectations. UK LFL sales ex splits growth over this period was broadly similar to the run rate seen in Q4, at just over 3%, driven by order count. Over the past week, UK trading has accelerated, with the growth in delivery more than offsetting the lack of collection sales. This LFL sales growth has been driven by growth in items per order and therefore higher overall ticket, arising from both the shift from collection to delivery as well as a change in consumer purchasing behaviour.

We have taken a number of actions in our core UK & Ireland business:

- We have moved to entirely Contact Free Delivery, adding additional peace of mind for our customers and colleagues. At the start of this week, we also took the decision to stop in-store collection orders, to further protect colleagues and customers. Collection typically accounts for

around 20% of sales, however so far we have seen the growth in delivery more than offsetting the lack of collection sales.

- Ensuring our supply chain remains operational and with a good level of service to stores. We have rolled out a number of measures to protect our supply chain centres, our distribution network and our supply chain centre colleagues. We have seen minimal disruption to date. We are working closely with our suppliers to ensure flow of food and other goods and are currently seeing a good level of service.
- Ensuring the safety of our customers and colleagues. We operate at the highest level of hygiene standards across both our supply chain operations and in our stores. We are working closely with our franchisee partners to ensure store operations continue and store colleagues are working in a safe environment. We are recruiting additional delivery drivers to ensure we can meet higher demand levels and provide employment opportunities during this period of uncertainty. Our delivery drivers, store colleagues and supply chain colleagues are categorised as key workers.

The announced business rates freeze and the VAT payments deferral will benefit our franchisee partners and our corporate store network. The Board are assessing other measures to support franchisees as required.

#### **Directly operated international businesses (classified as discontinued)**

In Norway, Switzerland and Iceland, we have seen significant disruption, with sales down double-digit year on year and around 16 temporary store closures across the three markets due to labour shortages and low demand. Our Swedish business is less affected at present, but we continue to monitor the evolving situation in this market closely.

#### **Financing and liquidity**

As reported at our full year results on 5 March 2020, as at 29 December 2019, our borrowing and financing position were as follows:

#### **Net Debt and covenants**

At 29 December 2019, our net debt was £232.6m, made up of drawn debt under our revolving credit facility ("RCF") of £250.4m, other loans of £0.5m, offset with cash of £16.0m and capitalised arrangement fees of £2.3m. Our net debt to EBITDA ratio was 2.28x on a reported basis, and 2.31x on a covenant basis, compared with our covenant limit of 3.0x. Our fixed charge cover interest cover was 8.2x on a reported basis and 7.8x on a covenant basis, compared with our covenant limit being greater than or equal to 1.5x. Our current net debt position is slightly lower than the reported year end position.

#### **Facilities and financing**

At 29 December 2019, we had £350m of committed facilities in place under our RCF and overdraft, providing headroom of £99.6m above our net borrowings of £250.4m. The RCF facility runs to December 2023 and since the year-end has been drawn in full to provide the group with liquidity if required.

We have a good relationship and open dialogue with our lending banks, which, if necessary, will enable discussions to seek adequate liquidity to support our business and, if needed, the liquidity of our franchisee partners.

#### **Dividend**

The Board has already overseen actions taken on costs and capital spending and continues to carefully assess all remaining essential spending in order to protect our liquidity. Although our performance and

liquidity position remain strong, given the volatility of delivery sales and with an uncertain outlook, we are taking a cautious and prudent approach and therefore the Board has decided to suspend the final dividend payment of 5.56p that was announced as part of our full year results on 5 March 2020. The Board will keep this matter under review in the coming months.

### **Annual General Meeting**

In light of the ongoing and evolving coronavirus crisis, the Board has decided to delay convening the 2020 Annual General Meeting. Details of the revised date and arrangements for the Annual General Meeting will be provided as soon as possible taking account of government guidance.

### **Outlook**

At the current time, and in light of a rapidly changing market and global macro-economic situation, we are unable to provide guidance for the remainder of the current financial year.

We have put in place a set of measures to continue to serve customers and our communities, tightly manage the business and navigate our way through these uncertain times. We will continue to monitor external events and manage the situation closely. This statement replaces our planned Q1 statement, however we will keep the market updated on developments as appropriate.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulations (EU) No. 596/2014 ("MAR") and is disclosed in accordance with Domino's obligations under Article 17 of MAR.

The person responsible for making this notification is Adrian Bushnell, Company Secretary.

### **For further information, please contact:**

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### **About Domino's Pizza Group**

Domino's Pizza Group plc is the UK's leading pizza brand and a major player in the Irish market. We hold the master franchise agreement to own, operate and franchise Domino's stores in the UK, the Republic of Ireland, Switzerland and Liechtenstein. In addition, we have a controlling stake in the holders of the Domino's master franchise agreements in Iceland, Norway and Sweden, as well as associate investments in Germany and Luxembourg.