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DOMINO'S PIZZA GROUP PLC

AGM and Q1 Trading Update

Domino's Pizza Group plc today issues a trading update for the 13-week period from 27 December 2021 to 27 March 2022 ("Q1 FY22") ahead of its Annual General Meeting.

Highlights

- Strong trading in the first quarter. Excluding the impact of the increase in VAT, like-for-like system sales, excluding splits, grew 3.9%
- Orders grew 5.5% in the quarter despite a strong comparative reflecting the stimulus to our delivery business last year from lockdown restrictions
- Order count growth this quarter was driven by the recovery of collections which grew 45.4%
- Scale and integrated supply chain, as well as Domino's value proposition, means we are well placed to succeed in the current environment
- Continue to expect FY22 underlying EBITDA and EPS to be in line with current market expectations

Trading performance

Trading in the first quarter was strong, aided by our first national price campaign for several years, made possible because of the resolution with our franchisees. Excluding the impact of the increase in the VAT rate, like-for-like system sales, excluding splits, grew by 3.9%.

Total orders grew 5.5% in the quarter despite a strong comparative quarter last year when there were strict lockdown restrictions in the UK. Collections, which is our most efficient channel from a labour perspective, have continued their recovery and grew 45.4% in the quarter, and across the quarter were at 95% of 2019 levels. As expected, given the lockdown comparator, delivery orders were 4.5% lower than the prior year. Pleasingly active customer growth continued its momentum and increased 4.0% compared to the same period last year.

For Q1 FY22 the VAT rate on hot takeaway food was 12.5% compared to 5% in Q1 FY21. If the sales price to the consumer were to have been unchanged then the VAT rate increase would effectively deliver a reduced system sales value compared to the same quarter last year, which flows through to like-for-like system sales performance.

Consequently, as a result of the higher rate of VAT in the quarter, UK & Ireland system sales¹ were £365.9m, down 1.5% on the first quarter of last year. Excluding the impact of the increase in the VAT rate, system sales increased 4.9% in the quarter. Like-for-like system sales², excluding splits, were down 2.4%, again reflecting the higher rate of VAT in the quarter.

As at 4 May 2022 we have opened 9 new stores this year, by 7 different Franchisees, and remain on track to open at least 45 new stores this year, which would represent a c.4% increase in our stores vs. our 2021 year-end store count of 1,227.

Reflecting this strong start to the year, we continue to expect FY22 underlying EBITDA and EPS to be in line with current market expectations.

Capital allocation

In-line with our capital allocation framework, which is to use the free cash generated by the business to optimise shareholder returns, we have completed £24.2m of the £46m share buyback announced at the full year results in March.

Commenting on trading, Dominic Paul, Chief Executive Officer said:

“We have momentum in the business with growth in order count and customer numbers, and are continuing to work closely with our Franchisees following our resolution late last year. Our first national price campaign in a number of years has been a great example of what we can achieve when we work together.

“Our ambition is to consolidate our position as the nation’s favourite pizza brand and believe the time is now right to see whether we can reach an even broader customer base. On this basis, we have also commenced a trial which will enable customers in a small number of locations across the UK and Ireland to order Domino’s via the Just Eat platform but delivered by Domino’s drivers, making the most of our unrivalled network of best-in-class delivery drivers.

“It’s no secret that inflation is a key challenge for everyone at the moment and the current consumer environment is challenging, but our scale and integrated supply chain, as demonstrated in the covid downturn, mean Domino’s is well-placed to navigate the current conditions. What’s more, at a time when family budgets are under pressure, Domino’s remains an affordable treat everyone can enjoy, and we’re redoubling our focus on offering our customers the best possible value this year.

“We remain focused on accelerating the sustainable growth of the system, and working together with our franchisees to deliver a better future through food people love.”

Notes

¹ System sales represent the sum of all sales made by both franchised and corporate stores to consumers in UK & Ireland

² Like-for-like excluding splits system sales performance is calculated for UK & Ireland against a comparable 52-week period in the prior period for mature stores which were not in territories split in the current period or comparable period. Mature stores are defined as those opened prior to 27 December 2020

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Financial calendar

Domino’s Pizza Group plc will publish its half year results on 2 August 2022, followed by a Q3 trading update in October 2022.

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 and the Republic of Ireland, and have associate investments in Germany and Luxembourg. As of 4 May 2022, we had 1,236 stores in the UK and Ireland.