

Domino's Pizza Group PLC ("DPG") – Trading statement

Q1 in line with expectations, strong strategic progress and guidance unchanged

Highlights

- Positive like-for-like sales and total orders across February and March, following a slow January, as previously reported
 - Like-for-like sales¹ on a comparable basis² down 0.5% in Q1 24³ vs. Q1 23³, with total orders down 0.8%
 - On a 2-year basis, Q1 like-for-like sales are up 8.4%
- 14 new stores opened vs. 15 at this point in FY23
 - Strong pipeline, with 38 in construction or planning approved; still expect to open in excess of 70 stores in FY24
- Continued digital progress
 - App orders as a percentage of total orders +11.3 ppts vs. Q1 23
 - 37% increase in app customers vs. Q1 23
- Shorecal acquisition completed on 10 April, now focused on accelerating growth in Ireland
- Process at an advanced stage to sell the London corporate store estate to a select number of existing and new franchisees
- Q2 is another tough comparative period. Reflecting that, trading in April was slower given the very strong comparative in the prior year⁴. We continue to drive initiatives to improve trading momentum:
 - £4 lunch offer launched in April, rounding out our offering in the lunch space at a compelling price point
 - Continued acceleration of Uber Eats trial following strong initial results, now live in 1,170 stores across UK & Ireland
 - Expect to benefit from the Men's Euro football tournament
- As a result, we remain confident that our focus on our strategic priorities will deliver order count and like-for-like sales growth in FY24 and are reiterating our FY24 EBITDA guidance⁵

Andrew Rennie, Chief Executive Officer, said:

"We remain resolutely focused on executing our strategy and have made strong progress in Q1, both across the core UK&I business and with our strategic growth ambitions. Following a slow January in part as we tactically held back marketing spend, I am pleased that we saw positive like-for-like sales and orders across February and March in an uncertain market. Like Q1, Q2 is another tough comparative period but we remain confident of delivering order count and like-for-like sales growth this year and are pleased to confirm our full year profit guidance."

"I'm excited by the momentum we have in the business. We have a fantastic pipeline of initiatives across our UK & Ireland business driven by real energy from our colleagues and our franchisees. We launched our new £4 lunch offer in April, giving our customers an incredible value lunch option, and we're encouraged by the early reaction. Our trial with Uber Eats has meaningfully accelerated, our loyalty trial is progressing well, we are at an advanced stage to sell the London corporate stores to some outstanding franchisees, which will allow us to reallocate capital within the business, and we have some exciting events such as the Men's Euro football tournament coming up."

Q1 24 trading performance

	Q1 24	Q1 23	Change
System sales	£385.1m	£386.6m	(0.4)%
LFL system sales growth (ex-splits ex VAT ⁶) on a comparable basis ²	(0.5)%	-	-
Reported ⁷ LFL system sales growth (ex-splits ex VAT ⁶)	(2.1)%	+10.7%	-
Total orders on a comparable basis ²	17.7m	17.8m	(0.8)%
Reported ⁷ total orders	17.7m	18.0m	(1.8)%

Q1 24 like-for-like system sales, excluding splits and VAT, on a comparable basis were down 0.5% and total orders were 0.8% lower than Q1 23. This is primarily driven by a slow January, in part because we tactically held back on marketing spend to support more strategic launches later in 2024. Q1 23 also represented a tough comparator period due to 10.7% like-for-like sales growth last year. On a reported basis, LFL systems sales growth, excluding splits and VAT, were down 2.1%.

Delivery orders were down 5.0% in a softer delivery market and we are focused on returning these to growth in FY24. Collection orders continued to grow in Q1 and were up 4.7%. Collection represents the most efficient labour channel, with delivery effectively outsourced to the customer.

Strong strategic progress in the core UK & Ireland business

14 new stores have been opened by 12 different franchisees and we still expect to open in excess of 70 new stores in FY24. Importantly, the pipeline remains strong and we currently have 38 stores either under construction or with planning permission.

We acquired full control of Shorecal on 10 April which will unlock a significant opportunity for us in Ireland and we are now in an even stronger position to accelerate our growth, open new stores, and provide great service and great tasting products to our customers.

Our digital progress continues at pace with a 37% increase in app customers and orders placed on the Domino's app +11.3ppts vs. Q1 23. Together with our franchisees, the focus on customer service has maintained average delivery times at 25 minutes and there has been a good progress in reducing the number of orders delivered 'late'.

In Q1 we launched the Cadbury Crème Egg Cookie which was our biggest dessert launch for nearly 10 years. We are committed to offering our customers compelling value and a new £4 lunch offer launched on 8 April, providing an incremental opportunity to target different parts of the day. Early signs are encouraging and we look forward to continuing to develop this offer.

In January we started a trial with Uber Eats which is now live in 1,170 stores across the UK & Ireland. The data-led trial allows customers to order Domino's Pizza via the Uber Eats platform, but the pizzas are delivered by our own Domino's delivery drivers, which is the same approach as in our relationship with Just Eat. We will update on a full roll-out in due course.

Our technology platform projects remain on track. Transition to the new ecommerce platform continues as planned with all customer logins, registrations, customer details now being fully served on our digital channels by the new platform. New projects have already been developed

and released on the new platform, such as enhanced Allergens information. The ERP platform is on track for completion in FY24.

Additional growth opportunities

Alongside investment in the core business, which remains our top priority, we have continued to focus on reallocation of capital within the corporate estate and joint ventures to improve returns and assess additional growth opportunities. As a result, the disposal of our 31 corporate stores in London to a select number of new and existing franchisees is now at an advanced stage. We will provide an update in due course.

Separately, we completed a £11m investment in DP Poland plc (“DPP”) on 18 April and as a result, DPG owns approximately 12.1% of DPP’s issued share capital. This represented a unique opportunity to re-enter international markets in a disciplined, capital light manner, and in partnership with a high-performing business, operated by an experienced management team.

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Notes

1. 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 25th December 2022.
2. FY23 was a 53-week year, so the comparator weeks between Q1 23 and Q1 24 are different. Q1 23 included Boxing Day and New Year’s Eve, whereas these two important trading days did not fall into Q1 24. The comparable basis adjusts for this difference, by comparing week 1-13 in FY24 with weeks 2-14 in FY23.
3. Q1 24 is the 13 weeks ended 31 March 2024, Q1 23 is the 13 weeks ended 26 March 2023.
4. Total orders were +5.9% in April 2023, as disclosed in the Q1 23 trading statement on 4 May 2023.
5. At FY23 results we guided to the then current mean of FY24 Underlying EBITDA expectations: £147.9m with a range of £139.6m - £153.2m. Current mean of FY24 Underlying EBITDA expectations: £147.6m with a range of £144.3m - £151.8m.
6. In Ireland, the VAT rate for hot takeaway food reduced from 13.5% to 9% on 1 November 2020 and reverted to 13.5% on 1 September 2023.
7. Reported basis is comparing weeks 1-13 in FY24 with weeks 1-13 in FY23.

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. As of 1 May 2024, we had 1,333 stores in the UK and Ireland.