

14 October 2021

DOMINO'S PIZZA GROUP PLC ("DPG")**Trading statement for the 13 weeks ended 26 September 2021**

**Trading momentum continues with strong growth in sales and order count.
Good progress on strategic objectives.**

	13 wks ending 26 Sept 2021	13 wks ending 27 Sept 2020	Change	39 wks ending 26 Sept 2021	39 wks ending 27 Sept 2020	Change
System sales ¹	£375.8m	£342.1m	+9.9%	£1,128.1m	£971.0m	+16.2%
Like-for-Like system sales growth (exc.splits) ²	+8.8%	+17.5%		+15.6%	+8.6%	

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 the comparable period in the prior year for mature stores which were not in territories split in the year or comparable period

Highlights:

- Continued strong performance, with system sales of £375.8m, up 9.9% and like-for-like sales excluding splits up 8.8%
- Excluding the benefit of a lower rate of VAT, underlying like-for-like system sales grew by 6.4% (H1:+5.5%). We have now passed the anniversary of the reduced VAT rate of 5% which was introduced on 15 July 2020
- Total orders continued their positive trend and grew 9.5% in the period, driven by collection orders rising 40.3%, now at 82% of 2019 levels, lapping a period which was significantly impacted by Covid restrictions
- Digital momentum continues with new App now accounting for 42.1% of system sales (+5.9% vs. Q3 FY20)
- Opened five new stores in the quarter, 18 stores opened year to date (from seven different franchisees) and remain on target to open up to 30 stores in FY21 and 200 stores in the medium term
- Planned exit from all directly operated international markets now complete with disposal of our Switzerland operations
- Completed initial £45m share buyback programme and have now commenced the previously announced incremental £35m programme

Dominic Paul, Chief Executive Officer, said:

"We have delivered another strong quarter and demonstrated excellent momentum in the business which reflects the hard work and commitment of our franchisees and colleagues. We have built on our strong performance through the pandemic as restrictions have been lifted, with our collections business continuing its recovery and our total order count growing in a profitable and sustainable way.

I am pleased with the strategic progress we have made in the period as we continue our journey to deliver a better future through the food people love. Our integrated marketing campaigns have improved our brand strength and awareness levels. We have opened five new stores, seen continued strong sales growth through our new App and completed our planned exit from all directly operated international markets.

Our supply chain continues to deliver outstanding results, despite the well-publicised inflationary pressures and challenging labour market, which is testament to the skill and dedication of our teams. While we see these pressures continuing into 2022, our success in managing them to date provides us with confidence that our growth momentum will be sustained. We're proud to be creating new jobs to support that growth and today are announcing that we are recruiting 8,000 new colleagues across the UK and Ireland.

Trading remains in-line with our expectations, we are well placed as we gear up for our peak trading period and believe our strategy is working to create sustainable value for all our stakeholders."

Trading performance

System sales, which represent all sales made by both franchisees and corporate stores to consumers, were up 9.9% to £375.8m. Like-for-like system sales growth, excluding splits, was 8.8%, and 8.3% including splits. As previously guided, reported system sales growth was lower in the quarter as we have now passed the anniversary of the lower VAT rate which was introduced on 15 July 2020. Whilst changes in VAT impacts reported system sales growth it has limited flow-through to our profitability. Excluding the impact of VAT, underlying system sales growth, excluding splits, was 6.4% compared to 5.5% in the first half of the year.

Total order count grew 9.5% in the period, driven by collection up 40.3% and delivery up 1.5%. We are pleased with the continued recovery of our collection business, which was at 82% of 2019 levels in the quarter, compared to 71% in the first half of the year. Collection is our most profitable and labour efficient channel. We are equally pleased with the delivery performance as we have continued to grow order count despite the prior year comparative period benefiting from the effects of prolonged lockdown periods.

<u>UK & ROI</u>	LFL inc. splits (YOY Growth)			Total (All Stores)	
	Sales	Volume	Price	Orders (m)	YOY Order Growth
Total					
Q1	17.7%	3.5%	14.1%	16.6m	(5.2)%
Q2	19.2%	6.2%	13.0%	17.1m	13.5%
Q3	8.3%	4.8%	3.4%	17.2m	9.5%
Delivery only					
Q1	24.7%	11.6%	13.1%	13.3m	6.8%
Q2	1.1%	(11.4)%	12.5%	13.1m	(8.7)%
Q3	3.0%	(1.2)%	4.2%	12.6m	1.5%
Collection only					
Q1	(12.0)%	(24.1)%	12.1%	3.3m	(34.5)%
Q2	1391.5%	887.0%	504.5%	4.0m	494.7%
Q3	39.2%	35.6%	3.6%	4.6m	40.3%

Strategic progress

We have made good progress with our new store openings with five in the quarter from three different franchisees, bringing the total opened in FY21 to 18 from seven different franchisees. These stores are trading ahead of our expectations, and we remain on track to open up to 30 new stores by the end of the year and 200 stores in the medium term.

As part of our strategy to turbo-charge our collection business, the roll-out of in-car collection continues with 339 stores now offering this service, compared to 300 stores at the end of June. In-car collection brings labour efficiency benefits to our operation and attracts incremental customers to Domino's.

Domino's is a truly digital business, and our new App, which was launched in May, continues to be the driving force of our digital progress. In the quarter, the App accounted for 42.1% of system sales and downloads were +41.5% compared to the same quarter last year.

Our world-class supply chain has continued its exceptional operating performance with 99.9% availability and 99.8% accuracy in a period of unprecedented challenges. Our agile business model is working well to manage the impact of inflationary pressure and the well documented labour availability issues. In line with our strategy to model excellence as a franchisor, we have been proactive in our approach to the current challenging environment, working collaboratively with our suppliers to ensure the best possible availability for our customers, whilst continuing always to act safely and efficiently.

Our franchisees

Our franchisees have maintained their impressive performance in a very challenging operating environment. They are continuing to deliver strong store-level profitability which, however, will begin to normalise as the rate of VAT increased from 5% to 12.5% on 1 October and is scheduled to return to 20% on 1 April 2022. We continue to have an open dialogue with franchisee representatives on how we can enable the whole system to align behind our strategic growth objectives to our mutual benefit.

International

In August we completed the disposal of Domino's Pizza GmbH ("Domino's Switzerland") which was the final part of DPG's planned exit from all directly operated international markets - Norway, Sweden, Iceland and Switzerland. This has significantly diminished the cash drain on the group and allows us to focus on the growth of our core UK and Ireland operations.

Capital allocation

In-line with our capital allocation framework, to use the free cash generated by the business to optimise shareholder returns, we have now completed the £45m share buyback announced at the full year results in March and have recently commenced the incremental £35m share buyback announced at the interim results in August. In FY21 we have announced a total of £136m of surplus capital to be returned to shareholders via dividends and share buybacks.

Outlook

As we have previously guided, the changes to the rate of VAT will impact our reported system sales growth in the second half of the year. However, as demonstrated in this quarter, the strong underlying sales growth momentum is being maintained.

We have seen some impact from the well-publicised pressures on labour availability and food cost inflation, which we expect to extend into next year, but continue to take proactive, preventative measures to ensure our world-class supply chain service levels are maintained and that cost increases are constrained.

As we head into our peak trading period, we are confident that our agile, vertically integrated business model can adapt quickly to changing market conditions to sustain our performance and deliver on our expectations for the full year.

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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 and the Republic of Ireland. We also have an associate investment in Germany and Luxembourg.