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5 February 2020

DOMINO'S PIZZA GROUP PLC
Q4 Trading Statement

SOLID UK PERFORMANCE DRIVEN BY ONLINE GROWTH

	13 weeks to 29 December 2019	13 weeks to 30 December 2018	Change % reported	Change % organic ¹
Group system sales (£m)	£352.0m	£339.6m	3.7%	4.1%
UK & ROI system sales (£m)	£326.7m	£312.9m	4.4%	4.5%
- UK LFL (exc. splits) sales growth	3.9%	4.5%		
- ROI LFL (exc. splits) sales growth ²	(1.0)%	7.5%		
International system sales (£m)	£25.3m	£26.6m	(5.0)%	(1.4)%

Q4 update:

- Group system sales up 3.7%
- UK & ROI performance; system sales growth 4.4%
 - UK system sales up 4.6%; LFL sales excluding splits up 3.9% (2.6% including splits)
 - ROI system sales up 2.6% in local currency; LFL sales excluding splits down 1.0% (down 2.4% including splits; both local currency)
- 12 stores opened in UK & ROI in Q4 (UK: 12; ROI: 0). 32 stores opened in UK & ROI during 2019
- UK online sales up 8.3% and ROI online sales up 11.0%. UK & ROI online now accounts for 91.3% of delivery sales
- International disposal process progressing, with the focus on Norway as a priority
- The Chair recruitment process is progressing; further announcements will be made in due course. The search for an interim CFO is at an advanced stage
- UK & ROI Operating Profit expected to be within the range of current market expectations

David Wild, Chief Executive Officer, said:

"I am pleased with the performance of our core UK and Ireland markets, with system sales up 4.4% and UK like-for-likes up 3.9%, against a strong comparative and a competitive backdrop. This performance was driven by the power of our brand, our strong digital capabilities and the operational expertise of our franchisee partners."

“At the end of the period we announced the tragic passing of our CFO, David Bauernfeind. David will be deeply missed by all who knew him and worked with him. He leaves behind a high-quality finance team who have shown remarkable resilience and dedication over the past month, and we are well advanced in the search for an interim CFO.

“We look forward to announcing our preliminary results next month and updating the market on strategic progress made over the last few months.”

¹ Organic growth represents year-on-year performance on a constant currency basis and excluding the impact of acquisitions or disposals.

² ROI LFL sales growth on a local currency basis

³ The current range of analyst forecasts for UK & ROI underlying EBIT, of which the company is aware, is £102.1m to £104.1m, with a mean average of £103.1m

UK & ROI

UK and ROI system sales were up 4.4%. UK system sales were up 4.6%, with the UK accounting for the vast majority, 94.4%, of UK and ROI system sales overall. UK like-for-like growth, excluding stores in split territories, was 3.9%, and 2.6% including stores in split territories. ROI system sales were up 2.6% in local currency and 0.9% on a reported basis. ROI like-for-like sales, in local currency, excluding splits, were down 1.0%, and down 2.4% including splits.

On an ‘including splits’ basis, UK like-for-like orders were up 0.3%, items per order were down 2.4%, product mix impact was up 2.1% and price was up 2.6%, a continuation of the trend seen through the first nine months of the year. Total UK orders were 17.3m, up 2.3% on Q4 last year, against a challenging comparative. For the year as a whole, UK orders were 65.3m, up 1.2% year on year.

Following the success of the best-selling Cheeseburger pizza at the end of 2018, we launched the New York Hot Dog in late October 2019, selling almost 600,000 to date, an average of eight a minute.

12 new franchised stores opened in the UK during Q4, by 11 different franchisees. No new stores were opened in ROI. For the year there were 32 stores opened in the UK and ROI, of which three were corporate and 29 were franchised, by 23 different franchisees. There were 28 stores opened in the UK and four stores opened in ROI, and one planned closure in the UK. In total the store estate at the end of year was 1,184 (UK: 1,130, ROI: 54).

The dispute with our franchisees is ongoing and normal working practices remain affected. The situation is complex and we expect resolution to take time. We remain committed to working with our franchisees to agree sustainable win-win solutions.

Online sales growth in Q4 was 8.3% for the UK and 11.0% for ROI. In the UK, online accounts for 92.0% of delivery sales and 82.9% of total sales.

International

In Q4, international system sales were down 5.0% on a reported basis, and down 1.4% in local currency.

In Switzerland, local currency system sales were up 1.2%, with like-for-like sales down 8.3%, on an including splits basis. The like-for-like sales decline was made up of weakness in both ticket and order

count, in line with the trend reported in the previous quarters, together with the impact of new stores on the existing estate.

In Iceland, local currency system sales growth was down 2.5%, with like-for-like sales down 5.9%, impacted by a continued weak macroeconomic environment.

In Norway, we have a total of 56 stores (Q4 FY18: 54 stores). This is made up of 9 Dolly Dimple's stores (Q4 FY18: 12 stores) and 47 Domino's stores (Q4 FY18: 42 stores). Total system sales in Norway were down 10.5% in local currency. Local currency system sales in Domino's branded stores were down 5.6% and like-for-like sales declined by 18.4%.

In Sweden, sales were up 93.2% in local currency, with LFL sales up 11.5%. We opened two further stores in Gothenburg, following the three opened in Q3. The early performance of our Gothenburg stores is in line with expectations.

Update on International disposal process

In October, we announced that Domino's Pizza Group would be exiting our directly operated international markets, with the intention of finding more suitable owners for these businesses, ensuring the Domino's brand remains and thrives in these countries. Since this announcement, the Board's focus and priority has been on Norway, given the significant operating losses in this market. Once we have agreed a transaction for Norway, we will focus on progressing transactions for our businesses in Sweden, Switzerland and Iceland. We are focused on securing the best possible terms for shareholders and are working closely with Domino's Pizza Inc throughout. We will update the market in due course.

2019 full year performance

The Board expects UK & ROI operating profit to be within the range of market expectations. The range of analyst forecasts, of which the company is aware, is £102.1m to £104.1m, with an average of £103.1m.

The Board expects to report an operating loss in the region of £20m for its directly operated international markets (being Norway, Sweden, Switzerland and Iceland, together with International central costs, however excluding our German associate). This includes an element of onerous leases and related costs in order to reduce future cash outflows.

The following guidance for 2019 was provided at the half year results and remains unchanged:

- Depreciation and Amortisation c.£16m. Due to accounting treatment of our international businesses, this is expected to comprise c.£12m underlying and c.£4m non-underlying
- Underlying Interest (excluding foreign exchange movements) of c.£6m

We are today providing the following updates to 2019 guidance:

- Significant non-cash non-underlying charges in the region of £20m relating to impairment charges for corporate stores and £20m-£40m relating to impairment charges for our international businesses
- Capital expenditure slightly below the prior guidance range of £25m-£30m, due to timing of some UK & ROI spend
- Net debt of c.£233m, slightly above the previous guidance range of £220m-£230m

- The Group tax rate will be affected by the accounting treatment of our loss-making international businesses. UK&I underlying effective tax rate expected to be c.16%

Accounting treatment of International division in 2019 results

Given the Board decision to dispose of our international businesses, the operating results of Norway, Sweden, Switzerland and Iceland will be classified as 'businesses to be exited' or 'discontinued operations' and excluded from underlying results.

There remains no change in the accounting treatment of our German associate.

Analyst Conference call

There will be a conference call for investors and analysts at 8.30am today, hosted by David Wild, CEO and Bethany Barnes, Head of Investor Relations.

Participant dial-in: + 44 (0)20 3936 2999
Participant Access Code: 323334

Replay information

A transcript of the call will be available online and a recording will be available until Wednesday 12th February 2020.

Replay dial in details:

UK: 020 3936 3001
USA: 1 845 709 8569
All other locations: +44 20 3936 3001

Replay access Code: 103003

Financial calendar

We will be announcing our full year results on 5th March 2020. There will be a presentation for analysts and investors at 9.30am UK time, which will be live webcast through our website, with a recording also available following the event.

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.

