For Immediate Release 28 February 2001

Domino's Pizza UK & IRL plc
Preliminary Results
For the year ended 31 December 2000

Domino's Pizza UK & Ireland plc ("Domino's Pizza" or the "Company") is pleased to announce its Preliminary Results for the year ended 31 December 2000. A summary of key points follows.

<u>Key points :</u>

Financial

- System sales up 19.9% to £76.1m (1999 : £63.5 m)
- Group turnover up 27.0 % to £32.5m (1999 : £25.6m)
- Operating profit up 52% to £2.4m (1999 : £1.6m)
- Pre-tax profit up 61.8% to £2.2m (1999 : £1.4m)
- Earnings per share
  - Basic earnings per share up 68.1% to 3.21p (1999: 1.91p)
  - Fully diluted earnings per share up 65.4% to 3.11p (1999: 1.88p)

Business

- 22 new stores opened (1999: 29)
  - Total number of stores – 215
- Acquisition of American Pizza Company Limited
  - Total consideration of up to £1.85m in cash, 8 Domino's Pizza stores
- New commissary and distribution facility opened in Ireland, feeding rapidly expanding market
- Launch of new heated delivery technology "Heatwave" TM supported by successful terrestrial television advertising campaign

Board Changes

- Stephen Hemsley appointed as Chief Executive

Stephen Hemsley, Chief Executive of Domino's Pizza commented :

"We have achieved another year of solid growth with significant increases in both sales and operating profits. The Company also achieved market leadership in terms of store numbers and maintained its leading position in terms of sales. Our interactive television initiative and our terrestrial television advertising campaign have contributed to the growth of our brand across the UK and Ireland. Trading at the outset of 2001 has been buoyant and with such a strong start to the year we are confident that Domino's will continue its strong performance in 2001."

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Notes to editors: -

Domino's Pizza Group Limited is a wholly owned subsidiary of Domino's Pizza UK & IRL plc, which is quoted on the Alternative Investment Market of the London Stock Exchange (Symbol: DOM). Domino's Pizza Group Limited is the UK's leading pizza delivery brand by sales and holds the master franchise to own, operate and franchise Domino's Pizza stores in the UK and Ireland. The first UK store opened in 1985 and there are currently 215 stores in the UK and Ireland.

Domino's Pizza is world leader in pizza delivery and was founded in the United States in 1960. There are currently more than 6,800 stores open across 65 international markets employing approximately 120,000 people.

Chairman's Statement

The way we see it, Domino's Pizza has been running a marathon for nearly seven years and today we are miles ahead of the competition.

In late 1994, when we took over the company, we were barely off the starting line. Today we're doing higher sales than those of our two nearest competitors combined - and we've tripled our volume, from £27m in 1995 to more than £76m at the end of 2000. Most importantly, the terrain ahead continues to look good.

For us, the race is always a long-range one, never a sprint. So our decisions are always made with long-term goals in mind. We have always resisted focusing on short-term goals, which can only cloud the road ahead.

The finish line, if there ever is one, is years from now when we envision no fewer than one thousand Domino's Pizza stores delivering hot and fresh pizza to our ever-increasing and loyal customers around the UK and Ireland. That may sound like a lofty goal, but it is actually proportionate to the United States which has close to 5,000 Domino's stores today and is still growing strong.

We project that one thousand stores in the UK could yield system-wide sales of over £1/2 billion. That means not only more customers and higher turnover, but also more funds with which to fuel our growth.

For example, all franchised stores contribute a percentage of their sales to a National Advertising Fund (NAF). The NAF drives and sustains our continuous regional and national marketing campaigns, including our sponsorship of *The Simpsons* on Sky One, Royal Mail distribution and e-commerce initiatives. As sales increase so does the NAF, which means we can continue to expand our efforts and reach more and more customers.

The importance of advertising and promotion cannot be overstated. In January 2001, with NAF contributions from a total of 215 stores, we launched our first ever national, terrestrial TV advertising campaign. The advertisement was themed to support the launch of our new heated delivery technology, HeatWave.™ and was broadcast for 18 days in January. The campaign helped boost our same-store-sales by 18% over the same period in 2000. We hope to add one or more nationally televised commercials later this year.

Advertising will help to attract new customers, but only friendly, efficient service and top quality pizza will keep those customers coming back. In 2000, we put in place one of the most advanced systems for handling electronic orders – further speeding the delivery of our customers' pizzas to their homes. Now, when a customer orders on the Internet or via interactive TV, we can send all of the necessary information to his or her local store in seconds and a piping hot pizza will be delivered in 30-40 minutes.

Our new in-store computer system also means that, whether a pizza is ordered by TV, computer or phone, the order is processed accurately, with virtually no room for error.

But we haven't stopped with marketing and processing improvements. We have also invested heavily in new product development. Today we have several choices in side orders and pizza toppings. By late 2000, 45% of all pizza orders taken at our stores were accompanied by a side order like the Chicken Combo, which increases average ticket price and offers important variety to pizza fans.

In keeping with our long-term strategy, we have built most of the infrastructure needed to support the anticipated growth of the system over the next seven years. In November 2000, we opened our Irish commissary and, in so doing, we eliminated the need to ferry over the ingredients used by the growing number of Irish stores. Last year, supplying the Irish market with fresh food reduced our 2000 pre-tax earnings by approximately £200,000. We expect to add enough new stores to this market in 2001 to eliminate this loss completely. We also have plans to upgrade our facilities in the North of England to enable us to operate a more cost-effective service to those stores in the North and in Scotland.

Another means of ensuring that we achieve our goals is to constantly strive to upgrade our stores. We have put in place a five-year rolling programme of re-imaging which will result in an updated image for approximately 60 stores, or 25% of the system, by the end of 2001.

Although we will continue to increase the number of stores we operate ourselves, our prime emphasis will remain on expanding our base of franchised stores. Essentially, the franchisee supplies the start-up capital, which enables us to expand without the necessity to take on debt or call on shareholders. This strategy will allow us to grow the number of stores at a faster pace than if we opened and ran them at corporate level.

It is imperative that we reach our goals in the fastest, most secure way and continue to grow our market leadership. It is also critical that we grow the company within our own internal cash flow, avoiding the possibility of diluting our current shareholders' ownership by constantly going to the equity markets to raise capital. This policy will also allow us to share with our stockholders the planned increase in earnings by increasing dividends.

Though we are always thinking about the future, we are just as proud of the distance we have already travelled. The strong foundation on which the company stands today is the result of much hard work, dedication and personal sacrifice. We have been blessed to have my brother Gerry's leadership over these last seven years and for that I thank him. Gerry, like all great team builders, has ensured the continuation of the principles that drive our success by choosing a worthy successor. We are confident in our new Chief Executive, Stephen Hemsley, who we fully expect will lead us into the one thousand store race and beyond.

But the success we have achieved to date – and what we expect to achieve in the future - comes from every Franchisee and team member working within the Domino's Pizza system. Without their energy and skills, this company would not be able to report such outstanding success. In our view, every member of the team is running this marathon with us and every one of them is running ahead of the pack.

Thank you.

Colin Halpern
Chairman

Chief Executive's Report

I am pleased to report that, during our first full year as a publicly traded company, Domino's Pizza UK & IRL plc ("the Company") has achieved another year of solid growth with significant increases in both sales and operating profits. The Company also achieved market leadership in terms of the total number of stores, and maintained a long held leadership as measured by sales. E-commerce initiatives continued to develop and orders generated via these new channels grew to contribute nearly 4% of system sales.

Sales

For the year ended 31 December 2000, system sales, which are the sales of all stores in the Domino's system in the UK and Republic of Ireland, rose by 19.9% to £76.1m from £63.5m. The average weekly sales of all delivery stores grew 3.1% (1999: 2.0%) to £7,075 from £6,862. After a slow start to the year, following the Millennium celebrations, like-for-like sales growth reached 1.8% by the half-year. The acceleration in growth continued throughout the second half. As a result, like-for-like growth for the whole year reached 4.8%. This higher rate of growth has continued in the early weeks of the current year.

Trading Results

Group turnover, which represents the sales generated by the Company from royalties, fees on new store openings, food sales and rental income, as well as the turnover of corporately owned and operated stores, grew by 27.0% to £32.5m from £25.6m. Gross profit margin increased to 47.5% from 41.3% mainly as a result of the increased number of corporate stores operated.

Operating profits were up 52.0% to £2.4m from £1.6m. If an adjustment were made for the exceptional item incurred in 1999 this increase would be 19.2%.

In June 2000 the Company acquired the entire share capital of American Pizza Company Limited ('APC') which owned and operated eight Domino's Pizza stores within the Surrey and Berkshire areas for a maximum consideration of £1.85m paid in cash. These stores were successfully converted to corporate ownership and, in the remainder of the year, contributed £221,000 from sales of £1.57m. The joint-venture company, Full House Restaurants Limited, continued to make good progress in 2000 increasing operating profit by 27.5% to £65,000 from £51,000 in the previous year.

During early 2000, the Company experienced escalation in the cost of distribution to the stores. This was particularly evident in Ireland with our rapidly expanding store base. We therefore took the decision to bring forward the opening of a new commissary and distribution facility in Naas, 18 miles west of Dublin. This significant increase in the fixed overheads further increased the losses of servicing the Irish market. As new stores are opened throughout 2001 these losses will be reduced and we hope that, by the end of 2001 / early 2002, our Irish operation will be trading at a monthly profit.

The interest charge increased in the year to £0.3m (1998:£0.2m) primarily as a result of the expansion in corporate stores, together with the capital expenditure on the facility in Ireland. The charge also included a share of the significant interest expense incurred by our joint-venture partner of £26,000, which resulted from earlier debt financed store acquisitions. The total interest charge was covered 10.9 times by operating profit (1999: 7.4 times)

Profit before tax was up 61.8% to £2.2m from £1.4m. If an adjustment was made for the exceptional item incurred in 1999 the increase would be 18.5%. A significant reduction in the effective tax rate for the year from 38.9% in 1999 resulted mainly from the disallowance of the exceptional costs in the earlier year, and the use of some of the tax losses acquired with the APC transaction in the current year. The effective tax rate on the underlying profit has fallen to a sustainable 26.6% from 28.5% in 1999.

Earnings per share and dividend
Basic earnings per share were up 68.1% to 3.21 pence from 1.91 pence. If an adjustment were made for the exceptional item incurred in 1999 the increase would be 4.9%, reflecting the impact of the shares issued in the IPO in November 1999. Fully diluted earnings per share increased by 65.4% to 3.11 pence from 1.88 pence. If an adjustment were made for the exceptional item incurred in 1999 the increase would be 3.3%.

The Board is pleased to propose a final dividend for the year of 0.43 pence per share. This brings the total dividend for the year to 0.80 pence per share, a 12.7% increase over the previous year (1999: 0.71 pence per share), and payable on 15th May 2001 to shareholders on the register on 20th April 2001. The proposed dividend for the year is 4.0 times (1999: 2.5 times) covered by profits after tax, the level of cover indicated in our November 1999 prospectus.

Balance Sheet
Borrowings increased in 2000 as a result of the high level of capital expenditure. At the year-end, the Company had net borrowings of £5.7m (1999: £0.2m) against shareholders funds of £8.6m (1999: £7.4m), a capital gearing ratio of 66.1% (1999: 2.1%). The sharp increase in gearing reflects the use of high cash balances held at the previous year-end which resulted from the proceeds of the IPO only one month earlier. We consider current gearing levels to be sustainable particularly given our strong cashflow, significant asset base and high level of interest cover.

System Expansion
In 2000, 22 new delivery stores (1999: 29 stores) were opened, 8 in the first half of the year and 14 in the second half. The unfavourable weather conditions experienced in the final months of the year were responsible for delaying the completion of a number of stores. Three of these delayed stores opened in the first two weeks of 2001. It is the Company’s intention to accelerate the rate of new openings this year.

In line with the Company’s previously stated intention, the relationship with Alldays was terminated during 2000, and the remaining four stores were closed. In addition, two of the experimental stores set up within Total petrol stations were closed, leaving only one such store in the system at the year-end. During 2000, three delivery stores were closed of which one was reopened with a new franchisee by the year-end. One store is expected to re-open shortly and the remaining location has been sold. As a result, there were 214 delivery stores and one experimental store open at the year-end.

Corporate Stores
This was a year of transition and rapid expansion for corporate stores. The Company moved from being the operator of a limited number of stores that had been accumulated on an opportunistic basis to become the largest single operator of Domino’s Pizza stores in the UK. During 2000, 18 corporate stores were acquired, including eight within the acquisition of APC, at a total cost of £3.1m; three new stores were opened and four stores were sold. At the year-end, 31 stores were owned and operated by the Company, with one further store owned by the Company but operated by a franchisee.

This rate of growth exceeded expectations and created challenges for the management of this division. The recruitment and training of a considerable number of people new to the

Domino's business, to both operate and supervise this growing estate, held back profits for most of the year. It was not until the final quarter of the year that the true potential of our investment became apparent.

It is a credit to the management team of corporate stores that we now look forward to 2001 with such optimism. The challenge for 2001 is to continue growing the estate whilst ensuring that the overhead is strictly controlled to generate the required returns from this investment.

E-commerce

The Company has continued to maximise its substantial first-mover advantage in the digital television and internet revolution. The company remains the only fast-food company to secure a presence on all major interactive TV platforms and to offer nation-wide internet ordering. As stated above, sales generated via these channels account for almost 4% of overall system sales, or approximately £300,000 per month. Furthermore, the average order value on e-commerce is now £16, an increase of 16% on 1999.

The ordering service on Open, launched by the Company in September 1999, is now available in 4.7 million UK homes (January 2000: 2.1 million). During the financial year, the Company completed deals with Telewest, NTL and On Digital (On Net) interactive services, which currently reach approximately one million UK households. Additionally, deals were secured with Yes TV and HomeChoice interactive television services to test video-on-demand services in London.

On the web throughout 2000, the Company significantly increased awareness of online ordering with minimum advertising expenditure by way of affiliate deals with, among others, AOL, Ask Jeeves, Freeserve and Skybuy. 29% of all e-commerce sales are internet driven (1999: 18%).

The e-commerce infrastructure has now reached critical mass. Whilst some further investment will be necessary to ensure the platforms are sufficiently robust to handle the expected continued growth in sales, the focus for the coming year is to drive additional revenue through the infrastructure we have created.

Strategy

The strategy set out at the IPO and in last year's report continues to be fundamental to the growth of the Company. The Company will continue to grow store sales, particularly by the use of e-commerce; increase the coverage of the system by an accelerated rollout programme, and enhance profitability by the operation of more corporate stores. By achieving these objectives, and strictly limiting the growth in overheads, the Company will continue to deliver growth in profitability and shareholder value whilst managing the cost of the increasing royalty payable to Domino's Pizza in the US.

Current trading and prospects

Trading at the start of 2001 has been buoyant with total system sales in the first eight weeks of the year 30.9% ahead of 2000. A number of factors have contributed to this but the single most important was the launch of the Company's first terrestrial TV advertising campaign in support of our new heated delivery technology, HeatWave™. With such a strong start to the year we are confident of another good performance in the current year.

Stephen Hemsley
Chief Executive

Domino's Pizza UK & IRL Plc
Group Profit & Loss Account
For the year ended 31 December 2000

		Continuing operations			
		Ongoing	*Acquisition*	*Total*	*Proforma*
		2000	*2000*	*2000*	*1999*
	Notes	*£000*	*£000*	*£000*	*£000*
TURNOVER					
Turnover: group and share of					
joint ventures' turnover		32,083	1,569		33,652
26,758					
Less: share of joint ventures' turnover		(1,121)	–	(1,121)	(1,148)
GROUP TURNOVER		30,962	1,569	32,531	25,610
Cost of sales		(16,568)	(503)	(17,071)	(15,024)
GROSS PROFIT		14,394	1,066	15,460	10,586
Distribution costs		(4,900)	(509)	(5,409)	(3,340)
Administrative expenses		(7,602)	(336)	(7,938)	(5,695)
Other operating income		279	-	279	23
GROUP OPERATING PROFIT		2,171	221	2,392	1,574
Share of operating profit in joint venture		70	–	70	57
Amortisation of goodwill on joint venture		(5)	–	(5)	(6)
		65	–	65	51
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURE		2,236	221	2,457	1,625
Loss on disposal of tangible and intangible fixed assets		–	–	-	(62)
		2,236	221	2,457	1,563
Interest receivable		60	–	60	56
Interest payable and similar charges		(322)	(6)	(328)	(266)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,974	215	2,189	1,353
Tax on profit on ordinary activities		(581)	–	(581)	(526)
PROFIT FOR THE FINANCIAL YEAR		1,393	215	1,608	827
Dividends on equity shares				(400)	(331)
PROFIT RETAINED FOR THE FINANCIAL YEAR				1,208	496
Earnings per share - basic				3.21p	1.91p
- diluted				3.11p	1.88p

There are no recognised gains or losses other than those included in the profit and loss account.

Domino's Pizza UK & IRL Plc
Balance Sheet
As at 31 December 2000

	Notes	*2000* *£000*	*1999* *£000*
FIXED ASSETS			
Intangible assets		1,992	594
Tangible assets		11,459	7,328
Investments			
Investments in joint venture:			
Share of assets		739	696
Share of liabilities		(491)	(475)
		248	221
Investment properties		–	373
		248	594
		13,699	8,516
CURRENT ASSETS			
Stocks		1,194	772
Debtors			
Amounts falling due within one year		5,922	3,400
Amounts falling due after more than one year		1,283	612
		7,205	4,012
Cash at bank and in hand		998	4,581
		9,397	9,365
CREDITORS: amounts falling due within one year		(8,103)	(5,852)
NET CURRENT ASSETS		1,294	3,513
TOTAL ASSETS LESS CURRENT LIABILITIES		14,993	12,029
CREDITORS: amounts falling due after more than one year		(6,429)	(4,617)
		8,564	7,412
CAPITAL AND RESERVES			
Called up share capital		2,500	2,500
Share premium account		2,046	2,102
Profit and loss account		4,018	2,810
Equity shareholders' funds		8,564	7,412

Domino's Pizza UK & IRL Plc
Group Statement of Cash Flows
For the year ended 31 December 2000

	Notes	2000 £000	Proforma 1999 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,494	2,489
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		60	56
Interest paid		(283)	(205)
Interest element of finance lease payments		(19)	(30)
		(242)	(179)
TAXATION			
Corporation tax paid		(594)	(700)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire intangible fixed assets		(54)	(40)
Payments to acquire tangible fixed assets		(4,394)	(1,850)
Payments to acquire investment properties		–	(175)
Receipts from sales of tangible and intangible fixed assets		391	167
		(4,057)	(1,898)
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertaking		(1,514)	–
Net overdraft acquired with subsidiary		(194)	–
		(1,708)	–
EQUITY DIVIDENDS PAID		(329)	(435)
NET CASH OUTFLOW BEFORE FINANCING		(5,436)	(723)
FINANCING			
Issue of ordinary share capital		–	3,825
Share issue costs		(56)	(598)
New long-term loans		3,520	4,500
Repayments of long-term loans		(1,500)	(3,000)
Repayment of parent undertaking loan		–	(400)
Repayment of capital element of finance leases - and hire purchase contracts		(111)	(105)
		1,853	4,222
(DECREASE)/INCREASE IN CASH		(3,583)	3,499

NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES

Basis of preparation
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

2. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of operating profit to net cash inflow from operating activities

	2000	*Proforma 1999*
	£000	*£000*
Operating profit	2,392	1,574
Depreciation charge	768	586
Amortisation charge	88	54
(Profit) on sale of tangible and intangible fixed assets	(279)	(22)
(Increase) in stocks	(417)	(103)
(Increase) in debtors	(2,340)	(547)
Increase in creditors	1,282	947
	1,494	2,489

3. DIVIDENDS

The Board is pleased to propose a final dividend for the year of 0.43 pence per share. This brings the total dividend for the year to 0.80 pence per share, a 12.7% increase over the previous year (1999: 0.71 pence per share), and payable on 15th May 2000 to shareholders on the register on 20th April 2001. The proposed dividend for the year is 4.0 times (1999: 2.5 times) covered by profits after tax, the level of cover indicated in our November 1999 prospectus.

	2000	*Proforma 1999*
	£000	*£000*
Equity dividends on ordinary shares:		
Interim paid 0.37p (1999: 0.42p)	185	185
Final proposed 0.43p (1999: 0.29p)	215	146
	400	331

4. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share is based on earnings of £1,608,000 (1999: £827,000) and on 50,000,000 (1999: 43,245,384) ordinary shares.
The diluted earnings per share is based on 51,645,120 (1999: 43,941,773) ordinary shares which takes into account theoretical ordinary shares that would have been issued, based on average market value if all outstanding options were exercised.

5. FINANCIAL INFORMATION

The financial information set out in the announcement does not constitute the Company’s statutory accounts for the 53 weeks ended 31 December 2000 or 26 December 1999. The financial information for the 52 weeks ended 26 December 1999 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The statutory accounts for the 53 weeks ended 31 December 2000 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company’s Annual General Meeting.