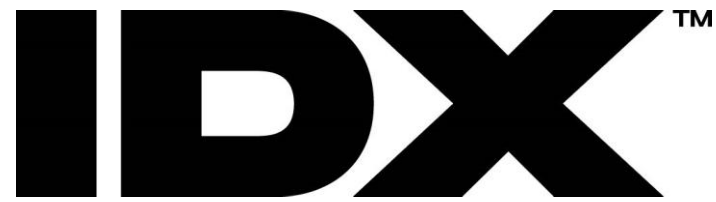

Domino's
2024 Full Year Results

Tuesday, 11th March 2025

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Overview

Andrew Rennie

CEO, Domino's Pizza Group

Welcome

Thanks for your attendance. I really appreciate it. As you know, my name is Andrew Rennie, CEO of DPG. Beside me is Edward Jamieson, our CFO. I want to give you our results this morning and then look forward to Q&A.

Disciplined execution delivers growth

Improving momentum and continued shareholder returns

First of all, I want to say thank you. Thank you to all my team and all our franchise partners and all the team members. We have about 40,000 team members in DPG now. All their hard work is what has provided these numbers, which I am very proud of.

Really privileged to be part of a company and a brand that is 40 years old this year in the UK. The brand is 65 years globally, but 40 years old in this country. I think the word I would pick out, particularly in this crazy world at the moment, is how resilient this brand continues to be and this company is in the UK off the hard work of many, many franchisees and their team members over decades.

My goal is to make sure that we have got a strong, robust business that continues to deliver for another 40 years at least. We are thinking about that every single day. It is not just about the here and now, but about the long-term success of this business.

Okay. So what do we do? First of all, we really focus on delivery. Our franchise partners and our team members really focus on the metrics, which I will talk about later on in the presentation, that really help to underpin value for our customers. Because at the end of the day, without that 71 million customers that we served last year, what do we have? We have nothing. We are always thinking about those customers, how do we make sure that we give better value every single day.

Value is not just representing price. It is representing the quality of the product, which we are extremely proud of, and the quality of the service. Not many people can deliver 71 million orders in 24.5 minute average delivery times. We have got stores that are doing that on average in 18 minutes. It is quite incredible.

As you know, we agreed a new five-year framework with our franchisees, no longer called the MoU. It is called the PGF, Profit Growth Framework, for very good reasons. It is focused on driving profits for franchisees and for our business through growth, customer growth and store growth. We are really proud of that. That creates stability and alignment with ourselves and our franchise partners, who are the backbone of this business.

We have made really strong strategic progress with our corporate business in Ireland. One of our parameters I spoke about back in 2023, which I will recover later in the presentation, is about focusing on the core. We are making money out of selling pizzas to customers like our franchisees do. We see a lot of upside in Ireland, in the island of Ireland, and hence, what we

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will talk about later on our new acquisition or the increased shareholding in the Victa ownership in Northern Ireland there.

We have got great franchise partners in Ireland, and there is a lot more white space there than there is in the UK. We really think we can drive that organic growth and be a bigger part of that success.

We continue to have a disciplined approach to buying another business, another brand. We have got a really strong balance sheet. I will talk more about that later on. At the end of the day, our secret sauce, we like to call it, are our people, our market position, which continues to grow. Even in these tough conditions, our market share continues to grow quite significantly, particularly these last few months.

Our franchise partners, they are the real differentiators that we have between many other brands. I think of it this way is that I am steering the ship into some pretty strong headwinds this year, and the ship is in really good shape. 2024, we put in really good shape with lots of customer growth, and you saw it build each quarter by quarter. We have got a great crew, really strong, robust ship, and that is how we are going to navigate this next in 2025.

I will talk about that more soon. But first, I will hand over to Edward to talk about the numbers. Thanks very much.

Financial Performance

Edward Jamieson

CFO, Domino's Pizza Group

Introduction

Thank you, Andrew, and good morning, everybody. Our intense operational focus and our strategy is gaining traction. We are deploying capital effectively, and we are seeing attractive growth across key metrics. We finished 2024 with a strong balance sheet, important in this uncertain environment. I am now going to run you through the key takeaways from our 2024 financial results and update you on our early trading, outlook and guidance for the year ahead.

FY24 Financial Highlights

Growth across key metrics

In 2024, we delivered growth in order count, in like-for-like sales, in profits and the dividend. Total system orders grew 1.7%, primarily driven by good performance in the delivery channel. Importantly, our like-for-like performance improved every quarter and was overall up 0.7% for the year.

DPG's underlying EBITDA was up 6.4%, which flowed through to underlying earnings per share, which was up 13.3%, also benefiting from the lower share count.

Consistent with our progressive dividend policy, we have again increased the full year dividend by 4.8%, and this is supported by our robust free cash flow, which while down versus last year, was flat after adjusting for working capital fluctuations.

Let me now go through some of the drivers of these numbers in more detail. Turning to the next slide.

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Trading performance

Continued delivery growth driving momentum

On slide six, which summarises the key data on system sales and order count. Starting on the left-hand side, you can see that our system sales and total order count were primarily driven by the delivery channel. The chart on the right-hand side shows how trading momentum accelerated throughout the year with delivery orders growing for three consecutive quarters, a meaningful improvement after 10 consecutive quarters of declining volumes. Our collection order growth was still in growth for the overall year.

You can see how our like-for-like sales improved every quarter, and we finished the year well with Q4 like-for-like sales up 3% in what remains an uncertain environment. Andrew will cover the operational drivers of this improvement in more detail later in the presentation.

Sales performance

Consistent revenue performance

Slide seven shows the year-on-year movements of system sales and DPG revenue. While system sales grew, DPG revenue was broadly flat, primarily driven by a decrease in our supply chain revenue.

As I explained last year, food input prices fell in 2024. In line with our model, the benefit of these lower prices was passed through to our franchise partners. As we will see in a moment, this naturally had an impact on the supply chain EBITDA as well.

Corporate stores revenue was up, driven by the revenue from the acquisition of Shorecal in April, offset by the loss of revenue following the disposal of our corporate stores in London completed in July. Shorecal has performed well since we acquired control and in line with our expectations. EBITDA margin as a percentage of system sales was up 30 basis points to 9.1%, largely driven by the supply chain margin.

Underlying EBITDA

Growth primarily driven by Shorecal & lower technology platform costs

Let us now look at the components of underlying EBITDA. Before I do so, let me point out we have moved to a fully allocated IFRS 16 reporting approach, and so some of the comparables have changed a little.

Overall, DPG EBITDA was up 6.4% to £143.4 million, with lower supply chain EBITDA more than offset by other factors, primarily growth in corporate store EBITDA and lower technology costs. Once again, our supply chain operation delivered an outstanding performance with accuracy and availability stats of 99.97% in the year.

Pete Trundley and his brilliant team continue to deliver for our franchise partners and for our customers, and I would like to thank all of them for their hard work and effort last year.

We continue to drive efficiencies in the supply chain, but we could not entirely offset the profit impact of lower revenue resulting from food price deflation. As with revenue, corporate store growth reflects the Shorecal acquisition and London store sale.

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As I have covered before, we have been investing substantially in the development of our technology platforms, in particular, a new ERP and e-commerce system. With these programmes largely complete, platform costs halved to £4.4 million in FY 2024.

Operationally, we have already rolled out our ERP system across half our supply chain centres and expect this will complete across the whole network by the end of H1. We expect to complete the full cutover to the new e-commerce platform in early H2.

Income statement

Underlying EBITDA +6.4%, PBT +8.4%, EPS +13.3%

Moving to the income statement. EPS is up 13.3% based on a 6.4% increase in EBITDA, an 8.4% growth in PBT and the benefit of a lower share count following the Group's buyback activities.

Looking at the line items, depreciation and amortisation was £3.2 million lower due to lower amortisation charges from legacy IT systems. Finance costs increased £3.5 million, driven by higher average levels of debt in the year, which I will come to in a moment. Our effective tax rate has remained broadly stable at around 25.5%.

Free cash flow

Continued strong cash generation

Turning next to free cash flow, a strong feature of our capital-light business and where, on an underlying basis, we again generated around £100 million. The principal difference between FY 2024 cash generation and the prior year was working capital. As I outlined in the results in August, there was a £10.7 million outflow in H1. As I guided, this mostly reversed in H2.

Excluding the working capital swings, you can see that the Group generated around £100 million in each year. Non-underlying cash outflows in FY 2024 with the corporation tax payable on the profit on sale of the London corporate stores and advisory costs from Shorecal.

I will now turn to how we deployed this cash generation about how we invest, recycle and return capital.

Our capital allocation framework

Disciplined framework for deploying, recycling and returning capital

We introduced the capital allocation framework in March 2021 and use it to make decisions on free cash flow deployment and our approach to leverage.

- We continue to invest in the core business to drive long-term sustainable growth and to pay a progressive dividend to shareholders;
- We also continue to selectively invest in additional accretive growth opportunities, which we can partially fund through recycling capital;
- Finally, we assess if we have excess capital considering our investment opportunities and leverage. If we have, we return this to shareholders.

Since 2021, we have announced nearly £500 million of shareholder returns. We have increased dividends again today, and we remain committed to returning excess capital in the future. We do all of this within our target leverage range of 1.5 to 2.5 times.

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Let me now turn to how we deployed our capital in 2024.

Accretive investment, recycling capital & shareholder returns

Leverage in middle of range after investment in growth opportunities

As I outlined earlier, we generated £84.7 million of free cash flow in the year. We are highly cash-generative, and so we are able to both invest in the business and return to shareholders.

The first priority is to invest in the core business. To that end, we invested £18.5 million in capital expenditure in the year, including the completion of work to expand our Irish supply chain centre.

Secondly, we paid dividends of £42 million, reflecting our sustainable and progressive dividend policy, and we have grown dividends again. Combined with share buybacks executed in the year, we returned £67.9 million to shareholders in 2024.

Applying our disciplined approach to accretive investment in recycling capital, we spent £27.1 million in the year. This comprised £48.7 million in the Shorecal acquisition, £11.4 million in the DP Poland stake, partially offset by a cash inflow from the disposal of the London corporate store estate. The net effect was a £32.7 million increase in net debt to £265.5 million, giving leverage of 1.93 times in the middle of the target range of 1.5 to 2.5 times. So, a strong balance sheet position.

Today, we have announced an additional accretive investment in our Northern Irish JV for £25.6 million. This is a combination of £7.2 million of equity and £18.4 million of debt and, on a pro forma basis, takes our leverage to around 2.1 times. This increases our shareholding in the JV from 46% to 70%, further enhancing our ability to drive growth in Ireland, and Andrew will cover this in more detail later.

Investing to drive sustainable growth

c.£25m capex in FY25

We have guided CAPEX to be circa £25 million in 2025 as we continue to invest more in our system to support sustainable growth. We see opportunities for further automation across our supply chain centre, and we are accelerating projects across our existing centres to focus on this opportunity.

When we announced the new Profitability and Growth Framework with our franchise partners, we also announced that we plan to open a fifth UK supply chain centre. CAPEX spend on this, this year is expected to be around £5 million on the initial work and relates to increasing the distribution capacity of our network.

We also plan to invest in the continued innovation of our app to drive frequency.

Finally, there will be some new store CAPEX in Shorecal as we unlock the growth opportunity.

Outlook & guidance

Moving to outlook and guidance. We made good strategic progress during 2024, with trading momentum accelerating as the year progressed. In the first 10 weeks of the year, our growth has been positive with total system sales up 2.4%, total orders up 0.7% and like-for-like sales up 0.7% despite the UK economic environment remaining uncertain.

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We expect FY 2025 underlying EBITDA to be in line with current market expectations, excluding the positive impact of the Victa investment. We expect Victa to contribute around £3 million to underlying EBITDA this year, will be EPS neutral this year with earnings accretion next year. Our full technical guidance is laid out below.

Thank you. Let me now pass you back to Andrew.

Delivering on our Potential

Andrew Rennie

CEO, Domino's Pizza Group

Continued operational delivery

Relentless operational focus gaining traction and driving momentum

Thanks, Edward. These numbers here are the ones I am particularly proud of if we look at the year that was, purely by focusing on operations, really relentless focus on what we do every day, how we deliver to our customers.

When you see that the delivery times of sub-25 minutes with more than 80% of our orders delivered on time, the app orders going up another couple of points, the ecosystem of our universe of our customers inside our database growing and franchise EBITDA continue to grow even after a huge impost of the National Living Wage last year was huge, and our franchisees still managed to get over the top of that. Extremely proud of those numbers.

Driving long term growth in core business

Number one priority is to continue investing in and growing the UK & Ireland

If we go through to the next slide, the long-term growth in core business. As I said before, we have been around for 40 years. We want to be around for another 40 years. We will be crossing over 1,400 stores this year. We will be exceeding those numbers. That is a huge milestone. There is not many brands that are more than 1,400 stores in the UK and Ireland.

We continue to focus on these key four points:

- Franchisee profitability;
- Value for money for our customers;
- Digital; and
- Convenience.

We will talk more about those now.

They are consistent. They are the same focus. We are not changing strategy. It is the same strategy we have had now since I have been here.

Value for Money

Continuing to improve the delivery experience

Value for money. If you look at these metrics here, this is part of the value equation. When people can consistently get their orders on time, that means that they are hot and they are

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fresh, they taste better, and they are more likely to come back to you compared to other competitors who may not be so consistent with their delivery times, etc.

This is not easy, right? These are best-in-class numbers globally, particularly when you are talking about the scale that we have. We worked very hard for this. As I said before, we have got 40,000 Dominoids, we call an army of Dominoids around the country who every day wake up and are passionate about making sure that customers get an incredible service.

From the outside, it probably looks easy. But when you think about 80% of our orders coming 20% of the time, you are talking about hundreds of orders over a two-hour window quite often. In the rain, the snow, the hail, you name it, our guys just keep delivering and keep providing. It is one of our IPs. If you think about it, we have got 40 years of this inherent knowledge that has been built up. We have people that are inside our business that have been there 30-plus years that have been doing it over and over again. So it really is part of our magic.

Value for Money

> *Enhanced value offering to customers by providing best in class service; innovative high-quality products*

Moving on to the next slide. We do not forget that every day, we have to look after our customers. Without those customers, we do not have a business. We are constantly focused about how do we make sure that our customers are getting better value for money.

Last year, we really focused on delivery service, and you saw massive momentum throughout the year. We are really proud of that nearly 8% in order count growth in Q4. But this year, we are going to add the extra part of that lever.

We have got two parts of the engine we can drive:

- Delivery; and
- Collection.

This year, we are going to start stoking up the fires in the collection engine as well, because consumers are seeking out more value, and collection is a great value offering. Now for franchisees, it has got great margins. So it is actually wins for both sides, both the franchisees and for our customers. The thing that we have that is a competitive advantage for our business is that with almost 1,400 stores, we are really close to our customers. The proximity to them is the number one driver of a customer's decision process. By having so many points of sale, we are closer to the customers to be able to drive this part of the business unlike others.

If you look at things like our £4 lunch, it still continues to drive, particularly perception about value and the collection angle, we are going to drive more and more this year, which has been omnipresent. We are circa 35% collection of orders. The US at 55%. There is a massive delta there that we can pick up on and grow into, I believe.

Digital acceleration

> *Successful first phase of loyalty trial, ahead of expectations*

We move on to the next slide, digital acceleration. I think the key message here is, one, first, phase one has worked really well. We are moving to phase two to three million customers in our database.

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But what does this do for us? What it does is that loyalty widens that moat on our business, makes that even more tougher to penetrate our business because we have all these people inside our ecosystem. We have got 13 million customers in our database. We can talk to them more frequently. We can reward them now. Having that knowledge allows us to drive incrementality in frequency. That is going in a really good direction. We are really proud of the team and the digital team and all the work they have done, the marketing team.

It is really the knowledge and the data we have is quite amazing really when you think about it. That is going in a really good direction. We will continue to step that up this year.

Convenience – store openings

Expect to open in excess of 50 new stores in FY25

Next slide, convenience. As I said before, getting closer to our customers is really important, not only from a delivery perspective, but also it is really important from a collection perspective.

There is still 15% of the UK and Ireland that is white space. You cannot get a Domino's Pizza delivered there at the moment. We still have all this growth to go into. The small territories continue to outperform. We have franchisees that opened. In fact, one of our franchisees opened a store about three weeks ago, broke the national new store opening sales record, had not been broken in 10 years, in a tiny village about half the size of our traditional stores.

This goes to show the pent-up demand of the brand in these small towns. We cannot wait to take the brand that these people have been waiting for, for 40 years to their villages. We had 21 different franchise partners opened those 54 stores last year. So we have a broad spectrum of franchisees doing so. It is a good balance between splitting stores, so carving out stores and getting close to the customers and giving better service and new territories.

We have got a strong pipeline for 2025. Like most years, it is always more back-ended because it takes a while to get the hopper filled up, but we feel pretty confident about that. The ROIs of the stores are incredible. That certainly drives it.

This is all underpinned, of course, by that PGF we put into place that underpins that growth in that store count.

Convenience – Aggregators

Now fully rolled out on Just Eat and Uber Eats

If we come on to the next slide, we have fully rolled out Uber Eats now. We have got Uber Eats and Just Eat who have been great partners, very incremental partners, very complementary to our business. Overall, it is a small but important part because there is the incrementality. We continue to work with them in a very positive way, and I think they are pretty happy with the relationship they have got with us as well. We will continue to work with those partners and keep to leverage and maximise those relationships.

We go to the next slide.

#1 in UK and Ireland Pizza

Strengthening position in branded pizza with market share continuing to grow

All the hard work of the franchisees and all their team members provide these incredible market gains. If you look at across the last couple of years, we have opened over 115 stores where

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others have closed similar amounts. That is not an accident, right? That is through many, many years of hard work, of great service, of consistent service, consistent value.

We continue to grow market share. The last couple of months have been incredibly good market share gains for us as well. In a market that is tough and up and down and all over the place, we are winning. I think it, again, speaks to the strength of the brand.

Next slide.

Significant strategic delivery in 2024

Building a larger, more cash-generative business

If we look at our business, what we are trying to do is build a larger, more cash-generative business. As Edward said, we have basically got about £100 million free cash flow. We want to continue to grow that. We continue to invest in the core. The island of Ireland strategy, we think, is the right thing to do because we have got more growth that we can help drive there.

The PGF with the franchisees has created alignment with them and also stability for themselves and ourselves through the next five years and past and beyond. The focus on the core business, as I said, with Shorecal and the corporate store disposals, we are doing what we said we would do.

The small investment in Poland, we said we wanted to just invest there and wait and see. We think that there is good upside there. We continue to be confident about that investment. We continue to recycle capital, and we will continue to do so for shareholders' benefits.

Next slide.

Long-term sustainable growth

On track to deliver targets, now underpinned by PGF

Again, same story, long-term sustainable growth underpinned by the PGF, we believe. This target of 1,600 is not a pipe dream, and even 2,000, I do not think is a pipe dream. I will be here to come back and cut the ribbon on 2,000 stores. I am determined to do that. It will happen. I really believe that because the brand is just so strong and so loved in this country, loved by not only our team, but loved by our customers. It is quite incredible.

The amount of times we get pulled up in shops, and I get stories from people of my age talking about how they have Domino's converts and now their teenage children beat them up about ordering Domino's as well. It is generational. It is quite incredible.

But we have got a clear plan to keep delivering on earnings. At the end of the day, it is still about EPS, it is still about EBITDA, delivering those two key metrics.

I know I am probably getting some people beat me up today and say, well, yes, why are not you announcing more buybacks? That is because we have a focus on driving the EBITDA with some growth opportunities. As Edward said, if those growth opportunities do not come to fruition, and there is a few on the pipeline that we are looking at right now, we will do more buybacks like we did last year. But we are pretty confident we have got some things in the pipeline that excite us greatly.

Moving on to the next slide.

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New Five-year profitability & growth framework

Framework underpins store and system sales targets

The PGF, we have probably said enough about it already. Just for me, it is most important for the franchisees that we put it to bed, we can focus about the core business now. It is behind us. It helps drive order count growth. It is more investment into digital. It is investment into smaller towns. They are all things that matter to us, for our shareholders, they matter to our customers and they matter to our franchisees. We think that it is a win-win-win for all stakeholders. It is about driving profitability for everybody involved, not just one party.

Moving ahead to the next slide.

Acquisition of majority stake in Northern Ireland JV

Builds on successful Shorecal acquisition

As Edward spoke about, we had the acquisition. We are already a 46% shareholder of that business. We know that business very well. We took a bigger stake there. Why? Because we believe in Ireland, in the whole of the island of Ireland. We believe the growth there. We think we can help grow faster there. Have got a great franchisee up there. Mike, who is leading the business, will continue to lead it but will play a bigger part in the direction of that business, which we are excited about.

It also allows us to leverage infrastructure that we have already invested in Ireland. As Edward said, we have invested in the commissary over there and upgraded that. We have already got the Shorecal business. We are really, really confident and really happy about that investment. Again, it is an investment in the core. It is an investment in the business we know and understand very, very well.

Ireland is a significant growth opportunity

Victa follows successful Shorecal acquisition

Again, rolling over the next page, Shorecal continues to do fantastic. We are really happy. We really like and love what we see in Ireland and the upside there. We will continue to double down on that.

Just an interesting point is that the previous record of organic openings in the island of Ireland previous to last year was eight stores. Last year, we did 16. We doubled the organic growth in Ireland last year. So strong leadership there with our team in Shorecal with Stoffel helping to lead that with Mike up in the north. They are business partners of ours, and they continue to be really great business partners and lean in. We are really, really happy about that.

Moving on to the next slide. Not too many to go.

Second brand and international

Building a larger and more cash generative business

Guardrails, really good guardrails in place. Our Board has got a very clear mandate about what we can and what we cannot do. We feel like we are building a big business. We want to add to that. I think one of the things that I have misunderstood is about the infrastructure, and Edward alluded to it before about Pete Trundley and the team and our supply chain is incredibly high-quality, world-class supply chain.

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We think – not only think, we know, particularly with all this automation, we are speeding up, accelerating that automation, it creates more capacity. Therefore, that capacity, we can fill that capacity up, not only with more Domino's stores, but with other things that really complement what we are doing. You have got to have scalability, you got to have synergies, you got to be profitable. There are things that we are looking at very, very closely.

We have analysed a lot of things, and we will only take the things that really, we think, will have a big benefit to our business and for our shareholders.

I want to reiterate what Edward said is that our current pipeline of opportunities we are looking at, we could fund all of those with our existing balance sheet capacity. We do not need to go out and raise equity like some people might assume.

Next slide.

Additional growth opportunities

Significant progress since December 2023

This is a slide I showed back in December 2023. I want to sort of give myself a bit of a scorecard here how we are tracking to what we said we would do. We said we would grow corporate stores and joint ventures, etc. We have done that with Shorecal. We have done that. We have recycled the capital out of London and put that into Ireland with our Victa investment.

We continue to evaluate in a very disciplined way that second brand opportunity. We made a small investment into the international markets without doing something stupid and wasting capital. We think it is been well deployed, and we think that it is going to pay off in the near term. We feel as though that we are doing what we said we would do for the market, which is really important for us.

Delivering a sustainable future

Commitment to our 'Connect the Dots' strategy

With that, we get down to the last two slides, which is sustainability, very important to us. We published our first-ever Sustainability Report in 2024. Nutritionally, we have been focused on this for a couple of years now. We launched the Loaded Veg, 160 calories, going really well. We have got pizzas at 190, 200 calories. We got our Cheeky Little Pizzas at 400 calories.

We are giving customers choice because of those in the family who do want a lighter meal, which is fantastic. We are able to provide that. The good thing about pizza is you can make it as healthy or as indulgent as you want. We are also focused on reducing carbon. We put the initiatives in place there, and we have signed up to the free commitments on those.

We are also making sure that we have better products in place for packaging that are more recyclable, etc. They are very important to us and very important to our team members as well. We are on the train for that.

Disciplined execution delivers growth

The last one, disciplined execution delivers growth. We continue to make progress, and we have strong momentum. This is a dynamic business that we can flex. We are going to flex more into collection this year, not taking our eye off delivery. In fact, we are going to double down on delivery. We are going to go even harder now that we have got the momentum, we

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are going to drive it harder. But consumers are looking for value, which we understand. It is a tough market out there.

Delivery and collection really plays to that. Having been in a few markets and been around for over 30 years, I have seen this before. I can assure you that, that really helps to drive growth.

I think the big thing for me is this business is resilient. It continues to deliver. The thing that amazes me is that our net debt went from 1.8 to 1.9 across the last 12 months. Inside of that, we had acquisitions, we had buybacks and we had dividends. We still only moved to 0.1. Still a sub-2 balance sheet, really strong. I think it is sensible in times like this.

Franchisees are aligned with our new PGF. We have got stability there. We are focused on investing in the core, like we have done with Shorecal and now Victa. We are really focused on the core. We continue to recycle capital like we did with the London stores, but with some more capital, we will recycle that and continue to reinvest that in ways that will drive more growth.

At the end of the day, our strength is our people and our franchise partners in this environment. People that have been around for decades have been through the tough times, and this brand continues to sail through those waters with a really strong crew and a strong ship.

With that, I will open the floor up to questions. Thank you very much.

Q&A

Ross Broadfoot (RBC Capital Markets): First of all, on the loyalty scheme. Could you give us any indications of what you have observed from customers or customer behaviour? Number two, the M&A pipeline now funded from the balance sheet. What has changed in the plan there? How have your aspirations shifted in terms of a second brand?

Then finally, new stores in excess of 50 for this year. That is obviously including an acceleration at Shorecal, Victa. Could you talk a little bit to the appetite in the rest of the Group, please?

Andrew Rennie: Yes, sure. We will talk about the last point first. Look, there is appetite there. Finding stores is not easy in this market for planning, etc., can take a couple of years sometimes. You do have to think a couple of years out with your pipeline.

The plan is to do in excess of 50. Maybe it is a lot more than that, who knows, but planning is a really big variable these days, but we feel confident to say 50, which will be the third year in a row above 50, which I think is pretty incredible. There is not too many brands that are outgrowing that, maybe one that I know of. That is the first one.

Your other point was around the loyalty. Look, we are seeing some really good numbers in terms of our lower users, smaller users, if you like, less frequent users who are really engaging with the offers that we are putting there. We have kept it really simple. The amount of data we have is quite incredible. That helps us make decisions for the future of it.

But so far with what we have launched, we are really happy with. We are just dialling up slowly. We do not want to do a holus-bolus because you can trip over yourself. But certainly, what we have seen so far is that there is an incrementality, particularly those lower to medium users, which is great.

Did I miss any other questions, Ross?

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Ross Broadfoot: M&A.

Andrew Rennie: M&A. Look, we have not changed our strategy in that. The M&A is still very clear. The Board is still very clear on our capital framework. We want to get a brand that fits with us, so it will be food and beverage that can be franchised, that we can apply all the synergies and leverage that we have through our commissaries, our digital, our data on consumers. I mean with 13 million customer base, we are literally in every second household.

We have incredible market share with the Domino's brand. We would not be taking our focus off that. That is the golden goose. But we are thinking about the medium to long term here. We are thinking about a brand that can become 500, 800, 1,000 stores in the future. We are treading very carefully. We have got a few things we are looking at, at the moment quite seriously that we think could fit that basket, but we will jump through all the hoops to make sure they tick the boxes. We are not going to do anything silly. We feel pretty confident we will make the right choice.

Douglas Jack (Peel Hunt): I have got three questions, please. The first one is for Edward. The technology platform costs in 2024, there were £4.4 million charged to OPEX. What is the equivalent do you think would be in 2025, given all the things that are going on?

How have your value for money scores moved in the year? Last question was about the average number of households per store, where are you at now? How does that compare to the US and Australia?

Andrew Rennie: Good questions. Edward, do you want to handle the first one?

Edward Jamieson: Yes. If I handle the first one. As I said, we completed the e-commerce build, and so we are completing the cutover of that. The ERP, we expect to deploy by the end of H1 in full. There will be very limited cost this year.

Andrew Rennie: On your other two questions, Douglas. First of all, the consumer research tells us that consumers think we are the best value that they have seen since 2020 from Domino's. We are going back in time to create better value, which is fantastic.

Then it comes from a combination of great value offerings that our stores are offering, £4 lunch, £7.99 Collection Perfection, etc., but also the delivery service because value really represented by the whole package. As I have spoken about before, I would not bore you again, but the whole value equation is more than just the price because you can get a pretty poor product at a cheap price and it is late and it is cold and it is worth nothing in effect.

Customers are telling us with the research we get that they are very happy with that. The market gains that we are getting big steps forward shows that that is also playing through.

Then your other question was around house count. Yes, house counts are coming down, but there is still around 20,000 addresses per store at the moment. If you look at places like Netherlands, New Zealand, Australia, US. US numbers, I do not know specifically off the top of my head. I do not want to quote the wrong number. The others I know and they are closer to 10,000, 11,000, 12,000 addresses, so almost half of what we are.

If you did the exact math, it means that we should be probably 2,800 stores. We are focused on 1,600 or 1,400 this year and then 2,000, so we do not want to get ahead of ourselves.

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Maybe when we get to 2,000, we will have to reevaluate that. But at the moment, we have a clear path to a couple of thousand stores quite comfortably.

Richard Stuber (Deutsche-Numis): Three questions, please. The first is on franchisee profitability. I know that is a core pillar of yours. It was up 7% this year. Given higher labour costs again and potentially food costs and fuel costs, do you expect franchisee profitability to continue to grow again this year?

Second question is on current trading like-for-likes, 0.7%. I think another QSR company said that January was particularly weak, February was a lot better. Could you give any more granularity around January versus February in current trading?

The third question is on the loyalty programme. I know you have done a few trials going well, but have you tweaked the generosity that you have given to customers? Anything around what is changing and, therefore I guess, why it takes so long for you to roll out in full next year?

Andrew Rennie: Sure. Good questions, Richard. First of all, franchisee profitability is extremely important to us because they are the backbone of this business for growth. Look, we have got a plan in place where we think we can get back to the same number. If we can get back to the same number with all the imposts that are coming towards us, us and ourselves, the franchisees would be grateful for that.

Would we like more? Yes. Will we go after more? Yes. But getting back to that current number would be a great outcome. We have a plan. We think we can get there. We do not know what the world holds in front of us. It changes every day at the moment, but we feel pretty comfortable we have got a plan to get there. That is for sure.

Your other question was around loyalty. Have we tweaked it? We have tweaked a little bit. I would say that we have got the offering where we want it to be at the moment. It seems to be resonating with customers, but we will continue to evaluate that, particularly as we go into this bigger group. We have gone from 630,000 to three million at the moment. That is where we get a lot more data there that will give us a lot more indication what we do the year after.

But certainly, from what we have seen, the incrementality at the moment, we are very happy with it, particularly the customers that we are targeting. So very positive.

Then your other question was around January, February. Look, I think the reality is it is depending on what you are rolling over has something to do with it. It is also depending on where you are spending your marketing. January, February typically are some of our slowest months of the year. We are also saving our gun powder for later in the year when we think strategically they will have bigger bang for our buck.

Could we have driven higher sales in those months by throwing more marketing at it? Definitely, without a doubt. But we decided not to do that like last year because we want to use it for certain parts of the year that we have strategic initiatives. It would be wrong for me to comment which was good and which was bad. One was okay and one was better, you could say that. But it is too lumpy to break it out and explain why.

From a strategy point of view, budgeting point of view, it was as we expected.

Hai Huynh (UBS): I have a couple of questions, please. In terms of the like-for-like shape for the rest of the year, where do you see the volume and price dynamic? That is the first question.

Andrew Rennie: Yes. Is that the first question? Yes, so we definitely see both. We had a lot of volume last year. As you know, we specifically went after volume. We actually took ticket down last year. We think because we took ticket down and we focused on growth and order count growth last year, we have the right and the ability to take both this year. We are very focused on both.

Collection will be a big driver of volume. Delivery, we hope to get volume as well, but we also have the ability, we think, to take a bit of price as well later in the year. That is our key focus.

Hai Huynh: Have you taken pricing through the first two months?

Andrew Rennie: No. Not at this stage, no.

Hai Huynh: No? Okay. Second question, just a follow-up on the point about franchise profitability. When you say you want to get to similar numbers, are you talking about absolute EBITDA, or are you talking about margins?

Andrew Rennie: Absolute.

Hai Huynh: Absolute. Then lastly, on the M&A side. You have got 2.1 times net debt/EBITDA after the extra acquisition in Ireland. That leaves you, based on just a quick calculation, £80 million, £90 million if you are guiding for £270 million net debt by the end of the year. Is that the sort of number you are looking for in terms of growth opportunities that you are willing to spend?

Andrew Rennie: You know what? I do not want to speculate on what we will or would not spend. What I will say is that with the balance sheet we have and our cash flow, and we have the ability to recycle some capital as well, is that we have some ability to buy some things out there at the moment that are not super expensive, to be fair, in the scheme of things. Yes, we think it is pretty realistic and disciplined to go about it that way. We are not expecting to go anything crazy.

Hai Huynh: Lastly, comments on competitive activity on loyalty? Papa John's just revamped their loyalty scheme to a lot more competitive. Do you think that affects anything on your side?

Andrew Rennie: No. I do not look at competitors. What I have worked out 30 years ago was that I have more to lose by not focusing on what we do than we are focusing on the competitors. We focus every day about what we can do better. I cannot control what competitors do, but I can control what we do.

That is what we have done, has been working, and that is why our market shares continue to grow. Because the other thing to factor in too is that when you look at our store count, not only is it 3, 4 times the size, if you look at it in terms of sales, it is more than that again, all right. Because our average unit sales are over double and triple in some cases, so the market share we have is phenomenal.

More importantly, the distribution we have is huge. That proximity to customers, that is where our big advantage is. We have a structural difference between a lot of our competitors.

Katie Cousins (Shore Capital): Just a couple of follow-on questions actually from what has already been asked. In the year-to-date numbers, the implied price is pretty low compared to what some of your peers are saying. How much is promotional activity wrapped up in that?

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Also, the weather impact on the year-to-date numbers. If there has been any there? Then also just on app numbers and order frequencies, how does that compare to the wider Group?

Andrew Rennie: Yes. I would say that our promotional activity is the same as it was this time last year. It has not really changed. We have always got promotional activity going. What I have learned in this country, the weather is either shit or really shit. Excuse my French.

Look, you have to take swings or roundabouts. Sometimes the weather is in your favour, sometimes it is not. The good thing is when you have got a collection and delivery business, you play to both. I would not say that weather has had a huge impact on us. It tends to be controlled by what we do.

When we do really good promotions, when we give really good service, when we are really on our game, we get better results. That is the reality. When we deploy our capital in marketing, etc., we can get an even bigger jump. But we have to be quite strategic about where we spend that and when we spend that. As I said before, we are spending that in the right places this year because we think there is a couple of inflection points throughout the year where it is more important to invest than others.

What was the other question?

Katie Cousins: Just on frequency per customer for your app versus elsewhere.

Andrew Rennie: Yes. On app, it is better on app, there is no doubt about that as it is with loyalty as well. That is the other big advantage about loyalty is it is through app only. It helps enhance those numbers. But at the moment, we are not seeing any massive changes in frequency. Again, we can control that to a certain degree, but I have not seen any massive changes at this stage.

There is no doubt the consumer is looking for value. Thankfully, we are a really good value offering. Collection can really play into that this year more so than it has in the past. We think we have that extra engine to drive that.

Katie Cousins: We can still assume around about once every 12 weeks or once a quarter?

Andrew Rennie: Yes, correct. Yes.

Anubhav Malhotra (Panmure Liberum): A couple of questions from me, please. Firstly, on the supply chain automation investment. What sort of returns are you expecting? Maybe if you could guide us in terms of payback periods on that £10 million you are investing there? Then maybe on the stores in Ireland, what do you see the potential number of stores in Ireland specifically? I know you have given a target for the Group as a whole, but maybe what is the plan for Ireland?

In the first couple of months of this year, the order counts the like-for-like growth that you have delivered, 0.7%, does that imply your volumes are probably negative in the first two months or not really?

Andrew Rennie: Yes. The first one is, no, I would say volumes are not negative. No. Because ticket is down a little bit, so it is actually the opposite. Ireland, I would not give you a specific number because the reality is with planning, it can vary so much. I would just say that as we showed with last year, we doubled the previous record with organic openings, and we would

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like to do that again. Not that I can say it will double, but if I can hit those numbers, again, I would be really happy. But it is never that easy, right? It is availability of sites.

Then your other question was around?

Anubhav Malhotra: Supply chain.

Andrew Rennie: Supply chain, yes. Automation. Look, really happy the automation is now underway. Look, the ROIs, we do not break them out specifically, but they are anywhere because each piece has a different ROI, depending on what part of automation you are doing. But they are all generally between 3 and 5 times. So they are pretty accretive.

We are pretty excited about that, hence, why we are also accelerating that rollout. It is something that we are probably going to naturally do over four or five years, we are going do over two or three years. We are quite happy with that.

I think the other call out is that last year, we spent £18.5 million on CAPEX, quite light. We are going to spend a bit more this year, but we are going to get automation gains from that. On that £18.5 million, we upgraded one of our commissaries in Ireland as well. I think those metrics are pretty positive.

No more? Well, I would like to thank your attendance. Thank you very much. I hope you see that in a crazy world, Domino's continues to deliver, it is that one constant. Go out there and order more pizza. Thanks very much. Have a good day. Bye-bye.

[END OF TRANSCRIPT]

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