

Dominos Half Year Results 2025

Tuesday, 5th August 2025

Overview

Andrew Rennie

CEO, Domino's Pizza Group

Good morning, everybody. I'm Andrew Rennie, CEO of Domino's Pizza Group. I've got Edward Jamieson here with me and Will MacLaren, our CFO and Head of IR. Thank you for joining us for our half year results here 2025. We appreciate everyone's time. So, with that, we'll get started. Let's go. First page, Will.

I'm going to give you an overview, just a brief overview of the half. Plus, I'm able to give you a bit more detail on the financial bits and pieces. Then I'll dive into the strategy and where we're at, and then we'll open for Q&A, if that's okay. Thanks very much. Will.

DGP Taking Market Share in a Tougher Operating Environment

Look, I think the most important thing is that everyone has seen the numbers. It's a tough environment, right? We're not going to sugarcoat. It's tough out there. But in this tough environment we're so happy to be part of this brand that's been around for 40 years. It's so resilient. The numbers, we continue to punch out the cash flow, we're getting stronger. The strong are getting stronger. And you saw our market share gains; I've never seen a 560-point market share gain in my 30 years history. It's very rare. We are taking serious gains. Our delivery times continue to get better, which is always a risk in times when costs are forced upon you that franchisees might pull back on investing into customer service; that hasn't happened. In fact, our franchisees have doubled down and made sure that our customers are getting better value than ever, which is represented by our service and our delivery times and our quality of our products. I'm so proud of those numbers.

Really really proud of our automation team; Pete and our team are delivering the robotics that we've talked about for some time now. They're actually in play and almost completed in our first two commissaries, then they're going to deliver us more efficiencies rolling into 2026. This environment is impacting us, yes, impacting our franchise partners, yes, and impacting our customers. I think the uncertainty particularly that's been messaged around the autumn statement is sort of put people back on their heels a little bit since April. We had a terrific first four months, the momentum was building, we're feeling quite positive. And the last couple of months have really sort of gone backwards. And we think a lot of it has to do with the costs that have been imposed with National Insurance, etc., but also this uncertainty of what's coming before us. So, people are sort of quite anxious about that, not only our franchisees but also our customers.

We're not anticipating any improvement just because of this uncertainty. People are just waiting to see at this stage. That's why we've been quite prudent with our numbers. We continue to assess our earnings, but we're still very positive about things like our second brand. However, we have flagged to be fair to shareholders, because of the cash-flow nature of our business, that we are prepared to start buybacks again, which we'll look at that at the end of this year if we haven't got hold of that second brand by that stage. Does that mean we're moving away from that strategy? No. It just means that the cash flow builds up by then will allow us with the things that we're looking at. We have the balance sheet to do that. Debt is still a very healthy position, financing is in a very healthy position, and we don't need to raise equity, which we've talked about before. So, no dilution.

And we have confidence in our long-term strategy. It hasn't changed. Our ambition of 2000 stores is still there. We're going to open a few less doors this year, but when you actually model that out, it's an extra two to four stores a year sort of thing. So, we're not too concerned about that. And the confidence we want to illustrate that we have confidence in where we're going is that we've lifted our dividend again. So, we have complete confidence where we're going. In tough times, the tough gets on with business and benefit from that. So, we're not immune from what's going on, but we certainly are a best placed to take advantage of it. So very proud of that.

With that, I'd like to pass over to Edward, our CFO, to give a bit more detail, and I'll come back later and speak more about the strategy. Thank you.

Financial performance

Edward Jamieson

CFO, Domino's Pizza Group

H1 25 Financial highlights

Thank you, Andrew, and good morning, everybody. I'm now going to run you through the key takeaways from our half year 2025 results and update you on our trading outlook and guidance.

So, as we told you this morning, we saw a positive performance across the first four months, but we've been affected by the weaker consumer environment since May.

So, what does that mean for H1? Total orders were flat in H1 at 35.1 million with like-for-like sales down 0.1%. I'll walk you through the shape of trading this half shortly. Total system

sales were up 1.3%, with DPG revenue also up a similar amount. Underlying EBITDA was down 7.4%, with lower volumes in our supply chain a key driver. Higher depreciation and interest costs results in first half underlying earnings per share down 14.3%. We continue to generate good cash flow; and consistent with our progressive dividend policy and confidence in the strength of our model, we've increased the half year dividend by 2.9%.

Trading performance

Let me now go through some of the drivers of these numbers in more detail. So, turning to the next slide. Starting on the left-hand side, you can see that system sales grew 1.3% with growth in both the delivery and the collection channels. Looking at orders, delivery was down 0.6% in the first half, with a first quarter growth of 1.3%, more than offset by a 2.6% decline in the second quarter.

The success of our first ever dedicated national advertising campaign, highlighting the value in the collection channel, led to growth in the second quarter, and overall collection orders were up 1% in the first half.

The positive performance that we saw across the first four months of the year did not continue into May and June, and that resulted in the Q1 positive like for like sales reversing in Q2, which meant that overall first half like for like sales were down 0.1%.

Sales performance

I've covered system sales already, so I'll now move on to DPG revenue, which was up 1.4%.

Firstly, our supply chain revenue is down 3.4%, and this was primarily driven by lower volumes in the supply chain. Whilst total orders were flat in the period, customers were putting fewer items in their basket, and so volumes were lower in the supply chain.

The other main driver of our revenue performance was corporate store revenue. This increased 45.8% as a result of a full six months of ownership of Shorecal, compared to less than three months in the prior half year. We also benefited from revenue from Victa, our Northern Ireland JV, which we acquired majority control of in March this year. Finally, as a reminder, we sold the London corporate store estate in 2024, so there's no contribution this year.

Turning to the flow of our revenue performance to Underlying EBITDA.

Analysis of underlying EBITDA

Overall, DPG EBITDA was down 7.4% to 63.9 million, primarily driven by lower supply chain EBITDA. As I've outlined, there were lower volumes through the supply chain which flows through to lower supply chain EBITDA.

Net overheads, property and incentives were up 4.3 million. Around half was driven by one offs. The remainder was driven by higher employment costs and investment in people, particularly in technology and cyber. And look, because of the one offs, we expect a more limited increase in H2.

We've been investing substantially in the development of our technology platforms, in particular a new ERP and e-commerce system. The ERP system is now complete and has been

successfully rolled out across all our supply chain centres. As a result, the technology platform costs fell from 3.5 million in the prior half year to 1.5 million in the first half of this year.

Income statement

Depreciation and amortisation was £1.9 million higher than the first half of last year, driven by an increase in our store estate, the new e-commerce platform and investments in our delivery fleet. Our net finance costs increased 0.6 million, driven by a higher average level of debt. Tax was 1.9 million lower due to a one-off charge in the first half of last year. The resulting impact of these movements was a 14.7% reduction in profit after tax to £33 million. Underlying earnings per share fell slightly less as a result of share buybacks undertaken in the prior year.

Free cash flow

Turning next to free cash flow, a strong feature of our capital-light business, and we remain highly cash generative. We generated £25.7 million free cash flow in the first half of this year, despite lower underlying EBITDA. We had a working capital outflow of £12.1 million in the first half, which was largely a timing issue. The shape of our working capital profile is consistent with prior years, and we expect the first half outflow to largely reverse in the second half of the year.

Turning to how we deploy this cash generation and about how we invest, recycle and return capital.

Consistent capital allocation framework

We introduced the capital allocation framework in March 2021, and we use it to make decisions on free cash flow deployment and our approach to leverage. There's no change to our framework, but I've shown it in a more detailed slide.

Our primary sources of cash are the free cash flow generated by the business, as well as capital recycled, such as the £33 million cash received last year from the sale of our London corporate store estate. We continue to invest in the core business to drive long term sustainable growth with rigorous internal CapEx hurdles. There's no change to our 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 access capital, considering our investment opportunities and leverage. And if we have, we return this to shareholders. Since 2021, we've announced over 500 million of shareholder returns. We've increased dividends again today. We remain committed to returning excess capital in the future. We do all this within our target leverage range of 1.5x – 2.5x.

Accretive investment, recycling capital and shareholder returns

So, as I outlined earlier, we generated £25.7 million of free cash flow in the year. The first priority is to invest in the core business. And to that end, we invested £8.5 million in capital expenditure in the half year, including in supply chain automation and digital investment.

Secondly, we paid dividends of £29.4 million, reflecting our sustainable and progressive dividend policy. And we've grown the interim dividend again reflecting confidence in our long-term opportunity. Applying our disciplined approach to accretive investment and recycling capital, we spent £25.5 million in March, increasing our stake in the Northern Ireland JV Victa for 46% to 70%. The net effect was a £41.1 million increase in net debt to £306.6 million, giving leverage of 2.32x, within our target range of 1.5x to 2.5x. And we expect net debt to be lower at the year end.

Second brand returns criteria

On this slide, I've outlined the guardrails which the board applies for a second brand, as well as the returns which we use to assess potential opportunities. Many of you will be familiar with the guardrails on the left-hand side, which we first outlined in December 2023. On the right-hand side, I've laid out the returns assessment which the board undertakes. We apply strict internal hurdle rates when we assess any project. And importantly, as Andrew outlined in his initial presentation back in December 2023, there must be EPS accretion from a potential acquisition. We carefully evaluate the risk adjusted premium relative to our weighted average cost of capital, as well as run calculations as to whether capital will be better deployed in buying back shares.

Aligned to the guardrails, which we've clearly laid out, there must be clear synergies across our assets, particularly across our national supply chain and procurement capability. We would not issue equity for any of the opportunities under current consideration. And while a second brand remains a core part of the strategy, if no acquisition is announced by the end of 2025, the board expects to resume share buybacks.

Investing to drive sustainable growth

We're now guiding for CapEx to be around £22 million for this year; slightly lower than the around £25 million figure we guided earlier this year.

We see opportunities for further automation across our supply chain, and we're accelerating projects across our existing centres to focus on this opportunity, Andrew will go into this in more detail shortly.

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 in Avonmouth, where we currently operate a cross-dock facility. CapEx spend this year on this is expected to be around £6 million on the initial work in Avonmouth. This spend relates to bringing the distribution capability, which is currently outsourced, in-house. We also plan to invest in the continued innovation of our app to drive frequency. Finally, we expect some new store CapEx in Shorecal in the second half as we unlock the growth opportunity.

Current trading and guidance

Moving to outlook and guidance. As I've said, we saw positive performance across the first four months, but we've been affected by the weaker consumer environment since May. Although we've seen sales improve somewhat towards the end of July, post the Men's Euro's comparator period, we've now seen enough to conclude that the tougher consumer environment means that we should revise our range to £130-£140 million, despite our increased market share and operational progress so far this year, which Andrew will cover in his presentation.

Thank you. And let me now pass you back to Andrew.

Delivering our strategy

Andrew Rennie

CEO, Domino's Pizza Group

Taking market share in a tougher operating environment

Thanks, Edward. Okay. Into the strategy. So, if we look at the numbers, it's pretty clear that the market is in a tough place. There's no new news there. Everything is down. UK takeaway markets down, the pizza market is down, but we're up in both categories. So, in a tougher market; the stronger getting stronger, there's no doubt about it. And we are taking market share. So, I think it's evidence of, A, how strong this brand is and, B, how strong our value proposition is. Consumers, through third party research, continue to tell us that we're the best value they've seen since 2022. And I do believe that's after a couple of hard years of hard work of just continually being consistent with the service and the product and the value that we offer. So extremely proud of all the work that the, A, franchisees, the 40,000 team members we have, our head office team. We can't shy away from that. Whilst the market, we can't control the macro, what we can control is what we do, and what we're doing is we're winning in this tough market. So very proud of that. And as Edward said, it's an incredible business that's given back over half a billion pounds in four years to shareholders. That's quite impressive. And I'd like to think that we're going to do the same looking forward because we've set up a strong base.

Widening our moat

Next. This speaks to why we're up so much. We're over a thousand stores bigger than our nearest competitor now. And not only in store count, it's significantly more when you take it into sales as well. There's been some media, I think out today, about one of our competitors showed closing more stores. It's tough out there. And if you don't have a strong brand that has strong marketing capabilities and has strong operators, you're faltering. And that's what's happening at the moment. So, we continue to open stores, albeit a little bit slower. But if you put it in context, relatively, it's dramatically more than those obviously closing stores, a big delta there.

DPG's unique and scalable platform

Moving forward. This is our unique and scalable platform, and sort of the flywheel. And I wanted to remind a few people, particularly those who might be quite new to the brand, but we have got an incredible supply chain. The efficiency that we're bringing to it now through automation, it's going to make us even more efficient. The distribution we have across all of UK and Ireland and soon to be more with Avonmouth, the buying power that we have, which is obviously we bring all these benefits to another brand in the future. The large customer base we're in; over one in two households is ordering from Domino's every year. So, the data we have on those customers and knowledge we have of the consumer is quite impressive. We have an incredibly rich data and insights.

The digital technology, there's been a lot of investment put into that in the last sort of three years or so. And as Edward said, the ERP now is fully done, and the IT system is done. All that investment is now starting to come to fruition. A lot of people were concerned that one of those things might have blown up. While 70% of those things falter, ours didn't. We got it through to the end, which is fantastic.

Marketing. We have an incredible marketing team, incredible insights team. The work they do, social media, branding, data, it's phenomenal. We are very, very fortunate to have the marketing team that we have, and that shines through. In these results, when others are negative double digit, we're basically flat.

A lot of managing experience. It makes me feel old, of course, but there's 200 years of management experience in QSR here from both UK and also international. So, you've got a team here that's been through rough times before. I've seen a few recessions in my time in different countries, and what we're seeing here is perfectly normal.

And finally, our world class franchisees, end results, the delivery times we're achieving, the Google reviews we're getting, best-in-class in the world, through their hard work. And these guys have been around 20, 30-plus years. They've seen it all before as well. And we'll get through tough times like we are now, and we'll get to the better times. But 40,000 Domonoids who are employees. They're not contractors. They work for us. And they love this brand, and they work every day for this brand and for our customers. So that's the flywheel of what DPG is all about. Very scalable.

DPG's value creating strategy

So next is we talk about the capital discipline at the heart of what we're doing. And for those who say maybe I've been distracted looking for other brands, well, I think a 560-point market share gain sort of dispels that, is that, how could we be distracted if we're taking such market gains? How could we be doing that if we're achieving best-in-class and best ever in history delivery times? Because we have a team who are all focused on these every single day.

So, our first focus is the core business. And the core business, okay, in a tough market continues to be solid. Grow Ireland; we've invested in Ireland. And as you've seen for the results, we'll talk a little bit later on is that we're over indexing there with growth. We had a record organic store opening there last year, double the highest previously. And we'll continue to grow that market. We see the fact that we're 50% less penetrated there on a per capita basis than the U.K., which is one of the reasons why we're there and we believe in it. The brand is very strong there, and we've got a great bunch of franchisees out there as well.

Step three is acquire; acquire another brand. We've been talking about it for some time now, but we understand that shareholders might say, well, this is taking a bit long. And that's because we're being disciplined. If we don't find the right thing that has the long-term growth that we get multiples of value upside for shareholders, we won't do it. Therefore, if we haven't achieved what we want by the end of this year, we will start buybacks again. That's what we expect to do.

And number four, in the future, other brands, other international markets, etc., but step by step. And the reason is because, I spoke about before, the platform that we have to leverage off is quite impressive. Not many brands have that vertically integrated platform that we have.

Maximising the value of Domino's UK using multiple levers

Next. So, maximise the value of Domino's UK using the multiple levers. So, if we look at the growth system order volume. New store openings. We'll talk a little bit more detail about that soon. Frequency and loyalty. Our loyalty programme a million customers are now on our loyalty programme, and we look like we will roll that out towards the end of next year for the whole business. Showing double digit incremental there. And we think that one of the big advantages that keeps those customers inside our eco system. So, it has a real part to play. Our aggregators, our third-party providers. And just to remind everyone, we do all the deliveries ourselves. They bring an order to us, but they're delivered by us.

And why is that important? Because that's our superpower. No one else is delivering us fast. And people think, well, so what? 20 minutes faster, is that a big deal? Yes, it is, because the quality of the product is so much higher, which is why people come back to you so often. The consistency of it and the market research is very clear. We would rather have a delivery through you guys than someone else because of the consistency and the quality. So that is our superpower.

Next, we want to maximize profit. Even though shareholders today probably aren't happy with what's happening in the context of the environment, I think it could be a hell of a lot worse if you're backing some of our other competitors, is that we are investing in automation. We haven't changed from that. We will get efficiencies from that. They are real. And they'll also give us scale and give us capacity for more growth without having to invest a lot more CapEx. Our procurement, because of the volume, we can procure exceptionally well and ahead of time, and the ERP is going to help those things, of course.

Then last, again, franchisee partnerships. We're in this together. Their success is our success. We have incredible operators, and we can't understate that. We're on the same page. We're working together. They're just as frustrated as us by all the macro things that have been forced upon us. But they're resilient. They've been around 30 plus years that we're fighting together, and we will win.

Loyalty programme to improve frequency

Next. So, loyalty programme, as I said before, we're focusing on low, medium and high frequency cohorts, but we're being very tactical about how we do that. We're seeing sort of a 10% incrementality on that at the moment, which is fantastic; and that's without really any marketing behind it. It's a great system so far. We're just ironing the bugs out of it. We're

learning lots. The team are doing an incredible job on that. So, we feel very confident that we'll start launching that towards the end of next year, because you have to build a whole new system to make this happen. We've got that plugged in now. So, we feel very confident where that's going. I know that's been talked about for a long time. I don't want to oversell it. I think it's going to play an important part of our growth and our business, particularly keeping people inside of our ecosystem. But, yeah, it's very positive. And again, a lot of insights from that as well. And those sort of insights also help us in the main business, not just in the loyalty part of the business.

Smaller address count territories economics are attractive

Next slide. This is something very interesting because you have the doubters about how you get to 2000 stores, etc. So, we wanted to just pull out a few data points here. We've opened a bunch of stores in the last couple of years in the smaller towns, so less than 10,000 addresses. And just to remind everyone, our average store count is about 20,000 addresses, 20-21000 address for the average store. So, some have 30-35-40. Some have 15-12,000. And then we've got the small towns which is below 10,000. We've actually been opening stores in these areas for the last couple of years. And as you'll see there, the average sales per address is almost double that of a larger address count, the more average, which is why that gives us confidence to go into these territories. There's over 400 of these territories just in these smaller address counts. And we've had some stores opened recently where they're doing 5x-6x the national average in sales in some of these smaller towns because they've been wanting Domino's for 30, 40 years, and we finally come to town and service these rural customers. And I grew up in a regional small town myself. My first Domino's store was in a regional small town, and I know how important we are to the community, not only providing jobs but providing a service that they haven't had, that their cousins in the city have had. So, it's a very important role that we play.

Further improvement in our delivery times

Next, delivery times we've spoken about already, extremely proud. This is extremely hard to do. You look around the Domino's world, there's no one else delivering it across the sort of size of our business, these sort of numbers. And these are accurate because they're all GPS tracked. They're not numbers that can be fudged. They're real numbers. And it's really important to us. We track these literally by the minute because we know that today's bad service is tomorrow's lost customers. And consequently, today's great service is tomorrow's customers as well. So, it's a lot of work. You've had a lot of skill to do this. And that's why our team continued to double down on this and improve it every month and every week.

Delighting our customers with great tasting product

Next. Our innovation team, we've got a fantastic innovation team. We've sold out of the Creme Egg cookies again this year. We launched a hot honey pepperoni which sold out as well. We've got a couple of really exciting things coming down the pipeline I cannot talk about because they are confidential. I don't want our competitors get a look into those things, but I'm extremely positive about those. And we're doing a test in a couple of months' time. If that

goes as I think it will, we'll be really going after that next year, and I feel very positive about that. So, we continue to innovate. Innovation is very important for us, but we won't move away from our core. The pepperoni passion is still something that people love. We're all so respectful about providing balanced meals that we have less than 600 calorie pizza, less than 400 calorie wraps. Less than 150 calories, believe it or not, mini pizzas, etc. So, we're always trying to provide a balanced meal for people because we know nutrition is important, and we have our own nutritionists on board now as well to help us with those things. But at the end of the day, we supply people with their favourite treat, and that's really important to us.

DPG's outstanding supply chain

Next. Supply chain, which I've spoken about. Pete and his team doing an amazing job to the sort of 99.96% accuracy. 99.9%. It's the same as our IT system. We are in that last sort of 0.1 of a percent accuracy, way above competition and best-in-class around the world. Our guys are exceptional. Why is that important? Well, our customers therefore have always got products in stock, etc. Our online is always up, etc. So, these things, they're all 0.1 but they make a massive difference.

Relentless focus on supply chain efficiencies

And the robotics, etc., which I think is on the next page, all these things about whether it be transport costs, we're getting more efficiencies through fleet utilisation with using GPS tools, the warehousing costs are coming down because we're investing in the robotics. Production costs are coming down. So, that robot that is called Nessie, it's up in Scotland and it's actually operating as we speak now and replaced some of the hours that we had there before. And we'll continue to invest in that area for the next couple of years.

Automation to deliver efficiencies and increased capacity

Next. This one here is an actual photo of Warrington. It's soon to be up and running, bringing 10% labour cost efficiencies and giving us an extra 30% capacity. So therefore, when you do this, the commissary, you don't have to build another commissary in the future because we've created all this capacity inside these current facilities. Great ROIs, three to four years of ROIs. And these investments are very, very good for shareholders returns.

Resilient franchisee performance

Next. Resilience. I think that's the key word for me, is that we've got a franchisee base that has been around 30-odd years. 40 years old, the company this year in the UK, extremely resilient. Profits are down a little bit. We don't like that. We're going to fight hard. The franchisees are fighting hard to find more efficiencies and grow more customer counts in this next six months. Who knows, we get a bit of good luck, we get a bit of a tail when we get some positive news in the market, which would be fantastic for a change. Who knows, we may snowball into some success. The last quarter is always a very big month, big quarter rather for us. So, a really good last quarter. Who knows, maybe the autumn statement is nowhere near as bad, and maybe it's positive for business. We may get this body of momentum that actually flies us into 2026 with a lot of positive momentum. They're certainly out there fighting hard for that. The good thing, I say to people, is that the franchisees

profitability was in such a healthy position last year that when you come off a little bit, you're still in a very healthy position. I'd hate to be, though, our competitors, and I've seen some of their numbers, horrific. Nothing like these numbers. And in fact, we've seen why they're closing stores. So, extremely confident. We're working with our franchisee. We're using an AI scheduling tool now that's helping. We're always continually trying to find ideas to work together, to find how we can deliver more efficiently, how we can look after our customers. And particularly in these times like this, when you have a big group like this with so much data, so much experience, it plays to our strengths. So, the strong is certainly getting stronger.

Grow Ireland

Next. Grow Ireland. It's only a tiny, tiny place, the island or the island of Ireland as we like to call it these days. We've got investments now in both the Republic and in Northern Ireland.

Deliver on Ireland's potential

If you look at that graph on the bottom there, you'll see that there that's the incremental growth over the market. So, 5.5% incremental order count growth in those stores that we own there now compared to the rest of the market. We're driving the growth over there. We're controlling that future for ourselves and the brand. Very profitable market, a lot of white space over there. So, we're doubling down on Ireland. We feel very confident about that. And you'll see through our investments going forward that we're going to maximise the investments we already have there. They're not only corporate stores, but our supply chain, which we've already invested into. So, we continue to invest in that business, and we've seen a great part of our growth. And I know it's a small part of the overall picture in terms of revenue, if you like. But if you look in terms of profitability, that's going to become quite a significant part of our revenue base. We're quite proud of that.

Delivering a sustainable future

Next. So, delivering a sustainable future, this is very important. Of course, we've got electric trucks in our fleet with more coming due in 2025. We've got a nutritionist, as I said, because we want a balanced meal for our customers because quite often there might be four or five people in a family and there's somebody that wants to eat a particular way. We want to make sure we cater for everyone in that family. That unlocks the purchase for others, of course, as well. The new two vegetable sides under 200 calories is quite phenomenal. You can have something from Domino's for under 200 calories. It's very possible. And we're of course, we're always on top of strengthening our modern slavery and risk mitigation and those processes, etc. So, these things are also very important for us because they're the right thing to do, the right thing to do for our customers, the right thing to do for our team members.

DPG taking market share in a tougher operating environment

Next. So, if I step back for a second, I'd like to say this is that we haven't changed our ambition. Still on the path to doing exactly what I said back when I arrived. Our capital allocation programme hasn't changed. We have the same mentality. Yes, it's a point in time at the moment, it's a bit tougher, but I'm thankful that we have such a strong business to plough through these tougher times. We're not anticipating any change in the environment at the moment, mainly because that autumn statement has got such a cloud over how people

are feeling at the moment. We're hoping it's good news, but we can't be sure of that. So, we're being quite prudent there. But we're making sure that whilst it's tough for our customers at the moment, it's tough for our franchisees and ourselves that we stick together, we keep delivering incredible value to our customers, we keep working on finding efficiencies for ourselves and our franchisees that we'll get through this year in a pretty good place and set ourselves up for a great 2026. Our pipeline for stores in 2026 is also very healthy, and I say our long-term ambition has not changed one little bit.

So, with that, I'd like to hand over for Q&A and open up the floor. Yes. Front here.

Q&A

Ivor Jones (Peel Hunt): Are we doing microphone?

Andrew Rennie: Yeah, we have. Here we go.

Ivor Jones (Peel Hunt): Thank you so much. Um good morning, Ivor Jones from Peel Hunt. Can I ask you three things?? Maybe one at a time. In terms of return on investment, can you just talk about how the Avonmouth project will pay off for the group? You gave us a bit of detail about Warrington, but if you could talk about the step up from third party logistics to in-house? I think that'd be really interesting.

Andrew Rennie: Thank you. Sure. So, thanks for the question, Ivor. So pretty well all of our investments in our supply chain all come in between sort of three and five-year return on investments. Now, the question you have to ask yourself is that that depends on how many stores you open and like for like, etc., with transaction growth. However, we feel pretty comfortable with that between three and five years. Some are some of two, some are slightly higher, more towards the five. But typically, that's what they run at.

Ivor Jones: What is the payback? Why is it better than what it replaces?

Andrew Rennie: Well, simply because we can put more stores down there. And from a freight point of view, for freight is a very important cost of our system. So, when you put Avonmouth and we can distribute more from Avonmouth, we don't have to spend as much on freight.

Ivor Jones: That's great. Thank you.

Edward Jamieson: And just in addition to those transport cost efficiencies and as Andrews talked about, remember what it also does is provide much greater resilience and future capacity. So, there's a range of benefits. There are financial benefits but also non-financial benefits.

Ivor Jones: Okay. Thank you. That's really interesting. I'd like to ask a similar question about what you said about the first national advertising campaign. And again, the same sort of question, really, why was that better than what preceded it? Why was it better than the local campaigns?

Andrew Rennie: Just to be clear, it was the first national campaign of a collection offer. Typically, we'd always advertise delivery offers. So, we went after, particularly when consumers were looking for better value because collection is better value, much cheaper because it doesn't involve a cost for delivery drivers, etc. Is we wanted to make sure that

customers knew. We did advertise it locally for a long time, but we wanted to put it above lines, just reminded people that may not have got our local store marketing, that we also have this amazing collection offer, and that grew collection customers.

Ivor Jones: Thank you. And the last thing going into this environment where competitors are suffering and demand is uncertain; can you talk about your tactics around pricing? Obviously, the trade off with volume. How are you thinking about trying to drive the second half and what's the priority? Thank you.

Andrew Rennie: Yeah. So, the relativity of price is that our pricing is fairly similar to a lot of the other competitors. The difference that we have in the value proposition is that we can deliver on much better service times, I think a much better quality product, much more consistent, because the analogy I use with people is that if you paid £10 for a pizza and it took 40 minutes to get there and it was cold, and versus £11 or £12 for a pizza that was there in 22 minutes and it was hot and it was fresh and tasted better, which one is better value? So, it's an analogy I use over and over again, but it's very real because where are you more likely to go back to next time when you want that occasion with your family? You don't want the cold, late pizza no matter what the price is.

Now, having said that, our price is pretty well parody. And yes, there's offers from competitors and ourselves from time to time, but we like to be as consistent as possible and not confuse the customer. So, consistency is very important in both terms of service and also in terms of pricing. There's no doubt people have had to take price because the costs have been forced upon all of us. But it's about the whole package because some others are cutting back on labour, therefore giving worse service. They're making their value proposition in a much worse position than ours. And our franchisees have gone the other way. They're giving better service. So, in times like this, others are cutting back. We're investing in that service and that value. Thank you. Thanks, Ivor

Katie Cousins (Shore Capital): Thank you. Katie Cousins from Shore Capital. Two from me, if you don't mind. Firstly, on loyalty. So, about a third adoption of the loyalty programme so far. Is that kind of how we should broadly think about your target going forward in the full rollout, or actually, what steps are you taking to be able to achieve higher than that?

Andrew Rennie: Yeah. Thanks, Kate. Great question. I don't know the answer yet because we're still in test phase and it varies by customer. So, think of it this way is that if you're a light user, your propensity to take up is probably much lower than heavy user. However, a heavy user, you want to be careful that you just sort of don't push it too hard either, because you're already buying from you a lot anyway. So, you've got to get this nuance between light and medium users correct first before you sort of go too headfirst into heavy users. So, look, the more the merrier. We'd like to get everyone on there. Just remember too, we haven't pushed it nationally yet. We haven't put it above the line. So typically, when you do that a bit like collection, you will see a bump up as well. We won't do that until we've got it all better down working properly. So that might happen in 2027, except we might push it a bit above the line. But I feel we do a lot of consumer research, what are they thinking of, the programme, etc., get feedback so we can adjust it. And the feedback has been really good. So, we're feeling quite positive about it.

Katie Cousins: And then secondly just on GLP weight loss drugs, how would you find that impacting the sector? And is that a concern for you guys going forward?

Andrew Rennie: Good question. Look, we do a lot of research not only here but also what's happening in the US, etc. The thing that we find is that it doesn't feel like it's having an impact on us for a couple of reasons. One is our frequency is so low in context of sort of some of the heavy users, we're only 4.3 times a year. So once a quarter on average, it doesn't seem to, particularly when you put that in the context of 1000 meals possible in a year, 4.3 is nothing in that context. The other thing is the shared meal. So quite often if one person of a family is on GLP, there's three or four others who aren't. So, being a shared meal is that you don't tend to see the impact. If you're more of a singular purchase, you might see it more so; but where we're a shared meal, so we don't see an impact from that in our business. And based on what I've seen from around the world, it doesn't seem to be affecting anyone else in the pizza industry that I've seen.

Katie Cousins: Thank you.

Andrew Rennie: Good question. Thanks, Kate.

Anubhav Malhotra (Panmure Liberum): Anubhav Malhotra from Panmure Liberum. I have two, if you don't mind. The pizza takeaway market down 9% compared to the overall market down 4%. Why do you think that is? I guess it's got to do with the competition exiting the market. But does that give you the opportunity to open stores especially in those areas where they are closing stores? I know it may be a case of doubling down on stores, but it's definitely those stores may be catering to some consumers that you can cater to now if you open stores there.

And then secondly, on the incrementality that's coming from the loyalty programme, the 10% incrementality versus giving customer a free pizza after five orders, the cost of that. If you balance those two, is it a profitable proposition or is it more about keeping the customer in the system through the loyalty programme?

Andrew Rennie: Yes, a great question. So, I'll answer the last one first. So, the incrementality, actually, to make it profitable is a lot lower than that. So, we're already well above the breakeven for ourselves and franchisees. So that was an important part of the programme. It had to be profitable for ourselves and franchisees, particularly franchisees. Otherwise, we wouldn't roll it out. But we've been very careful to do that in a way that made sure it is has incrementality. So, we're fine with that part at this stage.

On your first question, yes, there's a couple of factors. Yes, competitors closing is part of the pizza market being down for sure. Also, there's a slight swing towards -- as we saw collection. When you drive collection, it's a lower ticket. So therefore, it may be the same transaction quantity but a smaller ticket average because people are looking to save money at the moment. So, I read more into fact that people -- probably there's a slight switch out from delivery to collection rather than not from pizza per se. But certainly, having competitors closed doors doesn't help. But are we picking up the slack? Yes. The one thing about our franchisees, they're classic entrepreneurs. They're competitive. They like to win, and they've been doing that for 30-odd years in this market, or 40 years this year. They're going out after -- making sure that they pick up the pieces and make sure we can service those customers

who really want a good pizza delivered or collection. So yes, we are making hay while the sun shines. Thank you.

Richard Stuber (Deutsche Numis): Thanks. Richard Stuber from Deutsche Numis. Just a few questions for me, please. In terms of EBITDA for the franchisees, would you expect it to be sort of flat year and year or back to growth when we get to the second half?

Andrew Rennie: No, not at this stage, Richard. A couple of reasons. One is they're down 5% at the moment. But we've got to remember that the National Insurance, etc., only came in in April. So, you're not seeing a full six-month impact of that. And they've got a full six-month impact in the second half. So again, unless we see something dramatically change in the autumn statement, that consumer sitting back in the hills doesn't help that cause. Now franchisees, as I said, are quite entrepreneurial. They can go after it, and they can do some tactical things locally. Our competitors closing, there's opportunities there. And we're certainly seeing some franchisees are up on last year. They are winning. So being the competitive nature of our franchisees, I'm sure a lot of them are going to fight to the death to get back to where they were last year. And we're certainly do everything we can to help them get there. That sort of would be our goal. But at this stage it's fairly similar to where we are, is that we expect the second half to be just as tough, and we'll both be down a bit on last year, unfortunately. But if we set ourselves up at a really good position, we've done the right thing by the customers. We can take more advantage of those declines from others into next year.

Richard Stuber: So, the second question is, I know it's still probably quite early days, but do you have any idea what the food basket inflation will be for 2026?

Andrew Rennie: For 2026, yeah, that is a big ask, particularly with the world moving so much. Beef globally is definitely on the up. We don't have too much beef on our on our products to be fair. Cheese is up at the moment, but we'd like to think that that probably starts to temper towards the back end of '26. We've factored this into our numbers, by the way. A lot of other things are fairly constant at the moment. So, I wouldn't say massive inflation. I'd like to think that they balance each other out at this stage, but it's a long way away at this stage. I'll have a better idea towards the end of this year. But at the moment, flour is in a good place. There's no reason for panic, that's for sure.

Richard Stuber: The final question is, on the buyback you say if you haven't done a second brand by that stage, you'll initiate that. Would that also be back? Would that go straight? You would look to get net leverage up to sort of 2.5x pretty much immediately after that? Or would you sort of make the buybacks not quite as aggressive as you have done in the past, keeping some sort of wiggle room for acquisitions?

Andrew Rennie: Yeah. Look, I think we'd want to keep our powder dry. I mean, this is a board decision, to be fair, but I think we'd always want to keep some wiggle room there for acquisitions, because we're not walking away from an acquisition strategy. What we're saying is that the cash flow we would have accumulated by then would put us in a position where we feel like we can do both. But our ambition hasn't changed with getting the right brand.

Edward Jamieson: And just to add to that, none of the current opportunities we're evaluating would put us outside our stated leverage range. We've been clear on that, and there would be finance for existing facilities, so just to reiterate that point as well.

Andrew Rennie: Okay. Well, okay. Kiara

Kiara (UBS): Kiara from UBS. On the store counter, can you please emphasize on the target of 1600 stores by 2028? Do you still think that the 2000 store target by 2033 is still achievable?

Andrew Rennie: Yeah, it's a good question. So, we still think that the targets are still achievable in terms of numbers. We want to get through this year first and reevaluate. We'll probably at full year come back and sort of based on how the year unfolds and how the next year looks. Again, the autumn statement plays a lot into this. So, we just don't know what that's going to look like at this stage. It's no doubt in my mind that getting to 1600 stores and 2000 stores is very achievable. Will we need to adjust that by a year or so? I don't know the answer yet. So, I want to wait until we've got some more informed data before we come back to the market on that.

No more questions. All right. Well, thanks for your time today. I really appreciate it. And I'd like to think that you walk away from here going that Domino's is still a very solid company, probably best-in-class. And we're certainly benefiting from these tougher times in market share gains. So, thank you very much for your time. Talk to you again soon. Bye.

[END OF TRANSCRIPT]