



Domino's Pizza Enterprises Limited
1/485 Kingsford Smith Drive
Hamilton, QLD, Australia 4007
ACN: 010 489 326
www.dominos.com.au

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Domino's Pizza Enterprises Ltd Financial Results For the 6 months ended December 2023

DOMINO'S RETURNS TO SAME STORE SALES GROWTH

ANZ delivers strongest growth in six years
Asia returns to positive same store sales growth

H1 24 Highlights

- Network sales +8.8% to \$2.14b | Same Store Sales +1.25%
- Online sales: +11.8% TO \$1.71b
- EBIT: -5.3% to \$107.9m vs H1 2023 | +22.8% higher than preceding Half Year¹

Domino's Pizza Enterprises Ltd (ASX.DMP) has started to rebuild sales, earnings and franchise partner profitability across its local and international operations, with stores in Australia and New Zealand leading the way.

Domino's released its Half Year Financial Results today and informed shareholders the Company had delivered its strongest sales growth in six years in Australia and New Zealand. Customers in Australia are increasingly choosing Domino's over other Quick Service Restaurant options, especially for delivered meals.

Group CEO & Managing Director Don Meij said the results demonstrated what Domino's could deliver for customers, franchise partners and shareholders when it 'got the balance right' – delivering inspired new products, great service and brand image at an affordable price.

"The fundamental strategies underlying our business remain unchanged: getting closer to customers helps deliver a hotter, fresher meal for our customers and reduces costs for our franchise partners," Mr Meij said.

"The past 12 months have reinforced the importance of launching inspired new products, designed for delivery, to give customers more choice on more occasions – whether it's a family bundle, a lunchtime offering, or an on-the-go snack.

"Our approach is unchanged; the difference in our performance across markets is our execution."

Mr Meij said more work is needed to get the balance right in some of the Company's international markets, especially France. While trading conditions are challenging in Asia, following the January trading update Domino's has seen an improvement in Japan, recording positive sales in the first seven weeks of 2024.

After navigating through record inflation that affected customers' spending choices, Domino's has been working in all markets to regrow weekly customer counts, and profits for franchise partners and the Company.

As foreshadowed at the trading update, earnings¹ for the First Half to December 31 (H1 FY24) were +22.8% higher than the immediately prior six months (H2 FY23) but were -5.3% lower than the First Half in the prior Financial Year (H1 FY23).

The Company is well progressed on a wide-ranging company restructuring and savings program, expected to reach ~\$50 million this Financial Year, with 1/3rd of savings to be shared with franchise partners.

"Today's results show we are rebuilding, and the sales initiatives we have applied in Australia/New Zealand are getting traction in some of our international markets. They also show more is required to get the same results across all 12 of our markets," Mr Meij said.

¹ Earnings before interest and tax (EBIT)



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H224 TRADING UPDATE²: NETWORK SALES +3.78% (SSS +2.96%), +7 NEW STORES

ANZ – (H2 1st 7 weeks SSS +8.39%)

Domino's is growing customer counts faster than other QSR³, with less than historic discounting

Australia/New Zealand stores are benefitting from launching inspired new products including the My Domino's Box and Meltzz, both designed to be delivered, and reaching new customers on more occasions.

More than half of our Australian stores have expanded their trading hours to meet the demand for lunch time and late-night orders, especially through delivery where Domino's is reaching more customers on its own channels and through aggregators including Uber.

Delivery growth has more than offset a recent decline in offline carry-out orders, with the Company set to launch new products developed for these high frequency customers, including the \$5 or Less Range which launched in Australia/New Zealand this week.

Europe – (H2 1st 7 weeks SSS -0.64%)

Domino's is growing weekly orders where we deliver value, but requires more traction in some markets

France is receiving considerable focus from Domino's Global Centres of Expertise to regain momentum and is now growing delivery orders, however a current decline in carry-out has reduced weekly customer counts.

The Netherlands is currently overcoming a recent increase in labour costs and management is redoubling efforts to launch new products with sufficient margins to offset this increase.

Germany continues to lead the region, growing delivery sales by winning new customers through aggregator partnerships and moving advertising spend from TV to digital channels including social media.

Asia (H2 1st 7 weeks SSS +0.34%)

Stronger product-led performance is resonating with customers, but markets face some external headwinds

Domino's has returned to positive Same Store Sales in Asia, including in Japan. In this largest market Domino's has been growing customers in aggregator channels and with successful promotions including the Cheese Volcano (which has launched across the region).

Other Asian markets have had mixed performance, with Singapore delivering the strongest growth since implementing Domino's Pizza Enterprises' proprietary online ordering platform, OneDigital, while Malaysia is experiencing a temporary external headwind due to geopolitical issues.

FY24 OUTLOOK

Recent trading has demonstrated Domino's successful approaches in one market (including the My Domino's Box targeting new customers on more occasions) have applications across multiple markets.

Mr Meij said Domino's is focused on implementing a proven strategy to rebuild average weekly customer counts, and franchise partner profitability, as the Company meets increasing demand for delivered food.

"As we work to serve our customers across different countries, cultures and taste preferences, our customers share a common desire for high quality meals, delivered fast, at an affordable price.

"We believe Domino's is well placed for this future, and we will work hard to deliver."

The Company will pay shareholders an interim dividend of 55.5 cents per share (unfranked). The dividend will be subject to the Company Dividend Reinvestment Plan (**DRP**) and will be fully underwritten. The dividend will have a record date of 27 February, and a payment date of 27 March 2024.

² First 7 weeks of trading

³ QSR: Quick Service Restaurants



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This release has been authorised for release by the Board of Directors.

For further information, contact Nathan Scholz, Group Chief Communications & Investor Relations, at investor.relations@dominos.com.au

Rhiannon Frater, Chief Communications & Corporate Affairs, APAC | M: 0401 323 440 | E: media@dominos.com.au

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