



## Domino's Pizza Enterprises Limited First Half Results to 30 December 2007

**DOMINO'S PIZZA ENTERPRISES LIMITED** australia new zealand france belgium netherlands



**DOMINO'S PIZZA ENTERPRISES LIMITED**  
australia new zealand france belgium netherlands

## EXECUTIVE TEAM

**Don Meij**

*Chief Executive Officer/  
Managing Director*

**Andrew Rennie**

*Chief Executive Officer France/Belgium*

**Richard Coney**

*Group Chief Financial Officer*



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## AGENDA

1. Executive Summary
2. Network Store & Sales Growth
3. Revenue & EBITDA Results
  - Results Australia, New Zealand & Europe
  - Results Corporate
  - Results Franchise
  - Results Corporate Development & Unallocated
4. Financial Detail
  - Profit & Loss
  - Cash Flow
  - Balance Sheet
5. Europe
6. Looking Forward - ANZ
7. Looking Forward - Europe
8. Updated Guidance for Full Year 2007/08
9. Conclusion





## EXECUTIVE SUMMARY

- Strong Network Sales growth +14.3% over H107
- Solid Group SSS growth +7.6% over H107
- Slight reduction in revenue as a result of Corporate store sell down
- Significant improvements in EBITDA of +35.5%, NPBT+ 80.7% and NPAT of +75.8% over H107
- Europe Operating Profit of A\$1.4m, +200% on H107
- Strong growth in core earnings
- Dividend Reinvestment Plan remains active and underwritten, half year dividend 4.1 cents
- Net Debt reduced to A\$17.9m gearing down to 19.5% (Net Debt to Capitalisation)

	H1 06	H2 06	F/Y 06	H1 07	H2 07	F/Y 07	H1 08	+ / (-) H1 07
	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	%
<b>Network Sales</b>	176.6	182.8	359.4	251.0	267.9	518.9	287.0	<b>14.3%</b>
<b>Same Store Sales %</b>	5.0%		4.3%	3.2%		3.0%	7.6%	
<b>Revenue</b>	86.6	86.3	172.9	118.1	112.0	230.1	115.8	<b>-1.5%</b>
<b>EBITDA (pre share issue costs)</b>	12.2	12.5	24.7	9.6	12.4	22.0	13.0	<b>35.5%</b>
<b>NPBT (pre share issue costs)</b>	8.4	8.8	17.2	4.7	7.6	12.3	8.6	<b>80.7%</b>
<b>NPAT (pre share issue costs)</b>	6.5	6.5	13.0	3.5	5.6	9.1	6.1	<b>75.8%</b>
<b>NPAT (post share issue costs)</b>	6.5	6.5	13.0	3.5	5.6	9.1	6.1	<b>75.8%</b>



# EXECUTIVE SUMMARY

## Significant Organic Store growth

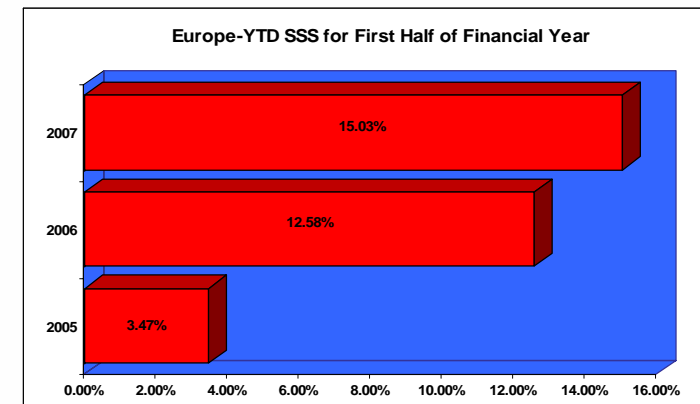
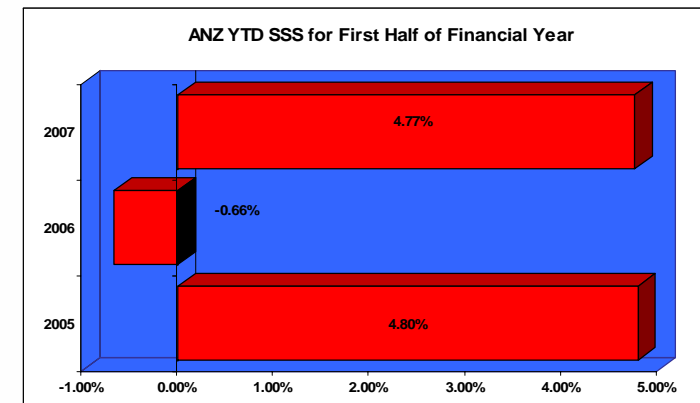
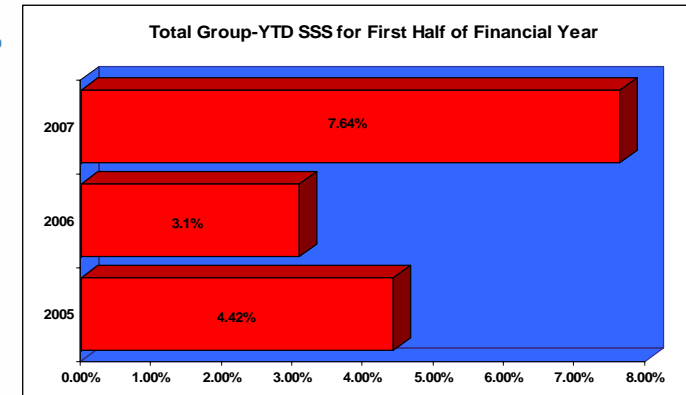
- Group +27 Stores
- ANZ +6 Stores
- Europe + 21 Stores

## Same Store Sales growth continues

- Group +7.64%
- ANZ +4.77%
- Europe +15.03%

## Europe Update

- Sales and profits tracking ahead of expectations
- Includes non-recurring costs of A\$0.3m



# EXECUTIVE SUMMARY

## ANZ Innovation to 30 December 2007

- Brand campaign Domino's Effect had a positive impact
- On-line ordering now in 97% of Australian stores
- NZ now on-line in 87% of stores
- Strong promotional success in ANZ
- Pulse rollout project is complete for ANZ



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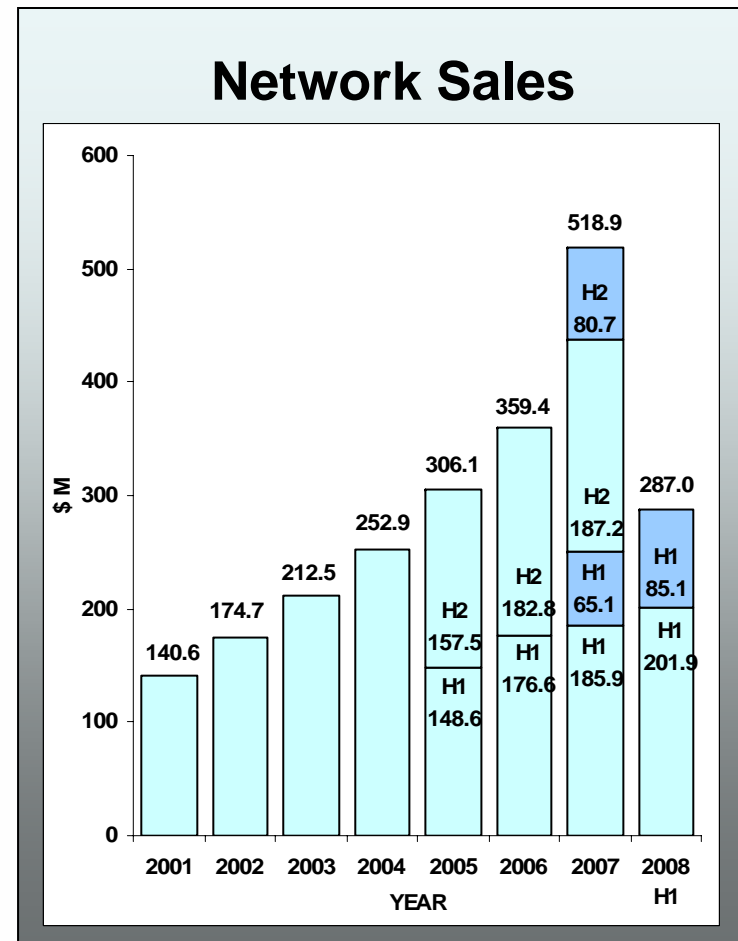




# NETWORK STORE & SALES GROWTH

## Network Store Count

	Actual at Dec 2007	Projection to June 2008
Australia	407	
New Zealand	66	
<b>Number of Aus/NZ stores</b>	<b>473</b>	<b>493</b>
France/Belgium	135	
Netherlands	82	
<b>Number of Europe stores</b>	<b>217</b>	<b>240</b>
<b>Total Number of Stores</b>	<b>690</b>	<b>733</b>



Aus/NZ

Europe



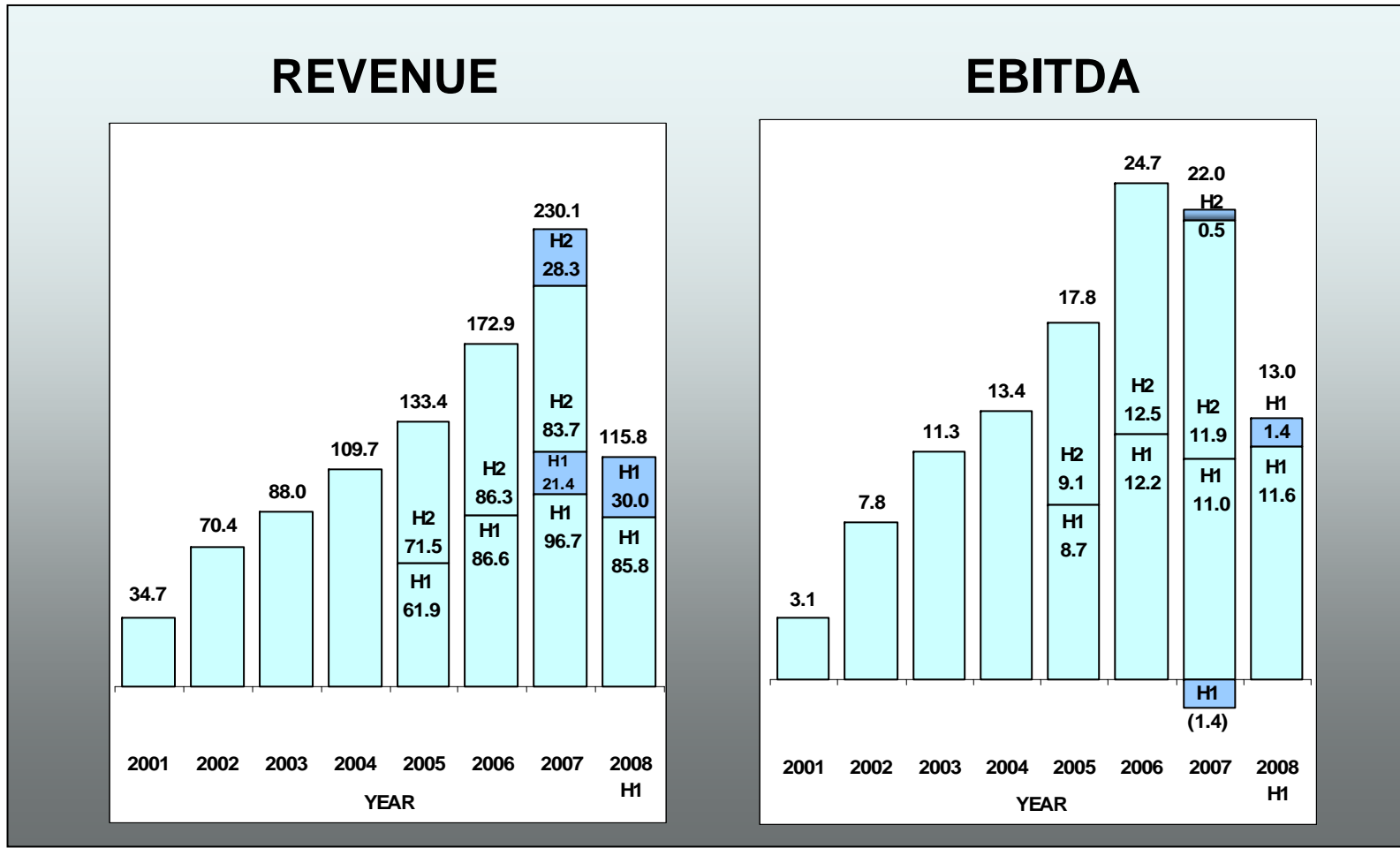
# NETWORK STORE & SALES GROWTH

- Additional 27 new stores
- 16 Corporate store's converted to Franchise ahead of plan
- Planning to sell down a further 18 stores
- Corporate store sell down impacting on ANZ new store growth in the short term.

	H1 06	H2 06	F/Y 06	H1 07	H2 07	F/Y 07	H1 08
<b>Network Sales (\$ mil)</b>	176.6	182.8	359.4	251.0	267.9	518.9	287.0
<b>Number of Aus/NZ stores</b>							
Franchised stores	289	301	301	313	343	343	365
Corporate stores	126	137	137	144	124	124	108
<b>Aus/NZ network stores</b>	<b>415</b>	<b>438</b>	<b>438</b>	<b>457</b>	<b>467</b>	<b>467</b>	<b>473</b>
Corporate store %	30%	31%	31%	32%	27%	27%	23%
Stores added in period	28	23	51	19	10	29	6
<b>Number of European stores</b>							
Franchised stores				154	190	190	209
Corporate stores				8	6	6	8
<b>European network stores</b>				<b>162</b>	<b>196</b>	<b>196</b>	<b>217</b>
Corporate store %				5%	3%	3%	4%
Stores added in period				162	34	196	21
<b>Consolidated number of stores</b>							
Franchised stores	289	301	301	467	533	533	574
Corporate stores	126	137	137	152	130	130	116
<b>Total network stores</b>	<b>415</b>	<b>438</b>	<b>438</b>	<b>619</b>	<b>663</b>	<b>663</b>	<b>690</b>
Corporate store %	30%	31%	31%	25%	20%	20%	17%
Stores added in period	28	23	51	181	44	225	27

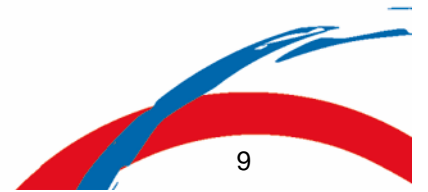


# REVENUE & EBITDA RESULTS



Aus/NZ

Europe





## RESULTS – AUSTRALIA, NEW ZEALAND & EUROPE

- Strong EBITDA growth in core earnings as highlighted in the next 3 slides
- Sell down of Corporate stores improving EBITDA margins
- Overhead reductions in ANZ
- Europe achieved strong EBITDA growth, despite a step up in royalties and the seasonally softer sales of European summer

	H1 06 \$ mil	H2 06 \$ mil	F/Y 06 \$ mil	H1 07 \$ mil	H2 07 \$ mil	F/Y 07 \$ mil	H1 08 \$ mil	+ / (-) H1 07 %
<b>REVENUE</b>								
Total Australia/NZ	86.6	86.3	172.9	96.7	83.7	180.4	85.8	-11.3%
Europe	0.0	0.0	0.0	21.4	28.3	49.7	30.0	40.2%
Total Revenue	86.6	86.3	172.9	118.1	112.0	230.1	115.8	-2.0%
<b>EBITDA</b>								
Total Australia/NZ	12.2	12.5	24.7	11.0	11.9	22.9	11.6	5.5%
Europe	0.0	0.0	0.0	(1.4)	0.5	(0.9)	1.4	200.0%
Total EBITDA	12.2	12.5	24.7	9.6	12.4	22.0	13.0	35.5%
<b>EBITDA MARGIN %</b>								
Total Australia/NZ	14.1%	14.5%	14.3%	11.4%	14.2%	12.7%	13.5%	
Europe	NA	NA	NA	N/A	N/A	N/A	4.7%	
Total EBITDA Margin %	14.1%	14.5%	14.3%	8.1%	11.1%	9.6%	11.2%	



# RESULTS - CORPORATE

2007/08

- EBITDA margins in line with expectations, affected by restructuring and reduction in Corporate store numbers

## Going Forward

- This area expected to reduce in the quantum of dollars as Franchise increases in line with sell down of stores
- Margin still effected for the moment while we reduce number of Corporate stores



	H1 06	H2 06	F/Y 06	H1 07	H2 07	F/Y 07	H1 08	+ / (-) H1 07
	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	%
<b>Revenue</b>	61.8	64.0	125.8	70.7	67.2	137.9	59.1	-16.4%
<b>EBITDA</b>	6.2	6.8	13.0	6.2	5.1	11.3	4.9	-21.0%
<b>EBITDA Margin %</b>	10.0%	10.6%	10.3%	8.8%	7.6%	8.2%	8.3%	-5.5%



# RESULTS - FRANCHISE

## 2007/08

- Significant Margin improvement when Distribution Revenue is removed as a historical comparison - record 43.9% (also benefiting from reduced store construction)

## Going Forward

- Expecting the franchise segment to be the strongest growth segment of ANZ business
- Benefiting from the sale of Corporate stores moving into this area
- Return on capital employed benefits by switching from Corporate stores

	H1 06 \$ mil	H2 06 \$ mil	F/Y 06 \$ mil	H1 07 \$ mil	H2 07 \$ mil	F/Y 07 \$ mil	H1 08 \$ mil	+ /(-) H1 07 %
Revenue - Aus/NZ excl DWN	22.4	18.0	40.4	25.0	17.2	42.2	18.7	-25.2%
Revenue - DWN	N/A	N/A	N/A	N/A	N/A	N/A	6.1	N/A
Revenue - Aus/NZ incl DWN	22.4	18.0	40.4	25.0	17.2	42.2	24.9	-0.4%
Revenue - Europe	N/A	N/A	N/A	18.9	24.2	43.1	27.1	43.4%
EBITDA - Aus/NZ	7.0	7.0	14.0	6.2	6.1	12.3	8.2	32.3%
EBITDA - Europe	N/A	N/A	N/A	(1.4)	0.5	(0.9)	1.3	192.9%
EBITDA Margin % - Aus/NZ excl DWN	31.3%	38.9%	34.7%	24.8%	35.5%	29.1%	43.9%	
EBITDA Margin % - Aus/NZ incl DWN	31.3%	38.9%	34.7%	24.8%	35.5%	29.1%	32.9%	
EBITDA Margin % - Europe	N/A	N/A	N/A	N/A	N/A	N/A	4.8%	



## RESULTS – CORPORATE DEVELOPMENT & UNALLOCATED

### Corporate Development

- As forecast, Corporate Development profit lower
- Includes closure and write-off of a test concept Domino's 2 Go – impact A\$0.3m

### Other / Unallocated (G&A)

- Overhead office costs and revenue maintained



	H1 06	H2 06	F/Y 06	H1 07	H2 07	F/Y 07	H1 08	+ / (-) H1 07
	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	\$ mil	%
<b>EBITDA</b>								
<b>Corporate Development</b>	1.2	1.2	2.4	0.7	2.5	3.2	0.4	-42.9%
<b>Other / Unallocated</b>	(2.2)	(2.5)	(4.7)	(2.1)	(1.8)	(3.9)	(1.8)	-14.3%



## PROFIT & LOSS

- Financing costs down 9% to A\$1.3m as a result of debt reduction
- Tax result for H108 is 28.7% compared to H107 26.8%
- Earnings per share (basic) 9.6 cents +68.4%
- Interest cover improved to 7.5x

	H1 06 \$ mil	H2 06 \$ mil	F/Y 06 \$ mil	H1 07 \$ mil	H2 07 \$ mil	F/Y 07 \$ mil	H1 08 \$ mil	+ / (-) H1 07 %
<b>Revenue</b>	<b>86.6</b>	<b>86.3</b>	<b>172.9</b>	<b>118.1</b>	<b>112.0</b>	<b>230.1</b>	<b>115.8</b>	<b>-2.0%</b>
<b>EBITDA</b>	<b>12.2</b>	<b>12.5</b>	<b>24.7</b>	<b>9.6</b>	<b>12.4</b>	<b>22.0</b>	<b>13.0</b>	<b>35.5%</b>
Depreciation & Amortisation	3.0	3.0	6.0	3.4	3.4	6.8	3.1	-8.8%
<b>EBIT</b>	<b>9.2</b>	<b>9.5</b>	<b>18.7</b>	<b>6.2</b>	<b>9.0</b>	<b>15.2</b>	<b>9.9</b>	<b>59.7%</b>
EBIT Margin	10.6%	11.0%	10.8%	5.2%	8.0%	6.6%	8.6%	
<b>NPBT (pre share issue costs)</b>	<b>8.4</b>	<b>8.8</b>	<b>17.2</b>	<b>4.7</b>	<b>7.6</b>	<b>12.3</b>	<b>8.6</b>	<b>80.7%</b>
<b>NPAT (pre share issue costs)</b>	<b>6.5</b>	<b>6.5</b>	<b>13.0</b>	<b>3.5</b>	<b>5.6</b>	<b>9.1</b>	<b>6.1</b>	<b>75.8%</b>
<b>Net profit After Tax</b>	<b>6.5</b>	<b>6.5</b>	<b>13.0</b>	<b>3.5</b>	<b>5.6</b>	<b>9.1</b>	<b>6.1</b>	<b>75.8%</b>
<b>Performance Indicator</b>								
Interest Coverage (times)	11.5	13.6	12.5	4.3	6.2	5.3	7.5	
EPS (basic)	10.9	10.8	21.7	5.7	9.1	14.8	9.6	



# CASH FLOW

- Cash from Operations up 159% from A\$3.3m to A\$8.5m
- ANZ generated Free Cash flow A\$11m
- Investing in Europe further A\$3.3m
- Debt reduced by A\$8.5m

	H1 2007			H1 2008		
	Aust/NZ \$'000	Europe \$'000	Group \$'000	Aust/NZ \$'000	Europe \$'000	Group \$'000
<b>Cash flows from operating activities</b>						
Receipts from customers	106,814	22,082	128,896	95,640	32,015	127,655
Payments to suppliers and employees	(100,239)	(20,942)	(121,181)	(85,586)	(31,765)	(117,351)
Interest received	289	-	289	267	87	354
Interest and other costs of finance paid	(1,424)	(7)	(1,431)	(1,166)	(135)	(1,301)
Income taxes paid	(3,278)	-	(3,278)	(758)	(50)	(808)
<b>Net cash provided by operating activities</b>	<b>2,162</b>	<b>1,133</b>	<b>3,295</b>	<b>8,397</b>	<b>152</b>	<b>8,549</b>
<b>Cash flows from investing activities</b>						
Payment for intangibles	(6,298)	(455)	(6,753)	(402)	(43)	(445)
Payment for property, plant and equipment	(8,300)	(1,854)	(10,154)	(2,721)	(2,255)	(4,976)
Proceeds from sale of PP&E & intangibles	7,219	-	7,219	11,322	-	11,322
Loans to Franchisees	(194)	(2,451)	(2,645)	(779)	(540)	(1,319)
Payments for investment and business operations	-	(12,963)	(12,963)	(4,832)	(564)	(5,396)
Other	-	(1,380)	(1,380)	-	(3)	(3)
<b>Net cash used in investing activities</b>	<b>(7,573)</b>	<b>(19,103)</b>	<b>(26,676)</b>	<b>2,588</b>	<b>(3,405)</b>	<b>(817)</b>
<b>Cash after investing (free cash flow)</b>	<b>(5,411)</b>	<b>(17,970)</b>	<b>(23,381)</b>	<b>10,985</b>	<b>(3,253)</b>	<b>7,732</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of equity securities	2,282	-	2,282	2,487	-	2,487
Proceeds from borrowings	28,593	-	28,593	(1,861)	2,861	1,000
Repayment of borrowings	(17,478)	(265)	(17,743)	(9,472)	(28)	(9,500)
Dividends paid	(1,678)	-	(1,678)	(2,487)	-	(2,487)
<b>New cash provided by/used in financing activities</b>	<b>11,719</b>	<b>(265)</b>	<b>11,454</b>	<b>(11,333)</b>	<b>2,833</b>	<b>(8,500)</b>
<b>Net increase/(decrease) in cash held</b>	<b>6,308</b>	<b>(18,235)</b>	<b>(11,927)</b>	<b>(348)</b>	<b>(420)</b>	<b>(768)</b>



## BALANCE SHEET

- Increase in trade and other receivables, A\$1.6m in trade debtors, A\$0.8m in rebates receivables
- Increase in other current assets A\$1.6m relates to adfunds due to agency change in prepaid production costs
- Decrease in borrowings A\$8.5m slightly offset by A\$0.8m increase on Euro loan due to FX revaluations
- Increase in issued capital A\$4.3m Dividend Reinvestment Plan

	H2 2007 \$ mil	H1 2008 \$ mil	+ / (-) H2 2007 \$ mil
<b>Current assets</b>			
Cash assets	7.9	8.1	0.2
Trade & other receivables	25.8	28.1	2.4
Inventories	5.0	4.7	(0.3)
Other current assets	4.1	6.4	2.3
Assets classified as held for sale	2.3	2.4	0.1
<b>Total current assets</b>	<b>45.1</b>	<b>49.8</b>	<b>4.7</b>
<b>Non-current assets</b>			
Property, plant and equipment	33.5	32.9	(0.6)
Goodwill & intangible assets	41.2	40.0	(1.2)
Other non-current assets	11.8	12.0	0.2
<b>Total non-current assets</b>	<b>86.5</b>	<b>84.9</b>	<b>(1.6)</b>
<b>Total assets</b>	<b>131.6</b>	<b>134.7</b>	<b>3.1</b>
<b>Current liabilities</b>			
Trade & other payables	26.9	29.8	2.9
Borrowings	0.2	0.1	(0.1)
Other current liabilities	1.8	2.7	0.9
<b>Total current liabilities</b>	<b>28.9</b>	<b>32.7</b>	<b>3.7</b>
<b>Non-current liabilities</b>			
Borrowings	33.4	25.8	(7.6)
Other non-current liabilities	2.1	2.3	0.2
<b>Total non-current liabilities</b>	<b>35.5</b>	<b>28.1</b>	<b>(7.4)</b>
<b>Total liabilities</b>	<b>64.4</b>	<b>60.8</b>	<b>(3.7)</b>
<b>Net assets</b>	<b>67.2</b>	<b>73.9</b>	<b>6.8</b>
<b>Return on Invested Capital **</b>	16.2%	19.8%	

\*\* Calculation based on average opening & closing invested capital and annualised EBIT



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## EUROPE

- Record number of organic stores in the first half
- SSS strong +15.03% due to colder than normal summer
- No. 1 pizza delivery brand in France and the Netherlands
- Netherlands is now averaging 18% of its delivery orders online and growing
- Commenced the roll out of the New Image 2020 for all 3 European markets
- Implemented strategies to negate commodity increases at a store level for all markets.
- Second commissary now complete in Vertou France. Lifted capacity to 450 stores
- Awarded a Bronze Eurobest for the 'Domino's delivery boy commercial' in the biggest and most competitive category TV/Film.



**Award winning TVC**





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## EUROPE (Cont)

- First steps to integrate back office processes of Europe business with major IT investments in new systems:
  - Role out of new Enterprise Resource Planning platform (Microsoft Navision) for all countries
  - Investments in new POS, already operating in more than 45 stores
  - Implementation of new IT infrastructure for offices, commissaries and pizza stores in Europe linked to the network of Australia





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## LOOKING FORWARD – ANZ

- Strong product pipeline with an increased focus back on pizza
- Cash acceptance for online ordering rolling out and getting good traction. Aiming for double digit mix of sales from online ordering within 12 months. Ticket average still significantly higher online
- New Zealand should be fully internet enabled within the next 6 months
- Expecting store growth to lift again in first half of 2008-09, with significant opportunity to grow in Sydney, SA, Victoria and NZ
- Group goal still to exceed 600 stores in ANZ





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## LOOKING FORWARD – ANZ

### Management aware of:

- Commodity prices still rolling through and too early to indicate if all Managements initiatives have negated the cost increases
- Labour market for delivery drivers still challenging, and so a stronger focus on carry-out to continue





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## LOOKING FORWARD – EUROPE

- Very excited as the brand goes to TV in March 08 for the first time ever in France
- Launch a new National four digit telephone number in France 3959
- Dutch TV presence expecting to continue to grow
- Started planning for new 250 store Dutch commissary to open within 18 months replacing current Dutch commissary that is old an inefficient
- Strengthening development team to accelerate organic growth for stronger returns



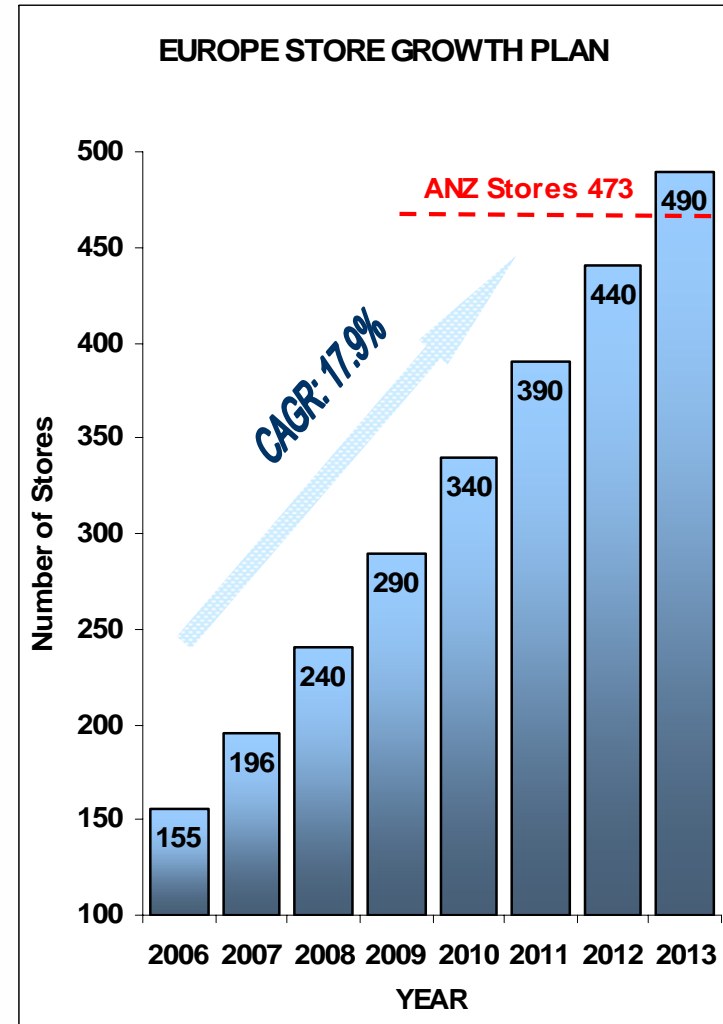
**New French Chickenita TVC**





## LOOKING FORWARD – EUROPE

- Working closer with franchisees to move operations to the next level to manage expected sales life, ie. training, more Operational Audits, etc
- Expecting strong SSS growth to continue in 2008
- From 2009 planning to open an average of 50 stores a year across the three countries



\* Assumes average addition of 50 stores per year



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## UPDATE GUIDANCE FOR FULL YEAR 2008

- Confirm Guidance at top end +30% on FY07 NPAT
- Store growth +70 (more stores in Europe)
- FY08 Net Debt levels further reduced to A\$4m – A\$8m





## CONCLUSION

- Increased return on capital by converting Corporate stores to Franchise
- DPE building a strong Balance Sheet for continued growth
- ANZ on track for targeted +600 stores
- Maintaining active management of commodity prices
- Europe is ahead of expectations in profit, sales and store growth
- ANZ strong first half results and management remain optimistic but still cautious in a market with higher commodity prices for the second half
- Management confident of future in Europe and believe that from next year we will aim to open an average of 50 stores per annum still targeting +1,000 stores in our European markets