



# DOMINO'S PIZZA POLAND

INTERIM RESULTS

DP Poland PLC

18 September 2018



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# OPERATIONAL HIGHLIGHTS



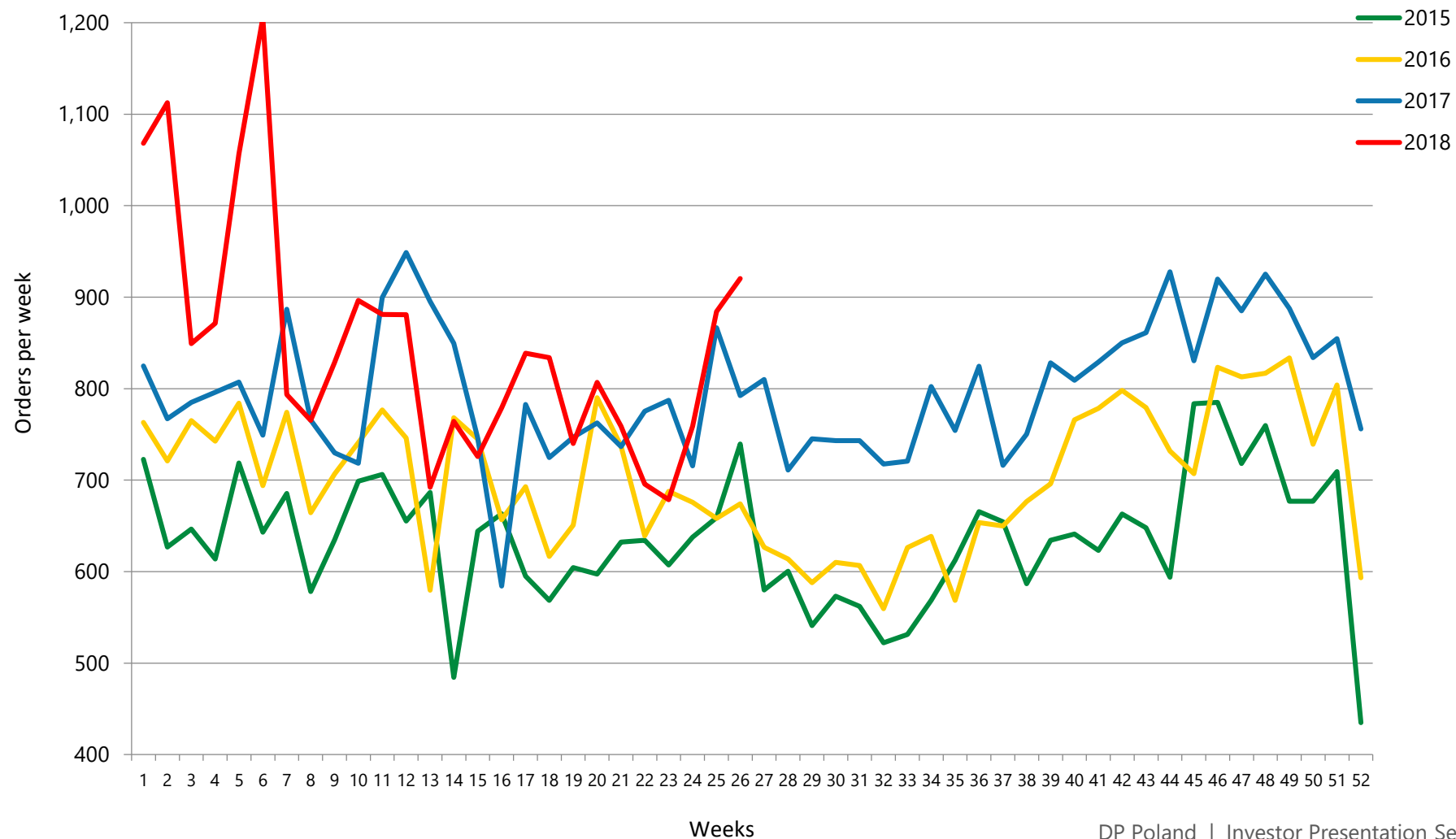
# STORE PERFORMANCE H1 2018

- System Sales +38% to 37m PLN
- System Sales like-for-like +15% (pre-split)
  - +13% post-split
  - +32% compound over 2 years
- Immature stores showing strong growth
- 23 consecutive quarters of double digit like-for-like growth to Q2 2018, pre-split
- 5 new corporate stores H1 2018, 6 to-date
- Corporate store EBITDA +61%
  - sales growth
  - pressures on COS eased in H1 2018
  - labour inflation has stabilised



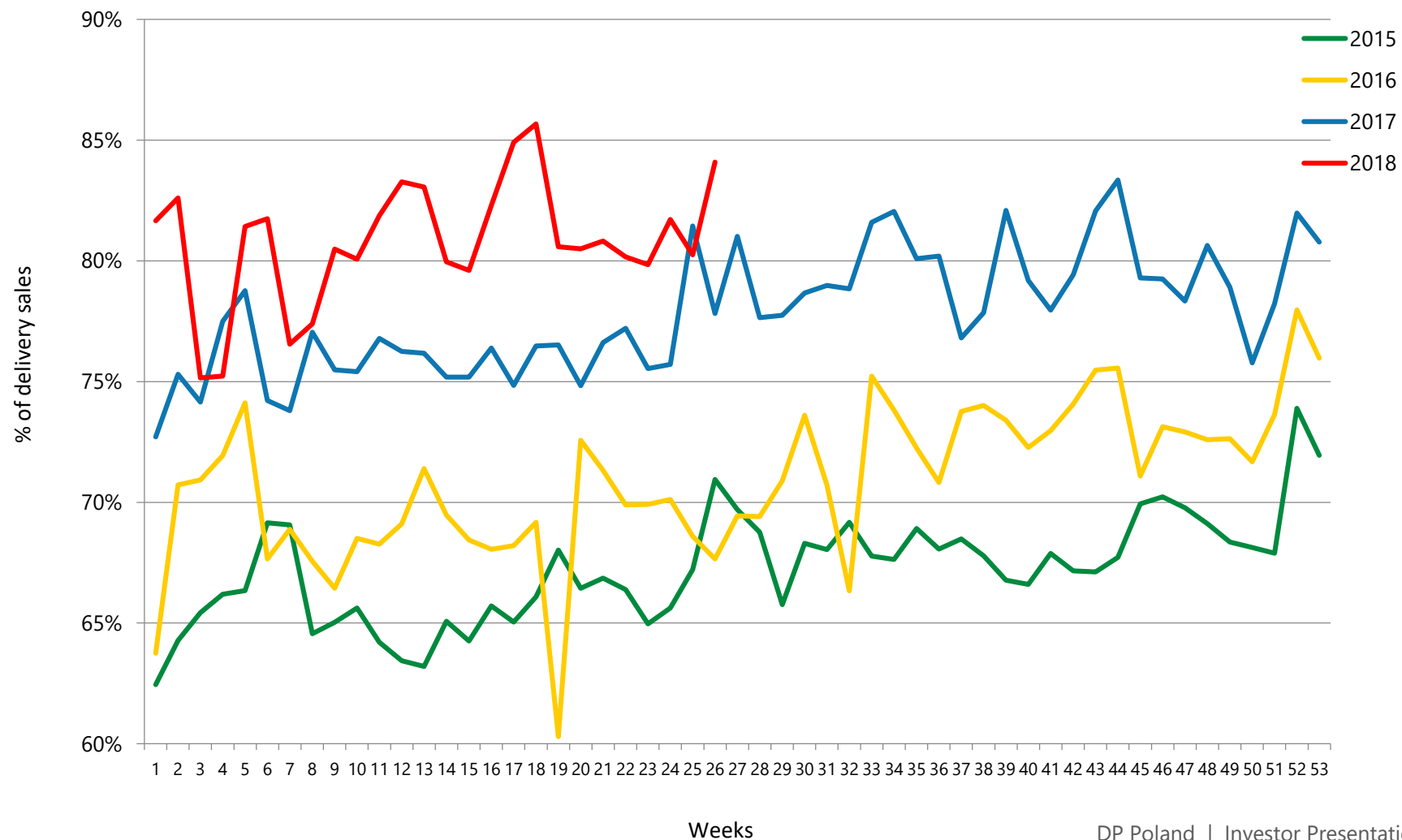
# AVERAGE WEEKLY ORDERS

Year on year like-for-like comparison of stores 2+ years old.



# DELIVERY SALES MADE ONLINE

Year on year like-for-like comparison of stores 2+ years old.



# STORE EXPANSION

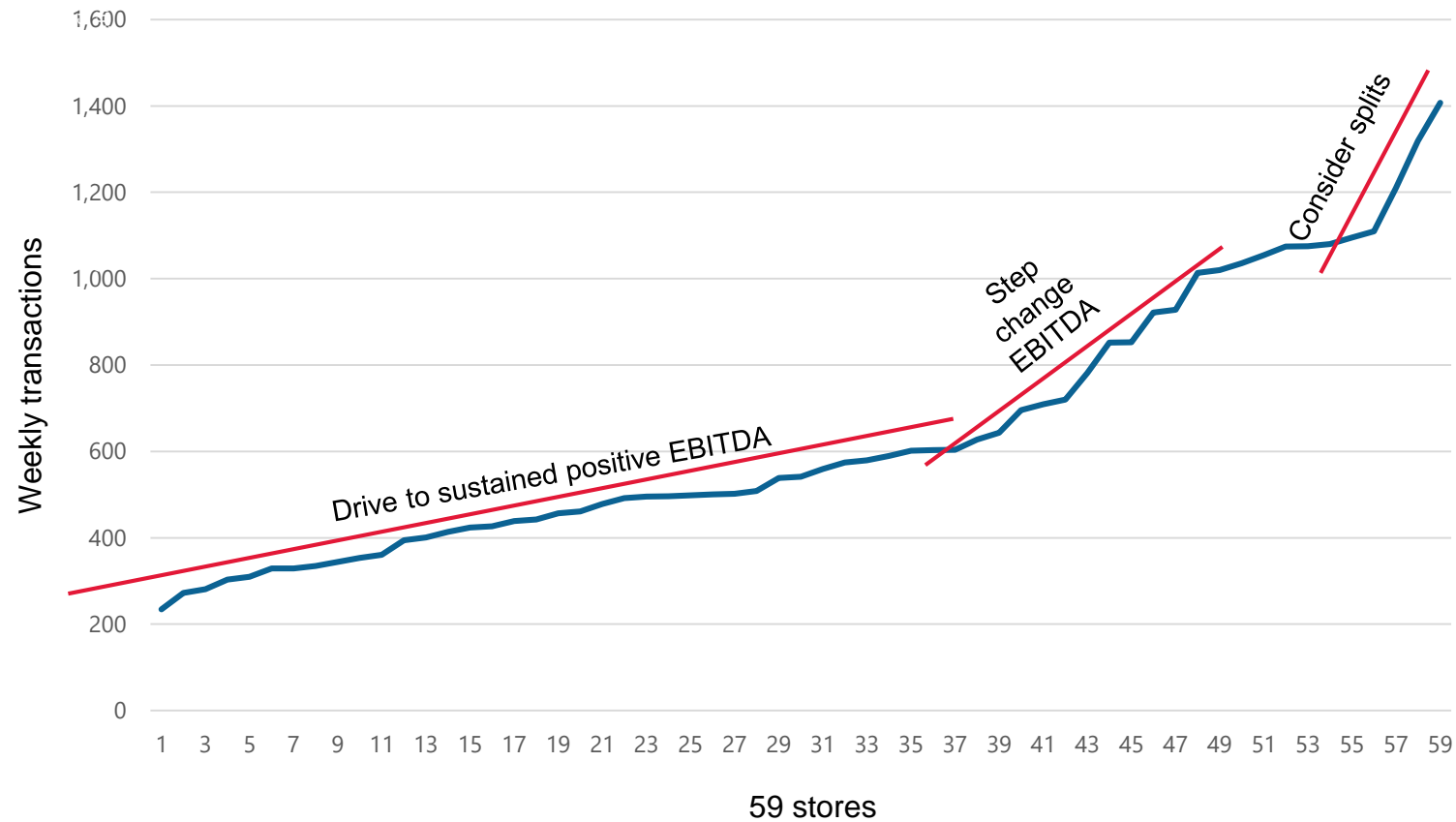
## Store openings

- Store estate increased 11% 2018 to-date
  - 6 corporate stores
  - 27 towns and cities to-date
- 20% expansion (65 stores) targeted YE 2018
- More splits going forward
  - adoption of pre-split like-for-likes



# MATURITY PROFILE OF STORE ESTATE

12 months to 30 June 2018





# SUB-FRANCHISING

## Expansion focus

- 8 sub-franchisees operating 26 stores, including 2 under management contract
  - 44% of the store estate at the end of H1
- Access to capital is a barrier to existing sub-franchisees opening more stores
- We are recruiting additional expertise to support and recruit sub-franchisees
- Expect to see the sub-franchised estate expand in 2019, if no by the end of 2018



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# MARKETING

- National television test in January and February 2018
  - 2 x 2 week campaigns resulted in 30-40% LFL growth in System Sales
- 77% delivery sales ordered online (73% in H1 2017)
  - some weeks mature stores achieve 90%+
- Continuous improvement of online interface
- Bi-monthly campaigns
  - Featuring new products: Tex Mex, Americano and Carbonara



# COMMISSARY

- Commissary gross profit +39% H1 2018 on H1 2017
  - function of System Sales growth
  - sales royalties, food and non-food sales
  - NB focus on sub-franchisee profitability
- Both commissaries are operating efficiently
- Easing food prices in H1 2018, but inflationary pressures H2 2018
- Larger cost base with the opening of the second commissary
- Distribution costs helped by central location of second commissary
- Investment to support long term growth: 150 store supply capacity





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# FINANCIAL HIGHLIGHTS





# SYSTEM SALES PERFORMANCE

- System sales up 38%
  - but, below expectations
- 32% compound like-for-like growth, 2 years H1 2018-17
- Continued growth in % online

	H1 2018	H1 2017	Change %
System sales PLN	37,158,674	26,856,460	+38%
L-F-L system sales (post-split)	+13%	+17%	
L-F-L system sales (pre-split)	+15%	+17%	
Delivery system sales ordered online	+77%	+73%	



# GROUP PERFORMANCE

- Group Revenue tracking System Sales growth
- No sub-franchised stores opened (sold) H1 2018

## Constant exchange rate of PLN 4.8: £1

Group Revenue & EBITDA	H1 2018	H1 2017	Change %
Revenue PLN	30,687,305	21,845,267	+40%
Revenue £	6,394,787	4,552,236	+40%
Group EBITDA	(814,086)	(742,330)	-10%

## Actual average exchange rates for H1 2018 and H1 2017

Group Revenue & EBITDA	H1 2018	H1 2017	Change %
Revenue PLN	30,687,305	21,845,267	+40%
Revenue	6,394,787	4,402,069	+45%
Group EBITDA	(814,086)	(725,190)	-12%

## Actual average exchange rates for H1 2018 and H1 2017

Group Loss for the period	H1 2018 £	H1 2017 £	Change %
Group loss for the period	(1,111,082)	(1,084,824)	-2%



# CASH

- Cash reduced by 15%
- Offset by some 2018 CAPEX and OPEX pre-paid in 2017

	1 January 2018	Cash movement	30 June 2018
Cash in bank	4,505,911	(697,958)	3,807,953

Actual exchange rates as at 31 Dec 2017 and 30 June 2018





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# OUTLOOK





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# OUTLOOK

- Store roll-out continues – expect estate expansion of 20% with at least 10 additional corporate stores
- Positive discussions with both existing and potential sub-franchisees to open stores
  - expect sub-franchised estate to expand in 2019
- Food costs have eased from the highs of Q4 2017, with cost deflations through H1 2018...
- ...however, we are seeing some food cost inflation again in summer H2 driven by hot summer
- 2<sup>nd</sup> Gold Franny awarded in recognition of exceptional growth, operational excellence and brand stewardship
- Sales growth continues to outstrip growth in food delivery market, despite short term external speed bumps
- Confidence in long-term growth prospects in an attractive market

