

6 November 2024

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Domino's Pizza Group PLC ("DPG") - Trading statement

**Accelerating growth in delivery orders and return to positive LFL sales
Positive trading momentum has continued into Q4; guidance unchanged**

Highlights

- Q3 24 total orders of 17.4m, up 3.5% vs. Q3 23¹ on a comparable basis²
 - Significant strengthening in delivery orders, up 6.6% driven by continued service improvements and providing even better value for customers
 - Collection orders down 1.5% but remain 14% ahead of 2019 levels
- Q3 24 total system sales up 3.0%, a significant step up from H1 24 (up 0.2%)
 - Q3 24 like-for-like system sales (ex. VAT, ex. splits),³ returned to growth, up 0.7% on a comparable basis
- Execution of key initiatives continues to drive trading momentum
 - Outstanding customer service with Q3 24 average delivery times maintained at c.24 minutes, a c.1 minute improvement on Q3 23
 - Large, established app customer base of c.9.5m, up 5% since Q3 23, has enabled loyalty trial which started in August 2024 and is progressing well
 - 34 new store openings - in a slower planning environment, now expecting to open 50 to 60 new stores in FY24. Pipeline continues to build well and on track to open our 1,400th store in FY25, our 40th year operating in the UK
- Positive trading momentum has continued into Q4 24, total orders up 5.8% on a comparable basis, in the first five weeks
- Constructive discussion continues with our franchise partners on a new memorandum of understanding
- Expect FY24 Underlying EBITDA⁴ to be in the range of current market expectations⁵

Andrew Rennie, Chief Executive Officer, said:

"We've got great momentum in the business which reflects the intense focus from all of us at Domino's and our brilliant franchise partners on driving growth in delivery orders, our biggest sales channel."

"Our franchise partners are giving outstanding customer service with average delivery times at just 24 minutes, a whole minute quicker than a year ago. We're also relentlessly focused on the best possible value, with offers like our Weeknight Steal and £4 lunch really resonating with customers."

"We're focused on growing our like-for-like sales in a sustainable way, primarily driven by order growth and not pricing, meaning lower ticket prices for customers and sustainable like-for-like sales growth driven by volume."

"In an uncertain environment we are well placed to continue our strategic progress due to the strength of the Domino's brand and system. We continue to assess additional value-enhancing opportunities to build a larger, more cash-generative business which delivers strong and consistent returns. I look forward to updating shareholders further on our strategic progress at the full year results next March."

Q3 operational and strategic progress

As a result of intense focus from our franchise partners we continue to improve our customer service. Average delivery times in Q3 24 reduced by approximately 1 minute vs. Q3 23 to 24 minutes and the percentage of deliveries on time improved relative to Q3 23. Offering customers value for money is essential in the current environment. In Q3 24 we worked with our franchise partners to offer a range of compelling offers across the period including the 'Weeknight Steal' with £8, £10 and £12 price points for small, medium and large pizzas. We continued our menu innovation with the return of the Ultimate Spicy Sausage, the successful launches of our Double Chocolate Caramel Cookies and Korean BBQ range. Our £4 lunch offer is underpinned by our Cheeky Little Pizzas and wraps which give customers a lighter, under 600 calorie taste of Domino's while improving overall value for money perception of the brand.

We have a large, installed app customer base of c.9.5m, an increase of c.5% vs. Q3 23 and app orders as a percentage of online orders have remained consistent at c.77%. In August 2024 we began a loyalty trial in order to increase customer order frequency. The trial has started well with good traction. We have confidence that loyalty will increase frequency over the long-term and we will provide an update at the full year results in March 2025.

We have opened 34 new stores in 2024 with 20 different franchise partners. We will continue to open stores in virgin territories and to focus on splits where appropriate but there is also a heightened focus on smaller address count territories which continue to trade well. These have limited competition, and our strong national brand is a significant competitive advantage. In a slower planning environment, we are now expecting to open 50 to 60 new stores in FY24. The pipeline continues to build well and we are on track to open our 1,400th store in FY25, our 40th year operating in the UK.

As we approach the end of the three-year memorandum of understanding with our franchise partners, we continue to have constructive discussions with them on a new memorandum of understanding. An update will be provided in due course.

Q3 trading performance

Like-for-like system sales, excluding splits, grew by 0.7% on a comparable basis and total system sales were £374.8m, up 3.0% vs. Q3 23.

	Q3 24 ¹	Q3 23 ¹	Change
System sales	£374.8m	£363.7m	+3.0%
LFL system sales growth (ex VAT, ex.splits ³) on a comparable basis ²	+0.7%	+3.7%	
LFL system sales growth (ex VAT, ex.splits ³) on a reported basis ²	+1.4%	+3.7%	

Total orders in Q3 24 were up +3.5% on a comparable basis and +4.3% on a reported basis. Pleasingly, delivery orders continued their strong recent momentum and were up 6.6% on a comparable basis. This was driven by intense focus on customer service and improved delivery times from our franchise partners combined with continued value in the channel. Collection orders were down 1.5% on a comparable basis as we lapped a tough comparator period which included a 'Collection Perfection' national deal. Collection orders are up 1.1% year to date. Collection orders remain well ahead of pre-Covid levels and we still believe they have the potential to be c.50% of total orders in the long term.

UK & ROI	Total (All Stores)*			Total (All Stores)		
	System Sales	Volume	Price	Orders (m)	YOY Order Growth on a reported basis	YOY Order Growth on a comparable basis
Total						
Q1	(0.4)%	(3.1)%	+2.7%	17.7m	(1.8)%	(0.8)%
Q2	+0.7%	(1.9)%	+2.6%	17.4m	+0.1%	+0.6%
H1	+0.2%	(2.5)%	+2.7%	35.1m	(0.9)%	(0.1)%
Q3	3.0%	+0.9%	+2.1%	17.4m	+4.3%	+3.5%
Delivery only						
Q1	(1.8)%	(4.3)%	+2.5%	11.5m	(5.0)%	(3.9)%
Q2	+0.9%	(1.6)%	+2.5%	11.1m	0.0%	+1.1%
H1	(0.5)%	(3.0)%	+2.5%	22.6m	(2.6)%	(1.5)%
Q3	+5.0%	+3.1%	+1.9%	11.1m	+7.1%	+6.6%
Collection only						
Q1	+4.5%	+0.8%	+3.7%	6.2m	+4.7%	+5.5%
Q2	+0.2%	(2.6)%	+2.8%	6.3m	+0.2%	(0.3)%
H1	+2.3%	(0.9)%	+3.2%	12.5m	+2.4%	+2.5%
Q3	(2.5)%	(4.0)%	+1.5%	6.3m	(0.3)%	(1.5)%

* Total system sales, volume and price shown on a reported basis.

Capital allocation

We have a highly cash-generative, asset-light business model with a clear capital allocation framework. Investment in the core business remains the priority and we also continue to assess value-enhancing inorganic opportunities to drive earnings growth and build a larger and more cash-generative business. We have a strong pipeline of opportunities which we are evaluating in a disciplined way.

Since launching the framework in March 2021, we have returned £461m to shareholders, through £185m in dividends and £276m in share buybacks. The £20m share buyback programme announced on 6 August 2024 completed on 24 September 2024.

Current trading, outlook and guidance

Total orders have continued their positive momentum in Q4 and were up 5.8% in the first five weeks on a comparable basis. We expect FY24 Underlying EBITDA⁴ to be in the range of current market expectations.⁵

For further information, please contact:

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A conference call for investors and analysts will be held at 09:30 GMT today.

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Notes

1. Q3 24 is 13 weeks to 29 September 2024. Q3 23 is 13 weeks to 24 September 2023.
2. FY23 was a 53-week year, so the comparator weeks between Q3 24 and Q3 23 are different. The comparable basis adjusts for this difference, by comparing week 27-39 in Q3 24 with weeks 28-40 in Q3 23.
3. Like-for-like (excluding splits) system sales performance is calculated for UK & Ireland against a comparable 52-week period in the prior period for mature stores which were not in territories split in the current period or comparable period. Mature stores are defined as those opened prior to 25 December 2022.
4. Underlying is defined as statutory performance excluding discontinued operations, and items classified as non-underlying which includes significant irregular costs, significant impairments of assets, together with fair value movements and other costs associated with acquisitions and disposals.
5. Current mean of FY24 Underlying EBITDA expectations: range of £142.4m - £144.7m with a mean of £143.9m. Based on 10 analysts' forecasts.
6. YTD 24 is the 39 weeks to 29 September 2024. YTD 23 is the 39 weeks to 24 September 2023.

About Domino's Pizza Group

Domino's Pizza Group plc is the UK's leading pizza brand and a major player in the Irish market. We hold the master franchise agreement to own, operate and franchise Domino's stores in the UK and the Republic of Ireland. As of 5 November 2024, we had 1,352 stores in the UK and Ireland.

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