

# DOMINO'S

2017 INVESTOR DAY  
JANUARY 12TH  
ORLANDO, FLORIDA



# LEGAL STUFF

## THIS PRESENTATION AND OUR ACCOMPANYING COMMENTS INCLUDE “FORWARD-LOOKING STATEMENTS.”

These statements may relate to future events or our future financial performance and are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. This presentation and our accompanying comments do not purport to identify the risks inherent in an investment in Domino's Pizza and factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These risks include but are not limited to those risk factors identified in Domino's Pizza, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 3, 2016, as well as other SEC reports filed by Domino's Pizza, Inc. from time to time. Although we believe that the expectations reflected in the forward-looking statements are based upon reasonable estimates and assumptions, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on forward-looking statements, which reflect our estimates and assumptions and speak only as of the date of this presentation and you should not rely on such statements as representing the views of the Company as of any subsequent date. We undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances. In light of the above, you are urged to review the disclosures contained in the Domino's Pizza, Inc. SEC reports, including the risk factors contained therein.

This presentation contains trade names, trademarks and service marks of other companies. We do not intend our use or display of other parties' trade names, trademarks and service marks to imply a relationship with, or endorsement or sponsorship of, these other parties.

# TODAY'S LINEUP

2017 INVESTOR DAY – ORLANDO, FLORIDA

- **Patrick Doyle, CEO**
- **Ritch Allison, President, Domino's International**
- **Russell Weiner, President, Domino's USA**
- **Jeff Lawrence, CFO**



Manager

**PATRICK DOYLE**

**CHIEF EXECUTIVE OFFICER**

LIVE  
LONG  
&  
PIZZA!

LG \$100  
+  
Breadsticks,  
Cinnasticks,  
16 Bread  
Bites  
\$11.99



## **THREE QUESTIONS WE ADDRESSED A YEAR AGO...**

---

- 1. What has driven Domino's success to date?**
- 2. Can the success continue?**
- 3. Can the success drive shareholder value?**



**THE MAIN QUESTIONS WE HOPE TO ANSWER TODAY...**

**PRETTY MUCH  
THE SAME.**

We told the story a year ago through '36 Blast'...  
but today, we want to Open the Playbook.



# OPENING THE PLAYBOOK

The story typically begins with 2010...



Did we actually face our critics and reinvent our pizza from the crust up?

## OH YES WE DID.



### THE PIZZA TURNAROUND

**CHALLENGE:**  
In 2010, Domino's faced a brand crisis. What began with a single negative review, the story spread like wildfire and multiplied until the chain's reputation was in jeopardy. How could the company turn this crisis into an opportunity for change?

**STRATEGY:**  
An integrated campaign featuring authentic storytelling, a focus on transparency, and a commitment to quality. The goal was to rebuild trust and showcase the company's dedication to excellence.

**RESULTS:**  
By 2012, the campaign had generated over 1.5 billion impressions, and the company's reputation was restored. Sales increased by over 40% in the second half of the year, and the company was named one of the most innovative brands in the world.





# OPENING THE PLAYBOOK

...but allow us to take you back a full decade to 2006.



## **2006-2010: SETTING THE FOUNDATION**

**First of three consecutive years of negative comps**

**1,300 franchisees domestically**

**Multiple POS platforms**

**Undisciplined pricing and rudimentary analytics**

**And, lack of identity...beyond “used to be the 30-minute guys”**

## **2006-2010: SETTING THE FOUNDATION**

**How did we position ourselves for fundamental change?**



**Established  
common POS  
system-wide**

**Established  
accountability  
via A/B/F rating**

**Took on  
closures**

**Focused on an  
effective  
franchise base**

**Investments in  
our people  
(digital, strategy  
& insights)**

## **2006-2010: SETTING THE FOUNDATION**

**This didn't happen overnight.**

**Or during a certain quarter.**

**Or during a certain year.**

## 2006-2010: SETTING THE FOUNDATION

---

But it did happen.

**True, sustainable competitive  
advantage takes time to build.**



## **2006-2010: SETTING THE FOUNDATION**

**Decade-long, relentless focus on the customer experience through:**

- Real Innovation**
- Responsible Investment**
- Disciplined Decisions**
- Taking Smart Risks**
- True Global Alignment**



**WHAT ARE WE TRYING TO BE?**

---

**#1**

## **2010-PRESENT: WHAT DOES #1 LOOK LIKE?**

**We set a goal in 2010 to become #1 in pizza.**

**Every decision we have made, or considered,  
begins and ends with that goal...and an exclusive  
focus on the long-term over the short-term.**

## 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

**#1 for customers**

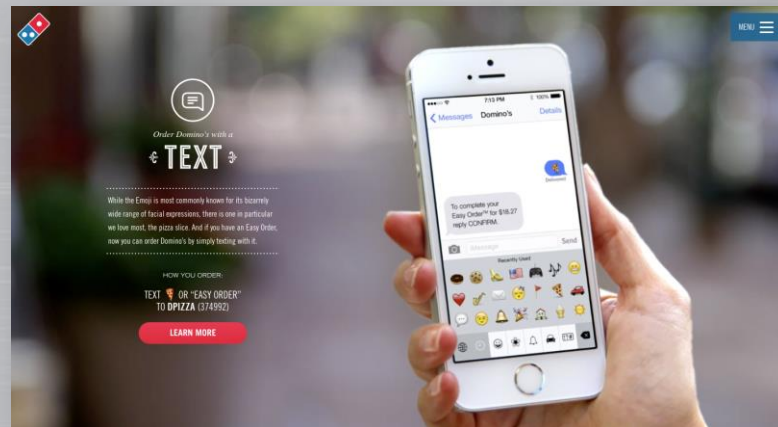
**AND**

**#1 for franchisees**



# 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

#1 is a “work in progress” brand,  
always striving to improve...



## 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

#1 needs to have the best food...



## 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

#1 has the best store image worldwide...



## 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

**#1 makes disciplined decisions and isn't afraid of calculated risks...**



## 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

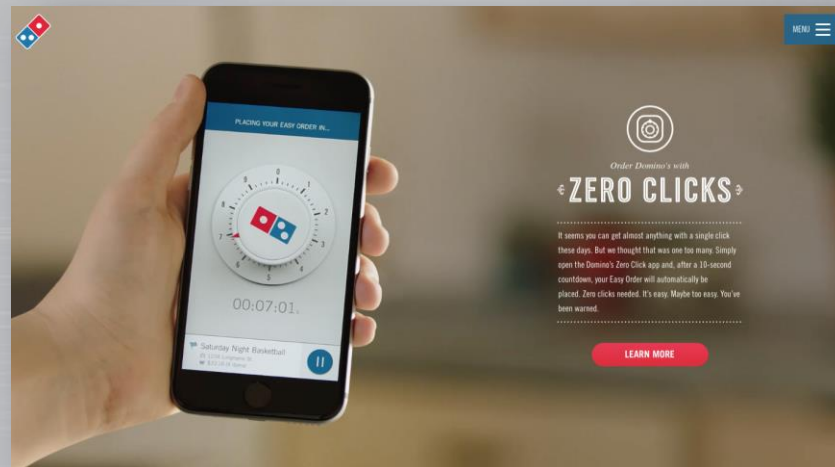
#1 delivers big, bold ideas and doesn't  
'tactic' its way forward...





# 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

#1 makes news outside of 'product of the month'...



## 2010-PRESENT: WHAT DOES #1 LOOK LIKE?

And most importantly,  
#1 has the strongest, most  
productive relationship with  
its franchisees of anyone in  
the industry...



# THIS IS HOW TO VIEW THE TRUE HEALTH OF OUR BUSINESS...



STORE 8636  
Pensacola, FL

# THIS IS HOW TO VIEW THE TRUE HEALTH OF OUR BUSINESS...

---

1

## **Success with Customers**

- Same store sales growth
- Focus on traffic and transactions over ticket

2

## **Success with Franchisees**

- Store growth is the best measure
- Openings show optimism about the future
- But...closures matter just the same!

A photograph of a Domino's restaurant interior, showing the service counter, red high-top stools, and the kitchen area with stainless steel equipment. The image is overlaid with a semi-transparent blue filter.

# #1

WHERE WE STAND TODAY

**DOMINO'S**





# RITCH ALLISON

---

PRESIDENT, DOMINO'S INTERNATIONAL

# THE BEST INTERNATIONAL MODEL IN QSR...

## DELIVERING RESULTS



- 2016 Highlights
- Robust Growth
- Strong Returns

## ATTRACTING CAPITAL



- Key Conversions
- Store Growth and Reimaging
- Technology Investment

## DRIVING LONG-TERM GROWTH



- Attractive Market
- Share Capture
- Runway for Growth

# 2016 HIGHLIGHTS: INTERNATIONAL STORE GROWTH

## STORE OPENINGS

Q1

- India: 1,000th

Q2

- 7,500th international store

Q3

- Peru reopening
- Lesotho opening
- New Zealand: 100th
- Saudi Arabia: 200th
- France: 300th
- Australia: 600th
- United Kingdom: 900th

Q4

- Sweden opening
- Indonesia: 100th
- China: 100th
- Germany: 200th
- Netherlands: 200th
- 8,000th international store



## NEW MARKET OPENING: PERU

---

PERU





## NEW MARKET OPENING: LESOTHO

LESOTHO







## NEW MARKET OPENING: SWEDEN

---

SWEDEN

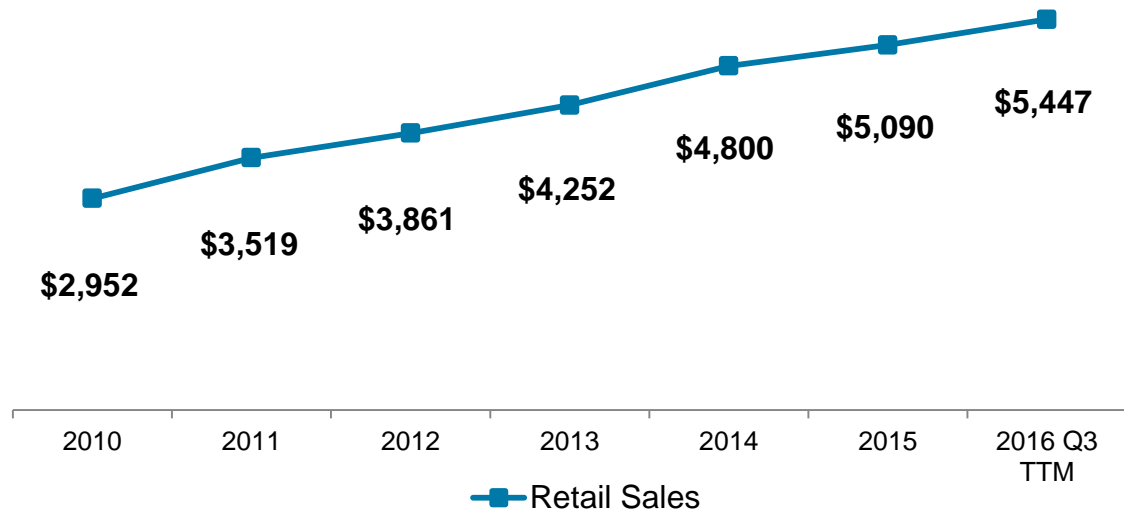




## SALES CAGR OF 11.2% SINCE 2010



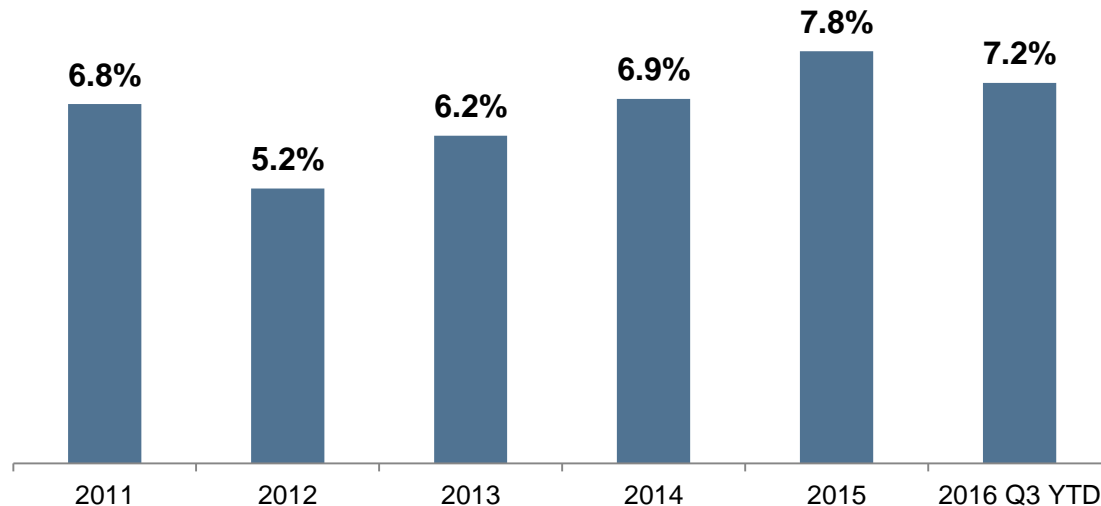
**Retail Sales**  
(\$ in millions)



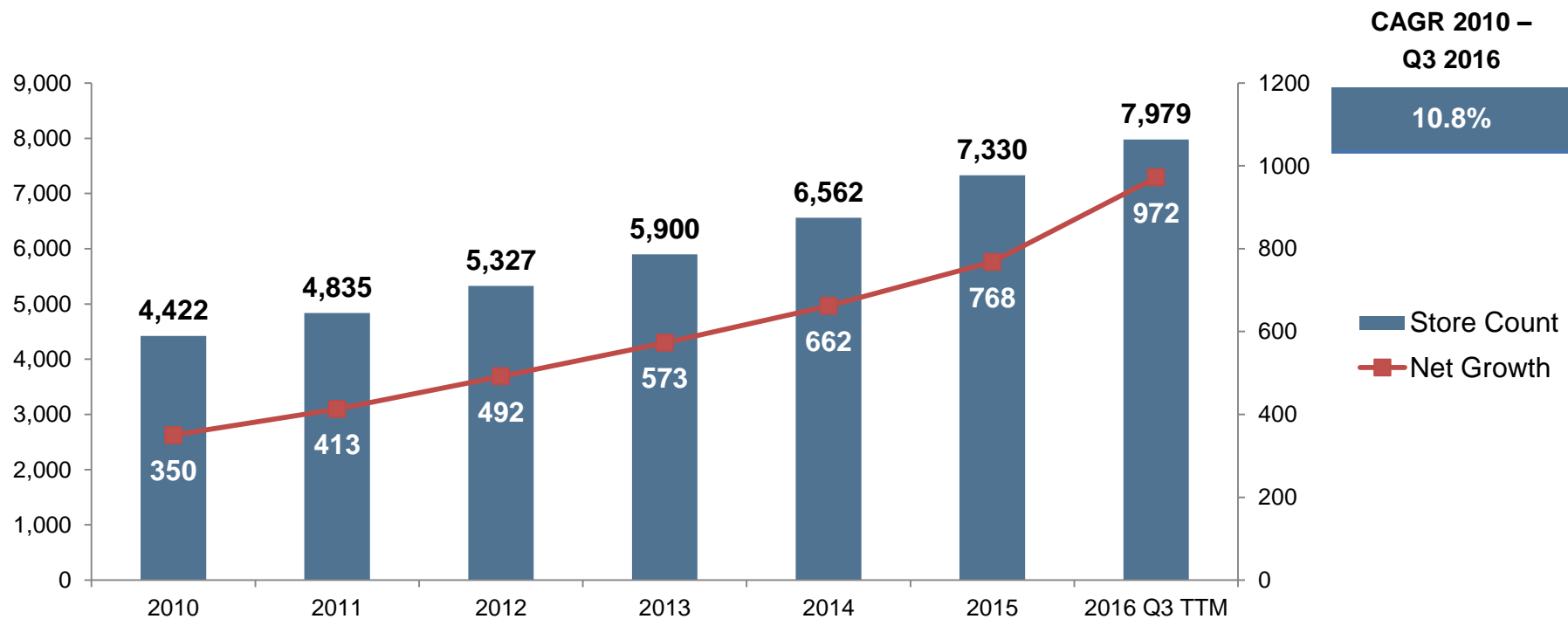
# SALES GROWTH DRIVEN BY A HEALTHY MIX OF ORDERS AND TICKET

Nearly 60% of SSS growth over the last six years has come from order count increases.

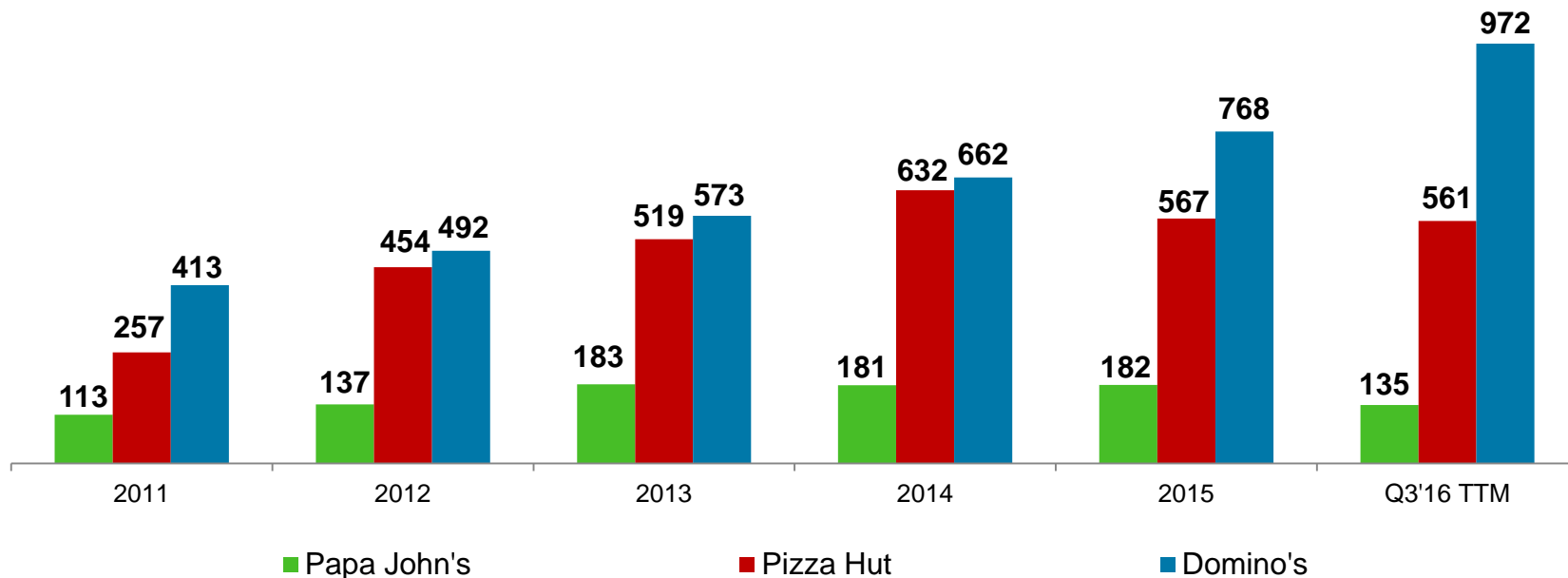
## Same Store Sales Growth



## PACE OF STORE GROWTH HAS ACCELERATED

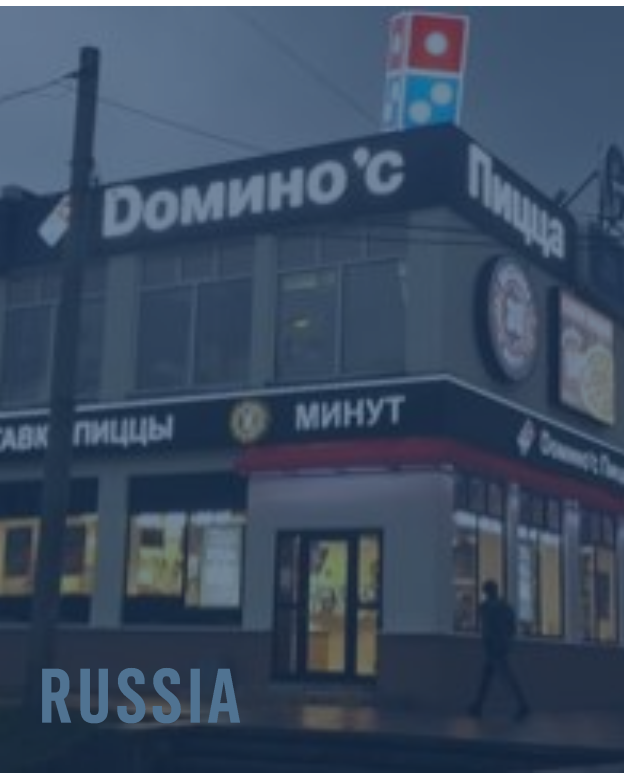


## STORE GROWTH EXCEEDS TOP TWO COMPETITORS



\*From public filings – Pizza Hut includes China casual dining, excludes licensees;  
Papa John's excludes Canada, Alaska and Hawaii from their International numbers.

# FRANCHISEE RETURNS HAVE STRENGTHENED



- **International franchisees average 3-year payback on new stores**
- **Many international markets have experienced improving or consistent paybacks since 2015**

# THE BEST INTERNATIONAL MODEL IN QSR...

## DELIVERING RESULTS



- 2016 Highlights
- Robust Growth
- Strong Returns

## ATTRACTING CAPITAL



- Key Conversions
- Store Growth and Reimaging
- Technology Investment

## DRIVING LONG-TERM GROWTH



- Attractive Market
- Share Capture
- Runway for Growth





# DRIVE SUCCESSFUL CONVERSIONS: SOUTH AFRICA

CONVERSION COMPLETE



SOUTH  
AFRICA





# DRIVE SUCCESSFUL CONVERSIONS: GERMANY

CONVERSION COMPLETE



GERMANY





# DRIVE SUCCESSFUL CONVERSIONS: FRANCE

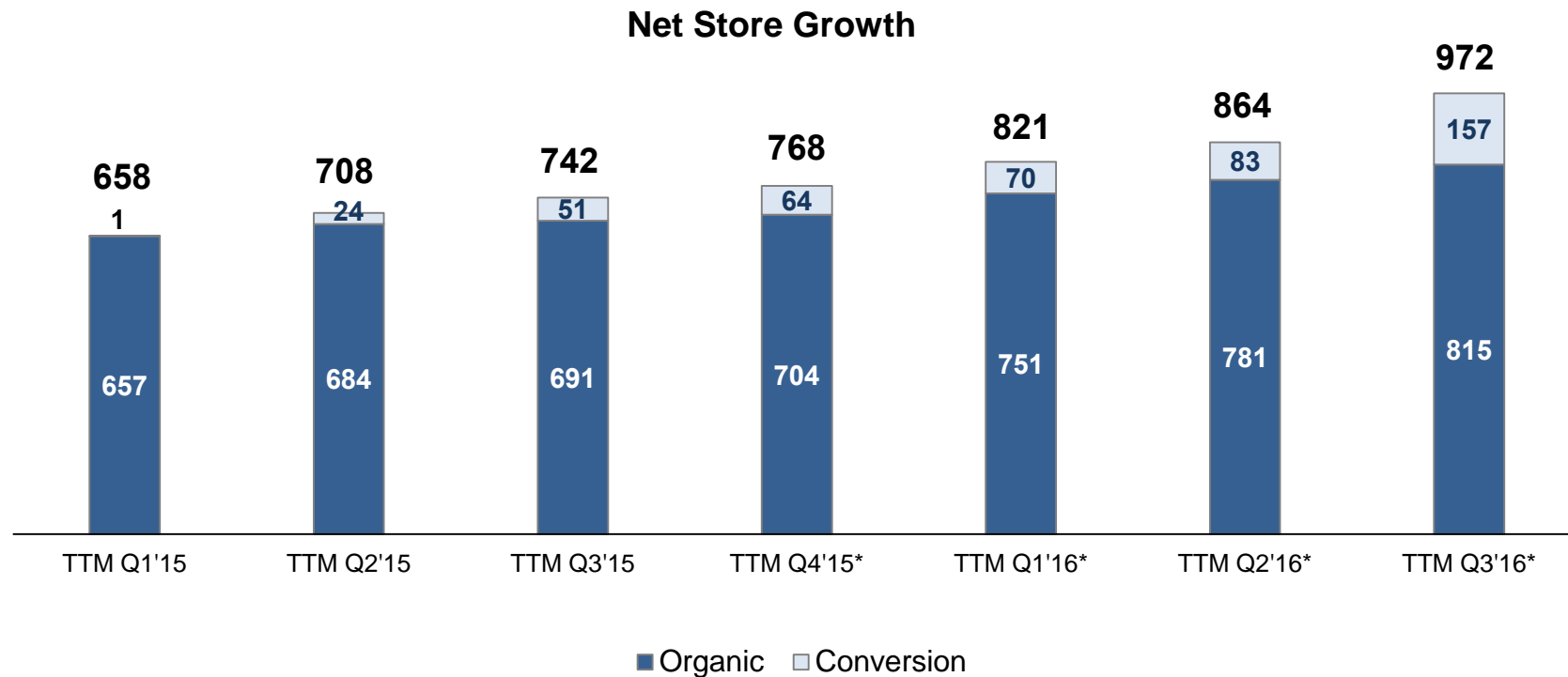
CONVERSION UNDERWAY WITH COMPLETION IN 1H 2017



FRANCE



# CONVERSIONS ADD TO STRONG ORGANIC GROWTH



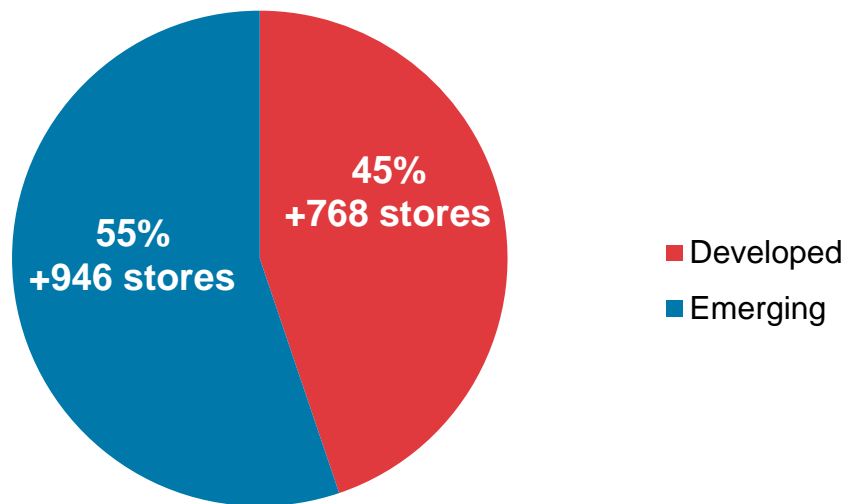
\*Includes impact of 53rd week



# FRANCHISEES INVESTING IN...

## DEVELOPED AND EMERGING MARKETS

### Two-Year Net Store Growth Through Q3 2016



Note: Developed and emerging markets as defined by World Bank.

# SIGNIFICANT INVESTMENT IN...

---

## PIZZA THEATER TRANSFORMATIONS



- **As of Q3 2016**
  - Approximately 5,100 international stores reimaged
- **Plans for 2017**
  - Reimage approximately 1,000 more existing stores



# UK REIMAGE

## BEFORE AND AFTER



# JAPAN RELOCATION

## BEFORE AND AFTER



# TECHNOLOGY EXPANDING GLOBALLY

## AUSTRALIA



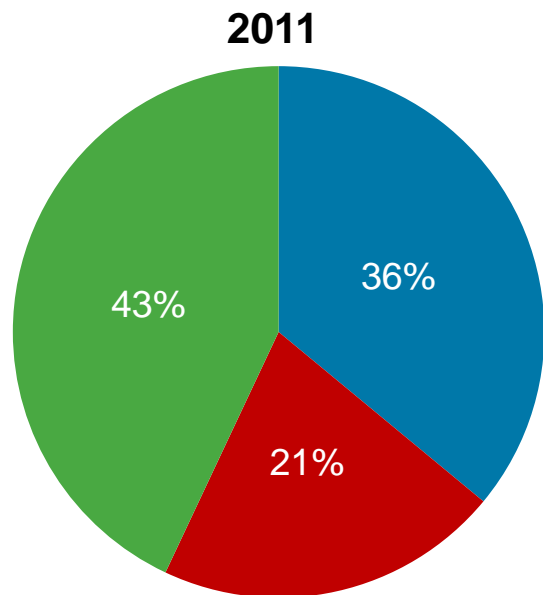
- 69 markets and more than 5,500 stores are now on Domino's Pulse POS system
- Nearly 50% average for online ordering sales across all international markets
- Digital sales growth of 25% compared to 2015
- 18 markets have digital sales over 50%



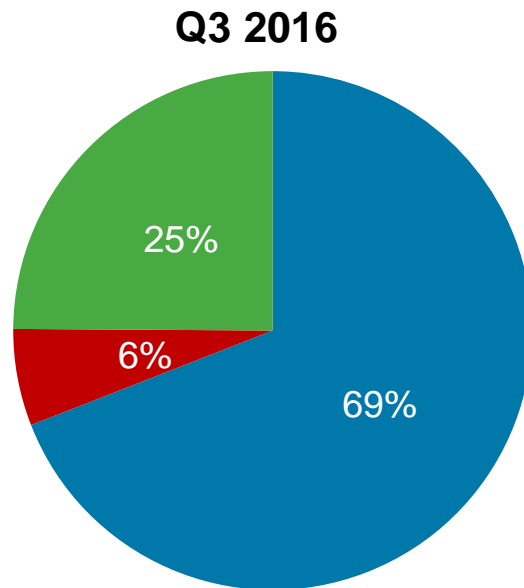
As of Q3 2016.

# INTERNATIONAL POS DEPLOYMENT CONTINUES

## % of International Stores



- Domino's Pulse Installed
- Agreements Signed
- Other





# DRIVING GLOBAL ONLINE ORDERING (GOLO)



- Domino's online platform built on U.S. digital technology
- Launched in July 2014
- 25 markets and over 1,000 stores supported
  - 14 markets in the Americas
  - 8 markets in MACE
  - 2 markets in Europe
  - 1 market in APAC
- GOLO will be rolled out to additional markets in 2017

International / Cookies

#### LEGAL STUFF:

Service available in the areas of Home Delivery of Domino's Pizza, Monday to Sunday from 12h Saturdays and holiday eves when Delivery will be extended until midnight. The hours of operation for the Delivery Service and Carry-Out of Domino's Pizza Portugal stores. Domino's Pizza reserves the right to make price changes. Final payment (after discounts) must be at least 7.50 € for Carry-Out. Prices are subject to change without notice. Under Decree-Law Number 454/91 of 26 December, please accept as payment. The data provided by customers will be included in the user and promote "Dados Pessoais" Ltd, which ensures compliance with the Personal Data Protection Act. 6 and insurances see [www.dominospizza.pt](http://www.dominospizza.pt) or inquire at any store. Prices include VAT. Illustrations are not to scale.

GOLO markets and stores as of Q3 2016.

# ACCELERATING GLOBAL TECHNOLOGY INNOVATION





# THE BEST INTERNATIONAL MODEL IN QSR...

## DELIVERING RESULTS



- 2016 Highlights
- Robust Growth
- Strong Returns

## ATTRACTING CAPITAL



- Key Conversions
- Store Growth and Reimaging
- Technology Investment

## DRIVING LONG-TERM GROWTH



- Attractive Market
- Share Capture
- Runway for Growth

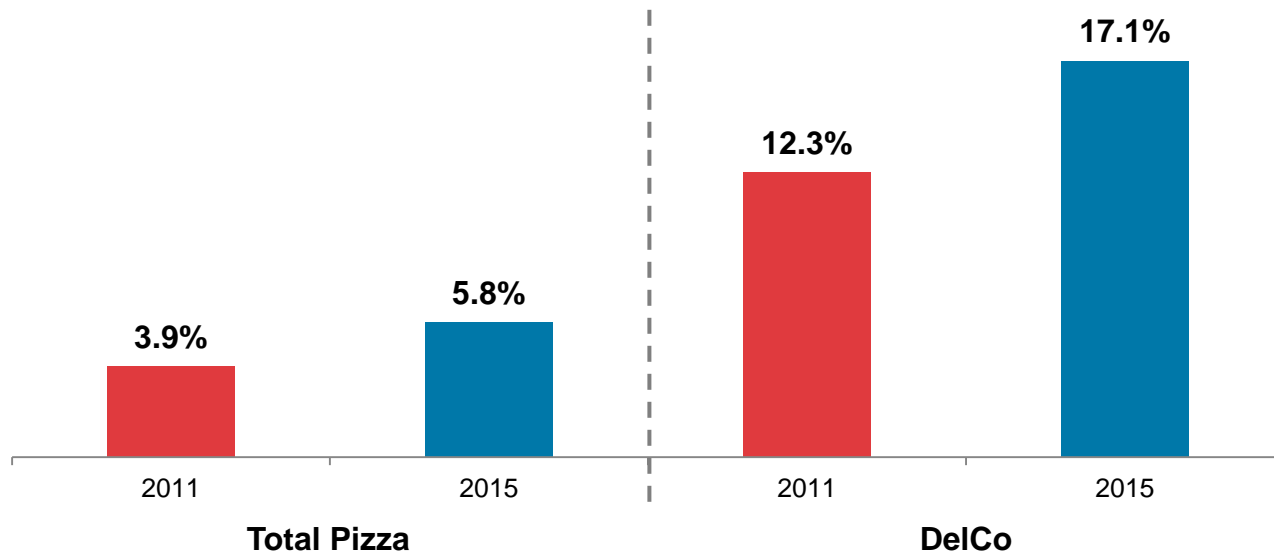
# INTERNATIONAL PIZZA MARKET APPROACHING \$100B

---

- **International market for total pizza expected to grow at 3-4% CAGR**
  - From \$85 billion to ~\$103 billion by 2020
- **International DelCo market is forecasted to grow at 4-5% CAGR**
  - From \$29 billion to ~\$37 billion by 2020

# SHARE GROWTH WITH SIGNIFICANT UPSIDE

## 2011 vs. 2015 Estimated Domino's Share of International Pizza Market



# RUNWAY FOR GROWTH IN OUR LARGEST MARKETS

Developed Markets	Top Markets	Last Disclosed Store Count*	Potential Store Count
	United Kingdom / Ireland	967	1,600
	Australia / New Zealand	714	1,200
	Japan	453	850
	South Korea	426	500
	Canada	422	700
	France	298	1,000
	Germany	213	1,000
	Netherlands	197	300
	Spain	186	350
	<b>TOTAL</b>	<b>3,876</b>	<b>7,500</b>

Emerging Markets	Top Markets	Last Disclosed Store Count*	Potential Store Count
	India	1,081	1,800
	Mexico	632	850
	Turkey	466	700
	Saudi Arabia	201	400
	Malaysia	167	350
	Brazil	155	500
	<b>TOTAL</b>	<b>2,702</b>	<b>4,600</b>

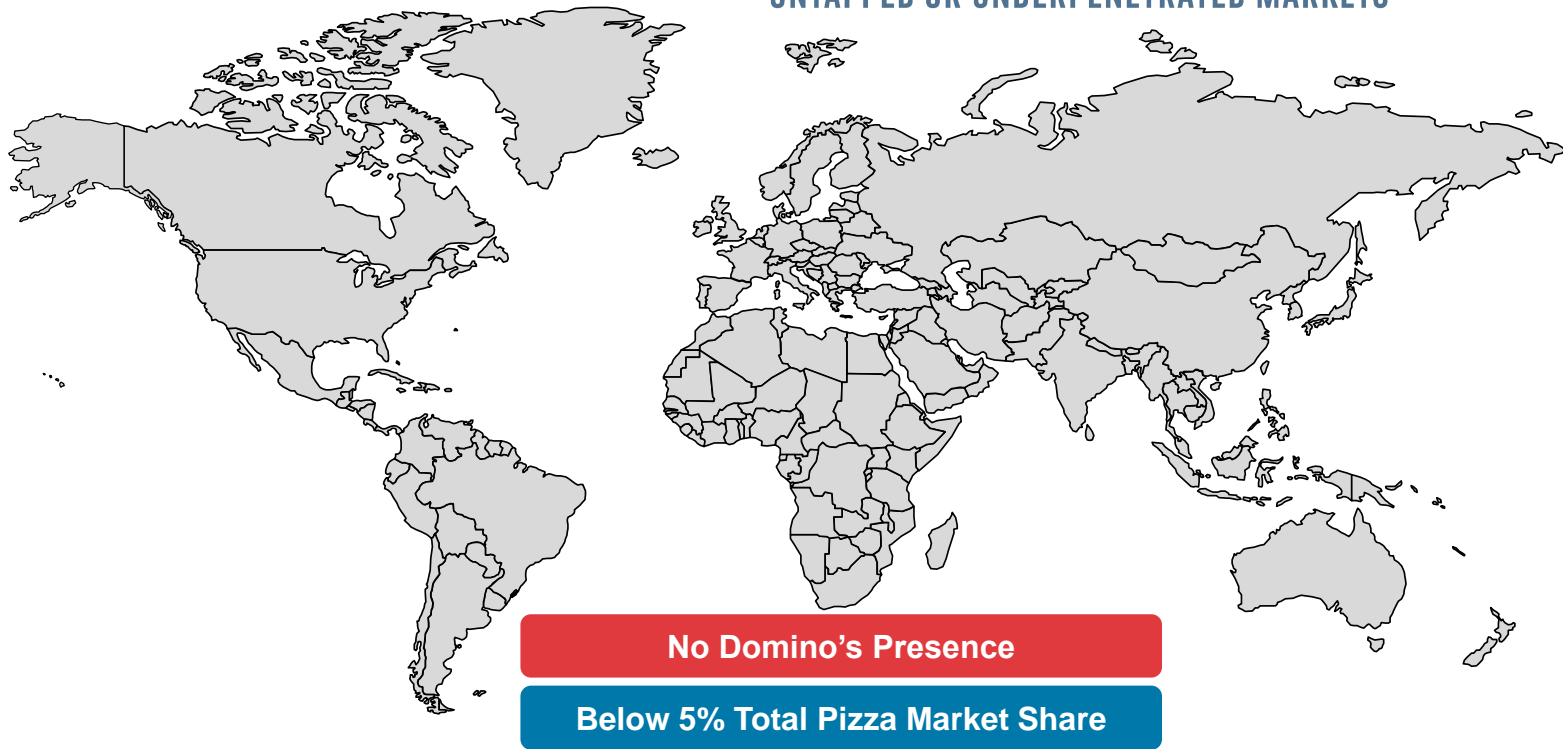
**#1 or #2 Pizza Delivery Market Position in Top 15 Markets - Potential for Additional ~5,500 Stores in Top 15 Markets Alone**

Delivery market position and potential store count based on Company and master franchisee estimates.

\*Mexico and Spain store count as of October 27, 2016 (Q3'16). Australia/New Zealand, Japan, Netherlands, and France store count as of June 30, 2016 (H2'16). Germany store count as of December 15, 2016. India store count as of September 30, 2016 (Q2'17). United Kingdom store count as of October 12, 2016 (Trading Statement). All other countries based on DPZ's Q3 2016 reported store count.

# OPPORTUNITY TO GROW...

UNTAPPED OR UNDERPENETRATED MARKETS



# CONCLUSION

**DELIVERING  
RESULTS**



**Winning with Customer  
Traffic Growth**

**ATTRACTING  
CAPITAL**



**Winning with Franchisee  
Investment**

**DRIVING LONG-  
TERM GROWTH**



**The Rare Combination of  
Scale Today and Massive  
Long-Term Growth Potential**





# RUSSELL WEINER

---

PRESIDENT, DOMINO'S USA

## **AS PATRICK SAID EARLIER...**

**We set a goal in 2010 to become #1 in pizza.**

**Every decision we have made, or considered,  
begins and ends with that goal in mind.**

## WHAT DOES #1 LOOK LIKE?

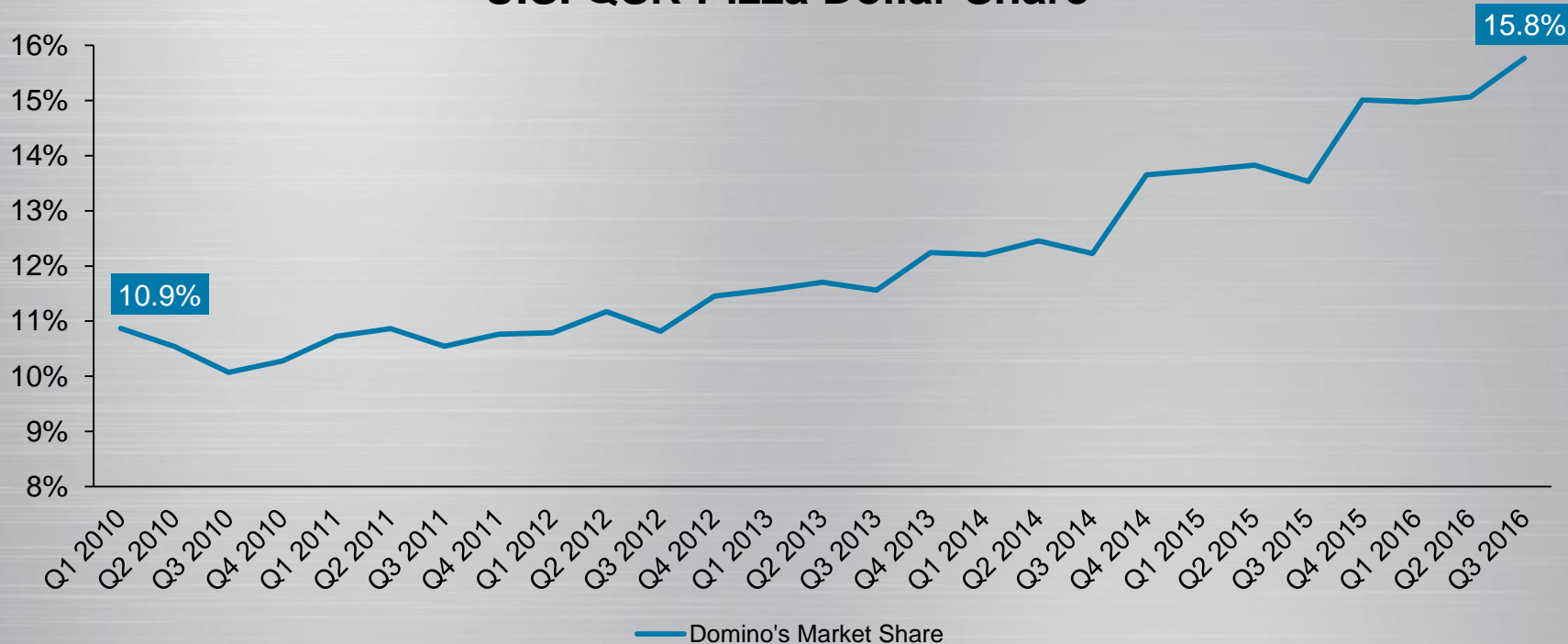
**#1 for customers**

**AND**

**#1 for franchisees**

# HOW ARE WE DOING AGAINST THAT GOAL?

## U.S. QSR Pizza Dollar Share





IS THERE A SIMPLE EQUATION OF HOW TO GET TO #1?

We think so!

**DRIVE VALUE**

value

engine

IS THERE A SIMPLE EQUATION OF HOW TO GET TO #1?

**VALUE  $\neq$  LOWEST PRICE**



## IS THERE A SIMPLE EQUATION OF HOW TO GET TO #1?

$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$

...This equation works with customers and franchisees.

## LET'S LOOK AT THE CUSTOMER VALUE EQUATION FIRST

$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$

...We leverage best-in-class **research** to determine the denominator, optimal consumer price point(s).

## LET'S LOOK AT THE CUSTOMER VALUE EQUATION FIRST

$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$

...and real **innovation** to drive the numerator!

WE DON'T INNOVATE LIKE A FAST FOOD COMPANY

## PRODUCTS OF THE MONTH



**VALUE = BENEFITS**  
**PRICE**



# OF COURSE, WE HAVE BEST-IN-CLASS PRODUCTS



$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$

...all of these are sustainable product platforms!





TRUE INNOVATION REINFORCES BENEFITS BEYOND JUST PRODUCT



# ...LIKE THE BENEFITS OF EASY ORDERING



$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$



# THE BENEFITS OF DELIVERY



$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$

## ...AND THE BENEFITS OF BEING A LOYAL CUSTOMER



$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$



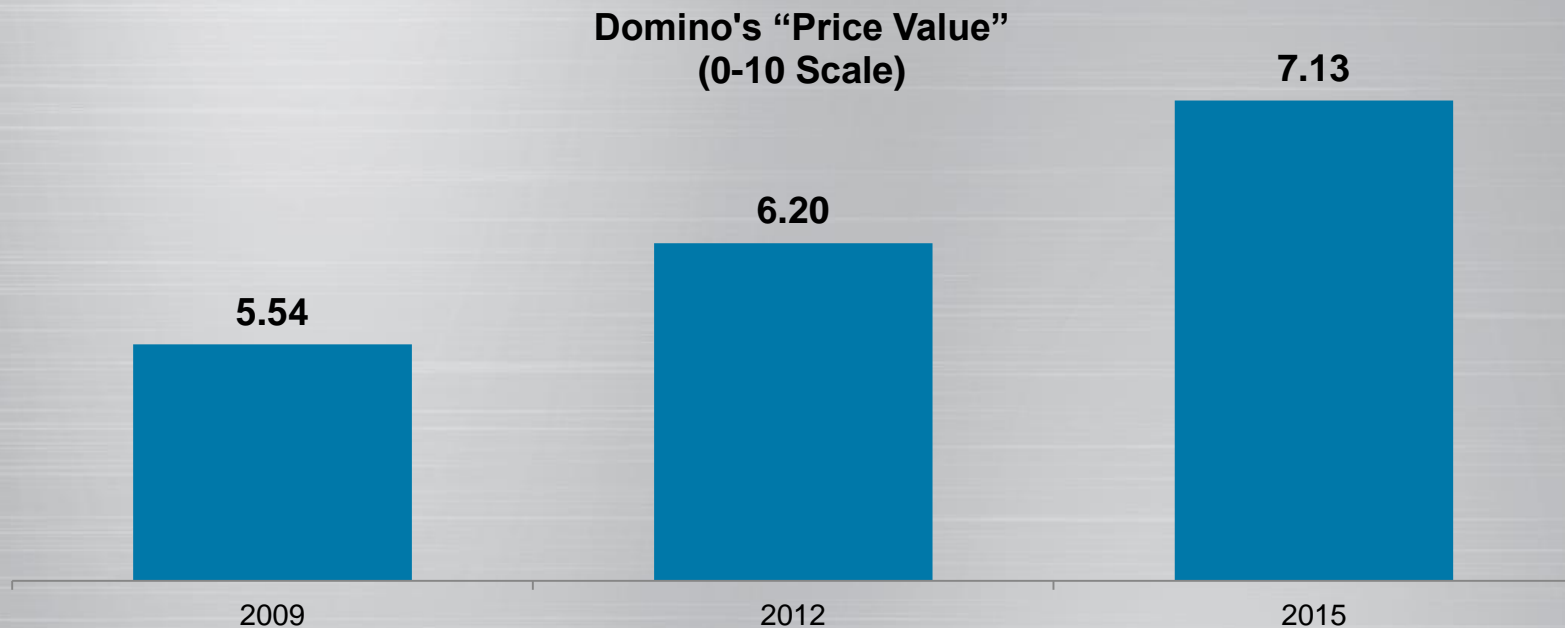
PIECE of the PIE  
REWARDS

PROVE YOU'RE a PIZZA FANATIC and YOU COULD  
EARN A SLICE of A STORE'S PROFITS



TELL ME MORE

## THESE BENEFITS HAVE DRIVEN OUR BRAND VALUE

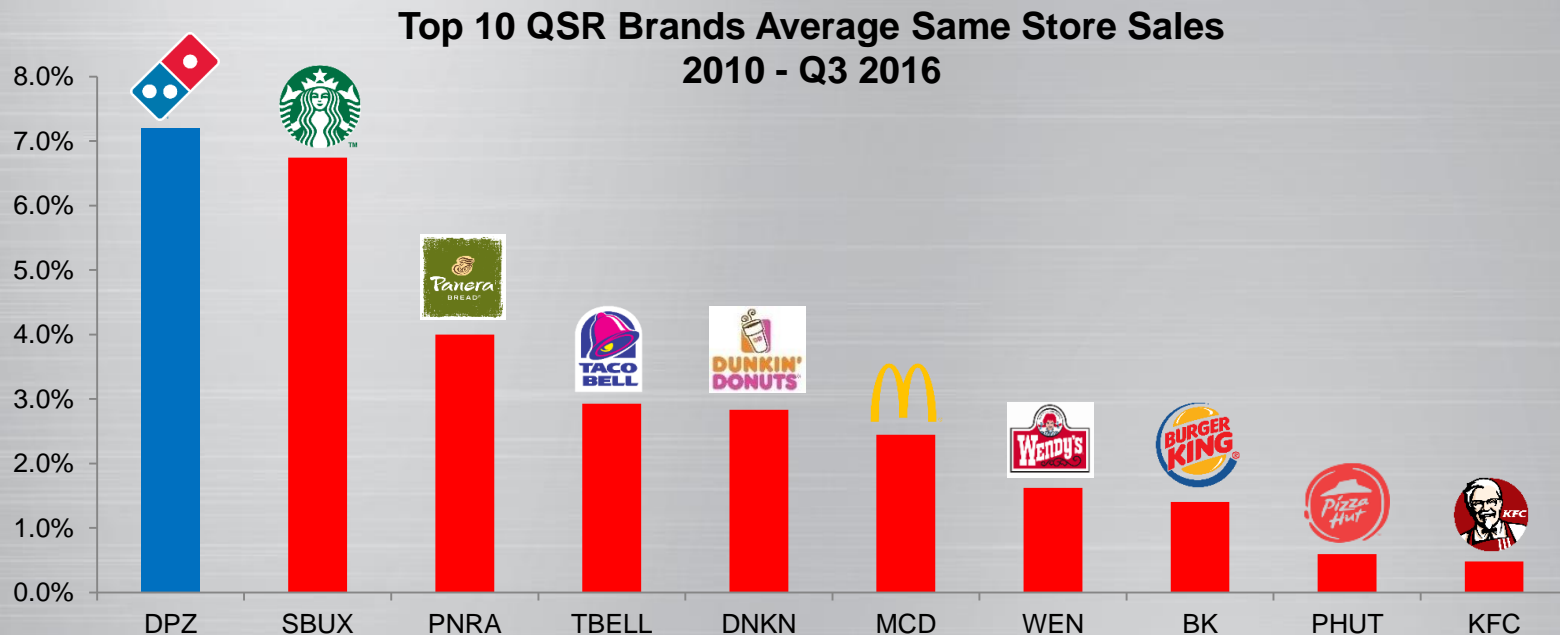


## THE FRANCHISEE VALUE EQUATION IS THE SAME

$$\text{VALUE} = \frac{\text{BENEFITS}}{\text{PRICE}}$$

...while the price of opening a Domino's store has remained relatively stable, the benefits of being a Domino's franchisee have increased.

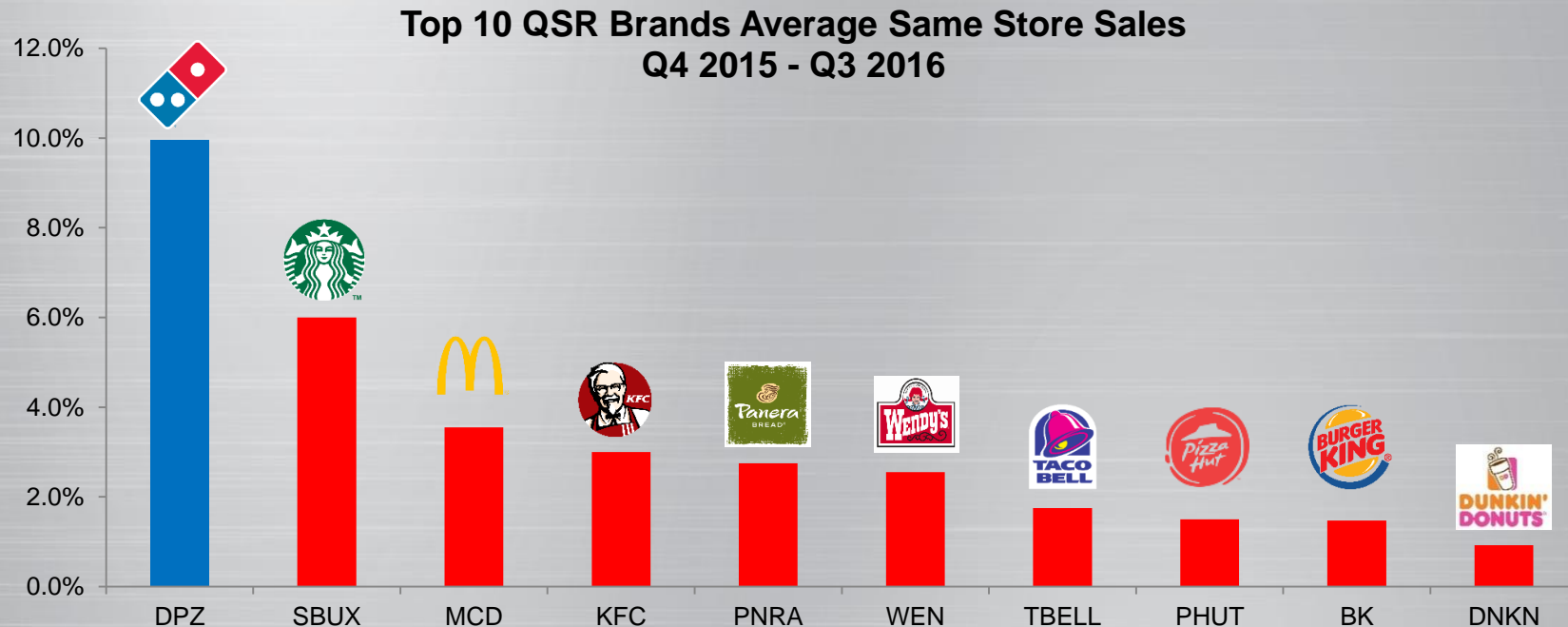
# DOMINO'S HAS BEEN THE FASTEST GROWING MAJOR QSR



Source: Technomic Top 10 Public QSR Companies.  
Comparable calendar quarters (SBUX).  
Results: Company filings and Bloomberg.



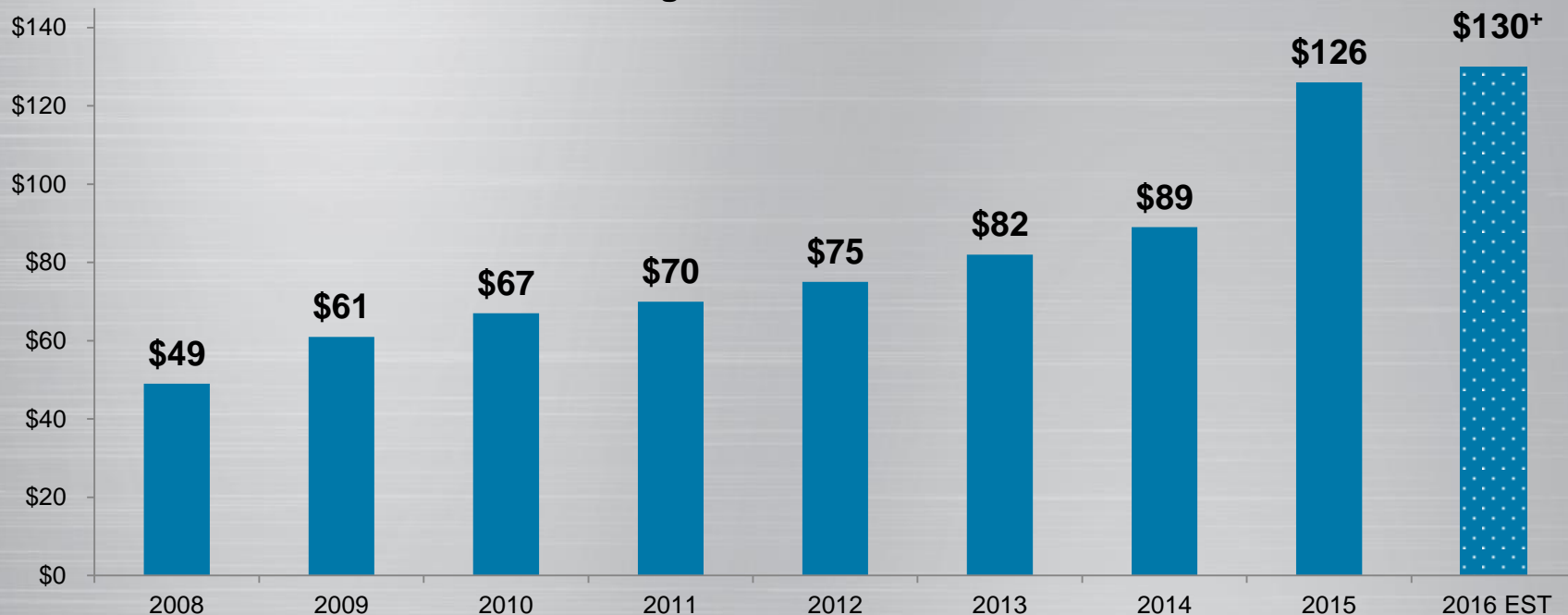
# ACCELERATING OVER THE PAST FOUR QUARTERS



Source: Technomic Top 10 Public QSR Companies.  
Comparable calendar quarters (SBUX).  
Results: Company filings.

# RESULTING IN STORE ECONOMICS THAT HAVE NEVER BEEN BETTER

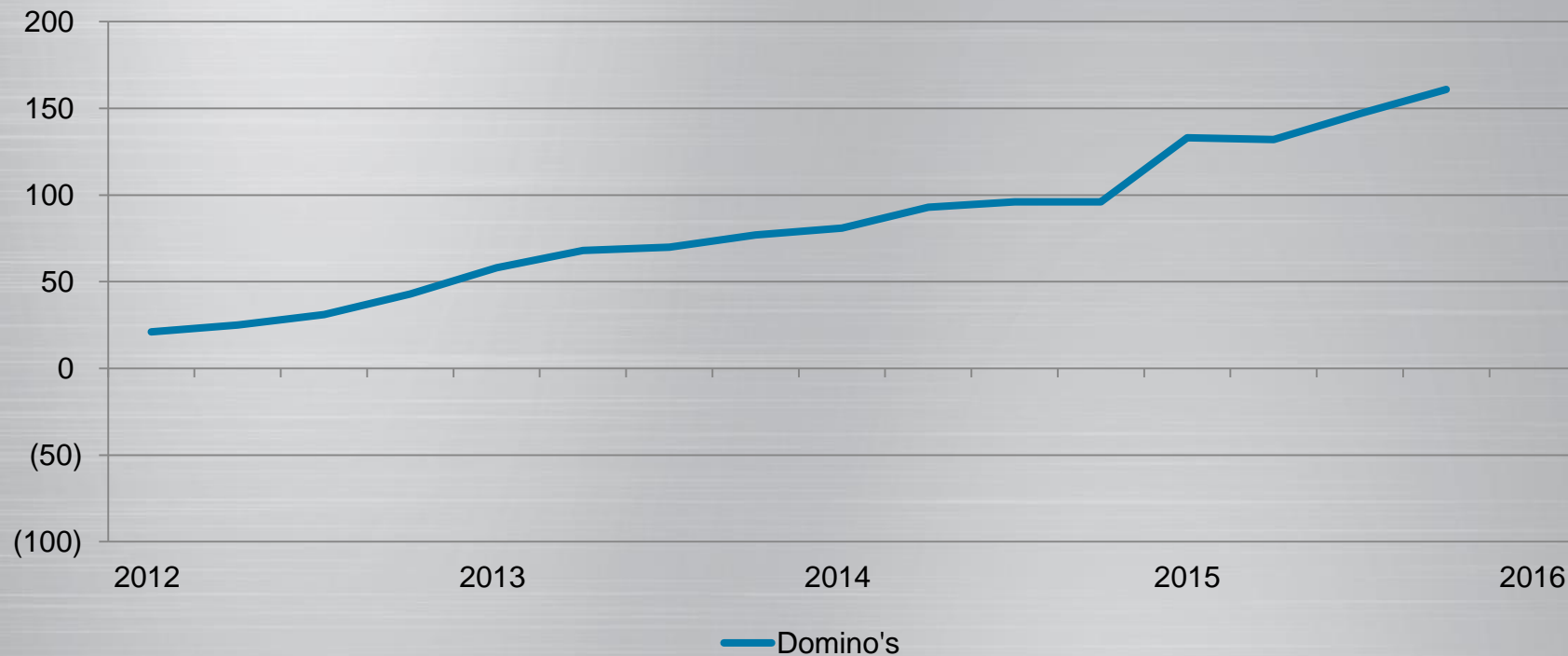
Average Store Level EBITDA



Note: EBITDA is an average of self-reported figures submitted by franchisees. 2016 is an estimate.

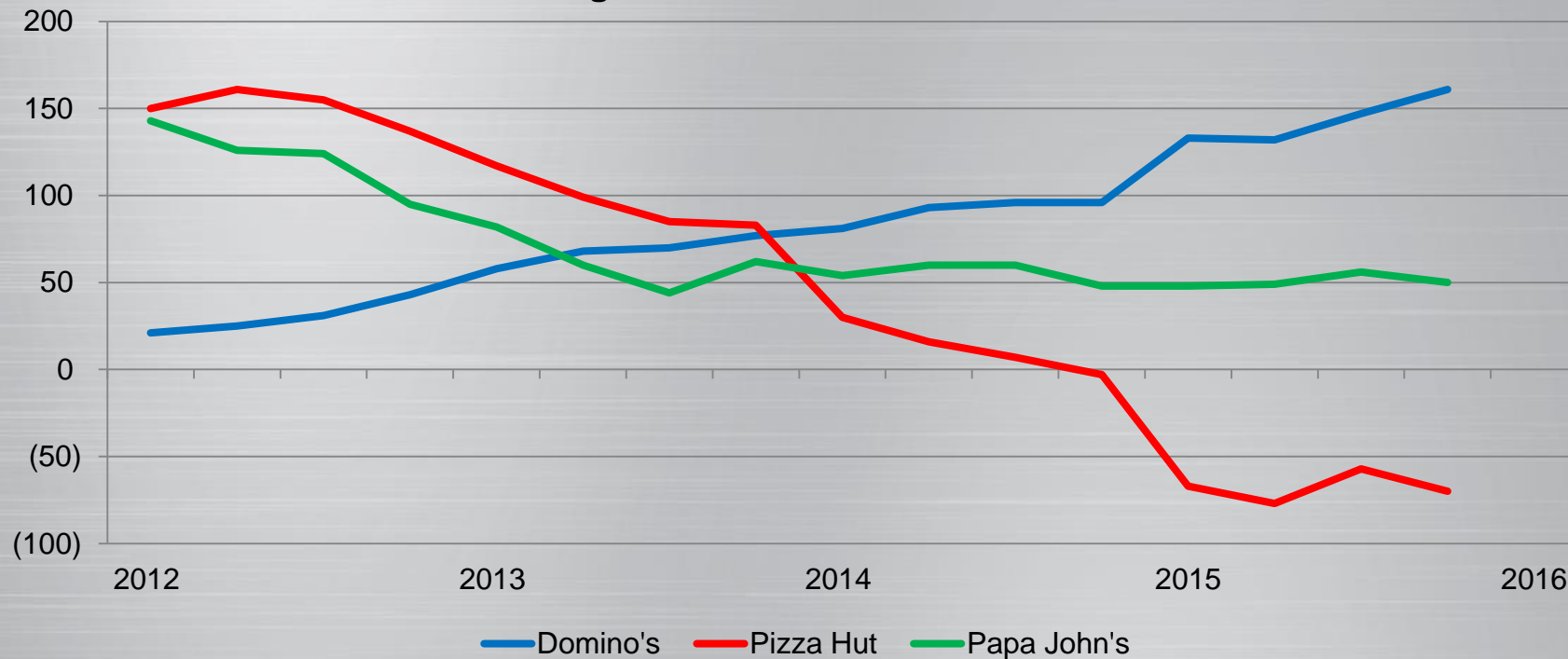
# THIS INCREASE IN VALUE HAS LED TO SIGNIFICANT STORE GROWTH

Trailing 12 Months – Net Store Growth



# THIS INCREASE IN VALUE HAS LED TO SIGNIFICANT STORE GROWTH

Trailing 12 Months – Net Store Growth



## 2017 AND BEYOND

### CUSTOMER VALUE

- Loyalty
- Weeklong Carryout
- Platform Innovation (no LTOs)
- Technology
- New Stores
- Reimages Complete



### FRANCHISEE VALUE

- Continued Focus on Returns
- Leverage Technology Expertise in Stores (front and back of house)
- Increased Supply Chain Investments
- Drive to Be the Franchisor of Choice in the QSR Industry

**SNEAK PEEK**

---

**2017 NATIONAL ADVERTISING**





The background image shows the interior of a Domino's restaurant. In the foreground, there are several tables with red chairs. A large menu board is visible on the right wall, featuring various pizza toppings and prices. A Coca-Cola vending machine is on the left. The overall lighting is dim, and the image has a blue tint.

# JEFFREY LAWRENCE

CHIEF FINANCIAL OFFICER

# EXECUTIVE SUMMARY

## RECAP OF RECENT RESULTS



- Comps and Unit Growth
- Bottom Line Results

## LOOKING AHEAD TO 2017



- Investing to Win
- Commodities and FX Outlook
- Balance Sheet Update

## BUSINESS OUTLOOK



- Industry Outlook
- DPZ Outlook

# A LEADING GLOBAL FRANCHISOR

ENTERPRISE OF MORE THAN 13,250 STORES

51%

International Global Retail Sales

IN OVER 80 DEVELOPED AND  
EMERGING MARKETS

7,979 STORES



49%

Domestic Global Retail Sales

~840 U.S. INDEPENDENT  
BUSINESS OWNERS

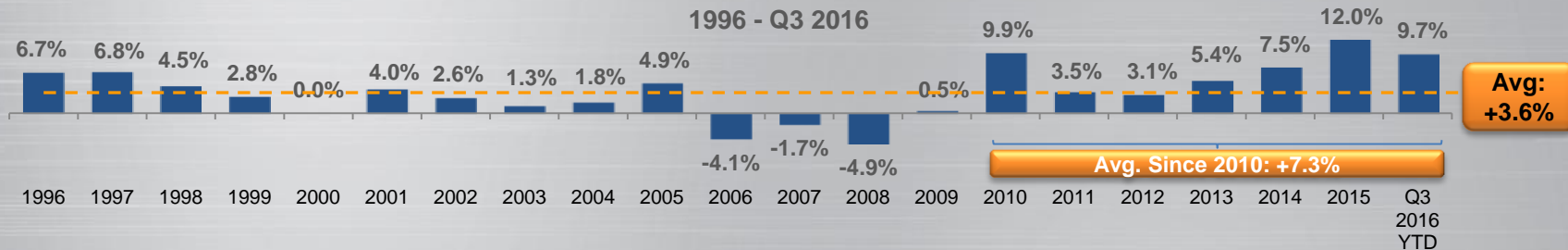
5,273 STORES



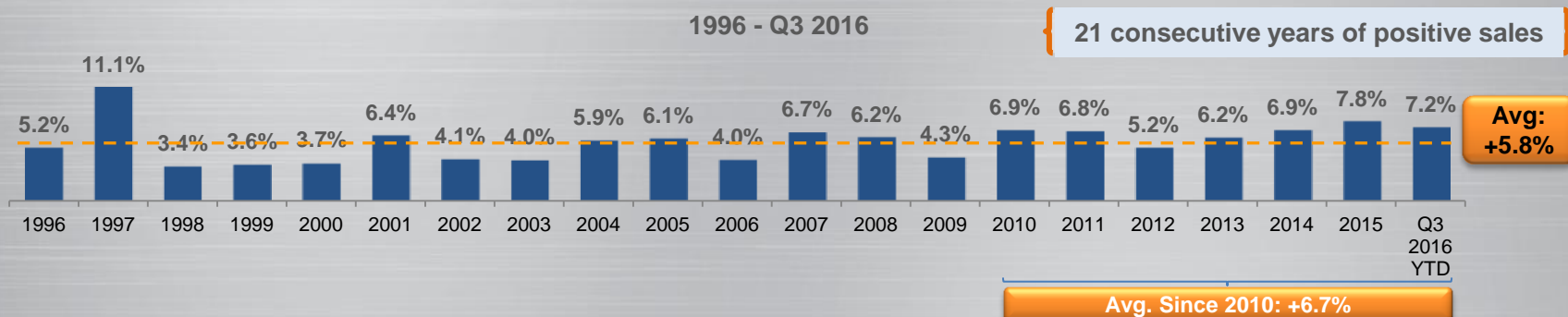
# GLOBAL MOMENTUM

## STRONG SAME STORE SALES TRACK RECORD

### U.S. Same Store Sales 1996 - Q3 2016



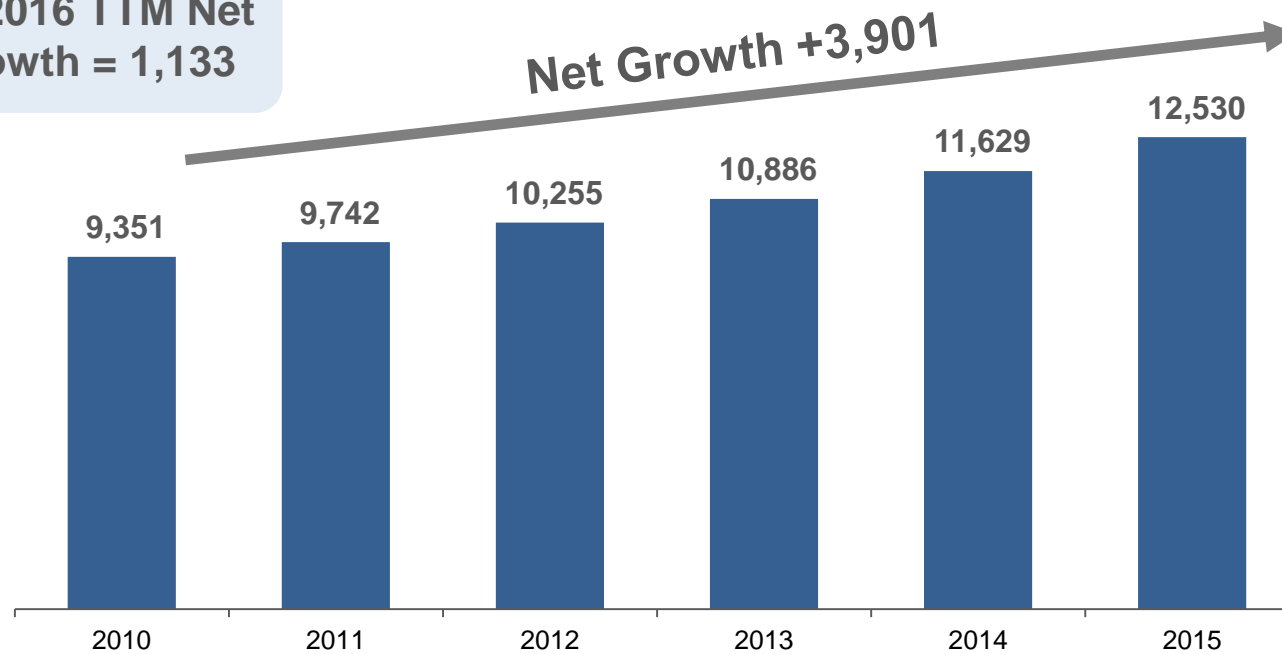
### International Same Store Sales 1996 - Q3 2016



International sales exclude the impact of foreign currency exchange rate changes.

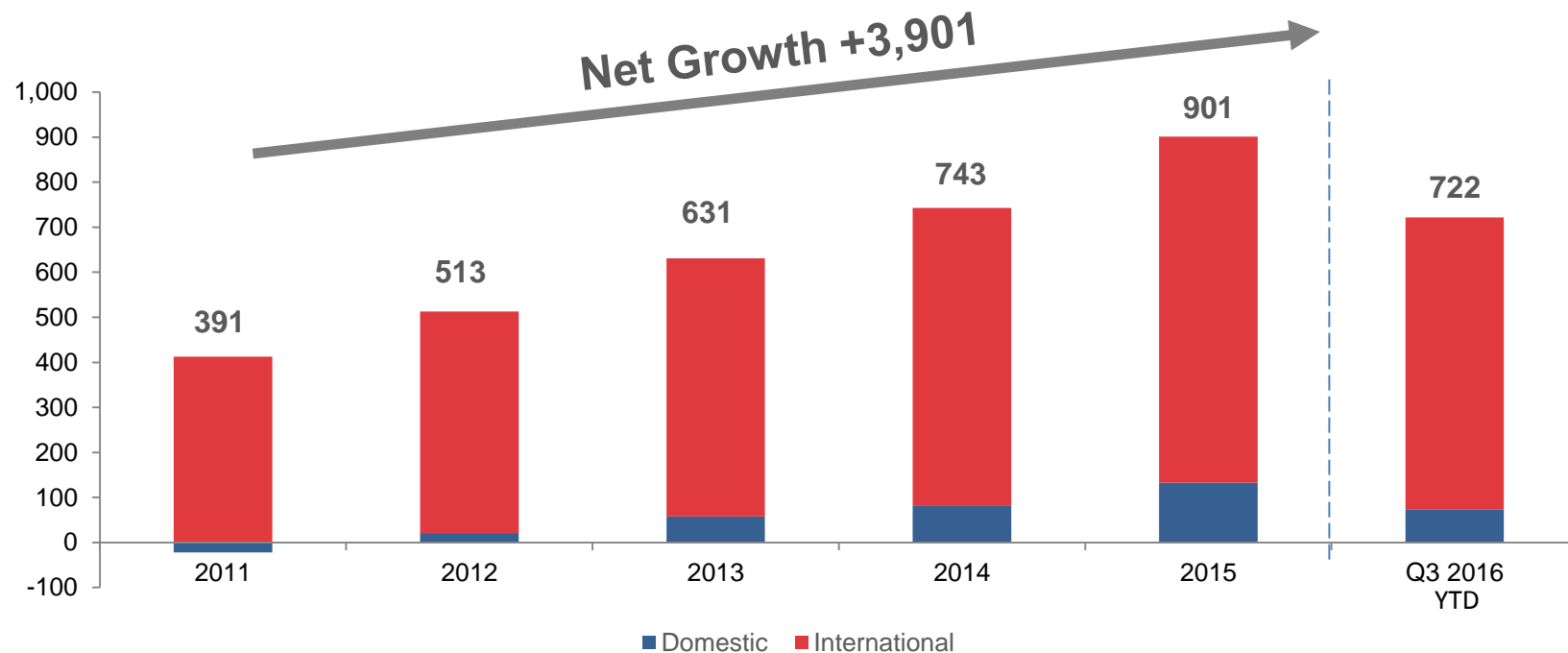
# ACCELERATED GLOBAL STORE GROWTH

Q3 2016 TTM Net  
Growth = 1,133

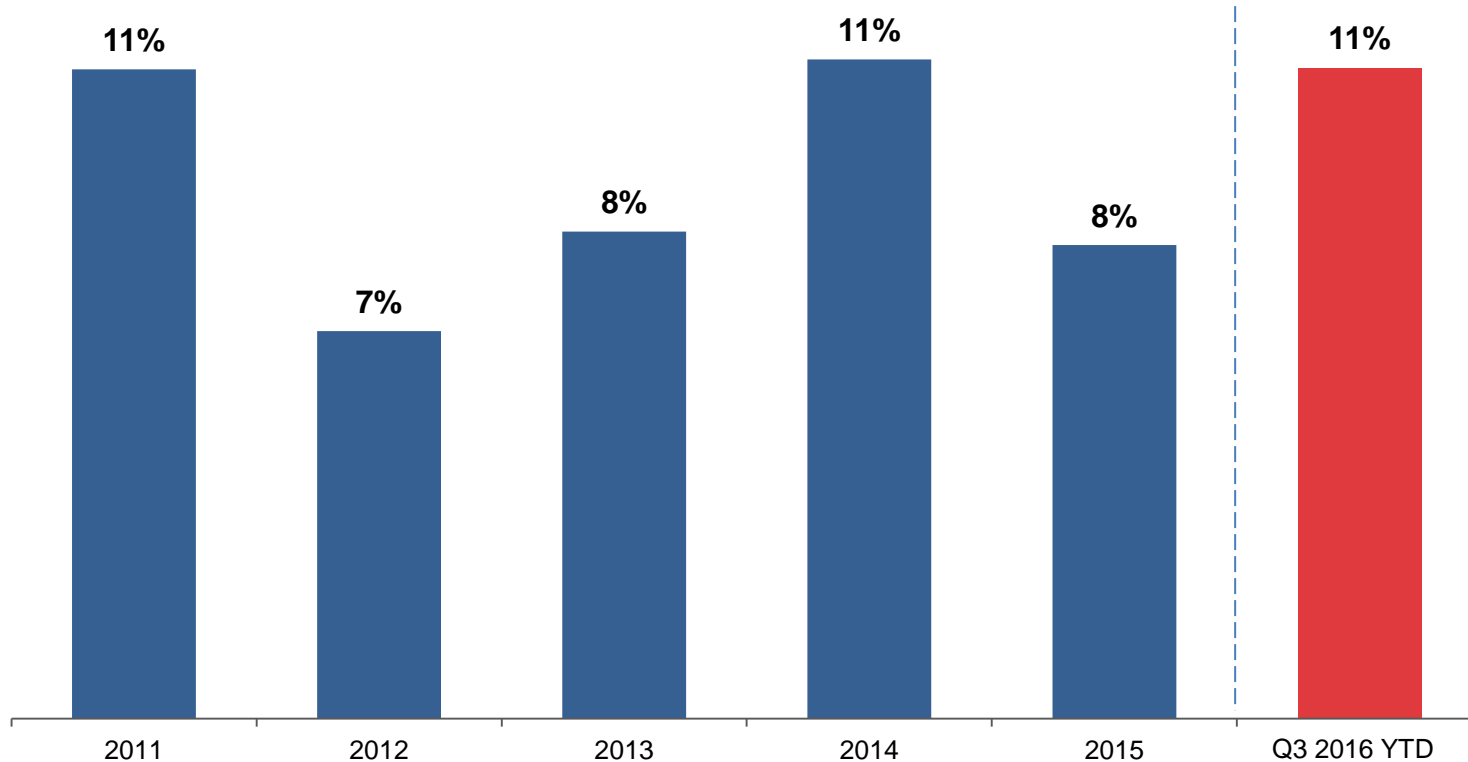




## BOTH U.S. & INTERNATIONAL UNITS ACCELERATING

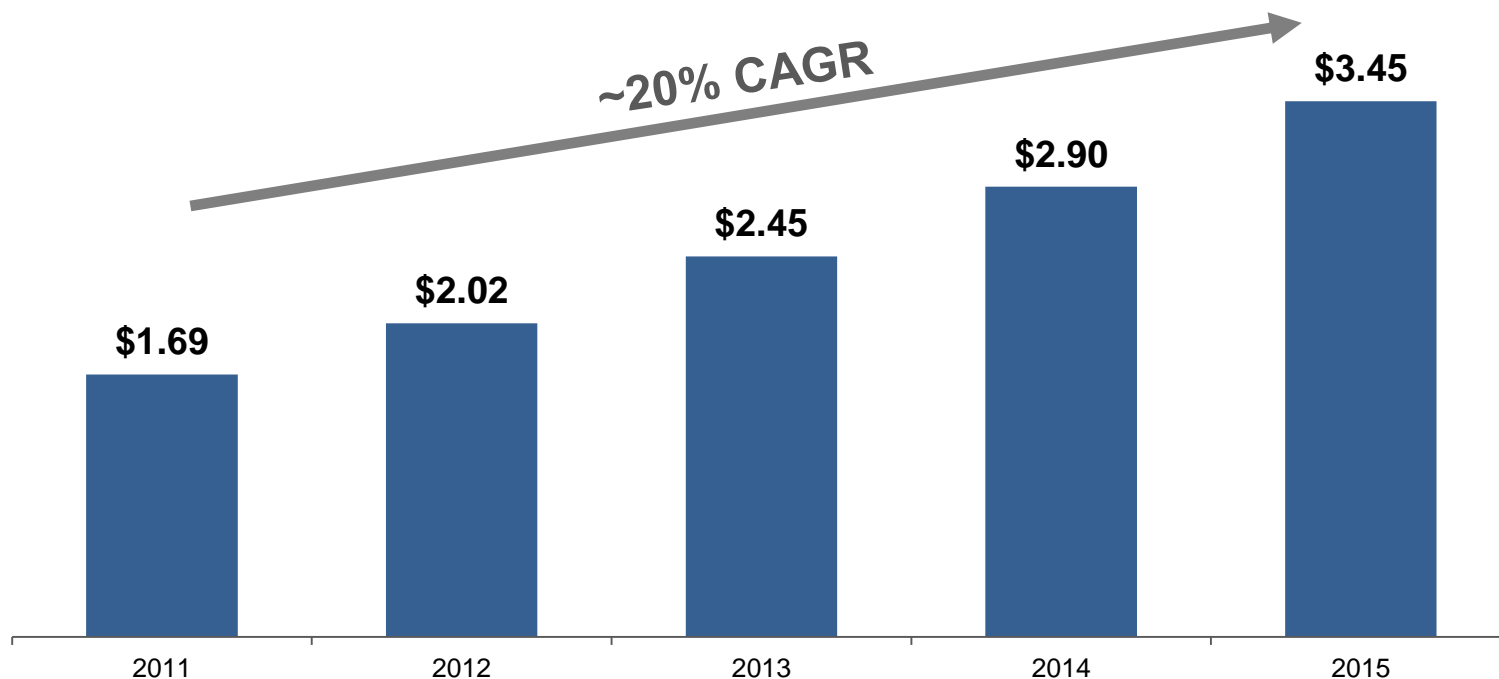


# ROBUST GLOBAL RETAIL SALES GROWTH



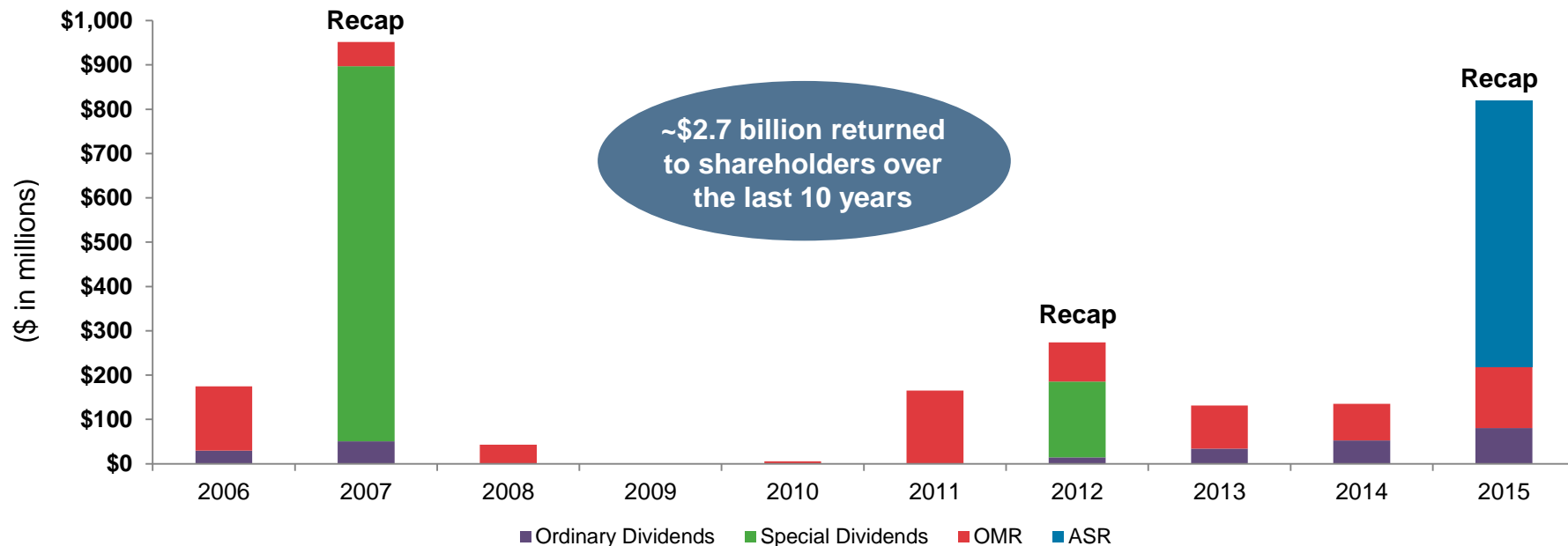
Note: 2015 has been adjusted to only include 52 weeks.

## MORE THAN DOUBLED EPS SINCE 2011

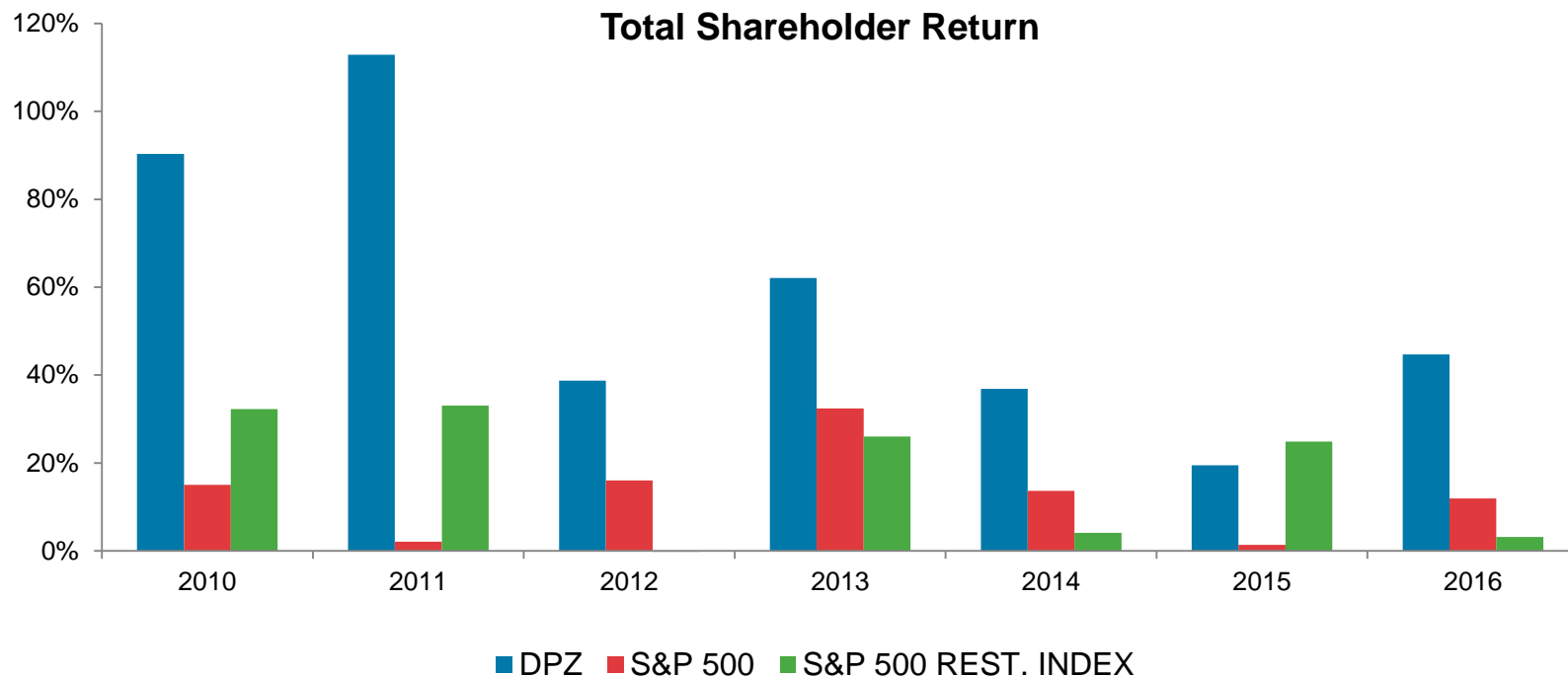


Certain diluted EPS amounts are adjusted for items affecting comparability.  
Items adjusting reported EPS are detailed in the respective Earnings Release on Form 8-K.

# CONSISTENT RETURNS FOR OUR SHAREHOLDERS



# CONSISTENT RETURNS FOR OUR SHAREHOLDERS



Source: Bloomberg

Total Shareholder Return =  $(\text{Price}_{\text{end}} - \text{Price}_{\text{begin}} + \text{Dividends}) / \text{Price}_{\text{begin}}$

## RECAP OF RECENT RESULTS



- Comps and Unit Growth
- Bottom Line Results

## LOOKING AHEAD TO 2017



- Investing to Win
- Commodities and FX Outlook
- Balance Sheet Update

## BUSINESS OUTLOOK



- Industry Outlook
- DPZ Outlook



# **INVESTING TO WIN**

- **Projected 2017 Gross G&A of ~\$340-\$345 million**
  - Includes increased investments in technology (including depreciation), supply chain, marketing and teams
  - Can flex significantly with performance and strategic opportunities
- **Projected 2017 CapEx of ~\$75 million**
  - Technology remains priority
    - Digital dominance
    - POS reinvestment
  - Supply chain investments to support growth
  - Willing to invest above this estimate for strategic opportunities

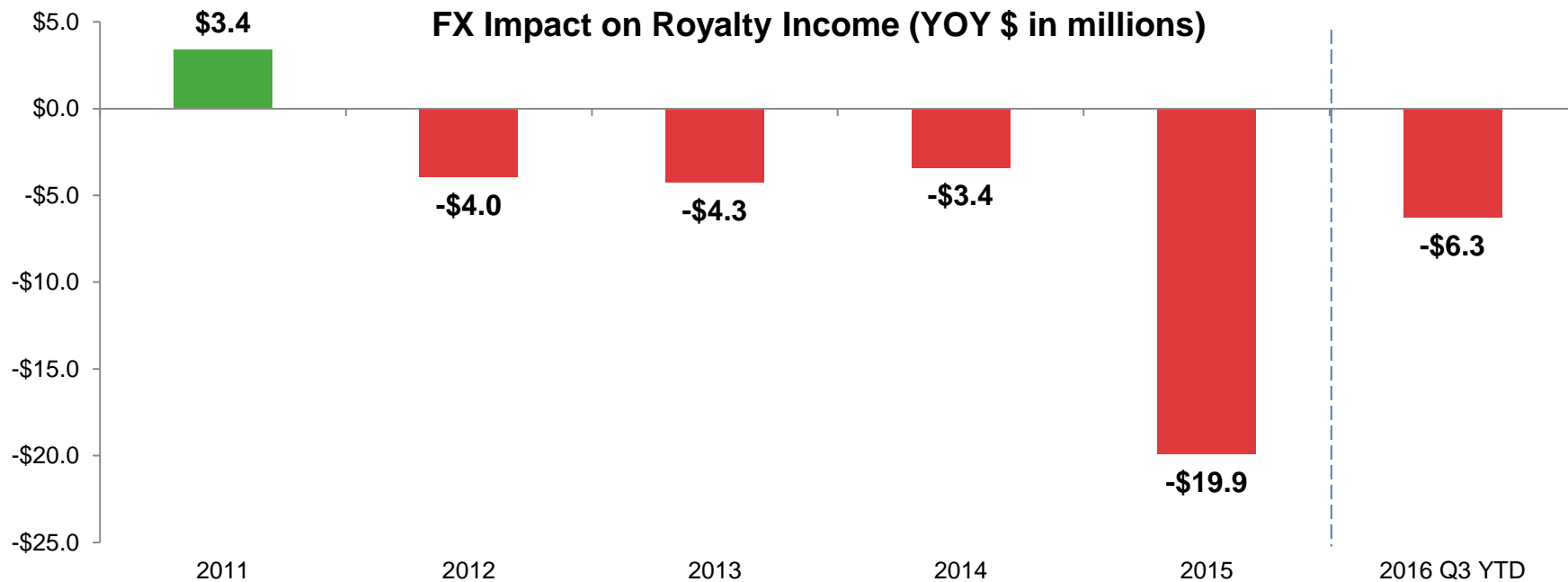
# U.S. COMMODITIES OUTLOOK

---

**Current U.S. store food basket outlook is projected to be flat to +2% vs. 2016 levels**



# FX A PERSISTENT HEADWIND



# 2017 FX OUTLOOK MORE OF THE SAME

- Diversified portfolio of more than 55 currencies
- Currently projecting **~\$8-12 million** negative impact in 2017 vs 2016 levels



## **BALANCE SHEET UPDATE**

- **Q3 2016 leverage ratio ~4.5, down from ~5.0 at 2015 year-end**
- **2012 Notes due January 2019, callable without penalty in July 2017**
- **Refinancing continues to be an opportunity**
- **Markets remain favorable to borrowers like DPZ**
- **Goal is to optimize cost of capital over time**

## 2017 TAX-RELATED P&L PRESENTATION CHANGE

- **Beginning in Q1 2017, tax impact from equity-based compensation to be recorded directly on P&L**
  - GAAP requirement
  - Has been, and will continue to be, recorded in the cash flow statement
- **Will have a positive (i.e. lower) impact on GAAP income tax provision and tax rate**
- **Cash and economics haven't changed...only the GAAP treatment**
- **Expect significant and ongoing volatility in reported GAAP taxes and EPS**



## RECAP OF RECENT RESULTS



- Comps and Unit Growth
- Bottom Line Results

## LOOKING AHEAD TO 2017



- Investing to Win
- Commodities and FX Outlook
- Balance Sheet Update

## BUSINESS OUTLOOK



- Industry Outlook
- DPZ Outlook

## **GLOBAL PIZZA INDUSTRY OUTLOOK IS HEALTHY**

- **U.S. pizza market is ~\$37 billion and expected to grow low single digits annually**
- **International pizza market is ~\$85 billion and expected to grow 3-4% annually**
- **Globally, carryout and delivery segments growing faster than dine-in**

## 3-5 YEAR DPZ OUTLOOK



Outlook does not constitute specific earnings guidance.  
Domino's does not provide quarterly or annual earnings estimates.



---

**ANY QUESTIONS?**