

Domino's Pizza® Announces Third Quarter 2021 Financial Results

Global retail sales growth (excluding foreign currency impact) of 8.5%

U.S. same store sales decline of 1.9%

International same store sales growth of 8.8%

Global net store growth of 323

Diluted EPS up 30.1% to \$3.24



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Domino's Pizza, Inc.

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ANN ARBOR, Mich., Oct. 14, 2021 /PRNewswire/ -- **Domino's Pizza, Inc.** (NYSE: [DPZ](#)), the largest pizza company in the world, announced results for the third quarter. Global retail sales increased 10.0% in the third quarter, or 8.5% excluding foreign currency impact. U.S. same store sales decreased 1.9% during the quarter versus the year-ago period. The international business posted strong results, with same store sales growth of 8.8% during the quarter. The third quarter marked the 111th consecutive quarter of international same store sales growth. The Company had third quarter global net store growth of 323 stores, comprised of 45 net U.S. store openings and 278 net international store openings.

Diluted EPS for the third quarter was \$3.24, an increase of 30.1% over the prior year quarter.

Subsequent to the end of the third quarter of 2021, on October 12, 2021, the Company's Board of Directors declared a \$0.94 per share quarterly dividend on its outstanding common stock for shareholders of record as of December 15, 2021 to be paid on December 30, 2021.

"We are pleased with our results this quarter, with robust store and sales increases internationally, while rolling over our highest quarter of 2020 in the U.S. On a two-year basis, our U.S. same store sales were up 15.6% over the 2019 baseline, with our international same store sales up 15.0%

during that time, marking significant growth in our brand," said Ritch Allison, Domino's Chief Executive Officer. "We are proud of our franchisees who continue to focus on providing great products at a great value to our customers around the world."

	Third Quarter of 2021	Third Quarter of 2020	Three Fiscal Quarters of 2021	Three Fiscal Quarters of 2020
<i>(dollars in millions, except per share data)</i>				
Net income	\$ 120.4	\$ 99.1	\$ 354.8	\$ 339.4
Weighted average diluted shares	37,130,209	39,791,805	38,144,509	39,724,289
Diluted EPS	\$ 3.24	\$ 2.49	\$ 9.30	\$ 8.54
Items affecting comparability ⁽¹⁾	—	—	0.06	—
Diluted EPS, as adjusted ⁽¹⁾	<u>\$ 3.24</u>	<u>\$ 2.49</u>	<u>\$ 9.36</u>	<u>\$ 8.54</u>

(1) Refer to the *Financial Results Comparability* and the *Comments on Regulation G* sections below for additional information.

- **Revenues** increased \$30.3 million, or 3.1%, in the third quarter of 2021. This increase was primarily due to higher global retail sales, resulting from international same store sales growth and global net unit growth during the trailing four quarters, resulting in higher international franchise, supply chain and U.S. franchise revenues. The decrease in U.S. same store sales in the third quarter of 2021 partially offset the increases in U.S. franchise revenues during the quarter.
- **Net Income** increased \$21.3 million, or 21.5%, in the third quarter of 2021. This increase was primarily driven by higher income from operations resulting from higher global franchise revenues. Net income also increased due to a lower provision for income taxes resulting from higher tax benefits from equity-based compensation from more stock option exercises in the third quarter of 2021 as compared to the third quarter of 2020.
- **Diluted EPS** was \$3.24 for the third quarter of 2021 versus \$2.49 in the third quarter of 2020. This represents a \$0.75, or 30.1%, increase over the prior year quarter. The increase in diluted EPS was driven by higher net income and a lower weighted average diluted share count resulting from the Company's share repurchases during the trailing four quarters. Refer to the *Financial Results Comparability* and the *Comments on Regulation G* sections below for additional information.

The tables below outline certain statistical measures utilized by the Company to analyze its performance (unaudited). Refer to *Comments on Regulation G* below for additional details.

	Third Quarter of 2021	Third Quarter of 2020
Same store sales growth: (versus prior year period)		
U.S. Company-owned stores	(8.9)%	+ 16.6%
U.S. franchise stores	(1.5)%	+ 17.5%
U.S. stores	(1.9)%	+ 17.5%
International stores (excluding foreign currency impact)	+ 8.8%	+ 6.2%
Global retail sales growth: (versus prior year period)		
U.S. stores	+ 1.1%	+ 21.3%
International stores	+ 19.6%	+ 7.7%
Total	+ 10.0%	+ 14.4%
Global retail sales growth: (versus prior year period, excluding foreign currency impact)		
U.S. stores	+ 1.1%	+ 21.3%
International stores	+ 16.5%	+ 8.5%
Total	+ 8.5%	+ 14.8%

	U.S. Company- owned Stores	U.S. Franchise Stores	Total U.S. Stores	International Stores	Total
Store counts:					
Store count at June 20, 2021	366	6,060	6,426	11,631	18,057
Openings	1	45	46	287	333
Closings (1)	—	(1)	(1)	(9)	(10)
Store count at September 12, 2021	367	6,104	6,471	11,909	18,380
Third quarter 2021 net store growth	1	44	45	278	323
Trailing four quarters net store growth	19	213	232	892	1,124

- (1) Temporary store closures are not treated as store closures and affected stores are included in the ending store count. Based on information reported to the Company by its master franchisees, the Company estimates that as of September 12, 2021, there were fewer than 175 international stores temporarily closed.

Financial Results Comparability

Financial results for the Company can be significantly affected by changes in its capital structure, its effective tax rate, adoption of new accounting pronouncements, store portfolio changes, calendar timing and other factors. The Company's recapitalization transactions have historically resulted in higher net interest expense due primarily to higher net debt levels, as well as the amortization of debt issuance costs associated with the repayment of certain of the Company's notes. Additionally, repurchases and retirements of shares of the Company's common stock pursuant to its share repurchase programs have historically reduced its weighted average diluted shares outstanding.

In addition to the above factors impacting comparability, the table below presents certain other items that affect comparability between the Company's 2021 and 2020 financial results (unaudited). Management believes that including such information is critical to an understanding of the

Company's financial results for the third quarter and three fiscal quarters of 2021 as compared to the same periods in 2020. Refer to the *Comments on Regulation G* section below for additional details.

(in thousands, except per share data)	Fiscal Quarter Ended September 12, 2021			Three Fiscal Quarters Ended September 12, 2021	
	Pre-tax	After-tax	Diluted EPS Impact	Pre-tax	After-tax
<u>2021 items affecting comparability:</u>					
Recapitalization expenses:					
General and administrative expenses (1)	\$ —	\$ —	\$ —	\$ (509)	\$ (397)
Interest expense (2)	—	—	—	(309)	(241)
Debt issuance cost write-off (3)	—	—	—	(2,024)	(1,581)
Total of 2021 items	\$ —	\$ —	\$ —	\$ (2,842)	\$ (2,219)

- (1) Represents legal, professional and administrative fees incurred in connection with the Company's April 2021 recapitalization transaction.
- (2) Represents interest expense the Company incurred on its 2017 five-year fixed rate notes and 2017 five-year floating rate notes subsequent to the closing of the Company's 2021 recapitalization transaction, but prior to the repayment of the 2017 five-year fixed rate notes and 2017 five-year floating rate notes, resulting in the payment of interest on both the 2017 five-year fixed rate notes and 2017 five-year floating rate notes and the 2021 fixed-rate notes for a short period of time.
- (3) Represents the write-off of debt issuance costs related to the extinguishment of the 2017 five-year fixed rate notes and 2017 five-year floating rate notes in connection with the Company's 2021 recapitalization transaction.

Share Repurchases

During the third quarter of 2021, the Company repurchased and retired 391,007 shares of its common stock, including 238,190 shares received at settlement of the Company's previously announced 2021 accelerated share repurchase transaction and 152,817 shares of its common stock under its Board of Directors-approved share repurchase program for a total of approximately \$79.7 million. As of September 12, 2021, the Company had a total remaining authorized amount for share repurchases of approximately \$920.3 million. Subsequent to the end of the third quarter and through October 12, 2021, the Company repurchased and retired an additional 205,145 shares of common stock for a total of approximately \$100.1 million.