



**December 2<sup>nd</sup>, 2021**

**Domino's Pizza (DPZ) – A Technology Leader with a Reinvestment Moat to Boot**

**Team: Ali Zimmerman, Dalton Bealer, and Davis Morrison**



Market Value	
Stock Price as of 11/19/21	\$ 536
Shares Outstanding (MMs)	38
Market Cap (MMs)	\$ 19,488
Total Debt (MMs)	\$ 5,314
Enterprise Value (MMs)	\$ 24,510
Financial Data (FY2020)	
Revenue (MMs)	\$ 4,117
EBITDA	\$ 791
LTM EPS	\$ 12.39
Gross Margin	38.7%
EBITDA Margin	19.2%
Multiples	
P/E	39.3x
EV/EBITDA	26.9x
EV/EBIT	29.3x

## Domino's (DPZ)

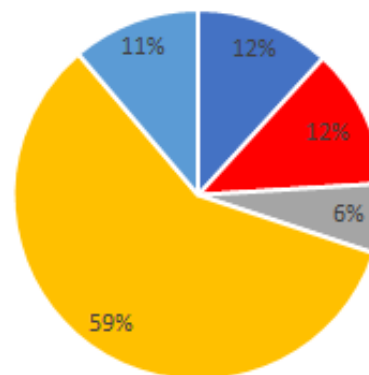
**Current Price: \$536**

**1-Year Price Target: \$678**

**Upside: 27%**

**Well-known pizza franchiser, with thousands of locations worldwide. DPZ operates through company-owned locations, domestic franchises, international franchises, and supply chain operations.**

Revenue Mix (2020)



■ US Corporate Stores   
 ■ US Franchisees   
 ■ International Franchises  
■ Supply Chain   
 ■ US Franchise Advertising

## Investment Thesis

*The market is underestimating Domino's topline growth rate for three reasons:  
Data Moat, Lunch, and Delivery*



1

### Data Moat

- Domino's investment into its technology creates a unique data moat that allows for greater agility in dealing with QSR trends.
- This translates to YoY Domestic store growth rates of 4-4.5% vs. Consensus of 2-2.5%.

2

### Store Placement & Lunch

- Domino's creates business synergies and increases revenue generation by focusing on placing stores as close as possible to consumers.
- We estimate that DPZ will grow to over 25,000 stores by 2025.
- Store growth also contributes to growth in lunch, where proximity is key.

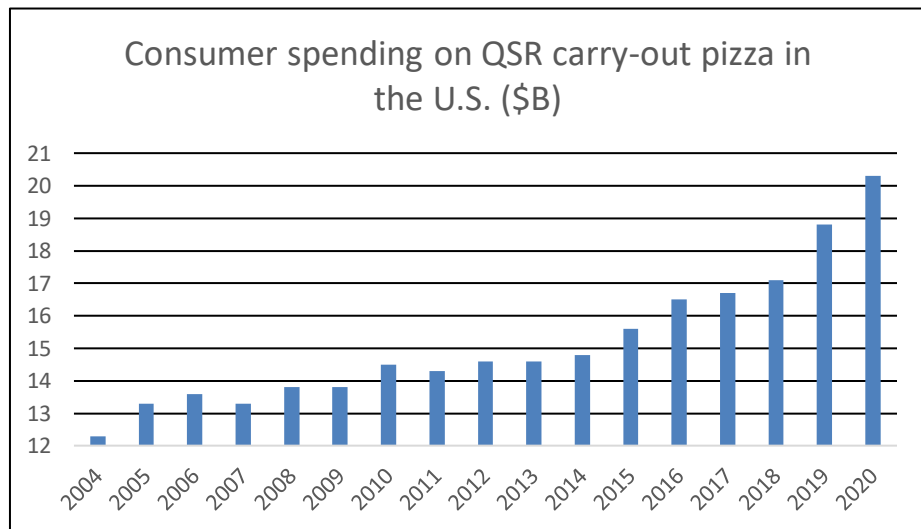
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### Delivery Advantage

- The 3<sup>rd</sup> Party Delivery Service model is fundamentally flawed and creates opportunity for DPZ to thrive as the Low-Cost Leader.

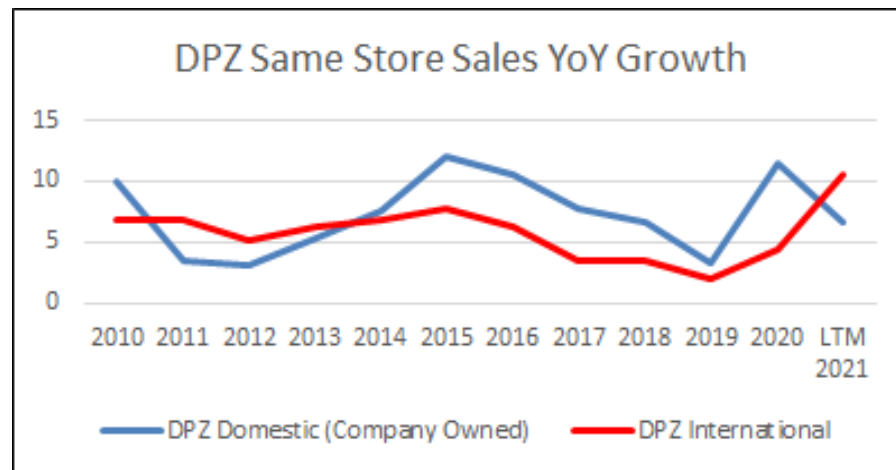
## Using Data to Drive Same-Store Sales

*Domino's has a data advantage that drives customers to stores exactly when they want a pizza*



- Domino's counters store cannibalization through its technology.
- Over 75% of sales were through digital channels in Q2 2021, management expects 95% penetration.
- Domino's utilizes customer data to push coupons which reinforce ordering habits.

- Domino's is implementing an aggressive store count growth strategy to increase revenues.
- Same-Store sales increase due to customer data-driven optimization of delivery routes as well as increased foot traffic from pickup and drive-through.
- DPZ 5-year average ROIC of 67% reinforces decisions to invest in technology and store count.

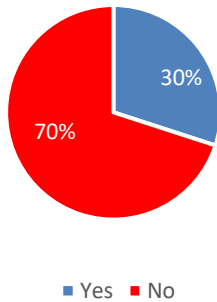


## Fortressing & Lunch

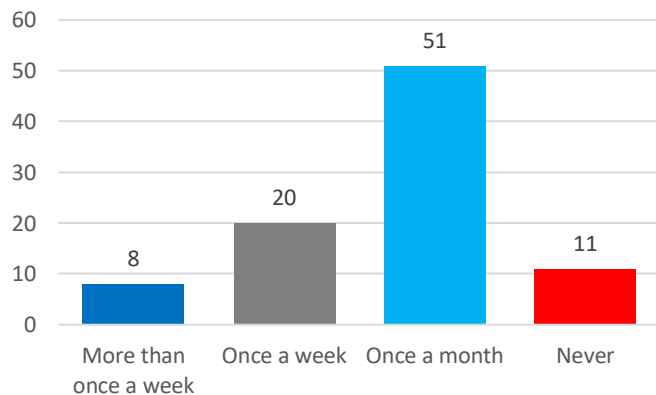
*Lunch represents a large addressable market that is underpenetrated by the pizza industry*



Percentage of People Who Would go to Dominos for Lunch

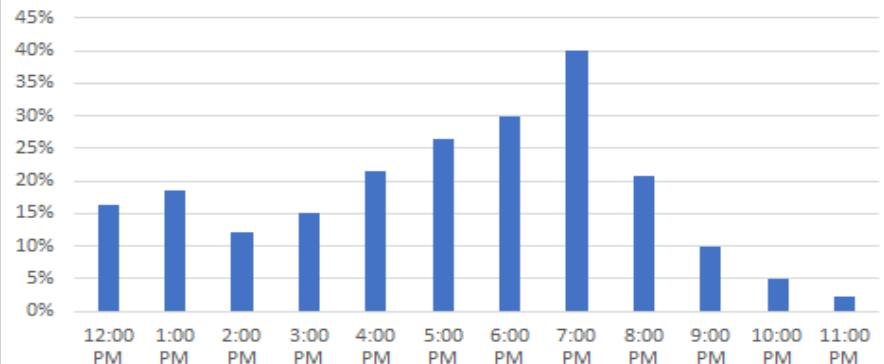


How often would you eat at Domino's?



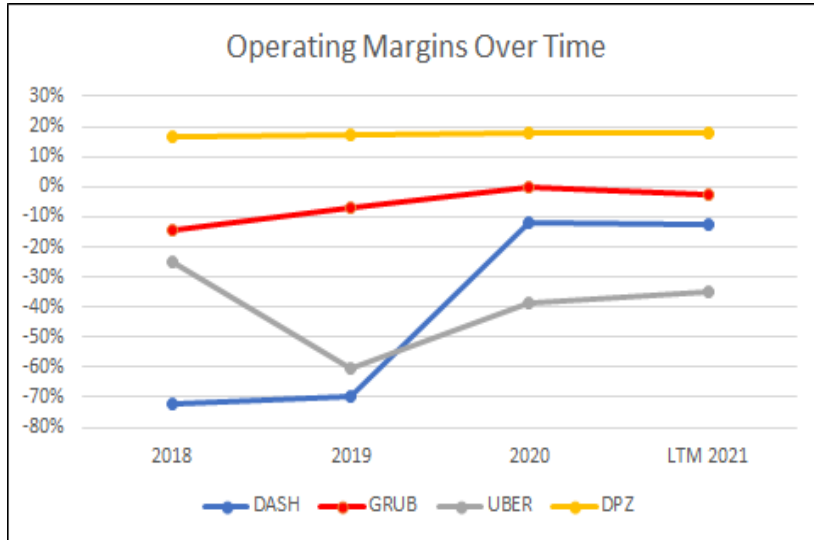
- Domino's has a simple product mix and has room to include lunch menu items without overloading consumers.
- Proximity is the most important factor in deciding where to eat lunch, as DPZ builds more stores lunch will become a viable marketing target.
- Lunch is not discussed during earnings calls, but through conversations with management we understand it only makes up 25% of Domino's revenues.
- As people return to work with proximity Domino's locations, the SOM is between \$17-\$18B domestically.

Average Capacity Utilization of Domino's Locations



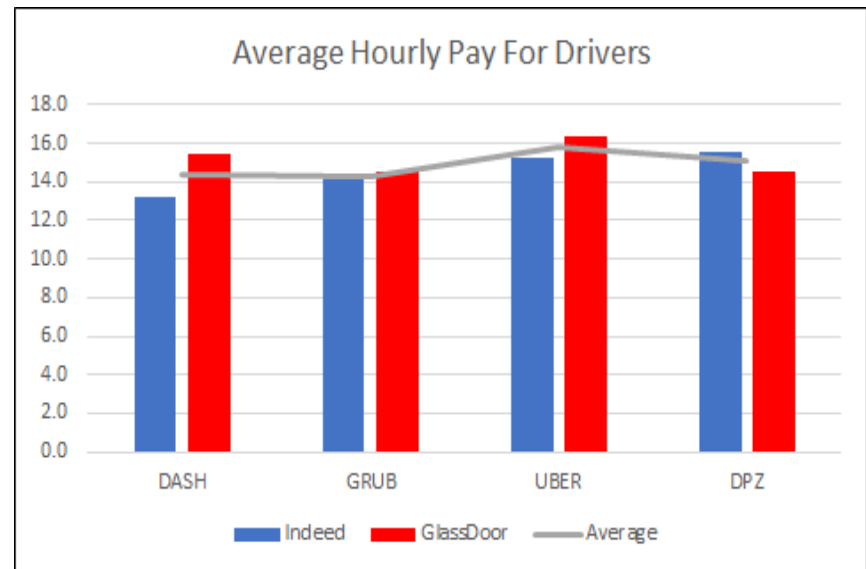
## 3rd Party Delivery Market is Unsustainable

*DPZ has a sustained competitive advantage over 3<sup>rd</sup> party delivery services*



- Domino's technology moat and delivery optimization gives them an advantage over 3rd Party Delivery Services, maintaining a profitable delivery structure superior to current 3rd Party Business Models.

- 3rd party revenue models are limited with charging customers being their main way to expand margins. Restaurants are charged between 15-35% of ticket revenues per order.
- As 3rd Party Services increase prices, more customers will turn to Domino's low-cost structure.



# Valuation

*Utilizing a DCF and Comparables Analysis yields a \$678 valuation with 27% upside*



Valuation Methods (\$s in 000s)			
Terminal Value		Multiples Method	
<b>WACC</b>	<b>4.5%</b>	2025E EBITDA	1,211,834
		PV of 2025E EBITDA	1,016,197
Terminal Value	37,210,411	<b>Target Multiple</b>	<b>25.6x</b>
Discounted Terminal Value	29,859,533		
Discounted Cumulative Unlevered FCF	3,015,854		
<b>Implied Enterprise Value</b>	<b>32,875,387</b>	<b>Implied Enterprise Value</b>	<b>26,045,131</b>
- Interest Bearing Debt	5,069,551	- Interest Bearing Debt	5,069,551
+ Cash	295,352	+ Cash	295,352
<b>Equity Value</b>	<b>28,101,188</b>	<b>Equity Value</b>	<b>21,270,932</b>
Shares Outstanding (000s)	36,387	Shares Outstanding (000s)	36,387
<b>Price per Share</b>	<b>\$772</b>	<b>Price per Share</b>	<b>\$585</b>
<b>Implied Upside</b>	<b>44%</b>	<b>Implied Upside</b>	<b>9%</b>
<b>Average 1-Year Price Target</b>		<b>\$678</b>	
<b>Implied Upside</b>		<b>27%</b>	

Bull Case		Base Case		Bear Case	
<b>1-Year Share Price</b>	<b>\$ 864</b>	<b>1-Year Share Price</b>	<b>\$ 678</b>	<b>1-Year Share Price</b>	<b>\$ 396</b>
<b>Upside</b>	<b>61%</b>	<b>Upside</b>	<b>27%</b>	<b>Downside</b>	<b>-26%</b>
<u>Assumptions:</u>		<u>Assumptions:</u>		<u>Assumptions:</u>	
<ul style="list-style-type: none"> <li>▪ Margins expand through top-line growth</li> <li>▪ Saturation at 25,000 stores</li> <li>▪ Domino's expands its lunch offerings and lunch comprises over 27% of revenue</li> <li>▪ Fortressing boosts same store sales growth more unexpectedly than previously expected</li> </ul>		<ul style="list-style-type: none"> <li>▪ Successful fortressing strategy as stores grow to ~25,000 by 2025</li> <li>▪ Same store sales growth is moderate with historical numbers</li> <li>▪ Margins stay consistent</li> </ul>		<ul style="list-style-type: none"> <li>▪ Fortressing cannibalizes a significant amount of store sales and leads to store shut-downs</li> <li>▪ International expansion slows and stores fail as a result</li> <li>▪ Weakness in the overall demand for pizza and other menu offerings</li> </ul>	



## Risks to Valuation

1

### Medium – Market Saturation Occurs Earlier than Expected

- Established Pizza QSRs like Papa Johns, Pizza Hut could eat into market share and make fortressing less viable as people look elsewhere for their QSR Pizza

#### Mitigation

- Domino's pizza has an unparalleled data advantage over its competitors. Through years of data analysis Domino's knows better than any other pizza chain when its customers want their pizza, mitigating new entrants & market saturation risk

2

### Low – Franchise Same Store Sales Cannibalization

- There has been a recent flattening in same-stores sale growth in the US, this trend could continue as more stores are opened in the US.

#### Mitigation

- The fortressing model as an expansionary tactic recognizes that there will be short-term sales declines store over store as the market adjusts to the new supply, and demand will adjust.

3

### Low – Labor and Inflationary Challenges

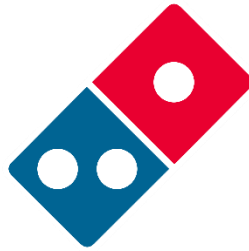
- Domino's cited in its last earnings call that labor shortages & inflationary pressures in supply chain were eating into normal margins, this trend could continue.

#### Mitigation

- Many lawmakers believe the inflationary environment is transitory, as well, as government programs come to an end Americans will start taking delivery jobs again.



## Questions?



## Appendix: Revenue Build

Domino's Pizza Inc. Revenue Build								
(\$s in 000s)	Historicals			Projected				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
# Company Stores	390	342	363	367	376	383	387	389
# Domestic Franchise Stores	5,486	5,784	5,992	6,263	6,538	6,800	7,004	7,179
Total Domestic Stores	5,876	6,126	6,355	6,630	6,914	7,183	7,391	7,568
% YoY Growth	5.2%	4.3%	3.7%	4.3%	4.3%	3.9%	2.9%	2.4%
Total International Stores	10,038	10,894	11,289	12,957	14,097	15,253	16,428	17,578
% YoY Growth	8.3%	8.5%	3.6%	14.8%	8.8%	8.2%	7.7%	7.0%
<b>Total Stores</b>	<b>15,914</b>	<b>17,020</b>	<b>17,644</b>	<b>19,587</b>	<b>21,011</b>	<b>22,436</b>	<b>23,819</b>	<b>25,146</b>
% YoY Growth	7.1%	6.9%	3.7%	11.0%	7.3%	6.8%	6.2%	5.6%
Per Store Revenue Basis (US)	\$1,320	\$1,326	\$1,338	\$1,328	\$1,394	\$1,457	\$1,515	\$1,576
% YoY Growth	N/A	0.5%	0.9%	-0.7%	5.0%	4.5%	4.0%	4.0%
Per Store Revenue Basis (US Franchise)	71	74	84	85	90	94	97	101
% YoY Growth	N/A	3.8%	13.4%	1.6%	5.0%	4.5%	4.0%	4.0%
Per Store Revenue Basis (International)	22.38	22.12	22.13	23.32	24.45	25.60	26.77	27.96
% YoY Growth	N/A	-1.2%	0.0%	5.4%	4.9%	4.7%	4.6%	4.4%
Advertising Revenue as % of Sales from US Franchises	91.9%	91.2%	91.6%	91.5%	91.5%	91.5%	91.5%	91.5%
Supply Chain Revenues as % of Sales from US Franchises	496.4%	491.2%	480.3%	489.3%	489.3%	489.3%	489.3%	489.3%
Domestic Company Revenues	\$514,804	\$453,560	\$485,569	\$487,383	\$524,034	\$558,568	\$586,720	\$613,240
% YoY Growth	4.9%	-11.9%	7.1%	0.4%	7.5%	6.6%	5.0%	4.5%
Domestic Franchise Revenue	391,493	428,504	503,196	534,203	585,593	636,422	681,736	726,730
% YoY Growth	11.4%	9.5%	17.4%	6.2%	9.6%	8.7%	7.1%	6.6%
Supply Chain Revenue	1,943,297	2,104,936	2,416,651	2,613,790	2,865,236	3,113,939	3,335,651	3,555,804
% YoY Growth	11.7%	8.3%	14.8%	8.2%	9.6%	8.7%	7.1%	6.6%
International Revenue	224,747	240,975	249,757	302,186	344,724	390,539	439,804	491,421
% YoY Growth	8.7%	7.2%	3.6%	21.0%	14.1%	13.3%	12.6%	11.7%
U.S. Franchise Advertising	358,526	390,799	462,238	489,018	536,061	582,591	624,072	665,261
% YoY Growth	N/A	9.0%	18.3%	5.8%	9.6%	8.7%	7.1%	6.6%
<b>Total Revenue</b>	<b>\$3,432,867</b>	<b>\$3,618,774</b>	<b>\$4,117,411</b>	<b>\$4,426,579</b>	<b>\$4,855,649</b>	<b>\$5,282,059</b>	<b>\$5,667,983</b>	<b>\$6,052,456</b>
% YoY Growth	23.1%	5.4%	13.8%	7.5%	9.7%	8.8%	7.3%	6.8%

## Appendix: Discounted Cash Flow Analysis



<b>Domino's Pizza Inc.-Base Case</b> <i>\$s in 000s except for EPS</i>	<b>Projected</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Total Revenue	\$4,426,579	\$4,855,649	\$5,282,059	\$5,667,983	\$5,798,346
% Growth	7.5%	9.7%	8.8%	7.3%	2.3%
COGS	2,678,080	2,932,812	3,185,082	3,412,126	3,484,806
% Margin	60.5%	60.4%	60.3%	60.2%	60.1%
<b>Gross Profit</b>	<b>1,748,499</b>	<b>1,922,837</b>	<b>2,096,978</b>	<b>2,255,857</b>	<b>2,313,540</b>
% Margin	39.5%	39.6%	39.7%	39.8%	39.9%
U.S. Franchise Advertising Expenses	486,924	529,266	570,462	606,474	614,625
% Margin	11.0%	10.9%	10.8%	10.7%	10.6%
SG&A	442,658	485,565	528,206	566,798	579,835
% Margin	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Operating Profit / EBIT</b>	<b>818,917</b>	<b>908,006</b>	<b>998,309</b>	<b>1,082,585</b>	<b>1,119,081</b>
% Margin	18.5%	18.7%	18.9%	19.1%	19.3%
Interest Expense	158,281	158,260	158,260	158,260	158,260
Tax Expense / (Benefit)	97,412	110,492	123,747	136,117	141,474
<b>Net Income</b>	<b>566,236</b>	<b>642,267</b>	<b>719,315</b>	<b>791,220</b>	<b>822,359</b>
<b>EBITDA</b>					
Depreciation and Amortization	70,810	77,673	84,494	90,668	92,753
<b>EBITDA</b>	<b>889,727</b>	<b>985,680</b>	<b>1,082,804</b>	<b>1,173,252</b>	<b>1,211,834</b>
% Margin	20.1%	20.3%	20.5%	20.7%	20.9%
Stock-Based Compensation	22,434	22,434	22,434	22,434	22,434
<b>Adjusted EBITDA</b>	<b>912,160</b>	<b>1,008,113</b>	<b>1,105,237</b>	<b>1,195,686</b>	<b>1,234,268</b>
% Margin	20.6%	20.8%	20.9%	21.1%	21.3%
<b>Unlevered FCF</b>					
NOPAT	698,714	774,726	851,774	923,680	954,819
Capital Expenditures	(118,230)	(129,690)	(141,079)	(151,387)	(154,869)
Working Capital Changes	(4,316)	(15,651)	(15,329)	(13,060)	274
<b>Unlevered Free Cash Flow</b>	<b>576,168</b>	<b>629,385</b>	<b>695,366</b>	<b>759,233</b>	<b>800,224</b>
<b>Key Metrics</b>					
Shares Outstanding	36,387	36,387	36,387	36,387	36,387
EPS	\$15.56	\$17.65	\$19.77	\$21.74	\$22.60
P/E Multiple	43.6x	38.4x	34.3x	31.2x	30.0x
EV/EBITDA	36.9x	33.4x	30.4x	28.0x	27.1x
EV/Sales	7.4x	6.8x	6.2x	5.8x	5.7x

<b>Valuation</b>	
WACC	4.5%
Terminal Growth Rate	2.3%
Terminal Value	37,210,411
Discounted Terminal Value	29,859,533
Discounted Cumulative Unlevered FCF	3,015,854
Total Enterprise Value	32,875,387
Interest Bearing Debt	5,069,551
Cash	295,352
Equity Value	28,101,188
Shares Outstanding (000s)	36,387
<b>Price per Share</b>	<b>\$772</b>



Domino's Pizza, Inc. Comparables						
<i>(\$ in 000s except for EPS)</i>	Fiscal Period	Sales	Market Capitalization	Enterprise Value	EV/EBIT	EV/EBITDA
Domino's Pizza	9/12/2021	\$4,371	\$19,428	\$23,829	26.7x	27.2x
DoorDash A	6/30/2021	4,162	92,660	87,992	N/A	N/A
Yum! Brands	9/30/2021	6,437	38,193	48,210	22.9x	21.3x
McDonald's	9/30/2021	22,528	190,266	219,963	23.4x	19.6x
Chipotle	9/30/2021	7,194	52,232	51,201	63.0x	42.2x
Papa John's	9/26/2021	2,009	4,820	5,151	33.9x	25.6x
Yum China Holdings	9/30/2021	9,821	25,598	19,181	18.9x	10.0x
<b>Average</b>		<b>8,075</b>	<b>60,457</b>	<b>65,075</b>	<b>31.5x</b>	<b>24.3x</b>
<b>Median</b>		<b>5,404</b>	<b>45,213</b>	<b>49,706</b>	<b>26.7x</b>	<b>25.6x</b>



Our Estimates vs. Consensus Estimates			
(\$ in 000s except for EPS)	2021P	2022P	2023P
<b>Total Revenue</b>			
Our Estimates	\$4,426,579	\$4,855,649	\$5,282,059
Consensus Estimates	4,406,000	4,716,000	5,082,000
% Change	0.5%	3.0%	3.9%
<b>COGS</b>			
Our Estimates	2,678,080	2,932,812	3,185,082
Consensus Estimates	2,670,000	2,854,000	3,133,000
% Change	0.3%	2.8%	1.7%
<b>Operating Income</b>			
Our Estimates	818,917	908,006	998,309
Consensus Estimates	813,000	884,000	968,000
% Change	0.7%	2.7%	3.1%
<b>EBITDA</b>			
Our Estimates	889,727	985,680	1,082,804
Consensus Estimates	890,000	966,000	1,052,000
% Change	0.0%	2.0%	2.9%
<b>EPS</b>			
Our Estimates	\$15.56	\$17.65	\$19.77
Consensus Estimates	\$13.65	\$15.43	\$17.47
% Change	14.0%	14.4%	13.2%
<b>P/E Multiple</b>			
Our Estimates	43.6x	38.4x	34.3x
Consensus Estimates	38.5x	34.0x	30.1x
% Change	13.2%	13.0%	14.0%
<b>1-Year Target Price</b>			
Our Estimates	\$678		
Consensus Estimates	\$525		
% Change	29.2%		

# Appendix: Historical / Projected Income Statement



<b>Income Statement</b>								
Fiscal Year	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P
Revenue	3,432,867	3,618,774	4,117,411	4,426,579	4,855,649	5,282,059	5,667,983	6,052,456
COGS	2,130,188	2,216,275	2,522,918	2,678,080	2,932,812	3,185,082	3,412,126	3,637,526
<b>Gross Profit</b>	<b>1,302,679</b>	<b>1,402,499</b>	<b>1,594,493</b>	<b>1,748,499</b>	<b>1,922,837</b>	<b>2,096,978</b>	<b>2,255,857</b>	<b>2,414,930</b>
U.S. Franchise Advertising Expenses	358,526	390,799	462,238	486,924	529,266	570,462	606,474	641,560
SG&A	372,464	382,293	406,613	442,658	485,565	528,206	566,798	605,246
Other Expenses	0	0	0	0	0	0	0	0
<b>Operating Profit / EBIT</b>	<b>571,689</b>	<b>629,407</b>	<b>725,642</b>	<b>818,917</b>	<b>908,006</b>	<b>998,309</b>	<b>1,082,585</b>	<b>1,168,124</b>
Other Expense / (Income)	(3,334)	(4,048)	(1,654)	(3,012)	(3,012)	(3,012)	(3,012)	(3,012)
Interest Expense	146,345	150,818	172,166	158,281	158,260	158,260	158,260	158,260
<b>Pre-Tax Income</b>	<b>428,678</b>	<b>482,637</b>	<b>555,130</b>	<b>663,648</b>	<b>752,759</b>	<b>843,062</b>	<b>927,337</b>	<b>1,012,876</b>
Tax Expense / (Benefit)	66,706	81,928	63,834	97,412	110,492	123,747	136,117	148,673
<b>Net Income</b>	<b>361,972</b>	<b>400,709</b>	<b>491,296</b>	<b>566,236</b>	<b>642,267</b>	<b>719,315</b>	<b>791,220</b>	<b>864,203</b>
Depreciation and Amortization	53,665	59,930	65,038	70,810	77,673	84,494	90,668	96,818
<b>EBITDA</b>	<b>625,354</b>	<b>689,337</b>	<b>790,680</b>	<b>889,727</b>	<b>985,680</b>	<b>1,082,804</b>	<b>1,173,252</b>	<b>1,264,942</b>
Stock-Based Compensation	22,792	20,265	24,244	22,434	22,434	22,434	22,434	22,434
<b>Adjusted EBITDA</b>	<b>648,146</b>	<b>709,602</b>	<b>814,924</b>	<b>912,160</b>	<b>1,008,113</b>	<b>1,105,237</b>	<b>1,195,686</b>	<b>1,287,376</b>

# Appendix: Historical / Projected Balance Sheet



<b>Balance Sheet</b>								
Fiscal Year	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P
Cash and Cash Equivalents	25,438	190,615	168,821	443,840	680,308	989,577	1,368,887	1,817,334
Accounts Receivable	190,091	210,260	244,560	260,420	285,662	310,748	333,453	356,071
Inventory	45,975	52,955	66,683	67,484	73,902	80,259	85,980	91,660
Prepaid Expenses and Other	25,710	19,129	24,169	24,304	24,443	24,581	24,721	24,861
Advertising Fund Assets, Restricted	112,744	105,389	147,698	152,498	157,454	162,570	167,853	173,308
Other Current Assets (Restricted Cash)	166,993	209,269	217,453	217,453	217,453	217,453	217,453	217,453
<b>Total Current Assets</b>	<b>566,951</b>	<b>787,617</b>	<b>869,384</b>	<b>1,165,998</b>	<b>1,439,222</b>	<b>1,785,189</b>	<b>2,198,348</b>	<b>2,680,688</b>
Property, Plant, and Equipment, net	234,939	242,881	297,364	344,785	396,802	453,387	514,106	578,944
Operating Lease ROU Assets, net	0	228,785	228,268	228,268	228,268	228,268	228,268	228,268
Investments in Marketable Securities	8,718	11,982	13,251	13,251	13,251	13,251	13,251	13,251
Goodwill	8,718	15,093	15,061	15,061	15,061	15,061	15,061	15,061
Capitalized Software	63,809	73,140	81,306	81,306	81,306	81,306	81,306	81,306
Other Assets	12,523	12,521	60,630	60,630	60,630	60,630	60,630	60,630
Deferred Income Taxes	5,526	10,073	1,904	1,904	1,904	1,904	1,904	1,904
<b>Total Assets</b>	<b>901,184</b>	<b>1,382,092</b>	<b>1,567,168</b>	<b>1,911,202</b>	<b>2,236,443</b>	<b>2,638,996</b>	<b>3,112,874</b>	<b>3,660,052</b>
Accounts Payable	92,546	111,101	94,499	100,586	110,153	119,628	128,156	136,621
Accrued Expenses	66,907	74,095	90,215	92,127	94,079	96,073	98,109	100,188
Other Current Liabilities	113,140	123,320	142,075	146,947	151,986	157,198	162,589	168,164
Advertising Fund Liabilities	107,150	101,921	141,175	145,583	150,129	154,817	159,652	164,637
<b>Total Current Liabilities</b>	<b>379,743</b>	<b>410,437</b>	<b>467,964</b>	<b>485,243</b>	<b>506,348</b>	<b>527,716</b>	<b>548,505</b>	<b>569,611</b>
Revolver	0	0	0	0	0	0	0	0
Long-Term Debt	3,559,131	4,145,345	4,144,243	4,144,243	4,144,243	4,144,243	4,144,243	4,144,243
<b>Total Debt</b>	<b>3,559,131</b>	<b>4,145,345</b>	<b>4,144,243</b>	<b>4,144,243</b>	<b>4,144,243</b>	<b>4,144,243</b>	<b>4,144,243</b>	<b>4,144,243</b>
Operating Lease Liabilities	0	202,731	202,268	202,268	202,268	202,268	202,268	202,268
Insurance Reserves	31,065	34,675	37,125	37,125	37,125	37,125	37,125	37,125
Deferred Income Taxes	0	0	6,099	6,099	6,099	6,099	6,099	6,099
Other Accrued Liabilities	13,260	4,663	9,874	9,874	9,874	9,874	9,874	9,874
<b>Total Liabilities</b>	<b>3,983,199</b>	<b>4,797,851</b>	<b>4,867,573</b>	<b>4,884,852</b>	<b>4,905,957</b>	<b>4,927,325</b>	<b>4,948,114</b>	<b>4,969,220</b>
Common Stock	410	389	389	22,823	45,256	67,690	90,124	112,557
Retained Earnings	(3,078,565)	(3,412,649)	(3,303,492)	(2,999,170)	(2,717,468)	(2,358,717)	(1,928,062)	(1,424,423)
Additional Paid-in-Capital	569	243	5,122	5,122	5,122	5,122	5,122	5,122
Other Comprehensive Income	(4,429)	(3,742)	(2,424)	(2,424)	(2,424)	(2,424)	(2,424)	(2,424)
<b>Total Equity</b>	<b>(3,082,015)</b>	<b>(3,415,759)</b>	<b>(3,300,405)</b>	<b>(2,973,649)</b>	<b>(2,669,513)</b>	<b>(2,288,329)</b>	<b>(1,835,240)</b>	<b>(1,309,167)</b>



## Cash Flow Statement

Fiscal Year	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P
Net Income	361,972	400,709	491,296	566,236	642,267	719,315	791,220	864,203
Depreciation and Amortization	53,665	59,930	65,038	70,810	77,673	84,494	90,668	96,818
Loss (Gain) on Sale of Assets	(4,737)	2,023	2,922	0	0	0	0	0
Stock-Based Compensation	22,792	20,265	24,244	22,434	22,434	22,434	22,434	22,434
Amortization of Debt Issuance Costs	8,033	4,748	5,526	0	0	0	0	0
Provision (Benefit) for Deferred Income Taxes	(872)	(3,297)	14,424	0	0	0	0	0
Excess Tax Benefits from SBC	(23,786)	(25,735)	(60,364)	0	0	0	0	0
Provision for Losses on A/R and N/R	899	1,195	2,134	0	0	0	0	0
Decreases / (Increases) in Working Capital Assets	(35,979)	(34,347)	(26,924)	(21,595)	(36,756)	(36,698)	(33,848)	(33,894)
(Decreases) / Increases in Working Capital Liabilities	12,184	71,459	74,498	17,279	21,105	21,369	20,788	21,106
Other	0	0	0	0	0	0	0	0
<b>Cash Provided by / (Used from) Operating Activities</b>	<b>394,171</b>	<b>496,950</b>	<b>592,794</b>	<b>655,164</b>	<b>726,722</b>	<b>810,913</b>	<b>891,262</b>	<b>970,667</b>
Capital Expenditures	(119,888)	(85,565)	(88,768)	(118,230)	(129,690)	(141,079)	(151,387)	(161,656)
Purchase of Investments	0	0	(40,000)	0	0	0	0	0
Proceeds from Sale of Assets	8,367	12,258	174	0	0	0	0	0
Maturities of Advertising Fund Investments	94,007	50,152	0	0	0	0	0	0
Purchases of Advertising Fund Investments	(70,152)	0	0	0	0	0	0	0
Purchases of Franchise Operations and Other Assets	0	(3,423)	0	0	0	0	0	0
Other Investing Activities, net	(591)	(1,276)	(333)	0	0	0	0	0
<b>Cash Provided by / (Used from) Investing Activities</b>	<b>(88,257)</b>	<b>(27,854)</b>	<b>(128,927)</b>	<b>(118,230)</b>	<b>(129,690)</b>	<b>(141,079)</b>	<b>(151,387)</b>	<b>(161,656)</b>
Revolver	0	0	0	0	0	0	0	0
Long-Term Debt	365,912	582,915	(44,058)	0	0	0	0	0
Proceeds from Exercise of Stock Options	9,832	13,064	30,970	0	0	0	0	0
Repurchase of Common Stock	(591,212)	(699,007)	(304,590)	(125,100)	(223,750)	(223,750)	(223,750)	(223,750)
Other Financing Activities, net (tax payments and cash paid for financi	(15,169)	(14,049)	(6,803)	0	0	0	0	0
Dividends Paid	(92,166)	(105,715)	(121,925)	(136,814)	(136,814)	(136,814)	(136,814)	(136,814)
<b>Cash Provided by / (Used from) Financing Activities</b>	<b>(322,803)</b>	<b>(222,792)</b>	<b>(446,406)</b>	<b>(261,914)</b>	<b>(360,564)</b>	<b>(360,564)</b>	<b>(360,564)</b>	<b>(360,564)</b>
Effect of Exchange Rate Changes	(538)	201	761	0	0	0	0	0
<b>Net Change in Cash During Period</b>	<b>(17,427)</b>	<b>246,505</b>	<b>18,222</b>	<b>275,019</b>	<b>236,468</b>	<b>309,270</b>	<b>379,310</b>	<b>448,447</b>



## Appendix: Porter's Five Forces

*Domino's has low Bargaining Power of Suppliers with a strong brand reputation and wide menu offering*



Medium

### Threat of New Entrants

- Domestic fast-food chains require less capital compared to global fast-food chains
- The production line can benefit from economies of scale

High

### Threat of Substitutes

- Other food service businesses offer similar products to Domino's and are easily available
- Customers incur low switching costs

Low

### Bargaining Power of Suppliers

- Domino's formulates contracts with its suppliers based on competitive pricing
- Suppliers want to maintain strong, long-term relationships with the firm

Medium

### Bargaining Power of Buyers

- Buyers demand quality, price, and innovation in their menu offerings
- Domino's must maintain customers' interest as switching costs are low for customers

High

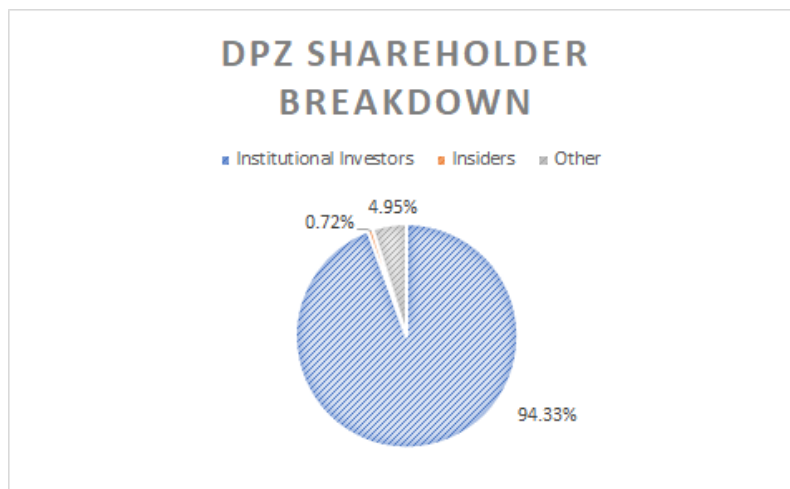
### Rivalry Among Competitors

- There are many players in the fast-food service industry, including local and global retail chains
- DPZ's market share is susceptible to other brands



Domino's Management Team		
Name	Title	Tenor
Ritch Allison	Chief Executive Officer	10 Years
Russell Weiner, Jr.	COO and President of Domino's U.S.	13 Years
Kelly Garcia	EVC - Chief Technology Officer	9 Years
Frank Garrido	EVC - U.S. Operations and Support	5 Years
Cindy Headen	EVC - Supply Chain Services	6 Years
Joe Jordan	EVC - International	10 Years
Art D'Elia	EVC - Chief Marketing Officer	3 Years

Largest Domino's Shareholders			
Stockholder	Stake	Shares Owned (MMs)	Total Value (\$MMs)
The Vanguard Group	10.66%	3.88	\$1,850.50
BlackRock Fund Advisors	9.14%	3.32	1,585.73
Capital World Investors	5.86%	2.13	1,016.83
Pershing Square Capital Management, L.P.	5.75%	2.09	997.90
State Street Corporation	4.34%	1.58	753.44





- Emailed Investor Relations
- Spoke with Domino's consultants
- Visited local Domino's store
- **Talked to a sell side analyst**
- **Talked to a Store General Manager**
- **Applied for a Delivery Driver Job**



Delivery driver shortage will dissipate as workers return to dominos for a reliable stream of pay, versus gig economy work which has unreliable income.



However, Dominos pays additional 30 cents per mile for gas

“We know that the only way to guarantee that these companies pay a good living is if we have a legally binding contract that we collectively bargain with these companies,” said Nicole Moore, an organizer for Rideshare Drivers United in LA.

“They change the way they compensate us, and it was done under duress, so in order for us to continue working even with arbitrations and things like that, every time they decide they want to change the contract, you have to agree to it,” said Griffith, who drives for Uber and Lyft.

## Uber and Lyft drivers join day-long strike over working conditions

Workers for app companies call for better wages and protections for those seeking to unionize



Drivers protest at Uber's San Francisco headquarters on Wednesday. Photograph: Kari Paul/The Guardian



If a third or more of restaurant profits go towards delivery commission fees, then it stands to reason dine-in meals are more lucrative because they don't have the added cost. Restaurants, however, are seeing the number of dine-in customers dwindle as the percentage of takeout customers overshadows the number of customers taking a seat at their tables.

Restaurant Type	Average Profit Margin %
Full Service	3 - 5 %
Fast Casual	6 - 9%
Catering Services	7 - 8%

#### Lite Plan

Keep costs low

Our lowest-cost plan, for businesses looking to reach customers who already know you. You pay:

- 15% fee for delivery orders
- 6% fee for pickup

You'll only be visible to customers in the app who are looking for you by name.

[Get started](#)

#### Plus Plan

Grow your sales

Our mid-cost plan to help businesses get discovered by new customers. You pay:

- 25% fee for delivery orders
- 6% fee for pickup

Your business will be shown in the home screen and search results of the Uber Eats app.

[Get started](#)

#### Premium Plan

Maximize your sales

The best fit for businesses who want to stand out and reach more new customers. You pay:

- 30% fee for delivery orders
- 6% fee for pickup

Your business will be shown higher in the home screen and search results of the Uber Eats app.

0% fees if you don't get at least 25 orders.\*

We match your Uber ad spending, up to \$100 per month.\*\*

[Get started](#)

## Full Service Restaurant Profit Margins

That 3-5% profit margin mentioned above generally refers to full service restaurants (FSRs) and includes kitchen staff, managers, servers, bartenders, and a host. However, these numbers can vary wildly depending on factors like restaurant size, price range, turnover rates, location, and more.

## Partnership plans made to work for you

Basic	Plus	Premier
Let customers order from you on DoorDash and add marketing programs when you need them.	Increase sales and reach our most loyal and frequent customers with DashPass.	Maximize sales with the biggest delivery area, DashPass, and more. Backed by our Growth Guarantee.
<b>Your Cost</b>	<b>Your Cost</b>	<b>Your Cost</b>
<b>15%</b> Delivery Commission	<b>25%</b> Delivery Commission	<b>30%</b> Delivery Commission
<b>6%</b> Pickup Commission	<b>6%</b> Pickup Commission	<b>6%</b> Pickup Commission
<small>Credit card processing included</small>	<small>Credit card processing included</small>	<small>Credit card processing included</small>
<b>Key Benefits</b>	<b>Key Benefits</b>	<b>Key Benefits</b>
<ul style="list-style-type: none"> <li>✓ Reliable and fast delivery with DoorDash</li> <li>✗ Access to high-value customers with DashPass</li> <li>✗ A bigger delivery area to reach more customers</li> <li>✗ Accept at least 20 orders per month or pay no commissions**</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reliable and fast delivery with DoorDash</li> <li>✓ Access to high-value customers with DashPass</li> <li>✓ A bigger delivery area to reach more customers</li> <li>✗ Accept at least 20 orders per month or pay no commissions**</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reliable and fast delivery with DoorDash</li> <li>✓ Access to high-value customers with DashPass</li> <li>✓ A bigger delivery area to reach more customers</li> <li>✓ Accept at least 20 orders per month or pay no commissions**</li> </ul>



	Population	Spend Per Week out for Lunch (2015)	Adjusted for inflation
Total US Workers (Employed)	154.039		
Men (16 and older)	81.825	\$ 24.93	\$ 27.94
Women (16 and older)	72.214	\$ 15.56	\$ 17.37
Lunchtime TAM			\$ 184,108,479,360.00
Would eat pizza for lunch (survey)			8.8%
Total TAM		\$ 16,253,107,766.94	
Would eat Pizza for lunch (1 in 10 from research)			
Total TAM		\$ 18,410,847,936.00	
Average Total TAM		\$ 17,331,977,851.47	

## Appendix: YoY Comps Growth Due to Lunch Expansion



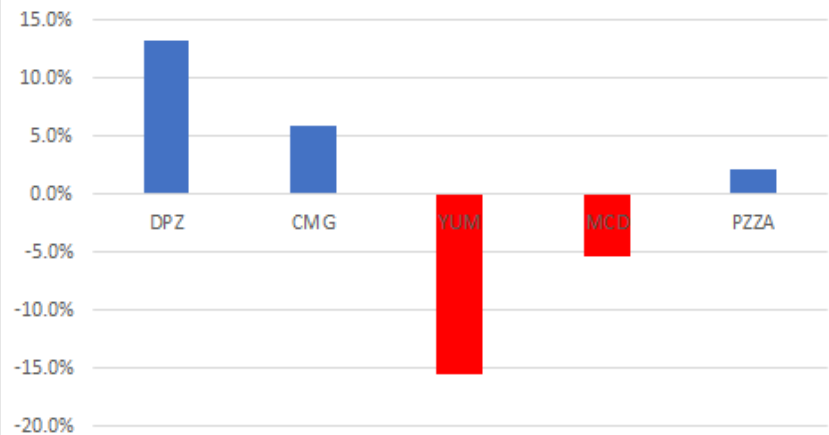
	2020	E2021	E2022	E2023	E2024	E2025
Corporate Total						
Corporate	\$ 121,392	\$ 121,845.75	\$ 132,811.87	\$ 147,421.17	\$ 160,689.08	\$ 171,133.87
Franchise	\$ 2,287,255	\$ 2,428,195.45	\$ 2,646,733.05	\$ 2,937,873.68	\$ 3,202,282.31	\$ 3,410,430.66
Franchise Total	\$ 125,799.000	\$ 133,550.750	\$ 145,570.318	\$ 161,583.052	\$ 176,125.527	\$ 187,573.686
Return to office	23.70%	13.40%	12.40%	11.00%	10.00%	9.50%
Total Lunch Capture	\$ 2,408,646.795	\$ 2,550,041.20	\$ 2,779,544.91	\$ 3,085,294.85	\$ 3,362,971.39	\$ 3,581,564.53
Total Revenue From Lunch	\$ 247,191.25	\$ 255,396.50	\$ 278,382.19	\$ 309,004.23	\$ 336,814.61	\$ 358,707.55
Total Expected Revenue	988765	\$ 1,021,586	\$ 1,109,627	\$ 1,194,990	\$ 1,268,456	\$ 1,339,970
Lunch % Expected Rev	25.00%	25.00%	25.09%	25.86%	26.55%	26.77%
Growth Rate		3.32%	8.62%	7.69%	6.15%	5.64%
Growth Rate		3%	9%	11%	9%	6%
Per store revenue basis Corporate total	\$ 1,338	\$ 1,328	\$ 1,394	\$ 1,457	\$ 1,515	\$ 1,576
		\$ (10)	\$ 66	\$ 63	\$ 58	\$ 61
Per Store Revenue Basis Corporate (Lunch)	\$ 334	\$ 332	\$ 353	\$ 385	\$ 415	\$ 440
		\$ (2.41)	\$ 21.22	\$ 31.69	\$ 30.31	\$ 24.72
% of YoY SSS Growth		24%	32%	50%	52%	41%

- Overall, this increases market share in SOM from 14.7% in 2021 to 16.9% in 2025.

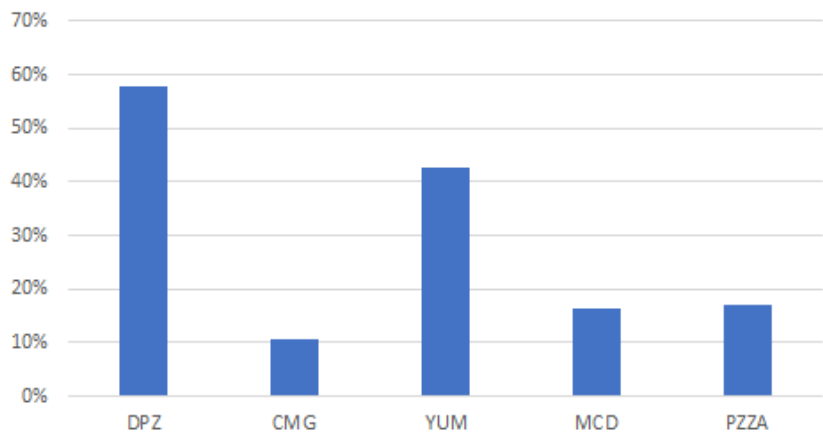
# Appendix: Comps Deep Dive



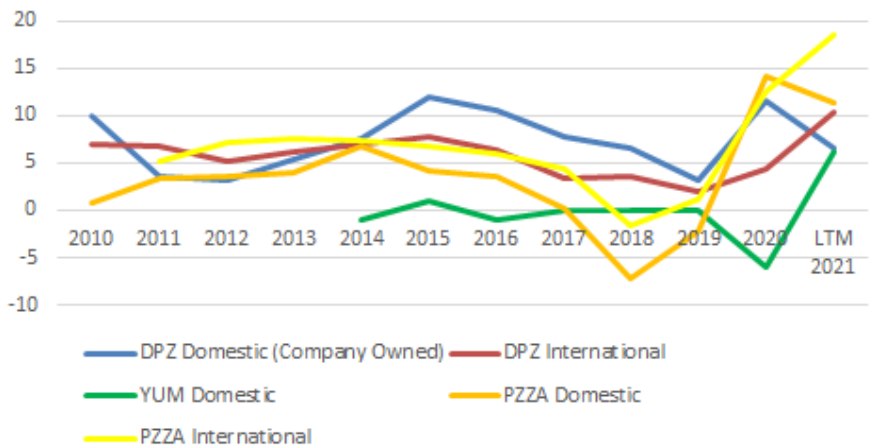
5 Year Sales CAGR (2016-2020)



5 Year Average ROIC (2017-LTM 2021)



YoY Same Store Sales Growth Over Time







# CONSISTENT GLOBAL COMP GROWTH





### Price in the marketing mix of Domino's pizza

Domino's main [target](#) is the lower middle class and middle class income group. Best of quality with reasonable [pricing](#) is its motto. Dominos has come up with a uniform and consistent [pricing](#) policy. This keeps the base price in check and helps the company to attract customers. If you look at the competition, then Domino's has been evenly prized with Pizza hut. But the prices are high as compared to KFC and [McDonalds](#) and hence the price conscious customers will prefer the indirect competitor – McDonalds and KFC above Domino's.

Affordability is the key to the tremendous success of this reputed company. To maintain the price level many new and innovative schemes are launched on regular basis. It always gives its customers value for one's money. Special discounts are offered at regular intervals. For Wednesdays, a special scheme was launched where one free pizza was offered with one buy. Many free food items on purchase of selected and exclusive products are some of the methods to lower the prices and attract the customers. Pizzas are available in three sizes large, medium and regular so that one can buy whichever is affordable to them.

# Appendix: Google Search for Buzz Words

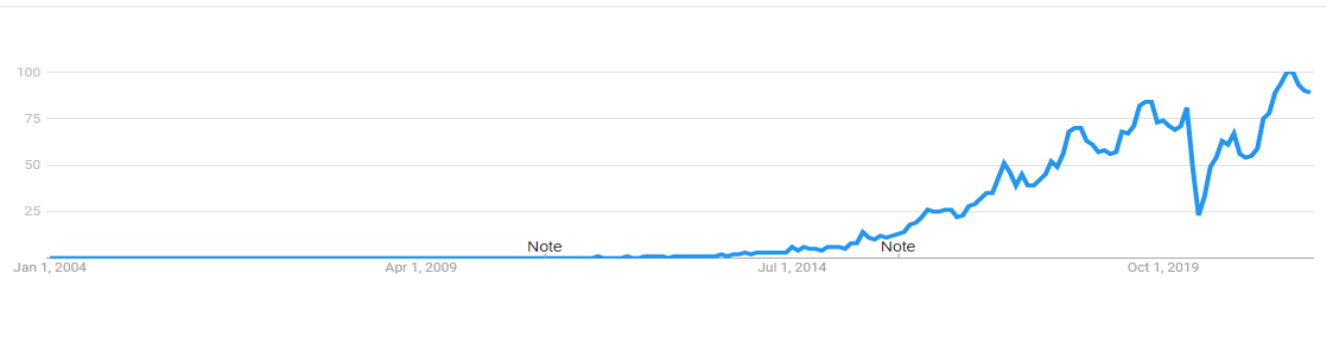


● Lunch near me  
Search term

+ Compare

United States ▼ 2004 - present ▼ All categories ▼ Web Search ▼

Interest over time ?

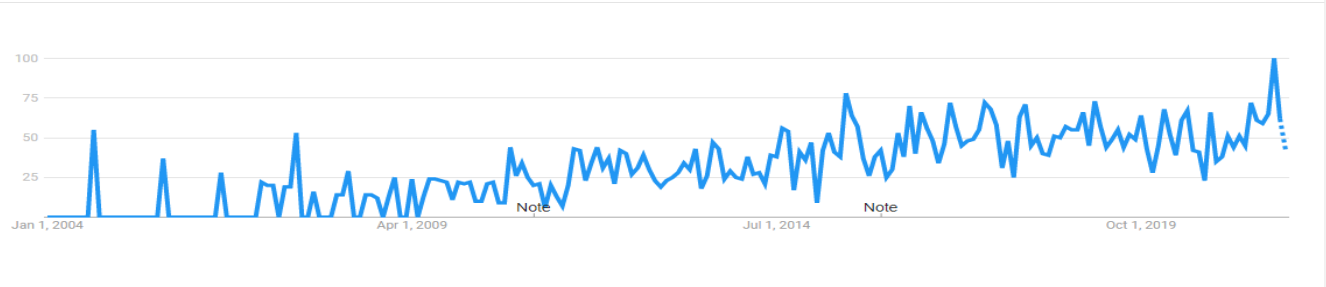


● pizza for lunch  
Search term

+ Compare

United States ▼ 2004 - present ▼ All categories ▼ Web Search ▼

Interest over time ?



## Appendix: Google Capacity Estimate



Day of Week	12:00 PM	1:00 PM	2:00 PM	3:00 PM	4:00 PM	5:00 PM	6:00 PM	7:00 PM	8:00 PM	9:00 PM	10:00 PM	11:00 PM
Monday	10%	15%	20%	25%	25%	20%	20%	20%	20%	10%	5%	5%
Tuesday	10%	25%	5%	0%	5%	10%	15%	20%	15%	10%	5%	0%
Wednesday	5%	10%	10%	20%	20%	20%	15%	15%	10%	10%	5%	0%
Thursday	25%	15%	10%	20%	25%	35%	40%	35%	20%	10%	5%	5%
Friday	50%	45%	20%	20%	45%	60%	75%	60%	35%	15%	5%	5%
Saturday	10%	10%	5%	5%	15%	25%	35%	30%	15%	10%	5%	0%
Sunday	5%	10%	15%	15%	15%	15%	10%	100%	30%	5%	5%	0%
Average	16%	19%	12%	15%	21%	26%	30%	40%	21%	10%	5%	2%

