Domino's Pizza Enterprises Ltd

DPJ Update

12th November, 2013

Scott K. Oelkers

President & Chief Executive Officer

Domino's Pizza Japan

DPJ Executive Team

	Name	Title/Position	Experiences
	**Mr. Scott K. Oelkers**	President and Chief Executive Officer	**Domino's Experience**: 25 years **Prior Experience:** Pizza Vest Pronaia Capital Domino's Pizza International
	**Mr. Kenji Imada**	Representative Director and Executive Vice President	**Domino's Experience**: 3.5 years 3.5 year as Representative Director & Executive Vice President **Prior Experience:** Klacie McKinsey & Company Japanese bank
	**Mr. Masahiro Shimizu**	Executive Vice President, Chief Financial Officer	**Domino's Experience**: 3 years 3 years as Executive Vice President, Chief Financial Officer **Work Experience:** UNIQLO J.P. Morgan

DPJ Executive Team

	Name	Title/Position	Experiences
	**Mr. Kenji Ikeda**	Executive Vice President, Marketing Division	**Domino's Experience**: 25 years 3.5 years as Executive Vice President, Marketing Division 9 years as Marketing Department Head 2 years as Business Development Department Head 8 years as Operations Department Head 3 years as Operations senior supervisor 2 years as Operations supervisor 1 year as store manager **Prior Experiences:** VOLKS/ Daiei
	**Mr. Hiroshi Kakiuchi**	Executive Vice President, Operations Division	**Domino's Experience**: 25 years 3.5 years as Executive Vice President, Operations Division 12 years as Operations Department Head 5 years as Operations Section Manager 5 years as Operations senior supervisor 3 years as Operations supervisor 6 months as store manager **Prior Experience:** SDA (Safety Driving Association) board member DomDom/ Daiei

Agenda

1. *Investor Re-cap*
2. *What Do We Sell?*
3. *How Did We Grow?*
4. *New Store Model*
5. *How Do We Get to 600 Stores?*
6. *Carve Out*
7. *Why Relocate?*
8. *Who Are Our Franchisees?*
9. *People*
10. *Research Project*

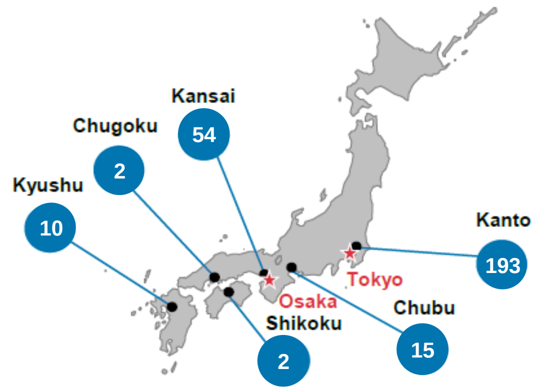
1. Investor Re-cap

Overview of Domino's Pizza Japan

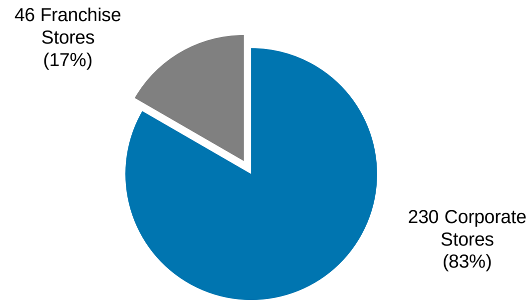
DPJ is the third largest pizza chain in Japan by number of stores with a primary focus on the Tokyo and Osaka regions and potential for expansion in new regions

- Domino's Pizza commenced operations in Japan in 1985 and has grown to become the country's third largest pizza chain by number of stores behind Pizza-La Japan and Pizza Hut Japan
- Store network has grown to 276 stores, comprising 230 corporate owned stores and 46 franchisee stores(1)
  - Franchise operations commenced in 2004
- Business is operated under a 30-year Master Franchise Agreement with Domino's Pizza, Inc.
  - Agreement has a 20-year term expiring on 31 March 2031 with an option to extend for 10 years at DPJ's election
- Head office and support staff of approximately 100, with approximately 6,000 store managers, supervisors and other store employees(1)

Store Locations(1)



Store Mix(1)

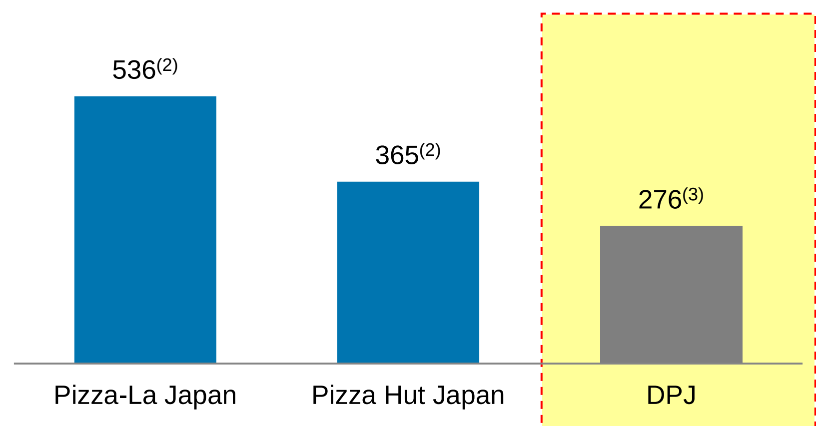


Note: (1) DPJ Number of stores and staffs as at 31 October 2013

#3 Position in Japanese Pizza Market

- There are approximately 2,150 chain pizza outlets in Japan[(1)], with the three main players representing approximately 1,190 stores[(2)(3)]
- Pizza-La, Pizza Hut and Domino's Pizza lead the market in Tokyo and Osaka by number of stores
- High level of population density in metropolitan centres represents a significant opportunity for the delivery business
- DPE believes the market is suited to significant chain store rollout as demonstrated by McDonald's Japan expansion (3,268 stores[(4)])

Number of Chain Stores



Country Comparison

	Australia	France	Japan
Population	22.8m[(5)]	65.8m[(6)]	127.3m[(7)]
GDP / Capita[(8)]	US$67,036	US$39,772	US$46,720
Estimated Chain Pizza Stores[(1)]	2,073	1,645	2,151

Note: (1) Number of pizza outlets based on Euromonitor data (September 2012) (2) DPJ estimates based on company websites (3) DPJ number of stores as at 31 October 2013 (4) As reported by McDonald's Corporation as at 31 March 2013 (5) Australian population estimate based on ABS data (September 2012) (6) France population estimate based on INSEE data (January 2013) (7) Japan population estimate based on Japan Ministry of Internal Affairs and Communications data (April 2013) (8) GDP per capita data based on World Bank estimates (2012)

Diverse Product Offering

- DPJ has a diverse menu offering with more than 280 items at a premium price point
  - Quattro-style pizzas are the key category, comprising 46% of total sales
  - Medium-sized quattro pizza priced between approximately A$25 and A$35

Strategic Plan for Growth

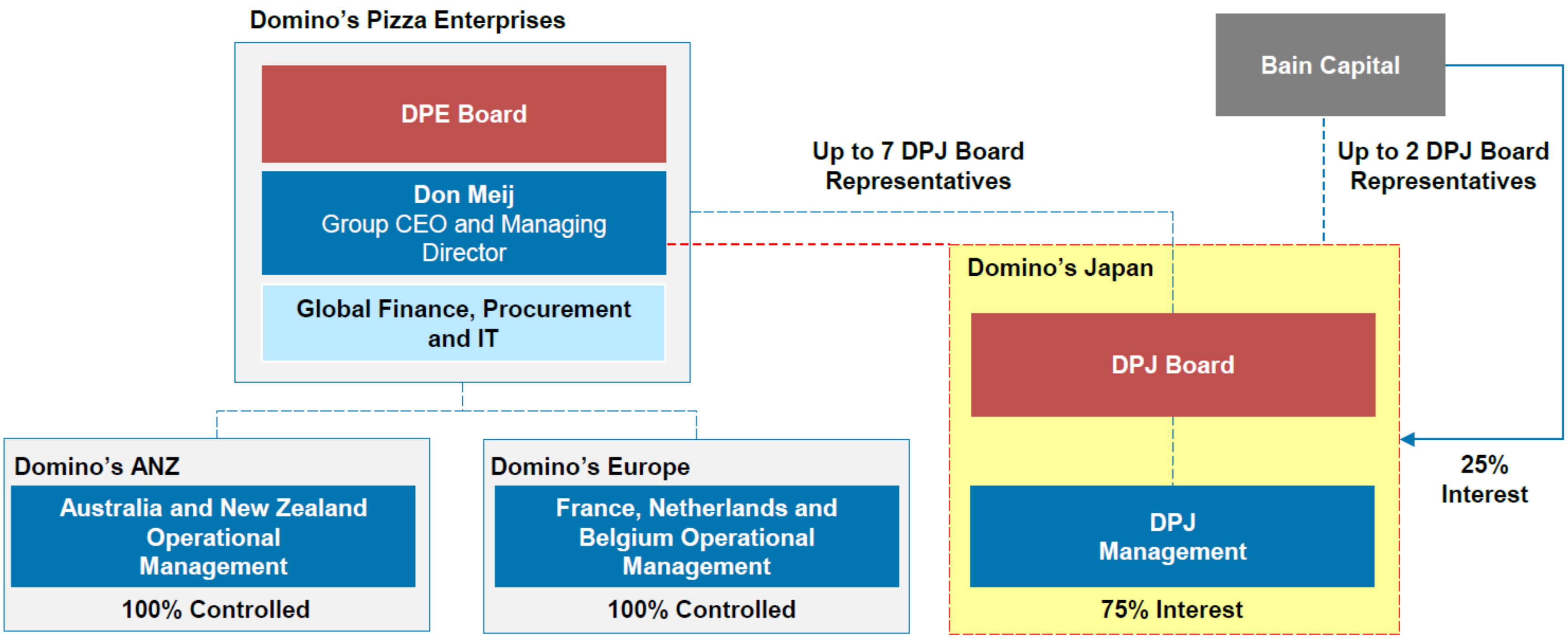
Key Initiatives for DPJ

- Franchise system opportunity
  - Potential to move to a 30% franchise model, and potentially a greater mix as DPJ targets 600 stores
  - Potential to leverage operational depth by offering franchise funding to high performing store managers
- New store openings
  - Plan to rollout 40 – 50 new stores per year in near term
- Planned store relocations
  - Higher profile / traffic locations
- Metro vs. regional opportunity
  - Plan to expand platform outside current metropolitan focused regions of operation
- In-fill stores in current regions
  - Opportunity to increase metro store base in current regions of operation and leverage significant population density
- Carry out
  - Opportunity to expand carry out purchases through store relocations
- Leverage DPE's digital expertise
  - Investment in online ordering platform, applications and improved internal systems

Expanded Group Structure

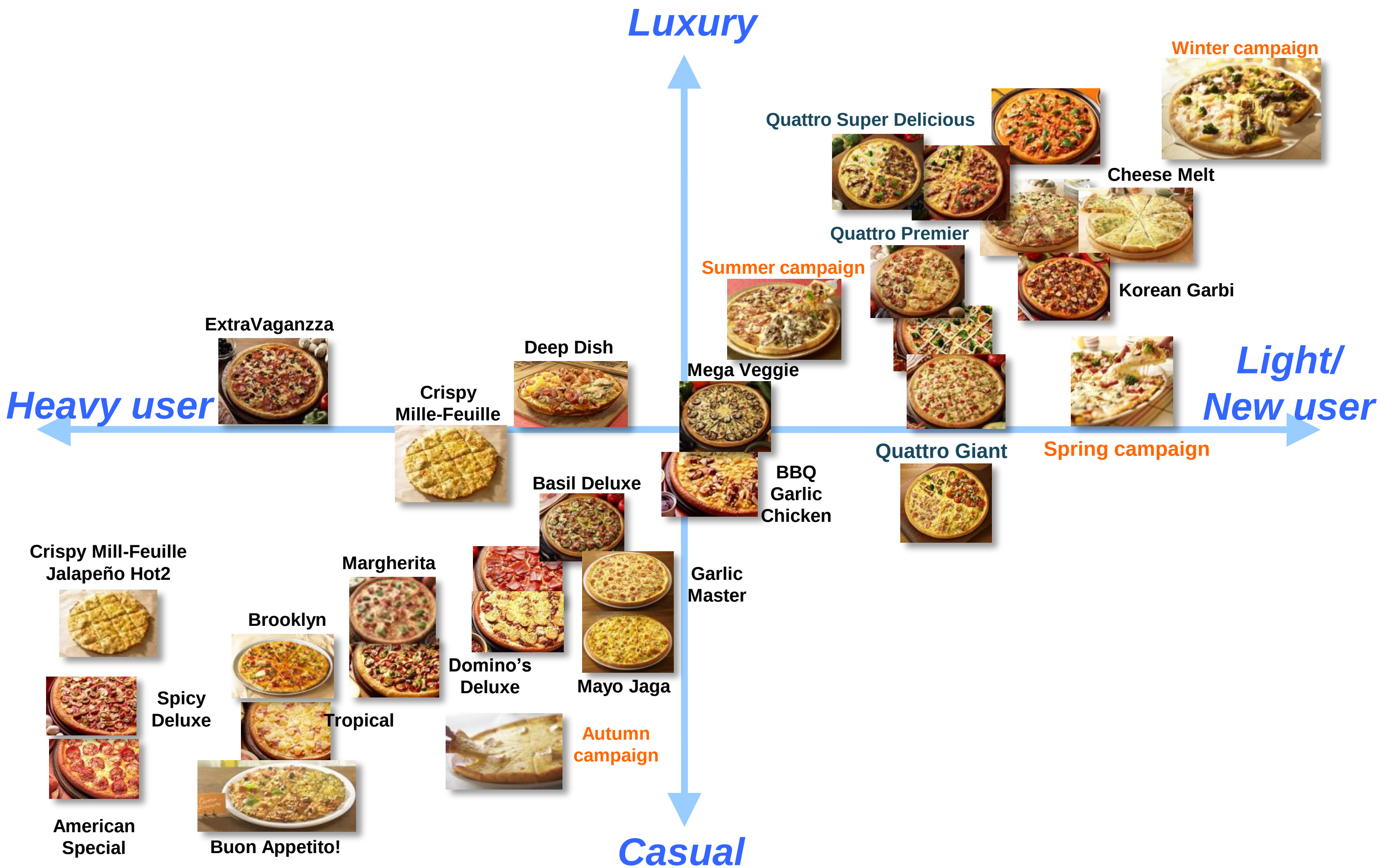
- DPJ will continue to operate as a stand alone operating entity reporting to the newly formed board of DPJ with oversight from a senior leadership team from DPE
  - New DPJ Board with up to 9 members – Up to 7 from DPE and up to 2 from Bain Capital

Expanded DPE Group Structure

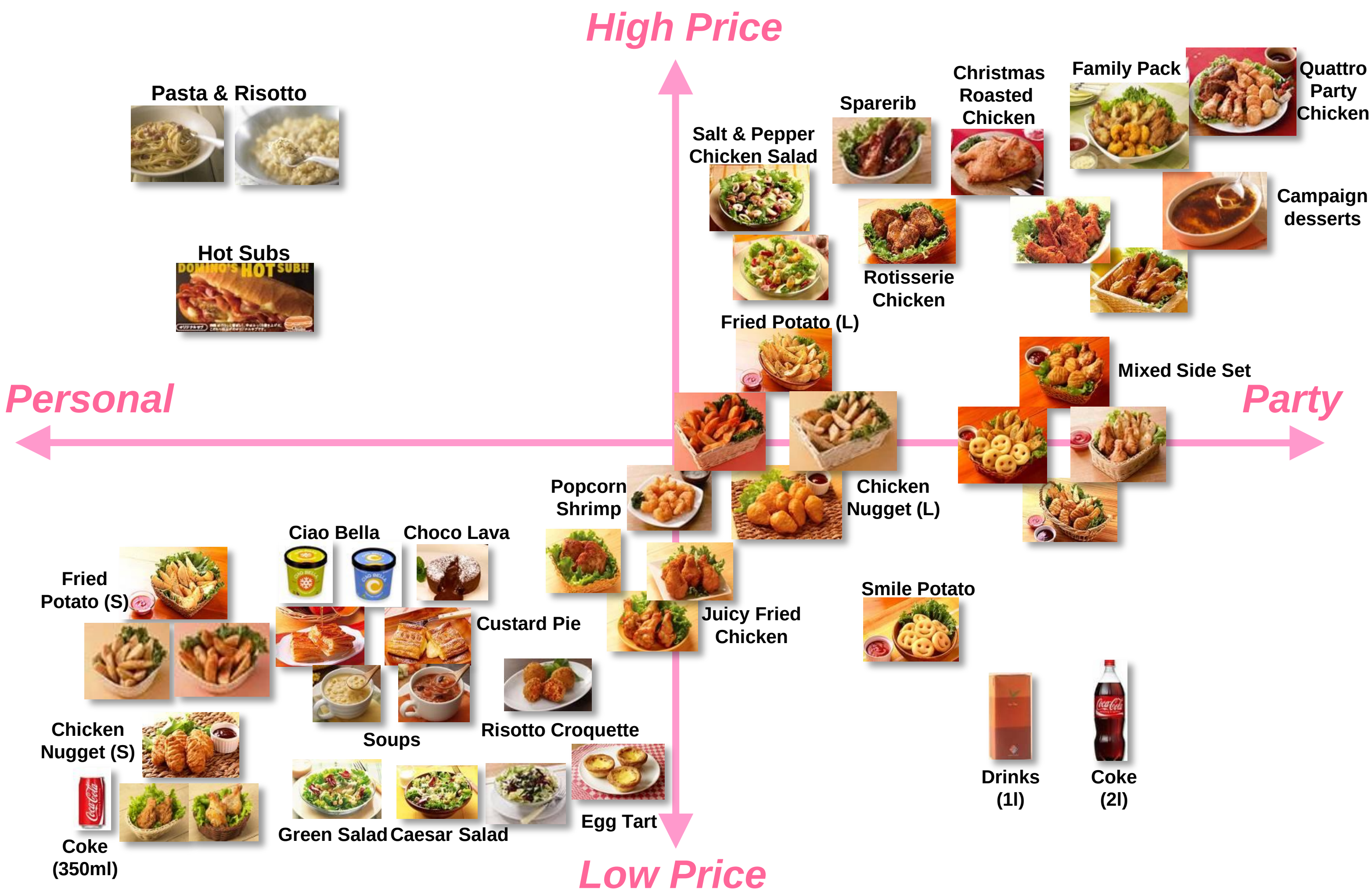


2. What Do We Sell?

Product Portfolio (Pizza)



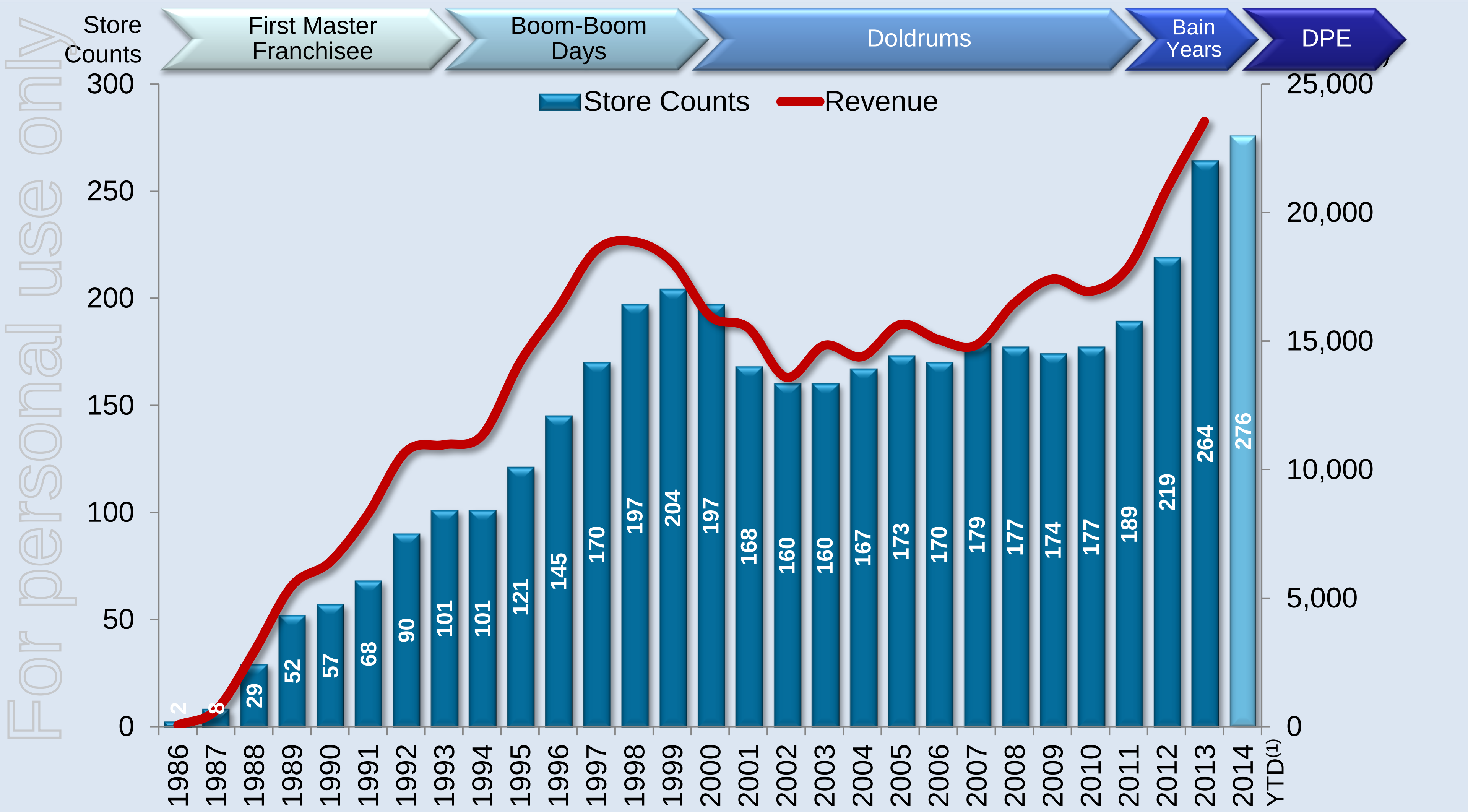
Product Portfolio (Side Menu)



3. How Did We Grow?

What did we change?

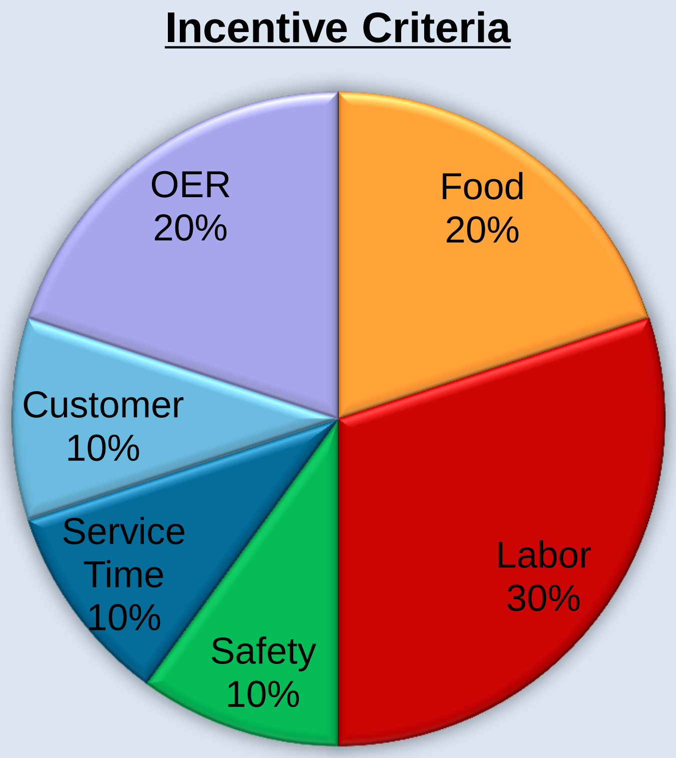
Store Count & Revenue Trend



Note: (1) 2014 Number of stores as at 31 October 2013

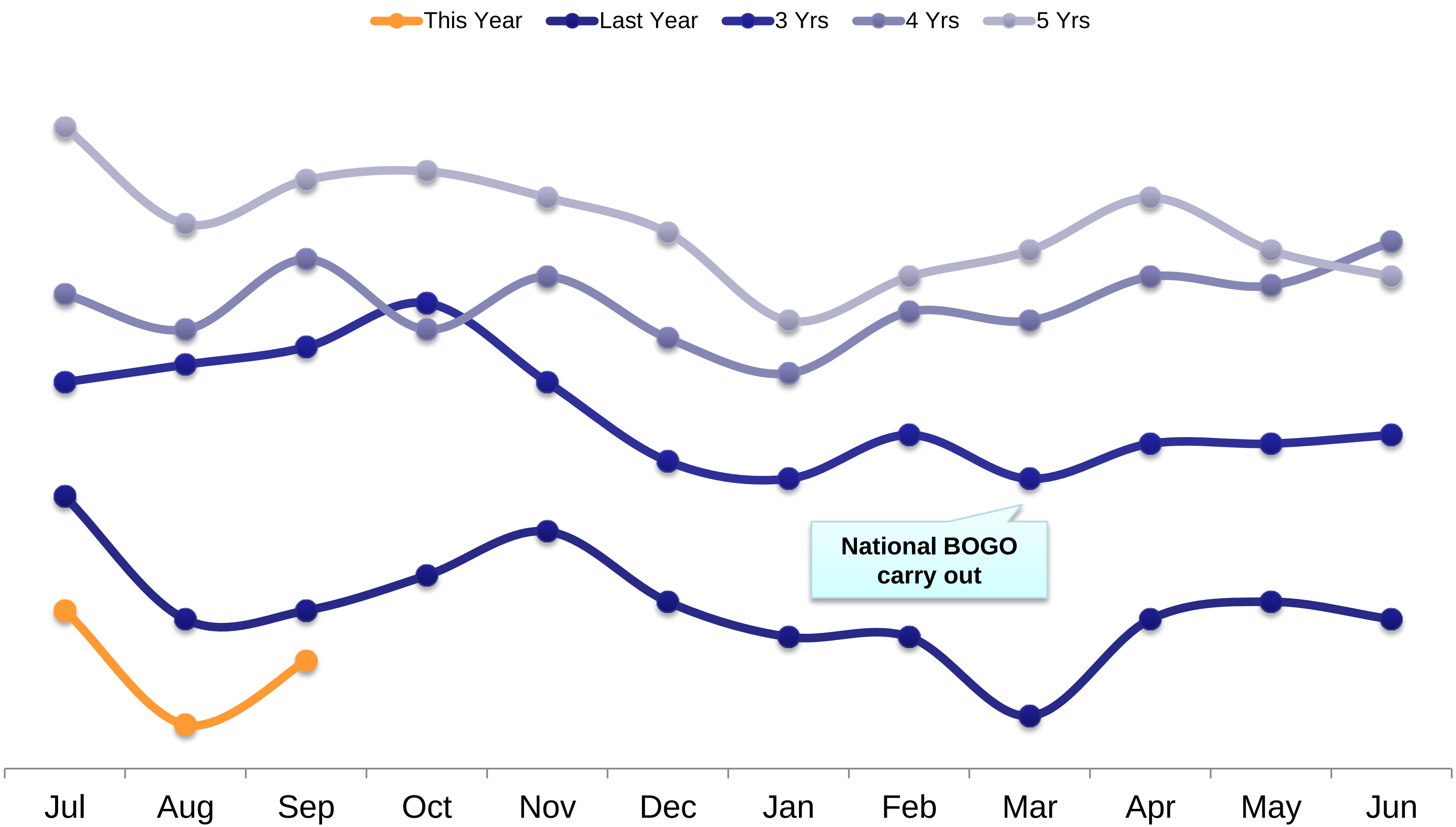
What did we change?

- Created a sense of ownership with Manager Bonus Program
  - Criteria: Food, Labor, Safety, Service Time, Customer, OER
  - Pool size: Based on sales achievement

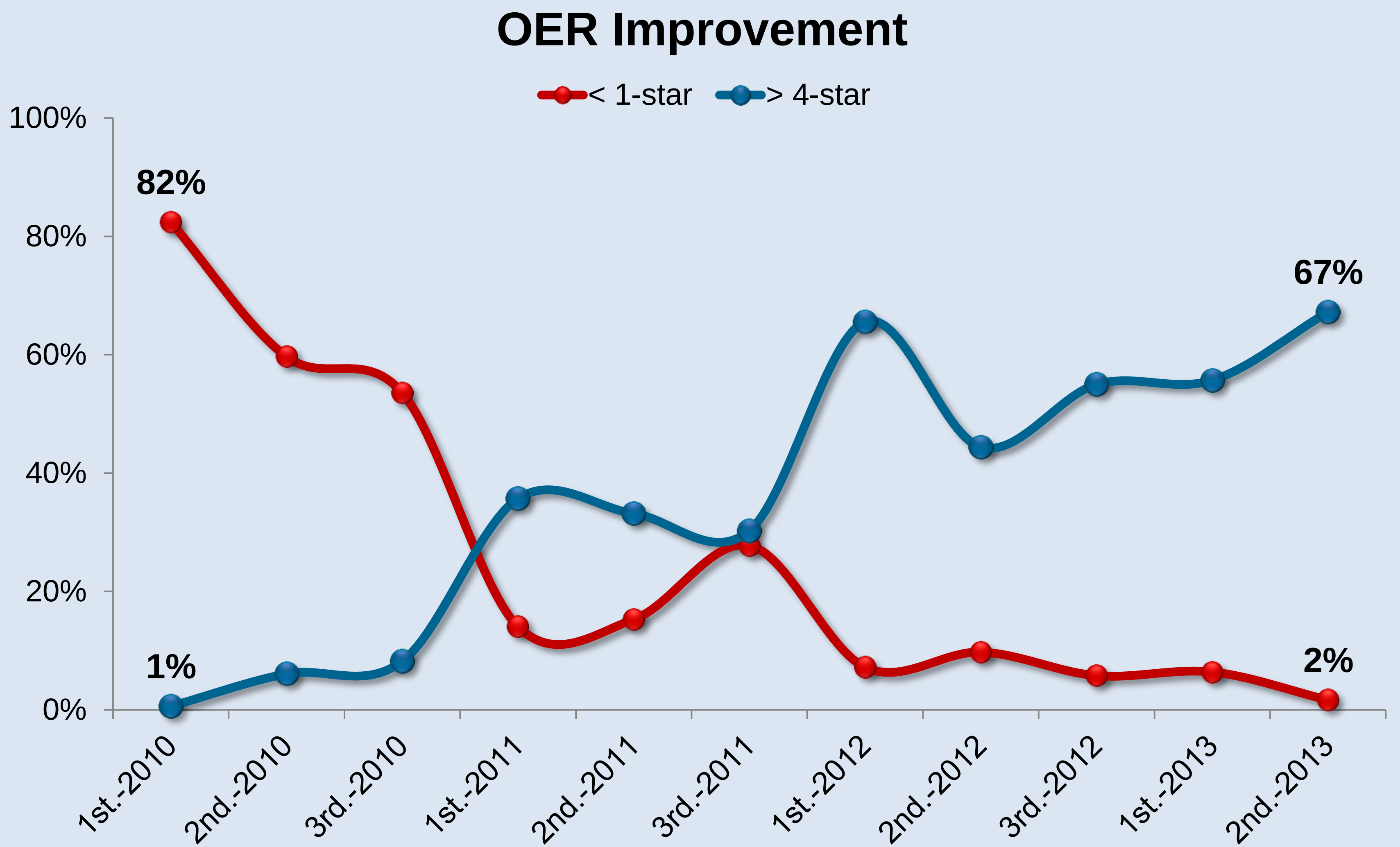


What did we change?

Crew Labor % vs Gross Sales



What did we change?



Scooter Repair Shop?

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We are not scooter repair shop anymore.

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Pass Through Window

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Pass through windows are gone.

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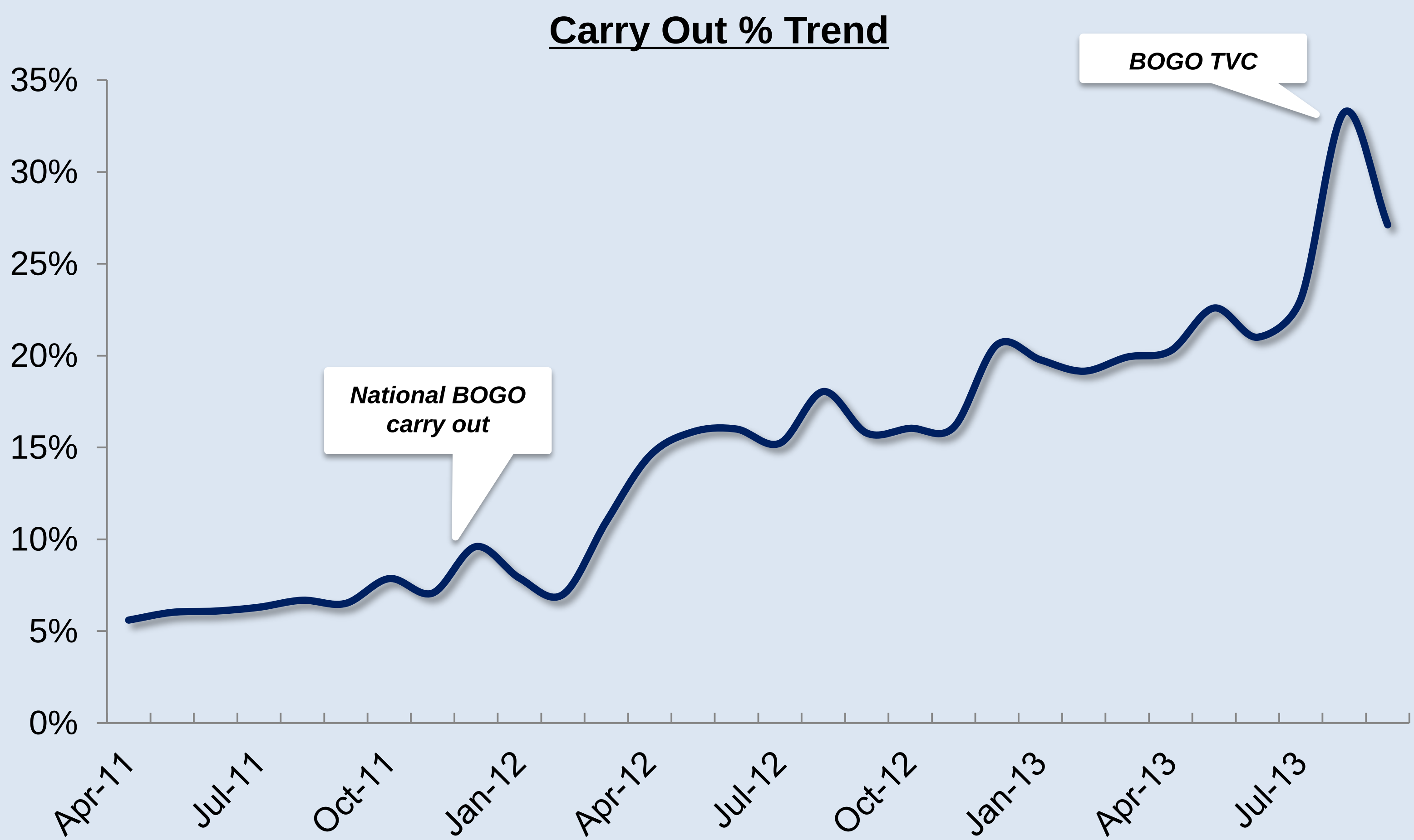
What did we change?

- New image allows carry out growth.



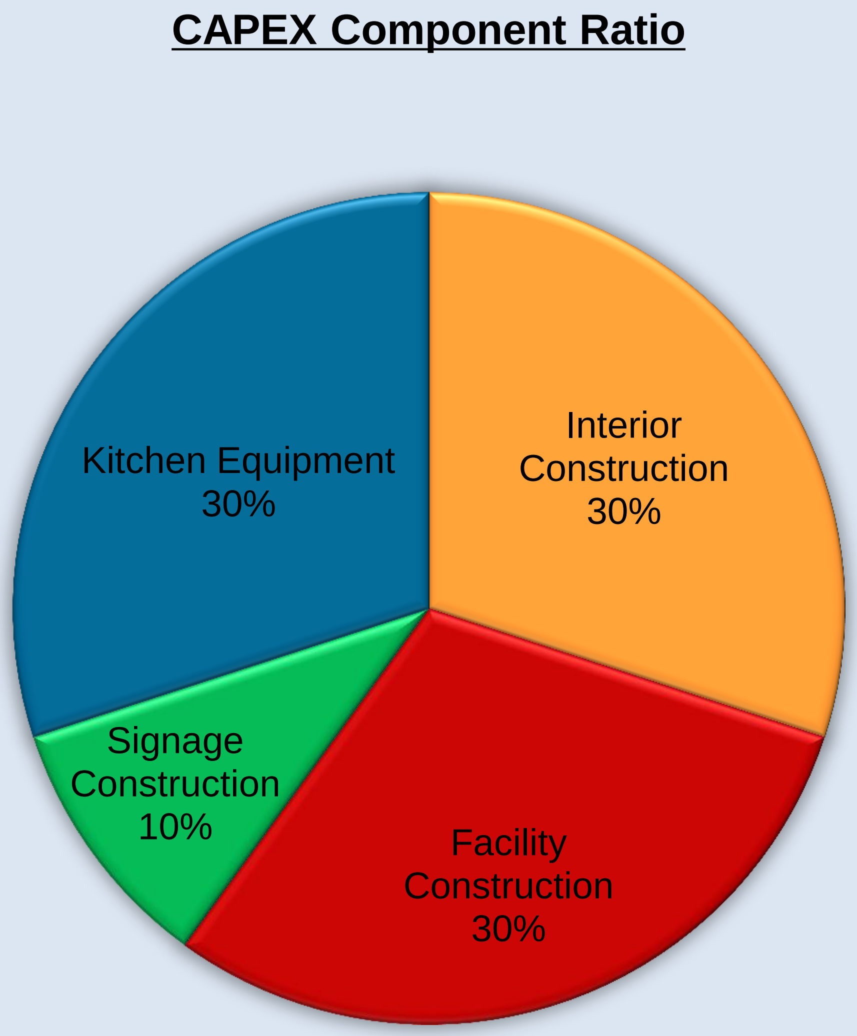
4. New Store Model

What are differences?

- Better awareness, Better visibility, Better accessibility, Better service, Better product

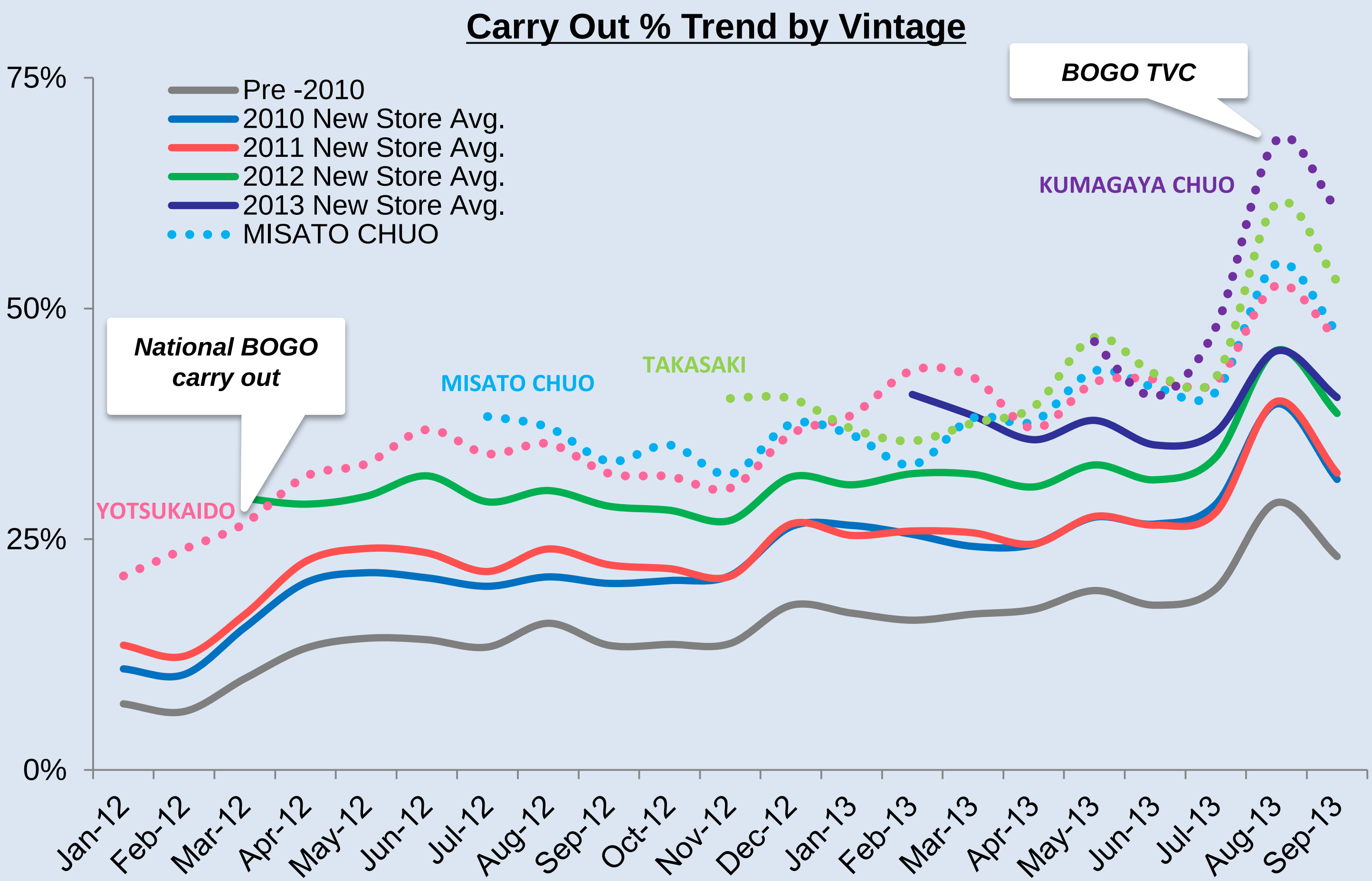
		Past	Current
Awareness	Location	Off street	Main street
	Traffic	Low	Heavy
Visibility	Front of site	Narrow	Wide
	Signage	Small/ Front lit	Wide & Broad/ Back-lit
		Single	Multiple
Accessibility	Parking	Only for delivery vehicles	Parking for customers
	Carry out order	Carry out window	Carry out area
Service	Waiting space	Outside	Pizza Theater
Product	Oven	Old oven (slow)	WOW oven (Fast)
	Makeline	3-rail	4-rail

Initial Cost Model



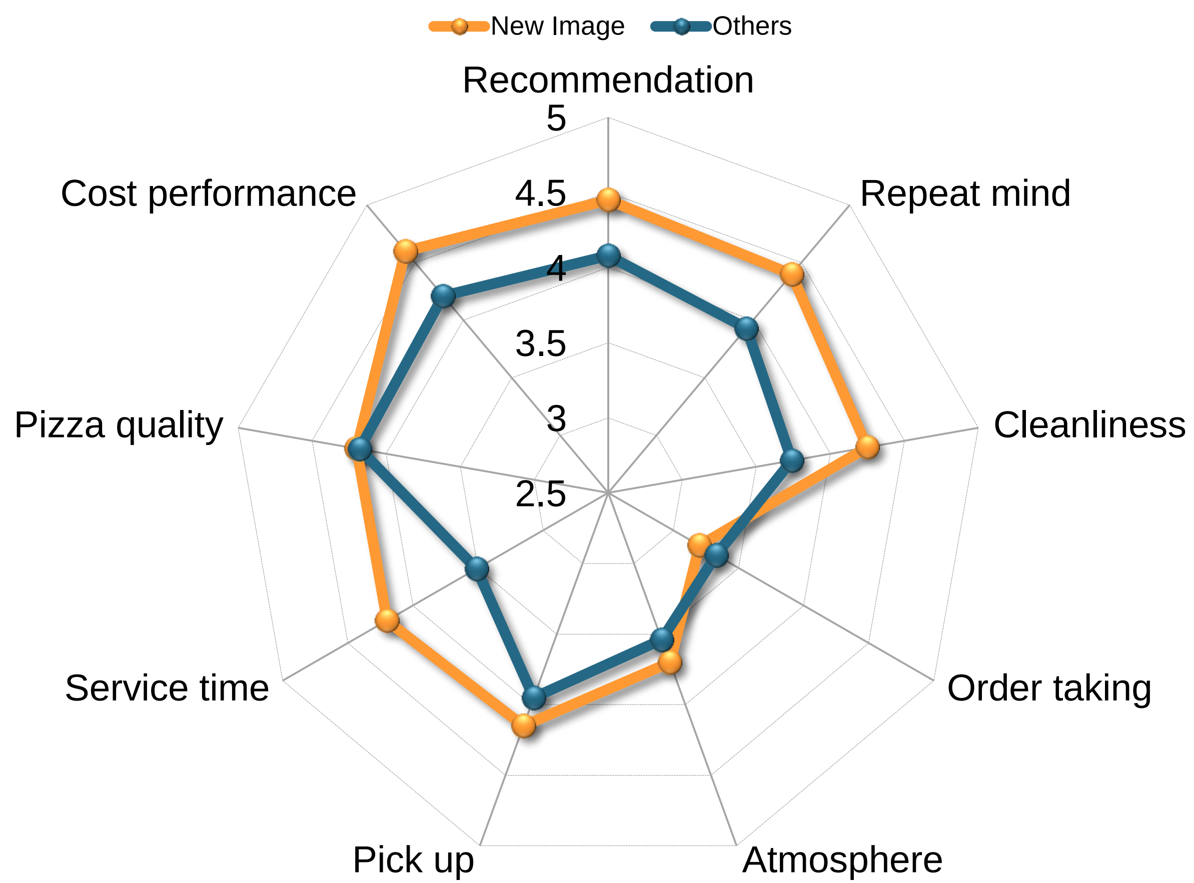
Carry Out Sales and Ratio

- New image = Carry out positive



Mystery Shopper Survey

- New image = Better carry out service



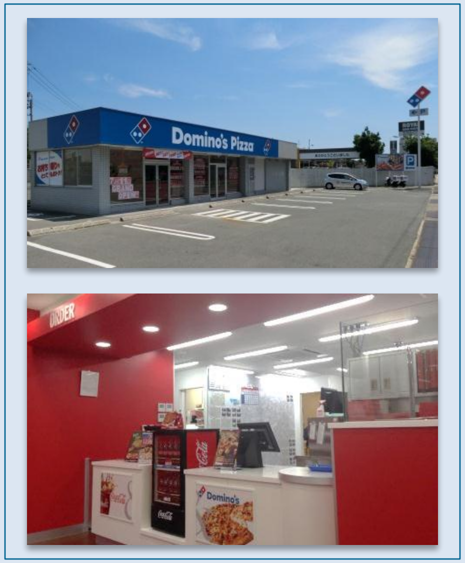
Note: Company survey in August 2013, Scale of 1 to 5

Further New Store Format

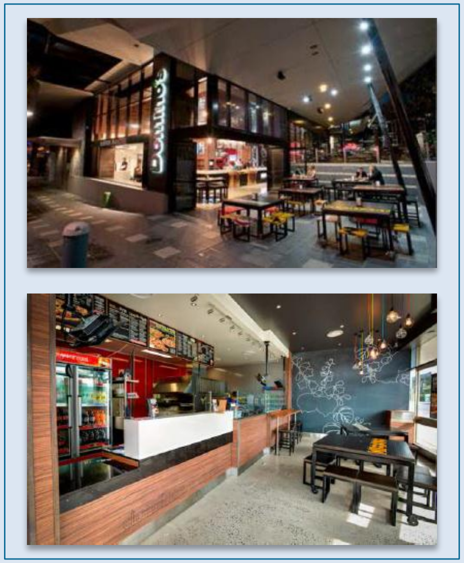
- Researching the first site and the cost based on the DPE “Entice” store
- Start: January 2014

DPJ Back Street Store Format

DPJ High Street Store Format



DPE “Entice” Store Format



New Uniform

- Comparing the cost of new uniforms (New international or DPE Entice, Import or domestic manufacture)
- Start: Around June 2014 after finishing the inventories of current uniforms

Current Uniform

New International Uniform

DPE "Entice" Uniform

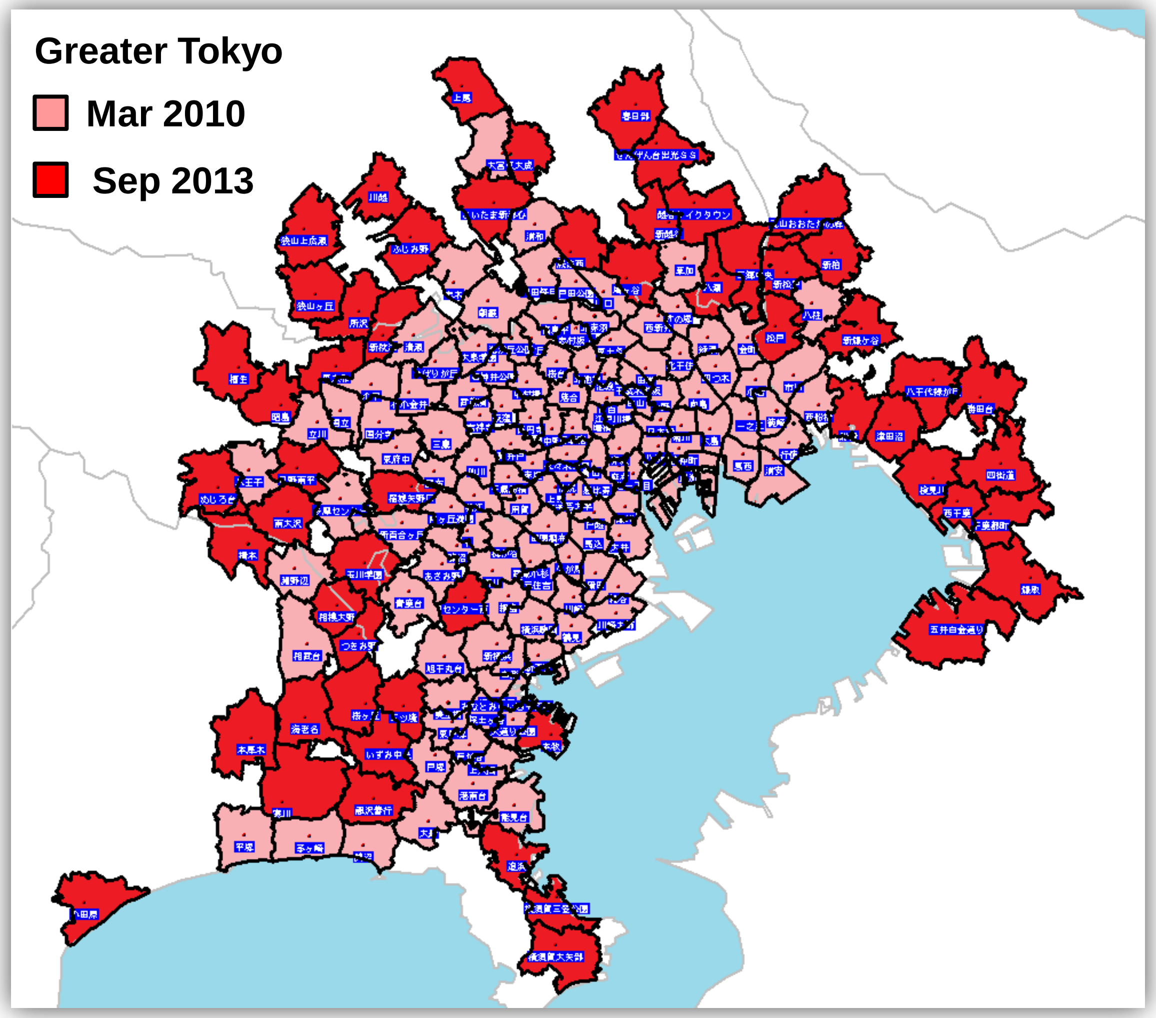
5. How Do We Get to 600 Stores?

Store Develop Potential

	Scenario 1	Scenario 2	Projection
Address Count per store	50,000	40,000	≈45,000
Total	**523** (Researched in 2013)	**705** (Researched in 2013)	**600** (Company study)

How do we get to 600 stores?

- We grow new territory.



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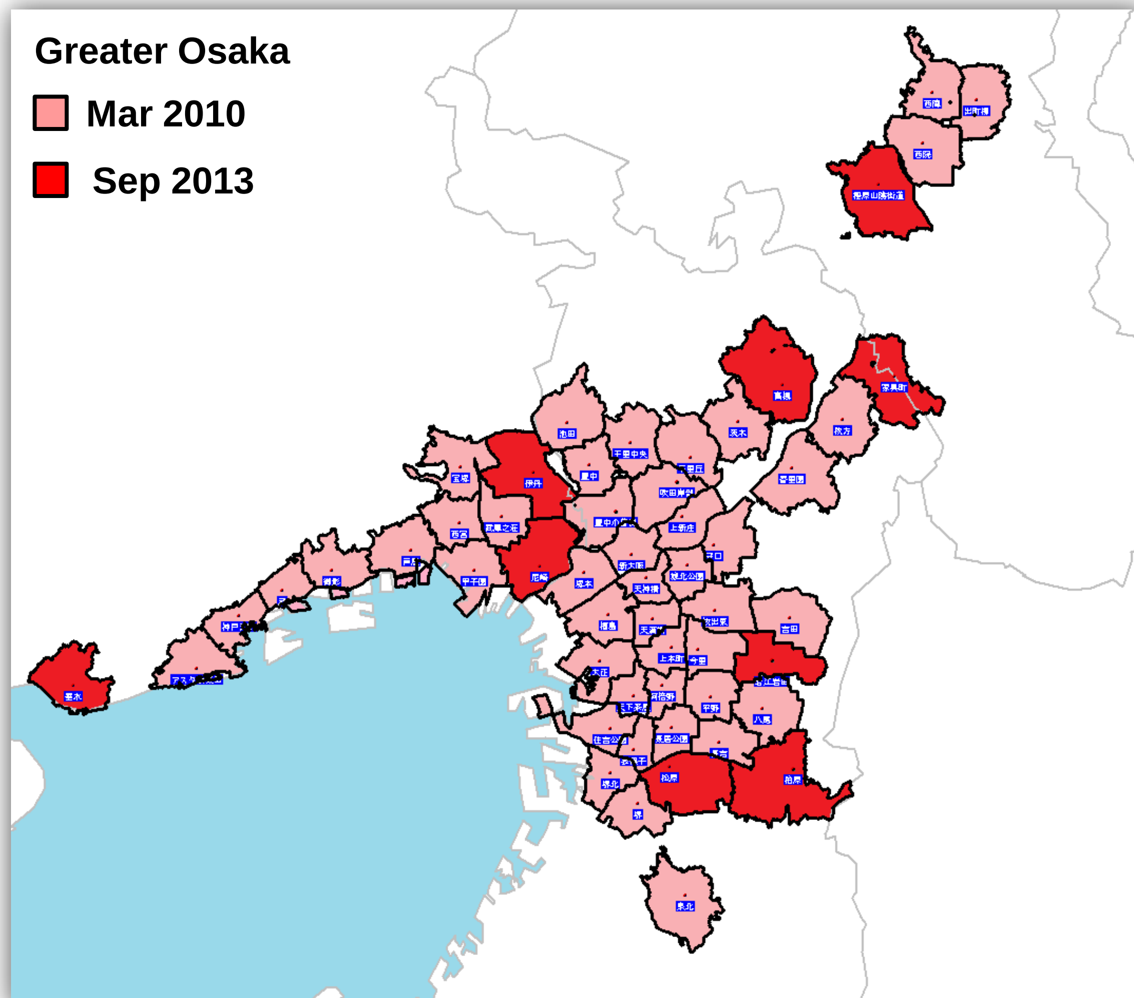

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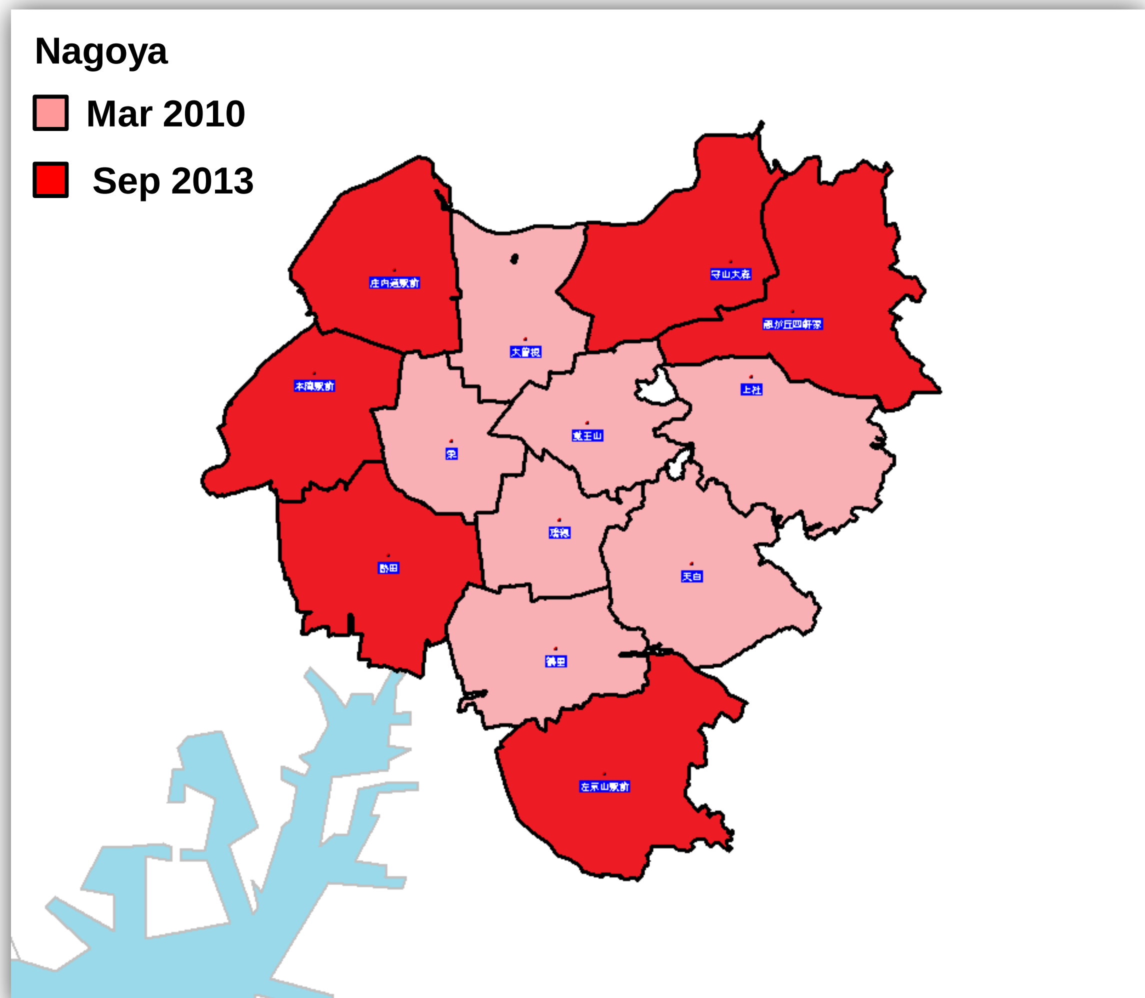

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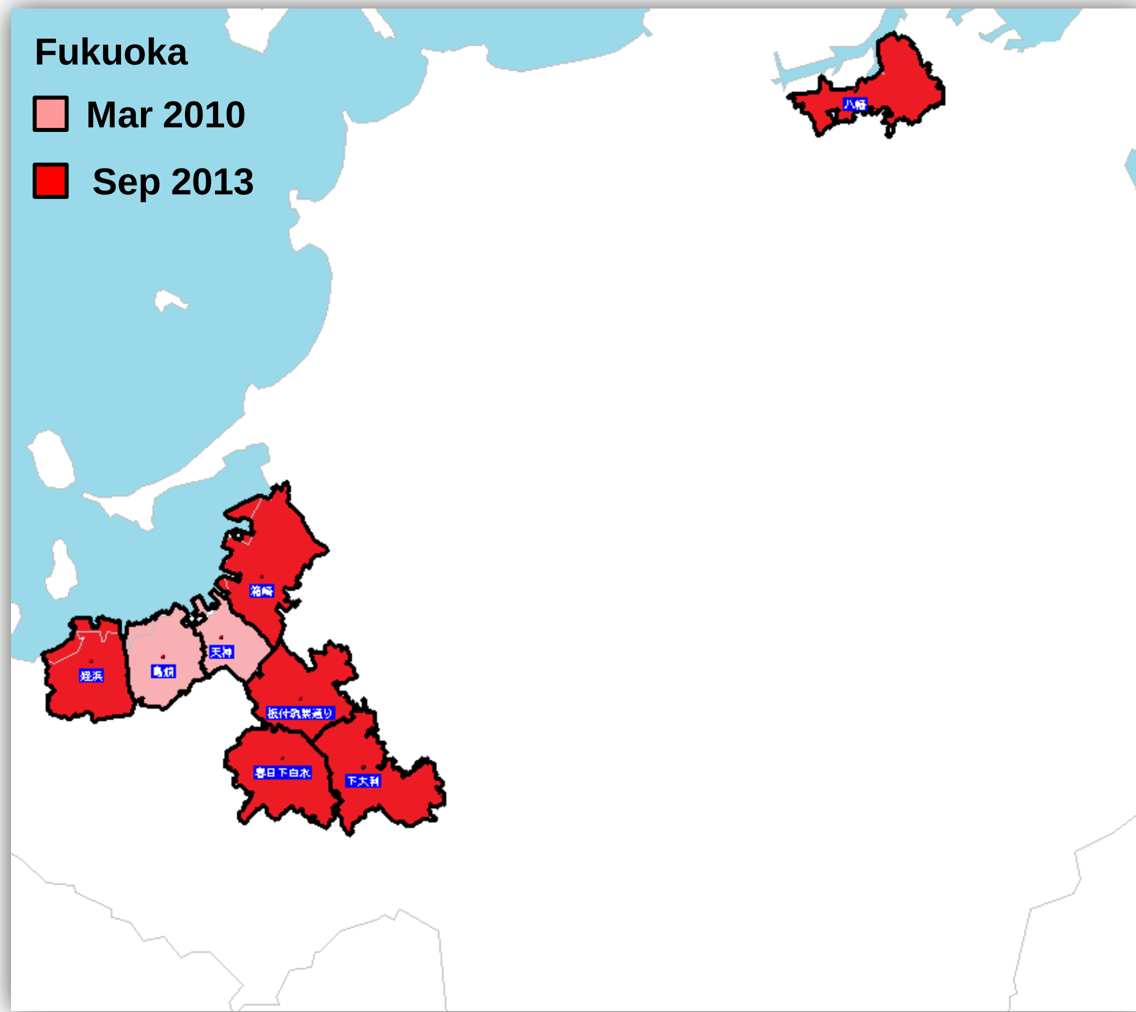
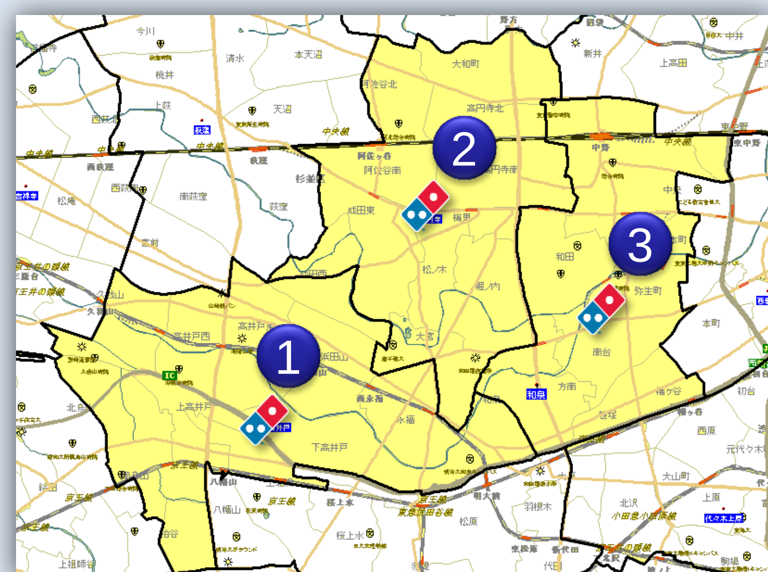


6. Carve Out

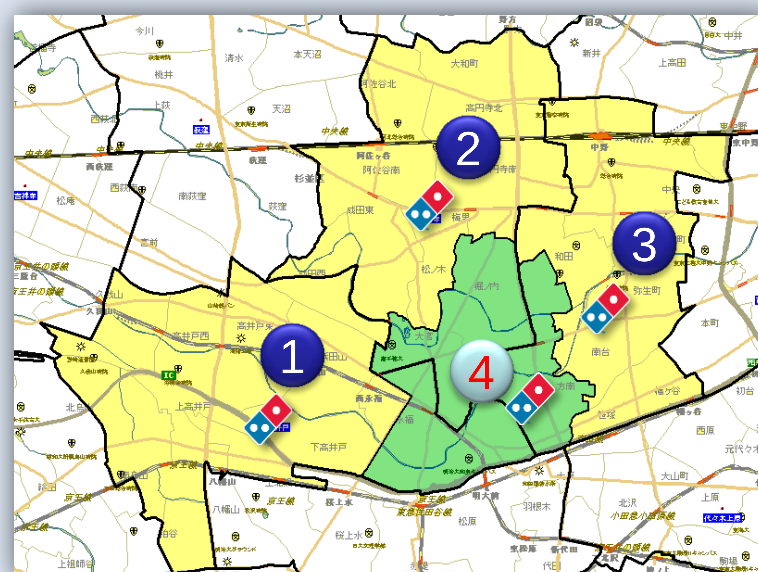
Carve Out

- We grew via carve outs.

3 stores



4 stores



Carve Out

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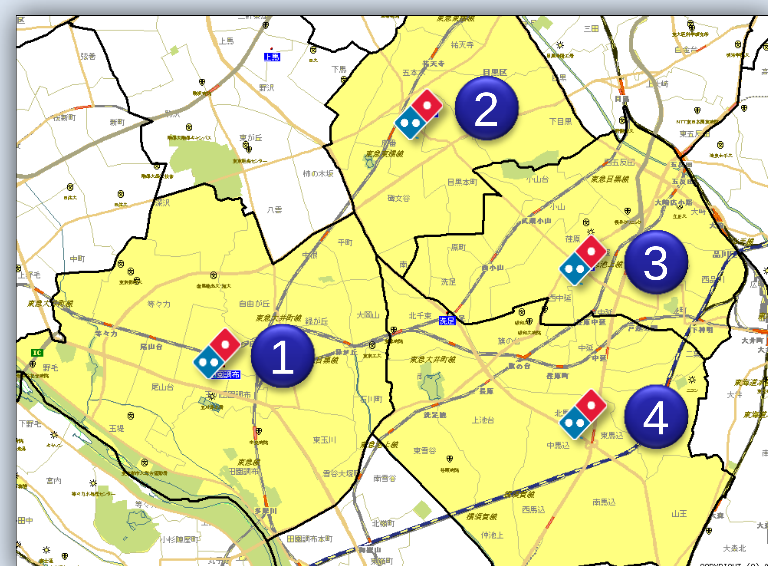
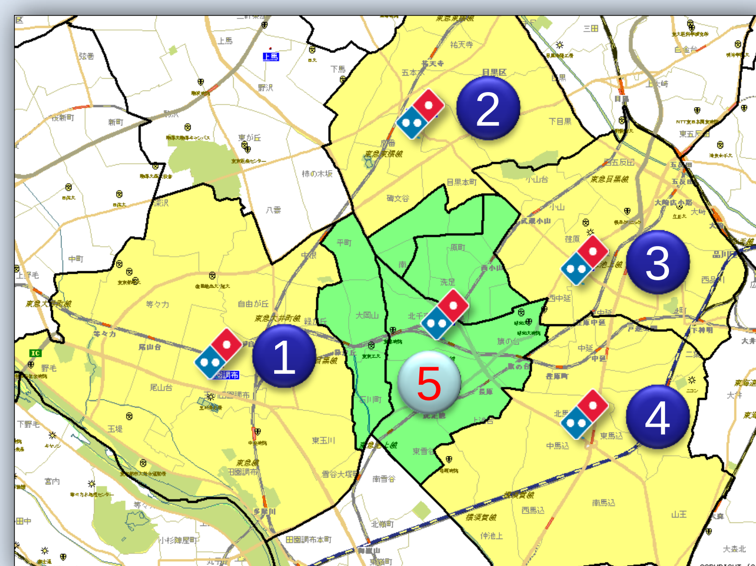
4 stores

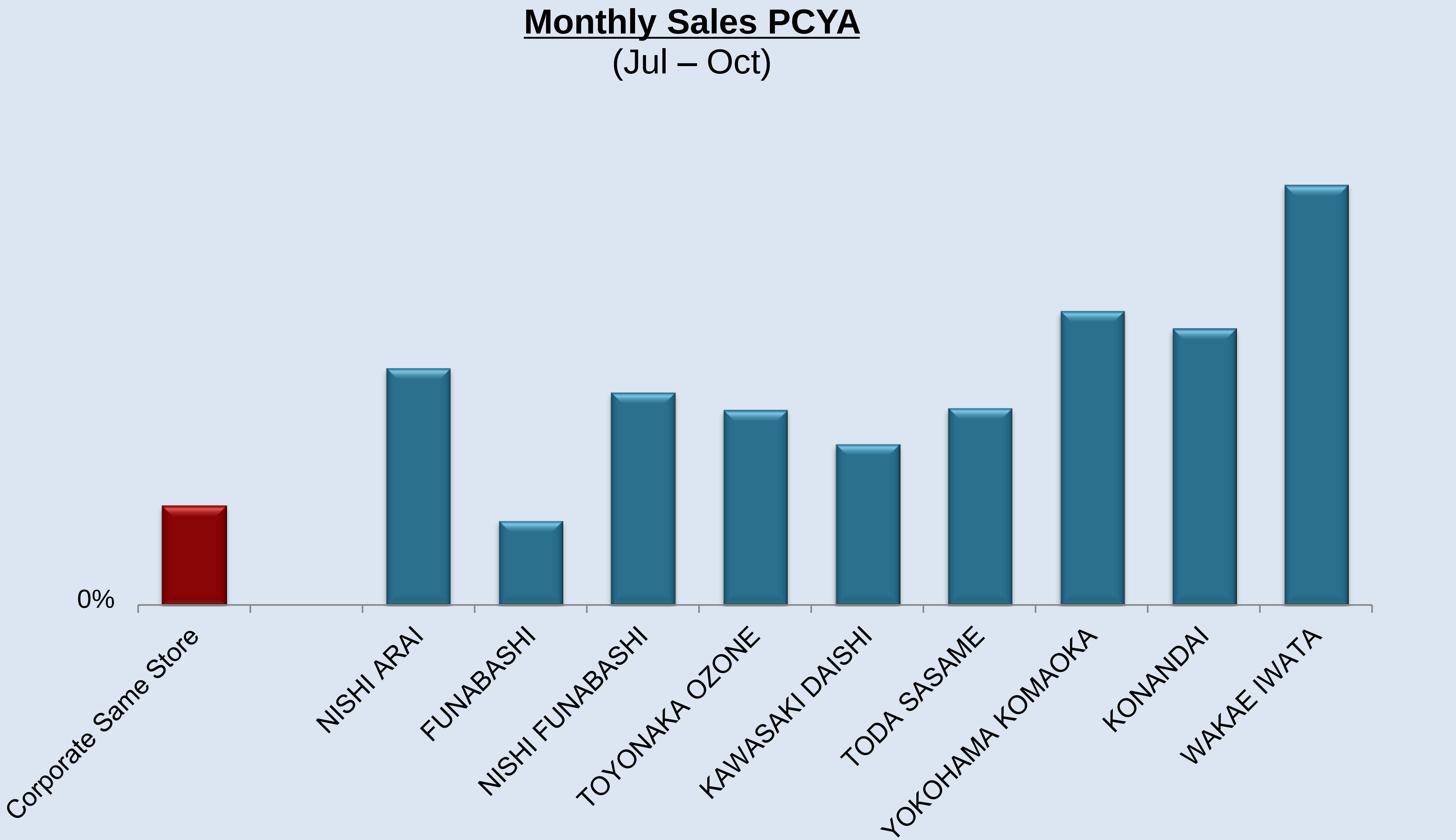


5 stores



7. Why Relocate?

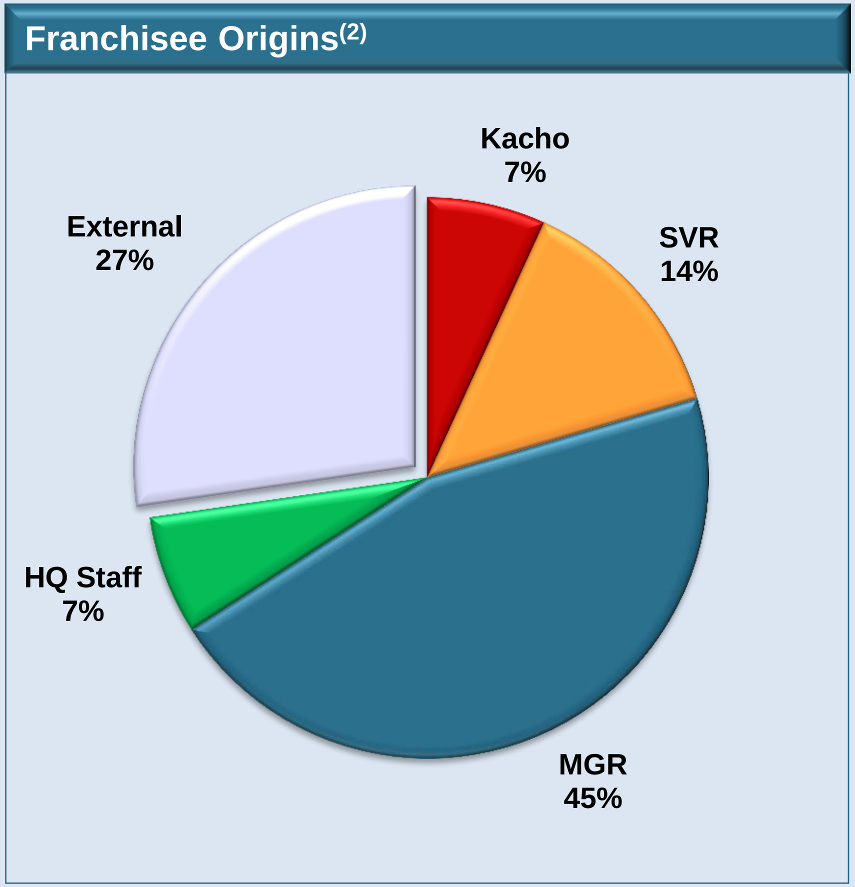
Relocations have proven effective to date.



8. Who Are Our Franchisees?

Franchised Store Development

- Growing for this 3 years, especially IFC



Note: (1) Number of stores as at 31 October 2013, (2) Percentage of franchisee weighted by store count as at 31 October 2013

CAN DO! Partners

- CAN DO! Partners program is a unique approach to franchising for Japan.
- Franchisee has a lot of opportunities.

~ Opening

- Can start with ***low initial investment***
- Can get ***full support*** of DPJ store development team

Operating ~ 3 years

- Operate as an internal franchisee
- Can ***take upside***

3 years ~

- Have options

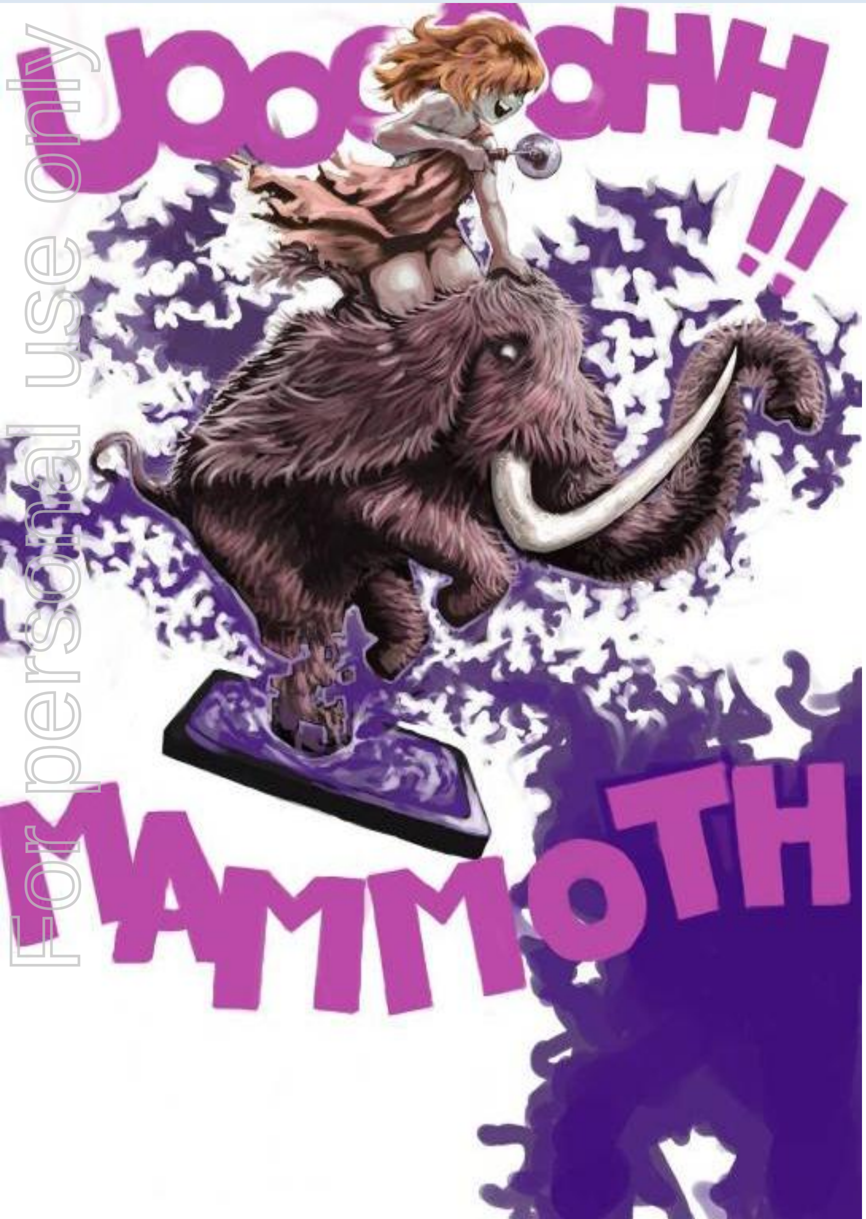
  1. Buy the store with the pre-agreed price

  2. Continue the contract

  3. Finish the contract

9. People

New Training System



We are introducing a new training system named

‘Mammoth’

What we want to achieve?

1. Single training program for full-time and part-time → Use of the same same 190 step training program and tools for everyone of any store (both corporate and FC)

2. Efficient program to produce MGR and A-MIT (5 per store) fast → Clearly targeting MGR skills and integrating old tools to 1 system

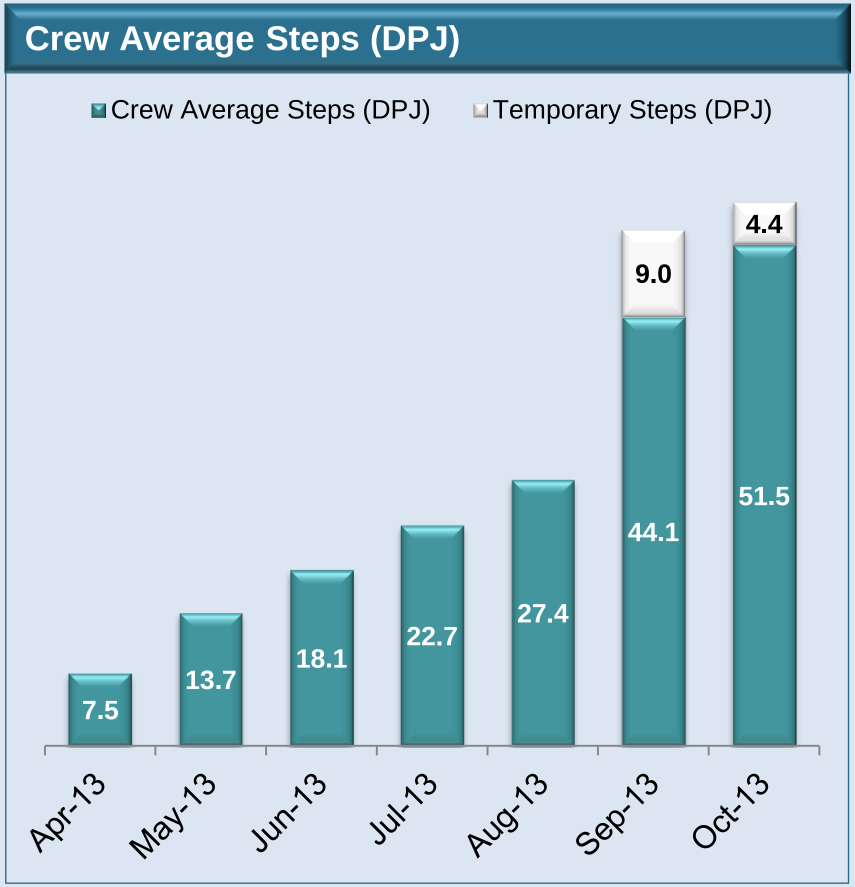
3. Leveraging IT and self training → Development of a tailored learning management system and e-learning environment

4. Productivity improvement and retaining people → Target is 6 months to be a MGR from A-MIT + Fun-to-learn functions

5. Tight monitoring of training and evaluation → High transparency and KPI monitoring tools + Standardization of evaluation

Monitoring

- Crew learning is accelerating.



10. Research Project

Objectives

- ‘Where to Play’ & ‘How to Win’

Objective	Research
To fully understand where key opportunities exist for DPJ ➢ ***Bringing competitor users to switch to Domino’s*** ➢ ***Improving the order frequency of our users*** ➢ ***Changing non delivery pizza users to Domino’s fan***	**1. Sensory research (CLT)** ✓ *Appearance (Overall, Cheese, Topping, etc)* ✓ *Taste (Overall, Cheese, Topping, etc)* **2. Qualitative Survey (FGI)** ✓ *Consumers views (Western fast food, Pizza, Domino’s, Other brands, etc)* ✓ *Drill down on PSI, for all brands* ✓ *Evaluation of Pizza box’s design (Current Domino’s, others)* **3. Quantitative Survey** ✓ *Basic attribute* ✓ *Brand awareness* ✓ *Buying behaviour* ✓ *Consumer associations* ✓ *Consumer behavioural change*

Note: FGI = Focus Group Interview, CLT = Central Location Test

Any Questions?