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DMP.AX - Half Year 2022 Domino's Pizza Enterprises Ltd Earnings Call

EVENT DATE/TIME: FEBRUARY 22, 2022 / 11:30PM GMT

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PRESENTATION

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Good morning, all. As the time is now 9:30 in Brisbane, I will commence the presentation.

Now before we commence, I'd like to start with an acknowledgment of country to pay respect to the traditional owners of the land. I acknowledge our Aboriginal and Torres Strait Islander people as the first Australians and traditional custodians of the lands where I live, learn and work. I pay my respects to the elders past, present and emerging.

Good morning, all, and thank you for joining Domino's Pizza Enterprises half year results presentation. We're joined this morning by members of the leadership team from across Australia, New Zealand, Europe and Asia. And we're going to start the presentation hearing from Don Meij, our Group CEO and Managing Director. Over to you, Don.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Thank you, Nathan, and thank you, everybody, for joining the call today. Now before I get into the financials on Page 5, I want to just also recognize upfront all the incredible team behind these great sales and store openings that we've been able to deliver in the last half and over the last couple of years. Our franchisees who have been so dynamic in the way that they've been able to navigate all of the continuously moving challenges. Of course, our team members, who have kept our customers safe, in many cases, delivering with 0 contact. And of course, our office team members who have been able to keep our menus full, our stores, supply, our stores opening with equipment in these interesting times. So it's their efforts that have delivered the numbers that you're seeing today.

So if you come with me on to Slide 5, I would like to highlight that in the last half, we grew our network sales by 11.1%. In fact, in constant currency, that was up 14.8%. Our online sales were up another 11.5%, and that's now 41% growth in over the 2 years. We've added 285 stores, specifically in the half or 432 stores since the same time and last year. Our EBIT was down 5.7%, which we'll talk to today. In constant currency that was down 2.4%. And we were able to have maintained our dividend as the same as the corresponding half last year.

If you come with me now on to Slide 6. Europe was absolutely the highlight in this result with really strong numbers. In Asia, Josh will talk in more detail. But following the state of emergency, as we highlighted at the AGM, there has been a rebasing of our network sales and EBITDA, still incredible numbers over a single year, 2- or 3-year basis.

The accelerated corporate store network in Japan has resulted in some margin compression as 208 stores that are immature in the last 36 months. But saying all that, still really incredible sales, our EBIT up over 70% pre-pandemic. So some -- ultimately, it gives a much bigger business and a much stronger business than it was 2 years ago.

If you look at the Australia and New Zealand business, we were -- we did have about an $8 million impact there. As we flagged, we invested in Project Ignite this year. And unfortunately, we had a period of time where we had the New Zealand -- or part of New Zealand closed, which had about a $1.8 million impact.

If you come with me now on to Slide 7. You can see there that our EBIT growth on a 2-year basis is up -- still up 25%. What's driving the growth, ultimately, the network is still digital delivery. Delivery across the business is in growth, and you can see there that our digital platforms are now 78% of our total sales. Pre to pandemic online ordering for our business was roughly a $2 billion business. Today, it's in excess of $3 billion. Pre to pandemic, we were a $3 billion network. We're now past the $4 billion mark.

So it's been quite extraordinary growth. And everything that we do at Domino's has been designed to be delivered. In fact, they're all our own products, except for Coke and Pepsi.

If you come with me on to Slide 8. I'd like to highlight here that we were able to still in the first 6 weeks of trade, grow our business. Network sales up 6%. We're enjoying positive like-for-likes. We still do have a drag in Japan, but we do point to the fact that the Australian business in recent months and Taiwan and the Benelux have been in strong growth. But on a 2-year basis, network -- sorry, the same-store sales up 11.8%. And we're off to a good start this half, where we've added 23 stores to the system, and we believe we're on track to be in around that 500 stores, including the acquisition of Taiwan.

If you come with me on to Slide 9. The positive same-store sales of the network, it should be noted that we are rolling these really, really strong numbers but we're still really confident that we're going to continue to be able to grow with positive same-store sales and ultimately, strong network sales because of the number of stores we're opening.

If you come with me on to Slide 10, it really highlights there that 41% growth in online ordering. It is the engine room. It wasn't too long ago where there was rightfully so questions about in the age of delivery with everybody else entering the delivery market would Domino's be able to continue to grow. And I think we illustrate that we are. And even as I talk to you today, it's delivery that's fueling the growth where markets have opened, but yet delivery is still where we're seeing our sales move.

If you come with me on to Slide 11. As I mentioned earlier, 285 stores added in the half with Taiwan. This will be a significant half of organic growth across the business. And David will talk about that with Australia, New Zealand, which we'll see a big lift as well in this half and for this calendar year as a result of Project Ignite.

If you come with me on to Slide 12. You can see there that all businesses have been able to grow their network in sales, and you can see how we're smashing through the $4 billion. I'll get Richard to talk more specifically about our investments in the CapEx in his section.

If you come with me on Slide 13, we are actually giving you an unprecedented amount of disclosure here for our franchisee profitability. So you can see the ebbs and flows. And we really are proud that our franchisees continue to enjoy stronger, stronger profitability both from what they get per store, but also as our franchisees become larger in size with more stores. 50% of our franchisees now operate more than 2 stores and 1/3 of our network operates more than 3 stores as we continue to strengthen the business.

So as a reminder, they're our most sophisticated investors so they're the most aware of what's going on in our business, and there is a huge appetite to continue to grow and open more stores. So at this point in time, I'm going to now hand over to Richard Coney to talk about the financials in more detail.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

Thank you, Don. Just move into Slide 15, Nathan.

As you can see on this slide, our revenue is in line with network sales, with growth of positive 10.2%. Our NPAT and EPS is down 5.3% but positive 26% and 25% over 2 years. Also wanting to highlight that we've maintained our dividend at $0.884, 70% franked, which is up 32.5% over 2 years.

Moving to Slide 16. As you can see here, Europe is the standout performer with EBIT growth of 11.5% and over the prior year and 33% over 2 years. Asia, although the worst performer on a 1-year basis down 17.3%, it actually performs the best over 2 years at 70.2%. ANZ, as Don highlighted, was impacted by Project Ignite of $6 million and COVID-related closures in NZ of a further $1.8 million, which impacted our margins and profit.

If we just move now across to just a summary of our group nonrecurring costs of just over $3 million. They are split between the ongoing class action and legal defense costs and also adviser fees for the recently completed Taiwan acquisition.

Our group cash flow. As I flagged at the full year, we've had a partial unwinding of our working capital position due to the additional trading week, especially impacting Japan with its large corporate store business. And as a result, just through that timing of when our year-end falls, our payables were down JPY 3.7 billion or AUD 44 million which this pretty much explains most of the movement. So this is truly a timing, and we as -- and a sort of a one-off impact in the half.

Also, you'll note we've got a higher net CapEx of $66.1 million, which is tracking in line with the upgraded outlook that we gave. So this is per plan. And then in addition to that, as you're aware, we had the Taiwan acquisition of $79.4 million. So all in all, still strong cash flow just impacted by sort of items that we've flagged and advanced or positive acquisitions and net CapEx investments, which is, in my view, a good story for the business.

Moving to Slide 19. Just a little bit more detail of our CapEx and net CapEx. And as you can see, our CapEx, which recycles which is investment, has lifted by $18.2 million, with gross CapEx up $24.6 million, CapEx expenditure, including investments in new corporate stores, which is primarily in Japan, franchisee loans for new and existing stores and also franchisee acquisitions predominantly in Europe and ANZ.

Our cash inflows are up 20% to $37.9 million, with our continual franchisee loan repayments coming down and also proceeds of sale of stores. As highlighted in Australia, we've sold down a number of our stores and also in Japan that continues. Also significant investment in digital platforms, especially the new native ordering app and next-gen OLO with a planned rollout in Q4 of this financial year.

Moving to Slide 20, the balance sheet. Our net debt increased by $162.6 million versus the full year, reflecting -- predominantly reflecting the cash flow movements I've already explained. Also worth highlighting, our current liabilities have increased primarily due to the put call option reclassification from noncurrent of $172.1 million, note in DPE has the right to call on the option on the 1st of January 2023.

Moving to Slide 21. Return on equity and capital deployed remained strong at 48% and 18%, respectively. And also worth noting our net debt and leverage remain conservative, noting our interest coverage has actually improved, partially a result of the lower funding margins from our new $900 million debt facility.

If we just move to Slide 22. You can see, as already highlighted, although the half was down from an EPS perspective, negative 5.3%, our underlying 2-year CAGR of 11.9% and 10-year CAGR of 19.8% remains strong and robust. And that's -- on that note, I'll pass you over to Andre. He'll talk to you with a bit more detail regarding Europe.

Andre Ten Wolde - Domino's Pizza Enterprises Limited - CEO of Europe

Well, thank you very much, Richard, and good morning, everyone. I was sort of hoping this time, I would be in the Australian market to talk to you in person, but I guess I have to wait another half year to do that.

I'm very pleased to share the European results with you. And I can give you an indication on the question I get a lot from investors and what does the European business look like after COVID. And well, it appears from here that we have to be living with COVID for some time. Even though restrictions have with a few exceptions being lifted across the market, probably earlier than in ANZ and in some markets actually totally like Denmark. I believe that you can see a clear indication of how we are handling COVID as it becomes endemic. And to really the answer to the question is quite positive.

And if we can go to Slide 24, Nathan, you can see that we've grown sales over the last 2 years, it was 28.4% and EBIT was 33%. But last half year, we've managed to grow the sales of almost 12% and an EBIT of 11.5%.

On to Slide 25. On this page, I'd like to highlight the online sales growth, which is particularly notable because we saw a return of carryout notable levels that we had pre-COVID. And as you know, carryout is not necessarily the highest percentage of online. And so it's very good to see that we're still growing the online to almost 80%, which we hope to smash in the next half year.

And then on to network store count and Slide 26. Over the last 2 years, we've added 198 stores in Europe. And although we had a slow start this year, notably, we do expect a very strong year of store openings. The pipelines in all markets are pretty full.

On to Slide 27. As Europe, as you know, and I keep saying this is not one market, a closer look at some of the countries. Germany is rolling really high same-store sales overall from last year when the delivery market grew fast and still maintains a positive same-store sales, which is impressive. France is seeing that carryout is affected and -- where carryout pre-COVID was -- from a customer base, almost 70% of the business. Sales-wise, it was a little bit less. But we're seeing that carryout is slow to come back while we are holding some of the record delivery to customers.

And then like Don already mentioned Benelux very positive in both carryout and delivery same-store sales. And at this moment, I'd like to do a big thank you for all the franchise partners in Europe, the team members, everyone at the office for opening stores at level above pre-COVID for maintaining higher store profitability levels, keeping the stores trading and the team safe and doing so while still serving the customers a better experience with better delivery times and a better product. And with that note, I'll hand over to Josh.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Thanks, Andre. And so over to Asia now, which, I guess, is our newest region with the acquisition of the Taiwan market, of 156 stores that combined with the organic 99 stores in the financial year shows about a 31% growth to our footprint in the region. So we're going to move through to the next slide, and I'll try to answer some of the questions I noticed coming through as well as we work through this. So strong network sales, 16.7 up, if you look at a 2-year basis, 61.4%. We were down in EBIT, but on a 2-year basis, up 70.2% or 100 -- sorry, $18.9 million.

Don already mentioned a rebasing of Japan network sales, thanks to the lifting of a state emergency. But true to our long-term strategy, we accelerated our store opening plan with 208 stores or 208 corporate stores in the last 36 months. This created some margin compression as we -- as those stores mature, we expect that to be accretive to bottom line.

If you look at the bigger picture here, in Japan, our footprint has grown substantially along with our market share, and that's really, really positive. We're now in 47 prefectures. We're #1 in 23 of those prefectures, including the majors of Tokyo and Osaka.

So let's go to the next page, Page 30, please. A couple of things to pick off the page here. In line with the other markets, online sales just continuing to produce as the age of delivery really accelerates in these markets. And if you look at the notable chart below that, which shows a large amount of new stores in the network, which will mature and become foundational to further growth in this region.

So let's go to Page 31. Okay. So 2 markets that are pretty similar stores per franchise. One we've inherited and one we've actually grown a few in Japan. So if you remember, back going 2 to 3 years ago, this was around 2.3 stores per franchisee. It's now at 3.5 stores per franchisees. So what this chart is really saying is that we've got strong franchise interest, and it's also showing that we've got a lot of room to grow with the population per store. So expect continuing records in these markets and continued store growth in these markets through franchise as well.

Next, switch to Page 32. For those of you with me a couple of years ago in our Investor Day in 2019, we spoke about our strategy. To me, this -- it was a business that whilst bigger than others -- than other PPE markets, I guess, we really didn't have the right foundation. We had an immature foundation that just needed to be put out.

Appendix 10 really shows the good overview of what's been achieved throughout these years. And it's important to note that we keep expecting to execute upon this long-term strategy. Suffice to say that I think through COVID times, we didn't flip and flop and become short term in our focus. We actually really thought about our long-term strategy and how we could bring the future forward through that.

So that's it. Let's talk about some of our short-term performance in the market. And I guess what's really pleasing is we've successfully created this regional center of excellence. We're leveraging teams and resources across our network to make sure that we're producing high-quality products and services for our customers. If we look at the behavior, the change through the state of emergency. It did rebase some of our stores. But what I really look at is the strength of the brand in Japan is our Christmas trading period. Many of you know who have been on this journey with us is that this shows, really, what we've done is sort of the scorecard for all the work we've done in the business. And we did have a record Christmas trading period. And this is not just grabbing the stores that we grew in Japan and adding the sales. We actually had over half the system with record sales trading days, and that shows the great growth in the business and in the brand overall.

Japan did build 140 stores, if you look at the calendar year, and this is actually rolling over the prior calendar year of 101 stores, so 241 stores over 2 years, 2 calendar years that is. And we reaffirmed our outlook going forward for these businesses.

Taiwan, absolute gem, high-quality team, high-quality leadership through Martin Steenks, who 20-year-plus veteran in our business. We opened 5 stores in Taiwan, basically a store per month of ownership. And yes, we've got some investing to do in this market, but this will only allow for further expansion and prime the pump for our future growth.

So at this point, I want to hand over to our new CEO, but not new to Domino's by any stretch. In fact, a 31-year veteran, Mr. David Burness to talk about ANZ.

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Yes. Thanks, Josh, and hello, everybody, and I'm so glad to be here with you for the first results announcement. As Josh indicated there, I'm new into this world, but certainly not into the DPE business. I've been with the business for 31 years. And I guess just by way of a short introduction to myself. I, in that time, I've served a number of different roles, about twice in a franchisee that's growing a multiunit business successfully and separated by a stint in Europe, where when we first went to Europe, I worked in the Netherlands as the Chief Operating Officer for our Dutch business. And over the last 14 years in Australia, I've run a group of multi-unit franchise stores where we had -- sales are about 60% to 70% above the national average and profits that were double the average store in Australia and New Zealand and I'll be hoping in this realm to be able to bring some of that knowledge to other franchisees and serve and then help them to achieve the same.

So if we go to some of the ANZ numbers available on the next slide. You can see that for the half, sales were $689 million, which is $41 million up, 6.4%. EBIT for that time, down $3.9 million, which looks strange because generally in the Domino's business increasing sales equals increasing EBITDA. And that would normally be the case. And the reason that -- in this case, it's 2 things. Firstly, we did have some store closures in New Zealand, as Richard and Don alluded to. The whole Auckland market was closed for a month. And there was also some other spot closures with COVID, so that was an impact of about $1.8 million. And the other thing is that we've reinvested into the ANZ franchise business through the Ignite program, and that's been at a cost of $6 million. But we're very hopeful that, that's going to introduce more growth in the business in the '22 calendar year and beyond.

So now I think just going to the next slide. We can see there a really important number on that slide is the online sales. You can see that even though we're a very mature market in Australia and have been online for quite some time but that number continues to grow to H1 '22, almost 80%, at 79%. That's an exciting number for me because as the age of delivery continues to enroll in the coming years, then online is where most of the opportunity is going to be for sales growth and the fact that we've got such a heavy presence in the online business and continuing to grow. It shows that we've got a presence there. And we're also releasing a very exciting, improved, faster, better customer experience app in 2022. So all of those 79% of our customers are online and going to get a better experience this year.

Perhaps just going to the next slide, Nathan. Now an interesting slide here is that if we go to the number of stores per franchisee, so where is our growth coming from with our franchise partners. It's in 2 areas. Firstly, in the 6-or-more stores, you can see that, that number has increased versus the 2- or 3-, 5-store franchisees, which have actually had a slight decrease on the previous year. Now those franchisees or 6-or-more stores are generally the most experienced and veteran franchisees, some of them our most profitable and best-performing and then the franchisees have got real confidence in the business right now because they understand the long-term opportunity that exists. Now the other number that's not shown there, you can see that if 2- and 3- to 5-store franchisee is slightly down, the other number that is up is the one-store franchisee.

Now the exciting thing about that to me is that those one-store franchisees, most of those have been store managers who have made the choice to purchase a franchise store in the last half. And that's one of the great Domino's stories. I think that story of driver to franchisee. And some of those -- traditionally, those franchisees have been the best franchisees and people that are growing up in the business who are passionate, they're real Dominoids and they're the next generation of really successful franchisees, and we've seen a growth there.

Just going to the next slide, please, Nathan. So we talked about Project Ignite, and we look at that as a way to really fortress the business in Australia and New Zealand and particularly in those underpenetrated markets, like Victoria and South Australia. And what we've seen is that over the last 6 months, some of our really high-quality franchisees have purchased stores from underperforming stores. And that really gives us a platform to get more organic stores opening in the calendar year '22. And in fact, we've had 58 franchisees that expanded their business in H1 and 25 of those have expanded their business by more than 2 stores. 19 corporate stores are franchised to existing store managers or franchisees. And as we've noted, that really gives us an opportunity to now grow in the '22 calendar year.

Now if we just go on to the next slide. We've got a couple of very senior appointments in the last 6 months, in myself, in the CEO's role, and we've got a new Chief Marketing Officer as well, who's come in with a really clear focus on our brand and Adam Ballesty is the gentleman's name and he is going to be doing a lot of work with the building of the brand, which we're really excited about.

One thing we did see was in Q2, we had some really strong profit and sales results. In fact, in December, we had 405 stores break their weekly sales record, which we've never seen before at any time in the history. We've been in business in Australia for a long time if you recall but to have 405 stores setting sales records is quite extraordinary and never been seen before.

We launched a new range of pizzas called the Value Max range, which is really resonating both with the customers from a value point of view because it's in our more for more strategy and customers then are making up well over 20%. It's about 23% of our product mix, which means that customers are seeing those as really good value. But the other thing is that it's translating into profits for franchisees. We actually had a record profit half for franchisees in that period and certainly driven a lot by those December results. So really exciting to see something that resonates with both customers from a value point of view and franchise fees.

And Nathan, just on to the next slide. I'd now like to welcome Marika to talk about what Domino's is doing in the ESG area.

Marika Stegmeijer - Domino's Pizza Enterprises Limited - Chief ESG

Thank you, Dave. Good morning, everyone. As you may know, I started about a year ago. So I'm pretty much the rookie, Domino's rookie today on this call. I'm the first Chief ESG Officer for DPE. I'm based in the Netherlands. As you know, it's one of our primary markets. I'd like to stress, however, that ESG is not only my responsibility. It's the responsibility of every person in this business. And therefore, I'm very pleased with the cooperation and collaboration with the Board, senior management and team members in each of our 10 markets.

It's also not -- ESG is also not a part of our business, ESG is in how we approach everything we do. And as has been shared in previous ESG updates, this phase of our ESG journey is focused mainly on those 4 points you can see on the slide.

First one is obviously to create a measurement and reporting framework because we want to make sure that we continuously measure, monitor and assess the impact of our ESG work and reporting our progress in a transparent and consistent way. If we release for this purpose our first sustainability report in August, and we intend to report according to existing ESG frameworks with our sustainability report moving forward.

Our second focus is to ensure compliance and risk management for especially our most crucial ESG topics. And therefore, we've recently also reviewed and published our new business partner code of conduct which applies across all our markets and is designed to ensure our high-quality business partners approach to ESG as alignment with ours. Thirdly, we communicate and engage with our stakeholders. In this first year, I've had many meetings with key external stakeholders and also had a chance to meet many of you, our investors. We consider these meetings and the feedback you share with us crucial for the success of our ESG efforts. In my and our view, stakeholder engagement is and will be a top priority for us.

And lastly, one, ensuring that we have clearly articulated ESG vision and strategy that is aligned with our core business. And therefore, this last year, we've developed our ESG vision, Mission Positive 2030. We believe in a best life for everyone. We have developed this vision together with many team members, including our franchisees, our Board, our investors view. We've also asked the customers for what their expectations are of us. And to make our ESG efforts better understandable, we've decided to refer to these efforts as Domino's for Good. And Domino's for Good back captures all the good we've done in the past and will do in the future and Mission Positive 2030 is our goal for this.

In this month, I'm happy that we launched Mission Positive 2030 ambition. We've done this internally and later we will share, of course, more of this externally as well.

On this next slide, you see some of the most important progress we've made this year. Some of these achievements I've just mentioned. So I'm going to highlight a few. As you may know, in November, we submitted our science official commitment letter to the Science-based Target Initiative. And with this commitment, we want to ensure that our efforts are ambitious and aligned to the latest science to limit global warming to 1.5 degrees.

And for this purpose, we've completed our corporate footprint baseline measurement as this will help us to better understand, and we now know what our environmental impact is. The next step is that we're currently doing is to develop an environmental strategy and a climate roadmap. We expect that this growth will enable us to submit our science-based targets this calendar year and then to have them validated soon after.

Moving forward, we intend to, of course, report on these -- based on these science-based targets. But for now, in line with previous updates, we're sharing our progress with regard to reducing our CO2 emissions for European supply chain plate. And although as you can see, our CO2 emissions, our stores have increased. This was done due to longer distances traveled to stores. We're pleased to share that, overall, we've managed to reduce the CO2 emissions accumulated this last year. This was due to innovations in our supply chain, which, for instance, introduced our first gas drug in the Netherlands.

As you will know -- as you know us, we're constantly innovating and testing other even more sustainable options. Lastly, female leadership is obviously a top priority for us. Each market has a specific focus on improving gender representation in a range of areas. The Board is also taking on an active role, engage with female talent in each market.

In today's update, we've included the new category as you may see and this is Asia, as noted -- we mentioned before. And this now better reflects female leadership across our markets, including our news market, Taiwan. We look forward to sharing our future ESG updates with you, and we're keen to hear your feedback, of course, on our achievements.

And I would like to hand over to Andrew Bradley, our CEO in France. Thank you.

Andrew Bradley - Domino's Pizza Enterprises Limited - CEO & President of France

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Thank you, Marika, and good morning, everybody. Now we're going to start my role has kick off as we look forward as a business, the outlook. We continue to navigate through these short-term challenges as we have through the whole COVID period. They are different from one market to the other, but we show the agility. I think we've shown over this last couple of years as we've moved through the pandemic. And really, I think what's been always the guiding line for us has been our long-term vision of this business.

And we haven't lost sight of that, and we won't lose sight of that. And basically, that is still the -- absolutely our guiding line for the future to build this business over time. We think we're going to be moving into, and we hope that we're going to be moving into the stage of living with COVID. And I just want to point out a couple of important points as we move into that period. Both Andre and Dave have mentioned the carryout business. And the importance of carryout does vary from one market. The other as was mentioned by Andre here in France. It is quite a big part of our business. And we've -- based on our HVM principles, we've continued to develop and invent and test all kinds of new great offers, which are our value offers. And this is really interesting in the current trading environment that we can offer these grades. Value offers to our customers, and clearly, they've been responding well to these different things that we've been able to create and share across the different markets.

The second point I wanted to mention was that we're really excited about our digital platforms because we -- as you know, this is a huge part of our business, and we're now in a situation where we're rolling out the new website, the native app, and we've started to get this launch in markets as we build up to the full launch in the next months. And every sign is this is going to be very, very positive for our business. And as it's faster, easier to use and the experience from those people that have tested it so far has been very, very positive.

We will be marketing this very hard, which we will as well, I was just -- as a slight warning for those people who follow us on this side of the business, we will be marketing hard to get a lot of downloads from people, which will probably offset a little bit on the web, so just be slightly careful in analyzing our business in the future because as we marketed, it will probably shift a little bit, but we're very, very excited about this. This is a key part of the next few months and years of our business.

And I just finished on the aggregators, this is and has proven to be in just about all of the markets, not a great opportunity for incremental sales. And again, in terms of our long-term vision, nothing has changed here. We will use it as the aggregators as an ordering platform. But in no case, will they deliver our pizzas every time your pizza is delivered. It will be by Domino's team member in Domino's uniform.

So with that, as a kickoff, I'd like to hand over to my friend from the North, Misja, and he will continue to explain where we're going in the next few months.

Misja Vroom - Domino's Pizza Enterprises Limited - CEO of Netherlands & Belgium

Well, thank you, Andrew. I'm Misja from the Netherlands. I guess, living with COVID means that we also are facing cost pressures everywhere, whether it is on supply chain, food cost, whether it is on energy or whether it is on labor because labor is getting scarcer and therefore, more expensive. But we, at Domino's, remain to be focused on delivering great value to our customers, and we continue to act according to our value equation.

So Domino's chooses to respond to cost pressures with a customer-first approach. And it means that we are balancing the value equation by giving more for more. And our natural response might have been that we would have with the cost pressure risen prices to our customers. But we have convinced our franchisees that we shouldn't. So what we've done side-by-side with our franchisees is added menu options. So bundles, sizing offerings or extra toppings that were both a win for our customers and a win for store unit economics. And this might be adding chicken to our menu, for example, the crunchy chicken, which is already added in a couple of markets and which is taking an 8% share of our sales or offering a bigger crust with more toppings and then at a slightly higher price.

So said that value is at the heart of high-volume mentality. Increased sales and increased operational efficiencies because that helps us to work more efficient and phase cost pressure, like, for example, using the kiosk in a store or using new GPS or the inventory app that will deliver value for our franchisees and for our customers. So that's a win-win, I guess. Having said that, I would like to hand over to Stoffel in Germany.

Stoffel Thijs - Domino's Pizza Enterprises Limited - CEO of Germany

Thank you, Misja. I'm Stoffel, the CEO for Germany. And really happy to talk to you this morning since these are very exciting times for us. It's over 60 years ago now that Mr. Monaghan opened the very first Domino's store with his vision being delivery. Everything we've ever done has been delivery. Mr. Monaghan focused on 30-minute delivery. And after that, there's been a lot of innovation coming from Domino's that have basically changed the delivery industry.

And where we are today, the future of our whole category is delivery. If you look in the streets today in bigger cities in Europe, you'll see the number of delivery drivers out, not just for QSRs but for restaurants and also for grocery deliveries. And with that, obviously, the operators will have some challenges. And us having delivery in our DNA from day 1 over 60 years ago. We understand that -- the importance of delivery and how to run operations. So we've -- through these difficult times where, as Misja said, we're facing some headwinds with the availability of labor, we still be able to reduce our delivery times to customers. And Mr. Monaghan's vision 60-plus years ago was already that if we deliver quickly to customers, we'll grow cohorts of frequent customers of -- which we're also seeing in these current times.

Key strategy for Domino's is that Domino's is only delivered by Domino's employees. That way, we control the whole value equation, we can roll product, service and image. And with that, we offset ourselves against our competition, which is a key to our future success because nobody delivers like Domino's.

Next slide, please, Nathan. So age of delivery is here and is here to stay. With the opportunity, and the opportunity is big, there's also challenges with the demand of labor being high. And as also questions pop up in the Q&A section of how much headwind are we facing here with the availability of labor. And Domino's is well positioned here since we deliver quality jobs, and we doubled down on training and on career opportunities. And with this, we keep delivering on the very important strategy of more for more in these times when we're facing inflation.

And it makes me extremely proud that within Domino's. We've got this great pipeline of people who are actually hungry to grow the business and grow the brand and build the next stores so we can get closer to the customer, be able to deliver that last mile in a great way. And when I was a 24-year-old regional manager, I didn't have the means to open up my own business, but it was the Domino's business. And the people within Domino's that helped me and supported me to become a franchisee and help build the brand to where it is today. And the good thing is I'm not the exception, I'm just an example because there are many, many people like me that have walked through these career paths within Domino's whether it is within the head office or being franchisees and that really offsets us against the competition.

If you look at the people presenting today, many of us have started their in-store positions. Many of them have been franchisees. And we try to hand over the opportunities that we've had in the past that people gave us in the past to the next generation and with that positioning us very well on the labor market.

With the hunger for new stores, we'll be delivering on a record result in openings this financial year. If you want to go more in depth there is appendix 12 to 14, where there's an outlook for our business. And having said that, I'll hand over to Don Meij.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Thank you, Stoffel. Thank you, everybody, especially the hours of the day that you're doing such.

So yes, coming on to Slide 47, I'd like to reconfirm our outlook that we expect to have 4,000 stores operating by the calendar year '23, 5,000 stores operating somewhere in that '26 to '27. And these are milestones. It is not the final score that we believe we'll have a network of at least 6,650 stores before financial year '33 and hopefully even more. In our own modeling, we can see the margin improvements as we scale up. So we do expect to get leverage from the scale as the years unfold.

If you come with me now on to Slide 48. We're also reconfirming today that our 3- to 5-year outlook, be it this year will be softer. The 3- and 5-year outlook, we still believe will be 3% to 6% once we get the rebases of Japan flow through the business. We'll have strong network store openings, and that will continue for the next 3 to 5 years of 9% to 12%, and that our CapEx as we invest in young franchisees and more technology and shaping the business will be somewhere between $100 million to $150 million.

If you come with me on to Slide 49. At this point, I'd like to take us back to the beginning of COVID. And I remember that when Italy -- Domino's Italy had closed with one of the first markets to be heavily impacted by COVID. And I remember asking Richard Coney how long could we operate if all of our network have closed. And it was in those days that we really quickly realized there was a privilege to trade, and it shaped our mindset that we were going to make sure that there was a deliberate investment in our people, in our brand when we brought significantly more advertising at cheaper rates and in our growth. And you can see over those few years now, where we've added more than 660 stores to the network, but these were very deliberate strategies in the business.

And so that's what you're seeing today as we now transition with living with COVID that it has impact our business for the better. We do believe we're a stronger business that we have maintained the new customers that have joined our business. We can see from our data, 40% increases in the heavy and medium users that continue from an increase in purchasing as well as the additional new customers that we brought to the business.

This is the age of delivery, and that is for ours to win. Despite the challenges in the supply chains, we've been able to make sure because of our long-term relationships that we've been able to keep our menus whole and our store supply in our stores opening with ovens and construction. So we're really proud of the work that the team is doing. Even if in sometimes you can see in the cash flow that we carried a little bit more stock to just carry that buffer.

So in conclusion, on Slide 50. We've delivered positive same-store sales and network sales across the group despite the majority of markets rolling some single year or double to 3-year really strong numbers. In more recent times, the Australian, the Benelux and the Taiwan business are the current stars. And we just -- it really gets us excited when we can see that we can add a new market like Taiwan and immediately apply our experience in this business and get such extraordinary traction. The stores that are going to open in Taiwan this year have done on Mays by just a number that we've been able to open so quickly and well done to Martin and Josh and the whole team.

Short-term results reflect the full and partial temporary closures of some of our stores due to COVID-19, especially when during the Omicron period and the reinvestment in Australia, New Zealand franchisees with Project Ignite and the rebasing of the Japan network. And I think it's really, really important that when we talk about the Japan network, it's still on a 2-year basis up 61%, be it that we will roll through a 12-month period with slightly lower like-for-likes versus -- or lower like-for-likes than the previous year.

The 1-year same-store outlook will be below our 3 to 5 but we still believe with all of the programs we have in place that, that 3- to 5-year outlook for same-store sales is very realistic. This year alone, specifically with the digital platform that we're rolling our third-generation web and gets a higher conversion rate. So we're attacking ourselves where our app already continues to grow, but we're not sitting complacent. We're actually launching new technology, which even grows faster for conversion is much more contemporary. It's easy to use and faster to use. Even in a market like Australia, we're still the fastest-growth pizza company where we outgrew our nearest competitor by 2.3x in sales.

If we come on to Slide 51. This year, the network will grow by in around 500 stores or more and that's including the integration of Taiwan. We opened our 3,000th store in the last half. We will open our 4,000th store in the calendar year '23 and our 5,000th store in the '26 to '27 calendar years, with just really illustrating our confidence with our franchisees' profitability, the unit economics and our ability to execute despite some of the challenges around us with councils and supply chains.

Our unrivaled ability to provide opportunities for team members to become franchisees, like many of the people on the call today and then in some cases, executives through a shared appetite of our future growth in the strategic competitive advantage of growing this talent is really 2 pieces of the puzzle that allows us to do what we do. And we're obsessed with that growth and growing our people from within.

Domino's continues to invest in the -- or we continue to invest in our long-term growth through digital platforms. And very excited about that, as I mentioned earlier. And we, therefore, look forward to a high-performance period in these next 6 months, but in the many years to come. So at this one view, I'll -- point in time. I'll now hand back over to Nathan to chair the Q&A. Thank you very much, everyone.

QUESTIONS AND ANSWERS

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Thank you very much, Don, and thank you to all of our speakers. I note that it's just past 1 a.m. in Europe. And so I would like to give my thanks very much to many of the speakers who joined us at this time. So I'd say you're looking very chip up for this time of the day.

We have a number of questions coming through. (Operator Instructions) I will start with 2 similar questions we've received from Lachlan Costello and also from Ben Gilbert. Just asking in terms of the COVID tailwind. So Ben asks, do you think that now looking at the results you had a bigger kick from COVID than you may have previously anticipated. Lachlan similarly asking that noting that you previously talked down COVID booster earnings in the base, do you still think there's no COVID benefit? And if so, why are you discussing earnings performance on a 2-year basis? I'll hand over to you, Don Meij.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Thank you, Nathan. Yes. Clearly, Japan has illustrated that difference to the rest of our group as we came out of the state of emergency where the rest of the business has continued to grow that we have had a rebasing. In saying that, because of the strategies that have been applied in Japan, we're a much bigger and stronger business 2 years on. So whilst we did get clearly some new customers as a result of bringing forward the age of delivery, we've been able to maintain those customers. And so the drag on our same-store sales today is largely to date, the drag because of Japan. So when we look at the rest of the business, I expect that we're going to have a strong half and strong year to come.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Thank you, Don. I've got a couple of questions in relation to Japan just now. Craig Woolford asked that DMP talks to a rebase in Japan sales, but also references a rebuild. Is it right to see the slowdown in sales as one of a permanent reset?

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Yes. Thanks for the question. Rebasing is one thing and rebuild. Yes, it's hard to -- when I put this together in my mind, I think about just the long-term strategy of the business. And whilst we went through COVID, there was a big structural shift through the state of emergency coming off. And we saw that. I mean virtually what happened is that every restaurant is closed and then all of a sudden, everything is open again. That hasn't deteriorated. So we sort of rebased. There's a couple of questions in there that says that does it continue to decline? No, it doesn't. And we're seeing that starting to build again as we go. And so the core of the business is very strong. And we also look at the other things like the operational metrics of the business, the store growth that was -- and all those things are intact, and we're very, very confident in that. Does that answer the question on...

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Yes, I think just to clarify, I mean, your expectation is obviously that -- so just to summarize that sales have come down to a level, but are not continuing to expect that you can rebuild and add sales from here.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Exactly. The long-term strategy is intact, and we'll continue to execute against it.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

So just staying on Asia then for a moment, Josh. Lachlan has asked what drives the huge operating deleverage in Asia. EBITDA to sales margin fell approximately 400 basis points, and he says, you would have thought the corporate store mix make should be positive for this metric. So will the deleverage deteriorate in the second half as the COVID tailwind dissipates?

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

No, we don't expect that to happen. We've been fortressing our markets. And just a reminder, we've got 47 different TV markets. We've made the decision to sort of fortress these territories. And what that means essentially is that when you take a little bit of a territory of one store, a corporate store, in this case and then open another store in between that for long-term positioning and obviously, to go after our 310 initiatives and by volume mentality. And so we can get the efficiency through the model, more deliveries per hour.

We -- this is a strategic decision to keep growing. So what happens is that you end up with more stores across the population, smaller territories, slightly, better efficiency. And those stores, as they mature out the other side will actually create more profit and a better foundation.

This also means that we've got to look, bigger ad funds, we've got more footprint, more penetration and more access to customers, whether it be carryout or delivery. So lots of different things in there, but we're still -- we're still going after the strategy. We are balancing that out. So with a lot more greenfield sites as we open these other areas, and we did change the strategy for our supply chain where we can access these territories now, so you are seeing a bit more of a balance come through as we open stores and trying to let stores recover and really mature through the next sort of 12 to 18 months.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

If I just add, Josh, from a financial perspective, the COVID -- in the COVID when we had the tailwind, it really brought forward the maturity of those new stores in that period. And then we've sort of more gone back to the standard cycle. So that kickup with all of those new stores opening in that period was very positive. and now we're just returning back to the normal sort of growth rates that we expect, if that makes sense.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Just -- staying on Japan for a few more questions, Josh. Moderation -- from Shaun Cousins, has the moderation in trading from 1st of October resulted in any decline in appetite from franchisees to open new stores? And then from Alexander, can you perhaps describe your expectations for margins as these corporate stores mature?

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Sorry, the first question was? I just cut out on my end for just...

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

The appetite. Has the appetite from franchisees to...

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Yes. The appetite for franchisees hasn't declined. In fact, we'll have record number of franchise stores this year. We'll -- we've got a very healthy appetite actually. And what's different is we've got a healthy appetite for brand new stores. If you can recall over the years, we've had to open corporate stores and then sell them on to franchise stores, but we're not seeing that now. We're seeing some of our bigger unit franchisees really start building capability in their teams and starting to build stores by themselves, which is a shift in the way store growth and the profile store growth in the business.

In terms of the margin, we expect stores to recover over time. We don't see any risk in that. We've got great customer counts in those stores, the operational metrics. And all the stuff that we know as a business and almost our IP is how to grow more customers in those stores as we put our strategies through those stores. So I'm not worried by this at all.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

And I promise I won't just monopolize Josh's time. A question from Alexander Mees and also Richard Barwick, a similar question. Just in terms of this what you're seeing in terms of the trading, the rebating, not the ongoing decline. So Richard has asked was the 12.4% SSS decline pretty consistent across the quarter? Have sales held steady so far in the second half? Alexander, similarly, it's been a positive start. At a group level, has Japan performed in this time, cycling strong comps.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Yes. Look, sales have held steady and -- steady and they continue. I mean we're rolling over some very big sales still from last year. I mean it's a bumpy ride. January and -- huge numbers. And we're holding strong, and that's what's encouraging us in this market. So I'm not seeing anything that would deter me from -- it doesn't deter any of the growth prospects for the business. As I said, the franchisees are still wanting to open stores. We're still looking to open stores and continue with our strategy in the market.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

A question from Peter Marks. And I'll maybe pass this on to Don first or Richard, can you please talk through how the extra week in the first half and the balance that fall in the 2nd of January will impact the weighting of second half profits for each region?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Yes. The good news is that because we've now traded Japan for as long as we have, you can go back and see where this has happened twice before. So Richard highlighted how it impacted the cash flow. But yes, when you look at the proportion of same-store sales, proportion of sales, you can just have a look at 4 years ago is indicative and it will be something quite similar, be it the one variable that's dramatically changed this time. So you can add this as an additional line is the number of stores opening. So the number of stores is clearly continuing to assist the total network sales growth. So Richard, anything else you'd like to add?

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

Yes. Just that additional week in Japan obviously impacted the cash flow, but it is -- you're rolling. We're rolling -- we're adding a week, which is one of the strongest weeks in Japan with the New Year's Day. So when we compare predominantly Japan, first half, second half, the first half did have that benefit for that 1-week trade. So that will be noticeable second half. But then obviously, we've got all the other positives coming through in Japan in the second half.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Thank you. A question from Detana with franchisee EBITDA per store falling in the last couple of quarters. Can you talk about the confidence in the store rollouts and appetite for franchisee stores in each region, especially in Japan and Europe?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Yes. I think what you'll see with this last quarter when it does roll on, it was actually very strong. So the momentum is still there. There were some COVID benefits for franchisees in those previous years that have rolled out. So this is just core operating right now, and we expect that this quarter has been quite strong that we just finished. And the appetite is there. There is a lot of sourcing the pipelines right now.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Andre, I could pass on to you for a little bit more color on that. Shaun has also asked on the same topic. What's caused the delay in store openings in Europe in the first half. And how confident is management being able to deliver to the strong second half target, is there any COVID contingencies we need to factor in?

Andre Ten Wolde - Domino's Pizza Enterprises Limited - CEO of Europe

Yes. I don't -- I wouldn't necessarily call it -- I wouldn't call it a slow start, but not necessarily delay. It's sort of the nature of store openings. I wish we got to have this momentum of 3 or 4 stores every week. It just doesn't work that way sometimes. To give you an example, France in the next month in March, will open as many stores as they have so far today, and that's just in 1 month. So I wish we -- I wish it would be easier to manage that in certain cases. It's not -- that's not the case.

There's 2 things that do influence our store openings. And what we see is that there's -- there's a definite delay in getting permits through councils. Whether that's COVID, I don't know, but we see it in all markets. We just getting a slower response from councils and they -- there's -- in most countries, there is a legal limit that they can take, but they make and ask for postponing and they almost always do these days.

And the second one is in utilities. We see that gas and electricity getting that to stores just takes a lot longer from these companies. And it has to do with this energy transition where we're in. They're really busy putting solar panels everywhere. So it just takes a lot longer to get those in source. That's a trend we're seeing, which can be a one-off delay, but normally that when we keep on opening stores that will just be the norm then and it will -- we will back to a cadence, but nature of store openings is that sometimes you open -- you have a store opening month of 20 and in the next month, it's 0. So yes, still very confident, by the way, for the entire year.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Andre. Let's talk costs. A few people have asked in terms of cost inflation. So I'll sum up. Ben Gilbert and Lachlan have asked. Ben's question first, what level of cost inflation are you seeing in the business? Do you envisage price increases? Your competitors are planning solid increases. If so, would that imply negative real like-for-likes based on the second half growth of under 3% year-on-year. And the associated question is, will you be supporting franchisees through that time.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Yes, we don't make, it can reverse back. We don't need to support franchisees because as was highlighted earlier, by Misja is that our more-for-more strategy is a very customer-centric strategy where we're saying that -- when we do take price increases, it's because those increases have offered more. It could be more toppings, it could be better quality toppings or in many cases, it's a new crust when you decide on them.

So if you can imagine, we're charging EUR 3 or $4 for an additional crust, it doesn't clearly cost that much. But it's the customers' choice. Did we create a value proposition that was exciting to the customer? And if we did, then we've been able to achieve more with more. And we've been doing this now for 2.5 months. We can see it's been successful in the business. So we are mitigating the inflationary costs and not at the expense of our margins or our franchisee margins were both in a good place. Because we are a network of 3,200, there will be the odd store. Franchisees are in control of their price where they may ignore and they may try to put up a price, but that will be the exception overall because most of our franchisees have been following the direction of the company.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Don? Let's talk labor next in terms of -- can you provide any commentary on labor availability across the group and also wage inflation. I mean how material is it? What impact is captured in the first half? Any thoughts on wage inflation over the coming 12 months?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Yes. So I think we start with the bigger picture is that with the age of delivery, there isn't enough human beings to deliver a number of packages. And so we have the absolute expectation that it's going to get more challenging year after year after year for the rest of this decade until automization. And we can see that. It's quite varied across the market I would say that Germany has been our equity center, probably the most challenged, and it's also our biggest delivery business. It's almost purely delivery. So -- and it's had the most challenge.

On the other side, whilst there is tightening labor markets even in France, it hasn't been as big a restriction. And in Australia, interestingly enough, we had the highest number of team members enter our payroll in December. And as David shared, we had those big record sales, which fortunately we had those team members that were able to deliver such extraordinary good service considering.

So look, it's more challenging. It's tightening. Our answer is we've got to do more deliveries per hour. We micro that down. We look at the cost of delivery per store. We can see as a focus in a group that we've got a really big spend, and we can show franchisees that spend to how much they're leaving on the table with efficiencies in that area. And that's what -- that's where we're set. The most efficient company will win in the year ahead.

I think I can also say that Germany has the highest wage inflation this year as well with the new government come in that they have actually put in a quite significant increase in the second half, which we will continue to embrace with more for more. So we've got Stoffel and his team. I'm sure maybe I can handoff to Stoffel just sort of examples of thinking in that area.

Stoffel Thijs - Domino's Pizza Enterprises Limited - CEO of Germany

Yes. Thank you, Don. Thank you for handing over. I was about to raise my hand to ask you, if I could say something about it because it's a very important point that Don just raised is the business that is most efficient is going to win. And with our delivery territories being quite small for better and better there is, and the increase of minimum wages we're currently seeing in Germany. And just to put it in perspective, it's about 25% to 30% increase in comparison to last year. And actually, it's -- if you offset it against our competitors, it's a competitive advantage because our delivery drivers do more deliveries per hour due to small delivery zones and better processes. And so our competitors might take up their prices because they need to balance this off. And the competitors include the aggregators because we know that they also do less deliveries per hour than we do.

So from that angle, we're not going to sit back and just enjoy the show because there is still a lot of work to be done, but I see it as a competitive advantage against our competitors. And higher wages also means more money in people's pockets to buy pizza from us.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Stoffel. Turning now to ANZ. Craig Woolford has asked what drove the improvement in earnings in Australia given the headwinds from Ignite and New Zealand lockouts?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

You mean from a profit point of view because obviously, it was impacted in profit, but there's still gains against those headwinds and that was still just even scale. David mentioned earlier that in the last quarter because Australia was a tale of 2 quarters. In the first quarter, we had New Zealand closed so ANZ and Australia did start softer and then really grow strong, and that's continued into this financial year. So what you will see from the Australian business is you'll see a continued reduction in the core results because Project Ignite has -- and David pointed out those numbers, and he can add some more to this in a second. And you're going to see lot more stores open in this half and for the calendar year.

We're expecting a really big calendar year. And so Ignite, in the way -- from a top level down, so we had a $1 million, $8 million impact because of Ignite, because of New Zealand. However, that the immediate impact was selling the corporate stores and the beginning of construction. But that construction just -- in Australia can't just happen in a month. It takes a few months to get fired up. And you'll start to see that now flow through. David?

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Yes. Look, if we are referring to EBIT, then we did see some impact from COVID and from Ignite as we talked about. But if we're talking about sales growth, then we did get 6% sales growth and a lot of that in the second quarter. And a lot of that is free so we know that we've talked about the age of delivery and the amount of food now being delivered through the aggregators and in other means.

So we think that's a real opportunity as we start to -- people have been ordering a lot from the aggregators and the experience is not always great. I mean the most folks would have had an experience with an aggregator, went every time to really long, and sometimes, the type of they delivered doesn't deliver particularly well. And we know that pizza delivers a whole lot better than a lot of the types of food being delivered.

So what we hope is that as people start to get in the habit of ordering delivery, that they'll recognize that Domino's are the more reliable delivery. It's faster than what most of the aggregators are and also Pizza delivers better than a lot of those other food. So we'll start to see some of that growth in delivery and pickup as we come out of -- where we have seen some decline is in pickup, but we continue to try and target pickup and whether that's a permanent shift in the way that people are ordering, whether they just want delivery versus pickup, we will test buck. We're going to make sure the delivery point of view that where the best value delivery, and we'll continue to target pickup, which we are right now in ANZ through some value offerings. And if there's an appetite still for pickup for customers, then we're going to make sure we fund forward on that.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Dave. Some questions on Ignite costs for FY '22 and FY '23. Ben has asked Ignite costs seem to have come in lower than guided what drove it and how is the appetite for new stores? And similarly, Lachlan has also asked, are you still expecting to spend $10 million to $12 million in relation to Ignite this year?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Yes, we do expect to spend that amount of money. And I think if you go to the last presentation in August on Page 44, we guided to about $12 million. And I think that is where we're going to come in and around. It does increase slightly with more stores opening. And so this half is going to have more stores. But it's margin that we're also giving away that we would have made that we're not going to make. So it's not really from a like-for-like, half-to-half with the number of stores you would have seen an inflated lift in some of the margins of those stores and that won't take place. But then we still will get the benefits of those stores being added to the network with all the other incomes, food sales. advertising spend and so on. So everything is on plan at the moment. Initially, we probably thought we'd get a couple more open in the first half. But that just really flowed into existing stores. And now you'll see stores coming over this calendar year.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Follow-up question to that from Sam Teeger, what should we expect for Ignite cost in FY '23?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Now you're going to roll those. So they're already baked in at that point. So it's not like we're going to be adding additional cost. So it's now baked into the base and then we start getting the scalability of the business as you just add more stores. And as the work that David and Adam are doing, the new marketing CMO to help drive sales. The Australian sales, we believe, can be materially better than where they are for all the reasons about delivery.

I mean this is a business we wake up every day, we're Domino's. We don't think about anything else other than designing the world of delivery. As Dave said, we're going to go after carryout, but not to the same relentless passion of our core skill set, which is where the tailwinds are and that's in delivery because carryout, by its nature, is shrinking, and delivery is booming. And we're going to continue to be a very, very focused delivery business. Dave, something else to add to that?

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Yes. Look, we're saying -- I mean in the numbers I went through, we've had 58 franchisees have expanded their business in H1 and then 25 of those by 2 stores or more. So there's an appetite for expansion, and now both franchisees and sales. We know that there's an appetite for them to open stores in the calendar year '22.

One of the challenges with some of the COVID lockdowns was that our construction and development team members could get on the road. Sometimes getting into states like Victoria was challenging in the first half. And to get stores open, sometimes go to be on the road, talking to landlords, dealing with leases sometimes talking to other businesses, about converting their sites to a Domino's store. Now the borders have opened up. The leasing and construction teams, they're on the road doing that work now. So we think that, that in the calendar year '22 was going to make it a whole lot easier to get into sites and get those stores open. And based on the expansion in half 1 for franchisees, it certainly looks to be an appetite for franchisees to get out there and left the stores.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

Can I just jump in? Probably the best -- the bigger benefit we're getting -- going to get in FY '23 is the full year benefit of the sell-down of corporate stores. So we've got more corporate stores to sell down. That will definitely improve our -- should improve our margins based on our plans. Just recapping on Ignite on a like-for-like basis, as Don pointed out, it's about the same, maybe very slightly more. So it's -- as you said, we're rolling a like-for-like number. But the big benefit will be, obviously, the top line growth, as Don and Dave pointed out, but more importantly, from a margin perspective, those corporate stores sold out.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

I think -- I know we're focused on Australian in that question, but when we talk about the margins in Japan, as franchising grows as a percentage of our mix, you'll also see that margin climb. So Japan take out the big burst period there where we just got that extraordinary leverage. Japan should look like the rest of our business, if there's anybody concerned about the margin and the work that Todd and Josh and Ben and the whole team, Japan, DPJ are doing, I've every view that it's going to be some strong leverage over the next few years.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Just staying on Ignite cost there. Richard Barwick submitted a question, just asking, does that mean the $12 million Ignite costs are permanent, as it won't come out ever?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

It's a long road. So we do share in a pie. And what we know from our business is that unit economics drive the growth of this business and the stronger unit economics to a point, it unleashes growth. So we're very focused on that heading towards that ambition that -- it's a global Domino's ambition of 2.5x payback. We know that when we're down at 3 less, it really -- we see extraordinary growth, and that's what we're focused on. So yes, over the next few years, we'll see. But we still relentlessly focus to make sure our franchisees have that tailwind so that we get these shops open to get the benefits.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

So if I jump in, there's an ongoing element to it, but there is a big part of it incentivizing store openings in Victoria and South Australia. So over time, those incentives, those waivers will come off. So -- but we might -- as Don pointed out, we may continue that if we want to continue to drive those openings. So it's a positive either way.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Thank you for that. Peter Drew has asked, excluding the 19 corporate sales, how many stores transacted during the period of ANZ? And also you flagged record organic new store openings in ANZ in calendar year '22. What's the current record? And what should we expect in terms of first half, second half split?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

I'll hand you, Dave?

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Yes. So the -- as far as the -- the second part of the question goes, I think the record organic stores is 6 and 7. And we're hoping to exceed that in the calendar year. As far as first half versus second half, probably an even sort of split possibly more in the second half, just given my comments before about the leasing team getting on the road and finding sites, we'll probably see slightly more in the second half, but reasonably evenly spread across the 2 balance of the year. And just sorry, Nathan, but the first part of the question. Just repeat that for me.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

The number of -- we said there was 19 corporate stores transacted, but you've mentioned, obviously, a number of franchisees who've expanded their business. Do you have a number of stores that have actually transacted during that period?

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Look, I don't have that number in the hand right now, but we know that 58 franchisee expanded their business in H1 and 25 of those by 2 or more. So if you quickly do the sums on that, that works out to around 70 plus of franchisees who are expanding their business and transacting stores. But I don't know that we've got the number on exactly the number of stores.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

I've actually got the number. It's 98 in total transactions. And you saw the stores -- the corporate stores come down, but we also acquired the franchisees as well. So that was a relatively large number of 22. So we did actually sell down more than the 19 corporate stores. So in total, 98 transactions. A lot of franchisees, as David pointed out, there's 52 of them transacting between themselves. And so that's a refresh of the system, predominantly. Dave can cover off on that but -- yes, Dave, you have the numbers. Do you want to?

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Yes. Thanks, Richard. And I think I commented in my part of the presentation about the nature of who those franchisees are. So what we're finding is that our better performing franchisees are keen to expand. And in many cases, I think most folks know that we have an A, B and F rating on our franchisees and what we're finding is the A and B franchisees intending to buy out the F franchisees. So we're hopeful that with those stores that are transacted that we'll start to see some improvement in results, sales and profitability because there's a -- the only franchisee operating. And of course, the comment about the one-store franchisee growth, we're seeing a lot of manager to franchisee stores being repeated. Quite often, those managers are managers that are working for a franchisee, have seen that franchisee success and want to mirror that going forward. So we're hopeful that those franchisees will be strong A&D franchisees in the future.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

I've got a question from both Sam and Ben. Any update regarding M&A, where you're at? It sounded imminent at the Strategy Day. Did anything change with respect to your plans? And are you in advanced stages. I am surprised neither has asked if you can give a full list, but I'm sure that's on the list of questions as well.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

We've never been more active and there's a number of people work going on in this space. But like all these things, it's opportunistic, and we got to get them over the line. So we've been approved for a -- highest number of markets that we've been approved for to be ongoing at the moment. And so we're hopeful, but we just can't guarantee it until we get them across the line. So yes, that's -- and you can see, I mean, we're so impressed with what the team have done with Taiwan because, once again, the market hits -- we know our 3 core strengths, we run at those strengths and the business just lights up. And I think our forecast for the whole year is going to be 4 or 5 stores, and it's going to be a big number.

Certainly it's incredible. And franchisees are excited because many of them had long tenure, and that's what -- a lot of these businesses, there's franchisees, all these managers in that business or somehow strategies long tenure. And once we light it up with things they haven't had, there's a quick shift to move to stores. So watch Taiwan as an example of what we can do in the year ahead, if we're fortunate enough to get an acquisition.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

As a follow-up, Sam hasn't asked for a list, but he has asked, would you expect to announce M&A before the August result.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Look, we're always hopeful, but we can't promise it unfortunately. Yes.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Just staying on M&A to an extent. Just could you discuss expectations around the put and call arrangement for the German business since you have the right to assume control in 2023?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Yes. I'll hand over to Richard on this one. That will be in January '23, as you said, Richard, some more color there.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Richard's got some audio issues, yes.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

Yes. Look, it's -- we have the right at that point 1 January '23 to exercise. And yes, as you can imagine that is our plan. As simple as that. Was that more to the question?

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

No, I think that covered it. Just from Ben Gilbert, in terms of pricing and inflation, Ben says, I struggle to see how you can't take price in markets such as EU with such a material increases in energy and labor. Will this not crunch margin? Or do you think the share opportunity is big enough to offset this?

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

I'll hand over to Andre and some of the other -- maybe even Misja because he's been really successful in that area is that we are taking price, but we're doing it by giving the customer more when we take that price. So it's really, really clear that the customer has to win. It's -- if we don't want it to be a loss to the customer. That's never been the Domino's model. Value is the name of the game for us. There's a huge opportunity to take share here. So we are taking price movement, but it's with more. I don't know if there's any other examples we want to use, Andre or Misja or Andrew?

Misja Vroom - Domino's Pizza Enterprises Limited - CEO of Netherlands & Belgium

Well, I think we've been able to set expectations for our franchisees, which made it clear in advance for a year what they could expect and therefore, they were also really open to, as you say, deliver more for more. And with becoming more efficient, we save material on our cost side as well. And we have proven to be right here with offering bigger crust for a little higher price. We've been adding margin, and we've been adding value for our customers. And I do strongly believe that at least for this year. We don't have to add any prices in order to keep margins up. I don't know Andrew or Stoffel, if you want to add.

Andrew Bradley - Domino's Pizza Enterprises Limited - CEO & President of France

Yes. No, just a little bit the same thing here in France. I mean we've been working with the franchisees, and we highlighted to them where we thought the food prices were going to go before we actually put them through, and then we've had webinars training with them to show them where we think we can put the price with more value and things to avoid as well because there's a sensitivity if we don't do this intelligently.

We found new ways of doing it. I think the franchisees have followed the plan pretty well so far. And that's proving successful and keeping us very competitive, at the same time, working not just on inflation price but on efficiency, so as we take down costs in that and all the process. So that combination is being shared with the franchisees, and I think we've got a good exchange going on that.

Stoffel Thijs - Domino's Pizza Enterprises Limited - CEO of Germany

And just to build on that, it is -- comes back to the value equation, right? It's product service and image divided by price, which is the value to the customer. And if we don't change product service and image, and we increase the price, the value goes down, which is a no-go for us. But it can be different areas where we increased the offering that we give.

So what we focus on, and I've mentioned it before, is our service times are actually better -- so the picture is believe it quicker, it's a better customer service and the product is hotter and fresher out of the oven. And then itself already offset to be the price that we take and then there's initiatives in the menu area that we're rolling out, as Don explained, where we give the choice to the customer to upgrade their pizzas and if you want. And that's been very successful for us, and it's with the customer focus and what a customer chooses these sort of things and the value to the customer still goes up even though it might pay a bit more for the service and product that we deliver.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

Nathan, can I just highlight that a big part of our ability to be this agile and operate on that basis is the investment we've made in our customer insights team and data and that's been probably very helpful to all of the teams across the globe in terms of making a call on pricing and what we -- where we lift the price and where we don't lift the price and opportunities there. So I think that investment is really starting to pay off. I don't know if you want to add anything on that, Don, but that's been, I think, a benefit in making those investments, and we continue to increase our investment in that space.

Don Meij - Domino's Pizza Enterprises Limited - MD, Group CEO & Director

Yes, that's absolutely right. One of the other little pieces of this has been the -- some of the offers that just don't yield properly. So we strategy inside the team taking us through some of their offers and winding out deals that don't add value to the -- in the eyes of the customer yet deliver poor yield for our franchisees and our corporate stores.

We also can look into the Domino's network globally, and there's been some initiatives in some markets that we think, well, that's a fantastic idea of how someone's done more for more because that's been our -- that's where our eyes have been trained on this whole value equation. So yes, the greater network strategy insights all part. And I think there isn't just a silver bullet. As Stoffel said, it's lots of different things that create the value equation. So the strategies in every one of the product service and image silos to aggregate up to say, well, how do they do that, how do they for that price compared to anything else in the market that's amazing. Because what we have observed, the amount of decades of experience in this room, if we get it wrong, we shift people out for the pizza category. So we don't want to get it wrong because otherwise, that's going to be a roadblock to this whole age of delivery.

It wouldn't take much for people to ship back to frozen pizza when they're spending time at home. And that's clearly a far lesser experience. But if we haven't matched that price, we could shift people there. And so far, the team are doing a really good job.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Greg's asked what DMP's approach is to marketing and other costs. So they did rise relative to network sales in the first half. Could they move to a line to be steady as a share of sales in the second half?

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

If I answer that one, Nathan, just first off is that's a little bit of an aberration, predominantly in Japan as a result of -- I mean there's a lot of costs that go into the -- into those very small number of accounts, but a big part of that is actually the aggregator costs and growth of aggregator in Japan. It has been a big part of that. It's -- whether you call it marketing or whether you call it cost to deliver to that customer. But I might let Josh or Don explain that, but it's a semi-marketing cost, I would say.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Yes, Richard. Look, there is some added costs in there, but it also gives us access to a whole bunch of new customers that we look to convert it over to our native platforms and our assets. So you do see a bit of that, but we're pretty confident in our ability. They do contribute quite nicely to the bottom line. So increasing costs, but we're also getting it in -- through the profitability as well.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

And staying on Japan. Lachlan has asked. Omicron provides some short-term booster sales in Japan. And Richard has asked shouldn't the strength of the business be more about the performance ex Christmas. That is the historical reliance on Christmas reflected a narrow appeal of the brand or category.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Yes. Look, I'll answer the second one first. It's a good call out. It's more for the -- one of the little tests that we have. If you could recall, a couple of years ago or when I first started in the role, I was horrified to only be talking about Christmas. And that's certainly not the case now. We've got -- Christmas is the cream on top now, not the business, and we certainly have the right strategy in place across every single day, across every single month.

It was just to highlight that when we do go after -- when we do get things right, we tend to have a bigger Christmas and that shows strength in the brand and the penetration and all the investment that we do sometimes comes out with some better numbers over Christmas but we're a solid business 12 months of the year, not just 1 month of the year. And the first question was around the Omicron.

It's been an interesting response by the government here. They called a quasi-state emergency which basically meant everything stayed open as opposed to what happened prior to that, which was a full state emergency where everything was instructed to close. So very, very different. It's very hard to sort of compare the 2. We saw initially a little bit of a boost, but that all settled down. And we track the movement through subways. We track the movement through a range of different areas. And it sort of just fizzled out. Like it did in Australia where it went up and then everyone just got back to normal and carried on with things. So I wouldn't look to that for anything.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

I'm very conscious of the time. I actually have Don back to back with interviews following this. So I might release Don from now and just burn through the last few questions that we have on our list. Just in terms of the store opening pipeline because I think Andre and Josh are quite well placed to answer those questions. So one from Sam Teeger is just asking a big step-up in rollout is needed to meet the 500 store target. So which markets are going to drive this?

Andre Ten Wolde - Domino's Pizza Enterprises Limited - CEO of Europe

Yes. Well, Josh -- not Josh, Japan is doing great and making us all look not so good. But I think the answer is just -- is Europe and ANZ, and Dave already talked about that. And we will have to open them. We will open a lot more stores than we did in the first half year. So Europe and ANZ is my answer to that.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Yes. I think if you look at the ways or the profile of store openings, they tend to be loaded into Decembers and end of the year and then into Mays and June. So that's pretty standard for us. It doesn't matter what we do, we tend to still load into those periods. So yes, we will be opening a lot more towards later opportunity in quarter 4.

Richard Coney - Domino's Pizza Enterprises Limited - Group CFO

The only exception to that is Japan, which consistently opens with the big corporate store network and they're not dependent on the vagaries of franchisees and that type of thing.

Andre Ten Wolde - Domino's Pizza Enterprises Limited - CEO of Europe

Yes. Good one.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Staying on the same topic, Ben Gilbert asked, you've progressively lifted store opening targets over the past 24 months. So just Q2 or Q3 trading and the COVID benefit being bigger than initially thought, make you rethink or debate these again internally.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

Look, for Japan, I think that's primarily focused on Japan. Not really. We still see benefit of opening stores. As I said, we're just going to balance that a little bit with more greenfield I kept going back to this 47 prefectures. We -- each one of the prefectures have different maturity cycles. And they've got different TV markets, which means you need critical mass in each one of those prefectures to get there. So you have to sort of run sort of different strategies in each one of those. And you can sort of turn on stores in one prefecture to access more TV and bigger brand presence and so on and so forth. So I'm not sure if there was anything over in Europe, but I'll hand over to Europe, if there's anything there.

Andre Ten Wolde - Domino's Pizza Enterprises Limited - CEO of Europe

No, not really. I think guess what there's different maturity in different markets. There's a lot of greenfields in Germany and France. There's less in Benelux, which is the highest penetrated market of us. So both stories are right in Europe.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Only last a few questions. I won't take any more questions other than those that are currently on your screen now. Jonathan Lu has asked on the comment about 405 stores breaking weekly creating sales in ANZ. Well, most of these mature or immature stores. I'll hand over to you, Dave.

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Thanks, Jonathan. Look, we -- I think it worked out to 47% of stores had record sales. So when you're talking that value, it's a mix of both mature and immature stores. And that was really everything from some stores that have been open for 20 years at full maturity and had record sales. And then we had some other stores, which were a split store and the store that was the mothership store that had been split, even it had a record sales week prior to the split. So it really was a mix of nearly every type of store in the system and had a record sales in December.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

An Sam Teeger has asked, and I'll cover this one off. When you talk about M&A, are you more focused on bolt-on and transformational deals. Our commentary hasn't changed. We are interested in both infill and new territory acquisitions. I think that probably covers off that question. And I will finish up with this last one because I think it's a great question to end on. From HS, I don't have the full name, but how are you thinking about continuing to deliver the best value to customers in the next 5 to 10 years? And can you expand on how the most efficient operator takes more market share? Perhaps, Andrew, if I hand over to you first, and if the other regional CEOs wanted to answer.

Andre Ten Wolde - Domino's Pizza Enterprises Limited - CEO of Europe

Yes. No, obviously, that is the challenge before us, and we are not just starting to think about that today. That's the good thing. We usually talk about fortressing and then everybody said, why did you do that? You're just taking off profit out of a store, and we're talking about that forever because we see this coming. We, Domino's is delivery. It's our DNA. I think we understand that very well. There's lots of challenges coming our way and lots of -- for us, more to find out. But the good thing that said, I think it's in the press release. We're already in a really big boat in a big store, and we're going to expand that, but make it bigger.

There's lots of experience. Over 60 years within our business, which makes us ideally positioned for the next years. We see -- like Don said, Europe here we're in the epicenter, I think, for delivery. All the grocery, flash delivery businesses are -- have been here for a while, are on TV every day and really looking at us and looking at our drivers, and we still can maintain our staff because we just have a -- we already thought about career possibilities. We already thought about more deliveries per hour.

So I think there's no place for us to be arrogant. But we are in a good position, and we can do a lot more. So it's always amazing that sometimes I think we must be the most efficient which is the mother plan and there's not more for us to do. Well, there's a lot more for us to do. And that comes with technology and more experience. But yes, this sums up the next 10 years of lots of challenges, but I think we're positioned very well to take them on for -- yes, take them on.

Josh Kilimnik - Domino's Pizza Enterprises Limited - CEO of APAC and President & CEO of Japan

And I think, by the way, I mean, the next 5 to 10 years is exactly as the past 5 to 10 years, we've been focusing on value and efficiency that's part of modus operandi for us. So I think it's -- we've sort of done the reps, and we're going to keep repping it out. And I just love where the addition of the new app is going to make that more efficient from a customer's point of view, but just how that drives more customers toward us. And then as we continue to still roll out plans, we get closer to the customer, harder fresher food, and then we get the efficiency. So we need drivers to go to -- up to 6 deliveries an hour, maybe beyond that, depending on where the territories are. And that will be the thing that sort of drives the value equation as well as Stoffel pointed out prior to this. So feeling -- yes, as Andre said, feeling cautiously optimistic, but this is part of what we've been doing forever in our business.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

I promise I'll release you all shortly. Marika, you mentioned, obviously, the customer feedback, the surveys that you've done recently is one of the successes of this half. Perhaps you can give some insight into what the customers are saying they're looking for from an ESG perspective, given that it's central to what the business is offering over the years ahead.

Marika Stegmeijer - Domino's Pizza Enterprises Limited - Chief ESG

Thank you, Nathan. We've done a global ESG customer service, and clearly, all of our customers, of course, all markets considers ESG an important to very important topic. So that was no surprise to us. So we're taking this into account moving forward. We clearly listen to what they consider a priority. We're now integrating this into our business. And just to reiterate some of the things that have just been said, but I mentioned in my presentation. We do consider ESG an integrated part of our business, also looking forward and considering Mission Positive 2030. We want to include everything and ensure we deliver on our customer expectations also in terms of our ESG priorities.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Thank you so much. And I'll hand over also to Dave Burness because I know, obviously, your long-stated commentary on the importance of this topic for customers. For those who haven't seen -- there is an introductory video that Dave has kind of recorded earlier. It is on our investor website. I encourage you to go and watch that if you haven't seen it. And Dave, I'll hand over to you for the last comment on this topic before we wrap up.

David Burness - Domino's Pizza Enterprises Limited - CEO of Australia & New Zealand

Thanks, Nathan. Look, I think that -- I mean, that comment around why we're the most efficient win. Well, I would describe a couple of different situations that would happen in a store, both a Domino's store and non-Domino's store. So we're in this amazing time right now of each net food where staying -- more people are staying home and getting their meals delivered.

Now -- right now, there's an excitement of the new options they've got. But over the course of time, people will judge the experience based on how good that experience was. I stood in a restaurant just recently, and I watched an aggregator experience where it's just rose or brown paper bags and the person who's responsible for deciding which bag goes first and how quickly and how efficiently does it get to that customer that is not focused on that because I've got customers at the counter. They're in a business where they've never done this before. It's not been in their DNA. They're not looking at the most efficient way to get that food hot and fresh out to the customer. And then the person who's going to deliver that food. They're a random person who's not employed by that business. They don't have a focus on which delivery should go first, what's the most efficient way to get back to a customer.

So they're turning up and being handed a brown paper bag of food and delivering that to a customer. And then they go to another restaurant where they have no connection to that restaurant. They're just delivering brown paper bags. If you compare that to a Domino's store, we've got one person who -- their DNA working to get it happen, working out the most efficient way to get someone a delivery driver from here to there. The delivery driver is employed by that store. They're part of the team where they meet weekly and talk about the most efficient way to get the food hot and fresh to the customer.

And I think if you net those 2 experiences out over the course of time that one of those businesses is more likely to give a better customer experience because you've got someone who spends each week discussing and with their management team and the store about what's the -- how can we bring down that average delivery time. We talk 1 minute, 2 minutes being really important to find that savings in business. You've got management team sit around the table in their store, talking about how do we do this better and how do we find those inches of improvement in the way we do things. That's not happening.

In all of those other restaurants where somebody is delivering food that is simply not doing that. So you map that out over the course of 2, 3, 5 years, one of those experiences is likely to improve and get better. One of those experiences is likely to take longer and be less fresh when that food gets delivered. So I'm very hopeful that over the course of time, the customers, as they get used to getting food delivered, they will then start to assess, well, what was the quality of the product, service and image that I got. And if we get that right, I hope -- I'm very hopeful we will because that's our DNA. We've been doing it for 60 years that we will provide a very good comparative experience to all those other food delivery options. So that's why the most efficient business will win over the next few years.

Nathan Scholz - Domino's Pizza Enterprises Limited - Head of IR

Thanks so much, Dave, and I see a lot of other CEOs nodding on that topic. So -- we've gone through an unprecedented number of questions. I think, again, I'm really conscious we're now past 2 a.m. in Europe. So thank you all. I think it's time for a coffee break before your next meetings. Again, I really appreciate you dialing in and also the attention from our guests who joined us on the call today. There will be a copy of the recording of this presentation and also a transcript will go on our investor website in the coming days. Thank you all very much for your attendance. Good day.