Domino's Pizza Announces Record First Quarter Results

ANN ARBOR, Michigan – May 7, 2002 – Domino's, Inc., the world leader in pizza delivery, today announced record results for the first quarter of 2002, which ended March 24, 2002.

Financial Highlights

The following are highlights for the first quarter of 2002 compared to the same period in 2001.

- Net income increased 103.7% to $15.9 million.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 24.5% to a record $45.7 million.
- Domestic same store sales increased 7.6%, comprised of an 8.0% increase in domestic franchise same store sales and a 5.2% increase in domestic Company-owned same store sales.
- International same store sales increased 3.3%, on a constant dollar basis, marking the 33rd consecutive quarter of international same store sales growth.
- System-wide sales increased 7.9% to $947.6 million.
- The Company repaid $14.5 million of debt during the first quarter of 2002, bringing total debt repayments over the most recent four fiscal quarters to nearly $40.0 million.
- The Company successfully integrated the purchase of 83 stores from our franchisee in Arizona.

"The positive momentum we created in 2001 continued throughout the first quarter of 2002," said Domino's Chairman and Chief Executive Officer David A. Brandon. "Our ability to grow sales and generate record levels of EBITDA in a challenging economic environment and in an extremely competitive category demonstrates the strength of our brand and our Company's continued progress."

Brandon added, "As always, Domino's success is being led by our great franchisees and our complete dedication to continuously improving the operational performance of ALL of our stores."

Financial Summaries

	First Quarter Ended		
(Dollars in millions)	**March 24, 2002**	**March 25, 2001**	**% Change**
System-wide sales	$947.6	$878.2	7.9%
Total revenues	308.1	287.6	7.1
EBITDA	45.7	36.8	24.5
Income from operations	38.4	28.8	33.2
Net income	15.9	7.8	103.7

The increase in first quarter system-wide sales in 2002 is due primarily to an increase in both domestic and international same store sales and worldwide store counts.

The increase in first quarter revenues in 2002 is due primarily to an increase in distribution volumes, resulting from an 8.0% increase in domestic franchise same store sales, and an increase in cheese prices compared to the first quarter of 2001.

The increase in first quarter EBITDA in 2002 is due primarily to strong system-wide sales growth as a result of an increase in domestic and international same store sales and store counts. During the first quarter of 2002, domestic same store sales increased 7.6%, comprised of an 8.0% increase in domestic franchise same store sales and a 5.2% increase in domestic Company-owned same store sales. The increase in domestic same store sales during the first quarter of 2002 was due in part to improvements in our overall marketing programs including the success of our "Get the Door. It's Domino's."™ campaign. We also benefited from improved unit economics in our Company-owned stores, as well as an increase in distribution volumes as a result of increased domestic sales activity. This EBITDA gain was offset in part by Company-wide increases in insurance costs and an increase in food basket costs, including higher cheese costs.

Net income was positively impacted by an increase in EBITDA and reductions in our interest costs due to lower debt levels and more favorable variable interest rates, while negatively impacted by an increase in provision for income taxes due to an increase in pre-tax income.

Founded in 1960, Domino's Pizza operates a network of 7,076 Company-owned and franchised stores in the United States and more than 60 international markets. For more information about the Company, visit our website at http://www.dominos.com/.

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Use of Pro Forma Financial Information

EBITDA represents earnings before interest, taxes, depreciation, amortization, gain or loss on sale of assets, and loss on debt extinguishment. EBITDA information is provided as we use it extensively in internal management reporting to evaluate our business segments, we believe it assists the investing community in evaluating our company, and it is an important measure in our debt agreements. EBITDA should not be considered as an alternative to cash flow from operating activities as a measure of liquidity, as an alternative to net income as a measure of our financial performance, or as an alternative to any other measure of performance in accordance with accounting principles generally accepted in the United States.

The following table reconciles EBITDA to consolidated income before provision for income taxes (in thousands):

	First Quarter Ended	
	March 24, 2002	March 25, 2001
EBITDA	$ 45,741	$ 36,751
Depreciation and amortization	(7,152)	(6,965)
Interest expense, net	(13,179)	(15,996)
Loss on debt extinguishment	(335)	-
Gain (loss) on sale of assets	171	(944)
Income before provision for income taxes	$ 25,246	$ 12,846

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Certain statements contained in this release relating to our anticipated profitability and operating performance are forward-looking and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Among these risks and uncertainties are competitive factors, increases in our operating costs, ability to retain our key personnel, our substantial leverage, ability to implement our growth and cost-saving strategies, industry trends and general economic conditions, adequacy of insurance coverage and other factors, all of which are described in our Form 10-K for the year ended December 30, 2001 and other filings with the Securities and Exchange Commission. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Domino's, Inc. and Subsidiaries
Condensed Consolidated Statements of Income

	(Unaudited) First Quarter Ended March 24, 2002	(Unaudited) First Quarter Ended March 25, 2001
(In thousands)		
Revenues:		
Domestic corporate stores	$ 89,906	$ 90,843
Domestic franchise	34,559	30,625
Domestic distribution	165,745	150,603
International	17,846	15,560
Total revenues	308,056	287,631
Operating expenses:		
Cost of sales	225,338	212,246
General and administrative	44,293	46,543
Total operating expenses	269,631	258,789
Income from operations	38,425	28,842
Interest expense, net	13,179	15,996
Income before provision for income taxes	25,246	12,846
Provision for income taxes	9,341	5,037
Net income	$ 15,905	$ 7,809

Domino's, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

(In thousands)	March 24, 2002 (Unaudited)	December 30, 2001 (Note)
Assets		
Current assets:		
Cash and cash equivalents	$ 5,223	$ 34,842
Accounts receivable	52,454	54,225
Inventories	19,583	22,088
Other	22,063	20,218
Total current assets	99,323	131,373
Property, plant and equipment, net	106,620	87,645
Other assets	173,979	163,275
Total assets	$ 379,922	$ 382,293
Liabilities and stockholder's deficit		
Current liabilities:		
Current portion of long-term debt	$ 38,046	$ 43,157
Accounts payable	39,385	30,125
Accrued income taxes	7,461	2,164
Insurance reserves	8,089	7,365
Other accrued liabilities	62,231	71,323
Total current liabilities	155,212	154,134
Long-term liabilities	643,343	653,033
Stockholder's deficit	(418,633)	(424,874)
Total liabilities and stockholder's deficit	$ 379,922	$ 382,293

Note: The balance sheet at December 30, 2001 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.