



## **Domino's Pizza Announces Record Results for 2002 Same Store Sales Growth Leads National Pizza Chains for Second Consecutive Year**

ANN ARBOR, Michigan – March 4, 2003 – Domino's, Inc., the recognized leader in pizza delivery, today announced record results for the fourth quarter and fiscal 2002, which ended December 29, 2002. In addition to achieving record earnings and system-wide sales, Domino's full year domestic same store sales growth (+2.6%) exceeded those of all reporting national pizza chains. Management attributed its success to continued emphasis on product quality and customer service as well as strong marketing promotions.

### **2002 Highlights** **(versus full year 2001)**

- Net income increased 64.9% to \$60.7 million.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 16.7% to a record \$189.3 million.
- Domestic same store sales increased 2.6%; comprised of a domestic franchise same store sales increase of 3.0% and flat domestic Company-owned same store sales.
- International same store sales increased 4.1%, on a constant dollar basis.
- System-wide sales increased 4.7% to a record of nearly \$4.0 billion.
- The Company repaid \$52.7 million of debt during 2002.

### **Fourth Quarter 2002 Highlights** **(versus fourth quarter 2001)**

- Net income increased 90.3% to \$23.1 million.
- EBITDA increased 17.6% to \$62.1 million.
- Domestic same store sales remained flat; comprised of a domestic franchise same store sales increase of 0.6% and a domestic Company-owned same store sales decrease of 4.1%.
- International same store sales increased 3.8%, on a constant dollar basis, marking the 36<sup>th</sup> consecutive quarter of international same store sales growth.
- System-wide sales increased 2.9% to \$1.2 billion.
- The Company repaid \$8.8 million of debt during the fourth quarter of 2002.

David A. Brandon, Domino's Chairman and Chief Executive Officer, said: "We have always believed that the pizza company with the best people will win. This philosophy has proven out once again through our strong 2002 financial results, and through our fourth consecutive year of improving quality and customer service, as ranked by the American Customer Satisfaction Index. Our exceptional people – franchisees, store managers and team members worldwide – continue to set us apart from our competitors."

Management added that Domino's increased domestic market share in its core business of pizza delivery by nearly one full point, to 19.9%, as tracked by NPD Crest in 2002.

**Financial Summaries**

(Dollars in millions)	Fiscal Year Ended			Fourth Quarter Ended		
	December 29, <u>2002</u>	December 30, <u>2001</u>	% <u>Change</u>	December 29, <u>2002</u>	December 30, <u>2001</u>	% <u>Change</u>
System-wide sales	\$3,961.7	\$3,784.6	4.7%	\$1,230.8	\$1,196.5	2.9%
Total revenues	1,275.0	1,258.3	1.3	395.8	397.4	(0.4)
EBITDA	189.3	162.2	16.7	62.1	52.8	17.6
Income from operations	156.2	126.9	23.1	52.7	39.7	32.7
Net income	60.7	36.8	64.9	23.1	12.2	90.3

**Revenues:**

Fourth Quarter:

The increase in fourth quarter system-wide sales was due primarily to an increase in worldwide store counts and, to a lesser extent, increases in domestic franchise and international same store sales.

The decrease in fourth quarter total revenues was due primarily to a decrease in revenues from domestic distribution operations, offset in part by increases in revenues from domestic Company-owned stores and international operations. The decrease in revenues from domestic distribution operations was due primarily to a market decrease in overall food prices, primarily cheese, offset in part by an increase in volumes relating to an increase in domestic franchise system-wide sales. The increase in revenues from domestic Company-owned stores was due primarily to an increase in the average number of domestic Company-owned stores open during 2002, primarily as a result of the Company's acquisition of 83 franchised stores in Arizona during the first quarter of 2002. Domestic same store sales remained flat, comprised of a 0.6% increase in domestic franchise same store sales, offset by a 4.1% decrease in domestic Company-owned same store sales. International same store sales increased 3.8%, on a constant dollar basis.

Fiscal Year:

The increase in year-to-date system-wide sales was due primarily to increases in worldwide store counts and increases in both domestic and international same store sales.

The increase in year-to-date total revenues was due primarily to increases in revenues from domestic Company-owned and franchised stores, and international operations, offset in part by a decrease in revenues from domestic distribution operations. The increase in revenues from domestic Company-owned and franchised stores, and international operations was due primarily to increases in same store sales and worldwide store counts. Domestic same store sales increased 2.6%, comprised of a 3.0% increase in domestic franchise same store sales and flat domestic Company-owned same store sales. International same store sales increased 4.1%, on a constant dollar basis. At year-end 2002, there were 7,230 stores in operation worldwide, comprised of 577 domestic Company-owned stores, 4,271 domestic franchised stores and 2,382 international stores. The decrease in revenues from domestic distribution operations was due primarily to a market decrease in overall food prices, primarily cheese, and a decrease in the average number of domestic franchised stores open in 2002, primarily as a result of the Company's acquisition of 83 franchised stores in Arizona during the first quarter of 2002. These decreases in revenues from domestic distribution were offset in part by an increase in volumes relating to increases in domestic franchise same store sales.

**Earnings:**

The increases in fourth quarter and year-to-date EBITDA were due primarily to increases in system-wide sales at our domestic Company-owned and franchised stores, and international operations, reductions in food costs at our Company-owned stores, driven primarily by decreases in cheese prices, increases in distribution volumes and lower general and administrative expenses. EBITDA was positively impacted by the favorable resolution of a contingent liability and collection of a previously reserved receivable, both related to our international operations. This resolution resulted in a \$7.2 million favorable year over year impact on EBITDA. These increases in EBITDA were offset in part by an increase in insurance costs.

The increases in fourth quarter and year-to-date net income were due primarily to increases in EBITDA, reductions in our interest costs due to lower debt levels and more favorable interest rates, the favorable impact of no longer amortizing goodwill and the absence of certain covenant not-to-compete amortization expense related to the covenant with our former majority stockholder which was fully amortized by the end of 2001. These increases in net income were offset in part by a \$4.5 million write-off of financing fees through interest expense related to the Company's refinancing of its senior credit facility and increases in provision for income taxes due to increases in pre-tax income.

Founded in 1960, Domino's Pizza operates a network of 7,230 Company-owned and franchised stores in the United States and more than 50 countries. For more information about the Company, visit our website at <http://www.dominos.com/>.

###

**Contact: Tim McIntyre, Vice President of Communications - Domino's, Inc. 734.930.3563**

EBITDA Reconciliation to GAAP Measure

EBITDA represents earnings before interest, taxes, depreciation, amortization, gain (loss) on sale/disposal of assets and other, and gain (loss) on debt extinguishments. 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 flows provided by operating activities as a measure of liquidity, as an alternative to income from operations or net income as a measure of our financial performance, or as an alternative to any other measure in accordance with accounting principles generally accepted in the United States.

The following table reconciles EBITDA to consolidated income from operations (in thousands):

	<u>Fiscal Year Ended</u>		<u>Fourth Quarter Ended</u>	
	<u>December 29,</u> <u>2002</u>	<u>December 30,</u> <u>2001</u>	<u>December 29,</u> <u>2002</u>	<u>December 30,</u> <u>2001</u>
EBITDA	\$ 189,262	\$ 162,161	\$ 62,078	\$ 52,792
Depreciation and amortization	(28,273)	(33,092)	(8,713)	(11,931)
Losses on sale/disposal of assets and other	(2,919)	(1,964)	(56)	(1,086)
Loss on debt extinguishments	<u>(1,836)</u>	<u>(217)</u>	<u>(619)</u>	<u>(71)</u>
Income from operations	<u>\$ 156,234</u>	<u>\$ 126,888</u>	<u>\$ 52,690</u>	<u>\$ 39,704</u>

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 most recent annual report on Form 10-K, quarterly reports on Form 10-Q and other filings made 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.

<p align="center"><b>Domino's, Inc. and Subsidiaries</b>  <b>Condensed Consolidated Statements of Income</b></p>
--

	Fiscal Year Ended		Fourth Quarter Ended	
	December 29, 2002	December 30, 2001	December 29, 2002	December 30, 2001
(In thousands)				
Revenues:				
Domestic Company-owned stores	\$ 376,533	\$ 362,189	\$ 113,709	\$ 108,865
Domestic franchise	140,667	134,195	43,448	43,153
Domestic distribution	676,018	691,902	211,938	221,847
International	81,762	69,995	26,707	23,577
Total revenues	<u>1,274,980</u>	<u>1,258,281</u>	<u>395,802</u>	<u>397,442</u>
Operating expenses:				
Cost of sales	938,972	937,899	294,394	294,865
General and administrative	<u>179,774</u>	<u>193,494</u>	<u>48,718</u>	<u>62,873</u>
Total operating expenses	<u>1,118,746</u>	<u>1,131,393</u>	<u>343,112</u>	<u>357,738</u>
Income from operations	156,234	126,888	52,690	39,704
Interest expense, net	<u>59,784</u>	<u>66,602</u>	<u>15,787</u>	<u>19,807</u>
Income before provision for income taxes	96,450	60,286	36,903	19,897
Provision for income taxes	<u>35,789</u>	<u>23,506</u>	<u>13,757</u>	<u>7,734</u>
Net income	<u>\$ 60,661</u>	<u>\$ 36,780</u>	<u>\$ 23,146</u>	<u>\$ 12,163</u>

<p align="center"><b>Domino's, Inc. and Subsidiaries</b>  <b>Condensed Consolidated Balance Sheets</b></p>
--

	<u>December 29, 2002</u>	<u>December 30, 2001</u>
(In thousands)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,472	\$ 55,147
Accounts receivable	57,497	54,225
Inventories	21,832	22,088
Other assets	<u>16,880</u>	<u>18,246</u>
Total current assets	118,681	149,706
Property, plant and equipment, net	120,547	87,645
Other assets	<u>154,968</u>	<u>165,247</u>
Total assets	<u>\$ 394,196</u>	<u>\$ 402,598</u>
Liabilities and stockholder's deficit		
Current liabilities:		
Current portion of long-term debt	\$ 2,843	\$ 43,157
Accounts payable	46,131	50,430
Other accrued liabilities	<u>80,023</u>	<u>80,852</u>
Total current liabilities	128,997	174,439
Long-term liabilities:		
Long-term debt, less current portion	599,180	611,532
Other accrued liabilities	<u>41,600</u>	<u>41,501</u>
Total long-term liabilities	640,780	653,033
Stockholder's deficit	<u>(375,581)</u>	<u>(424,874)</u>
Total liabilities and stockholder's deficit	<u>\$ 394,196</u>	<u>\$ 402,598</u>

Note: The balance sheets have been derived from the audited consolidated financial statements, but do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.