



Domino's Pizza

NYSE:DPZ Stock Report



MARKET CAP
US\$16.9b

7D
0.09%

1Y
17.3%



UPDATED 26 Oct, 2021

DPZ Overview

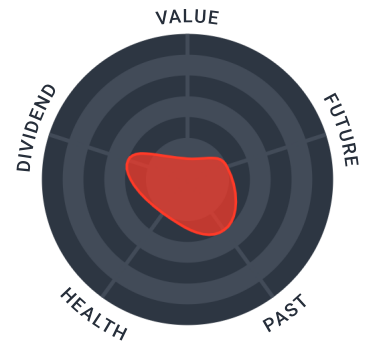
Domino's Pizza, Inc., through its subsidiaries, operates as a pizza company in the United States and internationally.

REWARDS

- ★ Earnings are forecast to grow 9.05% per year ▶
- ★ Earnings have grown 18.4% per year over the past 5 years ▶

RISK ANALYSIS

- ! Debt is not well covered by operating cash flow ▶
- ! Negative shareholders equity ▶
- ! Significant insider selling over the past 3 months ▶



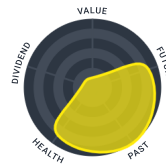
Domino's Pizza Competitors



McDonald's
NYSE:MCD
US\$176.6b



Starbucks
NASDAQ:SBUX
US\$135.5b

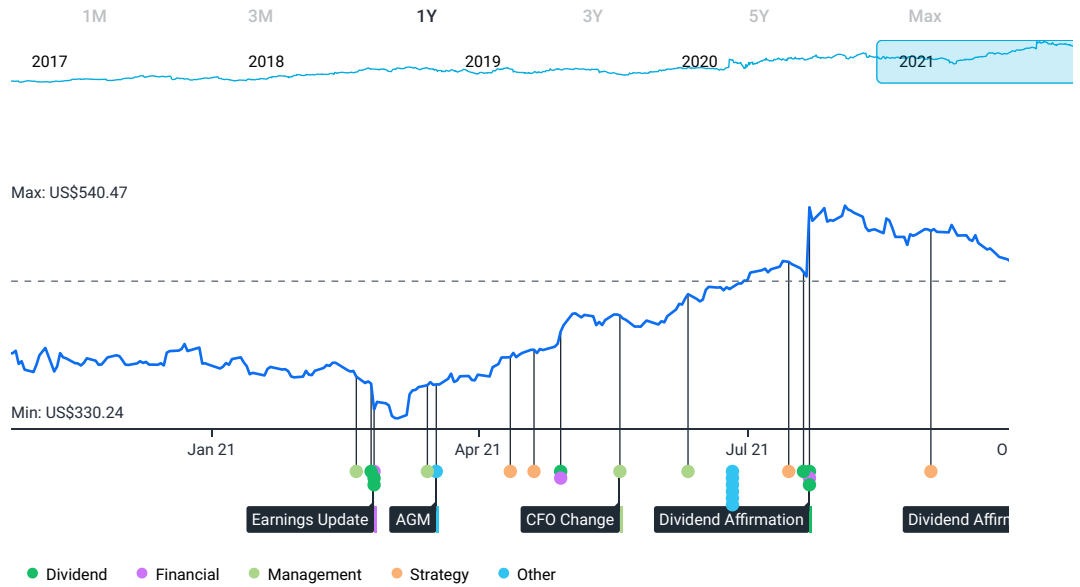


Chipotle Mexican G...
NYSE:CMG
US\$49.2b






Yum! Brands
NYSE:YUM
US\$37.3b


Price History & Performance






Recent News & Updates


- Oct 26  Insider exercised options and sold US\$792k worth of stock

On the 21st of October, Joseph Jordan exercised 2k options at a strike price of around US\$73.04 and sold these shares for an average price of US\$467 per share. This trade did not impact their existing...
- Oct 14  Dividend is a Modest Topping on the Thick Crust of Domino's Pizza (NYSE:DPZ) 

After dropping almost 5% on the earnings release, Dominos Pizza rose faster than dough in the oven. Additionally, the company declared the quarterly dividend, which we will examine in this article.
- Oct 08  Domino's Pizza: Expect Third Quarter Growth To Be Slower But Results Likely To Beat Estimates

The company is best positioned to weather slower sales growth as the world reopens. Carry-out and car-side delivery sales are likely to offset some losses in delivery transactions. International...
- Oct 03  Is Domino's Pizza, Inc. (NYSE:DPZ) Worth US\$475 Based On Its Intrinsic Value? 

Today we will run through one way of estimating the intrinsic value of Domino's Pizza, Inc. (NYSE:DPZ) by taking the...
- Sep 19  Domino's Pizza: Limited Margin Of Safety At Current Levels

Domino's released its Q2 2021 results in late July, reporting revenue of ~\$1.03 billion, translating to 12% growth in revenue year-over-year. This solid performance was driven by strong same-store sale...
- Sep 07  Upcoming dividend of US\$0.94 per share

Eligible shareholders must have bought the stock before 14 September 2021. Payment date: 30 September 2021. Trailing yield: 0.7%. Lower than top quartile of American dividend payers (3.5%)...

Shareholder Returns

	DPZ	US Hospitality	US Market
7D	0.09%	-1.7%	0.9%
1Y	17.3%	36.9%	33.4%

Price Volatility

DPZ volatility	
DPZ Beta	0.52
Industry Beta	1.68

Return vs Industry: DPZ underperformed the US Hospitality industry which returned 33.7% over the past year.

Return vs Market: DPZ underperformed the US Market which returned 33.4% over the past year.

Stable Share Price: DPZ is less volatile than 75% of US stocks over the past 3 months, typically moving +/- 3% a week.

Volatility Over Time: DPZ's weekly volatility (3%) has been stable over the past year.

About the Company

Founded **1960** Employees **10,650** CEO **Ritch Allison** Website <https://www.dominos.com/index.intl.html>

Domino's Pizza, Inc., through its subsidiaries, operates as a pizza company in the United States and internationally. It operates through three segments: U.S. Stores, International Franchise, and Supply Chain.

Domino's Pizza Fundamentals Summary

DPZ fundamental statistics	
Market Cap	US\$16.95b
Earnings (TTM)	US\$485.41m
Revenue (TTM)	US\$4.34b

34.9x
P/E Ratio

3.9x
P/S Ratio

Earnings & Revenue

DPZ income statement (TTM)	
Revenue	US\$4.34b
Cost of Revenue	US\$3.14b
Gross Profit	US\$1.21b
Expenses	US\$720.02m
Earnings	US\$485.41m

Last Reported Earnings
Jun 19, 2021

Next Earnings Date
n/a

Earnings per share (EPS) **13.34**

Gross Margin **27.77%**

Net Profit Margin **11.18%**

Debt/Equity Ratio **-121.2%**

Dividends

Current Dividend Yield

Payout Ratio

Domino's Pizza dividend dates

Domino's Pizza dividend dates

Dividend Pay Date	Dec 29 2021
Days until Ex dividend	47 days
Days until Dividend pay date	63 days

1 | Valuation

Analysis Checks 0/6

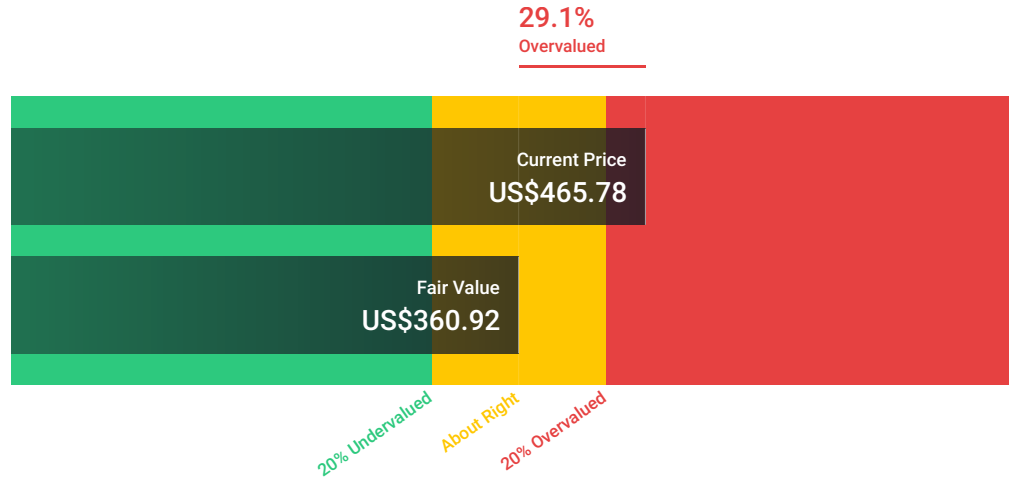


Is Domino's Pizza undervalued compared to its fair value and its price relative to the market?

34.92x

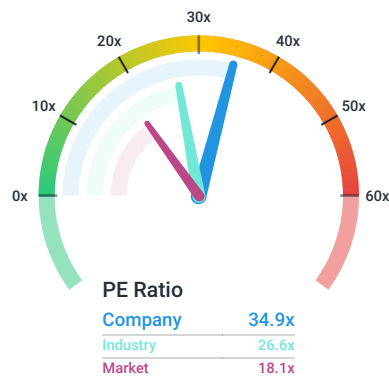
Price to Earnings (PE) ratio

1.1 | Share Price vs. Fair Value



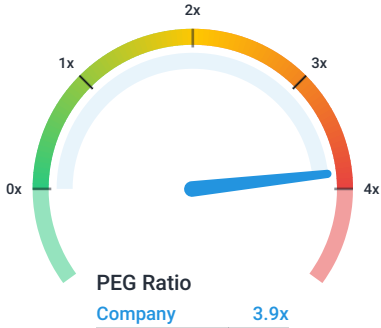
- ⊗ **Below Fair Value:** DPZ (\$465.78) is trading above our estimate of fair value (\$360.92)
- ⊗ **Significantly Below Fair Value:** DPZ is trading above our estimate of fair value.

1.2 | Price To Earnings Ratio



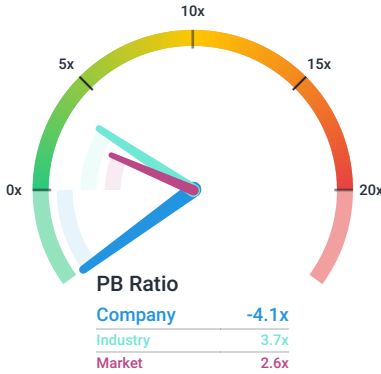
- ⊗ **PE vs Industry:** DPZ is poor value based on its PE Ratio (34.9x) compared to the US Hospitality industry average (26.8x).
- ⊗ **PE vs Market:** DPZ is poor value based on its PE Ratio (34.9x) compared to the US market (18.3x).

1.3 | Price to Earnings Growth Ratio



⊗ **PEG Ratio:** DPZ is poor value based on its PEG Ratio (3.9x)

1.4 | Price to Book Ratio



⊗ **PB vs Industry:** DPZ has negative assets, so we can't compare its PB Ratio to the US Hospitality industry average.

2 | Future Growth

Analysis Checks 1/6

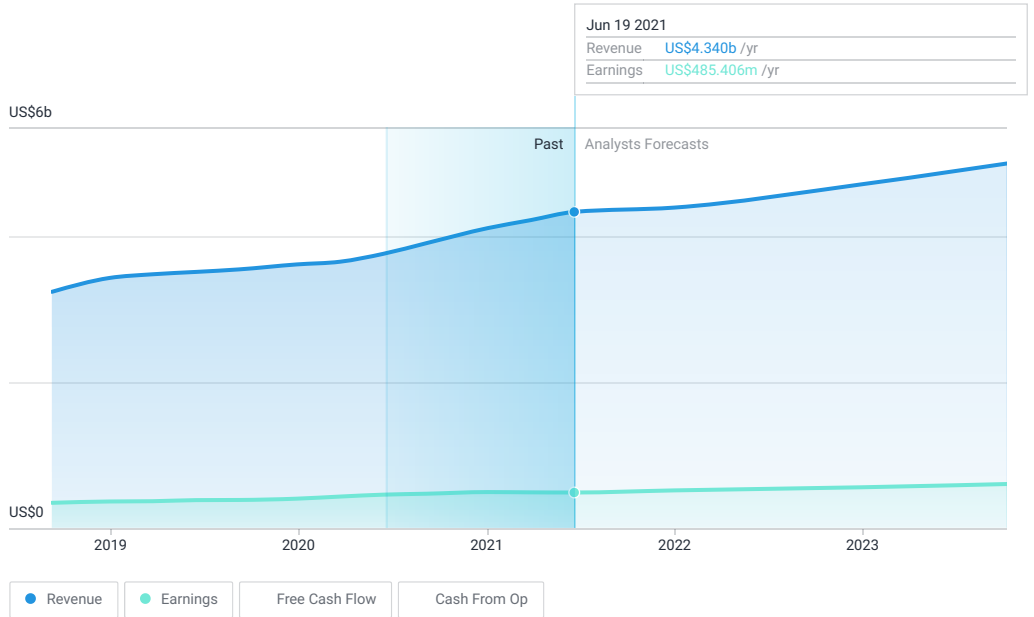


How is Domino's Pizza forecast to perform in the next 1 to 3 years based on estimates from 26 analysts?

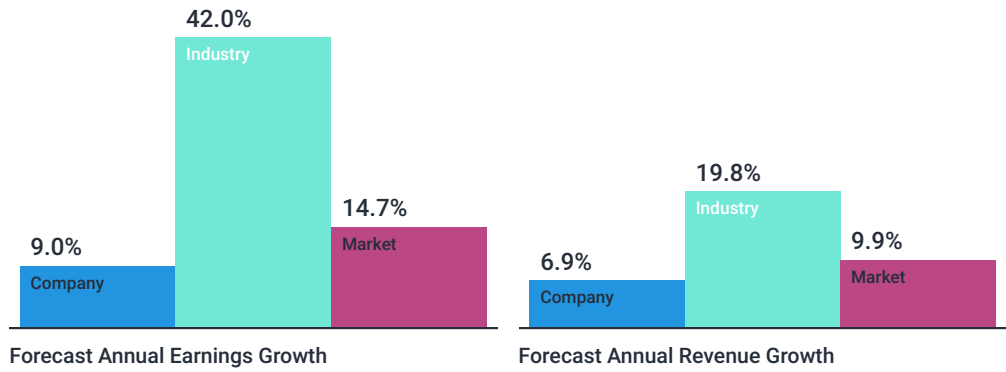
9.0%

Forecasted annual earnings growth

2.1 | Earnings and Revenue Growth Forecasts

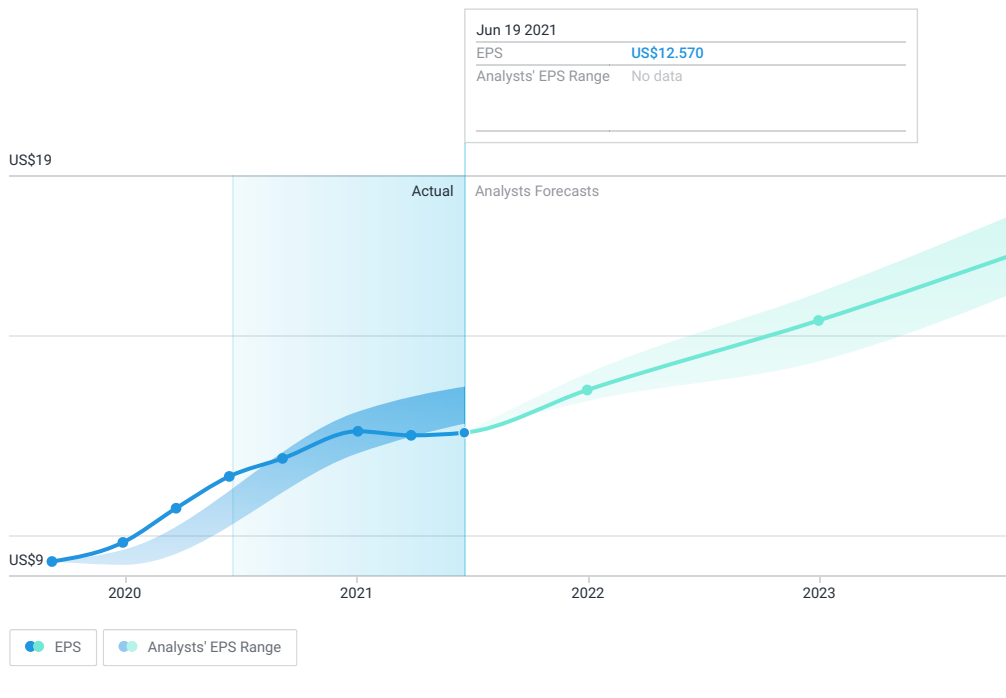


2.2 | Analyst Future Growth Forecasts

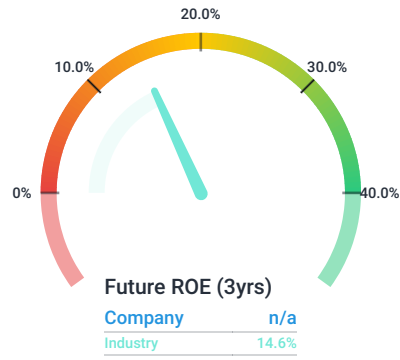



- ✓ **Earnings vs Savings Rate:** DPZ's forecast earnings growth (9% per year) is above the savings rate (2%).
- ✗ **Earnings vs Market:** DPZ's earnings (9% per year) are forecast to grow slower than the US market (14.7% per year).
- ✗ **High Growth Earnings:** DPZ's earnings are forecast to grow, but not significantly.
- ✗ **Revenue vs Market:** DPZ's revenue (6.9% per year) is forecast to grow slower than the US market (9.9% per year).
- ✗ **High Growth Revenue:** DPZ's revenue (6.9% per year) is forecast to grow slower than 20% per year.

2.3 | Earnings per Share Growth Forecasts



2.4 | Future Return on Equity



 **Future ROE:** Insufficient data to determine if DPZ's Return on Equity is forecast to be high in 3 years time

3 | Past Performance

Analysis Checks 2/6



How has Domino's Pizza performed over the past 5 years?

18.4%

Historical annual earnings growth

3.1 | Earnings and Revenue History

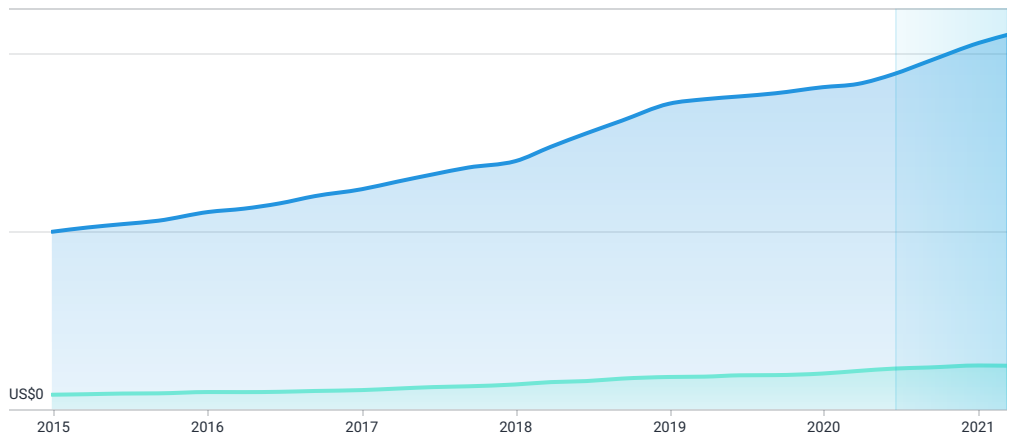
Jun 19 2021

Revenue **US\$4.340b** /yr

Earnings **US\$485.406m** /yr

11.2% profit margin

US\$5b

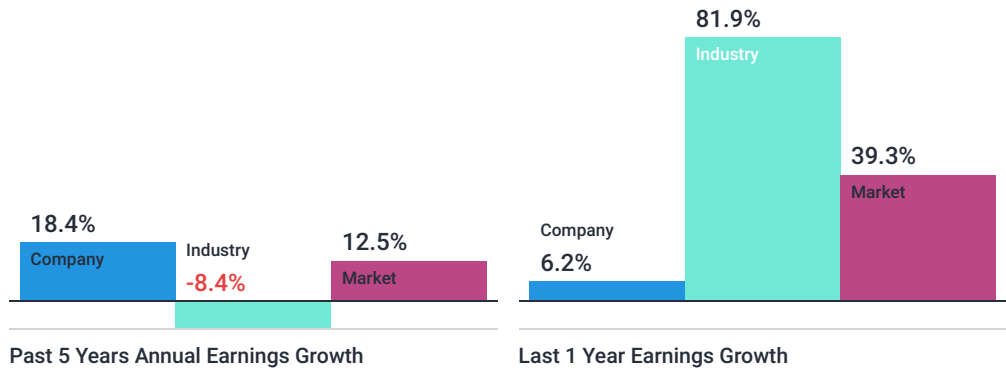


● Revenue ● Earnings ○ Free Cash Flow ○ Cash From Op ○ Operating Expenses

✔ **Quality Earnings:** DPZ has high quality earnings.

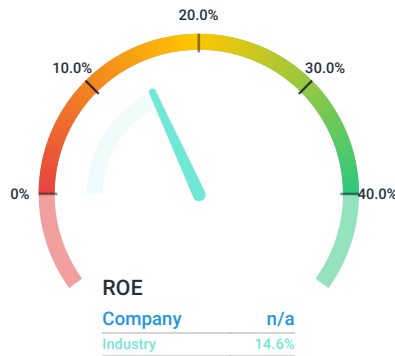
✘ **Growing Profit Margin:** DPZ's current net profit margins (11.2%) are lower than last year (12.1%).

3.2 | Past Earnings Growth Analysis



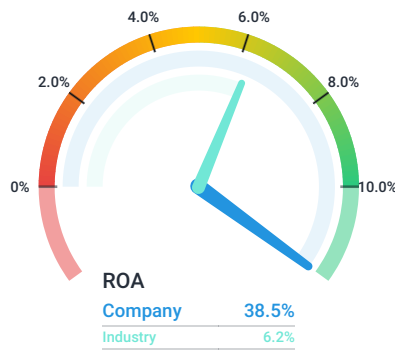
- ✔ **Earnings Trend:** DPZ's earnings have grown by 18.4% per year over the past 5 years.
- ✘ **Accelerating Growth:** DPZ's earnings growth over the past year (6.2%) is below its 5-year average (18.4% per year).
- ✘ **Earnings vs Industry:** DPZ earnings growth over the past year (6.2%) underperformed the Hospitality industry 81.9%.

3.3 | Return on Equity

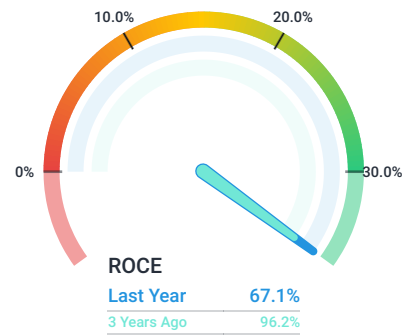


✘ **High ROE:** DPZ's liabilities exceed its assets, so it is difficult to calculate its Return on Equity.

3.4 | Return on Assets



3.5 | Return on Capital Employed



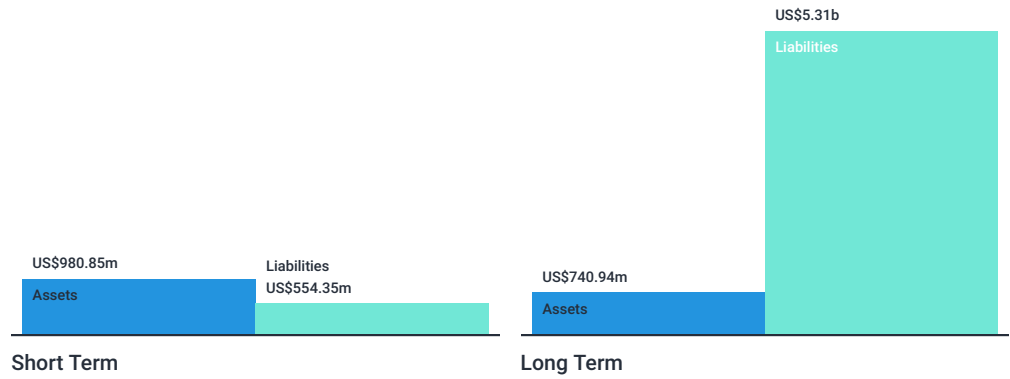
4 | Financial Health

Analysis Checks 1/6



How is Domino's Pizza's financial position?

4.1 | Financial Position Analysis

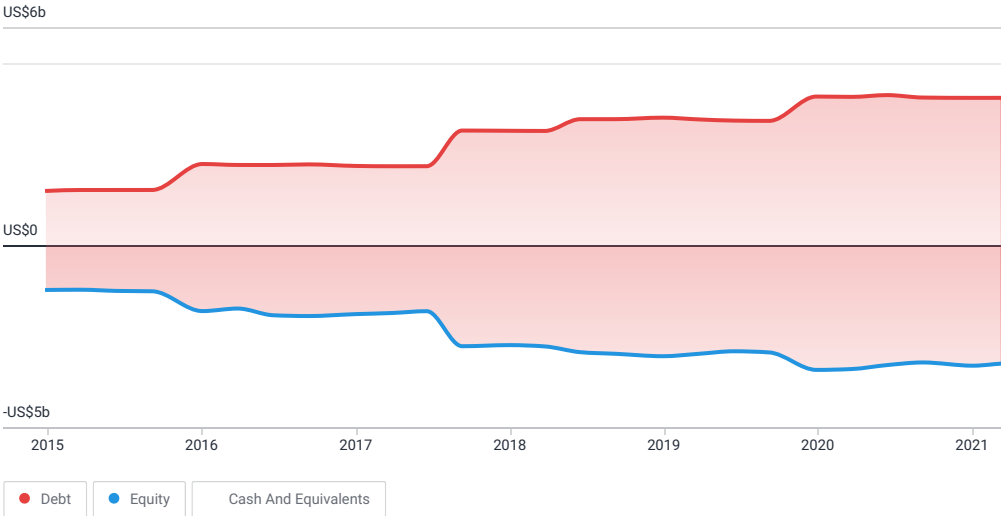


✘ **Short Term Liabilities:** DPZ has negative shareholder equity, which is a more serious situation than short term assets not covering short term liabilities.

✘ **Long Term Liabilities:** DPZ has negative shareholder equity, which is a more serious situation than short term assets not covering long term liabilities.

4.2 | Debt to Equity History and Analysis

Jun 19 2021	
Debt	US\$5.017b
Equity	-US\$4.141b
-121.2% Debt/Equity Ratio	



- ❌ **Debt Level:** DPZ has negative shareholder equity, which is a more serious situation than a high debt level.
- ❌ **Reducing Debt:** DPZ's has negative shareholder equity, so we do not need to check if its debt has reduced over time.
- ❌ **Debt Coverage:** DPZ's debt is not well covered by operating cash flow (13.5%).
- ✅ **Interest Coverage:** DPZ's interest payments on its debt are well covered by EBIT (4.4x coverage).

4.3 | Balance Sheet

Assets		Liabilities + Equity
Long term & Other Assets US\$618.2m	Cash & Short term Investments US\$292.1m	Debt US\$5.0b
Physical Assets US\$516.4m	Receivables US\$236.0m	
	Inventory US\$100.0m	

5 | Dividend

Analysis Checks 2/6

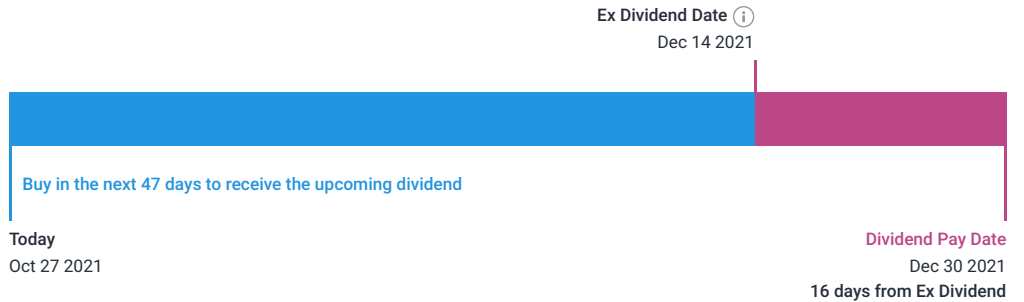


What is Domino's Pizza current dividend yield, its reliability and sustainability?

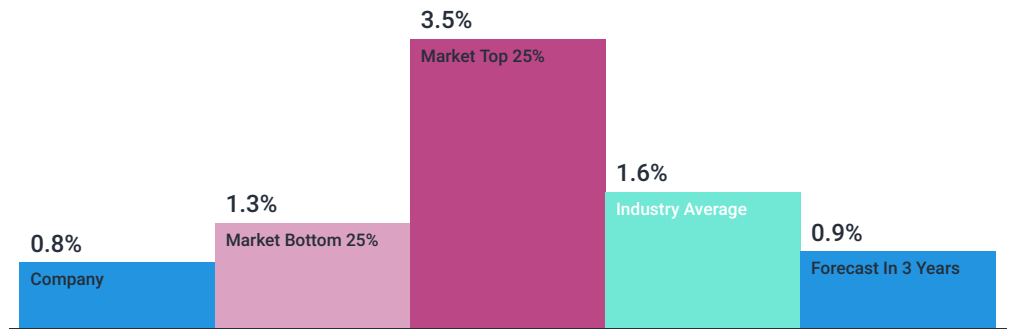
0.81%

Current Dividend Yield

5.1 | Upcoming Dividend Payment



5.2 | Dividend Yield vs Market

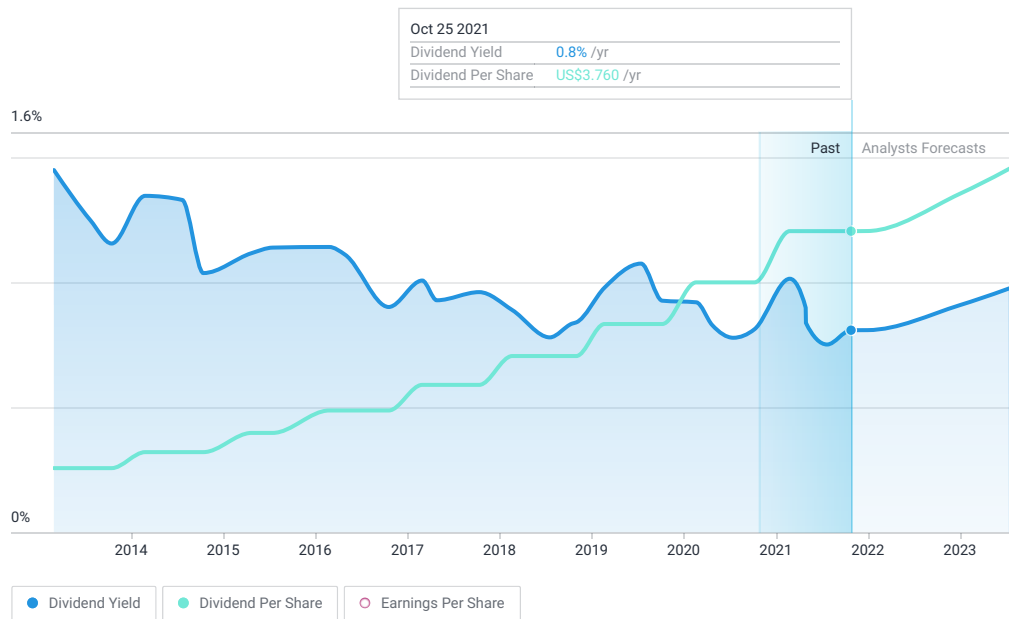


Current Dividend Yield Vs Market & Industry

⊗ **Notable Dividend:** DPZ's dividend (0.81%) isn't notable compared to the bottom 25% of dividend payers in the US market (1.27%).

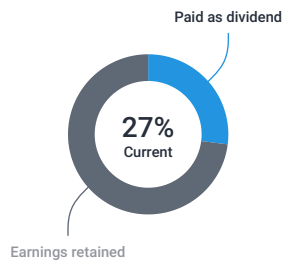
⊗ **High Dividend:** DPZ's dividend (0.81%) is low compared to the top 25% of dividend payers in the US market (3.48%).

5.3 | Stability and Growth of Payments



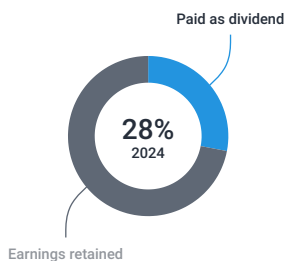
- ❌ **Stable Dividend:** Whilst dividend payments have been stable, DPZ has been paying a dividend for less than 10 years.
- ❌ **Growing Dividend:** DPZ's dividend payments have increased, but the company has only paid a dividend for 9 years.

5.4 | Current Payout to Shareholders



✅ **Dividend Coverage:** With its reasonably low payout ratio (27.4%), DPZ's dividend payments are well covered by earnings.

5.5 | Future Payout to Shareholders



✅ **Future Dividend Coverage:** DPZ's dividends in 3 years are forecast to be well covered by earnings (28.4% payout ratio).

6 | Management

How experienced are the management team and are they aligned to shareholders interests?

4.0yrs

Average management tenure

6.1 | CEO

Ritch Allison (54 yo)

3.25yrs

Tenure

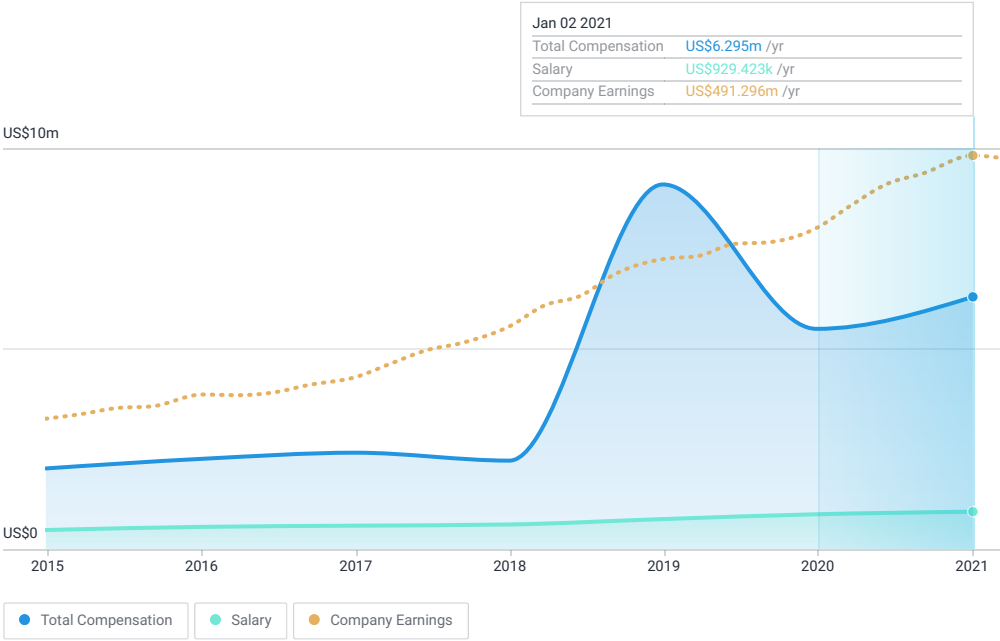
US\$6,295,230

Compensation

Mr. Richard E. Allison, Jr., also known as Ritch, serves as Independent Director of Starbucks Corporation since September 11, 2019. Mr. Allison has been Chief Executive Officer and President at Domino's Pizza, Inc. since July 2018 and has been its Director since June 30, 2018 and Interim Principal Financial Officer since May 19, 2021. He was President of Domino's International at Domino's Pizza, Inc. from October 14, 2014 to June 30, 2018 and served as its Executive Vice President of International from March 14, 2011 to October 14, 2014.

Mr. Allison was a Partner at Bain & Company, Inc. from 2004 to December 2010. He received BS in Business Administration from the University of North Carolina at Chapel Hill and an MBA degree from the Kenan-Flagler Business School, where he was named a Dean's scholar and received the Norman Brock Award.

6.2 | CEO Compensation Analysis



- ✔ **Compensation vs Market:** Ritich's total compensation (\$USD6.30M) is below average for companies of similar size in the US market (\$USD11.15M).
- ✔ **Compensation vs Earnings:** Ritich's compensation has been consistent with company performance over the past year.

6.3 | Leadership Team


Name	Position	Tenure	Compensation	Ownership
 Richard Allison	President	3.25yrs	US\$6.30m	0.12% \$ 19.5m
 Russell Weiner	COO & President of Domino's U.S	3.25yrs	US\$4.19m	0.070% \$ 11.9m
 Kevin Morris	Executive VP	4.75yrs	US\$1.53m	0.0068% \$ 1.2m
 Joseph Jordan	Executive Vice President of International	6.42yrs	US\$2.50m	0.0058% \$ 976.2k
 Kelly Garcia	Executive VP & Chief Technology Officer	1.5yrs	no data	0.010% \$ 1.7m
 Timothy McIntyre	Executive Vice President of Communications & Legislative Affairs	5.42yrs	no data	0.031% \$ 5.3m
 Arthur D'Elia	Executive VP & Chief Marketing Officer	1.25yrs	no data	0.0059% \$ 1.0m
 Lisa Price	Executive VP & Chief Human Resources Officer	2.08yrs	no data	0.0044% \$ 738.9k
 Scott Hinshaw	Executive Vice President of Franchise Operations & Development	13.75yrs	US\$1.53m	no data
 Dennis Maloney	Chief Innovation Officer & Senior VP	6.42yrs	no data	no data
 Julia Oswald	Senior Vice President of Strategy & Insights Center of Excellence	6.42yrs	no data	no data
 Debbie Sweeney	Senior Vice President of Franchise Relations & System Engagement	1.75yrs	no data	no data

4.0yrs

Average Tenure

53.5yo

Average Age

 **Experienced Management:** DPZ's management team is considered experienced (4 years average tenure).

6.4 | Board Members


Name	Position	Tenure	Compensation	Ownership
 Richard Allison	President	3.25yrs	US\$6.30m	0.12% \$ 19.5m
 Andrew Balson	Independent Director	22.58yrs	US\$262.40k	0.22% \$ 36.9m
 Richard Federico	Independent Director	10.67yrs	US\$262.68k	0.015% \$ 2.5m
 David Brandon	Non-Executive Chairman	22.58yrs	US\$482.28k	0.016% \$ 2.6m
 James Goldman	Independent Director	11.58yrs	US\$273.89k	0.017% \$ 2.8m
 C. Andrew Ballard	Independent Director	6.25yrs	US\$270.86k	0.0063% \$ 1.1m
 Diana Cantor	Independent Director	16yrs	US\$276.29k	0.022% \$ 3.7m
 Corie Barry	Independent Director	3.25yrs	US\$271.80k	0.0035% \$ 600.0k
 Patricia Lopez	Independent Director	3.25yrs	US\$265.52k	0.0035% \$ 600.0k

10.7yrs

Average Tenure

59yo

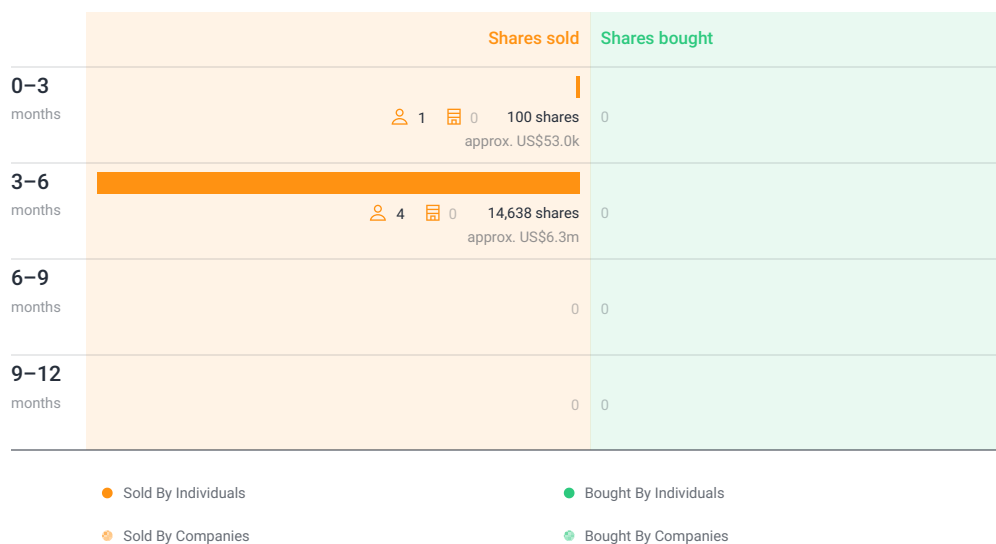
Average Age

 **Experienced Board:** DPZ's board of directors are seasoned and experienced (10.7 years average tenure).

7 | Ownership

Who are the major shareholders and have insiders been buying or selling?

7.1 | Insider Trading Volume



Insider Buying: DPZ insiders have only sold shares in the past 3 months.

7.2 | Recent Insider Transactions

Date	Value	Name	Entity	Role	Shares	Max Price
28 Jul 21	Sell US\$53,000	Jessica Parrish	Individual		100	US\$530.00
06 Jun 21	Sell US\$2,615,508	Diana Cantor	Individual		6,000	US\$435.92
09 May 21	Sell US\$1,120,491	Timothy McIntyre	Individual		2,600	US\$430.96
09 May 21	Sell US\$1,539,030	Russell Weiner	Individual		3,538	US\$435.00
04 May 21	Sell US\$1,080,425	Joseph Jordan	Individual		2,500	US\$432.17

7.3 | Ownership Breakdown

State or Government 0.07%

24,867 shares

Individual Insiders 0.7%

242,669 shares

General Public 1.7%

615,025 shares

Hedge Funds 5.6%

2,039,170 shares

Institutions 92.0%

33,465,046 shares



Dilution of Shares: Shareholders have not been meaningfully diluted in the past year.

7.4 | Top Shareholders

Top 25 shareholders own 69.44% of the company

Ownership	Name	Shares	Current Value	Change %	Portfolio %	
11.11%	The Vanguard Group, Inc.	4,043,944	\$1.9b	-2.42%	0.04%	
8.99%	BlackRock, Inc.	3,270,504	\$1.5b	-9.62%	0.03%	
8.37%	Capital Research and Management Company	3,047,368	\$1.4b	-35.87%	0.07%	
5.6%	Pershing Square Capital Management, L.P.	2,039,170	\$949.8m	0.17%	4.76%	
4.52%	State Street Global Advisors, Inc.	1,643,061	\$765.3m	-0.08%	0.01%	
3.55%	T. Rowe Price Group, Inc.	1,293,022	\$602.3m	-4.44%	0.05%	
3.37%	Renaissance Technologies Corp.	1,228,025	\$572.0m	31.14%	0.69%	
3.22%	Principal Global Investors, LLC	1,171,490	\$545.7m	-0.59%	0.29%	
3.06%	AllianceBernstein L.P.	1,112,280	\$518.1m	2.31%	0.17%	
1.96%	Geode Capital Management, LLC	711,996	\$331.6m	2.49%	0.04%	
1.6%	FMR LLC	583,416	\$271.7m	21.66%	0.02%	
1.49%	Invesco Capital Management LLC	542,817	\$252.8m	85.78%	0.18%	
1.44%	Melvin Capital Management LP	525,000	\$244.5m	0%	1.65%	
1.29%	Norges Bank Investment Management	468,678	\$218.3m	0%	0.02%	
1.24%	Northern Trust Global Investments	451,122	\$210.1m	-0.84%	0.03%	
1.06%	MFS Investment Management, Inc.	384,166	\$178.9m	-1.69%	0.03%	
1.02%	Fisher Investments	369,971	\$172.3m	-2.53%	0.1%	
0.96%	BNY Mellon Asset Management	347,793	\$162.0m	11.26%	0.03%	
0.89%	Morgan Stanley Investment Management Inc.	322,923	\$150.4m	8.4%	0.06%	
0.83%	Wells Capital Management Incorporated	303,673	\$141.4m	-7.16%	0.13%	
0.82%	First Manhattan Co.	298,750	\$139.2m	6.67%	0.48%	
0.82%	California Public Employees' Retirement System	297,137	\$138.4m	-2.74%	0.09%	
0.79%	Bessemer Investment Management LLC	287,300	\$133.8m	43430.3%	0.22%	
0.77%	Arrowstreet Capital, Limited Partnership	278,492	\$129.7m	-50.49%	0.15%	
0.68%	Laurion Capital Management LP	246,551	\$114.8m	2812.25%	1.88%	

8 | Company Information

Domino's Pizza, Inc.'s employee growth, exchange listings and data sources

8.1 | Key Information



Name: **Domino's Pizza, Inc.**

Ticker: **DPZ**

Exchange: **NYSE**

Founded: **1960**

Industry: **Restaurants**

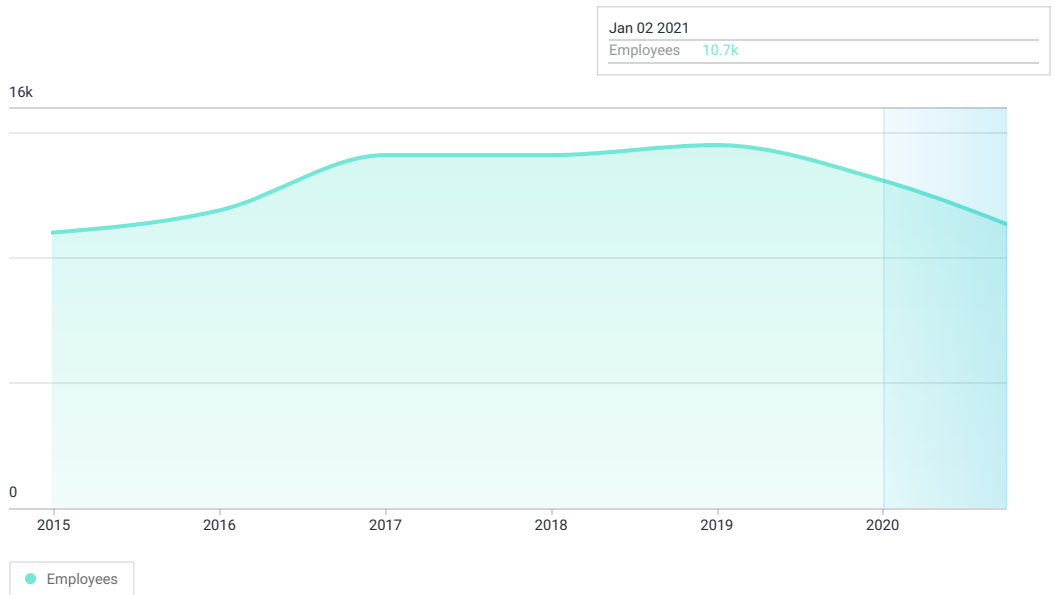
Sector: **Consumer Services**

Market Cap: **US\$16.948b**

Shares outstanding: **36.39m**

Website: <https://www.dominos.com/index.intl.html>

8.2 | Number of Employees



8.3 | Location



Domino's Pizza, Inc.
30 Frank Lloyd Wright Drive
Ann Arbor
Michigan
48105
United States



8.4 | Listings

Ticker	Exchange	Primary Security	Security Type	Country	Currency	Listed on
DPZ	NYSE (New York Stock Exchange)	Yes	Voting Common Stock	US	USD	Jul 2004
EZV	DB (Deutsche Boerse AG)	Yes	Voting Common Stock	DE	EUR	Jul 2004
DPZ	WBAG (Wiener Boerse AG)	Yes	Voting Common Stock	AT	EUR	Jul 2004
DPZ *	BMV (Bolsa Mexicana de Valores)	Yes	Voting Common Stock	MX	MXN	Jul 2004
D2PZ34	BOVESPA (Bolsa de Valores de Sao Paulo)		BDR EACH 50 REPR 1 COM USD0.01	BR	BRL	Aug 2021

8.5 | Company Analysis and Financial Data Status

Data	Last Updated (UTC time)
Company Analysis	2021/10/26 22:36
End of Day Share Price	2021/10/26 00:00
Earnings	2021/06/20
Annual Earnings	2021/01/03