

DOMINOS PIZZA INC  
Form 10-Q  
October 14, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 7, 2014**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 001-32242**

**Domino s Pizza, Inc.**

**(Exact Name of Registrant as Specified in Its Charter)**

**Delaware**  
**(State or Other Jurisdiction of**  
**Incorporation or Organization)**

**38-2511577**  
**(I.R.S. Employer**  
**Identification No.)**

**30 Frank Lloyd Wright Drive**  
**Ann Arbor, Michigan**  
**(Address of Principal Executive Offices)**

**48105**  
**(Zip Code)**

**(734) 930-3030**

**(Registrant's Telephone Number, Including Area Code)**

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of October 7, 2014, Domino's Pizza, Inc. had 55,005,780 shares of common stock, par value \$0.01 per share, outstanding.

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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.**

**Domino s Pizza, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

(In thousands)	September 7, 2014	December 29, 2013 (Note)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 30,936	\$ 14,383
Restricted cash and cash equivalents	73,592	125,453
Accounts receivable	103,540	105,779
Inventories	35,213	30,321
Prepaid expenses and other	21,846	20,199
Advertising fund assets, restricted	60,111	44,695
Deferred income taxes	8,086	10,710
<b>Total current assets</b>	<b>333,324</b>	<b>351,540</b>
<b>Property, plant and equipment:</b>		
Land and buildings	25,995	23,423
Leasehold and other improvements	96,325	90,508
Equipment	182,540	174,667
Construction in progress	3,042	8,900
	307,902	297,498
<b>Accumulated depreciation and amortization</b>	<b>(207,411)</b>	<b>(199,914)</b>
<b>Property, plant and equipment, net</b>	<b>100,491</b>	<b>97,584</b>
<b>Other assets:</b>		
Deferred financing costs	24,647	28,693
Goodwill	16,109	16,598
Capitalized software	18,700	14,464
Other assets	14,899	13,209
Deferred income taxes	2,713	3,167
<b>Total other assets</b>	<b>77,068</b>	<b>76,131</b>
<b>Total assets</b>	<b>\$ 510,883</b>	<b>\$ 525,255</b>
<b>Liabilities and stockholders' deficit</b>		
<b>Current liabilities:</b>		

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Current portion of long-term debt	\$	549	\$	24,144
Accounts payable		73,942		83,408
Dividends payable		14,111		11,849
Insurance reserves		13,880		13,297
Advertising fund liabilities		60,111		44,695
Other accrued liabilities		57,793		77,218
<b>Total current liabilities</b>		<b>220,386</b>		<b>254,611</b>
Long-term liabilities:				
Long-term debt, less current portion		1,523,740		1,512,299
Insurance reserves		26,030		25,528
Deferred income taxes		5,455		7,827
Other accrued liabilities		17,014		15,192
<b>Total long-term liabilities</b>		<b>1,572,239</b>		<b>1,560,846</b>
Stockholders' deficit:				
Common stock		549		558
Additional paid-in capital		1,036		669
Retained deficit		(1,280,993)		(1,289,445)
Accumulated other comprehensive loss		(2,334)		(1,984)
<b>Total stockholders' deficit</b>		<b>(1,281,742)</b>		<b>(1,290,202)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$</b>	<b>510,883</b>	<b>\$</b>	<b>525,255</b>

Note: The balance sheet at December 29, 2013 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.

See accompanying notes.

## Domino's Pizza, Inc. and Subsidiaries

## Condensed Consolidated Statements of Income

(Unaudited)

(In thousands, except per share data)	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 7, 2014	September 8, 2013	September 7, 2014	September 8, 2013
<b>Revenues:</b>				
Domestic Company-owned stores	\$ 77,644	\$ 75,923	\$ 238,915	\$ 235,526
Domestic franchise	51,858	47,846	157,317	147,330
Domestic supply chain	254,820	226,315	769,899	691,154
International	62,246	53,966	184,752	161,666
<b>Total revenues</b>	<b>446,568</b>	<b>404,050</b>	<b>1,350,883</b>	<b>1,235,676</b>
<b>Cost of sales:</b>				
Domestic Company-owned stores	59,754	58,662	183,262	179,466
Domestic supply chain	228,422	203,004	689,487	615,736
International	24,878	21,750	72,933	64,047
<b>Total cost of sales</b>	<b>313,054</b>	<b>283,416</b>	<b>945,682</b>	<b>859,249</b>
<b>Operating margin</b>	<b>133,514</b>	<b>120,634</b>	<b>405,201</b>	<b>376,427</b>
<b>General and administrative</b>	<b>56,573</b>	<b>53,858</b>	<b>162,722</b>	<b>160,286</b>
<b>Income from operations</b>	<b>76,941</b>	<b>66,776</b>	<b>242,479</b>	<b>216,141</b>
Interest income	22	24	80	97
Interest expense	(19,974)	(20,347)	(60,151)	(61,718)
<b>Income before provision for income taxes</b>	<b>56,989</b>	<b>46,453</b>	<b>182,408</b>	<b>154,520</b>
Provision for income taxes	21,371	15,821	67,854	56,198
<b>Net income</b>	<b>\$ 35,618</b>	<b>\$ 30,632</b>	<b>\$ 114,554</b>	<b>\$ 98,322</b>
<b>Earnings per share:</b>				
Common stock basic	\$ 0.65	\$ 0.56	\$ 2.08	\$ 1.77
Common stock diluted	0.63	0.53	2.01	1.70
Dividends declared per share	\$ 0.25	\$ 0.20	\$ 0.75	\$ 0.60

See accompanying notes.

**Domino s Pizza, Inc. and Subsidiaries****Consolidated Statements of Comprehensive Income****(Unaudited)**

(In thousands)	<b>Fiscal Quarter Ended</b>		<b>Three Fiscal Quarters Ended</b>	
	<b>September 7,</b>	<b>September 8,</b>	<b>September 7,</b>	<b>September 8,</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net income	\$ 35,618	\$ 30,632	\$ 114,554	\$ 98,322
Other comprehensive income (loss), before tax:				
Currency translation adjustment	(5)	175	(790)	85
Tax attributes of items in other comprehensive income (loss):				
Currency translation adjustment	29	(49)	440	34
Other comprehensive income (loss), net of tax	24	126	(350)	119
<b>Comprehensive income</b>	<b>\$ 35,642</b>	<b>\$ 30,758</b>	<b>\$ 114,204</b>	<b>\$ 98,441</b>

See accompanying notes.

**Domino s Pizza, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

(In thousands)	<b>Three Fiscal Quarters Ended</b>	
	<b>September 7, 2014</b>	<b>September 8, 2013</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 114,554	\$ 98,322
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	20,024	17,480
Gains on sale/disposal of assets	(1,381)	(71)
Amortization of deferred financing costs	4,046	4,264
Provision for deferred income taxes	1,008	6,031
Non-cash compensation expense	11,897	14,866
Tax impact from equity-based compensation	(10,899)	(12,025)
Other	(888)	(1,283)
Changes in operating assets and liabilities	(19,476)	(23,009)
<b>Net cash provided by operating activities</b>	<b>118,885</b>	<b>104,575</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(30,983)	(20,286)
Proceeds from sale of assets	5,802	3,184
Changes in restricted cash	51,861	(3,273)
Other	(1,365)	1,539
<b>Net cash provided by (used in) investing activities</b>	<b>25,315</b>	<b>(18,836)</b>
<b>Cash flows from financing activities:</b>		
Repayments of long-term debt and capital lease obligations	(12,152)	(18,268)
Proceeds from exercise of stock options	3,094	5,804
Tax impact from equity-based compensation	10,899	12,025
Purchases of common stock	(82,407)	(76,892)
Tax payments for restricted stock upon vesting	(7,889)	(7,888)
Payments of common stock dividends and equivalents	(39,208)	(23,223)
<b>Net cash used in financing activities</b>	<b>(127,663)</b>	<b>(108,442)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>16</b>	<b>(31)</b>
<b>Change in cash and cash equivalents</b>	<b>16,553</b>	<b>(22,734)</b>
<b>Cash and cash equivalents, at beginning of period</b>	<b>14,383</b>	<b>54,813</b>
<b>Cash and cash equivalents, at end of period</b>	<b>\$ 30,936</b>	<b>\$ 32,079</b>



See accompanying notes.

**Domino's Pizza, Inc. and Subsidiaries****Notes to Condensed Consolidated Financial Statements**

(Unaudited; tabular amounts in thousands, except percentages, share and per share amounts)

**September 7, 2014**

## 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. For further information, refer to the consolidated financial statements and footnotes for the fiscal year ended December 29, 2013 included in our annual report on Form 10-K.

In the opinion of the Company, all adjustments, consisting of normal recurring items, considered necessary for a fair statement have been included. Operating results for the fiscal quarter and three fiscal quarters ended September 7, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending December 28, 2014.

## 2. Segment Information

The following table summarizes revenues, income from operations and earnings before interest, taxes, depreciation, amortization and other, which is the measure by which the Company allocates resources to its segments and which we refer to as Segment Income, for each of our reportable segments.

	Fiscal Quarters Ended September 7, 2014 and September 8, 2013					
	Domestic Stores	Domestic Supply Chain	International	Intersegment Revenues	Other	Total
Revenues						
2014	\$ 129,502	\$ 278,445	\$ 62,246	\$ (23,625)	\$	\$ 446,568
2013	123,769	248,299	53,966	(21,984)		404,050
Income from operations						
2014	\$ 43,000	\$ 20,523	\$ 30,717	N/A	\$ (17,299)	\$ 76,941
2013	39,719	17,426	25,953	N/A	(16,322)	66,776
Segment Income						
2014	\$ 44,761	\$ 22,453	\$ 30,907	N/A	\$ (10,110)	\$ 88,011
2013	41,205	19,370	26,052	N/A	(8,939)	77,688

	Three Fiscal Quarters Ended September 7, 2014 and September 8, 2013					
	Domestic Stores	Domestic Supply Chain	International	Intersegment Revenues	Other	Total
Revenues						
2014	\$ 396,232	\$ 842,031	\$ 184,752	\$ (72,132)	\$	\$ 1,350,883
2013	382,856	758,901	161,666	(67,747)		1,235,676
Income from operations						

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2014	\$ 135,105	\$ 62,521	\$ 92,205	N/A	\$ (47,352)	\$ 242,479
2013	125,882	58,250	79,567	N/A	(47,558)	216,141
<b>Segment Income</b>						
2014	\$ 138,413	\$ 68,364	\$ 92,320	N/A	\$ (26,078)	\$ 273,019
2013	130,253	63,893	79,601	N/A	(25,331)	248,416

The following table reconciles Total Segment Income to consolidated income before provision for income taxes.

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 7, 2014	September 8, 2013	September 7, 2014	September 8, 2013
Total Segment Income	\$ 88,011	\$ 77,688	\$ 273,019	\$ 248,416
Depreciation and amortization	(6,947)	(6,072)	(20,024)	(17,480)
(Loss) gain on sale/disposal of assets	(306)	(214)	1,381	71
Non-cash compensation expense	(3,817)	(4,626)	(11,897)	(14,866)
Income from operations	76,941	66,776	242,479	216,141
Interest income	22	24	80	97
Interest expense	(19,974)	(20,347)	(60,151)	(61,718)
Income before provision for income taxes	\$ 56,989	\$ 46,453	\$ 182,408	\$ 154,520

### 3. Earnings Per Share

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 7, 2014	September 8, 2013	September 7, 2014	September 8, 2013
Net income available to common stockholders basic and diluted	\$ 35,618	\$ 30,632	\$ 114,554	\$ 98,322
Basic weighted average number of shares	54,620,539	55,065,450	54,949,257	55,427,070
Earnings per share basic	\$ 0.65	\$ 0.56	\$ 2.08	\$ 1.77
Weighted average diluted number of shares	56,610,608	57,345,677	57,030,669	57,831,660
Earnings per share diluted	\$ 0.63	\$ 0.53	\$ 2.01	\$ 1.70

The denominators used in calculating diluted earnings per share for common stock for both the third quarter and three fiscal quarters of 2014 do not include 335,420 options to purchase common stock as the effect of including these options would have been anti-dilutive. The denominators used in calculating diluted earnings per share for common stock for the third quarter and three fiscal quarters of 2013 do not include 152,340 and 500,180 options to purchase common stock, respectively, as the effect of including these options would have been anti-dilutive.

### 4. Stockholders Deficit

The following table summarizes changes in Stockholders Deficit for the three fiscal quarters of 2014.

Common Stock	Additional Paid-in	Retained	Accumulated Other Comprehensive
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	<b>Shares</b>	<b>Amount</b>	<b>Capital</b>	<b>Deficit</b>	<b>Loss</b>
Balance at December 29, 2013	55,768,672	\$ 558	\$ 669	\$ (1,289,445)	\$ (1,984)
Net income				114,554	
Common stock dividends				(41,339)	
Issuance of common stock, net	105,161	1			
Tax payments for restricted stock upon vesting	(104,594)	(1)	(7,888)		
Purchases of common stock	(1,151,931)	(12)	(17,632)	(64,763)	
Exercise of stock options	328,055	3	3,091		
Tax impact from equity-based compensation			10,899		
Non-cash compensation expense			11,897		
Currency translation adjustment, net of tax					(350)
Balance at September 7, 2014	54,945,363	\$ 549	\$ 1,036	\$ (1,280,993)	\$ (2,334)

## 5. Dividends

During the three fiscal quarters of 2014, the Company paid approximately \$39.2 million of common stock dividends. Additionally, during the third quarter of 2014, the Company's Board of Directors declared a \$0.25 per share quarterly dividend on its outstanding common stock for shareholders of record as of September 15, 2014 that was paid on September 30, 2014. The Company had approximately \$14.1 million accrued for common stock dividends at September 7, 2014.

On October 8, 2014, the Company's Board of Directors declared a \$0.25 per share quarterly dividend on its outstanding common stock for shareholders of record as of December 15, 2014 to be paid on December 30, 2014.

## 6. Accumulated Other Comprehensive Loss

In 2013, the Company adopted Accounting Standards Update 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, which requires an entity to present either on the face of the statement where net income is presented or in the notes to the financial statements, significant amounts reclassified out of accumulated other comprehensive income (loss) by the respective line items of net income.

The approximately \$2.3 million of accumulated other comprehensive loss at September 7, 2014 and the approximately \$2.0 million of accumulated other comprehensive loss at December 29, 2013 represent currency translation adjustments, net of tax. There were no reclassifications out of accumulated other comprehensive loss to net income in the three fiscal quarters of 2014 or the three fiscal quarters of 2013.

## 7. Open Market Share Repurchase Program

During the third quarter of 2014, the Company repurchased and retired 242,700 shares of common stock for a total of approximately \$17.4 million, and during the three fiscal quarters of 2014, the Company repurchased and retired 1,151,931 shares of common stock for a total of approximately \$82.4 million. As of September 7, 2014, the Company had approximately \$132.7 million remaining for future share repurchases under its Board of Directors approved \$200.0 million open market share repurchase program.

During the third quarter and three fiscal quarters of 2013, the Company repurchased and retired 351,085 and 1,369,232 shares of common stock for a total of approximately \$20.8 million and \$76.9 million, respectively, under the Company's open market share repurchase program.

## 8. Fair Value Measurements

Fair value measurements enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.



The fair values of the Company's cash equivalents and investments in marketable securities are based on quoted prices in active markets for identical assets. The following tables summarize the carrying amounts and fair values of certain assets at September 7, 2014 and December 29, 2013:

	At September 7, 2014			
	Carrying Amount	Fair Value Level 1 Inputs	Estimated Level 2 Inputs	Using Level 3 Inputs
Cash equivalents	\$ 21,108	\$ 21,108	\$	\$
Restricted cash equivalents	54,834	54,834		
Investments in marketable securities	4,365	4,365		

	At December 29, 2013			
	Carrying Amount	Fair Value Level 1 Inputs	Estimated Level 2 Inputs	Using Level 3 Inputs
Cash equivalents	\$ 5,303	\$ 5,303	\$	\$
Restricted cash equivalents	93,608	93,608		
Investments in marketable securities	3,269	3,269		

At September 7, 2014, the Company estimates that the \$1.522 billion in principal amount of outstanding fixed rate notes had a fair value of approximately \$1.604 billion, and at December 29, 2013 the \$1.534 billion in principal amount of outstanding fixed rate notes had a fair value of approximately \$1.643 billion. The fixed rate notes are classified as a Level 2 measurement, as the Company estimated the fair value amount by using available market information. The Company obtained broker quotes from two separate brokerage firms that are knowledgeable about the Company's fixed rate notes and, at times, trade these notes. Further, the Company performs its own internal analysis based on the information it gathers from public markets, including information on notes that are similar to that of the Company. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the fair value estimates presented here are not necessarily indicative of the amount that the Company or the debtholders could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

#### 9. Sale of Company-Owned Stores

During the first quarter of 2014, the Company sold 14 Company-owned stores to a franchisee. In connection with the sale of these 14 stores, the Company recorded a \$1.7 million pre-tax gain on the sale of the related assets, which was net of a \$0.5 million reduction in goodwill. The gain was recorded in general and administrative expense in the Company's condensed consolidated statements of income. This transaction will not have a material ongoing impact on the Company's consolidated financial results.

As a result of the capital gain recognized in connection with the sale of the 14 Company-owned stores, the Company also released \$0.3 million of a deferred tax valuation allowance.

#### 10. Subsequent Event

During the third quarter of 2014, the Company received approval from its Board of Directors to replace its corporate airplane with a newer model used airplane. Subsequent to the quarter, a purchase agreement was executed to purchase the newer airplane for approximately \$20.0 million, including taxes and transfer fees. This purchase will be a capital



expenditure in the fourth quarter and will be paid for in cash.

Additionally, during the third quarter of 2014, its Board of Directors approved the sale of the existing corporate airplane, which the Company began actively marketing in the fourth quarter of 2014. As a result of these actions, the Company estimates that it will classify its existing airplane as held for sale and record approximately \$6.0 million of pre-tax expense in the fourth quarter of 2014 to reduce the asset to its fair value less cost to sell. This impairment loss will be recorded in general and administrative expenses on the consolidated statement of income.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Unaudited; tabular amounts in millions, except percentages and store data)**

The 2014 and 2013 third quarters referenced herein represent the twelve-week periods ended September 7, 2014 and September 8, 2013, respectively. The 2014 and 2013 three fiscal quarters referenced herein represent the thirty-six-week periods ended September 7, 2014 and September 8, 2013, respectively.

**Overview**

We are the number one pizza delivery company in the United States based on reported consumer spending, and the second largest pizza company in the world based on number of units. We operate through a substantially franchised network of stores, located in all 50 states and in more than 75 international markets, as well as Company-owned stores, all of which are in the United States. In addition, we operate regional dough manufacturing and supply chain centers in the United States and Canada.

Our financial results are driven largely by retail sales at our franchise and Company-owned stores. Changes in retail sales are driven by changes in same store sales and store counts. We monitor both of these metrics very closely, as they directly impact our revenues and profits, and strive to consistently increase both metrics. Retail sales drive royalty payments from franchisees as well as Company-owned store and supply chain revenues. Retail sales are primarily impacted by the strength of the Domino's Pizza® brand, the results of our marketing, the effectiveness of our digital platforms and technology, our ability to execute our store operating model, the overall global economic environment and the success of our business strategies.

	Third Quarter of 2014	Third Quarter of 2013	Three fiscal Quarters of 2014	Three fiscal Quarters of 2013
<b>Global retail sales growth</b>	+13.8%	+7.4%	+11.4%	+8.7%
<b>Same store sales growth:</b>				
Domestic Company-owned stores	+6.1%	+4.6%	+3.7%	+5.1%
Domestic franchise stores	+7.8%	+5.5%	+6.2%	+6.2%
Domestic stores	+7.7%	+5.4%	+6.0%	+6.1%
International stores (excluding foreign currency impact)	+7.1%	+5.0%	+7.4%	+5.8%
<b>Store counts (at end of period):</b>				
Domestic Company-owned stores	376	390		
Domestic franchise stores	4,640	4,549		
Domestic stores	5,016	4,939		

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International stores	6,265	5,627
Total stores	11,281	10,566

**Income statement**

**data:**

Total revenues	\$ 446.6	100.0%	\$ 404.1	100.0%	\$ 1,350.9	100.0%	\$ 1,235.7	100.0%
Cost of sales	313.1	70.1%	283.4	70.1%	945.7	70.0%	859.2	69.5%
General and administrative	56.6	12.7%	53.9	13.3%	162.7	12.0%	160.3	13.0%
Income from operations	76.9	17.2%	66.8	16.6%	242.5	18.0%	216.1	17.5%
Interest expense, net	(20.0)	(4.4)%	(20.3)	(5.1)%	(60.1)	(4.5)%	(61.6)	(5.0)%
Income before provision for income taxes	57.0	12.8%	46.5	11.5%	182.4	13.5%	154.5	12.5%
Provision for income taxes	21.4	4.8%	15.8	3.9%	67.9	5.0%	56.2	4.5%
Net income	\$ 35.6	8.0%	\$ 30.6	7.6%	\$ 114.6	8.5%	\$ 98.3	8.0%

During the third quarter and three fiscal quarters of 2014, we experienced robust domestic same store sales increases, driven by our continued consumer offerings of high quality food at value pricing with effective marketing. Our innovative digital platforms and technology also contributed to those increases, as we believe that our platforms and technology provide us with a competitive advantage. Internationally, we achieved robust same store sales in both the third quarter and three fiscal quarters of 2014. International store growth continued to be strong during the third quarter, as we opened a net 146 stores, bringing the year-to-date total to a net 365 stores opened. We believe that our strong global brand and the factors described above drove our results for the third quarter and three fiscal quarters of 2014, and we intend to further grow our business by continuing to focus on operational e