Case Study Assignment: Domino’s Pizza Enterprises (DMP)

In this assignment, you will analyze the corporate governance, cost of capital, capital structure and dividend policy of

Domino’s Pizza (ticker code: DMP), which is a company listed in the

Australian Securities Exchange (ASX).

The submission will comprise of two parts:

(a) Report (word/pdf): discussing corporate governance, cost of capital, optimal capital structure and dividend policy

(using the report template).

(b) Spreadsheet (excel): Showing all the calculations relating to cost of capital, capital structure and dividend payout

(using the spreadsheet template).

Inserting Excel File

As Turnitin does not allow uploading of mulitple files, insert excel as an object in the report (word) documents. See

the link below on how to insert an object in word (use the display as icon option). I will be able to download the file

from your reports.

Insert the object at the end of the report after the references.

Use the second option (link or embed an existing file): https://support.office.com/en-us/article/insert-an-object-inword-or-outlook-8fc1ea53-0e01-4603-a4cf-98c49b6ea3f5

Including Tables/Graphs in report

Do not include all the tables and graphs in the report. Only summary tables & graphs should be shown in the report.

As a postgraduate student, you should be able to prepare a concise but informative report addressing all the

questions.

The detailed calculations and all the relevant Tables should only be shown in the excel file.

What tax rate should I use: You should be able to compute the tax rate for the firm from the income statement

Which debt should I use: Use Long-term debt as a measure of the debt or leverage of the company

How to calculate leverage ratio: Unless otherwise stated, you should use market values to estimate the firm's

leverage. If market values are not available (market value of debt is not provided), then you can use book values.

Can beta be negative: Yes, beta can be negative. A negative beta means that the stock returns move opposite to

that of market returns.

Do I have to read the whole annual report?: No, you only need to read the corporate governance and executive

compensation part of the annual report.

What market and risk-free return should I use for CAPM?= Use historical average based on the data provided in the

case study (market data)

Risk-free rate: Note that annualized return on the government bond is provided. Since stock and market returns are

on a monthly basis, you will have to convert the return (yield) on the bond accordingly.

What should I use as the current-long term Government bond rate in the cost of debt calculator: You will have to use

the latest government bond rate as provided in the market data file. Do not use the rate from any other source.

How to calculate stock returns? Calculate stock return based on the stock price provided in the market data file

(ignore dividends paid by the company