

October 20, 2021

Q2FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	4,111		4,135	
Sales (Rs. m)	55,301	67,664	54,215	66,002
% Chng.	2.0	2.5		
EBITDA (Rs. m)	14,688	18,787	15,003	19,162
% Chng.	(2.1)	(2.0)		
EPS (Rs.)	51.2	74.5	52.0	75.2
% Chng.	(1.6)	(0.9)		

Key Financials - Standalone

Ye Mar (Rs bn)	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	32,689	44,402	55,301	67,664
EBITDA (Rs. m)	7,666	11,562	14,688	18,787
Margin (%)	23.5	26.0	26.6	27.8
PAT (Rs. m)	2,337	4,669	6,754	9,833
EPS (Rs.)	17.7	35.4	51.2	74.5
Gr. (%)	(27.0)	99.8	44.6	45.6
DPS (Rs.)	6.0	12.0	16.0	23.0
Yield (%)	0.2	0.3	0.4	0.6
RoE (%)	17.4	27.6	31.5	35.3
RoCE (%)	29.8	44.7	47.3	49.5
EV/Sales (x)	15.8	11.5	9.1	7.3
EV/EBITDA (x)	67.5	44.3	34.4	26.4
PE (x)	223.9	112.1	77.5	53.2
P/BV (x)	35.0	27.8	21.8	16.5

Key Data

JUBI.BO | JUBI IN

52-W High / Low	Rs.4,590 / Rs.2,100
Sensex / Nifty	61,260 / 18,267
Market Cap	Rs.523bn/ \$ 6,989m
Shares Outstanding	132m
3M Av g. Daily Value	Rs.5987.66m

Shareholding Pattern (%)

Promoter's	42.14
Foreign	42.72
Domestic Institution	9.63
Public & Others	5.51
Promoter Pledge (Rs bn)	3.67

Stock Performance (%)

	1M	6M	12M
Absolute	(2.9)	40.1	73.1
Relative	(7.3)	9.1	14.6

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Poppeys and New ventures key to re-rating

Quick Pointers:

- JUBI opened 55 Domino's and 2 store each of Dunkin Donuts, Hongs Kitchen and 1 stores of Ekdum!, on track to meet upper end of new store guidance .
- Dine in at 46.9% and Dine in + Takeaway at 81.7% of precovid levels show significant scope to catch up in coming quarters. Overall recovery at 111.6%

We are increasing FY22EPS by 2.6% on account of easing restrictions, strong festive demand and T20 world cup, however we are cutting FY23 EPS by 1.6% on account of higher personel cost and launch of popeyes. We beleive 2Q Dine-in recovery at 46.9% provides strong headroom for growth as post covid delivery sales are expected to settle at higher than pre covid levels despite moderation in ticket size from the peak levels.

We remain constructive on JUBI given 1) Medium term potencial of 3000 stores. 2) lower competition given covid led shakeout 3) strong ecosystem with Digital and own Delivery network. 4) Launch of Popeye's providing future growth potential given huge opportunity in Chicken market and 5) Increased investment in Hongs kitchen to take it beyond Delhi and NCR 6) increasing grwoth opportunities in DP Eurasia, Sri lanka and Bangladesh.

We belive JUBI has all the right ingrediants to capitalise on growth opportunity in India and emerge as a global QSR player. We believe success of Poppayes and ability to profitably scale up international operations hold key to furtther re-rating. We maintain Accumulte with a DCF based target price of Rs 4111 (Rs 4135 earlier), although we expect back ended returns post ~30% run up in past 3 months.

SSG at 26.3%, LFL at 29.4%: Net Sales increased 36.6% to Rs 11bn (Est Rs 10.96bn). SSG stood at 26.3% and Like-for-like (LFL) Sales growth was 29.4%. Delivery/Takeaway channel grew by 36.8%/72.2% YoY. Gross margin contracted 50bps YoY to 78.2% (Est 77.4%). EBITDA increased 33.2% to Rs2.86bn (Est Rs 2.85bn). EBITDA margins contracted 70bps to 26% (Est 26.0%). Adj PAT grew 59.6% to Rs 1.23bn. (Est Rs 1.14bn).

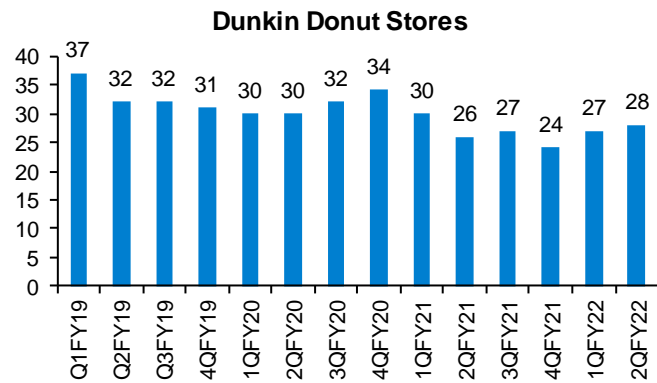
International: Sri Lanka system sales grew 88.4% on the back of 200.2%/68.6% growth in Delivery/Takeaway channels while Bangladesh's system sales grew 33.3% on the back of 82.1%/4.5% growth in Delivery/Takeaway channels.

Concall Takeaways: 1) 95% stores operational. 2) On track to open 150-175 stores, medium term target of 3000+ stores 3) Major expansion in current cities while JUBI is also entering tier 3-4 cities on the back of encouraging demand. 4) Expect to undertake brand awareness for Hongs Kitchen and increase store network beyond Delhi & NCR. 5) Focus on premiumization through innovation and personalization will help improve ticket size. 6) Moderation in dairy based inputs will partially offset inflation in packaging inputs.

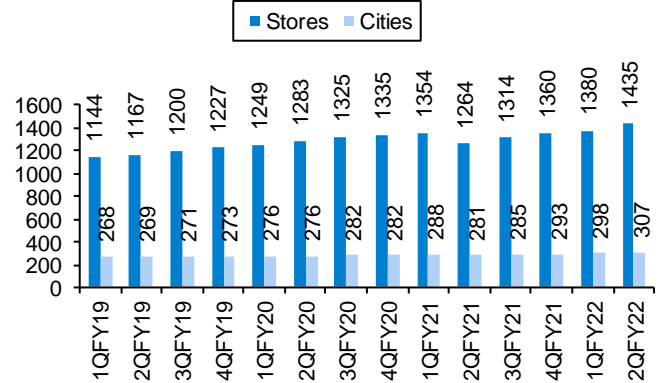
Exhibit 1: Net Sales grew 36.6%, margins decline 70bps YoY

Y/e March	Q2FY22	Q2FY21	YoY gr. (%)	Q1FY22	1HFY22	1HFY21	YoY gr. (%)
Net Sales	11,007	8,055	36.6	8,790	19,797	11,858	67.0
Gross Profit	8,613	6,346	35.7	6,788	15,401	9,314	65.4
<i>% of NS</i>	78.2	78.8	(0.5)	77.2	77.8	78.5	(0.7)
EBITDA	2,860	2,147	33.3	2,115	4,976	2,387	108.4
<i>Margins %</i>	26.0	26.7	(0.7)	24.1	25.1	20.1	5.0
Depreciation	902	1,030	(12.4)	890	1,792	1,938	(7.5)
Interest	416	412	1.0	418	834	831	0.4
Other Income	93	311	(70.2)	80	173	438	(60.5)
PBT	1,635	1,016	60.9	887	2,522	57	4,329.5
Tax	407	247	64.7	206	613	14	4,250.1
<i>Tax rate %</i>	24.9	24.3	0.6	23.2	24.3	24.7	(0.4)
Adjusted PAT	1,228	769	59.7	681	1,909	43	4,355.6

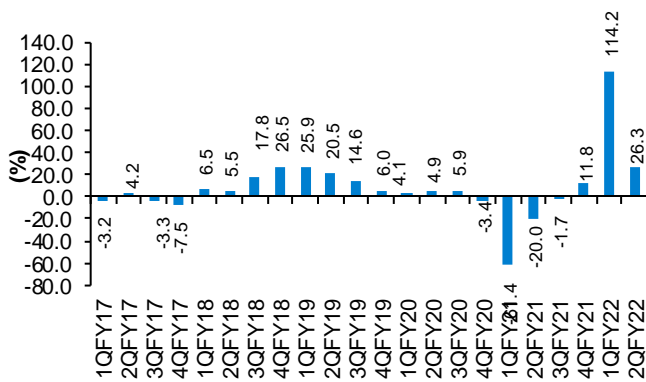
Source: Company, PL

Exhibit 2: Opened 2 stores new stores with 1 closures


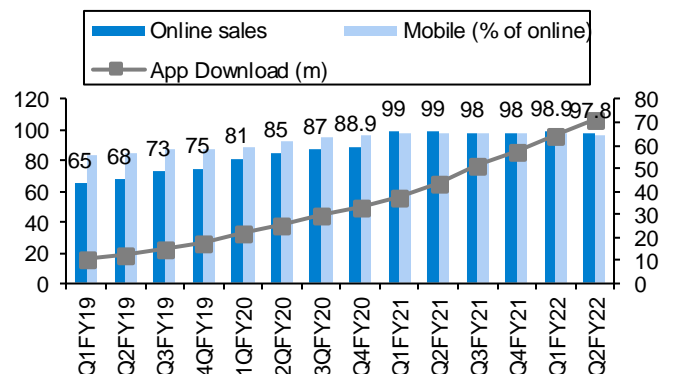
Source: Company, PL

Exhibit 3: Dominoes opened 55 new stores


Source: Company, PL

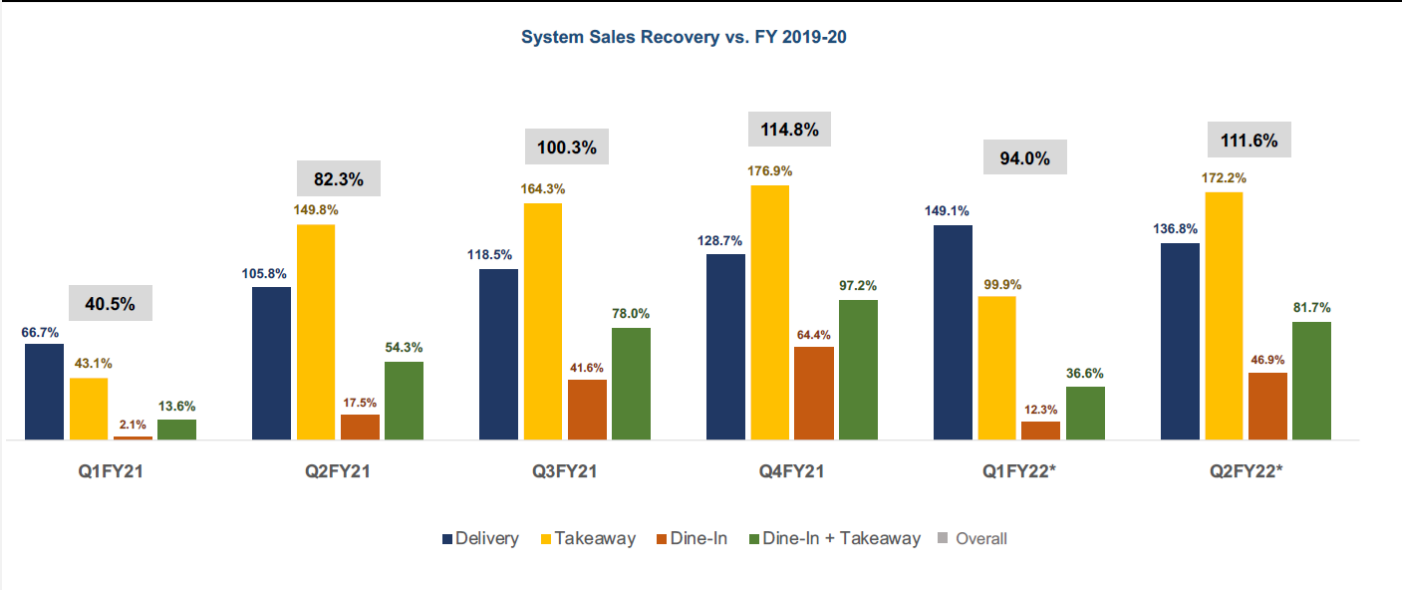
Exhibit 4: SSG at 26.3%; LTL at 29.4%


Source: Company, PL

Exhibit 5: OLO contribution at 98%


Source: Company, PL

Exhibit 6: System Sales Recovery during 2QFY22



Source: PL, Company

Exhibit 7: New introductions during 2Q22



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	32,689	44,402	55,301	67,664
YoY gr. (%)	(15.9)	35.8	24.5	22.4
Cost of Goods Sold	7,150	9,868	12,420	15,124
Gross Profit	25,539	34,535	42,881	52,539
Margin (%)	78.1	77.8	77.5	77.6
Employee Cost	7,357	8,867	10,683	12,728
Other Expenses	3,596	6,579	8,296	9,849
EBITDA	7,666	11,562	14,688	18,787
YoY gr. (%)	(12.6)	50.8	27.0	27.9
Margin (%)	23.5	26.0	26.6	27.8
Depreciation and Amortization	3,672	4,009	4,546	4,988
EBIT	3,993	7,552	10,142	13,799
Margin (%)	12.2	17.0	18.3	20.4
Net Interest	1,606	1,820	2,018	2,161
Other Income	704	493	881	1,472
Profit Before Tax	3,091	6,225	9,005	13,110
Margin (%)	9.5	14.0	16.3	19.4
Total Tax	754	1,556	2,251	3,278
Effective tax rate (%)	24.4	25.0	25.0	25.0
Profit after tax	2,337	4,669	6,754	9,833
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,337	4,669	6,754	9,833
YoY gr. (%)	(27.0)	99.8	44.6	45.6
Margin (%)	7.1	10.5	12.2	14.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,337	4,669	6,754	9,833
YoY gr. (%)	(15.2)	99.8	44.6	45.6
Margin (%)	7.1	10.5	12.2	14.5
Other Comprehensive Income	781	-	-	-
Total Comprehensive Income	3,117	4,669	6,754	9,833
Equity Shares O/s (m)	132	132	132	132
EPS (Rs)	17.7	35.4	51.2	74.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	16,843	20,115	23,378	26,531
Tangibles	15,642	18,763	21,873	24,879
Intangibles	1,201	1,352	1,505	1,653
Acc: Dep / Amortization	8,310	10,392	12,861	15,664
Tangibles	7,464	9,396	11,693	14,305
Intangibles	847	995	1,169	1,359
Net fixed assets	8,533	9,724	10,517	10,868
Tangibles	8,179	9,367	10,180	10,574
Intangibles	354	357	337	294
Capital Work In Progress	267	200	200	200
Goodwill	-	-	-	-
Non-Current Investments	6,400	6,540	6,669	6,786
Net Deferred tax assets	884	972	1,069	1,176
Other Non-Current Assets	13,781	14,495	14,495	13,836
Current Assets				
Investments	815	1,222	1,833	2,566
Inventories	1,305	894	1,124	1,369
Trade receivables	179	304	455	593
Cash & Bank Balance	5,175	9,780	15,943	25,104
Other Current Assets	653	444	553	677
Total Assets	38,015	44,598	52,882	63,200
Equity				
Equity Share Capital	1,320	1,320	1,320	1,320
Other Equity	13,652	17,529	22,699	30,420
Total Network	14,971	18,849	24,019	31,740
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	14,500	16,716	18,531	19,844
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,333	5,406	6,210	6,965
Other current liabilities	3,206	3,623	4,118	4,645
Total Equity & Liabilities	38,015	44,599	52,882	63,200

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	3,091	6,225	9,005	13,110
Add. Depreciation	3,672	4,009	4,546	4,988
Add. Interest	1,606	1,820	2,018	2,161
Less Financial Other Income	704	493	881	1,472
Add. Other	(169)	1,932	1,528	1,022
Op. profit before WC changes	8,201	13,987	17,097	21,281
Net Changes-WC	500	578	197	43
Direct tax	(754)	(1,556)	(2,251)	(3,278)
Net cash from Op. activities	7,946	13,009	15,043	18,046
Capital expenditures	(7,582)	(5,791)	(5,279)	(4,613)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. activities	(7,582)	(5,791)	(5,279)	(4,613)
Issue of share cap. / premium	24	-	-	-
Debt changes	-	-	-	-
Dividend paid	-	(792)	(1,584)	(2,112)
Interest paid	(1,606)	(1,820)	(2,018)	(2,161)
Others	-	-	(1)	1
Net cash from Fin. activities	(1,582)	(2,612)	(3,602)	(4,271)
Net change in cash	(1,218)	4,605	6,162	9,162
Free Cash Flow	364	7,218	9,764	13,433

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Net Revenue	10,572	10,259	8,790	11,007
YoY gr. (%)	(0.2)	14.3	131.1	36.6
Raw Material Expenses	2,294	2,311	2,002	2,394
Gross Profit	8,278	7,947	6,788	8,613
Margin (%)	78.3	77.5	77.2	78.2
EBITDA	2,786	2,492	2,115	2,860
YoY gr. (%)	9.9	47.0	778.7	33.3
Margin (%)	26.4	24.3	24.1	26.0
Depreciation / Depletion	876	858	890	902
EBIT	1,910	1,634	1,225	1,958
Margin (%)	18.1	15.9	13.9	17.6
Net Interest	405	370	418	416
Other Income	156	110	80	93
Profit before Tax	1,661	1,373	887	1,635
Margin (%)	15.7	13.4	10.1	14.9
Total Tax	410	330	206	407
Effective tax rate (%)	24.7	24.0	23.2	24.9
Profit after Tax	1,251	1,043	681	1,228
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,251	1,043	681	1,228
YoY gr. (%)	20.6	130.6	(193.8)	59.7
Margin (%)	11.8	10.2	7.8	11.2
Extra Ord. Income / (Exp)	-	-	(56)	(13)
Reported PAT	1,251	1,043	626	1,215
YoY gr. (%)	20.6	705.6	(186.1)	58.0
Margin (%)	11.8	10.2	7.1	11.0
Other Comprehensive Income	(7)	804	1,249	725
Total Comprehensive Income	1,244	1,847	1,874	1,941
Av g. Shares O/s (m)	12	12	13	14
EPS (Rs)	104.3	86.9	52.4	87.7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	17.7	35.4	51.2	74.5
CEPS	45.5	65.8	85.6	112.3
BVPS	113.4	142.8	182.0	240.5
FCF	2.8	54.7	74.0	101.8
DPS	6.0	12.0	16.0	23.0
Return Ratio(%)				
RoCE	29.8	44.7	47.3	49.5
ROIC	12.5	22.5	28.9	38.8
RoE	17.4	27.6	31.5	35.3
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.6)	(0.7)	(0.9)
Net Working Capital (Days)	(43)	(35)	(31)	(27)
Valuation(x)				
PER	223.9	112.1	77.5	53.2
P/B	35.0	27.8	21.8	16.5
P/CEPS	87.1	60.3	46.3	35.3
EV/EBITDA	67.5	44.3	34.4	26.4
EV/Sales	15.8	11.5	9.1	7.3
Dividend Yield (%)	0.2	0.3	0.4	0.6

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Oct-21	Accumulate	4,135	3,934
2	21-Jul-21	Accumulate	3,404	3,065
3	05-Jul-21	Accumulate	3,371	3,146
4	15-Jun-21	Accumulate	3,370	3,176
5	07-Apr-21	Accumulate	3,279	2,862
6	22-Feb-21	Accumulate	3,261	3,114
7	03-Feb-21	Accumulate	2,941	2,646
8	07-Jan-21	UR	-	2,789
9	12-Nov-20	Hold	2,290	2,355

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	BUY	3,507	3,212
2	Avenue Supermarts	Accumulate	5,359	5,324
3	Bajaj Electricals	Hold	1,246	1,284
4	Britannia Industries	Accumulate	4,260	3,939
5	Burger King India	BUY	251	159
6	Colgate Palmolive	Accumulate	1,846	1,680
7	Crompton Greaves Consumer Electricals	BUY	518	486
8	Dabur India	Hold	647	615
9	Emami	Accumulate	624	545
10	Havells India	Accumulate	1,414	1,390
11	Hindustan Unilever	Accumulate	2,930	2,547
12	ITC	BUY	271	231
13	Jubilant FoodWorks	Accumulate	4,135	3,934
14	Kansai Nerolac Paints	Accumulate	661	646
15	Marico	Hold	532	564
16	Mold-tek Packaging	BUY	669	666
17	Nestle India	Accumulate	19,501	19,368
18	Pidilite Industries	Reduce	2,221	2,416
19	Titan Company	BUY	2,554	2,148
20	Titan Company	BUY	2,554	2,148
21	Voltas	UR	-	1,250
22	Westlife Development	BUY	605	554

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



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