

May 17, 2023

Q4FY23 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	ACCUMULATE		BUY	
Target Price	515		500	
Sales (Rs. m)	61,954	72,615	62,039	72,719
% Chng.	(0.1)	(0.1)		
EBITDA (Rs. m)	13,693	16,451	13,898	16,637
% Chng.	(1.5)	(1.1)		
EPS (Rs.)	7.2	9.7	7.9	10.6
% Chng.	(9.5)	(8.9)		

Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	32,689	43,311	50,960	61,954
EBITDA (Rs. m)	7,666	11,046	11,592	13,693
Margin (%)	23.5	25.5	22.7	22.1
PAT (Rs. m)	2,337	4,448	4,029	4,723
EPS (Rs.)	3.5	6.7	6.1	7.2
Gr. (%)	(27.0)	90.4	(9.4)	17.2
DPS (Rs.)	1.2	1.2	1.2	2.0
Yield (%)	0.2	0.2	0.2	0.4
RoE (%)	17.4	25.0	19.2	19.9
RoCE (%)	29.8	40.6	32.5	33.5
EV/Sales (x)	9.5	7.2	6.2	5.0
EV/EBITDA (x)	40.6	28.2	27.1	22.5
PE (x)	135.8	71.4	78.8	67.2
P/BV (x)	21.2	15.4	14.8	12.2

Key Data

JUBI.BO | JUBI IN

52-W High / Low	Rs.652 / Rs.412
Sensex / Nifty	61,561 / 18,182
Market Cap	Rs.317bn / \$ 3,853m
Shares Outstanding	660m
3M Avg. Daily Value	Rs.1042.15m

Shareholding Pattern (%)

Promoter's	42.12
Foreign	26.77
Domestic Institution	20.89
Public & Others	10.22
Promoter Pledge (Rs bn)	1.66

Stock Performance (%)

	1M	6M	12M
Absolute	11.6	(12.9)	(2.9)
Relative	8.6	(12.6)	(14.3)

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Demand recovery uncertain: cut to Accumulate

Quick Pointers:

- Dominos/Popeyes to see 200-225/30-35 store additions in FY24
- Demand recovery seasonal, expect margin pressure to sustain in 1H24

We cut our FY24/FY25 EPS estimates by 9.5%/8.9% and rating from Buy to Accumulate post recent run in stock price following 1) tepid demand with current recovery only being seasonal 2) delayed margin recovery in inflationary environment & heightened competition 3) increase in initial losses in Popeyes and 4) sustained high capex guidance of Rs7bn including Mumbai commissary. JUBI's strategy revolves around consumer value proposition, leveraging data & tech, operational excellence and building a foundation of people & culture. JUBI will continue to invest behind in Dominos (200-225 store additions), Popeyes (30-35 store additions) and Mumbai commissary. Loyalty programme – Cheesy Rewards continues to see strong enrollment of 13.6mn users since launch in May'22, with increase in order contribution to 45%, improved order frequency and higher customer stickiness. We remain constructive given JUBI's strength in Pizza market and strong possibility of Popeyes emerging as second major brand in coming years. We estimate 26.0% PAT CAGR over FY23-25 and cut rating to Accumulate with DCF based target price of Rs515 (Rs500 earlier).

Revenues in-line, LFL growth at -0.6%: Revenues grew by 8.2% YoY to Rs12.5bn (PLe: Rs12.6bn). LFL growth at -0.6%. Gross margins contracted by 164bps YoY/21bps QoQ to 75.3% (PLe: 73.7%). EBITDA declined by 12.9% YoY to Rs2.5bn (PLe: Rs2.5bn); Margins contracted by 488bps YoY/189bps QoQ to 20.1% (PLe:19.9%). Adj PAT declined by 42% YoY to Rs0.7bn (PLe: Rs0.5bn), aided by 56% higher other income. Dominos store count stands at 1,816 in 4Q23. Added 56 new stores & entered into 6 new cities during the quarter. Dunking Donuts store count stands at 21 in 4Q23. Hong's Kitchen/Popeye's store count at 13/13 (+1/+1). OLO to Delivery sales ratio stands at 97.9% in 4Q23 vs 97.9% in 4Q22. Total app downloads at 122.3mn vs 87.2mn/113.8mn in 4Q22/3Q23; Added 35.1mn/8.5mn downloads YoY/QoQ. Cumulative enrollment for Domino's Cheesy Rewards at 13.6mn users in 4Q23 (10.6mn/7.2mn/2.1mn in 3Q23/2Q23/1Q23). SSSG for Sri Lanka/Bangladesh stands at 14.1%/51.6% in 4Q23.

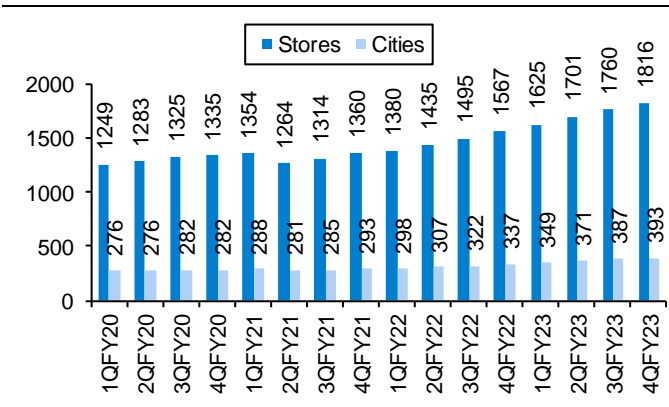
Concall Takeaways: 1) Demand trends have not changed materially in 4Q. Expect demand sentiments to improve after 2-3 quarters. 2) Cheese prices remain elevated while other inputs have stabilized. 3) No price hikes are planned in 1Q24 as the company will look to drive efficiencies internally. 4) Remain focused towards providing value to the customers through its offerings. 5) Exploring all customer channels to drive growth. 6) ONDC platform is currently being tested. 7) Large opportunity to increase customer orders in non-peak hours through CRM activities. 8) Loyalty programme has seen increase in high/mid frequency users. 9) Back end capabilities need to be built for Popeyes before faster store rollouts commence. 10) Capex for FY24 to be in the range of Rs7-8bn, including Mumbai commissary.

Exhibit 1: Net Sales grew 8.2%, EBITDA margins contracted by 488bps/189bps YoY/QoQ

Y/e March	4QFY23	4QFY22	YoY gr. (%)	3QFY23	FY23	FY22	YoY gr. (%)
Net Sales	12,523	11,579	8.2	13,166	50,960	43,311	17.7
Gross Profit	9,426	8,905	5.8	9,937	38,688	33,569	15.3
<i>% of NS</i>	75.3	76.9	(1.6)	75.5	75.9	77.5	(1.6)
EBITDA	2,522	2,897	(12.9)	2,900	11,592	11,046	4.9
<i>Margins %</i>	20.1	25.0	(4.9)	22.0	22.7	25.5	(2.8)
Depreciation	1,282	1,031	24.3	1,298	4,753	3,830	24.1
Interest	505	450	12.2	501	1,951	1,730	12.8
Other Income	195	124	56.9	93	497	407	22.3
PBT	930	1,539	(39.6)	1,194	5,385	5,893	(8.6)
Tax	254	374	(32.1)	309	1,356	1,444	(6.1)
<i>Tax rate %</i>	27.4	24.3	3.0	25.8	25.2	24.5	0.7
Adjusted PAT	675	1,165	(42.0)	886	4,029	4,448	(9.4)

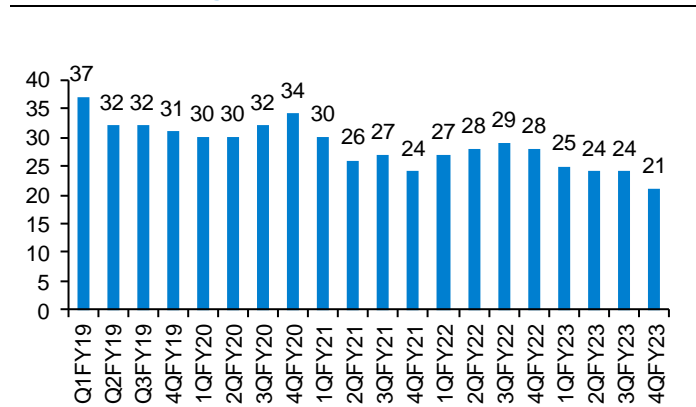
Source: Company, PL

Exhibit 2: Dominoes opened 56 new stores



Source: Company, PL

Exhibit 3: Dunking Donuts saw 3 (net) store closures



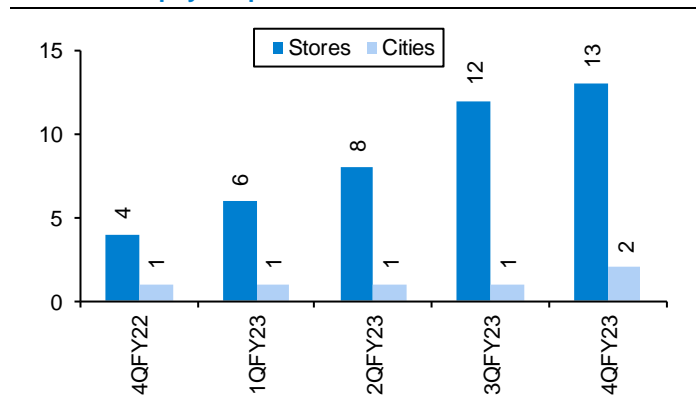
Source: Company, PL

Exhibit 4: Hong's Kitchen opened 1 new store



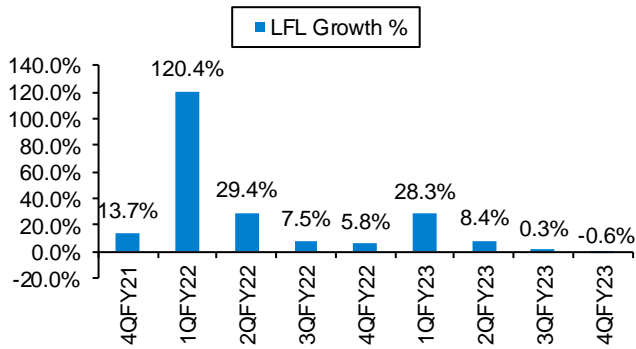
Source: Company, PL

Exhibit 5: Popeyes opened 1 new store



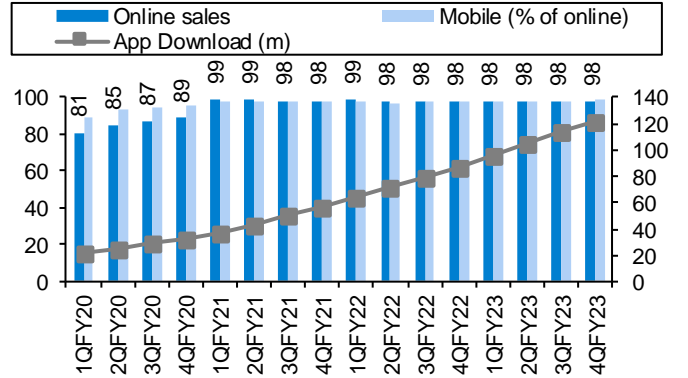
Source: Company, PL

Exhibit 6: LFL Growth at -0.6% in 4QFY23



Source: Company, PL

Exhibit 7: OLO contribution at 98%



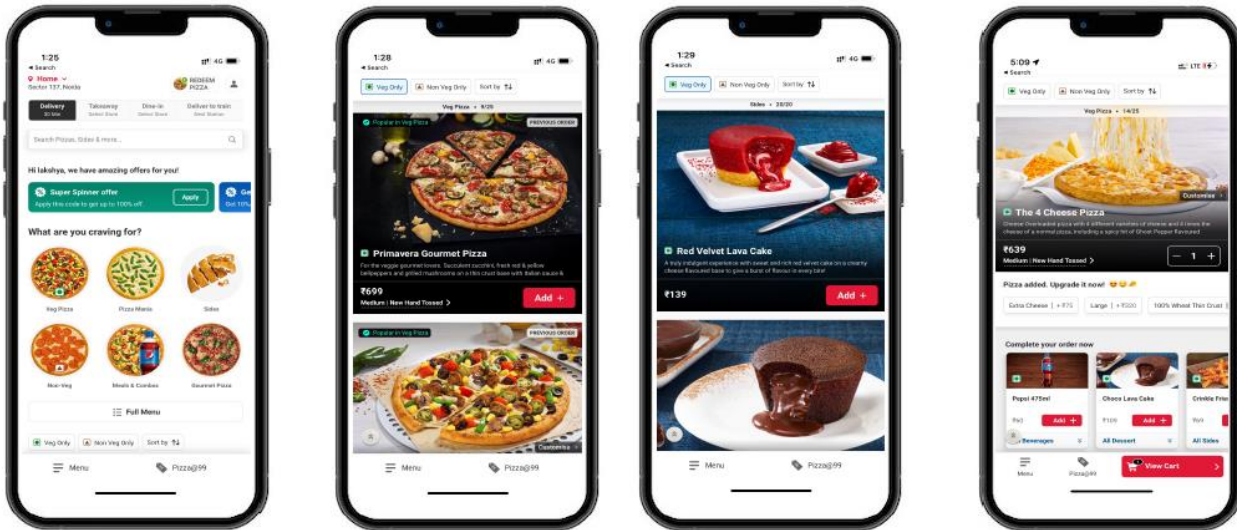
Source: Company, PL

Exhibit 8: Bengaluru becomes first city for Dominos globally to offer 20 min delivery guarantee



Source: PL, Company

Exhibit 9: Introduction of a new, redesigned Domino's app



Sharper UI

Significantly enhanced menu representation

Contextual Upsell and Faster Checkout

Source: Company, PL

Exhibit 10: Launch of new Pizza Mania range



Source: Company, PL

Exhibit 11: Dominos launches new container store format at educational campuses



Source: Company, PL

Exhibit 12: Popeyes launches Hot & Messy range of Chicken



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	32,689	43,311	50,960	61,954
YoY gr. (%)	(15.9)	32.5	17.7	21.6
Cost of Goods Sold	7,150	9,742	12,272	15,103
Gross Profit	25,539	33,569	38,688	46,851
Margin (%)	78.1	77.5	75.9	75.6
Employee Cost	7,357	7,514	8,896	11,593
Other Expenses	3,596	6,980	18,200	9,973
EBITDA	7,666	11,046	11,592	13,693
YoY gr. (%)	(12.6)	44.1	4.9	18.1
Margin (%)	23.5	25.5	22.7	22.1
Depreciation and Amortization	3,672	3,830	4,753	5,747
EBIT	3,993	7,216	6,839	7,946
Margin (%)	12.2	16.7	13.4	12.8
Net Interest	1,606	1,730	1,951	2,227
Other Income	704	407	497	578
Profit Before Tax	3,091	5,820	4,918	6,297
Margin (%)	9.5	13.4	9.7	10.2
Total Tax	754	1,444	1,356	1,574
Effective tax rate (%)	24.4	24.8	27.6	25.0
Profit after tax	2,337	4,375	3,562	4,723
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,337	4,448	4,029	4,723
YoY gr. (%)	(27.0)	90.4	(9.4)	17.2
Margin (%)	7.1	10.3	7.9	7.6
Extra Ord. Income / (Exp)	-	(73)	(466)	-
Reported PAT	2,337	4,375	3,562	4,723
YoY gr. (%)	(15.2)	87.2	(18.6)	32.6
Margin (%)	7.1	10.1	7.0	7.6
Other Comprehensive Income	781	2,430	(2,043)	-
Total Comprehensive Income	3,117	6,805	1,519	4,723
Equity Shares O/s (m)	660	660	660	660
EPS (Rs)	3.5	6.7	6.1	7.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	16,843	17,074	26,288	34,323
Tangibles	15,642	15,642	24,041	31,753
Intangibles	1,201	1,431	2,248	2,570
Acc: Dep / Amortization	8,310	9,286	11,855	15,128
Tangibles	7,464	8,383	10,727	13,743
Intangibles	847	903	1,128	1,385
Net fixed assets	8,533	10,697	14,433	19,195
Tangibles	8,179	10,168	13,314	18,010
Intangibles	354	528	1,120	1,185
Capital Work In Progress	267	457	1,824	850
Goodwill	-	-	-	-
Non-Current Investments	6,400	9,685	8,120	8,269
Net Deferred tax assets	884	568	967	1,063
Other Non-Current Assets	13,781	16,939	20,783	20,785
Current Assets				
Investments	815	997	1,225	1,230
Inventories	1,305	1,571	1,703	2,336
Trade receivables	179	268	331	543
Cash & Bank Balance	5,175	5,409	2,167	7,504
Other Current Assets	653	726	943	1,239
Total Assets	38,015	47,327	52,506	63,025
Equity				
Equity Share Capital	1,320	1,320	1,320	1,320
Other Equity	13,652	19,288	20,135	24,640
Total Networkth	14,971	20,608	21,455	25,960
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	14,500	17,653	20,983	25,051
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,333	5,353	5,579	6,832
Other current liabilities	3,206	3,708	4,480	5,173
Total Equity & Liabilities	38,015	47,327	52,506	63,025

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	3,091	5,893	5,378	6,297
Add. Depreciation	3,672	3,830	4,755	5,747
Add. Interest	1,606	1,730	1,950	2,227
Less Financial Other Income	704	407	497	578
Add. Other	(169)	6,236	533	3,711
Op. profit before WC changes	8,201	17,689	12,616	17,982
Net Changes-WC	500	(75)	360	798
Direct tax	(754)	(1,444)	(1,355)	(1,574)
Net cash from Op. activities	7,946	16,170	11,620	17,206
Capital expenditures	(7,582)	(13,037)	(11,779)	(9,425)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. activities	(7,582)	(13,037)	(11,779)	(9,425)
Issue of share cap. / premium	24	(377)	(147)	574
Debt changes	-	-	-	-
Dividend paid	-	(792)	(792)	(792)
Interest paid	(1,606)	(1,730)	(1,950)	(2,227)
Others	-	-	(195)	-
Net cash from Fin. activities	(1,582)	(2,899)	(3,084)	(2,445)
Net change in cash	(1,218)	234	(3,242)	5,337
Free Cash Flow	364	3,133	(158)	7,781

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	3.5	6.7	6.1	7.2
CEPS	9.1	12.5	13.3	15.9
BVPS	22.7	31.2	32.5	39.3
FCF	0.6	4.7	(0.2)	11.8
DPS	1.2	1.2	1.2	2.0
Return Ratio(%)				
RoCE	29.8	40.6	32.5	33.5
ROIC	12.5	17.6	13.9	14.6
RoE	17.4	25.0	19.2	19.9
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.3)	(0.2)	(0.3)
Net Working Capital (Days)	(43)	(30)	(25)	(23)
Valuation(x)				
PER	135.8	71.4	78.8	67.2
P/B	21.2	15.4	14.8	12.2
P/CEPS	52.8	38.3	36.1	30.3
EV/EBITDA	40.6	28.2	27.1	22.5
EV/Sales	9.5	7.2	6.2	5.0
Dividend Yield (%)	0.2	0.2	0.2	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Net Revenue	11,579	12,403	12,868	13,166
YoY gr. (%)	12.9	41.1	16.9	10.3
Raw Material Expenses	2,674	2,888	3,056	3,229
Gross Profit	8,905	9,514	9,811	9,937
Margin (%)	76.9	76.7	76.2	75.5
EBITDA	2,897	3,045	3,125	2,900
YoY gr. (%)	16.2	44.0	9.2	(8.6)
Margin (%)	25.0	24.6	24.3	22.0
Depreciation / Depletion	1,031	1,050	1,123	1,298
EBIT	1,865	1,995	2,002	1,602
Margin (%)	16.1	16.1	15.6	12.2
Net Interest	450	459	485	501
Other Income	124	106	103	93
Profit before Tax	1,539	1,642	1,619	1,194
Margin (%)	13.3	13.2	12.6	9.1
Total Tax	374	366	428	309
Effective tax rate (%)	24.3	22.3	26.4	25.8
Profit after Tax	1,165	1,276	1,192	886
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,165	1,276	1,192	886
YoY gr. (%)	11.7	87.3	(3.0)	(35.6)
Margin (%)	10.1	10.3	9.3	6.7
Extra Ord. Income / (Exp)	(4)	(266)	-	-
Reported PAT	1,161	1,010	1,192	886
YoY gr. (%)	11.3	61.4	(2.0)	(35.5)
Margin (%)	10.0	8.1	9.3	6.7
Other Comprehensive Income	(589)	(551)	65	(477)
Total Comprehensive Income	572	459	1,257	409
Avg. Shares O/s (m)	14	14	14	14
EPS (Rs)	83.2	91.1	85.1	63.3

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Apr-23	BUY	500	426
2	01-Feb-23	BUY	567	456
3	18-Jan-23	BUY	610	504
4	06-Jan-23	BUY	610	500
5	28-Dec-22	BUY	610	515
6	08-Nov-22	BUY	685	613
7	04-Oct-22	BUY	688	615
8	28-Jul-22	BUY	700	565
9	07-Jul-22	BUY	710	571
10	30-May-22	BUY	708	567

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Accumulate	3,360	3,140
2	Avenue Supermarts	BUY	4,447	3,678
3	Britannia Industries	Hold	4,800	4,626
4	Colgate Palmolive	Hold	1,636	1,628
5	Dabur India	Accumulate	590	530
6	Emami	Accumulate	485	359
7	Hindustan Unilever	Accumulate	2,785	2,469
8	ITC	Accumulate	444	389
9	Jubilant FoodWorks	BUY	500	426
10	Kansai Nerolac Paints	Accumulate	486	397
11	Marico	Accumulate	550	494
12	Mold-tek Packaging	Hold	968	1,001
13	Nestle India	Accumulate	22,600	20,670
14	Pidilite Industries	Hold	2,589	2,472
15	Restaurant Brands Asia	Accumulate	121	94
16	Titan Company	BUY	2,992	2,651
17	Westlife Foodworld	Accumulate	800	768

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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