

Jubilant FoodWorks

BSE SENSEX 73,668 S&P CNX 22,336



Bloomberg	JUBI IN
Equity Shares (m)	660
M.Cap.(INRb)/(USDb)	293.6 / 3.5
52-Week Range (INR)	587 / 412
1, 6, 12 Rel. Per (%)	-10/-27/-30
12M Avg Val (INR M)	1310
Free float (%)	58.1

Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	54.0	60.9	71.1
Sales Gr. (%)	4.6	12.9	16.8
EBITDA	11.0	12.5	15.1
EBITDA Margin (%)	20.5	20.5	21.3
Adj. PAT	2.7	3.6	4.7
Adj. EPS (INR)	4.1	5.4	7.2
EPS Gr. (%)	-30.7	32.2	33.2
BV/Sh.(INR)	30.8	31.0	32.2

Ratios

RoE (%)	13.2	17.4	22.3
RoCE (%)	9.2	10.9	13.0

Valuation

P/E (x)	109.3	82.7	62.1
P/BV (x)	14.4	14.4	13.8
EV/EBITDA (x)	28.1	24.8	20.5
EV/Sales (x)	5.7	5.1	4.4

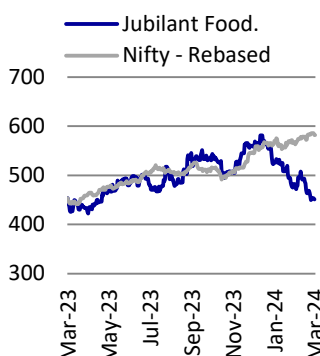
Note: Financials are excluding the impact of recent stake increase in DP Eurasia and Bangladesh

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	41.9	41.9	41.9
DII	22.1	22.4	20.9
FII	28.0	26.4	27.0
Others	8.0	10.1	10.2

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR445 TP: INR 480 (+8%) Neutral

Focus on expanding store network

- Jubilant Foodworks (JUBI) hosted a concall to give updates about its Turkey (DP Eurasia) and Bangladesh businesses. JUBI has recently increased its stake in both the businesses to close to 100%. It had acquired a 33% stake in DP Eurasia in 2021, which has over the years increased to 94.3% now (49% stake in Nov'2023). The total acquisition cost is INR12bn, which is funded with INR9.5b debt and INR2.5b equity. Besides, JUBI has also increased its stake in the Bangladesh business from 51% to 100% for an incremental cost of INR340m.
- As per pro forma financial metrics provided by the company, the standalone PAT was INR2.6b in CY23, while international business (DP Eurasia, Bangladesh, Srilanka) combined contributed INR1.4b to PAT in CY23. After adjusting the interest cost, PAT for its international business should be around INR1b.
- Turkey is a strong urban consumer-driven (75% population in urban) country with healthy c.5% real GDP growth. Foodservice market in Turkey is growing at a 10% CAGR (2019-2024E), while QSR market is growing at an 18% CAGR during the same period. Domino's is the second largest player (network of 690 stores) in QSR market in Turkey after Burger King. DP Eurasia registered revenue of INR17.5b in CY23 with PAT of INR1.6b (PAT margin at 9.5%). Its profitability margin is better than India margin. However, high inflation and currency devaluation are key risks to business performance.
- COFFY is a rapidly expanding and profitable coffee chain in Turkey. Turkey's coffee market, consisting of 22 coffee brands with ~2.4k outlets, is estimated to be worth around USD1.2b in 2023. COFFY has become the 10th largest café brand in Turkey, with 89 stores, of which 74% are franchised.
- Bangladesh is a growing economy and is experiencing a shift from a low-income to a middle-income economy. Domino's is the second player in the QSR market in Bangladesh after KFC. Currently, it operates 26 stores with plans to expand to 200 stores in the medium term.
- Valuation and view:** We valued JUBI on the SOTP basis, with Domino's India business at 55x P/E and all other initiatives separately. However, with the delisting of DP Eurasia and the separate classification available for international profit, we are now changing the valuation method. We value the India business at 55x P/E and international business at 35x P/E on FY26E to arrive a TP of INR480 (unchanged). We maintain our Neutral rating; we believe India business recovery will be more critical for the stock's performance.

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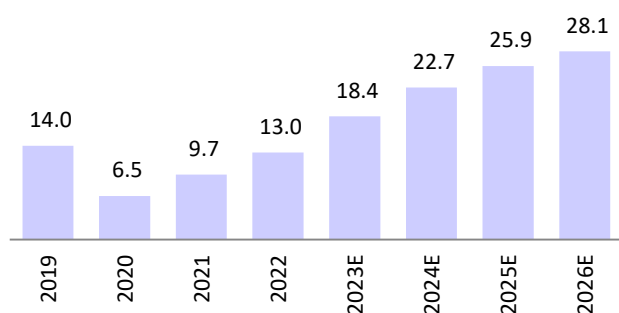
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Turkey - Foodservice and QSR market

- Turkey is one of the fastest-growing economies in Europe and among the G20 countries.
- Turkey has grown at an average rate of around 5.5% each year for the past decade.
- Most people in Turkey live in cities, about 75%, and it has the youngest population in Europe, with the average age being ~34 years.
- The foodservice and QSR market in Turkey is worth USD18b, compared to India's USD50b market.
- Turkey's QSR market is even larger than India's, with a size of USD8b.
- In Turkey, rental costs are lower than in India, leading to lower expenses for royalty fees, marketing, and technology. This helps improve profit margins.
- Turkey's foodservice market is experiencing a shift toward out-of-home dining and delivery, fueled by rising disposable incomes, shrinking household sizes, and rapid urbanization.
- Digitalization is transforming Turkey's foodservice sector, witnessing significant growth in online ordering due to increased smartphone and internet usage, along with a rise in online spending habits.

Exhibit 1: Turkey's foodservice market

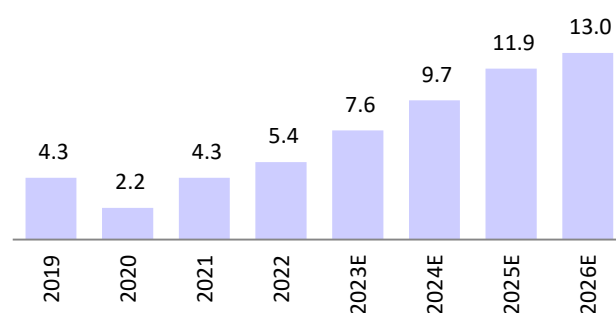
■ Foodservice Market (USD bn)



Source: Company, MOFSL

Exhibit 2: Turkey's QSR market

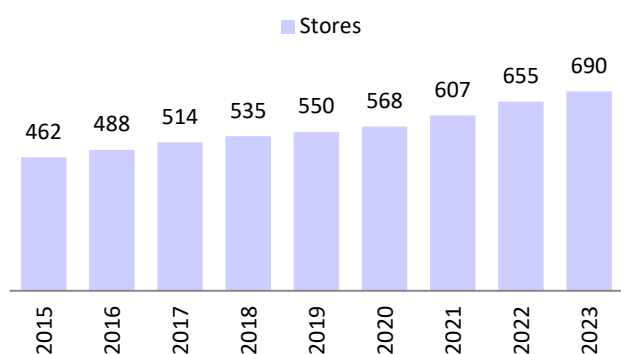
■ QSR Market (USD bn)



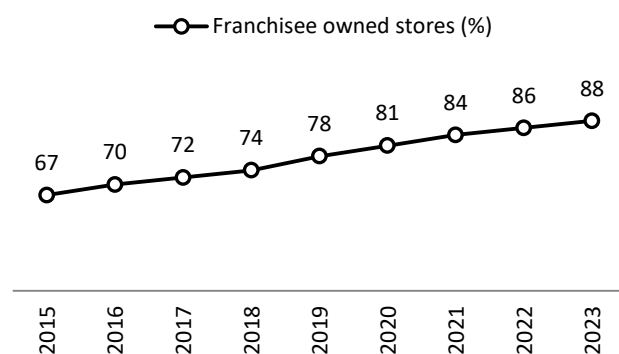
Source: Company, MOFSL

Domino's Turkey

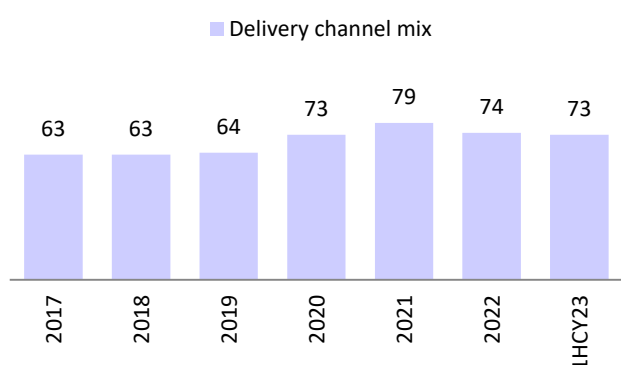
- Domino's Turkey business boasts a simple and scalable asset-light model, making it an attractive investment opportunity.
- It has demonstrated a track record of resilient and profitable growth, underscored by strong cash conversion.
- The business holds a leading market position, driven by continuous menu innovation and digital advancement.
- The debt is expected to decrease in the future, especially as the Turkey operations bring in a lot of extra cash and the franchisee mix remains stable.
- Domino's is the second-biggest player in Turkey's QSR market, with 690 stores. Additionally, Domino's dominates the pizza market in Turkey by a significant margin.
- The percentage of franchisee-owned stores stood at 89% in CY23 and OLO's contribution to delivery sales was 84% in CY23 with delivery channel mix at 74%.
- In CY23, franchisee-owned stores accounted for 89% of total stores, while OLO contributed 84% to delivery sales. The delivery channel mix stood at 74%.

Exhibit 3: Domino's Turkey stores reach to 690

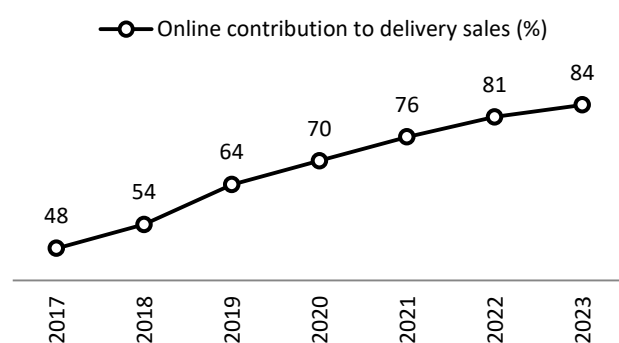
Source: Company, MOFSL

Exhibit 4: Domino's Turkey: Franchisee-owned Stores

Source: Company, MOFSL

Exhibit 5: Domino's Turkey: Delivery channel mix

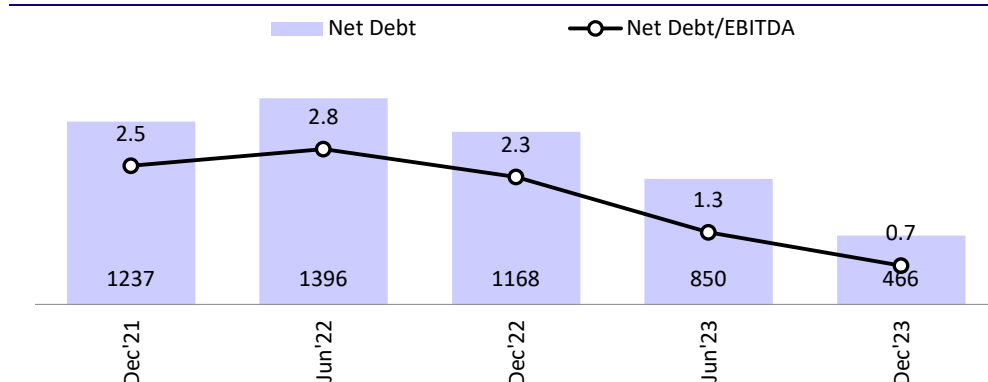
Source: Company, MOFSL

Exhibit 6: OLO contribution to delivery sales

Source: Company, MOFSL

DP Eurasia debt profile

- DP Eurasia's debt is mainly due to its subsidiary company, DP Russia.
- In Aug'23, DP Eurasia filed DP Russia's bankruptcy and considered it discontinued operation, resulting in a reduction in debt.
- Turkey operations generate high cash flow and its franchisee mix will be maintained at the current levels, which will improve its profitability.

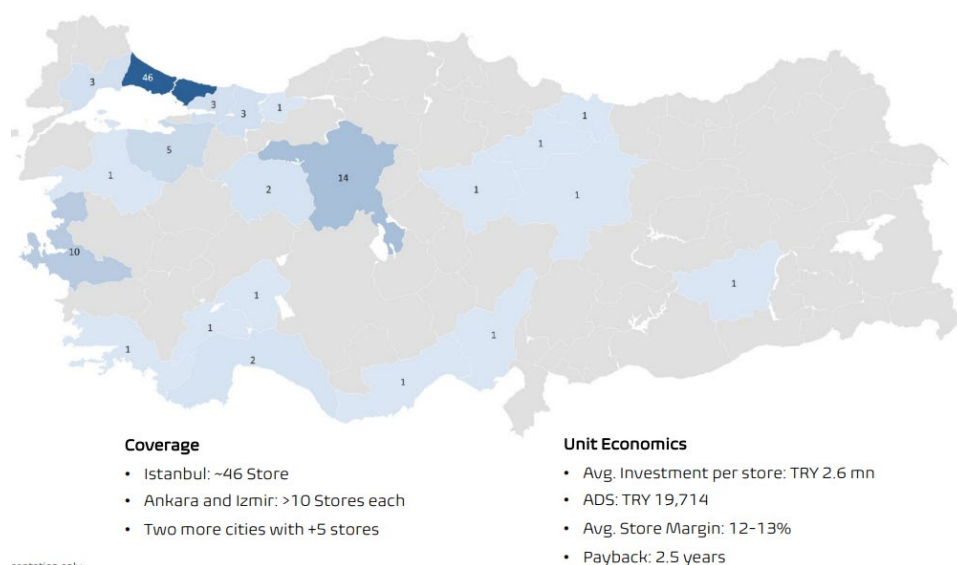
Exhibit 7: DP Eurasia debt profile

Source: Company, MOFSL

COFFY

- COFFY is a rapidly expanding and profitable coffee chain in Turkey.
- The Turkey coffee market, consisting of 22 coffee brands with ~2.4k outlets, is estimated to be worth around USD1.2b in 2023.
- COFFY has become the 10th largest café brand in Turkey, with 89 stores, of which 74% are franchised in CY23. It is on track to become the 5th largest CAFÉ with 150 stores at the end of CY24.
- COFFY store requires an average investment of TRY2.6m, with ADS of TRY19k.
- The average store margin ranges around 12%-13%, with a payback period of 2.5 years.

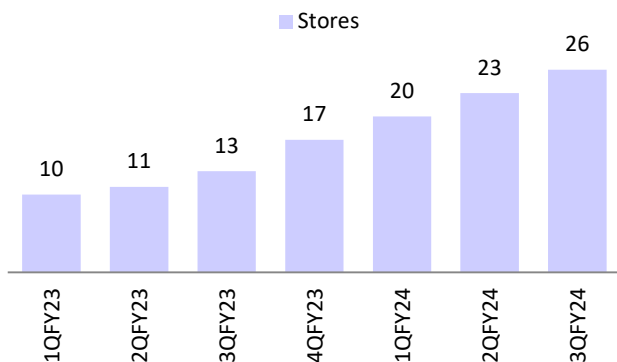
Exhibit 8: COFFY has network of 100 stores in Turkey



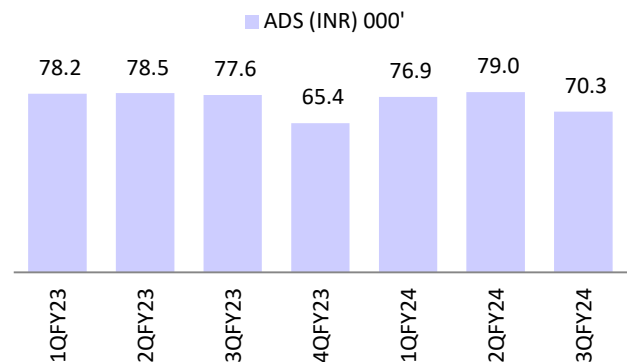
Source: Company, MOFSL

Domino's Bangladesh

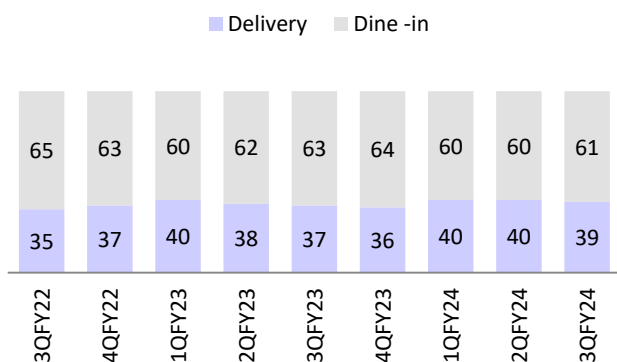
- JUBI has raised its ownership from 51% to 100% by investing INR340m, fully financed through equity.
- The company has franchise rights for Popeye's in Bangladesh.
- It holds the second position in the QSR market and leads in the pizza market.
- Currently, it operates 26 stores with plans to expand to 200 stores in the medium term.
- ADS decreased to INR70.5k in 3QFY24 from INR77.7k in 3QFY23.
- Delivery orders surpassed dine-in orders, with a ratio of 61:39 in 3QFY24.
- Online sales contributed 84% to delivery sales in 3QFY24.
- The business achieved mid-single-digit EBITDA margins.

Exhibit 9: Domino's Bangladesh stores reach to 26

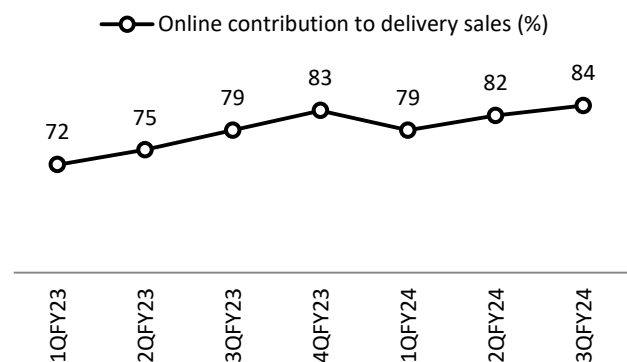
Source: Company, MOFSL

Exhibit 10: ADS declined to INR70K in 3QFY24

Source: Company, MOFSL

Exhibit 11: Channel mix

Source: Company, MOFSL

Exhibit 12: OLO Contribution to Delivery Sales

Source: Company, MOFSL

Exhibit 13: JUBI store network as on Dec'23

	India	Turkey			Sri Lanka	Bangladesh	Azerbaijan	Georgia	Overall Network	Net Addition in last 12 months
Stores	Total	Corporate	Franchised	Total	Total	Total	Franchised	Franchised	Total	Total
JUBILANT FOODWORKS										
Domino's	1,928	80	610	690	50	26	10	7	2,711	220
POPEYES	32	-	-	-	-	-	-	-	32	20
DUNKIN'	25	-	-	-	-	-	-	-	25	1
HONG'S KITCHEN	22	-	-	-	-	-	-	-	22	10
COFFY	-	23	66	89	-	-	-	-	89	60
All Brands	2,007	103	676	779	50	26	10	7	2,879	311

Source: Company, MOFSL

Exhibit 14: SoTP valuation (FY26E – based)

FY26E	EPS	Target P/E (x)	TP
India	7.2	55	399
International	2.3	35	82
Total			480

Source: Company, MOFSL

Financials and valuations (Financials are excluding the impact of recent stake increase in DP Eurasia and Bangladesh)

Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	35,631	39,273	33,119	43,961	51,582	53,972	60,920	71,142
Change (%)	18.0	10.2	-15.7	32.7	17.3	4.6	12.9	16.8
Material Consumed	8,861	9,835	7,262	9,899	12,478	12,517	14,185	16,700
Gross Profit	26,770	29,438	25,856	34,062	39,104	41,455	46,735	54,442
Gross Margin %	75.1	75.0	78.1	77.5	75.8	76.8	76.7	76.5
Operating expenses	20,773	20,682	18,144	22,974	27,589	30,417	34,255	39,298
EBITDA	5,998	8,756	7,712	11,088	11,516	11,039	12,481	15,144
Change (%)	36.3	46.0	-11.9	43.8	3.9	-4.1	13.1	21.3
Margin (%)	16.8	22.3	23.3	25.2	22.3	20.5	20.5	21.3
Depreciation	1,575	3,523	3,754	3,931	4,859	5,401	5,715	6,675
Int. and Fin. Ch.	0	1,652	1,627	1,761	2,012	2,193	2,415	2,692
Other Non-recurring Inc.	474	447	731	236	243	150	400	550
PBT	4,897	4,028	3,062	5,633	4,887	3,594	4,751	6,327
Change (%)	61.6	-17.7	-24.0	83.9	-13.2	-26.5	32.2	33.2
Margin (%)	13.7	10.3	9.2	12.8	9.5	6.7	7.8	8.9
Tax	1,717	1,240	757	1,452	1,357	905	1,196	1,593
Tax Rate (%)	35.1	30.8	24.7	25.8	27.8	25.2	25.2	25.2
Adjusted PAT	3,180	3,537	2,266	4,254	3,883	2,690	3,555	4,735
Change (%)	65.8	11.2	-35.9	87.8	-8.7	-30.7	32.2	33.2
Margin (%)	8.9	9.0	6.8	9.7	7.5	5.0	5.8	6.7
Non-rec. (Exp)/Inc.	0	-249	0	-73	0	0	0	0
Reported PAT	3,180	2,788	2,306	4,181	3,530	2,690	3,555	4,735

Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320
Reserves	11,277	9,901	12,949	18,130	19,058	19,029	19,154	19,899
Share Premium	477	477	477	477	477	477	477	477
P&L Balance	10799	9423	12471	17653	19103	19923	20282	20353
Net Worth	12,596	11,220	14,268	19,450	20,378	20,349	20,473	21,218
Loans	5	16,706	16,205	21,066	25,537	27,625	29,735	32,497
Capital Employed	12,627	28,033	30,567	40,617	45,915	47,974	50,209	53,716
Gross Block	12,288	27,542	28,778	35,390	45,564	51,105	56,238	62,666
Less: Accum. Depn.	4,577	6,036	7,688	8,591	11,759	15,721	19,770	24,372
Net Fixed Assets	7,711	21,506	21,090	26,798	33,805	35,383	36,469	38,294
Intangible property	383	381	365	567	1,141	1,141	1,141	1,141
Capital WIP	157	412	285	465	1,838	1,838	1,038	1,038
Investments	1,808	512	5,167	9,268	8,218	8,418	8,618	8,818
Deferred tax assets	-500	751	831	526	743	743	743	743
Curr. Assets, L&A	8,498	10,137	9,881	10,192	8,077	8,845	11,561	14,390
Inventory	771	947	1,331	1,612	1,770	1,852	2,090	2,441
Account Receivables	274	166	168	220	287	301	339	396
Cash and Bank Balance	4,943	6,559	5,344	5,634	2,506	3,218	5,286	7,162
Others	2,510	2,464	3,038	2,726	3,514	3,475	3,845	4,390
Curr. Liab. and Prov.	5,430	5,666	7,053	7,200	7,906	8,394	9,361	10,708
Other Current Liabilities	919	873	1,300	1,420	1,873	2,060	2,266	2,493
Creditors	4,209	4,470	5,330	5,370	5,614	5,915	6,676	7,796
Provisions	303	322	423	411	419	419	419	419
Net Curr. Assets	3,067	4,471	2,828	2,992	171	451	2,199	3,681
Appl. of Funds	12,627	28,032	30,566	40,616	45,915	47,974	50,208	53,715

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	4.8	5.4	3.4	6.4	5.9	4.1	5.4	7.2
BV/Share	19.1	17.0	21.6	29.5	30.9	30.8	31.0	32.2
DPS	1.0	1.2	1.2	1.2	1.2	1.8	1.8	1.8
Payout %	20.8	22.4	34.9	18.6	20.4	42.9	32.5	24.4
Valuation (x)								
P/E	92.4	83.1	129.7	69.1	75.7	109.3	82.7	62.1
EV/Sales	8.1	7.7	9.0	6.8	6.0	5.7	5.1	4.4
EV/EBITDA	47.9	34.7	38.8	27.1	26.8	28.1	24.8	20.5
P/BV	23.3	26.2	20.6	15.1	14.4	14.4	14.4	13.8
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Return Ratios (%)								
RoE	25.2	31.5	15.9	21.9	19.1	13.2	17.4	22.3
RoCE	28.5	19.4	12.1	15.5	11.5	9.2	10.9	13.0
RoIC	50.7	27.6	14.8	23.6	16.4	12.4	14.5	17.6
Working Capital Ratios								
Debtor (Days)	3	2	2	2	2	2	2	2
Inventory (Days)	8	9	15	13	13	13	13	13
Creditor (Days)	43	42	59	45	40	40	40	40
Asset Turnover (x)	2.8	1.4	1.1	1.1	1.1	1.1	1.2	1.3
Leverage Ratio								
Debt/Equity (x)	0.0	1.5	1.1	1.1	1.3	1.4	1.5	1.5

Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(loss) before Tax	4,897	4,028	3,062	5,633	4,887	3,594	4,751	6,327
Int./Div. Received	-200	-395	-414	-294	-267	-250	-450	-600
Depreciation & Amort.	1,575	3,523	3,754	3,931	4,859	5,401	5,715	6,675
Interest Paid	0	1,652	1,627	1,761	2,012	2,193	2,415	2,692
Direct Taxes Paid	-1,779	-1,402	-869	-1,410	-1,263	-905	-1,196	-1,593
Incr in WC	-36	-82	509	-275	-83	539	632	853
CF from Operations	4,235	7,278	7,506	9,436	10,262	10,573	11,866	14,354
Others	(221)	(47)	(162)	91	117	0	0	0
Extraordinary Items	-136	1,740	1,429	1,724	0	0	0	0
Incr in FA	-1,657	-2,883	-2,427	-4,563	-8,382	-5,380	-4,001	-6,000
Free Cash Flow	2,442	6,135	6,509	6,598	1,879	5,193	7,866	8,354
Others	4,376	334	554	694	-2,968	250	450	600
Pur of Investments	-3,134	1,502	-3,961	-2,212	2,225	-307	-512	-659
CF from Invest.	-416	-1,047	-5,834	-6,080	-9,126	-5,437	-4,062	-6,059
Issue of Shares	44	95	0	29	-262	0	0	0
Incr in Debt								
Dividend Paid	-329	-1,448	0	-790	-790	-791.814	-1154.73	-1154.73
Others	118	-3,261	-2,887	-2,305	-3,212	-3,632	-4,581	-5,265
CF from Fin. Activity	-167	-4,614	-2,887	-3,066	-4,264	-4,423	-5,736	-6,419
Incr/Decr of Cash	3,652	1,616	-1,215	290	-3,128	712	2,068	1,876
Add: Opening Balance	1,290	4,943	6,559	5,344	5,634	2,506	3,218	5,286
Closing Balance	4,943	6,559	5,344	5,634	2,506	3,218	5,286	7,162

E: MOSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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