

August 9, 2024

Q1FY25 Result Update

■ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	HOLD		UNDER REVIEW	
Target Price	612		-	
Sales (Rs. m)	63,975	74,623	63,975	74,623
% Chng.	-	-	-	-
EBITDA (Rs. m)	12,921	15,526	12,921	15,526
% Chng.	-	-	-	-
EPS (Rs.)	4.9	7.0	4.9	7.0
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	50,960	53,409	63,975	74,623
EBITDA (Rs. m)	11,592	10,941	12,921	15,526
Margin (%)	22.7	20.5	20.2	20.8
PAT (Rs. m)	4,029	2,459	3,215	4,641
EPS (Rs.)	9.2	3.7	4.9	7.0
Gr. (%)	35.8	(59.3)	30.7	44.4
DPS (Rs.)	1.8	1.2	1.6	2.4
Yield (%)	0.3	0.2	0.3	0.4
RoE (%)	19.2	11.3	13.4	16.8
RoCE (%)	32.5	23.1	23.9	26.8
EV/Sales (x)	5.1	7.4	6.1	5.2
EV/EBITDA (x)	22.4	36.1	30.1	24.8
PE (x)	65.4	160.7	122.9	85.1
P/BV (x)	12.3	17.9	15.3	13.4

Key Data

JUBI.BO | JUBI IN

52-W High / Low	Rs.615 / Rs.421
Sensex / Nifty	79,706 / 24,368
Market Cap	Rs.395bn/ \$ 4,707m
Shares Outstanding	660m
3M Avg. Daily Value	Rs.1815.42m

Shareholding Pattern (%)

Promoter's	42.30
Foreign	26.05
Domestic Institution	23.24
Public & Others	8.42
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.4	24.2	19.5
Relative	5.3	11.6	(1.0)

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Jubilant FoodWorks (JUBI IN)

Rating: HOLD | CMP: Rs599 | TP: Rs612

Worst seems over as LFL improves QoQ

Quick Pointers:

- LFL sales grew by 3%, Delivery LTL up 12.1%, dine-in sales decline 5.7%
- Value meals and refurbishment of stores to revive dine-in over next few quarters, targeting exit EBITDA margins of 21%

JUBI reported inline nos with LFL growth of 3% led by 1) 12% LFL growth in delivery channel. 2) Increasing newer consumers led by Value meal @Rs99 & refurbishment of stores 3) Increasing pace of innovation. We expect overheads to remain elevated given targgted opening of 180 Dominos, 50 Popayes and 25 Hongs kitchen in FY25 and new commissory.

We believe that competitive pressures in Dominos India have peaked put and JUBI's investments in infra will enable accelerate growth. Popayes is in initial ramp up stage and current numbers also include losses on the same. We estimate 37.6% EPS CAGR over FY24-26 on a low base. Consolidation of DP Eurasia will provide an upside (Rs0.8-1) to consol EPS (not factored in estimates). We assign HOLD rating on the stock (Under review earlier) with DCF based target price of Rs612.

Revenues up 9.9%, LFL growth at 3%: Standalone Revenues grew by 9.9% YoY to Rs14.4bn (PLe: Rs14.3bn) LFL growth came at 3% driven by 12.1% delivery LFL growth Gross margins increased by 8bps YoY to 76.1% (PLe: 76.5%) EBITDA grew by 0.6% YoY to Rs2.8bn (PLe: Rs2.7bn); Margins contracted by 178bps YoY to 19.3% (PLe:20%) Adj PAT declined by 31.5% YoY to Rs0.50bn (PLe: Rs0.49bn) Pre-IndAS EBITDA margin came at 11.6% up by ~70bps QoQ.

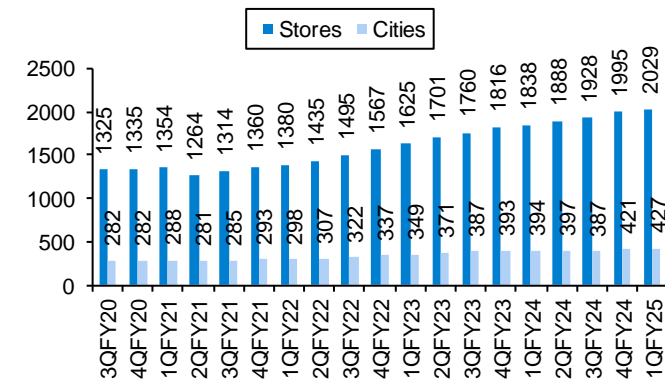
Turkey, Azerbaijan and Georgia, Domino's system sales came in at Rs7,151 million. **Domino's Turkey** LFL growth was 10.3%. COFFY's system sales came in Rs657 million and Coffy LFL growth was 8.7%. Dominos store count stands at 2029 in 1Q25. Added 34 new stores & entered into 6 new cities during the quarter. Dunking Donuts store count stands at 36 in 1Q25

Concall Takeaways: 1) Achieved LFL of 3% (SSG 1.5%) in Q1 led by 12.1% LFL in delivery channel & improving demand environment. 2) Dine- in is witnessing continues growth led by value meals @Rs99 & refurbishment of stores 3) Dominos mature store count increased to 1644 with 1Q ADS of Rs80k, up 3% YoY. 4) JFL has increased innovation with launches like Thali meal, Chillrz and Cheez Volcano. 5) Emerging brands are on track and are likely to perform well in FY25. 6) Popeyes showing uptick led by newer flavors in chicken. 6) JFL has waived off the delivery fee on orders above Rs150 which has reduced ticket size gap between dine in & delivery 8) The annual store guidance for FY25 includes 180 stores for Domino's India, 25 for Hong's Kitchen and 50 stores for Popeyes. 9) COFFY brand in Turkey has a potential to add 300 stores in medium term 10) RM prices remain stable with no sudden change either side expected.

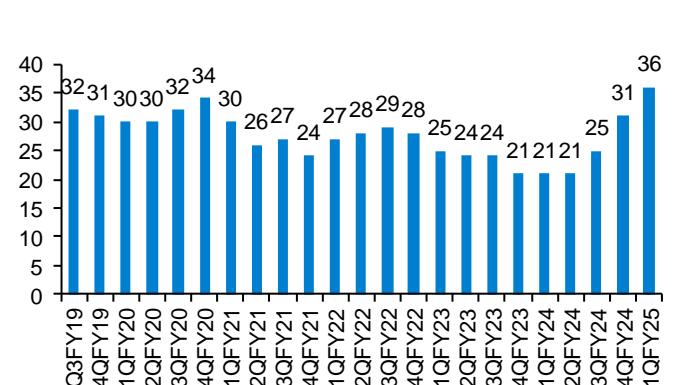
Exhibit 1: Net Sales grew 9.9%, while EBITDA margins contracted by 178bps YoY

Y/e March	Q1FY25	Q1FY24	YoY gr. (%)	Q4FY24	FY25E	FY24	YoY gr. (%)
Net Sales	14,396	13,097	9.9	13,313	63,975	53,409	19.8
Gross Profit	10,955	9,956	10.0	10,200	48,819	40,817	19.6
<i>% of NS</i>	<i>76.1</i>	<i>76.0</i>	<i>0.1</i>	<i>76.6</i>	<i>76.3</i>	<i>76.4</i>	<i>(0.1)</i>
Other Expenses	8,173	7,192	13.6	7,657	35,898	29,876	20.2
<i>% of NS</i>	<i>56.8</i>	<i>54.9</i>	<i>1.9</i>	<i>57.5</i>	<i>56.1</i>	<i>55.9</i>	<i>0.2</i>
EBITDA	2,782	2,764	0.6	2,543	12,921	10,941	18.1
<i>Margins %</i>	<i>19.3</i>	<i>21.1</i>	<i>(1.8)</i>	<i>19.1</i>	<i>20.2</i>	<i>20.5</i>	<i>(0.3)</i>
Depreciation	1,552	1,328	16.8	1,511	6,728	5,684	18.4
Interest	619	513	20.8	609	2,392	2,239	6.9
Other Income	73	91	(19.9)	86	485	285	70.4
PBT	683	1,014	(32.6)	508	4,286	3,303	29.7
Tax	168	262	(35.8)	132	1,072	844	26.9
<i>Tax rate %</i>	<i>24.6</i>	<i>25.8</i>	<i>(1.2)</i>	<i>26.0</i>	<i>25.0</i>	<i>25.6</i>	<i>(0.6)</i>
Adjusted PAT	515	752	(31.5)	376	3,215	2,459	30.7

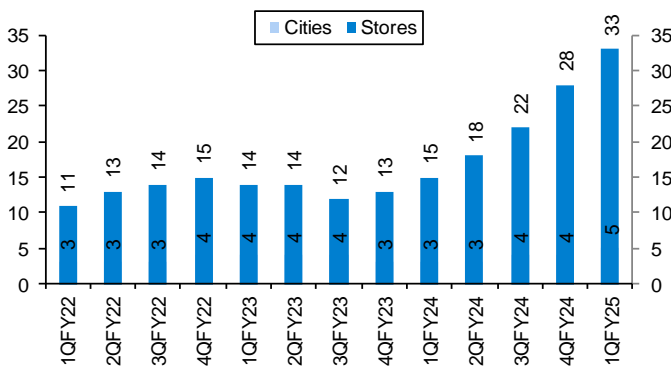
Source: Company, PL

Exhibit 2: Dominoes opened 34 new stores in 1Q


Source: Company, PL

Exhibit 3: Dunking Donuts saw 5 new openings


Source: Company, PL

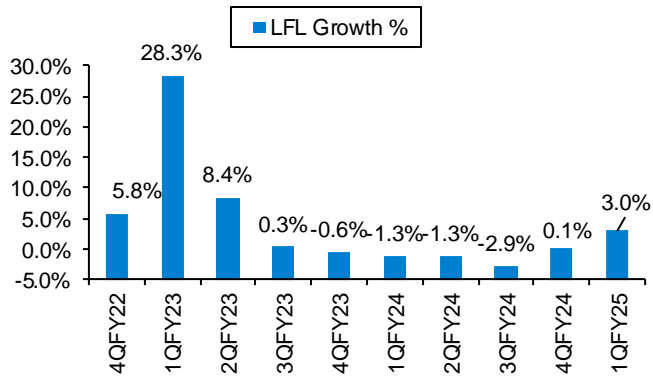
Exhibit 4: Hong's Kitchen adds 5 new stores


Source: Company, PL

Exhibit 5: Popeyes adds 8 stores, takes total to 50

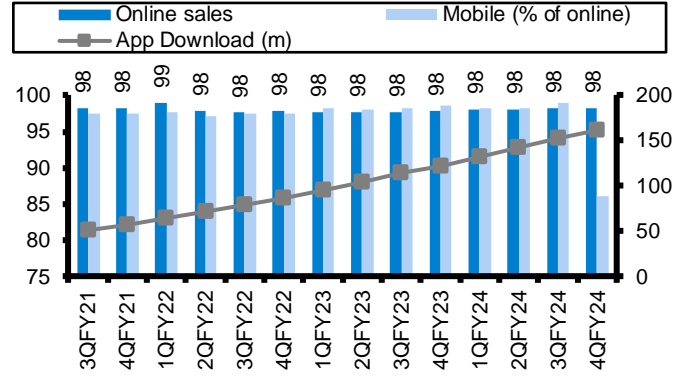

Source: Company, PL

Exhibit 6: Dominos LFL Growth 3% in 1Q



Source: Company, PL

Exhibit 7: OLO contribution at 98%



Source: Company, PL

Exhibit 8: JFL has 8 commissaries and 2 distribution centers in India as of 1Q & has started work in New Mumbai




Source: PL, Company

Exhibit 9: Launched Popeyes baskets




Source: Company, PL

Exhibit 10: Dunkin & Hong's Kitchen expanded network & launched new products



DUNKIN'

- Added 5 net stores in Q1 to take Dunkin' network to 36 stores
- Launched new Bubble Teas range which is driving up the beverage mix
- Enhancing Occasion led sales – Mothers Day celebration with Donuts

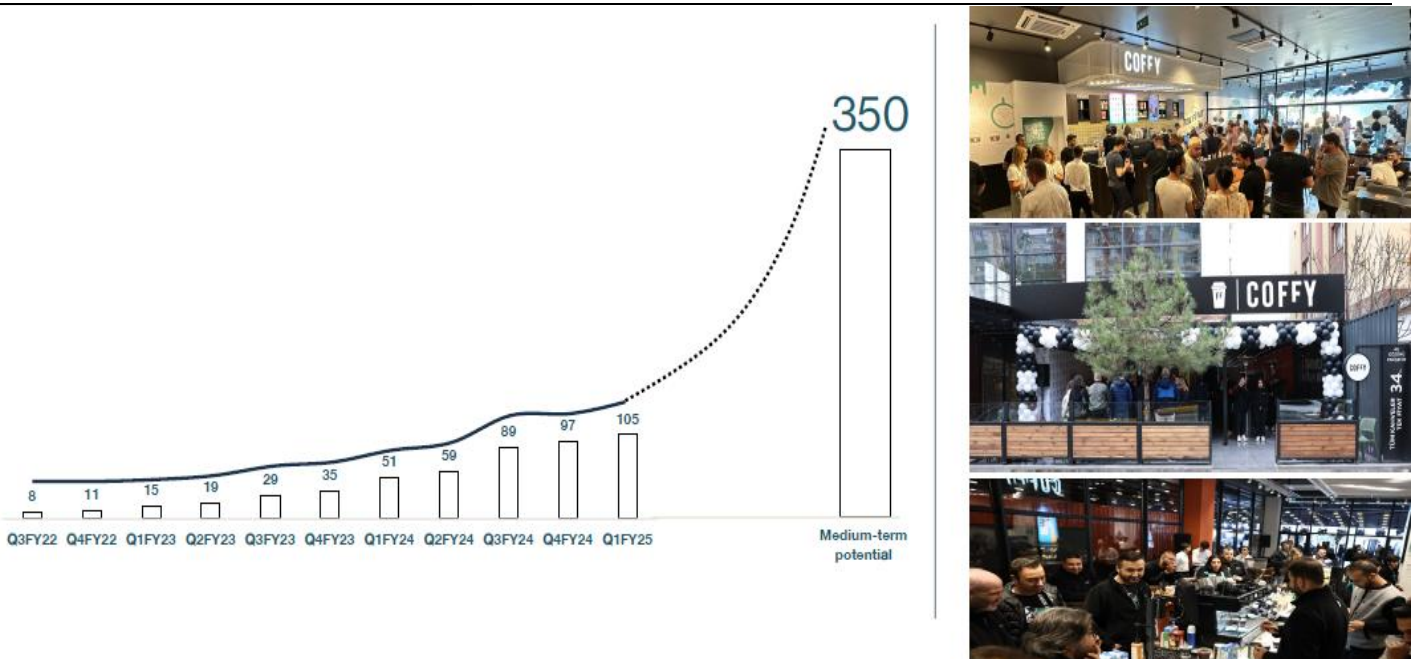


HONG'S KITCHEN
Heart[ly] Taste[ly] Chinese!

- Grew Hong's Kitchen network to 33 stores with 5 new additions in Q1
- Launched three new wraps, wrap range now starts at Rs. 99

Source: Company, PL

Exhibit 11: JFL is on track to become the 5th Largest CAFÉ brand in Turkey by 2024 end



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	50,960	53,409	63,975	74,623
YoY gr. (%)	17.7	4.8	19.8	16.6
Cost of Goods Sold	12,272	12,591	15,156	17,666
Gross Profit	38,688	40,817	48,819	56,957
Margin (%)	75.9	76.4	76.3	76.3
Employee Cost	8,896	9,914	12,180	14,151
Other Expenses	8,755	9,380	11,180	12,954
EBITDA	11,592	10,941	12,921	15,526
YoY gr. (%)	4.9	(5.6)	18.1	20.2
Margin (%)	22.7	20.5	20.2	20.8
Depreciation and Amortization	4,753	5,684	6,728	7,579
EBIT	6,839	5,257	6,193	7,946
Margin (%)	13.4	9.8	9.7	10.6
Net Interest	1,951	2,239	2,392	2,486
Other Income	497	285	485	729
Profit Before Tax	4,918	3,183	4,286	6,189
Margin (%)	9.7	6.0	6.7	8.3
Total Tax	1,356	844	1,072	1,547
Effective tax rate (%)	27.6	26.5	25.0	25.0
Profit after tax	3,562	2,339	3,215	4,641
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,029	2,459	3,215	4,641
YoY gr. (%)	(9.4)	(39.0)	30.7	44.4
Margin (%)	7.9	4.6	5.0	6.2
Extra Ord. Income / (Exp)	(466)	(120)	-	-
Reported PAT	3,562	2,339	3,215	4,641
YoY gr. (%)	(18.6)	(34.3)	37.4	44.4
Margin (%)	7.0	4.4	5.0	6.2
Other Comprehensive Income	(2,043)	(465)	-	-
Total Comprehensive Income	1,519	1,874	3,215	4,641
Equity Shares O/s (m)	440	660	660	660
EPS (Rs)	9.2	3.7	4.9	7.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	20,613	2,752	39,523	44,316
Tangibles	18,551	0	36,460	40,998
Intangibles	2,062	2,752	3,063	3,318
Acc: Dep / Amortization	10,751	13,763	17,661	22,176
Tangibles	9,796	12,553	16,153	20,346
Intangibles	955	1,210	1,507	1,829
Net fixed assets	14,271	20,028	21,862	22,140
Tangibles	13,164	18,486	20,306	20,652
Intangibles	1,107	1,542	1,555	1,488
Capital Work In Progress	1,824	1,156	850	750
Goodwill	-	-	-	-
Non-Current Investments	8,120	8,202	8,347	8,493
Net Deferred tax assets	779	866	953	1,048
Other Non-Current Assets	20,971	22,293	24,398	25,931
Current Assets				
Investments	1,225	974	1,169	1,402
Inventories	1,703	2,630	2,502	2,916
Trade receivables	331	584	438	511
Cash & Bank Balance	2,330	717	6,547	10,342
Other Current Assets	943	946	1,279	1,492
Total Assets	52,506	58,396	68,345	75,027
Equity				
Equity Share Capital	1,320	1,320	1,320	1,320
Other Equity	20,135	20,797	24,522	28,108
Total Network	21,455	22,117	25,842	29,428
Non-Current Liabilities				
Long Term borrowings	-	1,980	1,980	1,980
Provisions	-	-	-	-
Other non current liabilities	20,983	22,749	25,896	28,423
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,579	6,531	7,206	8,338
Other current liabilities	4,480	5,007	7,409	6,846
Total Equity & Liabilities	52,506	58,396	68,345	75,027

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	5,385	3,769	4,286	6,189
Add. Depreciation	4,753	5,684	6,728	7,579
Add. Interest	1,951	2,239	2,392	2,486
Less Financial Other Income	497	285	485	729
Add. Other	(3,264)	(890)	(442)	(171)
Op. profit before WC changes	8,826	10,802	12,965	16,083
Net Changes-WC	(8)	(138)	735	683
Direct tax	(1,356)	(844)	(1,072)	(1,547)
Net cash from Op. activities	7,462	9,820	12,628	15,218
Capital expenditures	(11,614)	(11,957)	(10,151)	(9,361)
Interest / Dividend Income	3	10	-	-
Others	2,901	2,200	(5,699)	(4,160)
Net Cash from Invst. activities	(8,711)	(9,747)	(15,849)	(13,522)
Issue of share cap. / premium	120	(885)	1,302	-
Debt changes	3,923	4,179	5,430	1,714
Dividend paid	(792)	(792)	(792)	(1,056)
Interest paid	(1,951)	(2,239)	(2,392)	(2,486)
Others	-	-	-	-
Net cash from Fin. activities	1,300	263	3,548	(1,828)
Net change in cash	51	336	326	(132)
Free Cash Flow	(5,898)	(2,294)	2,477	5,857

Source: Company Data, PL Research

Key Financial Metrics

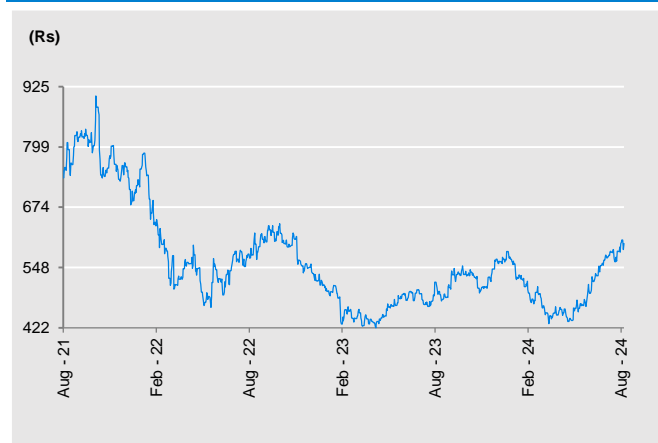
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	9.2	3.7	4.9	7.0
CEPS	20.0	12.3	15.1	18.5
BVPS	48.8	33.5	39.2	44.6
FCF	(13.4)	(3.5)	3.8	8.9
DPS	1.8	1.2	1.6	2.4
Return Ratio(%)				
RoCE	32.5	23.1	23.9	26.8
ROIC	14.0	9.3	10.2	12.6
RoE	19.2	11.3	13.4	16.8
Balance Sheet				
Net Debt : Equity (x)	(0.2)	0.0	(0.2)	(0.3)
Net Working Capital (Days)	(25)	(23)	(24)	(24)
Valuation(x)				
PER	65.4	160.7	122.9	85.1
P/B	12.3	17.9	15.3	13.4
P/CEPS	30.0	48.5	39.7	32.3
EV/EBITDA	22.4	36.1	30.1	24.8
EV/Sales	5.1	7.4	6.1	5.2
Dividend Yield (%)	0.3	0.2	0.3	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Revenue	13,448	13,551	13,313	14,396
YoY gr. (%)	4.5	2.9	6.3	9.9
Raw Material Expenses	3,174	3,164	3,113	3,441
Gross Profit	10,275	10,387	10,200	10,955
Margin (%)	76.4	76.7	76.6	76.1
EBITDA	2,807	2,827	2,543	2,782
YoY gr. (%)	(10.2)	(2.5)	0.8	0.6
Margin (%)	20.9	20.9	19.1	19.3
Depreciation / Depletion	1,379	1,465	1,511	1,552
EBIT	1,428	1,362	1,032	1,230
Margin (%)	10.6	10.1	7.7	8.5
Net Interest	534	583	609	619
Other Income	69	40	86	73
Profit before Tax	963	819	508	683
Margin (%)	7.2	6.0	3.8	4.7
Total Tax	241	209	132	168
Effective tax rate (%)	25.1	25.6	26.0	24.6
Profit after Tax	721	610	376	515
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	721	610	376	515
YoY gr. (%)	(39.5)	(31.2)	(44.3)	(31.5)
Margin (%)	5.4	4.5	2.8	3.6
Extra Ord. Income / (Exp)	-	-	(120)	-
Reported PAT	721	610	256	515
YoY gr. (%)	(39.5)	(31.2)	(46.1)	(31.5)
Margin (%)	5.4	4.5	1.9	3.6
Other Comprehensive Income	285	-	(551)	162
Total Comprehensive Income	1,007	610	(295)	677
Avg. Shares O/s (m)	14	14	14	14
EPS (Rs)	51.5	43.5	26.9	36.8

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-24	UR	-	570
2	22-May-24	Hold	490	480
3	09-Apr-24	Hold	507	448
4	13-Mar-24	Hold	495	445
5	02-Feb-24	Hold	495	495
6	08-Jan-24	Hold	526	534
7	25-Oct-23	Hold	505	529
8	07-Oct-23	Hold	490	533

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,605	2,974
2	Avenue Supermarts	Accumulate	5,104	5,027
3	Britannia Industries	Accumulate	6,080	5,766
4	Colgate Palmolive	Reduce	2,743	3,210
5	Dabur India	Hold	621	644
6	Emami	Hold	831	824
7	Hindustan Unilever	Hold	2,698	2,766
8	ITC	Accumulate	519	494
9	Jubilant FoodWorks	UR	-	570
10	Kansai Nerolac Paints	Reduce	284	307
11	Marico	Hold	681	672
12	Metro Brands	Hold	1,190	1,218
13	Mold-tek Packaging	Accumulate	853	797
14	Nestle India	Accumulate	2,746	2,481
15	Pidilite Industries	Accumulate	3,141	3,100
16	Restaurant Brands Asia	Accumulate	134	110
17	Titan Company	Accumulate	3,958	3,462
18	Westlife Foodworld	Hold	791	833

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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