

November 11, 2024

Q2FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	589		582	
Sales (Rs. m)	70,396	81,997	71,113	82,820
% Chng.	(1.0)	(1.0)		
EBITDA (Rs. m)	14,407	17,345	14,707	17,568
% Chng.	(2.0)	(1.3)		
EPS (Rs.)	5.4	8.0	6.0	8.7
% Chng.	(11.0)	(7.7)		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	53,409	59,504	70,396	81,997
EBITDA (Rs. m)	10,941	11,702	14,407	17,345
Margin (%)	20.5	19.7	20.5	21.2
PAT (Rs. m)	2,459	2,129	3,547	5,280
EPS (Rs.)	3.7	3.2	5.4	8.0
Gr. (%)	(59.3)	(13.4)	66.6	48.9
DPS (Rs.)	1.2	1.6	2.4	3.5
Yield (%)	0.2	0.3	0.4	0.6
RoE (%)	11.3	9.1	13.6	18.1
RoCE (%)	23.1	19.5	24.3	29.1
EV/Sales (x)	7.5	6.6	5.5	4.7
EV/EBITDA (x)	36.4	33.6	27.1	22.3
PE (x)	161.7	186.8	112.1	75.3
P/BV (x)	18.0	16.1	14.6	12.9

Key Data

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52-W High / Low	Rs.715 / Rs.421
Sensex / Nifty	79,496 / 24,141
Market Cap	Rs.398bn / \$ 4,712m
Shares Outstanding	660m
3M Avg. Daily Value	Rs.1458.67m

Shareholding Pattern (%)

Promoter's	41.94
Foreign	30.39
Domestic Institution	21.00
Public & Others	6.32
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.3)	30.3	18.7
Relative	(2.0)	19.1	(3.1)

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Volume focus in tough environment

Quick Pointers:

- LFL sales grew by 2.8%, Delivery LTL up 11.4%, dine in sales decline 5.6%
- Value meals and refurbishment of stores to revive dine-in over next few quarters

JFL reported inline nos with LFL growth of 2.8% led by 1) 11.4% LFL growth in delivery channel. 2) Increasing newer consumers led by Value meal @Rs99 & refurbishment of stores 3) Increasing pace of innovation. However we cut our FY25/FY26/FY27 estimates by 17.3%/11.0%/7.7% as We expect overheads to remain elevated given targtgted opening of 180 Dominos, 50 Popayes and 25 Hongs kitchen, rising wage rates and increase in RM inflation in 4Q25.

JUBI is focusing on driving volumes by innovations, low value meals and waived off delivery charges in a slow and delivery centric demand environment, which will limit significant margin expnsasion in medium term. Popayes is in initial ramp up stage and current numbers also include losses on the same. We estimate 34% EPS CAGR over FY24-27 on a low base. We assign DCF based target price of Rs589 (582 earlier). Retain hold

Standalone Revenues up 9.1%, LFL growth at 2.8%: Standalone Revenues grew by 9.1% YoY to Rs14.7bn (PLe: Rs14.5bn) SSG growth at 2.8% Gross margins contracted by 34bps YoY to 76.1% (PLe: 76.5%) EBITDA grew by 1.3% YoY to Rs2.8bn (PLe:Rs2.8bn); Margins contracted by 150bps YoY to 19.4% (PLe:20.0%) Adj PAT declined by 27.8% YoY to Rs0.5bn (PLe:Rs0.52bn) Pre-IndAS EBITDA margin came at 11.7%, up 10bps QoQ

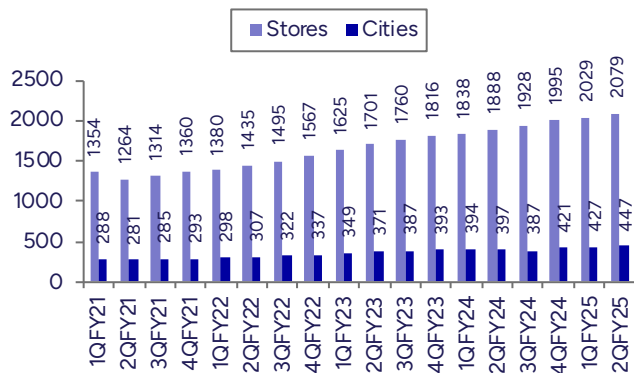
Turkey, Azerbaijan and Georgia, DP Eurasia system sales came in at Rs. 7,719 mn. Domino's Turkey System Sales was Rs. 6,924 million with LFL growth of -6.0%. COFFY's System Sales was Rs. 651 million with LFL growth of -3.9%. Dominos store count stands at 2079 in 2Q25.

Concall Takeaways: 1) Dominos gained market share in Q2 led by new launches and innovations 2) Achieved LFL of 2.8% in Q2 led by 11.4% LFL in delivery channel & improving demand environment. 3) Demand momentum is seeing acceleration in Q3 led by innovations and festive season 4) Dine- in is witnessing continues growth led by value meals @Rs99 (11am-3pm) & refurbishment of stores 5) Dominos mature store 2Q ADS came at Rs80k flat QoQ. 6) JFL has increased pace of innovation with new range of dominos cheese volcano pizzas. 7) Emerging brands are on track and are likely to perform well in 2HFY25. 8) Popeyes showing continuous uptick led by newer launches like 6 bold international flavors under chicken wings. 9) New customer growth has seen healthy growth in Q2 with throughput per new store seeing traction 10) annual store guidance for FY25 includes 180 stores for Domino's India, 25 for Hong's Kitchen and 50 stores for Popeyes. 11) Popeye has seeing improvement in GM in 50 odd stores with store capex coming down led by reduced kitchen 10) RM prices remain stable, however vegetable inflation is expected to inch up further in Q4FY25/Q1FY26.

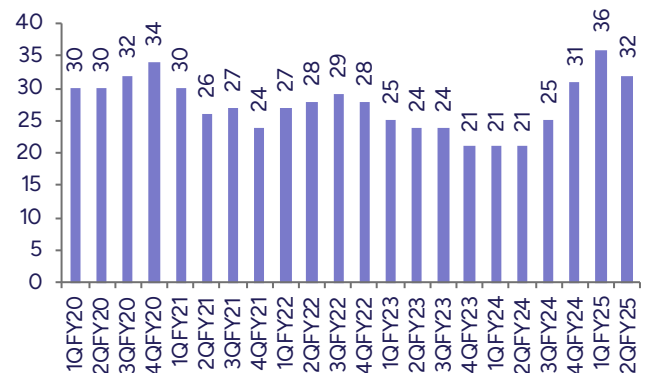
Exhibit 1: Net Sales grew 9.1%, while EBITDA margins contracted by ~150bps YoY

Y/e March	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	1HFY25	1HFY24	YoY gr. (%)
Net Sales	14,669	13,448	9.1	14,396	29,064	26,545	9.5
Gross Profit	11,157	10,275	8.6	10,955	22,112	20,231	9.3
% of NS	76.1	76.4	(0.3)	76.1	76.1	76.2	(0.1)
Other Expenses	8,315	7,468	11.3	8,173	16,488	14,660	12.5
% of NS	56.7	55.5	1.2	56.8	56.7	55.2	1.5
EBITDA	2,842	2,807	1.3	2,782	5,624	5,571	0.9
Margins %	19.4	20.9	(1.5)	19.3	19.3	21.0	(1.6)
Depreciation	1,654	1,379	19.9	1,552	3,206	2,707	18.4
Interest	640	534	19.9	619	1,260	1,047	20.4
Other Income	150	69	117.9	73	223	160	39.4
PBT	698	963	(27.5)	683	1,381	1,977	(30.1)
Tax	177	241	(26.6)	168	345	503	(31.4)
Tax rate %	25.4	25.1	0.3	24.6	25.0	25.5	(0.5)
Adjusted PAT	521	721	(27.8)	515	1,036	1,473	(29.7)

Source: Company, PL

Exhibit 2: Dominoes opened 20 net new stores in 2Q


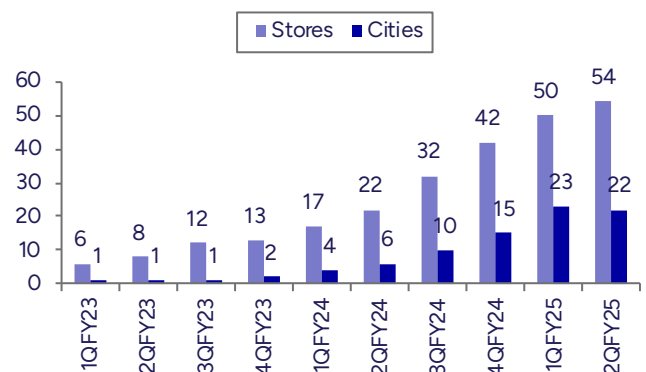
Source: Company, PL

Exhibit 3: Dunking Donuts saw 4 closures


Source: Company, PL

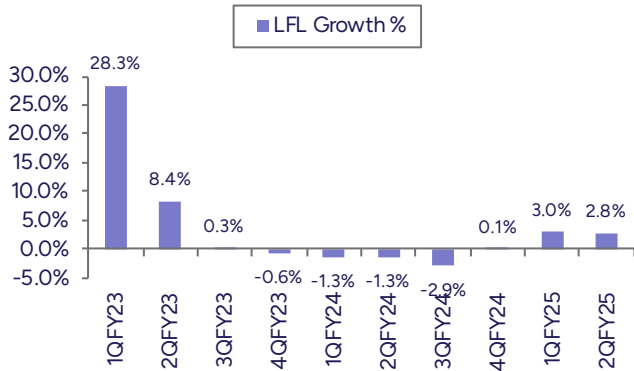
Exhibit 4: Hong's Kitchen adds 1 new stores


Source: Company, PL

Exhibit 5: Popeyes adds 4 stores, takes total to 54


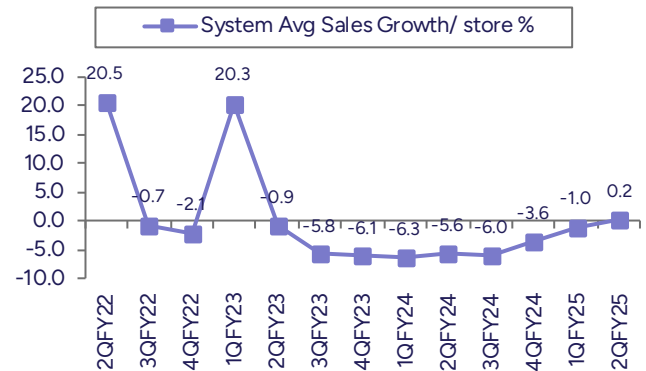
Source: Company, PL

Exhibit 6: Dominos LFL Growth 2.8% in 2Q



Source: Company, PL

Exhibit 7: System average sales/store grew at 0.2% in Q2



Source: Company, PL

Exhibit 8: Launched 6 bolds international flavors of wings



Source: PL, Company

Exhibit 9: 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	FY24	FY25E	FY26E	FY27E
Net Revenues	53,409	59,504	70,396	81,997
YoY gr. (%)	4.8	11.4	18.3	16.5
Cost of Goods Sold	12,591	14,226	16,722	19,387
Gross Profit	40,817	45,277	53,673	62,609
Margin (%)	76.4	76.1	76.2	76.4
Employee Cost	9,914	12,093	13,915	15,924
Other Expenses	9,380	10,238	12,012	13,885
EBITDA	10,941	11,702	14,407	17,345
YoY gr. (%)	(5.6)	7.0	23.1	20.4
Margin (%)	20.5	19.7	20.5	21.2
Depreciation and Amortization	5,684	6,739	7,598	8,294
EBIT	5,257	4,963	6,809	9,051
Margin (%)	9.8	8.3	9.7	11.0
Net Interest	2,239	2,574	2,681	2,818
Other Income	285	449	601	806
Profit Before Tax	3,183	2,839	4,729	7,040
Margin (%)	6.0	4.8	6.7	8.6
Total Tax	844	710	1,182	1,760
Effective tax rate (%)	26.5	25.0	25.0	25.0
Profit after tax	2,339	2,129	3,547	5,280
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,459	2,129	3,547	5,280
YoY gr. (%)	(39.0)	(13.4)	66.6	48.9
Margin (%)	4.6	3.6	5.0	6.4
Extra Ord. Income / (Exp)	(120)	-	-	-
Reported PAT	2,339	2,129	3,547	5,280
YoY gr. (%)	(34.3)	(9.0)	66.6	48.9
Margin (%)	4.4	3.6	5.0	6.4
Other Comprehensive Income	(465)	-	-	-
Total Comprehensive Income	1,874	2,129	3,547	5,280
Equity Shares O/s (m)	660	660	660	660
EPS (Rs)	3.7	3.2	5.4	8.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	2,752	39,607	44,400	49,564
Tangibles	0	36,540	41,079	45,970
Intangibles	2,752	3,067	3,322	3,594
Acc: Dep / Amortization	13,763	17,661	22,186	27,176
Tangibles	12,553	16,153	20,355	24,997
Intangibles	1,210	1,508	1,830	2,179
Net fixed assets	20,028	21,945	22,215	22,388
Tangibles	18,486	20,387	20,723	20,973
Intangibles	1,542	1,559	1,492	1,415
Capital Work In Progress	1,156	850	750	750
Goodwill	-	-	-	-
Non-Current Investments	8,202	8,351	8,497	8,649
Net Deferred tax assets	866	953	1,048	2,863
Other Non-Current Assets	22,293	24,513	26,035	27,449
Current Assets				
Investments	974	1,169	1,402	1,683
Inventories	2,630	2,349	2,761	3,201
Trade receivables	584	408	482	562
Cash & Bank Balance	717	5,631	7,872	11,555
Other Current Assets	946	1,190	1,408	1,640
Total Assets	58,396	67,358	72,470	80,739
Equity				
Equity Share Capital	1,320	1,320	1,320	1,320
Other Equity	20,797	23,437	25,928	29,624
Total Networth	22,117	24,756	27,247	30,943
Non-Current Liabilities				
Long Term borrowings	1,980	1,980	1,980	1,980
Provisions	-	-	-	-
Other non current liabilities	22,749	26,008	28,526	30,971
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	6,531	6,784	7,944	9,170
Other current liabilities	5,007	7,818	6,760	7,662
Total Equity & Liabilities	58,396	67,358	72,470	80,739

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	3,769	2,839	4,729	7,040
Add. Depreciation	5,684	6,739	7,598	8,294
Add. Interest	2,239	2,574	2,681	2,818
Less Financial Other Income	285	449	601	806
Add. Other	(890)	(446)	(171)	(1,946)
Op. profit before WC changes	10,802	11,705	14,837	16,206
Net Changes-WC	(138)	481	711	748
Direct tax	(844)	(710)	(1,182)	(1,760)
Net cash from Op. activities	9,820	11,477	14,366	15,194
Capital expenditures	(11,957)	(10,360)	(9,359)	(9,903)
Interest / Dividend Income	10	-	-	-
Others	2,200	(4,706)	(2,503)	(3,885)
Net Cash from Invst. activities	(9,747)	(15,065)	(11,862)	(13,788)
Issue of share cap. / premium	(885)	1,302	-	-
Debt changes	4,179	6,055	1,206	3,073
Dividend paid	(792)	(792)	(1,056)	(1,584)
Interest paid	(2,239)	(2,574)	(2,681)	(2,818)
Others	-	-	-	-
Net cash from Fin. activities	263	3,991	(2,531)	(1,328)
Net change in cash	336	403	(28)	78
Free Cash Flow	(2,294)	1,117	5,006	5,291

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	3.7	3.2	5.4	8.0
CEPS	12.3	13.4	16.9	20.6
BVPS	33.5	37.5	41.3	46.9
FCF	(3.5)	1.7	7.6	8.0
DPS	1.2	1.6	2.4	3.5
Return Ratio(%)				
RoCE	23.1	19.5	24.3	29.1
ROIC	9.3	8.2	10.8	13.4
RoE	11.3	9.1	13.6	18.1
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.2)	(0.3)	(0.4)
Net Working Capital (Days)	(23)	(25)	(24)	(24)
Valuation(x)				
PER	161.7	186.8	112.1	75.3
P/B	18.0	16.1	14.6	12.9
P/CEPS	48.8	44.8	35.7	29.3
EV/EBITDA	36.4	33.6	27.1	22.3
EV/Sales	7.5	6.6	5.5	4.7
Dividend Yield (%)	0.2	0.3	0.4	0.6

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	13,551	13,313	14,396	14,669
YoY gr. (%)	2.9	6.3	9.9	9.1
Raw Material Expenses	3,164	3,113	3,441	3,512
Gross Profit	10,387	10,200	10,955	11,157
Margin (%)	76.7	76.6	76.1	76.1
EBITDA	2,827	2,543	2,782	2,842
YoY gr. (%)	(2.5)	0.8	0.6	1.3
Margin (%)	20.9	19.1	19.3	19.4
Depreciation / Depletion	1,465	1,511	1,552	1,654
EBIT	1,362	1,032	1,230	1,188
Margin (%)	10.1	7.7	8.5	8.1
Net Interest	583	609	619	640
Other Income	40	86	73	150
Profit before Tax	819	508	683	698
Margin (%)	6.0	3.8	4.7	4.8
Total Tax	209	132	168	177
Effective tax rate (%)	25.6	26.0	24.6	25.4
Profit after Tax	610	376	515	521
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	610	376	515	521
YoY gr. (%)	(31.2)	(44.3)	(31.5)	(27.8)
Margin (%)	4.5	2.8	3.6	3.5
Extra Ord. Income / (Exp)	-	(120)	-	-
Reported PAT	610	256	515	521
YoY gr. (%)	(31.2)	(46.1)	(31.5)	(27.8)
Margin (%)	4.5	1.9	3.6	3.5
Other Comprehensive Income	-	(551)	162	254
Total Comprehensive Income	610	(295)	677	775
Avg. Shares O/s (m)	14	14	14	14
EPS (Rs)	43.5	26.9	36.8	37.2

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-24	Hold	582	629
2	09-Aug-24	Hold	612	599
3	09-Jul-24	UR	-	570
4	22-May-24	Hold	490	480
5	09-Apr-24	Hold	507	448
6	13-Mar-24	Hold	495	445
7	02-Feb-24	Hold	495	495
8	08-Jan-24	Hold	526	534

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,605	3,073
2	Avenue Supermarts	Hold	4,748	4,573
3	Britannia Industries	Accumulate	6,397	6,206
4	Colgate Palmolive	Reduce	2,973	3,219
5	Dabur India	Hold	589	547
6	Emami	Hold	761	670
7	Hindustan Unilever	Hold	2,744	2,659
8	ITC	Accumulate	539	472
9	Jubilant FoodWorks	Hold	582	629
10	Kansai Nerolac Paints	Reduce	269	271
11	Marico	Accumulate	693	629
12	Metro Brands	Hold	1,208	1,165
13	Mold-tekk Packaging	Accumulate	803	737
14	Nestle India	Accumulate	2,689	2,379
15	Pidilite Industries	Accumulate	3,339	3,122
16	Restaurant Brands Asia	Hold	109	92
17	Titan Company	BUY	3,782	3,230
18	Westlife Foodworld	Hold	797	802

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

ANALYST CERTIFICATION

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