

July 31, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	87		89	
Sales (Rs. m)	22,856	27,222	23,454	28,244
% Chng.	(2.6)	(3.6)		
EBITDA (Rs. m)	3,326	4,319	3,654	4,708
% Chng.	(9.0)	(8.3)		
EPS (Rs.)	(1.1)	(0.9)	(0.5)	(0.2)
% Chng.	116.2	395.7		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	17,601	19,680	22,856	27,222
EBITDA (Rs. m)	2,377	2,846	3,326	4,319
Margin (%)	13.5	14.5	14.5	15.9
PAT (Rs. m)	(689)	(873)	(623)	(525)
EPS (Rs.)	(1.2)	(1.5)	(1.1)	(0.9)
Gr. (%)	(18.4)	26.6	(28.7)	(15.8)
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	(3.7)	(4.2)	(2.8)	(2.4)
RoCE (%)	1.4	1.4	2.0	4.4
EV/Sales (x)	2.6	2.2	1.9	1.7
EV/EBITDA (x)	19.5	15.2	13.3	10.5
PE (x)	(68.7)	(54.3)	(76.1)	(90.3)
P/BV (x)	2.6	2.1	2.1	2.2

Key Data

RESR.BO | RBA IN

52-W High / Low	Rs.117 / Rs.59
Sensex / Nifty	81,186 / 24,768
Market Cap	Rs.47bn/ \$ 541m
Shares Outstanding	582m
3M Avg. Daily Value	Rs.149.49m

Shareholding Pattern (%)

Promoter's	11.27
Foreign	20.52
Domestic Institution	39.97
Public & Others	28.23
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.4)	12.1	(24.6)
Relative	1.6	7.0	(24.1)

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Demand revival, cost control key to turnaround

Quick Pointers:

- 1QFY25 SSG at 2.6%, focus on innovations across Burgers and café
- Indonesia business sees recovery in dine-in footfalls as geopolitical impact eases off

Restaurant Brands Asia (RBA) posted 2.6% SSG in Q1 led by focus on value proposition led by healthy store traffic with ADS of 120k. Adj loss at Rs116mn went up due to higher manpower cost and overheads partly neutralized by higher other income from 57mn to Rs276mn. Indonesia business reported 6.9% decline in sales however green shoots in demand recovery are visible with stabilizing geopolitical scenario and end to rationalization of stores. RBA's India strategy is centered around 1) Value focus with combos (2 veg Burgers at Rs79, Chicken at Rs99, and Café at Rs99) 2) digital driven ordering 3) cost reduction in delivery business 4) control over overheads and 5) gradual increase in ADS of Café business from current levels of Rs13k led by innovation and combo offerings. Indonesia is focusing on 1) zero store openings 2) lowering of overheads 3) menu innovations in chicken with focus on local flavors and driving efficiencies in procurement by leveraging Indian operations.

We estimate India business to turn PBT from operations positive by FY28 only. Near term outlook looks cautiously optimistic as demand revival and cost control hold key to improving margins. Retain Accumulate with SOTP based target price of Rs87 with back ended returns.

India Revenues grew by 12.6% YoY to Rs5.5bn (PLe: Rs6.0bn) Gross margins expanded by 6bps YoY to 67.7% (PLe: 68.4%). EBITDA grew by 9% YoY to Rs681.1mn (PLe:Rs851mn); Margins contracted by 41bps YoY to 12.3% (PLe:14%). Adj. losses came at Rs115.7mn (PLe: loss of Rs104mn). mainly supported by sharp increase in other income from 57mn to Rs276mn. But for an increase in other income, losses would have increased by another 20%. SSG came at 2.6% YoY.

Indonesia Revenues declined by 6.9% YoY to Rs1.5bn. Gross margins expanded by 1018bps YoY to 64.8%. EBITDA up by 2516.5% YoY to Rs163.8mn. Adj losses came at Rs221.4mn in 1QFY26 vs Rs252mn in 1QFY25 as demand sees green shoot

Concall Takeaways: 1)1Q SSSG was 2.6% (5.1% in 4Q25) led by healthy growth in SSTG with continuous traction in value offerings. 2) launched Rs99 offer on Café, during summer holidays for 2 weeks to drive additional store traffic 3) ADS came at 120k up just 0.8% YoY as newer stores drag overall ADS 3) Focus on digital journey to continue with 93% restaurants having SOK's with 90% orders now coming from digital platform 4) Labor costs increased from by 13.8% QoQ due to new hirings on digital initiatives and regular increments 5) Gross margins continue to remain stable led by supply side initiative and efficiencies, company targets 70% over next 3-4 years 6) Innovations & strengthening existing portfolio continue to drive additional traffic with new launches like limited time Korean spicy fest to come every quarter with new theme. 7) King 2.0 collection launched in June with

enhanced quality ingredients seeing good traction 8) mix deteriorated as premium portfolio (Whopper) is seeing some shrinkage while value offerings continue to see robust demand 9) Indonesia business is seeing green shoots with increasing footfalls, company is developing new whole chicken products by including local spices 10) Popeyes in Indonesia, is witnessing strong competition from both global as well as local QSR players. 11) overall ADS for café business is at Rs13k, 2 year Old Café ADS comes at ~Rs22k, while new café ADS comes at Rs6k 13) The company maintains its guidance to add 60-80 restaurants annually to reach approximately 800 restaurants by FY2029 15) Management expects market conditions to improve by Q3 with more positive tailwinds for premium traffic

Exhibit 1: 1QFY26 Results – India Net sales up 12.6%, Gross margins flat YoY

(Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	FY26E	FY25	YoY gr. (%)
Net Sales	5,523	4,905	12.6	4,898	22,856	19,678	16.2
Gross Profit	3,739	3,318	12.7	3,322	15,556	13,322	16.8
% of NS	67.7	67.6	0.1	67.8	68.1	67.7	0.4
EBITDA	681.1	625.2	9.0	749.3	3,325.5	2,850.2	16.7
Margins %	12.3	12.7	(0.4)	15.3	14.5	14.5	
Depreciation	663	633	4.6	670	2,856	2,546	12.2
Interest	410	319		403	1,636	1,411	
Other Income	276	57	381.7	70	544	232	134.9
PBT	-116	-269	57.1	-254	-623	-876	28.9
Adjusted PAT	-116	-269	57	-254	-623	-876	29

Source: Company, PL

Exhibit 2: BK India Sales/store down by 0.6% YoY

Y/E March	1Q25	2Q25	3Q25	4Q25	1Q26
Stores	456	464	510	513	519
BK Café	352	365	433	464	482
SSS Growth (%)	3.1	-3	-0.5	5.1	2.6
ADS (Rs 000)	119	118	114	108	120
Sales/ Store	10.8	10.7	10.2	9.6	10.7
% Growth YoY	0.4	-5.6	-3.5	-2.3	-0.6
Dine in Sales	2845	2805	2873	2792	3203
% Growth YoY				16%	13%
Delivery Sales	2060	2116	2081	2106	2320
% Growth YoY				7%	13%

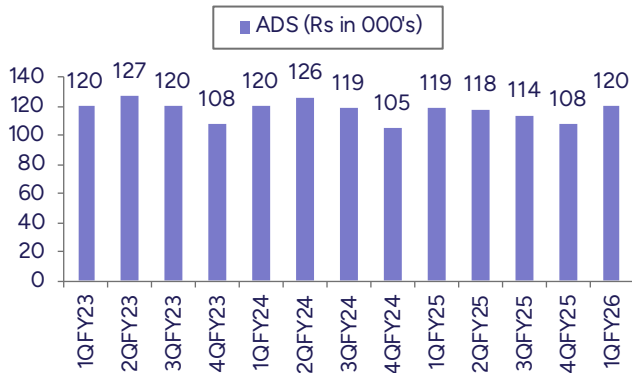
Source: Company, PL

Exhibit 3: 1QFY26 Results – Indonesia Net Sales decline by 6.9%, EBITDA Margins improved to 11.3%

(Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	FY25	FY24	YoY gr. (%)
Net Sales	1,454	1,562	(6.9)	1,428	5,830	6,770	-14
Gross Profit	942	853	10.5	807	3,273	3,852	-15
% of NS	64.8	54.6	10.2	56.5	56.1	56.9	(0.8)
EBITDA	164	6.26	2,516.5	-17	-159	44	-461
Margins %	11.3	0.40	10.9	-1	-3	1	-3
Depreciation	271	283	-4	287	1,169	1,451	-19
Interest	58	56	4	54	197	271	-27
Other Income	-56	80	(169.5)	8	73	0	
PBT	-221	-252	12.3	-350	-1,452	-1,678	-13
Tax	0	0		0	0	0	
Tax rate %	0	0	0.0	0	0	0	0
Adjusted PAT	-221	-252	12	-350	-1,452	-1,678	-13

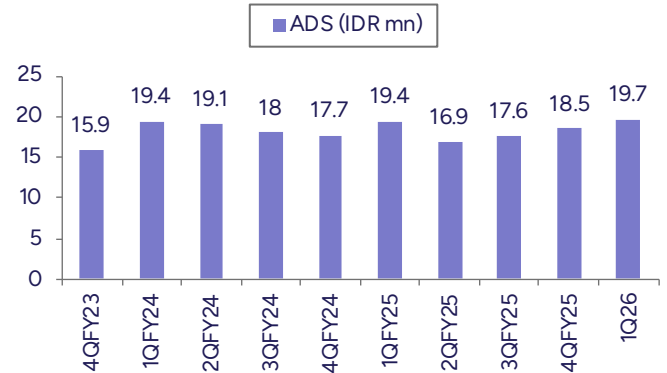
Source: Company, PL

Exhibit 4: India ADS up 1% YoY



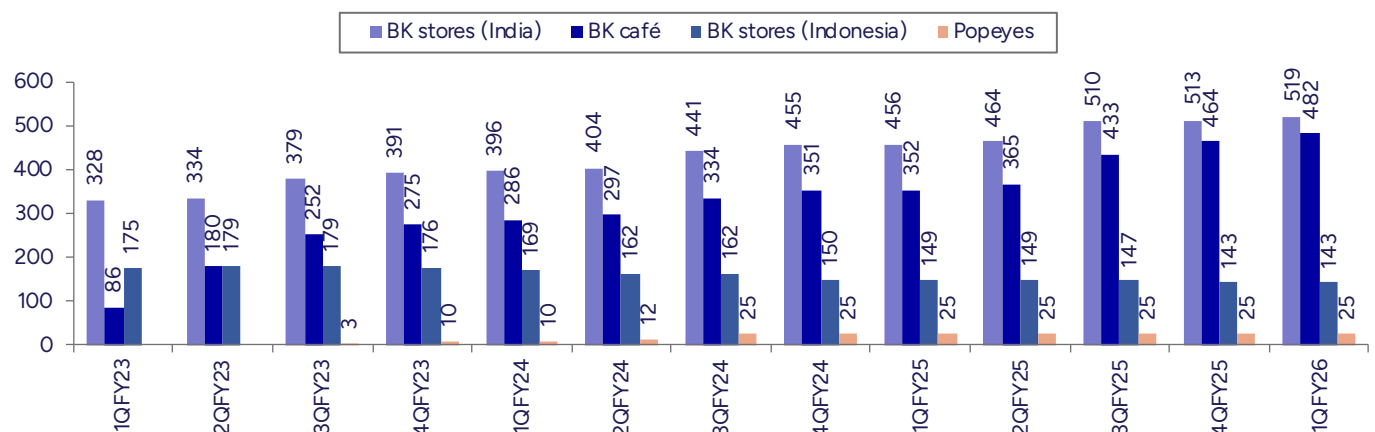
Source: Company, PL

Exhibit 5: Indonesia ADS up 1.5% YoY



Source: Company, PL

Exhibit 6: India store count at 519 in 1QFY26



Source: PL, Company

Exhibit 7: Korean spicy fest drives sales growth



Source: PL, Company

Exhibit 8: We assign SOTP based target price of Rs87

SOTP	Basis	Value/Share
India	DCF	68
Indonesia	BV	18
Total Value/share		87

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	17,601	19,680	22,856	27,222
YoY gr. (%)	22.3	11.8	16.1	19.1
Cost of Goods Sold	5,802	6,355	7,300	8,463
Gross Profit	11,798	13,325	15,556	18,758
Margin (%)	67.0	67.7	68.1	68.9
Employee Cost	2,650	2,986	3,577	4,198
Other Expenses	855	962	1,139	1,383
EBITDA	2,377	2,846	3,326	4,319
YoY gr. (%)	43.7	19.7	16.8	29.9
Margin (%)	13.5	14.5	14.5	15.9
Depreciation and Amortization	2,110	2,546	2,856	3,330
EBIT	267	300	469	990
Margin (%)	1.5	1.5	2.1	3.6
Net Interest	1,141	1,412	1,636	1,804
Other Income	185	239	544	289
Profit Before Tax	(689)	(873)	(623)	(525)
Margin (%)	(3.9)	(4.4)	(2.7)	(1.9)
Total Tax	-	-	-	-
Effective tax rate (%)	-	-	-	-
Profit after tax	(689)	(873)	(623)	(525)
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	(689)	(873)	(623)	(525)
YoY gr. (%)	(4.0)	26.6	(28.7)	(15.8)
Margin (%)	(3.9)	(4.4)	(2.7)	(1.9)
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(689)	(873)	(623)	(525)
YoY gr. (%)	(4.0)	26.6	(28.7)	(15.8)
Margin (%)	(3.9)	(4.4)	(2.7)	(1.9)
Other Comprehensive Income	(8)	(20)	-	-
Total Comprehensive Income	(698)	(893)	(623)	(525)
Equity Shares O/s (m)	582	582	582	582
EPS (Rs)	(1.2)	(1.5)	(1.1)	(0.9)

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	27,503	33,491	39,459	46,000
Tangibles	26,514	32,137	37,970	44,363
Intangibles	989	1,353	1,489	1,638
Acc: Dep / Amortization	8,931	11,477	14,333	17,663
Tangibles	8,746	11,232	14,010	17,252
Intangibles	185	244	323	410
Net fixed assets	18,573	22,014	25,126	28,338
Tangibles	17,768	20,905	23,961	27,110
Intangibles	804	1,109	1,165	1,228
Capital Work In Progress	420	258	457	495
Goodwill	-	-	-	-
Non-Current Investments	12,791	13,137	13,143	13,228
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	354	434	571	629
Current Assets				
Investments	830	235	500	500
Inventories	212	234	300	348
Trade receivables	169	257	157	261
Cash & Bank Balance	225	5,232	3,102	2,328
Other Current Assets	191	264	273	326
Total Assets	33,833	42,858	44,498	47,410
Equity				
Equity Share Capital	4,964	5,821	5,821	5,821
Other Equity	13,532	16,783	16,316	15,923
Total Network	18,496	22,604	22,137	21,743
Non-Current Liabilities				
Long Term borrowings	-	482	-	-
Provisions	335	404	479	565
Other non current liabilities	483	1,070	1,124	1,180
Current Liabilities				
ST Debt / Current of LT Debt	-	787	500	600
Trade payables	1,553	1,731	1,964	2,267
Other current liabilities	1,841	2,058	2,448	2,706
Total Equity & Liabilities	33,833	42,858	44,498	47,410

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	(689)	(873)	(623)	(525)
Add. Depreciation	2,110	2,546	2,856	3,330
Add. Interest	1,141	1,412	1,636	1,804
Less Financial Other Income	185	239	544	289
Add. Other	459	556	(8)	84
Op. profit before WC changes	3,021	3,641	3,861	4,692
Net Changes-WC	577	(511)	570	270
Direct tax	-	-	156	131
Net cash from Op. activities	3,598	3,130	4,587	5,094
Capital expenditures	(5,391)	(6,049)	(6,167)	(6,580)
Interest / Dividend Income	-	-	-	-
Others	585	471	(270)	(85)
Net Cash from Invt. activities	(4,807)	(5,577)	(6,437)	(6,665)
Issue of share cap. / premium	246	5,005	-	-
Debt changes	2,183	3,866	1,356	2,601
Dividend paid	-	-	-	-
Interest paid	(1,141)	(1,412)	(1,636)	(1,804)
Others	-	-	-	-
Net cash from Fin. activities	1,287	7,459	(280)	798
Net change in cash	79	5,012	(2,131)	(773)
Free Cash Flow	(1,793)	(2,919)	(1,580)	(1,486)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	(1.2)	(1.5)	(1.1)	(0.9)
CEPS	2.4	2.9	3.8	4.8
BVPS	31.8	38.8	38.0	37.4
FCF	(3.1)	(5.0)	(2.7)	(2.6)
DPS	-	-	-	-
Return Ratio(%)				
RoCE	1.4	1.4	2.0	4.4
ROIC	0.8	0.8	1.1	2.2
RoE	(3.7)	(4.2)	(2.8)	(2.4)
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.1)	(0.1)
Net Working Capital (Days)	(24)	(23)	(24)	(22)
Valuation(x)				
PER	(68.7)	(54.3)	(76.1)	(90.3)
P/B	2.6	2.1	2.1	2.2
P/CEPS	33.4	28.3	21.2	16.9
EV/EBITDA	19.5	15.2	13.3	10.5
EV/Sales	2.6	2.2	1.9	1.7
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q1FY26
Net Revenue	4,905	4,921	4,954	5,524
YoY gr. (%)	16.2	33.1	11.2	12.6
Raw Material Expenses	1,587	1,599	1,593	1,784
Gross Profit	3,318	3,322	3,361	3,740
Margin (%)	67.6	67.5	67.8	67.7
EBITDA	625	700	776	682
YoY gr. (%)	29.0	46.2	9.7	9.1
Margin (%)	12.7	14.2	15.7	12.3
Depreciation / Depletion	633	611	632	663
EBIT	(8)	89	144	19
Margin (%)	(0.2)	1.8	2.9	0.4
Net Interest	319	326	364	410
Other Income	57	71	34	276
Profit before Tax	(269)	(166)	(186)	(115)
Margin (%)	(5.5)	(3.4)	(3.8)	(2.1)
Total Tax	-	-	-	-
Effective tax rate (%)	-	-	-	-
Profit after Tax	(269)	(166)	(186)	(115)
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	(269)	(166)	(186)	(115)
YoY gr. (%)	21.6	48.0	190.7	(57.4)
Margin (%)	(5.5)	(3.4)	(3.8)	(2.1)
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(269)	(166)	(186)	(115)
YoY gr. (%)	21.6	48.0	190.7	(57.4)
Margin (%)	(5.5)	(3.4)	(3.8)	(2.1)
Other Comprehensive Income	-	(4)	(2)	-
Total Comprehensive Income	(269)	(170)	(188)	(115)
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	-	-	-	-

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Accumulate	89	82
2	20-May-25	Accumulate	89	82
3	09-Apr-25	Accumulate	74	67
4	29-Jan-25	Hold	76	72
5	08-Jan-25	Hold	100	80
6	29-Oct-24	Hold	109	92
7	07-Oct-24	Accumulate	129	110

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,248	2,402
2	Avenue Supermarts	Hold	3,994	4,281
3	Britannia Industries	BUY	5,941	5,839
4	Colgate Palmolive	Hold	2,453	2,376
5	Dabur India	Hold	501	514
6	Emami	Accumulate	697	573
7	Hindustan Unilever	Accumulate	2,601	2,393
8	ITC	BUY	538	417
9	Jubilant FoodWorks	Hold	689	688
10	Kansai Nerolac Paints	Accumulate	284	251
11	Marico	Accumulate	718	726
12	Metro Brands	Hold	1,195	1,167
13	Mold-tek Packaging	Accumulate	805	761
14	Nestle India	Hold	2,392	2,322
15	Pidilite Industries	BUY	3,428	3,060
16	Restaurant Brands Asia	Accumulate	89	82
17	Titan Company	BUY	3,830	3,451
18	Westlife Foodworld	Hold	745	772

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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