

Jubilant Foodworks Ltd.

Accumulate

Sector: Hotels, Restaurants & Leisure

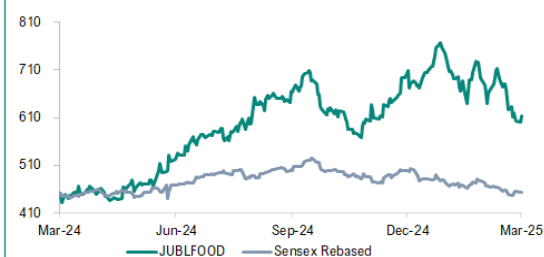
11th March, 2025

| | | | | | |
|--------------------|-----------------|-----------------|-------------------|---------------|----------------|
| Key Changes | Target ▼ | Rating ● | Earnings ▲ | Target | Rs. 704 |
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame |
| Mid Cap | JUBI:IN | 74,102 | JUBLFOOD | 533155 | 12 Months |
| | | | | CMP | Rs. 614 |
| | | | | Return | +15% |

Data as of: 11-03-2025

| Company Data | | | |
|---------------------------|-----------|---------|--------|
| Market Cap (Rs. cr) | 40,505 | | |
| 52 Week High — Low (Rs.) | 797 – 421 | | |
| Enterprise Value (Rs. cr) | 40,442 | | |
| Outstanding Shares (cr) | 66.0 | | |
| Free Float (%) | 57.5 | | |
| Dividend Yield (%) | 0.2 | | |
| 6m average volume (cr) | 0.2 | | |
| Beta | 0.9 | | |
| Face value (Rs.) | 2.0 | | |
| Shareholding (%) | Q1FY25 | Q2FY25 | Q3FY25 |
| Promoters | 41.9 | 41.9 | 41.9 |
| FII's | 20.4 | 21.0 | 21.3 |
| MFs/Institutions | 29.9 | 30.4 | 30.4 |
| Public | 6.0 | 5.0 | 4.8 |
| Others | 1.8 | 1.7 | 1.6 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | 5.0 | 5.0 | 5.0 |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | -13.4% | -7.4% | 36.1% |
| Absolute Sensex | -9.1% | -9.1% | 0.8% |
| Relative Return | -4.3% | 1.7% | 35.2% |

*over or under performance to benchmark index



| Y.E March (cr) | FY25E | FY26E | FY27E |
|-------------------|-------|-------|-------|
| Sales | 6,142 | 7,094 | 8,229 |
| Growth (%) | 15.0 | 15.5 | 16.0 |
| EBITDA | 1,241 | 1,568 | 1,840 |
| EBITDA Margin (%) | 20.2 | 22.1 | 22.4 |
| PAT Adjusted | 238 | 439 | 578 |
| Growth (%) | -3.3 | 84.5 | 31.9 |
| Adjusted EPS | 3.6 | 6.6 | 8.8 |
| Growth (%) | -3.3 | 84.5 | 31.9 |
| P/E | 170.4 | 92.3 | 70.0 |
| P/B | 17.1 | 15.2 | 13.3 |
| EV/EBITDA | 32.6 | 25.8 | 21.9 |
| ROE (%) | 10.0 | 16.5 | 19.0 |
| D/E | 0.0 | 0.0 | 0.0 |

Healthy growth with cautious outlook

Jubilant FoodWorks Ltd (JFL) is an Indian operator of quick-service restaurant brands. It is the franchisee of Domino's in India, Nepal, Sri Lanka and Bangladesh, and that of Dunkin' Donuts in India.

- Standalone revenue from operations went up 18.9% YoY to Rs. 1,611cr, with Delivery channel revenue (constitutes 71.4% of revenue) growing 29.7% YoY and Dine-in channel revenue slipping 2.4% YoY.
- JFL has 3,260 stores with 130 new quarterly additions and Domino's network stood at 2,981 stores with 87 new quarterly additions.
- Gross margin was 75.1%, down 160bps YoY, due to higher food cost, inflation, and delivery charges.
- At the operational level, EBIDTA rose 10.6% YoY to Rs 313cr in Q3FY25. However EBITDA margin dropped to 19.4% from 20.9% in Q3FY24, underscoring a marginal contraction of 150bps YoY.
- Reported standalone PAT fell 32.7% YoY to Rs. 41cr, despite healthy topline growth, partially impacted by an exceptional item related to an impairment charge of Rs. 25cr in its associate company, Hashtag Loyalty Pvt Ltd.

Outlook & Valuation

JFL demonstrated a clear inflection point in its growth trajectory, driven by robust top-line growth that underscores its ability to scale effectively. Management's strategic vision, coupled with its team's unwavering commitment, has yielded impressive results. With a relentless focus on elevating the customer experience, harnessing technology and nurturing emerging brands, the company is well-positioned to deliver long-term growth. However, a notable challenge lies in the fierce market competition, which may continue to exert pressure on profit margins. Considering these factors, **we reiterate our ACCUMULATE rating with a rolled-forward target price of Rs. 704 based on SOTP valuation.**

Quarterly Financials Standalone

| Rs.cr | Q3FY25 | Q3FY24 | YoY (%) | Q2FY25 | QoQ (%) | 9MFY25 | 9MFY24 | YoY (%) |
|----------------|--------|--------|---------|--------|---------|--------|--------|---------|
| Sales | 1,611 | 1,355 | 18.9 | 1,467 | 9.8 | 4,517 | 4,010 | 12.7 |
| EBITDA | 313 | 283 | 10.6 | 284 | 10.0 | 875 | 840 | 4.2 |
| Margin (%) | 19.4 | 20.9 | -150bps | 19.4 | 0bps | 19.4 | 20.9 | -150bps |
| EBIT | 139 | 136 | 1.8 | 119 | 16.7 | 380 | 423 | -10.0 |
| PBT | 54 | 82 | -34.0 | 70 | -22.6 | 192 | 280 | -31.3 |
| Rep. PAT | 41 | 61 | -32.7 | 52 | -21.2 | 145 | 208 | -30.6 |
| Adj PAT | 66 | 61 | 7.9 | 52 | 26.4 | 169 | 208 | -18.7 |
| Adj. EPS (Rs.) | 1.0 | 0.9 | 11.1 | 0.8 | 25.0 | 2.6 | 3.2 | -18.8 |

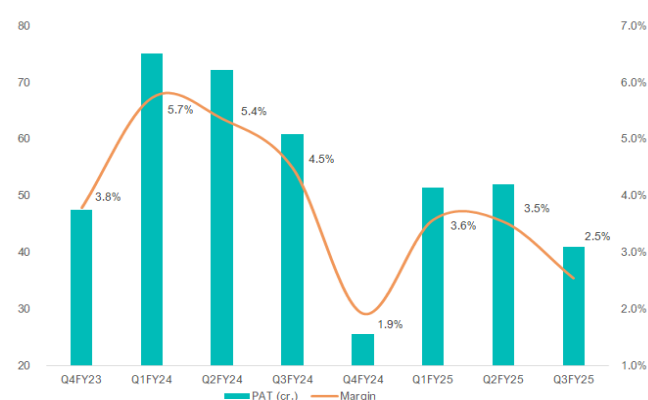
Key concall highlights

- India segment: Domino's India had its best quarter yet, with sales up 8.3% YoY; orders increased 33.8% and new customer acquisitions grew 55%; LFL sales (like-for-like) grew a strong 12.5% YoY, driven by delivery-led growth of 24.7%.
- International segment: DP Eurasia's system sales surged to Rs. 750cr, driven by Domino's Turkey and COFFY. The region's revenue exceeded Rs. 500cr for the first time, posting a 9.5% QoQ increase. Meanwhile, Sri Lanka operations witnessed a remarkable turnaround, with a 65.4% YoY revenue jump to Rs. 21.3cr, fuelled by same-store sales growth.
- JUBI aims to enhance its gross margin by 100 basis points over the next 2-3 quarters, driven by initiatives to minimise waste, optimise packaging costs, and rationalise discounts. The current gross margin is a strategic trade-off to drive market share expansion, and is anticipated to improve, as the company refines its discounting strategy.
- JFL's digital engagement continues to grow, with nearly 1.4cr monthly active users on its app. The number of app installations grew 28.6% YoY, reaching around 1.2cr. The company's rider-management platform has scaled up, with 46,700 monthly active riders in December, a 50% increase from last year, enabling it to meet high demand and deliver within 20 minutes.
- JFL launched three new flavours in cheese burst pizzas during this quarter and is also engaged in perfecting the customer-value proposition in South India. It also introduced a chicken range nationally, starting at Rs. 99, accompanied by an ATL campaign, which is expected to drive incremental sales and attract new customers.

Revenue



PAT



Sum of the parts (SOTP) valuation

| Particulars | Basis | Base | Multiple | % holding | Value (Rs. cr.) | Value/share (Rs.) |
|------------------------|-----------------|-------|----------|-----------|-----------------|-------------------|
| Standalone | FY27E EV/EBITDA | 1,840 | 24.0x | 100% | 44,155 | 669 |
| DP Eurasia N.V. (DPEU) | FY27E P/S | 1,997 | 1.1x | 94% | 2,072 | 31 |
| Domino's Bangladesh | FY27E P/S | 64 | 1.3x | 100% | 83 | 1 |
| Domino's Sri Lanka | FY27E P/S | 80 | 2.0x | 100% | 159 | 2 |
| Total | | | | | 46,469 | 704 |

Change in Estimates

| Year / Rs. cr | Old estimates | | New estimates | | | Change (%) | |
|---------------|---------------|-------|---------------|-------|-------|------------|-------|
| | FY25E | FY26E | FY25E | FY26E | FY27E | FY25E | FY26E |
| Revenue | 6,035 | 6,759 | 6,142 | 7,094 | 8,229 | 1.8 | 5.0 |
| EBITDA | 1,286 | 1,450 | 1,241 | 1,568 | 1,840 | -3.5 | 8.1 |
| Margins (%) | 21.3 | 21.5 | 20.2 | 22.1 | 22.4 | -110bps | 60bps |
| Adj. PAT | 276 | 377 | 238 | 439 | 578 | -13.9 | 16.2 |
| EPS | 4.2 | 5.7 | 3.6 | 6.6 | 8.8 | -13.9 | 16.2 |



Standalone Financials

Profit & Loss

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25E | FY26E | FY27E |
|--|--------------|--------------|--------------|--------------|--------------|
| Sales | 5,096 | 5,341 | 6,142 | 7,094 | 8,229 |
| % change | 17.7 | 4.8 | 15.0 | 15.5 | 16.0 |
| EBITDA | 1,159 | 1,094 | 1,241 | 1,568 | 1,840 |
| % change | 4.9 | -5.6 | 13.4 | 26.4 | 17.3 |
| Depreciation | 475 | 568 | 669 | 686 | 742 |
| EBIT | 684 | 526 | 572 | 882 | 1,098 |
| Interest | 195 | 224 | 266 | 290 | 314 |
| Other Income | 3 | 16 | 26 | 21 | 23 |
| PBT | 492 | 318 | 332 | 612 | 807 |
| % change | -15.5 | -35.3 | 4.2 | 84.5 | 31.9 |
| Tax | 136 | 84 | 94 | 173 | 229 |
| Tax Rate (%) | 27.6 | 26.5 | 28.3 | 28.3 | 28.3 |
| Reported PAT | 356 | 234 | 238 | 439 | 578 |
| PAT att. to common shareholders | 356 | 234 | 238 | 439 | 578 |
| Adj.* | 47 | 12 | - | - | - |
| Adj. PAT | 403 | 246 | 238 | 439 | 578 |
| % change | -9.4 | -39.0 | -3.3 | 84.5 | 31.9 |
| No. of shares (cr) | 66.0 | 66.0 | 66.0 | 66.0 | 66.0 |
| Adj EPS (Rs.) | 5.4 | 3.5 | 3.6 | 6.6 | 8.8 |
| % change | -9.4 | -39.0 | -3.3 | 84.5 | 31.9 |
| DPS (Rs.) | 1.2 | 1.2 | 1.2 | 2.3 | 3.0 |

Cashflow

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25E | FY26E | FY27E |
|-------------------------|--------------|--------------|--------------|--------------|---------------|
| Net inc. + Depn. | 832 | 802 | 906 | 1,125 | 1,320 |
| Non-cash adj. | 220 | 234 | 185 | 212 | 232 |
| Other adjustments | | | | | |
| Changes in W.C | - | -26 | 29 | 46 | 55 |
| C.F. Operation | 1,052 | 1,010 | 1,121 | 1,383 | 1,607 |
| Capital exp. | -771 | -805 | -891 | -993 | -1,152 |
| Change in inv. | 151 | 167 | - | -15 | -30 |
| Other invest.CF | 20 | 9 | 9 | 10 | 11 |
| C.F - Investment | -600 | -629 | -882 | -998 | -1,171 |
| Issue of equity | - | - | - | - | - |
| Issue/repay debt | - | - | - | - | - |
| Dividends paid | -79 | -79 | -81 | -149 | -196 |
| Other finance.CF | -368 | -269 | -168 | -188 | -207 |
| C.F - Finance | -447 | -348 | -248 | -336 | -403 |
| Chg. in cash | 5 | 34 | -9 | 48 | 33 |
| Closing Cash | 233 | 72 | 62 | 110 | 143 |

Balance Sheet

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25E | FY26E | FY27E |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash | 233 | 72 | 62 | 110 | 143 |
| Accts. Receivable | 33 | 58 | 70 | 85 | 102 |
| Inventories | 170 | 263 | 302 | 357 | 413 |
| Other Cur. Assets | 218 | 192 | 182 | 173 | 166 |
| Investments | 680 | 665 | 669 | 687 | 719 |
| Gross Fixed Assets | 5,373 | 6,406 | 7,297 | 8,290 | 9,442 |
| Net Fixed Assets | 3,296 | 3,962 | 4,216 | 4,566 | 5,020 |
| CWIP | 159 | 91 | 101 | 108 | 115 |
| Intangible Assets | 135 | 179 | 185 | 190 | 196 |
| Def. Tax -Net | 78 | 87 | 95 | 105 | 115 |
| Other Assets | 249 | 271 | 316 | 354 | 404 |
| Total Assets | 5,251 | 5,840 | 6,198 | 6,735 | 7,393 |
| Current Liabilities | 1,006 | 1,154 | 1,256 | 1,401 | 1,569 |
| Provisions | - | - | - | - | - |
| Debt Funds | - | - | - | - | - |
| Other Liabilities | 2,099 | 2,474 | 2,573 | 2,676 | 2,783 |
| Equity Capital | 132 | 132 | 132 | 132 | 132 |
| Res. & Surplus | 2,014 | 2,080 | 2,237 | 2,527 | 2,909 |
| Shareholder Funds | 2,145 | 2,212 | 2,369 | 2,659 | 3,041 |
| Minority Interest | - | - | - | - | - |
| Total Liabilities | 5,251 | 5,840 | 6,198 | 6,735 | 7,393 |
| BVPS | 33 | 34 | 36 | 40 | 46 |

Ratio

| Y.E March | FY23A | FY24A | FY25E | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 22.7 | 20.5 | 20.2 | 22.1 | 22.4 |
| EBIT margin (%) | 13.4 | 9.8 | 9.3 | 12.4 | 13.3 |
| Net profit mgn.(%) | 7.0 | 4.4 | 3.9 | 6.2 | 7.0 |
| ROE (%) | 16.6 | 10.6 | 10.0 | 16.5 | 19.0 |
| ROCE (%) | 31.9 | 23.8 | 24.2 | 33.2 | 36.1 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 2.4 | 4.0 | 4.2 | 4.4 | 4.5 |
| Inventory (days) | 50.6 | 76.2 | 77.0 | 77.5 | 78.1 |
| Payables (days) | 163.5 | 186.2 | 184.1 | 181.7 | 182.5 |
| Current ratio (x) | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 |
| Quick ratio (x) | 0.4 | 0.2 | 0.2 | 0.2 | 0.2 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 1.0 | 0.9 | 0.9 | 0.9 | 0.9 |
| Total asset T.O (x) | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 |
| Int. covge. ratio (x) | 3.5 | 2.3 | 2.1 | 3.0 | 3.5 |
| Adj. debt/equity (x) | - | - | - | - | - |
| Valuation | | | | | |
| EV/Sales (x) | 5.7 | 6.4 | 6.6 | 5.7 | 4.9 |
| EV/EBITDA (x) | 25.2 | 31.1 | 32.6 | 25.8 | 21.9 |
| P/E (x) | 82.7 | 145.8 | 170.4 | 92.3 | 70.0 |
| P/BV (x) | 13.7 | 15.4 | 17.1 | 15.2 | 13.3 |



Recommendation Summary - (last 3 years)



| Dates | Rating | Target |
|-----------|------------|--------|
| 03-Jun-22 | HOLD | 590 |
| 15-Nov-22 | BUY | 650 |
| 06-Feb-23 | BUY | 520 |
| 08-Aug-23 | BUY | 563 |
| 01-Nov-23 | HOLD | 550 |
| 09-Feb-24 | HOLD | 516 |
| 30-Aug-24 | ACCUMULATE | 738 |
| 11-Mar-25 | ACCUMULATE | 704 |

Investment Rating Criteria

| Ratings | Large caps | Midcaps | Small Caps |
|-------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price -CMP, with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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