

27 February 2025

India | Equity Research | Company Update

Jubilant Foodworks

Consumer Staples & Discretionary

BOLD. Maintaining structural gaps over competition

In Jubilant Foodworks' [Jubi] first-ever analyst meet, it outlined the present and future (next three years) - (1) target to open 1,000 stores (vs. ~250 per annum currently), (2) 200bps net margin expansion aspiration, (3) platform opportunity in Domino's (willingness to accelerate launches outside of pizza, targeting snacking TAM), (4) finetuning Popeyes playbook prior to acceleration, (5) insights into Turkey business (the nuances of a successful franchise operation, managing hyperinflation), (6) using data to decide new store locations, (7) clear guidelines / guardrails for new product development / ramp-up, (8) clear strategy of prioritising customer acquisition over price growth, (9) plans to relaunch loyalty program, (10) it may experiment with sub-franchising. Our long-term optimism is intact. **BUY.**

BOLD = Breakthrough Technology, Operate with excellence, Lead with purpose, Delicious Food.

Notes from the meet (in no particular sequence)

- Mr. Hari Bhartia, Co-Chairman and Director reminisced the early days of bringing Domino's into India (1996). The trigger / idea was an extreme cold day in Minneapolis when hot pizza was delivered in 30 minutes
- Domino's India has the largest volume throughput in the world
- Fried chicken is the fastest growing category in QSR in the world
- First 1000 stores in 20 years, second in 8 years, targeting third 1000 stores in three years
- Anecdotes from CEO & MD:
 - Domino's had highest MAU recently (higher than aggregators too)
 - It opened third store in Latur (a small town in Maharashtra state with a population of ~0.25 mn) - highlighting the real 'Bharat' opportunity
 - Popeyes is fastest growing QSR in one of the aggregators
 - Internal top restaurant awards went to Belagavi, Tinsukhia, Sholapur (all with population <1mn)
- It now has seven operating regions vs. four previously
- Chicken wings is 18% of Domino's US revenues

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	56,541	80,872	92,662	1,09,358
EBITDA	11,435	16,779	20,176	24,148
EBITDA Margin (%)	20.2	20.7	21.8	22.1
Net Profit	2,147	3,180	5,137	6,477
EPS (Rs)	3.5	4.7	7.7	9.7
EPS % Chg YoY	(34.9)	35.6	62.6	26.2
P/E (x)	206.2	139.2	86.2	68.4
EV/EBITDA (x)	79.3	55.8	40.7	32.9
RoCE (%)	9.7	12.4	14.6	16.7
RoE (%)	10.0	12.1	15.9	17.4

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Market Data

Market Cap (INR)	443bn
Market Cap (USD)	5,079mn
Bloomberg Code	JUBI IN
Reuters Code	JUBI.BO
52-week Range (INR)	797 /421
Free Float (%)	58.0
ADTV-3M (mn) (USD)	17.1

Price Performance (%)	3m	6m	12m
Absolute	3.0	1.4	38.8
Relative to Sensex	10.0	10.1	36.8

ESG Score	2022	2023	Change
ESG score	51.5	63.4	11.9
Environment	25.8	33.9	8.1
Social	37.9	65.3	27.4
Governance	76.8	80.9	4.1

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

13-02-2025: [Q3FY25 results review](#)

11-02-2025: [Company Update](#)

- For new product development, it has clear guidelines / guardrails
 - minimum 4-star rating
 - It should add to store-level volumes
 - It should drive new customers, higher ticket size, drive repeats
 - It shouldn't add to complexity
- The delivery app is hyper-personalised
- The heavy user cohort has seen the fastest growth in recent time

Valuations and risks

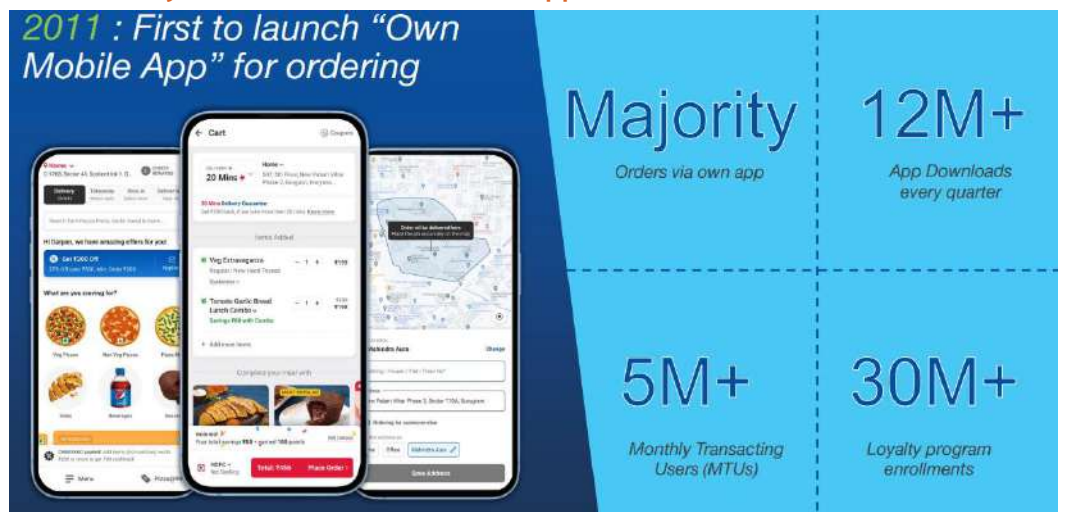
Our earnings estimates are unchanged; modelling revenue / EBITDA / PAT CAGR of 25% / 28% / 44% over FY24-27E. Maintain **BUY** with an unchanged DCF-based target price of INR 780. Key downside risks are raw material costs turning inflationary and higher-than-expected increase in competitive intensity.

Exhibit 1: Unparalleled store expansion pace in India



Source: Company data, I-Sec research

Exhibit 2: Key metrics for Domino's India app



Source: Company data, I-Sec research

Exhibit 3: Jubi investing in four more commissaries in India



Source: Company data, I-Sec research

Exhibit 4: JUBI's strategy (India)



Source: Company data, I-Sec research

Exhibit 5: New product platforms in Domino's India



Source: Company data, I-Sec research

Exhibit 6: Scaling through strategic franchise models in Turkey

Expanding across 80 cities in Turkey with diverse franchise models, driving nationwide growth

<p>OPERATOR</p> <p>Murathan YILMAZ 1 Store</p>	<p>HOME GROWN</p> <p>96 Homegrown FR 193 Stores</p> <p>İlhan UZUN FROM BEING a DRIVER to BEING the BIGGEST FRANCHISEE in the SYSTEM 19 Stores</p>	<p>INVESTOR OPERATOR</p> <p>Erhan YORGUN 18 Stores</p>
<p>WOMEN</p> <p>75 Women Franchisees</p> <p>Serpil ÖZDEN 11 stores</p>	<p>JOINT VENTURE</p> <p>David MADEN & Region Mng. Erkin AYDIN 9 Stores</p>	<p>2nd GENERATION</p> <p>Adnan DEMİR & Efe DEMİR 9 Stores</p>

Source: I-Sec research, Company data

Exhibit 7: Product innovation strategy in Turkey

<p>Hero Products</p> <p>Bol Malzemos</p> <p>Extra Cheese Bread</p>	<p>Lots of Topping Series</p> <p>Dopdolu Extra Number of toppings: 16</p> <p>Extravaganzza Number of toppings: 9</p> <p>Karişik Number of toppings: 5</p>
<p>Differentiate from Competition</p> <p>Dom Dom</p> <p>Volkano</p> <p>Pan Pizza</p>	<p>Local Flavors</p> <p>Souffle</p> <p>Ocakbaşı</p> <p>Alaturko</p>

Source: I-Sec research, Company data

Exhibit 8: JUBI's strategy (Turkey)

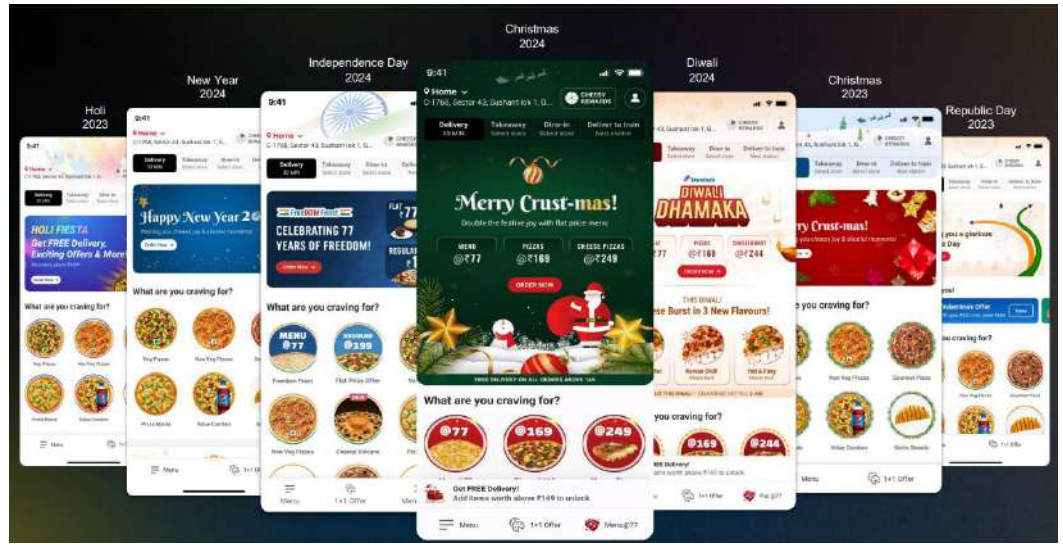
<p>Breakthrough technology</p>	<ul style="list-style-type: none"> Show Like for like growth via digital innovations Strengthen toolkit for franchise management
<p>Operate with Excellence</p>	<ul style="list-style-type: none"> Strong Franchise Relations to further grow in whitespaces Leverage scale advantage to further improve profitability Build on new store concepts as growth pillar
<p>Lead with Purpose</p>	<ul style="list-style-type: none"> Grow by giving back to society & be an employer of choice
<p>Delicious Food</p>	<ul style="list-style-type: none"> Strong Product innovations building future platforms Wide variety with Simple pricing

1000+ Dominos Store

Top 3
Coffee chains in Turkey

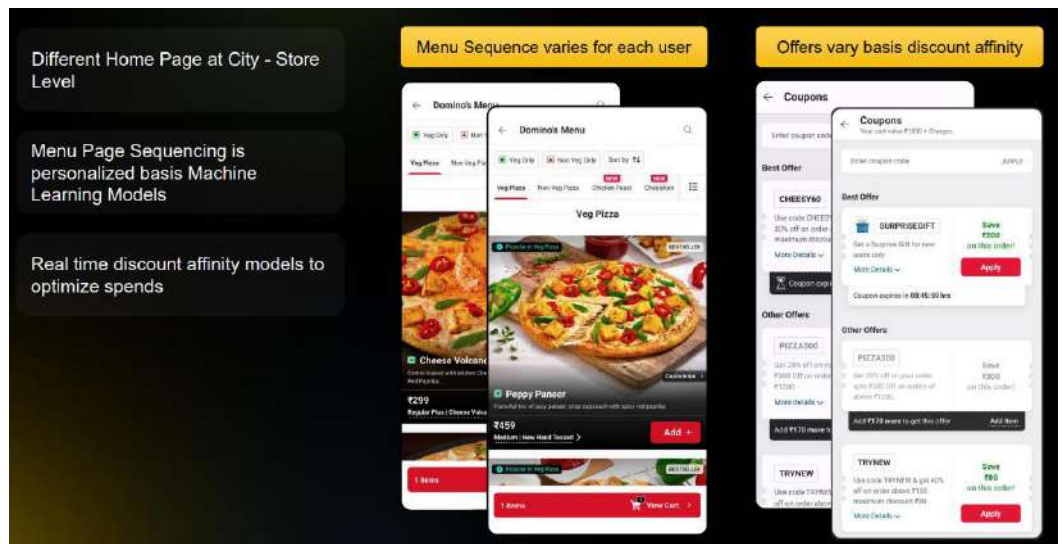
Source: I-Sec research, Company data

Exhibit 9: Domino's app is topical & dynamic



Source: I-Sec research, Company data

Exhibit 10: Domino's app – personalization driven by self-learning data science models



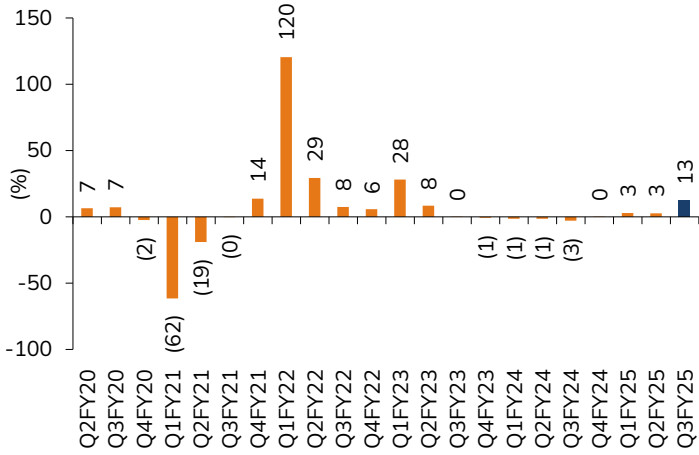
Source: I-Sec research, Company data

Exhibit 11: Jubi's financial aspirations



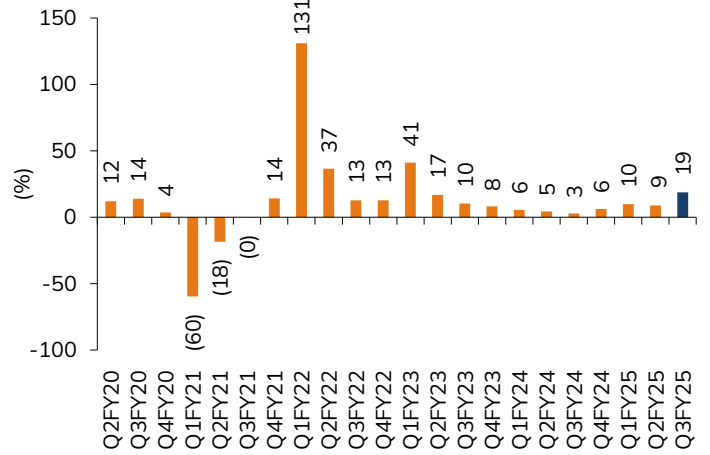
Source: I-Sec research, Company data

Exhibit 12: LFL growth (Domino's India)



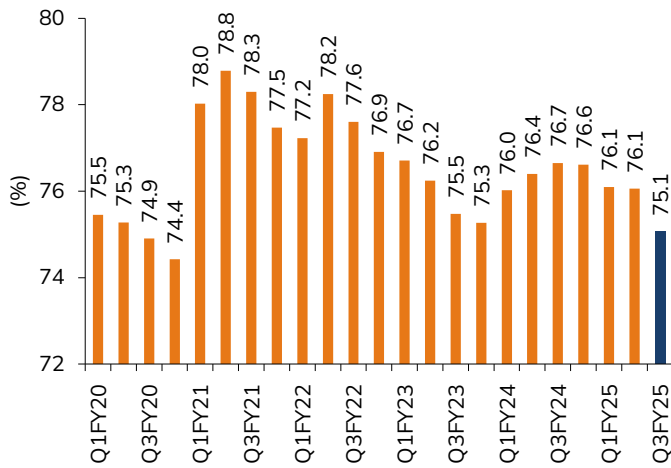
Source: Company data, I-Sec research

Exhibit 13: Revenue growth (Standalone)



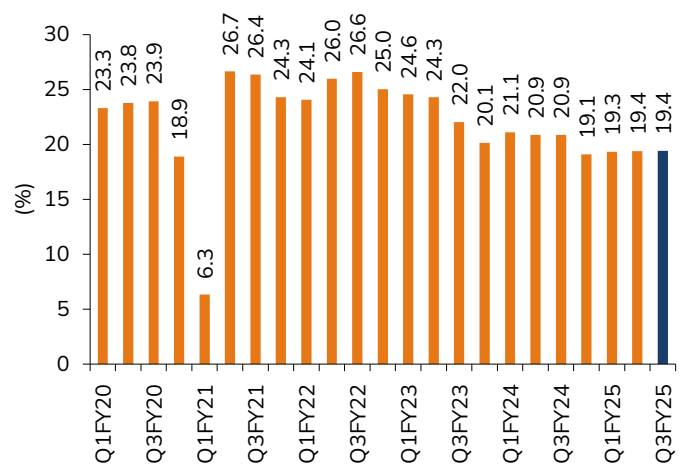
Source: Company data, I-Sec research

Exhibit 14: Gross margin (Standalone)



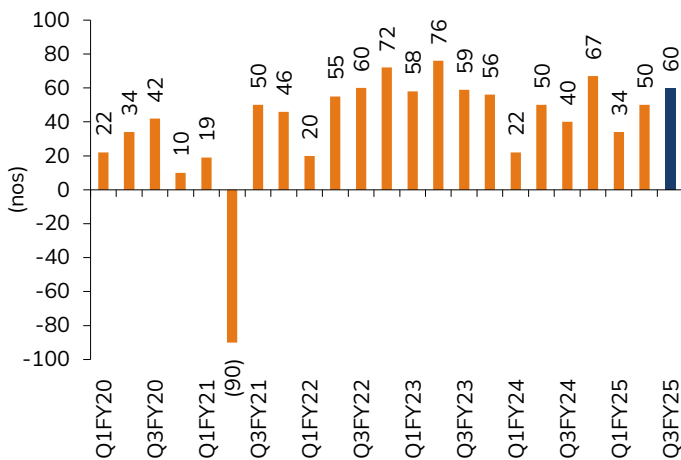
Source: Company data, I-Sec research

Exhibit 15: EBITDA margin (Standalone)



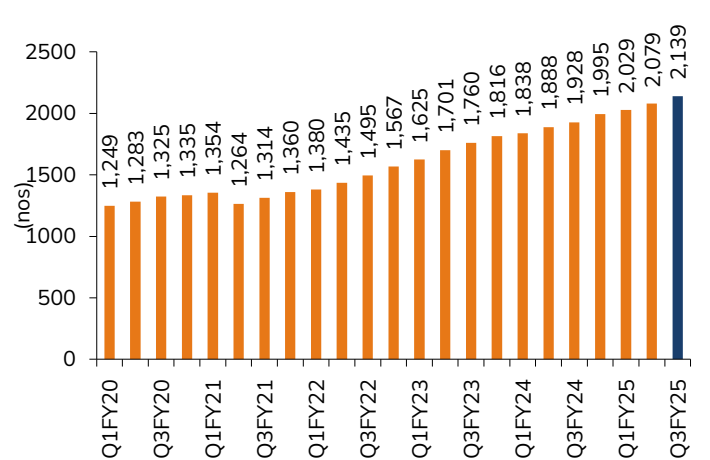
Source: Company data, I-Sec research

Exhibit 16: Net store additions (Domino's India)



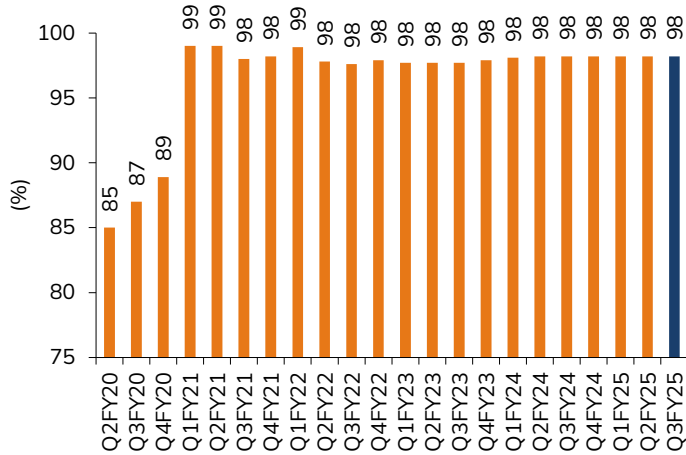
Source: Company data, I-Sec research

Exhibit 17: Number of stores (Domino's India)



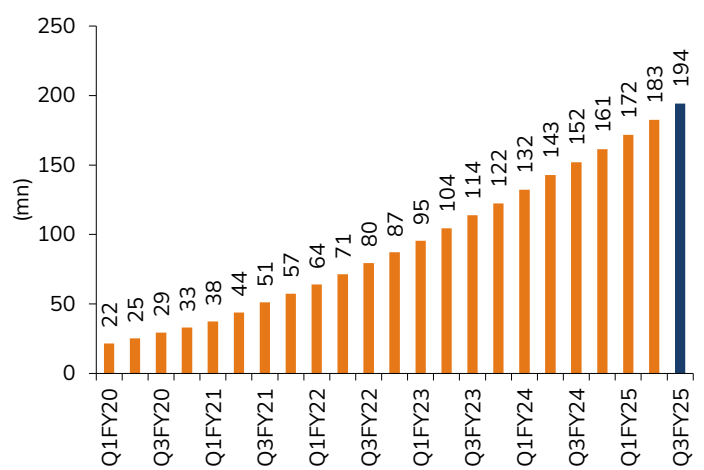
Source: Company data, I-Sec research

Exhibit 18: Average OLO contribution to delivery sales (Domino's India)



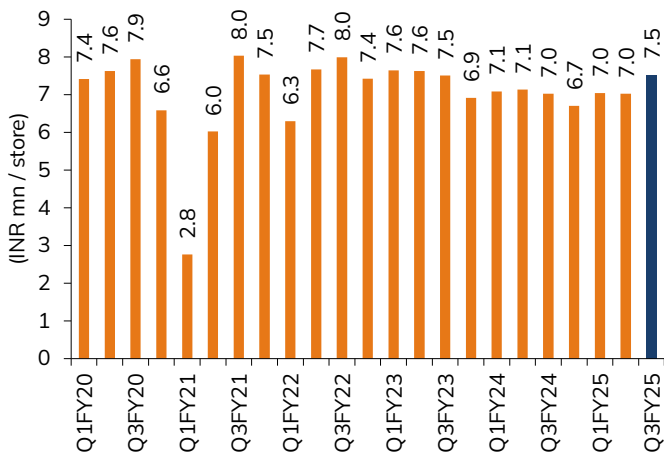
Source: Company data, I-Sec research

Exhibit 19: Downloads of mobile ordering app (cumulative Domino's India)



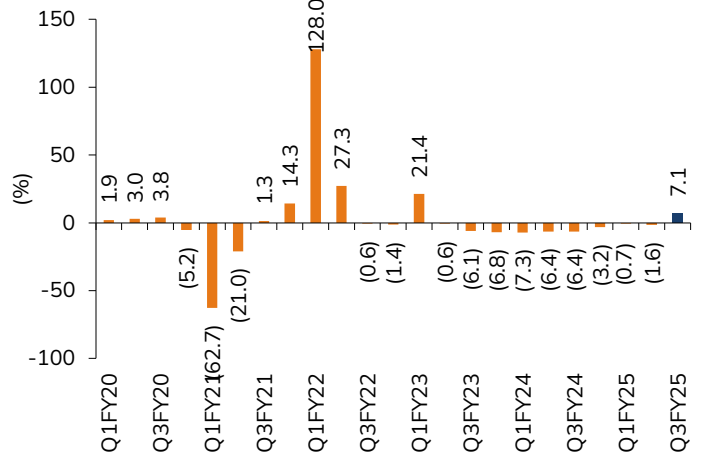
Source: Company data, I-Sec research

Exhibit 20: Revenue per store (Domino's India)



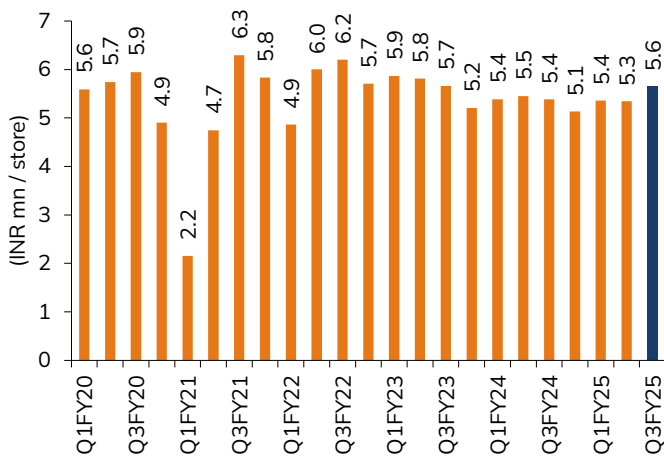
Source: Company data, I-Sec research

Exhibit 21: Revenue per store growth (Domino's India)



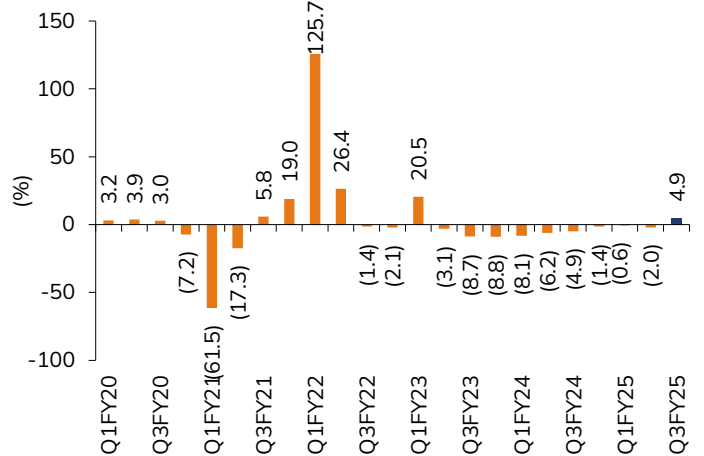
Source: Company data, I-Sec research

Exhibit 22: Gross profit per store (Domino's India)



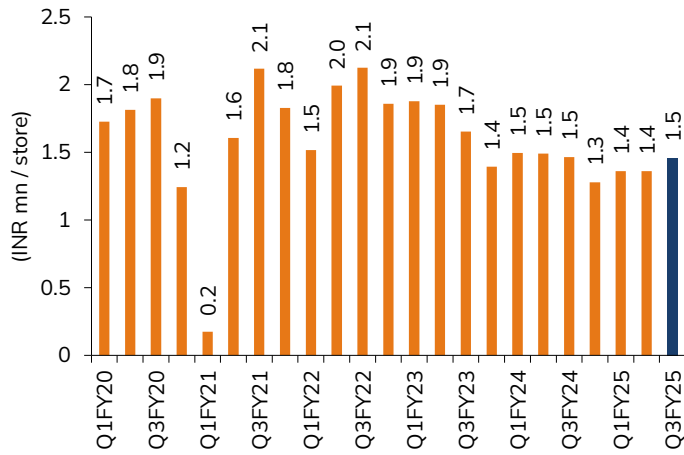
Source: Company data, I-Sec research

Exhibit 23: Gross profit per store growth (Domino's India)



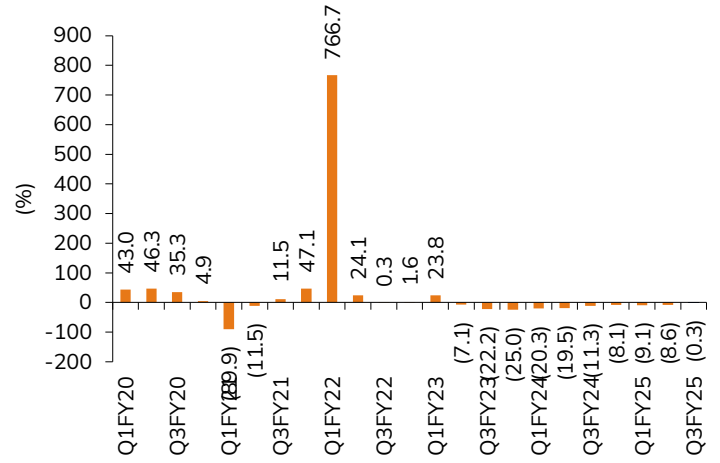
Source: Company data, I-Sec research

Exhibit 24: EBITDA per store (Domino's India)



Source: Company data, I-Sec research

Exhibit 25: EBITDA per store growth (Domino's India)



Source: Company data, I-Sec research

Exhibit 26: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	41.9	41.9	41.9
Institutional investors	50.3	51.4	51.6
MFs and others	24.6	25.1	25.0
Insurance	4.9	4.9	4.9
FIs	20.8	21.4	21.7
Others	7.8	6.7	6.5

Source: Bloomberg, I-Sec research

Exhibit 27: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 28: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	56,541	80,872	92,662	1,09,358
Operating Expenses	45,106	64,094	72,486	85,210
EBITDA	11,435	16,779	20,176	24,148
EBITDA Margin (%)	20.2	20.7	21.8	22.1
Depreciation & Amortization	5,980	8,012	8,995	10,379
EBIT	5,455	8,767	11,181	13,769
Interest expenditure	2,878	5,487	5,453	6,311
Other Non-operating Income	419	960	1,121	1,176
Recurring PBT	2,996	4,240	6,849	8,634
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	850	1,059	1,711	2,157
PAT	2,147	3,180	5,137	6,477
Less: Minority Interest	152	(63)	(67)	(77)
Extraordinaries (Net)	1,695	-	-	-
Net Income (Reported)	3,842	3,180	5,137	6,477
Net Income (Adjusted)	2,147	3,180	5,137	6,477

Source Company data, I-Sec research

Exhibit 29: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	11,565	18,569	20,313	24,800
of which cash & cash eqv.	1,570	4,677	4,519	6,315
Total Current Liabilities & Provisions	13,177	18,123	20,224	23,237
Net Current Assets	(1,612)	447	89	1,563
Investments	2,102	2,102	2,102	2,102
Net Fixed Assets	31,727	33,894	35,365	36,557
ROU Assets	22,405	25,131	28,872	33,415
Capital Work-in-Progress	1,178	1,178	1,178	1,178
Total Intangible Assets	7,706	7,706	7,706	7,706
Other assets	363	363	363	363
Deferred Tax assets	-	-	-	-
Total Assets	67,198	74,151	79,005	86,214
Liabilities				
Borrowings	43,154	42,438	42,947	44,471
Deferred Tax Liability	1,613	1,613	1,613	1,613
provisions	-	-	-	-
other Liabilities	1,180	1,180	1,180	1,180
Equity Share Capital	1,320	6,598	6,598	6,598
Reserves & Surplus	20,387	22,713	26,992	32,599
Total Net Worth	21,706	29,311	33,590	39,198
Minority Interest	726	789	855	933
Total Liabilities	67,198	74,151	79,005	86,214

Source Company data, I-Sec research

Exhibit 30: Quarterly trend

(INR mn, year ending March)

	Mar-24	Jun-24	Sep-24	Dec-24
Net Sales	13,313	14,396	14,669	16,111
% growth (YOY)	6.3	9.9	9.1	18.9
EBITDA	2,543	2,782	2,842	3,128
Margin %	19.1	19.3	19.4	19.4
Other Income	86	73	150	83
Extraordinaries	(120)	-	-	(248)
Adjusted Net Profit	376	515	521	658

Source Company data, I-Sec research

Exhibit 31: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	4,850	4,240	6,849	8,634
Working Capital Changes	(956)	1,049	200	321
Capital Commitments	(8,417)	(6,918)	(6,650)	(7,060)
Free Cashflow	(4,017)	1,101	2,745	4,430
Other investing cashflow	135	960	1,121	1,176
Cashflow from Investing Activities	(13,740)	(8,684)	(9,270)	(10,427)
Issue of Share Capital	(594)	5,279	-	-
Interest Cost	(438)	-	-	-
Inc (Dec) in Borrowings	10,094	(4,000)	(4,000)	(3,951)
Dividend paid	(790)	(792)	(792)	(792)
Others	-	-	-	-
Cash flow from Financing Activities	8,273	3,772	(283)	732
Chg. in Cash & Bank balance	(1,067)	3,108	(158)	1,796
Closing cash & balance	1,570	4,677	4,519	6,315

Source Company data, I-Sec research

Exhibit 32: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	3.3	4.8	7.8	9.8
Adjusted EPS (Diluted)	3.5	4.7	7.7	9.7
Cash EPS	12.3	17.0	21.4	25.5
Dividend per share (DPS)	1.2	1.2	1.2	2.8
Book Value per share (BV)	32.9	44.4	50.9	59.4
Dividend Payout (%)	36.9	24.9	15.4	28.5
Growth (%)				
Net Sales	9.6	43.0	14.6	18.0
EBITDA	(0.7)	46.7	20.2	19.7
EPS (INR)	(34.9)	35.6	62.6	26.2
Valuation Ratios (x)				
P/E	206.2	139.2	86.2	68.4
P/CEPS	54.5	39.6	31.3	26.3
P/BV	20.4	15.1	13.2	11.3
EV / EBITDA	79.3	55.8	40.7	32.9
P / Sales	7.8	5.5	4.8	4.0
Dividend Yield (%)	0.2	0.2	0.2	0.4
Operating Ratios				
Gross Profit Margins (%)	76.3	76.3	76.6	76.9
EBITDA Margins (%)	20.2	20.7	21.8	22.1
Effective Tax Rate (%)	28.4	25.0	25.0	25.0
Net Profit Margins (%)	4.1	3.9	5.5	5.9
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.6	0.2	0.0	(0.1)
Net Debt / EBITDA (x)	1.1	0.3	0.1	(0.2)
Fixed Asset Turnover (x)	1.5	1.5	1.6	1.7
Inventory Turnover Days	28	31	28	29
Receivables Days	18	20	18	19
Payables Days	63	70	63	63
Profitability Ratios				
RoCE (%)	9.7	12.4	14.6	16.7
RoE (%)	10.0	12.1	15.9	17.4
RoIC (%)	7.0	9.5	11.2	12.8

Source Company data, I-Sec research

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