

October 08, 2012

JUBILANT FOODWORKS LTD.

BSE Code: 533155 NSE Code: JUBLFOOD Reuters Code: JUBI.NS Bloomberg: JUBI:IN

Jubilant FoodWorks Limited (JUBLFOOD) operates Domino's Pizza brand with the rights for India, Sri Lanka, Bangladesh and Nepal. JUBLFOOD was incorporated in 1995 and initiated operations in 1996. The Company is India's largest and fastest growing food service company, with a network of 489 Domino's Pizza Stores (as of 30th June 2012). The Company is the market leader in the organized pizza market with a 54% market share (Euromonitor Report 2010) and 70% share in the pizza home delivery segment in India.

Investor's Rationale

Higher sales at Domino's Pizza lead robust growth in total revenue by 45.0%

JUBLFOOD reported growth in net revenue by 45.0% YoY at ₹3,145 million mainly on account of higher sales at Domino's Pizza due to additional store openings together with higher sales at existing stores. While, sales growth in same stores witnessed a declining trend as it grew 22.0% in Q1FY'13 against 26.0% in Q4FY'12, 30.0% in Q3FY'12, 27.0% in Q2FY'12 and 36.7% in Q1FY'12.

Bottom-line grew by 39.6% on higher sales and other income

Despite of higher tax and depreciation by 40.7% and 34.4% YoY at ₹152 million and ₹117 million, bottom-line grew by 39.6% at ₹323 million. This growth in bottom-line was mainly due to robust growth in net sales by 45.0% YoY at ₹3,144 million. While, NPM contracted by 40bps to 10.2% against 10.6% mainly due to decline in OPM (on higher expenses of 47.1% YoY at ₹2,572 million) and higher tax and depreciation cost.

EBITDA margin contracted by 116bps on higher raw material cost

JUBLFOOD reported growth in EBITDA by 36.3% YoY at ₹573 million. While OPM contracted by 116bps YoY to 18.2% against 19.4%, mainly due to rise in raw material cost by 112bps to 26.6%, other expenses by 43bps to 28.8% and rent by 38bps to 7.9% as percentage of sales. While, employee cost declined by 77bps to 18.4%.

Launched Dunkin' Donuts and opened new outlets

During the Q1FY'13, JUBLFOOD launched Dunkin' Donuts in Delhi. The Company has 3 Dunkin' Donuts restaurants in India (as of 30th June 2012). Further, the company has opened 24 new Domino's outlets in April-June 2012, taking the total count to 489 stores across 110 cities as of June 30. The company continues to expand to smaller towns in the country with a target of 100 stores all over the country in the current fiscal.

Market Data

CMP (₹)	1,312.6
Target Price	1,484.0
Stop Loss	1,257.1
Duration	Medium-term
52-week High-Low (₹)	1,397.0/666.6
Rise from 52WL (%)	96.9
Correction from 52WH (%)	6.0
Beta	0.4
1 year Average Volume (mn)	0.8
	3M-
Stock Return (%)	6M-
	9M-
Market Cap (₹mn)	85,571
Enterprise Value (₹mn)	84,519

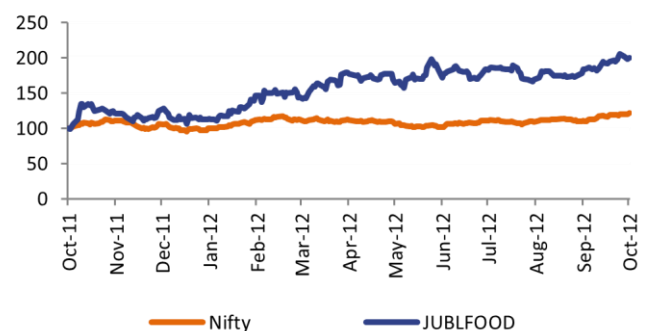
Shareholding Pattern

	Jun'12	Mar'12	Chg
Promoters (%)	56.8	56.8	-
FII (%)	38.2	37.9	0.3
DII (%)	0.1	0.4	(0.3)
Public & Others (%)	4.9	4.9	-

Quarterly Performance (Standalone)

(₹mn)	Q1FY'13	Q1FY'12	Q4FY'12	YoY (%)	QoQ (%)
Revenue	3,145	2,169	2,830	45.0	11.1
Op. exp	2,572	1,749	2,307	47.1	11.5
EBITDA	573	420	523	36.3	9.5
OPM (%)	18.2	19.4	18.5	(116bps)	(27bps)
Net profit	323	232	293	39.6	10.3
NPM (%)	10.2	10.6	10.3	(40bps)	(7bps)
EPS (₹)	4.9	3.5	4.5	39.1	10.1

One Year Price Chart





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