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Rating Information	
Price (Rs)	2,723
Target Price (Rs)	3,034
Target Date	30th Jun'19
Target Set On	20th Jun'18
Implied yrs of growth (DCF)	20
Fair Value (DCF)	1,637
Fair Value (DDM)	50
Ind Benchmark	SPBSMIP
Model Portfolio Position	NA

Stock Information	
Market Cap (RsMn)	179,676
Free Float (%)	55.1%
52 Wk H/L (Rs)	2817.9/901.5
Avg Daily Volume (1yr)	1,092,447
Avg Daily Value (RsMn)	2,009.6
Equity Cap (RsMn)	660
Face Value (Rs)	10
Bloomberg Code	JUBI IN

Ownership	Recent	3M	12M
Promoters	44.9%	0.0%	0.0%
DII	9.1%	-1.1%	-4.2%
FII	36.9%	3.2%	8.0%
Public	9.1%	-2.0%	-3.8%

Price %	1M	3M	12M
Absolute	9.0%	28.3%	194.7%
Vs Industry	9.3%	29.2%	187.9%
WestlifeDev	-10.9%	14.7%	50.9%
YUM! Brands (US)	-1.2%	-2.1%	10.0%

Standalone Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (18A)	3.7	7.4	10.1	10.4
EPS (19E)	11.7	12.5	12.4	11.5

Jubilant FoodWorks Limited

Update Note: Estimate(↑), TP(↑), Rating (↔)

Regular Coverage

Absolute : ADD

Relative : Benchmark

11% ATR in 13months

Every step moving in the right direction; upgrading estimates, TP – reiterate ADD

Restaurants

During our recent channel checks of Jubilant Foodworks' (JUBI) we received an extremely positive response. Feedback suggests that the number of footfalls increased significantly after JUBI's launch of 'Everyday Value Offer' (EDV) on regular sized pizzas. Further, improvement in product quality resulted in strong order inflows during 2018 IPL match timings vs. 2017. Also, there are early signs of uptick in number of orders on account of FIFA 2018 World Cup. We believe that 'EDV' on regular sized pizzas is an extremely sustainable move by JUBI as it directly improves the affordability metric of a consumer and is one more step towards sustainable growth. Hence we raise our SSSg estimates resulting in an increase in our sales/EBITDA/PAT estimates by 3%/6%/8% for FY19E and 5%/8%/10% for FY20E. Reiterate ADD with a Jun'19 TP of Rs 3,034 (vs. Rs 2,738 earlier) set at a 60x TTM EPS of Rs 50.6.

'Everyday Value Offer' in regular sized pizzas yielding encouraging results: In Mar'18, JUBI extended its 'EDV' offer on its regular sized pizzas with massive marketing campaign during the IPL season. Further, product improvement was the strongest measure that JUBI undertook during FY18 which was validated by strong uptick in number of orders during 2018 IPL match timings as compared to 2017. We reiterate that the product improvement has been the game changing move by JUBI which would offer sustainable growth for the company in the coming years. Though we are at the initial stage of FIFA 2018 World Cup, the early signs indicate that demand during match timings have witnessed some uptick. We believe that as the tournament progresses the number of orders is expected to improve significantly.

Operating leverage to kick-in on back of strong SSSg: As discussed above, 'EDV' in regular-sized pizzas are likely to attract price-conscious customers and bring in first time customers. This would open a new market segment for JUBI, i.e., the price conscious consumers. Efficiencies will kick in and operating leverage will come into play as JUBI registers strong SSSg.

Change in estimates, retain ADD: Our sense from our channel checks is that JUBI is likely to report strong SSSg during 1HFY19E and accordingly we have increased our SSSg estimates to 16.1%/12.5% for FY19E/FY20E vs. earlier estimates of 12.4%/10%. Based on higher SSSg we expect margins to improve further to 17.2%/18.7% for FY19E/FY20E, +50bps each from our previous assumptions.

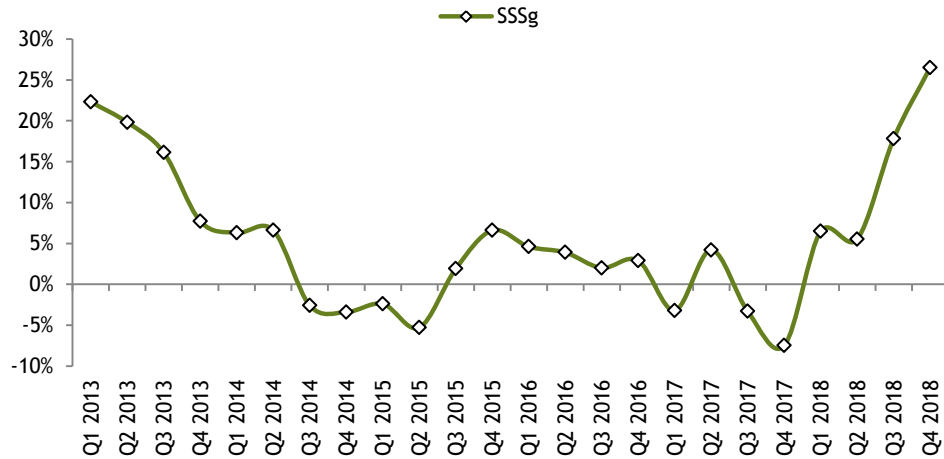
Change in Estimates

Rs mn	FY19E	Chg (%)	FY20E	Chg (%)
Sales	36,278	3%	43,119	5%
EBITDA	6,173	6%	7,968	8%
EPS	48	8%	64	10%

Consolidated Financials

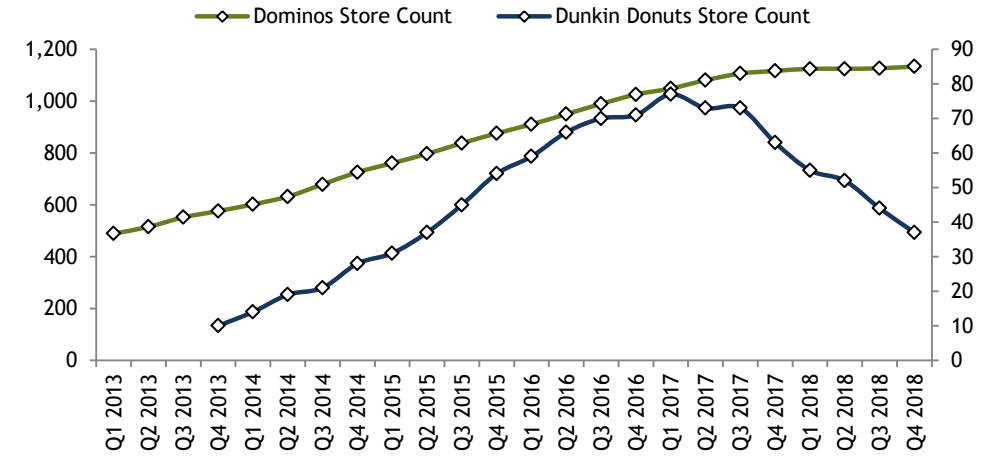
Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Sales	30,184	36,278	43,119	50,279
EBITDA	4,401	6,173	7,968	9,844
Depreciation	1,601	1,703	1,943	2,183
Interest Expense	0	0	0	0
Other Income	231	226	269	313
Reported PAT	1,976	3,146	4,220	5,346
Recurring PAT	1,962	3,146	4,220	5,346
Total Equity	9,677	12,625	16,646	21,794
Gross Debt	0	0	0	0
Cash	3,921	7,665	12,934	19,620
Rs Per Share	FY18A	FY19E	FY20E	FY21E
Earnings	29.8	47.7	64.0	81.1
Book Value	147	191	252	330
Dividends	5.0	2.5	2.5	2.5
FCFF	47.4	59.8	82.9	104.4
P/E (x)	91.5	57.1	42.6	33.6
P/B (x)	18.6	14.2	10.8	8.2
EV/EBITDA (x)	40.1	28.0	21.0	16.3
ROE (%)	22%	28%	29%	28%
Core ROIC (%)	24%	44%	69%	110%
EBITDA Margin (%)	15%	17%	18%	20%
Net Margin (%)	7%	9%	10%	11%

Exhibit 1: Sustainable initiatives for enhancing customer experience lead to sharp SSSg recovery over last three quarters



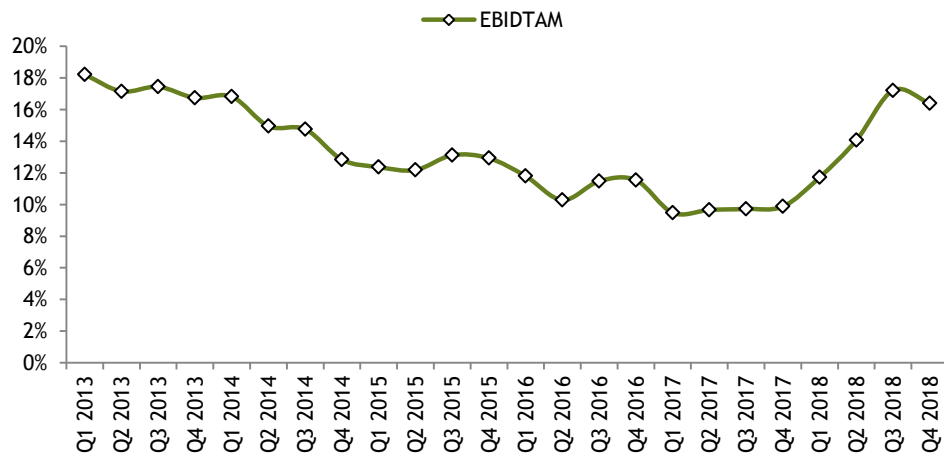
Source: Company, Equirus Securities

Exhibit 3: Strategic shift – from aggressive store additions to closure of underperforming stores – results in strong profitability



Source: Company, Equirus Securities

Exhibit 2: Strong SSSg recovery, cost-control measures shore up margins in FY18



Source: Company, Equirus Securities



Company snapshot

How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY19E	48	44	9%	We expect higher PAT vs. consensus due to increased operating leverage.
	FY20E	64	58	10%	
Sales	FY19E	36,278	35,080	3%	
	FY20E	43,119	40,940	5%	
PAT	FY19E	3,146	2,884	9%	
	FY20E	4,220	3,825	10%	

Key Estimates:

Particulars (Rs. Mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
Standalone Revenues	24,102	25,461	29,804	35,728	42,419	49,579
<i>% change yoy</i>	<i>16.2%</i>	<i>5.6%</i>	<i>17.1%</i>	<i>19.9%</i>	<i>18.7%</i>	<i>16.9%</i>
Standalone EBITDA	2,718	2,466	4,464	6,137	7,923	9,799
<i>EBITDA Margin</i>	<i>11.3%</i>	<i>9.7%</i>	<i>15.0%</i>	<i>17.2%</i>	<i>18.7%</i>	<i>19.8%</i>
Standalone PAT	1,079	664	2,083	3,148	4,211	5,337
<i>PAT Margin</i>	<i>4.5%</i>	<i>2.6%</i>	<i>7.0%</i>	<i>8.8%</i>	<i>9.9%</i>	<i>10.8%</i>
Same Store Sales Growth	0.0%	-2.7%	13.8%	5.9%	6.0%	6.0%
New Store Additions	150	91	17	75	75	75

Our key investment arguments:

- JFL is applying a cautious approach for its new store opening target.
- We expect SSSg to improve in the near term on account of various customer-centric initiatives taken by the company.
- We expect standalone margins to improve due to higher SSS growth and cost control initiatives.

Risk to our view

- A sharp pick-up in economic growth can have a material impact of JFL's performance
- Increase in competitive activities
- Any quality concerns raised by the food regulators

Comparable valuation	Company	Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS		P/B		RoE			Div Yield	
							FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY17A	FY18E	FY19E	FY17A	FY18E		
Jubilant FoodWorks Ltd	ADD	2,723	179,676	3,034	30th Jun'19	29.8	47.7	64.0	91.5	57.1	42.6	147	14.2	22%	28%	29%	0%	0%			
Westlife Development	NR	349	54,308	NA	NA	0.8	2.7	4.1	420.5	130.0	86.0	35	10.3	2%	-2%	3%	0%	0%			
Yum! Brands, Inc. (US)	NR	81	26,286	NA	NA	3.9	3.4	3.8	21.1	23.9	21.2	-21	-4.6	-	-25%	-19%	1%	1%			

Key upside triggers

- Stable inflation levels and faster GDP growth
- Improvement in SSSg due to better consumer sentiments

Sensitivity to Key Variables	% Change	% Impact on EPS
COGS	1 %	-11 %
Dominos SSS	1%	7%
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
7.3 %	1.4	15.7 %	3.0 %	0.0 %

	FY19E	FY20E	FY21-28E	FY29-33E	FY34-38E
Sales Growth	20%	19%	15%	11%	9%
NOPAT Margin	8%	9%	11%	11%	11%
IC Turnover	5.65	8.07	12.61	12.61	12.61
RoIC	44.4%	68.7%	146.3%	151.4%	149.3%

Years of strong growth	1	2	10	15	20
Valuation as on date (Rs)	366	486	1,036	1,288	1,459
Valuation as of Mar'19	411	545	1,162	1,445	1,637

Based on DCF, assuming 20 years of 15.3% CAGR growth and 140% average ROIC, we derive our current fair value of Rs1,459 and a Jun'19 fair value of Rs 1,637.

Company description:

Headquartered in Noida, Jubilant Foodworks Ltd is India's biggest & most pre-eminent brand (Dominos) in the country. JFL has the exclusive rights to develop and operate Domino's Pizza Restaurants and Dunkin Donuts restaurants. JFL runs Dominos and Dunkin Donuts stores in India and in Sri-Lanka (through subsidiary). The company is well recognized for its innovative approach in the development & marketing of products.



Standalone Quarterly Earnings Forecast and Key Drivers

Rs in Mn	1Q18A	2Q18A	3Q18A	4Q18A	1Q19E	2Q19E	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E	FY18A	FY19E	FY20E	FY21E
Revenue	6,788	7,266	7,952	7,798	8,258	8,966	9,355	9,150	9,824	10,669	11,094	10,832	29,804	35,728	42,419	49,579
Cost of materials+Stock in trade+change in inventories	1,605	1,879	2,026	2,004	2,135	2,318	2,418	2,365	2,554	2,774	2,884	2,816	7,514	9,236	11,029	12,891
Employee benefits expense	1,471	1,564	1,585	1,421	1,502	1,618	1,734	1,643	1,654	1,831	1,947	1,855	6,041	6,498	7,287	8,299
Rent	789	726	785	857	868	880	897	906	919	931	948	958	3,157	3,552	3,755	3,965
Other expenses	2,128	2,075	2,187	2,239	2,267	2,576	2,731	2,731	2,883	3,293	3,293	2,957	8,628	10,306	12,425	14,625
EBITDA	796	1,022	1,369	1,278	1,485	1,573	1,574	1,504	1,815	1,841	2,022	2,245	4,464	6,137	7,923	9,799
Depreciation	462	326	393	378	393	408	423	438	453	468	483	498	1,559	1,663	1,903	2,143
EBIT	333	696	976	899	1,092	1,165	1,151	1,066	1,361	1,373	1,539	1,747	2,905	4,474	6,020	7,656
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	30	36	33	127	52	56	58	57	61	67	69	68	227	223	265	310
PBT	363	733	1,009	1,027	1,144	1,221	1,210	1,123	1,423	1,439	1,608	1,815	3,132	4,698	6,286	7,966
Tax	125	248	349	346	377	403	399	371	470	475	531	599	1,068	1,550	2,074	2,629
Recurring PAT	238	485	660	681	766	818	810	753	953	964	1,078	1,216	2,064	3,148	4,211	5,337
Extraordinary Reported PAT	-1	-3	-1	-13	0	0	0	0	0	0	0	0	-19	0	0	0
EPS (Rs)	3.7	7.4	10.1	10.4	11.7	12.5	12.4	11.5	14.6	14.8	16.5	18.6	31.3	47.7	63.9	80.9
Key Drivers																
SSS - Dominos	6.5%	4.2%	-3.3%	-7.5%	6.5%	5.5%	17.8%	26.5%	21.0%	21.0%	12.5%	11.0%	13.8%	16.1%	12.5%	12.0%
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Sequential Growth (%)																
Revenue	11%	7%	9%	-2%	6%	9%	4%	-2%	7%	9%	4%	-2%				
Cost of materials+Stock in trade+change in inventories	13%	17%	8%	-1%	6%	9%	4%	-2%	8%	9%	4%	-2%				
EBITDA	31%	28%	34%	-7%	16%	6%	0%	-4%	21%	1%	10%	11%				
EBIT	100%	109%	40%	-8%	21%	7%	-1%	-7%	28%	1%	12%	14%				
Recurring PAT	26%	103%	36%	3%	13%	7%	-1%	-7%	27%	1%	12%	13%				
EPS	27%	103%	36%	3%	13%	7%	-1%	-7%	27%	1%	12%	13%				
Yearly Growth (%)																
Revenue	11%	9%	21%	27%	22%	23%	18%	17%	19%	19%	19%	18%	17%	20%	19%	17%
EBITDA	38%	59%	114%	111%	87%	54%	15%	18%	22%	17%	28%	49%	81%	37%	29%	24%
EBIT	33%	152%	276%	439%	228%	67%	18%	19%	25%	18%	34%	64%	204%	54%	35%	27%
Recurring PAT	25%	125%	231%	260%	222%	69%	23%	11%	24%	18%	33%	62%	160%	53%	34%	27%
EPS	26%	127%	233%	264%	222%	69%	23%	11%	24%	18%	33%	62%	160%	53%	34%	27%
Margin (%)																
EBITDA	12%	14%	17%	16%	18%	18%	17%	16%	18%	17%	18%	21%	15%	17%	19%	20%
EBIT	5%	10%	12%	12%	13%	13%	12%	12%	14%	13%	14%	16%	10%	13%	14%	15%
PBT	5%	10%	13%	13%	14%	14%	13%	12%	14%	13%	14%	17%	11%	13%	15%	16%
PAT	4%	7%	8%	9%	9%	9%	9%	8%	10%	9%	10%	11%	7%	9%	10%	11%



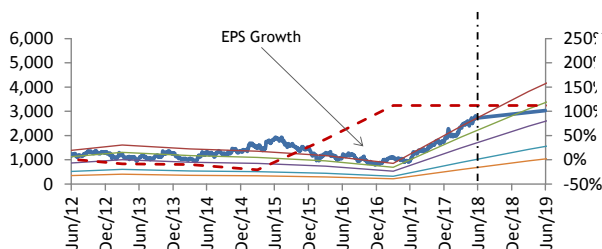
Consolidated Financials

P&L (RsMn)	FY18A	FY19E	FY20E	FY21E
Revenue	30,184	36,278	43,119	50,279
Op. Expenditure	25,783	30,105	35,151	40,434
EBITDA	4,401	6,173	7,968	9,844
Depreciation	1,601	1,703	1,943	2,183
EBIT	2,800	4,470	6,026	7,662
Interest Expense	0	0	0	0
Other Income	231	226	269	313
PBT	3,031	4,696	6,295	7,975
Tax	1,068	1,550	2,074	2,629
PAT bef. MI & Assoc.	1,962	3,146	4,220	5,346
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	1,962	3,146	4,220	5,346
Extraordinaires	-13	-	-	-
Reported PAT	1,976	3,146	4,220	5,346
FDEPS (Rs)	29.8	47.7	64.0	81.1
DPS (Rs)	5.0	2.5	2.5	2.5
CEPS (Rs)	54.0	73.5	93.4	114.2
FCFPS (Rs)	47.4	59.8	82.9	104.4
BVPS (Rs)	146.7	191.4	252.4	330.5
EBITDAM (%)	15%	17%	18%	20%
PATM (%)	7%	9%	10%	11%
Tax Rate (%)	35%	33%	33%	33%
Sales Growth (%)	17%	20%	19%	17%
FDEPS Growth (%)	181%	60%	34%	27%

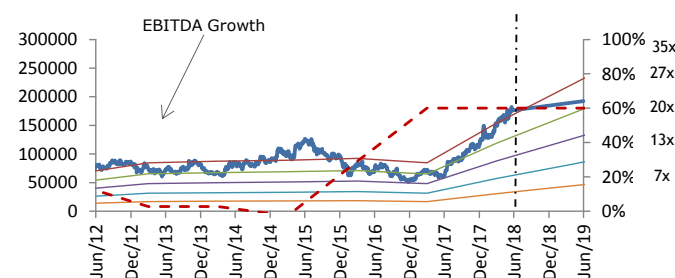
Balance Sheet (RsMn)	FY18A	FY19E	FY20E	FY21E
Equity Capital	659	659	659	659
Reserve	9,017	11,965	15,987	21,135
Networth	9,677	12,625	16,646	21,794
Long Term Debt	0	0	0	0
Def Tax Liability	555	555	555	555
Minority Interest	0	0	0	0
Account Payables	3,951	4,480	5,360	6,249
Other CurrLiabi	785	2,044	2,429	2,833
Total Liabilities & Equity	14,967	19,704	24,991	31,431
Net Fixed Assets	7,892	7,692	7,209	6,471
Capital WIP	124	0	0	0
Others	1,899	2,033	2,043	2,068
Inventory	642	745	886	1,033
Account Receivables	157	199	236	276
Other Current Assets	333	1,369	1,682	1,963
Cash	3,921	7,665	12,934	19,620
Total Assets	14,967	19,704	24,991	31,431
Non-cash Working Capital	-3,604	-4,211	-4,985	-5,810
Cash Conv Cycle	-43.6	-42.4	-42.2	-42.2
WC Turnover	-8.4	-8.6	-8.6	-8.7
FA Turnover	3.8	4.7	6.0	7.8
Net D/E	-0.4	-0.6	-0.8	-0.9
Revenue/Capital Employed	3.9	4.2	4.5	4.3
Capital Employed/Equity	1.1	1.1	1.1	1.0

Cash Flow (RsMn)	FY18A	FY19E	FY20E	FY21E
PBT	3,031	4,696	6,295	7,975
Depreciation	1,601	1,703	1,943	2,183
Others	13	0	0	0
Taxes Paid	1,068	1,550	2,074	2,629
Change in WC	551	607	774	825
Operating C/F	4,128	5,456	6,937	8,354
Capex	-1,003	-1,513	-1,470	-1,470
Change in Invest	0	0	0	0
Others	0	0	0	0
Investing C/F	-1,003	-1,513	-1,470	-1,470
Change in Debt	0	0	0	0
Change in Equity	45	0	0	0
Others	-539	-198	-198	-198
Financing C/F	-494	-198	-198	-198
Net change in cash	2,631	3,744	5,269	6,686
RoE (%)	22%	28%	29%	28%
RoIC (%)	21%	27%	28%	27%
Core RoIC (%)	24%	44%	69%	110%
Div Payout (%)	20%	6%	5%	4%
P/E	91.5	57.1	42.6	33.6
P/B	18.6	14.2	10.8	8.2
P/FCFF	57.5	45.5	32.8	26.1
EV/EBITDA	40.1	28.0	21.0	16.3
EV/Sales	5.8	4.8	3.9	3.2
Dividend Yield (%)	0.2%	0.1%	0.1%	0.1%

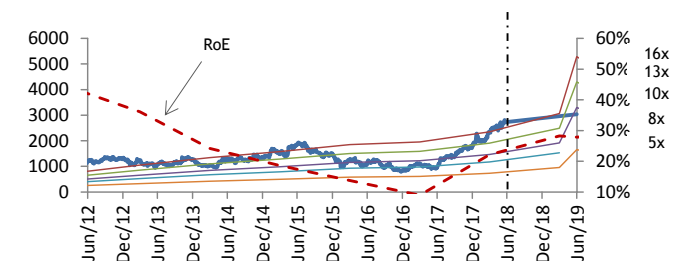
TTM P/E vs. 2 yr forward EPS growth



TTM EV/EBITDA vs. 2 yr forward EBITDA growth



TTM P/B vs. 2 yr forward RoE





Historical Consolidated Financials

P&L (RsMn)	FY15A	FY16A	FY17A	FY18A	Balance Sheet (RsMn)	FY15A	FY16A	FY17A	FY18A	Cash Flow (RsMn)	FY15A	FY16A	FY17A	FY18A
Revenue	20,928	24,380	25,834	30,184	Equity Capital	656	658	659	659	PBT	1,615	1,470	1,004	3,031
Op. Expenditure	18,377	21,743	23,423	25,783	Reserve	5,806	6,962	7,394	9,017	Depreciation	1,011	1,282	1,554	1,601
EBITDA	2,551	2,637	2,411	4,401	Networth	6,462	7,620	8,053	9,677	Others	-1	85	-148	13
Depreciation	1,011	1,282	1,554	1,601	Long Term Debt	0	0	0	0	Taxes Paid	352	392	305	1,068
EBIT	1,540	1,354	857	2,800	Def Tax Liability	709	731	697	555	Change in WC	488	-328	197	551
Interest Expense	0	0	0	0	Minority Interest	0	0	0	0	Operating C/F	2,761	2,117	2,302	4,128
Other Income	75	116	147	231	Account Payables	2,424	3,004	3,192	3,951	Capex	-2,863	-2,264	-2,100	-1,003
PBT	1,615	1,470	1,004	3,031	Other CurrLiabi	1,151	866	965	785	Change in Invest	180	208	0	0
Tax	504	501	305	1,068	Total Liabilities & Equity	10,747	12,220	12,906	14,967	Others	60	59	0	0
PAT bef. MI & Assoc.	1,111	969	699	1,962	Net Fixed Assets	7,373	8,284	8,001	7,892	Investing C/F	-2,623	-1,997	-2,100	-1,003
Minority Interest	0	0	0	0	Capital WIP	199	261	608	124	Change in Debt	0	0	0	0
Profit from Assoc.	0	0	0	0	Others	1,294	1,422	1,904	1,899	Change in Equity	9	21	300	45
Recurring PAT	1,111	969	699	1,962	Inventory	433	552	607	642	Others	0	-197	-452	-539
Extraordinaires	0	-5	148	-13	Account Receivables	119	125	161	157	Financing C/F	9	-177	-152	-494
Reported PAT	1,111	974	551	1,976	Other Current Assets	194	337	336	333	Net change in cash	147	-57	50	2,631
EPS (Rs)	16.9	14.7	10.6	29.8	Cash	1,135	1,239	1,290	3,921	RoE (%)	19%	14%	9%	22%
DPS (Rs)	2.5	2.5	2.5	5.0	Total Assets	10,747	12,220	12,906	14,967	RoIC (%)	17%	12%	8%	21%
CEPS (Rs)	129.5	24.5	26.8	54.0	Non-cash Working Capital	-2,830	-2,856	-3,052	-3,604	Core RoIC (%)	18%	13%	8%	24%
FCFPS (Rs)	8.4	1.3	2.4	47.4	Cash Conv Cycle	-49.4	-42.8	-43.1	-43.6	Div Payout (%)	17%	20%	76%	20%
BVPS (Rs)	98.6	115.8	122.1	146.7	WC Turnover	-7.4	-8.5	-8.5	-8.4	P/E	160.7	184.9	256.7	91.5
EBITDAM (%)	12%	11%	9%	15%	FA Turnover	2.8	2.9	3.0	3.8	P/B	27.6	23.5	22.3	18.6
PATM (%)	5%	4%	3%	7%	Net D/E	-0.2	-0.2	-0.2	-0.4	P/FCFF	323.2	2096.9	1131.8	57.5
Tax Rate (%)	31%	34%	30%	35%	Revenue/Capital Employed	5.5	4.6	3.9	3.9	EV/EBITDA	70.3	67.9	74.3	40.1
Sales growth (%)	21%	16%	6%	17%	Capital Employed/Equity	1.1	1.1	1.1	1.1	EV/Sales	8.6	7.3	6.9	5.8
FDEPS growth (%)	-6%	-13%	-28%	181%						Dividend Yield (%)	0.1%	0.1%	0.1%	0.2%

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- REDUCE: ATR >= negative 10% but <5% over investment horizon
- SHORT: ATR < negative 10% over investment horizon

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- OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon
- BENCHMARK: likely to perform in line with the benchmark
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Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.

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