

## Arcos Dorados

## MFA renewal: we look for flat royalties, faster expansion, and higher ROIs

Maintain Rating: BUY | PO: 14.50 USD | Price: 12.74 USD

## A silver lining in ARCO's MFA renewal?

We expect ARCO to renew its Master Franchise Agreement (MFA) with McDonald's in 3Q24 and look for a new MFA that preserves existing franchise fees but accelerates growth. The existing MFA ends in August 2027. 4Q23 revenue growth and 2024E expansion (Exhibit 1) appear to foreshadow that expectation. Moreover, sharply improved store returns (Exhibit 5) and Latin America's considerable white space (Exhibit 3) suggest the likelihood of favorable market response. We model a 5% EBITDA hit from Argentina's devaluation and initial economic contraction (Exhibit 11). Reaffirm Buy.

## EOTF returns appear greater in Latin America

Unlike other regions, ARCO's Experience of the Future (EOTF) re-imagings do not appear to have a simple single-year sales step-up, but a multi-year benefit. ARCO guest traffic is in-store oriented vs. drive-thru and exposed to a fuller brand experience. EOTF guests have also become increasingly comfortable with intuitive digital menu boards and payment, driving higher checks, in addition to crew cost and service opportunities.

## ROIs on free-standing stores up about 6ppt

Though ARCO's food court locations have yet to fully recover fully, the company's free-standing locations are normalizing with higher sales levels, superior gross margins and leaner expense structures. Free-standing restaurants are also seeing sustained delivery demand, further leveraging fixed costs. We estimate pre-tax returns on ARCO's free standing locations to be up nearly 6ppts since 2019 (Exhibit 5).

## Digital efforts appear likely to further enhance returns

ARCO now generates nearly 70% of all digital traffic for quick service restaurants in Brazil (Exhibit 9) and is rapidly improving its ability to identify and understand individual consumers. ARCO's monthly active user base is nearly 3x that of Burger King in Brazil (Exhibit 8). We look for ARCO to pioneer mass personalization in the region, exploiting client-specific insight into elasticity and ultimately generating superior activation and average ticket strategies while saving on store crew costs and improving service levels.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	0.22	0.67	0.84	0.86	0.96
EPS Change (YoY)	NM	204.5%	25.4%	2.4%	11.6%
Underlying EPS	0.21	0.67	0.82	0.86	0.96
DPS	0	0.15	0.19	0.20	0.21
Valuation (Dec)					
P/E	57.9x	19.0x	15.2x	14.8x	13.3x
Underlying P/E	61.2x	18.9x	15.5x	14.8x	13.3x
Dividend Yield	0%	1.2%	1.5%	1.6%	1.6%
EV / EBITDA*	12.4x	8.7x	7.2x	6.5x	6.0x
Free Cash Flow Yield*	5.3%	4.8%	-0.1%	-0.5%	0.8%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 8.

29 January 2024

## Equity

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## Stock Data

Price	12.74 USD
Price Objective	14.50 USD
Date Established	27-Nov-2023
Investment Opinion	B-1-7
52-Week Range	7.02 USD - 13.20 USD
Mkt Val (mn) / Shares Out (mn)	2,684 USD / 210.7
Free Float	94.9%
Average Daily Value (mn)	10.88 USD
BofA Ticker / Exchange	ARCO / NYS
Bloomberg / Reuters	ARCO US / ARCO.N
ROE (2023E)	43.6%
Net Dbt to Eqty (Dec-2022A)	142.7%
ESGMeter <sup>TM</sup>	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

ARCO: Arcos Dorados

ROI: return on investment

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**Refer to important disclosures on page 9 to 11. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.**

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Timestamp: 29 January 2024 06:58PM EST

# iQprofile<sup>SM</sup> Arcos Dorados

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	4.6%	8.9%	9.5%	9.6%	9.7%
Return on Equity	21.8%	51.6%	43.6%	32.8%	28.8%
Operating Margin	5.2%	7.3%	7.6%	7.8%	8.3%
Free Cash Flow	143	128	(2)	(13)	22

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	5.7x	2.5x	2.1x	2.0x	2.0x
Asset Replacement Ratio	1.0x	1.8x	2.6x	2.2x	2.0x
Tax Rate	41.1%	37.8%	40.5%	39.0%	38.0%
Net Debt-to-Equity Ratio	225.8%	142.7%	126.5%	106.9%	88.1%
Interest Cover	2.8x	7.2x	8.6x	7.7x	8.5x

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	2,660	3,619	4,251	4,399	4,535
% Change	34.1%	36.1%	17.5%	3.5%	3.1%
Gross Profit	1,761	2,392	2,820	2,925	3,021
% Change	34.7%	35.8%	17.9%	3.7%	3.3%
EBITDA	272	387	471	516	557
% Change	304.9%	42.2%	21.8%	9.7%	7.9%
Net Interest & Other Income	(64)	(38)	(26)	(46)	(47)
<b>Net Income (Adjusted)</b>	<b>45</b>	<b>140</b>	<b>176</b>	<b>182</b>	<b>202</b>
<b>% Change</b>	<b>NM</b>	<b>208.5%</b>	<b>25.4%</b>	<b>3.2%</b>	<b>11.2%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	45	140	176	182	202
Depreciation & Amortization	120	120	145	171	183
Change in Working Capital	93	84	16	13	8
Deferred Taxation Charge	0	0	39	0	0
Other Adjustments, Net	0	1	(2)	0	4
Capital Expenditure	(115)	(217)	(377)	(378)	(373)
<b>Free Cash Flow</b>	<b>143</b>	<b>128</b>	<b>-2</b>	<b>-13</b>	<b>22</b>
<b>% Change</b>	<b>NM</b>	<b>-10.3%</b>	<b>NM</b>	<b>-735.7%</b>	<b>NM</b>
Share / Issue Repurchase	NA	NA	NA	NA	NA
Cost of Dividends Paid	0	(32)	(40)	(42)	(44)
Change in Debt	7	(200)	(9)	2	62

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	279	304	146	93	134
Trade Receivables	82	124	133	140	145
Other Current Assets	179	256	274	288	297
Property, Plant & Equipment	744	856	1,132	1,339	1,530
Other Non-Current Assets	1,078	1,096	1,216	1,216	1,216
<b>Total Assets</b>	<b>2,361</b>	<b>2,637</b>	<b>2,902</b>	<b>3,077</b>	<b>3,320</b>
Short-Term Debt	24	37	0	0	0
Other Current Liabilities	594	722	773	807	828
Long-Term Debt	754	730	760	762	824
Other Non-Current Liabilities	61	75	73	72	75
<b>Total Liabilities</b>	<b>2,140</b>	<b>2,312</b>	<b>2,417</b>	<b>2,452</b>	<b>2,537</b>
<b>Total Equity</b>	<b>221</b>	<b>324</b>	<b>485</b>	<b>625</b>	<b>783</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,361</b>	<b>2,637</b>	<b>2,902</b>	<b>3,077</b>	<b>3,320</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 8.

## Company Sector

Restaurants

## Company Description

Arcos Dorados is the world's largest McDonald's franchisee, and Latin America's leading quick service restaurant operator. The company has exclusive rights to operate or sub-franchise restaurants in over 20 countries in Latin America and the Caribbean. Brazil represents about half of revenues and nearly 60% of EBITDA. Arcos Dorados was created in 2007 via the acquisition of McDonald's assets in the region. The company completed a \$1.4bln initial public offering in April 2011.

## Investment Rationale

ARCO's digitalization efforts could be the most advanced among regional QSR rivals. The company appears to be sustaining delivery as markets normalize, lowering crew costs, and mitigating food cost pressures with revenue management and client relationship management initiatives. Overall QSR penetration rates remain low, and we look for market exits and disruption to accelerate share gains. App adoption and data analytics also fuel new opportunities to drive traffic and ticket.

## Stock Data

Average Daily Volume

854,348

## 4Q23 update and 2024 guidance

Arcos Dorados reported systemwide local currency comparable sales growth of 32.4% in 4Q23 (Exhibit 1), with total revenue up 15.4% y/y in USD. ARCO also announced that it opened 81 restaurants in 2023 and expects to open 80 to 90 restaurants in 2024 (Exhibit 2), with a pipeline composed of 90% free-standing restaurants. Total capex for 2024 is expected to be \$300mn-\$350mn.

### Exhibit 1: Arcos Dorados reported a 32.4% growth in systemwide comparable sales for 4Q23

Arcos Dorados Systemwide Comparable Sales growth

	1Q23	2Q23	3Q23	4Q23	FY 2023
Brazil	13.8%	9.6%	10.8%	6.2%	9.9%
NOLAD	16.6%	10.4%	11.5%	5.4%	10.6%
SLAD*	91.8%	82.4%	93.8%	94.7%	90.9%
<b>Total*</b>	<b>37.6%</b>	<b>31.5%</b>	<b>37.3%</b>	<b>32.4%</b>	<b>34.6%</b>

\*Includes Venezuela

Source: Company filings

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### Exhibit 2: Arcos Dorados expects to open 80-90 restaurants in 2024, compared to 81 in 2023

Arcos Dorados' expansion and capex guidance for 2024

	2023 actual	2024 guidance
<b>Openings and Modernizations</b>	81 EOTF openings (72 free-standing units)	80 to 90 EOTF restaurants (90% free-standing)
<b>Capex</b>	Approximately in line with guidance of \$350 million	\$300mn-\$350mn, funded with cash on hand and cash generated from operations

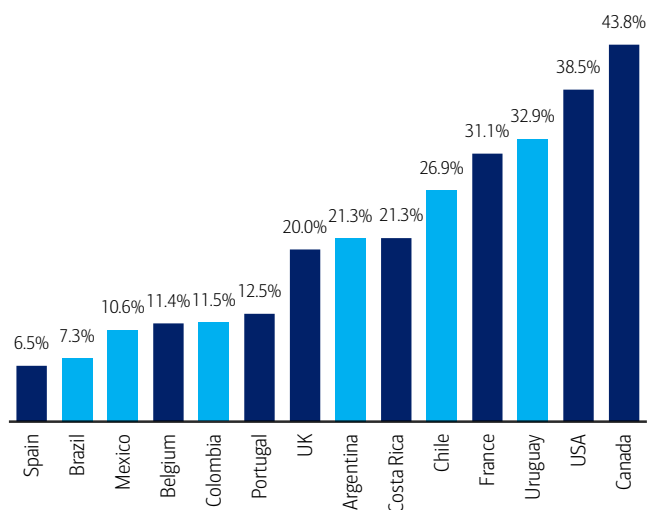
Source: Company filings

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## QSR penetration rates and market closures suggest considerable white space to grow

### Exhibit 3: QSR penetration rates in Latin America are generally well below global benchmarks

Quick-service-restaurants as a % of total restaurant sales

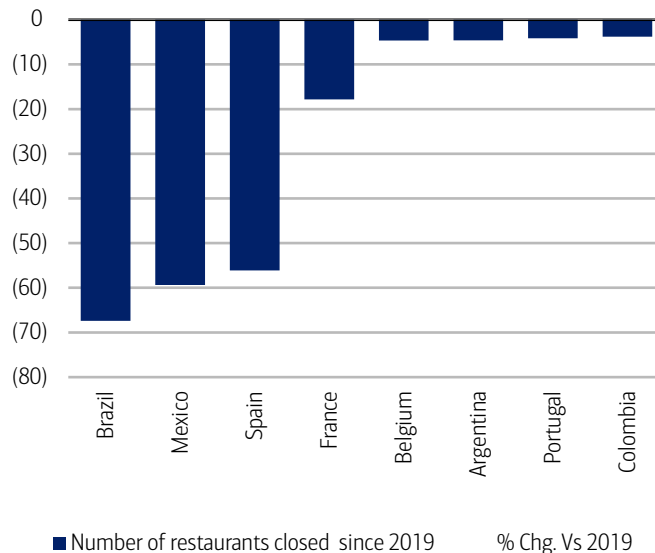


Source: Euromonitor, BofA Global Research

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### Exhibit 4: Competition in Brazil and Mexico has yet to recover from COVID

Total restaurant industry – number of restaurants closed since 2019



■ Number of restaurants closed since 2019

% Chg. Vs 2019

Source: Euromonitor, BofA Global Research

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## Returns on ARCO free-standing stores have improved sharply from pre-COVID levels

**Exhibit 5: We estimate post-COVID, EOTF format returns are 5.7ppt higher (3.7% after tax)**

Estimated store returns for a free-standing restaurant, USD '000

	Pre-COVID	Post-COVID	% chg
<b>Total Investment</b>	<b>1,700</b>	<b>1,900</b>	<b>11.8%</b>
<b>Net Sales</b>	<b>2,500</b>	<b>2,850</b>	<b>14.0%</b>
Food & Paper costs	(875)	(983)	12.4%
<b>Gross Profit</b>	<b>1,625</b>	<b>1,867</b>	<b>14.9%</b>
<b>Gross Margin</b>	<b>65.0%</b>	<b>65.5%</b>	<b>50bp</b>
Total expenses	(1,394)	(1,501)	7.7%
% of revenues	55.8%	52.7%	-309bp
<b>Company Restaurant Direct Contribution</b>	<b>231</b>	<b>366</b>	<b>58.3%</b>
<b>Contribution Margin</b>	<b>9.2%</b>	<b>12.8%</b>	<b>359bp</b>
plus D&A	119	133	11.8%
<b>EBITDA</b>	<b>350</b>	<b>499</b>	<b>42.5%</b>
<b>EBITDA Margin</b>	<b>14.0%</b>	<b>17.5%</b>	<b>350bp</b>
<b>After-Tax Direct Contribution</b>	<b>152</b>	<b>241</b>	<b>58.3%</b>
plus D&A	119	133	11.8%
<b>After-Tax Cash Contribution</b>	<b>271</b>	<b>374</b>	<b>37.9%</b>
<b>Contribution Margin</b>	<b>10.9%</b>	<b>13.1%</b>	<b>228bp</b>
<b>ROI (Pre-Tax)</b>	<b>20.6%</b>	<b>26.3%</b>	<b>566bp</b>
<b>ROI (After-Tax)</b>	<b>16.0%</b>	<b>19.7%</b>	<b>374bp</b>

Source: BofA Global Research estimates

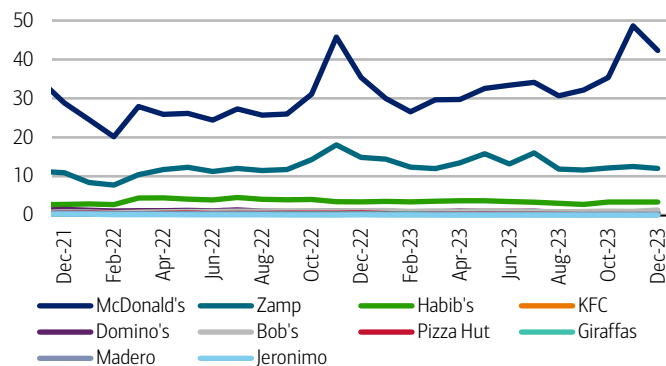
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## Growing use of technology may further polarize share

ARCO is rapidly improving its ability to identify clients. Its use of technology appears to target mass personalization and should improve insights into client-specific elasticity and ultimately enable superior activation and average ticket strategies, while saving on store crew costs and improving service levels.

### Exhibit 6: McDonald's leads peers in terms of digital traffic in Brazil

Brazil, total monthly traffic – App & URL, mn

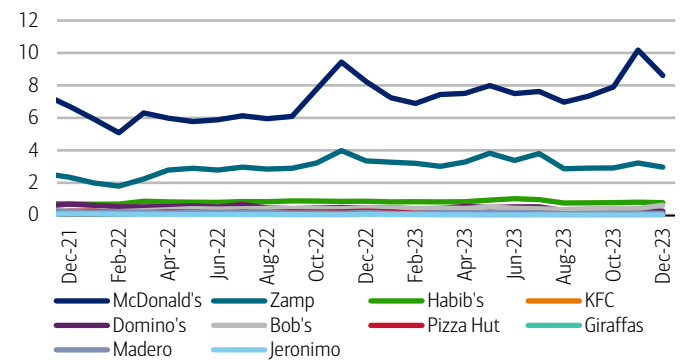


Source: Similarweb, SensorTower, BofA Global Research

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### Exhibit 7: McDonald's monthly active users are nearly 3x Burger King

Brazil, monthly active app users (MAU) – App & URL, mn



Source: Similarweb, SensorTower, BofA Global Research

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**Exhibit 9: McDonald's has a dominant 70% of digital traffic in the Brazilian QSR segment**

Brazil, Digital Indicators - App &amp; URL, mn

4Q23/4Q22

	App & URL Traffic			App Traffic			URL Traffic		Organic Traffic <sup>2</sup>		Paid Traffic		MAU <sup>3</sup>	Bounce <sup>4</sup>	Frequency <sup>5</sup>	Duration <sup>6</sup>
	Share <sup>1</sup>	Inc/Dec	Growth	% of Traffic	% chg	% of MAU	% of Traffic	% chg	% of URL	% chg	% of URL	% chg	% chg	% chg	% chg	% chg
McDonald's	69.9%	+7.6p.p	13%	96%	16.6%	86.7%	4%	-42%	91%	-27%	9%	-80%	5%	-11p.p	7%	-27%
Burger King	20.1%	-5.7p.p	-22%	90%	-20.7%	74.2%	10%	-32%	77%	-30%	23%	-38%	-13%	-12p.p	-10%	-27%
Popeyes	0.2%	-0.2p.p	-47%	61%	-55.1%	34.3%	39%	-29%	99%	-11%	1%	-96%	-37%	-4p.p	-17%	-20%
Zamp	20.3%	-5.9p.p	-22%	90%	-21.1%	73.7%	10%	-32%	77%	-29%	23%	-39%	-14%	-12p.p	-10%	-27%
Habib's	5.6%	-0.5p.p	-7%	87%	-11.1%	61.1%	13%	35%	94%	33%	6%	65%	-9%	-13p.p	2%	-32%
Bob's	1.9%	+0.0p.p	1%	56%	-17.8%	35.0%	44%	41%	86%	33%	14%	114%	16%	-27p.p	-13%	-9%
KFC	1.2%	+0.0p.p	2%	78%	6.7%	40.9%	22%	-13%	58%	-38%	42%	111%	-10%	-6p.p	13%	-26%
Domino's	1.1%	-0.5p.p	-32%	50%	-27.6%	19.7%	50%	-35%	69%	-48%	31%	35%	-34%	-12p.p	3%	3%
Pizza Hut	0.3%	-0.6p.p	-64%	43%	-71.2%	13.7%	57%	-57%	62%	-60%	38%	-51%	-58%	-17p.p	-16%	59%
Giraffas	0.3%	-0.2p.p	-44%	65%	-54.4%	31.1%	35%	-7%	97%	-5%	3%	-37%	-30%	-8p.p	-20%	-27%
Madero	0.3%	-0.1p.p	-25%	1%	-96.2%	0.4%	99%	-1%	95%	-3%	5%	33%	-10%	-15p.p	-17%	65%
Jeronimo	0.0%	-0.1p.p	-65%	1%	-99.4%	0.3%	99%	-47%	92%	-45%	8%	-60%	-53%	-26p.p	-26%	-40%
<b>Total</b>			<b>0.3%</b>													

1. Share of category traffic. 2. Based solely on URL accesses. 3. Monthly Active Users. 4. URL traffic immediately exiting landing page. 5. Includes both App and URL. 6. Based on both app and URL use.

Source: Similarweb, SensorTower, BofA Global Research

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**Argentine devaluation may be 5% hit to EBITDA**

BofA economist Sebastian Rondeau forecasts a 6.8% real contraction in Argentine consumption and 3.0% decline in GDP in 2024E. Inflation is expected to remain elevated.

**Exhibit 10: Our economist expects a 6.8% contraction to real consumption in Argentina in 2024**

Argentina macroeconomic estimates

Argentina	2023E	2024E	2025E
Real GDP Growth	-1.2%	-3.0%	3.5%
Real Consumption Growth	2.3%	-6.8%	3.8%
Inflation, Period-End	211.4%	199.9%	100.9%
Inflation, Average	133.5%	278.0%	150.4%
Policy Rate, Period-End	133.0%	83.0%	55.0%

Source: BofA Global Research estimates

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We expect devaluation and fiscal policy tightening to adversely impact ARCO's Argentine operations, which represented 16.7% of consolidated revenue in 2022. ARCO maintains a substantive back-office and shared service structure in Argentina, or about half of its total, enabling it to mitigate expected contraction. We estimate the net impact on consolidated EBITDA from the Argentine devaluation to be about 5% of ARCO's 2024E EBITDA.

**Exhibit 11: We forecast a 5% hit to ARCO EBITDA due to Argentina's currency devaluation**

Estimated impact from Argentina's currency devaluation; USD mn

	2024E
Argentina EBIT impact	(27.2)
Corporate savings	3.6
<b>Net impact</b>	<b>(23.6)</b>
<b>% of 2023E EBITDA</b>	<b>-5.0%</b>

Source: BofA Global Research estimates

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## Price objective basis & risk

### Arcos Dorados (ARCO)

Our \$14.50 price objective is based on a 15x forward-year (2025E) EPS, within ARCO's historical valuation range and supported by strong execution and market share gains.

Risks to our price objective are weaker investor sentiment, operating restrictions, COVID or other transmission concerns, corporate governance, including differential voting and no tagalong rights, competition, weaker local FX rates, asset write-downs, higher input costs, rising labor costs, excessive investment requirements, restrictions on promotions and advertising, other regulatory changes, execution challenges, competition, macroeconomic sluggishness, debt and/or franchise agreement breaches, and political uncertainties.

## Analyst Certification

We, Robert E. Ford Aguilar, CFA, Vinicius Pretto and Wellington Santana, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### Latin America - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alsea	ALSSF	ALSEA* MM	Robert E. Ford Aguilar, CFA
	Arcos Dorados	ARCO	ARCO US	Robert E. Ford Aguilar, CFA
	Arezzo & Co	XARZF	ARZZ3 BZ	Robert E. Ford Aguilar, CFA
	Assaí Atacadista	XFCXF	ASAI3 BZ	Robert E. Ford Aguilar, CFA
	Assaí Atacadista	ASAI	ASAI US	Robert E. Ford Aguilar, CFA
	Chedraui	GCHEF	CHDRAUIB MM	Robert E. Ford Aguilar, CFA
	CVC	CVCBF	CVCB3 BZ	Robert E. Ford Aguilar, CFA
	FEMSA	FMX	FMX US	Robert E. Ford Aguilar, CFA
	FEMSA	FMXUF	FEMSAUBD MM	Robert E. Ford Aguilar, CFA
	Grupo SOMA	XNASF	SOMA3 BZ	Robert E. Ford Aguilar, CFA
	Hypera Pharma	XHPYF	HYPE3 BZ	Robert E. Ford Aguilar, CFA
	Kimberly-Clark de México	KCDMF	KIMBERA MM	Robert E. Ford Aguilar, CFA
	Lojas Quero-Quero	XZUXF	LJQQ3 BZ	Robert E. Ford Aguilar, CFA
	Mercadolibre	MELI	MELI US	Robert E. Ford Aguilar, CFA
	Natura &Co Holding SA	XZVAF	NTCO3 BZ	Robert E. Ford Aguilar, CFA
	Natura &Co Holding SA	NTCO	NTCO US	Robert E. Ford Aguilar, CFA
	RaiaDrogasil S.A.	RAIAF	RADL3 BZ	Robert E. Ford Aguilar, CFA
	Smartfit	XSMRF	SMFT3 BZ	Robert E. Ford Aguilar, CFA
	Track & Field	XWZRF	TFCO4 BZ	Robert E. Ford Aguilar, CFA
	Vivara	XUVZF	VIVA3 BZ	Robert E. Ford Aguilar, CFA
<b>NEUTRAL</b>				
	Alpargatas S.A.	SRDDF	ALPA4 BZ	Robert E. Ford Aguilar, CFA
	Cencosud	XCSCF	CENCOSUD CI	Robert E. Ford Aguilar, CFA
	Falabella	XDIYF	FALAB CI	Robert E. Ford Aguilar, CFA
	Grupo Carrefour Brasil	XLDPF	CRFB3 BZ	Robert E. Ford Aguilar, CFA
	Magazine Luiza	MGZZF	MGLU3 BZ	Robert E. Ford Aguilar, CFA
	Multilaser	XMTLF	MLAS3 BZ	Robert E. Ford Aguilar, CFA
	Petz	XUXUF	PETZ3 BZ	Robert E. Ford Aguilar, CFA
<b>UNDERPERFORM</b>				
	CBD	CBD	CBD US	Robert E. Ford Aguilar, CFA
	CBD	GPSAF	PCAR3 BZ	Robert E. Ford Aguilar, CFA
	El Puerto de Liverpool	ELPQF	LIVEPOLC MM	Robert E. Ford Aguilar, CFA
	Grupo Casas Bahia SA	GBXPF	BHIA3 BZ	Robert E. Ford Aguilar, CFA
	Lojas Renner SA	LORPF	LREN3 BZ	Robert E. Ford Aguilar, CFA
	Soriana	ONZBF	SORIANAB MM	Robert E. Ford Aguilar, CFA
	Walmex	WMMVF	WALMEX* MM	Robert E. Ford Aguilar, CFA



## Latin America - Consumer Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Walmex	WMMVY	WMMVY US	Robert E. Ford Aguilar, CFA

**iQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity  
Operating Margin  
Earnings Growth  
Free Cash Flow

**Quality of Earnings**

Cash Realization Ratio  
Asset Replacement Ratio  
Tax Rate  
Net Debt-To-Equity Ratio  
Interest Cover

**Valuation Toolkit**

Price / Earnings Ratio  
Price / Book Value  
Dividend Yield  
Free Cash Flow Yield  
Enterprise Value / Sales

EV / EBITDA

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income  
Operating Profit  
Expected 5 Year CAGR From Latest Actual  
Cash Flow From Operations – Total Capex

**Numerator**

Cash Flow From Operations  
Capex  
Tax Charge  
Net Debt = Total Debt – Cash & Equivalents  
EBIT

**Numerator**

Current Share Price  
Current Share Price  
Annualised Declared Cash Dividend  
Cash Flow From Operations – Total Capex  
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +  
Other LT Liabilities  
Enterprise Value

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill  
Amortization  
Shareholders' Equity  
Sales  
N/A  
N/A

**Denominator**

Net Income  
Depreciation  
Pre-Tax Income  
Total Equity  
Interest Expense

**Denominator**

Diluted Earnings Per Share (Basis As Specified)  
Shareholders' Equity / Current Basic Shares  
Current Share Price  
Market Cap = Current Share Price × Current Basic Shares  
Sales

Basic EBIT + Depreciation + Amortization

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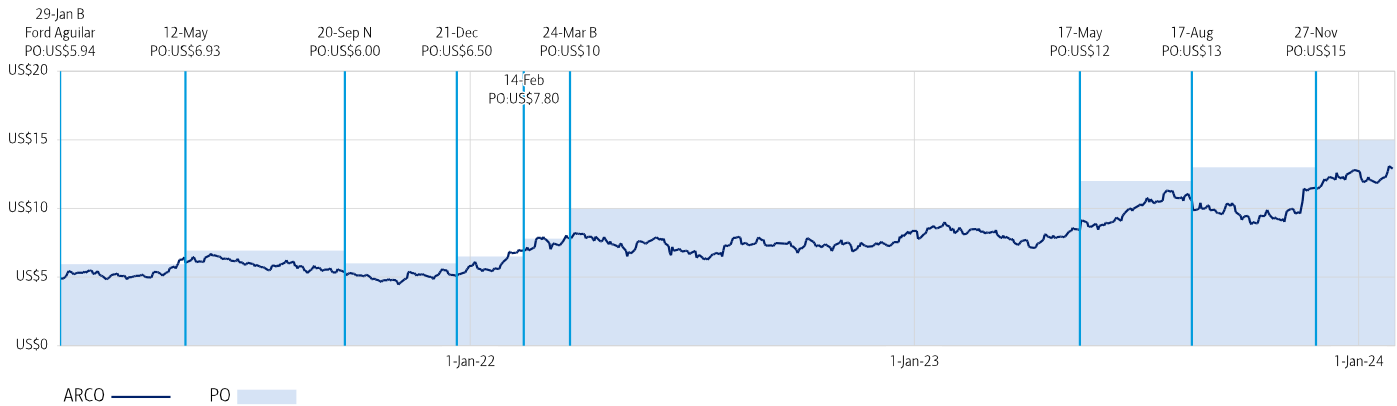
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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### Equity Investment Rating Distribution: Restaurants Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	21	58.33%	Buy	10	47.62%
Hold	10	27.78%	Hold	3	30.00%
Sell	5	13.89%	Sell	4	80.00%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
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Sell	807	22.84%	Sell	383	47.46%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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