# Jubilant Foodworks Limited

ISIN :INE797F01020 | NSE :JUBLFOOD

**Price:** 693
**Recommendation:** Buy
**Industry:** Restaurants
**Sector:** Consumer Discretionary
**Report Date:** 03-Apr-2025

Jubilant FoodWorks is strategically positioning itself as a leading food-tech player, focusing on expanding Domino's as a top QSR brand globally. The company aims to strengthen COFFY and Popeyes, leveraging technology and supply chain advancements. With plans to expand internationally and become a top 3 coffee chain, they are committed to operational excellence, smart capital allocation, and maximizing returns. Their ambitious growth targets include double-digit revenue and profit CAGR by FY28.

| Sales | | Profit & Loss | | Profitability Matrix | |
|---|---|---|---|---|---|
| Current Year | 5849 Cr | Operating Profit(Year) | 1129 Cr | Operating Profit Margin | 19.3 % |
| Previous Year | 5096 Cr | Operating Profit(Quarter) | 313 Cr | EBITDA Margin | 19.44 % |
| Current Quarter | 1611 Cr | PAT (Year) | 253 Cr | Net Profit Margin | 4.75 % |
| Previous Quarter | 1467 Cr | PAT (Quarter) | 58.6 Cr | EPS | 2.58 |
| Revenue (QYoY) | 1355 Cr | | | | |
| **Valuation Matrix** | | **Growth(YoY)** | | **Growth(QoQ)** | |
| Trailing P/E | 234 | Sales Growth | 11.2 % | Sales Growth | 9.82 % |
| PEG Ratio | -45.5 | PAT Growth | -36.43 % | Sales Growth QYoY | 18.89 % |
| EV/EBITDA | 41.5 | EPS Growth | -27.12 % | PAT Growth | 12.48 % |
| P/B | 20.0 | Dividend Yield | 0.17 | PAT Growth QYoY | -3.93 % |
| **Capital Allocation** | | **Holdings** | | **Leverage** | |
| RoE | 11.6 % | Promoter | 41.9 % | Debt/Equity | 1.22 |
| RoA | 4.57 % | FII | 21.3 % | Debt | 2794 Cr |
| RoCE | 12.1 % | DII | 30.2 % | Market Cap | 45721 Cr |
| RoIC | 11.3 % | Public | 6.07 % | Enterprise value | 48451 Cr |
| | | No of Shares | 66.0 Cr | Cash Equivalents | 64.7 Cr |

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

In the recent meeting, Jubilant FoodWorks outlined several strategic initiatives aimed at reinforcing its market position and driving future growth. The company emphasized its ambition to become the number one food-tech player in the market, with a focus on expanding Domino's to be the leading QSR brand in each country. They plan to strengthen COFFY and Popeyes as growth drivers, leveraging technology and supply chain advancements. The company is also committed to generating cash from operations in Turkey and aims to outpace competitors by investing ahead of the curve in technology and supply chain improvements. A key highlight was the ambition to become a top 3 coffee chain and expand internationally with over 1,000 stores.

Jubilant FoodWorks is doubling down on its core brand, Domino's, while also exploring new platforms and categories to cater to Gen Z. The company is focusing on operational excellence through initiatives like AI-powered operational excellence and seamless logistics. They are also scaling new businesses by accelerating through differentiated platforms and store formats, leveraging JFL capabilities. The company is reimagining stores and exploring new store formats to drive growth. Additionally, they are focusing on smart capital allocation, with strategic investments in new stores, supply chain, and infrastructure, aiming for a 10% increase in store ROI and a 15% reduction in capex per store.

The company's future growth and scaling perspectives are promising, with a bold ambition for double-digit revenue and profit CAGR by FY28. They plan to expand to over 3,000 Domino's India stores and achieve market-beating revenue growth. The focus on smart capital allocation and future-fit tech investments is expected to maximize returns for stakeholders. The company is also committed to driving absolute profit growth and maximizing free cash flow. Their strategy includes leveraging integrated supply chain benefits, optimizing logistics costs, and enhancing consumer cohort differentiation on pricing and promotions.

While the company's strategies are robust, there are areas for improvement. The focus on technology and supply chain advancements is commendable, but the company could further enhance its digital transformation efforts to stay ahead of the competition. Additionally, while the expansion plans are ambitious, ensuring consistent quality and customer experience across all locations will be crucial. The company's commitment to smart capital allocation and maximizing returns is positive, but maintaining financial discipline and managing inflationary pressures will be key to sustaining growth. Overall, Jubilant FoodWorks is well-positioned for future growth, with a clear focus on innovation, expansion, and operational excellence.

JUBLFOOD Daily Closing One Year Price Chart


| Name | Mar Cap (Rs. Cr.) | P/E | ROE | Sales(G) QoQ | Sales(G) QYoY | PAT(G) QoQ | PAT(G) QYoY |
|---|---|---|---|---|---|---|---|
| **Sapphire Foods** | 9801.36 | 398.24 | 4.04% | 8.75% | 13.67% | 399.17% | 21.87% |
| **Coffee Day Enter** | 610.72 | 16.09 | 3.36% | 4.11% | 9.15% | -212.46% | -114.86% |
| **Jubilant Food.** | 45720.87 | 233.63 | 11.63% | 9.83% | 18.89% | 12.52% | -3.89% |
| **Restaurant Brand** | 4186.47 | | -29.99% | 1.05% | 5.76% | 16.24% | -39.30% |
| **Devyani Intl.** | 18313.61 | 1365.67 | 4.92% | 5.91% | 53.52% | 53.77% | -109.66% |

| Aspect | Commentary |
|---|---|
| **Revenue** | The company shows a strong revenue increase, with a year-over-year growth of 11.2% and a quarter-over-quarter growth of 9.82%. This indicates a positive trend in sales performance, reflecting effective market strategies and possibly increased consumer demand. |
| **Profit & Loss** | Operating profit remains robust, but net profit shows a decline, with a year-over-year decrease of 36.43%. This suggests challenges in cost management or increased expenses impacting the bottom line, despite healthy operating margins. |
| **Profitability Matrix** | Operating and EBITDA margins are strong at 19.3% and 19.44%, respectively, indicating efficient cost management. However, the net profit margin is lower at 4.75%, highlighting potential areas for improvement in net earnings. |
| **Valuation Matrix** | The high trailing P/E ratio of 234 suggests the stock is overvalued relative to earnings, while a negative PEG ratio indicates potential growth concerns. The EV/EBITDA of 41.5 reflects high enterprise value relative to earnings. |
| **Growth (YoY)** | Sales growth is positive at 11.2%, but PAT and EPS growth are negative, indicating profitability challenges. The dividend yield is low at 0.17%, suggesting limited returns to shareholders in the form of dividends. |
| **Growth (QoQ)** | Quarterly sales growth is strong at 9.82%, but PAT growth is modest at 12.48%, with a decline in QYoY PAT growth. This reflects potential volatility in quarterly earnings, despite sales improvements. |
| **Capital Allocation** | Return metrics such as RoE, RoA, and RoCE are moderate, indicating efficient capital use. However, there is room for improvement in maximizing returns on invested capital, which stands at 11.3%. |
| **Holdings** | Promoter holding is significant at 41.9%, indicating strong insider confidence. Institutional holdings are also substantial, with FII at 21.3% and DII at 30.2%, reflecting institutional interest and stability. |
| **Leverage** | The debt/equity ratio of 1.22 indicates moderate leverage, suggesting a balanced approach to financing. However, the high debt level of 2794 Cr requires careful management to ensure financial stability. |

**Analyst viewpoint:** Jubilant FoodWorks showcases a favorable trajectory in its financial performance, with a notable quarter-over-quarter sales growth of 9.82% that underscores its robust market strategies and heightened consumer demand, leading to a positive outlook. The company's focus on strengthening its core brand, Domino's, alongside an ambitious plan to expand its presence with new platforms and categories, signals its commitment to capturing a larger market share, particularly among Generation Z consumers. Strategic investments and an emphasis on operational excellence through AI-powered solutions demonstrate Jubilant's proactive approach in optimizing logistics and store formats. Furthermore, the company's smart capital allocation aims at increasing store ROI and optimizing financial efficiency, reinforcing its growth potential.

Despite the overall optimistic outlook, the valuation metrics such as the high trailing P/E ratio suggest that the stock may be priced above its earnings potential, which investors should monitor. Nonetheless, Jubilant FoodWorks is strategically positioned for growth with clear ambitions for international expansion and technological advancements. As it aims for a double-digit revenue and profit CAGR by FY28, the company is dedicated to improving its supply chain, maximizing free cash flow, and maintaining financial discipline. However, maintaining consistent quality and customer experience across locations amidst rapid expansion remains a challenge that the company must navigate carefully.

Please read detailed disclosure on next page.

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|---|---|
| Investment Rating | Expected Return (over 12-month) |
| BUY | >=15% |
| SELL | <-10% |
| NEUTRAL | >-10% to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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