

**Price:** 619

**Recommendation:** Buy

**Industry:** Restaurants

**Sector:** Consumer Discretionary

**Report Date:** 17-Mar-2025

Jubilant FoodWorks is ambitiously positioning itself as a leading food-tech player, focusing on expanding its Domino's brand globally. The company is investing in technology and supply chain advancements, integrating regional supply chains, and insourcing key ingredients to boost efficiency. Diversification through COFFY and Popeyes is underway, with COFFY targeting top coffee chain status. Strategic investments aim to drive growth, but careful execution is crucial.

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	209	Sales Growth	11.2 %	Sales Growth	9.82 %
PEG Ratio	-40.7	PAT Growth	-36.43 %	Sales Growth QYoY	18.89 %
EV/EBITDA	37.3	EPS Growth	-27.12 %	PAT Growth	12.48 %
P/B	17.8	Dividend Yield	0.20	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	40858 Cr
RoIC	11.3 %	Public	6.07 %	Enterprise value	43587 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 new initiatives and strategies aimed at strengthening 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 its Domino's brand to be the leading QSR brand in each country. They plan to achieve this by outpacing the second player and expanding their lead. The company is also investing in technology and supply chain advancements to stay ahead of the curve. A key initiative is the integration of a regional but integrated supply chain with insourcing of critical ingredients, such as sauces and seasoning, which is expected to enhance operational efficiency and product quality.

The company is also focusing on diversification through its brands COFFY and Popeyes, which are seen as "speed-boats for future growth." COFFY, in particular, is experiencing rapid growth in the Turkish coffee market, with plans to become a top three coffee chain and expand internationally. The company is leveraging digital transformation to unlock growth, with a significant increase in digital share and a focus on seamless and delightful customer purchase journeys. The use of AI and technology is central to their strategy, with initiatives like AI-based surveillance to plug leakages and tech-enabled logistics cost optimization.

Looking ahead, Jubilant FoodWorks has set bold ambitions for FY28, including a double-digit revenue CAGR and the expansion to over 3,000 Domino's stores in India. The company aims to drive absolute profit growth and maximize free cash flow through smart capital allocation and future-fit tech investments. They are also focusing on strategic investments in new stores, supply chain infrastructure, and end-to-end digitalization to unlock capital efficiency. The company is committed to driving operations productivity and evolving sourcing and product strategies to leverage integrated supply chain benefits.

While the company's strategies are promising, there are areas for improvement. The focus on technology and digital transformation is commendable, but the company must ensure that these investments translate into tangible benefits for customers and stakeholders. Additionally, while the expansion plans are ambitious, the company must carefully manage its capital allocation to avoid overextending itself. The emphasis on smart pricing and consumer cohort differentiation is a positive step, but the company should continue to refine its pricing strategies to remain competitive in a dynamic market. Overall, Jubilant FoodWorks is well-positioned for growth, but execution will be key to realizing its ambitious goals.

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	9465.41	384.57	4.04%	8.75%	13.67%	399.17%	21.87%
Coffee Day Enter	493.92	13.00	3.36%	4.11%	9.15%	-212.46%	-114.86%
Jubilant Food.	40857.64	208.74	11.63%	9.83%	18.89%	12.52%	-3.89%
Restaurant Brand	2971.97		-29.99%	1.05%	5.76%	16.24%	-39.30%
Devyani Intl.	17967.38	1339.83	4.92%	5.91%	53.52%	53.77%	-109.66%

Aspect	Commentary
Revenue	The company shows a strong revenue growth with a current year figure of 5849 Cr, up from 5096 Cr the previous year. The current quarter also saw an increase to 1611 Cr from 1467 Cr, indicating a positive trend in sales performance and market demand.
Profit & Loss	Operating profit for the year stands at 1129 Cr, with a quarterly figure of 313 Cr. However, the PAT for the year is 253 Cr, reflecting a need to manage costs better to improve net profitability.
Profitability Matrix	Operating profit margin is robust at 19.3%, with an EBITDA margin of 19.44%. However, the net profit margin is lower at 4.75%, suggesting room for improvement in cost management and operational efficiency.
Valuation Matrix	The company has a high trailing P/E of 209, indicating market optimism or overvaluation. The PEG ratio is negative at -40.7, suggesting potential growth concerns. EV/EBITDA is 37.3, and P/B is 17.8, reflecting high market expectations.
Growth (YoY)	Sales growth is positive at 11.2%, but PAT growth is negative at -36.43%, indicating challenges in translating sales into profits. EPS growth is also negative at -27.12%, highlighting the need for strategic improvements.
Growth (QoQ)	Quarterly sales growth is 9.82%, with a QYoQ increase of 18.89%. However, PAT growth is only 12.48%, and QYoQ PAT growth is negative at -3.93%, suggesting issues in maintaining profitability momentum.
Capital Allocation	The company shows a moderate RoE of 11.6% and RoA of 4.57%. RoCE is 12.1%, and RoIC is 11.3%, indicating efficient capital use but highlighting potential for better returns on investments.
Holdings	Promoter holding is 41.9%, with significant FII at 21.3% and DII at 30.2%. Public holding is minimal at 6.07%, suggesting strong institutional confidence but limited public participation.
Leverage	Debt/Equity ratio is 1.22, indicating moderate leverage. Total debt is 2794 Cr, with a market cap of 40858 Cr and enterprise value of 43587 Cr, reflecting a stable financial position but potential for debt reduction.

**Analyst viewpoint:** Jubilant FoodWorks has demonstrated robust performance with a sales growth of 9.82% QoQ and an impressive 18.89% increase YoY, driven by strategic initiatives and expansion efforts in the food-tech space. The company is actively investing in technology and supply chain advancements, notably integrating regional supply chains to bolster efficiency and quality. These efforts are further supported by their diversification into exciting new brands like COFFY and Popeyes, which are strategically positioned to capture emerging market opportunities. Additionally, Jubilant's commitment to digital transformation, with a focus on enhancing customer experiences and leveraging AI for operational improvements, positions them well for sustained growth.

In terms of valuation, Jubilant FoodWorks is trading at a high trailing P/E ratio, reflecting strong market confidence in their growth prospects. The company's strategic capital allocation, especially targeted investments in new stores and digital infrastructure, aims to unlock capital efficiency and bolster free cash flow. Despite these optimistic indicators, it's essential to acknowledge a mild concern regarding the company's moderate RoE and higher debt levels, which necessitate cautious management to maintain financial stability. This well-balanced strategy enhances Jubilant FoodWorks' potential for continued success, provided they navigate these challenges adeptly.

Please read detailed disclosure on next page.

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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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