

Nov 16, 2018

Jubilant Foodworks Ltd

Jubilant Foodworks Limited (JUBI) is a food service company, which is known by its brand – Dominos Pizza. During 1HFY19, its sales went up by 24% to ₹1,736cr driven by sustained momentum in Every Day Value (EDV), All New Domino's product upgrade & online sales grew the SSSG 20.5% YoY. EBITDA margin expanded by 431 bps to 17.7% on account of steady focus on cost saving measures. The company is confident of achieving a healthy SSG going forward on the back of consolidation of stores and new product offerings. Jubilant is also confident of break-even in Dunkin Donuts in FY19. Closure of unprofitable stores, SSG uptick, GST and break-even in Dunkin Donuts are the key levers for margin expansion. In FY19, Dominos is expected to add 75 stores, of which 24 was added in 2QFY19. With innovative offerings, strong play on affordability and focus on deepening penetration, JFL is poised to tap the overall discretionary demand recovery. On the financial health front, It has a virtually debt free balance sheet and has reported average return on equity (ROE) 15.7% in last 3 years. Currently company has an RoE of 21.9% and is trading at valuation of 53x of TTM earnings, which is one of the lowest in a year. **Hence BUY**

BUY

CMP ₹1,189

Stock Info

Sector	Restaurants
Market Cap (₹ cr)	15,694
Beta	1.0
52 Week High / Low	1578/977
Avg. Daily Volume	1,67,832
Face Value (₹)	10
BSE Sensex	35,457
Nifty	10,682
Reuters Code	JUBI.BO
Bloomberg Code	JUBI IN

Shareholding Pattern (%)

Promoters	44.9
MF / Banks / Indian FIs	7.1
FII / NRIs / OCBs	39.4
Indian Public / Others	8.2

Abs. (%)	3m	1yr	3yr
Sensex	(5.9)	7.1	37.6
JUBIFOOD	(21.2)	34.0	73.5

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Disclosure of Interest Statement

Jubilant Foodworks Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)