

# Yum China (9987 HK)

## Robust Pizza Hut and accelerated expansion

Maintain BUY on YUMC, as 2Q21 result was still inline despite mini COVID-19 outbreaks and weak sales in transportation hubs. Robust Pizza Hut performance and accelerated store expansion plan reinforced our positive view for FY21E. We raised our TP to HK\$ 597.92, based on 32x FY22E P/E (down from 33x). YUMC's valuation is not demanding at 26x FY22E P/E, vs HDL's 26x and JMJ's 39x.

- An inline 2Q21 result.** YUMC's 2Q21 sales/ net profit grew by 29%/ 37% YoY to US\$ 2,451mn/ US\$ 181mn, inline with both BBG and CMBI est. However, group SSSG was a slight miss but offset by greater new store sales. Also, the better-than-expected GP margin was offset by greater staff costs and lower other income and investment gains. But this is still a resilient result given drags by mini COVID-19 outbreak in Jun 2020 and subdued transportation hub demand.
- Cautiously optimistic for KFC in 3Q21E.** Even though SSS for KFC/ Pizza Hut recovered to 93%/ 97%, vs 2Q19, fairly similar to 94%/ 95% in 1Q21, but system sales growth should have accelerated in 2Q21, aided by strong digital growth and faster new store expansion. We remain positive on 3Q21E.
- Pizza Hut can become a resilient growth driver onward.** Management was delighted about Pizza Hut's reform since 2017, where the traffic, sales and profit margin turned around one by one, supported by: 1) return of great food with great values, 2) store remodelling, 3) digitalization and 4) delivery. They also believed the new store expansion format (one parent store and a few satellite stores) not only can increase store density but also enhance overall productivity and profitability, as the payback period of those satellite stores is only at ~2 years (vs 3-4 years for a typical Pizza Hut store).
- But management highlighted more headwinds on margins.** Management continued to flag about the costs pressure in 2H21E, such as: 1) less favorable raw material prices, 2) surge in staff costs since Jun 2021 (~7% YoY increase), 3) absence of government subsidies and 4) higher business travel expenses.
- Store expansion plan revised up.** Number of stores for KFC/ Pizza Hut increased by 443/70 to 7,609/ 2,425 in 1H21, up 12.7%/ 7.4% YoY, speeded up a lot from 9.7%/ 3.2% in 4Q20. The Company had revised up its gross openings target to 1,300 in FY21E (from 1,000), supported by accelerated expansions of both Chinese restaurants and coffee shops.
- Maintain BUY and raised TP to HK\$ 597.92,** based on 32x FY22E P/E (down from 33x). We fine-tuned FY21E/ 22E/ 23E NP forecast by -2%/ +4%/ +3%, to factor in: 1) faster delivery growth, 2) faster store expansion, and 3) higher staff costs. YUMC is trading at 26x FY22E P/E, not demanding vs HDL's 26x and JMJ's 39x, given a 17% EBIT CAGR in FY20-23E.

### Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (USD mn)	8,776	8,263	10,182	11,481	12,696
YoY growth (%)	4.3	(5.8)	23.2	12.8	10.6
Net income (USD mn)	713	784	846	1,062	1,211
Diluted EPS (USD)	1.81	1.89	1.93	2.41	2.74
YoY growth (%)	1.8	4.5	2.2	24.8	13.4
Consensus EPS (USD)	n/a	n/a	2.02	2.36	2.67
P/E (x)	33.8	32.5	31.8	25.5	22.5
P/B (x)	7.2	4.3	3.8	3.4	3.0
Yield (%)	0.8	0.4	0.8	1.0	1.1
ROE (%)	22.5	13.0	12.4	13.8	13.9
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIS estimates

### BUY (Maintain)

Target Price	HK\$597.92
(Previous TP)	HK\$595.39
Up/Downside	+25.5%
Current Price	HK\$476.60

### China Catering Sector

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### Stock Data

Mkt Cap (HK\$ mn)	200,457
Avg 3 mths t/o (HK\$ mn)	72.28
52w High/Low (HK\$)	544/385.6
Total Issued Shares (mn)	420.6

Source: Bloomberg

### Shareholding Structure

Primavera Capital	5.7%
BlackRock	7.1%
Invesco	9.0%
Management	0.2%
Free Float	78.0%

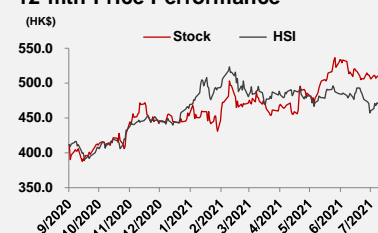
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-5.9%	8.1%
3-mth	-1.2%	12.7%
6-mth	7.4%	20.4%
12-mth	n/a	n/a

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

### Auditor: KPMG

### Related Reports

- Yum China (9987 HK, BUY) - A good start in FY21E despite a few headwinds - 29 Apr 2021
- China Catering Sector (OUTPERFORM) - Leaders to benefit even more during recovery - 12 Mar 2021

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## Earnings revision

Figure 1: Earnings revision

US\$ mn	New			Old			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	10,182	11,481	12,696	9,931	11,202	12,399	2.5%	2.5%	2.4%
Gross profit	7,313	8,213	9,059	7,117	8,058	8,907	2.7%	1.9%	1.7%
Operating Profit	1,091	1,369	1,550	1,046	1,309	1,495	4.3%	4.6%	3.7%
Net profit	846	1,062	1,211	861	1,025	1,180	-1.8%	3.6%	2.7%
EPS (US\$ cents)	1.933	2.412	2.736	1.968	2.329	2.665	-1.8%	3.6%	2.7%
Gross margin	71.8%	71.5%	71.4%	71.7%	71.9%	71.8%	0.1ppt	-0.4ppt	-0.5ppt
EBIT margin	10.7%	11.9%	12.2%	10.5%	11.7%	12.1%	0.2ppt	0.2ppt	0.2ppt
Net profit att. margin	8.3%	9.2%	9.5%	8.7%	9.2%	9.5%	-0.4ppt	0.1ppt	0ppt

Source: Company data, CMBIS estimates

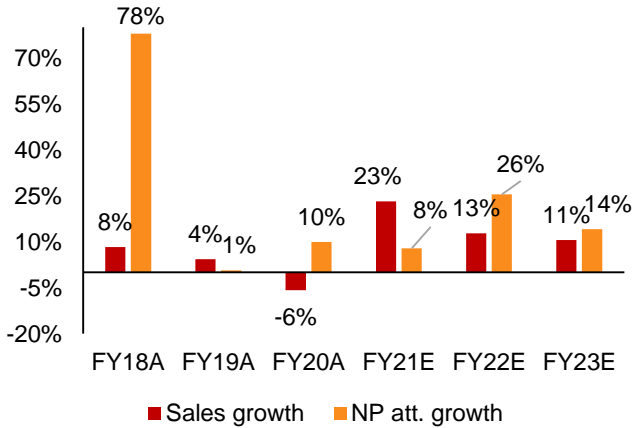
Figure 2: CMBIS estimates vs consensus

US\$ mn	CMBIS			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	10,182	11,481	12,696	10,169	11,206	12,292	0.1%	2.5%	3.3%
Gross profit	7,313	8,213	9,059	7,307	8,045	8,835	0.1%	2.1%	2.5%
Operating Profit	1,091	1,369	1,550	1,155	1,337	1,446	-5.6%	2.4%	7.2%
Net profit	846	1,062	1,211	873	1,015	1,147	-3.1%	4.6%	5.7%
EPS (US\$ cents)	1.933	2.412	2.736	2.022	2.357	2.665	-4.4%	2.3%	2.7%
Gross Margin	71.8%	71.5%	71.4%	71.9%	71.8%	71.9%	0ppt	-0.3ppt	-0.5ppt
Operating Margin	10.7%	11.9%	12.2%	11.4%	11.9%	11.8%	-0.6ppt	0ppt	0.4ppt
Net Margin	8.3%	9.2%	9.5%	8.6%	9.1%	9.3%	-0.3ppt	0.2ppt	0.2ppt

Source: Company data, CMBIS estimates

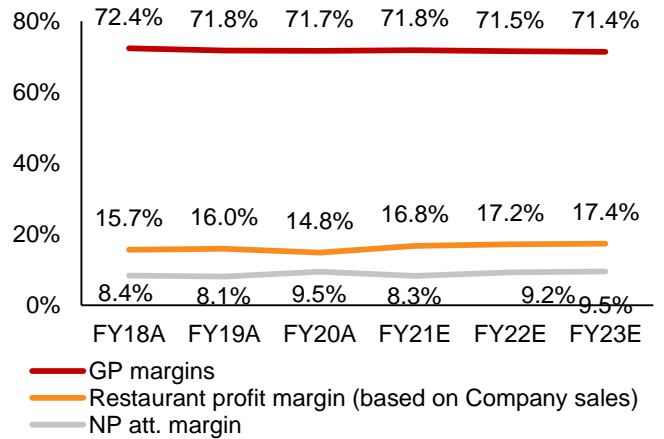
## Focus Charts

**Figure 3: Yearly Sales/ net profit att. growth**



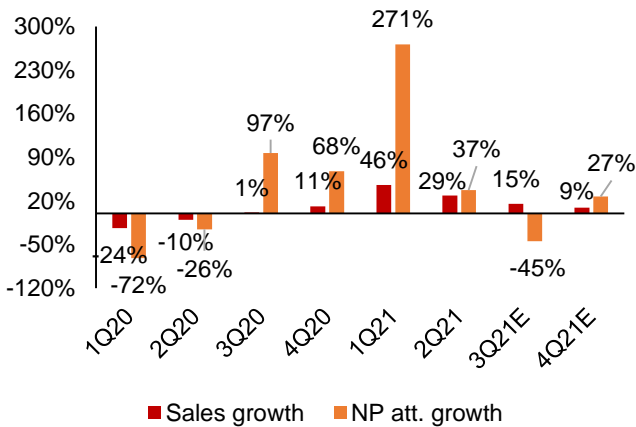
Source: Company data, CMBIS estimates

**Figure 4: Yearly GP/ restaurant OP/ NP att. margin**



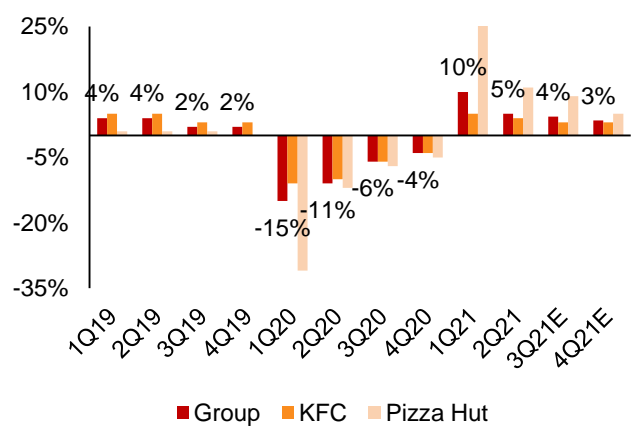
Source: Company data, CMBIS estimates

**Figure 5: Quarterly sales/ net profit att. growth**



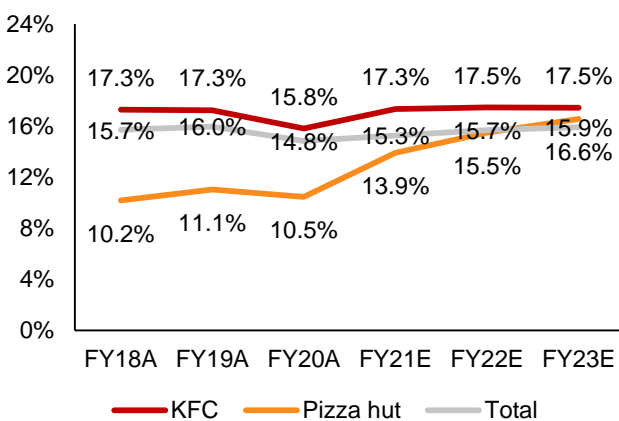
Source: Company data, CMBIS estimates

**Figure 6: KFC/ Pizza Hut/ Group's SSSG**



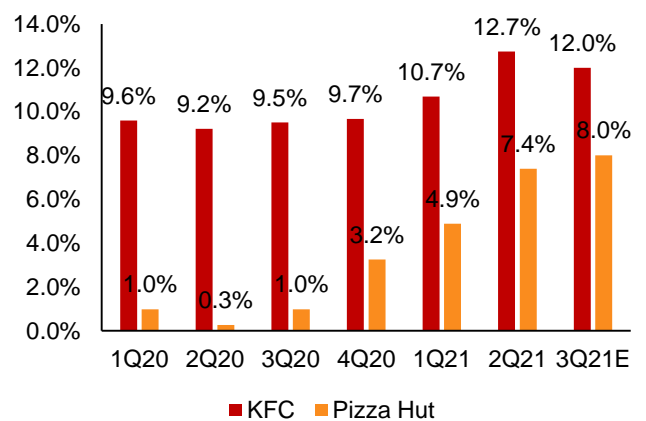
Source: Company data, CMBIS estimates

**Figure 7: KFC/ Pizza Hut/ Group's restaurant OP margin**



Source: Company data, CMBIS estimates

**Figure 8: KFC/ Pizza Hut's number of restaurants growth**



Source: Company data, CMBIS estimates

## Assumptions

Figure 9: CMBIS' assumptions

Major assumptions	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Sales by segment (RMB mn)</b>						
KFC - eat in sales	4,882	4,911	4,137	5,163	5,649	6,027
KFC - delivery sales	808	1,129	1,617	2,021	2,485	3,007
PH - eat in sales	1,611	1,527	1,146	1,483	1,619	1,750
PH- delivery sales	500	527	642	745	850	952
Others	614	682	721	770	878	960
Total	8,415	8,776	8,263	10,182	11,481	12,696
<b>Sales by segment growth (%)</b>						
KFC - eat in sales	9.2%	0.6%	-15.8%	24.8%	9.4%	6.7%
KFC - delivery sales	35.8%	39.7%	43.2%	25.0%	23.0%	21.0%
PH - eat in sales	-3.5%	-5.2%	-25.0%	29.5%	9.2%	8.0%
PH- delivery sales	18.1%	5.4%	21.7%	16.1%	14.0%	12.0%
Others	0.7%	11.1%	5.8%	6.8%	14.0%	9.4%
Total	8.3%	4.3%	-5.8%	23.2%	12.8%	10.6%
<b>Sales network by brand</b>						
KFC	5,910	6,534	7,166	8,066	8,756	9,336
Pizza Hut	2,240	2,281	2,355	2,545	2,685	2,825
Others	334	385	985	1,111	1,191	1,271
Total	8,484	9,200	10,506	11,722	12,632	13,432
<b>Restaurant profit margin by brand</b>						
KFC	17.3%	17.3%	15.8%	17.3%	17.5%	17.5%
Pizza hut	10.2%	11.1%	10.5%	13.9%	15.5%	16.6%
Others	0.0%	-0.4%	-0.4%	-0.2%	-0.2%	-0.2%
Total	15.7%	16.0%	14.8%	15.3%	15.7%	15.9%
<b>Costs breakdown</b>						
Food and paper/ sales	27.6%	28.2%	28.3%	28.2%	28.5%	28.6%
Payroll and employee benefits/ sales	20.4%	20.6%	20.9%	21.2%	20.8%	20.7%
Rental and other operating expenses/ sales	28.4%	27.0%	26.9%	26.2%	26.3%	26.3%
G & A expenses/ sales	5.4%	5.5%	5.8%	5.5%	5.3%	5.2%
Franchisees expenses/ sales	7.1%	7.3%	7.7%	6.3%	6.1%	5.9%
Effective tax rate	22.5%	25.9%	26.6%	26.0%	25.5%	25.0%
<b>NP att. margin</b>	<b>8.4%</b>	<b>8.1%</b>	<b>9.5%</b>	<b>8.3%</b>	<b>9.2%</b>	<b>9.5%</b>
<b>NP att. growth (%)</b>	<b>77.9%</b>	<b>0.7%</b>	<b>10.0%</b>	<b>7.9%</b>	<b>25.5%</b>	<b>14.1%</b>

Source: Company data, CMBIS estimates

## Valuation

Figure 10: Peers valuation table

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$mn)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)	
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E	
<b>Leading Greater China Catering</b>															
Yum China	9987 HK	BUY	597.92	476.60	25%	200,457	Dec-20	31.8	25.5	3.8	3.4	17.0	2.4	0.8	
Jiumaojiu	9922 HK	BUY	30.74	24.45	26%	35,536	Dec-20	61.0	39.0	8.2	6.8	7.9	0.6	0.4	
Haidilao	6862 HK	BUY	40.11	30.80	30%	168,137	Dec-20	40.5	26.0	10.3	7.5	3.0	0.2	0.7	
Cafe De Coral	341 HK	BUY	19.05	15.24	25%	8,926	Mar-21	24.8	19.5	2.8	2.6	12.6	1.9	2.4	
Xiabuxiabu	520 HK	NR	n/a	7.06	n/a	7,663	Dec-20	13.5	10.6	2.3	1.9	0.1	0.0	2.3	
Yihai	1579 HK	BUY	108.52	46.90	131%	49,100	Dec-20	35.8	28.0	9.2	7.2	30.0	1.3	0.8	
Gourmet Master	2723 TT	NR	n/a	150.50	n/a	7,546	Dec-20	21.2	18.4	2.2	2.1	11.4	1.0	3.0	
								<b>Avg.</b>	<b>32.7</b>	<b>23.9</b>	<b>5.5</b>	<b>4.5</b>	<b>11.7</b>	<b>1.1</b>	<b>1.5</b>
								<b>Med.</b>	<b>31.8</b>	<b>25.5</b>	<b>3.8</b>	<b>3.4</b>	<b>11.4</b>	<b>1.0</b>	<b>0.8</b>
<b>Other Greater China Catering</b>															
Fairwood	52 HK	NR	n/a	17.42	n/a	2,257	Mar-21	n/a	n/a	n/a	n/a	9.3	n/a	n/a	
Tai Hing	6811 HK	NR	n/a	1.78	n/a	1,786	Dec-20	10.2	8.7	1.6	1.5	11.6	0.3	6.5	
Hop Hing	47 HK	NR	n/a	0.05	n/a	463	Dec-20	n/a	n/a	n/a	n/a	(17.5)	n/a	n/a	
Ajisen China	538 HK	NR	n/a	1.43	n/a	1,561	Dec-20	n/a	n/a	n/a	n/a	(2.4)	n/a	n/a	
								<b>Avg.</b>	<b>10.2</b>	<b>8.7</b>	<b>1.6</b>	<b>1.5</b>	<b>0.3</b>	<b>0.3</b>	<b>6.5</b>
								<b>Med.</b>	<b>10.2</b>	<b>8.7</b>	<b>1.6</b>	<b>1.5</b>	<b>3.5</b>	<b>0.3</b>	<b>6.5</b>
<b>Greater China Catering</b>															
								<b>Avg.</b>	<b>29.9</b>	<b>22.0</b>	<b>5.0</b>	<b>4.1</b>	<b>7.5</b>	<b>1.0</b>	<b>2.1</b>
								<b>Med.</b>	<b>28.3</b>	<b>22.5</b>	<b>3.3</b>	<b>3.0</b>	<b>9.3</b>	<b>0.8</b>	<b>1.6</b>
<b>International Catering</b>															
Yum! Brands	YUM US	NR	n/a	122.61	n/a	284,024	Dec-20	29.0	26.0	n/a	n/a	n/a	1.4	1.6	
Mcdonald'S	MCD US	NR	n/a	241.78	n/a	1,402,868	Dec-20	27.2	24.9	n/a	n/a	n/a	1.4	2.2	
Starbucks Corp	SBUX US	NR	n/a	122.41	n/a	1,122,338	Sep-20	38.2	33.2	n/a	n/a	n/a	0.5	1.6	
Rest' Brands	QSR US	NR	n/a	64.34	n/a	232,952	Dec-20	24.4	20.8	10.2	10.6	22.9	0.8	3.3	
Chipotle	CMG US	NR	n/a	1816.3	n/a	396,791	Dec-20	71.5	54.7	22.5	18.6	30.2	1.5	0.0	
Darden	DRI US	NR	n/a	148.20	n/a	150,691	May-21	19.8	17.7	6.4	5.8	24.5	0.8	2.9	
Domino'S Pizza	DPZ US	NR	n/a	524.57	n/a	150,330	Jan-21	38.5	33.4	n/a	n/a	n/a	3.2	0.7	
Wendy'S Co	WEN US	NR	n/a	23.16	n/a	39,865	Jan-21	31.3	27.3	9.5	10.9	29.8	1.4	1.7	
Shake Shack	SHAK US	NR	n/a	101.49	n/a	33,166	Dec-20	n/a	230.1	10.2	9.5	(11.2)	n/a	n/a	
Wingstop Inc	WING US	NR	n/a	166.11	n/a	38,421	Dec-20	111.9	87.3	n/a	n/a	n/a	2.6	0.4	
Jollibee Foods	JFC PM	NR	n/a	197.00	n/a	33,752	Dec-20	55.8	35.5	3.8	3.5	(12.7)	(0.3)	0.7	
								<b>Avg.</b>	<b>44.8</b>	<b>53.7</b>	<b>10.4</b>	<b>9.8</b>	<b>13.9</b>	<b>1.3</b>	<b>1.5</b>
								<b>Med.</b>	<b>34.8</b>	<b>33.2</b>	<b>9.8</b>	<b>10.1</b>	<b>23.7</b>	<b>1.4</b>	<b>1.6</b>
<b>H-shares Consumer Staples</b>															
UPC	220 HK	NR	n/a	7.79	n/a	33,648	Dec-20	16.3	14.8	2.0	2.0	11.8	1.5	6.0	
Tingyi	322 HK	NR	n/a	14.16	n/a	79,680	Dec-20	17.1	15.6	3.0	2.9	20.0	2.5	6.0	
Want Want*	151 HK	HOLD	6.02	5.32	13%	63,884	Mar-21	12.7	11.9	3.3	3.1	27.6	1.8	5.2	
China Mengniu*	2319 HK	BUY	50.10	42.10	19%	166,228	Dec-20	26.8	22.1	3.7	3.2	11.4	0.9	1.0	
Vitasoy	345 HK	NR	n/a	22.45	n/a	23,964	Mar-21	38.1	30.4	6.2	5.7	16.3	2.1	1.7	
Budweiser	1876 HK	NR	n/a	22.30	n/a	295,328	Dec-20	38.2	31.9	3.4	3.1	8.3	1.0	1.0	
Tsingtao*	168 HK	BUY	85.45	65.50	30%	118,034	Dec-20	26.8	23.1	3.3	3.1	13.0	1.3	1.5	
CR Beer	291 HK	NR	n/a	61.70	n/a	200,166	Dec-20	45.0	36.0	7.0	6.2	10.2	1.1	0.9	
Dali Foods	3799 HK	NR	n/a	4.29	n/a	58,748	Dec-20	12.2	11.1	2.5	2.3	22.8	1.4	4.5	
								<b>Avg.</b>	<b>25.9</b>	<b>21.9</b>	<b>3.8</b>	<b>3.5</b>	<b>15.7</b>	<b>1.5</b>	<b>3.1</b>
								<b>Med.</b>	<b>26.8</b>	<b>22.1</b>	<b>3.3</b>	<b>3.1</b>	<b>13.0</b>	<b>1.4</b>	<b>1.7</b>

Source: Bloomberg, Company data, CMBIS estimates, \*cover by another analyst - Albert Yip

## Financial Summary

### Income statement

YE 31 Dec (USD mn)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>8,776</b>	<b>8,263</b>	<b>10,182</b>	<b>11,481</b>	<b>12,696</b>
Company sales	7,925	7,396	9,256	10,476	11,621
Franchise fees and income	148	148	179	194	212
Fran. & uncol. affiliates sales	654	647	691	749	796
Other revenues	49	72	56	62	67
<b>Cost of goods sold</b>	<b>(2,479)</b>	<b>(2,342)</b>	<b>(2,869)</b>	<b>(3,269)</b>	<b>(3,637)</b>
<b>Gross profit</b>	<b>6,297</b>	<b>5,921</b>	<b>7,313</b>	<b>8,213</b>	<b>9,059</b>
<b>Other net income</b>	<b>60</b>	<b>285</b>	<b>10</b>	<b>80</b>	<b>89</b>
<b>Operating expenses</b>	<b>(5,456)</b>	<b>(5,245)</b>	<b>(6,232)</b>	<b>(6,924)</b>	<b>(7,597)</b>
Staff costs	(1,807)	(1,730)	(2,163)	(2,391)	(2,626)
Admin	(560)	(591)	(672)	(723)	(787)
Property rent & related	(877)	(814)	(1,000)	(1,131)	(1,255)
D & A	(428)	(404)	(448)	(501)	(558)
Other operating expenses	(1,784)	(1,706)	(1,949)	(2,178)	(2,371)
<b>EBIT</b>	<b>901</b>	<b>961</b>	<b>1,091</b>	<b>1,369</b>	<b>1,550</b>
Finance costs, net	39	43	80	92	107
JV & associates	-	-	-	-	-
Exceptional	63	104	20	23	25
<b>Pre-tax profit</b>	<b>1,003</b>	<b>1,108</b>	<b>1,191</b>	<b>1,485</b>	<b>1,682</b>
Income tax	(260)	(295)	(310)	(379)	(421)
Less: Minority interests	30	29	36	45	50
<b>Net profit</b>	<b>713</b>	<b>784</b>	<b>846</b>	<b>1,062</b>	<b>1,211</b>

### Cash flow summary

YE 31 Dec (USD mn)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Net income</b>	<b>901</b>	<b>961</b>	<b>1,091</b>	<b>1,369</b>	<b>1,551</b>
D&A	419	386	436	491	556
Change in working capital	74	(7)	103	74	69
Income tax paid	16	(295)	(310)	(379)	(421)
Others	(225)	234	137	125	134
<b>Net cash from operating</b>	<b>1,185</b>	<b>1,279</b>	<b>1,458</b>	<b>1,681</b>	<b>1,889</b>
Capex & investments	(435)	(578)	(713)	(689)	(762)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	(475)	-	-	-	-
<b>Net cash from investing</b>	<b>(910)</b>	<b>(578)</b>	<b>(713)</b>	<b>(689)</b>	<b>(762)</b>
Equity raised	(265)	2,220	-	-	-
Change of Debts	-	-	-	-	-
Dividend paid	(181)	(181)	(95)	(204)	(256)
Others	(34)	-	-	-	-
<b>Net cash from financing</b>	<b>(480)</b>	<b>2,039</b>	<b>(95)</b>	<b>(204)</b>	<b>(256)</b>
<b>Net change in cash</b>	<b>(205)</b>	<b>2,740</b>	<b>650</b>	<b>788</b>	<b>872</b>
Beginning cash balance	1,266	1,046	3,786	4,436	5,224
Exchange difference	(15)	-	-	-	-
<b>Cash at the end of the year</b>	<b>1,046</b>	<b>3,786</b>	<b>4,436</b>	<b>5,224</b>	<b>6,096</b>

### Balance sheet

YE 31 Dec (USD mn)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Non-current assets</b>	<b>4,691</b>	<b>4,797</b>	<b>5,036</b>	<b>5,225</b>	<b>5,429</b>
Fixed asset	1,594	1,775	2,051	2,249	2,455
Intangible assets & goodwill	94	75	64	54	52
Prepaid lease payments	-	-	-	-	-
Interest in asso. & JV	89	89	89	89	89
Others	2,914	2,858	2,832	2,833	2,833
<b>Current assets</b>	<b>2,259</b>	<b>4,934</b>	<b>5,707</b>	<b>6,584</b>	<b>7,538</b>
Cash and cash equivalents	1,046	3,786	4,436	5,224	6,096
Inventories	380	321	393	448	498
Trade and other receivables	88	91	112	126	139
Prepayments	134	126	155	175	194
Others	611	611	611	611	611
<b>Current liabilities</b>	<b>1,736</b>	<b>1,665</b>	<b>1,891</b>	<b>2,054</b>	<b>2,205</b>
Borrowings	-	-	-	-	-
Trade payables	623	577	708	806	897
Accruals & other payables	437	411	507	572	632
Tax payables	45	45	45	45	45
Others	631	631	631	631	631
<b>Non-current liabilities</b>	<b>2,039</b>	<b>2,039</b>	<b>2,039</b>	<b>2,039</b>	<b>2,039</b>
Borrowings	-	-	-	-	-
Deferred income	-	-	-	-	-
Deferred tax	136	136	136	136	136
Others	1,903	1,903	1,903	1,903	1,903
<b>Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>3,175</b>	<b>6,027</b>	<b>6,814</b>	<b>7,716</b>	<b>8,723</b>
<b>Shareholders' equity</b>	<b>3,175</b>	<b>6,027</b>	<b>6,814</b>	<b>7,716</b>	<b>8,723</b>

### Key ratios

YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Sales mix (%)</b>					
Company sales	90.3	89.5	90.9	91.2	91.5
Franchise fees and income	1.7	1.8	1.8	1.7	1.7
Fran. & uncol. affiliates sales	7.5	7.8	6.8	6.5	6.3
Other revenues	0.6	0.9	0.5	0.5	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>P&amp;L ratios (%)</b>					
Gross margin	71.8	71.7	71.8	71.5	71.4
Operating margin	10.3	11.6	10.7	11.9	12.2
Pre-tax margin	11.4	13.4	11.7	12.9	13.3
Net margin	8.1	9.5	8.3	9.2	9.5
Effective tax rate	25.9	26.6	26.0	25.5	25.0
<b>Balance sheet ratios</b>					
Current ratio (x)	1.3	3.0	3.0	3.2	3.4
Quick ratio (x)	1.1	2.8	2.8	3.0	3.2
Cash ratio (x)	0.6	2.3	2.3	2.5	2.8
Inventory turnover days	51	50	50	50	50
Trade receivables days	3	4	4	4	4
Trade payables days	91	90	90	90	90
Total debt / total equity ratio (%)	0	0	0	0	0
Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
<b>Returns (%)</b>					
ROE	22.5	13.0	12.4	13.8	13.9
ROA	10.3	8.1	7.9	9.0	9.3
<b>Per share</b>					
EPS (USD)	1.81	1.89	1.93	2.41	2.74
DPS (USD)	0.48	0.23	0.48	0.60	0.68
BVPS (USD)	8.44	14.35	16.13	18.15	20.40

Source: Company data, CMBIS estimates

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