

Haidilao (6862 HK)

Another step taken but headwind is still there

Downgrade to HOLD and revised down TP to HK\$ 18.30, based on 36x FY22E P/E (down from 41x) due to macro headwinds in 4Q21E and 1Q22E (expect 3.4x table turnover in 2H21E, vs 3.0 in 1H21 and 3.7x in 2H20), as well as HDL's plan to suspend stores and slow down expansion. It is trading at 41x FY22E P/E, which is 55%/ 41% higher than China/ Int'l peers' median of 27x/ 29x.

- Business update on temporary store closures and operational improvements.** HDL announced last Friday that it will: 1) temporarily close about 300 underperforming stores for a period no longer than 2 years (~20% of total and no staffs will be fired), 2) suspend large scale expansion until its table turnover is above 4x, 3) carry out more measures (啄木鳥計劃) to improve store operation (including overseas stores) and 4) restructuring various functional departments and restoring regional management system for more micromanagement). We believe market should had partially expected given recent share price retreat.
- We believe such closure is next step of remedy, after the measures introduced in 2Q21.** We believe COVID-19 might be the trigger that made hot pot industry suffer, but HDL was certainly over-expanded. Traffic cannibalization, poor location and decline in services level (due to lack of well-trained managers and staffs), in our view, are the main reasons behind its slow SSS recovery rate in 1H21, which was only 65%-70% vs 1H19 (table turnover was only 3x in 1H21 vs 4.8x in 1H19). This decision (suspension of these 300 stores), in our view, could be a signal that new system introduced in 2Q21 for more micromanagement was not enough to cure the drags.
- This should help traffic for existing stores but not much in costs reduction.** For these 300 stores to be suspended, we estimate their net losses in FY21E to be RMB 600-800mn (assuming table turnover at around 2.0x and net loss margin of 20%+), but this drag could still be similar in FY22E as it is not firing any employees, as some rental and depreciation expenses will still be there. However, the remaining stores, in our view, may experience better traffic and operating leverage and hence the overall net profit margin shall improve in FY22E.
- Both store expansion and sales growth shall slowdown.** We model about 250/ 50 gross closures and 100/ 150 gross openings in FY22/ 23E (opened by managers in restaurants with a table turnover 4.0x). All in all, we forecast +386/ -123/ +90 net openings in FY21E/ 22E/ 23E.
- Downgrade to HOLD and cut TP to HK\$ 18.30.** We cut our FY21E/ 22E/ 23E EPS by 34%/ 39%/ 17% to factor in 1) lower table turnover, 2) slower store expansion and 3) higher staff expenses. We cut TP to HK\$ 18.30 and downgrade to HOLD, based on 36x FY22E P/E (from 41x). It is trading at 41x FY22E P/E, vs China/ Int'l peers median of 27x/ 29x, not too attractive.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (RMB mn)	26,556	28,614	42,356	49,334	60,365
YoY growth (%)	56.5	7.8	48.0	16.5	22.4
Net income (RMB mn)	2,345	309	1,265	2,236	4,193
EPS (RMB)	0.44	0.06	0.24	0.42	0.79
YoY growth (%)	42.4	(86.8)	309.1	76.7	87.5
Consensus EPS	n/a	n/a	0.24	0.61	0.89
P/E (x)	42.7	303.7	73.2	41.4	22.1
P/B (x)	9.4	9.2	7.6	6.2	4.7
Yield (%)	0.3	0.7	0.4	0.7	1.4
ROE (%)	24.4	3.0	11.3	16.6	24.3
Net gearing (%)	Net cash	16.1	14.8	0.2	Net cash

Source: Company data, Bloomberg, CMBIS estimates

HOLD (D/G)

Target Price	HK\$18.30
(Previous TP)	HK\$34.06)
Up/Downside	-13.1%
Current Price	HK\$21.05

China Catering Sector

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Stock Data

Mkt Cap (HK\$ mn)	114,912
Avg 3 mths t/o (HK\$ mn)	400.40
52w High/Low (HK\$)	85.80/19.38
Total Issued Shares (mn)	5,459.0

Source: Bloomberg

Shareholding Structure

Mr. Zhang Yong	42.83%
Ms. Shu Ping	13.29%
Mr. Shi Yong Hong	13.29%
Ms. Li Hai Yan	13.29%
Other management	7.00%
Free Float	10.30%

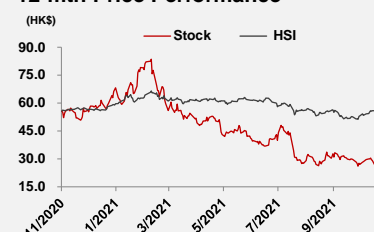
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-19.3%	-22.3%
3-mth	-23.9%	-19.9%
6-mth	-52.6%	-45.5%
12-mth	-62.7%	-61.5%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: Deloitte Touche Tohmatsu

Related Reports

- Haidilao (6862 HK, BUY) - Awaiting positives to come after reforms – 31 Aug 2021
- Haidilao (6862 HK, BUY) - Profit missed but all eyes on future reforms – 27 Jul 2021
- Haidilao (6862 HK, BUY) - Gradual recovery and store expansion intact – 29 Mar 2021

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	42,356	49,334	60,365	43,798	56,106	66,597	-3.3%	-12.1%	-9.4%
Gross profit	24,613	28,816	35,259	25,451	32,771	38,899	-3.3%	-12.1%	-9.4%
EBIT	2,399	3,684	6,291	3,306	5,608	7,430	-27.4%	-34.3%	-15.3%
Net profit att.	1,265	2,236	4,193	1,927	3,655	5,048	-34.4%	-38.8%	-16.9%
Diluted EPS (RMB)	0.239	0.422	0.791	0.364	0.690	0.952	-34.4%	-38.8%	-16.9%
Gross margin	58.1%	58.4%	58.4%	58.1%	58.4%	58.4%	0ppt	0ppt	0ppt
EBIT margin	5.7%	7.5%	10.4%	7.5%	10.0%	11.2%	-1.9ppt	-2.5ppt	-0.7ppt
Net profit att. margin	3.0%	4.5%	6.9%	4.4%	6.5%	7.6%	-1.4ppt	-2ppt	-0.6ppt

Source: Company data, CMBIS estimates

Figure 2: CMBIS estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	42,356	49,334	60,365	44,673	61,058	75,138	-5.2%	-19.2%	-19.7%
Gross profit	24,613	28,816	35,259	25,700	35,440	43,800	-4.2%	-18.7%	-19.5%
EBIT	2,399	3,684	6,291	2,213	4,874	6,845	8.4%	-24.4%	-8.1%
Net profit att.	1,265	2,236	4,193	1,309	3,167	4,892	-3.4%	-29.4%	-14.3%
Diluted EPS (RMB)	0.239	0.422	0.791	0.242	0.611	0.891	-1.2%	-31.0%	-11.3%
Gross margin	58.1%	58.4%	58.4%	57.5%	58.0%	58.3%	0.6ppt	0.4ppt	0.1ppt
EBIT margin	5.7%	7.5%	10.4%	5.0%	8.0%	9.1%	0.7ppt	-0.5ppt	1.3ppt
Net profit att. margin	3.0%	4.5%	6.9%	2.9%	5.2%	6.5%	0.1ppt	-0.7ppt	0.4ppt

Source: Company data, CMBIS estimates

Results preview

Figure 3: Result preview – Half Year

	1H20	2H20	1H21	2H21E	1H19 YoY	2H19 YoY	1H20 YoY	2H20E YoY
Revenue	9,761	18,854	20,094	22,261	-17%	27%	106%	18%
COGS	(4,348)	(7,913)	(8,502)	(9,241)				
Gross profit	5,412	10,940	11,592	13,021	-20%	28%	114%	19%
GP margins	55.5%	58.0%	57.7%	58.5%				
Other income & gains	180	180	195	163				
Staff costs	(4,074)	(5,602)	(7,162)	(6,894)	12%	29%	76%	23%
Staff costs / sales	-41.7%	-29.7%	-35.6%	-31.0%				
Property rent & related exp.	(88)	(148)	(199)	(193)	-8%	3%	125%	31%
Property rent & related exp. / sales	-0.9%	-0.8%	-1.0%	-0.9%				
Utilities exp.	(360)	(618)	(693)	(789)	-18%	31%	93%	28%
Utilities exp. / sales	-3.7%	-3.3%	-3.4%	-3.5%				
Depreciation & amortization	(1,297)	(1,737)	(2,169)	(2,145)	56%	64%	67%	24%
Depreciation & amortization / sales	-13.3%	-9.2%	-10.8%	-9.6%				
Travelling & related exp.	(79)	(107)	(119)	(220)	-16%	-15%	50%	106%
Travelling & related exp. / sales	-0.8%	-0.6%	-0.6%	-1.0%				
Other opex	(511)	(741)	(801)	(1,147)	11%	38%	57%	55%
Operating profit (EBIT)	-816	2,167	644	1,794	-161%	9%	-179%	-17%
OP margins	-8.4%	11.5%	3.2%	8.1%				
Other items	33	(278)	(85)	56				
Net finance income	(183)	(263)	(304)	(375)				
Net finance income / sales	-1.9%	-1.4%	-1.5%	-1.7%				
Profit after financing costs	-966	1,627	255	1,475				
Associated coms	42	33	40	(30)				
Jointly controlled coms	0	0	0	0				
Pre-tax profit	-924	1,660	295	1,445	-174%	-17%	-132%	-13%
Tax	(40)	(386)	(198)	(271)				
Tax / sales	-0.4%	-2.0%	-1.0%	-1.2%				
Effective tax rate	4.3%	-23.2%	-67.3%	-18.8%				
Minority interests	0	0	2	3				
Net profit att.	(965)	1,274	95	1,171	-206%	-11%	-110%	-8%
NP margins	-9.9%	6.8%	0.5%	5.3%				

Source: Company data, CMBIS estimates

Figure 4: Result preview – Full Year

	FY20	FY21E	FY22E	FY20 YoY	FY21E YoY	FY22E YoY
Revenue	28,614	42,356	49,334	8%	48%	16%
COGS	(12,261)	(17,743)	(20,518)			
Gross profit	16,353	24,613	28,816	7%	51%	17%
GP margins	57.1%	58.1%	58.4%			
Other income & gains	361	357	422			
Staff costs	(9,677)	(14,056)	(16,259)	21%	45%	16%
Staff costs / sales	-33.8%	-33.2%	-33.0%			
Property rent & related exp.	(236)	(392)	(448)	-2%	66%	14%
Property rent & related exp. / sales	-0.8%	-0.9%	-0.9%			
Utilities exp.	(978)	(1,482)	(1,727)	7%	52%	16%
Utilities exp. / sales	-3.4%	-3.5%	-3.5%			
Depreciation & amortization	(3,034)	(4,314)	(4,454)	60%	42%	3%
Depreciation & amortization / sales	-10.6%	-10.2%	-9.0%			
Travelling & related exp.	(186)	(339)	(395)	-15%	82%	16%
Travelling & related exp. / sales	-0.7%	-0.8%	-0.8%			
Other opex	(1,252)	(1,948)	(2,220)	25%	56%	14%
Operating profit (EBIT)	1,351	2,439	3,736	-59%	81%	53%
OP margins	4.7%	5.8%	7.6%			
Other items	(245)	(30)	(35)			
Net finance income	(446)	(678)	(656)			
Net finance income / sales	-1.6%	-1.6%	-1.3%			
Profit after financing costs	660	1,731	3,045			
Associated coms	0	0	0			
Jointly controlled coms	75	10	10			
Pre-tax profit	735	1,740	3,055	-77%	137%	76%
Tax	(426)	(470)	(810)			
Tax / sales	-1.5%	-1.1%	-1.6%			
Effective tax rate	-57.9%	-27.0%	-26.5%			
Minority interests	0	5	9			
Net profit att.	309	1,265	2,236	-87%	309%	77%
NP margins	1.1%	3.0%	4.5%			

Source: Company data, CMBIS estimates

Assumptions

Figure 5: Major assumptions

Major assumptions	FY19A	FY20A	FY21E	FY22E	FY23E
Number of restaurants					
China T1 cities	190	255	295	215	220
China T2 cities	332	499	639	599	614
China T3 and below	194	451	636	607	642
Outside PRC	52	93	114	140	175
Total	768	1,298	1,684	1,561	1,651
Number of restaurants growth (YoY %)					
China T1 cities	79.2%	34.2%	15.7%	-27.1%	2.3%
China T2 cities	60.4%	50.3%	28.1%	-6.3%	2.5%
China T3 and below	65.8%	132.5%	41.0%	-4.6%	5.8%
Outside PRC	44.4%	78.8%	22.6%	22.8%	25.0%
Total	64.8%	69.0%	29.7%	-7.3%	5.8%
Sales per restaurants (RMB mn)					
China T1 cities	34	23	26	33	38
China T2 cities	34	23	26	33	38
China T3 and below	30	18	21	28	32
Outside PRC	44	24	28	34	37
Total	33	21	24	31	36
Sales per restaurants growth (YoY %)					
China T1 cities	-10.4%	-31.8%	12.0%	26.0%	17.0%
China T2 cities	-10.9%	-32.7%	15.0%	26.0%	17.0%
China T3 and below	3.2%	-39.4%	19.0%	28.0%	17.0%
Outside PRC	19.0%	-45.3%	17.8%	21.9%	7.6%
Total	-5.8%	-36.6%	15.1%	26.2%	16.0%
Average spending per guest (RMB)					
China T1 cities	110	116	115	117	120
China T2 cities	99	106	105	108	111
China T3 and below	95	100	99	101	103
Outside PRC	185	193	189	193	194
Overall	105	110	111	114	117
Average spending per guest growth (YoY %)					
China T1 cities	3.8%	5.5%	-1.0%	2.0%	2.0%
China T2 cities	4.9%	6.3%	-1.0%	3.0%	3.0%
China T3 and below	3.0%	5.6%	-1.0%	2.0%	2.0%
Outside PRC	-7.0%	3.9%	-2.0%	2.0%	1.0%
Overall	4.1%	4.7%	1.2%	2.5%	2.5%
GP margins					
Staff costs/ sales	57.7%	57.1%	58.1%	58.4%	58.4%
Property rent and related expenses/ sales	-30.1%	-33.8%	-33.2%	-33.0%	-30.4%
Utilities expenses / sales	-0.9%	-0.8%	-0.9%	-0.9%	-0.8%
Depreciation and amortization/ sales	-3.4%	-3.4%	-3.5%	-3.5%	-3.5%
Travelling and related expenses/ sales	-7.1%	-10.6%	-10.2%	-9.0%	-8.6%
Other expenses/ sales	-0.8%	-0.7%	-0.8%	-0.8%	-0.8%
Effective tax rate	-3.8%	-4.4%	-4.6%	-4.5%	-4.6%
	-27.7%	-57.9%	-27.0%	-26.5%	-26.5%

Source: Company data, CMBIS estimates

Valuation

Figure 6: Peers' valuation

Company	Ticker	Rating	12m TP	Price	Up/Down-	Mkt. Cap	Year	P/E (x)		P/B (x)		ROE	3yrs	Yield	
			(LC)	(LC)	side			(HK\$ mn)	End	FY1E	FY2E	FY1E	FY2E	(%)	PEG (x)
Leading Greater China Restaurants and Food Ingredients															
Haidilao	6862 HK	HOLD	18.30	21.05	-13%	114,912	Dec-20	73.2	41.4	7.6	6.2	11.3	0.5	0.7	
Jiumaojiu	9922 HK	BUY	30.47	16.98	79%	24,679	Dec-20	43.2	26.8	5.8	4.9	14.3	0.4	0.6	
Nayuki	2150 HK	HOLD	10.15	9.39	8%	16,105	Dec-20	551.3	51.1	3.7	3.5	(13.5)	n/a	n/a	
Cafe De Coral	341 HK	BUY	19.05	13.88	37%	8,130	Mar-21	22.7	17.9	2.5	2.4	11.4	1.7	2.6	
Xiabuxiabu	520 HK	NR	n/a	5.47	n/a	5,938	Dec-20	29.2	11.4	2.0	1.8	7.3	0.0	1.6	
Yihai	1579 HK	BUY	108.52	48.30	125%	50,565	Dec-20	41.9	36.4	10.1	8.2	24.1	2.5	0.6	
Yum China	9987 HK	HOLD	438.86	449.80	-2%	190,715	Dec-20	36.2	26.6	3.7	3.2	10.8	4.2	0.8	
Gourmet Master	2723 TT	NR	n/a	131.00	n/a	6,586	Dec-20	18.6	17.1	2.0	1.9	10.9	1.0	3.1	
								Avg.	102.0	28.6	4.7	4.0	9.6	1.5	1.4
								Med.	39.0	26.7	3.7	3.4	11.1	1.0	0.8
Other H-shares Restaurants and Food Ingredients															
Fairwood	52 HK	NR	n/a	16.68	n/a	2,161	Mar-21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Tai Hing	6811 HK	NR	n/a	1.54	n/a	1,546	Dec-20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Hop Hing	47 HK	NR	n/a	0.08	n/a	755	Dec-20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Tsui Wah	1314 HK	NR	n/a	0.24	n/a	343	Mar-21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Ajisen China	538 HK	NR	n/a	1.31	n/a	1,430	Dec-20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Tao Heung	573 HK	NR	n/a	0.88	n/a	894	Dec-20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Tang Palace	1181 HK	NR	n/a	0.74	n/a	796	Dec-20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
								Avg.	n/a	n/a	n/a	n/a	n/a	n/a	
								Med.	n/a	n/a	n/a	n/a	n/a	n/a	
Leading Greater China Restaurants and Food Ingredients															
Yum	YUM US	NR	n/a	126.68	n/a	289,063	Dec-20	27.8	25.6	n/a	n/a	(22.0)	1.2	1.6	
Mcdonald'S	MCD US	NR	n/a	254.71	n/a	1,481,593	Dec-20	26.9	25.2	n/a	n/a	(149.4)	1.3	2.1	
Starbucks	SBUX US	NR	n/a	116.91	n/a	1,073,874	Oct-21	33.9	29.3	n/a	n/a	(66.3)	3.8	1.7	
Rest. Brands	QSR US	NR	n/a	59.43	n/a	209,618	Dec-20	21.4	19.5	9.3	12.3	33.1	0.8	3.6	
Wingstop	WING US	NR	n/a	166.72	n/a	38,708	Dec-20	116.8	87.7	n/a	n/a	(13.5)	2.7	0.4	
Shake Shack	SHAK US	NR	n/a	90.97	n/a	29,785	Dec-20	n/a	575.8	9.6	9.4	(1.3)	n/a	n/a	
Chipotle Mexican	CMG US	NR	n/a	1794.4	n/a	392,989	Dec-20	71.2	54.7	22.3	18.4	31.5	1.5	0.0	
Darden Rest.	DRI US	NR	n/a	154.48	n/a	156,069	May-21	20.2	18.2	6.9	6.3	36.2	0.8	2.8	
Domino'S Pizza	DPZ US	NR	n/a	495.88	n/a	140,456	Jan-21	36.3	32.2	n/a	n/a	(13.7)	3.2	0.8	
Wendy'S	WEN US	NR	n/a	22.73	n/a	39,419	Jan-21	27.9	24.9	8.8	10.0	30.5	1.0	1.9	
Jollibee Foods	JFC PM	NR	n/a	244.00	n/a	41,969	Dec-20	74.1	43.8	4.8	4.4	5.7	(0.4)	0.5	
								Avg.	45.7	85.2	10.3	10.1	(11.7)	1.6	1.5
								Med.	30.9	29.3	9.0	9.7	(1.3)	1.3	1.6
H-shares Consumer Staples															
UPC	220 HK	NR	n/a	6.74	n/a	29,112	Dec-20	16.3	14.1	1.7	1.7	10.7	2.0	6.1	
Tingyi	322 HK	NR	n/a	15.08	n/a	84,879	Dec-20	18.2	16.4	3.3	3.3	18.5	2.3	6.8	
Want Want China	151 HK	NR	n/a	6.26	n/a	74,532	Mar-21	14.7	14.6	3.8	3.6	27.2	1.9	4.5	
China Mengniu	2319 HK	NR	n/a	48.75	n/a	192,711	Dec-20	29.8	24.7	4.2	3.8	14.4	0.9	0.9	
Vitasoy	345 HK	NR	n/a	18.00	n/a	19,260	Mar-21	51.6	34.7	5.4	4.9	10.2	8.9	1.2	
Tsingtao Brewery	168 HK	NR	n/a	65.60	n/a	127,237	Dec-20	26.2	22.9	3.3	3.1	12.8	1.3	1.7	
CR Beer	291 HK	NR	n/a	62.00	n/a	201,139	Dec-20	38.3	35.0	6.8	6.1	19.0	0.9	1.1	
Dali Foods	3799 HK	NR	n/a	4.20	n/a	57,515	Dec-20	11.9	11.0	2.5	2.2	21.4	1.2	4.4	
								Avg.	25.9	21.7	3.9	3.6	16.8	2.4	3.4
								Med.	22.2	19.7	3.6	3.4	16.5	1.6	3.0

Source: Bloomberg, CMBIS estimates

Financial Summary

Income statement						Cash flow summary					
YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E	YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	26,556	28,614	42,356	49,334	60,365	EBIT	3,180	1,310	2,399	3,684	6,291
China & loyalty program	23,336	25,228	37,782	43,138	52,354	D & A	1,891	3,034	4,314	4,454	5,216
Overseas	2,274	2,226	3,214	4,812	6,472	Change in working capital	368	(704)	105	91	149
Delivery business	449	718	807	748	807	Income tax paid	(874)	(657)	(470)	(810)	(1,518)
Condiment & food	498	442	553	636	731	Others	15	(61)	(36)	(176)	236
Cost of goods sold	(11,239)	(12,261)	(17,743)	(20,518)	(25,106)	Net cash from operating	4,580	2,921	6,313	7,244	10,375
Gross profit	15,317	16,353	24,613	28,816	35,259	Capex & investments	(4,881)	(6,070)	(5,083)	(4,440)	(4,226)
Other income	119	320	318	370	453	Associated companies	-	-	-	-	-
Operating expenses	(12,256)	(15,363)	(22,531)	(25,502)	(29,420)	Interest received	70	113	-	-	-
D & A	(1,891)	(3,034)	(4,314)	(4,454)	(5,216)	Others	(215)	1,265	-	-	-
Staff costs	(7,993)	(9,677)	(14,056)	(16,259)	(18,367)	Net cash from investing	(5,026)	(4,691)	(5,083)	(4,440)	(4,226)
S & D costs (ex-staff, D&A)	(240)	(236)	(392)	(448)	(465)	Equity raised	-	-	-	-	-
Admin exp. (ex-staff, D&A)	(912)	(978)	(1,482)	(1,727)	(2,113)	Net change in bank loans	(291)	3,891	-	-	-
Other operating expenses	(1,220)	(1,438)	(2,287)	(2,615)	(3,260)	Dividend paid	(473)	(703)	(703)	(380)	(671)
EBIT	3,180	1,310	2,399	3,684	6,291	Others	(726)	(848)	(678)	(656)	(634)
Finance costs, net	(93)	(404)	(638)	(604)	(533)	Net cash from financing	(1,490)	2,340	(1,382)	(1,036)	(1,305)
JVs & associates	65	75	10	10	12	Net change in cash	(1,936)	570	(152)	1,768	4,844
Exceptional	95	(245)	(30)	(35)	(42)	Beginning cash balance	4,119	2,222	2,683	2,531	4,299
Pre-tax profit	3,247	735	1,740	3,055	5,728	Exchange difference	39	(109)	-	-	-
Income tax	(900)	(426)	(470)	(810)	(1,518)	Cash at the end of the year	2,222	2,683	2,531	4,299	9,143
Less: Minority interests	2	0	5	9	17						
Net profit	2,345	309	1,265	2,236	4,193						

Balance sheet						Key ratios					
YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E	YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Non-current assets	13,414	20,934	23,194	24,177	24,406	Sales mix (%)					
Fixed asset	7,690	12,064	14,342	15,343	15,582	China & loyalty program	87.9	88.2	89.2	87.4	86.7
Intangible assets & goodwill	112	92	64	36	13	Overseas	8.6	7.8	7.6	9.8	10.7
Prepaid lease payments	274	357	357	357	357	Delivery business	1.7	2.5	1.9	1.5	1.3
Interest in joint ventures	226	301	311	321	333	Condiment & food	1.9	1.5	1.3	1.3	1.2
Other non-current assets	5,112	8,120	8,120	8,120	8,120	Total	100.0	100.0	100.0	100.0	100.0
Current assets	7,200	6,593	7,996	10,560	16,681	P&L ratios (%)					
Cash and cash equivalents	2,222	2,683	2,531	4,299	9,143	Gross margin	57.7	57.1	58.1	58.4	58.4
Inventories	1,200	1,154	1,703	1,969	2,410	Operating margin	12.0	4.6	5.7	7.5	10.4
Trade receivables	204	275	354	413	505	Pre-tax margin	12.2	2.6	4.1	6.2	9.5
Prepayments	1,412	1,930	2,857	3,328	4,072	Net margin	8.8	1.1	3.0	4.5	6.9
Other current assets	2,163	551	551	551	551	Effective tax rate	28.3	64.5	27.0	26.5	26.5
Current liabilities	5,664	9,868	11,528	12,415	13,841	Balance sheet ratios					
Bank loans	122	3,721	3,721	3,721	3,721	Current ratio (x)	1.3	0.7	0.7	0.9	1.2
Trade payables	1,406	1,583	2,163	2,501	3,060	Quick ratio (x)	1.1	0.6	0.5	0.7	1.0
Accruals & other payables	1,577	2,249	3,329	3,877	4,744	Cash ratio (x)	0.4	0.3	0.2	0.3	0.7
Tax payables	224	201	201	201	201	Inventory turnover days	27	35	35	35	35
Others	2,334	2,114	2,114	2,114	2,114	Trade receivables days	2	3	3	3	3
Non-current liabilities	4,324	7,422	7,422	7,422	7,422	Trade payables days	35	44	44	44	44
Bank loans	-	268	268	268	268	Total debt / equity ratio (%)	11	43	36	30	22
Deferred income	-	-	-	-	-	Net debt / equity ratio (%)	Net cash	16	15	0	Net cash
Deferred tax	47	21	21	21	21	Returns (%)					
Others	4,277	7,132	7,132	7,132	7,132	ROE	22.1	3.0	10.4	15.1	21.3
Minority Interest	3	3	38	82	141	ROA	11.4	1.1	4.1	6.4	10.2
Total net assets	10,623	10,234	12,203	14,818	19,682	Per share					
Shareholders' equity	10,623	10,234	12,203	14,818	19,682	EPS (RMB)	0.44	0.06	0.24	0.42	0.79
						DPS (RMB)	0.07	0.13	0.07	0.13	0.24
						BVPS (RMB)	2.00	1.93	2.30	2.80	3.71

Source: Company data, CMBIS estimates

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