

Nayuki Holdings Limited (2150 HK)

Looking forward to the digitalization in FY22E

Maintain HOLD and lower TP to HK\$ 5.69, based on our DCF model which implies a ~64x FY22E P/E and ~1.4x FY22E P/S. While we are excited about its digitalization program, we stay cautious under covid-19 outbreaks and intense competition on pricing. Current valuation of 57x FY22E P/E is rich, but the ~1.3x FY22E P/S is not so demanding (industry median at 1.6x), in our view.

- **FY21 result missed slightly.** In FY21, Nayuki's sales grew by 41% YoY to RMB 4.3bn in FY21, inline with CMBI est. but missing BBG est. by 11%, while adjusted net losses was at RMB 144mn, below CMBI/ BBG est. losses of RMB 116mn/ 73mn, consist of better than expected GP margin, lower than expected other income and higher than expected opex (esp. delivery fees).
- **Introducing more products priced between RMB 9 to 19.** Following the pricing adjustments by Heytea in Feb 2022, Nayuki also enlarged its price range by introducing the "light series" menu with products priced between RMB 9 to 19 in mid-Mar 2022. Management pointed out that this action had gained them more traffic from a new group of customers while the sales of the originally high-end products remained fairly stable.
- **FY22E is the year of digitalization, where efficiency should be boosted meaningfully.** Nayuki is now rolling out more digitalization/ automations (which were planned before the IPO) such as: 1) in-store crew scheduling, 2) inventory management and ordering system and 3) automated tea drinks maker. These should all be used in most of the stores by 3Q22E. Based on the current observations, efficiency and staff costs at the pilot stores have all be refined significantly.
- **Target of 350 new store (mostly PRO stores) openings in FY22E remains.** Store level OP margin for the Type I/ II PRO stores were only at 9.8%/ 6.2%, still below regular stores' 17.5%. However, management do believe the profitability can improve substantially and become higher once the PRO stores become more mature (esp. when Nayuki is now demanding for much more favourable rental terms for new contracts). Hence, Nayuki is keeping its expansion plan in FY22E.
- **Maintain HOLD and revised down TP to HK\$ 5.69.** We revised down our FY22E/ 23E net profit est. by 33%/ 4% to factor in: 1) recent Covid-19 outbreaks, 2) higher-than-expected GP margin but 3) greater-than-expected opex. Our TP is based on DCF method (12.2% WACC and 3.0% terminal growth, cut from 10.3% and 2.0%), which implies a ~1.4x FY22E P/S. It is trading at 1.3x FY22E P/S vs China peers' median of 1.6x.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	3,057	4,297	5,621	7,325	9,226
YoY growth (%)	22.2	40.5	30.8	30.3	25.9
EBITDA (RMB mn)	227	118	485	856	1,289
NP att. (RMB mn)	(202)	(4,525)	104	324	617
Adj. NP (RMB mn)	26	(144)	127	339	635
Adj. EPS (RMB)	0.015	(0.084)	0.074	0.198	0.370
YoY growth (%)	(360.4)	(662.7)	(187.9)	167.4	87.4
Consensus EPS (RMB)	n/a	n/a	0.128	0.309	0.515
Adjusted P/E (x)	279.9	(49.7)	56.6	21.2	11.3
P/S (x)	2.4	1.7	1.3	1.0	0.8
ROE (%)	n/a	(123.9)	2.8	7.9	13.1
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, CMBIGM estimates

HOLD (Maintain)

Target Price	HK\$5.69
(Previous TP)	HK\$7.83)
Up/Downside	12.9%
Current Price	HK\$5.04

China Catering Sector

Walter Woo

(852) 3761 8776
walterwoo@cmbi.com.hk

Raphael Tse

(852) 3900 0856
raphaeltse@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	8,644
Avg 3 mths t/o (HK\$ mn)	25.20
52w High/Low (HK\$)	18.98/3.65
Total Issued Shares (mn)	1,715.1

Source: Bloomberg

Shareholding Structure

Mr. Zhao Lin & Ms. Peng Xin	56.98%
Tiantu Capital	11.09%
Employee incentive platform	5.35%
PAGAC Nebula	5.28%
Shenzhen Capital Group	2.82%
Free Float	18.47%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-18.4%	-16.7%
3-mth	-41.1%	-38.8%
6-mth	-55.2%	-50.5%
12-mth	n/a	n/a

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: KPMG

Related Reports

1. Nayuki Holdings (2150 HK, HOLD) – SSSG recover in 4Q21, but we remain cautious – 10 Jan 2022
2. Nayuki Holdings (2150 HK, HOLD) – Softening demand and operating deleverage – 1 Nov 2021

- **1Q22E sales trend remained subdued.** Due to the series of covid-19 outbreaks and Nayuki's heavy exposure to SZ and SH, we expect the SSS to decline by 10-20% during Jan – Feb 2022 (vs YUMC's 4% drop) and by 30%+ so far in Mar 2022 (vs YUMC's 20% drop). This would certainly create significant drags and hence we have cut our FY22E net profit forecast by 33%. Management highlighted a strong recovery once the lockdown in SZ expired but conditions in many other places in China are still tough.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	5,621	7,325	9,226	5,897	7,719	n/a	-4.7%	-5.1%	n/a
Gross profit	3,721	4,869	6,151	3,909	5,136	n/a	-4.8%	-5.2%	n/a
EBIT	249	533	898	318	542	n/a	-21.5%	-1.7%	n/a
Adjusted NP att.	127	339	635	190	353	n/a	-33.4%	-3.9%	n/a
Adjusted EPS (RMB)	0.074	0.198	0.370	0.111	0.206	n/a	-33.3%	-3.9%	n/a
Gross margin	66.2%	66.5%	66.7%	66.3%	66.5%	n/a	-0.1ppt	-0.1ppt	n/a
EBIT margin	4.4%	7.3%	9.7%	5.4%	7.0%	n/a	-1ppt	0.3ppt	n/a
Net profit att. margin	2.3%	4.6%	6.9%	3.2%	4.6%	n/a	-1ppt	0.1ppt	n/a

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	5,621	7,325	9,226	7,286	9,648	12,199	-22.9%	-24.1%	-24.4%
Gross profit	3,721	4,869	6,151	4,804	6,383	8,223	-22.5%	-23.7%	-25.2%
EBIT	249	533	898	414	754	1,688	-39.8%	-29.4%	-46.8%
Adjusted NP att.	127	339	635	249	540	883	-49.2%	-37.3%	-28.0%
Adjusted EPS (RMB)	0.074	0.198	0.370	0.128	0.309	0.515	-42.0%	-36.1%	-28.0%
Gross margin	66.2%	66.5%	66.7%	65.9%	66.2%	67.4%	0.3ppt	0.3ppt	-0.7ppt
EBIT margin	4.4%	7.3%	9.7%	5.7%	7.8%	13.8%	-1.2ppt	-0.5ppt	-4.1ppt
Net profit att. margin	2.3%	4.6%	6.9%	3.4%	5.6%	7.2%	-1.2ppt	-1ppt	-0.4ppt

Source: Company data, CMBIGM estimates

Results summary

Figure 3: Results review – Half Year

Half yearly (RMB mn)	1H20	2H20	1H21	2H21	1H21 YoY	2H21 YoY	2H21E CMBIGM	Actual vs CMBIGM
Revenue	1,180	1,878	2,126	2,171	80%	16%	2,099	3%
COGS	(466)	(693)	(669)	(732)			(770)	
Gross profit	714	1,184	1,457	1,439	104%	22%	1,330	8%
GP margins	60.5%	63.1%	68.5%	66.3%			63.3%	2.9ppt
Other income & gains	76	130	9	19			37	-50%
Staff costs	(368)	(552)	(670)	(755)	82%	37%	(747)	1%
Staff costs / sales	-31.2%	-29.4%	-31.5%	-34.8%			-35.6%	
Dep. of ROU assets expenses	(166)	(187)	(202)	(218)	21%	17%	(214)	2%
Dep. of ROU assets exp / sales	-14.1%	-9.9%	-9.5%	-10.1%			-10.2%	
Other rentals expenses	(26)	(74)	(94)	(119)	256%	60%	(99)	20%
Other rentals exp / sales	-2.2%	-4.0%	-4.4%	-5.5%			-4.7%	
D & A of other assets	(70)	(84)	(95)	(109)	36%	30%	(123)	-12%
D & A of other assets exp / sales	-6.0%	-4.5%	-4.5%	-5.0%			-5.9%	
A & P expenses	(22)	(60)	(37)	(74)	68%	24%	(72)	2%
A & P exp / sales	-1.9%	-3.2%	-1.8%	-3.4%			-3.4%	
Delivery service fees	(65)	(102)	(112)	(147)	71%	44%	(92)	61%
Delivery service fees / sales	-5.5%	-5.4%	-5.3%	-6.8%			-4.4%	
Utilities expenses	(27)	(40)	(39)	(51)	45%	29%	(58)	-11%
Utilities exp / sales	-2.3%	-2.1%	-1.8%	-2.4%			-2.8%	
Logistic & storage fees	(23)	(34)	(42)	(49)	80%	45%	(43)	14%
Logistic & storage fees / sales	-2.0%	-1.8%	-2.0%	-2.3%			-2.0%	
Other opex	(47)	(76)	(84)	(93)			(94)	-1%
Operating profit (EBIT)	-26	106	91	-158	-456%	-249%	-176	-10%
OP margins	-2.2%	5.6%	4.3%	-7.3%			-8.4%	1.1ppt
Other items	(4)	(137)	(12)	(4,360)			(14)	
Net finance income	(60)	(71)	(46)	(45)			(46)	
Net finance income / sales	-5.1%	-3.8%	-2.2%	-2.1%			-2.2%	
Profit after financing costs	(89)	(101)	34	(4,563)			(235)	
Associated coms	0	0	0	0			0	
Jointly controlled coms	0	0	0	0			0	
Pre-tax profit	-89	-101	34	-4,563	-138%	4412%	-235	1842%
Tax	13	(26)	(26)	30			56	
Tax / sales	1.1%	-1.4%	-1.2%	1.4%			2.7%	
Effective tax rate	-14.7%	26.0%	-76.7%	-0.7%			-23.8%	
Minority interests	(1)	0	0	(1)			(2)	
Net profit att.	(74)	(127)	8	(4,532)	-110%	3458%	(177)	2460%
NP margins	-6.3%	-6.8%	0.4%	-209%			-8.4%	-200.4ppt
Adjusted Net profit att.	(62)	88	48	(192)	-178%	-318%	(165)	17%
Adjusted NP att. margin	-5.3%	4.7%	2.3%	-8.9%			-7.8%	

Source: Company data, CMBIGM estimates

Figure 4: Results review - Full Year

Full yearly (RMB mn)	FY20	FY21	FY22E	FY21 YoY	FY22E YoY	FY21E CMBIGM	Actual vs CMBIGM
Revenue	3,057	4,297	5,621	41%	31%	4,225	1.7%
COGS	(1,159)	(1,401)	(1,900)			(1,439)	
Gross profit	1,898	2,896	3,721	53%	29%	2,787	3.9%
GP margins	62.1%	67.4%	66.2%			66.0%	1.4ppt
Other income & gains	206	27	79			46	-40.2%
Staff costs	(919)	(1,424)	(1,622)	55%	14%	(1,417)	0.5%
Staff costs / sales	-30.1%	-33.2%	-28.9%			-33.5%	
Dep. of ROU assets expenses	(353)	(420)	(543)	19%	29%	(416)	1.0%
Dep. of ROU assets exp / sales	-11.5%	-9.8%	-9.7%			-9.8%	
Other rentals expenses	(101)	(213)	(244)	112%	14%	(193)	10.2%
Other rentals exp / sales	-3.3%	-5.0%	-4.3%			-4.6%	
D & A of other assets	(154)	(204)	(297)	32%	45%	(218)	-6.5%
D & A of other assets exp / sales	-5.0%	-4.7%	-5.3%			-5.2%	
A & P expenses	(82)	(112)	(141)	36%	26%	(110)	1.6%
A & P exp / sales	-2.7%	-2.6%	-2.5%			-2.6%	
Delivery service fees	(167)	(259)	(316)	55%	22%	(203)	27.4%
Delivery service fees / sales	-5.5%	-6.0%	-5.6%			-4.8%	
Utilities expenses	(67)	(91)	(107)	36%	18%	(97)	-6.6%
Utilities exp / sales	-2.2%	-2.1%	-1.9%			-2.3%	
Logistic & storage fees	(57)	(91)	(96)	60%	6%	(85)	7.1%
Logistic & storage fees / sales	-1.9%	-2.1%	-1.7%			-2.0%	
Other opex	(124)	(176)	(185)	43%	5%	(177)	-0.6%
Operating profit (EBIT)	80	-67	250	-183%	-475%	-84	-20.9%
OP margins	2.6%	-1.5%	4.4%			-2.0%	0.4ppt
Other items	(140)	(4,372)	(6)			(25.4)	
Net finance income	(130)	(92)	(120)			(92)	
Net finance income / sales	-4.3%	-2.1%	-2.1%			-2.2%	
Profit after financing costs	(190)	(4,530)	124			(201)	
Associated coms	0	0	0			0	
Jointly controlled coms	0	0	0			0	
Pre-tax profit	-190	-4,530	124	2283%	-103%	-201	2149%
Tax	(13)	4	(19)			30	
Tax / sales	-0.4%	0.1%	-0.3%			0.7%	
Effective tax rate	6.9%	-0.1%	-15.0%			-15.0%	
Minority interests	(1)	(1)	1			(2)	
Net profit att.	(202)	(4,525)	104	2141%	-102%	(169.2)	2574%
NP margins	-6.6%	-105%	1.9%			-4.0%	-101.3ppt
Adjusted Net profit att.	26	(144)	127	-655%	-188%	(116.5)	23.8%
Adjusted NP att. margin	0.9%	-3.4%	2.3%			-2.8%	

Source: Company data, CMBIGM estimates

Assumptions

Figure 5: Major assumptions 1

Major assumptions	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Sales by brand (RMB mn)						
Nayuki	2,291	2,871	4,067	5,345	7,004	8,867
Tai Gai	185	153	141	179	215	242
Others	25	33	88	97	106	117
Total	2,502	3,057	4,297	5,621	7,325	9,226
Sales growth by brand segment						
Nayuki	151.9%	25.3%	41.7%	31.4%	31.0%	26.6%
Tai Gai	18.9%	-17.4%	-7.5%	26.7%	20.2%	12.4%
Others	15.3%	34.1%	163.7%	10.0%	10.0%	10.0%
Total	130.2%	22.2%	40.5%	30.8%	30.3%	25.9%
Sales by channel growth						
In-store cashier & others	74.3%	-45.0%	31.1%	-37.6%	12.0%	-5.9%
WeChat/ Alipay & Nayuki app	n/a	285.3%	20.2%	106.4%	44.3%	37.7%
3rd party online ordering platforms	412.6%	99.2%	79.3%	15.0%	14.8%	14.7%
Total	130.2%	22.2%	40.5%	30.8%	30.3%	25.9%
Nayuki brand's store network						
Tier 1 cities	138	170	280	398	526	654
New Tier 1 cities	119	170	282	387	507	639
Tier 2 cities	62	122	187	282	382	482
Other cities	8	29	68	111	159	214
Total	327	491	817	1,178	1,574	1,989
GP margins	63.4%	62.1%	67.4%	66.2%	66.5%	66.7%
Opex breakdown						
Staff costs	-30.0%	-30.1%	-33.2%	-28.9%	-27.4%	-26.5%
Depreciation of right-of-use assets	-10.5%	-11.5%	-9.8%	-9.7%	-9.0%	-8.5%
Other rentals & related expenses	-5.1%	-3.3%	-5.0%	-4.3%	-3.9%	-3.6%
D & A of other assets	-3.7%	-5.0%	-4.7%	-5.3%	-5.2%	-4.9%
Advertising & promotion expenses	-2.7%	-2.7%	-2.6%	-2.5%	-2.5%	-2.5%
Delivery service fees	-2.6%	-5.5%	-6.0%	-5.6%	-5.5%	-5.2%
Utilities expenses	-2.1%	-2.2%	-2.1%	-1.9%	-1.9%	-1.9%
Logistic and storage fees	-1.6%	-1.9%	-2.1%	-1.7%	-1.6%	-1.6%
EBIT margins	2.2%	2.6%	-1.5%	4.4%	7.3%	9.7%
Effective tax rate	7.1%	-6.9%	0.1%	15.0%	15.0%	15.0%
NP att. margins	-1.5%	-6.6%	-105.3%	1.9%	4.4%	6.7%
NP att. growth (%)	-41.6%	423.7%	2141.3%	-102.3%	211.3%	90.2%
Adj. NP margins	-0.5%	0.8%	-3.4%	2.3%	4.7%	7.0%
Adj. NP growth (%)	-79.3%	-309.4%	-691.2%	-188.0%	168.0%	87.4%

Source: Company data, CMBIGM estimates

Our DCF method assumes

- 29% sales CAGR in FY20-25E
- 48% EBITDA CAGR in FY20-25E
- 14.8% EBITDA margin in FY25 (from 7.4% in FY20)
- 12.2% WACC (Lower than International peers avg. of 12.6% and Greater China leading peers avg. of 14.9%), based on 3.0% costs of debt, 12.3% risk premium, Beta of 0.8x, 15.5% cost of equity, Optimal debt/ equity ratio of 25%/ 75%.
- 2.0% terminal growth.

Figure 6: DCF-based valuation

DCF	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
EBITDA	39	143	227	118	485	856	1,289	1,633
Chg in working cap	43	29	(9)	575	34	78	87	84
Adjusted tax	(1)	(4)	(4)	4	(37)	(79)	(133)	(180)
Capex & product dev	(209)	(290)	(243)	(387)	(422)	(454)	(461)	(442)
Unleveraged FCF	(128)	(121)	(30)	310	61	402	782	1,094
YoY%								
DCF (21E-25E)				1,719				
PV (Terminal value)				6,165				
EV (End-21E)				7,885				
Cash from options/w arrants conv				0				
Yer-end net cash/(debts)				218				
Fully diluted equity value (End-21E)				8,103				
Fully diluted no. of shares (m)				1,715				
Minority interests (End-21E)				0				
Market cap (End-21E)				8,103				
Exchange rate				1.20				
Fully diluted equity value/share (HK\$)				5.69				
Risk-free rate				3.0%				
Risk premium				15.5%				
Beta				0.80				
Cost of equity				15.4%				
Cost of debt				3.0%				
Tax rate				15.0%				
After-tax cost of debt				2.5%				
Debt to total capital				25.0%				
WACC				12.2%				
Terminal growth				2.0%				
FY22E EV/EBITDA				16.7				
FY22E adj. P/E				64.0				
FY22E P/S				1.4				

Source: Bloomberg, Company data, CMBIGM estimates

Figure 7: DCF-based valuation - sensitivity test

Terminal growth (%)	WACC (%)						
	10.7%	11.2%	11.7%	12.2%	12.7%	13.2%	13.7%
0.5%	5.99	5.66	5.35	5.08	4.83	4.60	4.39
1.0%	6.25	5.89	5.56	5.27	5.00	4.75	4.53
1.5%	6.53	6.14	5.79	5.47	5.18	4.92	4.68
2.0%	6.85	6.42	6.04	5.69	5.38	5.10	4.84
2.5%	7.21	6.74	6.32	5.94	5.60	5.29	5.01
3.0%	7.62	7.09	6.63	6.21	5.84	5.51	5.21
3.5%	8.08	7.49	6.97	6.51	6.11	5.74	5.42

Source: Bloomberg, Company data, CMBIGM estimates

Valuation

Figure 8: Peers valuation

Company	Ticker	Rating	12M TP	Price	Up/do	Mkt cap	Year	PER (x)		PBR (x)		ROE	3yrs	Yield	YTD
			HK\$/ LC	HK\$/ LC	wn-side (%)			HK\$ mn	End	FY1	FY2	FY1	FY2	(%)	PEG(x)
Leading Greater China Catering and Food Ingredients															
Nayuki Holdings	2150 HK	HOLD	5.69	5.04	13%	8,644	Dec-21	56.6	21.2	1.9	1.8	(123.9)	(0.4)	0.0	(41.1)
Jiumaojiu Int'l	9922 HK	BUY	17.83	16.82	6%	24,446	Dec-21	36.6	23.4	5.3	4.4	11.1	0.7	0.6	22.8
Haidilao Int'l	6862 HK	BUY	15.59	15.42	1%	85,951	Dec-21	37.6	22.2	6.8	5.4	(45.9)	(0.2)	0.5	(12.4)
Cafe De Coral	341 HK	BUY	19.05	13.22	44%	7,743	Mar-21	33.6	20.4	2.5	2.4	9.6	2.8	1.7	(4.9)
Xiabuxiabu	520 HK	NR	n/a	3.78	n/a	4,105	Dec-21	11.3	8.8	1.4	1.3	9.6	(0.1)	2.3	(37.9)
Helens	9869 HK	NR	n/a	14.72	n/a	18,649	Dec-20	477.5	31.2	6.3	5.1	56.2	n/a	0.0	(22.0)
Tam Jai	2217 HK	NR	n/a	2.72	n/a	3,646	Mar-21	14.3	10.7	2.2	1.9	62.4	2.1	4.7	(18.6)
Yihai Int'l	1579 HK	BUY	108.52	23.00	372%	24,079	Dec-21	21.0	17.7	4.0	3.4	21.6	1.5	1.4	(36.2)
Yum China	9987 HK	HOLD	343.43	345.60	-1%	147,084	Dec-21	27.6	21.0	2.4	2.2	14.9	13.5	1.1	(9.7)
Gourmet Master	2723 TT	NR	n/a	92.80	n/a	4,579	Dec-21	16.0	13.5	1.4	1.3	10.1	1.6	4.3	(17.5)
Avg.							Avg.	73.2	19.0	3.4	2.9	2.6	2.4	1.7	(17.8)
Med.							Med.	30.6	20.7	2.5	2.3	10.6	1.5	1.2	(18.0)
Other Greater China Catering and Food Ingredients															
Tenfu	6868 HK	NR	n/a	5.69	n/a	6,227	Dec-21	n/a	n/a	n/a	n/a	20.1	n/a	n/a	1.6
Sunjuice	1256 TT	NR	n/a	293.00	n/a	2,718	Dec-21	n/a	n/a	n/a	n/a	32.4	n/a	n/a	(8.0)
Fairwood	52 HK	NR	n/a	15.26	n/a	1,977	Mar-21	n/a	n/a	n/a	n/a	19.1	n/a	n/a	(1.5)
Tai Hing Group	6811 HK	NR	n/a	1.27	n/a	1,275	Dec-21	7.9	6.7	1.1	1.1	9.2	0.2	9.4	(6.6)
Ajisen China	538 HK	NR	n/a	1.15	n/a	1,255	Dec-21	9.4	n/a	n/a	n/a	0.7	n/a	5.4	(8.7)
Tao Heung	573 HK	NR	n/a	0.93	n/a	943	Dec-21	n/a	n/a	n/a	n/a	1.5	n/a	n/a	2.2
Avg.							Avg.	n/a	n/a	n/a	n/a	13.8	n/a	n/a	(3.5)
Med.							Med.	n/a	n/a	n/a	n/a	14.1	n/a	n/a	(4.1)
Greater China Catering and Food Ingredients															
							Avg.	63.0	17.5	3.3	2.8	15.5	2.5	2.8	(10.5)
							Med.	21.0	19.0	2.5	2.3	11.1	1.5	1.7	(8.7)
International Catering and Food Ingredients															
Yum! Brands	YUM US	NR	n/a	121	n/a	274,464	Dec-21	24.9	21.9	n/a	n/a	n/a	4.4	1.8	(12.6)
Mcdonald'S Corp	MCD US	NR	n/a	249	n/a	1,450,049	Dec-21	24.9	22.6	n/a	n/a	n/a	4.4	2.2	(7.1)
Starbucks Corp	SBUX US	NR	n/a	91	n/a	821,321	Oct-21	27.4	23.4	n/a	n/a	n/a	3.5	2.2	(22.0)
Restaurant Brands	QSR US	NR	n/a	58	n/a	207,846	Dec-21	19.5	17.4	9.5	9.2	38.1	1.6	3.7	(3.9)
Chipotle Mexican Grill	CMG US	NR	n/a	1569	n/a	344,177	Dec-21	49.8	37.8	15.7	13.3	30.2	1.6	n/a	(10.3)
Darden Restaurants	DRI US	NR	n/a	132	n/a	131,570	May-21	17.8	16.0	7.4	6.8	42.8	0.8	3.3	(12.6)
Domino'S Pizza	DPZ US	NR	n/a	408	n/a	115,180	Jan-22	28.4	24.7	n/a	n/a	n/a	2.6	1.1	(27.6)
Wendy'S Co	WEN US	NR	n/a	22	n/a	37,813	Jan-22	24.9	20.8	15.5	13.7	40.6	2.1	2.2	(5.9)
Shake Shack	SHAK US	NR	n/a	68	n/a	22,419	Dec-21	n/a	241.5	6.7	6.7	(2.1)	n/a	n/a	(5.6)
Wingstop	WING US	NR	n/a	122	n/a	28,554	Dec-21	76.3	60.3	n/a	n/a	n/a	3.6	0.6	(26.8)
Avg.							Avg.	32.7	48.6	10.9	9.9	29.9	2.7	2.1	(13.4)
Med.							Med.	24.9	23.0	9.5	9.2	38.1	2.6	2.2	(11.4)
A-shares Greater China Catering and Food Ingredients															
Foshan Haitian Flavouring	603288 CH	NR	n/a	88.18	n/a	458,051	Dec-21	49.5	41.7	12.7	10.4	30.7	3.0	1.0	(16.1)
Fujian Sunner	002299 CH	NR	n/a	20.20	n/a	30,985	Dec-20	40.9	18.9	2.7	2.5	5.9	4.9	1.2	(16.4)
Angel Yeast	600298 CH	NR	n/a	43	n/a	44,202	Dec-21	23.6	19.2	4.4	3.7	20.5	1.2	1.3	(28.7)
Meihua Holdings Group	600873 CH	NR	n/a	9.20	n/a	35,152	Dec-21	10.5	8.9	2.4	2.1	23.9	0.6	n/a	19.9
Guangzhou Restaurant	603043 CH	NR	n/a	21.12	n/a	14,772	Dec-21	17.7	14.6	3.4	3.0	20.5	n/a	2.1	(12.2)
Xiangpiaopiao Food	603711 CH	NR	n/a	13.07	n/a	6,690	Dec-20	13.5	11.8	1.7	1.5	13.3	0.8	n/a	(20.3)
China Quanjude	002186 CH	NR	n/a	9.00	n/a	3,423	Dec-20	n/a	n/a	n/a	n/a	(10.5)	n/a	n/a	(7.1)
Avg.							Avg.	25.9	19.2	4.5	3.9	14.9	2.1	1.4	(11.6)
Med.							Med.	20.7	16.7	3.1	2.7	20.5	1.2	1.2	(16.1)
H-shares Consumer Staples															
Uni-President China	220 HK	NR	n/a	6.82	n/a	29,458	Dec-21	15.7	14.0	1.8	1.7	10.9	1.5	6.7	(9.8)
Tingyi (Cayman Isln)	322 HK	NR	n/a	12.70	n/a	71,524	Dec-21	15.3	13.2	3.1	3.0	19.1	1.6	7.2	(20.7)
Want Want China	151 HK	NR	n/a	7.30	n/a	86,867	Mar-21	16.5	15.5	4.3	4.0	29.5	1.8	3.9	2.0
China Mengniu Dairy	2319 HK	NR	n/a	43.90	n/a	173,548	Dec-20	26.9	22.2	3.8	3.3	16.4	0.8	1.1	(0.7)
Vitasoy Intl Holdings	345 HK	NR	n/a	14.56	n/a	15,579	Mar-21	n/a	40.7	4.7	4.3	(2.6)	n/a	0.1	(7.5)
Nongfu Spring	9633 HK	NR	n/a	42.70	n/a	480,224	Dec-21	51.1	42.5	15.5	12.6	39.5	3.2	1.2	(17.0)
Budweiser Brewing	1876 HK	NR	n/a	21.00	n/a	278,111	Dec-21	30.8	26.8	3.0	2.8	8.8	1.8	1.2	2.7
Tsingtao Brewery	168 HK	NR	n/a	62.50	n/a	110,545	Dec-21	22.2	19.5	2.8	2.6	14.5	2.7	2.1	(14.4)
China Resources Beer	291 HK	NR	n/a	48.80	n/a	158,316	Dec-21	30.5	24.4	4.8	4.3	20.1	2.7	1.3	(23.6)
Dali Foods Group	3799 HK	NR	n/a	4.17	n/a	57,104	Dec-21	11.8	10.8	2.2	2.0	20.3	1.5	4.4	2.2
Avg.							Avg.	24.5	23.0	4.6	4.1	17.6	2.0	2.9	(8.7)
Med.							Med.	22.2	20.9	3.4	3.2	17.7	1.8	1.7	(8.6)

Source: Bloomberg, Company data, CMBIGM estimates

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	2,502	3,057	4,297	5,621	7,325	9,226
Nayuki	2,291	2,871	4,067	5,345	7,004	8,867
Tai Gai	185	153	141	179	215	242
Others	25	33	88	97	106	117
Cost of goods sold	(916)	(1,159)	(1,401)	(1,900)	(2,456)	(3,074)
Gross profit	1,586	1,898	2,896	3,721	4,869	6,151
Other income	6	206	27	79	81	87
Operating expenses	(1,536)	(2,024)	(2,990)	(3,550)	(4,417)	(5,339)
Staff costs	(751)	(919)	(1,424)	(1,622)	(2,008)	(2,446)
Rental & ROUA depre.	(389)	(453)	(633)	(787)	(947)	(1,112)
D & A expenses	(93)	(154)	(204)	(297)	(382)	(449)
Utilities expenses	(67)	(82)	(112)	(141)	(183)	(231)
Other opex	(236)	(415)	(617)	(704)	(897)	(1,101)
EBIT	56	80	(67)	250	533	898
Finance costs	(96)	(130)	(92)	(120)	(139)	(155)
JVs & associates	-	-	-	-	-	-
Exceptional	(2)	(140)	(4,372)	(6)	(7)	(9)
Pre-tax profit	(43)	(190)	(4,530)	124	386	734
Income tax	3	(13)	4	(19)	(58)	(110)
Less: Minority interests	(1)	(1)	(1)	1	4	7
Net profit att.	(39)	(202)	(4,525)	104	324	617
Adj. net profit	(12)	25	(145)	128	343	642
Adj. net profit att.	(11)	26	(144)	127	339	635

Balance sheet

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	1,756	1,984	2,152	2,277	2,350	2,362
Fixed asset	451	587	755	880	953	965
Intangible assets & goodwill	1	1	1	1	1	1
Prepaid lease payments	4	2	2	2	2	2
Interest in joint ventures	0	0	0	0	0	-
Other non-current assets	1,300	1,394	1,394	1,394	1,394	1,394
Current assets	295	1,330	5,416	5,529	6,003	6,858
Cash and cash equivalents	81	502	5,082	5,088	5,429	6,137
Inventories	78	103	96	130	168	211
Trade and other receivables	1	1	1	2	2	3
Prepayments	1	0	0	0	0	0
Other current assets	135	724	236	309	403	507
Current liabilities	1,226	2,728	2,808	2,950	3,161	3,396
Bank loans	55	283	283	283	283	283
Trade payables	202	226	242	312	404	505
Accruals & other payables	167	258	322	393	513	646
Tax payables	7	21	21	21	21	21
others	796	1,940	1,940	1,940	1,940	1,940
Non-current liabilities	974	1,010	1,110	1,110	1,110	1,110
Bank loans	0	0	100	100	100	100
Deferred income	0	0	0	0	0	-
Deferred tax	1	4	4	4	4	4
Others	973	1,006	1,006	1,006	1,006	1,006
Minority Interest	0	0	(1)	0	4	11
Total net assets	(149)	(424)	3,651	3,746	4,077	4,703
Shareholders' equity	(149)	(424)	3,651	3,761	4,092	4,718

Source: Company data, CMBIGM estimates

Cash flow summary

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	56	80	(67)	250	533	898
D & A	93	154	204	297	382	449
Change in working capital	29	(9)	575	34	78	87
Income tax paid	(30)	6	4	(19)	(58)	(110)
Others	269	343	15	(0)	(0)	(0)
Operating cash flow	416	574	731	562	935	1,324
Capex & investments	(291)	(243)	(387)	(422)	(454)	(461)
Associated companies	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Others	(0)	(0)	-	-	-	-
Investing cash flow	(291)	(244)	(387)	(422)	(454)	(461)
Equity raised	-	-	4,228	-	-	-
Net change in bank loans	53	222	100	-	-	-
Dividend paid	-	-	-	-	-	-
Others	(282)	(130)	(92)	(120)	(139)	(155)
Financing cash flow	(229)	92	4,236	(120)	(139)	(155)
Net change in cash	(104)	422	4,581	20	341	708
Beginning cash balance	186	81	502	5,082	5,088	5,429
Exchange difference	(0)	(2)	-	-	-	-
Cash at the end of the year	81	502	5,082	5,103	5,429	6,137

Key ratios

YE 31 Dec	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
Sales mix (%)						
Nayuki	91.6	93.9	94.7	95.1	95.6	96.1
Tai Gai	7.4	5.0	3.3	3.2	2.9	2.6
Others	1.0	1.1	2.0	1.7	1.5	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
P&L ratios (%)						
Gross margin	63.4	62.1	67.4	66.2	66.5	66.7
EBIT margin	2.2	2.6	(1.5)	4.4	7.3	9.7
Pre-tax margin	(1.7)	(6.2)	(105.4)	2.2	5.3	8.0
Net margin	(1.5)	(6.6)	(105.3)	1.9	4.4	6.7
Effective tax rate	7.1	(6.9)	0.1	15.0	15.0	15.0
Adj. net margin	(0.5)	0.8	(3.4)	2.3	4.7	7.0
Balance sheet ratios						
Current ratio (x)	0.2	0.5	1.9	1.9	1.9	2.0
Quick ratio (x)	0.2	0.4	1.9	1.8	1.8	2.0
Cash ratio (x)	0.1	0.2	1.8	1.7	1.7	1.8
Inventory turnover days	23	28	25	25	25	25
Trade receivables days	0	0	0	0	0	0
Trade payables days	61	67	63	60	60	60
Total debt/total equity ratio (%)	(36)	(67)	11	10	9	8
Net debt/equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash
Returns (%)						
ROE	n/a	n/a	(123.9)	2.8	7.9	13.1
ROA	(1.9)	(6.1)	(59.8)	1.3	3.9	6.7
Per share						
EPS (RMB)	(0.01)	0.02	(0.08)	0.07	0.20	0.4
DPS (RMB)	-	-	-	-	-	-
BVPS (RMB)	(0.09)	(0.25)	2.13	2.19	2.39	2.8

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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