

# Pick of the week

## Jubilant Foodworks (JUBI)

**Recommendation:** **ADD**

**Date:** 27th December 2021

**Current Price:** ₹3435

**Time Period:** 12 Months

**Potential Upside:** 22.27%

**Target Price:** ₹4200

### Why invest?

- JUBI is progressing well in its transition into a multi-brand Quick Service Restaurant.
- JUBI continues to focus on higher adoption of digital assets.
- Management highlighted strong recovery in number of orders during last 4 months.
- We expect JUBI to accelerate ramp-up of Popeyes & Hong's Kitchen starting FY23E.
- Raw material inflation offset by price increase and productivity gains.
- We model structural improvement in Domino's revenue throughput, associated operating-leverage and marginally higher store additions.
- We expect earnings to grow by 54.2% in FY23E & grow by 22.2% in FY24E.
- Our Fair Value of Rs4,200 is based on Rs3,550 from Domino's (58X Dec-23E PE, ex-Ind-AS 116) + option value of Rs650 from new brands/ investments.