

Yum China (9987 HK)

A strong beat as inflation remains controllable

2Q22 was a strong beat, thanks to excellent costs control, plus some one-off savings and benefits. We do expect a turnaround in 2H22E, due to: 1) low base, 2) relaxation of COVID-19 restrictions and 3) improvement in per store economics. Hence, we maintain BUY on YUMC and raise TP to HK\$ 450.06, based on 30x FY23E (unchanged), vs 5-year average of 23x, supported by 3-year adj. OP CAGR of 21%.

- **A strong beat for 2Q22, driven by excellent costs control.** For 2Q22, sales decreased by 13% YoY to US\$ 2.1bn, inline with CMBI/ BBG est., while net profits fell by 54% YoY to US\$ 83mn, far better than CMBI/ BBG est. of US\$14mn/ 37mn net losses. Such a strong beat was due to: 1) better than expected GP margin (limited promotions, better product mix, simplified menu items), 2) rental/ gov. relief of ~US\$ 20mn, 3) cut in marketing and other maintenance fees and 4) strong sales from community purchases and packaged food.
- **Recovery might not be linear, but we are still positive about 2H22E.** We forecast 3%/ 13% SSSG in 3Q/4Q22E (revised from -4%/ 17%), because of: 1) stores being affected (temporarily closed or offering off-premises sales only) continued to decrease, to just ~200 in Jul 2022 (vs ~800/ 2,500 in Jun/ May), 2) increases in promotion (e.g. rolling out more entry price items) and marketing efforts, in order to boost sales in the peak season and 3) continual pushes in new retail products (packaged food), generated ~RMB 450mn sales in 1H22 and now target ~RMB 1bn sales for FY22E.
- **Costs pressure may persist in 3Q22E, but profitability can still improve given sales recovery.** After a strong beat in 2Q22, we now believe GP margin in 3Q/4Q22E can remain stable at 71.0%/ 70.3% (revised from 70.7%/ 69.9%), thanks to YUMC's industry leading menu innovation quality and supply chain management, even though the commodity price inflation (cooking oil, chicken, packaging material prices are still in an uptrend) shall persist in 2H22E (increased by LSD YoY in 2Q22). Wage inflation could still be high (wages increased by MSD in 2Q22 with no active lay-offs at all) and marketing expense may resume to normal in 2H22E, but we still think adj. OP margin in 3Q/4Q22E could improve YoY, mainly driven by better operating leverage.
- **Maintain BUY and raise TP to HK\$ 450.06, based on 30x FY23E P/E (unchanged).** We revised up FY22E/ 23E/ 24E net profit estimates by 41%/ 4%/ 4%, to reflect: 1) better SSSG, 2) better GP margin and 3) better opex control and 4) higher other incomes and gains. YUMC is trading at 24x FY23E P/E, not that demanding, given a 21% adj. OP CAGR.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (US\$ mn)	8,263	9,853	10,175	11,864	13,386
YoY growth (%)	(5.8)	19.2	3.3	16.6	12.8
Net income (US\$ mn)	784	990	500	845	1,052
Diluted EPS (US\$)	1.89	2.27	1.15	1.94	2.41
YoY growth (%)	4.5	19.9	(49.5)	68.9	24.5
Consensus EPS (US\$)	n/a	n/a	0.98	1.91	2.33
P/E (x)	25.0	20.9	41.3	24.4	19.6
P/B (x)	3.1	2.5	2.4	2.2	2.0
Yield (%)	0.5	1.0	0.6	1.0	1.3
ROE (%)	12.1	12.5	6.1	9.4	10.7
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$450.06
(Previous TP	HK\$426.17)
Up/Downside	22.7%
Current Price	HK\$366.80

China Catering Sector

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Stock Data

Mkt Cap (HK\$ mn)	154,056
Avg 3 mths t/o (HK\$ mn)	101.98
52w High/Low (HK\$)	511.00/ 281.00
Total Issued Shares (mn)	420.0

Source: Bloomberg

Shareholding Structure

Primavera Capital	5.7%
BlackRock	7.6%
Invesco	9.8%
Management	0.2%
Free Float	76.7%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-4.2%	3.9%
3-mth	10.1%	15.2%
6-mth	5.0%	22.7%
12-mth	-22.8%	-0.6%

Source: Bloomberg

12-mth Price Performance

Source: Bloomberg

Auditor: KPMG



Related Reports

1. Yum China (9987 HK, BUY) – Turnaround shall begin despite costs pressure – 26 Jul 2022
2. Yum China (9987 HK, HOLD) – Constructive efforts but still under pressure – 5 May 2022

- **Store expansion targets and capex plan remain unchanged.** KFC/ Pizza Hut opened only 69/ 32 stores in 2Q22, but management is still confident on achieving their target of 1,000-1,200 new stores and capex of US\$ 800mn to 1bn in FY22E. Moreover, store expansion targets for Lavazza/ Taco Bell/ others are also being reiterated. In fact, we believe the potential stores for YUMC had increased effectively, as its store level profit breakeven point was lowered by 20%, to only 80% of the pre-COVID level in 2019.

Earnings revision

Figure 1: Earnings revision

US\$ mn	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	10,175	11,864	13,386	9,971	11,624	13,115	2.0%	2.1%	2.1%
Gross profit	7,176	8,370	9,452	6,984	8,187	9,244	2.8%	2.2%	2.2%
Operating Profit	688	1,070	1,337	498	1,063	1,334	38.1%	0.7%	0.2%
Net profit	500	845	1,052	354	812	1,015	41.2%	4.1%	3.6%
EPS (US\$ cents)	1.146	1.937	2.410	0.805	1.834	2.280	42.4%	5.6%	5.7%
Gross margin	70.5%	70.6%	70.6%	70.0%	70.4%	70.5%	0.5ppt	0.1ppt	0.1ppt
EBIT margin	6.8%	9.0%	10.0%	5.0%	9.1%	10.2%	1.8ppt	-0.1ppt	-0.2ppt
Net profit att. margin	4.9%	7.1%	7.9%	3.6%	7.0%	7.7%	1.4ppt	0.1ppt	0.1ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

US\$ mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	10,175	11,864	13,386	10,228	11,943	13,206	-0.5%	-0.7%	1.4%
Gross profit	7,176	8,370	9,452	7,179	8,426	9,323	0.0%	-0.7%	1.4%
Operating Profit	688	1,070	1,337	618	1,061	1,261	11.2%	0.9%	6.0%
Net profit	500	845	1,052	440	789	946	13.7%	7.1%	11.2%
EPS (US\$ cents)	1.146	1.937	2.410	0.970	1.908	2.327	18.2%	1.5%	3.6%
Gross Margin	70.5%	70.6%	70.6%	70.2%	70.5%	70.6%	0.3ppt	0ppt	0ppt
Operating Margin	6.8%	9.0%	10.0%	6.0%	8.9%	9.5%	0.7ppt	0.1ppt	0.4ppt
Net Margin	4.9%	7.1%	7.9%	4.3%	6.6%	7.2%	0.6ppt	0.5ppt	0.7ppt

Source: Company data, CMBIGM estimates

Results Review

Figure 3: Results review – Quarterly

Half yearly (RMB mn)	3Q21	4Q21	1Q22	2Q22	3Q22E	4Q22E	1Q22 YoY	2Q22 YoY	3Q22 E YoY	4Q22 E YoY	2Q22E CMBI	Act. vs CMBI
Revenue	2,554	2,291	2,668	2,128	2,732	2,647	4%	-13%	7%	16%	2,109	1%
Food and paper	(743)	(679)	(792)	(627)	(792)	(787)					(654)	
Gross profit	1,811	1,612	1,876	1,501	1,940	1,859	1%	-15%	7%	15%	1,455	3%
GP margins	70.9%	70.4%	70.3%	70.5%	71.0%	70.3%					69.0%	
Other income & gains	10	628	-25	-24	-19	17					6	-479%
Payroll & benefits	(591)	(583)	(667)	(549)	(626)	(666)	23%	2%	6%	14%	(538)	2%
Payroll & benefits/ sales	-23.1%	-25.4%	-25.0%	-25.8%	-22.9%	-25.2%					-25.5%	
Rent & other opex	(694)	(669)	(738)	(605)	(730)	(766)	14%	-7%	5%	15%	(675)	-10%
Rent & other opex/ sales	-27.2%	-29.2%	-27.7%	-28.4%	-26.7%	-28.9%					-32.0%	
Admin expenses	(339)	(310)	(236)	(210)	(249)	(264)	-25%	-33%	-27%	-15%	(251)	-16%
Admin exp / sales	-13.3%	-13.5%	-8.8%	-9.9%	-9.1%	-10.0%					-11.9%	
Other opex	(19)	(45)	(19)	(32)	(38)	(43)					(25)	
Operating profit (EBIT)	178	633	191	81	279	137	-44%	-65%	57%	-78%	-27	-395%
OP margins	7.0%	27.6%	7.2%	3.8%	10.2%	5.2%					-1.3%	
Investment gain (loss)	(39)	(11)	(37)	19	5	2					(4)	
Net finance income	16	13	12	14	14	22					8	66%
Net finance income / sales	0.6%	0.6%	0.4%	0.7%	0.5%	0.8%					0.4%	
Profit after financing costs	155	635	166	114	298	161					-23	
Associated coms	0	0	0	0	0	0					0	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	155	635	166	114	298	161	-52%	-56%	92%	-75%	-23	-591%
Tax	(44)	(159)	(56)	(31)	(95)	(47)					9	
Tax / sales	-1.7%	-6.9%	-2.1%	-1.5%	-3.5%	-1.8%					0.4%	
Effective tax rate	-28.4%	-25.0%	-33.7%	-27.2%	-32.0%	-29.0%					-37.0%	
Minority interests	7	1	10	0	0	(0)					(0)	-100%
Net profit att.	104	475	100	83	203	115	-57%	-54%	95%	-76%	(14)	-687%
NP margins	4.1%	20.7%	3.7%	3.9%	7.4%	4.3%					-0.7%	
Sales												
KFC	1,801	1,636	2,017	1,594	1,998	1,934	10%	-8%	11%	18%	1,543	3.3%
Pizza hut	551	479	547	448	595	567	1%	-17%	8%	18%	453	-1.0%
Others	202	176	104	86	139	145	-43%	-52%	-31%	-17%	113	-23.9%
Total	2,554	2,291	2,668	2,128	2,732	2,647	4%	-13%	7%	16%	2,109	0.9%
Restaurant OP margin by brand												
KFC	13.6%	8.6%	15.2%	13.4%	18.0%	11.0%					7.0%	6.4ppt
Pizza hut	8.2%	5.9%	10.7%	8.6%	13.0%	7.0%					2.0%	6.6ppt
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0ppt
Total	11.0%	6.8%	13.2%	11.5%	15.8%	8.9%					5.0%	6.5ppt

Source: Company data, CMBIGM estimates

Assumptions

Figure 4: CMBIGM's assumptions

Major assumptions	FY20A	FY21A	FY22E	FY23E	FY24E
KFC - dine in sales	4,152	4,818	4,702	5,155	5,382
KFC - delivery sales	1,623	2,185	2,841	3,636	4,545
PH - dine in sales	1,146	1,340	1,197	1,451	1,693
PH- delivery sales	642	769	961	1,106	1,216
Others	701	741	475	516	550
Total	8,263	9,853	10,175	11,864	13,386
Sales by segment growth (%)					
KFC - dine in sales	-15.5%	16.0%	-2.4%	9.6%	4.4%
KFC - delivery sales	43.7%	34.7%	30.0%	28.0%	25.0%
PH - dine in sales	-25.0%	17.0%	-10.7%	21.2%	16.7%
PH- delivery sales	21.7%	19.8%	25.0%	15.0%	10.0%
Others	2.8%	5.7%	-35.9%	8.8%	6.5%
Total	-5.8%	19.2%	3.3%	16.6%	12.8%
Sales network by brand					
KFC	7,166	8,168	9,058	9,998	10,838
Pizza Hut	2,355	2,590	2,880	3,220	3,560
Others	985	1,030	1,110	1,190	1,270
Total	10,506	11,788	13,048	14,408	15,668
Restaurant profit margin by brand					
KFC	15.8%	14.5%	14.3%	15.9%	16.7%
Pizza hut	10.5%	10.6%	8.5%	10.1%	11.1%
Others	-0.4%	-1.3%	-0.2%	-0.2%	0.4%
Total	14.8%	13.7%	12.4%	14.0%	14.8%
Costs breakdown					
Food and paper/ sales	28.3%	28.5%	29.5%	29.4%	29.4%
Payroll and employee benefits/ sales	20.9%	22.9%	24.6%	24.0%	23.8%
Rental and other operating expenses/ sales	26.9%	27.0%	27.9%	27.6%	27.4%
G & A expenses/ sales	5.8%	5.7%	6.0%	6.0%	5.8%
Franchisees expenses/ sales	7.7%	6.6%	2.9%	2.6%	2.4%
Effective tax rate	26.6%	26.5%	31.0%	25.0%	25.0%
NP att. margin	9.5%	10.0%	4.9%	7.1%	7.9%
NP att. growth (%)	10.0%	26.3%	-49.5%	68.9%	24.5%

Source: Company data, CMBIGM estimates

Valuation

Figure 5: Peers valuation table

			12m TP	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)
Company	Ticker	Rating	(LC)	(LC)	side	(HK\$mn)	End	FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E
Leading Greater China Catering														
Yum China	9987 HK	BUY	450.06	366.80	23%	154,056	Dec-21	41.3	24.4	2.4	2.2	13.8	20.2	0.6
Jiumaojiu	9922 HK	BUY	21.30	17.08	25%	24,832	Dec-21	48.8	26.7	5.9	4.9	11.1	1.0	0.4
Haidilao	6862 HK	BUY	15.59	15.66	0%	87,289	Dec-21	70.1	28.3	8.2	6.5	(45.9)	(0.4)	0.3
Nayuki	2150 HK	HOLD	7.00	5.53	27%	9,485	Dec-21	132.0	25.8	1.8	1.7	n/a	(0.9)	0.0
Helens	9869 HK	NR	N/A	14.90	N/A	18,877	Dec-21	51.0	22.5	5.1	4.3	(15.1)	(0.2)	0.6
Tam Jai	2217 HK	NR	N/A	2.72	N/A	3,646	Mar-22	12.4	8.4	2.1	1.7	19.3	0.4	2.8
Cafe De Coral	341 HK	BUY	15.69	11.98	31%	7,017	Mar-22	24.7	16.9	2.3	2.2	0.7	0.1	2.7
Xiabuxiabu	520 HK	NR	N/A	3.35	N/A	3,639	Dec-21	32.7	11.7	1.5	1.4	(13.7)	(0.2)	0.9
Yihai	1579 HK	BUY	108.52	23.05	371%	24,131	Dec-21	24.7	21.0	4.4	3.7	21.6	2.3	1.1
Gourmet Master	2723 TT	NR	N/A	105.50	N/A	4,983	Dec-21	20.7	15.8	1.7	1.6	9.6	3.2	3.8
Avg.								45.8	20.2	3.5	3.0	0.2	2.6	1.3
Med.								37.0	21.8	2.4	2.2	9.6	0.3	0.8
Other Greater China Catering														
Tai Hing	6811 HK	NR	N/A	1.01	N/A	1,015	Dec-21	6.3	5.3	0.9	0.9	9.2	0.2	11.9
Ajisen China	1314 HK	NR	N/A	0.21	N/A	291	Mar-22	N/A	N/A	N/A	N/A	(20.8)	N/A	N/A
Avg.								6.3	5.3	0.9	0.9	(5.8)	0.2	11.9
Med.								6.3	5.3	N/A	N/A	9.2	N/A	11.9
International Catering														
Yum! Brands	YUM US	NR	N/A	122.54	N/A	274,310	Dec-21	26.3	22.8	N/A	N/A	N/A	5.3	1.8
Mcdonald'S	MCD US	NR	N/A	263.37	N/A	1,528,980	Dec-21	26.7	24.8	N/A	N/A	N/A	5.8	2.1
Starbucks Corp	SBUX US	NR	N/A	84.78	N/A	763,288	Oct-21	29.4	24.5	N/A	N/A	N/A	7.6	2.3
Rest' Brands	QSR US	NR	N/A	53.61	N/A	189,331	Dec-21	18.2	16.5	8.5	8.5	36.1	1.6	4.0
Chipotle	CMG US	NR	N/A	1564.2	N/A	340,926	Dec-21	47.7	36.8	18.3	15.4	34.9	1.5	0.0
Darden	DRI US	NR	N/A	124.49	N/A	121,126	May-22	16.1	14.5	6.9	6.6	38.0	2.1	3.8
Domino'S Pizza	DPZ US	NR	N/A	392.11	N/A	110,457	Jan-22	31.0	26.1	N/A	N/A	N/A	4.0	1.1
Wendy'S Co	WEN US	NR	N/A	21.03	N/A	35,369	Jan-22	25.4	21.4	14.1	16.8	40.3	2.7	2.4
Shake Shack	SHAK US	NR	N/A	51.46	N/A	17,019	Dec-21	N/A	432.4	5.4	5.3	(4.9)	N/A	N/A
Wingstop Inc	WING US	NR	N/A	126.18	N/A	29,631	Dec-21	80.4	67.6	N/A	N/A	N/A	4.7	3.7
Jollibee Foods	JFC PM	NR	N/A	201.20	N/A	31,557	Dec-21	37.8	27.3	3.6	3.2	11.8	3.0	1.1
Avg.								33.9	65.0	9.5	9.3	26.0	3.8	2.2
Med.								28.1	24.8	7.7	7.6	35.5	3.5	2.2
H-shares Consumer Staples														
UPC	220 HK	NR	N/A	7.17	N/A	30,970	Dec-21	18.8	16.1	2.0	2.0	10.9	3.0	5.6
Tingyi	322 HK	NR	N/A	12.92	N/A	72,774	Dec-21	18.6	15.2	3.7	3.7	19.1	2.7	6.5
Want Want	151 HK	NR	N/A	6.38	N/A	75,919	Mar-22	15.0	13.9	3.9	3.8	26.7	3.0	5.9
China Mengniu*	2319 HK	BUY	57.00	36.40	57%	143,951	Dec-21	21.1	17.6	2.9	2.6	14.4	1.3	1.3
Nongfu Spring	9633 HK	BUY	53.00	47.00	13%	528,584	Dec-21	60.2	49.5	18.7	15.6	39.5	4.7	1.1
Vitasoy	345 HK	NR	N/A	11.82	N/A	12,649	Mar-22	73.4	31.5	3.7	3.4	(4.6)	(0.3)	1.0
Budweiser*	1876 HK	BUY	28.00	21.75	29%	288,044	Dec-21	33.8	28.9	3.1	2.9	10.1	2.1	1.1
Tsingtao*	168 HK	BUY	86.00	76.65	12%	131,536	Dec-21	28.5	24.3	3.6	3.4	14.2	3.5	1.6
CR Beer*	291 HK	BUY	71.00	54.20	31%	175,834	Dec-21	37.6	29.7	5.7	5.2	20.1	4.1	1.0
Dali Foods	3799 HK	NR	N/A	3.74	N/A	51,216	Dec-21	12.1	10.9	2.1	1.9	20.3	2.6	4.2
Avg.								31.9	23.8	5.0	4.4	17.1	2.7	2.9
Med.								24.8	21.0	3.6	3.4	16.8	2.9	1.5

Source: Bloomberg, Company data, CMBIGM estimates, *covered by Joseph Wong

Financial Summary

Income statement

YE 31 Dec (USD mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	8,263	9,853	10,175	11,864	13,386
Company sales	7,396	8,961	9,611	11,269	12,774
Franchise fees and income	148	153	139	153	165
Fran. & uncol. affiliates sales	647	663	354	375	380
Other revenues	72	76	72	67	67
Cost of goods sold	(2,342)	(2,812)	(2,999)	(3,493)	(3,934)
Gross profit	5,921	7,041	7,176	8,370	9,452
Other net income	285	643	(51)	24	40
Operating expenses	(5,245)	(6,298)	(6,438)	(7,324)	(8,155)
Staff costs	(1,730)	(2,258)	(2,508)	(2,847)	(3,186)
Admin	(591)	(663)	(743)	(842)	(924)
Property rent & related	(814)	(968)	(1,105)	(1,240)	(1,405)
D & A	(404)	(443)	(484)	(531)	(594)
Other operating expenses	(1,706)	(1,967)	(1,598)	(1,864)	(2,046)
EBIT	961	1,386	688	1,070	1,337
Finance costs, net	43	60	62	68	79
JV & associates	-	-	-	-	-
Exceptional	104	(54)	(10)	(12)	(13)
Pre-tax profit	1,108	1,392	739	1,127	1,402
Income tax	(295)	(369)	(229)	(282)	(351)
Less: Minority interests	29	33	10	0	0
Net profit	784	990	500	845	1,052

Cash flow summary

YE 31 Dec (USD mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Net income	961	1,386	688	1,070	1,337
D&A	386	431	421	476	541
Change in working capital	69	43	(3)	117	105
Income tax paid	111	160	(229)	(282)	(351)
Others	(413)	(889)	307	208	118
Net cash from operating	1,114	1,131	1,183	1,590	1,751
Capex & investments	(419)	(689)	(763)	(771)	(803)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	(2,690)	(166)	-	-	-
Net cash from investing	(3,109)	(855)	(763)	(771)	(803)
Equity raised	2,187	(75)	-	-	-
Change of Debts	-	-	-	-	-
Dividend paid	(95)	(203)	(208)	(120)	(203)
Others	(34)	(35)	-	-	-
Net cash from financing	2,058	(313)	(208)	(120)	(203)
Net change in cash	63	(37)	212	698	744
Beginning cash balance	1,046	1,158	1,136	1,348	2,047
Exchange difference	49	15	-	-	-
Cash at the end of the year	1,158	1,136	1,348	2,047	2,791

Balance sheet

YE 31 Dec (USD mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	5,939	8,507	8,594	8,738	8,947
Fixed asset	1,765	2,251	2,593	2,889	3,151
Intangible assets & goodwill	246	272	209	153	101
Prepaid lease payments	-	-	-	-	-
Interest in asso. & JV	85	292	292	292	292
Others	3,843	5,692	5,500	5,404	5,404
Current assets	4,936	4,716	4,965	5,788	6,644
Cash and cash equivalents	1,158	1,136	1,348	2,047	2,791
Inventories	398	432	443	516	581
Trade and other receivables	99	67	86	100	113
Prepayments	176	221	228	266	300
Others	3,105	2,860	2,860	2,860	2,860
Current liabilities	2,067	2,383	2,417	2,659	2,876
Borrowings	-	-	-	-	-
Trade payables	708	782	794	926	1,042
Accruals & other payables	514	650	671	783	883
Tax payables	72	51	51	51	51
Others	773	900	900	900	900
Non-current liabilities	2,337	2,918	2,918	2,918	2,918
Borrowings	-	-	-	-	-
Deferred income	-	-	-	-	-
Deferred tax	-	-	-	-	-
Others	2,337	2,918	2,918	2,918	2,918
Minority Interest	-	-	-	-	-
Total net assets	6,471	7,922	8,224	8,949	9,797
Shareholders' equity	6,471	7,922	8,224	8,949	9,797

Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Sales mix (%)					
Company sales	89.5	90.9	94.5	95.0	95.4
Franchise fees and income	1.8	1.6	1.4	1.3	1.2
Fran. & uncol. affiliates sales	7.8	6.7	3.5	3.2	2.8
Other revenues	0.9	0.8	0.7	0.6	0.5
Total	100.0	100.0	100.0	100.0	100.0
P&L ratios (%)					
Gross margin	71.7	71.5	70.5	70.6	70.6
Operating margin	11.6	14.1	6.8	9.0	10.0
Pre-tax margin	13.4	14.1	7.3	9.5	10.5
Net margin	9.5	10.0	4.9	7.1	7.9
Effective tax rate	26.6	26.5	31.0	25.0	25.0
Balance sheet ratios					
Current ratio (x)	2.4	2.0	2.1	2.2	2.3
Quick ratio (x)	2.2	1.8	1.9	2.0	2.1
Cash ratio (x)	0.6	0.5	0.6	0.8	1.0
Inventory turnover days	61	54	54	54	54
Trade receivables days	4	3	3	3	3
Trade payables days	104	97	97	97	97
Total debt / total equity ratio (%)	-	-	-	-	-
Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Returns (%)					
ROE	12.1	12.5	6.1	9.4	10.7
ROA	7.2	7.5	3.7	5.8	6.7
Per share					
EPS (USD)	1.89	2.27	1.15	1.94	2.41
DPS (USD)	0.23	0.50	0.29	0.48	0.60
BVPS (USD)	15.41	18.86	19.58	21.31	23.33

Source: Company data, CMBIGM estimates

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