

Figure 1: result summary table

Unit: RMB mn	1H22 estimate	1H22 actual	% diff	yoy %	diff vs 1H20
Revenue	2,036	1,899	-6.7%	-6.1%	100.0%
Numer of restaurants (unit)	491	489	-0.4%	16.7%	52.3%
Revenue per restaurants	4.1	3.9	-6.3%	-19.5%	31.3%
Attributable net profit	67	55	-17.7%	-70.4%	164.0%
adj. attributable net profit	67	70	4.8%	-62.5%	181.1%
Key metrics (%)					
Attributable NPM	3.3%	2.9%	-0.4ppt	-6.3ppt	12.0ppt
adj. attributable NPM	3.3%	3.7%	0.4ppt	3.7ppt	3.7ppt

Sources: Company data, CMS (HK) estimates

Figure 2: Estimates change table

Unit: RMB mn	2022E			2023E			2024E		
	Original	New	diff %	Original	New	diff %	Original	New	diff %
Revenue	5,016	4,864	-3.0%	8,428	8,622	2.3%	11,906	12,171	2.2%
Taier	4,037	3,942	-2.4%	6,800	7,049	3.7%	9,163	9,491	3.6%
JMJ	671	644	-4.0%	832	814	-2.2%	995	974	-2.2%
Others	308	278	-9.6%	796	759	-4.6%	1,748	1,706	-2.4%
Gross profit	3,240	3,147	-2.9%	5,402	5,532	2.4%	7,608	7,786	2.3%
GPM	64.6%	64.7%	0.1ppt	64.1%	64.2%	0.1ppt	63.9%	64.0%	0.1ppt
Restaurant profit	1,636	1,613	-1.4%	2,803	2,873	2.5%	3,936	4,032	2.4%
Restaurant margin	32.6%	33.2%	0.6ppt	33.3%	33.3%	0.1ppt	33.1%	33.1%	0.1ppt
Attributable net profit	295	281	-4.6%	749	780	4.1%	1,106	1,148	3.8%
NPM	5.9%	5.8%	-0.1ppt	8.9%	9.0%	0.2ppt	9.3%	9.4%	0.1ppt
EPS (basic), RMB	0.20	0.19	-4.6%	0.52	0.54	4.1%	0.76	0.79	3.8%

Sources: Company data, CMS (HK) estimates

Figure 3: Target price and valuation table

Valuation - Jiumaojiu			
Stock price (HKD)	17.6	Price date	1/8/2022
HKD/RMB	0.86		
	FY22E	FY23E	FY24E
EPS (RMB)	0.19	0.54	0.79
P/E	78.4x	28.3x	19.2x
yoy growth	-15.9%	177.3%	47.2%
PEG	-4.9x	0.2x	0.4x
Target price calculation			
Target P/E	43.5x		
Fwd 12-month EPS (RMB)	0.42		
Target price (HKD)	21.1		
Upside	19.6%		
Div yield	0.3%		
Total return	19.8%		

Sources: Company data, Bloomberg, CMS (HK) estimates

Financial Statement

Balance Sheet

RMB mn	2020	2021	2022E	2023E	2024E
PP&E	445	572	642	828	921
Right of use assets	1,216	1,444	1,484	1,654	1,669
Investment in associate/JV	3	13	13	13	13
Deferred Tax tax	87	82	82	82	82
Other non-current assets	194	464	460	465	470
Non-current assets	1,945	2,576	2,681	3,042	3,155
Inventories	51	71	92	149	206
Receivables and prepayments	293	409	518	834	1,155
Other current assets	673	738	738	738	738
Bank Balances and Cash	1,844	1,342	1,704	2,598	4,199
Current assets	2,862	2,559	3,052	4,319	6,298
Total assets	4,806	5,135	5,733	7,360	9,454
Trade & other payable	348	370	351	483	778
Lease liabilities	317	391	500	679	858
Bank loan	43	0	0	0	0
Other current liabilities	41	44	62	106	150
Current liabilities	749	805	914	1,267	1,786
Lease Liabilities	967	1,114	1,368	1,855	2,347
Bank Borrowing	-	-	-	-	-
Deferred tax liabilities	27	32	32	32	32
Other non-current liabilities	3	47	47	47	47
Non-current liabilities	997	1,193	1,447	1,934	2,425
Total liabilities	1,746	1,998	2,361	3,201	4,211
Share Capital	0	0	0	0	0
Reserves	3,017	3,083	3,293	4,014	4,999
Non-controlling interests	44	55	79	145	243
Total equity	3,060	3,138	3,372	4,159	5,242
Total equity and liabilities	4,806	5,135	5,733	7,360	9,454

Cashflow Statement

RMB mn	2020	2021	2022E	2023E	2024E
Profit before tax	177	506	419	1,162	1,710
Net finance Costs	35	61	89	121	0
Shares of profit of associate/JV	8	-1	0	0	0
D&A	354	502	869	1,112	1,395
Changes in OWC	28	-105	-149	-241	-85
Others	-19	27	0	0	0
Income tax paid and others	-12	-133	-96	-272	-420
CF from operating activities	571	856	1,132	1,881	2,601
Capital expenditure	-281	-343	-955	-1,461	-1,497
Proceeds from asset disposal	0	49	0	0	0
Withdrawal/payment of desposits over 3 months	-673	-63	0	0	0
Others	-129	-134	0	0	0
CF from investing activities	-1,084	-490	-955	-1,461	-1,497
Dividend paid	-58	-56	-71	-59	-163
Equity financing	2,885	0	0	0	0
Debt financing (repaid)	-178	-43	0	0	0
Others	-283	-689	0	0	0
CF from financing activities	2,365	-789	-71	-59	-163
Net cash flow	1,852	-423	107	362	941

Profit & Loss

RMB mn	2020	2021	2022E	2023E	2024E
Revenue	2,715	4,180	4,864	8,622	12,171
Other revenue	84	64	66	73	80
Raw material costs	-1,046	-1,537	-1,783	-3,163	-4,465
Staff costs	-748	-1,057	-1,269	-2,187	-3,087
Rental costs	-50	-97	-111	-199	-281
D&A costs	-354	-502	-609	-902	-1,198
Utilities expenses	-95	-132	-154	-273	-385
Other expenses	-232	-331	-477	-689	-970
Operating profit	275	588	528	1,282	1,864
Finance costs	-67	-75	-89	-121	-155
Shares of results of JV/associates	-8	1	0	0	0
Other net income/(losses)	-22	-7	-21	0	0
Profit before tax	177	506	419	1,162	1,710
Income tax expense	-39	-134	-114	-315	-464
Net profit	138	372	305	846	1,246
Non-controlling interest	14	32	24	66	98
Attributable net profit	124	340	281	780	1,148
Diluted EPS (RMB)	0.09	0.23	0.19	0.54	0.79
Dividend per share (HKD)	0.04	0.06	0.05	0.13	0.19

Financial Ratio

	2020	2021	2022E	2023E	2024E
yoy growth rate					
Revenue	1.0%	54.0%	16.4%	77.3%	41.2%
Gross Profit	2.3%	54.4%	16.3%	75.8%	40.7%
Operating profit	-22.4%	113.9%	-10.1%	142.7%	45.4%
Net profit	-24.5%	174.0%	-17.3%	177.3%	47.2%
EPS	-43.8%	155.6%	-15.9%	177.3%	47.2%
Profitability					
Gross margin	64.6%	64.8%	64.7%	64.2%	64.0%
Operating margin	10.1%	14.1%	10.9%	14.9%	15.3%
Net margin	4.6%	8.1%	5.8%	9.0%	9.4%
Liquidity					
AR days	15.1	15.3	17.4	14.3	14.9
Inventory days	11.0	7.2	8.4	7.0	7.3
AP days	57.9	42.6	36.9	24.1	25.8
Cash conversion cycle	-31.8	-20.0	-11.2	-2.8	-3.6
Cash flow & leverage					
Free cash low	322	494	151	345	1,172
Net debt to equity	-58.8%	-42.8%	-50.5%	-62.5%	-80.1%
Dividend payout ratio	39.3%	20.9%	20.9%	20.9%	20.9%
Dividend yield	0.2%	0.3%	0.3%	0.7%	1.1%
Return analysis					
ROE	7.9%	11.1%	8.8%	21.3%	25.5%
Asset turnover	0.8	0.8	0.9	1.3	1.4
Net margin	4.6%	8.1%	5.8%	9.0%	9.4%
Financial leverage	2.1	1.6	1.7	1.8	1.9
ROA	2.6%	6.6%	4.9%	10.6%	12.1%
Valuation ratios					
P/E	168.6x	66.0x	78.4x	28.3x	19.2x
P/B	6.9x	7.0x	6.5x	5.3x	4.2x

Sources: Company data, CMS (HK) estimates

Investment Ratings

Industry Rating	Definition
OVERWEIGHT	Expect sector to outperform the market over the next 12 months
NEUTRAL	Expect sector to perform in-line with the market over the next 12 months
UNDERWEIGHT	Expect sector to underperform the market over the next 12 months

Company Rating	Definition
BUY	Expect stock to generate 10%+ return over the next 12 months
HOLD	Expect stock to generate +10% to -10% over the next 12 months
SELL	Expect stock to generate loss of 10%+ over the next 12 months

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