24 Nov 2025

CMB International Global Markets | Equity Research | Company Update

Yum China (9987 HK/YUMC US)

Key takeaways from YUMC 2025 Investor Day

The macro headwinds have been tough, but in our view, Yum China has already tackled them very well. Based on our estimates, SSS recovery for KFC and Pizza Hut in 10M25 (vs 2019) was as high as 88%, which is way better than industry average of 70%. And we believe the main reason for such outperformance lies in its commitment to deliver good food with great value. In terms of company guidance (the FY26E-28E target), we believe the major beat is from Pizza Hut (esp. on store expansion and restaurant level OP margin), but the figures for KFC are slightly below expectation (esp. for the restaurant level OP margin). Moreover, we are pleased with Yum China's plan to increase its level of dividend and commitment to distribute 100% of its free cash flow since FY27E and onwards.

Going forward, Yum China will not only continue to strengthen its value-for-money, but also focus more on core (e.g. hero products), unlocking the white space and enrolling more new group of customers and capturing more needs on different new occasions. On top of that, Yum China's efficiency will be further improved by executing its RGM 3.0 strategy (improving efficiency from the front-end to back-end, from supply chain to store level and virtual space, etc.). Therefore, while we are still highly cautious about China's catering sector outlook in FY26E and FY27E, Yum China should be able to perform better than its peers and at least can deliver reasonably high shareholder returns in the next 2-3 years. Hence, we maintain BUY and raise our TP.

- **Yum China group has laid down its mid-term (FY26E-28E) goals on top of the current FY25E forecasts.** In terms of system sales growth during FY26E-28E, Yum China is aiming for a mid- to high-single-digit CAGR (mid- to high-single-digit for KFC and high single-digit for Pizza Hut). For SSSG, the Company is targeting around 0%-2% (same for both KFC and Pizza Hut). For restaurant operating margin, Yum China is expecting it to improve slightly from 15.7% in FY24 to 16.2%-16.3% in FY25E, and to 16.7% or above in FY28E. That for KFC is expected to remain stable, rising from 16.9% in FY24 to 17.3% in FY25E, and to 17.3% in FY28E. And that for Pizza Hut is expected to climb meaningfully, from 12.0% in FY24 to 12.7% in FY25E, and to 14.5% or above in FY28E. For group level's OP margin, Yum China is looking for an improvement from 10.3% in FY24 to 10.8%-10.9% in FY25E, and to 11.5% or above in FY28E. In terms of capex, despite the acceleration in store expansion, the amount planned for each year during FY26E-28E will be at around US$ 600mn- 700mn, which is fairly stable, even comparable to the current target in FY25E.

Earnings Summary - 9987 HK

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US$ mn)	10,978	11,303	11,674	12,334	13,241
YoY growth (%)	14.7	3.0	3.3	5.7	7.4
Operating profit (US$ mn)	1,106.0	1,162.0	1,267.7	1,360.7	1,531.5
Net profit (US$ mn)	827.0	911.0	925.2	975.9	1,083.5
EPS (Reported) (US$)	1.97	2.34	2.66	2.79	3.10
YoY growth (%)	89.3	18.6	13.8	4.9	11.0
P/E (x)	24.1	20.3	17.9	17.0	15.4
P/B (x)	2.9	2.6	2.7	2.9	3.0
Yield (%)	1.1	1.5	2.0	2.1	2.3
ROE (%)	11.6	13.5	14.8	16.6	19.5

Source: Company data, Bloomberg, CMBIGM estimates

	9987 HK	YUMC US
	BUY	BUY
	Maintain	Maintain
TP	HK$457.48	US$58.56
Prior TP	HK$437.04	US$55.94
Up/Downside	23.6%	21.9%
Current Price	HK$370.0	US$48.0

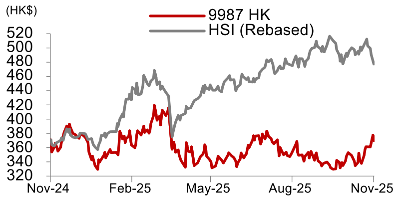
China Consumer Discretionary

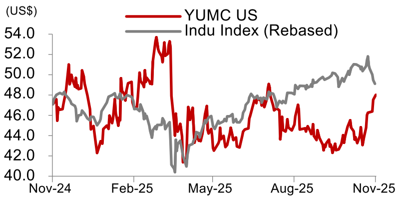
Walter WOO

(852) 3761 8776

walterwoo@cmbi.com.hk

12-mth Price Performance





Source: FactSet

Stock Performance

	9987 HK		YUMC US	
	Abs.	Rel.	Abs.	Rel.
1-mth	6.4%	9.8%	6.7%	9.1%
3-mth	5.6%	5.1%	6.5%	3.4%
6-mth	8.8%	2.8%	12.2%	-0.4%

Source: FactSet

Stock Data

(LC)	9987 HK	YUMC US
Mkt Cap (mn)	128020	16614.92
Avg 3 mths t/o (mn)	239.96	30.04
52w High	419.2	53.69
52w Low	327.4	41.37
Issued Shares (mn)	346	346

Source: FactSet

- **Shareholders' return could still be decent in FY27E- 28E, under CMBI est..** In terms of shareholders' return, which is one of the investors' key focuses, it will still be rather healthy. The Company will continue to fulfill its commitment (deduced from the US$ 4.5bn for FY24-26E) of delivering not less than US$ 1.5bn cash return (a combination of dividend, share buybacks etc.) in FY26E. And for FY27E and beyond, the Company will increase the dividend per share over time (CMBI est. about US$ 322mn in FY25E), and distribute 100% of its free cash flow (where the average annual return will be at around US$ 900mn-1.0bn or above). All in all, we are expecting the effective cash return in FY27E-28E to be at about US$ 1.65bn- 1.89bn, which is not less than the guaranteed US$ 1.5bn in FY26E.
- **Maintain BUY and raise TP to HK$ 457.48/ US$ 58.56 (based on 21x FY26E P/E, rolled over from 21x FY25E P/E).** We fine-tune FY25E/ 26E/ 27E net profit forecasts by -0%/ -2%/ 0%, in order to factor in: 1) faster-than-expected store expansion and 2) better-than-expected OP for Pizza Hut but lower-than-expected OP for KFC, etc.. The stock is trading at 17x FY26E P/E, not particularly attractive given its sales growth. However, we still maintain BUY because of its limited downside, as its FY26E-28E guidance is solid and conservative enough (which made it very difficult to miss), together with its capital return programme (about 9% of its current market cap).
- **KFC's FY26E-28E plan is roughly inline with expectation (sales growth is slightly faster but rest. OP margin is slightly lower vs CMBI est.). KFC is targeting a mid- to high-single-digit system sales CAGR during FY26E-28E**, which contains the target of 0%-2% SSS CAGR during the same period and the 10% store CAGR during FY26E-30E (implied by the Yum China group's store count target of 20,000 and 30,000 by FY26E and FY30E). The growth drivers outlined by the management include: 1) hero product strategy (the Company will continue to upgrade and innovate the chicken products) and new product launches (e.g. a carbohydrate type hero product will be rolled out in FY26E), 2) enhancing the value-for-money (improve product's taste and texture, strengthen the marketing around the value campaigns, as well as value meals like the 3-item combo), 3) product category expansion (e.g. will double down on K-coffee, targeting for 5,000 stores in 2 years' time from about 1,800 stores at the moment) will also further ramp up K-pro, aiming for 1,000 in the long run (from about 100 stores at the moment) 4) capturing more new occasions (such as more solo meals, which will invest more starting from FY26E on the drive through demand, launching more indulgent snacks, more products for customers like the riders, uni-students and office workers, etc..) and 5) revamping and rolling out of more new store formats (e.g. small town mini stores, Gemini model (two stores of different brands, placed side by side to enhance cross selling and save more space and staffs by sharing many area and equipment) and the franchising model).

  In terms of margin, the Company is aiming for a restaurant level OP of US$ 10bn in FY28E, as well as a stable restaurant level OP margin at around 17.3% or above during FY26E-28E, for the KFC brand. While this target is kind of conservative vs CMBI est., we do think it is highly achievable, because of different drivers like: 1) further improvements in supply chain efficient as well as food costs 2) further reductions on rental expenses, aided by more efficient and smaller store formats, better use of store areas and more simplified food preparation and cooking process, and 3) further boost on productivity per labour with the help of AI, or the adoption of mega store managers etc.. We believe the positive impacts should be more than offset the margin drags by: 1) increasing sales mix from franchising business and 2) higher sales mix from delivery business.

- **Pizza Hut's FY26E-28E plan is an all-round beat (store expansion and sales growth are both faster while rest. OP margin is much higher vs CMBI est.). Pizza Hut is targeting a high-single-digit system sales CAGR during FY26E-28E**, which also contains the target of 0%- 2% SSS CAGR in the same period and the 13% store CAGR during FY26E-30E (implied by Yum China's long-term goal of 30,000 stores by FY30E). Highlighted by the management, the growth drivers are: 1) greater investments on production innovation (on both dough innovation or flavour innovation) and hero product strategy (Pizza Hut has already cut its number of SKUs from 105 to just 80, and will further strengthen on top of this result), 2) improving the value-for-money (may decrease the average ticket size from RMB 70 or above to just RMB 60 or above and will launch more entry level priced (RMB 39 to RMB 49) pizzas or products), 3) product category expansions (e.g. will expand the burger product series and launch more offerings, or any other products with potential), 4) capturing more new occasions (such as solo meals, which will make the purchasing and dining process for takeaway and delivery more seamless and friendly for customers); and 5) accelerating the store opening process, as Pizza Hut is aiming to have about 6,000 stores by FY28E (vs CMBI est. of 5,300), from around 4,000 in FY25E.

  In terms of margin, it is another beat for Pizza Hut, where the Company is targeting to double its restaurant level OP to US$ 300mn in FY29E, as well as improving its restaurant level OP margin to around 14.5% or above in FY28E, from just 12.7% in FY25E. We believe there are many drivers (which are able to more than offset drags like higher sales mix from franchised businesses), such as: 1) further improvements on overall food costs and quality thanks to greater economies of scale on rapid volume growth and continual innovations), 2) more reductions on rental expenses, due to better use of store areas (e.g. the adoption of Gemini model can both reduce area by sharing that for two different brands) and simplification of the food preparation and cooking process (e.g. from the help of i-kitchen, 3) gradual improvements on labour productivity through menu innovation and the cut of SKUs, automation and centralization of different processes, introduction of more incentive plans etc. and 4) potential improvements on D&A expenses, thanks to drop in capex per store, as the satellite stores and WOW stores tend to have a lower capex but an at least higher OP margin vs the classic model.

- **Announcing a new store target of 30,000 or above and its time frame (by FY30E).** Yum China has promised to achieve 20,000 or above stores by FY26E in the event of 2023 investor day. Based on the current pace, we are fairly confident that the Company is able to achieve this target. And this time in the event of 2025 investor day, Yum China has announced its FY30E target of having 30,000 or above stores, implying a 10% store CAGR during FY26E-30E, which is not too much slower vs the store CAGR of 11% during FY23-26E. In fact, this is better-than-expected (mostly thanks to the Pizza Hut brand), as we are forecasting a slowdown in expansion due to increasingly high base and high penetration, where the white space in China may become less and less. However, we do agree that innovations are still very important and useful, new format such as the Gemini model or even the 3-in-1 model can open up more rooms for new store expansion, as it is way more costs effective and economical, even though these store formats do require a slightly higher level of management capability.

Earnings revision

Figure 1: Earnings revision

US$ mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	11,674	12,334	13,241	11,598	12,109	12,771	0.7%	1.9%	3.7%
Gross profit	8,252	8,744	9,408	8,187	8,573	9,065	0.8%	2.0%	3.8%
EBIT	1,268	1,361	1,531	1,280	1,394	1,538	-1.0%	-2.4%	-0.5%
Net profit att.	925	976	1,084	927	992	1,082	-0.2%	-1.7%	0.2%
Diluted EPS (USD)	2.658	2.788	3.096	2.664	2.835	3.091	-0.2%	-1.7%	0.2%
Gross margin	70.7%	70.9%	71.1%	70.6%	70.8%	71.0%	0.1ppt	0.1ppt	0.1ppt
EBIT margin	10.9%	11.0%	11.6%	11.0%	11.5%	12.0%	-0.2ppt	-0.5ppt	-0.5ppt
Net profit att. margin	7.9%	7.9%	8.2%	8.0%	8.2%	8.5%	-0.1ppt	-0.3ppt	-0.3ppt

Source: Company data, CMBIGM estimates

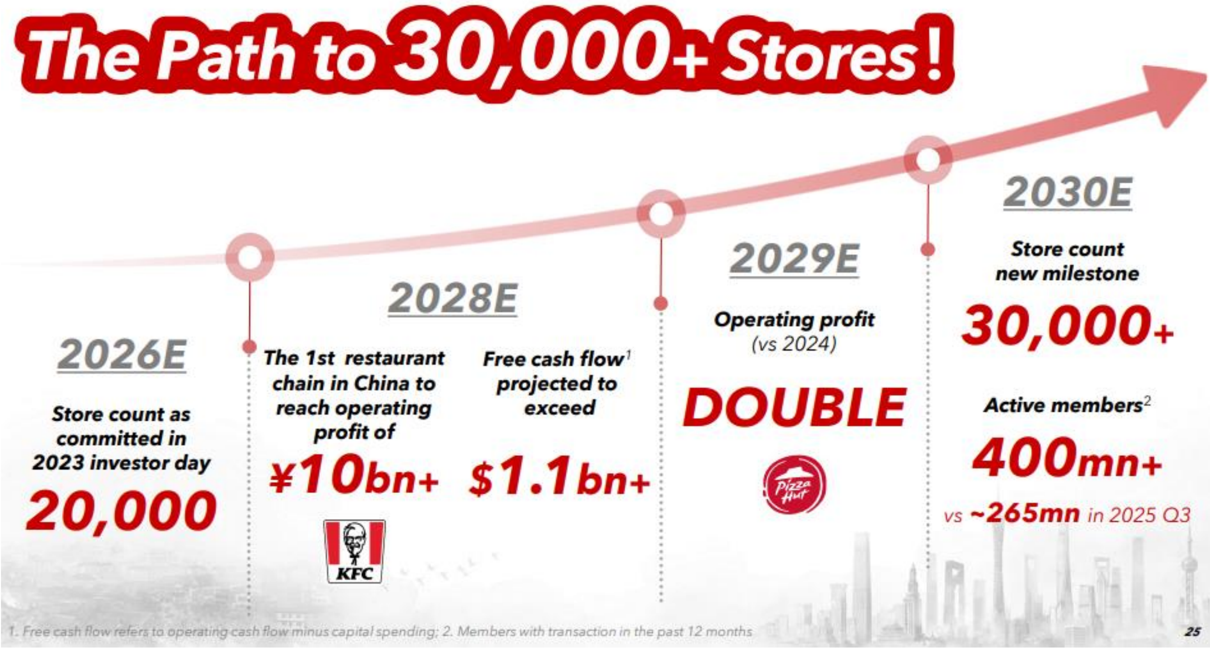
Figure 2: CMBIGM estimates vs consensus

US$ mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	11,674	12,334	13,241	11,739	12,381	13,083	-0.6%	-0.4%	1.2%
Gross profit	8,252	8,744	9,408	8,247	8,722	9,241	0.1%	0.3%	1.8%
EBIT	1,268	1,361	1,531	1,292	1,407	1,545	-1.9%	-3.3%	-0.9%
Net profit att.	925	976	1,084	931	1,023	1,114	-0.6%	-4.6%	-2.8%
Diluted EPS (USD)	2.658	2.788	3.096	2.515	2.849	3.178	5.7%	-2.1%	-2.6%
Gross margin	70.7%	70.9%	71.1%	70.2%	70.4%	70.6%	0.4ppt	0.5ppt	0.4ppt
EBIT margin	10.9%	11.0%	11.6%	11.0%	11.4%	11.8%	-0.1ppt	-0.3ppt	-0.2ppt
Net profit att. margin	7.9%	7.9%	8.2%	7.9%	8.3%	8.5%	0ppt	-0.3ppt	-0.3ppt

Source: Bloomberg, CMBIGM estimates

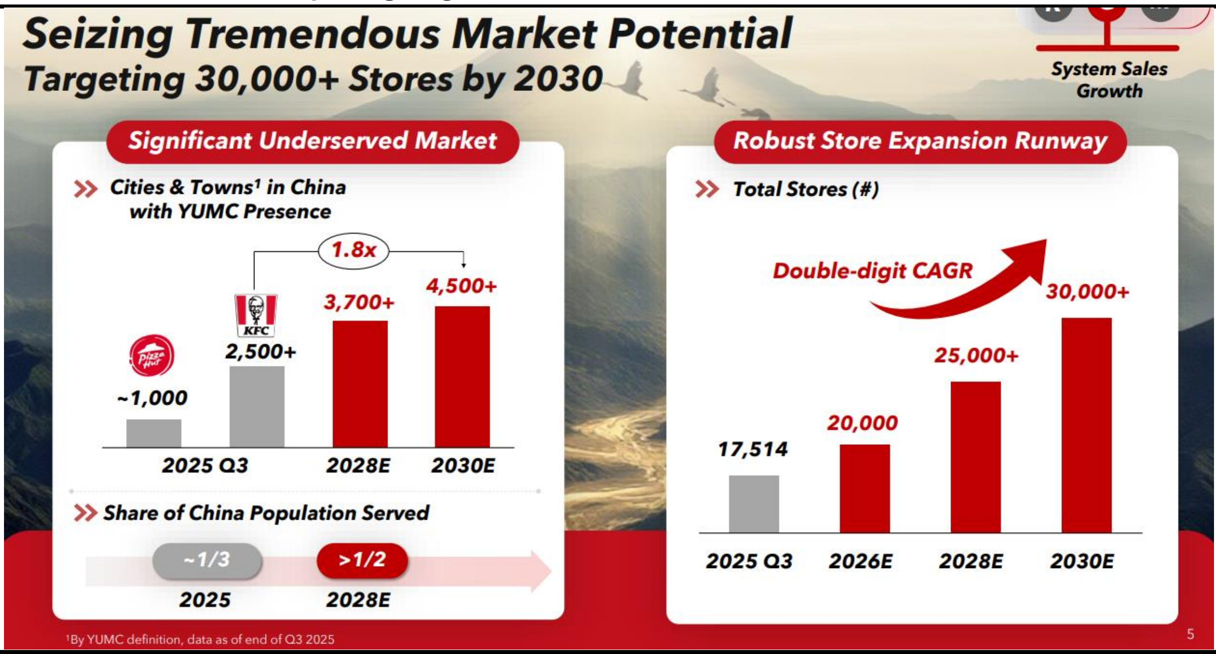
Focus charts

Figure 3: Yum China's major mid- to long-term targets for the next few years



Source: Company data, CMBIGM

Figure 4: Yum China's stores opening targets



Source: Company data, CMBIGM

Figure 5: KFC's mid-term targets

Source: Company data, CMBIGM

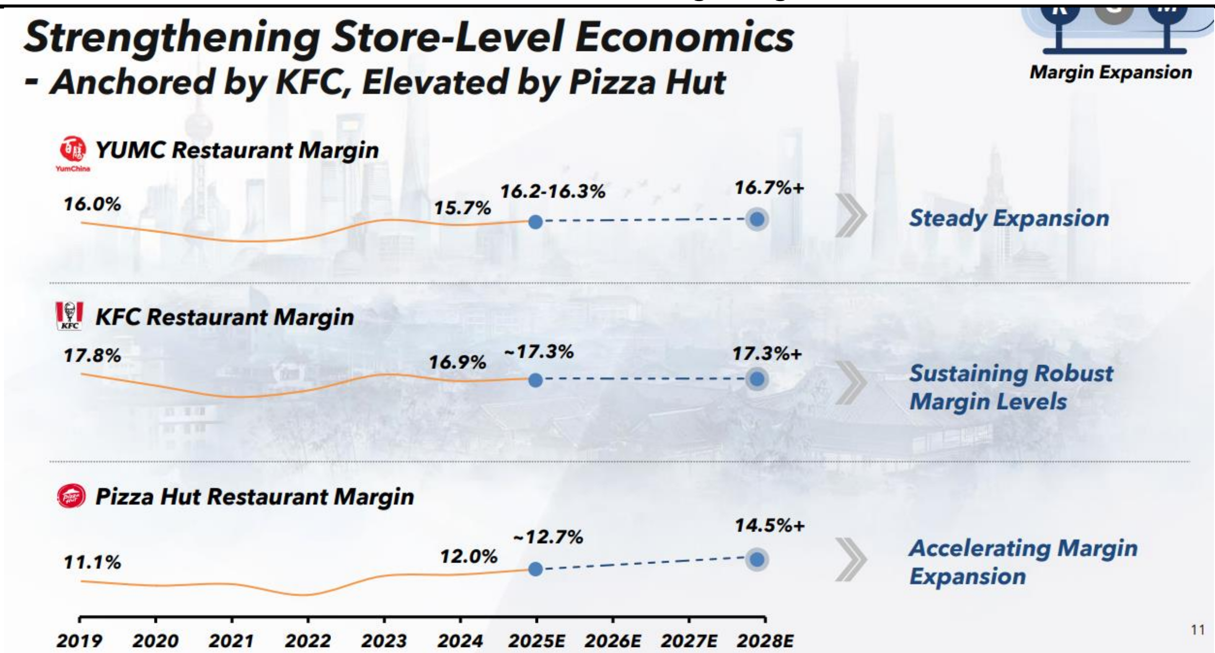
Figure 6: Pizza Hut's mid-term targets

Source: Company data, CMBIGM

Figure 7: Other brands' mid-term targets

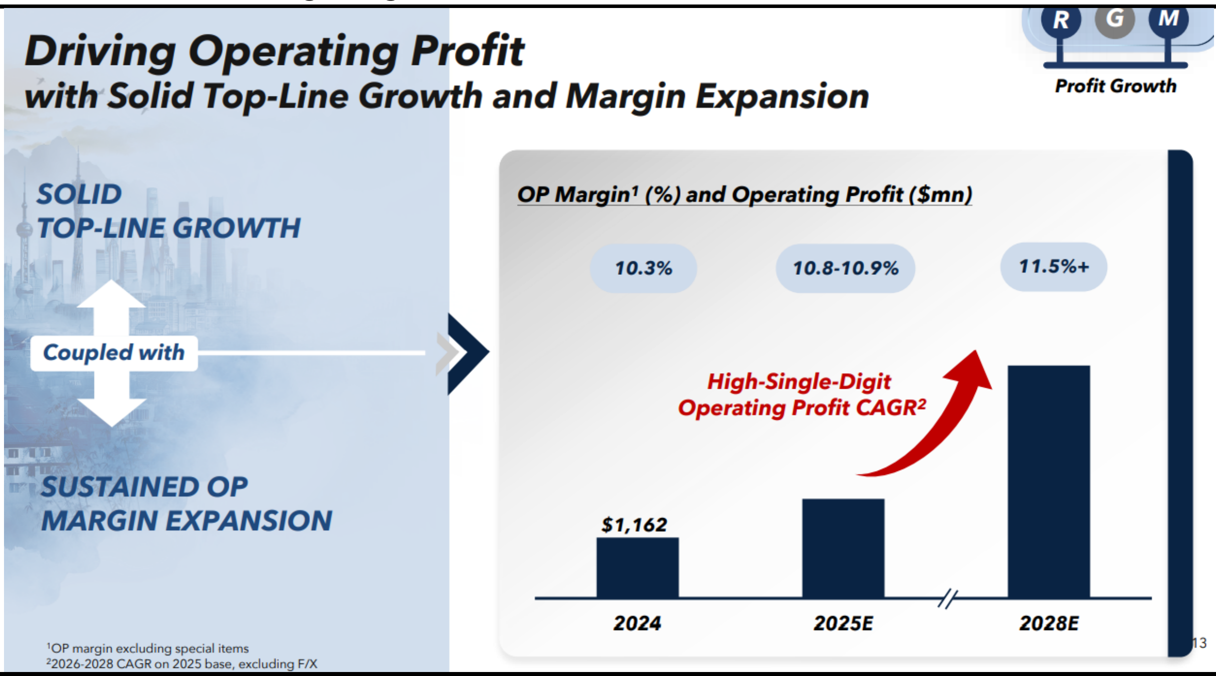
Source: Company data, CMBIGM

Figure 8: Yum China, KFC and Pizza Hut's store level OP margin targets



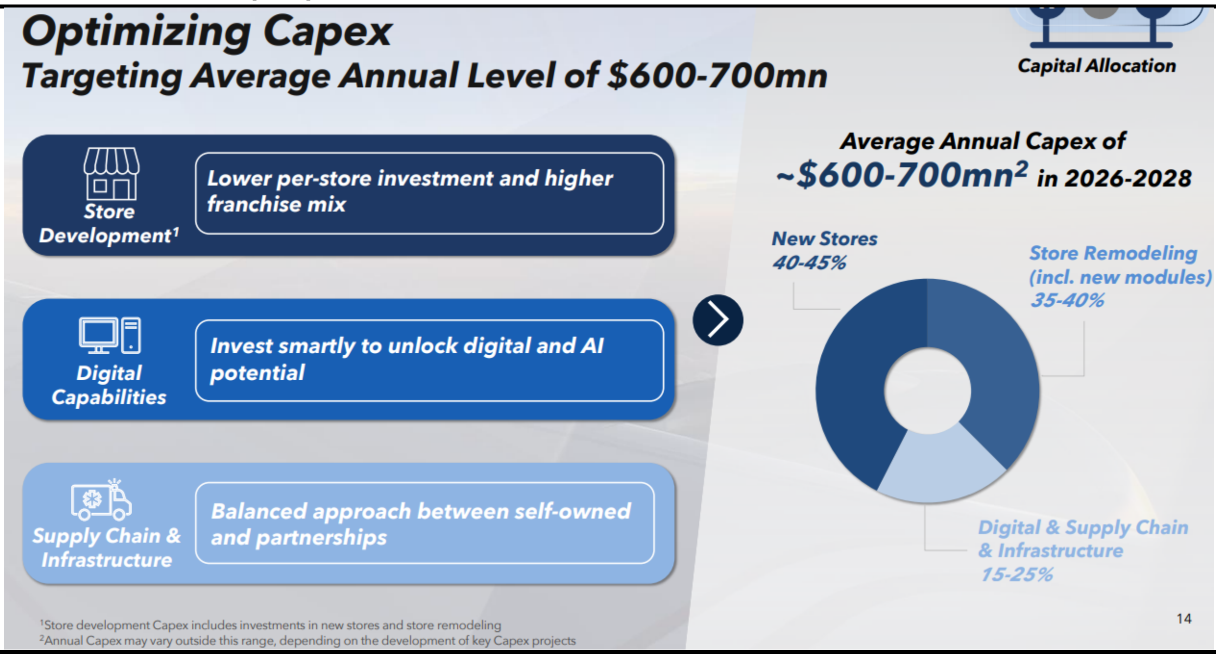
Source: Company data, CMBIGM

Figure 9: Yum China's OP margin target



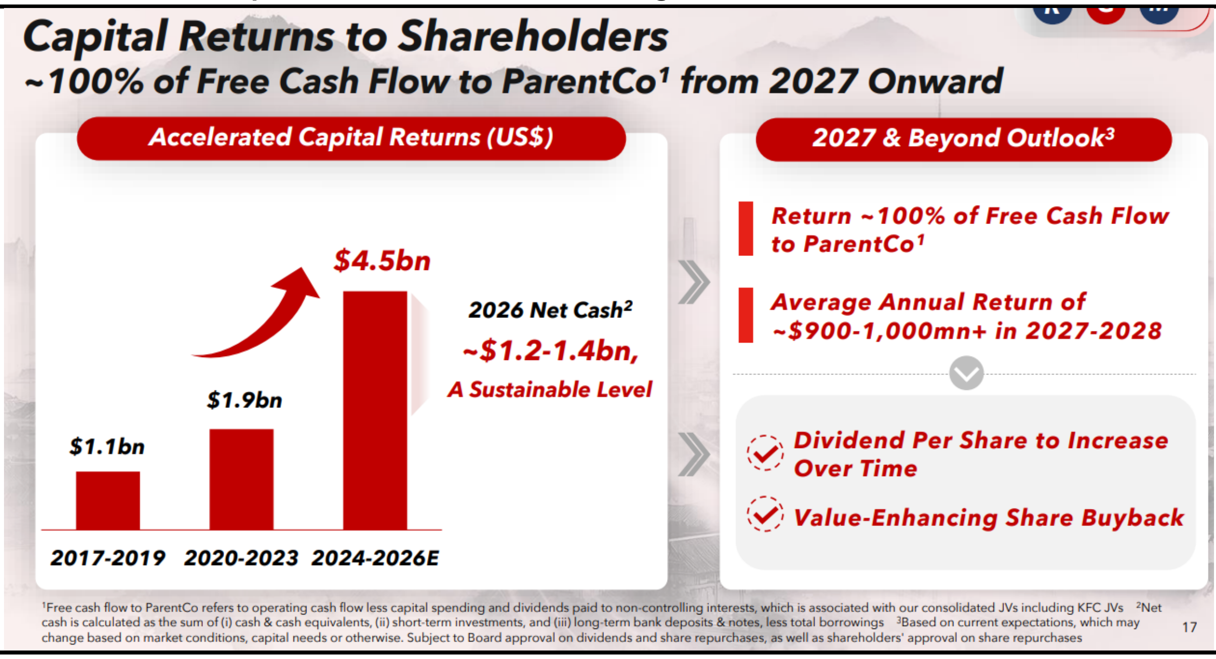
Source: Company data, CMBIGM

Figure 10: Yum China's capex plan



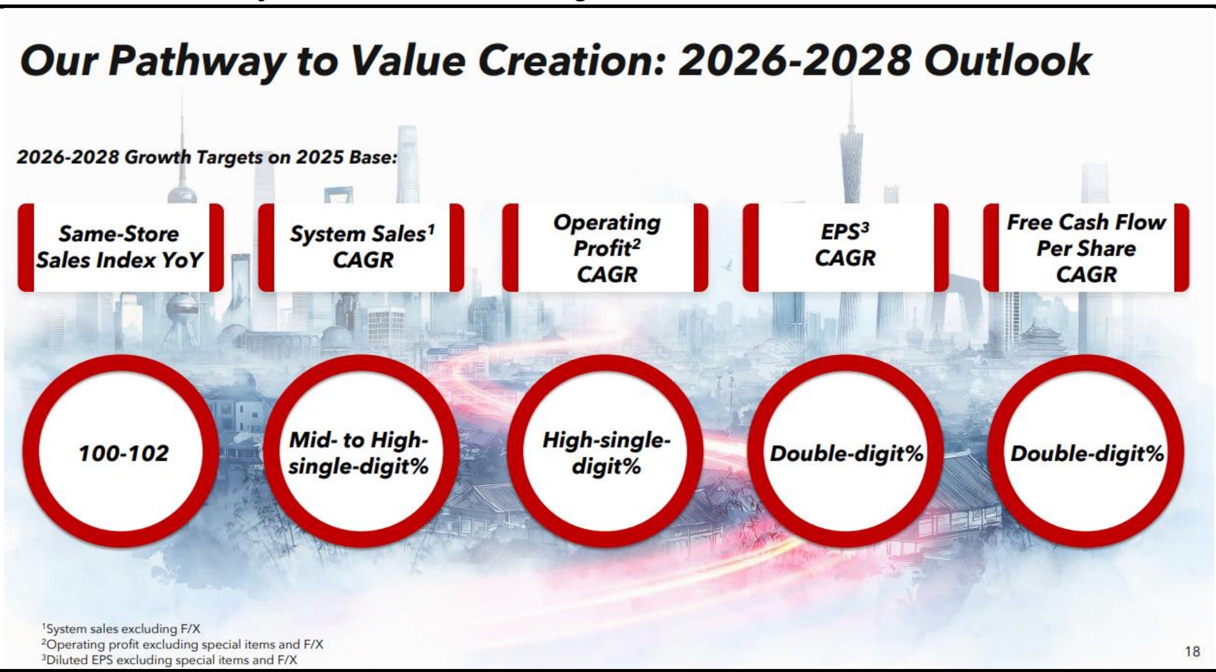
Source: Company data, CMBIGM

Figure 11: Yum China's capital returns to shareholders target



Source: Company data, CMBIGM

Figure 12: Yum China's major mid-term financial targets



Source: Company data, CMBIGM

Results review

Figure 13: Results review – Quarterly

Half yearly (RMB mn)	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q25 YoY	2Q25 YoY	3Q25 YoY	4Q25 E YoY	3Q25E CMBI	Actual vs CMBI
Revenue	**3,071**	**2,595**	**2,981**	**2,787**	**3,206**	**2,700**	**1%**	**4%**	**4%**	**4%**	**3,162**	**1%**
Food and paper	-918	-776	-874	-810	-939	-799					-936	
Gross profit	2,153	1,819	2,107	1,977	2,267	1,901	**2%**	**5%**	**5%**	**5%**	2,226	2%
GP margins	*70.1%*	*70.1%*	*70.7%*	*70.9%*	*70.7%*	*70.4%*					*70.4%*	
Other income & gains	0	0	0	1	0	0					0	
Payroll & benefits	-728	-685	-719	-712	-785	-751	**2%**	**7%**	**8%**	**10%**	-768	2%
Payroll & benefits/ sales	*-23.7%*	*-26.4%*	*-24.1%*	*-25.5%*	*-24.5%*	*-27.8%*					*-24.3%*	
Rent & other opex	-755	-672	-688	-669	-755	-661	**-1%**	**-1%**	**0%**	**-2%**	-771	-2%
Rent & other opex/ sales	*-24.6%*	*-25.9%*	*-23.1%*	*-24.0%*	*-23.5%*	*-24.5%*					*-24.4%*	
Admin expenses	-259	-262	-266	-251	-288	-280	**5%**	**7%**	**11%**	**7%**	-247	17%
Admin exp / sales	*-8.4%*	*-10.1%*	*-8.9%*	*-9.0%*	*-9.0%*	*-10.4%*					*-7.8%*	
Other opex	-40	-49	-35	-42	-39	-45					-41	
Operating profit (EBIT)	371	151	399	304	400	165	**7%**	**14%**	**8%**	**9%**	398	0%
OP margins	*12.1%*	*5.8%*	*13.4%*	*10.9%*	*12.5%*	*6.1%*					*12.6%*	
Investment gain (loss)	36	-12	7	-16	-4	1					0	
Net finance income	31	29	26	25	23	14					22	4%
Net finance income / sales	*1.0%*	*1.1%*	*0.9%*	*0.9%*	*0.7%*	*0.5%*					*0.7%*	
Profit after financing costs	438	168	432	313	419	180					420	
Associated coms	0	0	0	0	0	0					0	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	438	168	432	313	419	180	**3%**	**3%**	**-4%**	**7%**	420	0%
Tax	-119	-42	-119	-80	-114	-37					-114	0%
Tax / sales	*-3.9%*	*-1.6%*	*-4.0%*	*-2.9%*	*-3.6%*	*-1.4%*					*-3.6%*	
Effective tax rate	*-27.2%*	*-25.0%*	*-27.5%*	*-25.6%*	*-27.2%*	*-20.3%*					*-27.0%*	
Minority interests	22	11	21	18	23	8					20	14%
Net profit att.	**297**	**115**	**292**	**215**	**282**	**136**	**2%**	**1%**	**-5%**	**18%**	**287**	**-2%**
NP margins	*9.7%*	*4.4%*	*9.8%*	*7.7%*	*8.8%*	*5.0%*					*9.1%*	

Source: Company data, CMBIGM estimates

Assumptions

Figure 14: CMBIGM's assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (US$ mn)					
KFC - dine in sales	5,278	5,129	4,671	4,427	4,414
KFC - delivery sales	2,962	3,380	4,056	4,746	5,410
PH - dine in sales	1,412	1,381	1,297	1,284	1,320
PH- delivery sales	834	879	1,046	1,214	1,372
Others	492	534	603	664	725
Total	10,978	11,303	11,674	12,334	13,241
Sales by segment growth (%)					
KFC - dine in sales	18.4%	-2.8%	-8.9%	-5.2%	-0.3%
KFC - delivery sales	7.2%	14.1%	20.0%	17.0%	14.0%
PH - dine in sales	25.5%	-2.2%	-6.0%	-1.0%	2.8%
PH- delivery sales	-0.1%	5.4%	19.0%	16.0%	13.0%
Others	26.2%	8.5%	12.9%	10.0%	9.3%
Total	14.7%	3.0%	3.3%	5.7%	7.4%
Sales network by brand					
KFC	10,296	11,648	13,098	14,648	16,298
Pizza Hut	3,312	3,724	4,174	4,704	5,314
Others	1,036	1,023	898	898	898
Total	14,644	16,395	18,170	20,250	22,510
Restaurant profit margin by brand					
KFC	17.5%	16.6%	16.6%	16.3%	16.6%
Pizza hut	11.7%	11.9%	12.3%	13.0%	13.6%
Others	-2.6%	-0.6%	0.5%	0.6%	0.8%
Total	16.3%	15.8%	15.9%	15.9%	16.4%
Costs breakdown					
Food and paper/ sales	29.4%	30.0%	29.3%	29.1%	28.9%
Payroll and employee benefits/ sales	24.8%	24.7%	25.4%	25.7%	25.6%
Rental and other operating expenses/ sales	25.1%	24.8%	23.8%	23.1%	22.5%
G & A expenses/ sales	5.8%	5.0%	4.8%	4.8%	4.8%
Franchisees expenses/ sales	3.2%	3.6%	4.1%	4.4%	4.6%
Effective tax rate	26.5%	26.4%	26.0%	26.0%	26.0%
NP att. margin	**7.5%**	**8.1%**	**7.9%**	**7.9%**	**8.2%**
NP att. growth (%)	**87.1%**	**10.2%**	**1.6%**	**5.5%**	**11.0%**

Source: Company data, CMBIGM estimates

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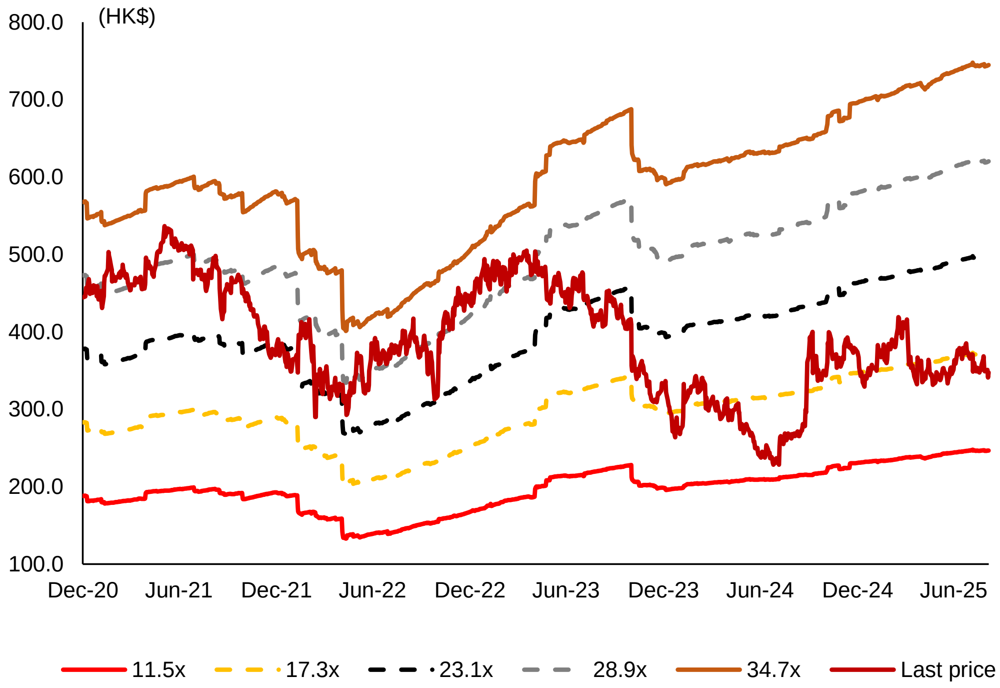
Valuation

Figure 15: Peers valuation table

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/ Down-side	Mkt. Cap (HK$mn)	Year End	P/E (x) FY1E	P/E (x) FY2E	P/B (x) FY2E	ROE (%) FY0	3yrs PEG (x) FY1E	Yield (%) FY1E	YTD perf. (%) FY1E
Leading Greater China Catering														
Yum China	9987 HK	BUY	457.48	370.00	24%	134,351	Dec-24	17.9	17.0	2.9	13.5	1.8	1.9	(0.6)
Jiumaojiu	9922 HK	BUY	3.18	1.75	82%	2,446	Dec-24	14.5	9.5	0.6	1.4	0.2	3.8	(48.6)
Haidilao	6862 HK	BUY	17.46	13.28	31%	74,023	Dec-24	15.5	13.8	5.3	46.3	3.7	5.6	(16.5)
DPC Dash	1405 HK	BUY	105.96	74.60	42%	9,795	Dec-24	57.4	35.6	3.3	4.9	0.7	0.0	(4.4)
Green Tea	6831 HK	BUY	10.74	6.19	74%	4,169	Dec-24	7.5	6.2	2.0	59.1	n/a	6.3	n/a
Nayuki	2150 HK	BUY	3.43	1.09	215%	1,858	Dec-24	n/a	39.8	0.4	(14.6)	n/a	0.0	(19.9)
Luckin Coffee	LKNCY US	BUY	44.95	35.95	25%	79,263	Dec-24	19.7	15.9	3.9	30.5	0.6	0.0	40.0
Mixue Group	2097 HK	NR	n/a	400.40	n/a	151,999	Dec-24	23.9	20.8	5.0	34.8	1.3	1.2	n/a
Guming	1364 HK	NR	n/a	22.94	n/a	54,556	Dec-24	20.0	18.6	8.6	111.6	0.8	4.8	n/a
Baicha Baidao	2555 HK	NR	n/a	6.78	n/a	10,018	Dec-24	10.8	9.9	1.9	14.2	0.4	7.3	(37.7)
Helens	9869 HK	NR	n/a	0.99	n/a	1,253	Dec-24	5.6	9.0	1.6	(7.8)	(0.0)	14.0	(54.2)
Cafe De Coral	341 HK	HOLD	6.52	5.68	15%	3,294	Mar-25	14.2	12.4	1.1	8.3	1.2	7.0	(27.3)
Xiabuxiabu	520 HK	BUY	4.89	0.81	504%	880	Dec-24	n/a	n/a	0.8	(26.6)	n/a	4.7	(19.0)
Yihai	1579 HK	NR	n/a	12.25	n/a	12,700	Dec-24	14.4	13.1	2.2	16.7	1.9	6.2	(18.8)
Gourmet Master	2723 TT	NR	n/a	60.80	n/a	2,715	Dec-24	n/a	12.4	1.0	(5.5)	n/a	6.4	(37.2)
							Avg.	**18.5**	**16.7**	**2.7**	**19.1**	**1.2**	**4.6**	**(20.3)**
							Med.	**15.0**	**13.4**	**2.0**	**13.5**	**0.8**	**4.8**	**(19.4)**
International Catering														
Yum! Brands	YUM US	NR	n/a	149.21	n/a	322,476	Dec-24	24.6	22.4	n/a	n/a	2.0	1.9	11.2
Mcdonald's	MCD US	NR	n/a	304.16	n/a	1,686,062	Dec-24	25.1	22.9	n/a	n/a	3.1	2.4	4.9
Starbucks Corp	SBUX US	NR	n/a	82.62	n/a	731,276	Sep-25	34.0	27.2	n/a	n/a	1.1	3.0	(9.5)
Rest' Brands	QSR US	NR	n/a	67.99	n/a	240,901	Dec-24	18.5	16.9	5.6	27.9	1.7	3.6	4.3
Chipotle	CMG US	NR	n/a	30.4	n/a	312,377	Dec-24	26.1	24.8	10.8	45.0	3.0	0.0	(49.7)
Darden	DRI US	NR	n/a	169.21	n/a	153,198	May-25	15.9	14.9	7.6	50.4	1.4	3.6	(9.4)
Domino's Pizza	DPZ US	NR	n/a	397.21	n/a	104,462	Dec-24	22.6	20.3	n/a	n/a	2.7	1.7	(5.4)
Wendy's Co	WEN US	NR	n/a	7.87	n/a	11,660	Dec-24	9.0	8.9	18.1	100.8	(100.4)	8.4	(51.7)
Shake Shack	SHAK US	NR	n/a	83.70	n/a	27,812	Dec-24	63.0	51.5	5.7	8.8	0.6	n/a	(35.5)
Wingstop Inc	WING US	NR	n/a	228.49	n/a	49,420	Dec-24	58.2	47.8	n/a	n/a	3.2	0.5	(19.6)
Jollibee Foods	JFC PM	NR	n/a	198.00	n/a	29,318	Dec-24	19.9	16.5	2.6	13.4	1.4	1.7	(26.4)
							Avg.	**28.8**	**24.9**	**8.4**	**41.0**	**(7.3)**	**2.7**	**(17.0)**
							Med.	**24.6**	**22.4**	**6.6**	**36.4**	**1.7**	**2.1**	**(9.5)**

Source: Bloomberg, Company data, CMBIGM estimates
Note: Data as of 21 Nov 2025

Figure 16: Forward 12M P/E valuation band



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US$ mn)						
Revenue	**9,569**	**10,978**	**11,303**	**11,674**	**12,334**	**13,241**
Cost of goods sold	(2,836)	(3,224)	(3,387)	(3,422)	(3,590)	(3,833)
Gross profit	**6,733**	**7,754**	**7,916**	**8,252**	**8,744**	**9,408**
Operating expenses	**(6,010)**	**(6,648)**	**(6,755)**	**(6,986)**	**(7,385)**	**(7,878)**
Selling expense	0	0	0	0	0	0
Admin expense	(704)	(779)	(729)	(721)	(762)	(818)
Staff costs	(2,389)	(2,725)	(2,787)	(2,967)	(3,172)	(3,390)
Other rental related expenses	(884)	(935)	(937)	(905)	(915)	(940)
Others	(1,431)	(1,756)	(1,683)	(1,740)	(1,856)	(1,998)
Operating profit	**629**	**1,106**	**1,162**	**1,268**	**1,361**	**1,531**
Other income	(94)	0	1	1	1	1
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	**1,231**	**1,559**	**1,781**	**1,920**	**2,041**	**2,263**
Depreciation	(582)	(423)	(558)	(609)	(663)	(726)
Other amortisation	(20)	(30)	(61)	(44)	(17)	(6)
Interest income	84	169	129	88	70	56
Interest expense	0	0	0	0	0	0
Net Interest income/(expense)	**84**	**169**	**129**	**88**	**70**	**56**
Other income/expense	(26)	(49)	40	(12)	(12)	(13)
Pre-tax profit	**687**	**1,226**	**1,331**	**1,344**	**1,418**	**1,575**
Income tax	(209)	(325)	(351)	(350)	(369)	(409)
After tax profit	**478**	**901**	**980**	**995**	**1,049**	**1,165**
Minority interest	(36)	(74)	(69)	(70)	(74)	(82)
Net profit	**442**	**827**	**911**	**925**	**976**	**1,084**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US$ mn)						
Current assets	**3,940**	**3,431**	**2,694**	**2,362**	**2,064**	**1,963**
Cash & equivalents	1,130	1,128	723	369	24	(142)
Restricted cash	2,022	1,472	1,121	1,121	1,121	1,121
Account receivables	64	68	79	76	80	86
Inventories	417	424	405	419	439	469
Prepayment	307	339	366	378	399	429
Other current assets	0	0	0	0	0	0
Non-current assets	**7,886**	**8,600**	**8,427**	**8,443**	**8,441**	**8,371**
PP&E	2,118	2,310	2,407	2,440	2,455	2,392
Right-of-use assets	2,219	2,217	2,146	2,146	2,146	2,146
Investment in JVs & assos	266	332	368	368	368	368
Intangibles	159	150	144	100	84	77
Goodwill	1,988	1,932	1,880	1,906	1,906	1,906
Other non-current assets	1,136	1,659	1,482	1,482	1,482	1,482
Total assets	**11,826**	**12,031**	**11,121**	**10,805**	**10,504**	**10,334**
Current liabilities	**2,166**	**2,422**	**2,283**	**2,320**	**2,392**	**2,494**
Short-term borrowings	0	0	0	0	0	0
Account payables	727	786	766	784	822	878
Tax payable	68	90	76	76	76	76
Other current liabilities	1,371	1,546	1,441	1,460	1,494	1,540
Non-current liabilities	**2,500**	**2,490**	**2,411**	**2,411**	**2,411**	**2,411**
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	2,500	2,490	2,411	2,411	2,411	2,411
Total liabilities	**4,666**	**4,912**	**4,694**	**4,731**	**4,803**	**4,905**
Share capital	4,291	4,095	3,639	3,639	3,639	3,639
Retained earnings	2,191	2,310	2,089	2,444	3,082	3,791
Other reserves	678	714	699	(9)	(1,020)	(2,001)
Total shareholders equity	**7,160**	**7,119**	**6,427**	**6,074**	**5,701**	**5,429**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**11,826**	**12,031**	**11,121**	**10,805**	**10,504**	**10,334**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US$ mn)						
Operating						
Profit before taxation	**687**	**1,226**	**1,331**	**1,344**	**1,418**	**1,575**
Depreciation & amortization	602	453	619	652	680	732
Tax paid	(20)	(10)	(7)	(350)	(369)	(409)
Change in working capital	0	49	(43)	14	26	37
Others	144	(245)	(481)	(26)	0	0
Net cash from operations	**1,413**	**1,473**	**1,419**	**1,636**	**1,756**	**1,934**
Investing						
Capital expenditure	(679)	(710)	(705)	(642)	(678)	(662)
Acquisition of subsidiaries/ investments	(23)	(20)	0	0	0	0
Others	180	(13)	527	0	0	0
Net cash from investing	**(522)**	**(743)**	**(178)**	**(642)**	**(678)**	**(662)**
Financing						
Dividend paid	(202)	(216)	(248)	(248)	(322)	(338)
Net borrowings	2	164	(39)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(466)	(613)	(1,249)	(1,100)	(1,100)	(1,100)
Others	(178)	(51)	(100)	0	0	0
Net cash from financing	**(844)**	**(716)**	**(1,636)**	**(1,348)**	**(1,422)**	**(1,438)**
Net change in cash						
Cash at the beginning of the year	1,136	1,130	1,128	723	369	24
Exchange difference	(53)	(16)	(10)	0	0	0
Others	47	14	(395)	(354)	(345)	(166)
Cash at the end of the year	**1,130**	**1,128**	**723**	**369**	**24**	**(142)**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(2.9%)	14.7%	3.0%	3.3%	5.7%	7.4%
Gross profit	(4.4%)	15.2%	2.1%	4.2%	6.0%	7.6%
Operating profit	(54.6%)	75.8%	5.1%	9.1%	7.3%	12.6%
EBITDA	(35.3%)	26.6%	14.2%	7.8%	6.3%	10.9%
Net profit	(55.4%)	87.1%	10.2%	1.6%	5.5%	11.0%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	70.4%	70.6%	70.0%	70.7%	70.9%	71.1%
Operating margin	6.6%	10.1%	10.3%	10.9%	11.0%	11.6%
EBITDA margin	12.9%	14.2%	15.8%	16.4%	16.5%	17.1%
Return on equity (ROE)	5.9%	11.6%	13.5%	14.8%	16.6%	19.5%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.8	1.4	1.2	1.0	0.9	0.8
Receivable turnover days	2.5	2.2	2.4	2.4	2.4	2.4
Inventory turnover days	54.6	47.6	44.7	44.7	44.7	44.7
Payable turnover days	100.2	85.6	83.6	83.6	83.6	83.6

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	45.7	24.1	20.3	17.9	17.0	15.4
P/E (diluted)	45.7	24.1	20.3	17.9	17.0	15.4
P/B	2.7	2.9	2.6	2.7	2.9	3.0
P/CFPS	14.3	13.6	13.1	10.1	9.5	8.6
Div yield (%)	1.1	1.1	1.5	2.0	2.1	2.3

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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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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