

# Cafe De Coral (341 HK)

## Industry pressure offset by wage subsidies

We are confident that CDC to take more market shares amid the pandemic. The worst should soon be over for HK and China sales should rebound strongly. However, latest industry data suggested SSSG drag is greater than our estimates, therefore, we cut our EPS by 7%/ 16%/ 15% in FY21E/ 22E/ 23E. Maintain BUY and cut TP to HK\$ 18.37, based on 24x FY3/22E P/E (rolled over from 19x FY3/21E, re-rating for leaders is likely thru shares gain), vs its 5 years avg. of 21x.

- **HK catering is still under pressure and no exception for fast food segment.** According to HK Census and Statistic Department, HK catering sales fell by 35% YoY in 3Q20, compared to 26%/ 33% decline in 2Q20/ 1Q20. Even though fast food was more resilient with 23% drop in sales, (vs 47%/ 31% decline for Chinese/ Non-Chinese restaurants), it still worsened from 21%/ 18% decline in 2Q20/ 1Q20.
- **Hence we are expecting a soft 1H21E.** We now expect the Group's sales to fall by 16% YoY in 1H21E, which remained weak after a 14% decline in 2H20. We also forecast a 86% net profit growth for in 1H21E, mainly due to the tax free employment subsidies. But excluding that, we expect net losses of HK\$ 42mn will be recorded in 1H21E, which just will marginally improve from net losses of HK\$ 76mn in 2H20, aided by more active adjustment in staff costs and more short-term rental reliefs from the landlords.
- **HK market: easier comps and consolidations onwards.** Despite the drags in Jul-Sep 2020, we are still optimistic on CDC in 2H21E, thanks to: 1) lower base due to social unrest last year, 2) further easing in social distancing rules, such as dine-in hours extension to midnight and max people per table increase from 4 to 6, and 3) further market consolidations during Dec-Mar 2020 as more smaller restaurants could go out of business once the employment aids expire by Nov 2020.
- **China market: recovering healthily.** We expect China sales to fall only by 3% YoY in 1H21E, improved from a 15% decrease in 2H20, far better than the 12% catering industry sales decline. Noted that its store expansion plan in China should remain intact, with 13 new stores or 11% growth in FY21E.
- **Maintain BUY and cut TP to HK\$ 18.37.** We cut our EPS by 7%/ 16%/ 15% in FY21E/ 22E/ 23E, to factor a larger drop in SSSG but better subsidies. We maintain BUY and cut TP to HK\$ 18.37 based on 24x FY3/22E (rolled over from 19x FY3/21E as we believe: 1) the worst should soon be over, 2) 3Q20 negatives are reasonable known and 3) industry leaders' re-rating is likely as investors focus more on the positives from industry consolidation. It is trading at 21x FY3/22E, which is not demanding, vs 5 years avg. of 21x, in our view.

### Earnings Summary

(YE 31 Mar)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (HK\$ mn)	8,493.9	7,963.1	7,517.4	8,208.0	8,816.1
YoY growth (%)	0.8	(6.2)	(5.6)	9.2	7.4
Net income (HK\$ mn)	569.9	73.6	541.9	445.1	519.0
EPS (HK\$)	0.98	0.13	0.93	0.77	0.89
YoY growth (%)	24.3	(87.1)	635.9	(17.9)	16.6
Consensus EPS (HK\$)	n/a	n/a	0.76	0.90	0.98
P/E (x)	16.4	127.2	17.3	21.0	18.0
P/B (x)	2.9	3.5	2.9	2.7	2.5
Yield (%)	5.3	1.2	1.7	3.1	3.6
ROE (%)	18.0	2.8	17.0	12.8	14.0
Net gearing (%)	Net cash	Net cash	10.1	0.9	Net cash

Source: Company data, Bloomberg, CMBIS estimates

**BUY (Maintain)**

Target Price **HK\$18.37**  
 (Previous TP **HK\$19.07**)  
 Up/Downside **13.4%**  
 Current Price **HK\$16.20**

### China Catering Sector

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### Stock Data

Mkt Cap (HK\$ mn)	9,488
Avg 3 mths t/o (HK\$ mn)	23.18
52w High/Low (HK\$)	22.00/12.60
Total Issued Shares (mn)	585.7
Source: Bloomberg	

### Shareholding Structure

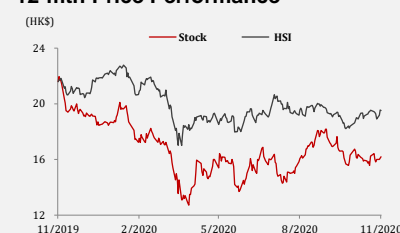
Lo Tak Shing	15.76%
Lo Hoi Chun	11.61%
Lo Hoi Kwong	11.00%
Invesco Hong Kong Ltd.	5.01%
Free float	56.62%
Source: HKEx	

### Share Performance

	Absolute	Relative
1-mth	-1.3%	-7.2%
3-mth	1.6%	-0.3%
6-mth	0.6%	-0.6%
12-mth	-23.2%	-16.5%

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

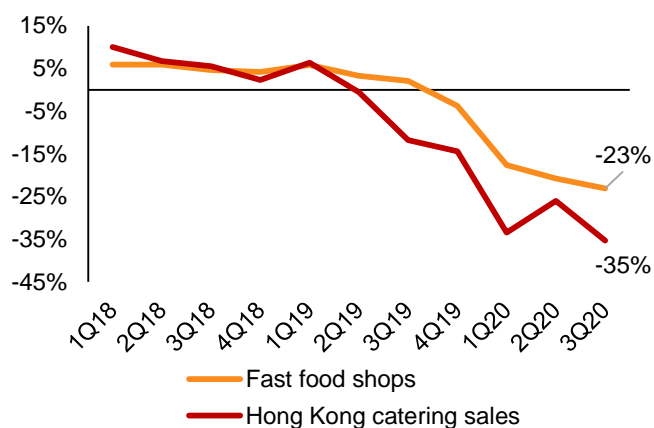
**Auditor: PricewaterhouseCoopers**

### Related Reports

1. Café de Coral (341 HK, BUY) - The worst is over and delivery the next focus - 16 Jun 2020
2. Café de Coral (341 HK, BUY) - Expect a massive subsidy and traffic recovery - 13 May 2020
3. Café de Coral (341 HK, HOLD) - Still a mixed bag right now - 23 Apr 2020

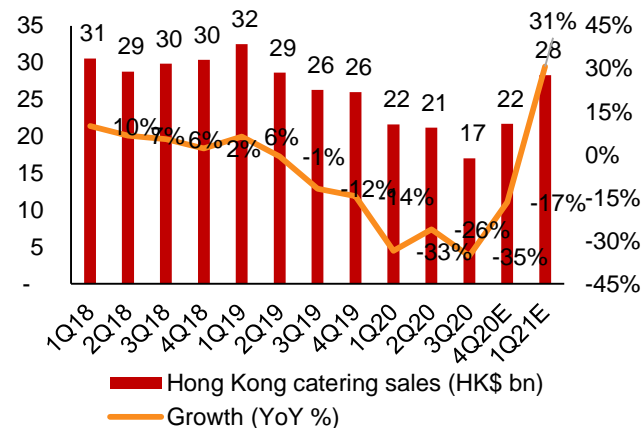
## Focus Charts

Figure 1: HK catering and fast food sales growth



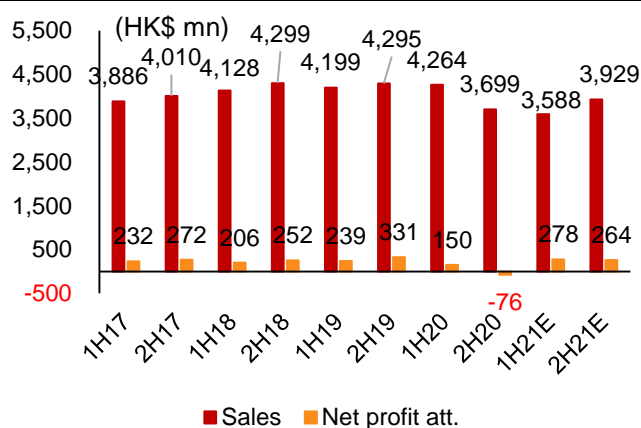
Source: HK Census and Statistic Department, CMBIS estimates

Figure 2: HK catering sales and growth



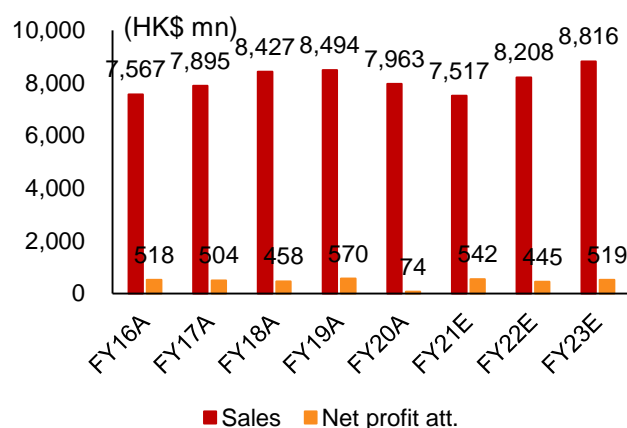
Source: HK Census and Statistic Department, CMBIS estimates

Figure 3: CDC's sales/ net profit att., half year



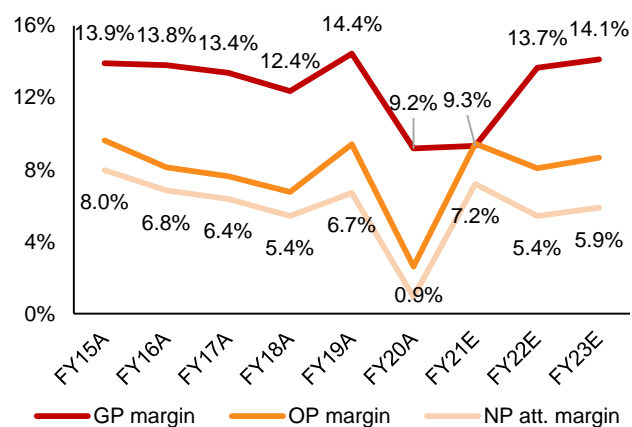
Source: Company data, CMBIS estimates

Figure 4: CDC's sales/ net profit att., full year



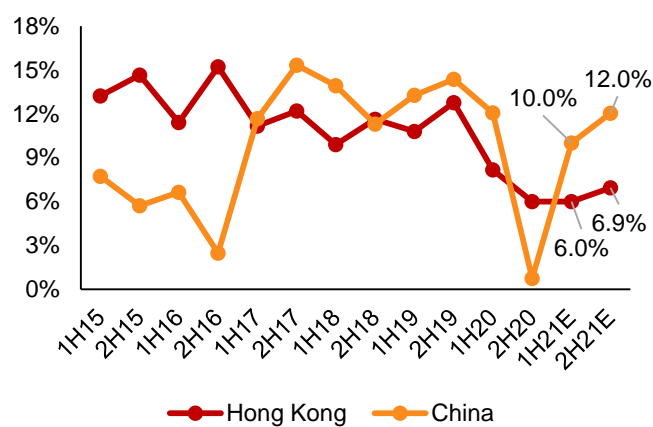
Source: Company data, CMBIS estimates

Figure 5: GP, OP and NP att. margin



Source: Company data, CMBIS estimates

Figure 6: Hong Kong and China's EBIT margin



Source: Company data, CMBIS estimates

Figure 7: Results preview - Half Year

HK\$ mn	1H20	2H20	1H21E	2H21E	1H21E YoY	2H21E YoY
Hong Kong	3,652	3,221	2,995	3,357	-18%	4%
China	612	478	594	573	-3%	20%
<b>Total revenue</b>	<b>4,264</b>	<b>3,699</b>	<b>3,588</b>	<b>3,929</b>	<b>-16%</b>	<b>6%</b>
COGS	(3,765)	(3,468)	(3,283)	(3,534)	-13%	2%
<b>Gross profit</b>	<b>499</b>	<b>232</b>	<b>305</b>	<b>396</b>	<b>-39%</b>	<b>71%</b>
Other income and gains	(4)	(37)	305	164	-8527%	-543%
Administrative expenses	(317)	(165)	(276)	(182)	-13%	10%
<b>Operating profit</b>	<b>179</b>	<b>30</b>	<b>334</b>	<b>377</b>	<b>87%</b>	<b>1159%</b>
Share of results of Assos	0	0	0	0	n/a	n/a
Non-operating items	0	0	0	0	n/a	n/a
Net finance income	9	(104)	(54)	(55)	-678%	-47%
<b>Profit before tax</b>	<b>188</b>	<b>(74)</b>	<b>280</b>	<b>322</b>	<b>49%</b>	<b>-537%</b>
Income tax	(38)	(2)	(1)	(59)	-96%	2623%
Minority interest	1	0	0	(0)	-30%	-220%
<b>Net profit att.</b>	<b>150</b>	<b>(76)</b>	<b>278</b>	<b>264</b>	<b>86%</b>	<b>-447%</b>
<b>GP margin</b>	<b>11.7%</b>	<b>6.3%</b>	<b>8.5%</b>	<b>10.1%</b>	<b>-3.2ppt</b>	<b>3.8ppt</b>
<b>OP margin</b>	<b>4.2%</b>	<b>0.8%</b>	<b>9.3%</b>	<b>9.6%</b>	<b>5.1ppt</b>	<b>8.8ppt</b>
<b>NP att. margin</b>	<b>3.5%</b>	<b>-2.1%</b>	<b>7.7%</b>	<b>6.7%</b>	<b>4.2ppt</b>	<b>8.8ppt</b>

Source: Company data, CMBIS estimates

Figure 8: Results preview - Full Year

HK\$ mn	FY20	FY21E	FY21E YoY
Hong Kong	6,873	6,351	-8%
China	1,090	1,166	7%
<b>Total revenue</b>	<b>7,963</b>	<b>7,517</b>	<b>-6%</b>
COGS	(7,232)	(6,817)	-6%
<b>Gross profit</b>	<b>731</b>	<b>701</b>	<b>-4%</b>
Other income and gains	(41)	469	-1256%
Administrative expenses	(481)	(458)	-5%
<b>Operating profit</b>	<b>209</b>	<b>711</b>	<b>241%</b>
Share of results of Assos	0	0	n/a
Non-operating items	0	0	n/a
Net finance income	(94)	(108)	15%
<b>Profit before tax</b>	<b>114</b>	<b>602</b>	<b>427%</b>
Income tax	(40)	(60)	51%
Minority interest	1	0	-68%
<b>Net profit att.</b>	<b>74</b>	<b>542</b>	<b>636%</b>
<b>GP margin</b>	<b>9.2%</b>	<b>9.3%</b>	<b>0.1ppt</b>
<b>OP margin</b>	<b>2.6%</b>	<b>9.5%</b>	<b>6.8ppt</b>
<b>NP att. margin</b>	<b>0.9%</b>	<b>7.2%</b>	<b>6.3ppt</b>

Source: Company data, CMBIS estimates

## Earnings revision

Figure 9: Earnings revision

HK\$ mn	New			Old			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	7,517	8,208	8,816	8,322	8,741	9,386	-9.7%	-6.1%	-6.1%
Gross profit	701	1,122	1,246	1,091	1,250	1,386	-35.8%	-10.3%	-10.1%
EBIT	711	662	763	833	764	876	-14.7%	-13.3%	-12.9%
Net profit att.	542	445	519	584	527	610	-7.2%	-15.6%	-14.9%
Diluted EPS (HK\$)	0.93	0.77	0.89	1.00	0.91	1.05	-7.2%	-15.6%	-14.9%
Gross margin	9.3%	13.7%	14.1%	13.1%	14.3%	14.8%	-3.8ppt	-0.6ppt	-0.6ppt
EBIT margin	9.5%	8.1%	8.7%	10.0%	8.7%	9.3%	-0.6ppt	-0.7ppt	-0.7ppt
Net profit att. margin	7.2%	5.4%	5.9%	7.0%	6.0%	6.5%	0.2ppt	-0.6ppt	-0.6ppt

Source: Company data, CMBIS estimates

Figure 10: CMBIS estimates vs consensus

HK\$ mn	CMBIS			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	7,517	8,208	8,816	7,781	8,559	9,274	-3.4%	-4.1%	-4.9%
Gross profit	701	1,122	1,246	753	1,206	1,330	-7.0%	-6.9%	-6.3%
EBIT	711	662	763	543	650	739	30.9%	1.9%	3.3%
Net profit att.	542	445	519	365	467	535	48.5%	-4.7%	-2.9%
Diluted EPS (HK\$)	0.93	0.77	0.89	0.76	0.90	0.98	22.3%	-15.0%	-8.6%
Gross margin	9.3%	13.7%	14.1%	9.7%	14.1%	14.3%	-0.4ppt	-0.4ppt	-0.2ppt
EBIT margin	9.5%	8.1%	8.7%	7.0%	7.6%	8.0%	2.5ppt	0.5ppt	0.7ppt
Net profit att. margin	7.2%	5.4%	5.9%	4.7%	5.5%	5.8%	2.5ppt	0ppt	0.1ppt

Source: Company data, CMBIS estimates

## Valuation

Figure 11: Peers' valuation

			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 Restaurants and Food Ingredients															
Cafe De Coral	341 HK	BUY	18.37	16.20	13%	9,488	Mar-20	17.3	21.0	2.9	2.7	2.5	0.2	1.7	
Haidilao Int'l	6862 HK	BUY	53.56	53.90	-1%	285,670	Dec-19	209.4	54.0	20.2	14.7	5.2	5.4	0.2	
Jiumaojiu Int'l	9922 HK	BUY	20.88	17.44	20%	25,347	Dec-19	395.8	47.6	9.5	8.0	101.4	9.1	0.1	
XBXB Catering	520 HK	NR	n/a	14.08	n/a	15,231	Dec-19	337.3	25.9	5.2	4.4	(6.0)	11.0	0.5	
Yihai Int'l	1579 HK	NR	n/a	102.50	n/a	107,307	Dec-19	88.8	64.2	25.9	19.4	34.3	2.5	0.3	
Yum China	YUMC US	NR	n/a	53.15	n/a	172,709	Dec-19	37.1	26.3	4.5	4.1	16.1	5.4	0.5	
Gourmet Master	2723 TT	NR	n/a	105.00	n/a	5,115	Dec-19	25.2	17.4	1.8	1.7	6.8	1.8	2.2	
								Avg.	158.7	36.6	10.0	7.8	22.9	5.0	0.8
								Med.	88.8	26.3	5.2	4.4	6.8	5.4	0.5
Other H-shares Restaurants and Food Ingredients															
Fairwood	52 HK	NR	n/a	17.78	n/a	2,303	Mar-20	38.7	12.9	3.4	2.8	8.1	n/a	1.8	
Tai Hing	6811 HK	NR	n/a	1.40	n/a	1,402	Dec-19	36.8	8.8	2.8	2.7	11.5	1.1	1.5	
Hop Hing	47 HK	NR	n/a	0.05	n/a	504	Dec-19	n/a	n/a	n/a	n/a	(4.2)	n/a	n/a	
Tsui Wah	1314 HK	NR	n/a	0.29	n/a	409	Mar-20	n/a	n/a	n/a	n/a	(35.1)	n/a	n/a	
Ajisen China	538 HK	NR	n/a	0.91	n/a	993	Dec-19	4.4	n/a	n/a	n/a	(1.2)	n/a	n/a	
Tao Heung	573 HK	NR	n/a	0.84	n/a	854	Dec-19	n/a	n/a	n/a	n/a	(3.1)	n/a	n/a	
Tang Palace	1181 HK	NR	n/a	0.71	n/a	764	Dec-19	4.1	n/a	n/a	n/a	(6.7)	n/a	n/a	
								Avg.	21.0	10.8	3.1	2.7	(4.4)	1.1	1.6
								Med.	20.6	10.8	3.1	2.7	(3.1)	1.1	1.6
Leading Greater China Restaurants and Food Ingredients															
Yum! Brands	YUM US	NR	n/a	96.77	n/a	226,587	Dec-19	28.6	24.5	n/a	n/a	n/a	28.5	1.9	
Mcdonald'S	MCD US	NR	n/a	216.80	n/a	1,250,773	Dec-19	36.4	26.0	n/a	n/a	n/a	7.9	2.3	
Starbucks Corp	SBUX US	NR	n/a	88.39	n/a	804,079	Sep-20	31.6	27.0	n/a	n/a	n/a	0.5	2.1	
Rest. Brands	QSR US	NR	n/a	54.00	n/a	195,656	Dec-19	24.9	19.5	9.2	9.0	23.8	3.1	3.8	
Chipotle Mexican	CMG US	NR	n/a	1209.6	n/a	262,400	Dec-19	110.4	56.5	17.7	14.7	13.8	3.6	0.0	
Darden Rest.	DRI US	NR	n/a	93.10	n/a	93,983	May-20	22.4	15.3	4.5	4.0	(7.9)	(0.1)	1.5	
Domino'S Pizza	DPZ US	NR	n/a	383.24	n/a	117,072	Dec-19	30.8	29.5	n/a	n/a	n/a	2.2	0.8	
Dunkin' Brands	DNKN US	NR	n/a	106.03	n/a	67,754	Dec-19	38.1	33.3	n/a	n/a	n/a	7.2	0.8	
Wendy'S Co	WEN US	NR	n/a	23.14	n/a	40,155	Dec-19	41.8	33.0	9.3	9.8	19.8	3.8	1.3	
Shake Shack	SHAK US	NR	n/a	67.35	n/a	21,640	Dec-19	n/a	338.4	6.7	6.7	(7.0)	n/a	0.0	
Wingstop	WING US	NR	n/a	118.21	n/a	27,205	Dec-19	97.0	83.1	n/a	n/a	n/a	2.7	0.4	
Jollibee Foods	JFC PM	NR	n/a	185.00	n/a	32,838	Dec-19	n/a	56.9	3.5	3.2	(13.6)	n/a	0.4	
								Avg.	46.2	61.9	8.5	7.9	4.8	5.9	1.3
								Med.	34.0	31.3	7.9	7.9	3.4	3.3	1.0
H-shares Consumer Staples															
UPC	220 HK	NR	n/a	6.85	n/a	29,587	Dec-19	17.2	16.1	1.9	1.8	10.8	2.1	5.6	
Tingyi	322 HK	NR	n/a	14.08	n/a	79,191	Dec-19	17.7	17.5	3.4	3.3	22.6	1.9	4.9	
Want Want China	151 HK	NR	n/a	5.13	n/a	62,728	Mar-20	13.9	13.3	3.4	3.3	23.8	2.0	6.6	
China Mengniu	2319 HK	NR	n/a	38.40	n/a	151,541	Dec-19	37.7	25.5	4.1	3.6	11.5	2.6	0.6	
Vitasoy	345 HK	NR	n/a	31.80	n/a	33,862	Mar-20	53.9	44.4	10.1	9.0	17.0	2.9	1.2	
Tsingtao Brewery	168 HK	NR	n/a	63.00	n/a	107,503	Dec-19	34.2	28.6	3.5	3.3	10.9	1.9	1.2	
CR Beer	291 HK	NR	n/a	47.60	n/a	154,423	Dec-19	50.6	35.6	6.3	5.6	7.2	0.9	0.7	
Budweiser Brew	1876 HK	NR	n/a	22.25	n/a	294,666	Dec-19	58.6	33.4	3.7	3.5	9.0	5.8	0.7	
Dali Foods	3799 HK	NR	n/a	4.85	n/a	66,416	Dec-19	14.5	13.3	3.4	3.1	22.1	2.0	4.7	
								Avg.	33.1	25.3	4.4	4.1	15.0	2.5	2.9
								Med.	34.2	25.5	3.5	3.3	11.5	2.0	1.2

Source: Bloomberg, CMBIS estimates

## Assumptions

Figure 12: Major assumptions

Major assumptions	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Sales by segment (HK\$ mn)</b>					
HK QSR & Institutional Catering	6,264	5,939	5,493	5,970	6,385
HK Fast Casual & Casual Dining	906	779	709	769	823
Food Processing & Distribution	172	155	149	156	164
Mainland China	1,152	1,090	1,166	1,312	1,443
Total	8,494	7,963	7,517	8,208	8,816
<b>Growth (%)</b>					
HK QSR & Institutional Catering	-1%	-5%	-8%	9%	7%
HK Fast Casual & Casual Dining	3%	-14%	-9%	9%	7%
Food Processing & Distribution	3%	-10%	-4%	5%	5%
Mainland China	7%	-5%	7%	13%	10%
Total	1%	-6%	-6%	9%	7%
<b>GP margin</b>	14.4%	9.2%	9.3%	13.7%	14.1%
<b>Costs breakdown</b>					
Costs of raw materials	27.5%	28.4%	28.8%	27.4%	27.0%
Depreciation	4.0%	4.5%	5.4%	5.1%	5.1%
Operating lease rentals	12.4%	13.1%	13.5%	13.1%	13.0%
Employee benefit expenses	31.4%	33.6%	34.0%	32.1%	32.3%
<b>OP margin</b>	9.4%	2.6%	9.5%	8.1%	8.7%
Effective tax rate	18.3%	34.9%	10.0%	18.0%	18.0%
NP att. margins	6.7%	0.9%	7.2%	5.4%	5.9%
<b>NP att. growth (%)</b>	24.4%	-87.1%	635.9%	-17.9%	16.6%
<b>Sales network by region</b>					
HK QSR & Institutional Catering	298	294	284	289	294
HK Fast Casual Dining	60	62	59	64	69
Mainland China	107	114	127	140	152
Total	465	470	470	493	515
<b>SSSG by segment</b>					
HK Café de Coral	0.0%	-6.0%	-5.5%	9.0%	4.0%
HK Super Super Congee & Noodles	2.0%	-7.0%	-7.5%	8.0%	3.0%
Mainland China Café de Coral	2.0%	-5.0%	2.0%	7.0%	4.0%

Source: Company data, CMBIS estimates

## Financial Summary

Income statement						Cash flow summary					
YE 31 Mar (HK\$ mn)	FY19A	FY20A	FY21E	FY22E	FY23E	YE 31 Mar (HK\$ mn)	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Revenue</b>	<b>8,494</b>	<b>7,963</b>	<b>7,517</b>	<b>8,208</b>	<b>8,816</b>	<b>EBIT</b>	<b>800</b>	<b>209</b>	<b>711</b>	<b>662</b>	<b>763</b>
HK QSR & Institutional Catering	6,264	5,939	5,493	5,970	6,385	D & A	342	358	406	425	453
HK Fast Casual & Casual Dining	906	779	709	769	823	Change in working capital	23	(39)	(75)	30	24
Food Processing & Distribution	172	155	149	156	164	Income tax paid	(116)	(112)	(60)	(98)	(114)
Mainland China	1,152	1,090	1,166	1,312	1,443	Others	845	1,001	18	20	22
<b>Cost of goods sold</b>	<b>(7,267)</b>	<b>(7,232)</b>	<b>(6,817)</b>	<b>(7,086)</b>	<b>(7,570)</b>	<b>Net cash from operating CF</b>	<b>1,893</b>	<b>1,417</b>	<b>1,000</b>	<b>1,041</b>	<b>1,148</b>
<b>Gross profit</b>	<b>1,227</b>	<b>731</b>	<b>701</b>	<b>1,122</b>	<b>1,246</b>	Capex & investments	(277)	(489)	(401)	(439)	(473)
<b>Other income</b>	<b>18</b>	<b>(41)</b>	<b>469</b>	<b>1</b>	<b>1</b>	Associated companies	-	-	-	-	-
<b>Operating expenses</b>	<b>(445)</b>	<b>(481)</b>	<b>(458)</b>	<b>(460)</b>	<b>(483)</b>	Interest received	15	16	(108)	(119)	(130)
D & A	-	-	-	-	-	Others	63	38	(192)	933	933
Staff costs	-	-	-	-	-	<b>Net cash from investing CF</b>	<b>(199)</b>	<b>(434)</b>	<b>(701)</b>	<b>374</b>	<b>330</b>
S & D costs (ex-staff, D&A)	-	-	-	-	-	Equity raised	-	-	-	-	-
Admin exp. (ex-staff, D&A)	(445)	(481)	(458)	(460)	(483)	Net change in bank loans	-	-	-	-	-
Other operating expenses	-	-	-	-	-	Dividend paid	(680)	(488)	(36)	(190)	(300)
<b>EBIT</b>	<b>800</b>	<b>209</b>	<b>711</b>	<b>662</b>	<b>763</b>	Others	(952)	(973)	(933)	(933)	(933)
Finance costs, net	(99)	(94)	(108)	(119)	(130)	<b>Net cash from financing CF</b>	<b>(1,632)</b>	<b>(1,461)</b>	<b>(969)</b>	<b>(1,123)</b>	<b>(1,233)</b>
JVs & associates	-	-	-	-	-	<b>Net change in cash</b>	<b>63</b>	<b>(478)</b>	<b>(670)</b>	<b>292</b>	<b>246</b>
Exceptional	-	-	-	-	-	Beginning cash balance	801	836	345	(325)	(34)
<b>Pre-tax profit</b>	<b>700</b>	<b>114</b>	<b>602</b>	<b>543</b>	<b>633</b>	Exchange difference	(29)	(12)	-	-	-
Income tax	(128)	(40)	(60)	(98)	(114)	<b>Cash at the end of the year</b>	<b>836</b>	<b>345</b>	<b>(325)</b>	<b>(34)</b>	<b>212</b>
Less: Minority interests	2	1	0	0	0						
<b>Net profit</b>	<b>570</b>	<b>74</b>	<b>542</b>	<b>445</b>	<b>519</b>						

Balance sheet						Key ratios					
YE 31 Mar (HK\$ mn)	FY18A	FY19A	FY20E	FY21E	FY22E	YE 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Non-current assets</b>	<b>5,662</b>	<b>5,346</b>	<b>6,470</b>	<b>6,489</b>	<b>6,513</b>	<b>Sales mix (%)</b>					
Fixed asset	1,532	1,609	2,718	2,739	2,766	HK QSR & Institutional Catering	73.7	74.6	73.1	72.7	72.4
Intangible assets & goodwill	2	1	3	2	2	HK Fast Casual & Casual Dining	10.7	9.8	9.4	9.4	9.3
Prepaid lease payments	-	-	70	68	65	Food Processing & Distribution	2.0	1.9	2.0	1.9	1.9
Interest in joint ventures	-	-	-	-	-	Mainland China	13.6	13.7	15.5	16.0	16.4
Other non-current assets	4,128	3,736	3,680	3,680	3,680	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Current assets</b>	<b>1,303</b>	<b>875</b>	<b>232</b>	<b>558</b>	<b>843</b>	<b>P&amp;L ratios (%)</b>					
Cash and cash equivalents	836	345	-325	-34	212	Gross margin	14.4	9.2	9.3	13.7	14.1
Inventories	241	261	246	255	273	Operating margin	9.4	2.6	9.5	8.1	8.7
Trade and other receivables	165	167	157	172	184	Pre-tax margin	8.2	1.4	8.0	6.6	7.2
Prepayments	38	61	113	123	132	Net margin	6.7	0.9	7.2	5.4	5.9
Other current assets	23	41	41	41	41	Effective tax rate	18.3	34.9	10.0	18.0	18.0
<b>Current liabilities</b>	<b>1,681</b>	<b>1,616</b>	<b>1,568</b>	<b>1,633</b>	<b>1,696</b>	<b>Balance sheet ratios</b>					
Bank loans	-	-	-	-	-	Current ratio (x)	1.3	1.8	6.8	2.9	2.0
Trade payables	220	172	162	169	180	Quick ratio (x)	0.6	0.4	-0.0	0.2	0.3
Accruals & other payables	648	675	637	696	748	Cash ratio (x)	49.7	21.4	-20.8	-2.1	12.5
Tax payables	39	13	13	13	13	Inventory turnover days	12	13	13	13	13
others	774	755	755	755	755	Trade receivables days	7	8	8	8	8
<b>Non-current liabilities</b>	<b>2,104</b>	<b>1,934</b>	<b>1,934</b>	<b>1,934</b>	<b>1,934</b>	Trade payables days	11	9	9	9	9
Bank loans	-	-	-	-	-	Total debt / total equity ratio (%)	-	-	-	-	-
Deferred income	45	49	49	49	49	Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Deferred tax	28	29	29	29	29	<b>Returns (%)</b>					
Others	2,031	1,856	1,856	1,856	1,856	ROE	18.0	2.8	17.0	12.8	14.0
<b>Minority Interest</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	ROA	8.2	1.2	8.1	6.3	7.1
<b>Total net assets</b>	<b>3,175</b>	<b>2,667</b>	<b>3,195</b>	<b>3,475</b>	<b>3,720</b>	<b>Per share</b>					
<b>Shareholders' equity</b>	<b>3,175</b>	<b>2,667</b>	<b>3,195</b>	<b>3,475</b>	<b>3,720</b>	EPS (HK\$)	0.98	0.13	0.93	0.77	0.89
						DPS (HK\$)	0.85	0.19	0.28	0.50	0.58
						BVPS (HK\$)	5.47	4.59	5.50	5.98	6.40

Source: Company data, CMBIS estimates



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