

Yum China (9987 HK)

Turnaround shall begin despite costs pressure

2Q22E could still be loss-making and future earnings cut may still occur. However, thanks to: 1) low base, 2) easing of Covid-19 restrictions and 3) effective costs management, we are now positive about 2H22E. Hence, we upgrade YUMC to BUY and raise TP to HK\$ 426.17, based on 30x FY23E P/E (roll over from 25x FY22E), vs 5-year average of 23x, supported by 3-year adj. OP CAGR of 21%.

- **2Q22E could still be under pressure.** Sales are forecasting a 14% sales decline and net losses of about US\$ 14mn in 2Q22E. We also estimated that SSSG will 17% decline for both KFC/ Pizza Hut and 7%/ 2% restaurants OP margin for KFC/ Pizza Hut. This was dragged by: 1) Covid-19 outbreaks in Apr-Jun (esp. in Shanghai), 2) operating deleverage and 3) costs inflations (e.g. cooking oil, chicken, coffee beans, packing materials).
- **But we have turned more positive about 2H22E.** We are expecting a 4% decline / 17% increase in same store sales in 3Q/4Q22E, thanks to: 1) low base in 2H21 (first case of Omicron in China was in Jul 2021), 2) post COVID-19 re-openings (SH and BJ only lifted the dine-in services since early/ late Jun 2022 with only 50%/ 50%-70% seats limit) and 3) rising demand for value for money restaurants like KFC, esp. under an economic downturn.
- **Headwinds like inflation may still persist but manageable.** We are still fairly cautious about the inflation pressure for Yum China, in which the prices for cooling oil, poultry, coffee beans, packing materials as well as the staff costs are still on the uptrend. However, we believe Yum China is working hard to cope with or partially relieve these pressure, by: 1) selling more different parts of chicken (or the whole chicken as the input price is cheaper), 2) selling more items made of beef or seafood, 3) entering future contracts to lock the price for coffee beans, 4) boosting productivity of its employees (e.g. store managers to oversee more shops, greater use of part time staffs) and 5) stores revamp could be delayed to save costs.
- **Store expansion target should be held and may boost future margins.** Store openings may be delayed in 2Q22E (about 132/ 41 for KFC/ Pizza Hut) due to Covid-19 outbreaks, but we do expect the expansion to speed up in 2H22E, hence the store opening targets of 1,000-1,200 in FY22E shall be achieved. And, in our view, these contracts signed (likely with a more favorable rental terms) shall become excellent profit drivers in the future years.
- **Upgrade to BUY and raise TP to HK\$ 426.17**, based on an 30x FY23E P/E (rolled over from 25x FY22E P/E). We cut FY22E/ 23E/ 24E net profit by 46%/ 11%/ 7%, to factor in 1) lower SSSG and 2) operating deleverage. YUMC is trading at 26x 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	9,971	11,624	13,115
YoY growth (%)	(5.8)	19.2	1.2	16.6	12.8
Net income (US\$ mn)	784	990	354	812	1,015
Diluted EPS (US\$)	1.89	2.26	0.81	1.83	2.28
YoY growth (%)	4.5	19.6	(64.4)	127.8	24.4
Consensus EPS (US\$)	n/a	n/a	0.88	1.94	2.32
P/E (x)	24.7	20.7	58.0	25.5	20.5
P/B (x)	3.0	2.5	2.5	2.3	2.1
Yield (%)	0.5	1.1	0.4	1.0	1.2
ROE (%)	12.1	12.5	4.4	9.2	10.5
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

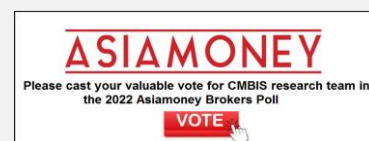
Source: Company data, Bloomberg, CMBIGM estimates

BUY (Up)

Target Price **HK\$426.17**
 (Previous TP **HK\$287.57**)
 Up/Downside **17.7%**
 Current Price **HK\$362.00**

China Catering Sector

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Stock Data

Mkt Cap (HK\$ mn) 152,558
 Avg 3 mths t/o (HK\$ mn) 99.50
 52w High/Low (HK\$) 511.00/ 281.00
 Total Issued Shares (mn) 424.4
 Source: Bloomberg

Shareholding Structure

Primavera Capital 5.7%
 BlackRock 7.1%
 Invesco 9.0%
 Management 0.2%
 Free Float 78.0%
 Source: HKEx

Share Performance

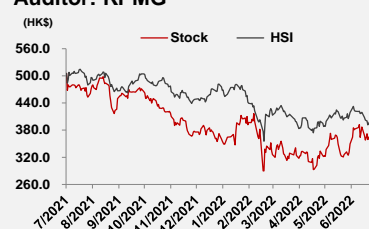
	Absolute	Relative
1-mth	7.0%	12.7%
3-mth	15.4%	15.5%
6-mth	3.7%	24.0%
12-mth	-26.9%	-3.1%

Source: Bloomberg

12-mth Price Performance

Source: Bloomberg

Auditor: KPMG



Related Reports

1. Yum China (9987 HK, HOLD) – Constructive efforts but still under pressure – 5 May 2022
2. Yum China (9987 HK, HOLD) – Headwinds likely to stay after a weak 4Q21 – 10 Feb 2022

Earnings revision

Figure 1: Earnings revision

US\$ mn	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	9,971	11,624	13,115	10,475	12,069	13,379	-4.8%	-3.7%	-2.0%
Gross profit	6,984	8,187	9,244	7,346	8,512	9,445	-4.9%	-3.8%	-2.1%
Operating Profit	498	1,063	1,334	822	1,158	1,395	-39.5%	-8.2%	-4.4%
Net profit	354	812	1,015	654	910	1,093	-45.8%	-10.8%	-7.1%
EPS (US\$ cents)	0.805	1.834	2.280	1.485	2.056	2.454	-45.8%	-10.8%	-7.1%
Gross margin	70.0%	70.4%	70.5%	70.1%	70.5%	70.6%	-0.1ppt	-0.1ppt	-0.1ppt
EBIT margin	5.0%	9.1%	10.2%	7.9%	9.6%	10.4%	-2.9ppt	-0.4ppt	-0.3ppt
Net profit att. margin	3.6%	7.0%	7.7%	6.2%	7.5%	8.2%	-2.7ppt	-0.6ppt	-0.4ppt

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	9,971	11,624	13,115	10,337	11,996	13,212	-3.5%	-3.1%	-0.7%
Gross profit	6,984	8,187	9,244	7,257	8,465	9,330	-3.8%	-3.3%	-0.9%
Operating Profit	498	1,063	1,334	586	1,065	1,266	-15.0%	-0.2%	5.4%
Net profit	354	812	1,015	410	804	953	-13.7%	1.0%	6.6%
EPS (US\$ cents)	0.805	1.834	2.280	0.879	1.940	2.324	-8.4%	-5.5%	-1.9%
Gross Margin	70.0%	70.4%	70.5%	70.2%	70.6%	70.6%	-0.2ppt	-0.1ppt	-0.1ppt
Operating Margin	5.0%	9.1%	10.2%	5.7%	8.9%	9.6%	-0.7ppt	0.3ppt	0.6ppt
Net Margin	3.6%	7.0%	7.7%	4.0%	6.7%	7.2%	-0.4ppt	0.3ppt	0.5ppt

Source: Company data, CMBIGM estimates

Results Preview

Figure 3: Results preview – Quarterly

Half yearly (RMB mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22E	3Q22E	4Q22E	1Q22 YoY	2Q22 E YoY	3Q22 E YoY	4Q22 E YoY
Revenue	2,557	2,451	2,554	2,291	2,668	2,109	2,594	2,599	4%	-14%	2%	13%
Food and paper	(704)	(686)	(743)	(679)	(792)	(654)	(760)	(781)				
Gross profit	1,853	1,765	1,811	1,612	1,876	1,455	1,834	1,818	1%	-18%	1%	13%
GP margins	72.5%	72.0%	70.9%	70.4%	70.3%	69.0%	70.7%	69.9%				
Other income & gains	6	-1	10	628	-25	6	-18	-13				
Payroll & benefits	(544)	(540)	(591)	(583)	(667)	(538)	(597)	(662)	23%	0%	1%	14%
Payroll & benefits/ sales	-21.3%	-22.0%	-23.1%	-25.4%	-25.0%	-25.5%	-23.0%	-25.5%				
Rent & other opex	(648)	(653)	(694)	(669)	(738)	(675)	(700)	(746)	14%	3%	1%	12%
Rent & other opex/ sales	-25.3%	-26.6%	-27.2%	-29.2%	-27.7%	-32.0%	-27.0%	-28.7%				
Admin expenses	(316)	(312)	(339)	(310)	(236)	(251)	(252)	(275)	-25%	-20%	-26%	-11%
Admin exp / sales	-12.4%	-12.7%	-13.3%	-13.5%	-8.8%	-11.9%	-9.7%	-10.6%				
Other opex	(9)	(26)	(19)	(45)	(19)	(25)	(29)	(27)				
Operating profit (EBIT)	342	233	178	633	191	-27	239	95	-44%	-112%	34%	-85%
OP margins	13.4%	9.5%	7.0%	27.6%	7.2%	-1.3%	9.2%	3.7%				
Investment gain (loss)	(12)	8	(39)	(11)	(37)	(4)	8	23				
Net finance income	15	16	16	13	12	8	13	27				
Net finance income / sales	0.6%	0.7%	0.6%	0.6%	0.4%	0.4%	0.5%	1.0%				
Profit after financing costs	345	257	155	635	166	-23	259	146				
Associated coms	0	0	0	0	0	0	0	0				
Jointly controlled coms	0	0	0	0	0	0	0	0				
Pre-tax profit	345	257	155	635	166	-23	259	146	-52%	-109%	67%	-77%
Tax	(102)	(64)	(44)	(159)	(56)	9	(86)	(48)				
Tax / sales	-4.0%	-2.6%	-1.7%	-6.9%	-2.1%	0.4%	-3.3%	-1.8%				
Effective tax rate	-29.6%	-24.9%	-28.4%	-25.0%	-33.7%	-37.0%	-33.0%	-32.8%				
Minority interests	13	12	7	1	10	(0)	5	(2)				
Net profit att.	230	181	104	475	100	(14)	169	100	-57%	-108%	62%	-79%
NP margins	9.0%	7.4%	4.1%	20.7%	3.7%	-0.7%	6.5%	3.8%				
Sales												
KFC	1,832	1,734	1,801	1,636	2,017	1,543	1,878	1,908	10%	-11%	4%	17%
Pizza hut	541	538	551	479	547	453	577	582	1%	-16%	5%	21%
Others	184	179	202	176	104	113	139	110	-43%	-37%	-31%	-38%
Total	2,557	2,451	2,554	2,291	2,668	2,109	2,594	2,599	4%	-14%	2%	13%
Restaurant OP margin by brand												
KFC	19.9%	16.8%	13.6%	8.6%	15.2%	7.0%	17.5%	10.0%				
Pizza hut	15.3%	13.1%	8.2%	5.9%	10.7%	2.0%	11.0%	7.0%				
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				
Total	17.0%	14.4%	11.0%	6.8%	13.2%	5.0%	14.8%	9.3%				

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	4,506	4,924	5,119
KFC - delivery sales	1,623	2,185	2,841	3,636	4,545
PH - dine in sales	1,146	1,340	1,197	1,452	1,695
PH- delivery sales	642	769	961	1,106	1,216
Others	701	741	466	507	541
Total	8,263	9,853	9,971	11,624	13,115
Sales by segment growth (%)					
KFC - dine in sales	-15.5%	16.0%	-6.5%	9.3%	4.0%
KFC - delivery sales	43.7%	34.7%	30.0%	28.0%	25.0%
PH - dine in sales	-25.0%	17.0%	-10.6%	21.2%	16.8%
PH- delivery sales	21.7%	19.8%	25.0%	15.0%	10.0%
Others	2.8%	5.7%	-37.1%	8.9%	6.6%
Total	-5.8%	19.2%	1.2%	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%	12.3%	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%	10.9%	14.0%	14.8%
Costs breakdown					
Food and paper/ sales	28.3%	28.5%	30.0%	29.6%	29.5%
Payroll and employee benefits/ sales	20.9%	22.9%	24.7%	24.1%	23.9%
Rental and other operating expenses/ sales	26.9%	27.0%	28.7%	27.2%	27.0%
G & A expenses/ sales	5.8%	5.7%	6.0%	5.5%	5.3%
Franchisees expenses/ sales	7.7%	6.6%	3.4%	3.0%	2.7%
Effective tax rate	26.6%	26.5%	33.0%	25.0%	25.0%
NP att. margin	9.5%	10.0%	3.6%	7.0%	7.7%
NP att. growth (%)	10.0%	26.3%	-64.2%	129.1%	25.1%

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	426.17	362.00	18%	152,558	Dec-21	58.0	25.5	2.5	2.3	13.8	214.1	0.4
Jiumaojiu	9922 HK	BUY	21.30	18.16	17%	26,402	Dec-21	51.5	28.5	6.3	5.2	11.1	1.1	0.4
Haidilao	6862 HK	BUY	15.59	16.02	-3%	89,295	Dec-21	69.2	29.1	8.4	6.7	(45.9)	(0.4)	0.3
Nayuki	2150 HK	HOLD	7.00	6.09	15%	10,445	Dec-21	141.5	29.4	2.0	1.8	n/a	(1.0)	0.0
Helens	9869 HK	NR	n/a	16.56	n/a	20,980	Dec-21	56.7	25.3	5.7	4.8	(15.1)	(0.2)	0.6
Tam Jai	2217 HK	NR	n/a	2.76	n/a	3,700	Mar-22	12.5	8.5	2.1	1.7	19.3	0.4	2.7
Cafe De Coral	341 HK	BUY	15.69	12.28	28%	7,192	Mar-22	25.3	17.3	2.4	2.2	0.7	0.1	2.6
Xiabuxiabu	520 HK	NR	n/a	3.51	n/a	3,812	Dec-21	34.3	12.3	1.6	1.4	(13.7)	(0.2)	0.9
Yihai	1579 HK	BUY	108.52	24.20	348%	25,335	Dec-21	25.9	22.1	4.6	3.9	21.6	2.4	1.1
Gourmet Master	2723 TT	NR	n/a	108.50	n/a	5,125	Dec-21	20.5	17.6	1.7	1.7	9.6	3.2	3.6
Avg.								49.6	21.6	3.7	3.2	0.2	22.0	1.3
Med.								42.9	23.7	2.4	2.2	9.6	0.3	0.7
Other Greater China Catering														
Tai Hing	6811 HK	NR	n/a	1.04	n/a	1,046	Dec-21	6.5	5.5	0.9	0.9	9.2	0.2	11.5
Ajisen China	538 HK	NR	n/a	0.82	n/a	895	Dec-21	n/a	n/a	n/a	n/a	0.7	n/a	n/a
Avg.								6.5	5.5	n/a	n/a	7.2	n/a	11.5
Med.								6.5	5.5	n/a	n/a	4.9	n/a	11.5
International Catering														
Yum! Brands	YUM US	NR	n/a	119.45	n/a	267,369	Dec-21	25.6	22.2	n/a	n/a	n/a	5.2	1.9
Mcdonald'S	MCD US	NR	n/a	253.99	n/a	1,474,393	Dec-21	25.9	23.8	n/a	n/a	n/a	5.6	2.2
Starbucks Corp	SBUX US	NR	n/a	83.59	n/a	752,507	Oct-21	29.0	24.2	n/a	n/a	n/a	7.7	2.4
Rest' Brands	QSR US	NR	n/a	52.10	n/a	184,929	Dec-21	17.7	16.0	8.3	8.3	36.1	1.6	4.1
Chipotle	CMG US	NR	n/a	1347.3	n/a	295,720	Dec-21	42.4	32.1	15.4	12.5	32.3	1.4	0.0
Darden	DRI US	NR	n/a	121.35	n/a	118,060	May-22	15.7	14.1	6.8	6.4	38.0	2.1	3.9
Domino'S Pizza	DPZ US	NR	n/a	399.27	n/a	112,464	Jan-22	31.4	26.5	n/a	n/a	n/a	3.8	1.1
Wendy'S Co	WEN US	NR	n/a	20.62	n/a	34,676	Jan-22	24.9	21.0	13.8	16.5	40.3	2.7	2.5
Shake Shack	SHAK US	NR	n/a	48.13	n/a	15,916	Dec-21	n/a	379.0	5.1	5.0	(4.9)	n/a	n/a
Wingstop Inc	WING US	NR	n/a	104.50	n/a	24,507	Dec-21	68.3	55.7	n/a	n/a	n/a	3.9	0.7
Jollibee Foods	JFC PM	NR	n/a	207.20	n/a	32,283	Dec-21	38.9	28.1	3.7	3.3	11.8	3.1	1.0
Avg.								32.0	58.4	8.8	8.7	25.6	3.7	2.0
Med.								27.4	24.2	7.5	7.4	34.2	3.5	2.0
H-shares Consumer Staples														
UPC	220 HK	NR	n/a	7.19	n/a	31,056	Dec-21	18.9	16.3	2.0	2.0	10.9	3.1	5.7
Tingyi	322 HK	NR	n/a	13.86	n/a	78,068	Dec-21	20.0	16.3	4.0	4.0	19.1	2.9	6.1
Want Want	151 HK	NR	n/a	6.57	n/a	78,180	Mar-22	15.5	14.3	4.1	3.9	26.7	3.1	5.8
China Mengniu*	2319 HK	BUY	57.00	36.55	56%	144,544	Dec-21	21.0	17.6	3.0	2.6	14.4	1.3	1.3
Nongfu Spring	9633 HK	BUY	53.00	46.15	15%	519,024	Dec-21	59.0	48.7	18.4	15.4	39.5	4.5	1.1
Vitasoy	345 HK	NR	n/a	12.04	n/a	12,884	Mar-22	74.8	32.1	3.7	3.4	(4.6)	(0.3)	1.0
Budweiser*	1876 HK	BUY	28.00	22.95	22%	303,936	Dec-21	36.5	3.0	3.3	3.1	8.8	0.2	1.0
Tsingtao*	168 HK	BUY	86.00	77.20	11%	133,208	Dec-21	28.8	24.5	3.6	3.4	14.2	3.6	1.6
CR Beer*	291 HK	BUY	71.00	55.05	29%	178,592	Dec-21	38.1	30.1	5.8	5.3	20.1	4.2	1.0
Dali Foods	3799 HK	NR	n/a	4.02	n/a	55,050	Dec-21	12.7	11.6	2.3	2.1	20.3	2.5	4.0
Avg.								32.5	21.4	5.0	4.5	16.9	2.5	2.9
Med.								24.9	17.0	3.7	3.4	16.8	3.0	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	9,971	11,624	13,115
Company sales	7,396	8,961	9,393	11,015	12,487
Franchise fees and income	148	153	153	168	182
Fran. & uncol. affiliates sales	647	663	353	373	379
Other revenues	72	76	72	67	67
Cost of goods sold	(2,342)	(2,812)	(2,987)	(3,437)	(3,871)
Gross profit	5,921	7,041	6,984	8,187	9,244
Other net income	285	643	(50)	23	39
Operating expenses	(5,245)	(6,298)	(6,436)	(7,148)	(7,950)
Staff costs	(1,730)	(2,258)	(2,463)	(2,796)	(3,130)
Admin	(591)	(663)	(698)	(756)	(826)
Property rent & related	(814)	(968)	(1,080)	(1,190)	(1,349)
D & A	(404)	(443)	(483)	(528)	(588)
Other operating expenses	(1,706)	(1,967)	(1,711)	(1,878)	(2,057)
EBIT	961	1,386	498	1,063	1,334
Finance costs, net	43	60	61	67	78
JV & associates	-	-	-	-	-
Exceptional	104	(54)	(10)	(12)	(13)
Pre-tax profit	1,108	1,392	548	1,118	1,398
Income tax	(295)	(369)	(181)	(279)	(350)
Less: Minority interests	29	33	13	26	33
Net profit	784	990	354	812	1,015

Cash flow summary

YE 31 Dec (USD mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Net income	961	1,386	498	1,063	1,334
D&A	386	431	420	472	536
Change in working capital	69	43	(11)	111	103
Income tax paid	111	160	(181)	(279)	(350)
Others	(413)	(889)	306	207	117
Net cash from operating	1,114	1,131	1,031	1,573	1,740
Capex & investments	(419)	(689)	(748)	(756)	(787)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	(2,690)	(166)	-	-	-
Net cash from investing	(3,109)	(855)	(748)	(756)	(787)
Equity raised	2,187	(75)	-	-	-
Change of Debts	-	-	-	-	-
Dividend paid	(95)	(203)	(208)	(85)	(195)
Others	(34)	(35)	-	-	-
Net cash from financing	2,058	(313)	(208)	(85)	(195)
Net change in cash	63	(37)	75	732	758
Beginning cash balance	1,046	1,158	1,136	1,211	1,944
Exchange difference	49	15	-	-	-
Cash at the end of the year	1,158	1,136	1,211	1,944	2,701

Balance sheet

YE 31 Dec (USD mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	5,939	8,507	8,580	8,711	8,910
Fixed asset	1,765	2,251	2,579	2,862	3,113
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	4,820	5,670	6,537
Cash and cash equivalents	1,158	1,136	1,211	1,944	2,701
Inventories	398	432	441	507	571
Trade and other receivables	99	67	84	98	110
Prepayments	176	221	224	261	294
Others	3,105	2,860	2,860	2,860	2,860
Current liabilities	2,067	2,383	2,400	2,628	2,842
Borrowings	-	-	-	-	-
Trade payables	708	782	791	911	1,026
Accruals & other payables	514	650	658	767	865
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	8,081	8,834	9,688
Shareholders' equity	6,471	7,922	8,081	8,834	9,688

Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Sales mix (%)					
Company sales	89.5	90.9	94.2	94.8	95.2
Franchise fees and income	1.8	1.6	1.5	1.4	1.4
Fran. & uncol. affiliates sales	7.8	6.7	3.5	3.2	2.9
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	70.0	70.4	70.5
Operating margin	11.6	14.1	5.0	9.1	10.2
Pre-tax margin	13.4	14.1	5.5	9.6	10.7
Net margin	9.5	10.0	3.6	7.0	7.7
Effective tax rate	26.6	26.5	33.0	25.0	25.0
Balance sheet ratios					
Current ratio (x)	2.4	2.0	2.0	2.2	2.3
Quick ratio (x)	2.2	1.8	1.8	2.0	2.1
Cash ratio (x)	0.6	0.5	0.5	0.7	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	4.4	9.2	10.5
ROA	7.2	7.5	2.6	5.6	6.6
Per share					
EPS (USD)	1.89	2.26	0.81	1.83	2.28
DPS (USD)	0.23	0.49	0.20	0.46	0.57
BVPS (USD)	15.41	18.75	19.01	20.66	22.52

Source: Company data, CMBIGM estimates

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