

May 19, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>ACCUMULATE</b>	
<b>Target Price</b>	<b>89</b>		<b>74</b>	
Sales (Rs. m)	23,454	28,244	23,376	28,148
% Chng.	0.3	0.3		
EBITDA (Rs. m)	3,654	4,708	3,547	4,493
% Chng.	3.0	4.8		
EPS (Rs.)	(0.5)	(0.2)	(0.8)	(0.4)
% Chng.	(41.5)	(57.3)		

### Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	17,601	19,680	23,454	28,244
EBITDA (Rs. m)	2,377	2,846	3,654	4,708
Margin (%)	13.5	14.5	15.6	16.7
PAT (Rs. m)	(689)	(873)	(288)	(106)
EPS (Rs.)	(1.2)	(1.5)	(0.5)	(0.2)
Gr. (%)	(18.4)	26.6	(67.0)	(63.3)
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	(3.7)	(4.2)	(1.3)	(0.5)
RoCE (%)	1.4	1.4	3.4	6.0
EV/Sales (x)	2.6	2.2	1.9	1.6
EV/EBITDA (x)	19.6	15.3	12.2	9.6
PE (x)	(69.1)	(54.6)	(165.4)	(450.1)
P/BV (x)	2.6	2.1	2.1	2.1

### Key Data RESR.BO | RBA IN

52-W High / Low	Rs.119 / Rs.59
Sensex / Nifty	82,059 / 24,945
Market Cap	Rs.48bn/ \$ 558m
Shares Outstanding	582m
3M Avg. Daily Value	Rs.162.63m

### Shareholding Pattern (%)

Promoter's	15.39
Foreign	24.86
Domestic Institution	23.14
Public & Others	36.61
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	4.5	3.8	(22.0)
Relative	-	(1.8)	(29.7)

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## SSG revival, cost control raises turnaround hopes

### Quick Pointers:

- 4QFY25 SSG at 5.1%, ADS up from 105 to 108, 60-80 store additions with 50-70bps GM expansion indicated over next 4 years
- Indonesia reports 2% SSG, geopolitical impact eases off significantly

**Restaurant Brands Asia (RBA) posted 5.1% SSG in Q4 as demand improved led by focus on value proposition and healthy growth in store traffic with ADS of 108k and Adj loss at Rs254mn vs est of Rs270. Indonesia business reported 9.7% decline in sales (BK-Indonesia SSG came at 2%), however green shoots in demand recovery are visible with stabilizing geopolitical scenario and closure of non-performing stores. RBA's India strategy is centered around 1) Value focus with combos (2 veg Burgers at Rs79, Chicken at Rs99) and value meals at Rs99 to drive in store traffic 2) digital driven ordering 3) cost reduction in delivery business and 4) control over overheads. Indonesia is focusing on 1) zero store openings 2) lowering of overheads 3) menu innovations in chicken and driving efficiencies in procurement by leveraging Indian operations.**

**We estimate India business to turn PBT from operations positive by FY28. Near term outlook looks cautiously optimistic as demand revival and cost control hold key to improving margins. BK raised Rs5bn which has improved cash position to invest in expansion plans. As of now we have not assumed incremental investment in Indonesia business. We have increased our SOTP based target price from Rs74 to Rs89. Retain Accumulate.**

**India Business** - Revenues grew by 11.6% YoY to Rs4.9bn (PLe: Rs4.9bn). Gross margins expanded by 15bps YoY to 67.8% (PLe: 67.9%). EBITDA grew by 36% YoY to Rs749.3mn (PLe:Rs642mn); Margins expanded by 275bps YoY to 15.3% (PLe:13%). Adj PAT grew by 18.1% YoY to Rs-254.2mn (PLe:Rs-270mn)with ADS at Rs108k. RBA added 3 store QoQ taking total store count to 513. Bk café count increased to 464, adding 31 café this quarter. RBA reported pre Ind AS restaurant/company EBITDA of Rs516mn/Rs266mn.

**Indonesia** Revenues declined by -9.7% YoY to Rs1.4bn. Gross margins expanded by 187bps YoY to 56.5%. EBITDA grew by 112.4% YoY to Rs-17.5mn (PLe:Rs-323mn); Margins contracted by -1017bps YoY to -1.2% (PLe:-47.2%). Adj PAT grew by 42.6% YoY to Rs-350.2mn BK SSG came at 2%. Footfalls have improved with improved geopolitical situation in middle east. BK does not plan to add any stores and is looking at increasing throughput and cost cutting to reduce losses (Overheads reduced from Rs105mn/Qtr. to Rs 93mn).

**Concall Takeaways:** 1) 4Q SSSG was 5.1% as market demand improved driven by continuous traction in value offerings. 2) ADS came at 108k up just 2.9% YoY as 80-90 new stores drag overall ADS 3) Focus on digital journey to continue with 90% having SOK's & table service and ordering implemented in all stores 4) Gross margins continue to remain stable led by supply side initiative and efficiencies. 5) Innovations & strengthening existing portfolio continue to drive additional traffic

with new launches like limited time Korean spicy fest . 6) Traffic growth saw decent jump in Q4FY25 and its is expected to grow further led by focus on value proposition, innovation & digital first experience. 7) The company revised its previous guidance of reaching 700 restaurants by FY '27 to a new target of opening 60 to 80 new restaurants every year for the next four years, aiming to reach 800 restaurants by FY '29. 8) Indonesia business saw 2% SSG as demand situation improves with sales reaching 98% of pre-boycott levels of Oct'23. 9) BK Indonesia's spicy chicken continue to sees good traction and will contribute 50% towards overall chicken portfolio going forward 10) Still No capex to be expected in Indonesia as company and company will focus on profitability of existing stores 11) BK Indonesia could see more store optimization of non-performing store in coming quarters. 12) The company targets an annual increase of 0.5% to 0.7% in gross profit margin over the next four years.13) Company expects to spend ~27mn for each store in FY26 and an incremental capex of Rs150mn for digital expansion. 14) In Indonesia Beef prices have experienced inflation, and currency depletion has also occurred in the same quarter. The industry has taken pricing actions to cover the inflation, which is expected to "wash out" over the next couple of quarters.

**Exhibit 1: 4QFY25 Results – India Net sales up 11.6%, Gross margins expand by 15bps YoY**

(Rs mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>4,898</b>	<b>4,391</b>	<b>11.6</b>	<b>4,954</b>	<b>19,678</b>	<b>17,601</b>	<b>11.8</b>
Gross Profit	3,322	2,971	11.8	3,361	13,322	11,798	12.9
% of NS	67.8	67.7	0.1	67.8	67.7	67.0	0.7
<b>EBITDA</b>	<b>749.3</b>	<b>550.9</b>	<b>36.0</b>	<b>776.1</b>	<b>2,850.2</b>	<b>2,377.4</b>	<b>19.9</b>
Margins %	15.3	13	2.8	16	14	14	1.0
Depreciation	670	586	14.3	632	2,546	2,110	20.7
Interest	403	324		364	1,411	1,141	
Other Income	70	48	44.7	34	232	185	25.3
<b>PBT</b>	<b>-254</b>	<b>-310</b>	<b>18.1</b>	<b>-186</b>	<b>-876</b>	<b>-689</b>	<b>(27.0)</b>
Tax	0.0	0.0		0.0	0.0	0.0	
Tax rate %	0	0	0.0	0	0	0	0.0
<b>Adjusted PAT</b>	<b>-254</b>	<b>-310</b>	<b>18</b>	<b>-186</b>	<b>-876</b>	<b>-689</b>	<b>-27</b>

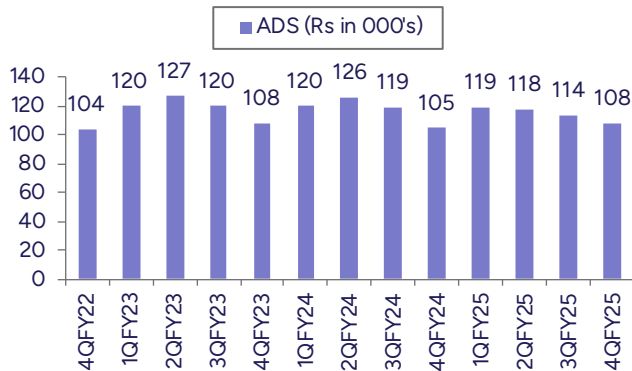
Source: Company, PL

**Exhibit 2: 4QFY25 Results – Indonesia Net Sales decline by 9.7%, EBITDA Margins continue to remain under pressure**

(Rs mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>1,428</b>	<b>1,581</b>	<b>(9.7)</b>	<b>1,437</b>	<b>5,829.6</b>	<b>6,770</b>	<b>-14</b>
Gross Profit	807	864	(6.6)	830	3,273.0	3,852	-15
% of NS	56.5	54.7	1.9	57.8	56.1	56.9	(0.8)
<b>EBITDA</b>	<b>-17</b>	<b>141</b>	<b>112.4</b>	<b>-80</b>	<b>(158.9)</b>	<b>44</b>	<b>-461</b>
Margins %	-1.2	9	(10.2)	-6	(2.7)	1	-3
Depreciation	287	601	-52	301	1,169	1,451	-19
Interest	54	149	-64	33	197	271	-27
Other Income	8	-2	(457.1)	54	72.7	0	3,63,500
<b>PBT</b>	<b>-350</b>	<b>-611</b>	<b>42.6</b>	<b>-361</b>	<b>(1,452.2)</b>	<b>-1,678</b>	<b>-13</b>
Tax	0	0		0	0.0	0	
Tax rate %	0	0	0.0	0	0.0	0	0
<b>Adjusted PAT</b>	<b>-350</b>	<b>-611</b>	<b>43</b>	<b>-361</b>	<b>-1,452</b>	<b>-1,678</b>	<b>-13</b>

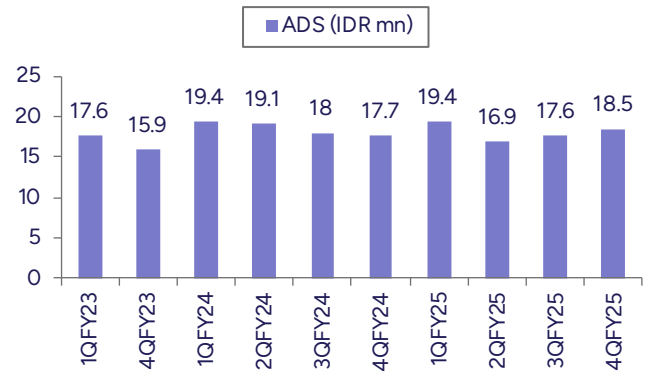
Source: Company, PL

Exhibit 3: India ADS up 3% YoY



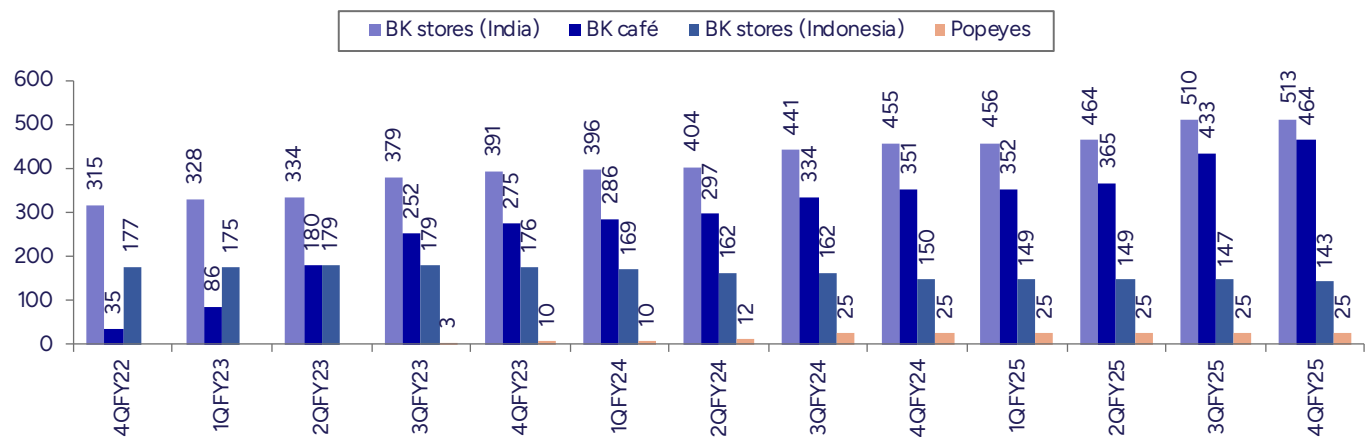
Source: Company, PL

Exhibit 4: Indonesia ADS up 4.52% YoY



Source: Company, PL

Exhibit 5: India store count at 513 in 4QFY25



Source: PL, Company

Exhibit 6: Portfolio expansion continues through limited time Korean spicy fest



Source: PL, Company



Exhibit 7: RBA continues to drive innovation across cafe



Source: PL, Company

Exhibit 8: We assign SOTP based target price of Rs89

SOTP	Basis	Value/Share
India	DCF	71
Indonesia	BV	18
<b>Total Value/share</b>		<b>89</b>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>17,601</b>	<b>19,680</b>	<b>23,454</b>	<b>28,244</b>
YoY gr. (%)	22.3	11.8	19.2	20.4
Cost of Goods Sold	5,802	6,355	7,409	8,725
Gross Profit	11,798	13,325	16,045	19,519
Margin (%)	67.0	67.7	68.4	69.1
Employee Cost	2,650	2,986	3,577	4,198
Other Expenses	855	962	1,169	1,435
<b>EBITDA</b>	<b>2,377</b>	<b>2,846</b>	<b>3,654</b>	<b>4,708</b>
YoY gr. (%)	43.7	19.7	28.4	28.8
Margin (%)	13.5	14.5	15.6	16.7
Depreciation and Amortization	2,110	2,546	2,856	3,330
<b>EBIT</b>	<b>267</b>	<b>300</b>	<b>798</b>	<b>1,378</b>
Margin (%)	1.5	1.5	3.4	4.9
Net Interest	1,141	1,412	1,548	1,796
Other Income	185	239	366	277
<b>Profit Before Tax</b>	<b>(689)</b>	<b>(873)</b>	<b>(384)</b>	<b>(141)</b>
Margin (%)	(3.9)	(4.4)	(1.6)	(0.5)
Total Tax	-	-	(96)	(35)
Effective tax rate (%)	-	-	25.0	25.0
<b>Profit after tax</b>	<b>(689)</b>	<b>(873)</b>	<b>(288)</b>	<b>(106)</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>(689)</b>	<b>(873)</b>	<b>(288)</b>	<b>(106)</b>
YoY gr. (%)	(4.0)	26.6	(67.0)	(63.3)
Margin (%)	(3.9)	(4.4)	(1.2)	(0.4)
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>(689)</b>	<b>(873)</b>	<b>(288)</b>	<b>(106)</b>
YoY gr. (%)	(4.0)	26.6	(67.0)	(63.3)
Margin (%)	(3.9)	(4.4)	(1.2)	(0.4)
Other Comprehensive Income	(8)	(20)	-	-
Total Comprehensive Income	(698)	(893)	(288)	(106)
<b>Equity Shares O/s (m)</b>	<b>582</b>	<b>582</b>	<b>582</b>	<b>582</b>
<b>EPS (Rs)</b>	<b>(1.2)</b>	<b>(1.5)</b>	<b>(0.5)</b>	<b>(0.2)</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>27,503</b>	<b>33,491</b>	<b>39,459</b>	<b>46,000</b>
Tangibles	26,514	32,137	37,970	44,363
Intangibles	989	1,353	1,489	1,638
<b>Acc: Dep / Amortization</b>	<b>8,931</b>	<b>11,477</b>	<b>14,333</b>	<b>17,663</b>
Tangibles	8,746	11,232	14,010	17,252
Intangibles	185	244	323	410
<b>Net fixed assets</b>	<b>18,573</b>	<b>22,014</b>	<b>25,126</b>	<b>28,338</b>
Tangibles	17,768	20,905	23,961	27,110
Intangibles	804	1,109	1,165	1,228
Capital Work In Progress	420	258	457	495
Goodwill	-	-	-	-
Non-Current Investments	12,791	13,137	13,143	13,228
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	354	434	571	629
<b>Current Assets</b>				
Investments	830	235	500	500
Inventories	212	234	304	359
Trade receivables	169	257	161	271
Cash & Bank Balance	225	5,232	3,192	2,731
Other Current Assets	191	264	280	338
<b>Total Assets</b>	<b>33,833</b>	<b>42,858</b>	<b>44,605</b>	<b>47,846</b>
<b>Equity</b>				
Equity Share Capital	4,964	5,821	5,821	5,821
Other Equity	13,532	16,787	16,499	16,393
<b>Total Networth</b>	<b>18,496</b>	<b>22,608</b>	<b>22,320</b>	<b>22,214</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	482	-	-
Provisions	335	404	479	565
Other non current liabilities	483	1,070	1,124	1,180
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	787	500	600
Trade payables	1,553	1,731	1,980	2,321
Other current liabilities	1,841	2,058	2,442	2,701
<b>Total Equity &amp; Liabilities</b>	<b>33,833</b>	<b>42,862</b>	<b>44,609</b>	<b>47,849</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	(689)	(873)	(384)	(141)
Add. Depreciation	2,110	2,546	2,856	3,330
Add. Interest	1,141	1,412	1,548	1,796
Less Financial Other Income	185	239	366	277
Add. Other	459	556	(8)	84
Op. profit before WC changes	3,021	3,641	4,012	5,068
Net Changes-WC	577	(511)	564	291
Direct tax	-	-	96	35
<b>Net cash from Op. activities</b>	<b>3,598</b>	<b>3,130</b>	<b>4,672</b>	<b>5,395</b>
Capital expenditures	(5,391)	(6,049)	(6,167)	(6,580)
Interest / Dividend Income	-	-	-	-
Others	585	471	(270)	(85)
<b>Net Cash from Inv. activities</b>	<b>(4,807)</b>	<b>(5,577)</b>	<b>(6,437)</b>	<b>(6,665)</b>
Issue of share cap. / premium	246	5,005	-	-
Debt changes	2,183	3,866	1,274	2,605
Dividend paid	-	-	-	-
Interest paid	(1,141)	(1,412)	(1,548)	(1,796)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>1,287</b>	<b>7,459</b>	<b>(274)</b>	<b>809</b>
<b>Net change in cash</b>	<b>79</b>	<b>5,012</b>	<b>(2,040)</b>	<b>(461)</b>
Free Cash Flow	(1,793)	(2,919)	(1,495)	(1,185)

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	(1.2)	(1.5)	(0.5)	(0.2)
CEPS	2.4	2.9	4.4	5.5
BVPS	31.8	38.8	38.3	38.2
FCF	(3.1)	(5.0)	(2.6)	(2.0)
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	1.4	1.4	3.4	6.0
ROIC	0.8	0.8	1.9	3.1
RoE	(3.7)	(4.2)	(1.3)	(0.5)
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.1)	(0.1)
Net Working Capital (Days)	(24)	(23)	(24)	(22)
<b>Valuation(x)</b>				
PER	(69.1)	(54.6)	(165.4)	(450.1)
P/B	2.6	2.1	2.1	2.1
P/CEPS	33.5	28.5	18.6	14.8
EV/EBITDA	19.6	15.3	12.2	9.6
EV/Sales	2.6	2.2	1.9	1.6
Dividend Yield (%)	-	-	-	-

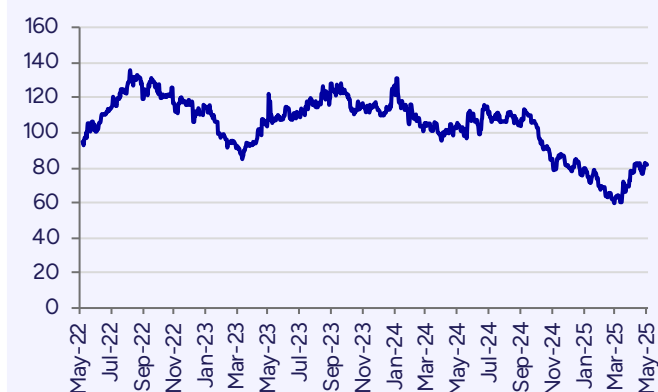
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Net Revenue</b>	<b>4,391</b>	<b>4,905</b>	<b>4,921</b>	<b>4,954</b>
YoY gr. (%)	20.3	16.2	33.1	11.2
Raw Material Expenses	1,419	1,587	1,599	1,593
Gross Profit	2,971	3,318	3,322	3,361
Margin (%)	67.7	67.6	67.5	67.8
<b>EBITDA</b>	<b>551</b>	<b>625</b>	<b>700</b>	<b>776</b>
YoY gr. (%)	30.3	29.0	46.2	9.7
Margin (%)	12.5	12.7	14.2	15.7
Depreciation / Depletion	586	633	611	632
<b>EBIT</b>	<b>(35)</b>	<b>(8)</b>	<b>89</b>	<b>144</b>
Margin (%)	(0.8)	(0.2)	1.8	2.9
Net Interest	324	319	326	364
Other Income	48	57	71	34
<b>Profit before Tax</b>	<b>(310)</b>	<b>(269)</b>	<b>(166)</b>	<b>(186)</b>
Margin (%)	(7.1)	(5.5)	(3.4)	(3.8)
Total Tax	-	-	-	-
Effective tax rate (%)	-	-	-	-
<b>Profit after Tax</b>	<b>(310)</b>	<b>(269)</b>	<b>(166)</b>	<b>(186)</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>(310)</b>	<b>(269)</b>	<b>(166)</b>	<b>(186)</b>
YoY gr. (%)	26.2	21.6	48.0	190.7
Margin (%)	(7.1)	(5.5)	(3.4)	(3.8)
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>(310)</b>	<b>(269)</b>	<b>(166)</b>	<b>(186)</b>
YoY gr. (%)	26.2	21.6	48.0	190.7
Margin (%)	(7.1)	(5.5)	(3.4)	(3.8)
Other Comprehensive Income	(2)	-	(4)	(2)
<b>Total Comprehensive Income</b>	<b>(313)</b>	<b>(269)</b>	<b>(170)</b>	<b>(188)</b>
Avg. Shares O/s (m)	-	-	-	-
<b>EPS (Rs)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	Accumulate	74	67
2	29-Jan-25	Hold	76	72
3	08-Jan-25	Hold	100	80
4	29-Oct-24	Hold	109	92
5	07-Oct-24	Accumulate	129	110
6	30-Jul-24	Accumulate	134	110
7	09-Jul-24	Accumulate	134	114

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,142	2,303
2	Avenue Supermarts	Hold	3,975	4,059
3	Britannia Industries	BUY	5,941	5,613
4	Colgate Palmolive	Hold	2,650	2,440
5	Dabur India	Hold	501	482
6	Emami	Accumulate	697	636
7	Hindustan Unilever	Accumulate	2,601	2,325
8	ITC	Accumulate	524	413
9	Jubilant FoodWorks	Hold	689	693
10	Kansai Nerolac Paints	Accumulate	284	255
11	Marico	Accumulate	718	699
12	Metro Brands	Hold	1,162	1,046
13	Mold-tek Packaging	Accumulate	621	470
14	Nestle India	Accumulate	2,559	2,433
15	Pidilite Industries	BUY	3,428	2,980
16	Restaurant Brands Asia	Accumulate	74	67
17	Titan Company	BUY	3,752	3,369
18	Westlife Foodworld	Hold	738	700

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

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