



Barbeque Nation Hospitality

Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR530 TP: INR600 (+13%) Neutral

Stable show; improvement in margin

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	BARBEQUE IN
Equity Shares (m)	39
M.Cap.(INRb)/(USD\$)	32.8 / 0.4
52-Week Range (INR)	1440 / 815
1, 6, 12 Rel. Per (%)	-10/-28/-42
12M Avg Val (INR M)	185

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	12.8	14.7	16.6
Sales Gr. (%)	2.4	14.3	13.2
EBITDA	2.3	2.7	3.1
Margins (%)	17.6	18.3	18.4
Adj. PAT	0.0	0.1	0.2
Adj. EPS (INR)	-1.1	2.0	4.8
EPS Gr. (%)	N/M	L/P	144.0
BV/Sh.(INR)	99.5	101.4	106.2

Ratios

RoE (%)	-1.1	1.9	4.5
RoCE (%)	5.0	6.7	7.5

Valuation

P/E (x)	N/M	267.5	109.7
P/BV (x)	5.3	5.2	4.9
EV/EBITDA (x)	11.7	7.2	6.1
Pre-IND AS EV/EBITDA (x)	20.6	16.3	12.7

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	33.6	33.7	33.8
DII	25.7	24.4	26.1
FII	15.2	16.5	17.1
Others	25.6	25.4	23.0

FII includes depository receipts

- Barbeque Nation Hospitality (BARBEQUE) revenue grew 1.3% YoY, impacted by higher vegetarian days in 2Q and sluggish demand. SSSG remained weak and reported -2.5% YoY in 2QFY25 vs. -10.7% in 2QFY24 and -7.4% in 1QFY25. The company has seen MoM improvement in the SSSG trend. Dine-in revenue remained flat at INR2,598m while delivery was up 4% to INR459m.
- GM trajectory remained strong, expanding 210bp YoY to 68.1%. ROM was up 120bp YoY to 12.4%, cost control initiatives helped in margin expansion, which offset the negative OpLev pressure on margin. EBITDA margin expanded over 20bp YoY to 14.9% (est. 15%). The company posted a PBT loss of INR 100m vs. a loss of INR151m in YoY.
- The management is looking to add 25 stores in FY25. It has opened 8 stores in 1HFY25, with 3 new stores already opened in Oct'24, while 6 new stores are under construction. The company plans to open 100 stores over the next three years. BARBEQUE's current valuations at 19.1x FY25E and 15.5x FY26E pre-Ind AS EV/EBITDA are comfortably positioned. However, we are watchful of BARBEQUE's operating margin profile in FY25 amidst the challenging demand environment. We reiterate our Neutral rating on the stock with a TP of INR600, based on 17x Sep'26E Pre Ind-AS EV/EBITDA.

In-line performance; SSSG at -2.5%

- Growth metrics gradually stabilizing:** BARBEQUE reported flat sales growth YoY at INR3.1b (est. INR 3.0b) in 2QFY25. Dine-in channel (85% of sales) remained flat YoY at INR2.59b. Delivery channel (15% of sales) was up 4% YoY to INR0.46b.
- Digital KPIs:** Cumulative App download was 6.8m+ vs. 6.3m in 2QFY24. Own digital asset contribution was at 30% vs. 29.6% in 2QFY24.
- Store addition:** The company has added four stores and closed one store, bringing the total store count to 222. Out of 222 stores, it has 187 Indian stores, 8 international stores, and 27 Toscano & Salt stores. Total metro and tier-1 accounted for 173 stores and tier 2/3 accounted for 49 stores in 2QFY25.
- Improvement in margins:** Gross margin expanded 210bp YoY to 68.1%, while remaining flat QoQ. EBITDA grew 3% YoY to INR456m (est. INR456m). EBITDA margin expanded 20bp YoY to 14.9% (est. 15.0%). Pre-Ind AS EBITDA increased 24% YoY to INR166m in 2QFY25 and margin expanded 100bp YoY to 5.4%.
- PBT loss sustains:** PBT loss has come at INR -100m vs -151m in 2QFY24. BARBEQUE reported a loss of INR71m vs INR 119m in 2QFY24.
- In 1HFY25,** net sales declined 2% to INR6,114m while EBITDA expanded 6% to INR96m.