Maybank Securities

Jollibee Foods (JFC PM)

Fries or rice with your chicken?

BUY JFC: at the forefront of foodservice growth

GlobalData forecasts the Philippine food service industry to grow to PHP1.1t p.a. in sales by 2027E (2022-27E CAGR of 13.7%) on 8.6% growth in the QSR segment each year. QSR accounts for c.56% of the total industry. Growth in the QSR segment will be driven by the rise in value-conscious consumers, a rebound in tourism and an increase in restaurants. As the largest QSR operator in the country, JFC will lead this growth. Despite mounting inflationary pressures from rising oil prices, we believe our 14%/18% YoY FY23/24E earnings growth forecast for JFC is achievable given growing private consumption, which drives JFC's daily sales, valuepositioning and store expansion strategy. Maintain BUY and PHP288 TP.

Return of dine-in customers

In 2017-19, restaurants and hotels accounted for 9.4-9.6% of total Filipino household expenditure. While this dipped to 5.9-6.9% in 2020-22, it recovered to 9.6% in 1Q23. Before Covid, dine-in customers generated roughly 60%/58% of PIZZA/JFC's system-wide 2019 sales, recovering to 60%/43% in 1H23, as looser mobility restrictions lifted foot traffic in public areas like schools, airports and CBDs. Rising dine-in revenue usually results in higher average daily sales for QSRs and full-service restaurants, driven by a wider menu selection and more social gatherings.

Food delivery has become a habit

Although mobility restrictions have been completely lifted, revenues from food deliveries continue to grow. In the latest GrabFood survey, 7 out of 10 consumers say ordering deliveries has become a habit. Despite having to pay, we believe demand for deliveries will continue to grow due to the convenience and wider menu selection, boosted by aggregators' bundled deals and free delivery promotions. To address this trend, QSRs have also started to invest in their own digital platforms, complemented by aggregators such as GrabFood and FoodPanda, to service delivery orders.

Top Pick: JFC

JFC is our Top Pick in the foodservice sector due to its dominant position in the domestic QSR market and its highly profitable domestic business (88% of 1H23 EBIT), which leverages its price leadership, optimised operations and franchised outlets (c.67%). Even at 3,195 domestic stores as of YE22, JFC still only represents 17% of total QSR outlets in the country, implying substantial room to open more stores given its low penetration rate in other provinces in the Philippines. Moreover, we expect JFC's FY23-25E earnings to grow by double digits, which should boost ROE to 18-19% in the medium term from 17.1% in FY22.

	=1/0//				
FYE Dec (PHP m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	153,576	211,902	250,450	278,321	305,080
EBITDA	19,757	25,540	27,642	30,522	33,851
Core net profit	5,982	7,559	8,644	10,217	11,274
Core EPS (PHP)	5.39	6.79	7.76	9.17	10.12
Core EPS growth (%)	nm	25.8	14.4	18.2	10.3
Net DPS (PHP)	1.66	2.52	2.59	3.06	3.37
Core P/E (x)	40.1	33.9	27.2	23.0	20.8
P/BV (x)	4.3	4.1	3.5	3.2	2.9
Net dividend yield (%)	0.8	1.1	1.2	1.4	1.6
ROAE (%)	14.8	17.1	17.9	18.9	18.7
ROAA (%)	2.9	3.4	3.7	4.4	4.6
EV/EBITDA (x)	15.3	12.7	10.5	9.0	8.2
Net gearing (%) (incl perps)	19.0	20.0	9.1	net cash	net cash
Consensus net profit	-	-	8,049	10,000	11,848
MIBG vs. Consensus (%)	-	-	7.4	2.2	(4.8)

Daphne Sze daphne.sze@maybank.com (63) 2 8849 8847

Company Description

Previous Price Target

Share Price 12m Price Target

Engaged in the development, operation, and franchising of quick-service restaurants in the Philippines and worldwide

PHP 211.00

PHP 288.00

PHP 288.00 (+36%)

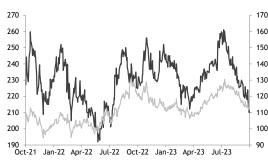
Statistics

52w high/low (PHP)	261.00/210.00
3m avg turnover (USDm)	2.3
Free float (%)	45.6
Issued shares (m)	1,103
Market capitalisation	PHP232.8B
	LISD4 1B

Major shareholders:

Hyper Dynamic Corp. 43.3%

Price Performance



Jollibee Foods - (LHS, PHP) — Jollibee Foods / PSEi Philippine SE Index - (RHS, %)

	-1M	-3M	-12M
Absolute (%)	(7)	(18)	(6)
Relative to index (%)	(5)	(10)	(6)

Source: FactSet

Acronyms used:

CBD: central business district QSR: quick service restaurant

Other stocks mentioned:

Shakey's Pizza Asia Ventures (PIZZA PM, CP: PHP9.55,

BUY, TP: PHP12.00)

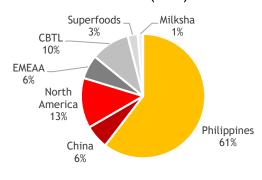


Maybank Securities

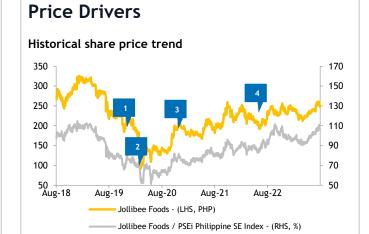
Value Proposition

- JFC is the country's biggest QSR operator with
 3,285 stores and 3,195 outlets overseas as of 31 Dec 2022.
- Euromonitor estimates JFC's market share in the Philippines at 42% in 2022, beating multi-nationals, including McDonald's and KFC
- JFC's growth strategy is centred on: (i) the expansion of core brands both locally and internationally; and (ii) acquisitions of established businesses (e.g. Smashburger and The Coffee Bean & Tea Leaf).
- It targets 50:50 Philippines:international revenue split by FY28E.

System-wide sales breakdown (FY22)



Source: Company



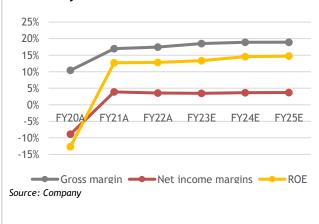
Source: Company, Maybank IBG Research

- 1. In Sept'19 JFC acquired The Coffee Bean & Tea Leaf for USD350m.
- 2. COVID-19 forced most restaurant outlets to close down for at least two months in 2020.
- 3. Announced plans to spend PHP7.0b for business restructuring to adjust to the new normal.
- 4. Higher-than-expected domestic inflation dampened investor sentiment.

Financial Metrics

- We expect FY22-25E revenue CAGR of 13% on the back of 500/500 new stores and the recovery of basket sizes in the Philippines and in China.
- JFC's cash-based operations and underleveraged balance sheet should be sufficient to fund its capex requirements and planned acquisitions.
- We believe JFC's core ROE may have bottomed out at 8.6% in FY19 and should recover to 17.9% by YE23E.

Profitability ratios



Swing Factors

Upside

- Faster-than-expected turnaround of Smashburger and
- The Coffee Bean and Tea Leaf, which we estimate to account for c.10-13%% of revenue.
- Sustained momentum in the Philippines business, resulting in stronger-than-expected EBIT margin expansion.
- Acquisition that is value and earnings-accretive.

Downside

- Worsening of operating losses for Smashburger and The Coffee Bean and Tea Leaf.
- Higher-than-expected inflation, which could dampen consumer spending, especially for discretionary items such as JFC's offerings.
- Unexpected supply chain or logistics issues that could adversely affect sales and/or increase costs.

daphne.sze@maybank.com





daphne.sze@maybank.com

Risk Rating & Score ¹	33.9
Score Momentum ²	+1.0
Last Updated	01 Mar 2023
Controversy Score ³ (Updated: 24 May 2022)	2

Business Model & Industry Issues

- JFC's long-term goals of being a top five restaurant operator (in terms of market capitalisation) in the world and achieving a 50:50 domestic/international revenue split have been under heavy scrutiny from investors given the negative impact to profitability in the past few years. JFC remains committed to these goals and the company is planning to achieve these via a three-pronged approach: i) continuous domestic store expansion; ii) international expansion of core brands in areas with a strong Filipino base; and iii) acquisitions of businesses. The latter presents risk of earnings-dilution and mispriced acquisitions.
- Overall, JFC has some catching up to do in its ESG initiatives. On the ESG front, JFC has just launched its first sustainability report titled 'Joy for Tomorrow' in 2023, with limited details on its long-term initiatives. The company has just formalized an Environmental, Social and Governance (ESG) Council to oversee the company's sustainability efforts. In our view, more concrete targets and formalisation of a sustainability roadmap will greatly improve ESG perception for JFC.

Material E issues

- JFC has been consciously increasing its use of renewable materials, especially for packaging. In 2022, JFC used renewable packaging materials for 30% of its SKUs. JFC has also been in compliance with various sustainability programs initiated by local government units (e.g. the prohibition of plastic straws and plastic bags).
- JFC was able to reduce energy use ratio by 21.5% in 2022 (vs. 2020 baseline). JFC's Solar Rooftop Project which will begin in 2023 is aimed at installing 9 MWp solar PV across four big commissaries and is expected to cover 19% of the total electricity requirement in the Philippines.
- In the past four years, there were a couple of isolated cases of temporary store closures due to non-compliant wastewater disposal (i.e. one in Calapan City, Oriental Mindoro; one in Manila Bay). The stores have already reopened as JFC fixed its wastewater disposal to comply with local government rules and the Clean Water Act.

Material S issues

- JFC had 19,224 employees in the Philippines as of end-2022 with a male-to-female ratio of 49:51. Out of Philippinebased employees, only 11% are covered with collective bargaining agreements.
- In 2018, the Department of Labour and Employment accused JFC of engaging in illegal labour-only contracting with 14,690 workers yet to be regularised. JFC argued that all of its employees are regularised and the issue was on what roles can be outsourced. In 2019, House Bill 4444 or more popularly known as the "Security of Tenure" bill intended to totally prohibit labour outsourcing. However, President Duterte vetoed the bill on 26 Jul 2019.
- JFC's charitable initiatives are mostly done through the Jollibee Group Foundation (JGF). Currently, two key programmes of JGF include the: i) Farmer Entrepreneurship Program; and ii) Access, Curriculum, Employability Programme.

Key G metrics and issues

- JFC has nine directors on its board all of which are men. Three out of nine directors are independent. Five out of nine directors have been part of the board for more than 30 years.
- Tony Tan Caktiong serves as JFC's Chairman with his brothers (Ernesto Tanmantiong and William Tan Untiong) also being part of the board. Two other directors (Ang Cho Sit, Antonio Chua Poe Eng) also share familial relationships with the brothers.
- In 2022, the top five most highly compensated executive officers received PHP253.2m (0.1%/3.3% of reported FY22sales/net income). Meanwhile, all officers and directors as a group received PHP1.016b (0.4%/13.4% of reported FY22 sales/net income).
- Sycip, Gorres, Velayo & Co. (SGV & Co.) has served as JFC's auditor for more than 10 years.
- JFC's overseas expansion has been one of the main concerns for investors, especially as its most recent big acquisitions (i.e. Smashburger, The Coffee Bean & Tea Leaf) have been drags to profitability. JFC paid a total of USD210.3m/USD100.0m for 100%/80% stake in Smashburger/CBTL.
- JFC had no material related-party transactions that negatively affected minority interests in the past.

<u>Raisk Rating & Score</u> - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <u>2Score Momentum</u> - indicates changes to the company's score since the last update - a <u>negative</u> integer indicates a deterioration. <u>3Controversy Score</u> - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).





	Quantitative Parame	eters (Score: 20)				
	Particulars	Unit	2020	2021	2022	URC (2021)
	Scope 1 GHG emissions	m tCO2e	30.75	17.41	46.30	294.7
	Scope 2 GHG emissions	m tCO2e	177.45	209.58	440.56	260.6
	Total	m tCO2e	208.2	227.0	486.9	555.3
	Scope 3 GHG emissions	m tCO2e	N/A	N/A	N/A	
Ε	Total	m tCO2e	N/A	N/A	N/A	555.3
-	RE share of energy consumption	kgCO2e/MWh	N/A	N/A	N/A	N/A
	Water recycled as % of usage	%	N/A	N/A	0.2%	N/A
	% of recycled material used	%	N/A	N/A	N/A	16%
	% of packaging from reusable/recyclable/renewable material	%	N/A	N/A	N/A	6.0%
	% of palm oil sourced from RSPO certified	%	N/A	25.0%	54.0%	51%
	% of women in workforce	%		47.9%	49.0%	51.0%
S	% of women in management roles	%		60.0%	60.0%	59.0%
3	Lost time injury frequency rate	Number		5	5	13
	CPMT (complaints per million transactions)	Number		N/A	N/A	181
	MD/CEO salary as % of net profit	%		-1.5%	3.0%	3.4%
G	Top 10 employees salary as % of profit	%		-5.0%	10.1%	13.4%
G	Independent director tenure <10 years	%		20%	38%	33%
	Women directors on board	%		0%	0%	11%

Qualitative Parameters (Score: 100)

a) Is there an ESG policy in place and is there a standalone ESG committee or is it part of the risk committee?

Yes - JFC has formalised a ESG Council to oversee its sustainability efforts. It has formulated a global sustainability agenda around food, planet and people

b) Is the senior management salary linked to fulfilling ESG targets?

No.

- c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting?
- e) Does the company have a mechanism to capture Scope 3 emissions which parameters are captured? *No.*
- f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?
- 1. JFC's wastes are properly managed and segregated so that they may still be reused or recycled. From JFC's manufacturing plants, wastes such as paper, cartons, tin cans, etc., are bought by accredited scrap buyers; meat trimmings are repurposed by accredited buyers; and pastry trimmings are reprocessed as feed mix by a third party.
- 2. In 2021, JFC delivered a 10.4% reduction in energy use ratio versus 2020, which indicates that its initiatives on reduction of fuel and electricity were effective. This exceeded its internal target of 5% reduction.
- g) Does carbon offset form part of the net zero/carbon neutrality target of the company? No.

Target (Score: 100)		
Particulars	Target	Achieved
5% reduction every year in water usage in Philippines logistics site	5% p.a.	45%
Reduce energy use ratio (EUR) by 5% annually.	5% p.a.	21.5% over 2020
CO2 emissions reduction target / net zero	N/A	N/A

Impact NA

Overall Score: 44

As per our ESG matrix, Jollibee Foods Corporation (JFC PM) has an overall score of 44.

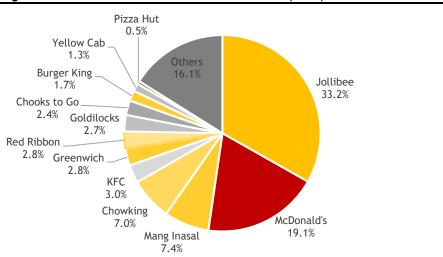
ESG score	Weights	Scores	Final Score
Quantitative	50%	29	15
Qualitative	25%	50	13
Target	25%	67	17
Total			44

As per our ESG assessment, JFC has yet to fully establish its ESG policy and integrate it into its daily operations. JFC's overall ESG score is 44, which makes its ESG rating below average in our view (average ESG rating of stocks under our coverage = 50).



Focus charts

Fig 1: Market share for limited service restaurants (2022)



The JFC Group has 47.5% market share in the limited service restaurant space.

Source: Euromonitor

Fig 2: Philippine consumer foodservice chains: units/outlets 2022

<u> </u>	
QSR chain	Number of outlets
Chooks to Go	1,860
Jollibee	1,191
Mister Donut	1,119
Angel's Burger	1,110
Potato Corner	1,041
McDonald's	716
Mang Inasal	579
Chowking	560
Red Ribbon	529
Starbucks	421
KFC	332
Shakey's	312

Jollibee had 66% more outlets than McDonald's in the Philippines in 2022.

Source: Euromonitor

Fig 3: Split of foodservice (2019)

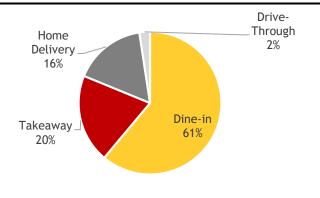
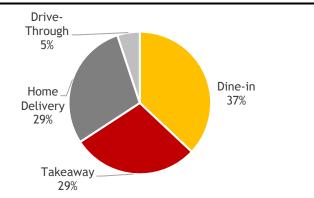
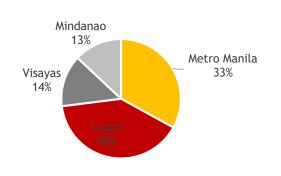


Fig 4: Split of foodservice (2022)



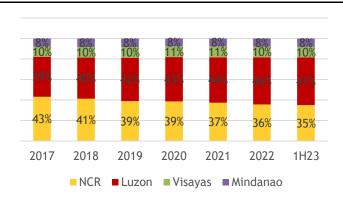
Source: Euromonitor Source: Euromonitor

Fig 5: JFC's store locations in the Philippines (1H23)



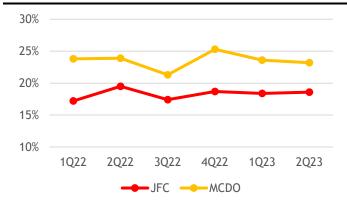
Source: Company

Fig 7: McDonald's store locations in the Philippines



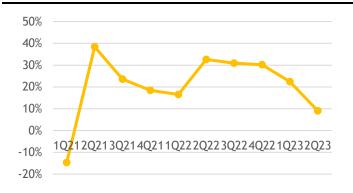
Source: Company

Fig 9: McDonald's Philippines vs JFC PH GPM



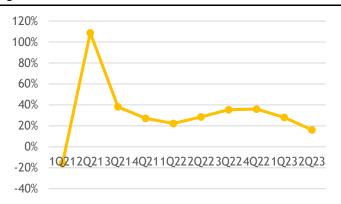
Source: Company, MIBG Research

Fig 6: JFC's domestic SSSG



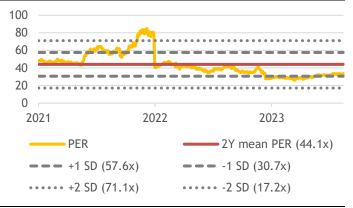
Source: Company, Maybank IBG Research

Fig 8: McDonald's domestic SSSG



Source: Company

Fig 10: JFC's 2-year PER



Source: Company



FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Metrics					
P/E (reported) (x)	37.1	33.3	27.2	23.0	20.8
Core P/E (x)	40.1	33.9	27.2	23.0	20.8
P/BV (x)	4.3	4.1	3.5	3.2	2.9
P/NTA (x)	48.1	24.4	15.1	10.8	8.2
Net dividend yield (%)	0.8	1.1	1.2	1.4	1.6
FCF yield (%)	5.8	6.2	6.2	6.5	7.6
EV/EBITDA (x)	15.3	12.7	10.5	9.0	8.2
EV/EBIT (x)	48.2	32.7	28.1	23.4	21.6
INCOME STATEMENT (PHP m)	152 575 4	211 002 2	250 450 4	270 220 7	205 070 4
Revenue EBITDA	153,575.6	211,902.2	250,450.4	278,320.7	305,079.6
	19,756.9	25,540.0	27,641.9	30,522.0 (18,798.8)	33,851.3
Depreciation Amortisation	(13,482.3) 0.0	(15,598.6) 0.0	(17,289.9) 0.0	0.0	(20,955.2)
EBIT	6,274.6	9,941.4	10,352.0	11,723.2	12,896.1
Net interest income /(exp)	(3,980.8)	(4,427.5)	(3,860.8)	(3,623.9)	(3,953.4)
Associates & JV	(43.4)	4.1	(50.0)	(50.0)	(50.0)
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	3,893.0	5,669.7	5,009.0	5,566.4	6,101.6
Pretax profit	6,143.4	11,187.6	11,450.2	13,615.7	14,994.3
Income tax	(641.4)	(3,849.1)	(2,862.5)	(3,403.9)	(3,748.6)
Minorities	479.7	220.0	56.1	5.1	28.3
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	5,981.7	7,558.5	8,643.8	10,216.9	11,274.1
Core net profit	5,981.7	7,558.5	8,643.8	10,216.9	11,274.1
Preferred Dividends	(112.8)	(451.2)	(790.3)	(790.3)	(790.3)
Distributable Income	5,868.8	7,107.3	7,853.5	9,426.6	10,483.8
BALANCE SHEET (PHP m)					
Cash & Short Term Investments	39,185.3	37,739.4	37,560.8	43,414.6	44,147.7
Accounts receivable	7,246.0	9,627.4	9,971.5	11,081.1	12,146.5
Inventory	9,355.3	17,297.6	15,541.8	17,192.3	18,841.8
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	30,608.8	36,485.7	40,379.0	44,420.0	48,623.5
Intangible assets	50,610.9	51,715.5	51,583.0	51,451.8	51,321.9
Investment in Associates & JVs	15,426.6	18,111.3	18,020.4	17,929.6	17,838.7
Other assets	58,405.3	62,425.6	58,232.9	50,319.6	65,520.0
Total assets	210,838.2	233,402.7	231,289.5	235,809.1	258,440.2
ST interest bearing debt	5,460.6	9,047.9	4,981.0	3,229.9	2,346.9
Accounts payable	32,952.8	43,243.7	44,431.5	49,150.0	53,865.5
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	47,835.8	44,880.0	40,383.8	39,353.9	30,307.1
Other liabilities	50,405.0	55,316.0	55,662.0	52,228.0	73,375.0
Total Liabilities	136,654.1	152,487.7	145,458.1	143,961.6	159,894.9
Shareholders Equity	55,601.5	62,220.8	67,193.2	73,214.5	79,940.6
Minority Interest	(1,682.2)	(1,570.5)	(1,626.7)	(1,631.8)	(1,660.2)
Total shareholder equity Perpetual securities	53,919.4 20,264.8	60,650.2 20,264.8	65,566.6 20,264.8	71,582.7 20,264.8	78,280.5 20,264.8
Total liabilities and equity	210,838.2	233,402.7	231,289.5	235,809.1	258,440.2
	210,030.2	233,402.7	231,207.3	233,007.1	230,440.2
CASH FLOW (PHP m)	(442 4	44 407 (44 450 2	42 (45 7	44.004.3
Pretax profit	6,143.4 13,482.3	11,187.6 15,598.6	11,450.2 17,289.9	13,615.7	14,994.3 20,955.2
Depreciation & amortisation		4,427.5	•	18,798.8	3,953.4
Adj net interest (income)/exp Change in working capital	3,980.8 (133.5)	(2,296.6)	3,860.8 2,599.6	3,623.9 1,958.4	2,000.7
Cash taxes paid	(2,077.4)	(3,337.3)	(2,862.5)	(3,403.9)	(3,748.6)
Other operating cash flow	(1,677.7)	(1,963.5)	(8,087.8)	(8,087.8)	(8,087.8)
Cash flow from operations	19,717.8	23,616.3	24,250.2	26,505.0	30,067.1
Capex	(7,863.8)	(9,682.7)	(11,116.5)	(12,228.2)	(13,451.0)
Free cash flow	13,841.1	15,752.5	14,567.5	15,388.5	17,839.0
Dividends paid	(1,839.6)	(2,804.3)	(2,881.0)	(3,405.3)	(3,757.7)
Equity raised / (purchased)	12,243.5	1,597.9	0.0	0.0	0.0
Change in Debt	(23,451.8)	(2,535.1)	(8,563.1)	(2,781.0)	(9,929.9)
Perpetual securities distribution	(1,245.2)	(835.2)	(790.3)	(790.3)	(790.3)
Other invest/financing cash flow	5,743.3	(5,177.9)	(1,077.9)	(1,446.4)	(1,405.2)
Effect of exch rate changes	27.1	(2.5)	0.0	0.0	0.0
Net cash flow	3,331.2	4,176.6	(178.6)	5,853.8	733.1
			. ,		



FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth ratios (%)					
Revenue growth	18.6	38.0	18.2	11.1	9.6
EBITDA growth	1,254.1	29.3	8.2	10.4	10.9
EBIT growth	nm	58.4	4.1	13.2	10.0
Pretax growth	nm	82.1	2.3	18.9	10.1
Reported net profit growth	nm	26.4	14.4	18.2	10.3
Core net profit growth	nm	26.4	14.4	18.2	10.3
Profitability ratios (%)					
EBITDA margin	12.9	12.1	11.0	11.0	11.1
EBIT margin	4.1	4.7	4.1	4.2	4.2
Pretax profit margin	4.0	5.3	4.6	4.9	4.9
Payout ratio	30.8	37.1	33.3	33.3	33.3
DuPont analysis					
Net profit margin (%)	3.9	3.6	3.5	3.7	3.7
Revenue/Assets (x)	0.7	0.9	1.1	1.2	1.2
Assets/Equity (x)	3.8	3.8	3.4	3.2	3.2
ROAE (%)	14.8	17.1	17.9	18.9	18.7
ROAA (%)	2.9	3.4	3.7	4.4	4.6
Liquidity & Efficiency					
Cash conversion cycle	(51.1)	(36.6)	(34.3)	(34.9)	(35.0)
Days receivable outstanding	16.8	14.3	14.1	13.6	13.7
Days inventory outstanding	24.9	27.4	29.0	26.1	26.2
Days payables outstanding	92.8	78.4	77.3	74.6	75.0
Dividend cover (x)	3.3	2.7	3.0	3.0	3.0
Current ratio (x)	1.4	1.2	1.3	1.3	1.3
Lavarras & Evannas Analysis					
Leverage & Expense Analysis	1 5	4 5	1.6	1.6	1.6
Asset/Liability (x)	1.5	1.5	1.6	1.6	1.6
Net gearing (%) (incl perps)	19.0	20.0	9.1	net cash	net cash
Net gearing (%) (excl. perps)	26.2	26.7	11.9	net cash	net cash
Net interest cover (x)	1.6	2.2	2.7	3.2	3.3
Debt/EBITDA (x)	2.7	2.1	1.6	1.4	1.0
Capex/revenue (%)	5.1	4.6	4.4 7.804.0	4.4	4.4
Net debt/ (net cash)	14,111.0	16,188.4	7,804.0	(830.8)	(11,493.8)

Source: Company; Maybank IBG Research



Research Offices

ECONOMICS

Suhaimi ILIAS Chief Economist Malaysia | Philippines | Global (603) 2297 8682 suhaimi_ilias@maybank-ib.com

CHUA Hak Bin

Regional Thematic Macroeconomist chuahb@maybank.com

Dr Zamros DZULKAFLI Malaysia | Philippines (603) 2082 6818 zamros.d@maybank-ib.com

Erica TAY China | Thailand (65) 6231 5844 erica.tay@maybank.com

Brian LEE Shun Rong Indonesia | Singapore | Vietnam (65) 6231 5846 brian.lee1@maybank.com

Fatin Nabila MOHD ZAINI (603) 2297 8685

fatinnabila.mohdzaini@maybank-ib.com

Luong Thu Huong (65) 6231 8467 hana.thuhuong@maybank.com

FX

Saktiandi SUPAAT Head of FX Research (65) 6320 1379 saktiandi@maybank.com

(65) 6320 1374 fionalim@maybank.com

Alan LAU (65) 6320 1378 alanlau@maybank.com

Shaun LIM (65) 6320 1371 shaunlim@maybank.com

STRATEGY

Anand PATHMAKANTHAN

(603) 2297 8783 anand.pathmakanthan@maybank-ib.com

FIXED INCOME

Winson PHOON, FCA Head of Fixed Income (65) 6340 1079 winsonphoon@maybank.com

(603) 2074 7606 munyi.st@maybank-ib.com

PORTFOLIO STRATEGY

ONG Seng Yeow (65) 6231 5839

MIBG SUSTAINABILITY RESEARCH

Jigar SHAH Head of Sustainability Research (91) 22 4223 2632 jigars@maybank.com

Neerav DALAL (91) 22 4223 2606 neerav@maybank.com

REGIONAL EQUITIES

Anand PATHMAKANTHAN Head of Regional Equity Research (603) 2297 8783 anand.pathmakanthan@maybank-ib.com

WONG Chew Hann, CA Head of ASEAN Equity Research (603) 2297 8686 wchewh@maybank-ib.com

ΜΑΙ ΔΥSΙΔ

Anand PATHMAKANTHAN Head of Research (603) 2297 8783 anand.pathmakanthan@maybank-ib.com

Strategy

WONG Chew Hann, CA (603) 2297 8686 wchewh@mavbank-ib.com

Equity Strategy
 Non-Bank Financials (stock exchange)
 Construction & Infrastructure

Desmond CH'NG, BFP, FCA (603) 2297 8680 desmond.chng@maybank-ib.com • Banking & Finance

ONG Chee Ting, CA (603) 2297 8678 ct.ong@maybank-ib.com

· Plantations - Regional

YIN Shao Yang, CPA (603) 2297 8916

• Gaming - Regional • Media • Aviation • Non-Bank Financials

TAN Chi Wei. CFA (603) 2297 8690 chiwei.t@maybank-ib.com Power • Telcos

WONG Wei Sum, CFA (603) 2297 8679 weisum@maybank-ib.com

Property • Glove

(603) 2297 8687 jade.tam@maybank-ib.com

Consumer Staples & Discretionary

Nur Farah SYIFAA (603) 2297 8675 nurfarahsyifaa.mohamadfuad@maybank-ib.com
• Renewable Energy • REITs

LOH Yan Jin (603) 2297 8687 lohyanjin.loh@maybank-ib.com · Ports · Automotive · Technology (EMS)

Jeremie YAP (603) 2297 8688

jeremie.yap@maybank-ib.com
• Oil & Gas • Petrochemicals

(603) 2297 8692 arvind.jayaratnam@maybank.com
• Technology (Semicon & Software)

TEE Sze Chiah Head of Retail Research (603) 2082 6858 szechiah.t@maybank-ib.com
• Retail Research

Nik Ihsan RAJA ABDULLAH, MSTA, CFTe (603) 2297 8694 nikmohdihsan.ra@maybank-ib.com Chartist

Amirah AZMI (603) 2082 8769 amirah.azmi@maybank-ib.com Retail Research

SINGAPORE

Thilan WICKRAMASINGHE Head of Research (65) 6231 5840 thilanw@maybank.com
Banking & Finance - Regional
Consumer

Eric ONG (65) 6231 5849

ericong@maybank.com
• Healthcare • Transport • SMIDs Kelvin TAN

(65) 6231 5837 kelvin.tan1@maybank.com Telcos • Industrials

LI Jialin (65) 6231 5845 jialin.li@maybank.com REITs

Jarick SEET (65) 6231 5848 jarick.seet@maybank.com
• Technology

Krishna GUHA (65) 6231 5842 krishna.guha@maybank.com
REITs

PHILIPPINES

Rachelleen RODRIGUEZ, CFA Head of Research (63) 2 8849 8843 rachelleen.rodriguez@maybank.com

Banking & Finance • Transport • Telcos
 Utilities

Daphne SZE (63) 2 8849 8847 daphne.sze@maybank.com Consumer

Alexa Mae CARVAJAL (63) 2 8849 8838 alexamae.carvajal@maybank.com
Consumer • Gaming • Property • REITs

THAILAND

Chak REUNGSINPINYA Head of Research (66) 2658 5000 ext 1399 chak.reungsinpinya@maybank.com
• Strategy • Energy

Jesada TECHAHUSDIN, CFA

(66) 2658 5000 ext 1395 jesada.t@maybank.com • Banking & Finance

Wasu MATTANAPOTCHANART (66) 2658 5000 ext 1392

wasu.m@maybank.com
• Telcos • Technology • REITs • Property
• Consumer Discretionary

Surachai PRAMUALCHAROENKIT (66) 2658 5000 ext 1470 surachai.p@maybank.com
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB

(66) 2658 5000 ext 1430 suttatip.p@maybank.com • Food & Beverage • Commerce

Natchaphon RODJANAROWAN (66) 2658 5000 ext 1393 natchaphon.rodjanarowan@maybank.com

Utilities

INDONESIA

Jeffrosenberg CHENLIM Head of Research (62) 21 8066 8680 jeffrosenberg.lim@maybank.com • Strategy • Banking & Finance • Property

Willy GOUTAMA (62) 21 8066 8500 willy.goutama@maybank.com • Consumer

Etta Rusdiana PUTRA (62) 21 8066 8683 etta.putra@maybank.com
• Telcos • Internet • Construction

William Jefferson W (62) 21 8066 8563 william.jefferson@maybank.com Property

Adi WICAKSONO (62) 21 8066 8686 adi.wicaksono@mavbank.com Plantations

Satriawan HARYONO, CEWA, CTA (62) 21 8066 8682 satriawan@maybank.com Chartist

VIETNAM

Quan Trong Thanh Head of Research (84 28) 44 555 888 ext 8184 thanh.quan@maybank.com • Strategy • Banks

Hoang Huy, CFA (84 28) 44 555 888 ext 8181 hoanghuy@maybank.com • Strategy • Technology

Le Nguyen Nhat Chuyen (84 28) 44 555 888 ext 8082 chuyen.le@maybank.com
• Oil & Gas • Logistics

Nguyen Thi Sony Tra Mi (84 28) 44 555 888 ext 8084 trami.nguyen@maybank.com
Consumer Discretionary

Tran Thi Thanh Nhan (84 28) 44 555 888 ext 8088 nhan.tran@maybank.com Consumer Staples

Nguyen Le Tuan Loi (84 28) 44 555 888 ext 8182 loi.nguyen@maybank.com Property

Nguyen Thanh Hai (84 28) 44 555 888 ext 8081 thanhhai.nguyen@maybank.com
• Industrials

Nguven Thanh Lam (84 28) 44 555 888 ext 8086 thanhlam.nguyen@maybank.com • Retail Research



APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "Maybank IBG") and consequently no representation is made as to the accuracy or completeness of this report by Maybank IBG and it should not be relied upon as such. Accordingly, Maybank IBG and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. Maybank IBG expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Maybank IBG and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of Maybank IBG may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of Maybank IBG's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank IBG and Maybank IBG and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), MRPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited ("MST") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research products of MST Institutional and Retail Research departments may differ in either recommendation or target price, or both. MST reserves the rights to disseminate MST Retail Research reports to institutional investors who have requested to receive it. If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MST Retail Research are first produced in Thai and there is a time lag in the release of the translated English version.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MST does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MST does not confirm, verify, or certify the accuracy and completeness of the assessment result.

US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Wedbush Securities Inc. ("Wedbush"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Wedbush in the US shall be borne by Wedbush. This report is not directed at you if Wedbush is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Wedbush is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Wedbush Securities Inc. 1000 Wilshire Blvd, Los Angeles, California 90017, +1 (646) 604-4232 and not with the issuer of this report.



UK

This document is being distributed by Maybank Securities (London) Ltd ("MSUK") which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. Singapore: This report is distributed in Singapore by MRPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. Indonesia: PT Maybank Sekuritas Indonesia ("PTMSI") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). Thailand: MST (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. Philippines: Maybank Securities Inc (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. Vietnam: Maybank Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. Hong Kong: MIB Securities (Hong Kong) Limited (Central Entity No AAD284) is regulated by the Securities and Futures Commission. India: MIB Securities India Private Limited ("MIBSI") is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India ("SEBI") (Reg. No. INZ000010538). MIBSI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057). UK: Maybank Securities (London) Ltd (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: Maybank IBG and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 24 October 2023, Maybank Research Pte. Ltd. and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MST may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MST, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: As of 24 October 2023, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 24 October 2023, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months MIBSI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

Maybank IBG may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS

Analyst Certification of Independence

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

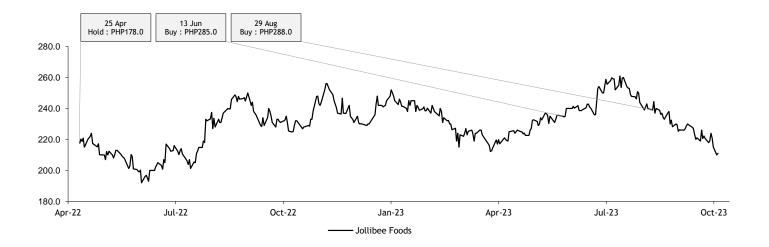
Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of Maybank IBG.



Historical recommendations and target price: Jollibee Foods (JFC PM)



Definition of Ratings

Maybank IBG Research uses the following rating system

BUY Return is expected to be above 10% in the next 12 months (including dividends)

HOLD Return is expected to be between 0% to 10% in the next 12 months (including dividends)

SELL Return is expected to be below 0% in the next 12 months (including dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.



Malaysia

Maybank Investment Bank Berhad (A Participating Organisation of Bursa Malaysia Securities Berhad) 33rd Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur

Tel: (603) 2059 1888; Fax: (603) 2078 4194

Stockbroking Business:

Level 8, Tower C, Dataran Maybank, No.1, Jalan Maarof 59000 Kuala Lumpur

Tel: (603) 2297 8888 Fax: (603) 2282 5136

Singapore

Maybank Securities Pte Ltd Maybank Research Pte Ltd 50 North Canal Road Singapore 059304

Tel: (65) 6336 9090

Indonesia

PT Maybank Sekuritas Indonesia Sentral Senayan III, 22nd Floor Jl. Asia Afrika No. 8 Gelora Bung Karno, Senayan Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188 Fax: (62) 21 2557 1189

Thailand

Maybank Securities (Thailand) PCL 999/9 The Offices at Central World, 20th - 21st Floor, Rama 1 Road Pathumwan. Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales) Tel: (66) 2 658 6801 (research)

London

PNB House

London EC4V 4AY, UK Tel: (44) 20 7332 0221 Fax: (44) 20 7332 0302

77 Queen Victoria Street

India

MIB Securities India Pte Ltd 1101, 11th floor, A Wing, Kanakia Wall Street, Chakala, Andheri -Kurla Road, Andheri East, Mumbai City - 400 093, India

Maybank Securities (London) Ltd

Tel: (91) 22 6623 2600 Fax: (91) 22 6623 2604

Vietnam

Maybank Securities Limited Floor 10, Pearl 5 Tower, 5 Le Quy Don Street, Vo Thi Sau Ward, District 3 Ho Chi Minh City, Vietnam

Tel: (84) 28 44 555 888 Fax: (84) 28 38 271 030

Hong Kong

MIB Securities (Hong Kong) Limited 28/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong

Tel: (852) 2268 0800 Fax: (852) 2877 0104

Philippines

Maybank Securities Inc 17/F, Tower One & Exchange Plaza Ayala Triangle, Ayala Avenue Makati City, Philippines 1200

Tel: (63) 2 8849 8888 Fax: (63) 2 8848 5738

Sales Trading

Indonesia Helen Widjaja helen.widjaja@maybank.com (62) 21 2557 1188

Philippines Keith Roy keith_roy@maybank.com Tel: (63) 2 848-5288 London

Greg Smith gsmith@maybank.com Tel: (44) 207-332-0221

Sanjay Makhija sanjaymakhija@maybank.com Tel: (91)-22-6623-2629

> www.maybank.com/investment-banking www.maybank-keresearch.com