

# Yum China: Profits rebounded amid strong takeout sales

DIGITAL ENGAGEMENT TEAM

30 NOVEMBER 2022

## TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	431.40
Latest Dividend	0.12
Dividend Ex-Date	28/11/2022
Indicated Dividend Yield	0.87%
14 Day RSI	63.58
Analysts 12M Target Price	463.66

**REFINITIV STOCKREPORTS+ AVERAGE SCORE**

**9/10**  
As of 30 Nov 2022

Refer to page 3 for indicator components

### Yum China Holdings (9987 HK) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 30 Nov 2022 closing

### KEY MARKET EVENTS

- 05 Dec** US PMI Release (Nov)
- 09 Dec** China CPI Release (Nov)
- 13 Dec** US CPI Release (Nov)
- 15 Dec** US Fed Interest Rate Decision
- 25 Dec** Christmas Holiday

### Hang Seng Index Price Chart



As of 30 Nov 2022 closing

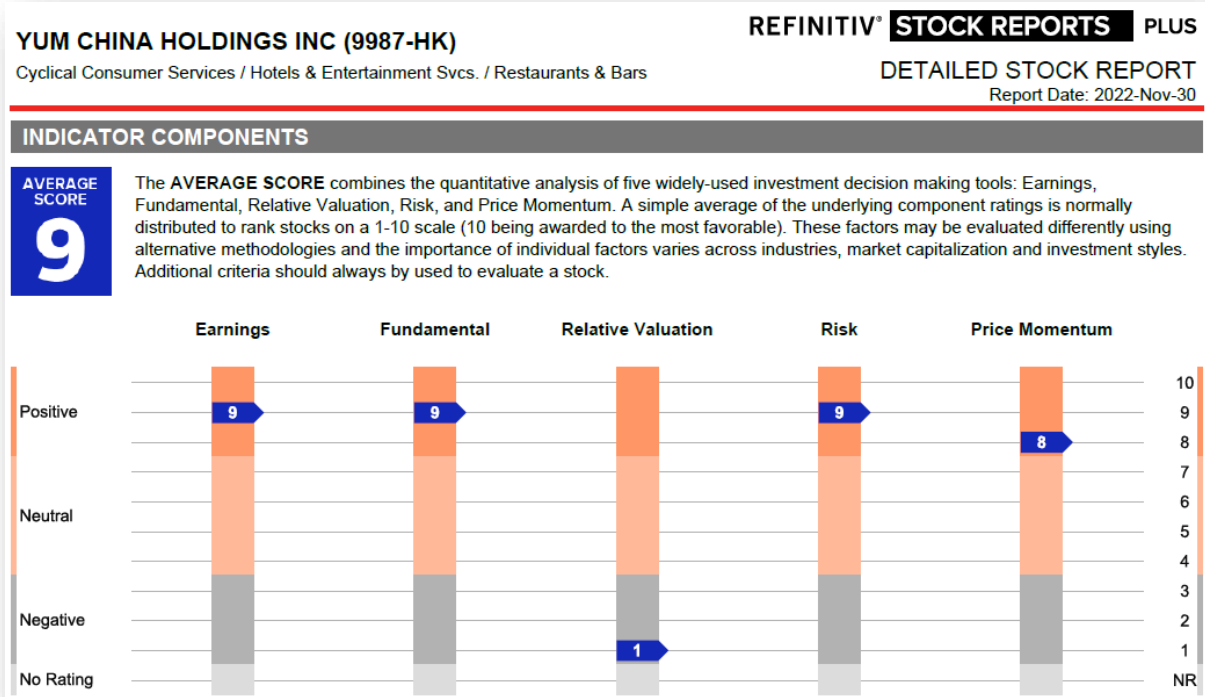
## Headline News & Information

- Yum China Holdings, Inc. operates chain restaurants. The Company offers pizza, entrees, pasta, rice dishes, appetizers, soups, vegetables, beverages, and desserts. Yum China Holding conducts its business worldwide (Bloomberg)
- Chinese stocks listed in the US are having their best month ever (29 Nov 2022, Bloomberg)
  - US-listed Chinese stocks are on track for the best month ever as investors grow more encouraged about a potential shift away from the strict pandemic policies that have slowed the economy
  - The Nasdaq Golden Dragon Index surged 5.1% on 29 Nov 2022 after Beijing vowed to speed up Covid shots for the elderly, which is seen as a critical step toward allowing the nation to abandon its Covid Zero policy
  - Stocks that are set to gain strongly from reopening, such as online travel agency Trip.com Group Ltd. and Yum China Holdings Inc., also climbed
- Yum China profits rebound in third quarter amid strong takeout sales (03 Nov 2022, Caixin Global)
  - Fast food giant Yum China Holdings Inc. reported a 98% year-on-year rise in net profit attributable to shareholders to US\$206 million in the third quarter as takeout sales helped offset the impact of Covid-19 restrictions on dining-in
  - The growth is a marked reversal from the previous two quarters, which recorded 54.1% and 56.5% year-on-year declines, respectively. Total revenue increased 5% to US\$2.7 billion. Same-store sales, which measures the performance of existing stores, were flat year-on-year from July through September, following four consecutive quarters of decline

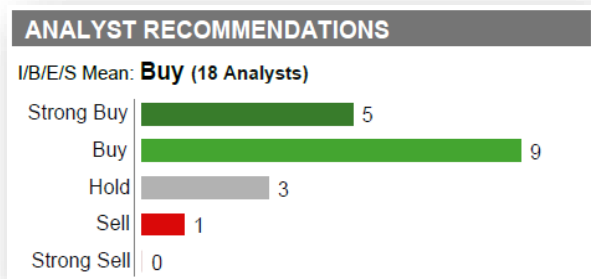
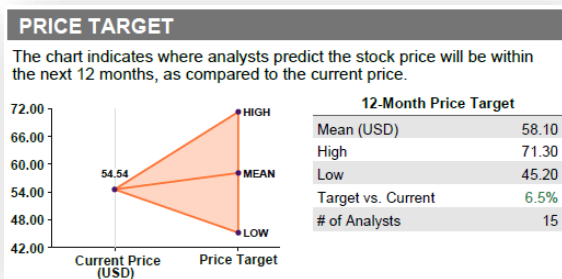
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> <li>• Shares rose 6.2% in the past 5 days and are up 36% in the past 30 days</li> </ul>	<ul style="list-style-type: none"> <li>• 450.00 (Aug 2021)</li> <li>• 500.00 (Sep 2021)</li> <li>• 535.00 (Jun 2021)</li> </ul>	<ul style="list-style-type: none"> <li>• 379.73 (100 Day MA)</li> <li>• 364.26 (200 Day MA)</li> <li>• 345.40 (Nov 2022)</li> </ul>

# Fundamental Viewpoint

## An Extract from STOCKREPORTS+



## Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 30 Nov 2022

## HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				VALUATION			FUNDAMENTAL		ANALYSTS			
		Price (2022-11-29)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	# of Analysts	
9	9987	426.00	35.4%	8.0%	5.6%	169.6B	23.9	48.7	0.88%	8.8%	10.8%	Buy	18	
4	6862	16.56	31.8%	-6.3%	-5.9%	77.1B	--	160.0	--	-11.9%	--	Buy	30	
5	9922	17.46	35.8%	4.1%	6.5%	21.0B	69.7	80.5	0.34%	5.2%	43.0%	Buy	31	
3	9869	12.36	51.3%	-1.1%	-27.3%	12.2B	--	--	--	-27.6%	--	Buy	16	
6	341	11.96	30.0%	7.6%	-15.3%	6.6B	299.0	24.0	2.3%	0.6%	--	Buy	5	
6	520	6.88	65.8%	102.4%	25.1%	6.4B	--	--	0.92%	-9.9%	--	Buy	10	
6	2217	1.78	8.5%	-30.2%	-41.8%	2.3B	10.2	8.3	6.4%	6.3%	--	Strong Buy	3	
7	52	10.28	14.0%	-21.0%	-38.7%	1.3B	8.7	--	5.6%	1.5%	--	--	--	
4	1488	0.85	26.9%	19.7%	-4.5%	1.2B	--	--	--	-114.3%	--	--	--	
NR	226	2.50	-3.8%	-11.0%	2.9%	1.2B	2.5	--	1.6%	54.0%	--	--	--	
3	8096	0.32	0.00%	-16.0%	-92.2%	21M	--	--	--	-42.7%	--	--	--	
5.3	Average	46.09	26.9%	5.1%	-16.9%	27.2B	69.0	64.3	2.6%	-11.8%	26.9%	Buy	16.1	

PEER COMPANIES			
1488	Best Food Holding Co	520	Xiabuxiabu Catering Management
2217	Tam Jai International Co	6862	Haidilao International
226	Lippo	8096	Tasty Concepts Holding
341	Cafe De Coral Holdings	9869	Helens International Holdings
52	Fairwood Holdings	9922	Jiumaojiu International

Source: REFINITIV STOCKREPORTS+, extracted 30 Nov 2022

## Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
<b>Average</b>		<b>28,478</b>	<b>127.38</b>	<b>25.82</b>	<b>31.48</b>	<b>5.40</b>	<b>5.40</b>	<b>2.07</b>
9987 HK	YUM CHINA HOLDINGS INC	23,131	431.40	48.32	39.41	3.61	3.10	0.87
AGL IM	AUTOGRILL SPA	2,577	6.47	33.94		2.65	2.86	N/A
ARCO US	ARCOS DORADOS HOLDINGS INC-A	1,561	7.41	11.35	19.51	4.01	5.85	1.62
ALSEA*								
MM	ALSEA SAB DE CV	1,639	38.42	17.11	78.10	4.26	4.44	N/A
JFC PM	JOLLIBEE FOODS CORP	4,848	245.00	26.74	33.59	3.83	3.96	1.00
JACK US	JACK IN THE BOX INC	1,508	72.54	13.36	13.52	N/A		2.43
QSR CN	RESTAURANT BRANDS INTERN	29,241	88.29	24.09	18.59	8.60	7.58	3.29
MCD US	MCDONALD'S CORP	198,787	271.41	27.04	26.04	N/A		2.24
WEN US	WENDY'S CO/THE	4,751	22.30	25.65	27.58	10.86	10.00	2.24
YUM US	YUM! BRANDS INC	35,504	126.04	30.58	26.96	N/A		1.81
QSP-U CN	RESTAURANT BRANDS-EXCH UNITS	9,707	91.91	N/A		N/A		3.14

Source: Bloomberg, extracted 30 Nov 2022 closing

## DISCLAIMER

---

The information provided herein is a compilation or summary of materials and data based from external sources available to OCBC Securities Private Limited ("OSPL"), and does not represent OSPL's view on the matters mentioned. Whilst we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness, and you should not act on it without first independently verifying its contents.

Trading in capital markets products and borrowing to finance the trading transactions (including, but not limited to leveraged trading or gearing) can be very risky, and you may lose all or more than the amount invested or deposited. Where necessary, please seek advice from an independent financial adviser regarding the suitability of any trade or capital markets product taking into account your investment objectives, financial situation or particular needs before making a commitment to trade or purchase the capital markets product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the capital markets product is suitable for you. You should consider carefully and exercise caution in making any trading decision whether or not you have received advice from any financial adviser. You should also read the relevant prospectus and/or profile statement (a copy of which may be obtained from the relevant fund manager or any of its approved distributors), prior to any trading or investment decision. Please refer to the prospectus of the relevant fund for the name of the fund manager and the investment objectives of the fund. In relation to collective investment schemes, the value of the units and the income accruing therefrom, if any, may rise or fall. For funds that are listed on an approved exchange, investors cannot redeem their units of those funds with the manager, or may only redeem units with the manager under certain specified conditions. The listing of the units of those funds on any approved exchange does not guarantee a liquid market for the units.

No representation or warranty whatsoever (including without limitation any representation or warranty as to accuracy, usefulness, adequacy, timeliness or completeness) in respect of any information (including without limitation any statement, figures, opinion, view or estimate) provided herein is given by OSPL and it should not be relied upon as such. OSPL does not undertake an obligation to update the information or to correct any inaccuracy that may become apparent at a later time. OSPL shall not be responsible for any loss or damage howsoever arising, directly or indirectly, as a result of any person acting on any information provided herein.

The information provided herein is intended for general circulation/discussion purposes only and may not be published or circulated in whole or in part without our written consent. All trademarks, registered trademarks, product names and company names or logos mentioned herein are the property of their respective owners, and you agree that you will not do anything to infringe or prejudice those rights. Reference to any products, services, processes or other information, does not constitute or imply endorsement, sponsorship or recommendation thereof by OSPL.