

What's Hot Today:

► **Café de Coral (341 HK, HK\$7.05, HK\$4bn) topline pressure remained**

Topline inline yet profitability largely missed. Café de Coral (CDC), a leading fast food chain in Hong Kong, reported its March ending 2025 (FY3/25) results with revenue of HK\$8.6bn, slightly down by 1.4% YoY. GPM contracted by 1ppts YoY to 10.4%, mainly due to rising staff and rental costs, leading to a 28% YoY drop in operating profit. Net profit stood at HK\$233mn, down 30% YoY, 20% below expectations. The company declared a final dividend of 25 HK cents. Including the interim dividend of 15 HK cents, total dividend down 29% YoY even at a payout ratio of 99.7%.

HK market - more promotions to stimulate demand. To attract price-sensitive consumers, CDC implemented more promotions and leveraged its "Club 100" membership program to distribute discount coupons. Hence, Quick Service Restaurants (QSR), including Café de Coral and Super Super Congee & Noodles(一粥面), remained stable at HK\$5.1bn. While Casual Dining segment decreased by 6.4% YoY to HK\$823mn, mainly due to weak consumer sentiment and HK residents spending more in mainland China. Institutional Catering dropped LSD YoY to HK\$1.0bn.

Mainland China market - prudent expansion. The revenue of this segment dipped by 1% YoY to HK\$1.5bn, accounting for 17% of total. While segment profit declined by 9% YoY to HK\$163mn. During the reporting period, the group added a net 14 new stores, driving its total network to 185 outlets. An additional 16 new stores are under preparation. Looking forward, CDC will continue its prudent expansion strategy and optimize underperforming stores, with the goal of surpassing 200 outlets in mainland China.

Our view: As the change of local spending continues, HK market remains under pressure. CDC recorded a single-digit SSS decline during April to May 2025 for the HK market. More promotions are expected to increase traffic and narrow SSS decline yet at the expense of margins. As at the end of March 2025, the company had net cash in hand of about HK\$749mn. The counter is trading at 17x FY26 P/E and a yield of 5.5%. (Ensley Liu)

China & HK Indices	CLOSE	1D	YTD
HSI	23,980	-0.3%	19.5%
HSCEI	8,694	-0.4%	19.3%
HSCCI	4,127	-0.2%	9.2%
CSI300	3,870	-0.1%	-1.6%
Shanghai A	3,550	-0.0%	-4.3%
Shanghai B	255	-0.0%	-4.3%
Shenzhen A	2,103	-0.1%	2.7%
Shenzhen B	1,163	0.5%	-4.1%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	42,215	-0.7%	-0.8%
S&P 500	5,982	-0.8%	1.7%
Nasdaq	19,521	-0.9%	1.1%
Nikkei Index	38,563	0.1%	-3.3%
FTSE Index	8,834	-0.5%	8.1%
CAC Index	7,683	-0.8%	4.1%
DAX Index	23,434	-1.1%	17.7%

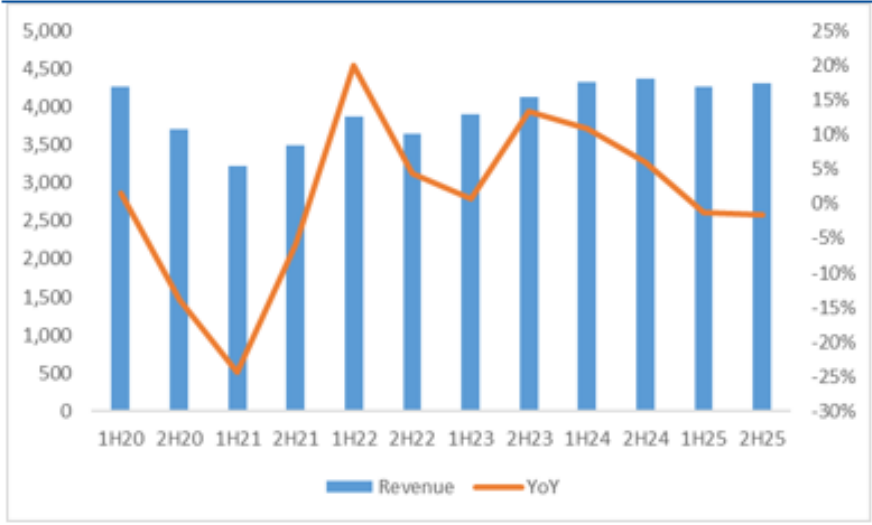
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,388	0.1%	29.0%
STEEL (US\$/oz.)	1,959	0.6%	9.7%
SILVER (US\$/oz.)	37	2.2%	28.4%
CRUDE OIL (US\$/bbl)	74	4.3%	4.5%
COPPER (US\$/oz.)	9,669	0.2%	10.3%
ALUMINIUM (US\$/oz.)	2,550	1.9%	-0.0%
PLATINUM (US\$/oz)	1,264	1.2%	39.2%
ZINC (US\$/oz.)	2,638	0.6%	-11.4%
WHEAT (US\$/bu)	549	2.3%	-0.5%
CORN (US\$/bu)	438	0.9%	-0.9%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,067	0.7%	4.0%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	314	1.3%	3.0%
BDI			98.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.871	145.290	0.816	7.187
HKD	0.127		0.111	18.508	10.402	0.916
EUR	1.148	9.011		166.790	1.067	8.250
JPY	0.007	5.403	0.600		0.562	0.049
CHF	1.225	9.613	1.067	178.018		8.802
RMB	0.139	1.092	0.121	20.228	0.114	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	21	27.4%

Source: Bloomberg

Fig 1: Revenue(HK\$ mn) and YoY



Source: Company Data, Sunwah Kingsway Research

Fig 2:

Fig 2: Gross profit(HK\$ mn) and YoY



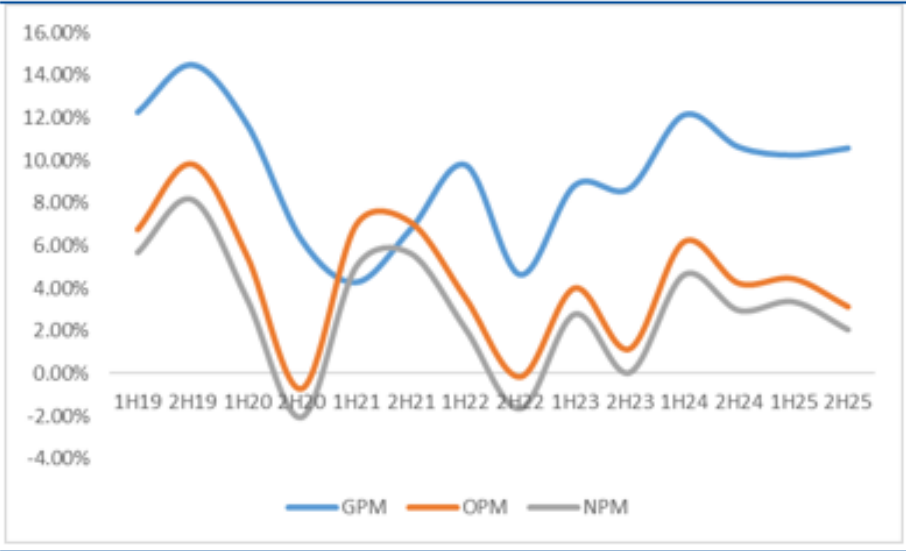
Source: Company Data, Sunwah Kingsway Research

Fig 3: Operating profit(HK\$ mn) and YoY



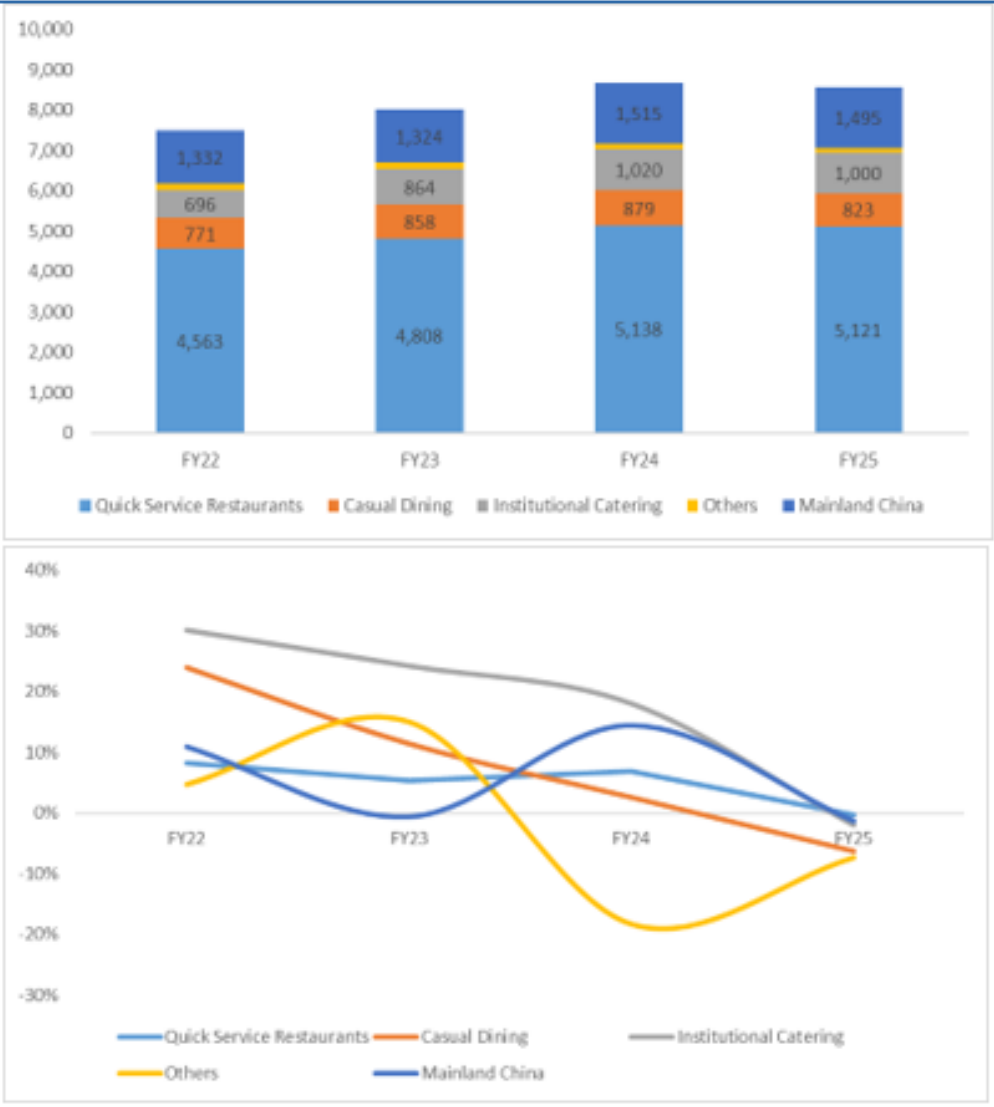
Source: Company Data, Sunwah Kingsway Research

Fig 4: Margins



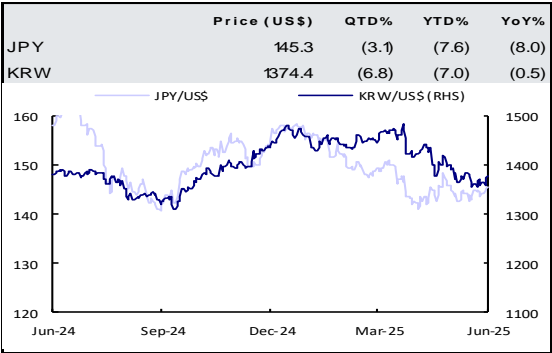
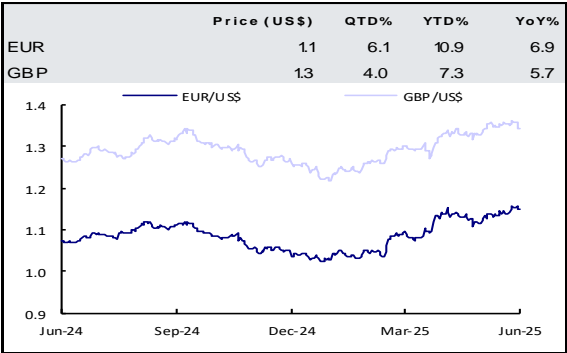
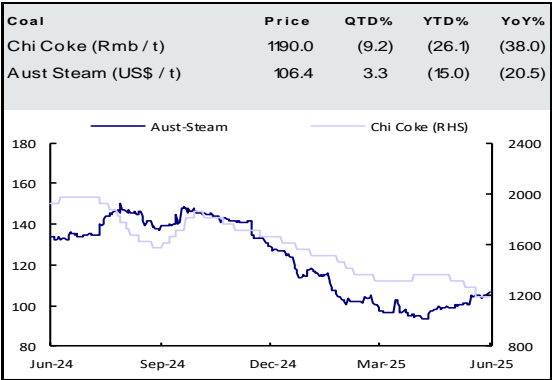
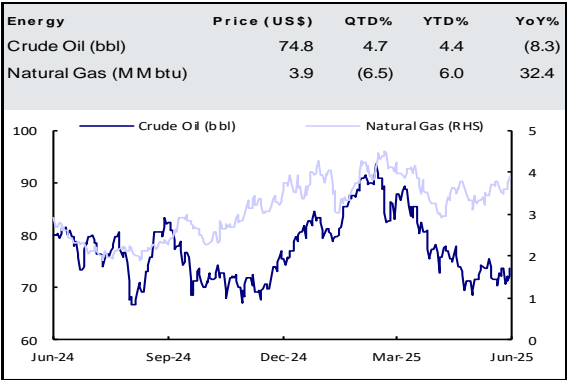
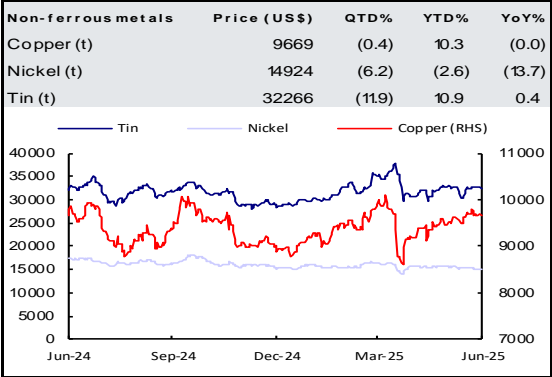
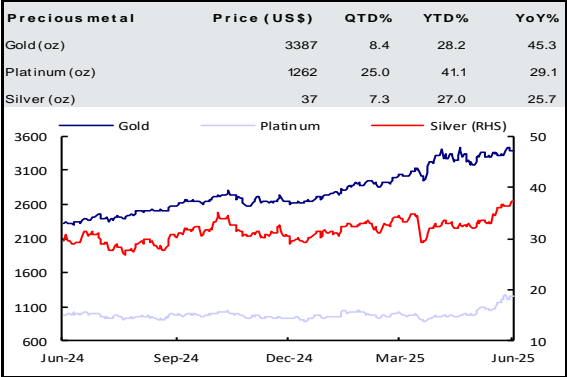
Source: Company Data, Sunwah Kingsway Research

Fig 5: Revenue breakdown(HK\$ mn) and YoY



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Business Inventories	MoM		17-Jun-25
Retail Sales	MoM		17-Jun-25
Industrial Production	MoM		17-Jun-25
Initial Jobless Claims	WoW		18-Jun-25
Housing Starts / Building Permits	MoM		18-Jun-25
Existing Home Sales	MoM		23-Jun-25
Consumer Confidence	MoM		24-Jun-25
New home Sales	MoM		25-Jun-25
Wholesale Inventories	MoM		26-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
Money Supply - M2	MoM		9-Jul-25
PPI	MoM		9-Jul-25
CPI	MoM		9-Jul-25
Trade Balance	MoM		14-Jul-25
Retail Sales	MoM		15-Jul-25
Industrial Production	MoM		15-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		20-Jun-25
Trade Balance	MoM		26-Jun-25
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
Unemployment Rate	MoM		17-Jul-25
GDP	QoQ		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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