

CHIPOTLE MEXICAN GRILL, INC.

About the Company

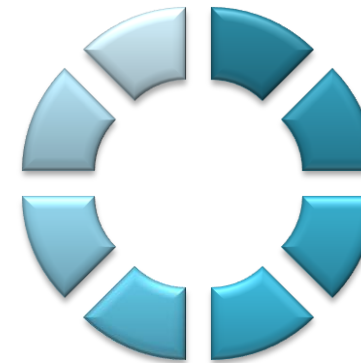
Chipotle Mexican Grill, Inc. (Chipotle), together with its subsidiaries, operates Chipotle Mexican Grill restaurants. The Company's Chipotle Mexican Grill restaurants serve a menu of burritos, tacos, burrito bowls (a burrito without the tortilla) and salads. Chipotle Mexican Grill, Inc. engages in the development and operation of classically-cooked, real food with wholesome ingredients without artificial colors, flavors or preservatives. It offers focused menu of burritos, tacos, burrito bowls, and salads prepared using classic cooking methods. The company was founded by Steve Ells in 1993 and is headquartered in Newport Beach, CA.

+1.949.5244000 | <http://www.chipotle.co> | United States

Current Scenario

The company has successful business models in place which can be analyzed from the analytics presented here. Even in the bad time, it was remained connected with their major suppliers without any significant disruptions across the supply chain. However, there will be minimal amount of time disruption can be expected to be in place due to COVID-19. The company gained in comparable sales quartely by growing 30% thereby beating the market estimates as more customers are resumed once vaccinated. The company has significant amount of competitors in the market, however, what differentiates the company from others is the investment in digital platform and improving it significantially. The company upgraded its capabilities with the digital tech like, Digital Order Pickup, as well as it has partnered with multiple

Major Competitors



- Qdoba Mexican Eats
- Moe's Southwest Grill
- Baja Fresh Mexican Grill
- Rubio's Coastal Grill
- Taco Bell
- Burger King
- McDonald's
- Yum! Brands, Inc.

third party delivery. With the help of digitization in place, the company experienced sales by 174.1% over 2020 and 2019. The major shift to adapt digitization is due to Pandemic.

Future Plans

The company has strong balance sheet in place like it has a cash and marketable investments of \$1.1 billion. With this, the current cash and investment balance is sufficient enough to meet the ongoing capital expenditures, working capital requirements as well as any cash needs for the foreseeable future. The company has already created contingency based plans where if the macro conditions deteriorate further in the future, the company can conserve liquidity. However, there are \$120 billion amount of CAPEX pertaining to investing in restaurants, upgrading & remodeling in technology.

Stock Price Movements

shalinkumar published on TradingView.com, July 26, 2021 16:28:27 IST
BATS:CMG, 1W 1830.92 ▲ +32.52 (+1.81%) O:1533.84 H:1833.50 L:1525.01 C:1830.92



The stock price of Chipotle (CMG) compared with Nasdaq100 (NDX) and S&P500 (SPX) based on last 5 years movements from the aforesaid chart presents the clear picture as to how Chipotle has created upward movement from 2018 onwards however about the two benchmarks – Nasdaq100 and S&P500. The scenario states future outlook of the company as to how the company is poised to offer the best return to its stakeholders.



Chipotle compared with major competitors like McDonald's Corp and Yum Brands, Inc., which we can analyze from the aforesaid graph especially for a one year movements, we can say that how it gained by 56.70% compared to McDonalds's which grew by 30% and Yum Brands grew by 24.35%. However, the company's stock plunged four times in a year, it enjoyed the rally and eventually, from July 2021 onwards it gained in price remarkable till today.

shalinkumar published on TradingView.com, July 26, 2021 16:25:14 IST
 BATS:CMG, 1D 1830.92 ▲ +32.52 (+1.81%) O:1809.00 H:1833.50 L:1784.00 C:1830.92



TradingView

shalinkumar published on TradingView.com, July 26, 2021 16:26:55 IST
 BATS:CMG, 1D 1830.92 ▲ +32.52 (+1.81%) O:1809.00 H:1833.50 L:1784.00 C:1830.92

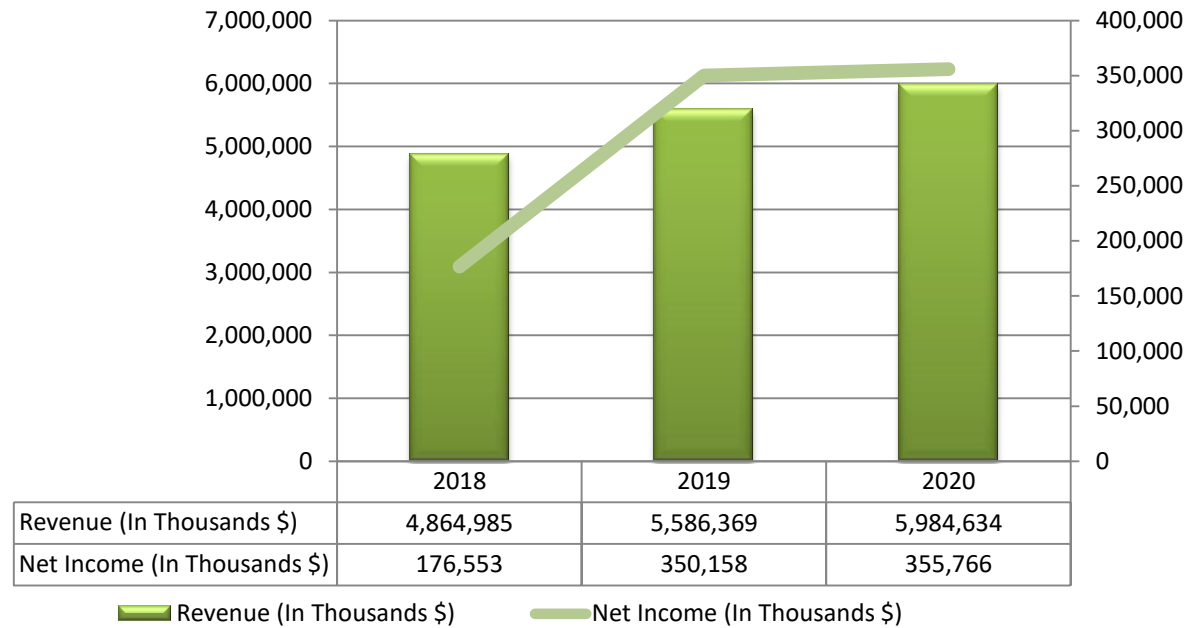


TradingView

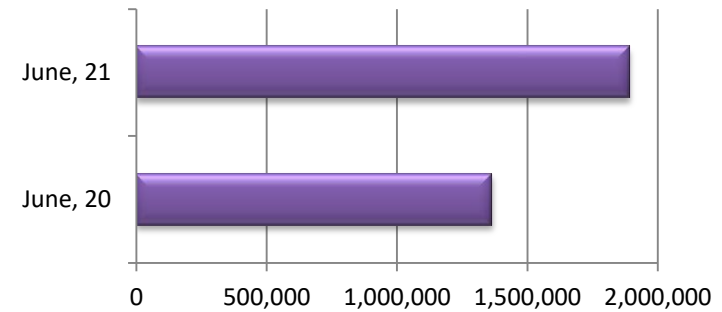
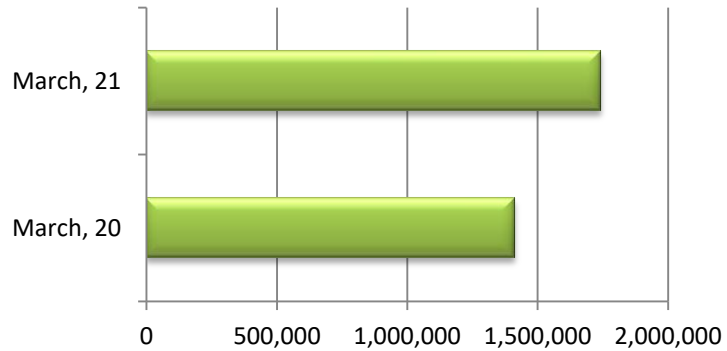
Based on the aforesaid graphs relative to benchmark – Nasdaq100 and S&P500 for a one year time frame, the company experience plunged in price from May 21 to July 21, however it increased tremendously in price as of today.

FINANCIAL SUMMARY

(All amounts in thousands \$)



Source: Annual Report, 2020

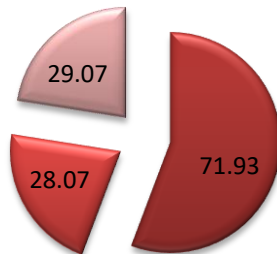


Source: Quarterly Reports, 2020, 2021

When we analyze financial analytics of the company, we can profusely say that the company's revenue and net income grew significantly. The revenue grew by 14.8% in 2019, and 7.1% in 2020. The net income grew by 98.3% in 2019 and that of 1.6% in 2020. The quarterly results has gained significant percentage by 23.4% from March quarter 2020 to 2021. While that of June is 38.7% from 2020 to 2021. Which clearly shows that the adaptation of the digital technology and upgradation help company offers the good return going forward.

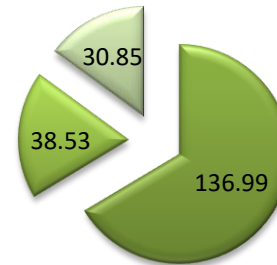
VALAUTION

Forward P/E



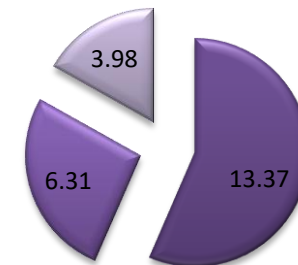
- Chipotle Mexican Grill, Inc.
- McDonald's Corp
- Yum! Brands, Inc.

Trailing P/E



- Chipotle Mexican Grill, Inc.
- McDonald's Corp
- Yum! Brands, Inc.

EPS (\$)



- Chipotle Mexican Grill, Inc.
- McDonald's Corp
- Yum! Brands, Inc.

(Source: Reuters; All data as on 27th July 2021)

The valuation and performance indicators from the aforesaid charts show that the long-term story of Chipotle is lucrative enough. The company has created mark relative to its competitors on annualized EPS, Forward P/E and Trailing P/E front which can be analyzed from the aforesaid charts.

Recommendations

Based on the analytics and management discussion with future plans of the company in place, it is recommended to buy the stocks and hold it till it reaches the new milestone line. It is worth of buying and investing in the company.