

A large, stylized leaf graphic in the top-left corner, composed of overlapping green, purple, and blue segments.

Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

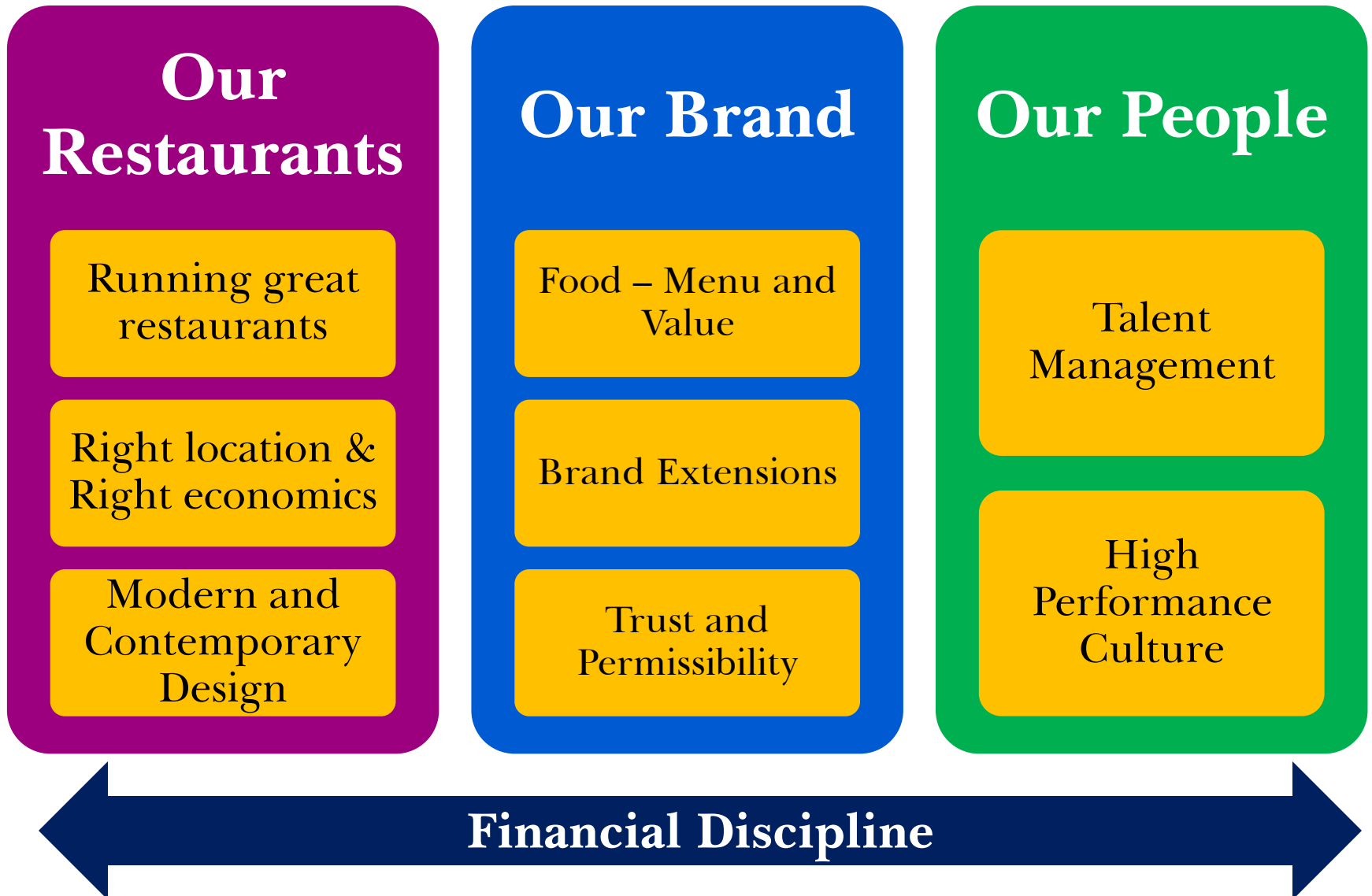
Q2 FY2019 Earnings Update Oct 26, 2018

Disclaimer



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Strategic Levers



Q2 FY2019 Results & Highlights

GROW MARKET SHARE & MARGIN



GROW BASELINE SALES



BROADENING ACCESSIBILITY OF BRAND McDONALD'S



Sales at **INR 3,500.9 Mn**;
strong sales growth of **32.3%**

RoM up **~37%**; expansion
of 50 bps Y-o-Y to 13.8%;
higher A&P spends in Q2

Op. EBITDA up **~41%**;
margin expansion of **50 bps**
Y-o-Y to **8.2%**

PAT growth more than **5.5x**;
Q2 PAT at **INR 78.7 Mn**

Strong SSSG
performance for 13th
quarter in a row; Q2
FY19 comps at **25.7%**

New menu platform :
Rice Bowl
McCafé and
McDelivery : Growth
momentum continues

287 restaurants;
6 new additions
during the quarter

Added new city
(Kakinada) during the
quarter; presence in
39 cities

OUR RESTAURANTS

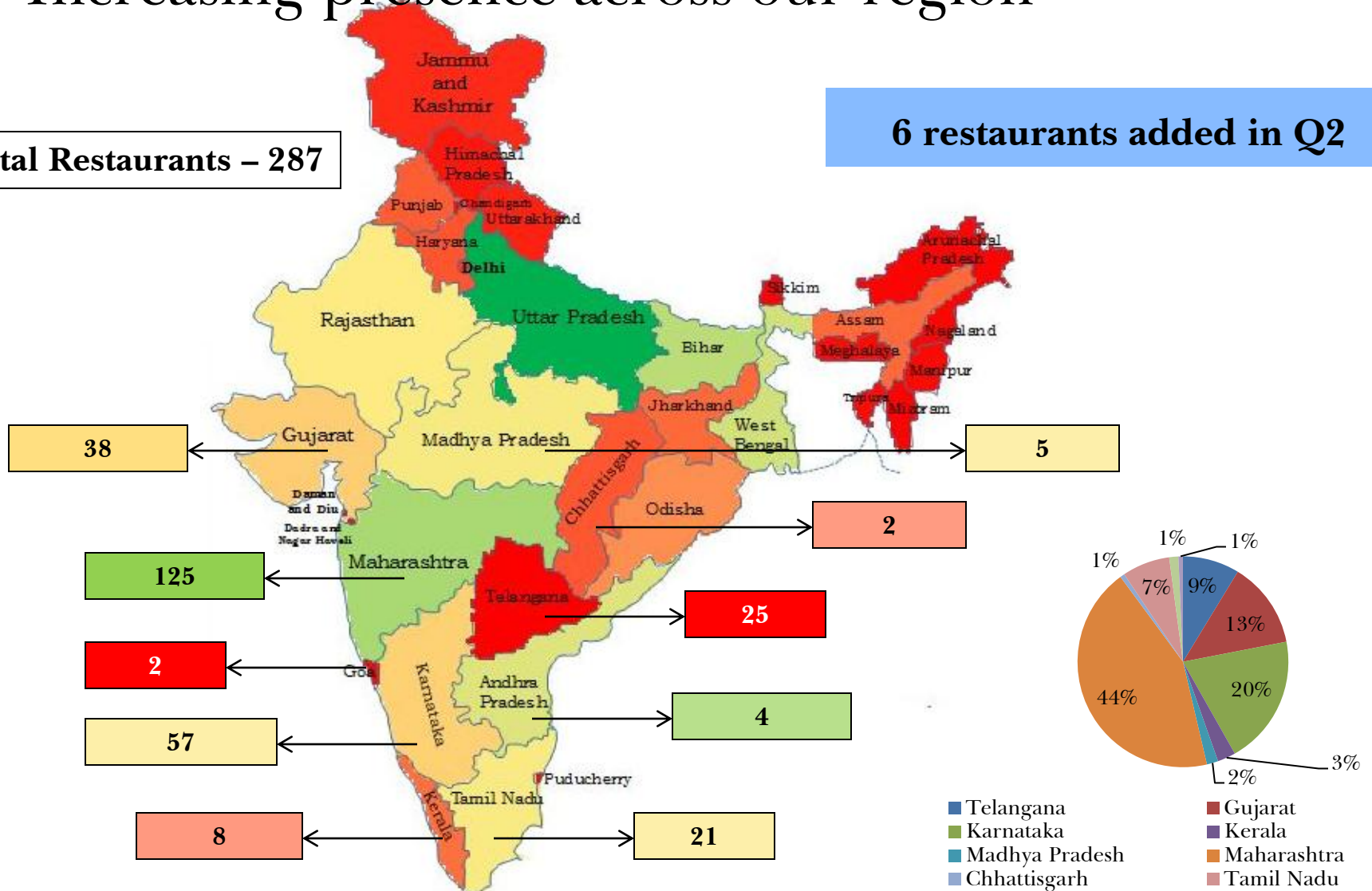
**Broadening Accessibility Of
Brand McDonald's**

Our Restaurants

Increasing presence across our region

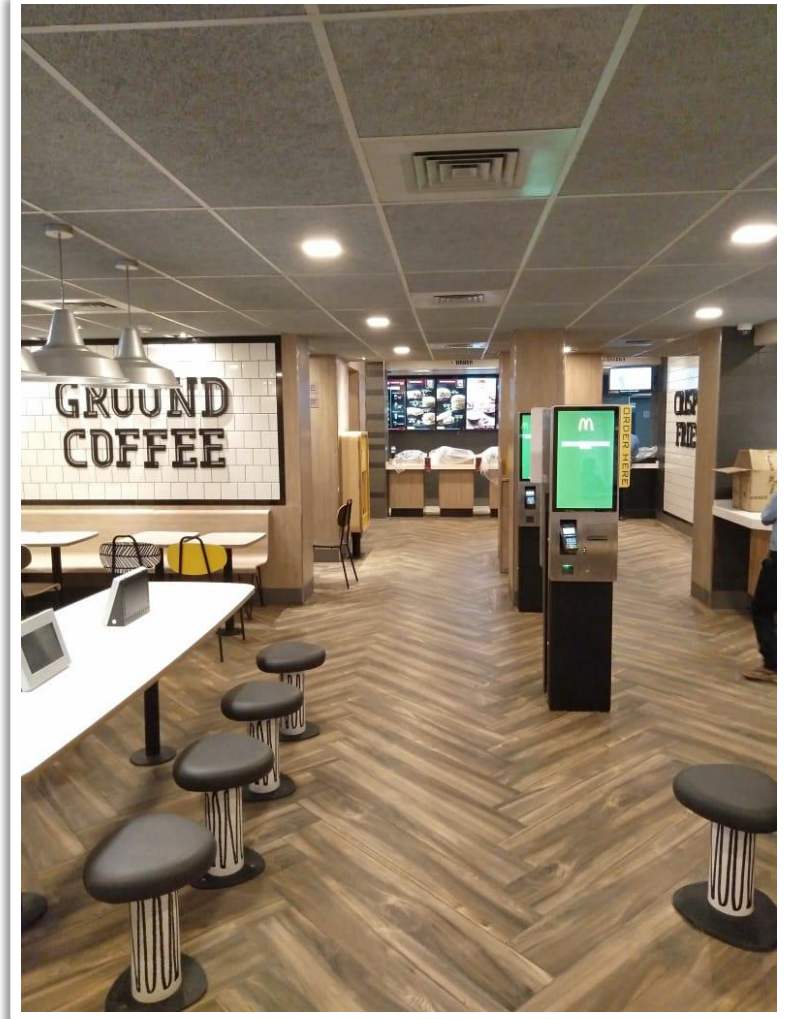
Total Restaurants – 287

6 restaurants added in Q2



Our Restaurants

EoTF design enhancing customer experience



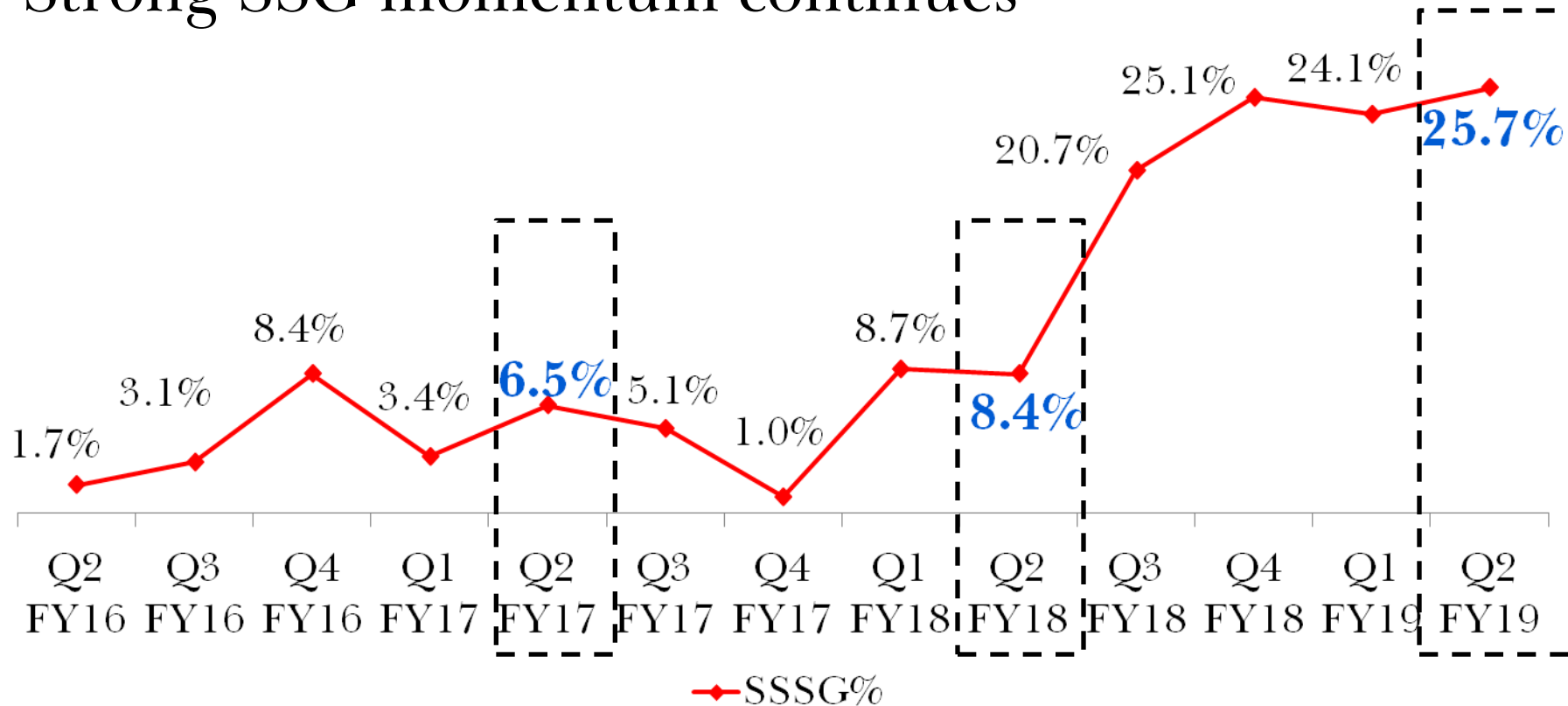
OUR BRAND

Grow Baseline Sales

Our Brand



Strong SSG momentum continues

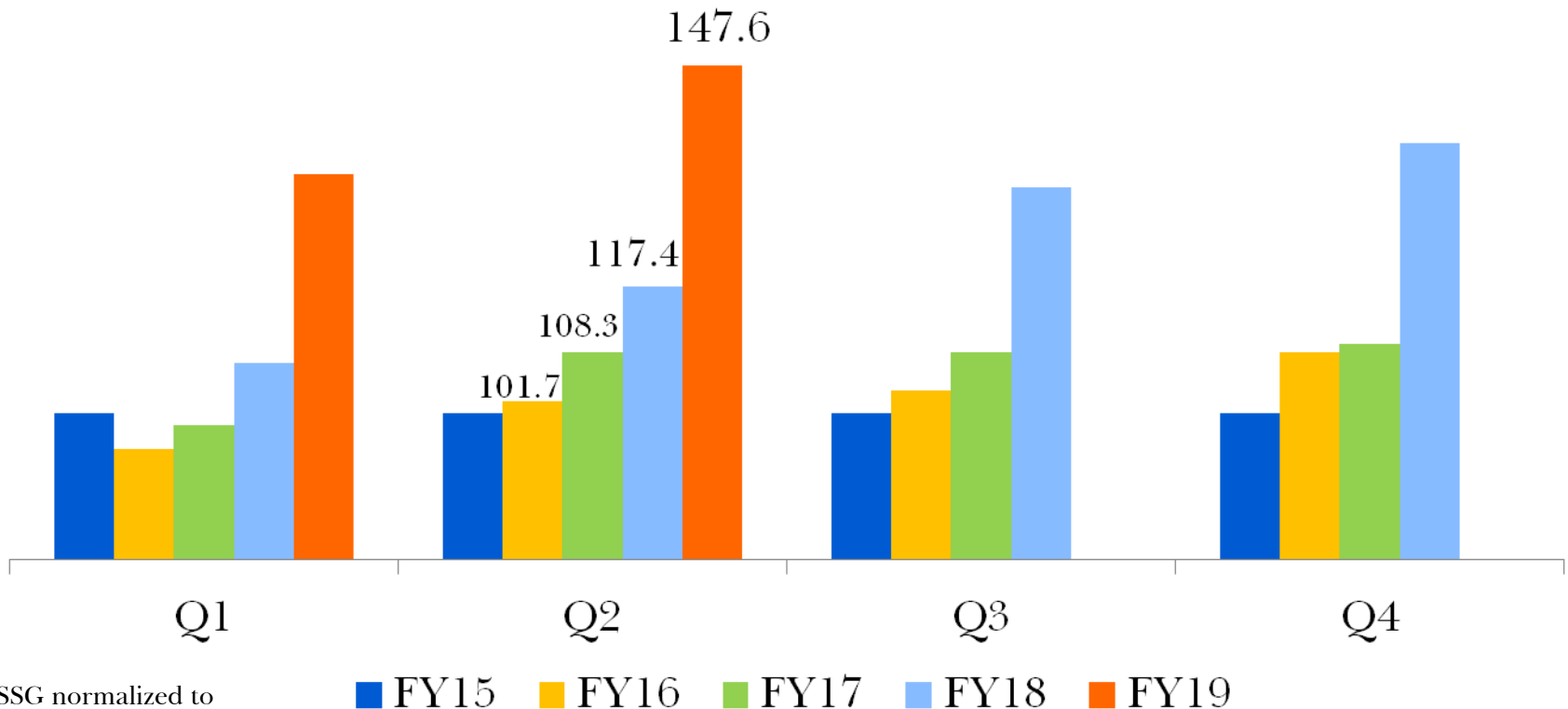


Strong footfalls-led SSG momentum continued across restaurants; aided by new platform launch & brand extensions (McCafé and MDS)

Our Brand



Leading to strengthening of baseline



FY15 SSG normalized to base of 100

Sustained momentum in same store sales resulting in higher average sales per restaurant (AUV) Y-o-Y

Our Brand

Growing baselines sales through Menu



- Introduction of new platform driving permissibility – Rice Bowl (Veg & Chicken)
- Strengthened brand & menu positioning
- Driving McDonald's as meal destination

Our Brand

Growing baselines sales through *McCafé*

- Launched above-the-line (ATL) marketing campaign on Television for the first time
- 170 McCafé's as of Q2; added 14 McCafé's during the quarter
- Target to have 180-190 McCafé's by FY19E



Our Brand

Growing baselines sales through



- MDS continues to be strong growth driver and becoming significant contribution to overall sales
- Third-party food-aggregators and our own digital assets continue to be complementary

HUNGRY?
McDonald's Delivers!

We Deliver

**to you when you
can't get to us**

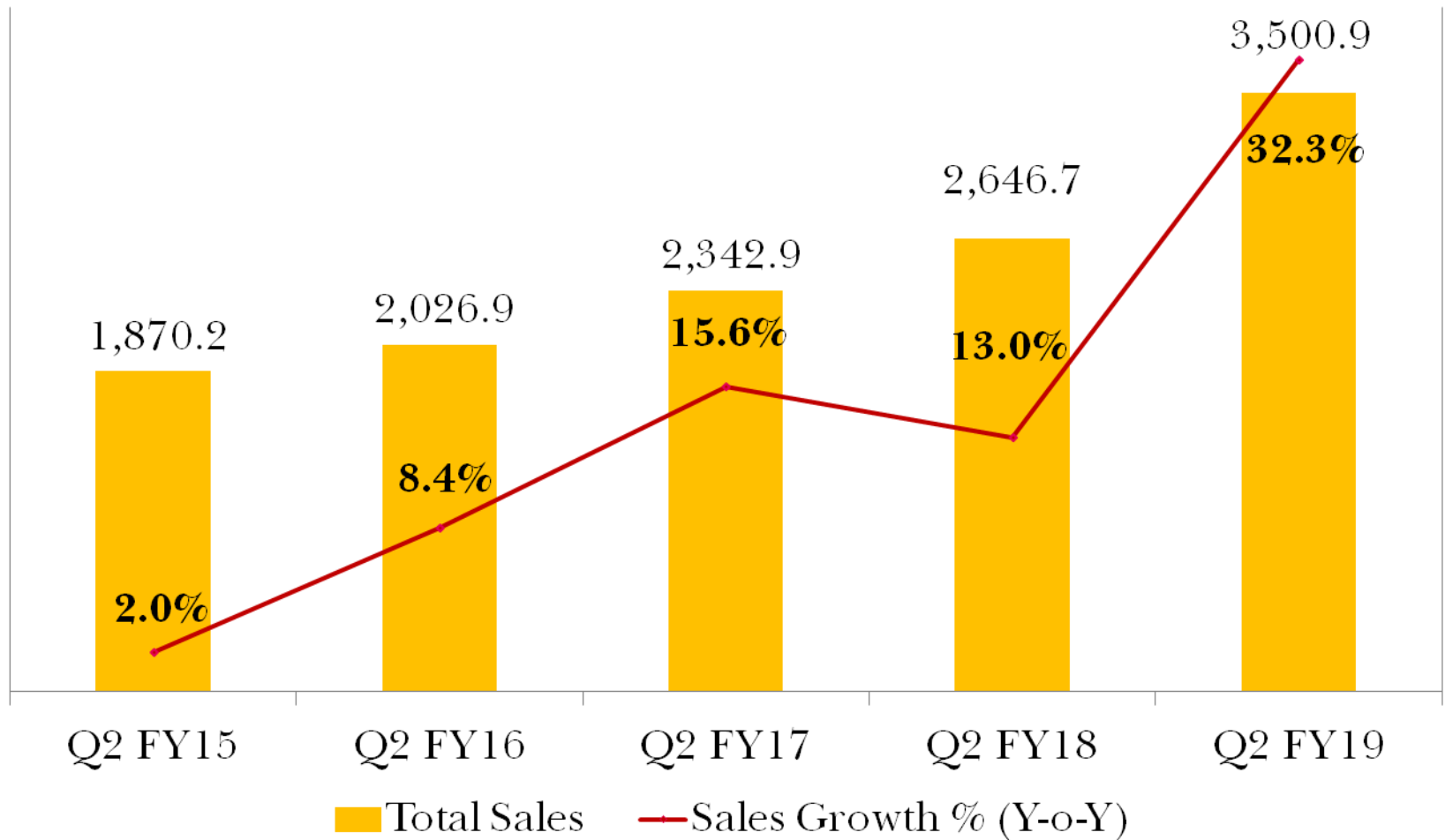
FINANCIAL DISCIPLINE

Grow Market Share & Margins

Financial Discipline

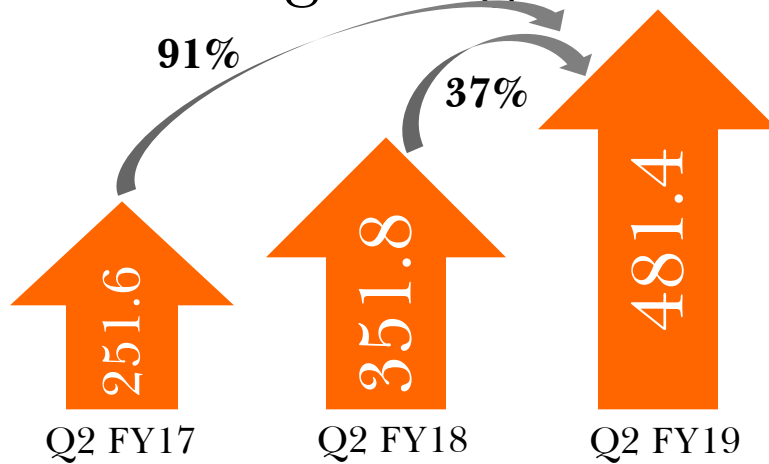
Robust sales growth trajectory continues

Figures in INR Mn

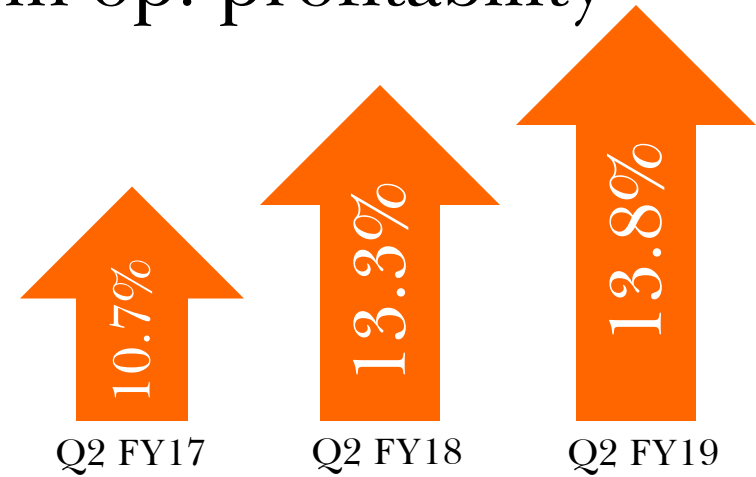


Financial Discipline

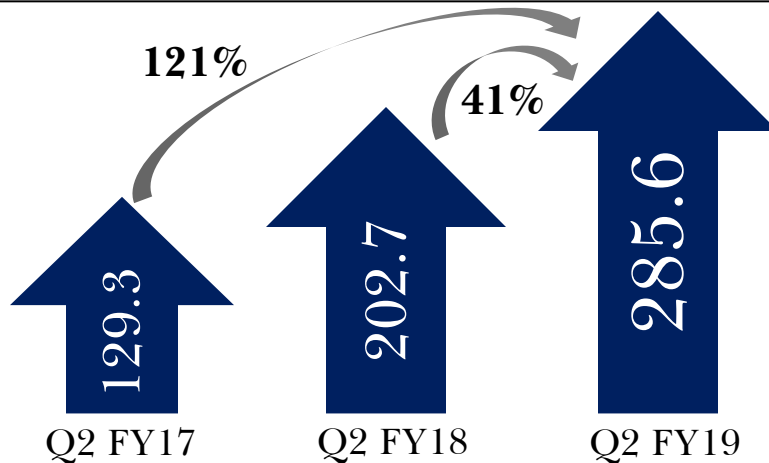
Leading to significant shift in op. profitability



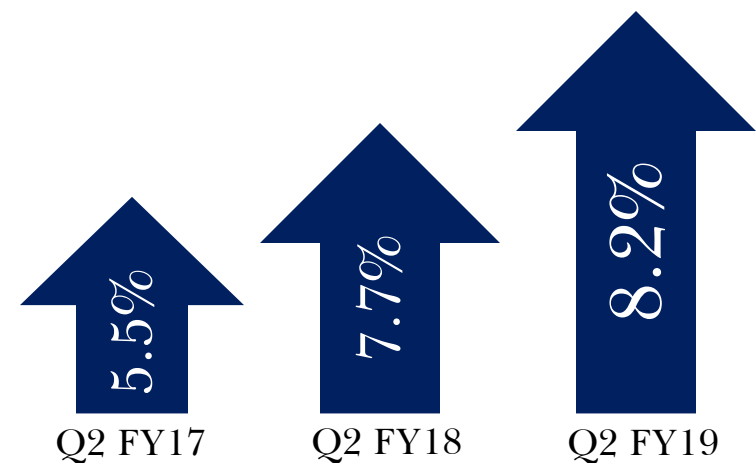
Restaurant Op. Margins (INR Mn)



Restaurant Op. Margins %



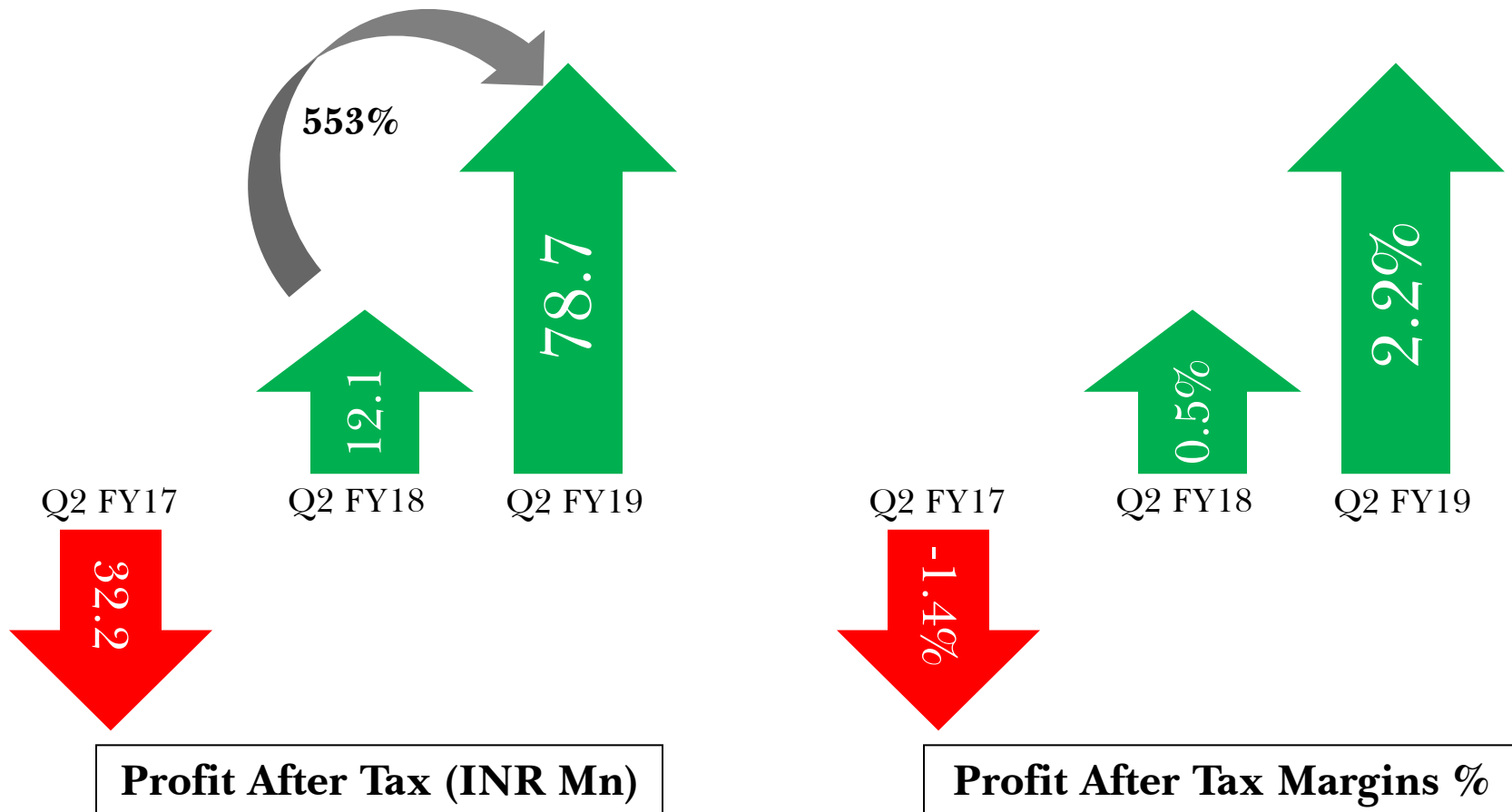
Op. EBITDA Margins (INR Mn)



Op. EBITDA Margins %

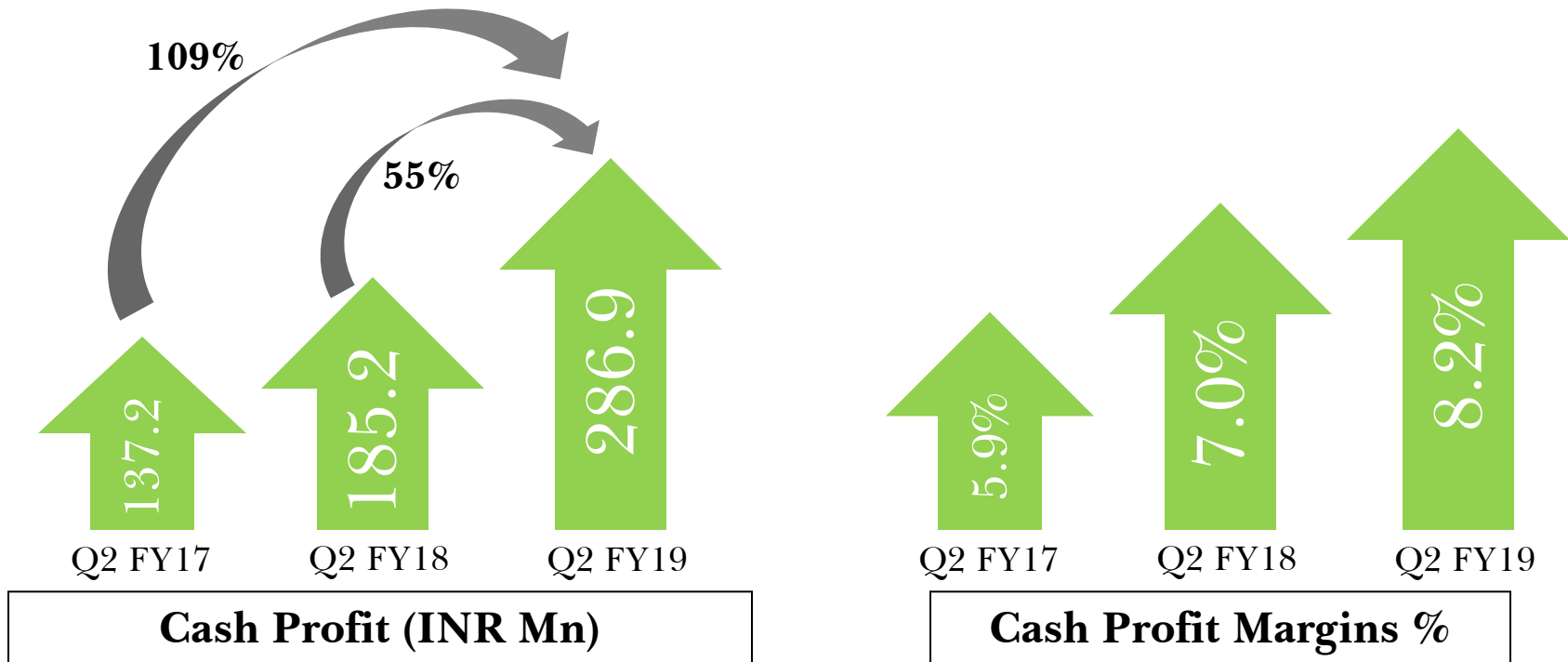
Financial Discipline

Driving huge improvement in bottom-line



Financial Discipline

Leading to massive cash-flow growth



H1 FY19 cash-profit ~70% of FY18

FINANCIAL PERFORMANCE DISCUSSION

Financial Performance Discussion

As per IGAAP

INR Mn	Q2 FY19	Q2 FY18	Growth	H1 FY19	H1 FY18	Growth
Total Sales	3,500.9	2,646.7	32.3%	6,917.7	5,271.2	31.2%

- Robust growth in sales due to
 - Continued strong momentum around same store sales growth (of 25.7%) for 13th consecutive quarter
 - Increased footfalls across the restaurants
 - New menu platform innovation in form of ‘Rice Bowl’
 - Brand extensions (like McCafé, MDS etc.) continue to drive higher sales
 - Enhancing customer experience initiatives (EOTF & re-imaging)
 - New restaurants performance as-per plan

Financial Performance Discussion

As per IGAAP

INR Mn	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18
Gross Margins	2,227.8	1,660.5	4,415.8	3,251.9
% of Total Sales	63.6%	62.7%	63.8%	61.7%

- Higher gross margins primarily on account of
 - Continuous work around product mix through brand extensions (McCafé and MDS) and increased footfalls

INR Mn	Q2 FY19	Q2 FY18	Growth	H1 FY19	H1 FY18	Growth
RoM	481.4	351.8	36.8%	1,013.0	629.4	60.9%
% of Total Sales	13.8%	13.3%		14.6%	11.9%	

- Expansion in Restaurant operating margins (RoM) due to
 - Significant operating leverage across labour & utilities led by higher SSSG
 - Gross margins expansion
 - Largely offset by disproportionately higher A&P spends on account of Rice launch and increase in costs due to denial of ITC

Financial Performance Discussion

As per IGAAP

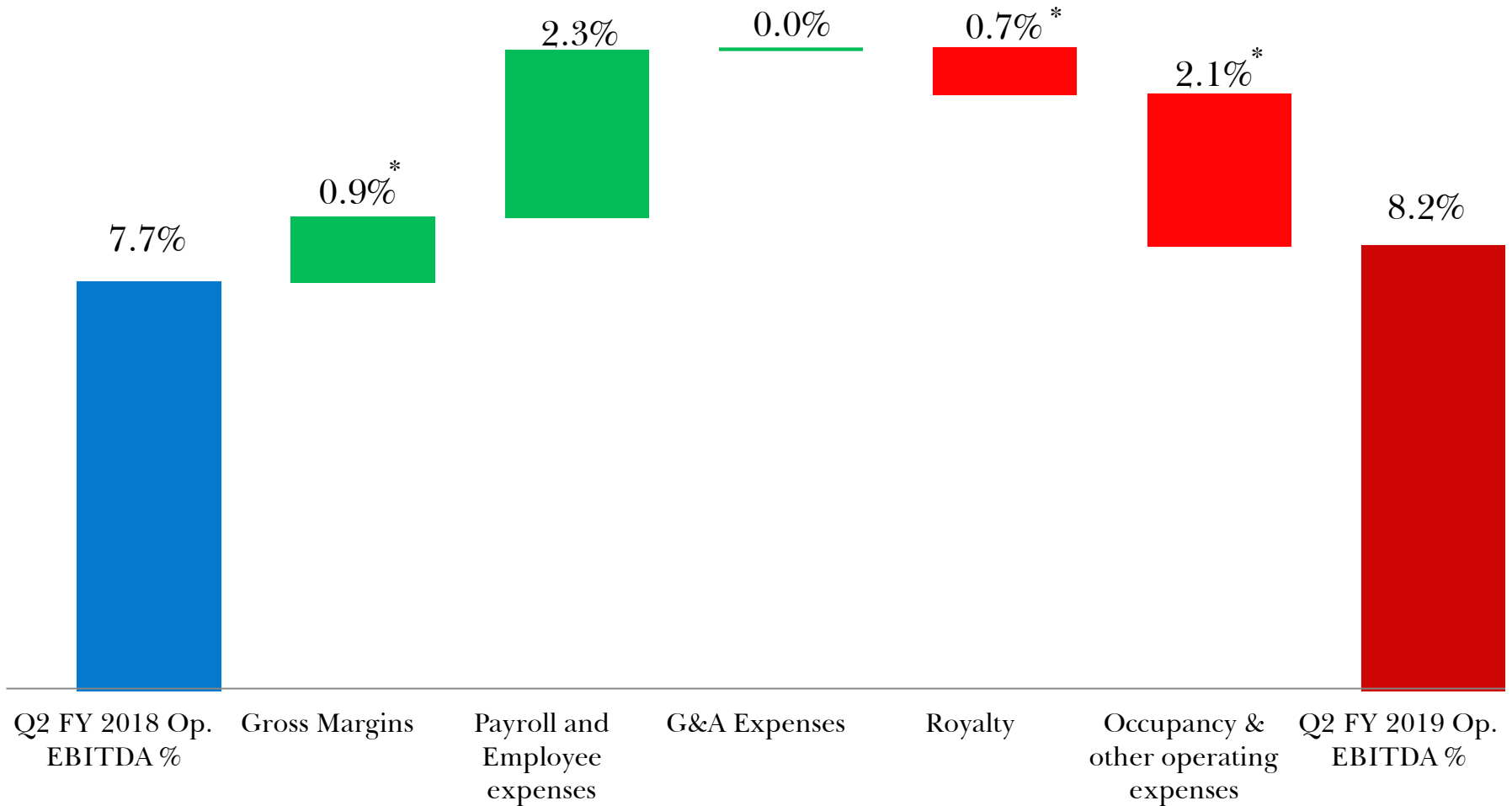
INR Mn	Q2 FY19	Q2 FY18	Growth	H1 FY19	H1 FY18	Growth
Op. EBITDA	285.6	202.7	40.9%	639.8	361.2	77.2%
% of Total Sales	8.2%	7.7%		9.2%	6.9%	

- EBITDA margins expansion on account of
 - Marginal improvement in RoM and operating leverage

INR Mn	Q2 FY19	Q2 FY18	Growth	H1 FY19	H1 FY18	Growth
PAT	78.7	12.1	552.7%	195.0	(15.1)	-
% of Total Sales	2.2%	0.5%		2.8%	-	

- Improvement in PAT margins led by
 - Leverage across depreciation on account of ROP 2.0 restaurants coupled with operational profitability

Operating EBITDA bridge



* Impact of withdrawal of input-tax credit (ITC)

Outlook for FY19



Sales Growth

- Macro tailwinds continue
- Add around 25 restaurants in the year
- Brand extensions and menu innovation to aid AUV growth
- EOTF & Re-imaging to enhance customer experience

Profitability

- Continued focus on better operational profitability
- ROP 2.0 foundation increasing efficiency with better sales trajectory
- Optimizing opportunity via continuous evaluation of restaurant portfolio

Shareholder wealth creation continues to be key priority