



Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q4 FY22 Earnings Presentation

May 18, 2022

Disclaimer

This presentation contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. Forward-looking statements can be identified by terminology such as “may,” “will,” “would,” “could,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue” or the negative of these terms or other similar expressions or phrases. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results to differ materially from any future results, performance or achievement described in or implied by such statements. The forward-looking statements contained herein include statements about the business prospects of Westlife Development Ltd (‘Westlife Development’), its ability to attract customers, its affordable platform, its expectation for revenue generation and its outlook. These statements are subject to the general risks inherent in Westlife Development’s business. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, Westlife Development’s business and operations involve numerous risks and uncertainties, many of which are beyond the control of Westlife Development, which could result in Westlife Development’s expectations not being realized or otherwise materially affect the financial condition, results of operations and cash flows of Westlife Development. Additional information relating to the uncertainties affecting Westlife Development’s business is contained in its filings with various regulators and the Bombay Stock Exchange (BSE). The forward-looking statements are made only as of the date hereof, and Westlife Development does not undertake any obligation to (and expressly disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date such statements were made, or to reflect the occurrence of unanticipated events.



Building a

Bigger | Better | Bolder



McDonald's Together

Key highlights of the quarter



- **27.3% YoY growth** with **revenue** at Rs. 4.6 Bn (vs Rs. 3.6 bn in Q4 FY21), **SSSG at 23% YoY**
- **Dine-in** sales have recovered completely, with strong growth of **15% YoY**
- **Convenience² channels** continued their accelerated growth (**grew +42% YoY**) along with dine-in

- **ROM³ at 22.3%**, 33.7% YoY growth with improvement of 107 bps over Q4 FY21
- **Operating EBITDA margin at 16%** (46% YoY growth with 205 bps improvement)
- **PAT of Rs. 23+ crores** for the second consecutive quarter (Pre-IND AS)



- Opened **12 new restaurants** during the quarter; hit the target of opening 25 restaurants in FY22
 - Stores under ground break and store opening run rate to improve every quarter
 - On track to open **200+ new restaurants in the next 3-4 years**, taking the base to 500+ stores

- Digital business driving the growth momentum: **~57% of overall business through digital channels** (McDonald's delivery, digital self-ordering kiosks at restaurants, digital dine-in through McDonald's app)

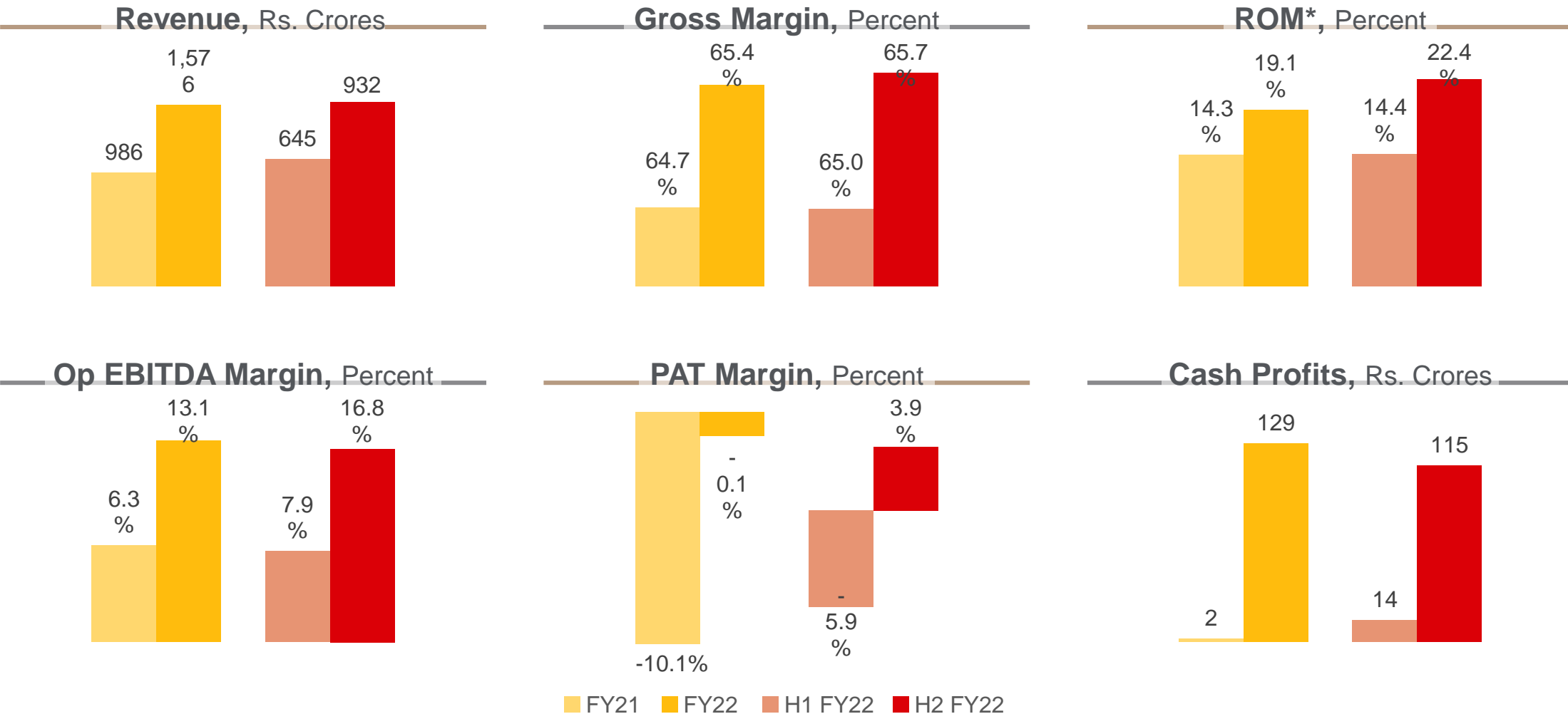


- Two quarters of **continued high-performance** on the back on meals leadership through gourmet burger meals and fried chicken: hitting new baseline of **Rs. 450+ crores of quarterly sales**



Note: 1) Q4 FY22 numbers are reported numbers including adjustments arising out of IND AS 116 impact; 2) Convenience Platform includes McDelivery, On-The-Go Pickup & Drive Thrus; 3) Restaurant Operating Margins

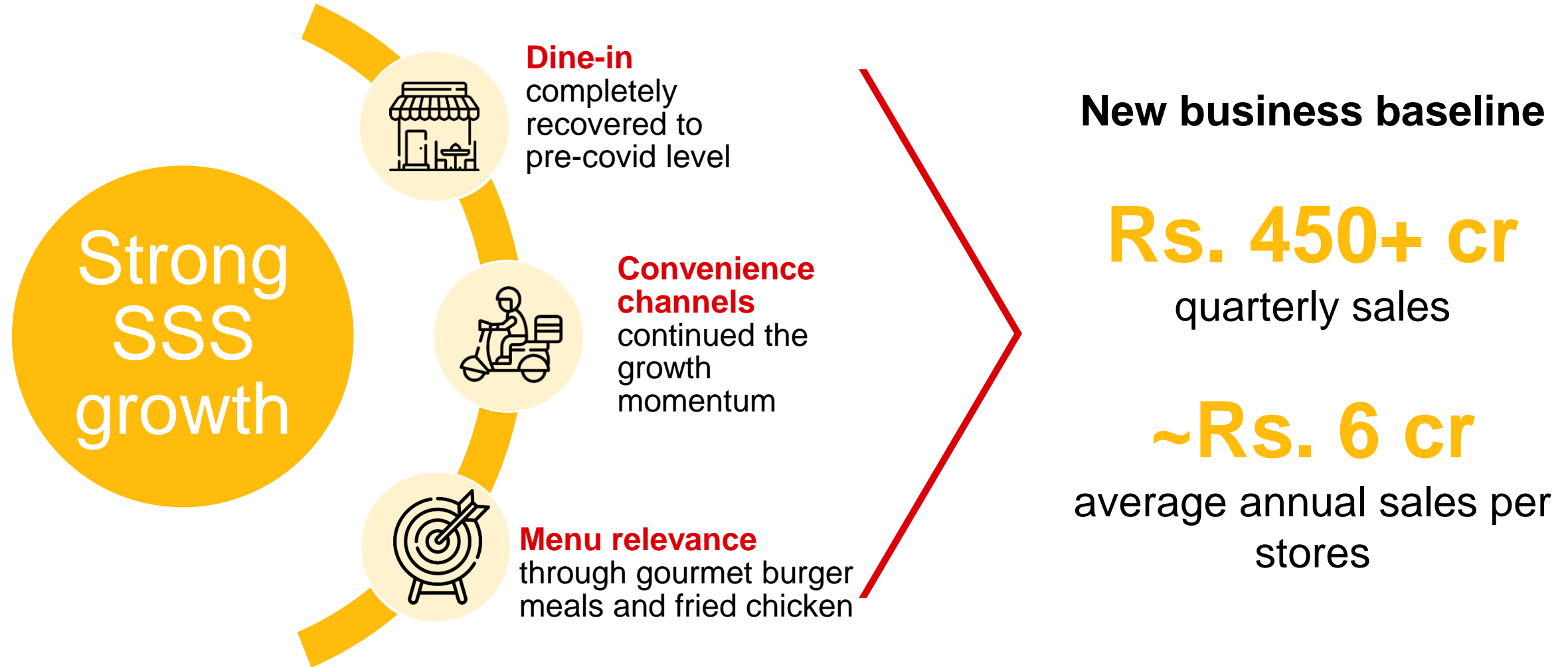
H2 FY22 delivered robust performance: 2 continuous high-performance quarters



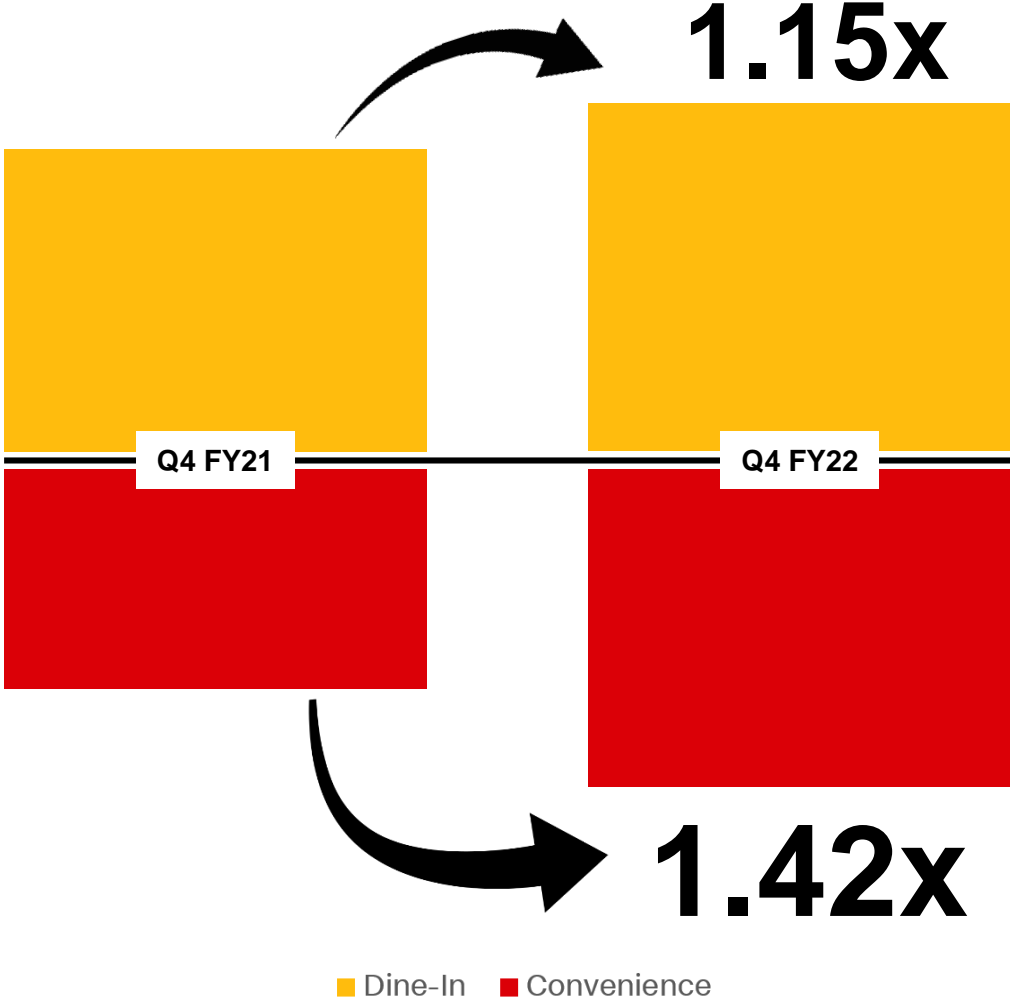
Even with business restrictions in the beginning of the year (Jan 2022), **Q4 bounced back strong** for us, enabling us to close the year on a high note

* Note – ROM is Restaurant Operating Margins

A well-rounded strategy helped us capitalize on the tailwinds and define a new business baseline



Our growth strategy played out through continued growth of the convenience channel and 100+% recovery of dine-in sales

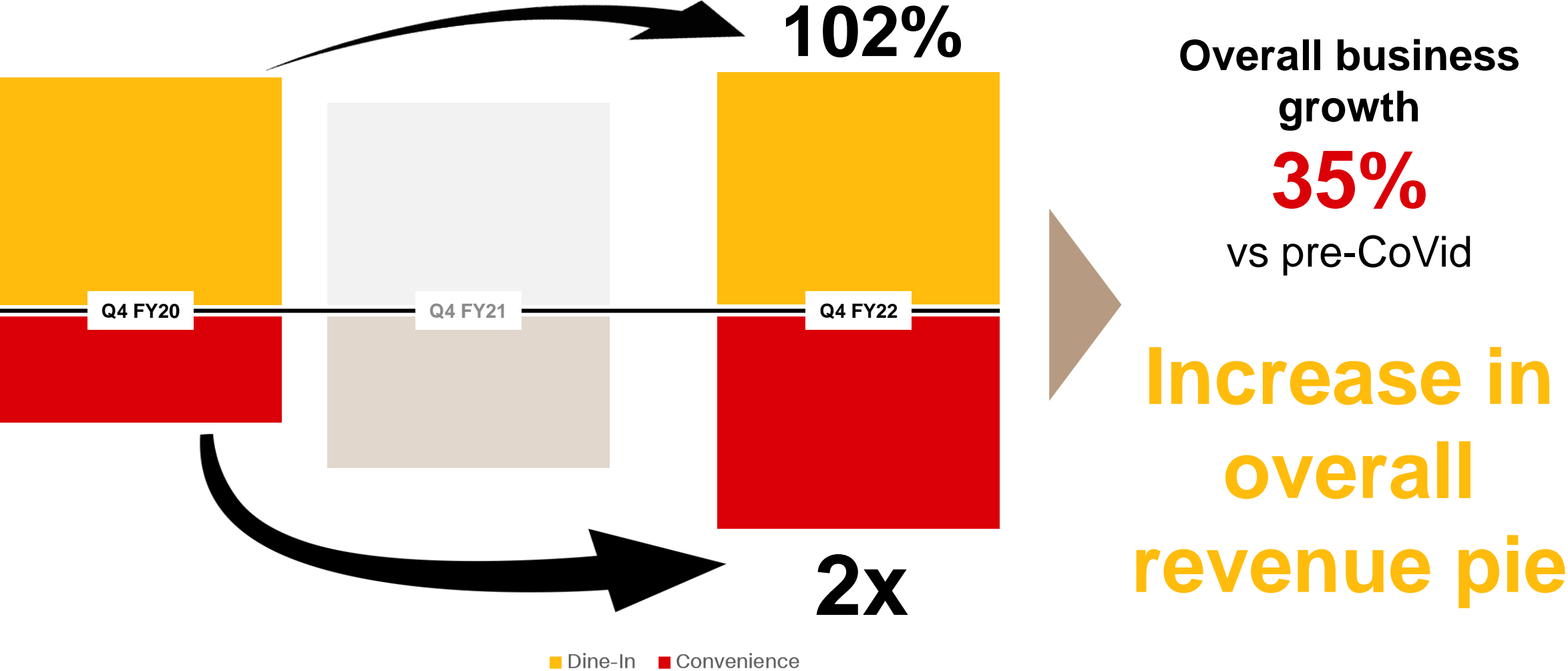


Overall business growth
27%
YoY growth in sales

Increase in overall revenue pie

Graphs for representation purpose only, not to scale

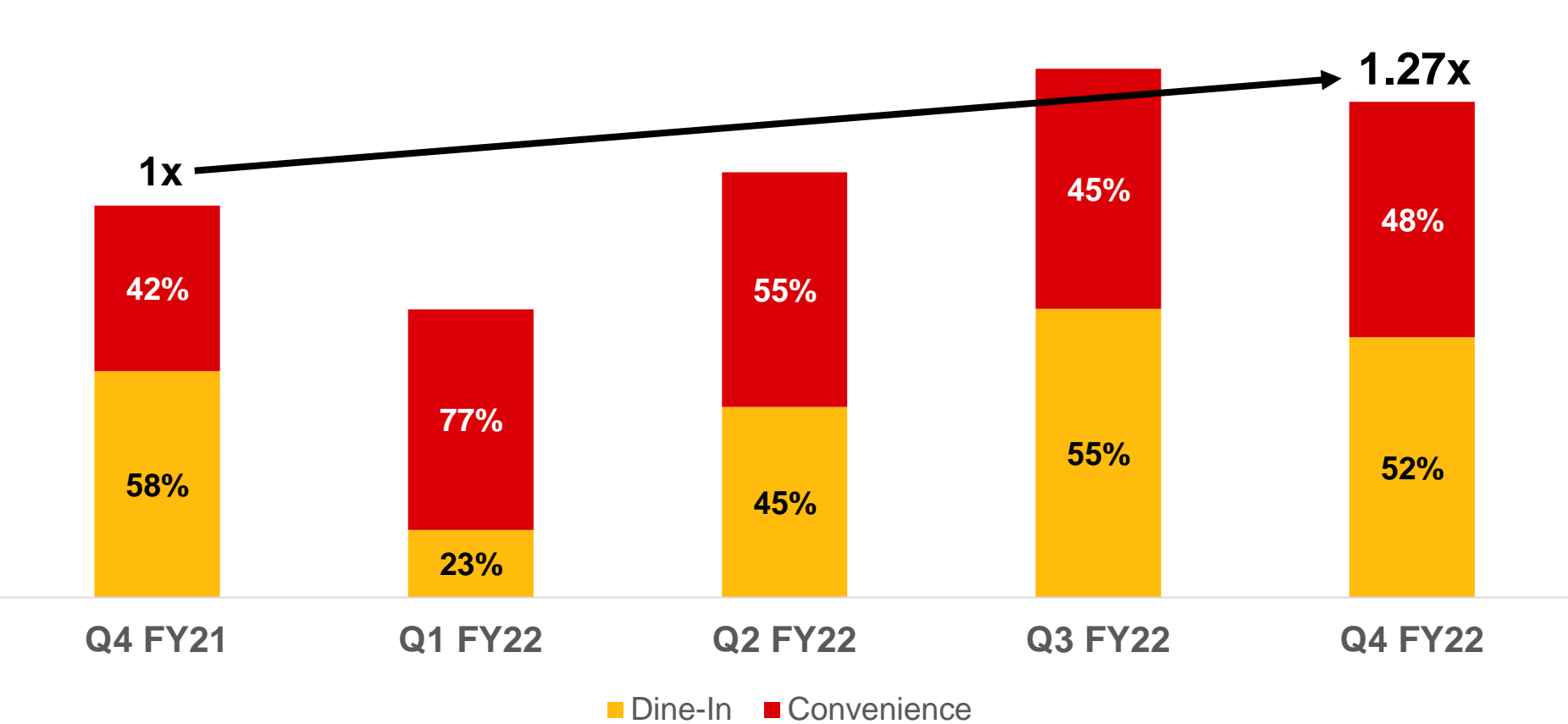
Our overall revenues surpassed pre-covid levels



Graphs for representation purpose only, not to scale

Our channel mix is stabilizing through consistency of the new channel mix over 2 quarters

Dine-in and Convenience channel mix (Percent)



- Q4 dine-in grew sales by ~15%, and Convenience sales by ~42% over Q4 FY21
- Even with business restrictions in the beginning of the year, the quarter bounced back strong
- Yet again, both dine-in and convenience channels exhibited significant growth, without impact on each other

Graphs for representation purpose only, not to scale

Our key focus areas have started yielding high performance

Modern, relevant & progressive food company



**Menu
innovation**



**Omni-channel
strategy**



**Network
expansion**

Cost leadership and operating efficiencies

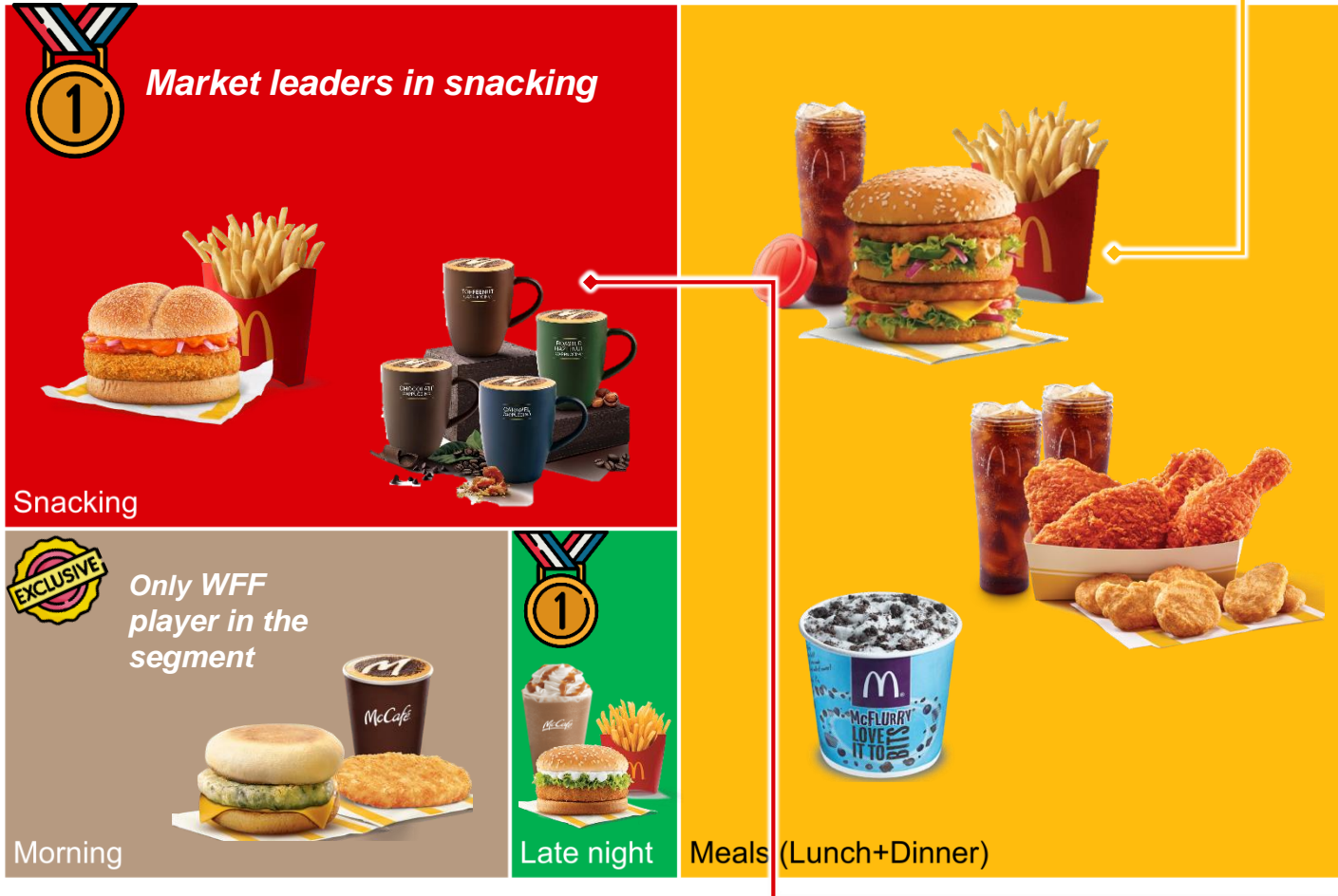
Running great restaurants and brand building

Menu innovation

Meals leadership through McSpicy Fried Chicken, McDonald's Gourmet Burgers, and continued burger leadership; capturing multiple customer use case occasions

Menu relevance across customers occasions, through burger meals, snacks and chicken help us build our market leadership

Indian IEO market construct



Enhanced meals offerings:

- **Gourmet burger meals:** new range of indulgent, more filling burgers
- **Value for money** burger meals various price points
- Chicken-led meals through the **McSpicy Fried Chicken**

Continued leadership in snacking:

- McDonald's as the **ultimate snacking choice**
- **Wide range** of snacking options
- **Safer and tastier** options compared to roadside vendors

We are the **market leaders** in the **West** region, and are inching **towards leadership** in the **South** region

Graphs for representation purpose only, not to scale



THE *Gourmet Burger* COLLECTION

A range of,
indulgent,
more filling
burgers



*Enjoying the new normal with the new specials from
McDonald's*



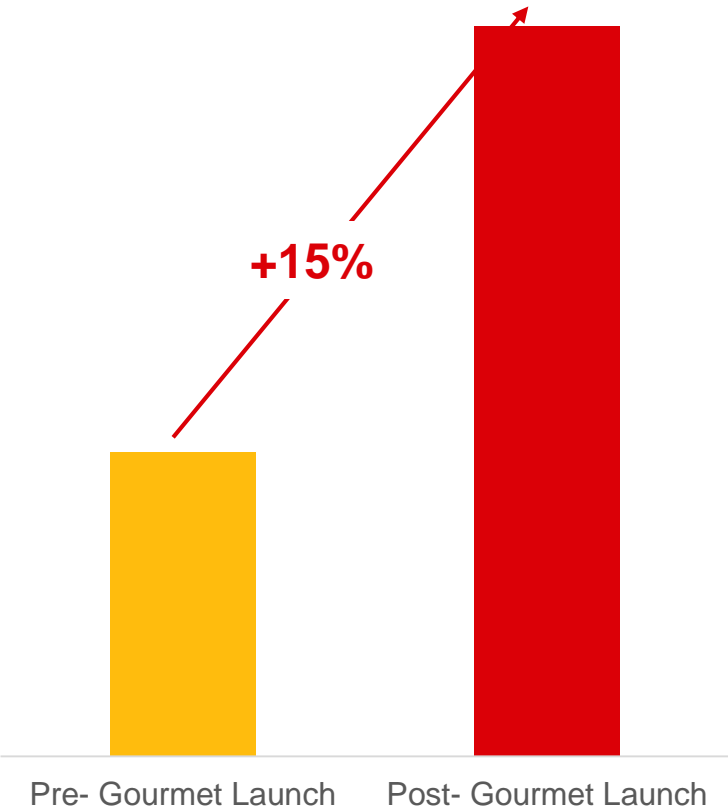
The new chef's special Cheese lava American Burger



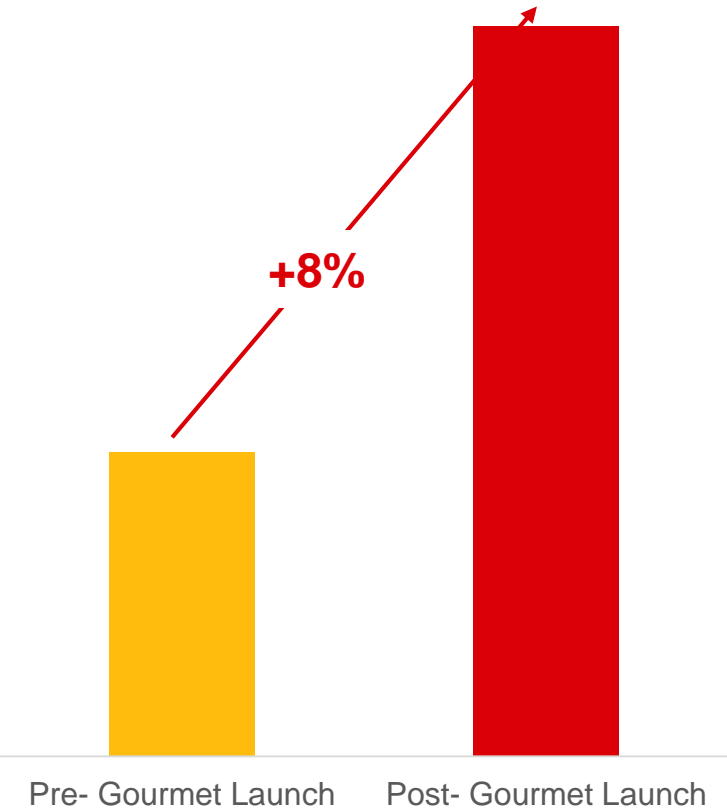
Burger Leadership: significant improvement in customer scores as well as sales led by Gourmet burger meals



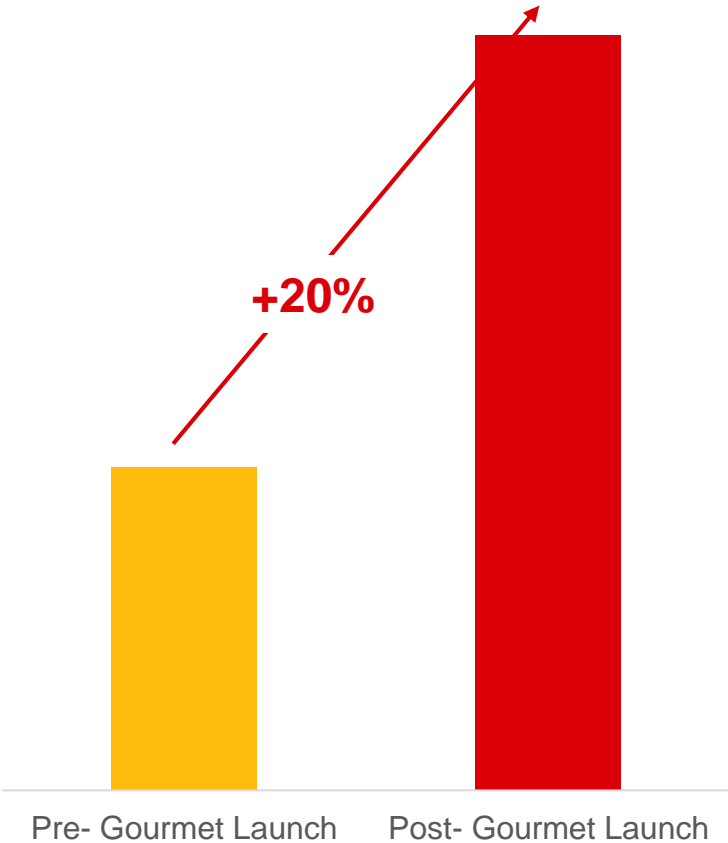
“Great Tasting Burger” scores



“Fillingness” scores



Gourmet burgers sales contribution



Chicken Leadership

Celebrity endorsements



TV promotions with **Rashmika Mandanna**: “You Just Can’t Get Enough”



Social Media Crave



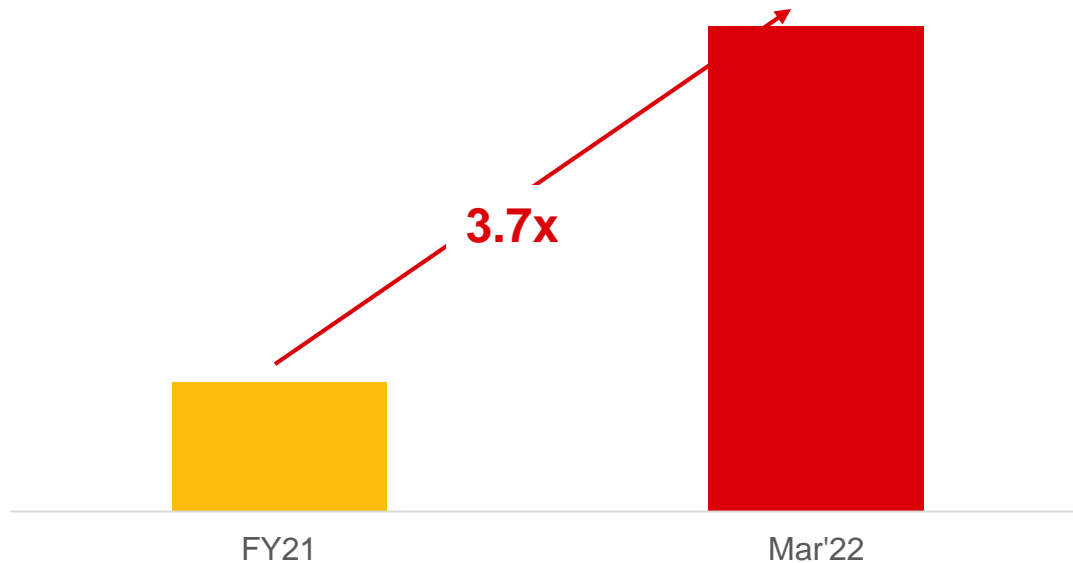
City-wise campaigns:
Bangalore Market
- SareGamaPa Kannada



Chicken sales in South: significant improvement in customer scores as well as chicken sales



“Great Tasting chicken” scores



McDonald's “Great Tasting chicken” scores have **grown 3.7 times** to significantly gain share from competition

- ▶ Consistent **growth in chicken sales** month-on-month
- ▶ Helping us achieve **highest monthly sales** in the **South** region
- ▶ **Incremental** sales from chicken, through capture of **new customer occasions**

Marketing initiatives



Republic Day: Truly Indian Burger

- Remind people that though a burger as a **format** may be **American**, its **build** is as **Indian** as it gets.
- McDonald's is **uniquely Indian**, having adapted itself to the **Indian palette and preferences**
- New flavours and products such as the **McAloo Tikki**, **Maharaja Mac**, **McSpicy Paneer** and **Pizza McPuff**
- Our iconic burgers **assimilate the best of India**, with **ingredients** coming from **different regions and geographies**

The Truly Indian Burger.

Fluffy buns from Maharashtra
Buntai, it feels like home.

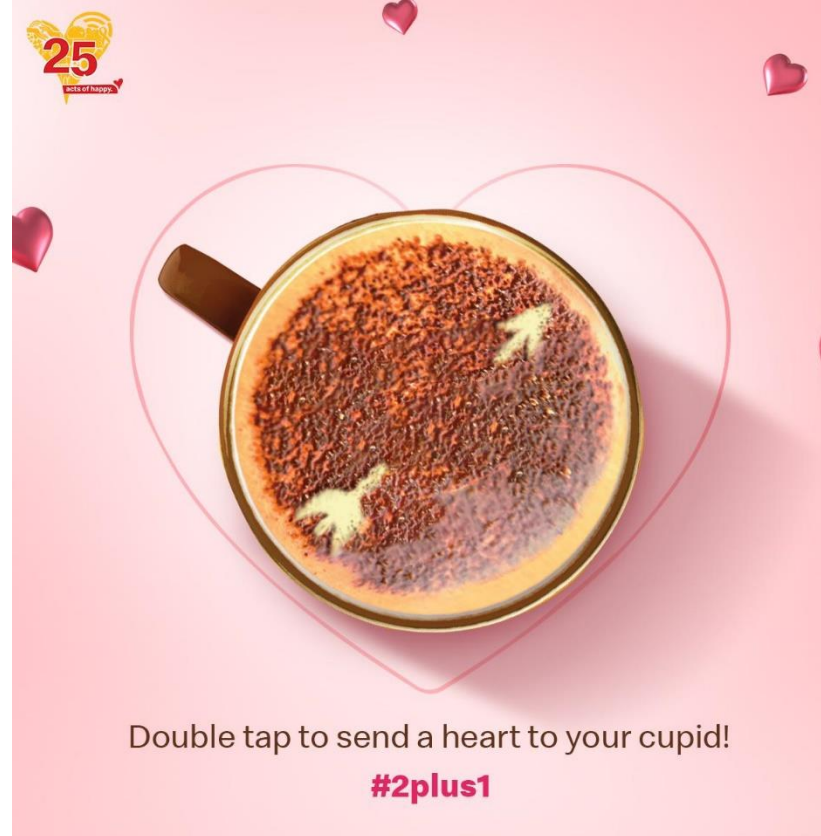
Fresh 'N' Fine iceberg lettuce from Nilgiris
Just like you love it, anna!

Chicken sourced from Andhra Pradesh & Maharashtra
South or west, Indian chicken is the best!

Crunchy and filling potato patty from Gujarat
Maja padi gai baka!

Delectable cheese slices from Maharashtra
Bhau, say cheeeese!

Tangy, fiery Jalapeños from Karnataka
Love the spice, da?



Valentine's Day: The #2plus1

- **Because Every Relationship Has A Cupid**
- This Valentine's Day, we decided to get couples to acknowledge and thank their Cupids, the angel who brought them together, and rewarding all 3 of them with a 2+1 offer of beverages from McCafé, perfect for any date and outing.

International Day of Happiness-Captcha Happiness

- On the **International Day of Happiness**, we launched a microsite that turned CAPTCHA into something “**happier**” by using images of not just people’s favourite “happy” brand and its products, but also photos that fans had been sending us through the years
- On selecting the *happy squares* of the CAPTCHA, you unlock a discount code to your favourite products, which can be redeemed in-store or on delivery so that we all can have a reason to say, “I’m Lovin’ It”

Select all squares that show happiness



Happy Meal Readers- The Tiny Detectives



International Women's Day: Empower Her Now

- McDonald's proudly launched women-operated stores, furthering the brand's inclusivity agenda.
- This quarter, we used the opportunity of International Women's Day to further empower the staff by standing up for their hard work.

From ours,



To you and yours!
#HappyWomensDay

Omni Channel Strategy

Creating an anytime, anywhere brand to build “Ubiquity” through improved accessibility and omni-channel experience: Delivery, Dine-in, On-the-go, Drive-thrus, Takeaway, Digital Ordering in the restaurants

Accelerating omni-channel experience for the customers

Q4FY22 – **27%** YoY growth in overall sales due to robust growth across channels



Continued acceleration in McDelivery sales



Sustained growth in On-The-Go sales



Robust dine-in sales growth

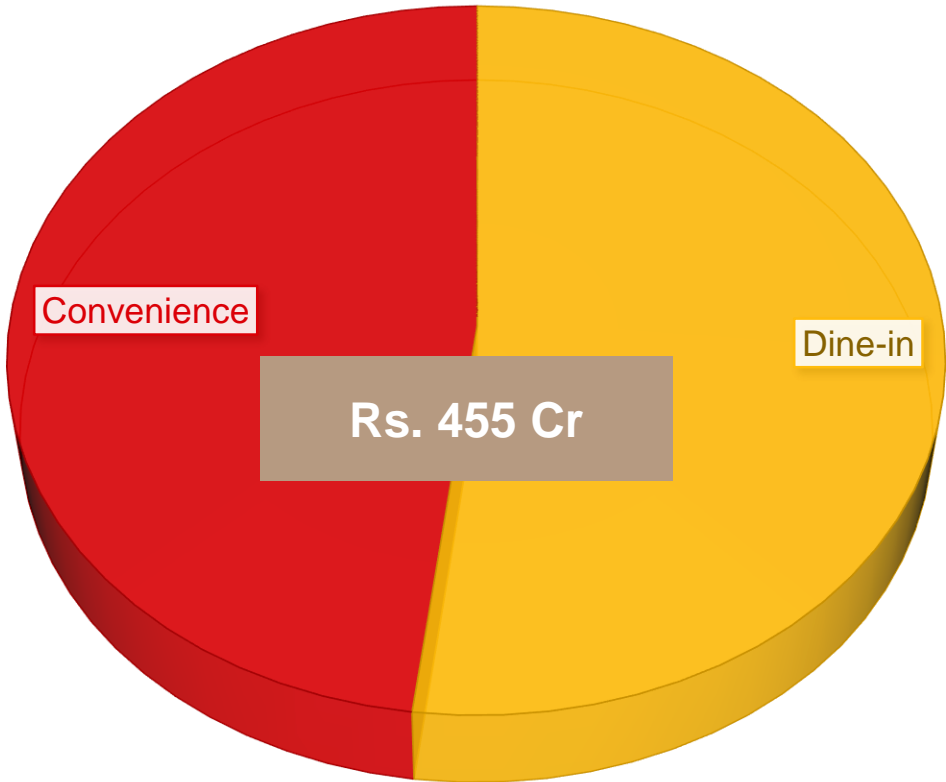


Sustained growth in Drive-thru sales

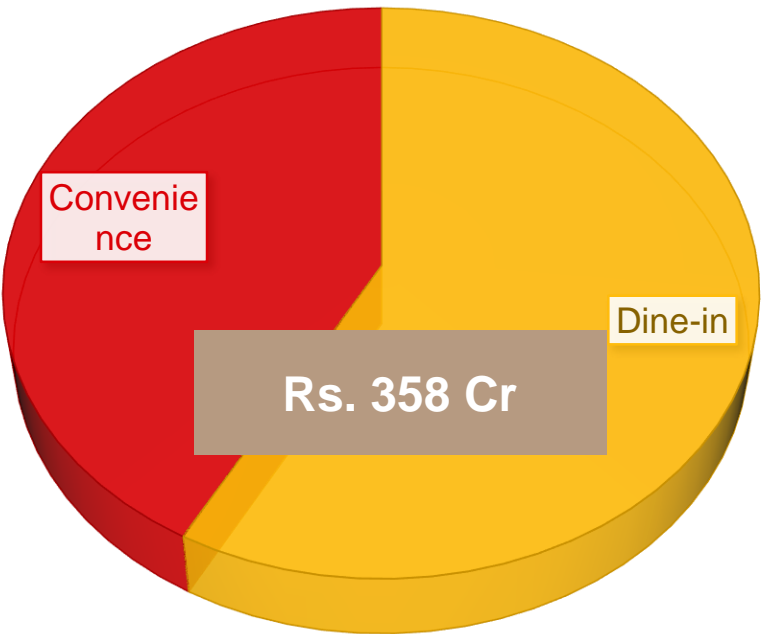
Through an omni-channel focus, we have been able to capture customer use-case occasions and expand the revenue pie



Q4FY22 SALES



Q4FY21 SALES



+15%

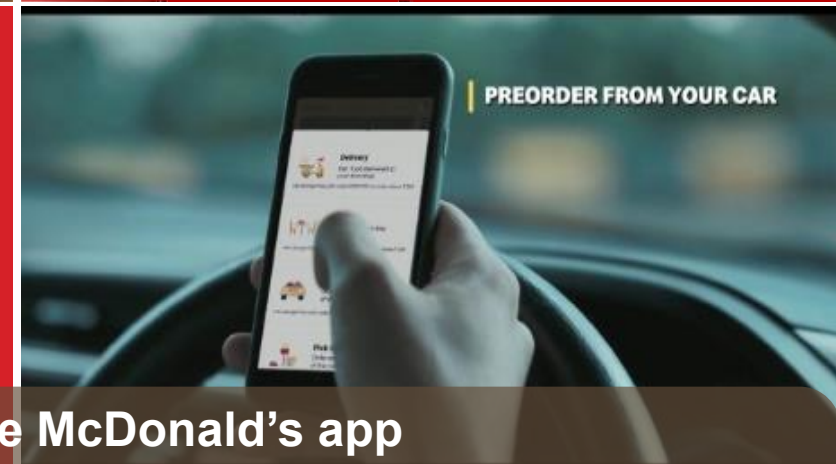
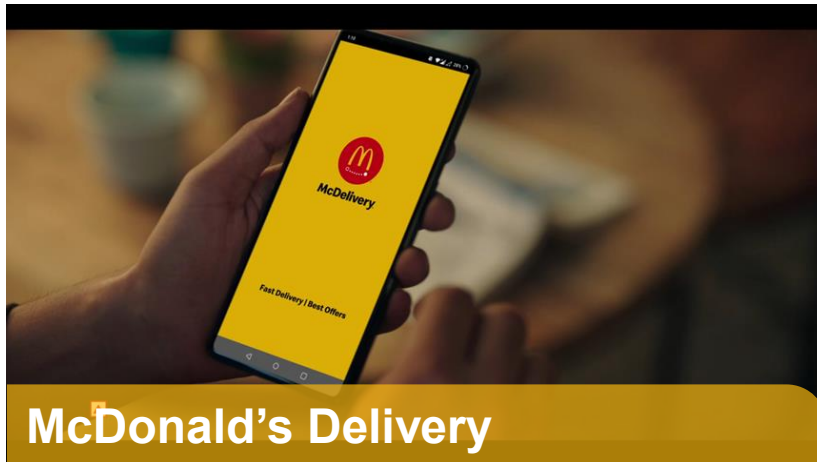
Y-o-y growth in Dine-in

+42%

Y-o-y growth in Convenience

- Dine in channel fully recovered, convenience channels continued their growth momentum along with robust growth in dine-in
- Dine-in channel in saw the best monthly sales in March 2022 since the pandemic

Digital sales exceeded 57% of total system sales

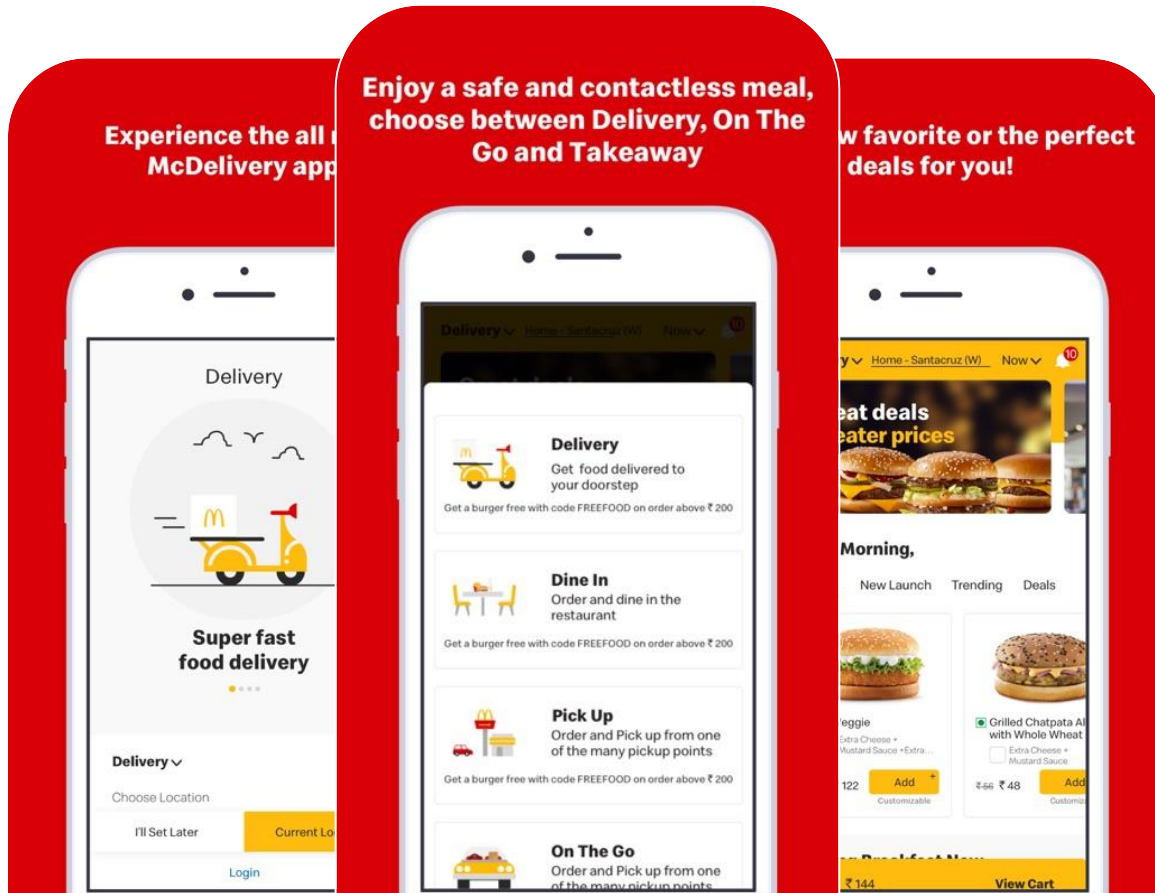


Our **digital touchpoints** through the McDonald's apps as well as the self-ordering kiosks in the restaurants enable an **omni-channel experience** for the customers

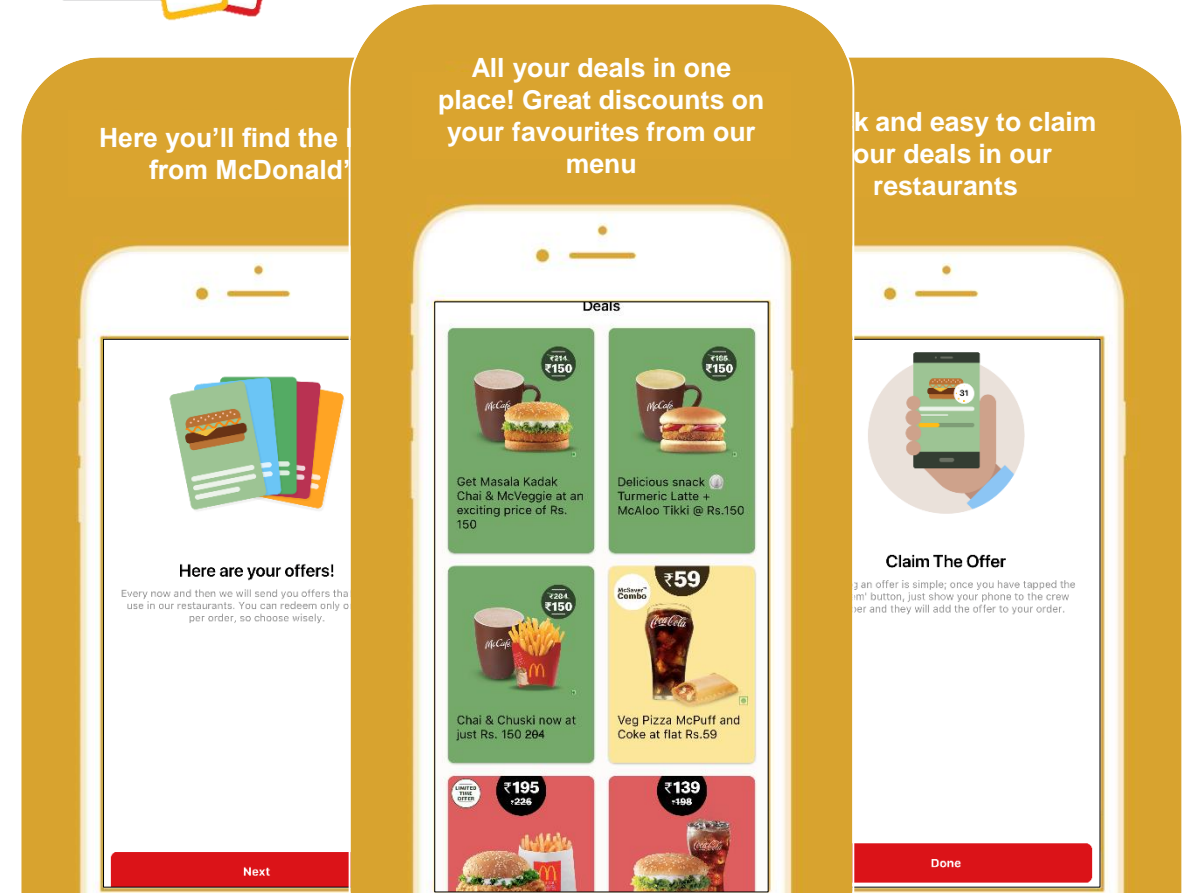
We cater to our customers through a McDelivery app and a McDonald's offer engine, while ensuring an omni-channel experience



McDelivery app for convenience channels
including Delivery, On-the-Go, Digital Dine-in and
Takeaway



McDonald's offer engine for product
discovery, personalized deals and
redemption **at our restaurants**



Continued strong growth momentum on both the apps: achieved ~17 million total downloads till Mar'22

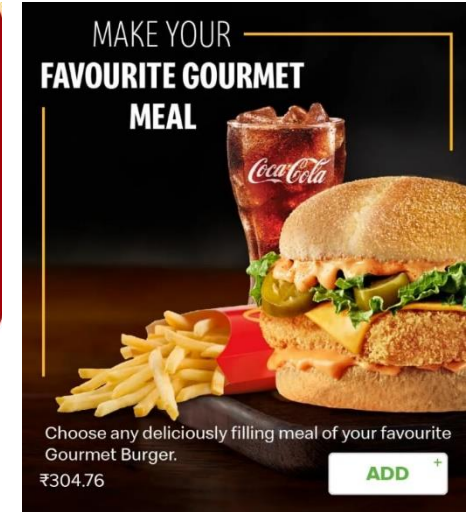
Consistent growth in sales on McDelivery: Highest monthly sales on McDelivery app in March 2022

Continued growth in downloads of our apps: Cumulative downloads of ~17 million, with 1.2 million+ downloads in Q4 FY22

Strong sales performance on our apps with continued adoption by customers: 18-20% growth in app sales YoY

Consistent increase in active users on the apps: 20-25% increase in MAU, achieving highest ever MAU on the McDelivery app

Improvement of average check on the apps



Note: Total downloads are cumulative downloads since inception of the App; includes both McDelivery and McDonalds app

Network expansion

Establish market leadership through network expansion in tier-1 and tier-2 cities, increasing drive-thru portfolio and continuing modernization of stores

Network Expansion and Reimaging

Presence in 326 restaurants across 47 cities (as of Mar 2022)

Drive-thrus



We now have **64 drive-thrus**; ~20% of our **restaurants** are in the drive thru format

McCafés



With **14 new McCafés** opened during the quarter, ~80% of our **restaurants** now have **McCafés** (262 McCafés)

EOTF*



With **13 new EOTF** stores opened during the quarter, **36% of our restaurants** are now **EOTF stores** (118 EOTF stores)

- Added 12 restaurants during Q4 FY22; ground-break and store opening run rate to improve every quarter

- Strengthening presence in smaller and emerging cities

Opened 12 restaurants in the last quarter > Hit the target of opening 25 restaurants in FY22

* Experience of the Future (EOTF)

Our new stores saw record breaking sales within the first month of opening



Higher than average sales in our new stores in **tier 2 cities**, within the first month of operation

Scale for Good

Good Food, Good for the People and Good for
the Planet



ENVIRONMENTAL

Energy conservation and pollution prevention

EMS in 300+ restaurants, HVAC, Use of economizer, Use of LED bulbs, Evaporative coolers



Electricity – 83,26,020 units saved, 5827 tonnes of Co2 saved



Diesel - 1,38,000 units saved, 92 tonnes of Co2 saved



Gas - 2600 cylinders saved, 149 Co2 saved

Travel and transportation

Bio-diesel program: Using Used Cooking Oil to produce 100% Bio-diesel



6,40,000 liters of biodiesel produced

Water conservation

EMS in 300+ restaurants/ Waterless urinals; low flow Aerators, RO rejected water re-use, High water recovery RO system



1,75,20,000 liters of water saved

Waste management

Elimination of single use plastic



23,000 kilograms of plastic recycled; eliminated all single use customer facing plastic from our restaurants

Increase the use of renewable energy

Stores with solar roof top panel



Electricity – 1,70,000 units saved; Close to 7500 tonnes of CO2 saved

Sustainable procurement

FSC certified paper used for packaging



Sourced only Forest Stewardship Council (FSC) **certified paper** for packaging



SOCIAL

Relationship with local communities

Store level CSR activities



75,000 meals distributed to communities most impacted by the COVID –led lockdown; **2,100 meals** distributed as a part of other store-level CSR activities

Employee health and safety

Vaccination drive



100% vaccination among all eligible employees

Inclusion

EatQual initiatives, Gender diversity, opportunities for differently abled

Charitable giving and socially conscious investments

Ronald McDonald House Charities: a nonprofit family & children's charity dedicated to supporting families with sick children)



36,500 lives touched

Employee welfare

Skills of For Life training, Equal opportunity employment, COSMOS Survey



~10,000 employees trained



Improvement in **brand scores**

GOVERNANCE

Corporate Risk Management

Tax Strategy

Board structure and brand independence

Protecting share holder interest

Statutory Compliance

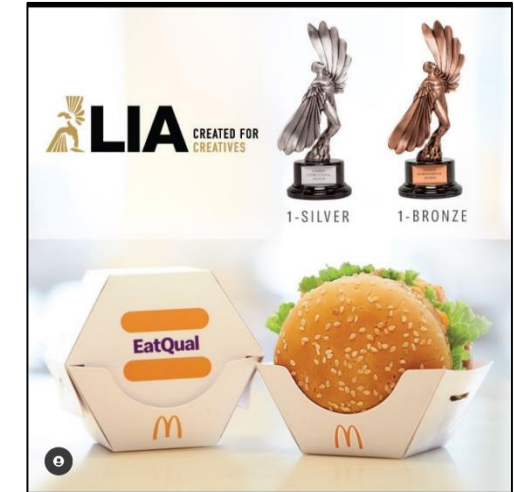
Regulatory compliance

Timely disclosures

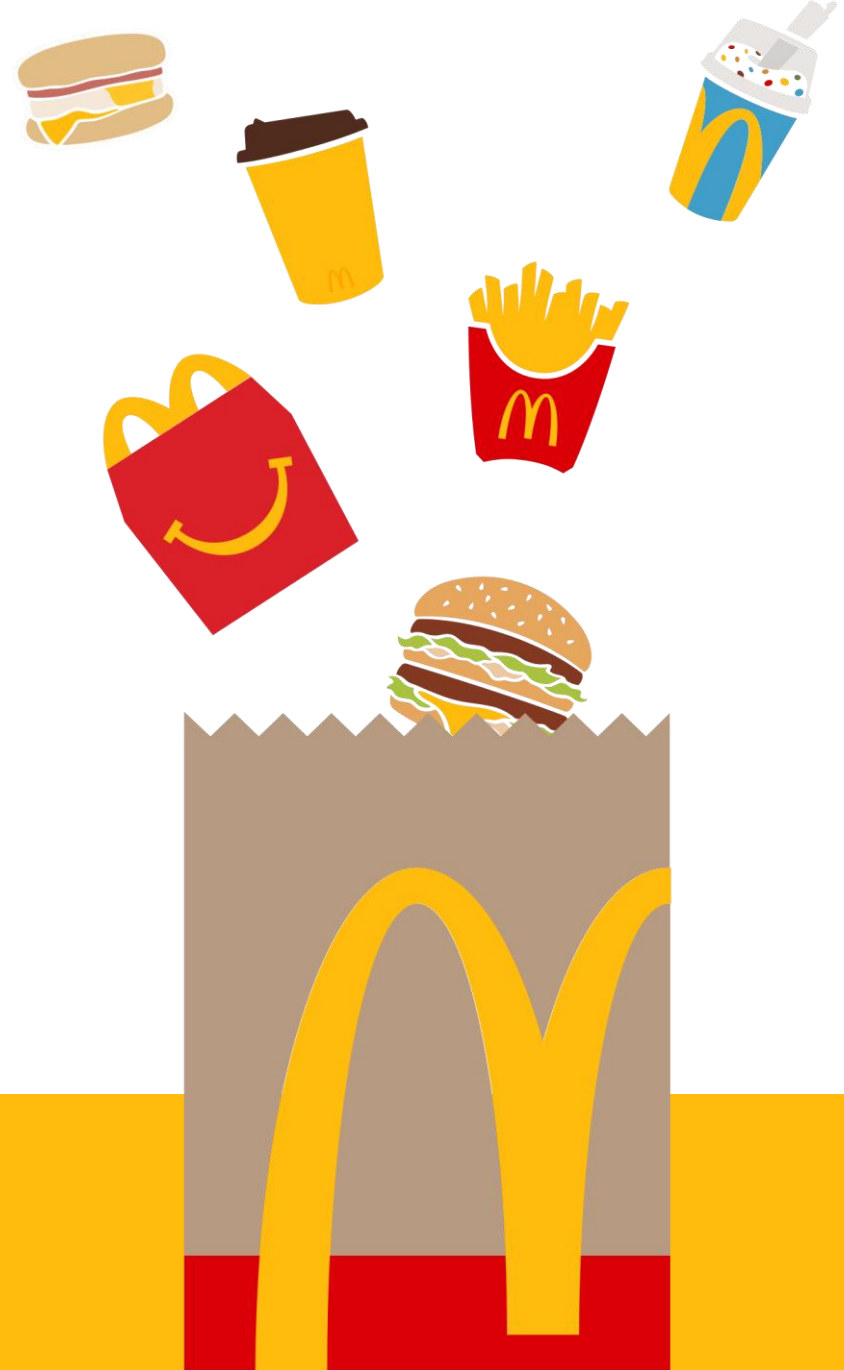
Our EatQual initiative was further appreciated in this quarter



- With an aim to make the **McDonald's easy for everyone**, we launched the **EatQual packaging** last year
- The new brand film showcases a child's curiosity to explore the world as they see others experience it. The kid after trying several activities realizes that **eating a McDonald's burger** is one of the few experiences that he and his friend with limited upper limb mobility can share easily.



Q4FY22 FINANCIALS



Q4FY22 and FY22 at a glance

Particulars (Rs in Mn)	FY22	Margins %	FY21	Margins %	Q4FY22	Margins %	Q4FY21	Margins %
SSSG%	57.8%		(24.4%)		22.7%		10.5%	
Sales	15,765		9,860		4,551		3,576	
YoY Sales Growth %	59.9%		-36.3%		27.3%		6.3%	
Gross Profit	10,314	65.4%	6,377	64.7%	2,959	65.0%	2,378	66.5%
ROM	3,018	19.1%	1,406	14.3%	1,016	22.3%	760	21.3%
Operating EBITDA	2,071	13.1%	619	6.3%	729	16.0%	499	14.0%
PBT	(21)	-0.1%	(1,287)	-13.1%	205	4.5%	(45)	-1.3%
PAT (<i>post-IND AS 116</i>)	(16)	-0.1%	(994)	-10.1%	153	3.4%	(65)	-1.8%
PAT (<i>pre-IND AS 116</i>)	280	1.8%	(747)	-7.6%	231	5.1%	21	0.6%
Cash Profits	1,291	8.2%	22	0.2%	530	11.7%	319	8.9%
New stores opening	25		5		12		1	

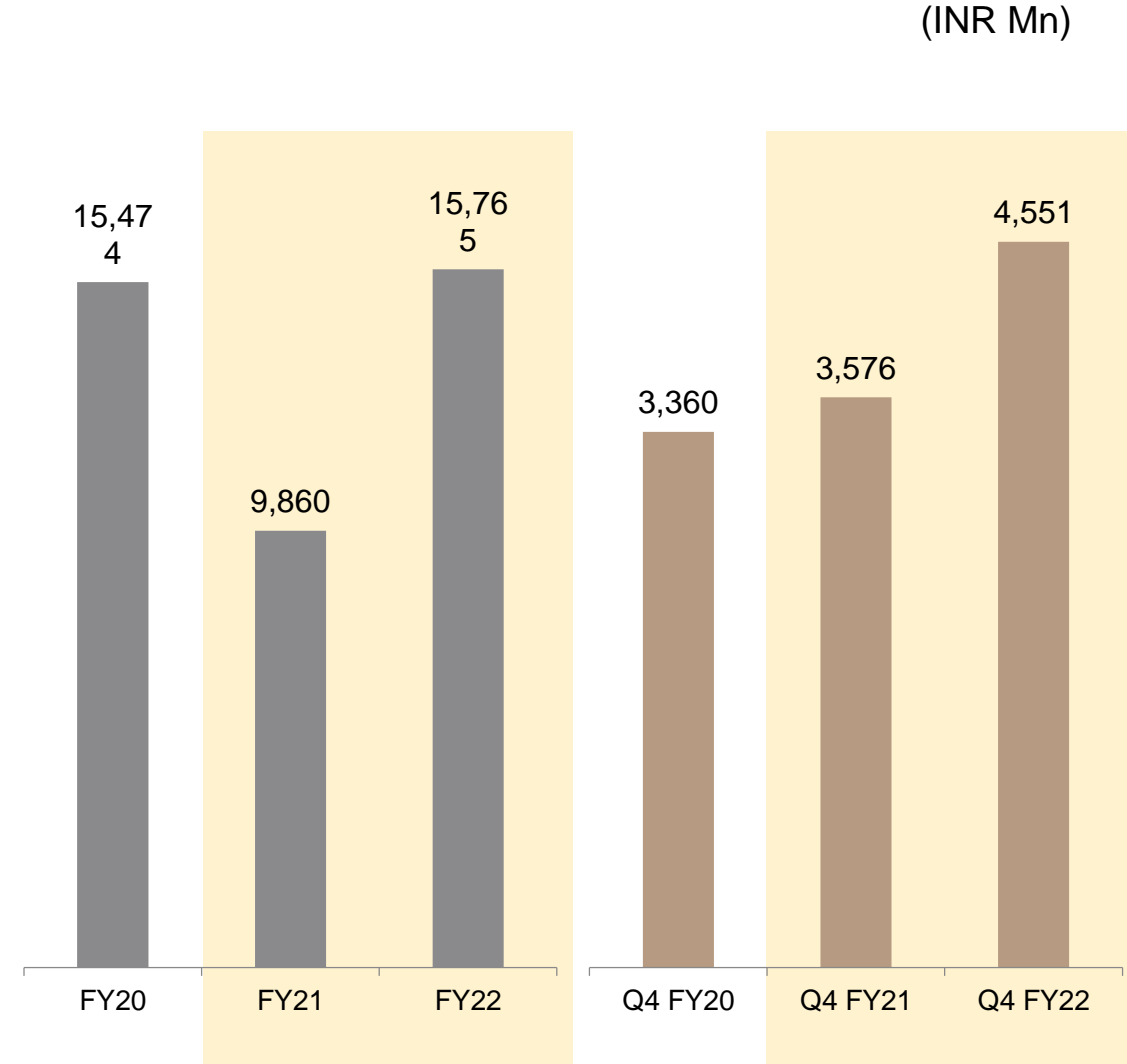
Note: * Financials are reported numbers including adjustments of IND AS 116

Revenue Trajectory

INR Mn	Q4 FY22	Q4 FY21	YoY Gr %
Total Revenue	4,551	3,576	27.3%

INR Mn	FY22	FY21	YoY Gr %
Total Revenue	15,765	9,860	59.9%

- **27.3% YoY growth in Q4FY22**
- Strong sales growth in Q4FY22 over Q4FY21 on back of:
 - Growth led by **full recovery in dine in to pre-pandemic levels and robust growth convenience platform**, which are at ~15% and 42%+ growth respectively on YoY basis
 - Q4FY22 sales indicate **new business baseline of Rs. 450+ crores** per quarter

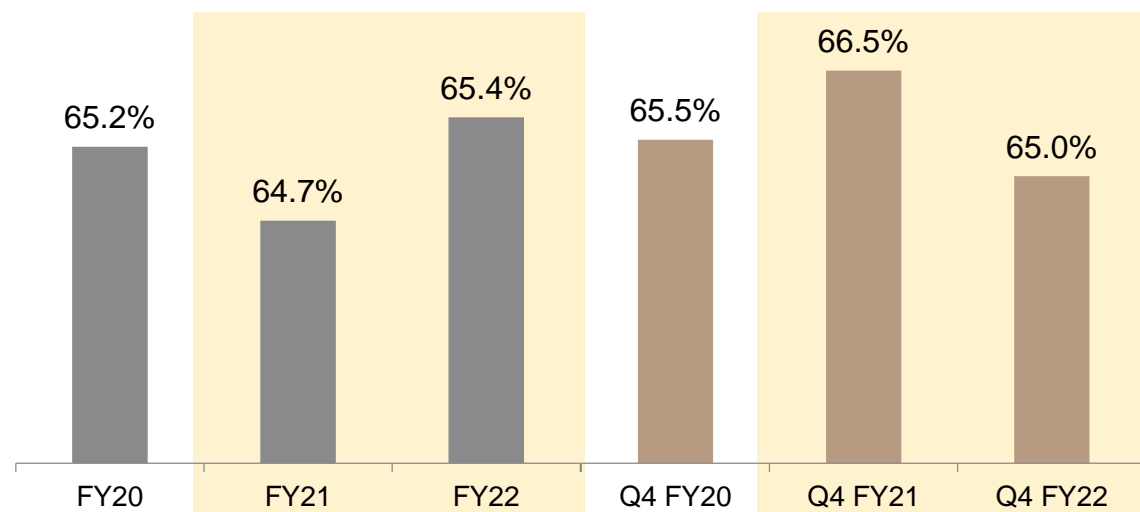


Gross Margins & ROM

INR Mn	Q4 FY22	Q4 FY21	YoY Gr %
Gross Margins	2,959	2,378	24.4%
% of Total Revenue	65.0%	66.5%	(147 bps)

INR Mn	FY22	FY21	YoY Gr %
Gross Margins	10,314	6,377	61.7%
% of Total Revenue	65.4%	64.7%	74 bps

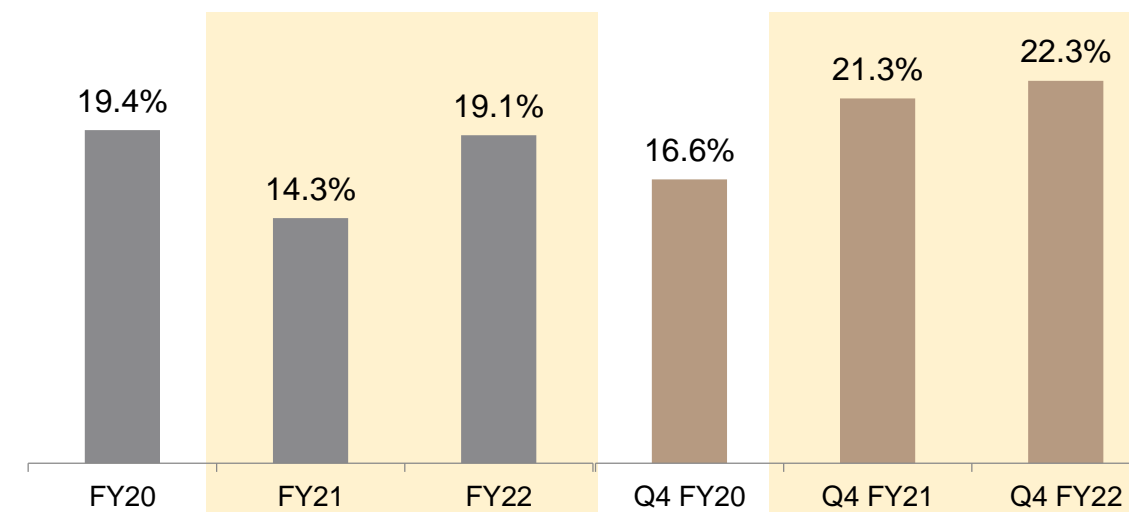
Gross margins are maintained at 65% despite inflationary pressure from global commodity markets. We will improve level of margins by driving productivities and cost initiatives in supply chain space.



INR Mn	Q4 FY22	Q4 FY21	YoY Gr %
RoM	1,016	760	33.7%
% of Total Revenue	22.3%	21.3%	107 bps

INR Mn	FY22	FY21	YoY Gr %
RoM	3,018	1,406	115%
% of Total Revenue	19.1%	14.3%	488 bps

Driven by **operating cost optimisation** and **gross margin improvement**. With operations stabilizing and volumes growing, cost optimization initiatives are driving the current margins.



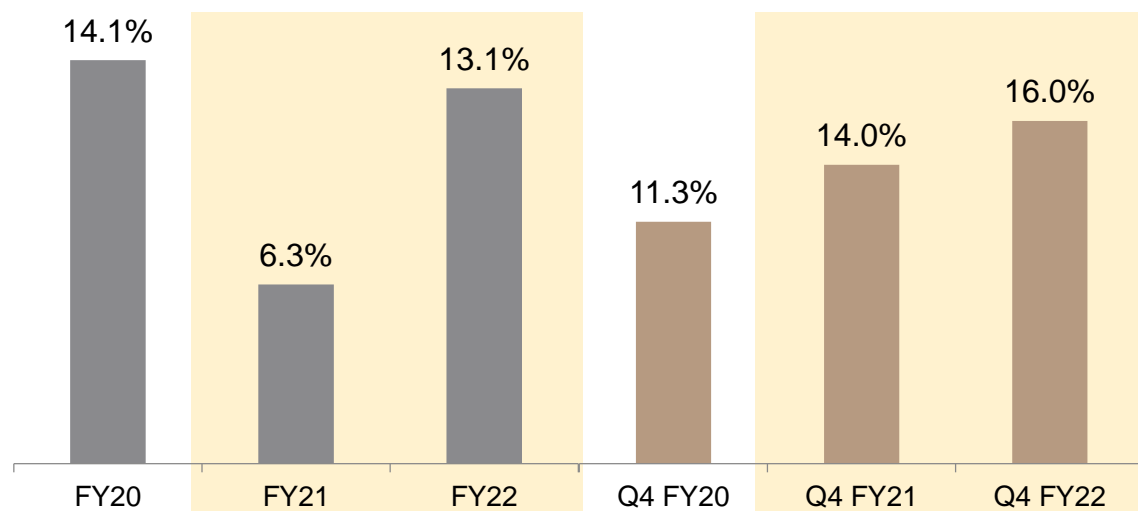
Note: Financial numbers are reported numbers including adjustments of IND AS 116

Profitability

INR Mn	Q4 FY22	Q4 FY21	YoY Gr %
Operating EBITDA	729	499	46.0%
% of Total Revenue	16.0%	14.0%	205 bps

INR Mn	FY22	FY21	YoY Gr %
Operating EBITDA	2,071	619	234%
% of Total Revenue	13.1%	6.3%	686 bps

- Strong recovery in the margins due to focused **cost control in G&A** resulting in stable EBITDA
- **Normalized margins** for the quarter are ~17%: strong improvement QoQ, YoY

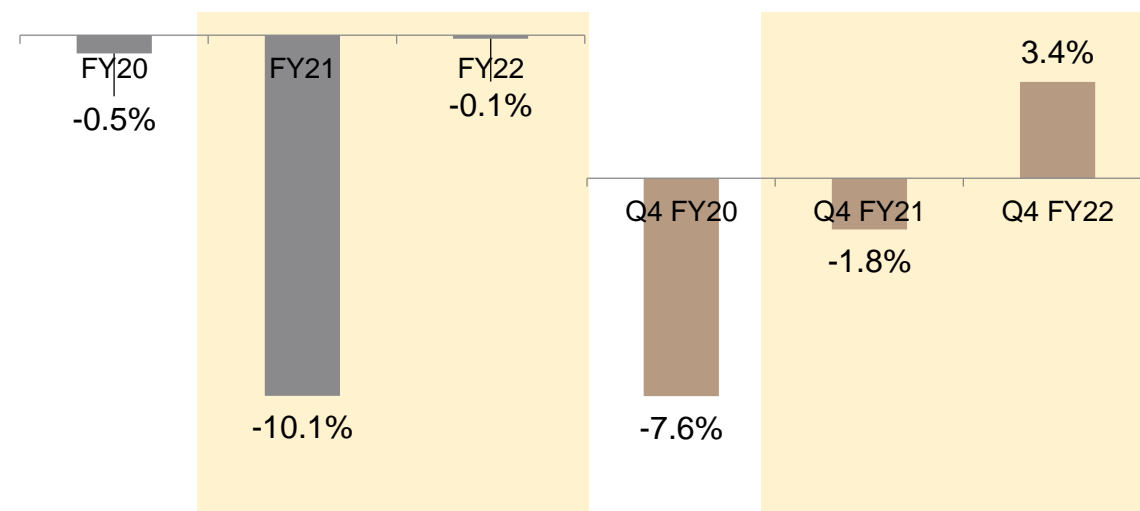


Note: Financial numbers are reported numbers including adjustments of IND AS 116

INR Mn	Q4 FY22	Q4 FY21	YoY Gr %
PAT	153	(65)	337%
% of Total Revenue	3.4%	(1.8%)	517 bps

INR Mn	FY22	FY21	YoY Gr %
PAT	(16)	(994)	98.4%
% of Total Revenue	(0.1%)	(10.1%)	998 bps

- Recovered back to **positive PAT** in the last 2 quarters



Reconciliation for Adjusted Profit – Q4 FY 2022

(Rs. in millions)

Particulars	(A) Quarter ended Mar 31,2022 (Adjusted)	(B) Changes due to Ind AS 116 increase / (decrease) **	(C) Quarter ended Mar 31,2022 (Reported)	(D) Quarter ended Mar 31,2021 (Adjusted)	(E) Changes due to Ind AS 116 increase / (decrease) **	(F) Quarter ended Mar 31,2021 (Reported)	(A over D) YoY Growth (Adjusted)
Revenue	4,550.76	-	4,550.76	3,575.91	-	3,575.91	27.26%
Occupancy and other operating expenses	1,529.03	-202.48	1,326.56	1,273.12	-174.46	1,098.66	-20.10%
Restaurant Operating Margin	813.53	202.48	1,016.01	585.50	174.46	759.96	38.95%
General and Administration Expenses	287.46	-	287.46	260.96	-	260.96	10.16%
Operating EBITDA	526.07	202.48	728.55	324.54	174.46	499.00	62.10%
Other Income	-37.83	-2.55	-40.38	-27.80	-13.87	-41.68	36.06%
Assets written off for closure / rebuild of restaurants	7.98	-	7.98	31.15	-	31.15	74.37%
Finance costs	32.05	176.48	208.54	38.61	164.94	203.55	16.98%
Depreciation and amortisation expense	214.93	132.17	347.09	213.64	137.81	351.45	-0.60%
Profit/(Loss) before tax and exceptional items	308.93	-103.62	205.31	68.94	-114.41	-45.46	348.10%
Exceptional Items	-	-	-	-	-	-	
Profit/(Loss) before tax	308.93	-103.62	205.31	68.94	-114.41	-45.46	348.10%
Deferred tax	77.76	-25.53	52.23	43.68	-28.80	14.88	78.02%
Income tax	-	-	-	4.29	-	4.29	0.00%
Profit/(Loss) after tax	231.18	-78.09	153.09	20.97	-85.61	-64.63	1002.16%
Other Comprehensive income (net of tax)	1.91	-	1.91	-4.25	-	-4.25	-144.86%
Total Comprehensive Income	229.27	-78.09	151.18	25.22	-85.61	-60.39	808.94%
** adjustments arising out of Ind AS 116							

Recap – Key Focus Areas & Growth Levers

Moving from Strength to Strength

Increasing AUV

Menu
Innovation &
Product
Leadership

Omni Channel
& Digital
Acceleration

Increasing Penetration & Improving Margins

Network
Expansion &
Reimaging

Cost leadership
and Margins
Expansion



Thank you

IR Contact

For additional information:

Shraddha Gupta | Investor Relations

investor.relations@mcdonaldsindia.com