



Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q3 FY22 Earnings Presentation

Feb 3, 2022

Disclaimer

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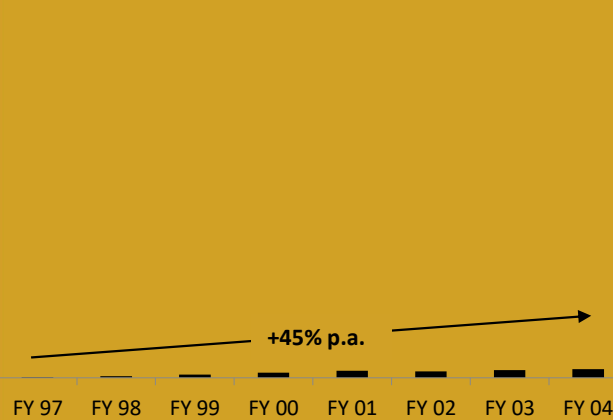
Celebrating 25 years of McDonald's in India



Our journey over the last 25 years

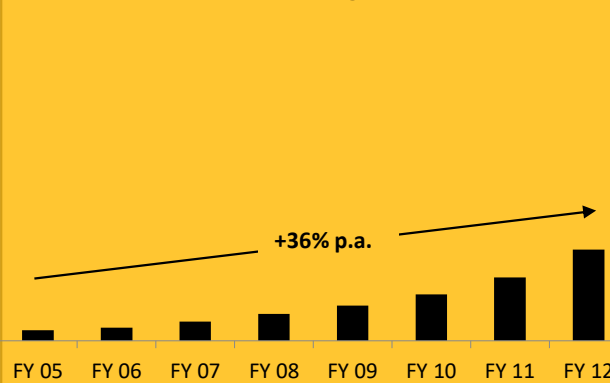
■ Revenue
+x% Revenue CAGR

Laying the foundation and glocalization



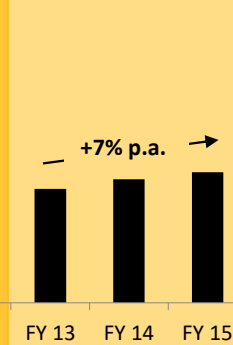
- Introduced WFF category to Indians: First restaurant in Bandra, Mumbai
- Built closed loop supply chain
- Adapted according to Indian cultural sensitivities
- Modified menu basis the local taste palate: launched McAloo Tikki burger
- Launched first-ever drive-thru

Democratizing the brand: first phase of accelerated growth



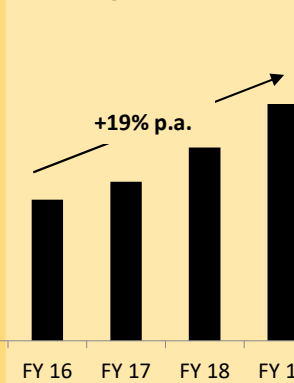
- Localized menu
- Compelling menu price strategy
- Drove brand trials
- Launch of Happy Price menu
- Increased footprint in South
- Achieved breakeven

Growing and building occasions



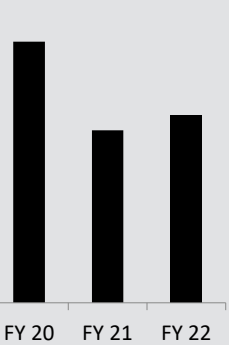
- Re-invested in business for competitive edge
- Built brand extensions
- Launched McCafe

Accelerating the growth



- Scaled 315+ restaurants
- Grew business by 100% in 4 years
- Evolved with The Good Food Journey
- Launch of McBreakfast
- Launch of the first 'Experience of the Future' store

Moving from food to food-tech



- Launch of McSpicy Fried Chicken
- First to launch innovative channels – Contactless Delivery and On-the-Go
- Launch of Gourmet Burger Collection

For celebrating this 25-year milestone: 25 Acts of Happy



We ushered in our 25th year with **25 Acts of happy**, 25 acts of kindness, spread through the year: **25 events, innovations, activities** that may be big or small, but have the intent of doing what we do best, **spreading smiles all year round**



Overview of initiatives in the last quarter

Memory Bites

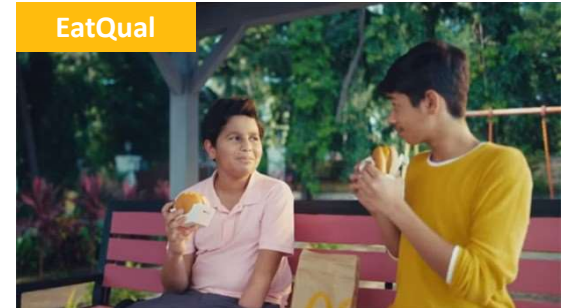


Memory Bites: customers cherishing their **fondest memories with us**, as we turned these into delicious treats



Wholesome Happy meal with a side of juice and Corn

EatQual



We continued our **commitment to inclusivity** with **EatQual**

Key highlights of the quarter



- **Best quarter in terms of sales: 47% YoY growth** with sales at Rs. 4.8 Bn (vs Rs. 3.3 bn in Q3 FY21), SSSG at 44% YoY
- **Dine in** sales witnessed strong growth of **39% YoY**
- **Convenience² channels** continued their accelerated growth (**grew +55% YoY**) along with dine-in

- **Gross margins at 66.4%**, improvement of 67 bps YoY and 48.2% YoY growth
- 192 bps YoY jump in **ROM at 22.6%** (60.3% YoY growth)
- Significant jump in **Op. EBITDA at 17.5%** (66.7% YoY growth) and **PAT at 4.4%** (grew 433 bps yoy)



- Opened **8 new restaurants** during the quarter
 - 12 stores under ground break – back on growth path to open 25-30 restaurants in FY22
 - On track to open **200+ new restaurants in the next 3-4 years**, taking the base to 500+ stores

- Delivery business continued growth momentum in the quarter: **highest monthly sales** **McDelivery and McDonald's app**



- System-wide launch of the **McDonald's Gourmet burger range** – helping us capture new customer occasions

Note: 1) Q3 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

Growing from strength to strength



Limited restrictions on store operations only for some part of the quarter



Dine-in bounced back strongly across all our cities



Convenience channels continued the growth momentum



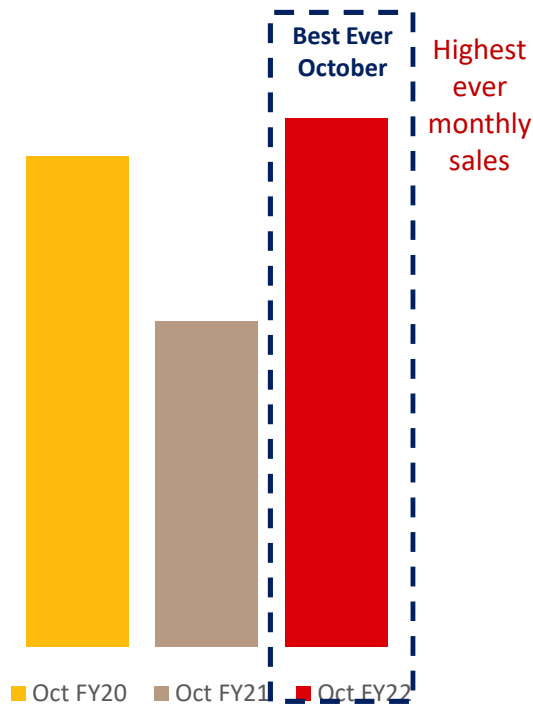
A **well-rounded strategy** that helped us capitalise on the tailwinds



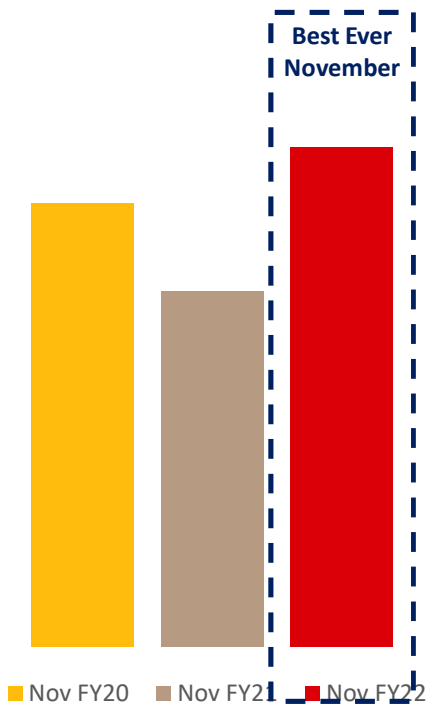
Resulting in a **record breaking QND'21:** our best quarter ever

OND'21 is our best quarter ever

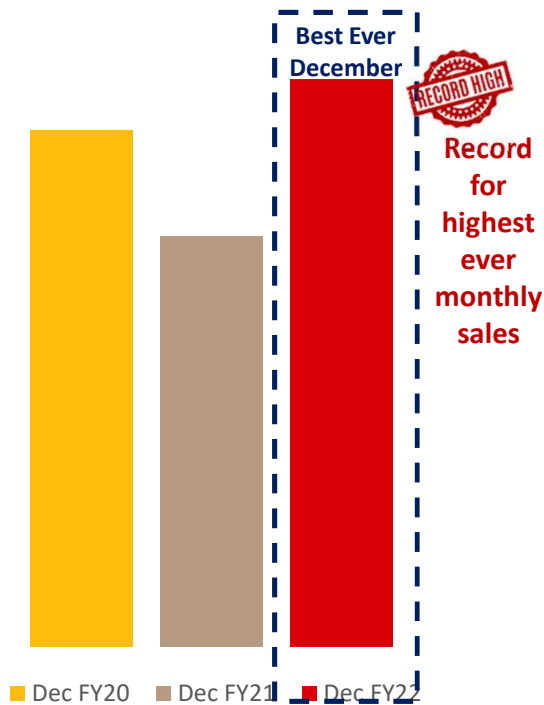
Outstanding October



Noteworthy November

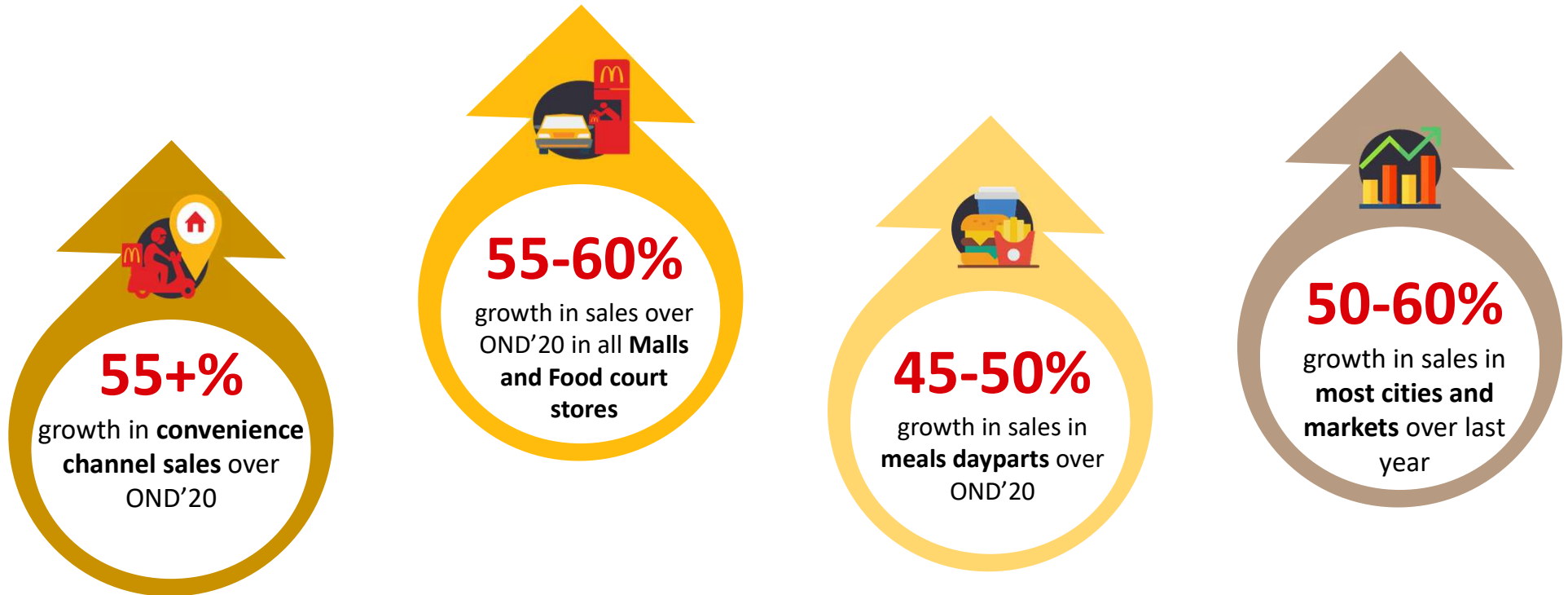


Delightful December



New Stronger Normal – 47% sales growth vs OND'20

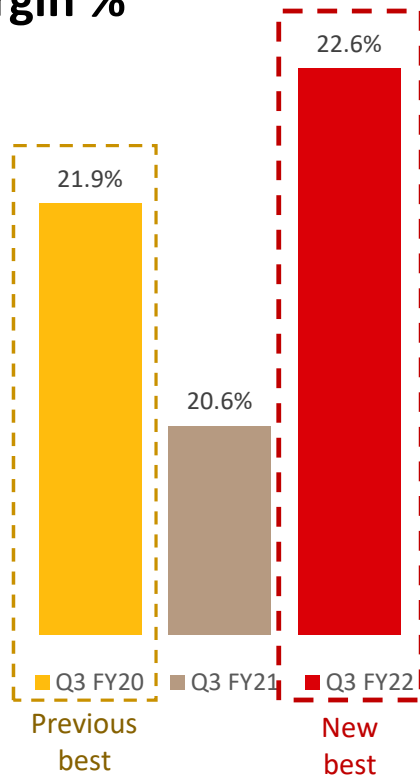
OND'21 Highlights



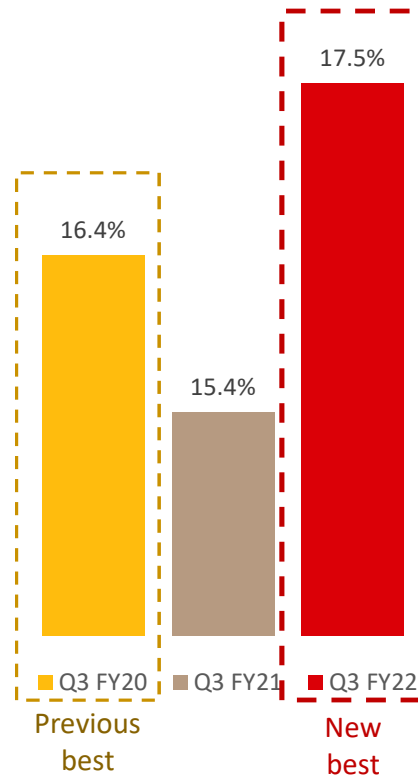
Exponential business growth = Accelerated Convenience + Strong Dine-in growth

This growth came along with improvements in margins as well

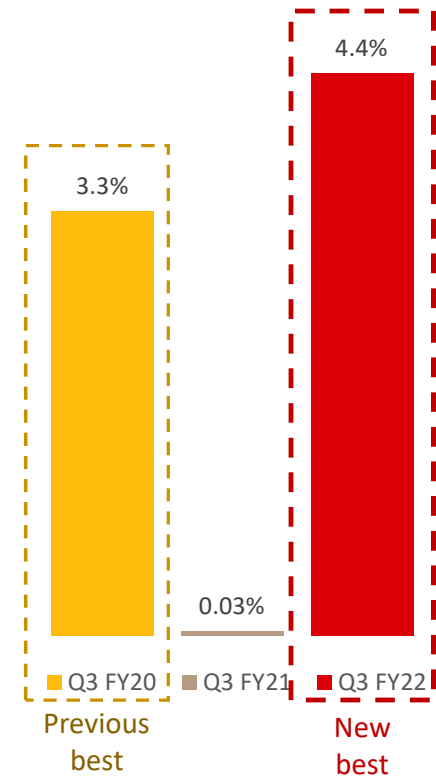
Restaurant Operating Margin %



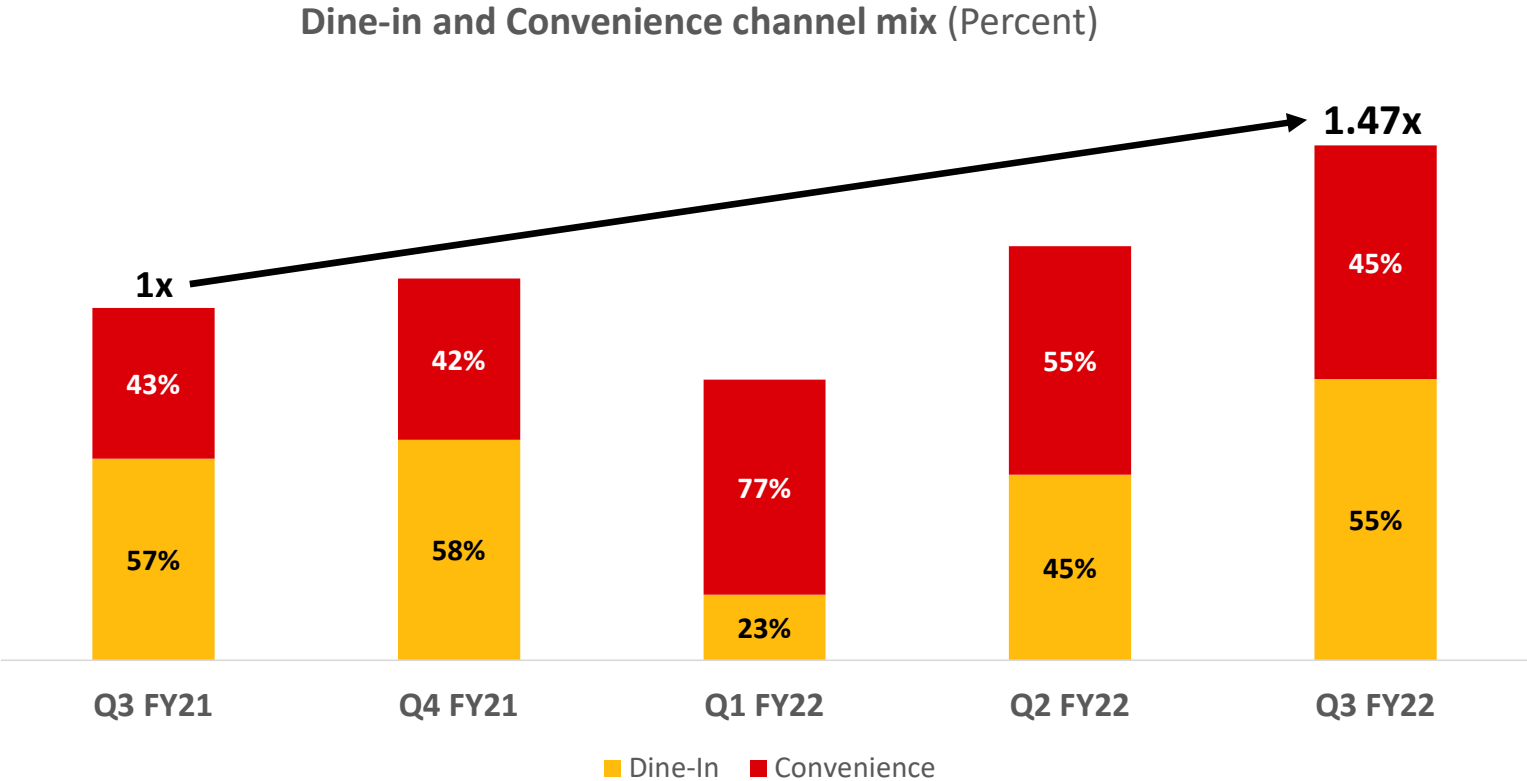
Op EBITDA Margin %



PAT Margin

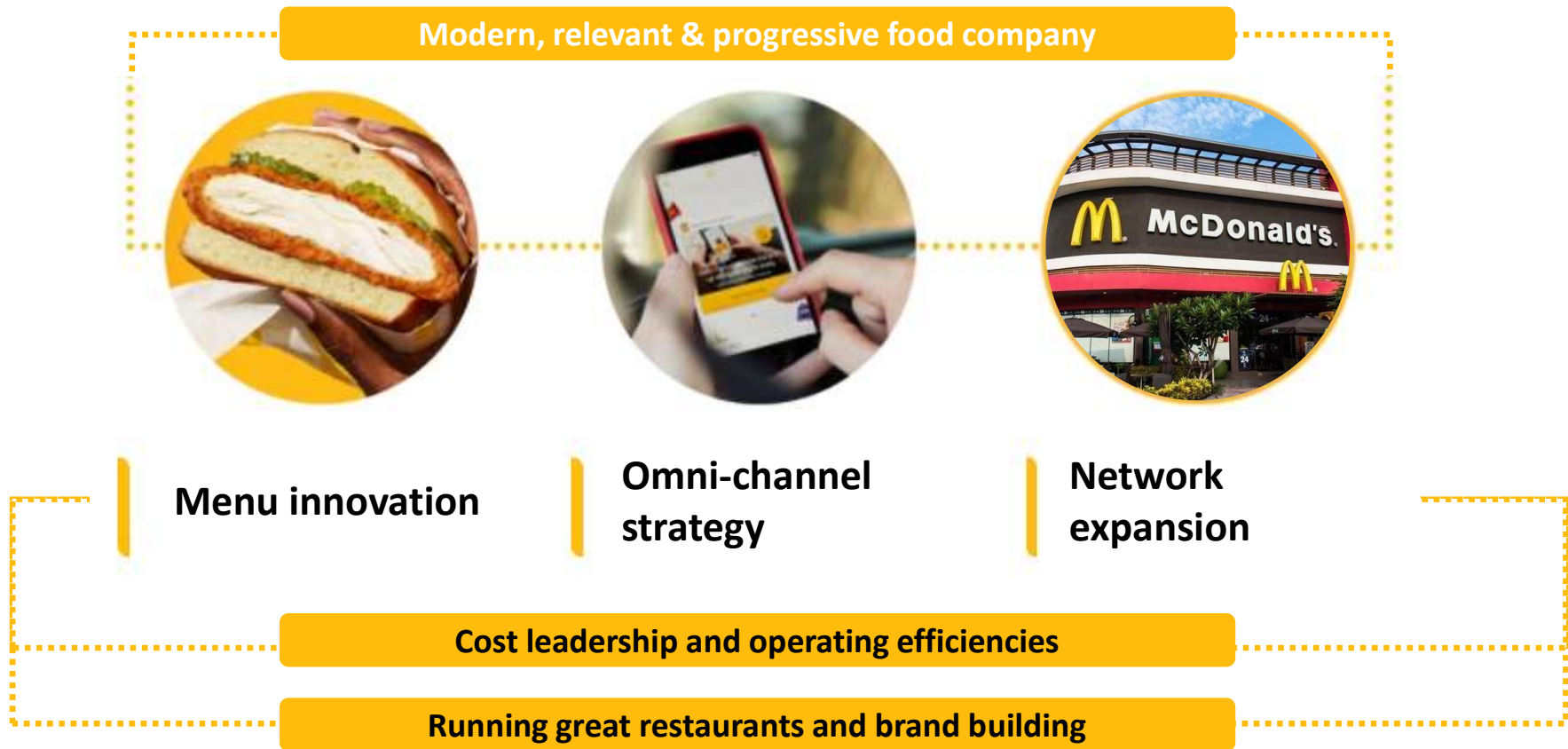


Our revenue pie is getting bigger, with a stabilizing channel mix



- Q3 dine-in grew sales by 39%, and Convenience sales by 55% over Q3 FY21
- As expected, faster and stronger growth in dine-in post 2nd wave
- Both dine-in and convenience are together pegged for exponential growth, without impact on each other

This performance was driven by our key focus areas



Menu innovation

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



Burger Leadership: **wide range of menu options**



To become the Go To Burger destination by providing relevant great tasting burgers at great value

Snacking



- Continue McDonald's leadership as the **ultimate snacking choice**
- To launch a **wide range of snacking options** at McDonald's
- **Safer and tastier equivalents** of snacking options available than the **roadside vendors**

Meals



- Offer **Value for Money meals** across burgers, wraps at various price points
- Offerings for Meals to capture **lunch and dinner** use-case occasions
- **New range of indulgent burgers** for any kind of craving



Gourmet Burger Collection

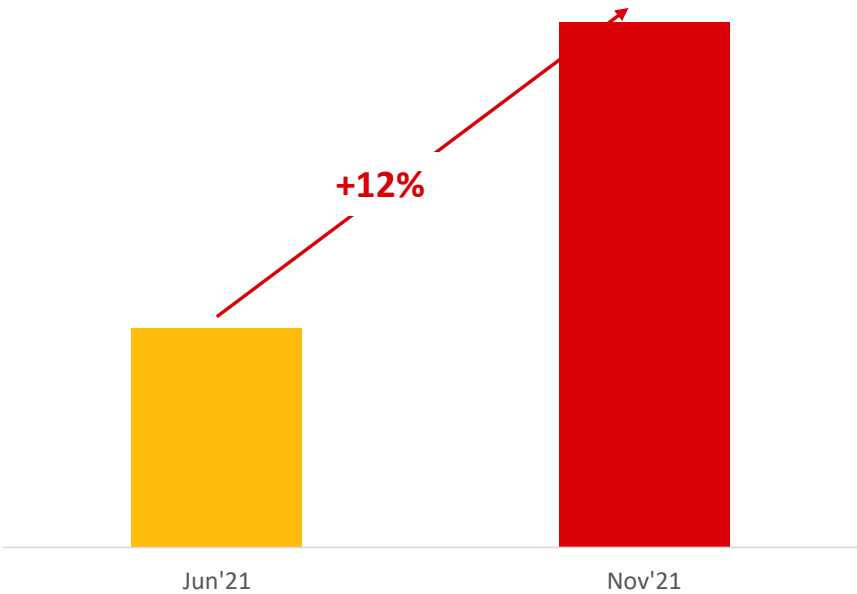


- **Gourmet Burger Range** was launched system-wide in **October'2021** with **9 burgers** under the American Cheesy range and Spicy range
- The burgers are **premium, more filling** and suited to the flavor trends in the market
- In order to strengthen Meals perception for the brand; **flat pricing** on Gourmet Burger meals was launched system-wide

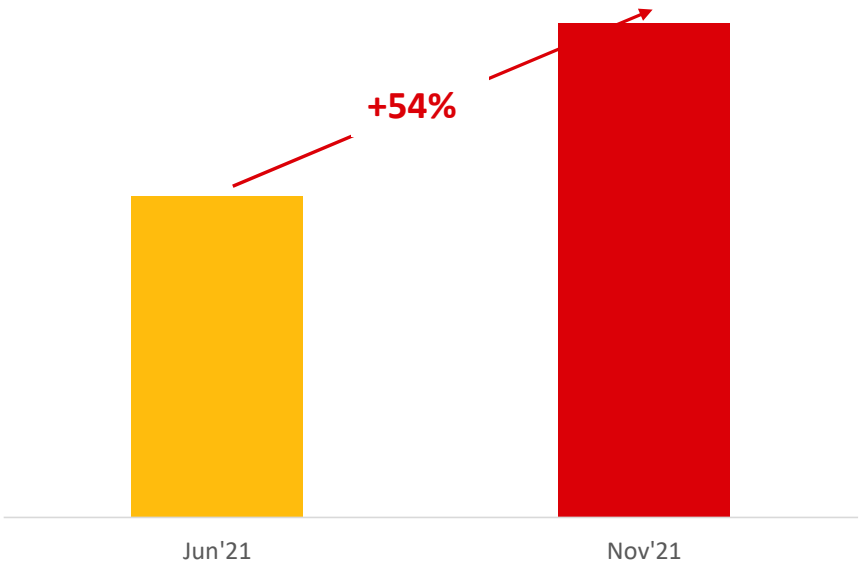
Burger Leadership: significant improvement in customer scores as well as sales



“Great Tasting Burger” scores



Burger Meals sales volume



Chicken Leadership

The Rashmika Meal



Build brand love with Rashmika's favourite products at McDonald's with chicken at its core



Aggressive TV promotions with Rashmika Mandanna

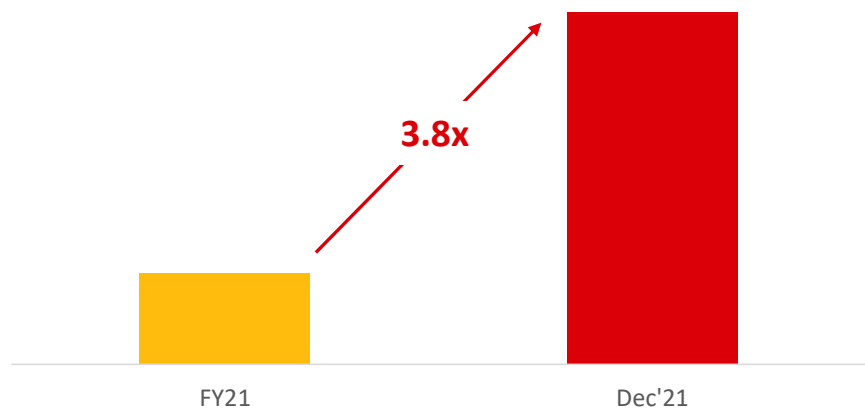


Disruptive Digital Activation

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

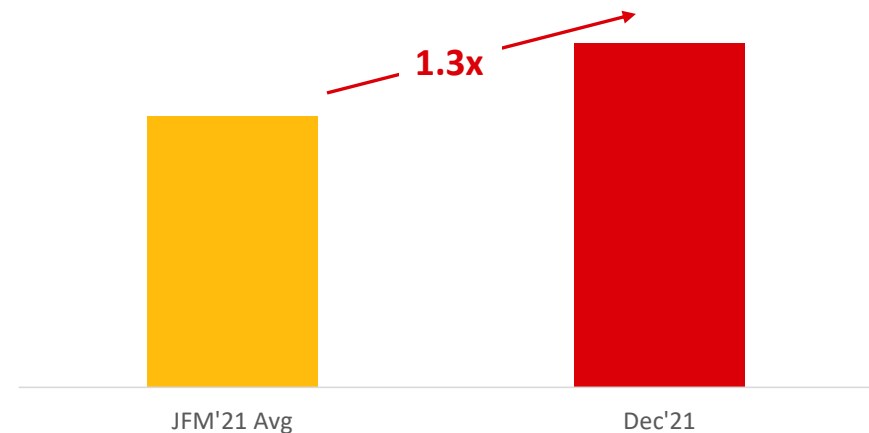


“Great Tasting chicken” scores



McDonald’s “Great Tasting chicken” scores have **grown 3.6 times** to significantly gain share from competition

Chicken sales value



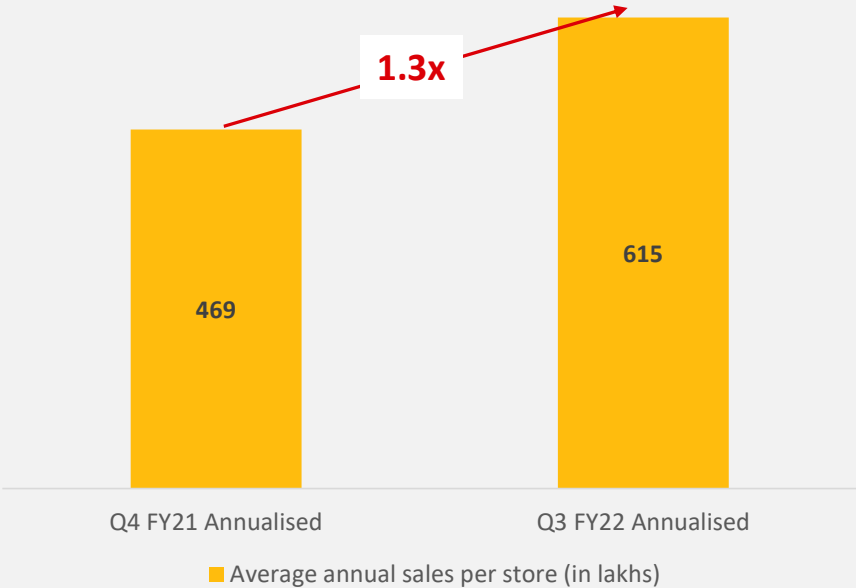
Significant bump in the # of pieces sold per day as well as sales for **McSpicy Fried Chicken** in 2021

Increase in average sales per store, on the back of menu innovation in meals, chicken and premium burgers

Menu innovation across...



... driving increase in average sales per stores



Effective marketing and brand campaigns



Leveraging Brand Association with Rashmika Mandanna



Premium Burger Promotion



Launch India's first Celebrity Famous Order- The Rashmika Meal

International Coffee Day

Created awareness by simplifying coffee and increase credibility for McCafé on social media, on the most important trading day for the brand –World Coffee Day

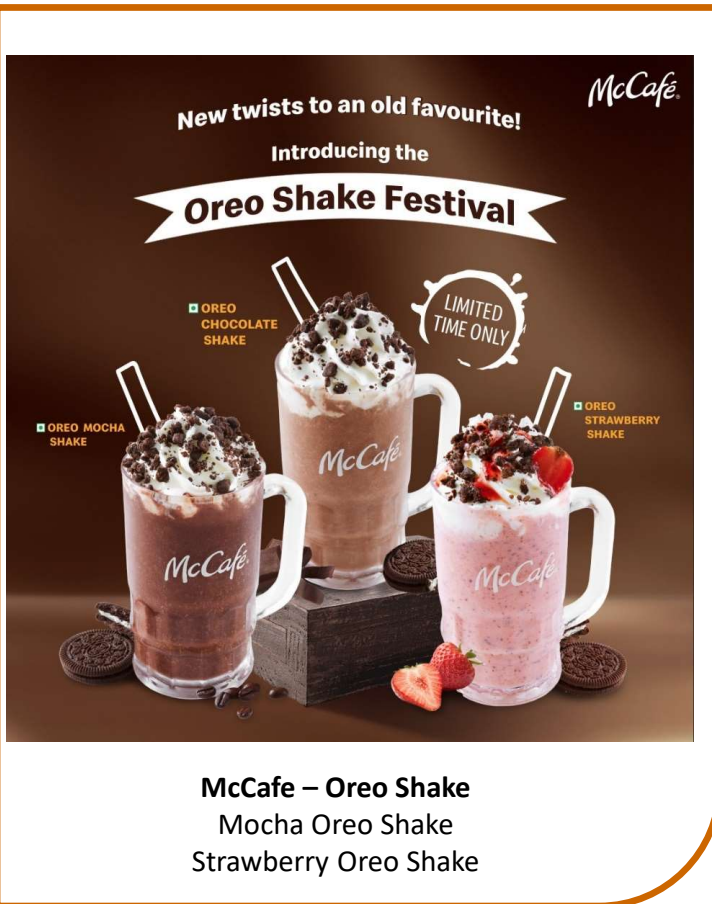
Reintroduce coffee to masses through engaging content by positioning the various flavours of coffee as the many personalities one encounters in a group of friends. Coffee was showcased as an enabler of memorable moments, social and otherwise, lending it greater credibility and endearing it to the people who looked at it as an unfamiliar drink.

Thus, was born the hashtag, #MoreThanJustCoffee.

On the feed, we received **92K Reach**



Q3FY22 New Product Launches



New twists to an old favourite!

Introducing the

Oreo Shake Festival

OREO CHOCOLATE SHAKE

OREO MOCHA SHAKE

OREO STRAWBERRY SHAKE

LIMITED TIME ONLY

McCafe – Oreo Shake

Mocha Oreo Shake

Strawberry Oreo Shake

The advertisement features three McCafe Oreo Shakes in white mugs. The Mocha Oreo Shake is dark brown with chocolate shavings and Oreo cookies. The Strawberry Oreo Shake is pink with strawberry slices and Oreo cookies. The Chocolate Oreo Shake is light brown with chocolate shavings and Oreo cookies. The background is dark brown with a banner that reads 'Oreo Shake Festival'.



25 Years of Happiness

A HAPPY MEAL is now a wholesome meal

Enjoy the Wholesome Happy Meal with a side of corn and mixed fruit beverage.

Surprise! Toy for You

Wholesome Happy Meal

With a side of juice and corn

The advertisement shows a McDonald's Happy Meal box, a hamburger, a bowl of corn, and a bottle of McDonald's Natural Mixed Fruit beverage. The background is white with a banner that reads 'A HAPPY MEAL is now a wholesome meal'.

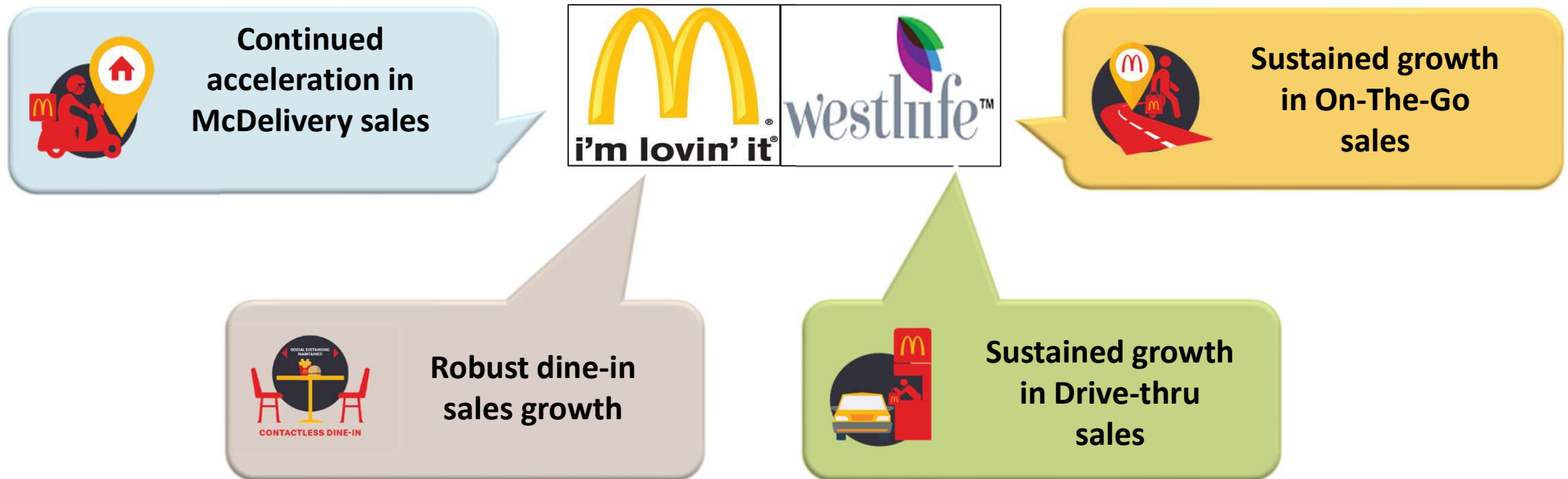
Omni Channel Strategy

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



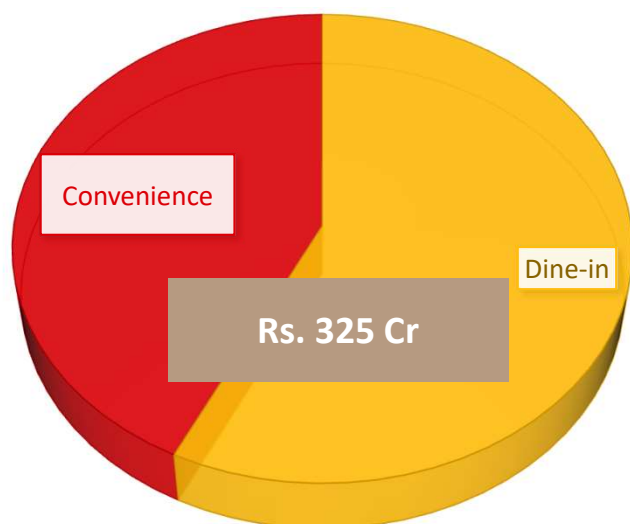
Accelerating omni-channel experience for the customers

Q3FY22 – **47%** YoY growth in overall sales due to robust growth across channels



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

Q3FY21 SALES



+39%

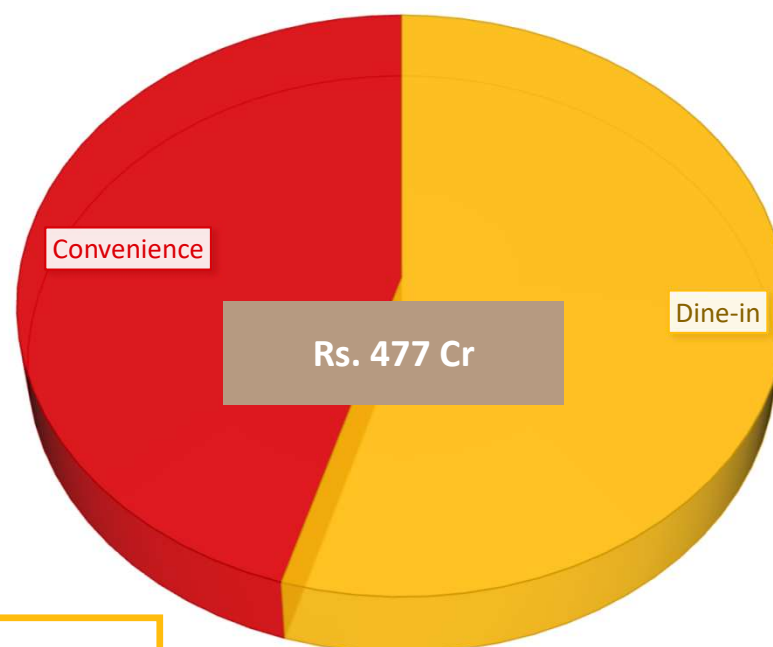
Y-o-y growth in Dine-in

+55%

Y-o-y growth in Convenience

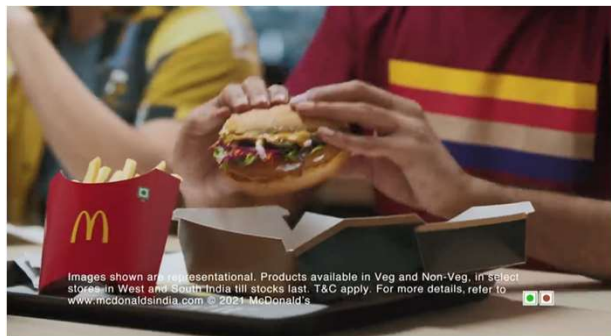
- Overall increase in revenue
- No cannibalism between channels
- New user occasions captured

Q3FY22 SALES

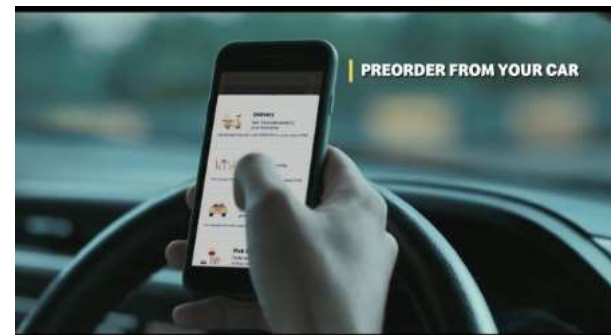


Our marketing initiatives have also reiterated the multi-channel access points for the customers

Ads featuring dine-in at the McDonald's restaurant



On-the-Go channel awareness campaign



Our marketing initiatives have also reiterated the multi-channel access points for the customers


Ads featuring McDelivery



Drive-thru channel awareness campaign




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

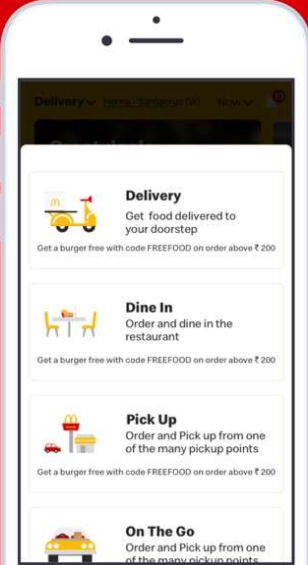


McDelivery app for convenience channels including Delivery, On-the-Go, Digital Dine-in and Takeaway

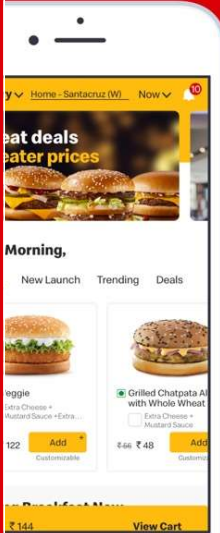
Experience the all in one McDelivery app




Enjoy a safe and contactless meal, choose between Delivery, On The Go and Takeaway



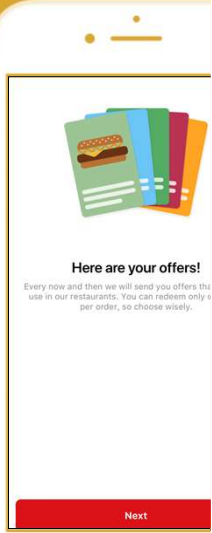
Choose your favorite or the perfect deals for you!






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

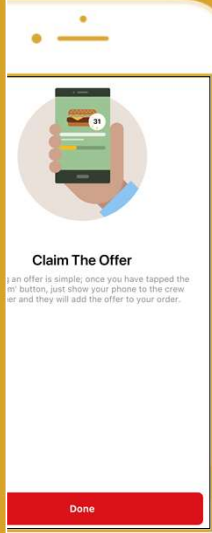
Here you'll find the latest offers from McDonald's



All your deals in one place! Great discounts on your favourites from our menu



Simple and easy to claim your offers in our restaurants



Continued strong growth momentum on both the apps: achieved ~16 million total downloads till Dec'21

Consistent growth in sales on McDelivery: New record of highest single day sales in Dec'21

Continued growth in downloads of our apps: Cumulative downloads of ~16 million, with 1.2 million+ downloads in Q3 FY22

Strong sales performance on our apps with continued adoption by customers: 12% growth in app sales YoY

Consistent increase in active users on the apps

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 316 restaurants across 44 cities (as of Dec 2021)

Drive-thrus



With **1 new drive-thru** opened during the quarter, we now have **64 drive-thrus**

McCafés



With **10 new McCafés** opened during the quarter, **~80% of our restaurants** now have McCafés (248 McCafés)

EOTF*



With **10 new EOTF stores** opened during the quarter, **33% of our restaurants** are now EOTF stores (105 EOTF stores)

- Added 8 restaurants during Q3 FY22 and 12 stores under ground break
- Strengthening presence in smaller and emerging cities

Opened 8 restaurants in the last quarter > On path to opening 25-30 restaurants in FY22

* Experience of the Future (EOTF)

Menu relevance + Omni channel = Rapid expansion

Doubling our
run rate from
**20-25 new
stores**
in a year
to
**40-50 new
stores**
every year



On path to opening
200+ new stores in
the next
3-4 years, taking our
store base to

**500+
stores**

Scale for Good

Good for People, Good for the Communities and
Good for the Planet



We continued further with our acclaimed EatQual campaign



- 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.



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McDonald's India reinforces its commitment to the EatQual platform

MARKETING
2 MINUTES TO READ
DEC 22, 2021
ADGULLY BUREAU
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News in the domain of Advertising, Marketing, Media and Business of

McDonald's India (West and South) has yet again reinforced its commitment to fostering inclusion through its latest campaign. The iconic brand has launched a heartwarming brand film created by DDB Mudra that highlights how small innovations can go a long way in making the world more equal for everyone. The

afags!

By afags! news bureau | Published: 22 Dec 2021, 5:00 AM IST

McDonald's illustrates the power of observant innovation in new campaign

Heartwarming McDonald's India Film Reinforces Its EatQual Platform Aimed at Fostering Inclusion

Creative | 111 | Add to collection

McDonald's plans to make EatQual bigger and more inclusive in India

By amit bagra
December 23, 2021

McDonald's continues inclusion commitment with next leg of EatQual

Watch the film conceptualised by DDB Mudra here

McDonald's India (West and South) has yet again reinforced its commitment to fostering inclusion through its latest campaign. The iconic brand has launched a heartwarming brand film created by DDB Mudra that highlights how small innovations can go a long way in making the world more equal for everyone. The

Results:
YT views - 1.2 Million in 3 weeks



The **Eatqual** campaign
won **4 awards** at the
EFFIE INDIA AWARDS 2021



Gold Effie

Disruptive Differentiator Award

Welcome to the Future of Experience



Silver Effie

New Product Award

The Next Best Thing To Redesigning Burgers



Bronze Effie

Experiential Marketing/ Brand Experience Award

The One Hand Burger



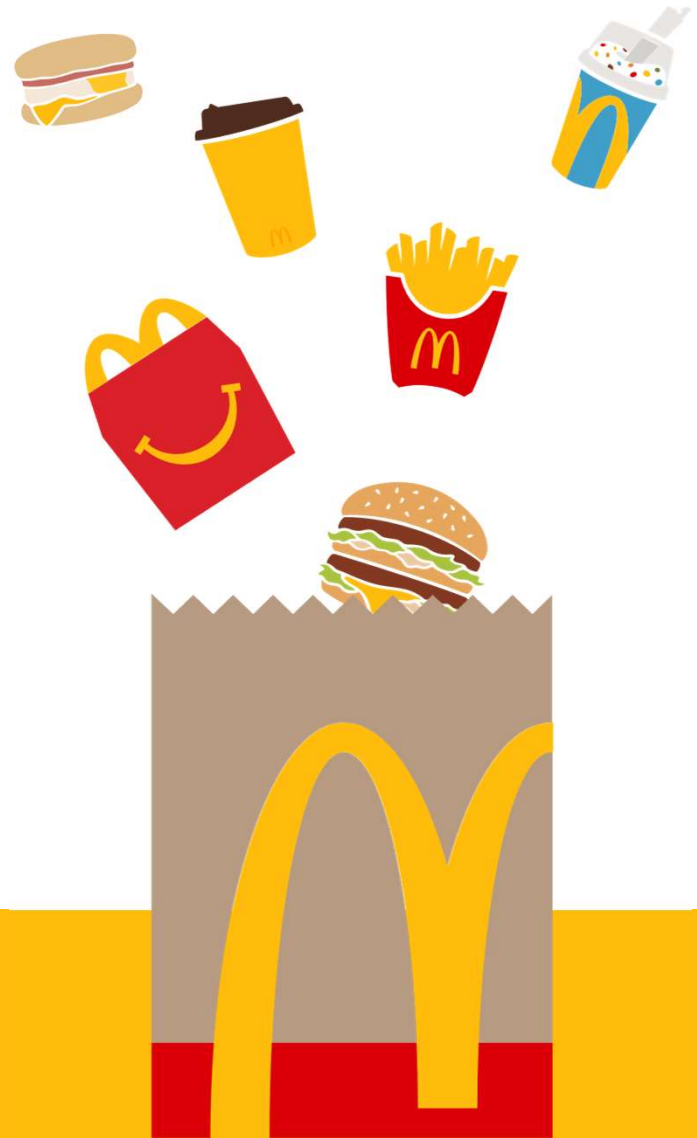
Bronze Effie

Positive Change - Social Good Award

One Bite Closer to Equality



Q3FY22 FINANCIALS



Q3FY22 at a Glance

| Particulars (Rs in Mn) | Q3FY22 | Margins % | Q3FY21 | Margins % | YoY % Growth |
|---------------------------|--------|-----------|--------|-----------|--------------|
| SSSG% | 44.3% | | -24% | | |
| Sales | 4,768 | | 3,251 | | 46.7% |
| Gross Profit | 3,165 | 66.4% | 2,136 | 65.7% | 48.2% |
| ROM | 1,076 | 22.6% | 671 | 20.6% | 60.3% |
| Op. EBITDA | 835 | 17.5% | 501 | 15.4% | 66.7% |
| PBT (w/o Exc Item) | 279 | 5.8% | (40) | -1.2% | - |
| PAT | 208 | 4.4% | 1.1 | 0.03% | 18700% |
| Cash Profits | 620 | 13.0% | 346 | 10.6% | 79.3% |

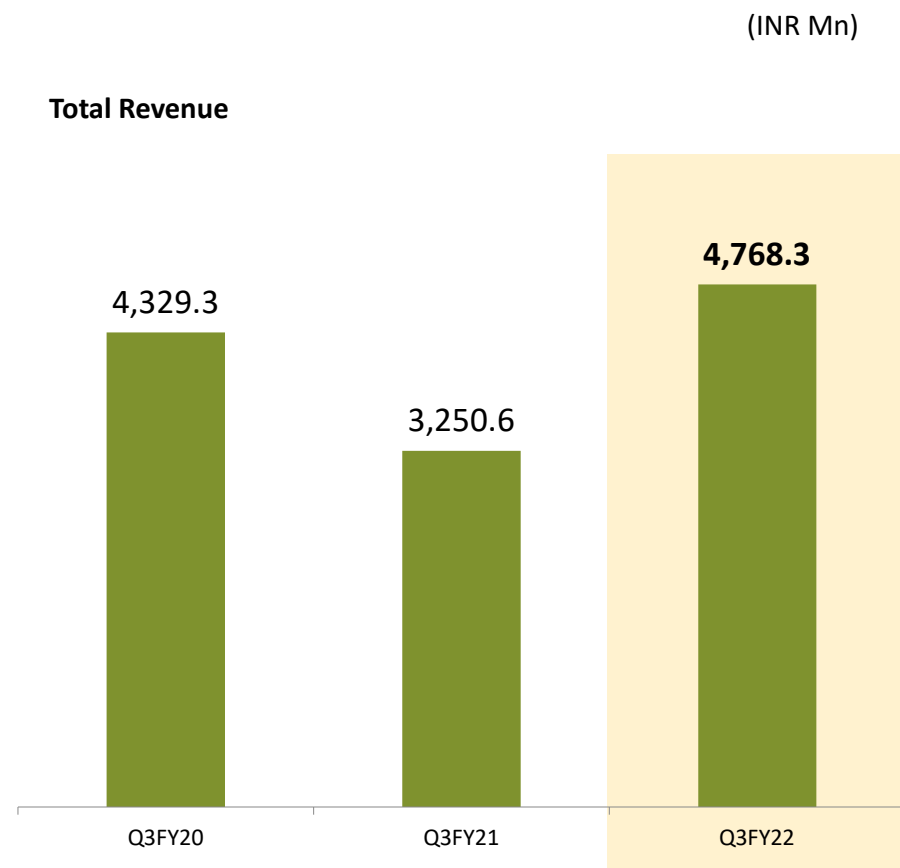
Note: * Financials are reported numbers including adjustments of IND AS 116

Revenue Trajectory

| INR Mn | Q3 FY22 | Q3 FY21 | YoY Gr % |
|---------------|---------|---------|----------|
| Total Revenue | 4,768 | 3,251 | 46.7% |

- Sustained Growth and continued acceleration in Q3FY22 :
 - Growth led by robust growth in **dine-in (39% YoY growth)** and accelerated performance of **Convenience channels (55% YoY growth)**
 - Q3FY22 sales highest ever in a quarter**, despite ~30 days of regulatory restrictions in few states
 - Oct'21 sales set a new record** high for monthly sales; **Dec'21 sales even higher**

Total Revenue

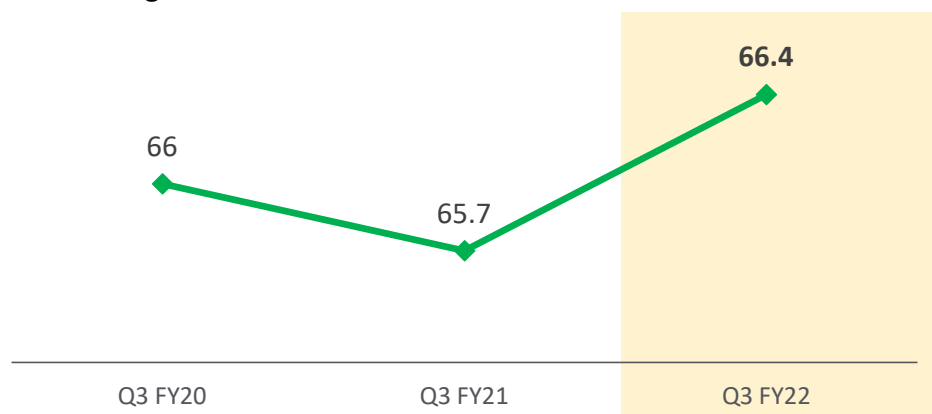


Gross Margins & ROM Recovery

| INR Mn | Q3 FY22 | Q3 FY21 | YoY Gr % |
|----------------------|---------|---------|----------|
| Gross Margins | 3,165 | 2,136 | 48.2% |
| % of Total Revenue | 66.4% | 65.7% | 67 bps |

Gross margin continued strong performance despite inflationary trends in certain commodities, on back of robust sales growth, mix and cost leadership

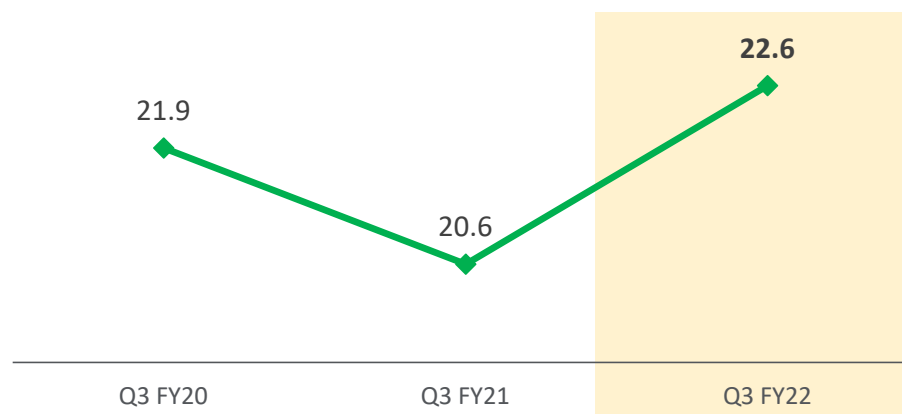
Gross Margin%



| INR Mn | Q3 FY22 | Q3 FY21 | YoY Gr % |
|--------------------|---------|---------|----------|
| RoM | 1,076 | 671 | 60.3% |
| % of Total Revenue | 22.6% | 20.6% | 192 bps |

Significant YoY jump in ROM to 22.6% for the quarter driven by strong gross margin performance, operating cost optimization and cost leadership initiatives

Restaurant Op. Margin%



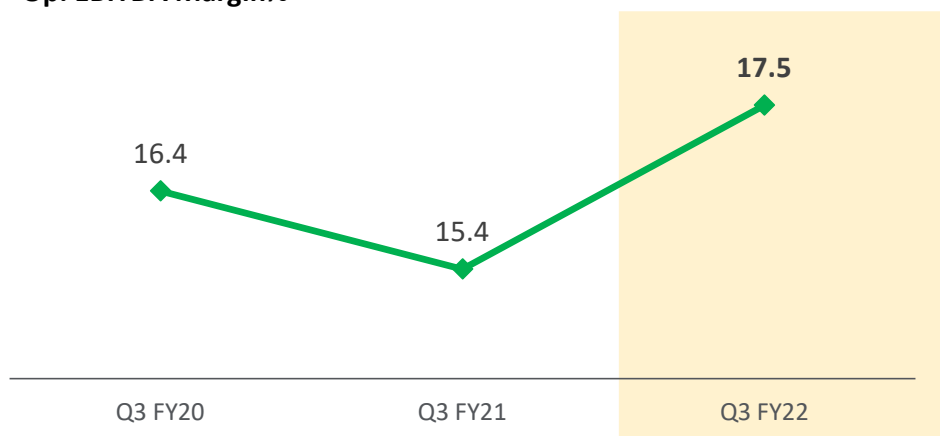
Note: Financial numbers are reported numbers including adjustments of IND AS 116

Profitability

| INR Mn | Q3 FY22 | Q3 FY21 | YoY Gr % |
|--------------------|---------|---------|----------|
| Op. EBITDA | 835 | 501 | 66.7% |
| % of Total Revenue | 17.5% | 15.4% | 210 bps |

Strong YoY improvement in EBITDA on back of **cost efficiencies in Utilities and M&R** which boosted margins for the Quarter

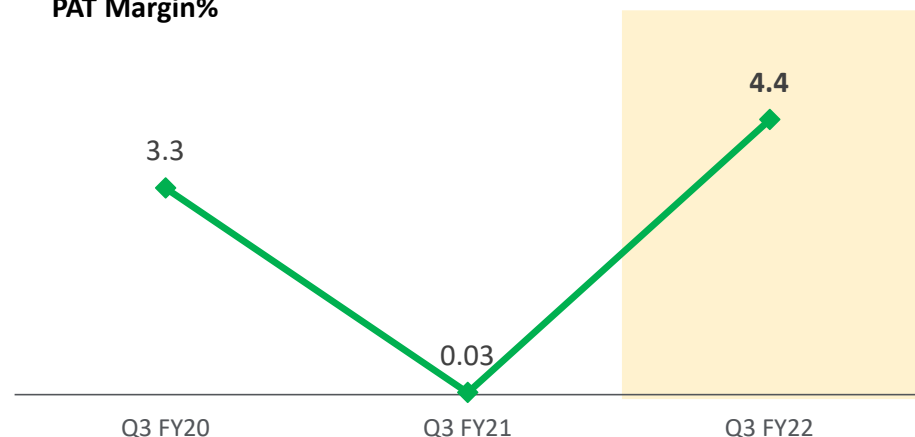
Op. EBITDA Margin%



| INR Mn | Q3 FY22 | Q3 FY21 | YoY Gr % |
|--------------------|---------|---------|----------|
| PAT | 208 | 1.1 | 18700% |
| % of Total Revenue | 4.4% | 0.03% | 433 bps |

Strong growth in PAT driven by **Op. EBITDA growth, fixed cost management**, leading to sustainable profitability

PAT Margin%



Note: Financial numbers are reported numbers including adjustments of IND AS 116; 2) Charts are not as per scale

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

Annexure

(Rs. in millions)

| Particulars | (A) Quarter ended Dec 31,2021 (Adjusted) | (B) Changes due to Ind AS 116 increase / (decrease) ** | (C) Quarter ended Dec 31,2021 (Reported) | (D) Quarter ended Dec 31,2020 (Adjusted) | (E) Changes due to Ind AS 116 increase / (decrease) ** | (F) Quarter ended Dec 31,2020 (Reported) | (A over D) YoY Growth (Adjusted) |
|---|---|--|---|---|--|---|--|
| Revenue | 4,768.27 | - | 4,768.27 | 3,250.57 | - | 3,250.57 | 46.69% |
| Occupancy and other operating expenses | 1,677.54 | -203.46 | 1,474.08 | 1,152.21 | -170.00 | 982.21 | 45.59% |
| Restaurant Operating Margin | 872.43 | 203.46 | 1,075.89 | 500.99 | 170.00 | 671.00 | 74.14% |
| General and Administration Expenses | 241.35 | - | 241.35 | 170.42 | - | 170.42 | 41.62% |
| Operating EBITDA | 631.03 | 203.46 | 834.49 | 330.57 | 170.00 | 500.57 | 90.89% |
| Other Income | -27.77 | -14.49 | -42.26 | -58.71 | -23.02 | -81.73 | -52.70% |
| Assets written off for closure / rebuild of restaurants | 40.60 | - | 40.60 | 63.02 | | 63.02 | -35.57% |
| Finance costs | 33.42 | 176.66 | 210.08 | 42.52 | 167.09 | 209.61 | -21.40% |
| Depreciation and amortisation expense | 212.79 | 134.73 | 347.52 | 216.24 | 133.82 | 350.06 | -1.59% |
| Loss before tax and exceptional items | 371.98 | -93.44 | 278.54 | 67.51 | -107.89 | -40.38 | 451.03% |
| Exceptional Items | - | - | - | -41.86 | - | -41.86 | -100.00% |
| Profit before tax | 372.03 | -93.44 | 278.59 | 109.37 | -107.89 | 1.48 | 240.17% |
| Deferred tax | 93.24 | -22.86 | 70.38 | 27.49 | -27.12 | 0.37 | 239.22% |
| Income tax | - | - | - | - | - | - | 0.00% |
| Profit after tax | 278.79 | -70.58 | 208.21 | 81.88 | -80.77 | 1.11 | 240.49% |
| Other Comprehensive income (net of tax) | 4.85 | - | 4.85 | 0.72 | - | 0.72 | 568.85% |
| Total Comprehensive Income | 273.94 | -70.58 | 203.36 | 81.15 | -80.77 | 0.38 | 237.56% |
| ** adjustments arising out of Ind AS 116 | | | | | | | |