

Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q1 FY2019 Earnings Update

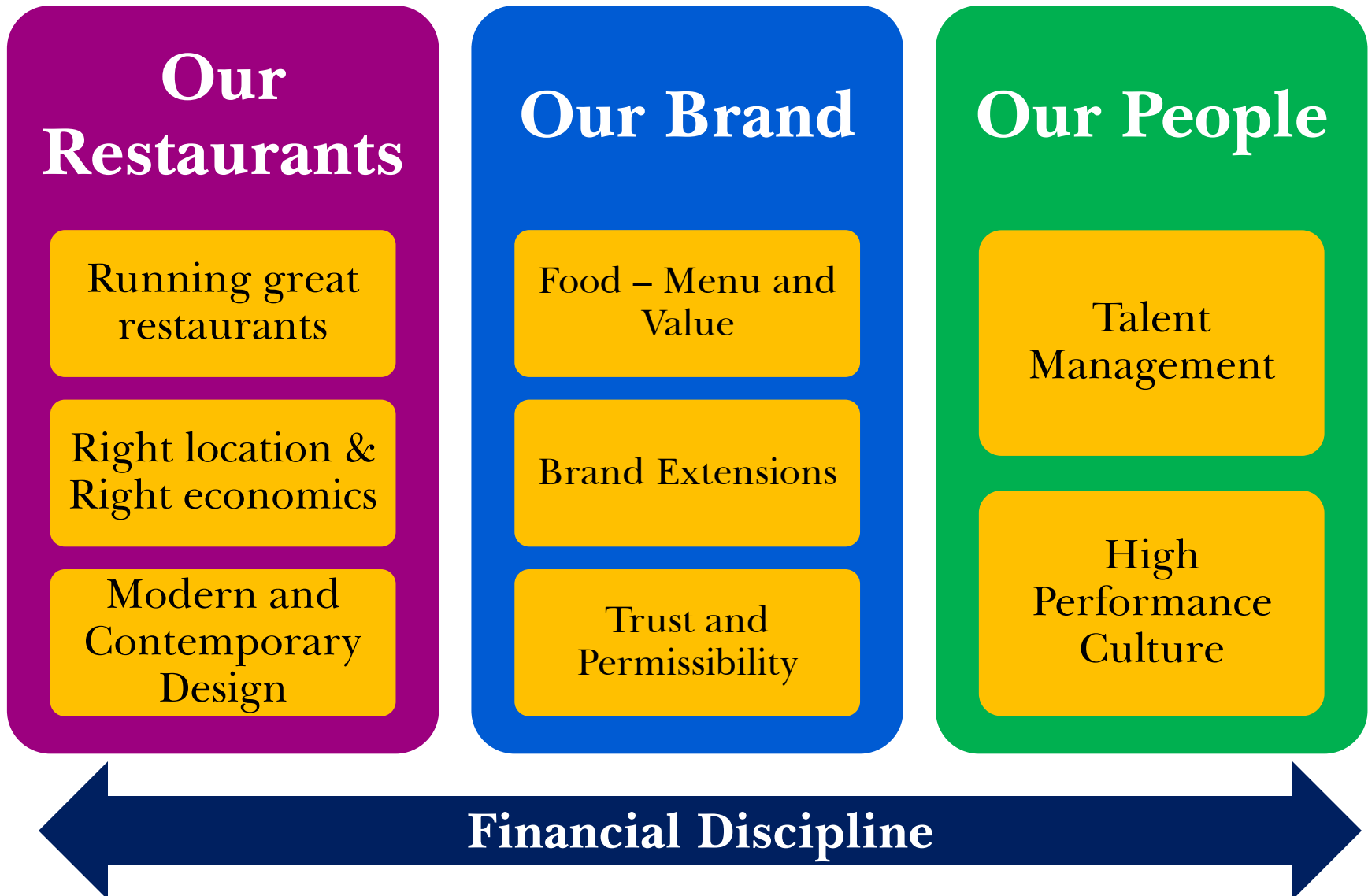
July 27, 2018

Disclaimer



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Strategic Levers



Q1 FY2019 Results & Highlights

GROW MARKET SHARE & MARGIN



Sales at **INR 3,416.8 Mn**;
strong sales growth of **30.2%**

RoM improvement by **500 bps** Y-o-Y to **15.6%**

Double digit Op. EBITDA
margins; up **440 bps** Y-o-Y
at **10.4%**

Highest ever quarterly profit
in over 6-years; Q1 PAT at
INR 116.2 Mn

GROW BASELINE SALES



Strong SSSG
performance for 3-
years in a row; Q1
FY19 comps at **24.1%**

New value platform :
McSaver Combos
McCafé : Fruit Splash
McDelivery : Strong
growth continues

BROADENING ACCESSIBILITY OF BRAND McDONALD'S



281 restaurants;
4 new additions
during the quarter

Presence in 38 cities

OUR RESTAURANTS

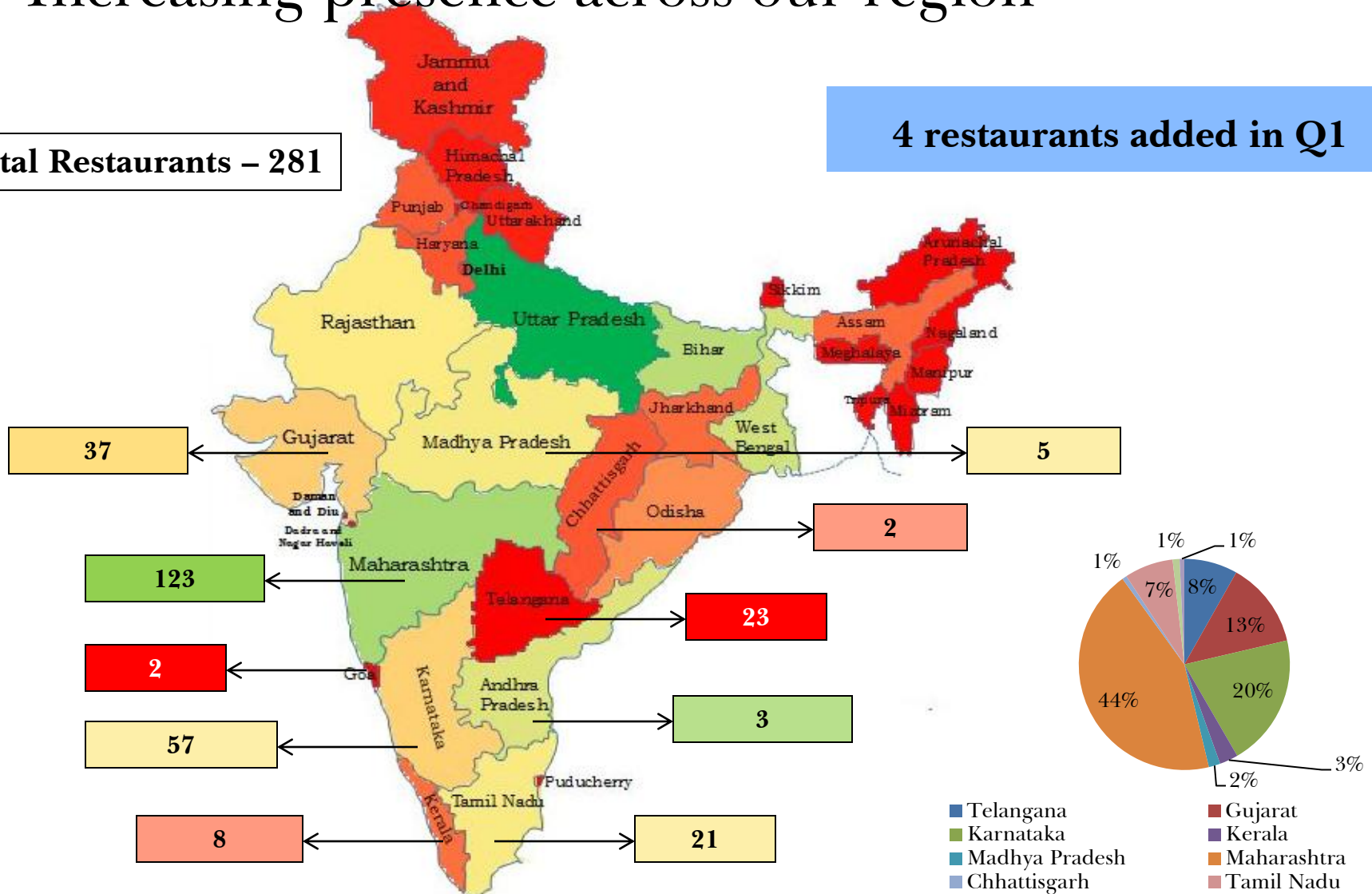
**Broadening Accessibility Of
Brand McDonald's**

Our Restaurants

Increasing presence across our region

Total Restaurants – 281

4 restaurants added in Q1



Our Restaurants

Modern & contemporary design

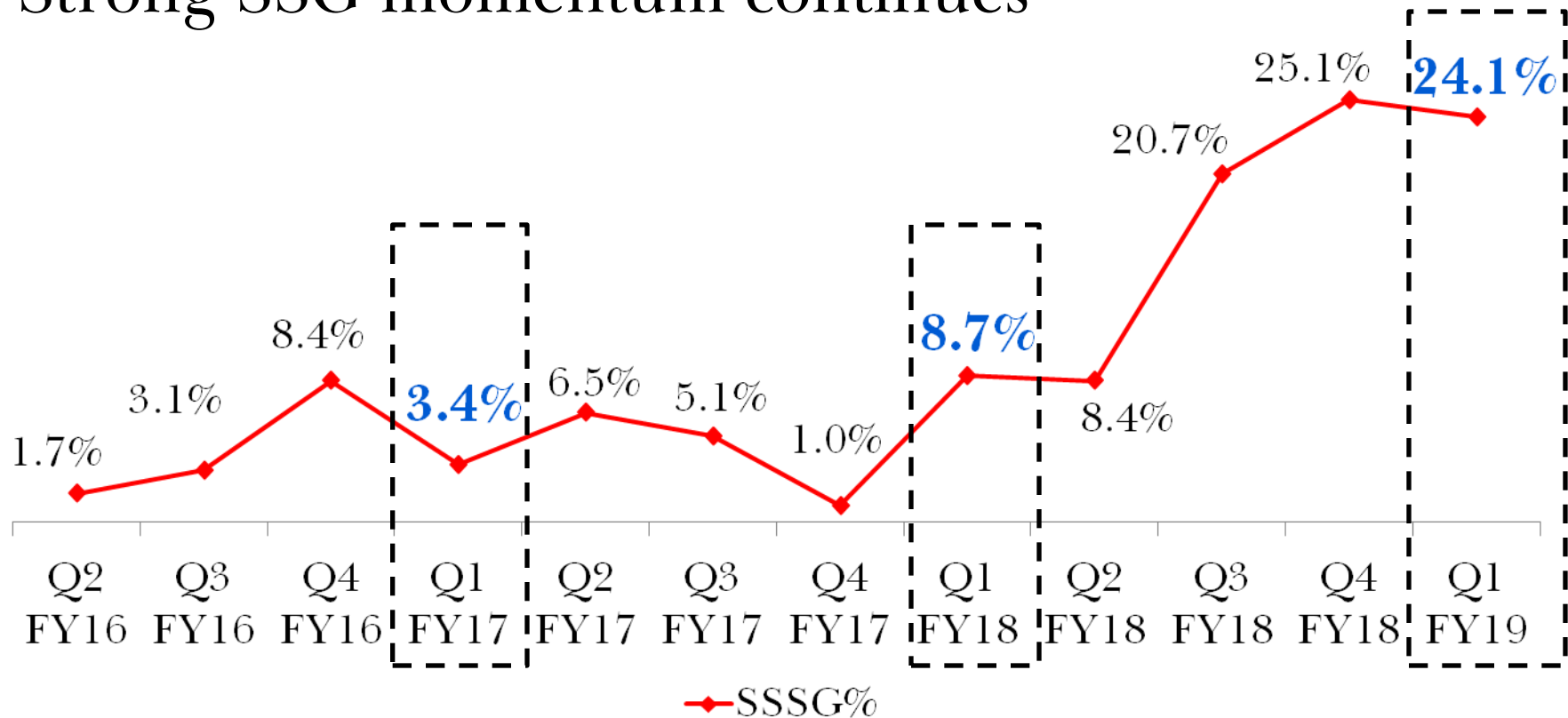


OUR BRAND

Grow Baseline Sales

Our Brand

Strong SSG momentum continues

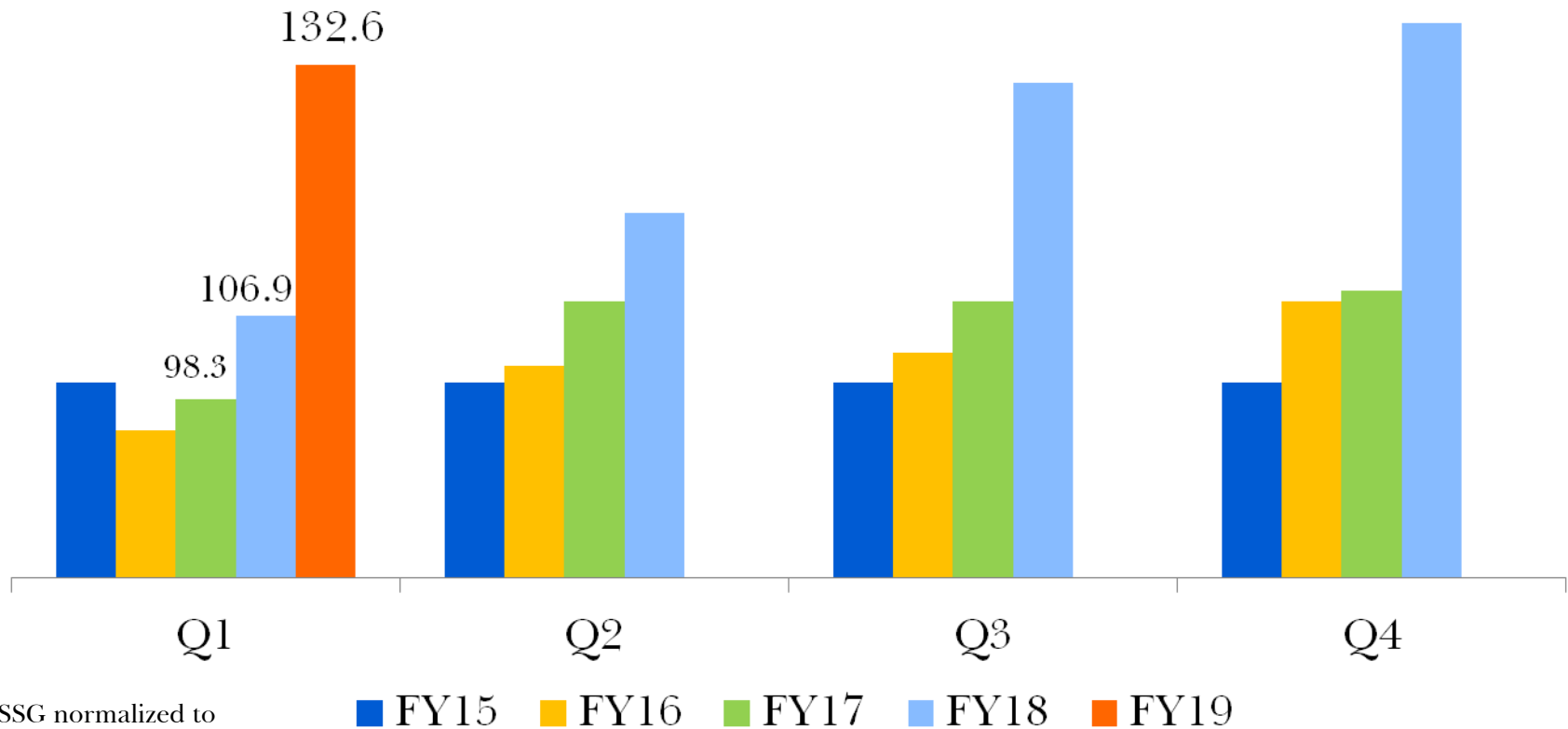


Strong SSG trend continued at the back of footfalls across restaurants, new value offering & significant growth across brand extensions

Our Brand



Leading to strengthening of baseline



Sustained momentum in same store sales resulted in higher average sales per restaurant (AUV) & operational profitability

Our Brand

Growing baselines sales through Menu



- Introduction of new value platform – McSaver Combos at attractive pricing
- Strengthened everyday value brand positioning
- More choice and flexibility for consumers

Our Brand

Growing baselines sales through *McCafé*



- New offering for the summers – Fruit Splash in two local flavours
- 156 McCafé's as of Q1; added 7 McCafé's during the quarter
- Target to have 180-190 McCafé's by FY19E

Our Brand

Growing baseline sales through



- MDS continues to be grow at a rapid pace delivering very strong growth numbers M-o-M
- Our digital assets & third-party aggregators continue to have significant contribution



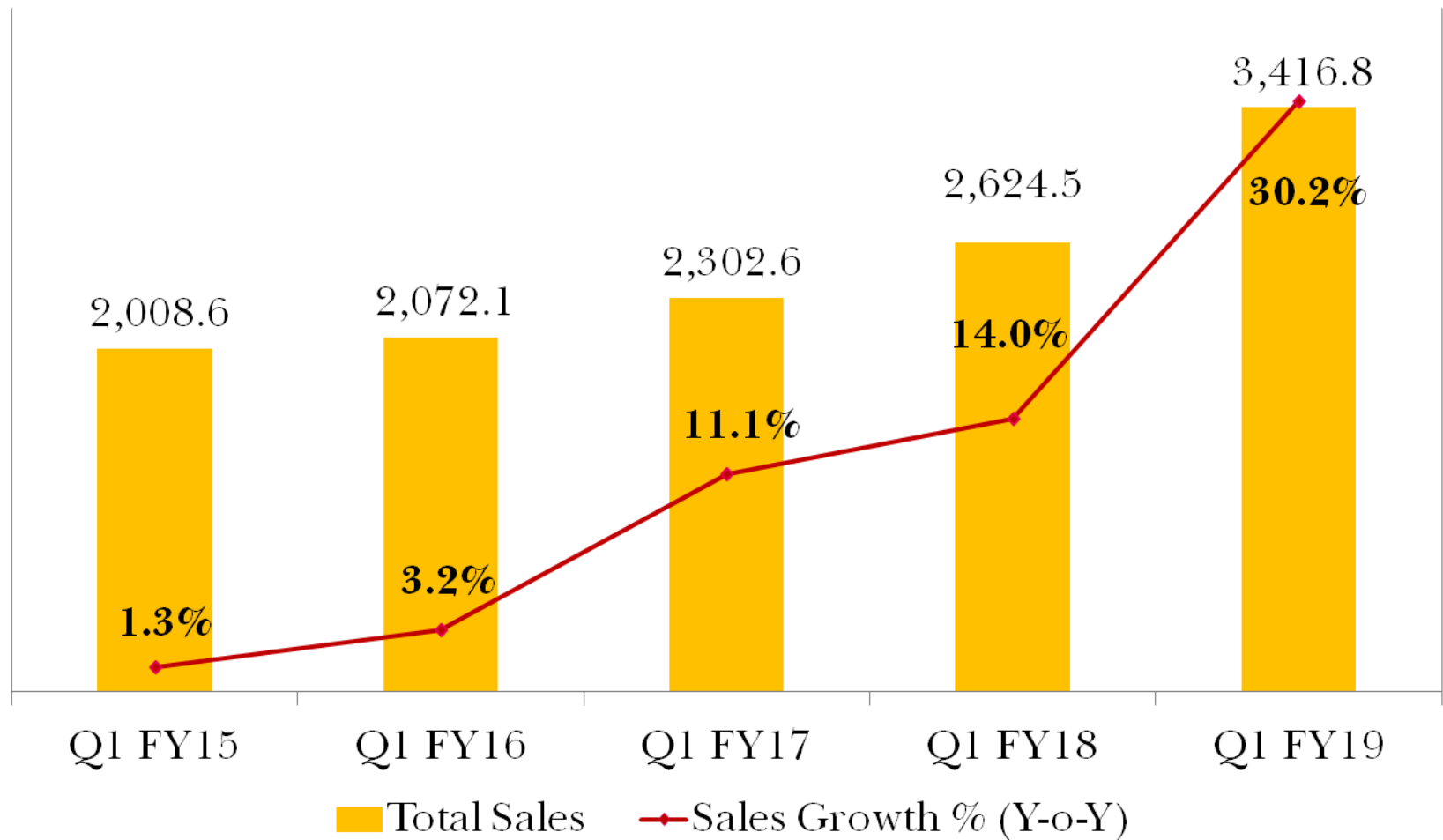
FINANCIAL DISCIPLINE

Grow Market Share & Margins

Financial Discipline

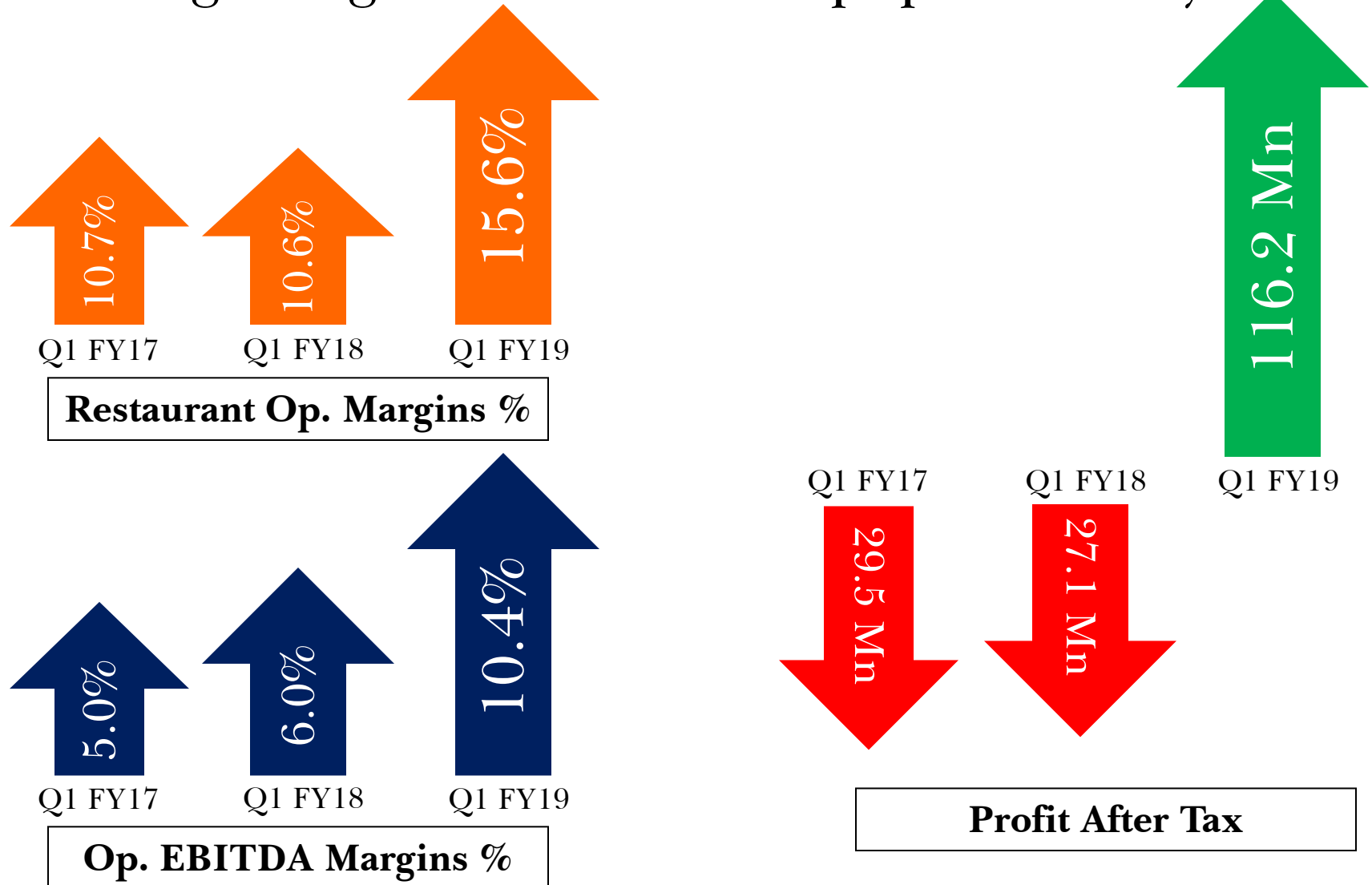
Robust sales growth trajectory

Figures in INR Mn



Financial Discipline

Leading to significant shift in op. profitability



FINANCIAL PERFORMANCE DISCUSSION

Financial Performance Discussion

As per IGAAP

INR Mn	Q1 FY19	Q1 FY18	Growth
Total Sales	3,416.8	2,624.5	30.2%

- Increase in sales due to
 - Continued strong trend in same store sales growth leading it to 3-year in succession
 - Increased footfalls across the restaurants
 - Revamp of value platform as ‘McSaver Combos’
 - Brand extensions (like McCafé, MDS etc.) continues to strengthen sales contribution
 - EOTF & modernization initiatives aiding enhanced customer experience
 - New restaurants performance encouraging

Financial Performance Discussion

As per IGAAP

INR Mn	Q1 FY19	Q1 FY18
Gross Margins	2,188.0	1,591.4
% of Total Sales	64.0%	60.6%

- Higher gross margins primarily on account of
 - Continued improvement around product mix through brand extensions (McCafé and MDS) and footfalls driven by renewed value platform

INR Mn	Q1 FY19	Q1 FY18	Growth
RoM	532.2	277.6	91.7%
% of Total Sales	15.6%	10.6%	

- Huge improvement in Restaurant operating margins (RoM) due to
 - Significant operating leverage led by higher SSSG
 - Consistent growth in gross margins
 - Gains across utilities & labour costs
 - Partially offset by increase in costs due to denial of ITC

Financial Performance Discussion

As per IGAAP

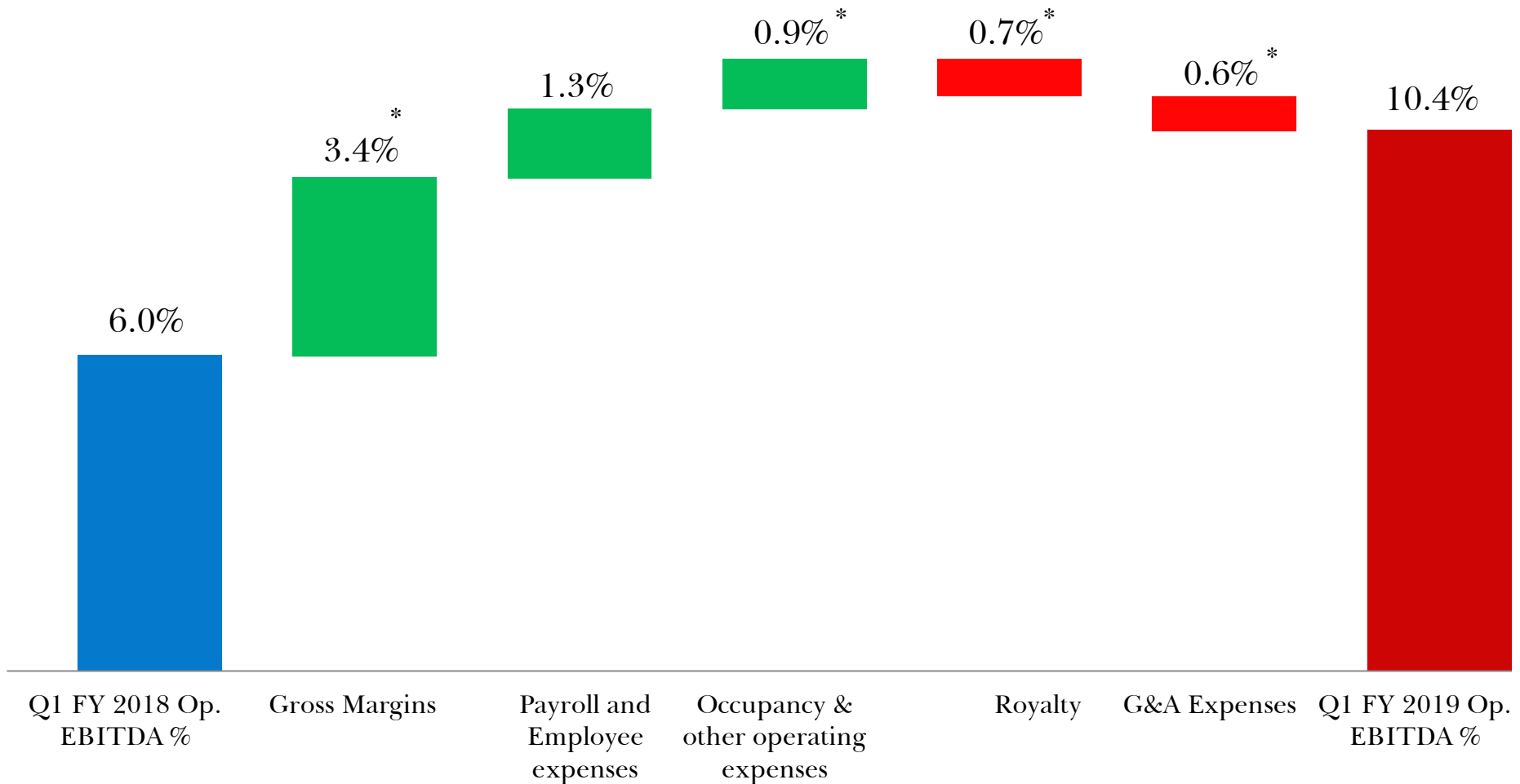
INR Mn	Q1 FY19	Q1 FY18	Growth
Op. EBITDA	354.9	158.4	124.0%
% of Total Sales	10.4%	6.0%	

- Significant EBITDA margins expansion on account of
 - Improvement in RoM and operating leverage

INR Mn	Q1 FY19	Q1 FY18
PAT	116.2	(27.1)
% of Total Sales	3.4%	-

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

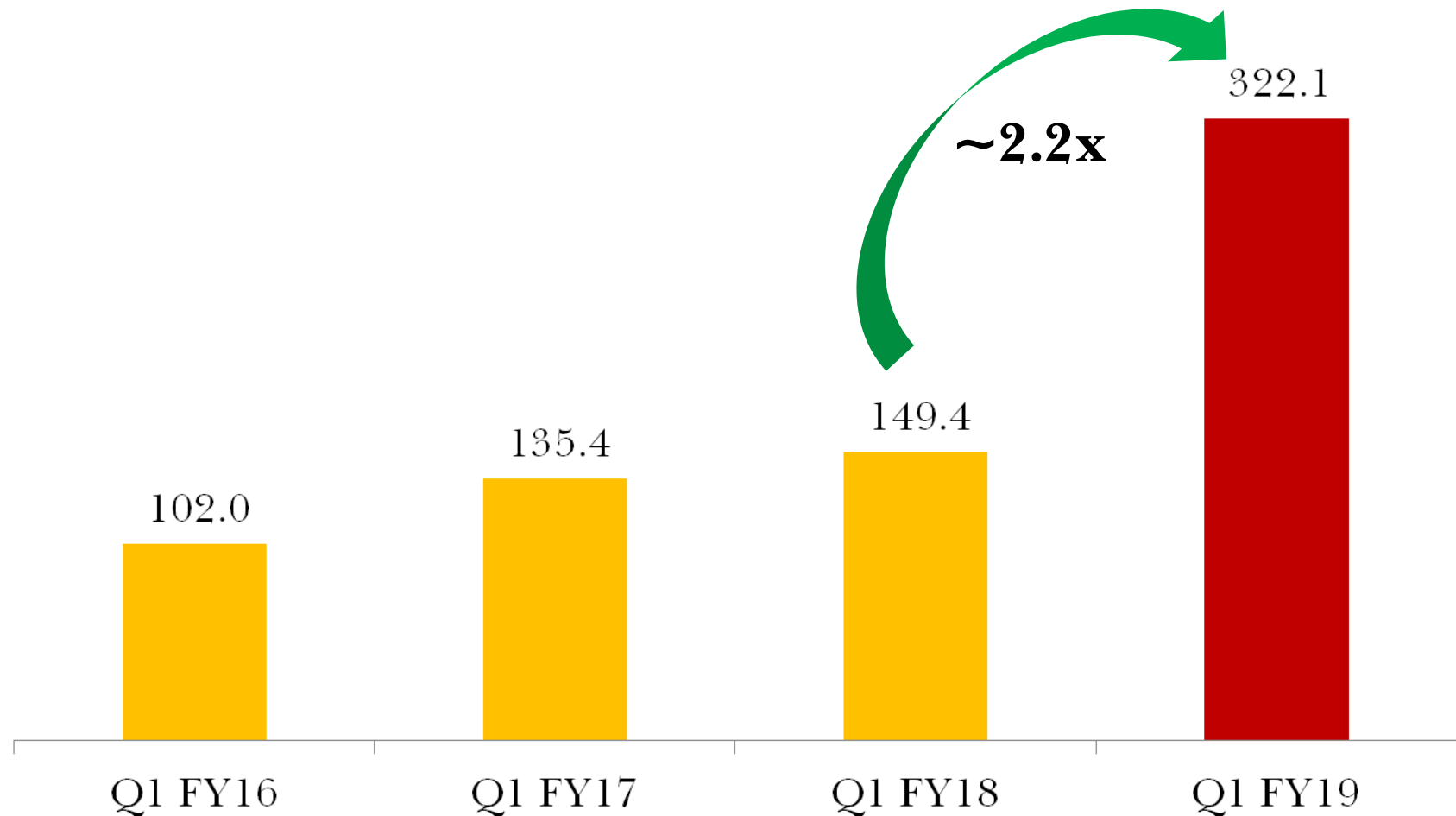
Operating EBITDA bridge



* Full-quarter impact of withdrawal of input-tax credit (ITC)

Strong cash flow growth

Q1 FY19 cash-profit > 35% of FY18



Figures in INR Mn

Outlook for FY19



Sales Growth

- Macro tailwinds continue to be encouraging
- 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