Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q3 FY2018 Earnings Update

Feb 5, 2018

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Four Strategic Levers

Broadening Accessibility

- Growing the restaurant footprint
- Business unit economics
- Market planning

Growing Baseline Sales

- Value
- Menu
- Brand extensions
- Re-imaging & restaurant experience

Margin Expansion

- Gross Margin
- Operating leverage

Growth through People

- Training, learning & development

Key Messages for FY18

- Growth remains a key priority
- Continued focus on brand extensions
- Significant menu innovation & platform based approach
- Drive operational & sustainable profitability

Q3 FY2018 Results & Highlights

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Total sales stand at INR 3,051.9 Mn; strong sales growth of 26.2%

SSSG at record high of 20.7%; continues significant industry outperformance

Gross margins improved by ~265 bps; largely driven by product mix

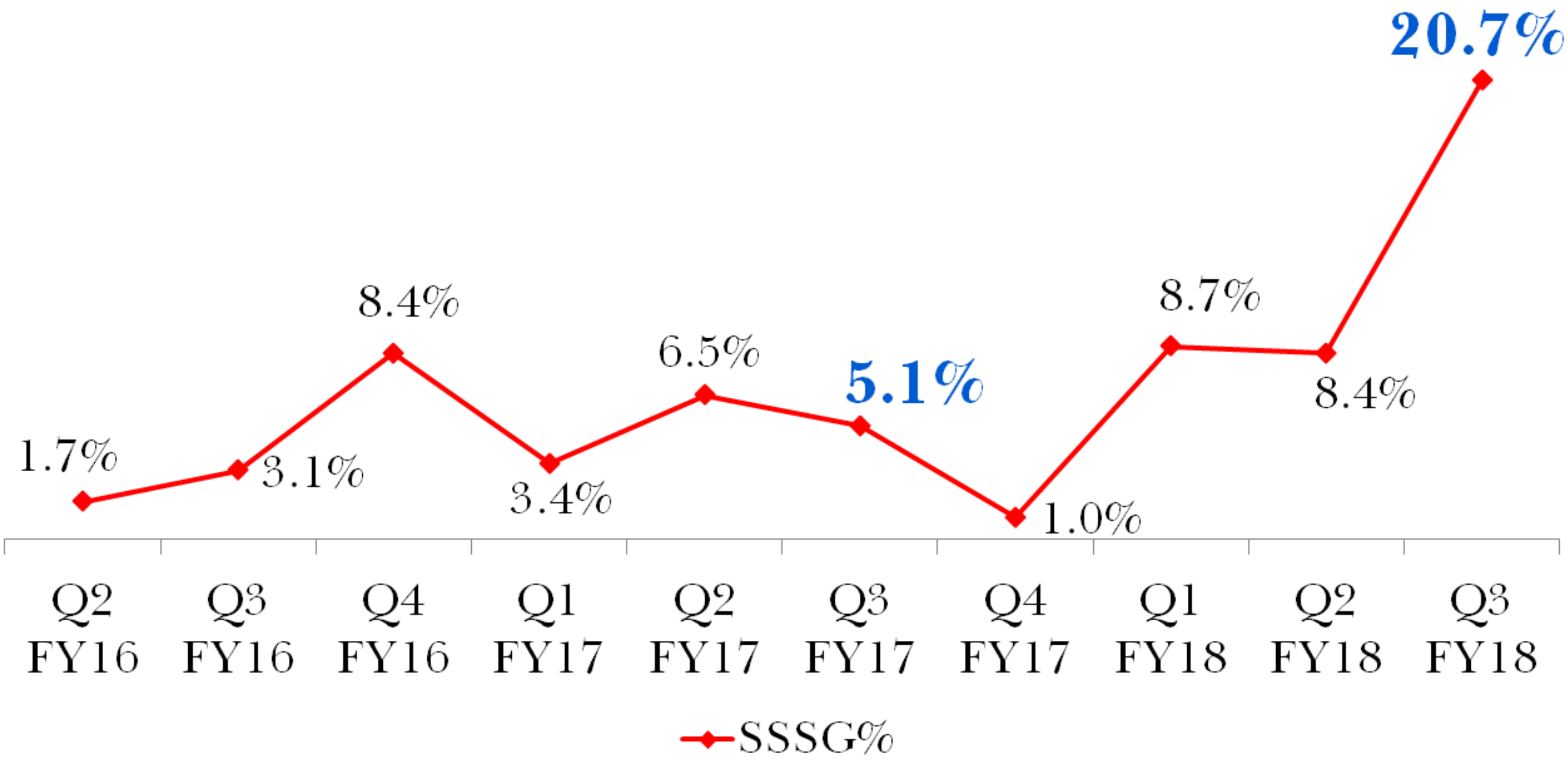
Op. EBITDA expansion of ~280 bps Y-o-Y to 8.6%; led by operating leverage

PAT margin at 2.5%; PAT of INR 77.5 Mn

Cash profit increased by 82.1% compared to Q3 FY17

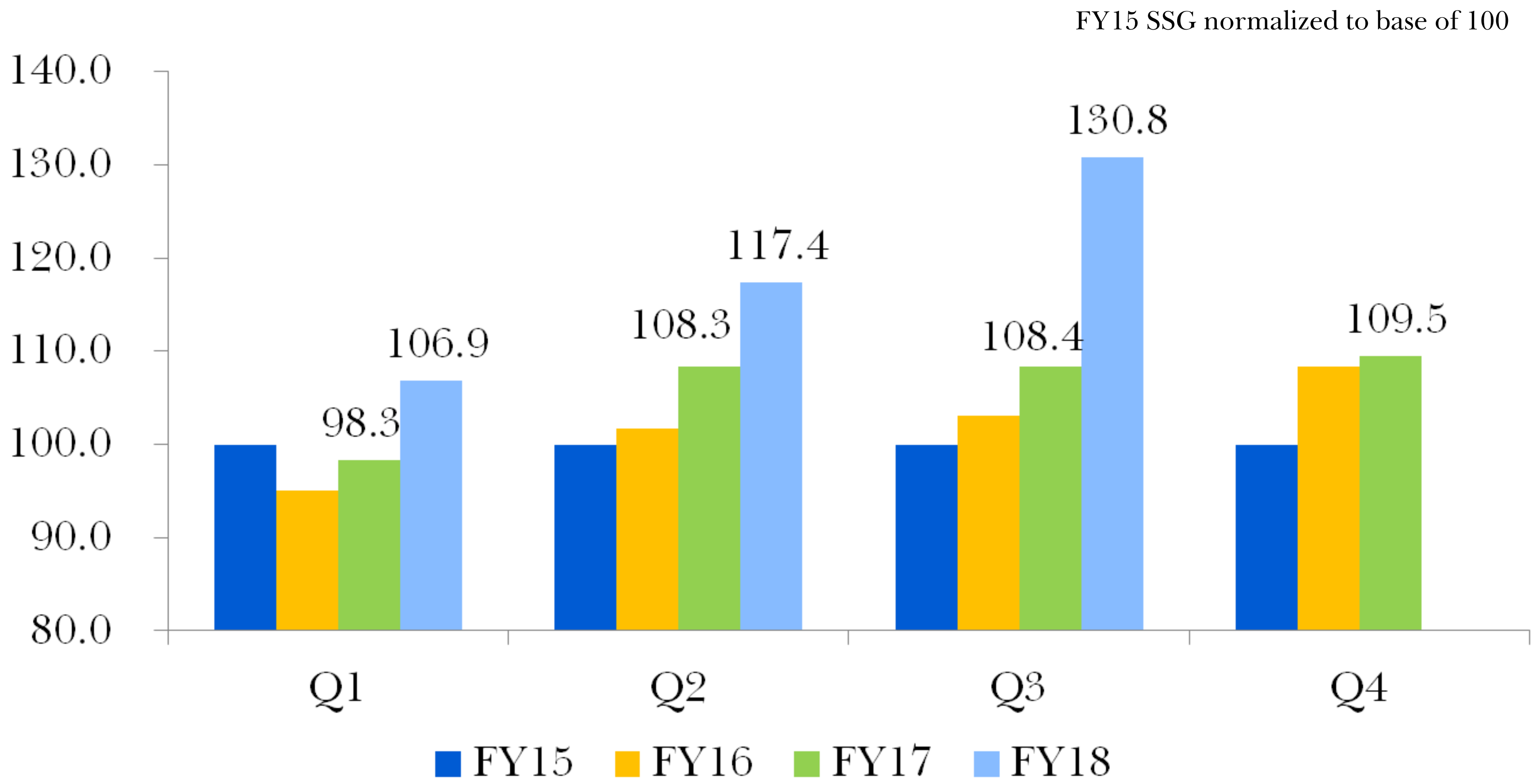
SALES GROWTH & DRIVERS

Same store sales growth trend



SSSG at 21-quarters high; strongly aided by higher footfalls, consumer led menu innovation, everyday value platform & brand extensions

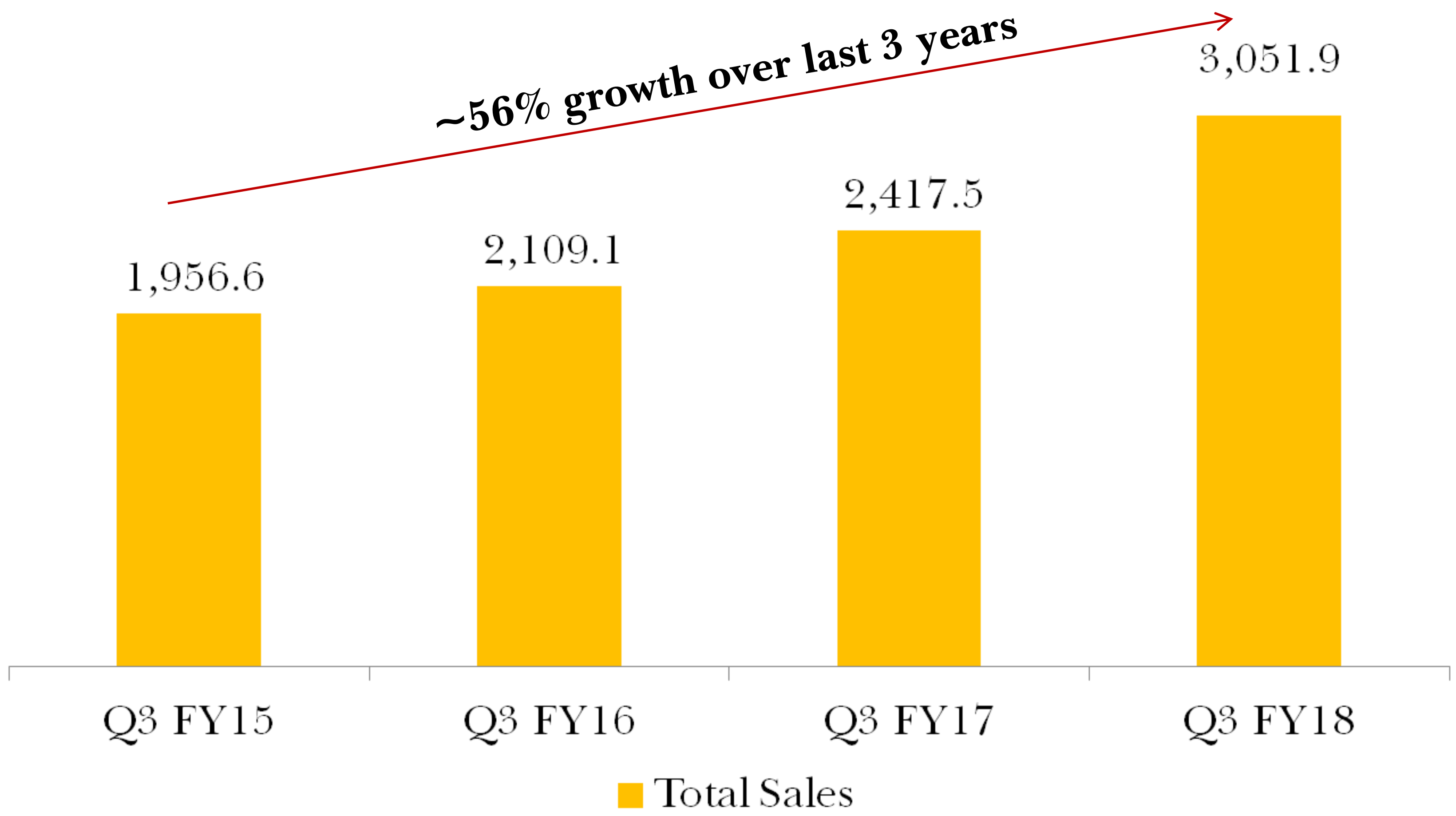
Strong growth in baseline sales



Consistent compounding growth in same store sales resulting in higher average sales per restaurant & better profitability

Organic Sales Growth

Figures in INR Mn



Factors contributing to growth

Menu

- Introduction of Chatpata Naan; new platform driven by consumer feedback drove significant footfalls
- First time ever – 12 products launched together to provide huge variety to consumers
- Continued momentum around Happy Price Combos ('everyday value') drove significant results

Factors contributing to growth

McCafé

- Above-the-line (ATL) campaign driving strong awareness
- Significant margin lever; big driver of promix improvement & sales growth
- 141 McCafé's as of Q3; added 5 McCafé's during the quarter
- Achieved target to have 140-150 McCafé's by FY18E

Factors contributing to growth

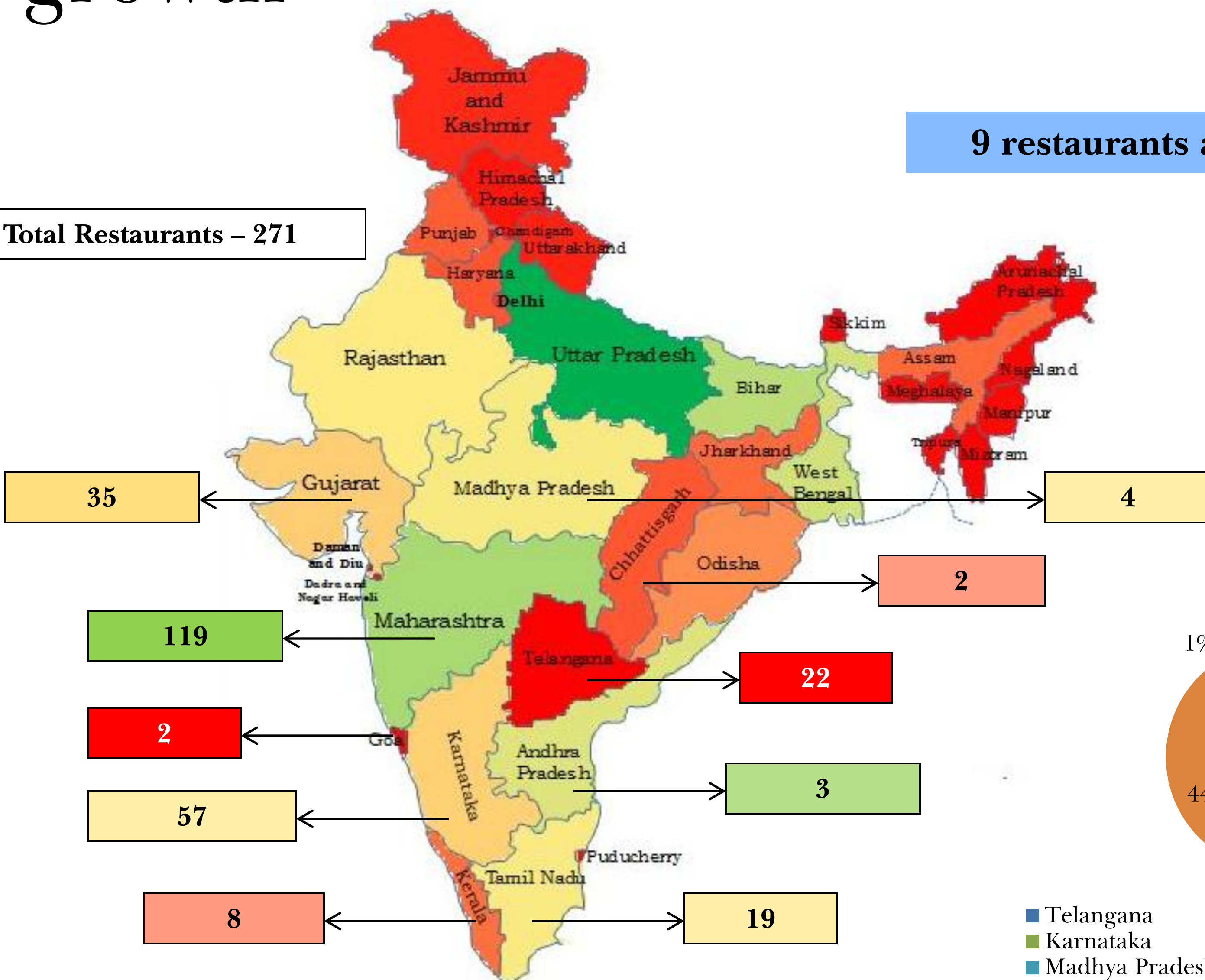
- MDS continues to be strong sales growth engine through mix of existing restaurants and addition of new hubs

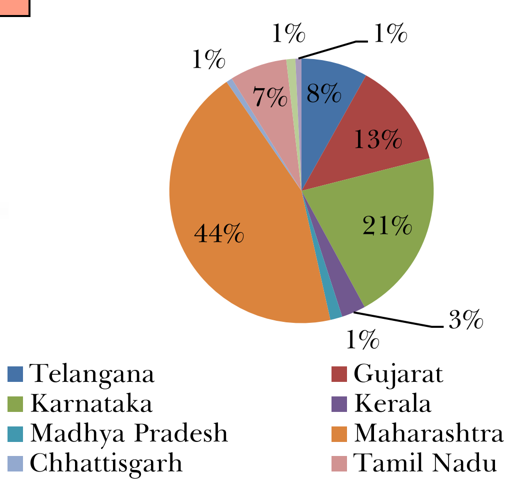
- Tie-up with food aggregators continue to be significantly accretive to P&L

Restaurant footprint driving sales growth

9 restaurants added in Q3

Total Restaurants – 271





FINANCIAL PERFORMANCE DISCUSSION

Financial performance summary

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As per IGAAP

INR Mn	Q3 FY18	Q3 FY17	Growth	YTD FY18	YTD FY17	Growth
Total Sales	3,051.9	2,417.5	**26.2%**	8,321.8	7,059.0	**17.9%**

- Increase in sales largely led by
  - Highest same store sales growth in 21-quarters
  - Increased footfalls across the restaurants due to menu innovation and variety to consumers
  - Continued momentum around 'everyday value' (through Happy Price Combos)
  - Significant contribution from brand extensions (like McCafé, MDS etc.)
  - Re-imaging of existing restaurants & EOTF
  - New restaurants continue to perform as per plan

Financial performance summary

As per IGAAP

INR Mn	Q3 FY18	Q3 FY17	YTD FY18	YTD FY17
Gross Margins	1,924.5	1,460.4	5,175.1	4,267.5
% of Total Sales	63.1%	60.4%	62.2%	60.5%

- Higher gross margins primarily on account of
  - Strong product mix improvement led by brand extensions (McCafé and MDS), menu innovation driven by Flavours without Borders campaign & everyday value platform

INR Mn	Q3 FY18	Q3 FY17	YTD FY18	YTD FY17
RoM	460.4	290.9	1,086.4	788.4
% of Total Sales	15.1%	12.0%	13.1%	11.2%

- Significant improvement in Restaurant operating margins (RoM) due to
  - Operating leverage led by higher SSSG
  - Consistent growth in gross margins
  - ROP 2.0 led efficiencies across utilities & labour costs
  - Partially offset by increase in costs due to denial of ITC

Financial performance summary

As per IGAAP

INR Mn	Q3 FY18	Q3 FY17	YTD FY18	YTD FY17
Op. EBITDA	263.5	140.6	623.3	381.6
% of Total Sales	8.6%	5.8%	7.5%	5.4%

- High operating EBITDA margins expansion on account of
  - Improvement in RoM
  - Slightly offset by increased G&A expenses

INR Mn	Q3 FY18	Q3 FY17	YTD FY18	YTD FY17
PAT	77.5	(17.1)	62.5	(79.7)
% of Total Sales	2.5%	-	0.7%	-

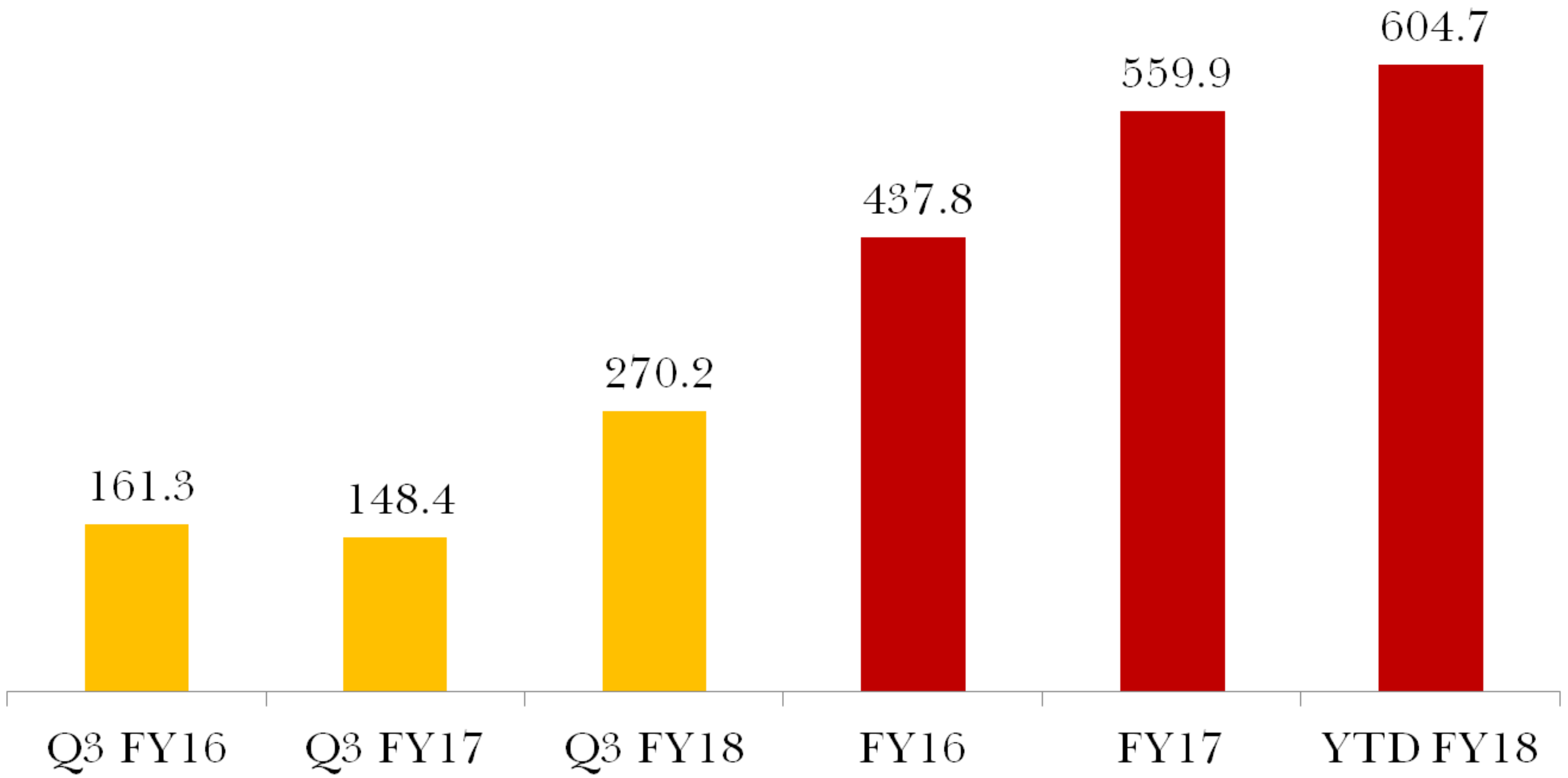
- Improvement in PAT margins led by
  - Stable depreciation on account of ROP 2.0 based restaurants coupled with operational profitability

Operating EBITDA bridge

* Impacted by withdrawal of input-tax credit (ITC)

Sharper focus on profitability and operating leverage driving gains

YTD FY18 cash-profit generation more than FY17



Figures in INR Mn

Outlook for FY18

Sales Growth

- Add 25-30 restaurants in FY18
- Confident of delivering double-digit SSG
- Brand extensions remains key lever; expansion in existing restaurants to continue
- Menu innovation & brand differentiation to continue

Profitability

- SSSG to aid operating margin expansion
- Sharper focus remains on profitable growth
- ROP 2.0 restaurants continue to impact overall P&L positively
- Optimizing opportunity via continuous evaluation of restaurant portfolio

Continued focus on creating shareholder value

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