

Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

Q4 & FY2017 Earnings Update May 12, 2017

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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

FY17

Organic growth
outperforming
the industry
growth rate

Solid progress
against our
strategic levers
and driving
average sales
per restaurant

FY18

Growth remains
a key priority

Continued
focus on driving
operating &
sustainable
profitability

FY2017 Results & Highlights



Total sales stand
at INR 9,308 Mn

Sales growth
stood at 11.7%
in FY17

Same store sales
growth at 4.0%;
SSSG stood at
1% in Q4 FY17

Gross margins
continue to
expand – 60.7%
vs. 60.0% in
FY16

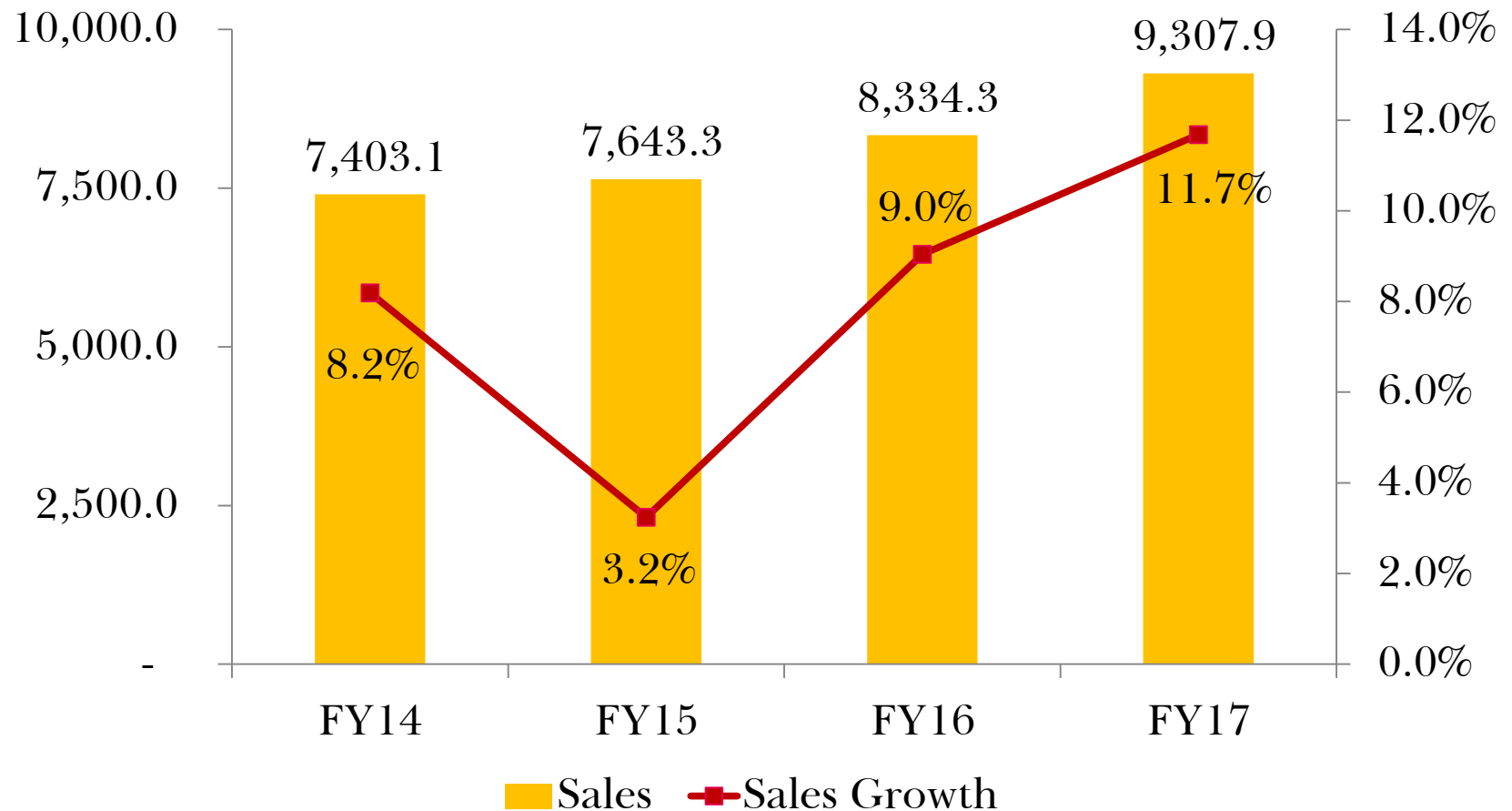
Op. EBITDA
margins at 5.3%
vs. 5.9% in FY16

Cash profit
increased by
27.9% compared
to FY16*

* Normalized to account for one-off credit recognized in FY16

SALES GROWTH & DRIVERS

Organic Sales Growth

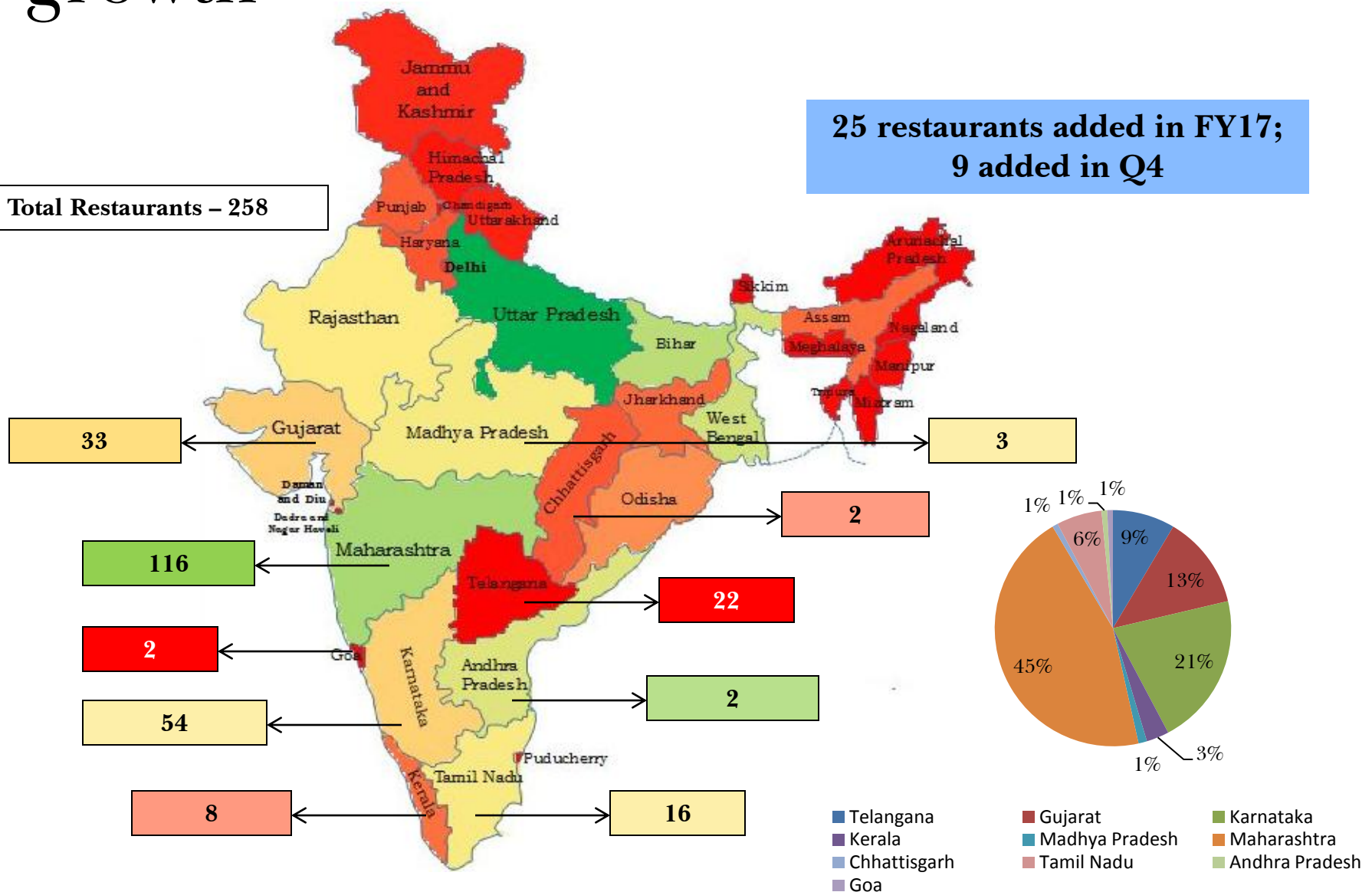


Figures in INR Mn

Restaurant footprint driving sales growth

Total Restaurants – 258

25 restaurants added in FY17;
9 added in Q4



Factors contributing to growth



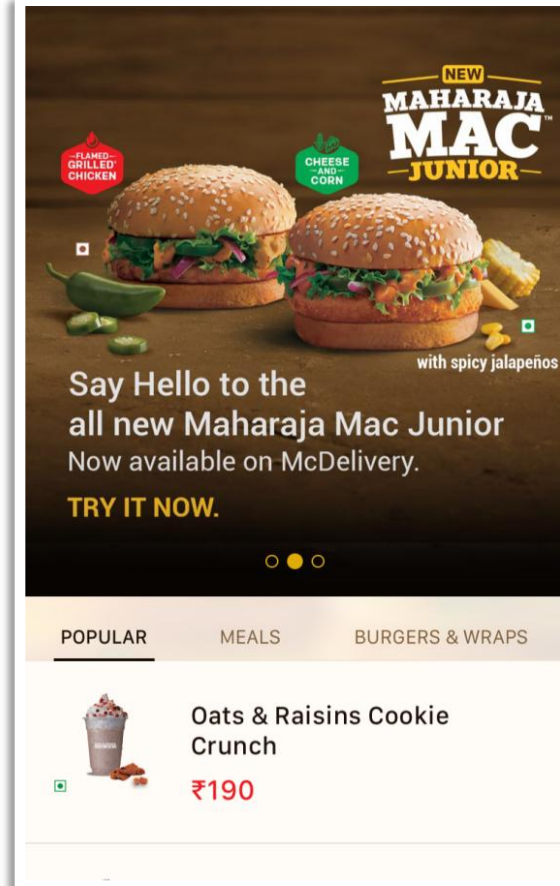
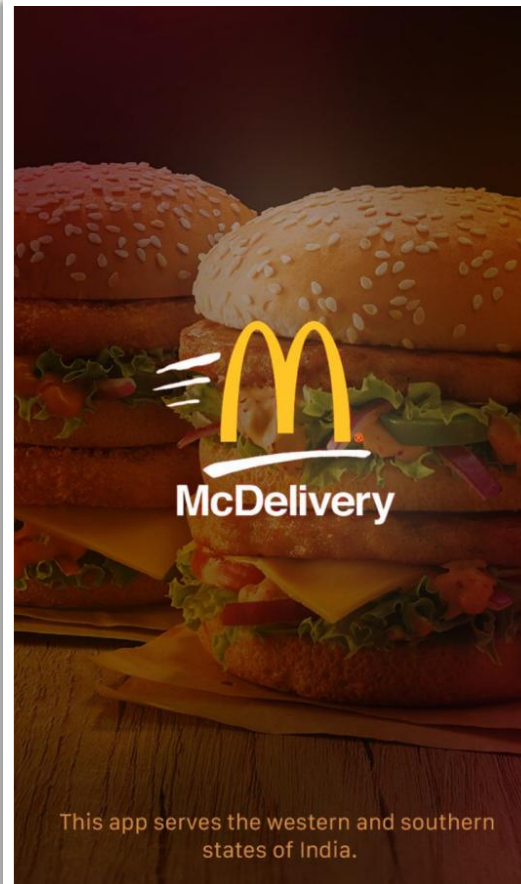
- 111 McCafé's as of FY17
- Overall McCafé sales grew by **2.25x** in last 12 months
- Growth in average sales per day per restaurant more than **30%** in FY17



Factors contributing to growth



- Upgraded mobile app with more functionalities & better user-interface
- 148 MDS hubs as of FY17
- Sales growth of ~25% in FY17



Factors contributing to growth

Menu

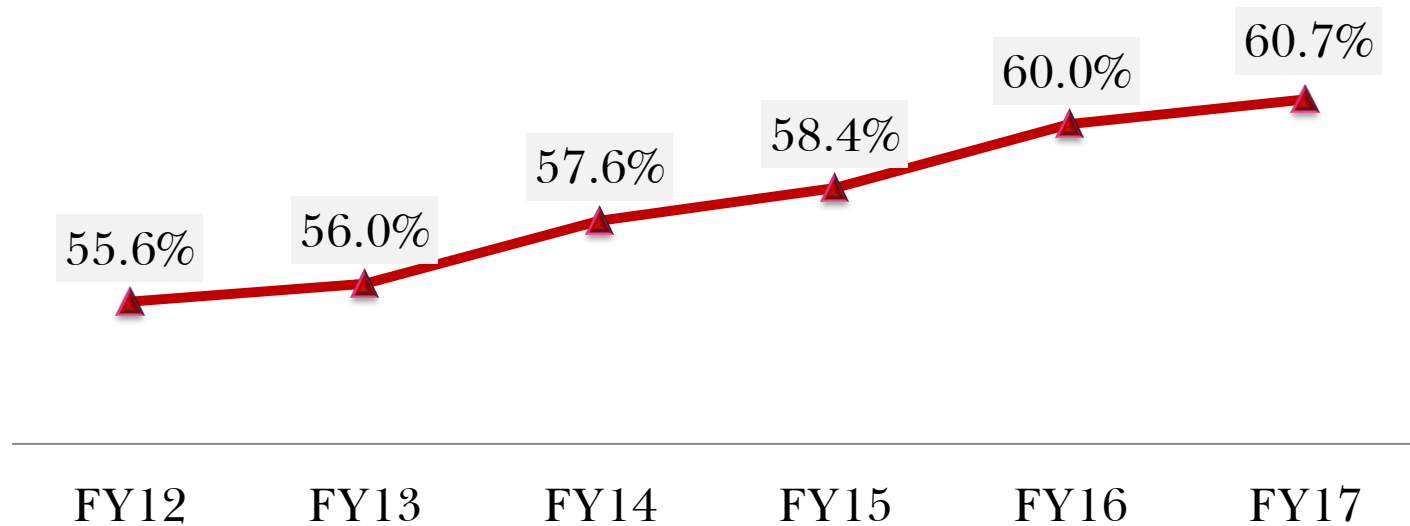
- Strengthened various product platforms during the year
- Strong menu pipeline augurs well for future growth



OPERATIONAL PROFITABILITY

Gross margin evolution

Largely driven by efficient product mix management



Steps towards better operational & sustainable profitability

Led by highly encouraging progress around ROP 2.0

- Majority of new restaurants achieved cash-flow breakeven
- Basket of ROP 2.0 restaurants contributed to positive cash-flow in FY17



FINANCIAL PERFORMANCE DISCUSSION

Financial performance summary



INR Mn	Q4 FY17	Q4 FY16	Growth	FY17	FY16	Growth
Total Sales	2,248.9	2,126.2	5.8%	9,307.9	8,334.3	11.7%

- Increase in sales largely led by
 - Positive comparable sales
 - Addition of new restaurants
 - Higher contribution by brand extensions

INR Mn	Q4 FY17	Q4 FY16	FY17	FY16
Gross Margins	1,379.3	1,294.5	5,646.7	5,004.4
% of Total Sales	61.3%	60.9%	60.7%	60.0%

- Gross margins expansion primarily on account of
 - Better product mix management driven by McCafé, product line extensions & new menu innovation

Financial performance summary



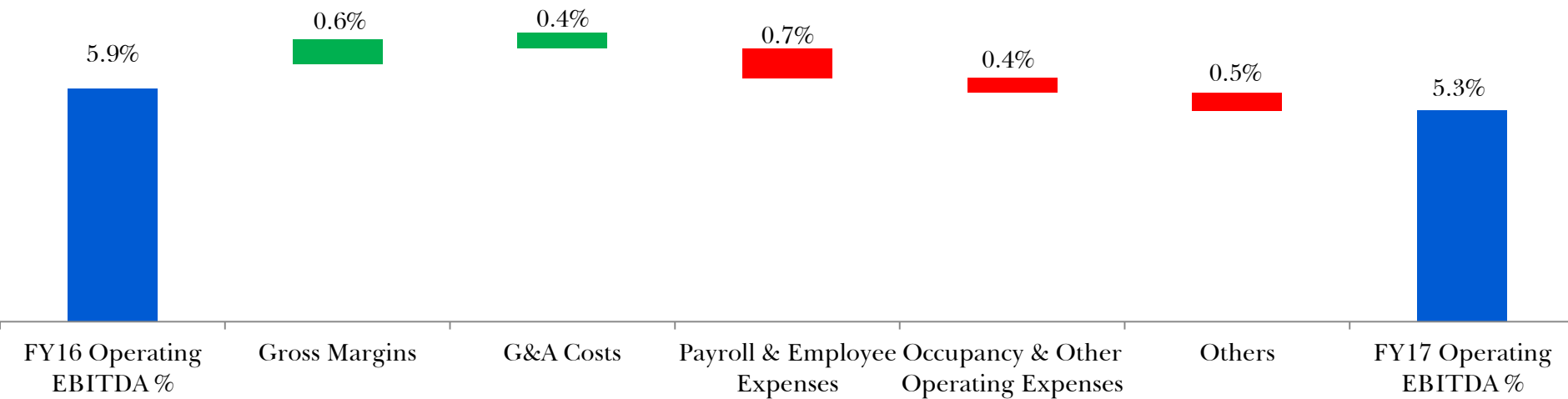
INR Mn	Q4 FY17	Q4 FY16	FY17	FY16
RoM	233.8	276.2	1,022.2	994.5
% of Total Sales	10.4%	13.0%	11.0%	11.9%

- Restaurant operating margins (RoM) lower due to
 - Higher payroll & employee expenses due to minimum wage impact
 - Higher advertising costs on account of conscious investments in brand marketing
 - Slightly offset by gross margin expansion & ROP 2.0 led efficiencies

INR Mn	Q4 FY17	Q4 FY16	FY17	FY16
Op. EBITDA	113.5	118.6	495.0	487.7
% of Total Sales	5.0%	5.6%	5.3%	5.9%

- Operating EBITDA margins impacted on account of
 - Lower restaurant operating margins
 - Partially offset by stable G&A costs

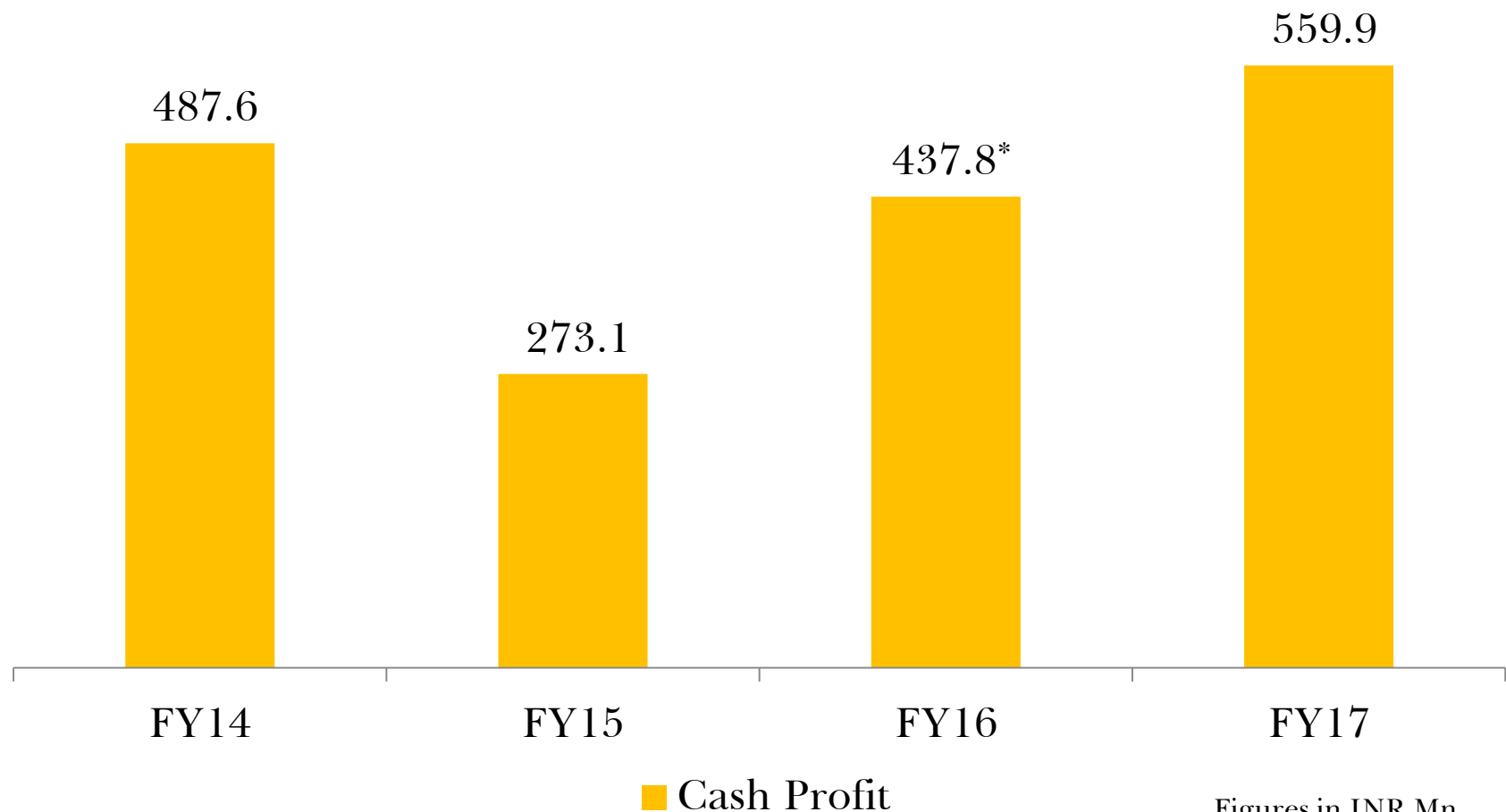
Operating EBITDA bridge



Continued focus on better cash-profit generation



Led by encouraging progress around ROP 2.0



Figures in INR Mn

* FY16 number is normalized to account for one-off credit recognized

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Brand differentiation led growth

Innovation & Menu

- Launched first 'Experience of the Future' restaurant
- Sharper focus around driving convenience & delivering superior customer experience
- Offering contemporary menu choices to consumers – soups, salads, whole wheat wraps etc.



Brand differentiation led growth



Innovation & Brand extension

- Revamped entire breakfast menu
- Potential to become a strong future sales growth driver
- Huge competitive advantage to be only branded QSR player to operate in this segment



Agenda for FY18 & beyond



Sales Growth

- Add 25-30 restaurants in FY18
- Brand extensions penetration to persist; remains key lever
- Menu innovation & brand differentiation to continue

Profitability

- Sharper focus remains on profitable growth
- ROP 2.0 restaurants progress encouraging
- Optimizing opportunity via continuous evaluation of restaurant portfolio

Committed to generate significant shareholder returns

IR Contact

For additional information:

Ankit Arora

Investor Relations

(+91.22) 4913.5306

ankit.arora@mcdonaldsindia.com

www.westlife.co.in