

Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

Q2 FY17 Earnings Update Oct 28, 2016

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Four Strategic Levers

Broadening Accessibility

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

Growing Baseline Sales

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

Margin Expansion

- Gross Margin
- Operating leverage

Growth through People

- Training, learning & development
- Strong people processes

Q2 FY2017 Results & Highlights



Financial Performance

- Comparable sales (SSSG) at 6.5%; drives five consecutive quarters of positive SSSG
- Total restaurants at 245; added 3 restaurants in Q2; Y-o-Y revenue growth of 15.6%
- Gross margin at 60.5%; expansion of ~90 bps Y-o-Y
- RoM at 10.7%; Operating EBITDA flat Y-o-Y at 5.4%
- Cash profit improved by 60%+ Y-o-Y

Menu & Brand Extensions

- Launched international flavours of McAloo Tikki – Lebanese & Chinese along with Mexican Cheesy Fries
- McCafé & McDelivery continue to be robust growth drivers

Broadening Accessibility



**Brand penetration
...driving consumer accessibility**

New Restaurants

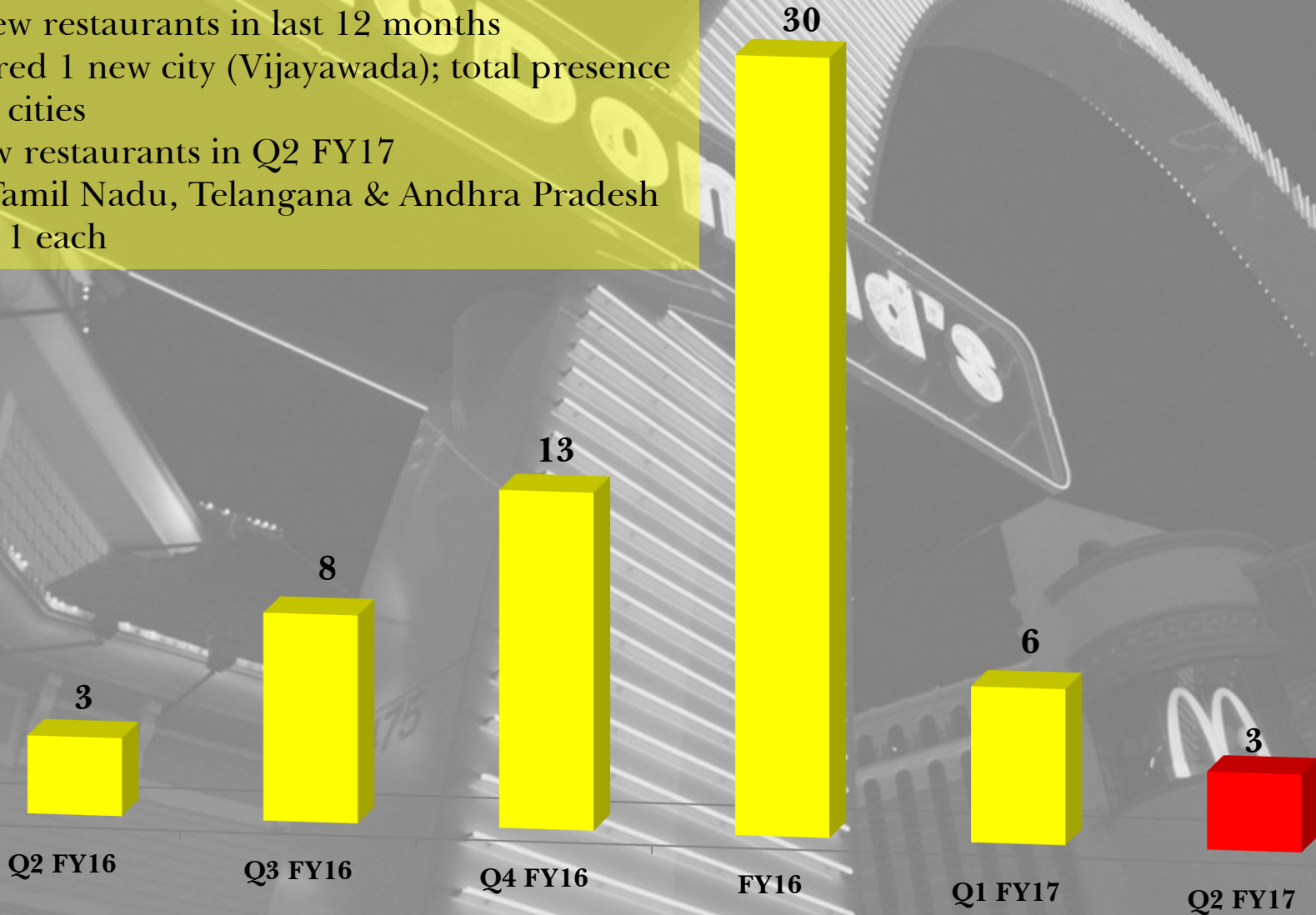




Broadening Accessibility

Restaurant Openings

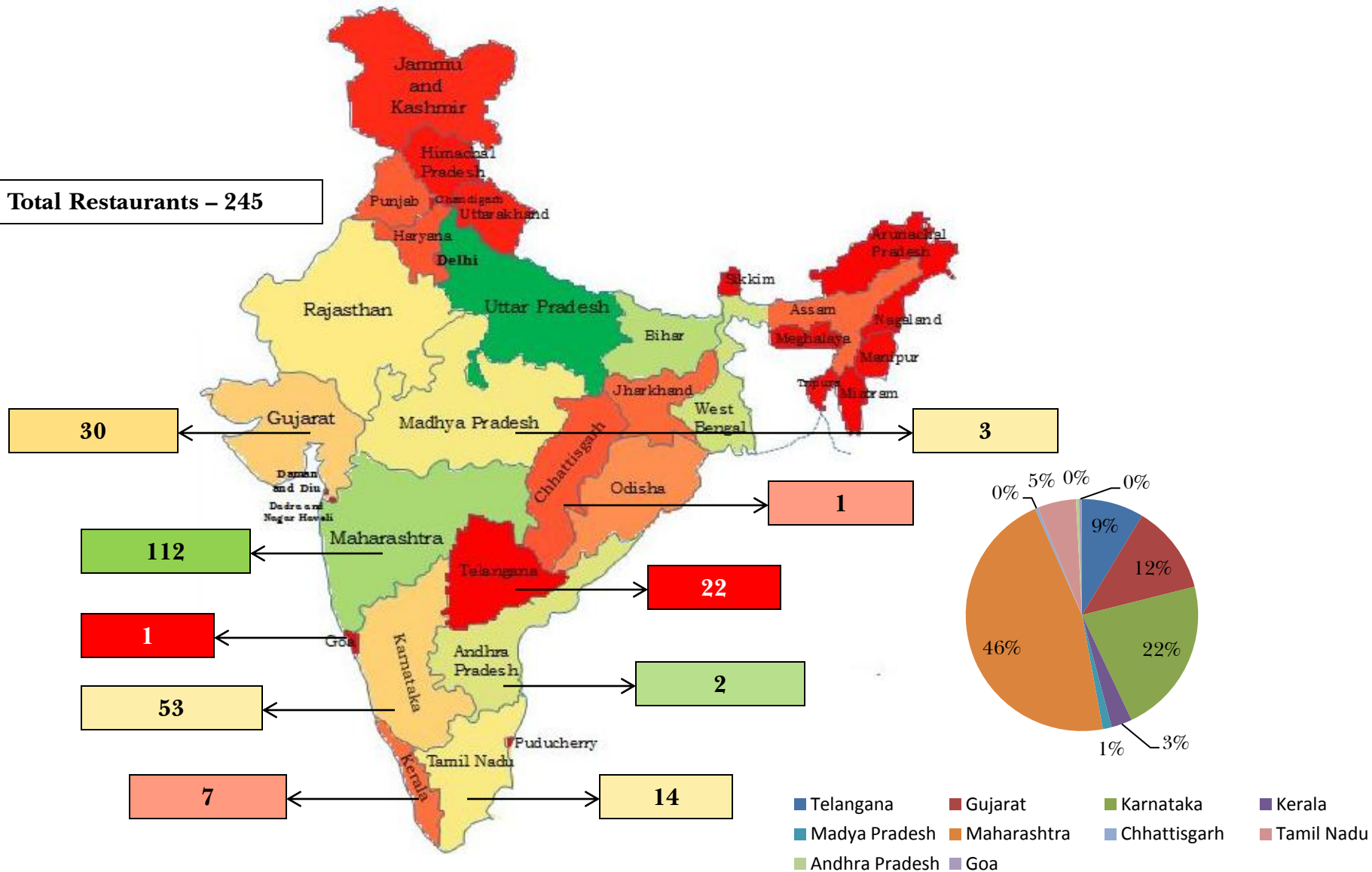
- 30 new restaurants in last 12 months
- Entered 1 new city (Vijayawada); total presence in 33 cities
- 3 new restaurants in Q2 FY17
 - Tamil Nadu, Telangana & Andhra Pradesh – 1 each



Broadening Accessibility

Region-wise Presence – Q2 FY17

Total Restaurants – 245



Broadening Accessibility

Continue to strengthen the **FOUNDATION**



Opened **30**
restaurants over
last 12 months;
total restaurants
at 245

Restaurants
opened on ROP
2.0 delivering
strong results;
reduction in
drag
encouraging

Growing Baseline Sales

Value

Menu

**Brand
Extensions**

Growing Baseline Salesthrough Value & Menu

**GOOD NEWS THAT
TASTES DELICIOUS.**

Topped with a lip-smacking
salsa sauce and cheese,
the world's best fries have become
even more irresistible.

**We're introducing two new
international flavours of McAlloo Tikki.**



**Strengthened value & affordability platform through
international flavors LTOs – Lebanese & Chinese McAlloo Tikki
with Mexican cheesy Fries**

Growing Baseline Salesthrough Brand Extensions

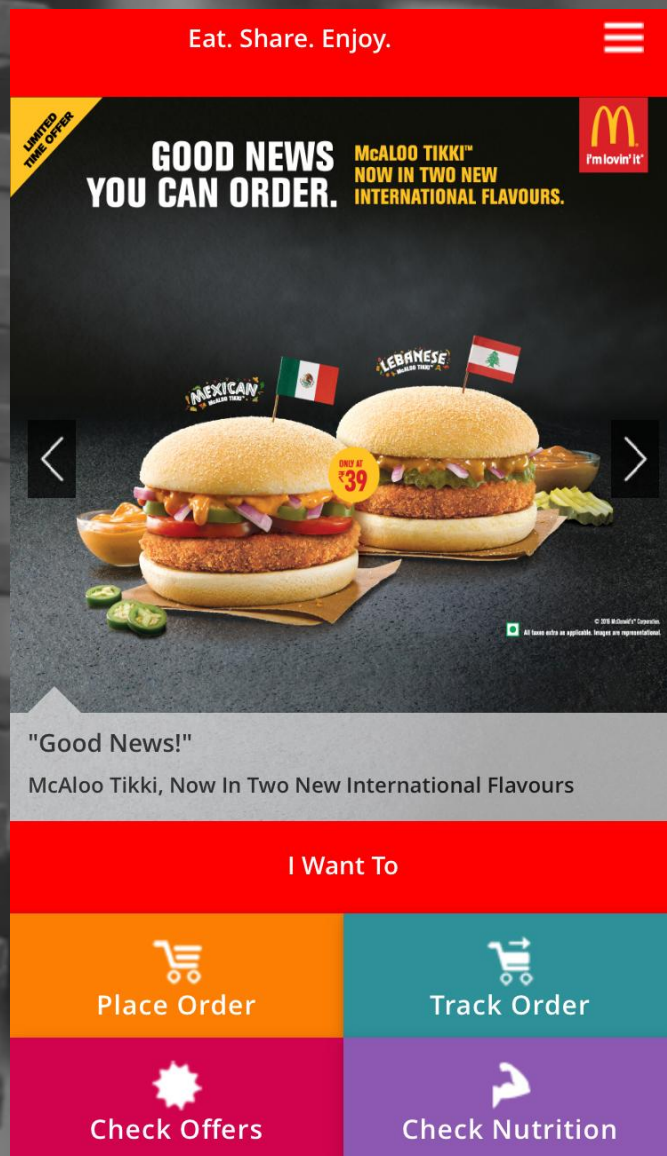




Total of 93
McCafé's as of Q1

On track to meet
our guidance of
110-130 McCafé's
by FY17E

**Strong traction in existing restaurants led by
addition of McCafé + re-imaging initiatives**



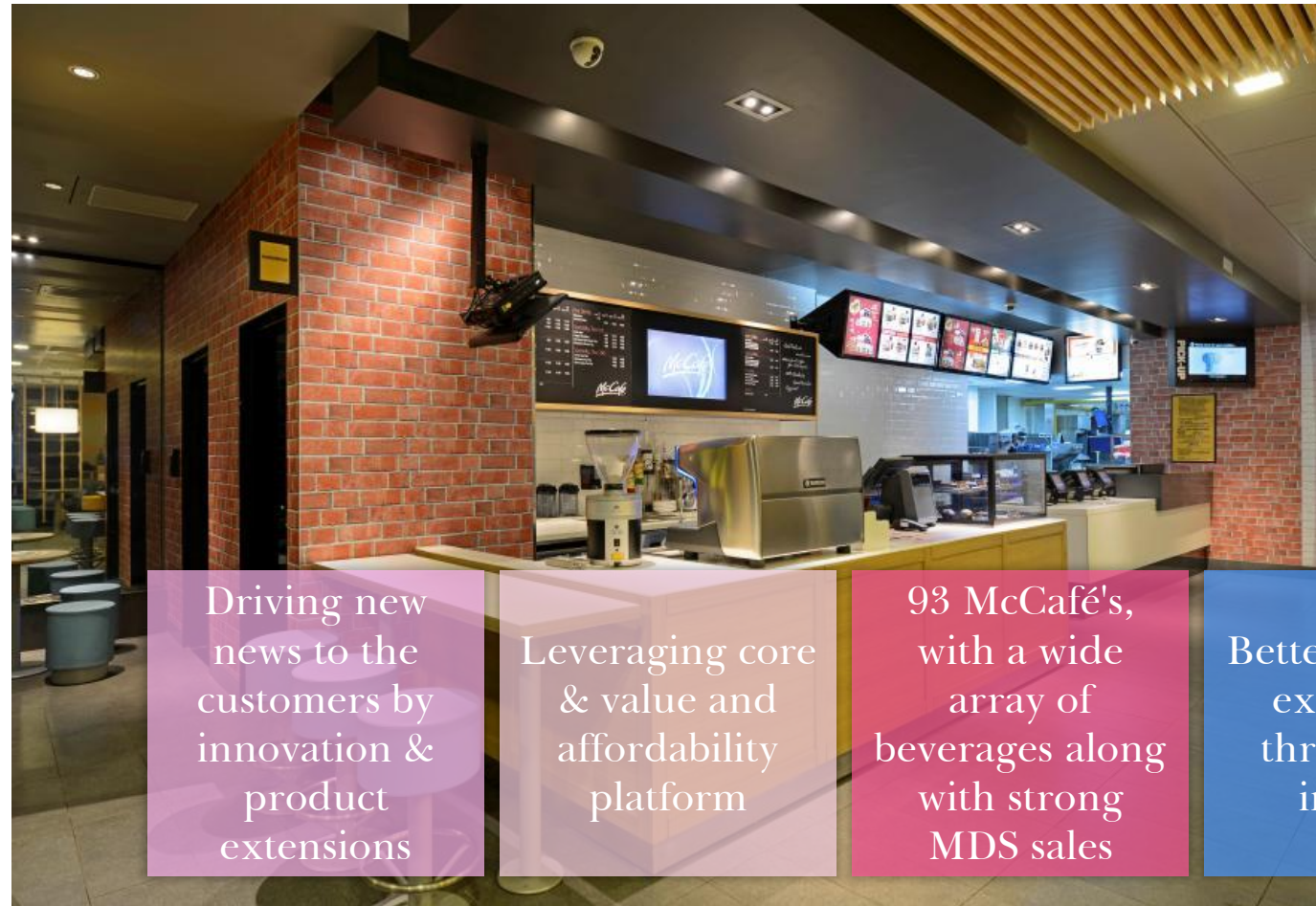
Consistently
delivering positive
business results over
the web & mobile
platforms

Driving investments
around convenience
to deliver enhanced
customer experience

**McDelivery (MDS) continues to be robust sales growth
driver**

Growing baseline Sales

In Q2, baseline sales continued to **GROW**



Driving new news to the customers by innovation & product extensions

Leveraging core & value and affordability platform

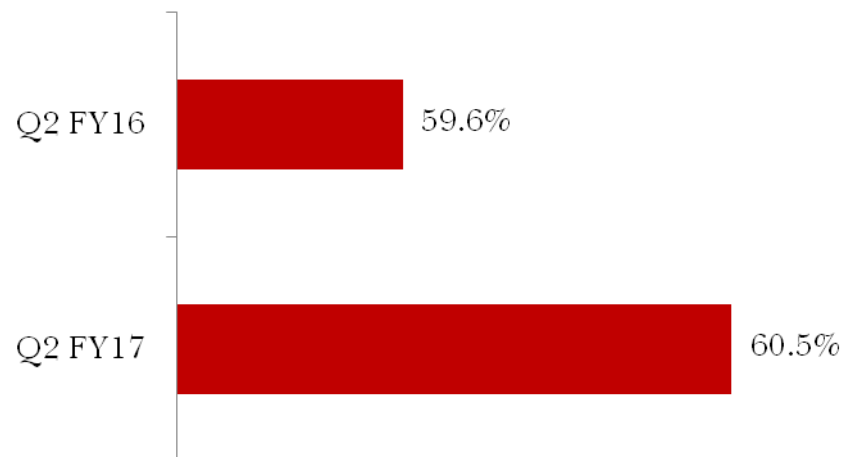
93 McCafé's, with a wide array of beverages along with strong MDS sales

Better customer experience through Re-imaging

Margin Expansion



Gross Margin %



Operating EBITDA Margin %



Restaurant Operating Margin %



Margin Expansion



Gross margin
expansion
continued in
Q2

Encouraging
results on the
opex costs, as a
result of ROP
2.0

Reduction of drag on
account of new
restaurants helped
maintain EBITDA
margins

Growth through people - Awards & Recognition



**Fortune India 'Next 500' 2016
List**



**Best QSR player in leading mall
in Mumbai**

Consolidated Q2 FY17 Results

FINANCIAL PERFORMANCE OVERVIEW

Business Performance

₹ Million	Q2 FY17	Q2 FY16*	H1 FY17	H1 FY16*
Total Revenues	2,342.9	2,026.9	4,641.5	4,099.0
<i>Y-o-Y growth</i>	<i>15.6%</i>		<i>13.2%</i>	
Gross Margins (GM)	1,416.9	1,208.1	2,807	2,433.2
<i>GM %</i>	<i>60.5%</i>	<i>59.6%</i>	<i>60.5%</i>	<i>59.4%</i>
Restaurant Operating Margin	251.6	223.6	497.5	443.0
<i>RoM %</i>	<i>10.7%</i>	<i>11.0%</i>	<i>10.7%</i>	<i>10.8%</i>
Operating EBITDA	126.9	109.5	241.0	206.5
<i>Op. EBITDA %</i>	<i>5.4%</i>	<i>5.4%</i>	<i>5.2%</i>	<i>5.0%</i>

- Revenue growth in Q2 & H1 largely driven by addition of new restaurants, menu interventions and consistent growth in brand extensions
- Flat operating EBITDA margins in Q2 FY17 on Y-o-Y basis; primarily due to
 - Increase in payroll & employee costs
 - Completely offset by – gross margin expansion, stable operating costs and G&A leverage

* Excludes the recognition of additional credit in respect of indirect taxes paid on inputs up to March 31, 2015, amounting to ₹ 234.0 Million

OUTLOOK

Outlook

Revenue

- Consumer sentiment steadily improving
- To add 30-40 restaurants in FY17
- Focus on driving penetration by entering new markets; expansion in key cities to continue

Menu/ Innovation

- Driving strong menu innovation & product-line extensions across different consumer segments and day-parts
- Continued focus on growing McCafé and McDelivery

Profitability

- ROP 2.0 driving better RoI and efficient P&L on newer restaurants
- Focused to drive better profitability & overall business performance in FY17

Maximize long term value for our shareholders

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