

# Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

## Q1 FY17 Earnings Update Aug 5, 2016

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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

# Q1 FY2017 Results & Highlights



## Financial Performance

- Comparable sales (SSSG) at 3.4%; fourth consecutive quarter of positive SSSG
- Total restaurants at 242; added 6 restaurants in Q1 and 30 in 12 months; Y-o-Y revenue growth of 10.9%
- Gross margin at 60.5% in Q1; expansion of ~140 bps Y-o-Y
- Marginal expansion in RoM; Operating EBITDA expanded by ~30 bps Y-o-Y
- Cash profit improved by 30%+ Y-o-Y

## Brand Extensions

- Added 14 McCafé's during Q1; doubled McCafé's in 12 months to 89
- McDelivery continues to be strong growth driver

# Broadening Accessibility



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



# New Restaurants





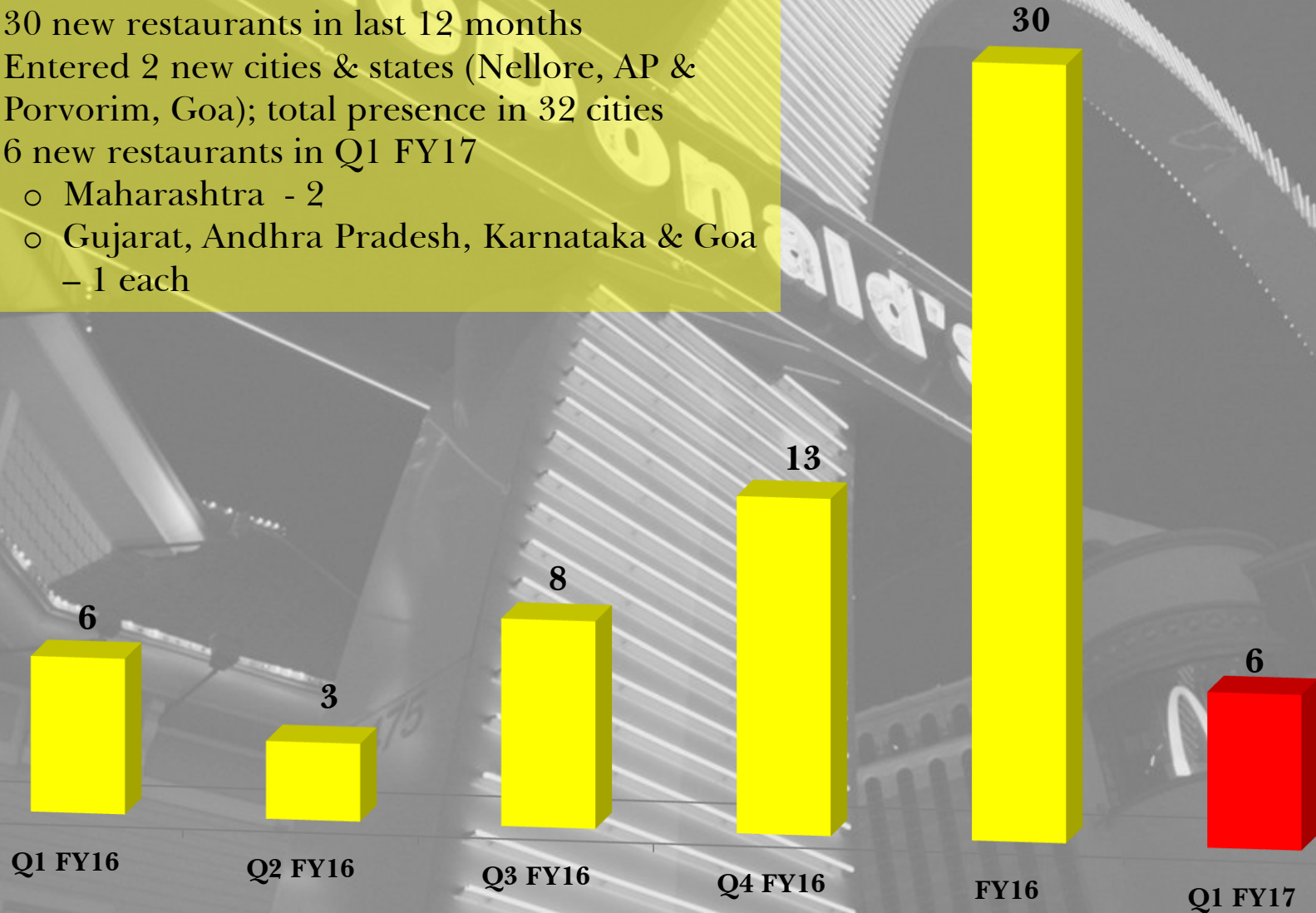




# Broadening Accessibility

## Restaurant Openings

- 30 new restaurants in last 12 months
- Entered 2 new cities & states (Nellore, AP & Porvorim, Goa); total presence in 32 cities
- 6 new restaurants in Q1 FY17
  - Maharashtra - 2
  - Gujarat, Andhra Pradesh, Karnataka & Goa – 1 each

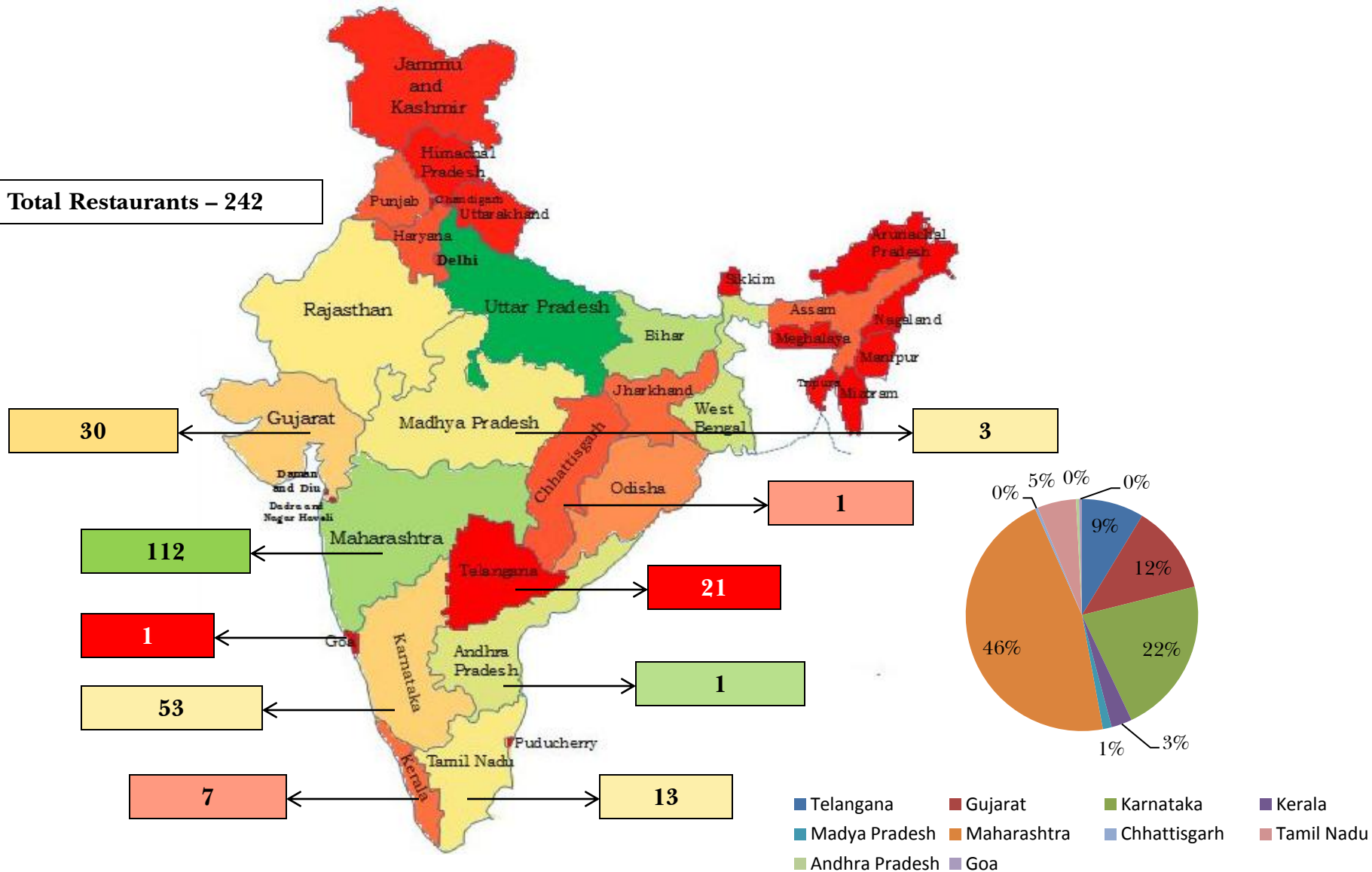




# Broadening Accessibility

## Region-wise Presence – Q1 FY17

Total Restaurants – 242



# Broadening Accessibility Strengthened the **FOUNDATION** for future **GROWTH**



Opened **30**  
restaurants over  
last 12 months;  
total restaurants  
at 242

Encouraging  
operational  
results of  
restaurants  
opened on ROP  
2.0

# Growing Baseline Sales

**Value**

**Menu**

**Brand  
Extensions**



# Growing Baseline Sales ....through Menu



Movie vertigation around the menu ranging from sides, core product and dessert

# Growing Baseline Sales ....through Brand Extensions







THE ALL NEW

ICED  
Splash

kokum

musk  
melon

raw  
mango



Total of 89  
McCafé's as of Q1

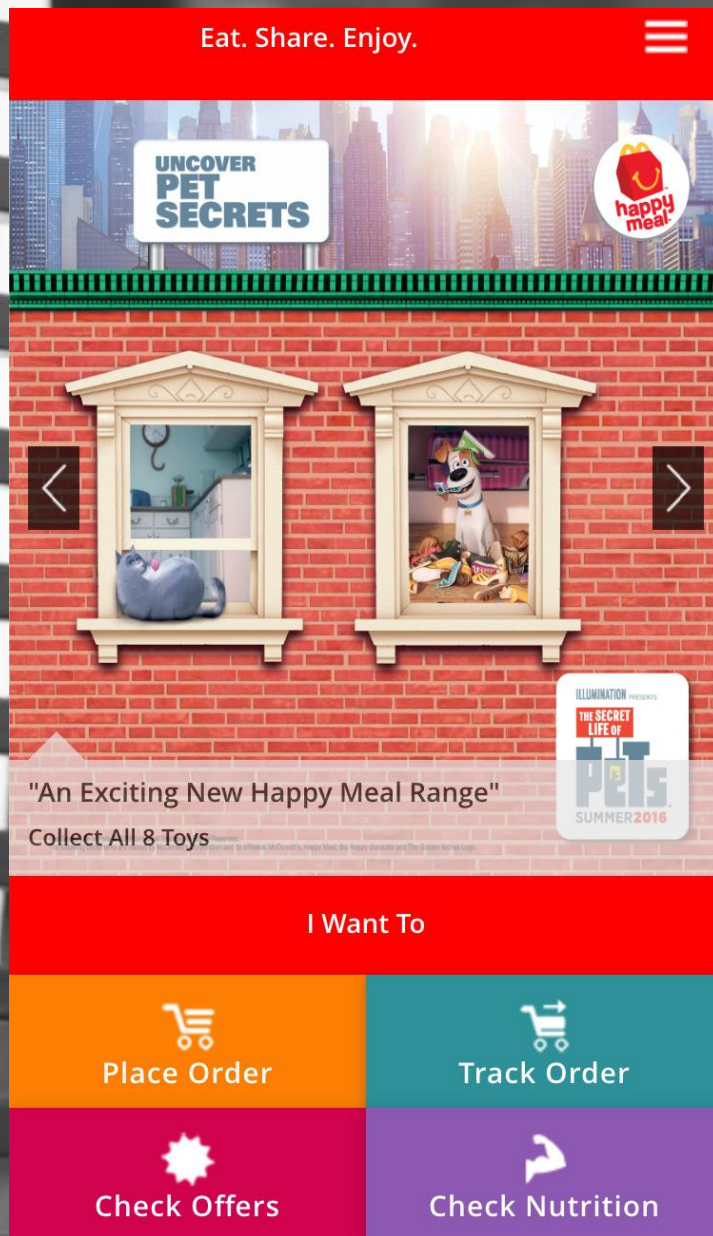
Added 14 during  
the quarter

Expanded  
presence to 12  
cities

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

**Growing sales and driving better SSSG in existing restaurants**





Mobile App and web platforms continue to deliver strong growth

Significant investments in driving convenience and better customer interface



**MDS continues to be robust sales growth driver**

## Growing baseline Sales

In Q1, trajectory in baseline sales remained **UPWARDS**



Continue to drive innovation across the menu

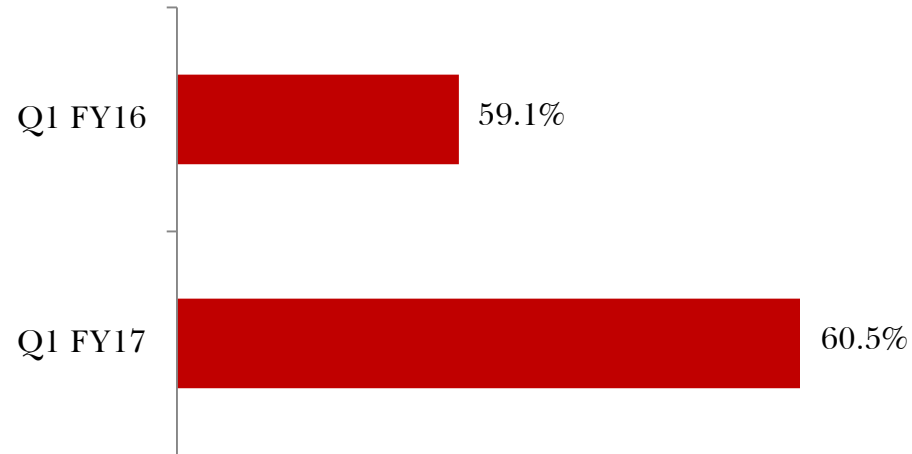
LTOs and products with movie vertigration helped sales growth

Consistent growth through McCafé & McDelivery

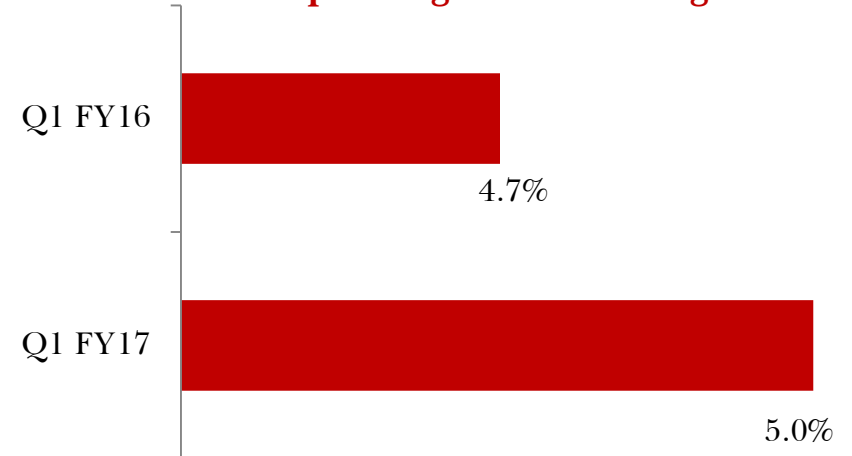
Restaurants re-imaging initiatives continue

# Margin Expansion

**Gross Margin %**



**Operating EBITDA Margin %**



**Restaurant Operating Margin %**





# Margin Expansion



Gross margin  
expansion  
momentum  
continued in  
Q1

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

Expansion of  
Operating  
EBITDA  
margins on  
Y-o-Y basis

# Growth through people - Awards & Recognition



**Best online advertising campaign & Campaign with best ROI, at Indian Digital Media Awards (IDMA) 2016**

Consolidated Q1 FY17 Results

# **FINANCIAL PERFORMANCE OVERVIEW**



# Business Performance

₹ Million	Q1 FY17	Q1 FY16
Total Revenues	2,298.6	2,072.1
<i>Y-o-Y growth</i>	<i>10.9%</i>	
Gross Margins (GM)	1,390.2	1,225.1
<i>GM %</i>	<i>60.5%</i>	<i>59.1%</i>
Restaurant Operating Margin	246.0	219.5
<i>RoM %</i>	<i>10.7%</i>	<i>10.6%</i>
Operating EBITDA	114.1	97.1
<i>Op. EBITDA %</i>	<i>5.0%</i>	<i>4.7%</i>

- Revenue growth in Q1 largely due to addition of new restaurants & menu innovation
- Expanded operating EBITDA margins on Y-o-Y basis; primarily due to
  - Gross margin expansion
  - Stable payroll & employee costs
  - Reduction in operating costs
  - G&A leverage

# OUTLOOK

# Outlook

## Revenue

- Expect consumer sentiment to gain momentum over next 3-6 months
- 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 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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