

Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

Q3 FY2016 Earnings Update February 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

Q3 FY2016 Results & Highlights



Restaurant Expansion & Operating Performance

- Second consecutive quarter of positive comparable sales leading to strong operating leverage & significant operating margin expansion
- System-wide restaurants at 223; revenue growth of 7.8% Y-o-Y
- Comparable sales at 3.1% compared to flat in Q3 FY15
- Consistent gross margin expansion for last 8 comparable quarters; expanded by ~190 bps Y-o-Y in Q3 FY16
- Restaurant Operating Margin (RoM) improved by ~485 bps; Operating EBITDA margin expansion of ~495 bps Y-o-Y

Brand Extensions

- Re-imaged restaurants along with McCafé continues to outperform systemwide average (comparable sales & margins)
- McDelivery continues to be robust growth driver

Introduction of new platforms & menu innovation

- Driving LTOs and new platform on the menu during the quarter

Cash and cash equivalents at ~INR 1,597.2 million

Broadening Accessibility



Brand penetration
...driving consumer accessibility

New Restaurants



Bharuch, Gujarat

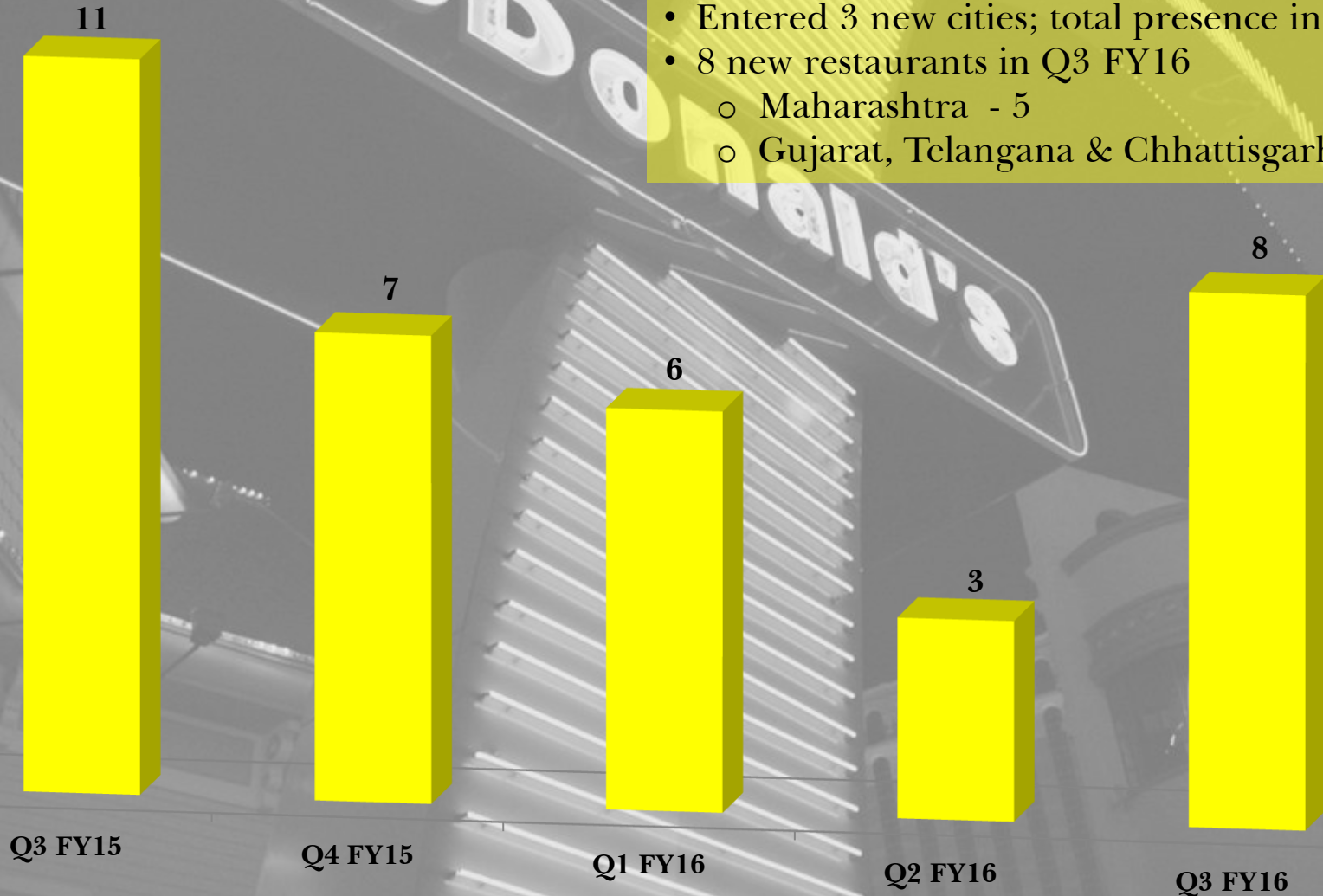
Virar, Mumbai



Broadening Accessibility

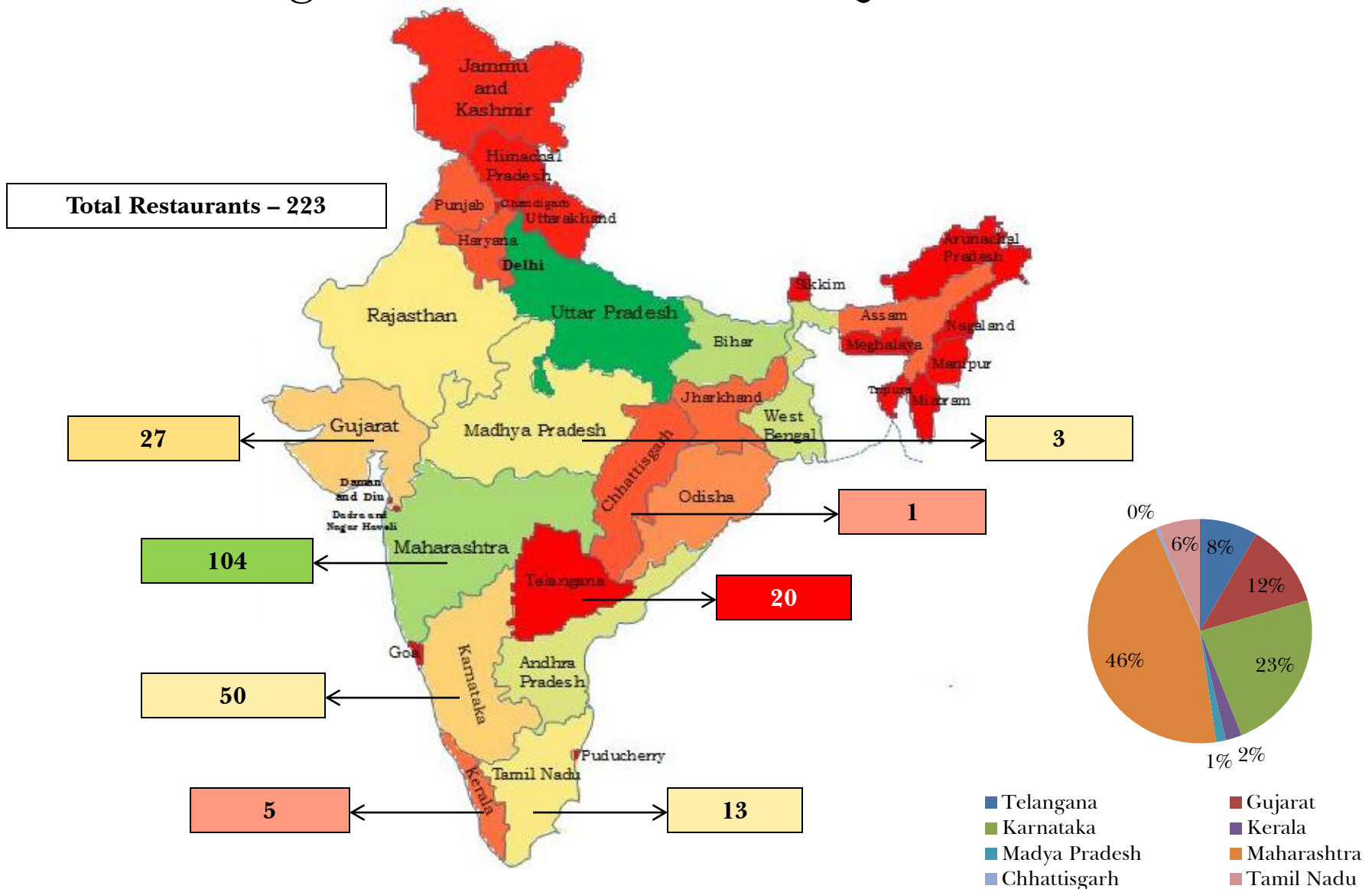
Restaurant Openings

- 24 new restaurants in last 12 months
- Entered 3 new cities; total presence in 29 cities
- 8 new restaurants in Q3 FY16
 - Maharashtra - 5
 - Gujarat, Telangana & Chhattisgarh – 1 each



Broadening Accessibility

Region-wise Presence – Q3 FY16



Broadening Accessibility

Invested in the **FOUNDATION** for
future **GROWTH**

A photograph of a McDonald's restaurant interior. The counter is visible with a menu board above it. The ceiling has a wooden slat design. The floor is tiled. There are some promotional items on the counter.

Opened **24**
restaurants over
last 12 months;
total restaurants
at 223

New restaurants
performance
encouraging;
market
planning
yielding results

Strong
momentum
around new
restaurants unit
economics

Focus on Drive-
Thru (DT)
continues

Growing Baseline Sales

Value

Menu

**Brand
Extensions**

Growing Baseline Salesthrough Menu

Indi-McSpicy Paneer

Indi-McSpicy Chicken



Driving limited-time offers to enhance product mix and better realization

Growing Baseline Salesthrough Menu



Chilli Mango McFlurry



Offering variety to consumers – Introduction of Masala Bun
(new platform)

Growing Baseline Salesthrough Brand Extensions



Lil bit of Cream Lil bit of Spice

Season's surprises filled with the all new gingerbread flavour and whipped cream.

Gingerbread Classic Cold Coffee ₹175

Gingerbread Cappuccino ₹130

McDonald's

Driving strong growth trajectory across the system

Restaurants with McCafé driving significantly better comparable sales and margins

Total of 62 McCafé's as on date

Added 10 during Q3

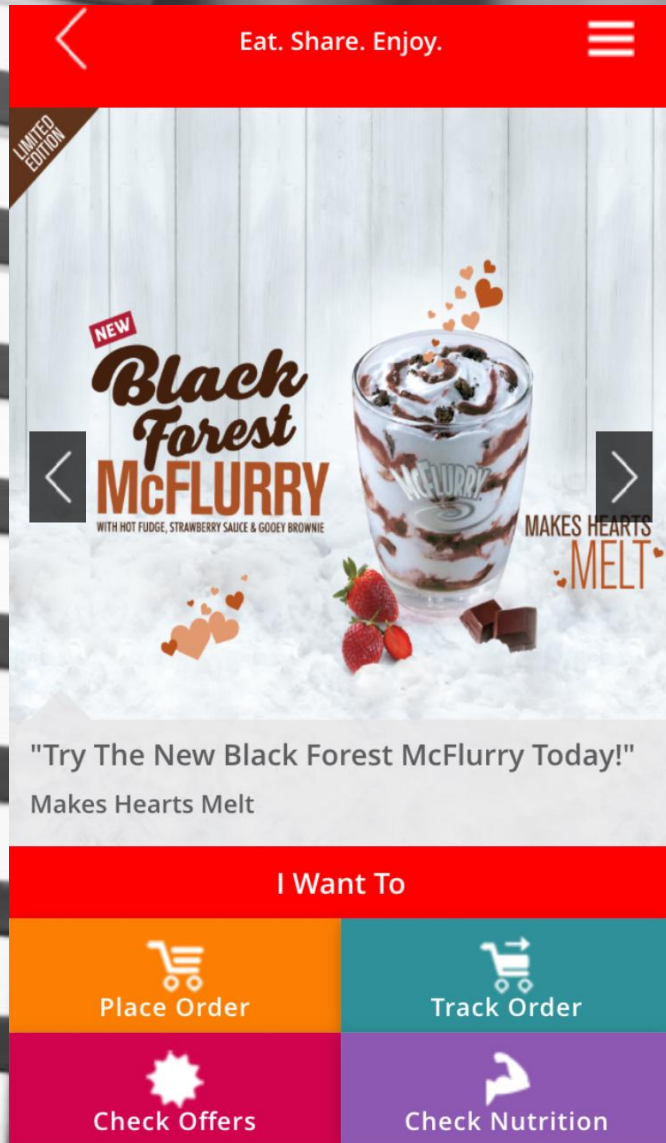
Double the number of McCafé's in next 12-18 months

Emerging to be dominant player in beverage marketplace

Re-imaging investment continues across system



Enhanced customer experience leading to better restaurant performance



Investments
continue in
driving enhanced
user-friendly
experience

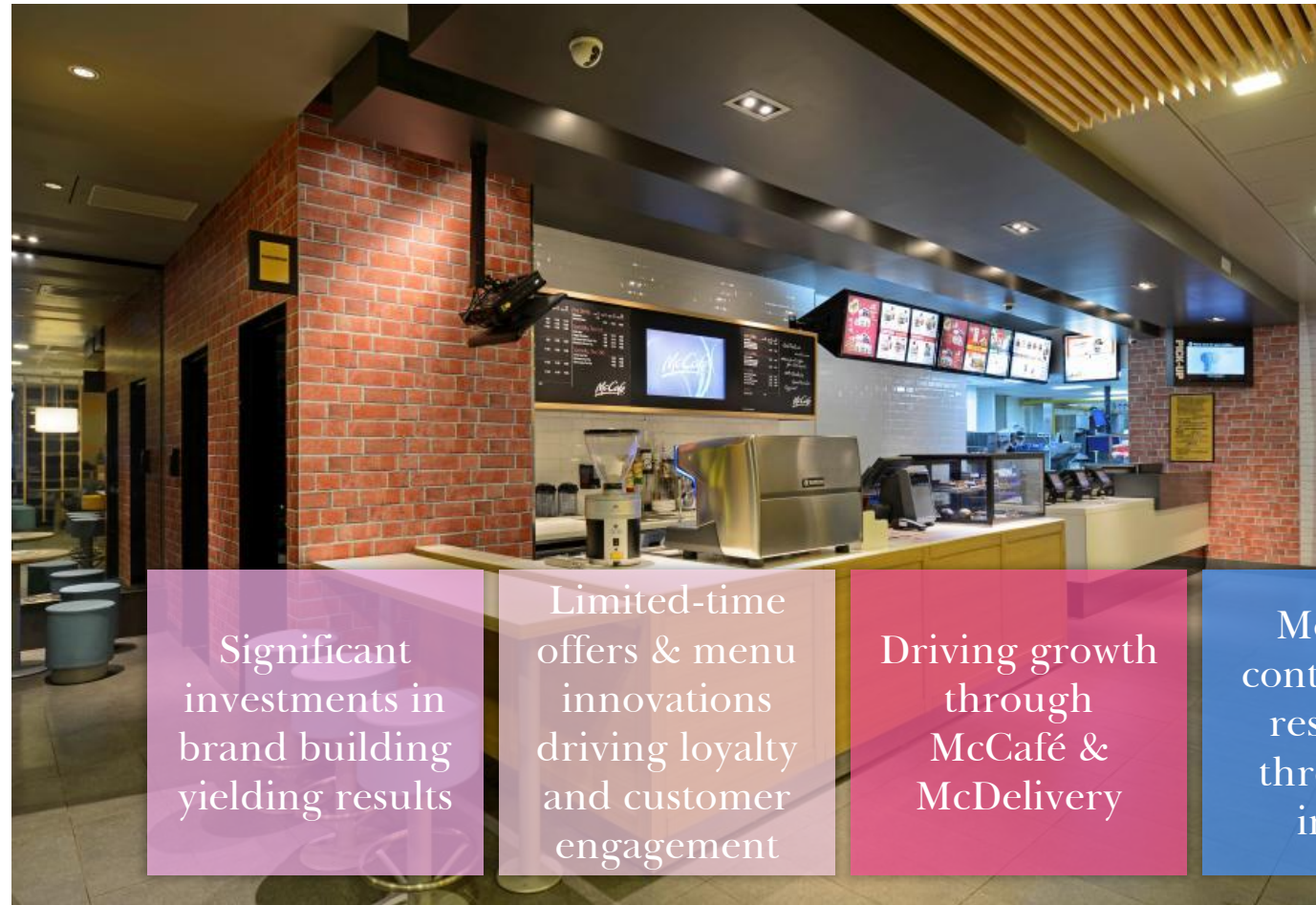
Web & mobile
application
contributing ~50%
of the McDelivery
sales



Mobile & online platform continues to drive strong growth for
the brand extension

Growing baseline Sales

In Q3, trajectory in baseline sales trending **UPWARDS**



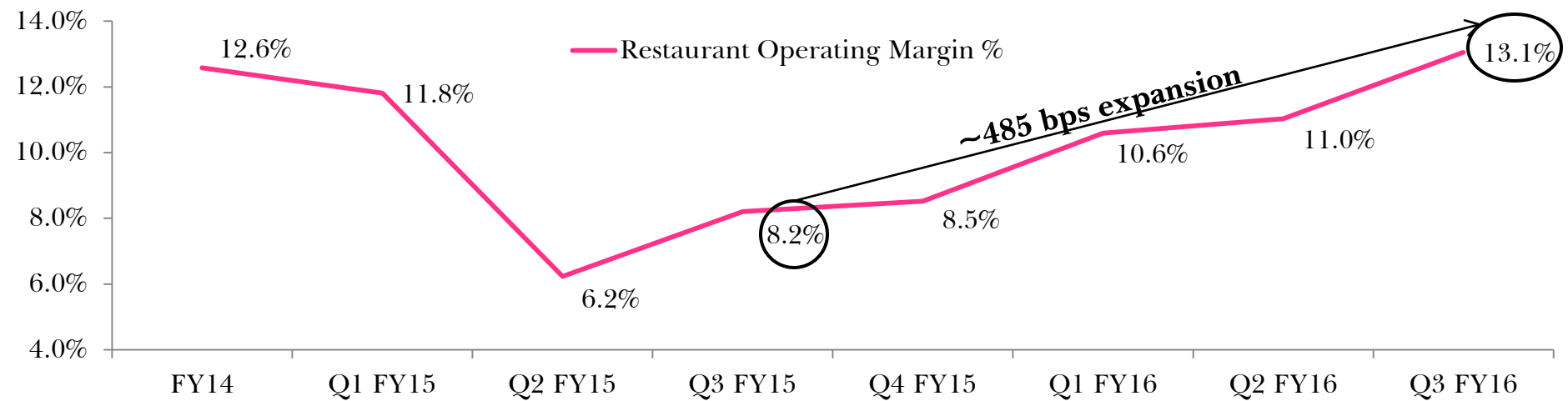
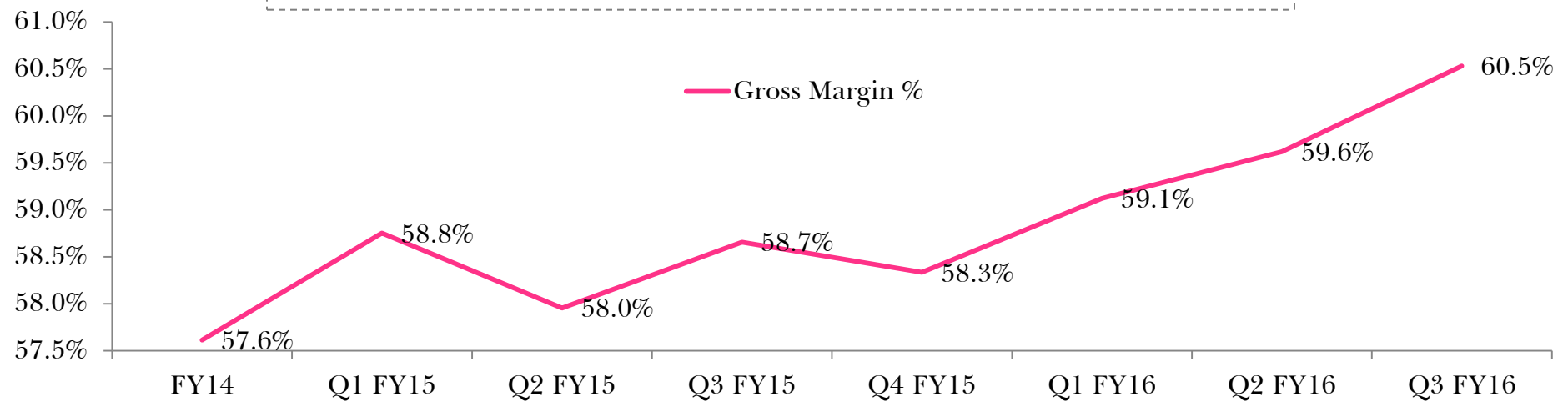
Significant investments in brand building yielding results

Limited-time offers & menu innovations driving loyalty and customer engagement

Driving growth through McCafé & McDelivery

Modern & contemporary restaurants through Re-imaging

Margin Expansion



Margin Expansion



Positive comparable sales leading to strong operating leverage

Consistent gross margin expansion momentum continued in Q3

Expansion of Operating margins on Y-o-Y basis

Restaurant productivity related initiatives yielding results

Menu & beverage growth helping margin improvement

Consolidated Q3 FY16 Results

FINANCIAL PERFORMANCE OVERVIEW

Business Performance

₹ Million	Q3 FY16	Q3 FY15	YTD FY16	YTD FY15
Total revenues	2,109.1	1,956.6	6,208.1*	5,835.4
<i>Y-o-Y growth</i>	<i>7.8%</i>		<i>6.4%</i>	
Gross Margins (GM)	1,276.7	1,147.6	3,709.3	3,411.7
<i>GM %</i>	<i>60.5%</i>	<i>58.7%</i>	<i>59.8%</i>	<i>58.5%</i>
Restaurant operating margin (RoM)	275.3	160.6	718.3	514.3
<i>RoM %</i>	<i>13.1%</i>	<i>8.2%</i>	<i>11.6%</i>	<i>8.8%</i>
Operating EBITDA	162.7	54.4	369.2	182.3
<i>Op. EBITDA %</i>	<i>7.7%</i>	<i>2.8%</i>	<i>5.9%</i>	<i>3.1%</i>

- Revenue growth in Q3 & YTD due to expansion of new restaurants, LTO's and various menu additions
- Expanded operating margins on Y-o-Y basis; primarily due to
 - Gross margin expansion
 - Crew productivity initiatives yielding results
 - Operating leverage driven by positive comparable sales and efficiencies across occupancy and other costs

* Excludes exceptional gain amounting to ₹ 234.0 Million, recognized in Q2 FY16

OUTLOOK

Outlook

Revenue

- ✓ Consumer sentiment continues to bottom-out
- ✓ To be at 230-250 restaurants by FY16E; doubling current McCafé's base in next 12-18 months
- ✓ Higher penetration by entering new markets; expansion in existing markets to continue
- ✓ Restaurants re-imaging efforts to continue

Innovation / Menu

- ✓ Driving strong menu innovation across different consumer segments and day-parts
- ✓ Sharper focus on brand extensions (McCafé, McDelivery etc.)
- ✓ Continuous investments in technology & digital platforms to enhance overall customer experience

Profitability

- ✓ Significant results on account of new business unit economics and lower capex per restaurant
- ✓ Better profitability parameters of new restaurant model
- ✓ Optimizing opportunities through continuous evaluation of restaurant portfolio

Continue to drive significant operational performance to create long term shareholder value

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