

A decorative graphic on the left side of the slide, consisting of several overlapping, curved, leaf-like shapes in shades of green, brown, purple, and blue.

# Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

## Q4 & FY2015 Earnings Update

May 8, 2015



# Disclaimer



This presentation contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. Forward-looking statements can be identified by terminology such as “may,” “will,” “would,” “could,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue” or the negative of these terms or other similar expressions or phrases. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results to differ materially from any future results, performance or achievement described in or implied by such statements. The forward-looking statements contained herein include statements about the business prospects of Westlife Development Ltd ('Westlife Development'), its ability to attract customers, its affordable platform, its expectation for revenue generation and its outlook. These statements are subject to the general risks inherent in Westlife Development's business. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, Westlife Development's business and operations involve numerous risks and uncertainties, many of which are beyond the control of Westlife Development, which could result in Westlife Development's expectations not being realized or otherwise materially affect the financial condition, results of operations and cash flows of Westlife Development. Additional information relating to the uncertainties affecting Westlife Development's business is contained in its filings with various regulators and the Bombay Stock Exchange (BSE). The forward-looking statements are made only as of the date hereof, and Westlife Development does not undertake any obligation to (and expressly disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date such statements were made, or to reflect the occurrence of unanticipated events.



# Strategic Pillars

## 4 Quadrants





# FY15 Results & Highlights



## ✓ **Restaurant expansion**

- Total restaurants at 209; new addition of 27 restaurants to drive long-term growth
- Increased presence in 7 new cities in FY15; now present in total 26 cities

## ✓ **Revenue growth of 3.2% Y-o-Y**

- Comparable sales down to -5.6% compared to -6.4% in FY14
- Weak environment persists; affecting consumer discretionary spending

## ✓ **Gross margins expanded by ~240 bps over last 2 years; ~80 bps in FY15**

- Sharp focus on reduction in food, paper & distribution costs
- Efficient product mix and menu pricing

## ✓ **Restaurant relocation / closure**

- Increased focus on profitability and adapting to changes across markets and trading patterns
- Relocated 2 restaurants during FY15

## ✓ **Cash profit at INR 253.9 million during FY15; cash and cash equivalents of INR 1,553.3 million**

# Broadening Accessibility



Hyderabad



Mehsana



Ahmedabad

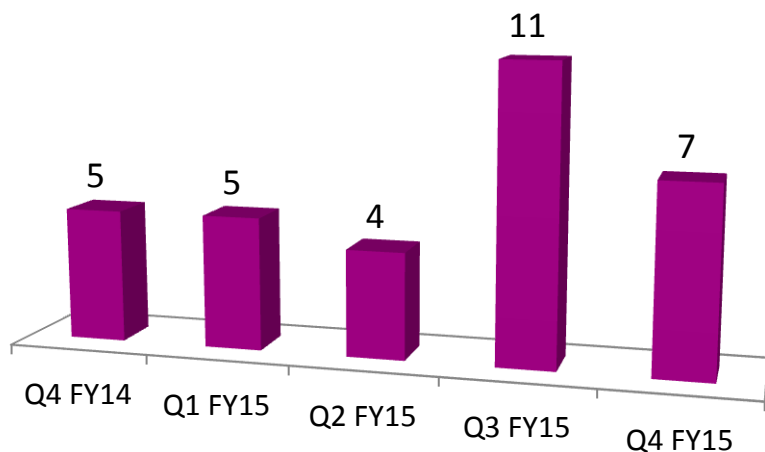


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Broadening Accessibility

# Restaurant Openings



- ✓ 27 new restaurants added in FY15
- ✓ Major focus on Drive-Thru's continue
- ✓ 7 new restaurants opened in Q4 FY15 – 4 in Maharashtra, 2 in Karnataka and 1 in Kerala





Broadening Accessibility

# Region-wise Presence – Q4 FY15



Total Restaurants – 209

25 Restaurants

98 Restaurants

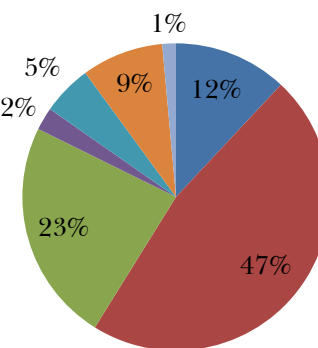
49 Restaurants

5 Restaurants

3 Restaurants

18 Restaurants

11 Restaurants



■ Gujarat  
■ Karnataka  
■ Tamil Nadu  
■ Madhya Pradesh  
■ Maharashtra  
■ Kerala  
■ Telangana



Broadening Accessibility

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

Opened **27** restaurants, 25% in densely penetrated Mumbai

Expansion strategy takes us to **7** new cities

Innovative work reduced development cost by **10%**

DT portfolio further strengthened





# Growing Baseline Sales – Menu



Expanding menu range and building variety



Growing Baseline Sales

# Platforms & Value



## ✓ Driving awareness

- #Piripirilicious campaign – building customer connect across south market



## ✓ Driving value

- Doubles burgers



## ✓ Building all day-parts

- Celebrating national breakfast day







GROWING BASELINE SALES

BRAND EXTENSIONS



Growing Baseline Sales

# McCafé



- ✓ Aggressively expanded McCafé footprint across different markets in our region
  - Currently present across Mumbai, Ahmedabad, Pune, Nashik, Aurangabad, Bengaluru and Kolhapur
- ✓ Total of 43 McCafé's across the system as of today
- ✓ Driving-in new customers and giving encouraging results through better comparable sales and margins in existing restaurants with McCafé
- ✓ On track to deliver our initial target of having 50-75 McCafé's by Dec 2015





## Growing Baseline Sales Delivery (MDS)



- ✓ Helped in strong brand connect and additional touch point with customer; yielded very profitable results
- ✓ Delivery business posted strong double digit comparable sales, month-on-month during FY15
- ✓ Focused efforts around convenience to deliver enhanced customer experience





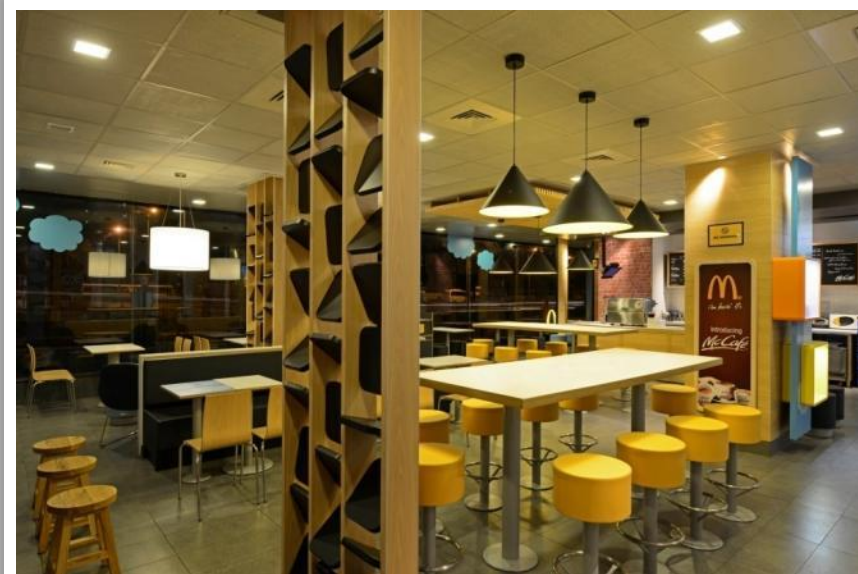


Growing Baseline Sales

# Improve customer experience through Re-Imaging



- ✓ Remaining relevant to consumer's needs
- ✓ Re-imaged 22 restaurants during the year; majority of the restaurants are now modern and contemporary
- ✓ Yielding profitable results through use of newer technology and driving better customer experience





Growing baseline Sales

# FY 2015, we invested in **PROTECTING** the baseline

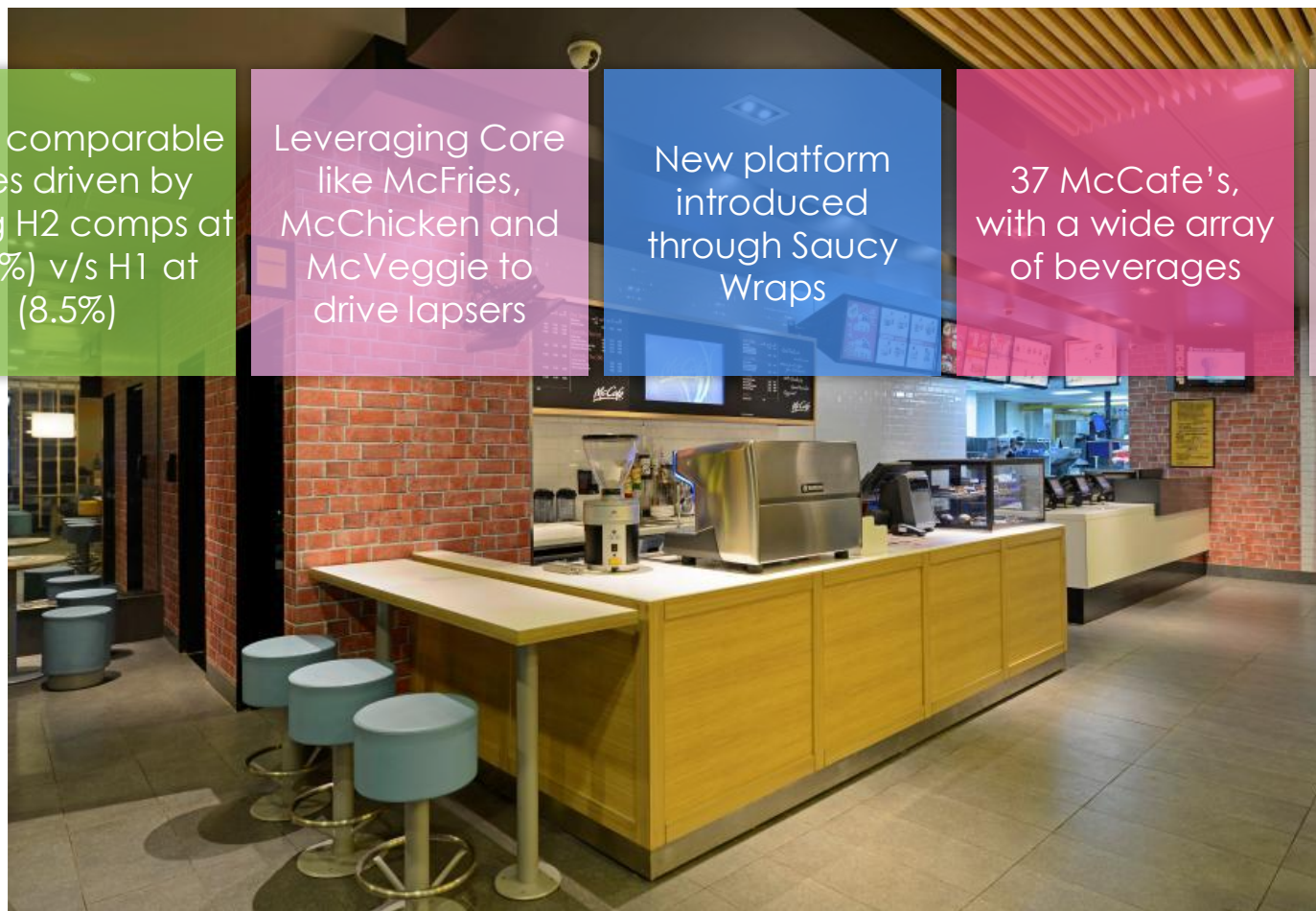
FY 15 comparable sales driven by strong H2 comps at (2.6%) v/s H1 at (8.5%)

Leveraging Core like McFries, McChicken and McVeggie to drive lapsers

New platform introduced through Saucy Wraps

37 McCafe's, with a wide array of beverages

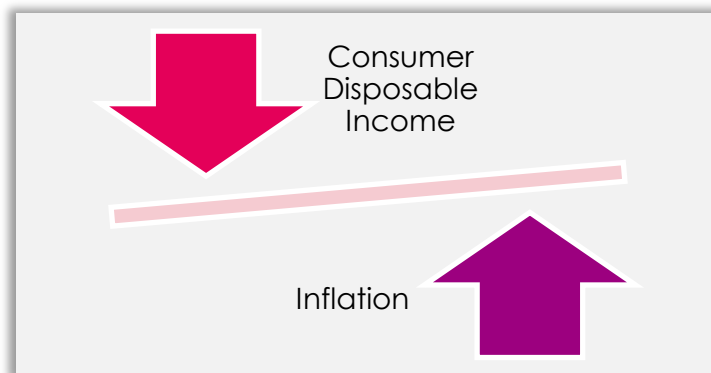
Better customer experience through Re-imaging





# Margin Expansion

High Inflationary Period, while sales are under pressure



FOOD INFLATION

UTILITY RATES

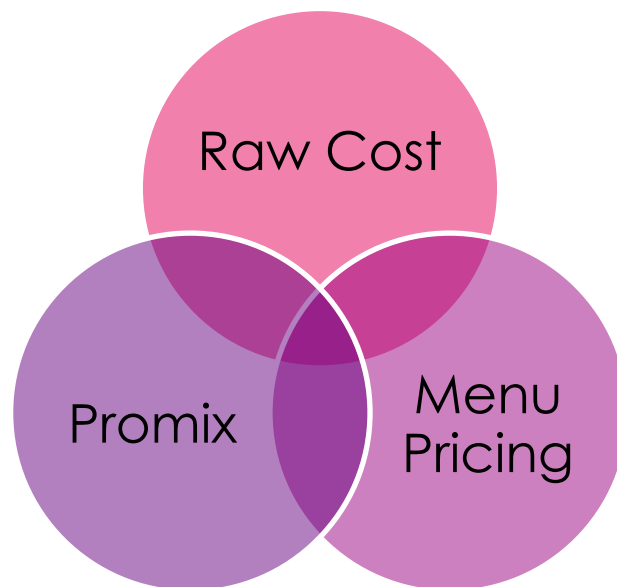
MINIMUM WAGES



## Margin Expansion

# Continued to grow Gross Margin over a growth in FY14

- Commodity Hedging
- Sourcing Network Optimization
- Supplier Protocol



- Menu Introductions
- Beverage Platform

- Demand Based Pricing



# Margin Expansion

Improvement  
in gross  
margins by  
240 bps over  
24 months

McCafe  
sales at  
higher  
margins

MDS online  
sales at lower  
operating  
costs



New restaurants  
drag; impacted  
by Utility and  
Occupancy  
Costs

Pressure on  
comparable  
sales combined  
with increase in  
operating costs  
led to margin  
erosion





# Growth through people - Awards & Recognition

- McDonald's remains most successful brand in very competitive food courts
- Won awards in QSR category in big malls across Mumbai



Infiniti Mall, Malad, Mumbai



Food Retailers Customers  
Favorite Choice Award



Infiniti Mall, Andheri, Mumbai

Great Places to Work® Award

Consolidated Q4 and FY15 Results

# FINANCIAL ANALYSIS

# Financial analysis

Particulars (INR Mn)	Q4 FY15	Q4 FY14	FY15	FY14
Total revenues	1,807.8	1,790.7	7,643.2	7,403.0
<i>Y-o-Y growth</i>	<i>1.0%</i>		<i>3.2%</i>	
Gross Margins (GM)	1,054.6	1,056.0	4,466.2	4,265.2
<i>GM %</i>	<i>58.3%</i>	<i>59.0%</i>	<i>58.4%</i>	<i>57.6%</i>
Restaurant operating margin (RoM)	154.0	207.4	668.4	931.2
<i>RoM %</i>	<i>8.5%</i>	<i>11.6%</i>	<i>8.7%</i>	<i>12.6%</i>
Operating EBITDA	73.8	107.2	354.0	537.7
Op. EBITDA %	4.1%	6.0%	4.6%	7.3%

- Revenue growth in Q4 & FY15 due expansion of new restaurants across the system and new menu additions; largely offset by lower volumes
- Pressure on margins continues primarily due to
  - Increased base of new restaurants (~42% of total restaurant base)
  - Higher occupancy & utility costs
  - Impact of hike in minimum wages in different states
  - Slightly offset by, gross margin expansion of ~80 bps Y-o-Y in FY15



# OUTLOOK



# Outlook

## Revenue

- ✓ Taking total restaurants count to 230-250 till 2015
- ✓ Launch of 75-150 McCafé's in 3-5 years
- ✓ Focus on driving penetration by entering new markets
- ✓ Restaurants re-imaging efforts to continue

## Innovation / Menu

- ✓ Drive innovation across menu to provide uniquely McDonald's products across all consumer segments and day-parts
- ✓ Focus on delivering high-quality and affordable food & beverages to our customers

## Profitability

- ✓ Continuing efforts around gross margin improvement
- ✓ Drive initiatives around efficient business unit economics
- ✓ Optimizing opportunities through continuous evaluation of restaurant portfolio

**Consumer sentiment continues to remain weak  
Focused on driving profitable business growth in FY16**





# IR Contact

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