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Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q3 FY2015 Earnings Update

February 6, 2015

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Strategic Pillars – 4 Quadrants



Q3 FY2015 Results & Highlights

✓ **Restaurant growth**

- System-wide restaurants at 202; gross addition of 25 new restaurants Y-o-Y to drive long-term growth; Q3 addition at 11
- On-track to meet our targets for FY15 openings

✓ **Revenues**

- Significant growth of 9.0% Y-o-Y in Q3 FY15
- Flat comparable sales compared to -9.8% in Q3 FY14

✓ **Investments across brand extensions yielding profitable results**

- Added 15 McCafé's in Q3; total of 30 McCafé's within an year; expansion remains on track for 2015
- McDelivery – consistently delivering positive results across online & web delivery

✓ **Gross Margins expanded by ~110 bps Y-o-Y**

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

✓ **Cash and cash equivalents at ~INR 1,778.1 million**

Region-wise Presence – Q3 FY15

Total Restaurants – 202

25 Restaurants

3 Restaurants

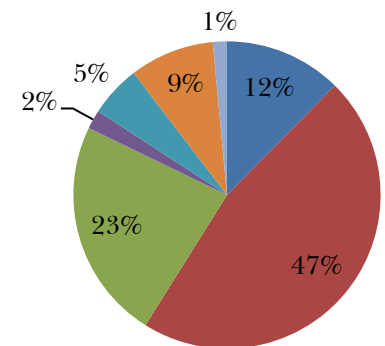
94 Restaurants

18 Restaurants

47 Restaurants

4 Restaurants

11 Restaurants



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

Building competitive advantage

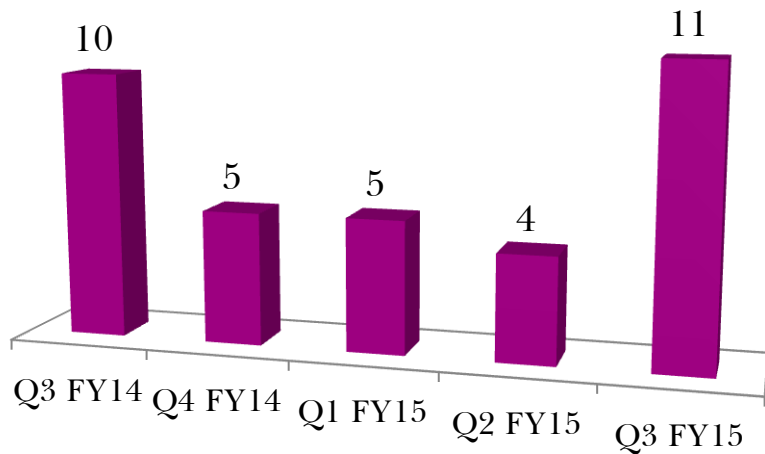
Nadiad, Gujarat



Gaganpahad, Hyderabad

Huge growth in % of Drive-Thru restaurants Y-o-Y

Expansion in key & new cities



Belagavi



- ✓ 25 new restaurants added in last 12 months
- ✓ 11 new restaurants opened in Q3 FY15 – 3 each in Gujarat, Maharashtra and Karnataka, 1 each in Telangana and Kerala
- ✓ Opened 4 new cities – Aurangabad, Belagavi, Mangaluru and Nadiad

Menu platforms

✓ Classics with Twist

- Continued with a limited-time offer with variants of McVeggie and McChicken



Building customer loyalty

Building the Brand

✓ #Piripirilicious

- Launched the brand campaign around Piri-Piri mix across our south market



Growing brand awareness



Brand extension –
McCafé

McCafé – strong beverage platform

- ✓ Expanded McCafé footprint in new market of Aurangabad
 - Additionally, current presence across Mumbai, Ahmedabad, Pune and Nashik
- ✓ Total of 30 McCafé's across the system; expanded aggressively within 1 year
- ✓ Consistently giving us encouraging results and driving better comparable sales and margins in existing restaurants
- ✓ Expansion on track for FY15 and beyond
 - Confident of achieving 50-75 McCafé's by Dec 2015

**Deliciousness,
made for you.**



McDelivery System (MDS)

- ✓ Consistently delivering positive business results over the web & online delivery platforms
- ✓ Delivery business posted strong double digit comparable sales, month on month during YTD FY15
- ✓ Focused on efforts around convenience to deliver enhanced customer experience



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Consolidated Results

FINANCIAL ANALYSIS

Financial analysis

| Particulars (INR Mn) | Q3 FY15 | Q3 FY14 | 9M FY15 | 9M FY14 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Total revenues | 1,956.6 | 1,794.5 | 5,835.4 | 5,612.4 |
| <i>Y-o-Y growth</i> | <i>9.0%</i> | | <i>4.0%</i> | |
| Gross Margins (GM) | 1,147.6 | 1,032.5 | 3,411.7 | 3,209.3 |
| <i>GM %</i> | <i>58.7%</i> | <i>57.5%</i> | <i>58.5%</i> | <i>57.2%</i> |
| Restaurant operating margin (RoM) | 160.6 | 271.4 | 514.3 | 723.7 |
| <i>RoM %</i> | <i>8.2%</i> | <i>15.1%</i> | <i>8.8%</i> | <i>12.9%</i> |
| Operating EBITDA | 130.1 | 174.0 | 280.3 | 430.6 |
| Op. EBITDA % | 6.7% | 9.7% | 4.8% | 7.7% |

- Revenue growth in Q3 & YTD driven by expansion of new restaurants across the system and new menu additions
- Pressure on margins primarily due to
 - Increased base of new restaurants (~46% of total restaurant base)
 - Higher occupancy & utility costs
 - Increase in royalty & minimum wages
 - Partially offset by, gross margin expansion of ~110 bps Y-o-Y

OUTLOOK



Outlook

Revenue

- ✓ Taking total restaurants count to 230-250 by Dec 2015; progressing on track
- ✓ Confident of achieving 50-75 McCafé's by Dec 2015; doubling the same in next 2-3 years
- ✓ Driving penetration by entering new cities and markets

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
- ✓ Consumer focus through free Wi-Fi, cashless, digital enablement

Profitability

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

Consumer confidence remains sluggish; recovery expected over next 2 quarters

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