

Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

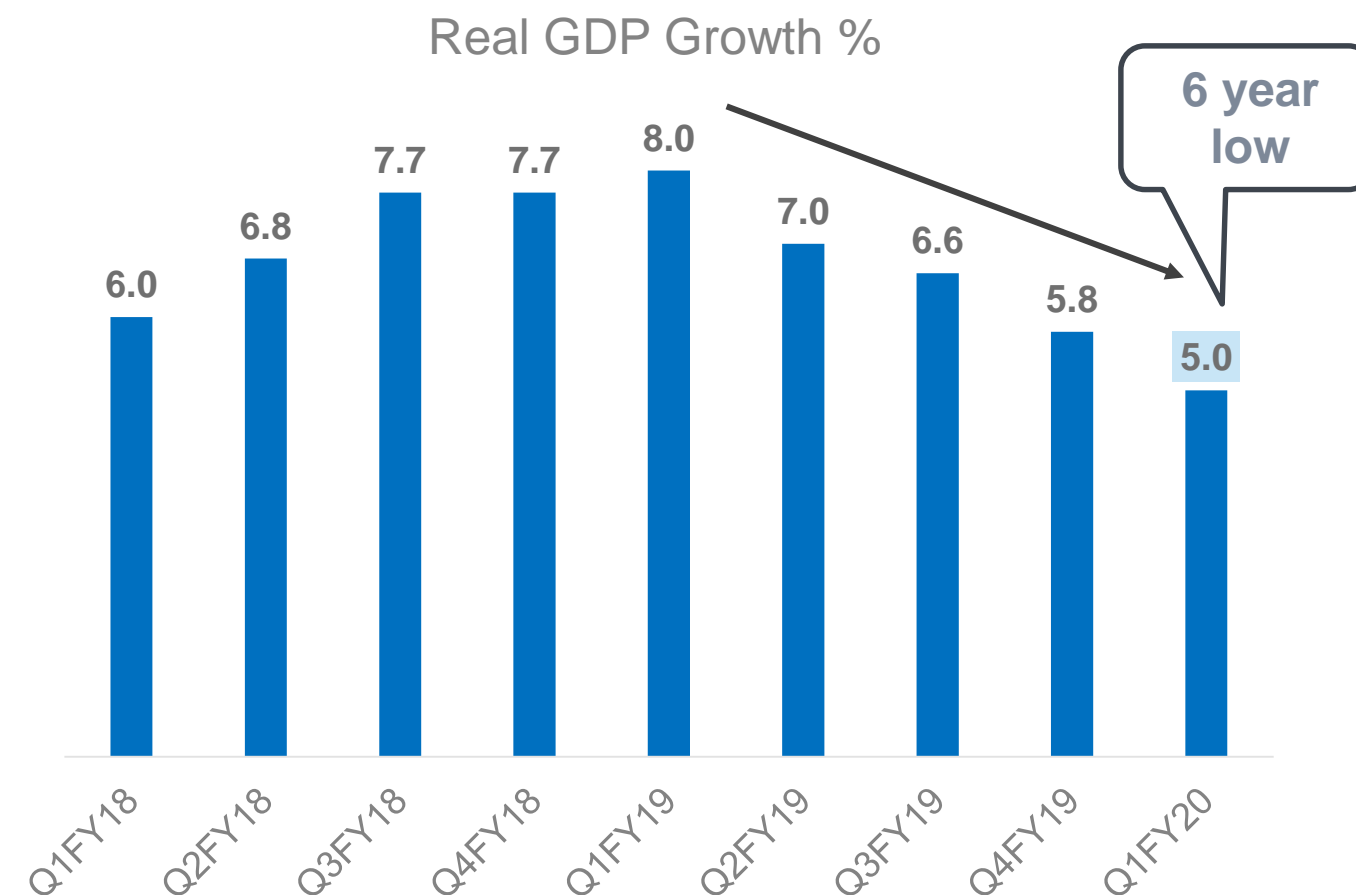
Q2 FY20 Earnings Presentation
October 24, 2019

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.

Macro Economic Landscape – Slowdown Persists

- ❑ **RBI lowered India's GDP growth** estimate for the year to **6.1% from 6.9%** earlier due to the ongoing period of slowdown
- ❑ **Moody's** expects India's **inflation rate to rise to 3.7%** in 2019 and 4.5% in 2020, from 2.9% in 2018.
- ❑ **FMCG** growth for Jan-June 2019 stands at 12%* (13-14%* estimate earlier).
 - ❑ **FMCG** growth in July-Sep 2019 estimated at 7- 8%* and for **July – Dec 2019** period at ~8%*.
 - ❑ **Growth estimates revised downwards to ~9-10%*** for 2019 (11-12%* earlier).
- ❑ **In the last quarter, there were signs of a slow down in consumption** due to the cash crunch caused by crisis in the shadow-banking sector

* Source: AC Nielson data



Despite witnessing market headwinds, WDL has clocked a healthy **SSSG of 7.0% for Q2FY20**

Permitted to trade on National Stock Exchange (NSE)



The advertisement features a dark blue background with a large green line graph showing an upward trend. In the foreground, a blue bull sculpture is positioned on a yellow base, with a financial chart overlaid on its body. To the right, a large, detailed burger is shown. The text is centered in a white box with a red border.

**WESTLIFE
DEVELOPMENT LIMITED**

shares are now
trading on the  **NSE**

National Stock Exchange is the largest stock exchange in the country with an estimated base of more than 6 crore retail investors. Westlife Development's trading on the NSE will play a key role in broad-basing the investor base and will enable more people to participate in the growth journey of the company.

Q2 FY2020 Results & Highlights

Westlife Development commenced trading on NSE since August 2019



GROW MARKET SHARE & MARGIN

Revenue at **INR 3,965.3 Mn**; strong revenue growth of **13.3%**

Op. EBITDA at **INR 410.1 mn**; margin at **10.3%**

Gross margin at **65.3%**; RoM at **15.9%**;

Q1 PAT at **INR 129.1 Mn**
Cash profits at **INR 409.7 Mn**

=



GROW BASELINE SALES

Positive SSSG performance for 17th quarter in a row;
Q1 FY20 comps at **7.0%**

304 restaurants;
5 new additions during the quarter

+



BROADENING ACCESSIBILITY OF BRAND McDONALD'S

Menu Innovations & Brand extensions continue to propel growth.

Overall presence in **42** cities

Note: Q2FY20 numbers are excluding adjustments arising out of IND AS 116

Strategic Levers



Our Restaurants

Running great restaurants

Right location & Right economics

Modern and Contemporary Design



Our Brand

Food – Menu and Value

Brand Extensions

Trust and Permissibility



Our People

Talent Management

High Performance Culture

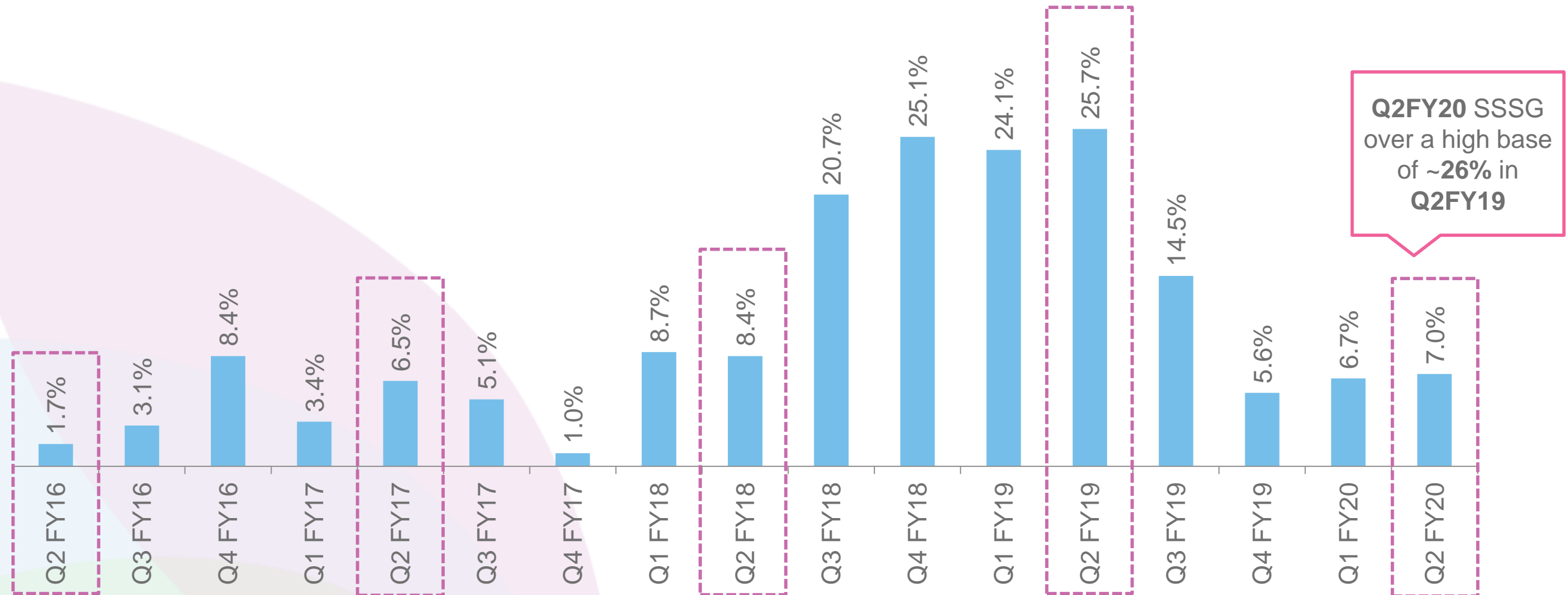
Training and Development

Financial Discipline



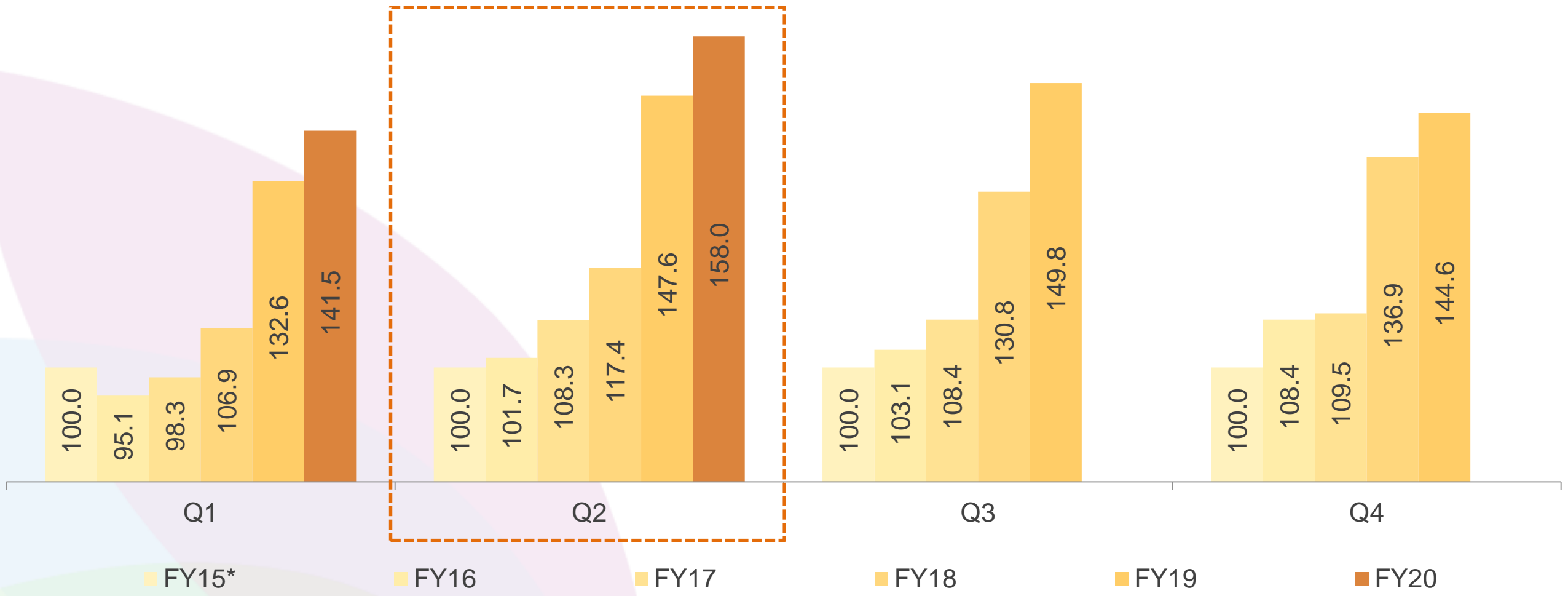
OUR RESTAURANTS

Positive SSSG momentum continues



Consistently registering **positive and healthy SSSG for 17 consecutive quarters** by focusing on delivering great customer experience, menu innovation and growth across Delivery, McCafe and Breakfast

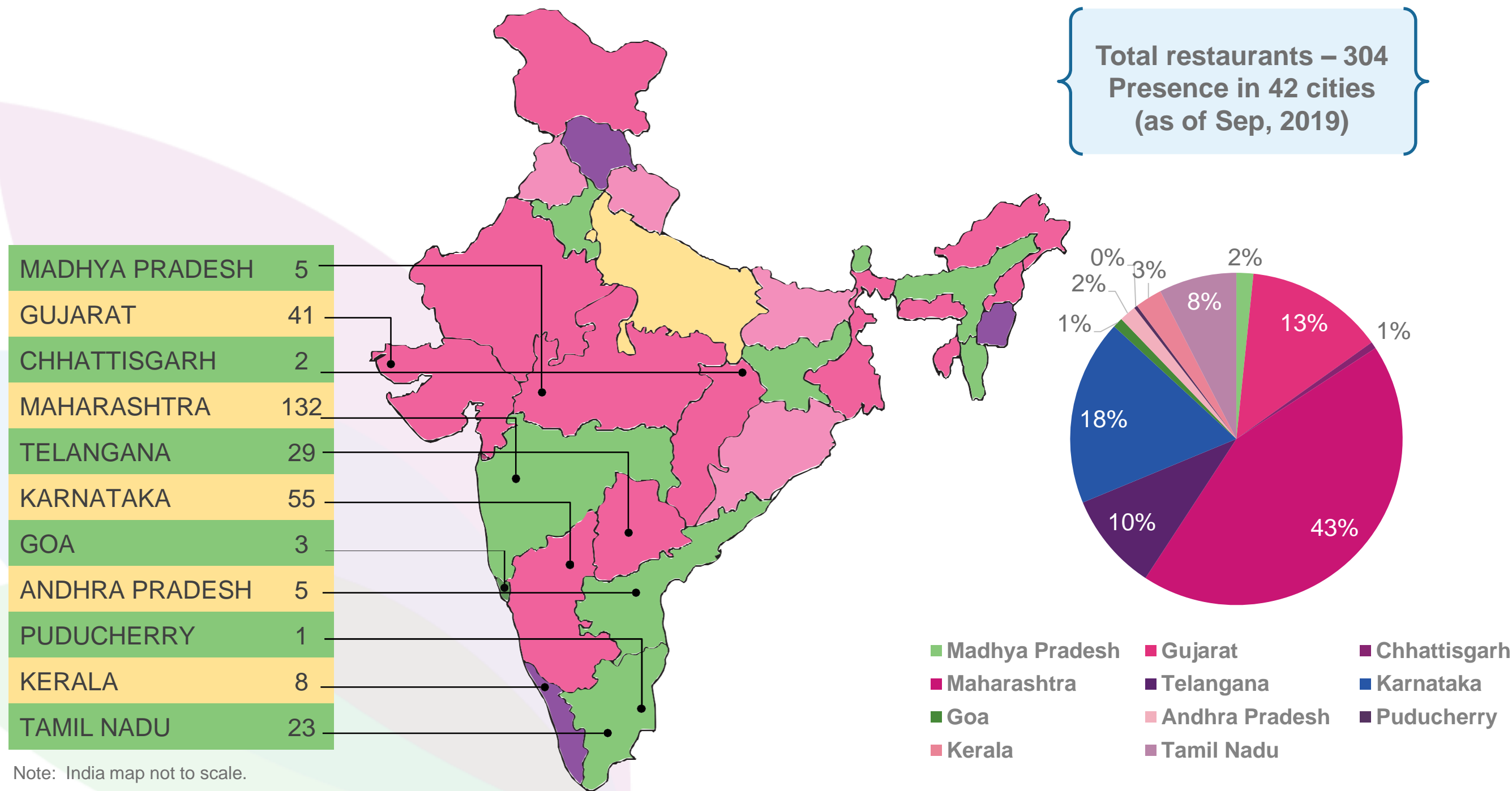
Leading to strengthening of baseline



NOTE: *FY15 SSG normalised to base of 100

Sustained momentum in same store sales resulted in higher average sales per restaurant (AUV) & operational profitability

Q2 FY2020 Results & Highlights



Reimagining our Stores

Modern and Contemporary Restaurant Designs



90% of our restaurants are now of modern and contemporary design

Providing digital experience and table service to our customers through EOTF stores is receiving good traction



EoTF design enhancing customer experience



OUR BRAND

Strengthening our Value Platform

McSaver Meals Combo

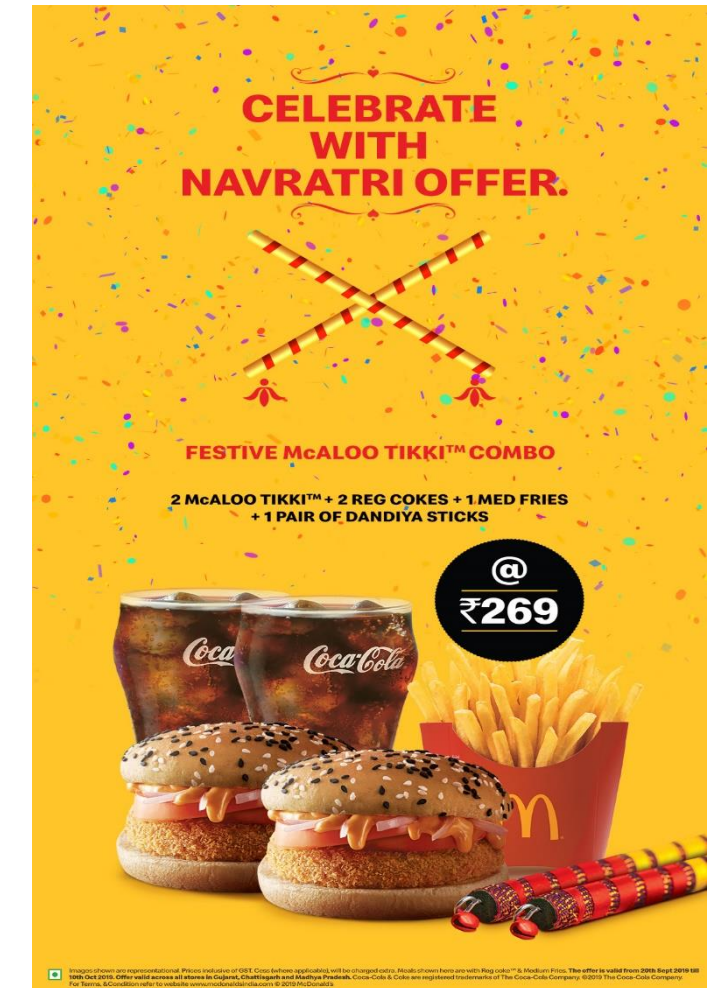


McBreakfast



Exclusive combo offers at Rs 99, available in store and on delivery to increase trials and improve frequency

Creating More Occasions to Celebrate



Friendship's Day

French Fries Day

Chicken Wings Day

Navratri
Celebration

Truly Indian Burger



#TRULY INDIAN BURGER

Lettuce quickly introduce you to our #TrulyIndianBurger

With hand picked potatoes from Gujarat, freshly farmed lettuce from the Nilgiris, jalapeños sourced from Karnataka and tomatoes from the local farms of India, the **Maharaja Mac** is the #TrulyIndianBurger.

So with every bite, savour the ingredients that are sourced from all over India. Mind blown? Know more about our other truly Indian products only on the new McDonald's app.



Scan the QR code to download now

POTATOES
Sourced from Gujarat

JALAPEÑOS
Sourced from Karnataka

LETTUCE
Freshly farmed from the Nilgiris

TOMATOES
Sourced from local farms

McDonald's

westlife

The above image showcases the Chicken Maharaja Mac. Available in Veg and Non-veg. Terms and conditions apply. For details, refer to our website www.mcdonaldsindia.com. © 2019 McDonald's. IMAGES ARE REPRESENTATIONAL.

McDelivery – A Strong Growth Driver



McDelivery Campaigns



McCafé - Building a coffee destination

McCafé Times promotion in Mumbai Mirror



McCafé sales have increased ~10x
in last 4 years



Average sales per day has more
than doubled in last 4 years



McCafé achieved an important
milestone of 10 mn cups sold in the
last 5 years.

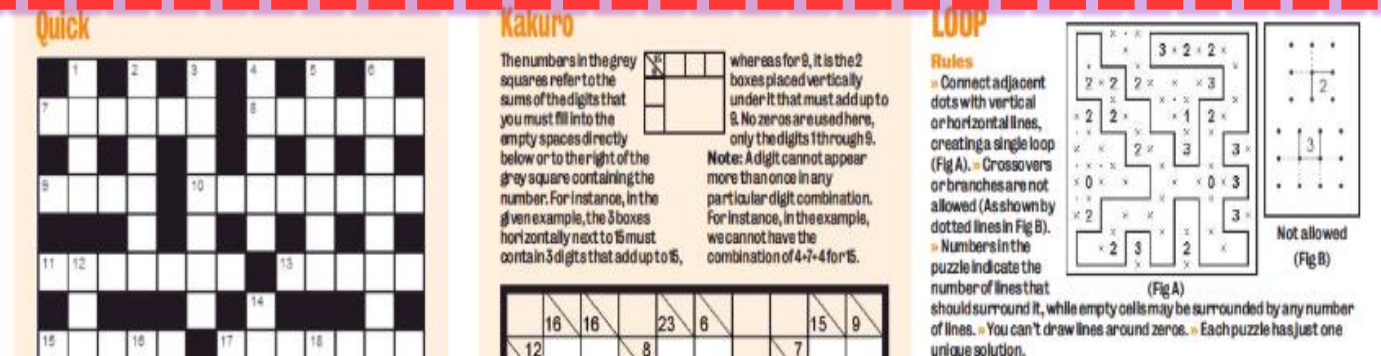


Introduced McCafé Rewards
program to encourage frequency



Added 8 McCafés during the
quarter, taking the total count to 205
McCafés





McCafé is the second largest coffee player in India in
terms of number of units sold.

Building loyalty through McDonald's App

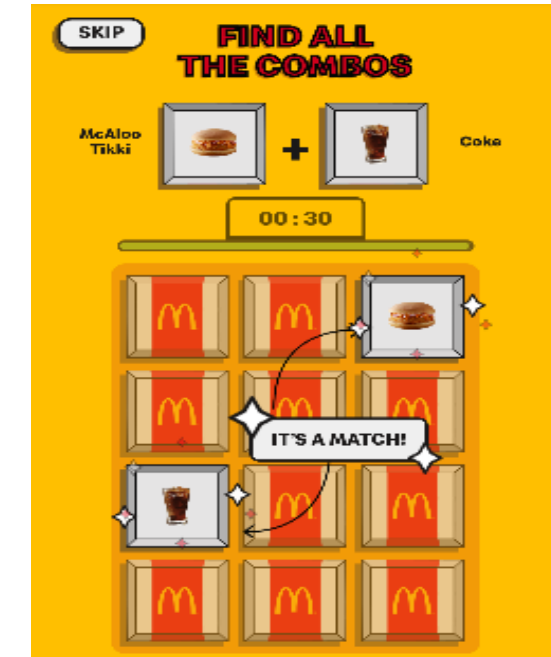
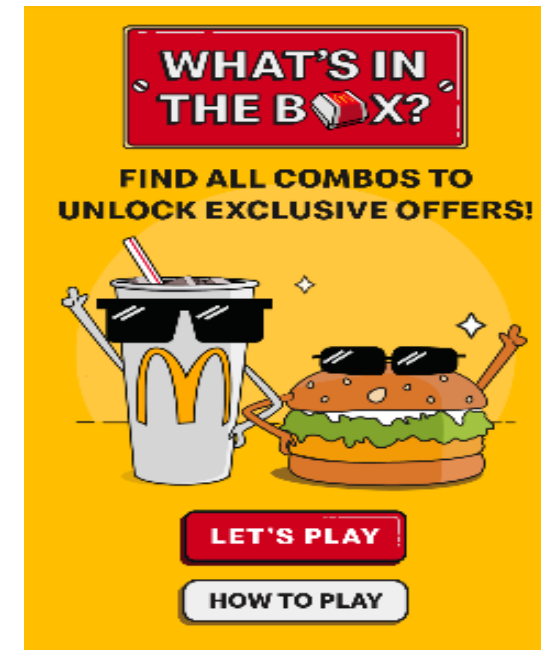
2.3 mn total downloads since the launch in Jan 2019, having a healthy redemption rate

50%+ QoQ increase in Active users of our App

Launched an engagement activity, where users have to play a simple memory game to unlock an exclusive offer

Received highest redemption for our McSaver meal campaign

Engagement Activity



Bhaari offers for halka wallets





OUR PEOPLE

Our People, Our Asset



Employee Training

- Employed a total of **~10,000 employees**
- **30%+** of our employees are **women**
- The Company invests lot of time and efforts in training its employees. In Q1 the company invested 68,625 total man-hours in training
 - Programs like **Restaurant Leadership Practices**, **Business Leadership Practices** and various On-Floor and Off Floor trainings for our employees
 - **International Business Leaders workshop**, hosted in Singapore for the restaurant managers to build international exposure and best practices of other countries



Smita Jatia, among the four Indians featured in Forbes Asia's Power Businesswoman list

The list highlights 25 accomplished women who are playing a significant role in shaping Asia's business landscape in the next few decades. These women are defying stereotypes and breaking down barriers across industries

Awards & Recognition

Achieved 2 Gold Awards at the DMA Asia ECHO Awards 2019 in the retail and experiential category for the Election Campaign #MakeYourChoice



Akshay Jatia conferred with the 21st Century Icon Awards 2019 under the category Dedicated Stalwart Award



Won the highest honour at the Sabre South Asia Awards 2019 for efforts to drive Brand Advocacy – 'Superior Achievement in Brand Building'



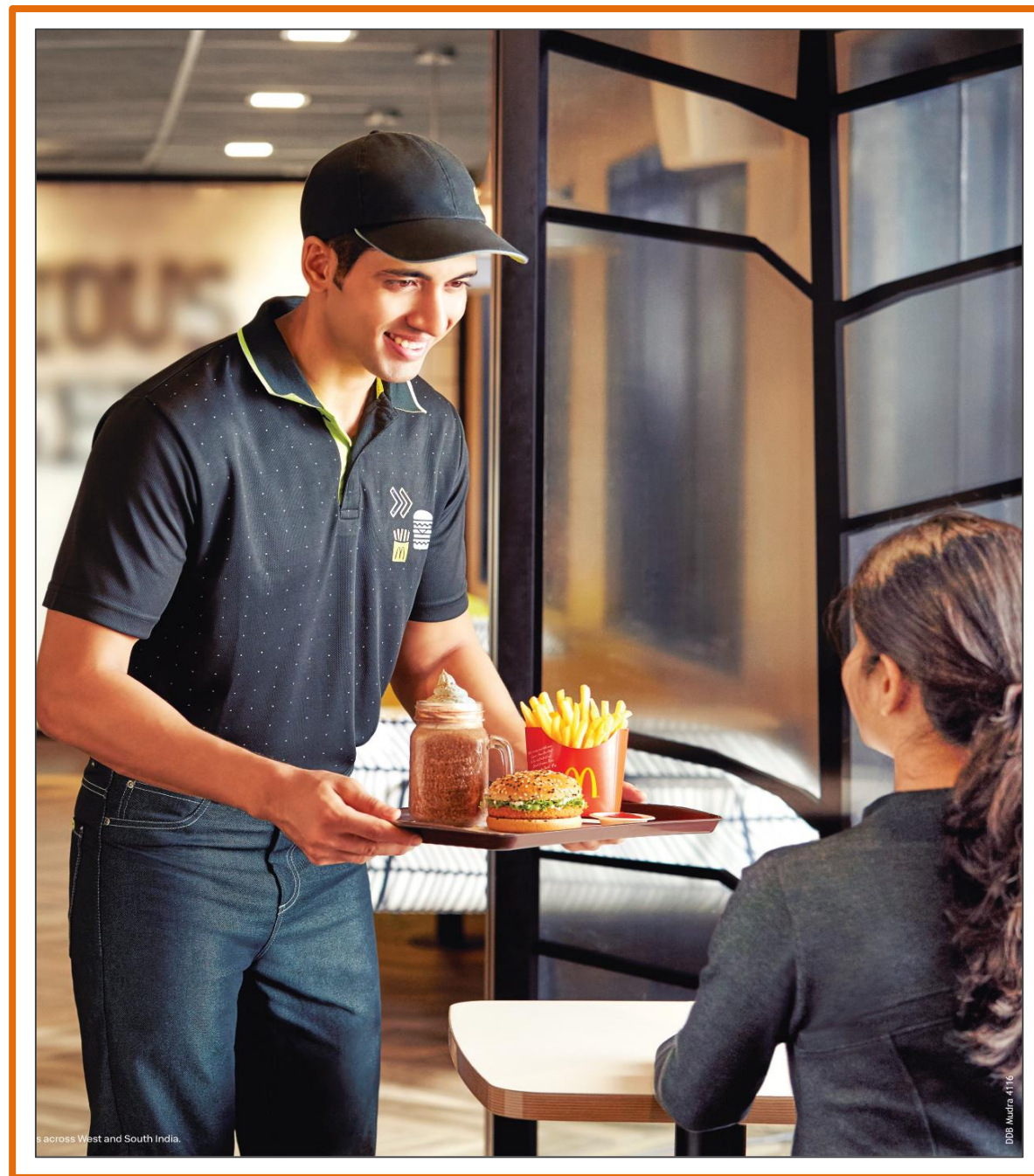
Bagged a Silver EMVIE, 2019 at The Advertising Club's EMVIE Awards for our Election Campaign #MakeYourChoice under the category Innovation / Experiential Marketing

Won the 'Bronze Spike' for our Election Campaign #MakeYourChoice, under the category 'Media-use of Stunts'



McDonald's Skill India Program

- Pioneering people skilling initiative that supports Government's vision of creating skilled India.
- Started our first program – BBA – Retail Operations Program in partnership with RASCI and Ness Wadia College, Pune, to bridge the skill gap and create industry ready talent for retail industry





SCALE FOR GOOD



McDONALD'S IS PROUD TO CONTRIBUTE TOWARDS OUR PRIME MINISTER'S VISION OF MAKING INDIA SINGLE-USE PLASTIC FREE BY

 <p>INTRODUCING NEW PACKAGING PRODUCT LINE FOR RICE BOWLS WITH HEAT RESISTANT PAPER LID</p>	 <p>REPLACING PLASTIC CUTLERY WITH WOODEN CUTLERY</p>	 <p>REPLACING PLASTIC CUPS WITH SUPERIOR QUALITY PAPER CUPS</p>	 <p>USING LIDS MADE OF CORN STARCH DERIVATIVES FOR HOT AND COLD BEVERAGES</p>	 <p>USING PAPER STRAWS</p>
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ALL THESE INITIATIVES HAVE LED US TO ELIMINATE CLOSE TO 500 TONS OF PLASTIC IN A YEAR, WHICH IS HELPING US

 <p>> REDUCE LANDFILL</p>	<ul style="list-style-type: none">> CUT DOWN PLASTIC DRIVEN MARINE POLLUTION> DRASTICALLY REDUCE THE TOXINS RELEASED DURING PLASTIC PRODUCTION AND THEREAFTER TILL IT DOES NOT DECOMPOSE (WHICH IS 700 YEARS)	
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**Ronald McDonald
House Charities®
Foundation India
(RMHC India)**



- Aim to establish free of cost care centres and care houses for the benefit of families whose children are undergoing medical treatment.
- In Q2FY20, 1,193 patients utilized RMHC – Family Room Services.
- RMHC turned three and we carried out birthday celebrations there with cancer patients and their families



FINANCIALS

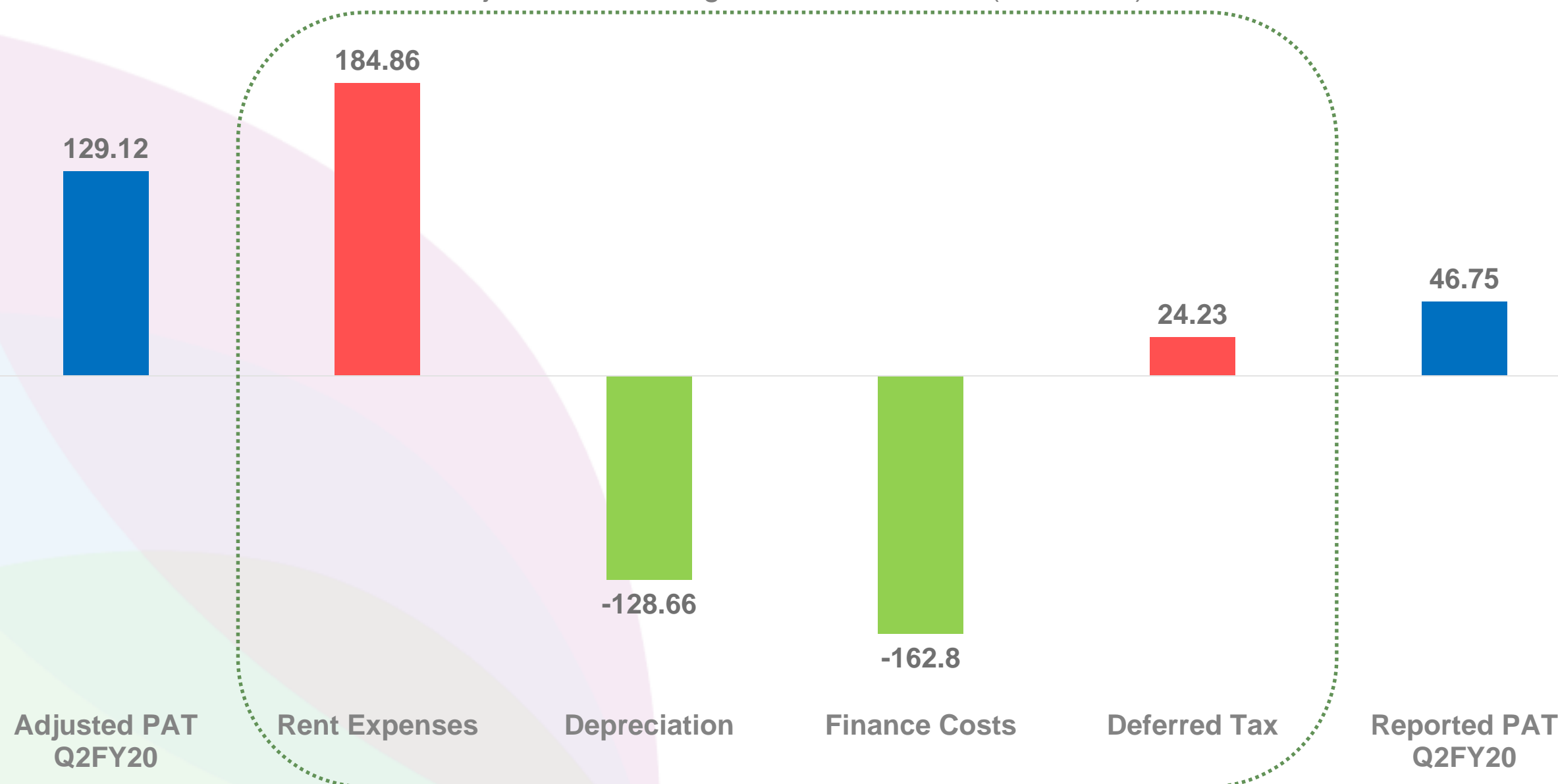
Impact on Profit & Loss Statement

(Rs in Mn)

Particulars (Rs. In Mn)	A Quarter ended Sep 30, 2019 (excl IND AS 116)	B Changes due to Ind AS 116 increase / (decrease)	C Quarter ended Sep 30, 2019 (reported)	D Quarter ended Sep 30, 2018 (previous GAAP)	E YoY Growth % (A over D)
Occupancy and other operating expenses	1,345.85	-184.86	1,160.99	1,217.84	10.51%
Restaurant operating Margin	629.21	184.86	814.06	473.85	32.79%
General & Administration Expenses	219.16	-	219.16	197.60	10.91%
OPERATING EBITDA	410.05	184.86	594.91	276.25	48.43%
Depreciation	214.87	128.66	343.53	197.04	9.05%
Financial Expense (Interest & Bank Charges), net	37.68	162.80	200.48	41.26	-8.68%
Profit before tax	180.67	-106.6	74.07	92.77	94.75%
Deferred Tax	25.08	-24.23	0.85	47.88	-47.63%
Income Tax	26.47	-	26.47	4.22	527.58%
Profit after tax	129.12	-82.38	46.75	40.67	217.47%

Reconciliation between Adjusted PAT to Reported PAT

Adjustments arising out of IND AS 116 (Rs. In Mn)





Q2 & H1FY20 FINANCIALS

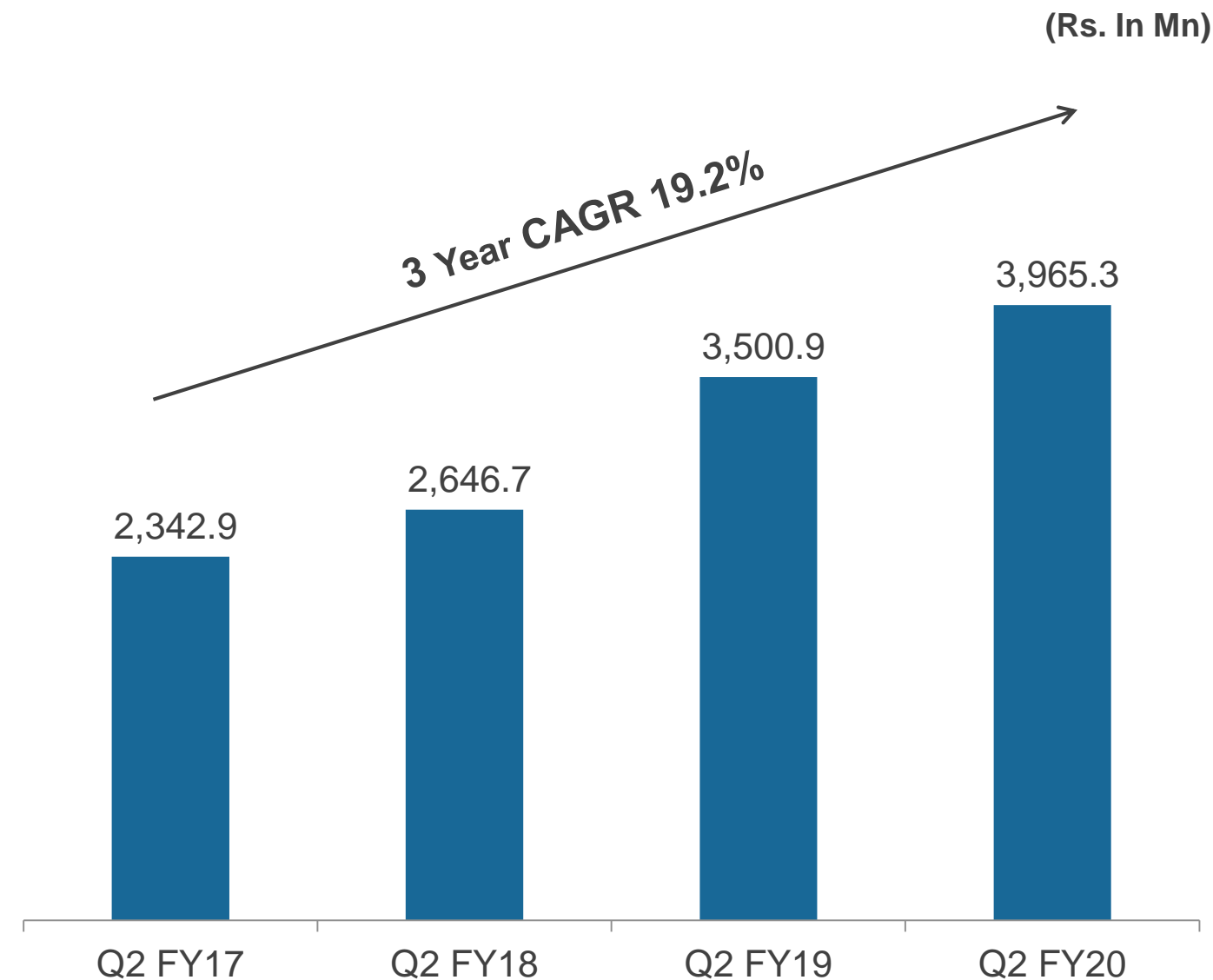
Revenue growth trajectory

INR Mn	Q2 FY20	Q2 FY19	Growth
Total Revenue	3,965.3	3,500.9	13.3%

INR Mn	H1 FY20	H1 FY19	Growth
Total Revenue	7,785.0	6,917.7	12.5%

Increase in revenue is primarily due to:

- Continued positive trend in same store sales growth for 17 consecutive quarters
- Brand extensions continues to strengthen sales contribution
- Consistently strengthening our value platform and being more relevant to our customer needs



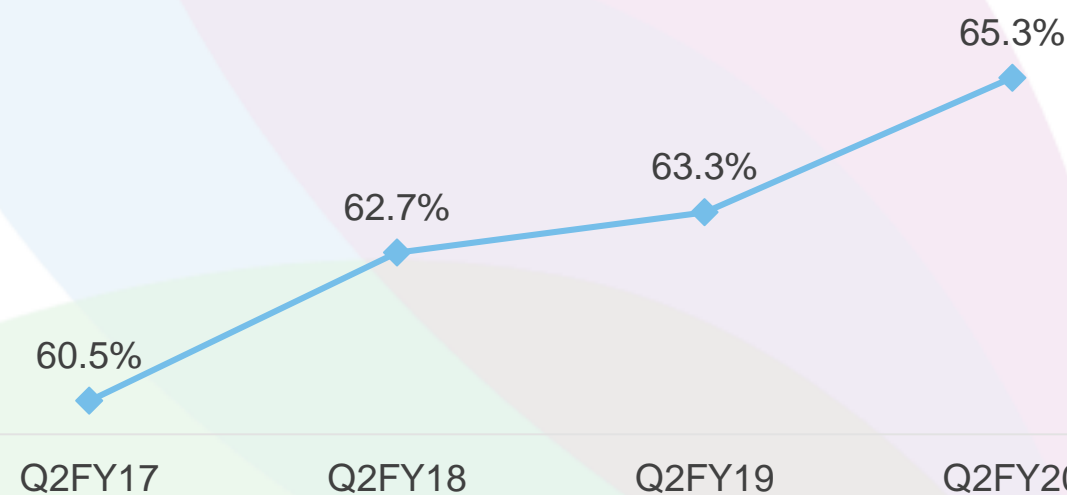
Note: Q2 & H1FY20 numbers are excluding adjustments arising out of IND AS 116

Margin Growth (%)

INR Mn	Q2 FY20	Q2 FY19	Growth
Gross Margins	2,588.9	2,214.4	16.9%
% of Total Revenue	65.3%	63.3%	

INR Mn	H1 FY20	H1 FY19	Growth
Gross Margins	5,032.9	4,392.8	14.6%
% of Total Revenue	64.7%	63.5%	

- Continued focus on increasing efficiencies aided in improvement of our gross margins

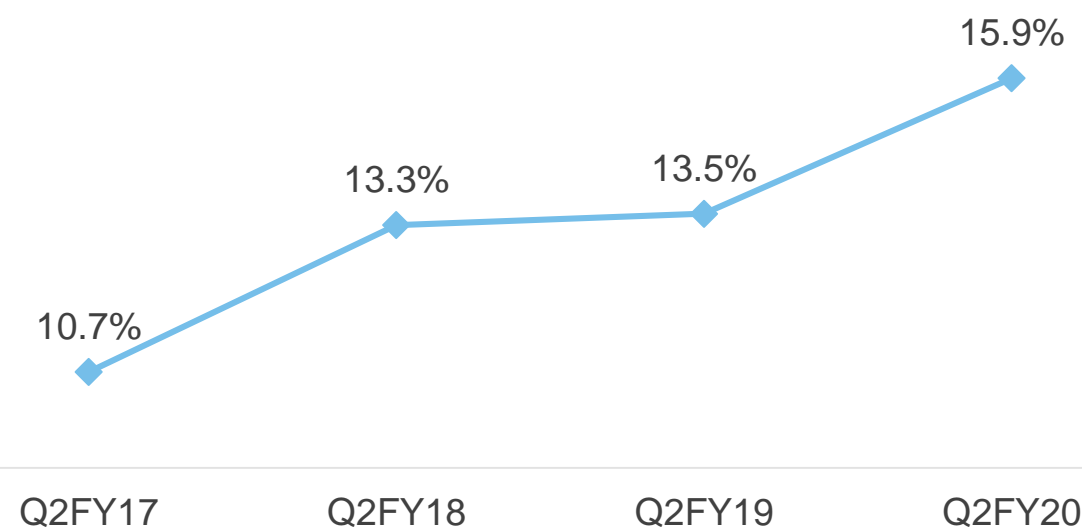


~480 bps increase in GM over last 3 years

INR Mn	Q2 FY20	Q2 FY19	Growth
RoM	629.2	473.9	32.8%
% of Total Revenue	15.9%	13.5%	

INR Mn	H1 FY20	H1 FY19	Growth
RoM	1,142.9	998.4	14.5%
% of Total Revenue	14.7%	14.4%	

- RoM boost was primarily on back of operating efficiencies along with favourable gross margins



~520 bps increase in RoM over last 3 years

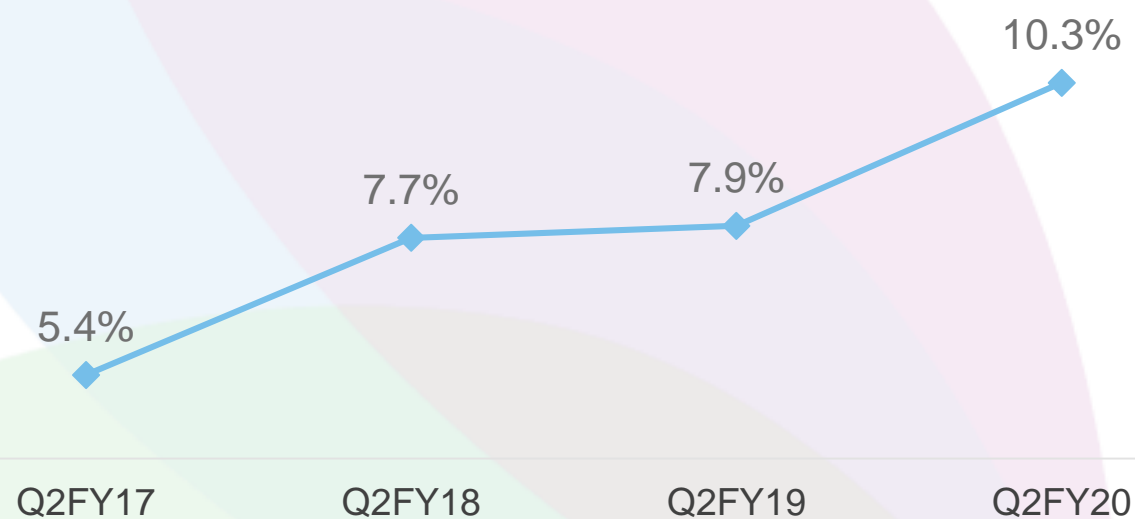
Note: Q2 & H1FY20 numbers are excluding adjustments arising out of IND AS 116

Operating Profitability

INR Mn	Q2 FY20	Q2 FY19	Growth
Op. EBITDA	410.1	276.3	48.4%
% of Total Revenue	10.3%	7.9%	

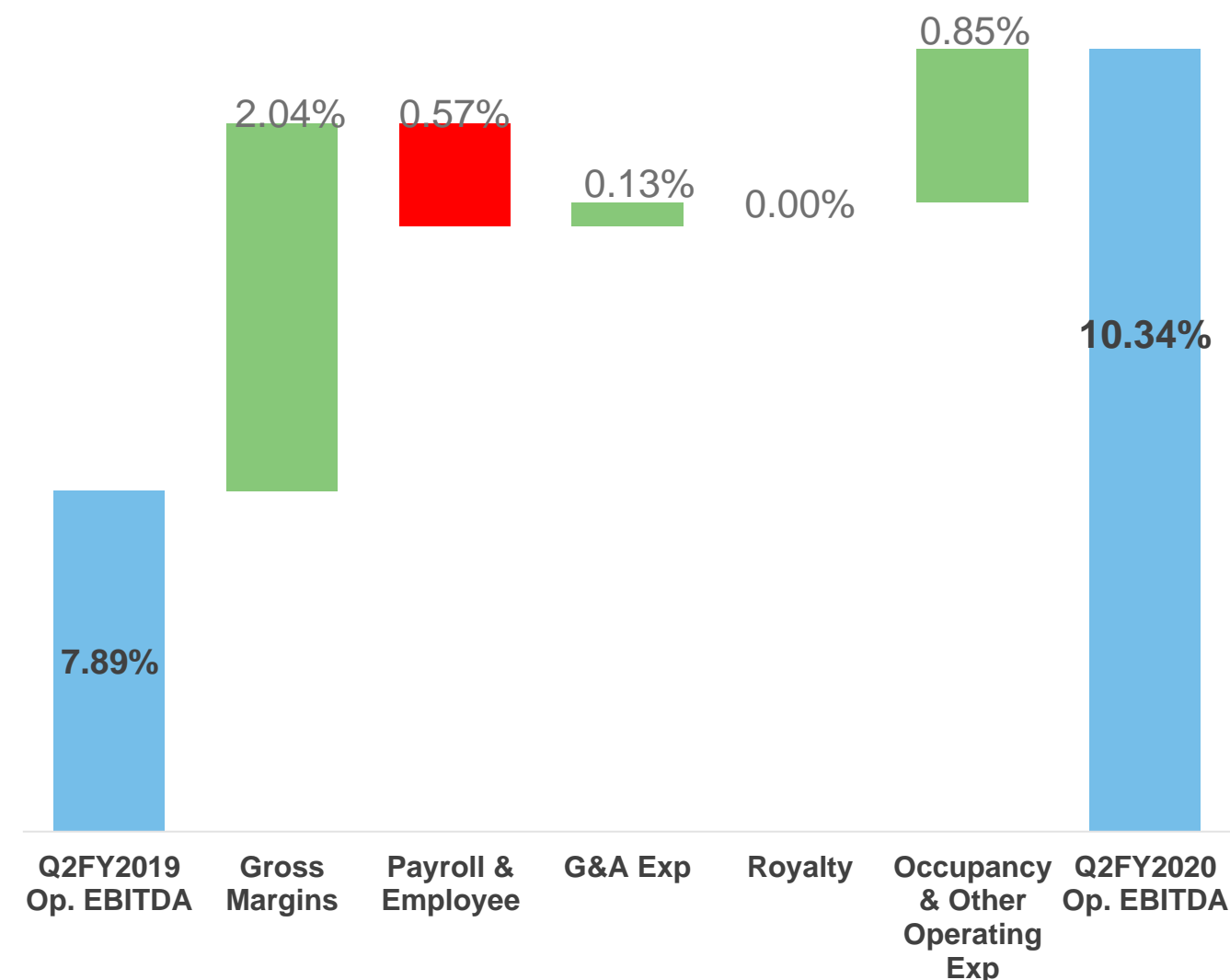
INR Mn	H1 FY20	H1 FY19	Growth
Op. EBITDA	736.4	621.8	18.4%
% of Total Revenue	9.5%	9.0%	

- Operating EBITDA for the quarter grew on back of higher RoM & reduction in G&A expenses.



~ 490 bps increase in Op. EBITDA over last 3 years

Operating EBITDA Bridge



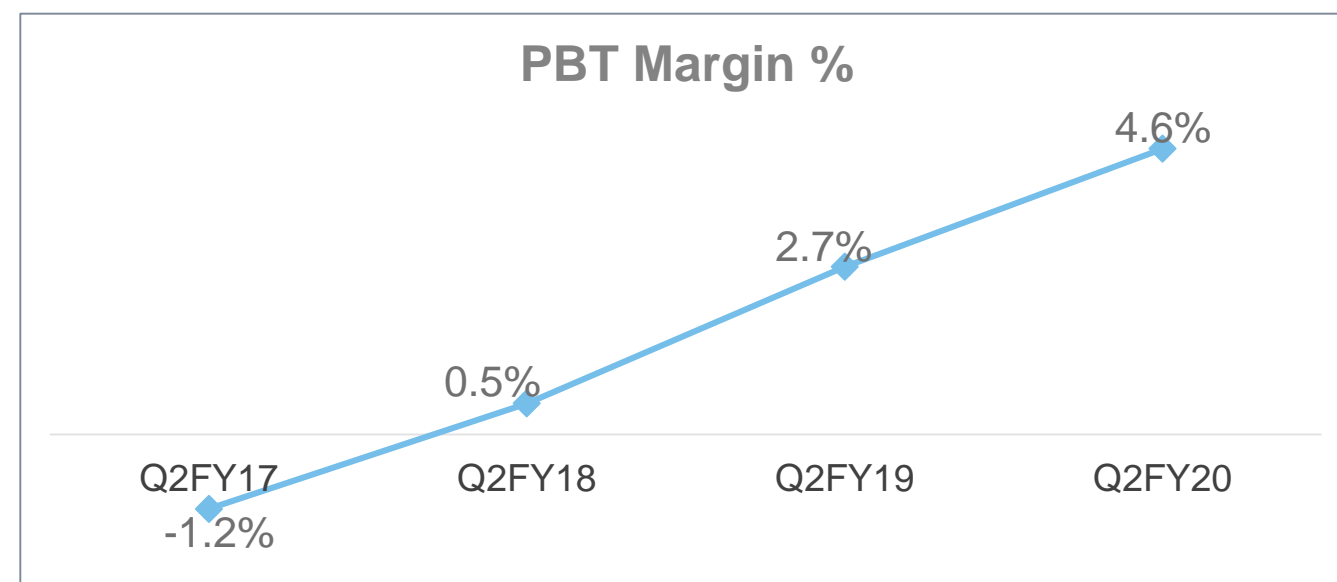
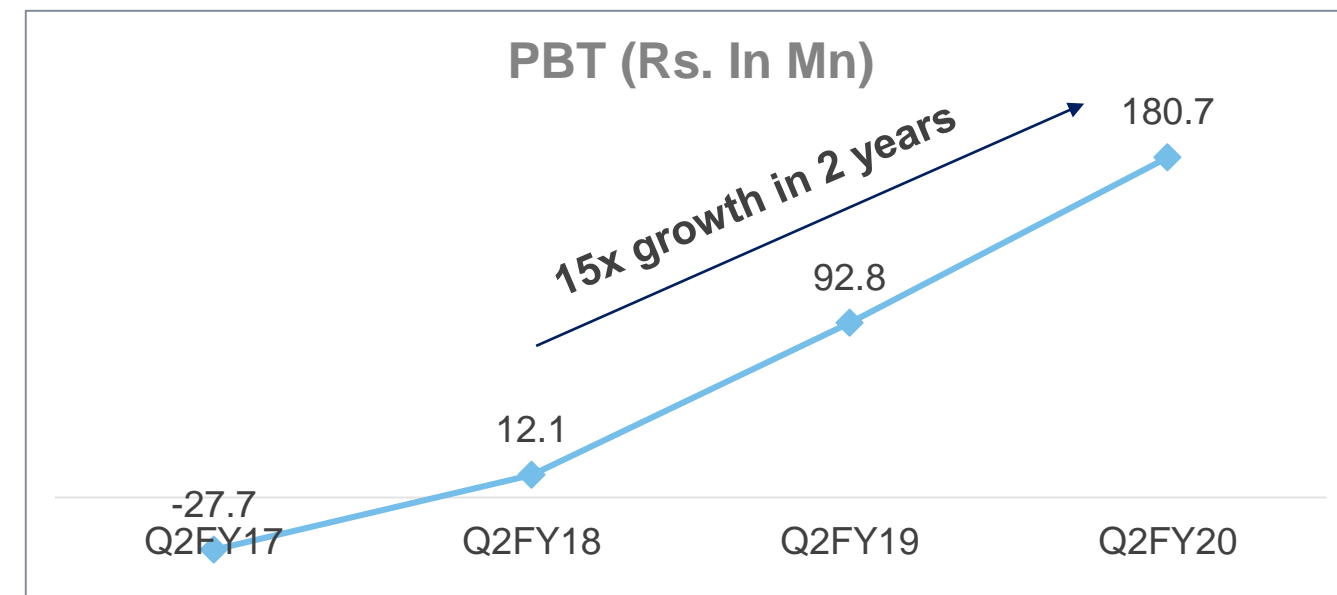
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Profitability (%)

INR Mn	Q2 FY20	Q2 FY19	Growth
PBT	180.7	92.8	94.8%
% of Total Revenue	4.6%	2.7%	

INR Mn	H1 FY20	H1 FY19	Growth
PBT	265.8	231.9	14.6%
% of Total Revenue	3.4%	3.4%	

- PBT for Q2FY20 almost doubled over Q2FY19 due to higher sales and improved operating performance
- From FY20 WDL falls under the bracket of full tax rate and hence to that extent, PAT with previous years may not be comparable.
- PBT indicates the actual improvement in our profitability over Q2FY2019



~ 580 bps increase in PBT over last 3 years

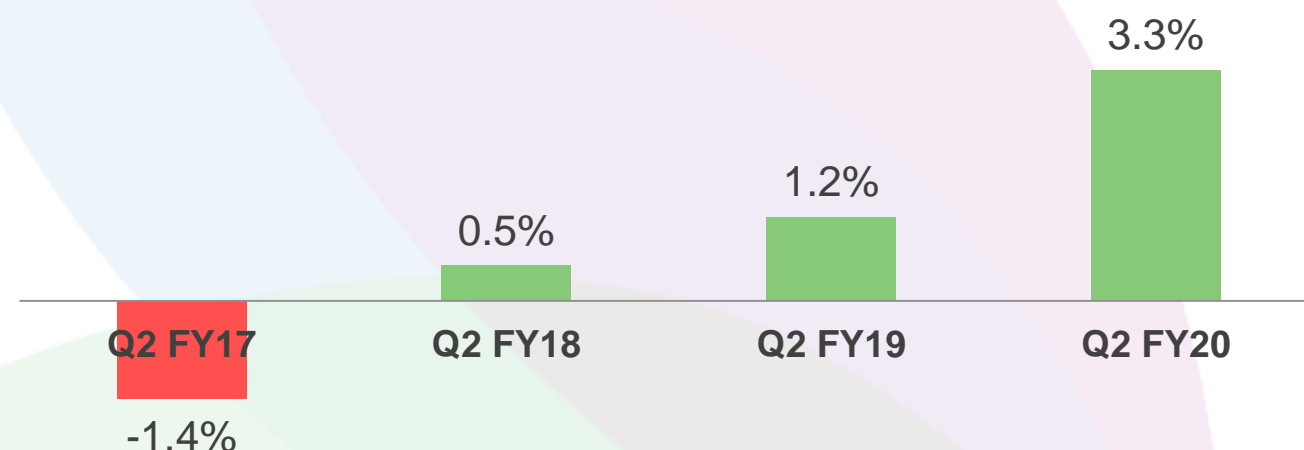
Note: Q2 & H1FY20 numbers are excluding adjustments arising out of IND AS 116

Profitability (%)

INR Mn	Q2 FY20	Q2 FY19	Growth
PAT	129.1	40.7	217.5%
% of Total Revenue	3.3%	1.2%	

INR Mn	H1 FY20	H1 FY19	Growth
PAT	191.3	130.9	46.2%
% of Total Revenue	2.5%	1.9%	

- PAT margins expanded due to higher operating EBITDA margin coupled with lower finance cost.
- Increase in PAT despite full tax rate application from FY20**

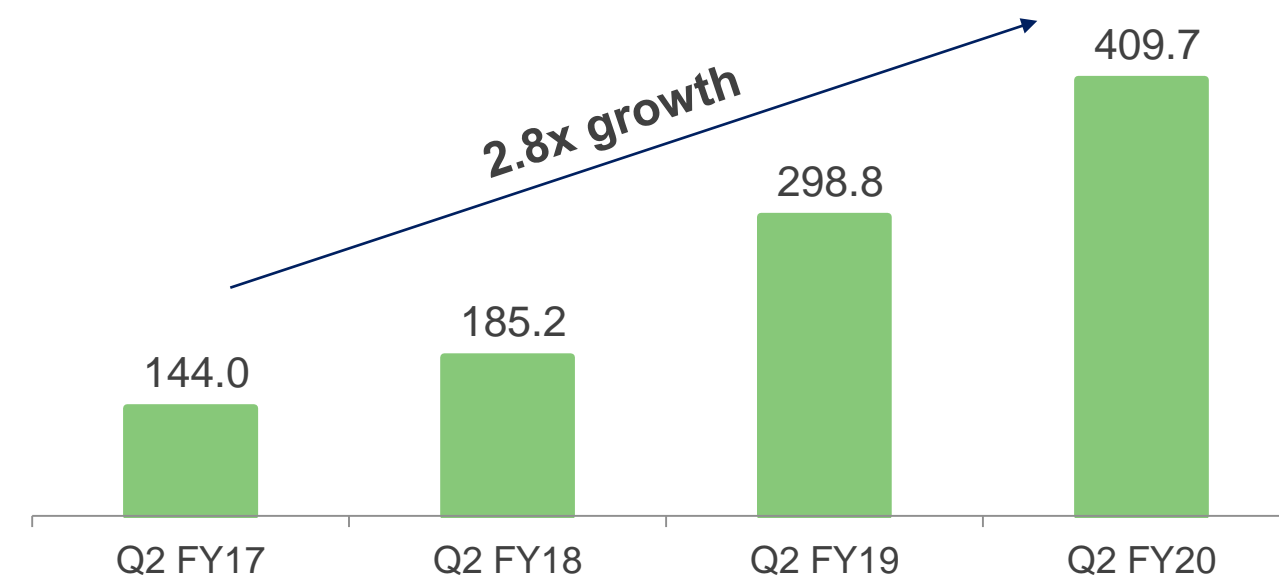


~470 bps increase in PAT over last 3 years

INR Mn	Q2 FY20	Q2 FY19	Growth
Cash Profit	409.7	298.8	37.1%
% of Total Revenue	10.3%	8.5%	

INR Mn	H1 FY20	H1 FY19	Growth
Cash Profit	719.2	641.1	12.2%
% of Total Revenue	9.2%	9.3%	

- Q2FY20 Cash Profit increased largely due to higher profitability



Note: Q2 & H1FY20 numbers are excluding adjustments arising out of IND AS 116

Outlook for FY20

Revenue Growth



- ✓ On track to add ~25 – 30 restaurants in the year
- ✓ Brand extensions, menu innovation and value platform to aid AUV growth
- ✓ Building strong pipeline to propel our revenue growth going forward
- ✓ Expanding EOTF footprint and integrating digital strategy

- Continued focus on better operational profitability
- ROP 2.0 foundation increasing efficiency with better sales trajectory
- Optimizing opportunity via continuous evaluation of restaurant portfolio

Profitability



On track to achieve Vision 2022 targets and create more shareholder wealth

THANK YOU

IR Contact

For additional information:

Devanshi Dhruva

Investor Relations

(+91 22) 4913 5306

devanshi.dhruva@mcdonaldsindia.com

www.westlife.co.in