

Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q4 FY19 Earnings Presentation
May 14, 2019

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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

Introduction of new value platform – McSaver Combos

Introduction of new platform – Rice Bowl (Veg & Chicken)

Digital experience and table service in EOTF stores

Introduced Whole Wheat Buns

Menu Innovation through Spice Fest

Launched McDonald's App

FY2019 Results & Highlights

Total Revenue at **INR 14,016.05 Mn**; strong revenue growth of **23.5%**

Strong SSSG performance for 15th quarter in a row; FY19 comps at **17.0%**

Gross margin improved **138 bps YoY to 63.9%**; **RoM Growth ~ 37.7%**;

Op. EBITDA Growth ~ **50.4%**; margin expansion of **163 bps YoY**

PAT at **INR 403.02 Mn**; PAT Margin at **2.88%**

Cash profit (before tax) increased by **41.53% YoY to INR 1,258.18 Mn**

Q4 FY2019 Results & Highlights

GROW MARKET SHARE & MARGIN



=

GROW BASELINE SALES



+

BROADENING ACCESSIBILITY OF BRAND McDONALD'S



Revenue at **INR 3,391.7 Mn**;
strong revenue growth of **12.05%**

Gross margin improved 56 bps to
64.12%; RoM Growth **17.21%**;

Op. EBITDA Growth **21.67%**;
margin expansion of **64 bps**

Q4 PAT at **INR 71.4 Mn**
Cash profits at **INR 297.7 Mn**

Positive SSSG performance for
15th quarter in a row; Q4 FY19
comps at **5.6%**

Menu Innovations &
Brand extensions continue to
propel growth.

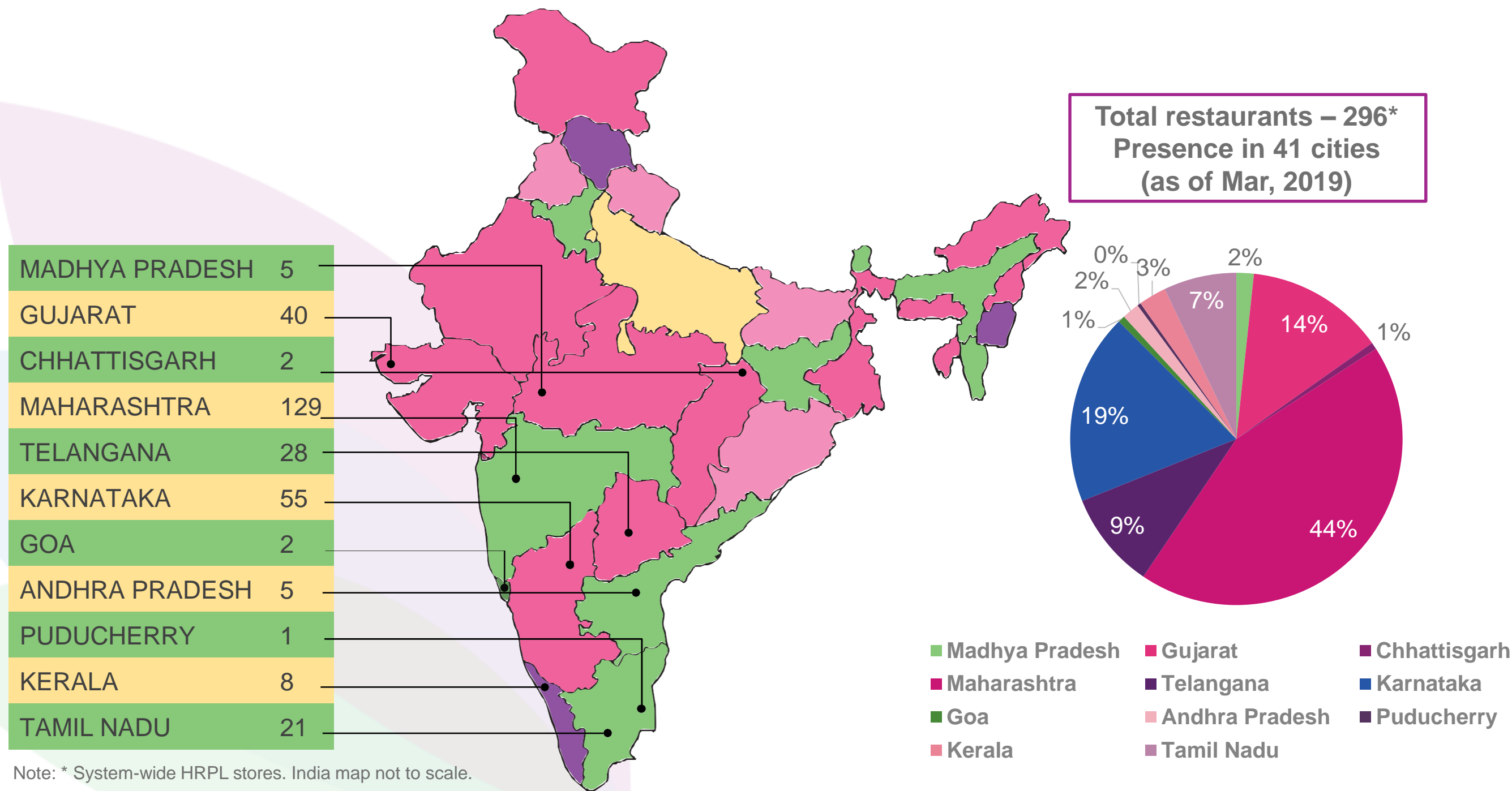
296 restaurants;
7 new additions
during the quarter

New city entered - Tirupati;
Overall presence in
41 cities



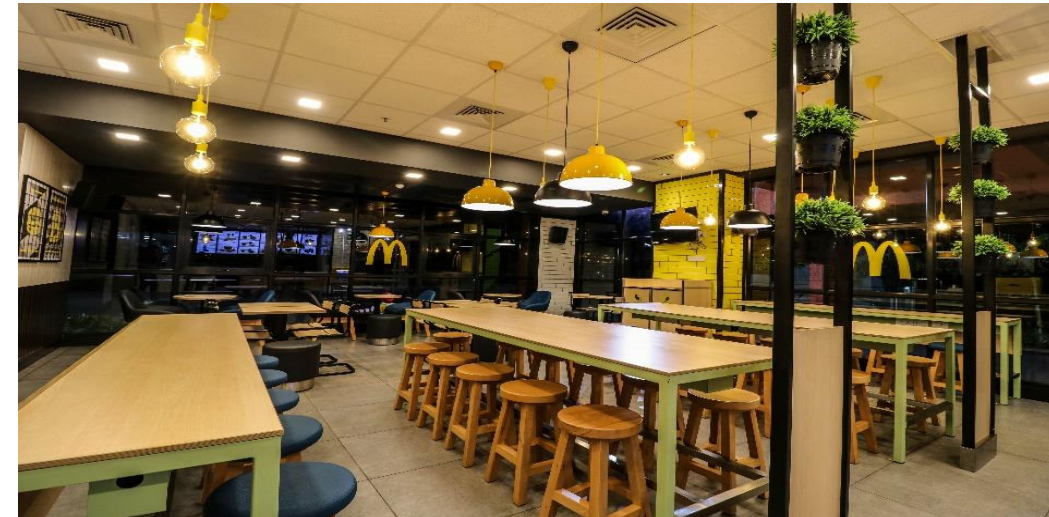
OUR RESTAURANTS

Q4 FY2019 Results & Highlights



Our Restaurant Designs

Modern and Contemporary Restaurant Designs



- Continuous investments made in restaurants to make it modern and contemporary.
- 90% of our restaurants are now of modern and contemporary design.

Our Restaurant Designs

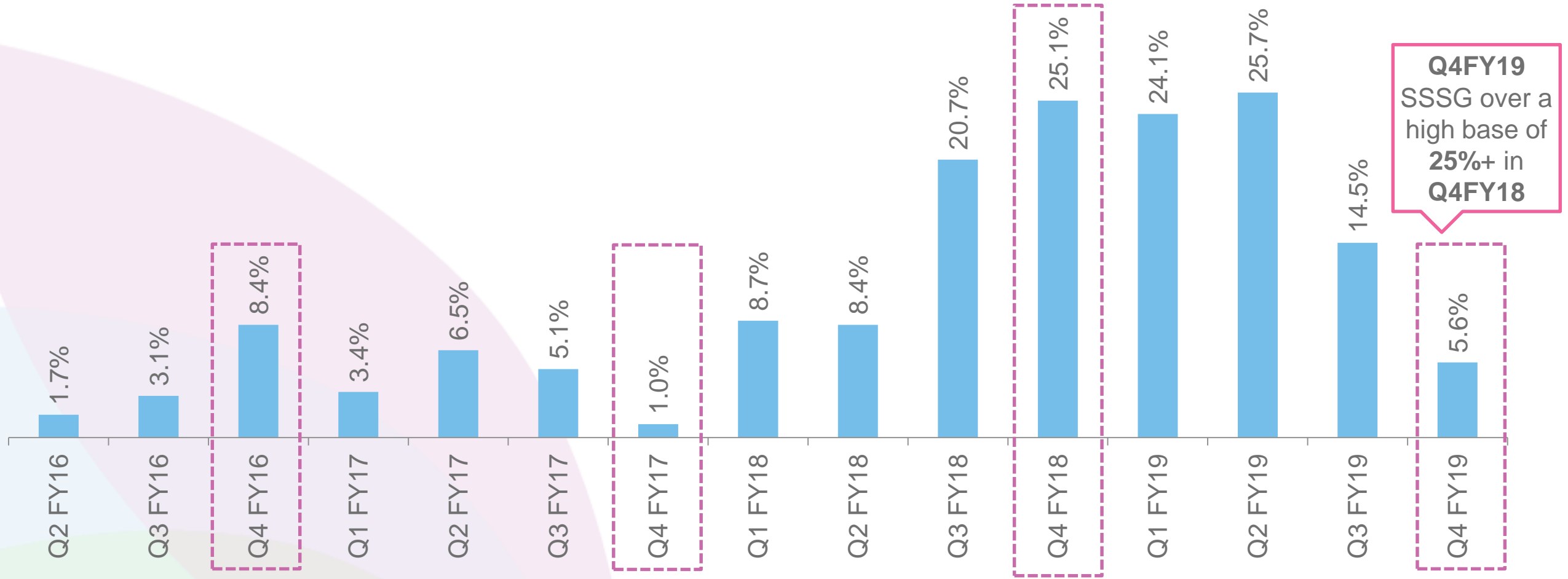
EoTF design enhancing customer experience



- Providing digital experience and table service to our customers through EOTF stores is receiving good traction
- EOTF stores expansion increased from 5 in FY18 to 25 in FY19

OUR BRAND

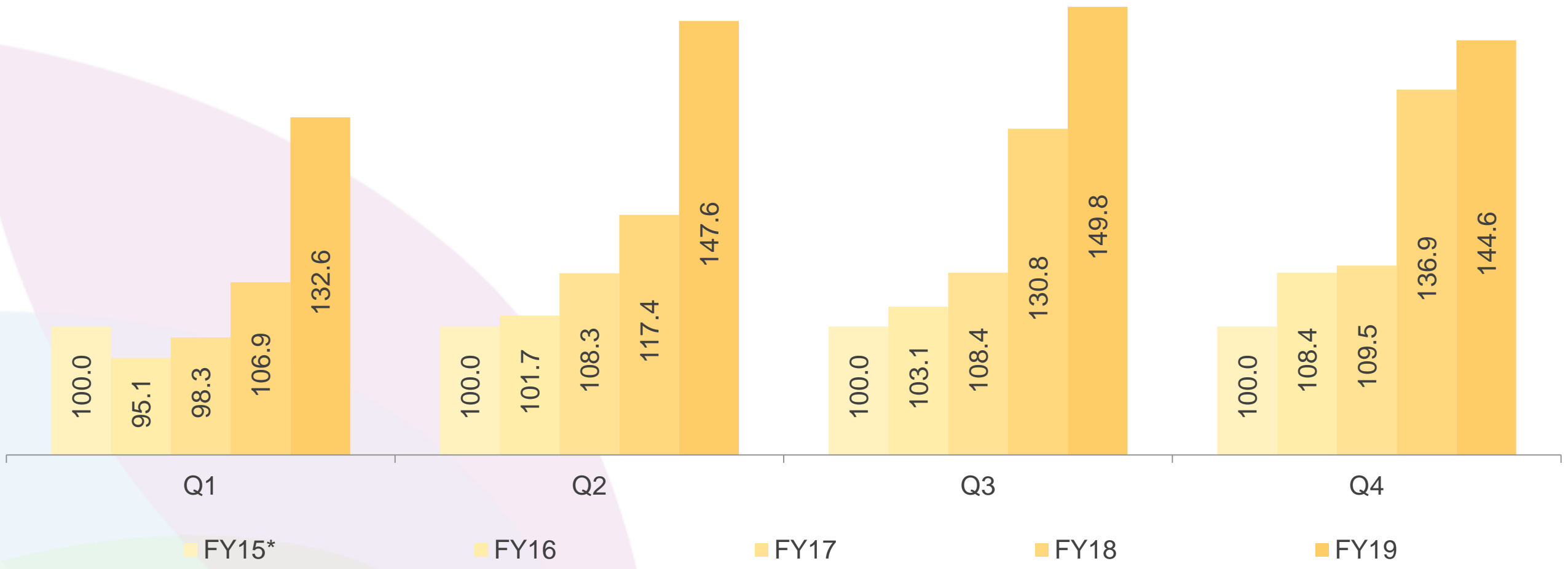
Positive SSSG momentum continues



Q4FY19
SSSG over a
high base of
25%+ in
Q4FY18

Consistently registering positive and healthy SSSG for 15 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

Launch of McDonald's App

Growing baselines sales through McDonald's App

8.45 lacs total downloads since the launch in Jan 2019, with a healthy redemption rate.

Average Check of orders through McDonald's App is higher than in-store counter.

MDS App has been integrated within the McDonald's App



McDonald's App Initiatives

Welcome Offer Campaign



10 Year Challenge



Valentine's Day The Perfect Match



Growing baselines sales through Menu

Spice Fest was extended to
Q4FY2019 as well



System – wide introduction of
Whole Wheat Buns



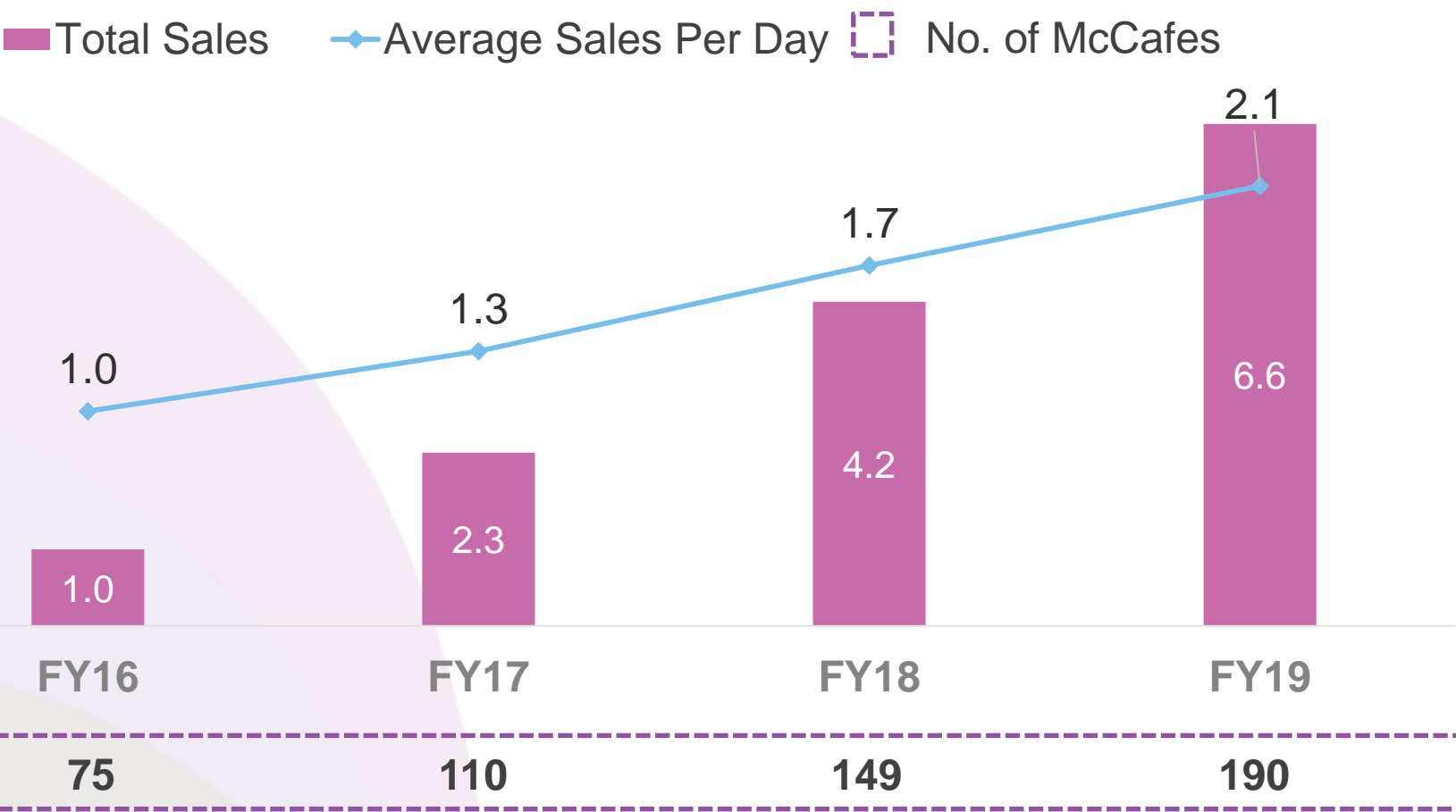
Growing baselines sales through *McCafé*



- 190 McCafés at the end of Q4; added 8 McCafés during the quarter
- Introduced 4 new flavoured cappuccino – Toffeenut, Roasted Hazelnut, Chocolate and Caramel
- Food and flavour festival across all McCafes – pairing of hot coffee with muffins

McCafe Sales in 3 years

McCafe sales have increased more than 6x in last 3 years



McCafe base of restaurants has increased 2.5x in 3 years. 190 as of Q4 FY19 including 41 additions in FY19

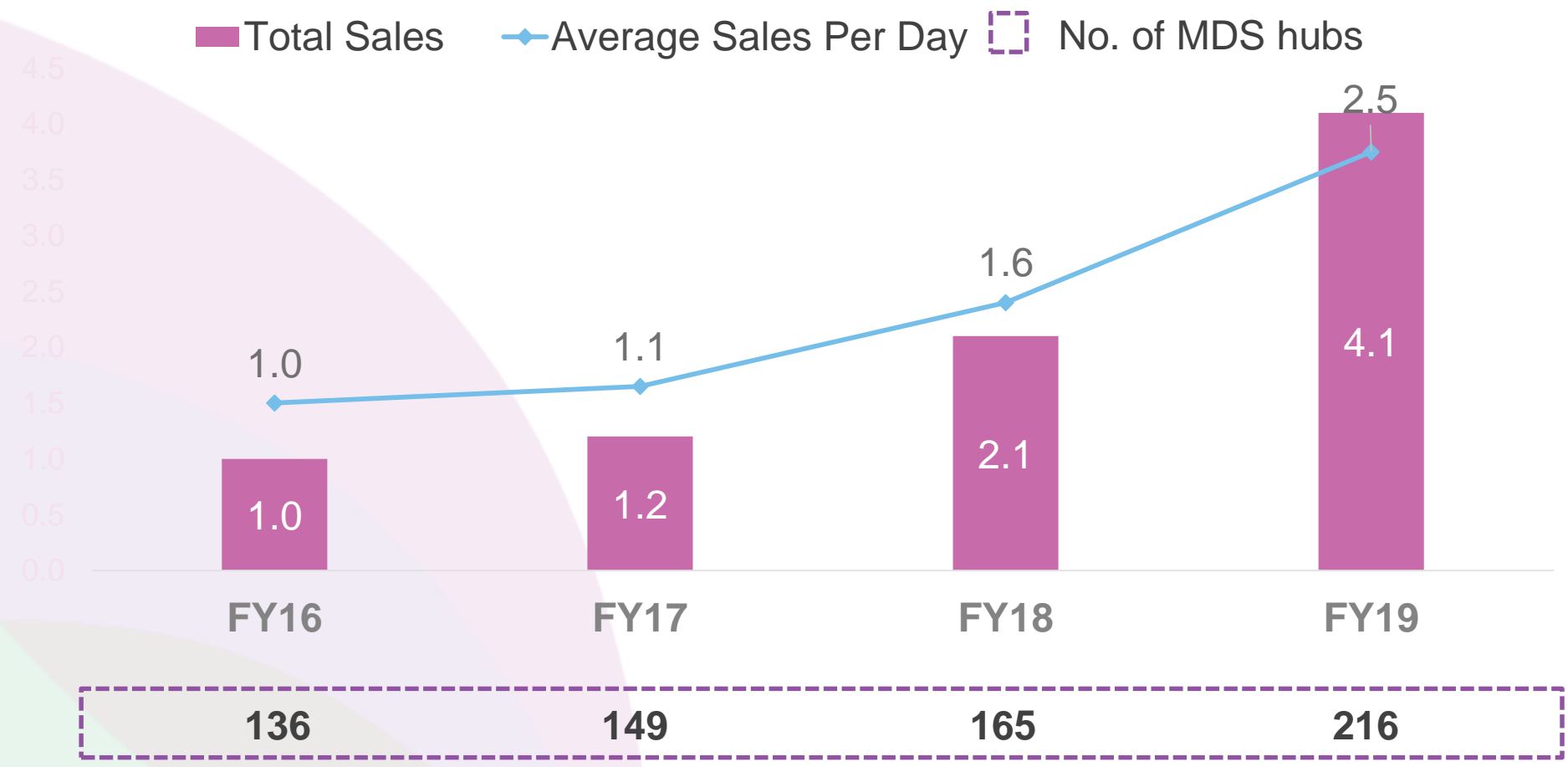
Growing baselines sales through McDelivery

- McDelivery (MDS) Sales has grown more than 4x in last 3 years
- Improve on Serviceability & convenience - extended operating hours till 1:00 AM across 50+ stores
- Delivery of hot beverages has been introduced across all our McCafe stores, post the success of the pilot project



McDelivery Sales in 3 years

MDS sales have increased more than 4x in last 3 years



Significant growth from digital channels and tie up with aggregators continue to be accretive

Growing baselines sales through McBreakfast



- Added McBreakfast in 16 stores during the quarter, taking the total count to 163 restaurants
- Continued with the Breakfast Egg Festival in Q4FY19, promoting exclusive Breakfast menu leading with Egg range
- Exclusive combo offers at Rs 89, available in store and on delivery
- Only QSR to have an exclusive wholesome nutritious breakfast rich in protein

OUR PEOPLE

Awards & Excellence



The Economic Times has recognised McDonald's India as one of the **Best brands for the year 2018-19**

Won the PCI* Award, 2019 for being among the Best 50 PCI Companies

*Note: PCI is People Capital Index



Great Place to Work® Award - 2018
Among Top 10 companies to work for in Retail Industry – 2018
(4th year in a row)



The **CFO100 Programme** annually recognises the top 100 senior finance professionals in India who have made a difference with their acumen, attitude and leadership.



Maddy's Award recognizes exceptional work done in the field of advertising. McDonald's won the Silver medal in the category of **'Best Use of TV'** for **'What's Your Spice?' campaign**

Fulcrum Gold Award - 2018
Best Consumer Products and Retail sector campaign for **'Flavours without Borders'** campaign



FINANCIAL DISCIPLINE

Robust revenue growth trajectory

Total Revenue (Rs. In Mn)

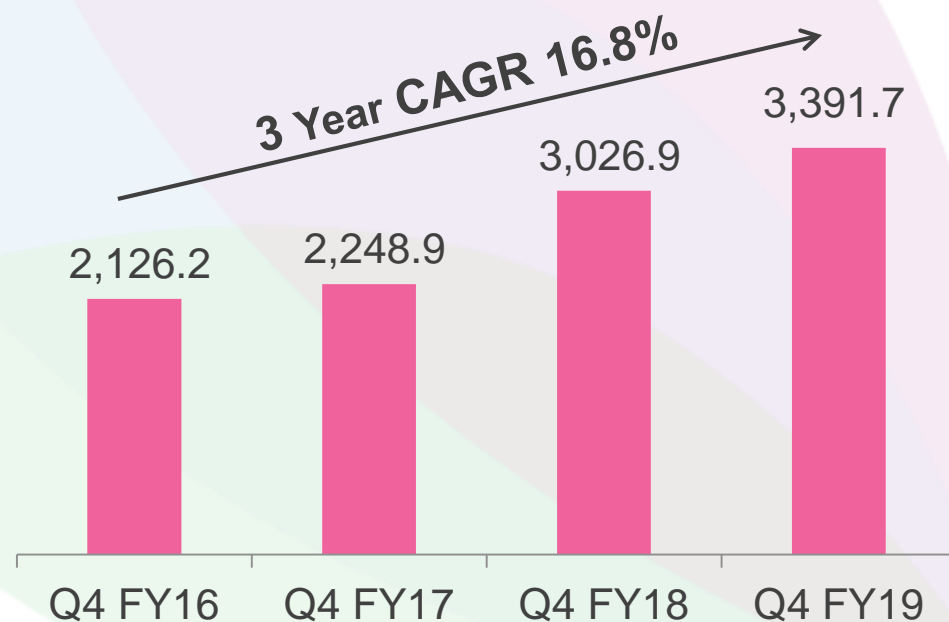
Q4 FY19	Q4 FY18	Growth
3,391.7	3,026.9	12.1%

FY19	FY18	Growth
14,016.1	11,348.7	23.5%

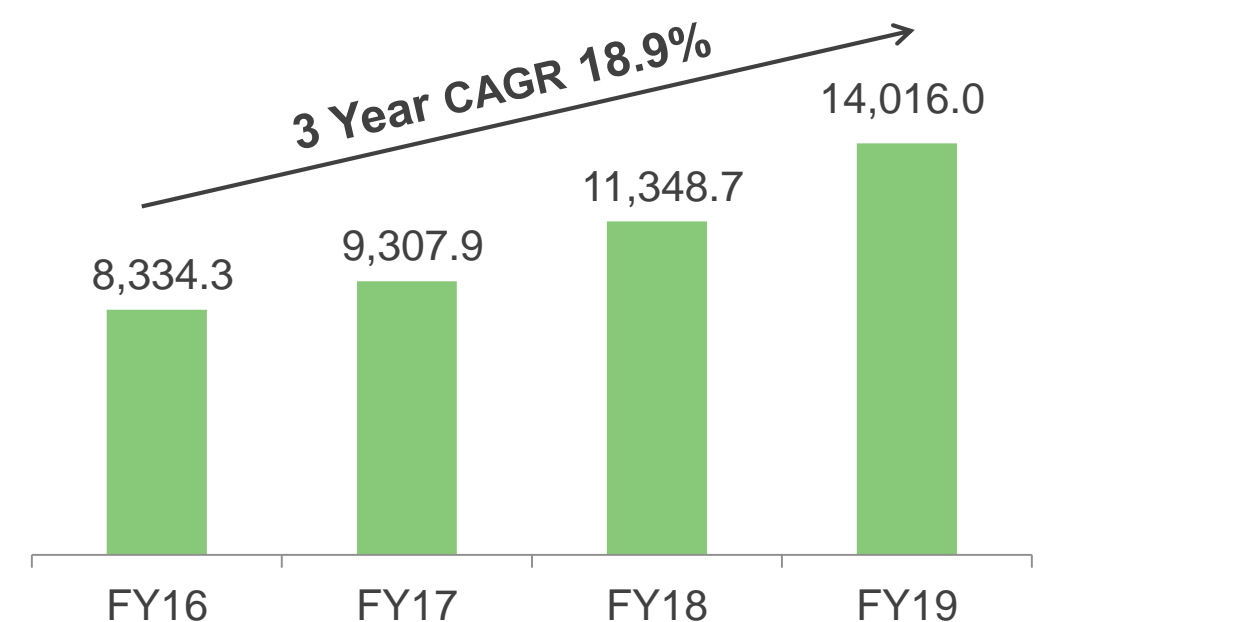
Increase in revenue due to

- Continued positive trend in same store sales growth for 15 consecutive quarters
- Brand extensions continues to strengthen sales contribution
- EOTF & modernization initiatives aiding enhanced customer experience and convenience
- New restaurants performance encouraging

Quarterly Performance



Annual Performance



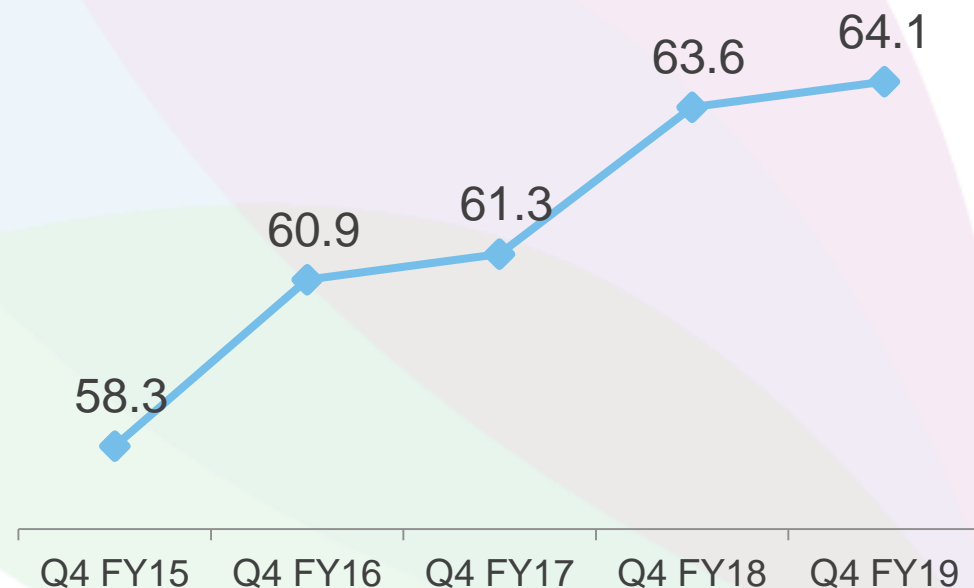
Healthy Gross Margins (%)

INR Mn	Q4 FY19	Q4 FY18	FY19	FY18
Gross Margins	2,174.8	1,923.9	8,960.8	7,099.0
% of Total Revenue	64.1%	63.6%	63.9%	62.6%

- Continued improvement around product mix through brand extensions and control over rising input costs driven by renewed value platform

Quarterly Performance

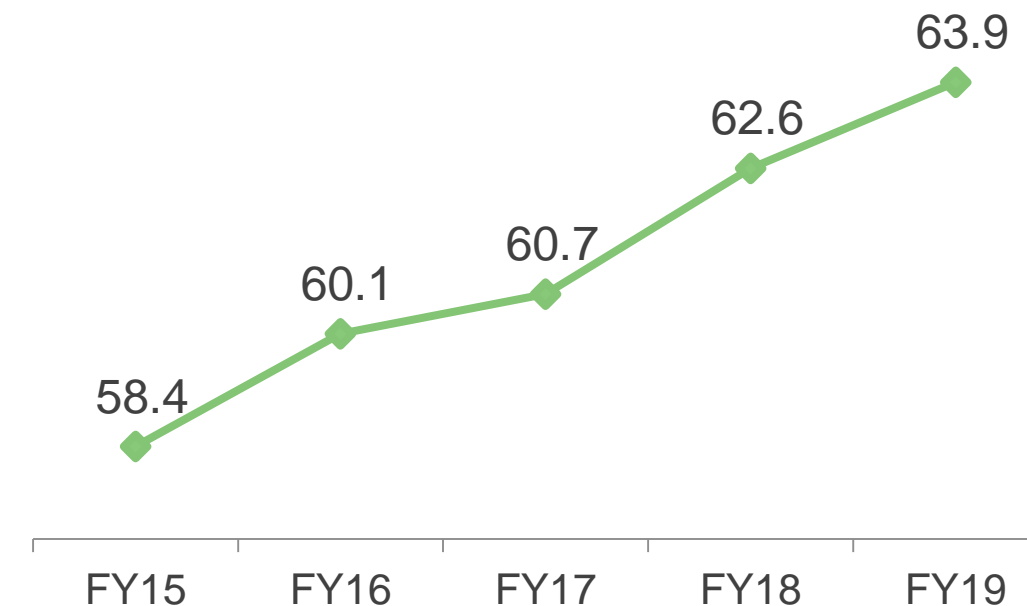
~580 bps increase in GM over last 4 years



Annual Performance

(Rs. In Mn)

~550 bps increase in GM over last 4 years

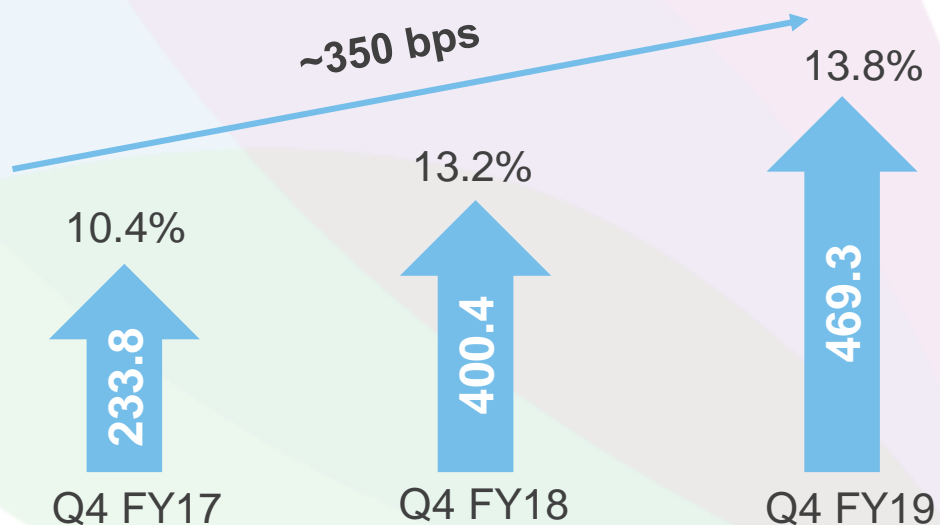


Leading to significant shift in Restaurant Op. Margins

INR Mn	Q4 FY19	Q4 FY18	Growth	FY19	FY18	Growth
RoM	469.3	400.4	17.2%	2,047.5	1,486.7	37.7%
% of Total Revenue	13.8%	13.2%		14.6%	13.1%	

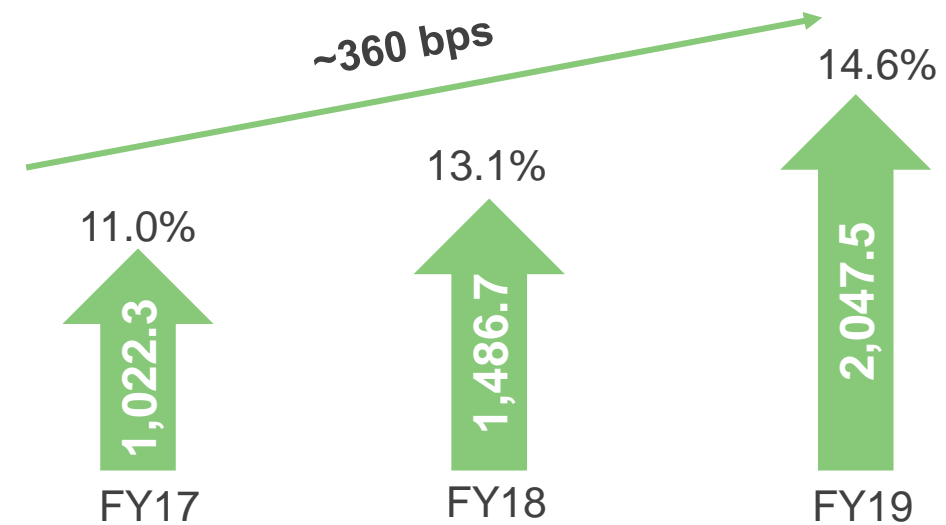
- Gains across utilities, labour costs and A&P spends
- FY19 margin partially impacted due to denial of ITC from Nov'17 onwards

Quarterly Performance



Annual Performance

(Rs. In Mn)

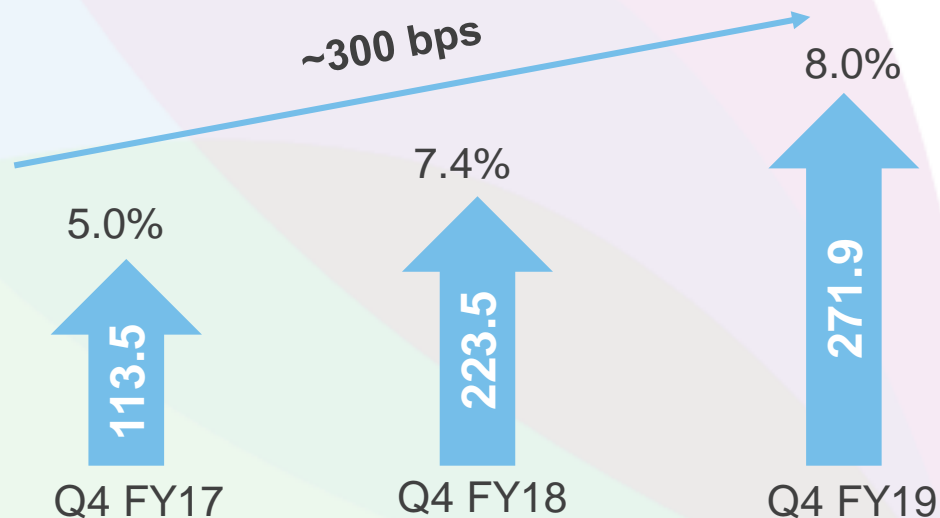


Leading to significant shift in Op. Profitability

INR Mn	Q4 FY19	Q4 FY18	Growth	FY19	FY18	Growth
Op. EBITDA	271.9	223.5	21.7%	1,273.9	846.8	50.4%
% of Total Revenue	8.0%	7.4%		9.1%	7.5%	

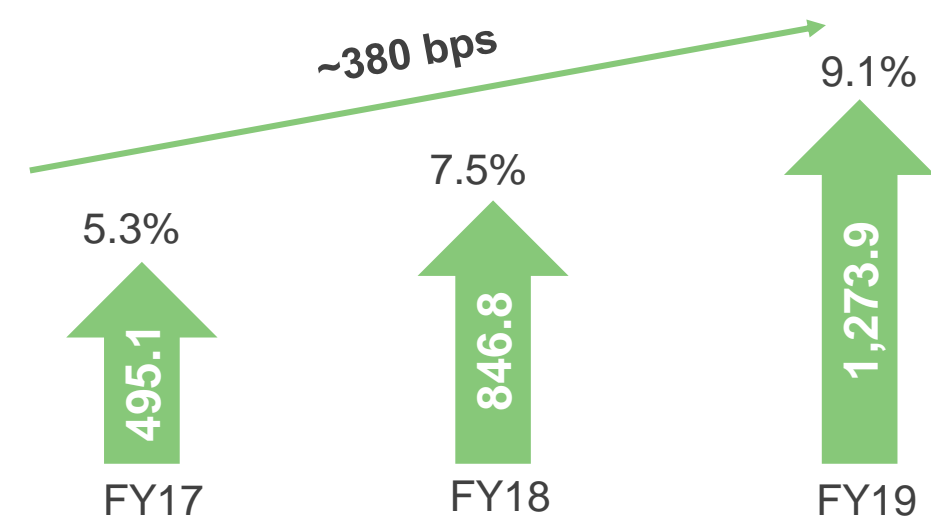
- Operating leverage reflecting through margin expansion

Quarterly Performance

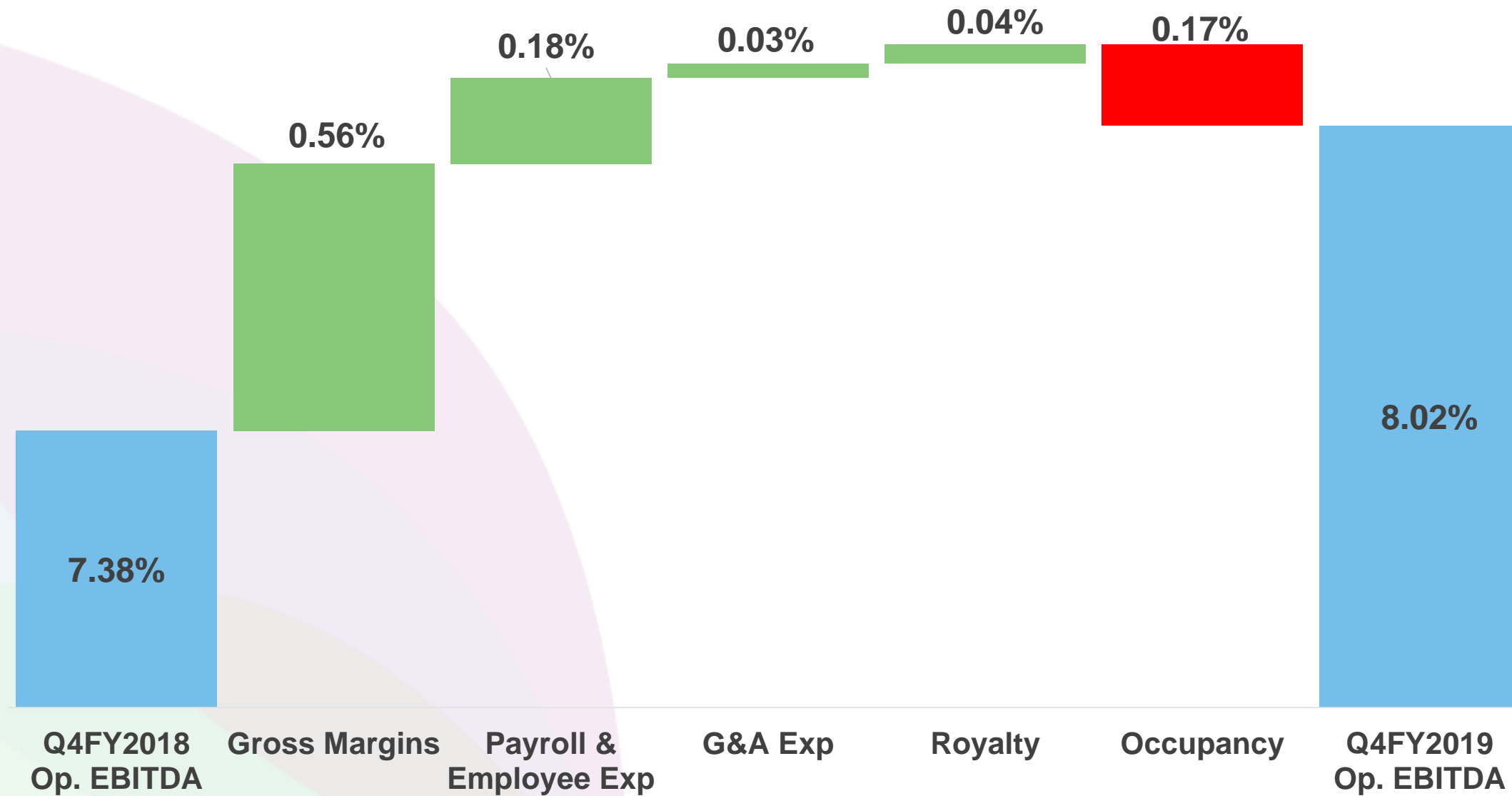


Annual Performance

(Rs. In Mn)



Operating EBITDA bridge

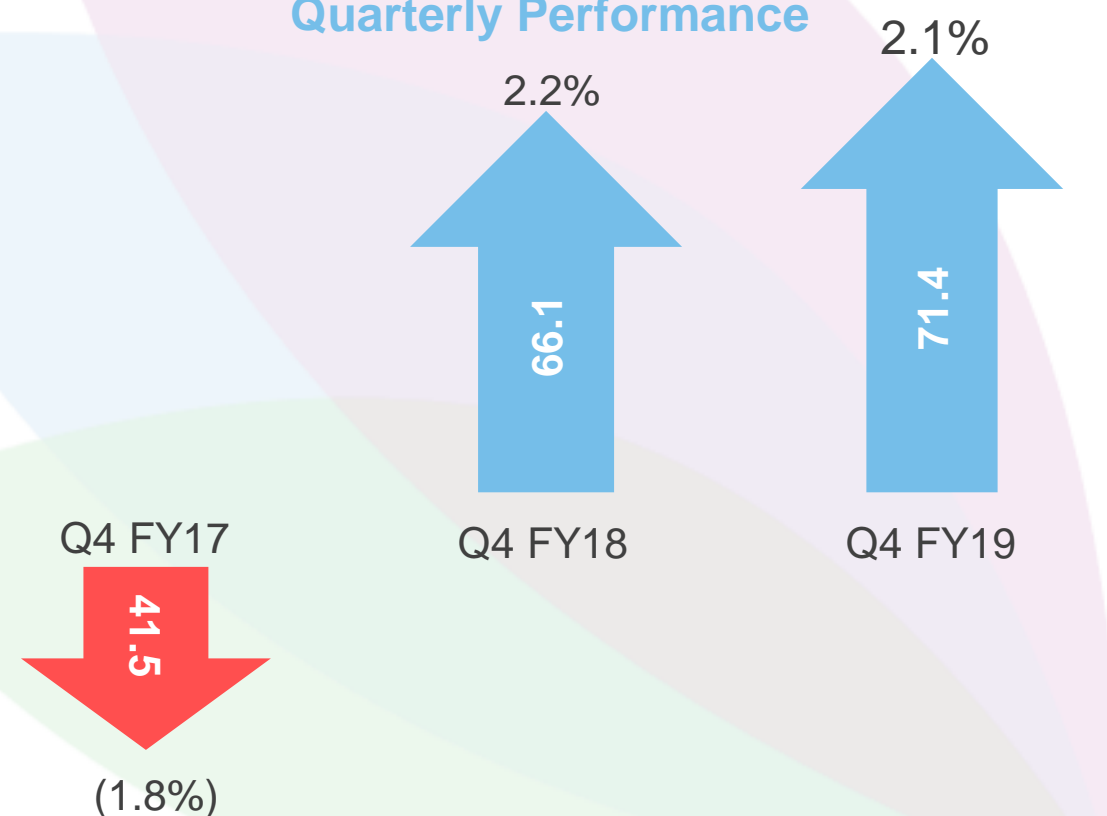


Driving huge improvement in bottom line

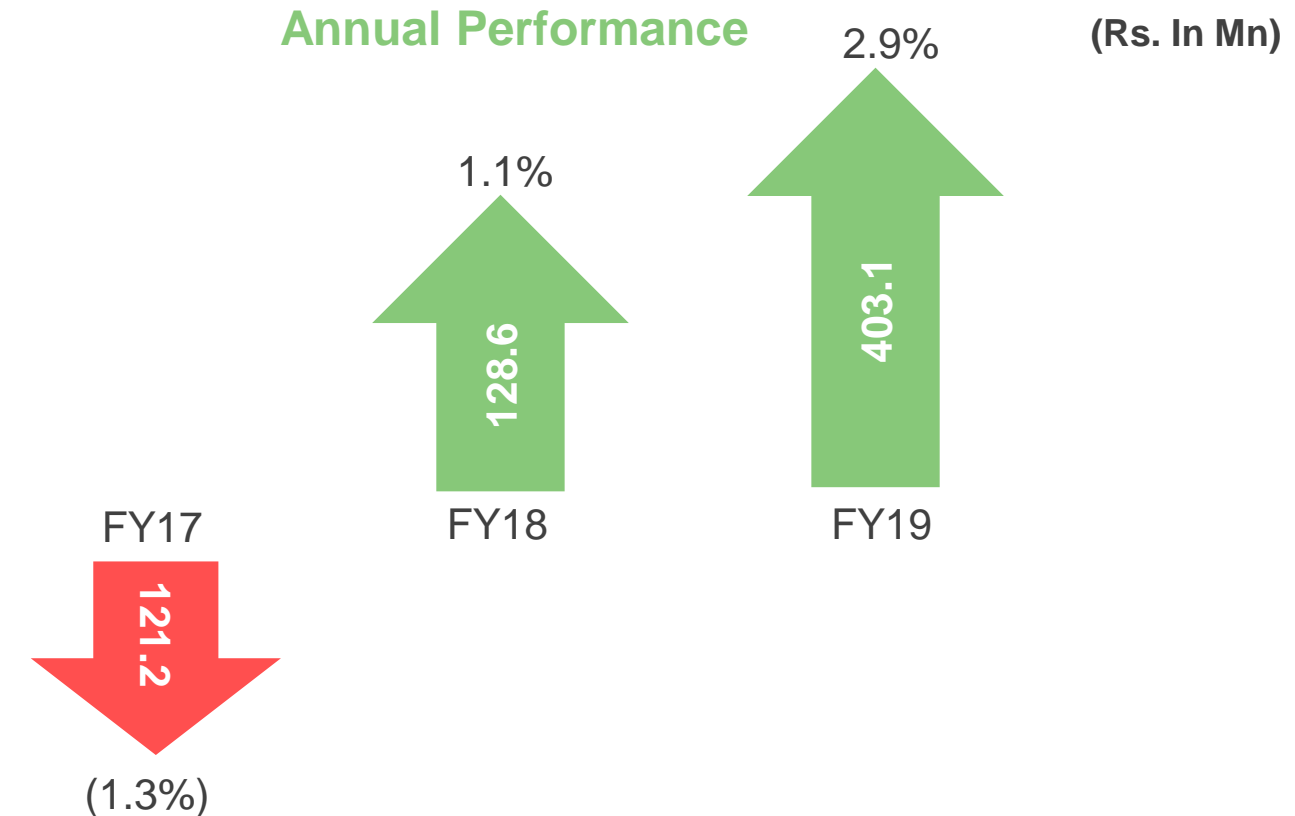
INR Mn	Q4 FY19	Q4 FY18	Growth	FY19	FY18	Growth
PAT	71.4	66.1	7.9%	403.1	128.6	213.5%
% of Total Revenue	2.1%	2.2%		2.9%	1.1%	

- Improvement in PAT margins led by operating EBITDA expansion

Quarterly Performance



Annual Performance

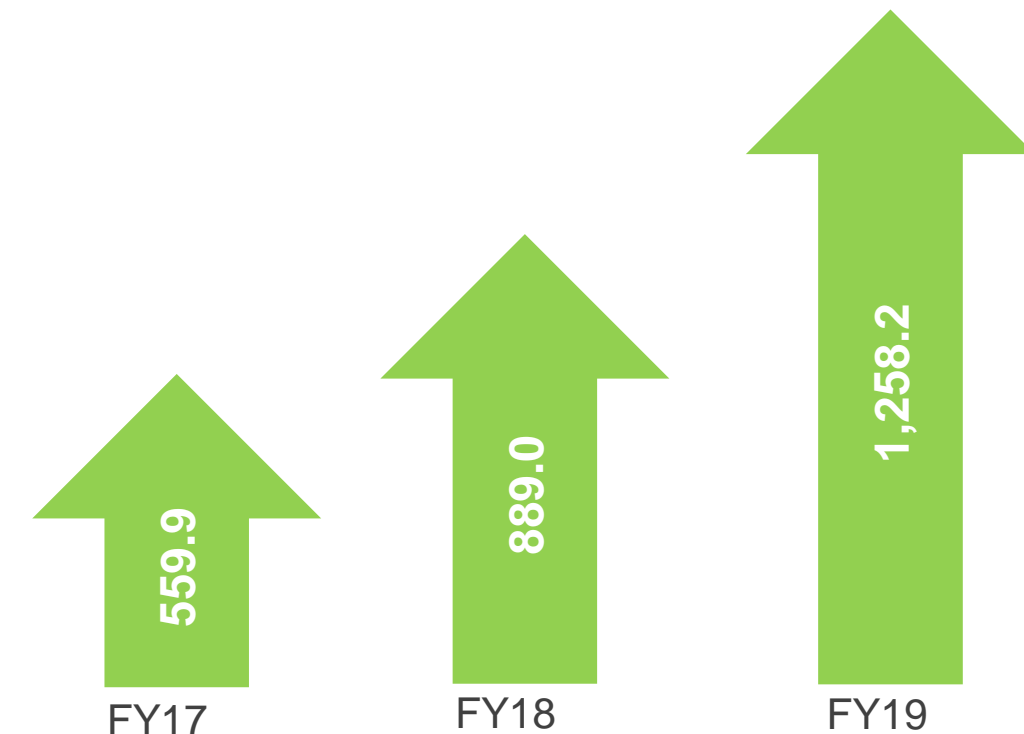
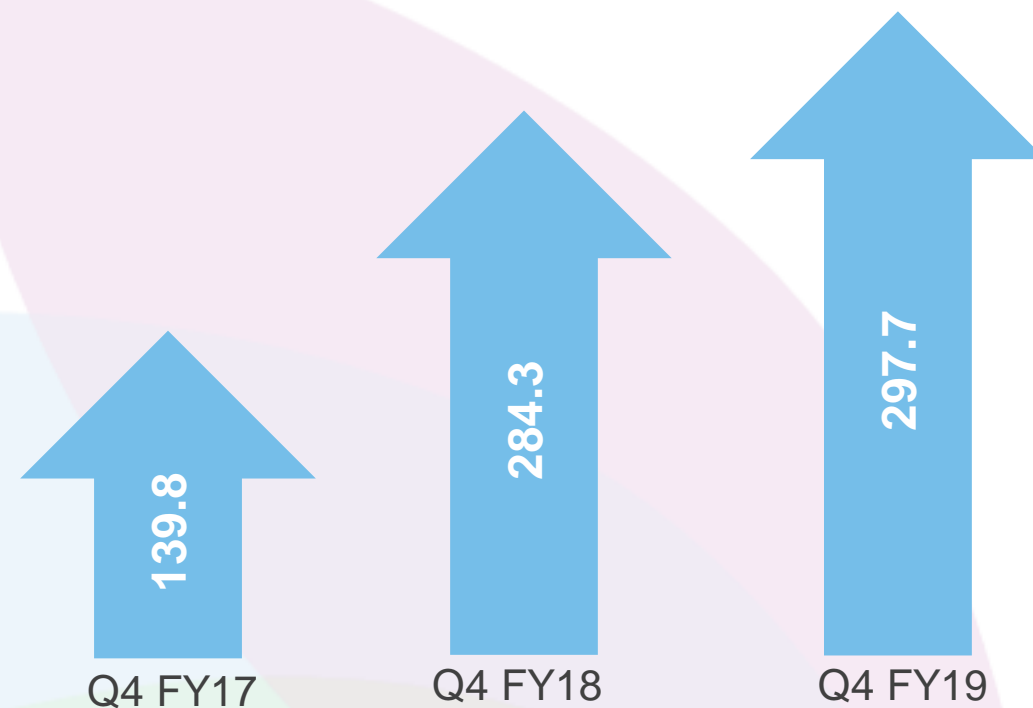


Resulting in strong cashflow growth

Quarterly Performance

Annual Performance

Cash Profit (Rs. In Mn)



FY19 cash-profit has more than doubled in last 2 years

Revenue Growth

- On track to add ~25 restaurants in the year
- Brand extensions, menu innovation and value platform to aid AUV growth
- Expanding EOTF footprint and integrating digital strategy

Profitability

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

Shareholder wealth creation continues to be key priority

THANK YOU

IR Contact

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