

Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q3 FY2019 Earnings Update

February 01, 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

Financial Discipline

Q3 FY2019 Results & Highlights

GROW MARKET SHARE & MARGIN



Sales at **INR 3,706.6 Mn**;
strong sales growth of **21.5%**

Gross margin expansion of ~
88 bps; RoM Growth ~ 23%;

Op. EBITDA Growth ~ 37%;
margin expansion of 113 bps

Q3 PAT at **INR 136.6 Mn**
Cash flow of **INR 351.4 Mn**

GROW BASELINE SALES



Strong SSSG
performance for 14th
quarter in a row; Q3
FY19 comps at **14.5%**

Menu Innovations &
Brand extensions
continue to propel
growth.

BROADENING ACCESSIBILITY OF BRAND McDONALD'S



292 restaurants;
8 new additions during
the quarter

Commenced operations
in Thiruvananthapuram
during the quarter;
Presence in 40 cities

OUR RESTAURANTS

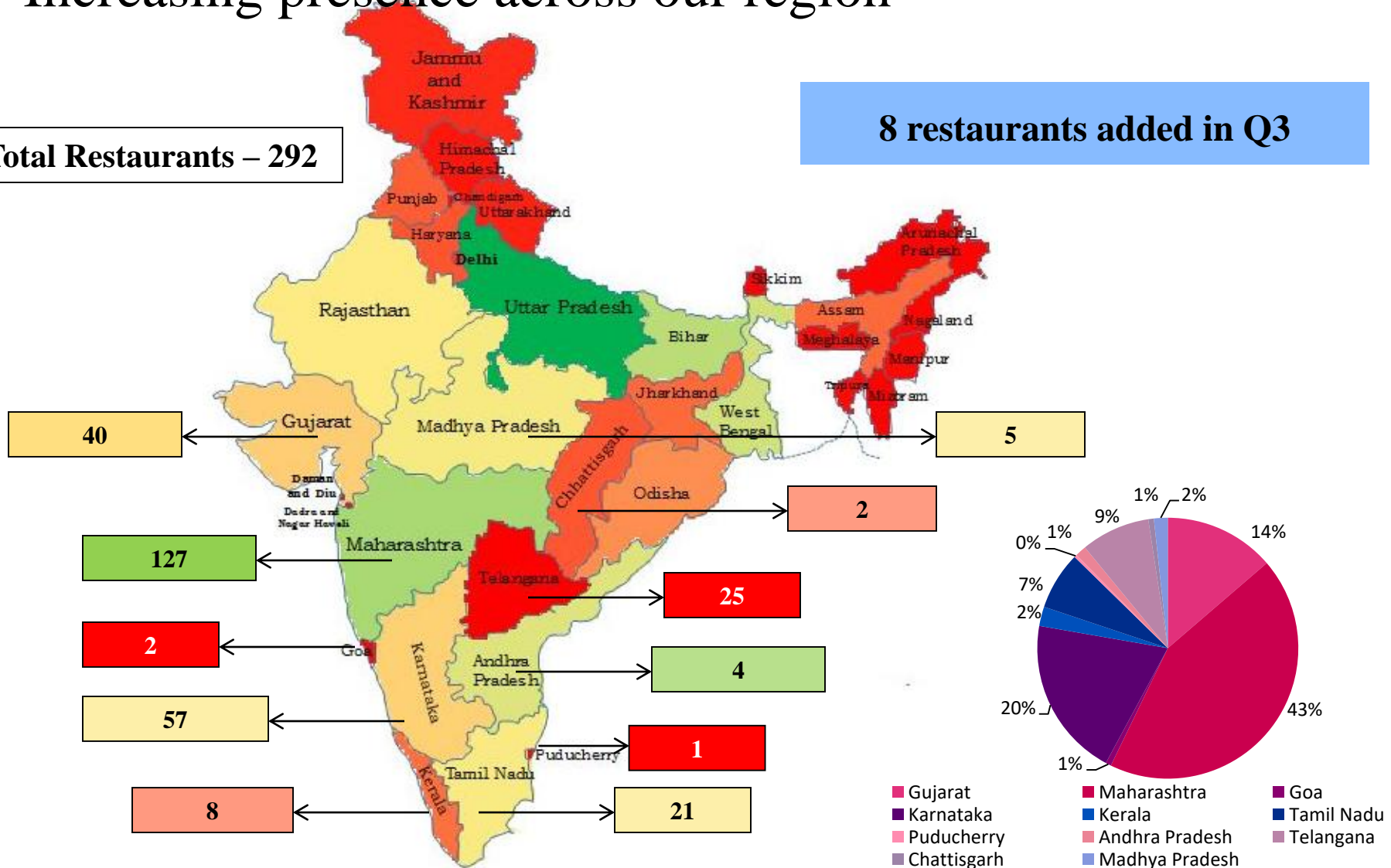
**Broadening Accessibility Of Brand
McDonald's**

Our Restaurants

Increasing presence across our region

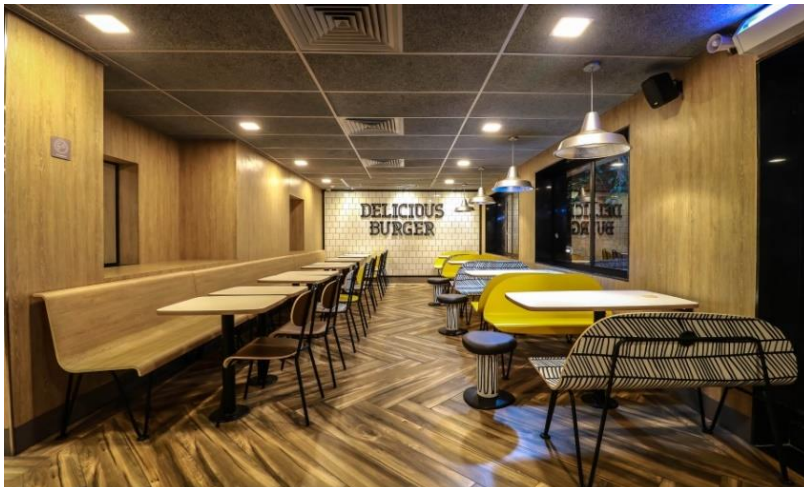
Total Restaurants – 292

8 restaurants added in Q3



Our Restaurants

EOTF Design Enhancing Customer Experience



Our Restaurants

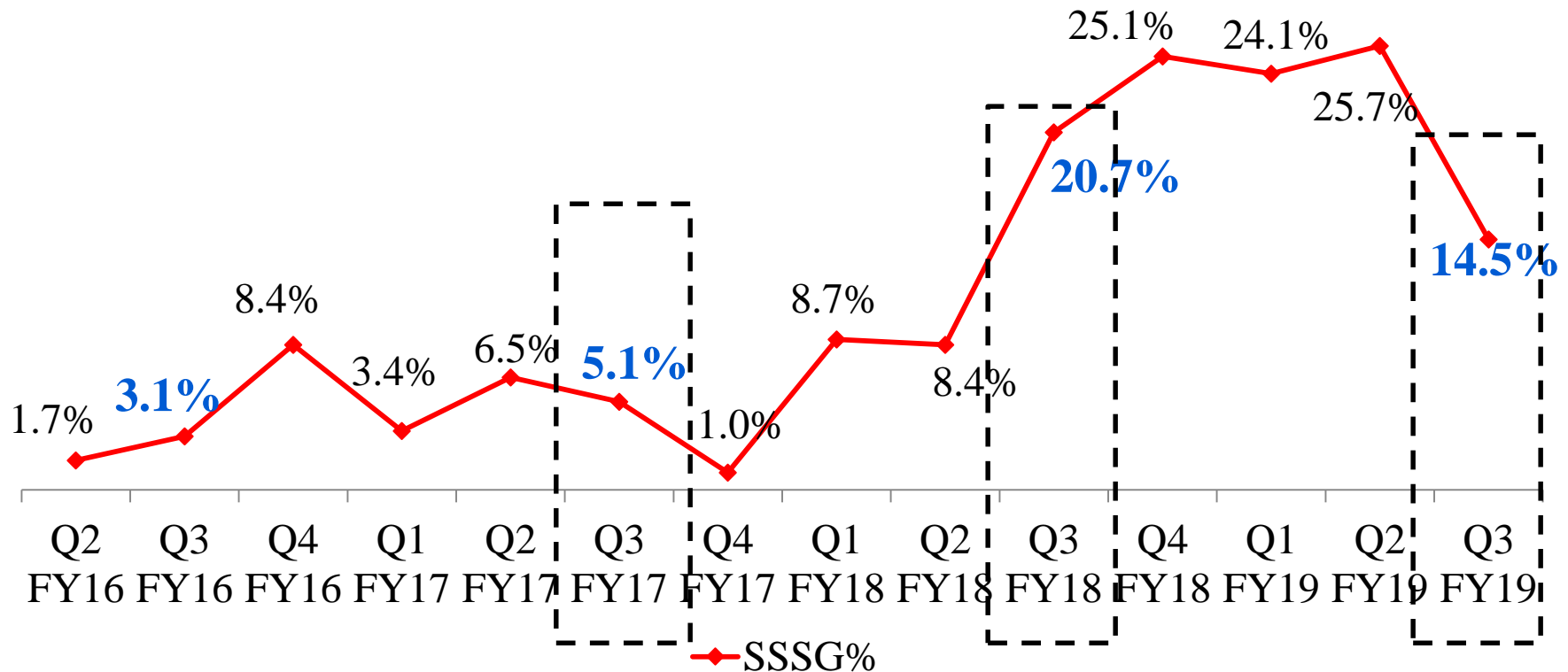


OUR BRAND

Grow Baseline Sales

Our Brand

Strong SSG momentum continues

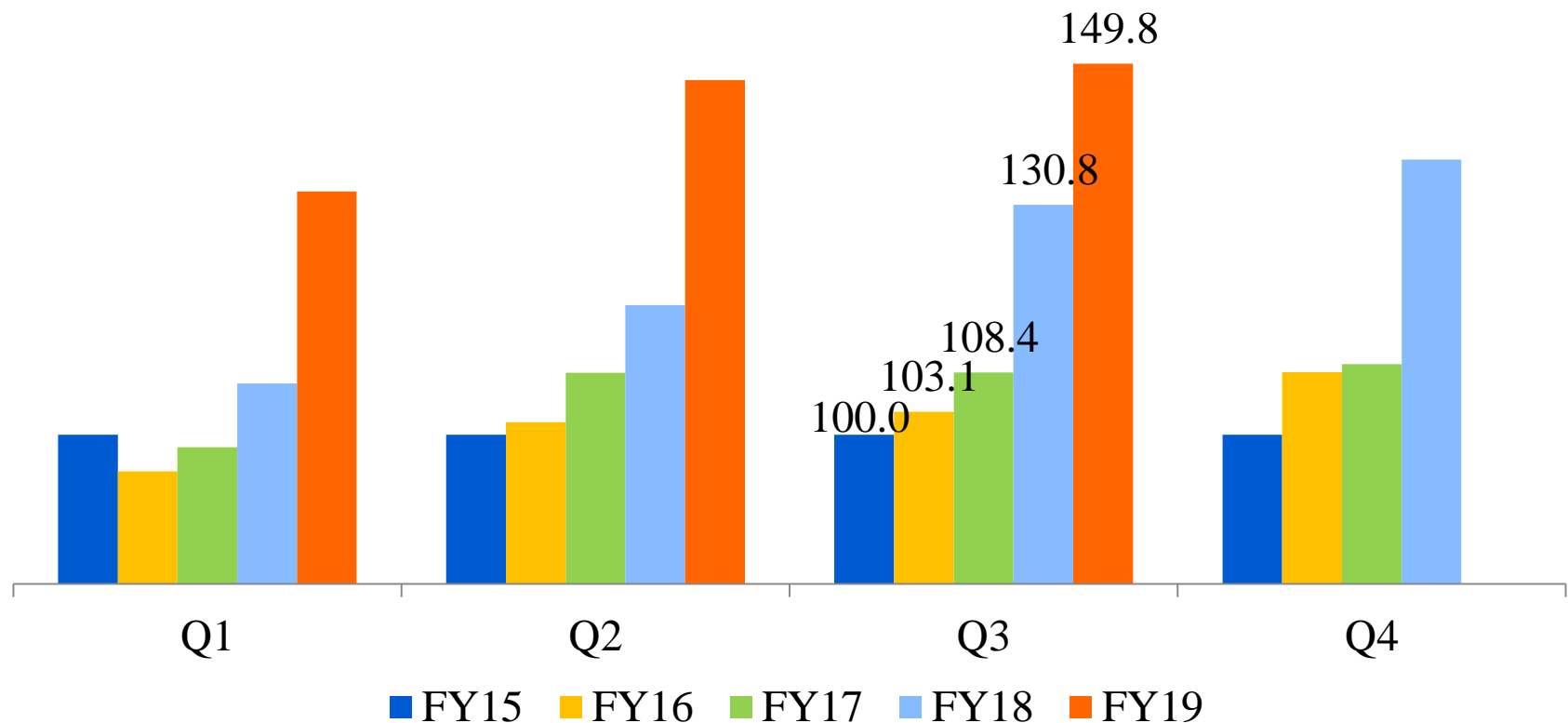


Registered a healthy SSSG for 14 consecutive quarters by focusing on delivering great customer experience, menu innovation and growth across Delivery, McCafe and Breakfast

Our Brand



Leading to strengthening of baseline



■ FY15 ■ FY16 ■ FY17 ■ FY18 ■ FY19

FY15 SSG normalized to base of 100

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

Our Brand

Growing baselines sales through Menu



- Menu Innovation continues through Spice Fest
- Strengthened everyday value brand positioning
- More choice and flexibility for consumers through 11 new products

Our Brand



- **Whole Wheat Buns** introduced across restaurants in Mumbai and the West
- Whole Wheat Buns are a good source of fibre
- Our buns have sesame seeds lining that help in better digestion

Our Brand

Growing baselines sales through Menu



- Breakfast Egg Festival across 149 restaurants
- Only QSR to have an exclusive wholesome nutritious breakfast rich in protein
- Helped drive breakfast awareness
- Exclusive combo offers at Rs 99, available in store and on delivery
- Adding convenience to the fast paced lives of our customers

Our Brand

The National Basketball Association Partnership



- Encouraging kids to “Switch Off and Play” in celebration of Children’s month with an assured NBA Basketball
- Well received by our customers

Our Brand

Growing baselines sales through

- New offering for the winters – Food festival shakes by introducing 2 new dairy based beverages
- 182 McCafé's as of Q3; added 12 McCafé's during the quarter
- On track to meet target of ~190 for FY 19.

McCafé



Our Brand

Growing baselines sales through



- MDS continues to develop opportunity through own channels and 3rd party aggregators
- Digital and tech initiatives aid in driving robust growth of ~4.3x in sales over last 4 years

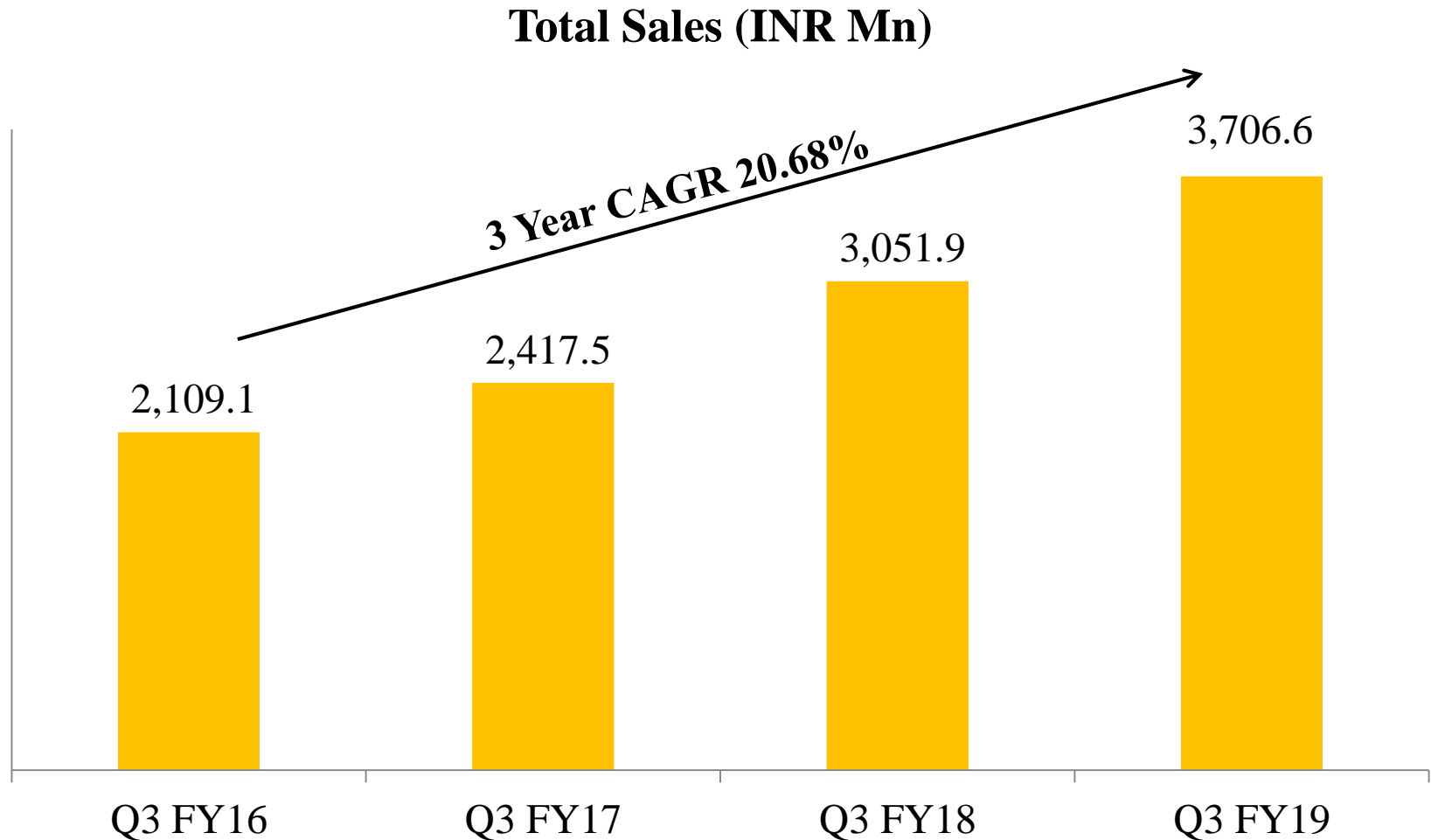


FINANCIAL DISCIPLINE

Grow Market Share & Margins

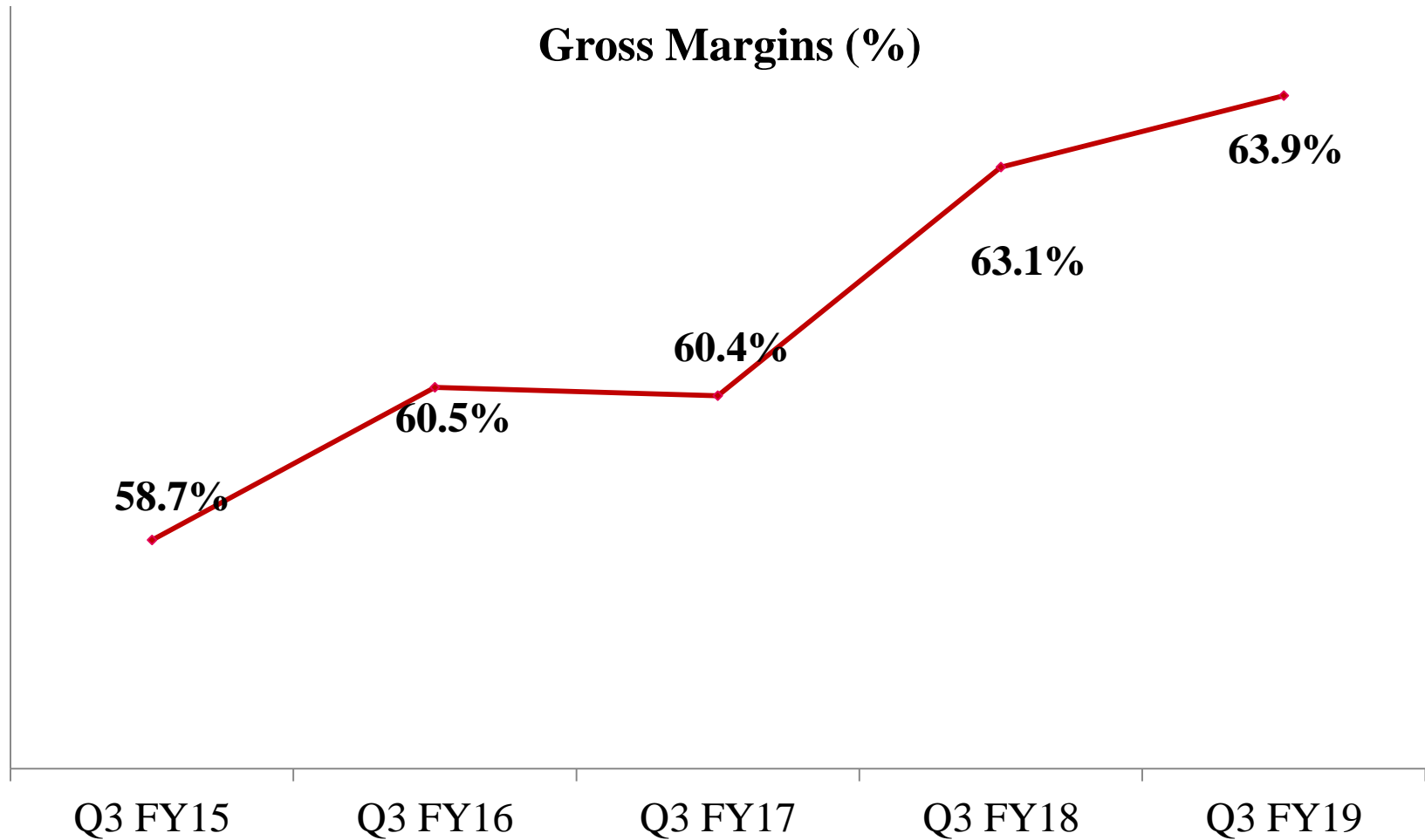
Financial Discipline

Robust sales growth trajectory



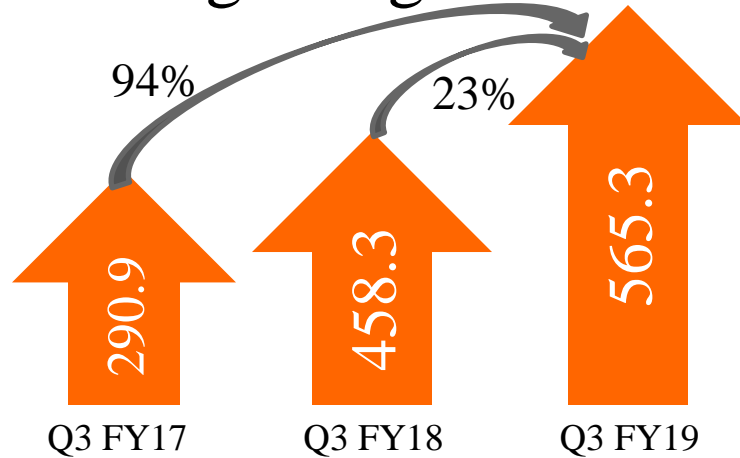
Financial Discipline

Healthy Gross Margins

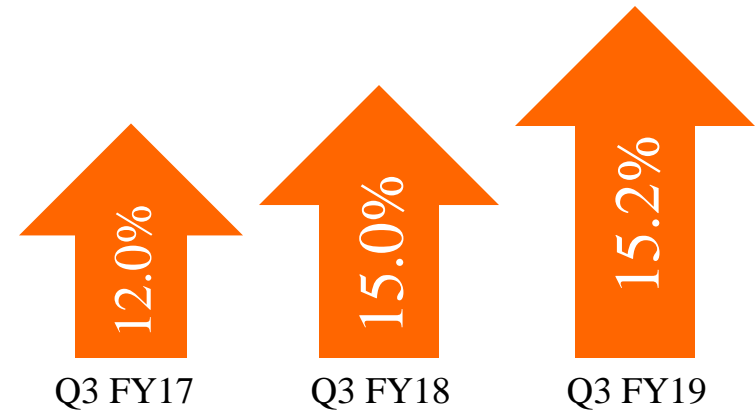


Financial Discipline

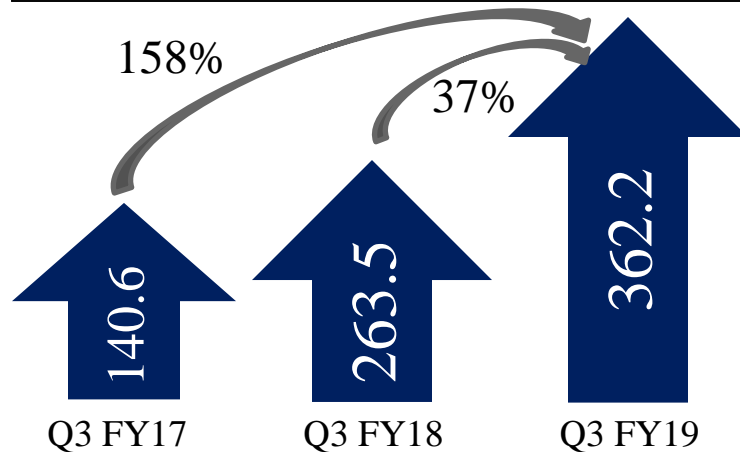
Leading to significant shift in Op. profitability



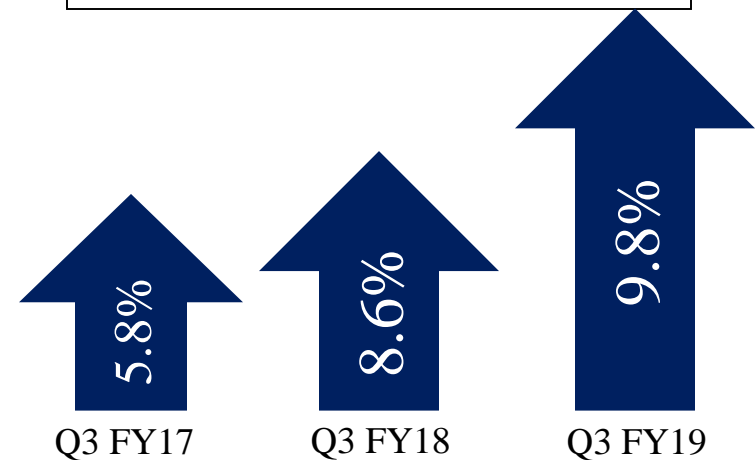
Restaurant Op. Margins (INR Mn)



Restaurant Op. Margins %



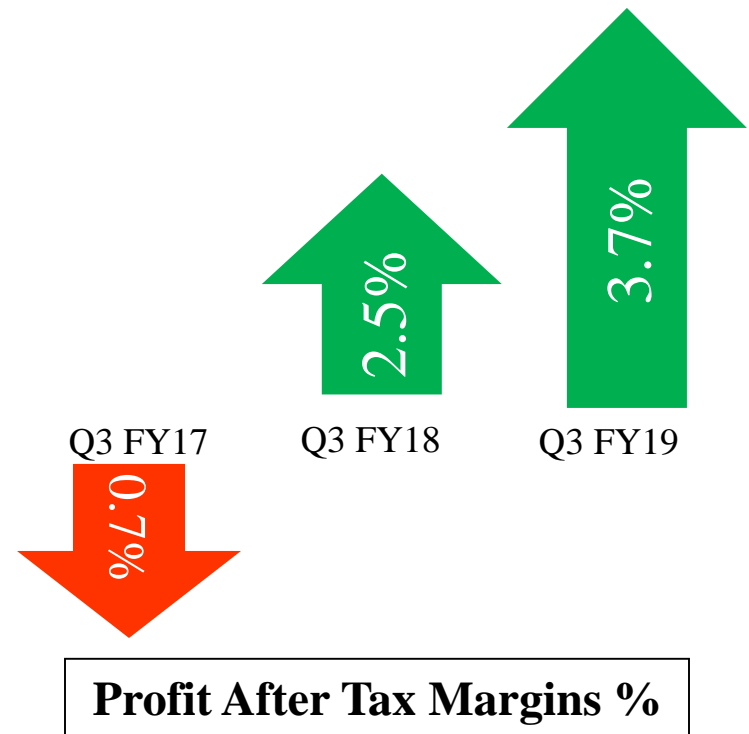
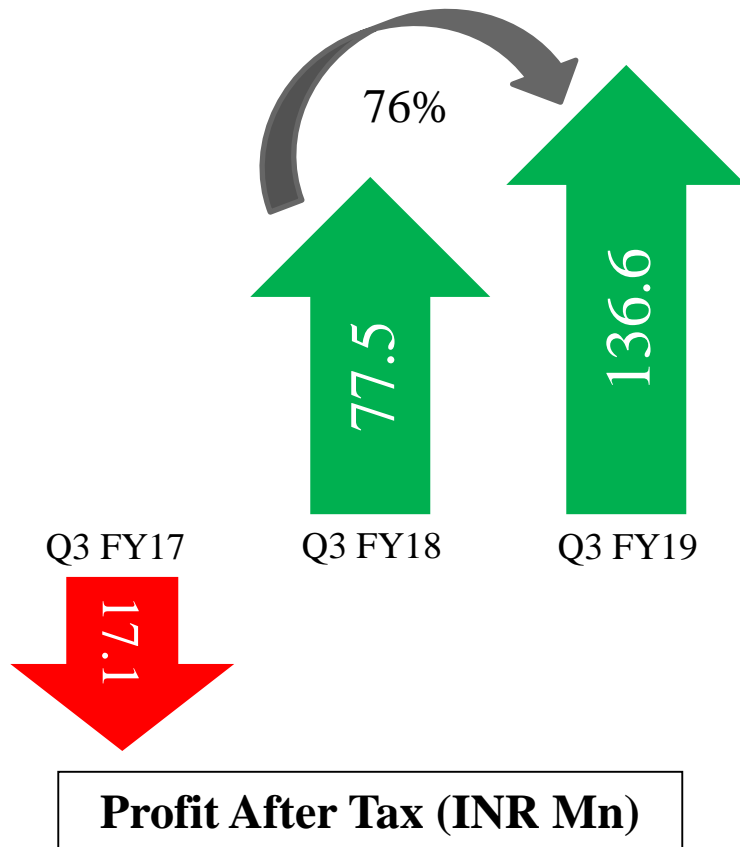
Op. EBITDA Margins (INR Mn)



Op. EBITDA Margins %

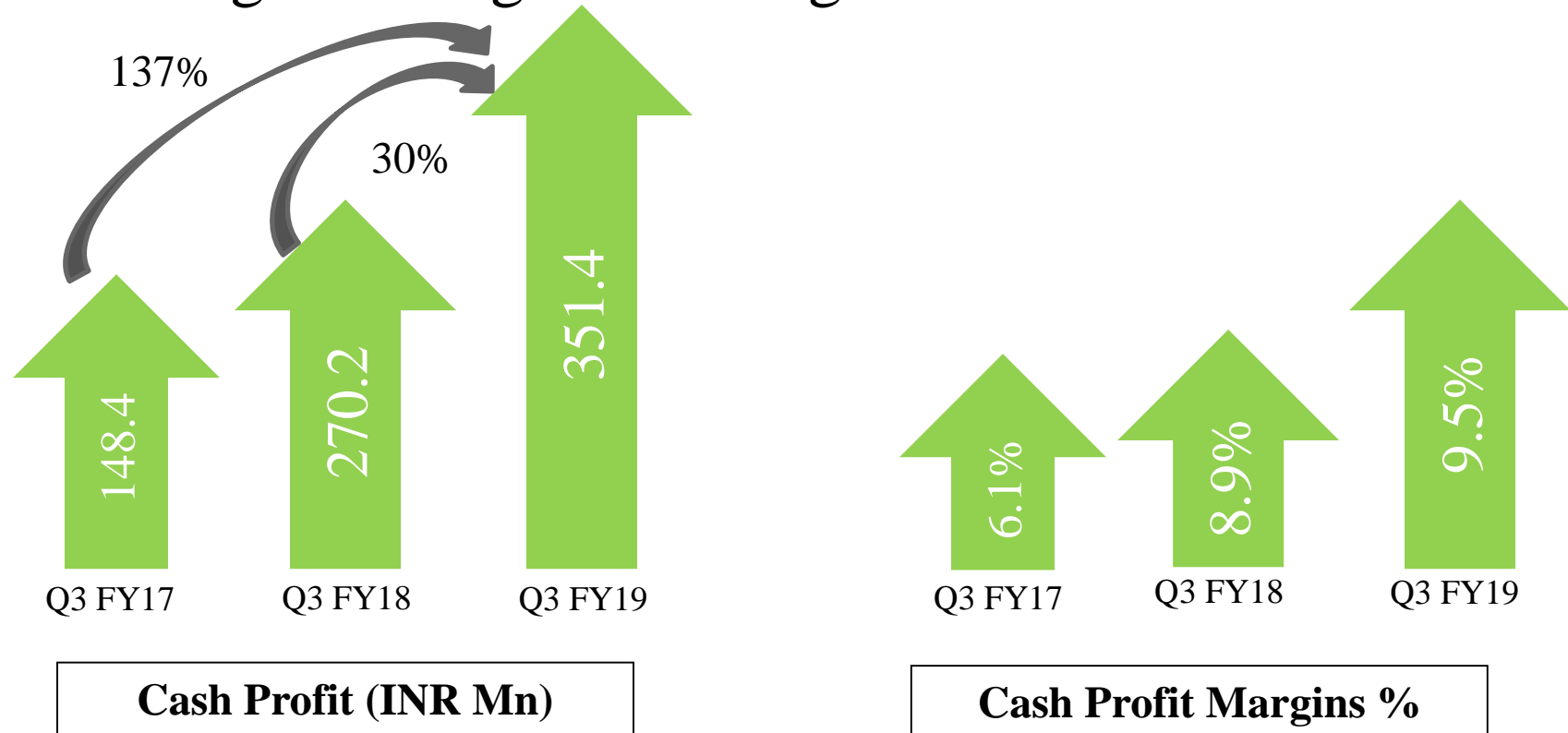
Financial Discipline

Driving huge improvement in bottom-line



Financial Discipline

Resulting in strong cashflow growth



9M FY19 cash-profit ~ 108% of FY18

FINANCIAL PERFORMANCE DISCUSSION

Financial Performance Discussion



INR Mn	Q3 FY19	Q3 FY18	Growth	9M FY19	9M FY18	Growth
Total Sales	3,706.6	3,051.9	21.5%	10,624.3	8,321.8	27.7%

- Increase in sales due to
 - Continued strong trend in same store sales growth for 14 consecutive quarters
 - Brand extensions continues to strengthen sales contribution
 - EOTF & modernization initiatives aiding enhanced customer experience and convenience
 - New restaurants performance encouraging

Financial Performance Discussion

INR Mn	Q3 FY19	Q3 FY18	9M FY19	9M FY18
Gross Margins	2,370.2	1,924.5	6,786.0	5,175.1
% of Total Sales	63.9%	63.1%	63.9%	62.2%

- Continued improvement around product mix through brand extensions and footfalls driven by renewed value platform

INR Mn	Q3 FY19	Q3 FY18	Growth	9M FY19	9M FY18	Growth
RoM	565.3	458.3	23.3%	1,578.3	1,086.4	45.3%
% of Total Sales	15.2%	15.0%		14.9%	13.1%	

- Gains across utilities & labour costs
- Partially impacted by denial of ITC
- YTD improvement 180 bps

Financial Performance Discussion

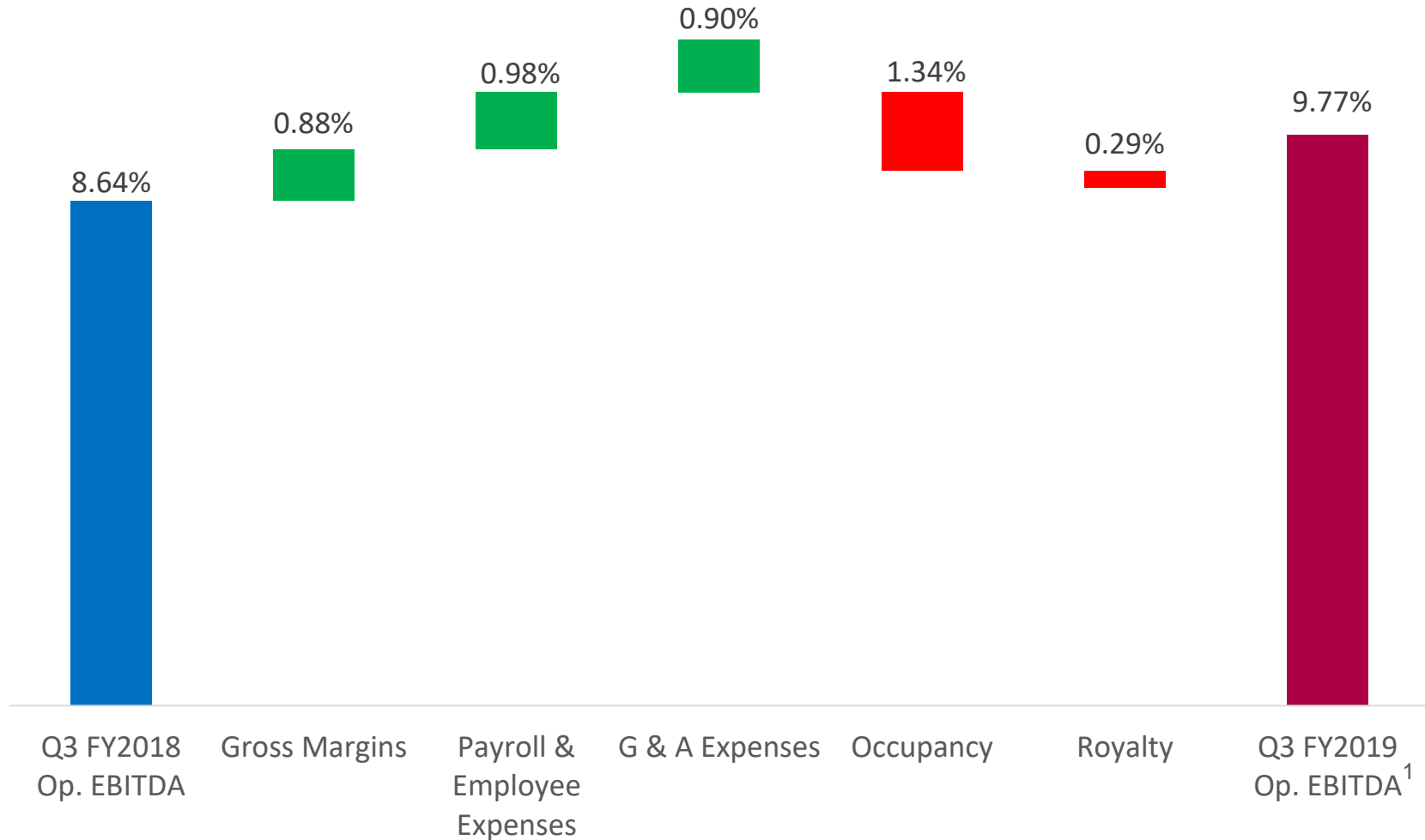
INR Mn	Q3 FY19	Q3 FY18	Growth	9M FY19	9M FY18	Growth
Op. EBITDA	362.2	263.5	37.4%	1,002.0	623.4	60.7%
% of Total Sales	9.8%	8.6%		9.4%	7.5%	

- Operating leverage reflecting through margin expansion

INR Mn	Q3 FY19	Q3 FY18	Growth	9M FY19	9M FY18	Growth
PAT	136.6	77.5	76.4%	331.6	62.4	431.3%
% of Total Sales	3.7%	2.5%		3.1%	0.7%	

- Improvement in PAT margins led by operating EBITDA expansion

Operating EBITDA bridge



Note: 1) Impacted due to denial of ITC

Outlook for FY19

Sales Growth

- On track to add around 25 restaurants in the year
- Brand extensions and menu innovation to aid AUV growth
- EOTF & Re-imaging to enhance customer experience

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