

A large, stylized leaf graphic in the top-left corner, composed of overlapping green, purple, and blue segments.

# Westlife Development Ltd.

## Hardcastle Restaurants Pvt. Ltd.

### Q3 FY2019 Earnings Update

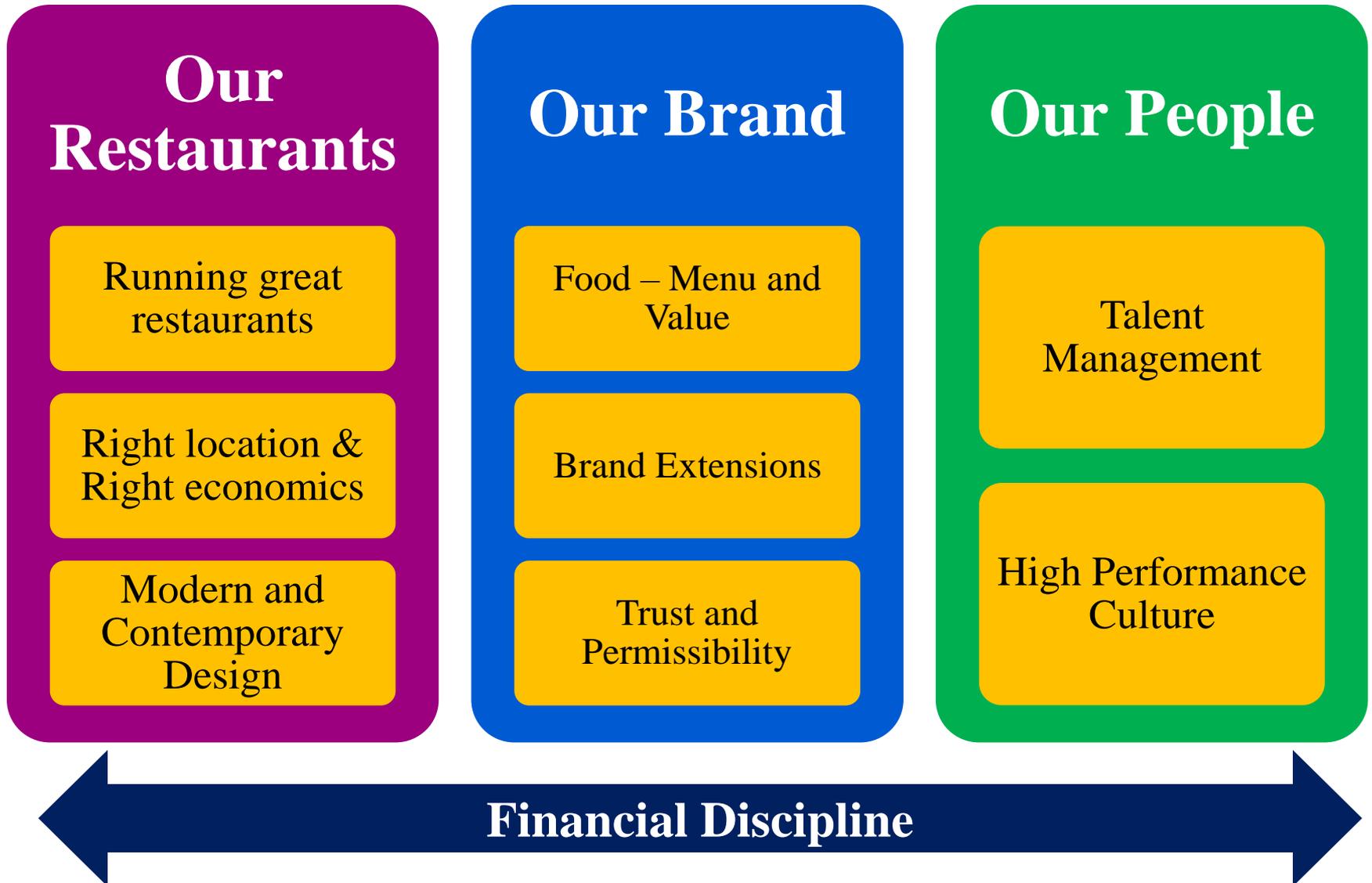
February 01, 2019

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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 Levers



# Q3 FY2019 Results & Highlights

## GROW MARKET SHARE & MARGIN



## GROW BASELINE SALES



## BROADENING ACCESSIBILITY OF BRAND McDONALD'S



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**

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

Menu Innovations &  
Brand extensions  
continue to propel  
growth.

292 restaurants;  
8 new additions during  
the quarter

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

# OUR RESTAURANTS

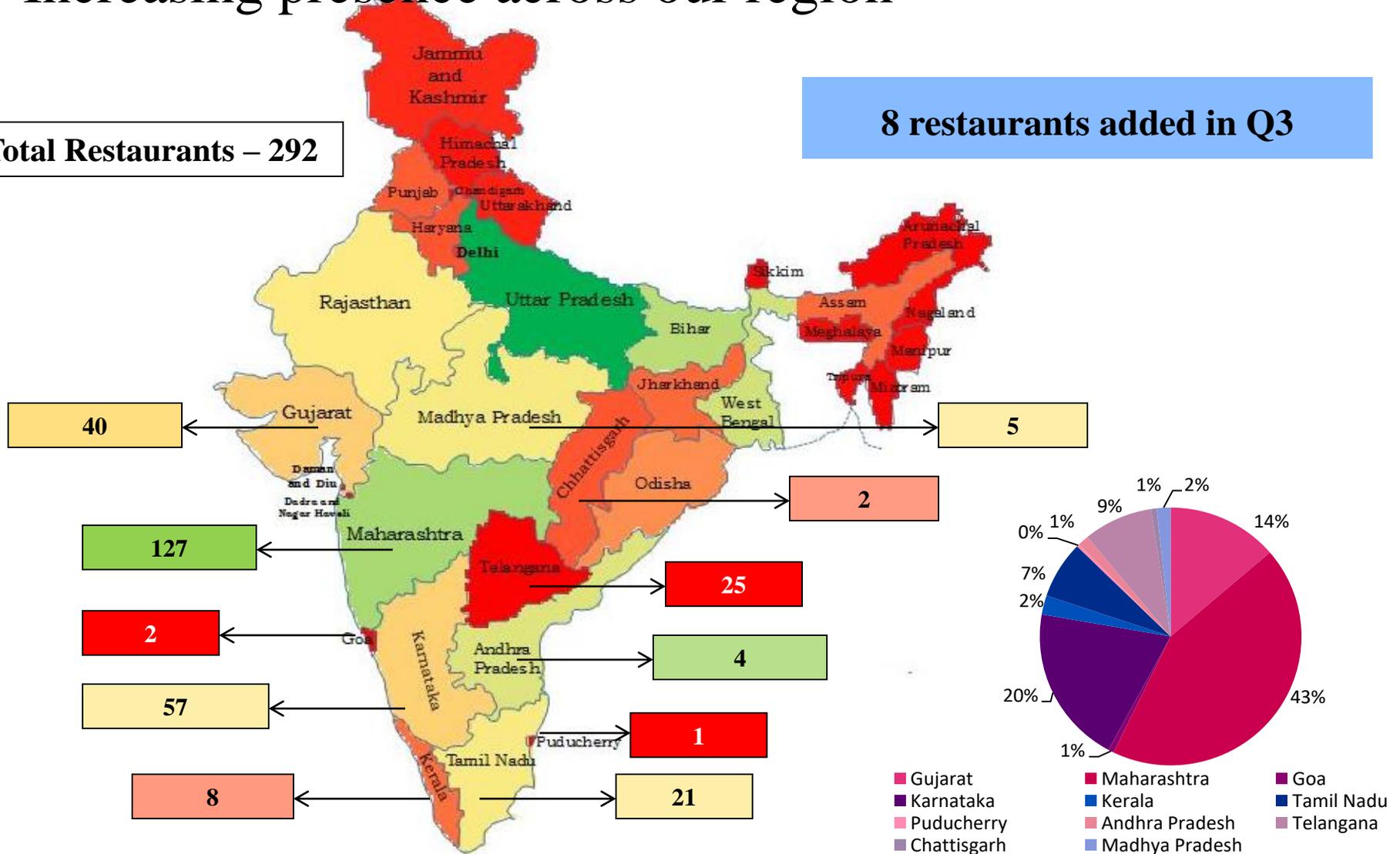
**Broadening Accessibility Of Brand  
McDonald's**

# Our Restaurants

Increasing presence across our region

Total Restaurants – 292

8 restaurants added in Q3



# Our Restaurants

## EOTF Design Enhancing Customer Experience



# Our Restaurants

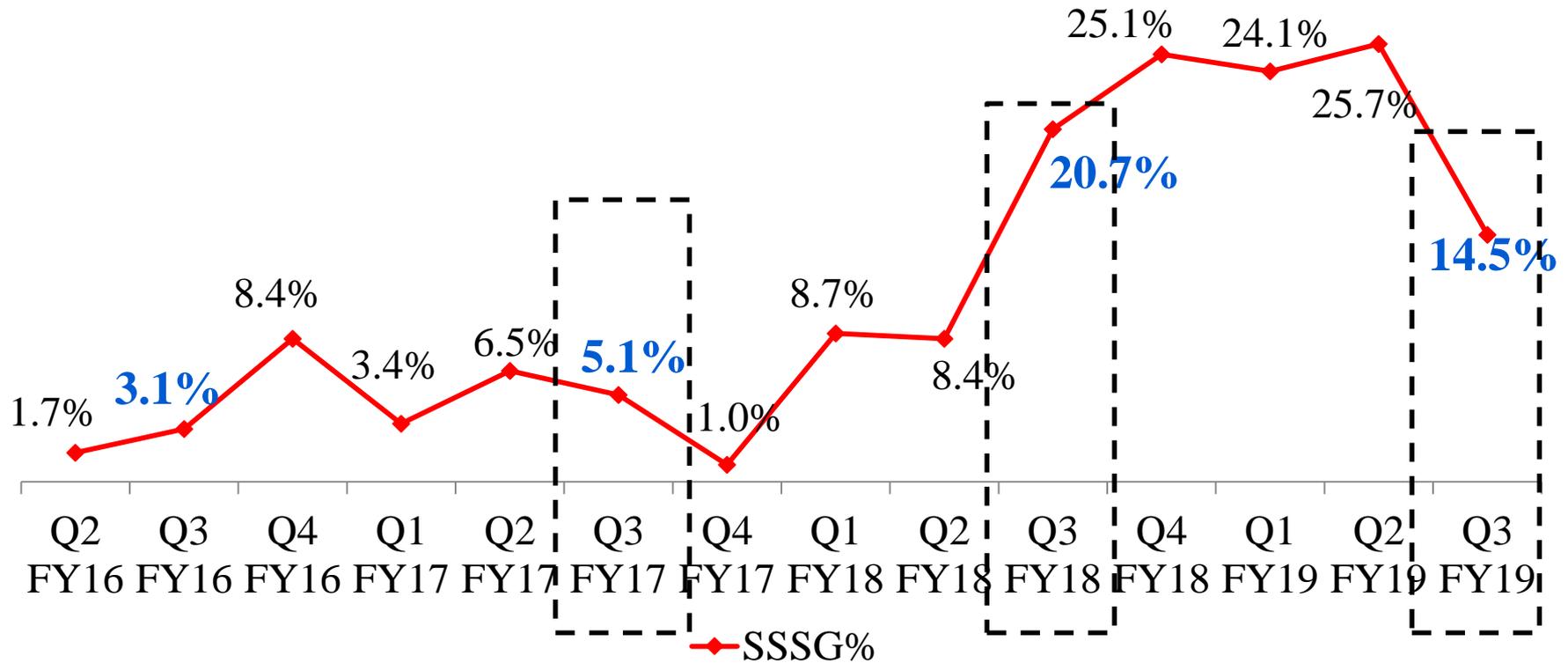


# OUR BRAND

**Grow Baseline Sales**

# Our Brand

Strong SSG momentum continues

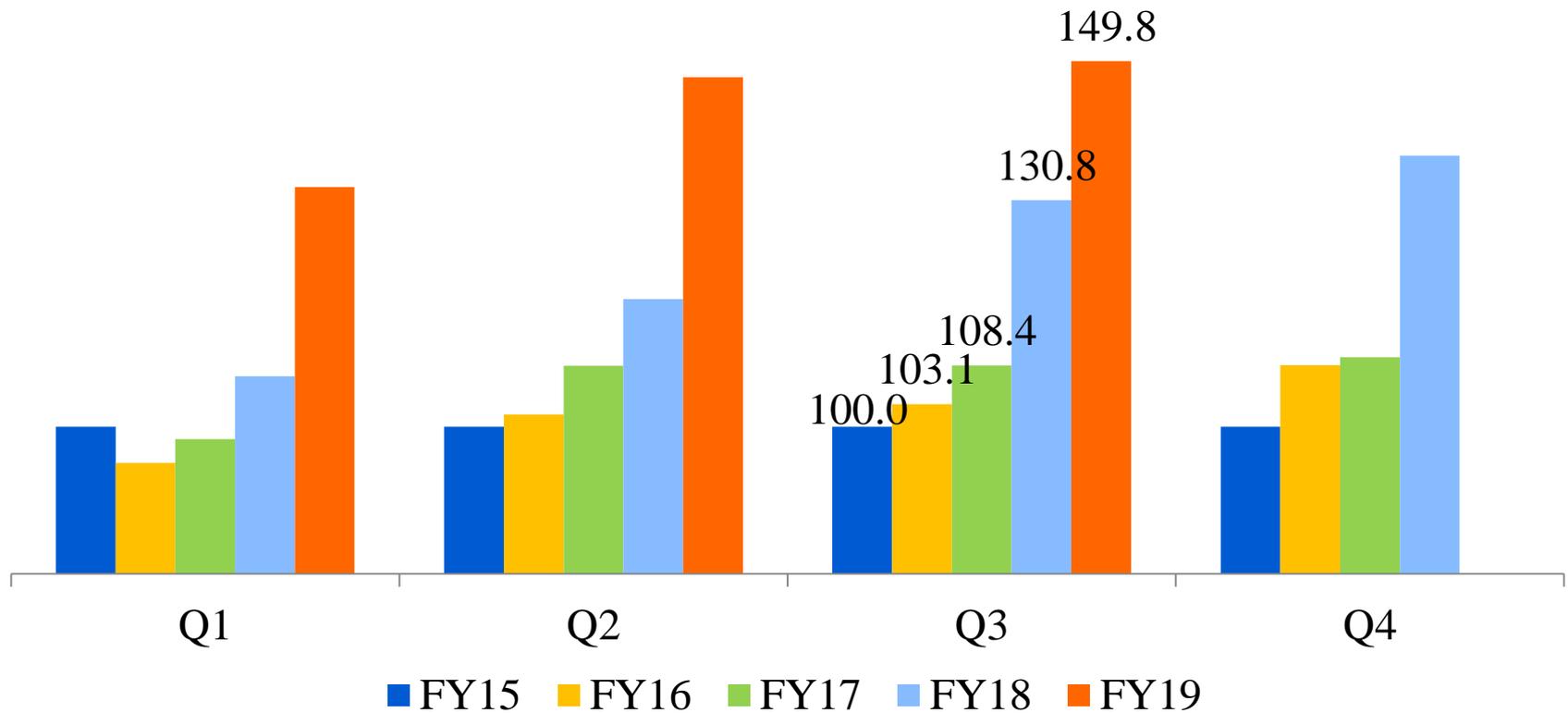


**Registered a healthy SSSG for 14 consecutive quarters by focusing on delivering great customer experience, menu innovation and growth across Delivery, McCafe and Breakfast**

# Our Brand



Leading to strengthening of baseline



FY15 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.



# Our Brand

Growing baselines sales through



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



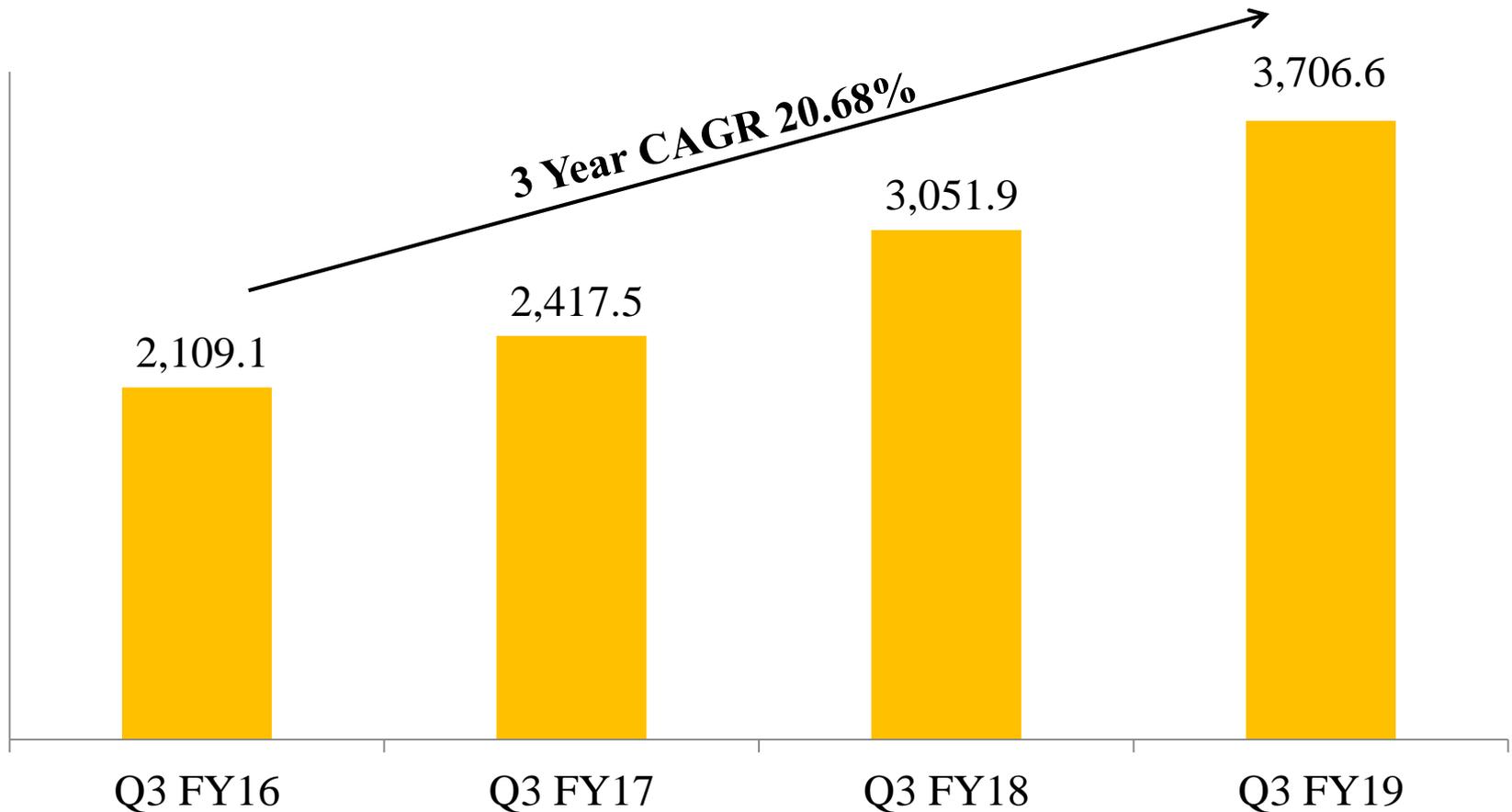
# FINANCIAL DISCIPLINE

**Grow Market Share & Margins**

# Financial Discipline

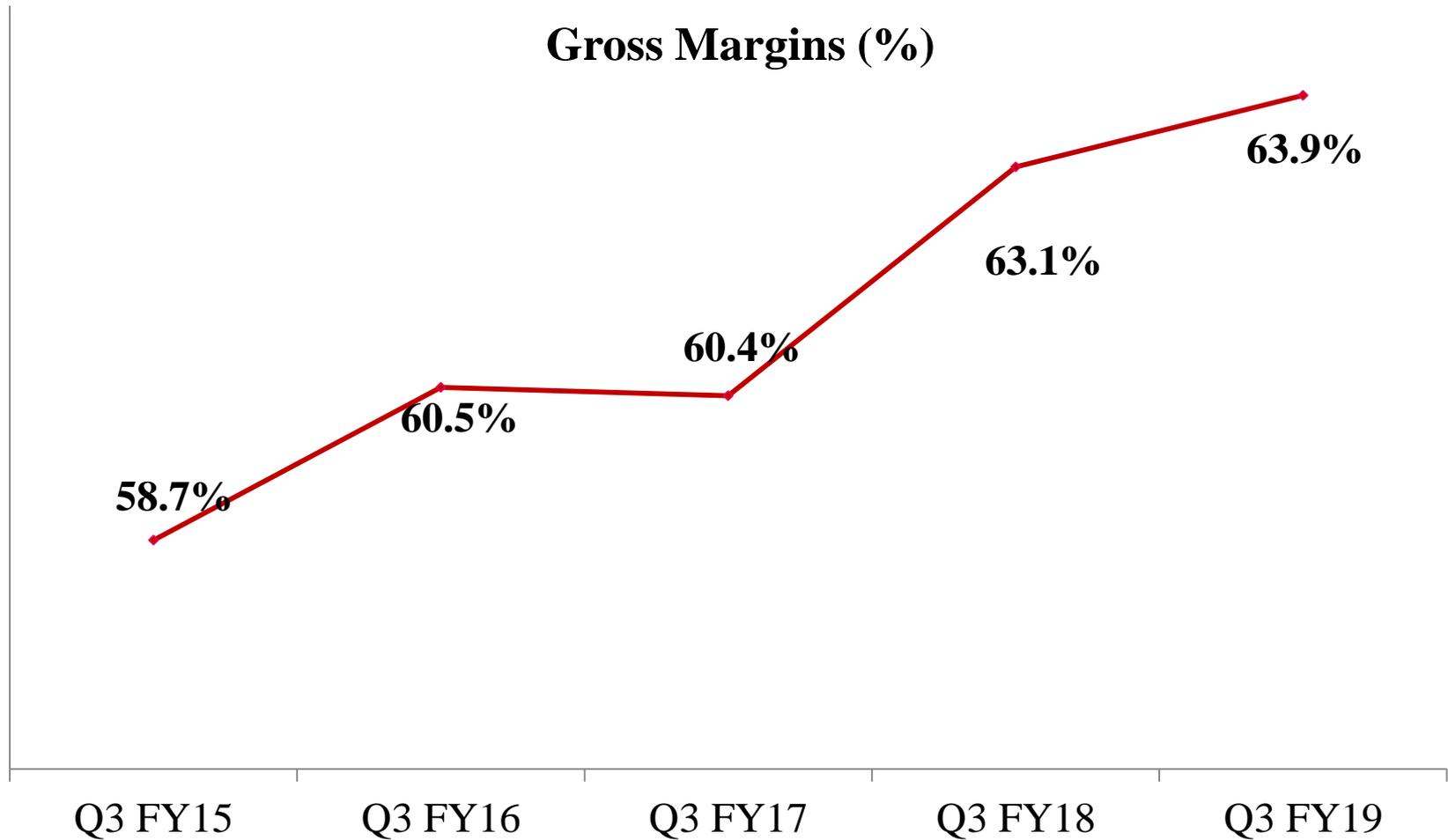
Robust sales growth trajectory

Total Sales (INR Mn)



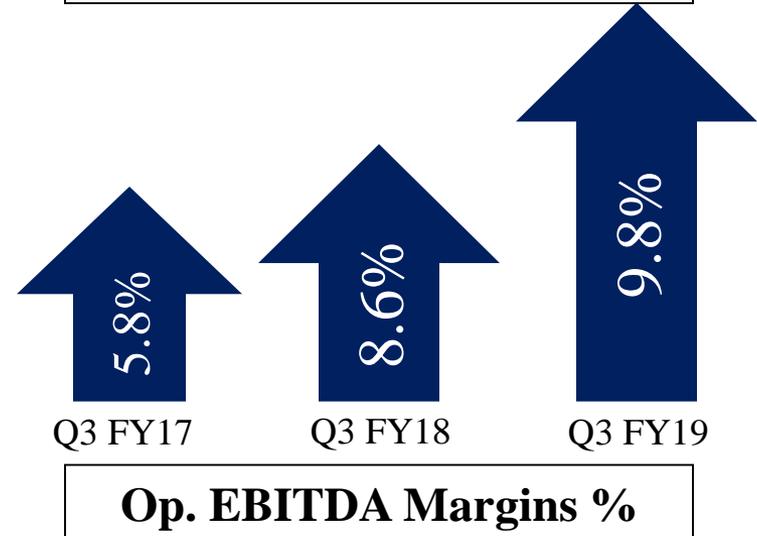
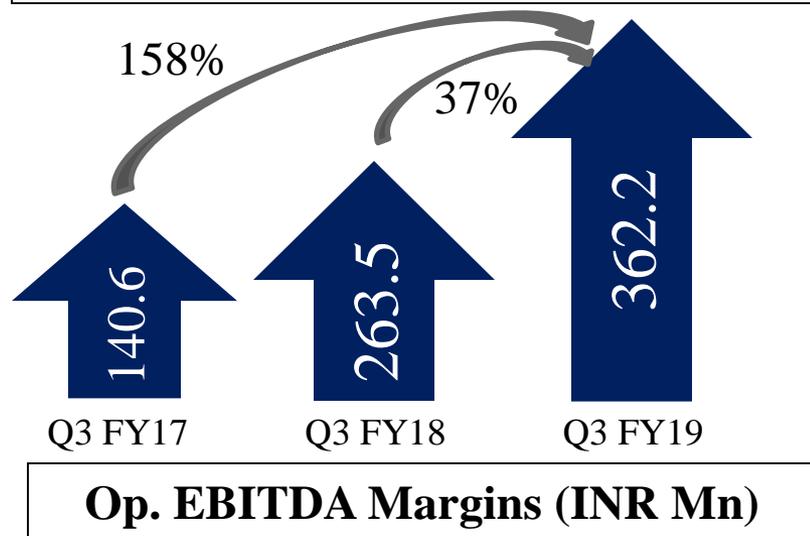
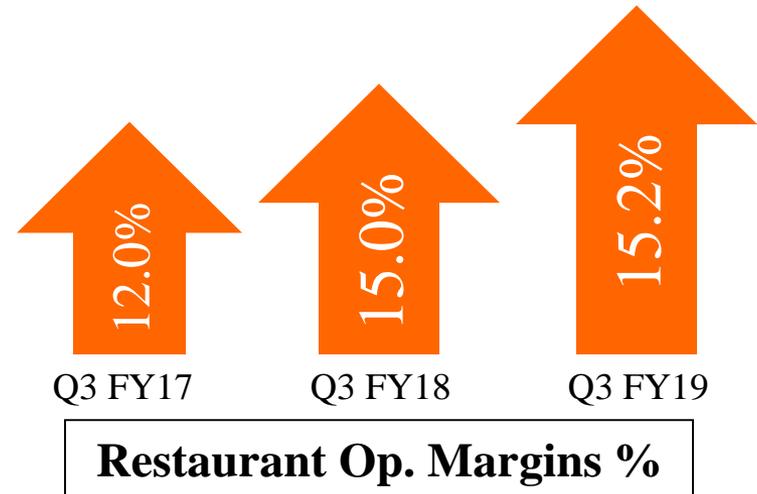
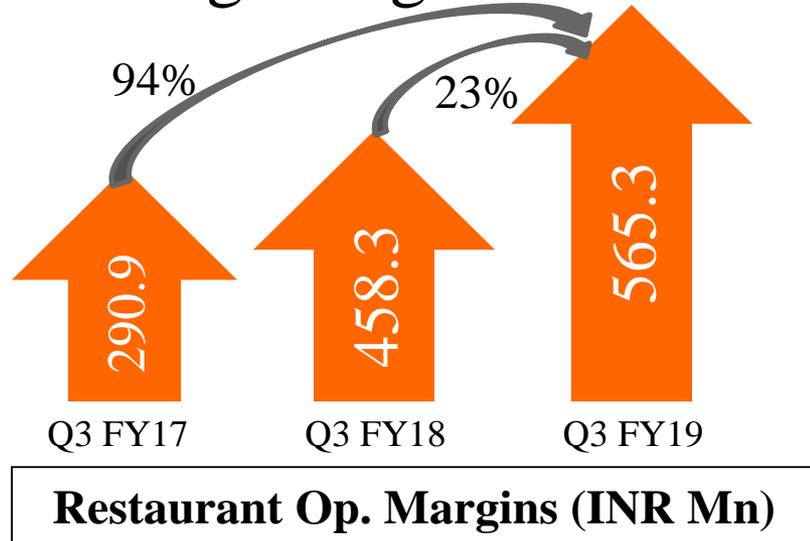
# Financial Discipline

## Healthy Gross Margins



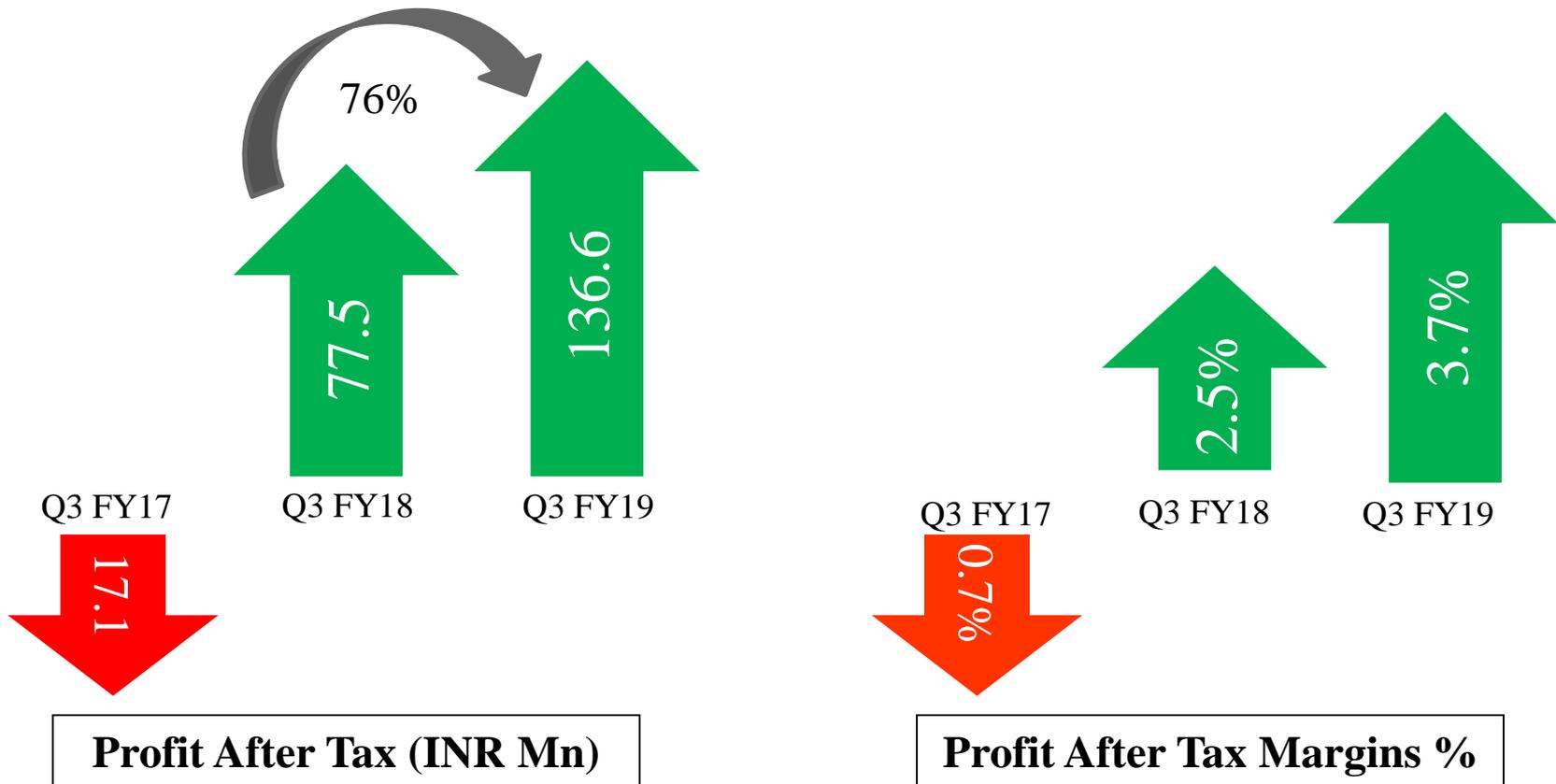
# Financial Discipline

Leading to significant shift in Op. profitability



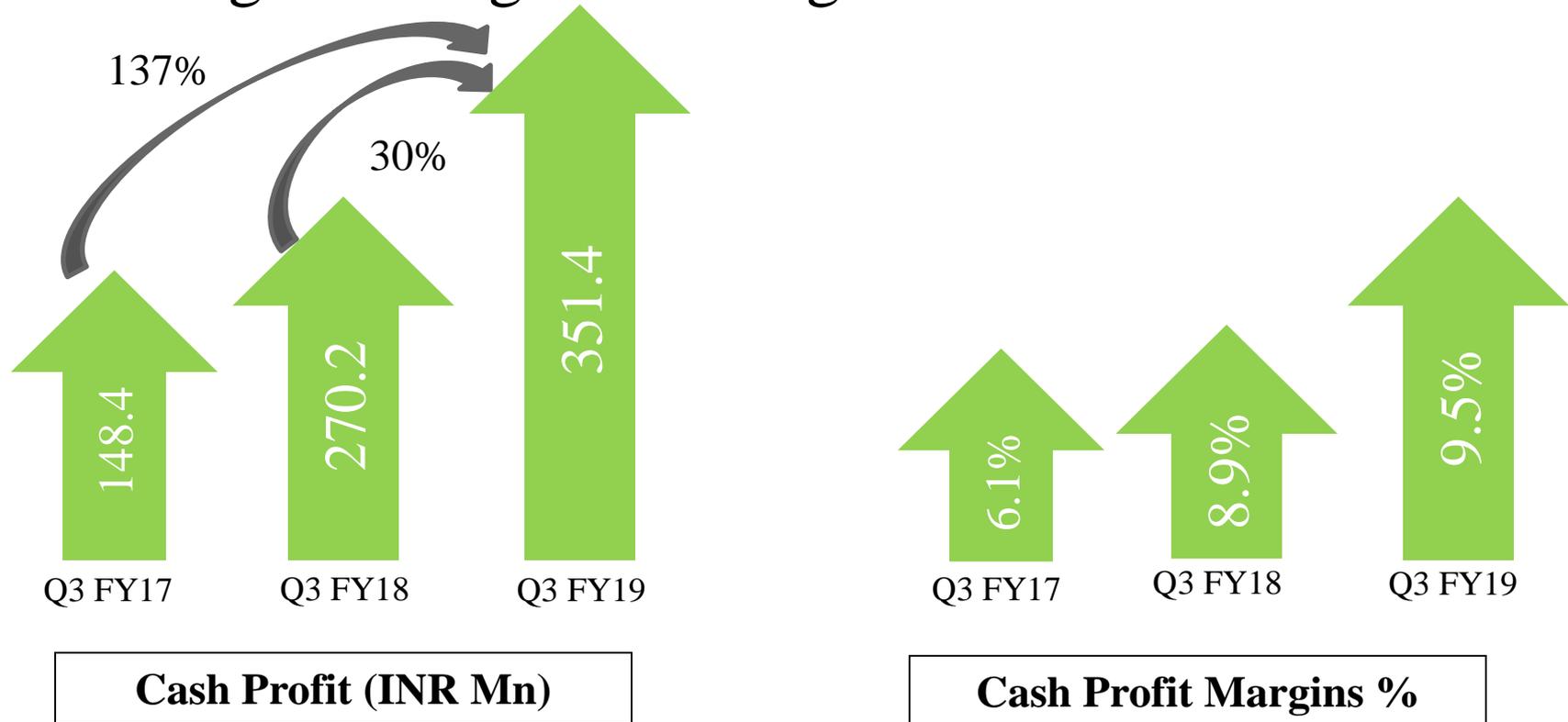
# Financial Discipline

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	<b>21.5%</b>	10,624.3	8,321.8	<b>27.7%</b>

- 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	<b>23.3%</b>	1,578.3	1,086.4	<b>45.3%</b>
% 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



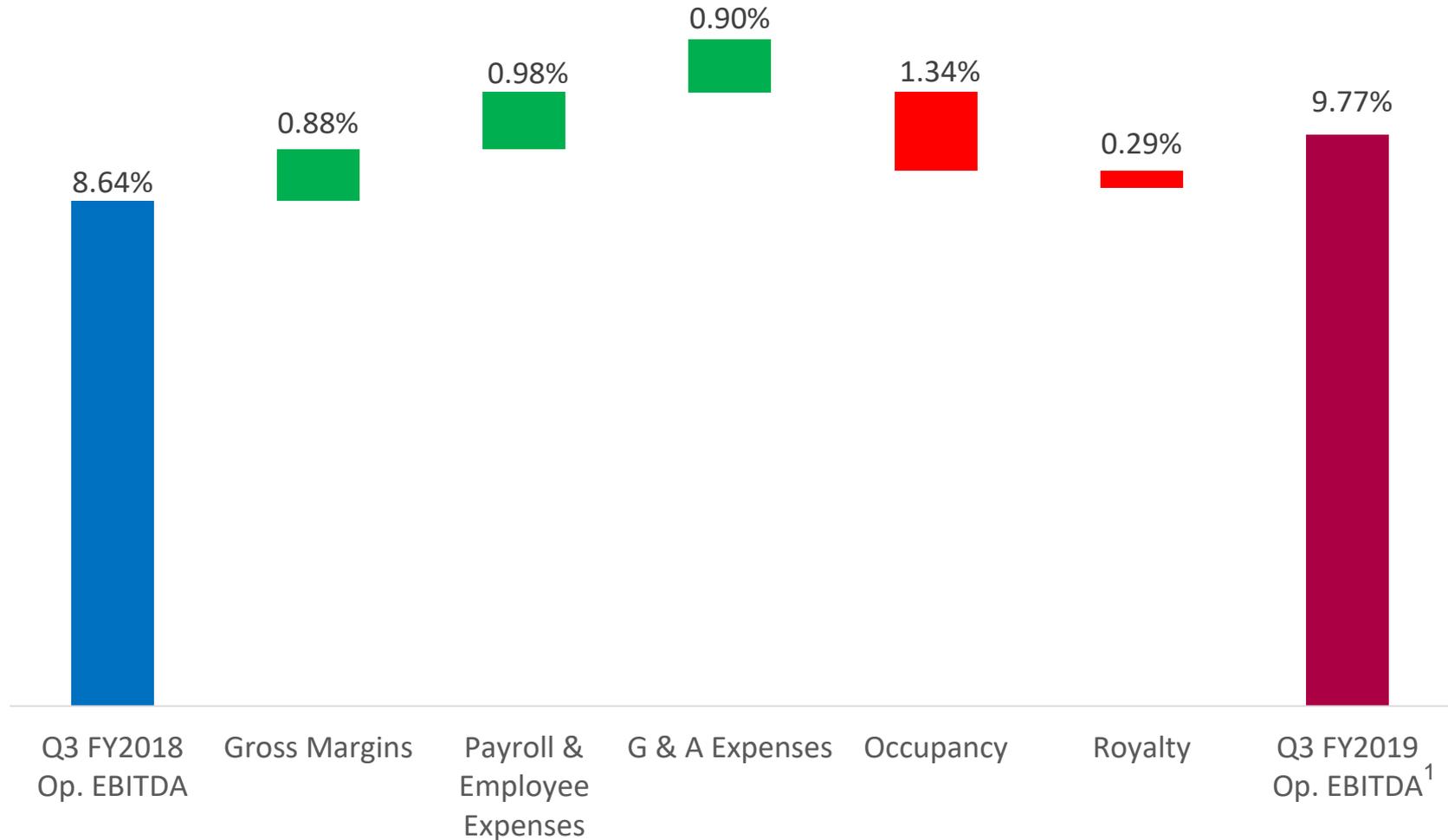
INR Mn	Q3 FY19	Q3 FY18	Growth	9M FY19	9M FY18	Growth
Op. EBITDA	362.2	263.5	<b>37.4%</b>	1,002.0	623.4	<b>60.7%</b>
% of Total Sales	9.8%	8.6%		9.4%	7.5%	

- Operating leverage reflecting through margin expansion

INR Mn	Q3 FY19	Q3 FY18	Growth	9M FY19	9M FY18	Growth
PAT	136.6	77.5	<b>76.4%</b>	331.6	62.4	<b>431.3%</b>
% 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**