

Westlife Development Ltd.

Hardcastle Restaurants Pvt. Ltd.

Q4 FY21 Earnings Presentation

May 13, 2021



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SERVING HAPPINESS
— WITH —
EXTRA CARE



Q4FY21¹ - Key Highlights

Q4 sees robust growth in sales & earnings, despite regulatory headwinds

- **SSSG at 10.5% for Q4** (vs Q3FY21 at -24% SSSG)
- **Qtr Growth at 6.3% YoY ; ~10% QoQ** with sales at Rs 3,576 mn



- Growth continued to be led by **Convenience platform²** which **grew by 42% YoY**
- Robust performance of **MDS & DT**; growth at **26% and 81% YoY** respectively
- **Highest ever MDS sales in Mar'21**
- Strong recovery continued in dine in, despite regulatory headwinds
- Robust month on month recovery for McCafé
- Opened new Store at T2 Mumbai Airport Terminal



- **Positive Cash Profits for the Qtr at INR 322 mn**
- **Op. EBITDA at Rs 325 mn @ 9.1%** - (11% Op EBITDA excluding Q4 exceptions)
- **Strong performance of ROM at 16.4%** (Highest in last 5 years)
- **Positive PAT for the Qtr at Rs 21 mn**
- Robust cash & cash equivalents on Balance Sheet; **Net debt reduced from Rs 236 Mn in Mar'20 to Rs 59 Mn in Mar'21**



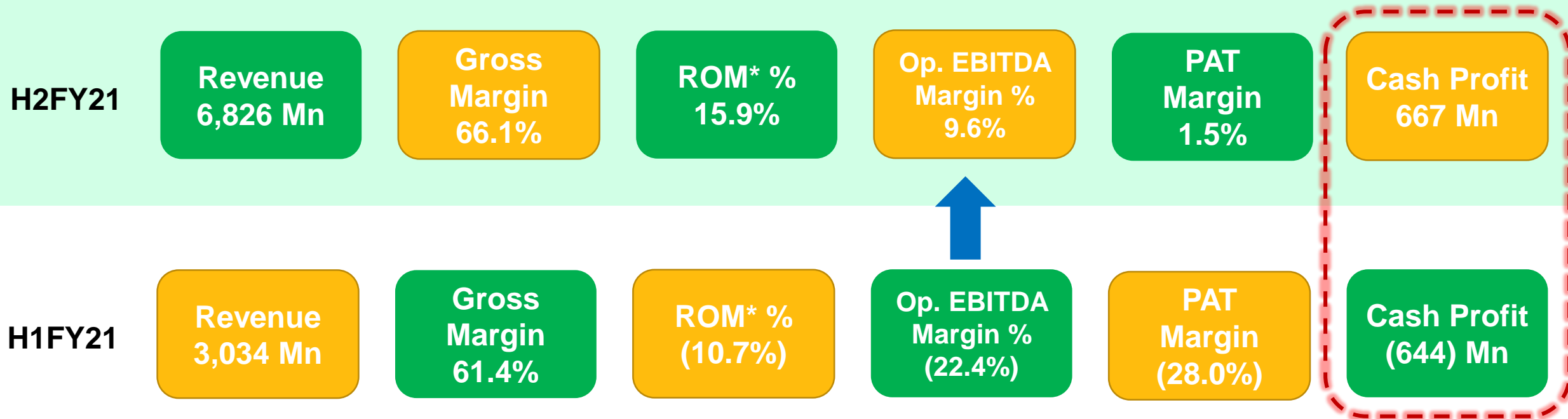
Note: 1) Q4FY21 numbers are excluding IND AS 116 impact; 2) Convenience Platform includes MDS, OTG & Drive Thrus

H2FY21 delivered robust performance

Achieved full year breakeven on Op. EBITDA

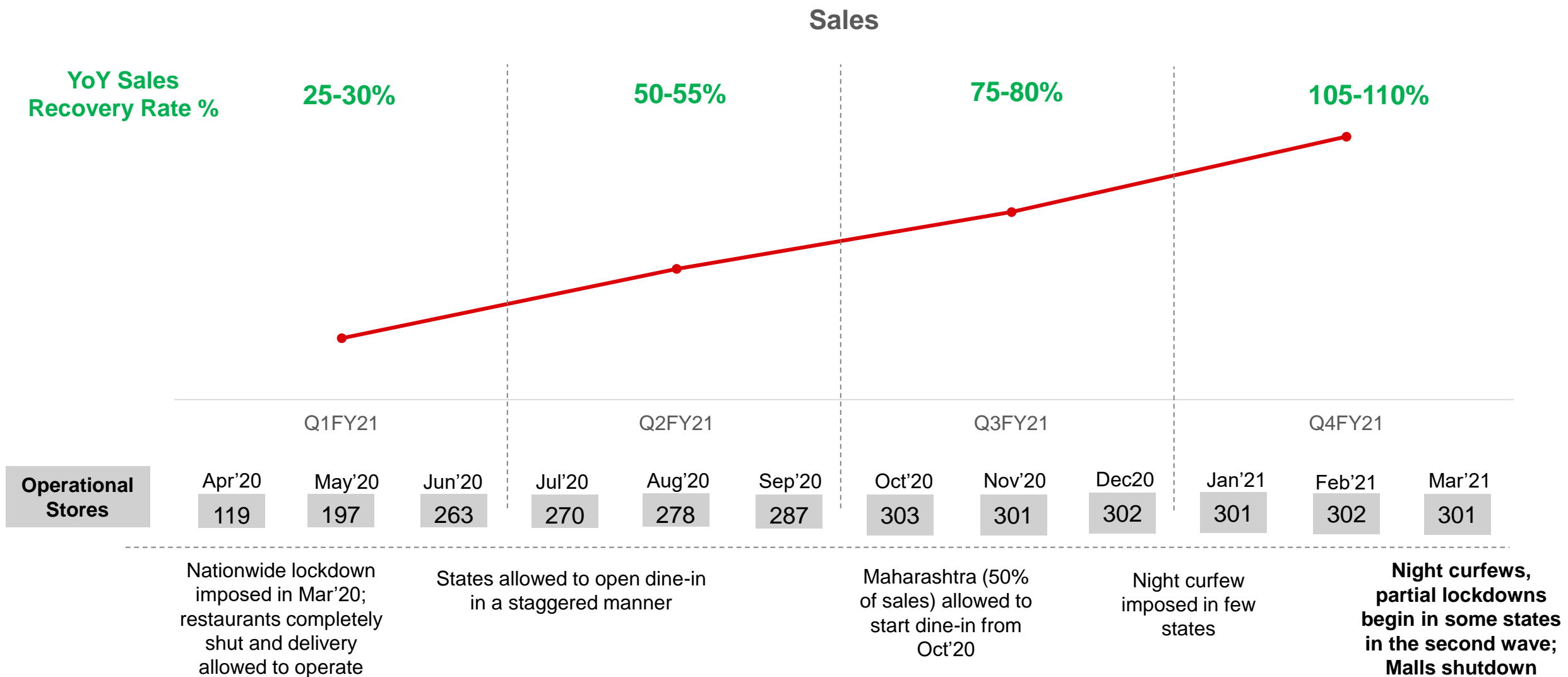
Rs 24 Mn cash profits for the year by recovering 100% losses of 1st half

(Amt in INR)

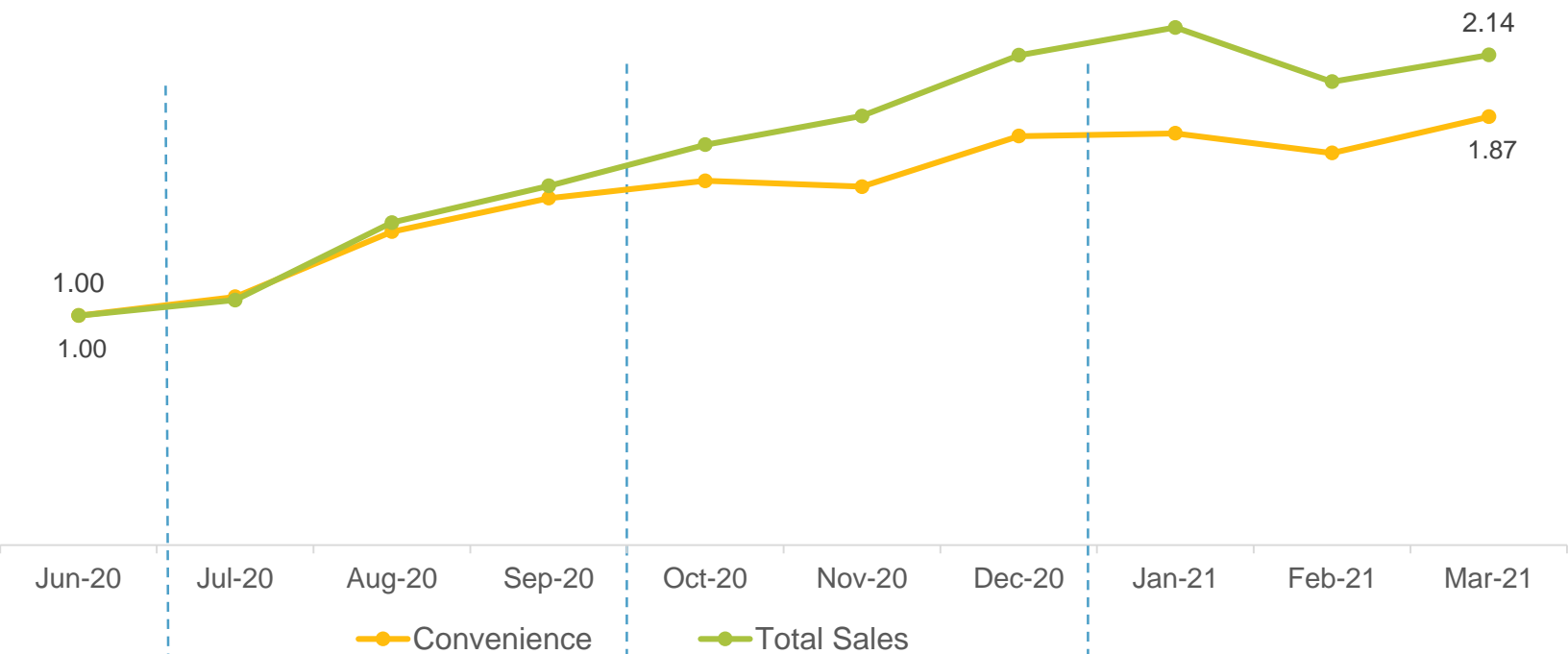


* Note – ROM is Restaurant Operating Margins

Consistent recovery QoQ, despite regulatory headwinds...



Convenience is here to stay... Even after dine in recovery



- Convenience channels are complementing not cannibalizing Dine in.
- Out of restaurant channel – DT, MDS & OTG continue to show accelerated growth
- Hence, once dine-in recovers completely, we will be pegged for exponential growth

				YoY Recovery
60-65%	90-95%	105 - 110%	140-145%	Convenience
25-30%	50-55%	75 - 80%	105-110%	Total Sales

Convenience levers of growth

Strong YoY growth of 42% in Convenience platform during the quarter

**Q4FY21 MDS sales grew
26% YoY**



- **Robust growth in OTG - 3x growth from July'20 to Mar'21**

**Highest MDS sales achieved in
March 2021**

**Robust growth of 80%+ in
Drive Thru sales in Q4FY21**

Consistent cost management resulting in robust financials for Q4FY21

Operating Efficiencies - Rationalised supply chain costs (zero base budgeting, reducing wastages, optimizing distribution costs) and store operating costs (M&R, utilities, crew labour etc)

Positive landlord negotiations - constructive ongoing negotiations with landlords to secure rent relief and deferrals, together with revised contractual terms

Headoffice rationalization – renegotiating office rentals, reducing discretionary expenses like travel, shifting some services from annuity to need based.



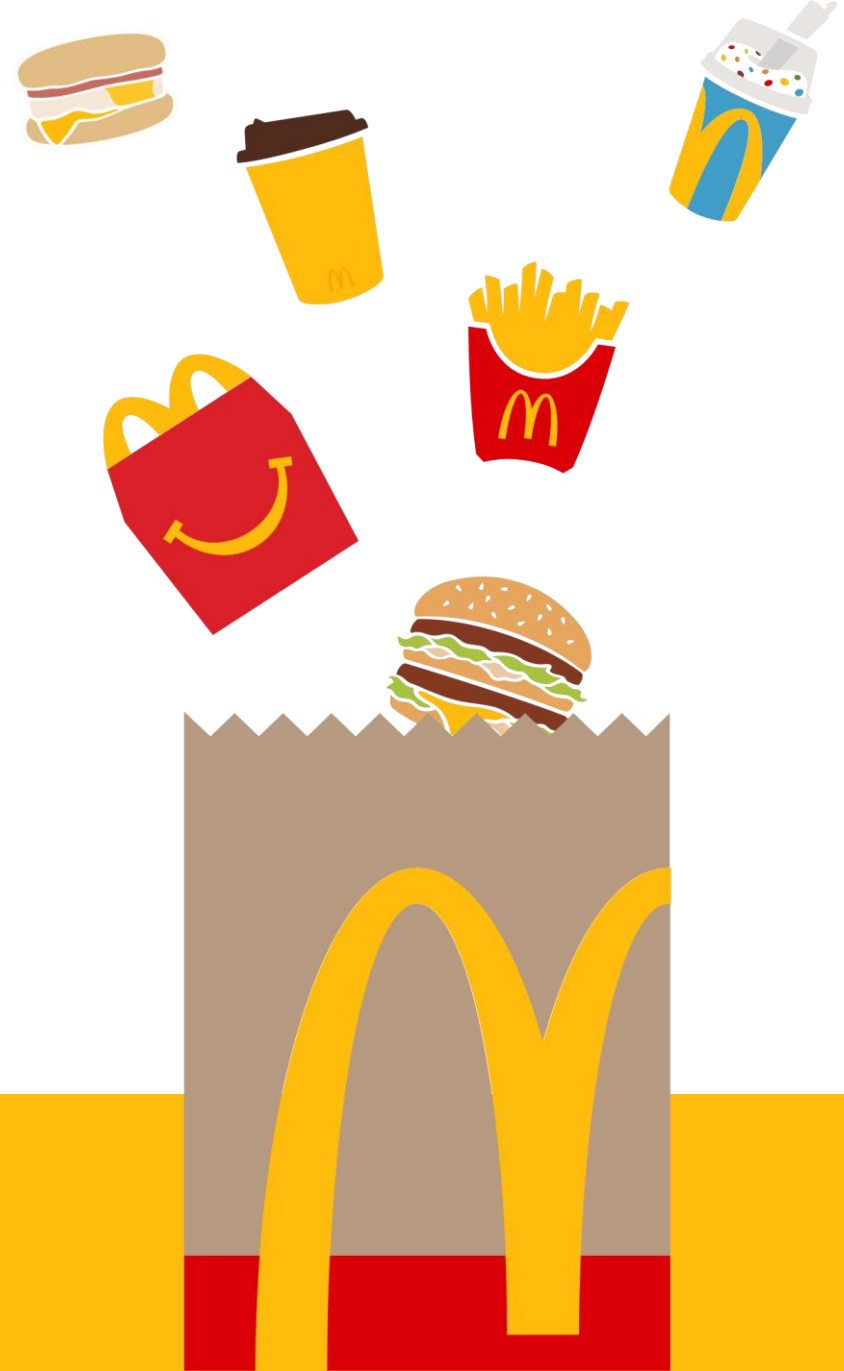
Lender Support - secured increase in revolving credit facility to improve liquidity, not currently utilised

Working Capital - renegotiated contracts with key suppliers and agreed payment plans

Employees – utilised furlough and flexible furlough schemes to ensure retention of majority of our employees through the pandemic

Reducing cost base and focusing on cash conservation resulted in optimising ROM as well as ensuring liquidity and lower net debt for the company

Q4FY21 BUSINESS UPDATE

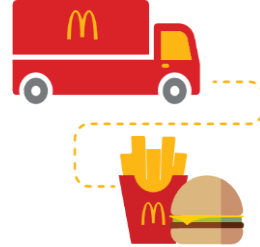


Q4FY21 - Key Focus Areas



Assurance

- ✓ Safety & Hygiene
- ✓ Quality
- ✓ Service



Convenience

- ✓ MDS
- ✓ Drive Thru
- ✓ On The Go



Access

- ✓ Store Operations
- ✓ Global McDonald's App

Assurance

- To maintain business continuity in a safe environment
- To customers by keeping the brand alive
- To employees through team engagement activities



Assurance

Ensuring business continuity & growth with safety as a priority

Jan - Mar'21

Oct - Dec'20

July - Sep'20

Mar - June'20

Business Continuity



Premium Beverage Promotion



Spicy Fried Chicken Treats



Open dine-in in Maharashtra



New store opening



Open dine-in in Gujarat and few states in South

Golden Guarantee at Restaurants



Cost Optimization



Launched contactless service

Keeping the Brand Alive



Launched Eatqual



Leapling



Republic Day & Valentine Day Campaign



World Chicken Day



International Coffee Day



Children's Month



Digital Ordering (OTG)



Launch of brand campaign - Somethings never change



Giving Back to Community

Team Engagement



Women's Day Campaign



Beat Your Best Competition



Final Sprint



RGM meeting to motivate the team & set up next quarter plans



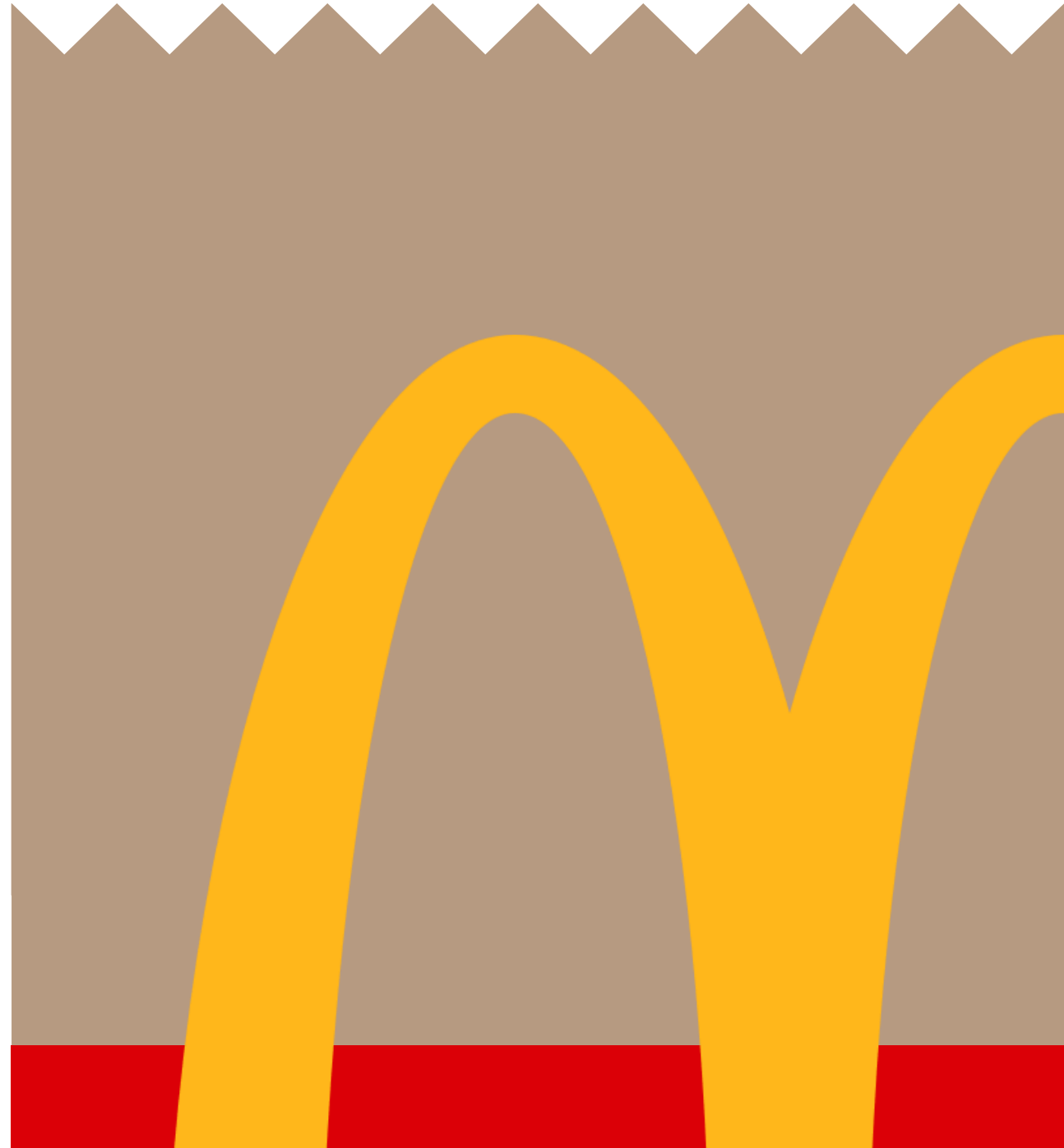
Introduction of digital engagement for recognition program of team members



Work from Home

Convenience

- MDS
- Drive Thrus
- On the Go



Convenience

Effectiveness of Convenience Channels through digital & brand leadership

Q4FY21 - **42%+** YoY growth in Convenience platform; **7%** sequential growth



McDelivery – 26% YoY Quarter growth

- **Highest ever sales in Mar'21**
- Offered exclusive combo offers, Deal of the day, Free Treats, Free delivery on our app for recruitment and retention



Drive Thru (DT) - 81% YoY Quarter growth

- More than 2x sales in Mar'21
- Focusing on DT VIP club program, creating more brand visibility for drive thrus through out of home activities



On the Go (OTG)

- McDonald's OTG platform is operational in 85%+ of restaurants and witnessing robust growth
- Building brand value and increasing awareness / visibility through out of homes activities; offering exclusive combo offers on OTG

Convenience

Effectiveness of Convenience Channels



McDelivery

DOWNLOAD
THE APP AND
ENJOY YOUR
FAVOURITES

ON-THE-GO

westlife

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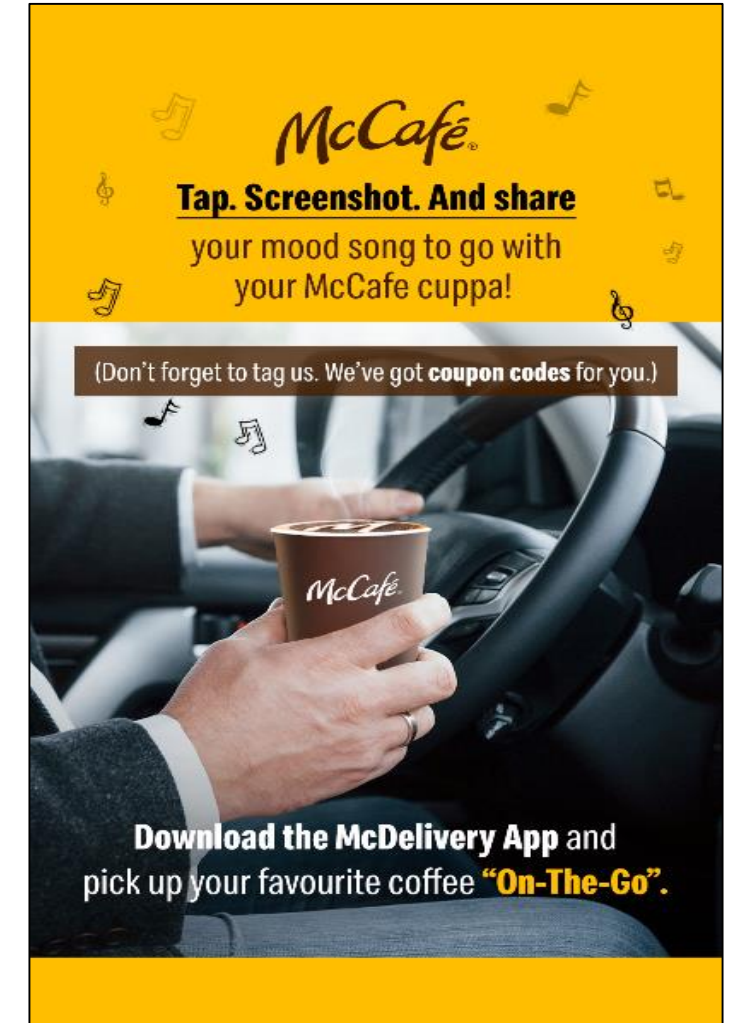
McDonald's

500 METERS

ENJOY CONTACTLESS DRIVE THRU

Images are representational. 2020 McDonald's™.

DRIVE THRU
VIP CLUB



McCafe

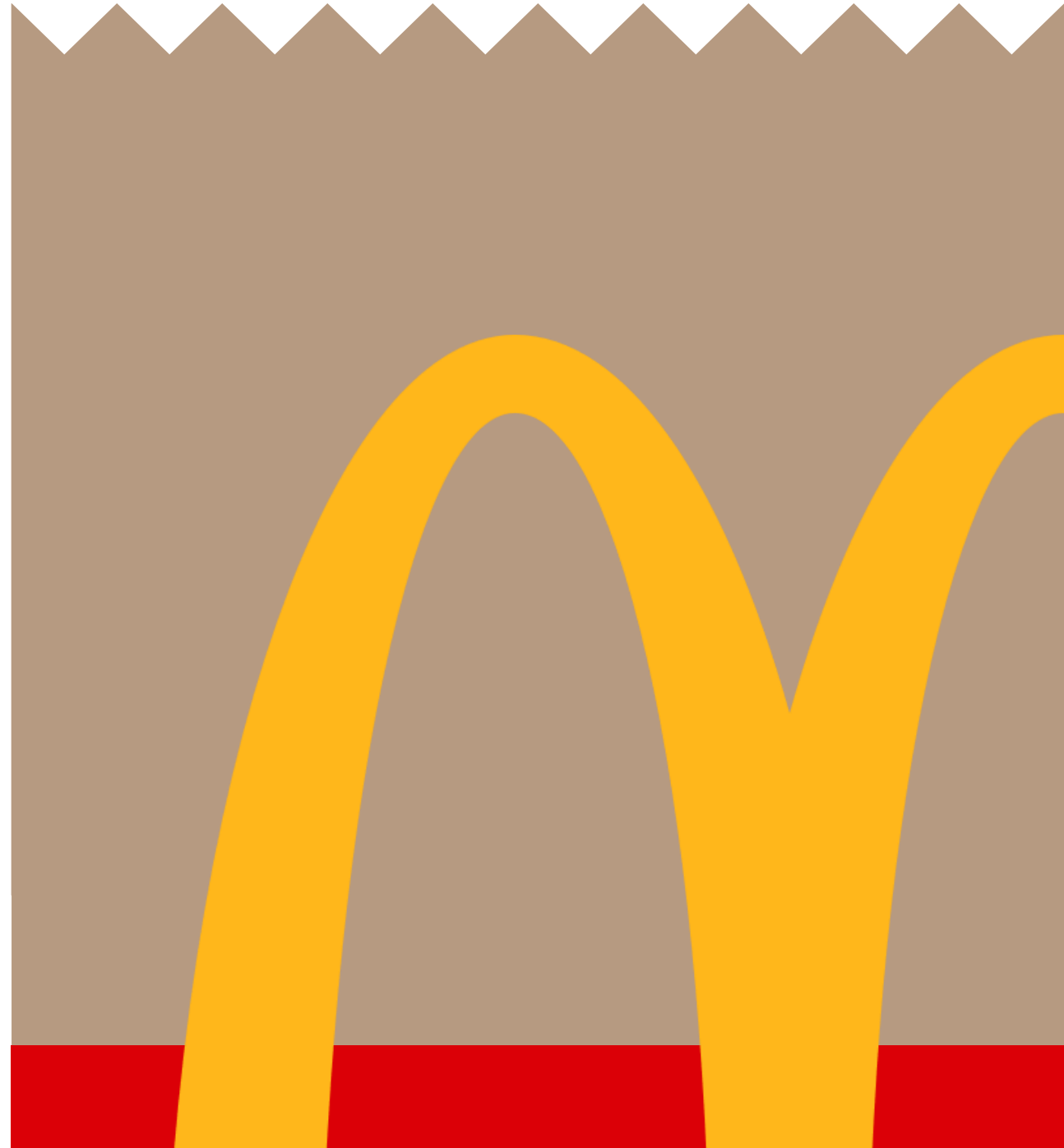
Tap. Screenshot. And share
your mood song to go with
your McCafe cuppa!

(Don't forget to tag us. We've got coupon codes for you.)

Download the McDelivery App and
pick up your favourite coffee "On-The-Go".

Access

- New Store openings
- Digital - McDonald's App



Operational Stores



Opened flagship store at Mumbai's
International Airport Terminal 2



Presence in 305 restaurants across 43
cities (as of Mar, 2021).

Company is back on track for network expansion in FY22

McDonald's App Campaigns

Driving frequency and guest count



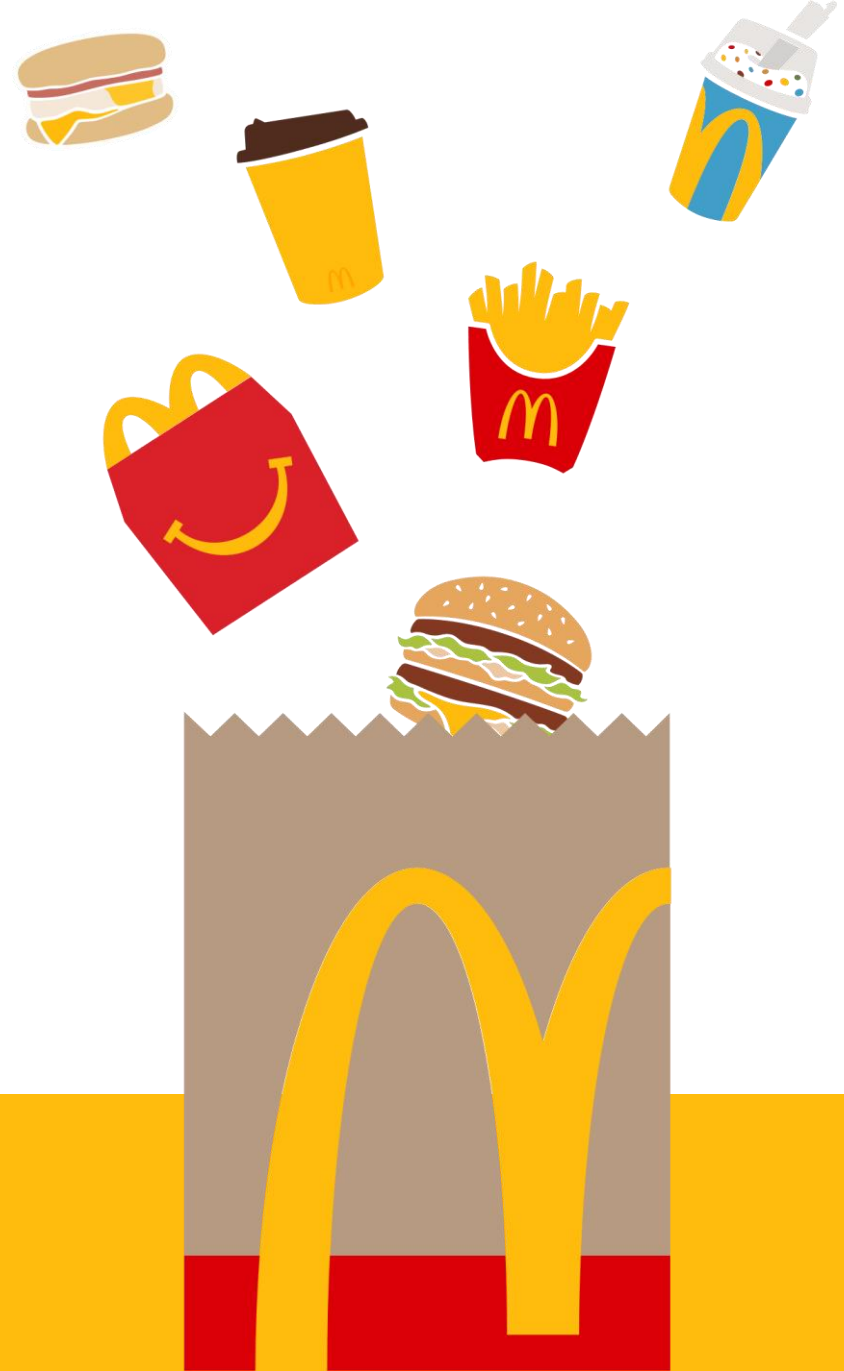
Value offers for promoting customer frequency

No. of downloads during the quarter increased 13% YoY and the active users increased by 50% YoY and 24% on QoQ basis

Total guest count on GMAL increased 20% on QoQ basis

Conducting various consumer centric activities like restarted spike campaigns with attractive offers, offering relevant and more popular offers

Q4FY21 FINANCIALS



Q4FY21¹ at a Glance

Particulars (Rs in Mn)	H1FY21	Margins %	Q3FY21	Margins %	Q4FY21	Margins %	Q4FY20	Margins %
SSSG%	(45.6%)		(24.0%)		10.5%		(6.9%)	
Sales	3,033.8		3,250.6		3,575.9		3,363.5	
YoY Sales Growth %	(61.0%)		(24.9%)		6.3%		(0.9%)	
Gross Profit	1,863.8	61.4%	2,135.8	65.7%	2,377.9	66.5%	2,205.5	65.6%
ROM	(323.8)	(10.7%)	501	15.4%	585.5	16.4%	373.2	11.1%
Op. EBITDA	(679.0)	(22.4%)	330.6	10.2%	324.5	9.1%	195.8	5.8%
PBT (w/o Exc Item)	(1,134.7)	(37.4%)	67.5	2.1%	68.94	1.9%	(68.5)	(2.0%)
PAT	(849.4)	(28.0%)	81.9	2.5%	20.97	0.6%	(166.5)	(5.0%)
Cash Profits	(643.5)		345.8		321.5		248.4	
New stores opening	1		3		1		4	

FY21 Gross Margins back to pre Covid levels and positive Cash Profits

Impact of IND AS 116

Particulars (Rs in Mn)	(A) Quarter ended Mar 31, 2021 (Adjusted)	(B) Changes due to Ind AS 116 increase / (decrease) **	(C) Quarter ended Mar 31, 2021 (Reported)	(D) Quarter ended Mar 31, 2020 (Adjusted)	(E) Changes due to Ind AS 116 increase / (decrease) **	(F) Quarter ended Mar 31, 2020 (Reported)	(A over D) YoY Growth
Occupancy and other operating expenses	1,273.1	(174.5)	1,098.7	1,253.6	(196.9)	1,056.7	1.6%
Restaurant Operating Margin	585.5	174.5	760.0	373.2	196.9	570.1	56.9%
General and Administration Expenses	261.0	-	261.0	177.3	-	177.3	47.1%
Operating Earnings before interest, tax and depreciation and amortisation	324.5	174.5	499.0	195.8	196.9	392.8	65.7%
Other Income	(27.8)	(13.9)	(41.7)	(15.2)	-	(15.2)	83.4%
Finance costs	38.6	164.9	203.5	31.1	171.9	203.0	24.1%
Depreciation and amortisation expense	213.6	137.8	351.4	219.6	134.3	353.8	(2.7%)
Profit before tax and exceptional items	69.0	(114.4)	(45.4)	(68.5)	(108.5)	(177.0)	(200.7%)
Exceptional Items	-	-	-	166.3	-	166.3	100.0%
Profit before tax	69.0	(114.4)	(45.4)	(234.8)	(108.5)	(343.3)	(129.4%)
Deferred tax	43.7	(28.8)	14.9	(72.6)	(30.0)	(102.6)	(160.2%)
Income tax	4.3	-	4.3	4.3	7.7	12.0	(1.0%)
Profit after tax	21.0	(85.6)	(64.6)	(166.6)	(86.1)	(252.7)	(112.6%)
Other Comprehensive income (net of tax)	(4.2)	-	(4.2)	8.4	-	8.4	(150.4%)
Total Comprehensive Income	25.3	(85.6)	(60.3)	(175.0)	(86.1)	(261.1)	(114.4%)

Reported ROM – 21.3%

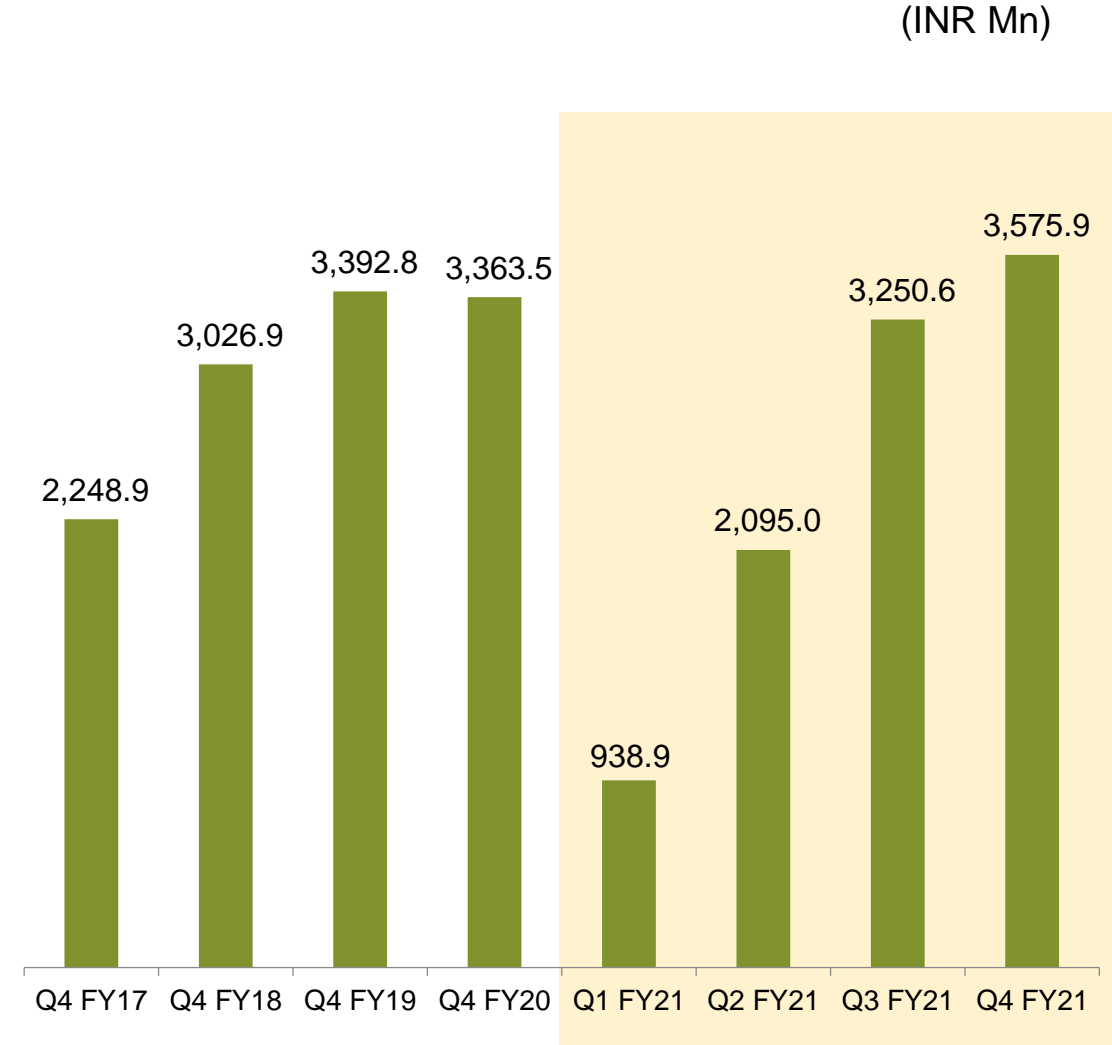
Reported Op EBITDA – 14.0%

Revenue Trajectory

INR Mn	Q4 FY21	Q4 FY20	YoY Gr %
Total Revenue	3,575.9	3,363.5	6.3%

INR Mn	FY21	FY20	YoY Gr %
Total Revenue	9,860.3	15,477.9	(36.3%)

- **6.3% YoY growth in Q4FY21**
- Strong sales recovery in Q4FY21 over Q3FY21 on back of:
 - **Growth led by strong recovery in dine in and Convenience platform**, which are at ~90% and 140%+ respectively on YoY basis
 - **Q4FY21 sales are almost back to pre Covid levels**

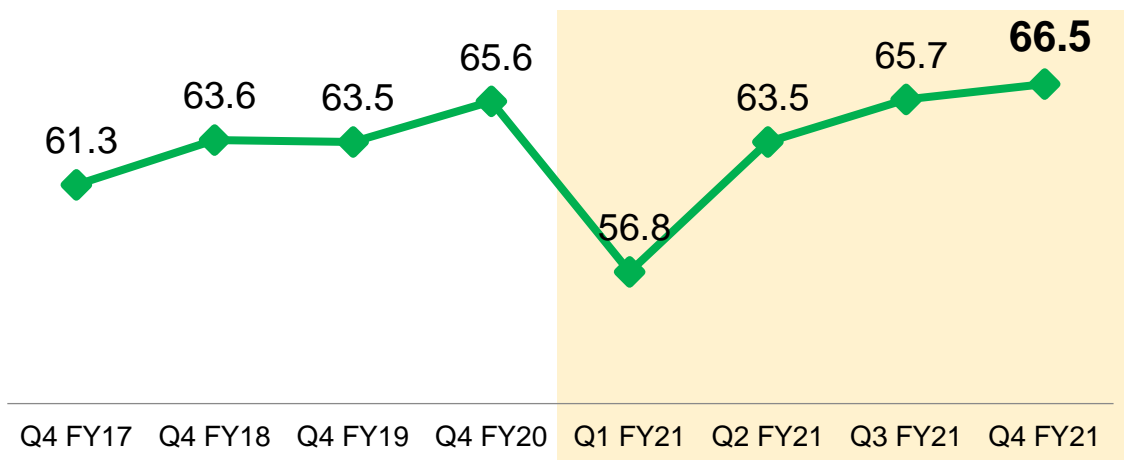


Gross Margins & ROM Recovery

INR Mn	Q4 FY21	Q4 FY20	YoY Gr %
Gross Margins	2,377.9	2,205.6	7.8%
% of Total Revenue	66.5%	65.6%	93 bps

INR Mn	FY21	FY20	YoY Gr %
Gross Margins	6,377.5	10,095.4	-
% of Total Revenue	64.7%	65.2%	(55 bps)

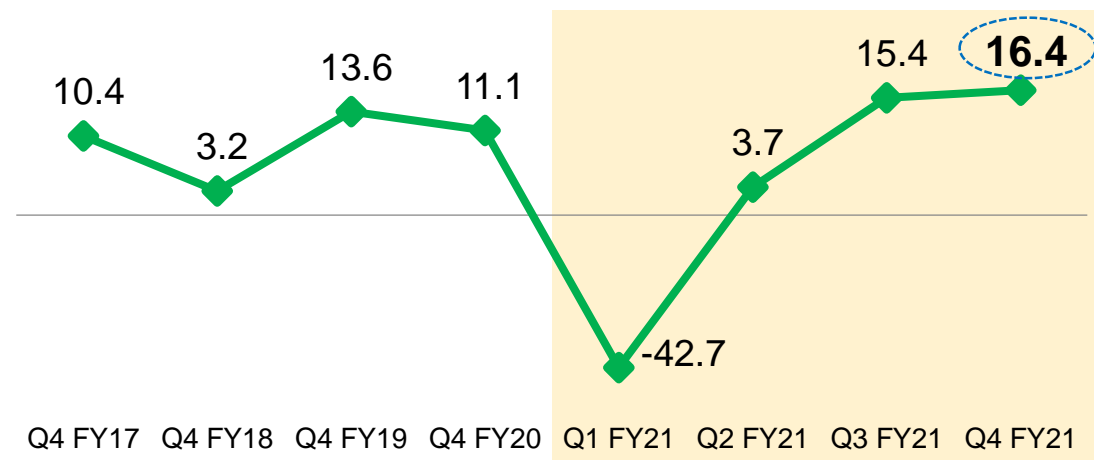
Gross margins back to pre Covid levels on account of volume recovery, channel optimisation and supply chain cost initiatives. This improvement in margins is here to stay



INR Mn	Q4 FY21	Q4 FY20	YoY Gr %
RoM	585.5	373.2	56.9%
% of Total Revenue	16.4%	11.1%	527 bps

INR Mn	FY21	FY20	YoY Gr %
RoM	762.7	2,276.0	-
% of Total Revenue	7.7%	14.7%	-

Driven by gross margin improvement, continued rent rebates and operating cost optimisation. Once operations stabilise and volumes grow, we expect margins to grow further



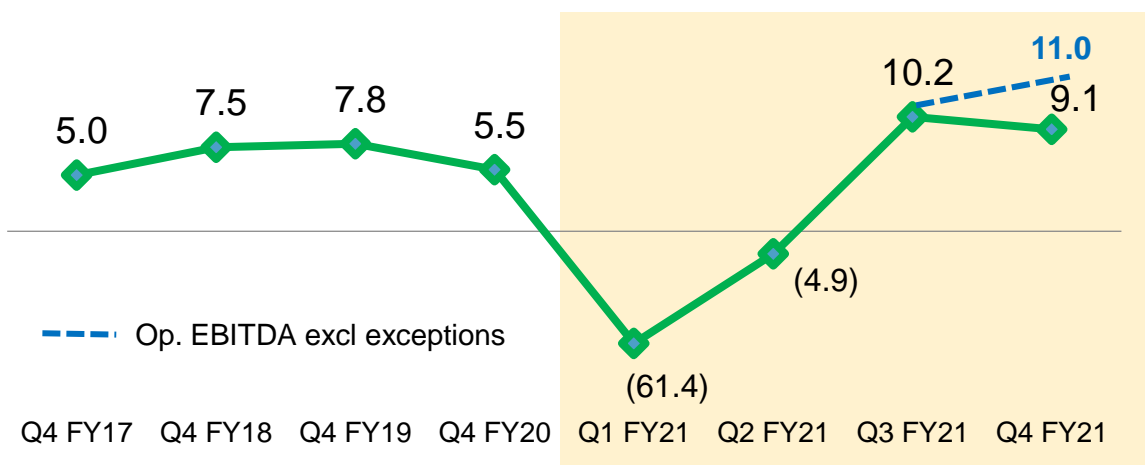
Note: Q4FY21 numbers are excluding adjustments arising out of IND AS 116

Profitability

INR Mn	Q4 FY21	Q4 FY20
Op. EBITDA	324.5	195.8
% of Total Revenue	9.1%	5.8%

INR Mn	FY21	FY20
Op. EBITDA	(23.9)	1,452.7
% of Total Revenue	(0.2%)	9.4%

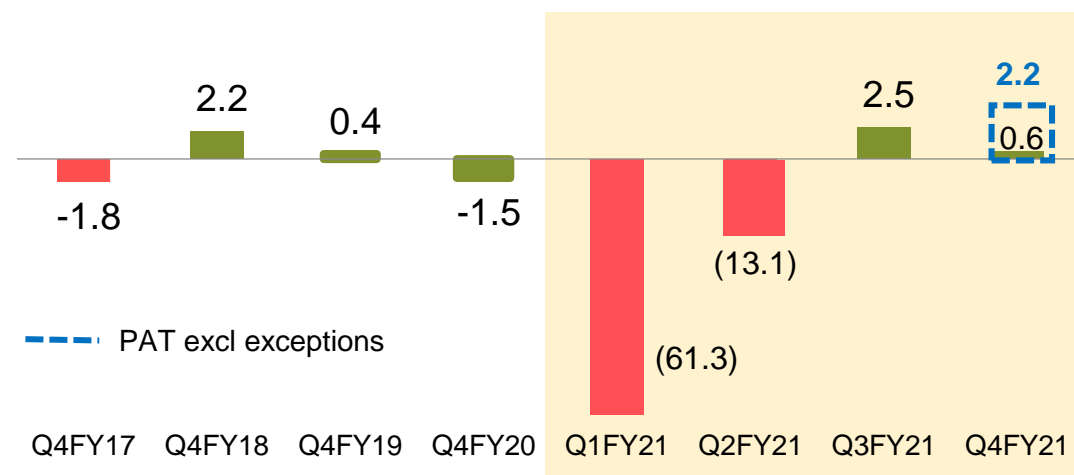
- Normalised margins for the quarter are ~11% - strong improvement QoQ, YoY and pre-covid levels
- Heavy loss from H1 recovered in H2



INR Mn	Q4 FY21	Q4 FY20
PAT³	21.0	(166.5)
% of Total Revenue	0.6%	(4.9%)

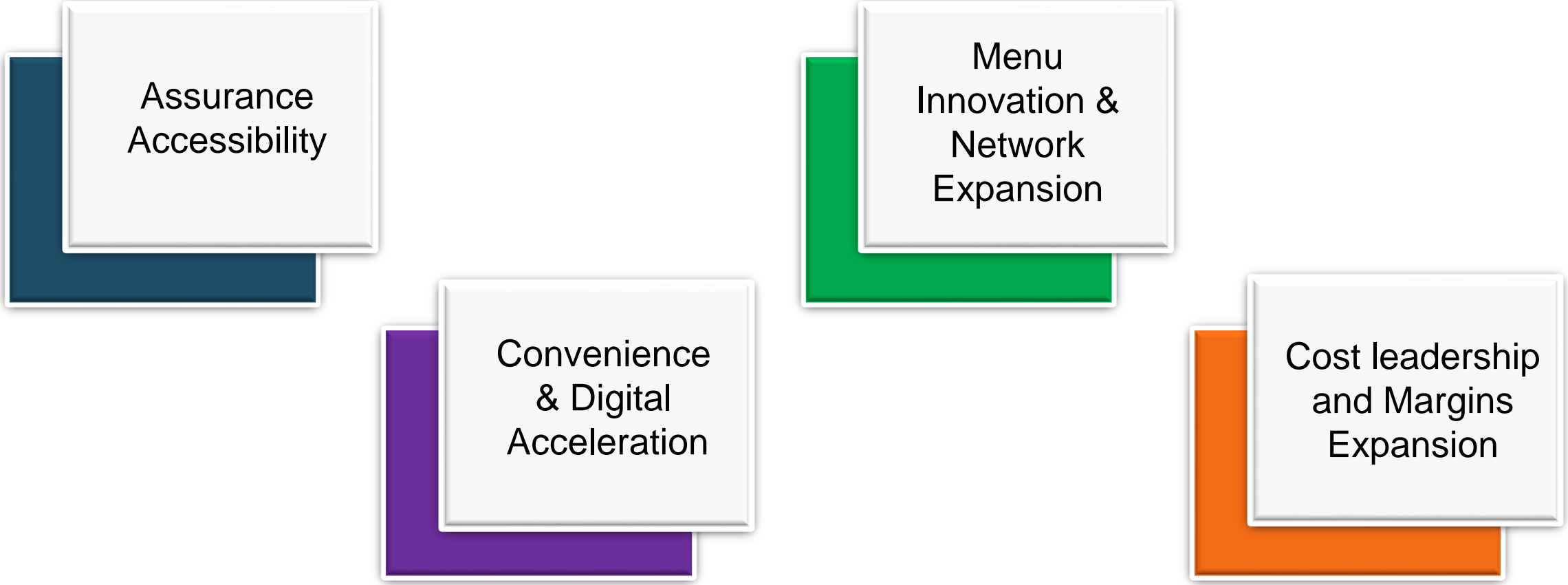
INR Mn	FY21	FY20
PAT³	(746.6)	251.5
% of Total Revenue	(7.6%)	1.6%

- Recovered back to positive PAT
- Breakeven on a full year Cash Profit level



Note: 1) Q4FY21 numbers are excluding adjustments arising out of IND AS 116; 2) Charts are not as per scale; 3) PAT and Cash Profits After Tax for Q4FY20 & FY20 is excluding exceptional item of 166.3 Mn

Outlook FY22



Assurance
Accessibility

Menu
Innovation &
Network
Expansion

Convenience
& Digital
Acceleration

Cost leadership
and Margins
Expansion

Focusing on growth – sales, profitability and balance sheet strength



Thank you

IR Contact

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