



# **Westlife Development Ltd.**

Hardcastle Restaurants Pvt. Ltd.

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## **Q1 FY23 Earnings Presentation**

July 28, 2022

# Safe harbour disclosure

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 affecting 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.

# Key highlights: Q1 FY23



- **Highest ever quarterly Sales at Rs. 5.38 bn**, was up **108% YoY** and **18% QoQ**
- **Average Annualized Sales Per Store** stood at **Rs. 67 mn**; **SSSG** was **97% YoY**
- **Dine-in** was over 5x YoY, **Convenience<sup>1</sup>** growth remains healthy at 13% YoY

- **ROM<sup>2</sup>** at **Rs. 1,164 mn** was **4.5x YoY** (68% growth on Q1FY20); **ROM (%)** was **21.6%**
- **Op. EBITDA** at **Rs. 921 mn** was **18x YoY** (82% growth on Q1FY20); **Op. EBITDA margin** was **17.1%**
- **Cash PAT** stood at **Rs. 551 mn** (91% growth on Q1FY20); **Cash PAT margin** was **10.2%**



- Opened **5 new restaurants** during the quarter
  - **12 stores under ground break** - store opening run rate to improve here on
- On track to open 35-40 new restaurants in FY23 and **200+ over next 3-4 years**

- **+55% of overall business through digital channels**; 18.5+ mn cumulative Apps downloads
- **Highest quarterly sales** on McDelivery App; **Highest monthly sales** in Dine in

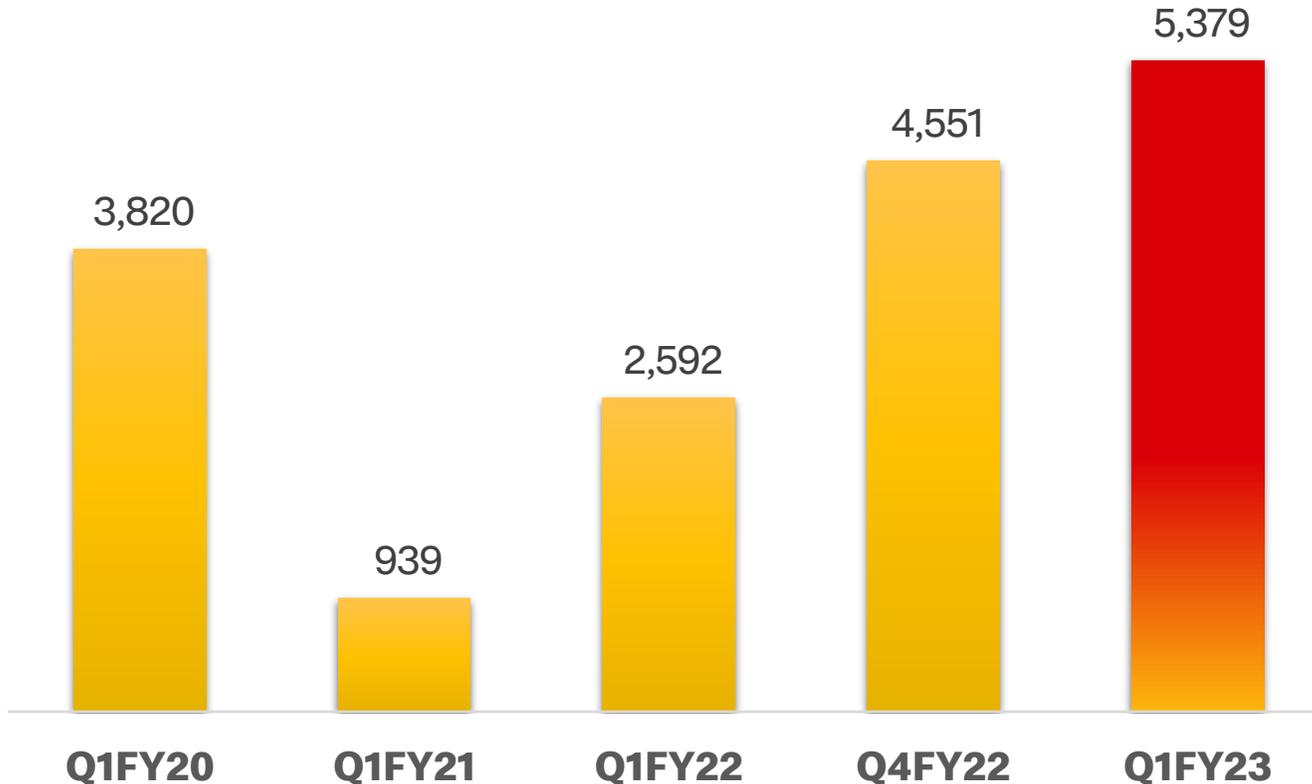


- **Three consecutive quarters of strong performance with Rs. 60+ mn of Avg. Annualized Sales Per Store and 16%+ EBITDA margin** led by Menu innovation and Omni channel strategy

Note: 1) Convenience Platform includes McDelivery, On-The-Go Pickup & Drive Thrus; 2) Restaurant Operating Margin

# Revenue: Highest ever quarterly sales

Revenue, INR mn



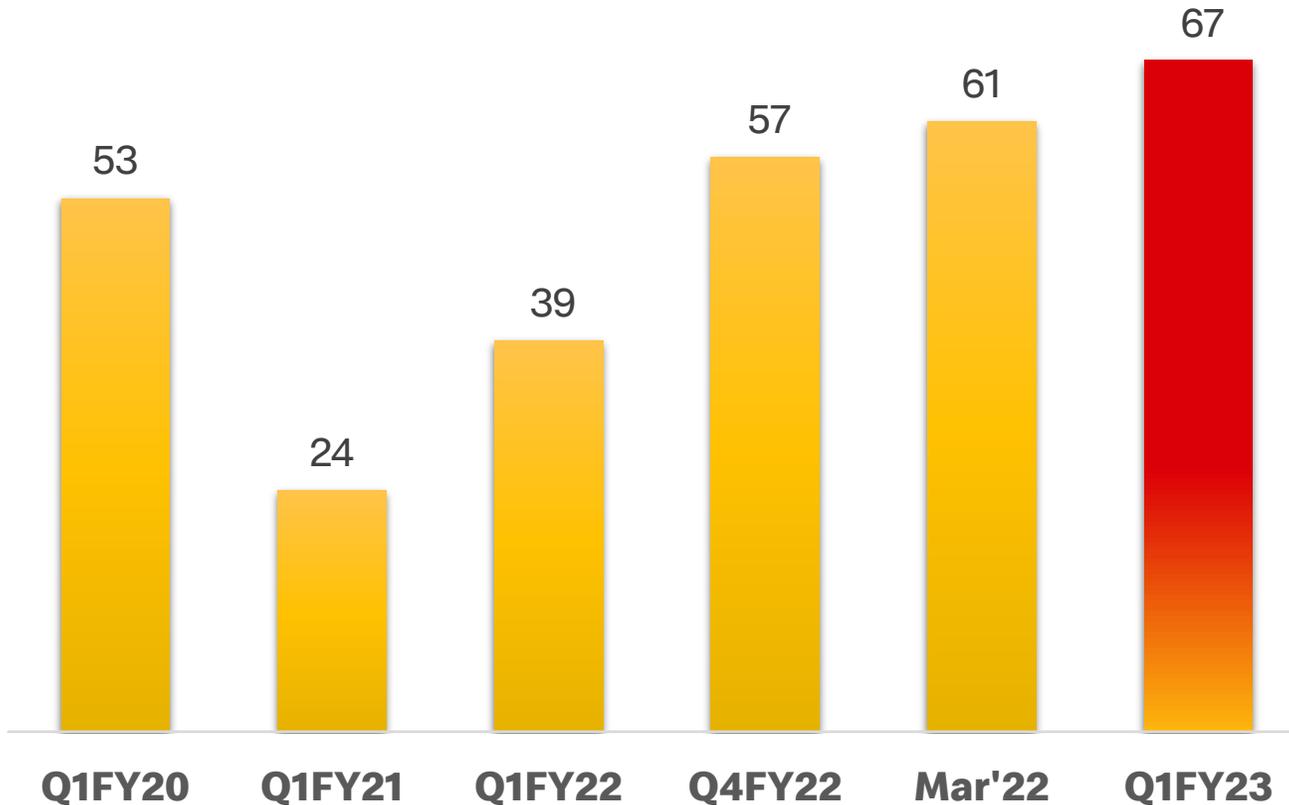
## Crossed INR 5bn quarterly topline milestone

- Clocked highest ever quarterly sales of INR 5.38 bn
- Sales grew 108% YoY and 18% QoQ
- 97% YoY Same Store Sales Growth (SSSG)
- 41% growth over pre-Covid base of Q1FY20



# Revenue: INR +60 mn Average Annualized Sales Per Store

Average Annualized Sales Per Store, INR mn

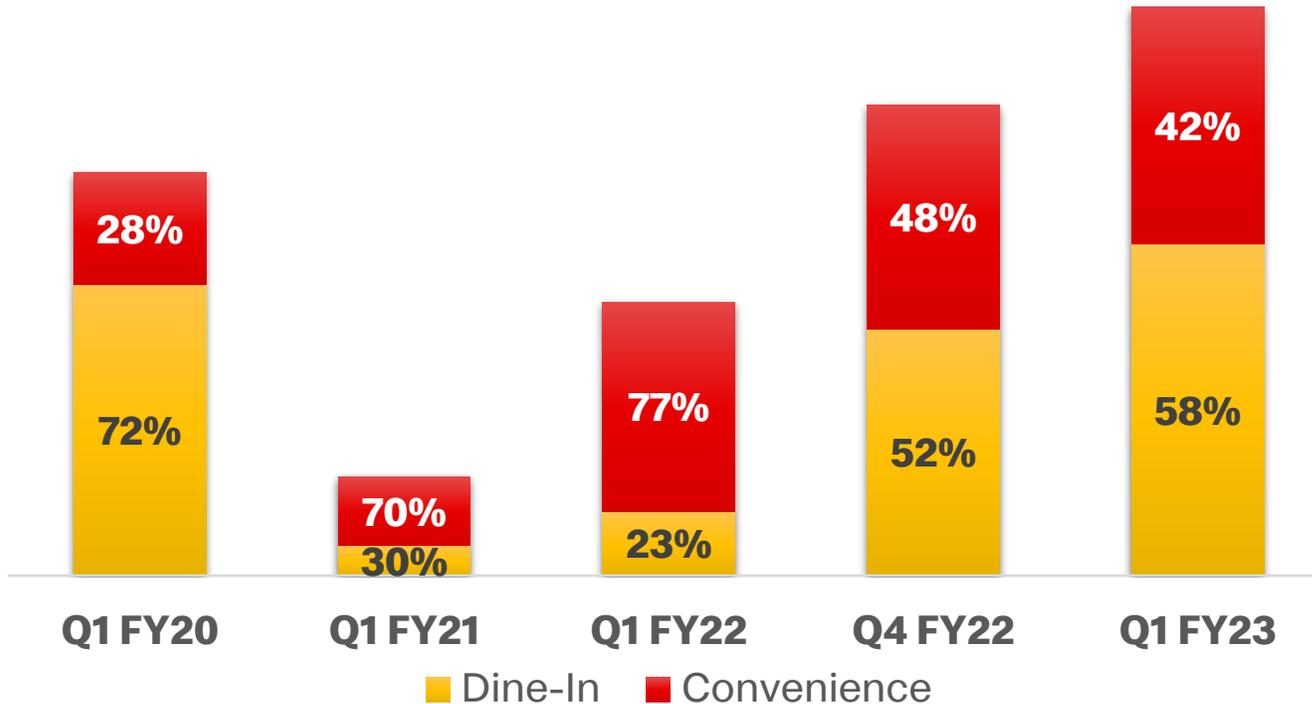


## Average Annualized Sales Per Store run rate continues to remain over INR 60mn

- Robust growth in Tier 2 cities. Over the pre-covid base, Tier 2 cities have grown at twice the pace of Metros
- Growth has been broad-based across West and South
- Most of the recently opened stores are performing at par with system average

# Revenue: Broad based growth across channels

Dine-in and Convenience channels mix (Percent)

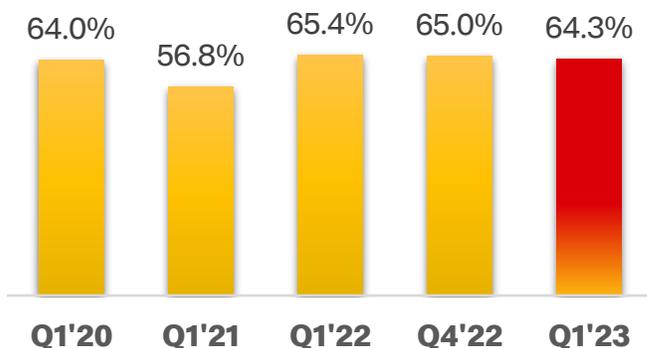


**Dine-in grew over Pre-Covid levels + Convenience platform business has more than doubled**

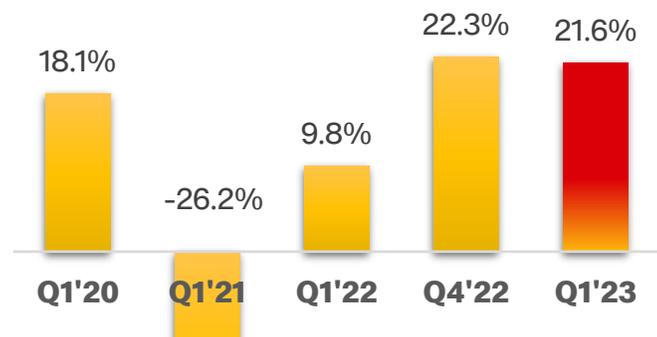
- Dine-in Channels
  - 418% YoY growth
  - 14% growth over pre-Covid base
- Convenience Channels
  - 13% YoY growth
  - 112% growth over pre-Covid base
- Dine-in channel posted the best monthly sales in May'22.

# Profitability: Continued improvement in operating margins

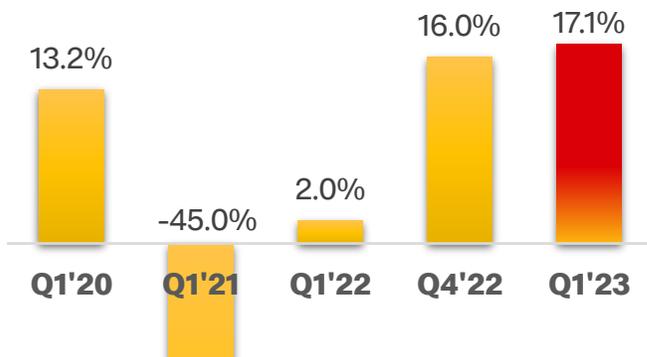
**Gross Margin, Percent**



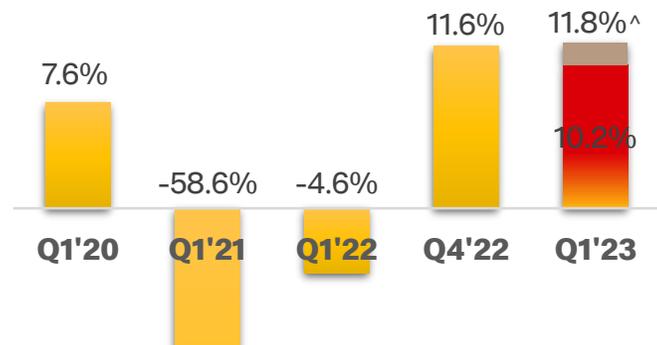
**ROM\*, Percent**



**Op. EBITDA Margin, Percent**



**Cash PAT Margin, Percent**



## Highest ever operating profits amidst an inflationary environment

- Food and Paper inflation mitigated by improved portfolio mix and price hikes
- 5% blended price hike absorbed well across markets
- Op. EBITDA was 18x YoY and grew by 26% QoQ. Margin improvement largely led by favorable operating leverage, cost optimization initiatives and improved productivity.
- Cash Profit after tax stood at Rs 551 mn vs 120 mn decline in Q1FY22
- Note: Generally, the difference between our Pre & Post INDAS 116 EBITDA margins in normal course of business is about 400-500bps

Note – 1) \*ROM is Restaurant Operating Margins 2) ^ Q1'23 Cash PAT Margin on comparable basis (excl. current tax impact) is 11.85%

# Three strategic focus areas

Modern, relevant & progressive food company



**Menu innovation**



**Omni-channel  
business model**



**Network  
expansion**

**Running great restaurants and brand building**

**Cost leadership and operating efficiencies**

# Menu relevance across customers occasions & day parts

## Indian IEO market construct

**1** *Market leaders in snacking*

Snacking

**EXCLUSIVE** *Only WFF player in the segment*

Morning

**1**

Late night

Meals (Lunch+Dinner)

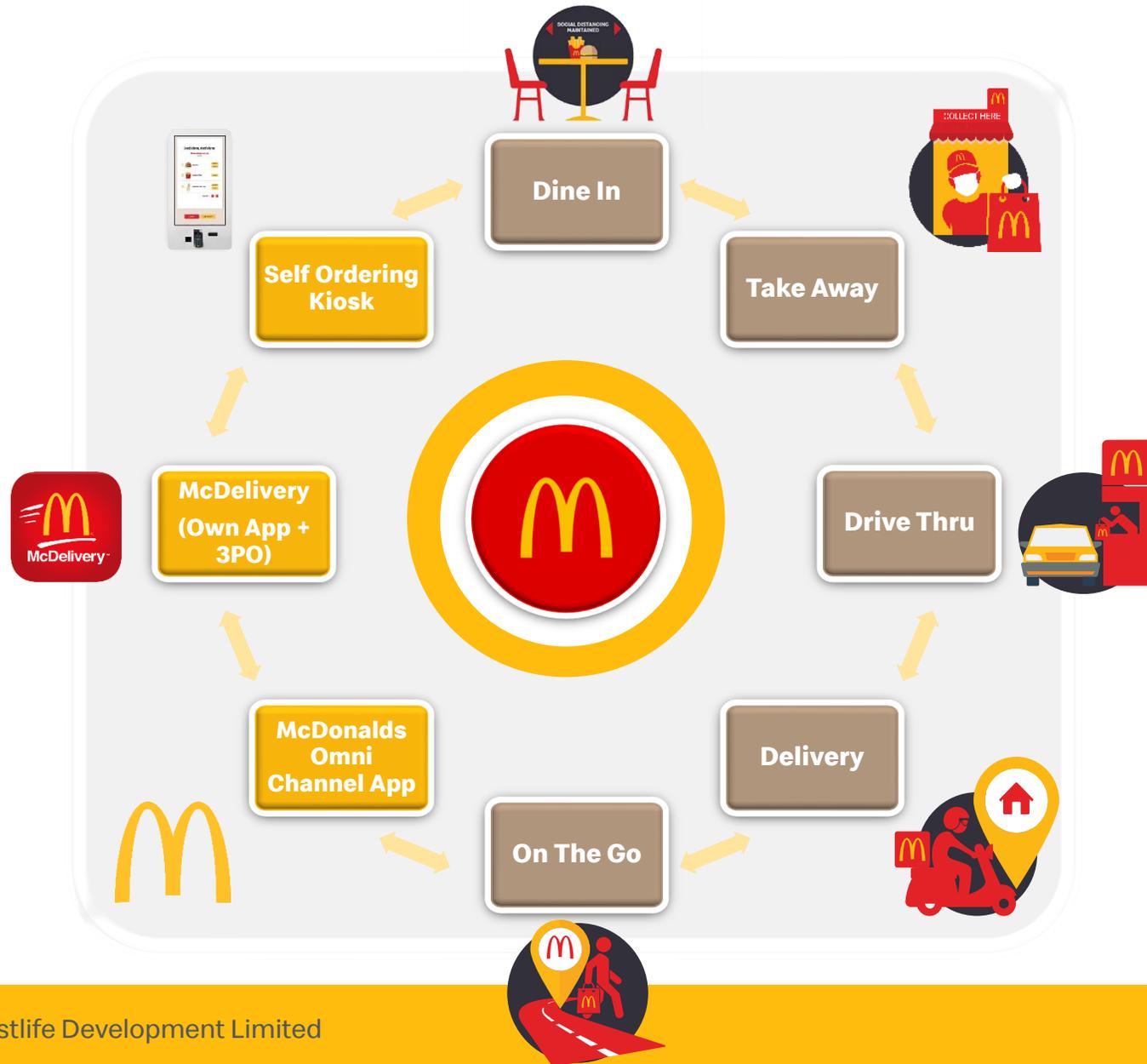
- Enhanced meals offerings:**
- **Gourmet burger meals:** new range of indulgent, more filling burgers
  - **Value for money** burger meals various price points
  - Chicken-led meals through the **McSpicy Fried Chicken**

- Continued leadership in snacking:**
- McDonald's as the **ultimate snacking choice**
  - **Wide range** of snacking options
  - **Safer and tastier** options compared to roadside vendors

We are the **market leaders** in the **West** region, and are inching **towards leadership** in the **South** region

Graphs for representation purpose only, not to scale

# Robust Omni Channel business model



**+55%** Digital-led Sales

**18.5+** Cumulative **Apps Downloads**  
million

**+20%** growth in **Monthly Active Users (MAU)**

# Network Expansion and Reimaging

Presence in **331 restaurants** across **48 cities** (as of June 2022)

## Drive-thrus



**65 drive-thrus**

(+1 in Q1 FY23; ~20% of restaurants)

## McCafés



**267 McCafés**

(+5 in Q1 FY23; ~81% of restaurants)

## EOTF\*



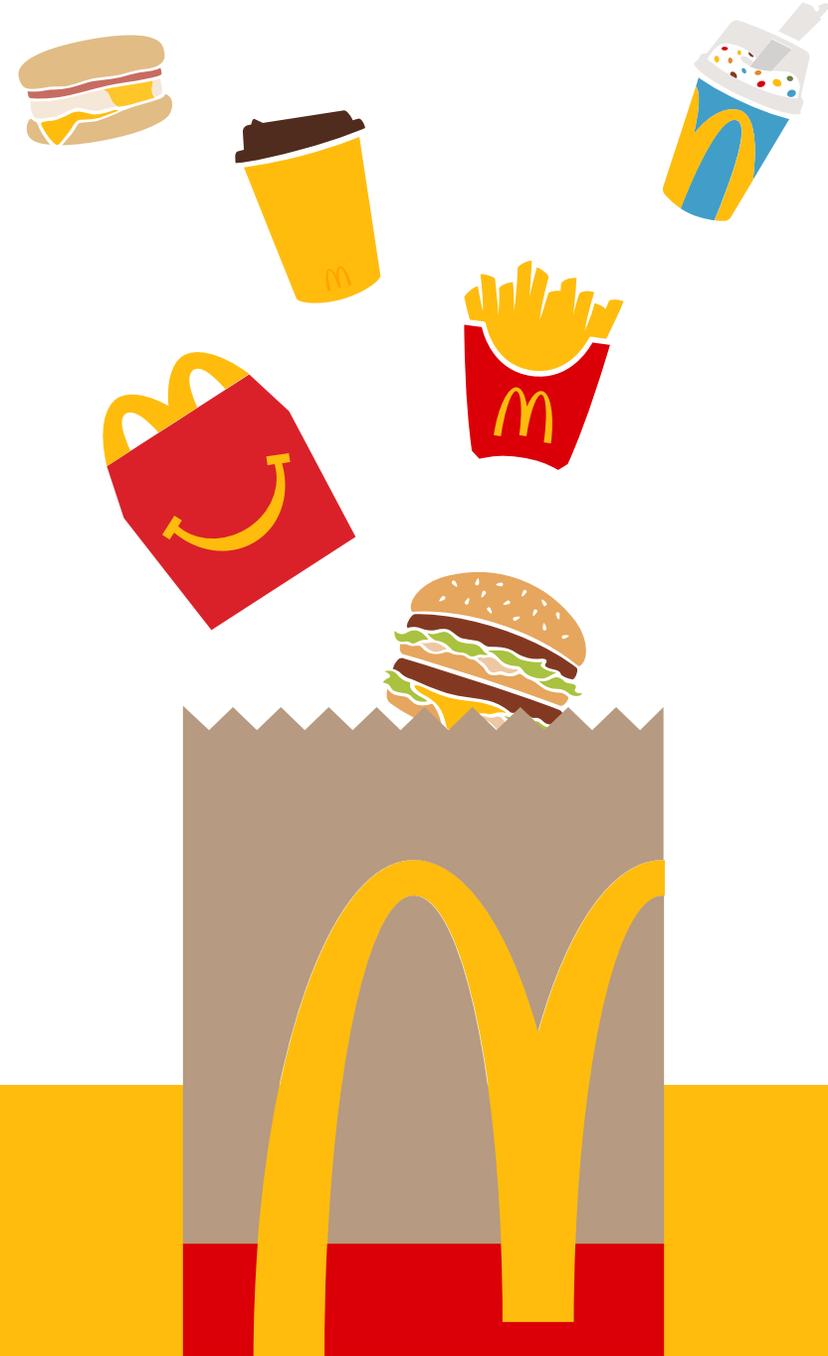
**132 EOTF stores**

(+14 in Q1 FY23; ~40% of restaurants)

- **Added 5 restaurants during Q1 FY23; 12 restaurants in ground-break**
- Strengthening presence in smaller and emerging cities
- On track to add 35-40 new restaurants in FY23 and 200+ over the next 3-4 years

\* Experience of the Future (EOTF)

# Business Initiatives



# Menu Initiatives



Banana Caramel McFlurry™

Banana Caramel Shake

Banana Caramel Sundae

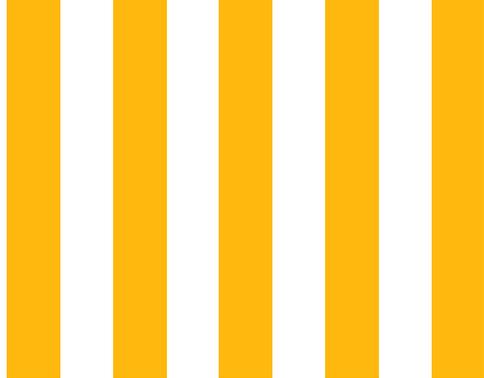
**Make Minion Mischief!**

**Banana Caramel Desserts!**



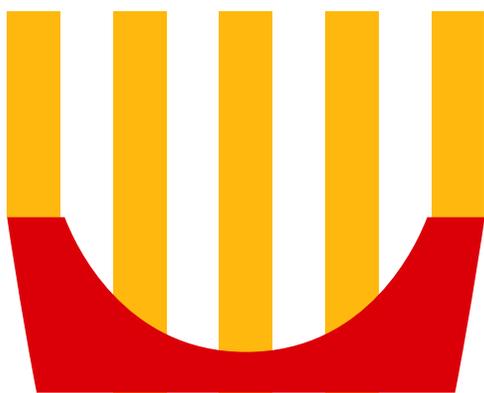
Sweet Lime Cooler





# Happy Meal Readers

The Tiny Detectives

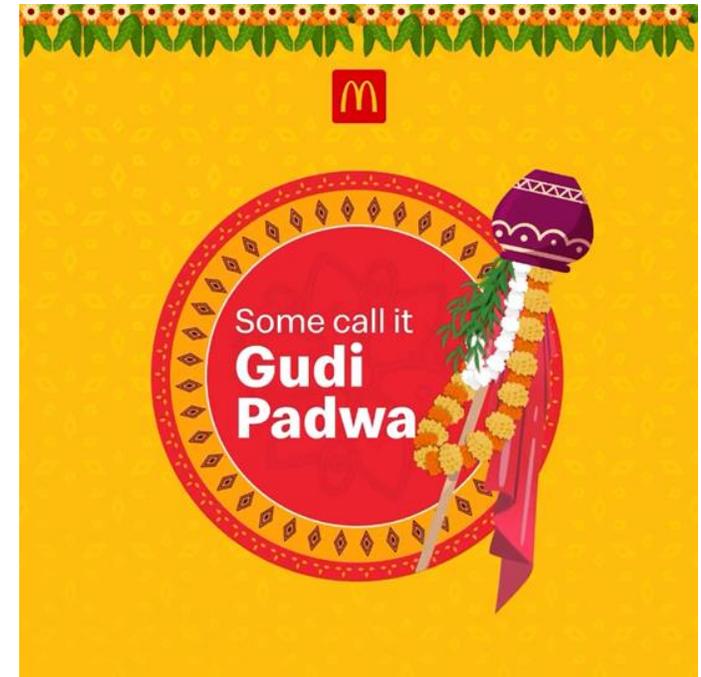
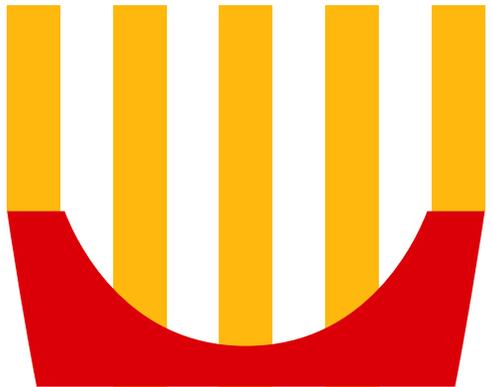


Record a video of your loved ones unboxing the new **Happy Meal Readers** and share it with us!



# McDonald's in Every Celebration

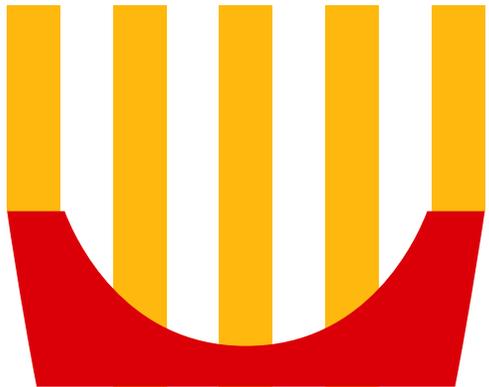
Ramzaan & Gudi Padwa





# Real Food Real Good

World Health Day  
Campaigns

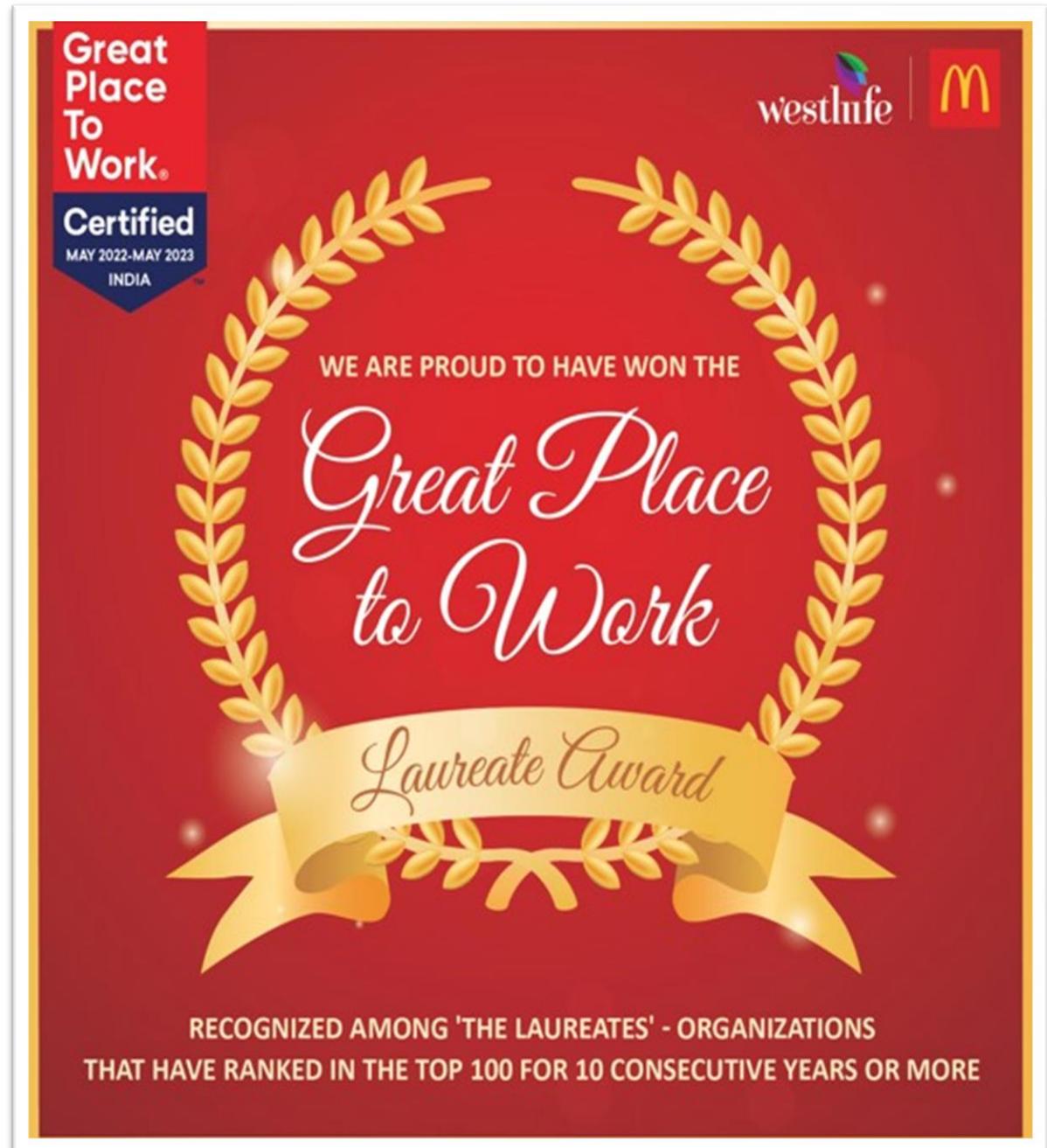


**Real Food.**  
**Real Good.**



# Great Place to Work

Ranked in the top 100 for 10 consecutive years



# Financials

Particulars (INR Mn, Post INDAS 116)	Q1FY23	%	Q1FY22	%	Q4FY22	%
<b>Sales</b>	<b>5,379.3</b>	<b>100.0%</b>	<b>2,591.6</b>	<b>100.0%</b>	<b>4,550.8</b>	<b>100.0%</b>
YoY Sales Growth %	107.6%		176.0%		27.3%	
Food & paper	1,920.7		896.3		1,591.7	
<b>Gross Profit</b>	<b>3,458.6</b>	<b>64.3%</b>	<b>1,695.3</b>	<b>65.4%</b>	<b>2,959.0</b>	<b>65.0%</b>
Payroll & Benefits	425.8	7.9%	265.9	10.3%	413.9	9.1%
Royalty	245.9	4.6%	115.9	4.5%	202.6	4.5%
Other Operating Expenses	1,622.9	30.2%	1,058.5	40.8%	1,326.6	29.2%
<b>Restaurant Operating Margin (ROM)</b>	<b>1,164.0</b>	<b>21.6%</b>	<b>255.0</b>	<b>9.8%</b>	<b>1,016.0</b>	<b>22.3%</b>
General & Admin Expense	243.3	4.5%	204.0	7.9%	287.5	6.3%
<b>Op. EBITDA</b>	<b>920.7</b>	<b>17.1%</b>	<b>51.0</b>	<b>2.0%</b>	<b>728.5</b>	<b>16.0%</b>
YoY EBITDA Growth %	1706%		-112.1%		46.0%	
Depreciation	357.9	6.7%	332.0	12.8%	347.1	7.6%
Other (Income) / Expense, net	(0.2)	0.0%	(63.8)	-2.5%	(40.5)	-0.9%
Financial Expense (Net)	215.0	4.0%	203.2	7.8%	208.5	4.6%
Extraordinary Expenses*	30.3	0.6%	25.6	1.0%	8.0	0.2%
PBT	317.6	5.9%	(446.0)	-17.2%	205.4	4.5%
Tax	81.8	1.5%	(112.1)	-4.3%	52.2	1.1%
<b>PAT</b>	<b>235.8</b>	<b>4.4%</b>	<b>(333.9)</b>	<b>-12.9%</b>	<b>153.2</b>	<b>3.4%</b>
<b>PAT (pre-IND AS 116)</b>	<b>315.9</b>	<b>5.9%</b>	<b>(268.9)</b>	<b>-10.4%</b>	<b>231.2</b>	<b>5.1%</b>
<b>Cash Profit After Tax</b>	<b>551.2</b>	<b>10.2%</b>	<b>(120.2)</b>	<b>-4.6%</b>	<b>528.8</b>	<b>11.6%</b>
<b>SSSG (%)</b>	<b>97.1%</b>		<b>182.6%</b>		<b>22.7%</b>	
New stores opening	5		-		12	

**Note: 1)** Op. EBITDA excludes all non operating income & expenses related to finance and investment activities. **2)** \* Extraordinary Expenses includes one-time expenses on account of assets written-off pertaining to restaurants relocation/closure and a one time ESOP charge (Refer to Note 1 in financial results for further details)

# Reconciliation for Adjusted Profit – Q1 FY 2023

Particulars (INR mn)	(A) Q1 FY23 (Adjusted)	(B) Ind AS 116 Changes^	(C) Q1 FY23 (Reported)	(D) Q1 FY22 (Adjusted)	(E) Ind AS 116 Changes^	(F) Q1 FY22 (Reported)	(A over D) YoY Growth (Adjusted)
<b>Revenue</b>	<b>5,379.3</b>	-	<b>5,379.3</b>	<b>2,591.6</b>	-	<b>2,591.6</b>	<b>107.6%</b>
Occupancy and other operating expenses	1,846.5	-223.6	1,622.9	1,236.6	-178.1	1,058.5	49.3%
Restaurant Operating Margin	940.4	223.6	1,164.0	76.9	178.1	255.0	1123.7%
General and Administration Expenses	243.3	-	243.3	204.0	-	204.0	19.2%
<b>Operating EBITDA</b>	<b>697.1</b>	<b>223.6</b>	<b>920.7</b>	<b>-127.1</b>	<b>178.1</b>	<b>51.0</b>	<b>648.3%</b>
<b>Operating EBITDA margin</b>	<b>13.0%</b>		<b>17.1%</b>	<b>-4.9%</b>		<b>2.0%</b>	
Other Income	-0.2	-	-0.2	-38.6	-25.3	-63.8	-99.6%
Finance costs	28.9	186.1	215.0	35.4	167.8	203.2	-18.4%
Depreciation and amortisation expense	218.6	139.4	357.9	209.5	122.6	332.0	4.4%
Profit/(Loss) before tax and exceptional items	449.8	-101.8	348.0	-333.5	-86.9	-420.4	234.9%
Extraordinary Items*	30.3	-	30.3	25.6	-	25.6	
<b>Profit/(Loss) before tax</b>	<b>419.5</b>	<b>-101.8</b>	<b>317.6</b>	<b>-359.1</b>	<b>-86.9</b>	<b>-446.0</b>	<b>216.8%</b>
Tax	103.6	-21.8	81.8	-90.2	-21.9	-112.1	214.8%
<b>Profit/(Loss) after tax</b>	<b>315.9</b>	<b>-80.1</b>	<b>235.8</b>	<b>-268.9</b>	<b>-65.1</b>	<b>-333.9</b>	<b>217.5%</b>
Other Comprehensive (income)/Expense (net of tax)	4.3	-	4.3	-0.5	-	-0.5	926.9%
Total Comprehensive Income/(loss)	311.6	-80.1	231.5	-268.3	-65.1	-333.4	216.1%

**Note: 1** ^adjustments arising out of Ind AS 116. **2** \* Extraordinary Expenses includes one-time expenses on account of assets written-off pertaining to restaurants relocation/closure and a one-time ESOP charge (Refer to Note 1 in financial results for further details)

Building a

**Bigger | Better | Bolder**

**McDonald's Together**



# Westlife Development Limited



## Q1 FY23 Earnings Call Invite

Westlife Development Limited (BSE: 505533) will announce its results for the first quarter ended June 30, 2022, on July 28, 2022. Following the announcement, the management team will host a conference call for investors and analysts on **July 29, 2022**, at **12 pm IST**. The call will commence with a brief discussion on the previous quarter's performance followed by an interactive question and answer session. Call details are below:

<b>Date</b>	<b>29<sup>th</sup> July 2022</b>
<b>Time</b>	<b>Mumbai, India: 12:00 IST</b>   Hong Kong/ Singapore: 14:30 HKT/ SGT New York, USA: 02:30 EDT   London, UK: 07:30 BST
<b>Duration</b>	<b>60 minutes</b>
<b>Universal Dial In</b>	<b>+91 22 6280 1261   +91 22 7115 8162</b>
<b>International Toll Free</b>	UK: 080 8101 1573   USA: 186 6746 2133 Hong Kong: 800 964 448   Singapore: 80 0101 2045
<b>DiamondPass™</b>	<a href="#">Link</a> (No Wait Time)

**Note:** Please dial in at least 10 minutes prior to the schedule to ensure that you are connected in time. Audio and transcript will be available within five working days after the call on Investors page of company website ([www.westlife.co.in](http://www.westlife.co.in))

**For further information, please contact:** Chintan Jajal | [investor.relations@mcdonaldsindia.com](mailto:investor.relations@mcdonaldsindia.com)



**Thank you**

**IR Contact**

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