



Westlife Foodworld

Hardcastle Restaurants Pvt. Ltd.

Q2 FY23 Earnings Presentation

November 09, 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 Foodworld Ltd (‘WFL’), 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 WFL’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, WFL’s business and operations involve numerous risks and uncertainties, many of which are beyond the control of WFL, which could result in WFL’s expectations not being realized or otherwise materially affecting the financial condition, results of operations and cash flows of WFL. Additional information relating to the uncertainties affecting WFL’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 WFL 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: Q2 FY23



- **Highest ever quarterly Sales at Rs. 5.72 bn**, was up **49% YoY** and **6% QoQ**
- **Average Annualized Sales Per Store** stood at **Rs. 67.5 mn**; **SSSG** was **40% YoY**
- **On Premise** business grew **96% YoY**, **Off Premise** business grew **12% YoY**

- **ROM²** at **Rs. 1,299 mn** grew **94% YoY**; **ROM (%)** was **22.7%**
- **Op. EBITDA** at **Rs. 988 mn** grew **116% YoY**; **Op. EBITDA margin** was **17.3%**
- **Cash PAT** at **Rs. 680 mn** grew **159% YoY**; **Cash PAT margin** was **11.9%**



- Opened **6 new restaurants** in Q2 and on track to open **35-40 new restaurants in FY23**
- Targeting **200+ new restaurants over next 3-4 years**

- **+55% of overall business through digital channels**; 21+ mn cumulative Apps downloads
- **+22% rise in Monthly Active Users** leading to **Highest quarterly sales** for Delivery

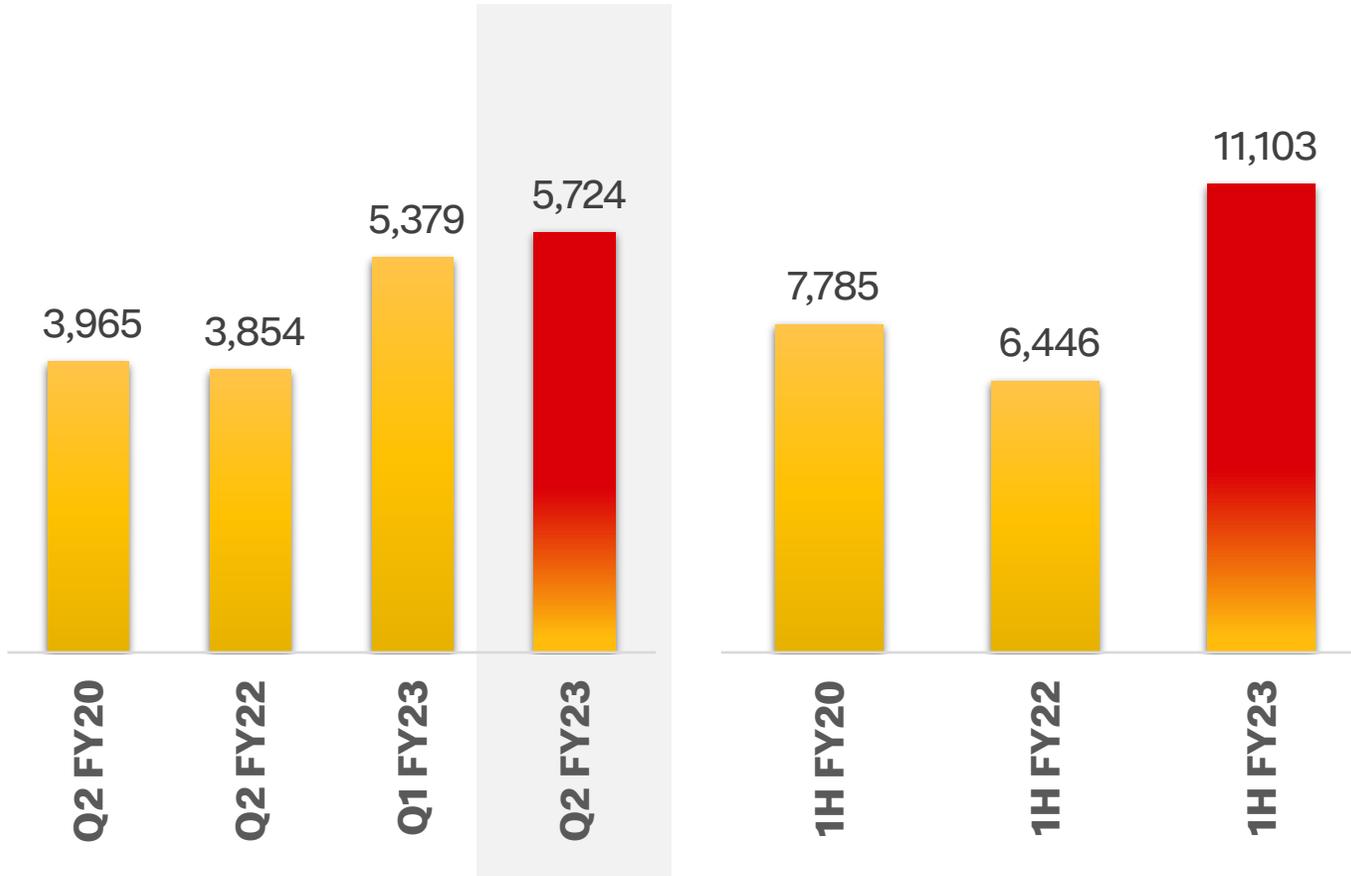


- **Rs. 63+ mn of Avg. Sales Per Store** and **~17% Op. EBITDA margin in trailing twelve months (TTM)** led by Menu innovation and Omni channel strategy
- **Healthy growth in On-Premise** consumption with **Consistent growth in Off Premise**

Note: 1) On-Premise includes Dine In & Takeaway. Off-Premise includes Delivery, On-The-Go Pickup & Drive Thrus. 2) Restaurant Operating Margin

Highest ever quarterly sales

Revenue, INR mn



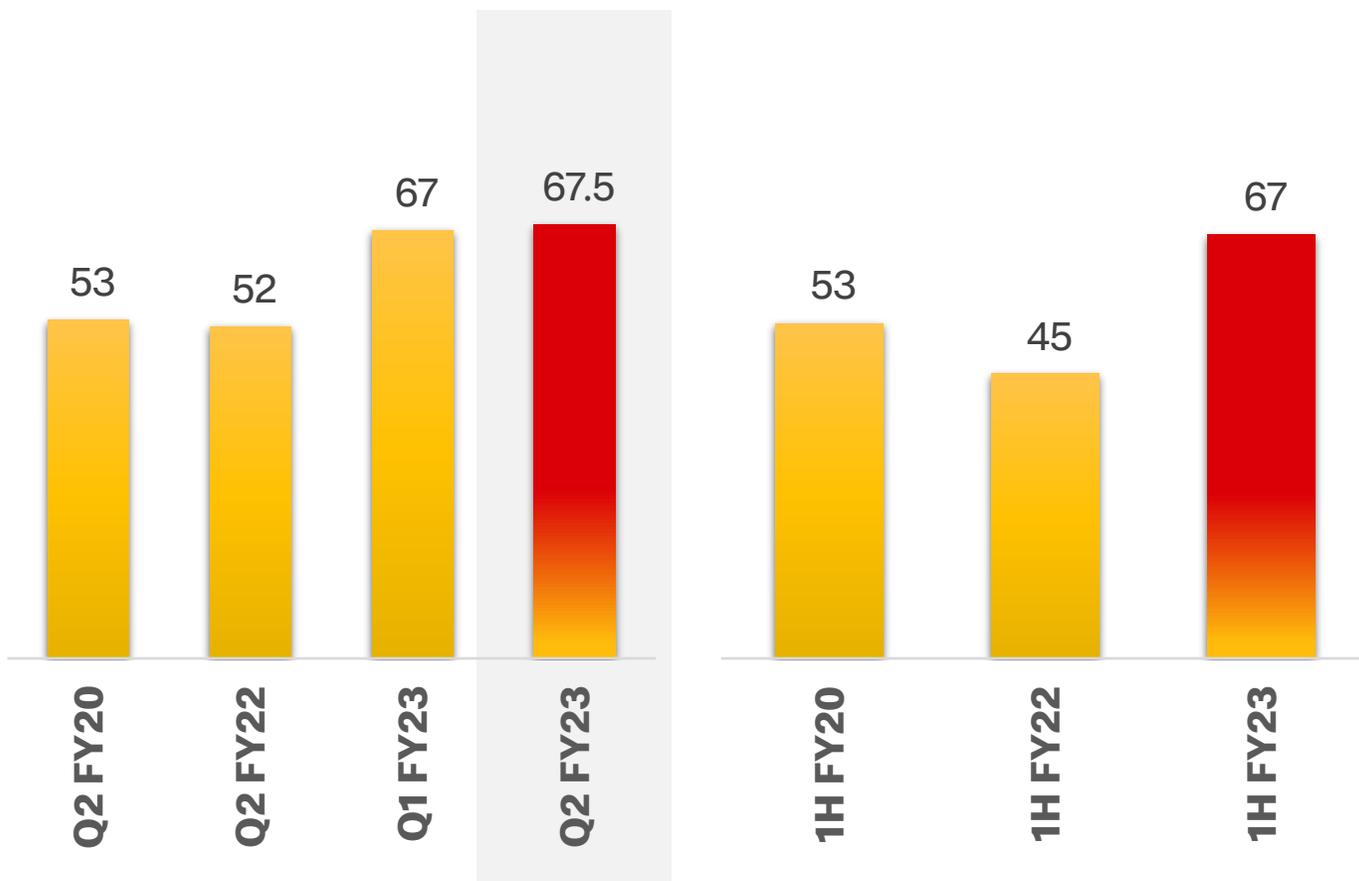
43% growth over pre-Covid base in 1HFY23

- Sales at Rs 5.72 bn grew 49% YoY and 6% QoQ in Q2
- 40% YoY Same Store Sales Growth (SSSG)
- 44% growth over pre-Covid base of Q2FY20
- Broad based growth across store formats with mall stores improving pace sequentially



Avg. Annualized Sales Per Store hits a new milestone

Average Annualized Sales Per Store, INR.mn

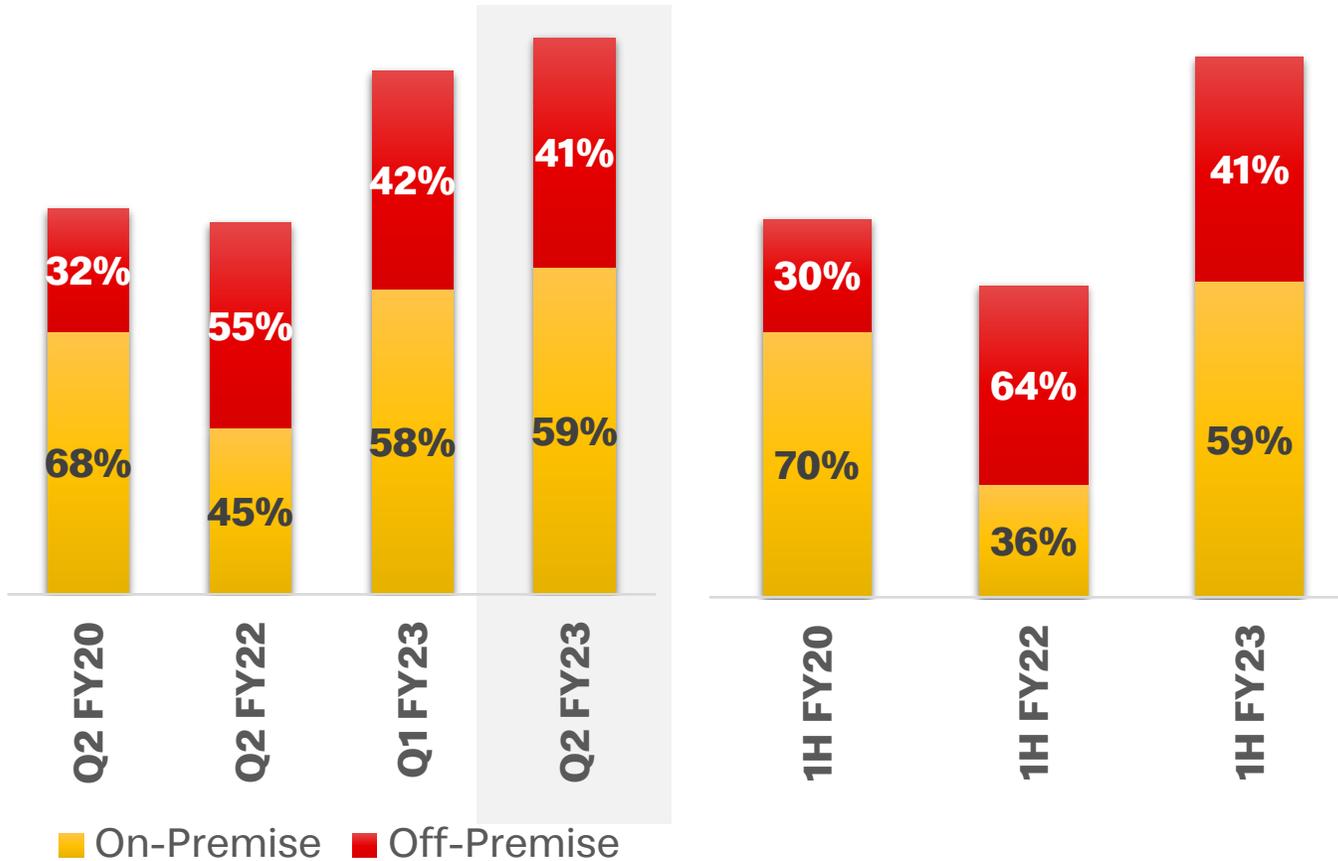


Avg. Annualized Sales Per Store stood at Rs 67.5 mn in Q2 FY23

- Robust growth in Meals led by Premium burgers, Fried chicken and McCafe, along with relatively improved performance of new stores vs past is steering Avg Sales per store higher
- Non-Metro towns continue to grow at 1.6x of Metros on the pre-covid base
- Steady growth across West and South markets

Continued momentum across channels

On-Premise and Off-Premise channels mix (Percent)



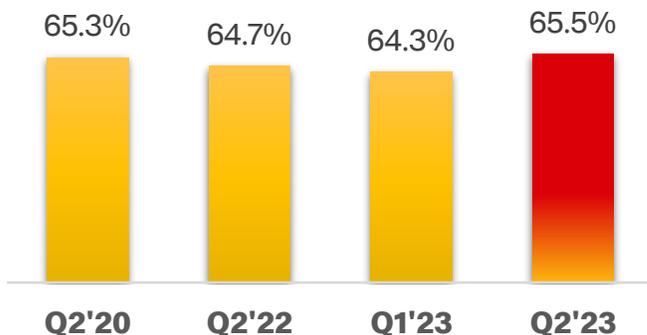
Strong growth in On-Premise business while Off-Premise continued to grow in healthy double digits on a stable base

- On-Premise business
 - 96% YoY growth
 - 24% growth over pre-Covid base
- Off-Premise business
 - 12% YoY growth
 - 88% growth over pre-Covid base
- 1.7x growth in sales via McDelivery platform vs third party operators (3POs)
- Delivery channel achieved highest ever quarterly sales

Note: On-Premise includes Dine In & Takeaway. Off-Premise includes Delivery, On-The-Go Pickup & Drive Thrus.

Profitability: Scaling new heights

Gross Margin, Percent



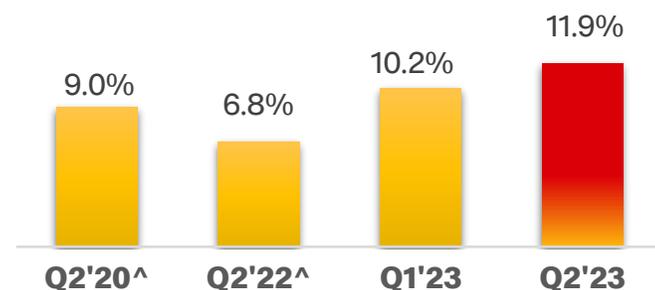
ROM*, Percent



Op. EBITDA Margin, Percent



Cash PAT Margin, Percent



Highest ever operating profits. Gross margin higher than pre Covid base despite inflationary pressures

- Prices of key commodities like oil witnessed softening while milk and wheat saw continued pressure. Overall inflation in raw material basket has been relatively moderating.
- 118 bps sequential improvement in Gross margins aided by flowthrough of previous price hike and product mix optimization. 2% blended price hike taken in October.
- Operating margins were broadly stable helped by better operating leverage, partly offset by higher staff costs
- Note: Generally, the difference between our Pre & Post INDAS 116 EBITDA margins in normal course of business is about 400-500bps

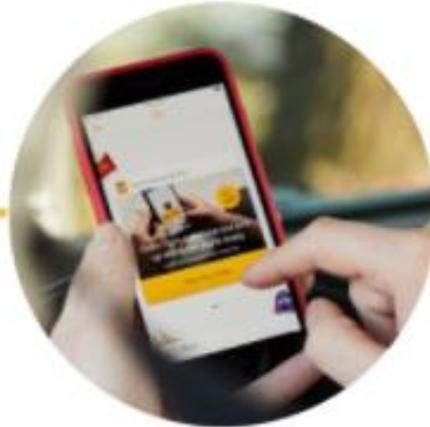
Note – 1) *ROM is Restaurant Operating Margins 2) ^Excludes current tax cash outflow

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

Market leaders in snacking

Snacking

Only WFF player in the segment

Morning

Late night

Meals (Lunch+Dinner)

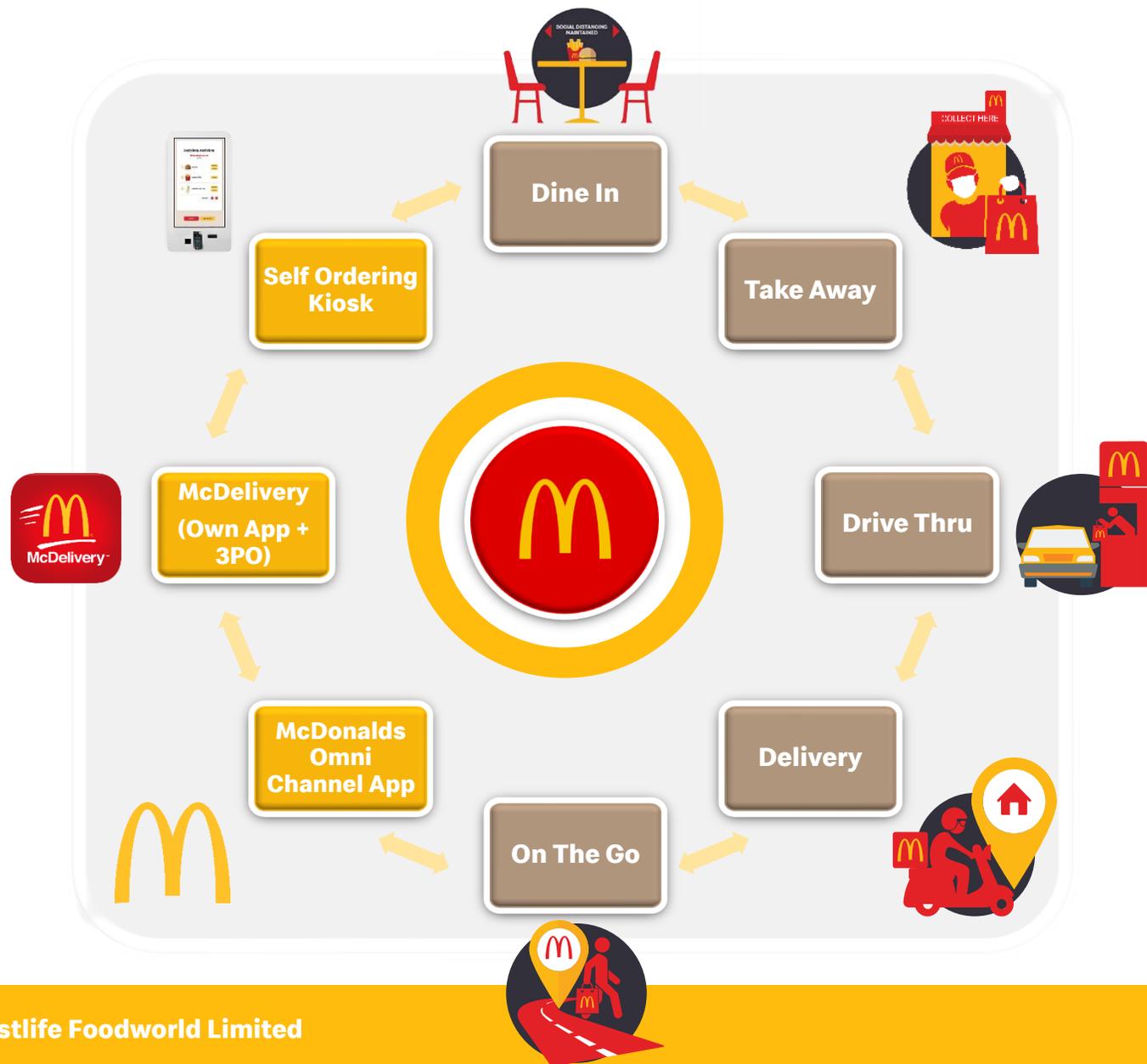
- Enhanced meals offerings:**
- **Gourmet burger meals:** new range of indulgent, more filling burgers
 - **Value for money** burger meals various price points
 - Chicken-led meals through the **McSpicy Fried Chicken**

- 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

21+ million Cumulative **Apps Downloads**

+22% growth in **Monthly Active Users (MAU)**

Network Expansion

Presence in **337 restaurants** across **52 cities** (as of September 2022)

Drive-thrus



68 Drive-thrus

(+3 in Q2 FY23; ~20% of restaurants)

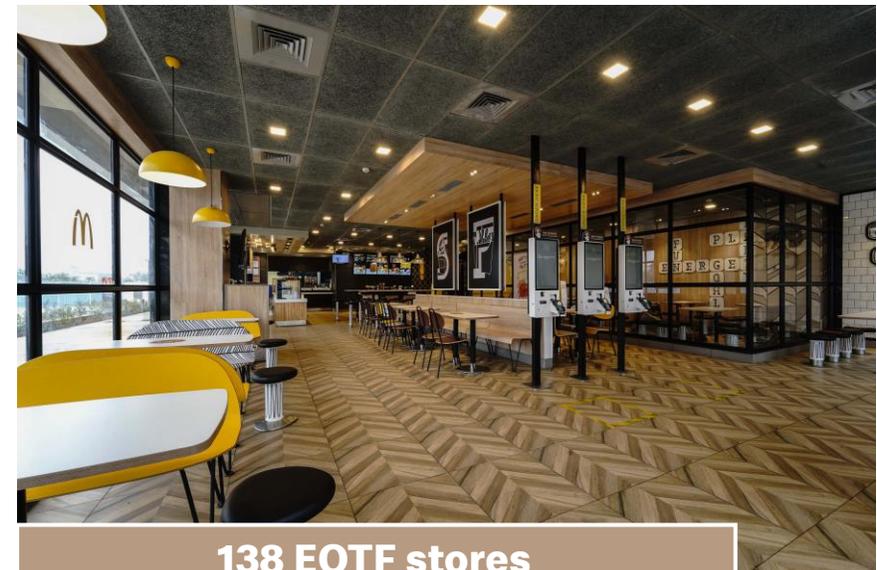
McCafés



274 McCafés

(+7 in Q2 FY23; ~81% of restaurants)

EOTF*



138 EOTF stores

(+6 in Q2 FY23; ~41% of restaurants)

- **Added 6 restaurants during Q2 FY23**
- Broad basing the store growth across Metros, Tier 1 and Smaller towns
- 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



Coffee delivery promotion



McSpicy Fried Chicken Wings



Gourmet Burgers promotion



Chatpata Mix

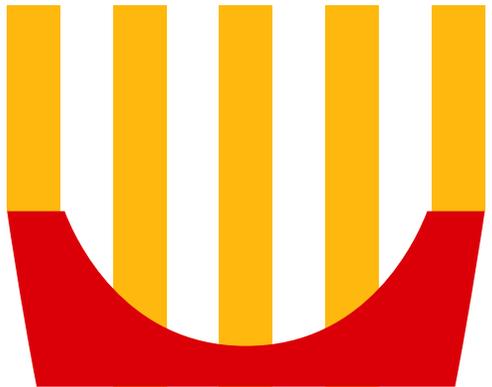


Menu Initiatives



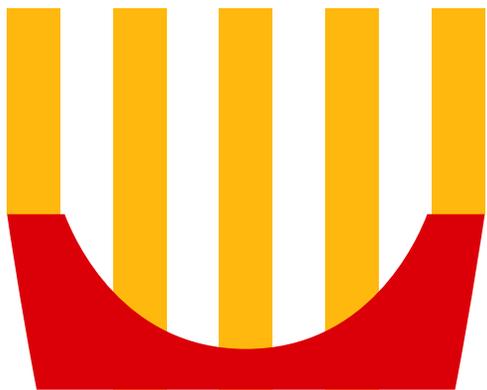
Meals Make Families

Bringing alive Meal occasions





Product Campaigns



McSpicy Fried Chicken

Believe It.. with Rashmika Mandanna

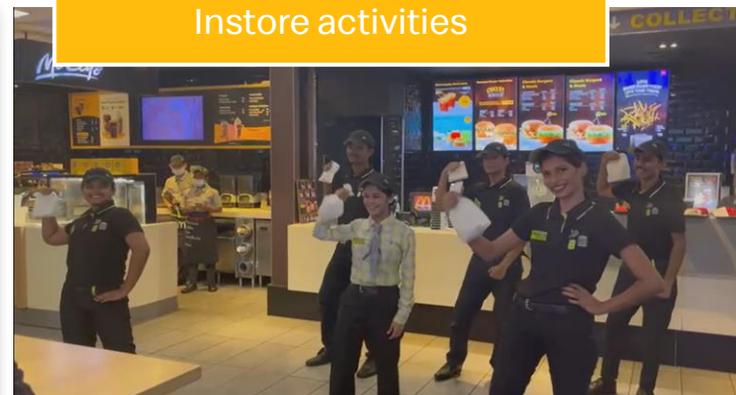


Shake Shake Festival

Influencer led Digital campaign



Instore activities



Other marketing initiatives

Real Food Real Good

Truly Indian Ingredients
Truly Indian Burgers

Maharashtra
Gujarat
Karnataka
Tamil Nadu
Andhra Pradesh

#HappyIndependenceDay

DRIVE THRU
120 Seconds
SERVICE GUARANTEE
Or, Free Regular Fries

McCafe

There's A Mocha,
For Every Mood!

Mocha (small) ₹181
Mocha Frappe ₹239

#McFacts

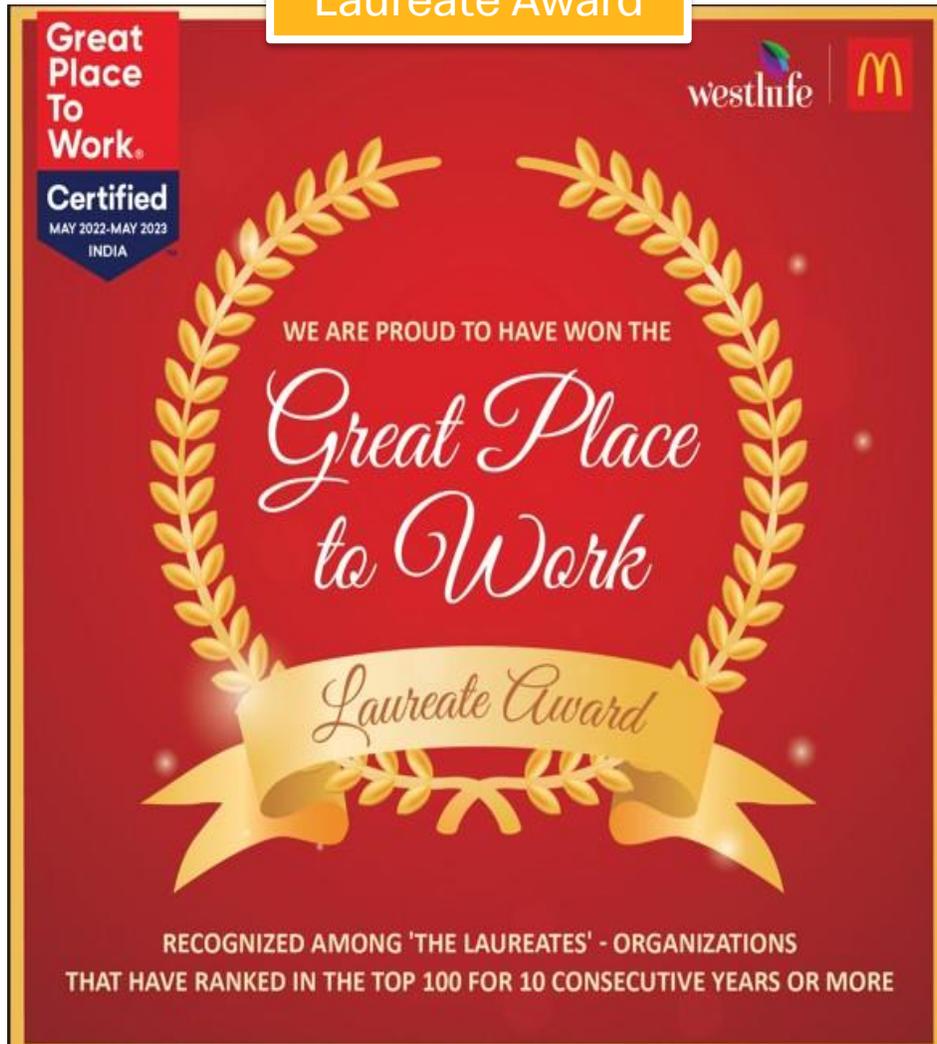
DID YOU KNOW?

Our much-loved coffees of McCafe are special and at the same time interesting in many ways:

- It's freshly grounded 100% Arabica beans
- Specially handcrafted by Baristas
- The coffee beans are locally sourced from the verdant plantations of Chikkamagaluru
- McCafe Baristas undergo close to 100 hours of rigorous training before they whip magic, flaunting the cool latte art with utmost finesse
- 80% of our restaurants have McCafe
- With 267 McCafes (as on June 2022) in West and South India, it has been brewing the aromatic coffee as per the liking of various customers since its inception in 2013

Great Place to Work

Laureate Award



India's Top 50 Best Workplaces for Women



#JourneyOfSmiles

We celebrated **Sixth anniversary** of **Ronald McDonald House Charities** (RMHC) India Chapter

The program aims to keep families together in tough times



Financials

Particulars (INR Mn, Post INDAS 116)	Q2FY23	%	Q2FY22	%	Q1FY23	%
Sales	5,724.2	100.0%	3,854.3	100.0%	5,379.3	100.0%
YoY Sales Growth %	48.5%		84.0%		107.6%	
Food & paper	1,976.2	34.5%	1,359.5	35.3%	1,920.7	35.7%
Gross Profit	3,748.0	65.5%	2,494.7	64.7%	3,458.6	64.3%
Payroll & Benefits	507.4	8.9%	360.3	9.3%	425.8	7.9%
Royalty	261.9	4.6%	172.9	4.5%	245.9	4.6%
Other Operating Expenses	1,679.5	29.3%	1,290.7	33.5%	1,622.9	30.2%
Restaurant Operating Margin (ROM)	1,299.2	22.7%	670.9	17.4%	1,164.0	21.6%
General & Admin Expense	311.2	5.4%	213.4	5.5%	243.3	4.5%
Op. EBITDA	988.0	17.3%	457.4	11.9%	920.7	17.1%
YoY EBITDA Growth %	116%		994%		1706%	
Depreciation	366.3	6.4%	338.1	8.8%	357.9	6.7%
Other (Income) / Expense, net	(53.6)	-0.9%	(39.4)	-1.0%	(0.2)	0.0%
Financial Expense (Net)	225.5	3.9%	204.4	5.3%	215.0	4.0%
Extraordinary Expenses*	30.7	0.5%	13.0	0.3%	30.3	0.6%
PBT	419.1	7.3%	(58.7)	-1.5%	317.6	5.9%
Tax	104.1	1.8%	(14.4)	-0.4%	81.8	1.5%
PAT	315.0	5.5%	(44.2)	-1.1%	235.8	4.4%
PAT (pre-IND AS 116)	398.0	7.0%	38.0	1.0%	316.0	5.9%
Cash Profit After Tax	680.2	11.9%	262.3	6.8%	551.2	10.2%
SSSG (%)	40.2%		83.7%		97.1%	
New stores opening	6		5		5	

1H FY23	%	1H FY22	%
11,103.5	100.0%	6,445.9	100.0%
72.3%			
3,896.9	35.1%	2,255.8	35.0%
7,206.6	64.9%	4,190.1	65.0%
933.2	8.4%	626.2	9.7%
507.8	4.6%	288.8	4.5%
3,302.4	29.7%	2,349.2	36.4%
2,463.2	22.2%	925.9	14.4%
554.5	5.0%	417.4	6.5%
1,908.8	17.2%	508.4	7.9%
275%			
724.3	6.5%	670.2	10.4%
(54.3)	-0.5%	(103.2)	-1.6%
440.5	4.0%	407.6	6.3%
61.1	0.5%	38.6	0.6%
737.2	6.6%	(504.7)	-7.8%
186.0	1.7%	(126.6)	-2.0%
551.2	5.0%	(378.1)	-5.9%
713.9	6.4%	(230.8)	-3.6%
1,231.4	11.1%	142.2	2.2%
11		5	

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 4 in financial results for further details)

Reconciliation for Adjusted Profit – Q2 FY 2023

Particulars (INR mn)	(A) Q2 FY23 (Adjusted)	(B) Ind AS 116 Changes [^]	(C) Q2 FY23 (Reported)	(D) Q2 FY22 (Adjusted)	(E) Ind AS 116 Changes [^]	(F) Q2 FY22 (Reported)	(A over D) YoY Growth (Adjusted)
Revenue	5,724.2	-	5,724.2	3,854.3	-	3,854.3	48.5%
Occupancy and other operating expenses	1,903.3	-223.8	1,679.5	1,473.6	-182.9	1,290.7	29.2%
Restaurant Operating Margin	1,075.4	223.8	1,299.2	488.0	182.9	670.9	120.4%
General and Administration Expenses	311.2	-	311.2	213.4	-	213.4	45.8%
Operating EBITDA	764.3	223.8	988.1	274.6	182.9	457.4	178.3%
Operating EBITDA margin	13.4%		17.3%	7.1%		11.9%	
Other Income	-53.5	-0.5	-54.0	-32.5	-6.9	-39.4	64.8%
Finance costs	30.5	195.0	225.5	32.3	172.1	204.4	-5.5%
Depreciation and amortisation expense	223.1	143.2	366.3	209.9	128.3	338.2	6.3%
Profit/(Loss) before tax and exceptional items	564.1	-113.9	450.2	64.9	-110.6	-45.7	768.8%
Extraordinary Items*	30.7	-	30.7	13.0	-	13.0	137.3%
Profit/(Loss) before tax	533.4	-113.9	419.5	52.0	-110.6	-58.7	926.3%
Tax	135.5	-31.4	104.1	14.0	-28.5	-14.5	870.1%
Profit/(Loss) after tax	397.9	-82.6	315.3	38.0	-82.2	-44.2	946.9%
Other Comprehensive (income)/Expense (net of tax)	-5.0	-	-5.0	10.2	-	10.2	148.8%
Total Comprehensive Income/(loss)	402.9	-82.6	320.3	27.8	-82.2	-54.4	1349.5%

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

Building a



Bigger | Better | Bolder

McDonald's Together





Westlife Foodworld Limited



Q2 FY23 Earnings Call Invite

Westlife Foodworld Limited (BSE: 505533) will announce its results for the second quarter ended September 30, 2022, on November 09, 2022. Following the announcement, the management team will host a conference call for investors and analysts on **November 09, 2022**, at **4:30 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:

Date	November 09, 2022
Time	India: 4:30 pm IST Hong Kong/ Singapore: 7:00 pm HKT/ SGT New York, USA: 6:00 am EDT UK: 11:00 am BST
Duration	60 minutes
Universal Dial In	+91 22 6280 1261 +91 22 7115 8162
International Toll Free	UK: 080 8101 1573 USA: 186 6746 2133 Hong Kong: 800 964 448 Singapore: 80 0101 2045
DiamondPass™	Link (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)

For further information, please contact: Chintan Jajal | investor.relations@mcdonaldsindia.com

Formerly Westlife Development Limited



Thank you

IR Contact

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