



# Westlife Foodworld

Hardcastle Restaurants Pvt. Ltd.

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## Q3 FY23 Earnings Presentation

January 31, 2023

# 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: Q3 FY23



- **Sales at Rs. 6.1 bn hits a new high**, up **28% YoY**; **SSSG** was **20% YoY**
- **Average Sales Per Store** in trailing twelve months stood at **Rs. 64.7 mn** (vs Rs 47.7 mn LY)
- **On Premise** business grew **42% YoY**, **Off Premise** business grew **12% YoY**

- **ROM<sup>2</sup>** at **Rs. 1,457 mn** grew **35% YoY**; **ROM (%)** was **23.8%**
- **Op. EBITDA** at **Rs. 1,103 mn** grew **32% YoY**; **Op. EBITDA margin** was **18.0%**
- **Cash PAT** at **Rs. 753 mn** grew **21% YoY**; **Cash PAT margin** was **12.3%**



- **341 restaurants** as of Dec'22. Opened **6 new restaurants in Q3** and closed 2
- Added **6 new restaurants in Jan'23** and on track to open **35-40 new restaurants in FY23**
- Targeting **580 – 630 restaurants by 2027**

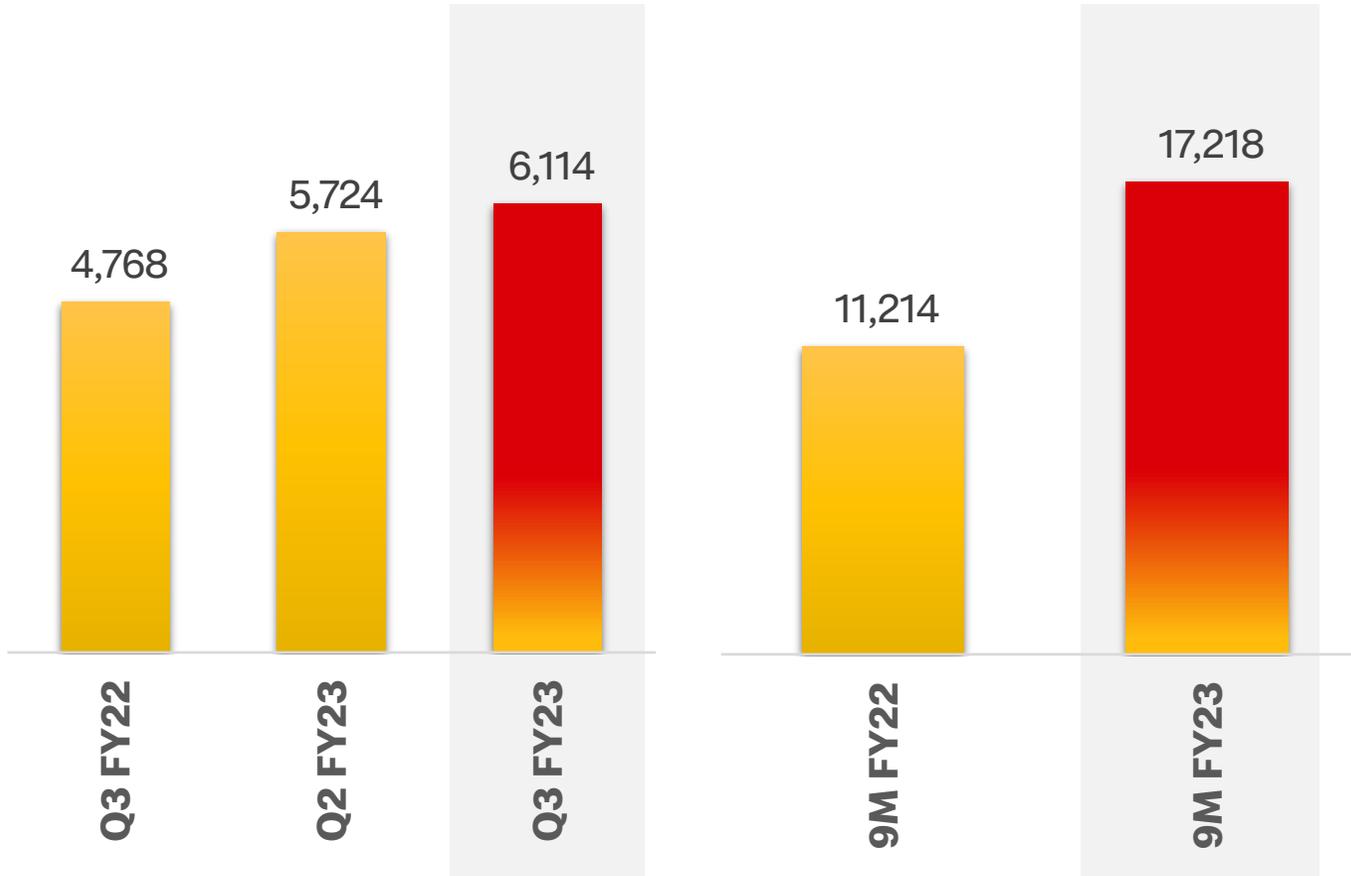
- **60+ restaurants** transitioned to **Experience Of The Future (EOTF)** format in Q3
- **~57%** of overall business through **digital channels**; +22 mn cumulative Apps downloads
- **2x YoY** rise in **Monthly Active Users**; Best ever scores in **delivery operating KPIs**



- **Rs. +64 mn of Avg. Sales Per Store** and **17.5% Op. EBITDA margin** in **TTM** led by Meals and Omni channel strategy
- **Augmenting scale & accessibility through broad based growth across channels**

# Business momentum continues with market share gains

Revenue, INR mn

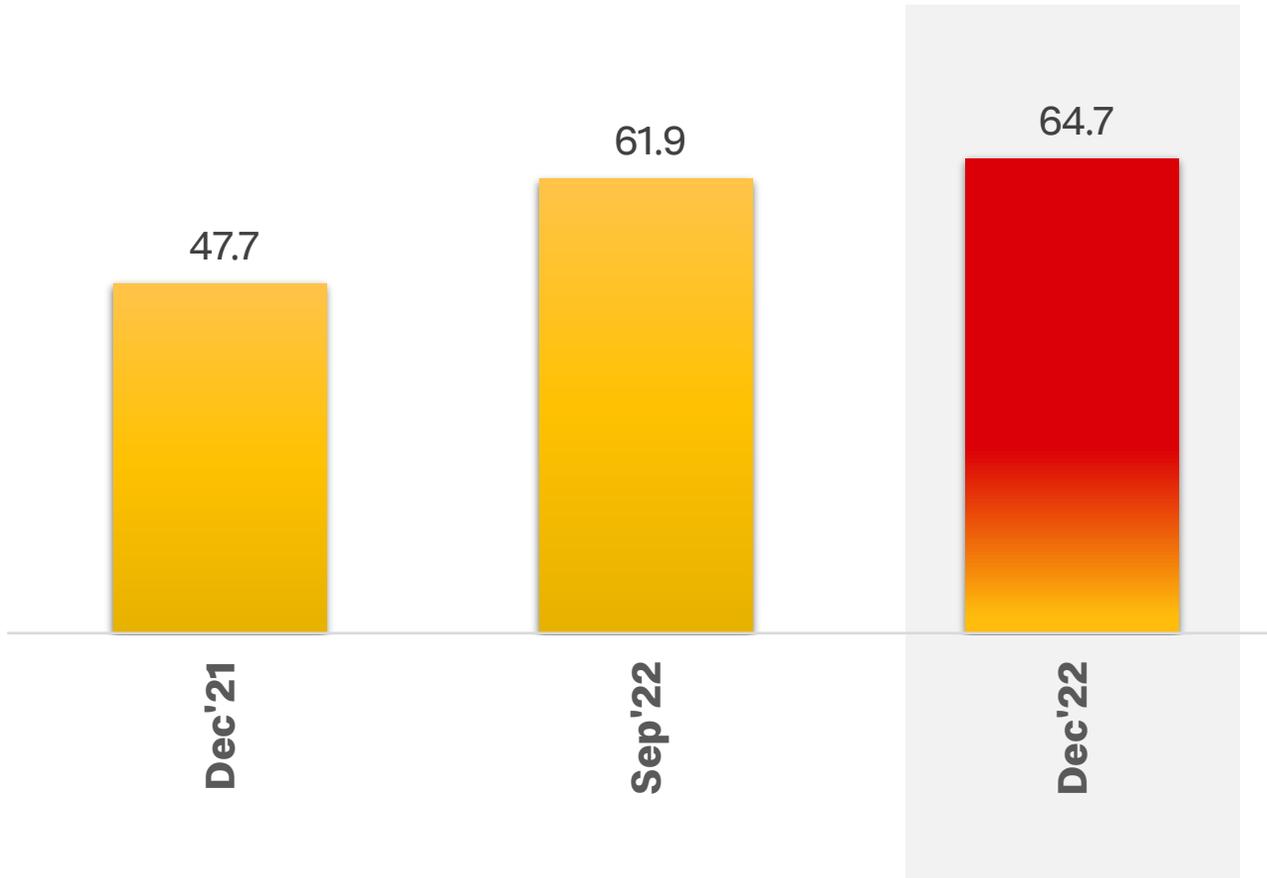


**Crossed Rs +2 bn average monthly sales with highest ever sales in October and December**

- Sales at Rs 6.1 bn grew 28% YoY and 7% QoQ in Q3
- 20% YoY Same Store Sales Growth (SSSG) on the back of healthy increase in footfalls and average check
- 41% & 42% growth over pre-Covid base of Q3FY20 & 9M FY20 respectively
- Instore digital led sales through Global McDonalds app and Self Ordering Kiosks continues to see healthy consumer adoption

# Highest ever Average Sales Per Store

TTM Average Sales Per Store, INR mn



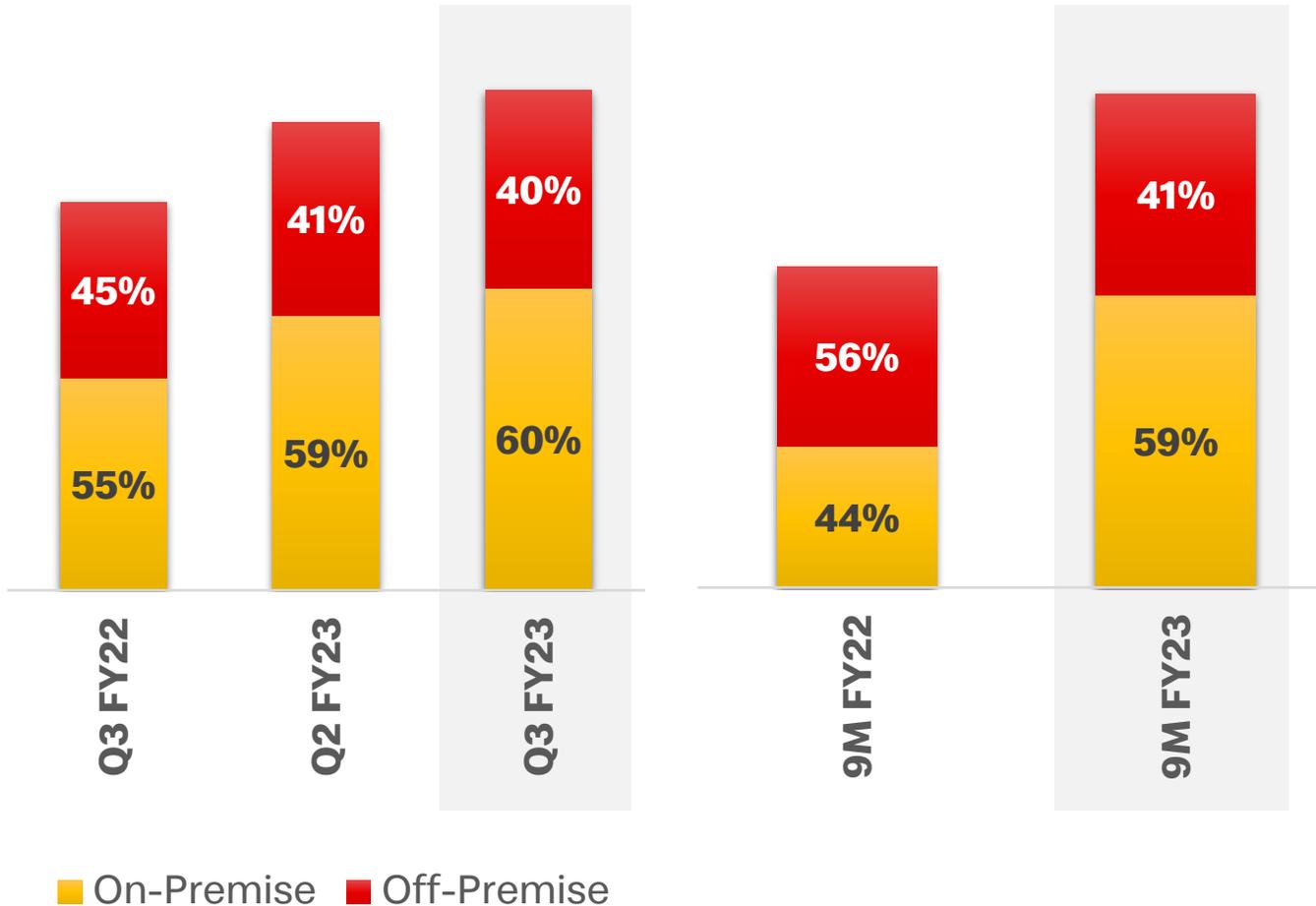
## Avg. Sales Per Store in Trailing Twelve Months (TTM) stood at Rs 64.7 mn

- Meals and McCafe continued to see healthy traction supported by McCheese burger campaign and indulgent beverages like KitKat Frappe
- Chicken portfolio is being augmented with McSpicy Chicken Wings and Chicken Big Mac launched in Jan'23
- Non-Metro towns continue to grow at 1.5x of Metros on the pre-covid base.
- Strong consumer value proposition through menu innovation and judicious pricing helped us achieve market leading performance and best ever monthly sales in December

Note: Numbers on trailing twelve months basis to account for business seasonality

# Broad based growth across channels

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



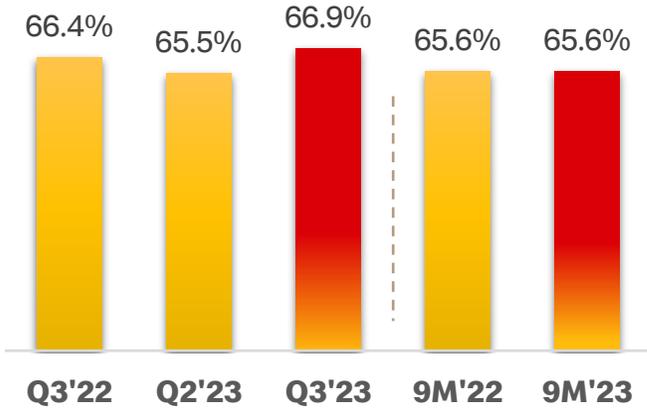
**Strong growth in On-Premise business while Off-Premise continued to grow in healthy double digits on a stable base**

- On-Premise business
  - 42% YoY growth
  - 23% growth over pre-Covid base
- Off-Premise business
  - 12% YoY growth
  - 85% growth over pre-Covid base
- McDelivery platform continues to outperform with rising user base
- December achieved highest ever delivery sales led by best ever scores on Delivery operating KPIs through data analytics and operational excellence

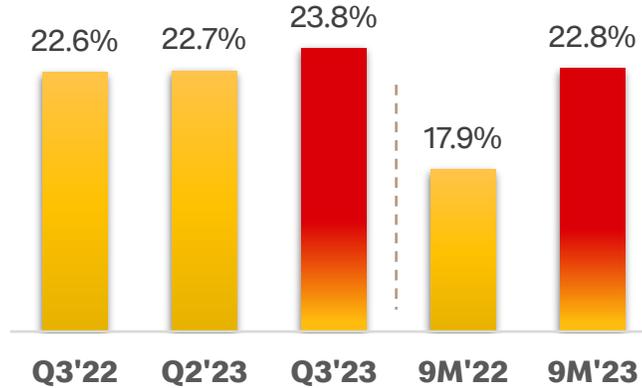
Note: On-Premise includes Dine In & Takeaway. Off-Premise includes Delivery, On-The-Go Pickup & Drive Thrus.

# Profitability: All round improvement

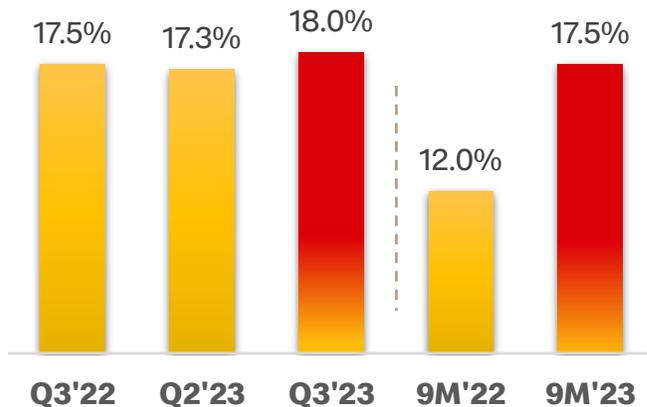
**Gross Margin, Percent**



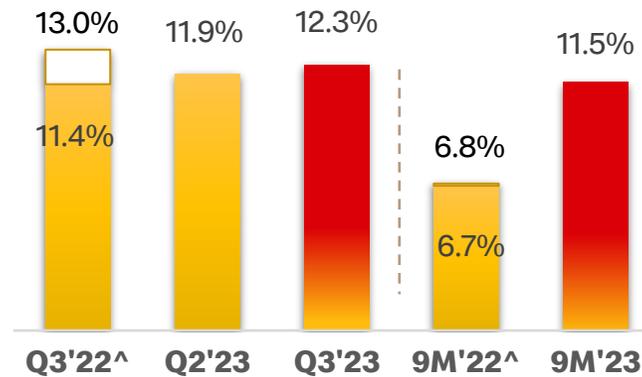
**ROM\*, Percent**



**Op. EBITDA Margin, Percent**



**Cash PAT Margin, Percent**



## Gross & Operating margins continue to improve sequentially

- Gross margins improved by 52 bps YoY and 141 bps sequentially led by pricing flowthrough despite some inflation in milk and milk products
- 2% blended price hike taken in October was absorbed well. While commodity prices remain elevated, worst of inflationary pressures are likely behind
- Operating margins improved 53 bps YoY and 78 bps sequentially. Better operating leverage was partly counterbalanced by higher staff cost
- Note: Generally, the difference between our Pre & Post INDAS 116 EBITDA margins in normal course of business is about 350-450bps

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

# A unique business model catering various market segments across dayparts

## Multi-Category

Burgers

Sides

Coffee

Wraps

Chicken

Desserts

Shakes, Smoothies & Coolers



## Multi-Daypart

Breakfast

Meals

Snacks

## Multi-Channel

On the Go

Dine in

Takeaway

Drive thru

Delivery

## Multi Brand Extensions

# Three strategic focus areas over the medium term

Modern, relevant & progressive food & food tech company



## Meals

Achieve market leadership in core day parts through brand relevance led by menu innovation and marketing



## Omni-channel

Integrate various channels and touchpoints to a One McDonald's platform in order to provide consumers a seamless experience



## Network expansion

Penetrate unserved geographies and fortify existing markets with renewed aggression

Running great restaurants and brand building

Cost leadership and operating efficiencies

# Building **Meals** leadership through Menu relevance & Marketing

**1** *Market leaders in snacking*

Snacking

*Market leaders in West  
Targeting leadership in South*

Meals (Lunch+Dinner)

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

**1**

Morning

Late night



**Commit to the Core**

**Burgers**

**Chicken**

**Coffee**

**Maximize our Marketing**

**Family Marketing**

**Brand Trust**

# Robust **Omni Channel** model with unified experience



**~57%**

**Digital-led Sales**

**+22 mn**

**Cumulative Apps Downloads**

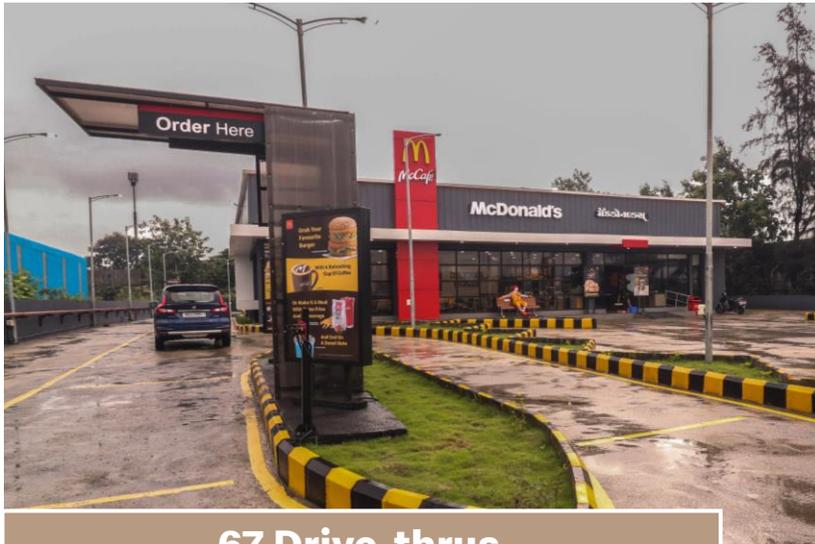
**~2x**

**YoY growth in Monthly Active Users (MAU)**

# Aggressive and prudent Network Expansion

Presence in **341 restaurants** across **52 cities** (as of December 2022)

## Drive-thrus



**67 Drive-thrus**  
(~20% of restaurants)

## McCafés



**288 McCafés**  
(+15 in Q3 FY23; ~84% of restaurants)

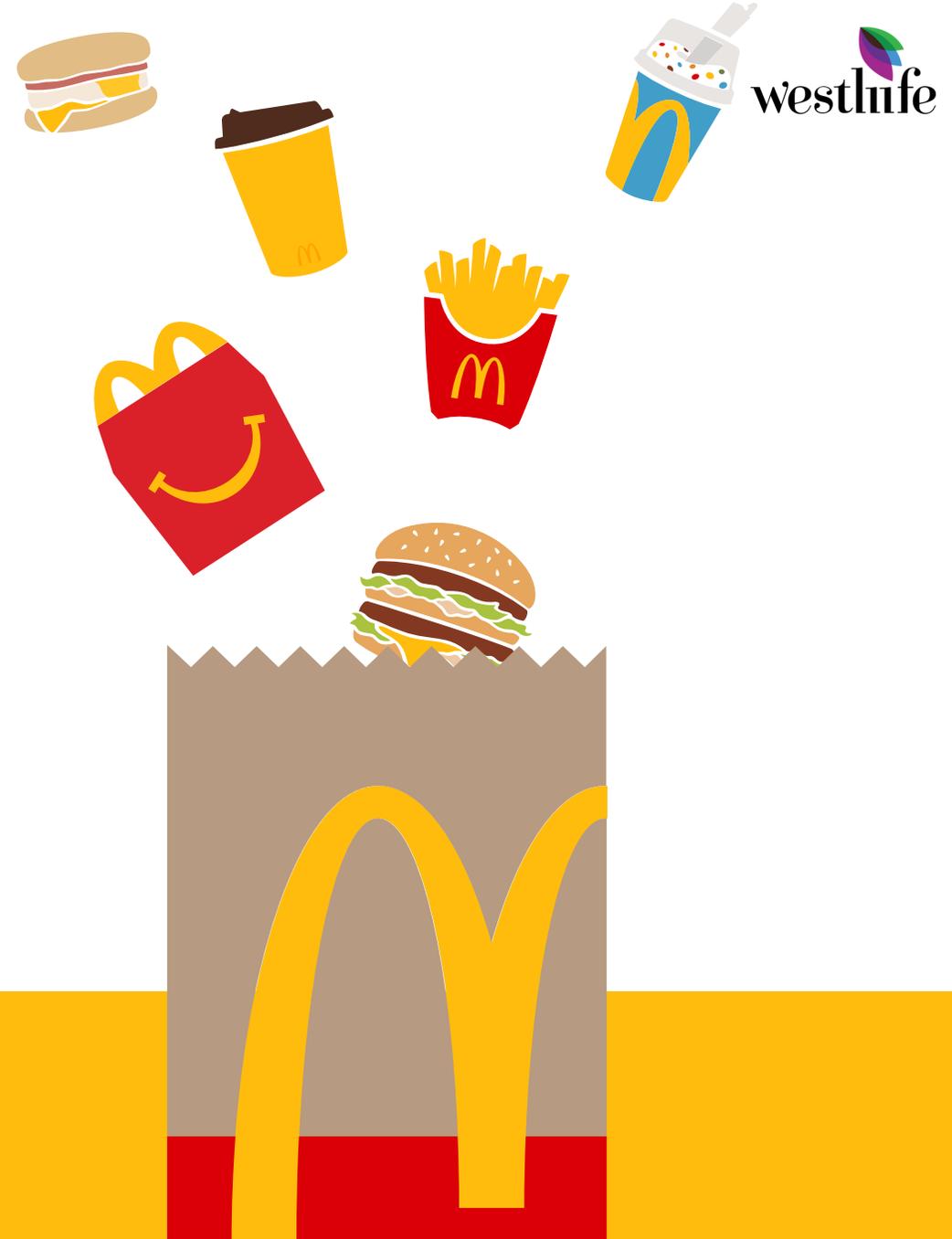
## EOTF\*



**205 EOTF stores**  
(+67 in Q3 FY23; ~70% of restaurants^)

- **Added 6 restaurants during Q3 FY23 and 6 in Jan'23;** Closed 2 restaurants.
- Broad basing the store growth across Metros, Tier 1 and Smaller towns
- On track to add 35-40 new restaurants in FY23. Targeting 580-630 restaurants by 2027.

# Business Initiatives



## McCheese Burgers



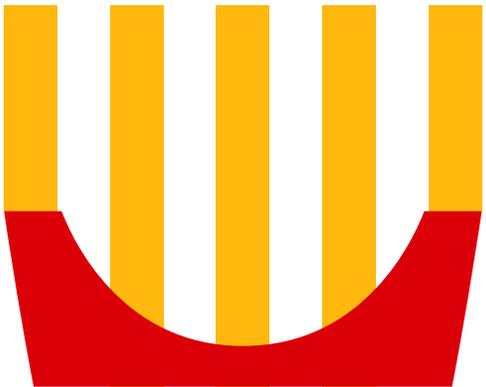
## Kitkat Range



## Cheesy Dip

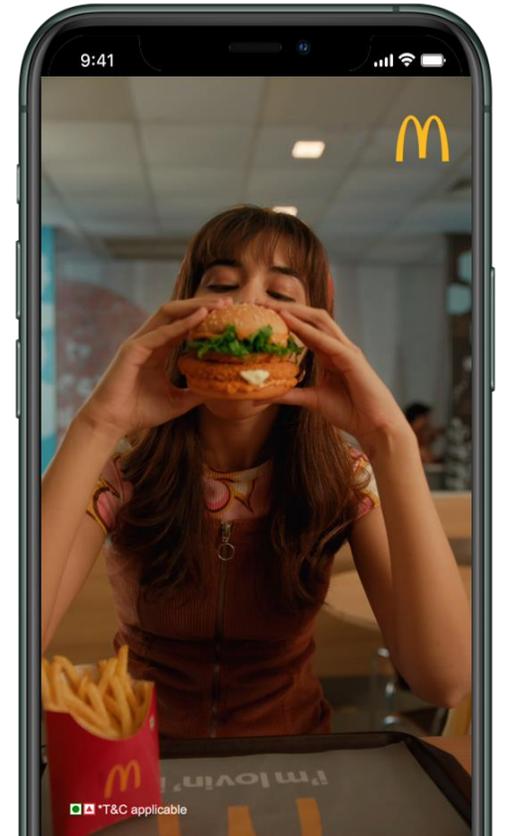


# Menu Initiatives



# McCheese Burger

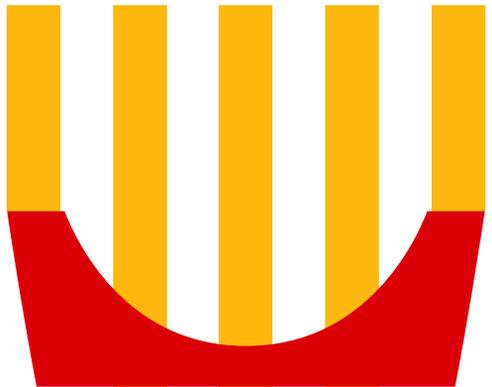
Campaign



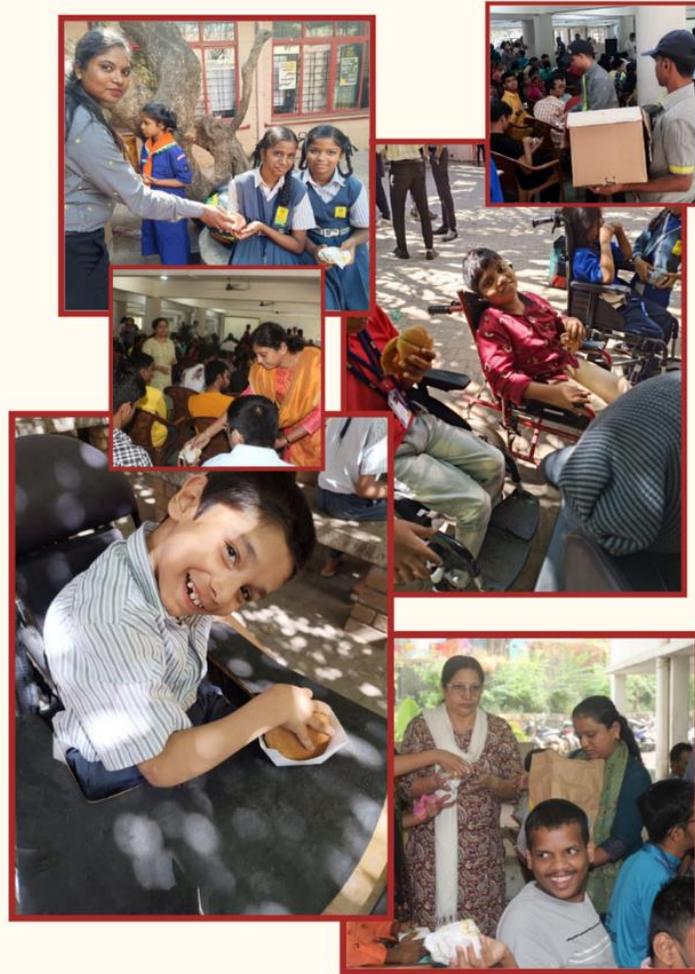


# McDonald's in Every Celebration

Dussehra, Diwali &  
Christmas



It fills our hearts with joy to share that our **#EatQual** initiative has helped us serve over **400 kids!**



For the **International Day for Persons with Disability**, our crew members distributed burgers to the kids of **NASEOH & APD** in Mumbai and Bengaluru respectively.

# EatQual

Equality & Inclusion Campaign

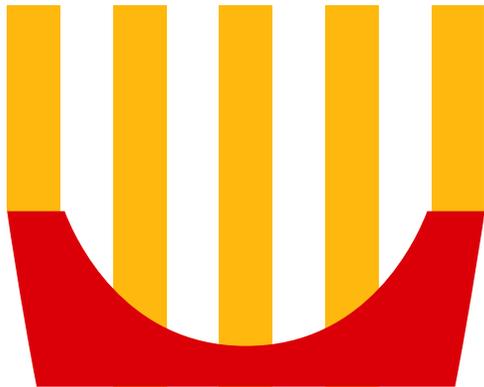


## The first ever Fries Concert



## Other marketing initiatives

## FIFA Campaign



# Financials

Particulars (INR Mn, Post INDAS 116)	Q3FY23	%	Q3FY22	%	Q2FY23	%	9M FY23	%	9M FY22	%
<b>Sales</b>	<b>6,114.6</b>	<b>100.0%</b>	<b>4,768.3</b>	<b>100.0%</b>	<b>5,724.2</b>	<b>100.0%</b>	<b>17,218.1</b>	<b>100.0%</b>	<b>11,214.1</b>	<b>100.0%</b>
YoY Sales Growth %	28.2%				48.5%		53.5%			
Food & paper	2,024.6	33.1%	1,603.4	33.6%	1,976.2	34.5%	5,921.5	34.4%	3,859.3	34.4%
<b>Gross Profit</b>	<b>4,090.0</b>	<b>66.9%</b>	<b>3,164.8</b>	<b>66.4%</b>	<b>3,748.0</b>	<b>65.5%</b>	<b>11,296.5</b>	<b>65.6%</b>	<b>7,354.9</b>	<b>65.6%</b>
Payroll & Benefits	546.7	8.9%	398.5	8.4%	507.4	8.9%	1,479.9	8.6%	1,024.7	9.1%
Royalty	280.4	4.6%	216.4	4.5%	261.9	4.6%	788.2	4.6%	505.2	4.5%
Other Operating Expenses	1,805.9	29.5%	1,474.1	30.9%	1,679.5	29.3%	5,108.2	29.7%	3,823.3	34.1%
<b>Restaurant Operating Margin (ROM)</b>	<b>1,457.0</b>	<b>23.8%</b>	<b>1,075.9</b>	<b>22.6%</b>	<b>1,299.2</b>	<b>22.7%</b>	<b>3,920.2</b>	<b>22.8%</b>	<b>2,001.7</b>	<b>17.9%</b>
General & Admin Expense	354.1	5.8%	241.4	5.1%	311.2	5.4%	908.6	5.3%	658.8	5.9%
<b>Op. EBITDA</b>	<b>1,102.9</b>	<b>18.0%</b>	<b>834.5</b>	<b>17.5%</b>	<b>988.0</b>	<b>17.3%</b>	<b>3,011.7</b>	<b>17.5%</b>	<b>1,343.0</b>	<b>12.0%</b>
YoY EBITDA Growth %	32%				116%		124%			
Depreciation	385.6	6.3%	347.5	7.3%	366.3	6.4%	1,109.9	6.4%	1,017.7	9.1%
Other (Income) / Expense, net	(36.4)	-0.6%	(42.3)	-0.9%	(53.6)	-0.9%	(90.7)	-0.5%	(145.4)	-1.3%
Financial Expense (Net)	233.7	3.8%	210.1	4.4%	225.5	3.9%	674.2	3.9%	617.6	5.5%
Extraordinary Expenses*	40.0	0.7%	40.6	0.9%	30.7	0.5%	101.1	0.6%	79.2	0.7%
<b>PBT</b>	<b>480.0</b>	<b>7.8%</b>	<b>278.6</b>	<b>5.8%</b>	<b>419.1</b>	<b>7.3%</b>	<b>1,217.2</b>	<b>7.1%</b>	<b>(226.1)</b>	<b>-2.0%</b>
Tax	116.4	1.9%	70.4	1.5%	104.1	1.8%	302.4	1.8%	(56.3)	-0.5%
<b>PAT</b>	<b>363.5</b>	<b>5.9%</b>	<b>208.2</b>	<b>4.4%</b>	<b>315.0</b>	<b>5.5%</b>	<b>914.8</b>	<b>5.3%</b>	<b>(169.9)</b>	<b>-1.5%</b>
<b>PAT (pre-IND AS 116)</b>	<b>423.4</b>	<b>6.9%</b>	<b>278.8</b>	<b>5.8%</b>	<b>398.0</b>	<b>7.0%</b>	<b>1,128.6</b>	<b>6.6%</b>	<b>48.6</b>	<b>0.4%</b>
<b>Cash Profit After Tax</b>	<b>753.1</b>	<b>12.3%</b>	<b>620.2</b>	<b>13.0%</b>	<b>680.2</b>	<b>11.9%</b>	<b>1,975.8</b>	<b>11.5%</b>	<b>762.3</b>	<b>6.8%</b>
<b>SSSG (%)</b>	<b>20%</b>		<b>44%</b>		<b>40%</b>					
New stores opening	6		8		6		17		13	

**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 – Q3 FY 2023

Particulars (INR mn)	(A)	(B)	(C)	(D)	(E)	(F)	(A over D)
	Q3 FY23 (Adjusted)	Ind AS 116 Changes^	Q3 FY23 (Reported)	Q3 FY22 (Adjusted)	Ind AS 116 Changes^	Q3 FY22 (Reported)	YoY Growth (Adjusted)
<b>Revenue</b>	<b>6,114.6</b>	-	<b>6,114.6</b>	<b>4,768.3</b>	-	<b>4,768.3</b>	<b>28.2%</b>
Occupancy and other operating expenses	2,032.2	-226.4	1,805.9	1,677.5	-203.5	1,474.1	21.1%
<b>Restaurant Operating Margin</b>	<b>1,230.6</b>	<b>226.4</b>	<b>1,457.0</b>	<b>872.4</b>	<b>203.5</b>	<b>1,075.9</b>	<b>41.1%</b>
General and Administration Expenses	354.1	-	354.1	241.4	-	241.4	46.7%
<b>Operating EBITDA</b>	<b>876.5</b>	<b>226.4</b>	<b>1,102.9</b>	<b>631.1</b>	<b>203.5</b>	<b>834.5</b>	<b>38.9%</b>
<b>Operating EBITDA margin</b>	<b>14.3%</b>		<b>18.0%</b>	<b>13.2%</b>		<b>17.5%</b>	
Other Income	-18.0	-18.4	-36.4	-27.8	-14.5	-42.3	-35.0%
Finance costs	38.0	195.6	233.7	33.4	176.7	210.1	13.8%
Depreciation and amortisation expense	241.8	143.8	385.6	212.8	134.7	347.5	13.6%
Profit/(Loss) before tax and exceptional items	<b>614.7</b>	<b>-94.7</b>	<b>520.0</b>	<b>412.6</b>	<b>-93.4</b>	<b>319.2</b>	<b>49.0%</b>
Extraordinary Items*	40.0	-	40.0	40.6	-	40.6	-1.4%
<b>Profit/(Loss) before tax</b>	<b>574.7</b>	<b>-94.7</b>	<b>480.0</b>	<b>372.0</b>	<b>-93.4</b>	<b>278.6</b>	<b>54.5%</b>
Tax	151.3	-34.9	116.4	92.6	-22.3	70.3	63.4%
<b>Profit/(Loss) after tax</b>	<b>423.4</b>	<b>-59.8</b>	<b>363.5</b>	<b>279.4</b>	<b>-71.2</b>	<b>208.2</b>	<b>51.5%</b>
Other Comprehensive (income)/Expense (net of tax)	-6.8	-	-6.8	4.8	-	4.8	240.0%
Total Comprehensive Income/(loss)	<b>430.1</b>	<b>-59.8</b>	<b>370.3</b>	<b>274.6</b>	<b>-71.2</b>	<b>203.4</b>	<b>56.7%</b>

**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



# Vision 2027

01

## **Meals Strategy**

Achieve market leadership in core day parts through brand relevance led by menu innovation and marketing

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02

## **Omnichannel Strategy**

Integrate various channels and touchpoints to a One McDonald's platform in order to provide consumers a seamless experience

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03

## **Faster than ever Network Expansion**

Penetrate unserved geographies and fortify existing markets with renewed aggression

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04

## **Lead with performance**

Targeting superior business performance and operating efficiency through execution excellence

Building a



**Bigger | Better | Bolder**

**McDonald's Together**





# Westlife Foodworld Limited



## Q3 FY23 Earnings Call Invite

Westlife Foodworld Limited (BSE: 505533) will announce its results for the third quarter that ended December 31, 2022, on January 31, 2023. Following the announcement, the management team will host a conference call for investors and analysts on **January 31, 2023, 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:

<b>Date</b>	<b>January 31, 2023</b>
<b>Time</b>	<b>India: 4:30 pm IST</b>   Hong Kong/ Singapore: 7:00 pm HKT/ SGT New York, USA: 6:00 am EDT   UK: 11:00 am 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)

Formerly Westlife Development Limited



**Thank you**

**IR Contact**

For additional information:

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