

A decorative graphic on the left side of the slide consists of several overlapping, curved, leaf-like shapes in shades of green, purple, blue, and magenta.

Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

Q4 & FY2014 Earnings Update May 9, 2014

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Strategy – Pillars of growth

**Broadening
Accessibility**



**Modernizing
the
Experience**



Food Image



**Energizing
the People**



Strategic Pillars – FY14 Highlights

✓ **Broadening accessibility**

- Continued restaurant expansion – added 29 restaurants during the year
- Launched new online web delivery platform – McDelivery

✓ **Food image**

- Strengthened product portfolio during FY14 across all day-parts
- Limited time offers

✓ **Modernizing the Experience**

- Re-imaging of the restaurants to make more relevant to today's customers
- Successful launch of McCafé brand
- Investments in technology to engage more with our consumers

✓ **Energizing the crew**

- Various training, learning & development programs for staff and crew



FY14 Results & Highlights

- ✓ **Restaurant expansion**
 - Total restaurants at 184; gross addition of 29 new restaurants to drive long-term growth
 - Entered new markets with Drive-Thru restaurants in Rajkot and Palakkad
- ✓ **Restaurant relocation / closure**
 - Relocated 6 restaurants during FY14
 - Increased focus on profitability and adapting to changes across markets and trading patterns
- ✓ **Revenue growth of 8.2% Y-o-Y**
 - Comparable sales down to -6.4% compared to 6.2% in FY13
 - Continued weak environment coupled with lower discretionary spending
- ✓ **Gross margins expanded by ~195 bps**
 - Continued focus on reduction in food, paper & distribution costs
 - Efficient product mix and menu pricing
- ✓ **Cash profit at INR 487.6 million during FY14**

New Restaurants



Mumbai

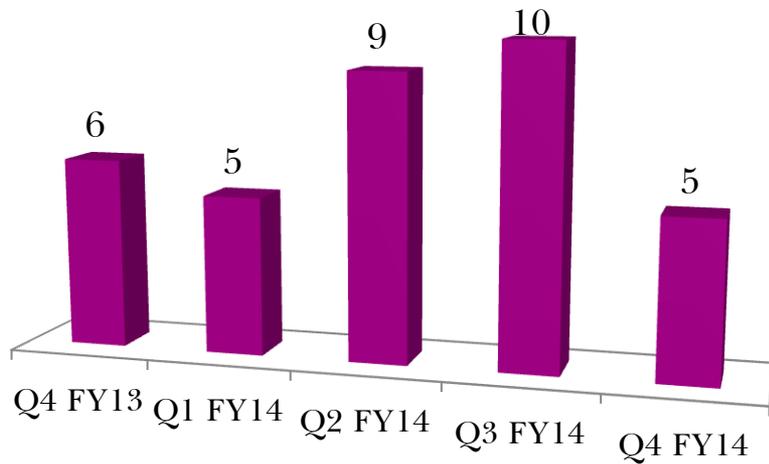


Gujarat



Tamil Nadu

Restaurant Openings



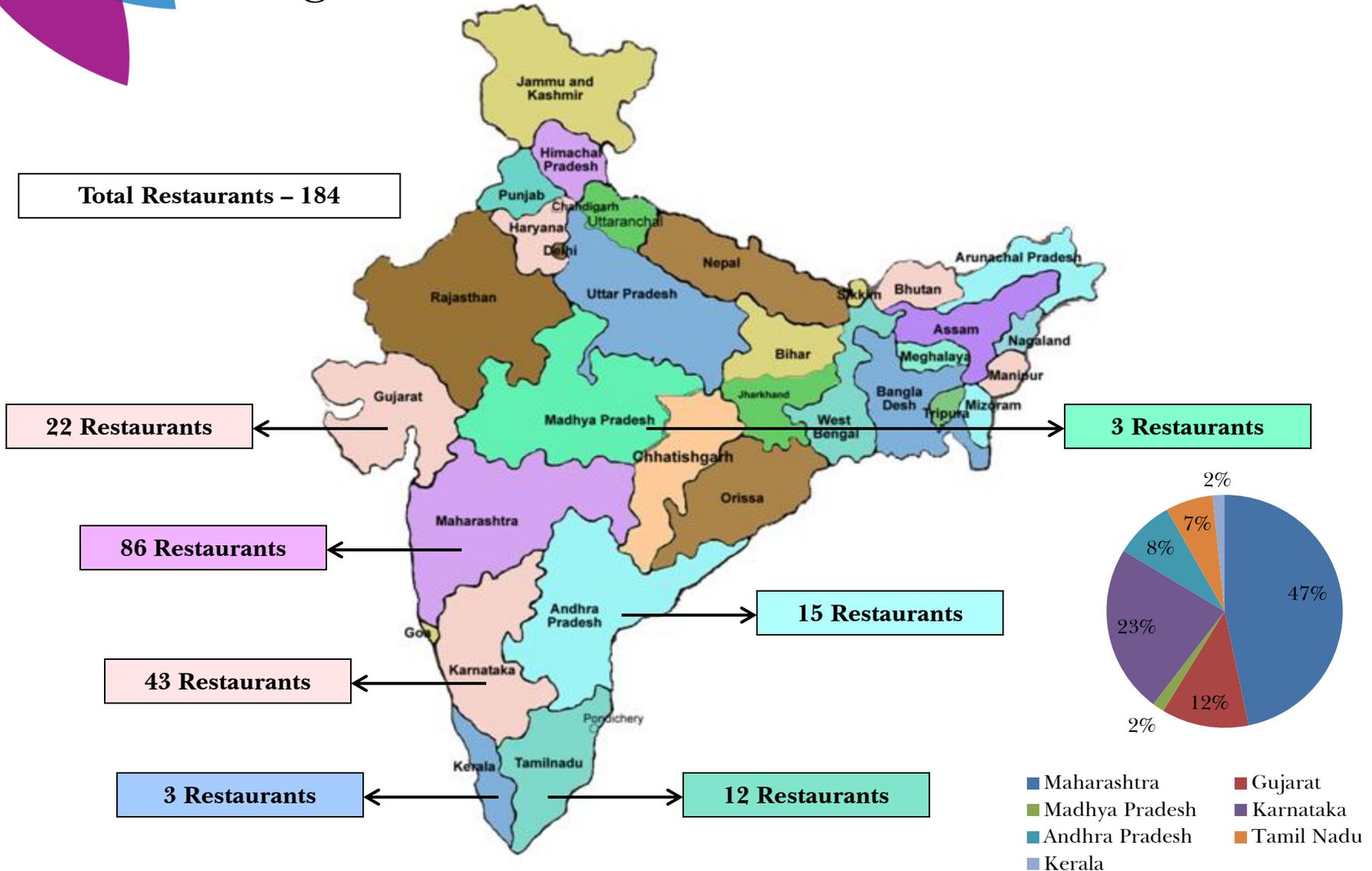
Gujarat



Kerala

- ✓ 29 new restaurants added in FY14
- ✓ Continued focus on Drive-Thru's during last 12 months, for competitive differentiation
- ✓ 5 new restaurants opened in Q4 FY14 – 3 in Karnataka and 2 in Gujarat

Region-wise Presence – FY14



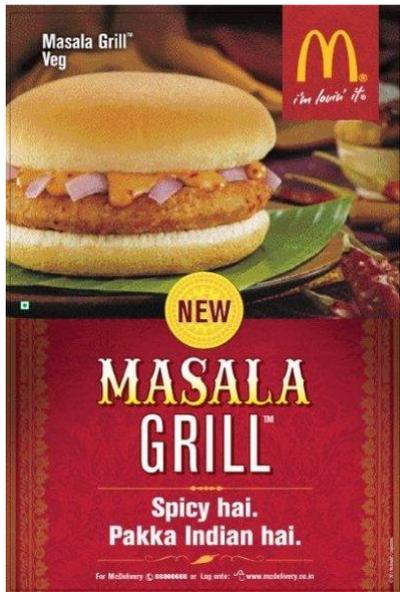
Building menu choices across day-parts for all consumer segments



Quarter 2



Quarter 4



Quarter 1



Quarter 4

Key Marketing Initiatives in FY14

✓ Driving aspiration – Brand campaign

- Aaj menu main kya hai – driving brand connect with consumers



Quarter 4

✓ Driving loyalty – Smile Cards

- Rewarding customers for visiting restaurants more often



Quarter 3,4

✓ Driving visits – Gifts festival

- To drive frequency among customers and add value to their restaurant visit



Quarter 3

Key Marketing Initiatives in FY14

✓ Limited time offers

- McFloat Twisters
- Doubles burgers
- McSpicy feast
- Strawberry McFlurry



Quarter 2



Quarter 4



Quarter 3

New Business Channels

Nothing can come in between us
Not even traffic. Promise.

Order Now



29 MINUTES DELIVERY PROMISE

OR GET ₹50 OFF ON NEXT ORDER

English

McDelivery

LOGIN / FACEBOOK

EXPLORE MENU

DOWNLOAD APP

STORE LOCATOR TRACK YOUR ORDER

Call Us 66 000 666 Feedback +

CELEBRATE NATIONAL BREAKFAST DAY WITH US ON THE 24TH OF MARCH

Walk in at McDonald's and get a free McMuffin on 24th March, 2014 between 7 am till 11 am

TODAY

National Breakfast Day



*Offer valid on 24th March, 2014 only in Breakfast Stores across Maharashtra, Gujarat, Karnataka & AP. Offer on Veg McMuffin or Egg & Cheese McMuffin. Terms & Conditions apply.




Veg McMuffin Meal

The waking beauty - a steaming Veg McMuffin, a golden Hash Brown and a much-needed Cappuccino.



Hot Cakes

Yumminess begins over here with fresh baked, spongy and oh-so-filling hot cakes. Enjoy these golden brown treats with McDonald warmth.



New Business Channels

- ✓ Strategy of strengthening relationship with customers
- ✓ Emphasizing and building breakfast as a significant day-part
 - 110+ restaurants are breakfast hubs across west and south India
- ✓ Advanced the McDelivery brand extension through launch of new web delivery platform
 - Offering 29 minute delivery guarantee
- ✓ Expanded McCafé footprint across Mumbai to build our beverage growth strategy
 - Build the foundation and enhance company's margin profile
- ✓ Increasing efforts and investments across all our brand extensions to accelerate growth and drive profitability

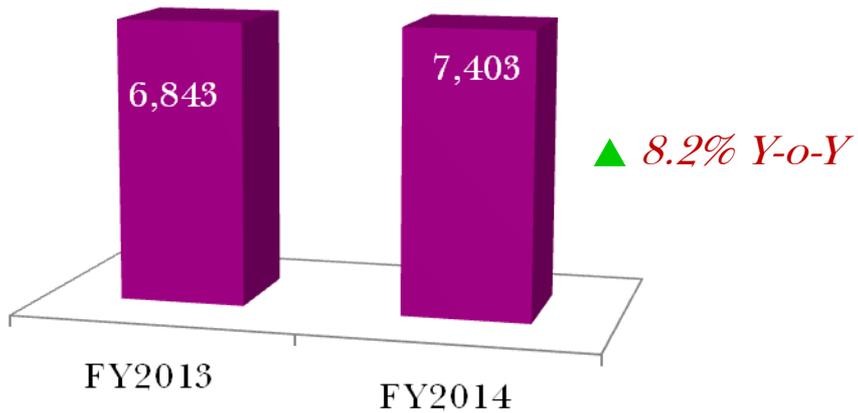
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Consolidated Q4 and FY14 Results

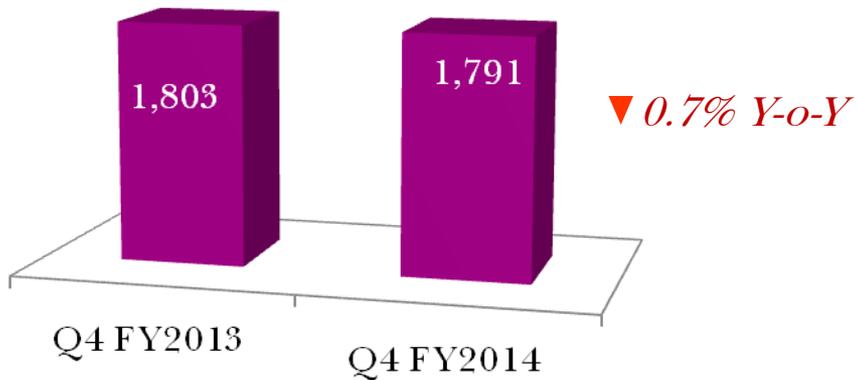
FINANCIAL ANALYSIS

Revenue Growth

₹ Million

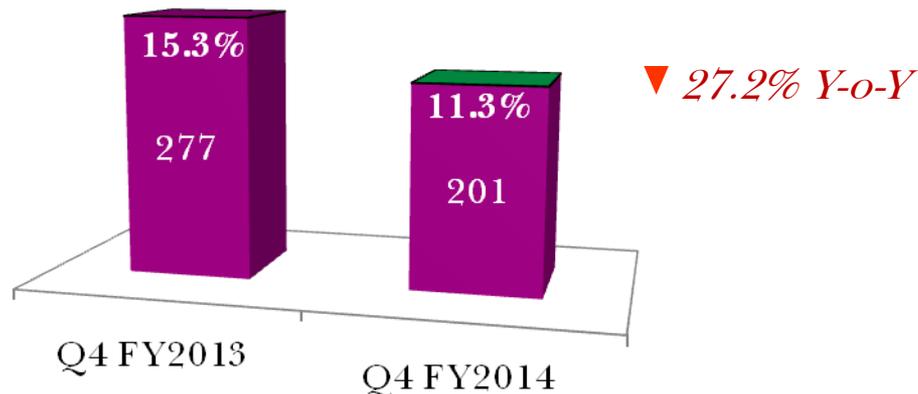
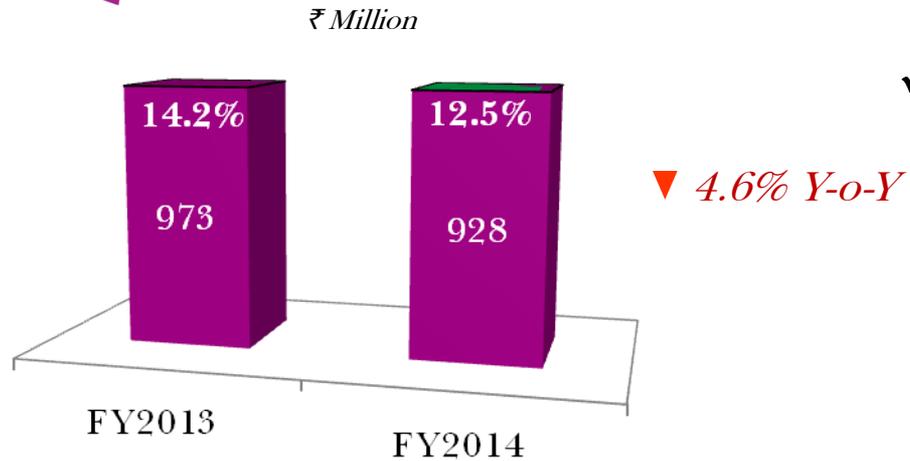


✓ Increase in revenue due to opening of 29 new restaurants during the year



✓ Total restaurants network at 184

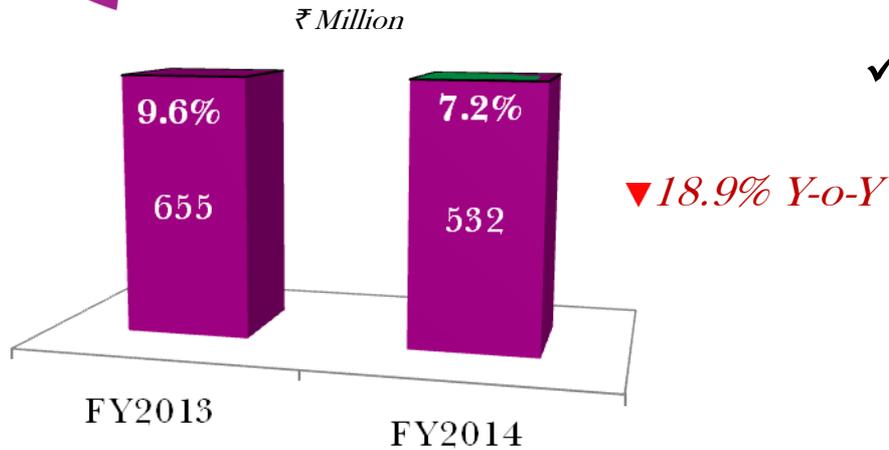
Restaurant operating Margin (RoM)



✓ Reduction in RoM primarily due to

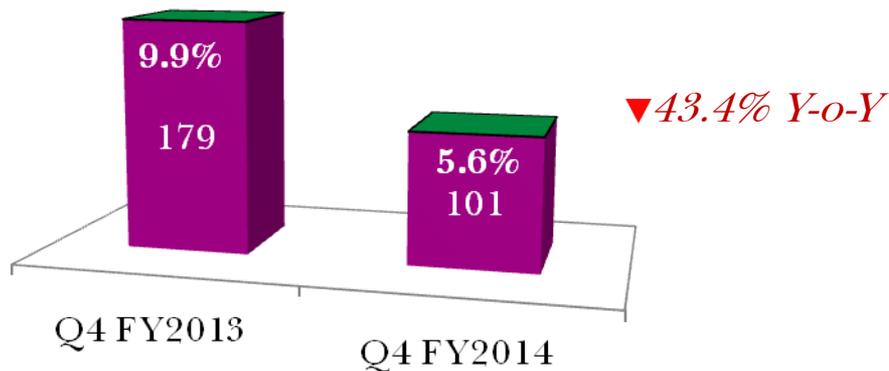
- Higher occupancy and utility costs pertaining to opening of 29 new restaurants
- Inflationary headwinds around utility unit costs and wages
- And, partially offset by
 - Gross margin expansion driven by supply chain efficiency along with better product mix and menu pricing

Operating EBITDA



✓ Lower Operating EBITDA margin largely due to

- Increase in G&A due to investment in people and resources over the year to drive business growth



OUTLOOK



Outlook

Revenue

- ✓ Taking total restaurants count to 230-250 till 2015
- ✓ Launch of 75-150 McCafé's in next 3-5 years
- ✓ Focus on driving penetration by entering new markets
- ✓ Restaurants re-imaging efforts to continue

Innovation / Menu

- ✓ Drive innovation across menu to provide uniquely McDonald's products across all consumer segments and day-parts
- ✓ Focus on delivering high-quality and affordable food & beverages to our customers

Profitability

- ✓ Continuing efforts around gross margin improvement
- ✓ Drive initiatives around efficient business unit economics
- ✓ Optimizing opportunities through continuous evaluation of restaurant portfolio

**Expect muted consumer sentiment over next 6-12 months
Focused on driving sustainable long-term growth in sales & market share**

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IR Contact

For additional information:

Ankit Arora

Investor Relations

(+91.22) 4913.5306

ankit.arora@mcdonaldsindia.com

www.westlife.co.in