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Westlife Development Ltd. Hardcastle Restaurants Pvt. Ltd.

Q3 FY2014 Earnings Update February 10, 2014



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Strategy

Pillars of growth

**Broadening
Accessibility**

Food Image

**Modernizing
the
Experience**

**Energizing
the People**

Q3 FY2014 Results & Highlights

✓ **Restaurant Expansion**

- Total restaurants at 183; gross addition of 10 new restaurants to drive long-term growth; Y-o-Y addition at 30

✓ **Revenue growth of 3.9% Y-o-Y**

- Comparable sales down to -9.8% compared to 3.2% in Q3 FY13
- Economic slowdown amid high inflation impact consumer spending

✓ **Successful launch of global McCafé brand in India in Oct' 13**

- Total of 3 McCafé's in Mumbai region

✓ **Gross Margins expanded by ~305 bps Y-o-Y**

- Continued focus on reduction in food, paper & distribution costs
- Efficient product mix and menu pricing

✓ **Stable cash profit Y-o-Y; despite challenging market conditions**

- Cash profit at INR 166.4 million in Q3 FY14

New restaurants

Kukatpally, Hyderabad



Kandivali, Mumbai



Ghatkopar, Mumbai

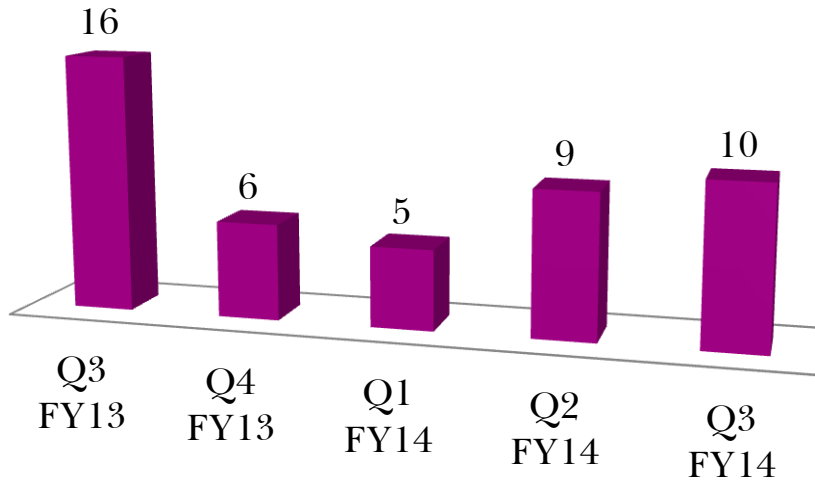
Hyderabad



Mumbai



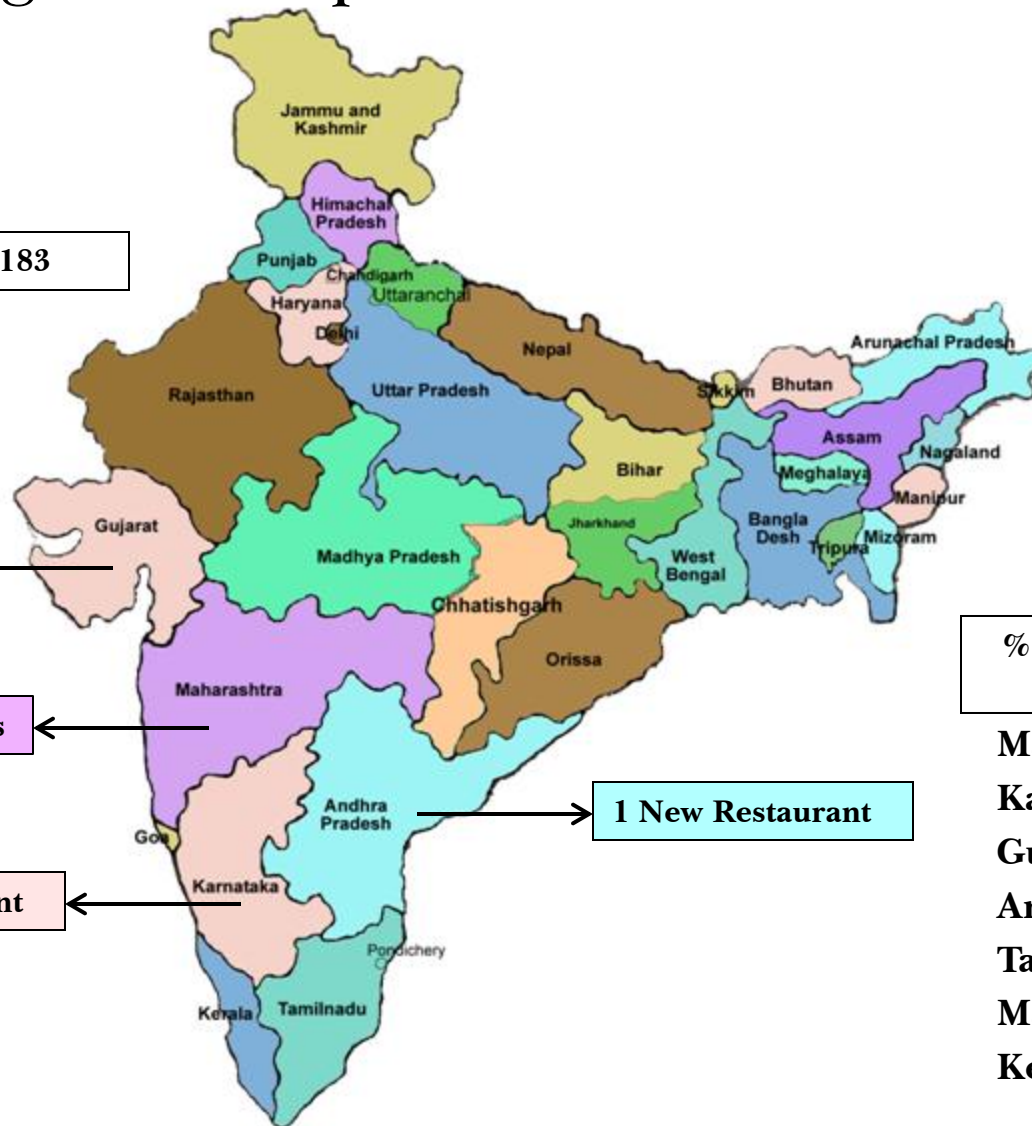
Restaurant openings



- ✓ 30 new restaurants added Y-o-Y
- ✓ Increased focus on Drive-Thru's during last 12 months, for competitive differentiation
- ✓ 10 new restaurants opened in Q3 FY14 – 5 in Maharashtra, 3 in Gujarat, and 1 each in Karnataka, and Andhra Pradesh

Region-wise presence

Total Restaurants – 183



3 New Restaurants

5 New Restaurants

1 New Restaurant

1 New Restaurant

% of total restaurants – as of December 2013

Maharashtra	47%
Karnataka	23%
Gujarat	11%
Andhra Pradesh	9%
Tamil Nadu	7%
Madhya Pradesh	2%
Kerala	2%

Key marketing initiatives

✓ Gifts Festival

- To drive frequency among customers



✓ Smile Cards

- Building Brand Loyalty – rewarding customers for their each frequent visit



✓ Value for money proposition

- Great food experience and indulgence in the brand through offering special double burgers



New happy meal properties

- ✓ Introduced two most popular happy meal properties globally

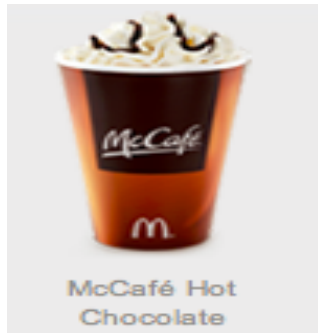


Store-in-store format



Innovative range of McCafé products

- ✓ Introduced great range of beverages and favorites like Frappe's to drive young adults and giving customers more reasons to visit their favorite McDonald's more often





Iconic McCafé® now in India

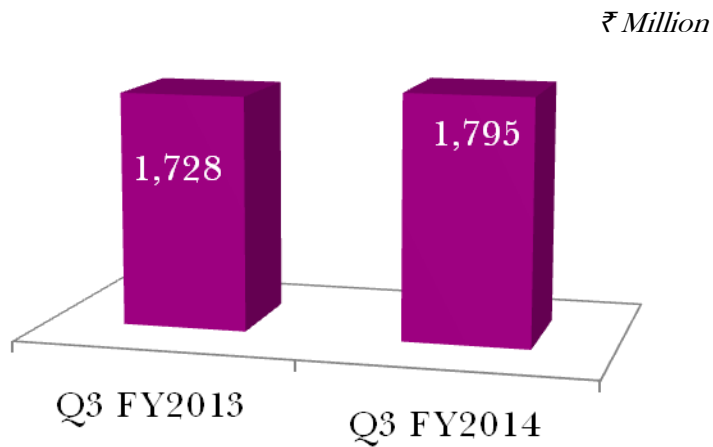
- ✓ Opened 3 McCafé's in Mumbai last quarter
- ✓ Encouraging results over the last 3 months
- ✓ Focus on expanding McCafé aggressively across west and south India
- ✓ Major step towards elevating company's coffee portfolio and become India's favorite destination for great food and beverages
- ✓ Enhancing our consumer base; will improve margins as we continue to expand McCafé
- ✓ Potential market size – Indian cafe market is estimated at \$230 million, or about INR 1,400 crore, and is expected to grow about 13-14% a year over the next five years

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Consolidated Q3 FY14 Results

FINANCIAL ANALYSIS

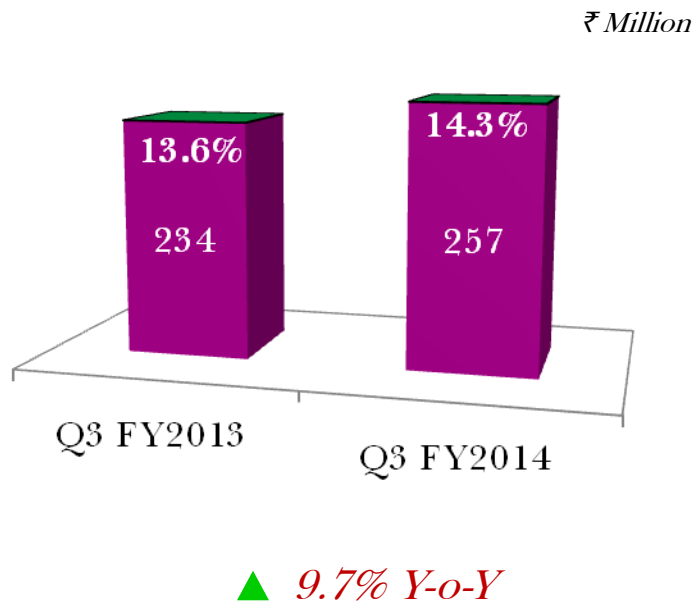
Revenue growth



▲ 3.9% Y-o-Y

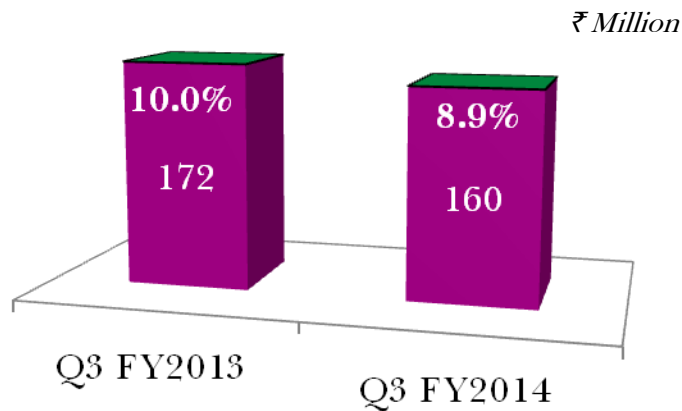
- ✓ Increase in revenue due to opening of 30 new restaurants
- ✓ Total restaurants network at 183

Restaurant operating margin (RoM)



- ✓ Continued focus on reduction in food, paper & distribution costs along with efficiency in product management and menu pricing, helped in improved gross margins by ~305 bps
- ✓ Opening of 30 new restaurants led to higher occupancy and utility costs
- ✓ **Expansion in RoM by ~75 bps Y-o-Y**

EBITDA



▼ 7.5% Y-o-Y

- ✓ Increase in G&A by 120 bps Y-o-Y due to investment in people and resources over the year to drive business growth
- ✓ EBITDA Margin impact of ~110 bps in Q3 FY14

OUTLOOK



Outlook

Revenue

- ✓ Taking our total restaurants count to 230-250 till 2015 progressing on track
- ✓ Launch of 75-150 McCafe's in next 3-5 years

Innovation / Menu

- ✓ Drive innovation across menu to provide uniquely McDonald's products for each audience
- ✓ Drive individual day-parts by relevant menu options
- ✓ Maintain edge by offering value for money products

Profitability

- ✓ Continue to build real estate competitive advantage
- ✓ Continuing efforts to improve Gross Margin through supply chain efficiencies, menu management and appropriate price increases
- ✓ Efficient business unit economics

**External environment continues to be tough;
Focus on creating long-term shareholder value**



Closing remarks

- ✓ Consumer sentiment continues to remain weak
- ✓ Continue restaurant expansion to drive penetration and increase accessibility for our customers
- ✓ Continuous cost optimization
- ✓ Strong brand connect with consumer will help us deliver long-term shareholder value

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