

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.

Q2 FY2014 Earnings Update November 8, 2013

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Disclaimer

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 affect 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.



Q2 FY2014 Results & Highlights

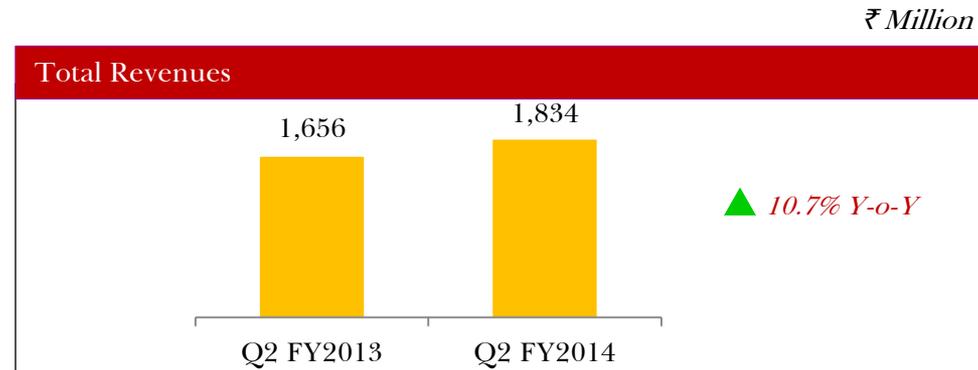
- **Achieved double digit revenue growth of 10.7% Y-o-Y**
 - Comparable sales down to -5.5% compared to 9.5% in Q2 FY13
- **Gross addition of 9 new restaurants to drive long-term growth; Y-o-Y addition at 36; total restaurants at 174**
- **Restaurant operating margin improved by ~130 bps Q-o-Q**
- **Gross Margins expanded by ~165 bps Y-o-Y**
 - Substantial reduction in Food Paper & Distribution costs largely due to strong product mix and menu pricing
- **Key growth drivers**
 - Reinvigorated Value Platforms & popular Happy Meal properties
 - Compelling Limited time menu choices

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Consolidated Q2 FY14 Results

FINANCIAL ANALYSIS

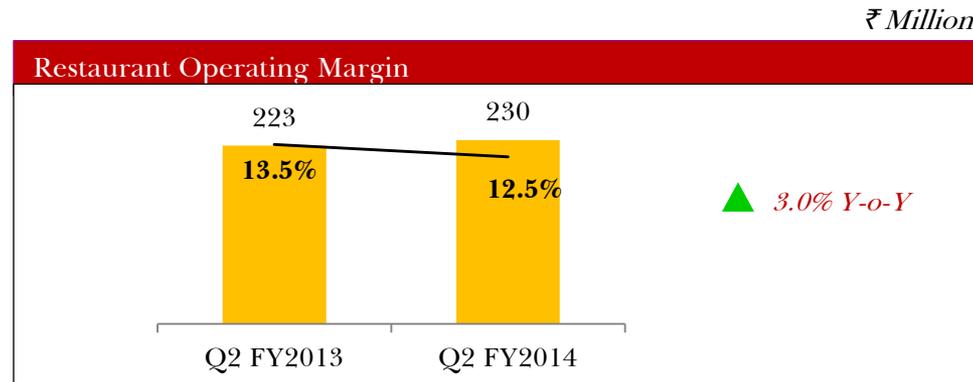
Q2 FY2014 Performance Analysis



- **Operating Revenue**

- Q2 Revenues at INR 1,834.2 million; Y-o-Y growth of 10.7% mainly driven by
 - Increase in revenue due to opening of 36 new restaurants; total restaurants network at 174
 - Additional menu attractions including Crispy Veg Pops in the Happy Price Menu and McFloat Twisters (Limited Time Offer, LTO)
 - Popular properties in Happy Meal (Smurfs, Despicable Me 2)

Q2 FY2014 Performance Analysis

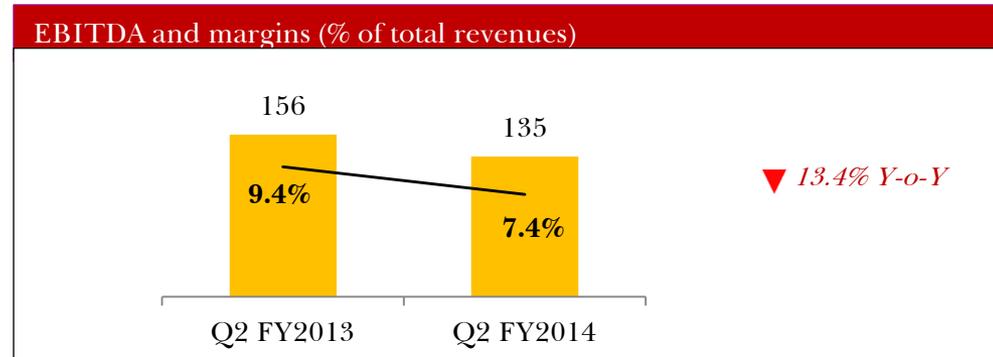


- **Restaurant Operating Margin (RoM)**

- Efficiency in product management and menu pricing reduced Food & Paper (FPD) costs, thus, helped in better gross margins
- Opening of 36 new restaurants led to higher occupancy and utility costs
- **Reduction in RoM by ~95 bps Y-o-Y**

Q2 FY2014 Performance Analysis

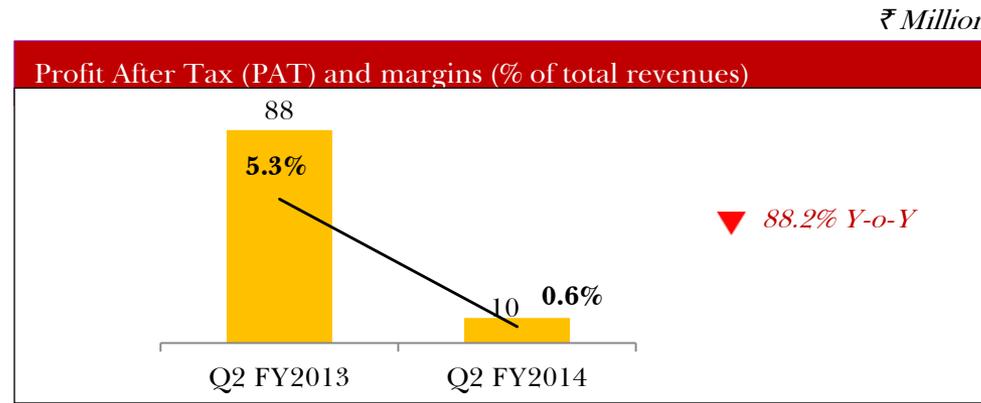
₹ Million



• EBITDA

- EBITDA at INR 135.3 million; EBITDA margin down by ~205 bps Y-o-Y; largely on account of
 - Investment in General & Admin expenses to build talent to cater to long-term growth objectives
- EBITDA margin at 7.4%
 - Q-o-Q Operating margin expansion of ~140 bps in spite of higher restaurant openings and lower SSS in Q2 FY14

Q2 FY2014 Performance Analysis



- **PAT (Profit After Tax)**

- Reported PAT at INR 10.4 million compared to INR 88.2 million in Q2 FY13
- Lower PAT Y-o-Y primarily due to higher depreciation pertaining to new restaurant openings

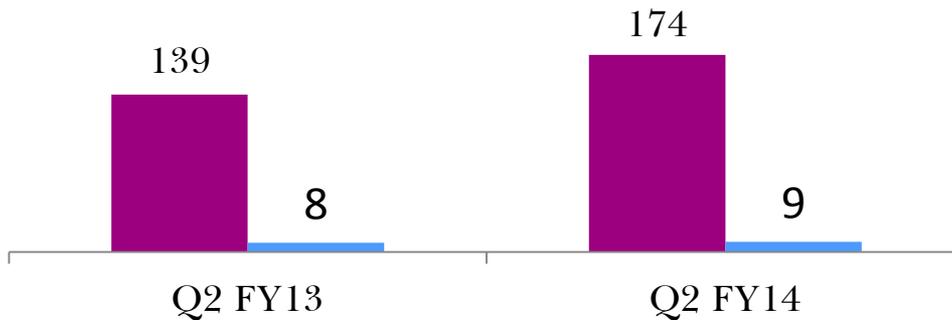
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Pillars for growth

BROADENING ACCESSIBILITY

Network Expansion

Restaurants Network



- Total Restaurants
- No. of Restaurants during the quarter

- 36 new restaurants added Y-o-Y; 174 restaurants as of Q2 FY14 compared to 139 in Q2 FY13
- 9 new restaurants opened in Q2 FY14 – 3 each in Gujarat and Maharashtra, and 1 each in Karnataka, Tamil Nadu and Kerala

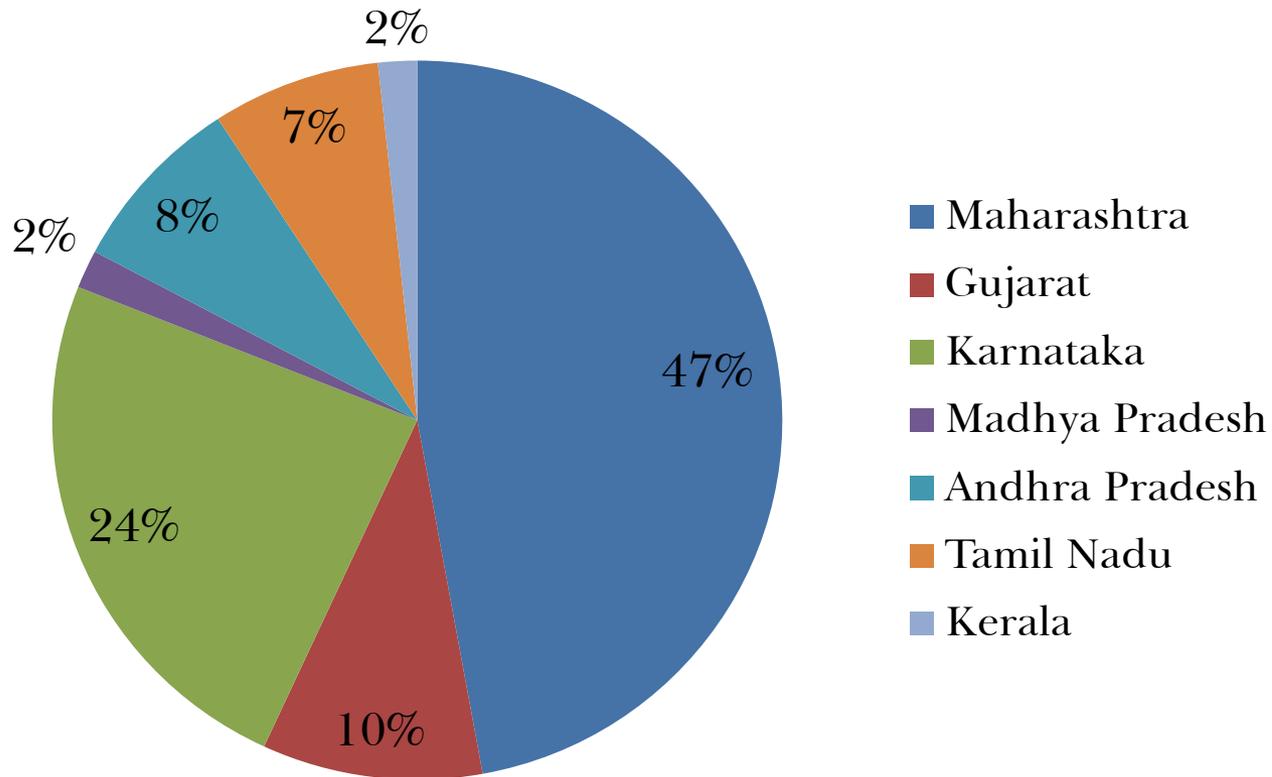


Tamil Nadu



Kerala

Region-wise presence



As of September 30, 2013

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Pillars for growth

FOOD IMAGE

Product Portfolio

- Strong marketing calendar and product portfolio
 - Incremental sales driver in Q2
 - Crispy Veg Pops introduced in the Happy Price Menu; Priced at Rs. 25 for 6 pops and Rs. 45 for 12 pops
 - Float festival (McFloat Twisters) was launched as a part of Limited Time Offer (LTO) from Sep 2 – Oct 15, 2013
 - Introduced in four variants
 - Priced at Rs. 45 onwards
 - Piri Piri McNuggets were launched on the menu
- Key Marketing Initiatives
 - Happy Price Menu campaign was on air during July, 2013



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Pillars for growth

MODERNIZING THE EXPERIENCE



McCafé®



India's first McCafé opened in SoBo Central Mall, Haji Ali, Mumbai



McCafé®



- Continue to invest in long-term value creators; strengthens the brand
- Unique store-in-store format – helps leverage existing asset base and provides competitive advantage
- McCafé is in line with our focused beverage growth strategy and to elevate our coffee portfolio
- Allows us to reach out to a larger consumer base; will enhance the company's margin profile
- 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

OUTLOOK



Outlook

Broadening Accessibility

- Opening 75-100 restaurants till FY15E progressing on track
- Launch of 75-150 McCafé's in next 3-5 years
- Efforts to build every day value for consumers
- Initiatives that build and reward consumer loyalty

Building Food Image

- Drive innovation across menu variety for fuelling stronger customer connections
- Existing robust menu library

Modernizing the Experience

- Efforts to increase presence of McCafé as a preferred beverage destination across our key markets
- Re-imaging initiative to create an enhanced café and premium experience

External environment continues to be tough

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Summary

- Low consumer confidence continues to impact the overall Informal Eating Out (IEO) segment
- Weak environment and inflationary pressure continues to persist; remain focused on new restaurant openings to drive growth
- FPD leverage due to better product mix and menu pricing
- Dominant brand provides substantial long-term growth opportunities to deliver shareholder value

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For additional information:

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