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Westlife Foodworld

Hardcastle Restaurants Pvt. Ltd.

Q1 FY24 Earnings Presentation

July 27, 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: Q1 FY24



- **Q1 sales at Rs. 6.14 bn** grew 14% YoY driven by **7% SSSG** on the back of increased guest counts
- **Average Sales Per Store** (TTM) stood at **Rs. 66.9 mn** (vs Rs 57.4 mn LY)
- **On Premise** business **grew 18% YoY**, **Off Premise** business **grew 9% YoY**

- **ROM²** at Rs. 1,412 mn **grew 21% YoY**; **ROM (%)** was **23.0%** (vs 21.6% in Q1 FY23)
- **Op. EBITDA** at Rs. 1,053 mn **grew 14% YoY**; **Op. EBITDA margin** was **17.1%** (vs 17.1% in Q1 FY23)
- **Cash PAT** at Rs. 670 mn **grew 22% YoY**; **Cash PAT margin** was **10.9%** (vs 10.2% in Q1 FY23)



- **361 restaurants in 58 cities** as of Jun'23; Added **4 new restaurants in Q1**
- **Targeting 40-45 new restaurants in FY24** to reach 580 – 630 restaurants by 2027

- **Digital sales** improved to **~64%** led by ~3x growth in sales through Self Ordering Kiosks (SOKs)
- **+25 mn** cumulative **Apps downloads**; **25% YoY** rise in **Monthly Active Users**



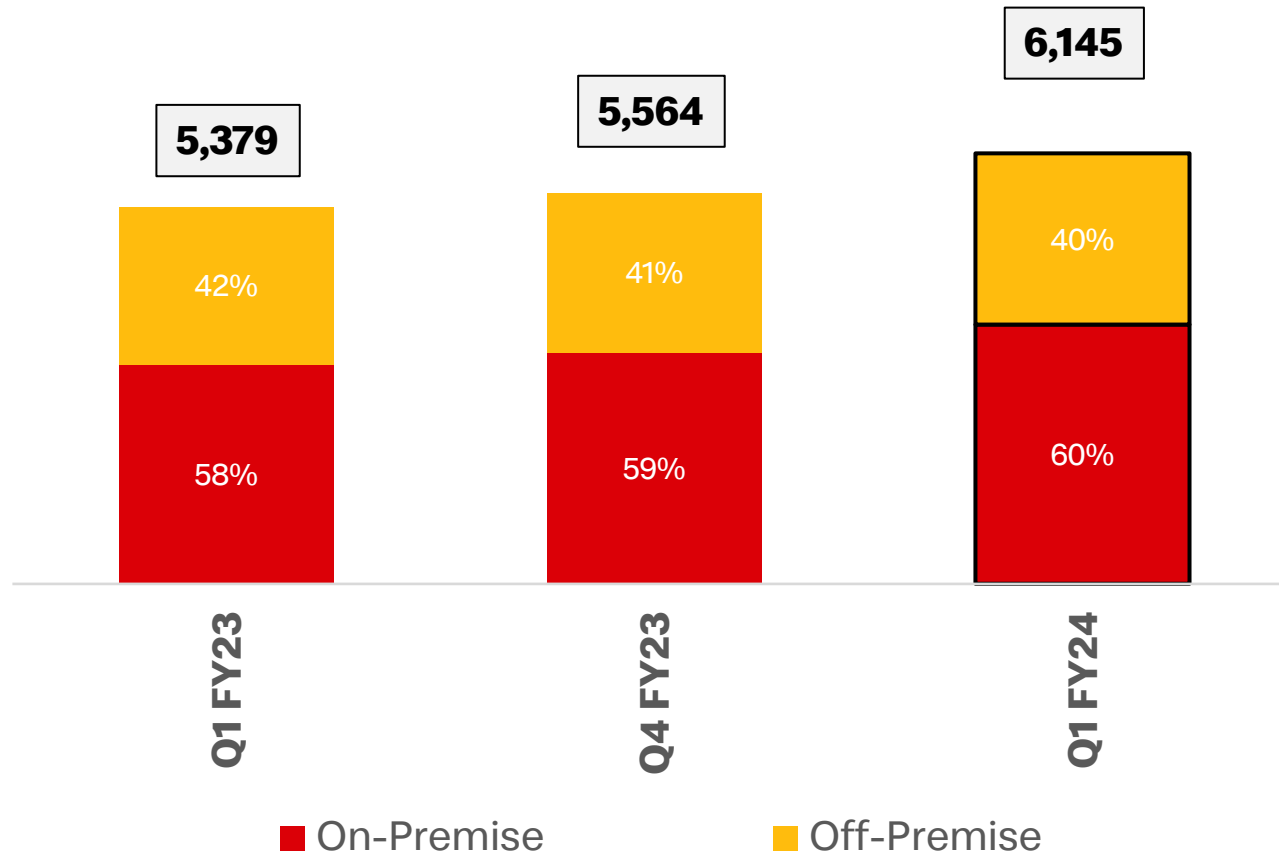
- Board approved an **interim Dividend of Rs 3.45 per share** amounting to Rs ~538 mn.
- Targeting **Rs 40-45 bn in Sales with 580-630 restaurants and better profitability by 2027** on the back of meals strategy, omnichannel business model and right network expansion

Healthy broad-based growth amidst soft consumption trends

Revenue, INR mn



14.2% YoY Growth

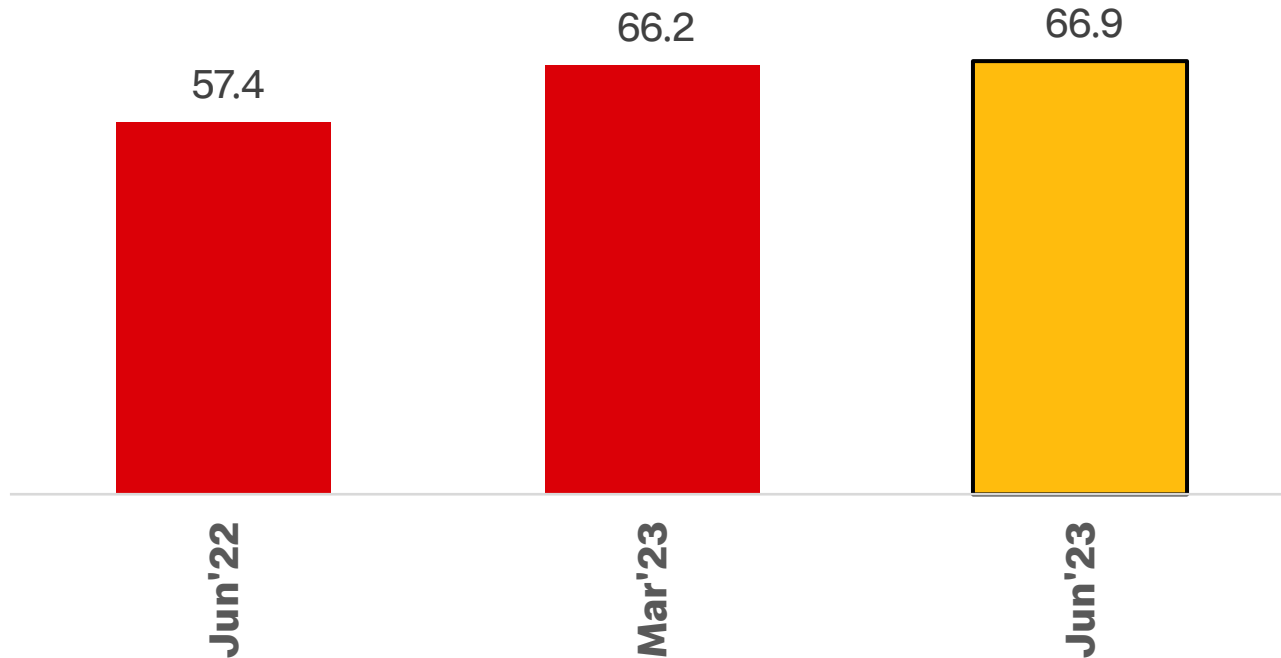


Dine in momentum continues backed by robust increase in guest count

- Same Store Sales Growth (SSSG) at 7% YoY was led by product innovation and McSaver Value platform launched in June.
- On-Premise business clocks 18% YoY growth. Off-Premise business grew 9% YoY, on a high base, led by Delivery, contributing ~40% to overall topline.
- McCafe growth aided by cold beverages including frappe, shakes and coolers

Average Sales Per Store continues to improve

TTM Average Sales Per Store, INR mn



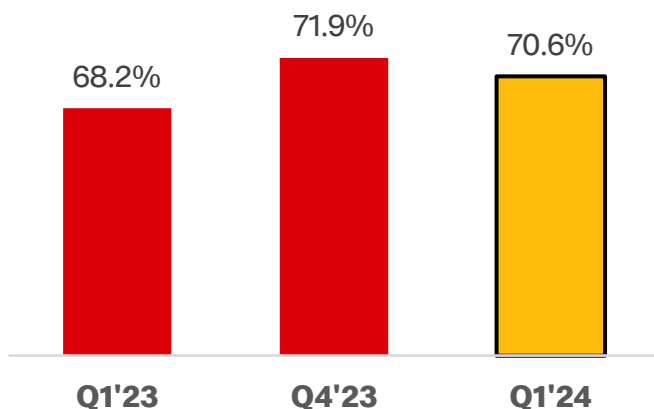
Avg. Sales Per Store in Trailing Twelve Months (TTM) improved further to Rs 66.9 mn

- Piri Piri McSpicy range launched as limited time offer in April saw a great consumer response.
- Partnered with Jr. NTR as our new brand ambassador for Chicken. Also introduced chicken sharers in South.
- Jain friendly menu (No Onion, No Garlic, No Roots) was launched in order to democratize the menu. Saw great traction in West markets.
- Sales in Metros grew ahead of Non-Metro towns on YoY basis, however on the pre-covid base Non-Metro towns growing much faster.

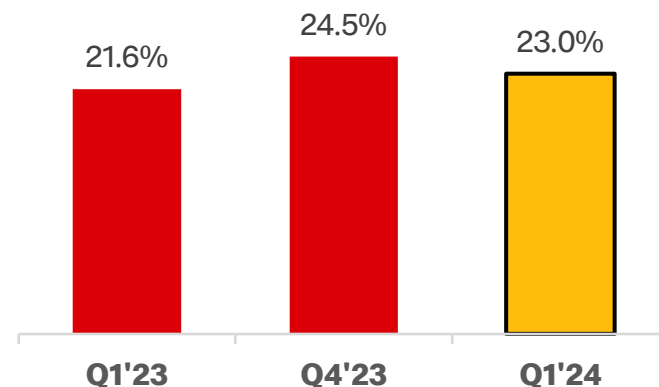
Note: Numbers on trailing twelve months basis to account for business seasonality

Profitability: Cash PAT grows by 22% YoY

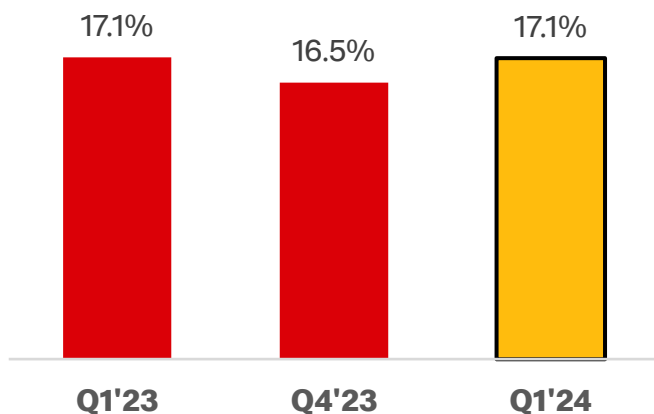
Gross Margin, Percent



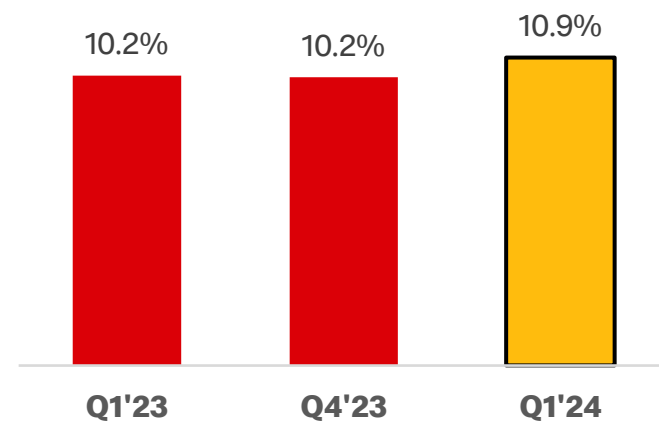
ROM*, Percent



Op. EBITDA Margin, Percent



Cash PAT Margin, Percent



Overall profitability improves over last year

- Gross margins improved ~235bps YoY led by stable input cost basket, cost optimization and earlier pricing actions. Sequential decline was on account of one-off incentive in Q4 FY23. No incremental pricing actions taken in Q1.
- Restaurant operating margins improved by 134bps YoY. Store payroll stood at normalized level of 9%. Royalty increased by 50bps.
- Operating EBITDA margin was stable on YoY basis. G&A costs moderated to normalized levels on sequential basis.
- Note: Generally, the difference between our Pre & Post INDAS 116 EBITDA margins in normal course of business is about 350-450bps

A unique business model catering various market segments across dayparts



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



Market leaders in snacking

1

Snacking

EXCLUSIVE

Only WFF player in the segment



Morning



1

Late night

Market leaders in West

Targeting leadership in South






Meals (Lunch+Dinner)




Commit to the Core

Burgers




Indulge in the cheesy, spicy, deliciousness.
Try the new
McDonald's
The Gourmet Burger Collection
Chef's Special Gourmet Burgers

Chicken




McSpicy
Fried Chicken
Chicken that is spicy to the last bite.


Coffee



Maximize our Marketing



Family Marketing



Brand Trust

Robust **Omni Channel** model with unified experience



~64%

Digital-led Sales

+25 mn

Cumulative Apps Downloads

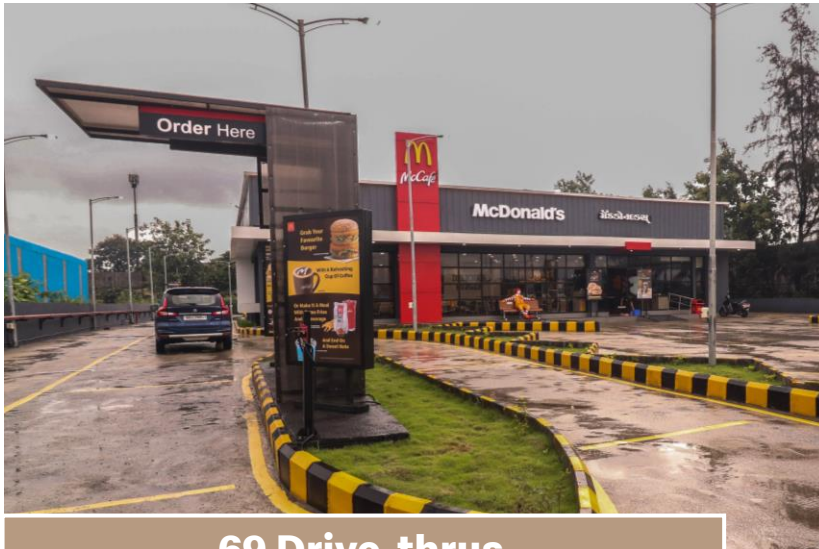
~25%

YoY growth in Monthly Active Users (MAU)

Aggressive and prudent **Network Expansion**

Presence in **361 restaurants** across **58 cities** (as of June 2023)

Drive-thrus



69 Drive-thrus

(+1 in Q1 FY24; ~19% of restaurants)

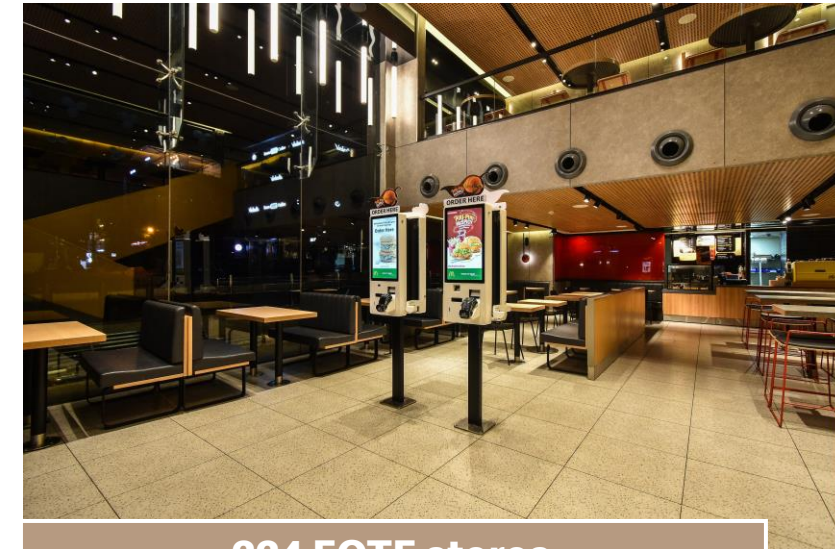
McCafés



315 McCafés

(+4 in Q1 FY24; ~87% of restaurants)

EOTF*



224 EOTF stores

(+4 in Q1 FY24; ~72% of restaurants^)

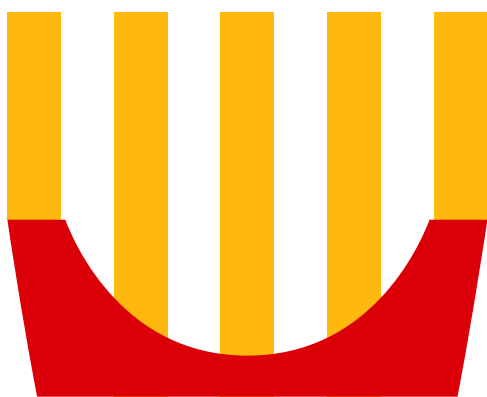
- **Added 4 restaurants during Q1 FY24 and on track to add 40 – 45 stores in FY24**
- Broad basing the store growth across Metros, Tier 1 and Smaller towns
- Aiming to reach 580-630 restaurants by 2027.

Business Initiatives





McSaver Meals



Everyday Meals With Big Savings!

~~₹335~~

McChicken® Meal

₹179*

Save upto ₹156

McChicken® Meal

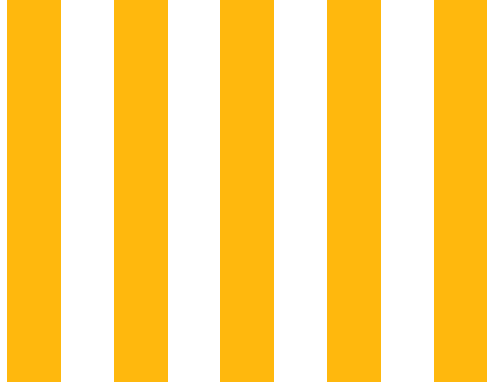
McSaver Meals

Also Available in McVeggie® Meal

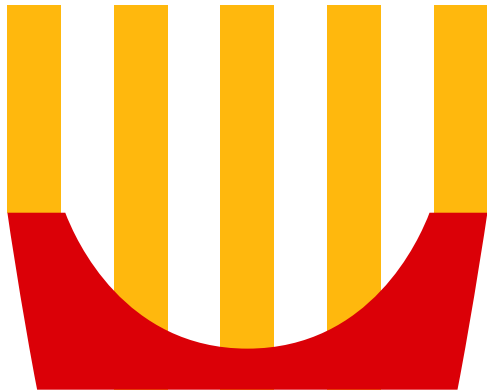
5 MILLION HAPPY McCHICKEN® CONSUMERS

Images are representational. All prices inclusive of taxes. Cess to be charged in addition where applicable. The above offer is available only in select McDonald's stores in West & South India till stocks last. For details, refer to our website www.mcdonaldsindia.com. Terms & Conditions apply. © 2023 McDonald's®. Coca-Cola & Coke® are registered trademarks of the Coca-Cola Company. © 2023 The Coca-Cola Company.





Piri Piri McSpicy



 LIMITED TIME ONLY





PIRI PIRI McSPICY RANGE

 Piri Piri McSpicy
Paneer Burger

 Piri Piri McSpicy
Chicken Burger

 Piri Piri Big Spicy
Chicken Wrap

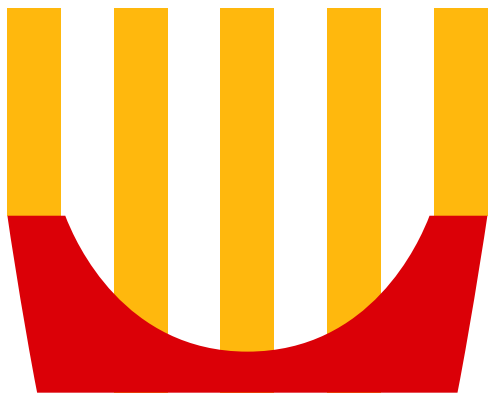
 Piri Piri Big Spicy
Paneer Wrap

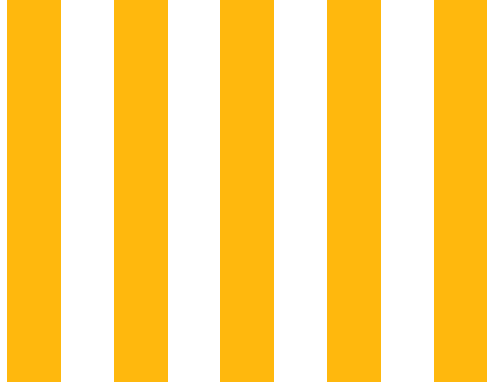




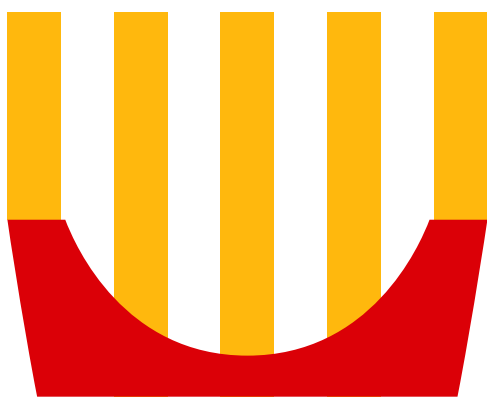
Chicken

Campaign with
Jr. NTR





Jain Friendly Menu





McCHEESE BURGER MEAL

NOW **JAIN**
FRIENDLY

■ Coke®

■ McFlurry™ Oreo®

■ Corn

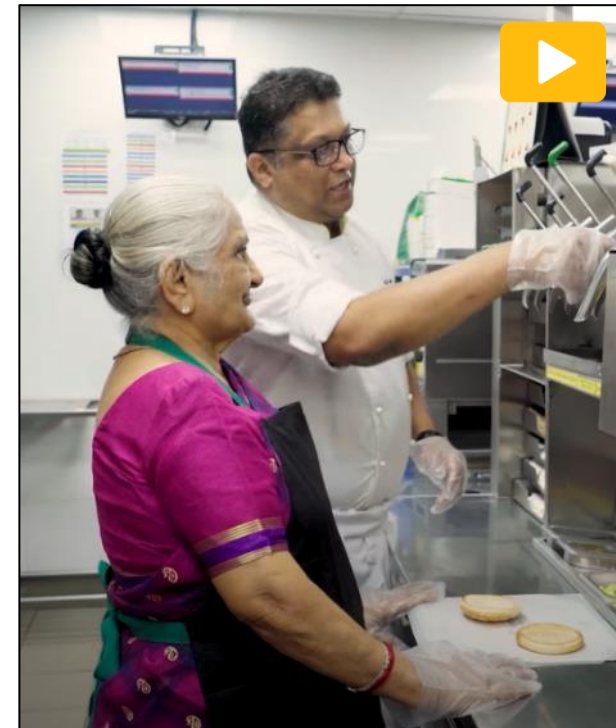
■ McCheese
Burger® Veg

■ Classic
Cheesy Dip

■ Ketchup

**No Onion
No Garlic
No Roots**

Note : "Patty is fried in the same oil/VAT as other Veg patties"



Financials

Particulars (INR Mn, Post INDAS 116)	Q1FY24	%	Q1FY23	%	Q4FY23	%
Sales	6,145.4	100.0%	5,379.3	100.0%	5,563.7	100.0%
YoY Sales Growth %	14.2%		107.6%		22.3%	
Food & paper	1,808.5	29.4%	1,709.5	31.8%	1,561.9	28.1%
Gross Profit	4,337.0	70.6%	3,669.8	68.2%	4,001.8	71.9%
Payroll & Benefits	551.3	9.0%	425.8	7.9%	554.0	10.0%
Royalty	317.5	5.2%	245.9	4.6%	250.3	4.5%
Other Operating Expenses	2,056.2	33.5%	1,834.1	34.1%	1,833.0	32.9%
Restaurant Operating Margin (ROM)	1,412.0	23.0%	1,164.0	21.6%	1,364.5	24.5%
General & Admin Expense	358.9	5.8%	243.3	4.5%	445.5	8.0%
Op. EBITDA	1,053.0	17.1%	920.7	17.1%	919.1	16.5%
YoY EBITDA Growth %	14.4%		1706%		26.2%	
Depreciation	428.5	7.0%	357.9	6.7%	411.2	7.4%
Other (Income) / Expense, net	(52.0)	-0.8%	(0.2)	0.0%	(49.2)	-0.9%
Financial Expense (Net)	260.2	4.2%	215.0	4.0%	253.3	4.6%
Extraordinary Expenses*	10.6	0.2%	30.3	0.6%	26.5	0.5%
PBT	405.8	6.6%	317.6	5.9%	277.3	5.0%
Tax	117.5	1.9%	81.8	1.5%	76.3	1.4%
PAT	288.3	4.7%	235.8	4.4%	201.0	3.6%
PAT (pre-IND AS 116)	368.3	6.0%	316.0	5.9%	250.9	4.5%
Cash Profit After Tax	669.6	10.9%	551.2	10.2%	567.4	10.2%
SSSG (%)	7%		97%		14%	
New stores opening	4		5		18	

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 in financial results for further details)

Reconciliation for Adjusted Profit – Q1 FY 2024

Particulars (INR mn)	(A) Q1 FY24 (Adjusted)	(B) Ind AS 116 Changes^	(C) Q1 FY24 (Reported)	(D) Q1 FY23 (Adjusted)	(E) Ind AS 116 Changes^	(F) Q1 FY23 (Reported)	(A over D) YoY Growth (Adjusted)
Revenue	6,145.4	-	6,145.4	5,379.3	-	5,379.3	14.2%
Occupancy and other operating expenses	2,315.8	-259.6	2,056.2	2,057.7	-223.6	1,834.1	12.5%
Restaurant Operating Margin	1,152.4	259.6	1,412.0	940.4	223.6	1,164.0	22.5%
General and Administration Expenses	358.9	-	358.9	243.3	-	243.3	47.6%
Operating EBITDA	793.5	259.6	1,053.0	697.1	223.6	920.8	13.8%
Operating EBITDA margin	12.9%		17.1%	13.0%		17.1%	
Other Income	-45.7	-6.3	-52.0	-0.2	-	-0.2	
Finance costs	44.1	216.0	260.2	28.9	186.1	215.0	52.7%
Depreciation and amortisation expense	269.6	158.9	428.5	218.6	139.4	357.9	23.3%
Profit/(Loss) before tax and exceptional items	525.4	-109.0	416.4	449.8	-101.8	348.0	16.8%
Extraordinary Items*	10.6	-	10.6	30.3	-	30.3	-65.1%
Profit/(Loss) before tax	514.8	-109.0	405.8	419.5	-101.8	317.6	22.7%
Tax	146.6	-29.0	117.5	103.5	-21.7	81.8	41.6%
Profit/(Loss) after tax	368.3	-80.0	288.3	316.0	-80.1	235.8	16.6%
Other Comprehensive (income)/Expense (net of tax)	-2.4	-	-2.4	4.3	-	4.3	
Total Comprehensive Income/(loss)	370.6	-80.0	290.7	311.7	-80.1	231.5	18.9%

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

02

Omnichannel Strategy

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

03

Faster than ever Network Expansion

Penetrate unserved geographies and fortify existing markets with renewed aggression

04

Lead with performance

Targeting superior business performance and operating efficiency through execution excellence

Building a

Bigger | Better | Bolder

McDonald's Together



Q1 FY24 Earnings Call Invite (Rescheduled)

Westlife Foodworld Limited (NSE: WESTLIFE, BSE: 505533) will announce its results for the first quarter that ended June 30, 2023, on July 27, 2023. Following the announcement, the management team will host a conference call for investors and analysts on **July 27, 2023, at 5:30 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	July 27, 2023
Time	India: 5:30 pm IST Hong Kong/ Singapore: 8:00 pm HKT/ SGT New York, USA: 8:00 am EDT UK: 1:00 pm 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 with in 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

A large, thick yellow smiley face graphic that frames the "Thank you" text.

Thank you

IR Contact

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