



Westlife Foodworld

Hardcastle Restaurants Pvt. Ltd.

Q4 FY23 Earnings Presentation

May 09, 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.

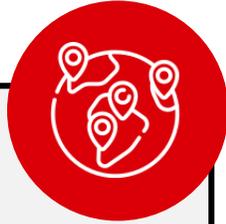
FY23: A record year | A new baseline to build upon

 Menu, Meals & Branding	 Omnichannel & Digital	 Right Network & Economics	 Cost mgmt. & Profitability	 Stakeholder management
<p>Sales ₹ 22.7 bn 44% YoY</p>	<p>Digital Sales 57%</p>	<p>New Stores added 35</p>	<p>Gross margin 69.9%</p>	<p>Top 100 Great Places to Work 10 years</p>
<p>Avg. Unit Volume ₹ 66+ mn</p>	<p>Off Premise Sales 41%</p>	<p>EOTF Format ¹ 72%</p>	<p>EBITDA margin 17.3%</p>	<p>Dividend ² Policy</p>
<p>SSSG 36.1%</p>	<p>App DLs +24 mn</p>	<p>ROCE 31%</p>	<p>Cash PAT margin 11.2%</p>	<p>Strategy Vision 2027</p>

Execution Excellence

Notes: 1) Experience of the Future Format as % of eligible stores; 2) Dividend Distribution policy updated and approved by the board.

FY23: A record year | Amidst challenging environment



Global

- Global economic activity is experiencing a broad-based and **sharper-than-expected slowdown**, with inflation higher than seen in several decades (*World economic outlook report, Oct'22*)
- Geopolitical instability** and inflation remain survey respondents' top-cited risks to economic growth globally (*McKinsey, Dec'22*)
- Global Layoffs** Extend Far Beyond Big Tech (*Bloomberg, Mar'23*)



Indian

- IMF cuts India's FY23 growth** forecast to 6.8% (*World economic outlook report, Oct'22*)
- Rural consumption stays sluggish**; weather poses risk to recovery (*Mint, Mar23*)
- Retail milk prices rose 15% in past year, **highest in a decade** (*Hindustan Times, Apr'23*)
- Rupee continues to slide** against US dollar; may touch 82-83 this year, say analysts (*The Week, Jul'22*)



Sectoral

- Discretionary spending** witnesses a sharp drop (*The Financial Express, Dec'22*)
- Retail sales slow down** in June as consumers tighten purse strings (*Economic Times, Jul'22*)
- How **shortage of gig workers** is affecting services of food-delivery, quick commerce startups (*Economic Times, May'22*)
- India Inc is on edge** as margin pressure, demand concerns weigh (*Mint, May'22*)

FY23: A record year | Going from strength to strength

5-year CAGR

15%

Sales

36%

EBITDA

54%

PAT

>

- 1

Realigned to **ever evolving consumer behaviors** by investing in store modernization, digital and brand building initiatives


- 2

Captured **varied consumer preferences** through menu innovation in Burger meals, Chicken and McCafe


- 3

Tackled **input cost headwinds** through strategic cost saving initiatives and systematic pricing actions


- 4

Strengthened value proposition metrics to navigate the **pressure on consumer disposable incomes**


- 5

Consistent strategy and focused execution helped tackle **various external headwinds** and achieve new milestones



Key highlights: FY23



- **Highest ever sales** at Rs. 22.7 bn grew by 44% YoY achieving a 5-year CAGR of 15%
- **Industry leading Same Store Sales growth (SSSG)** at 36% YoY
- **Highest in the sector Average Sales Per Store (TTM)** at Rs. 66.2 mn (vs Rs 49.8 mn LY)

- **On Premise** business grew by **85% YoY** (25% vs FY20) led by strong recovery in Dine in
- **Off Premise** business grew by **11 % YoY** (98% vs FY20) led by Delivery and Drive thrus



- **ROM²** at Rs. 5.2 bn **grew 75% YoY**; **ROM (%)** was **23.2%** (vs 19.1% in FY22)
- **Op. EBITDA** at Rs. 3.9 bn **grew 90% YoY**; **Op. EBITDA margin** was **17.3%** (vs 13.1% in FY22)
- **Cash PAT** at Rs. 2.5 bn **grew 97% YoY**; **Cash PAT margin** was **11.2%** (vs 8.2% in FY22)

- **Added 35 new restaurants in FY23** taking the total to 357 restaurants in 56 cities as of Mar'23
- **Targeting 40-45 new restaurants in FY24** to reach **580 – 630 restaurants by 2027**



- **Digital sales** improved to **~57%** with **+24 mn cumulative Apps downloads**
- **Enhancing consumer experience and convenience** through Omnichannel strategy

Key highlights: Q4 FY23



- **Highest ever Q4 sales** at Rs. 5.56 bn grew by 22% YoY; **Strong double digit SSSG** at 14% YoY
- **Average Sales Per Store** (TTM) stood at **Rs. 66.2 mn** (vs Rs 49.8 mn LY)
- **On Premise** business **grew 38% YoY**, **Off Premise** business **grew 5% YoY**

- **ROM²** at Rs. 1,364 mn **grew 34% YoY**; **ROM (%)** was **24.5%** (vs 22.3% in Q4 FY22)
- **Op. EBITDA** at Rs. 919 mn **grew 26% YoY**; **Op. EBITDA margin** was **16.5%** (vs 16.0% in Q4 FY22)
- **Cash PAT** at Rs. 567 mn **grew 7% YoY**; **Cash PAT margin** was **10.2%** (vs 11.6% in Q4 FY22)



- **357 restaurants in 56 cities** as of Mar'23; Added **18 new restaurants in Q4** and closed 2
- **Targeting 40-45 new restaurants in FY24** to reach 580 – 630 restaurants by 2027

- **Digital sales** improved to ~**62%** led by SOKs; Launched the **new McDelivery App**
- **+24 mn cumulative Apps downloads**; **66% YoY rise in Monthly Active Users**



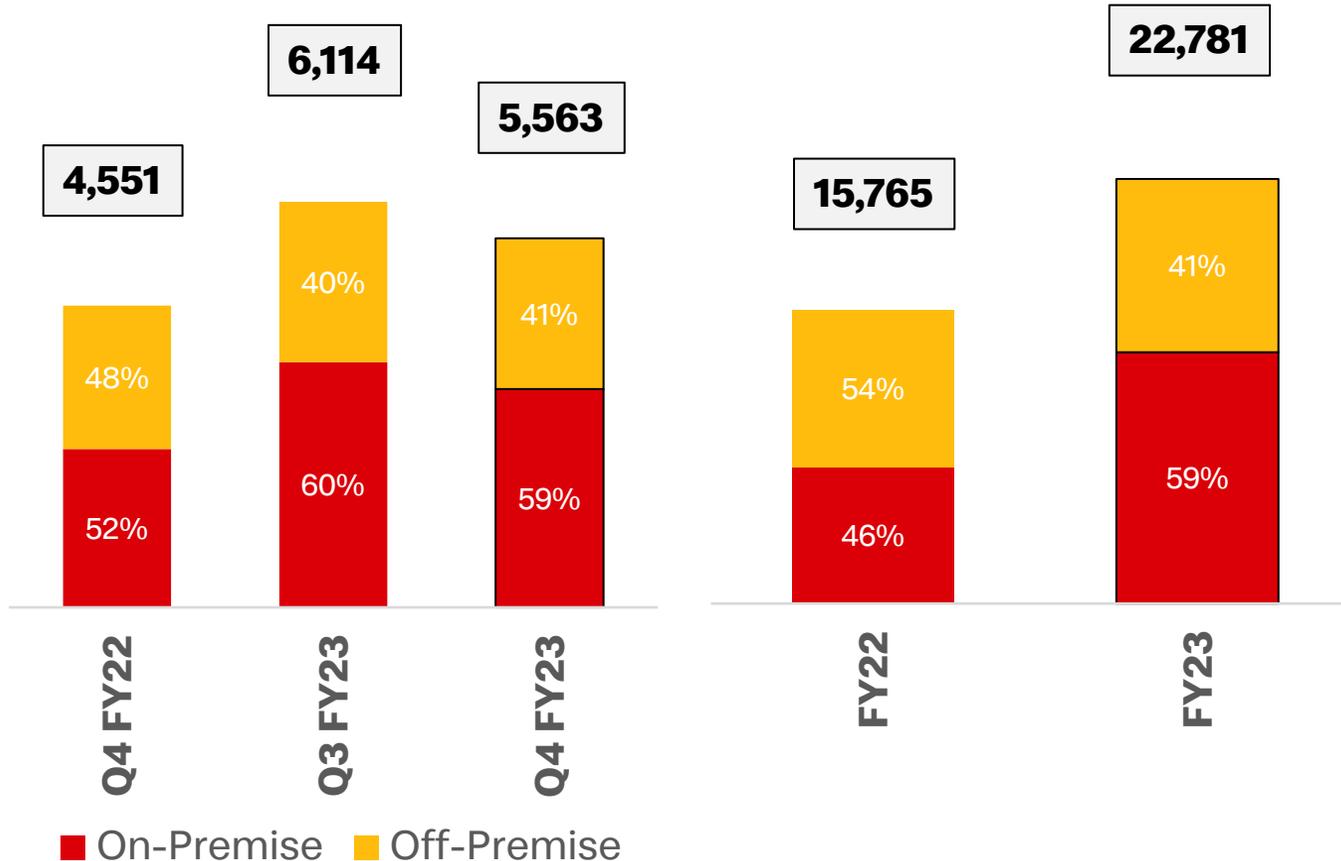
- The Board approved the updated dividend distribution policy which guides for maintaining around **25% Dividend Payout Ratio** subject to conditions mentioned in the policy³

Highest ever Q4 revenue backed by strong SSSG

Revenue, INR mn

↑ 22.3% YoY Growth

↑ 44.5% YoY Growth

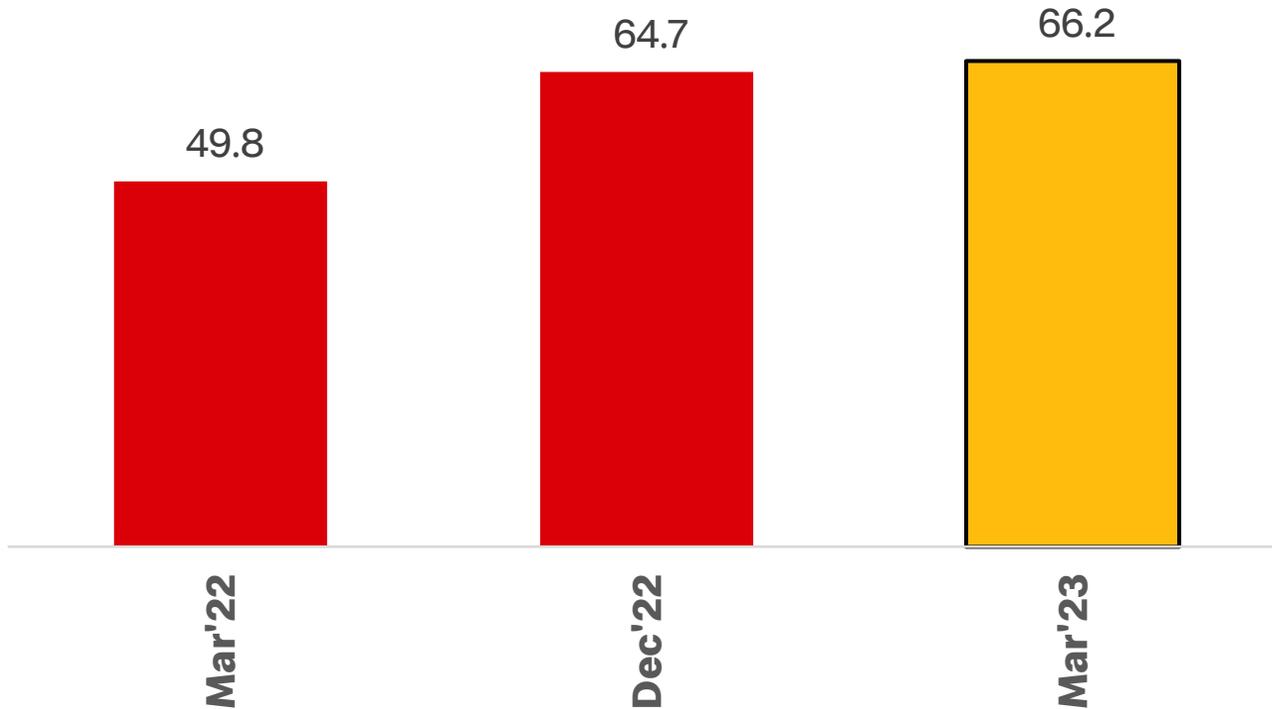


Dine in growth with elevated consumer experience continues to drive business momentum

- 14% YoY Same Store Sales Growth (SSSG) led by healthy double digit increase in Dine in guest count.
- On-Premise business clocks 38% YoY growth while delivery continued to grow on a high base.
- McDelivery platform continues to grow much faster than 3POs. Launched the new McDelivery App in March

Average Sales Per Store continues to improve

TTM Average Sales Per Store, INR mn



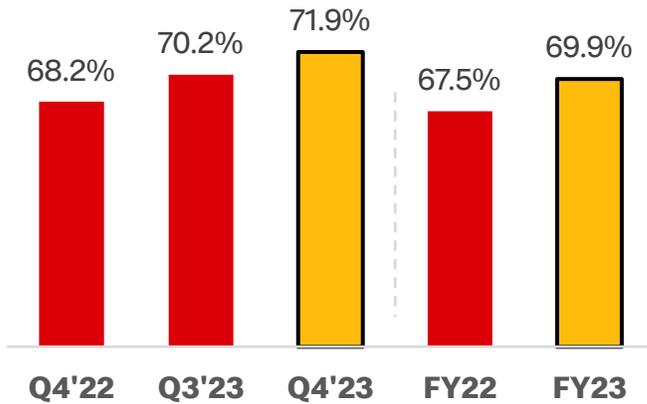
Avg. Sales Per Store in Trailing Twelve Months (TTM) improved to Rs 66.2 mn

- Broad based growth across West and South. Non-Metro towns continue to grow at over 1.3x on the pre-covid base.
- Chicken Big Mac, launched as a limited time offer in Jan'23, saw good consumer response and helped elevate Mac Platform and burger meals while strengthening market positioning in Chicken.
- McCafe beverage portfolio grew strongly led by various events and activations
- Digital sales saw sharp improvement led by improvements in Self Ordering Kiosks (SOK's).

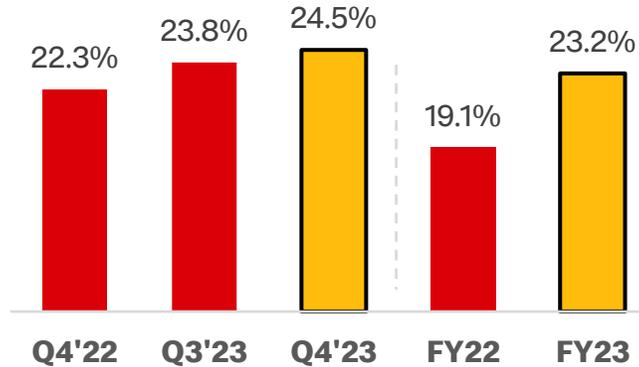
Note: Numbers on trailing twelve months basis to account for business seasonality

Profitability: Steady improvement

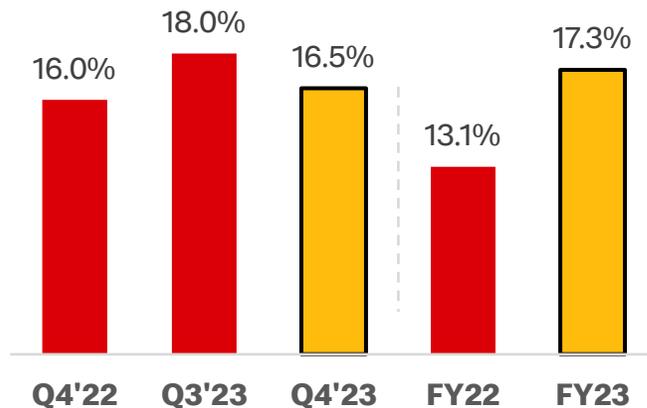
Gross Margin, Percent



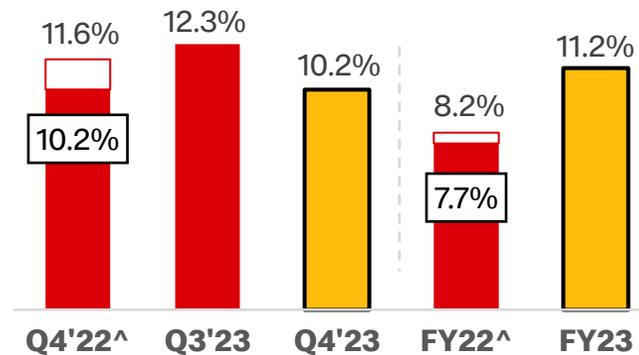
ROM*, Percent



Op. EBITDA Margin, Percent



Cash PAT Margin, Percent



Gross & Operating margins continue to improve over last year

- Gross margins improved by ~371bps YoY and 176bps QoQ led by one time volume delivery incentive, cost savings and earlier pricing actions. (Refer to Gross Margin Note on slide 23)
- No price actions taken in Q4 as input cost basket remained broadly stable.
- Restaurant operating margins improved by 220bps YoY while Operating margins grew by 51 bps YoY, partly offset by higher G&A costs.
- 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

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

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

Graphs for representation purpose only, not to scale

Robust **Omni Channel** model with unified experience



~62%

Digital-led Sales

+24 mn

Cumulative Apps Downloads

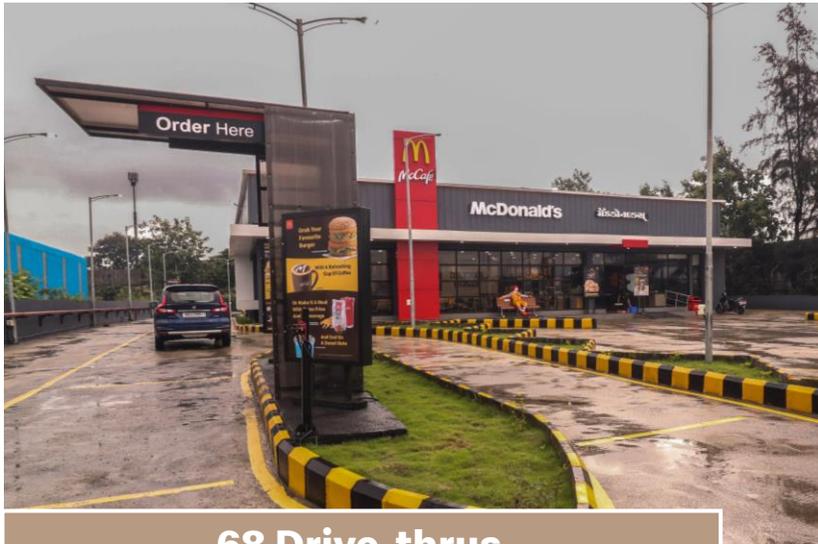
~66%

YoY growth in Monthly Active Users (MAU)

Aggressive and prudent Network Expansion

Presence in **357 restaurants** across **56 cities** (as of March 2023)

Drive-thrus



68 Drive-thrus

(+1 in Q4 FY23; ~19% of restaurants)

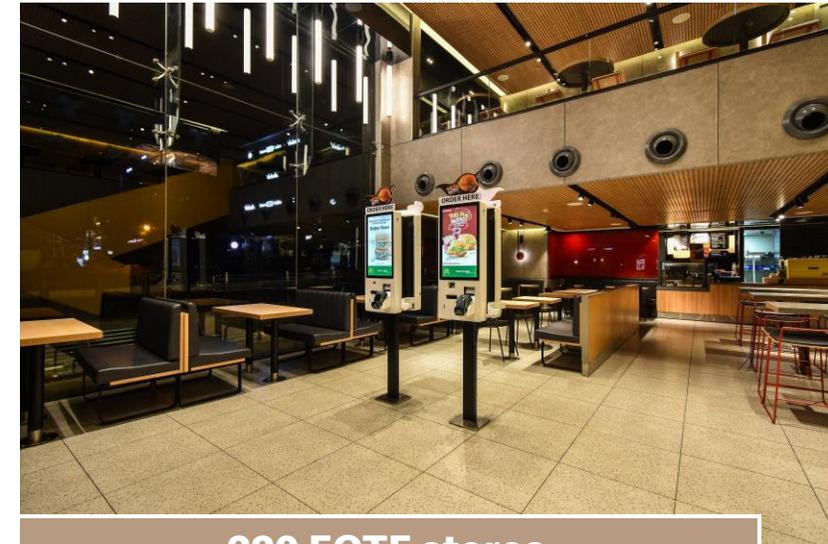
McCafés



311 McCafés

(+23 in Q4 FY23; ~87% of restaurants)

EOTF*

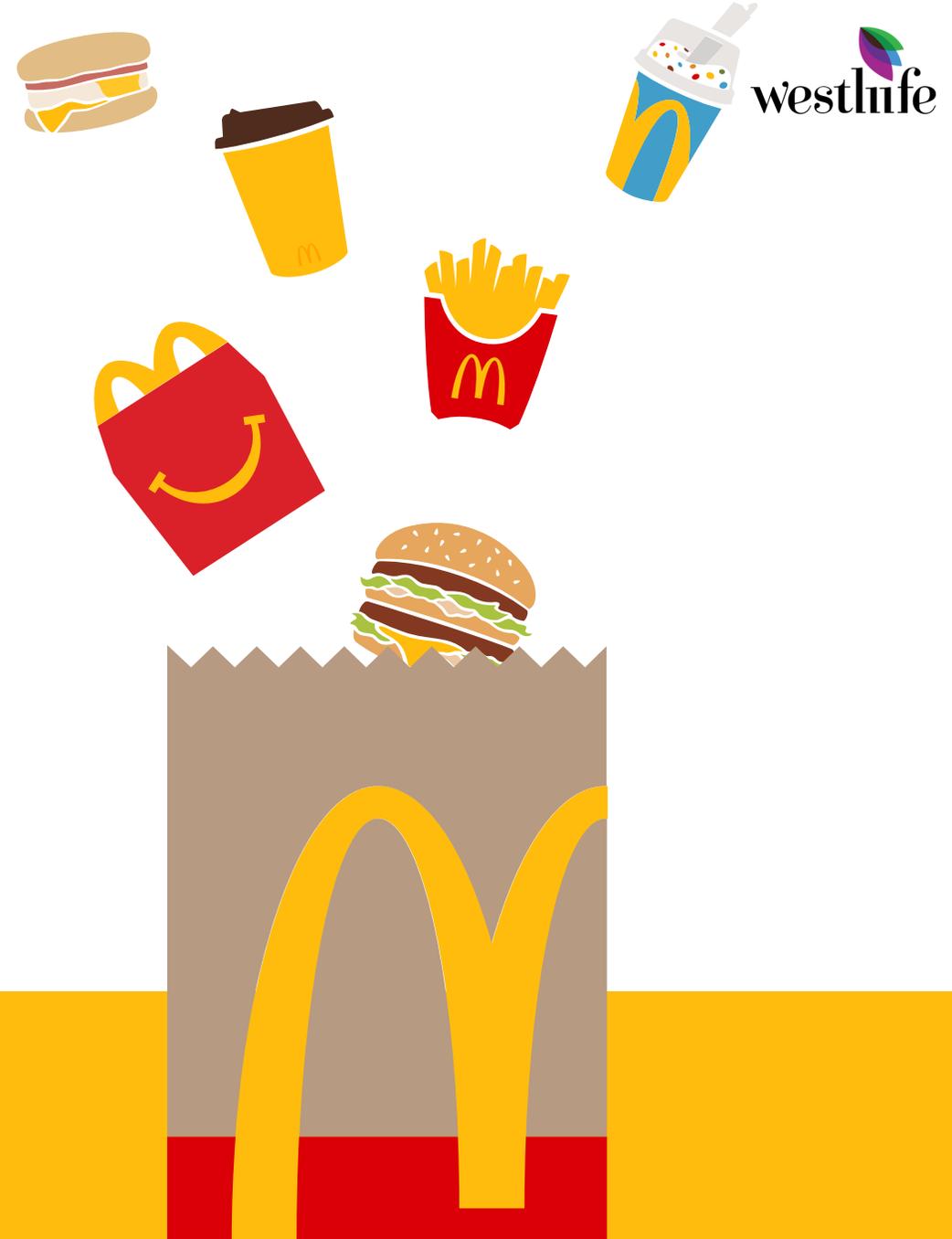


220 EOTF stores

(+17 in Q4 FY23; ~72% of restaurants ^)

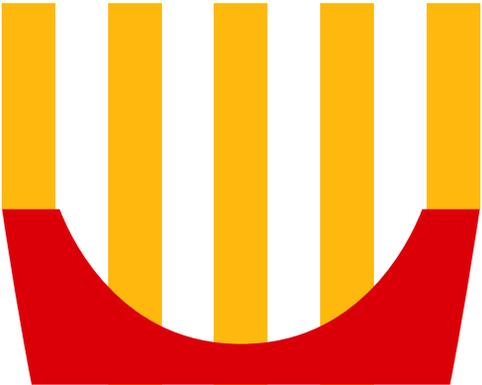
- **Added 18 restaurants during Q4 FY23;** Closed 2 restaurants.
- Broad basing the store growth across Metros, Tier 1 and Smaller towns
- Aiming to add 40-45 new restaurants in FY24 to reach 580-630 restaurants by 2027.

Business Initiatives





**Chicken
Big Mac**



**Cheesy
Nuggets**



Menu Initiatives

Chicken Big Mac

Burger Campaign



McDonald's India takes Virender Sehwag through a range of emotions in new ad

The brand has launched its Chicken Big Mac burger and a new campaign that brings to life the thought – "Chicken Big Mac ke saamne har Big Name bhool jaaoge!"

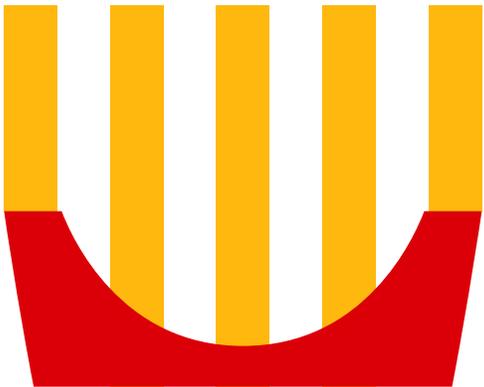


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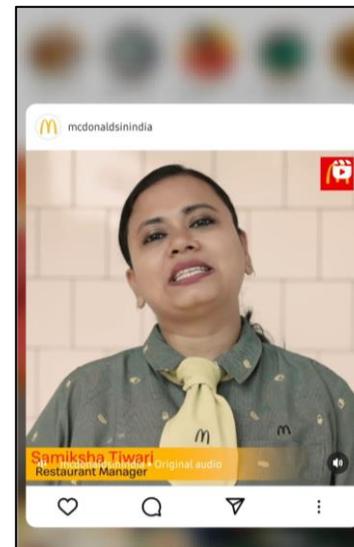
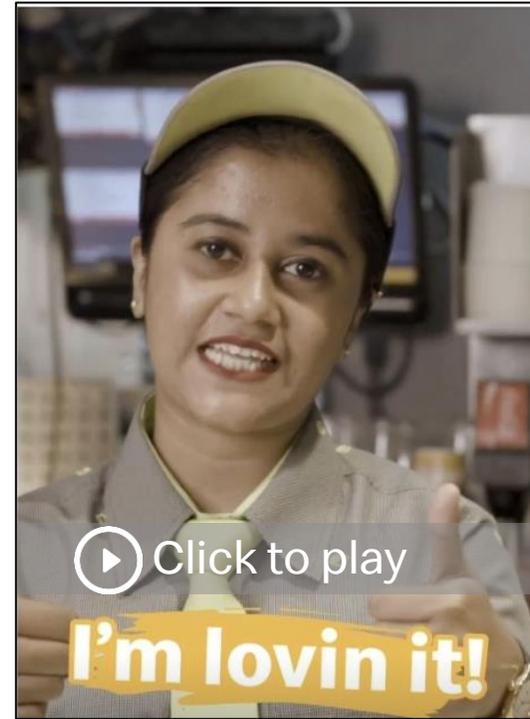
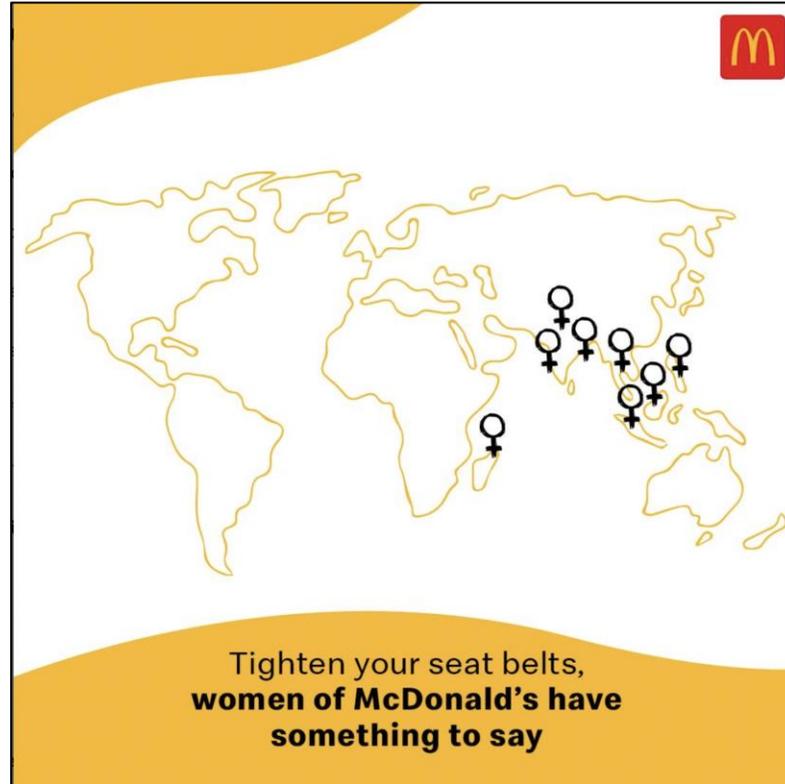
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#realme10
14.9K Tweets
- 6 · Politics · Trending
Kolar
1,234 Tweets



#Stories That Take You Forward Initiative



- Narrates powerful stories of the **Women of McDonald's** on International Womens Day.
- Collaborated with eight regions to tell Real Stories of Real Women that drive Real Impact

Financials

Particulars (INR Mn, Post INDAS 116)	Q4FY23	%	Q4FY22	%	Q3FY23	%	FY23	%	FY22	%
Sales	5,563.7	100.0%	4,550.8	100.0%	6,114.6	100.0%	22,781.8	100.0%	15,764.9	100.0%
<i>YoY Sales Growth %</i>	22.3%		27.3%		28.2%		44.5%		59.9%	
Food & paper	1,561.9	28.1%	1,446.6	31.8%	1,824.2	29.8%	6,860.0	30.1%	5,129.4	32.5%
Gross Profit	4,001.8	71.9%	3,104.2	68.2%	4,290.3	70.2%	15,921.8	69.9%	10,635.5	67.5%
Payroll & Benefits	554.0	10.0%	413.9	9.1%	546.7	8.9%	2,033.9	8.9%	1,438.6	9.1%
Royalty	250.3	4.5%	202.6	4.5%	280.4	4.6%	1,038.4	4.6%	707.7	4.5%
Other Operating Expenses	1,833.0	32.9%	1,471.7	32.3%	2,006.2	32.8%	7,564.7	33.2%	5,471.4	34.7%
Restaurant Operating Margin (ROM)	1,364.5	24.5%	1,016.0	22.3%	1,457.0	23.8%	5,284.8	23.2%	3,017.7	19.1%
General & Admin Expense	445.5	8.0%	287.5	6.3%	354.1	5.8%	1,354.0	5.9%	946.3	6.0%
Op. EBITDA	919.1	16.5%	728.5	16.0%	1,102.9	18.0%	3,930.8	17.3%	2,071.5	13.1%
<i>YoY EBITDA Growth %</i>	26.2%		46.0%		32.2%		89.8%		234.0%	
Depreciation	411.2	7.4%	346.3	7.6%	385.6	6.3%	1,522.0	6.7%	1,364.8	8.7%
Other (Income) / Expense, net	(49.2)	-0.9%	(39.8)	-0.9%	(36.4)	-0.6%	(141.1)	-0.6%	(186.0)	-1.2%
Financial Expense (Net)	253.3	4.6%	208.6	4.6%	233.7	3.8%	927.5	4.1%	826.2	5.2%
Extraordinary Expenses*	26.5	0.5%	8.0	0.2%	40.0	0.7%	127.9	0.6%	87.2	0.6%
PBT	277.3	5.0%	205.4	4.5%	480.0	7.8%	1,494.5	6.6%	(20.7)	-0.1%
Tax	76.3	1.4%	52.2	1.1%	116.4	1.9%	378.7	1.7%	(4.0)	0.0%
PAT	201.0	3.6%	153.2	3.4%	363.5	5.9%	1,115.8	4.9%	(16.6)	-0.1%
PAT (pre-IND AS 116)	250.9	4.5%	250.5	5.5%	423.4	6.9%	1,379.5	6.1%	299.0	1.9%
Cash Profit After Tax	567.4	10.2%	528.8	11.6%	753.1	12.3%	2,543.2	11.2%	1,291.1	8.2%
SSSG (%)	14%		23%		20%		36%		57%	
New stores opening	18		12		6		35		25	

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 – Q4 FY 2023

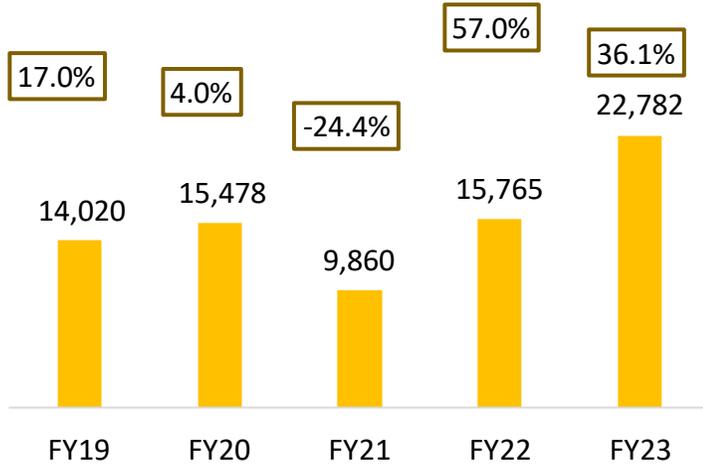
Particulars (INR mn)	(A) Q4 FY23 (Adjusted)	(B) Ind AS 116 Changes^	(C) Q4 FY23 (Reported)	(D) Q4 FY22 (Adjusted)	(E) Ind AS 116 Changes^	(F) Q4 FY22 (Reported)	(A over D) YoY Growth (Adjusted)
Revenue	5,563.7	-	5,563.7	4,550.8	-	4,550.8	22.3%
Occupancy and other operating expenses	2,083.1	-250.1	1,833.0	1,674.2	-202.5	1,471.7	24.4%
Restaurant Operating Margin	1,114.5	250.1	1,364.5	813.5	202.5	1,016.0	37.0%
General and Administration Expenses	445.5	-	445.5	287.5	-	287.5	55.0%
Operating EBITDA	669.0	250.1	919.1	526.1	202.5	728.5	27.2%
Operating EBITDA margin	12.0%		16.5%	11.6%		16.0%	
Other Income	-15.2	-33.9	-49.2	-37.8	-2.6	-40.4	-59.7%
Finance costs	46.5	206.8	253.3	32.1	176.5	208.5	45.0%
Depreciation and amortisation expense	258.3	152.9	411.2	214.9	132.2	347.1	20.2%
Profit/(Loss) before tax and exceptional items	379.4	-75.7	303.8	316.9	-103.6	213.3	19.7%
Extraordinary Items*	26.5	-	26.5	8.0	-	8.0	231.6%
Profit/(Loss) before tax	353.0	-75.7	277.3	308.9	-103.6	205.3	14.3%
Tax	102.1	-25.8	76.3	58.4	-6.2	52.2	74.7%
Profit/(Loss) after tax	250.9	-49.9	201.0	250.5	-97.4	153.1	0.1%
Other Comprehensive (income)/Expense (net of tax)	-2.1	-	-2.1	-2.7	-	-2.7	22.1%
Total Comprehensive Income/(loss)	252.9	-49.9	203.1	253.2	-97.4	155.8	-0.1%

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

Annual Financial Metrics

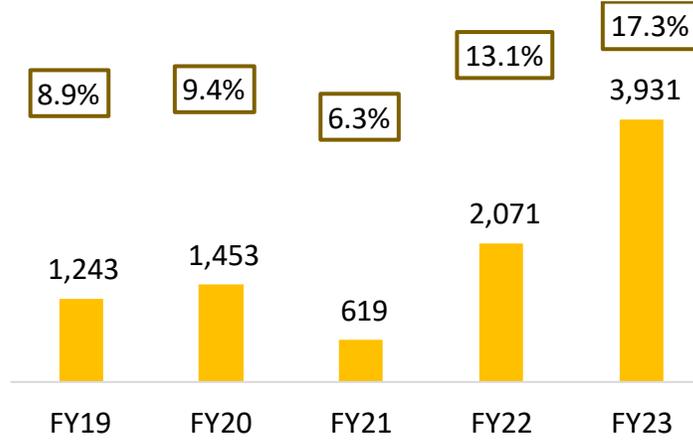
Revenue (INR mn)

SSSG %



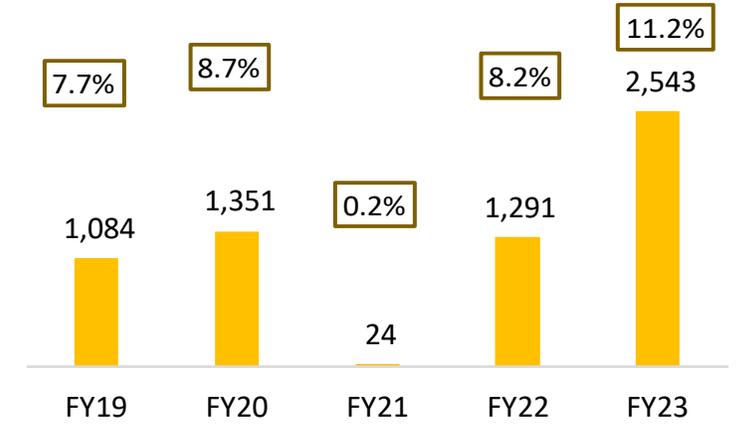
EBITDA (INR mn)

EBITDA margin

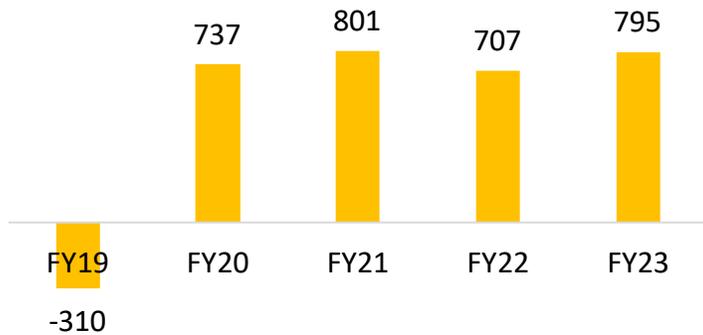


Cash PAT (INR mn)

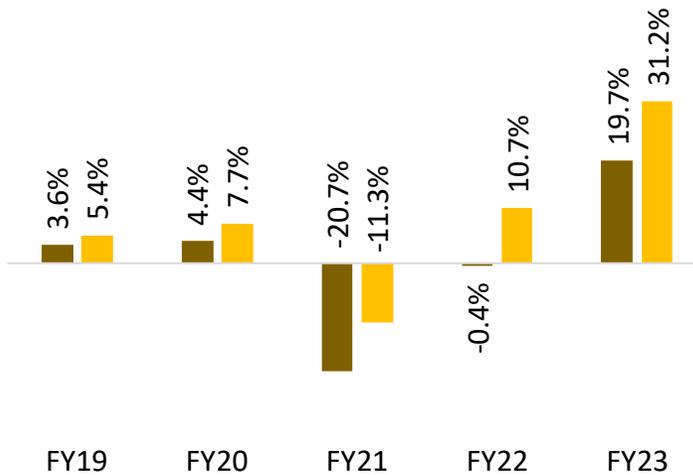
Cash PAT margin



Free Cash Flow (INR mn)



ROE ROCE



Net Debt to Equity



Gross Margin Note

Change

Regrouping of Processing Charges from cost of goods sold (COGS) to other expenses.

Particulars (INR Mn, Post INDAS 116)	Q4FY23	%	Q4FY22	%	Q3FY23	%	FY23	%	FY22	%
Sales	5,563.7	100.0%	4,550.8	100.0%	6,114.6	100.0%	22,781.8	100.0%	15,764.9	100.0%
COGS (Reported)	1,561.9	28.1%	1,446.6	31.8%	1,824.2	29.8%	6,860.0	30.1%	5,129.4	32.5%
(+) Processing Charges	205.9	3.7%	145.2	3.2%	200.4	3.3%	829.4	3.6%	321.6	2.0%
COGS (Adjusted)	1,767.9	31.8%	1,591.7	35.0%	2,024.6	33.1%	7,689.4	33.8%	5,451.0	34.6%
Gross Profit (Adjusted)	3,795.8	68.2%	2,959.0	65.0%	4,090.0	66.9%	15,092.4	66.2%	10,313.9	65.4%
Gross Profit (Reported)	4,001.8	71.9%	3,104.2	68.2%	4,290.3	70.2%	15,921.8	69.9%	10,635.5	67.5%
Op. EBITDA (No Change)	919.1	16.5%	728.5	16.0%	1,102.9	18.0%	3,930.8	17.3%	2,071.5	13.1%

Implication

- Cost of Goods Sold: Decrease
- Other Operating Expenses: Increase
- Gross Profit and Margin: Increase
- **Sales, Restaurant Operating Margin, EBITDA, PAT: No Change**

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





Westlife Foodworld Limited



Q4 FY23 Earnings Call Invite

Westlife Foodworld Limited (BSE: 505533) will announce its results for the fourth quarter that ended March 31, 2023, on May 09, 2023. Following the announcement, the management team will host a conference call for investors and analysts on **May 09, 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:

Date	May 09, 2023
Time	India: 4:30 pm IST Hong Kong/ Singapore: 7:00 pm HKT/ SGT New York, USA: 7:00 am EDT UK: 12:00 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 within five working days after the call on Investors page of company website (www.westlife.co.in)

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Formerly Westlife Development Limited



Thank you

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