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Westlife Foodworld

Hardcastle Restaurants Pvt. Ltd.

Q3 FY24 Earnings Presentation

January 31, 2024

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.

Q3 FY24 Highlights

₹ 6.00 bn

-2% YoY | -9% SSSG
Sales

₹ 960 mn

-13% YoY | 16.0% margin
Op. EBITDA

₹ 601 mn

-20% YoY | 10.0% margin
Cash PAT

₹ 64.4 mn

-1% YoY
AUV (TTM)

67%

Apps + SOKs
Digital Sales

+30 mn

LTD | MAU 12% YoY
App Downloads

380

+11 in Q3FY24 | 62 cities
Store Network

3% YoY

42% contribution
Off-premise Sales

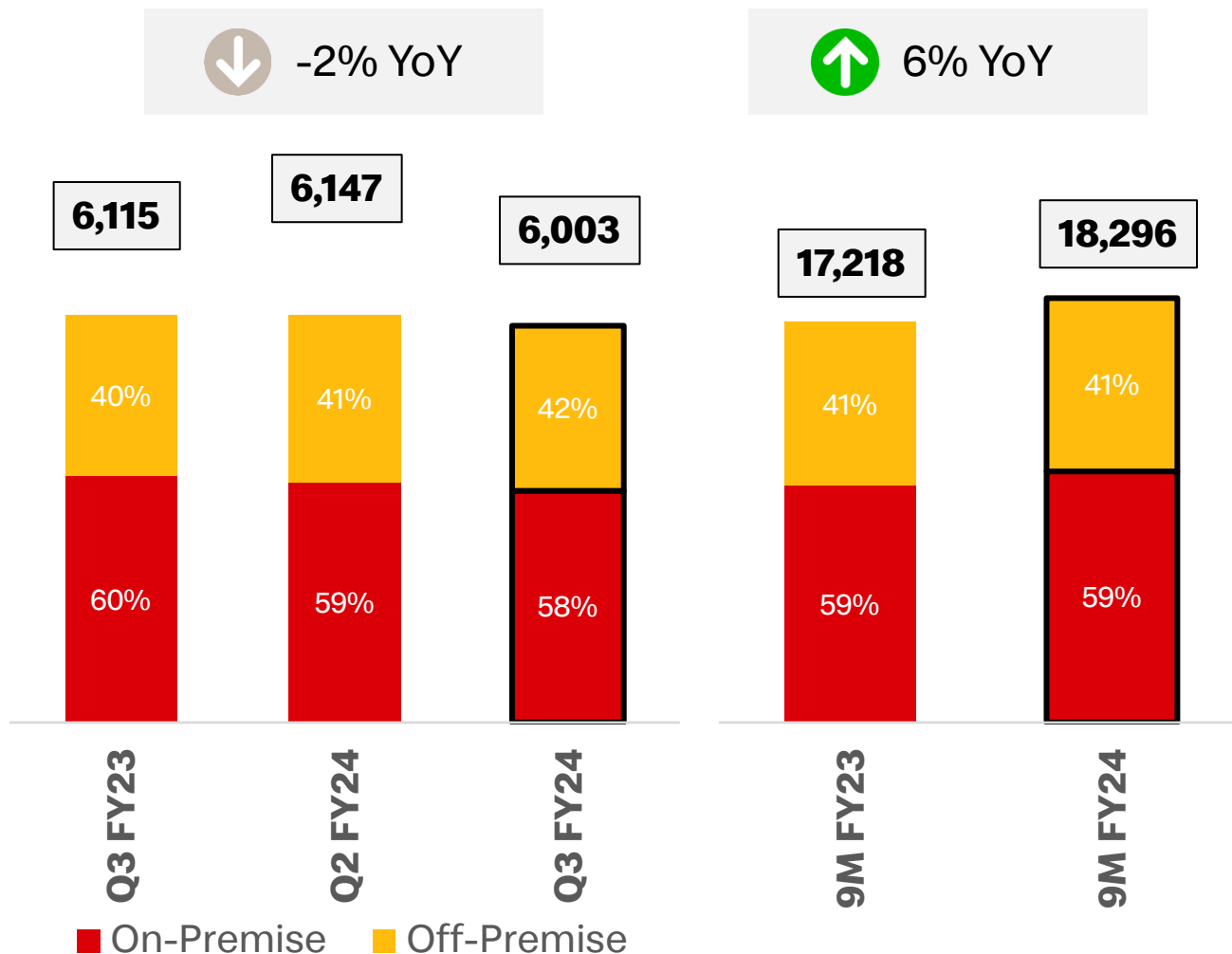
40-45

FY24 | 45-50 in FY25
New Stores target



Q3 affected by subdued business environment

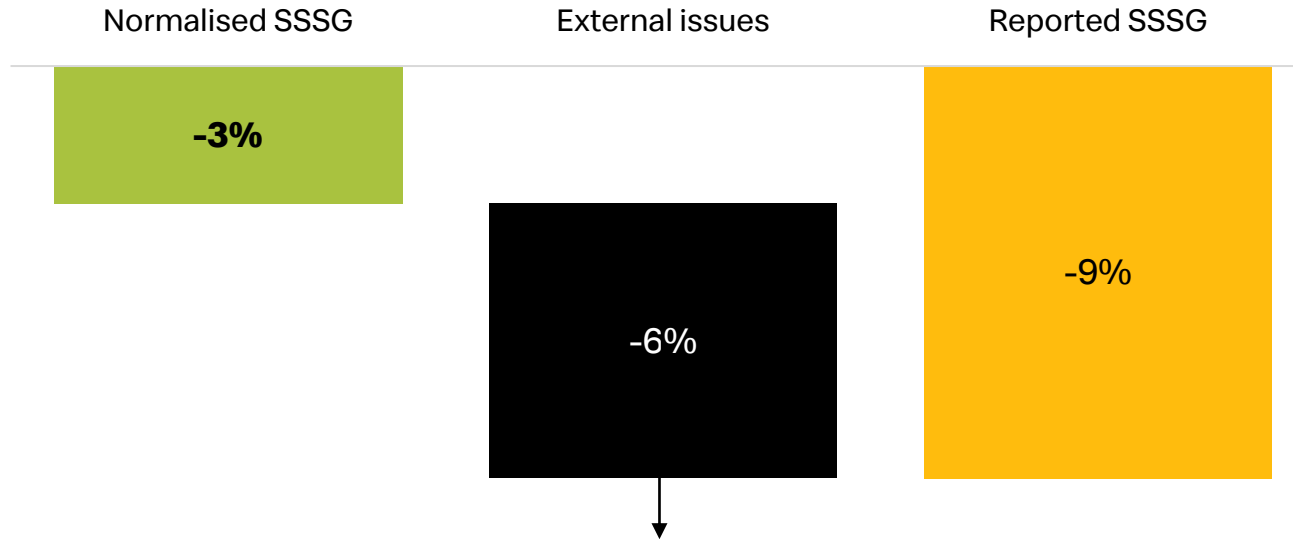
Revenue, INR mn



Same Store Sales in 9M FY24 remained broadly stable

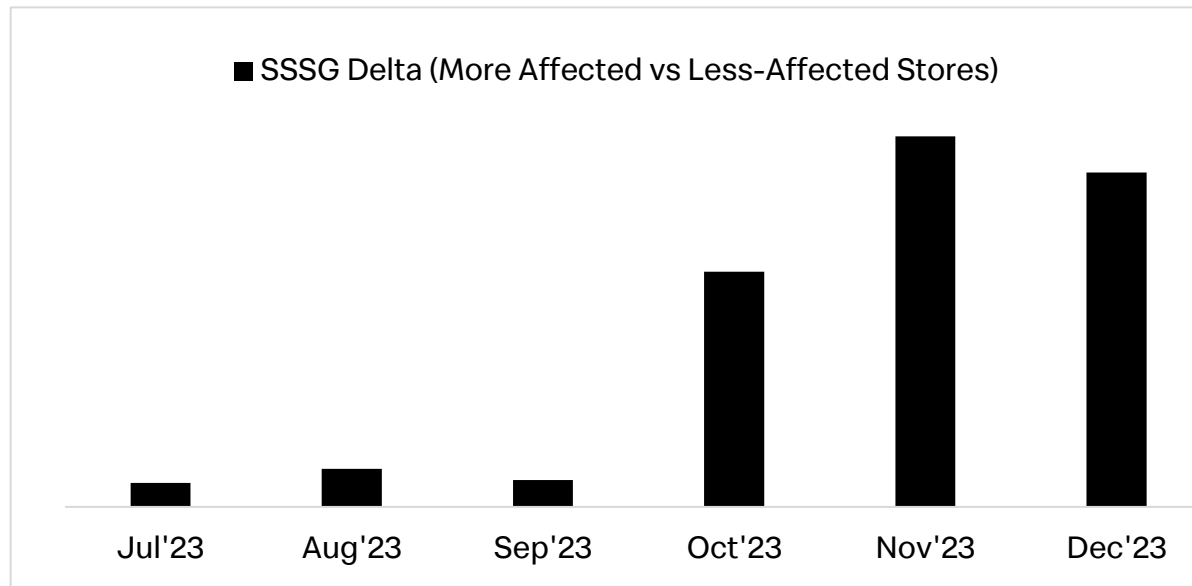
- Same Store Sales (SSSG) in Q3 stood at -9% YoY led by continuing weakness in eating out trends, external challenges and a high base
- Off-Premise business grew by 3% YoY led by Delivery & Drive thrus. Off-Premise contribution was 42% to total sales.
- On Premise business declined 5% YoY, largely led by lower footfalls in affected stores. Less affected stores saw growth in footfalls.
- Digital Sales grew 15% YoY, contributing 67% to the business.

Estimated normalized SSSG is -3%



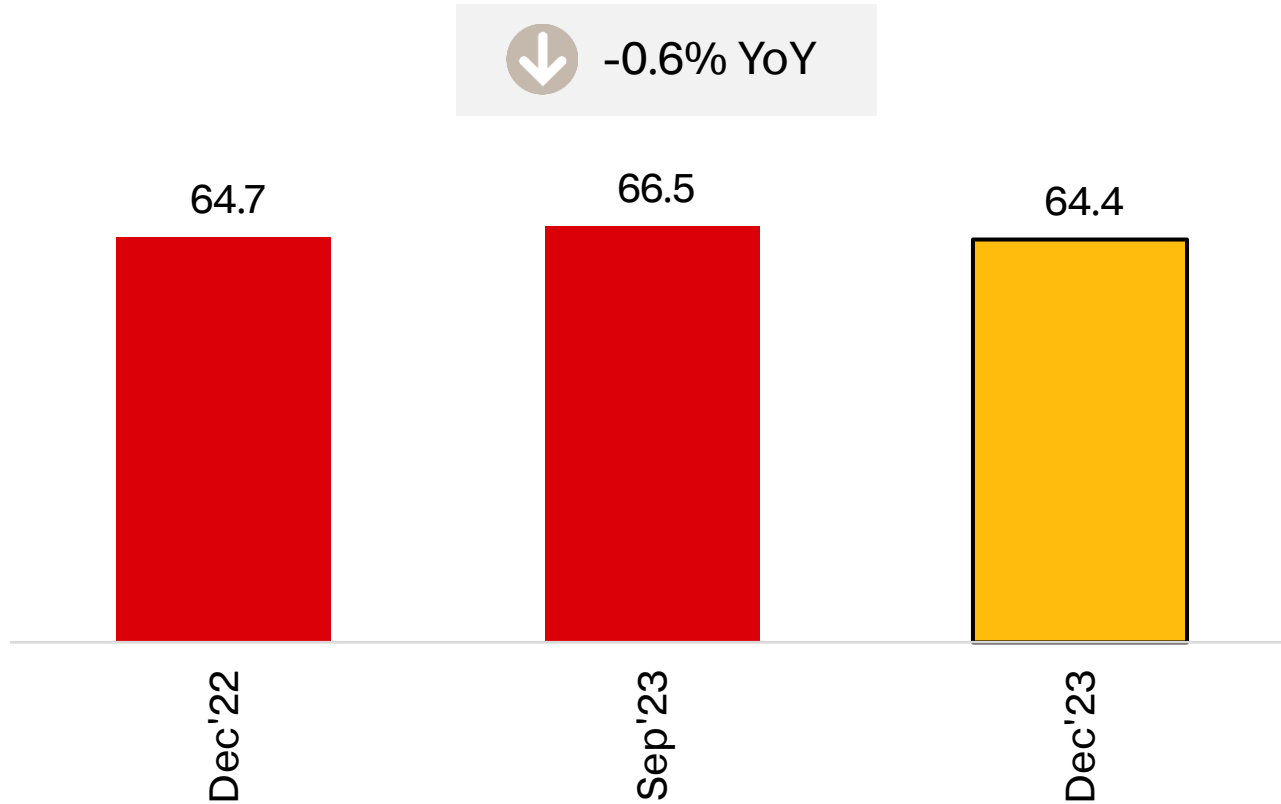
Reported SSSG was partly impacted by floods in south India and reasons beyond our control

- About 30% of our stores across west and south are impacted by external issues. These stores have witnessed 10-50% decline in daily sales from mid October onwards leading to contrasting SSSG trends.
- Dine in as well as Delivery saw reduction in orders sequentially.
- Initiated various measures to highlight that McDonald's India is a truly Indian Company.
- Stores in Chennai were disrupted by floods during the quarter.



Average Sales Per Store remains stable

TTM Average Sales Per Store, INR mn



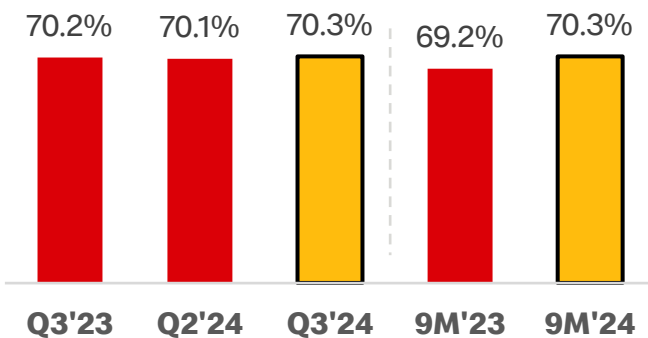
Avg. Sales Per Store in Trailing Twelve Months (TTM) was broadly stable on YoY basis

- Augmenting portfolio across value as well as premium end
- Reinforced Everyday McSaver Meals platform with new meal offerings at better price points
- Introduced the premium Cheesy Italian Burger as a limited time offer
- McSpicy Fried Chicken sustained strong performance in South
- Collaborated with Mondelez to launch Cadbury Gems desserts
- MyMcDonald's Loyalty program was launched during the quarter

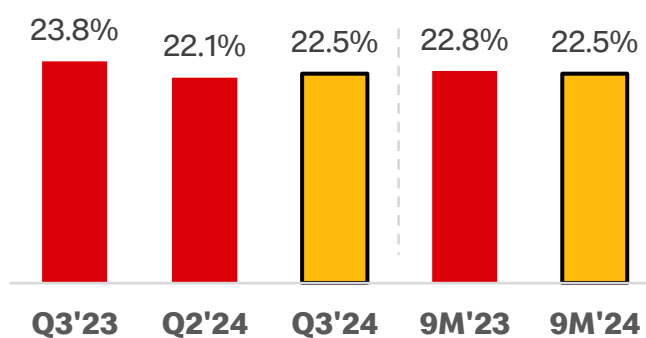
Note: Numbers on trailing twelve months basis to account for business seasonality

Profitability dragged by operating leverage

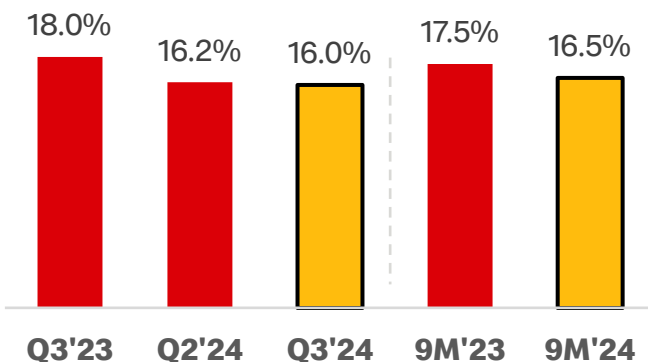
Gross Margin, Percent



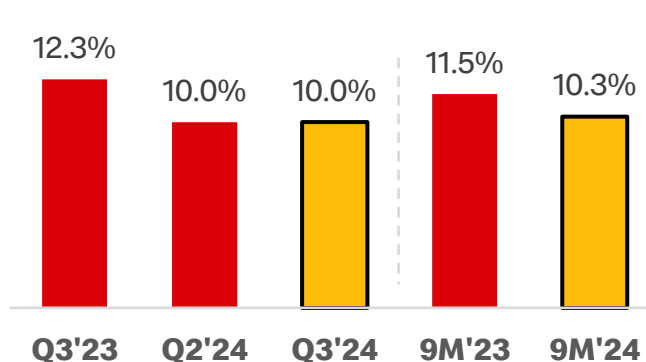
ROM*, Percent



Op. EBITDA Margin, Percent



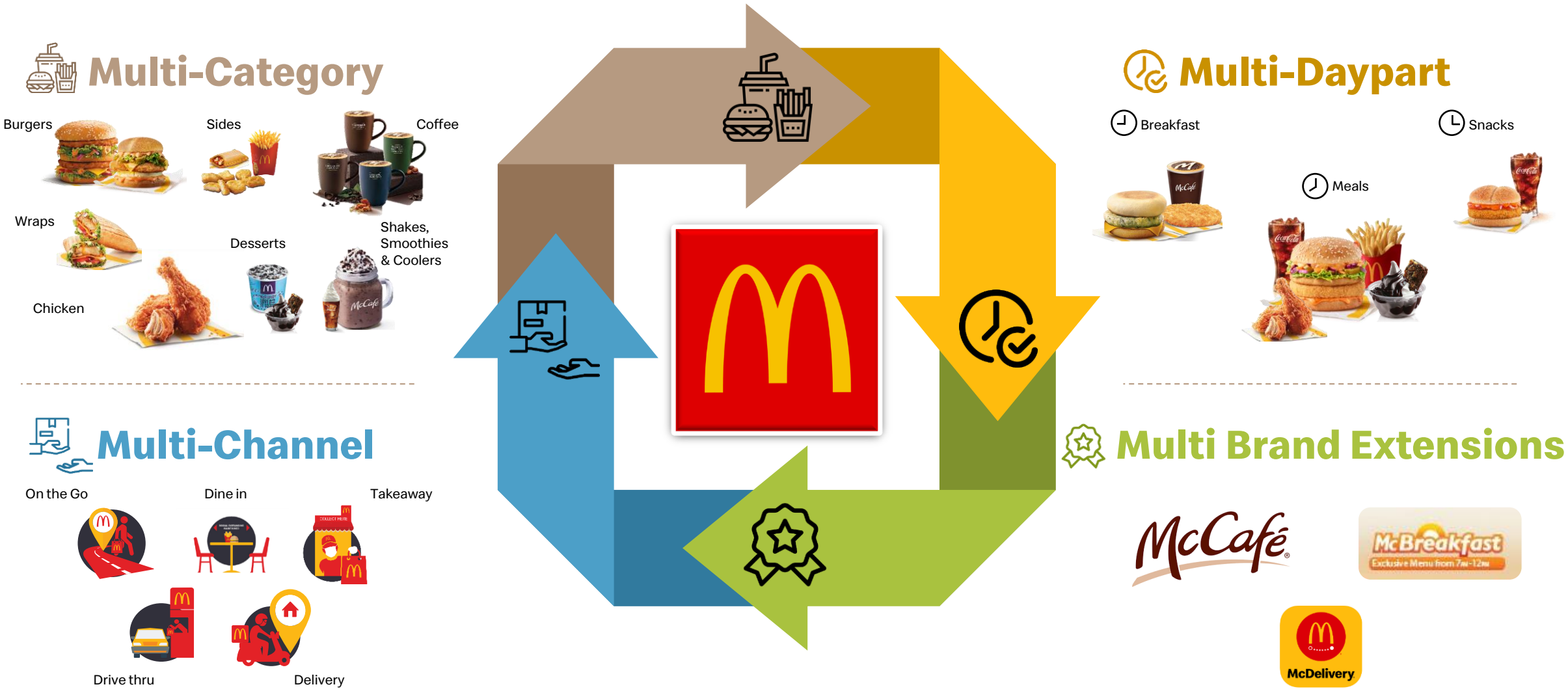
Cash PAT Margin, Percent



Gross margins improved by over 100bps in 9MFY24. EBITDA Margin was weighed by operating leverage

- Gross margins in Q3 improved 12 bps YoY and 17 bps QoQ led by robust cost saving program. Input costs remained broadly stable.
- Restaurant operating margins and Operating EBITDA margin were lower by 130bps YoY and 204 bps YoY respectively on account of deleverage.
- Cash profit after tax stood at Rs 601 million or 10% of sales
- 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



Snacking

EXCLUSIVE

Only WFF player in the segment



Morning




Late night

Market leaders in West

Targeting leadership in South






Meals (Lunch+Dinner)




Commit to the Core


Burgers



Chicken




Coffee




Maximize our Marketing

Family Marketing



Brand Trust



Robust **Omni Channel** model with unified experience



~67%

Digital-led Sales

+30 mn

Cumulative Apps Downloads

~12%

YoY growth in Monthly Active Users (MAU)

Aggressive and prudent **Network Expansion**

Presence in **380 restaurants** across **62 cities** (as of December 2023)

Drive-thrus



73 Drive-thrus

(+2 in Q3 FY24; ~19% of restaurants)

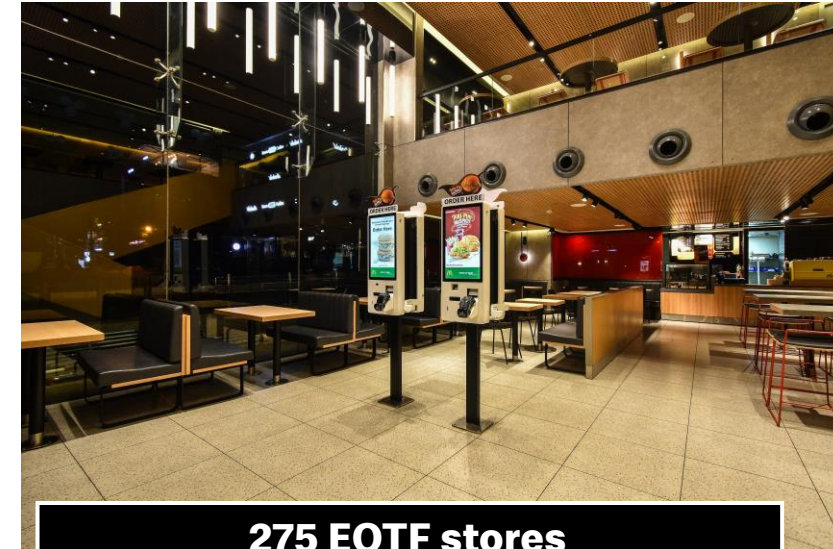
McCafés



343 McCafés

(+16 in Q3 FY24; ~90% of restaurants)

EOTF*



275 EOTF stores

(+38 in Q3 FY24; 83% of restaurants^)

- Added 11 restaurants & closed 1 during Q3 FY24. On track to add 40 – 45 stores in FY24
- **Targeting 45-50 stores in FY25 with a focus on South India, Smaller towns and Drive Thrus**
- Aiming to reach 580-630 restaurants by 2027.

Cadbury
GEMS

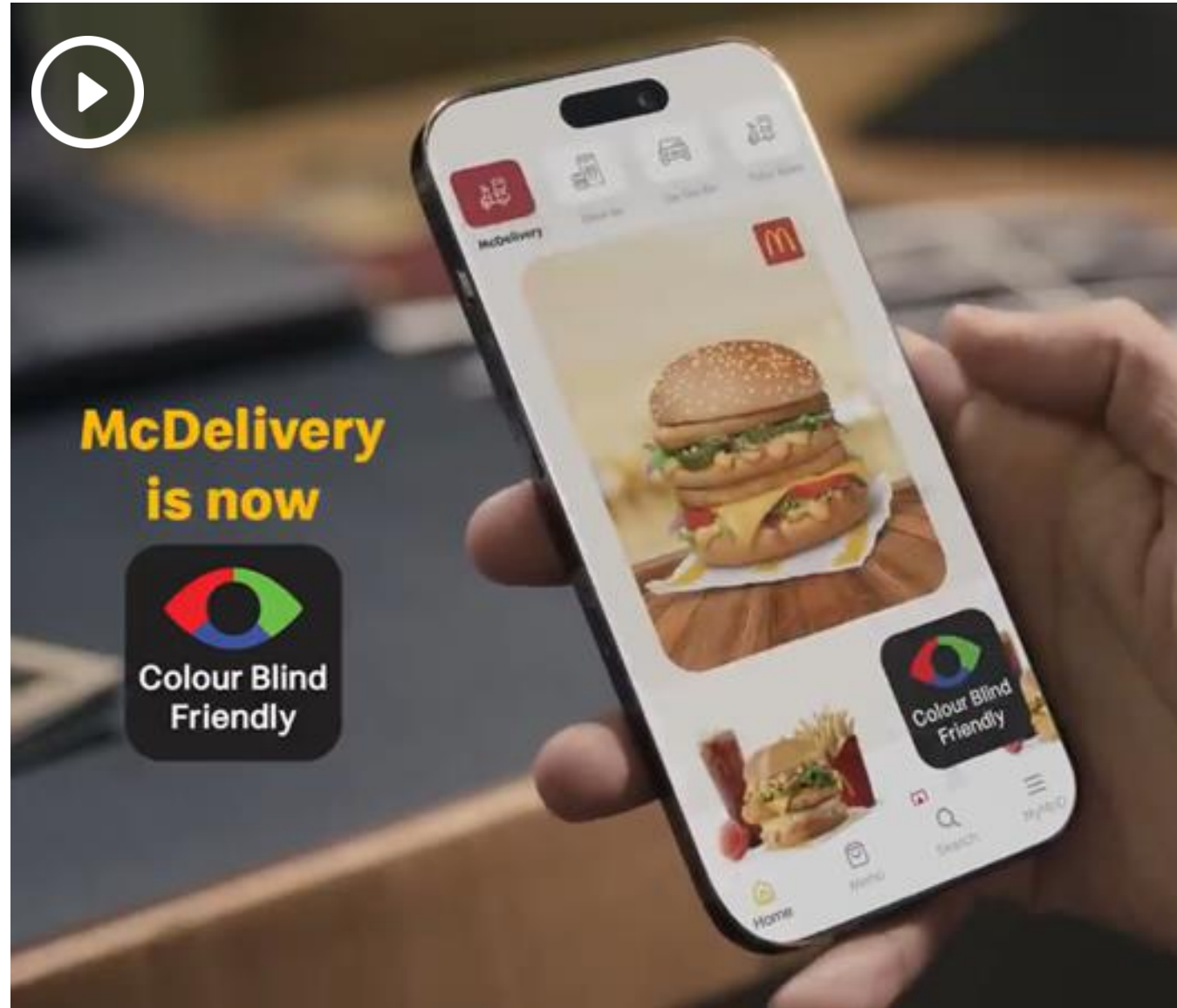


Menu Initiatives



INTRODUCING
THE NEW
CHEESY
ITALIAN BURGERS

EatQual Colours



Financials

Particulars (INR Mn, Post INDAS 116)	Q3FY24	%	Q3FY23	%	Q2FY24	%	9M FY24	%	9M FY23	%
Sales	6,002.5	100.0%	6,114.6	100.0%	6,147.3	100.0%	18,295.3	100.0%	17,218.1	100.0%
YoY Sales Growth %	-1.8%		28.2%		7.4%		6.3%		53.5%	
Food & paper	1,783.7	29.7%	1,824.3	29.8%	1,837.3	29.9%	5,429.5	29.7%	5,298.1	30.8%
Gross Profit	4,218.8	70.3%	4,290.3	70.2%	4,310.1	70.1%	12,865.8	70.3%	11,920.0	69.2%
Payroll & Benefits	552.0	9.2%	546.7	8.9%	580.5	9.4%	1,683.8	9.2%	1,479.9	8.6%
Royalty	243.0	4.0%	280.4	4.6%	316.4	5.1%	876.9	4.8%	788.2	4.6%
Other Operating Expenses	2,071.7	34.5%	2,006.2	32.8%	2,053.8	33.4%	6,181.6	33.8%	5,731.7	33.3%
Restaurant Operating Margin (ROM)	1,352.1	22.5%	1,457.0	23.8%	1,359.4	22.1%	4,123.5	22.5%	3,920.2	22.8%
General & Admin Expense	391.9	6.5%	354.1	5.8%	362.8	5.9%	1,113.7	6.1%	908.6	5.3%
Op. EBITDA	960.2	16.0%	1,102.9	18.0%	996.6	16.2%	3,009.8	16.5%	3,011.7	17.5%
YoY EBITDA Growth %	-12.9%		32.0%		0.9%		-0.1%		124.0%	
Depreciation	455.0	7.6%	385.6	6.3%	439.4	7.1%	1,322.8	7.2%	1,109.9	6.4%
Other (Income) / Expense, net	(43.7)	-0.7%	(36.4)	-0.6%	(31.8)	-0.5%	(127.5)	-0.7%	(90.7)	-0.5%
Financial Expense	281.9	4.7%	233.7	3.8%	273.9	4.5%	815.9	4.5%	674.2	3.9%
Extraordinary Expenses*	36.0	0.6%	40.0	0.7%	13.1	0.2%	59.7	0.3%	101.1	0.6%
PBT	231.0	3.8%	480.0	7.8%	302.1	4.9%	938.9	5.1%	1,217.2	7.1%
Tax	58.5	1.0%	116.4	1.9%	78.4	1.3%	254.4	1.4%	302.4	1.8%
PAT	172.5	2.9%	363.5	5.9%	223.7	3.6%	684.4	3.7%	914.8	5.3%
PAT (pre-IND AS 116)	258.5	4.3%	423.4	6.9%	312.8	5.1%	939.5	5.1%	1,128.6	6.6%
Cash Profit After Tax	601.0	10.0%	753.1	12.3%	614.1	10.0%	1,884.7	10.3%	1,975.8	11.5%
SSSG (%)	-9%		20%		1%		0%		45%	
New stores opening	11		6		9		24		17	

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

Q3 FY 2024: P&L reconciliation

Particulars (INR mn)	(A) Q3 FY24 (Adjusted)	(B) Ind AS 116 Changes^	(C) Q3 FY24 (Reported)	(D) Q3 FY23 (Adjusted)	(E) Ind AS 116 Changes^	(F) Q3 FY23 (Reported)	(A over D) YoY Growth (Adjusted)
Revenue	6,002.5	-	6,002.5	6,114.6	-	6,114.6	-1.8%
Occupancy and other operating expenses	2,346.8	-275.1	2,071.7	2,232.5	-226.4	2,006.2	5.1%
Restaurant Operating Margin	1,077.0	275.1	1,352.1	1,230.6	226.4	1,457.0	-12.5%
General and Administration Expenses	391.9	-	391.9	354.1	-	354.1	10.7%
Operating EBITDA	685.1	275.1	960.2	876.5	226.4	1,102.9	-21.8%
Operating EBITDA margin	11.4%		16.0%	14.3%		18.0%	
Other Income	-37.0	-6.8	-43.7	-18.0	-18.4	-36.4	104.9%
Finance costs	52.8	229.1	281.9	38.0	195.6	233.7	38.8%
Depreciation and amortisation expense	287.7	167.3	455.0	241.8	143.8	385.6	19.0%
Profit/(Loss) before tax and exceptional items	381.6	-114.6	267.0	614.7	-94.7	520.0	-37.9%
Extraordinary Items*	36.0	-	36.0	40.0	-	40.0	-10.0%
Profit/(Loss) before tax	345.5	-114.6	231.0	574.7	-94.7	480.0	-39.9%
Tax	87.0	-28.5	58.5	151.3	-34.9	116.4	-42.5%
Profit/(Loss) after tax	258.5	-86.0	172.5	423.4	-59.8	363.5	-38.9%

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





Westlife Foodworld Limited



Q3 FY24 Earnings Call Invite

Westlife Foodworld Limited (NSE: WESTLIFE, BSE: 505533) will announce its results for the third quarter that ended December 31, 2023, on January 31, 2024. Following the announcement, the management team will host a conference call for investors and analysts on **January 31, 2024, 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	January 31, 2024
Time	India: 5:30 pm IST Hong Kong/ Singapore: 8:00 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 scheduled time to ensure that you are connected on time. Audio and transcripts will be available within five working days after the call on the Investors page of the company website.

For further information, please contact: Chintan Jajal | investor.relations@mcdonaldsindia.com

Formerly Westlife Development Limited

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

Thank you

IR Contact

For additional information:

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