

AGM Speech by Chairperson, Amit Jatia

06.09.2022

Dear Shareholders,

A very warm welcome to everyone attending Westlife Foodworld Ltd.'s 40th Annual General Meeting. I hope you and your family, are safe and well.

It gives me great pleasure and confidence to share that the financial year 22-23 was a monumental one for us. We ended the fiscal year with several noteworthy accomplishments and performance records, enduring various changes in market cycles as well as customer demand, and turning each challenge into an opportunity. Our execution excellence strategy, which focused on menu, meals, and branding, generated growth and strengthened our brand, establishing a new baseline to build while raising the bar for the entire QSR industry.

Your company reported record-breaking revenue of Rs. 2,270 Crore, up 44% from the previous year. This was substantially higher than India's economy and the QSR sector, yet again showing the brand's irreplaceable appeal. Store openings hit an all-time high, and same-store sales growth stood at 36%. Cash PAT increased 97%, to Rs. 250 Crore, and Cash PAT margin improved by 11.2%. Restaurant Operating Margin also grew 400 bps, to 23.2%. Besides consistent growth, we increased the proportion of profitable stores, strengthened our brand and technology platforms; and validated the portfolio approach to a profitable real estate presence.

We've reached a point wherein our business model is profitable and cash-flow positive. If we look at our EBITDA margins, they consistently remained north of 16%, demonstrating the company's dedication to capital efficiency as it grew in revenue. Our annualized Return On Capital Employed for the same time frame was 31% in FY23. With marginal net debt, our balance sheet is stronger than ever. We were able to achieve this through lower utilities costs, a robust supply chain, and increased productivity. Our consistent focus on the right network and economics, cost management, profitability, and quality service across the customer journey led to a robust business model and enhanced stakeholder trust.

We are in a strong position because we have a strategic business plan that is supported by a favorable industry growth outlook. Over the next five years, the QSR industry, which had a market value of roughly Rs 40,000 Crore in 2022, is anticipated to grow at a strong double-digit compounded annual growth rate. This, along with India's rising rate of eating out, which is still in its infancy compared to the global average, demonstrates the enormous potential for growth.

For many consumers, receiving wholesome, hygienic meals in the most practical and convenient settings has become a basic need. People are also looking for affordable, pocket-friendly meals. At the same time, increased digital penetration has been unprecedented even in lower-tier towns which have significantly increased customer awareness, brand relevance, and aspirations.

These levers, in our opinion, would increase momentum and support our sectoral leadership. Many of you who have been involved with the business for a long time are aware that the foundation of our business model, strategy, and actions is the achievement of long-term goals in a sustainable manner.

Today, we believe we are more resilient than ever with a sharp focus on healthy, profitable, and consistent growth. We have always taken ambitious moves which have augured well for the business in the long term. Towards this end, we crafted a bold vision for ourselves in fiscal FY23, setting a roadmap for the next five years under the aegis, Vision 2027. To support this vision, we plan to invest Rs 1,400 Crore towards expansion and create nearly 10,000 new jobs, which will drive our ambitious growth. We seek to deliver Rs 4,000-4,500 Crore sales and open 250-300 restaurants in the next five years while fortifying market leadership and delivering a strong return on capital. We expect this expansion to increase market penetration, and deliver 18-20% operating EBITDA margin, 25%-plus return on equity, and 60%-plus free cash flow conversion. We are confident that this investment will help us achieve our long-term growth goals and create new opportunities for our employees and the communities we serve.

Vision 2027, our velocity growth plan provides us with a consistent framework so that we are geared up to make sure our go-forward strategy reflects the new operating environment. We are ready to address the opportunities of the future through the institutionalization of this vision and are committed to aggressive footprint expansion, modernizing restaurants, and unlocking new growth prospects. We aim to drive this strategically through our most potent business drivers – meals, omnichannel customer engagement, network expansion, operational efficiency, and financial outperformance.

I believe that we are at an attractive inflection point. We wrapped FY23 with outstanding performance and are energized and more confident about accelerating our growth in years to come. We will work towards delivering industry-leading performance to maximize shareholder value.

In closing, I would like to thank each one of you for your continued support and your kind attention. Now we take up the formal business as set out in the Notice.
