



# Burger King India Limited

## Q3 FY21 Earnings Presentation

09 February 2021





# Disclaimer



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# Executive Summary - Q3 FY21



## Business Highlights:

- Strong Business recovery, despite COVID-19 pandemic and tough macroeconomic environment.
- Revenue from Operations for Q3 FY21 at INR 1,632 Mn vs Q2 FY21 at INR 967 Mn, with 69% sequential growth.
- **Q3 FY21 Revenue recovery at 72% YoY:**
  - West & South region recovery higher than industry;
  - North region recovery lower due to farmer protest, restrictions in Punjab;
  - Mall recovery lagging.
- **Jan' 21 Revenue recovery**
  - **99% compared to pre-Covid levels\* | 86% YoY**
  - Higher recovery across Mall portfolio, higher recovery in North region.
  - Delivery ADS recovery at 106% YoY and Dine ADS recovery at 76% YoY.
- Gross profit margin Dec' 20 exit over 65%.
- Q3 FY21 Co. EBITDA^ positive at 2.5 Mn: 0.2%, despite negative SSSG of 35%
- National Whopper Campaign received a Whopper of a response.

\*Pre Covid Levels – Feb'20 levels ^excluding impact of IND AS 116

# Executive Summary - Q3 FY21



## Store Opening & Closures:

- 270 store count as at 31st Dec 20
- Q3 FY21 Net Addition: 9 (Open: 9; Closed:0)
- 9M FY21 Net Addition: 10 (Open: 15; Closed:5)

## Menu & NPD:

- Launch of “The Kings Collection” – premium gourmet burgers

## Digital Initiatives

- New Burger King App



# Burger King India – Company Synopsis



1

***Brand Owned by Burger King Corporation, a subsidiary of Restaurant Brands International Inc.***

2

***Exclusive National Master Franchisee Rights in India (700 Restaurants by Dec 2026) with favorable royalty fees (capped at 5% of sales)***

3

***Brand positioned for large and growing population in India – The Millennials***

4

***Experienced Board and professional management team focusing on growing delivery business***

5

***One of the fastest growing QSR in India during the first five year of operations based on number of restaurants (source: Technopak report dated Nov 20)***

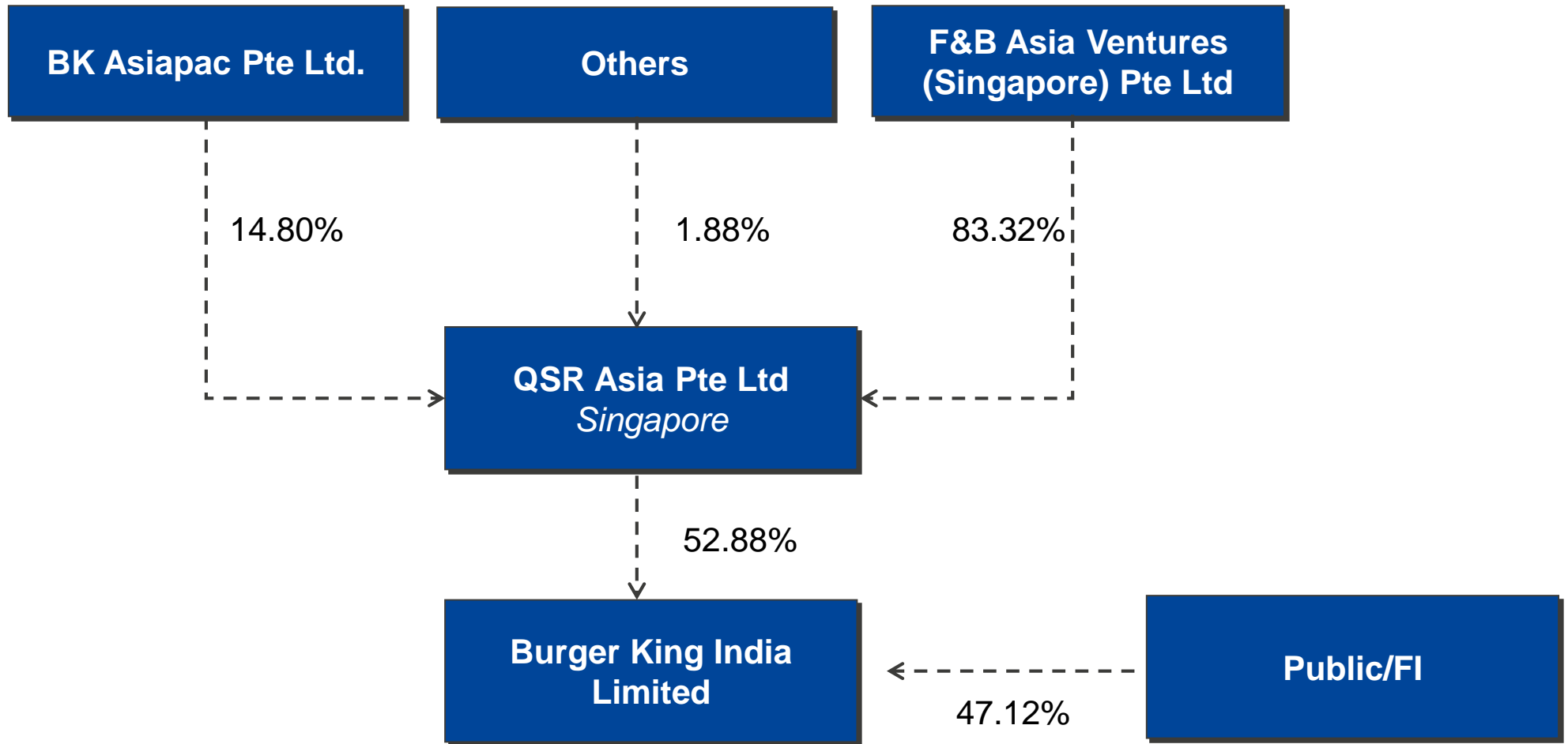
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***India tailored menu with focus on value leadership***

# Brand Owned by Burger King Corporation



Shareholding Pattern as on 31<sup>st</sup> Dec 20



# Exclusive National Master Franchisee in India



*Exclusive pan-India rights to develop, establish, operate and franchise Burger King branded restaurant in India*

*'Sub-franchise' rights offer additional flexibility*

*Long term franchisee rights (till December 31, 2039) under the Master Franchise and Development Agreement*

*Flexibility to tailor menu, promotions and pricing to Indian tastes and preferences and flexibility over vertically managed and scalable supply chain*

*Favorable royalty (capped at 5% of sales)*

*Marketing and advertisement (required to contribute 5% of sales)*

*Established standard operating procedures, global best practices and product innovation*

## Key Advantages



*Operational efficiencies*



*Speedy roll out of national advertising campaigns*



*Effective management of supply chain*



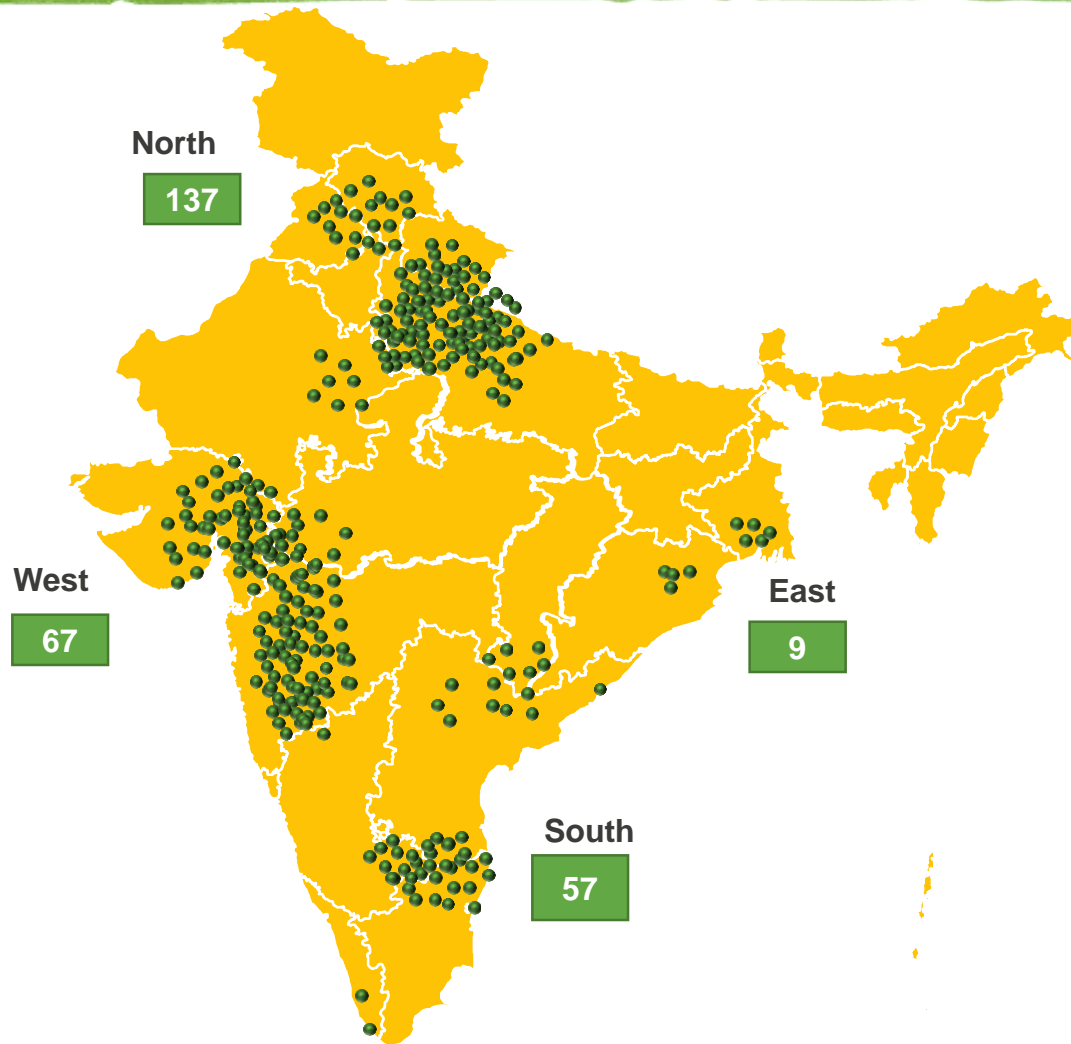
*Easy tailoring of menu architecture, promotions and pricing*



*Leveraging of the globally recognized Burger King brand*



# Cluster Approach and Penetration Strategy



As of December 31, 2020 (including franchise stores)  
 Note: India Map not to Scale and Illustrative representation

xx Number of stores

## Cluster Approach and Penetration Strategy

6 Clusters within India

Objective is to provide greater convenience and accessibility

Strategy to launch new 'flagship' stores in new cities locations with high impact and high visibility

Efficient management of vertically managed and scalable supply chain

Flexibility around store size

## Prioritization of optimal mix across formats

Shopping Malls and food courts

Presence of 'big box' department restaurants, movie theatres and supermarkets

High street locations

Evaluate similar retail brands in vicinity

Drive thrus

Focus on areas that meet minimum vehicles-per-day traffic flow targets

Transit locations

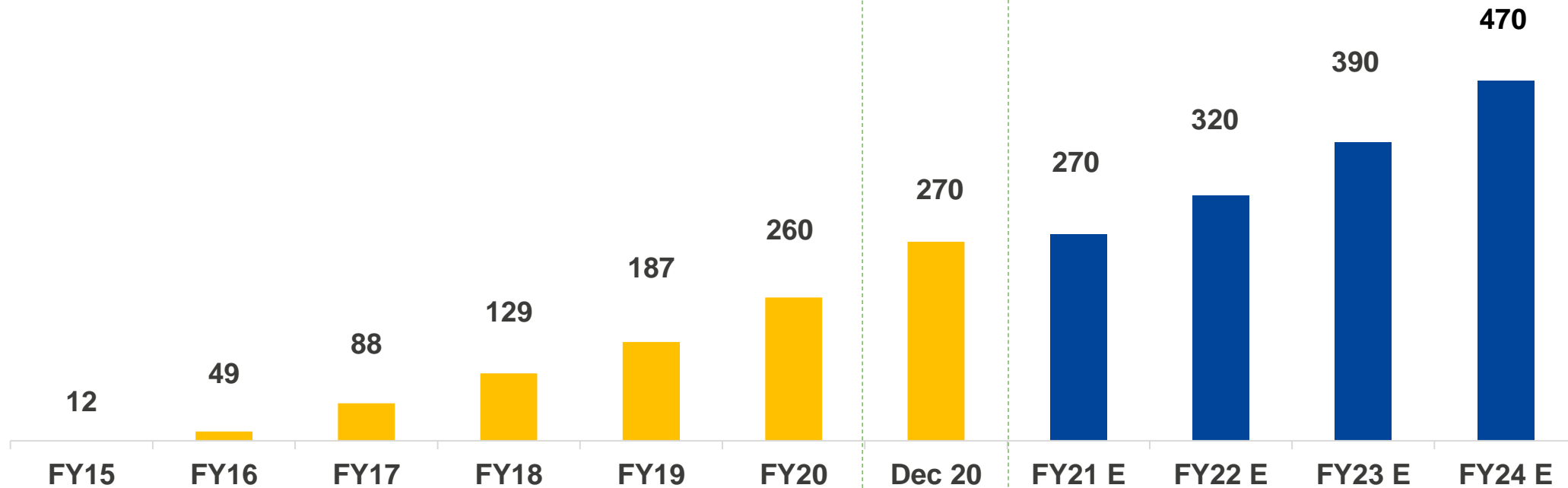
High footfall areas, such as metro stations



# Strong Store Ramp-up and Expansion plans



Store Count as at end of period (net of closure/relocation)





# Q3 FY21 – Business Update



# Pan India – Comp Stores ADS Recovery\* (YoY)



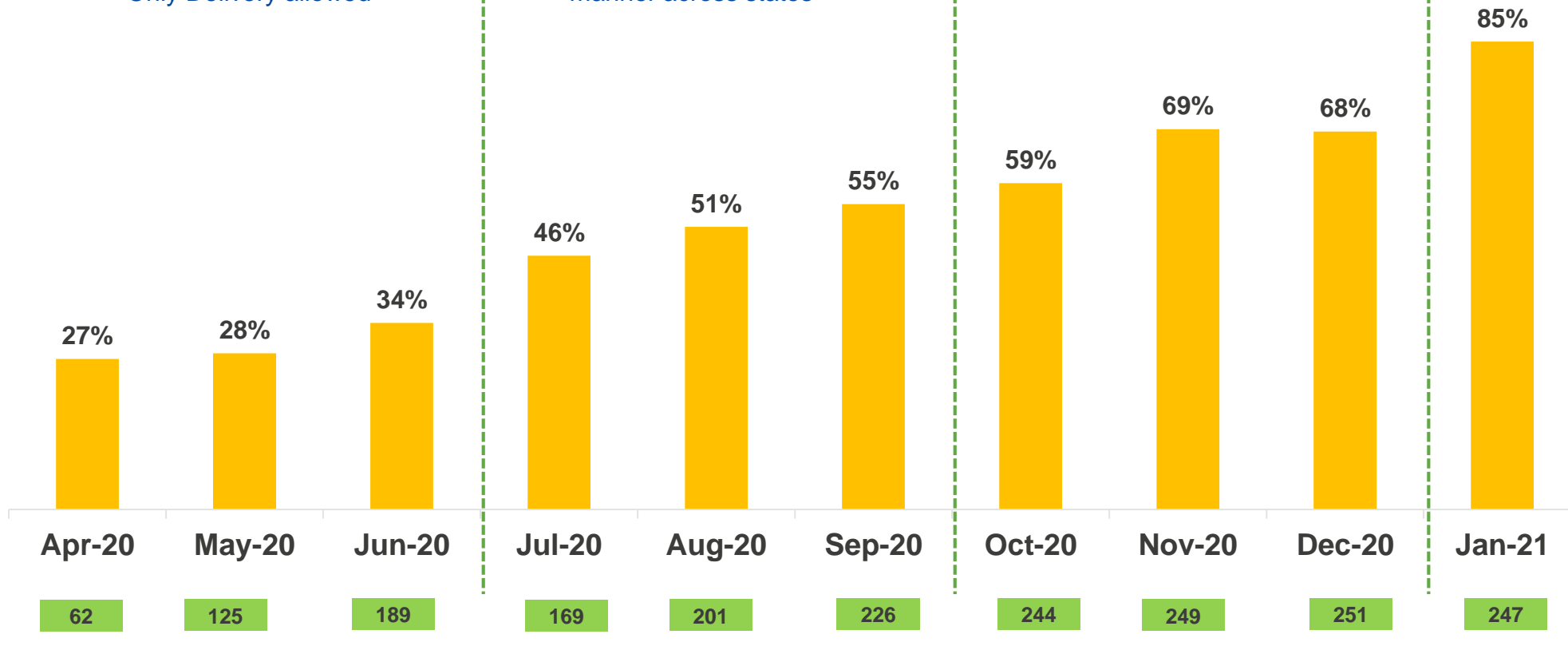
## Strong Month on Month Recovery

Nationwide lockdown|  
Only Delivery allowed

Dine-in Allowed in staggered  
manner across states

Maharashtra –Dine-in allowed

----- Night Curfew continues -----  
across states

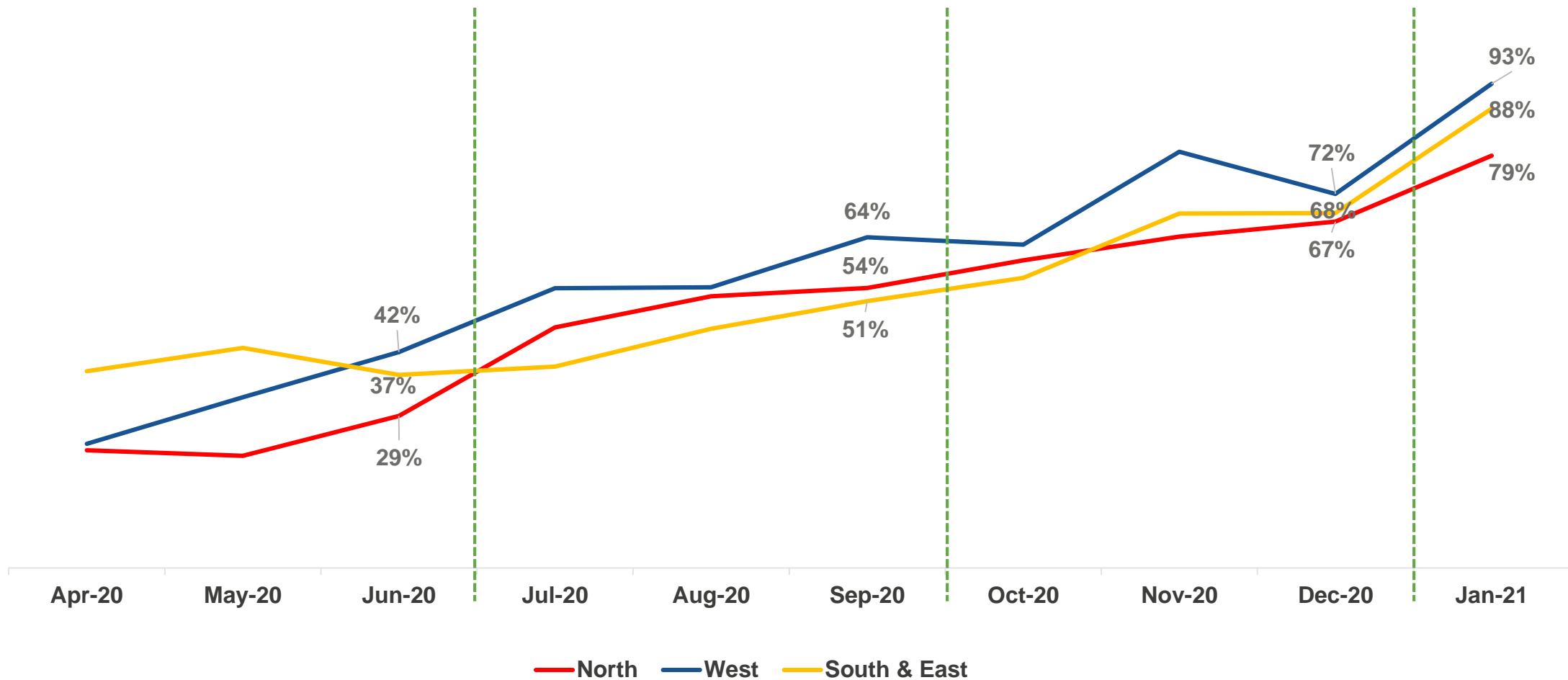


\*ADS Recovery (average daily sale) is comparison of current month ADS vs past year same month ADS of comparable stores

# Region wise- Comp Store ADS Recovery\* (YoY)



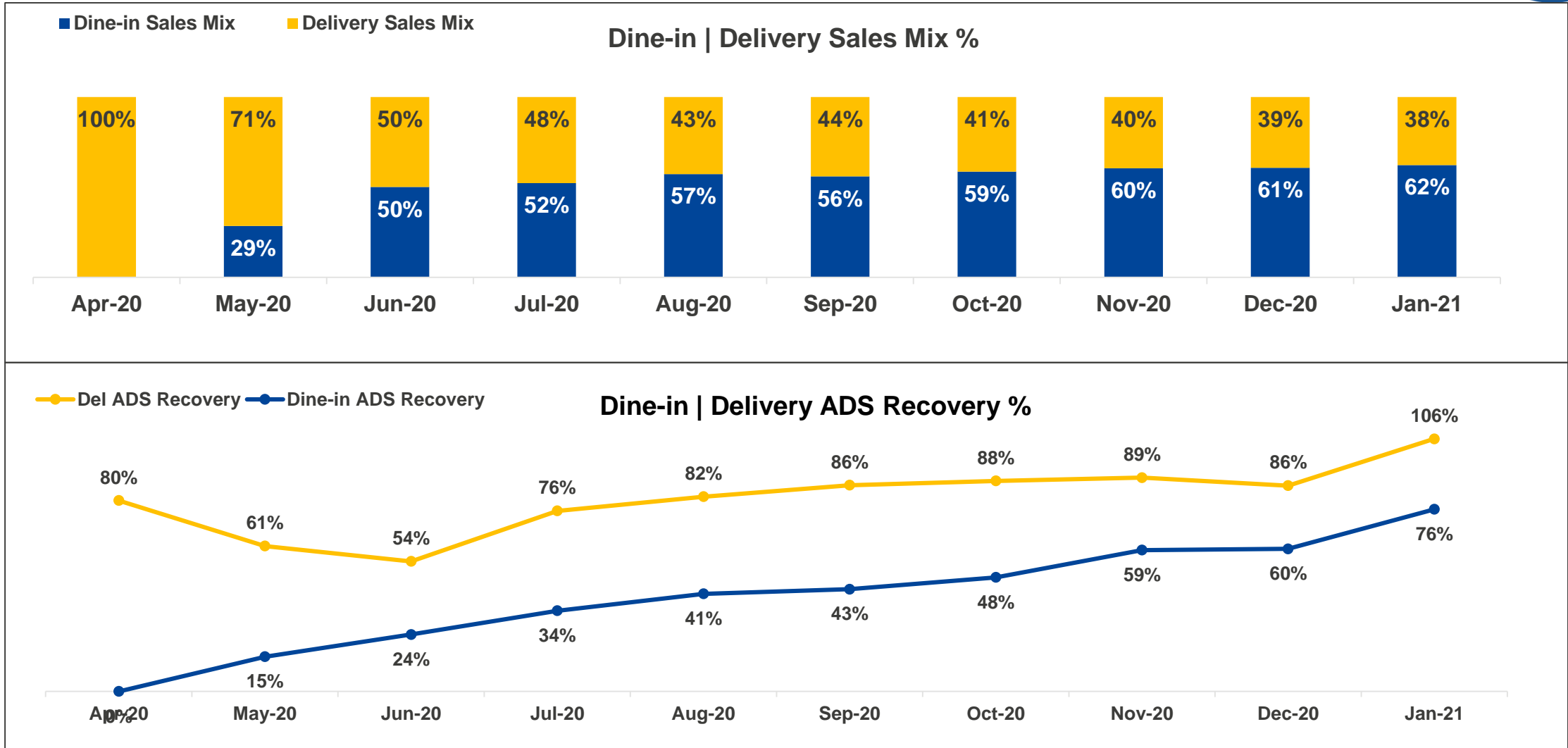
## Recovery Faster in West Region



\*ADS Recovery (average daily sale) is comparison of current month ADS vs past year same month ADS of comparable stores



# Dine-in | Delivery - Sales Mix and Recovery\*

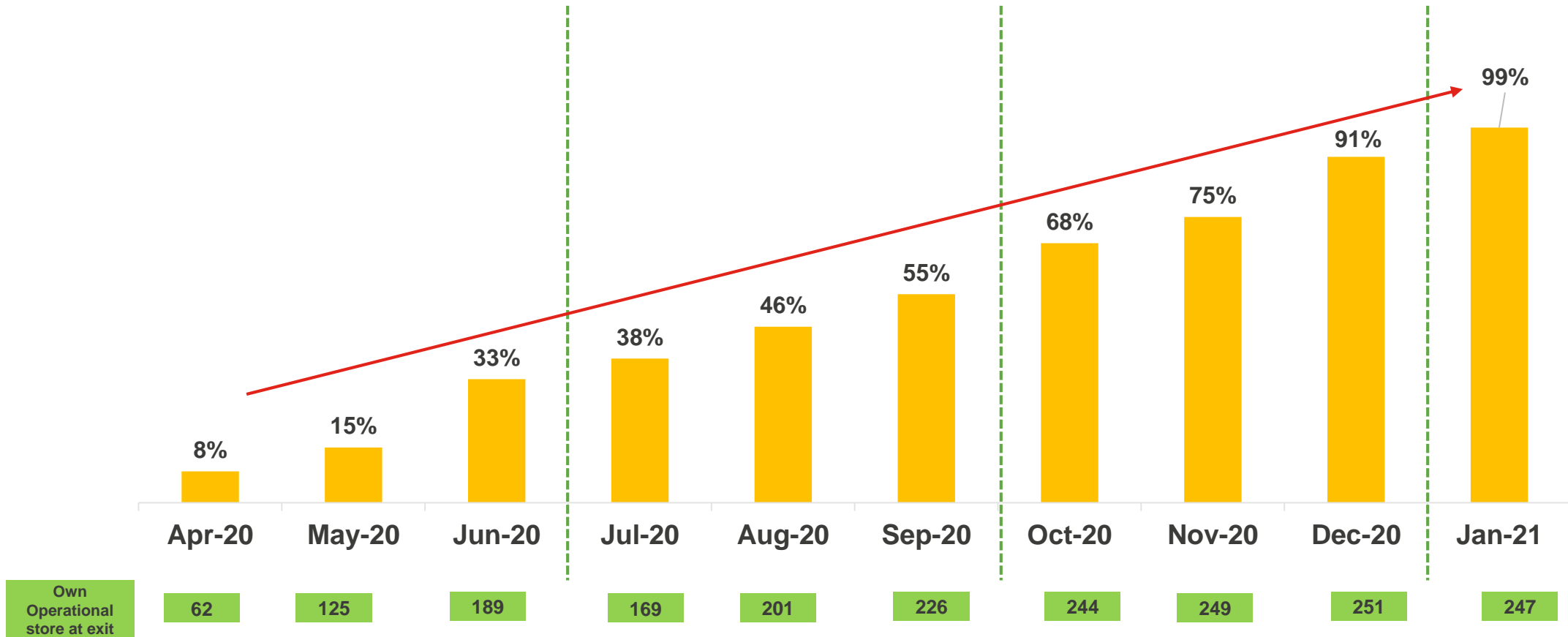


\*Dine in and Delivery ADS Recovery (average daily sale) is comparison of current month ADS vs past year same month ADS of all Burger King operational stores

# Pan India System Sales Recovery (Pre –Covid)\*



99% System Sale Recovery –compared Pre-Covid Levels



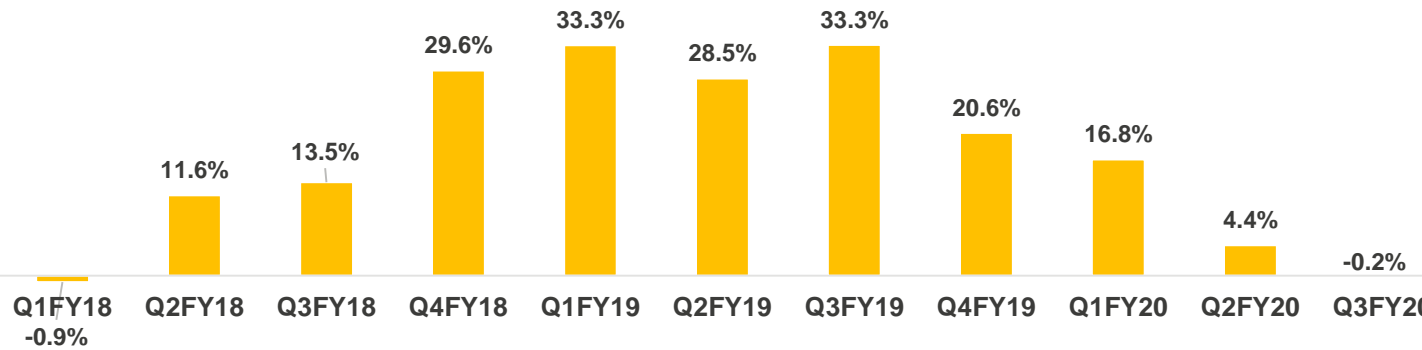
\*System Sales Recovery is total system sales for current month vs total system sales of Feb 20 (pre-covid)



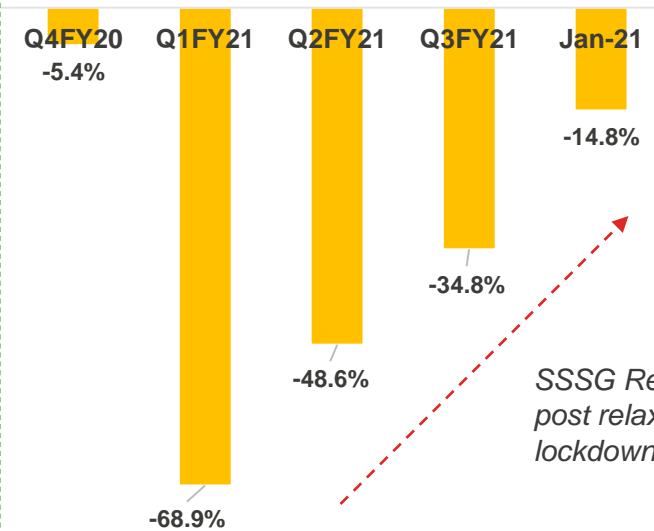
# SSSG (Same Store Sales Growth)\*



## History of Strong SSSG Growth



## Covid-19 Impact



SSSG Recovery seen post relaxation of lockdown in phases

\*Comparable sales (SSSG) represent sales at all own restaurants operated by the Company, in operation at least thirteen months excluding those temporarily closed.

# Q3 FY21 – Operating Performance



Particulars (INR Million)	Q3 FY21	Q2 FY21	QoQ Gr%	Q3 FY20	YOY Gr%	9M FY21	9M FY20	YOY Gr%
Sale of food and beverages	1,624.6	963.7	68.6%	2,263.3	-28.2%	2,971.5	6,457.0	-54.0%
Other Operating Income	7.3	3.4	115.2%	16.0	-54.1%	12.5	45.5	-72.5%
<b>Revenue from operations</b>	<b>1,631.9</b>	<b>967.1</b>	<b>68.7%</b>	<b>2,279.2</b>	<b>-28.4%</b>	<b>2,984.0</b>	<b>6,502.5</b>	<b>-54.1%</b>
Cost of materials consumed	589.4	346.7	70.0%	804.6	-26.7%	1,081.3	2,314.4	-53.3%
<b>Gross Profit</b>	<b>1,042.5</b>	<b>620.4</b>	<b>68.0%</b>	<b>1,474.6</b>	<b>-29.3%</b>	<b>1,902.7</b>	<b>4,188.1</b>	<b>-54.6%</b>
<i>Gross Profit %</i>	63.9%	64.2%		64.7%		63.8%	64.4%	
Employee Related Expenses	209.0	131.6	58.8%	270.9	-22.9%	512.1	755.0	-32.2%
Occupancy and Other Expenses <sup>^</sup>	689.7	463.1	48.9%	1,009.2	-31.7%	1,636.4	2,770.5	-40.9%
<b>Restaurant EBITDA</b>	<b>143.7</b>	<b>25.8</b>	<b>458.2%</b>	<b>194.5</b>	<b>-26.1%</b>	<b>-245.8</b>	<b>662.6</b>	<b>-137.1%</b>
<i>Restaurant EBITDA %</i>	8.8%	2.7%		8.5%		-8.2%	10.2%	
General & Administration expense	141.3	127.6	10.7%	147.1	-4.0%	377.7	432.9	-12.7%
<b>Company EBITDA (Excluding impact of IndAS116)</b>	<b>2.5</b>	<b>(101.9)</b>	<b>102.4%</b>	<b>47.4</b>	<b>-94.8%</b>	<b>-623.5</b>	<b>229.8</b>	<b>-371.4%</b>
<i>Company EBITDA % (Excluding impact of IndAS116)</i>	0.2%	-10.5%		2.1%		-20.9%	3.5%	

<b>Company EBITDA (Reported)</b>	<b>240.9</b>	<b>131.1</b>	<b>83.8%</b>	<b>260.8</b>	<b>-7.6%</b>	<b>81.2</b>	<b>831.2</b>	<b>-90.2%</b>
<i>Company EBITDA % (Reported)</i>	14.8%	13.6%		11.4%		2.7%	12.8%	

<sup>^</sup>includes lease concession forming part of Other Income



# Impact of IND AS 116 | Q3FY21 | 9MFY21



Particulars (INR Million)	Quarter ended			Nine months ended		
	31-Dec-20 Excluding INDAS 116	IND AS 116 impact	31-Dec-20 Reported	31-Dec-20 Excluding INDAS 116	IND AS 116 impact	31-Dec-20 Reported
<b>INCOME</b>						
Revenue from operations	1,631.9	-	1,631.9	2,984.0	-	2,984.0
<b>Total income from operations</b>	<b>1,631.9</b>	<b>-</b>	<b>1,631.9</b>	<b>2,984.0</b>	<b>-</b>	<b>2,984.0</b>
<b>EXPENSES</b>						
Cost of materials consumed	589.4	-	589.4	1,081.3	-	1,081.3
Employee benefits expenses	325.7	-	325.7	842.8	-	842.8
Occupancy and Other Expenses ^	714.3	(238.4)	475.8	1,683.2	(704.6)	978.7
<b>Total expenses</b>	<b>1,629.4</b>	<b>(238.4)</b>	<b>1,391.0</b>	<b>3,607.5</b>	<b>(704.6)</b>	<b>2,902.8</b>
<b>Co. EBITDA</b>	<b>2.5</b>	<b>238.4</b>	<b>240.9</b>	<b>(623.5)</b>	<b>704.6</b>	<b>81.2</b>
Other income ^	18.5	19.3	37.8	41.1	33.6	74.7
Finance costs	71.7	162.3	234.0	172.4	485.4	657.9
Depreciation and amortisation expenses	181.7	153.4	335.0	504.8	451.7	956.5
<b>Profit/(Loss) before exceptional items and tax</b>	<b>(232.4)</b>	<b>(57.9)</b>	<b>(290.3)</b>	<b>(1,259.5)</b>	<b>(198.9)</b>	<b>(1,458.4)</b>
Exceptional Items	-	-	-	21.3	-	21.3
<b>Profit / (Loss) before tax</b>	<b>(232.4)</b>	<b>(57.9)</b>	<b>(290.3)</b>	<b>(1,280.8)</b>	<b>(198.9)</b>	<b>(1,479.7)</b>
Current tax	-	-	-	-	-	-
<b>Profit / (Loss) for the period</b>	<b>(232.4)</b>	<b>(57.9)</b>	<b>(290.3)</b>	<b>(1,280.8)</b>	<b>(198.9)</b>	<b>(1,479.7)</b>

^Other Income Reported excludes Lease concession amount of Rs 89.0 Mn for Q3FY21 and Rs 216.5 Mn for 9M FY21, which is adjusted in Occupancy and Other Expenses



# Marketing



# New Whopper Range



New Crunchier Veg Patty | New Juicier Chicken Patty | New Sauces for more taste & flavor



# Launch of “The Kings Collection”



## New Range of 4 Premium Burgers

Consumer favorite taste profiles: Cheese, Paneer, Tandoori Chicken & Fiery Chicken



# Integrated Marketing Communication to drive Whopper Credentials





# Driving Brand Love: High Engagement Brand Activations with our GenZ Audience



**Bloomberg | Quint**

## Swiggy To Durex, 10 Brands on Top of the Social Media Game

These brands are both woke and entertaining!

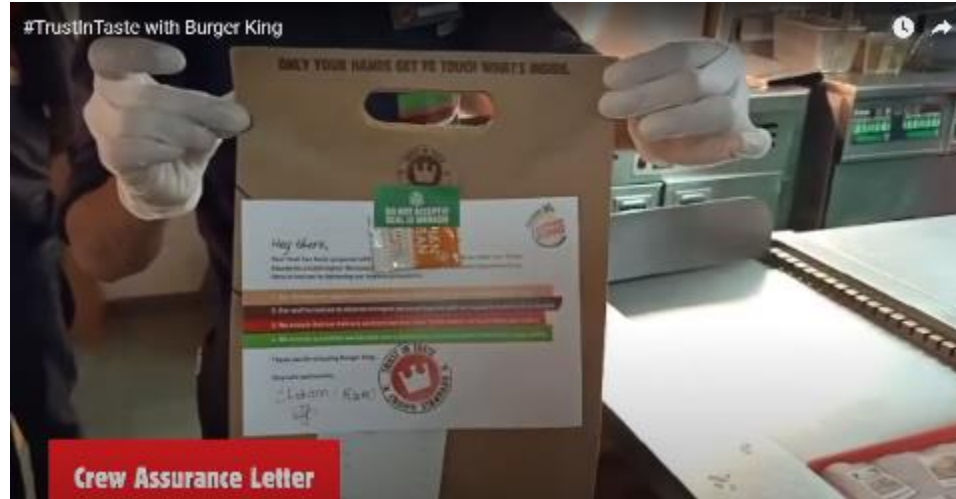
HAZEL GANDHI  
Published: 05 Jan 2021, 8:11 PM IST

SOCIAL BUZZ  
6 min read



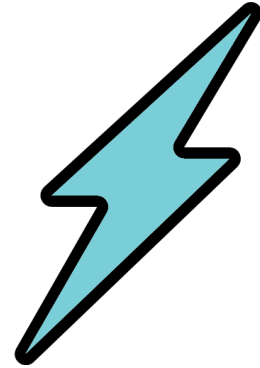
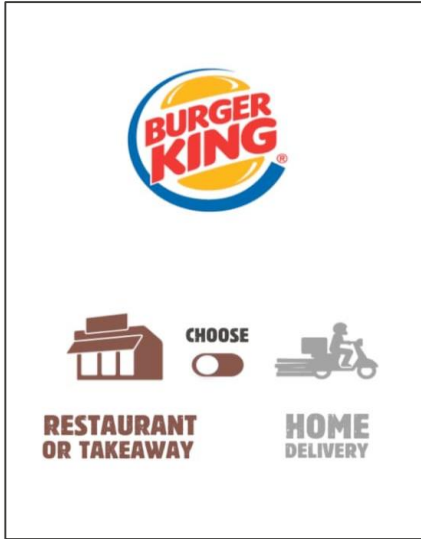


# Trust In Taste: Safety during COVID-19





# Strengthening Digital ecosystem for the New Normal

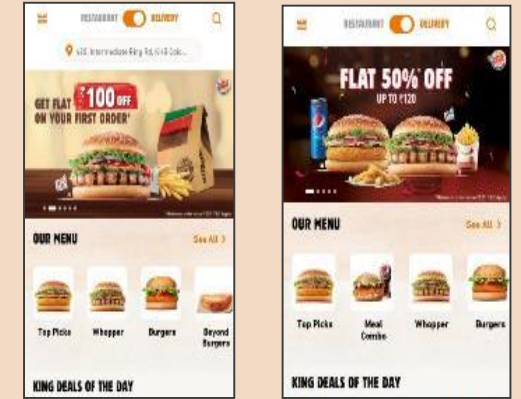


## Lighter and Faster APP

- Launched the app
- App size reduced by 25%
- Omni-channel
- Load time reduced by 50%

## Customer Convenience

- Live Rider Tracking
- In app Feedback Form
- Saved Cards

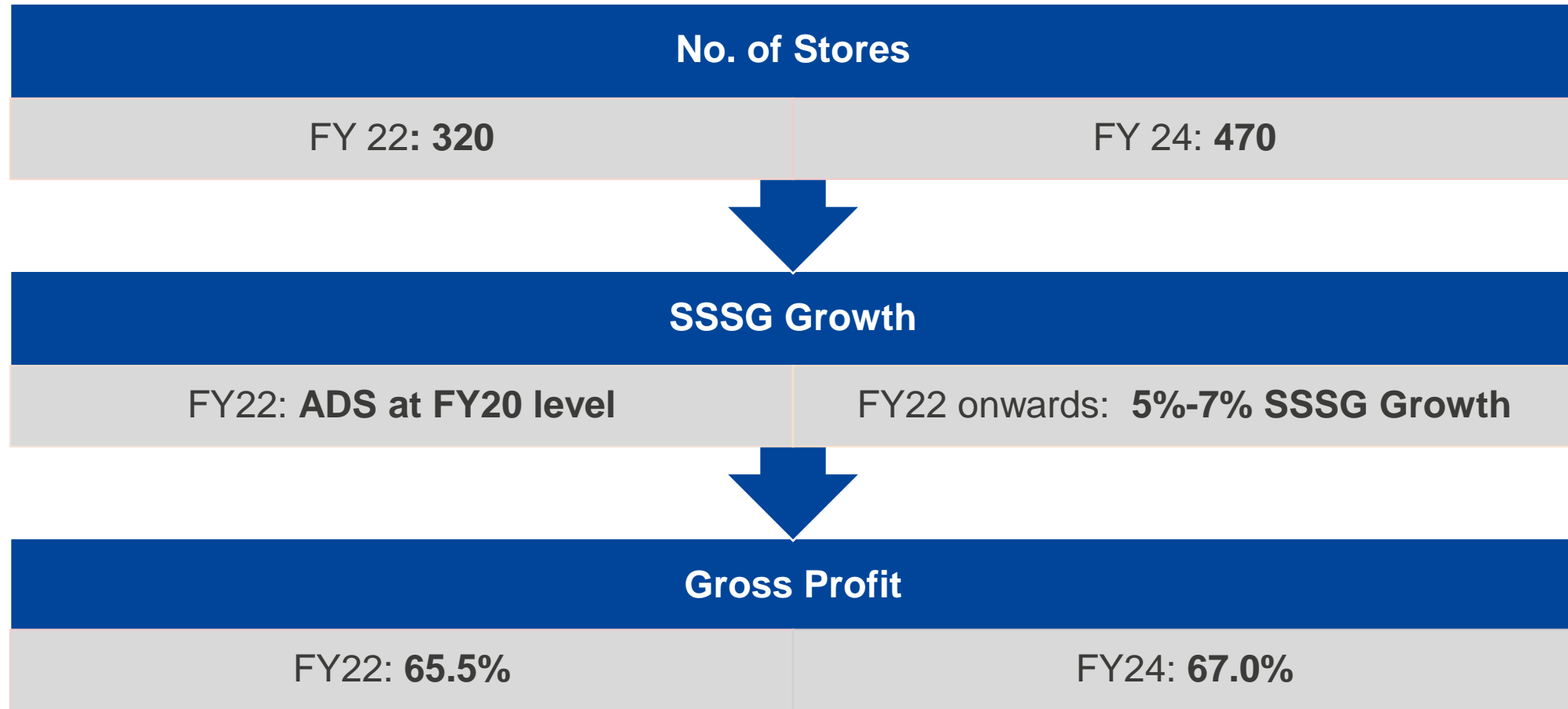


## Test Marketing in 1 city

- Exclusive App Download Offers
- Scale up by Apr '21



# Outlook





# **Burger King India, We Are Just Getting Started!**

**IR Contact**

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