

# Jubilant FoodWorks Ltd.

## Q4 & FY16 Earnings Presentation



## **Financial Highlights**

### **Q4 FY16**

**Total Income at Rs. 6,181 million**

**EBITDA at Rs. 750 million**

**Net Profit after tax at Rs. 295 million**

### **FY16**

**Total Income at Rs. 24,102 million**

**EBITDA at Rs. 2,852 million**

**Net Profit after tax at Rs. 1,146 million**

*The Board of Directors has recommended a dividend of 25% for the year ended March 31, 2016 (Rs 2.50 per equity share of Rs 10 face value). This would be subject to approval by the shareholders at the forthcoming annual general meeting.*

# Overview



## Continued expansion

### Enhance customer reach

- Restaurant network expansion
- Technology-based accessibility

Capitalise potential - in the chained FSI which is poised to grow at a healthy rate

## New product development

- Keep developing & offering new/ wide range of products to build excitement and enrich culinary experience of customers



Domino's Pizza- "Yeh Hai Rishton ka time" - for focussed on relationships and bonding and aimed at strengthening the emotional connect with consumers



Exclusive franchise for Domino's Pizza and Dunkin' Donuts



Dunkin' Donuts & More- Get your Mojo back -focused on the urban youth consumer

## Talented & motivated workforce

- Employee empowerment
- Training & development
- Reward and recognition
- Career progression

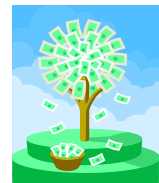
## Robust processes & infrastructure

- Hub-and-Spoke commissary arrangement
- Uninterrupted cold-chain
- Intensive site selection process for new restaurants
- Consistency of quality
- Joint utilisation of commissaries for both brands
- Deploying Six Sigma



## Sustained Profitability

- Vision to drive long term growth and profitability
- Leveraging and building infrastructure and brand equity to capitalise on future potential
- Corporate governance



# Our Quality = Your Trust

In light of recent media reports & speculations, the team deems it is necessary to clarify that JFL at its root remains anchored by highest quality standards and has in place a highly stringent set of protocols for all its functions.

## @ Supply Chain level

- Stringent selection process for suppliers based on key performance indicators for Quality and Food Safety requirements
- Food ingredient suppliers are FSMS certified
- Moving all vendors towards FSMS certification
- NABL Accredited Third Party Assessments Initiation for Core ingredient supplying Food Vendors
- Alliances with all vendors to continuously enhance Quality and Food safety norms

## @ Restaurant Level

- Training on standards of Food safety and Quality
- Regular QA Assessment
- Third party assessment through NABL Accredited agency
- Regular compliance checks as of food processes as per FSSAI guidelines
- Continual surveillance assessment of restaurants under ISO 22000 certification

## @ Commissary Level

- Training staff and managers on comprehensive standards of Food safety and Quality
- Stringent sampling of all raw materials & COA approach acceptance
- Comprehensive analysis of Food products as per FSSAI guidelines
- Regular food quality and safety QA assessments based on FSSAI Schedule 4 requirements
- Implemented FSMS (ISO 22000 ) certification in 5 Commissaries

**Food Safety and Quality Assurance**

# Highlights - Domino's Pizza

Restaurants in  
240 cities as of  
May 28, 2016

**1039**

Total number of restaurants (as of)

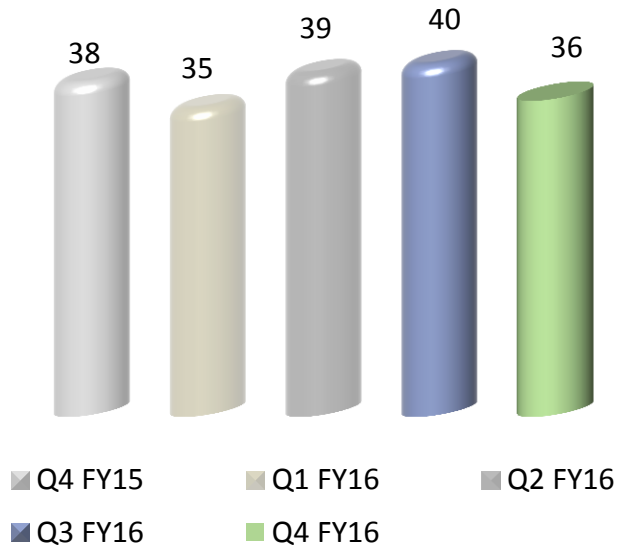
Q4 FY16

**1026**

Q4 FY15

**876**

No. of restaurants opened



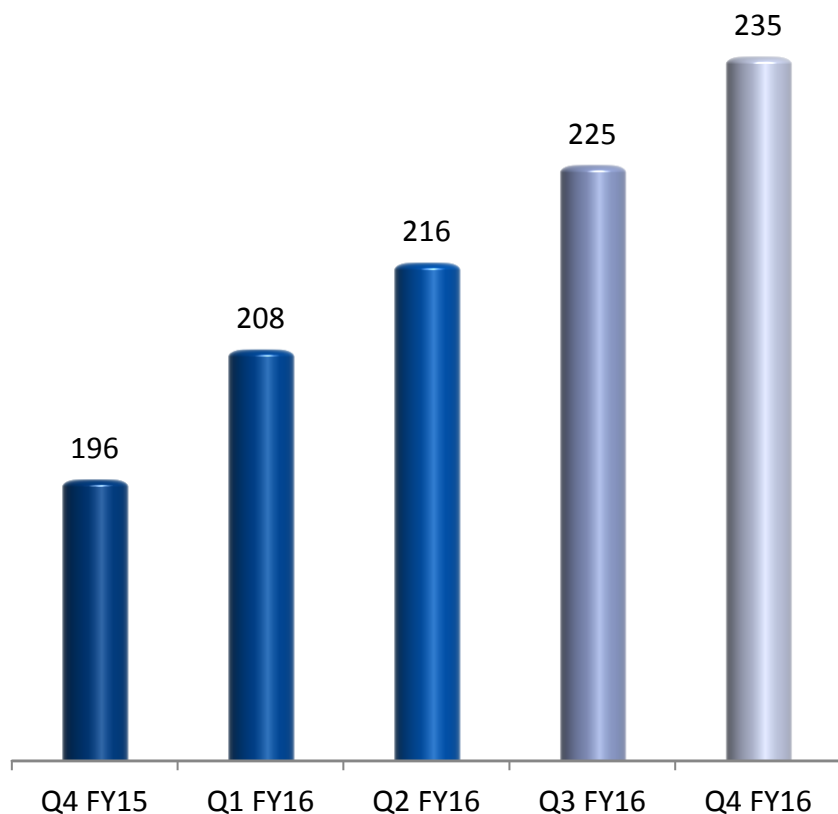
Same Store Growth(SSG) %

	Q4	FY
FY 16	2.9%	3.2%
FY 15	6.6%	0.05%

New Cities entered in Q4 FY16: Tirunelveli (Tamil Nadu), Darbhanga, Gaya (Bihar), Firozpur (Punjab), Palampur (Himachal Pradesh), Chiplun (Maharashtra), Kurnool (Seemandhra), Raebareli (Uttar Pradesh), Mehsana (Gujarat), Hazaribagh (Jharkhand)

# Highlights - Domino's Pizza – Restaurant Network

## City/Town Coverage



States/Union Territory	Cities	Restaurants
Maharashtra	24	210
Uttar Pradesh	21	70
Gujarat	18	69
Haryana	18	50
Punjab	18	43
Karnataka	14	116
Madhya Pradesh	14	38
Tamil Nadu	13	74
Rajasthan	11	23
Seemandhra	10	16
Uttranchal	9	14
West Bengal	9	54
Himachal Pradesh	8	8
Bihar	7	14
Chhatisgarh	7	15
Odisha	6	10
Assam	5	13
Jharkhand	5	9
Kerala	5	15
Jammu & Kashmir	2	4
Sikkim	2	2
Telangana	2	51
Arunachal Pradesh	1	1
Chandigarh	1	7
Dadra And Nagar Haveli	1	1
Daman	1	1
Goa	1	11
Meghalaya	1	2
New Delhi	1	84
Puducherry	1	1
<b>Grand Total</b>	<b>235</b>	<b>1026</b>

# FY16 Highlights - Domino's Pizza

Double Cheese Crunch Pizza



Custard Bliss



Zingy Parcel



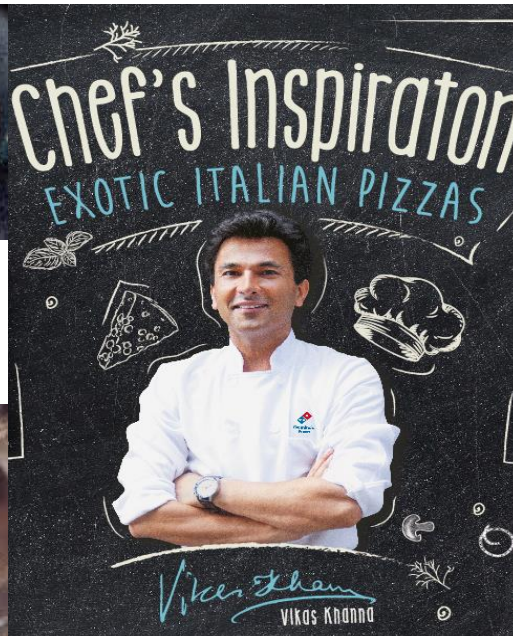
Milan Veg Fantasy



Florence Chicken Exotica



Roman Veg Supreme



Naples Chicken Special



# New Launches - Domino's Pizza

## Pizza Mania Extremes





# The OLO Connect

**CLICK TO ORDER ONLINE**

	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16
Average OLO contribution to delivery sales	29%	33%	36%	36%	41%
Mobile Ordering sales contribution to overall OLO	23%	28%	30%	38%	38%
Downloads of mobile ordering app	2.6 mn	3.1 mn	3.5 mn	3.7 mn	3.9 mn

# Highlights - Dunkin' Donuts

## All Day Part Menu

**MINI MEAL.  
MAX TASTE.**



INTRODUCING  
**WICKED WRAPS**  
As warped as it can get!

GET YOUR  
DUNKIN' DONUTS

GET YOUR  
MEAT BACK!



**ONE  
IS NEVER  
ENOUGH**



**NEW**  
**TOUGH GUY  
BURGERS.**  
DON'T  
GO EASY  
ON THEM!

GET YOUR  
DUNKIN' DONUTS



**LOVE  
DESTROYING  
IT.**

**THE TOUGH GUY  
BRUTE BURGER  
IS HERE.**



# Highlights - Dunkin' Donuts

# 74

## Restaurants as on 28 May, 2016

Network data		
Particulars	Q4 FY16	Q4 FY15
Restaurants at beginning of period	70	46
New restaurants	4	8
Decommissioned restaurants	3	-
Restaurants at end of period	71	54
City Count	23	19

- Restaurants opened in Q4 FY16 – 04 , Restaurant opened in FY 16 - 20
- The Company has over the last few months taken a strategic decision and decommissioned 3 Dunkin's Donuts
  - These restaurants were part of the initial iterative stage where the brand was establishing its spot in the industry and thereby experimenting with various restaurant formats/models.
  - The Company being prudent in its operations and guided by stringent ROI norms deemed it appropriate to take such a proactive step
  - The Company remains committed to expansion in a highly profitable manner and at a steady pace

# FY16 Highlights – Dunkin' Donuts

## Too Much Burgers



## Range of Donuts



Square shaped donuts

## Colattas



## Range of Coffees



# FY16 Highlights – Dunkin' Donuts

## Online Ordering in Delhi -NCR



[Login/SignUp](#)

Order Donuts Online. Now Available only in Delhi NCR.

# NOW ORDER DONUTS ONLINE

AVAILABLE IN DELHI NCR ONLY



### SET YOUR LOCATION

Type or Select City

Type or Select Locality

[START ORDERING](#)

Unable to find your location? [Contact us](#)



[Click here for the store locations](#)



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# New Launches- Dunkin' Donuts

## Big Joy Burgers

*Got a Joy? Make it Big.*

DUNKIN'S  
**BIG JOY**  
BURGER



Starting  
at just  
**Rs 55\***

**DUNKIN'**  
**DONUTS**  
& MORE  
BURGERS, COFFEES, SANDWICHES & DONUTS

GET  
YOUR  
MOJO  
BACK

\*Price exclusive of tax on & final product may vary from the images shown in the print.

# Management Views

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*Commenting on the performance for Q4 & FY16, Mr. Shyam S. Bhartia, Chairman and Mr. Hari S. Bhartia, Co-Chairman, Jubilant FoodWorks Limited said, “Our operating & financial performance during the year has been steady. The consumer environment has proved to be weak, although in terms of eating out / ordering options today, the choices have increased. Throughout FY2016, we continued to strengthen our business by investing in new product innovation, technology, supply chain systems, growing our retail presence, driving strong execution and ultimately enhancing the customer experience. This approach has not only helped us drive operational performance but also stay true to our business philosophy in a rather challenging operating environment. Thus while there was a clear limitation on account of external factors, JFL effectively executed against its well- defined strategies that optimize multiple strengths of the Company and our brands.*

*Domino’s Pizza remained anchored by its strong connect with customers and its wide proposition in terms of menu offerings. Dunkin’ Donuts on the other hand continues to gain traction and it’s all day part offerings are resonating well with customers.*

*The future for us continues to be marked by tremendous scope to grow and expand our brands in the sector, but will remain guided by our incessant focus on customer satisfaction. We are confident that the investments that we have committed to during the year, will further strengthen our capabilities and provide us the agility to focus on the Company’s long-term strategy and take advantage of market conditions to further enhance shareholder value.”*

# Management Views

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*Commenting on the performance for Q4 & FY16, Mr. Ajay Kaul, CEO, Jubilant FoodWorks Limited said, “At an industry level, FY16 has been characterized by testing conditions led by continued tough economic scenario and had a direct influence on discretionary wallet spends. And with so little happening, I believe our dedication, commitment and passion of the JFL team has enabled us to make continued progress as per our strategy to deliver new products and drive our engagement with customers.*

*During the year we reported 16% increase in revenues. The strength of the company’s business model and business initiatives can clearly be seen in the 3.2% same store same growth achieved. While economic factors posed as headwinds for growth, our performance was a result of a combination of strategic enablers such as innovation, sustained and systematic expansion of network and leveraging our scale and expertise in the Food Service industry.*

*We remained committed and rather excited with our innovation theme, where we saw launch of new offerings in both our brands. At Domino’s we launched Pizza Mania Extremes, which is an extension of our very popular pizza mania brand, on the other hand Dunkin’ Donuts saw launch of new Big Joy Burger and a new donut range.*

*Expansion was seen to be a key to increase our reach to a wider audience, with a clear prioritization of high internal ROI expectations. Our Domino’s network at present covers 235 cities with 1026 restaurants. Expansion of Dunkin’ Donuts continues to add stores at a highly systematic pace in order to ensure that we focus on profitable growth on a sustainable basis. Dunkin’ at present has a total count of 71 outlets across 23 cities. Our Online portal is also helping us to spread our reach and today OLO’s contribution to our delivery sales is at 41% and mobile ordering contribution to delivery sales is at 38%.*

*We believe that we are making sensible, well-placed investments for longer-term growth when we say we are investing in commissaries, innovation and digitization. We are highly cognizant of the pressures and the trends prevalent in this industry and know that the potential that this sector offers remains intact and that JFL will be well placed to capitalize on such opportunities going ahead.”*



# Result Highlights

Particulars (Rs. mn)	Q4 FY16	Q4 FY15	Growth %	FY16	FY15	Growth %
Income from Sales	6,178.4	5,420.1	14.0%	24,094.8	20,740.9	16.2%
Other Operating Income	2.1	1.0	111.5%	7.3	3.7	97.4%
Total Income	6,180.5	5,421.1	14.0%	24,102.1	20,744.6	16.2%

- *Growth in customer base on the back of wider outreach for Company's Domino's Pizza and Dunkin' Donuts networks*
  - *Incremental share of orders from the online platform aided growth*
- *Gains from new product launches which served to draw in new set of customers*
- *Building momentum in SSG for Domino's Pizza on an expanded base of restaurants*

Particulars (Rs. mn)	Q4 FY16	Q4 FY15	Growth %	FY16	FY15	Growth %
Raw Material and Provisions Consumed	1452.2	1336.4	8.7%	5700.5	5212.1	9.4%
Personnel Expenses	1435.9	1177.0	22.0%	5589.3	4387.7	27.4%
Rent	663.9	548.2	21.1%	2499.9	2050.3	21.9%
Other Expenses	1878.1	1658.8	13.2%	7460.9	6466.5	15.4%
Total Expenditure	5430.1	4720.3	15.0%	21250.6	18116.6	17.3%

- *Total expenditure showed a rising trend following :*
  - *Higher expenditure on the employee front, which grew in line with business. Enhancement to compensation scales combined with escalation in minimum wages added to costs*
  - *Planned inflation in rentals along with rise in expenses on account of expansion in restaurant count*
  - *This was partially offset by the benefit derived on account of the muted trend in raw material inflation which has translated into savings for the Company*
- *Total number of employees as on 31 March 2016 stood at 27,719 up from 27,108 as on 31 March 2015*

# Result Highlights

Particulars (Rs. mn)	Q4 FY16	Q4 FY15	Growth %	FY16	FY15	Growth %
EBITDA	750.4	700.8	7.1%	2851.5	2628.0	8.5%
Margins	12.1%	12.9%	(80) bps	11.8%	12.7%	(90) bps

- *EBITDA growth followed trends set by a healthy expansion in topline*
- *Higher rental and employee costs continue to bear down on rate of EBITDA expansion*

Particulars (Rs. mn)	Q4 FY16	Q4 FY15	Growth %	FY16	FY15	Growth %
PBT	439.0	453.0	(3.1)%	1669.6	1720.6	(3.0)%
Margins	7.1%	8.4%	(113) bps	6.9%	8.3%	(140) bps
PAT	294.7	315.3	(6.6)%	1145.6	1232.8	(7.1) %
Margins	4.8%	5.8%	(100) bps	4.8%	5.9%	(110) bps

- *Pace of expansion in profitability was moderated owing to SSG that stood below potential due to un-favorable macro conditions*
- *Earnings during the period also reflect the influence of higher tax on account of investment allowance benefit of only one year as against that of two years in the corresponding period last year, along with higher depreciation witnessed on the back of commissioning of new commissaries, last year.*

# Outlook

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## **Enhance Reach**

- Restaurant expansion continues to a core priority in order to expand reach
- Aligned to this, for FY17, target of around 130 - 140 new Domino's Pizza and around 20 new Dunkin' Donuts.
- Focus on digitization and reaching a wider audience through online ordering



## **Strategy to consistently build on supply chain & mfg capabilities**

- Necessary investments towards fortification of business foundation to enable JFL to take advantage of demand potential
- Greater Noida commissary (currently underway) to create world class facilities to cater to future growth



## **Develop and leverage brand equity**

- Sustained efforts to conduct brand building initiatives and drive consumer awareness through multipronged marketing strategy
- Focus on successful roll out of innovative products



## **Drive innovation**

- By taking advantage of deep consumer knowledge , create and design new menu offerings to generate superior levels of customer satisfaction



## **Build a solid business to fulfill long term goals**

- Leverage skills, assets and resources across functions and pursue cost efficiencies to enhance growth profitably

# Key achievements and awards during the quarter

- JFL has won “Golden Peacock National Quality Award” for concentrated efforts in building a culture of continuous improvement in the organisation
- Domino’s has won Coca – Cola Golden Spoon Award under:
  - IMAGES Most Admired Food Service Chain of the Year – QSR Foreign Origin
  - IMAGES Most Admired Food Service Retailer of the Year – Retail Expansion
- Domino’s Pizza India has won the “Customer Service Excellence Award” at the Indian Retail Awards 2016
- Domino’s Pizza India has won the “Quick Service Restaurant of the year Award ” at the Indian Retail Awards 2016
- Domino’s Pizza India has won ‘Best Overall Customer Experience – Food and Beverages” organized by Twitter and OneDirect Quest CX
- Domino’s Pizza India has won award for Retail Excellence in QSR category at the The Retail Excellence Summit organised Asia Retail Congress
- Jubilant FoodWorks has won CSR Leadership Awards organised by ABP news in following categories:
  - Innovative initiative towards “Swachh Bharat Abhiyan”
  - Promoting employment for the physically challenged

# About Jubilant FoodWorks Ltd.

Jubilant FoodWorks Limited (JFL/Company) is part of Jubilant Bhartia group and India's largest food service company, with a network of 1039 Domino's Pizza restaurants across 240 cities (as of May 28, 2016). The Company & its subsidiary have the exclusive rights to develop and operate Domino's Pizza brand in India, Sri Lanka, Bangladesh and Nepal. At present it operates in India and Sri Lanka. The Company also has exclusive rights for developing and operating Dunkin' Donuts restaurants for India and has launched 74 Dunkin' Donuts restaurants across 23 cities in India (as of May 28, 2016).

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