

Date: August 17, 2022

To,

<b>National Stock Exchange of India Limited</b> Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400051  Symbol: SAPPHIRE	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 40001  Scrip Code: 543397
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Dear Sir/Madam,

**Subject: Corporate Presentation**

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith Corporate Presentation.

The Corporate Presentation is also available on Company's website ([www.sapphirefoods.in/investors-relation/financial-information](http://www.sapphirefoods.in/investors-relation/financial-information)) under FY23 Q1 section.

Request you to kindly take the same on record.

Thanking you,  
**For Sapphire Foods India Limited**



**Sachin Dudam**  
**Company Secretary and Compliance Officer**

Encl: a/a



# SAPPHIRE FOODS INDIA LIMITED CORPORATE PRESENTATION – AUG'22



# SAFE HARBOR



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# SAPPHIRE FOODS AT A GLANCE





YUM's **Franchisee** Operator in India, Sri Lanka and Maldives




Sri Lanka's **Largest** International QSR chain <sup>(1)</sup>



₹ **5,436 MN** Q1 FY23 Restaurant Sales



**20.5% [14.1%]** Q1FY23 EBITDA margin  
₹ **1,114 MN [427]** Q1FY23 EBITDA <sup>(2)</sup>


**18.9% [17.8%]\*** FY22 EBITDA margin  
₹ **3,248 MN [3,054]\*** FY22 EBITDA <sup>(2)</sup>



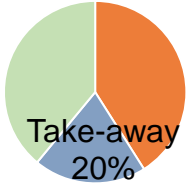
**616** Total Restaurants Across India, Sri Lanka and Maldives <sup>(3)</sup>



**282 KFC** Restaurants <sup>(2)</sup>  
**328 Pizza Hut** Restaurants <sup>(2)</sup>  
**6 Taco Bell** Restaurants <sup>(2)</sup>



Omni Channel Mix <sup>(3)</sup>



Channel	Percentage
Delivery	39%
Dine-in	41%
Take-away	20%

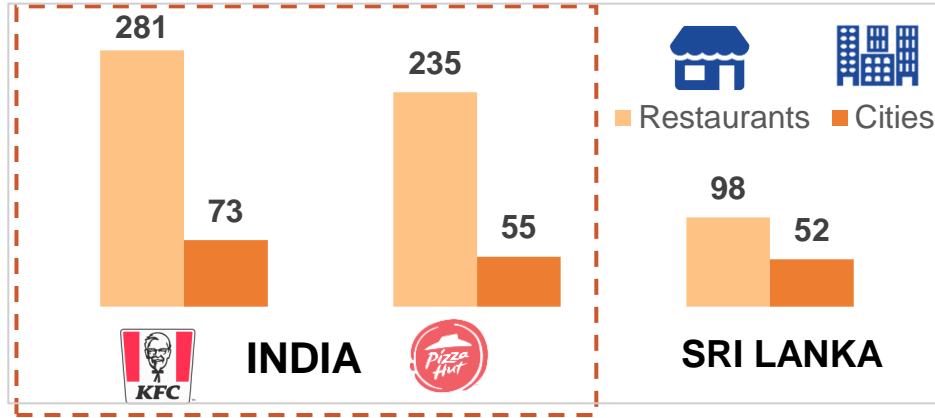
Source: Company data, Technopak industry report

\* Annual figures include additional incentives of 1.1% accrued in FY22

(1) In terms of Restaurant Sales for FY21 and number of restaurants operated as of March 31, 2021;; (2) As of March 31, 2022; (3) Pertains to FY22

# JOURNEY OF SAPPHIRE FOODS

## BUILT A PLATFORM OF 616 OUTLETS (1)



## SAPPHIRE FOODS: GEOGRAPHICAL PRESENCE (1)

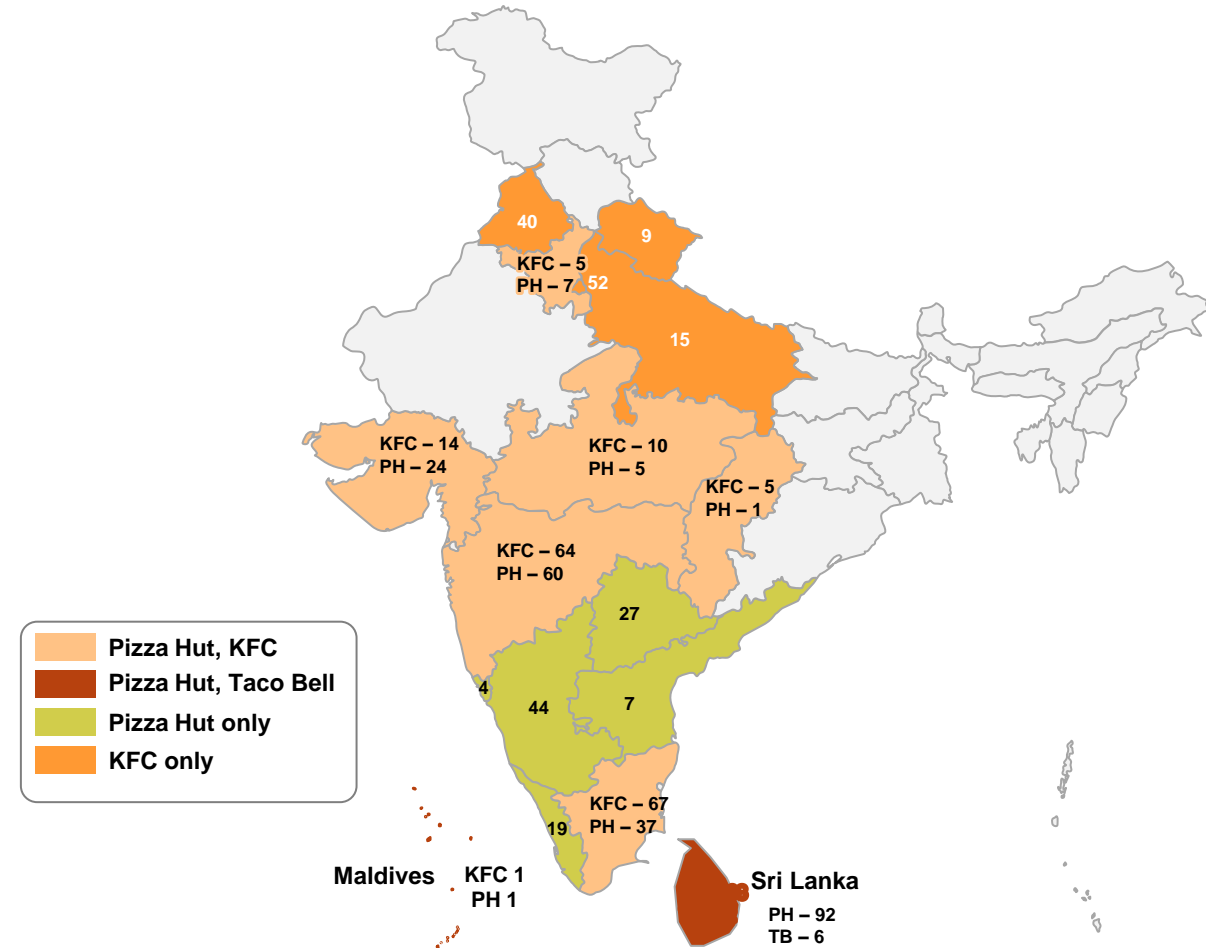
~ KFC and Pizza Hut Brands Operate in States that cover 56% of GDP (2)

KFC and Pizza Hut present in 10 and 11 states of India respectively

KFC and Pizza Hut present in 5 and 6 of the Top 8 cities of India respectively

Top 8 Cities in India contribute 87% of Chain Food Services Market (3)

20 Cities where 260 restaurants of both KFC and Pizza Hut are operated



Source: Company data, Technopak Industry Report

(1) As of Jun 30, 2022; (2) GDP contribution of states In FY19 where Pizza Hut and KFC restaurants are located; (3) In FY20

# THE SAPPHIRE STORY



Two global brands  
(KFC & Pizza Hut) with **Scale  
& PAT profitability among  
Top 3 QSR operators**



**Capability and capital to  
rapidly drive organic and  
inorganic growth plans**

**Value based work  
culture, high on  
governance** enabled by  
professional  
management, board and  
promoters



**Execution Mindset**  
Great Customer  
experience along with  
Superior Back-end  
operational excellence



**Optimal capital allocation  
drives new restaurant  
expansion model** - focus on  
smaller sized **omni-channel  
restaurants**



# FINANCIAL OVERVIEW



# SUMMARY CONSOLIDATED FINANCIALS

## Q1FY23



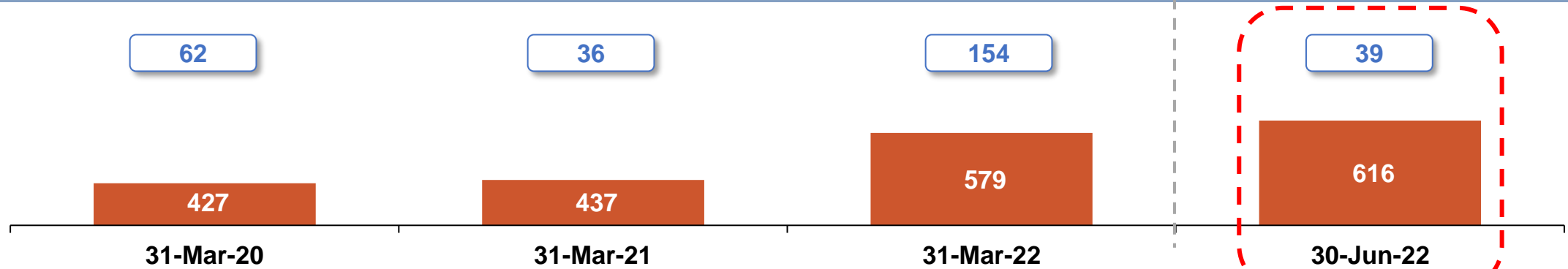
	FY22	Q1 FY22	Q1 FY23	Change YoY
Restaurant Sales ₹ mn	17,154	3,027	5,436	80%
Adj. EBITDA ₹ mn	1,808	93	722	676%
Adj. EBITDA %	10.5%	3.1%	13.3%	1020 bps
EBITDA ₹ mn	3,248	427	1,114	161%
EBITDA %	18.9%	14.1%	20.5%	640 bps
PAT ₹ mn	460	-264	381	N.M.
PAT %	2.7%	-8.7%	7.0%	1570 bps
Restaurant Additions	142	13	37	

# OPERATIONAL & FINANCIAL OVERVIEW



## NUMBER OF RESTAURANTS

Gross Restaurant Additions

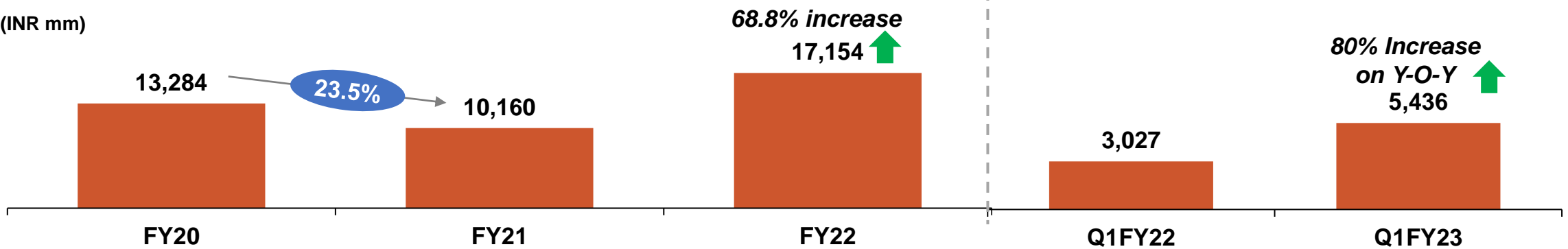


Restaurant Closures



## RESTAURANT SALES

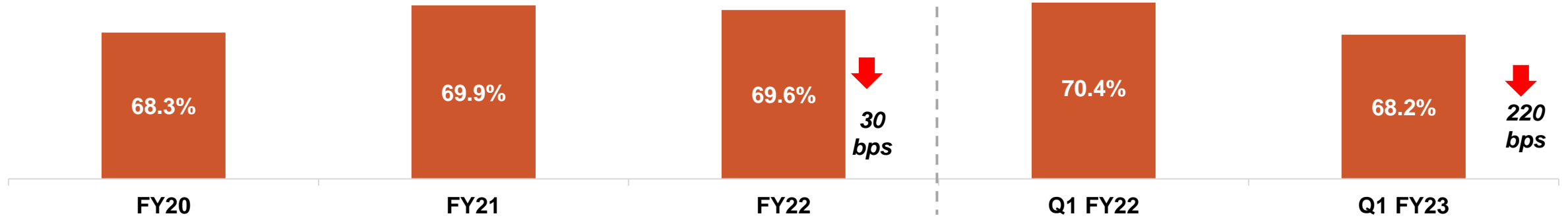
(INR mm)



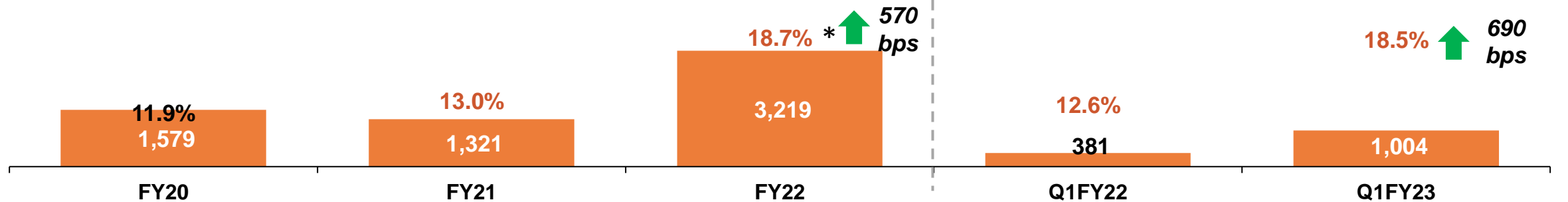
# PROFITABILITY OVERVIEW



## GROSS MARGIN %



## RESTAURANT EBITDA (₹ MN / %) #



### KEY INITIATIVES



Zero-based cost budgeting leading to permanent cost reduction



PACE SETTER program for benchmarking cost amongst restaurants



Optimization of restaurant size



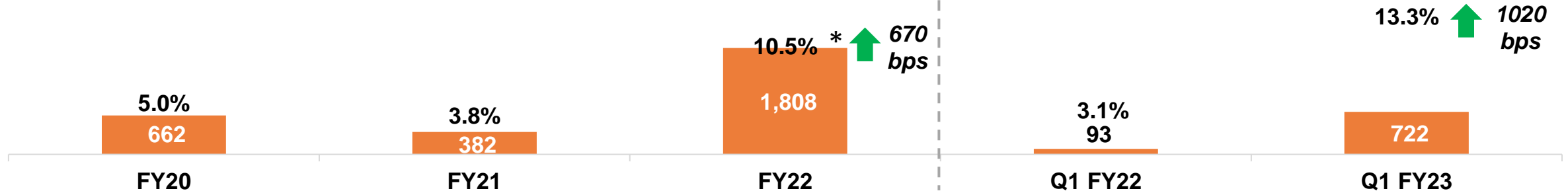
Increase in revenue from Delivery from 21% in FY19 to 39% in Q1FY23

# Restaurant EBITDA is before Ind-AS 116 adjustments  
\* Annual figures include additional incentives of 1.1% accrued in FY22

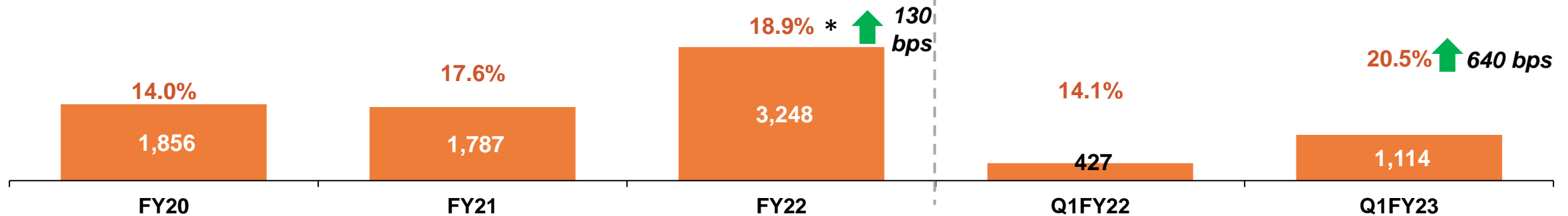
# PROFITABILITY OVERVIEW



## ADJ. EBITDA (₹ MN / %) #



## EBITDA (₹ MN / %)



### KEY INITIATIVES



Zero-based cost budgeting leading to permanent cost reduction



PACE SETTER program for benchmarking cost amongst restaurants



Optimization of restaurant size



Increase in revenue from Delivery from 21% in FY19 to 39% in Q1FY23

# Adj. EBITDA is before Ind-AS 116 adjustments  
\* Annual figures include additional incentives of 1.1% accrued in FY22



# SEGMENTAL PERFORMANCE

# CORE COMPOSITION OF OUR BUSINESS: KFC INDIA



	AS OF MAR 31, 2020 / For FY20	AS OF MAR 31, 2021 / For FY21	AS OF MAR 31, 2022 / For FY22	AS OF JUN 30, 2022 / For Q1 FY23
Total Restaurant Count	187	203	263	281
Average Daily Sales per Restaurant (INR'000s)	130	106	130	144
Restaurant Related Revenue (in INR mm)	7,753	5,897  24%	10,349  75%	3,537  98% YoY
Restaurant EBITDA (in %)	13.0%	14.0%  100 bps	19.5%  550 bps [18.7]*	20.3%  680 bps YoY

Net addition of **18 restaurants** in Q1FY23

Source: Company data

\*EBITDA after normalizing additional incentives of 0.8% accrued in FY22

# CORE COMPOSITION OF OUR BUSINESS: PIZZA HUT INDIA



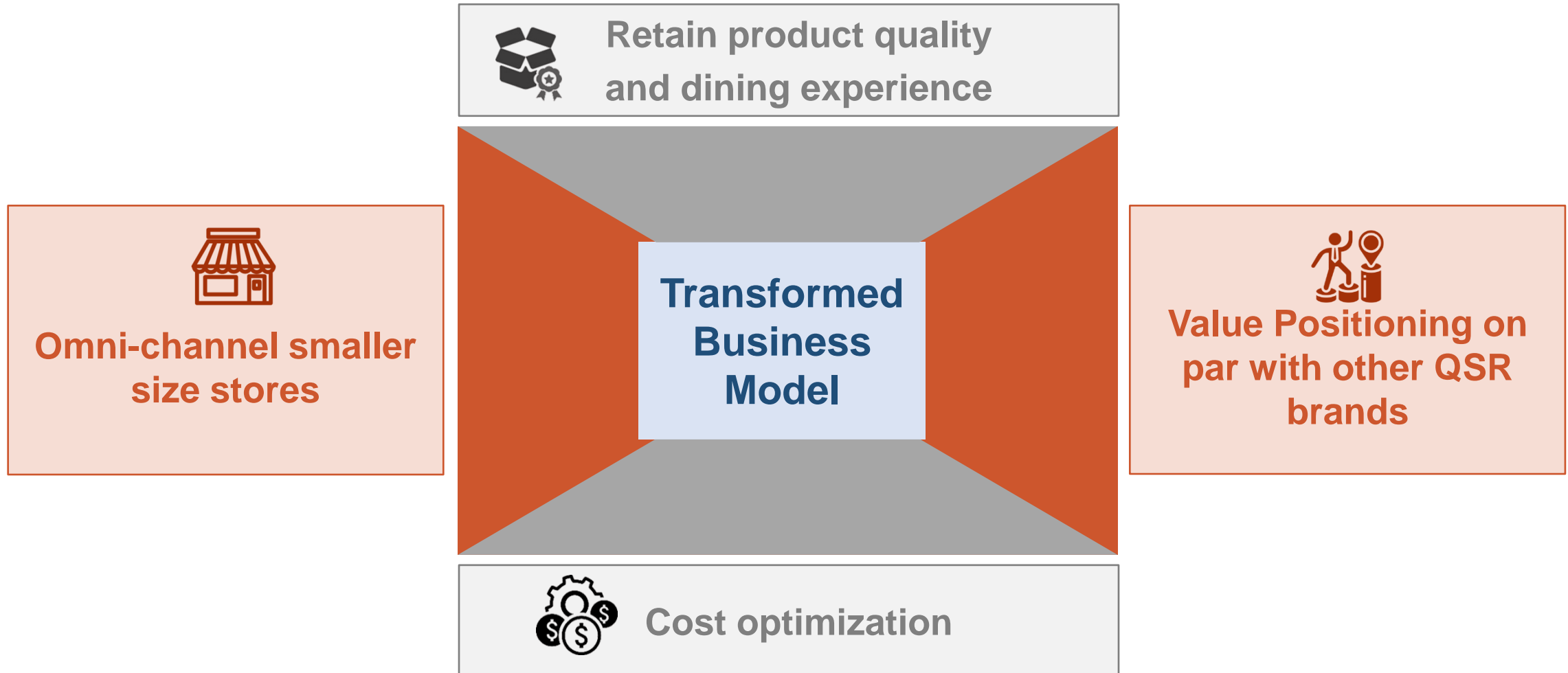
	AS OF MAR 31, 2020 / For FY20	AS OF MAR 31, 2021 / For FY21	AS OF MAR 31, 2022 / For FY22	AS OF JUN 30, 2022 / For Q1 FY23
Total Restaurant Count	174	162	219	235
Average Daily Sales per Restaurant (INR'000s)	58	48	57	61
Restaurant Related Revenue (in INR mm)	3,344	2,218  34%	3,710  67%	1,219  85% YoY
Restaurant EBITDA (in %)	7.2%	5.0%  220 bps	13.4%  840 bps [11.4%]*	14.8%  900 bps YoY

Net addition of **16 restaurants** in FY22

Source: Company data

\*EBITDA after normalizing additional incentives of 2.0% accrued in FY22

# CORE COMPOSITION OF OUR BUSINESS: PIZZA HUT INDIA





# CORE COMPOSITION OF OUR BUSINESS: SRI LANKA OPERATIONS



AS OF MAR 31, 2020  
/ FOR FY20

AS OF MAR 31, 2021  
/ FOR FY21

AS OF MAR 31, 2022  
/ FOR FY22

AS OF JUN 30, 2022  
/ FOR Q1 FY23



Total Restaurant Count

64

70

95

98



Average Daily Sales per  
Restaurant (INR'000s)

92

94

108

75



Restaurant Related  
Revenue (in INR mm)

2,038

1,966

↓ 4%

2,983

↑ 52% (INR)  
60% (LKR)

650

↑ 17% YoY (INR)  
93% YoY (LKR)



Restaurant EBITDA (in %)

16.2%

19.6%

↑ 340  
bps

23.2%

↑ 360  
bps

15.5%

↓ 250 bps Yoy

[22.0%]\*

Net addition of **3 restaurants** in FY22

Source: Company data

\*EBITDA after normalizing additional incentives of 1.2% accrued in FY22



# KEY CONSIDERATIONS

# KEY CONSIDERATIONS



- 1 Large addressable food service market driven by macro fundamentals and industry tailwinds
- 2 Leading QSR brands with differentiated product and value offerings
- 3 Strong relationship with YUM
- 4 Continuous focus on delivering great customer experience on quality and value parameters
- 5 Omni channel platform and enhanced digital ecosystem
- 6 Operational excellence led by in-house supply chain, financial processes & technology infrastructure
- 7 Scalable new restaurant economic model for expansion
- 8 Values based work culture enabled by experienced leadership, supported by marquee investors

# LARGE ADDRESSABLE FOOD SERVICE MARKET DRIVEN BY MACRO FUNDAMENTALS AND INDUSTRY TAILWINDS

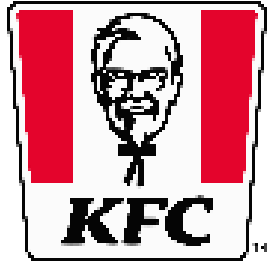


ORGANIZED FOOD SERVICES  
MARKET IS EXPECTED TO GROW  
AT A CAGR OF 15% FROM  
FY20-25 AND PROJECTED TO  
REACH INR 3,189 BN BY FY25...



QSR PROJECTED TO  
GROW FASTER  
(CONTRIBUTION FROM 47% IN  
FY20 TO 54% IN FY25 OF  
CHAIN FOOD SERVICES MARKET)<sup>(1)</sup>

# LEADING QSR BRANDS WITH DIFFERENTIATED PRODUCT AND VALUE OFFERINGS



**Largest QSR chain serving chicken in India and the world <sup>(1)</sup>**



**Second largest pizza chain in India and largest pizza chain in Asia <sup>(2)</sup>**

Source: Technopak industry report

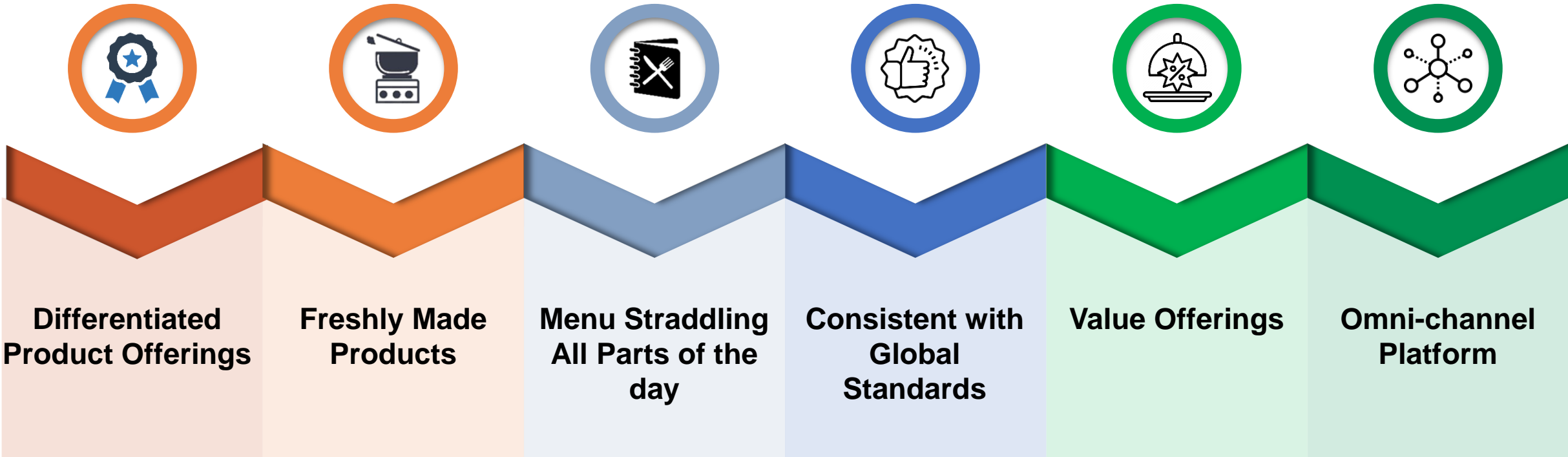
Note: Metrics for KFC and Pizza Hut are at an aggregate level

(1) In India - in terms of restaurant count as of March 31, 2021 and in the world in terms of global retail sales as of December 31, 2020; (2) Second largest pizza chain in India In terms of revenue in FY20 and largest pizza chain in Asia in terms of store count as of December 31, 2020;

# LEADING QSR BRANDS WITH DIFFERENTIATED PRODUCT AND VALUE OFFERINGS



## KEY PILLARS OF OUR CUSTOMER PROPOSITION



Source: Company data

# STRONG RELATIONSHIP WITH YUM



YUM BRANDS IS ONE OF THE GLOBAL FOOD BRAND OPERATORS WITH MORE THAN 50,000 RESTAURANTS WORLDWIDE (1)

**Access to YUM's global expertise**



**Economies of scale because of 'One System' commercial negotiations**

# STRONG RELATIONSHIP WITH YUM



## FRANCHISEE ARRANGEMENT

Under franchisee arrangement YUM has provided us rights to operate stores as one of the franchisee operator in Indian subcontinent in the specified Territories

## TERM

With respect to each store is 10 years (Original term) + 10 years (Renewal term)

## DEVELOPMENT AGREEMENT (DA)

Pursuant to these we are required to open minimum number of stores and in return we are eligible for certain incentives

## ROYALTY AND MARKETING

Royalty fee is 6 to 6.3% of Net sales and Marketing spend 6% (including 1% Local Store marketing) of Net sales. This doesn't include waiver benefit given to us by YUM (at its sole discretion)

## ACQUIRING / OPERATING NON-YUM BRANDS

Allowed in non-competing product categories with YUM's prior approval



# OMNI CHANNEL PLATFORM AND ENHANCED DIGITAL ECOSYSTEM



## OMNI CHANNEL ALLOWS OPTIMAL USE OF ASSETS

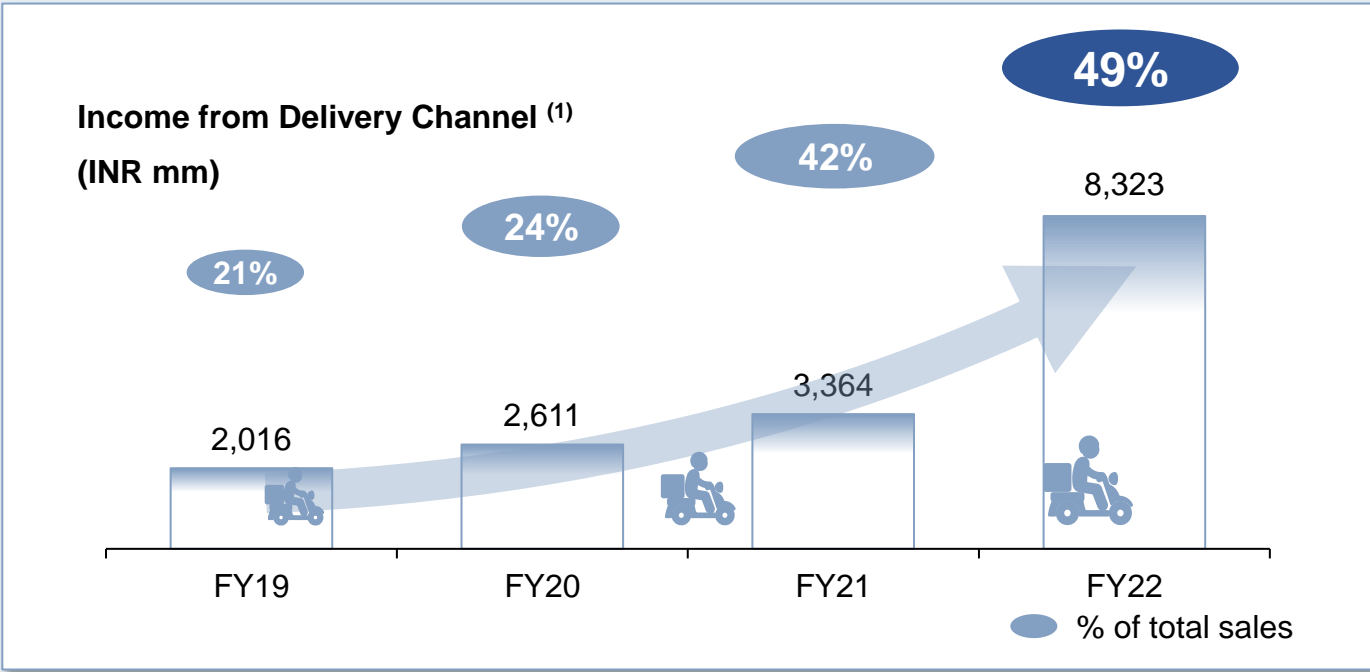
### DINE IN - CONTEMPORARY CUSTOMER EXPERIENCE



### TAKE AWAY - CONTACTLESS ORDERING AND PAYMENT GATEWAY



### DELIVERY - HYBRID MODEL OF OWN AND THIRD-PARTY AGGREGATORS



Source: Company data

(1) Includes both own delivery and delivery through third party aggregators

# OPERATIONAL EXCELLENCE LED BY IN-HOUSE SUPPLY CHAIN, FINANCIAL CONTROLS AND TECHNOLOGY INFRASTRUCTURE



## FOOD SAFETY PROCESS



Global standards of KFC, Pizza Hut and Taco Bell followed for system-wide operating procedures and hygiene

## SUPPLY CHAIN INITIATIVES

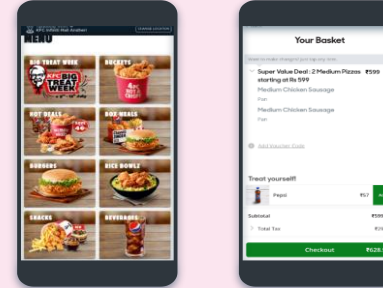


Direct relationships with vendor partners



'One System' commercial negotiations jointly with YUM and its other franchisee in India

## TECHNOLOGICAL INFRASTRUCTURE



Restaurant-level SAP ERP system and a new POS system called LS Retail <sup>(1)</sup>

## FINANCIAL CONTROLS AND GOVERNANCE



Regular audits at restaurants



Data analytics team at corporate level

Source: Company data

(1) ERP: Enterprise Resource Planning, POS: Point of Sale

# CALIBRATED NEW RESTAURANT ECONOMIC MODEL FOR EXPANSION



INDIA



INDIA

As of 31-Mar-19

Current

As of 31-Mar-19

Current

Avg Size of Restaurant (in Sq. ft.)



2,736

~ 1,500

2,427

~ 1,200



Reduction in Avg Restaurant size ~45%



Reduction in Avg Restaurant size ~45%

FY19

Q1 FY23

FY19

Q1FY23

Average Daily Sales per Restaurant (in ₹ '000)



125

144

61

61

FY19

Q1 FY23

FY19

Q1 FY23

Restaurant EBITDA %



12.7%

20.3%

7.5%

14.8%

# EXPERIENCED LEADERSHIP SUPPORTED BY MARQUEE INVESTORS



## TOP MANAGEMENT



**Sanjay Purohit**  
Whole Time Director  
and Group CEO –  
Sapphire Foods

- Levi Strauss & Co India
- Cadbury India Limited
- Asian Paints (India) Limited

30+

Consumer Products and Retail



**Deepak Taluja**  
CEO – KFC

- Cafe Coffee Day
- Domino's Pizza India Limited
- Fun Multiplex Private Limited

24+

QSR and Entertainment Retail



**Vikrant Vohra**  
CEO – Pizza Hut

- Pune Marriott Hotel & Convention Centre
- Yum! Brands, Inc.
- Hyatt Regency
- Indian Hotels Co Limited

19+

Hospitality and QSR chain



**Vijay Jain**  
CFO

- Shoppers Stop Limited
- HyperCity Retail (India) Limited
- Nicholas Piramal India Limited

18

Pharmaceutical, Consumer Products and Retail

Years of Experience

## BOARD OF DIRECTORS



**Sanjay Purohit**  
Whole time Director and  
Group CEO



**Sunil Chandiramani**  
Chairman and Independent  
Director



**Sumeet Narang**  
Non- Executive  
Non- Independent Director



**Kabir Thakur**  
Non- Executive  
Non- Independent Director



**Paul Robine**  
Non- Executive  
Non- Independent Director



**Deepa Wadhwa**  
Non- Executive  
Independent Director



**Vikram Agarwal**  
Non- Executive  
Non- Independent Director

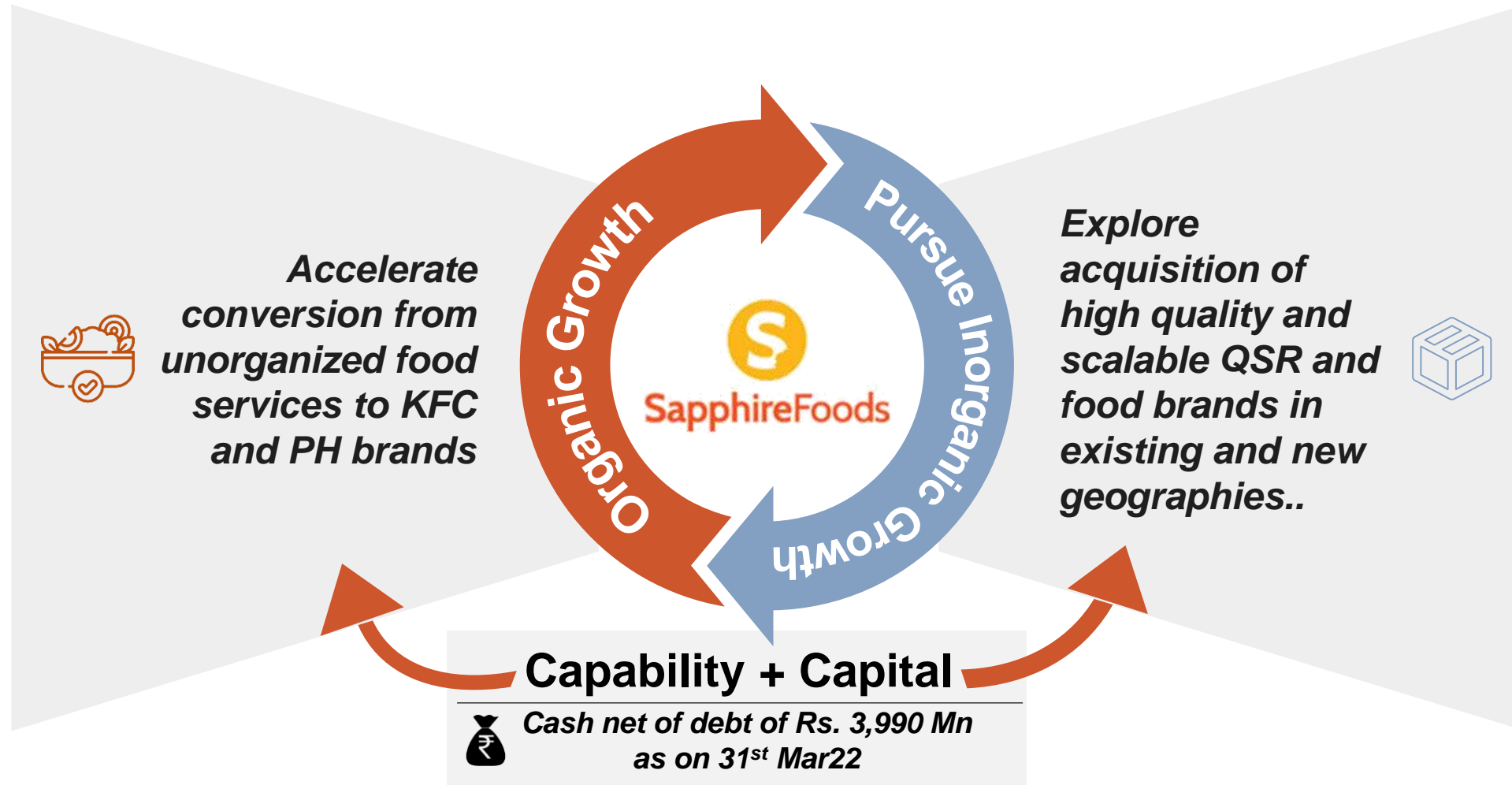


**Anu Aggarwal**  
Non- Executive  
Independent Director



**Vinod Nambiar**  
Non-Executive  
Non- Independent Director

# WELL POSITIONED TO CAPTURE FUTURE OPPORTUNITIES





# THANK YOU

*Company:*



**Sapphire Foods India Limited**

CIN: L55204MH2009PLC197005

Mr. Rahul Kapoor

Email ID: rahul.kapoor@sapphirefoods.in

[www.sapphirefoods.in](http://www.sapphirefoods.in)

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