

Date: December 1, 2021

To,

National Stock Exchange of India Ltd. Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Symbol: SAPPHIRE	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 40001 Scrip Code: 543397
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Subject: Press Release and Investor Presentation

Dear Sir/Madam,

Please find enclosed herewith press release titled ***"Sapphire Foods opens 500th store and expects to double store base in next 3-4 years"*** and Investor Presentation.

The Press Release and Investor Presentation shall also be available on Company's website at www.sapphirefoods.in

This is for your information and dissemination purpose.

Thanking You,

Yours sincerely,

For Sapphire Foods India Limited



Sachin Dudam

Company Secretary & Compliance Officer

Encl: a/a

Sapphire Foods opens 500th store and expects to double store base in next 3-4 years

01 December 2021: Sapphire Foods is pleased to announce the opening of its 500th store, KFC Dindigul, Tamil Nadu.

Commenting on this occasion, Sanjay Purohit, Group CEO Sapphire Foods said “This is an important landmark in Sapphire Foods’ growth journey and underlines the business’ strong recovery from the uncertainties brought about by the pandemic. As restrictions have eased, we have seen healthy recovery in Dine In sales while our delivery sales continue to accelerate. This has resulted in robust SSSG (same store sales growth) in Oct’21 & Nov’21 over corresponding period in both FY21 and FY20 (pre-covid period). Allied with our increased pace of store expansion (13 Stores in Q1’FY22, 32 stores in Q2’FY22 and estimated 60 stores in Q3’FY22), system sales growth in Oct’21 & Nov’21 combined is 40%+ over FY 20 (pre covid period).

With our increasing scale and focus on cost efficiencies we expect the company to turn PAT positive in Q3’FY22, barring any new covid related disruptions.

We feel excited about the prospects of the company going forward and expect to double our store count in next 3-4 years”.

About Sapphire Foods India Ltd:

Sapphire Foods was set up in September 2015, by the acquisition of about 250 KFC and Pizza Hut Stores in India and Sri Lanka, by a group of leading Private Equity firms and is managed by a team of professionals

Sapphire Foods is YUM’s largest franchisee operator in the Indian subcontinent in terms of revenue in the financial year 2020 and 2021. (Source: Technopak Report). We are also Sri Lanka’s largest international QSR chain in terms of revenue for the financial year 2021 and number of restaurants operated as of March 31, 2021. (Source: Technopak Report). We have also established a presence in the Maldives. As of March 31, 2021, we owned and operated 204 KFC restaurants in India and the Maldives, 231 Pizza Hut restaurants in India, Sri Lanka and the Maldives, and two Taco Bell restaurants in Sri Lanka. In 2020, KFC, Pizza Hut and Taco Bell recorded system sales worldwide of US\$26.2 billion, US\$11.9 billion and US\$11.7 billion, respectively. (Source: Technopak Report)

We aspire to be India’s best restaurant operator by serving customers great food with great experience at great value. We operate our restaurants in high traffic and high visibility locations in key metropolitan areas and cities across India and develop new restaurants in new cities as part of our brand and food category expansion

For further information please contact:

Company: Sapphire Foods India Ltd	Investor Relations: Orient Capital
	
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https://www.sapphirefoods.in/	www.orientcap.com

Safe Harbor:

Any forward-looking statements about expected future events, financial and operating results of the Company are based on certain assumptions which the Company does not guarantee the fulfilment of. These statements are subject to risks and uncertainties. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry, global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, technological changes, investment and business income, cash flow projections, interest, and other costs. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



Sapphire Foods Investor Presentation

December 2021



SAFE HARBOR



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Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

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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 ⁽¹⁾



INR **10,196mm** FY21 Revenue




18.9% FY21 EBITDA margin
INR **1,925mm** FY21 EBITDA ⁽²⁾





482 Total Restaurants Across India, Sri Lanka and Maldives ⁽³⁾



220 KFC Restaurants ⁽³⁾
260 Pizza Hut Restaurants ⁽³⁾
2 Taco Bell Restaurants ⁽³⁾



Omni Channel Mix ⁽⁴⁾



Channel	Percentage
Delivery	42%
Dine-in	31%
Take-away	27%

Source: Company data, Technopak industry report

(1) In terms of revenue for FY21 and number of restaurants operated as of March 31, 2021; (2) Post Ind AS and Pre ESOP; (3) As of September 30, 2021; (4) Pertains to FY21

JOURNEY OF SAPPHIRE FOODS

BUILT A PLATFORM OF 482 OUTLETS (1)

	SapphireFoods	KFC INDIA	Pizza Hut INDIA	Pizza Hut SRI LANKA
Restaurant Count (1)		219	188	71
Number of cities (2)		57	33	43

~ KFC and Pizza Hut Brands Operate in States that cover 56% of GDP (3)

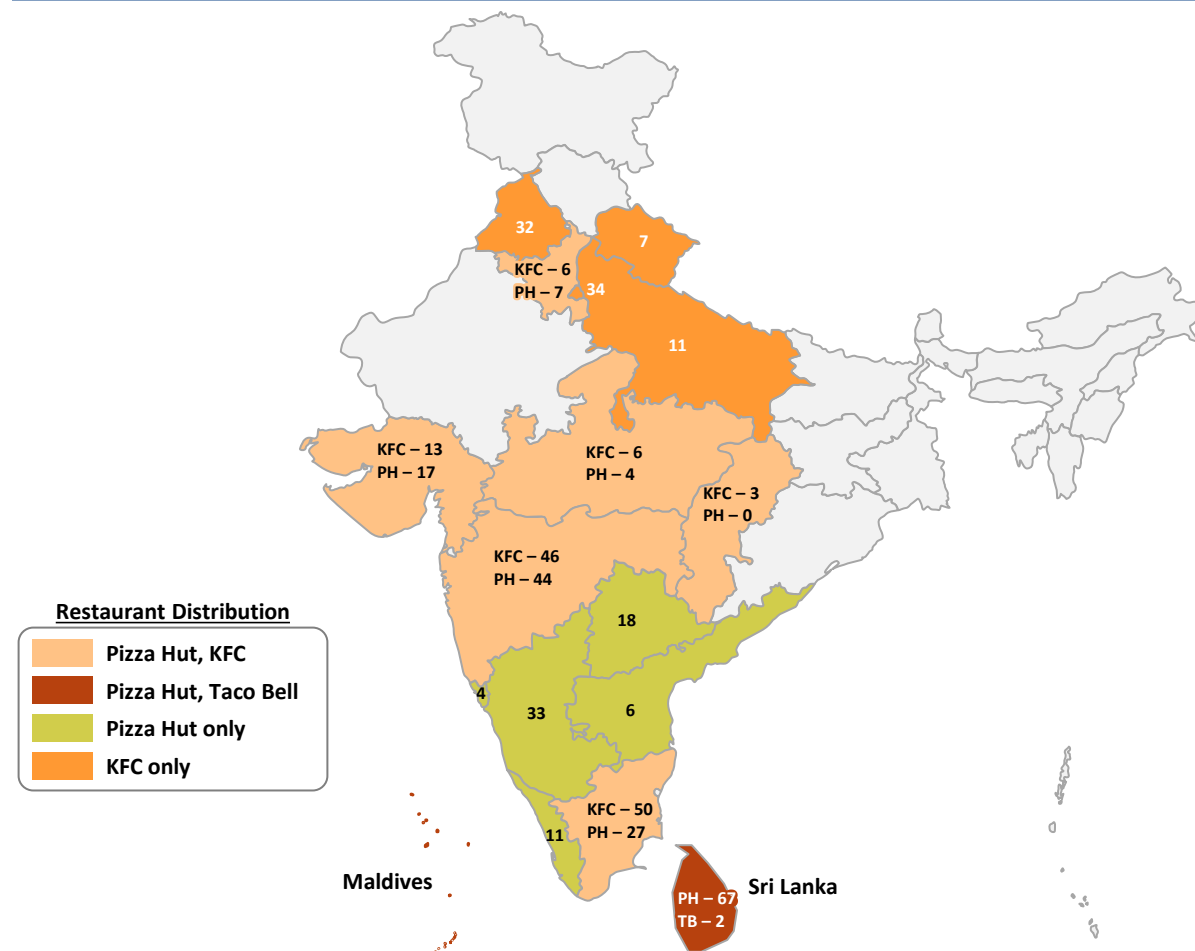
KFC and Pizza Hut present in 10 and 11 states of India respectively

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

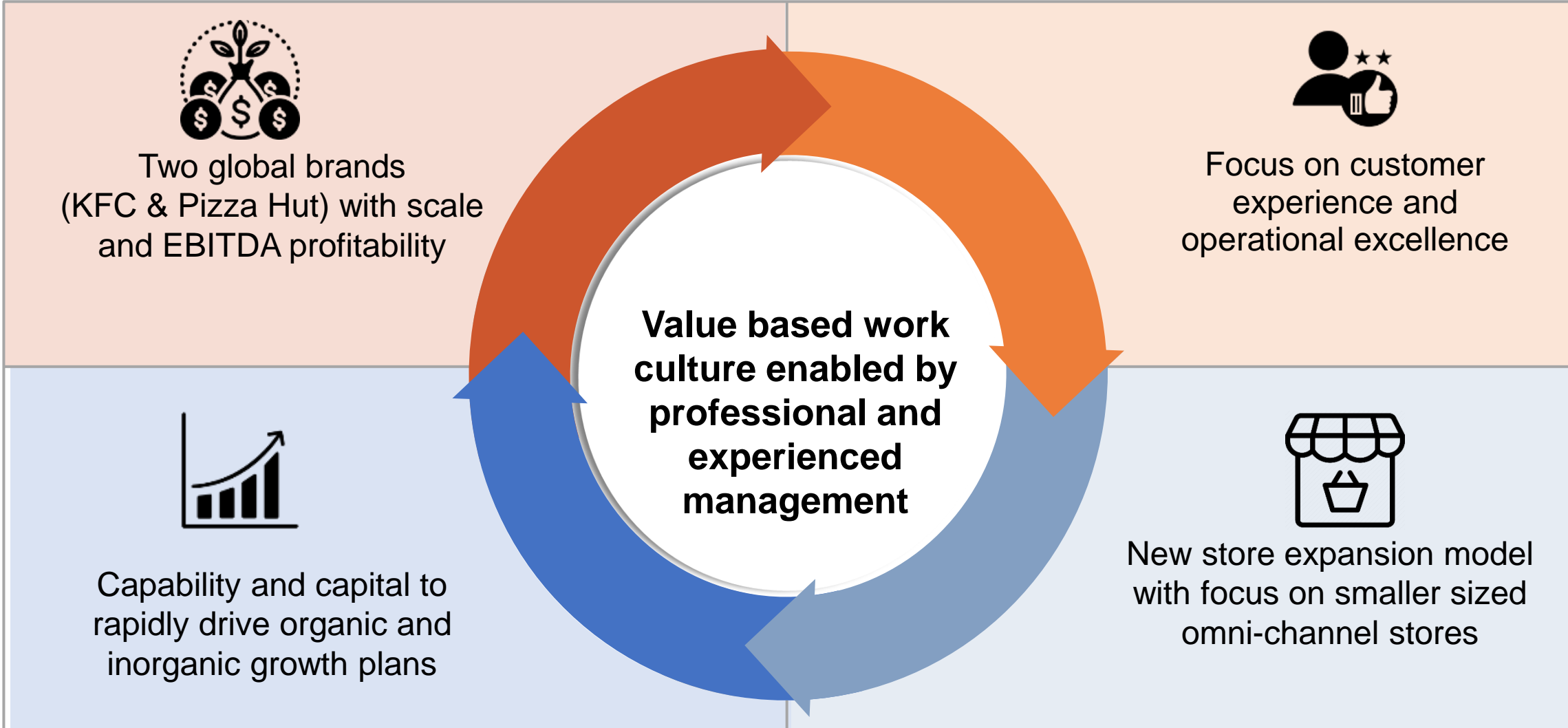
Top 8 Cities in India contribute 87% of Chain Food Services Market (4)



SAPPHIRE FOODS: GEOGRAPHICAL PRESENCE (2)



KEY TAKEAWAY FOR INVESTORS



Two global brands (KFC & Pizza Hut) with scale and EBITDA profitability



Focus on customer experience and operational excellence

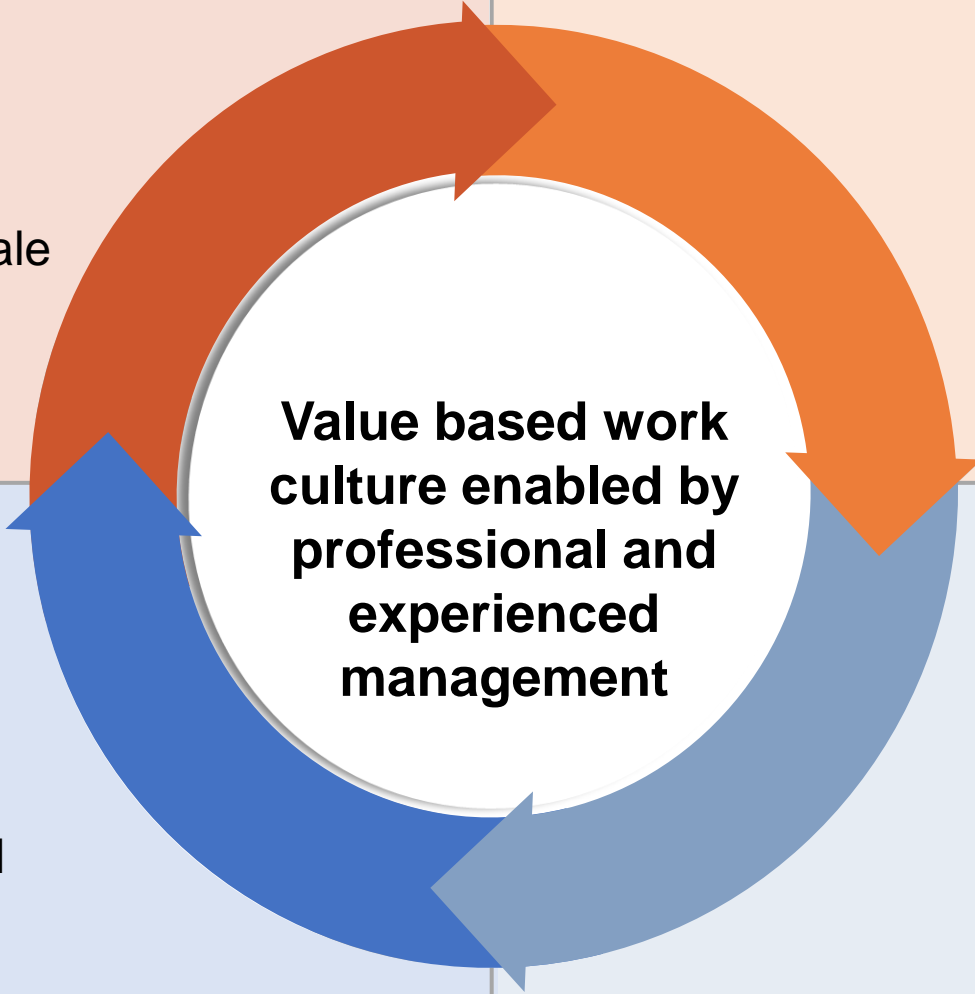


Capability and capital to rapidly drive organic and inorganic growth plans



New store expansion model with focus on smaller sized omni-channel stores

Value based work culture enabled by professional and experienced management



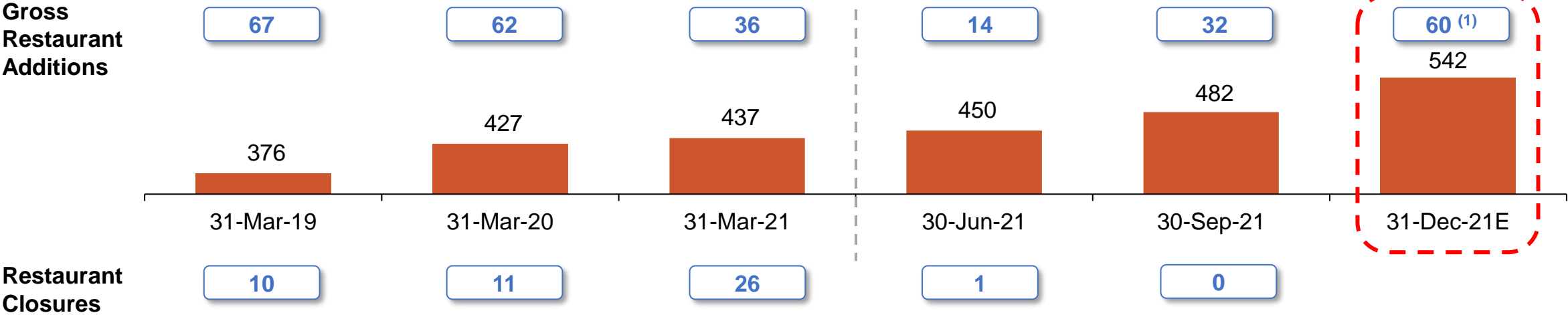


Financial Overview

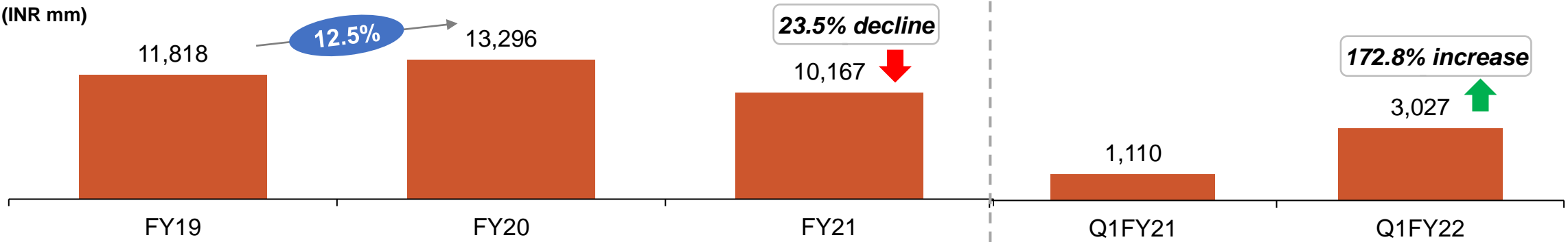
OPERATIONAL & FINANCIAL OVERVIEW



NUMBER OF RESTAURANTS



REVENUE ⁽²⁾



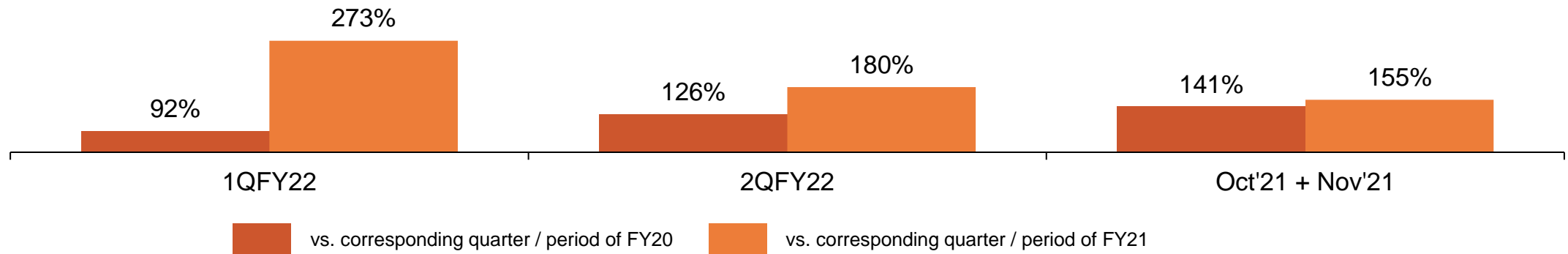
Source: Company data
 (1) Represents net restaurant addition
 (2) Restaurant related revenue

RECOVERY IN BUSINESS POST COVID-19



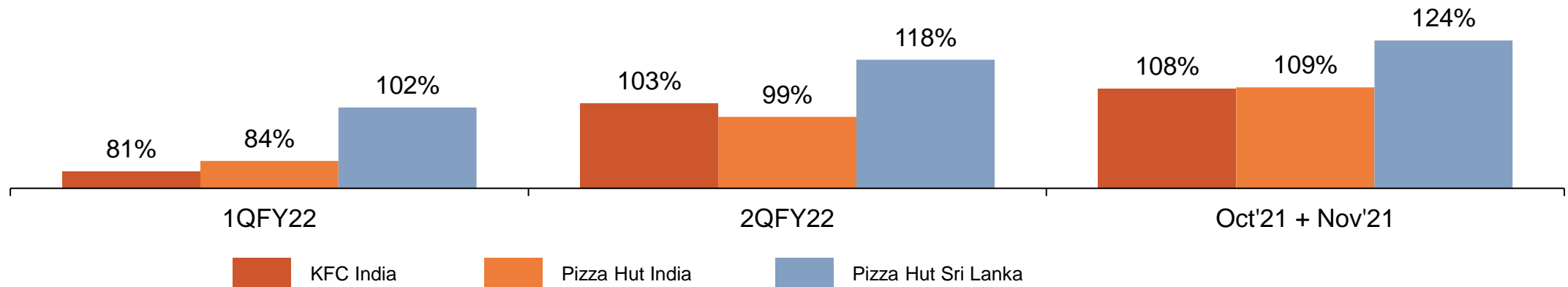
SYSTEM SALES RECOVERY – AS A % OF CORRESPONDING PERIOD

(%)



AVERAGE DAILY SALES RECOVERY VS. FY20 (PRE-PANDEMIC)

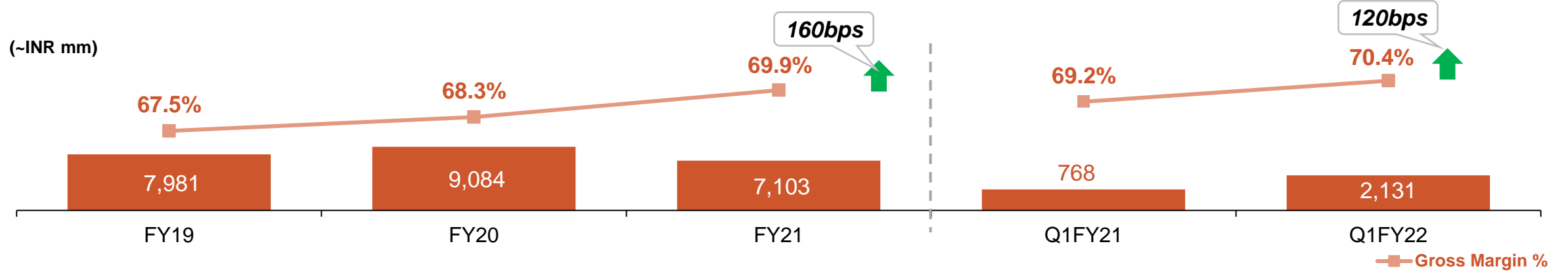
(%)



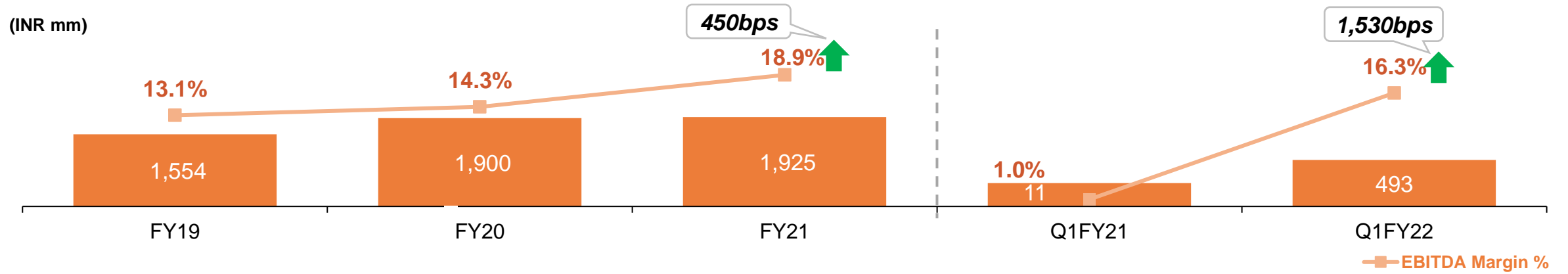
PROFITABILITY OVERVIEW



GROSS MARGIN ⁽¹⁾



EBITDA ⁽²⁾



KEY INITIATIVES

Zero-based cost budgeting leading to permanent cost reduction

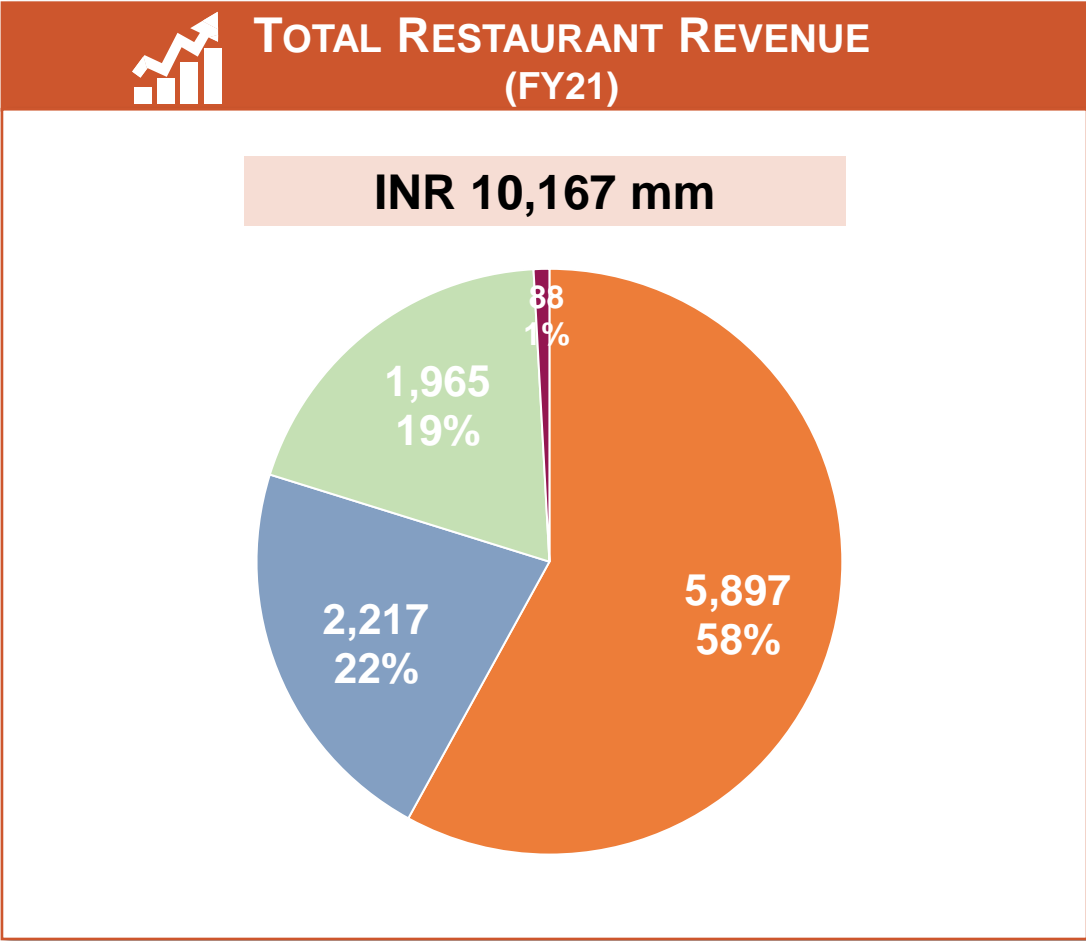
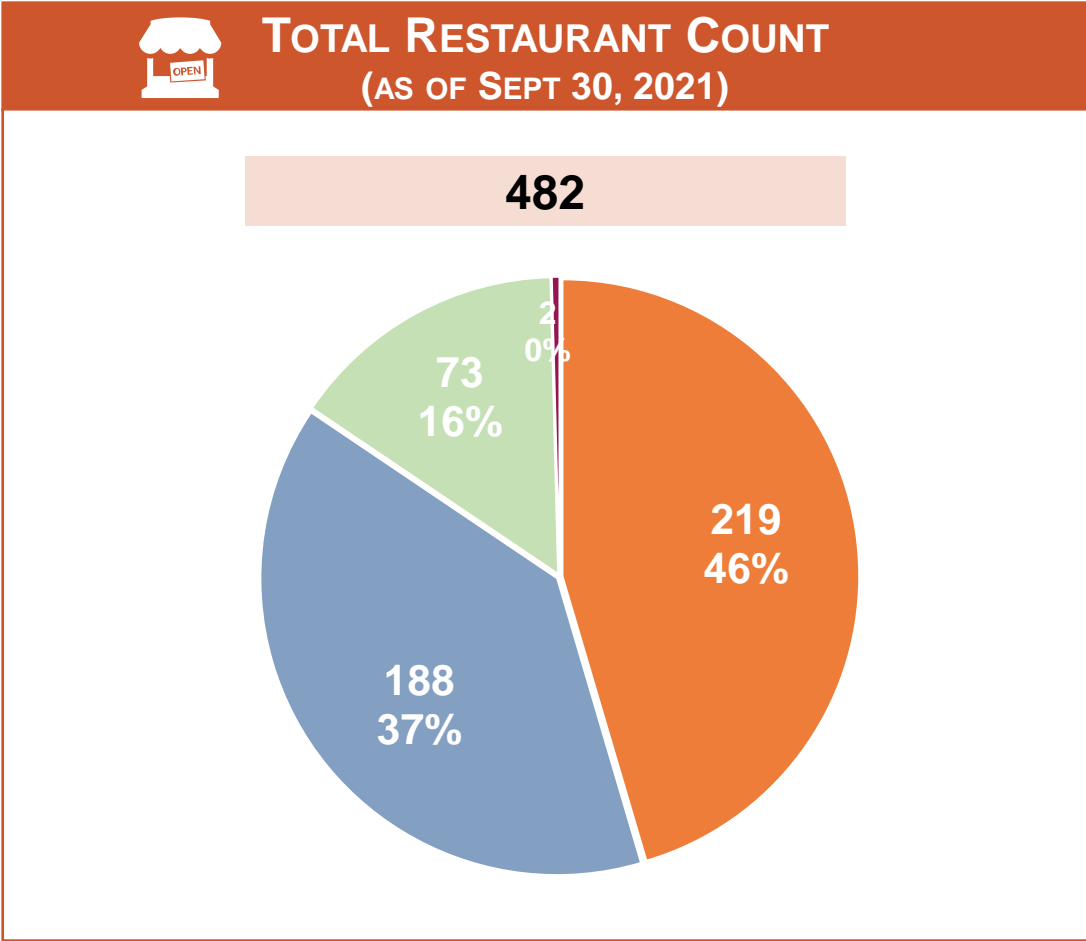
PACE SETTER program for benchmarking cost amongst restaurants

Optimization of restaurant size

Increase in revenue from Delivery from 21% in FY19 to 42% in FY21

Source: Company data
 (1) Restaurant Revenue less Cost of Material Consumed
 (2) Represents EBITDA post Ind AS 116 and pre ESOP

CORE COMPOSITION OF OUR BUSINESS



- KFC India
- Pizza Hut India
- Sri Lanka Business
- Other Business

CORE COMPOSITION OF OUR BUSINESS: KFC INDIA



	AS OF MAR 31, 2020 / For FY20	AS OF MAR 31, 2021 / For FY21	AS OF JUN 30, 2021 / For Q1FY22
Total Restaurant Count	187	203	208
Average Daily Sales per Restaurant (INR'000s)	130	106	105
Restaurant Related Revenue (in INR mm)	7,753	5,897 23.9% vis a vis FY20	1,788 245.5% vis a vis Q1FY21
Restaurant EBITDA (in %)	13.2%	14.0% 80bps vis a vis FY20	13.5% 3,400bps vis a vis Q1FY21

Net addition of **16 restaurants** in H1FY22 – operates **219 restaurants** as of September 30, 2021

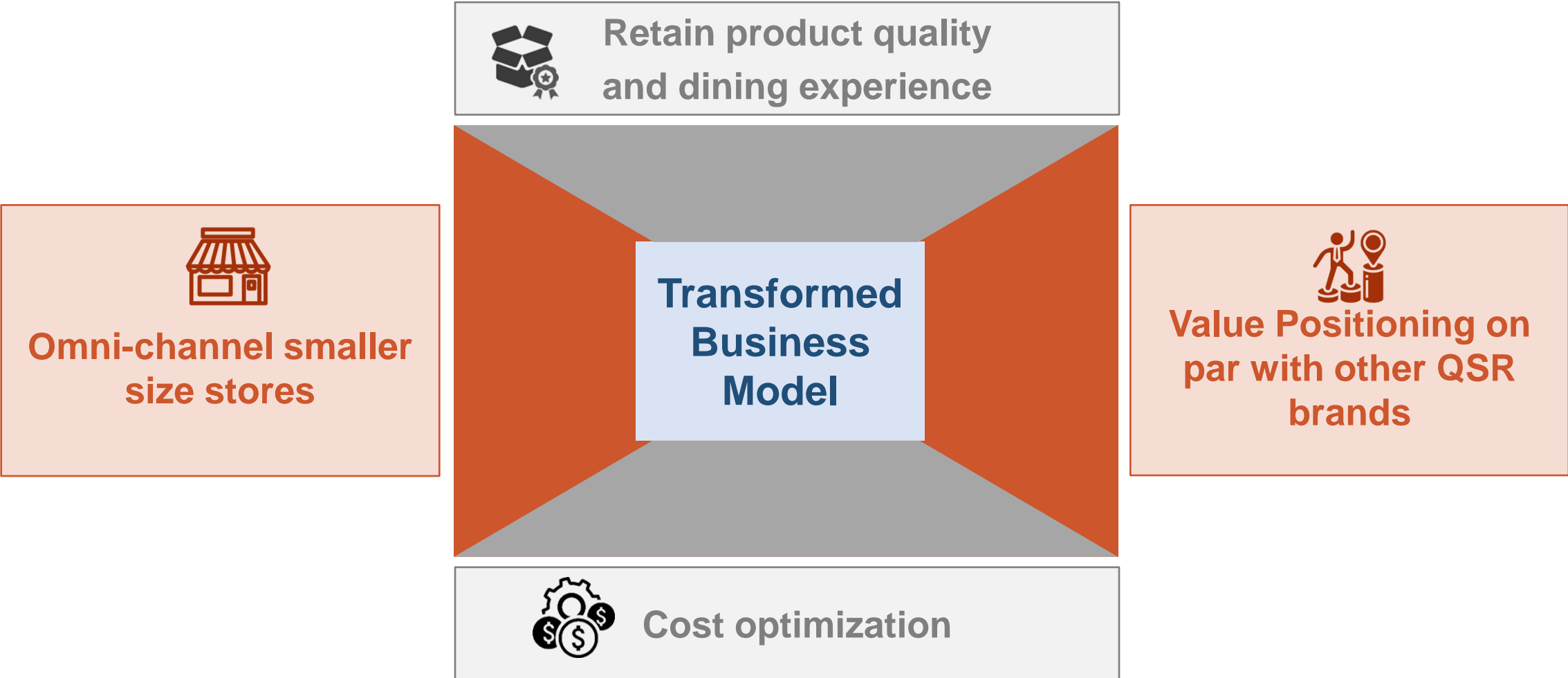
CORE COMPOSITION OF OUR BUSINESS: PIZZA HUT INDIA



	AS OF MAR 31, 2020 / For FY20	AS OF MAR 31, 2021 / For FY21	AS OF JUN 30, 2021 / For Q1FY22
Total Restaurant Count	174	162	171
Average Daily Sales per Restaurant (INR'000s)	58	48	49
Restaurant Related Revenue (in INR mm)	3,343	2,217 33.7% vis a vis FY20	660 203.2% vis a vis Q1FY21
Restaurant EBITDA (in %)	7.3%	5.0% 230bps vis a vis FY20	5.8% 4,480bps vis a vis Q1FY21

Net addition of **26 restaurants** in H1FY22 – operates **188 restaurants** as of September 30, 2021

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 JUN 30, 2021
/ For Q1FY22

	AS OF MAR 31, 2020 / For FY20	AS OF MAR 31, 2021 / For FY21	AS OF JUN 30, 2021 / For Q1FY22
Total Restaurant Count	64	70	69
Average Daily Sales per Restaurant (INR'000s)	87	90	92
Restaurant Related Revenue (in INR mm)	2,038	1,965 3.6% vis a vis FY20	555 51.7% vis a vis Q1FY21
Restaurant EBITDA (in %)	16.2%	19.5% 330bps vis a vis FY20	18.0% 860bps vis a vis Q1FY21

Net addition of **3 restaurants** in H1FY22 – operates **73 restaurants** as of September 30, 2021

BUSINESS UPDATE AND OUTLOOK



Sapphire opened its 500th store in November 2021, a significant milestone in our growth journey. We expect to continue on this growth trajectory and expect to double our store count in next 3-4 years



Dine-in at the restaurants are continuing to witness an uptick starting Q2FY22 onwards with the opening up of economy and roll back of COVID related restrictions. Delivery sales continue to be strong. We expect this trend to continue here onwards, barring any new covid related disruptions



Both KFC and Pizza Hut evidenced high positive SSSG (same store sales growth) in 1Q and 2Q of FY22 vis-à-vis corresponding period of the previous year both in India and in Sri Lanka



With our increasing scale and focus on cost efficiencies we expect the company to turn PAT positive in Q3'FY22



Key Highlights

KEY INVESTMENT HIGHLIGHTS



- 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)⁽¹⁾

LEADING QSR BRANDS WITH DIFFERENTIATED PRODUCT AND VALUE OFFERINGS



		<p>Largest QSR chain serving chicken in India and the world ⁽¹⁾</p>			<p>Second largest pizza chain in India and largest pizza chain in Asia ⁽²⁾</p>
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<p>No. of Restaurants ⁽³⁾</p>					
	<p>1,360</p>	<p>488</p>	<p>481</p>	<p>440</p>	<p>265</p>

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; (3) Represents brand level details as of March 31, 2021

LEADING QSR BRANDS WITH DIFFERENTIATED PRODUCT AND VALUE OFFERINGS



KEY PILLARS OF OUR CUSTOMER PROPOSITION



Differentiated Product Offerings

Freshly Made Products

Menu Straddling All Parts of the day

Consistent with Global Standards

Value Offerings

Omni-channel Platform



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

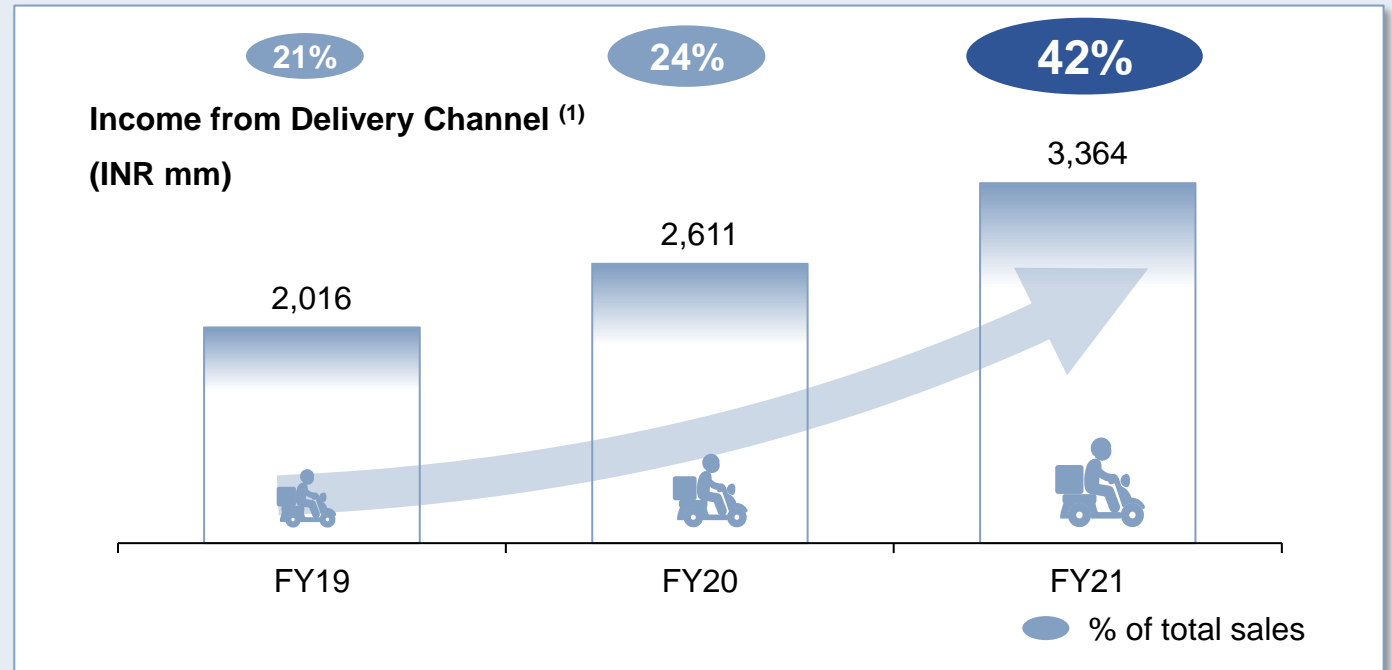


OMNI CHANNEL ALLOWS OPTIMAL USE OF ASSETS

DINE IN - CONTEMPORARY CUSTOMER EXPERIENCE



DELIVERY - HYBRID MODEL OF OWN AND THIRD-PARTY AGGREGATORS



TAKE AWAY - CONTACTLESS ORDERING AND PAYMENT GATEWAY



Source: Company data

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

OPERATIONAL EXCELLENCE LED BY IN-HOUSE SUPPLY CHAIN, FINANCIAL PROCESSES 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

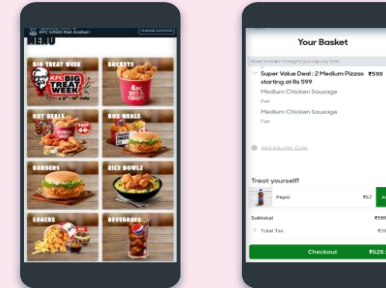


Direct relationships with vendor partners



'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 ⁽¹⁾

FINANCIAL CONTROLS AND GOVERNANCE



Regular audits at restaurants

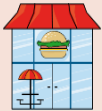


Data analytics team at corporate level

SCALABLE NEW RESTAURANT ECONOMIC MODEL FOR EXPANSION

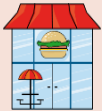



India


	As of 31-Mar-19	FY20-21	Recent
Avg Size of Restaurant (in Sq. ft.) 	2,736	1,645 ⁽¹⁾	1,400-1,500 ⁽²⁾
		↓ Reduction in Avg Restaurant size by ~40% ⁽³⁾	



India

	As of 31-Mar-19	FY20-21	Recent
Avg Size of Restaurant (in Sq. ft.) 	2,427	1,480 ⁽¹⁾	1,200-1,300 ⁽²⁾
		↓ Reduction in Avg Restaurant size by ~39% ⁽³⁾	

	FY19	FY20	FY21
Capex per New Restaurant ⁽⁴⁾ (in INR mm) 	21	20	17
		↓ Reduction in Capex by ~18% ⁽⁵⁾	

	FY19	FY20	FY21
Capex per New Restaurant ⁽⁴⁾ (in INR mm) 	16	14	13
		↓ Reduction in Capex by ~17% ⁽⁵⁾	

	FY19	FY20	FY21
Average Daily Sales per Restaurant (in INR'000) 	125	130	106

	FY19	FY20	FY21
Average Daily Sales per Restaurant (in INR'000) 	61	58	48

Source: Company data

(1) Average size of restaurants opened in FY20 and FY21; (2) Size of some of the recently opened or signed restaurants; (3) Average size of restaurants opened in FY20 and FY21 in comparison to average size of restaurants as of March 31, 2019; (4) Excluding any initial fee; (5) Capital expenditure per restaurant in FY21 in comparison to FY19

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 Lalchand 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 Rewachand Chandiramani
Chairman and Independent Director



Sumeet Subhash Narang
Non- Executive Director (as a nominee of Sapphire Foods Mauritius Limited)



Kabir Thakur
Non- Executive Director (as a nominee of Sapphire Foods Mauritius Limited)



Manish Mehta
Non- Executive Director (as a nominee of Sapphire Foods Mauritius Limited)



Deepa Gopalan Wadhwa
Independent Director



Vikram Ranjan Agarwal
Non- Executive Director (as a nominee of QSR Management Trust Limited)

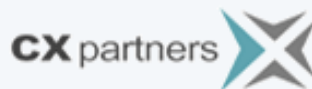


Anu Ram Aggarwal
Independent Director



Girish Manjanath Bhat
Non-Executive Director (as a nominee of Sapphire Foods Mauritius Limited)

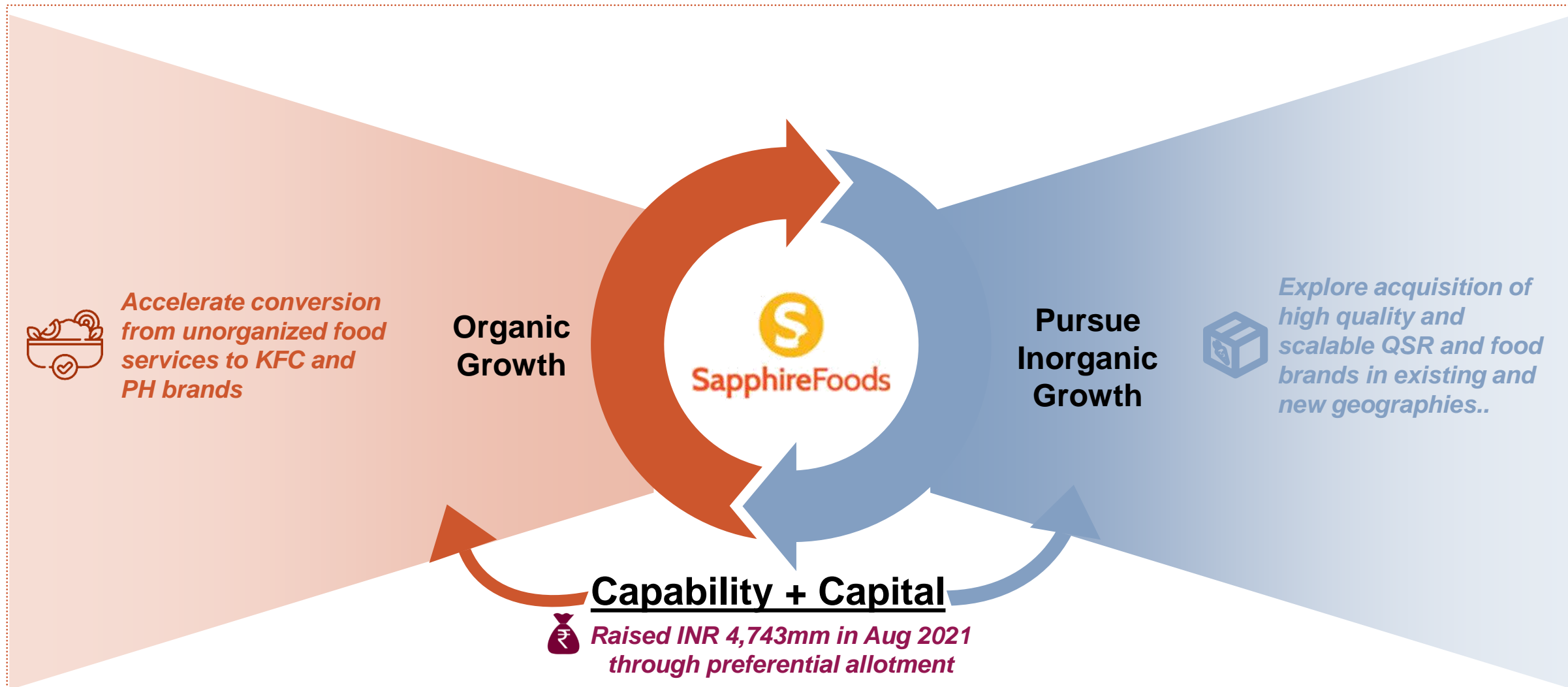
MARQUEE INVESTORS





Future Strategies

WE ARE WELL POSITIONED TO CAPTURE FUTURE OPPORTUNITIES



Accelerate conversion from unorganized food services to KFC and PH brands

Organic Growth

SapphireFoods

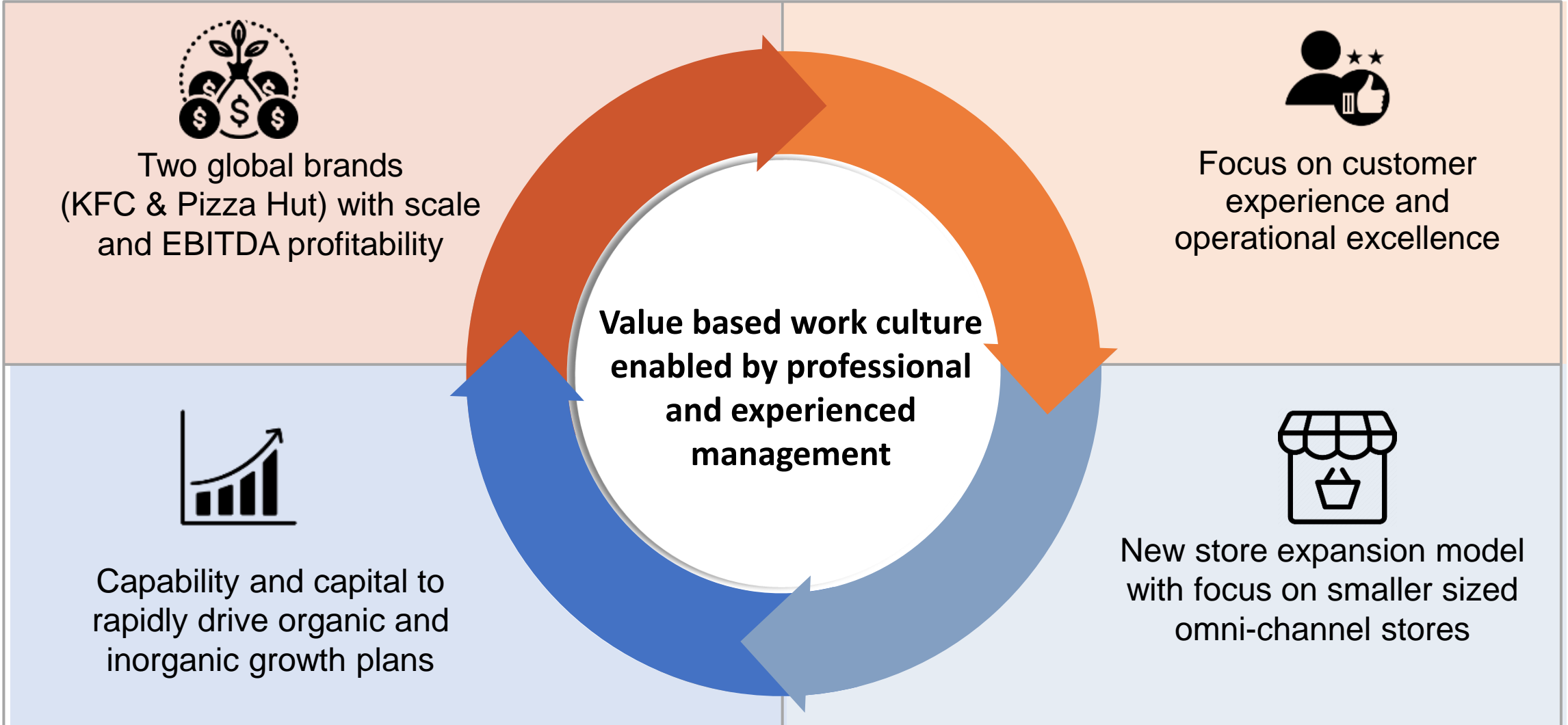
Pursue Inorganic Growth

Explore acquisition of high quality and scalable QSR and food brands in existing and new geographies..

Capability + Capital

Raised INR 4,743mm in Aug 2021 through preferential allotment

KEY TAKEAWAY FOR INVESTORS





THANK YOU

For Further Information, please contact:

Company:



Sapphire Foods India Limited

CIN: U55204MH2009PLC197005

Mr. Rahul Kapoor

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www.sapphirefoods.in

Investor Relations Partner:



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Mr. Ashish Chovatia

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