

Result Update

Q1 FY26

Westlife Foodworld Ltd.

Institutional
Research

Westlife Foodworld Ltd.



BP WEALTH

QSR | Q1FY26 Result Update

26th July 2025

Profitability improves despite challenging market conditions

Westlife Foodworld Ltd. reported revenue growth of 6.7% YoY to Rs. 6,576 million in Q1FY26, driven by Same-store sales growth (SSSG) of 0.5%, marking the third consecutive quarter of positive momentum, driven by stable guest counts and average check. Off-premises sales, which account for 41% of revenue, grew by 4% YoY, whereas On-premises sales grew by 8% YoY. The digital sales contribution grew by over 500 bps sequentially to +75%, primarily through the company's mobile app and self-ordering kiosks. The management observed that the consumption trend remained stable and that dining out is expected to increase gradually throughout the year. The company's profitability improved during the quarter, with gross margins increasing by 83 bps YoY to 71.6% due to significant enhancements in supply chain efficiencies. EBITDA grew by 8.5% YoY to Rs. 853 million with EBITDA Margin improving by 22 bps YoY to 13.0% in Q1FY26, while the Restaurant operating margin (ROM) expanded by ~80 bps, reflecting better cost management and operational efficiencies. However, the net profit for the quarter declined by 62% YoY to Rs. 12 million, with a margin of 0.2% (down 34 bps YoY). The Board approved an interim dividend of Rs. 0.75 per equity share. During the quarter, the company expanded its footprint by adding nine restaurants while closing three, bringing the total count to 444 restaurants. McCafe is now present in 96% of the restaurants, providing customers with premium coffee options and creating more occasions for McDonald's visits throughout the day. The management has guided that the store opening for FY26 aligns with a target of reaching 580-630 restaurants by 2027.

Valuation and Outlook

Westlife Foodworld Ltd., the operator of McDonald's restaurants in West and South India, reported a modest revenue growth backed by positive SSSG for the quarter and improved profitability on an annual basis. Despite operating in a highly competitive and challenging environment for dine-in formats, the company's performance highlights its operational resilience and ability to navigate market pressures effectively. Management anticipates maintaining this growth momentum, driven by improved affordability metrics and guest count, led by easing consumer-level inflation and government stimulus. Looking ahead, the company's strategic initiative, Vision 2027, aims to double its revenue to Rs. 40-45 billion. This will be driven by scaling fast-growing categories, such as the value segment, creating daypart leadership, and enhancing customer experience through the omnichannel model. Further, as a part of this strategy, the company plans to expand its footprint, targeting 580 to 630 restaurants by 2027. This will result in an improved operating EBITDA margin of 18% to 20%. The company's long-term strategy positions it well to capitalize on India's growing demand for quick-service restaurants. Key areas to watch going forward include consumer sentiment, same-store sales growth (SSSG), and overall demand trends in the QSR sector.

Key Highlights

Particulars (Rs. Mn)	Q1FY26	Q4FY25	Q1FY25	YoY (%)	QoQ (%)
Net Sales	6,576	6,031	6,163	6.7%	9.0%
COGS	1,867	1,810	1,801	3.7%	3.2%
Gross Profit	4,709	4,221	4,362	8.0%	11.6%
Gross margin (%)	71.6%	70.0%	70.8%	83 bps	162 bps
EBITDA	853	770	786	8.5%	10.8%
OPM (%)	13.0%	12.8%	12.8%	22 bps	20 bps
Net Profit	12	15	33	-62.3%	-19.4%
Net Profit margin (%)	0.2%	0.3%	0.5%	-34 bps	-7 bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	768
BSE code	505533
NSE Symbol	WESTLIFE
Bloomberg	WESTLIFE IN
Reuters	WEST.BO

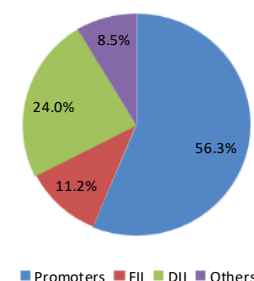
Key Data

Nifty	24,837
52 Week H/L (Rs.)	957/641
O/s Shares (Mn)	156
Market Cap (Rs. bn)	120
Face Value (Rs.)	2

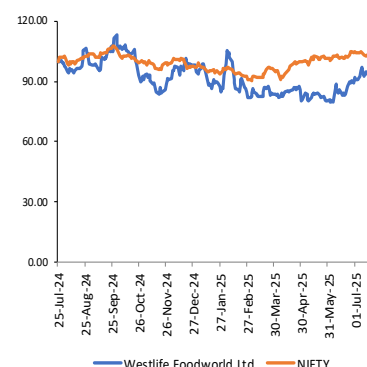
Average Volume

3 months	1,97,600
6 months	1,46,680
1 year	1,73,230

Share Holding Pattern (%)



Relative Price Chart



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Key Concall Highlights

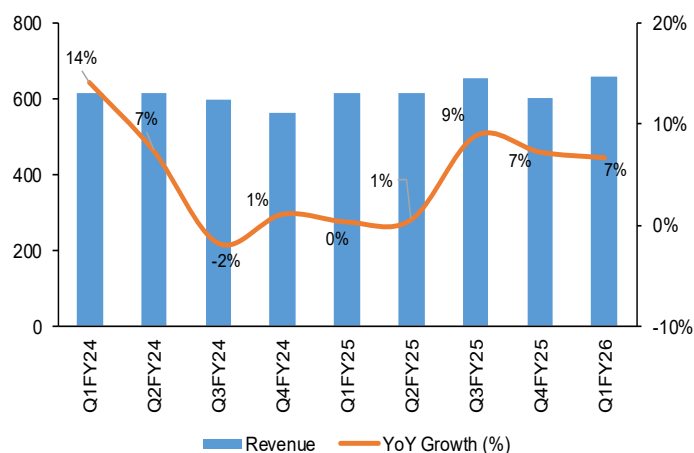
- The business environment remains soft, though the company is optimistic that eating out frequency will gradually improve as consumer inflation decreases. The operating environment is described as stable but soft, with continued pressure on discretionary spending. The market is currently focused heavily on affordability.
- In Q1FY26, the off-premise business increased by 4% YoY and accounted for 41% of total revenue, reinforcing the strength and relevance of the company's robust omni-channel presence. Digital sales contributed up to 75% of total sales. Digital innovation and enhanced operational experiences are expected to drive future growth in the off-premise market.
- The gross margin for Q1FY26 was 71.6%, increased by 83 bps, driven by supply chain efficiencies.
- In Q1FY26, the company expanded its presence by opening nine new restaurants and closing three, aligning with its Vision 2027 strategy, which aims to have 580 to 630 total stores by 2027. Expansion efforts will be primarily focused on the southern region, where management sees significant growth potential and opportunities to enhance customer reach and maximize business performance.
- Management guided that expansion toward Drive-Thru formats is a part of its omnichannel strategy; drive-thru stores have ~Rs. 15–20 lakhs higher capex but deliver superior throughput over the long term.
- The McSaver Meals and McSaver+ value platforms continued to drive higher affordability and customer inflow.

"Management anticipates enhanced profitability driven by higher average unit volumes, aiming for an 18-20% EBITDA margin by 2027."

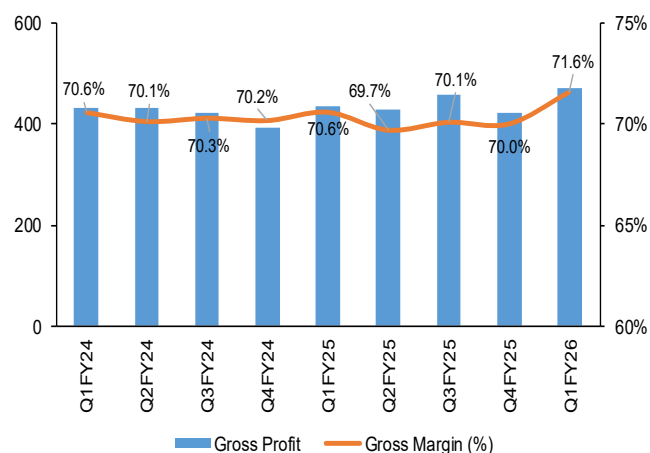
"Going ahead, the company will continue to prioritize strengthening its value proposition and product innovation, and this strategy will be a key driver to enhance customer footfall."

Quarterly Snapshot

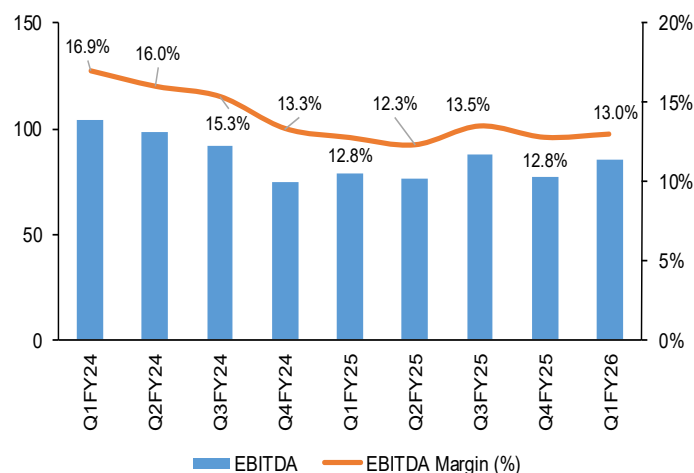
Revenue Growth



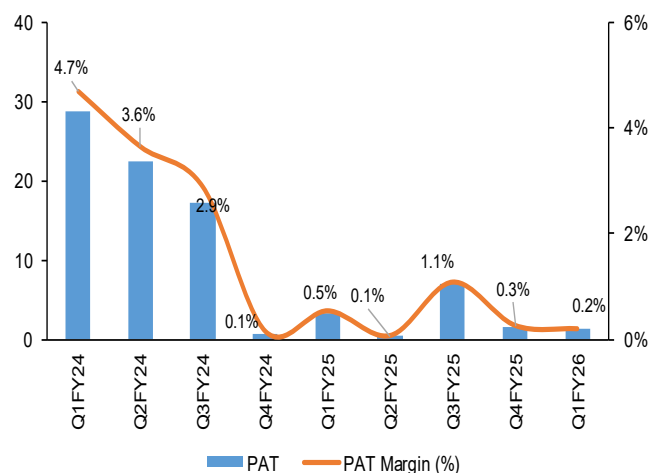
Gross Profit & Gross Margin



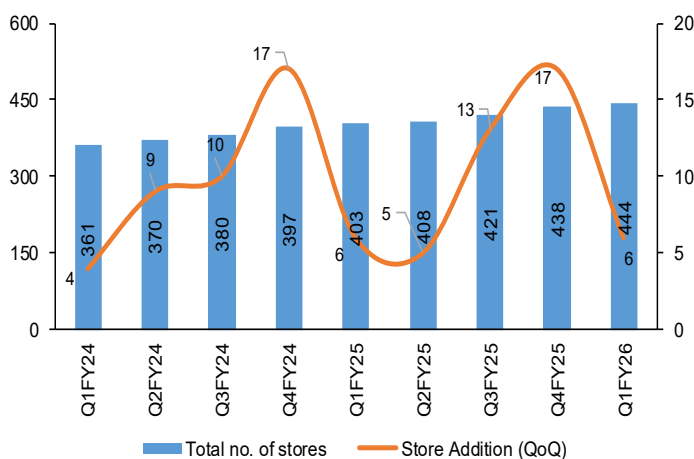
EBITDA & EBITDA Margin



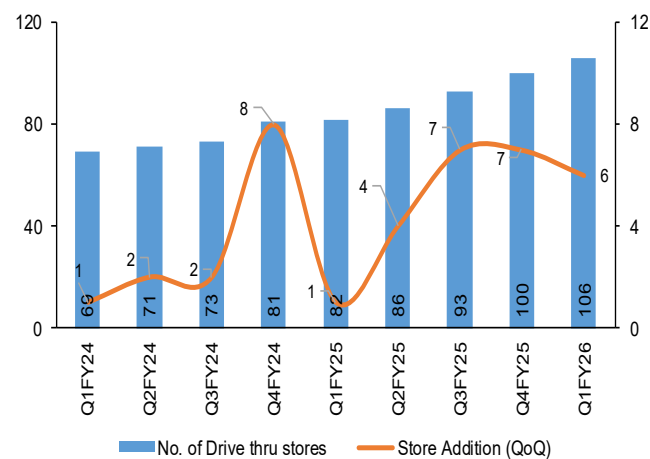
PAT & PAT Margin



Trend in drive-thru store addition



Trend in total store addition



Key Financials						
YE March (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	15,760	22,776	23,918	24,912	27,844	32,153
Growth %	60%	45%	5%	4%	12%	15%
EBIDTA	2,061	3,871	3,771	3,198	3,988	5,134
Growth %	240%	88%	-3%	-15%	25%	29%
Net Profit	-17	1,116	692	122	465	1,091
Growth %	NM	NM	-38%	-82%	283%	135%
Diluted EPS (Rs.)	-0.1	7.2	4.4	0.8	3.6	7.6
Profitability & Valuation						
EBIDTA (%)	13.1%	17.0%	15.8%	12.8%	14.3%	16.0%
NPM (%)	-0.1%	4.9%	2.9%	0.5%	1.7%	3.4%
ROE (%)	NM	19.7%	11.8%	2.0%	7.2%	14.4%
P/E (x)	NM	107.2x	172.9x	984.2x	211.7x	101.1x
Market Cap/Sales (x)	7.6x	5.3x	5.0x	4.8x	4.3x	3.7x

Source: Company, Bloomberg

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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