

# Investor Presentation

9 August 2018  
Quarter 4 2017/18

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wagamama

The background of the slide is a top-down photograph of a wooden table with a checkered grain pattern. On the table are several plates of food: a grey plate with a stir-fry of vegetables and meat, a black plate with fried dumplings, and a black plate with fried shrimp and a small white bowl of red dipping sauce. A pair of wooden chopsticks lies on the table. The Wagamama logo, featuring a red star above the word 'wagamama', is positioned in the upper right. Below it, the tagline 'food to make you feel good' is written in a large, white, sans-serif font.

wagamama

food to make  
you feel good

# Disclaimer

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## Forward-looking statements

This presentation includes forward-looking statements. All statements other than statements of historical facts included in this presentation, including those regarding the group's financial position, business and acquisition strategy, plans and objectives of management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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The quarterly financial results presented in this presentation include calculations or figures that have been prepared internally by management and have not been reviewed or audited by our independent chartered accounting firm. This financial data should not be viewed as a substitute for full financial statements prepared in accordance with FRS 102 and is not necessarily indicative of the results to be achieved for any future periods.

## Use of non-FRS 102 financial information

This document contains references to certain non-FRS 102 financial measures. For definitions of terms such as "ebit", "ebitda", "ebitda margin", "adjusted ebitda or adj. ebitda", "adjusted or adj. ebitda margin", "new site capital expenditures", "maintenance capital expenditures", "other capital expenditures", "total capital expenditures" and "like-for-like sales growth" and a detailed reconciliation between the non-FRS 102 financial results presented in this document and the corresponding FRS 102 measures, please refer to appendix B and footnotes shown throughout. Certain financial and other information presented in this document has not been audited or reviewed by our independent auditors.

Certain numerical, financial data, other amounts and percentages in this document may not sum due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number.

## Overview

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1. LFLs strong and continue to outperform the market
2. FY 2017/18<sup>1</sup> total sales growth of 12.9%
3. Investing in our brand
4. Affordable property investment to drive continued success
5. FY 2017/18 Adjusted EBITDA in line with our expectations
6. Key metrics in line with bond issue



**NB: FY 2017/18 is a 53 week year compared to FY 2016/17 which was 52 weeks. All numbers reported are 52 week equivalents – a reconciliation to the 53 week financial year adjusted EBITDA is provided in appendix B.**



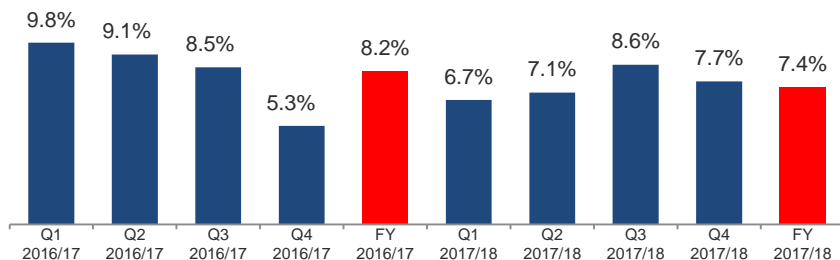
1. LFLs strong  
and continue to  
outperform the  
market



## LFLs strong and continue to outperform the market: 7.7% UK LFL in Q4

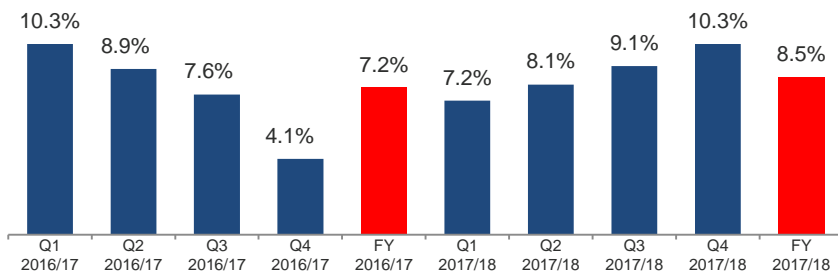
N.B. Q4 2017/18 is reported on a 12 week basis below

### Quarterly UK LFL<sup>1</sup> growth (%)



- Wagamama UK LFL growth of 7.7% in Q4 and full year growth of 7.4%
- Q4 UK LFL gap to the market widened to 10.3%
- Full year outperformance of the market at 8.5%
- Traded ahead of the competition for over 4 years – (220 consecutive weeks)
- USA full year LFL at 3.5%. First NY site, Nomad, became LFL during Q4

### Level of UK market outperformance<sup>2</sup>



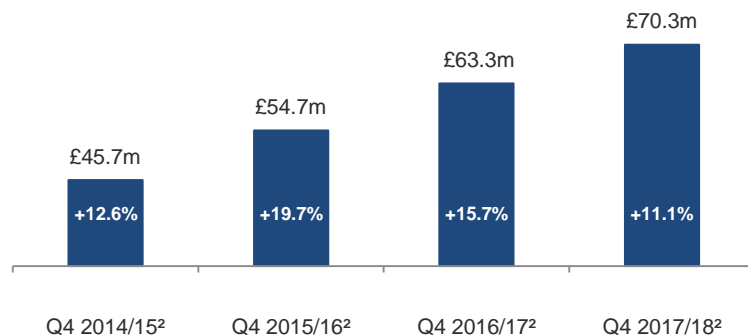
2. FY 2017/18  
total sales  
growth of 12.9%



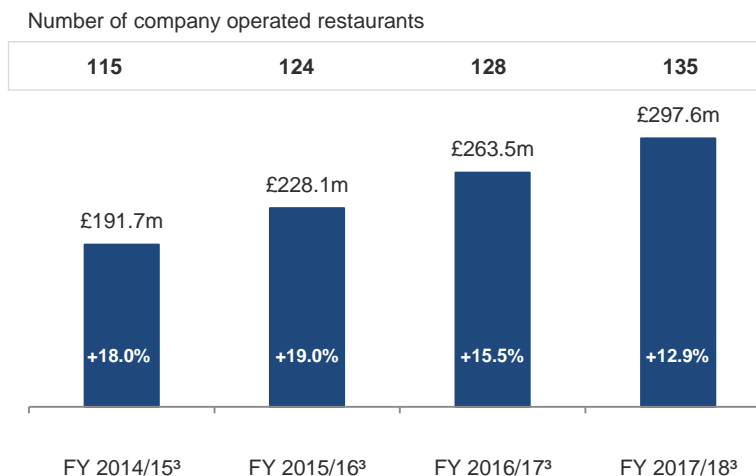
## FY 2017/18 sales growth of 12.9%: Track record of double digit sales growth continues

N.B. Q4 2017/18 is reported on a 12 week basis and FY 2017/18 on a 52 week basis below

### Group total sales<sup>1</sup> (£m) and growth (%) – Q4



### Group total sales<sup>1</sup> (£m) and growth (%) – YTD Q4



- Sales growth of 11.1% in Q4 17/18 and 12.9% in FY 2017/18
- Driven by both strong LFL growth and opening of a further 9 restaurants in FY 2017/18



# 3. Investing in our brand

**TOP CEOs 2018**  
EMPLOYEES' CHOICE



Most admired company or brand



Best company (50 sites plus)

wagamama





## Investing in our brand: driving future LFL growth and profitability

Underlying EBITDA growth is allowing us to continue to invest in our brand:



### Training and people

- Continued investment in attracting, training and retaining our people, resulting in:
  - Strong trend in reducing team turnover
  - Glassdoor score of 4.2<sup>1</sup> and 81% would recommend to a friend
  - Highest rated female CEO in Glassdoor Top CEOs 2018 employees' choice list



### Food and menu

- Strong contribution from vegan menu
- Further investment in quality of dishes, including new menu rollout post year end in May



### Marketing

- Further investment in digital and social media, including launch of the wagamamago app, offering seamless walkout payment technology
- First cinema advert released mid-June



### Investment in restaurants

- 31 value adding refurbishments completed in FY 2017/18
- Discretionary maintenance spend across the estate to improve restaurant ambience, back of house capacity and working conditions for our teams



### spreading positivity from bowl to soul

- A series of sustainability projects delivered, including:
  - Biodegradable straws in all restaurants
  - All electricity from renewable sources
  - 100% free range eggs
- More initiatives in the pipeline for 2018/19

*Every day, in small ways, striving to do better than the day before*

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4. Affordable  
property  
investment to  
drive continued  
success



## Affordable property investment to drive continued success: 9 company and 13 franchise openings in FY 2017/18

### Openings in FY 2017/18

- St Peters Manchester
- Leeds White Rose
- Bedford
- Cheltenham
- Bracknell
- Reigate
- Colchester
- Seaport, Boston
- East Village, New York

### Franchise openings in FY 2017/18

- Bergamo
- Genova Madrid
- Jeddah
- Parquesur Madrid
- Plaza Rio Madrid
- Doha Festival City
- Qurum
- Malpensa
- Dubai Mall
- Parndorf
- Utrecht
- Princesa Madrid
- Larnaca

### Refurbishments in FY 2017/18

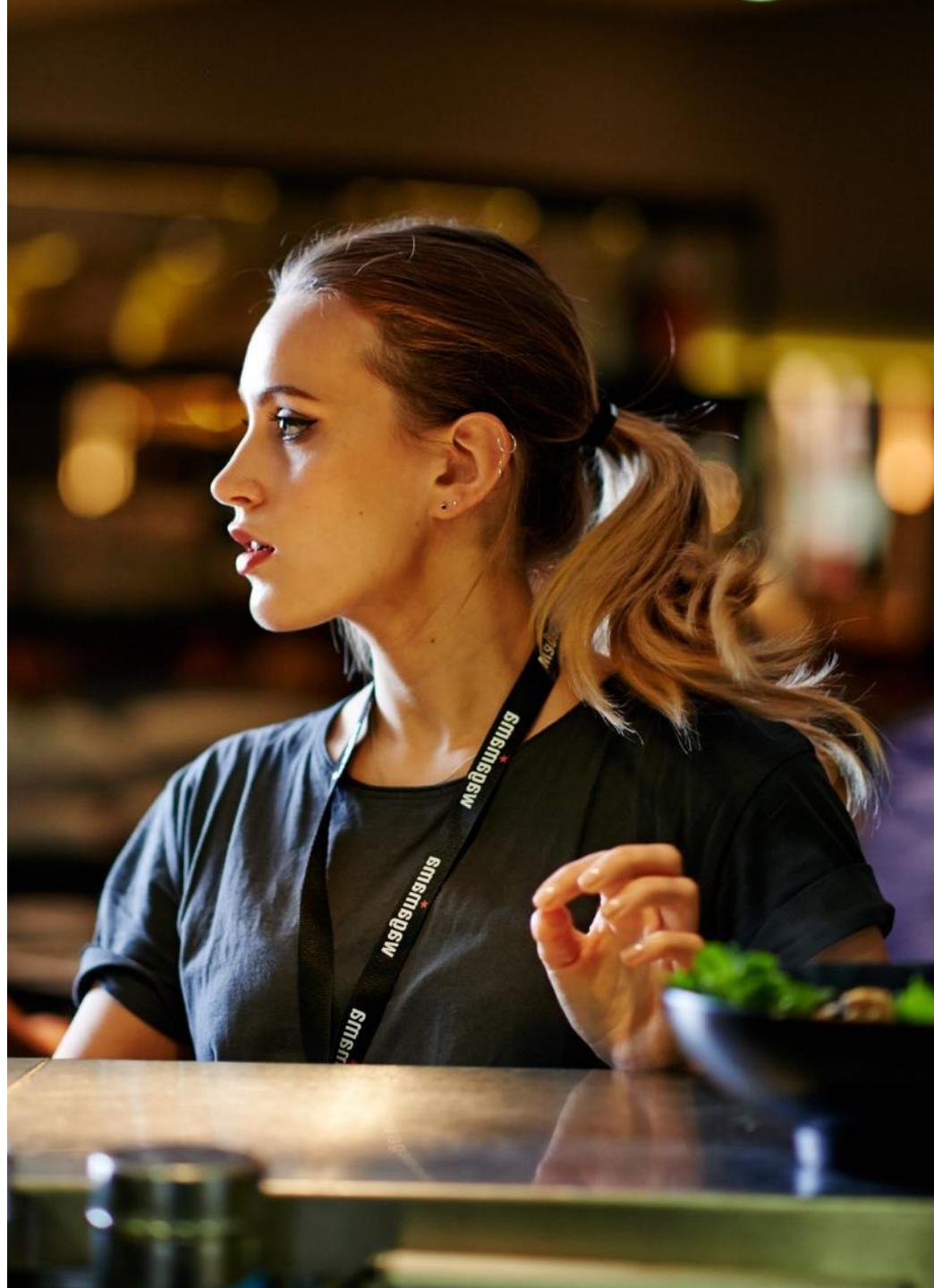
- Wandsworth
- Leeds Trinity
- Leicester Square
- St Albans
- Nottingham
- Cambridge
- Ashford
- Southampton
- Camberley
- Basingstoke
- York
- Harrogate
- Spinningfields
- Guildford
- Media City
- Norwich
- Livingston
- Citypoint
- Oxford
- Cardiff Library
- Milton Keynes
- Sevenoaks
- Chichester
- Maidstone
- Royal Festival Hall
- Cabot Circus
- Cribbs Causeway
- Plymouth
- Dorchester
- Solihull
- Faneuil Hall (US)



Oxford



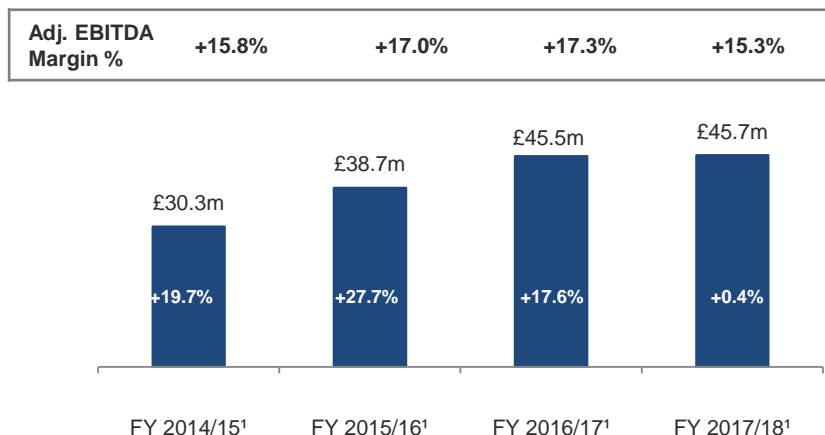
5. FY 2017/18  
Adjusted  
EBITDA in line  
with our  
expectations



## FY 2017/18 Adjusted EBITDA in line with our expectations

N.B. FY 2017/18 is reported on a 52 week basis below

### FY 2017/18 – Group Adj. EBITDA +0.4% (£m, % sales)

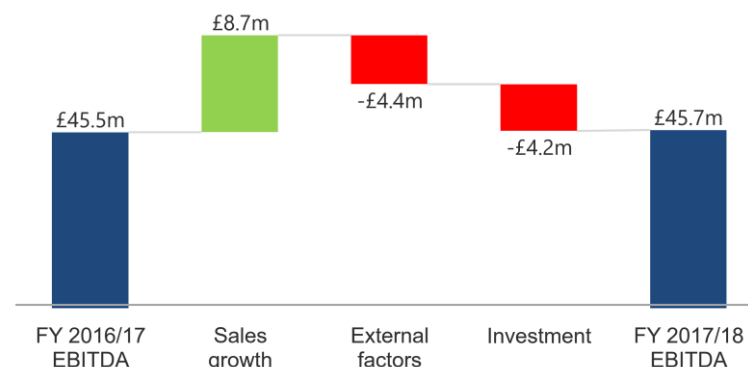


Margin compression between FY 2016/17 and FY 2017/18 resulting from:

#### External factors

- Business rates increases and rent reviews
- National Living Wage (“NLW”), including higher than NLW increases in certain areas to attract and retain high quality team members
- Supply chain costs

### FY 2017/18 – Group Adj. EBITDA vs FY 2016/17 (£m)



#### Investment

- Discretionary refurbishments including extended closure periods for Royal Festival Hall and Oxford
- Maintenance of the estate across front and back of house
- 2 new USA restaurant openings and step change in US infrastructure
- Product investment including more sustainable sourcing, e.g. free range eggs

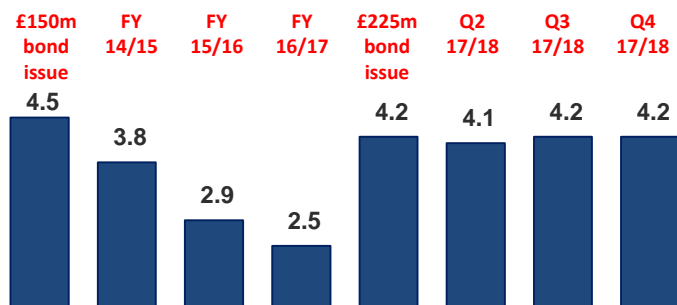
## 6. Key metrics in line with bond issue



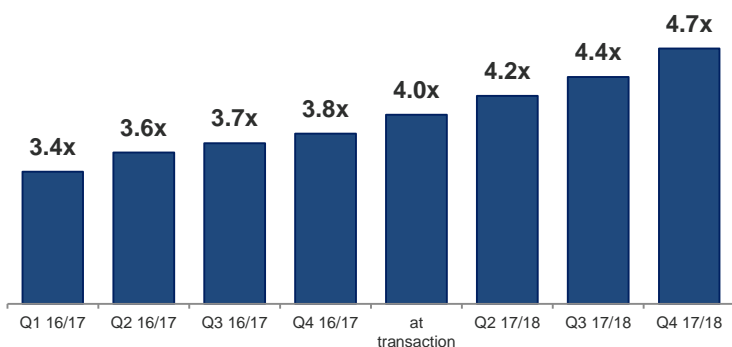


## Key metrics in line with bond issue: capex spend financed from cash

### Leverage<sup>1</sup>

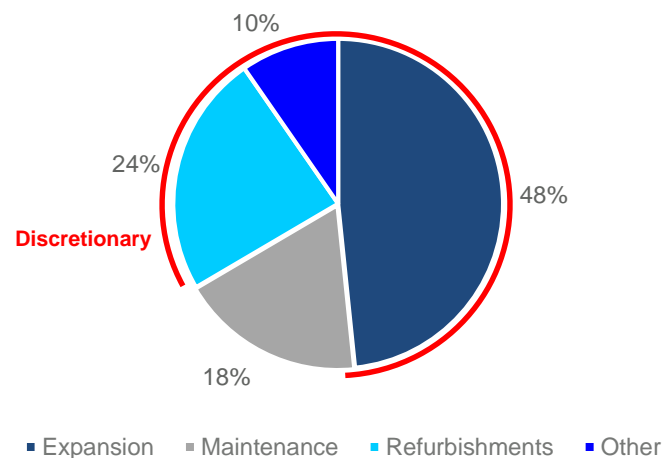


### Interest cover based on LTM adjusted EBITDA<sup>2</sup>



### Capex spend of £32.7 m in FY 2017/18 financed from cash

- Highly cash generative
- £29.3m cash on the balance sheet
- 82% of capex spend in FY 17/18 remains discretionary



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# Appendices





## Appendix A

N.B. Q4 2017/18 is reported on a 12 week basis and FY 2017/18 on a 52 week basis below

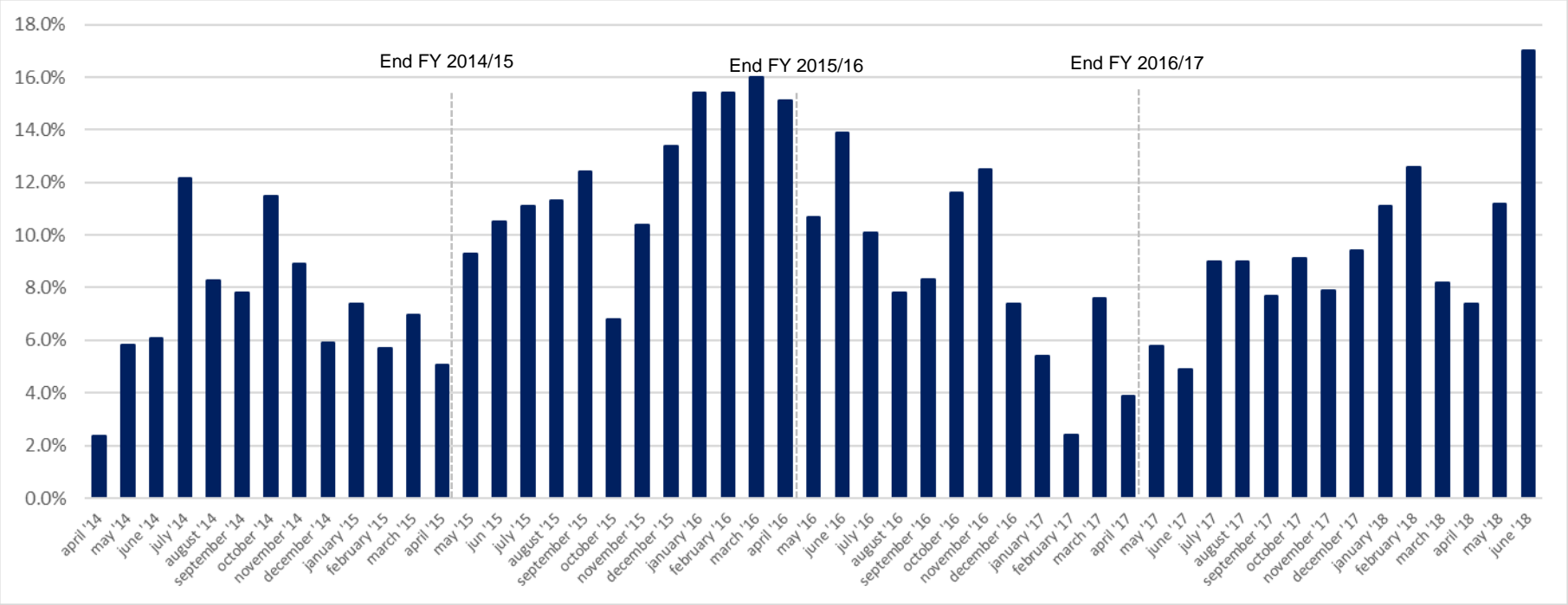
(£m)	Q4 2016/17 <sup>1</sup>	Q4 2017/18 <sup>1</sup>	growth	FY 2016/17 <sup>3</sup>	FY 2017/18 <sup>3</sup>	growth
Group revenue	64.0	71.1	11.1%	266.1	300.6	13.0%
- UK	60.8	68.0	11.8%	255.2	287.5	12.6%
- USA <sup>2</sup>	2.5	2.3	-8.0%	8.3	10.1	21.7%
- franchise	0.7	0.8	14.3%	2.6	3.0	15.4%
UK lfl sales	5.3%	7.7%		8.2%	7.4%	
US lfl sales <sup>2</sup>	3.0%	-2.5%		8.9%	3.5%	
Adjusted EBITDA	10.7	10.6	-	45.5	45.7	0.4%
% margin	16.9%	15.1%	180 bps	17.3%	15.3%	200 bps

## Appendix B: Adjusted EBITDA reconciliation

£m	Q4 2016/17 <sup>1</sup>	Q4 2017/18 <sup>1</sup>	FY 2016/17 <sup>2</sup>	FY 2017/18 <sup>2</sup>
<b>Profit/(loss) for the financial period – 53 week</b>	<b>0.9</b>	<b>(7.5)</b>	<b>5.4</b>	<b>(14.1)</b>
add back:				
Tax on profit/(loss) on ordinary activities	1.5	2.6	3.9	3.2
Net interest payable and similar charges	3.0	2.3	12.9	10.6
Exceptional expenses/(income)	(1.2)	7.3	(0.6)	19.7
Goodwill amortisation	2.1	2.1	9.1	9.1
Depreciation and impairment of tangible assets	3.5	3.5	11.2	13.6
Loss on disposal of assets	0.2	0.5	0.5	0.5
<b>EBITDA – 53 week</b>	<b>10.0</b>	<b>10.8</b>	<b>42.4</b>	<b>42.6</b>
Pre-opening costs	0.7	0.7	3.0	3.6
Corporate expenses	0.0	0.0	0.1	0.4
<b>Adjusted EBITDA – 53 week</b>	<b>10.7</b>	<b>11.5</b>	<b>45.5</b>	<b>46.6</b>
53rd week Adjusted EBITDA	-	(0.9)	-	(0.9)
<b>Adjusted EBITDA – 52 week</b>	<b>10.7</b>	<b>10.6</b>	<b>45.5</b>	<b>45.7</b>

# Appendix C: Consistent UK LFL<sup>2</sup> outperformance of the market for 220 consecutive weeks

UK LFL sales growth<sup>1</sup>: percentage point difference ahead of peer group<sup>3</sup>



<sup>1</sup> to June 2018

<sup>2</sup> Like for like sales growth defined as sales from our restaurants which traded for at least 17 full four week periods

<sup>3</sup> wagamama actual UK LFL sales growth % versus peer group restaurants reported sales growth %

Source: Data from Coffey Peach business tracker which monitors sales performance across the following major restaurant operators: Pizza Hut, Pizza Express, TGI Fridays, Casual Dining Group (Café Rouge, Bella Italia, Las Iguanas, La Tasca), Azzurri Restaurants (Zizzi, ASK), Wagamama, YO! Sushi, Carluccio's, Living Ventures, 20 Strada, Giraffe, Byron, Gaucho, Le Bistrot Pierre, Prezzo, The Restaurant Group (Chiquito, Frankie & Benny's, Coast to Coast, Garfunkel's), M&B (Browns, Miller & Carter), Le Pain Quotidien, Honest Burgers, Fazenda

**thank  
you**

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**food to make  
you feel good**

