

# Investor Presentation

8 December 2016  
Quarter 2 2016/17



# Disclaimer

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## 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", "UK restaurant 4-wall adjusted 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. Strong Q2 2016/17<sup>1</sup> with continued progress on all key metrics

- I. Traded ahead of the competition for over 2½ years – 133 consecutive weeks<sup>2</sup>
- II. Q2 adjusted EBITDA up by 16.8% to £10.9m, adjusted EBITDA margin % improving
- III. Twelve months sales and adjusted EBITDA growth of 16.8% and 20.6%
- IV. Deleveraging since bond issue continues to 2.6x, cash conversion continues at >100%

### 2. UK AUV<sup>3</sup> and restaurant 4-wall<sup>4</sup> adjusted EBITDA continue to grow, driven by active management of owned estate

### 3. 2016/17 development on track; NYC restaurant successfully opened, further building iconic global brand

### 4. Management remains positive





# 1. Strong key metrics

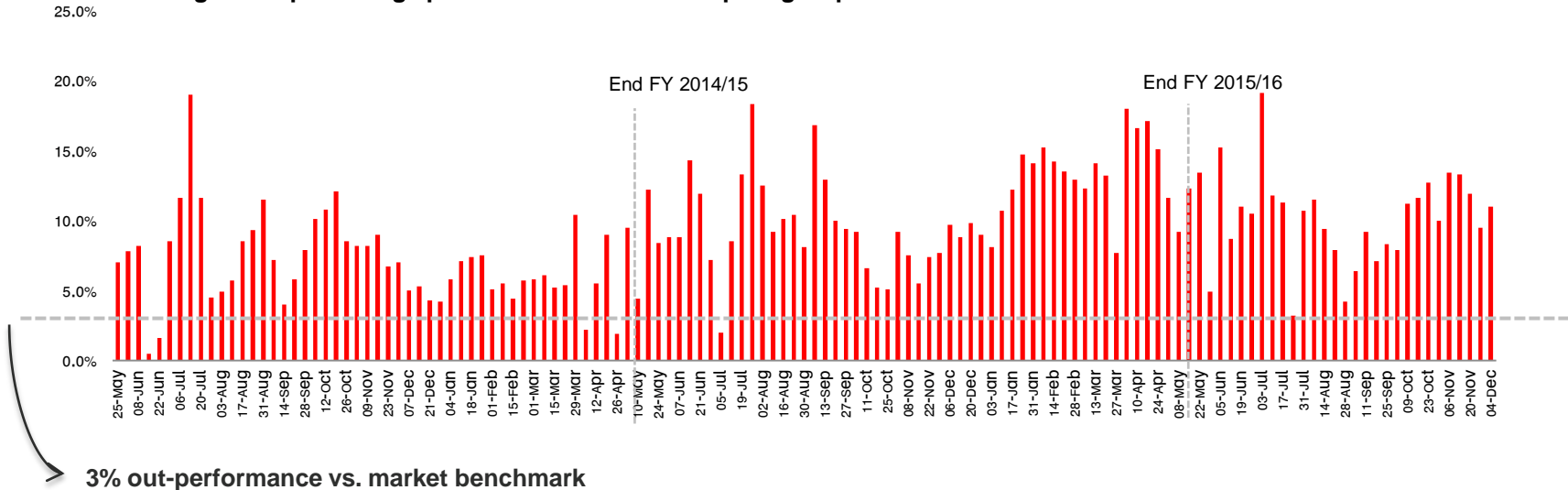


## 1.1 Strong key metrics: ahead of competition for over 2 ½ years/133 consecutive weeks<sup>1</sup>

### Continued LFL<sup>2</sup> outperformance of the market

- Growth driven by covers and average spend per head
- Strong performance inside and outside London

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



<sup>1</sup> to 04 December 2016

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

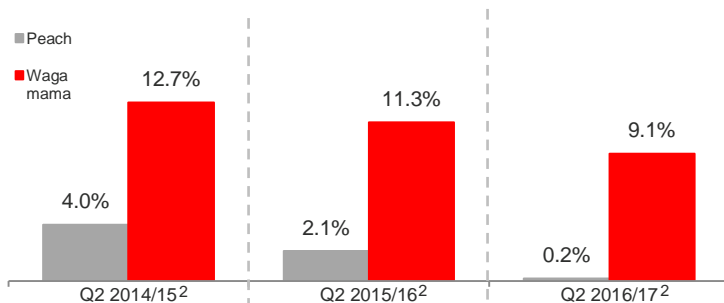
<sup>3</sup> wagamama actual LFL sales growth % versus peer group restaurants reported sales growth %

Source: Data from Coffey Peach business tracker (as of 04 December 2016) 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, Strada, Giraffe, Byron, Gaucho and Le Bistrot Pierre, Prezzo, The Restaurant Group (Chiquito, Frankie & Benny's, Coast to Coast, Garfunkel's), M&B (Browns, Miller & Carter).

## 1.2 Strong key metrics: Third year of strong LFL growth, increasing performance versus market

### UK LFL<sup>1</sup> growth continues into Q2<sup>2</sup>

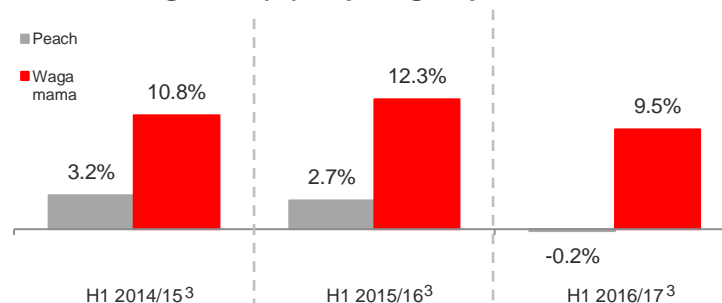
#### UK LFL<sup>1</sup> sales growth (%) vs peer group – Q2<sup>4</sup>



Differential vs. market	+8.7%	+9.2%	+8.9%
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### UK LFL<sup>1</sup> H1<sup>3</sup> growth continues to lap strong prior years

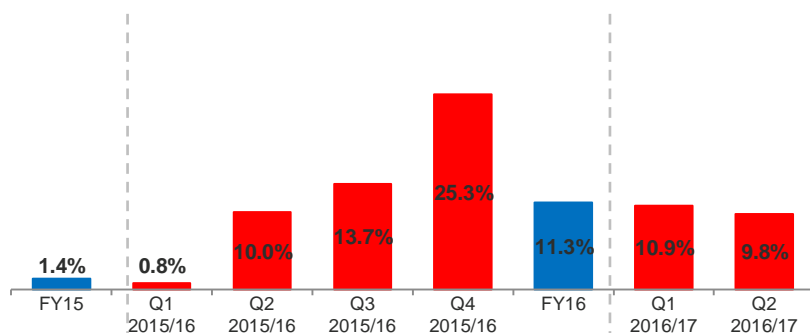
#### UK LFL<sup>1</sup> sales growth (%) vs peer group – H1<sup>4</sup>



Differential vs. market	+7.6%	+9.6%	+9.7%
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### USA LFL<sup>1</sup> continues in double digit growth

#### Boston LFL<sup>1</sup> sales growth (%)



<sup>1</sup> Like for like sales growth defined as sales from our restaurants which traded for at least 17 full four week periods

<sup>2</sup> Q2 2014/15 is 12 weeks to 7 November 2014, Q2 2015/16 is 12 weeks to 8 November 2015, Q2 2016/17 is 12 weeks to 6 November 2016.

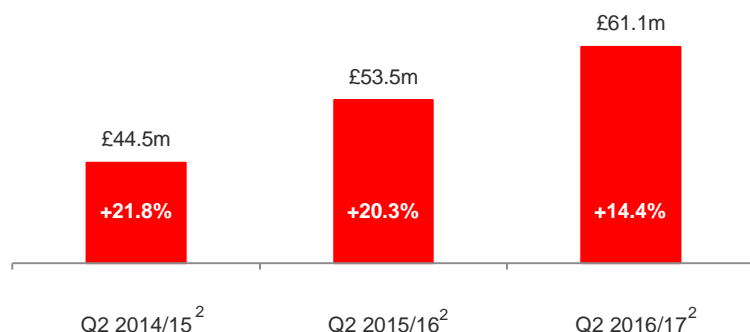
<sup>3</sup> H1 2014/15 is 28 weeks to 7 November 2014, H1 2015/16 is 28 weeks to 8 November 2016, H1 2016/17 is 28 weeks to 6 November 2016

<sup>4</sup> wagamama actual LFL sales growth % versus peer group restaurants reported sales growth %

## 1.3 Strong key metrics: consistent double digit sales growth flows to double digit adjusted EBITDA growth and improved adjusted EBITDA margin %

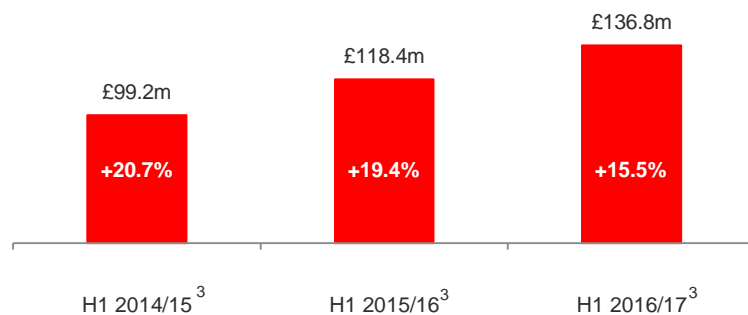
### Q2 - Total Sales<sup>1</sup> up +14.4% vs. prior year

#### Group total sales (£m) and growth (%)

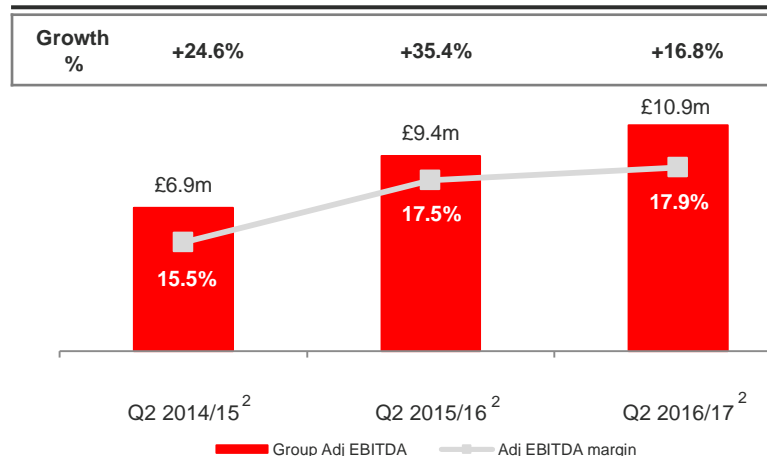


### H1 - Total Sales<sup>1</sup> up +15.5% vs. prior year

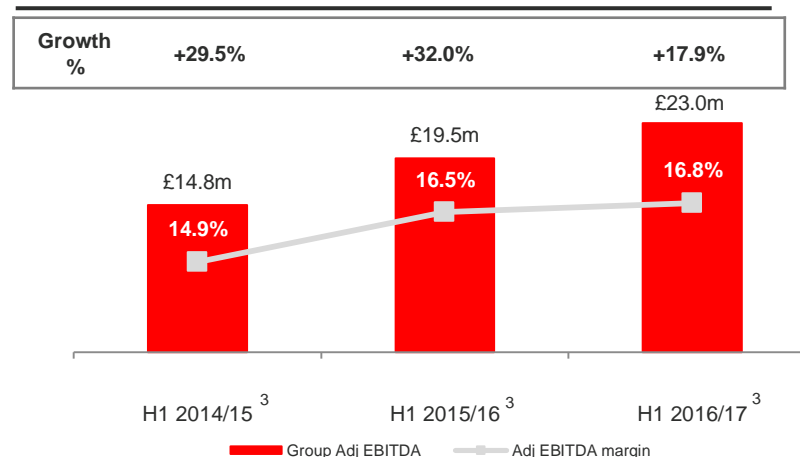
#### Group total sales (£m) and growth (%)



### Q2 - Continuing to deliver on Adj. EBITDA<sup>4</sup> (£m, % sales)



### H1 - Adj. EBITDA<sup>4</sup> up 17.9% (£m, % sales)



<sup>1</sup> Turnover of company-operated restaurants excluding franchise

<sup>2</sup> Q2 2014/15 is 12 weeks to 7 November 2014, Q2 2015/16 is 12 weeks to 8 November 2015, Q2 2016/17 is 12 weeks to 6 November 2016

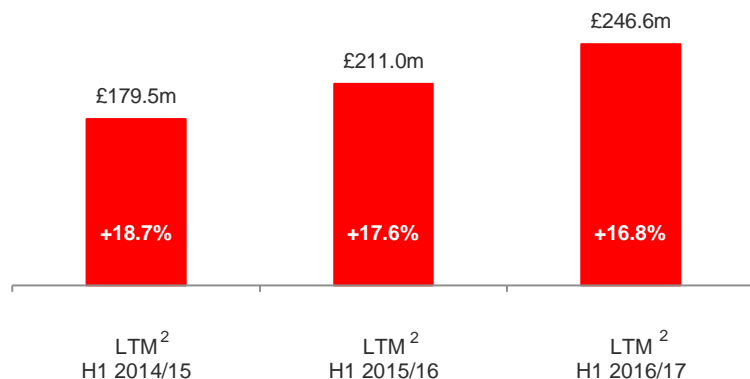
<sup>3</sup> H1 2014/15 is 28 weeks to 7 November 2014, H1 2015/16 is 28 weeks to 8 November 2015, H1 2016/17 is 28 weeks to 6 November 2016

<sup>4</sup> See Appendix B for reconciliation of Adjusted EBITDA (Adj. EBITDA)

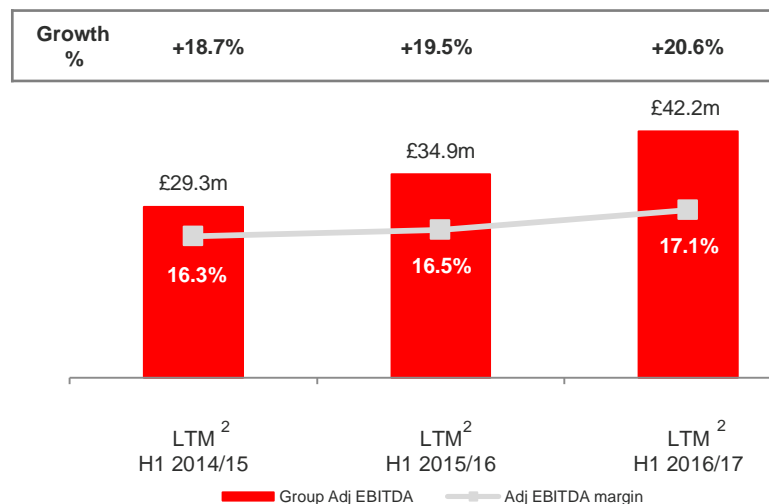
## 1.3 Strong key metrics: H1 2016/17 LTM adjusted EBITDA now £42.2m, up 20.6% versus prior LTM

### LTM - Total Sales<sup>1</sup> up +16.8% vs. prior year

Group total sales (£m) and growth (%)



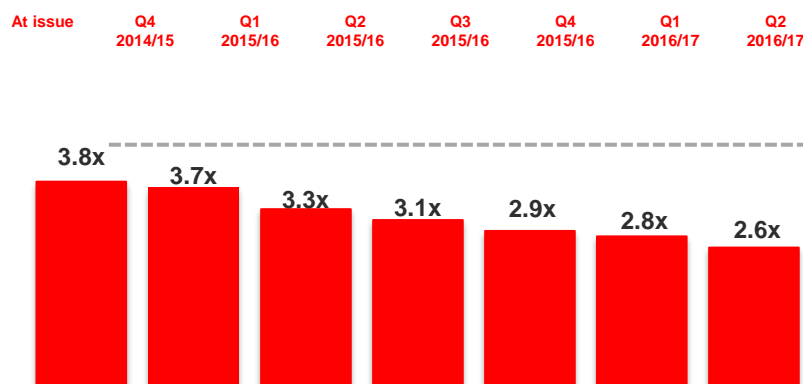
### LTM - Adj. EBITDA<sup>3</sup> up by 20.6% (£m, % sales)





## 1.4 Strong key metrics: significantly de-leveraged to 2.6x, cash conversion continues at >100%

### Leverage<sup>5</sup>



### Cash conversion

	Q2 2016/17 <sup>1</sup>
Underlying free cash flow <sup>2</sup>	£11.8m
Underlying cash conversion <sup>3</sup>	107.6%
Net debt <sup>4</sup>	down to £109.1m

<sup>1</sup> Q2 2016/17 is 12 weeks to 6 November 2016

<sup>2</sup> adj. EBITDA less maintenance capex, +/- changes in net working capital (adjusted for exceptional cash costs)

<sup>3</sup> underlying free cash flow / adj. EBITDA

<sup>4</sup> net debt represents total debt less cash. At the time of re-financing, Q3 2014/15, net debt was £121.2m

<sup>5</sup> leverage: net debt / LTM adj. EBITDA

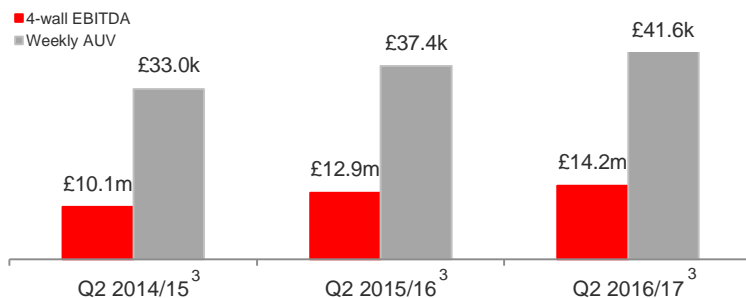
## 2. Driving UK AUVs and Adjusted restaurant 4- wall EBITDA



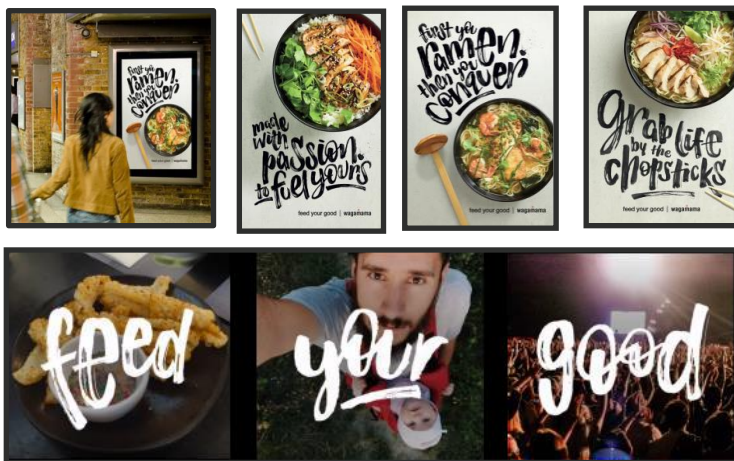
## 2.1 Growing UK AUVs<sup>1</sup> & restaurant 4-wall Adjusted EBITDA<sup>2</sup>: driven by active management of owned estate

### UK AUVs and 4-wall Adj. EBITDA robust and growing

#### UK AUV (£k) and 4-wall (£m) and growth (%)



Growth %		
AUV	+8.3%	+13.3%
4-wall Adj. EBITDA	+38.3%	+27.9%
		+10.1%



### Key Q2 Activity

- UK advertising: 10 October – 4 December
  - Small billboards – London only
  - Radio – outside of London
  - Social + Digital – nationwide
- In restaurant + Social: 21 September – 22 November
  - Feed Your Good – Sides campaign
- UK refurbishments in Q2:
  - Bristol Clifton triangle
  - Fulham Broadway
  - Portsmouth Gunwharf Quays
  - Bournemouth
  - Canterbury
  - Reading
  - Finchley Great North Leisure Park
  - Tunbridge Wells
  - Salisbury
  - Horsham
  - Newcastle Metrocentre
  - Bath
  - Kingston upon Thames

<sup>1</sup> AUV: average unit volume as measured by sales

<sup>2</sup> UK restaurant 4-wall Adjusted (adj.). EBITDA – adjusted EBITDA excluding general and administrative expenses, franchise net income and USA adjusted EBITDA. see appendix B for reconciliation of Adj. EBITDA and UK restaurant 4-wall Adj. EBITDA

<sup>3</sup> Q2 2014/15 is 12 weeks to 7 November 2014, Q2 2015/16 is 12 weeks to 8 November 2015, Q2 2016/17 is 12 weeks to 6 November 2016.



### 3. 2016/17 development on track



## 3 2016/17 Development on track: UK and Franchise Openings in Q2

Bankside: opened 22/08/16, 167 covers<sup>1</sup>



Peterborough: opened 19/09/16, 157 covers<sup>1</sup>



St Pauls: opened 24/10/16, 136 covers<sup>1</sup>



Ipswich: opened 10/10/16, 155 covers<sup>1</sup>



### Franchise Openings in Q2

- Jeddah, Saudi Arabia (new territory)
- Meydan, Turkey (Istanbul site replacement)
- North West, New Zealand (existing franchisee)



### 3 2016/17 Development on track: First New York City restaurant opened

NYC Opened 16 November (Q3 2016/17) to critical acclaim + first 3 weeks trading ahead of budget



## Wagamama Brings Sleek Interior Design to NoMad Location

*"Now that Wagamama NoMad is open, locals are quickly discovering the tasty Asian dishes and "positive eating" philosophy that has made Wagamama a global chain. But it is not only the food that is noteworthy, the interior is beautifully designed, engendering both a friendly and soothing feeling.*





## 3 2016/17 Development on track

### International Noodle Expert Wagamama Lands in New York

By Chris Crowley

**EATER**

### GRUB STREET

Wagamama, Another Japanese Chain With An Obsessive Following, Opens In NYC

The UK chain that's been around for nearly 25 years makes a Manhattan debut

by Serena Dai | Nov 16, 2016, 3:31pm EST

### The New York Times

Wagamama, Serving Asian-Influenced Dishes, Opens in NoMad

Off the Menu

By FLORENCE FABRICANT NOV. 15, 2016

**THRILLIST**

INSIDE THE FIRST NYC LOCATION OF BELOVED JAPANESE NOODLE CHAIN WAGAMAMA

wagamama

Wagamama, London's Beloved Noodle Bar, Arrives in New York

The restaurant, with more than 150 locations worldwide, finally opens in Manhattan this month.

BY LOUISA STRAUSS | OCTOBER 2016

**VANITY FAIR**

People are going nuts over this London ramen chain that just opened in NYC

Aly Weisman and Ben Nigh

Nov 23, 2016, 2:12 PM

**INSIDER**



Inside Wagamama, The Cult Japanese Chain Opening In NYC Next Week

BY NELL CASEY IN FOOD ON NOV 11, 2016 3:00 PM

**InStyle**

FOOD & DRINK

Here's Why You Need to Eat at London's Wildly Popular Wagamama, Now Open in N.Y.C.

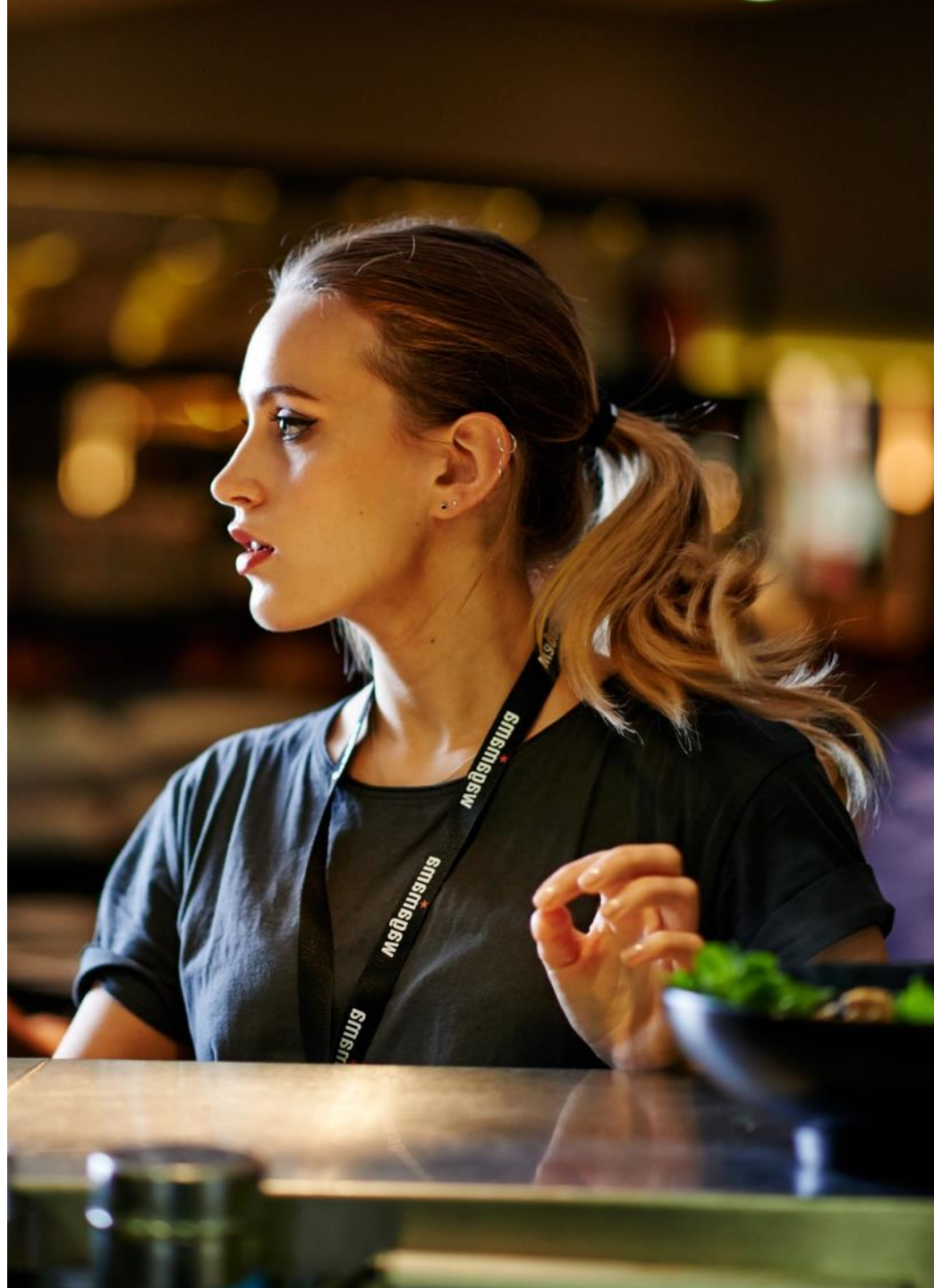
**ZAGAT**

OPENINGS

*Now Open: British Import Wagamama Arrives in NYC*

BY KELLY DOBKIN | NOVEMBER 15, 2016

# 4. Outlook

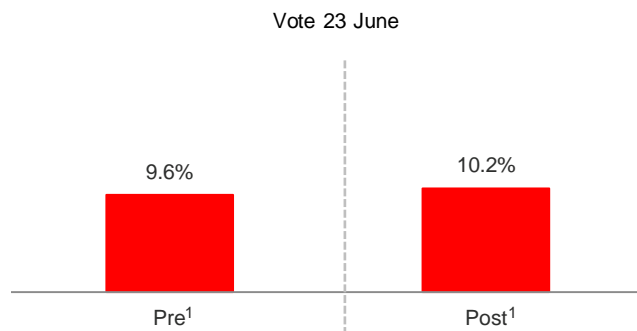


## 4. Management remains positive

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### Double digit LFL continues after Brexit vote

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### Outlook is good

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- Brexit has had no discernible impact on wagamama sales
  - small sales impact seen in market
  - no major supply chain impacts from currency in FY2016/17
  - limited impact beyond current year
- Strong start to Q3 sales; trend as before
- Potential challenges from business rates, apprenticeship levy and ongoing from NLW
  - as previously working to mitigate
- Strong covenant positively impacting real estate supply and terms
- Strong company position, and employer brand, positions us favourably to recruit and retain best staff

## Credit rating upgraded

**Moody's**  
INVESTORS SERVICE

**Announcement: Moody's: Wagamama outclasses European high-yield casual dining peers in credit terms**

Global Credit Research - 20 Sep 2016

"We have changed our outlook on Wagamama to positive to reflect the company's improved leverage resulting from **strong top line growth** and **improved EBITDA generation** over the last 24 months. We also expect it to keep reducing its leverage in the next 12 to 18 months."

"Despite the UK's increasingly competitive casual dining market, Wagamama has outperformed its peers by delivering double digit percentage like-for-like sales growth in the last two financial years and in last four quarters. It also **continues to expand organically through the opening of new restaurants in the UK and internationally.**"

**Moody's, 30 Aug 2016**

"Wagamama exhibited very strong like-for-like sales growth alongside new site openings and restaurant refurbishments."

"Relative to other rated restaurant peers, we consider that Wagamama's scale of operations still has significant room to expand."

**S&P, 6 Sept 2016**

Restaurant	Moody's rating	S&P's rating
OSI Restaurant Partners	Ba2/Stable	BB/Stable
Yum! Brands Inc.	Ba3/Negative	BB/Stable
Arcos Dorados	B1/Negative	Not rated
Seminole Hard Rock Entertainment	B1/Stable	BB/Stable
<b>wagamama</b>	<b>B2/Positive</b>	<b>B/Stable</b>
Focus Brands	B2/Stable	B/Stable
Landry's	B2/Stable	B/Stable
NPC International	B2/Stable	B-/Stable
Steak n Shake Operations	B2/Stable	B/Stable
Stonegate Pub Company	B2/Stable	B/Stable
TGI Friday's	B2/Stable	B+/Stable
Wendy's	B2/Stable	B/Stable
California Pizza Kitchen	B3/Positive	B-/Stable
Carrols Restaurant Group	B3/Positive	B/Stable
CEC Entertainment	B3/Stable	B/Stable
Financiere Quick	B3/Stable	B-/Negative
Nathan's Famous	B3/Stable	B-/Stable
PizzaExpress	B3/Stable	B/Stable
Portillo's Holdings	B3/Stable	B-/Stable
Red Lobster	B3/Stable	B-/Stable
Ruby Tuesday	B3/Stable	B-/Stable
Big Jack Holdings	B3/Stable	B/Stable
P.F. Chang's China Bistro	B3/Negative	B-/Negative
Restaurant Holding Company	Caa1/Stable	Not rated
Soho House & Co	Caa2/Negative	CCC/Stable

UK peer companies

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<sup>2</sup> wagamama actual LFL sales growth % versus peer group restaurants reported sales growth % for 133 weeks to 04 December 2016

<sup>3</sup> AUVs: Average Unit Volumes as measured by sales

<sup>4</sup> UK restaurant 4-wall adjusted (adj.) EBITDA – adjusted EBITDA excluding any allocations of general and administrative expenses, franchise net income and USA adjusted EBITDA. See Appendix B for reconciliation of Adjusted EBITDA and UK restaurant 4-wall adjusted (adj. EBITDA)



# Appendices





## Appendix A:

(£m)	Q2 2015/16	Q2 2016/17	growth
Group revenue	53.9	61.7	+14.5%
- UK	52.1	59.6	+14.4%
- USA <sup>1</sup>	1.4	1.5	+7.1%
- franchise	0.4	0.6	+50.0%
UK lfl sales	11.3%	9.1%	
US lfl sales <sup>1</sup>	10.7%	9.8%	
Adjusted EBITDA	9.4	10.9	+16.8%
% margin	17.5%	17.9%	+40bps

H1 2015/16	H1 2016/17	growth
119.2	138.1	+15.9%
115.2	133.4	+15.8%
3.1	3.4	+9.7%
0.9	1.3	+44.4%
12.3%	9.5%	
5.3%	10.7%	
19.5	23.0	+17.9%
16.5%	16.8%	+30bps

## Appendix B: Adjusted EBITDA reconciliation

£m		Q2 2015/16 <sup>1</sup>	Q2 2016/17 <sup>1</sup>	H1 2015/16 <sup>2</sup>	H1 2016/17 <sup>2</sup>	LTM <sup>3</sup>
EBIT		4.8	5.6	8.3	10.9	19.3
add back:	depreciation and amortisation	4.1	4.4	9.5	10.0	18.6
	opening costs	0.4	0.6	1.6	1.4	2.5
	exceptional costs	-	0.3	-	0.6	1.6
	board fees	0.1	-	0.1	0.1	0.2
<b>adj. EBITDA</b>		<b>9.4</b>	<b>10.9</b>	<b>19.5</b>	<b>23.0</b>	<b>42.2</b>
Franchise/USA adjusted EBITDA		(0.1)	(0.1)	(0.1)	(0.3)	(0.7)
General and administrative expenses		3.6	3.4	7.8	7.7	14.3
<b>UK Restaurant 4-Wall adjusted (adj.) EBITDA</b>		<b>12.9</b>	<b>14.2</b>	<b>27.2</b>	<b>30.4</b>	<b>55.8</b>

## Appendix C: Free cashflow

(£m)	LTM <sup>3</sup> adjusted EBITDA		Net debt	Ratio
For the period ending 6 November 2016	42.2		109.1	2.6x

(£m)	Q2 2015/16	Q2 2016/17	Year to date 2015/16	Year to date 2016/17
adjusted EBITDA	9.4	10.9	19.5	23.0
maintenance capex	(0.5)	(0.5)	(1.0)	(1.2)
change in net working capital <sup>1</sup>	1.5	1.3	2.9	1.9
free cash flow <sup>2</sup>	10.4	11.7	21.4	23.7
free cash flow %	111.0%	107.6%	109.7%	102.8%
new site capex	3.0	3.3	6.1	7.3
refurbishment capex	0.2	1.6	0.6	4.6

**thank  
you**

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wagamama

wagamama

**food to make  
you feel good**

