

# Investor Presentation

23 February 2017  
Quarter 3 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 Q3 2016/17<sup>1</sup> with continued progress on all key metrics

- Traded ahead of the competition for over 2½ years – 144 consecutive weeks<sup>2</sup>
- Q3 adjusted EBITDA up by 11.4% to £11.7m
- Twelve months sales and adjusted EBITDA growth of 16.3% and 15.4% respectively
- Deleveraging since bond issue continues to 2.4x, 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. Award winning brand



# 1. Strong key metrics

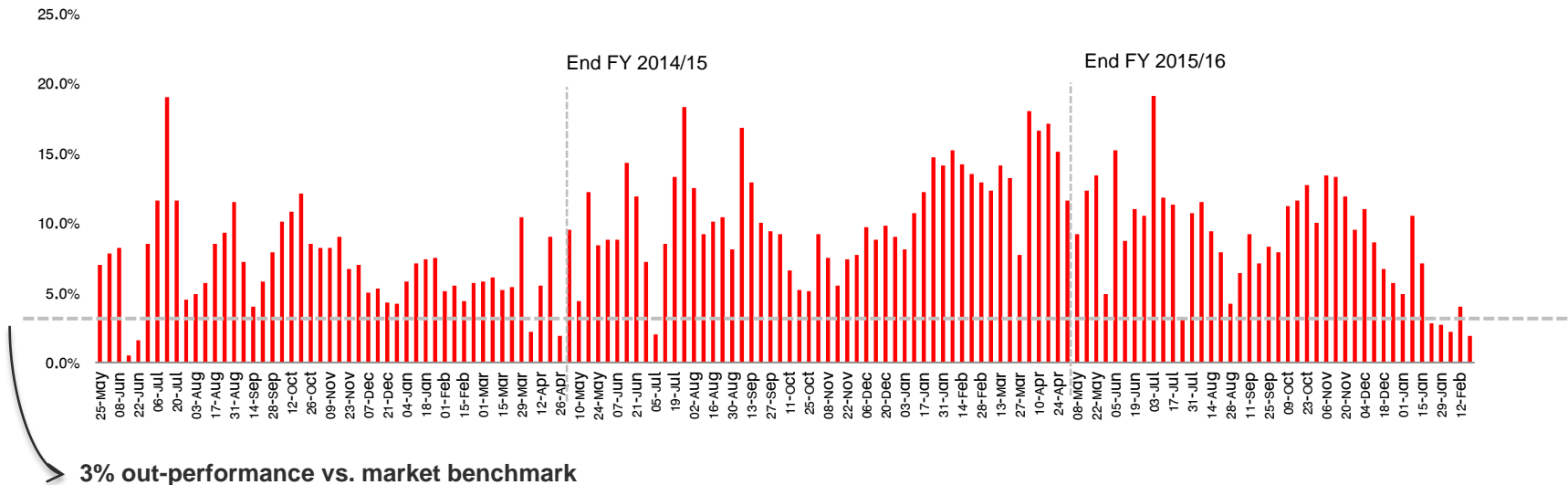


## Strong key metrics: ahead of competition for 144 consecutive weeks<sup>1</sup>

### Continued UK 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 19 February 2017

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

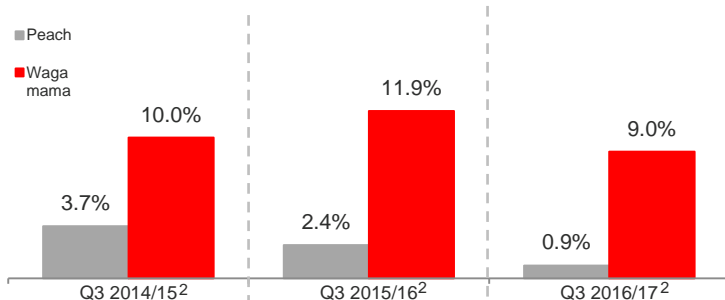
<sup>3</sup> wagamama actual LFL sales growth % versus peer group restaurants reported sales growth %

Source: Data from Coffey Peach business tracker (as of 19 February 2017) 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).

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

### UK LFL<sup>1</sup> growth continues into Q3<sup>2</sup>

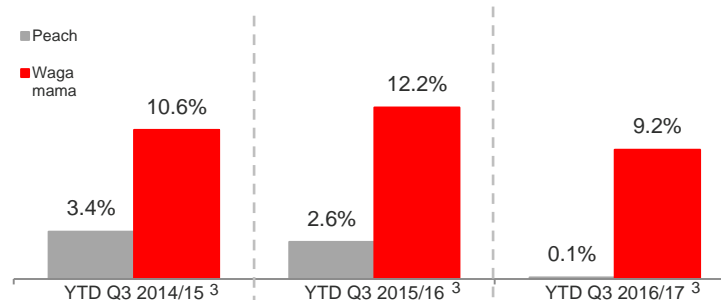
#### UK LFL<sup>1</sup> sales growth (%) vs peer group – Q3<sup>4</sup>



Differential vs. market	+6.3%	+9.5%	+8.1%
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### UK LFL<sup>1</sup> YTD Q3<sup>3</sup> growth continues to lap strong prior years

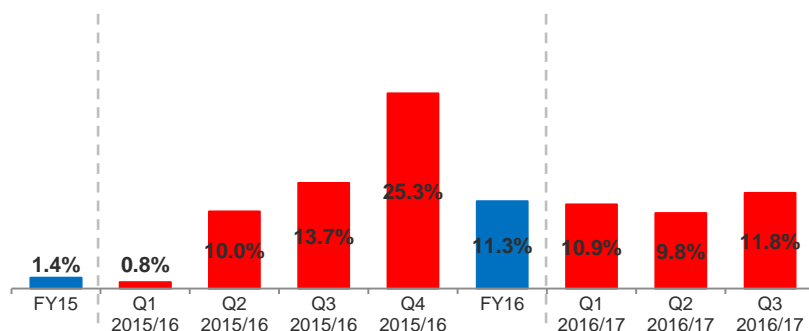
#### UK LFL<sup>1</sup> sales growth (%) vs peer group – YTD Q3<sup>4</sup>



Differential vs. market	+7.2%	+9.6%	+9.1%
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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> Q3 2014/15 is 12 weeks to 1 February 2015, Q3 2015/16 is 12 weeks to 31 January 2016, Q3 2016/17 is 12 weeks to 29 January 2017.

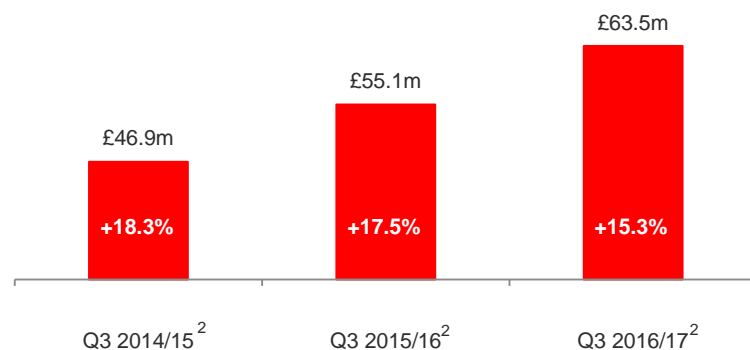
<sup>3</sup> YTD Q3 2014/15 is 40 weeks to 1 February 2015, YTD Q3 2015/16 is 40 weeks to 31 January 2016, YTD Q3 2016/17 is 40 weeks to 29 January 2017

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

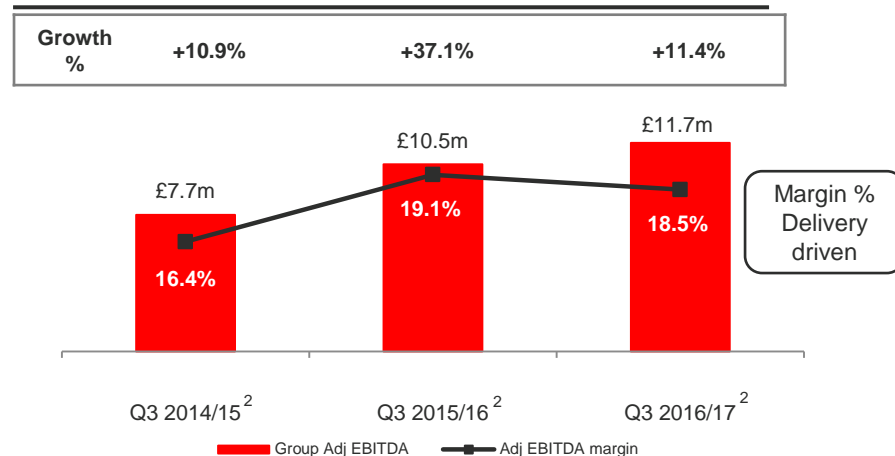
## Strong key metrics: double digit sales growth flows to double digit adjusted EBITDA growth

### Q3 - Total Sales<sup>1</sup> up +15.3% vs. prior year

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

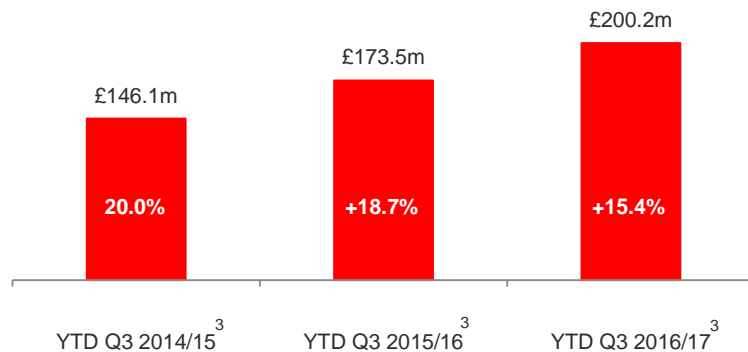


### Q3 - Continuing to deliver on Adj. EBITDA<sup>4</sup> (£m, % sales)

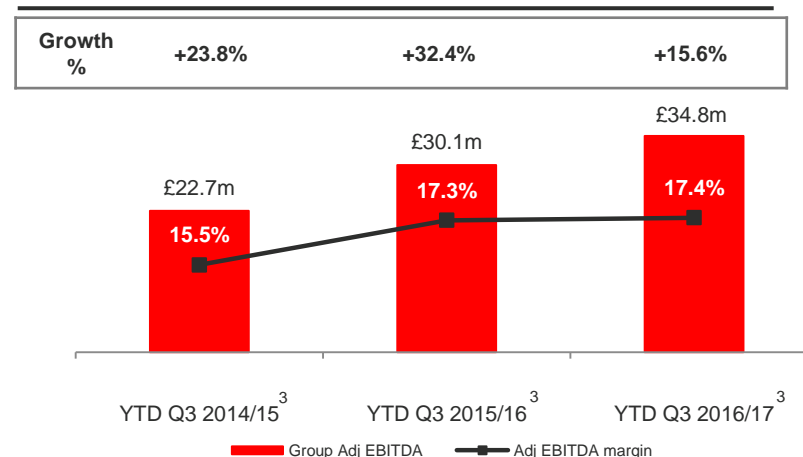


### YTD Q3 - Total Sales<sup>1</sup> up +15.4% vs. prior year

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



### YTD Q3 - Adj. EBITDA<sup>4</sup> up 15.6% (£m, % sales)



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

<sup>2</sup> Q3 2014/15 is 12 weeks to 1 February 2015, Q3 2015/16 is 12 weeks to 31 January 2016, Q3 2016/17 is 12 weeks to 29 January 2017.

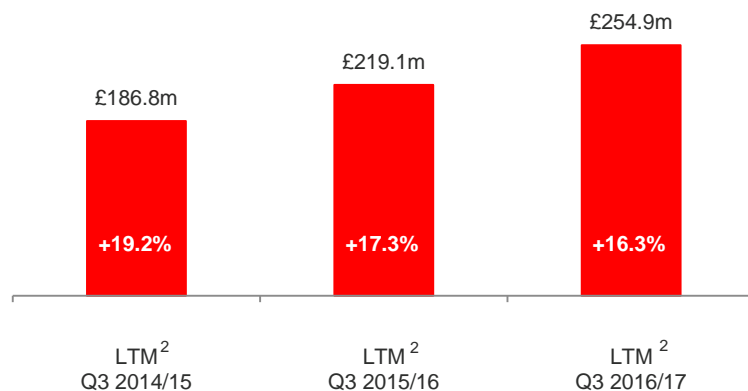
<sup>3</sup> YTD Q3 2014/15 is 40 weeks to 1 February 2015, YTD Q3 2015/16 is 40 weeks to 31 January 2016, YTD Q3 2016/17 is 40 weeks to 29 January 2017

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

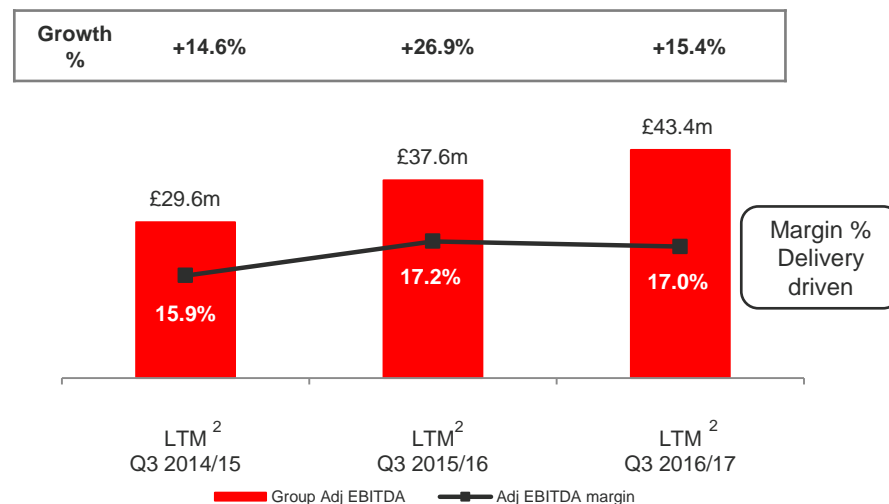
**Strong key metrics:** YTD Q3 2016/17 LTM adjusted EBITDA now £43.4m, up 15.4% versus prior LTM

## LTM - Total Sales<sup>1</sup> up +16.3% vs. prior year

Group total sales (£m) and growth (%)



## LTM - Adj. EBITDA<sup>3</sup> up by 15.4% (£m, % sales)





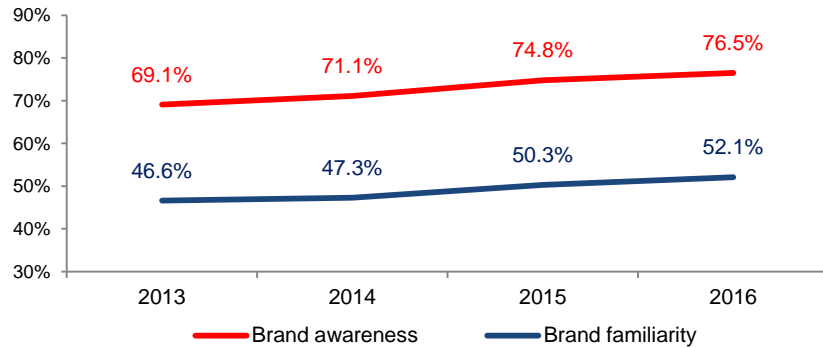
## Strong key metrics: Record Christmas period

- Best ever sales week at £6.2m, week ending 1 Jan '17
- 33 weekly sales records achieved by 31 sites across the Christmas period<sup>1</sup>
- UK LFLs of +7.1% for the month of December, compared to Peach average of -0.3%
- UK LFLs of +9.4% for the Christmas period against Peach average of +2.1%<sup>6</sup>

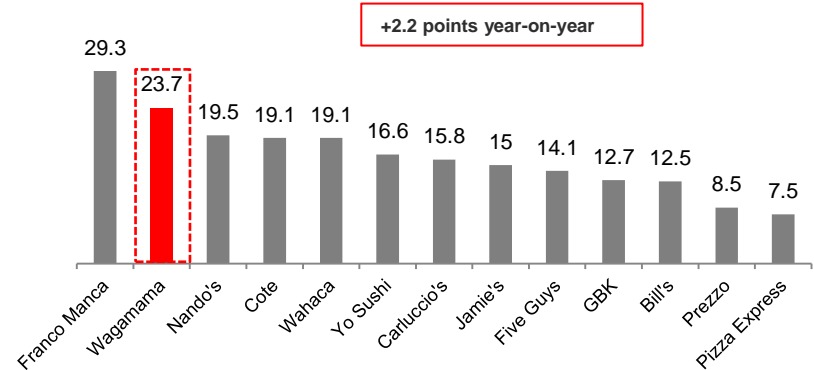


## Strong key metrics: Positive brand trends

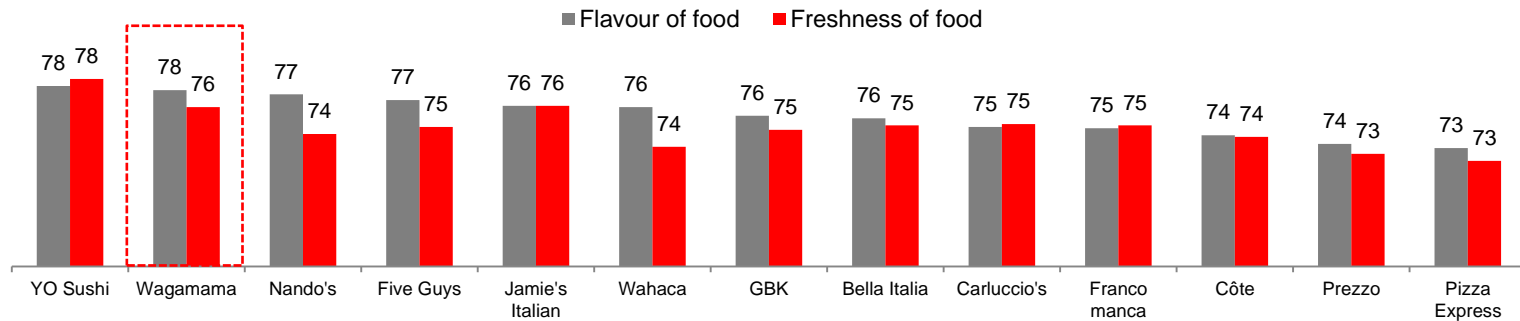
### Maintaining growth in awareness + familiarity<sup>1</sup>



### Strong and improving Net Promoter Score<sup>2</sup>



### Continue to be recognised as having the best flavoured and freshest food in the market (%)<sup>3</sup>



## Margins: Delivery

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### Overall a positive influence on the results

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- **Delivery:** now normal in the marketplace
- **Grown sales:** circa 50% cannibalisation
- **Margin:** margin % lower due to packaging and 3<sup>rd</sup> party delivery costs, cash margin through incremental sales higher
- **Operational:** strong operational delivery and customer feedback



**Margins:** Lots of publicity around UK headwinds

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## The challenges

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- **National Living Wage**, and apprenticeship levy
- **Exchange rates:** supply contracts renew over an extended period of time but some shorter term
- **Business rates:** significant political news, impact planned into the business

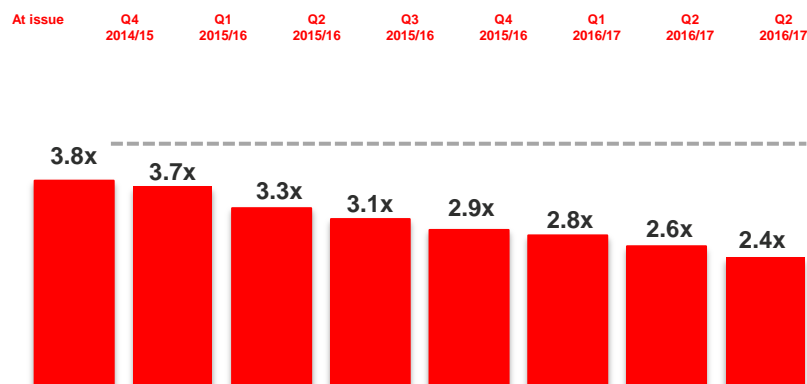
## Management mitigation

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- **Retention:** Working on improving retention to significantly reduce recruitment and training costs.
- **Supply chain management:** already seeing some success in landing prices for key items
- **Lobby Government:** Trade body lobbying, rate in the pound yet to be advertised, analysis of opportunities with our rating advisors
- **Pricing:** modest and competitive from 1 March '17

## Strong key metrics: significantly de-leveraged to 2.4x, cash conversion continues at >100%

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



### Cash conversion

	Q3 2016/17 <sup>1</sup>
Underlying free cash flow <sup>2</sup>	£15.6m
Underlying cash conversion <sup>3</sup>	133.1%
Net debt <sup>4</sup>	down to £103.0m

<sup>1</sup> Q3 2016/17 is 12 weeks to 29 January 2017

<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



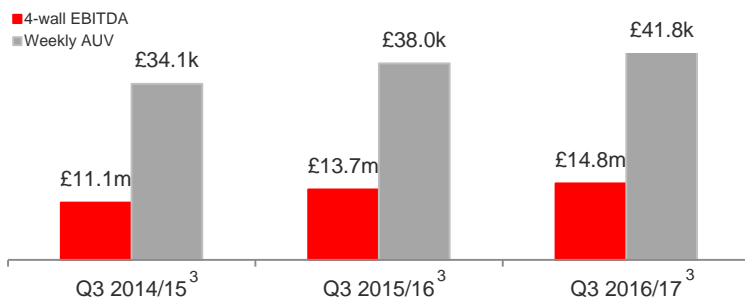
## 2. Driving UK AUVs and Adjusted restaurant 4- wall EBITDA



## 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 %:				Cumulative
AUV	+8.1%	+11.5%	+10.0%	+22.6%
4-wall Adj. EBITDA	+27.6%	+22.9%	+8.4%	+33.3%

### Key Q3 Activity

- UK advertising: takeout and delivery
  - Billboards
  - Street talk
  - Social + digital platforms
- In restaurant
  - Sides campaign to 22 Nov
  - Christmas 'Happy Omakase' campaign
  - Juice campaign 26 Dec – 17 Jan
- UK refurbishments in Q3:
  - Edinburgh
  - High Wycombe
  - Bath
  - Sheffield
  - Brindley Place
  - Cheshire Oaks
  - Gatwick North

### 3. 2016/17 development on track





## 2016/17 Development on track: UK and franchise openings and pipeline

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### UK Opening in Q3

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Dean Street: opened 23/01/17, 179 covers



### UK pipeline

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- Bedford Street (Covent Garden relocation site) – under construction, expected opening March 2017
- Edinburgh St Andrews Square – under construction, expected opening April 2017
- Strong pipeline of sites for FY17/18

### Franchise Openings in Q3

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- Dundonald, Northern Ireland (existing franchisee)
- Pipeline building well for Western European markets, France, Spain and Italy

## 2016/17 Development on track: US openings in Q3 and pipeline

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### USA Opening in Q3

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#### 210 5<sup>th</sup> Avenue - Nomad

- First NYC restaurant continues to trade well and expanding to offer takeaway and delivery
- Consumer metrics are strong and still improving since opening with Net Promoter Score at its highest to date in period 10

### USA development pipeline

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- Next two sites are under construction – 55 3<sup>rd</sup> Avenue (NY) and Seaport (Boston)
- Other sites in the pipeline

55 3<sup>rd</sup> Avenue (illustrative)



Seaport (location)





**Award winning brand:** Accolades at 2017 casual dining awards

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Trailblazer of the year - winner

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David Campbell

Multiple casual dining restaurant of the year - winner

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**wagamama**



## Summary

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<sup>2</sup> wagamama actual LFL sales growth % versus peer group restaurants reported sales growth % for 144 weeks to 19 February 2017

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

<sup>4</sup> UK restaurant 4-wall adjusted 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 EBITDA

# Appendices



## Appendix A:

(£m)	Q3 2015/16 <sup>1</sup>	Q3 2016/17 <sup>1</sup>	growth	YTD Q3 2015/16 <sup>2</sup>	YTD Q3 2016/17 <sup>2</sup>	growth
Group revenue	55.5	64.2	+15.7%	174.8	202.2	+15.7%
- UK	53.6	61.0	+13.8%	168.9	194.4	+15.1%
- USA <sup>3</sup>	1.5	2.6	+73.3%	4.6	5.9	+28.3%
- franchise	0.4	0.6	+50.0%	1.3	1.9	+46.2%
UK lfl sales	11.9%	9.0%		12.2%	9.2%	
US lfl sales <sup>3</sup>	13.7%	11.8%		8.1%	10.8%	
Adjusted EBITDA	10.5	11.7	+11.4%	30.1	34.8	+15.6%
% margin	19.1%	18.5%	-60bps	17.3%	17.4%	+10bps

## Appendix B: Adjusted EBITDA reconciliation

£m		Q3 2015/16 <sup>1</sup>	Q3 2016/17 <sup>1</sup>	YTD Q3 2015/16 <sup>2</sup>	YTD Q3 2016/17 <sup>2</sup>	LTM <sup>3</sup> 2016/17
EBIT		5.3	5.8	13.5	16.7	19.9
add back:	depreciation and amortisation	4.3	5.0	13.8	15.0	19.2
	opening costs	0.5	0.9	2.3	2.4	2.9
	exceptional costs	0.3	-	0.3	0.6	1.3
	board fees	0.1	-	0.2	0.1	0.1
<b>adj. EBITDA</b>		<b>10.5</b>	<b>11.7</b>	<b>30.1</b>	<b>34.8</b>	<b>43.4</b>
	Franchise net income/USA adjusted EBITDA	(0.4)	(0.7)	(1.1)	(1.8)	(2.3)
	General and administrative expenses	3.6	3.8	11.9	12.2	15.9
<b>UK Restaurant 4-Wall adjusted (adj.) EBITDA</b>		<b>13.7</b>	<b>14.8</b>	<b>40.9</b>	<b>45.2</b>	<b>57.0</b>



## Appendix C: Net Debt and Free cashflow

(£m)	LTM <sup>3</sup> adjusted EBITDA		Net debt	Ratio
For the period ending 29 January 2017	43.4		103.0	2.4x

(£m)	Q3 2015/16	Q3 2016/17	YTD Q3 2015/16	YTD Q3 2016/17
adjusted EBITDA	10.5	11.7	30.1	34.8
maintenance capex	(0.4)	(0.7)	(1.4)	(1.8)
change in net working capital <sup>1</sup>	0.4	4.6	1.6	6.5
free cash flow <sup>2</sup>	10.4	15.6	30.1	39.3
free cash flow %	99.1%	133.1%	100.2%	113.3%
new site capex	1.7	4.2	7.9	11.5
refurbishment capex	0.6	1.4	1.2	6.0

## Appendix D: 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

**thank  
you**

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wagamama

wagamama

**food to make  
you feel good**

