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Investor Presentation



3 January 2019  
Quarter 2 2018/19

# Disclaimer

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## Forward-looking statements

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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. UK LFLs strong and continue to outperform the market
2. Q2 2018/19<sup>1</sup> total sales<sup>2</sup> growth of 15.4%
3. Investing in our brand
4. Adjusted EBITDA growth year on year
5. Key metrics in line with our expectations





**UK LFLs strong and  
continue to outperform  
the market**

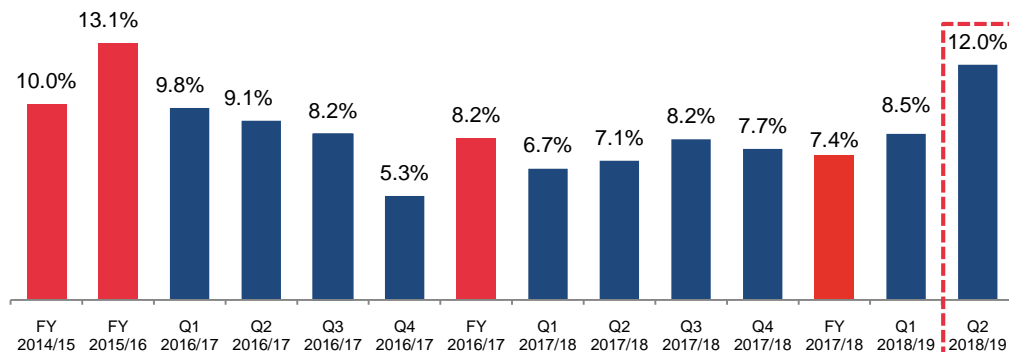
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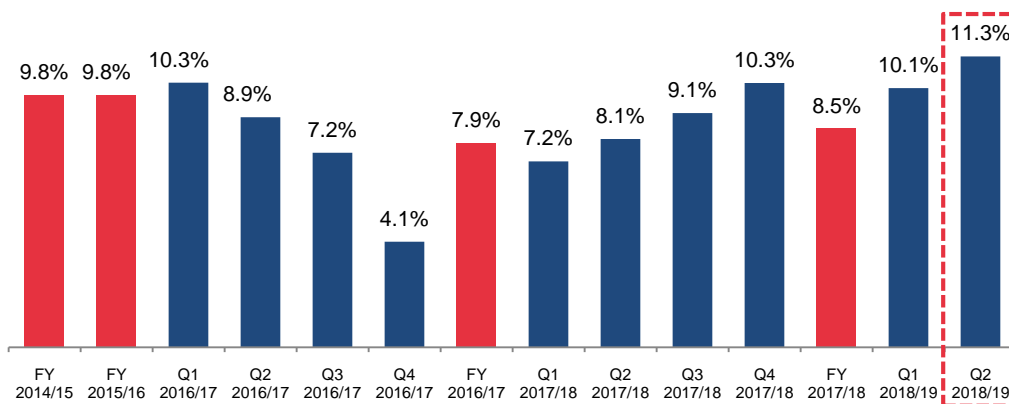
## UK LFLs strong and continue to outperform the market: 12.0% UK LFL in Q2

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



- We have traded ahead of the market every week for 239 weeks
- Wagamama UK LFL growth of 12.0% in Q2, the highest quarter the company has achieved since 2015/16
- Q2 UK LFL gap to the market increased to 11.3%
- USA Q2 LFL increased to 7.0%

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



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

Source: Peer group 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, Strada, Giraffe, Byron, Gaucho, Le Bistrot Pierre, Prezzo, Polpo, The Alchemist, The Restaurant Group (Chiquito, Frankie & Benny's, Coast to Coast, Garfunkel's), M&B (Browns, Miller & Carter), Le Pain Quotidien, Honest Burgers, Fazenda



**Q2 2018/19 total sales  
growth of 15.4%**

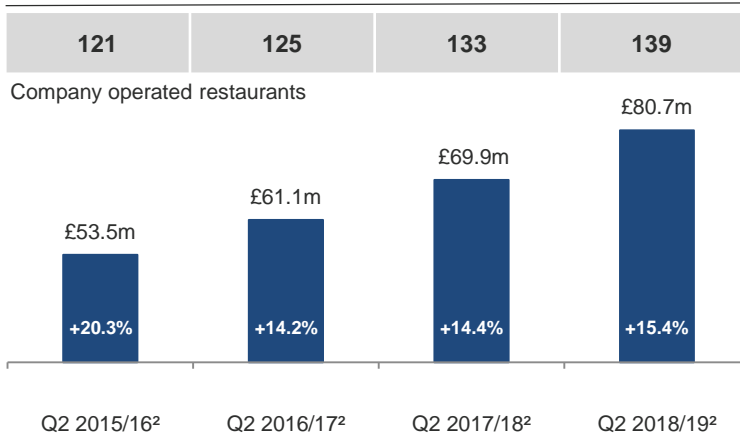
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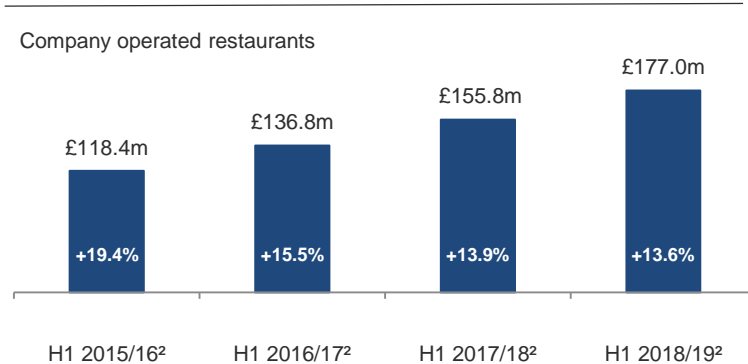
## Q2 2018/19 sales growth of 15.4%: Track record of double digit sales growth continues

### Group total sales<sup>1</sup> (£m) and growth (%) – Q2



- Sales growth of 15.4% in Q2 2018/19 against Q2 2017/18
- Driven by both strong LFL growth and an additional 6 company operated restaurants within the group portfolio in Q2 2018/19 compared to Q2 2017/18
- 44 restaurants achieved a record sales week in Q2

### Group total sales<sup>1</sup> (£m) and growth (%) – H1





Investing in our brand

  
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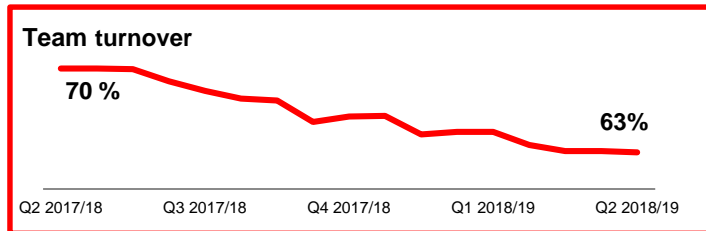




## Investing in our brand: Focusing on our teams and our customers

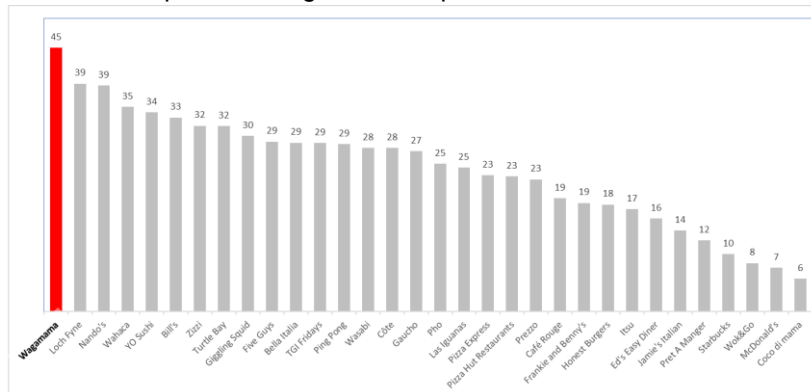
### Team engagement and turnover

- Overall Glassdoor score of 4.0<sup>1</sup>. For the first time we have entered Glassdoor's 'Top 50 Best Places To Work' list for 2019
- 76%<sup>1</sup> would recommend wagamama as a place to work
- Investment in team training and development opportunities driving our lowest level of team turnover



### November 3-month Net Promoter Score (Promoters - Detractors)<sup>2</sup>

- Ranked in 1<sup>st</sup> place amongst our competitors for NPS



### Brand marketing that stays ahead of the competition

- New menu launched in October, featuring our 3 new ramens which have seen strong participation
- First wagamama cinema advert continued to show in cinemas nationwide
- Continuing to promote menu diversity including a new collaboration with Gaz Oakley



Our second collaboration video reached almost 1 million people, with a new vegan donburi style dish featuring casual dining's first vegan egg launching at Noodle Lab and both Cardiff restaurants

## Investing in our brand: Continued affordable investment in new openings and refurbishments

Q2 openings	<ul style="list-style-type: none"><li>• Gloucester Quays – opened 3 September</li></ul>
Pipeline openings	<ul style="list-style-type: none"><li>• Murray Hill, NY (USA) – planned opening Q3</li><li>• Midtown, NY (USA) – planned opening mid-2019</li></ul>
Q2 refurbishments	<ul style="list-style-type: none"><li>• Putney</li><li>• Wigmore Street</li><li>• Bristol Clifton</li><li>• Manchester Spinningfields</li><li>• Cardiff Mermaid Quays</li><li>• Brighton</li><li>• Victoria</li><li>• Liverpool</li><li>• Watford</li><li>• Manchester Trafford Centre</li></ul>
Franchise openings	<ul style="list-style-type: none"><li>• Marina Mall, Dubai</li><li>• Equinoccio, Madrid</li><li>• Abu Dhabi</li></ul>



Gloucester Quays



Putney

Adjusted EBITDA growth  
year on year

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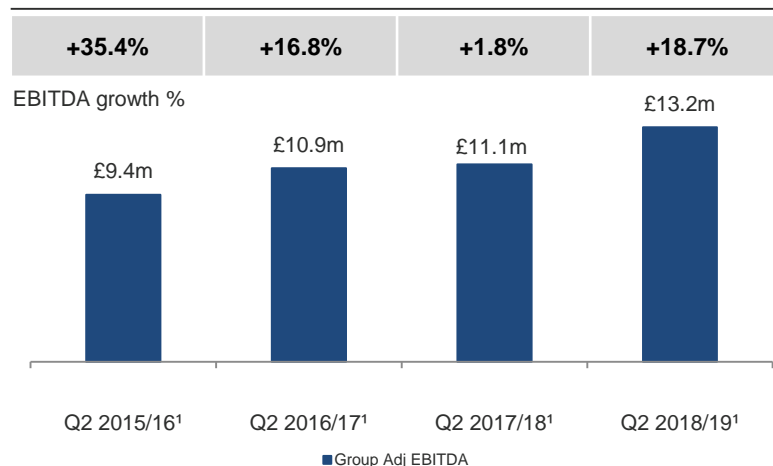
  
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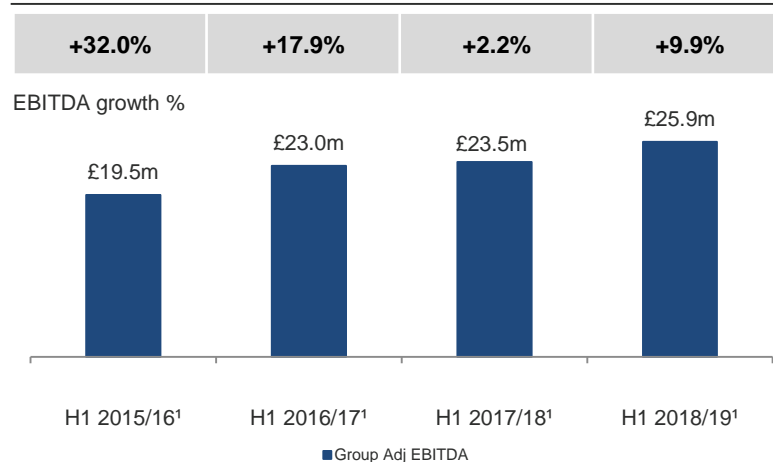
## Adjusted EBITDA growth year on year: Q2 Adjusted EBITDA<sup>2</sup> +18.7% against Q2 2017/18

### Q2 – Group Adj. EBITDA continues to grow (£m, % sales)



- Group adjusted EBITDA growth of +18.7% vs Q2 2017/18 as impact of investment in people, product & property is realised
- 9.9% increase in adjusted EBITDA from H1 2017/18 to H1 2018/19 as the Group's revenues accelerate and industry headwind costs are controlled

### H1 – Group Adj. EBITDA continues to grow (£m, % sales)



**Key metrics in line with  
our expectations**

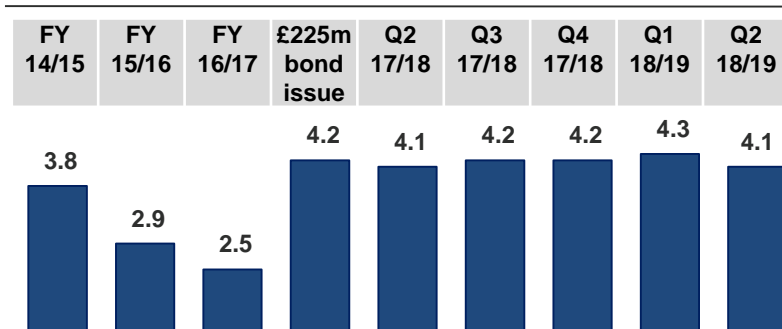
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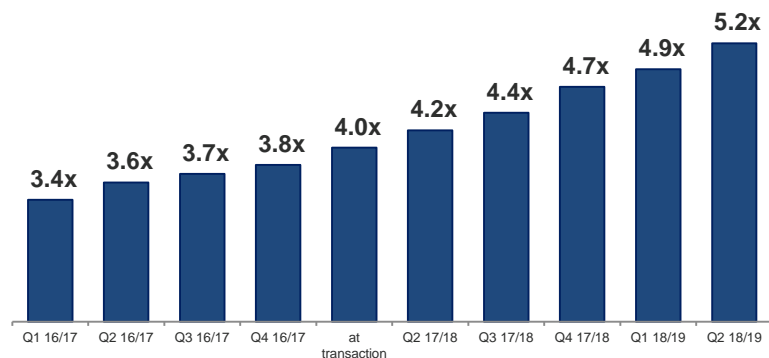


## Key metrics in line with our expectations: capex spend financed from cash

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

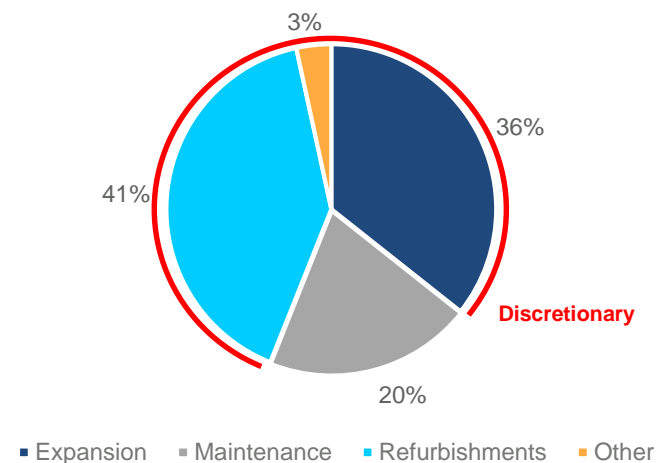


### Interest cover based on LTM adjusted EBITDA<sup>2</sup>



### Capex spend of £9.5m in Q2 FY18/19 financed from cash

- Highly cash generative
- £24.7m cash on the balance sheet
- 80% of capex spend in Q2 FY18/19 remains discretionary





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## Appendices

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## Appendix A: Group revenue

(£m)	Q2 2017/18 <sup>1</sup>	Q2 2018/19 <sup>1</sup>	growth	H1 2017/18 <sup>3</sup>	H1 2018/19 <sup>3</sup>	growth
Group revenue	70.6	81.5	15.4%	157.4	178.9	13.7%
- UK	67.6	78.0	16.0%	150.6	171.1	13.6%
- USA <sup>2</sup>	2.3	2.7	17.4%	5.2	5.9	13.5%
- franchise	0.7	0.8	14.3%	1.6	1.9	18.8%
UK lfl sales	7.1%	12.0%		6.9%	10.0%	
US lfl sales <sup>2</sup>	8.7%	7.0%		7.9%	3.0%	
Adjusted EBITDA	11.1	13.2	18.7%	23.5	25.9	9.9%
% margin	15.9%	16.4%	+50bps	15.1%	14.6%	-50bps



## Appendix B: Adjusted EBITDA reconciliation

£m		Q2 2017/18 <sup>1</sup>	Q2 2018/19 <sup>1</sup>	H1 2017/18 <sup>2</sup>	H1 2018/19 <sup>2</sup>	LTM 2018/19 <sup>3</sup>
<b>Profit/(loss) for the financial period</b>		<b>(0.5)</b>	<b>(1.8)</b>	<b>(8.2)</b>	<b>(4.0)</b>	<b>(9.8)</b>
add back:	Tax on profit/(loss) on ordinary activities	0.7	0.3	(0.4)	1.7	5.3
	Net interest payable and similar charges	2.4	2.3	6.0	5.4	9.9
	Exceptional expenses/(income)	2.4	1.6	12.4	3.1	10.5
	Amortisation	2.1	2.2	4.9	5.3	9.5
	Depreciation and impairment of tangible assets	3.1	4.0	6.8	8.8	15.6
	Loss on disposal of assets	-	0.1	-	0.1	0.6
<b>EBITDA – (Full year and LTM 53 week)</b>		<b>10.2</b>	<b>8.7</b>	<b>21.5</b>	<b>20.4</b>	<b>41.6</b>
	Pre-opening costs	0.9	0.5	1.9	1.4	3.1
	Share-based payment charge	-	3.9	-	3.9	3.9
	Corporate expenses	-	0.1	0.1	0.2	0.3
<b>Adjusted EBITDA - (Full year and LTM 53 week)</b>		<b>11.1</b>	<b>13.2</b>	<b>23.5</b>	<b>25.9</b>	<b>48.9</b>
	53rd week Adjusted EBITDA	n/a	n/a	n/a	n/a	(0.9)
<b>Adjusted EBITDA – (Full year and LTM 52 week)</b>		<b>11.1</b>	<b>13.2</b>	<b>23.5</b>	<b>25.9</b>	<b>48.0</b>



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Thank you

