



Investor Presentation  
10 December 2015

# Disclaimer

## Forward-looking statements

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## Use of non-UK GAAP financial information

This document contains references to certain non-UK GAAP financial measures. For definitions of terms such as “ebitdar”, “rent expense”, “ebitda”, “ebitda margin”, “adjusted ebitda”, “adjusted 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-UK GAAP financial results presented in this document and the corresponding UK GAAP measures, please refer to appendix a. 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.



## Investment highlights

an attractive market

-

a well established brand

-

in a category of one

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stable and resilient business model

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well-invested restaurant portfolio

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highly cash generative

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experienced management, committed staff



## Overview

1. Strong Q2 2016 and progress on key metrics
2. Continued strong sales momentum in Q2 2016
  - total revenue growth +20.0%
  - UK LFL in Q2 2016 +11.3%
3. Adjusted EBITDA % up to 17.5% in Q2 2016 (15.2% in Q2 2015)
4. Traded ahead of the competition for 81 consecutive weeks<sup>1</sup>
5. Margin enhancement initiatives on track
6. Measured roll-out with good pipeline
7. Strong free cash flow



Q2 2016 is 12 weeks spanning 17 August 2015 to 08 November 2015

<sup>1</sup> the peach tracker group as of 06 December 2015

## 1. Strong Q2 trading and continued strength in key metrics

	Q2 2016 <sup>1</sup>	Half-year 2016 <sup>1</sup>		
Underlying free cash flow <sup>2</sup>	£10.4m	£21.4m		
Underlying cash conversion <sup>3</sup>	111.0%	109.7%		
Net debt <sup>4</sup>	↓ down to £114.1m			
LTM adjusted EBITDA <sup>6</sup>	↑ up to £35.0m			
	Bond issue	FY 2015	Q1 2016	Q2 2016
Leverage <sup>5</sup>	↓ 4.5x	3.8x	3.7x	3.3x

<sup>1</sup> Q2 2016 is 12 weeks to 08 November 2015 and Half-year 2016 is the 28 weeks to 08 November 2015

<sup>2</sup> adj. EBITDA less maintenance capex +/- changes in net working capital (adjusted for £2.2m of one-off refinancing payments, and £0.7m prepayment of pre-opening expenses)

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

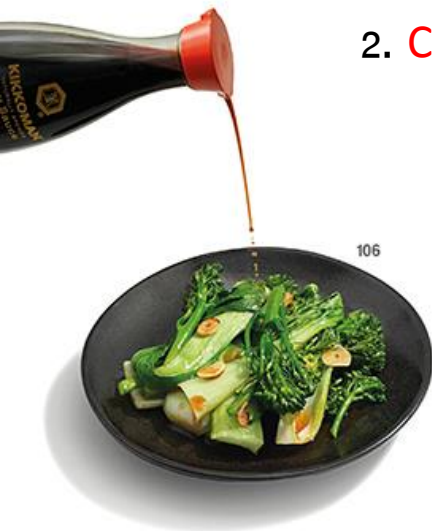
<sup>4</sup> net debt represents total debt less cash

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

<sup>6</sup> last twelve months, see appendix A for reconciliation of EBIT to adjusted EBITDA

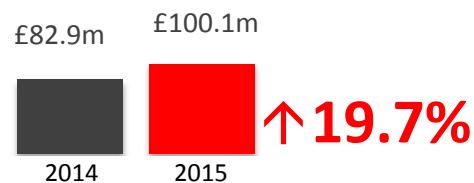


## 2. Continued strong sales momentum and underlying EBITDA % improving

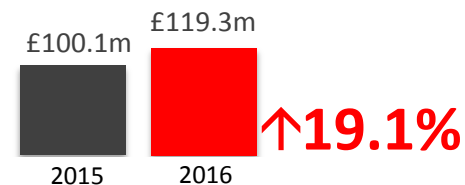


Turnover

Half-year 2015<sup>1</sup>



Half-year 2016<sup>2</sup>



UK LFL sales

**+10.8%**

**+12.3%**

adj EBITDA margin

**14.9%**

**16.5%**

further detail in appendix

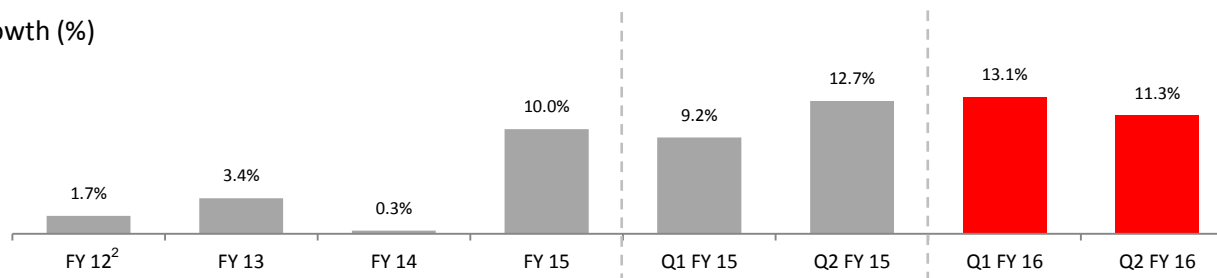
<sup>1</sup> Half-year 2016 is 28 weeks to 08 November 2015

<sup>2</sup> Half-year 2015 is the 28 weeks to 09 November 2014

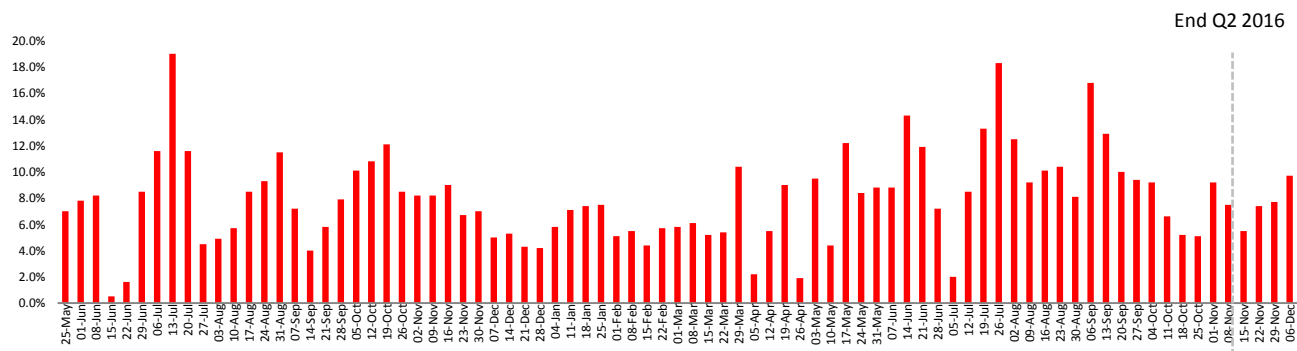
### 3. Traded ahead of the competition for 81 consecutive weeks<sup>1</sup>

- Growth being driven by a combination of covers and average spend per head
- Strong performance both inside and outside London

UK LFL sales growth (%)



UK LFL sales growth: percentage point difference to peer group<sup>3</sup>



<sup>1</sup> to 06 December 2015

<sup>2</sup> 53 week adjusted LFL, other periods are based on comparable 52 weeks

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

Source: Data from Coffer Peach business tracker (as of 06 December 2015) 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), Azzurri Restaurants (Zizzi, ASK), Wagamama, YO! Sushi, Carluccio's, Living Ventures, Strada, Gaucho, TCG, La Tasca, Giraffe, Byron, Gaucho and Le Bistrot Pierre.



#### 4. Margin enhancement initiatives on track

- Our procurement exercise has been largely completed and is nearing full execution
- Smart rotas having a significant impact on our sales, profitability and cash



## 5. National living wage and apprenticeship levy impact

- Impacts overall base by £4.6 million, £2.6m higher than 'business as usual' in FY16/17
- Apprenticeship levy will add a further £0.3m cost p.a.
- Initiatives ongoing to mitigate this include:
  - continued and improving use of smart rotas
  - new initiatives to reduce staff turnover, a major cause of costs
  - development of our in-house apprenticeship scheme
  - re-design of our restaurant management structures
  - use of technologies (such as qkr payments app) to streamline our processes



## 6. Strong free cash flow and continued deleveraging

- improvement in net debt driven by trading performance and includes £6.0m of new site capex spend

(£m)	Q2 2015	Q2 2016	Interim period 2015	Interim period 2016
adjusted EBITDA	6.8	9.4	14.8	19.5
maintenance capex	(1.1)	(0.5)	(1.1)	(1.0)
change in net working capital <sup>1</sup>	0.5	1.5	1.1	2.9
free cash flow <sup>2</sup>	6.2	10.4	14.8	21.4
free cash flow %	92.1%	111.0%	100.2%	109.7%
new site capex	0.3	3.0	2.9	6.0
refurbishment capex	0.2	0.2	0.7	0.7

(£m)	LTM <sup>3</sup> adjusted EBITDA	Net debt	Ratio
as at 8 November 2015	35.0	114.1	3.3x

<sup>1</sup> adjusted for £2.2m of one-off refinancing costs and £0.7m pre-opening prepayments

<sup>2</sup> adjusted ebitda less maintenance capex +/- changes in working capital adjusted per <sup>1</sup> above

<sup>3</sup> last twelve months, see appendix A for reconciliation of EBIT to adjusted EBITDA



## 7. Measured roll-out with good pipeline

152 restaurants at the end of Q2 2016

117 in the UK at the end of Q2 2016

### new UK openings FY16 to date

Great Marlborough Street  
Trowbridge  
Glasgow Fort  
Gatwick North  
Winchester  
Coventry  
Trafford Centre  
Gatwick South (in Q3)

### new franchise openings FY16 to date

Amsterdam  
Manama (Bahrain)  
The Palm (Dubai)  
New Lynn, Auckland (in Q3)











Trafford Centre, Manchester

## 8. New US site – New York City

- Lease signed, prime location with frontage on both 5th Avenue & Broadway
  - Flatiron/Nomad between 25<sup>th</sup> & 26<sup>th</sup>
- Projected opening summer 2016



Photos illustrative only

# Summary

1. Strong Q2 2016 and progress on all key metrics
2. Continued strong sales momentum and underlying ebitda % improving
3. Traded ahead of the competition for 81 consecutive weeks
4. Margin enhancement initiatives on track
5. Measured roll-out with good pipeline
6. Strong free cash flow



## Appendix A – Q2 2016– adjusted EBITDA reconciliation

£m	Q2 2015 <sup>2</sup>	Q2 2016 <sup>1</sup>	Half-year 2015 <sup>2</sup>	Half year 2016 <sup>1</sup>	LTM <sup>3</sup>
EBIT	3.0	4.8	5.1	8.3	3.1
add back: depreciation and amortisation	4.0	4.1	9.6	9.5	18.0
opening costs	0.2	0.4	0.5	1.6	2.2
exceptional costs	(0.5)	-	(0.5)	-	11.5
board fees	0.1	0.1	0.1	0.1	0.2
adj. EBITDA	6.8	9.4	14.8	19.5	35.0



<sup>1</sup> Q2 2016 is 12 weeks to 08 November 2015 and Half-year 2016 is the 28 weeks to 08 November 2015

<sup>2</sup> Q2 2015 is 12 weeks to 09 November 2014 and Half-year 2015 is the 28 weeks to 09 November 2014

<sup>3</sup> last twelve months

## Appendix B - strong second quarter

(£m)	Q2 2015	Q2 2016	growth
Group turnover	45.0	54.0	20.0%
- UK	43.3	52.1	20.3%
- USA <sup>2</sup>	1.2	1.4	16.7%
- franchise	0.5	0.5	-
UK lfl sales	12.7%	11.3%	-
Adjusted EBITDA	6.8	9.4	38.4%
% margin	15.2%	17.5%	230bps
% margin <sup>1</sup>	16.0%	18.5%	250bps

Half-year 2015	Half-year 2016	Growth
100.1	119.2	19.1%
96.5	115.2	19.4%
2.7	3.1	14.8%
0.9	0.9	-
10.8%	12.3%	-
14.8	19.5	31.9%
14.9%	16.5%	160bps
15.3%	17.4%	210bps

<sup>1</sup> excludes incremental management incentive charges, reflecting significant over-budget performance

<sup>2</sup> includes impact of fluctuations in exchange rates. US \$ revenue growth in Q2 2016 was 12.5% and in Half-year 2016 6.0%.



**wagamama**