



★  
**wagamama**

Investor Presentation



4 October 2018  
Quarter 1 2018/19

# Disclaimer

---

## 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.

Such forward-looking statements are based on numerous assumptions regarding the group's present and future business strategies and the environment in which the group will operate in the future. Many factors could cause the group's actual results, performance or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this presentation. The group expressly disclaims any obligations or undertaking, except as required by applicable law and applicable regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this document.

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

---

1. UK LFLs strong and continue to outperform the market
2. Q1 2018/19<sup>1</sup> total sales<sup>2</sup> growth of 12.2%
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**

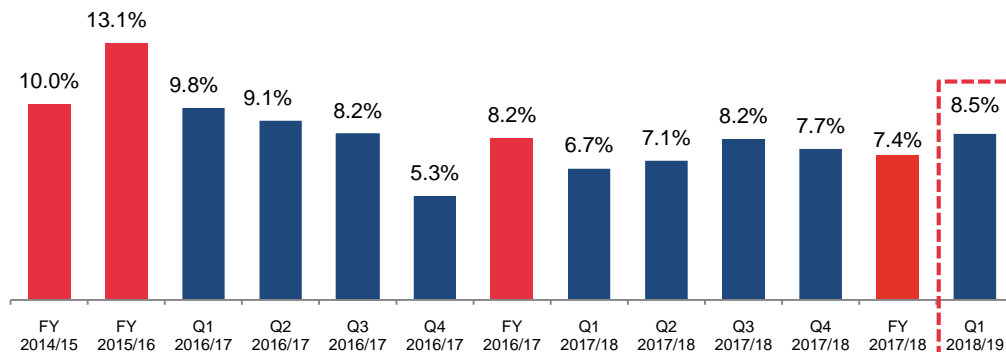
---

**wagamama**

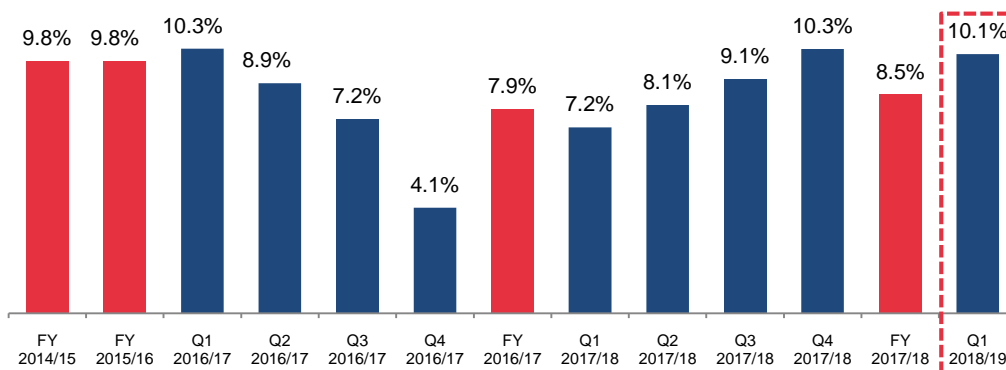


## UK LFLs strong and continue to outperform the market: 8.5% UK LFL in Q1

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



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



- We have traded ahead of the market every week for 228 weeks
- Wagamama UK LFL growth of 8.5% in Q1
- Q1 UK LFL gap to the market remains significant at 10.1%
- Highest week's outperformance to the peer group since July 2016; +17.0% in week to 17 June
- USA LTM LFL at 1.1%.



**Q1 2018/19 total sales  
growth of 12.2%**

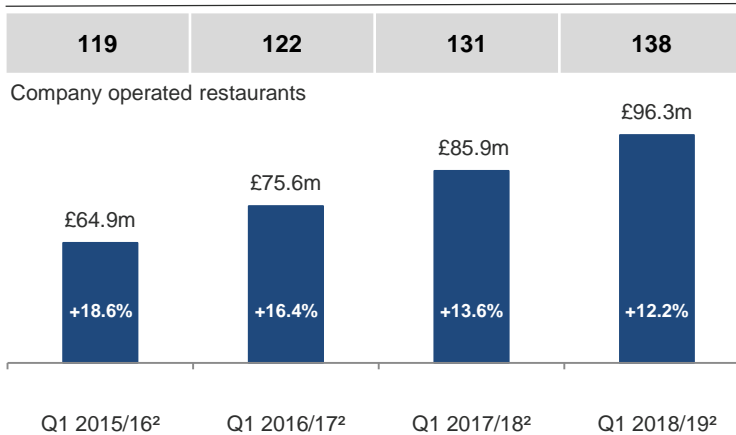
---

  
**wagamama**



## Q1 2018/19 sales growth of 12.2%: Track record of double digit sales growth continues

Group total sales<sup>1</sup> (£m) and growth (%) – Q1



- Sales growth of 12.2% in Q1 2018/19 against Q1 2017/18
- Driven by both strong LFL growth and an additional 7 company operated restaurants within the group portfolio in Q1 2018/19 compared to Q1 2017/18
- 18 restaurants achieved a record sales week in Q1



Investing in our brand

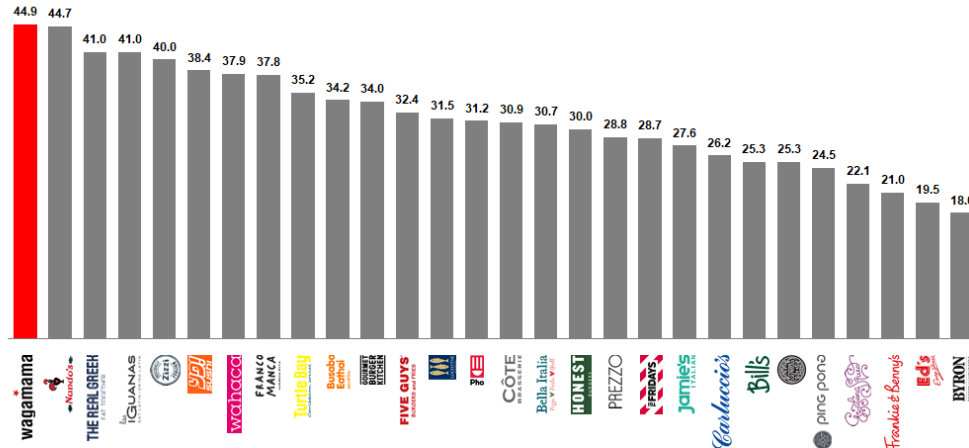
**wagamama**





## Investing in our brand: Understanding our customers and driving improvements

### July Net Promoter Score (Promoters - Detractors)<sup>1</sup>



### Brand marketing that stays ahead of the competition

- Investing in collection and use of customer feedback with launch of upgraded feedback platform
- Targeted local marketing activity informed by customer insight data
- New national marketing campaign supporting the menu launch
- First cinema advert released in June

### Food innovations that cater to emerging trends



- Customer participation in vegan menu continues to increase
- New menu launching across all restaurants this week

### NOODLES ARE NOURISHMENT FOR YOUR SOUL, SAYS WAGAMAMA IN ANIME-INFUSED ADS



## Investing in our brand: focus on happy teams

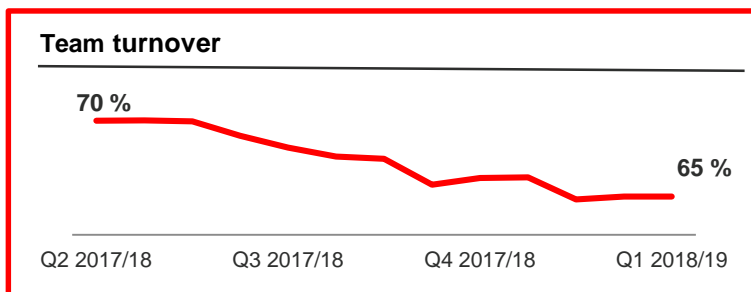
### Team engagement



- Investment in our people driving engagement
- Overall Glassdoor score of 4.1<sup>1</sup>
- 76%<sup>1</sup> would recommend wagamama as a place to work

### Team turnover

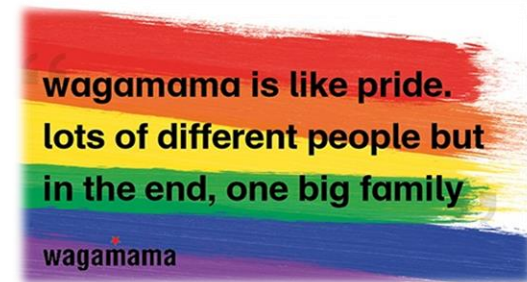
- Investment in team training and development opportunities driving our lowest level of team turnover



### Spreading positivity from bowl to soul

#### Working within our communities

- Supporting Pride across the UK through our #makeitrainbow initiative, including placemats and donations to local Pride charities



#### Sustainability

Continued positive results from sustainability initiatives:

- All our restaurants are powered by renewable energy sources
- Over 100 million litres of water saved through water management technology
- Rollout of new range of cleaning materials, which are greener in production and less harmful to the environment
- New Nespresso pod recycling scheme in trial phase in 40 restaurants

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

### Q1 openings

- Liverpool New Mersey – opened 4 June
- Rushden Lakes – opened 11 June
- Chelmsford – opened 6 August
- East Midlands – opened 13 August

### Pipeline openings

- Gloucester Quays – opened 3 September
- Murray Hill, NY (USA) – planned opening Q3
- Midtown, NY (USA) – planned opening Q4

### Q1 refurbishments

- Derby
- Brindley Place
- Aberdeen
- Prudential Center (US)
- Major refurbishments underway at Wigmore Street, Liverpool, Putney and Victoria

### Franchise openings

- Sharjah, UAE
- Mall of Qatar
- Oslo Airport
- Milan



Liverpool New Mersey



Rushden Lakes



Chelmsford



Adjusted EBITDA growth  
year on year

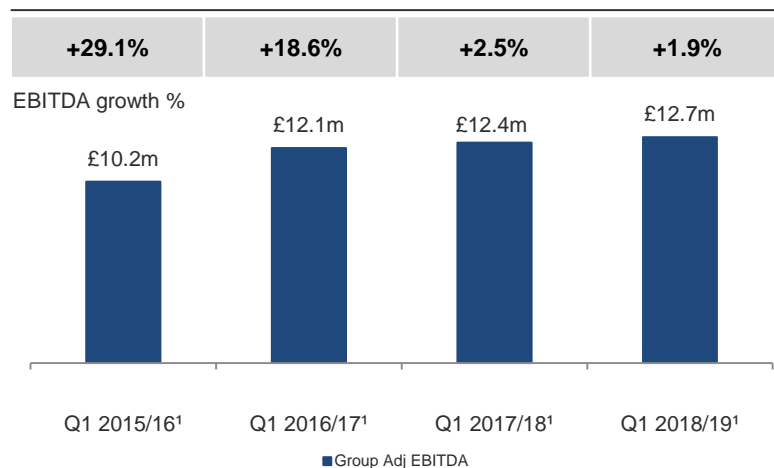
---

  
**wagamama**



## Adjusted EBITDA growth year on year: Q1 Adjusted EBITDA<sup>2</sup> +1.9% against Q1 2017/18

### Q1 – Group Adj. EBITDA continues to grow (£m, % sales)



- Group adjusted EBITDA growth of +1.9% vs Q1 2017/18 despite headwinds
- Margin compression between Q1 2017/18 and Q1 2018/19 results from:
  - Continued affordable investment in our people, estate and product
  - Investment in our US business
  - External factors including National Living Wage and business rates increases

**Key metrics in line with  
our expectations**

---

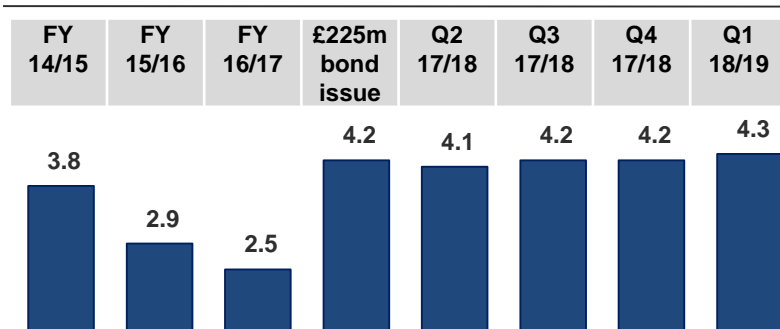
**wagamama**



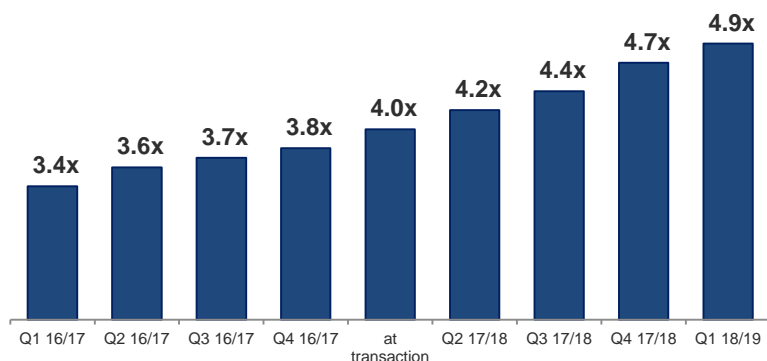


## Key metrics in line with our expectations: capex spend financed from cash

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

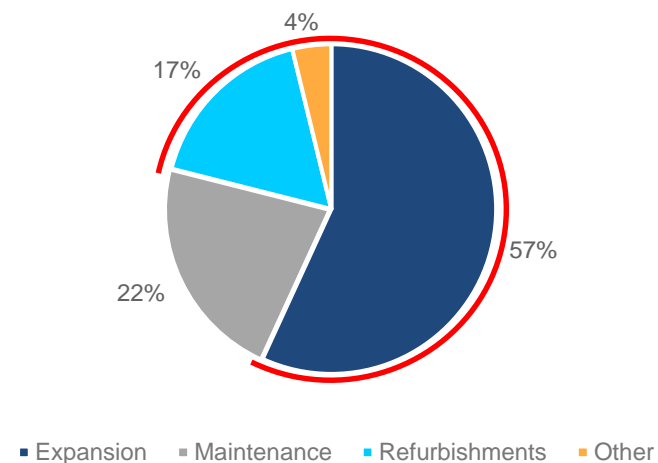


### Interest cover based on LTM adjusted EBITDA<sup>2</sup>



### Capex spend of £7.7m in Q1 FY18/19 financed from cash

- Highly cash generative
- £23.4m cash on the balance sheet
- 78% of capex spend in Q1 FY18/19 remains discretionary



## Overview

---

1. UK LFLs strong and continue to outperform the market
2. Q1 2018/19<sup>1</sup> total sales growth of 12.2%
3. Investing in our brand
4. Adjusted EBITDA growth year on year
3. Key metrics in line with our expectations



## Appendices

---



  
wagamama



## Appendix A: Group revenue

(£m)	Q1 2017/18 <sup>1</sup>	Q1 2018/19 <sup>1</sup>	growth
Group revenue	86.7	97.4	12.3%
- UK	83.0	93.2	12.3%
- USA <sup>2</sup>	2.9	3.2	10.3%
- franchise	0.8	1.0	22.9%
UK lfl sales	6.7%	8.5%	
US lfl sales <sup>2</sup>	7.3%	-0.2%	
Adjusted EBITDA	12.4	12.7	1.9%
% margin	14.5%	13.1%	-140 bps

<sup>1</sup> Q1 2017/18 is 16 weeks to 13 August 2017 and Q1 2018/19 is 16 weeks to 19 August 2018

<sup>2</sup> includes impact of fluctuations in exchange rates. US LFL sales are shown on the basis of USD sales

## Appendix B: Adjusted EBITDA reconciliation

£m	Q1 2017/18 <sup>1</sup>	Q1 2018/19 <sup>1</sup>	FY 2017/18 <sup>2</sup>	LTM Q1 2018/19 <sup>2</sup>
<b>Profit/(loss) for the financial period – 53 week</b>	<b>(7.7)</b>	<b>(2.2)</b>	<b>(14.1)</b>	<b>(8.5)</b>
add back:				
Tax on profit/(loss) on ordinary activities	(1.1)	1.4	3.2	5.7
Net interest payable and similar charges	3.7	3.0	10.6	9.9
Exceptional expenses/(income)	9.9	1.6	19.7	11.4
Amortisation	2.8	3.0	9.1	9.3
Depreciation and impairment of tangible assets	3.7	4.8	13.6	14.7
Loss on disposal of assets	0.0	0.1	0.5	0.5
<b>EBITDA – (Full year and LTM 53 week)</b>	<b>11.3</b>	<b>11.7</b>	<b>42.6</b>	<b>43.0</b>
Pre-opening costs	1.1	0.9	3.6	3.4
Corporate expenses	0.0	0.1	0.4	0.4
<b>Adjusted EBITDA - (Full year and LTM 53 week)</b>	<b>12.4</b>	<b>12.7</b>	<b>46.6</b>	<b>46.8</b>
53rd week Adjusted EBITDA	n/a	n/a	(0.9)	(0.9)
<b>Adjusted EBITDA – (Full year and LTM 52 week)</b>	<b>12.4</b>	<b>12.7</b>	<b>45.7</b>	<b>45.9</b>



★  
**wagamama**

Thank you

