




Sapphire Foods India Ltd delivers highest ever Restaurant Sales, EBITDA, PAT and restaurant additions in Q3 FY22

Mumbai, 11th February, 2022 – Sapphire Foods India Ltd, a franchisee of Yum Brands in the Indian subcontinent announces its Unaudited Financial Results for the Quarter and 9 months ended 31st December 2021.

Q3 FY22 Restaurant Sales Rs. 5,055 mn  +52% Highest ever quarterly sales	Q3 FY22 EBITDA & Margin Rs. 1,170 mn 23.2% [21.5%]*  +69% 240 bps Highest ever EBITDA & margins	Q3 FY22 Profit After Tax (PAT) Rs. 510 mn 10.1 % [8.4%]*  +920 bps Highest ever PAT	Q3 FY22 Restaurant Addition 68 Restaurants Highest ever restaurant addition
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*After normalizing for additional incentives accrued in FY 22

Key Financial Highlights:

Particulars (Rs. mn)	Q3 FY22	Q3 FY21	Y-o-Y	9M FY22	9M FY21	Y-o-Y
Total Restaurants				550	425	29%
Restaurant Sales	5,055	3,328	52%	12,212	6,774	80%
EBITDA	1,170 [1,084]*	691	69%	2,212 [2,041]*	1,165	90%
EBITDA Margins (%)	23.2% [21.5%]*	20.8%	240 bps	18.1% [16.7%]*	17.2%	90 bps
Profit After Tax	510	29	1678%	195	(862)	n.m.
PAT Margins (%)	10.1% [8.4%]*	0.9%	920 bps	1.6% [0.2%]*	-12.7%	1430 bps

*After normalizing for additional incentives accrued in FY 22

Management Commentary

We are pleased to announce our first financial results post the public listing of Sapphire Foods in Nov'21.

Firstly, we would like to thank all our investors and stakeholders for supporting the Company during the IPO process and we look forward to a long and productive relationship. Our shareholders include marquee FIs, Insurance companies, Mutual Funds, and Domestic Financial Institutions.

We have delivered our best-ever performance in Q3 FY22 and this is a reflection of the Sapphire story, i.e., 2 Global brands with scale and profitability, Sapphire's execution mindset and capability, our compact omni-channel new restaurant model, our values-based culture and experienced team, and the capability and capital to deliver our growth ambitions.

During this financial year, we have borne the impact of Covid-19 disruptions. However, we have been able to build an operational framework to minimize downsides and then recover quickly as business environment improves.

So has been the case in Q3 FY22. Of the last 8 quarters since the start of the Covid-19 pandemic in Q4 FY20, this quarter has seen the least number of operational disruptions relatively. While our delivery sales have continued to grow, Dine-In Sales have recovered smartly, albeit still at ~ 75%-80% of pre Covid FY20 levels, and as a result, the business has had its best-ever quarter. We have delivered our highest ever quarterly Sales, EBITDA Margins, PAT and have opened more stores than ever before.

As we speak, the third wave of the Covid pandemic has again resulted in some operational disruptions in January and February in few markets. However, we strongly believe in the resilience that Sapphire has built, the long-term prospects of QSR industry and are confident to be able to mitigate these risks to deliver consistent results.

Operational Highlights

Highest Ever Quarterly:

- **Restaurant Sales** across KFC, Pizza Hut and Sri Lanka business due to strong brand activation and Sapphire's omni channel execution
- **Restaurant Additions** due to compact omni channel store format (with equal emphasis on Dine-In, Takeaway and Delivery) | Total Restaurant Count at 550
- **Restaurant EBITDA margin, Corporate EBITDA margin and PAT profitability** due to scale and focus on cost efficiencies
- **Strong Consolidated Balance Sheet:** Cash (net of debt) of ~ Rs. 4,350 mn and Negative Working Capital
- Number of Stores opened – Q3 - KFC: 31 , Pizza Hut: 35 | 9M - KFC: 47 , Pizza Hut: 63

About Sapphire Foods:

Sapphire Foods started operations in September 2015, by the acquisition of about 250 KFC and Pizza Hut Stores in India and Sri Lanka, by a group of leading Private Equity firms and is managed by a team of professionals.

Sapphire Foods is a leading YUM franchisee operator in the Indian subcontinent with presence in India, Sri Lanka and Maldives. We are the largest international QSR chain in Sri Lanka in terms of revenue and number of restaurants operated as of March 31, 2021. *(Source: Technopak Report)* As of December 31, 2021, we own and operate 250 KFC and 209 Pizza Hut restaurants in India, 84 Pizza Hut and 5 Taco Bell restaurants in Sri Lanka and 1 KFC and Pizza Hut each in Maldives.

We aspire to be India's best restaurant operator by serving customers great food with great experience at great value. We operate our restaurants in high traffic and high visibility locations in key metropolitan areas and cities across India and develop new restaurants in new trade areas in existing and new cities as part of our brand and food category expansion.

Contact Details

Company	Investor Relations: Orient Capital
Name: Mr. Rahul Kapoor	Name: Mr. Nachiket Kale
Email: rahul.kapoor@sapphirefoods.in	Email: nachiket.kale@linkintime.co.in
CIN: L55204MH2009PLC197005	Tel : +91 99209 40808
www.sapphirefoods.in	www.orientcap.com