

Westlife Foodworld (WESTLIFE) - REDUCE

Result Update

Current Market Price (CMP) Rs. 501	Fair Value (FV) Rs. 490
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Rationale:

- Westlife delivered 8.7% yoy revenue growth, with Same Store Sales growth (SSSG) at 1.5% yoy (in line).
- The company's thrust on driving guest count through its value offerings yielded results.
- Footfall growth recovered to MSD levels (South turned positive).
- Gross margin EBITDA margin expanded 180/20 bps yoy to 68.1%/7.4%, ahead of our estimates.
- Westlife indicated a stable outlook for FY27E.
- Inflation and operations largely under control and continuing focus on value-led and coffee-centric initiatives.
- We cut FY27/28E EBITDA by 7%/10%, roll over and revise FV to Rs490 (26X Jun-28E EV/EBITDA; unchanged) from Rs515.

👍 Positives:

- Westlife's revenue grew 8.7% yoy to Rs655 cr (1.8% beat).
- Q4 print was better than our moderated estimates.
- Westlife called out demand momentum in April, indicating a positive start for FY27E.
- Same store sales growth (SSSG) stood at 1.5% (in line) and guest count growth stood in mid-single digits.
- Management has raised its store expansion target to 60+/year (from 45-50).

👎 Negatives:

- Average sales per comparable store (TTM) declined ~1% yoy to Rs6.01 cr.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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