



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

## WESTLIFE DEVELOPMENT LTD REPORTS THIRD QUARTER RESULTS 2016

**Records revenue growth of 7.8 per cent; PAT growth of ~105 per cent  
Reports second consecutive quarter of positive Comparable Sales of 3.1 per cent  
Restaurant Operating Margin Expanded by ~485 bps**

**Mumbai, February 5, 2016:** Westlife Development Limited (WDL), a company listed on the Bombay Stock Exchange (BSE: 505533), today announced its unaudited financial and operating results for the quarter ending December 31, 2015. The results were taken on record by the Board of Directors at a meeting held in Mumbai.

WDL reported 7.8 per cent revenue growth of ₹2,109.1 million Y-o-Y (year-over-year) led by the restaurant operations of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL), a master franchisee for west & south India operations of McDonald's Restaurants.

**Commenting on the financial results for the quarter ended December 31, 2015, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said,** *"We are pleased to report another strong quarter. Solid growth and performance across all of our offerings enabled us to deliver a second consecutive quarter of comparable sales growth despite some market softness, leading to strong operating leverage & significant operating margin expansion.*

*During the quarter, we continued to invest in strengthening the brand, uniting consumer insights with innovation, drive in market execution and operational efficiencies even harder. We attribute the continuation of our positive top-line trend to favorable Menu mix and Brand Extensions which we supported through our ongoing marketing investments. Our development plans are on target with our previously guided range, and we are excited to continue expanding our retail footprint through disciplined restaurant unit growth.*

*We believe that we are well positioned to generate solid returns as the economy continues to heal and provide considerable upside for our shareholders as conditions materially improve."*

### **FINANCIAL HIGHLIGHTS FOR QUARTER ENDED DECEMBER 31, 2015:**

- Revenue growth of 7.8 per cent year-over-year to ₹2,109.1 million
- Operating EBIDTA stood at ₹162.7 million
- Profit After Tax stood at ₹2.3 million
- Cash Profit stood at ₹161.3 million
- Total Restaurant network at 223; Y-o-Y gross additions at 24; 08 new restaurant openings in Q3FY16

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### **Q3FY16 RESULT ANALYSIS:**

- WDL reported 7.8 per cent increase in total revenues for Q3FY16 to ₹2,109.1 million from ₹1,956.6 million Y-o-Y riding on its restaurant expansion. Topline performance growth was driven by restaurant network expansion in the existing & new cities and by significant increase in accruals from new formats & brand extensions like McCafé and McDelivery and innovative menu additions
- WDL expanded its restaurant base to 223; Y-o-Y gross additions stood at 24; 08 new restaurant openings in Q3FY16
- System-wide comparable sales (SSSG)<sup>[1]</sup> grew to 3.1 per cent as against (0.4) per cent in the same quarter of the previous year
- Relentless focus on reduction in food, paper and distribution costs along with increased efficiency in product management and menu pricing helped in expanding our gross margins by ~190bps Y-o-Y, as against the corresponding quarter in the previous fiscal
- Restaurant operating margin<sup>[2]</sup> expanded by ~485bps Y-o-Y on account of various restaurant productivity initiatives
- Operating EBITDA in Q3FY16 stood at ₹162.7 million compared to ₹54.4 million Y-o-Y; representing a margin expansion from 2.8 per cent to 7.7 per cent
- General and administrative expenses in Q3FY16 increased to ₹112.6 million compared to ₹106.2 million Y-o-Y
- WDL reported cash and cash equivalents of ₹1,597.2 million in Q3FY16

WDL sustained investments in expanding McDonald's footprint with the opening of 08 new restaurants, including our entry into three new markets in the existing and new markets taking the total restaurant count to 223 in the quarter ended December 31, 2015. WDL added 5 restaurants in Maharashtra and 1 each in Gujarat and Telangana and Chhattisgarh, a ~10.4 per cent unit growth over the previous year. The Company is on track to deliver its stated goal of 175-250 restaurants in the 5 years.

The Company advanced its efforts in building its brand extension portfolio. WDL further strengthened its beverage growth strategy with the expansion of McCafe footprint. The Company added 10 McCafe locations in Q3FY16 as against 15 McCafe in the same quarter of the previous year, taking the total count to 62 as against a total of 30 in the previous year. WDL achieved on its stated goal of establishing 50-75 McCafé's by December 2015 and is now on track to double the base in the next 12-18 months.

The Company made significant investments to innovate and accelerate efforts towards leveraging digital platforms to enhance user-friendly experience on the mobile and web platforms of McDelivery. WDL continued to see a surge in sales through its online & mobile platform, delivering ~50 per cent of total McDelivery sales.



During the quarter, WDL grew baseline sales through new premium menu items and Limited Time Offerings. McDonald's®, as a brand, has always been committed to developing its menu to reflect evolving customer tastes. The introduction of limited time menu offerings like the Indi-McSpicy range helped mitigate the soft consumer environment. Additionally, the launch of Masala Bun provided the customers the option to customize their burgers.

**Commenting further on the financial results, Amit Jatia said,** “Our strategy is working and is reflected in our Q3FY16 results. In an inflationary environment, we will continue to manage our business dynamically, through judicious pricing actions and increased focus on cost effectiveness, while ensuring that we remain competitive in the market place.”

~ends~

**NOTE TO THE EDITORS:** Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the third quarter ended December 31, 2015.

**THE FOLLOWING DEFINITIONS APPLY TO THESE TERMS AS USED THROUGHOUT THIS RELEASE:**

<sup>[1]</sup> Comparable sales (SSSG) represent sales at all restaurants operated by the Company, in operation at least thirteen months excluding those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimagining or remodeling, rebuilding, road construction and natural disasters. The number of weekdays and weekend days, referred to as the calendar shift/trading day adjustment, can impact comparable sales. In addition, the timing of holidays also can impact comparable sales.

<sup>[2]</sup> Restaurant Operating Margin represents the total revenue of company operated restaurants less the operating costs of these restaurants (including royalty etc.) before depreciation and corporate overheads; expressed as a percent of total revenue.



<b>WESTLIFE DEVELOPMENT LIMITED</b>		
<b>Consolidated Financial Performance</b>		
<i>(₹ in millions)</i>		
<b>Particulars</b>	<b>For the Quarter ended December 31, 2015</b>	<b>For the Quarter ended December 31, 2014</b>
<b>REVENUES</b>		
Sales	2,102.8	1,943.8
Other Operating Income	6.3	12.8
<b>TOTAL REVENUES</b>	<b>2,109.1</b>	<b>1,956.6</b>
<b>OPERATING COSTS AND EXPENSES</b>		
<b>Restaurant Operating Cost and Expenses</b>		
Food & Paper	832.4	808.9
Payroll and Employee Benefits	232.3	225.8
Royalty	81.4	82.5
Occupancy and Other Operating Expenses	687.7	678.8
General & Administrative Expenses	112.6	106.2
<b>TOTAL OPERATING COSTS AND EXPENSES</b>	<b>1,946.4</b>	<b>1,902.2</b>
<b>OPERATING EBIDTA</b>	<b>162.7</b>	<b>54.4</b>
Other (Income)/Expenses, (net)	(30.6)	(75.7)
Extra-ordinary Expenses <sup>1)</sup>	11.5	16.2
Financial Expense (Interest & Bank Charges)	37.4	28.9
Depreciation	141.9	131.7
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>2.5</b>	<b>(46.7)</b>
Taxes	0.2	0.2
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>2.3</b>	<b>(46.9)</b>
<b>CASH PROFIT</b>	<b>161.3</b>	<b>108.6</b>

<sup>1)</sup> One-time expenses on account of assets written off pertaining to restaurants relocation/re-build

#### **About Westlife Development:**

Westlife Development Limited (BSE: 505533), focuses on putting up and operating Quick Service Restaurants (QSR) in India through its subsidiary Hardcastle Restaurants Pvt. Ltd. (HRPL). The Company operates a chain of McDonald's restaurants in west and south India, having a master franchisee relationship with McDonald's Corporation USA, through the latter's Indian subsidiary. Marquee investors such as Arisaig India Fund Ltd, Vontobel Fund and Tree Line Asia Master Fund (Singapore), Ward Ferry Fund, SBI Mutual Fund among others are stakeholders in WDL and the company will continue to broad base its investors over the coming years.

#### **About Hardcastle Restaurants:**

Hardcastle Restaurants Pvt Ltd (HRPL) is a McDonald's franchisee with rights to own and operate McDonald's restaurants in India's west and south markets. HRPL has been a franchisee in this part of India since its inception in 1996.

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HRPL serves approximately 185 million customers, annually, at its 223 (as of December 31, 2015) McDonald's restaurants across 29 cities in the states of Telangana, Gujarat, Karnataka, Maharashtra, Tamil Nadu, Kerala, Chhattisgarh and parts of Madhya Pradesh, and provides direct employment to over 7,500 employees. McDonald's operates through various formats and brand extensions including standalone restaurants, drive-thru's, 24/7, McDelivery, dessert Kiosks. The menu features Burgers, Finger Foods, Wraps, Hot and Cold Beverages besides a wide range of desserts. Several of the McDonald's Restaurant feature in-house McCafé.

The pillars of the McDonald's system – Quality, Service, Cleanliness and Value – are evident at each of the restaurants where HRPL operates.

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