



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

## WESTLIFE DEVELOPMENT LTD REPORTS THIRD QUARTER RESULTS FOR THE FISCAL

**Records high double digit revenue growth of 14.6 per cent  
Continues to report positive Comparable Sales of 5.1 per cent**

**Mumbai, Feb 03, 2017:** Westlife Development Limited (WDL) (BSE: 505533) owner of the Master Franchisee of McDonald's restaurants in west and south India, today announced its unaudited financial and operating results for the quarter ended December 31, 2016. The results were taken on record by the Board of Directors at a meeting held in Mumbai.

WDL reported 14.6 per cent increase in total revenues ₹2417.5 million from ₹2109.1 million Y-o-Y riding on the restaurant operations of its subsidiary, Hardcastle Restaurants Pvt. Ltd, (HRPL), a master franchisee for west & south India operations of McDonald's Restaurants

*"We are happy to report our sixth consecutive quarter of positive comparable sales of 5.1 per cent, demonstrating consistent performance across all segments in the face of recent volatile macroeconomic challenges. Our bold actions have differentiated the brand in the minds of the consumer across the QSR segment and is testament to the progress we are making too," said Amit Jatia, Vice-Chairman, Westlife Development Limited.*

*He further added, "With the revamped MDS app, we are confident of connecting more than ever with consumers and offering them easy, personalized and truly useful features. In fact, our web and mobile platforms contribute over 55% sales to the total McDelivery business for McDonald's."*

### **Q3FY17 RESULT ANALYSIS:**

- WDL reported 14.6 per cent increase in total revenues ₹2417.5 million from ₹2109.1 million Y-o-Y riding on its restaurant expansion. Topline performance growth was driven by restaurant network expansion, addition of new formats, brand extensions and innovative menu additions.
- Y-o-Y gross additions stood at 29; 7 new restaurant openings in Q3FY17; WDL expanded its total network of restaurants to 252 across west and south India.
- System-wide comparable sales (SSSG)<sup>[1]</sup> grew to 5.1 per cent as against 3.1 per cent in the same quarter of the previous year
- The gross margin is at 60.4 per cent as against 60.5 per cent in corresponding quarter of the previous fiscal. As a percentage of total revenues, gross margin remained flat Y-o-Y
- Restaurant Operating Margin (RoM)<sup>[2]</sup> stood at ₹290.9 million compared to ₹275.3 million. As a percentage of total revenues, RoM stood at 12 per cent compared to 13.1 per cent in the same quarter of the previous year.



- Operating EBITDA in Q3FY17 stood at ₹140.6 million compared to ₹162.7 million. As a percentage of total revenues, operating EBITDA margin stood at 5.8 per cent as against 7.7 per cent in Q3FY16
- Profit/(Loss) After Tax stood at ₹(17.1) million as against ₹2.5 million in the same quarter of the previous year
- WDL reported cash profit of ₹148.4 million in the current quarter compared to ₹161.3 million in Q3FY16

The company witnessed headwind on demand, which was also perceptible in eating out segment post cash crunch. Westlife Development took this opportunity and provided ease of ordering via multiple payment options thereby seeing an upward jump in cashless transaction to 50-55 per cent system wide.

WDL invested in increasing footprint of McDonald's by entering Kollam city in the state of Kerala and opened 7 new restaurants in this quarter by taking the total count to 252 restaurants across 34 cities and 10 states. The company is on track to take its restaurant footprint to 450-500 by 2022.

During the quarter, WDL opened its 100<sup>th</sup> McCafé in a span of 3 years and overall increased its footprint to 104 restaurants by adding 11 new outlets. WDL is on track to double its McCafé base by FY17.

Our results reflect the balance of our brand portfolio, geographic footprint, consistent marketplace execution and a relentless focus on productivity. While facing the challenges of a volatile macro environment, we continued to make thoughtful investments in our 20 years brand journey communication, introduction of our premium Share Shakes, an LTO at McCafé and riding on the popular Mexican and Lebanese McAloo Tikki fest and Mexican Cheesy Fries. By making such investments in product innovation and expansion, we have fortified our business for sustained growth.

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**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, 2016.

**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 reimaging 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>		
(₹ in millions)		
Particulars	For the Quarter ended December 31, 2016	For the Quarter ended December 31, 2015
<b>REVENUES</b>		
Sales	2,380.4	2,102.8
Other Operating Income	37.1	6.3
<b>TOTAL REVENUES</b>	<b>2,417.5</b>	<b>2,109.1</b>
<b>OPERATING COSTS AND EXPENSES</b>		
<b>Restaurant Operating Cost and Expenses</b>		
Food & Paper	957.1	832.4
Payroll and Employee Benefits	278.5	232.3
Royalty	94.7	81.4
Occupancy and Other Operating Expenses	796.3	687.7
General & Administrative Expenses	150.3	112.6
<b>TOTAL OPERATING COSTS AND EXPENSES</b>	<b>2,276.9</b>	<b>1,946.4</b>
<b>OPERATING EBIDTA</b>	<b>140.6</b>	<b>162.7</b>
Other (Income)/Expenses, (net)	(43.2)	(30.6)
Extra-ordinary Expenses <sup>[1]</sup>	-	11.5
Financial Expense (Interest & Bank Charges)	40.7	37.4
Depreciation	160.2	141.9
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(17.1)</b>	<b>2.5</b>
Taxes	-	0.2
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(17.1)</b>	<b>2.3</b>
<b>CASH PROFIT</b>	<b>148.4</b>	<b>161.3</b>

[1] Onetime expenses on account of assets written off pertaining to restaurants relocation/closure

**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, SBI Mutual Fund, Tree Line Asia Master Fund (Singapore) and Ward Ferry 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.

HRPL serves approximately 185 million customers, annually, at its 252 (as of December 31, 2016) McDonald's restaurants across 34 cities in the states of Telangana, Gujarat, Karnataka, Maharashtra, Tamil Nadu, Kerala, Chhattisgarh, Andhra Pradesh, Goa and parts of Madhya Pradesh, and provides direct employment to over 7,000 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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