



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

Westlife Development Ltd Reports strong 10.9 per cent increase in Revenues for Quarter Ended June 30, 2016

Continues its trajectory of positive Comparable Sales of 3.4 per cent for the fourth consecutive quarter

Gross Margin Expanded by ~140 bps

Mumbai, August 5, 2016: Westlife Development Limited (BSE: 505533) owner of the Master Franchisee of McDonald's restaurants in India, today announced its unaudited financial and operating results for the quarter ended June 30, 2016. The results were taken on record by the Board of Directors at a meeting held in Mumbai.

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED JUNE 30, 2016:

- Revenue growth of 10.9 per cent year-over-year to ₹2,298.6 million, riding on the strong performance of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL)
- Operating EBIDTA stood at ₹114.1 million
- Profit/(Loss) After Tax stood at ₹(29.5) million as against ₹(48.6) in the same quarter of the previous year; representing a strong growth of 39.3 per cent Y-o-Y
- Cash Profit stood at ₹135.4 million as against ₹102.0 million in the same quarter of the previous year; improvement of 32.7 per cent Y-o-Y
- Total restaurants at 242; gross addition of 30 new restaurants Y-o-Y; Q1FY17 addition at 06
- Total McCafés at 89; gross addition of 14 for the Quarter and 44 new McCafés Y-o-Y

Commenting on the financial results for the quarter ended June 30, 2016, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, *“Our Q1FY17 results represent a tremendous start to the year with 10.9 percent revenue growth and 3.4 per cent comparable sales, Y-o-Y, bolstered by the successful launch of several new products. In addition to the strides we have made from a market share and innovation perspective, we also made progress in our never-ending quest to “become our customers’ favourite place to eat”. We continued to deliver operational improvements throughout the company.*

We are thoughtfully pursuing big bets and building exciting new platforms, that position us well for long term growth. With a focus on building greater differentiation, accelerating profitable growth and increasing shareholder value, we will continue to make small but meaningful strides against our Vision 2022 strategy.”



Q1FY17 RESULT ANALYSIS:

- WDL reported 10.9 per cent increase in total revenues for the Q1FY17 to ₹2,298.6 million from ₹2,072.1 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 and innovative menu additions.
- Y-o-Y gross additions stood at 30; 6 new restaurant openings in Q1FY17; WDL expanded its total network of restaurants to 242 across west and south India.
- System-wide comparable sales growth (SSSG)¹ for the first quarter was 3.4 per cent compared to (5.3) per cent in the same quarter of the previous year
- The gross margin for Q1FY17 increased to 60.5 per cent as against 59.1 per cent in corresponding quarter of the previous fiscal. As a percentage of total revenues, gross margin expanded by ~140 bps Y-o-Y; driven by efficiencies in product management and menu pricing
- Restaurant Operating Margin (RoM)^[2] in Q1FY17 stood at ₹246 million compared to ₹219.5 million, growth of 12.1 per cent Y-o-Y. As a percentage of total revenues, RoM stood at 10.7 per cent compared to 10.6 per cent in the same quarter of the previous year.
- Operating EBITDA in Q1FY17 stood at ₹114.1 million compared to ₹97.1 million, representing a growth of 17.5 per cent and as a percentage of total revenues, operating EBITDA margin expanded by ~30 bps Y-o-Y
- General and administrative expenses in Q1FY17 improved to 5.7 per cent (as a percentage of total revenues) as compared to 5.9 per cent year-over-year
- WDL reported cash profit of ₹135.4 million in Q1FY17 demonstrating growth of 32.7 per cent Y-o-Y

In the quarter, WDL marked the Golden Arches entry into 2 new states the State of Andhra Pradesh with the opening in Nellore and the State of Goa with the opening in Porvorim to further broaden its accessibility across west and south India. The Company added 6 new restaurants in the quarter under review taking the total count to 242 restaurants across 32 cities and 10 states. WDL added 02 restaurants in Maharashtra and 01 each in Gujarat, AP, Goa and Karnataka. The Company is on track to double its restaurant base by 2022.

Furthermore, WDL continued to successfully roll out its new restaurants under the Restaurant Operating Platform (ROP) 2.0, launched in Q4FY16; The Company



continued to see encouraging operational results from the restaurants opened under ROP 2.0.

Given that consumer discretionary spends have not seen an uptick, WDL took a holistic approach to building demand with a combination of new menu introductions and Limited-Time Offers across day-parts. For the first time, the brand celebrated two new movie vertigerations in the quarter with the introduction of a complete Chinese platter ranging from sides, main course to dessert in a thematic packaging under the new menu in association with the movie Kung Fu Panda 3 and launched delectable soft serves with refreshing fruit flavored waffle cones to coincide with the first Angry Bird movie launch in India.

WDL sustained its investments to increase the McCafé footprint, adding 14 McCafé locations in Q1FY17 as against 08 McCafés in the same quarter of the previous year, taking the total count to 89 as against a total of 45 Y-o-Y. McCafé enables WDL to broaden its addressable market beyond the QSR industry and grow baseline sales. WDL is 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 strong growth in sales through its online & mobile platform. In the coming years, we will continue to invest in building these brand extensions to enhance the company's margin profile.

~ends~

NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the first quarter ended June 30, 2016.

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

^[1] 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.

^[2] 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.



WESTLIFE DEVELOPMENT LIMITED
Consolidated Financial Performance

(₹ in millions)

Particulars	For the Quarter ended June 30, 2016	For the Quarter ended June 30, 2015
REVENUES		
Sales	2262.7	2041.2
Other Operating Income	35.9	30.9
TOTAL REVENUES	2298.6	2072.1
OPERATING COSTS AND EXPENSES		
Restaurant Operating Cost and Expenses		
Food & Paper	908.4	847.0
Payroll and Employee Benefits	238.7	217.1
Royalty	89.9	49.9
Occupancy and Other Operating Expenses	815.6	738.7
General & Administrative Expenses	131.9	122.4
TOTAL OPERATING COSTS AND EXPENSES	2184.5	1975.1
OPERATING EBIDTA	114.1	97.0
Other (Income)/Expenses, (net)	(53.8)	(37.2)
Extra-ordinary Expenses ^[1]	-	6.7
Financial Expense (Interest & Bank Charges)	36.6	38.0
Depreciation	160.8	137.9
PROFIT/(LOSS) BEFORE TAX	(29.5)	(48.4)
Taxes	-	0.2
PROFIT/(LOSS) AFTER TAX	(29.5)	(48.6)
CASH PROFIT	135.4	102.0

[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 242 (as of June 30, 2016) McDonald's restaurants across 32 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.

For further information, please contact:

Ritika Verma

Corporate Communications

E: ritika.verma@mcdonaldsindia.com

T: 022 49135096 | M: 098203.32757

Ankit Arora

Investor Relations

E: ankit.arora@mcdonaldsindia.com

T: 022 49135306 | M: 099206.64475

Disclaimer:

This document by Westlife Development Ltd (the Company) contains forward-looking statements that represent our beliefs, projections and predictions about future events or our future performance. Forward-looking statements can be identified by terminology such as "may," "will," "would," "could," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," "expected", "outlook", "future" or the negative of these terms or other similar expressions or phrases or their variations. These forward-looking statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results performance or achievements or industry results to differ materially from any future results, performance or achievement described in or implied by such statements. The forward-looking statements contained herein include statements about the Company's business prospects, its ability to attract customers, its affordable platform, its expectation for revenue generation and its outlook. These statements are subject to the general risks inherent in the Company's business. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, the Company's business and operations involve numerous risks and uncertainties, many of which are beyond the control of the Company, which could result in the Company's expectations not being realized or otherwise materially affect the financial condition, results of operations and cash flows of the Company. The forward-looking statements are made only as of the date hereof, and the Company does not undertake any obligation to (and expressly disclaims any obligation to) update any forward-looking statements to reflect events or circumstances after the date such statements were made, or to reflect the occurrence of unanticipated events.