



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

WESTLIFE DEVELOPMENT REPORTS REVENUE GROWTH OF 26.2% FOR OCT-DEC

Same store sales growth at 5 year high of 20.7%, positive for tenth consecutive quarter

Profit after tax at ₹77.5 million, Cash profit at ₹270.2 million

Mumbai, February 05, 2018: Westlife Development Limited (BSE: 505533) owner of the Master Franchisee of McDonald's restaurants in west and south India, announced unaudited financial results for the quarter ended December 31, 2017. The results were taken on record by the Board of Directors at a meeting held today.

The company reported its highest ever quarterly sales at ₹ 3051.9 million. These numbers also mark the 10th straight quarter of positive same store sales growth. Profits have surged 553.1 per cent to ₹ 77.5 million and the margins have expanded by over 280 basis points.

Commenting on the financial results for the quarter ended December 31, 2017, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, "We are extremely happy to announce that the company has delivered record numbers in the Oct – Dec quarter with double digit comparable sales growth of 20.7%, the highest in the QSR industry!

Our bold initiative to bring unique & innovative fusion products under 'Flavours Without Borders' delivered outstanding results and aided in increasing footfalls significantly. We have also been able to optimise our crew and utility costs, resulting in a healthy operating leverage to the P&L.

Our brand extensions are contributing significantly to the business. McDelivery has been an outperformer this quarter and has been a significant growth driver. McCafé has once again beaten its best and has clocked the highest ever average sales on a per day basis.

Experience of the Future (EOTF) continues to be our focus area. With 5 new stores in Bengaluru, we now have 10 EOTF stores in a span of just 12 months. These re-imaged, modern restaurants have significantly elevated our customer experience. We firmly believe that our results are a reflection of the confidence that our customers have in our brand and our ability to deliver new products and experiences continuously."

McDonald's strategy to make big bold moves has always found favour with its customers. During the quarter, the company launched 12 new products under 'Flavours without Borders' and 5 more products specifically for Bengaluru. This has been McDonald's largest ever one-time product intervention in India that has delighted our customers.

McDelivery's increasing footprint and tie ups with key aggregators and payment networks is contributing to its phenomenal growth. McCafé added 3 new beverages this quarter, thus now serving an eclectic mix of 35 hot and cold beverages. Breakfast, as a day part, has been growing consistently.

WDL managed significant savings on the back of ROP 2.0, its new restaurant operating platform, on which it opened 25 stores in the last 12 months. As a result of this platform, its restaurants are able to break-even earlier and improve profitability.

The company is on track with its expansion plans as during the quarter, it opened 9 new restaurants and 5 new McCafés, taking the count to 271 and 141 respectively. Royalty payment continues to be at 4 per cent for FY19 as well.



HIGHLIGHTS FOR QUARTER ENDED DECEMBER, 2017:

- Double digit comparable sales growth at 20.7 per cent, highest in QSR industry
- Tenth consecutive quarter of positive same store sales, driven by rising footfalls
- Introduced 12 new products under Flavours Without Borders campaign, leading to more footfalls
- Optimisation of labour and utilities cost led to a healthy operating leverage
- McDonald's opened 10 EOTF stores in just 2 years, launched 5 such stores in Bengaluru in Oct-Dec quarter
- McDelivery and McCafé contributing significantly to business
- McCafé introduced 3 new beverages, now serves a mix of 35 hot and cold beverages
- Opened 9 new restaurants and 5 new McCafés in Q3FY18 taking total count to 271 & 141 respectively

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED DECEMBER, 2017:

- Revenue growth of 26.2 per cent year-on-year to ₹3051.9 million
- Operating EBIDTA increases 87.5% year-on-year to ₹263.6 million
- Profit after Tax surges 553.1 per cent year-on-year to ₹77.5 million
- Cash profit rises 82.1 per cent year-on-year to ₹270.2 million

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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 for the fiscal year 2018.

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 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.

^[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 Summary as per IGAAP for the quarter ended December 31, 2017					
					(Rs. in millions)
Particulars	For the Quarter ended December 31, 2017		For the Quarter ended December 31, 2016		Growth
	Amount	%	Amount	%	%
Revenues					
<i>Sales by company owned restaurants</i>	3037.2	99.5%	2380.4	98.5%	27.6%
<i>Other Operating Income – Restaurants</i>	14.7	0.5%	37.1	1.5%	-60.3%
Restaurants operating Revenues (A)	3051.9	100%	2417.5	100%	26.2%
<i>Other Trading & Leasing revenues (B)</i>	-	-	-	-	0%
Total Revenues (A) + (B)	3051.9	100%	2417.5	100%	26.2%
Operating Costs and Expenses					
Restaurant Operating Cost and Expenses					
<i>Food & Paper</i>	1127.4	36.9%	957.1	39.6%	17.8%
<i>Payroll and Employee benefits</i>	335.6	11.0%	278.5	11.5%	20.5%
<i>Royalty</i>	131.4	4.3%	94.7	3.9%	38.7%
<i>Occupancy and other operating expenses</i>	999.2	32.7%	796.3	32.9%	25.5%
Total Restaurant Operating Cost and Expenses	2593.6	85.0%	2126.6	88.0%	22.0%
Restaurant Operating Margin	458.3	15.0%	290.9	12.0%	57.6%
<i>General & Administrative expenses</i>	194.7	6.4%	150.3	6.2%	29.6%
Total Operating costs and expenses	2788.3	91.4%	2276.9	94.2%	22.5%
Operating EBIDTA	263.6	8.6%	140.6	5.8%	87.5%
<i>Other (income)/expenses, (net)</i>	(39.4)	-1.3%	(43.2)	-1.8%	-8.7%
<i>Assets written off for closure / rebuild of restaurants</i>	20.4	0.7%	-	0%	0%
EBIDTA	282.6	9.3%	183.8	7.6%	53.8%
<i>Net Financial Expense (Interest & Bank Charges)</i>	36.5	1.2%	40.7	1.7%	-10.3%
<i>Depreciation</i>	168.6	5.5%	160.2	6.6%	5.3%
Profit / (Loss) before Tax	77.5	2.5%	(17.1)	-0.7%	553.1%
Tax Expense	-	0%	-	0%	0%
Profit / (Loss) after Tax	77.5	2.5%	(17.1)	-0.7%	553.1%
Cash Profit	270.2	8.8%	148.4	6.1%	82.1%



For any further information kindly contact:

Sujata Goel

Corporate Communications

E: sujata.goel@mcdonaldsindia.com

M: +91 9820 136808

D: +91 22 49135096

Ankit Arora

Investor Relations

E: ankit.arora@mcdonaldsindia.com

M: +91 9920 664475

D: 91 22 49135306

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.

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 200 million customers, annually, at its 271 (as of December 31, 2017) McDonald's restaurants across 37 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 8,000 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.

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.