

PRESS RELEASE

FOR IMMEDIATE CIRCULATION

## WESTLIFE DEVELOPMENT REVENUES CROSS ₹ 1100 CRORE MARK IN FY18

***Revenues for Jan-Mar surge 34.6%, Same Store Sales Growth at 5-year high of 25.1 %  
Profit After Tax at ₹ 66.1 million***

**Mumbai, May 11, 2018:** Westlife Development Limited (BSE: 505533) owner of the Master Franchisee of McDonald's restaurants in west & south India, today announced audited financial and operating results for the quarter and fiscal year ended March 31, 2018. The results were taken on record by the Board of Directors at a meeting held today.

The company reported its highest ever annual sales with revenues of ₹ 11.3 billion. Sales for the quarter rose 34.6 per cent to ₹ 3026.9 million. Profits surged 259.4 per cent to ₹ 66.1 million and margins expanded by over 225 basis points. These numbers also mark the 11th consecutive quarter of positive same store sales growth.

***Commenting on the financial results, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, "I am absolutely delighted to announce that customers have given a big thumbs-up to our menu innovations, re-imaged stores, brand extensions, new technology initiatives and have rewarded us with repeated footfalls. On the back of this, WDL has reported record numbers in the Jan – Mar quarter with double digit comparable sales growth of 25.1%.***

*Our brand extensions like McCafé and McDelivery have added significantly to our revenues and the investments in Restaurant Operating Platform (ROP) 2.0 have led to more efficiency and faster breakeven time leading to margin and profit growth.*

*While we have had a good year, we are not going to rest on our laurels; we will continue our efforts to delight our customers with wholesome and nutritious food, great customer service, a clean environment and lots of happy moments for all our stakeholders."*

In FY 18, WDL launched over 21 products across its markets. For the first time in India, the company successfully launched 12 new products together under the "Flavours Without Borders" campaign, it also introduced a new sides menu and city-specific products that appeal to local tastes. Thus, creating more occasions for customers to visit its restaurants.

The company strengthened its everyday value platform and now provides meals across day-parts including breakfast. These efforts to increase the variety of products and offer value have led to customer loyalty.

During the year, WDL added 38 McCafés including 7 in the last quarter, taking the total count to 149. Sales at McCafé have almost doubled over the last financial year and the brand extension has helped the company create a strong foothold in the beverages segment.



The company now operates 10 “Experience Of The Future” (EOTF) restaurants operating across Mumbai and Bengaluru. These restaurants with world-class amenities such as air chargers, gaming tablets and Self-Ordering Kiosks are generating excellent customer reviews with their service, design and utility.

The restaurant chain added 25 new stores in FY18 and marked entry into three new cities namely- Vishakapatnam, Manipal and Anand, taking its total restaurant count to 277. The company is on track to have 400-500 restaurants by 2022.

This year, McDelivery upgraded its mobile application and expanded its reach with tie-ups with food aggregators and payment partners. This has helped the company increase its reach and addressable market, while making ordering easier for consumers.

HRPL has been ranked among top 10 workplaces in the retail sector by the Great Place to Work® Institute. This is the fourth year in a row that the company has received this prestigious honour.

Given the good macro-economic environment and positive consumer sentiment, the company believes that it will be able to sustain this growth trajectory going ahead.

#### **OPERATIONAL HIGHLIGHTS**

- Double digit comparable sales growth in Jan- Mar at 25.1 per cent
- Eleventh consecutive quarter of positive same store sales growth, driven by rising footfalls
- McDelivery ties up with various food aggregators and payment partners
- McCafé sales almost double during the financial year
- Total restaurant network at 277, 25 additions in the year , 9 additions in Jan- Mar
- Total McCafé count ramped up to 149, 38 additions in the year, 7 additions in Jan- Mar

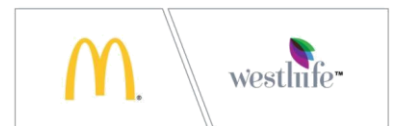
#### **FINANCIAL HIGHLIGHTS FOR QUARTER ENDED MARCH 31, 2018:**

- Revenue growth of 34.6 per cent year-over-year to ₹ 3,026.9 million
- Operating EBIDTA stood at ₹ 223.5 million, up 97 per cent
- Profit After Tax at ₹ 66.1 million, up 259.4 per cent
- Cash Profit almost doubles to ₹ 284.3 million

#### **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR ENDED MARCH 31, 2018:**

- Revenue growth of 21.9 per cent year-over-year to ₹ 11,348.7 million
- Operating EBIDTA stood at ₹ 846.8 million, up 71.1 per cent
- Profit After Tax at ₹ 128.6 million, up 206.1 per cent
- Cash Profit increased 58.8 per cent to ₹ 889 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 fourth quarter and fiscal ended March 31, 2018.

**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 as per IGAAP for the quarter ended March 31, 2018</b>						
<i>(₹ in millions)</i>						
Particulars	For the quarter ended March 31, 2018	For the quarter ended March 31, 2017	Growth	For the year ended March 31, 2018	For the year ended March 31, 2017	Growth
	Amount	Amount	%	Amount	Amount	%
<b>REVENUES</b>						
Sales by company owned restaurants	2984.9	2230.7	33.8%	11,255.3	9186.7	22.5%
Other Operating Income - Restaurants	42.0	16.2	159.3%	93.4	119.2	-21.6%
Restaurants operating Revenues (A)	3,026.9	2,246.9	34.7%	11,348.7	9,305.9	22.0%
Other Trading & Leasing revenues (B)	-	2.0	0.0%	-	2.0	-
<b>TOTAL REVENUES (A) + (B)</b>	<b>3,026.9</b>	<b>2,248.9</b>	<b>34.6%</b>	<b>11,348.7</b>	<b>9,307.9</b>	<b>21.9%</b>
<b>OPERATING COSTS AND EXPENSES</b>						
<b>Restaurant Operating Cost and Expenses</b>						
Food & Paper	1,103.0	869.6	26.8%	4,249.7	3,661.1	16.1%
Payroll and Employee Benefits	342.5	290.1	18.0%	1,311.1	1089.4	20.3%
Royalty	138.5	88.8	56.1%	476.7	365.4	30.4%
Occupancy and Other Operating Expenses	1,042.5	766.6	36.0%	3,824.5	3,169.8	20.7%
<b>TOTAL OPERATING COSTS AND EXPENSES</b>	<b>2626.5</b>	<b>2,015.1</b>	<b>30.3%</b>	<b>9,862</b>	<b>8,285.7</b>	<b>19.0%</b>
<b>Restaurant Operating Margin</b>	<b>400.4</b>	<b>233.8</b>	<b>71.3%</b>	<b>1,486.7</b>	<b>1,022.2</b>	<b>45.4%</b>
Other trading operating cost and Expenses	-	2.0	100%	-	2.0	0.0%
General & Administrative expenses	176.9	118.3	49.5%	639.9	525.2	21.8%
<b>Total Operating costs and expenses</b>	<b>2,803.4</b>	<b>2,135.4</b>	<b>31.3%</b>	<b>10,501.9</b>	<b>8,812.9</b>	<b>19.2%</b>
<b>Operating EBIDTA</b>	<b>223.5</b>	<b>113.5</b>	<b>97%</b>	<b>846.8</b>	<b>495</b>	<b>71.1%</b>
Other (income)/expenses, (net)	(96.7)	(60.2)	60.6%	(175.9)	(200.1)	-12.1%
Assets written off for closure / rebuild of restaurants	39.5	16.3	142.4%	71.4	25.3	181.8%
<b>EBIDTA</b>	<b>280.7</b>	<b>157.4</b>	<b>78.3%</b>	<b>951.3</b>	<b>669.8</b>	<b>42%</b>
Net Financial Expense (Interest & Bank Charges)	39.0	36.7	6.4%	150.1	153.8	-2.4%
Depreciation	175.6	162.2	8.2%	672.6	637.2	5.6%
<b>Profit before Tax</b>	<b>66.1</b>	<b>(41.5)</b>	<b>259.4%</b>	<b>128.6</b>	<b>(121.2)</b>	<b>206.1%</b>
Income tax	-	-	0.0%	-	-	0.0%
<b>Profit after Tax</b>	<b>66.1</b>	<b>(41.5)</b>	<b>259.4%</b>	<b>128.6</b>	<b>(121.2)</b>	<b>206.1%</b>
<b>Cash Profit</b>	<b>284.3</b>	<b>139.8</b>	<b>103.4%</b>	<b>889</b>	<b>559.9</b>	<b>58.8%</b>



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**About Westlife Development:**

Westlife Development Limited (BSE: 505533) (WDL) focuses on putting up and operating Quick Service Restaurants (QSR) in India through its subsidiary Hardcastle Restaurants Pvt. Ltd. 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 277 (as of March 31, 2018) 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 and dessert Kiosks. The menu features Burgers, Finger Foods, Wraps and Hot and Cold Beverages besides a wide range of desserts. Several of the McDonald's Restaurants feature an 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.