



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

**WESTLIFE DEVELOPMENT REPORTS REVENUE GROWTH OF 21.5% FOR OCT - DEC**  
**SSSG up 14.5 % in Oct-Dec, rising for 14th consecutive quarter**  
**PAT increases by 76.4 per cent to ₹ 136.6 mn**

**Highlights for the Quarter**

- Operating EBITDA increases by 37.4 per cent year-on-year to ₹ 362.2 million
- Cash profit increased by 30.1 per cent at ₹ 351.4 million
- Reported robust same store sales growth of 14.5 per cent in this quarter
- Launched slew of initiatives focused on delivering variety, value and convenience
- Opened 08 new restaurants and 12 new McCafé's taking the total count to 292 & 182 respectively

**Mumbai, February 01, 2019:** 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, 2018. The results were taken on record by the Board of Directors at a meeting held today.

The company reported strong Same Store Sales Growth (SSSG) of 14.5%, making it the 14<sup>th</sup> consecutive quarter of positive sales growth. Revenue grew by 21.5 per cent to ₹ 3706.6 million. Net profit surged to ₹ 136.6 million, up by a whopping 76.4% from last year, same quarter and cash profit stood at ₹ 351.4 million. Operating EBITDA reported growth of 37.4 % to ₹362.2 million and operating EBITDA margins expanded by 113 basis points to 9.8%.

**Commenting on the financial results for the quarter ended December 31, 2018, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said,** *"We are pleased to report yet another strong, profitable quarter with healthy same store sales growth. We undertook a slew of initiatives focused on delivering variety, value and convenience to our customers that have worked very well. These initiatives coupled with our relentless focus on elevating customer experience and hospitality, and fiscal prudence helped us clock a healthy financial growth. Going forward, we are confident of maintaining our momentum and improving all round business performance."*

The highlight of the quarter was 'What's Your Spice Fest' that offered customers 9 new products with different spices from around the World and 2 new beverages. The campaign managed to create a lot of excitement around the menu. The new chilli naan and the bean burger were the clear favourites.

Taking the 'Good Food Story' one step further McDonald's launched 'Whole Wheat Buns' as an option with its burgers. This is a first in the QSR industry. The whole wheat buns were launched in the west market and was very



well received.

McDonald's globally is associated with many sporting events. Taking a cue from that HRPL partnered with the National Basketball Association (NBA). The idea behind this promotion was to encourage children to "Switch off and play" and included an assured basketball with every family meal.

The three brand extensions – McCafé, Delivery and Breakfast continue to remain key pillars of growth for the company. McCafé continues to add new beverages and is the preferred beverage destination for premium coffees and shakes. It has been instrumental in helping the company broaden its addressable market. McDonald's added 12 new McCafé's in the quarter, taking the total count to 182.

McDelivery has been another significant contributor to the growth. The company is focused on growing coverage and delivering convenience to customers through its own channels as well as through third party aggregators.

Breakfast sales surged in the quarter as a result of the Egg Festival campaign that helped enhance awareness and visibility of the exclusive Egg menu.

The royalty for FY20 remains at 4%. The updated royalty details of the franchise agreement are available on the website [www.westlife.co.in](http://www.westlife.co.in)

HRPL has been consistently increasing its footprint by entering new markets while adding more restaurants in cities it is already present in. During the quarter, the company opened eight new restaurants, including the first restaurant in Thiruvananthapuram, Kerala taking the total count to 292 restaurants across 40 cities.

#### **HIGHLIGHTS FOR QUARTER ENDED DECEMBER 2018:**

- 14<sup>th</sup> quarter of positive same store sales, driven by higher footfalls.
- The launch of Spice fest, a special treat of 9 Spicy food and 2 beverage options during the festive season.
- Opened the 1st McDonald's restaurant in Thiruvananthapuram, Kerala.
- Opened 8 new restaurants taking the total count to 292.
- Added 12 new McCafé's in Q3FY19 taking the total count to 182.

#### **FINANCIAL HIGHLIGHTS FOR QUARTER ENDED DECEMBER 2018:**

- Revenue growth of 21.5 per cent year-on-year to ₹ 3706.6 million.
- Operating EBITDA increases 37.4 per cent year-on-year to ₹ 362.2 million.
- Profit after tax increased by 76.4 per cent to ₹ 136.6 million.
- Cash profit stood at ₹ 351.4 million.



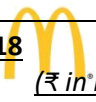

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**NOTE TO THE EDITORS:** Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the third quarter for the fiscal year 2019.

**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 as per IGAAP for the quarter ended December 31, 2018</b>			
  (₹ in millions)			
Particulars	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	Growth
	Amount	Amount	%
<b>REVENUES</b>			
Sales by company owned restaurants	3,689.9	3,037.2	21.5%
Other Operating Income – Restaurants	16.7	14.7	13.2%
<b>TOTAL REVENUES</b>	<b>3,706.6</b>	<b>3,051.9</b>	<b>21.5%</b>
<b>OPERATING COSTS AND EXPENSES</b>			
<b>Restaurant Operating Cost and Expenses</b>			
Food & Paper	1,336.4	1,127.4	18.5%
Payroll and Employee Benefits	371.2	335.6	10.6%
Royalty	170.5	131.4	29.8%
Occupancy and Other Operating Expenses	1,263.2	999.2	26.4%
<b>TOTAL OPERATING COSTS AND EXPENSES</b>	<b>3,141.3</b>	<b>2,593.6</b>	<b>21.1%</b>
<b>Restaurant Operating Margin</b>	<b>565.3</b>	<b>458.3</b>	<b>23.3%</b>
General & Administrative expenses	203.1	194.7	4.3%
<b>Operating EBIDTA</b>	<b>362.2</b>	<b>263.6</b>	<b>37.4%</b>
Other (income)/expenses, (net)	(35.7)	(39.4)	-9.3%
Assets written off for closure / rebuild of restaurants	19.7	20.4	-3.3%
<b>EBIDTA</b>	<b>378.2</b>	<b>282.6</b>	<b>33.8%</b>
Net Financial Expense (Interest & Bank Charges)	46.6	36.5	27.7%
Depreciation	203.7	168.6	20.8%
<b>Profit before Tax</b>	<b>127.9</b>	<b>77.5</b>	<b>65.1%</b>
Income tax	(8.7)	-	100.0%
<b>Profit after Tax</b>	<b>136.6</b>	<b>77.5</b>	<b>76.4%</b>
<b>Cash Profit</b>	<b>351.4</b>	<b>270.2</b>	<b>30.1%</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 292 (as of December 31, 2018) McDonald's restaurants across 40 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 9000 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.

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**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.