



WESTLIFE DEVELOPMENT CHARTS STRONG SALES RECOVERY IN Q2FY21

Focus on omni-channel strategy, financial prudence pivots the company's performance

HIGHLIGHTS OF QUARTER ENDED SEPTEMBER 30, 2020

- Total revenue for the quarter stood at ₹ 2,094.9 million, up 123 % from Q1FY21
- Sales through convenience channels (delivery, drive-thru and On-The-Go) exceeded pre-COVID levels
- The new On-The-Go service saw phenomenal growth of over four times in three months
- Dine-in showed healthy recovery trend across markets
- Strong cost controls aided margin and operating EBIDTA recovery

All numbers exclude the impact of IND AS 116

Mumbai, 06 November 2020: Westlife Development Limited (BSE: 505533) ("WDL"), owner of Hardcastle Restaurants Pvt Ltd ("HRPL"), the Master Franchisee of McDonald's restaurants in West and South India, announced unaudited financial results for the quarter ended September 30, 2020. The results were taken on record by the Board of Directors at a meeting held today.

In the quarter under review, the company reported strong sales recovery led by its convenience channels that include delivery, take-out, drive-thru and on-the-go. Sales through these convenience channels zoomed back to their pre-COVID levels in September, while in-store started showing healthy recovery trend as the Government started unlocking markets in a phased manner. As a result, the company more than doubled its overall sales over Q1FY21, achieving close to 70% of pre-COVID levels. This was despite Maharashtra – the state that has close to 50% restaurants of the company - remaining shut for dine-in.

The company saw the pace of recovery across its operations accelerate, with recovery rate progressively increasing by 7-10% every month. Stores that were open for dine-in for more than five months came close to pre-COVID levels, with those that opened up recently recovering twice as fast.

The sales recovery was well-supported by the company's strong cost management. Westlife Development's focus on rationalizing costs and maximizing efficiencies across operations enabled it to bring down costs, even as the revenues increased. This helped improve margins and Operating EBITDA significantly with the company achieving break-even Operating EBITDA in September 2020.

Commenting on the financial results for the quarter ended September 30, 2020, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said "I am happy to share that we have effectively steered this crisis and have got the business on a strong recovery track this quarter. Our strong financial foundation combined with a focus on accelerating our omni-channel strategy is reaping great results for us. We look



forward to the opportunities that lie ahead and are motivated by the recovery in business that we have seen in this quarter. I am confident that we will soon be back on our growth path.”

Westlife Development’s strategy for business revival has been focused on three key pillars of Assurance, Convenience and Access. With its ‘Golden Guarantee’ platform, it has made the McDonald’s experience as safe as possible for both its customers and employees. The company’s implementation of contactless operations, heightened sanitization across touch points and new hygiene protocols have helped build back customer confidence in a big way.

The company has also moved quickly to launch a bouquet of convenience services including contactless delivery, digitally-enabled contactless take-out and the innovative on-the-go service that has transformed all its restaurants into digital drive-thrus. These services have ensured that safe, hygienic and delicious McDonald’s food is available for customers whenever, wherever and however they want.

Another key lever of strategy has been Access. Identifying the need to offer great value to the customers, Westlife Development has been giving its customers compelling combos and offers through its McDonald’s and McDelivery app. This quarter, the company also tapped into key occasions such as World Chicken Day, Friendship Day and World Photography Day to enhance frequency and give customers more reasons to celebrate with McDonald’s.

With customer confidence slowly building back buoyed by festive cheer and opening up of dine-in services in Maharashtra, the company is confident of accelerating the pace of recovery and marching towards achieving and exceeding pre-COVID level revenues.

**WESTLIFE DEVELOPMENT LIMITED****Consolidated Financial Performance per IGAAP for the quarter ended September 30, 2020***(₹ in millions)*

Particulars	For the quarter ended September 30, 2020	For the quarter ended September 30, 2019	Growth
	Amount	Amount	%
REVENUES			
Sales by company owned restaurants	2068.5	3,947.1	(47.6%)
Other Operating Income – Restaurants	25.5	16.6	53.6%
Restaurant Operating Revenues (A)	2094.0	3,963.7	(47.2%)
Net Gain on fair value changes in value of Investments	0.9	1.6	(40.1%)
TOTAL REVENUES (A) + (B)	2094.9	3965.3	(47.2%)
OPERATING COSTS AND EXPENSES			
Restaurant Operating Cost and Expenses			
Food & Paper	764.3	1,376.4	(44.5%)
Payroll and Employee Benefits	282.1	433.2	(34.9%)
Royalty	94.9	180.6	(47.5%)
Occupancy and Other Operating Expenses	876.6	1,345.9	(34.9%)
TOTAL RESTAURANT OPERATING COSTS AND EXPENSES	2017.9	3336.1	(39.5)
Restaurant Operating Margin	77.0	629.2	(87.8%)
Other trading operating cost and expenses	-	-	-
General & Administrative expenses	179.2	219.2	(18.2%)
Total Operating costs and expenses	2197.1	3555.3	(38.2%)
Operating EBIDTA	(102.2)	410.0	(124.9%)
Other (income)/expenses, (net)	(57.7)	(37.4)	54.4%
Assets written off for closure / rebuild of restaurants	54.6	14.2	284.6%
EBIDTA	(99.1)	433.2	(122.9%)
Net Financial Expense (Interest & Bank Charges)	47.4	37.7	25.7%
Depreciation	220.0	214.9	2.4%
Profit before Tax and Exceptional Items	(366.5)	180.6	(302.8%)
Exceptional Items			
Profit before Tax	(366.5)	180.6	(302.8%)
Deferred Tax	(92.1)	25.1	(479.3%)
Income tax	-	26.5	(100.0%)



Profit after Tax	(274.3)	129.1	(312.5%)
Other Comprehensive Income			
(a) Items that will not be reclassified to Profit or Loss	1.2	0.7	76.7%
(b) Income tax on items that will not be reclassified to Profit or Loss	(0.3)	(0.1)	182.3%
Other Comprehensive Income (A+B)	0.9	0.6	57.0%
Total Comprehensive income for the period	(275.3)	128.5	(314.2%)
Cash Profit / (Loss)	(93.1)	409.7	(122.7%)
Cash Profit / (Loss) After Tax	(93.1)	358.2	(126.0%)

Reconciliation of reported and comparable operating performance excluding impact of IND AS 116							
Rs. (In Millions)							
Particulars	(A) Quarter ended Sept 30, 2020 (Adjusted)	(B) Changes due to Ind AS 116 increase / (decrease) **	(C) Quarter ended Sept 30, 2020 (Reported)	(D) Quarter ended Sept 30, 2019 (Adjusted)	(E) Changes due to Ind AS 116 increase / (decrease) **	(F) Quarter ended Sept 30, 2019 (Reported)	(A over D) YoY Growth
Occupancy and other operating expenses	876.6	(144.0)	732.6	1,345.9	(184.9)	1,161.0	(34.9%)
Restaurant Operating Margin	77.0	144.0	221.0	629.2	184.9	814.1	(87.8%)
General and Administration Expenses	179.2	-	179.2	219.2	-	219.2	(18.2%)
Operating Earnings before interest, tax and depreciation and amortisation	(102.2)	144.0	41.8	410.1	184.9	594.9	(124.9%)
Other Income	(57.7)	(88.5)	(146.2)	(37.4)	-	(37.4)	54.4%
Finance costs	47.4	169.3	216.7	37.7	162.8	200.5	25.7%



Depreciation and amortisation expense	220.0	131.4	351.4	214.9	128.7	343.5	2.4%
Profit before tax and exceptional items	(366.5)	(68.2)	(434.7)	180.7	(106.6)	74.1	(302.8%)
Exceptional Items	-	-	-	-	-	-	100.0%
Profit before tax	(366.5)	(68.2)	(434.7)	180.7	(106.6)	74.1	(302.8%)
Deferred tax	(92.1)	(17.2)	(109.3)	25.1	(24.2)	0.9	(467.4%)
Income tax	-	-	-	26.5	-	26.5	(100.0%)
Profit after tax	(274.3)	(51.1)	(325.4)	129.1	(82.4)	46.7	(312.5%)
Other Comprehensive income (net of tax)	0.9	-	0.9	0.6	-	0.6	57.0%
Total Comprehensive Income	(275.3)	(51.1)	(326.3)	128.5	(82.4)	46.2	(314.2%)

**** Adjustments arising out of Ind AS 116**

NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the second quarter of the fiscal year 2021.

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.

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About Westlife Development:

Westlife Development Limited (BSE: 505533) (WDL) focuses on setting 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.

About Hardcastle Restaurants:

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 the region since its inception in 1996.

HRPL serves over 200 million customers, annually, at its 311 (as of September 30, 2020) McDonald's restaurants across 42 cities in the states of Telangana, Gujarat, Karnataka, Maharashtra, Tamil Nadu, Kerala, Chhattisgarh, Andhra Pradesh, Goa and parts of Madhya Pradesh and Union Territory of Puducherry, and provides direct employment to close to 10,000 employees. McDonald's operates through various formats and brand extensions including standalone restaurants, drive-thru's, 24/7, McDelivery, McBreakfast and dessert kiosks. The menu features Burgers, Finger Foods, Wraps, Rice, Salads 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 that 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.