



**WESTLIFE DEVELOPMENT DELIVERS A ROBUST Q3FY21
EXITS QUARTER WITH 97% SALES RECOVERY, 10.2% OPERATING EBIDTA AND A POSITIVE PAT**

HIGHLIGHTS OF QUARTER ENDED DECEMBER 31, 2020

- Total revenue for the quarter stood at ₹ **3250.6 million**
- The company delivered positive PAT at ₹ **81.9 million**
- Operating EBIDTA jumped to **10.2% from -4.9% in the Q2FY21**
- December revenues zoomed back to **97% of pre-COVID levels**
- The company opened 3 new McDonald's restaurants taking the total count to 304 and 3 new McCafés taking the total count to 227

All numbers exclude the impact of IND AS 116

Mumbai, January 21, 2021: 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 December 31, 2020. The results were taken on record by the Board of Directors at a meeting held today.

In the quarter under review, the company's revenues for Q3FY21 zoomed to 85-90% of pre-COVID levels with December revenues almost back to pre-COVID levels. In the second half of the quarter, almost all of its highway stores exceeded pre-COVID sales with the trend being similar for its stores in smaller cities such as Bharuch, Kolhapur, Nellore and Tirupati. In fact, almost all of the Company's restaurants marched close to full recovery except those being close to colleges and some mall stores where movie theatres are key generators. This was despite significant regulatory restrictions including night curfews and 50% capacity limits in many of the Company's key markets.

At the same time, the Company improved its margins significantly on the back of cost efficiencies, and **the Operating EBIDTA jumped to 10.2% from -4.9% in Q2 FY21**. With a new cost framework



and a lower break-even point, the company **reported pre-COVID level of margins, despite lower revenues**. As a result, despite all challenges, **the Company clocked a Profit After Tax (PAT) of ₹81.9 million**. In fact, the cash profits from this quarter have helped the Company wipe off half the losses incurred in the first half of FY21.

Westlife Development's strong sales performance in the quarter was driven by the Company's omni-channel strategy. The Company started its recovery journey in October when its biggest market – Maharashtra finally opened up for dine-in. It saw the momentum build-up rapidly through November, buoyed by the festive cheer. In December, despite substantial regulatory restrictions in several of its markets, the Company saw a phenomenal uptake in sales with revenues coming back to 97% pre-COVID levels. Dine-in recovered 75-80%, even with night curfews and the 50% capacity constraint. McCafé recovered over 80% vis a vis pre-COVID levels. At the same time, sales from convenience channels accelerated to 120% of pre-COVID levels in the month, again notwithstanding the night curfews in some of its key markets.

The Company also got back on its growth path and added **three new McDonald's restaurants and three new McCafés** to its portfolio.

Commenting on the financial results for the quarter ended December 31, 2020, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited, said, "At Westlife, we believe that in every adversity, lies an opportunity. So, we took the pandemic as an opportunity to pivot our business, accelerate our omni-channel strategy, create new revenue channels and re-engineer cost frameworks. This helped us create a business that is even more robust and future-proof. With this heartening recovery, we believe that the worst is behind us. We look forward to reclaiming our growth path and re-start our march towards our Vision 2022."

Assurance, Convenience, and Access remained the key pillars of Westlife Development's strategy to bring consumers back to McDonald's. The Company also leveraged its technology backbone quite effectively to build a strong omni-channel presence and create more opportunities for people to access the brand – whenever, however and wherever. It now has three thriving convenience channels - Delivery and Drive-thru and On The Go that are aiding incremental revenue growth, even as normalcy is resuming.

This quarter also marked the launch of its new **packaging innovation called EatQual** to foster inclusion across their restaurants. EatQual enables consumers with limited upper arm mobility, to enjoy McDonald's burgers as easily and have the same delightful experience at the restaurant.

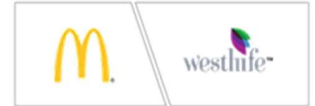


WESTLIFE DEVELOPMENT LIMITED

Consolidated Financial Performance per IGAAP for the quarter ended December 31, 2020

(₹ in millions)

Particulars	For the Quarter ended Dec 31, 2020	For the Quarter ended Dec 31, 2019	Growth
	Amount	Amount	%
REVENUES			
Sales by company owned restaurants	3239.2	4306.0	(24.8%)
Other Operating Income – Restaurants	10.5	22.1	(52.4%)
Restaurant Operating Revenues (A)	3249.7	4328.2	(24.9%)
Net Gain on fair value changes in value of Investments	0.9	1.1	(27.0%)
TOTAL REVENUES (A) + (B)	3250.6	4329.3	(24.9%)
OPERATING COSTS AND EXPENSES			
Restaurant Operating Cost and Expenses			
Food & Paper	1114.8	1472.4	(24.3%)
Payroll and Employee Benefits	333.5	428.0	(22.1%)
Royalty	149.1	197.6	(24.5%)
Occupancy and Other Operating Expenses	1152.2	1473.5	(21.8%)
TOTAL RESTAURANT OPERATING COSTS AND EXPENSES	2749.6	3571.5	(23.0%)
Restaurant Operating Margin	501.0	757.8	(33.9%)
Other trading operating cost and expenses	-	-	-
General & Administrative expenses	170.4	237.3	(28.2%)
Total Operating costs and expenses	2920.0	3808.8	(23.3%)
Operating EBIDTA	330.6	520.5	(36.5%)
Other (income)/expenses, (net)	(58.7)	(45.3)	29.5%
Assets written off for closure / rebuild of restaurants	63.0	-	100.0%
EBIDTA	326.3	565.8	(42.3%)
Net Financial Expense (Interest & Bank Charges)	42.5	33.8	25.8%
Depreciation	216.3	222.4	(2.8%)
Profit before Tax and Exceptional Items	67.5	309.6	(78.2%)
Exceptional Items	(41.9)	-	100.0%
Profit before Tax	109.4	309.6	(64.7%)
Deferred Tax	27.5	14.5	89.8%
Income tax	-	67.9	(100.0%)



Profit after Tax	81.9	227.2	(64.0%)
Other Comprehensive Income			
(a) Items that will not be reclassified to Profit or Loss	1.0	0.7	38.3%
(b) Income tax on items that will not be reclassified to Profit or Loss	(0.2)	(0.2)	38.8%
Other Comprehensive Income (A+B)	0.7	0.5	38.2%
Total Comprehensive income for the period	81.2	226.7	(64.2%)
Cash Profit / (Loss)	345.8	449.6	(23.1%)

Reconciliation of reported and comparable operating performance excluding impact of IND AS 116

Rs. (In Millions)

Particulars	(A) Quarter ended Dec 31, 2020 (Adjusted)	(B) Changes due to Ind AS 116 increase / (decrease) **	(C) Quarter ended Dec 31, 2020 (Reported)	(D) Quarter ended Dec 31, 2019 (Adjusted)	(E) Changes due to Ind AS 116 increase / (decrease) **	(F) Quarter ended Dec 31 2019 (Reported)	(A over D) YoY Growth
Occupancy and other operating expenses	1152.2	(170.0)	982.2	1473.5	(188.6)	1284.9	(21.8%)
Restaurant Operating Margin	501.0	170.0	671.0	757.8	188.6	946.4	(33.9%)
General and Administration Expenses	170.4	-	170.4	237.3	-	237.3	(28.2%)
Operating Earnings before interest, tax and depreciation and amortization	330.6	170.0	500.6	520.5	188.6	709.1	(36.5%)



Other Income	(58.7)	(23.0)	(81.7)	(45.3)	-	(45.3)	29.5%
Finance costs	42.5	167.1	209.6	33.8	168.0	201.8	25.8%
Depreciation and amortisation expense	216.2	133.8	350.1	222.4	132.2	354.6	(2.8%)
Profit before tax and exceptional items	67.5	(107.9)	(40.4)	309.6	(111.6)	198.1	(78.2%)
Exceptional Items	(41.9)	-	(41.9)	-	-	-	100.0%
Profit before tax	109.4	(107.9)	1.5	309.6	(111.6)	198.1	(64.7%)
Deferred tax	27.5	(27.1)	0.4	14.5	(28.1)	(13.6)	89.8%
Income tax	-	-	-	68.0	-	68.0	(100.0%)
Profit after tax	81.9	(80.8)	1.1	227.2	(83.5)	143.7	(64.0%)
Other Comprehensive income (net of tax)	0.7	-	0.7	0.5	-	0.5	38.2%
Total Comprehensive Income	81.2	(80.8)	0.4	226.7	(83.5)	143.2	(64.2%)

NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the third 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 the 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 304 (as of December 31, 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.