

WESTLIFE DEVELOPMENT DELIVERS STRONG Q4FY21; OPERATING EBITDA SOARS BY OVER 65%, SSSG RISES BY 10.5%

HIGHLIGHTS OF QUARTER ENDED MARCH 31, 2021

- Total revenue stood at ₹ 3575.9 million - a 6.3% growth over Q4FY20
- Restaurant Operating Margin touched a five year high of 16.4 % - a whopping 527 bps growth
- Operating EBITDA jumped by 66% YOY at ₹ 324.5 million.
- Positive PAT at ₹ 21.0 million.
- Cash profits for the quarter stood at ₹ 321.5 million
- The company recorded highest ever McDelivery Sales in March 2021.

All numbers exclude the impact of IND AS 116

Mumbai, 13th May 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 March 31, 2021. The results were taken on record by the Board of Directors at a meeting held today.

In the quarter under review, the company clocked revenues of ₹ 3575.9 million registering a 6.3% YoY growth. This is despite regulatory headwinds, lockdowns, curfews and capacity limitations witnessed across markets. It also reported a positive SSSG of 10.5%.

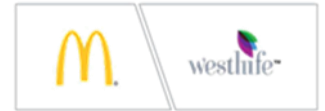
Sales were driven by an almost complete recovery in dine-in and an impressive 142% growth across the company's convenience channels. Revenues from McDelivery and Drive Thru saw a YoY growth of 26% and 81% respectively. Even after dine in opened across the market, the company did not see a slowing down in its "out of restaurant" consumption. The company recorded its highest ever McDelivery Sales in March 2021 and the sales through the on-the-go channel grew over three times in the last three quarters.

This strong sales acceleration was coupled with cost leadership that aided a 91-bps growth in Gross Margin on a YoY basis and landed at 66.5%. The company also grew its Restaurant Operating Margins by a whopping 527 bps that stood at a five-year high of 16.4%. Fixed cost reduction coupled with a judicious control resulted in a significant improvement in the company's Operating EBITDA. It stood at ₹ 324.5 million for the quarter, up from ₹ 195.8 million same quarter last year – a strong jump of 65.7%.

All the above resulted in a net profit of ₹ 21.0 million as compared to a loss of ₹ 166.5 million in the same quarter last year. The company's cash profit for the quarter stood at ₹ 321.5 million.

The strong momentum over the last two quarters helped the company wipe away 100% losses of 1st half. The company exited the year with a positive cash flow and a strong net debt position that puts the company in strong stead to navigate uncertainties and challenges that lie ahead.

Commenting on the financial results for the quarter ended March 31, 2021, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited, said, "We are pleased to be closing FY21 on a strong note with a robust business recovery. It was a challenging but inspiring year that gave us a chance to consolidate our strengths and create



new competitive advantages. We did some exemplary work on the cost leadership front and strengthened our omni-channel strategy. We believe we are stronger than ever and have all the arms in our arsenal to confidently navigate in this Volatile Uncertain Complex and Ambiguous world.”

Safety and convenience continued to be the key tenets of strategy for Westlife Development in Q4FY21. The company continued to tap into key occasions to keep the customers engaged and excited.

After a COVID induced blip in 2020, the company also got back on track with its expansion plan, much in line with its vision 2022 commitment. It opened a new flagship restaurant this quarter at the departure terminal of T2 international airport in Mumbai, that trended very well through the quarter.

Reinforcing its commitment towards the well-being of its employees, Westlife Development recently announced that it will facilitate and pay for the vaccination of its 10,000 employees. The company has already completed the vaccination drive for its employees in the age group of 45 years and above.

Despite the lurking challenges of the pandemic, the company has entered the new-year with a good momentum and a balance sheet that puts it in a strong position in the QSR industry. It is watching the developments with regard to the second wave closely. With a strong omni-channel strategy and constant rising brand trust, it is confident of navigating the challenges effectively.

WESTLIFE DEVELOPMENT LIMITED
Consolidated Financial Performance as per IGAAP for the quarter ended March 31, 2021
(₹ in millions)

Particulars	For the Quarter ended March 31, 2021	For the Quarter ended March 31, 2020	Growth YoY (Adjusted)	For the year ended March 31, 2021	For the year ended March 31, 2020	Growth YoY
	Amount	Amount	%	Amount	Amount	%
REVENUES						
Sales by company owned restaurants	3,508.9	3,327.7	5.5%	9,752.5	15,383.4	(36.6%)
Other Operating Income – Restaurants	66.4	34.7	91.2%	103.5	89.5	15.7%
Restaurants operating Revenues (A)	3,575.3	3,362.4	6.3%	9,856.0	15,472.9	(36.3%)
Net Gain on fair value changes in value of Investments	0.6	1.1	(44.7%)	4.3	5.0	(12.9%)
Total Revenues (A) + (B)	3,575.9	3,363.5	6.3%	9,860.3	15,477.9	(36.3%)
OPERATING COSTS AND EXPENSES						
Restaurant Operating Cost and Expenses	-	-	-	-	-	-
Food & Paper	1,198.1	1,158.0	3.5%	3,482.8	5,382.4	(35.3%)
Payroll and Employee Benefits	358.1	425.8	(15.9%)	1,226.1	1,676.6	(26.9%)
Royalty	161.1	152.9	5.4%	447.6	706.0	(36.6%)
Occupancy and Other Operating Expenses	1,273.1	1,253.6	1.6%	3,941.1	5,436.9	(27.5%)
Total Restaurant Operating Cost and Expenses	2,990.4	2,990.3	0.0%	9,097.6	13,201.9	(31.1%)
Restaurant Operating Margin	585.5	373.2	56.9%	762.7	2,276.0	(66.5%)
Other trading operating cost	-	-	-	-	-	-

and Expenses						
General & Administrative expenses	261.0	177.4	47.2%	786.6	823.3	(4.5%)
Total Operating costs and expenses	3,251.4	3,167.7	2.6%	9,884.2	14,025.2	(29.5%)
Operating EBIDTA	324.5	195.8	65.7%	(23.9)	1,452.7	(101.7%)
Other (income)/expenses, (net)	(27.8)	(15.2)	83.4%	(212.4)	(127.0)	67.3%
Assets written off for closure / rebuild of restaurants	31.1	28.8	100.0%	149.4	58.6	155.1%
EBIDTA	321.2	182.2	76.3%	39.1	1,521.1	(97.4%)
Net Financial Expense (Interest & Bank Charges)	38.6	31.1	24.2%	169.5	148.5	14.1%
Depreciation	213.7	219.6	(2.7%)	867.8	865.7	0.3%
Profit before Tax and Exceptional items	68.9	(68.5)	(200.6%)	(998.2)	506.9	(296.9%)
Exceptional items	-	166.3	100.0%	(41.8)	166.3	-
Profit before Tax	68.9	(234.8)	(129.4%)	(956.4)	340.6	(380.8%)
Deferred Tax	43.7	(72.6)	(160.2%)	(214.1)	(32.5)	558.2%
Income tax	4.2	4.3		4.3	121.6	-
Profit after Tax	21.0	(166.5)	(112.6%)	(746.6)	251.5	(396.9%)
Cash Profit / (Loss) after tax	321.5	248.4	29.5%	23.8	1,340.6	(98.2%)

Reconciliation of reported and comparable operating performance excluding impact of IND AS 116							
Rs. (In Millions)							
Particulars	(A) Quarter ended March 31, 2021 (Adjusted)	(B) Changes due to Ind AS 116 increase / (decrease) **	(C) Quarter ended March 31, 2021 (Reported)	(D) Quarter ended March 31, 2020 (Adjusted)	(E) Changes due to Ind AS 116 increase / (decrease) **	(F) Quarter ended March 31, 2020 (Reported)	(A over D) YoY Growth
Revenue	3,575.9		3,575.9	3,363.5		3,363.5	6.3%
Occupancy and other operating expenses	1,273.1	(174.5)	1,098.7	1,253.6	(196.9)	1,056.7	1.6%
Restaurant Operating Margin	585.5	174.5	760.0	373.2	196.9	570.1	56.9%
General and Administration Expenses	261.0	-	261.0	177.3	-	177.3	47.1%
Operating Earnings before interest, tax and depreciation and amortization	324.5	174.5	499.0	195.8	196.9	392.8	65.7%
Other Income	(27.8)	(13.9)	(41.7)	(15.2)	-	(15.2)	83.4%
Finance costs	38.6	164.9	203.6	31.1	171.9	203.0	24.1%
Depreciation and amortisation expense	213.6	137.8	351.5	219.6	134.3	353.8	(2.7%)
Profit before tax and exceptional items	69.0	(114.4)	(45.4)	(68.5)	(108.5)	(177.0)	(200.7%)
Exceptional Items	-	-	-	166.3	-	166.3	100.0%
Profit before tax	69.0	(114.4)	(45.4)	(234.8)	(108.5)	(343.3)	(129.4%)
Deferred tax	43.7	(28.8)	14.9	(72.6)	(30.0)	(102.6)	(160.2%)
Income tax	4.3	-	4.3	4.3	7.7	12.0	(1.0%)
Profit after tax	21.0	(85.6)	(64.6)	(166.6)	(86.1)	(252.7)	(112.6%)

NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the fourth 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 305 (as of March 31, 2021) 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, 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.

