



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

WESTLIFE DEVELOPMENT'S REVENUE SURGES 11.8% TO ₹ 3,818.6MN
With a healthy SSSG of 6.7% in the quarter, the Company achieves 4th straight year of positive SSSG

FINANCIAL NUMBERS FOR QUARTER ENDED JUNE 30, 2019:

These numbers are excluding accounting entries arising out of IND AS

- Total revenue growth to ₹ 3818.6 Mn at 11.8% with PAT at ₹ 57.7 Mn
- Restaurant Operating Margins stood ₹ 515.3 Mn driven by enhanced operating & supply chain efficiencies
- Same store sales growth of 6.7% making it 16th consecutive quarter of positive SSSG
- Operating EBITDA stood at ₹ 327.2 Mn
- Opened 04 new restaurants taking the total restaurant count to 300 across 41 cities

Mumbai, July 25, 2019: 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 financial results for the quarter ended June 30, 2019. The results were taken on record by the Board of Directors at a meeting held today.

Starting this quarter, WDL is mandated to report financial results as per the Indian Accounting Standard (IND AS). Due to the nature of HRPL's business, IND AS 116 that pertains to principles for recognition, presentation and disclosure of leases has a significant impact on the Company's financial results. This new standard mandates replacing of fixed long term rental costs with charges for the right-to-use asset and interest accrued on lease liability. These charges result in inflated Operating EBITDA and lower profits. However, they do not impact the Company's actual operating profitability and cash flows. Comparable numbers that exclude these charges reflect actual operating results and are therefore mentioned in the release. A reconciliation of reported numbers and comparable numbers is also enclosed as a part of the release, for reader's reference.

As per the comparable numbers, the company reported a healthy Same Store Sales Growth (SSSG) of 6.7%, over a high SSSG of 24% same quarter, last year, making it the 16th consecutive quarter of positive sales growth. Revenue surged to ₹ 3,818.6 million, up by 11.8 % from the same quarter last year. PAT stood at ₹57.7 million with a cash profit of ₹ 305.2 million. Operating EBITDA stood at ₹ 327.2 million.

Commenting on the financial results for the quarter ended June 30, 2019, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, "I am happy to share that we are moving strong and steady on our growth path. Our footfalls have increased. Our customer satisfaction scores are higher as more customers are able to enjoy the Experience of the Future restaurants. Revenues from our brand extensions are growing steadily and our renewed value strategy is resonating strongly with our customers. All this together has helped us deliver four straight years of positive SSSG and this gives us immense confidence to believe that we have got our strategy right."



This quarter, the company re-energised its value platform, McSavers with a compelling 'Free Fries campaign' that offered the signature McDonald's French fries free with every medium McSaver meal. The campaign created a lot of excitement and helped establish McDonald's as a meal destination.

Digitization remains a key pillar of business for HRPL and the Company continued to leverage technology to enhance convenience for its customers. Having launched the unique McDonald's app in January 2019, the Company ran multiple value campaigns on the app which led to increased downloads and redemptions.

Brand extensions continued to perform well adding to the overall revenues. With the growing popularity of McCafé HRPL introduced an innovative McCafé rewards program to incentivize regular customer and drive frequency. The Company added 07 new McCafés this quarter, taking the total count to 197.

McDelivery clocked its highest sales ever this quarter. This was on the back of the IPL and World Cup frenzy as well as innovative initiatives such as late night delivery and hot beverage delivery undertaken by the Company.

This quarter, McBreakfast was introduced in 17 more restaurants taking the total number of restaurants serving McBreakfast to 180. McSaver 1+1@99 offer on the breakfast menu encouraged trials as well as boosted frequency leading to strong growth for McBreakfast.

HRPL has been consistently increasing its footprint by entering new markets while adding more restaurants in cities it is already present. This quarter, the Company opened 04 new restaurants. The quarter also marked an important milestone in the Company's journey as it opened its 300th restaurant in the iconic Churchgate area in Mumbai. This new Experience of The Future store with a contemporary design, Self Ordering Kiosks and table service is already gaining popularity and seeing healthy footfalls.

With a footprint of 300 restaurants, the Company has reinforced its commitment to 'Scale for Good' with a renewed focus on sustainability. Over the years, HRPL has been making great strides in setting sustainability benchmarks for the industry. After pioneering conversion of Used Cooking Oil to bio-diesel, the Company is now implementing an Energy Management System that enables monitoring of resources across restaurants to curb leaks and wastages. It is reducing its water consumption by introducing waterless urinals and using smart cooling systems that rationalizes power consumption. With all these initiatives, it aims to bring down its carbon footprint and enhance profitability in the long term.



Reconciliation of reported and comparable operating performance

(Rs. in millions)

Particulars	Quarter ended 30th June 2019 (as reported)	Changes due to Ind AS**	Quarter ended 30th June 2019 (comparable)	Quarter ended 30th June 2018
Total Revenues	3,818.6	-	3,818.6	3,416.8
Food and Paper	1,375.7	(14.0)	1,361.7	1,228.8
Occupancy and other operating expenses	1,185.7	189.5	1,375.2	1,157.6
Restaurant Operating Margin	690.8	175.5	515.3	531.8
General and Administration Expenses	187.4	0.7	188.1	177.3
Operating EBIDTA	503.4	176.2	327.2	354.3
Other Income	30.1	(6.5)	23.7	7.4
EBIDTA	518.0	182.6	335.4	347.7
Finance costs	202.9	(156.9)	46.0	40.3
Depreciation and amortisation expense	331.7	(122.8)	208.8	186.4
Profit before tax	(16.5)	(97.2)	80.6	121.0
Profit After Tax	(11.3)	(69.0)	57.7	116.3
Cash Profit	308.2	(26.1)	282.1	317.3

** Adjustments arising out of Ind AS



WESTLIFE DEVELOPMENT LIMITED			
Comparable Operating Performance (consolidated)			
Excludes impact of IND AS			
			<i>(₹ in millions)</i>
Particulars	For the quarter ended	For the quarter ended	Growth
	June 30, 2019	June 30, 2018	
	Amount	Amount	%
REVENUES			
Sales by company owned restaurants	3,802.6	3,405.2	11.7%
Other Operating Income – Restaurants	16.0	11.6	38.0%
TOTAL REVENUES	3,818.6	3,416.8	11.8%
OPERATING COSTS AND EXPENSES			
Restaurant Operating Cost and Expenses			
Food & Paper	1,361.7	1,228.8	10.8%
Payroll and Employee Benefits	391.5	341.3	14.7%
Royalty	174.9	157.6	11.0%
Occupancy and Other Operating Expenses	1,375.2	1,157.5	18.8%
TOTAL OPERATING COSTS AND EXPENSES	3,303.3	2,885.2	14.5%
Restaurant Operating Margin	515.3	531.6	(3.1)%
General & Administrative expenses	188.1	177.3	6.1%
Operating EBIDTA	327.2	354.3	(7.6)%
Other (income)/expenses, (net)	(23.7)	(7.4)	219.3%
Assets written off for closure / rebuild of restaurants*	15.5	14.0	10.8%
EBIDTA	335.4	347.7	(3.5)%
Net Financial Expense (Interest & Bank Charges)	46.0	40.3	14.2%
Depreciation	208.8	186.4	12.0%
Profit before Tax	80.6	121.0	(33.4)%
Income tax	22.9	4.7	378.8%
Profit after Tax	57.7	116.3	(50.4)%
Cash Profit (After tax and including interest income/cost)	282.1	317.3	(11.1)%

Note:

*One-time expenses on account of assets written-off pertaining to restaurants relocation/closure

NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the first quarter for the fiscal year 2020.

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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 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.

^[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. Marquee investors such as Arisaig India Fund Ltd, SBI Mutual Fund, Bay Capital Investments and Treeline Investment Management, among others are stakeholders in WDL.

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 300 (as of June 30, 2019) McDonald's restaurants across 41 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, 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.