WESTLIFE DEVELOPMENT IS CONFIDENT OF QUICK RECOVERY ON THE BACK OF UNPARALLELED ASSURANCE AND CONVENIENCE

The company started seeing green shoots starting June 2020 with convenience platforms driving strong business amidst ongoing challenges

HIGHLIGHTS OF QUARTER ENDED JUNE 2020

- Total revenue for the quarter stood at ₹ 938.9 million
- Offered enhanced convenience by launching contactless take-out and on-the-go services on McDelivery app
- Introduced Golden Guarantee proposition to assure customers of a safe brand experience
- Positive business trends observed in June 2020
    - Convenience Platform (Delivery, take-out, drive-thru) sales bounced back to pre-COVID levels, for operational stores
    - Per day per store McDelivery sales bounced back to 70% of pre-COVID levels
    - Per day per store take-out sales surged 1.7 times compared to pre-COVID levels
    - Convenience platform sales came back to pre-COVID levels for operational Drive-thru stores

Note: All financial numbers quoted in the release exclude IND AS 116 impact

Mumbai, July 30 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 June 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 undertook big, bold moves to mitigate the long-term impact of COVID-19-led challenges for the business. The company launched a slew of initiatives to enhance assurance and convenience for its customers. With a promise of absolutely safe and delicious food, the company launched its 'Golden Guarantee' proposition - a 42 pointer checklist ensuring social distancing, frequent sanitization and contactless operations among other hygiene best practices across delivery, in-store and take-out platforms. Simultaneously, it activated its omni-channel strategy and launched contactless take-out service to facilitate contactless ordering and pick-up of orders across stores and drive-thrus. Leveraging its strong digital backbone, the company also launched the unique 'on-the-go' service enabling contactless ordering and collection of the order from customers' vehicles. With this, it virtually converted all its restaurants into drive-thru stores, at minimal cost.

As a result, the company started seeing green shoots in the business starting June 2020, as the lock-down started easing in select markets. The company's convenience platform which includes Delivery, Take-Out and Drive-Thru channels showed great results as sales from these platforms bounced back to pre-COVID levels, for operational stores. Per day per store McDelivery sales bounced back to 70% of pre-COVID levels and daily take-out sales from operational stores surged 1.7 times vis-à-vis pre-COVID levels. Additionally, convenience platform sales came back to pre-COVID levels for operational Drive-thru stores. The company is confident of growing this momentum and further accelerating sales in the coming months.

Commenting on the financial results for the year ended June 30, 2020, Mr Amit Jatia, Vice-Chairman of Westlife Development Limited said, *"At Westlife, our belief is that all situations are good as long as we are able to re-align strategies to manage the situation at hand, and emerge stronger from it. In the last few months, we revisited our cost structure, further strengthened our digital platform, put in SoPs in place for a safe customer experience, trained our people and adapted learnings from global markets to prepare for a strong revival. We re-aligned our business to the new realities and undertook a slew of cost rationalization initiatives across functions, which are yielding good results. We complemented these with customer-forward initiatives to heighten assurance and convenience and deployed an omni-channel strategy. With a robust strategy seeded in deep customer insights, a strong pipeline of big and bold initiatives, and a strong checks-and-balances system for cost optimization, we believe that we have the spring board to drive quick recovery as the external environment improves."*

Despite the extraordinary challenges, the company completed ongoing projects, taking the total count of McDonald's restaurant and McCafé to 320 and 224 respectively. It also made productive use of the lock-down period by leveraging technology to train their close to 10,000 people on global SoPs and best practices.

Being a responsible company, Westlife Development partnered with several NGOs to deliver safe and hygienic food to frontline warriors and communities most affected by the lockdown under its 'Meals for Good' program. Till date, it has reached out to over 60,000 people across 6 cities already and the company remains committed to this cause.

WESTLIFE DEVELOPMENT LIMITED			
Consolidated Financial Performance per IGAAP for the quarter ended June 30, 2020			
(₹ in millions)			
Particulars	**For the quarter ended June 30, 2020**	**For the quarter ended June 30, 2019**	**Growth**
	Amount	**Amount**	**%**
REVENUES			
Sales by company owned restaurants	936.0	3802.6	(75.4%)
Other Operating Income – Restaurants	1.0	16.0	(93.4%)
Restaurant Operating Revenues (A)	**937.0**	**3818.6**	**(75.5%)**
Net Gain on fair value changes in value of Investments	1.9	1.1	76.4%
TOTAL REVENUES (A) + (B)	**938.9**	**3819.7**	**(75.4%)**
OPERATING COSTS AND EXPENSES			
Restaurant Operating Cost and Expenses			
Food & Paper	405.7	1375.7	(70.5%)
Payroll and Employee Benefits	252.4	391.6	(35.5%)
Royalty	42.5	174.9	(75.7%)
Occupancy and Other Operating Expenses	639.1	1363.8	(53.1%)
TOTAL RESTAURANT OPERATING COSTS AND EXPENSES	**1339.7**	**3306.0**	**(59.5%)**
Restaurant Operating Margin	**(400.9)**	**513.7**	**(178.0%)**
Other trading operating cost and Expenses	-	-	
General & Administrative expenses	**176.0**	**187.4**	(6.1%)
Total Operating costs and expenses	**1515.7**	**3493.4**	**(56.6%)**
Operating EBIDTA	**(576.8)**	**326.3**	**(276.8%)**
Other (income)/expenses, (net)	(68.1)	(29.1)	134.2%
Assets written off for closure / rebuild of restaurants	0.6	15.5	(96.1%)
EBIDTA	**(509.3)**	**339.9**	**(249.8%)**
Net Financial Expense (Interest & Bank Charges)	41.0	46.0	(10.8%)
Depreciation	217.9	208.8	4%
Profit before Tax	**(768.2)**	**85.1**	**(1002.6%)**
Deferred Tax	**(193.1)**	**(2.6)**	**7312.0%**
Income tax	**-**	**22.9**	**(100.0%)**

Profit after Tax	**(575.1)**	**64.8**	**(987.4%)**
Other Comprehensive Income			
(a) Items that will not be reclassified to Profit or Loss	0.7	0.7	0.0%
(b) Income tax on items that will not be reclassified to Profit or Loss	**(0.2)**	**(0.3)**	**(27.4%)**
Other Comprehensive Income (A+B)	**0.5**	**0.4**	**14.5%**
Total Comprehensive income for the period	**(575.6)**	**64.4**	**(994.6%)**
Cash Profit	**(550.4)**	**288.7**	**(290.7%)**

Note: As a part of the Indian Accounting Standards adoption, impact of IND AS 116 is given below:

1. No economic impact on business operations
2. Rent Expenses are lowered and instead considered under additional depreciation and finance cost
3. EBITDA Increases due to lower rent expenses accounting
4. Depreciation increases due to amortisation cost of Right of Use Assets created under IND AS 116
5. Finance Cost increases due to charge on lease liability created under IND AS 116
6. IND AS 116 adjustments are not considered for Tax computation
7. Net Profit decreases due to increase in Depreciation and Finance Costs as mentioned in Note 2 above
8. Cash Profits increase due to higher depreciation charge
9. Net Impact on Cash Flow is NIL

Particulars	(A) Quarter ended June 30, 2020 (Adjusted)	(B) Changes due to Ind AS 116 increase / (decrease) **	(C) Quarter ended June 30, 2020 (Reported)	(D) Quarter ended June 30, 2019 (Adjusted)	(E) Changes due to Ind AS 116 increase / (decrease) **	(F) Quarter ended June 30, 2019 (Reported)	(A over D) YoY Growth
Occupancy and other operating expenses	639.1	(154.8)	484.4	1,363.8	(178.1)	1,185.7	(53%)
Restaurant Operating Margin	(400.8)	154.8	(246.0)	513.7	178.1	691.8	(178%)
General and Administration Expenses	176.0	-	176.0	187.4	-	187.4	(6%)
Operating Earnings before interest, tax and depreciation and amortisation	**(576.8)**	**154.8**	**(422.0)**	**326.3**	**178.1**	**504.4**	**(277%)**
Other Income	(68.1)	(113.8)	(182.0)	(29.1)	-	(29.1)	134.%
Finance costs	41.0	174.4	215.4	46.0	156.9	202.9	(11%)
Depreciation and	217.9	134.7	352.6	208.8	122.9	331.7	4%

amortisation expense							
Profit before tax	**(768.2)**	**(40.5)**	**(808.7)**	**85.1**	**(101.7)**	**(16.5)**	**(1003%)**
Deferred tax	(193.1)	(10.2)	(203.3)	(2.6)	(25.6)	(28.2)	7312%
Income tax	-	-	-	22.9	-	22.9	(100%)
Profit after tax	**(575.1)**	**(30.3)**	**(605.4)**	**64.8**	**(76.1)**	**(11.2)**	**(987%)**
Other Comprehensive income (net of tax)	0.5	-	0.5	0.5	-	0.5	15%
Total Comprehensive Income	(575.6)	(30.3)	(605.9)	64.4	(76.1)	(11.7)	(995%)

**** 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 first 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.*

~Ends~

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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 320 (as of June 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.
