



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

Westlife Development Ltd Announces Consolidated Unaudited Results for the Second Quarter

Mumbai, November 08, 2013: Westlife Development Limited (WDL), a company listed on the Bombay Stock Exchange (BSE: 505533), today reported its consolidated unaudited results for the second quarter ended September 30, 2013. Westlife Development Ltd recorded a rise in revenues to ₹1,834.2 million, riding on the revenue growth of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL), a master franchisee for west & south India operations of McDonald's Restaurants.

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED SEPTEMBER 30, 2013:

- Revenues increased by 10.7 per cent year-over-year to ₹1,834.2 million
- EBIDTA stood at ₹135.3 million
- PAT stood at ₹10.4 million
- Cash Profit stood at ₹114.6 million
- Total Restaurant network at 174; Y-o-Y additions at 36; 9 new restaurant openings

The company continues to focus on expanding its restaurant footprint in a fast growing QSR market in India. Despite a current low discretionary spend trend, our long-term business potential remains attractive and company is on course of its mission of responsible and profitable growth. The company will continue to navigate through the current business environment to drive growth and deliver shareholder value.

Q2FY14 RESULT ANALYSIS:

- This quarter, the company posted higher revenues Y-o-Y; however, comparable sales (SSS) remained under pressure due to the overall dampened economic scenario and stood at -5.5 per cent as against 9.5 per cent in the same quarter of the previous year. Topline performance growth was driven by restaurant network expansion in the existing & new cities and by innovative menu additions.
- In spite of accelerated openings of 36 new restaurants Y-o-Y, which initially open with lower margins and grow significantly over time, the company's restaurant operating margins saw a decline of ~95 bps Y-o-Y, despite higher occupancy and utility costs.
- Improvement in gross margins Y-o-Y was driven by reduction in Food & Paper costs of ~165 bps due to efficiency in product management and menu pricing.
- EBIDTA margins expanded by ~140 bps Q-o-Q; in spite of higher restaurant openings and lower comparable sales (SSS).



- EBIDTA for the quarter stood at ₹135.3 million; drop of 13.4 per cent Y-o-Y. This was largely due to higher general and administrative expenses on account of building capability and talent to meet the company's long term objectives of growth and brand.
- The Company reported a cash profit of ₹114.6 million in Q2FY14.
- The company remains focused on cost containment initiatives and will continue to work on productivity initiative in the coming quarters.

Commenting on the financial results for the quarter ended September 30, 2013, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, *“We have delivered another quarter of double-digit revenue growth of 10.7 per cent, despite a demanding market environment for some quarters now. We will continue to strengthen our business for the long term by driving innovation, investing behind our brands and further building organizational capabilities.*

We increased our restaurant footprint, with the launch of 9 new restaurants, in the existing and new markets taking the total restaurant count to 174 at the end of second quarter as against 139 restaurants in same quarter of the previous year. We added 3 restaurants in Maharashtra & Gujarat, and 1 each in Karnataka, Tamil Nadu and Kerala.

Given the current tepid economic environment, we took a holistic approach to building demand with a combination of reinvigorated value platforms and compelling limited-time menu choices served in contemporary surroundings. We further advanced our value strategy by sustaining the Happy Price Menu and growing the menu offerings with the launch of Crispy Veg Pops. Furthermore, in order to engage with our customers, we introduced the McFloat Twisters, with a limited time offer.

The company continues to invest in long-term value creators and further strengthened the brand with the recent launch of India's first McCafé® at Mumbai. McCafé® is a major step in our beverage growth strategy and will enhance the company's margin profile. This brand extension is part of the company's goal to elevate its coffee portfolio and to become India's favourite destination for great food and beverages giving more customers more reasons to visit their favourite McDonald's more often.

Moving forward, WDL is intent on enhancing results by strengthening the value leadership and featuring relevant new product offerings across all dayparts and price tiers. For the coming quarters, our plans will include efforts from tapping opportunities for efficiency improvements and cost containment across operations, investing in our talent pool, expanding our restaurant footprint to driving value and innovation across our menu for fuelling stronger customer connections.”

~ends~

NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the second quarter ending September 30, 2013 of the fiscal 2013-14.

THE FOLLOWING DEFINITIONS APPLY TO THESE TERMS AS USED THROUGHOUT THIS RELEASE:

Comparable sales 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. Comparable sales are driven by changes in guest counts and average check, which is affected by changes in pricing and product mix. Management reviews the increase or decrease in comparable sales and comparable guest counts compared with the same period in the prior year to assess business trends. 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.

WESTLIFE DEVELOPMENT LIMITED
Consolidated Financial Performance

(₹ in millions)

Particulars	For the quarter ended September 30, 2013 ^[1]	For the quarter ended September 30, 2012	For the quarter ended June 30, 2013
REVENUES			
Sales	1,818.2	1,644.6	1,966.4
Other Operating Income	16.0	11.6	17.2
TOTAL REVENUES	1,834.2	1,656.2	1,983.6
OPERATING COSTS AND EXPENSES			
Store Operating Cost and Expenses			
Food & Paper	806.1	754.9	869.9
Purchase of Traded Goods	-	3.5	0.4
Payroll and Employee Benefits	157.3	143.5	161.9
Royalty	57.8	54.4	62.1
Occupancy and Other Operating Expenses	583.5	477.0	666.6
General & Administrative Expenses	104.2	74.6	105.7
Other Operating (Income)/Expenses, (net)	(10.0)	(8.0)	(1.4)
TOTAL OPERATING COSTS AND EXPENSES	1,698.9	1,499.9	1,865.2
EBIDTA	135.3	156.3	118.4
^[2] Extra-ordinary Expenses	11.7	-	0.1
Net Financial Expense (Interest & Bank Charges)	11.1	0.3	6.1
Depreciation	106.1	67.7	94.2
PROFIT BEFORE TAX	6.4	88.3	18.0
Income tax	(4.0)	-	(0.2)
PROFIT AFTER TAX	10.4	88.3	18.2
CASH PROFIT	114.6	155.9	112.9

^[1] During the quarter ended September 30, 2013, a Composite Scheme of Arrangement for amalgamation of Westpoint Leisure Parks Private Limited and Triple A Foods Private Limited with the Company and to spin off a part of the Company's business to West Leisure Resorts Private Limited was approved by the Hon'ble High Court of Bombay with effect from October 01, 2012. The financial results for the quarter ended June 30, 2013 as previously published did not include the impact of the arrangement, therefore the same have been restated so as to give effect of the scheme approved in the current quarter. Further required adjustments up to March, 2013 have been made to the opening reserves as on April 1, 2013

^[2] One-time expenses pertaining to scheme of arrangement



About Westlife Development:

Westlife Development Limited was set up by the eminent B.L. Jatia family. The company is listed on the Bombay Stock Exchange (BSE : 505533). Westlife Development Limited has widespread interests in trading, hospitality and the quick service restaurant industry. The company is headquartered in Mumbai, Maharashtra.

About Hardcastle Restaurants:

Hardcastle Restaurants Pvt Ltd (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 this part of India since its inception in 1996. HRPL is guided by a leadership vision and a set of core values that ensure its operations are conducted in a socially and environmentally responsible manner. The Company is firmly committed to its People and the community in which it operates, and actively models its good corporate citizenship through initiatives focused on Sustainability, Nutrition, Wellbeing and Respect for Local Culture.

The pillars of the McDonald's system – Quality, Service, Cleanliness and Value – are evident at each of the restaurants where HRPL operates.

Celebrating over 17 years of leadership in food service retail in India, HRPL today serves approximately 165 million customers, annually, at 176 restaurants in the states of Andhra Pradesh, Gujarat, Karnataka, parts of Madhya Pradesh, Maharashtra, Tamil Nadu and Kerala, and provides employment to around 8,000 employees.

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