WESTLIFE DEVELOPMENT DELIVERS A STRONG YEAR AMIDST CHALLENGES – REVENUE GOES UP BY 10.4%, RECURRING PAT SURGES BY 71.9%

FINANCIAL HIGHLIGHTS FOR YEAR ENDED MARCH 31, 2020:

- The reported cash profit for the year stands at ₹ 1,340.6 million, up by 23.6%.
- Restaurant Operating Margins grows by 11.9% YoY; Operating EBITDA surges by 15.8%
- 24 new restaurants added taking the total restaurant count to 319 across 42 cities
- 33 new McCafé's added, taking the total count to 223
- Added 48 delivery hubs, taking the total count to 264

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

Mumbai, June 12, 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 audited financial results for the year ended March 31, 2020. The results were taken on record by the Board of Directors at a meeting held today.

Through the year, Westlife Development continued executing its long-term strategy grounded in consumer insights that enabled the company to remain relevant to the fast-evolving customer. As a result, despite the challenging economic environment and COVID-19 led business disruptions, the company reported a robust annual revenue growth of 10.4% with its PAT surging by 71.9%. The company's annual revenue increased to ₹ 15,477.6 million with an annual SSSG of 4.0%. The reported cash profit for the year stood at ₹ 1,340.6 million, up by 23.6%. Driven by enhanced operating and supply chain efficiencies, the company's Restaurant Operating Margins grew by 11.9% YoY, while the annual operating EBITDA clocked a growth of 15.8% to ₹1,439.3 million.

During the year under review, WDL focused on delivering unparalleled value and customer experience. The company re-energized its value platform – McSaver and continued the aggressive rollout of its Experience of The Future (EOTF) restaurants. With compelling offerings across all day-parts and occasions including snacks, coffee, meals, breakfast, desserts and delivery, the company consolidated its position as a 'One for All and All for One' destination.

The onset of the COVID-19 pandemic brought forth the agility and customer forward strategies of Westlife Development. The company anticipated consumers' need for assurance and convenience and was among the first companies to launch 'Contactless Delivery'. It stepped up its already stringent hygiene and safety practices across its operations and ensured that similar processes were also being followed by the suppliers at their end. At the same time, the company took all possible measures to bring down fixed costs, further enhance operational efficiencies and conserve cash.

Commenting on the financial results for the year ended March 31, 2020, Mr Amit Jatia, Vice-Chairman of Westlife Development Limited said*, "Our strategic focus on value, customer experience and strong fiscal discipline resulted in solid annual growth. Despite the macro-economic challenges, we were able to build momentum across all performance parameters in FY20. Through the year, we saw our revenues, profits and margins grow. We* *marked the 18th consecutive quarter of Same Store Sales Growth followed by January and February registering a high SSSG of 12.3%, before COVID-19 hit us in March 2020."*

S***peaking on company's response to COVID-19 led challenges and the consequent lockdown, he added, "****The lockdown has in a sense tested the agility, resilience and versatility of our business model. We entered this crisis with a strong balance sheet and a solid business foundation. But the situation gave us yet another opportunity to revisit our cost structures across the board, and sharpen our focus on our operations – something that will give us added firepower to navigate this challenge and emerge stronger."*

As the states get ready to ease the lockdown, Westlife Development has launched 'Contactless Take out' and implemented a 42-point checklist across its dine-in, delivery and take-out to ensure highest standards of food safety and hygiene across all channels. It has also activated other convenience channels such as drive-thru and on-the-go pick up.

In FY20, WDL expanded its footprint and opened 24 new restaurants, taking the total restaurant count to 319. The company added 33 new McCafés taking the total number to 223. The in-house coffee chain grew to become the second-largest coffee chain by units in the region. It also achieved the milestone of serving more than 10 million cups of coffee.

McDelivery charted a phenomenal trajectory and emerged as one of the most critical growth drivers for the company. With 264 McDelivery hubs and strong relationships with food delivery aggregators, the company is well positioned to capture delivery market that's poised to explode in the post-COVID new normal.

Through FY20, WDL continued to leverage technology to enhance customer experience as well as to maximize operational efficiencies. The company has been weaving technology across its operations with an aim to become a food-tech company. The company also leveraged technology enable contactless takeout and deliver added convenience and assurance to its customers.

As the Government announced the nation-wide lockdown, WDL enabled 'Work From Home' for the entire organization, including the frontline restaurant staff. This ensured that close to 10,000 young people of the country remained gainfully engaged through the lockdown while getting an opportunity to upgrade and upskill. The company also 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. It reached out to over 56,000 people across 6 cities.

WESTLIFE DEVELOPMENT LIMITED										
Comparable Operating Performance (Consolidated)										
Excludes impact of IND AS 116										(₹ in millions)
Particulars	Current year (Adjusted)		Previous year (Adjusted)		Growth YoY	Current Year (Adjusted)		Previous Year (Adjusted)		Growth YoY
	For the Quarter ended March 31, 2020		For the Quarter ended March 31, 2019			For the year ended March 31, 2020		For the year ended March 31, 2019		
	Amount	%	Amount	%	%	Amount	%	Amount	%	%
Revenues										
Sales by company owned restaurants	3,327.7		3,336.4		(0.3)%	15,383.4		13,887.0		10.8%
Other Operating Income - Restaurants	34.7		55.3		(37.2%)	89.5		129.0		(30.7%)
Restaurants operating Revenues (A)	**3,362.4**		**3,391.7**		**(0.9%)**	**15,472.9**		**14,016.0**		**10.4%**
Net Gain on fair value changes in value of Investments (B)	1.1		1.1		0.0%	5.0		4.4		
Total Revenues (A) + (B)	**3,363.5**		**3,392.8**		**(0.9%)**	**15,477.9**		**14,020.4**		**10.4%**
Operating Costs and Expenses										
Restaurant Operating Cost and Expenses										
Food & Paper	1,158.0	34.4%	1,238.5	36.5%	(6.5%)	5,382.4	34.8%	5,115.9	36.5%	5.2%
Payroll and Employee benefits	437.1	13.0%	377.6	11.1%	15.7%	1,690.0	10.9%	1,453.4	10.4%	16.3%
Royalty	152.9	4.6%	153.8	4.5%	(0.6%)	706.0	4.6%	641.4	4.6%	10.1%
Occupancy and other operating expenses	1,253.6	37.3%	1,159.9	34.2%	8.1%	5,436.8	35.1%	4,788.0	34.2%	13.6%
Total Restaurant Operating Cost and Expenses	**3,001.6**	**89.2%**	**2,929.8**	**86.4%**	**2.5%**	**13,215.2**	**85.4%**	**11,998.7**	**85.6%**	**10.1%**
Restaurant Operating Margin	**361.9**	**10.8%**	**463.0**	**13.6%**	**(21.8%)**	**2,262.7**	**14.6%**	**2,021.7**	**14.4%**	**11.9%**
Other trading operating cost	-	0.00%	-	0.00%		-	0.00%	-	0.00%	

and Expenses										
General & Administrative expenses	177.3	5.3%	197.6	5.8%	(10.3%)	823.4	5.3%	779.1	5.6%	5.7%
Total Operating costs and expenses	**3,179.0**	**94.5%**	**3,127.5**	**92.2%**	**1.7%**	**14,038.6**	**90.7%**	**12,777.8**	**91.1%**	**9.9%**
Operating EBIDTA	**184.6**	**5.5%**	**265.4**	**7.8%**	**(30.4%)**	**1,439.3**	**9.3%**	**1,242.6**	**8.9%**	**15.8%**
Other (income)/expenses, (net)	(15.2)	(0.5%)	(35.7)	(1.1%)	(57.5%)	(127.0)	(0.8%)	(147.5)	(1.1%)	(14.0%)
Assets written off for closure / rebuild of restaurants	28.9	0.9%	24.3	0.7%	19.3%	58.6	0.4%	63.8	0.5%	(8.4%)
EBIDTA	**170.9**	**5.1%**	**276.8**	**8.2%**	**(38.3%)**	**1,507.7**	**9.7%**	**1,326.3**	**9.5%**	**13.7%**
Net Financial Expense (Interest & Bank Charges)	31.1	0.9%	49.2	1.5%	(36.8%)	148.5	1.0%	177.3	1.3%	(16.2%)
Depreciation	219.6	6.5%	210.0	6.2%	4.6%	865.7	5.6%	797.2	5.7%	8.6%
Profit before Tax and Exceptional Items	**(79.8)**	**(2.4%)**	**17.6**	**0.5%**	**(552.4%)**	**493.5**	**3.2%**	**351.8**	**2.5%**	**40.3%**
Deferred Tax	(33.6)	(1.0%)	(1.3)	(0.0%)	2415.6%	6.0	0.0%	125.0	0.9%	(95.2%)
Income Tax	4.3	0.1%	6.1	0.2%	-29.7%	121.6	0.8%	13.9	0.1%	774.0%
Recurring Profit after tax	**(50.5)**	**(1.5%)**	**12.8**	**0.4%**	**(494.4%)**	**365.9**	**2.4%**	**212.9**	**1.5%**	**71.9%**
Exceptional Items	166.3	4.9%	-	0.0%	100.0%	166.3	1.1%	-		100.0%
Tax on Exceptional Items	(42)	(1.2%)	-	0.0%	100.0%	(41.9)	(0.3%)			100.0%
Reported Profit after tax	**(175.0)**	**(5.2%)**	**12.8**	**0.4%**	**1466.1%**	**241.5**	**1.6%**	**212.9**	**1.5%**	**13.4%**
Cash Profit before tax - Recurring	**177.3**	**5.3%**	**254.3**	**7.5%**	(30.3%)	**1,426.4**	**9.2%**	**1,223.1**	**8.7%**	16.6%
Cash Profit after tax - Recurring	**206.5**	**6.1%**	**249.5**	**7.35%**	(17.2%)	**1,298.7**	**8.4%**	**1,084.3**	**7.7%**	19.8%
Cash Profit after tax - Reported	**248.4**	**7.4%**	**249.5**	**7.4%**	(0.4%)	**1,340.6**	**8.7%**	**1,084.3**	**7.7%**	23.6%

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

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

(Rs. in millions)

Particulars	A Current year ended March 31,2020 (Adjusted)	B Changes due to Ind AS 116 increase / (decrease) **	C Current year ended March 31, 2020 (Reported)	D Quarter ended March 31, 2019 (Reported)	(A over D) YoY Growth %
Occupancy and other operating expenses	5,436.8	(748.5)	4,688.3	4,788.0	13.6%
Restaurant Operating Margin	2,262.7	748.5	3,011.2	2,021.7	11.9%
General and Administrative Expenses	823.4	-	823.4	779.1	5.7%
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)	1,439.3	749.3	2188.6	1,242.6	15.8%
Finance Costs	148.5	659.6	808.2	177.3	(16.2%)
Depreciation and amortisation expense	865.7	518.0	1,383.6	797.2	8.6%
Profit before tax	493.5	(428.3)	65.2	351.8	40.3%
Deferred Tax	6.0	(111.1)	(105.1)	125.0	(95.2%)
Income Tax	121.6	7.7	129.3	13.9	(774%)
Recurring Profit After Tax	365.9	(324.9)	41.0	212.9	71.9%

**** 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 fourth quarter as well as for the entire fiscal year 2020.*

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.

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For any further information kindly contact:

Shraddha Yawalkar
Corporate Communications
E: shraddha.yawalkar@mcdonaldsindia.com
M: +91 9920552245

Devanshi Dhruva
Investor Relations
E:Devanshi.dhruva@mcdonaldsindia.com
M: +91 98209 62846

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 319 (as of March 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 over 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.