

Will strive to sustain same-store sales growth in FY19: Westlife

McDonald's master franchisee's revenue crosses ₹1,000 crore

PURVITA CHATTERJEE

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Westlife Development, the master Franchisee of McDonald's restaurants in West and South India, will be striving to sustain its double digit SSS (same-store sales) growth in FY19 on the back of a robust market and positive consumer sentiment.

Recording a 25 per cent SSS growth for the quarter ended in March, its revenues for the first time has crossed ₹1,000 crore.

"2017-18 has been a year of strong performance for the company and sustaining growth at these levels will be our top priority. We will be striving to have double digit same-store sales growth in FY19 since the foundation that we have built over the past four years is now gaining momentum on the back of our big bold consumer facing moves. Our cash-on-cash on return on investment on the entire portfolio has risen to 16 per cent in FY18 versus the previous year, marking an improvement of 500 bps," said Amit Jatia, Vice-Chairman, Westlife Development.

GST and price cut

Having lowered prices post-GST for certain items, the 25 per cent SSS growth during the quarter could also be attributed to the changed pricing strategy for the QSR chain. "We

passed off a discount in almost 16 of our products post-GST to the consumers. There is roughly a 6 per cent impact due to the price change on SSG growth in the last quarter which can be factored in," he added.

Besides, the royalty paid by the company to its parent company has also moved up from 4 per cent to 4.6 per cent of sales due to input tax credit.

Restaurants, coffee biz

With average ticket sizes moving up due to both footfalls and brand extensions like Mc Cafe, Westlife will be extending its coffee formats across all its outlets with time. Currently, its Mc Cafes are in 149 of its stores but it will be adding an additional 130 stores going forward.

With a capex of about ₹120 crore, Westlife will be adding more premium outlets from the current 10 'Experience of the future' restaurants with world class amenities. The restaurant chain added 25 new stores in FY18 and entered Vishakapatnam, Manipal and Anand, taking its total count to 277.

Claiming to be a debt-free company, Jatia added, "Typically we have 25-30 per cent cash-on-cash return at the restaurant level. We will not stop growing if the current cash flow is not enough. We want to get to a base of 350 stores with predictable cash flows before going into debt. But by taking debt, the return on equity goes up. Today, effectively we have no debt in the business."