



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

WESTLIFE DEVELOPMENT LTD REPORTS STRONG REVENUE GROWTH FOR THE FOURTH QUARTER AND FISCAL ENDED 2016

*Records high double digit revenue growth of 17.6 per cent in Q4FY16
Reports third consecutive quarter of positive Comparable Sales of 8.4 per cent
Restaurant Operating Margin Expanded by ~445 bps
PAT growth of 33.2 per cent*

Mumbai, May 6, 2016: Westlife Development Limited (BSE: 505533) owner of the Master Franchisee of McDonald's restaurants in India, today announced its audited financial and operating results for the quarter and fiscal ended March 31, 2016. The results were taken on record by the Board of Directors at a meeting held in Mumbai.

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED MARCH 31, 2016:

- Revenue growth of 17.6 per cent year-over-year to ₹2126.2 million, riding on the strong performance of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL)
- Operating EBIDTA stood at ₹118.6 million
- Profit/(Loss) After Tax stood at ₹(65.3) million as against ₹(97.8) in the same quarter of the previous year
- Cash Profit stood at ₹89.9 million as against ₹39.7 million in the same quarter of the previous year
- 13 new restaurant and 12 McCafe openings in Q4FY16

FINANCIAL HIGHLIGHTS FOR FISCAL ENDED MARCH 31, 2016:

- Revenue growth of 12.1 per cent year-over-year to ₹8568.3 million, riding on the strong performance of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL)
- Operating EBIDTA stood at ₹721.7million
- Profit After Tax stood at ₹28.3 million as against ₹(291.1) in the same quarter of the previous year
- Cash Profit stood at ₹671.8 million as against ₹273.1 in the same quarter of the previous year
- Total Restaurant network at 236, Y-o-Y gross additions at 30; Total McCafe Count at 75



Commenting on the financial results for the fourth quarter and fiscal ended March 31, 2016, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, *“We are pleased to report another strong quarter. Our performance in the second half of the fiscal year 2016 has been much better than that in the first half. Despite a challenging market environment, we have delivered robust performance across all of our offerings; recording the highest level of positive Comparable Sales of 8.4 per cent after 13 quarters and third consecutive quarter of positive SSSG this year.*

Our competitive and profitable growth in the quarter was driven by high quality innovations and sharper in market execution. The consistency and resilience of our performance, in what has been a demanding market environment for some quarters now, is a reflection of the discipline with which we are managing our business and executing our strategy. With our diverse portfolio of business and disciplined management approach, we remain confident in our ability to continue delivering value for our clients and shareholders.”

Q4 & FY16 RESULT ANALYSIS:

- WDL reported 12.1 per cent increase in total revenues for the fiscal year to ₹8568.3 million from ₹7,643.3 million Y-o-Y riding on its restaurant expansion. The Company witnessed 17.6 per cent increase in total revenues for the fourth quarter to ₹2126.2 million from ₹1807.8 million in the same quarter of previous year
- Y-o-Y gross additions stood at 30; 13 new restaurant openings in Q4FY16; total network of 236 restaurants across west and south India
- System-wide comparable sales (SSSG)¹ for the fiscal year was 1.8 per cent compared to (5.9) per cent in FY15. Fourth quarter SSSG stood at 8.4 per cent as against a (5.1) per cent in the same quarter in the previous year against a backdrop of soft consumer sentiment
- Overall gross margin was ₹5,238.4 million compared to ₹4,466.3 million in FY15. As a percentage of total revenues, gross margin expanded by ~270 bps Y-o-Y; driven by efficiencies in product management and menu pricing
- Restaurant operating margin^[2] was at ₹1228.5 million; ROM expanded by ~560 bps Y-o-Y on account of various restaurant productivity initiatives.
- Operating EBITDA in FY16 stood at ₹721.7 million compared to ₹204.6 million Y-o-Y, representing a growth of 252.8 per cent. Operating EBITDA for Q4FY16 stood at ₹118.6 million as against ₹22.3 million Y-o-Y, representing a growth of 431.6 per cent
- General and administrative expenses in FY16 increased to ₹503.7 million compared to ₹463.3 million Y-o-Y due to investment in people and resources over the year to drive business growth
- WDL reported cash profit of ₹671.8 million in FY16



WDL expanded McDonald's restaurant footprint with gross addition of 30 new restaurants in FY16, taking the total count to 236 in west and south India. In the quarter, the brand marked its entry into Calicut to further broaden its accessibility in south India. WDL added 13 new restaurants in Q4FY16 – 06 in Maharashtra, 2 each in Gujarat, Karnataka and Kerala and 01 in Telangana, reporting a 13 per cent unit growth over the previous year. The Company is on track to deliver its stated goal of 175-250 restaurants in the 5 years.

Furthermore, WDL successfully launched its new Restaurant Operating Platform 2.0, delivering 20-25 per cent saving in CAPEX. The Company has maintained a prudent focus on restaurant development costs which helps in maintaining healthy unit economics as the restaurant base, grows.

During the year under review, WDL consistently advanced its strategy on developing newer offerings that can best fulfill existing and emerging consumer needs. The Company made concerted efforts across all its brand extensions - an important growth lever. WDL sustained its investments to increase the McCafe footprint, adding 12 McCafe locations in Q4FY16 as against 07 McCafe's in the same quarter of the previous year, taking the total count to 75 as against a total of 37 in the previous year. McCafe enables the Company broaden its addressable market beyond the QSR industry and grow baseline sales. WDL is on track to double the base in the next 12-18 months.

Convenience initiatives remained in focus – the Company optimized its delivery business through operational efficiencies by building online capabilities with McDelivery. The Company made significant investments to innovate and accelerate efforts towards leveraging digital platforms to enhance user-friendly experience on the mobile and web platforms of McDelivery. WDL continued to see a surge in sales through its online & mobile platform, delivering over 20 per cent growth Y-o-Y. In the coming years, we will continue to invest in building these brand extensions to enhance the company's margin profile.

During the year under review, we consistently advanced our strategy on developing newer offerings that can best fulfill existing and emerging consumer needs. The product initiatives are successfully leveraging McDonald's brand heritage of quality and innovation and are distinguishing the company in the competitive marketplace. In the quarter, WDL grew baseline sales through new premium menu items and Limited Time Offerings. Introduction of premium offerings like the first ever Veg Maharaja Mac, and the new flame-grilled Chicken Maharaja Mac along with Limited Time menu offerings like Black Forest McFlurry and Maha Smoothie helped mitigate the challenging environment.

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NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the fourth quarter and fiscal ended March 31, 2016.

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.



WESTLIFE DEVELOPMENT LIMITED				
Consolidated Financial Performance				
(₹ in millions)				
Particulars	For the quarter ended March 31, 2016	For the quarter ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
REVENUES				
Sales	2,075.4	1,797.8	8,234.4	7,597.9
Other Operating Income ^[1]	50.8	10.0	333.9	45.4
TOTAL REVENUES	2,126.2	1,807.8	8,568.3	7,643.3
OPERATING COSTS AND EXPENSES				
Restaurant Operating Cost and Expenses				
Food & Paper	831.6	753.2	3329.9	3177.0
Payroll and Employee Benefits	241.4	212.7	912.8	861.9
Royalty	83.9	32.2	289.5	268.2
Occupancy and Other Operating Expenses	693.1	655.6	2,807.6	2,667.9
General & Administrative Expenses	157.6	131.7	506.8	463.8
TOTAL OPERATING COSTS AND EXPENSES	2,007.6	1,785.5	7,846.6	7,438.7
OPERATING EBIDTA	118.6	22.3	721.7	204.6
Other (Income)/Expenses, (net)	(8.8)	(51.5)	(84.7)	(149.5)
Extra-ordinary Expenses ^[2]	3.8	6.61	49.1	37.8
Financial Expense (Interest & Bank Charges)	36.7	36.4	149.9	102.2
Depreciation	150.2	128.4	576.5	504.4
PROFIT/(LOSS) BEFORE TAX	(63.4)	(97.6)	30.9	(290.2)
Taxes	1.9	0.2	2.6	0.9
PROFIT/(LOSS) AFTER TAX	(65.3)	(97.8)	28.3	(291.1)
CASH PROFIT	89.9	39.7	671.8	273.1

^[1] Includes the recognition of additional credit in respect of indirect taxes paid on inputs up to March 31, 2015, amounting to ₹234.0 Million

^[2] One-time expenses on account of assets written off pertaining to restaurants relocation/re-build

About Westlife Development:

Westlife Development Limited (BSE: 505533), focuses on putting 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 and Tree Line Asia Master Fund (Singapore), Ward Ferry Fund, SBI Mutual Fund among others are stakeholders in WDL and the company will continue to broad base its investors over the

coming years.

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 serves approximately 185 million customers, annually, at its 236 (as of March 31, 2016) McDonald's restaurants across 30 cities in the states of Telangana, Gujarat, Karnataka, Maharashtra, Tamil Nadu, Kerala, Chhattisgarh and parts of Madhya Pradesh, and provides direct employment to over 7,500 employees. McDonald's operates through various formats and brand extensions including standalone restaurants, drive-thru's, 24/7, McDelivery, dessert Kiosks. The menu features Burgers, Finger Foods, Wraps, Hot and Cold Beverages besides a wide range of desserts. Several of the McDonald's Restaurant feature in-house McCafé.

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



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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.