



Westlife continues its streak of record-breaking performance; posts highest ever quarterly sales of Rs. 5.38 bn in Q1 FY 23

Highlights of Quarter Ended June 30, 2022

- Revenue at ₹ 5,379 million, grew by 108% YoY and 18% QoQ
- Operating EBITDA at ₹ 921 million was 18x YoY and grew 26% QoQ
 - Operating EBITDA margin at 17.1% vs 2% in Q1 FY22
- Cash PAT of ₹ 551 million
- Same Store Sales Growth stood at 97% YoY
- Three consecutive quarters of strong performance with Rs. 60+ mn of Avg. Annualized Sales Per Store and 16%+ EBITDA margin

Mumbai, July 28th, 2022: 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, has announced its financial results for the quarter ended **June 30, 2022**.

The company witnessed a solid start to the first quarter of FY23 and recorded an all-time-high sales figure of Rs. 5,379 million, which is a strong jump of 108% Y-o-Y. Westlife witnessed strong performances for three quarters in a row with more than Rs. 60 million of Average Annualized Sales per store and over 16% EBITDA margin led by Menu innovations and Omni channel strategy. It posted a cash PAT of over Rs.551 million. The same store sales growth (SSG) saw a significant increase of 97% Y-o-Y.

The follow-through of the topline growth also gave WDL's margins a strong boost as it recorded Restaurant Operating Margins (ROM) of 21.6% which is 4.5 times last year, a 68% jump from Q1 FY20. Operating EBITDA margins stood at 17.1% while the Cash PAT margin was 10.2%. The company grew 41% over pre-Covid base of Q1 FY20. More than 55% of the overall business growth came through digital channels. Westlife also witnessed highest quarterly sales on McDelivery App with over 18.5 million cumulative downloads.

On store expansion, 5 restaurants were added during the quarter with 12 restaurants in ground-break. Westlife plans to add 35-40 new restaurants in FY23 and over 200 new restaurants in the next 3-4 years with greater emphasis on smaller and emerging cities. The company's growth in both dine-in and convenience channels has been continually setting a new baseline for the business. While Dine-in grew five times from the last year, the growth in Convenience remains healthy at 13% YoY.

Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited, said, "Our business performance in the last three quarters is a testament to the robust strategy we have been following as well as the trust and love we have managed to build for our iconic brand. We are proud to report our strong performance which reinforces the strength and resilience of our company. We have been



making meaningful progress quarter on quarter against every strategic growth pillar of our omnichannel business, menu innovations, and store expansion plans. With a redefined cost structure, increased productivity, strong average unit volumes, and healthy restaurant cash flows, we are well-positioned to deliver accelerated business results and create long-term value for shareholders”.

While Westlife’s menu innovation strategy has made the brand a leader in the snacking category in the West, with additions like the Gourmet Burger range and McSpicy Fried Chicken in its South market, the company is strengthening its Meals proposition. With the inclusion of McSpicy Fried Chicken to its menu at its restaurants in South India, the company has entered the Rs. 5,000 crore chicken market in the South and is working towards acquiring market leadership.

Westlife now has a total of 331 restaurants across 48 cities as of June 2022 with 65 Drive-Thrus, 267 McCafés and 132 Experience of the Future (EOTF) restaurants.

WESTLIFE DEVELOPMENT LIMITED			
Summarised Consolidated Statement of Profit & Loss for the Quarter ended June 30, 2022 - (Including IND AS 116 adjustments)			
<i>(₹ in millions)</i>			
Particulars	For the Quarter ended June 30, 2022	For the Quarter ended June 30, 2021	Growth
	Amount	Amount	%
REVENUES			
Sales by company owned restaurants	5,361.7	2,580.0	107.8%
Other Operating Income – Restaurants	16.9	10.4	61.8%
Restaurant Operating Revenues (A)	5,378.6	2,590.4	107.6%
Net Gain on fair value changes in value of Investments (B)	0.7	1.2	-43.6%
TOTAL REVENUES (A) + (B)	5,379.3	2,591.6	107.6%
Operating Costs and Expenses			
Restaurant Operating Cost and Expenses			
Food & Paper	1,920.7	896.3	114.3%
Payroll and Employee Benefits	425.8	265.9	60.1%
Royalty	245.9	115.9	112.1%
Occupancy and Other Operating Expenses	1,622.9	1,058.5	53.3%
TOTAL RESTAURANT OPERATING COSTS AND EXPENSES	4,215.3	2,336.6	80.4%
Restaurant Operating Margin	1,164.0	255.0	365.5%



General & Administrative expenses	243.3	204.0	19.3%
Total Operating costs and expenses	4,458.6	2,540.6	75.5%
Operating EBIDTA	920.7	51.0	1705.9%
Other (income)/expenses, (net)	(0.2)	(63.8)	-99.7%
EBIDTA	920.9	114.8	702.1%
Net Financial Expense (Interest & Bank Charges)	215.0	203.2	5.8%
Depreciation	357.9	332.0	7.8%
Profit/(Loss) before Tax and Extraordinary Expenses	347.9	(420.4)	182.8%
Extraordinary Expenses*	30.3	25.6	18.3%
Profit/(Loss) before Tax	317.6	(446.0)	171.2%
Tax	81.8	(112.1)	173.0%
Profit/(Loss) after Tax	235.8	(339.9)	170.6%
Other Comprehensive Income / (Loss)			
(a) Items that will not be reclassified to Profit or Loss	(5.7)	0.7	
(b) Income tax on items that will not be reclassified to Profit or Loss	1.4	(0.2)	
Other Comprehensive Income / (Loss) (A+B)	(4.3)	0.5	929.0%
Total Comprehensive Income / (Loss) for the period	231.5	(333.4)	169.0%
Cash Profit / (Loss)	551.2	(120.2)	559.0%

* Extraordinary Expenses includes one-time expenses on account of assets written-off pertaining to restaurants relocation/closure and a onetime ESOP charge (Refer to Note 1 in financial results for further details)

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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 331 (as of June 30th 2022) McDonald's restaurants across 48 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-thrus, 24/7, McDelivery, McBreakfast and dessert kiosks. The menu features Burgers, Finger Foods, Wraps, 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.



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.