



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

## WESTLIFE DEVELOPMENT REPORTS REVENUE GROWTH OF 12.8% FOR JUL-SEP

***Clocks in ninth consecutive quarter of positive SSSG growth,  
Profit after tax up 190.1% at Rs 20.7 million, cash profit at 5-year high***

**Mumbai, November 06, 2017:** Westlife Development Limited (BSE: 505533) owner of the Master Franchisee of McDonald's restaurants in west and south India, announced unaudited financial results for the quarter ended September 30, 2017. The results were taken on record by the Board of Directors at a meeting held today.

The company reported a same store sales growth (SSSG) of 8.4%, making it the **ninth** consecutive quarter of positive sales growth. Revenues grew by 12.8% to ₹ 2,646.7 million. Net profit rose 190.1% to ₹ 20.7 million, while cash profit swelled to a five-year-high of ₹ 207.8 million. Operating profit surged 59.6% to ₹ 193.6 million and operating profit margins expanded by 214 basis points to 7.3%.

***Commenting on the financial results for the quarter ended September 30, 2017, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, "I am delighted to announce that the company has delivered excellent set of numbers, both in terms of growth in sales as well as profits.***

*Our growth has been driven by the robust performance of the everyday value platform and strong momentum in brand extensions like McCafé, McDelivery and McBreakfast. The implementation of ROP (Restaurant Operating Platform) 2.0 has ensured that new restaurants break-even in a shorter span of time, this has aided margin expansion and lead to strong cash flow and profit growth.*

*Our modern and re-imaged restaurants have taken the customer experience several notches higher and more customers are walking into our stores to experience the new ambiance as well as the products. We genuinely believe that our strong financial numbers are a reflection of the customer's confidence in our brand. We will continue to work towards improving the customer experience across all touch points."*

The investments made by the company in its brand extensions are paying off. McCafé is fast becoming the preferred beverage destinations as it continues to add new and exciting beverages across all categories. Currently there are 136 McCafés operational in West and South. The McCafé campaign that went live during the quarter has not only added to its brand appeal but has also aided margin growth.

McDelivery has seen a significant jump in this quarter. Tie-ups with aggregators like Zomato & Swiggy and payment partners like Paytm & Freecharge have been positive for the customers as well as the bottom line. McBreakfast has beaten the company's expectations and the exclusive breakfast menu is helping build business in the morning day part.

During the quarter under review, the company added 4 new restaurants in Q1FY18, taking the total count to 265 in the West and South of India and is on track to add 25-30 new restaurants in the financial year.

The Happy Price Combo has not just won the hearts of its patrons but has also been winning awards. The HPC campaign won the best campaign award in the retail category at IndiAA awards.



### **HIGHLIGHTS FOR QUARTER ENDED SEPTEMBER, 2017:**

- Ninth consecutive quarter of positive same store sales
- Everyday value platform and brand extensions drive growth
- 4 restaurants and 15 McCafés inaugurated in Q2FY18 taking total count to 265 and 136 respectively

### **FINANCIAL HIGHLIGHTS FOR QUARTER ENDED SEPTEMBER, 2017:**

- Profit after tax up 190.1% at ₹ 20.7 million
- Revenue growth 12.8 % year-over-year to ₹ 2,646.7 million
- Highest cash profit of ₹ 207.8 million in 5 years
- 214 basis points expansion in operating profit margins
- Operating EBIDTA stood at ₹ 193.6 million as against ₹ 121.3 million in the same quarter of the previous year

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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 second quarter for the fiscal year 2018.

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

<sup>[1]</sup> 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 reimagining 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.

<sup>[2]</sup> 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 Summary as per Ind-AS for the quarter ended September 30, 2017****(Rs. in millions)**

Particulars	For the Quarter ended September 30, 2017		For the Quarter ended September 30, 2016		Growth
	Amount	%	Amount	%	%
<b>Revenues</b>					
<i>Sales by company owned restaurants</i>	2,633.1	-	2,313.0	-	13.8%
<i>Other Operating Income – Restaurants</i>	13.6	-	34.0	-	-60.0%
<b>Restaurants operating Revenues (A)</b>	<b>2,646.7</b>	<b>-</b>	<b>2,347.0</b>	<b>-</b>	<b>12.8%</b>
<i>Other Trading &amp; Leasing revenues (B)</i>		-		-	-
<b>Total Revenues (A) + (B)</b>	<b>2,646.7</b>	<b>-</b>	<b>2,347.0</b>	<b>-</b>	<b>12.8%</b>
<b>Operating Costs and Expenses</b>					
<b>Restaurant Operating Cost and Expenses</b>					
<i>Food &amp; Paper</i>	999.0	37.7%	936.8	39.9%	6.6%
<i>Payroll and Employee benefits</i>	336.0	12.7%	282.1	12.0%	19.1%
<i>Royalty</i>	103.4	3.9%	92.0	3.9%	12.4%
<i>Occupancy and other operating expenses</i>	862.8	32.6%	786.4	33.5%	9.7%
<b>Total Restaurant Operating Cost and Expenses</b>	<b>2,301.2</b>	<b>86.9%</b>	<b>2,097.3</b>	<b>89.4%</b>	<b>9.7%</b>
<b>Restaurant Operating Margin</b>	<b>345.5</b>	<b>13.1%</b>	<b>249.7</b>	<b>10.6%</b>	<b>38.4%</b>
<i>Other trading operating cost and Expenses</i>					
<i>General &amp; Administrative expenses</i>	151.9	5.7%	128.4	5.4%	18.3%
<b>Total Operating costs and expenses</b>	<b>2,453.2</b>	<b>92.7%</b>	<b>2,225.7</b>	<b>94.8%</b>	<b>10.2%</b>
<b>Operating EBIDTA</b>	<b>193.6</b>	<b>7.3%</b>	<b>121.3</b>	<b>5.2%</b>	<b>59.6%</b>
<i>Other (income)/expenses, (net)</i>	(44.3)	-1.7%	(54.1)	-2.3%	-18.1%
<i>Assets written off for closure / rebuild of restaurants</i>	0.4	0.1%	9.0	0.4%	-
<b>EBIDTA</b>	<b>237.5</b>	<b>8.9%</b>	<b>166.4</b>	<b>7.1%</b>	<b>42.7%</b>
<i>Net Financial Expense (Interest &amp; Bank Charges)</i>	36.0	1.4%	40.1	1.7%	-10.1%
<i>Depreciation</i>	168.6	6.4%	154.0	6.6%	9.5%
<b>Profit / (Loss) before Tax</b>	<b>32.9</b>	<b>1.2%</b>	<b>(27.7)</b>	<b>-1.2%</b>	<b>218.8%</b>
<i>Tax Expense</i>	12.2	0.5%	(4.7)	-0.2%	-358.1%
<b>Profit / (Loss) after Tax</b>	<b>20.7</b>	<b>0.8%</b>	<b>(23.0)</b>	<b>-0.9%</b>	<b>190.1%</b>
<i>Other Comprehensive Income as per Ind-AS (net of income tax)</i>	0.7	0.1%	1.2	0.1%	-39.1%
<b>Total Comprehensive Income as per Ind-AS</b>	<b>21.4</b>	<b>0.8%</b>	<b>(21.8)</b>	<b>-0.9%</b>	<b>198.4%</b>
<b>Cash Profit</b>	<b>207.8</b>	<b>7.9%</b>	<b>144.0</b>	<b>6.1%</b>	<b>44.3%</b>



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**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, SBI Mutual Fund, Tree Line Asia Master Fund (Singapore) and Ward Ferry Fund, among others are stakeholders in WDL.

**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 200 million customers, annually, at its 265 (as of September 30, 2017) McDonald's restaurants across 36 cities in the states of Telangana, Gujarat, Karnataka, Maharashtra, Tamil Nadu, Kerala, Chhattisgarh, Andhra Pradesh, Goa and parts of Madhya Pradesh, and provides direct employment to over 8,000 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.

**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.