



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

WESTLIFE DEVELOPMENT LTD REPORTS STRONG REVENUE GROWTH FOR THE FISCAL ENDED 2017

Records double digit revenue growth of 11.7 percent in fiscal year 2017

System-wide comparable sales (SSSG) up 4.0 per cent

Cash profits rise 27.9 per cent*

Mumbai, May 11, 2017: Westlife Development Limited (BSE: 505533) owner of the Master Franchisee of McDonald's restaurants in west and south India, today announced audited financial and operating results for the quarter and fiscal ended March 31, 2017. The results were taken on record by the Board of Directors at a meeting held in Mumbai.

WDL reported a 11.7% increase in total revenues to ₹9,307.9 million from ₹8,334.3 million Y-o-Y (year-on-year) riding on the operations of its subsidiary, Hardcastle Restaurants Pvt. Ltd, (HRPL), a master franchisee for the west and south India operations of McDonald's Restaurants.

Commenting on the financial results for the fourth quarter and fiscal ended March 31, 2017, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, "FY17 has been a significant step forward for brand Mc Donald's in India. The company has delivered a robust performance, recording a year-on-year sales growth of 11.7 per cent on the back of aggressive menu innovations, brand extensions and migrating to a more efficient restaurant operating system.

We ramped up our menu with the introduction of new dishes like masala scrambled eggs and dosa masala brioche in McBreakfast as well as new daytime offerings like soups, salad and wraps, providing our customers wholesome and healthier meal options.

On the operating front, new stores have performed remarkably well under the Restaurant Operating Platform (ROP) 2.0 that was launched in the last quarter of FY16. New stores that were opened under ROP 2.0 yielded substantial cost efficiencies, leading to a significantly shorter break even time.

Despite challenges in the external market environment, we remain confident of our ability in being able to deliver value to our consumers and shareholders."

During the year under review, HRPL took a quantum leap and delighted its customers with its EOTF or "Experience of the Future" stores. These stores enhance convenience by offering customers the choice of self-ordering kiosks, air chargers, table service and other facilities with a view to provide our patrons a modern dining space. This contemporary McDonald's experience will be a key differentiator for the brand and will be a cornerstone of growth for HRPL over the next few years.



The company substantially increased its McCafé footprint, adding 36 McCafé's in FY17 with 7 McCafé being added in the last quarter, taking the total count to 111. McCafé has enabled the company to broaden its addressable market and grow baseline sales.

WDL added 25 new restaurants in FY17, taking the total count to 258 in west and south India. In this quarter, the company added 9 restaurants (4 in Maharashtra, 1 each in Chhattisgarh, Goa, Gujarat, Karnataka and Tamil Nadu) and aims to have 450-500 restaurants by 2022.

FINANCIAL HIGHLIGHTS FOR FISCAL ENDED MARCH 31, 2017:

- Revenue growth of 11.7 per cent year-over-year to ₹9,307.9 million in FY17 as compared to ₹8,334.3 million in FY16, riding on the strong performance of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL)
- Operating EBIDTA stood at ₹495.0 million as against ₹487.7 million in the previous financial year
- Profit/ (Loss) After Tax stood at ₹(121.2) million as against ₹(205.7) million in the previous financial year
- Cash Profit increased 27.9 per cent to ₹559.9 million from ₹437.8 million in the previous financial year
- Total Restaurant network at 258, Y-o-Y gross additions at 25; Total McCafé count ramped up to 111 as against 75 at the end of previous fiscal.

FINANCIAL HIGHLIGHTS FOR QUARTER ENDED MARCH 31, 2017:

- Revenue growth of 5.8 per cent year-over-year to ₹2,248.9 million riding on the strong performance of its subsidiary, Hardcastle Restaurants Pvt. Ltd. (HRPL)
- Operating EBIDTA stood at ₹113.5 million as against ₹118.6 million in the same quarter of the previous year
- Profit / (Loss) After Tax stood at ₹(41.5) million as against ₹(65.3) million in the same quarter of the previous year
- 9 new restaurants and 7 McCafé opened in Q4FY17
- Same store sales grew 1.0% vs 8.4% in the same quarter last year. This is despite losing a trading day this year, since last year was a leap year
- Cash Profit stood at ₹139.8 million as against ₹89.9 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 fourth quarter and fiscal ended March 31, 2017.

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 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.

^[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, 2017	For the quarter ended March 31, 2016	For the current year ended March 31, 2017	For the previous year ended March 31, 2016
REVENUES				
Sales	2,230.7	2,075.4	9,186.7	8,234.4
Other Operating Income	16.2	47.7	119.2	96.8*
Other Trading Revenues	2.0	3.1	2.0	3.1
TOTAL REVENUES	2,248.9	2,126.2	9,307.9	8,334.3
Restaurant Operating Cost and Expenses				
Food & Paper	869.6	831.6	3,661.1	3,329.9
Payroll and Employee Benefits	290.1	241.4	1,089.5	912.8
Royalty	88.8	83.9	365.4	289.5
Occupancy and Other Operating Expenses	766.6	693.1	3,169.7	2,807.6
General & Administrative Expenses	118.4	154.5	525.2	503.7
Other Trading Operating Cost & Expenses	1.9	3.1	2.0	3.1
TOTAL OPERATING COSTS AND EXPENSES	2,135.4	2,007.6	8,812.9	7,846.6
OPERATING EBIDTA	113.5	118.6	495.0	487.7
Other (Income)/Expenses, (net)	(60.2)	(8.7)	(200.1)	(84.7)
Extra-ordinary Expenses ^[1]	16.3	3.8	25.3	49.1
Financial Expense (Interest & Bank Charges)	36.7	36.7	153.8	149.9
Depreciation	162.2	150.2	637.2	576.5
PROFIT/(LOSS) BEFORE TAX	(41.5)	(63.4)	(121.2)	(203.1)
Taxes	-	1.9	-	2.6
PROFIT/(LOSS) AFTER TAX	(41.5)	(65.3)	(121.2)	(205.7)
CASH PROFIT	139.8	89.9	559.9	437.8

* Excludes the recognition of additional credit in respect of indirect taxes paid on inputs up to March 31, 2015, amounting to ₹234.0 Million

^[1] One-time expenses on account of assets written off pertaining to restaurants relocation/re-build



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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 185 million customers, annually, at its 258 (as of March 31, 2017) McDonald's restaurants across 34 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 7,000 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.