PRESS RELEASE **FOR IMMEDIATE CIRCULATION**

WESTLIFE DEVELOPMENT PAT SURGES BY 228.3% FOR Q3FY20

SSSG at 9.2 %, rising for 18th consecutive quarter

Highlights for the Quarter

- Operating EBITDA increases by 47.5% year-on-year to ₹ 520.5 million
- Cash profit increases by 52.6% at ₹ 449.6 million
- The company further strengthens the value platform through McSaver combo campaign
- Launches 11 new restaurants and 13 new McCafés, taking the total count to 315 and 218 respectively

Note: All financial numbers quoted in the release exclude IND AS 116 impact

Mumbai, January 23, 2020: 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 December 31, 2019. The results were taken on record by the Board of Directors at a meeting held today.

Despite a challenging economic environment, the company continued to move strongly on its growth path. On the back of a solid strategy centered around delivering exceptional customer experience and creating new occasions for customers to consume the brand, WDL reported an SSSG of 9.2%, over a high SSSG of 14.5% same quarter, last year. This marks the 18th consecutive quarter of positive same-store sales growth for the company. WDL tapped into the festive season and launched a slew of value and occasion-led campaigns owing to which the company's revenue surged by 16.8% to ₹ 4329.3 million. The company continued to maximise operational efficiencies coupled with strict cost control that led to more than 200 bps expansion in Restaurant Operating Margins and Operating EBITDA. As a result, the company's net profit grew to ₹ 227.2 million, up by 228.3% from last year, same quarter. The cash profit for the quarter stood at ₹ 449.6 million.

Commenting on the financial results for the quarter ended December 31, 2019, Mr Amit Jatia, Vice-Chairman of Westlife Development Limited said, *"Our strategy centered on customer experience, digitization and maximizing efficiencies is gaining momentum and delivering consistent results. Through McCafé, McDelivery and McBreakfast, we have mindfully created more occasions to drive increased brand usage across all days-parts. This has helped us stay the course of our growth despite a challenging economic environment, slower-than-expected GDP growth and tepid consumer sentiment. We are absolutely committed to remaining relevant to our evolving customers and delivering great value and customer experience."*

This quarter, WDL added 11 new restaurants taking the total restaurant count to 315 and continued to accelerate the footprint of its 'Experience of The Future' restaurants. It also kept its value platform buzzing with the launch of the McSaver combos campaign. As a part of this campaign, the company offered more than 50 combos of burger or sides with beverages at compelling price points. This 'variety@value' proposition hit home with the customers and further strengthened the brand's position as a 'value-for-money' destination.

The company continued to grow its volumes and visit-frequency by creating more occasions for our customers to celebrate. In October, McCafe achieved the milestone of serving 10 million cups of coffee. The company leveraged this occasion by asking customers to share their special coffee moments which helped build further brand love. It also celebrated November as 'Children's month' through its #iamkiddinit campaign which gave families an occasion to come together and celebrate at McDonald's.

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McDonald’s brand extensions have been instrumental in establishing McDonald’s as ‘one for all, all for one’ brand and have strengthened the brand consideration across day parts.

McCafé, now a preferred coffee destination, has helped the brand expand its addressable market significantly. A strong testimony to this is the fact that is that in the last four years, McCafé sales have increased 8x. This quarter, WDL added 13 more McCafés, taking the number of the brand’s in-house coffee chain units to 218.

McDelivery continues to grow from strength to strength. This quarter, McDelivery India was among the top 5 McDelivery global markets for most deliveries achieved in one day. The company now has 258 delivery hubs and is tapping into both its owned platform as well as third party aggregators to serve the burgeoning delivery market.

WDL also added to some festive cheer this quarter with its ‘Not So Secret Santa’ campaign. Through this social media campaign the brand called onto its customers to tag their friends who needed some festive cheer and sent them exciting goodie bags and voucher for an instant ‘lift me up’. The campaign helped further enhance brand love.

At WDL, technology and an omni-channel strategy have been at the base of initiatives. With digitally enabled EOTF (Experience of the Future) restaurants, apps and technology-led back-end innovations, the brand is well on its way to become a food-tech company.

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WESTLIFE DEVELOPMENT LIMITED –			
<u>Comparable Operating Performance (Consolidated)</u> **<u>Excludes impact of IND AS 116</u>**			*<u>(₹ in millions)</u>*
Particulars	**For the quarter ended December 31, 2019**	**For the quarter ended December 31, 2018**	**YoY Growth**
	Amount	**Amount**	**%**
REVENUES			
Sales by company owned restaurants	4306.0	3689.9	16.7%
Other Operating Income – Restaurants	22.1	16.7	32.6%
Net Gain on fair value changes in value of Investments	1.2	-	0.0%
TOTAL REVENUES	**4329.3**	**3706.6**	**16.8%**
OPERATING COSTS AND EXPENSES			
Restaurant Operating Cost and Expenses			
Food & Paper	1472.4	1352.5	8.9%
Payroll and Employee Benefits	428.0	371.2	15.3%
Royalty	197.6	170.5	15.9%
Occupancy and Other Operating Expenses	1473.5	1254.7	17.4%
TOTAL OPERATING COSTS AND EXPENSES	**3,571.5**	**3148.9**	**13.4%**
Adjusted Restaurant Operating Margin	**757.8**	**557.7**	**35.9%**
General & Administrative expenses	237.3	204.8	15.8%
Adjusted Operating EBIDTA	**520.5**	**352.9**	**47.5%**
Other (income)/expenses, (net)	(45.3)	(19.5)	132.0%
Assets written off for closure / rebuild of restaurants*	-	19.7	(100.0%)
EBIDTA	**565.8**	**352.7**	**60.4%**
Net Financial Expense (Interest & Bank Charges)	33.8	46.6	(27.4%)
Depreciation	222.4	203.7	9.2%
Profit before Tax	**309.6**	**102.4**	**202.4%**
Deferred tax	14.5	**41.9**	(65.4%)
Income tax	67.9	**(8.7)**	(880%)
Profit after Tax	**227.2**	**69.2**	**228.3%**
Cash Profit After Tax	**449.6**	**294.7**	**52.6%**

Note:

*One-time expenses on account of assets written-off pertaining to restaurants relocation/closure

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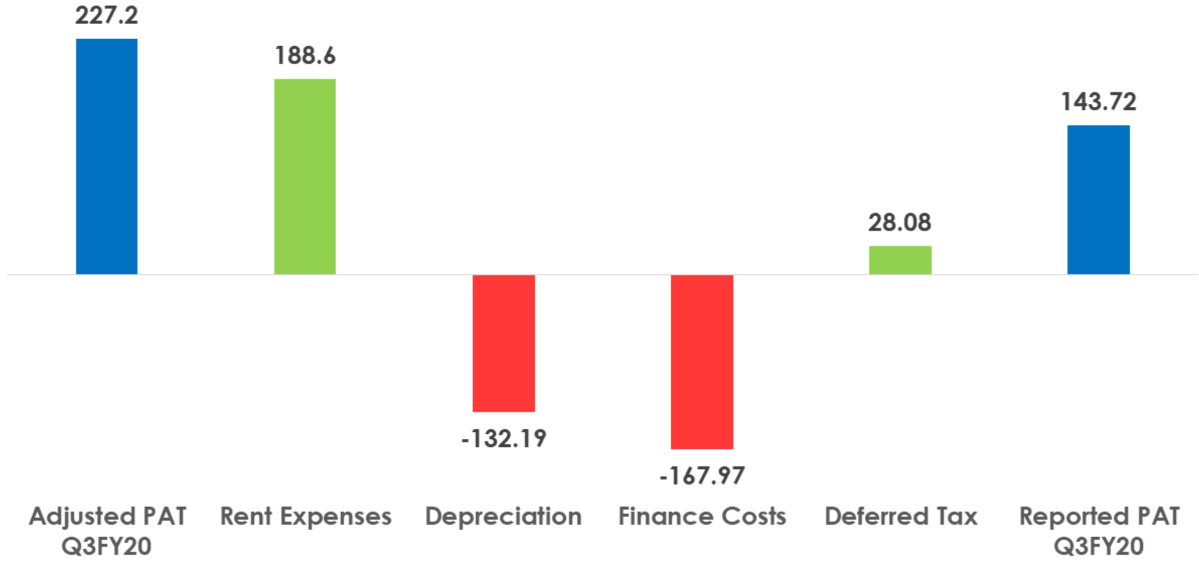
Adjustments between adjusted PAT to Reported PAT (in INR mn)
(Excluding the impact of IND AS 116)



Note: As a part of the Indian Accounting Standards adoption, impact of IND AS 116 is given below:

1. No economic impact on business operations
2. Rent Expenses are lowered and instead considered under additional depreciation and finance cost
3. EBITDA Increases due to lower rent expenses accounting
4. Depreciation increases due to amortisation cost of Right of Use Assets created under IND AS 116
5. Finance Cost increases due to charge on lease liability created under IND AS 116
6. IND AS 116 adjustments are not considered for Tax computation
7. Net Profit decreases due to increase in Depreciation and Finance Costs as mentioned in Note 2 above
8. Cash Profits increase due to higher depreciation charge
9. Net Impact on Cash Flow is NIL

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Reconciliation of reported and comparable operating performance excluding impact of IND AS 116					
(Rs. in millions)					
Particulars	**A Quarter ended December 31, 2019 (Adjusted)**	**B Changes due to Ind AS 116 increase / (decrease) ****	**C Quarter ended December 31, 2019 (Reported)**	**D Quarter ended December 31, 2018 (Reported)**	**(A over D) YoY Growth %**
Occupancy and other operating expenses	1473.5	(188.6)	1284.9	1254.7	17.4%
Restaurant Operating Margin	**757.8**	**188.6**	**946.4**	**557.7**	**35.9%**
General and Administrative Expenses	237.3	-	237.3	204.8	15.8%
OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)	**520.5**	**188.6**	**709.1**	**352.9**	**47.5%**
Finance Costs	33.8	168.0	201.8	46.6	(27.4%)
Depreciation and amortisation expense	222.4	132.2	354.6	203.7	9.2%
Profit before tax	**309.6**	**(111.6)**	**198.0**	**102.4**	**202.4%**
Deferred Tax	14.5	(28.1)	(13.6)	41.9	
Income Tax	67.9	-	67.9	(8.7)	
Profit after tax	**227.2**	**(83.5)**	**143.7**	**69.2**	**228.3%**

**** Adjustments arising out of Ind AS 116**

***NOTE TO THE EDITORS**: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the third quarter for the fiscal year 2020.*

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.*

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About Westlife Development:

Westlife Development Limited (BSE: 505533) (WDL) focuses on putting up and operating Quick Service Restaurants (QSR) in India through its subsidiary Hardcastle Restaurants Pvt. Ltd. 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 315 (as of December 31, 2019) McDonald's restaurants across 42 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 10,000 employees. McDonald's operates through various formats and brand extensions including standalone restaurants, drive- thru's, 24/7, McDelivery and dessert Kiosks. The menu features Burgers, Finger Foods, Wraps 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 where HRPL operates.

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