



PRESS RELEASE

FOR IMMEDIATE CIRCULATION

## WESTLIFE DEVELOPMENT PAT SURGES BY MORE THAN 200% FOR FY19

***Annual revenues grow by 23.5%***

### **FINANCIAL HIGHLIGHTS FOR FISCAL ENDED MARCH 31, 2019:**

- Total revenue growth of 23.5% with PAT at Rs 403.02 Mn
- Gross Margins improvement of 138 bps YoY to 63.9%
- Restaurant Operating Margins grew by 37.7% driven by enhanced operating & supply chain efficiencies
- Operating EBITDA growth of 50.4% with a margin expansion of 163 bps YoY
- Opened 25 new restaurants taking the total restaurant count to 296 across 41 cities

**Mumbai, May 14, 2019:** 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, announced audited financial results for the year ended March 31, 2019. The results were taken on record by the Board of Directors at a meeting held today.

The company reported a strong revenue growth of 23.5% for the year with an annual SSSG of 17%. The company’s annual revenue grew to ₹ 14,016 million and the net profit surged to ₹ 403.02 million. The cash profit for the year stood at ₹ 1,258 million, up by 41.5%. Annual operating EBITDA reported a strong growth of 50.4% to ₹1,273.9 million and operating EBITDA margins expanded by 163 bps to 9.1%. As a result company’s PAT tripled to ₹ 403.02 million.

**Commenting on the financial results for the year ended March 31, 2019, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited said, “FY19 was a year of big bold moves and transformation across our business. We have stayed committed to offering an exceptional guest experience, which we believe is our biggest differentiator in the industry today. A robust range of initiatives, coupled with strict financial discipline and maximization of operational efficiencies have helped us deliver a strong year. This gives us immense confidence that we are well on our way to achieving our vision 2022.”**

During the year under review, WDL undertook a slew of clutter- breaking initiatives to deliver unparalleled value, variety and convenience to its customers. The company relaunched its everyday value platform McSavers and



introduced rice as a platform to give customers a compelling and wholesome meal option. With great menu innovation, it offered 9 new products as a part of its 'What's Your Spice Fest' that saw great uptake from the customers. The company took a huge step ahead in its Good Food journey by launching Whole Wheat Buns across all its restaurants as an option for most of its burgers.

Integrating 'digital strategy' across the business, HRPL expanded its Experience of the Future restaurant footprint. It also leveraged technology to drive value and convenience and launched McDonald's app to give daily personalised offers to its customers, to be redeemed at the restaurants.

The company continued to invest in growing its brand extensions – McCafé, McDelivery and McBreakfast. It added 41 new McCafé's, taking the total count to 190. McCafé which has now built its own base of loyal customers has enabled the company to broaden its addressable market and grow baseline sales.

McDelivery has helped the company tap into the aggressively growing delivery market. During the year under review, the company added 51 delivery hubs, taking the total count to 216. It also expanded its delivery coverage through third party aggregator partnerships, increasing accessibility and convenience.

With an exclusive range of nutritious, wholesome and easy to consume breakfast menu, McBreakfast has been growing steadily over years.

HRPL has been consistently increasing its footprint by entering new markets while adding more restaurants in cities it is already present in. During the year, the company opened 25 new restaurants, and entered four new cities - Thiruvananthapuram, Puducherry, Tirupati and Kakinada, taking the total restaurant count to 296 restaurants across 41 cities.

#### **FINANCIAL HIGHLIGHTS FOR QUARTER ENDED MARCH 31, 2019:**

- SSSG of 5.6% on a high base of 25% same quarter, last year, making it the 15<sup>th</sup> consecutive quarter of positive sales growth.
- Revenue growth of 12.05% YoY to Rs 3,391.7 Mn and PAT at Rs 71.4 Mn
- Operating EBITDA grew by 21.7% YoY with a margin expansion of 64 bps YoY
- Restaurant Operating Margins grew by 17.2% driven by enhanced operating and supply chain efficiencies
- Added 7 new restaurants taking our total restaurant count to 296 across 41 cities



~Ends~

**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 2019.

**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 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.

<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.

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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. Marquee investors such as Arisaig India Fund Ltd, SBI Mutual Fund, Bay Capital Investments and Treeline Investment Management, among others are stakeholders in WDL.

**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 296 (as of March 31, 2019) McDonald's restaurants across 41 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 9000 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, Rice, 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.

**WESTLIFE DEVELOPMENT LIMITED****Consolidated Financial Performance as per IGAAP for the quarter ended March 31, 2019***(₹ in millions)*

Particulars	For the quarter ended March 31, 2019	For the quarter ended March 31, 2018	Growth	For the year ended March 31, 2019	For the year ended March 31, 2018	Growth
	Amount	Amount	%	Amount	Amount	%
<b>REVENUES</b>						
Sales by company owned restaurants	3,336.4	2,984.9	11.8%	13887.0	11255.3	23.4%
Other Operating Income – Restaurants	55.3	42.0	31.7%	129.0	93.4	38.1%
<b>TOTAL REVENUES</b>	<b>3,391.7</b>	<b>3,026.9</b>	<b>12.0%</b>	<b>14016.0</b>	<b>11348.7</b>	<b>23.5%</b>
<b>OPERATING COSTS AND EXPENSES</b>						
<b>Restaurant Operating Cost and Expenses</b>						
Food & Paper	1,216.9	1,103.0	10.3%	5055.2	4249.7	19%
Payroll and Employee Benefits	377.7	342.5	10.3%	1453.4	1311.1	10.9%
Royalty	153.8	138.5	11.0%	641.4	476.7	34.6%
Occupancy and Other Operating Expenses	1,174.1	1,042.5	12.6%	4818.5	3824.5	26%
<b>TOTAL OPERATING COSTS AND EXPENSES</b>	<b>2,922.5</b>	<b>2,626.5</b>	<b>11.3%</b>	<b>11968.5</b>	<b>9862.0</b>	<b>21.4%</b>
<b>Restaurant Operating Margin</b>	<b>469.2</b>	<b>400.4</b>	<b>17.2%</b>	<b>2047.5</b>	<b>1486.7</b>	<b>37.7%</b>
General & Administrative expenses	197.3	176.9	11.5%	773.6	639.9	20.9%
<b>Operating EBIDTA</b>	<b>271.9</b>	<b>223.5</b>	<b>21.7%</b>	<b>1273.9</b>	<b>846.8</b>	<b>50.4%</b>
Other (income)/expenses, (net)	(72.2)	(96.7)	-25.4%	(157.1)	(175.9)	-10.7%
Assets written off for closure / rebuild of restaurants	24.2	39.52	-38.8%	63.9	71.4	-10.4%
<b>EBIDTA</b>	<b>319.9</b>	<b>280.7</b>	<b>13.9%</b>	<b>1367.1</b>	<b>951.3</b>	<b>43.7%</b>
Net Financial Expense (Interest & Bank Charges)	49.2	39.0	26.1%	177.3	150.1	18.1%
Depreciation	210	175.6	19.6%	797.2	672.6	18.5%
<b>Profit before Tax</b>	<b>60.7</b>	<b>66.1</b>	<b>-8.2%</b>	<b>392.6</b>	<b>128.6</b>	<b>205.4%</b>
Deferred Tax	(16.8)	-	0.0%	(16.8)	-	0.0%
Income tax	6.1	-	0.0%	6.4	-	0.0%
<b>Profit after Tax</b>	<b>71.4</b>	<b>66.1</b>	<b>7.9%</b>	<b>403</b>	<b>128.6</b>	<b>213.5%</b>
<b>Cash Profit</b>	<b>297.7</b>	<b>284.3</b>	<b>23.9%</b>	<b>1258.2</b>	<b>889.0</b>	<b>41.5%</b>