

# Westlife Development Limited



## Reported Operating Performance (consolidated)

In ₹ million

Particulars	Quarter ended		Growth % in Q1 FY22 over Q1 FY21	Quarter ended	Growth % in Q1 FY22 over Q4 FY21
	June 30, 2021	June 30, 2020		Mar 31, 2021	
<b>REVENUES</b>					
Sales	2,580.0	936.0		3,508.9	
Other Operating Income	10.4	1.0		66.4	
Net Gain on fair value changes in value of Investments	1.2	1.9		0.6	
<b>TOTAL REVENUES</b>	<b>2,591.6</b>	<b>938.9</b>	<b>176.0%</b>	<b>3,575.9</b>	<b>-27.5%</b>
<b>OPERATING COSTS AND EXPENSES</b>					
<b>Restaurant Operating Cost and Expenses</b>					
Food & Paper	896.3	405.7		1,198.1	
Payroll and Employee Benefits	265.9	252.4		358.1	
Royalty	115.9	42.5		161.1	
Occupancy and Other Operating Expenses	1,058.5	484.4		1,098.6	
<b>Total</b>	<b>2,336.6</b>	<b>1,185.0</b>		<b>2,815.9</b>	
<b>RESTAURANT OPERATING MARGIN (RoM)</b>	<b>255.0</b>	<b>(246.1)</b>	<b>-203.6%</b>	<b>760.0</b>	<b>-66.4%</b>
<b>RoM (% of Total Revenues)</b>	<b>9.8%</b>	<b>-26.2%</b>		<b>21.3%</b>	
General & Administrative Expense	204.0	176.0		261.0	
<b>OPERATING EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)</b>	<b>51.0</b>	<b>(422.1)</b>	<b>-112.1%</b>	<b>499.0</b>	<b>-89.8%</b>
<b>Operating EBITDA (% of Total Revenues)</b>	<b>2.0%</b>	<b>-45.0%</b>		<b>14.0%</b>	
Other (Income) / Expense, net	(63.8)	(182.0)		(41.7)	
Extraordinary Expenses *	25.6	0.6		31.2	
Depreciation	332.0	352.6		351.4	
Financial Expense (Interest & Bank Charges), net	203.2	215.4		203.5	
<b>PROFIT/(LOSS) BEFORE TAX (PBT)</b>	<b>(446.0)</b>	<b>(808.7)</b>		<b>(45.4)</b>	
<b>PBT (% of Total Income)</b>	<b>-17.2%</b>	<b>-86.1%</b>		<b>-1.3%</b>	
Deferred Tax	(112.1)	(203.3)		14.9	
Income Tax	-	-		4.3	
<b>RECURRING PROFIT/(LOSS) AFTER TAX (PAT)</b>	<b>(333.9)</b>	<b>(605.4)</b>		<b>(64.6)</b>	
<b>PAT (% of Total Income)</b>	<b>-12.9%</b>	<b>-64.5%</b>		<b>-1.8%</b>	
Exceptional Item	0.0	0.0		0.0	
Tax on Exceptional Items	0.0	0.0		0.0	
<b>REPORTED PROFIT / (LOSS) AFTER TAX</b>	<b>(333.9)</b>	<b>(605.4)</b>		<b>(64.6)</b>	
<b>PAT (% of Total Income)</b>	<b>-12.9%</b>	<b>-64.5%</b>		<b>-1.8%</b>	
Other Comprehensive Income					
(a) Items that will not be reclassified to Profit or Loss	(0.7)	0.7		(5.7)	
(b) Income tax on items that will not be reclassified to Profit or Loss	0.2	(0.2)		1.4	
<b>REPORTED PROFIT / (LOSS) AFTER TAX (PAT)</b>	<b>(333.4)</b>	<b>(605.9)</b>		<b>(60.3)</b>	
<b>PAT (% of Total Income)</b>	<b>-12.9%</b>	<b>-64.5%</b>		<b>-1.7%</b>	

Cash Profit After Tax (INR million)	(120.2)	(550.4)		325.8	
New Restaurants Opened	-	-		1	
Comparable Sales %	182.6%	-54.0%		10.5%	

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



## WESTLIFE DEVELOPMENT STARTS FY22 ON A STRONG NOTE; SETS THE PACE FOR ACCELERATED GROWTH

### **HIGHLIGHTS OF THE QUARTER ENDED JUNE 30, 2021**

- Total revenue for the quarter stood at **₹ 2591.6 million**; a **176% growth** over Q1 FY21
- Restaurant Operating Margin stood at **9.8% YoY** – a **204% jump** over the last year
- Operating EBITDA stood at **₹ 51 million** - **100% improvement YoY**
- The company's convenience channels of delivery, Drive Thru and 'On the Go' continue to tick up with **sales growth of 202% YoY, 33% growth QoQ**
  - **Delivery sales up by 198% YoY, 36% QoQ**
  - **Drive-thru sales up 115% YoY, 52% QoQ**
- Take-away sales grew by **41% YoY**
- The Company concluded the first dose of COVID -19 vaccination for all its eligible employees

**Mumbai, August 13, 2021:** Westlife Development Limited (BSE: 505533) ("WDL" or "the Company"), owner of Hardcastle Restaurants Pvt. Ltd. ("HRPL"), the master franchisee of McDonald's restaurants in West and South India, announced unaudited financial results for the quarter ended **June 30, 2021**. The results were taken on record by the Board of Directors at a meeting held today.

Despite all challenges, WDL clocked a **robust revenue growth of 176% YoY at Rs. 2591.6 mn**. Business initiatives undertaken across the board ensured that WDL delivered strong **same-store sales growth (SSSG) of 183%** for the quarter. In the month of July 2021, the Company's revenues recovered to 100% of July '19 levels in all markets except Maharashtra that continued to be under strict regulatory restrictions.

The revenue recovery was strongly driven by the Company's convenience channels of delivery, Drive-Thru and On-the-Go that continued to perform strongly even as dine-in restrictions eased in the month of June. Overall convenience sales jumped **over 202% YoY**. Revenue from Drive-Thrus that is the Company's key competitive advantage, grew by 115% YoY and 52% QoQ. McDelivery continued its rally and grew close to 200% YoY, achieving its highest ever revenue numbers in June 2021. Even as dine-in restrictions eased in the month of June 2021, the Company did not see a drop in off-premise sales.

WDL complemented its revenue growth with continued cost leadership. The Company maximized its supply chain and operational efficiencies. As a result, it maintained a high Gross Margin of 65.4%, a 218% growth over last year. The Company also charted an improvement of 204% in its Restaurant Operating Margins that stood at 9.8% for the quarter. Consequently, its Operating EBITDA showed a 100% improvement over same quarter last year.



**Commenting on the financial results for the quarter ended June 30, 2021, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited, said, "Our strong performance is a testimony to the commitment and conviction of our teams. Despite all challenges, the business is firmly back on track. Revenues are building strongly, brand trust is rising consistently and our convenience channels are accelerating at an unprecedented pace. We believe that challenges of the last one year are behind us and we are excited to chart the next phase of growth."**

Westlife added **7** new McCafé and **11** new Experience of the Future restaurants in this quarter. The total number of restaurants at the end of Q1 FY22 is 305 with a number of new restaurants being under ground-break. The Company is also planning to expand its network in non-core and emerging cities.

This quarter, the Company also signed on film celebrity Rashmika Mandanna as its brand ambassador and launched a brand campaign for its newly launched – McSpicy Fried Chicken.

The much-anticipated McDonald's global collaboration with sensational Korean boy band BTS kicked off in India in June 2021. The brand launched a special BTS meal along with coveted merchandise as part of this collaboration which was available for Indian consumers till 4<sup>th</sup> July across restaurants in West and South India.

Guided by its commitment towards "Scale For Good", the Company has been taking definitive steps to positively impact the environment and the society that it operates in. These include usage of Energy Management Systems, production of bio-diesel from used cooking oil and elimination of all single use customer facing plastic. As a direct impact of these initiatives, in the last financial year alone, the Company has saved close to 7500 tonnes of carbon emission which is equivalent to planting close to 350,000 trees.

To ensure the physical and emotional well-being of its employees, the Company declared a comprehensive COVID care package for its employees. It also launched a COVID-19 vaccination drive for its employees and has successfully administered the first dose to all its eligible employees, as per Government guidelines.

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**WESTLIFE DEVELOPMENT LIMITED****Summarised Consolidated Statement of Profit & Loss for the Quarter ended June 30, 2021 –Including IND AS 116 Adjustment***(₹ in millions)*

Particulars	For the Quarter ended June 30, 2021	For the Quarter ended June 30, 2020	Growth
	Amount	Amount	
<b>REVENUES</b>			
Sales by company owned restaurants	2,580.0	935.9	175.7%
Other Operating Income – Restaurants	10.4	1.1	884.0%
<b>Restaurant Operating Revenues (A)</b>	<b>2,590.4</b>	<b>937.0</b>	<b>176.5%</b>
Net Gain on fair value changes in value of Investments	1.2	1.9	(37.5%)
<b>TOTAL REVENUES (A) + (B)</b>	<b>2,591.6</b>	<b>938.9</b>	<b>176.0%</b>
<b>Operating Costs and Expenses</b>			
<b>Restaurant Operating Cost and Expenses</b>			
Food & Paper	896.3	405.7	120.9%
Payroll and Employee Benefits	265.9	252.4	5.3%
Royalty	115.9	42.5	172.9%
Occupancy and Other Operating Expenses	1,058.5	484.4	118.5%
<b>TOTAL RESTAURANT OPERATING COSTS AND EXPENSES</b>	<b>2,336.6</b>	<b>1,185.0</b>	<b>97.2%</b>
<b>Restaurant Operating Margin</b>	<b>255.0</b>	<b>(246.1)</b>	<b>203.6%</b>
Other trading operating cost and expenses	-	-	-
General & Administrative expenses	204.0	176.0	15.9%
<b>Total Operating costs and expenses</b>	<b>2,540.6</b>	<b>1,360.9</b>	<b>86.7%</b>
<b>Operating EBIDTA</b>	<b>51.0</b>	<b>(422.1)</b>	<b>112.1%</b>



Other (income)/expenses, (net)	(63.8)	(182.0)	(64.9%)
Assets written off for closure / rebuild of restaurants	25.6	0.6	4171.7%
<b>EBIDTA</b>	<b>89.2</b>	<b>(240.7)</b>	<b>137.1%</b>
Net Financial Expense (Interest & Bank Charges)	203.2	215.4	(5.7%)
Depreciation	332.0	352.6	(5.8%)
<b>Profit/(Loss) before Tax and Exceptional Items</b>	<b>(446.0)</b>	<b>(808.7)</b>	<b>44.8%</b>
Exceptional Items	-	-	-
<b>Profit/(Loss) before Tax</b>	<b>(446.0)</b>	<b>(808.7)</b>	<b>44.8%</b>
Deferred Tax	(112.1)	(203.3)	(44.8%)
Income tax	-	-	-
<b>Profit/(Loss) after Tax</b>	<b>(333.9)</b>	<b>(605.4)</b>	<b>44.8%</b>
<b>Other Comprehensive Income</b>			
(a) Items that will not be reclassified to Profit or Loss	(0.7)	0.7	(198.9%)
(b) Income tax on items that will not be reclassified to Profit or Loss	0.2	(0.2)	(199.0%)
<b>Other Comprehensive Income (A+B)</b>	<b>(0.5)</b>	<b>0.5</b>	<b>(198.9%)</b>
<b>Total Comprehensive income for the period</b>	<b>(333.4)</b>	<b>(605.9)</b>	<b>45.0%</b>
<b>Cash Profit / (Loss) after tax</b>	<b>(120.2)</b>	<b>(550.4)</b>	<b>78.2%</b>

**NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the first quarter of the fiscal year 2022.**

**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 the 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.*

**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 305 (as of June 30<sup>th</sup>, 2021) 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 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, 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*