

WESTLIFE DEVELOPMENT DELIVERS STRONG Q2 FY22; REVENUE SURGES BY 84%, RESTAURANT OPERATING MARGIN SOARS BY 204%

HIGHLIGHTS OF QUARTER ENDED SEPTEMBER 30, 2021

- Total revenue for the quarter stood at **₹ 3,854.2 million** - a **84%** growth over Q2FY21
- **Same Store Sales Growth stood at 84%**
- Restaurant Operating Margin grew **203.5% YoY, stood at ₹ 670.9 million**
- Operating EBITDA in Q2 jumped by **994% YoY** taking it to **₹ 457.4 million**
- Cash profit for the quarter stood at **₹ 262.3 million**
- The company opened **5** new McDonald's restaurants and **6** McCafés this quarter
- The company launched two new immunity boosting beverages on the McCafé Menu – **Turmeric Latte and Masala Kadak Chai**

All numbers include the impact of IND AS 116

Mumbai, 28th October 2021: 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 unaudited financial results for the quarter ended **September 30, 2021**. The results were taken on record by the Board of Directors at a meeting held today.

In the quarter under review, **the Company's revenues surged by a robust 84% YoY to ₹ 3,854.2 million, with the Same Store Sales Growth also at a solid 84% YoY.**

This growth has been driven by both – the Company's convenience channels that continued to accelerate and dine-in that built up strong and fast. **Convenience channels that include delivery, take-out, drive-thru and on-the-go grew by a robust 77% over last year. This is in spite of a strong recovery in dine-in revenues, which almost doubled over same quarter last year.**

This reinforces the fact that with its pivot to being an omni-channel brand, the Company has acquired new customers and created new use-cases. This is driving incremental revenues without any business cannibalization.

September 2021 - when most restrictions were eased - saw a 103% recovery vis-à-vis September 2019 which was pre covid. The Company saw complete recovery across all its markets despite continued restrictions on time and capacity in some key cities. Its delivery sales grew 50% over September 2019 – again a testimony to the strong convenience channel that the Company has built over the last 18 months.

The Company continued to hold strong on its margin performance, despite all inflationary pressures. **Its Gross Margins surged by 87.5% YoY while Restaurant Operating Margins jumped by a robust 204%. As a result, its Operating EBITDA surged 11 times YoY to Rs 457.4 million.**



Earlier this month, Westlife Development announced that it will be investing INR 800-1000 crores in the business over the next 3-5 years. It aims to double its footprint, reimagine all restaurants to EoTF, further strengthen its technology prowess and drive cutting edge menu innovation.

Commenting on the financial results for the quarter ended September 30, 2021, Mr. Amit Jatia, Vice-Chairman of Westlife Development Limited, said, *"With this strong performance, I believe, a newer and stronger normal has emerged for us. We will continue to make bold moves to reinforce our market leadership. In the coming months, we will pick up the pace on store expansion, adding close to 30-35 new stores in our core and emerging markets, thus increasing our penetration. While this will help grow our topline, an upward trending AUV, aided by burger leadership, chicken leadership and McCafé will help us both enhance both topline and profitability."*

Menu innovation, omni-channel acceleration and network expansion remain the cornerstones of Westlife Development's growth strategy. The Company has been adding new, clutter-breaking products and is the only QSR to have relevant offerings across all day-parts – including breakfast, snacks, coffee, lunch, dinner and desserts. More recently, the Company has introduced McSpicy Fried Chicken in the South market that has received phenomenal response from the customers. This quarter, it also introduced two new immunity boosting beverages – **Turmeric Latte and Masala Kadak Chai – to its McCafé portfolio. It also added new products to its exclusive McBreakfast menu.** The Company's all day-part menu gives it a unique competitive advantage in terms of AUV, which has been a key strength for brand McDonald's globally as well.

The Company has also taken a future forward view on its digital investments and traversed a strong journey to being a food tech company. It has pivoted to being a truly omni-channel, convenient, digitally driven brand that is aiding revenue optimization.

During the quarter, Westlife added 5 new McDonald's restaurants taking the total count to 310. It also added 6 McCafés and 8 new Experience of the Future (EoTF) restaurants, aimed at elevating the customer experience. The company has put all the building blocks in place for the future and is confident of sustaining business momentum.



WESTLIFE DEVELOPMENT LIMITED -

Summarised Consolidated Statement of Profit & Loss for the Quarter ended September 30, 2021 - (Including IND AS 116 adjustments)

(₹ in millions)

Particulars	For the Quarter ended September 30, 2021	For the Quarter ended September 30, 2020	Growth
	Amount	Amount	
REVENUES			
Sales by company owned restaurants	3,806.4	2,068.5	84.0%
Other Operating Income – Restaurants	46.7	25.5	83.1%
Restaurant Operating Revenues (A)	3,853.1	2,094.0	84.0%
Net Gain on fair value changes in value of Investments (B)	1.2	0.9	21.8%
TOTAL REVENUES (A) + (B)	3,854.3	2,094.9	84.0%
OPERATING COSTS AND EXPENSES			
Restaurant Operating Cost and Expenses			
Food & Paper	1,359.5	764.3	77.9%
Payroll and Employee Benefits	360.3	282.1	27.7%
Royalty	172.9	94.9	82.1%
Occupancy and Other Operating Expenses	1,290.7	732.6	76.2%
TOTAL RESTAURANT OPERATING COSTS AND EXPENSES	3,183.4	1,873.9	69.9%
Restaurant Operating Margin	670.9	221.0	203.5%
General & Administrative expenses	213.4	179.2	19.1%
Total Operating costs and expenses	3,396.8	2,053.1	65.4%
Operating EBIDTA	457.4	41.8	994.0%

Other (income)/expenses, (net)	(39.4)	(146.2)	(73.1%)
Assets written off for closure / rebuild of restaurants	13.0	54.6	(76.3%)
EBIDTA	483.8	133.4	262.7%
Net Financial Expense (Interest & Bank Charges)	204.4	216.7	(5.7%)
Depreciation	338.1	351.4	(3.8%)
Profit/ (Loss) before Tax and Exceptional items	(58.7)	(434.7)	86.5%
Exceptional Items	-	-	100.0%
Profit / (Loss) before Tax	(58.7)	(434.7)	86.5%
Deferred Tax	(14.5)	(109.3)	(86.7%)
Income tax	-	-	-
Profit/ (Loss) after Tax	(44.2)	(325.4)	86.4%
Other Comprehensive Income			
(a) Items that will not be reclassified to Profit or Loss	13.6	1.2	1002.6%
(b) Income tax on items that will not be reclassified to Profit or Loss	(3.4)	(0.3)	1003.9%
Other Comprehensive Income (A+B)	10.2	0.9	1002.1%
Total Comprehensive income for the period	(54.4)	(326.3)	83.3%
Cash Profit / (Loss)	262.3	(93.1)	381.8%

NOTE TO THE EDITORS: Westlife Development Limited and Hardcastle Restaurants follow an April-March fiscal year. The results reported are for the second 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 310 (as of September 30th, 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