



# Q3 & 9M FY20 Earnings Presentation

30 January, 2020

Thomas Cook India Limited (TCIL)

BSE: 500413 | NSE: THOMASCOOK



# Thomas Cook at a glance

- Thomas Cook is a leading integrated Travel and Financial services Company in India, part of the Fairfax group which owns 66.9% stake in Thomas Cook India
- Integrated business model creates value through scale and flexibility
- Premier brand portfolio with multi-format strategy
- Our business is uniquely positioned to provide true value for our customers and shareholders
- Spread across 29 countries across 5 continents
- Thomas Cook Retail Outlets  
660+ Retail network
  - 313 owned branches
  - 199 franchise /Gold Circle Partner outlets
  - 150+ Preferred Sales Agents

## Thomas Cook Group

Forex		
Outbound		 
Domestic		
	<u>India DMS</u>	
Destination Management Specialists (DMS)		  
	<u>International DMS</u>	
		    
MICE*		
Corporate Travel		 
Strategic Investments		
Portfolio Investments		

MICE\*- Meetings, Incentives, Conferences, Events



## Q3 & 9M FY20 Financial Performance



# Q3 FY20 Highlights

Thomas Cook (India) Ltd. (TCIL), India's largest integrated travel services company, today announced its financial results for the quarter ended December 31, 2019 against the backdrop of overall subdued demand and continued headwinds in the aviation sector, impacting the travel segment across outbound, inbound & domestic sectors. The company posted a healthy growth at a standalone level – propelled by strong performance by its Financial Services, MICE and Corporate travel verticals.

## Key Performance Highlights

### Consolidated

- Consolidated Revenue from Operations grew 11% to Rs. 17.2 Bn. from Rs. 15.5 Bn. for the period
- Despite the improved trading performance by Forex, Corporate Travel and MICE businesses consolidated PBT stood at Rs. 182 Mn. in Q3 FY20 against Rs. 216 Mn. in Q3 FY19.
- The drop in consolidated PBT is attributable to a timing difference, due to the demerger exercise which led to delays in invoicing by the Inbound business. This is expected to be normalised in Q4 FY 20.
- The Thomas Cook India Group continues to be financially strong with cash and bank deposit balances of Rs.14,137 Mn. as of December 31, 2019. and generates an average of Rs. 2,000 Mn. in free cash annually.

### Standalone

- Standalone PBT has improved significantly to a profit of Rs. 67 Mn. in Q3 FY20 from loss of Rs. 118 Mn. in Q3 FY19, primarily due to improved trading, improved margins and effective cost management.
- Significant revenue growth of 31% and 36% delivered by MICE and Corporate Travel businesses respectively.
- Company margins improved from 4% to 7% at EBIT level.

## Key Development:

- Thomas Cook India announced the acquisition of the Thomas Cook Brand in perpetuity for the India, Sri Lanka & Mauritius markets for for consideration of Rs. 182 Mn. in December 2019 which is being amortized
- Thomas Cook India announced the completion of its Corporate Restructuring process with the spinoff of Qess Corp.

# Business Segments – Travel

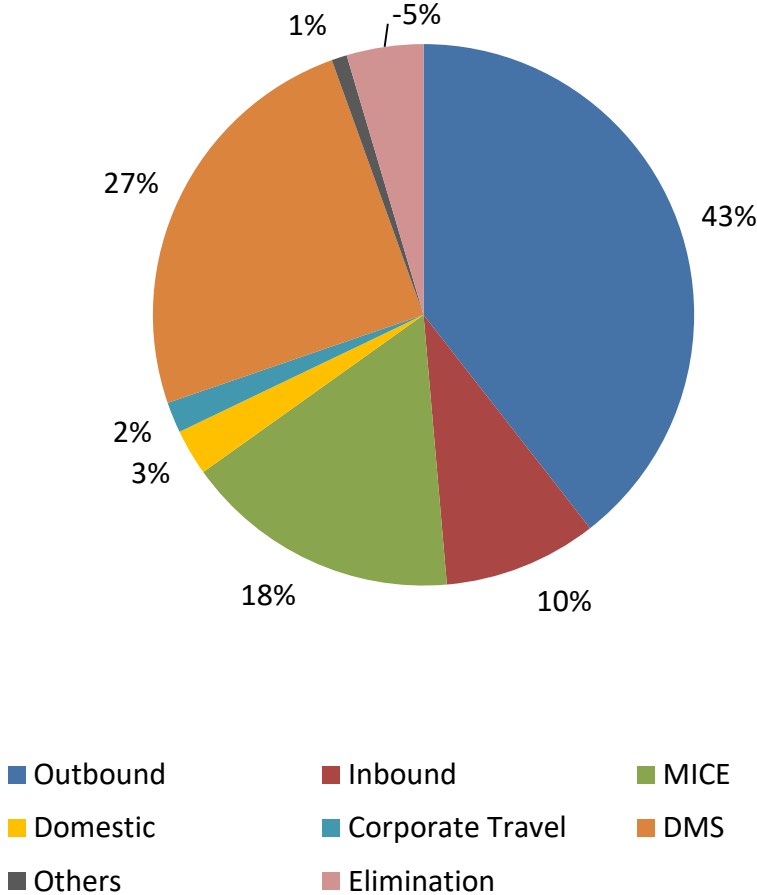
## B2C

Outbound	Domestic	Visa
Outbound business comprises of Leisure Outbound, E-business of TCIL, SOTC, Kuoni Hong Kong and TC Travel	Domestic Travel comprises of domestic focussed activities of TCIL & SOTC	Caters to corporate clients, walk-ins & package tour clients, innovative technical and on-the-ground processes

## B2B

MICE	Corporate Travel	India DMS (Inbound)	International DMS
Caters to the rising demand for new destinations and experiential offerings	Focused on corporate customers utilizing the online Booking Tool- Click2Book	Comprises the Inbound Travel business conducted under TCI and SITA brands	Comprises of DMS Entities which are Asian Trails, Desert Adventures, Private Safari (SA), Private Safari (EA), Allied T Pro and Luxe Asia

Revenue Mix - FY19



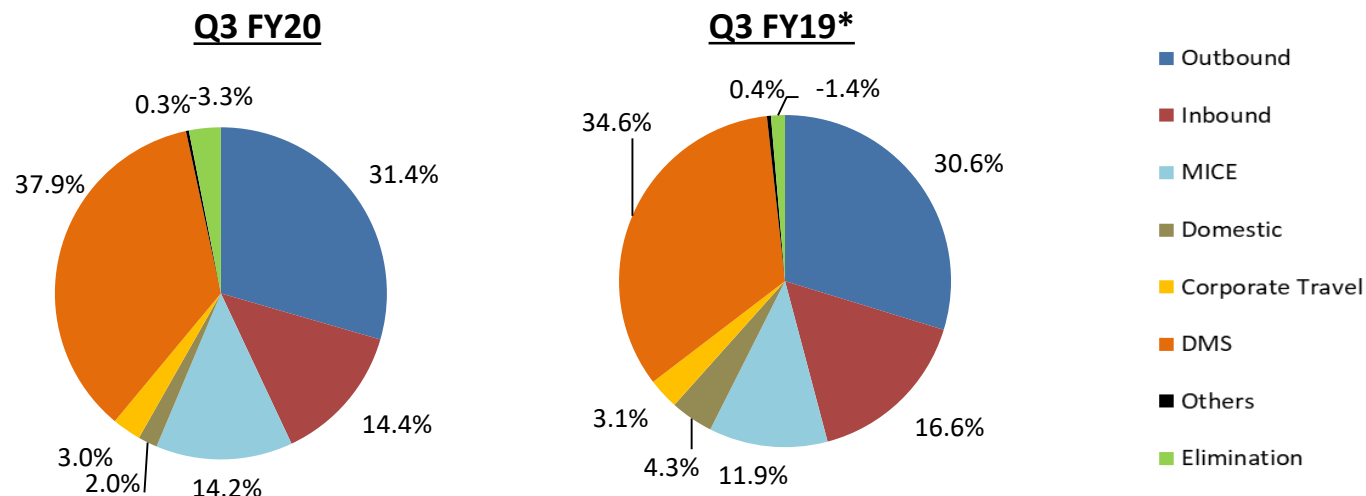
In accordance with Ind AS, revenue reporting for leisure travel (inbound, outbound, DMS, MICE, domestic) is recognized on gross basis and whilst corporate travel (with gross margin of 7-8%) is reported on net basis

# Business Segments – Travel

## Travel segment gross margins

Segment	Gross Margins – Q3FY20
Outbound	15%
Inbound	28%
MICE	11%
Domestic	23%
Corporate Travel	8%
DMS	14%

## Revenue mix



## Travel Services

- The Travel industry faced several headwinds during the period across Inbound, Outbound and Domestic sectors. These included the continued capacity shortages & inflationary impact on airfares post Jet Airways' closure as well as the significant trust deficit among customers post the shutdown of Cox & Kings.
- Domestic travel too saw disruption due to the CAA protests, with resultant advisories affecting inbound travel.
- Australia's bush fires impacted demand for the quarter- peak travel season for the destination.
- Continued civil protests in Hong Kong impacted economic activity including travel plans.
- Despite these challenges -
  - Hong Kong Outbound operations registered an EBT growth of 121%
  - The MICE segment registered a consolidated revenue growth of 19%

In accordance with Ind AS, revenue reporting for leisure travel (inbound, outbound, DMS, MICE, domestic) is recognized on gross basis and whilst corporate travel (with gross margin of 7-8%) is reported on net basis. Income from forex and insurance are on the basis of net margins earned.

\*Outbound revenue in Q3 FY19 is adjusted for a change in accounting for airline revenues

# Business Segments – Travel

## Update on International DMS entities

- The DMS business registered a 9 % growth in sales albeit with strained revenues, despite overall geo-political challenges

<b>Asian Trails</b>		<b>Desert Adventures</b>	<b>Allied T Pro</b>	<b>Private Safari South Africa</b>	<b>Private Safari Eastern Africa</b>
<ul style="list-style-type: none"> <li>Headquartered in Bangkok, it operates in Thailand, Vietnam, China, Malaysia, Myanmar, Indonesia, Cambodia and Laos &amp; Australia</li> </ul>		<ul style="list-style-type: none"> <li>Operated in Middle East along with partners in the UAE, Oman, Jordan and Qatar</li> </ul>	<ul style="list-style-type: none"> <li>Allied T Pro has been a leader in the US inbound market</li> </ul>	<ul style="list-style-type: none"> <li>It is one of the top 5 DMS in the Southern Africa</li> </ul>	<ul style="list-style-type: none"> <li>Focused on Eastern Africa offering a gamut of destination management services</li> </ul>
9M FY20 Sales	Rs 5,093 mn	Rs 4,194 mn	Rs 2,931 mn	Rs 718 mn	Rs 866 mn
Gross Margins	20%	9%	9%	18%	19%

# Business Segments – Travel Related Financial Services

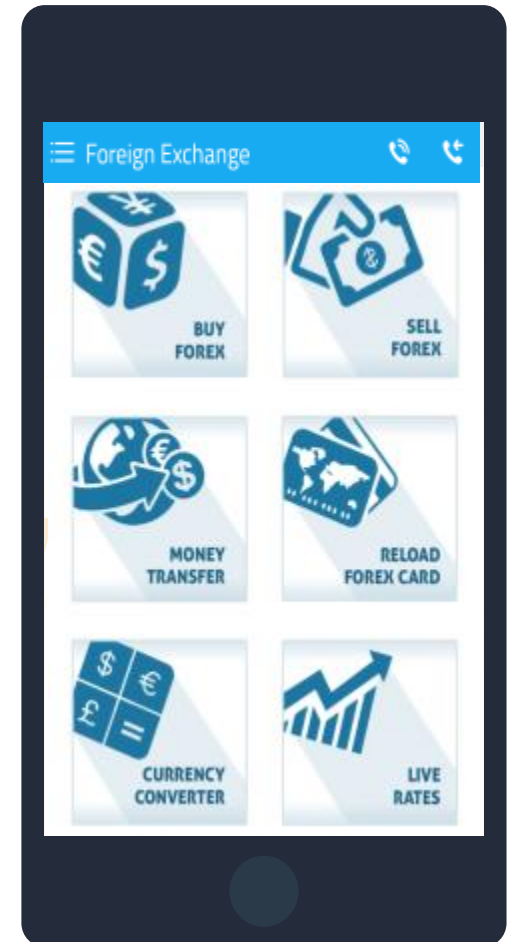
## Forex

- One of India's largest foreign exchange dealers with dominance in the wholesale segment and keen focus on the retail market as well
- AD-II license holder
- Only non bank in the country to issue Prepaid Travel cards
- Member of SWIFT
- One of the largest exporters of bank notes globally
- The segment is a consolidation of Foreign Exchange business of TCIL, TC Lanka and TC Mauritius and SOTC

## Insurance

- Focus on Travel Insurance with the strategy of being a complete travel solutions provider for domestic as well as overseas travel

- **The Foreign Exchange vertical delivered a strong 13% growth in revenue from Rs. 626 Mn. to 710 Mn. at a consolidated level.**
- **EBIT growth of 42% from Rs.146Mn. to Rs. 207 Mn.**
- **The Thomas Cook Borderless Prepaid Card sales increased by a significant 49% in Q3 FY20**
- **Borderless Prepaid Card load value grew by 47% to US\$ 133 Mn. for the period against Q3 FY19**



Well positioned with requisite scale and expertise to leverage growth in the segment



# Business Segments – Digiphoto Imaging Services

- Thomas Cook India Group, had announced its acquisition of a 51% stake in Digiphoto Entertainment Imaging (DEI), in March 2019.

## Business Operations

### Imaging Solution and Services

- DEI has been successfully delivering end to end solutions to its partners including equipment, software and the talent/ workforce
- Poised for growth given the increasing trends in travel and tourism, technology and digitisation
- Long standing and expanding partner relations to fortify growth plans
- Solid foundation of knowledge and expertise presents opportunities to grow offerings

### School photography –KlassAkt

- Launched in 2017- an innovative service with the ability to capture and archive every photo captured during school years & allows access to them at any time
- Enables DEI to expand its offering with its expertise to the education sector
- Potential to leverage current portfolio of products and services offered by existing technology, skills and infrastructure

## Q3 FY20 performance

- Digiphoto Entertainment Imaging (DEI), reported revenues of Rs. 1.7 Bn. in Q3 FY20 and EBIT of Rs.100 Mn
- DEI kicked off operations in three large Atlantis resorts in the Bahamas as well as Universal Studios Beijing
- Inked large contracts including Dubai Frame, Dubai Aquarium & Underwater Zoo & Dubai Ice Rink.

## Key Facts – Q3 FY20

Partners	130+
Sites operated	250+
No of transactions	2.6 mn

# Management comments- Q3 FY20

*Commenting on the results, **Mr. Madhavan Menon, Group Chairman and Managing Director**, said: “Given the challenging market conditions that were prevalent throughout 2019, the Group delivered a strong performance with consolidated revenue from operations growing by 11% to Rs. 17.2 Bn. from Rs. 15.5 Bn. We continue our focus on sustainability and profitability with initiatives focused on margin and cost management. Looking ahead, despite the geopolitical tensions and natural calamities unfolding including the Corona Virus outbreak etc., we are cautiously optimistic and look to end the financial year on a strong note.”*



# Results – Q3 FY20 Consolidated

Particulars (Rs. mn)	Q3 FY20	Q3 FY19	Shift (%)
<b>Revenue from Operations</b>	17,270.2	15,555.7	11.0%
Other Income	308.7	137.9	123.8%
<b>Total Income from Operations</b>	<b>17,578.8</b>	<b>15,693.6</b>	<b>12.0%</b>
Total Costs	16,777.0	15,135.6	10.8%
<b>EBITDA</b>	<b>801.8</b>	<b>558.0</b>	<b>43.7%</b>
Depreciation / Amortization	367.1	163.7	124.2%
<b>EBIT</b>	<b>434.7</b>	<b>394.3</b>	<b>10.3%</b>
Interest and Finance cost	253.0	177.8	42.3%
<b>PBT</b>	<b>181.7</b>	<b>216.4</b>	<b>(16.0)%</b>

# Results – Q3 FY20 Consolidated

Particulars (Rs. mn)	Q3 FY20	Q3 FY19	Shift (%)
<b>Segment Revenue</b>			
(a) Financial Services *	709.7	625.7	13.4%
(b) Travel and Related Services *	14,100.9	14,224.2	(0.9)%
(c) Human Resource Services	-	9.2	-
(d) Vacation Ownership and Resorts Business	753.1	696.7	8.1%
(e) Digiphoto Imaging Services	1,706.5	-	-
<b>Total</b>	<b>17,270.2</b>	<b>15,555.8</b>	<b>11.0%</b>
<b>Segment Results (EBIT)</b>			
(a) Financial Services	207.2	145.5	42.4%
(b) Travel and Related Services	360.7	566.9	(36.4)%
(c) Human Resource Services	-	2.8	-
(d) Vacation Ownership and Resorts Business	(31.0)	(77.4)	-
(e) Digiphoto Imaging Services	100.2	-	-
<b>Total</b>	<b>637.2</b>	<b>637.8</b>	<b>(0.1)%</b>
<b>Less : Interest and Finance expenses</b>	<b>253.0</b>	<b>177.8</b>	<b>42.3%</b>
<b>Less : Common Expenditure</b>	<b>202.4</b>	<b>243.5</b>	<b>(16.9)%</b>
<b>PBT</b>	<b>181.7</b>	<b>216.4</b>	<b>(16.0)%</b>

\*In accordance with Ind AS, revenue reporting for leisure travel (inbound, outbound, DMS, MICE, domestic) is recognized on gross basis and whilst corporate travel (with gross margin of 7-8%) is reported on net basis. Income from forex and insurance are on the basis of net margins earned.

# Results – 9M FY20 Consolidated

Particulars (Rs. mn)	9M FY20	9M FY19	Shift (%)
<b>Revenue from Operations</b>	57,426.7	52,399.7	9.6%
Other Income	966.0	409.5	135.9%
<b>Total Income from Operations</b>	<b>58,392.7</b>	<b>52,809.2</b>	<b>10.6%</b>
Total Costs	56,010.2	51,033.4	9.8%
<b>EBITDA</b>	<b>2,382.51</b>	<b>1,775.8</b>	<b>34.2%</b>
Depreciation / Amortization	1,060.4	491.9	115.6%
<b>EBIT</b>	<b>1,322.12</b>	<b>1,283.9</b>	<b>3.0%</b>
Interest and Finance cost	769.1	528.8	45.4%
<b>PBT</b>	<b>553.0</b>	<b>755.1</b>	<b>(26.8)%</b>

# Results – 9M FY20 Consolidated

Particulars (Rs. mn)	9M FY20	9M FY19	Shift (%)
<b>Segment Revenue</b>			
(a) Financial Services *	2,281.0	2,085.6	9.4%
(b) Travel and Related Services *	48,780.9	48,344.9	0.9%
(c) Human Resource Services	-	27.4	-
(d) Vacation Ownership and Resorts Business	2,095.7	1,941.7	7.9%
(e) Digiphoto Imaging Services	4,269.2	-	-
<b>Total</b>	<b>57,426.7</b>	<b>52,399.7</b>	<b>9.6%</b>
<b>Segment Results (EBIT)</b>			
(a) Financial Services	818.6	625.7	30.8%
(b) Travel and Related Services	1,338.8	1,676.7	(20.2)%
(c) Human Resource Services	-	12.2	-
(d) Vacation Ownership and Resorts Business	(268.7)	(368.8)	-
(e) Digiphoto Imaging Services	172.2	-	-
<b>Total</b>	<b>2,061.0</b>	<b>1,945.7</b>	<b>5.9%</b>
<b>Less : Interest and Finance expenses</b>	<b>769.1</b>	<b>528.9</b>	<b>45.4%</b>
<b>Less : Common Expenditure</b>	<b>738.8</b>	<b>661.8</b>	<b>11.6%</b>
<b>PBT</b>	<b>553.0</b>	<b>755.1</b>	<b>(26.8)%</b>

*\*In accordance with Ind AS, revenue reporting for leisure travel (inbound, outbound, DMS, MICE, domestic) is recognized on gross basis and whilst corporate travel (with gross margin of 7%) is reported on net basis. Income from forex and insurance are on the basis of net margins earned.*

# Material Events

## Innovation and new products-services:

- TCIL introduced an Easy Payment Plan empowering customers to pay for their holiday with merely a 10% token amount and the flexibility of paying the balance 90% only prior to receiving the final handover of travel documents
- TCIL announced the appointment of Marathi superstar Subodh Bhave as its Brand Ambassador for its Maharashtra market
- TCIL launched Bollywood Blockbuster Vacations - unique group tours aimed at India's movie enthusiasts featuring destination made famous by Bollywood hits
- TCIL & SOTC introduced enhancements to their respective customer experience, quote building and booking processes
- SOTC launched "Around the World in 70 days" a special holiday spanning 7 continents to commemorate its 70th anniversary
- 

## India Network expansion:

- TCIL: 6 new franchise Gold Circle Partner outlets opened, one each in Aurangabad, Chhattisgarh, Chandigarh and Telangana and 2 in Bhopal
- SOTC: 9 new franchise outlets were opened at Surat, Siliguri, Thane, Panchkula, Jaipur, Salem, Mumbai and Kolkata

## Awards:

- TCIL won the premier French Ambassador's Diamond Award for registering the highest number of French visa deliveries in 2019
- Excellence in Data Intelligence Award at the 6th IDC Insights Awards 2019
- Best Digital Marketing Campaign at Mobby's 2019
- Digital Marketer of the Year at the Global Marketing Excellence Awards 2019

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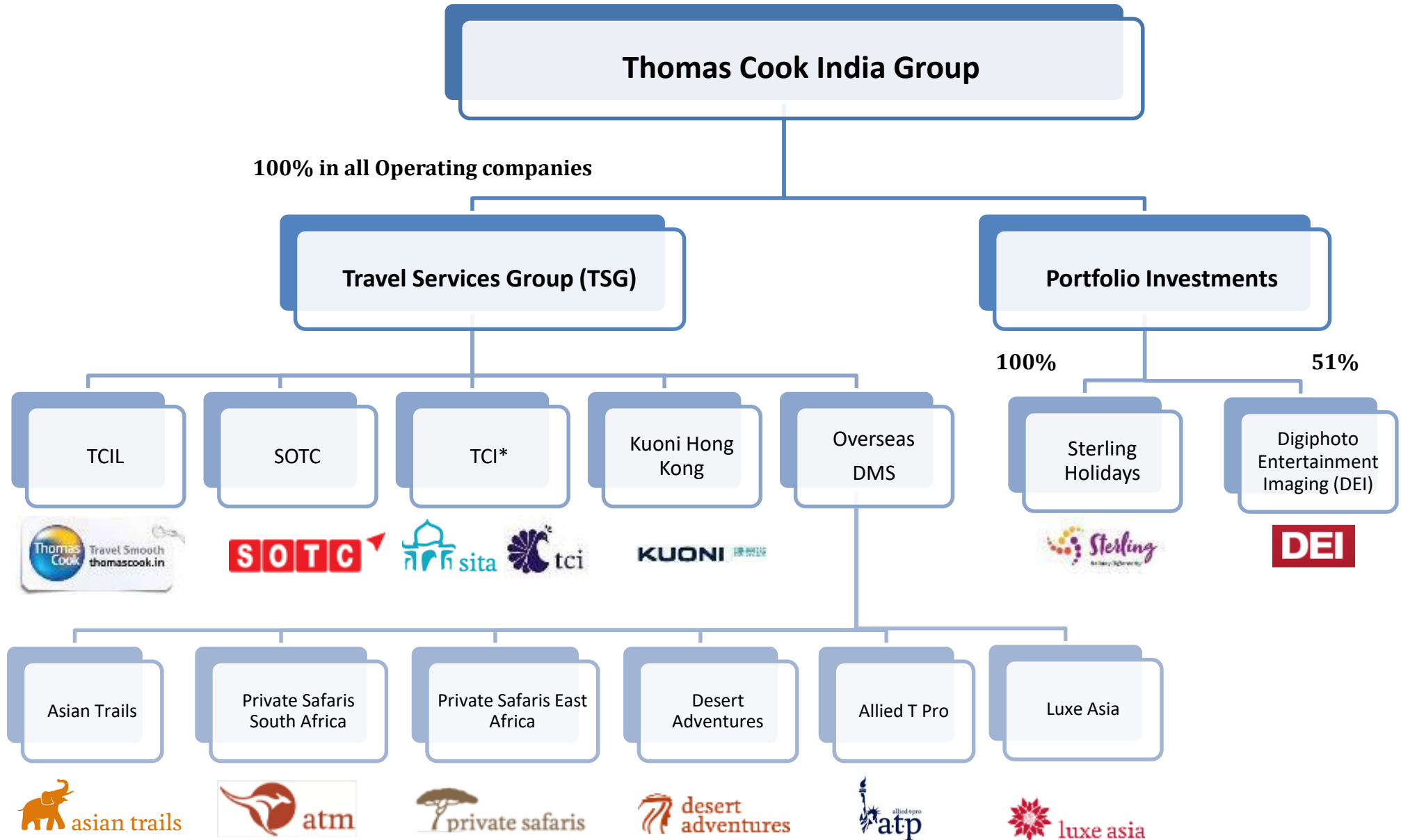
## Supplementary Information

- Thomas Cook Group Structure
- Portfolio Investment
  - Sterling Holiday Resorts Limited





# Thomas Cook Group Structure



\*Travel Corporation (India) Limited

# Portfolio Investments – Vacation Ownership & Resorts

## Q3 FY20 Update

- Total income for Q3 FY20 grew from Rs. 697 Mn. to Rs.753 Mn.
- Operating EBIDTA grew to Rs. 82 Mn in Q3 FY20 as compared to loss of Rs. 21 Mn. in Q3 FY19.
- Occupancy rate was higher by 2% as against the corresponding quarter of the last fiscal. The ARR has held at Rs. 4,565

Key Indicators	FY 17	FY 18	FY19	9M FY20
New members additions (Nos)	5,295	4,065	2,985	2,636
Cumulative member base	80,036	84,101	87,086	89,722
Average unit realization (Rs lacs)	2.88	2.99	2.99	3.5
Resort Occupancy	63%	64%	63%	68%
Average Room Rent (ARR) (Rs)	3,123	3,529	3,756	4,519
No of Rooms	2,034	1,977	2,278	2,386

Key financial Indicators (Rs mn)	FY 17	FY 18	FY19 (IndAs 115)	9M FY20 (Ind AS 116)
Revenue from operation	2,560.07	2,746.12	2,619.13	2,100.07
EBITDA including Other Income	(129.7)	27.62	(191.21)	82.90
PAT (after exceptional items)	(426.61)	(295.78)	(228.54)	(408.85)

# Current Resort Network (2300+ Operational rooms)

Riverfront & Heritage	Jungle	Beach	Mountain
Anaikatti (L)	Corbett (L)	Puri (O)	Dharamshala (L)
Shridi (L)	Sariska (MC)	Goa (L)	Manali (O)
Agra (L)	Thekkady (MC)	Karwar (L)	Mussoorie ((O)
Jaipur (MC)	Kanha (L)		Nainital (L)
Guruvayur (MC)			Kufri (L)
			Gangtok (L) & (MC)
			Darjeeling (O)
			Lonavala (L)
			Ooty (O)
			Yercaud (O)
			Kodai (O)
			Yelagiri (MC)
			Munnar (O)
			Wayanad (O)
			Mount Abu (L)
			Srinagar (MC)
			Rajakkad (MC)

**33 Resorts +  
4 Nature Trail Resort  
32 Destinations**



**Resort operating models:  
Owned (O), Leased (L) & Mgmt Contract (MC)**

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As one of the largest travel service provider networks headquartered in the Asia-Pacific region, The Thomas Cook India Group spans 29 countries across 5 continents, a team of over 9700 and a combined revenue in excess of Rs. 6718.7 Cr. (over \$ 0.96 Bn.) for the financial year ended March 31, 2019

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