



Mahindra Holidays &
Resorts India Limited

Q3 FY19
Investor Presentation
30th January, 2019

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Unique
Business Model



Leadership
Position in
Vacation
Ownership

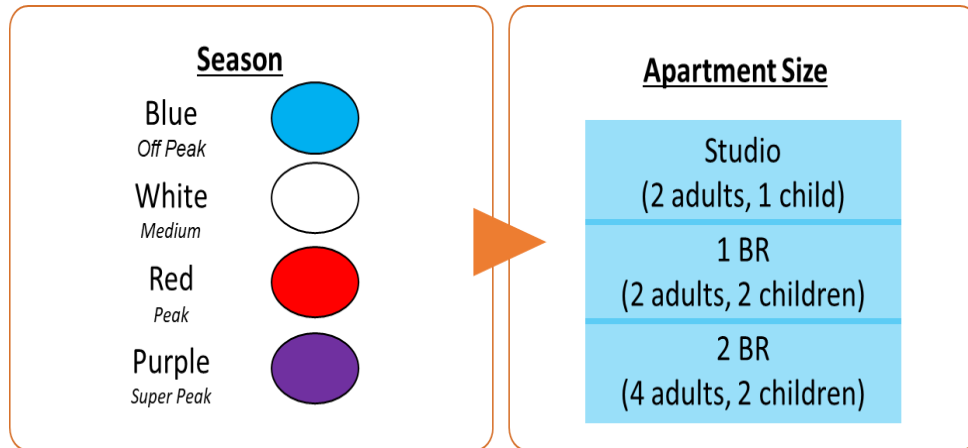


Impact of
Transition to
IND AS 115



Q3 FY19
Results
Update

Club Mahindra (CMH 25) Flagship Product Offering



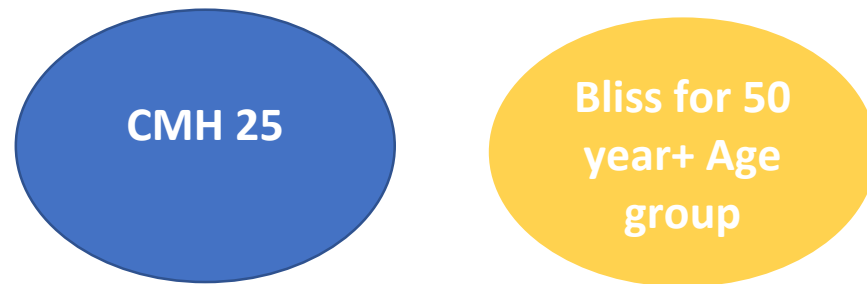
Target Profile of CMH 25 Member



28+ years of age
Married; 1-2 children (Age 3-15 years)
NCCS A+ & A

Appreciates quality family time
Takes regular vacation
Seeking variety
Plans in advance

Product Portfolio



Strategic Priorities



Sales Network and Revenue & Cost Model

Sales Network

- 117 branch offices, sales offices & channel partners
- Leads generated through Digital route, Referrals, Alliances, On-ground Events/Activities, Campaigns
- Share of pull based Digital & Referral leads stable at the 48-50% levels in FY17-FY18

Cost Model

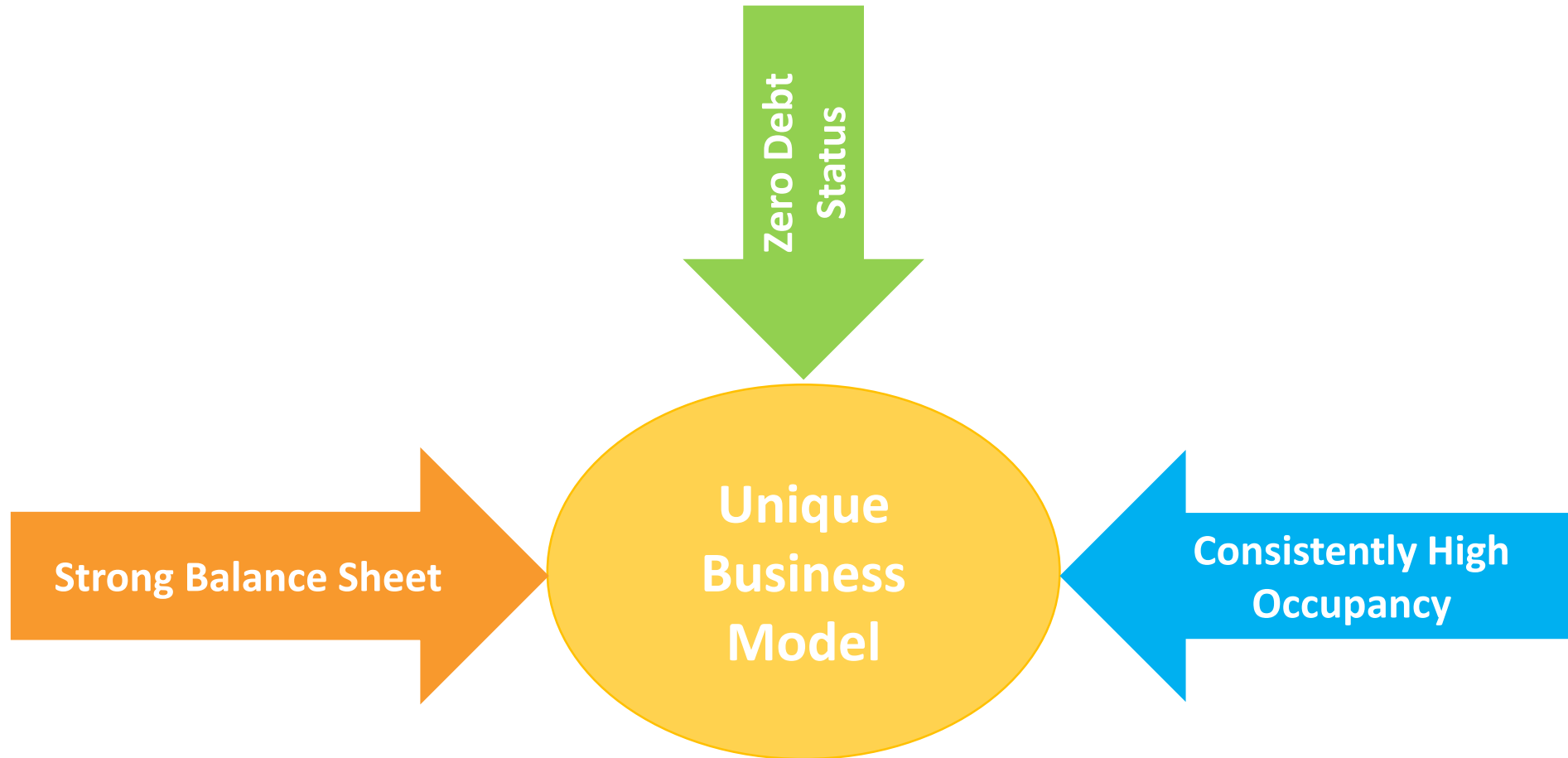
- ASF funds maintenance, renovation of resorts & member servicing

Revenue Model

- Vacation Ownership Income
 - Admission Fee
 - Entitlement Fee
 - Income from Upgrades
- Annual Subscription Fee
- Interest on Instalments
- Resort Income
 - Room
 - F&B
 - Holiday Activity
 - Spa & Wellness

Unique Business Model

Unique Business Model



Unique Business Model - Strong Balance Sheet

IND AS 115



**Deferred
Revenue**

Rs. 5,196 Cr

**Provides
Visibility of
Revenues**



**Strong Cash
Position**

Rs. 521 Cr

**Organic Growth
can be met
without relying
on External
Debt**



Receivables

Rs. 1,792 Cr

**Opportunity for
Inorganic
growth through
Securitization**



**Strong Asset
Base**

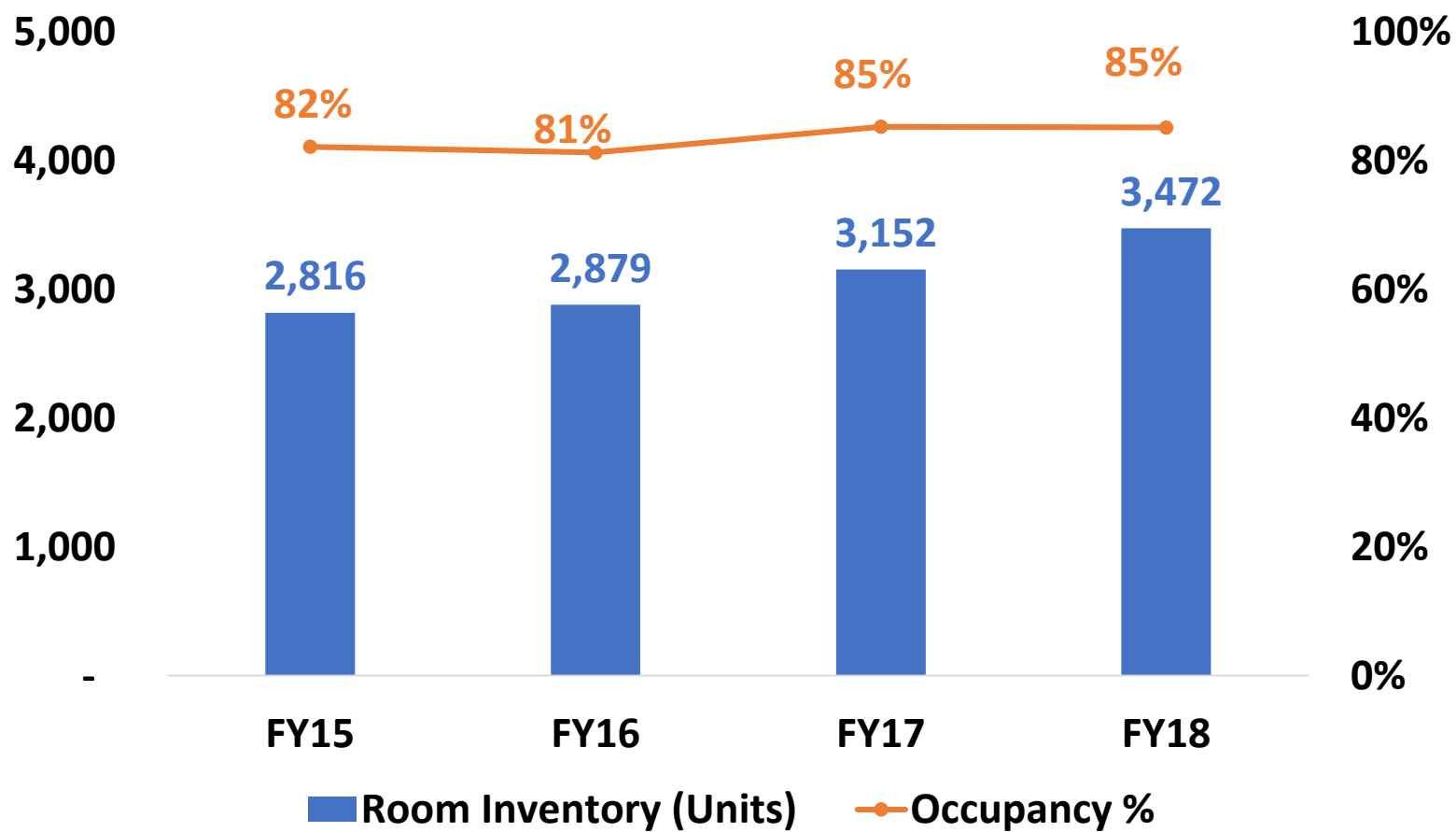
Rs. 1,792 Cr

**59 Resorts

Includes Land
Assets
Of Rs. 1,125 Cr**

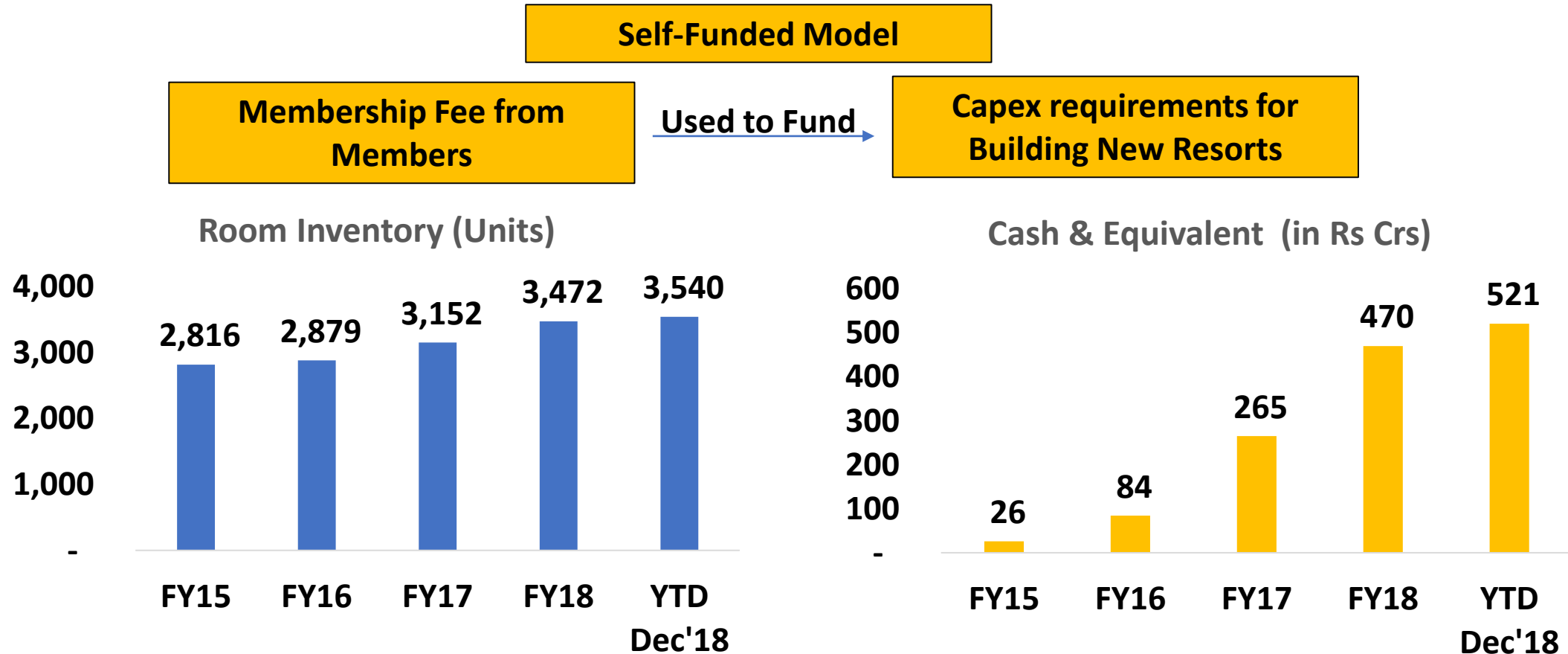
* Figures as on Dec 31, 2018

Unique Business Model - Consistently High Occupancy



High occupancy in resorts at 80%+ even with growing Inventory

Unique Business Model - Zero Debt (Standalone) Status



Cash Position Strong at Rs. 521 Cr as at 31st Dec'18 aided by focus on high-quality memberships with more conservative payment plans, involving higher down payments and fewer EMI's

Leadership Position in Vacation Ownership

Leadership Position in Vacation Ownership

Trusted Brand

**Choice of 59 Full
service resorts for
Members**

**2.47 Lakh+ Member
base
Track record of over
two decades**

Member Engagement

**Significant Recurring
Income
streams/Revenue
Visibility**

Hill Stations

- Manali, Shimla, Naldhera, Kandaghat
- Dharamshala, Kanatal, Binsar, Mashobra
- Mussoorie, Naukuchiatal, Srinagar
- Munnar, Ooty, Kodaikanal, Coorg, Yercaud, Wayanad
- Gangtok, Baiguney, Kalimpong, Darjeeling, Namchi
- Mahabaleshwar, Lonavala, Hatgad

Beaches

- Varca, Emerald Palms, Acacia Palms - Goa
- Cherai
- Pondicherry
- Ganpatipule
- Srilanka

Backwaters

- Ashtamudi
- Kumarakom
- Poovar
- Allepey

Wildlife

- Corbett
- Gir
- Kanha
- Thekkady

Forts & Heritage

- Kumbhalgarh
- Udaipur
- Jaisalmer
- Jaipur
- Jodhpur
- Dwarka

Cities

- Cochin
- Nadiad
- Dubai
- Kuala Lumpur
- Singapore
- Bangkok

Member Engagement In Resorts & Cities

Dreamscapes

- Wide variety of in-city experiences especially curated for members
- 2,400+ experiences available in 50 cities

Heart-to-Heart

- In-city meets include leisure & edutainment activities for members
- 10,000 members participated in FY18

Curated Vacations

- Festivals & theme-based vacation experiences for members at attractive prices

Exchange Program

- Creating choice of destinations for members for a Fee
- Members can exchange room nights for stays in top-rated hotel chains in India & abroad

Cruise Experiences

- Preferential pricing & room night exchange for cruise experiences
- Available on popular cruising routes in South Asia and South East Asia

Mobile App

- Mobile app has become preferred platform of engagement for members
- Use of Analytics for personalised recommendations

Video/Social Media

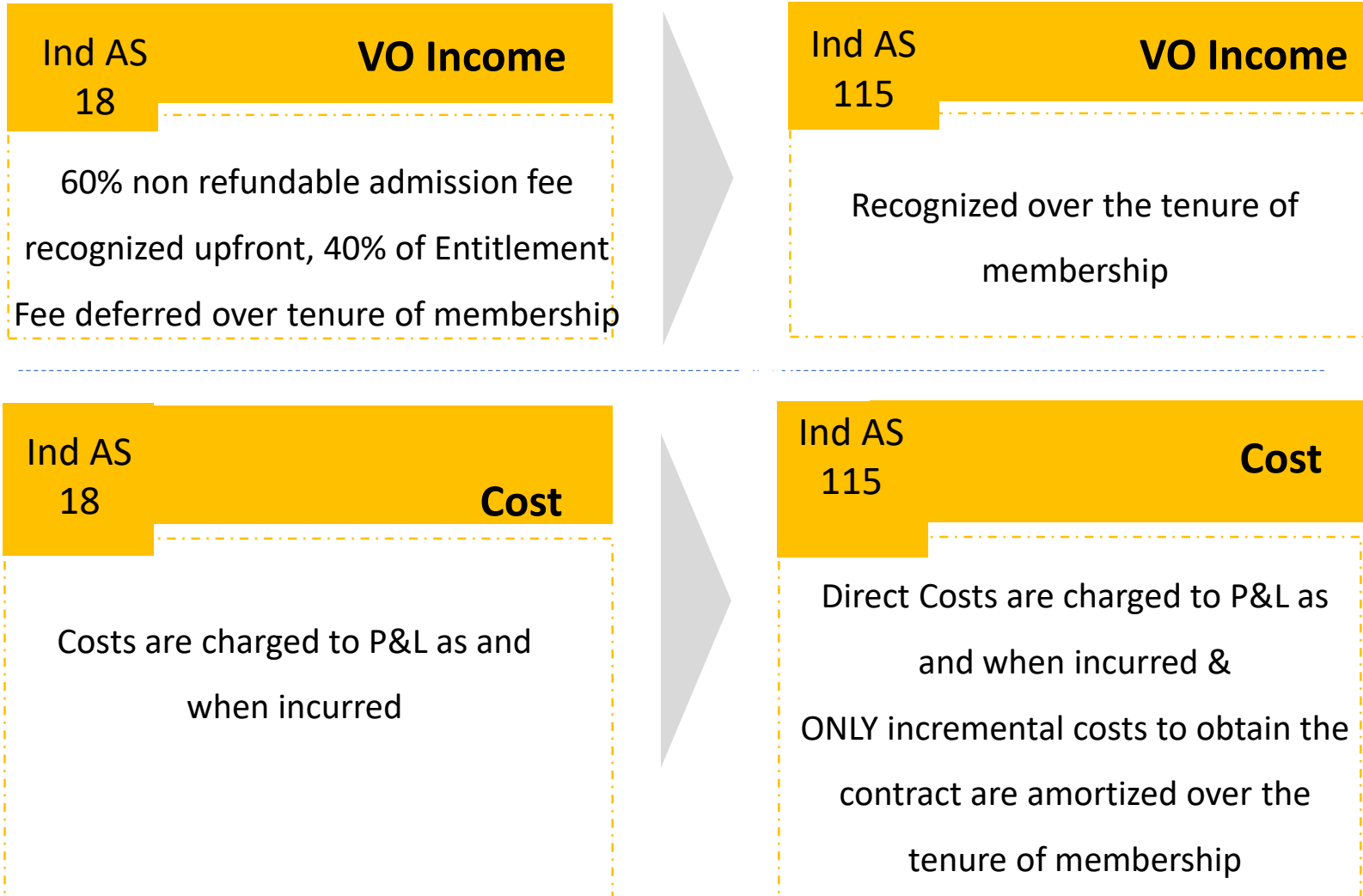
- Created video content on our resorts, offerings & experiences
- Increasing Social Media presence for engagement, positive online sentiment & faster complaint resolution

Resort Campaigns

- Curating special itineraries with activities & events in some resorts e.g. 'White Winters'

Transition to IND AS 115

Transition to IND AS 115 – Impact on Revenue & Cost



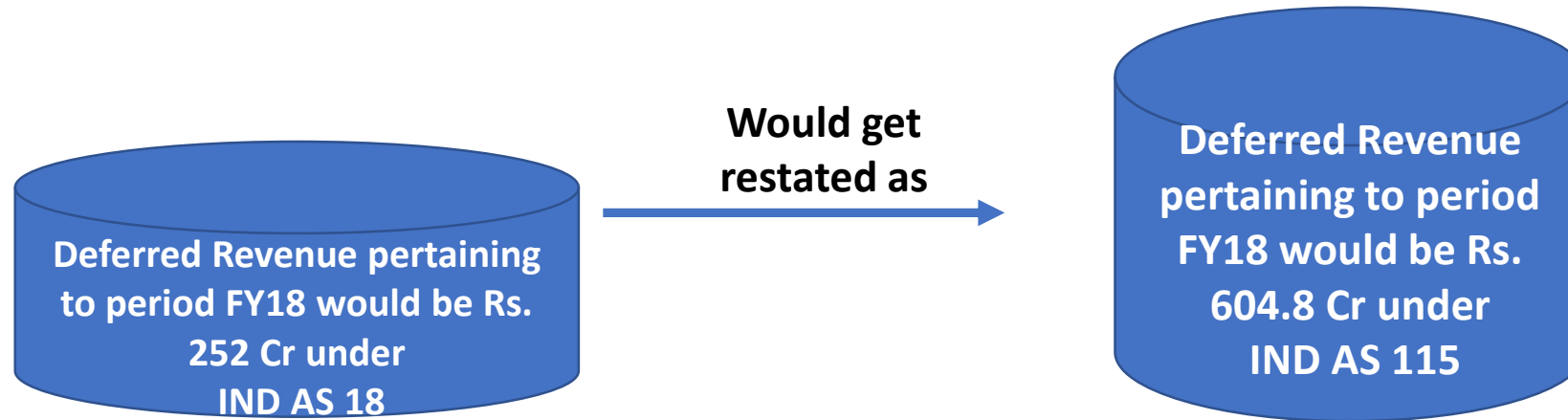
Transition to IND AS 115 – Illustrative Example

As Per IND AS 18 (60:40)						
Particulars	FY18					
New Members (Units)	~18,000					
Avg. Realization (Rs. Lakh)	~3.5					
60% Revenue Recognized in FY18; 40% over tenure of membership						
Particulars	FY18	FY19	FY20	FY21	FY42
Revenue (Rs. Cr)	378.0	10.5	10.5	10.5	10.5	Cum. 630
Deferred Revenue (Rs. Cr)	252.0	241.5	231.0	220.5	0

As Per IND AS 115 (Spread over 25 years)						
Particulars	FY18					
New Members (Units)	~18,000					
Avg. Realization (Rs. Lakh)	~3.5					
4% Revenue Recognized in FY18; 96% over tenure of membership						
Particulars	FY18	FY19	FY20	FY21	FY42
Revenue (Rs. Cr)	25.2	25.2	25.2	25.2	25.2	Cum. 630
Deferred Revenue (Rs. Cr)	604.8	579.6	554.4	529.2	0

Transition to IND AS 115 –Illustrative Example

As a result of Transition to IND AS 115, Deferred Revenue will be restated and significantly higher



Transition to IND AS 115 will result in

- All Active Contracts getting restated resulting in a significantly **Higher Deferred Revenue Balance**
- **Higher Visibility in Revenues** as 4% of Cumulative membership revenue since inception of the Company gets recognized in P&L every year



Transition to IND AS 115 – Key Takeaways

- **Income recognized equally over the tenure of membership (4% per year for 25 year product) as against 60% upfront & 40% deferred in AS 18**
- **Only incremental costs to obtain the membership are amortized over the tenure of membership**
- **Unit economics remains the same over the tenure of the membership**
- **No impact on Cash Flows**
- **95%+ of the revenues are predictable and recurring thereby significantly increasing the visibility of revenues in the Future**
- **Deferred Revenue will grow faster since 96% of sale value is deferred while the recognition in P&L (out of Deferred Revenue Pool) is 4% of Cumulative membership revenue since inception of the Company**
- **Deferred Revenue Income (in P&L) from the growing Deferred Revenue Pool, without incremental cost, will lead to improvement of profitability in the future**

Operating Performance

Q3 FY19 Performance

IND AS 18



Membership Base

Member Addition

3,984



Occupancy Levels

Occupancy

81.9%



Margin

PBT Margin

20.6%

200 bps
YoY growth



Resort Income

Resort Income

Rs. 58 Cr

4.1%

YoY growth

YTD FY19 Performance

IND AS 18



Membership Base

Member Addition

12,706

6.7%

YoY growth



Occupancy Levels

Occupancy

82.6%



Margin

PBT Margin

19.5%

80 bps

YoY growth



Resort Income

Resort Income

Rs. 165 cr

3.2%

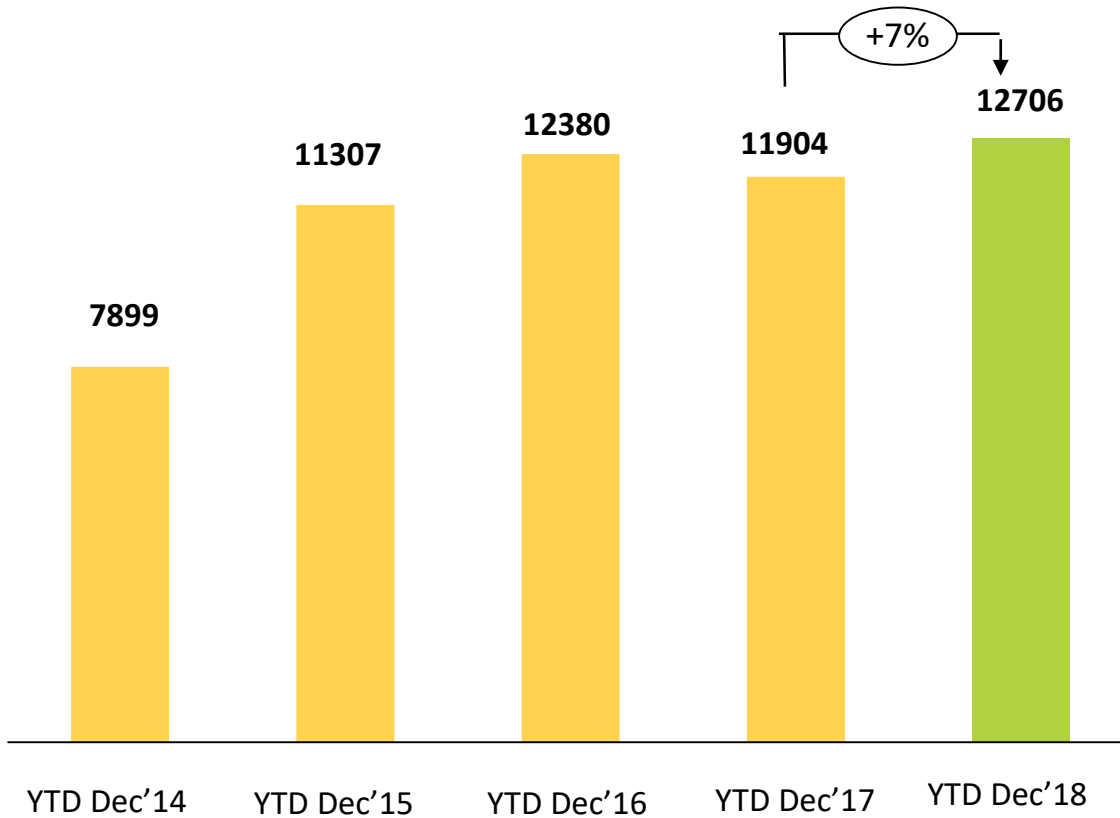
YoY growth

Key indicators (No)	Q3 FY19	Q3 FY18	YoY
Cumulative Member Base	247,716	229,643	7.9%

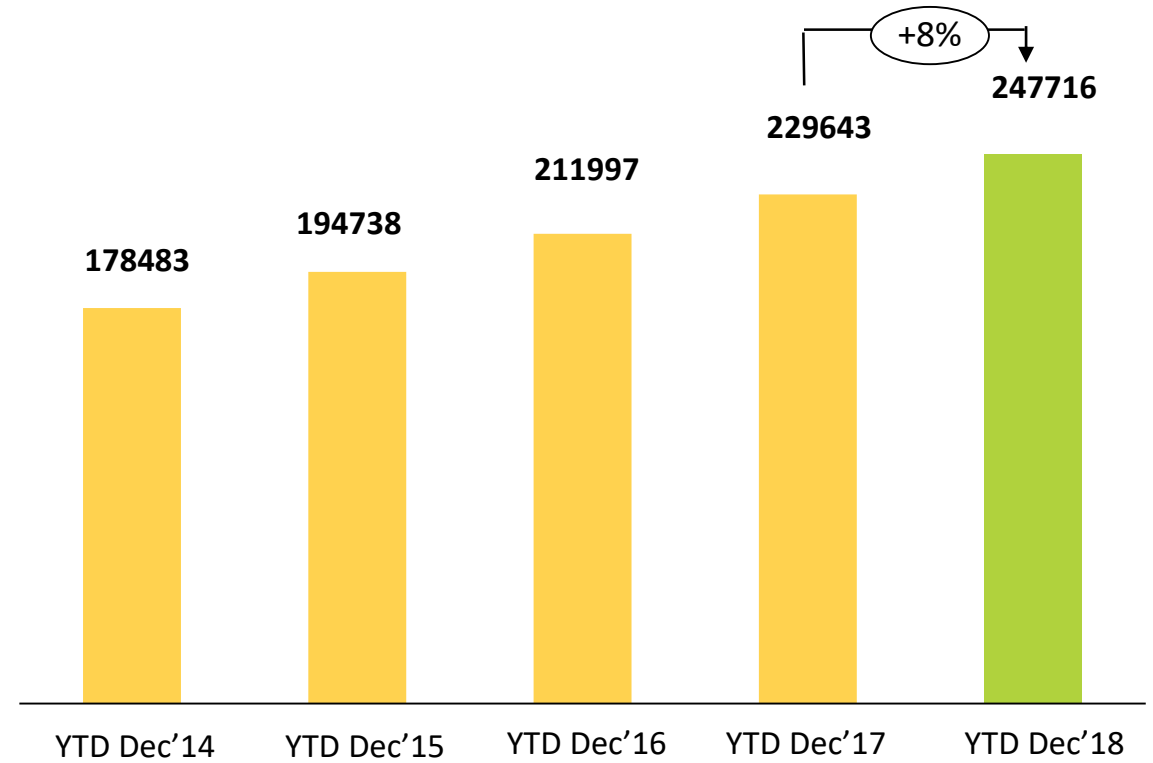
Resort Details	Q3 FY19	Q3 FY18
No of Resorts	59	53
No of Rooms	3,540	3,362
Occupancy %	82%	85%
ARR (Rs)	4,176	4,505

Member Additions

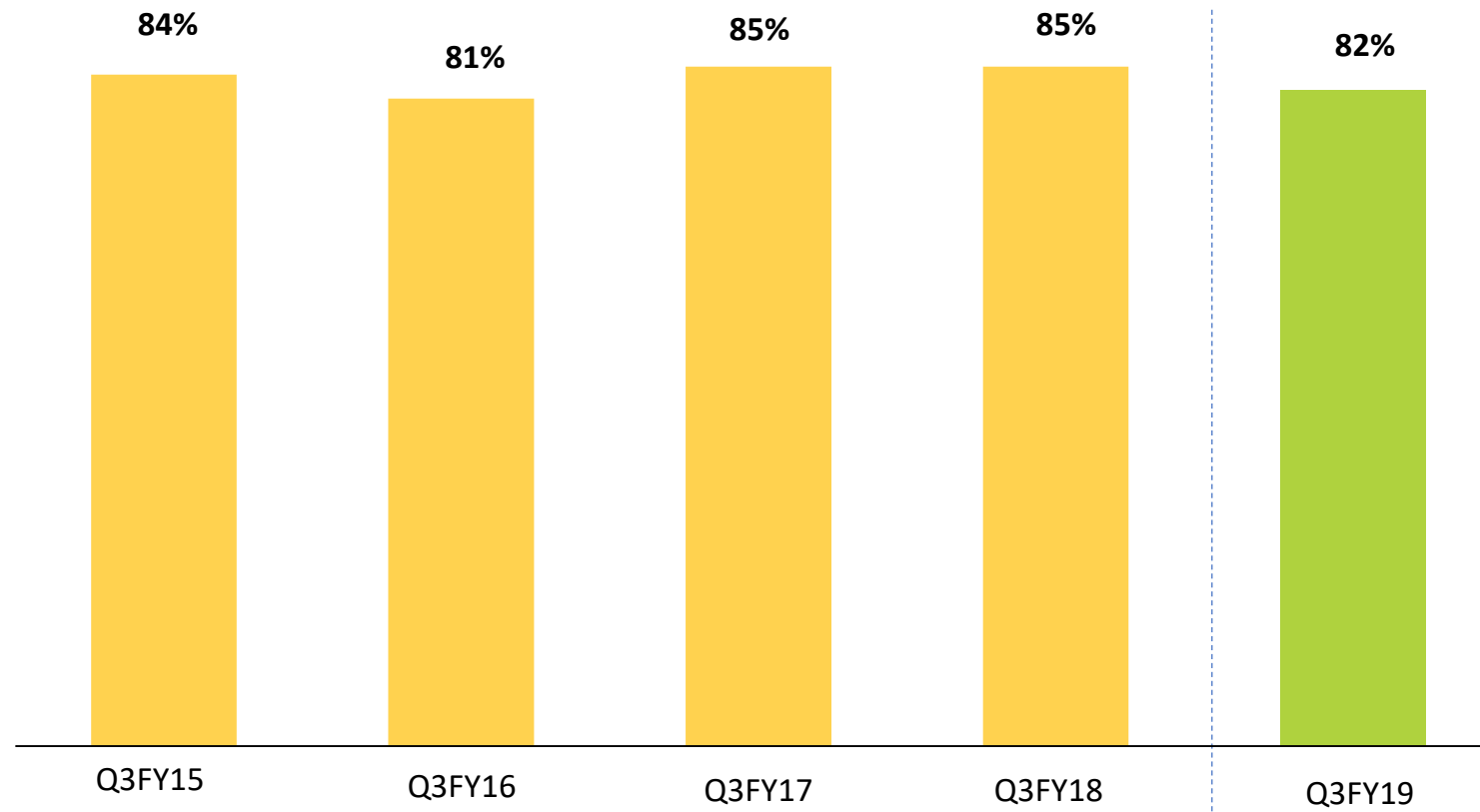
YTD Member Addition Trend



YTD Cumulative Member Base



Q3 Occupancy



Our growing International presence

40 destinations & growing...

UAE & Asia – 6 destinations



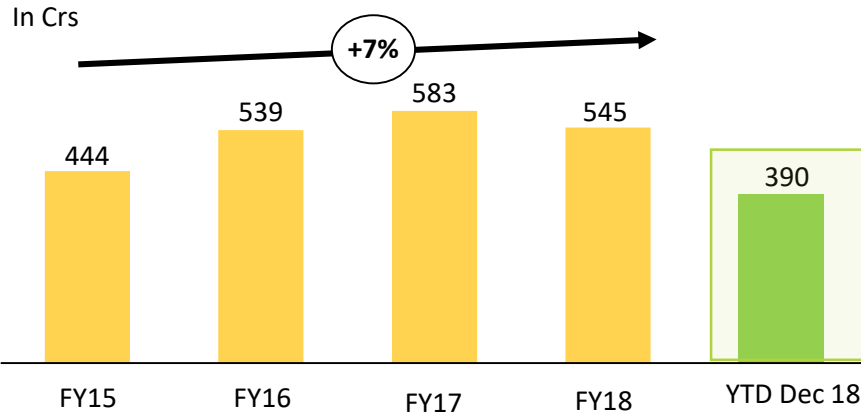
Europe & US – 34 destinations



Financial Performance

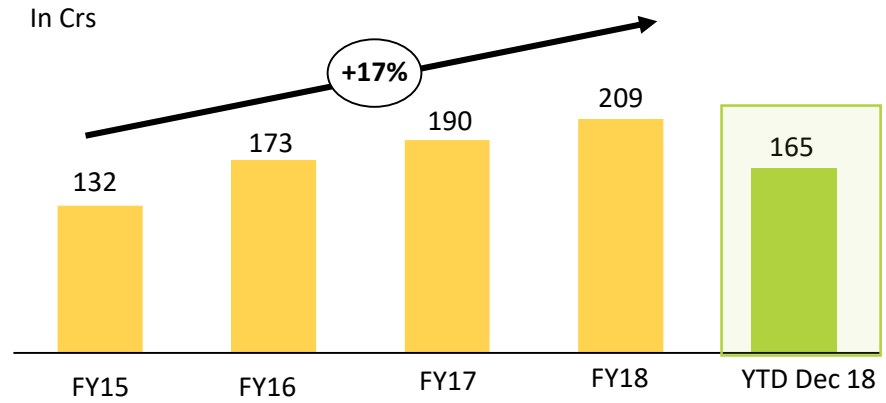
Income Trend

VO Income

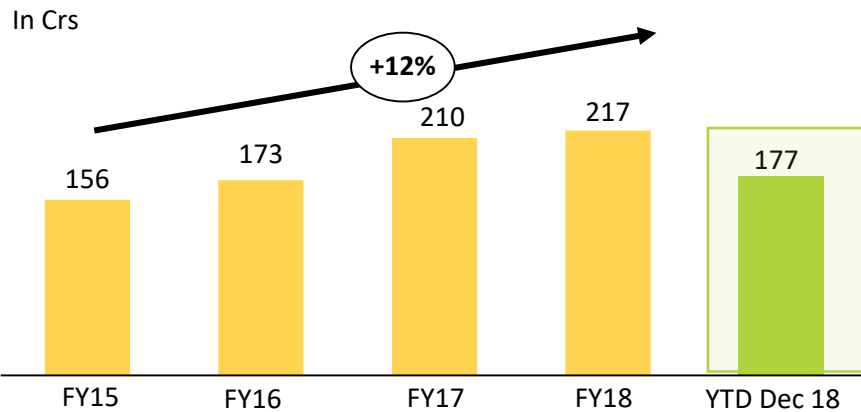


Resort Income

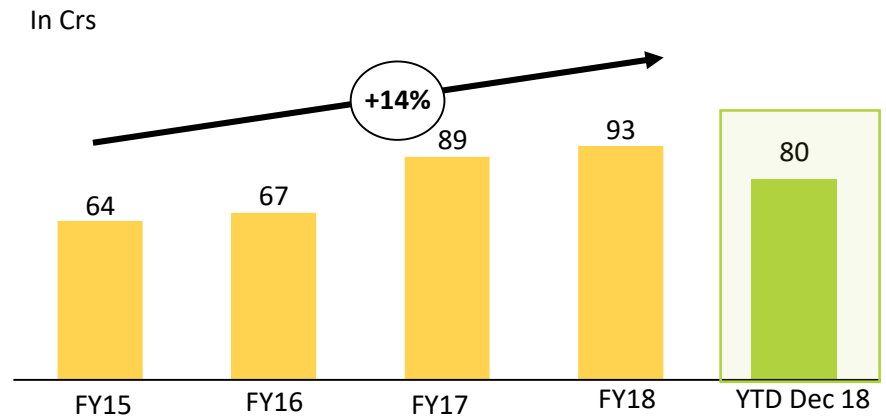
IND AS 18



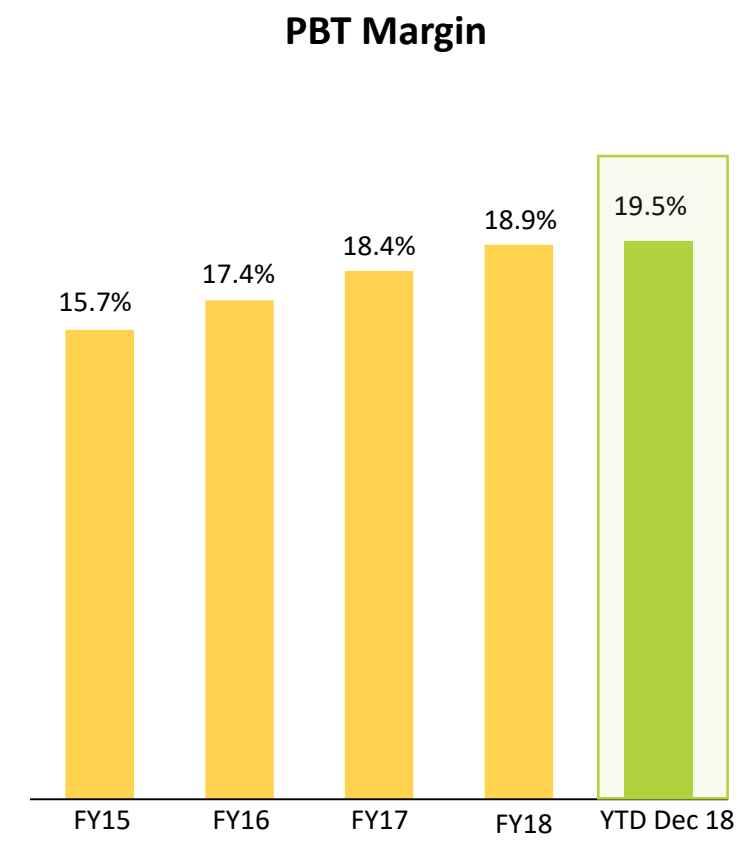
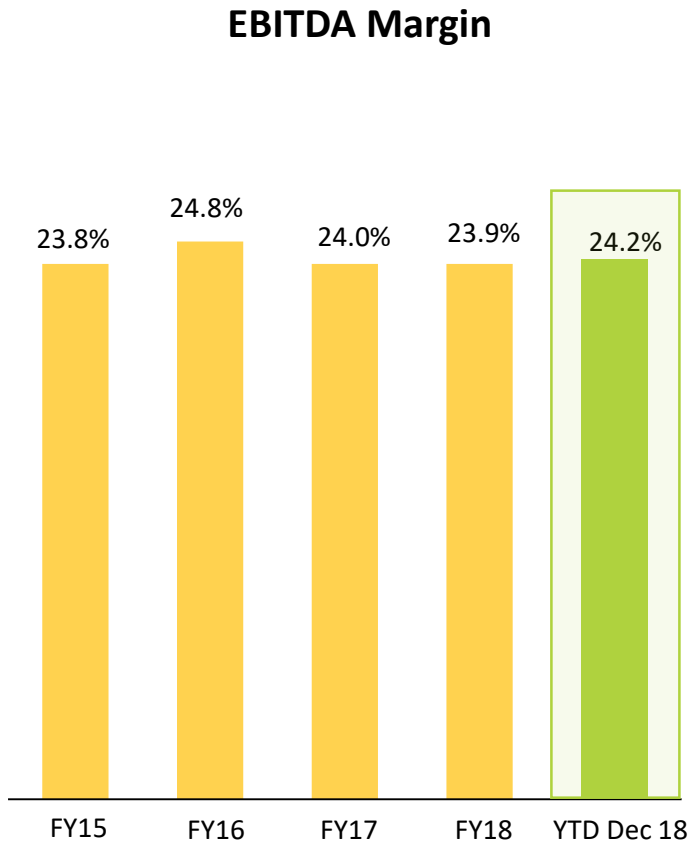
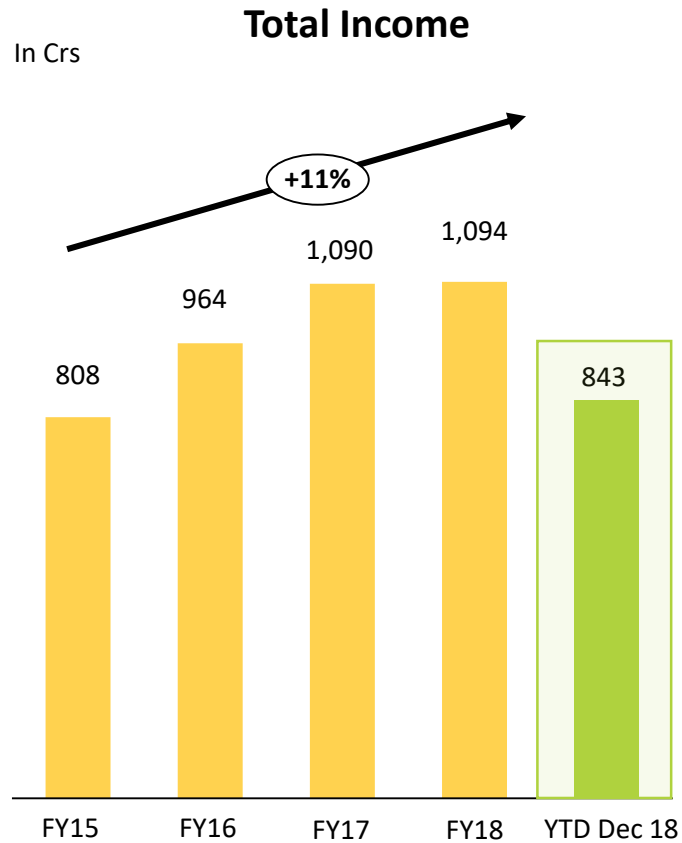
ASF Income



Interest & Others



IND AS 18



Income Break Up – Q3FY19

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Total Income	Q3 FY19	Q3 FY19	Q3 FY18	YoY
Income from Vacation Ownership	7,680	12,364	12,732	-2.9%
ASF	6,703	6,214	5,431	14.4%
Resort Income	5,838	5,838	5,608	4.1%
<i>Room</i>	1,220	1,220	1,117	9.2%
<i>F&B</i>	3,583	3,583	3,445	4.0%
<i>Holiday Activity & Others</i>	1,035	1,035	1,046	-1.1%
Interest & Others	3,385	2,795	2,309	21.0%
Non-Operating Income	1,081	1,081	503	114.9%
Total Income	24,687	28,292	26,583	6.4%

Income Break Up – YTD Dec'18

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Total Income	YTD Dec'18	YTD Dec'18	YTD Dec'17	YoY
Income from Vacation Ownership	23,038	38,982	38,078	2.4%
ASF	19,231	17,665	15,864	11.4%
Resort Income	16,489	16,489	15,971	3.2%
<i>Room</i>	3,407	3,407	3,070	11.0%
<i>F&B</i>	10,138	10,138	9,936	2.0%
<i>Holiday Activity & Others</i>	2,944	2,944	2,965	-0.7%
Interest & Others	9,242	8,001	6,891	16.1%
Non-Operating Income	3,131	3131	2016	55.3%
Total Income	71,131	84,268	78,820	6.9%

Profit & Loss Statement – Q3FY19

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Rs.	Q3 FY19	Q3 FY19	Q3 FY18	YoY
Revenue from Operations	23,606	27,211	26,080	4.3%
Non-Operating Income	1,081	1081	503	114.9%
Total Income	24,687	28,292	26,583	6.4%
Employee Benefit Expenses	6,253	6,415	6,095	
Finance Cost	1	1	1	
Depreciation	1,290	1,290	1,348	
Sales & Marketing Expenses	3,817	4,570	4,856	
Rent	3,336	3,336	2,743	
Other Expenses	6,674	6,850	6,603	
Total Expenditure	21,371	22,462	21,646	3.8%
Profit Before Tax (PBT)	3,316	5,830	4,937	18.1%
Profit after Tax (PAT)	2,125	3,763	3,176	18.5%

Profit & Loss Statement – YTD Dec'18

In Lakhs	Ind AS 115	Ind AS 18	Ind AS 18	Growth
Rs.	YTD Dec'18	YTD Dec'18	YTD Dec'17	YoY
Revenue from Operations	68,000	81,137	76,804	5.6%
Non-Operating Income	3,131	3131	2016	55.3%
Total Income	71,131	84,268	78,820	6.9%
Employee Benefit Expenses	18,342	19,673	17,852	
Finance Cost	2	2	3	
Depreciation	3,924	3,924	4,187	
Sales & Marketing Expenses	11,348	13,884	14,392	
Rent	9,786	9,786	7,841	
Other Expenses	19,993	20,532	19,773	
Total Expenditure	63,395	67,801	64,048	5.9%
Profit Before Tax (PBT)	7,736	16,467	14,772	11.5%
Profit after Tax (PAT)	4,944	10,633	9,580	11.0%

Ind AS 115 – Reconciliation for Q3FY19

In Lakhs

Sl. No	Particulars		Quarter ended December 31, 2018 (Unaudited)			Quarter ended Dec 31, 2017 (Unaudited)
			As reported under IND AS 115	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
1.	Revenue from Operations		23,606.41	3,605.00	27,211.41	26,079.81
2.	Other Income		1,080.99	-	1,080.99	503.25
3.	Total Income (1+2)		24,687.40	3,605.00	28,292.40	26,583.06
4.	Expenses					
	a. Employee benefits expense		6,253.13	161.49	6,414.62	6,095.36
	b. Finance costs		1.17	-	1.17	0.79
	c. Depreciation and amortisation expense		1,290.16	-	1,290.16	1,348.11
	d. Other expenses		13,826.50	930.35	14,756.85	14,201.36
5.	Total Expenditure		21,370.96	1,091.84	22,462.80	21,645.62
6.	Profit before tax (3-5)		3,316.44	2,513.16	5,829.60	4,937.44
7.	Tax expense					
	- Current tax		1,732.99	-	1,732.99	1,366.57
	- Deferred tax		(541.18)	874.97	333.79	394.95
	Total tax expense on 6 above		1,191.81	874.97	2,066.78	1,761.52

Ind AS 115 – Reconciliation for Q3FY19

In Lakhs

Contd..

Sl. No	Particulars	Quarter ended December 31, 2018 (Unaudited)			Quarter ended Dec 31, 2017 (Unaudited)
		As reported under IND AS 115	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
8.	Profit after tax for the period (6-7)	2,124.63	1,638.19	3,762.82	3,175.92
9.	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	Remeasurements of the defined benefit liabilities / (asset)	11.46	-	11.46	(39.20)
	Freehold land revaluation	-	-	-	-
	Income taxes related to items that will not be reclassified to profit or loss	30.79	-	30.79	13.57
	Net other comprehensive income not to be reclassified subsequently to profit or loss	42.25	-	42.25	(25.63)
10.	Total Comprehensive Income for the period (8+9)	2,166.88	1,638.19	3,805.07	3,150.29
11.	Earnings Per Share on Net Profit for the period (sl no 8) in Rupees (not annualized)				
	(a) Basic (in Rs)	1.60	1.23	2.83	2.40
	(b) Diluted (in Rs)	1.60	1.23	2.83	2.39

Ind AS 115 – Reconciliation for YTD Dec'18

In Lakhs

Sl. No	Particulars		Nine Months ended December 31, 2018 (Unaudited)			Nine Months ended December 31, 2017 (Unaudited)
			As reported	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
1.	Revenue from Operations		67,999.83	13,137.14	81,136.97	76,803.79
2.	Other Income		3,130.99	-	3,130.99	2,016.04
3.	Total Income (1+2)		71,130.82	13,137.14	84,267.96	78,819.83
4.	Expenses					
	a. Employee benefits expense		18,342.15	1,330.57	19,672.72	17,852.34
	b. Finance costs		2.17	-	2.17	3.00
	c. Depreciation and amortisation expense		3,924.41	-	3,924.41	4,187.32
	d. Other expenses		41,126.54	3,075.33	44,201.87	42,004.97
5.	Total Expenditure		63,395.27	4,405.90	67,801.17	64,047.63
6.	Profit before tax (3-5)		7,735.55	8,731.24	16,466.79	14,772.20
7.	Tax expense					
	- Current tax		4,934.52	-	4,934.52	4,635.60
	- Deferred tax		(2,142.99)	3,041.83	898.84	556.38
	Total tax expense on 6 above		2,791.53	3,041.83	5,833.36	5,191.98

Ind AS 115 – Reconciliation for YTD Dec'18

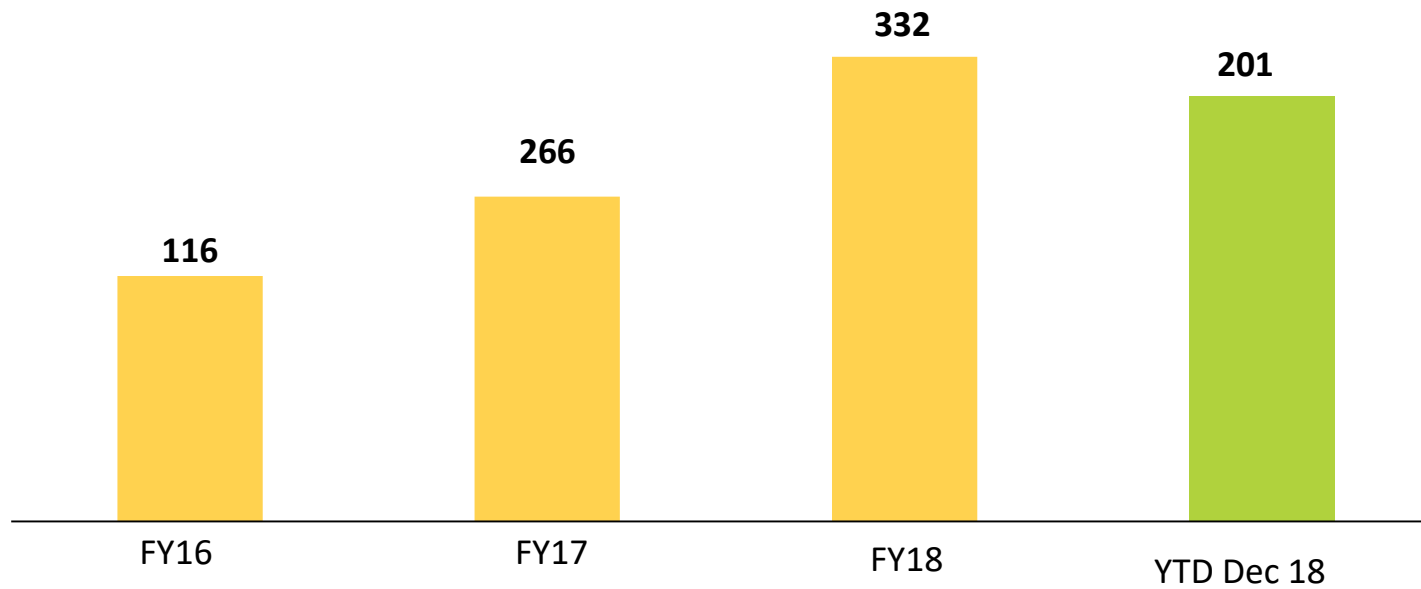
In Lakhs

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Sl. No	Particulars		Nine months ended December 31, 2018 (Unaudited)			Nine months ended Dec 31, 2017 (Unaudited)
			As reported under IND AS 115	Impact of Ind AS 115	Amount without adoption of Ind AS 115	Amount without adoption of Ind AS 115
8.	Profit after tax for the period (6-7)		4,944.02	5,689.41	10,633.43	9,580.22
9.	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
	Remeasurements of the defined benefit liabilities / (asset)		21.41	-	21.41	(94.19)
	Freehold land revaluation		96,339.40	-	96,339.40	-
	Income taxes related to items that will not be reclassified to profit or loss		(22,989.02)	-	(22,989.02)	32.60
	Net other comprehensive income not to be reclassified subsequently to profit or loss		73,371.79	-	73,371.79	(61.59)
10.	Total Comprehensive Income for the period (8+9)		78,315.81	5,689.41	84,005.22	9,518.63
11.	Earnings Per Share on Net Profit for the period (sl no 8) in Rupees (not annualized)					
	(a) Basic (in Rs)		3.72	4.28	8.00	7.23
	(b) Diluted (in Rs)		3.72	4.27	7.99	7.22

Operating Cash continues to grow

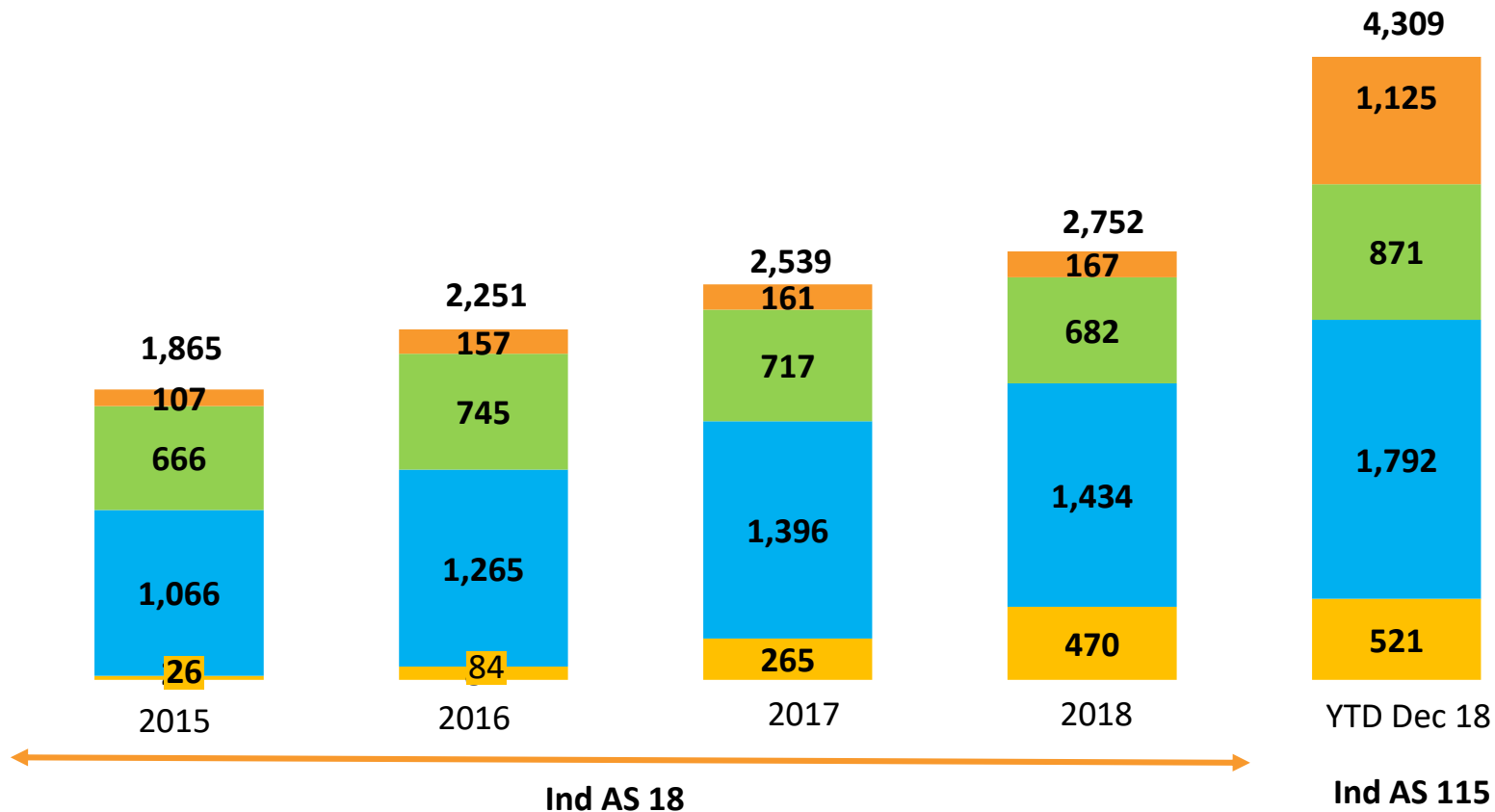
In Crs



Rs. 915 Crs
Cumulative operating
Cash since FY16

Strong Balance Sheet Position

In Crs



Land Assets Revalued during Sep'18 & stands at Rs. 1,125 Cr

Cash growing at a healthy rate

Land Assets Other Fixed Assets (WDV) Receivables Cash & Cash Equivalents



Thank You