



Mahindra Holidays &
Resorts India Limited

Q1 FY20
Investor Presentation
31st July 2019

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Unique
Business Model



Leadership
Position in
Vacation
Ownership

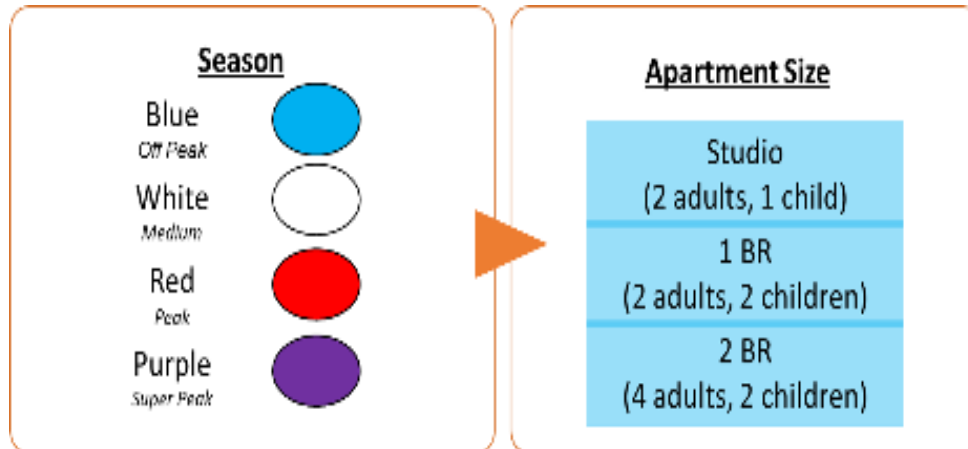


Impact of
Transition to
IND AS
115/116



Q1 FY20
Results
Update

Club Mahindra (CMH 25) Flagship Product Offering



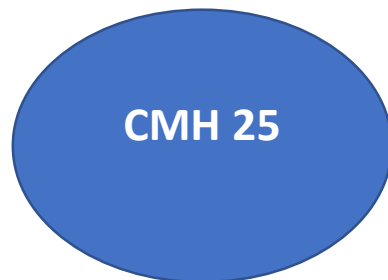
Target Profile of CMH 25 Member



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



Bliss for 50
year+ Age
group

Strategic Priorities

Grow Member Base

Strengthen & Leverage
Brand

Create Marquee resorts in
unexplored destinations

Member Engagement

Drive Operational
Efficiency

Maximize Lifetime Value
of members

Sales Network and Revenue & Cost Model

Sales Network

- 124 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 44% in FY19.

Cost Model

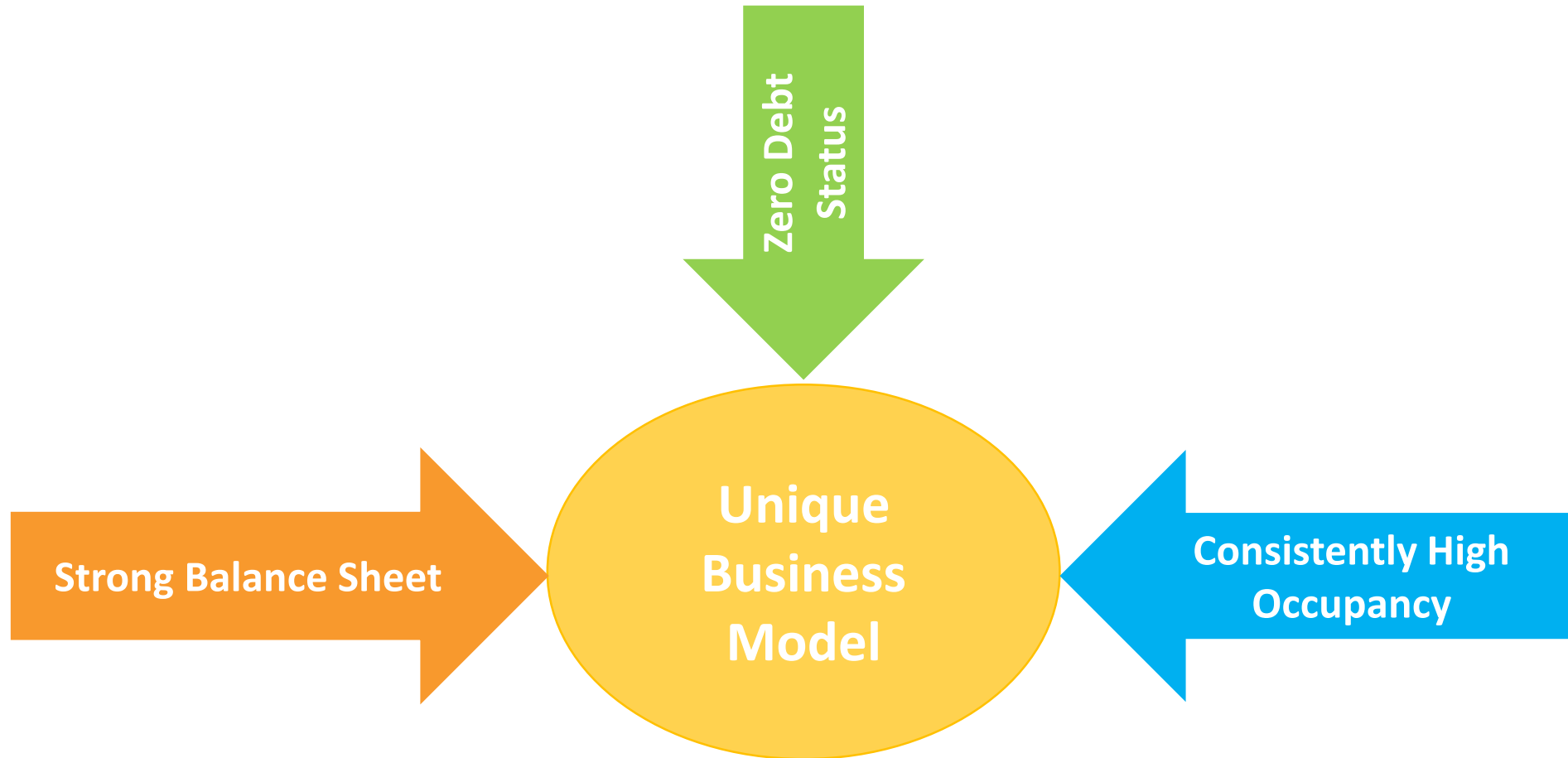
- ASF funds maintenance, renovation of resorts & member servicing

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

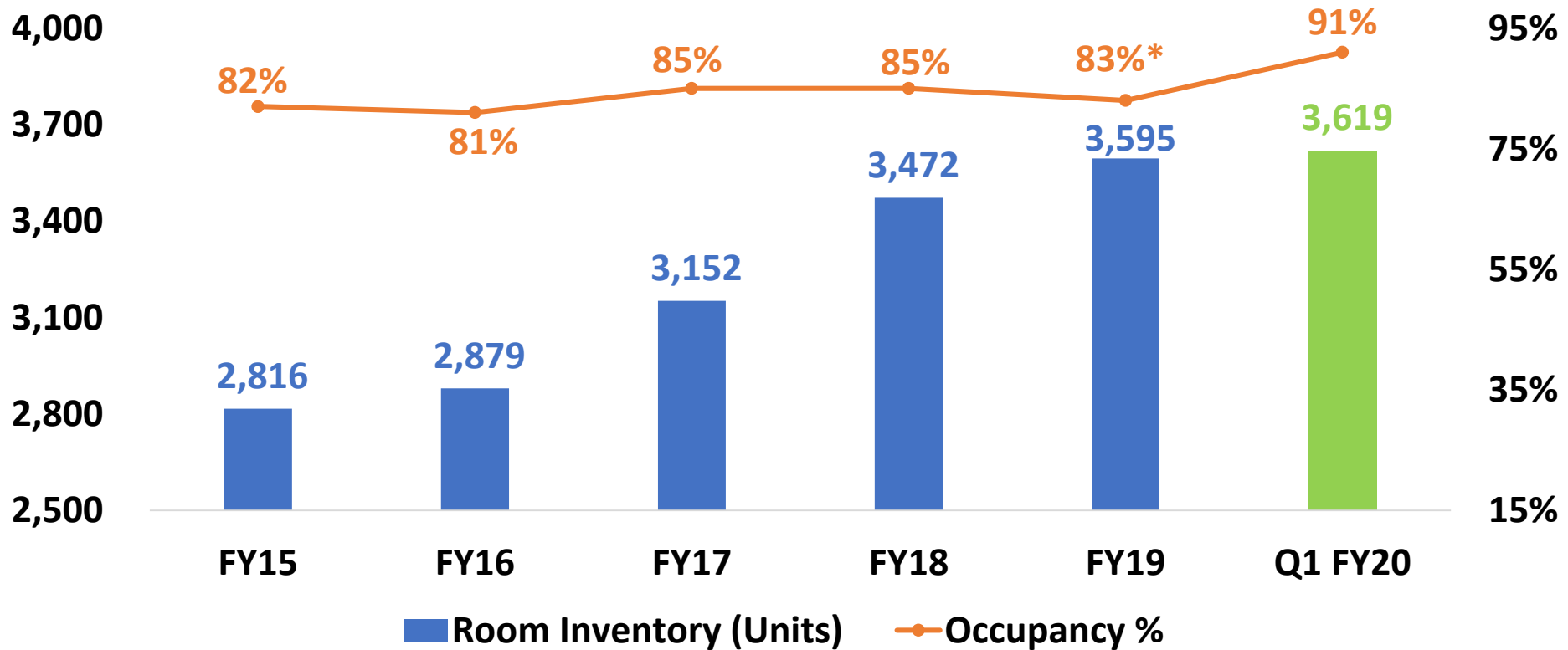


Unique Business Model - Strong Balance Sheet

 Deferred Revenue	 Strong Cash Position	 Receivables	 Strong Asset Base
Rs. 5,356 Cr	Rs. 655 Cr	Rs. 1,669 Cr	Rs. 1,786 Cr*
Income which will be recognized over the tenure of membership	Organic Growth can be met without relying on External Debt	Opportunity for Inorganic growth through Securitization	61 Resorts Includes Land Assets of Rs. 1,129 Cr

*Excluding IND AS 116 ROU Asset

Unique Business Model - Consistently High Occupancy



*Low Occupancy due to unprecedented floods in Kerala & Coorg in August'18

High occupancy in resorts at 91% even with growing Inventory

Leadership Position in Vacation Ownership

Leadership Position in Vacation Ownership

Trusted Brand

**Choice of 61 fully
serviced resorts for
Members**

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

Member Engagement

**Significant Recurring
Income
streams/Revenue
Visibility**

Resort Diversity

Hill Stations

- Manali, Shimla, Naldhera, Kandaghat
- Dharamshala, Kanatal, Binsar
- 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
- Diu

Backwaters

- Ashtamudi
- Kumarakom
- Poovar
- Allepey

Wildlife

- Corbett
- Gir
- Kanha
- Thekkady

Forts & Heritage

- Kumbhalgarh
- Udaipur
- Jaisalmer
- Jaipur
- Jodhpur
- Dwarka, Gujarat
- Hampi, Karnataka

Cities

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

Member Engagement

Dreamscapes

- Wide variety of in-city experiences especially curated for members
- 2,200+ experiences available in 50 cities

Heart-to-Heart

- In-city meets include leisure & edutainment activities for members
- 18,000+ members participated in FY19

Curated Vacations

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

Exchange Program

- Creating choice of destinations for members for a Fee (109 Partners Hotels across 65+ destinations)
- Exchange of room nights for stays at reputed 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

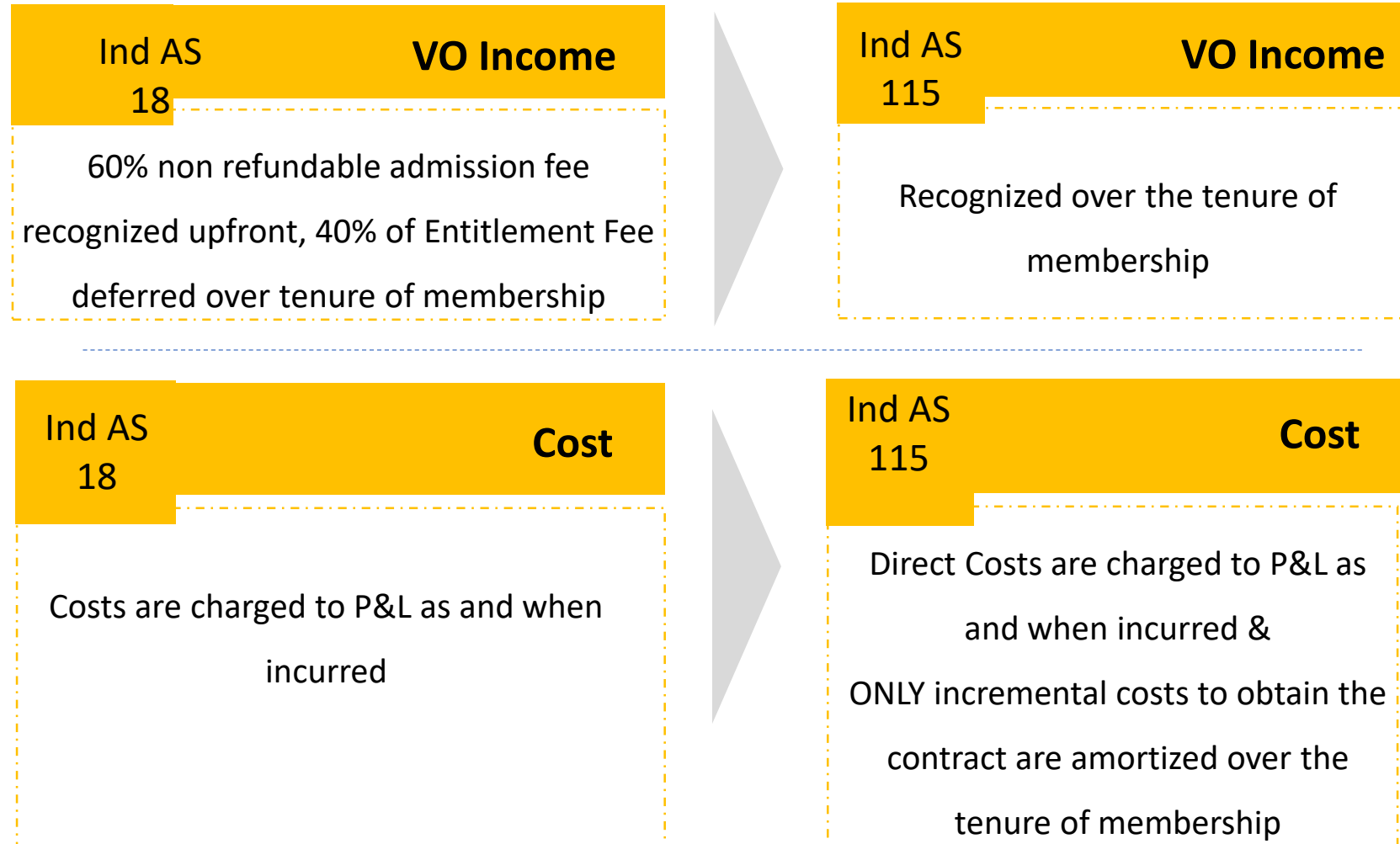
- Created video content on our resorts, offerings & experiences
- Increasing Social Media presence for engagement, positive online sentiment & faster complaint resolution

Resort Campaigns

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

Transition to IND AS 115 & 116

Transition to IND AS 115 – Impact on Revenue & Cost



While significant part of Income is deferred, significant expenses are charged upfront

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 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 is 4%**
- **Deferred Revenue will increase every year from the growing Deferred Revenue Pool, without incremental cost, will lead to improvement of profitability in the future**

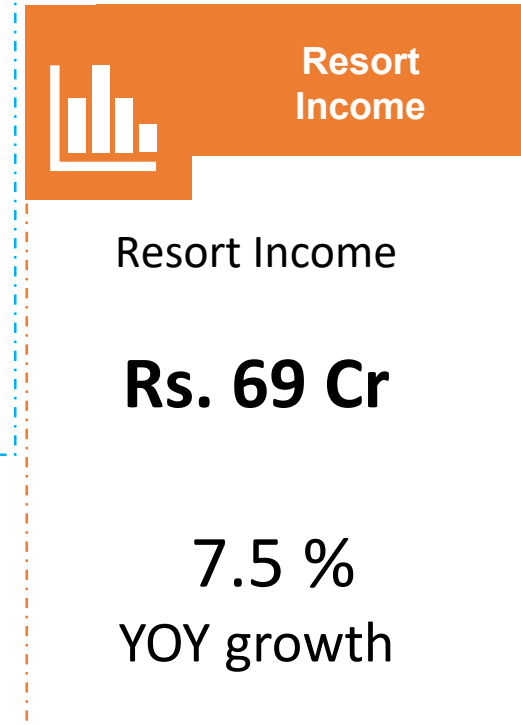
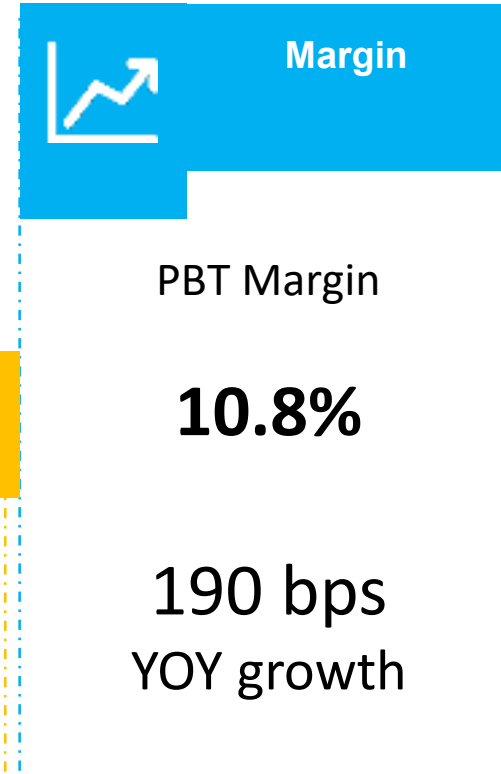
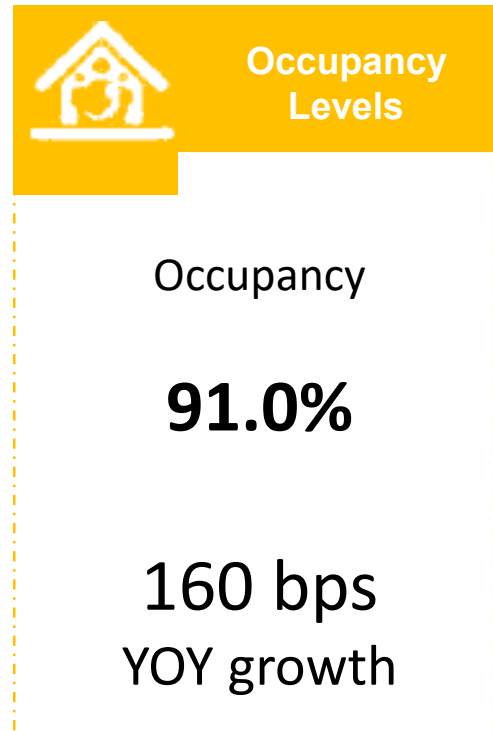
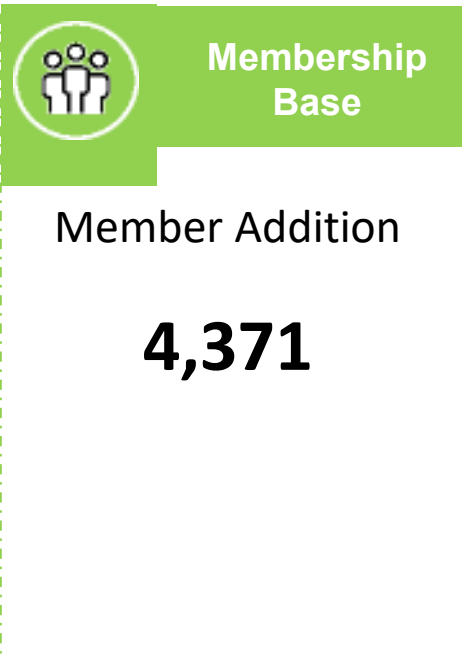
Transition to IND AS 116 – Key Takeaways

- **The Ministry of Corporate Affairs (MCA) vide notification dated March 30, 2019 has made Ind-AS 116 "Leases" (Ind-AS 116) applicable w.e.f. April 1, 2019.**
- **The Company has applied the modified retrospective approach as per para C5(b) of Ind-AS 116 to existing leases as on April 1, 2019 and the cumulative effect of applying this standard is recognized at the date of initial application i.e. April 1, 2019 in accordance with para C7 of Ind-AS 116 as an adjustment to the transition difference under other equity.**
- **Changes in the Balance sheet : IND AS 116 requires lessee to recognize lease assets (Right of Use) and lease liabilities.**
- **Changes in the P&L Account : Amortization of Right of Use asset and notional finance cost on the lease liability substitutes the actual lease rental costs.**



Operating Performance

Q1 FY20 Performance

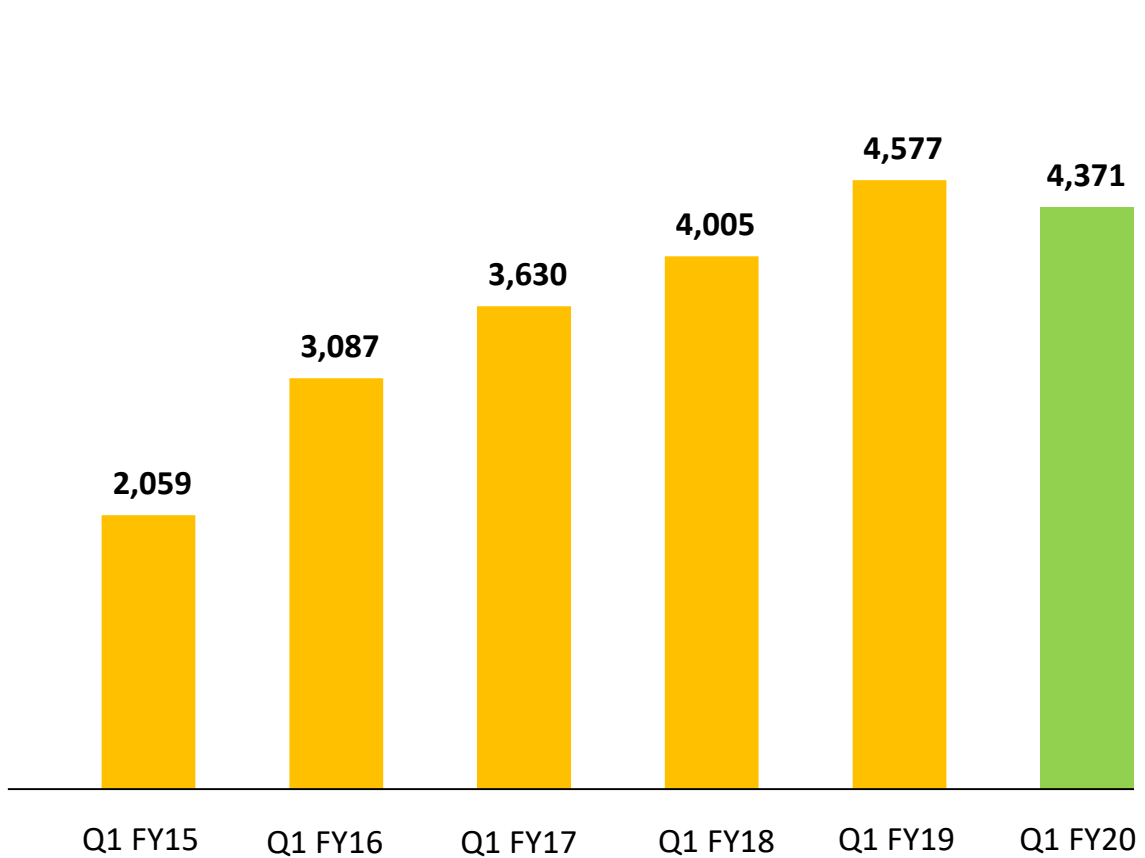


Key indicators (No)	Q1 FY20	Q1 FY19
Cumulative member base	247,710 *	240,094

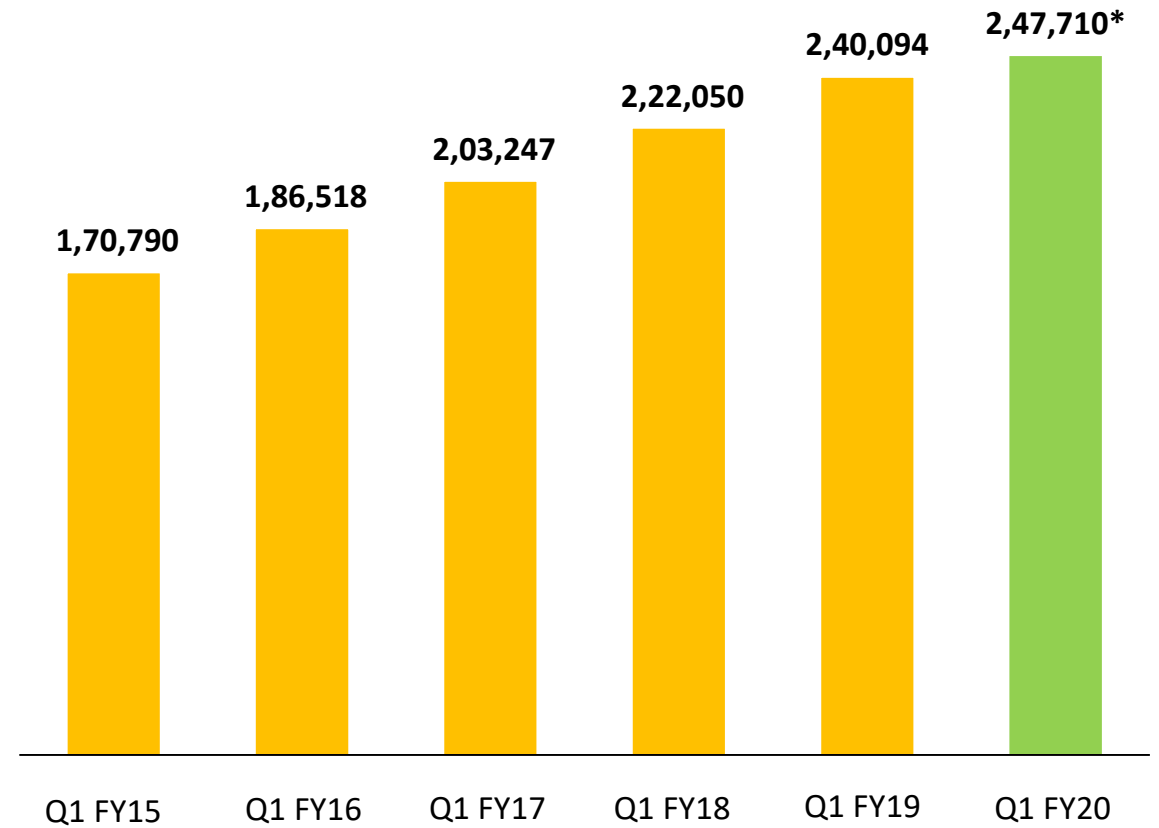
* Net of one-off cancellation of 9,556 overdue members, in Q4 FY19

Resort Details	Q1 FY20	Q1 FY19
No of Resorts	61	55
No of Rooms	3,619	3,472
Occupancy %	91.0%	89.4%

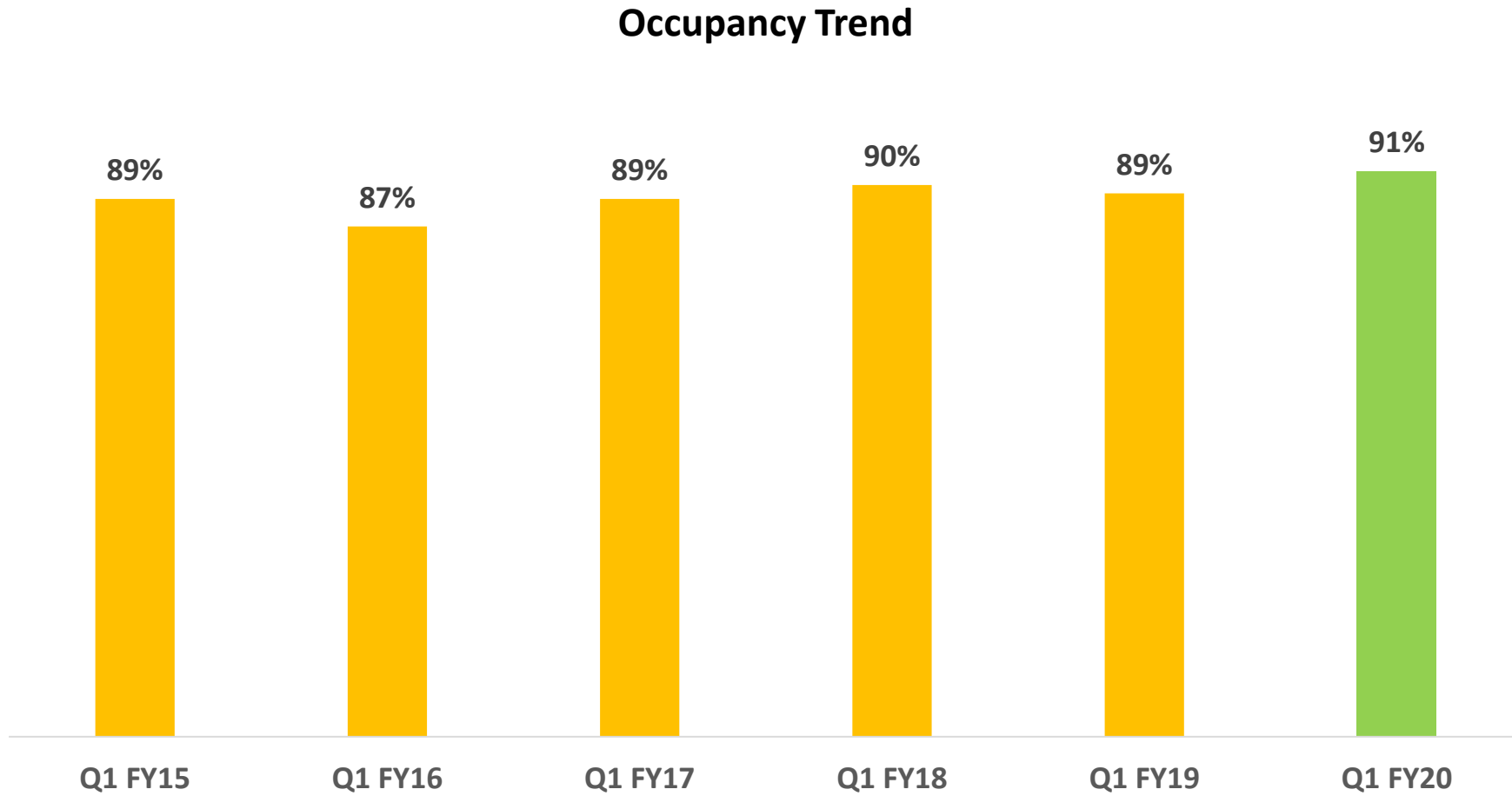
Member Addition Trend



Cumulative Member Base



* Net of one-off cancellation of 9,556 overdue members, in Q4 FY19.



Our growing International presence

40 destinations & growing...

UAE & Asia – 6 destinations



Europe & US – 34 destinations





Member Engagement

In Resort Experiences



Goan Theme at Varca



Ocean Theme
at Pondicherry



E-Bike tours at
Emerald Palms



Sunshine
Summer Camp



Home Chefs

- Home chefs pop up done for the first time at Club Mahindra Tungi
- Weeklong food festival with authentic flavors of Punjab
- A special attraction of unique and lesser known vegetarian dishes like Aloo wadiyan, Maah ki dal tempered home style etc



Multi-media association which aligns with our brand mission of ‘Good Living, Happy Families’

Using Origami (a Japanese art form) to make families learn together, laugh together and bond together

Media Innovation



TOI Front Page that families can fold to **create Origami & unfold magical memories**

Resort & Mall Activation



Origami based activations on-ground to drive prospect and member engagement

Social Media & PR



Campaign trended at #3 nationally on Twitter
Significant PR coverage across leading websites

Movie Alliance: Spiderman Far From Home

Partnership to drive brand engagement, drive leads as well as activation for Club M Select and Resorts

Co-branded Contest TVC



Resort & Mall Activation with official Spiderman mascot



Digital Engagement



CLUB M SELECT: The Platform of Unique Privileges



365-day engagement platform for members across dining, travel & lifestyle experiences

Enhances membership value during sales pitch and Increases Member satisfaction driving referrals and spends

22,000 + Members enrolled



Upto 40% off
400,000
hotels
worldwide



Upto
13% cashback
On 12,000+
cruises



24 golf clubs
Privileged access
program



25% flat discount
In fine dining
restaurants



70,000+
International
excursions and
transfers

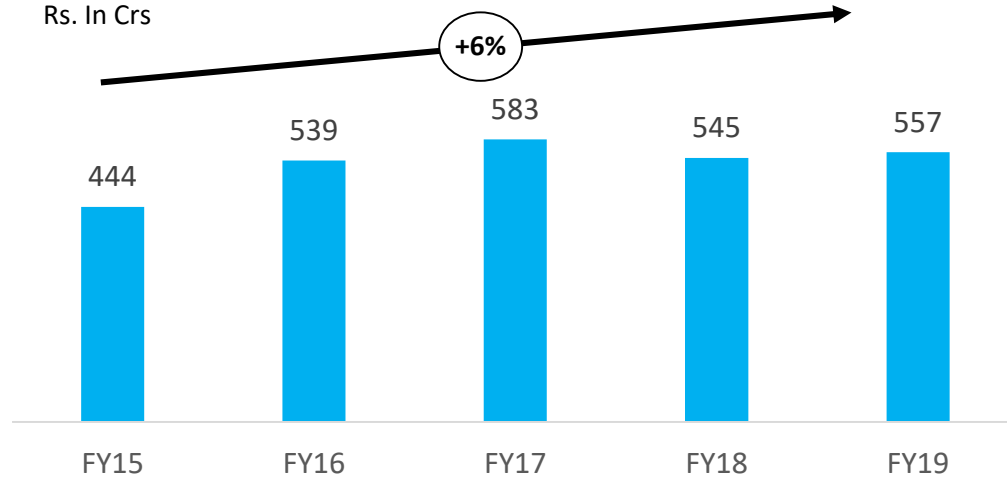


40% discount
Yoga packages in
75 studios across
35 cities

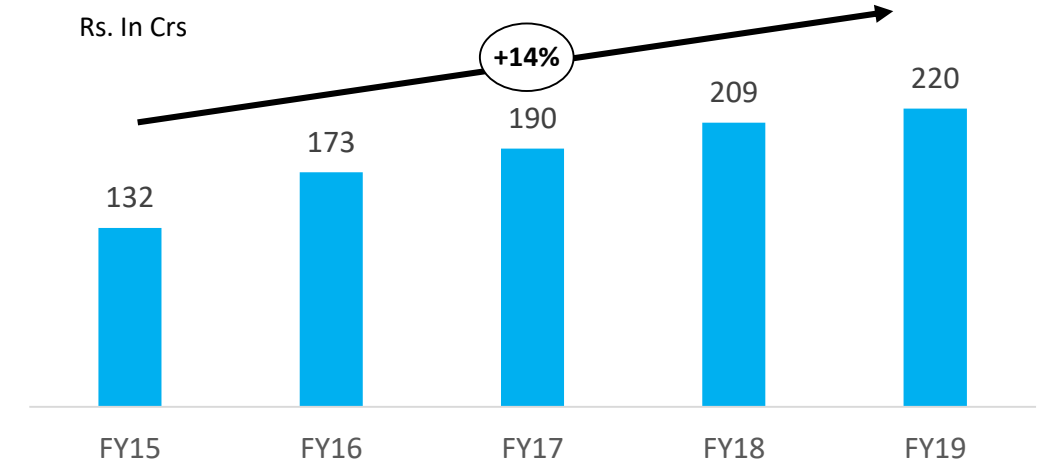
Historical Financial Performance

Ind AS 18

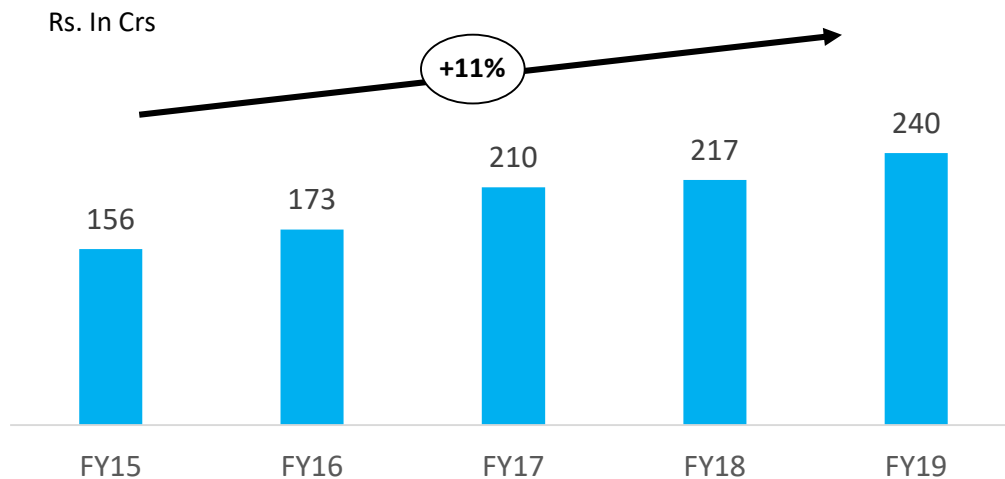
VO Income



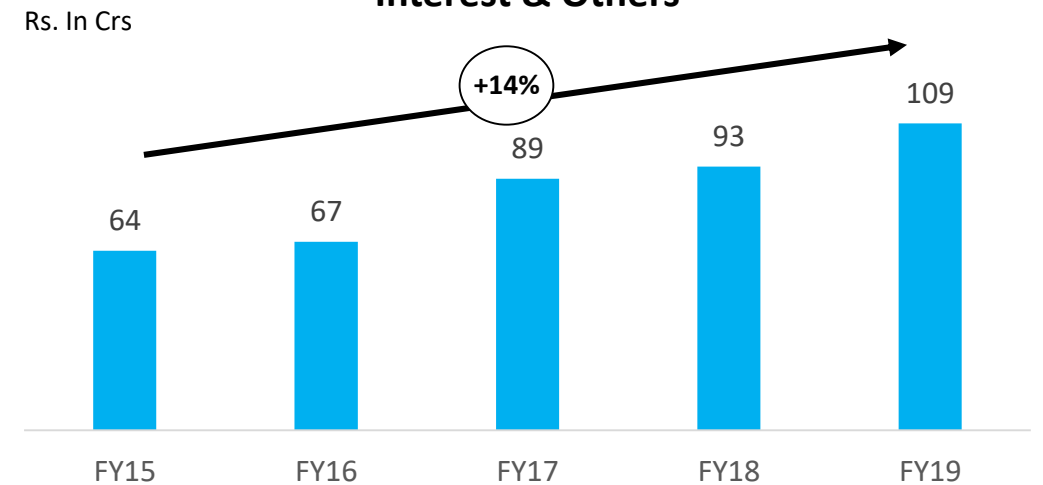
Resort Income



ASF Income

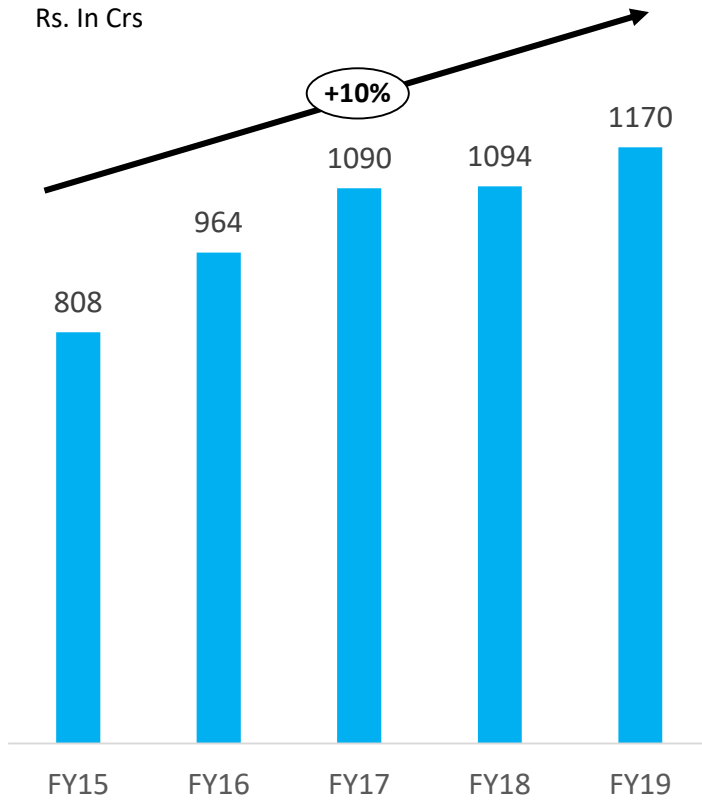


Interest & Others

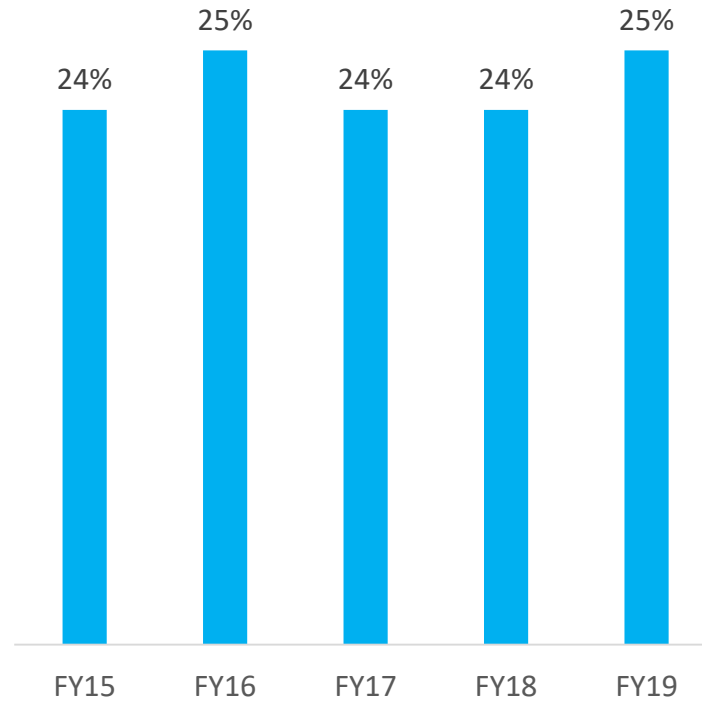


Total Income

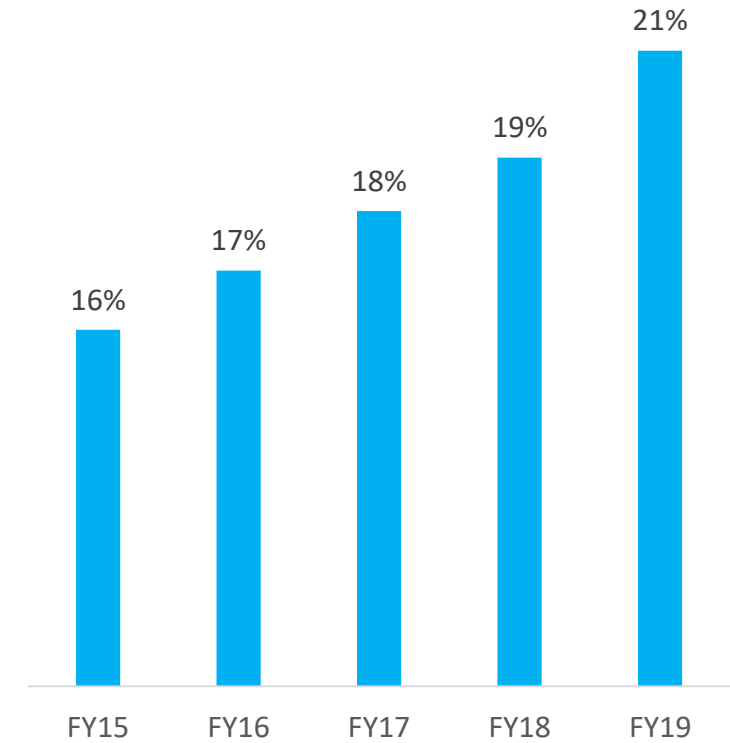
Rs. In Crs



EBITDA Margin

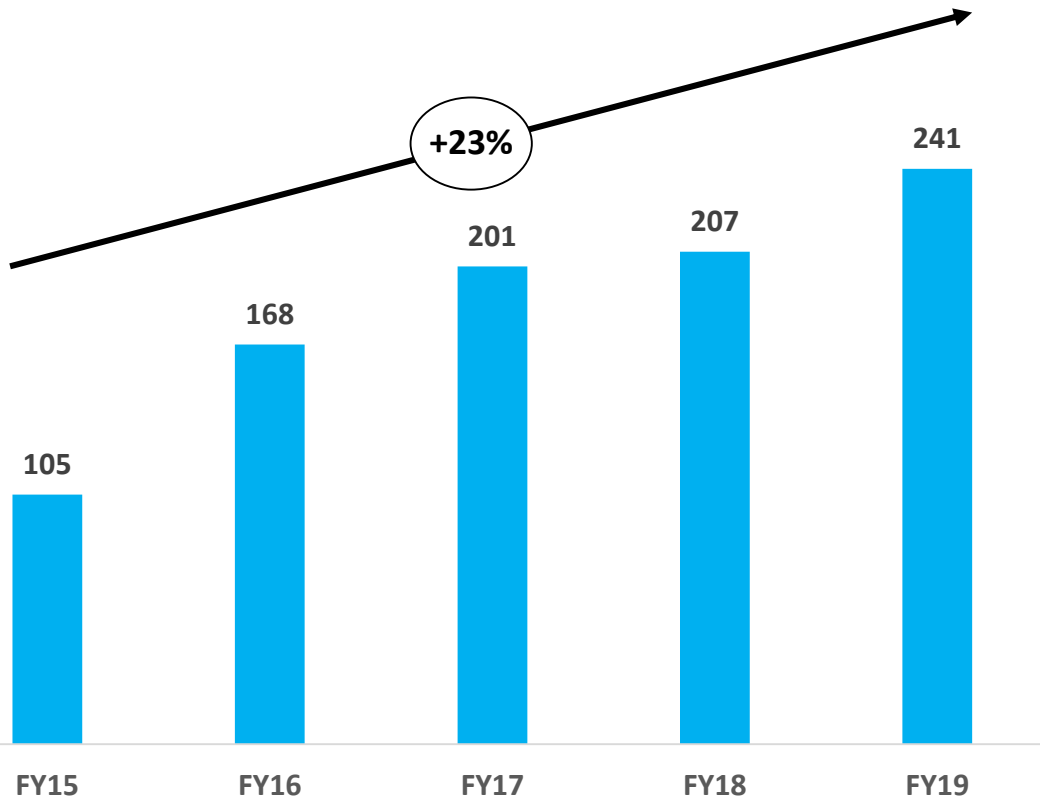


PBT Margin



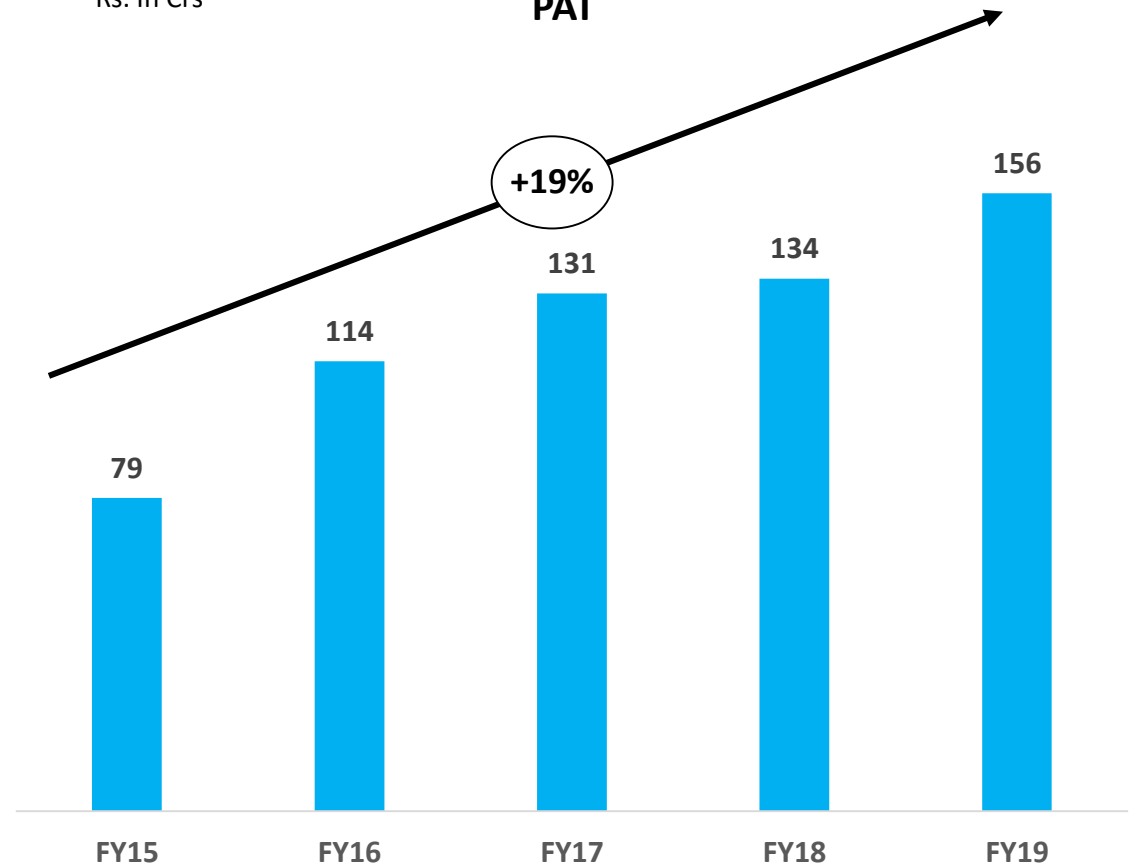
Rs. In Crs

PBT



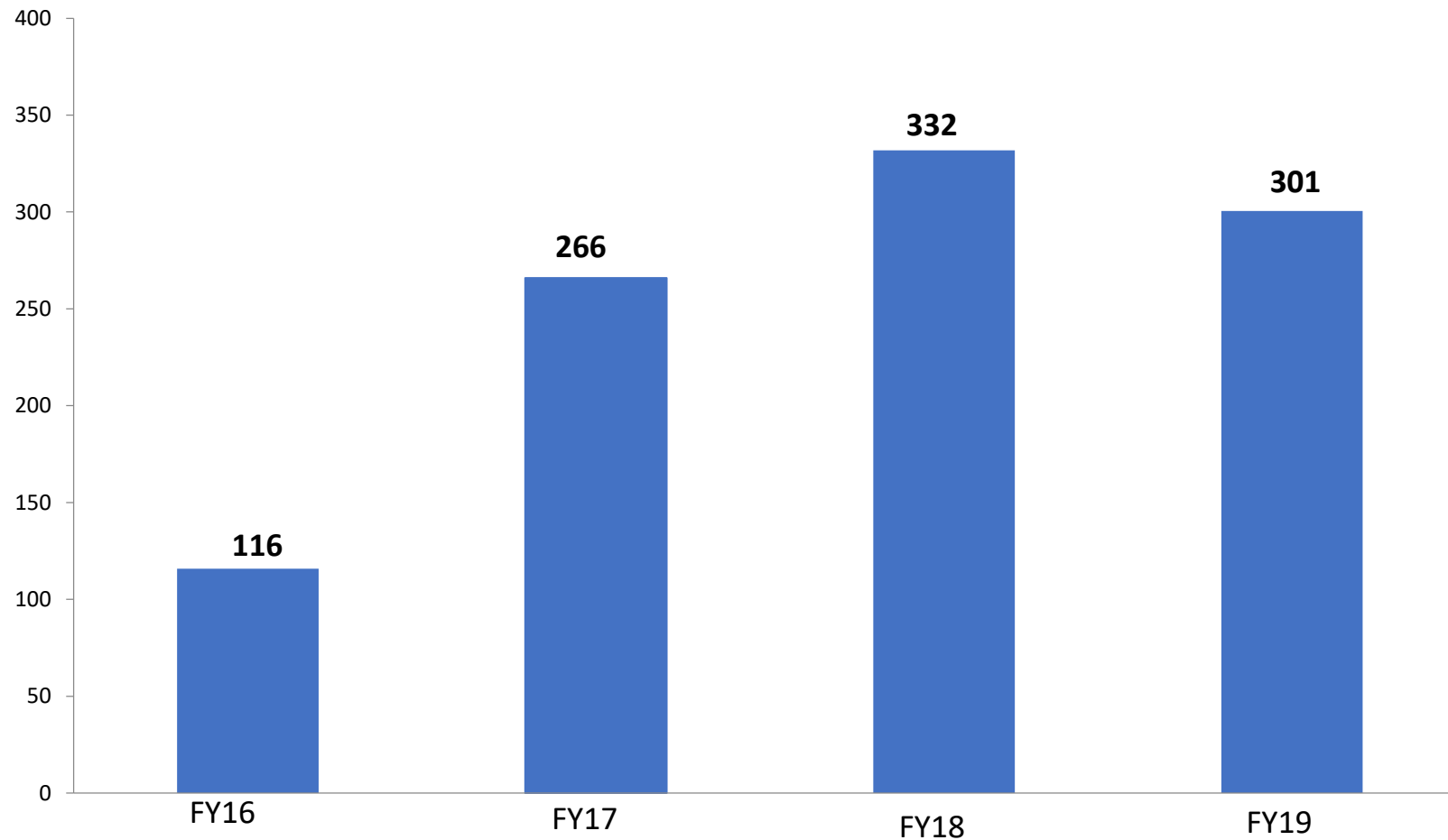
Rs. In Crs

PAT



Cash from Operations continue to grow

Rs In Crs

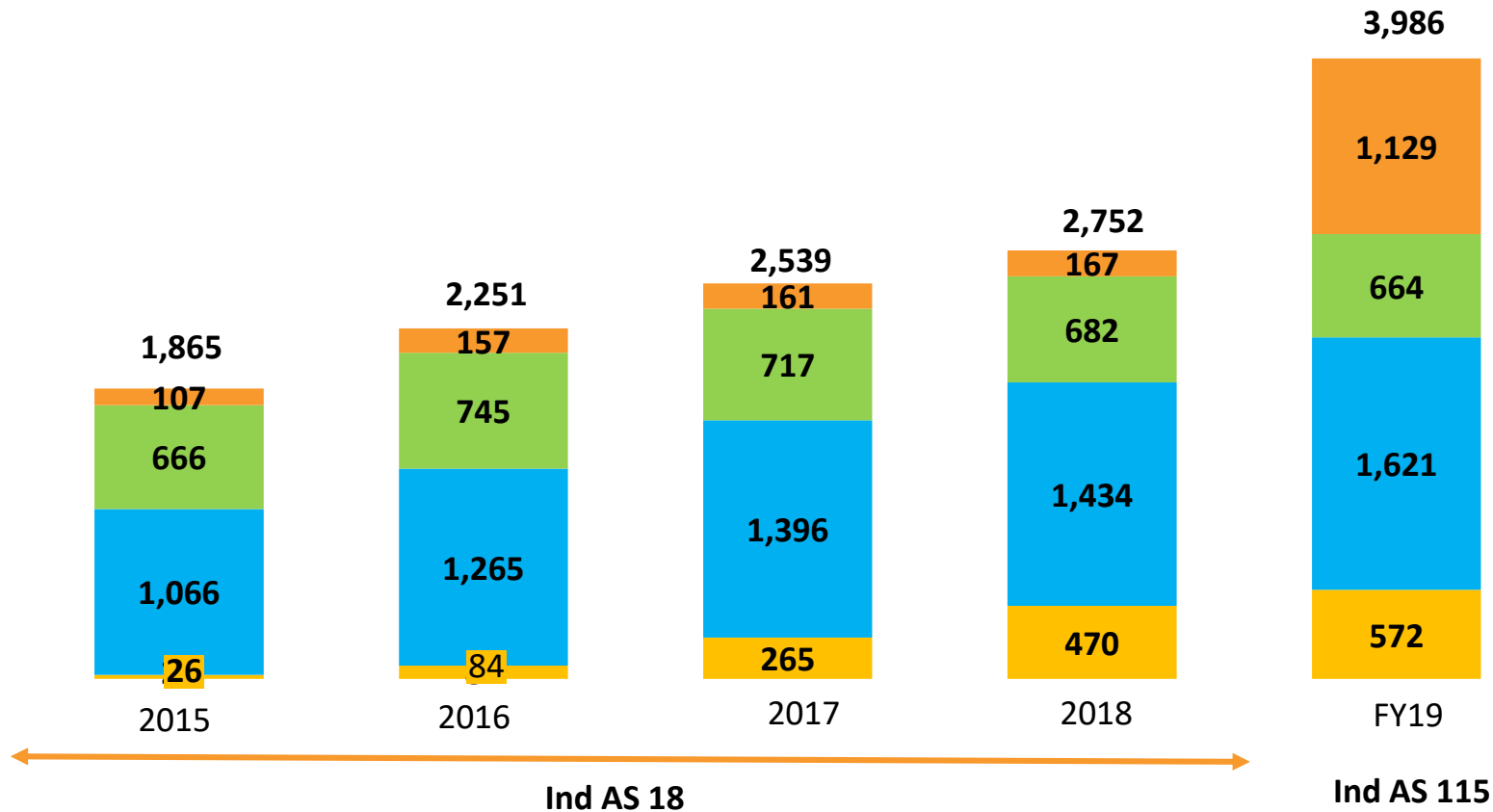


Rs. 1,015 Crs

Cumulative operating Cash since
FY16

Strong Balance Sheet Position

Rs In Crs



Land Assets Revalued during Sep'18 & stands at Rs. 1,129 Cr as on Mar'19

Cash growing at a healthy rate

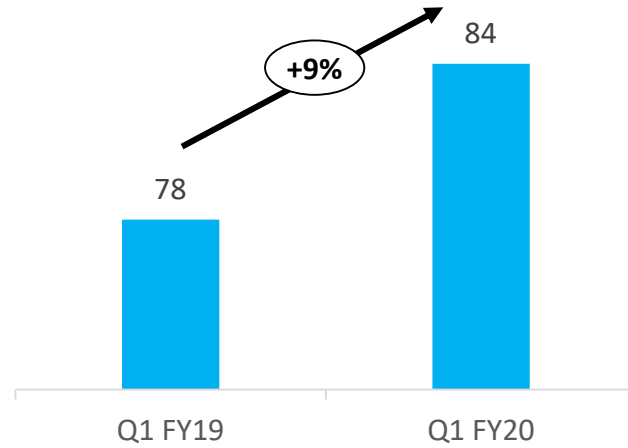
Land Assets Other Fixed Assets (WDV) Receivables Cash & Cash Equivalents

Financial Performance – IND AS 116

Q1 FY20

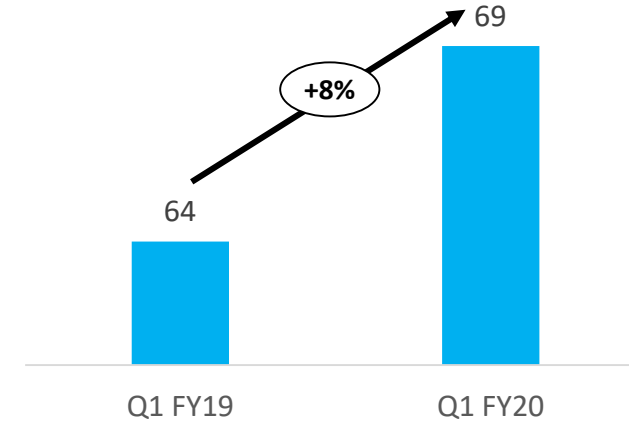
VO Income

Rs. In Crs



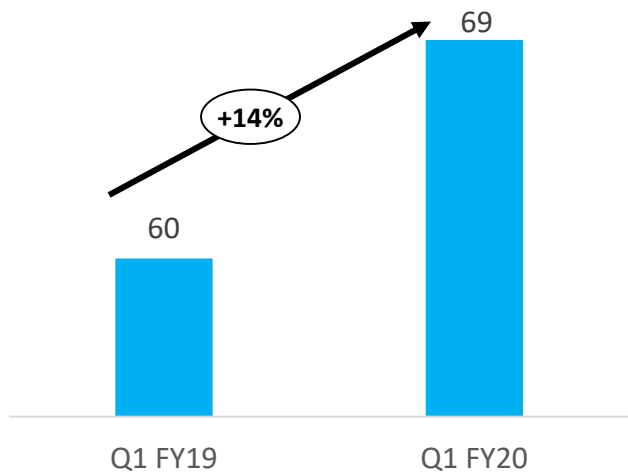
Resort Income

Rs. In Crs



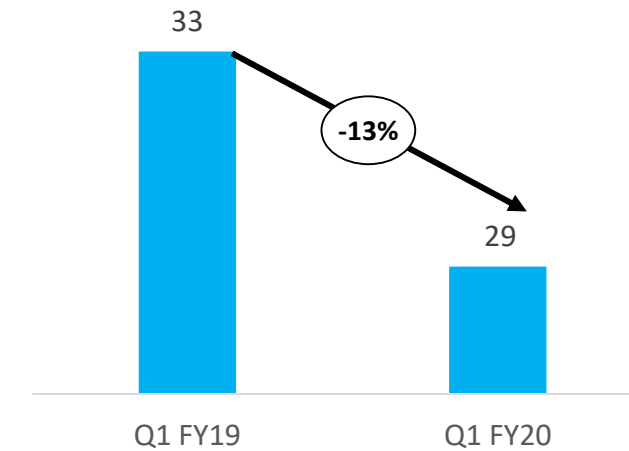
ASF Income

Rs. In Crs



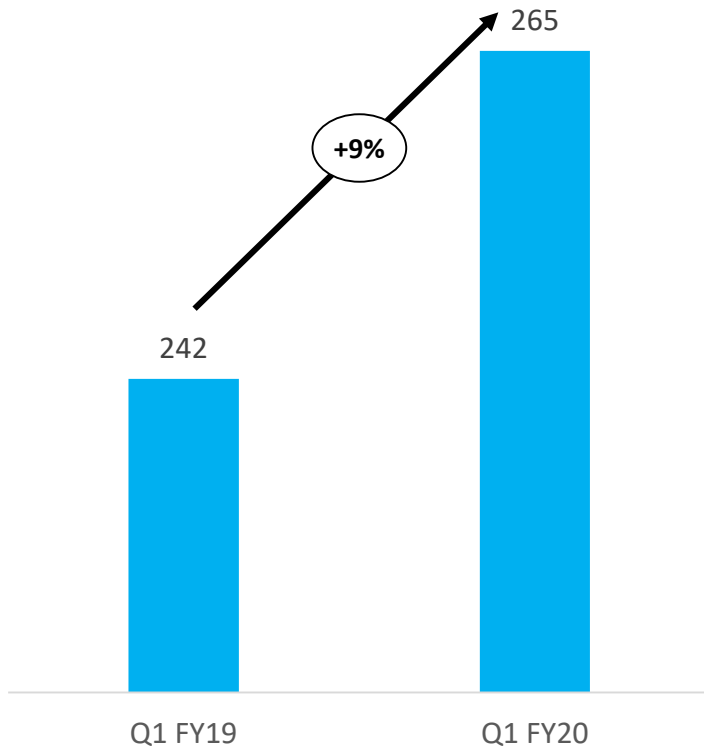
Interest & Others

Rs. In Crs

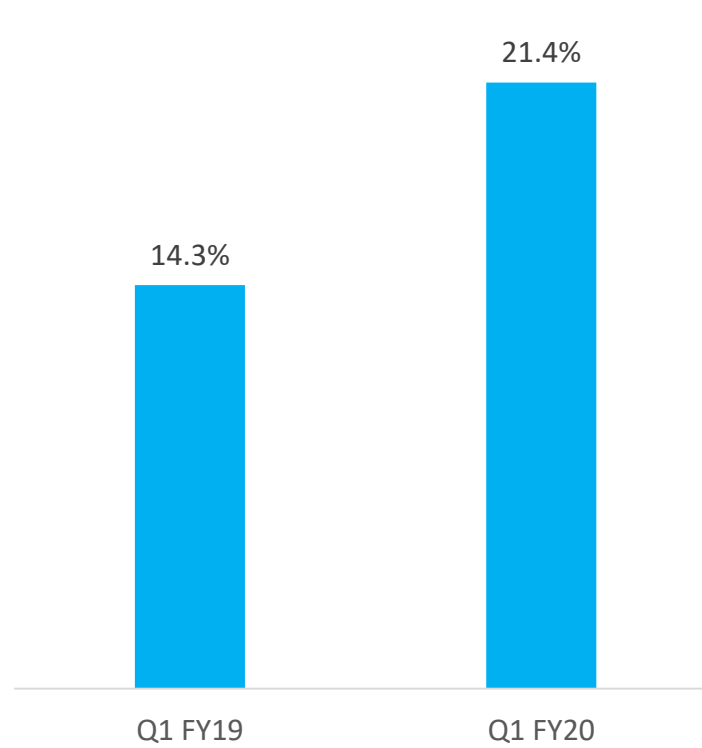


Total Income

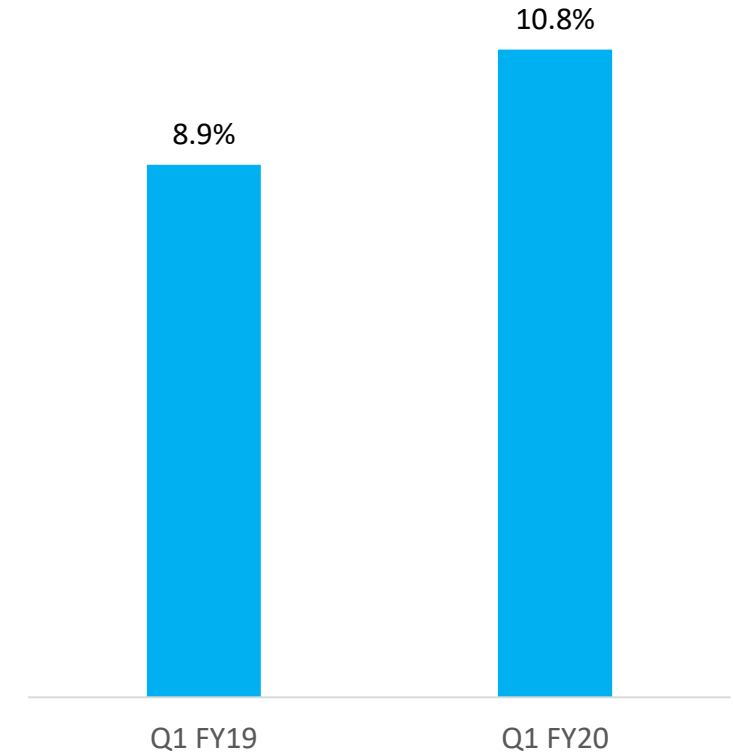
Rs. In Crs



EBITDA Margin*



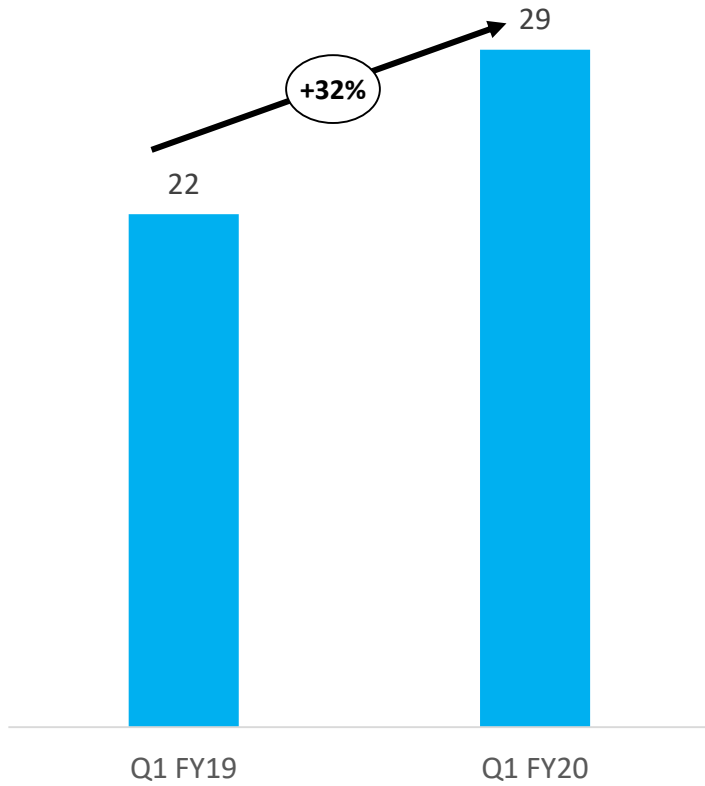
PBT Margin*



**Q1 FY20 numbers are post IND AS 116 impact*

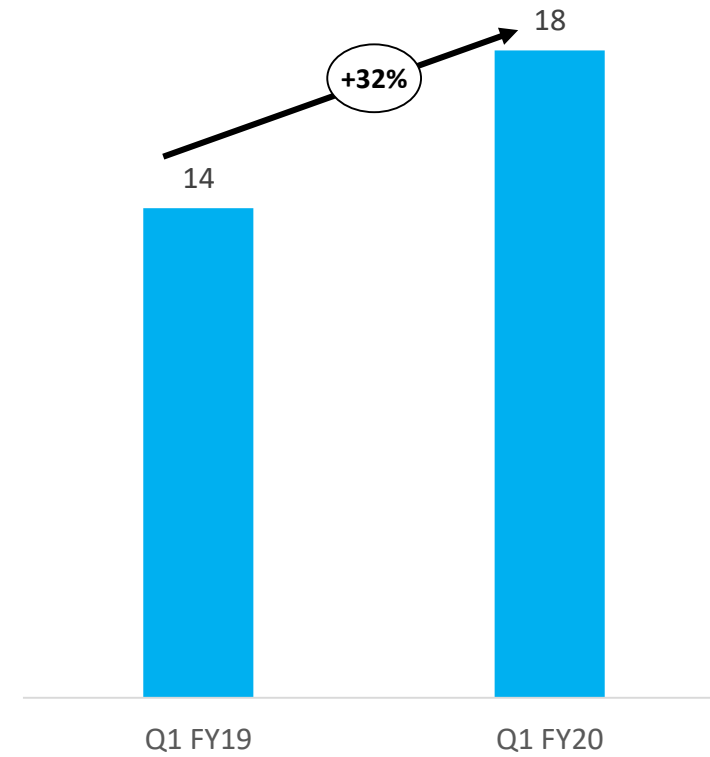
Rs. In Crs

PBT*



Rs. In Crs

PAT*



**Q1 FY20 numbers are post IND AS 116 impact*

Income Break Up – Q1 FY'20

Rs. In Lakhs			Growth
Total Income	Q1 FY20	Q1 FY19	YoY
Income from Vacation Ownership	8,444	7,753	8.9%
ASF	6,885	6,023	14.3%
Resort Income	6,885	6,404	7.5%
<i>Room</i>	1,534	1,394	10.0%
<i>F&B</i>	4,163	3,874	7.5%
<i>Holiday Activity & Others</i>	1,188	1,136	4.6%
Interest & Others	2,841	3,274	-13.2%
Non-Operating Income	1,427	779	83.2%
Total Income	26,482	24,233	9.3%

Impact of Ind AS 116 - Standalone

(Rs. in lakhs)

Sl. No	Particulars	Standalone (Unaudited)			
		Quarter ended June 30, 2019			Quarter ended June 30, 2018
		As reported	Impact of Ind AS 116	Amount without adoption of Ind AS 116	Amount without adoption of Ind AS 116
1.	Profit prior to Rent, Finance cost, Depreciation and amortisation expense and taxes	7,419.63	-	7,419.63	6,613.80
2.	Less : Rent	(1,745.18)	(1,582.28)	(3,327.46)	(3,137.18)
3.	Profit prior to Finance cost, Depreciation and amortisation expense and taxes	5,674.45	(1,582.28)	4,092.17	3,476.62
4.	Less: Finance cost	(412.63)	412.63	-	(0.52)
5.	Less: Depreciation and amortisation expense	(2,411.31)	1,187.16	(1,224.15)	(1,318.10)
6.	Profit before tax (3-4-5)	2,850.51	17.51	2,868.02	2,158.00

Profit & Loss Statement – Q1 FY'20

Rs. In Lakhs	As reported (With impact of IND AS 116)			Without impact of IND AS 116		
Particulars	Q1 FY20	Q1 FY19	YoY Gr	Q1 FY20	Q1 FY19	YoY Gr
Revenue from Operations	25,055	23,454	6.8%	25,055	23,454	6.8%
Non-Operating Income	1,427	779	83.1%	1,427	779	83.1%
Total Income	26,482	24,233	9.3%	26,482	24,233	9.3%
Employee Benefit Expenses	7,081	6,225		7,081	6,225	
Finance Cost	413	1		-	1	
Depreciation	2,411	1,318		1,224	1,318	
Sales & Marketing Expenses	4,763	4,212		4,763	4,212	
Rent	1,745	3,137		3,327	3,137	
Other Expenses	7,218	7,182		7,218	7,182	
Total Expenditure	23,631	22,075	-6.6%	23,613	22,075	-6.5%
EBITDA	5,675	3,477	63.2%	4,092	3,477	17.7%
EBITDA Margin	21.4%	14.3%		15.5%	14.3%	
Profit Before Tax (PBT)	2,851	2,158	32.1%	2,868	2,158	32.9%
Profit after Tax (PAT)	1,815	1,373	32.2%	1,820	1,373	32.5%

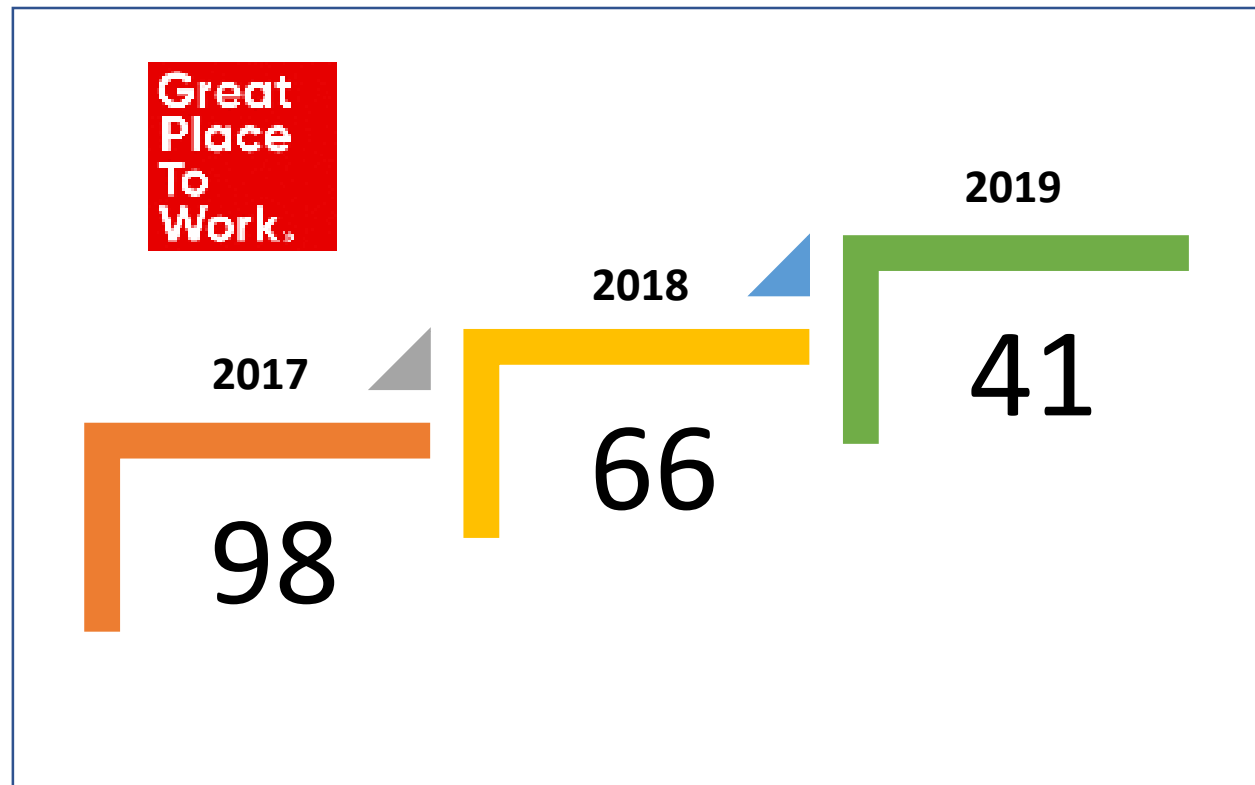
Summarized Balance Sheet

Rs. in Lakhs		
Description	As at 30 June 2019 *	As at 31 March 2019
ASSETS		
Property, Plant & Equipment	2,03,009	2,02,146
Right of Use Asset (IND AS 116)	18,549	-
Trade receivables	1,66,868	1,62,091
Cash and cash equivalents (regrouped)	65,490	57,193
Deferred Tax (Net)	43,451	42,555
Other Assets	1,19,902	1,18,571
	6,17,269	5,82,556
LIABILITIES		
Shareholders Equity	13,290	13,290
Other equity	-	-
Reserves & Surplus	65,607	63,771
Revaluation Reserve	73,759	73,759
Other Comprehensive Income	(82)	(93)
Transition Difference	(1,22,497)	(1,21,045)
Deferred Revenue		
VO	5,20,467	5,10,745
ASF	15,178	13,187
Lease Liability (IND AS 116)	20,110	-
Other Liabilities	31,437	28,942
	6,17,269	5,82,556

*Q1 FY20 numbers are with IND AS 116 impact

Awards & Accolades

We are in the **TOP 50 companies** to work for as per the rankings released by **GREAT PLACE TO WORK** !



Awards & Accolades

	<p>Accredited with 31 Gold crown resort status</p>		<p>Consecutive winners of Porter Prize for Creating Distinctive Value in Business (2017 & 2018)</p>
	<p>Recognized as India's Most Popular Resort Chain - 2019</p>		<p>Recognized with Golden Peacock Award for Sustainability in 2018</p>
 Confederation of Indian Industry	<p>Significant Achievement in HR Excellence</p>		<p>Winner of Operational Transformation - Mobile App 2018</p>
	<p>Sectoral Award for Improving Customer Loyalty, Hospitality (2018)</p>		<p>India's Favourite Resort Chain based on reviews of 12 mn+ registered travellers of Holiday IQ</p>



HCRO
We Create and Sell Dream Holidays

Key Facts

- Holiday Club Resorts is the largest vacation ownership company in Europe and the leading leisure travel company in Finland
- A total of 33 resorts - 25 in Finland, 2 in Sweden, 6 in Spain
- Mahindra Holidays owns 96.47% of HCR Oy
- ~60,000 families and over 1,100 companies own HCR timeshare
- Over 1 million guests visit Holiday Club Spa hotels annually
- 55% timeshare related income, 45% Spa hotel related income
- New CEO, Ms. Maisa Romanainen has joined from 1st July 2019

New CEO will focus on:

- **Cost rationalization and new sources of revenue**
- **Building Global Vacation Club (India, Europe & Beyond) using synergies of both companies**

Holiday Club Concept



SPA



Hotel



Timeshare



Holiday Club Villas



Meetings



Activities



Treatments



Food&Wine



Entertainment

Core Competencies

- Spa hotel business
- Marketing and sales
- Resort management
- Design of holiday houses and apartments



Figures of the Resorts

Spa Hotels	8
Other Holiday Resorts	25
Hotel Rooms	1,149
Timeshare apartments	1,560
Villas Apartments	600
Restaurants & Bars	44
Aqua Parks with Saunas	8
Spa Treatment Departments	8
Golf Courses	4
Angry Birds Activity Parks	4
Shopping Centre	1



Resort Map



Northern lights in winter



<https://www.youtube.com/watch?v=Lc3FvNXjBs0>

Holiday  *Club*

Midnight sun in summer



The magical blue moment in winter



Nature - Clean air and thousands of lakes



Ease



The real Santa lives in Finland



Financial Performance

Holiday ■ *Club*

Turnover : Q1 2019-20

Turnover by Business Areas

Particulars	Euro Mn	
	HCRO	
	Q1 FY20	Q1 FY19
Timeshare	9.44	8.90
Service Sector	15.47	14.51
Renting	1.50	1.40
Real Estate Management	1.50	1.45
Villa	7.31	2.98
Other Sales	0.45	0.50
Other Income	1.33	1.19
	37.00	30.93

Nos are as per FAS Accounts

P/L Q1 2019-2020

Q1 highlights

Euro Mn

Particulars	Q1 FY20	Q1 FY19
Turnover	37.00	30.93
Operating Profit	(0.67)	(3.11)
Less: Depreciations and impairments	1.45	1.43
Add/(Less) Financial income and (expenses)	(0.27)	(0.27)
Profit before Tax	(2.36)	(4.77)
Add: Minority share + Extraordinary	0.29	0.28
Less: Taxes	0.41	1.03
Profit after Tax	(1.66)	(3.47)

Nos are as per FAS Accounts

COMMENTS Q1 FY19-20

- ❑ Historically Q1 and Q3 are the low seasons in Finland and Sweden
- ❑ HCRO has earned a revenue of 37 m€ (30.93 m€) and made a PAT of -1.66 m€ (-3.47 m€)
 - Turnover increased by 6.07 m€ compared to prior year
 - Average occupancy in Spa hotels increased by 20% compared to prior year. Also average room rate was 5% higher
 - Timeshare and Villa sales increased by 41%
- ❑ EBITDA increased by 2.44 m€ compared to prior year
 - Higher occupancy and improved room rate have increased the EBITDA in Spa hotels
 - Higher timeshare and Villa sales helped in increasing the EBITDA

Financial Performance- Consolidated

Segment Revenue

In Rs. Lakhs

Particulars	Q1 - F20 *	Q1 - F19	FY 18 - 19
- MHRIL	26,861	24,600	97,635
- HCRO	35,704	25,133	1,31,268
Total Segment Revenue	62,565	49,732	2,28,904
- Other unallocable revenue	48	50	662
Revenue from Operations	62,613	49,782	2,29,566

*Q1 FY20 numbers are post IND AS 116 impact

Segment Results

In Rs. Lakhs

Particulars	Q1 - F20 *	Q1 - F19	FY 18 - 19
- MHRIL	2,835	2,099	9,698
- HCRO	(976)	(3,717)	936
Segment Results	1,859	(1,618)	10,634
- Other unallocable revenue	(896)	(230)	(829)
Total segment results	963	(1,848)	9,805

*Q1 FY20 numbers are post IND AS 116 impact

Impact of Ind AS 116 - Consolidated

(Rs. in lakhs)

Sl. No	Particulars	Consolidated (Unaudited)			
		Quarter ended June 30, 2019			Quarter ended June 30, 2018
		As reported	Impact of Ind AS 116	Amount without adoption of Ind AS 116	Amount without adoption of Ind AS 116
1.	Profit prior to Rent, Finance cost, Depreciation and amortisation expense and taxes	10,644.05	(3.47)	10,640.59	7,555.79
2.	Less : Rent	(1,472.70)	(4,673.28)	(6,145.98)	(6,232.18)
3.	Profit prior to Finance cost, Depreciation and amortisation expense and taxes	9,171.35	(4,676.75)	4,494.61	1,323.61
4.	Less: Finance cost	(2,227.99)	1,582.66	(645.33)	(638.73)
5.	Less: Depreciation and amortisation expense	(5,980.39)	3,553.73	(2,426.66)	(2,532.71)
6.	Profit before tax (3-4-5)	962.97	459.64	1,422.62	(1,847.83)

Consolidated Profit & Loss Statement

In Rs. Lakhs

Particulars	Q1 - F20 *	Q1 - F19	FY 18 - 19
Income from operations	61,132	48,974	2,23,899
Non-operating income	1,480	808	5,667
Total Income	62,612	49,782	2,29,566
Cost of Vacation Ownership weeks	12,840	4,693	30,850
Employee expenses	14,701	14,263	57,430
Finance cost	2,228	639	2,359
Depreciation	5,980	2,533	10,134
Other expenses	25,900	29,503	1,18,988
Total Expenditure	61,649	51,630	2,19,761
Profit before tax	963	(1,848)	9,805
Profit after Tax and NCI	368	(1,487)	6,042
Total comprehensive income	306	(2,275)	83,974

*Q1 FY20 numbers are post IND AS 116 impact



Thank You