

# Lemon Tree Hotels Limited

Q3 FY22 Earnings Presentation

10<sup>th</sup> February, 2022



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MIDSCALE

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BY LEMON TREE HOTELS

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# Disclaimer

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

**Lemon Tree Hotels Limited (LTH)** will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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# Lemon Tree – Snapshot as on 31<sup>st</sup> December 2021

**Current (17% of Branded  
Mid Market Hotels in  
India\*)**

**Pipeline**

**By CY23 (20% of Branded  
Mid Market Hotels in  
India\*)**



**8,489  
rooms;  
87 hotels**



**2,006  
rooms;  
20 hotels**



**10,495  
rooms;  
107 hotels**

Brand	Current	Pipeline	By FY23
<b>Aurika Hotels &amp; Resorts</b>	194 Rooms; 2 Hotels	669 Rooms; 1 Hotel	863 Rooms; 3 Hotels
<b>Lemon Tree Premier</b>	2,514 Rooms; 18 Hotels	80 Rooms; 1 Hotel	2,594 Rooms; 19 Hotels
<b>Lemon Tree Hotels<sup>#</sup></b>	2,867 Rooms; 39 Hotels	1,166 Rooms; 16 Hotels	4,033 Rooms; 55 Hotels
<b>Red Fox by Lemon Tree Hotels</b>	1,503 Rooms; 13 Hotels	--	1,503 Rooms; 13 Hotels
<b>Keys by Lemon Tree Hotels</b>	1,411 Rooms; 15 Hotels	91 Rooms; 2 Hotels	1,502 Rooms; 17 Hotels

\*Source : Hotelivate – The Ultimate Indian Travel Hospitality Report 2019, Horwah HTL India Market Review 2018

#Includes Lemon Tree Resorts

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# Lemon Tree – Portfolio

## Key Statistics

		Q3 FY22	Q3 FY21	YoY Var (%)
	Cities	54	51	6%
	Hotels	87	84	4%
	Rooms	8,489	8,294	2%

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# Chairman & Managing Director's Message



**Commenting on the performance for Q3 FY22, Mr. Patanjali Keswani, Chairman & Managing Director – Lemon Tree Hotels Limited said,**

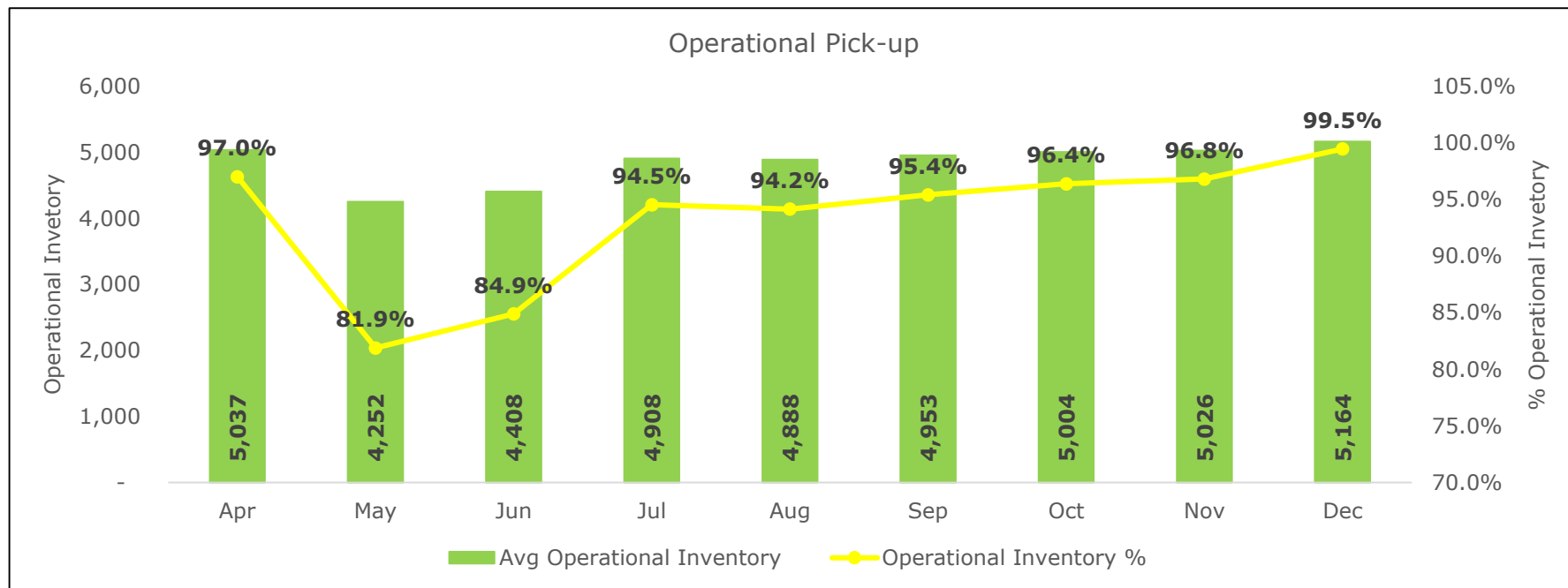
"We are pleased to share that we have delivered a strong performance during the quarter, registering a topline growth of 110% Y-o-Y and 48% Q-o-Q. In this period, we saw growth in occupancy levels and ARR across our hotels driven by a robust demand led by festivities, weddings, long stays, staycations and also saw a recovery in business-related travel and conferences. Overall occupancy on full inventory improved from 51% in Q2 FY22 to 58% in Q3 FY22 and ARR increased 54% Y-o-Y and 29% Q-o-Q to Rs. 3,901 in Q3 FY22.

On the profitability front, due to stringent cost control, our EBITDA grew 194% Y-o-Y and 83% Q-o-Q, and our EBITDA margins expanded by 1,334 bps Y-o-Y and 873 bps Q-o-Q to 45%. We continue to emphasize on two areas that have held us in good stead during the pandemic period. The first focus area is cost rationalization, wherein we continue to minimize our fixed costs and maximize variable costs to ensure profitability. Secondly, our emphasis continues to be on operating a healthy balance sheet with a strong cash flow profile. With our proactive steps to ensure profitability and cash flow generation, we believe, will further strengthen our business model. Further, we have reduced the cost of debt by 10 bps to 8.00% in Q3 FY22 from 8.10% in Q2 FY22.

Looking ahead, while there was a significant rebound in overall demand in Q3, the situation now has evolved with the third wave of infections in the country. This has had an impact on travel and tourism in Q4 FY22. However, given the vaccination drives and improving economic indicators, we anticipate a faster recovery in the demand environment and are hopeful that consumption will reach normalized Pre-CoVID levels in H1 FY23. On the whole, we are reasonably confident of our business model and are very likely to bounce back strongly in a stabilized environment."

# Q3 FY22 Operating Performance Trends

## Increasing Operational Inventory



Trends for the 5,192 owned/leased rooms

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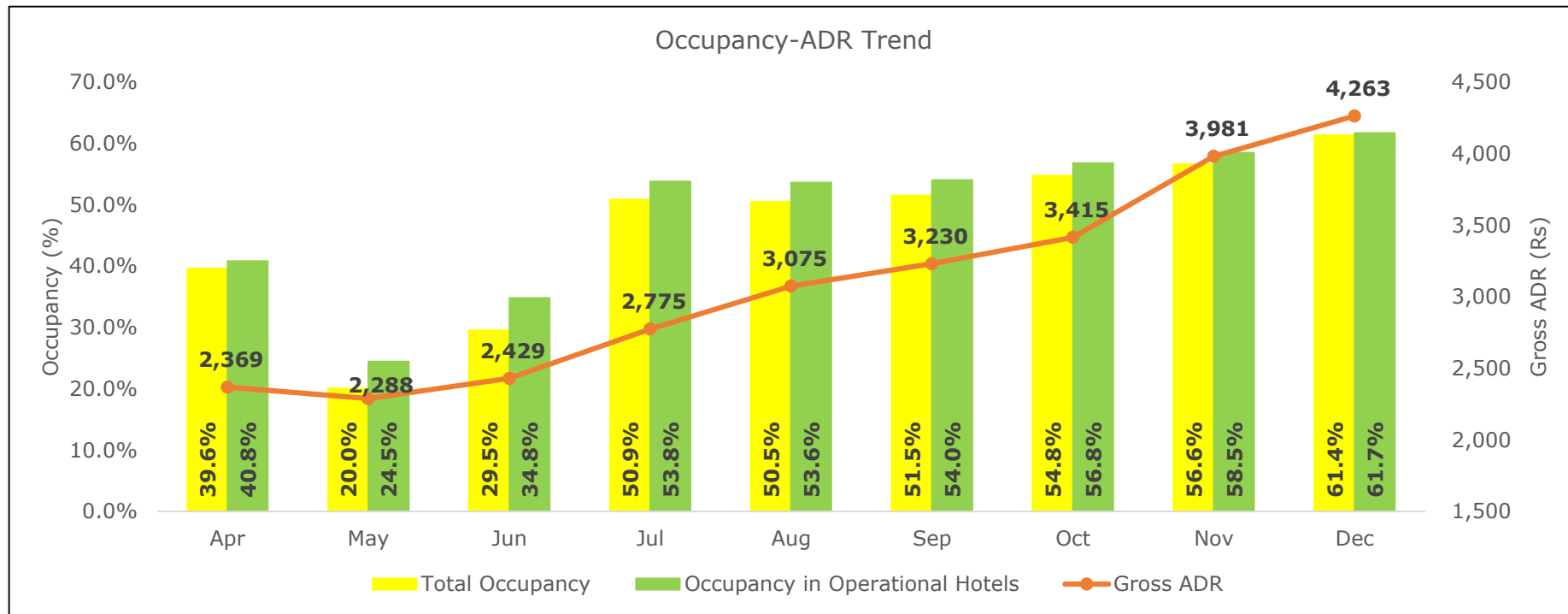
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# Q3 FY22 Operating Performance Trends

## Rising Occupancy Levels



Trends for the 5,192 owned/leased rooms

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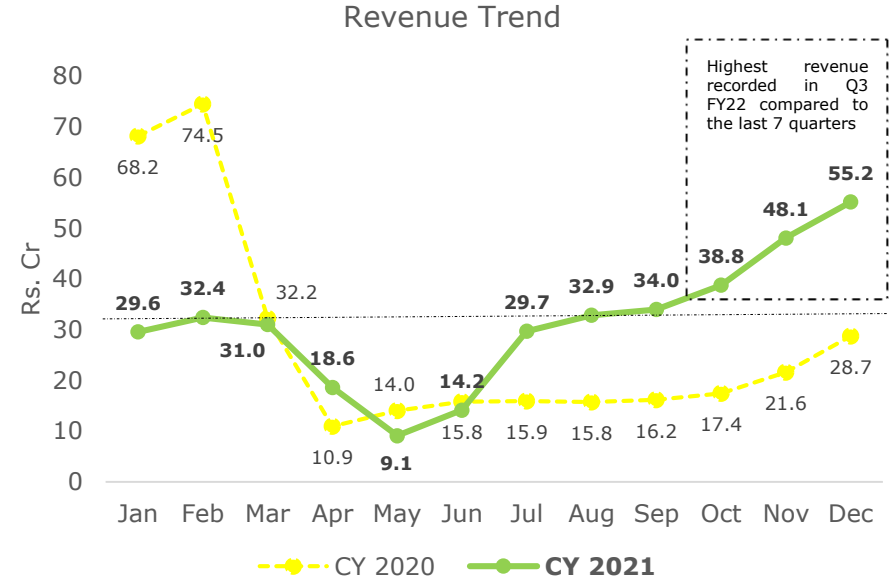
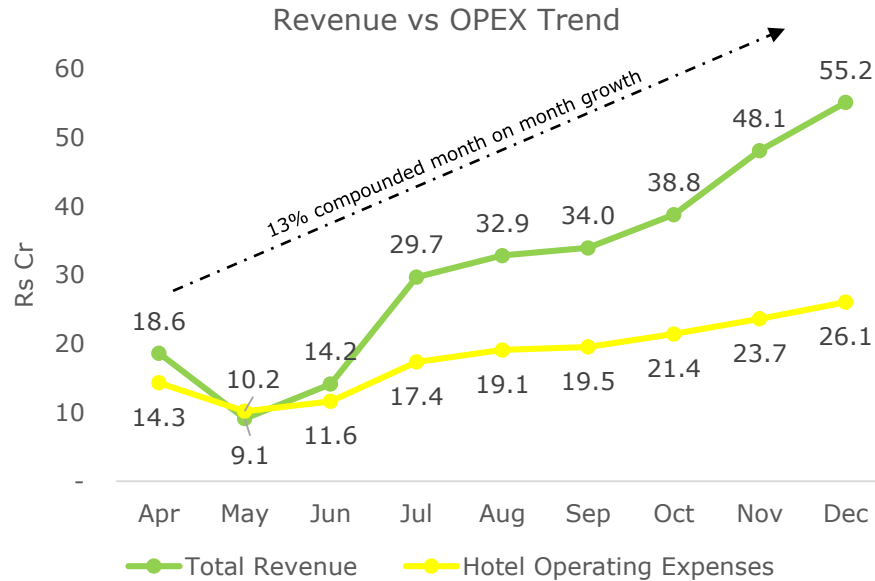
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# Q3 FY22 Operating Performance Trends

## Improving Operating Efficiency and Superior Recovery



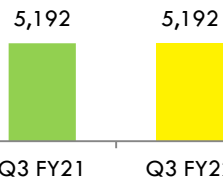
### Notes:

1. Total Revenue includes Revenue from Owned and Leased hotels and Fees from Managed hotels
2. Operating Expenses include Hotel operating expenses for Owned and Leased hotels (including non-operational hotels)

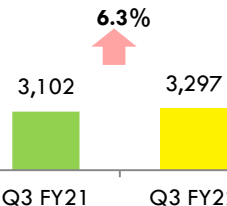
# Q3 FY22 Performance Highlights – Operational Metrics (Consolidated)

## Inventory

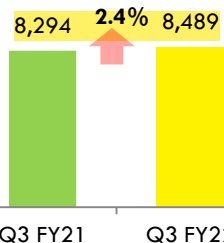
### Owned/Leased rooms



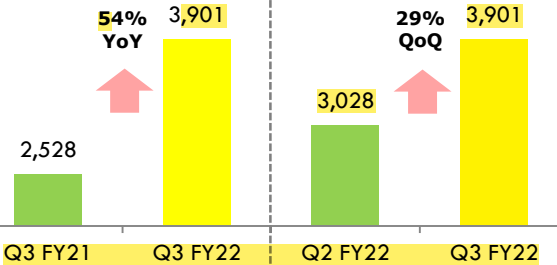
### Managed rooms



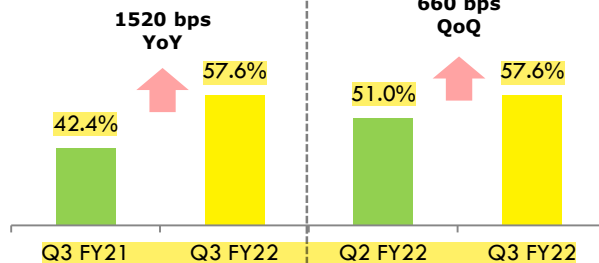
### Total rooms



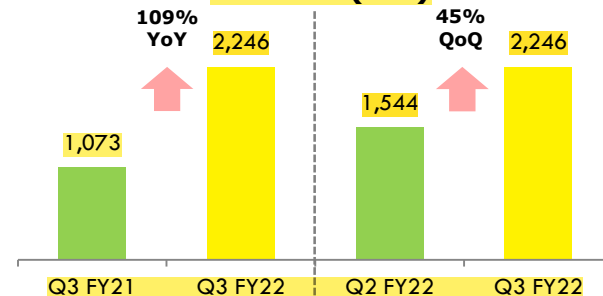
## Average Daily Rate (Rs.)



## Occupancy (%)



## RevPAR (Rs.)

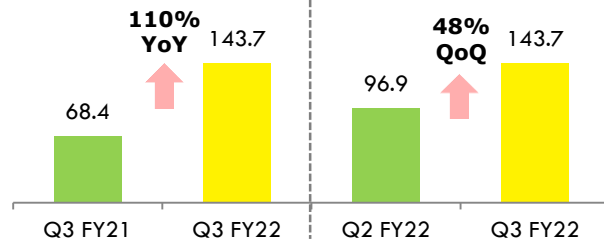


### Notes:

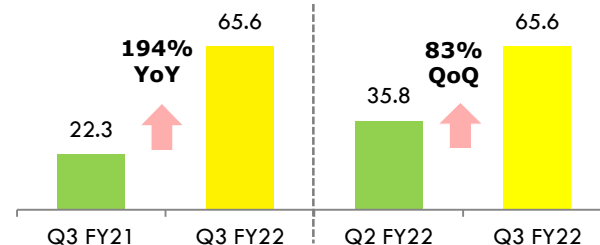
- ADR, Occupancy and RevPAR are for our owned and leased hotels only

# Q3 FY22 Performance Highlights – Financial Metrics (Consolidated)

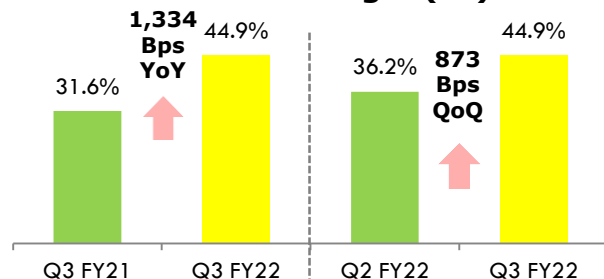
## Revenue from Operations (Rs. Cr)



## EBITDA (Rs. Cr)



## EBITDA Margin (%)

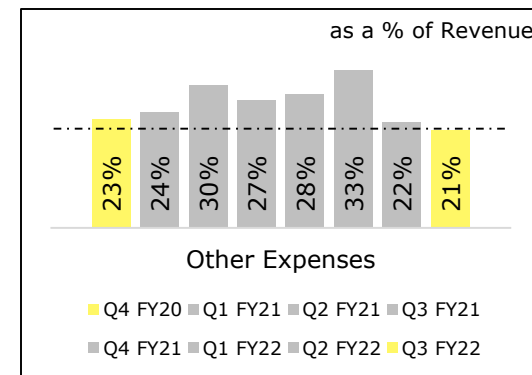
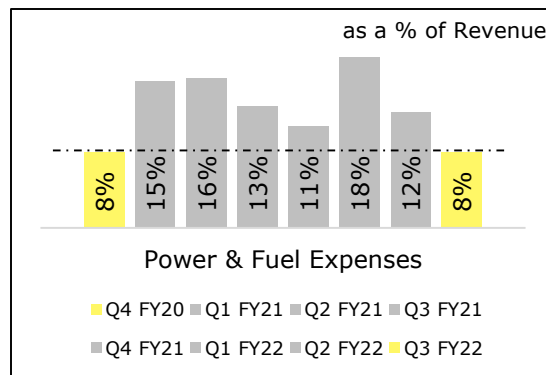
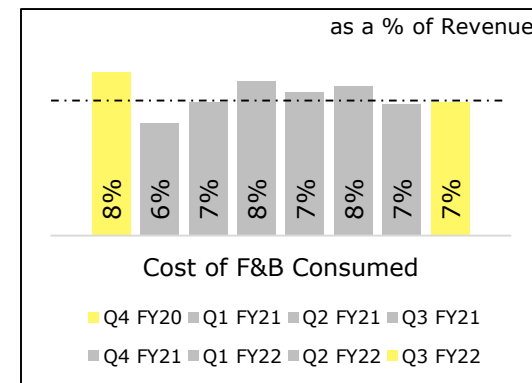
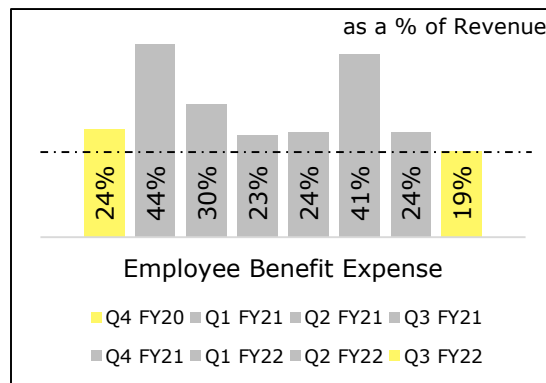
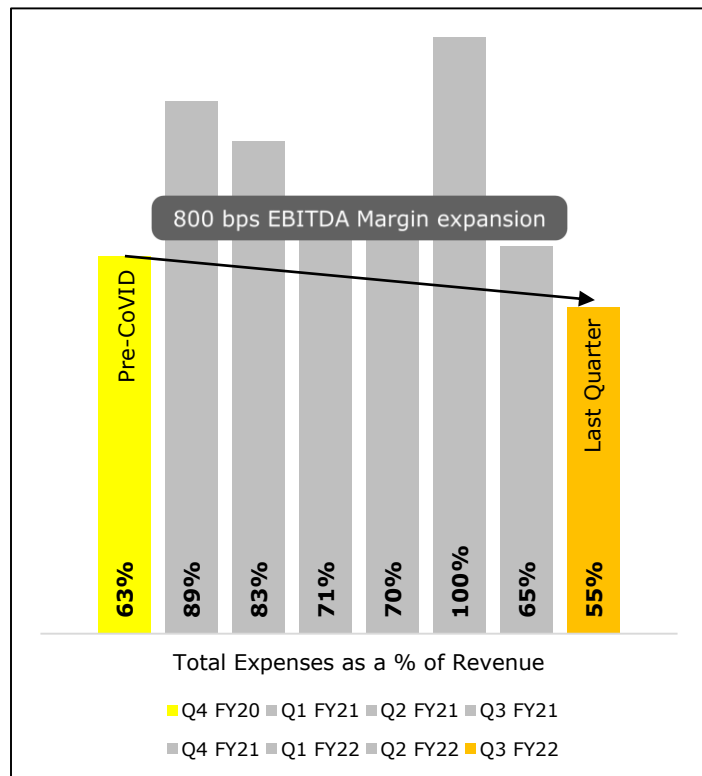


## Cash profit (Rs. Cr)



Note: Cash Profit is calculated as PAT + Depreciation

# Cost Rationalization



# Consolidated Profit & Loss Statement – Q3 FY22

Rs. Cr	Q3 FY22	Q2 FY22	Q3 FY21	QoQ Change (%)	YoY Change (%)
<b>Revenue from operations</b>	<b>143.7</b>	<b>96.9</b>	<b>68.4</b>	<b>48.3%</b>	<b>110.1%</b>
Other income	2.4	1.9	2.2	22.5%	5.3%
<b>Total expenses</b>	<b>80.4</b>	<b>63.0</b>	<b>48.3</b>	<b>27.5%</b>	<b>66.4%</b>
<b>EBITDA</b>	<b>65.6</b>	<b>35.8</b>	<b>22.3</b>	<b>83.3%</b>	<b>194.0%</b>
<b>EBITDA margin (%)</b>	<b>44.9%</b>	<b>36.2%</b>	<b>31.6%</b>	<b>873</b>	<b>1,334</b>
<b>EBITDA w/o Other Income</b>	<b>63.3</b>	<b>33.9</b>	<b>20.1</b>	<b>86.8%</b>	<b>215.1%</b>
<b>EBITDA margin before Other Income (%)</b>	<b>44.0%</b>	<b>35.0%</b>	<b>29.4%</b>	<b>909</b>	<b>1,468</b>
Finance costs	45.4	46.3	47.5	-2.0%	-4.5%
Depreciation & amortization	25.4	26.2	27.3	-3.2%	-7.0%
<b>PBT</b>	<b>(3.2)</b>	<b>(34.6)</b>	<b>(50.5)</b>	<b>NA</b>	<b>NA</b>
Tax expense	2.0	(1.4)	(4.8)	NA	NA
<b>PAT</b>	<b>(5.2)</b>	<b>(33.2)</b>	<b>(45.7)</b>	<b>NA</b>	<b>NA</b>
<b>Cash Profit</b>	<b>20.2</b>	<b>(6.9)</b>	<b>(18.4)</b>	<b>NA</b>	<b>NA</b>

Note: Cash Profit is calculated as PAT + Depreciation

# Consolidated Profit & Loss Statement Breakup – Q3 FY22 vs Q3 FY21

Rs. Cr	Total without Keys Hotels			Keys Hotels			Total		
	Q3 FY22	Q3 FY21	YoY Change (%)	Q3 FY22	Q3 FY21	YoY Change (%)	Q3 FY22	Q3 FY21	YoY Change (%)
Inventory	4,256	4,256	0%	936	936	0%	5,192	5,192	0%
ARR	4,115	2,627	57%	2,331	1,854	26%	3,901	2,528	54%
Occupancy	61.8%	45.2%	1666	38.2%	30.0%	820	57.6%	42.4%	1513
RevPAR	2,545	1,187	114%	891	556	60%	2,246	1,073	109%
<b>Revenue from Operations</b>	<b>133.5</b>	<b>62.0</b>	<b>115.3%</b>	<b>10.2</b>	<b>6.4</b>	<b>59.2%</b>	<b>143.7</b>	<b>68.4</b>	<b>110.1%</b>
Other Income	2.1	1.8	15.5%	0.3	0.4	-36.8%	2.4	2.2	5.3%
Total expenses	72.0	42.6	69.2%	8.4	5.7	45.7%	80.4	48.3	66.4%
<b>EBITDA</b>	<b>63.5</b>	<b>21.2</b>	<b>199.4%</b>	<b>2.1</b>	<b>1.1</b>	<b>91.1%</b>	<b>65.6</b>	<b>22.3</b>	<b>194.0%</b>
<b>EBITDA Margin (%)</b>	<b>46.9%</b>	<b>33.3%</b>	<b>1,360</b>	<b>20.1%</b>	<b>16.1%</b>	<b>401</b>	<b>44.9%</b>	<b>31.6%</b>	<b>1,334</b>
<b>EBITDA w/o Other Income</b>	<b>61.4</b>	<b>19.4</b>	<b>216.4%</b>	<b>1.8</b>	<b>0.7</b>	<b>175.1%</b>	<b>63.3</b>	<b>20.1</b>	<b>215.1%</b>
<i>EBITDA margin before Other Income (%)</i>	46.0%	31.3%	1,471	18.0%	10.4%	757	44.0%	29.4%	1,468
<b>PBT</b>	<b>0.5</b>	<b>(43.9)</b>	<b>NA</b>	<b>(3.7)</b>	<b>(6.6)</b>	<b>NA</b>	<b>(3.2)</b>	<b>(50.5)</b>	<b>NA</b>

# Operational Performance by Brands & Region (On full inventory basis)

Parameters	RevPAR (Rs.)			Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin		
By Brand (#Rooms)	Q3 FY22	Q3 FY21	Change (bps)	Q3 FY22	Q3 FY21	Change (bps)	Q3 FY22	Q3 FY21	Change (%)	Q3 FY22	Q3 FY21	Change (%)	Q3 FY22	Q3 FY21	Change (bps)
Aurika Hotels & Resorts (139)	8050	3110	159%	52%	29%	2284	15,468	10,652	45%	6.89	2.19	215%	68%	56%	1,209
Lemon Tree Premier (1,603)	2837	1393	104%	68%	56%	1,165	4,199	2,492	68%	1.61	0.58	176%	48%	35%	1,234
Lemon Tree Hotels (1562)	2329	1089	114%	62%	39%	2,309	3,755	2,799	34%	1.30	0.50	161%	47%	37%	973
Red Fox by Lemon Tree Hotels (952)	1604	718	123%	53%	40%	1,363	3,005	1,808	66%	0.75	0.22	240%	44%	28%	1,550
Keys by Lemon Tree Hotels (936)	891	556	60%	38%	30%	820	2,331	1,854	26%	0.31	0.14	132%	29%	20%	951

Parameters	RevPAR (Rs.)			Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin		
By Region (#Rooms)	Q3 FY22	Q3 FY21	Change (bps)	Q3 FY22	Q3 FY21	Change (bps)	Q3 FY22	Q3 FY21	Change (%)	Q3 FY22	Q3 FY21	Change (%)	Q3 FY22	Q3 FY21	Change (bps)
Delhi (636)	2677	1280	109%	69%	55%	1,327	3,902	2,314	69%	1.35	0.51	166%	41%	32%	922
Gurugram (529)	1928	680	184%	51%	30%	2,089	3,812	2,290	66%	1.00	0.23	333%	39%	23%	1597
Hyderabad (663)	2277	962	137%	66%	45%	2,048	3,467	2,128	63%	1.40	0.43	229%	51%	37%	1476
Bengaluru (874)	1280	532	140%	41%	24%	1,730	3,086	2,202	40%	0.56	0.12	371%	37%	18%	1949
Mumbai (303)	3123	1722	81%	76%	59%	1658	4,120	2,908	42%	1.63	0.64	155%	49%	36%	1323

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# Discussion on Consolidated Financial & Operational Performance – Q3 FY22



## Revenue

- \* Revenue from operations stood at Rs. 143.7 Cr in Q3 FY22, up 110% as compared to Rs. 68.4 Cr in Q3 FY21. On a sequential basis, revenue from operations increased 48.3% from Rs. 96.9 Cr in Q2 FY22
- \* ADR increased by 54.3% to 3,901 in Q3 FY22 from 2,528 in Q3 FY21. On a sequential basis, ADR increased by 28.8% from Rs. 3,028 in Q2 FY22
- \* Occupancy on full inventory increased by 1,513 bps to 57.6% in Q3 FY22 from 42.4% in Q3 FY21. On a sequential basis, the occupancy on full inventory increased by 661 bps from 51.0% in Q2 FY22

## Cost

- \* Total expenses stood at Rs. 80.4 Cr in Q3 FY22 up by 66.4% as compared to Rs. 48.3 Cr in Q3 FY21. On a sequential basis, expenses increased by 27.5% from Rs. 63.0 Cr in Q2 FY22

## Operating Margins

- \* EBITDA increased by 194% to Rs. 65.6 Cr in Q3 FY22 from Rs. 22.3 Cr in Q3 FY21. EBITDA without other income increased by 215% to Rs. 63.3 Cr in Q3 FY22 from Rs. 20.1 Cr in Q3 FY21. On a sequential basis, EBITDA increased 83.3% from Rs 35.8 Cr in Q2 FY22 and EBITDA without other income increased 86.8% from Rs. 33.9 Cr in Q2 FY22
- \* EBITDA Margin increased by 1,334 bps to 44.9% in Q3 FY22 from 31.6% in Q3 FY21. EBITDA Margin without other income increased by 1,468 bps to 44.0% in Q3 FY22 from 29.4% in Q3 FY21. On a sequential basis, EBITDA Margin increased 873 bps from 36.2% in Q2 FY22 and EBITDA Margin without other income increased 909 bps from 35.0% in Q2 FY22

## Profit after tax

- \* Profit after tax improved to Rs. -5.2 Cr in Q3 FY22 from Rs. -45.7 Cr in Q3 FY21. The PAT in Q2 FY22 was Rs. -33.2 Cr
- \* Cash Profit for Q3 FY22 stood at Rs. 20.2 Cr vs Rs. -18.4 Cr in Q3 FY21. The Cash Profit in Q2 FY22 was Rs. -6.9 Cr

Note: Cash Profit is calculated as PAT + Depreciation



# Consolidated Profit & Loss Statement – 9M FY22 vs 9M FY21

Rs. Cr	9M FY22	9M FY21	YoY Change (%)
<b>Revenue from operations</b>	<b>282.7</b>	<b>156.6</b>	<b>80%</b>
Other income	6.4	11.4	-44%
<b>Total Income</b>	<b>289.1</b>	<b>168.0</b>	<b>72%</b>
<b>Total expenses</b>	<b>185.6</b>	<b>123.9</b>	<b>50%</b>
<b>EBITDA</b>	<b>103.5</b>	<b>44.1</b>	<b>135%</b>
<b>EBITDA w/o Other Income</b>	<b>97.1</b>	<b>32.7</b>	<b>196%</b>
<b>EBITDA margin (%)</b>	<b>35.8%</b>	<b>26.3%</b>	<b>953</b>
Finance costs	136.9	145.9*	-6%
Depreciation & amortization	77.8	81.4	-4%
<b>PBT</b>	<b>(105.9)</b>	<b>(175.9)</b>	<b>NA</b>
Tax expense	(7.0)	(18.0)	NA
<b>PAT</b>	<b>(98.2)</b>	<b>(159.8)</b>	<b>NA</b>
<b>Cash Profit</b>	<b>(20.4)**</b>	<b>(20.2)*</b>	<b>NA</b>

Note:

\* For 9M FY21, Cash Profit is calculated as PAT + Depreciation + Interest converted into loans (ie. Rs. 58.2 Cr)

\*\* For 9M FY22, Cash Profit is calculated as PAT + Depreciation



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# Consolidated Balance Sheet – 9M FY22 vs H1 FY22 vs 12 FY21

Rs. Cr	9M FY22	H1 FY22	12M FY21
Shareholder's Funds	855.2	857.0	917.6
Non-controlling interests	582.0	585.4	617.4
<b>Total Shareholder's equity</b>	<b>1,437.2</b>	<b>1,442.3</b>	<b>1,535.0</b>
Total Debt	1,680.9	1,697.2	1,685.0
Other Non-current liabilities	474.1	472.6	470.0
Other Current liabilities	115.1	112.4	132.2
<b>Total Equity &amp; Liabilities</b>	<b>3,707.4</b>	<b>3,724.4</b>	<b>3,822.2</b>
Non-current assets	3,557.2	3,560.3	3,581.1
Current assets	150.2	164.1	241.0
<b>Total Assets</b>	<b>3,707.4</b>	<b>3,724.4</b>	<b>3,822.1</b>
<b>Debt to Equity (x)</b>	<b>1.17</b>	<b>1.18</b>	<b>1.10</b>
<b>Average cost of borrowing (%)</b>	<b>8.00%</b>	<b>8.10%</b>	<b>8.28%</b>

# Expansion Plans – Hotels under Development

Under-development hotels	Type	Rooms	Expected Opening date	Ownership (%)
Lemon Tree Mountain Resort, Shimla	Owned	69	TBD	100.00%
Aurika, Mumbai International Airport	Owned	669	CY23	58.91%
<b>Total</b>		<b>738</b>		

- \* Total estimated project cost is Rs. 1,006 Cr
- \* Total capital deployed/capital expenditure already incurred (i.e. CWIP + Security Deposit for leased assets under-development + Land Capitalised + Capital advances – Capital creditors) as on 31<sup>st</sup> December, 2021 is Rs. 399 Cr

# Expansion Plans – Pipeline of Management Contracts (as on 31<sup>st</sup> Dec, 2021)



Management Contracts Pipeline	City	Rooms	Expected Opening date
Keys Lite by Lemon Tree Hotels, Tapovan, Rishikesh	Rishikesh	39	Apr-22
Keys Select by Lemon Tree Hotels, Gandhi Ashram, Ahmedabad	Ahmedabad	52	Apr-22
Lemon Tree Hotel Kalina, Mumbai	Mumbai	70	May-22
Lemon Tree Hotel, Tapovan, Rishikesh	Rishikesh	102	Oct-22
Lemon Tree Hotel, Gulmarg	Gulmarg	35	Oct-22
Lemon Tree Resort, Mussoorie	Mussoorie	40	Oct-22
Lemon Tree Hotel, McLeodganj	Dharamshala	39	Oct-22
Lemon Tree Hotel, Agra	Agra	62	Nov-22
The Spectrum, operated by Lemon Tree Hotels, Gurugram	Gurugram	260	Dec-22
Lemon Tree Resort Thimphu, Bhutan	Thimphu, Bhutan	38	Jan-23
Lemon Tree Hotel, Darjeeling	Darjeeling	55	Mar-23
Lemon Tree Hotel, Bokaro	Bokaro	70	Jun-23
Lemon Tree Hotel, Sonmarg	Sonmarg	40	Jun-23
Lemon Tree Hotel, Kathmandu	Kathmandu, Nepal	75	Sep-23
Bhangeri Durbar Resort, operated by Lemon Tree Hotels, Nepal	Nagarkot, Nepal	51	Sep-23
Lemon Tree Premier, Biratnagar, Nepal	Biratnagar, Nepal	80	Oct-23
Lemon Tree Hotel, Trivandrum	Trivandrum	100	Oct-23
Lemon Tree Hotel, Ludhiana	Ludhiana	60	Uncertain
		<b>1,268</b>	

Note: The dates are under the best case scenario and as per latest update from owners based on their lines of credit



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## ANNEXURES

# Consolidated Profit & Loss Statement – Q3 FY22 vs Q3 FY20

Rs. Cr	Q3 FY22	Q3 FY20
<b>Revenue from operations</b>	<b>143.7</b>	<b>199.6</b>
Other income	2.4	3.2
<b>Total expenses</b>	<b>80.4</b>	<b>118.4</b>
<b>EBITDA</b>	<b>65.6</b>	<b>84.4</b>
<b>EBITDA margin (%)</b>	<b>44.9%</b>	<b>41.6%</b>
<b>EBITDA w/o Other Income</b>	<b>63.3</b>	<b>81.2</b>
<b>EBITDA margin before Other Income (%)</b>	<b>44.0%</b>	<b>40.7%</b>
Finance costs	45.4	45.9
Depreciation & amortization	25.4	22.7
<b>PBT</b>	<b>(3.2)</b>	<b>15.6</b>
Tax expense	2.0	4.6
<b>PAT</b>	<b>(5.2)</b>	<b>11.0</b>
<b>Cash Profit</b>	<b>20.2</b>	<b>33.7</b>

Note: Cash Profit is calculated as PAT + Depreciation



# Portfolio Breakup as on 31<sup>st</sup> Dec 2021 - Operational

Operational Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>31.12.2021</b>								
Aurika Hotels & Resorts	1	139	0	0	1	55	2	194
Lemon Tree Premier	7	1442	2	161	9	911	18	2514
Lemon Tree Hotels	13	1241	4	321	22	1305	39	2867
Red Fox by Lemon Tree Hotels	5	759	2	193	6	551	13	1503
Keys Prima by Lemon Tree Hotels	0	0	0	0	1	40	1	40
Keys Select by Lemon Tree Hotels	7	936	0	0	5	388	12	1324
Keys Lite by Lemon Tree Hotels	0	0	0	0	2	47	2	47
<b>Total</b>	<b>33</b>	<b>4517</b>	<b>8</b>	<b>675</b>	<b>46</b>	<b>3297</b>	<b>87</b>	<b>8489</b>

# Portfolio Breakup as on 31<sup>st</sup> Dec 2021 - Pipeline

Pipeline Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>31.12.2021</b>								
Aurika Hotels & Resorts	1	669	0	0	0	0	1	669
Lemon Tree Premier	0	0	0	0	1	80	1	80
Lemon Tree Hotels	1	69	0	0	15	1097	16	1166
Red Fox by Lemon Tree Hotels	0	0	0	0	0	0	0	0
Keys Prima by Lemon Tree Hotels	0	0	0	0	0	0	0	0
Keys Select by Lemon Tree Hotels	0	0	0	0	0	0	0	0
Keys Lite by Lemon Tree Hotels	0	0	0	0	2	91	2	91
<b>Total</b>	<b>2</b>	<b>738</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>1268</b>	<b>20</b>	<b>2006</b>

## Strategically positioned in key geographies with Lemon Tree's share of total branded hotel sector



**Jaipur:** FY20 – 5.1%  
FY26E – 4.0%

**Ahmedabad:** FY20 – 4.2%  
FY26E – 3.4%

**Mumbai:** FY20 – 2.1%  
FY26E – 6.0%

**Pune:** FY20 – 6.2%  
FY26E – 5.9%

**Goa:** FY20 – 1.4%  
FY26E – 1.1%

**Bengaluru:** FY20 – 6.3%  
FY26E – 4.9%

**Delhi NCR:** FY20 – 6.73%  
FY26E – 6.74%

**Kolkata:** FY20 – 2.9%  
FY26E – 2.6%

**Hyderabad:** FY20 – 8.9%  
FY26E – 8.5%

**Chennai:** FY20 – 2.5%  
FY26E – 2.5%

**Source :** Indian Hospitality Trends and Opportunities 2021

**Note:** The FY26 expected market share has been calculated on the basis of current pipeline on hotels only

**Map updated as of 31<sup>st</sup> Dec, 2021**

## INTERNATIONAL DESTINATIONS

## United Arab Emirates

● Dubai

## Bhutan

● Thimphu

## Nepal

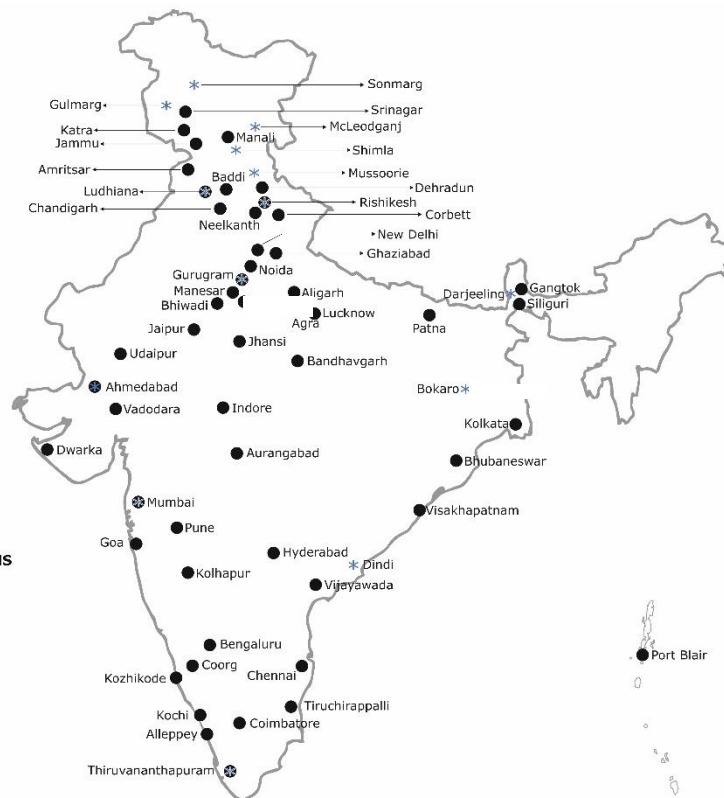
\* Kathmandu

\* Nagarkot

\* Biratnagar

● Operating Hotels

\* Upcoming Hotels



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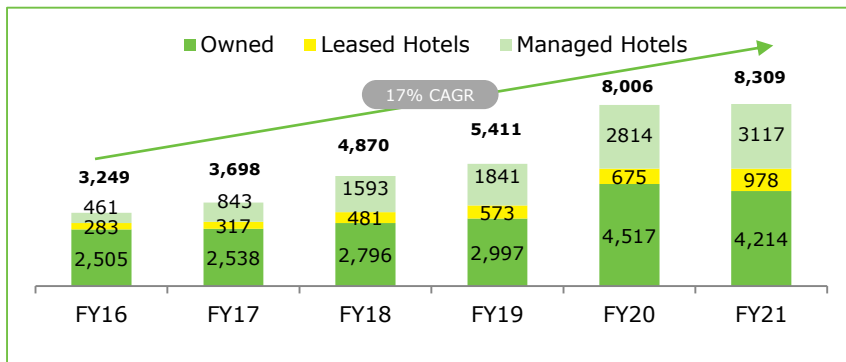
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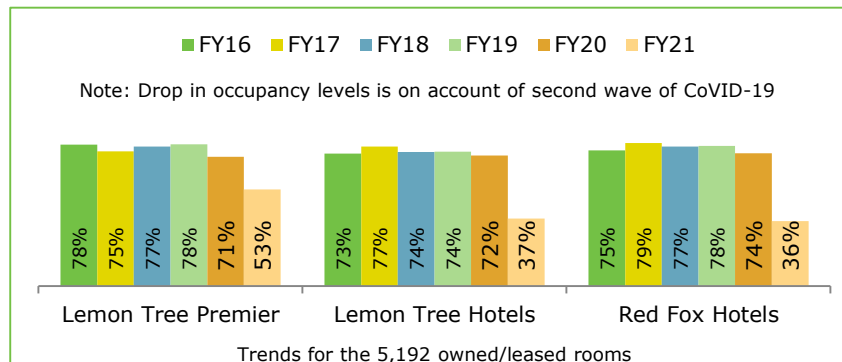
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# Operating performance

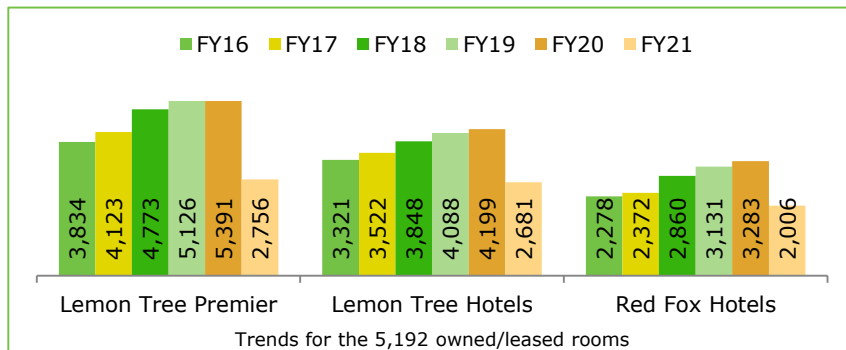
## Rooms are being added



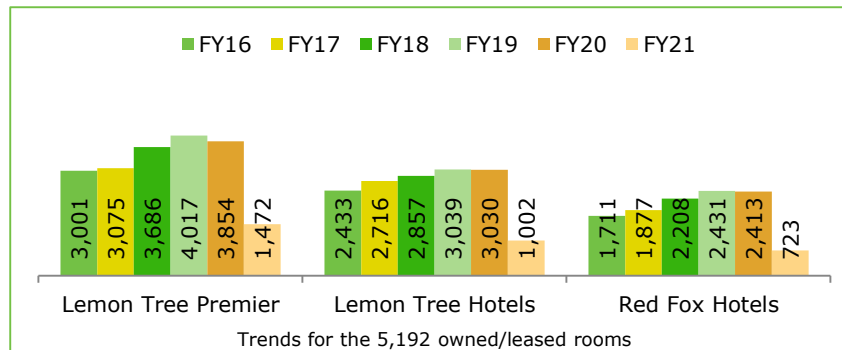
## Occupancy



## ADR

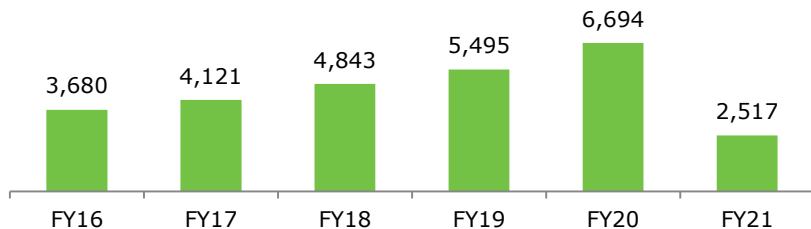


## RevPAR

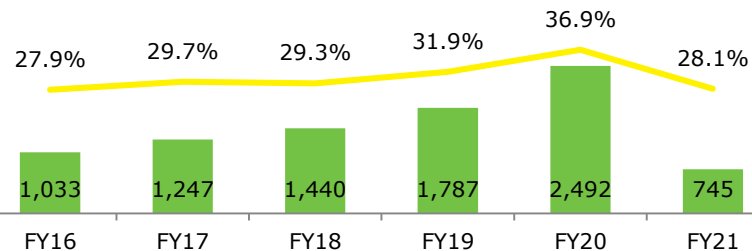


# Operating margins

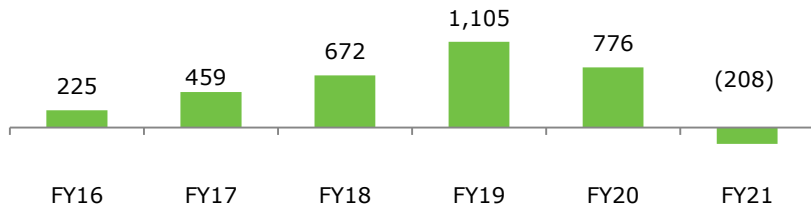
## Revenue from operations (Rs. Million)



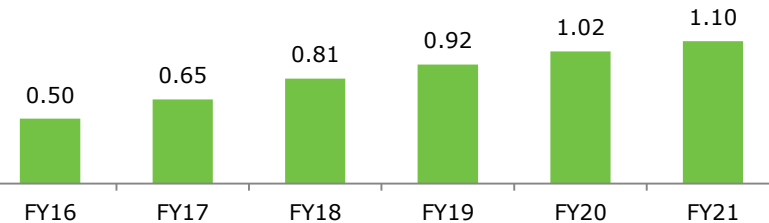
## EBITDA (Rs. Million) & EBITDA margins



## Cash profit



## Debt to Equity Ratio



Note: FY16 figures are from Lemon Tree Prospectus. FY17, FY18, FY19, FY20 and FY21 figures are from audited balance sheet.

For FY20 and FY21: Cash Profit = PAT + Depreciation + Interest converted into loans; for all remaining years it is PAT + Depreciation

# Consolidated Profit & Loss Statement – FY21

Rs. Cr	FY21	FY20	FY19
<b>Revenue from operations</b>	<b>251.7</b>	<b>669.4</b>	<b>549.5</b>
Other income	13.3	5.8	9.9
<b>Total Income</b>	<b>265.0</b>	<b>675.2</b>	<b>559.4</b>
<b>Total expenses</b>	<b>190.5</b>	<b>426.0</b>	<b>380.7</b>
<b>EBITDA</b>	<b>74.5</b>	<b>249.2</b>	<b>178.7</b>
<b>EBITDA w/o Other Income</b>	<b>61.3</b>	<b>243.4</b>	<b>168.8</b>
<b>EBITDA margin (%)</b>	<b>28.1%</b>	<b>36.9%</b>	<b>31.9%</b>
Finance costs	190.5	161.6	84.7
Depreciation & amortization	107.6	92.2	54.1
<b>PBT</b>	<b>(218.7)</b>	<b>(2.2)</b>	<b>45.3</b>
Tax expense	(32.2)	10.9	(11.1)
<b>PAT</b>	<b>(186.5)</b>	<b>(13.1)</b>	<b>56.4</b>
<b>Cash Profit</b>	<b>(20.8)</b>	<b>77.6</b>	<b>110.5</b>

Note:

- 1) For FY19 and FY20, Cash Profit is calculated as PAT + Depreciation
- 2) For FY21, Cash Profit is calculated as PAT + Depreciation + Interest converted into loans

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# Consolidated Balance Sheet Snapshot – FY21

Rs. Cr	FY21	FY20	FY19
Shareholder's Funds	917.6	988.9	875.0
Non-controlling interests	617.4	555.9	432.2
<b>Total Shareholder's equity</b>	<b>1,535.0</b>	<b>1,544.8</b>	<b>1,307.2</b>
Total Debt	1,685.0	1,577.5	1,204.2
Other Non-current liabilities	470.0	464.3	38.0
Other Current liabilities	132.2	176.2	222.4
<b>Total Equity &amp; Liabilities</b>	<b>3,822.1</b>	<b>3,762.8</b>	<b>2,771.8</b>
Non-current assets	3,581.1	3,615.5	2,575.3
Current assets	241.0	147.3	196.6
<b>Total Assets</b>	<b>3,822.1</b>	<b>3,762.8</b>	<b>2,771.8</b>
Debt to Equity (x)	<b>1.10</b>	<b>1.02</b>	<b>0.92</b>
<b>Average cost of borrowing as of 31<sup>st</sup> March (%)</b>	<b>8.28%</b>	<b>9.60%</b>	<b>9.40%</b>



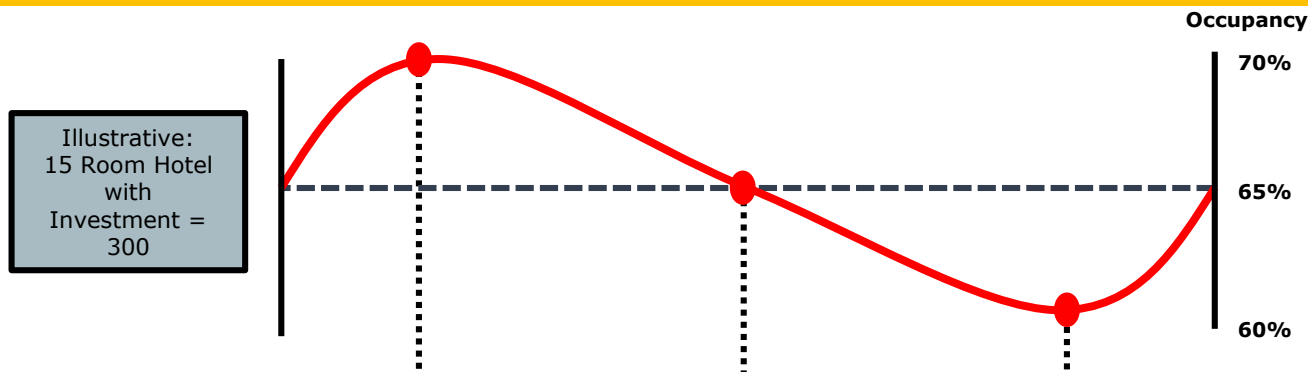
# Operational Performance by Ageing – FY21 vs. FY20

Parameters	Financial year	Adult Hotels (Stable - older than 3 years)	Toddler Hotels (Stabilizing - between 1-3 years old)	Infant Hotels (New - less than 1 year old)	Under-development hotels
<b>Hotels<sup>1</sup></b>	<b>FY20</b>	24	6	11	2
	<b>FY21</b>	28	13	0	
<b>Operating Rooms (year-end)</b>	<b>FY20</b>	2,855	715	1,622	738
	<b>FY21</b>	3,278	1,914	-	
<b>Occupancy Rate (%)</b>	<b>FY20</b>	75.2%	67.1%	56.4%	Deep demand Markets (high occupancies)
	<b>FY21</b>	42.1%	35.9%	-	
<b>Average Daily Rate (Rs.)</b>	<b>FY20</b>	4,399	4,027	4,438	2.0x of Adult Hotels in that year*
	<b>FY21</b>	2,531	2,785	-	
<b>Hotel level EBITDAR<sup>2</sup>/room (Rs. Lacs)</b>	<b>FY20</b>	6.9	5.5	2.3	High*
	<b>FY21</b>	1.4	1.6	-	
<b>Hotel level EBITDAR<sup>2</sup> Margin (%)</b>	<b>FY20</b>	44%	39%	39%	High*
	<b>FY21</b>	30%	36%	-	
<b>Hotel level ROCE*<sup>3</sup> (%)</b>	<b>FY20</b>	12%	5%	2%	1.5x of Adult Hotels in that year*
	<b>FY21</b>	2%	1%	-	

## Notes:

- 1) During the year FY21 4 hotels moved from toddler to adult category, 11 hotels moved from infant to toddler category and no new hotels entered into the infant category
- 2) Hotel level EBITDAR measures hotel-level results before lease rentals, debt service, depreciation and corporate expenses of the owned/leased hotels, and is a key measure of company's profitability
- 3) Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels

# The hotel business cycle



Cycle	Top (2)	Middle (3)	Bottom (2)
Occupancy	70% or more	63-68%	60% or less
Rooms Sold	12	10	8
Average Daily Rate	13	10	7
Revenue	156	100	56
Expenses	60	50	40
EBITDA	96	50	16
Hotel RoCE	32%	17%	5%
Sustainable Debt:Equity Coverage	Full Debt	1:1	No Debt

Note: Hotel RoCE is calculated as Hotel level EBITDA/Capital deployed for operational hotels.



## FY21 ESG Report - Lemon Tree's first

Click here to read the report: [ESG Report](#)

# FY21 ESG Report – Lemon Tree's first | **Impact**

Impact of our Environment, Social and Governance initiatives:



## 10%

Renewable energy in the electricity mix in FY21



## 98%

Operations audited (internally) for cases of corruption and bribery



## 14.30%

Opportunity Deprived Indians (ODIs) employed in FY21



## 52%

Reduction in normalized water withdrawal intensity per total floor area since FY18



## 67%

Reduction in normalized emissions intensity per occupied room since FY18

Click here to read the report: [ESG Report](#)

# FY21 ESG Report – Lemon Tree's first | **Vision FY26**



In the area of Environment, we are focused on becoming more energy efficient, adopting renewable energy, mitigating and adapting to climate change, conserving water and reducing waste

At the center of our ESG approach is our commitment to **creating sustained value**. This is across all stakeholders - shareholders and investors, employees, customers, suppliers and the society at large.



In the area of Social, our emphasis is on the development of people, especially creating an inclusive and equal opportunity workplace and empowering local communities

**Vision FY26** reflects our belief that our business operations are inherently integrated with delivering social and environmental impact.



In the area of Governance, our commitment is towards building an ethical and transparent organization

Click here to read the report: [ESG Report](#)

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# FY21 ESG Report – Lemon Tree's first | **Vision FY26**

Our ambitions for FY26 are based on the following goals and aspirations:

<b>15%</b> Reduction in Energy Consumption (intensity based) by FY26 over FY19 baseline 	<b>50%</b> Renewable energy (RE) usage by FY26 	<b>40%</b> Reduction in GHG emissions (intensity based) by FY26 over FY19 baseline 	<b>10%</b> Reduction in water consumption (intensity based) by FY26 over FY19 baseline 	<b>100%</b> Certified Green Buildings (hotels) by FY26 	<b>30%</b> ODIs in the workforce by FY26 	<b>15%</b> Women across the workforce by FY26 
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Click here to read the report: [ESG Report](#)

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# FY21 ESG Report – Lemon Tree's first | **Policy Architecture**

In a rapidly evolving business environment addressing ESG issues is crucial to ensure the longevity of an organization. Through our well-defined policy frameworks and initiatives, we are on the path to achieving business growth along with creating a positive environmental and social impact.



## Embracing Environmental Stewardship

- Sustainability Policy
- Waste Management Pilot- Policy redefinition



## Redefining Social Engagement

- Diversity and Inclusion Initiative
- Growth of Employee Strength
- Career Path and Employee Growth
- Management of Labor Relations
- Policy and Workers' Right
- CSR Policy



## Providing Effective Governance

- Nomination and Remuneration Policy
- Code of Conduct
- Data Privacy Policy
- Risk Management Policy
- Whistleblower Policy
- Prevention of Sexual Harassment Policy

Click here to read the report: [ESG Report](#)

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# FY21 ESG Report – Lemon Tree's first | **Governance Structure**

Our efforts to integrate ESG across our business operations is effectively supported by a dynamic governance structure



Click here to read the report: [ESG Report](#)

# Conference Call Details

## Lemon Tree Hotels Limited (LTH) Q3 FY22 Earnings Conference Call

**Time** • 4:00 PM IST on Friday, February 11, 2022

**Conference dial-in Primary number** • Primary number: +91 22 6280 1141 / +91 22 7115 8042

**Local access number** • +91 70456 71221 (Available all over India)

**International Toll Free Number**

- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 0 808 101 1573
- USA: 1 866 746 2133

**Pre-registration**

To enable participants to connect to the conference call without having to wait for an operator, please register at the below mentioned link:



Click here to  
ExpressJoin the Call

# About Lemon Tree Hotels

Lemon Tree Hotels Limited is India's largest hotel chain in the mid-priced hotel sector, and the third largest overall, on the basis of controlling interest in owned and leased rooms, as of June 30, 2017, according to the Horwath Report. We operate in the upscale segment and in the mid-market sector, consisting of the upper-midscale, midscale and economy segments. We deliver differentiated yet superior service offerings, with a value-for-money proposition.

LTHL opened its first hotel with 49 rooms in May 2004 and currently operates ~8,500 rooms in 87 hotels across 54 destinations, in India and abroad, under its various brands viz. Aurika Hotels & Resorts, Lemon Tree Premier, Lemon Tree Hotels, Red Fox Hotels, Keys Prima, Keys Select and Keys Lite. As the current pipeline becomes operational, LTHL will be operating ~10,500 rooms in 107 hotels across 64 destinations, in India and abroad.

Lemon Tree Hotels, including Keys Hotels, are located across India, in metro regions including the NCR, Mumbai, Kolkata, Bengaluru, Hyderabad and Chennai, as well as numerous other tier I and II cities such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore, Aurangabad, Udaipur, Vishakhapatnam, Kochi, Ludhiana, Thiruvananthapuram and Vijayawada. The company expanded internationally with hotels opening in Dubai in December 2019 and in Bhutan in February 2020. New hotels are also set to open internationally in Bhutan and Nepal.

*For more information about us, please visit [www.lemontreehotels.com](http://www.lemontreehotels.com) or contact:*

Kapil Sharma (Chief Financial Officer)

**Lemon Tree Hotels Ltd**

**Tel:** +91 11 4605 0174 / +91 11 4605 0153

**E-mail:** [cfo@lemontreehotels.com](mailto:cfo@lemontreehotels.com)

Anoop Poojari

**CDR India**

**Tel:** 98330 90434

**E-mail:** [anoop@cdr-india.com](mailto:anoop@cdr-india.com)



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