



# Lemon Tree Hotels Limited

## Q4 FY19 Earnings Presentation

May 29, 2019



# 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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**5,525  
rooms;  
56 hotels**



**1,697  
rooms;  
12 hotels**







**2,555  
rooms;  
34 hotels**



**1,273  
rooms;  
10 hotels**

## Key Statistics

		31 <sup>st</sup> March FY18	Q3 FY19	Q4 FY19	15 <sup>th</sup> May FY19
	Cities	29	31	32	33
	Hotels	47	52	54	56
	Rooms	4802	5291	5411	5525
	Loyalty Members	719,146	889,080	947,776	978,444

# Portfolio Breakup as on 31<sup>st</sup> March, 2019

Operational Portfolio	Owned		Leased		Managed		Total	
31.03.2019	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Lemon Tree Premier	5	997	2	161	5	539	12	1,697
Lemon Tree Hotels	13	1241	4	321	15	879	32	2,441
Red Fox Hotels	5	759	1	91	4	423	10	1,273
<b>Total</b>	<b>23</b>	<b>2997</b>	<b>7</b>	<b>573</b>	<b>24</b>	<b>1,841</b>	<b>54</b>	<b>5,411</b>

In Pipeline	Owned		Leased		Managed		Total	
31.03.2019	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Lemon Tree Premier	4	1161	0	0	7	523	11	1,684
Lemon Tree Hotels	1	79	0	0	19	1456	20	1,535
Red Fox Hotels	0	0	0	0	2	170	2	170
<b>Total</b>	<b>5</b>	<b>1240<sup>#</sup></b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>2,149</b>	<b>33</b>	<b>3,389</b>

# Of these owned 1,240 rooms in pipeline, currently 577 rooms are from Lemon Tree Premier, Mumbai International Airport. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 92 rooms to 669, in which case total owned inventory in pipeline will increase to 1,332.

# Strategically positioned in key geographies with Lemon Tree share of total mid-priced hotel sector

- \* Geographical spread across India and presence in key markets to cater effectively to corporate clients and business travelers
- \* Hotel operations in each of the top 10 markets in India (based on hotel inventory)
- \* Focus in key micro markets to address demand and optimize pricing
- \* Hotels at locations with high barrier-to-entry such as close to major business centers, airports etc.
- \* International Locations- (Hotels/Rooms)
  - Thimphu : 2 / 65
  - Kathmandu : 1 / 75
  - Dubai : 1 / 114

**Jaipur:** FY17 – 11%  
FY21E – 10%

**Ahmedabad:** FY17 – 11%  
FY21E – 9%

**Mumbai:** FY17 – NA  
FY21E – 17%

**Pune:** FY17 – 5%  
FY21E – 9%

**Goa:** FY17 – 4%  
FY21E – 4%

**Bengaluru:** FY17 – 9%  
FY21E – 8%



**Delhi NCR:** FY17 – 14%  
FY21E – 16%

**Kolkata:** FY17 – NA  
FY21E – 8%

**Hyderabad:** FY17 – 24%  
FY21E – 21%

**Chennai:** FY17 – 5%  
FY21E – 4%

Source : Horwath Report

Note: For FY21E, share based on total rooms by end of FY21 and Horwath projection of total mid-priced sector supply in these markets

Map updated as of 15<sup>th</sup> May, 2019

## \*Chairman & Managing Director's Message



**Commenting on the performance for FY19, Mr. Patanjali Keswani, Chairman & Managing Director – Lemon Tree Hotels Limited said,**

*"We have delivered a top-line growth of 13.7% YoY in FY19 driven by 7.3% YoY increase in ADR and addition of 292 owned/leased rooms during the year. Our strong cost control and operating leverage resulted in EBITDA growth 24.1% YoY in FY19 and EBITDA margin expansion by 268 bps in FY19 over the previous year. Our PAT and Cashflow in FY19 increased by 287% YoY and 65% YoY respectively. After adjusting for the impact of deferred taxes our PAT and Cashflow increased by 161% and 32% respectively.*

*We continued to maintain our occupancy premium showing a 48 bps YoY improvement to 76.3% in FY19 from 75.9% in FY18, despite addition of the new supply of 377 owned/leased rooms, out of which 292 rooms were added during the year and 85 rooms were added just at the end of previous year. Excluding the new supply, occupancies increased by 188 bps YoY to 77.8%.*

*ADR hikes during FY19 were impacted by challenges faced by the airline industry, while the overall slowdown in the economy and consumption led to lower sales in our direct sales channel towards the end of FY19 whereas the period leading up to the election outcome resulted in lower corporate travel. We are confident that the formation of a strong government with a majority mandate at the centre, will create a strong growth framework that expands longer-term macro growth opportunities for the country. With acceleration in reforms and decision-making processes, normalcy restored and consumer confidence rising, we expect an uptick in ADR in the coming years. Our Pune property launched at the end of the last quarter should reach steady state over the next few quarters and we also expect our 303 room Mumbai hotel to be launched in June this year. We have a large supply of high value inventory getting operationalized in demand dense regions with high occupancies which will help augment our ADRs.*

*We are optimistic going into FY20 and expect an acceleration in our operational and financial performance. We are favourably placed going ahead in terms of our market positioning, sector tailwinds and brand visibility. We will capitalise on the changing industry dynamics with a large inventory of hotels moving towards steady state that were opened in the last 3 years during the down-cycle, operationalization of high value inventory in the coming quarters and our cost leadership."*

# Performance Highlights – Operational Metrics

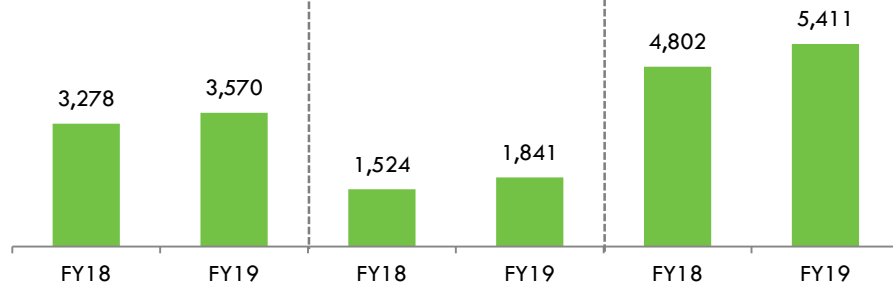
## Operational Inventory

### Owned/Leased rooms

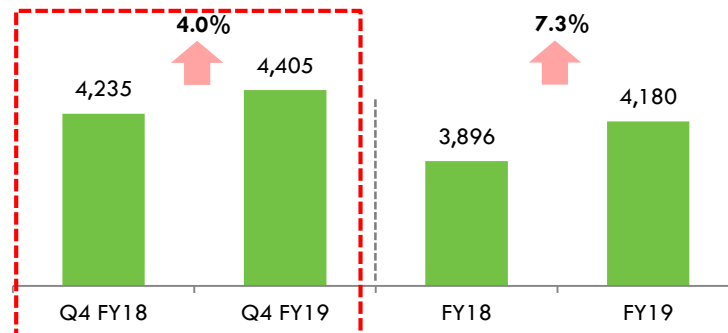
### Managed rooms

### Total rooms

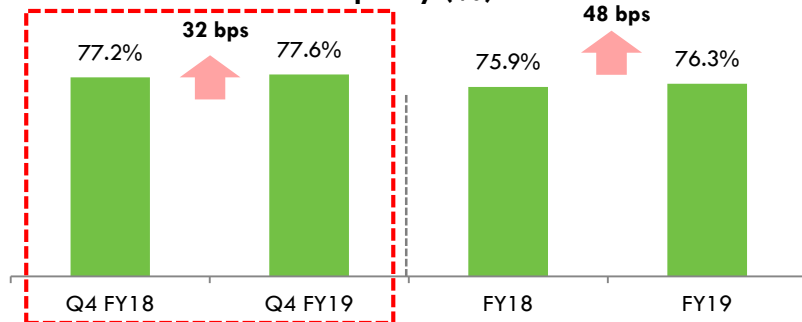
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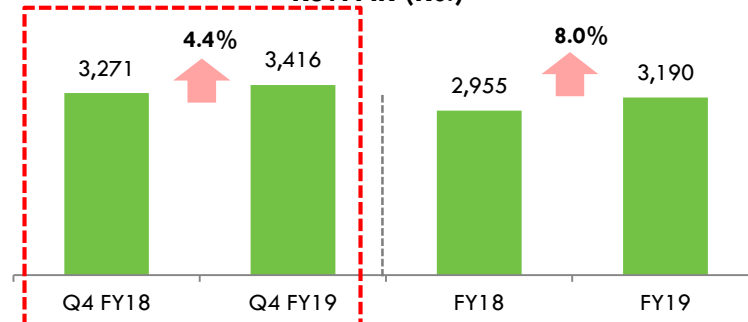
## Average Daily Rate (Rs.)



## Occupancy (%)



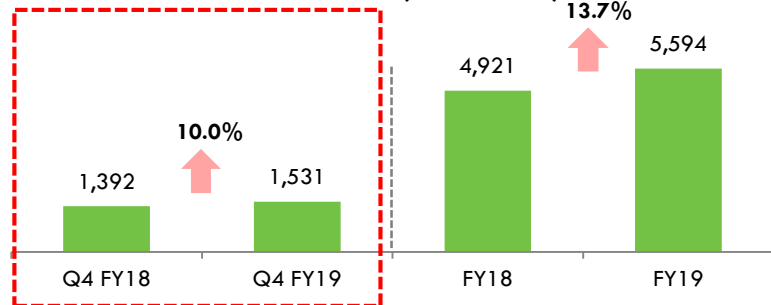
## RevPAR (Rs.)



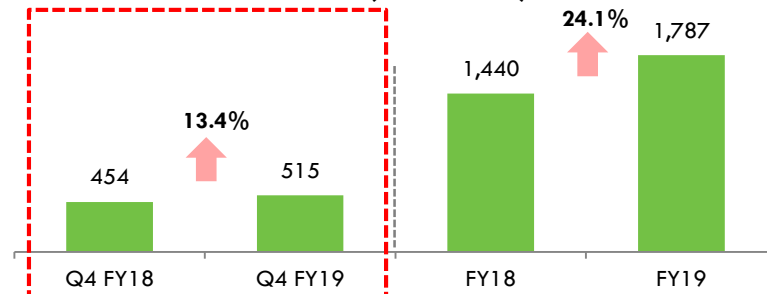
Note: ADR, Occupancy and RevPAR are for our owned and leased hotels only.

# Performance Highlights – Financial Metrics (Consolidated)

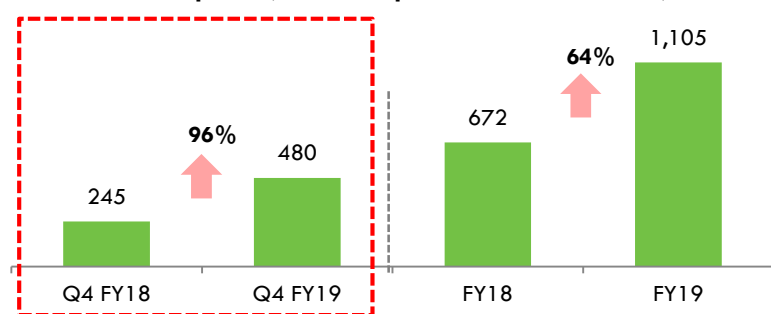
### Total Income (Rs. million)



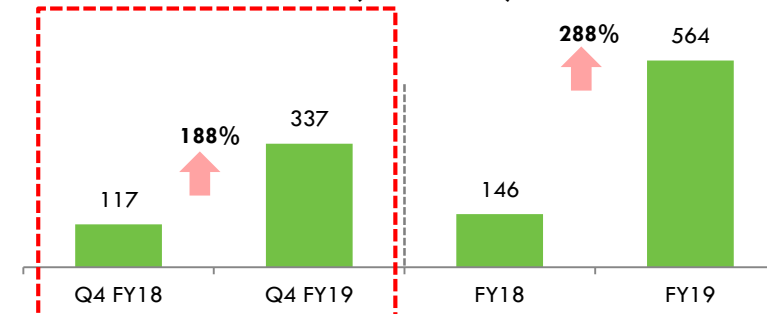
### EBITDA (Rs. million)



### Cash profit (PAT + Depreciation, Rs. million)



### PAT (Rs. million)



# Profit & Loss Statement (Consolidated)

Rs. millions	Q4 FY18	Q4 FY19	Change (%)	FY18	FY19	Change (%)
Revenue from operations	1,320	1,505	14.0%	4,843	5,495	13.5%
Other income	72	26	-64.5%	78	99	27.2%
<b>Total income</b>	<b>1,392</b>	<b>1,531</b>	<b>10.0%</b>	<b>4,921</b>	<b>5,594</b>	<b>13.7%</b>
Cost of F&B consumed	115	134	16.9%	436	498	14.3%
Employee benefit expenses	296	319	7.6%	1,096	1,205	10.0%
Other expenses	527	564	6.9%	1,949	2,104	7.9%
<b>Total expenses</b>	<b>938</b>	<b>1,016</b>	<b>8.3%</b>	<b>3,481</b>	<b>3,807</b>	<b>9.4%</b>
<b>EBITDA</b>	<b>454</b>	<b>515</b>	<b>13.4%</b>	<b>1,440</b>	<b>1,787</b>	<b>24.1%</b>
<b>EBITDA margin (%)</b>	<b>32.6%</b>	<b>33.6%</b>	<b>100 bps</b>	<b>29.2%</b>	<b>31.9%</b>	<b>268 bps</b>
Finance costs	201	238	18.6%	784	847	8.1%
Depreciation & amortization	128	143	12.0%	526	541	2.8%
<b>PBT</b>	<b>131</b>	<b>143</b>	<b>9.1%</b>	<b>183</b>	<b>453</b>	<b>146.9%</b>
Tax expense	13	(194)	-	38	(111)	-
<b>PAT</b>	<b>117</b>	<b>337</b>	<b>188.0%</b>	<b>146</b>	<b>564</b>	<b>287.4%</b>
<b>Cash Profit</b>	<b>245</b>	<b>480</b>	<b>95.9%</b>	<b>672</b>	<b>1,105</b>	<b>64.5%</b>

# Balance Sheet Snapshot (Consolidated)

Rs. million	FY18	FY19
Shareholder's Funds	8,148	8,750
Non-controlling interests	4,286	4,322
<b>Total Shareholder's equity</b>	<b>12,435</b>	<b>13,072</b>
Total Debt	10,110	12,042
Other Non-current liabilities	344	380
Other Current liabilities	1,693	2,224
<b>Total Equity &amp; Liabilities</b>	<b>24,582</b>	<b>27,718</b>
Non-current assets	23,200	25,752
Current assets	1,382	1,966
<b>Total Assets</b>	<b>24,582</b>	<b>27,718</b>
Debt to Equity (x)	0.81	0.92
Average cost of borrowing (%)	9.53%	9.40%

# Discussion on Consolidated Financial & Operational Performance – Q4 FY19

## Operational Rooms & Pipeline

- \* As of 15<sup>th</sup> May 2019, operational portfolio comprised of 56 hotels and 5,525 rooms : 2,997 owned, 573 leased and 1,955 managed rooms; Pipeline includes of 1,240 owned/leased and 2,149 managed rooms.
- \* Propose to add another 1,261 rooms to the operational inventory by the end of Q4 FY20 of which 584 rooms are owned and 677 rooms are managed. All owned/leased rooms are opening in high barrier-to-entry and demand dense markets with high occupancies and ADR's. This addition of owned rooms includes 303 rooms in Mumbai, 142 rooms in Kolkata and 139 rooms in Udaipur
- \* Plan to operate 66 hotels with 6,672 rooms across 44 cities by end of Q4 FY20
- \* Plan to operate 87 hotels with 8,800 rooms across 59 cities by CY21

## Revenue

- \* Total Revenue stood at Rs. 1,531 million in Q4 FY19, up 10.0% as compared to Rs. 1,392 million in Q4 FY18. Around 7% increase was on account of new inventory addition
- \* ADR increased by 4% from 4,235 in Q4FY18 to 4,405 in Q4 FY19
- \* Occupancy increased by 32 bps from 77.2% in Q4 FY18 to 77.6% in Q4 FY19. On same hotels basis it increased by 330 bps to 80.7%
- \* Fees from managed hotels stood at Rs. 52 million (3.4% of the total revenue) in Q4 FY19 as compared to Rs. 34 million (2.4% of the total revenue) in Q4 FY18

## Cost

- \* Total expenses increased by 8.3% in Q4 FY19 as compared to expenses in Q4 FY18. Around 8% increase was on account of new inventory. On same hotels basis it increased marginally by 0.3%

## Operating Margins

- \* EBITDA increased by 13.4% from Rs. 454 million in Q4 FY18 to Rs. 515 million in Q4 FY19
- \* EBITDA margins expanded by 100 bps from 32.6% in Q4 FY18 to 33.6% in Q4 FY19

## Profit after tax

- \* Profit after tax increased by 188% from Rs. 117 million in Q4 FY18 to Rs. 337 million in Q4 FY19. Rs. 240 million was on account of increase in deferred taxes. We also registered Rs 26 million loss in RFH Dehradun & LTP Pune which were opened during the year and are stabilizing right now. Excluding these two factors, the PAT increased by 6% from 112 million in Q4 FY18 to 118 million in Q4 FY19
- \* Cash Profit increased by 96% from Rs. 245 million in Q4 FY18 to Rs. 480 million in Q4 FY19.

# Discussion on Consolidated Financial & Operational Performance – FY19

## Revenue

- \* Total Revenue stood at Rs. 5,594 million in FY19, up 13.7% as compared to Rs. 4,921 million in FY18. Around 4.0% increase was on account of new inventory addition
- \* ADR increased by 7.3% from 3,896 in FY18 to 4,180 in Q4 FY19
- \* Occupancy increased by 48 bps from 75.9% in FY18 to 76.3% in FY19. On a same store basis it increased by 188 bps to 77.8%
- \* Fees from managed hotels stood at Rs. 169 million (3.0% of the total revenue) in FY19 as compared to Rs. 104 million (2.1% of the total revenue) in FY18

## Cost

- \* Total expenses increased by 9.4% in FY19 as compared to expenses in FY18. Around 4.7% increase was on account of new inventory. On same hotels basis it increased by 4.7%

## Operating Margins

- \* EBITDA increased by 24.1% from Rs. 1,440 million in FY18 to Rs. 1,787 million in FY19
- \* EBITDA margins expanded by 268 bps from 29.2% in FY18 to 31.9% in FY19

## Profit after tax

- \* Profit after tax increased by 288% from Rs. 146 million in FY18 to Rs. 564 million in FY19. Rs. 225 million was on account of increase in deferred taxes while a loss of Rs 36 million was registered in RFH Dehradun & LTP Pune. Excluding these two factors, the PAT increased by 190% from 121 million in FY18 to 350 million in FY19
- \* Cash Profit increased by 64% from Rs. 672 million in FY18 to Rs. 1,105 million in FY19.

# Operational Performance by Brands – FY19 vs. FY18

## Q4 FY19 vs. Q4 FY18

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR <sup>2</sup> /room (Rs. million)			Hotel level EBITDAR <sup>2</sup> Margin		
By Brand	Q4 FY19	Q4 FY18	Change (bps)	Q4 FY19	Q4 FY18	Change (%)	Q4 FY19	Q4 FY18	Change (%)	Q4 FY19	Q4 FY18	Change (bps)
Lemon Tree Premier	84.2%	78.1%	614	5,383	5,178	4.0%	0.26	0.22	19.6%	47.4%	43.3%	412
Lemon Tree Hotels	77.3%	74.2%	305	4,364	4,246	2.3%	0.17	0.13	34.1%	41.0%	34.0%	696
Red Fox Hotels	83.3%	82.1%	118	3,269	3,086	5.9%	0.14	0.11	27.1%	47.8%	40.5%	731

## FY19 vs. FY18

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR <sup>2</sup> /room (Rs. million)			Hotel level EBITDAR <sup>2</sup> Margin		
By Brand	FY19	FY18	Change (bps)	FY19	FY18	Change (%)	FY19	FY18	Change (%)	FY19	FY18	Change (bps)
Lemon Tree Premier	81.4%	77.2%	414	5,131	4,773	7.5%	1.00	0.88	13.2%	47.4%	46.2%	120
Lemon Tree Hotels	74.3%	74.2%	8	4,088	3,848	6.2%	0.58	0.51	13.4%	37.3%	36.0%	126
Red Fox Hotels	79.6%	77.2%	239	3,128	2,860	9.4%	0.51	0.43	20.2%	47.1%	44.9%	224

Note:

1) These performance results do not include LTP Pune and RFH Dehradun

# Operational Performance by Region – FY19 vs. FY18

## Q4 FY19 vs. Q4 FY18

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR <sup>2</sup> /room (Rs. million)			Hotel level EBITDAR <sup>2</sup> Margin		
By Brand	Q4 FY19	Q4 FY18	Change (bps)	Q4 FY19	Q4 FY18	Change (%)	Q4 FY19	Q4 FY18	Change (%)	Q4 FY19	Q4 FY18	Change (bps)
Delhi	86.8%	86.8%	2	4,901	4,567	7.3%	0.24	0.21	18.0%	46.5%	42.3%	425
Gurugram	79.2%	73.9%	534	4,272	4,134	3.3%	0.18	0.09	92.2%	39.3%	24.9%	1,446
Hyderabad	83.1%	74.6%	849	4,178	3,924	6.5%	0.20	0.14	41.4%	47.8%	40.4%	741
Bengaluru	79.2%	75.3%	389	4,770	4,403	8.3%	0.22	0.18	21.1%	48.7%	43.4%	530

## FY19 vs. FY18

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR <sup>2</sup> /room (Rs. million)			Hotel level EBITDAR <sup>2</sup> Margin		
By Brand	FY19	FY18	Change (bps)	FY19	FY18	Change (%)	FY19	FY18	Change (%)	FY19	FY18	Change (bps)
Delhi	84.2%	83.7%	54	4,591	4,091	12.2%	0.90	0.76	18.0%	46.4%	44.0%	238
Gurugram	74.8%	70.2%	462	4,182	3,940	6.1%	0.57	0.35	60.0%	34.6%	26.2%	841
Hyderabad	81.0%	75.4%	557	4,000	3,695	8.3%	0.79	0.64	22.2%	49.3%	48.1%	118
Bengaluru	79.1%	77.2%	197	4,414	4,020	9.8%	0.81	0.75	8.1%	46.8%	46.6%	20

# Operational Performance by Ageing – FY19 vs. FY18

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
Hotels <sup>1</sup>	FY19	21	7	2	5
	FY18	21	3	4	
Operating Rooms (year-end)	FY19	2,727	551	292	1,240
	FY18	2,727	128	422	
Occupancy Rate (%)	FY19	79.2%	69.9%	36.3%	Deep demand markets (high occupancies)
	FY18	77.6%	61.5%	66.0%	
Average Daily Rate (Rs.)	FY19	4,197	4,082	4,200	1.5x of Adult Hotels in that year*
	FY18	3,900	5,274	3,422	
Hotel level EBITDAR <sup>2</sup> /room (Rs. million)	FY19	0.72	0.49	0.11	High*
	FY18	0.67	0.49	0.15	
Hotel level EBITDAR <sup>2</sup> Margin (%)	FY19	44%	33%	40%	High*
	FY18	44%	36%	15%	
Hotel level ROCE <sup>*3</sup> (%)	FY19	13%	4%	1%	1.5x of Adult Hotels in that year*
	FY18	12%	6%	(1%)	

## Notes:

1) During the year FY19 4 infant hotels transitioned to toddler category, why 2 new hotels entered into the infant category. No toddler hotel transitioned into Adult 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

\* Post stabilization.

# Expansion Plans – Hotels under Development

Under-development hotels	Type	Rooms	Expected Opening date	Ownership (%)
Lemon Tree Premier, Andheri (East), Mumbai	Owned	303	June-19	100.00%
Lemon Tree Premier, Kolkata	Owned	142	Oct-19	57.98%
Lemon Tree Premier, Udaipur	Owned	139	Oct-19	57.98%
Lemon Tree Mountain Resort, Shimla	Owned	69	Apr-21	100.00%
Lemon Tree Vembanad Lake Resort, Alleppey, Kerala <sup>1</sup>	Owned	10	Oct-21	100.00%
Lemon Tree Premier, Intl. Airport, Mumbai <sup>2</sup>	Owned	577	Nov-21	57.98%
<b>Total</b>		<b>1,240</b>		

- \* Total estimated project cost is Rs. 16,150 million
- \* 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> March, 2019 is Rs. 8,874 million
- \* Balance investment of Rs. 7,276 million will be deployed over the next 3 years in a phased manner, the majority of which will be through internal accruals

Notes: 1) Expansion in existing hotel.

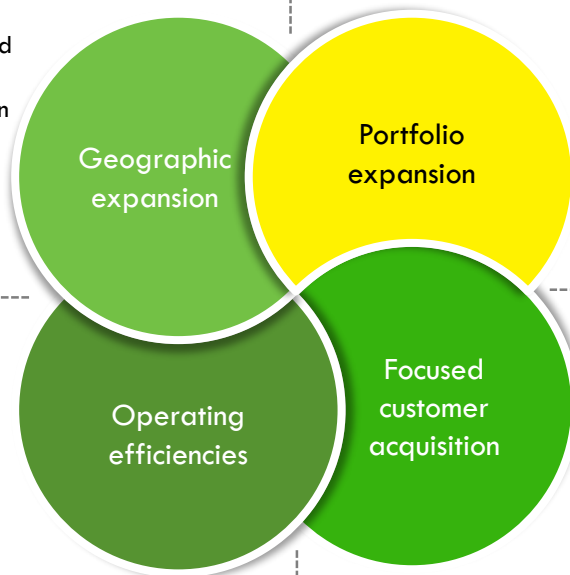
2) LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 92 rooms to 669

# Expansion Plans – Pipeline of Management Contracts (as of May 15<sup>th</sup> , 2019)

Management Contracts Pipeline	Rooms	Expected Opening date	Tenure (years)
Lemon Tree Premier, Rishikesh	66	Aug-19	12
Red Fox Hotel, Vijaywada	90	Sep-19	10
Lemon Tree Hotel, Dubai	114	Sep-19	10
Lemon Tree Hotel, Shirdi	59	Sep-19	12
Lemon Tree Hotel, BKC, Mumbai	70	Dec-19	15
Lemon Tree Hotel, Thimpu	27	Dec-19	12
Lemon Tree Premier, Dwarka	108	Dec-19	15
Red Fox Hotel, Neelkanth	80	Dec-19	12
Lemon Tree Premier, Coorg	63	Jan-20	15
<b>Management Rooms to be Operational in FY 20</b>	<b>677</b>		
Lemon Tree Hotel, Gulmarg	35	Apr-20	10
Lemon Tree Hotel, Jhansi	60	Apr-20	12
Lemon Tree Premier, Dindy	50	Apr-20	10
Lemon Tree Resort, Mussoorie	40	Apr-20	15
Lemon Tree Premier, Bhubaneshwar	76	Apr-20	10
Lemon Tree Hotel, Rishikesh	102	Jun-20	15
Lemon Tree Hotel, Ranthambore	60	Aug-20	10
Lemon Tree Hotel, Aligarh	68	Sep-20	12
Lemon Tree Hotel, Sonamarg	40	Sep-20	10
Serviced Suites, Manesar	260	Sep-20	10
Lemon Tree Hotel, Bokaro	70	Sep-20	10
Lemon Tree Hotel, Gwalior	104	Sep-20	12
Lemon Tree Hotel, Thimpu	38	Oct-20	10
Lemon Tree Hotel, Ludhiana	60	Dec-20	10
Lemon Tree Premier, Vijaywada	120	Mar-21	12
<b>Management Rooms to be Operational in FY 21</b>	<b>1183</b>		
Lemon Tree Hotel, Kathmandu	75	Apr-21	10
Lemon Tree Hotel, Trivandrum	100	Sep-21	10
<b>Total Pipeline</b>	<b>2035</b>		

- Geographical diversification to reduce exposure to local, seasonal and cyclical fluctuations as well as provide greater choice to an expanding loyal (repeat) guest base
- Expand into new markets like Mumbai, Kolkata and Patna and India's tier II and tier III cities offering potential for market share gains, brand recognition and economies of scale
- Penetrate demand dense micro-markets in existing geographies, with higher ROCE's

- Significant operating leverage from incremental revenue gains in existing hotels and low, stable cost structures
- Blended ADR's to improve over the next few years with highest demand-supply mismatch seen in mid-scale segment and with operationalization of additional room inventory in premium markets like Mumbai, Udaipur, etc.
- Sustained occupancy premium to lead to strong cash flow generation



- Strong competitive position in mid-priced hotel sector to drive market share gains
  - Strong pipeline of owned, leased and managed hotels under active development – 65% of current operational portfolio
  - To record 22% CAGR in room inventory growth over FY19-21E driven by 40% CAGR in managed rooms
  - Plan to operate 87 hotels with 8,800 rooms, across 59 cities by CY21 (over 11% of estimated mid-priced sector share), as per Horwath report)
- Increased focus on leisure and vacation travel needs of the Indian travellers
- Increased market share of high-yield online hotel bookings (dynamic day-to-day pricing) from 19% in FY17 to 23% in FY19.



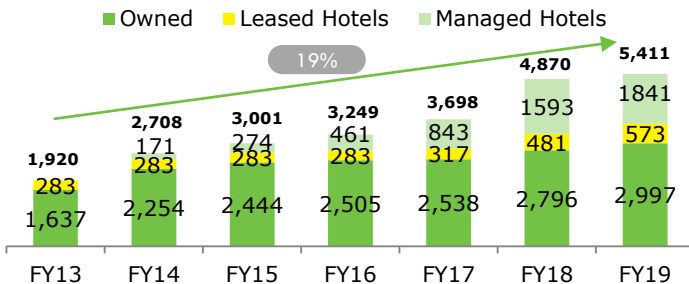
## ANNEXURES

# Strong operating performance

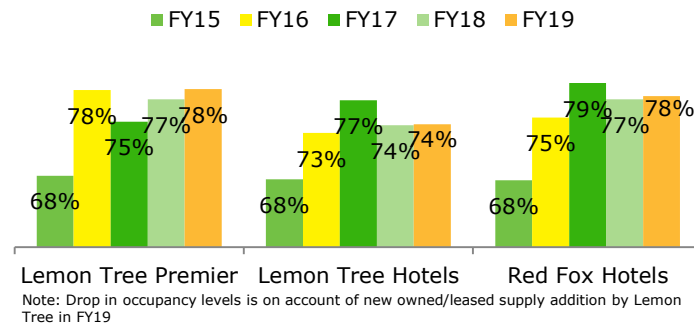
TBA



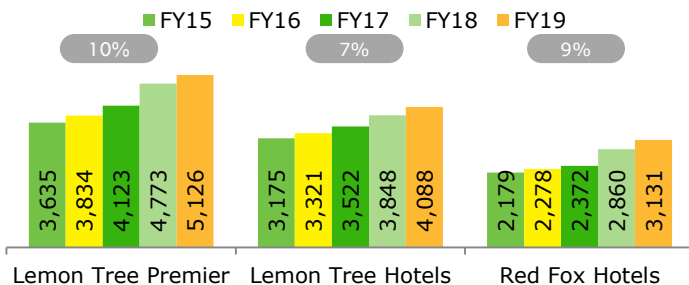
## Rooms are being added...



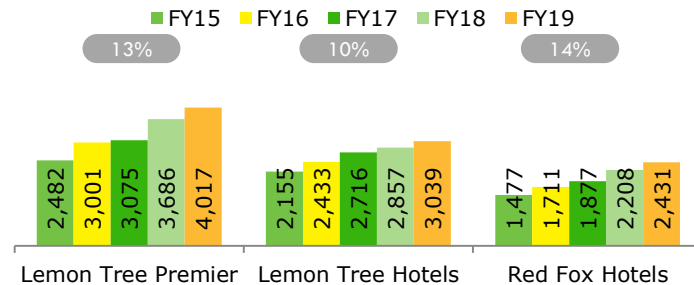
## ...and occupancy levels increasing...



## ...coupled with increasing ADR...



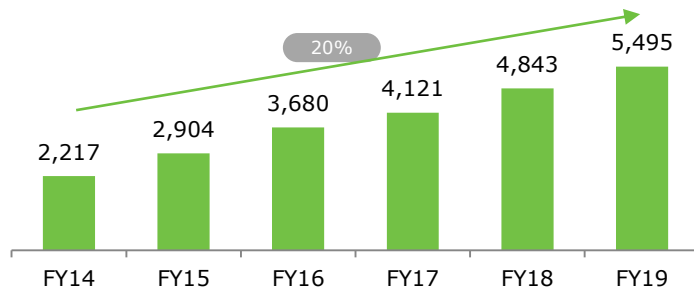
## ...leading to a RevPAR growth



# Strong Growth and improving margins

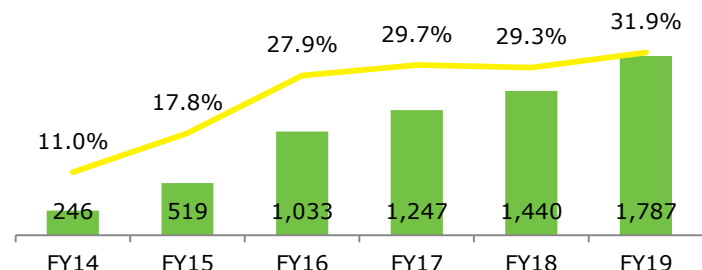
**Revenue has increased at 20% over the last 5 years...**

**Revenue from operations (Rs. million)**



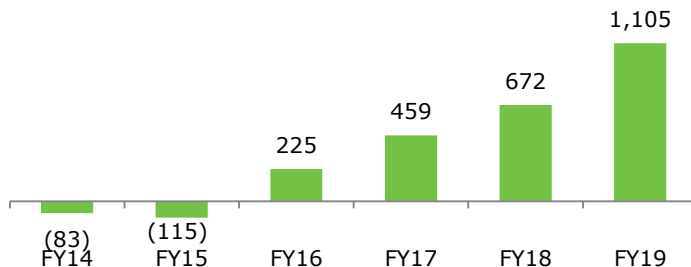
**...coupled with increasing EBITDA margins**

**EBITDA & EBITDA margins**



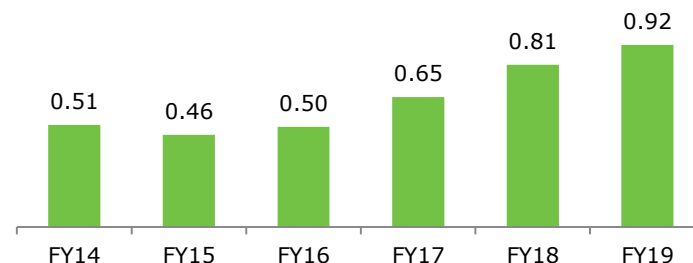
**Increasing cash profit\* growth**

**Cash Profit (PAT + Depreciation) (Rs. million)**



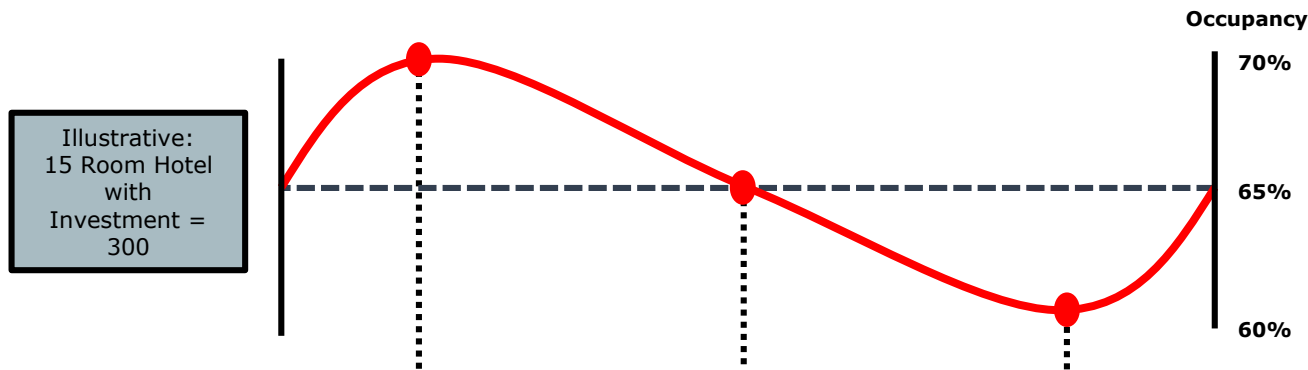
**Gearing low**

**Debt/Equity**



Note: FY14, FY15 and FY16 figures are from Lemon Tree Prospectus. FY17, FY18 and FY19 figures are from audited balance sheet.

# The hotel business cycle

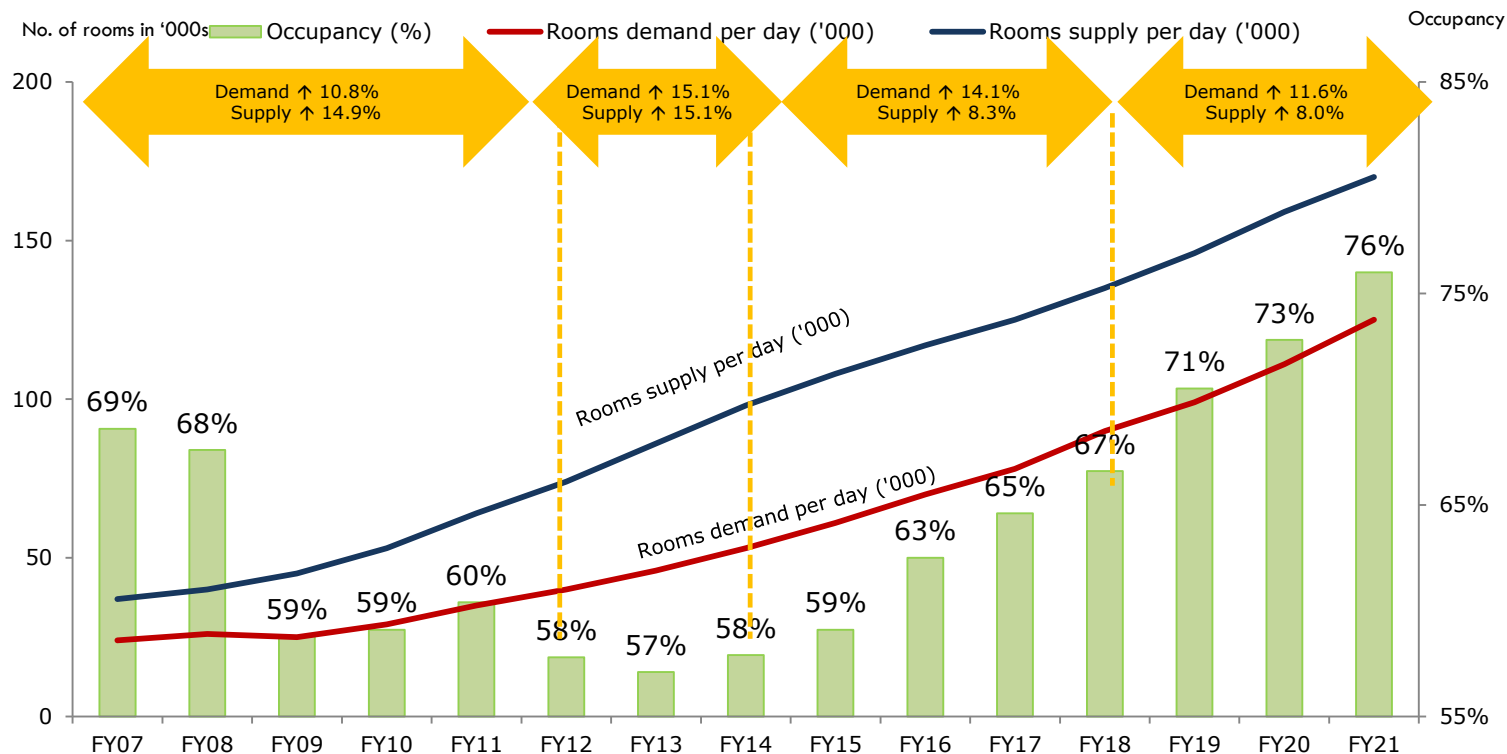


Cycle	Top (2)	Middle (3)	Bottom (2)
Occupancy	70% or more	63-68%	60% or less
Rooms Sold	12	10	8
Average Daily Rate	13	10	7
Revenue	156	100	56
Expenses	60	50	40
EBITDA	96	50	16
Hotel RoCE	32%	17%	5%
Sustainable Debt:Equity Coverage	Full Debt	1:1	No Debt

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

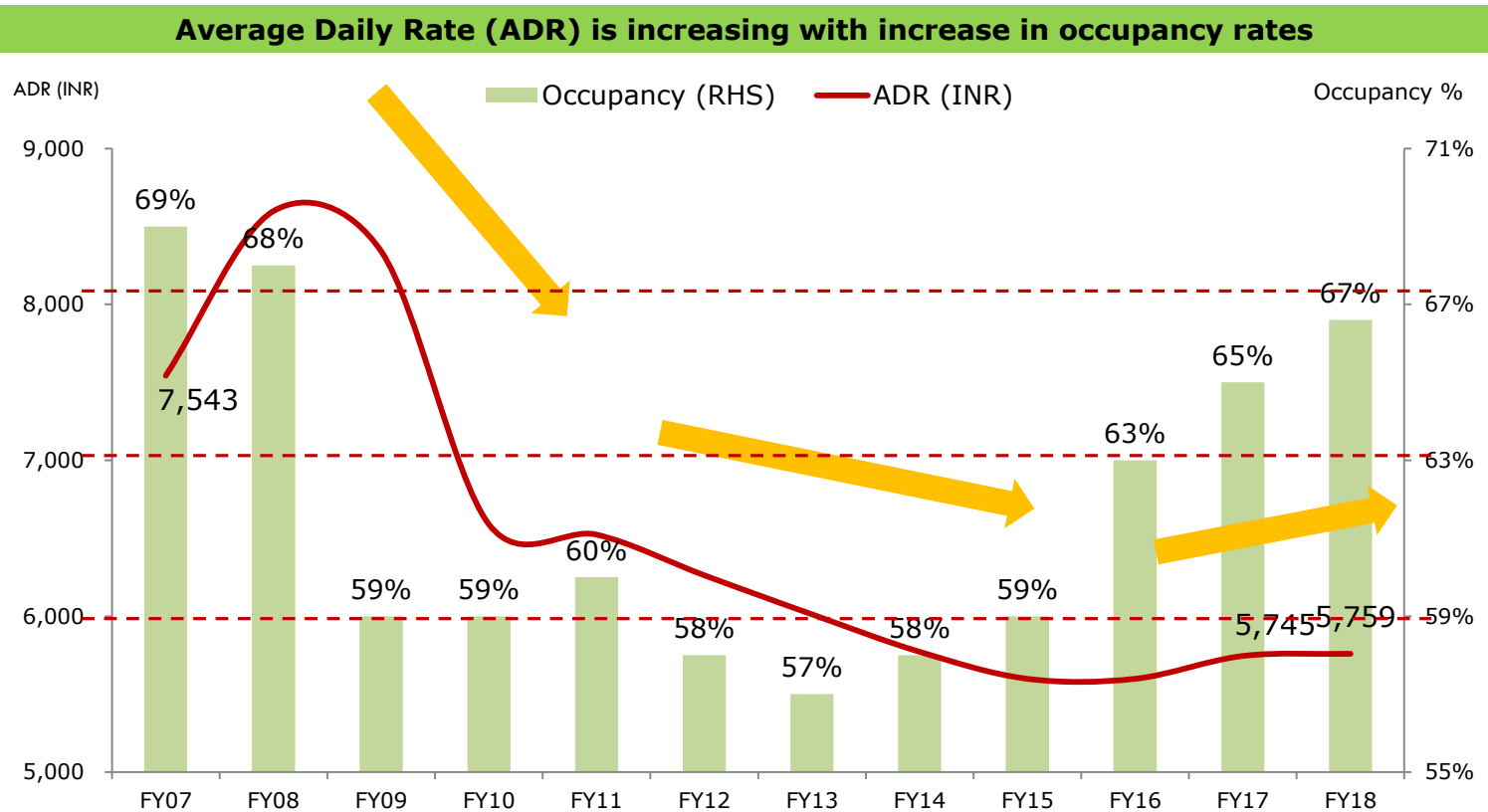
# Indian hotel industry is at an inflection point

## Slowing supply and rising demand is expected to increase occupancy



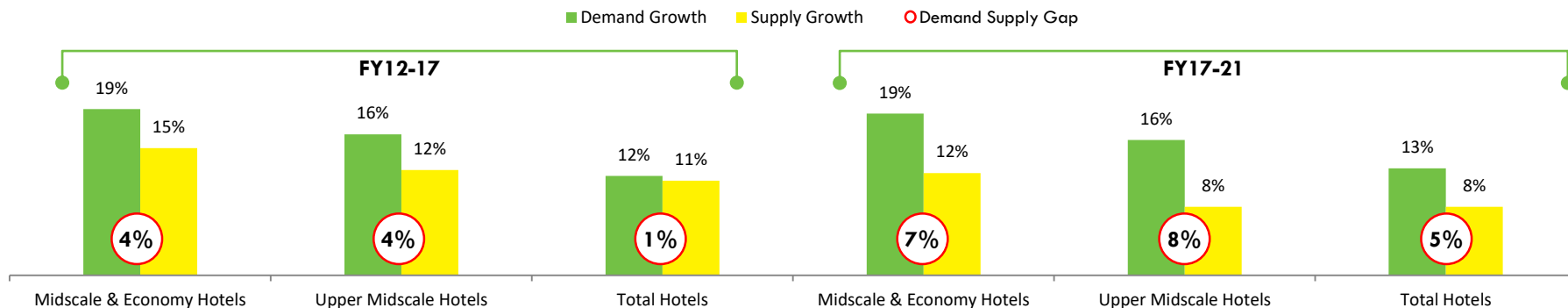
Source : Horwath Report 2017, Hotelivate Trend and Opportunities Report 2018

## Increasing occupancy leading to increase in room rates

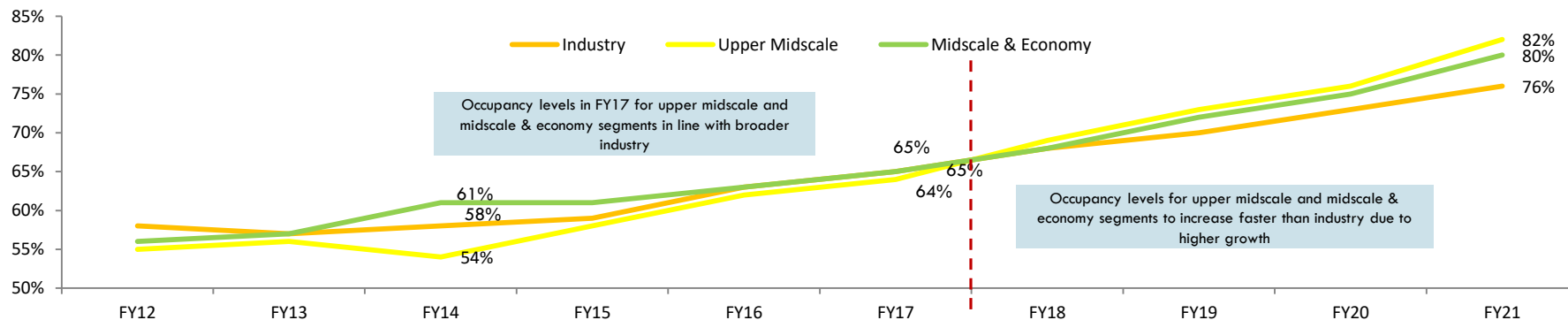


# Mid-priced hotel sector expected to have higher demand supply gap resulting in higher growth in occupancy

## Mid-priced hotel sector expected to continue having higher demand-supply gap leading to...



## ...faster growth in expected occupancy



## Lemon Tree Hotels Limited (LTH) Q4 FY19 Earnings Conference Call

### Time

- 2:00 PM IST on Friday, May 31, 2019

### 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

Lemon Tree Hotels (LTH) is the largest mid-priced hotel sector chain, 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. LTH operates in the mid-priced hotel sector, consisting of the upper midscale, midscale and economy hotel segments and seeks to cater to Indian middle class guests and deliver differentiated yet superior service offerings, with a value-for-money proposition.

LTH opened its first hotel with 49 rooms in May 2004 and plans to operate 87 hotels with 8,800 rooms, across 58 cities by FY 2021 in India and abroad.

Lemon Tree hotels are located across India, in metro regions, including the NCR, Bengaluru, Hyderabad and Chennai, as well as tier I and tier II cities such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore and Aurangabad. New hotels will open shortly in Mumbai, Pune, Kolkata and Udaipur.

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

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