



# Lemon Tree Hotels Limited

## Q1 FY19 Earnings Presentation

Aug 13, 2018



# 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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## Leadership in mid-priced hotel sector



**#1** mid-priced hotel sector<sup>1</sup> chain by owned rooms<sup>2,4</sup>

**#3** overall hotel sector chain by owned rooms<sup>2,4</sup>

1,301  
rooms;  
10 hotels

### Lemon Tree Premier



Targeted primarily at the upper-midscale hotel segment typically comparable to 4-star and sometimes 3-star

2,515  
rooms;  
31 hotels

### Lemon Tree Hotels



Targeted primarily at the midscale hotel segment typically comparable to 3-star

1,182  
rooms;  
9 hotels

### Red Fox by Lemon Tree Hotels



Targeted primarily at the economy hotel segment typically comparable to 2-star

#### Notes:

1. Includes upper midscale, midscale and economy hotels

2. Source : 'Industry Report – Mid Priced Hotel Sector' prepared by Horwath HTL India ("Horwath Report"); As of June 30, 2017

3. As of July 31, 2018

4. On the basis of controlling interest in owned and leased rooms

\* Operating rooms include 2,796 owned, 481 leased and 1,721 managed rooms; Pipeline includes of 1,434 owned, 91 leased and 1,713 managed rooms

## Key Statistics<sup>3</sup>



**31**

Cities for current operating hotels



**23**

New cities for under development hotels



**54**

Cities by end of FY21



**50**

number of operating hotels\*



**29**

number of hotels under development\*



**79**

Hotels by end of FY21\*



**4,998**

number of rooms\*



**3,238**

number of rooms under development\*



**8,236**

Rooms by end of FY21\*



**24 of 33**

Eligible hotels operating for at least a year awarded TripAdvisor Certificate of Excellence for 2017



**801,736**

Members in loyalty program

# 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.

**Jaipur:** FY17 – 11%  
FY21E – 10%

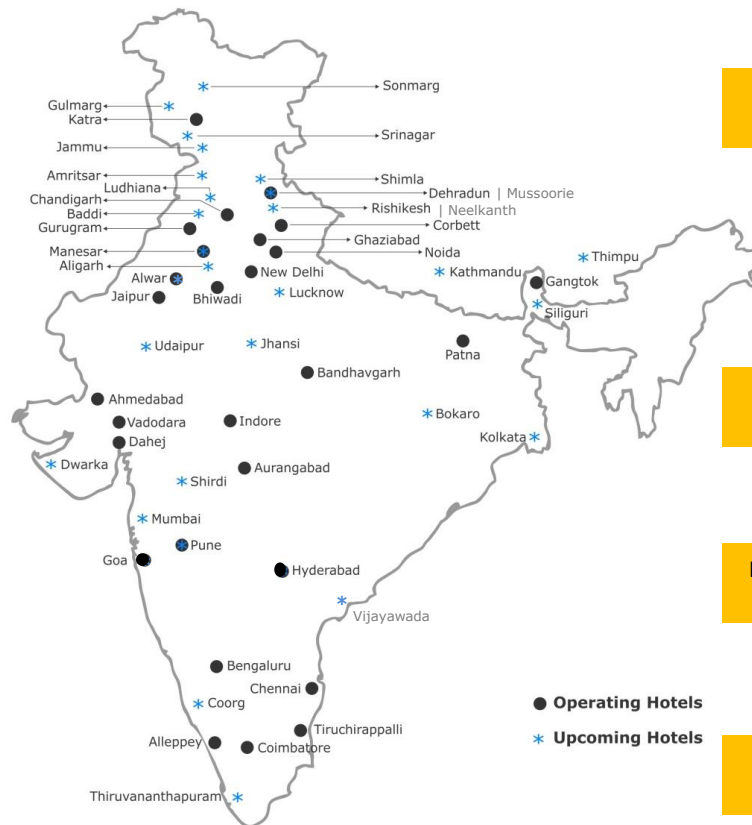
**Ahmedabad:** FY17 – 11%  
FY21E – 9%

**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%

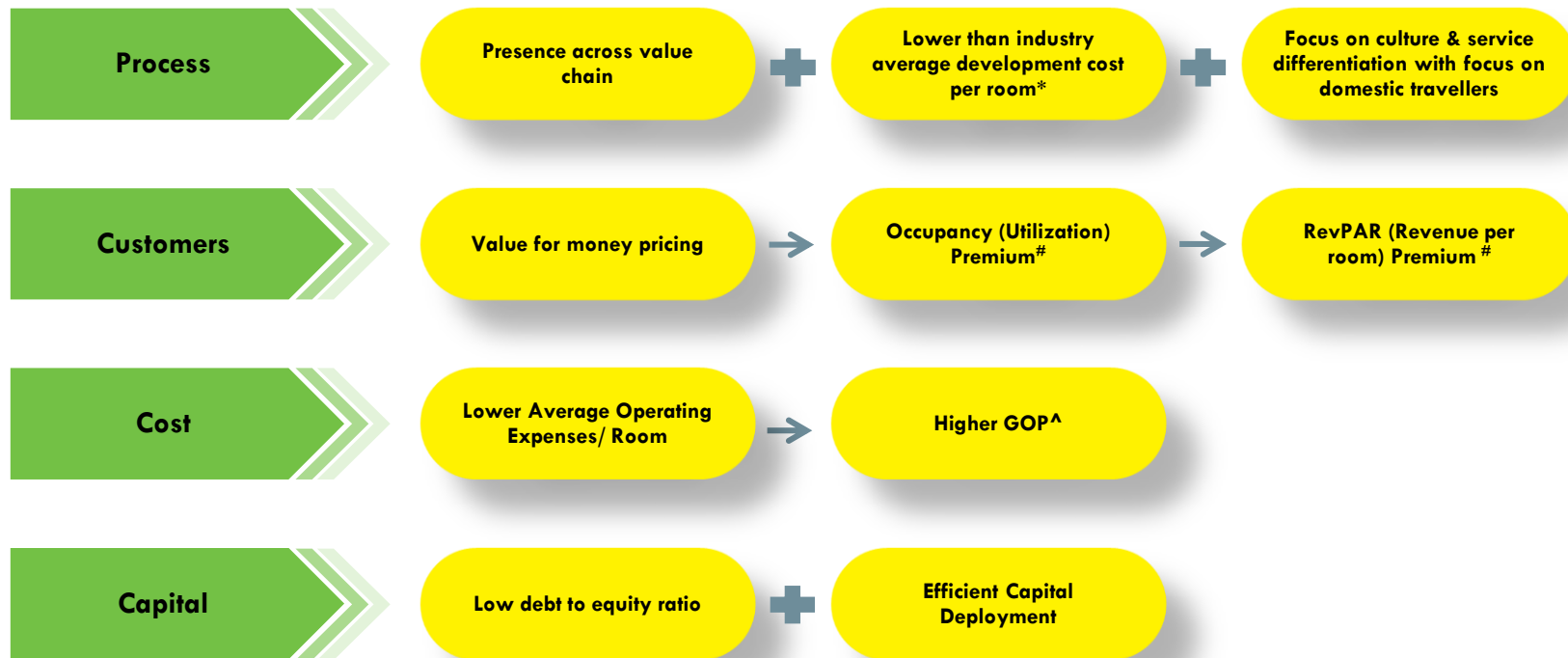
**Chennai:** FY17 – 5%  
FY21E – 4%

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 July 31, 2018

# Competitive Advantage: Differentiated Business Model



\*Based on average development cost per room (excluding the cost of land), for our owned hotels (including owned hotels located on leased or licensed land), developed between the fiscal years 2011 and 2015 in the upper -midscale, midscale and economy hotel segments, respectively, which was lower than the average of select hotels in the respective hotel segments, for the same period; Source : HVS (India – 2016 Hotel Development Cost Survey)

#Source : Horwath Report; ^RevPAR Premium and Lower Average Operating Expenses/ Room of Lemon Tree as compared to industry leading to higher GOP

# Leading Player in the Hotel Industry: Key Strengths (Contd.)

## End-to-end presence across the hotel value chain

- Operations range from acquiring land to developing, owning, managing and marketing hotels
- Acquired expertise and understanding in site selection, design, development, management and marketing of hotels in the mid-priced hotel sector across India

## Diversified brand portfolio

- Well-differentiated brands target distinct segments in the mid-priced hotel sector, without overlap or brand dilution
- Standardized guest amenities ensures consistent customer experience

## Development cost per room lower than industry average

- Experienced in-house project design, management and execution team ensures quicker development to operationalization of hotels
- Replicable product designs and spatial planning with strict adherence to quality and finish
- Average Development costs/room\* at Rs. 5.9/5.0/4.5 million in upper-midscale/midscale/economy category vs. industry average of Rs. 7.2/5.6/3.5 million in the same categories

## Play on domestic discretionary spending

- Catering to local experiences with strong focus on service and customer satisfaction
- 82% of hotels guests in FY18 were domestic users – strong growth trend in domestic travel volumes which is expected to continue in line with increasing urbanisation, higher disposable incomes and changing aspirations of the expanding middle class

# Leading Player in the Hotel Industry: Key Strengths

## Efficient operations with lowest opex costs in industry

- Lowest staff per room ratio in the industry and lower power costs drive higher gross operating margins
- Energy efficient and economically designed maintenance-friendly rooms
- Staff per room is roughly 30%, 25% and 35% lower than the industry\* average in the upper-midscale, midscale and economy segments respectively
- Opex as a % of total revenue was 57%/58%/57% in upper midscale/midscale/economy category as compared to industry\* average of 67%/71%/74% in FY17 in the same categories

## Occupancy premium and rising ADR's

- Strong brand, conveniently located properties in prime micro-markets, value-for-money proposition and efficient service drives occupancy premium leading to higher RevPAR
- RevPAR premium of 7%, 48% and 29% over industry\* average in FY17 in the upper-midscale, midscale and economy segments respectively

## Experienced management team

- Management team with several decades of experience in hospitality industry
- Successful track record of improving hotel performance by well-planned refurbishment, professional centralized sales & marketing and disciplined cost control

## Efficient capital structure with a balanced-asset model

- Initial scale up of portfolio and brand through capital-intensive owned hotels
- Asset-light growth platform through an asset JV with APG (a Dutch pension fund) in 2012; capital raised redeployed into new development
- Entered into asset-light management contracts in 2012 through its subsidiary, Carnation





**Commenting on the performance for Q1 FY19, Mr. Patanjali Keswani, Chairman & Managing Director – Lemon Tree Hotels Limited said,**

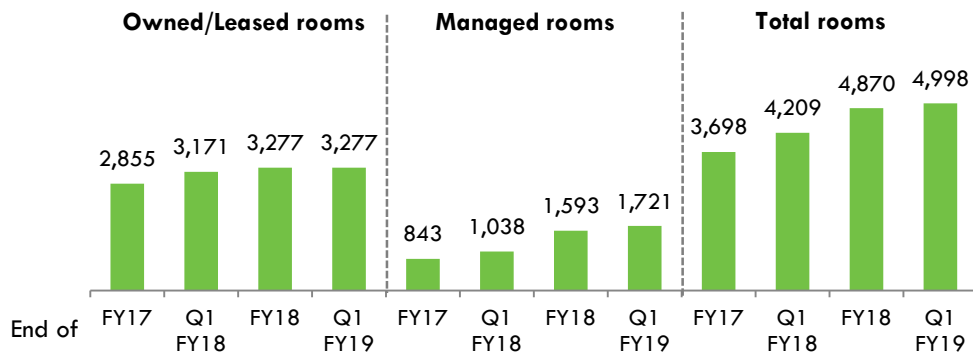
*"We have made a strong start to the year. In a traditionally off season quarter, we have delivered a topline growth of 18% YoY with EBITDA growth of 30% and EBITDA margin expansion by 250 bps. We have posted a profit after tax of Rs. 22 million in Q1 FY19 as compared to a loss of Rs 31 million in Q1 FY18, while cash profits grew 41% YoY from Rs. 109 million in Q1 FY18 to Rs. 154 million in Q1 FY19.*

*We are in a strong position with a large inventory of hotels moving towards steady state that were opened in the last 3 years. We have been able to drive a 15% YoY increase in ADR in Q1 FY19 with an occupancy growth of 250 bps resulting in robust RevPAR growth of 19% YoY. Further, we have a large supply of high value inventory, in demand dense regions of Mumbai, Pune and Udaipur, which is to be operationalized over the next few quarters. This coupled with an expected price increase nationally and our operational cost competitiveness will drive strong cash flows in the coming years.*

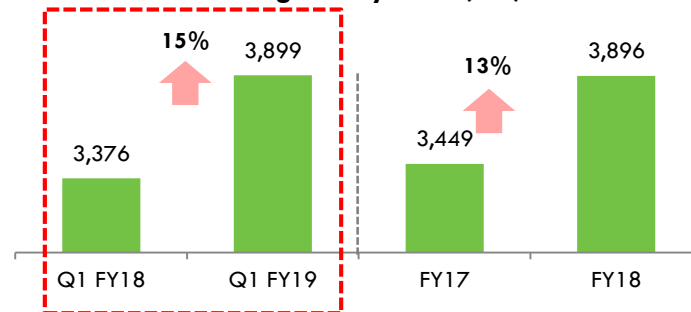
*We are well-positioned to capitalize on the strong industry dynamics with increasing occupancy levels and ADR's, on the back of our undisputed leadership position in the mid-priced hotel sector, end-to-end capabilities, pan-India geographical presence at convenient locations, quality service, diversified brand portfolio, value-for-money proposition and low cost structures."*

# Performance Highlights – Operational Metrics

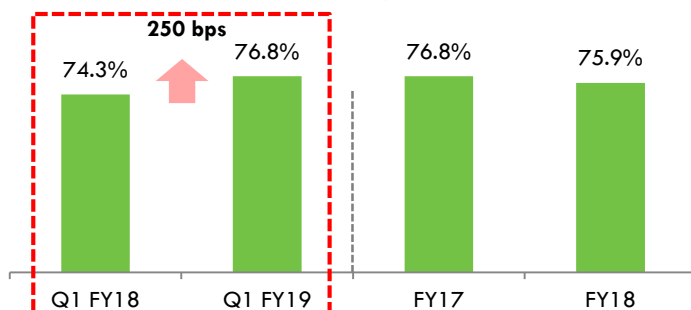
## Operational Inventory



## Average Daily Rate (Rs.)

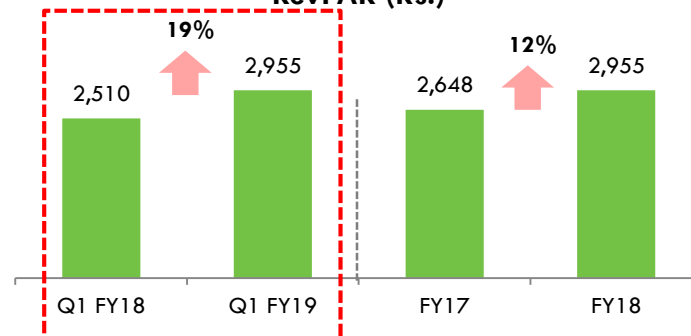


## Occupancy (%)



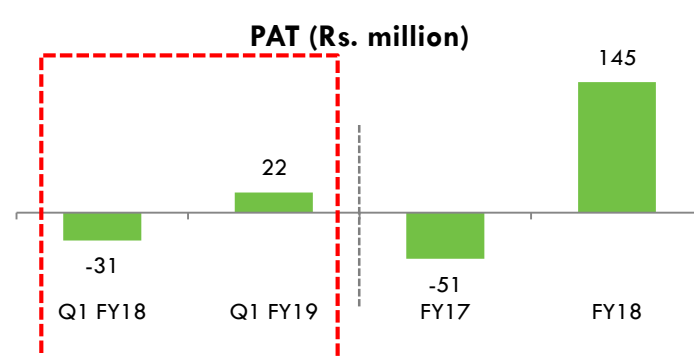
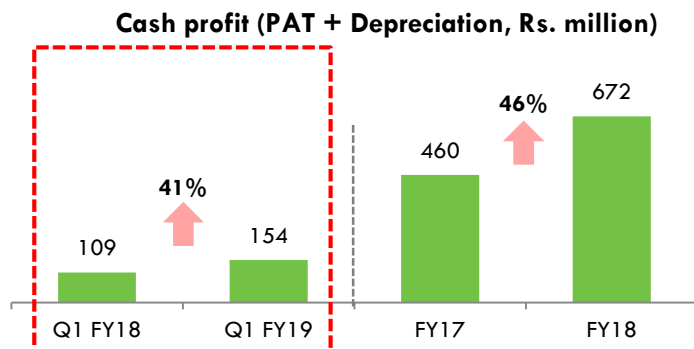
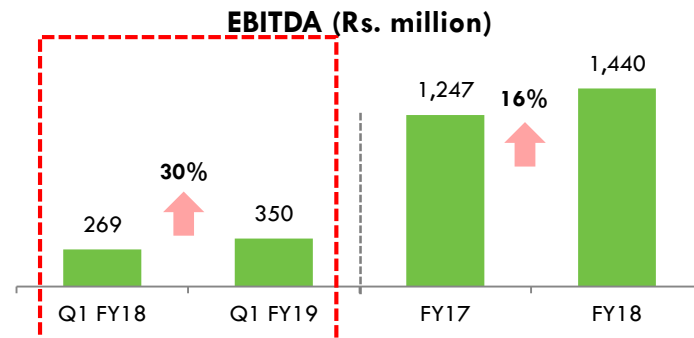
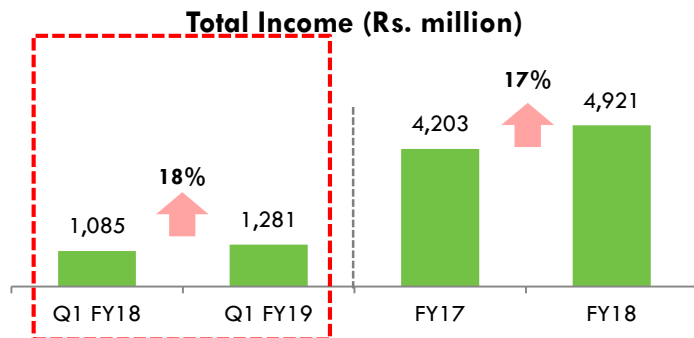
Note: Drop in occupancy levels is on account of new owned/leased supply addition by Lemon Tree in FY18

## RevPAR (Rs.)



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

# Performance Highlights – Financial Metrics (Consolidated)



Note: The results of first quarter are not indicative of full year's performance due to seasonal nature of the business.

# Discussion on Consolidated Financial & Operational Performance – Q1 FY19

## Operational Rooms & Pipeline

- \* As of 30 June, 2018, operational portfolio comprised of 49 hotels and 4,887 rooms : 2,796 owned, 481 leased and 1,610 managed rooms
- \* In July 2018, added 1 hotel with 111 rooms to operational portfolio, taking the total for operational hotels to 50 and operational rooms to 4,998. Added 1 hotel with 49 rooms to the pipeline, taking the total of pipeline to 3,238 rooms
- \* Propose to add another 1,594 rooms to the operational inventory by the end of Q1 FY20 of which 869 rooms are owned/leased and 725 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 298 rooms in Mumbai, 199 rooms in Pune-city centre, 139 rooms in Udaipur and 142 rooms in Kolkata
- \* Plan to operate 66 hotels with 6,592 rooms across 43 cities by end of Q1 FY20
- \* Plan to operate 79 hotels with 8,236 rooms across 54 cities by FY21

## Revenue

- \* Total Revenue stood at Rs. 1,281 million in Q1 FY19, up 18% as compared to Rs. 1,085 million in Q1 FY18. Around 3% increase was on account of new inventory addition
- \* Price hike achieved in H2 FY18 had a positive impact on ADR in Q1 FY19; ADR increase was 15% as compared to ADR in Q1 FY18
- \* Occupancy increased by 250 bps from 74.3% in Q1 FY18 to 76.8% in Q1 FY19
- \* Fees from managed hotels stood at Rs. 47.8 million (3.7% of the total revenue) in Q1 FY19 as compared to Rs. 26.5 million (2.4% of the total revenue) in Q1 FY18

## Cost

- \* Total expenses increased by 14% in Q1 FY19 as compared to expenses in Q1 FY18. Around 4% increase was on account of new inventory and around 2% increase is due to change in business mix (more OTA bookings)

## Operating Margins

- \* EBITDA increased by 30% from Rs. 269 million in Q1 FY18 to Rs. 350 million in Q1 FY19
- \* EBITDA margins expanded by 250 bps from 24.8% in Q1 FY18 to 27.3% in Q1 FY19

## Profit after tax

- \* Profit after tax of Rs. 22 million in Q1 FY19 as compared to loss of Rs. 31 million in Q1 FY18
- \* Cash profit increased by 41% to Rs. 154 million in Q1 FY19 as compared to Rs. 109 million in Q1 FY18

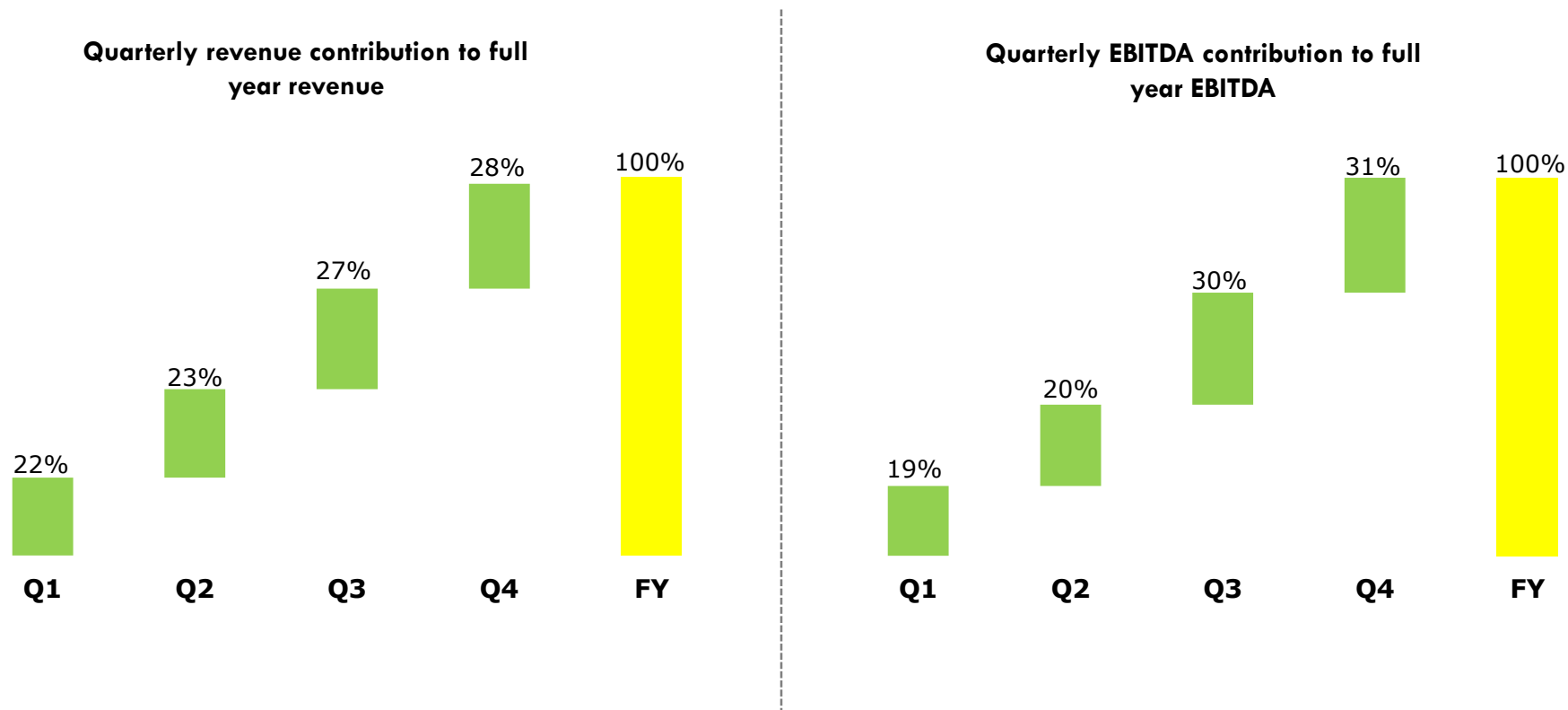
# Profit & Loss Statement (Consolidated)

Rs. million	Q1 FY19	Q1 FY18	Change (%)
Revenue from operations	1279	1083	18%
Other income	2	2	(15%)
<b>Total income</b>	<b>1281</b>	<b>1085</b>	<b>18%</b>
Cost of F&B consumed	119	100	19%
Employee benefit expenses	292	252	16%
Other expenses	520	464	12%
<b>Total expenses</b>	<b>931</b>	<b>816</b>	<b>14%</b>
<b>EBITDA</b>	<b>350</b>	<b>269</b>	<b>30%</b>
<b>EBITDA margin (%)</b>	<b>27.3%</b>	<b>24.8%</b>	<b>250 bps</b>
Finance costs	197	190	4%
Depreciation & amortization	131	140	(6%)
<b>PBT</b>	<b>43</b>	<b>(44)</b>	<b>-</b>
Tax expense	20	(13)	-
<b>PAT</b>	<b>22</b>	<b>(31)</b>	<b>-</b>
<b>Cash Profit</b>	<b>154</b>	<b>109</b>	<b>41%</b>

FY18	FY17	Change (%)
4,843	4,121	18%
78	82	(5%)
<b>4,921</b>	<b>4,203</b>	<b>17%</b>
436	353	23%
1,096	969	13%
1,949	1,634	19%
<b>3,481</b>	<b>2,956</b>	<b>18%</b>
<b>1,440</b>	<b>1,247</b>	<b>16%</b>
<b>29.3%</b>	<b>29.7%</b>	<b>(40) bps</b>
784	776	1%
526	510	3%
<b>183</b>	<b>(3)</b>	<b>-</b>
38	48	(21%)
<b>145</b>	<b>(51)</b>	<b>-</b>
<b>672</b>	<b>459</b>	<b>46%</b>

Note: The results of first quarter are not indicative of full year's performance due to seasonal nature of the business.

## Quarterly contribution to full year performance (for same hotels) : Seasonality in business



Note: The calculation for quarterly contribution of revenue and EBITDA is based on FY18 unaudited numbers.

# Balance Sheet Snapshot (Consolidated)

Rs. million	FY18	FY17
Shareholder's Funds	8,148	8,086
Non-controlling interests	4,286	4,284
<b>Total Shareholder's equity</b>	<b>12,435</b>	<b>12,370</b>
Total Debt	10,110	7,987
Other Non-current liabilities	344	294
Other Current liabilities	1,693	1,467
<b>Total Equity &amp; Liabilities</b>	<b>24,582</b>	<b>22,117</b>
Non-current assets	23,200	21,281
Current assets	1,382	836
<b>Total Assets</b>	<b>24,582</b>	<b>22,117</b>
<b>Debt to Equity (x)</b>	<b>0.81</b>	<b>0.65</b>
<b>Average cost of borrowing (%)</b>	<b>9.53%</b>	<b>11.61%</b>

Note: Full year numbers will be updated on annual basis.

# Portfolio as on 30<sup>th</sup> June, 2018

Operational Portfolio	Owned		Leased		Managed		Total	
30.06.2018	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Lemon Tree Premier	4	796	2	161	4	344	10	1,301
Lemon Tree Hotels	13	1,241	4	320	14	954	31	2,515
Red Fox Hotels	5	759	-	-	4	312	8	1,071
<b>Total</b>	<b>22</b>	<b>2,796</b>	<b>6</b>	<b>481</b>	<b>22</b>	<b>1,610</b>	<b>49</b>	<b>4,887</b>

Pipeline	Owned		Leased		Managed		Total	
30.06.2018	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Lemon Tree Premier	5	1,355	-	-	4	357	9	1,712
Lemon Tree Hotels	1	79	-	-	16	1,227	17	1,306
Red Fox Hotels	-	-	1	91	2	191	3	282
<b>Total</b>	<b>6</b>	<b>1,434</b>	<b>1</b>	<b>91</b>	<b>22</b>	<b>1,775</b>	<b>29</b>	<b>3,300</b>

- \* Between July 1, 2018 and July 31, 2018, 1 hotel with 111 rooms have been operationalized from the pipeline, taking the total for operational hotels to 50 and operational rooms to 4,998
- \* Between July 1, 2018 and July 31, 2018, 1 hotel with 49 rooms have been added to the pipeline, taking the total of pipeline to 3,238 rooms
- \* 869 owned/leased rooms and 725 additional managed rooms will be operational by the end of Q1 FY20
- \* Balance rooms will be operationalized by FY21

# Of these owned 1,434 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 94 rooms to 671, in which case total owned inventory in pipeline will increase to 1,528.



# Operational Performance by Brands – FY18 vs. FY17

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Q1 Hotel level EBITDAR <sup>2</sup> /room (Rs. million)			Hotel level EBITDAR <sup>2</sup> Margin		
By Brand	Q1 FY19	Q1 FY18	Change (bps)	Q1 FY19	Q1 FY18	Change (%)	Q1 FY19	Q1 FY18	Change (%)	Q1 FY19	Q1 FY18	Change (bps)
Lemon Tree Premier	82.1%	77.6%	450	4,770	4,016	19%	0.23	0.20	20%	46%	45%	120
Lemon Tree Hotels	73.9%	75.0%	(110) <sup>1</sup>	3,804	3,364	13%	0.11	0.11	(1%) <sup>1</sup>	31%	34%	(220) <sup>1</sup>
Red Fox Hotels	76.1%	68.5%	760	2,903	2,423	20%	0.11	0.08	46%	43%	40%	340

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			FY Hotel level EBITDAR <sup>2</sup> /room (Rs. million)			Hotel level EBITDAR <sup>2</sup> Margin		
By Brand	FY18	FY17	Change (bps)	FY18	FY17	Change (%)	FY18	FY17	Change (%)	FY18	FY17	Change (bps)
Lemon Tree Premier	77.2%	74.6%	260	4,773	4,123	16%	0.88	0.75	17%	46%	43%	280
Lemon Tree Hotels	74.2%	77.1%	(290) <sup>1</sup>	3,848	3,522	9%	0.51	0.60	(15%) <sup>1</sup>	36%	42%	(630) <sup>1</sup>
Red Fox Hotels	77.2%	79.1%	(190) <sup>1</sup>	2,860	2,372	21%	0.43	0.40	8%	45%	43%	180

## Notes:

1) Drop in occupancy levels, hotel level EBITDAR/room and hotel level EBITDAR margin is on account of new owned/leased supply addition by Lemon Tree in that particular period.

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.

# Operational Performance by Ageing – FY18 vs. FY17

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	FY18	21	3	4	7
	FY17	21	3	-	
Operating Rooms (year-end)	FY18	2,727	128 <sup>1</sup>	422	1,525
	FY17	2,727	106 <sup>1</sup>	-	
Occupancy Rate (%)	FY18	77.6%	61.5%	66.0%	Deep demand markets (high occupancies)
	FY17	77.5%	51.6%	-	
Average Daily Rate (Rs.)	FY18	3,900	5,274	3,422	1.5x of Adult Hotels in that year4
	FY17	3,411	5,302	-	
Hotel level EBITDAR <sup>2</sup> /room (Rs. million)	FY18	0.67	0.49	0.15	High4
	FY17	0.62	0.32	-	
Hotel level EBITDAR <sup>2</sup> Margin (%)	FY18	44%	36%	15%	High4
	FY17	43%	32%	-	
Hotel level ROCE <sup>*3</sup> (%)	FY18	12%	6%	(1%)	2.0x of Adult Hotels in that year4
	FY17	11%	6%	-	

Notes: \* Hotel level ROCE for hotels older than 5 years is 13% for FY18.

1) 22 rooms were added in Lemon Tree Wildlife resort, Bandhavgarh which were operational from November-2017

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.

4) Post stabilization.

5) Full year numbers will be updated on annual basis.

## Expansion Plans – Hotels under Development

Under-development hotels	Type	Rooms	Expected Opening date	Ownership (%)
Red Fox Hotel, Dehradun	Leased (40 years)	91	Sep-18	57.98%
Lemon Tree Premier, City Centre, Pune	Owned	199	Dec-18	57.98%
Lemon Tree Premier, Andheri (East), Mumbai	Owned	298	Jan-19	100.00%
Lemon Tree Premier, Udaipur	Owned	139	Apr-19	57.98%
Lemon Tree Premier, Kolkata	Owned	142	Apr-19	57.98%
Lemon Tree Vembanad Lake Resort, Alleppey, Kerala <sup>1</sup>	Owned	10	Oct-20	100.00%
Lemon Tree Mountain Resort, Shimla	Owned	69	Dec-20	100.00%
Lemon Tree Premier, Intl. Airport, Mumbai <sup>2</sup>	Owned	577	Mar-21	57.98%
<b>Total</b>		<b>1,525</b>		

- \* Total estimated project cost is Rs. 17,250 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 30<sup>th</sup> June, 2018 is Rs. 9,310 million
- \* Balance investment of Rs. 7,940 million will be deployed over the next 3 years in a phased manner, the majority of which will be through internal accruals

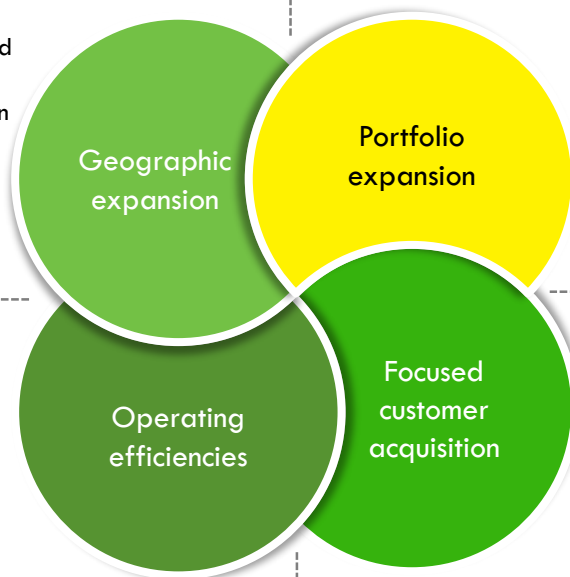
Notes: 1) Expansion in existing hotel.

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 94 rooms to 671, in which case total owned and leased inventory under development will increase to 1,619

# Expansion Plans – Pipeline of Management Contracts (as of 31 July, 2018)

Management Contracts Pipeline	Rooms	Expected Opening date	Tenure (years)
Lemon Tree Hotel, Lucknow	51	Sep-18	11
Red Fox Hotel, Alwar (new addition after March-2018)	49	Dec-18	15
Lemon Tree Hotel, Shirdi	59	Jan-19	12
Lemon Tree Hotel, Rishikesh	102	Jan-19	12
Lemon Tree Hotel, Amritsar	65	Jan-19	10
Red Fox Hotel, Neelkanth (new addition after March-2018)	80	Feb-19	12
Lemon Tree Premier, Rishikesh (new addition after March-2018)	66	Feb-19	12
Lemon Tree Hotel, Gulmarg	35	Mar-19	10
Lemon Tree Premier, Dwarka	108	Mar-19	15
Lemon Tree Hotel, Bokaro	70	Mar-19	10
<b>Managed rooms to be operational in FY19</b>	<b>685</b>		
Lemon Tree Resort, Mussoorie (new addition after March-2018)	40	Apr-19	12
Lemon Tree Hotel, Gwalior (new addition after March-2018)	104	July-19	
Lemon Tree Hotel, Jhansi	60	July-19	12
Lemon Tree Hotel, Aligarh	68	July-19	12
Lemon Tree Premier, Coorg	63	Oct-19	15
<b>Managed rooms to be operational in FY20</b>	<b>335</b>		
Lemon Tree Suites, Manesar	260	Apr-20	15
Lemon Tree Hotel, Sonamarg	40	Apr-20	10
Lemon Tree Hotel, Kathmandu	75	Apr-20	12
Lemon Tree Hotel, Thimpu	38	Oct-20	10
Lemon Tree Hotel, Ludhiana	60	Dec-20	10
Lemon Tree Hotel, Trivandrum	100	Jan-21	10
Lemon Tree Premier, Vijaywada (new addition after March-2018)	120	Mar-21	15
<b>Managed rooms to be operational in FY21</b>	<b>693</b>		
<b>Total managed rooms in pipeline</b>	<b>1,713</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 19% CAGR in room inventory growth over FY18-21E driven by 29% CAGR in managed rooms
  - Plan to operate 79 hotels with 8,236 rooms, across 54 cities by FY21 (over 10% 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 FY16 to 26% in FY18

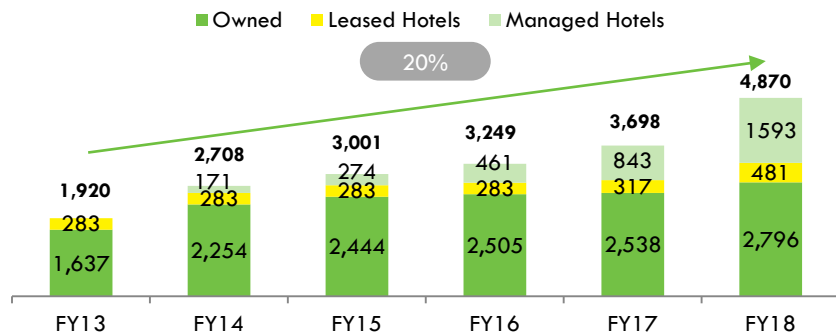


## ANNEXURES

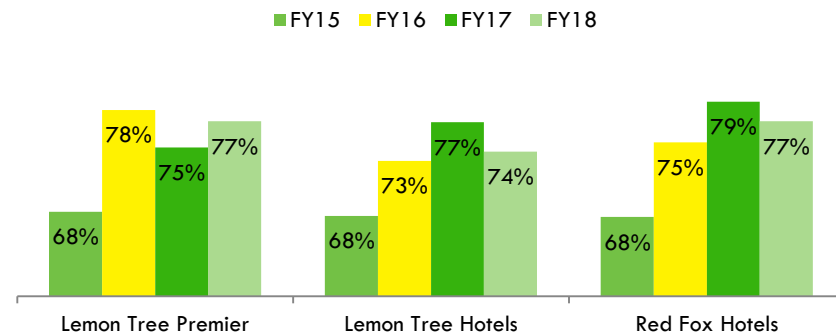
# Strong operating performance

## Room additions

CAGR

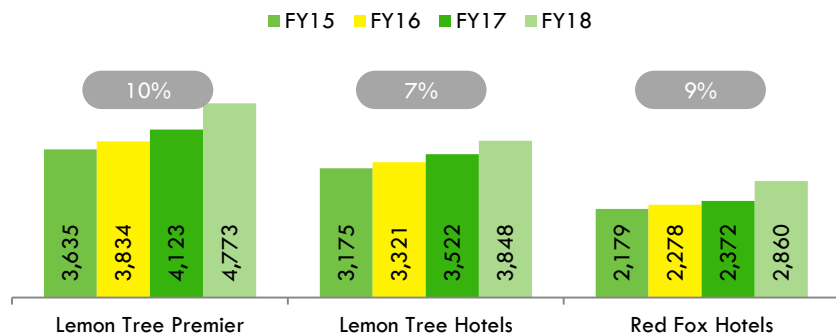


## Occupancy levels

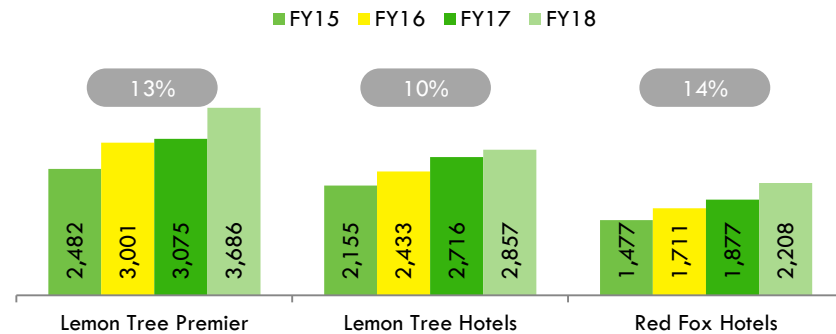


Note: Drop in occupancy levels is on account of new owned/leased supply addition by Lemon Tree in FY18

## ADR (Rs.)



## RevPAR (Rs.)

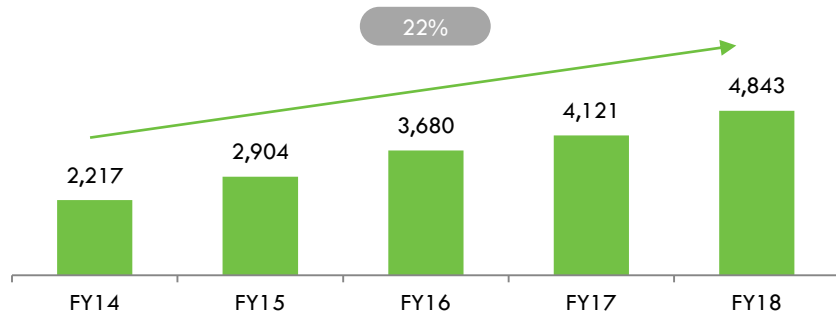


Note: Full year numbers will be updated on annual basis.

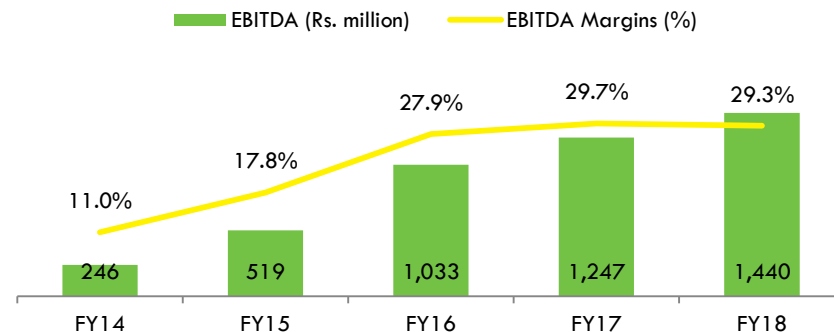
# Strong Growth and improving margins

## Revenue from operations (Rs. million)

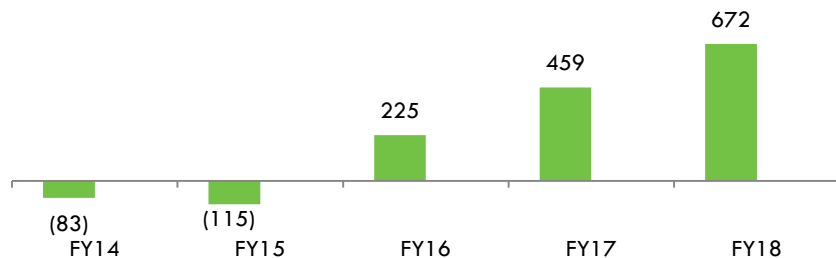
CAGR



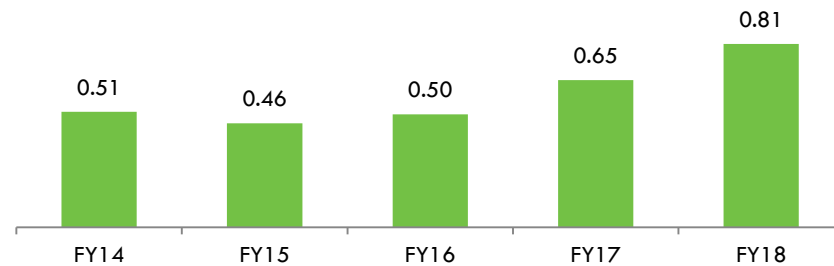
## EBITDA & EBITDA margins



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



## Debt/Equity



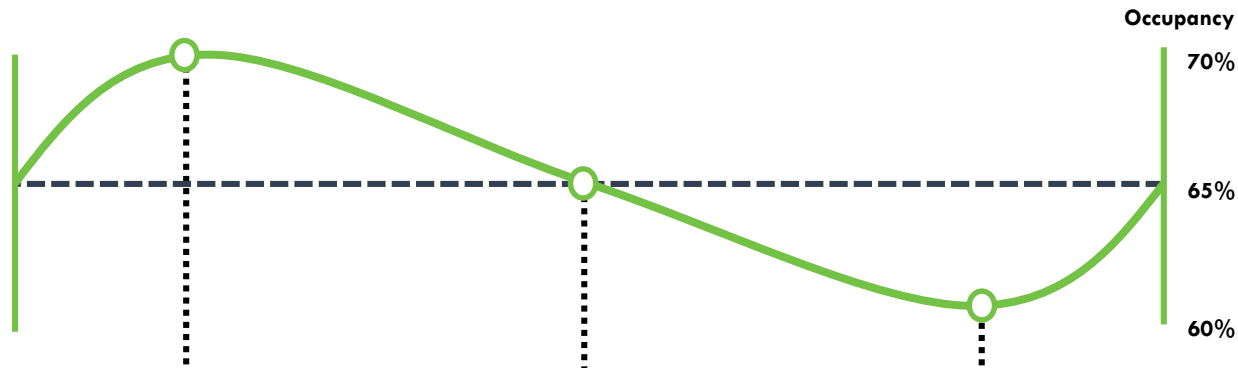
Note: FY14, FY15 and FY16 figures are from Lemon Tree Prospectus. FY17 and FY18 figures are from audited balance sheet.

Full year numbers will be updated on annual basis.



# The hotel business cycle

Illustrative:  
15 Room Hotel  
with  
Investment = 300



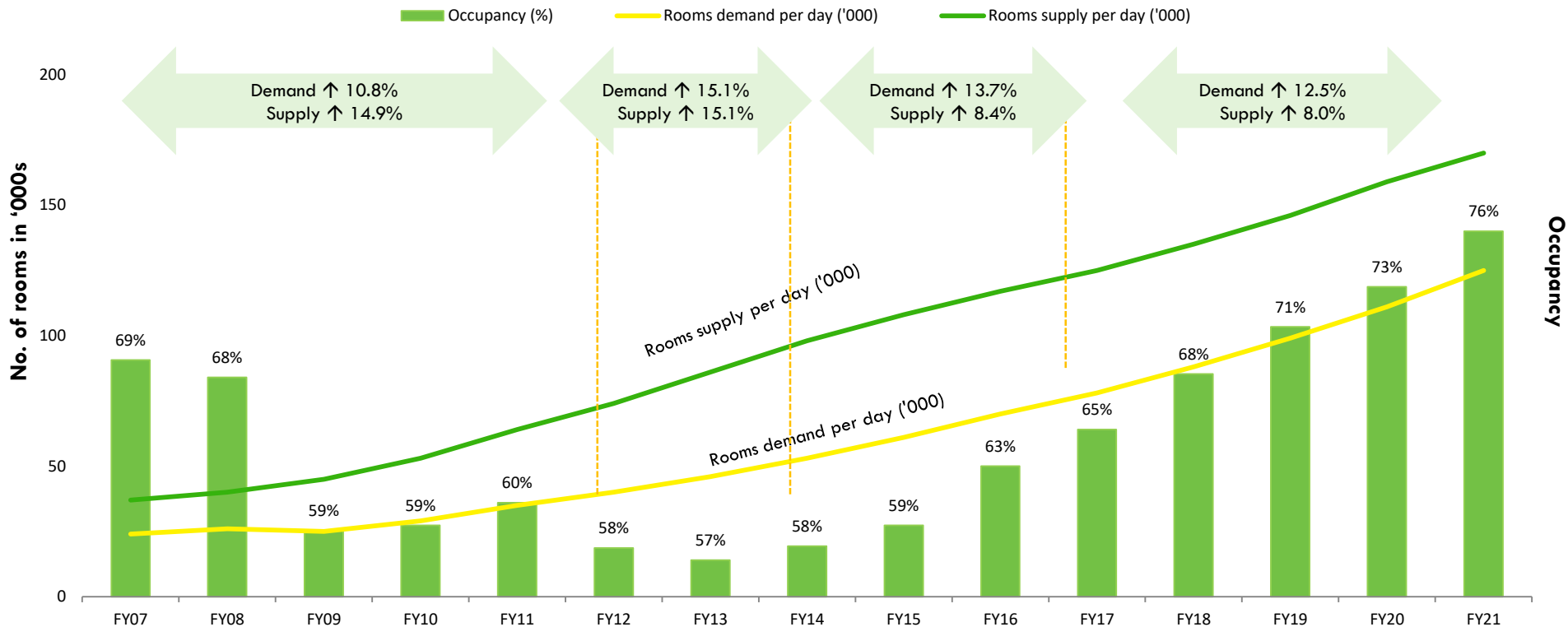
Cycle	Top (2)	Middle (3)	Bottom (2)
Occupancy	70% or more	63-68%	60% or less
Rooms Sold	12	10	8
Average Daily Rate	13	10	7
Revenue	156	100	56
Expenses	60	50	40
EBITDA	96	50	16
Hotel RoCE	32%	17%	5%
Sustainable Debt:Equity Coverage	Full Debt	1:1	No Debt

6:3:1

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

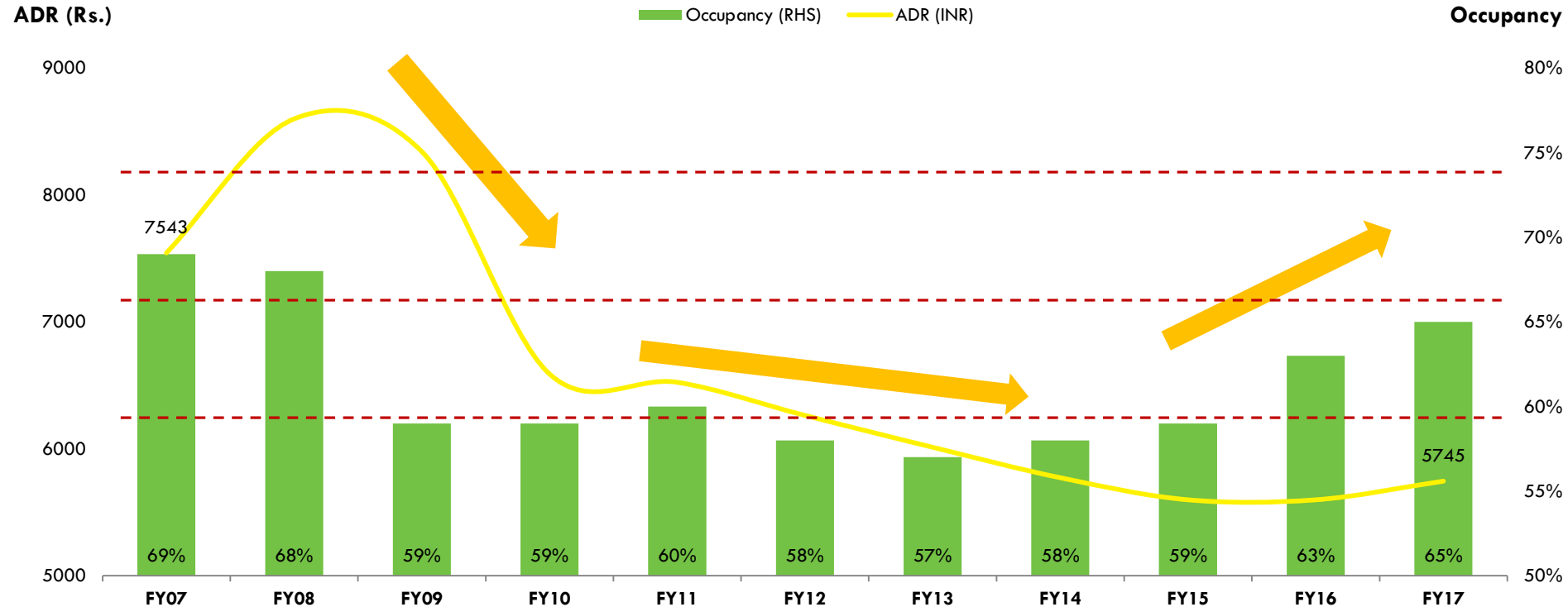
# Indian hotel industry is at an inflection point

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



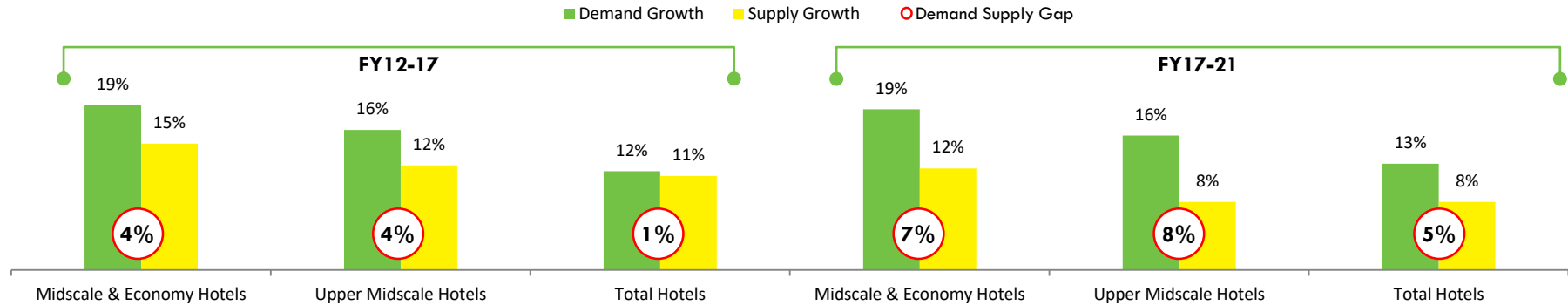
# Increasing occupancy leading to increase in room rates

Average Daily Rate (ADR) is increasing with increase in occupancy rates

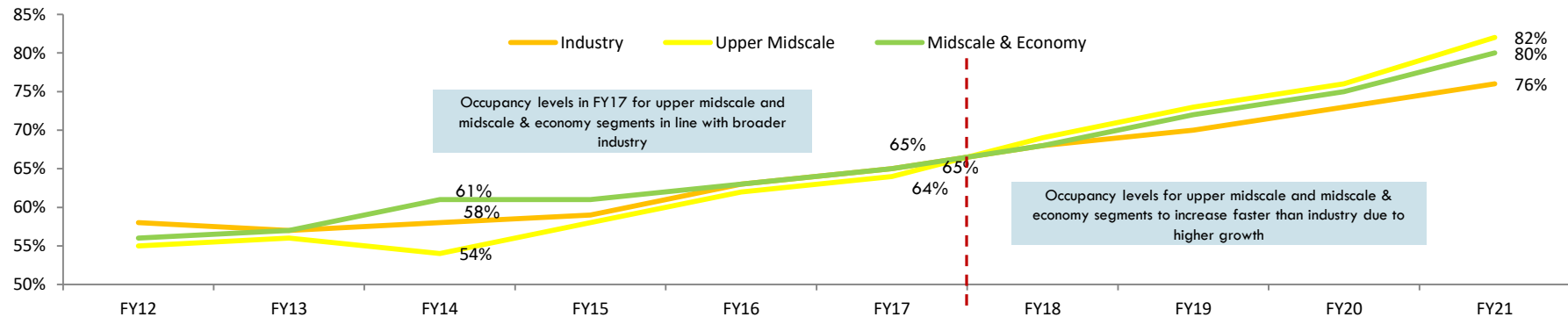


# Mid-priced hotel sector expected to have higher demand supply gap resulting in higher growth in occupancy

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



## ...faster growth in expected occupancy



## Lemon Tree Hotels Limited (LTH) Q1 FY19 Earnings Conference Call

### Time

- 2:00 pm IST on Thursday, August 16, 2018

### 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 79 hotels with 8,236 rooms, across 54 cities by FY2021.

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:*

Kapil Sharma (Chief Financial Officer)  
Vineet Ranjan (EA to CMD and Director -  
Strategic Initiatives & Transformation)

**Lemon Tree Hotels Ltd**

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

**E-mail:** [cfo@lemontreehotels.com](mailto:cfo@lemontreehotels.com)  
[ea\\_cmd@lemontreehotels.com](mailto:ea_cmd@lemontreehotels.com)

Anoop Poojari / Varun Divadkar

**CDR India**

**Tel:** +91 22 6645 1211 / 97637 02204

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