Lemon Tree Hotels Limited

Q4 & 12M FY23 Earnings Presentation | 30th May 2023

Aurika, Udaipur

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.

Chairman & Managing Director’s Message

Commenting on the performance for Q4 FY23, Mr. Patanjali Keswani, Chairman & Managing Director – Lemon Tree Hotels Limited said,

“FY23 has been the best year for Lemon Tree Hotels. As anticipated and in line with our initial guidance, we have more than doubled our total revenue vs FY22 and have maintained more than 50% EBITDA margin for the full year. In FY23 our total revenue increased by 111% vs FY22 to Rs. 879 Cr. with an EBITDA margin of 51.9%.

Q4 FY23 was the best quarter to date, with growth across all metrics. As I had mentioned in the last earnings call, after increasing our ARR by 17% in Q3 vs Q2 FY23, in Q4 we focused on building up occupancy which increased by 604 bps vs Q3 FY23 and by 1,259 bps vs Q4 FY20. Gross ARR stood at Rs. 5,824 which increased by 2% vs Q3 FY23 and by 29% vs Q4 FY20. This translated into an improved RevPAR of Rs. 4,287 which increased by 11% vs Q3 FY23 and by 55% vs Q4 FY20. In Q4 FY23, Lemon Tree Hotel’s RevPAR grew 55% whereas the branded hotel industry grew 41% vs Q4 FY20.

The net EBITDA margin for the company in Q4 FY23 was industry-leading at 55.7% which increased by 146 bps vs Q3 FY23 and by 1,926 bps vs Q4 FY20. The PAT for Q4 FY23 stood at Rs. 59 Cr, which increased by 22% vs Q3 FY23. In Q4 FY20, we had a negative PAT of Rs. 19 Cr. Our cash profit stood at Rs. 82.5 Cr which increased by 14% vs Q3 FY23 and by 845% vs Q4 FY20.

As of 31st March 2023, our gross debt stood at Rs. 1,746 Cr and the average cost of borrowings stood at 9.08% while the weighted average cost of borrowing for the full year was 8.38%.

During the quarter we signed 9 new management & franchise contracts which adds 538 new rooms to our pipeline. As of 31st March 2023, our operational inventory comprised 88 hotels with 8,382 rooms and our pipeline comprised 42 hotels with 3,285 rooms.

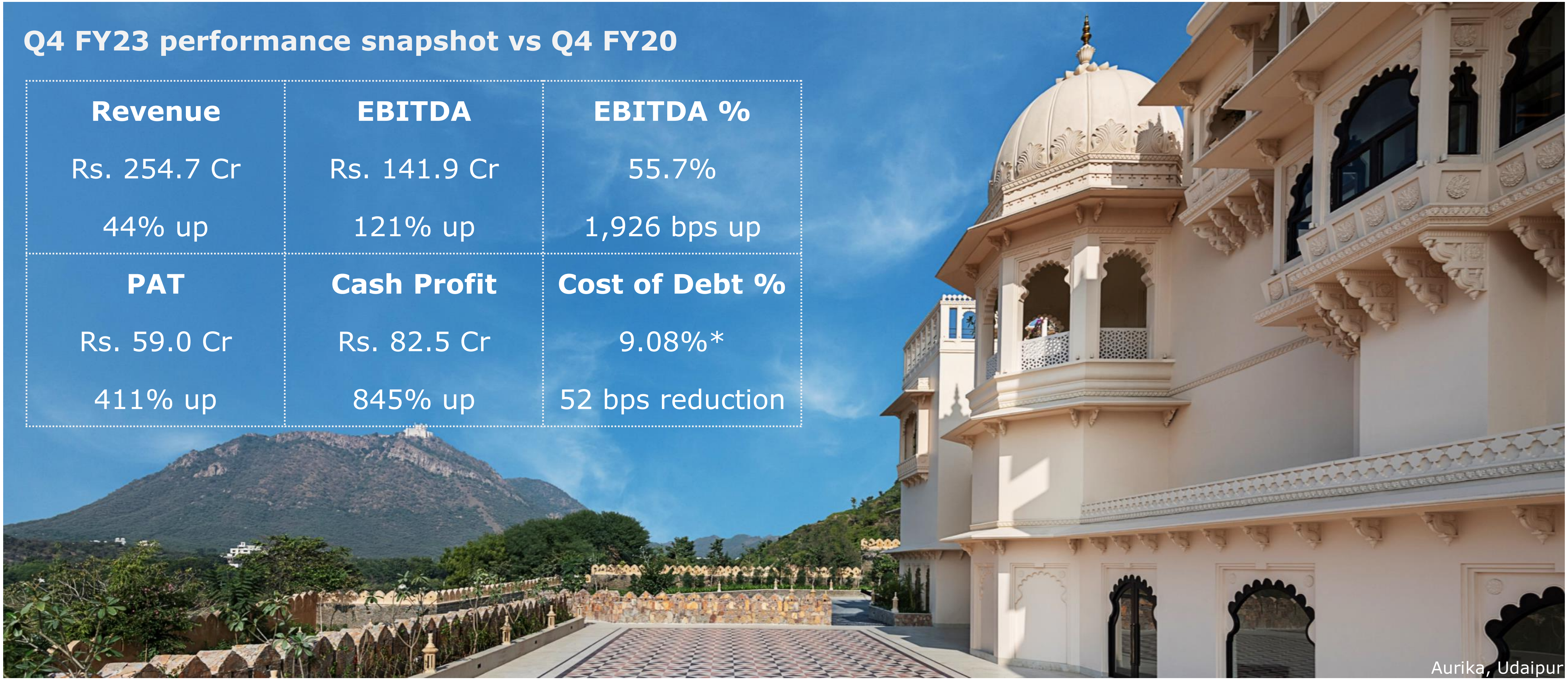
For FY24, I will refrain from giving any specific guidance other than saying that our growth momentum continues and that we will be investing significantly more than normal in renovating our hotels, especially the Keys portfolio, to catch-up with the near absence of this during FY21 and FY22. This will increase our operating expenses by a further 2 to 2.5% on revenue basis for this year, but will position our hotels to capture better pricing and demand in H2 and in the following years.

Finally, post CoVID and with the impending opening of our largest hotel, Aurika Sky City Mumbai, we would now like to share the roadmap for the next five years which has been released alongside the earnings presentation where we have set forth clear and achievable outcomes for the next 5 years.”

Strong Q4 FY23 performance across key financial metrics

Q4 FY23 performance snapshot vs Q4 FY20

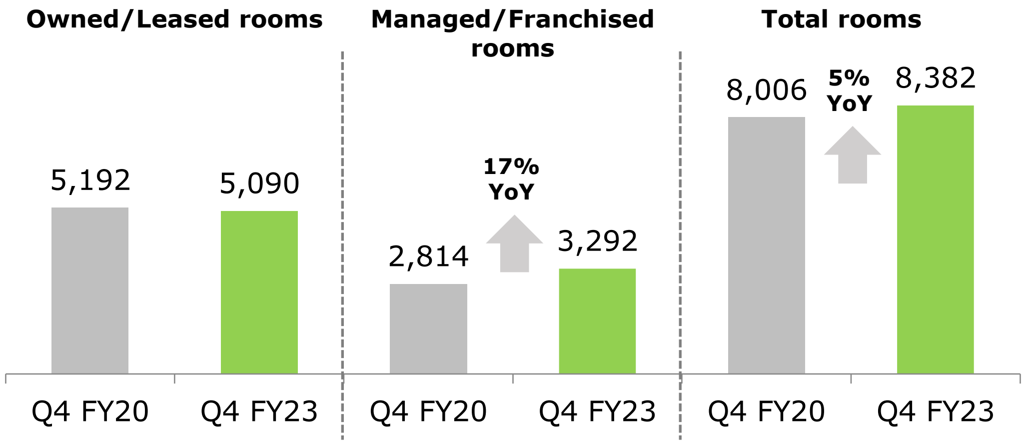
Revenue	EBITDA	EBITDA %
Rs. 254.7 Cr	Rs. 141.9 Cr	55.7%
44% up	121% up	1,926 bps up
PAT	**Cash Profit**	**Cost of Debt %**
Rs. 59.0 Cr	Rs. 82.5 Cr	9.08%*
411% up	845% up	52 bps reduction


Aurika, Udaipur

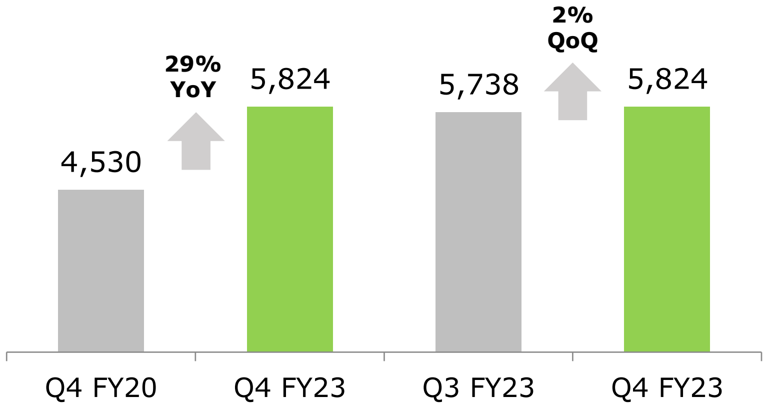
* As on 31st March 2023

Q4 FY23 Performance Highlights – Operational Metrics (Consolidated)

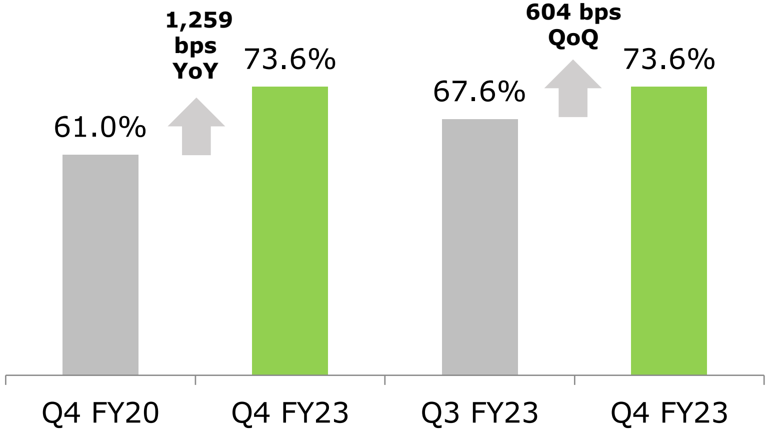
Inventory



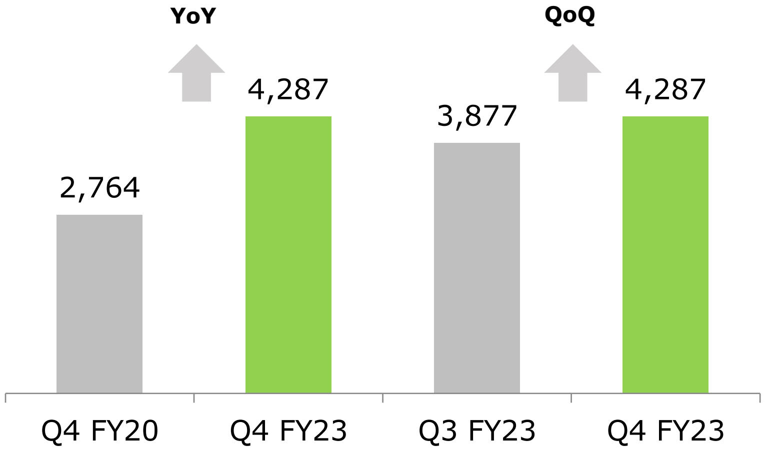
Average Room Rate (Rs.)



Occupancy (%)

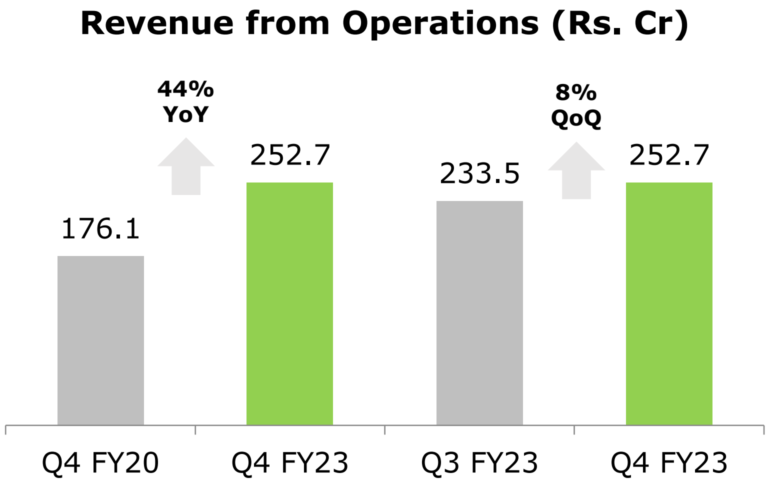


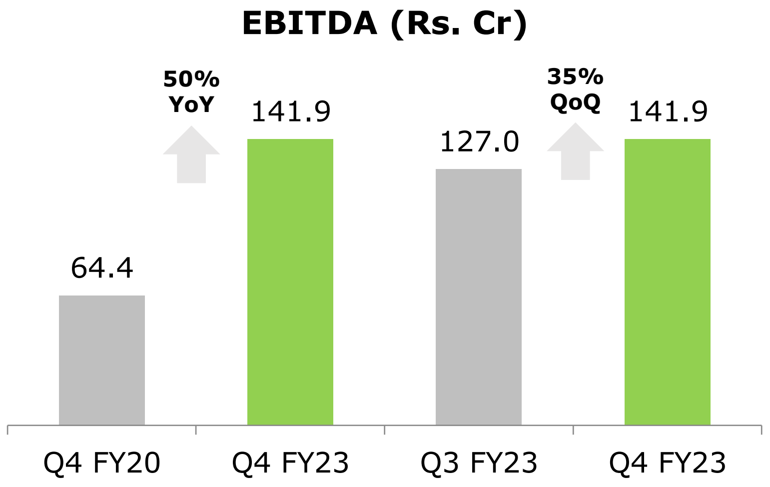
RevPAR (Rs.)

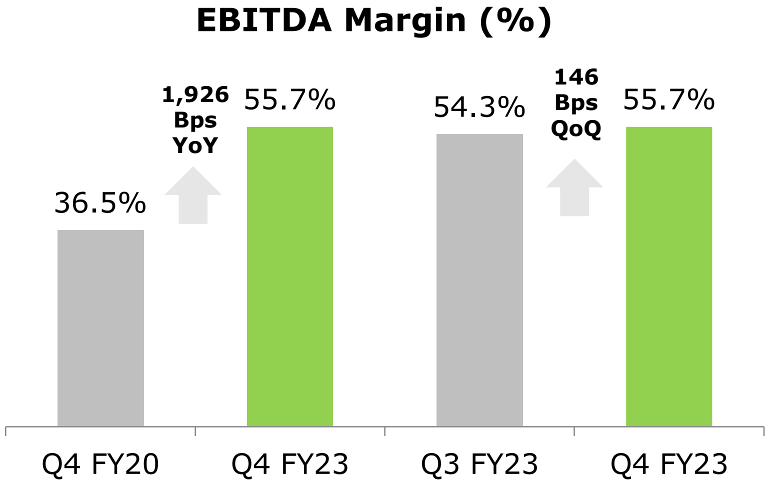


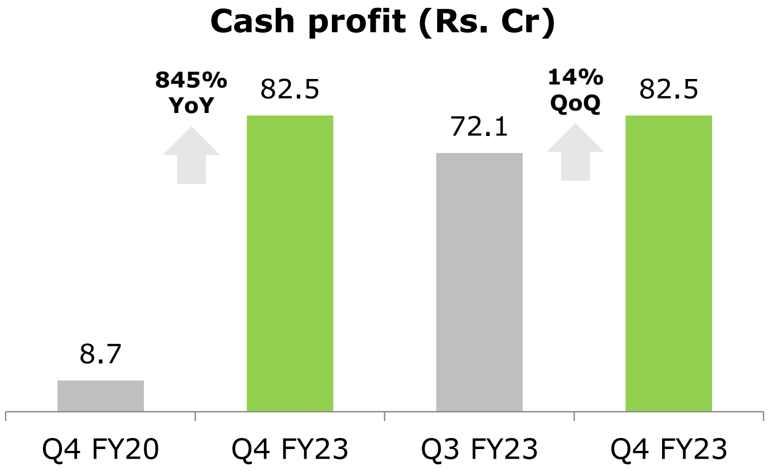
Notes: ARR, Occupancy and RevPAR are for our owned and leased hotels only

Q4 FY23 Performance Highlights – Financial Metrics (Consolidated)



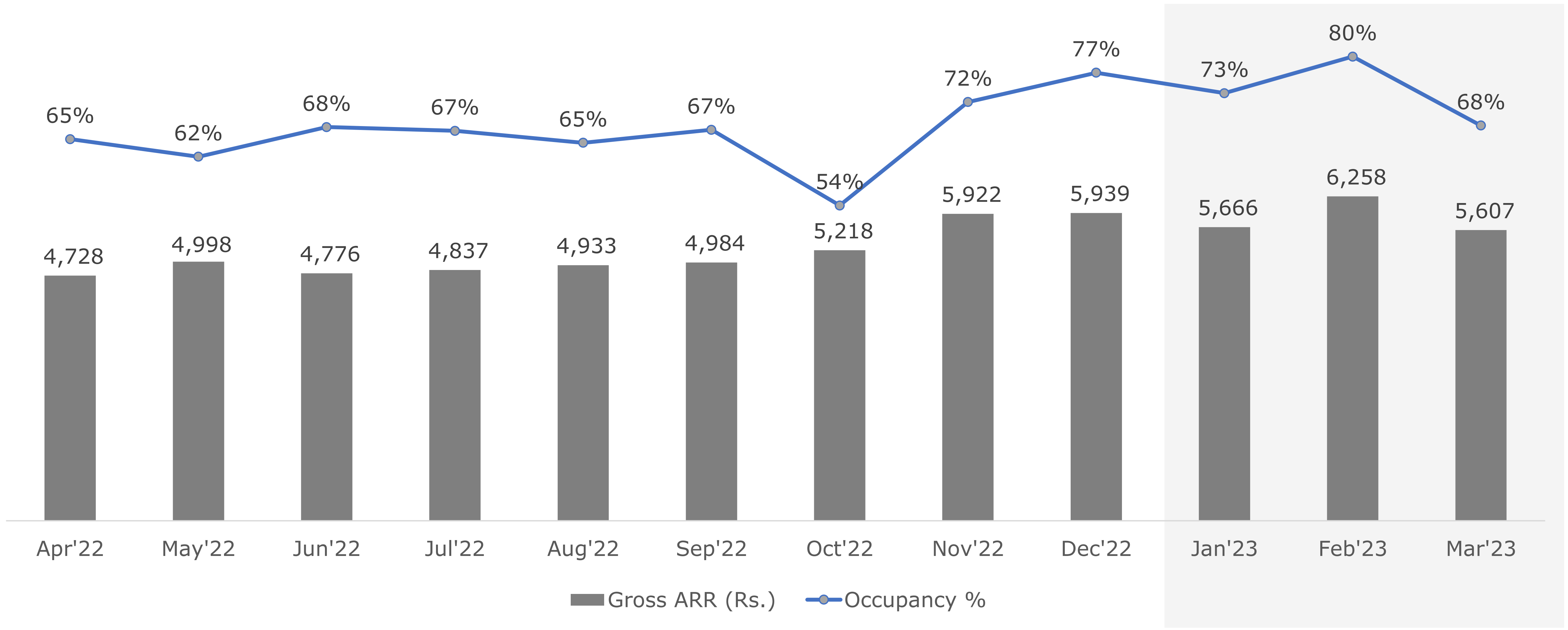






Cash Profit = PAT and Depreciation

Month on Month Occupancy % and Gross ARR Trend



Trends for owned/leased rooms

Q-o-Q performance

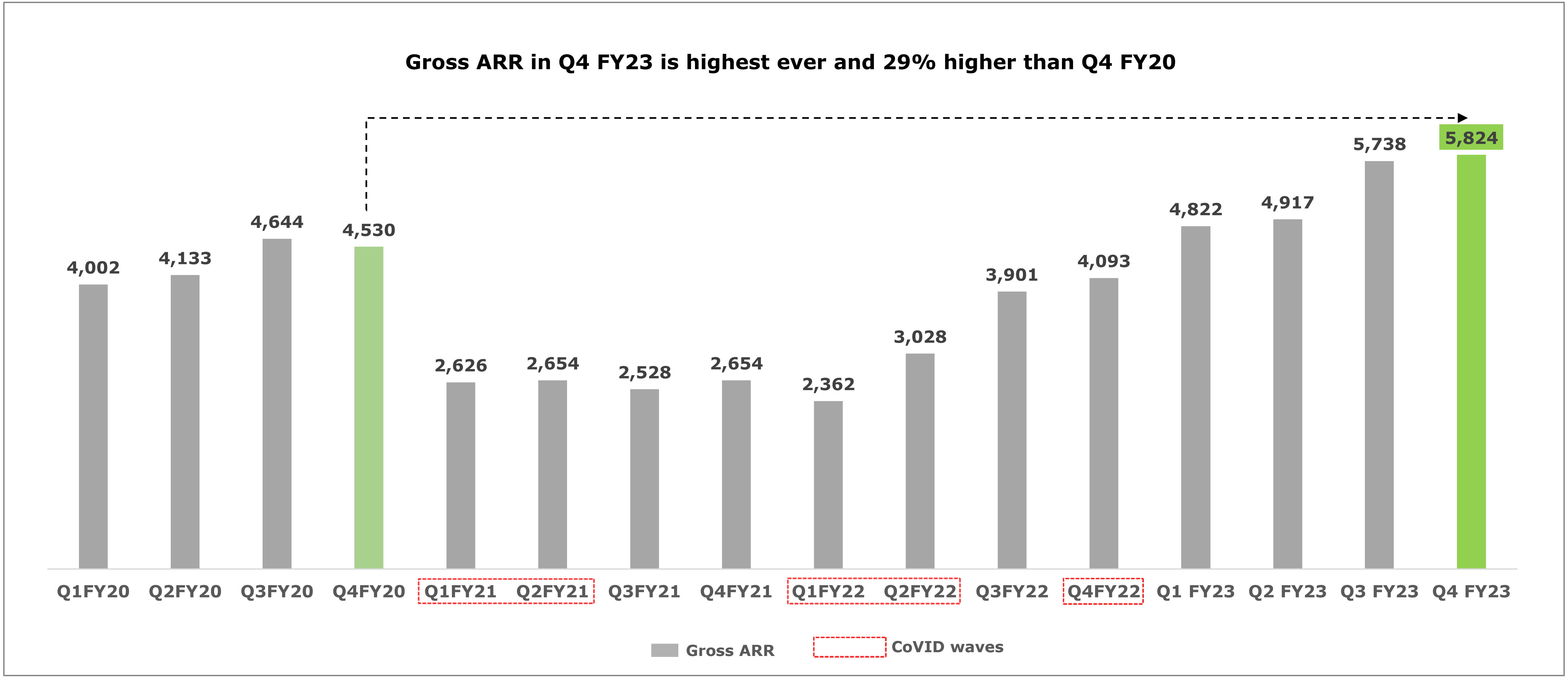
Q4 FY23 recorded the best ever Gross ARR, EBITDA, PBT, and PAT:

Particulars	Q4 FY23	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20
Gross ARR (Rs.)	**5,824**	5,738	4,917	4,822	4,093	3,901	3,028	2,362	**4,530**	4,644	4,133	4,002
Occupancy %	**73.6%**	67.6%	66.2%	65.1%	46.1%	57.6%	51.0%	29.6%	**61.0%**	71.3%	74.8%	77.5%
Revenue (Rs. Cr)	**254.7**	234.1	197.4	192.3	127.2	146.0	98.8	44.3	**176.5**	202.8	153.7	142.2
EBITDA (Rs. Cr)	**141.9**	127.0	94.3	92.6	44.5	65.6	35.8	2.0	**64.4**	84.4	49.4	46.0
EBITDA %	**55.7%**	54.3%	47.8%	48.2%	35.0%	44.9%	36.2%	4.6%	**36.5%**	41.6%	32.1%	32.4%
PBT (Rs. Cr)	**73.4**	59.2	25.0	20.7	-39.4	-3.2	-34.6	-67.3	**-13.5**	15.6	-2.1	-1.4
PAT (Rs. Cr)	**59.0**	48.6	19.4	13.58	-39.16	-5.2	-33.2	-59.8	**-19**	11.1	-2.3	-2.1

Current quarter

Note: Q4FY22 and Q1 FY23 EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 15.3 Cr and Rs. 4.8 Cr respectively

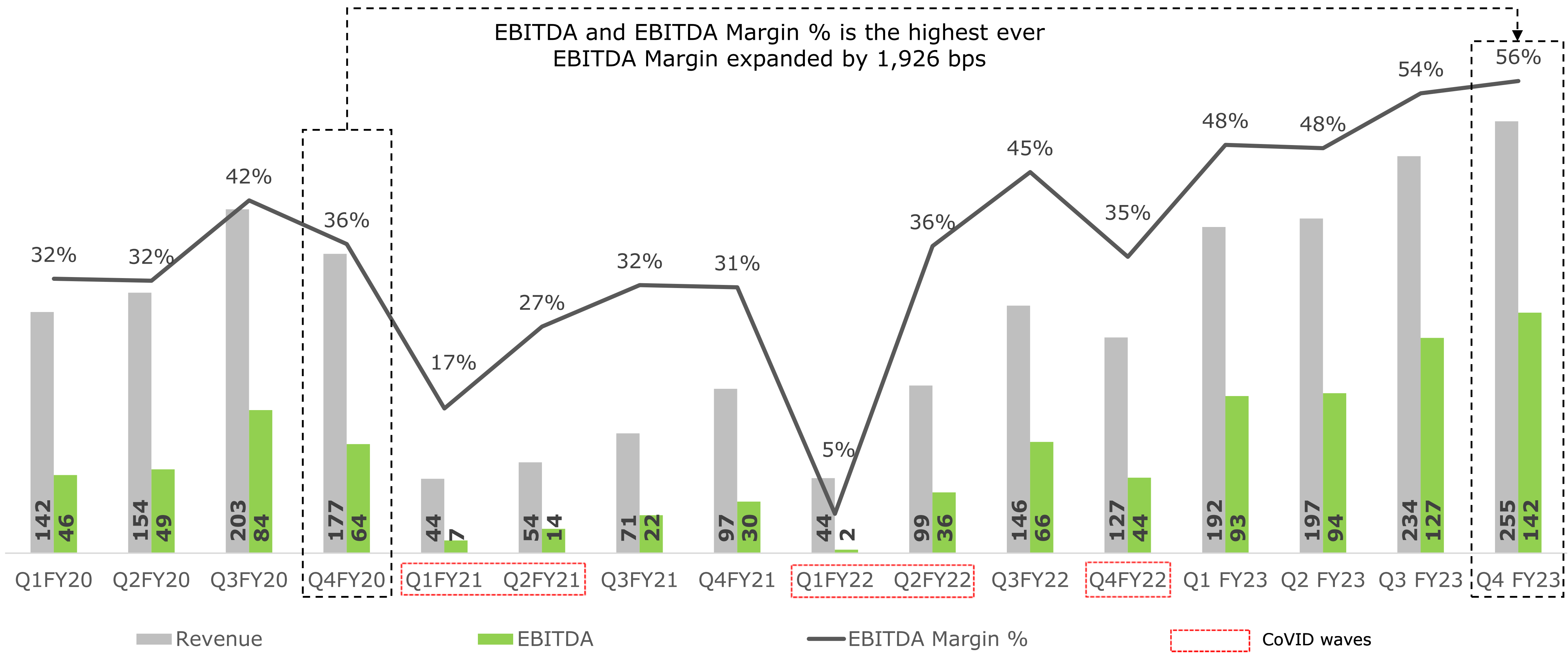
Q-o-Q Gross ARR



Trends for owned/leased rooms

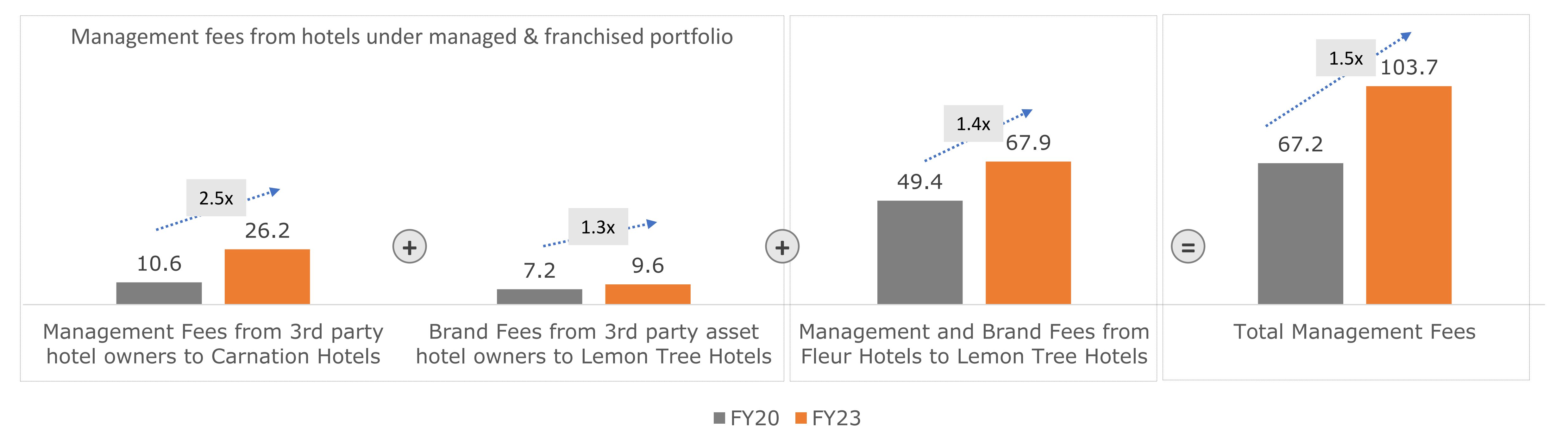
EBITDA Margin Expansion driven by permanent cost rationalization

Revenue (Rs. Cr) | EBITDA and EBITDA Margins (%)



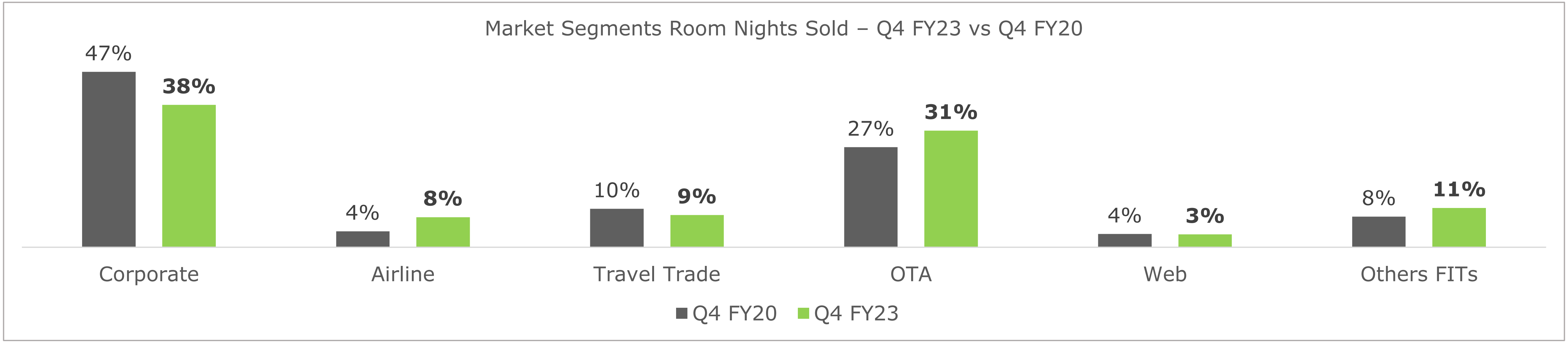
Notes:
Q4FY22 and Q1 FY23 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 15.3 Cr and Rs. 4.8 Cr respectively

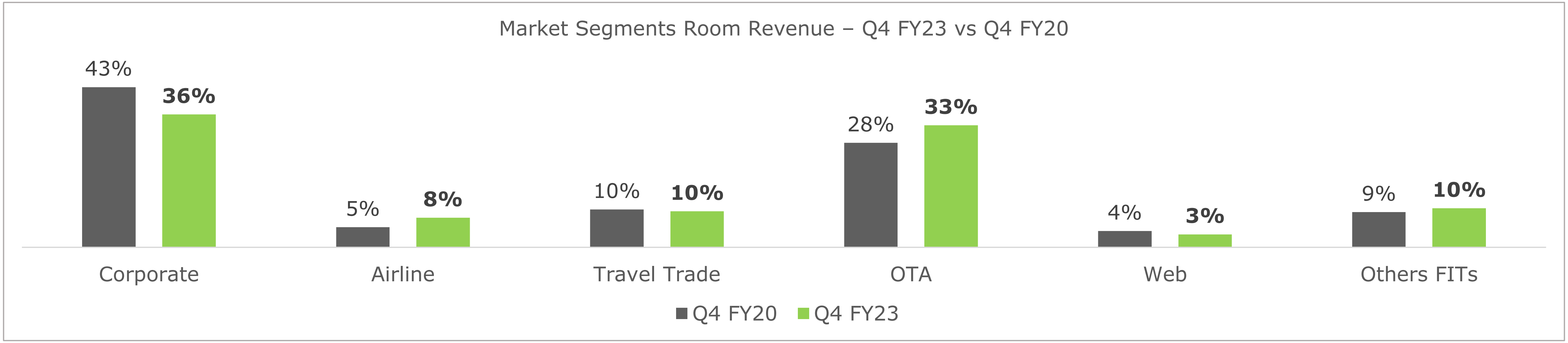
Total management Fees to Lemon Tree Hotels



Fee (Rs. Cr)	FY20	FY23
Management Fees from 3rd party hotel owners to Carnation Hotels	10.6	26.2
Brand Fees from 3rd party hotel owners to Lemon Tree Hotels	*7.2*	*9.6*
Management and Brand Fees from Fleur Hotels to Lemon Tree Hotels	49.4	67.9
Total Management Fees	**67.2**	**103.7**

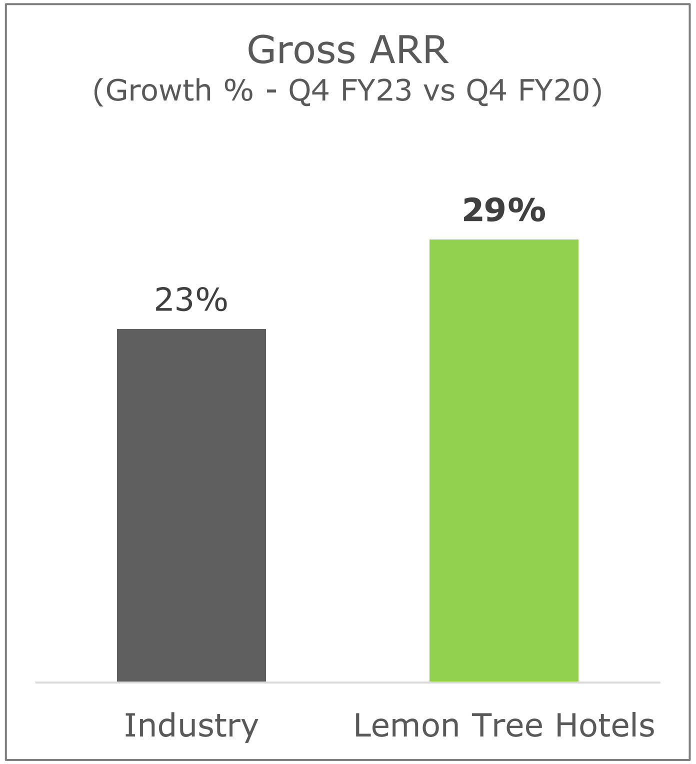
Market Segments: Q4 FY23 vs Q4 FY20

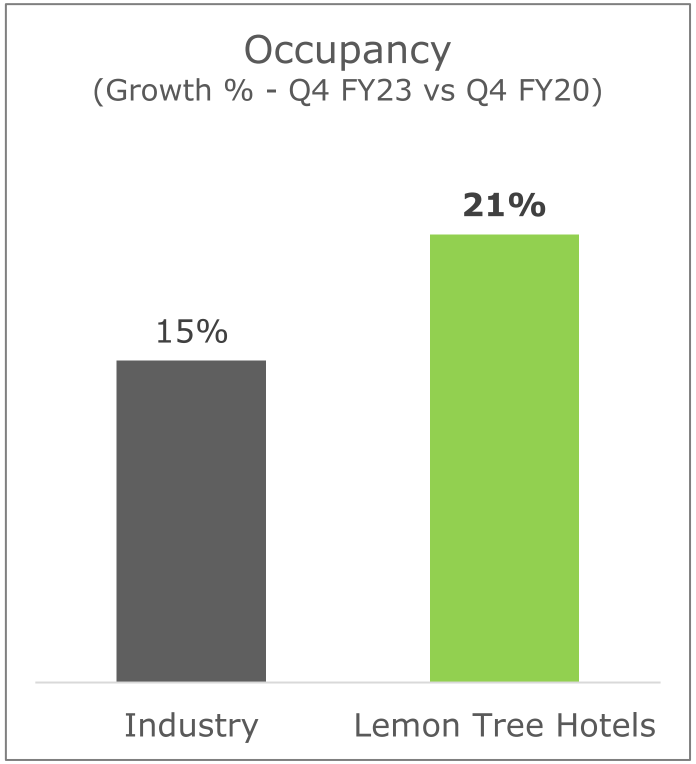


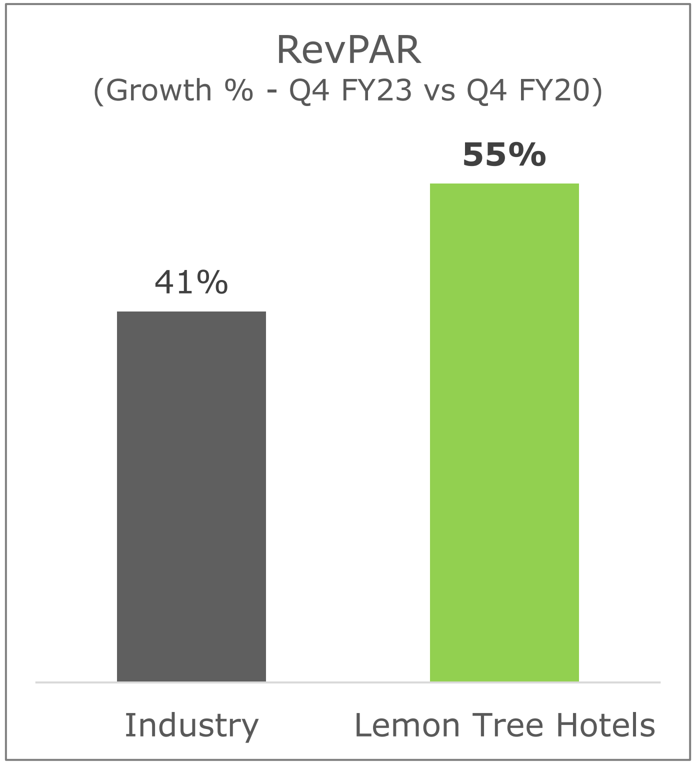


Trends for owned/leased rooms

LTH vs Industry – Q4 FY23 vs Q4 FY20

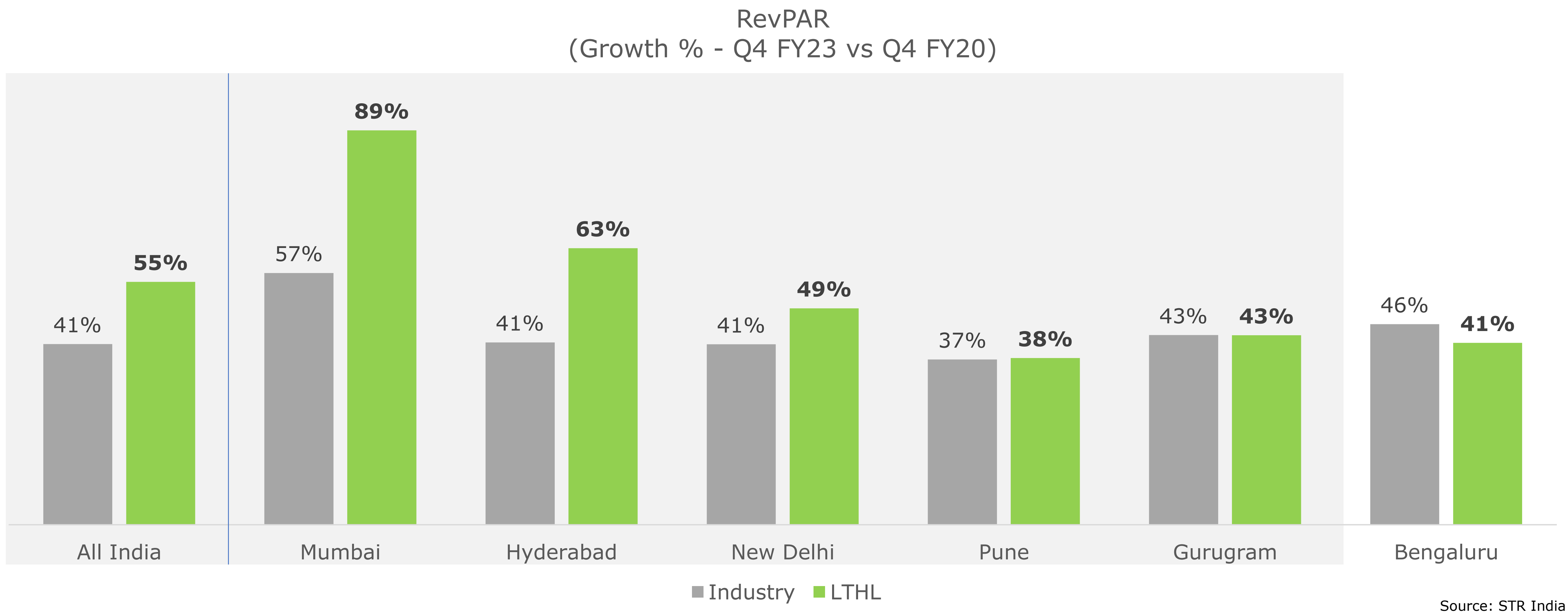






Source: STR India

City level: LTH vs Industry – Q4 FY23 vs Q4 FY20



Source: STR India

Q4 FY23 Operational Performance by Brands & Region (On full inventory basis)

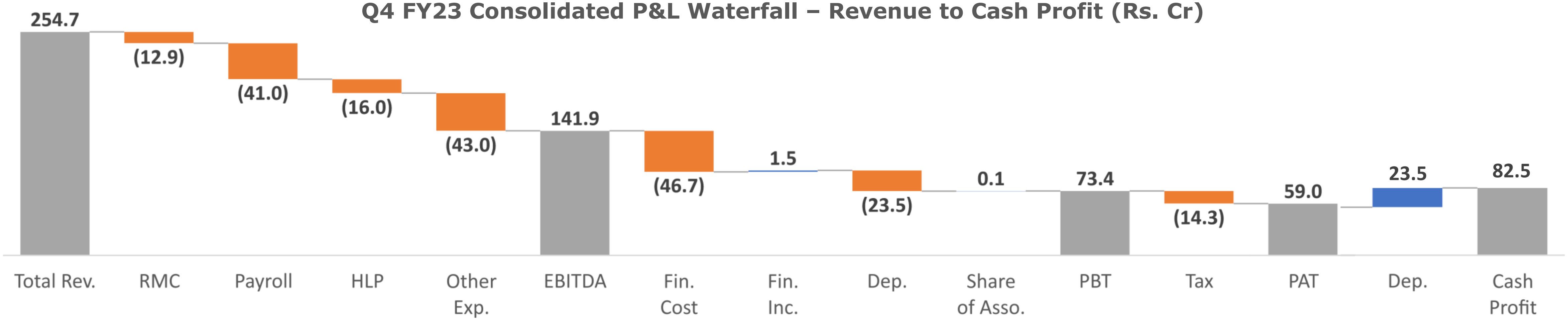
Parameters	RevPAR (Rs.)			Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin %		
By Brand (#Rooms)	Q4 FY23	Q4 FY20	Change (%)	Q4 FY23	Q4 FY20	Change (bps)	Q4 FY23	Q4 FY20	Change (%)	Q4 FY23	Q4 FY20	Change (%)	Q4 FY23	Q4 FY20	Change (bps)
Aurika Hotels & Resorts (139)	11,189	4,130	171%	69%	29%	3,986	16,152	14,041	15%	10.29	2.18	373%	72%	40%	3,128
Lemon Tree Premier (1,603)	5,816	3,601	62%	81%	63%	1,806	7,143	5,683	26%	3.88	2.04	90%	61%	48%	1,277
Lemon Tree Hotels (1562)	4,079	2,923	40%	74%	66%	854	5,501	4,455	23%	2.41	1.49	62%	51%	41%	985
Red Fox by Lemon Tree Hotels (952)	3,378	2,194	54%	78%	63%	1,576	4,310	3,504	23%	2.03	1.01	101%	59%	43%	1,595
Keys by Lemon Tree Hotels (936)	1,815	1,441	26%	56%	52%	323	3,264	2,751	19%	0.94	0.25	275%	48%	14%	3,428

Parameters	RevPAR (Rs.)			Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin %		
By Region (#Rooms)	Q4 FY23	Q4 FY20	Change (%)	Q4 FY23	Q4 FY20	Change (bps)	Q4 FY23	Q4 FY20	Change (%)	Q4 FY23	Q4 FY20	Change (%)	Q4 FY23	Q4 FY20	Change (bps)
Delhi (636)	5,559	3,728	49%	88%	72%	1,538	6,352	5,169	23%	3.78	1.96	93%	62%	44%	1,794
Gurugram (529)	4,191	2,931	43%	77%	65%	1,284	5,412	4,537	19%	2.58	1.53	69%	50%	40%	927
Hyderabad (663)	5,001	3,073	63%	77%	64%	1,314	6,459	4,780	35%	3.44	1.94	78%	64%	53%	1,151
Bengaluru (874)	3,178	2,249	41%	63%	57%	584	5,050	3,941	28%	1.95	0.83	134%	56%	31%	2,495
Mumbai (303)	7,657	4,041	89%	84%	59%	2,504	9,064	6,800	33%	4.63	2.46	88%	57%	57%	42
Pune (426)	3,494	2,536	38%	72%	61%	1,143	4,857	4,190	16%	1.80	1.20	51%	47%	40%	767
Rest of India (1,659)	3,718	2,340	59%	70%	57%	1,256	5,341	4,102	30%	2.48	1.01	145%	59%	37%	2,184
Total (5090)	**4,287**	**2,764**	**55%**	**74%**	**61%**	**1259**	**5,824**	**4,530**	**29%**	**2.76**	**1.37**	**102%**	**58%**	**42%**	**1,611**

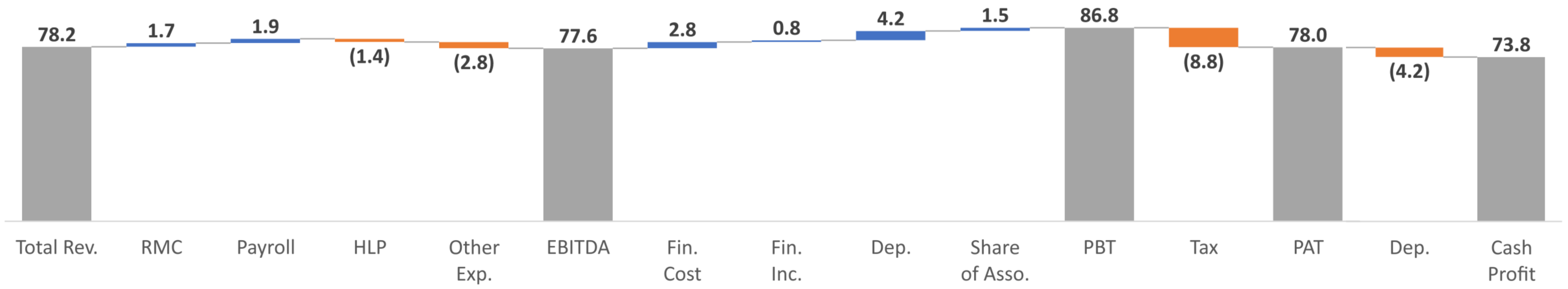
Trends for owned/leased rooms

Consolidated P&L: Q4 FY23 vs Q4 FY20

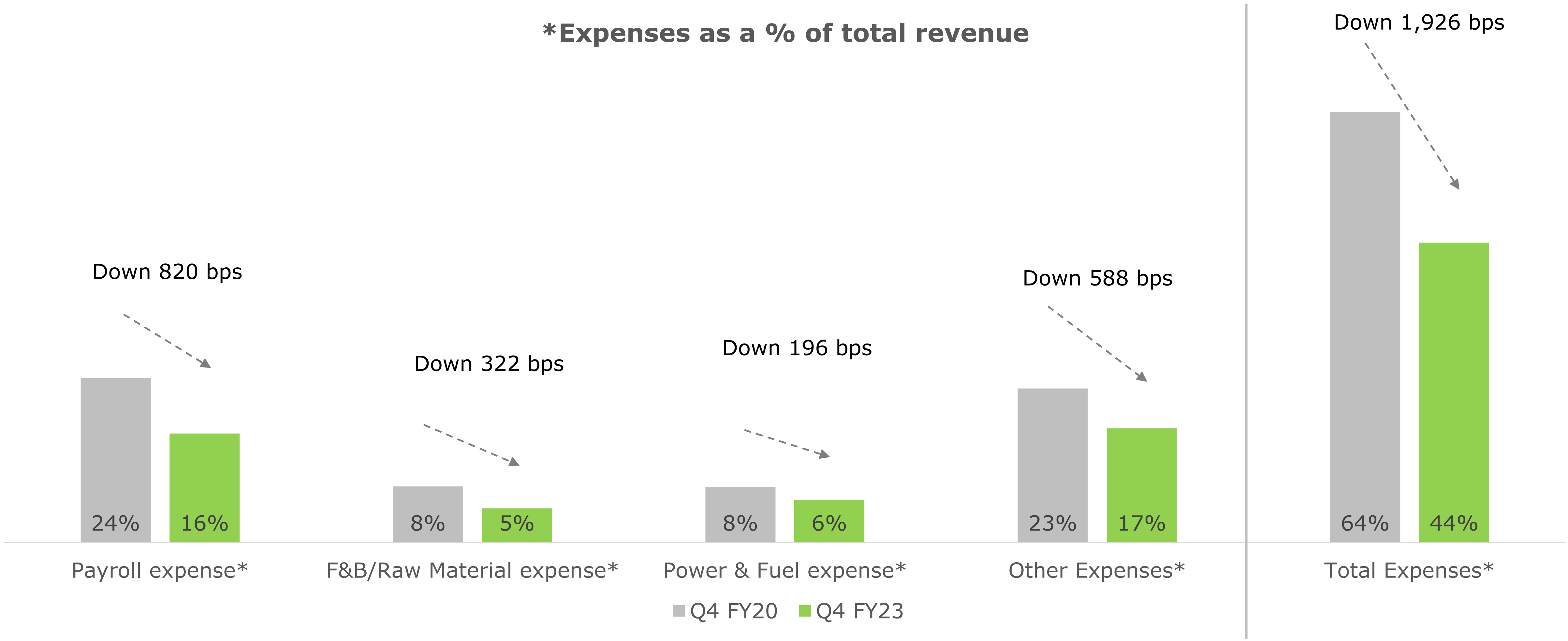
Q4 FY23 Consolidated P&L Waterfall – Revenue to Cash Profit (Rs. Cr)



Q4 FY23 vs Q4 FY20 Consolidated P&L waterfall to explain delta (Rs. Cr)



Cost Optimization: Q4 FY23 vs Q4 FY20



Lemon Tree Consolidated Profit & Loss Statement – Q4 FY23

Rs. Cr	Q4 FY23	Q3 FY23	Q4 FY20	Q4 FY23 vs Q3 FY23 Change (%)	Q4 FY23 vs Q4 FY20 Change (%)
Revenue from operations	**252.7**	**233.5**	**176.1**	**8%**	**43%**
Other income	2.0	0.6	0.4	264%	394%
Total revenue	**254.7**	**234.1**	**176.5**	**9%**	**44%**
Total expenses	**112.8**	**107.1**	**112.2**	**5%**	**1%**
Net EBITDA	**141.9**	**127.0**	**64.4**	**12%**	**121%**
Net EBITDA margin (%)	**55.7%**	**54.3%**	**36.5%**	**146 bps**	**1,926 bps**
Finance costs	46.7	46.0	49.5	1%	-6%
Depreciation & amortization	23.5	23.6	27.7	0%	-15%
PBT	**73.4**	**59.2**	**(13.5)**	**23.9%**	**-**
Tax expense	14.3	10.6	5.5	35.2%	159.0%
PAT	**59.0**	**48.6**	**(19.0)**	**21.5%**	**-**
Cash Profit	**82.5**	**72.1**	**8.7**	**14%**	**845%**

Note: Revenue from Operations is inclusive of fee from managed & franchised hotels

Cash Profit = PAT and Depreciation

Lemon Tree Consolidated Profit & Loss Statement Breakup

Rs. Cr	Lemon Tree Consolidated excluding.Keys Hotels					Keys Hotels					Lemon Tree Consolidated				
	Q4 FY23	**Q3 FY23**	**Q4 FY20**	**QoQ Change**	**YoY Change**	**Q4 FY23**	**Q3 FY23**	**Q4 FY20**	**QoQ Change**	**YoY Change**	**Q4 FY23**	**Q3 FY23**	**Q4 FY20**	**QoQ Change**	**YoY Change**
Inventory	4,154	4,154	4,256	0%	-2%	936	936	936	0%	0%	5,090	5,090	5,192	0%	-2%
Gross ARR	6,237	6,094	4,856	2%	28%	3,264	3,512	2,751	-7%	19%	5,824	5,738	4,530	2%	29%
Occupancy %	77.7%	71.4%	62.9%	629 bps	1,475 bps	55.6%	50.6%	52.4%	497 bps	323 bps	73.6%	67.6%	61.0%	604 bps	1,259 bps
RevPAR	4,844	4,349	3,055	11%	59%	1,815	1,778	1,441	2%	26%	4,287	3,877	2,764	11%	55%
Revenue from Operations	**234.5**	**215.6**	**158.7**	**9%**	**48%**	**18.2**	**17.9**	**17.5**	**1%**	**4%**	**252.7**	**233.5**	**176.1**	**8%**	**43%**
Other Income	1.5	0.1	0.4	1281%	256%	0.6	0.5	0.0	25%	-	2.0	0.6	0.4	264%	394%
Total revenue	**236.0**	**215.7**	**159.1**	**9%**	**48%**	**18.7**	**18.4**	**17.5**	**2%**	**7%**	**254.7**	**234.1**	**176.5**	**9%**	**44%**
Total expenses	101.6	91.6	100.0	11%	2%	11.2	15.4	12.2	-27%	-8%	112.8	107.1	112.2	5%	1%
EBITDA	**134.4**	**124.1**	**59.1**	**8%**	**127%**	**7.5**	**2.9**	**5.3**	**155%**	**43%**	**141.9**	**127.0**	**64.4**	**12%**	**121%**
EBITDA Margin (%)	*57.0%*	*57.5%*	*37.2%*	*-56 bps*	*1,981 bps*	*40.1%*	*16.0%*	*30.1%*	*2,405 bps*	*999 bps*	*55.7%*	*54.3%*	*36.5%*	*146 bps*	*1,926 bps*
PBT	**71.4**	**62.1**	**(11.3)**	**15%**	**-**	**1.9**	**(2.9)**	**(2.1)**	**-**	**-**	**73.4**	**59.2**	**(13.5)**	**24%**	**-**

Discussion on Consolidated Financial & Operational Performance – Q4 FY23

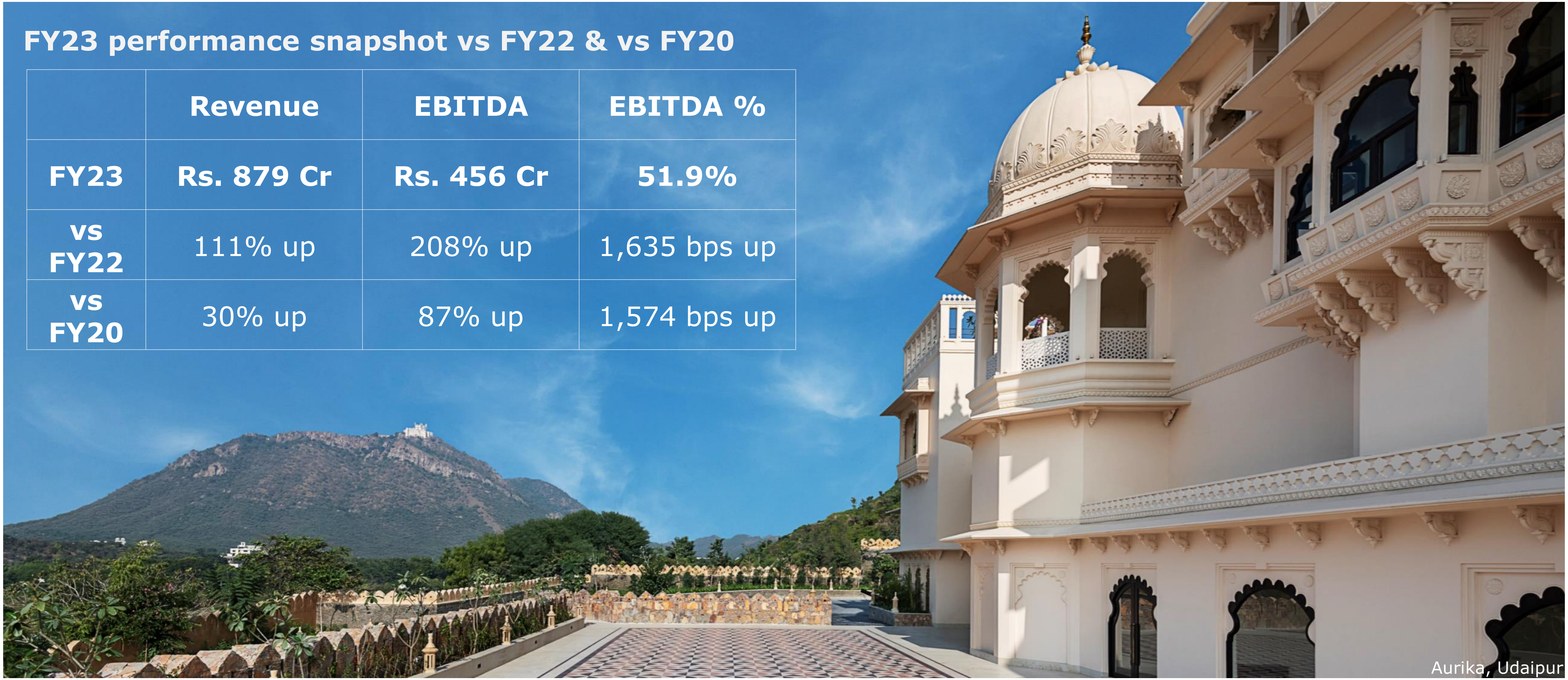
Revenue	❖ Revenue from operations stood at Rs. 252.7 Cr in Q4 FY23 which was up 8.2% from Rs. 233.5 Cr in Q3 FY23 and was up 43.5% as compared to Rs. 176.1 Cr in Q4 FY20 ❖ Gross ARR stood at Rs. 5,824 in Q4 FY23 which was up 2% from Rs. 5,738 in Q3 FY23 and was up 29% as compared to Rs. 4,530 Cr in Q4 FY20 ❖ Occupancy% stood at 73.6% in Q4 FY23 which was up 604 bps from 67.6% in Q3 FY23 and was up 1,259 bps as compared to 61.0%in Q4 FY20
Cost	❖ Total expenses stood at Rs. 112.8 Cr in Q4 FY23 which was up 5.3% from Rs. 107.1 Cr in Q3 FY23 and was up 0.5% as compared to Rs. 112.2 Cr in Q4 FY20
Operating Margins	❖ Net EBITDA stood at Rs. 141.9 Cr in Q4 FY23 which was up 11.7% from Rs. 127.0 Cr in Q3 FY23 and was up 120.5% as compared to Rs. 64.4 Cr in Q4 FY20 ❖ Net EBITDA margin % stood at 55.7% in Q4 FY23 which was up 146 bps from 54.3% in Q3 FY23 and was up 1,926 bps as compared to 36.5% in Q4 FY20
Profit after tax	❖ PAT stood at Rs. 59.0 Cr in Q4 FY23 which was up 21.5% from Rs. 48.6 Cr in Q3 FY23 and was up Rs. 78.0 Cr as compared to Rs. (19.0) Cr in Q4 FY20
Cash Profit	❖ Cash Profit stood at Rs. 82.5 Cr in Q4 FY23 which was up 14.4% from Rs. 72.1 Cr in Q3 FY23 and was up 845.2% as compared to Rs. 8.7 Cr in Q4 FY20

Note: Cash Profit is calculated as PAT + Depreciation

Strong FY23 performance across key financial metrics

FY23 performance snapshot vs FY22 & vs FY20

	Revenue	EBITDA	EBITDA %
FY23	**Rs. 879 Cr**	**Rs. 456 Cr**	**51.9%**
vs FY22	111% up	208% up	1,635 bps up
vs FY20	30% up	87% up	1,574 bps up



Aurika, Udaipur

* As on 31st March 2023

Lemon Tree Consolidated Profit & Loss Statement – 12 Months FY23

Rs. Cr	12M FY23	12M FY22	12M FY20	12M FY23 vs 12M FY22 Change	12M FY23 vs 12M FY20 Change
Revenue from operations	**875.0**	**402.2**	**669.4**	**118%**	**31%**
Other income	3.6	14.0	5.8	-75%	-38%
Total Income	**878.6**	**416.3**	**675.2**	**111%**	**30%**
Total expenses	**422.6**	**268.3**	**431.1**	**58%**	**-2%**
Net EBITDA	**455.9**	**147.9**	**244.1**	**208%**	**87%**
Net EBITDA margin (%)	**51.9%**	**35.5%**	**36.2%**	**1,635 bps**	**1,574 bps**
Finance costs	182.3	180.9	161.6	1%	13%
Finance income	5.2	7.0	5.1	-26%	2%
Depreciation & amortization	96.6	104.3	87.2	-7%	11%
Stamp duty expenses	4.8	15.3	0.0	-69%	-
Share of Profit/ (Loss) of associates	0.9	1.0	(2.7)	-17%	-
PBT	**178.2**	**(144.6)**	**(2.2)**	**-**	**-**
Tax expense	37.7	(7.2)	10.9	-	247%
PAT	**140.5**	**(137.4)**	**(13.0)**	**-**	**-**
Cash Profit	**237.1**	**(33.0)**	**74.1**	**-**	**220%**

Note:
Cash Profit is calculated as PAT + Depreciation
FY22 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 15.3 Cr
FY23 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 4.8 Cr
Revenue from Operations is inclusive of fee from managed hotels

Lemon Tree Consolidated Balance Sheet as of 31st March 2023

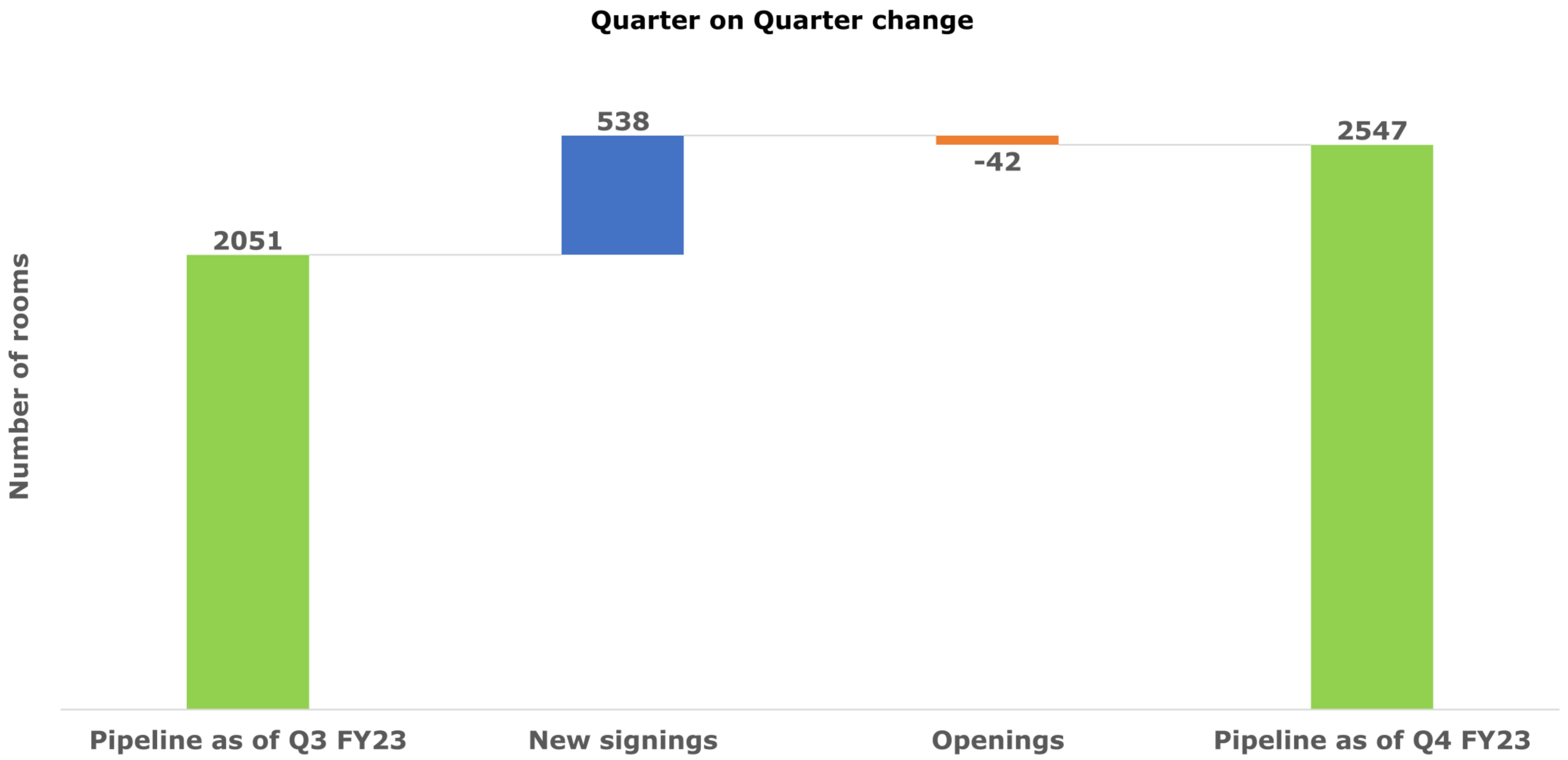
Rs. Cr	FY23	FY22	FY20	FY23 vs FY22 Change	FY23 vs FY20 Change
Shareholder's Funds	853.7	831.2	988.9	3%	-14%
Non-controlling interests	559.7	567.6	555.9	-1%	1%
Total Shareholder’s equity	**1413.4**	**1398.9**	**1544.8**	**1%**	**-9%**
Total Debt	1745.7	1698.6	1577.5	3%	11%
Other Non-current liabilities	431.4	429.4	464.3	0%	-7%
Other Current liabilities	141.8	108.1	176.2	31%	-20%
Total Equity & Liabilities	**3732.3**	**3635.0**	**3762.8**	**3%**	**-1%**
Non-current assets	3596.3	3504.1	3615.5	3%	-1%
Current assets	136.0	131.0	147.3	4%	-8%
Total Assets	**3732.3**	**3635.0**	**3762.8**	**3%**	**-1%**
Debt to Net EBITDA	**3.83**	**11.48**	**6.46**	**-67%**	**-41%**
Debt to Equity (x)	**1.24**	**1.21**	**1.02**	**2%**	**21%**
Average cost of borrowing (%)	**9.08%**	**8.00%**	**9.60%**	**108**	**-52**

Expansion Plans – Hotels under Development

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

- 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 31st March 2023 is Rs. 575 Cr

Expansion Plans – Snapshot of manage & franchise contracts pipeline



Expansion Plans – Pipeline of manage & franchise contracts by opening (1 on 2)

#	Hotels Pipeline	City	Rooms	Opening date as of 31/03/2023 (Q4 FY23)
	Hotels pipeline as of 31/12/2022 (Q3 FY23)		**2051**	
1	Lemon Tree Hotel, Hubli	Hubli	65	Q2FY24
2	Lemon Tree Hotel, Rajkot	Rajkot	45	Q2FY24
3	Lemon Tree Premier, Biratnagar, Nepal	Biratnagar, Nepal	80	Q2FY24
4	Lemon Tree Hotel, Sonmarg	Sonmarg	40	Q3FY24
5	Lemon Tree Hotel, Tapovan, Rishikesh	Rishikesh	102	Q3FY24
6	Lemon Tree Hotel, Agra	Agra	62	Q3FY24
7	Lemon Tree Hotel, Anjuna, Goa	Goa	51	Q3FY24
8	Lemon Tree Resort, Thimphu, Bhutan	Thimphu, Bhutan	38	Q3FY24
9	Lemon Tree Hotel, Thiruvananthapuram	Trivandrum	100	Q3FY24
10	Keys Select by Lemon Tree Hotels, Chirang	Chirang, Assam	40	Q3FY24
11	Keys Lite by Lemon Tree Hotels, Jaipur	Jaipur	47	Q3FY24
12	Lemon Tree Hotel, McLeodganj	Dharamshala	39	Q3FY24
13	Lemon Tree Hotel Haridwar	Haridwar	50	Q3FY24
14	Keys Lite by Lemon Tree Hotel Dehradun	Dehradun	32	Q3FY24
15	Lemon Tree Hotel, Jameshedpur	Jamshedpur, Jharkhand	42	Q4FY24
16	Lemon Tree Hotel, Malad, Mumbai	Mumbai	93	Q4FY24
17	Lemon Tree Resort, Mussoorie	Mussoorie	40	Q4FY24
18	Lemon Tree Hotel, Erode	Erode, Tamil Nadu	64	Q4FY24
19	Lemon Tree Premier, Kanha	Kanha	15	Q4FY24
20	Lemon Tree Hotel, Darjeeling	Darjeeling	55	Q4FY24
21	Skywave Suites operated by Lemon Tree Hotels, Gurugram	Gurugram	260	Q4FY24
22	Aurika, Rishikesh	Rishikesh	132	Q4FY25
23	Lemon Tree Hotel, Tejpur, Assam	Tejpur, Assam	42	Q4FY25
24	Lemon Tree Hotel Chandausi	Chaundausi, UP	70	Q1FY25

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

Expansion Plans – Pipeline of manage & franchise contracts by opening (2 on 2)

#	Hotels Pipeline	City	Rooms	Opening date as of 31/03/2023 (Q4 FY23)
25	Keys Lite by Lemon Tree Hotels, Banswara	Banswara, Rajasthan	54	Q1FY25
26	Lemon Tree Hotel, Kharar	Kharar	60	Q1FY26
27	Lemon Tree Hotel, Gulmarg	Gulmarg	35	TBD
28	Lemon Tree Hotel, Bokaro	Bokaro	70	TBD
29	Lemon Tree Hotel, Kathmandu	Kathmandu, Nepal	75	TBD
30	Bhangeri Durbar Resort, operated by Lemon Tree Hotels, Nepal	Nagarkot, Nepal	51	TBD
31	Lemon Tree Hotel, Ludhiana	Ludhiana	60	TBD
	New hotels signed in Q4 FY23		**538**	
32	Lemon Tree Hotel, Manali	Himachal Pradesh	34	Q1FY24
33	Lemon Tree Hotel, Bhopal	Madhya Pradesh	47	Q2FY24
34	Lemon Tree Hotel, Dapoli	Maharashtra	50	Q3FY24
35	Keys Lite by Lemon Tree Hotels, Dapoli	Maharashtra	20	Q3FY24
36	Lemon Tree Resort, Kumbalgarh	Kumbalgarh	59	Q3FY24
37	Lemon Tree Hotel, Jabalpur	Madhya Pradesh	75	Q1FY25
38	Aurika, Kasauli	Himachal Pradesh	110	Q3FY25
39	Lemon Tree Hotel, Bharuch	Gujarat	83	Q1FY26
40	Lemon Tree Hotel, Sri Ganganagar	Rajasthan	60	Q2FY27
	Hotels pipeline as of 31/3/2023 (Q4 FY23)	**Total**	**2547**	

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

Aurika, SkyCity, Mumbai | Representation

Aurika, SkyCity, Mumbai | Current Status

Aurika, SkyCity, Mumbai | Current Status

Aurika, SkyCity, Mumbai | Current Status

Aurika, SkyCity, Mumbai | Current Status

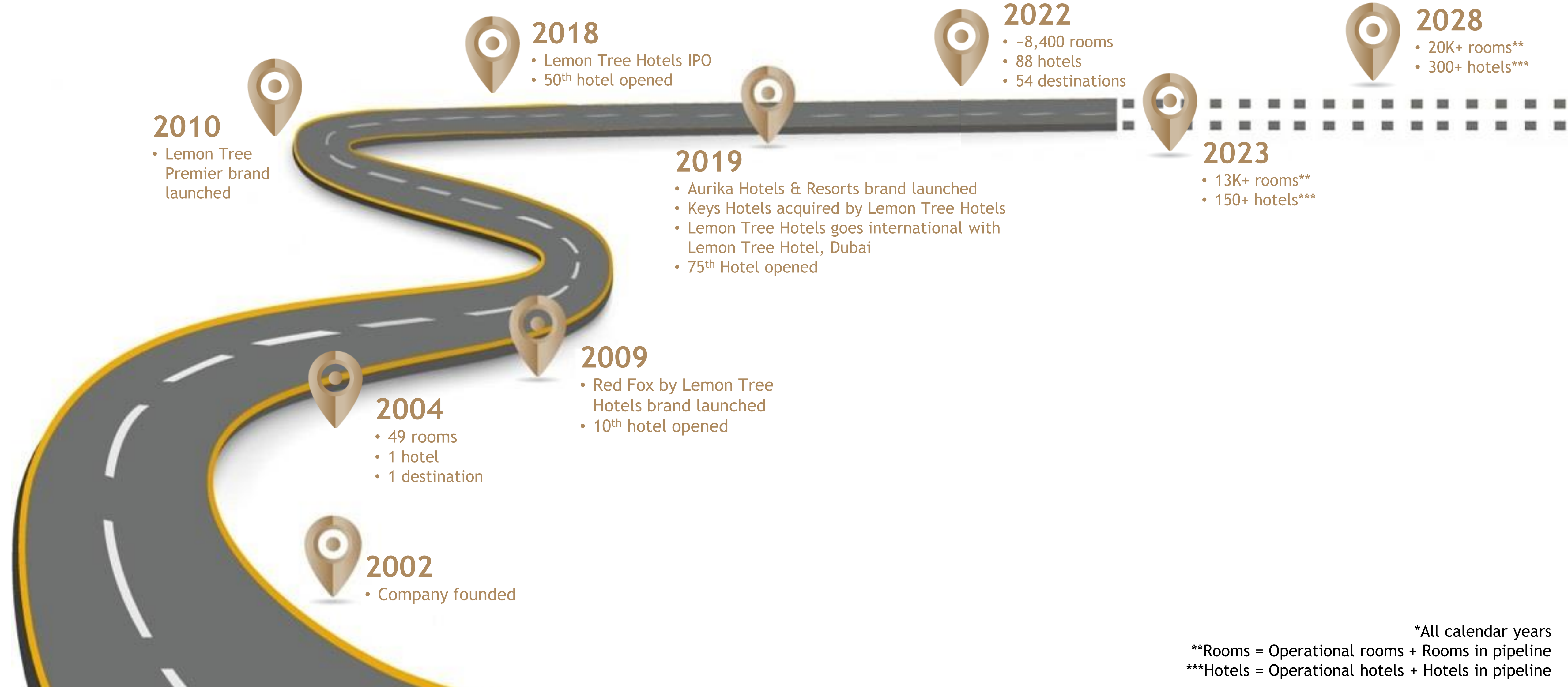
Lemon Tree Mountain Resort, Shimla | Representation

Unveiling Lemon Tree Hotels

Roadmap for next 5 years

Aurika SkyCity, Mumbai
(Representation)

Our journey | Two decades of transforming the Indian hospitality landscape



*All calendar years
**Rooms = Operational rooms + Rooms in pipeline
***Hotels = Operational hotels + Hotels in pipeline

Lemon Tree 2.0: Roadmap for next 5 years – CY24 to CY28

Lemon Tree 2.0

Superior financial performance | *Mid-market hotel flagbearer* | *Strong balance sheet* | *Leader in digital* | *Leader in ESG*

Strategic Levers
(How will we make this happen)

- Asset Light Growth and Network Effect
- Digital Transform-ation
- Retail Acceleration
- Loyalty Expansion
- Cost Structure
- Capital Recycling
- Simplifying Group Structure

Market enablers
(Tailwinds)

- Consumption at tipping point
- Demand outpacing supply
- Growing aspirations, affluence, willingness to spend
- Large underserved fragmented mid-market hotel segment

Company enablers
(Internal competencies)

- Digitalization/Technology
- Risk Management
- ESG*

Strategic Assets
(Moats)

- Brand
- Owned Network
- Culture
- Operating Across Value Chain

*ESG – Environmental, Social & Governance

OUTCOMES

LT 2.0: setting clear and achievable outcomes over the next 5 years

Superior financial performance	Mid-market hotel leader	Strong balance sheet	Leader in digital	Leader in ESG
Stable 50% EBITDA	20k+ hotel rooms network**	Debt-Free	Bionic Revenue Management	100% green certified buildings
20% ROCE*	70%+ Asset light portfolio	Significant FCF	Next gen sales	Ecologically Sustainable operations
	Dominate supply in urban centers		Automated processes	Diversity & inclusion
			Data driven decisions	High quality governance and board oversight
			Scalable tech stack	

*ROCE – Return on Capital Employed; **Rooms Network = Operational rooms + Rooms in pipeline

STRATEGIC LEVERS

Lemon Tree 2.0: Strategic levers (1 on 5)

Asset Light Growth

Rapid expansion at negligible cost

~15k rooms network* of managed & franchised portfolio

70%+ managed / franchised properties

Network Effect

300+ hotels**: Spread across length & breadth of India

Pan-India hotel presence: We are everywhere

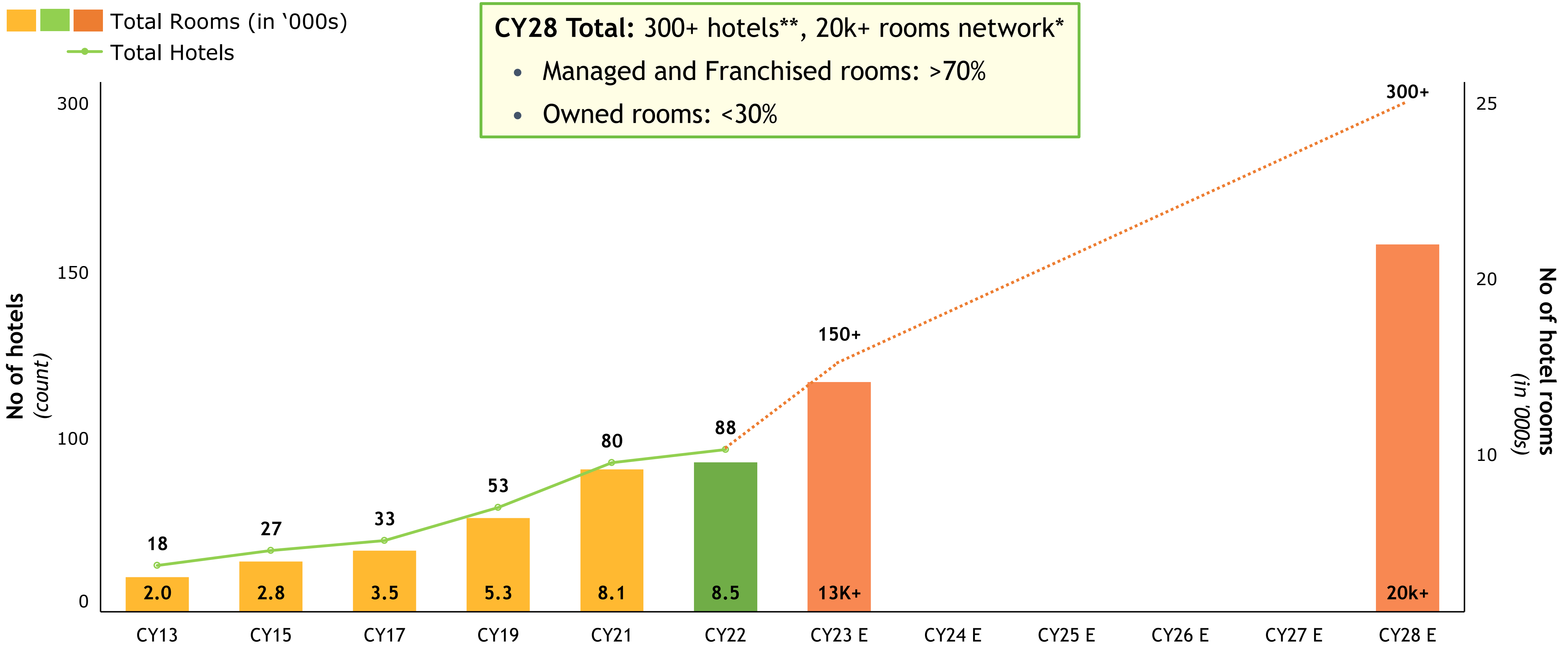
High Awareness: New cities drive business for other cities

* Rooms Network = Operational rooms + Rooms in pipeline
**Hotels = Operational hotels + Hotels in pipeline

Accelerated growth in our portfolio planned for next 5 years

CY28 Total: 300+ hotels**, 20k+ rooms network*

- Managed and Franchised rooms: >70%
- Owned rooms: <30%



* Rooms Network = Operational rooms + Rooms in pipeline
**Hotels = Operational hotels + Hotels in pipeline

Lemon Tree 2.0: Strategic levers (2 on 5)

Digital Transformation

- Bionic Pricing & Revenue Management
- Next Gen Sales: Data driven sales recommendations
- Data Driven decision making across functions & processes
- Scalable & flexible tech stack for faster integration

Build on Retail

- 65% retail share target
- Dynamic & Market driven pricing
- Increased Referrals & better traction
- Stronger MOAT and higher returns through retail

Lemon Tree 2.0: Strategic levers (3 on 5)

Nourish Loyalty

- Rewards Program: loyalty and churn management
- >40% repeat customers
- Personalization: Improved customer experience
- Traffic assurance for new expanded network

Operate Lean

- 50% EBIDTA: Industry leading efficiencies
- Smart operations: Real-time cost control towers
- Best in Class: Cost structure & manning ratio

Lemon Tree 2.0: Strategic levers (4 on 5)

Capital recycling of owned network

Large network of owned hotels: 40 operational hotels with 5k+ rooms, 2 hotels with 700+ rooms in pipeline

~40% of total capital employed, operationalized in just the last 3 years

~20% of total capital employed is still CWIP at Aurika, SkyCity, Mumbai and Lemon Tree Mountain Resort, Shimla

High ROCE & Cash flow: Owned hotels, once stabilized, show high returns due to ~8% annual increase in replacement cost(excl. land)

Ability to monetize/unlock cash: Diluting ownership in the owned portfolio (while retaining majority shareholding) through public markets / strategic investors will help to monetize/unlock cash

Aurika, SkyCity, Mumbai will be a game changer

Expected performance by benchmarking:

Key metrics	Aurika Hotels and Resorts* Udaipur (139 rooms)			Lemon Tree Premier* Mumbai (303 rooms)			Aurika, SkyCity** Mumbai (669 rooms)
	H1 FY23	H2 FY23	FY23	H1 FY23	H2 FY23	FY23	FY26 E
Occ%	38%	61%	50%	76%	81%	79%	75%
Gross ARR (Rs.)	11,566	16,407	14,552	7,107	8,813	7,987	12,000
Total Revenue (Rs. Cr)	16	36	51	36	46	83	286
Total Expenses (Rs. Cr)	8	10	18	14	18	32	114
EBITDA (Rs. Cr)	8	26	33	22	28	50	171
EBITDA Margin %	48%	72%	65%	61%	60%	61%	60%
RoCE% on Development Cost			10%			16%	18%

*Actual performance for 1st full normal year of operations
**Conservative estimate for 2nd full year of operations

Lemon Tree 2.0: Strategic levers (5 on 5)

Simplifying group structure

Current group structure

Lemon Tree Hotels
Brand Owner + Asset Owner + Operator

As of CY22 directly owns & operates 17 hotels, ~1.8k rooms

By/before CY28, propose to transfer all 100% owned assets to Fleur to recycle capital

Management and Brand Fees

Brand Fees

Fleur Hotels Pvt Ltd
58.91% subsidiary
Asset Owner

As of CY22 operates 23 hotels, 3.3k+ rooms, with APG as strategic partner (41.09% shareholding)

Will operationalize Aurika, SkyCity, Mumbai in CY23: Marquee owned asset, largest hotel in India

By/before CY28, will list via IPO or REIT or INVIT (Lemon Tree will remain majority shareholder)

Carnation Hotels Pvt Ltd
100% subsidiary
Third Party Asset Manager/Franchiser

Management Fees from 3rd party hotels

As of CY22 manage & franchise 48 hotels, 3.2k+ rooms

By CY28, will manage & franchise 260+ hotels**, 15k+ rooms* and propose to merge in Lemon Tree Hotels

* Rooms Network = Operational rooms + Rooms in pipeline
**Hotels = Operational hotels + Hotels in pipeline

Simplified group structure by CY28

Simplified group structure

Proposed group structure

Lemon Tree Hotels
Brand Owner + Asset Owner + Operator

With Carnation Hotels merged into Lemon Tree and all 100% owned assets transferred to Fleur to recycle capital, Lemon Tree will operate & franchise 300+ hotels**, 20k+ rooms*

↑ Management and Brand Fees

Fleur Hotels Ltd
Majority subsidiary
Listed Asset Owner

Will own 42 hotels, 5.8k+ rooms

By/before CY28, will list via IPO or REIT or INVIT
(Lemon Tree will remain majority shareholder)

* Rooms Network = Operational rooms + Rooms in pipeline
**Hotels = Operational hotels + Hotels in pipeline

ENABLERS

Consumption in India at tipping point

Consumer spending, specially on Hospitality related categories expected to grow significantly faster than Nominal GDP in the coming years

	Indian GDP CAGR	Consumer Spending CAGR (Nominal LCU)				Average Multiplier
	(Nominal LCU)	Restaurants & Hotels	Recreation & Culture	Accommodation	Package Holidays	(Nominal GDP to Consumer spending)
2011- 2019	11%	11%	9%	12%	10%	1x
2022-2031	10%	14%	12%	15%	13%	1.4x

Consumer spending to grow disproportionately over GDP growth

Lemon Tree is positioned perfectly to capitalize on this growth; new players' entry limited due to subpar returns at current costs

Source: Oxford Economics

Demand outpacing supply in Indian hospitality landscape till FY28

High demand period expected in next 5 years, to drive strong growth in ARR and occupancy %

FY08-20

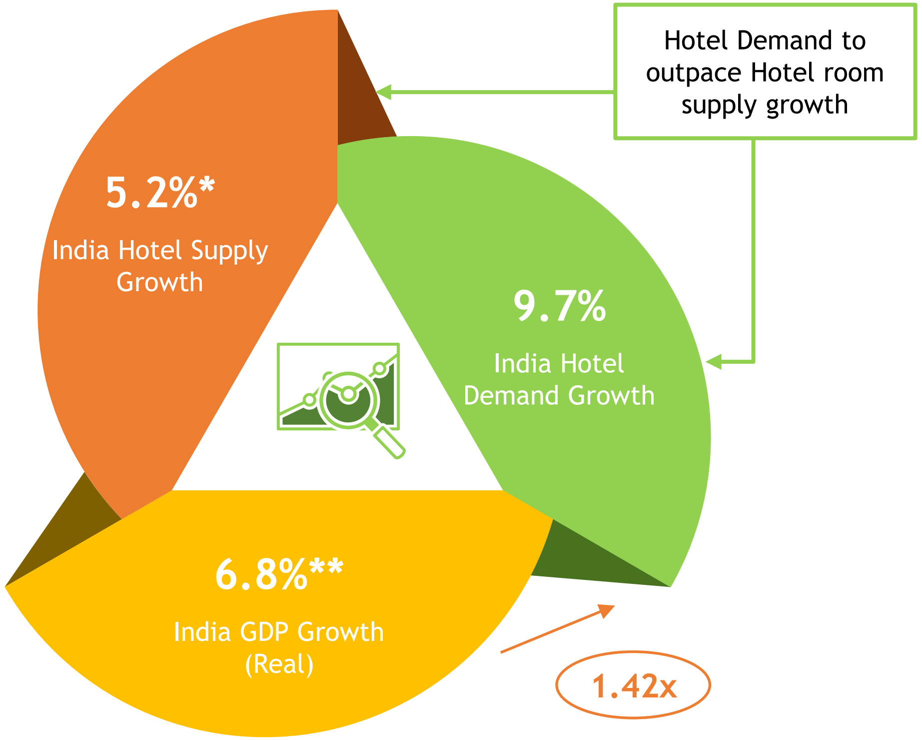
Demand-supply mismatch has significant impact on hotel industry ARR & revenues

Period	FY 08-14	FY 14-20
Supply growth*	14	6
Demand growth*	11	8
ARR change*	-3	1
Occupancy change*	-11	8
Inference	Supply > Demand	Supply < Demand
Impact	ARR, Occupancy ↓	ARR, Occupancy ↑

High correlation between hotel demand and GDP(Real)

Real GDP Growth → 1.42x → Hotel Demand

FY23-27E



New players' entry limited due subpar ROE, supply landscape to remain rational while trailing demand

Source: *Hotelivate - Trends and Opportunity Report 2022 for India; **National Statistics Office

Growing aspirations, affluence & willingness to pay in Bharat

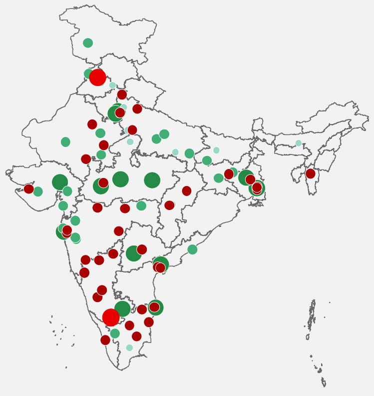
Average Household (HH) income to increase ~1.4x in the current decade, along with growth of affluence, especially in Tier 2,3 and 4 towns

Average Household(HH) income (Lakhs.p.a)

2010	3.87
2019	5.24
2030	7.32

~1.4X

India - 2016



Share of elite and affluent Households (%)

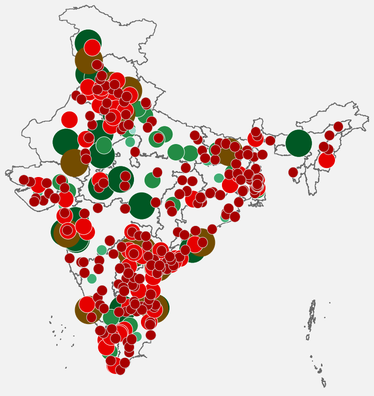
Metro and tier 1 cities

> 40 · 31 to 40 · 21 to 30

Tier 2, 3, and 4 cities

> 40 · 31 to 40 · 21 to 30

India - 2025



Share of affluent & elite households (%)	No. of cities 2016	No. of cities 2025
> 40	0	48
21-40	64	270

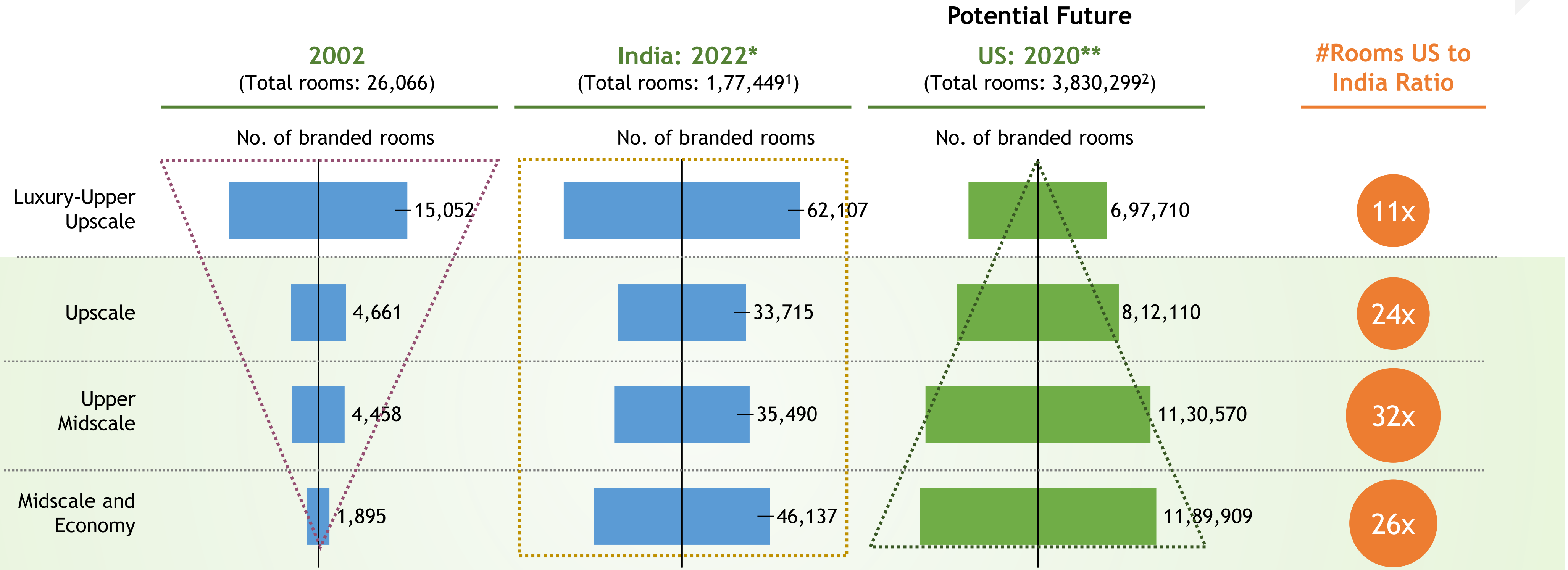
Lemon Tree rightly placed to cater to India's growing middle-class & Bharat travel demands in the large under-served fragmented branded midscale market

Source: BCG report- Racing towards the next wave of retail in India, 2022

Large underserved mid-scale market

India is transitioning from the inverted supply pyramid to a corrected future with strong base of midscale and economy supply

India's transitioning to global standards on hotel room supply



Lemon Tree has pioneered correction of branded supply to move away from inverted pyramid

Source: *Horwath HTL - India Hotel Market Review; **Statista

Rigorous approach to risk management and risk mitigation

LTH's approach to Enterprise Risk management

- **Identified** – the 14 risk that matters
- **Assessed** – Tolerance limits
- **Prioritized** – Basis the likelihood & impact
- **Mitigated** – the risks as per Remove / Transfer / Accept
- **Monitoring** – Ongoing / Periodic

Accountability lies with

Board of Directors + Audit Committee + Management

Effectiveness of

ERM and IC

LTH - Lemon Tree Hotels; ERM - Enterprise Risk Management; IC - Internal Control

ESG Vision FY26

Ambitious Targets set for owned properties to become an ESG Leader

- **100%** Certified green building
- **15%** Women in the workforce
- **30%** ODIs** in the workforce
- **Majority** independent directors
- **30%** Women directors
- **15%** Lower energy consumption*
- **50%** Renewable energy
- **10%** Lower water consumption*
- **40%** GHG# reductions*

*Basis intensity, for owned properties only
**ODI - Opportunity Deprived Indians (Employees with Disability & Employees from Economically/Socially marginalized backgrounds) | #GHG - Green House Gases

STRATEGIC ASSETS

Distinct portfolio of brands, operating pan India

Value for money hotel brands to cater from economy to upscale requirements

+

PAN – India network of owned, Managed & Franchised hotels

Expanding Wallet Share
of India's growing middle-class captured by Lemon Tree

Segment	Industry Inventory	LT Inventory as in CY22	LT Inventory as % of Industry in CY22	Lemon Tree Brand Positioning
Luxury and Upper Upscale	62,107*	194	0.2%	Aurika Hotels & Resorts
Upscale	33,715*			
Upper Midscale	35,490*	2,514	7.1%	Lemon Tree Premier
Midscale and Economy	46,137*	5,674	12.3%	Lemon Tree Hotels, Keys Select, Red Fox, Keys Lite, Keys Prima
Total Branded Inventory	1,77,449*	8,382	4.7%	

Purpose driven culture

ESG* Vision FY26

Creating Sustained Value across all stakeholders

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
10 REDUCED INEQUALITIES
6 CLEAN WATER AND SANITATION
13 CLIMATE ACTION
5 GENDER EQUALITY

lemon tree HOTELS

Belief: Our business operations are inherently integrated with delivering social and environmental impact

Office of DE & I**

- Employees from Economically/ Socially marginalized backgrounds
- Employees with Disability
- Women Employees

Awards

Great Place To Work	#12 Best Large Workplaces in Asia 2018 #4 Best Company in India 2017
सत्यमेव जयते	National Award through MoSJE: Best Employer 2016, 2011 and Barrier-free Environment for Persons with Disabilities 2012
The FT ArcelorMittal BOLDNESS IN BUSINESS AWARDS	Financial Times & Arcelor Mittal: Boldness in Business Award 2018 - Corporate Responsibility/Environment
WORLD TRAVEL & TOURISM COUNCIL	Tourism for Tomorrow Award - Investing in People 2019
Travelers' Choice 2022	Trip Advisor - Traveler's choice award 2022. 61 out of 80 eligible hotels
ASIAN HUMAN CAPITAL AWARD	Ministry of Manpower, Singapore & the Human Capital Institute: Innovative & Impactful People Practices 2015
wtm responsible tourism supported by UNWTO	Responsible Tourism Award (WTM®, London): 2022 and 2016
CORNELL UNIVERSITY FOUNDED A.D. 1865	Cornell University Exemplary Practice Award 2014 for diversity & inclusion

*ESG - Environment, Social, Governance; **DE & I - Diversity, Equity and Inclusion

LTH has unique expertise as developer, owner & operator of hotels

Land → Development of hotels → Ownership of hotels → Operations of hotels → Sales and marketing of hotels → Guest

Development
- Identify strategically located land at reasonable prices
- Experienced project management team to complete projects at per room cost lower than average*

Ownership

Management
- Standardized operations for high level of service and cost efficiencies

Brand
- Ability to take hotels on managed & franchise contracts

… leads to cost and capital efficiency

*For Select Hotels for the same period, according to a survey conducted by HVS (India-2016 Hotel Development Cost Survey)

INTERNATIONAL DESTINATIONS

United Arab Emirates
- Dubai

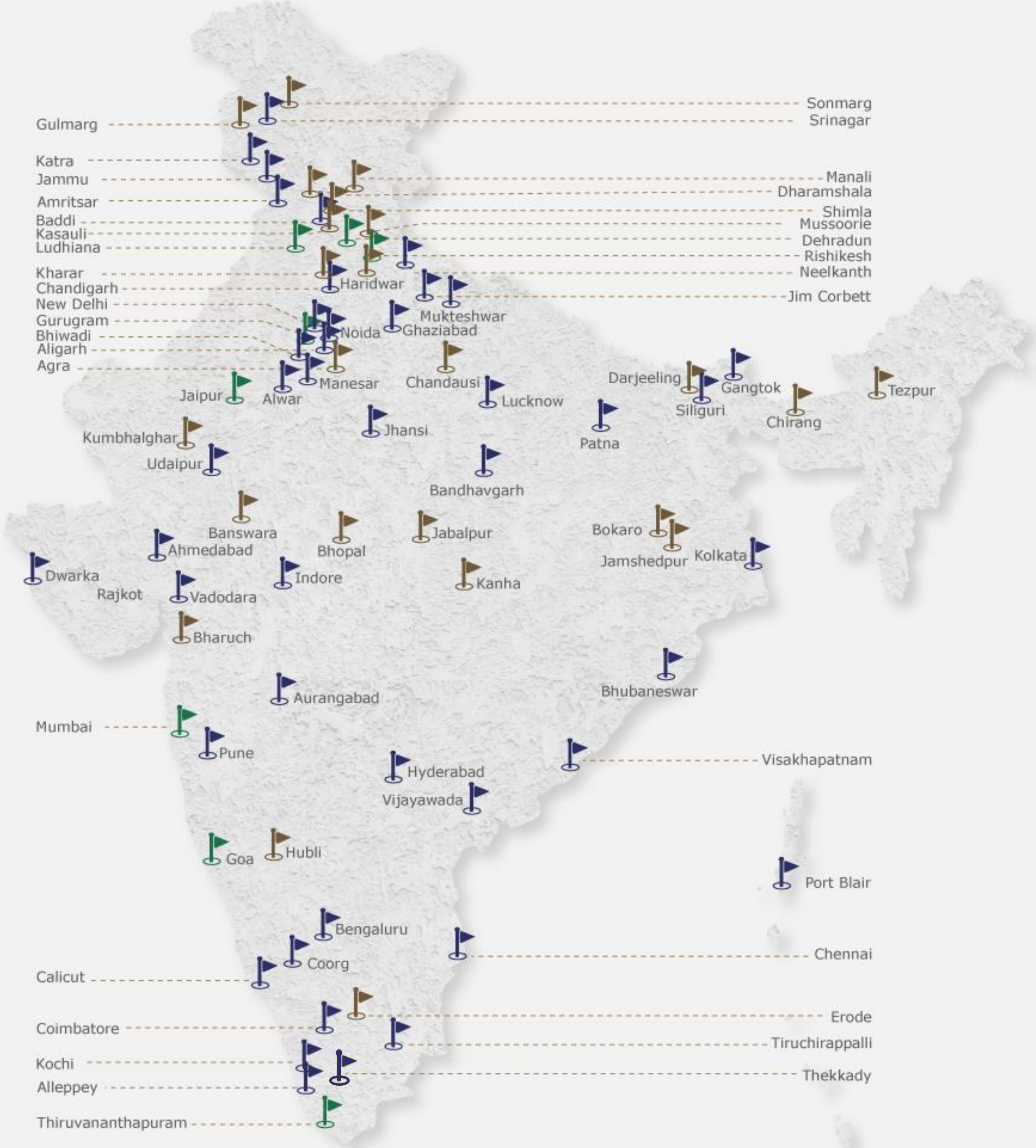
Bhutan
- Thimphu

Nepal
- Kathmandu
- Nagarkot
- Biratnagar

OPERATIONAL HOTELS

UPCOMING HOTELS

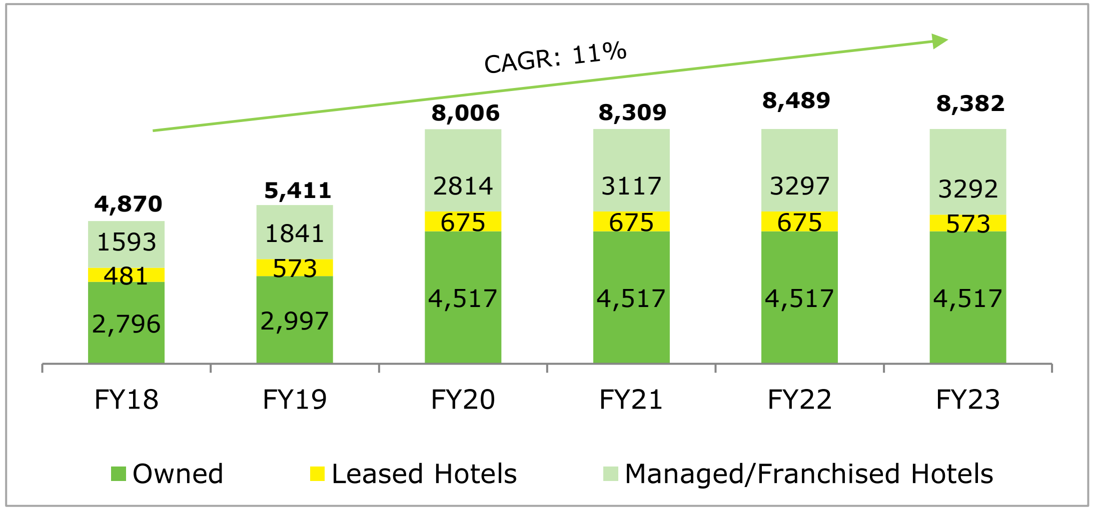
OPERATIONAL AND UPCOMING HOTELS



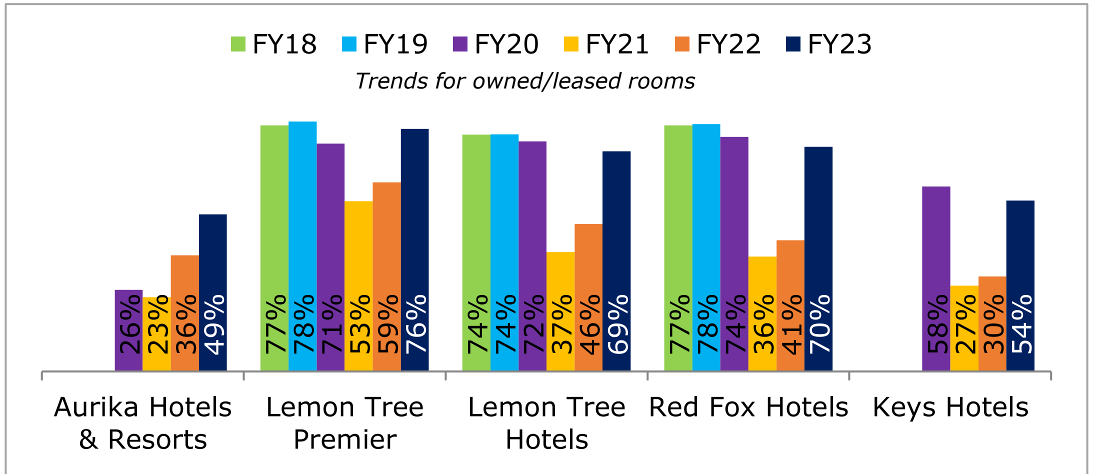
Annexures

Operating performance over 6 years

Rooms are being added

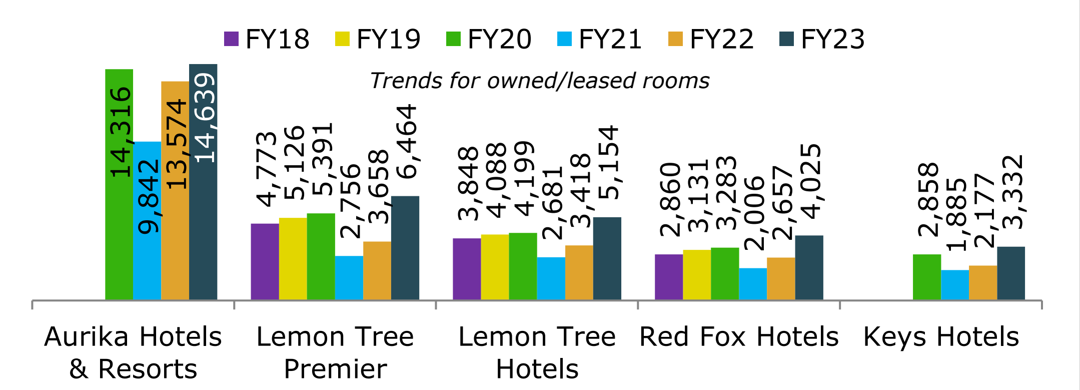


Occupancy (%)



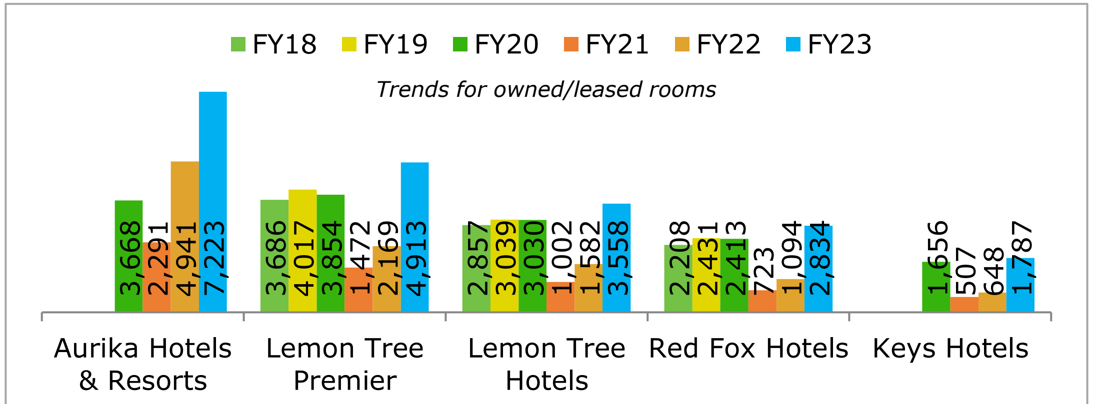
Note: Aurika Hotels & Resorts and Keys Hotels was added/opened in Q3 FY20

ARR (in Rs.)



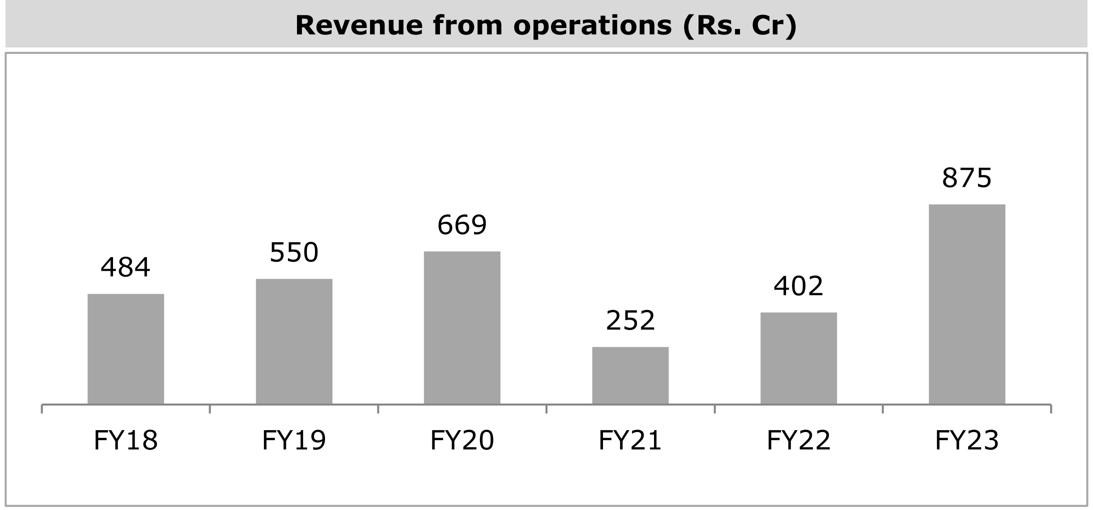
Note: Aurika Hotels & Resorts and Keys Hotels was added/opened in Q3 FY20

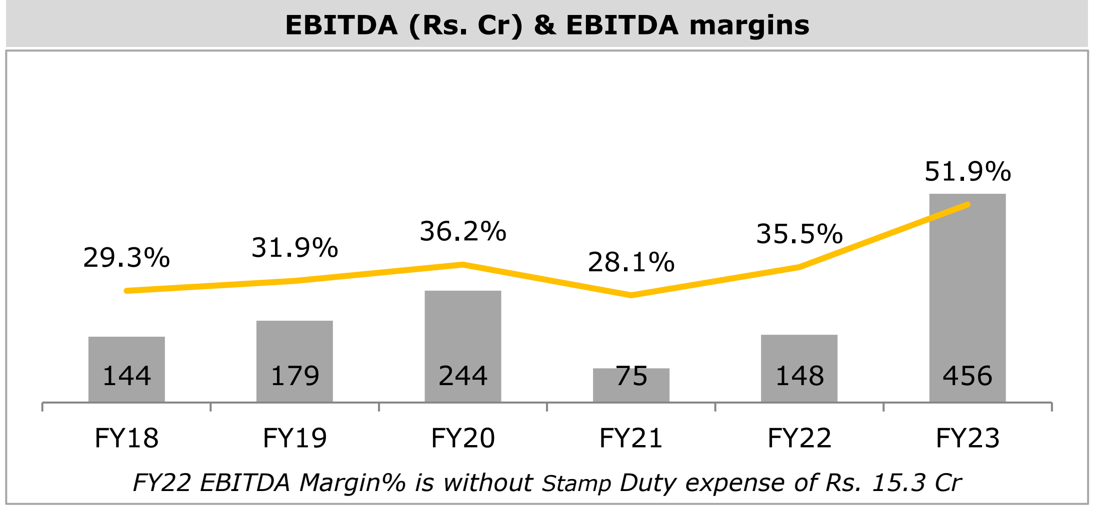
RevPAR (in Rs.)

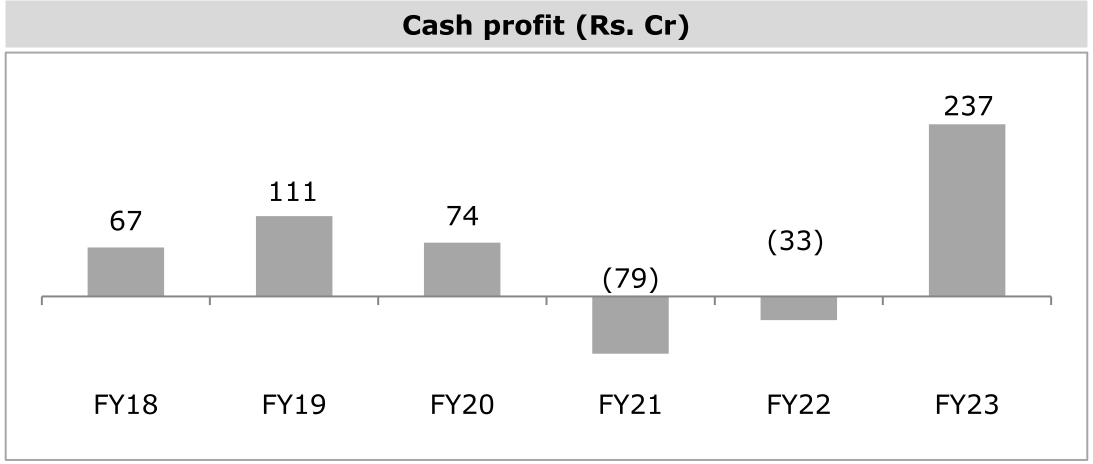


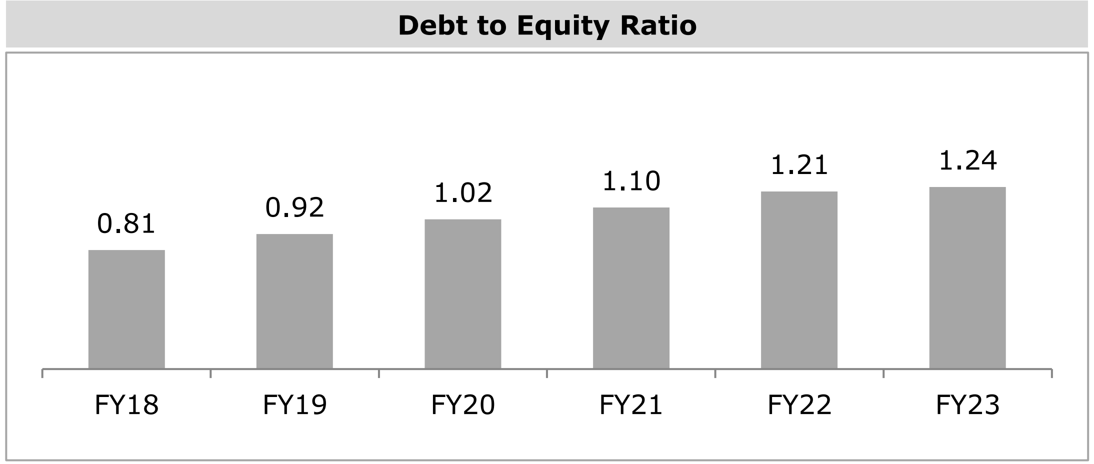
Note: Aurika Hotels & Resorts and Keys Hotels was added/opened in Q3 FY20

Operating Performance over 6 years









Notes: FY18, FY19, FY20, FY21 and FY22 figures are from audited balance sheet. For FY20 and FY21: Cash Profit = PAT + Depreciation + Interest converted into loans, for FY22: Cash Profit = PAT + Depreciation + Stamp Duty Expense; for all remaining years it is PAT + Depreciation. FY22 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 15.3 Cr

Lemon Tree – Snapshot as on 31st March 2023

Group

Operational		Pipeline		Operational + Pipeline
8,382 rooms; 88 hotels	+	3,285 rooms; 42 hotels	=	11,667 rooms; 130 hotels

Brands

Brand	Current	Pipeline	Operational + Pipeline
Aurika Hotels & Resorts	194 Rooms; 2 Hotels	911 Rooms; 3 Hotels	1105 Rooms; 5 Hotels
Lemon Tree Premier	2514 Rooms; 18 Hotels	95 Rooms; 2 Hotels	2609 Rooms; 20 Hotels
Lemon Tree Hotels	2971 Rooms; 41 Hotels	2086 Rooms; 32 Hotels	5057 Rooms; 73 Hotels
Red Fox by Lemon Tree Hotels	1290 Rooms; 11 Hotels	0 Rooms; 0 Hotels	1290 Rooms; 11 Hotels
Keys by Lemon Tree Hotels	1413 Rooms; 16 Hotels	193 Rooms; 5 Hotels	1606 Rooms; 21 Hotels

Portfolio Breakup as on 31st March 2023 - Operational

Operational Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
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	24	1409	41	2971
Red Fox by Lemon Tree Hotels	5	759	1	91	5	440	11	1290
Keys Prima by Lemon Tree Hotels	0	0	0	0	2	82	2	82
Keys Select by Lemon Tree Hotels	7	936	0	0	4	287	11	1223
Keys Lite by Lemon Tree Hotels	0	0	0	0	3	108	3	108
Total	**33**	**4517**	**7**	**573**	**48**	**3292**	**88**	**8382**

Portfolio Breakup as on 31st March 2023 - Pipeline

Pipeline Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Aurika Hotels & Resorts	1	669	0	0	2	242	3	911
Lemon Tree Premier	0	0	0	0	2	95	2	95
Lemon Tree Hotels	1	69	0	0	31	2017	32	2086
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	1	40	1	40
Keys Lite by Lemon Tree Hotels	0	0	0	0	4	153	4	153
Total	**2**	**738**	**0**	**0**	**40**	**2547**	**42**	**3285**

Conference Call Details

Time	• 02:30 PM IST on Thursday, June 01, 2023
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: DiamondPass™ Click here to Express*Join* 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 ~8,400 rooms in 88 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.

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.

To know more, visit lemontreehotels.com | aurikahotels.com | keyshotels.com

*For more information about us, please visit **www.lemontreehotels.com** or contact:*

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