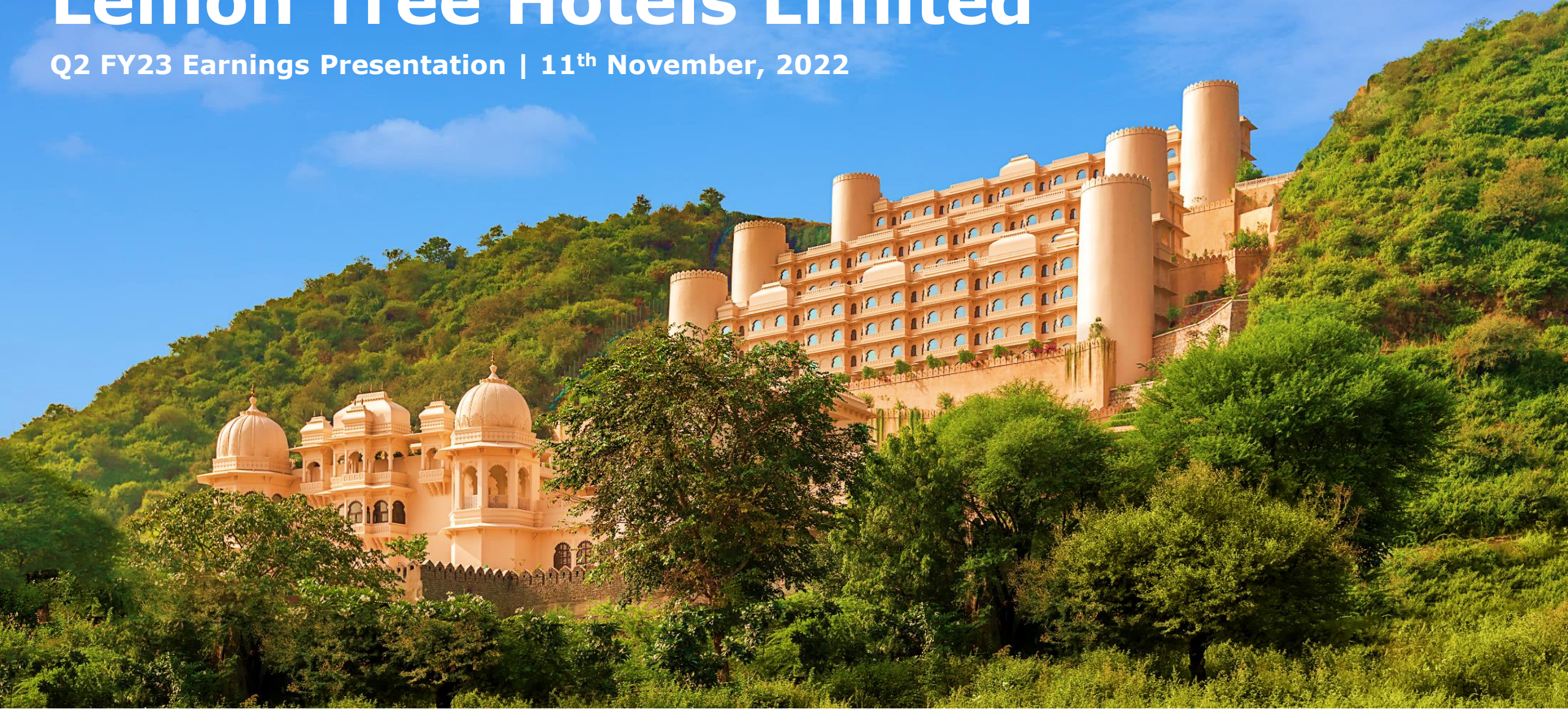


# Lemon Tree Hotels Limited

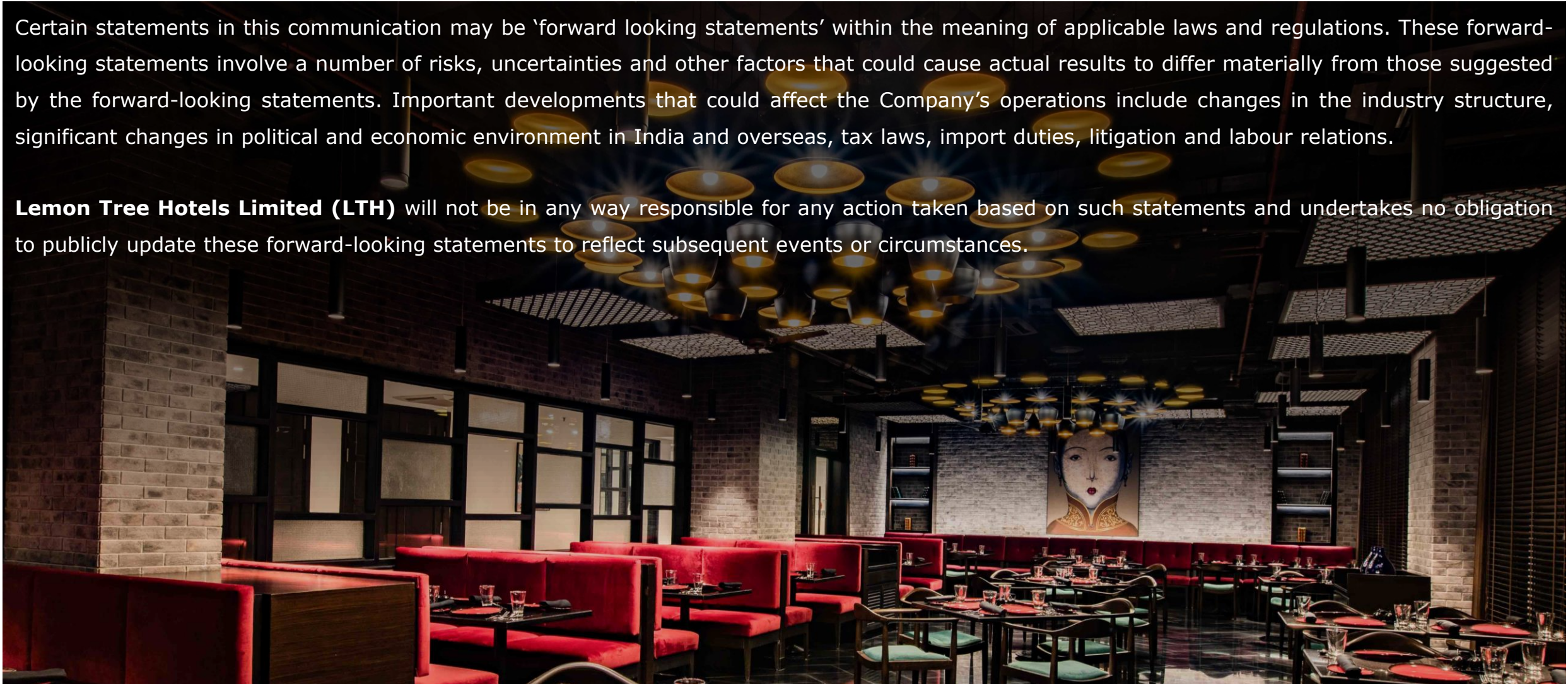
Q2 FY23 Earnings Presentation | 11<sup>th</sup> November, 2022



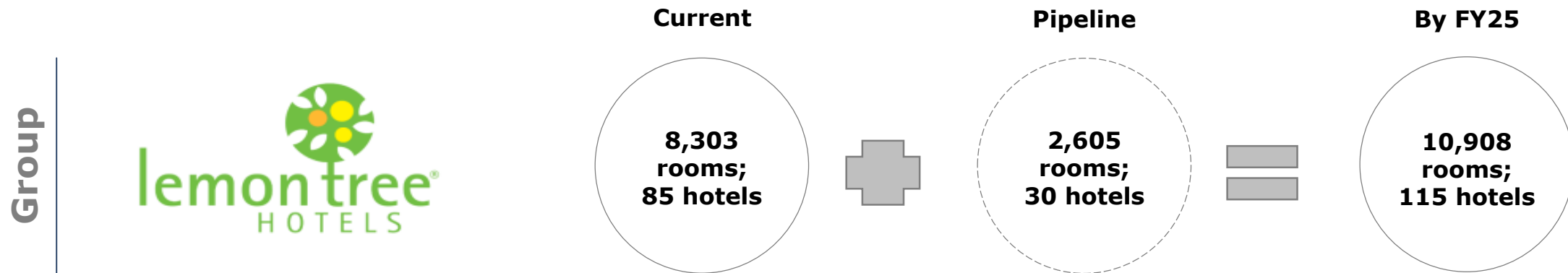
# Disclaimer

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.



# Lemon Tree – Snapshot as on 30<sup>th</sup> September 2022



**Brands**

Brand	Current	Pipeline	By FY25
<b>Aurika Hotels &amp; Resorts</b>	194 Rooms; 2 Hotels	801 Rooms; 2 Hotels	995 Rooms; 4 Hotels
<b>Lemon Tree Premier</b>	2,514 Rooms; 18 Hotels	95 Rooms; 2 Hotels	2,609 Rooms; 20 Hotels
<b>Lemon Tree Hotels</b>	2,867 Rooms; 39 Hotels	1,578 Rooms; 23 Hotels	4,445 Rooms; 62 Hotels
<b>Red Fox by Lemon Tree Hotels</b>	1,401 Rooms; 12 Hotels	--	1,401 Rooms; 12 Hotels
<b>Keys by Lemon Tree Hotels</b>	1,327 Rooms; 14 Hotels	131 Rooms; 3 Hotels	1,458 Rooms; 17 Hotels

# Chairman & Managing Director's Message

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## **Commenting on the performance for Q2 FY23, Mr. Patanjali Keswani, Chairman & Managing Director – Lemon Tree Hotels Limited said,**

"This quarter, we have centered our presentation around a comparison from Q2 FY20 to highlight the true impact of the structural changes in the costs that have been implemented post CoVID. Q2 FY23 saw further rise in ARR's while occupancy remained in line with previous quarter due to the normal seasonal nature of the hotel business. Total revenue for Q2 FY23 stood at Rs. 197.4 Cr which is 28% up vs Q2 FY20 and 3% up on a Q-o-Q basis. Net EBITDA margin remained at 47.8% which is 1567 bps up vs Q2 FY20 and down 38 bps on a Q-o-Q basis. The slight fall was due to a rise in payroll cost as the hotels ramp up to prepare for H2 FY23 which typically has higher occupancy. The PAT for the quarter stands at Rs. 19.4 Cr which is up 742% when compared to Q2 FY20 and 43% up on a Q-o-Q basis. Despite occupancy not recovering to Pre-CoVID level, Q2 FY23 recorded the best Gross ARR, EBITDA and PAT in the last 14 preceding quarters.

Demand from corporate travel remains robust and it continues to be the highest contributor to room nights sold ie. 44% and revenue share of 41%. Corporate along with Airline and Travel Trade contributes 55% of room nights sold and 52% to the revenue. The contribution of the retail segment has grown significantly, retail's contribution towards room nights sold is up 5 pp to 45% vs Q2 FY20 and revenue share is 7 pp up to 48% vs Q2 FY20. In terms of future demand, we see a significant improvement in consumer sentiment. Leisure and corporate travel continue to gain traction. We anticipate that consumption will strengthen even further in the coming quarters.

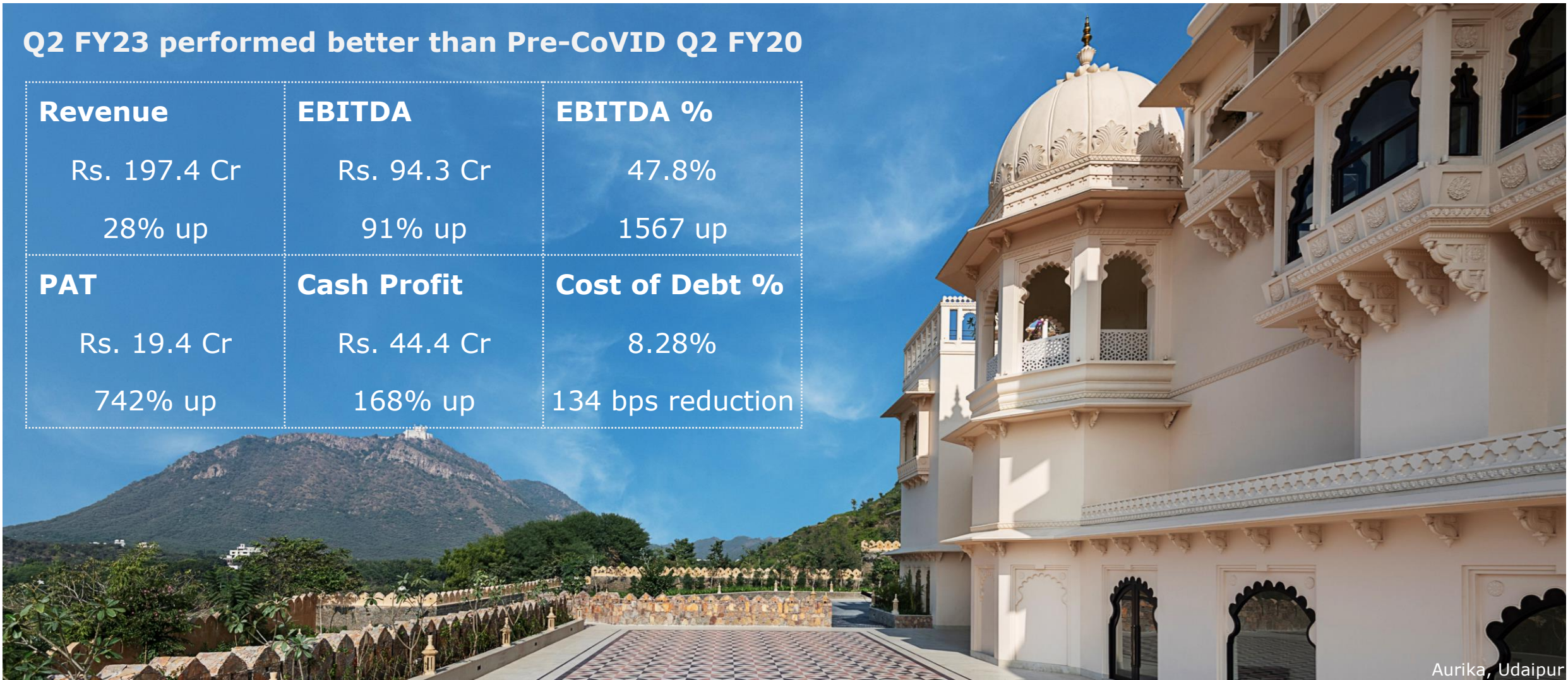
The Gross ARR stands at Rs. 4,917 which is up 19% vs Q2 FY20 and 2% on a Q-o-Q basis. Our focus on cost optimization has translated into an expansion of EBITDA by 1,567 bps vs Q2 FY20, owing reduction of 557 bps in payroll, 239 bps in raw material costs, 127 bps in HLP and 643 bps in other expenses.

We are happy to share that we have expanded our presence with the signing of 5 new hotels in Hubli, Rajkot, Goa, Erode (Tamil Nadu) and Kanha and 2 hotels - Keys Lite in Vishakhapatnam and Lemon Tree Hotel in Kalina were operationalized in Oct'22. Our current operational inventory comprises 85 hotels and 8,303 rooms with 2,605 rooms in the pipeline. Hence, based on the current pipeline by FY25 our total operational inventory will be 10,908 rooms and 115 hotels. Compared to industry, Lemon Tree same store hotels RevPAR grew 14% vs Q2 FY20 while the industry grew 7% for the same period. Lemon Tree same store hotels recovered faster than the industry in Q2 FY23 vs Q2 FY20 in Mumbai, Hyderabad, Delhi, Bengaluru, Pune, Gurugram and Chennai."

# Strong Q2 FY23 performance across key financial metrics

## Q2 FY23 performed better than Pre-CoVID Q2 FY20

Revenue	EBITDA	EBITDA %
Rs. 197.4 Cr	Rs. 94.3 Cr	47.8%
28% up	91% up	1567 up
PAT	Cash Profit	Cost of Debt %
Rs. 19.4 Cr	Rs. 44.4 Cr	8.28%
742% up	168% up	134 bps reduction



Aurika, Udaipur

# Q-o-Q performance

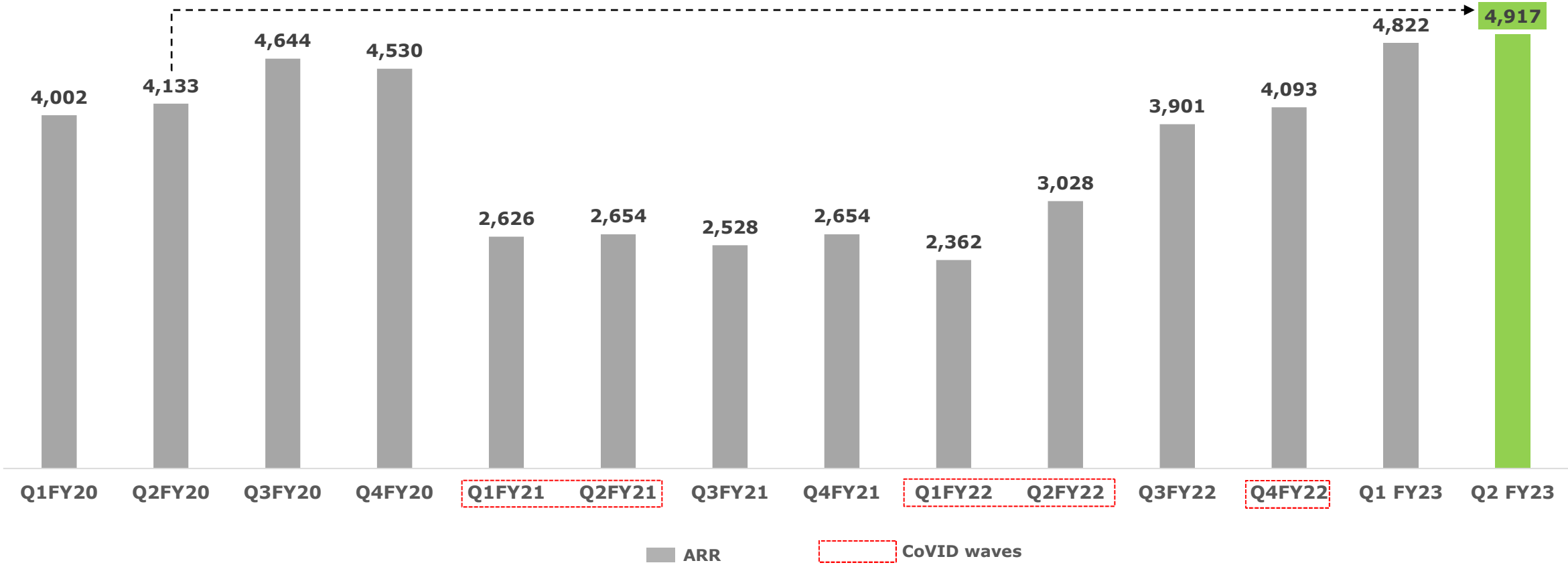
Despite occupancy not being at Pre-CoVID levels, Q2 FY23 recorded the best Gross ARR, EBITDA, PBT, and PAT in the last 14 quarters:

Particulars	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20
<b>Gross ARR (Rs.)</b>	4,917	4,822	4,093	3,901	3,028	2,362	4,530	4,644	<b>4,133</b>	4,002
<b>Occupancy %</b>	66.2%	65.1%	46.1%	57.6%	51.0%	29.6%	61.0%	71.3%	<b>74.8%</b>	77.5%
<b>Revenue (Rs. Cr)</b>	197.4	192.3	127.2	146	98.8	44.3	176.5	202.8	<b>153.7</b>	142.2
<b>EBITDA (Rs. Cr)</b>	94.3	92.6	44.5	65.6	35.8	2.0	64.4	84.4	<b>49.4</b>	46.0
<b>EBITDA %</b>	47.8%	48.2%	35.0%	44.9%	36.2%	4.6%	36.5%	41.6%	<b>32.1%</b>	32.4%
<b>PBT (Rs. Cr)</b>	25.0	20.7	-39.4	-3.2	-34.6	-67.3	-13.5	15.6	<b>-2.1</b>	-1.4
<b>PAT (Rs. Cr)</b>	19.4	13.58	-39.16	-5.2	-33.2	-59.8	-19	11.1	<b>-2.3</b>	-2.1

  Highest in the last 14 quarters

# Q-o-Q ARR Recovery

**ARR in Q2 FY23 is highest ever since listing and 19% higher than same quarter Pre-CoVID ie. Q2 FY20**

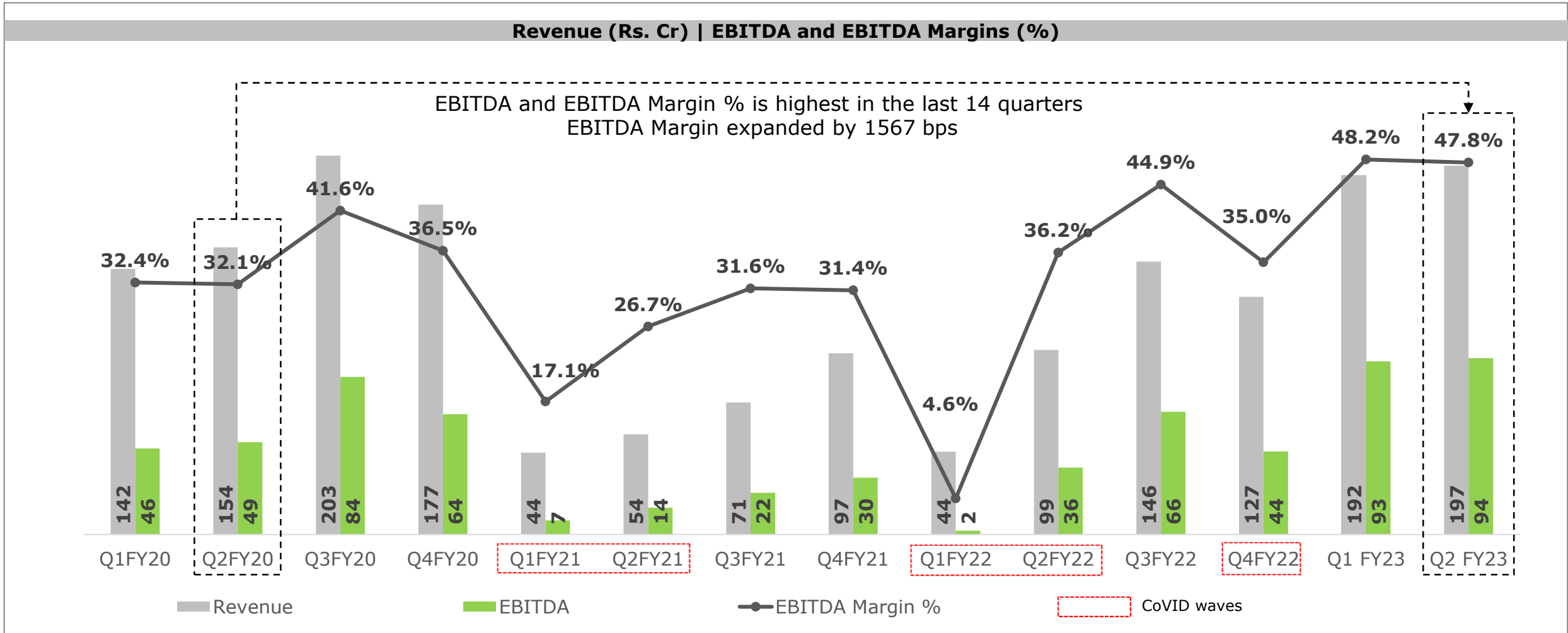


Trends for owned/leased rooms

Trends for owned/leased rooms



# EBITDA Margin Expansion driven by permanent cost rationalization



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



# Q2 FY23 Brand level performance

**Despite occupancy not being at Pre-CoVID levels, our brands in Q2 FY23 recorded improved Gross ARR, RevPAR, EBITDA, EBITDA % compared to Pre-CoVID ie. Q2 FY20:**

Q2 FY23 vs Q2 FY20	Aurika Hotels & Resorts	Lemon Tree Premier	Lemon Tree Hotels	Red Fox by Lemon Tree Hotels	Keys by Lemon Tree Hotels
<b>Gross ARR</b>	*	16% Up	22% Up	23% Up	*
<b>Occ %</b>	*	94 bps Up	-716 bps Down	-949 bps Down	*
<b>RevPAR</b>	*	18% Up	10% Up	8% Up	*
<b>EBITDAR/Room</b>	*	44% Up	42% Up	23% Up	*
<b>EBITDAR Margin %</b>	*	1,183 bps Up	1253 bps Up	776 bps Up	*

\* Aurika Hotels & Resorts and Keys by Lemon Tree Hotels operationalized in Q3 FY20

Trends for owned/leased rooms

# Q2 FY23 City level performance

**Overall, all the key cities in Q2 FY23 recorded an improved EBITDA Margin % compared to Pre-CoVID ie. Q2 FY20:**

Particulars	Delhi	Gurugram	Hyderabad	Bengaluru	Mumbai	Pune	Rest of India
<b>Gross ARR</b>	15% Up	14% Up	26% Up	7% Up	14% Up	17% Up	31% Up
<b>Occ %</b>	-650 bps Down	-1330 bps Down	-279 bps Down	-1186 bps Down	2689 bps Up	198 bps Up	-1549 bps Down
<b>RevPAR</b>	6% Up	-5% Down	21% Up	-9% Down	75% Up	20% Up	1% Up
<b>EBITDAR/Room</b>	23% Up	29% Up	34% Up	-1% Down	187% Up	55% Up	44% Up
<b>EBITDAR Margin %</b>	760 bps Up	958 bps Up	990 bps Up	1185 bps Up	2286 bps Up	1476 bps Up	1287 bps Up

Trends for owned/leased rooms

## Q2 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 %		
	Q2 FY23	Q2 FY20	Change (%)	Q2 FY23	Q2 FY20	Change (bps)	Q2 FY23	Q2 FY20	Change (%)	Q2 FY23	Q2 FY20	Change (%)	Q2 FY23	Q2 FY20	Change (bps)
By Brand (#Rooms)															
Aurika Hotels & Resorts (139)*	4682	-	-	39%	-	-	11,896	-	-	2.85	-	-	49%	-	-
Lemon Tree Premier (1,603)	4496	3824	18%	76%	75%	94	5,887	5,069	16%	2.84	1.97	44%	54%	43%	1,183
Lemon Tree Hotels (1562)	3163	2872	10%	66%	73%	-716	4,823	3,948	22%	1.77	1.24	42%	47%	35%	1253
Red Fox by Lemon Tree Hotels (952)	2496	2321	8%	68%	77%	-949	3,697	3,014	23%	1.30	1.05	23%	49%	42%	776
Keys by Lemon Tree Hotels (936)*	1771	-	-	53%	-	-	3,355	-	-	0.98	-	-	52%	-	-

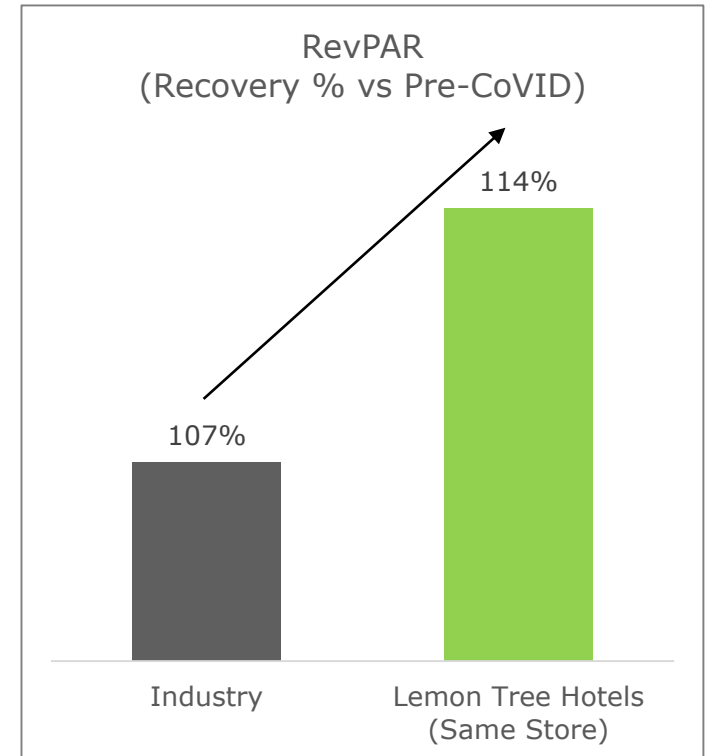
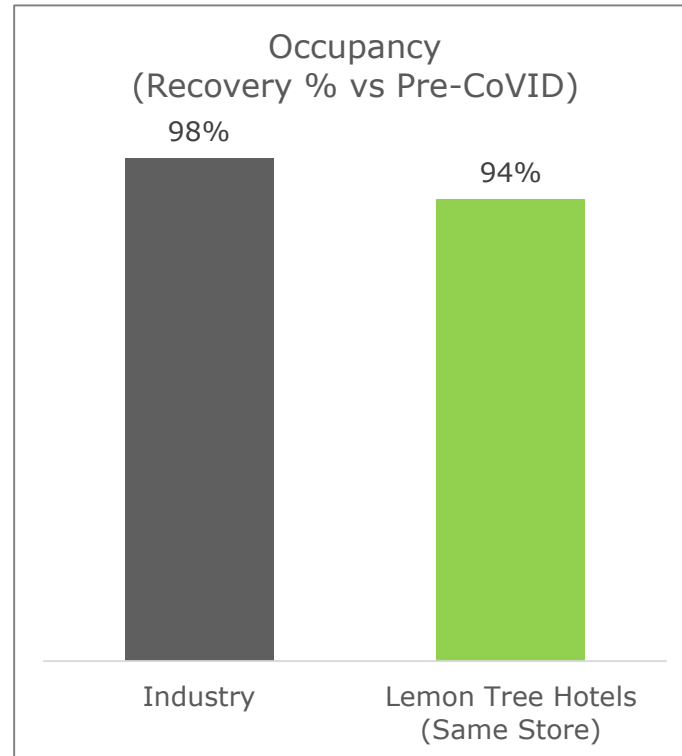
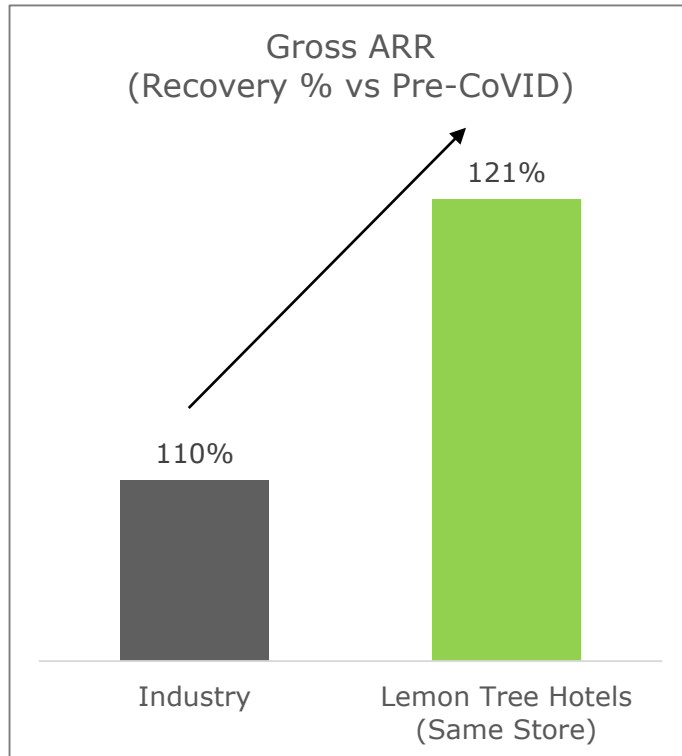
Parameters	RevPAR (Rs.)			Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin %		
	Q2 FY23	Q2 FY20	Change (%)	Q2 FY23	Q2 FY20	Change (bps)	Q2 FY23	Q2 FY20	Change (%)	Q2 FY23	Q2 FY20	Change (%)	Q2 FY23	Q2 FY20	Change (bps)
By Region (#Rooms)															
Delhi (636)	3928	3708	6%	79%	86%	-650	4,941	4,312	15%	2.13	1.73	23%	46%	39%	760
Gurugram (529)	3005	3176	-5%	65%	78%	-1,330	4,654	4,078	14%	1.57	1.21	29%	41%	31%	958
Hyderabad (663)	4361	3593	21%	81%	84%	-279	5,390	4,293	26%	3.00	2.25	34%	61%	51%	990
Bengaluru (874)	3178	3498	-9%	68%	80%	-1,186	4,661	4,370	7%	2.07	2.08	-1%	59%	48%	1185
Mumbai (303)	5483	3130	75%	77%	50%	2,689	7,101	6,219	14%	3.62	1.26	187%	59%	37%	2286
Pune (426)	3225	2681	20%	69%	67%	198	4,703	4,026	17%	1.87	1.21	55%	51%	37%	1476
Rest of India (1,659)	2282	2259	1%	52%	68%	-1,549	4,374	3,338	31%	1.12	0.78	44%	42%	30%	1287
<b>Total (5090)</b>	<b>3257</b>	<b>3090</b>	<b>5%</b>	<b>66%</b>	<b>75%</b>	<b>-852</b>	<b>4,917</b>	<b>4,133</b>	<b>19%</b>	<b>1.91</b>	<b>1.47</b>	<b>30%</b>	<b>51%</b>	<b>39%</b>	<b>1171</b>

\* Aurika Hotels & Resorts and Keys by Lemon Tree Hotels operationalized in Q3 FY20

Trends for owned/leased rooms

# LTH vs Industry - Q2 FY23 vs Q2 FY20 (Pre-CoVID)

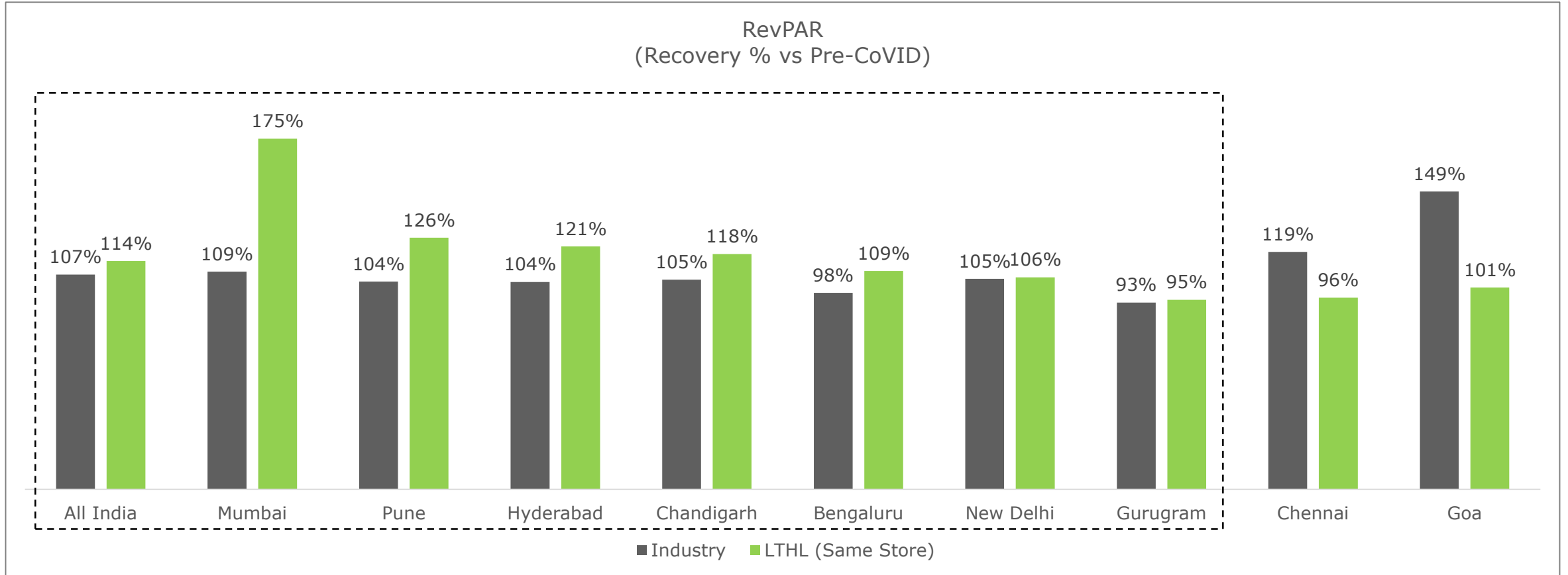
## LTH same store hotels recovered faster than the industry in Q2 FY23 vs Q2 FY20 (Pre-CoVID)



Source: STR India

# City level: LTH vs Industry - Q2 FY23 vs Q2 FY20 (Pre-CoVID)

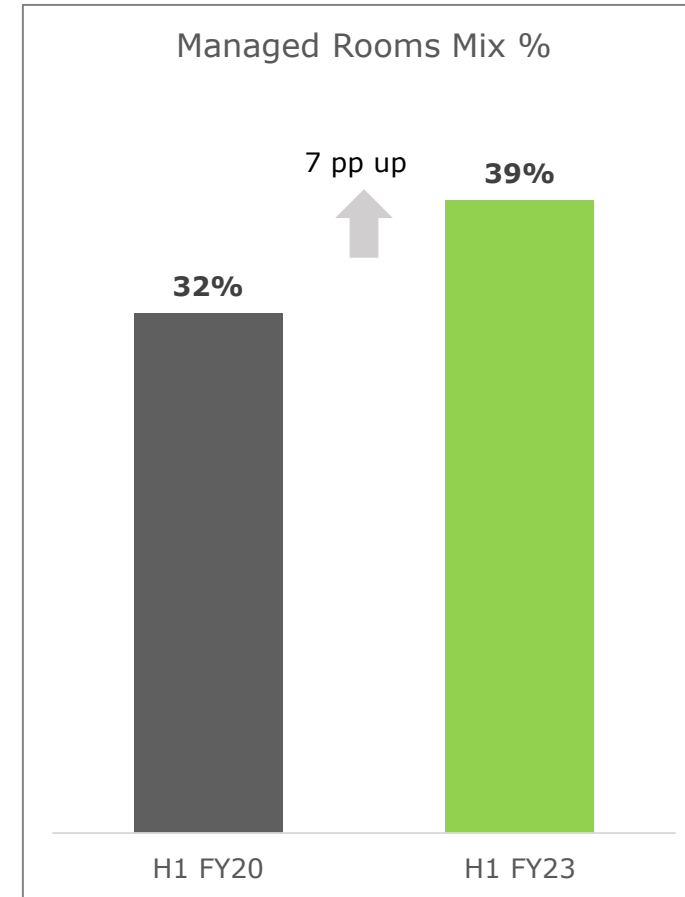
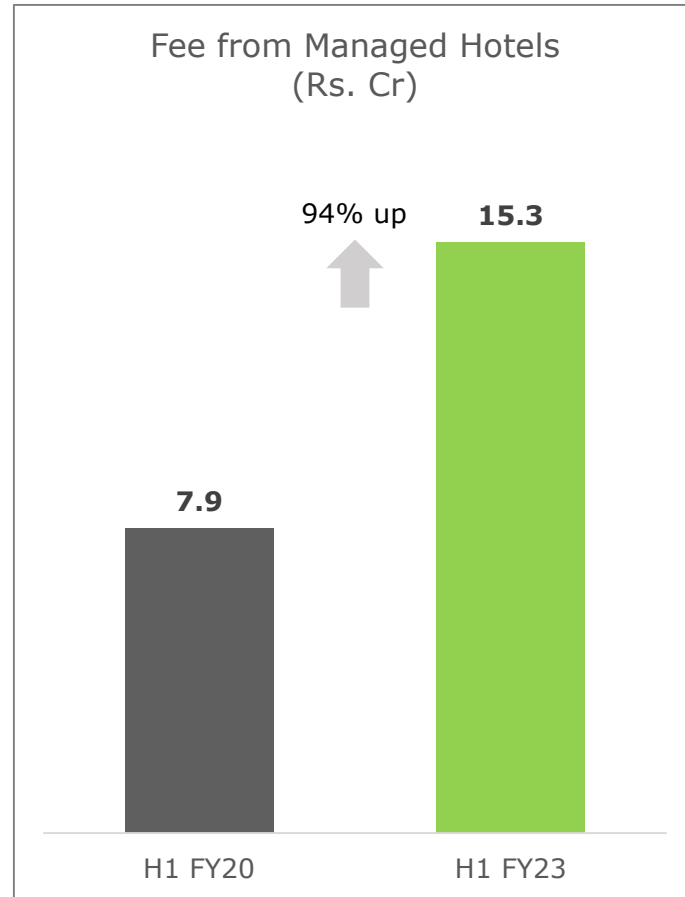
**In 7 out of 9 key cities, LTH same store hotels recovered faster than the industry in Q2 FY23 vs Q2 FY20**



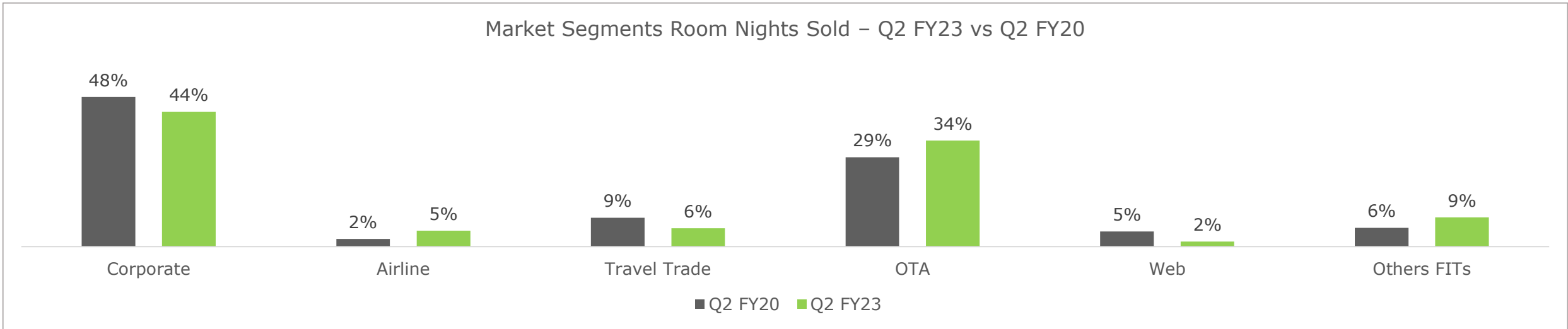
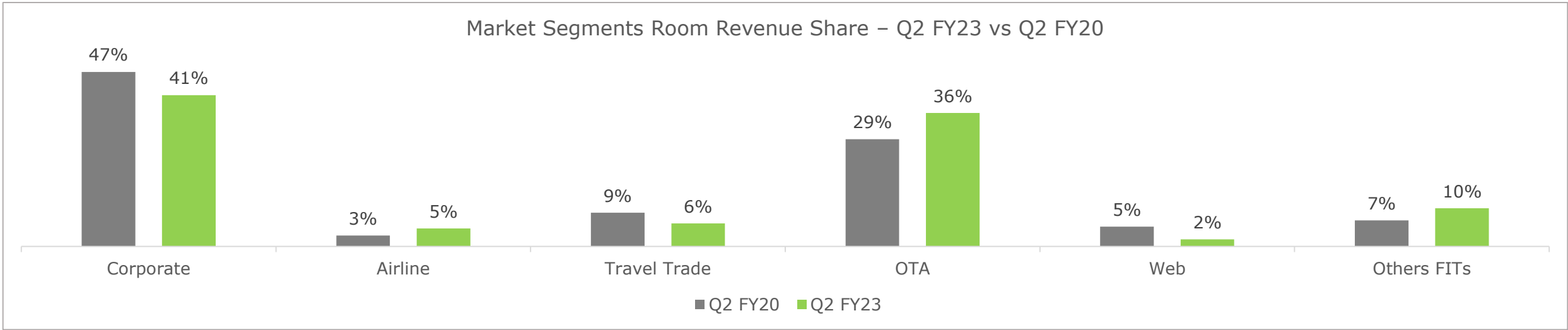
Source: STR India



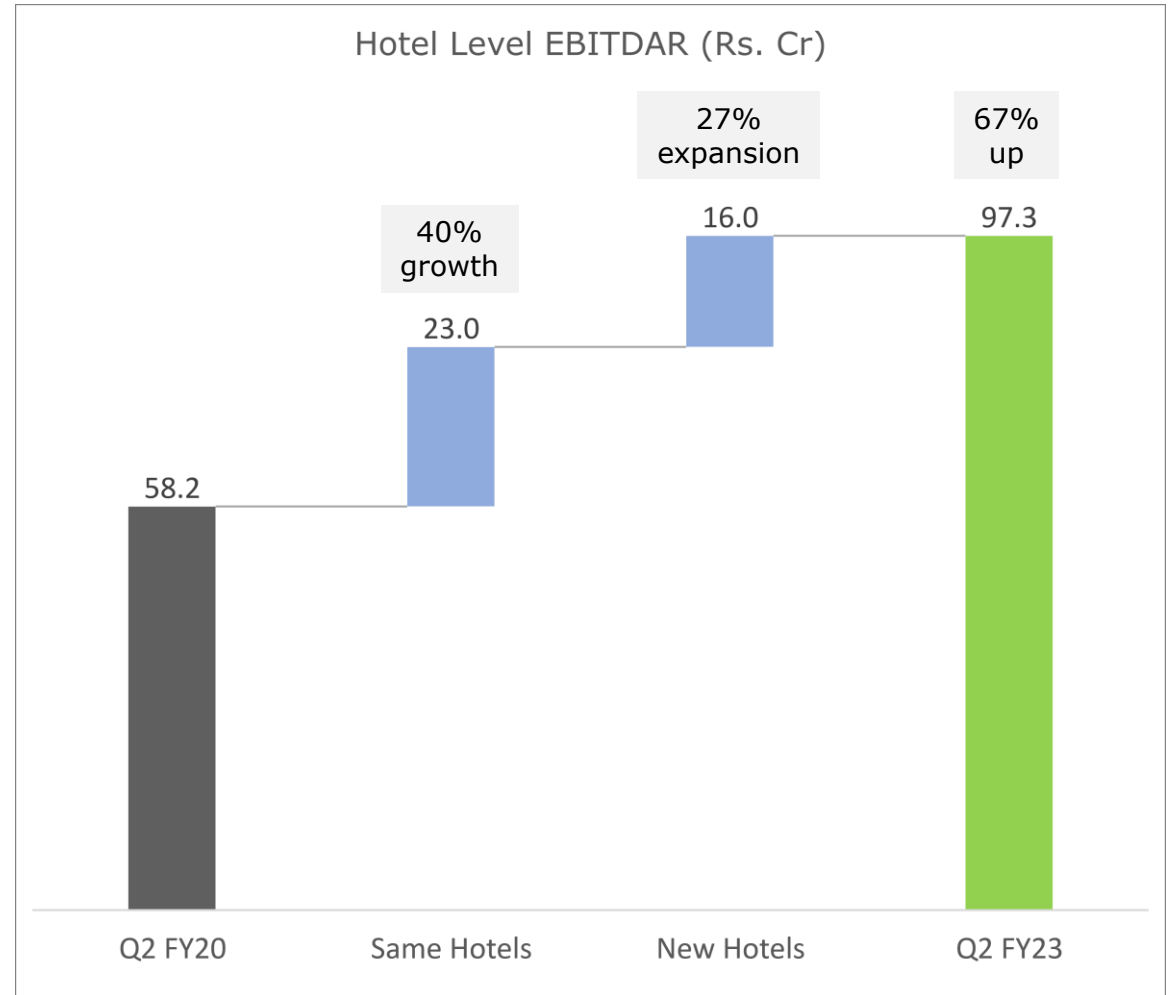
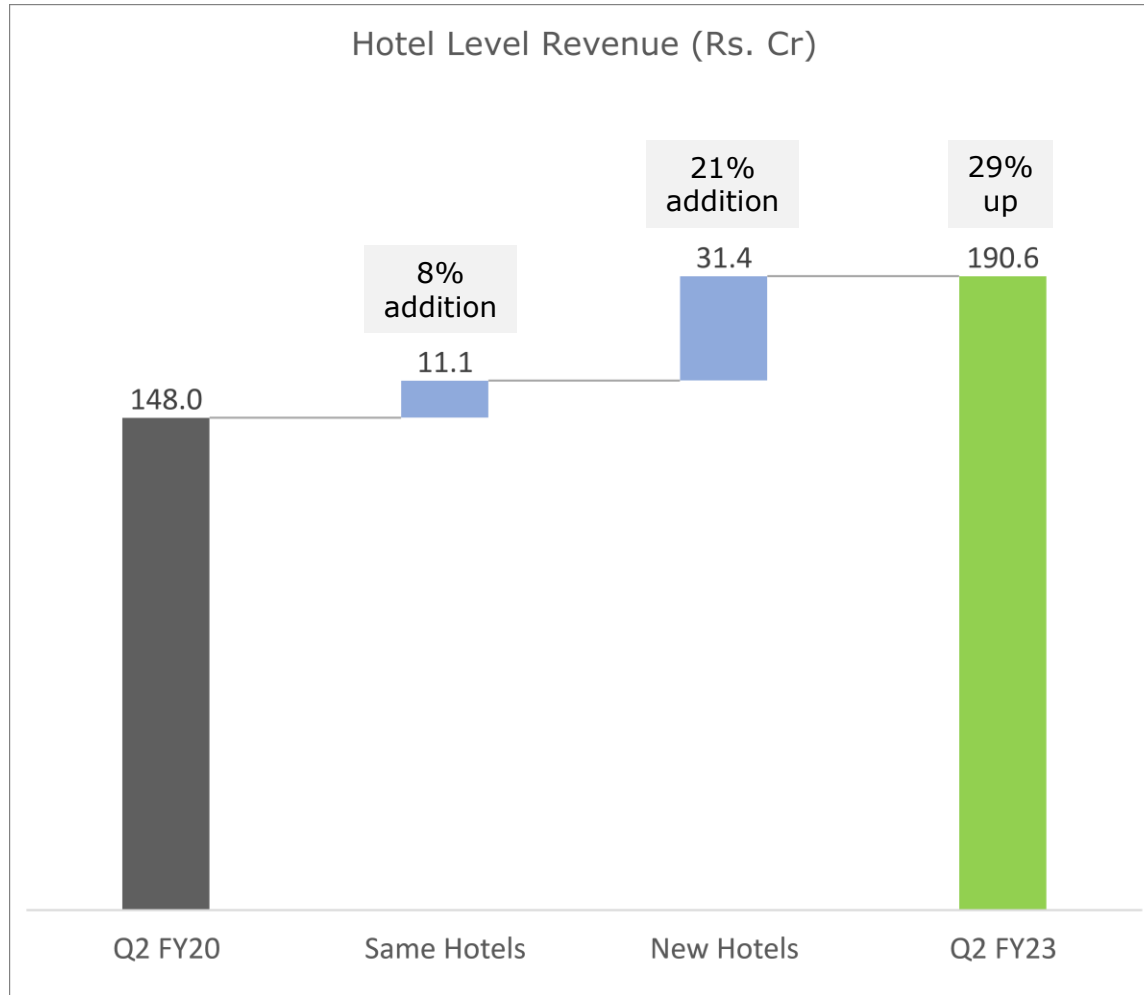
# Asset Light Growth: Fee and Rooms Mix



# Market Segments: Q2 FY23 vs Q2 FY20 (Pre-CoVID)



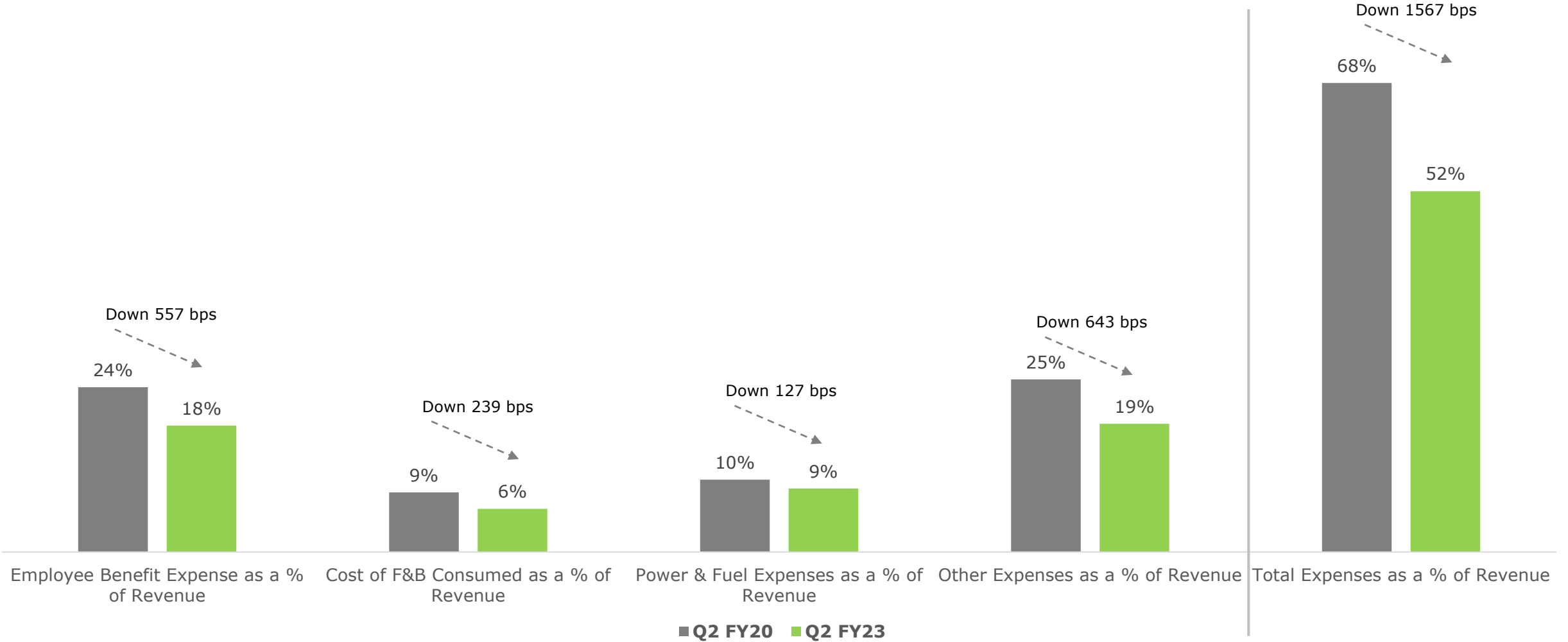
# Hotel level Revenue and EBITDAR expansion: Q2 FY23 vs Q2 FY20 (Pre-CoVID)



\* New Hotels includes 9 hotels: Aurika Hotels & Resorts - Udaipur, Lemon Tree Premier - Kolkata and 7 Keys by Lemon Tree Hotels

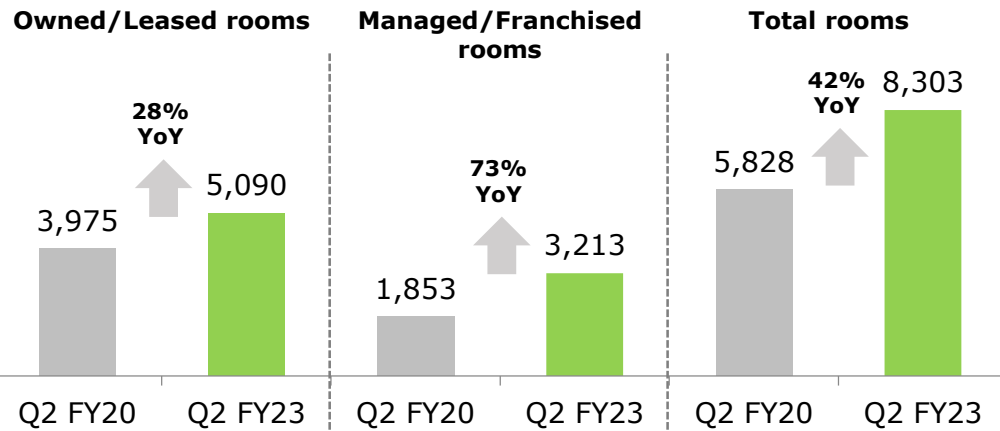


# Cost Optimization: Q2 FY23 vs Q2 FY20 (Pre-CoVID)

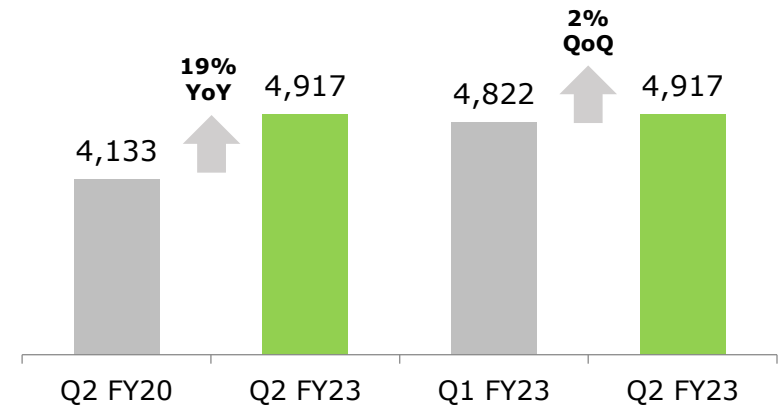


# Q2 FY23 Performance Highlights – Operational Metrics (Consolidated)

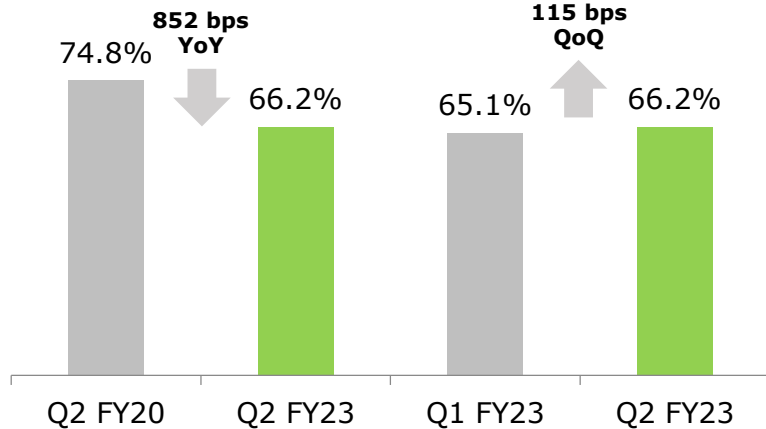
## Inventory



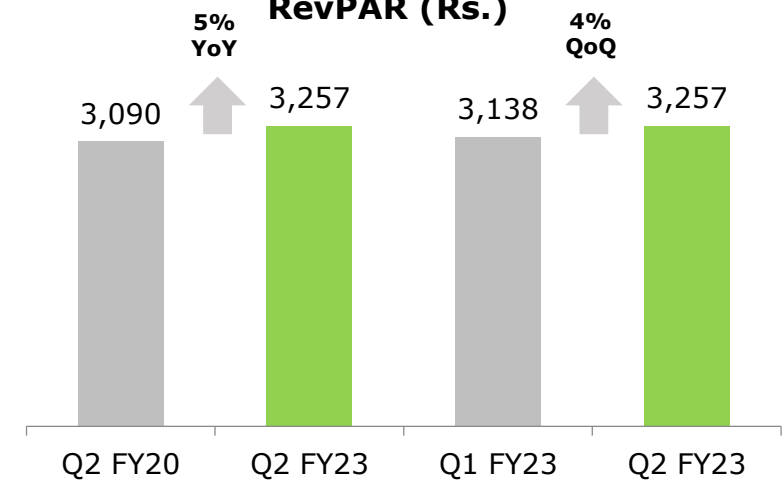
## Average Room Rate (Rs.)



## Occupancy (%)



## RevPAR (Rs.)

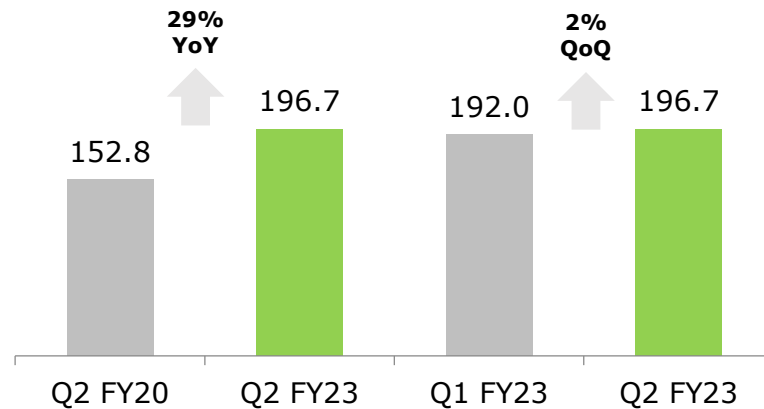


Notes: ARR, Occupancy and RevPAR are for our owned and leased hotels only

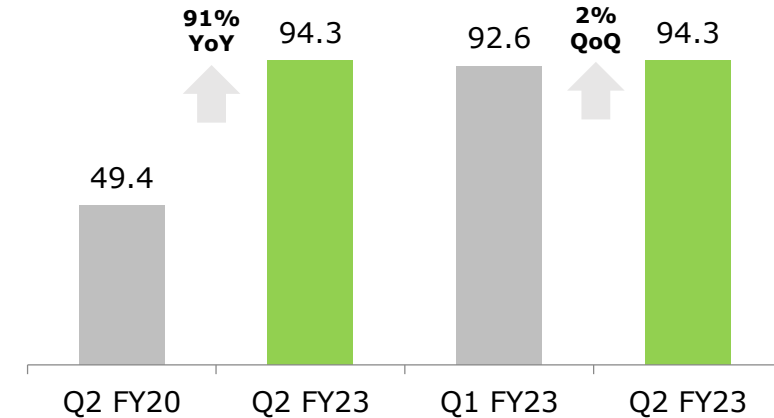
Trends for owned/leased rooms

# Q2 FY23 Performance Highlights – Financial Metrics (Consolidated)

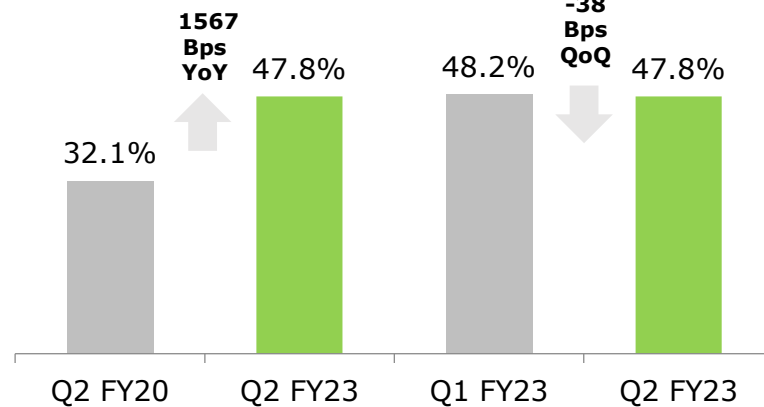
### Revenue from Operations (Rs. Cr)



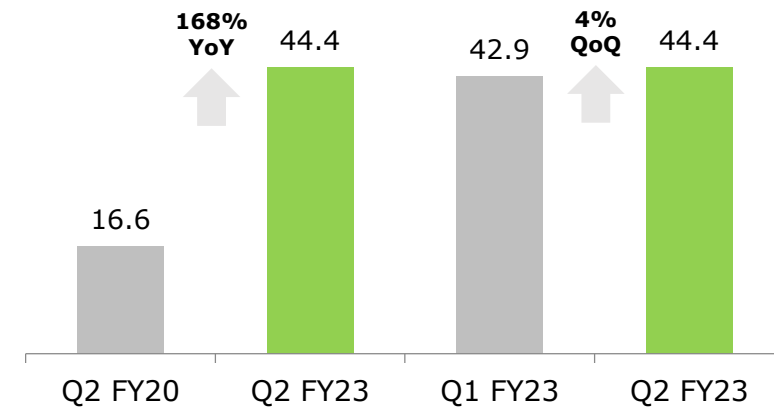
### EBITDA (Rs. Cr)



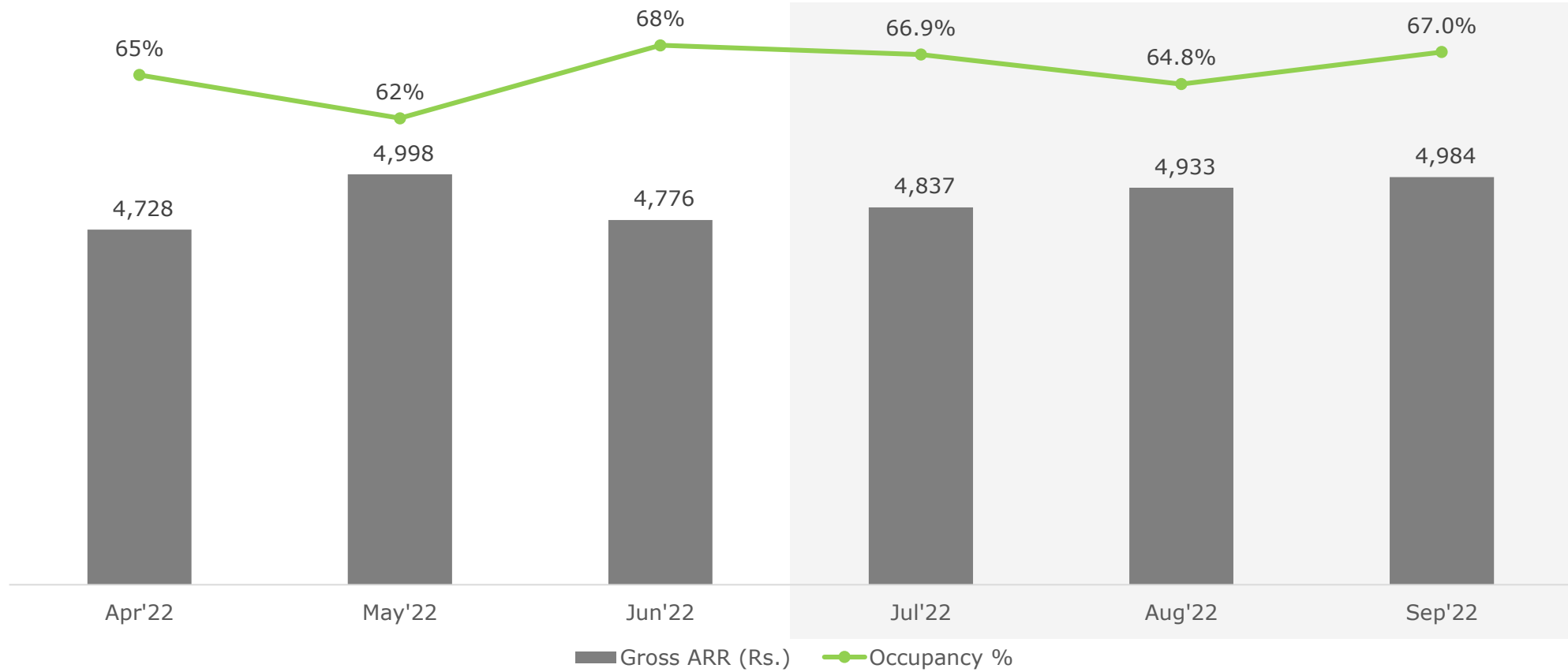
### EBITDA Margin (%)



### Cash profit (Rs. Cr)



# Month on Month Occupancy % and Gross ARR Trend



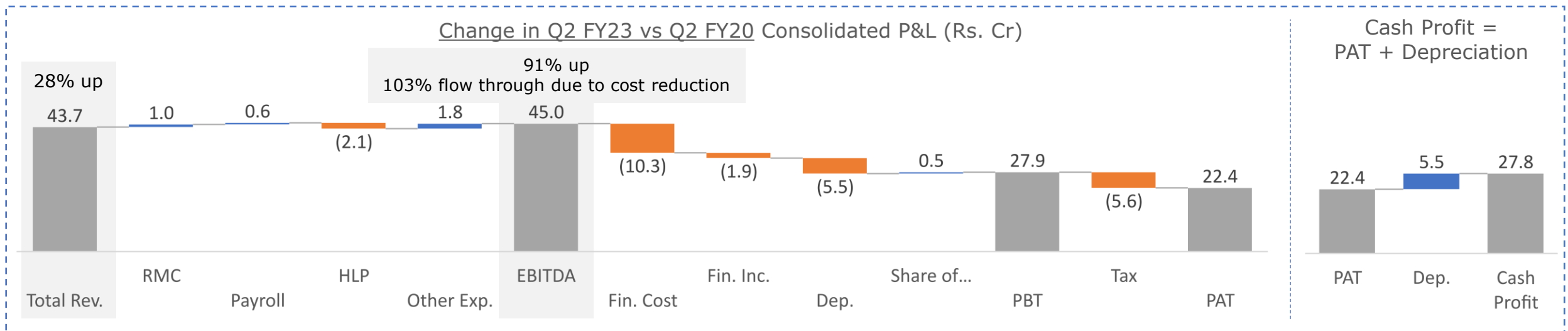
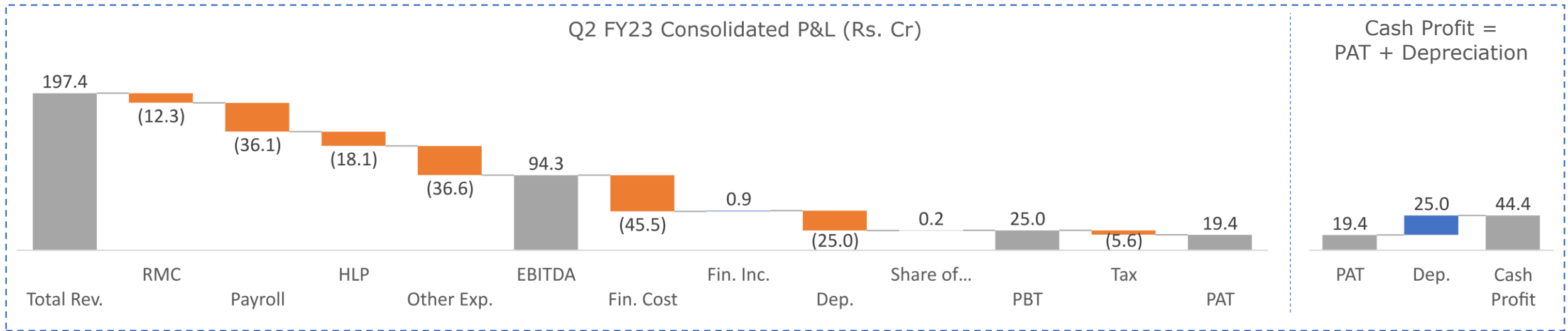
# Lemon Tree Consolidated Profit & Loss Statement Breakup

Rs. Cr	Total without Keys Hotels					Keys Hotels					Total				
	Q2 FY23	Q1 FY23	Q2 FY20	QoQ Change	YoY Change*	Q2 FY23	Q1 FY23	Q2 FY20	QoQ Change	YoY Change*	Q2 FY23	Q1 FY23	Q2 FY20	QoQ Change	YoY Change*
Inventory	4,154	4,154	4,256	0%	-2%	936	936	*	0%	-	5,090	5,090	5,192	0%	-2%
ARR	5,186	5,119	4,133	1%	25%	3,355	3,211	*	4%	-	4,917	4,822	4,133	2%	19%
Occupancy %	69.3%	67.2%	74.8%	206	(549)	52.8%	55.6%	*	-279	-	66.2%	65.1%	74.8%	115	(852)
RevPAR	3,592	3,440	3,090	4%	16%	1,771	1,784	*	-1%	-	3,257	3,138	3,090	4%	5%
<b>Revenue from Operations</b>	<b>179.1</b>	<b>175.0</b>	<b>152.8</b>	<b>2%</b>	<b>17%</b>	<b>17.6</b>	<b>17.1</b>	<b>*</b>	<b>3%</b>	<b>-</b>	<b>196.7</b>	<b>192.0</b>	<b>152.8</b>	<b>2%</b>	<b>29%</b>
Other Income	0.4	0.1	0.9	447%	-59%	0.3	0.2	*	85%	-	0.7	0.3	0.9	186%	-23%
<b>Total revenue</b>	<b>179.5</b>	<b>175.0</b>	<b>153.7</b>	<b>3%</b>	<b>17%</b>	<b>18.0</b>	<b>17.3</b>	<b>*</b>	<b>4%</b>	<b>-</b>	<b>197.4</b>	<b>192.3</b>	<b>153.7</b>	<b>3%</b>	<b>28%</b>
Total expenses	90.8	86.2	104.3	5%	-13%	12.3	13.5	*	-9%	-	103.1	99.7	104.3	3%	-1%
<b>EBITDA</b>	<b>88.6</b>	<b>88.9</b>	<b>49.4</b>	<b>0%</b>	<b>80%</b>	<b>5.7</b>	<b>3.8</b>	<b>*</b>	<b>52%</b>	<b>-</b>	<b>94.3</b>	<b>92.6</b>	<b>49.4</b>	<b>2%</b>	<b>91%</b>
<i>EBITDA Margin (%)</i>	<i>49.4%</i>	<i>50.8%</i>	<i>32.1%</i>	<i>-138</i>	<i>1,727</i>	<i>31.7%</i>	<i>21.8%</i>	<i>*</i>	<i>998</i>	<i>-</i>	<i>47.8%</i>	<i>48.2%</i>	<i>32.1%</i>	<i>-38</i>	<i>1,567</i>
<b>PBT</b>	<b>25.5</b>	<b>23.0</b>	<b>(3.0)</b>	<b>11%</b>	<b>NA</b>	<b>(0.6)</b>	<b>(2.3)</b>	<b>*</b>	<b>NA</b>	<b>-</b>	<b>25.0</b>	<b>20.7</b>	<b>(3.0)</b>	<b>21%</b>	<b>NA</b>

Note: Q1FY23 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 4.8 Cr Keys by Lemon Tree Hotels operationalized in Q3 FY20

\* YoY change is Q2 FY23 vs Q2 FY20

# Q2 FY23 Consolidated P&L: Waterfall to explain changes vis-a-viz Q2 FY20



# Lemon Tree Consolidated Profit & Loss Statement – Q2 FY23

Rs. Cr	Q2 FY23	Q1 FY23	Q2 FY22	Q2 FY20	Q2 FY23 vs Q1 FY23 Change (%)	Q2 FY23 vs Q2 FY22 Change (%)	Q2 FY23 vs Q2 FY20 Change (%)
<b>Revenue from operations</b>	<b>196.7</b>	<b>192.0</b>	<b>96.9</b>	<b>152.8</b>	<b>2%</b>	<b>103%</b>	<b>29%</b>
Other income	0.7	0.3	1.9	0.9	186%	-63%	-23%
<b>Total revenue</b>	<b>197.4</b>	<b>192.3</b>	<b>98.8</b>	<b>153.7</b>	<b>3%</b>	<b>100%</b>	<b>28%</b>
<b>Total expenses</b>	<b>103.1</b>	<b>99.7</b>	<b>63.0</b>	<b>104.3</b>	<b>3%</b>	<b>64%</b>	<b>-1%</b>
<b>Net EBITDA</b>	<b>94.3</b>	<b>92.6</b>	<b>35.8</b>	<b>49.4</b>	<b>2%</b>	<b>164%</b>	<b>91%</b>
<b>Net EBITDA margin (%)</b>	<b>47.8%</b>	<b>48.2%</b>	<b>36.2%</b>	<b>32.1%</b>	<b>(38)</b>	<b>1,157</b>	<b>1,567</b>
Finance costs	45.5	44.1	46.3	35.3	3%	-2%	29%
Depreciation & amortization	25.0	24.5	26.2	19.6	2%	-5%	28%
<b>PBT</b>	<b>25.0</b>	<b>20.7</b>	<b>(34.6)</b>	<b>(3.0)</b>	<b>20.6%</b>	<b>NA</b>	<b>NA</b>
Tax expense	5.6	7.1	(1.4)	0.1	-21%	NA	9573%
<b>PAT</b>	<b>19.4</b>	<b>13.6</b>	<b>(33.2)</b>	<b>(3.0)</b>	<b>43%</b>	<b>NA</b>	<b>NA</b>
<b>Cash Profit</b>	<b>44.4</b>	<b>42.9</b>	<b>(6.9)</b>	<b>16.6</b>	<b>4%</b>	<b>NA</b>	<b>168%</b>

Note:

Revenue from Operations is inclusive of fee from managed hotels

Cash Profit is calculated as PAT + Depreciation. However, for Q1 FY23 Cash Profit is calculated as PAT + Depreciation + Stamp Duty Expense

Q1 FY23 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 4.8 Cr

# Lemon Tree Consolidated Profit & Loss Statement – H1 FY23

Rs. Cr	H1 FY23	H1 FY22	H1 FY20	H1 FY23 vs H1 FY22 Change	H1 FY23 vs H1 FY20 Change
<b>Revenue from operations</b>	<b>388.8</b>	<b>139.0</b>	<b>293.7</b>	<b>180%</b>	<b>32%</b>
Other income	1.0	4.0	2.2	-76%	-56%
<b>Total Income</b>	<b>389.7</b>	<b>143.1</b>	<b>295.9</b>	<b>172%</b>	<b>32%</b>
<b>Total expenses</b>	<b>202.8</b>	<b>105.3</b>	<b>200.5</b>	<b>93%</b>	<b>1%</b>
<b>Net EBITDA</b>	<b>187.0</b>	<b>37.8</b>	<b>95.4</b>	<b>394%</b>	<b>96%</b>
<b>Net EBITDA margin (%)</b>	<b>48.0%</b>	<b>26.4%</b>	<b>32.2%</b>	<b>2153</b>	<b>1573</b>
Finance costs	89.6	91.5	66.2	-2%	35%
Depreciation & amortization	49.5	52.4	36.7	-6%	35%
<b>PBT</b>	<b>45.7</b>	<b>(102.0)</b>	<b>(4.3)</b>	<b>-145%</b>	<b>-1151%</b>
Tax expense	12.7	(9.0)	0.8	-242%	1564%
<b>PAT</b>	<b>32.9</b>	<b>(93.0)</b>	<b>(5.1)</b>	<b>-135%</b>	<b>-744%</b>
<b>Cash Profit</b>	<b>82.5</b>	<b>(40.6)</b>	<b>31.6</b>	<b>-303%</b>	<b>161%</b>

Note:

Revenue from Operations is inclusive of fee from managed hotels

Cash Profit is calculated as PAT + Depreciation. However, for Q1 FY23 Cash Profit is calculated as PAT + Depreciation + Stamp Duty Expense

H1 FY23 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 4.8 Cr



# Lemon Tree Consolidated Balance Sheet – H1 FY23

Rs. Cr	H1 FY23	H1 FY22	H1 FY20	H1 FY23 vs H1 FY22 Change	H1 FY23 vs H1 FY20 Change
Shareholder's Funds	847.0	857.0	824.7	-1%	3%
Non-controlling interests	567.5	585.4	430.9	-3%	32%
<b>Total Shareholder's equity</b>	<b>1414.6</b>	<b>1442.3</b>	<b>1255.6</b>	<b>-2%</b>	<b>13%</b>
Total Debt	1680.9	1697.2	1334.9	-1%	26%
Other Non-current liabilities	430.8	472.6	381.4	-9%	13%
Other Current liabilities	112.6	112.4	258.5	0%	-56%
<b>Total Equity &amp; Liabilities</b>	<b>3638.8</b>	<b>3724.4</b>	<b>3230.4</b>	<b>-2%</b>	<b>13%</b>
Non-current assets	3508.6	3560.3	2979.4	-1%	18%
Current assets	130.2	164.1	251.0	-21%	-48%
<b>Total Assets</b>	<b>3638.8</b>	<b>3724.4</b>	<b>3230.4</b>	<b>-2%</b>	<b>13%</b>
<b>Debt to Equity (x)</b>	<b>1.19</b>	<b>1.18</b>	<b>1.06</b>	<b>1%</b>	<b>12%</b>
<b>Average cost of borrowing (%)*</b>	<b>8.28%</b>	<b>8.10%</b>	<b>9.62%</b>	<b>18</b>	<b>-134</b>

\* As of 30<sup>th</sup> September 2022

# Discussion on Consolidated Financial & Operational Performance – Q2 FY23

## Revenue

- \* Revenue from operations stood at Rs. 196.7 Cr in Q2 FY23, up 29% as compared to Rs. 152.8 Cr in Q2 FY20. On a sequential basis, revenue from operations increased 2% from Rs. 192 Cr in Q1 FY23
- \* ARR increased by 19% from 4,133 in Q2 FY20 to 4,917 in Q2 FY23. On a sequential basis, ARR increased by 2% from Rs. 4,822 in Q1 FY22
- \* Occupancy on full inventory increased by 110 bps from 65.1% in Q1 FY23 to 66.2% in Q2 FY23. The occupancy fell by 860bps in Q2 FY23 as compared to Q2 FY20.

## Cost

- \* Total expenses stood at Rs. 103.1 Cr in Q2 FY23, down 1% as compared to Rs. 104.3 Cr in Q2 FY20 on back of better cost optimization efforts. On a sequential basis, expenses increased by 3% from Rs. 99.7 Cr in Q1 FY23

## Operating Margins

- \* Net EBITDA increased by 91% from Rs. 49.4 Cr in Q2 FY20 to Rs. 94.3 Cr in Q2 FY23. EBITDA without other income increased from Rs. 48.4 Cr in Q2 FY20 to Rs. 93.6 Cr in Q2 FY23. On a sequential basis, Net EBITDA increased 2% from Rs. 92.6 Cr in Q1 FY23. EBITDA without other income increased from Rs. 92.4 Cr in Q1 FY23 to Rs. 93.6 Cr in Q2 FY23
- \* Net EBITDA margin expanded by 1,567 bps from 32.1% in Q2 FY20 to 47.8% in Q2 FY23. EBITDA margin without other income increased from 31.7% in Q2 FY20 to 47.6% in Q2 FY23. On a sequential basis, the Net EBITDA margin has contracted by 38 bps from 48.2% in Q1 FY23. EBITDA margin without other income contracted by 50 bps from 48.1% in Q4 FY22

## Profit after tax

- \* Profit after tax improved from Rs. -3.0 Cr. in Q2 FY20 to Rs. 19.4 Cr in Q2 FY23. The PAT in Q1 FY23 was Rs. 13.6 Cr
- \* Cash Profit for Q2 FY23 stood at Rs. 44.4 Cr vs Rs. 16.6 Cr in Q2 FY20. The Cash Profit in Q1 FY23 was Rs. 42.9 Cr

Note: Cash Profit is calculated as PAT + Depreciation. However, for Q1 FY23 Profit is calculated as PAT + Depreciation + Stamp Duty Expense. Q1 FY23 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 4.8 Cr.

# Expansion Plans – Pipeline of Management Contracts

#	Hotel Pipeline as of 30/09/2022 (Q2 FY23)	City	Rooms		Opening date As of 30/09/2022 (Q2 FY23)
1	Keys Lite by Lemon Tree Hotels, Sreekanya	Visakhapatnam	44		Oct-22 (Now open)
2	Lemon Tree Hotel, Kalina	Mumbai	63		Oct-22 (Now open)
3	Lemon Tree Hotel, Mukteshwar	Mukteshwar	41		Dec-22
<b>4</b>	<b>Lemon Tree Hotel, Hubli</b>	<b>Hubli</b>	<b>65</b>	<b>Added in Q2 FY23</b>	<b>Feb-23</b>
<b>5</b>	<b>Lemon Tree Hotel, Rajkot</b>	<b>Rajkot</b>	<b>45</b>	<b>Added in Q2 FY23</b>	<b>Feb-23</b>
6	Lemon Tree Hotel, Malad, Mumbai	Mumbai	93		Mar-23
7	Lemon Tree Resort, Mussoorie	Mussoorie	40		Mar-23
<b>8</b>	<b>Lemon Tree Hotel, Anjuna, Goa</b>	<b>Goa</b>	<b>51</b>	<b>Added in Q2 FY23</b>	<b>Mar-23</b>
9	Lemon Tree Hotel, Tapovan, Rishikesh	Rishikesh	102		Apr-23
10	Lemon Tree Hotel, McLeodganj	Dharamshala	39		Apr-23
11	The Spectrum, operated by Lemon Tree Hotels, Gurugram	Gurugram	260		Apr-23
12	Lemon Tree Hotel, Agra	Agra	62		Apr-23
13	Lemon Tree Hotel, Sonmarg	Sonmarg	40		Apr-23
14	Lemon Tree Premier, Biratnagar, Nepal	Biratnagar, Nepal	80		Apr-23
15	Lemon Tree Hotel, Thiruvananthapuram	Thiruvananthapuram	100		Jul-23
16	Keys Lite by Lemon Tree Hotels, Jaipur	Jaipur	47		Oct-23
17	Lemon Tree Resort, Thimphu, Bhutan	Thimphu, Bhutan	38		Oct-23
18	Keys Select by Lemon Tree Hotels, Chirang	Chirang, Assam	40		Dec-23
<b>19</b>	<b>Lemon Tree Hotel, Erode</b>	<b>Erode, Tamil Nadu</b>	<b>64</b>	<b>Added in Q2 FY23</b>	<b>Dec-23</b>
<b>20</b>	<b>Lemon Tree Premier, Kanha</b>	<b>Kanha</b>	<b>15</b>	<b>Added in Q2 FY23</b>	<b>Dec-23</b>
21	Lemon Tree Hotel, Darjeeling	Darjeeling	55		Mar-24
22	Lemon Tree Hotel, Kathmandu	Kathmandu, Nepal	75		Sep-24
23	Aurika, Rishikesh	Rishikesh	132		Mar-25
24	Lemon Tree Hotel, Kharar	Kharar	60		Apr-25
25	Lemon Tree Hotel, Gulmarg	Gulmarg	35		TBD
26	Lemon Tree Hotel, Bokaro	Bokaro	70		TBD
27	Lemon Tree Hotel, Ludhiana	Ludhiana	60		TBD
28	Bhangeri Durbar Resort, operated by Lemon Tree Hotels	Nagarkot, Nepal	51		TBD
	<b>Total</b>		<b>1867</b>		

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

## 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%
<b>Total</b>		<b>738</b>		

\* Total estimated project cost is Rs. 1,006 Cr

\* Total capital deployed/capital expenditure already incurred (i.e. CWIP + Security Deposit for leased assets under-development + Land Capitalised + Capital advances – Capital creditors) as on 30<sup>th</sup> September 2022 is Rs. 468 Cr

# ESG – FY22 Progress



## Energy

**15%**

Reduction in Energy Consumption (intensity based) by FY26 over FY19 baseline

**17%**

Reduction in Energy Consumption (intensity based) in FY22 over FY19 baseline



## Renewable Energy

**50%**

Renewable energy (RE) usage by FY26

**15.25%**

Renewable energy (RE) usage in FY22



## Green Buildings

**100%**

Certified Green Buildings (hotels) by FY26

**15%**

Certified Green Buildings (hotels) in FY22



## Diversity and Inclusion

**30%**

ODIs in the workforce by FY26

**13%**

ODIs in the workforce in FY22



## GHG Emissions

**40%**

Reduction in GHG emissions (intensity based) by FY26 over FY19 baseline

**20%**

Reduction in GHG emissions (intensity based) in FY22 over FY19 baseline



## Water

**10%**

Reduction in water consumption (intensity based) by FY26 over FY19 baseline

**16%**

Reduction in water consumption (intensity based) in FY22 over FY19 baseline



## Gender Focus

**15%**

Women across the workforce by FY26

**9%**

Women across the workforce in FY22



## Sustainable Development

**₹ 7.20 CR**

Investment for Sustainable Development

# Aurika, Mumbai Airport (MIAL) | Artistic Representation



# Lemon Tree Mountain Resort, Shimla | Artistic Representation



# Annexures

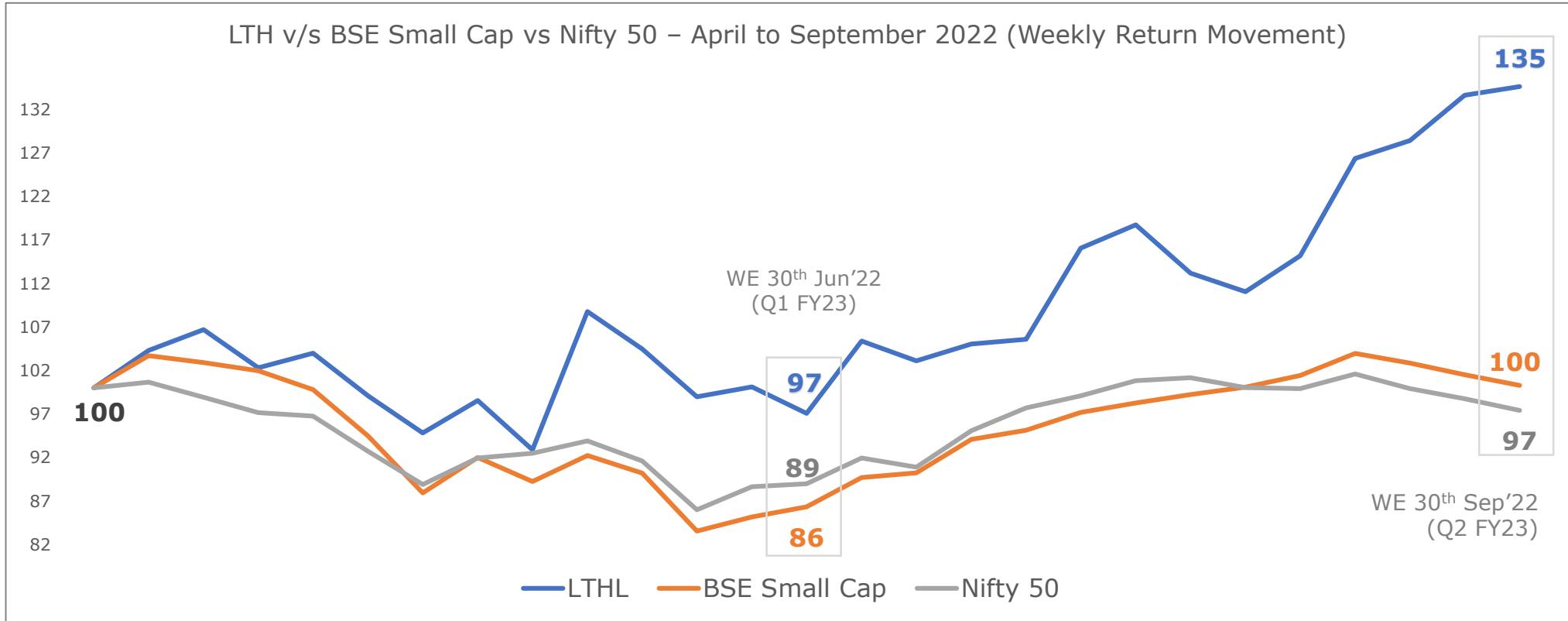
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# Share return

## LTHL has outperformed BSE Small Cap and Nifty 50 in H1 FY23



# Consolidated Profit & Loss Statement – FY22 vs FY21

Rs. Cr	FY22	FY21	FY22 vs FY21 YoY Change (%)
<b>Revenue from operations</b>	<b>402.2</b>	<b>251.7</b>	<b>60%</b>
Other income	14.0	13.3	<b>6%</b>
<b>Total Income</b>	<b>416.3</b>	<b>265.0</b>	<b>57%</b>
<b>Total expenses</b>	<b>268.3</b>	<b>190.5</b>	<b>41%</b>
<b>EBITDA</b>	<b>147.9</b>	<b>74.5</b>	<b>99%</b>
<b>EBITDA margin (%)</b>	<b>35.5%</b>	<b>28.1%</b>	<b>741</b>
Finance costs	180.9	190.5	<b>-5%</b>
Depreciation & amortization	104.3	107.6	<b>-3%</b>
<b>PBT</b>	<b>(144.6)</b>	<b>(218.7)</b>	<b>NA</b>
Tax expense	(7.2)	(32.2)	<b>NA</b>
<b>PAT</b>	<b>(137.4)</b>	<b>(186.5)</b>	<b>NA</b>
<b>Cash Profit</b>	<b>(17.8)**</b>	<b>(20.8)*</b>	<b>NA</b>

Note:

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

\*\* For FY22, Cash Profit is calculated as PAT + Depreciation + Stamp Duty expense (ie. Rs. 15.3 cr)

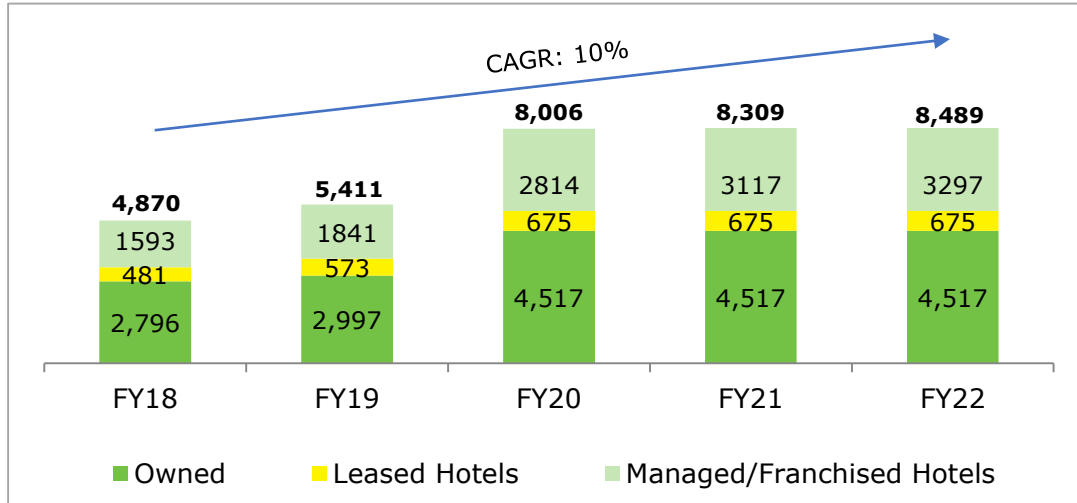
FY22 EBITDA and EBITDA Margin% is adjusted for Stamp Duty expense of Rs. 15.3 Cr

# Consolidated Balance Sheet – FY22 vs FY21

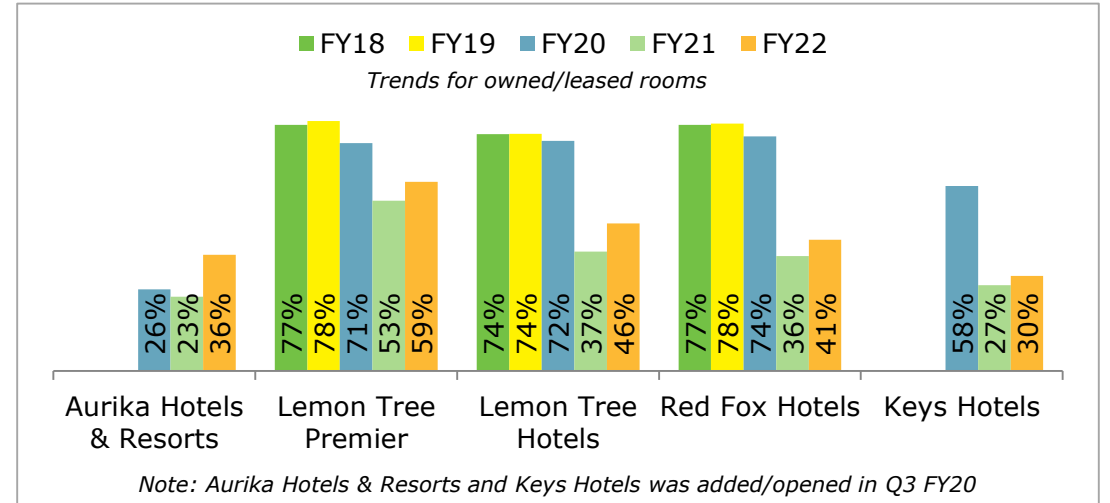
Rs. Cr	FY22	FY21	FY22 vs FY21 YoY Change (%)
Shareholder's Funds	831.1	917.6	-9%
Non-controlling interests	567.7	617.4	-8%
<b>Total Shareholder's equity</b>	<b>1,398.9</b>	<b>1,535.0</b>	<b>-9%</b>
Total Debt	1,698.6	1,685.3	0.8%
Other Non-current liabilities	433.0	473.7	-9%
Other Current liabilities	104.5	124.6	-16%
<b>Total Equity &amp; Liabilities</b>	<b>3,635.0</b>	<b>3,818.5</b>	<b>-5%</b>
Non-current assets	3,504.1	3,588.3	-2%
Current assets	131.0	230.2	-43%
<b>Total Assets</b>	<b>3,635.0</b>	<b>3,818.5</b>	<b>-5%</b>
<b>Debt to Equity (x)</b>	<b>1.21</b>	<b>1.10</b>	<b>11%</b>
<b>Average cost of borrowing (%)</b>	<b>8.00%</b>	<b>8.28%</b>	<b>(28)</b>

# Operating performance over 5 years

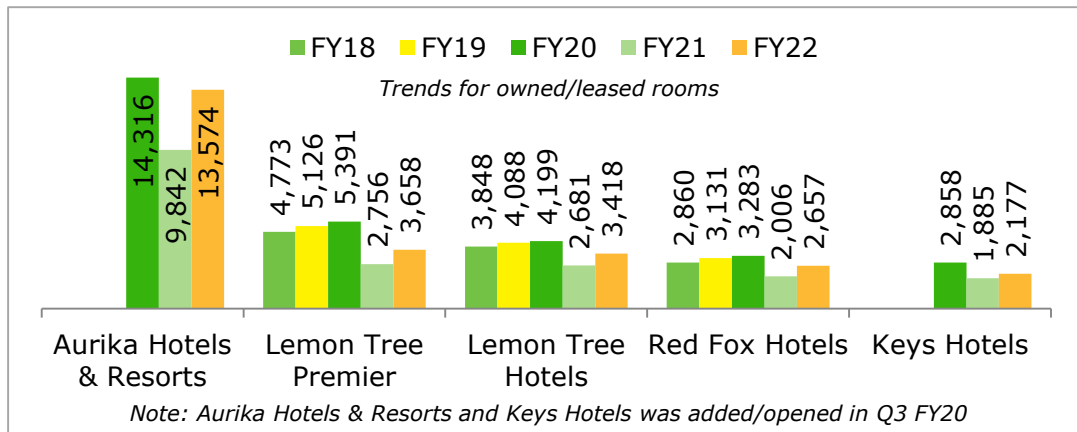
**Rooms are being added**



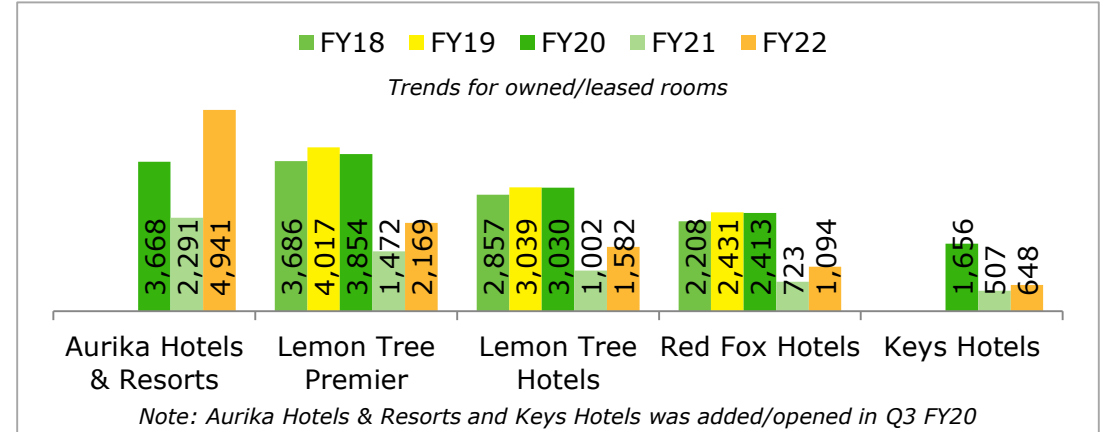
**Occupancy (%)**



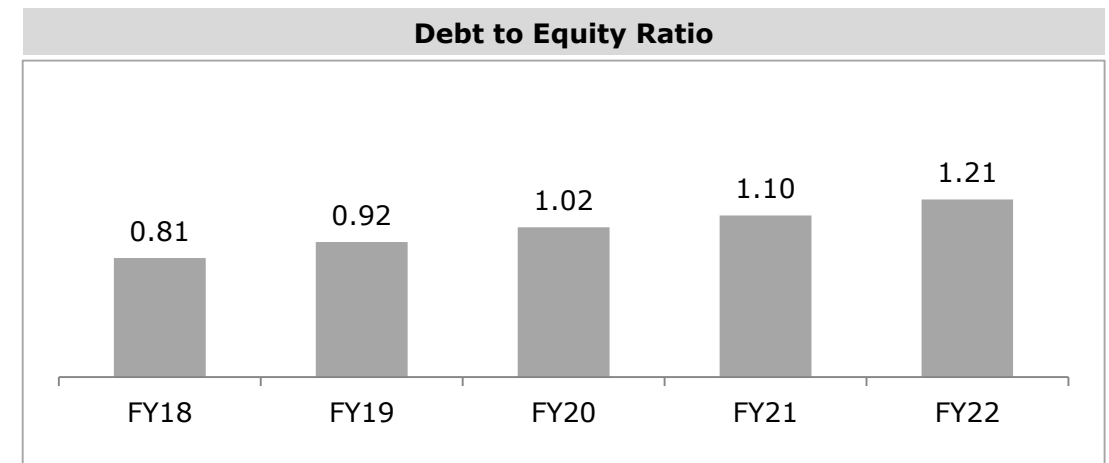
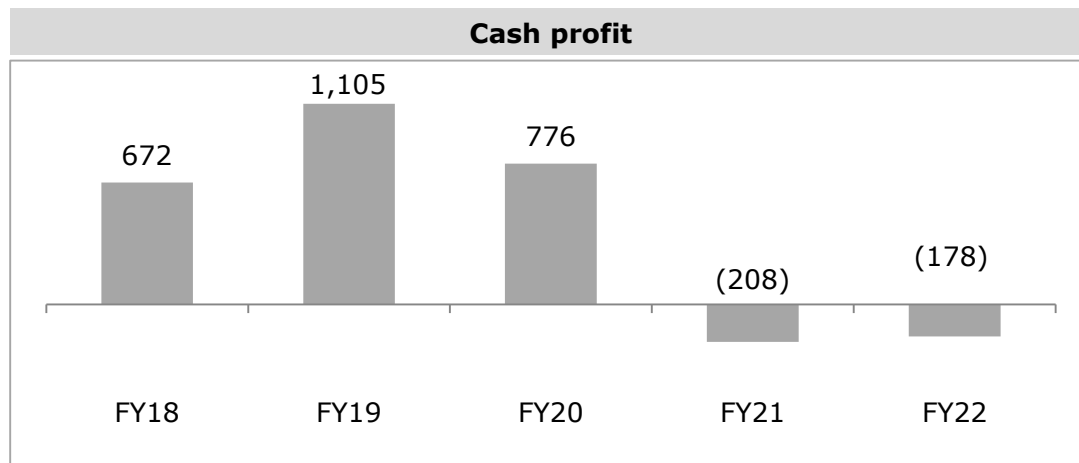
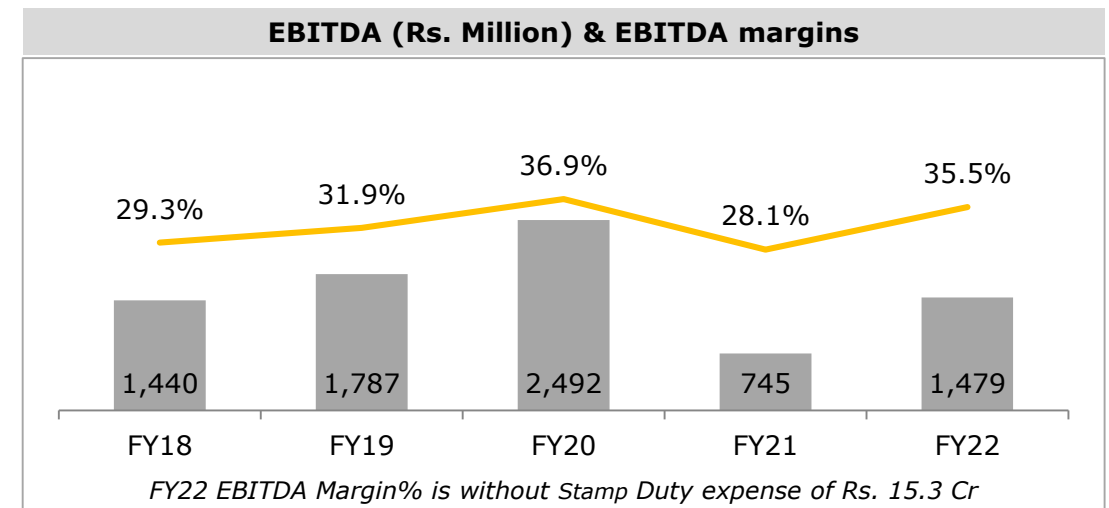
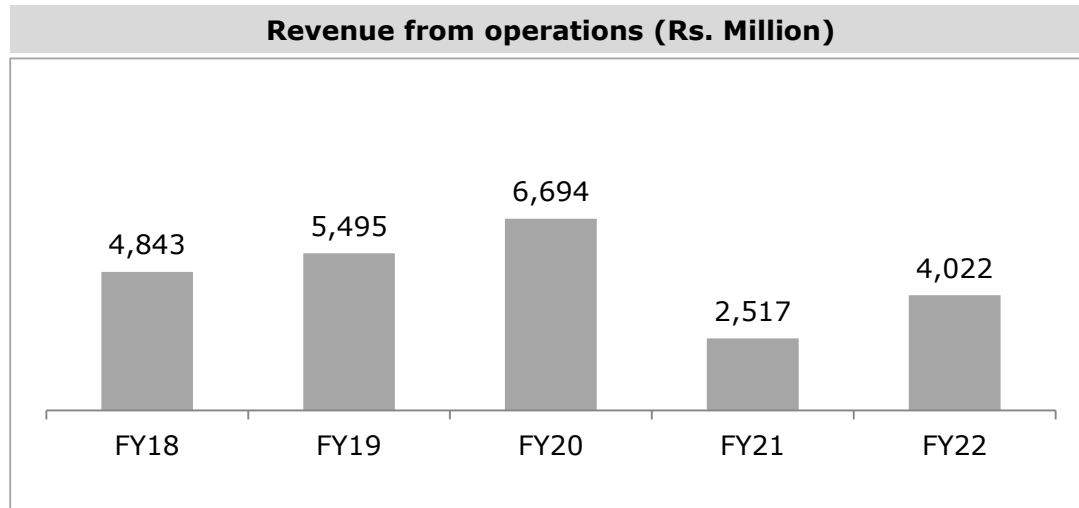
**ARR (in Rs.)**



**RevPAR (in Rs.)**



# Operating Performance over 5 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

# Environment Social Governance (ESG) – Vision FY26



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

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



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

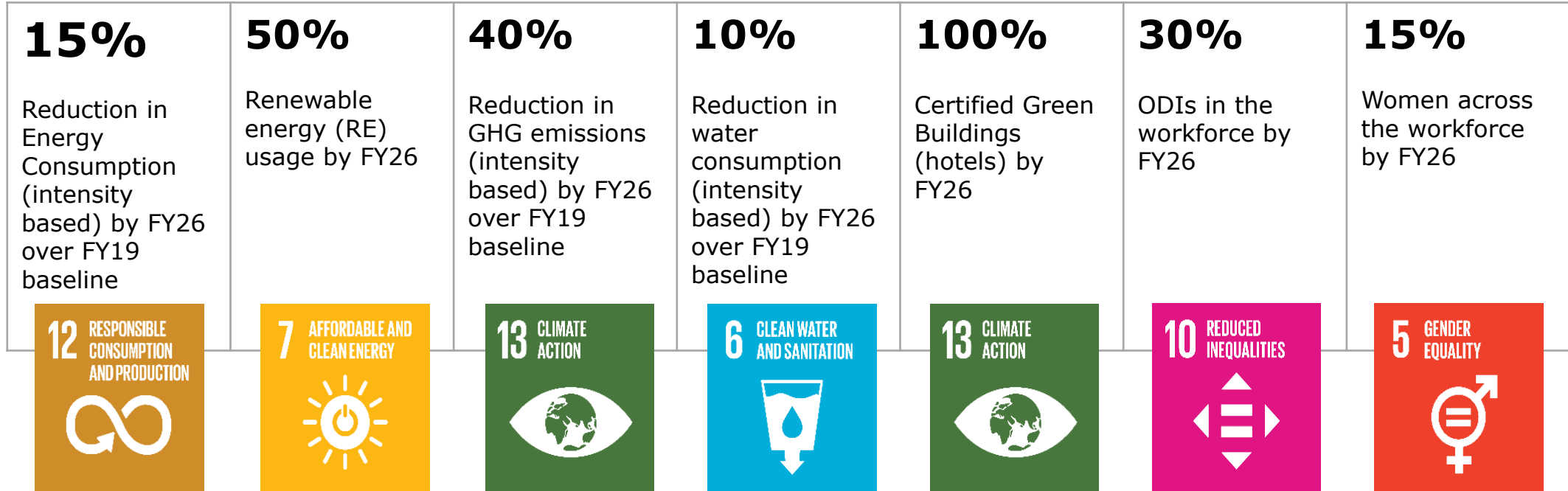
**Vision FY26** reflects our belief that our business operations are inherently integrated with delivering social and environmental impact.



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

# ESG – Vision FY26 linked to Sustainable Development Goals

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



# Portfolio Breakup as on 30<sup>th</sup> Sep 2022 - Operational

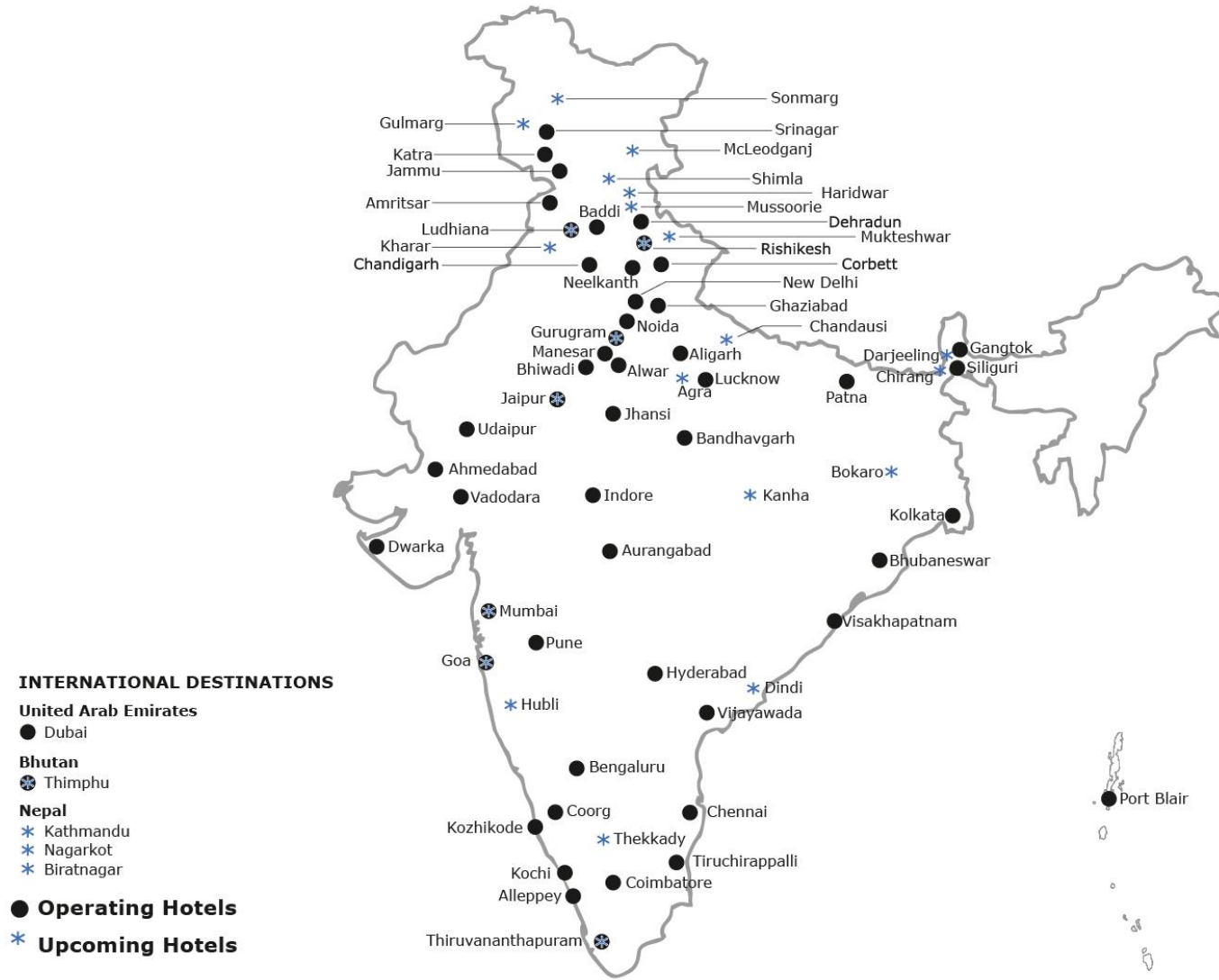
Operational Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>Aurika Hotels &amp; Resorts</b>	1	139	0	0	1	55	2	194
<b>Lemon Tree Premier</b>	7	1442	2	161	9	911	18	2514
<b>Lemon Tree Hotels</b>	13	1241	4	321	22	1305	39	2867
<b>Red Fox by Lemon Tree Hotels</b>	5	759	1	91	6	551	12	1401
<b>Keys Prima by Lemon Tree Hotels</b>	0	0	0	0	1	40	1	40
<b>Keys Select by Lemon Tree Hotels</b>	7	936	0	0	4	287	11	1223
<b>Keys Lite by Lemon Tree Hotels</b>	0	0	0	0	2	64	2	64
<b>Total</b>	<b>33</b>	<b>4517</b>	<b>7</b>	<b>573</b>	<b>45</b>	<b>3213</b>	<b>85</b>	<b>8303</b>



# Portfolio Breakup as on 30<sup>th</sup> Sep 2022 - Pipeline

Pipeline Portfolio	Owned (incl. on leased land)		Leased		Managed/ Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>Aurika Hotels &amp; Resorts</b>	1	669	0	0	1	132	2	801
<b>Lemon Tree Premier</b>	0	0	0	0	2	95	2	95
<b>Lemon Tree Hotels</b>	1	69	0	0	22	1509	23	1578
<b>Red Fox by Lemon Tree Hotels</b>	0	0	0	0	0	0	0	0
<b>Keys Prima by Lemon Tree Hotels</b>	0	0	0	0	0	0	0	0
<b>Keys Select by Lemon Tree Hotels</b>	0	0	0	0	1	40	1	40
<b>Keys Lite by Lemon Tree Hotels</b>	0	0	0	0	2	91	2	91
<b>Total</b>	<b>2</b>	<b>738</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>1867</b>	<b>30</b>	<b>2605</b>

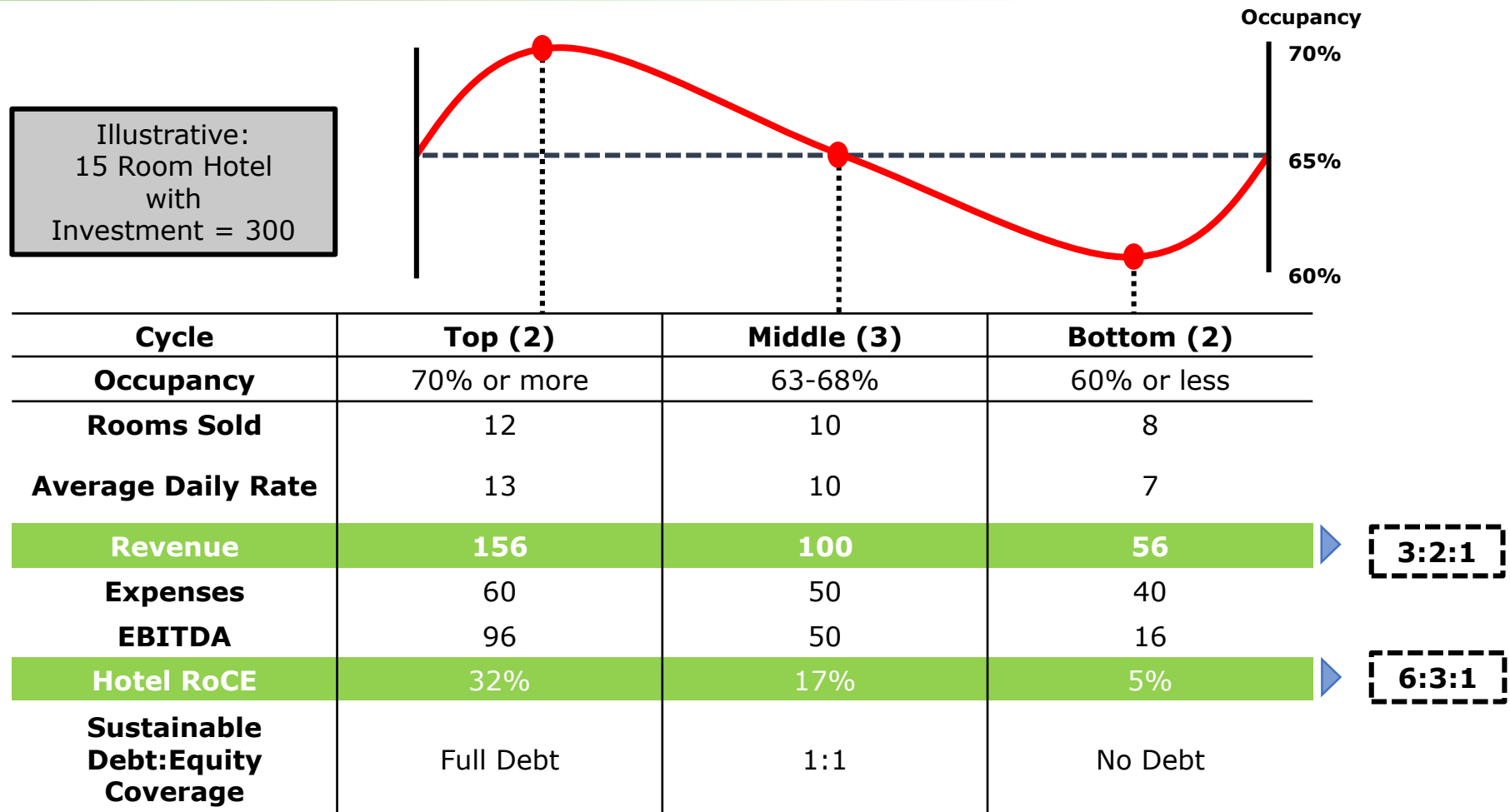
# Strategically positioned in key geographies



Map is updated as of 10<sup>th</sup> November 2022



# The hotel business cycle



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

# Conference Call Details

**Time**

- 12:30 PM IST on Monday, November 14, 2022

**Conference dial-in Primary number**

- Primary number: +91 22 6280 1141 / +91 22 7115 8042

**Local access number**

- +91 70456 71221 (Available all over India)

**International Toll Free Number**

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

**Pre-registration**

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



# About Lemon Tree Hotels

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Lemon Tree Hotels Limited is India's largest hotel chain in the mid-priced 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 87 hotels across 52 destinations, in India and abroad, under its various brands viz. Aurika Hotels & Resorts, Lemon Tree Premier, Lemon Tree Hotels, Red Fox Hotels, Keys Prima, Keys Select and Keys Lite. As the current pipeline becomes operational, ~10,900 rooms in 115 hotels across 70 destinations, in India and abroad shall be operated under the LTHL brands.

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 tiers 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](http://lemontreehotels.com) | [aurikahotels.com](http://aurikahotels.com) | [keyshotels.com](http://keyshotels.com)

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

Kapil Sharma (Chief Financial Officer)

**Lemon Tree Hotels Ltd.**

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

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

Anoop Poojari

**CDR India**

**Tel:** 98330 90434

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