May 28, 2018

National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex  
Bandra (E), Mumbai – 400051

NSE Scrip Symbol: LEMONTREE

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400001

BSE Scrip Code: 541233

Dear Sir

Subject: Press Release on Q4 and FY 2018 Financial Results

In continuation to our disclosure dated May 25, 2018 on Audited Financial Results (Standalone and Consolidated) for the Quarter and Financial Year ended on March 31, 2018, please find enclosed press release on Q4 and FY 2018 Financial Results for your records.

Thanking You

For Lemon Tree Hotels Limited

Nikhil Sethi  
Group Company Secretary & GM Legal  
and Compliance Officer
New Delhi, May 28, 2018: Lemon Tree Hotels Limited (LTH), 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, announced its financial results for the fourth quarter and year ended March 31, 2018.

**Financial Performance Highlights**

**Performance Review for Q4 FY18 vs. Q4 FY17**
- Total income stood at Rs. 1,392 million in Q4 FY18, up 24% YoY as compared to Rs. 1,118 million in Q4 FY17
- EBITDA increased by 55% YoY to Rs. 454 million compared to Rs. 293 million in Q4 FY17
  - EBITDA margins expanded 620 bps YoY to 32.6% in Q4 FY18
- Profit after tax of Rs. 117 million as compared to loss of Rs. 22 million in Q4 FY17
- Cash profit (PAT + Depreciation) stood at Rs. 245 million, up 140% YoY as compared to Rs. 102 million in Q4 FY17

**Performance Review for FY18 vs. FY17**
- Total income stood at Rs. 4,921 million in FY18, up 17% YoY as compared to Rs. 4,203 million in FY17
- EBITDA increased by 16% YoY to Rs. 1,440 million compared to Rs. 1,247 million in FY17
  - EBITDA margins were stable at 29.3% in FY18; for same hotels operating in FY17 and FY18, EBITDA margins improved by 250 bps from 29.7% to 32.2%
- Profit after tax of Rs. 145 million as compared to loss of Rs. 51 million
- Cash profit (PAT + Depreciation) stood at Rs. 672 million, up 46% YoY
Operational Performance Highlights

Operational Rooms

• As of 31 March, 2018, operational portfolio comprised of 48 hotels and 4,870 rooms: 2,796 owned, 481 leased and 1,593 managed rooms
• Added 1,172 rooms in FY18 to operational portfolio as compared to 449 rooms added in FY17, an increase of 161% YoY
• Propose to add another 1,742 rooms by May 2019 of which 869 rooms are owned/leased and 873 rooms are managed, an increase of 49% as compared to 1,172 rooms added in FY18
  - 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 6,612 rooms across 44 cities by May 2019
• Plan to operate 78 hotels with 8,152 rooms across 54 cities by FY21

Average Daily Rate (ADR)

• ADR for FY18 was Rs. 3,896, up 13% YoY
• ADR increase in Q4FY18 was 16% as compared to ADR in Q4FY17
• Price hike achieved in H2 FY18: full effect will be realized in FY19

Room Revenue per available room (RevPAR)

• RevPAR growth of 12% YoY in FY18 to Rs. 2,955
• RevPAR increased by 13% in Q4 FY18 to Rs. 3,271 as compared to RevPAR in Q4 FY17

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

Commenting on the company’s performance for Q4 & FY18, Patanjali Keswani, Chairman & Managing Director, Lemon Tree Hotels Limited said:

“We are pleased to present our first financial results following our successful public listing. The public listing has enhanced our visibility and brand image. We have closed FY18 with growth of 17% YoY in revenue, 16% in EBITDA with EBITDA margin expansion of 250 bps for same hotels that were operational in FY17. We have posted a profit after tax of Rs. 145 million in FY18 as compared to a loss of Rs 51 million in FY17, while cash profits (PAT + Depreciation) grew 46% YoY from Rs. 460 million in FY17 to Rs. 672 million in FY18. Cash profit is particularly relevant in our business as hotels are appreciating assets.

In Q4FY18, revenue grew by 24%, EBITDA grew by 55%, EBITDA margins improved by 620 bps and cash profits grew by 140% vis-à-vis Q4FY17. PAT in Q4FY18 was Rs. 117 million as compared to loss of Rs. 22 million in Q4FY17.

We believe that by offering convenient locations, quality service, value across the mid-priced hotel sector and by catering to local experiences, we have created a distinct
competitive advantage, which has resulted in a significant occupancy premium across all our hotel brands. Our occupancy has consistently been above 75% over the last three years.

The hotel sector is on the cusp of an upcycle with increasing occupancy levels and ADR’s. We are well-positioned to capitalize on the expected growth in demand for hotel rooms in India by leveraging our undisputed leadership position in the mid-priced hotel sector and our end-to-end capabilities across the entire hotel value chain ranging from acquiring land to developing, owning, managing and marketing hotels.

Further, our pan-India geographical presence across key high-barrier-to-entry micro-markets, diversified brand portfolio, value-for-money proposition and low cost structures will help sustain our EBITDA premiums. About 60% of our inventory has been added in the last five years, during the down-cycle, and we expect significant operational leverage to play out and drive strong free cash flows over the next 5 years. We also have a strong pipeline of owned, leased and managed hotels under development and are confident of creating sustainable long term shareholder value.”

**About Lemon Tree Hotels**

Lemon Tree Hotels Limited (LTH), 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. LTH operates in the upper midscale, midscale and economy hotel segments and seeks to cater to Indian 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 78 hotels with 8,152 rooms, across 54 cities by FY21.

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 or contact:

Divya Agha  
E: divya.agha@lemontreehotels.com

**DISCLAIMER:**

Certain statements that are made 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, 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.