EaseMyTrip.com

November 13, 2023

BSE Ltd. P J Towers, Dalal Street, FortMumbai – 400001 **Scrip Code: 543272**	National Stock Exchange of India Limited (NSE). Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051 **Symbol: EASEMYTRIP**

Sub: Earning Call Transcript

Dear Sir/ Madam,

Please find enclosed the transcript of the earning call held on Wednesday, November 08, 2023 at 14:00 hours, with regard to the unaudited financial results of the Company for the quarter and half year ended September 30, 2023.

The audio recordings of the said investor call are also made available on the Company's website at https://www.easemytrip.com/investor-relations.html.

Please take the same on your record.

Thanking you,

Yours faithfully,

For Easy Trip Planners Limited

PRIYANKA TIWARI

Digitally signed by PRIYANKA TIWARI
Date: 2023.11.13 13:23:54 +05'30'

Priyanka Tiwari
Group Company Secretary and Chief Compliance Officer
Membership No.: A50412

"Easy Trip Planners Limited

Q2 FY2024Results Conference Call"

November 08, 2023

MANAGEMENT: **MR. PRASHANT PITTI – EXECUTIVE DIRECTOR - EASY TRIP PLANNERS LIMITED**
MR. NISHANT PITTI - CO-FOUNDER & CHIEF EXECUTIVE OFFICER
MR. ASHISH KUMAR BANSAL – CHIEF FINANCIAL OFFICER – EASY TRIP PLANNERS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Easy Trip Planners Limited Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prashant Pitti, Executive Director. Thank you, and over to you, sir.

Prashant Pitti: Good afternoon, everyone, and welcome to Q2 and H1 FY2024 Earnings Call of EaseMyTrip. I would like to thank you all for joining us today. Our earnings presentation and press release have already been uploaded on our website and stock exchanges. I hope you all had a chance to review it.

To start with, I would like to begin by highlighting our remarkable performance for quarter and H1 of FY2024, and we would be happy to take questions afterwards.

Despite the lean period in travel industry during quarter 2 of FY2024, I'm happy to share that we have continued our upward trajectory and delivered strong results for both quarter and the first half of FY2024. During the quarter, we have achieved a gross booking revenue of INR 2,025 crores and achieved highest-ever profit after tax of INR 47.2 crores. The PAT grew at 67% year-on-year. Adjusted revenue also reported a robust growth of 25.7% year-on-year, reaching to INR 212 crores for Q2 FY2024 as against INR 169 crores of Q2 FY2023. The EBITDA during the quarter was INR 67.7 crores, making an astonishing 68.1% growth on a year-on-year basis with a margin of 46.8%.

Overall, the revenue from operations for H1 FY2024 stood at INR 265 crores as compared to INR 196 crores same period last year, registering a growth of 35.5%. EBITDA for the period was at INR 105 crores, registering a growth of 22.7%. The PAT for the period was at INR 73 crores, registering a growth of 19.3%.

Our efforts in H1 FY2024 yield impressive results with GBR growing by 20% year-on-year, reaching INR 4,396 crores and adjusted revenue showing a robust 35% growth to INR 405 crores. Notably, our profit trajectory remained consistent, delivering a profit after tax of INR 73.2 crores for H1 FY2024.

During the period, our core segment, Air travel bookings, recorded 61.1 lakh bookings, registering a year-on-year growth of 20% and Hotel segment recorded 2.9 lakh bookings, registering a year-on-year growth of 90%. The other segments covering Train, Buses and a few more saw a notable spike of 66.8% year-on-year in H1 FY2024.

This robust growth is a testament of our resilience of business model, strategic focus and unwavering commitment to innovation and customer-centric solutions. The key highlight for this quarter was our strategic shift towards a stronger focus on profitability rather than gross booking revenue. This change undercoats our unwavering commitment to delivering long-term value to our stakeholders.

Our primary objective is to achieve profit before tax of INR 250 crores for FY2024, and we are well on our way of reaching this milestone. I'm delighted to share that our dedication to profitability has already yielded impressive results. Our profit before tax for H1 FY2024 has reached an impressive number of INR 99.7 crores, representing 19.8% increase from the same period of last year.

We have executed several key initiatives during the first half of the fiscal year to drive this growth. Our strategic acquisition in Guideline Travels Holidays, TripShope Travel and Dook Travels are targeted towards enlarging our market reach and nurturing growth of Easy Trip Planners, leveraging their expertise in various travel industry sectors. This shall help by offering niche services to our vast customer base.

Moreover, our collaboration with DuDigital Global Limited and BluSmart, along with introduction of Corporate Travel 2.0, signify our commitment to innovate sustainably and customer focused travel solutions. Our partnerships aim to provide excellent and administrative services, promote green mobility, and offer divers real-time online booking options to our corporate clients.

Expanding our presence in North India, we have launched our franchisee outlet in Ludhiana, Jalandhar, Delhi and Agra during this quarter. These outlets signify a substantial expansion in our network designed to enhance services, including tailored travel experiences, increase business sustainability and a focus on off-line customers. Our GCC business has also seen a growth. Moreover, we are looking for a strategic partnership for our Middle East business to run it together.

In conclusion, EaseMyTrip has delivered a strong performance in Q2 and H1 FY2024 with robust sequential and year-on-year growth. We remain focused on our growth strategies, and we are confident that our strong foundations and unwavering commitment will continue to drive our success.

Thank you, and I would like to open the floor for Q&A. Over to you, moderator.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Bala Murali Krishna Jonnalagad from Oman Investment Advisors. Please go ahead.

Bala Murali: Congratulations on a great set of numbers, sir. Regarding the EBITDA margin in the last three quarters, we can see it up and down. So, what could be the stable EBITDA margin we can expect from this year and the upcoming years, sir?

Prashant Pitti: EBITDA margin changes on the basis of the business decisions and the calls which we take. In this particular quarter, you must have seen our profitability has gone up dramatically for multiple reasons. One is we have also experimented charging customers convenience fees and also, we have reduced our marketing budget dramatically for this particular quarter compared to the last couple of quarters, which is why you would see the EBITDA margins to go a little bit up and down on the basis of the business call.

Hence, for the future as well, I may not be able to give any guidance, but we are very happy with the current quarter results, and the current EBITDA margin could be kept as a baseline for the future as well.

Bala Murali: Okay. and regarding your sales expenses of 0.7% of GBR, it will continue, or we may see any upticks in any sort of the quarters, sir?

Prashant Pitti: You mean marketing and sales promotion? We look forward to continuing with this number.

Bala Murali: Okay, and regarding our PBT target of INR 250 crores, so I think we are on the track. So, you have completed around INR 100 crores. So, in the upcoming two quarters, we're expecting INR 150 crores of PBT, right?

Prashant Pitti: So as a growing company, our Q3 and Q4 are always better than Q1 and Q2 since the company is also growing, which is why if you see every year in our performance, our H1 is usually about at 65% - 70% compared to our H2 and hence, we are well within our target to reach INR 250 crores of PBT in the year.

Moderator: Thank you. The next question is from the line of Manik Taneja from Axis Capital. Please go ahead.

Manik Taneja: Just wanted to get your thoughts on a couple of things. In the past, you had spoken that you would look to double our GBR in FY2024. Does that target essentially still hold? That's question number one. The second thing is that if you could also talk about what prompted you to essentially do away with your no convenience strategy because that was the USP for EaseMyTrip? And how should we be thinking about this from a go-forward standpoint?

Prashant Pitti: Thank you, Manik, for asking the questions. Yes, that is correct that the first the target of GBR to doubling up does not stand valid now since we are focused on profitability. It's a very thin line which we have to balance. As a company and the Board, we have decided that we will be focused more on profitability this year and hence, we have committed a PBT growth of INR 250 crores for this particular year and answering your second question, related to zero convenience fees, as I've said that in this particular quarter, we have experimented to charge customers convenience fees. In many cases, when customer pays convenience fees, they also can apply a discount coupon, which is why you would see in this particular quarter, the discount to the customers has increased because in some cases, where they are paying convenience fees, they would still have the option to avail other discount coupons.

It's an experiment with the company. We are not saying that we have gotten away with charging convenience fees to all of our customers but this definitely shows that there is so much amount of upside, which is still in the company in terms of profitability that even with the experiment, we have been able to increase our PAT dramatically in this particular quarter. As I said that this is an experiment and company is yet to decide on how to take this in a long-forward basis.

Manik Taneja: Just clarification on this particular part. In the past also, whenever the customer essentially would use a discount coupon, there would be a convenience charge. Is it any different from the way it used to work earlier?

Prashant Pitti: It's the same, but in certain sectors, what we have done is we have removed the no convenience fees with a coupon, which was automatically applied.

Manik Taneja: Okay. And finally, just to prod you further on that GBR outlook, I understand the focus essentially is on profitability maximization but for any P&L, (Inaudible 12:21) always tends to start from the top and thereby, how should we be thinking about our GBR growth now for FY2024?

Prashant Pitti: It would be hard for us to comment at this particular moment. Our GBR has done better for H1 FY24 compared to H1 FY23, our H1 FY24 GBR numbers are up by around 20%, and we would want to continue focusing on the profitability and hence, the focus on GBR is slightly lesser for this particular year. But none the less it would continue to grow.

Manik Taneja: So, should one assume probably a 20% to 25% kind of a growth in GBR for FY2024?

Prashant Pitti: That seems like a realistic number to look at.

Manik Taneja: Finally, a clarification question on the marketing and sales promotion before I get back into the queue. These expenses have come down to about 0.7% of GBR this quarter.

In the past, you had talked about this number being 1% - 1.1%. So, on a go-forward basis, what should be the outlook on this front?

Prashant Pitti: Again, we will take these calls as for every particular quarter, depending for this particular quarter, we wanted to maximize our profitability, as I mentioned and this year, we have a goal of attaining INR 250 crores as profitability, profit before tax. So, we would basically take this call as per our needs and as per our targets.

Moderator: Thank you. The next question is from the line of Sakshee from Svan Investment. Please go ahead.

Sakshee: I wanted to understand that even though the bookings have gone up in this quarter, what has led to a decrease in the payment gateway charges?

Prashant Pitti: Payment gateway charges, basically, as a percentage was 0.7%, now it is 0.6%. As more and more UPI gets adopted, the payment gateway charges reduces for us because we pay almost negligible payment gateway charges if people use more UPI to make the transaction. So, in fact, this is one of our very big upsides which is waiting for our company. As more and more UPI transactions happen, this 0.6% should also further reduce.

Sakshee: Okay, that's great. So, what will be the percentage of the UPI users as a percentage of the total users?

Prashant Pitti: I think about 30% - 35%, if my memory is serving me right, 30% - 35% of our transactions are UPI and remaining our non-UPI transactions at the moment.

Sakshee: Other thing I wanted to understand was on your hotel package revenue. So even though on a quarter-on-quarter basis, the volume is down, can you explain the increase in the revenue that we have reported?

Prashant Pitti: The overall total bookings have increased compared to the last quarter by 60%. So, I don't know when you're saying that it is quarter-on-quarter basis, it is down. What do you mean by that? See, you can't compare quarter-on-quarter. Q1 vs Q2 are very different quarters. Q1 is very high on tourism, while Q2 is a leaner period and hence, it's better to compare to the last year rather than compare quarter-on-quarter. Each quarter exhibits a very different kind of behaviour as travel is a very seasonal business.

Sakshee: Right, that's fine. I mean I understand the seasonality. I just want to understand that the revenue that we have reported for the hotel business this year is close to INR 13 crores, right? Whereas the same in the last quarter was INR 1.8 crores. I'm not able to understand how we have seen such a sharp increase in the revenue.

Prashant Pitti: Okay. So basically, it's not just the hotel, it's hotel and holidays. And if we get a (MICE 16:21) booking, that also gets reported into it, and that could be one of those things as well.

Sakshee: No, but in terms of your overall volume would be lower in the second quarter, then how can the revenue jump from INR 2 crores to INR 13.5 crores?

Ashish Bansal: Because you are comparing with the previous quarter. But if you compare, it is last year same quarter, it was INR 9 crores as against INR 13 crores in this quarter and last quarter, basically we paid a discount in total business. So that's why the net revenue was flat.

Sakshee: Last year same quarter, it was INR 1.7 crores.

Ashish Bansal: INR 9 crores was the 6-month number and INR 1.7 crores was the last year number.

Sakshee: Right, I just want to understand that is there a difference in the reporting or is there that the discounts were much higher earlier, which are not the case in this quarter? Can you explain that?

Ashish Bansal: Yes, earlier discount was higher.

Sakshee: So that's the only reason?

Ashish Bansal: Yes.

Moderator: Thank you. The next question is from the line of Madhuchanda Dey from MC Pro. Please go ahead.

Madhuchanda Dey: I have a couple of questions. The first one is a little bit of a housekeeping one. In the INR 141.7 crores revenue that you have reported in this quarter, what would be the share of the convenience fee charged?

Prashant Pitti: We do not disclose the breakup. Just like any other competitor, we usually don't disclose the breakup between the various ways by which we earn.

Madhuchanda Dey: The reason why I'm asking you this question is because the adjusted revenue to GBR, which was hovering in range of 8% because the only revenue stream was a take rate from predominantly airlines, that has now moved up to 10.5% obviously, because of the convenience fee you're charging. So, for us to model your future revenue stream, how do we go about it, honestly, without knowing this number?

Prashant Pitti: That's a fair question. For the time being, we do not disclose the breakup just like our competitors. At this moment, I would just encourage you to look at the current numbers and wait for the next quarter.

Madhuchanda Dey: Fair point. So, which means that if you could throw some colour on whether there was a change in the take rate, or the take rates have almost remained the same?

Prashant Pitti: Again, it's a very confidential, private agreements between us and the airlines. None of the OTAs shared the exact breakup of the take rate. Again, I would not be able to say that, but there are multiple things which we have done. There is some – the GSA also has begun from this particular quarter. Then we have also experimented with the convenience fee, as I mentioned earlier. So, there are multiple factors, and there are multiple efforts as well from the entire team side, which has made our adjusted revenue take rate jump from 8.2% to 10.5%.

Madhuchanda Dey: Okay. So now I have a slightly broader question, and I would really appreciate a little detailed answer on this. There's a big strategic shift that we see in this quarter. Your focus used to, I mean, whatever you had guided earlier was like a 50% jump in GBR. Your Ad sales promotion would continue to remain elevated, and you want to really not let go of the market share. So, there is a big shift that we see this quarter. What prompted the shift and what happens to the market share?

Prashant Pitti: We are growing still better than the overall market. So hence, there's no thoughts of letting go of the market share. We would want to continue with the market share we have and gain a little bit more. However, as a strategic call, we have taken a call to be more aggressive on the PBT side, so that is in the GBR side. But nonetheless, PBT can only exist if there is GBR. So, it's not that we want to not focus on GBR side at all, but it's just that the company has taken a call of ensuring a very healthy profit for this particular year.

Madhuchanda Dey: My last question is on the receivables from GoAir, which you last disclosed was something like INR 70 crores. I have two sub-questions. First, if the figure of INR 70 crores is higher or lower and secondly, do you intend writing that off from the P&L this year?

Ashish Bansal: Yes, we are reviewing the same and we are hopeful that the airlines may start in this year only. So, we will take the call after convenience of the matter.

Madhuchanda Dey: And sir, what is the outstanding as we speak?

Ashish Bansal: The outstanding we have disclosed is the INR 72 crores.

Madhuchanda Dey: INR 72 crores, okay. I mean I had asked this question last quarter also. What is your policy with respect to receivables? Every organization has got some 180 days or something.

Ashish Bansal: Yes, 180 days. We have policy, but it's a management decision and subject to Board approval. But largely, our policy is 180 days.

Moderator: The next question is from the line of Aditya Chandrasekar from UBS. Please go ahead.

Aditya Chandrasekar: I just wanted some colour on the hotel side. Firstly, what would be the contribution to overall gross booking revenues from the hotel side? and kind of looking ahead, what is your outlook here? What can the share of hotels go up to and does this kind of change with your change in focus towards profitability? Do you think that hotels with a higher take rate can kind of lead to this higher profitability focus also? Just wanted to get your broad sense on it and specifically for this quarter, maybe what was the share of the gross booking revenue? That will be helpful.

Prashant Pitti: If you see our results, even for this particular half year or quarter, where for the half year, let's say, our Flight segment grew by 20%; Hotel grew by 90%; and Other services, Bus, Train and others, grew by 66%. So clearly, there's a very strong focus on the company side to be able to grow our total and other businesses, and the results are for there to see. The numbers are growing, and this number grew even despite us reducing our discounting in hotel segment. Even afterwards, the number grew pretty significantly and since we have been listed the last 2.5 years, more or less, every year and/or every quarter, I would say that we have delivered growth in our hotel number. So, the hotel number at the time of listing, which was almost insignificant, has come to a significant position.

In terms of percentage of GBR, that number is not disclosed, but we take this as a request from next time onwards, maybe we can start disclosing this number as a percentage of GBR.

Aditya Chandrasekar: Going ahead, could you just touch upon like what your focus would be? Like are you still planning to further expand this and kind of focus on this segment, especially after that focus on profitability?

Prashant Pitti: Absolutely. Basically, this decision is regardless of profitability because Hotel is anyways a better profitable segment. So, Hotel business, have been growing, as I said, in the last 2.5 years of being a public company, we have continuously grown our hotel business, and we continue to grow this business and make it a larger chunk of our overall business.

Aditya Chandrasekar: Got it. Just a small request, if you can give the gross booking revenue split between Air, Hotels and Buses from the next quarter, that will be helpful.

Prashant Pitti: Sure.

Moderator: The next question is from the line of Shreya Mehra from Bonanza Portfolio Limited. Please go ahead.

Shreya Mehra: I would want to touch upon the question regarding marketing and sales expenses. In the previous quarter concalls, you had mentioned that those will be at an elevated level. Although, we see that in this quarter, it's come down to 0.7%, right? I just wanted to understand your guidance on the same for upcoming quarters.

Prashant Pitti: In the last quarter, the number was about 1.1%, which at that moment, we thought that we would want to continue with it, but the company has taken a call to reduce the marketing expenditures and focus on the profitability, and the results are for us to see. The company has done fantabulously well in terms of profitability. This is our highest ever PAT which we have ever reported, INR 47 crores.

Going forward, you could assume that the number would hover anywhere between 0.7% to 1%. We cannot be very specific that it would be around 0.7% or 0.8%. It would basically depend a lot on competitive intensity and discounting which we are offering. It's a combination of multiple things. At this moment, I can say that it could vary anywhere between this number and 1% in the future as well.

Shreya Mehra: One more question, which I would like to ask you is regarding your Diwali discounts. I wanted to understand what kind of impact we can expect in the upcoming quarter regarding these discounts which you've recently launched and as a percentage of GBR, the discount percentage is currently at 4%. So just wanted to understand whether we can see an increase in that percentage or what kind of impact will that have in the next quarter?

Prashant Pitti: Again, it would be very hard for me to give any guidance around it. But one easier way for you to look at it is that if you see our Q3 of FY23 results, because that time also there was Diwali festival, so that would give you a decent guidance on how discounting changes from Q2 to Q3 and probably something similar is something which you can expect for this quarter as well.

Moderator: The next question is from the line of Manik Taneja from Axis Capital. Please go ahead.

Manik Taneja: Just wanted to clarify, Prashant, on one thing. In the past, in some of your media interactions, you've spoken about targeting a PAT of INR 250 crores. So, from that standpoint, is this a revision in the outlook?

Prashant Pitti: I've always maintained the profitability of INR 250 crores. At this time, it's better disclosures, profit before tax, what we've mentioned.

Manik Taneja: Okay, and the second question was with regards to the arrangement that we had with SpiceJet, where in we were looking to essentially get into a collaboration and by virtue of which we would have simply get higher take rates. Is that what is driving much higher profitability or take rates for us in the current quarter? and if you could help us understand that arrangement further.

Prashant Pitti: So yes, we have a GSA with SpiceJet, and it began from 1st August 2023 onwards. So, there is an impact of that. But as you would also know that the SpiceJet overall percentage is around 10% - 11% of the total market share. So that's the level of impact it would probably bring to the table.

Manik Taneja: Okay, and finally, once again, trying to understand this statement on the Hotel booking numbers and the Hotel and Packages revenue numbers. When one looks at the volume numbers, that number essentially on a sequential basis is down very sharply. But when I look at that revenue number, that number essentially has gone up to from INR 1.9 crores to about INR 13.6 crores. So just trying to understand the accounting treatment over here because of which we are seeing this discrepancy.

Prashant Pitti: There is no accounting discrepancy over here. It’s just that in the revenues, we have to subtract the discounts which we have given to the customers. That discount gets subtracted. So hence, if the discount, let's say, if you're getting 12% - 13% commission from the hotel vendors and if you provide the entirety of that money to the customers as a discount, then essentially our revenue becomes almost 0 and if we keep, let's say, half of it for ourselves, you see a significant jump in that particular number.

It's basically a function of how much discount are we giving to our customers on the hotel and packages and on the basis of that, that number can see a spike. Last particular quarter, we saw a loss overall in the total numbers probably because we gave a little bit more discount, as I mentioned in my past call and this time, we have corrected ourselves.

Manik Taneja: So just to clarify on the discounting number, if I look at the blended total discount to customers, that number increased from Q1 to Q2, both in absolute terms as a percentage of GBR. So, did we give more discount on other segments and thereby that's explaining the.

Prashant Pitti: Correct. That makes sense.

Manik Taneja: And what would be these elements? Would it be Airlines ?

Prashant Pitti: Yes. See, overall, it is airlines. As 90% of our business is still airlines, it would be Airlines, right? So hence, the Airline probably got likely more discounts and Hotel got a little bit lesser discount and hence, even when the Hotel got a lesser discount, on an overall basis, you are seeing more discounts in this particular quarter.

Manik Taneja: No, so slightly confused with this. When you on the same side, you are saying that we are now trying to be much more prudent, less discounting, even charging convenience fees in certain sectors.

Prashant Pitti: In the flight sector, what happens is if you are charging convenience fee, customers can avail other discount options, so which is why discount as a percentage per flight has gone up in the flight segment. Specifically, we are charging convenience fee. We give customer an option to choose any other discount coupon, which is why the discounts went up.

Manik Taneja: No, but by that logic, then the net take rates should not be changing. Your gross take rate increases, your discount increases and, thereby, net take rates should not be increasing. In our case, what we've seen is that net take rate has gone up.

Prashant Pitti: Yes. But not in all cases people choose to apply a discount coupon.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Prashant Pitti: Thank you everyone, for joining us here today. The quarter ended on a positive note. We remain optimistic for the strong growth trajectory for our comprehensive portfolio of the services and excited about the opportunity that lie ahead of us with a strong value proposition to deliver sustainable performances. We look forward to meeting you in the next quarter. Please stay safe and healthy, and feel free to reach us in case of any questions that remain unanswered. Thank you once again.