

August 20, 2024

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
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Sub: Earning Call Transcript

Dear Sir/ Madam,

Please find enclosed the transcript of the earning call held on **Tuesday, August 13, 2024 at 04:00 P.M. IST**, with regard to the unaudited financial results of the Company for the quarter ended June 30, 2024.

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

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“Easy Trip Planners Limited
Q1 FY2025 Results Conference Call”
August 13, 2024

**MANAGEMENT: MR. PRASHANT PITTI – MANAGING DIRECTOR
MR. NISHANT PITTI – CHIEF EXECUTIVE OFFICER
MR. ASHISH BANSAL – CHIEF FINANCIAL OFFICER**

Moderator:

Ladies and gentlemen, good day, and welcome to Easy Trip Planners Limited Q1 FY2025 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 star then zero on a touch-tone phone. Please note that this conference is being recorded.

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

Prashant Pitti:

Thank you. Good evening, everyone, and welcome to Q1 FY2025 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, and I hope you have had a chance to review it.

To start with, I would like to begin by highlighting the performance of EaseMyTrip for Q1 FY2025 and would be happy to take questions afterwards. I'm happy to announce that our company commenced FY2025 with sustained performance and achieving EBITDA of INR 50.6 crores in Q1, making a substantial 34.9% increase compared to the same period last year. Our revenue from operations grew by 23% year on year to become INR 152.6 crores. The PAT had a year on year increase of 24.8% and stood at INR 32.5 crores. The gross booking revenue stood at INR 2,274 crores for Q1 FY2025. Aligned with our strategic focus to expand our non-air business, we have achieved remarkable growth in key areas.

The gross booking revenue for hotels and holiday packages increased by a whopping 116% year on year to INR 210 crores for this quarter. Furthermore, EaseMyTrip has demonstrated exceptional performance in its Dubai operations, achieving a remarkable 139.2% year on year increase in gross booking revenue and stood at INR 126.7 crores. This substantial growth highlights the company's strategic success and expanding its footprint in the region and effectively capturing a larger market share of the market.

Coming to our operational performance. During the quarter, our flight segment recorded 26.2 lakh bookings, hotel segment recorded 1.8 lakh room night bookings and other segments recorded 3.1 lakh bookings. We have executed several key initiatives during the first half of fiscal year to drive growth.

At the ONDC Startup Mahotsav, EaseMyTrip signed a letter of intent to join ONDC network. This government initiative is designed to democratize digital commerce in India by reducing entry barriers and fostering a fair competitive environment. ONDC has just over 68 million transactions since inception. And this move underpins our commitment to being a national first company and support the advancement of India's digital economy.

We are also excited to announce our strategic partnership with Google Wallet, a significant way forward in enhancing our customer experience. This collaboration aims to transform the travel experience by integrating all booking necessities into one single platform. Through this integration, travelers can now seamlessly add their boarding passes to Google Wallet after booking and completing the web check in on EaseMyTrip. This process not only simplifies the

travel experience, but also reinforces our commitment to safeguarding travel information and providing unparalleled convenience.

We are happy to announce our official partnership with Rajasthan Royals as their travel and experience partner for the 2024 season, reaching approximately 450 million people. In this collaboration with Royal Sports Group, we will manage all travel arrangements for their teams away matches. This partnership not only enhances the team travel experience, but also reflects our strong commitment for supporting sports.

To elevate travel experience, EaseMyTrip has also partnered with Adani digital labs to offer seamless, duty-free shopping directly on its platform. Available at major international airports in India, which are Amritsar, Ahmedabad, Jaipur, Lucknow, Mangaluru, Mumbai and Thiruvananthapuram. Having monthly footfall of over 2 million international travelers. This new service provides travelers exclusive products and additional discounts and make their journey even more enjoyable.

We are also pleased to announce that EaseMyTrip has partnered with SIDBI, which is Small Industries Development Bank of India and Uttarakhand Tourism Development Board to launch Homestay Entrepreneurship Training Program. This program targets over 115 homestay owners, along with the Chardham Yatra tourism, providing them with training and resources to boost their capabilities and enhance their contribution to the local tourism sector.

Moving on, EaseMyTrip launches first franchisee store in Karnal, Haryana. And now it has opened its 15th store in Amritsar, Punjab, followed by 16th store in Bhopal. This expansion underscores the brand's commitment to grow its offline presence and plans to open 100 additional stores in this financial year.

We are also proud to share that EaseMyTrip has been honored with Prestigious MICE Excellence Award at Starz of India 2024. This recognition celebrates our contribution through our MICE programs which provides seamless business and exhibition travel solutions for corporate clients.

Moving ahead, we remain focused on scaling our business profitably and expanding our reach into non-air vertical and international operations. Additionally, we are expanding our domestic footprint and exploring tactical avenues for organic and inorganic growth. These efforts are aligned with our dedication to broadening our offering delivering comprehensive travel solutions and ensuring seamless experience to our valued customers.

In conclusion, we remain focused on our growth strategy, and we are confident that our strong foundation and unwavering commitment will continue to drive our success. Thank you.

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

Moderator:

Thank you very much. Our first question is from the line of Megh Shah from Prospero Tree Financial Services. Please go ahead.

- Megh Shah:** So, my first question is regarding the INR 10 crores revenue that we have achieved from, I guess, you mentioned it in the notes. So, what is that regarding?
- Prashant Pitti:** Ashish ji, who's our CFO. Can you please elaborate on that content?
- Ashish Bansal:** So that revenue we are receiving from one of the customers where we are providing marketing services.
- Megh Shah:** So, what is its effect on the EBITDA? Like do we incur any cost regarding the same?
- Ashish Kumar Bansal:** The relevant cost which we incurred has been booked.
- Megh Shah:** So, the cost has already been included, right? What would be that amount be?
- Ashish Bansal:** That is not disclosed.
- Prashant Pitti:** We have not disclosed that amount. We have not disclosed the breakup of the amounts which we spend on our marketing budget.
- Megh Shah:** So, is it a one-time thing?
- Prashant Pitti:** It's a relationship which is existing since last one year with one of our partners.
- Megh Shah:** My next question is regarding the Air Segment revenue. So, the revenue has decreased, but we see substantial increase in the EBITDA. So, what are the reasons for the same?
- Prashant Pitti:** So first and foremost, the bigger reason why the revenue grew, I mean, the EBITDA has grown, is basically the growth in our hotel and holidays and our Dubai expansion, which has led to the growth in EBITDA. For this particular quarter, which is Q1, usually margins are lower in Air segment compared to the last quarter. In the last quarter, the PLBs are better, which is why you are seeing that the margins have shrunk a bit for Q1, but that's cyclical in nature.
- Megh Shah:** No, I am referring to the year on year numbers itself. The air segment revenue has decreased from INR 111 crores to INR 107 crores, but the EBITDA has increased from INR 33 crores to INR 41 crores.
- Prashant Pitti:** The EBITDA for air specifically, are you saying?
- Megh Shah:** Yes, for the air segment.
- Ashish Bansal:** Our corresponding cost has also reduced. That's why the EBITDA and the cost is allocated between the segments. So, it is because of that only.
- Megh Shah:** And what are the reasons for the fall in the revenue?
- Ashish Bansal:** Falling in the revenue of air segment you are talking about?
- Megh Shah:** Yes, Air segment year on year basis.

- Ashish Bansal:** Yes, there is a decrease in take rate because of that, there is a decrease in revenue.
- Megh Shah:** Are we facing any supply side constraints from the air companies?
- Prashant Pitti:** No, there's no supply side constraint as such. The take rates have gone down by a bit but otherwise, supply side there's no constraints.
- Moderator:** Our next question is from the line of Manik Taneja from Axis Capital.
- Manik Taneja:** I actually wanted to pick your thoughts around the fact that some of your competition is talking about some competitive pressures because airlines on the direct channel essentially are providing lower pricing, given our dominance with some of these LCCs historically, how do you assume the situation on the domestic air side because of this phenomena? That's question number one.
- The second question was a clarification question. Those historically have been linked to incentives to the B2B channel partners. So, you've seen some sequential drop over there. Is that signaling a higher proportion of B2C business in the current quarter? That's the second question.
- And the third question was around our marketing expenses. We have seen a quarter-on-quarter drop there. How should we be thinking about these expenses going forward?
- Prashant Pitti:** Sure. Manik, I'll answer your questions in the order of the last question since I would remember that better. In terms of marketing expenditure, currently, you are seeing for the last quarter, it is about 0.8% of our GBR. We have always shared that we would want our marketing expenditure to vary anywhere between 0.7% to 1.1% of our GBR. So, it was actually in line. Some particular quarters, we go a little bit heavy. And as we find a good deal to sponsor to market, we do that. I think you should continue to expect us to be hovering anywhere between 0.7% to 1.1% of our GBR. That's the answer to your last question.
- Your second last question, your voice broke in between. So, I couldn't hear. I'll answer your first question and then you can ask the second last question again. At least at EaseMyTrip we do not see any pressure from the domestic airway side. Anyway, we are able to, as you could see in the results, in this particular quarter, we have demonstrated to exemplary normalistic results, which is our growth in international operations and our growth in hotel and holiday product.
- So clearly, we are getting very well diversified. In fact, even in terms of airline I believe now the number is 70%, 30%. 70% is domestic and 30% is international plus 10% is all other, except for flight plus now we have international operations as well. Which is adding up to numbers very significantly.
- So overall, we believe that it's not that we are highly dependent on the domestic numbers as we are diversifying very quickly. But otherwise, as well, we do not see any pressure from the domestic airline side.
- And maybe you can ask your second question again, which got omitted while you were speaking.
- Manik Taneja:** So basically, the second question was related to our other expenses. Our understanding is that this line item essentially linked to the incentive that we pass on to the B2B channel partners.

And we've seen a sequential drop here. So, does this mean that in the current quarter, we've seen a higher share of B2C business compared to the B2B business? That was the second question and the final question.

Prashant Pitti: The other expenses does not only entail the line item which you were mentioning, it is actually so many other admin-related expenses as well. So, the drop on that does not necessarily mean decrease in B2B business. It's basically, there were certain items as well, which happened in the last quarter, which in this quarter, we did not soak up those costs, which is why the other expense actually did not increase as much as it was in the last quarter. But it is actually not coming primarily because of the decrease in B2B business that is incorrect.

Manik Taneja: So, should the current quarter's run rate be the right run rate on a go-forward basis? or how should we be thinking about the differences?

Prashant Pitti: Correct. Other expenses in the last quarter was actually an exceptional item 1.7 %. Otherwise, our other expense should hover between 0.9% to 1.2%.

Manik Taneja: And the final clarification question was with regards to this comment that continues to appear in our notes to account about revenue recognition of close to about 100 million on a **(Inaudible: 17:54)** with an existing client, if you could provide more details as to what kind of engagement is this because of which we are recognizing almost 100 million of revenues every single quarter for the last, if I trust my memory, in about 5 or 6 quarters. And the last one was with regards to your **(Inaudible: 18:17)**.

Prashant Pitti: Manik your voice is breaking considerably. I'm supposing that you are not in a clear patch of line.

Manik Taneja: Yes. I'm on the road.

Prashant Pitti: It's really hard to understand. We will take your request into consideration and consider about providing more details about it in the next quarter onwards. That's the answer for the first one. And the last question, which you said something you we couldn't hear.

Manik Taneja: It was around the capital raise. This question was around the capital raise.

Prashant Pitti: Capital Raise, yes, we have the board approval to raise INR 1,000 crores. And the company and the team are considering utilizing and doing that capital raise in the next couple of months' time. As and when more decision is made, we will inform you.

Manik Taneja: But if you could talk about what kind of an acquisition are you thinking about given the quantum of the size of money?

Prashant Pitti: So again, everything will be presented to the board first, and then we will be able to share this information with the external board. There are some thoughts which management has in terms of acquisition. But first, it needs to be presented to the board.

Moderator: Our next question is from the line of Nilesh Doshi from Prospero Tree Financial Services.

Nilesh Doshi: My question is particularly for the business prospect of the OTA because how EMT is different from other competitors and particularly for air segment where the many OTAs are providing the same service of air booking. And in domestic market, there are very few Indigo and Air India, there are few number of airline companies operating.

So how EMT can increase their profitability because in such circumstances is airlines may not offer higher incentive on the one hand and on the other hand, the OTA like EMT has to offer either to maintain or increase market share, where EMT has to offer higher discount. In such circumstances, how our profitability will improve?

Prashant Pitti: I believe the question you're asking is with actually respect to the OTA industry not necessarily for the EaseMyTrip?

Nilesh Doshi: Yes. Absolutely. Because but EMT is a part of the one of the OTA and 80% to 81% of revenue is coming from the air segment.

Prashant Pitti: I'm happy to give you some color. However, I have shared this, the questions have been asked. We have answered this question earlier as well. But yes, at EaseMyTrip we have grown this company bootstrap never reached any capital and we have grown our position to become the second largest travel portal over the period of time by providing better services to the customer.

Among all the OTAs, which exist in the market, we are the only ones who run our own call center, our own chat support our own e-mail support. And by allowing customers to have better experience in the time of distress, when they are trying to cancel their flights and they're trying to reschedule it. We have maintained their loyalty and have had repeat transaction rate of more than 92%. Which means if you're using EaseMyTrip, likelihood of you continuing to use EaseMyTrip is above 92%, which is why the company has never burned capital, has always been profitable and has always grown profitably over the period of time.

And we look forward to continuing doing that. We are growing our market share as we speak. In terms of why airlines are incentivizing us because we are doing half of their job, the airline is a very, I may take this opportunity to explain that airline is a very operational heavy business where they have to be nothing but the gold standard of safety.

And hence, airlines are more than happy to have companies like us who are looking after the customer service and the technology part. And which is why they provide us the incentive and commission and we part away some of those incentives and commissions to the customers to attract them. And EaseMyTrip timely grew on the basis of not charging convenience fee for a very long period of time, which is why customers have found us to have higher level of integrity in terms of at least offering the prices to the customer.

These are the reasons EaseMyTrip is continuing to grow our business. As you can see, even in this particular financial quarter, year on year basis, our profitability has increased dramatically compared to the last year for the same quarter. So, these are the reasons why we are doing well. Thank you so much.

Moderator: Our next question is from the line of Madhuchanda from Money Control Group.

Madhuchanda:

What I understood from your numbers is there a deliberate effort to use some market share for the concern of profitability because we've seen good traction in now your hotels, holidays, etcetera, bought up well that has really contributed to your profitability. But my only concern, you can allay the concern is that if you take a stance of giving away market share to competition because competition has mostly grown their GBR anywhere between 17% to 20%, 21%, that is for you there is a kind of decline in the GBR, will it stand to impact business in the medium to long term? I've got one more question.

Prashant Pitti:

So, in the last 16 years of us running the company, I would like to state that we have always found a very good balance between being aggressive and being profitable. Since the company never raised any capital for the longest period of time, the only way we could survive was actually to tap into our infusion and care about growth in some years and care about profitability in some years.

We are in continuation of focusing on profitability at the moment. And Clearly, if we were growing every year, we would have become the largest already. But surely, it's not that in the 16 years, we have grown every year, every quarter dramatically. And hence, we believe that losing some market share for our competitors to gain in certain quarters really does not matter in the long run. What matters in the long run is if you can continue to do it in the most efficient manner and to continue to do it profitably and hence, have the confidence in you to tap in to grow the market share in consecutive coming months, that strategy works out really better for us.

We really do not think that losing certain market share or a couple of quarters make so much of different as much as to maintain the very good hygiene in the company and to maintain the culture of doing it profitably. And hence, yes, for the last one year, we have already said that we are going to be focused on the bottom line. And that bottom line focus is clearly showing.

You can see that our profitability even though the GBR did not grow by much year on year, our PAT grew by 36%. So clearly demonstrating our efforts towards the bottom line and also our efforts towards growing internationally and growing in non-air space.

Our growth, especially also growth on international side makes so much difference because now clearly, India is not the only place where we could grow. We really believe that Middle East and Europe could add a very substantial amount to our GBR in the next couple of years. We really believe that, especially since most of our competitors in Middle East and Europe are actually operating out of their locations, which are either Middle East or Europe and we have a significant cost arbitrage as our entire operations are run out of India. And that too since it is run out of India and also run by one of the most efficient OTAs in India which is EaseMyTrip.

So, the cost arbitrage improved dramatically for us as we compete against them in their market, which is European market and the Middle East market. So, our endeavour is to actually come in top 3 OTAs across the globe over the period of few years and rather than just be extremely focused on competing and growing our market share in one particular market.

Madhuchanda:

My second question is more out of curiosity. You mentioned about ONDC. So, I just wanted to understand what would be possibly the nature of relationship between an OTA like you and

ONDC. And since ONDC basically democratizes access of everyone, would it not be detrimental to the interest of a player like you?

Prashant Pitti: Very good question, but I would be jumping the gun if I were able to tell you exactly what the nature of partnership is. You would see in the next two weeks, you will see a big news come out between the ONDC and EaseMyTrip to reveal the partnership, which we are about to start. And you will see the benefit of why even though it is democratizing the Indian E-Commerce space EaseMyTrip will have significant advantage around it. So, I would let the next couple of weeks do the talking around it.

Moderator: Our next question is from the line of Raghav Malik from Jefferies.

Raghav Malik: My question is just with regard to the hotels and holiday segment. So, I think you seem like a pretty big increase in mix as well revenues from the hotel segment if it compares for us year on year. And we've obviously reported really good numbers on this quarter across GBR revenues, EBITDA. So, is there a conscious sort of strategy to increase share of the hotel business as a percentage of top line? And like how can we see this going ahead?

Prashant Pitti: No, absolutely. It is a part of a larger strategy, which we have been advocating since the time we got listed. At the time of listing, 97% of our business was flight business and 3% was everything else. And now that number stands at about 88% and 12%, I believe. And we believe that with our organic and inorganic approach in growing our non-air business, we should be sitting at 75%, 25% in the next couple of years. In terms of percentage of total business generated from either air or non-air.

And this number could very well be the number for our international and domestic business put together as well as we are growing in Middle East market, Europe market and the other market. I believe this number could also be the number for our international versus India business. So, it's a part of a larger strategy and I have already given you some indication of what that number should look like the next couple of years from our side.

Prashant Pitti: Okay. We can proceed with the concluding remarks in in that case. I believe the numbers were so good that there weren't that many questions from people this time.

Thank you all for joining us today. The quarter concluded positively and we remain optimistic regarding the robust growth trajectory for our wide range of services. We are excited about the opportunities that lie ahead of us. And with a very solid value proposition to sustain this performance. We look forward to meeting you in the next quarter. Please stay safe, healthy and please feel free to reach us in case any of your questions remain unanswered. Thank you again for coming this time.

Moderator: Thank you. On behalf of Easy Trip Planners Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.