



“Wonderla Holidays Limited
Q1 FY '25 Results Conference Call”

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MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator:

Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q1 FY '25 Results Conference Call hosted by ICICI Securities. 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 your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay. Thank you and over to you, sir.

Adhidev Chattopadhyay:

Yes. Good afternoon, everyone. On behalf of ICICI Securities, I'd like to welcome everyone to the Wonderla Q1 FY '25 results call today. From the management, we have with us, as always, Mr. Arun Chittilappilly, the Managing Director; and Mr. Saji K. Louiz, the Chief Financial Officer.

I would now like to hand over the call to the management for their opening comments. Over to you. Thank you.

Arun Chittilappilly:

Hi. Good afternoon, everyone. This is Arun Chittilappilly, Managing Director, of Wonderla Holidays. I warmly welcome all of you to discuss our Q1 FY '25 earnings. I am accompanied by our CFO, Saji and our COO, Dheeran. I hope everyone has had a chance to go through the results and investor presentation.

As we embark on this result earnings call, I would like to recall the previous year, which began with a strong start, maintaining our growth momentum established by the company in recent years. We found it difficult to grow on top of that because of external factors.

For the quarter, our revenue from operations amounted to INR172.9 crores, representing a 6% decrease. The quarter also saw the decline in our footfall numbers, which stood at 10.02 lakhs, a decrease of 9%. Footfall for the quarter were mainly affected by an unprecedented heat wave, water shortages and disruptions related to election activities, especially in our key markets like Bangalore and Kochi, leading to the decline.

Additionally, we also have observed some self-sluggishness in the discretionary spending following the third year of revenge tourism post-COVID. Despite these challenges, the quarter -- for the quarter, Hyderabad Park recorded highest revenue of INR53 crores since its inception for Q1, this is, again, a testament to our teams very hard work and dedication. Furthermore, we also have expanded our SMB offering, introducing new theme dining experiences to cater to the diverse base.

Our ARPU for the quarter stood at INR1,680, a growth of 3% Y-o-Y. The increase in ARPU was driven by mostly through non-ticket revenue. This encouraging response from walk-in groups and all aspects of our customer base. The ticket prices were slightly muted -- growth was muted mainly because we had to run a lot of extra offers to try and get back some of the footfalls we lost during the heat wave.

I'm also excited to announce that we have officially commenced operations at our fourth park in Bhubaneswar. This has -- this remarkable new destination stands over 50 acres. And it's an

inherently very beautiful place of Bhubaneswar. We've also -- this park is actually inspired by the region's rich history and vibrant culture.

Beyond providing exceptional entertainment, we are also committed to making a positive impact on the local communities. This new development is set to create approximately 450 new jobs, which we have already filled and particularly within the semi-skilled sector. Thereby offering valuable livelihood prospects for the residents of that area.

As for our Chennai project, we are in -- our initial work has already started from last March onwards. We hope to operationalize this park in FY '26, most likely December of 2025. We are also in talks with different state governments the help with new parks like Indore, Mohali, Noida and Ahmedabad.

As part of our expansion strategy, the Board has also given us approval to explore fundraising options to support our project for the next 7-8 years. We are excited about all the opportunities that are coming our way to set up new parks.

Looking ahead, we also have a very optimistic outlook for future growth. We are confident that we should be able to return back growth in our existing parks and also looking forward to the new parks.

So with this, I will conclude and I hand over to the CFO for the numbers.

Saji K. Louiz:

Thank you, Arun. Good afternoon, everyone and thank you for being here for our Q1 FY '25 earnings call. I'm pleased to present a brief overview of our financial performance for the quarter. Our revenue from operations for Q1 FY '25 stood at INR172.9 crores as compared to INR184.6 crores reflecting a de-growth of 6% Y-o-Y. EBITDA for the quarter stood at INR95.9 crores, down by 22% Y-o-Y. EBITDA margins for the quarter stood at 54%, degrow by 1,000 basis points on Y-o-Y basis.

Our adjusted EBITDA for the quarter stood at INR101.8 crores, down by 17% Y-o-Y basis. The profit after tax for the quarter stood at INR63.2 crores, degrow by 25% on Y-o-Y basis and PAT margins for the quarter stood at 36%, 800 basis points degrowth on a Y-o-Y basis.

Now moving to Park-wide footfalls. Our Bangalore Park, we saw a footfall of 3.58 lakhs, the Kochi Park received a footfall of 2.75 lakhs and Hyderabad recorded 2.99 lakhs. Our new Bhubaneswar Park saw a footfall of about 70,000. So looking ahead, we are excited about the endless opportunities and remain committed to continually setting higher standards and pushing the boundaries of excellence within the amusement park industry.

With this, I now conclude my speech and open the forum for Q&A session. Thank you.

Moderator:

The first question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna:

So Arun, I had just a couple of questions. Firstly, if you think about the footfall decline that you've seen during the first quarter, in particular, in Bangalore, almost 24% down Y-o-Y. So you -- what's your outlook for the rest of the year? And given at the start of the year, you would

-- sounded confident about sub-5% footfall growth and mid-teens kind of an ARPU growth. So do you think that given the trends that you are seeing in the month of July, potentially, you see similar trends for the rest of the year as well? Or there could be some slowdown on that bit?

Arun Chittilappilly:

So it's hard to kind of predict footfalls in our business because it's completely dependent on people's ability to move and wanting to go out. So for example, this last quarter, what has happened is, I mean, during the beginning of the quarter, actually in March itself, there was a heat wave alert and there was a lot of advisory things don't go out and then there was water shortage. So because of all this, we were also kind of -- we also -- we had to hold back some of our marketing also because that was the wrong time to say that come and enjoy in the water park and stuff.

So messaging wise also it was difficult. So these kind of challenges will happen. And actually, the majority of the decline happened in April. And in May, our decline in footfall was actually lower. And then again, June has been declined in some markets. So it's not the same in every park. So every park kind of behave differently. This time, obviously, Bangalore has been hit by the worst followed by Kochi and Hyderabad didn't really -- didn't have much of an effect. It did have some effect, but not much of an effect. So we were able to get some football back.

So my limited point is it's difficult to forecast how it's going to pan out. But if there are not too many adverse weather issues and some other -- anything that is adverse to travel in local travel, I think we should be okay. We are seeing some decline in especially Bangalore continuing until July also. But I think the rains also have been extremely strong and I'm sure you all know this also in the rest of the country as well.

So I think any kind of inclement weather will definitely see this kind of outing go down. There's only limited forecasting we can do on that. But if that is not the case, I think we should be able to track the numbers that we were confident about. And we are still -- we should still be able to claw back some of the numbers, at least before the year-end.

Karan Khanna:

Sure. My second question on the Odisha Park, given you have seen about 2 months of operations for the park. How are the footfalls?

Arun Chittilappilly:

38 days.

Karan Khanna:

Yes. So I think June and the month of July for last couple of months, the park has become operational. So how is the footfall trending on a month-on-month basis? And in the last call, you had indicated ARPU of about INR800 to INR1,000 for the park. Is that the trend for the rest of the year as well?

Arun Chittilappilly:

As of now, we are trending about 130% of footfalls in Odisha, but again, like I said, the first year is very difficult for us to predict. So it could go up and down. As of now, we are above this thing. Our ARPU is also higher. I think we are close to, what was it?

Saji K. Louiz:

INR1,300.

- Arun Chittilappilly:** INR1,300 is our ARPU. Yes, I think we had predicted only at INR800-odd I think. But -- so our ARPU is better than what we had proposed. But yes, these things will -- it will take about a year, 1.5 years for it to kind of stabilize the new park.
- Karan Khanna:** Sure. Sure. And then last question, with the elections behind us, any update from your discussions with state governments regarding future growth and pipeline?
- Arun Chittilappilly:** We are still awaiting. We'll let you know.
- Moderator:** The next question is from the line of Himanshu Upadhyay from Buglerock Capital Private Limited. Please go ahead.
- Himanshu Upadhyay:** My first question was, we have stated that Bhubaneswar has exceeded our expectations. So -- and the expectations on the pricing front, you have already stated that they are better. But in terms of footfalls, how are they? And what would be the goal you would like to set to achieve in Bhubaneswar in the next 2 years? Can it be like...
- Arun Chittilappilly:** Yes, we are expecting footfalls of roughly about 4.5 lakhs for the first year. And it should grow in double digits for the first 2 to 3 years. It should get to about 7-8 lakh visitors in about 4 or 5 years. That's what we are hoping to get.
- Himanshu Upadhyay:** Okay. And if you look at the population of Bhubaneswar area and near about, it would be very similar to Kochi, still in 3 to 4 years, do you think it will take more time to reach figures like Kochi because...
- Arun Chittilappilly:** It will take more time because I think Odisha is not as developer state has Kerala is. So I think demographics are slightly different. So I think we don't expect Bhubaneswar to perform as well as Kochi. Maybe it will be a Tier 2 city. And -- but at the same time, it will be profitable. And for us, it makes a lot of sense because it's for us, we've also invested less there. So it should be fine.
- Himanshu Upadhyay:** I was just getting curious because we are saying that ARPU is something like INR1,300, which is quite decent...
- Arun Chittilappilly:** Because it's the first year and we get a little early adopters who come to us, they will spend more. As time goes by, that ARPU might drop a little bit because people who come in the beginning, they are willing to spend more. That -- it's too early to kind of put a number on that right now.
- Himanshu Upadhyay:** Okay. And one more thing. The board has given us an approval for a capital raise. So would you like to first raise capital and then start 2 or 3 parks? Or you would like to first have land allotted and clarity and then would like to raise capital? Or how do your...
- Arun Chittilappilly:** We have 3 projects in the pipeline, so I think it's time for us to look at it. We'll keep you updated.
- Moderator:** The next question is from the line of Parth Nakum from R K Bhojani & Associates. Please go ahead.

- Parth Nakum:** My question was regarding that I have read the outcome of Board meeting of yesterday, which was about to raise the equity or debt or something fund for 7 to 8 years expansion plans regarding. My question was that what -- how much -- how many parks we are going to open for the 7 to 8 years? Or how much growth in revenue and EPS or cash flow can we expect for these 7 to 8 years period, what is the expectation we can keep on the company?
- Arun Chittilappilly:** We can't give you forward-looking EPS and revenue growth, but we'll tell you briefly what we are planning to do. Saji?
- Saji K. Louiz:** Yes. So we are planning to add up another 5 parks into the equity presently, we have about 4 parks operating and then 1 park is under construction, which is Chennai. And then additionally, 5 more locations, we are in a discussion at various stages with various state governments. So we have kept about 6 to -- maximum up to 20, 30 or maybe another 1 or 2 years here and the -- that's what we kept about 6 to 7 years of cash flow requirement for expansion purpose.
- Moderator:** The next question is from the line of Aditi Nawal from Rspn Ventures. Please go ahead.
- Aditi Nawal:** Congrats on the quarter. I just have a few questions. So beginning with Odisha Park. So the first question is that could you -- so you mentioned that there's an ARPU of about INR1,300 from Odisha park. So could you give early on split between what could be the ticketing versus the non-ticketing revenue?
- Arun Chittilappilly:** It's about 35% of INR1,300 comes from our non-ticketing revenue, rest from the ticketing revenue.
- Aditi Nawal:** Okay. And so exactly -- so as the earlier participant has also asked. So this park seems like -- it feels very similar to the Kochi park, except that it's in a Tier 2 city. So what kind of portfolio are you expecting in the sense of, is it...
- Arun Chittilappilly:** We've already answered that question just now. We are expecting roughly about 4 to 4.5 lakh visitors.
- Aditi Nawal:** No, I meant more in terms of qualitative, like is it the revenge tourism that we're expecting or what kind of...
- Arun Chittilappilly:** We are expecting people from within the state mostly and maybe neighbouring states. And people are coming for tourist activities and all that.
- Aditi Nawal:** Got it. And next is on the Chennai Park. So I think in the last earnings call, you had mentioned that the budget has already been revised to about INR500-odd crores. So are we online -- are we in the line of that? Or have you seen that?
- Arun Chittilappilly:** No further changes.
- Aditi Nawal:** No further changes. And the timelines are also intact?
- Arun Chittilappilly:** Timelines, there is some delay. We were supposed to open in June '25, but I think that will get delayed to about December '25 or maybe Jan '26, something like that.

- Moderator:** The next question is from the line of Natraj Shankar from DSP Mutual Fund. Please go ahead.
- Natraj Shankar:** The Odisha Park commencement, the upfront costs that you would have incurred during the quarter to start the operations. What -- could you sum it up? Is it possible to share that number? Because it would take some time, as you mentioned, the park to stabilize, but the cost is up front. And I just want to understand the impact on EBITDA for that.
- Arun Chittilappilly:** So the Bhubaneswar Park, we closed the total revenue of about INR9 crores and then our EBITDA from this park alone, which is about -- almost like a breakeven, about some INR85 lakh is the total EBITDA from this part separately. The cost-wise, we will have about INR1 crores of additional expenses towards the wages and then about some INR70 lakh, INR75 lakh of additional salary costs from this park. This basically is an operational cost for 38 days.
- And marketing, personally, we have done a marketing spend of about INR3.6 crores because it includes the launch expenses and all. So all put together about INR11 crores is what the total expenses, including our depreciation cost. Depreciation is about INR3 crores for these 2 months of operation, 38 days of operation.
- Moderator:** The next question is from the line of Tushar Agarwal, from Individual Investor. Please go ahead.
- Tushar Agarwal:** I have a couple of questions. First, can you give me a, like the number that -- our revenue breakup of group sales or the retail sales?
- Arun Chittilappilly:** I think our revenue for Q1 is roughly 80% is retail and 20% is group.
- Tushar Agarwal:** So like are you planning to like maintain this ratio or there's going to be change in the ratio?
- Arun Chittilappilly:** It changes every quarter. So right now, it's 80-20 and Q3, it will become 50-50 and Q4, it will become like 60-40. So it keeps changing every year -- every quarter.
- Tushar Agarwal:** Okay. And sir, my second -- okay. And sir, my second question is like according to what is our competitive advantage, like if we open our park in like in -- take in Rajasthan and where the other local party is like well established, like well settled. What is our competitive advantage for that?
- Arun Chittilappilly:** I think we will be able to give a much better experience, the kind of ride and attractions we have will be of a higher calibre and we'll be at -- come at a lower cost also. So I think -- also, we are not just an amusement park. We have -- sorry, we are not just a water park, we are an amusement park. So the way we do it is Wonderla as an Amusement park is slightly different from other players. And I think it's more of a value offering. And so that's -- I think that's our USP.
- Tushar Agarwal:** Okay, sir. Sir, can you -- any -- do you have any idea on repeated number of customers like...
- Arun Chittilappilly:** Sorry?
- Tushar Agarwal:** Repeated number of customers like in the all mature...
- Arun Chittilappilly:** It is roughly 50% for us.

- Tushar Agarwal:** 50%?
- Arun Chittilappilly:** 50
- Moderator:** The next question is from the line of Kruttika from Sharekhan by Bnp Paribas. Please go ahead.
- Kruttika:** I have a couple of questions. Firstly, would be on the margins for the current quarter. So we have seen sharp decline, so basically that is mainly due to the operation of the Bhubaneswar Park? Or are there any other factors for the decline?
- Arun Chittilappilly:** So we have 2 exceptional items in this particular quarter. So one was our ESOP expenses, employee stock option expense of about INR2 crores. And then the Bhubaneswar Park loan expenses were -- it was about INR3.6 crores. It was a onetime expenses, which is charged off to the P&L. Other than that, most of the expenses are general in nature. So there no measure additional exceptional expenses.
- Kruttika:** Okay. So the slide which mentions adjusted EBITDA, that is the EBITDA after exiting these 2 items, ESOP and one time for Bhubaneswar, is it right?
- Arun Chittilappilly:** Yes, it is about INR6 crores yes.
- Kruttika:** Okay. And so what is the margin guidance for the coming quarters, we are expecting to lower for FY '25, but if you have any specific guidance that you can give for the current year?
- Arun Chittilappilly:** You can just take the previous history, we try to maintain with the same levels on a quarter-on-quarter basis. But quarter-to-quarter, there will be some shift in the EBITDA margins as well as in the PAT margins. So we try our level best to maintain that. There could be some slightly changes considering the new park coming in and all.
- Kruttika:** Right. Okay. Next is for the -- about the footfall also, it's also maintained for the old past expect to grow by around 5% and the ARPU, we had given guidance for around 10% growth, is that to be maintained or any revision in that?
- Arun Chittilappilly:** The footfall growth this year because we've lost some footfall in the Q1, it will be -- we will try to kind of make up for the loss in the next 2 to 3 quarters and we might end up in a similar kind of footfall number to the previous year or maybe slight improvement also, but it's hard to predict at this point.
- ARPU growth, again, depends on the footfall. If there is pressure on footfall, then we will definitely reduce pricing and we'll do more offers. But if the demand is higher, then obviously, we will not do discounting. So it's hard to kind of predict how it will be. But we are not expecting a huge ARPU growth because we might have to do some discounting. We may not get 10%, 12%, you may get like 5%, 6% ARPU.
- Moderator:** Next question is from the line of Himanshu Upadhyay from Buglerock Capital Private Limited. Please go ahead.

- Himanshu Upadhyay:** My question was in the previous calls, we have stated that we are focusing more on retail versus group as retail is more profitable. But do you think if the footfalls are not increasing, we need to again focus more and more on group. What percentage of revenue was...
- Arun Chittilappilly:** See, it depends on the quarter. So the first quarter, we don't really get much groups. Q3 and Q4 is when we get the maximum number of groups. So there will definitely be a focus on groups and we are also doing a lot of things to kind of improve that. But every quarter is different, like, for example, like I said, Q1 is very low on group. So I mean, it's difficult to focus on a cohort which doesn't fire in that quarter. So we do it according to the demand that we see.
- Himanshu Upadhyay:** Okay. So the group business will be in the Q3, Q4?
- Arun Chittilappilly:** Yes.
- Himanshu Upadhyay:** And one more thing. Historically, we used to give that state-wise footfalls for each of the theme parks okay? So are we -- till to pre-COVID, okay? So are we back to those state-wise mix or still the mix is narrow or near the theme park...
- Arun Chittilappilly:** It changed over the years. I mean, every state-wise visitor, yes, it keeps changing. So every quarter it will keep changing. But more or less the same, we get most of our people from the home market itself.
- Himanshu Upadhyay:** And from Bhubaneswar, do you expect nearby markets of West Bengal and all those, how is the connectivity?
- Arun Chittilappilly:** We are getting people from North Andhra Pradesh and then some from Southwest Bengal and from Chhattisgarh, etcetera. So 500-kilometer radius is our operating range and that continues.
- Himanshu Upadhyay:** And the marketing means we have started that travel and tourism...
- Arun Chittilappilly:** Yes. We have a team in place and everything.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for the closing comments.
- Arun Chittilappilly:** Thank you all for joining our Wonderla Q1 FY '25 earnings call. We hope to come back and see you guys again in the next quarter with a better set of numbers. Until then, please take care.
- Moderator:** On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.