



“Wonderla Holidays Limited Q2 FY2022 Earnings
Conference Call”

November 11, 2021



MANAGEMENT: MR. ARUN K. CHITILAPPILLY – MANAGING DIRECTOR, WONDERLA
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MODERATOR: MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES LIMITED



Wonderla Holidays Limited
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Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q2 FY22 Results Conference Call hosted by ICICI Securities Limited. As a reminder all participants' lines will be in 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 '*' and '0' on your touch-tone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities Limited. Thank you and over to you sir.

Adhidev C: Good morning everyone. On behalf of ICICI Securities, I would like to welcome everyone today on the call. From Wonderla Holidays Management, we have with us Mr. Arun Chittilappilly - the Managing Director and Mr. Satheesh Seshadri - the Chief Financial Officer. Now I would like to hand over the call to the management for their opening remarks. Over to you, thank you.

Arun Chittilappilly: Thank you. Good morning, everyone. We welcome you to this conference call to discuss the second quarter results of the financial year 2021-2022. Hope everyone continues to stay safe and had a great festive season period.

Due to the second wave of COVID, our parks were closed from 19th April. In Q2 all of our parks remained closed in the month of July. As the COVID threat slowly reduced and economic activities gradually picked up again, we reopened our parks in a phased manner. After receiving all necessary approvals, Hyderabad Park reopened first on 5th August, followed by Bangalore Park on 12th August, and then Cochin Park on 1st September. So for almost half of the quarter, we didn't have the parks open. The parks were initially opened only on weekends and public holidays, while the Bangalore resort had resumed operations on 5th July. As we did previously on the first day of re-opening, we welcomed COVID Angels, the people who had gone out of their way to help other people during the COVID second wave. We welcomed them and their families by providing complimentary passes as a gesture of thanks. We were overjoyed as this initiative was very well received and admired by them. We had a huge number of



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attendants. We had about 2,500 people at Hyderabad, about 4,400 people at Bangalore and about 3,300 people at Cochin.

In the quarter, we prioritized and achieved a hundred percent vaccination for our entire staff, including both on roll and off roll employees. We continued to improve our engagement with the customer base and launched attractive offers throughout the quarter for various events like Engineer's day, Daughter's Day, Grandparent's day. We also did a buy one get one ticket free for elders. All these activities got an encouraging response, and it helps us to motivate people to come to our parks again. Now we see a tremendous desire in people to venture out again, after being confined indoors for a major part of two years. We see a huge demand coming back. After the introductory offers and phased opening, we resumed full-scale operations and normal ticket prices from September in Bangalore & Hyderabad and resumed full operations for all days in Cochin only in November.

In Q2 FY22, the total footfalls across our parks were 1,47,000. The gross revenue was about Rs. 18 crores and EBITDA loss was about Rs. 3.5 crores. As the majority of our population gets vaccinated, gradual unlocking increases, and COVID-related restriction reduce, we are on track to reach normalcy, with many other industries already at pre-COVID operating levels. As the third quarter is filled with festivities and pleasant weather, our parks are sought-after destinations for people to come out and celebrate. And we are already witnessing improving traction and are very optimistic about resuming full-scale operations very soon. We thank you all for your continued support and look forward to seeing you in our parks.

We can now proceed to Q&A. Thank you very much.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.



Kaustubh Pawaskar: My question is, since you have now commenced operations fully, do we have any restrictions on the capacity per day, considering the fact that demand is going to be strong, people want to move out?

Arun Chittilappilly: There are still restrictions. The government order says we should not run at full capacity. So, we are still running at half capacity as abundant caution. But in some markets the restriction like for example, in Karnataka the restriction has been already lifted. We are allowed to operate at full capacity. Cochin continues to be at the half, and I am not sure about Hyderabad. Sathesh do you have any data on that?

Sathesh Seshadri: We can operate sir.

Arun Chittilappilly: Yes, we can operate at full capacity. So, except Cochin, we are allowed to operate at full capacity. Kerala market is also slowly seeing a recovery. So, we expect restrictions to go off soon. But even with this like, 6,000 capacity is still a huge number for us. So, we are not really concerned about that at this stage because we are still in the ramp-up of demand. So, it is not a concern for us.

Kaustubh Pawaskar: In this quarter we have seen a lot of extended weekends. How was the festive season, were the footfalls strong, during the festive times in Bangalore and Hyderabad?

Arun Chittilappilly: During the festive season, Bangalore has outperformed compared to pre-COVID, Hyderabad also performed decently. But like I told you earlier, Cochin is still reopening. We just resumed full operations only for the last 10 days. Cochin is seeing pretty good numbers but it is still too early to say for Cochin. It is just that we're not open every day during Q2 but for example, on Dussehra, Diwali we were open every day. So, we are quite happy with the way the numbers turned out. Of course, we will get to see that next quarter.

Kaustubh Pawaskar: On the ticket prices, the introductory price was around Rs.799, but now have you increased the prices or still you are working on Rs.799?



Arun Chittilappilly: Yes, we have increased our prices. We are not fully to pre-COVID prices yet. But we are almost there, may be a 4-5% difference. But that also will be changed in the coming months.

Kaustubh Pawaskar: So, 4-5% lesser than the pre-COVID prices. Is that the right understanding?

Arun Chittilappilly: Yes.

Satheesh Seshadri: Currently the prices for weekdays is Rs. 999 and weekends is Rs. 1199. What is important for us, is the average ticket price.

Kaustubh Pawaskar: What is the pre-COVID prices?

Satheesh Seshadri: Pre-COVID prices varied across parks. Bangalore is higher, but the other two parks are in the same range. The Cochin and Hyderabad Park is about Rs. 999

Arun Chittilappilly: We have still about maybe Rs. 50-Rs.100 where we can increase.

Satheesh Seshadri: ...in the case of Bangalore Park and then the other two parks.

Arun Chittilappilly: So, we still have a little bit of headroom to increase the ticket prices and as demand is growing, we are going back to pre-COVID prices.

Kaustubh Pawaskar: Anything on the bookings, like how things are for the quarters? As you said that you are seeing a pickup in demand, but how are things on the booking front like on your digital platforms, and what tractions?

Arun Chittilappilly: Yes, it is all doing extremely well. Now we get almost one-fourth tickets booked from our website, which is a huge change compared to pre-COVID. Almost 24% of the bookings come through online. So, as Satheesh said, that also helps us improve our average ticket price, average revenue per user. So, those are encouraging times.

Moderator: We have the next question from the line of Meet Jogani from PS Associates. Please go ahead.



Meer Jagani: We used to have a constant ticket price increase over the year. Are we maintaining that policy, like 10-15% increase every year?

Arun Chittilappilly: No, we don't do 10-15% every year. We usually do 5-7%, maybe little less than inflation. we will be able to do that, because in all the markets that we operate, we are the top choice and we are probably about 15-20% more expensive than the next best amusement park. But that is a reasonable gap because our offering is also very superior. So, we can command premium pricing.

Meer Jagani: What were the average footfalls in this quarter and compared it to a pre-COVID level was it the same or below pre-COVID levels? The average footfalls.

Satheesh Seshadri: We worked for about four days a week initially, for the Bangalore and Hyderabad parks and Kochi park also. September onwards, we worked all the days for Bangalore and Hyderabad parks. And taking the number of days worked for FY22, this quarter we recorded average footfalls about close to 2,000 in the case of Bangalore Park, and 1,100 in the case of Hyderabad Park. Kochi Park, we are close to about 900 footfalls. Bangalore Park in pre-COVID level for the entire 92 days was about 1,500 and Hyderabad Park was about 980 and Kochi Park was about 1,300. So, Bangalore & Hyderabad Park footfalls were more than the pre-COVID level.

Moderator: We have the next question from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh: You mentioned that 24% of the customers are coming directly to your website for buying the tickets. I missed the pre-COVID number. What was that number for this metric?

Arun Chittilappilly: About 10%.

VP Rajesh: As you were saying that Bangalore and Hyderabad are seeing pre-COVID footfall levels so, what is the thinking on increasing the pricing now, given that there is significant inflation in wages as well as other supplies?



Arun Chittilappilly: We are planning to do another price hike in Q3. We will do that whenever there is a need. And we have not reached a pre-COVID prices yet. So, because of that, there is still some headroom for us to do that, and so we are doing it gradually.

VP Rajesh: So, by Q4, assuming there is no third wave, you will be sort of back to normal pre-COVID operations?

Arun Chittilappilly: Yes. So, we are hoping that by end of this financial year, if there is no third wave, we should be able to get to pre-COVID or even better. That is what we are hoping for. Let us see.

VP Rajesh: I remember that you were doing some interesting experimentation with your foods business, when we met about two years ago.

Arun Chittilappilly: We did that as an experiment and once our parks resumed the full operation, we decided to discontinue it as we were understaffed when we re-opened our parks. During COVID we had drastically reduced our staff size and we also had salary cuts. Once we re-opened, we had to start hiring. So, we decided to put a pause on that. We are now focusing on bringing those offerings to our parks directly instead of doing it as a cloud kitchen. That has been helpful for us because we have a food lab where we experiment on new food and pricing and fun foods etc. So, we are continuing in our parks, we are not doing it outside.

VP Rajesh: On the food business, what was the percentage of revenue from PAT versus pre-COVID level in this quarter or let's say in the month of October?

Satheesh Seshadri: We recorded about Rs. 810 average ticket price during the quarter, as against Rs. 796 in the Q2 FY 2019-2020. We recorded about Rs. 298 spend per head on the non-ticket revenue this quarter as against Rs. 278 during Q2 FY 2019-2020. As you know, in FY 2020-2021 the parks were closed on account of COVID. So, the comparative figures are for only 2019-2020. So, we were close to those two numbers. Due to higher walk-in, we were able to record higher ATP or realization of the ticket price.



Moderator: We have next question from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: One of the entertainment parks, Nicco was sold or I suppose there was a resolution. Did we participate in this deal? And if yes, then did we miss out for any parameters? The reason why I am asking is this park seems to be closer to our operating models versus other parks. So, some thought process into this.

Arun Chittilappilly: No, we have not looked at Nicco Park, because it is a Government joint venture and, their ATP is very low compared to ours. Our ATP as Satheesh just told you is about Rs. 800-Rs. 900. So, they are not direct comparable. Nicco is a very small amusement park compared to us. So, not of interest to us.

Anuj Sharma: But was there a scope for us to take over and maybe increase it, or that would have been a difficult journey? And in relation to that, are we also evaluating because there might be some stress and we have been talking about it for some time. Do you see some stressful opportunities in the sector?

Arun Chittilappilly: There are a lot of amusement parks that have come for sale. Nicco, couple of parks in Delhi, there is Imagica in Bombay, there is one more small park in Bombay, then the bunch of parks in Tamil Nadu. So, there have been a few. It is just that when we evaluated them, most of them were not fitting our business model or they were too expensive or they had other issues which prevented us from taking over. So, we don't want to buy any of them out as of now, but we are willing to do a revenue share or an operating model in some of these parks. So, we put forth some of those proposals. We don't know what is happening yet because it is a long-drawn process and some of these projects are in NCLT. So, not yet conclusive but let us see what happens.

Anuj Sharma: So, if I may assume that despite such stressful scenarios, if we were not able to, for whatever reason and be fairly clear that we will mostly beyond the organic path rather than any of these inorganic, is that a fair assumption?



Arun Chittilappilly: We are mostly focused on our own expansion plans because we like to do Greenfield projects. For example, we were invited to do a park in Chennai, we have been invited to do a park in Orissa, and we have also been invited by the Gujarat government to do something in Ahmedabad. So, we do have a few offers like that. So, we are trying to see how we can revive those. On top of that we have distressed assets up for sale etc. We are evaluating all of them, I don't know, it just depends on what finally works out for all parties interested. Hard to put a finger on it and say that we will not do it, but of course like you said, we would prefer to do our own projects as and when all the clearances are approved. We would prefer that because we are specialized in designing our own parks and building them at a very low cost compared to competition. So, some of those advantages will not be realized if we take over other parks. So, that is the way we look at it.

Moderator: We have next question from the line of Piyush Sharma from Minerva India Under-Served. Please go ahead.

Piyush Sharma: Question to Satheesh sir. So, I know that there are a lot of moving parts here, your ATP is an average of Rs. 810 versus almost say about Rs. 1000 in September, number of days of operation, specific days of operation in a week, F&B mix etc. etc. So, many moving parts here, some sort of a pro-forma would be helpful. If you were to hazard a guess here, if it was Rs. 17 crores of revenues in a quarter, let us say if the entire quarter was similar to September, what would that number look like? It seems to me like back of the envelope calculation will give me somewhere north of Rs. 40 crores.

Satheesh Seshadri: See we had two parks working for four days, as you said correctly, and Kochi Park was not operational on all the days in September, and the other two parks were fully operational and ticket prices also we had differential ticket prices. And whenever we work in such situation, we also try to optimize the cost in terms of the manpower cost and requirement in utilities and other things. But when you work on a full-fledged park, the dynamics are totally different, which you have correctly put it. But looking at the equation and how we fared, if we reach more than one lakh footfalls we will be close to



the breakeven. So, coming to the September, we recorded about 94,000 footfalls for the month of September. So, we were close to the breakeven that time. Hope it answers.

Piyush Sharma: Sort of. So, what you are telling me there is 2/3rd of your all footfalls for the quarter came in September month alone.

Satheesh Seshadri: Yes, because see August we opened, 5th of August in Hyderabad and Bangalore we opened only on 15th and they were operating only four days a week. So, we had only 54,000 footfalls in August and 94,000 footfall in September while Kochi was not operational, but we carried the cost. September month we were close to 94,000 which is close to a lakh.

Piyush Sharma: So, let us say if 2/3rd of your footfalls were in September alone and that month definitely at higher ATP than your quarter average, that month had higher days of operation per week than the quarter average, and had more weekends than a quarter average. My guess is almost 80% of your revenues were booked in the last month of the quarter. Would that be fair assessment?

Arun Chittilappilly: Not 80%. I would say 60% of our revenue came from September.

Satheesh Seshadri: 2/3rd came in September and 1/3rd in August.

Arun Chittilappilly: And 0 in July.

Piyush Sharma: That is correct. Of course you were not there in July. So, 94,000 or 1.47 lakhs, it is only in the two months, got it. Another question on COVID F&B restrictions what are those restrictions specifically?

Arun Chittilappilly: Right now we don't have any restrictions on COVID, in two parks. In Kochi we have a capacity restriction of about 6,000 visitors max per day.

Piyush Sharma: I am talking about F&B only.



Satheesh Seshadri: Initially when we opened the park, only in Kochi Park we had the F&B restriction, on the seating capacity and the table arrangement and other things. But that is also removed by now. So, we don't have any restriction in the F&B now.

Moderator: We have next question from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Yes, just wanted to understand on the Chennai Park, any thought process like, still in a wait and watch mood or you would like to go ahead with that project?

Arun Chittilappilly: No, we have not yet taken a decision because we are still waiting on the Government to get back to us on our proposals. Whenever we have some information, we will definitely intimate to all of you.

Kaustubh Pawaskar: And, similarly on the Orissa Park anything on that front?

Arun Chittilappilly: Yes. Orissa also they are very keen for us to start. But we have internally taken a decision not to start any new projects in for the remainder of this financial year, because our focus is entirely on reviving business, and that is what we are doing right now. We will only do the new projects in FY23.

Kaustubh Pawaskar: Anything on the international parks like, they have been open for a while now and how things are looking over there which will give us a sense for how Indian parks will be shaping up over a period of time? Anything on the international, especially the ones which are the old.

Arun Chittilappilly: The international parks, especially in countries where COVID has been contained properly, are seeing a huge resurgence of visitors. In fact, records are being broken in some of the parks, especially China I am hearing that a lot of the parks have been full. But then again now they have restrictions. So, there is no direct comparison. We hope that if things improve and we are allowed to stay open and there is no third wave and there is no craziness, we should have a very good ramp up of footfalls in all our parks.



Kaustubh Pawaskar: Currently whatever footfalls you are receiving in all the three parks are not in groups. Those are the visitors who are coming on that particular day. Groups may take some time to come back on track, right?

Arun Chittilappilly: We are getting groups, by December the group season will be over. So, this year we are not expecting many groups. We are also getting groups, but not like previous years. But more than made up by retail footfalls.

Moderator: We have next question from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh: I just have a follow up. If you can share the footfalls for the month of October.

Arun Chittilappilly: We can't share that right now, we are talking about second quarter, right?

VP Rajesh: Right. Was it at a breakeven level or if you can just give us some idea.

Arun Chittilappilly: Yes, it is well above that.

Moderator: We have next question from the line of Piyush Sharma from Minerva India Under-Served. Please go ahead.

Piyush Sharma: Just a quick follow-up on Bhubaneswar. I know that there were very extensive discussions and the Government was willing to give much more sops than we had received earlier, on the other parks. Any update there? I know that you have got a lot of stuff to do on the Chennai to begin with, any which way, but any more discussions on Bhubaneswar side.

Arun Chittilappilly: The Orissa Government has been very proactive. They are willing to give us free land, free water connection & electricity connection. I mean, there is lots that they are doing which no other state has done. So, that way we are very happy. We are still discussing when we should start and what are the parameters. At some point we will intimate you when there is a final decision and once we go ahead with the project.



Piyush Sharma: So, the only reason I specifically asked about Bhubaneswar, is because Bhubaneswar is one of the, “more conservative state in COVID, something in line with Kerala”

Arun Chittilappilly: No, not really. They are very keen. They want us to start tomorrow if we can, but we are not able to do it because we are trying to revive footfalls. We have other priorities right now. But once we have some more free time, once the parks are fully operational and footfalls are fully back, at that point we will start on. So, right now, the negotiations are going on. We are very keen to do the project and they want us to do the project. So, that part is clear but the rest of it, I mean there are other things that we need to finalize before we can go ahead.

Piyush Sharma: Finally, just a bookkeeping question. On your group bookings, could you confirm pre-COVID schools were what percentage of group walk-ins?

Arun Chittilappilly: I think, for example, Q3 or Q2, we used to have almost may be 25-30% or even 40% of the footfalls from groups. Now this year has been less than 10%.

Piyush Sharma: No, I am asking what percentage of groups were schools specifically.

Satheesh Seshadri: Most of the groups that come to us are schools, about 75% of them are schools.

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

Arun Chittilappilly: Thank you all for joining the con-call and we hope you continue to stay safe. And we are optimistic that, footfalls and revenues for our sector will improve and we are already seeing that and hope to see you guys next quarter. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.