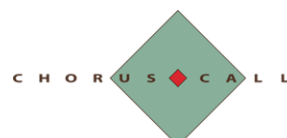




“Wonderla Holidays Limited
Q2 FY ‘24 Earnings Conference Call”
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MANAGEMENT: **MR. ARUN CHITILAPPILLY – MANAGING DIRECTOR –
WONDERLA HOLIDAYS LIMITED**
**MR. ARUN SREENIVASAN – DEPUTY GENERAL
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MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator:

Ladies and gentlemen, good day, and welcome to Wonderla Holidays Limited Q2 FY '24 Earnings Conference Call hosted by ICICI Securities. Please note that the duration of this call will be 30 minutes only. 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 from ICICI Securities. Thank you, and over to you, sir.

Adhidev Chattopadhyay:

Good morning, everyone. On behalf of ICICI Securities, I'd like to welcome everyone to the Q2 FY '24 Results Call of Wonderla Holidays Limited. Today, from the management, we have with us, as always, Mr. Arun Chittilappilly, the Managing Director; and Mr. Arun Sreenivasan, the DGM, Finance and Accounts.

I now like to hand over the call to the management for their opening remarks. Over to you, sir. Thank you.

Arun Chittilappilly:

Hi. Good morning, everyone. Thank you, Adhidev. Good morning, everyone, and thank you for joining the call today on the joyous occasion of Dhanteras. On behalf of Wonderla Holidays, I would like to wish all of you happy Diwali and extend a warm welcome to all of you to discuss the Q2 and H1 FY '24 results.

We started FY '24 on a strong note with great performance and scaling new heights in Q1. Our EBITDA, PAT was the highest since inception. I'm pleased to inform you that the growth trajectory continues for us. In Q2, we witnessed a remarkable 17% growth in our revenues, which stood at INR 81 crores. This is a good achievement for us typically in Q2 because of the lower seasonality at this point. This shows the faith and enthusiasm of our visitors choosing Wonderla as the first-choice destination for thrill and adventures.

Our strategies in digital marketing have been giving us remarkable results, enabling us to reach higher paying customers and with the relevant promotions and effective campaign. During the quarter, we undertook different marketing campaigns to highlight festivities and events....

Moderator:

It seems that we have lost the connection for Mr. Arun. Please stay connected while we reconnect him. Thank you. Ladies and gentlemen, thank you for patiently holding. We have the line for the management reconnected.

Arun Chittilappilly:

Sorry about that. So, as I was saying, I think we did a lot of digital marketing initiatives to enable us to reach our audience, and we did a lot of festivals and events like Independence Day, Chaturthi -- Ganesh Chaturthi, Onam, etc. So, we had pretty good numbers during the quarter, especially during the festive season.

The total footfall in our parks stood at 4.96 lakhs, 6% growth Y-o-Y. Bangalore park's footfall of 2.07 lakh visitors; Kochi Park registered a footfall of 1.8 lakhs; and Hyderabad got a footfall of 1.05 lakhs. Hyderabad is the only park which has shown a slight degrowth. But footfall for H1 stood at 15.9 lakhs versus 15.8 lakhs in H1 FY '23, registering footfall growth of only 1%.

Park-wise footfall in the first half, Bangalore recorded a footfall of 6.7 lakh visitors, Kochi had about 5.03 lakh visitors and Hyderabad witnessed about 4.2 lakh visitors. With the improving weather and the festive season in Q3, we anticipate better footfalls in the coming quarter. We have implemented multiple strategies to spur growth in non-ticket revenues.

Consequently, our ARPU for Q2 FY'24 increased by 9% and stood at about INR1,440. ARPU for H1 FY'24 is at INR1,568 registered a healthy 20% growth Y-o-Y. We endeavour to provide thrilling experiences to our visitors and are always looking at the innovative ways to ramp up mojo. So, during the quarter, we launched 2 new attractions at Hyderabad Park, Drop Loop and Rainbow Loops. These are slides imported from a very prestigious manufacturer in Turkey.

Our Hyderabad Park also won the Best Innovation Award for Mission Interstellar ride from Department of Tourism of Telangana government. The construction of our Odisha Park is progressing at a good pace. I'm happy to announce that after receiving all the necessary approvals from Tamil Nadu government, we have commenced the construction of our park in Chennai.

So, we just started doing preliminary work like -- construction of our workshops, etc. We are also exploring opportunities to establish amusement parks in different parts...

Moderator: Mr. Arun your line is not audible. Ladies and gentlemen, we have again lost connection from Mr. Arun. Please stay connected while we reconnect him to the conference. Ladies and gentlemen, thank you for patiently holding. We have line for Mr. Arun reconnected on call.

Arun Chittilappilly: Yeah. We've done an EBITDA of about INR 26.6 crores against INR 23 crores, 15% growth. Then about INR 13 crores of PAT, which is a growth of about 28%. Now moving to half yearly. Our revenue for first half is about INR 271 crores versus INR 222 crores in the first half of FY '23, clocking a 22% growth. EBITDA is INR 149 crores and grown by 27% Y-o-Y and EBITDA margin stood at 55% and increased 200 basis points Y-o-Y. We have delivered a robust growth in profit after tax for H1 registering INR 98 crores versus INR 74.9 crores. The PAT margin is 36%, -- 200 bps growth.

As we continue to be debt free, we can ensure the ability to make strategic investments and maintain high profitability. We thank you for your unwavering support and hope to deliver value to you in long term.

With this, I conclude my speech and wishing all of you happy and prosperous Diwali once again. Now we can open for Q&A, please.

Moderator: First question is from the line of Jaiveer Shekhawat from AMBIT Capital.

Jaiveer Shekhawat: So, Arun, my question is in relation to the kind of expectation you have for footfall growth next year given that next year there won't be a high base. And any plans of expanding or adding more attraction at your existing parks to drive that footfall growth in FY '25?

Arun Chittilappilly: Yes. So, we should -- see this year, we are kind of coming back to kind of a normalcy kind of year for us. So that's why we didn't expect any footfall growth. So next year onwards, we are expecting footfall growth because we are introducing more attractions, like I already said, we

opened a couple of attractions in Hyderabad. We are adding 1 more attraction in Hyderabad before the end of this year.

Bangalore is getting a very big attraction with about an INR 30 crores investment, which is like our virtual reality show, Mission Interstellar, which we already have in Hyderabad, we don't have it in our biggest park. So -- we are doing some of these investments, so you'll see the capacity of the park, especially Bangalore also will go up a little bit.

One of the issues we have in Bangalore is capacity, especially during peak months. So, we need a big new ride to kind of soak in more people. So that's why we are doing this. So yes, so like that, we are -- all 3 parks will see good investment for the next 1, 1.5 years to kind of grow ourselves a little bit and be able to accommodate more people. So that's going to happen here.

We'll be able to do -- we are expecting to get back to like a 5% to 6% growth in footfall per year kind of a thing, which is what we are looking for. It's unrealistic to expect more than that because -- sorry?

Jaiveer Shekhawat: That's excluding Chennai and Odisha Park...

Arun Chittilappilly: Yes, yes. And yes, yes, it is excluding Chennai and Odisha. So, it's unrealistic to expect more growth in Bangalore and what do you call it, Cochin, but we are kind of not happy with the performance of Hyderabad. We do feel there is more that we can unlock. Therefore, we are looking to see whether we can get a higher growth of footfall in Hyderabad. So that's something we're working on.

Jaiveer Shekhawat: Sure. That's very helpful. And secondly, we heard about the bomb blast at the convention centre in Kalamassery, Kochi. So, was there any impact on footfalls in Kochi during the third quarter because of that?

Arun Chittilappilly: We had an impact for about a week. I think a lot of groups, especially schools and colleges and all they were, I think, cancelled for about a week, but they have come back since then. I think that has kind of -- that died very quickly. So not a long-term impact.

Jaiveer Shekhawat: Sure. And also in your recent interview, you have mentioned about opening your Odisha Park by June of '24. So, could you talk about your pricing strategy there and your expectation of footfalls during FY '25 from the Odisha Park?

Arun Chittilappilly: See, our pricing strategy in Odisha still being evolved, but I think we should be able to price it about 30% lower -- 30% to 40% lower than our full parks, full-size park. So, because of that, I think we should be able to get the decent footfall. Arun will be able to give you some -- what modelling we have done in terms of footfall for the first year? I'm not sure what the exact numbers. Arun?

Arun Sreenivasan: Yes. Sir, about 6 lakhs footfall is what we have tried to project...

Arun Chittilappilly: 6 lakhs, that's what I also thought.

- Arun Sreenivasan:** In the first year, and as you said, 30% lower, i.e., 70% of Bangalore will be the pricing that we have planned. So, we are expecting that to work out.
- Jaiveer Shekhawat:** Sure. And could you just...
- Arun Chittilappilly:** So maybe we will -- to start off, we will be aggressive with pricing. So that depends on the marketing strategy that we take that, still not decided how we will do it. So, it could fluctuate a little bit. Our pricing might be a little more aggressive in the beginning, like an opening period and things like that. Yes.
- Jaiveer Shekhawat:** Sure. Sure. That's helpful. And could you just detail how much of Capex on the Chennai and Odisha Park has already been incurred until date?
- Arun Chittilappilly:** Arun, you can just give an update.
- Arun Sreenivasan:** Yes. So, until date it is INR 48 crores for Odisha and INR 113 crores for Chennai. That's what we have incurred till date.
- Jaiveer Shekhawat:** And lastly, in terms of your discussion with various state governments....
- Moderator:** Sorry to interrupt, Mr. Jaiveer, may we please request you to rejoin the queue as there are several participants waiting for their turn.
- Jaiveer Shekhawat:** Sure, no worries.
- Arun Chittilappilly:** Yes. Two questions, maximum please per participant.
- Moderator:** Ladies and gentlemen, due to lack of time, we request the participants to restrict your questions to 1 per participant. Next question is from the line of Angad Katdare from Monarch Network Capital.
- Angad Katdare:** Happy Diwali and congratulations on a good set of numbers. I have a small question. Just a follow-up on the previous participant. Regarding the Hyderabad footfall, can you just mention the reasons why we saw a slight degrowth of flat numbers compared to the other 2 parks?
- Arun Chittilappilly:** Yes. So, for us, Hyderabad is still evolving market, where our strategy needs to be a little more aggressive there. Whereas in Cochin and Bangalore, we are very well established already. Like we've been there for more than 15 years kind of thing, right? So, I feel like our strategy needs to be a little different because we still feel our footfall -- like our retail footfall is not as high as it's in the other 2 parks. So, we need to work a little bit more. So that's why I said that I'm hopeful that by next year, we should be able to change that trend.
- Angad Katdare:** Okay. And just 1 small question. Can you just provide the breakup of ticket and non-ticket ARPU and for footfall walk-in and group ratio for Q2?
- Arun Sreenivasan::** Yes. So, for Q2, the group versus walk-in ratio is 31:69 versus 24:76 in the last quarter of FY '23. So, there is more contribution from the group. So, there is a 37% increase in the group contribution in Q2. And walk-in share has seen a degrowth of about 4%. In terms of breakup of

ARPU, INR 1,048 is the ATP and INR 392 is SPH, put together is INR 1,440. So, SPH has seen a tremendous growth of 15%, and ATP has seen a growth of 7%, put together is 9% growth over the last year.

Moderator: Next question is from the line of Kaustubh Pawaskar from Sharekhan.

Kaustubh Pawaskar: Sir, just a couple of questions. One, on the employee cost. This quarter the employee cost was higher. So, any particular reason for it or...

Arun Sreenivasan: Employee cost compared to June or is it compared to the last year?

Kaustubh Pawaskar: Compared to last year.

Arun Sreenivasan: The employee cost has gone up because of several reasons because we have given increments. There are new roles added, new positions have been added in the current year. The managerial remuneration has increased. So that's why you are seeing a kind of increase there. Compared to Q1, we are down in fact. That is basically due to the commissions and profitability.

Kaustubh Pawaskar: And one last one on the second half -- for the last year, we have seen a substantial increase in the footfall. So, considering that this year -- considering the high base, should we assume flattish kind of footfalls or still you expect that there will be a low to mid-single-digit kind of a footfall growth?

Arun Chittilappilly: See, this year we are not expecting growth in footfall to be very honest. We expect some minor growth here and there and some seasons and all that because last year, the base is so high, right? So -- and this year, things are mostly more everything has gone back to normal. So that effect will be there. But at the same time, it's not as bad as -- at some point, we thought we were not sure it will be -- it's not as bad, so it's pretty good. We're able to improve -- at least keep it in a steady state.

This quarter, we should be able to grow a little bit more, I think, better because we are -- groups are also coming back this year in a much bigger way. But can't predict for the remainder of the year. And I feel next year onwards, we should be able to show some growth because, again, we are adding new rides. There'll be slightly more aggressive marketing, especially around launch of new rides and all that. So, all that will create more buzz and we should be able to grow a little bit next year...

Kaustubh Pawaskar: And any finalization of talks with any of the states where you expect to open a new park?

Arun Chittilappilly: We'll keep -- we are talking to various state governments. I think we will be announcing something soon. Right now, nothing because in a lot of states are going into election and all that. So, there's no update as such, but we will definitely -- I mean, we are meeting -- we have actually been talking to many state governments. So actively, we are talking to Madhya Pradesh. We are talking to Punjab. We're talking to Uttar Pradesh. We're talking to Gujarat. So, these are the governments that we are talking to. As and when there is any update, we'll definitely keep you posted.

- Moderator:** Next question is from the line of Devang Patel from Sameeksha Capital.
- Devang Patel:** Sir, the ARPU growth Y-o-Y in Q1 was much stronger at 25%. In Q2, it is at 9%. So what is the outlook for ARPU growth this year? And on a related note, there is an ATP decline in all 3 parks sequentially. Is this part of seasonality and the mix change? Or you'd say you had to take a higher ticket price cut, then you were expecting to encourage footfalls?
- Arun Chittilappilly:** No, no. So, this is in line with how pace because Q2, for us, I said like Arun has already told you, we had a higher growth in groups and that's a seasonally weaker quarter for us. So sequentially, ARPU will decline because Q1 has high prices and Q2 lower prices and the growth of group footfall. So that's completely normal. So, for us to get a 9%, 10% growth in our Q2 is actually pretty good ATP growth. So, I think it's okay. Yes.
- Devang Patel:** And for the rest of -- in the second half, roughly, this kind of growth in footfalls and ARPU one can expect to continue?
- Arun Chittilappilly:** We should be able to start growing a little bit more during the next seasons and all. I think we'll see, I mean, hard to predict. But I think we should continue along this kind of a path, maybe flattish growth or slightly some -- you might see some bumps in footfalls here and there during -- but it is hard to predict because -- it's too early to say how the quarter will -- or the rest of the year will -- so yes, it's hard for us to give a number on it or anything, but we should do this way or slightly better than what we are doing so far.
- Devang Patel:** Okay. Sir, and very quickly, the reason why the Bangalore Resort revenue and occupancy is down Y-o-Y?
- Arun Chittilappilly:** So last year, this time, we had a lot of long-staying guests from large companies who are doing projects around expanding the like, for example, Toyota has taken a lot of rooms from us for months together. So that didn't happen this year because those kinds of clients are not there. That's why you're seeing that drop. But our retail business has actually grown. So, it's not bad. And the revenues, I think we have roughly about 10% less, Arun, compared to last year?
- Arun Sreenivasan:** For the quarter, we are about 15% to 16% down. But as we said, the long stays have only impacted. Last year, we sold about 1,438 rooms for long stay. This year, we have only 270 numbers. So long stays have impacted the occupancy as well as the revenues.
- Arun Chittilappilly:** But the rest of it is -- we're okay with...
- Arun Sreenivasan:** We have seen a double-digit growth in the ARR, 21% growth in ARR.
- Arun Chittilappilly:** Yes, yes.
- Moderator:** Next question is from the line of Aditya Rathi from Aequitas Investments.
- Aditya Rathi:** My first question is regarding the timeline of both the parks that are coming up, Odisha and Chennai?
- Arun Chittilappilly:** Yes.

- Aditya Rathi:** Sir, timeline regarding that? When do we think that it will be functional?
- Arun Chittilappilly:** So, I think next year, the next financial year, we will open Odisha. And the year after that, we'll open Chennai. So maybe June, July of '24 and same July, August of '25.
- Aditya Rathi:** Okay. And sir, my last question is regarding the Capex that we have already incurred on it. And Capex that we'll incur on it.
- Arun Chittilappilly:** Arun, can you give an update on that?
- Arun Sreenivasan:** Yes. So, as I updated earlier, we spent about INR 48 crores out of INR 146 crores, which is allocated for Odisha. And for Chennai, the budget is INR 330 crores, out of which, we have spent INR 113 crores.
- Aditya Rathi:** INR 130 crores?
- Arun Sreenivasan:** INR 113 crores, -- 1-1-3.
- Aditya Rathi:** Okay, 1-1-3. And Chennai, we have incurred INR48 crores out of what is the total plan?
- Arun Sreenivasan:** Not Chennai. Odisha is INR 48 crores; Chennai is INR 113 crores.
- Arun Chittilappilly:** There will be some revision in our cost, though.
- Arun Sreenivasan:** There will be a revision in the cost also going forward. So, these are the numbers as of now, yes -- INR 48 crores and INR 113 crores.
- Moderator:** Mr. Aditya, does that answer your question?
- Aditya Rathi:** Yes, yes.
- Moderator:** Next question is from the line of Ankit Kanodia from Investore.
- Ankit Kanodia:** Congratulations on a good set of numbers. Sir, my question is slightly long-term oriented as to -- how do we see this footfall going up, say, about 5 to 7 years down the line? I know it is hard to put a number, but when we look at the examples in the U.S. where we have so many parks like this and the kind of runway we see in the Indian economy where the consumption and the retail demand for having these kinds of experiences. Is it okay to assume somewhere around, say, assuming that we have the capacity in our park, we can reach somewhere around any big number or any number you would like to share, say, 7, 8 years down -- 10 years down the line, footfalls?
- Arun Chittilappilly:** See, right now, we're at 1, 1.2 million. By 7, 8 years, we should get closer to 2 million visitors. That's the goal. So, it should grow, the footfall should grow in each park. But when you grow footfalls like that, the park also must get bigger. So that is -- it's a chicken and egg, you must do both. So that's why we are kind of embarking on a -- like expansion on our parks because that's what also drives more footfalls in the way because people need to have the right experience, right? And we should be able to accommodate more people.

Ankit Kanodia: Right, right, right. My second and the last question would be related to ARPU. So again, from a longer-term perspective, where do we see ARPU from there as more and more parks becomes operational.

Arun Chittilappilly: ARPU, we should grow. I mean, I think it should grow inflation plus another 5% -- 5%, 6% on top of that also. So, I think -- I mean, ARPU should grow because I think we have a multipronged approach to improve ARPU: one is to increase ticket prices; one is to improve non-ticket revenue, which is also actually going to be a bigger and bigger contributor of ARPU going forward. So, I think that also should grow in double digits.

Moderator: Ladies and gentlemen, we will take this as a last question for today. I now hand the conference over to the management for the closing comments.

Arun Chittilappilly: Thank you, everyone, for joining our Q2 conference call. Wishing all of you a very happy Diwali once again. And we hope to see you guys soon. Yes. Thank you so much.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.