



“Wonderla Holidays Limited
Q3 FY2022 Earnings Conference Call”

February 11, 2022



ANALYST: **MR. ADHIDEV CHATTOPADHYAY - ICICI
SECURITIES LIMITED**

MANAGEMENT: **MR. ARUN K. CHITILAPPILLY – MANAGING
DIRECTOR – WONDERLA HOLIDAYS LIMITED
MR. SATHEESH SESHADRI – CHIEF FINANCIAL
OFFICER - WONDERLA HOLIDAYS LIMITED**



*Wonderla Holidays Limited
February 11, 2022*

Moderator: Good day, ladies and gentlemen, and a very warm welcome to the Wonderla Holidays Limited Q3 FY2022 Results Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Adhidev. Thank you and over to you Sir!

Adhidev C: Good morning, everyone. Thank you for joining us on the Wonderla Holidays Q3 FY2022 Results Call today. Today from the Wonderla management, we have with us Mr. Arun Chittilappilly, the Managing Director, and Mr. Satheesh Seshadri, the Chief Financial Officer. I would now like to hand over the call to the management for their opening remarks and just a summary of the quarter gone by and the road ahead. Over to you, thank you!

Arun Chittilappilly: Good morning, everyone and welcome to the Q3 earnings of Wonderla Holidays Limited. Wonderla has started to restore confidence and lift the spirits of the citizen to go outdoors, and entertainment and we are pleased to inform you that our parks were smoothly operational during Q3 FY2022. Our Hyderabad and Bengaluru parks are in fact operational for the full quarter whereas Cochin park was partially operational.

During Q3 FY2022, the company focused on its efforts to provide a safe environment with COVID protocols and uncompromising priority placed on protecting our people. We also paid heightened attention to protecting our balance sheet through astute cost control initiatives and cash preservation.

We have also been following a park plus strategy wherein we try to bring in crowds to our parks after park hours so that also has resulted in good footfalls for us along with such strategies we also ran various campaigns and events and a lot of moment marketing initiatives.

All these initiatives seemed a strong footfall during the quarter exceeding about 3.8 lakhs and for the nine months, we have exceeded about 5.6 lakhs of footfalls. We are seeing some tremendous pent-up demand and desire in people to venture out again after being confined indoors for a majority of part of the two years.

Coming to our performance it gives us a lot of pleasure to inform you that despite multiple headwinds including severe weather conditions and the prevalent fear of the third wave led



Wonderla Holidays Limited
February 11, 2022

by Omicron virus we are reporting a very resilient and strong financial performance. We are also reporting better operational numbers in terms of footfalls and ARPU.

Our Q3 FY2022 was the best quarter over the last seven quarters. We are also PAT positive for the first time at 4.5 Crores, the gross revenue for the same period was about 50.1 Crores and our EBITDA stood at 16 Crores. Our performance reflects the outcome of our strategic focus on increasing footfalls from various segments and our experimentation with new ideas introducing an array of F&B and non-ticket revenue sources.

Sharing updates about the current Q4 in progress and the onset of the third wave led by Omicron. There have been restrictions, which have impacted Bengaluru and Kochi parks. The Bengaluru park was closed for two weekends in January and then reopened around January 22, 2022, whereas the Cochin park was shut for about two Sundays in January 2022. We have seen a decline in footfalls; however, I think now since the wave has abated, we are seeing recovery in footfalls and also the restrictions on weekends have been lifted.

With overall restrictions loosening up gradually, we look forward to steadily moving back to pre-COVID levels of business very soon. We thank you for all your continued support and look forward to seeing you at our parks. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Nikita from Galaxy Investment. Nikita you may please go ahead.

Nikita: Thank you for taking my question. As you mentioned that super strategy attracting footfalls of more than 1K, how many such events like more such events you have planned for this quarter?

Arun Chittilappilly: I think we will keep doing events like that depending on how we see demand. Like for example we did it for Dussehra and we did it for New Year depending on how things improve and when we see an opportunity in terms of a festival or an event and where we can actually have after hours park off the park and we will do events like that do not because it is something that we are doing new. We do not have a timeline for it yet, but maybe in a couple of years, we will have a strong timeline for that, maybe we could do something for Holi or we could do something for Valentine's Day but Valentine's Day we are not doing because we are just coming out of the wave and we are not seeing that kind of traction yet, so maybe we will do it. I do not see us being able to do much this quarter. We might do more in the next quarter.

Nikita: Okay and is it possible to give park-wise tickets ARPU?



Wonderla Holidays Limited
February 11, 2022

- Arun Chittilappilly:** Satheesh I do not know whether we usually share park wise ticket
- Satheesh Seshadri:** We do not share park-wise ticket ARPU, but I can share the ARPU breakdown for consolidated.
- Arun Chittilappilly:** I can share the ARPU. We did the average ticket price for this quarter at 886 and our retail and F&B was about 303. Total ARPU was 1189 and the pre-COVID level it was 934, Q3 2019-2020 ARPU was 934 so we have done close to 1200. This is basically because of the walk-in and group mix. We have a better walk-in and group mix this time.
- Nikita:** Thanks.
- Moderator:** Thank you. We have the next question from the line of Niteen S Dharmawat from Aurum Capital. Please go ahead.
- Niteen Dharmawat:** Thank you for the opportunity. Couple of questions; you mentioned about the marketing expenses with some effort that you are taking so can you tell us the budgeted marketing expenses, percentage of revenue for this year versus the pre-COVID level?
- Satheesh Seshadri:** I can give you some details on that. The advertising marketing, we have spent close to about 4 Crores during this quarter for 50 Crores revenue and pre-COVID level we have spent about 7.1 Crores. I mean when I say advertising marketing it includes all the marketing efforts, the BDP spent and everything together was 7.1 Crores on a 73 Crores revenue.
- Niteen Dharmawat:** Got it and that is for again for the quarter only, right?
- Satheesh Seshadri:** I am talking about the quarter for 2019-2020 pre-COVID level versus the current quarter.
- Niteen Dharmawat:** Got it. Thank you so much. My second question is you mentioned about Kochi being operational partially so what is the situation now in the month of January Kochi as well as other parks are they operating at full capacity or partial capacity?
- Arun Chittilappilly:** There was some shutdowns for Kochi in January but not a full shutdown just partially weekend lockdown kind of a thing but now as of February everything is okay.
- Niteen Dharmawat:** Wonderful. Thank you so much and all the best.
- Moderator:** Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.



Wonderla Holidays Limited
February 11, 2022

Kaustubh Pawaskar: Sir my question is on the footfall so you mentioned that you have achieved around 3.8 lakhs of footfall this quarter so can you just give me the breakup of footfall for your various parks?

Satheesh Seshadri: We have recorded about 1,76,000 footfall for Bengaluru, 91,000 for Kochi, and 1,13,000 for Hyderabad park, 3,81,000 is a footfall for the quarter.

Kaustubh Pawaskar: You are operating at around 50% capacity in all the three parks right Sir?

Satheesh Seshadri: There is no restriction on 50% capacity.

Arun Chittilappilly: There was some restriction I think in some parks but not for the entirety of the quarter. I think in the beginning there was some restriction in Kerala or towards the end I think there was a restriction in Kerala, so stuff like that.

Kaustubh Pawaskar: Right so when things were normalized in quarter three like during the festive or before the emergence of Omicron, at that time what was the capacity utilization for your parks? Was it better than 50% because I guess your revenues have now required to 70% of pre-COVID levels in quarter three and Q3 is one of the important quarters for you after quarter one so whether the capacity utilization was much better in Q3?

Arun Chittilappilly: Not yet because I think we have not really had a quarter where we did not have any restrictions, so even last quarter there were some restrictions like for example towards the end, we were told not to have New Year parties in Bengaluru. We could not do any, so some of those events had to be cancelled because around New Year is when the new Omicron wave started. Everybody started panicking around end of 2021 so we still have not had a quarter where all three of our parks are allowed full capacity.

Kaustubh Pawaskar: Right. I can understand that Q4 will be, again there will be some kind of.

Arun Chittilappilly: It will be similar only. It will be similar. It will not be full capacity but hopefully, I mean if there are no further lockdowns I mean I think we are hopefully seeing the end of the pandemic and things should improve from now.

Kaustubh Pawaskar: My question was more from the FY2023 point of view. Say now that the things would move towards, there would not be any significant restrictions from here and Q1 is one of the strongest quarters for you so considering that and you have already mentioned that you are witnessing a lot of pent-up demand, so considering that do you expect Q1 to be?



Wonderla Holidays Limited
February 11, 2022

- Arun Chittilappilly:** I think if there are no other further restrictions I think we should do better than pre-COVID but again we do not know, I mean what is going to happen and if there is a new wave or something, in fact when Omicron started everybody said the wave will happen only in February, March but wave happened only in January itself so I do not think we can predict. Still, I do not think we have come to a normal stage yet. We are still going through the pandemic, so it will be hard to predict.
- Kaustubh Pawaskar:** Sir in this quarter we did EBITDA margins of around 29% which is very strong considering the business environment and the way the business is shaping up looking at the volatility so if we have 29% EBITDA margin and if things normalize in Q1 or maybe FY2023, should we expect margins to move up to around 30% to 35% percent what you used to do historically?
- Satheesh Seshadri:** Yes, Sir because it all depends on the footfall. The better the footfall the capacity is there, once the footfall improves the EBITDA margin will improve.
- Kaustubh Pawaskar:** Sir one last if I can. In Q3 which was one of your strongest days where the footfalls were maximum and if you can share that number?
- Arun Chittilappilly:** As I was saying, we still do not know how it is going to play out but it looks like all the signs are showing that there would not be much restriction and if there is no other major variant of concern or things like that I think we should have good footfalls going forward.
- Kaustubh Pawaskar:** Sir one the footfall number, which was one of the strongest day or weekend where you have seen footfall hitting maximum in Q3?
- Satheesh Seshadri:** We have taken more than 6000 numbers in Bengaluru Park on a particular day, the date is in October.
- Kaustubh Pawaskar:** Okay and that was how much of that particular day capacity?
- Satheesh Seshadri:** See each park for us can easily do about 9000 and we have also handled beyond that and so on that particular day our maximum footfall was in Bengaluru Park close to 6300 numbers and overall footfall was about 10,000 on 15th October and 16th October we had about 11,700 footfalls.
- Kaustubh Pawaskar:** That is overall for all the three parks.
- Satheesh Seshadri:** All three parks together and again Bengaluru was the highest with 6200.



Wonderla Holidays Limited
February 11, 2022

Kaustubh Pawaskar: That is wonderful to hear. From this, we can indicate how the demand is shaping up for you so that is wonderful to hear, and all the best for your future quarters. Thank you.

Moderator: Thank you. We have the next question is from the line of Harish Shah from HS Capitals. Please go ahead.

Harish Shah: Thank you for taking my question. I have basically two to ask. Number one what is your park-wise mix of tickets to non-ticket spend for this quarter and secondly with third-wave receding what would be your immediate or medium-term plan for the coming quarters?

Arun Chittilappilly: Our mix of ticket and non-ticket is about 75:25. Obviously, we are in a recovery mode again after the third wave. So we need to like ramp up footfall but you know usually Q4 is not really a very strong quarter for us. I mean it is also an exam quarter, so a lot of kids have exams and things like that so not really a very strong quarter depending on how we see footfall trends emerging and I think they are emerging quite well. We will do different marketing spends, but mostly we do not do too much because we save that towards the end of the quarter when our summer season starts. We do not do that much in Q4.

Harish Shah: Thank you and all the best.

Moderator: Thank you. We have the next question from the line of Manoj Dua from Geometric. Please go ahead.

Manoj Dua: Good morning, Sir. In the last seven to eight quarters, we were battling with pandemic and so this was a different battle. Now assuming that the pandemic is over and it is turning to endemic is it a right time to ask what new initiatives this company is thinking going forward, any exigency towards. What about Chennai park so little bit format what you can do, if you can give some color? That is my only question.

Arun Chittilappilly: Yes, I mean like I said once the footfalls are stable and I think we are getting there almost I think we should be able to look at new projects, so we are definitely looking at Chennai and our park in Bhubaneswar. I think maybe by the end of this quarter, we will finalize which one of these we will take it forward in the next financial year. Most likely, I think we will start off with our Odisha project and I think when there is a final announcement on this we will definitely keep you updated and Chennai also I think we are still working with the government to see whether we can remove the deadlock on this so as and when there is news we will keep you updated.

Manoj Dua: Thank you and best of luck.



Wonderla Holidays Limited
February 11, 2022

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

Meet Jagani: Arun congratulations for a good quarter compared to the last seven quarters, so my question is, are we sticking to our expansion plan starting from April 2022 or shall we still wait for seeing how the pandemic evolves?

Arun Chittilappilly: No. I think we are reasonably confident that I mean the worst is over, so we will be definitely kick-starting all our expansion plans. As and when there is an update, we will keep you posted like I just said. We do not have anything to announce right now but whenever there are updates on this we will announce it.

Meet Jagani: Suppose if we go for the Odisha Park first as you mentioned in the last question should it also take two years for the completion of that park for going live?

Arun Chittilappilly: It will take about two years; roughly two years is the timeline for us to complete one project.

Meet Jagani: Thank you.

Moderator: Thank you. We have the next question from the line of Siyaram who is an individual investor. Please go ahead.

Siyaram: Actually, I just want to know whether we are going to participate in the auction for Imagica auction that is going to happen in this month. I just want to ask, are you going to participate in the Imagica auction that is going to happen this month?

Arun Chittilappilly: Probably not because I think there is too many issues. For us, it does not look very attractive. We are not going to invest directly in it. If some ARC or somebody else invests we are willing to help them with it. We are not going to invest directly in it. I mean that is not what we are looking at right now.

Siyaram: But does not it look like a lucrative offer given that they have given offer price of 575 Crores, a very big and it is actually big as an opportunity to expand to the recent.

Arun Chittilappilly: I mean there are too many issues with the project and operationally also there are issues. I do not know whether we will be able to take over something like that and also their footfall trends also have not been very encouraging. Even during the pandemic, they have not been able to get their numbers decent. I do not know. It does not look very exciting for us and in fact the last ARC we wanted to take over that asset. They have themselves backed out of it



Wonderla Holidays Limited
February 11, 2022

so that does not give us a lot of confidence unless if somebody is willing to take up the asset we can help, we can be an operator, but I do not think we will enter as an investor in it.

Siyaram: Thank you so much.

Moderator: Thank you. We have the next question from the line of Adhidev. Please go ahead.

Adhidev: Thanks for the opportunity. Arun and Mr. Seshadri if you could just tell us about any inflationary pressures which are there in the business? I understand we have been in obviously cost savings mode because of the pandemic but when things fully normalize how are you looking at your employee costs and other optional expenses versus pre-COVID on an absolute basis?

Arun Chittilappilly: I think as the pandemic abates and our operations slowly ramp up to the full operation, I think our costs also will go up and inflationary pressures will be there but like we have been able to demonstrate in the last quarter our ticket price is also quite elastic. Actually, we increased our ticket price, I think almost by 30% last quarter and still, we had good footfalls so in that sense I think we are in a good space. We are not really concerned about inflationary pressures on our business.

Adhidev: Do you expect getting into maybe second half of next financial or whatever the ARPU growth outpacing the increase in costs. Is there some further margin expansion possible as compared to pre-COVID levels?

Arun Chittilappilly: Hard to say that because the main difference is we are doing a very different strategy for our marketing compared to before 2020 so it could happen but we are not really sure how the margin expansion will happen but I think like I said before the moment footfalls improve and sentiment improves our margins will expand so in that sense, we are hopeful but I cannot put a definite number on it.

Adhidev: My final question is on our marketing strategy. Obviously, we had to rely on the digital format a lot in the pandemic but now the things are opening up, so just qualitatively how different, how different things going to be going ahead over the next one year?

Arun Chittilappilly: I think a lot of this will be permanent. We have realized that digital marketing is the way forward for us. So have not really spent anything on traditional media, almost two years now and which is a huge change for us in terms of our marketing strategy, so we are still learning the digital world as such because it is still a new area for us but there is a huge area that we can learn and I think we can strengthen our position in the digital world quite easily



Wonderla Holidays Limited
February 11, 2022

and also for our target audience which are usually young kids and young adults, digital marketing is definitely the way of the future, so I do not think we will go back to a traditional method anytime soon unless there is a huge change in the way the people behave which I do not think will happen.

Adhidev: That is very helpful. That answers my questions. Thank you.

Moderator: Thank you. As we do not have any further questions I would now like to hand the conference over to the management for closing comments.

Arun Chittilappilly: Thank you all for participating in the Wonderla Holidays Q3 FY2022 result update. We wish you all the very best and please stay safe and take care. Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited concludes this conference. Thank you for joining us.