

# IHCL

## Investor Presentation

August 2019



SELEQIONS

VIVANTA

GINGER

EXPRESSIONS



# We are South Asia's largest hospitality company with a legacy of 115 years

100+

locations

4

continents

12

countries

182

hotels

22,000+

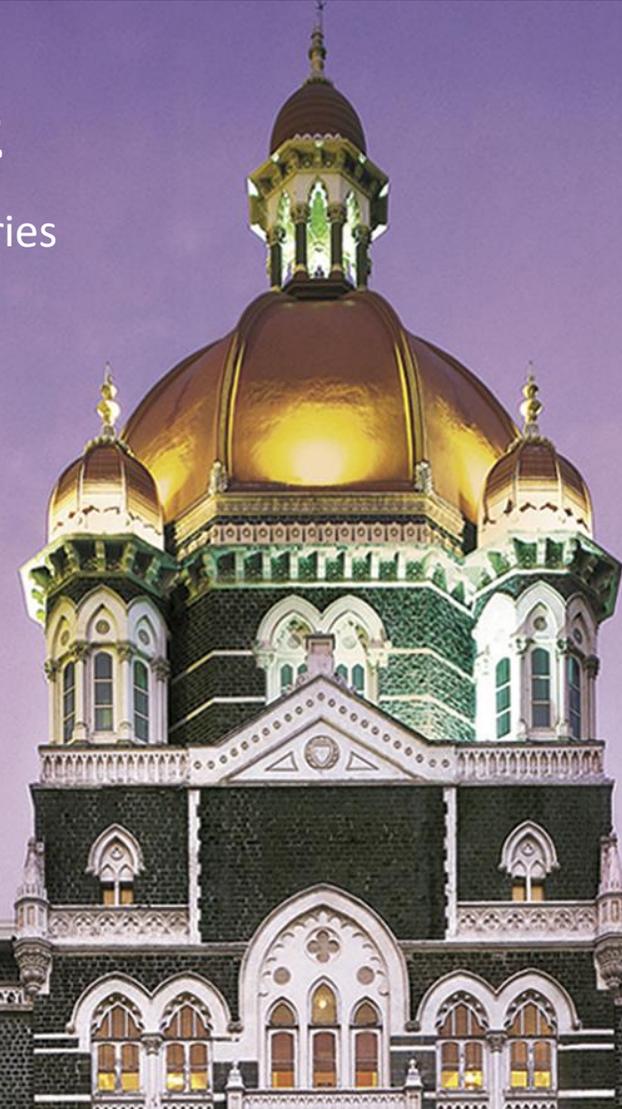
keys

32,000+

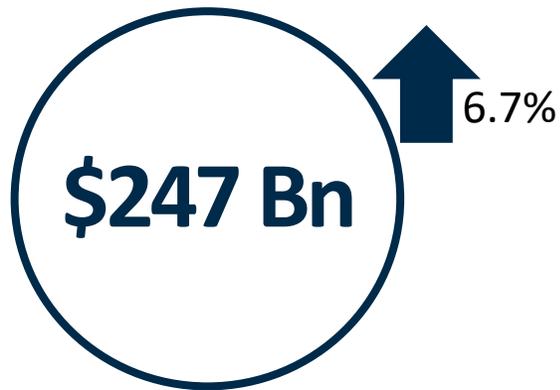
associates

\$1 Billion+

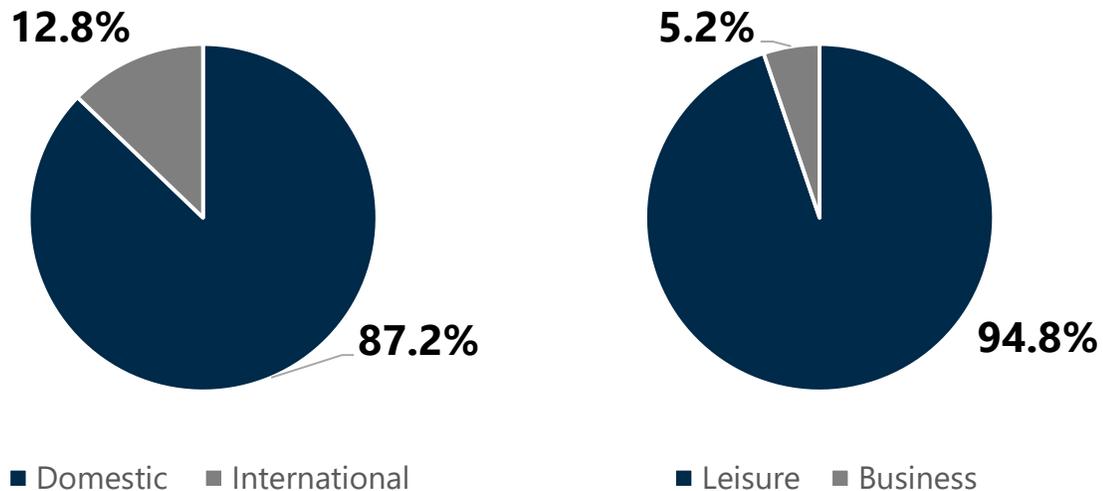
Group revenue



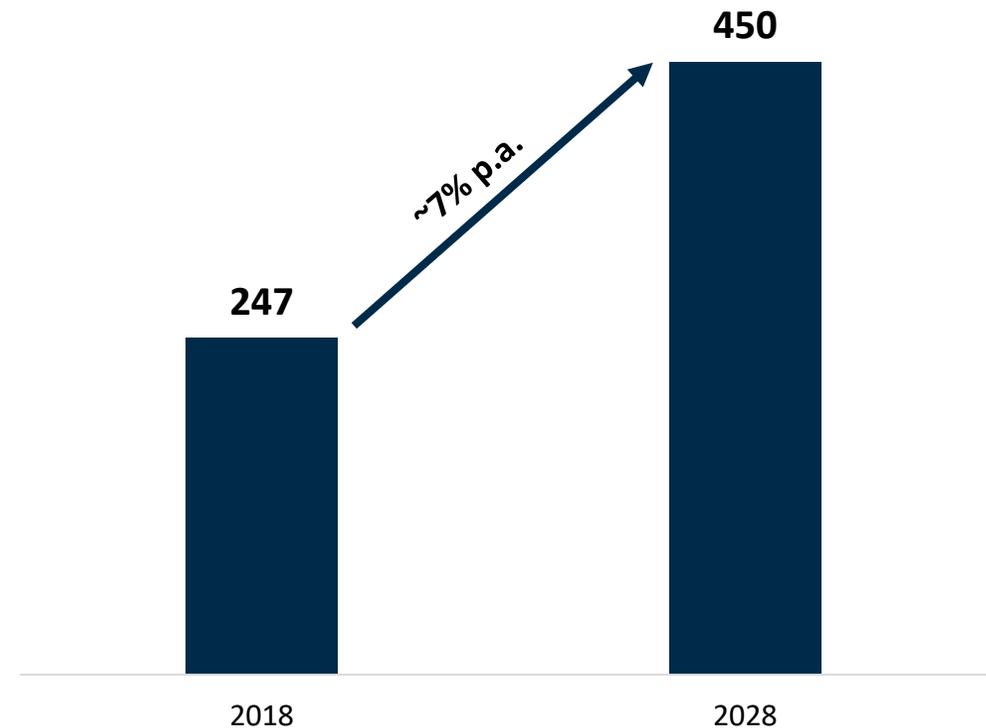
# Travel & Tourism in India – The outlook continues to be strong



2018 - T&T Contribution to GDP



T&T Contribution to GDP  
(10 year outlook)



Creation of 10 Mn jobs in the next 10 years

Source: WTTC Report - Travel & Tourism Economic Impact 2019

# Indian hospitality – short-term headwinds but good long-term potential

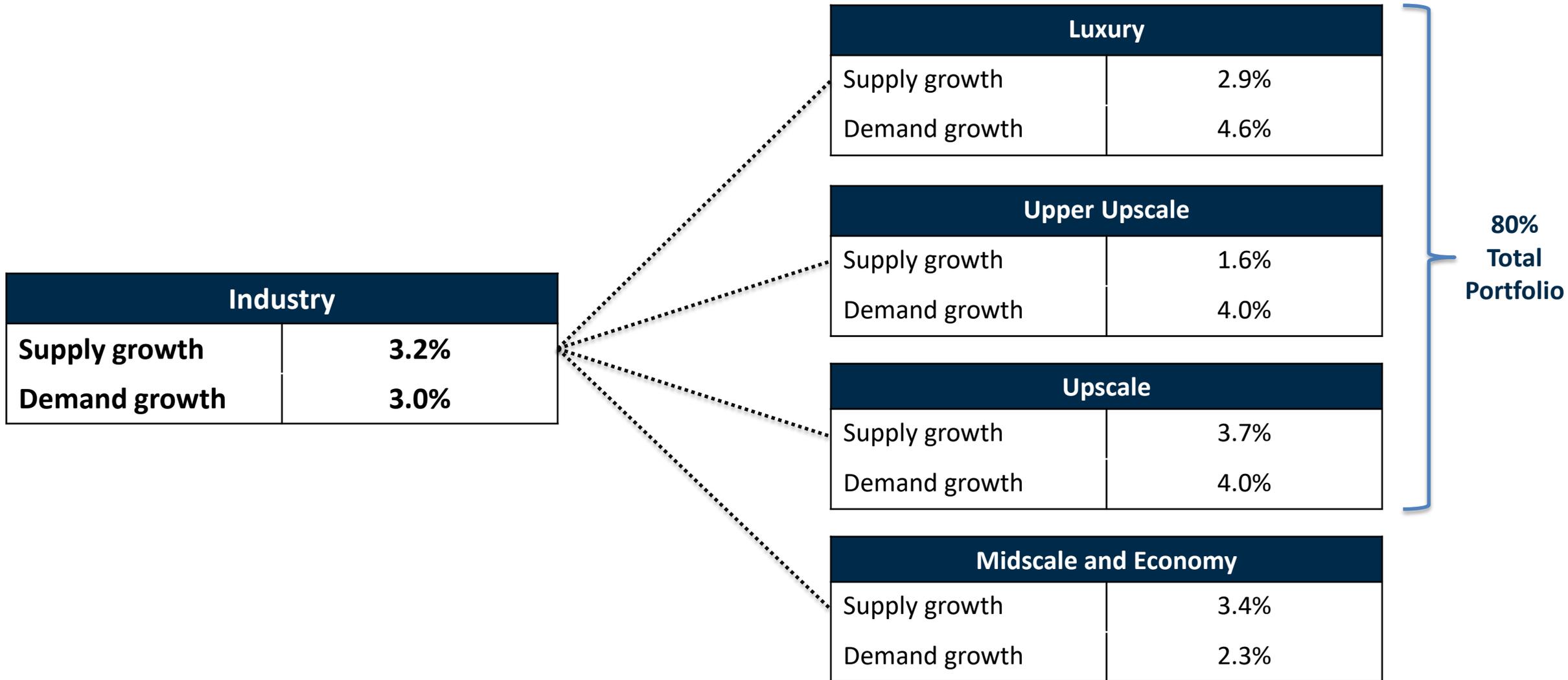
## Headwinds

- Impact of elections on occupancies, MICE
- Hold back of discretionary spends
- Increasing local airfare / turmoil in airline industry
- No direct reliefs (GST / Infra.) in Union Budget 2019
- Demand growth (3.0%) < Supply growth (3.2%) in Q1

## Tailwinds

- Increasing foreign tourist arrivals (14% yoy, < 1% global)
- Improving domestic demand
- Rising middle class and strong demographic dividend
- Policy continuity
- Tremendous opportunity for conversions (72% unbranded)

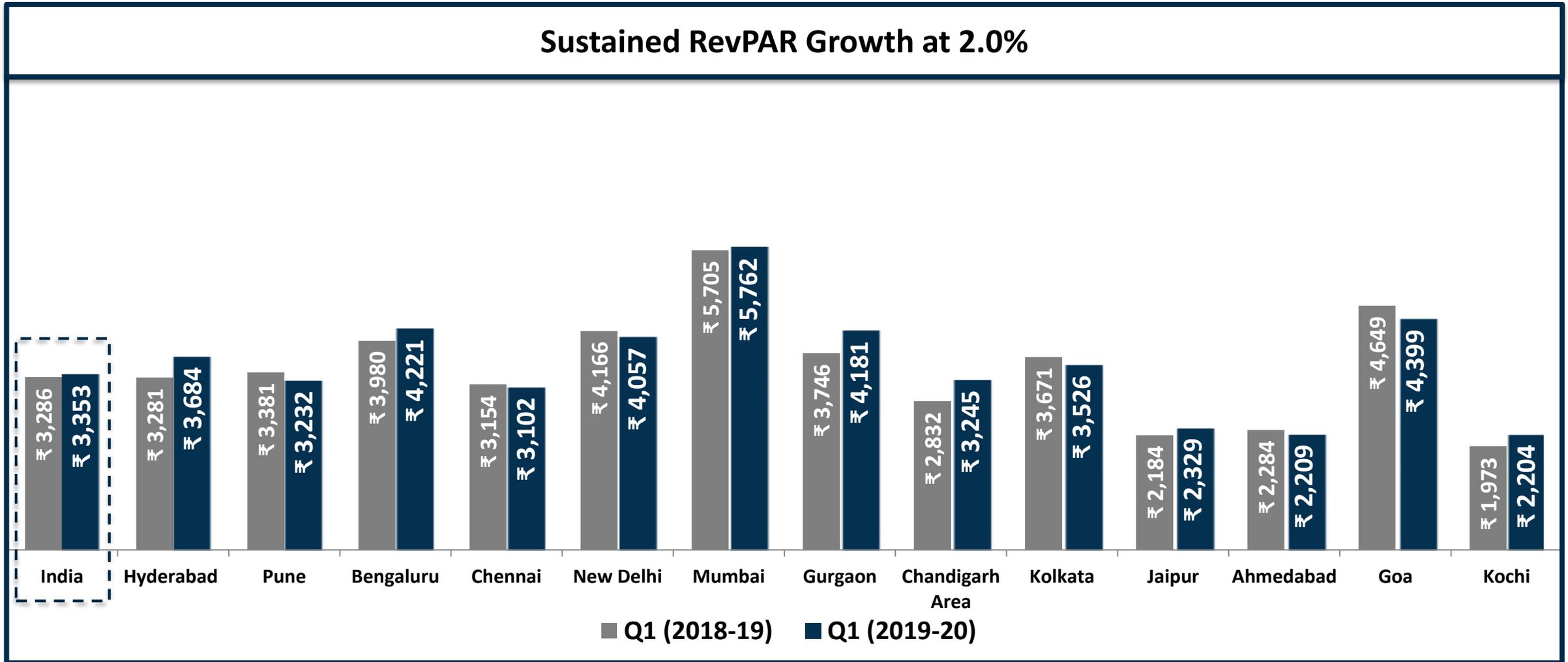
# Supply & Demand Scenario – Q1 2019/20



Source : STR Global

# For Indian Hospitality, Q1 FY 2019/20 has been one of

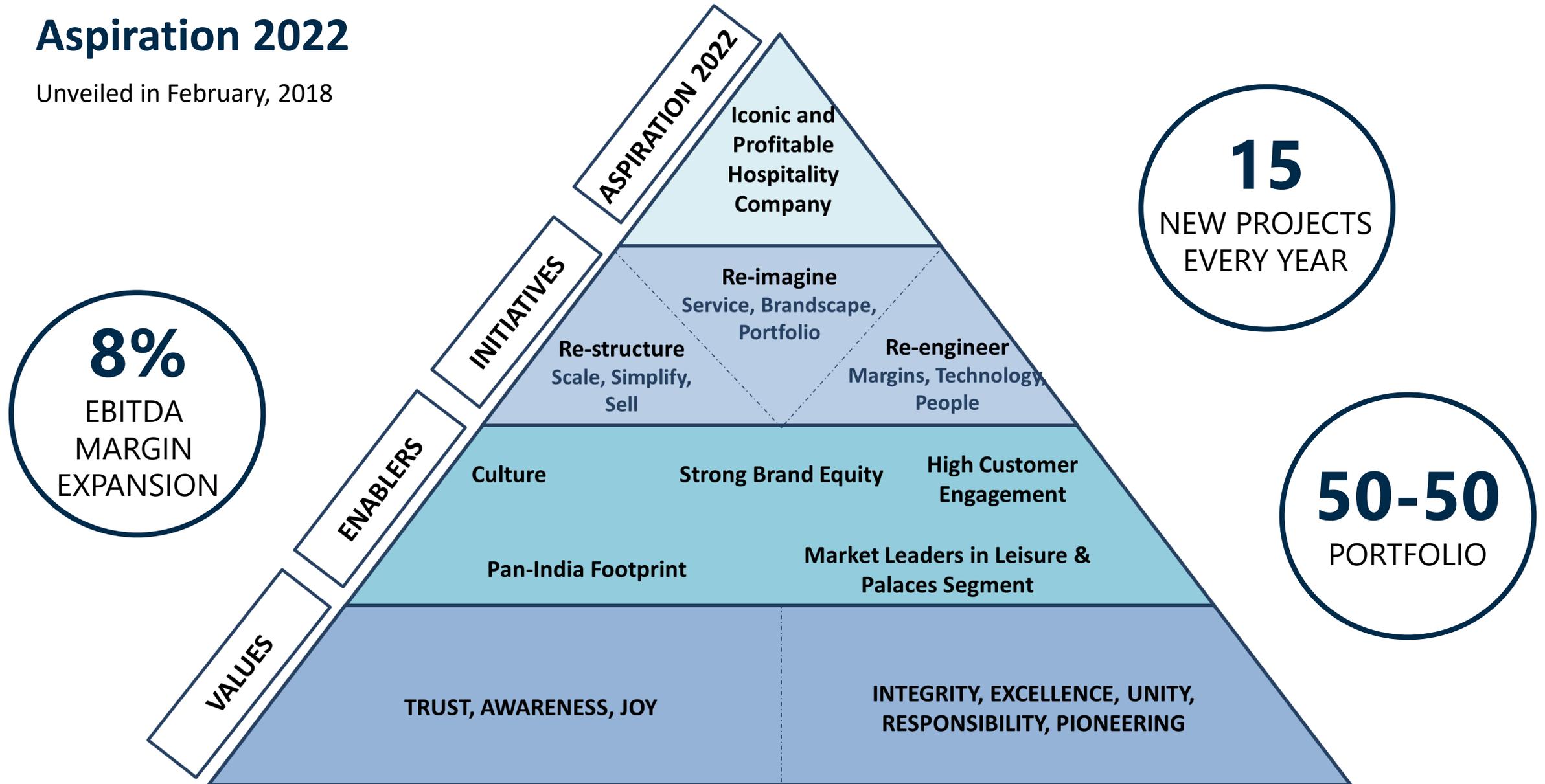
Sustained RevPAR Growth at 2.0%



Source: STR Global

# Aspiration 2022

Unveiled in February, 2018



# Strategic Initiatives

Path to Execution

## Re-structure

- Scale up Inventory
- Sell Non Core Assets
- Simplify Holding Structure

## Re-imagine

- Manage Brandscape
- Multiply Portfolio
- Manoeuvre Excellence

## Re-engineer

- Expand Margins
- Embrace Technology
- Engage People

# Reimagining Brandscape: To cater to all segments and price points



# Restructuring Portfolio: Momentum Continues

**SMART**

**S**trategic

**M**argin  
Enhancing

**A**sset  
Management

**R**elationships

**T**racking

22

Signings - **FY 2018/19**

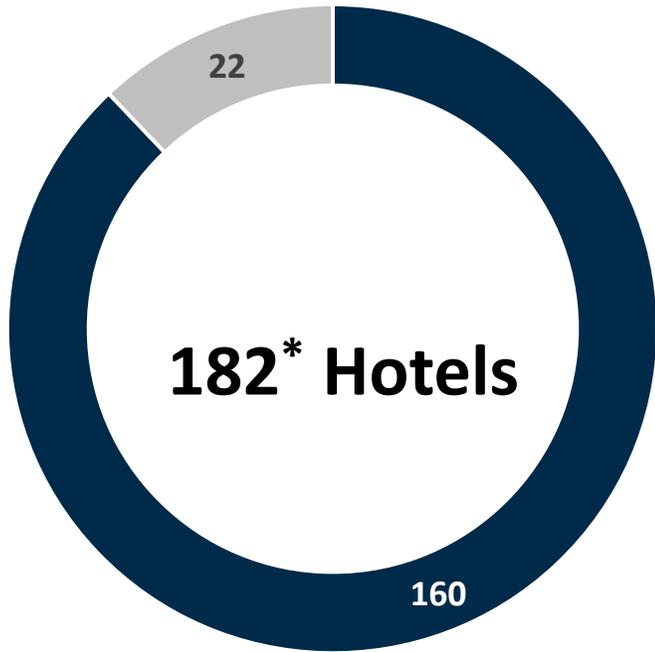
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Signings - **YTD 2019/20**

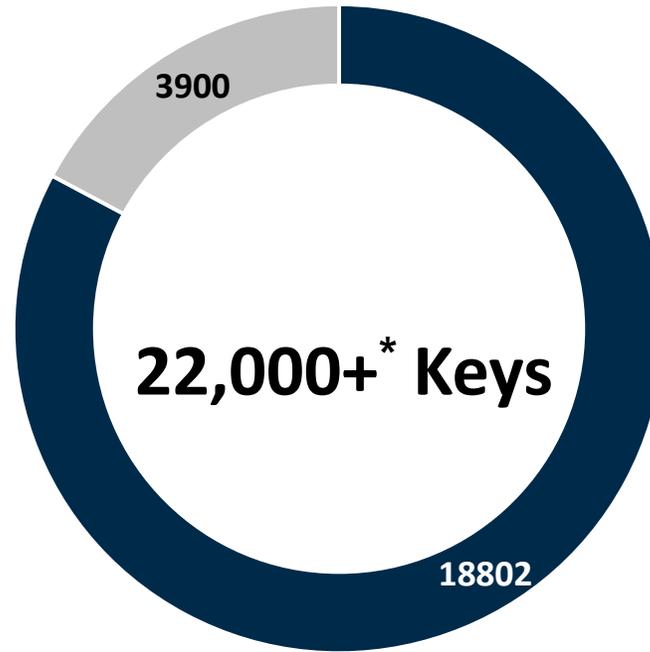
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Openings - **YTD 2019/20**

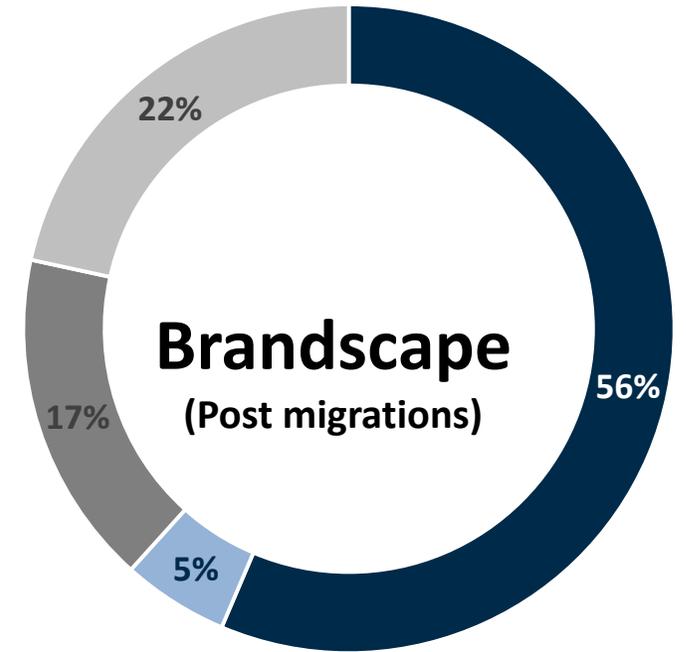
# Our Portfolio – India Focus, selective International Expansion



■ Domestic ■ International



■ Domestic ■ International

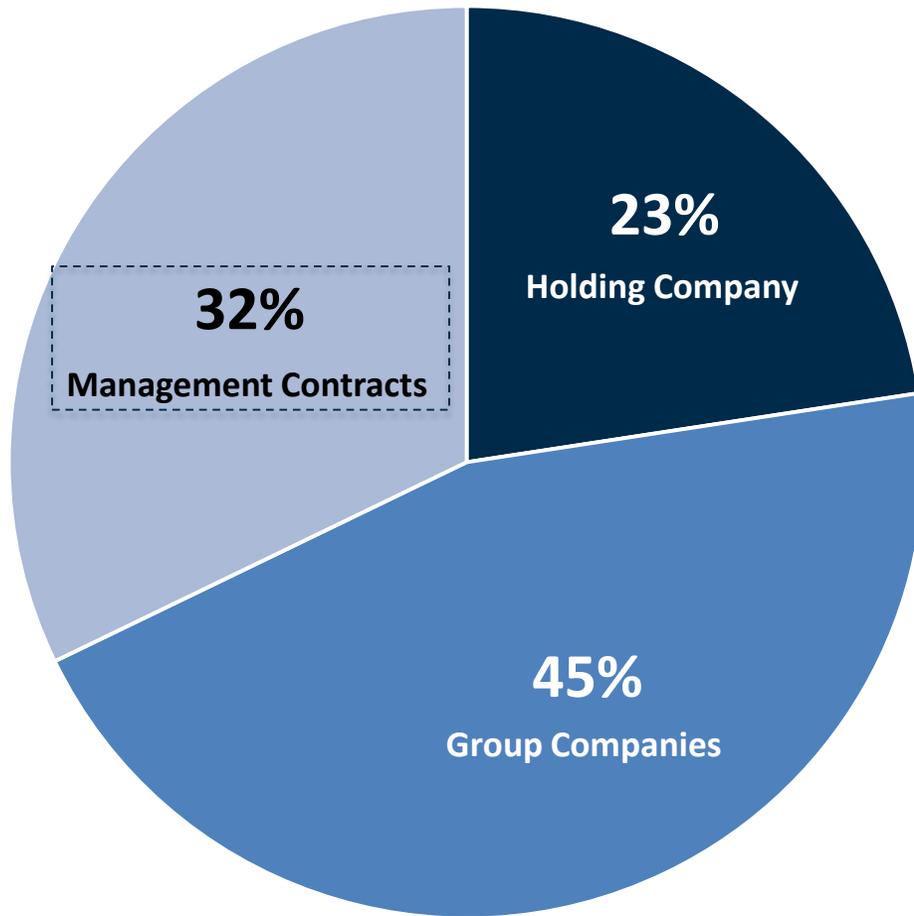


■ Taj ■ SeleQtions ■ Vivanta ■ Ginger

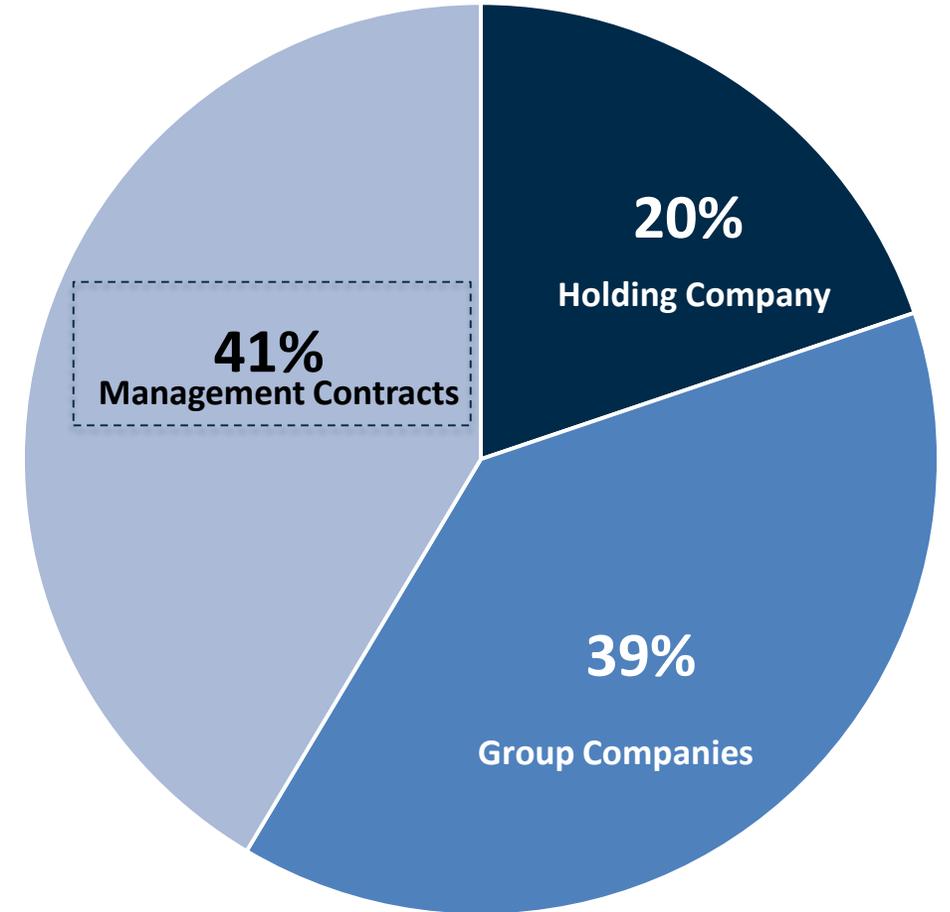
**182 hotels with 152 operational and another 30 under development**

\*including pipeline

# Shift in Business Mix

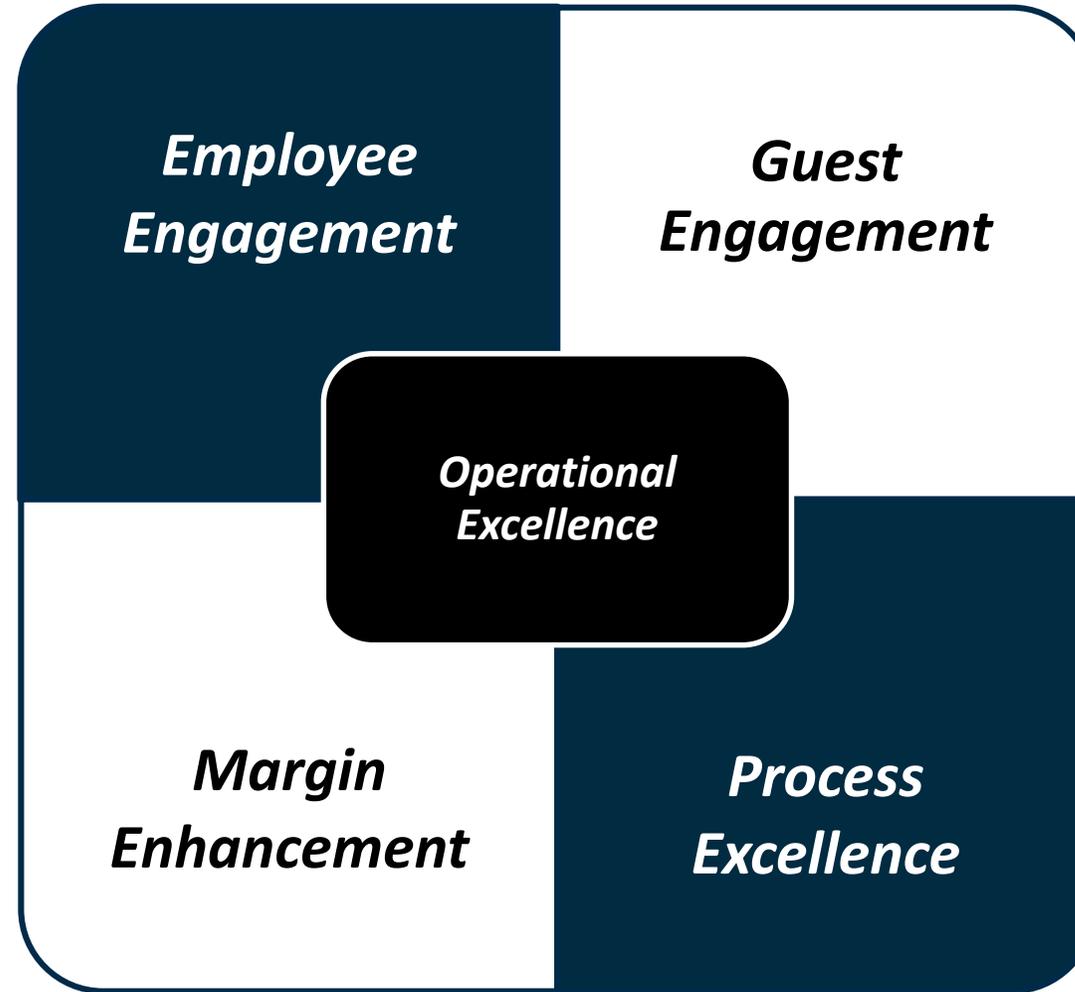


Portfolio as on 31<sup>st</sup> March 2018



Portfolio as on 31<sup>st</sup> July 2019

# Onground Operational Excellence driving Business Performance



An ornate, classical-style lobby with a large, colorful circular rug in the center. In the foreground, a round glass-topped table holds a large, ornate vase filled with greenery and white flowers. Two blue upholstered chairs are positioned around the table. The background features a grand staircase with a white balustrade, a man in a blue jacket standing near a doorway, and walls adorned with classical murals and candelabras. The lighting is warm and ambient.

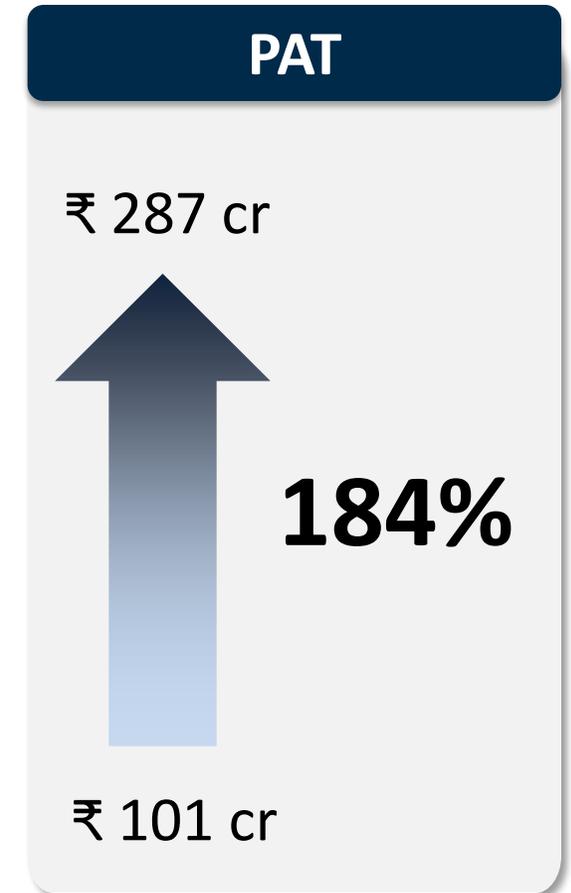
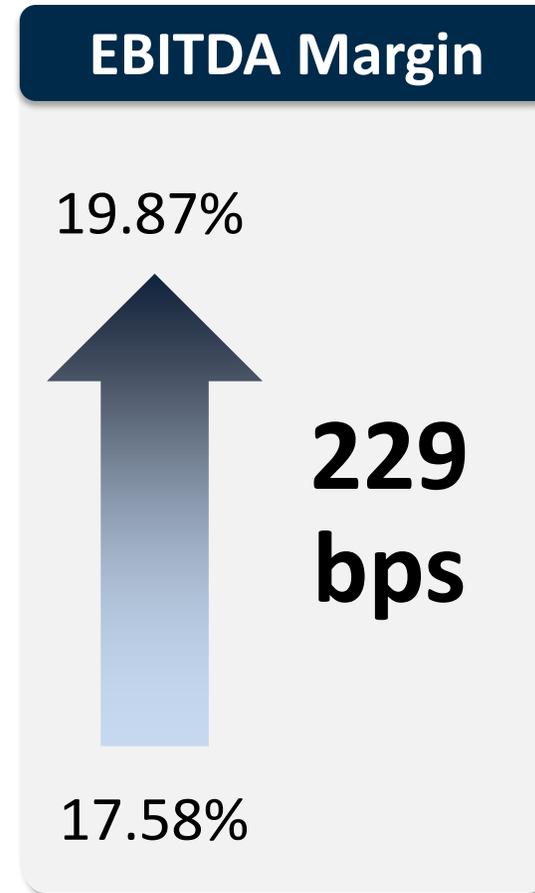
# Financial Turnaround

EXIT

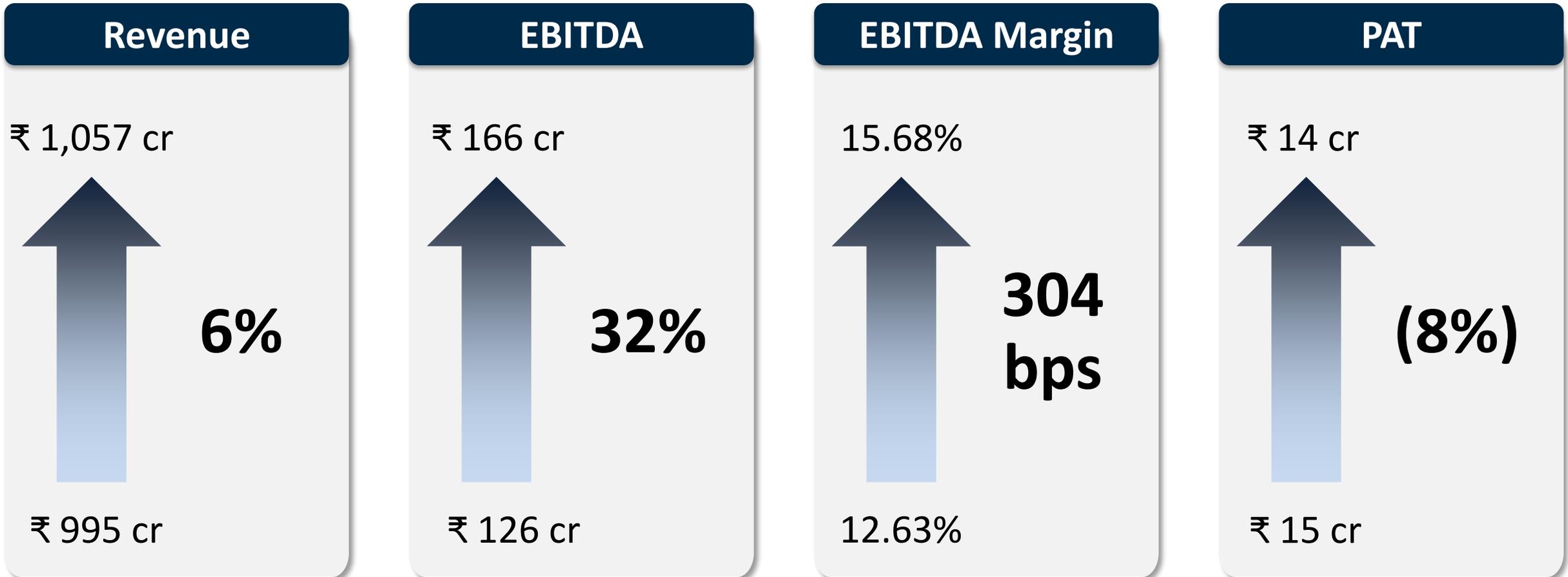
# Journey so far

|                         | 2015 / 16  | 2016 / 17   | 2017 / 18   | Now   |
|-------------------------|--|---|---|---|
| Industry uptick         |    |    |    |    |
| Balance Sheet strength  |    |    |    |    |
| Strategic Clarity       |    |    |    |    |
| Delivery of Performance |   |   |   |   |
| Development Momentum    |  |  |  |  |

## Strong Consolidated Performance – FY 2018 / 19



## Performance Highlights – Q1 FY 2019 / 20



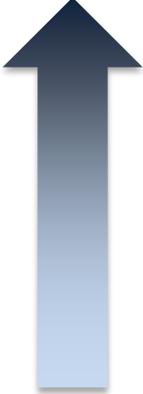
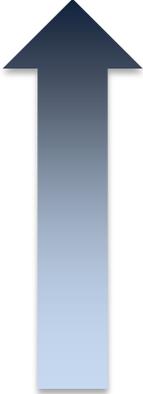
*\*Consolidated Performance – Excludes IND AS Lease Standard Impact (like-for-like)*

# Consolidated Profit & Loss Statement – Q1 2019/20

₹ /crores

| Particulars   | Q1                               |                      |                                 |                   |                               |
|---|----------------------------------|----------------------|---------------------------------|-------------------|-------------------------------|
|   | 2019/20<br>Actual<br>Post Ind AS | Ind AS 116<br>Impact | 2019/20<br>Actual<br>Pre Ind AS | 2018/19<br>Actual | Actual<br>Pre Ind AS Vs<br>PY |
| Revenue from Operations   | 1,020                            | 0                    | 1,020                           | 980               | 4%                            |
| Non-Operating Revenue   | 37                               | 0                    | 37                              | 15                | 147%                          |
| <b>Total Revenue</b>  | <b>1,057</b>                     | <b>0</b>             | <b>1,057</b>                    | <b>995</b>        | <b>6%</b> ↑                   |
| <b>Total Expenditure</b>  | <b>847</b>                       | <b>(45)</b>          | <b>891</b>                      | <b>869</b>        | <b>3%</b>                     |
| <b>EBITDA</b>   | <b>210</b>                       | <b>45</b>            | <b>166</b>                      | <b>126</b>        | <b>32%</b> ↑                  |
| <b>Operating EBITDA</b>   | <b>173</b>                       | <b>45</b>            | <b>129</b>                      | <b>111</b>        | <b>16%</b>                    |
| <b>EBITDA Margin</b>  | <b>19.91%</b>                    |                      | <b>15.68%</b>                   | <b>12.63%</b>     | <b>3.04 pp</b>                |
| <b>Operating EBITDA Margin</b>  | <b>17.00%</b>                    |                      | <b>12.61%</b>                   | <b>11.30%</b>     | <b>1.32 pp</b>                |
| Depreciation and Amortization Expense   | 100                              | 17                   | 83                              | 78                | 6%                            |
| Finance Costs   | 85                               | 39                   | 46                              | 47                | -3%                           |
| <b>Profit Before exceptional Items &amp; Tax</b>                                  | <b>25</b>                        | <b>(11)</b>          | <b>37</b>                       | <b>0</b>          | <b>+</b> ↑                    |
| Exceptional items Gain/(Loss)   | 2                                |                      | 2                               | (4)               | +                             |
| <b>Profit/ (Loss) before tax</b>  | <b>28</b>                        | <b>(11)</b>          | <b>39</b>                       | <b>(4)</b>        | <b>+</b> ↑                    |
| Provision for Taxes   | 18                               | (2)                  | 20                              | (10)              | +                             |
| <b>Profit/ (Loss) After Tax</b>   | <b>10</b>                        | <b>(9)</b>           | <b>19</b>                       | <b>6</b>          | <b>+</b> ↑                    |
| Add: Share of Profit/(Loss) in Associates & JV's                                  | (5)                              | (1)                  | (4)                             | 3                 | -                             |
| Less : Profit / (Loss) due to Non-Controlling interest                            | 1                                | 2                    | (1)                             | 6                 | -                             |
| <b>Profit / (Loss) after Non controlling interest, share of associates and JV</b> | <b>6</b>                         | <b>(8)</b>           | <b>14</b>                       | <b>15</b>         | <b>-8%</b> ↓                  |

# Continued Outperformance by USA and UK Hotels – Q1

| REVENUE  |                         |        | EBITDA                  |           |  |
|--|-------------------------|--------|-------------------------|-----------|--|
|   | St. James Court, London | 22%    | St. James Court, London | 68%       |  |
|  | The Pierre, NY          | 6%     | The Pierre, NY          | 315%      |  |
|  | Taj Campton Place, SFO  | 2%     | Taj Campton Place, SFO  | 28%       |  |
| EBITDA MARGIN  |                         |        | RGI                     |           |  |
|  | St. James Court, London | 820 pp | St. James Court, London | 102 → 121 |  |
|  | The Pierre, NY          | 100 pp | The Pierre, NY          | 94 → 105  |  |
|  | Taj Campton Place, SFO  | 230 pp | Taj Campton Place, SFO  | 100 → 104 |  |

\*All figures based on Growth in USD

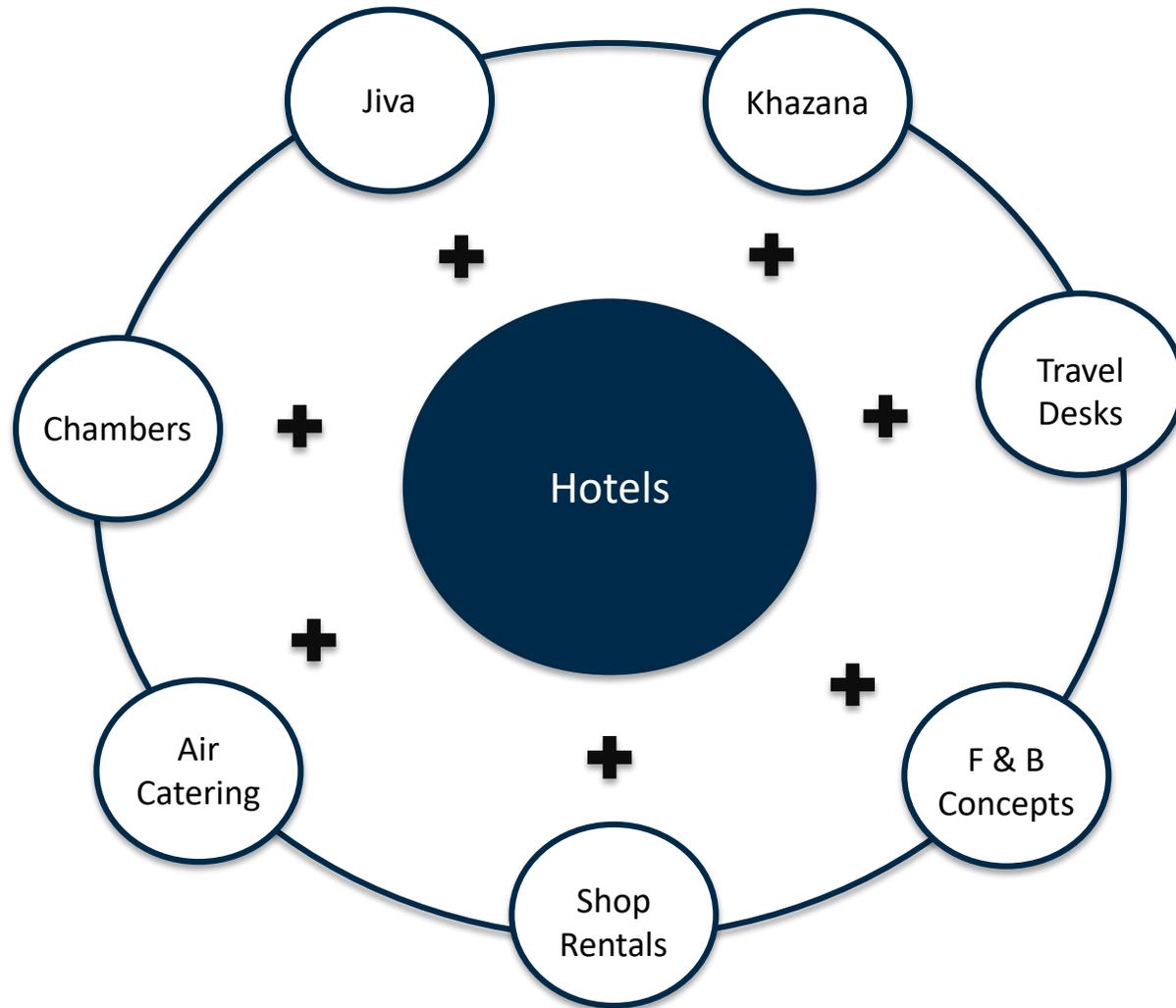
\*St. James Court includes Taj 51 BG Suites & Residences

# Aspiration 2022 – 8% Margin Expansion

Drivers of margin expansion

| Particulars  | Margin Improvement  |
|--|---|
| <b>Revenue</b><br>RevPAR Growth<br>Other Operating Income<br>Management Fee Income<br>Incremental Income from New Inventory  |  <b>3 to 4 %</b> |
| <b>Costs</b><br>Operational Payroll<br>Procurements (Raw Materials, Stores & Supplies)<br>Corporate Overheads<br>Admin and General Expenses<br>Fuel, Power & Light<br>Asset Contract Costs |  <b>3 to 5%</b> |
| <b>EBITDA Margin Improvement</b>   | <b>8%</b>   |

# An Ecosystem for Revenue and Margin Growth



**Topline Drivers**

**Margin Drivers**

**Market Share Drivers**

# Sustainable Cost Optimization and Re-Engineering

## Solution wise contribution to Benefits



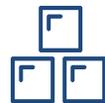
**SYNERGISE  
(PRICE)**



**RE-ENGINEER  
(CONSUMPTION)**



**RE-IMAGINE  
(DIGITAL SOLUTIONS)**



**SIMPLIFY  
(SPECIFICATION)**

## Coverage

₹ 1500 crores of cost at network Level across legal entities

Raw materials

Power & Fuel

Stores & Supplies

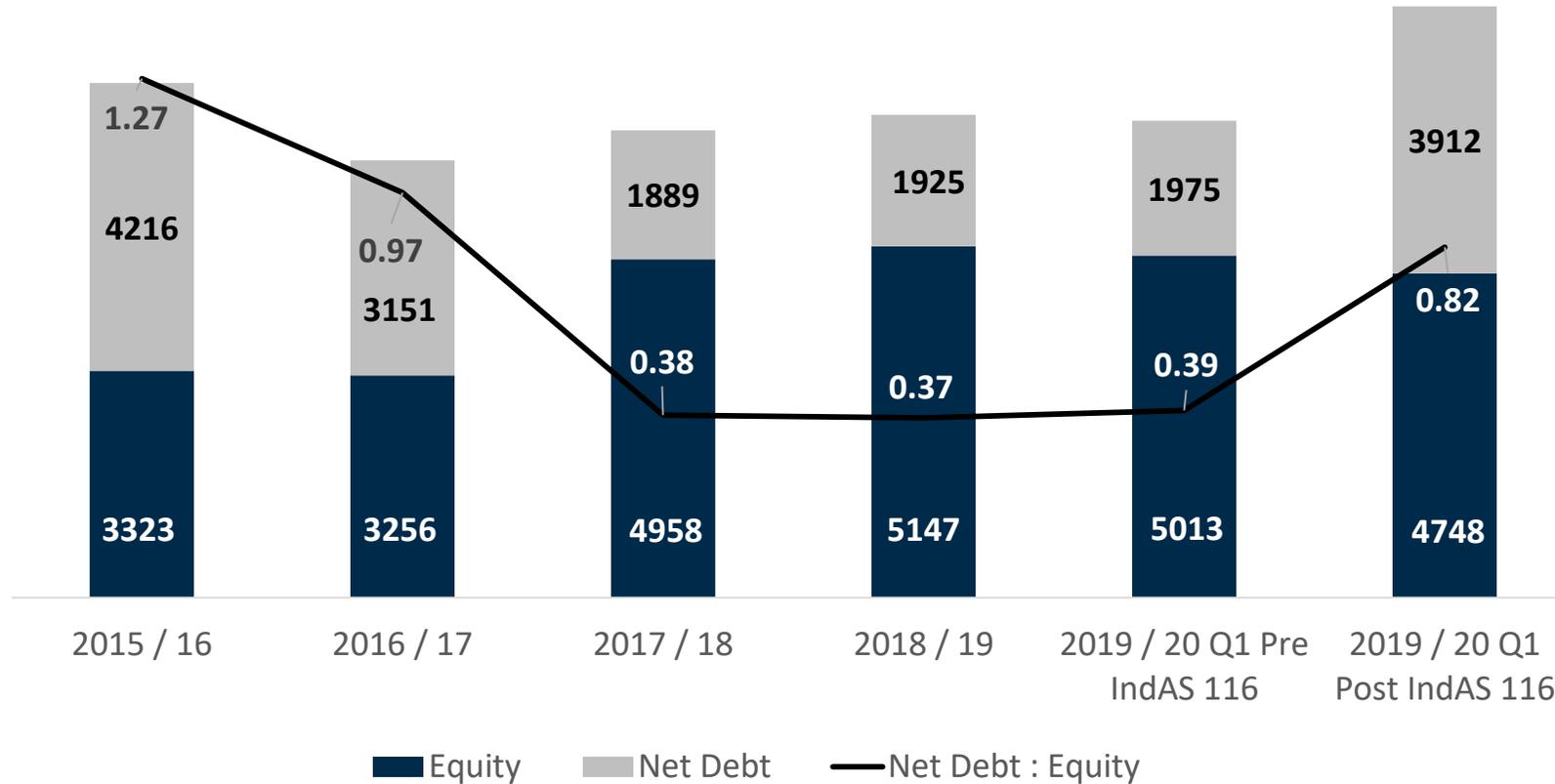
Part of Selling Cost

Separately  
Shared services and Synergy across units

# Managing Leverage: Preserving Balance Sheet health

₹/crores

Improving D / E



Net Debt : EBITDA



# All levers – EBITDA, Monetization, Equity Infusions used effectively

₹ /Crores

| Particulars  | 2015/16 | 2016/17 | 2017/18 | 2018/19 | Q1 2019/20 |
|--------------|---------|---------|---------|---------|------------|
| EBITDA       | 652     | 665     | 732     | 913     | 166        |
| Divestments* | 151     | 1,163   | -       | 246     | 42         |
| Equity       |         | -       | 1,500   |         |            |

\* Divestments include – Taj Boston; Holding in Belmond, Tata Projects, Titan Ltd, Vizag & Trivandrum hotel, Residential Apt.

- **Generated cash aggregating to ~ ₹ 2,900 crs** in the last four years.
- Such cash has judiciously been used for **Debt Repayment, Capex & operational requirements**.
- **Gross debt levels** down from peak levels of ~ ₹ 5,100 crs as on March 2015 to ~ ₹ 2,300 crs as on March 2019.

# Asset Management: Focus on building a smarter Balance Sheet

**Monetization**

**Structured Transactions – Sale and Manage Back**

**Unlocking Value of Land Banks – Sale / New Build**

**Exploring Sale & Lease Back Opportunities**

**Sale of Non-Core Assets**

**Alliances with Funds and development Partners**

**Management  
Contracts**

**Greenfield  
Projects**

**Low**

**Investment**

**High**

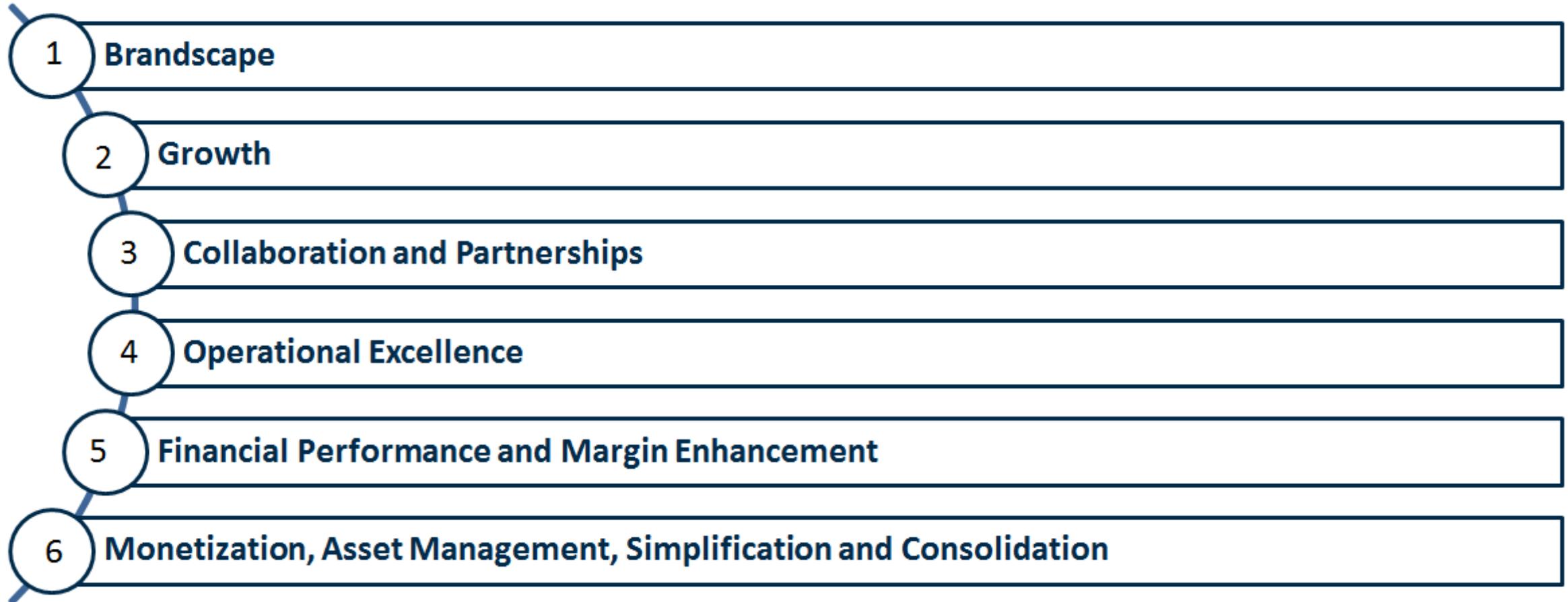
# New Platform furthers our SMART approach to Acquisitions



₹ 4,000 crore (USD 600 Mn) Investment Platform

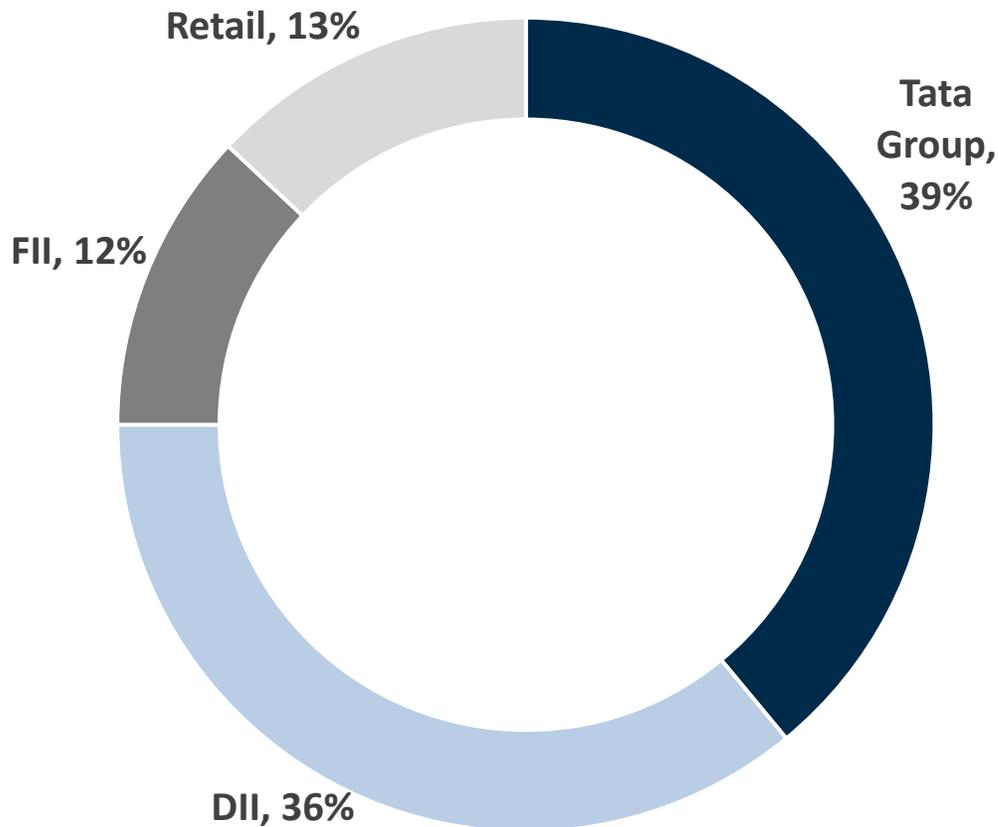
# Summary: Key Imperatives for Aspiration to Execution

**ASPIRATION: TO BE THE MOST ICONIC AND PROFITABLE HOSPITALITY COMPANY**



# Strong institutional shareholding

## Shareholding Pattern\*



## Top institutional investors\*

| Investors                                    | % stake in IHCL |
|--|-----------------|
| Reliance Mutual Fund                         | 7.89            |
| HDFC Mutual Fund                             | 5.91            |
| ICICI Prudential Life Insurance Company Ltd. | 2.80            |
| Government Pension Fund Global               | 2.65            |
| ICICI Prudential Mutual Fund                 | 2.43            |
| SBI Mutual Fund                              | 2.12            |
| Life Insurance Corporation of India          | 1.78            |
| Franklin Templeton Mutual Fund               | 1.71            |
| HDFC Life Insurance Company Ltd.             | 1.55            |
| Vanguard                                     | 1.42            |
| Franklin Templeton Investment Fund           | 1.21            |
| L&T Mutual Fund                              | 1.18            |

\* As on 31<sup>st</sup> July, 2019

# Disclaimer

These presentations may contain forward-looking statements within the meaning of applicable securities laws. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties and other factors that may cause actual results to differ materially from those anticipated at the time the forward-looking statements are made. Future results, performance and achievements may be affected by general economic conditions, regulatory environment, business and financing conditions, foreign exchange fluctuations, cyclicity and operating risks associated with the hospitality industry and other circumstances and uncertainties.

Although we believe the expectations reflected in such forward looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that results will not materially differ. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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