

Q1-FY22 Result Update

- ❑ The company reported strong revenue growth from operations of 425.6% year-on-year at ₹187 million. The second wave affected nearly one and a half month of quarter one, affecting the tourism sectors with intermittent lockdown and travel restrictions. This affected overall gross bookings for the quarter. However, the bookings are normalizing with time as the company has recorded 63% of entire Q1-FY22 revenue in the month of July.
- ❑ On profitability front, the EBITDA from operations for the quarter improved year-on-year to ₹51.7 million with an operating margin of 27.7%. The company reported Profit after Tax of ₹154 million, a growth of 518.2% year-on-year with a net margin of 82.5% translating into EPS of ₹1.42 per share for the quarter.
- ❑ The company is doing multiple tie-ups with brands like Cultfit to sell each other's product and leverage brand strength for both the party. The company has also been engaged with multiple banks and e-wallet companies to provide additional benefits to customers and engaging them and bringing stickiness to the company's portal.
- ❑ The company has been able to reduce its marketing and sales promotion cost by 51% as compared to a previous quarter. The company's employee expenses and other expenses have also reduced by 28% and 53%, respectively. The company is very conscious on cost burn and hence are able to achieve profitability even in the worst time.
- ❑ The company believes there's a huge amount of pent-up demand for travel and tourism sector post vaccination drive and that people are willing to go out on traveling on holidays. Once the situation normalize and is under control, the company anticipates that there is huge opportunity lying ahead to grab market share and grow exponentially.
- ❑ We continue to remain positive on the company due to company's strong presence in the growing online ticketing market in India, lean business model, strong management, stronger balance sheet along with profitable growth outlook. We maintain our **BUY** rating on the stock with a revised target price of **₹550 per share**.

Financials:

(In ₹ mn)	Q1-FY22	Q1-FY21	Chg	3M-FY22	3M-FY21	Chg
Net Sales	187	36	425.6%	187	36	425.6%
Operating Expense	135	83	62.9%	135	83	62.9%
EBITDA	52	(47)	-209.1%	52	(47)	-209.1%
Other Income	161	84	90.0%	161	84	90.0%
Depreciation	2	2	33.3%	2	2	33.3%
EBIT	210	35	493.1%	210	35	493.1%
Interest	1	0	464.0%	1	0	464.0%
PBT	209	35	493.3%	209	35	493.3%
Tax	54	10	432.5%	54	10	432.5%
Exceptional Items	-	-		-	-	
PAT	154	25	518.2%	154	25	518.2%
Minority /Other Adj.	-	-		-	-	
Consolidated PAT	154	25	518.2%	154	25	518.2%

Margins	Q1-FY22	Q1-FY21	Chg BPS	3M-FY22	3M-FY21	Chg BPS
Operating Margin %	27.7%	-133.3%	16097	27.7%	-133.3%	16097
Net Margin %	82.5%	70.1%	1236	82.5%	70.1%	1236

Consolidated Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	1,414	1,067	1,334	1,667
Operating Expense	1,311	632	790	987
EBITDA	102	435	544	680
Other Income	397	440	551	688
Depreciation	7	7	9	12
EBIT	492	869	1,085	1,357
Interest	33	35	35	35
Misc. items	-	-	-	-
PBT	459	834	1,050	1,321
Tax	129	224	282	355
Minority Interest	-	-	-	-
PAT	330	610	768	967

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	NA	-24.5%	25.0%	25.0%
Operating Margin %	7.2%	40.8%	40.8%	40.8%
Net Margin %	23.3%	57.2%	57.6%	58.0%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Liabilities				
Equity Share Capital	217	217	217	217
Reserves & Surplus	795	1,437	2,205	3,172
Total Shareholder's Funds	1,013	1,654	2,422	3,389
Minority Interest	-	-	-	-
Long-Term Liabilities	-	-	-	-
Other Long-term Liabilities	404	233	233	233
Deferred Tax Liability	(31)	(33)	(33)	(33)
Short-term Liabilities	1,482	1,922	2,403	3,004
Total	2,868	3,777	5,025	6,593
Assets				
Net Fixed Assets	98	80	105	122
Long-Term L&A	65	1	1	1
Non Current Investments	23	39	39	39
Other Non-Current Assets	150	138	138	138
Current Asset	2,531	3,518	4,742	6,293
Total	2,868	3,777	5,025	6,593

Key Ratios	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	3.0	5.6	7.1	8.9
P/E (x)	146.1	79.0	62.7	49.9
P/B (x)	47.6	29.1	19.9	14.2
ROE	32.6%	36.9%	31.7%	28.5%

Source: Company, Anand Rathi Research

Key Risks:

- ❑ The company is dependent on its airline ticketing business, which generates a significant percentage of its revenues and is derived from a
- ❑ The travel industry for India and India-related travel is intensely competitive, and it may not be able to effectively compete in the future.
- ❑ Some of its travel suppliers, including airlines and GDS and API service providers, may reduce or eliminate the commission, incentive and other compensation they pay to it for the sale of airline tickets and this could adversely affect its business and results of operations.
- ❑ The company operates in the travel products and services industry, which is highly competitive. The company's success depends upon its ability to compete effectively against numerous established and emerging competitors, including other online travel agencies, traditional offline travel companies, travel research companies, payment wallets, search engines and meta-search companies, both in India and abroad.

Rating and Target Price history:

EASEMYTRIP's rating history & price chart



EASEMYTRIP's rating details

Date	Rating	Target Price (₹)	Share Price (₹)
21-Jul-2021	Buy	475	392
01-Sep-2021	Buy	550	444

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 1 September 2021 close.

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