



**Cox & Kings Ltd.**

**Results presentation for 4Q FY15 & FY15**

*May 16, 2015*



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**Annual highlights**

**Individual business performance highlights and outlook**

**Quarterly performance**

**Recap**

# Annual highlights



# Financial summary for 4Q FY15 and FY15



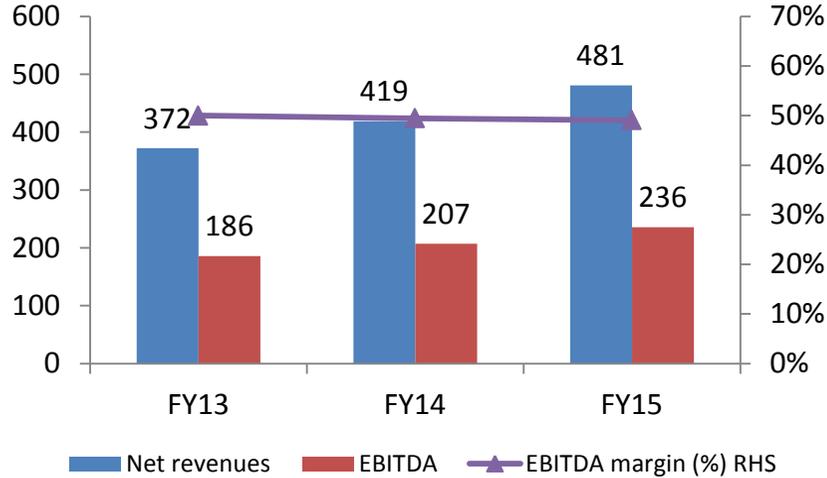
In Rs. Crores	4Q FY14	4Q FY15	y-o-y (%)	FY14	FY15	y-o-y (%)
Net revenues (excluding Camping)	507	502	-1%	1,964	2,270	16%
Net revenues (including Camping)	499	502	1%	2,351	2,623	12%
EBITDA (excl forex gain/loss, excl Camping)	103	59	-43%	768	864	13%
EBITDA (excl forex gain/loss, incl Camping)	58	59	1%	933	1,064	14%

Note: Both net revenues and EBITDA include Other Income and Other Operating Income

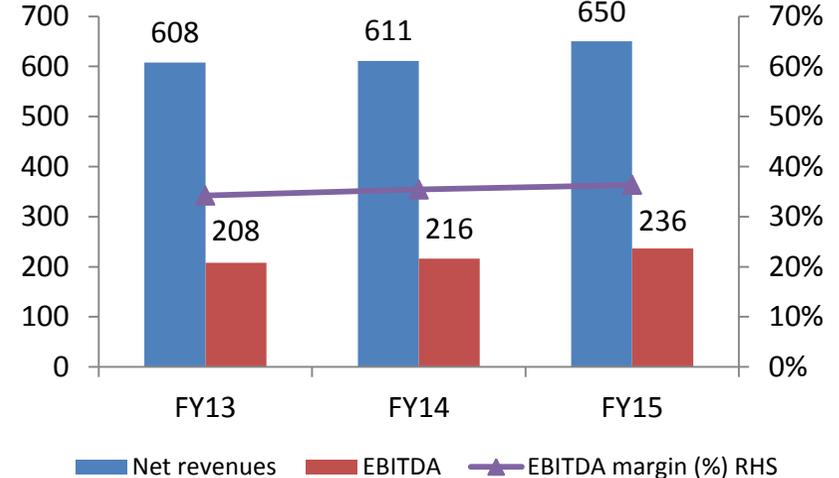
# Our businesses have been growing robustly



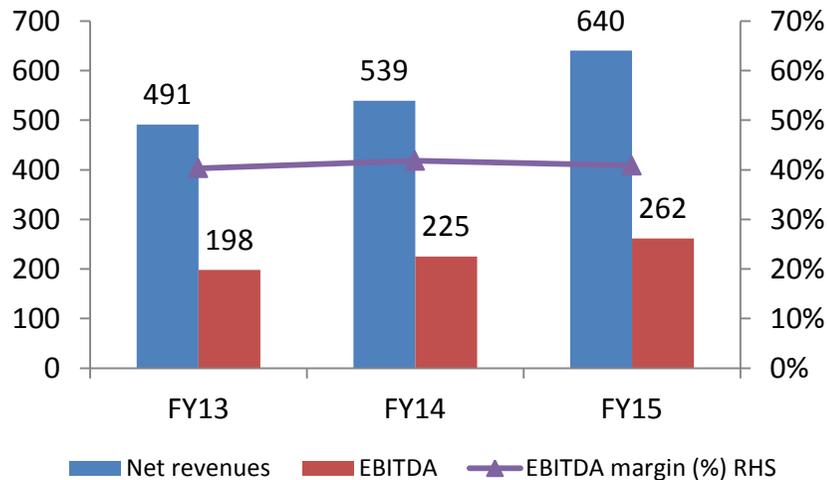
### Leisure - India



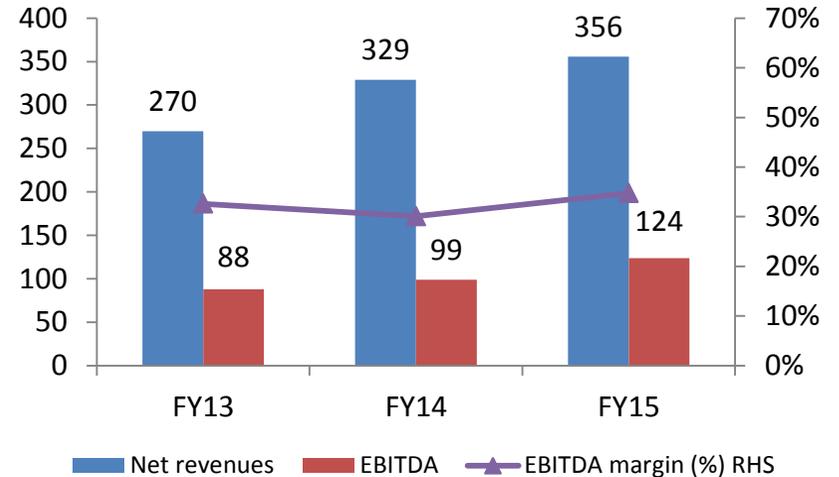
### Leisure - International



### Education



### Meininger

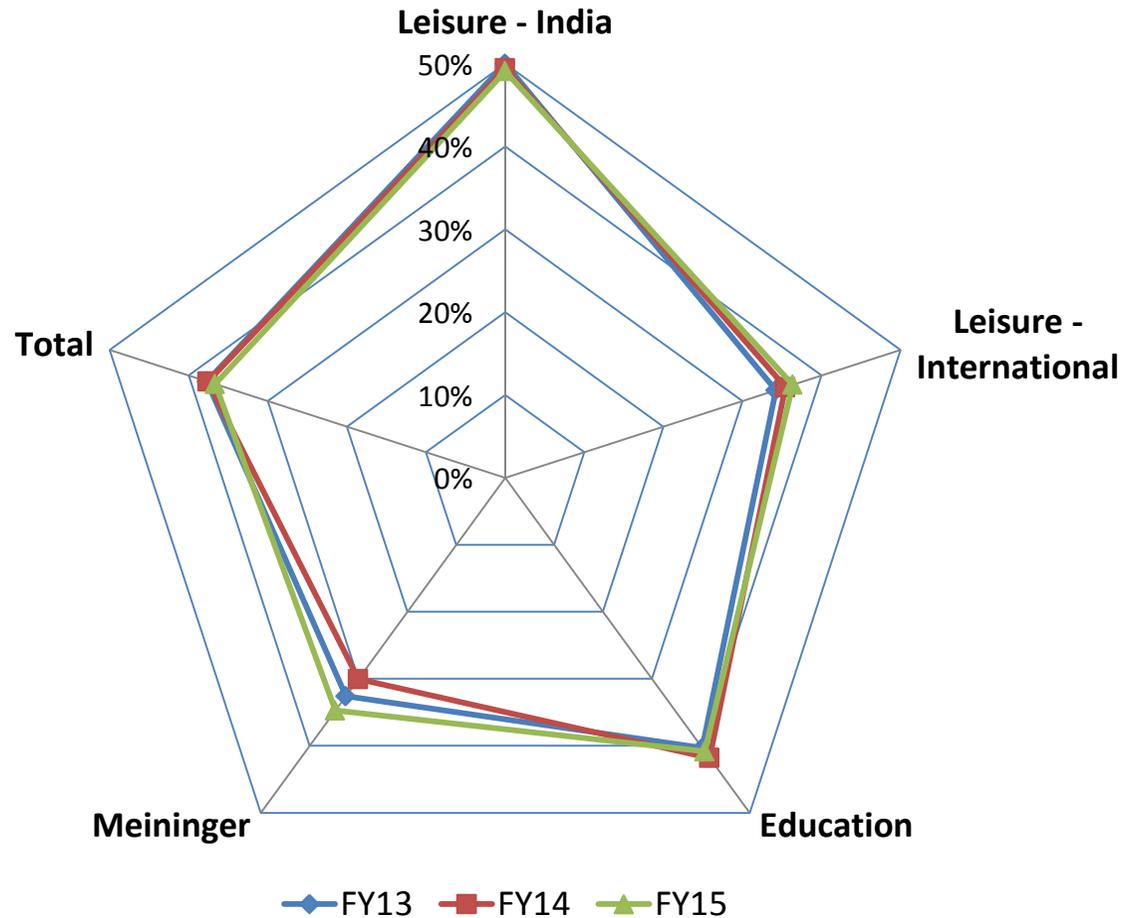


All figures in Rs. Crores and excluding forex gain/(loss)

# Margins have remained stable



EBITDA\* margins by business in INR (%)



\* Excluding forex gain/(loss)

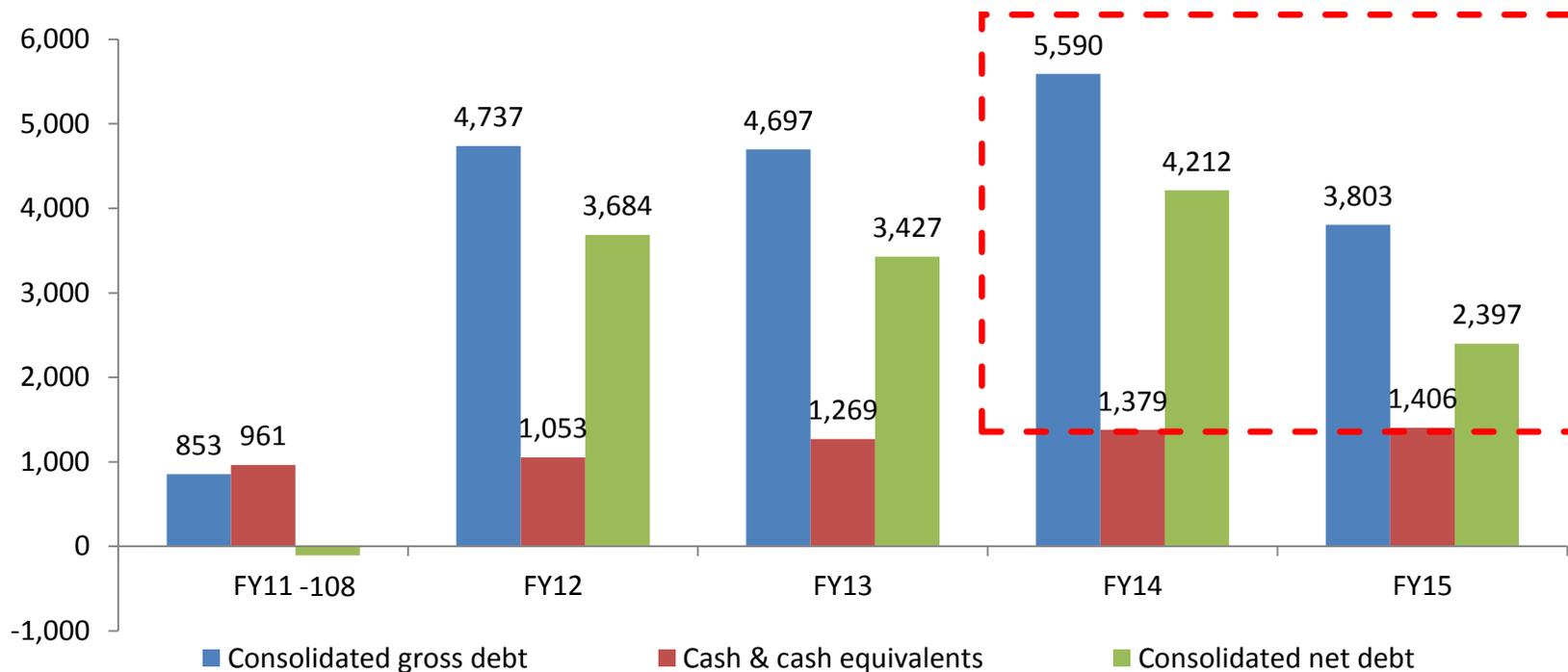
# We have reduced our net debt by INR1,815cr in FY15



## ☐ Indebtedness is now well under control, driven by

- Qualified institutional placement
- Strategic divestitures (sale of Camping)
- Warrants issued to promoters

**Cox & Kings consolidated gross debt, cash and net debt (in Rs. Crores)**

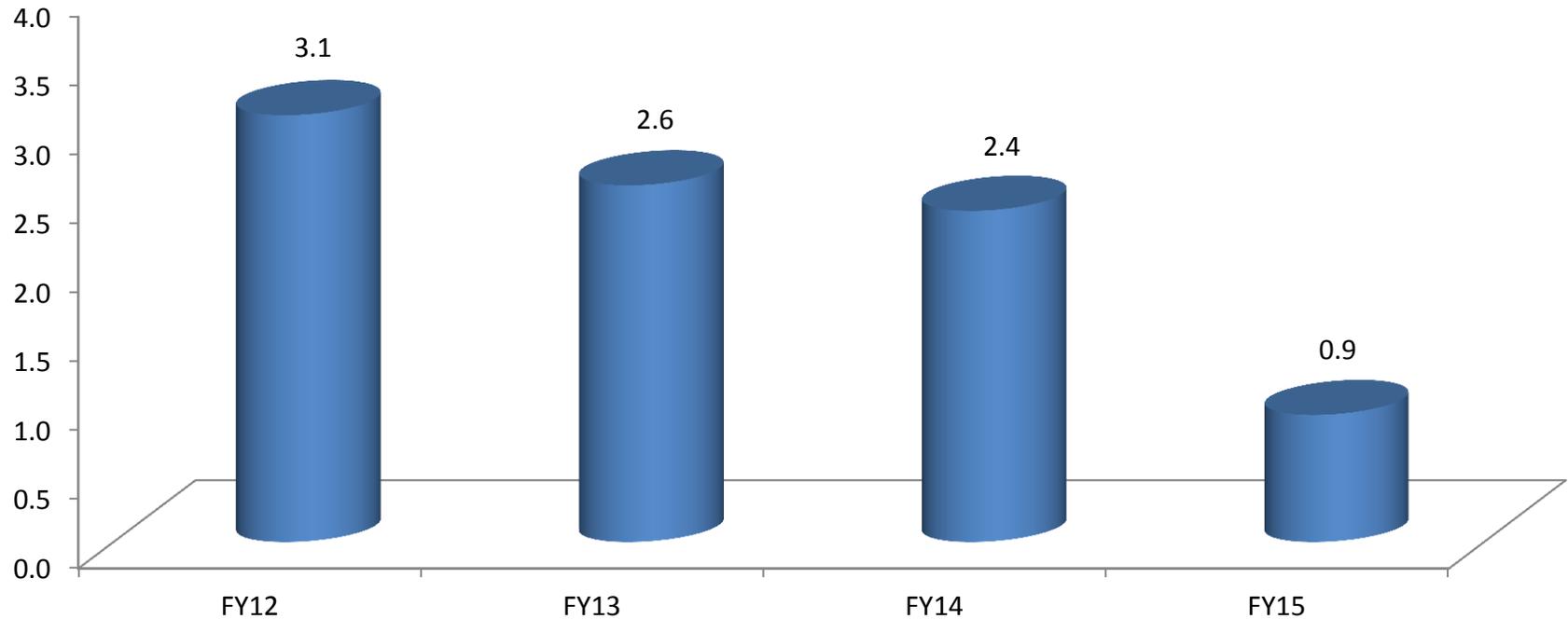


Note: Gross debt includes all long-term debt, short-term debt, current maturities of long-term debt, current maturities of lease finance obligations, interest accrued but not due on borrowings, and book overdrafts

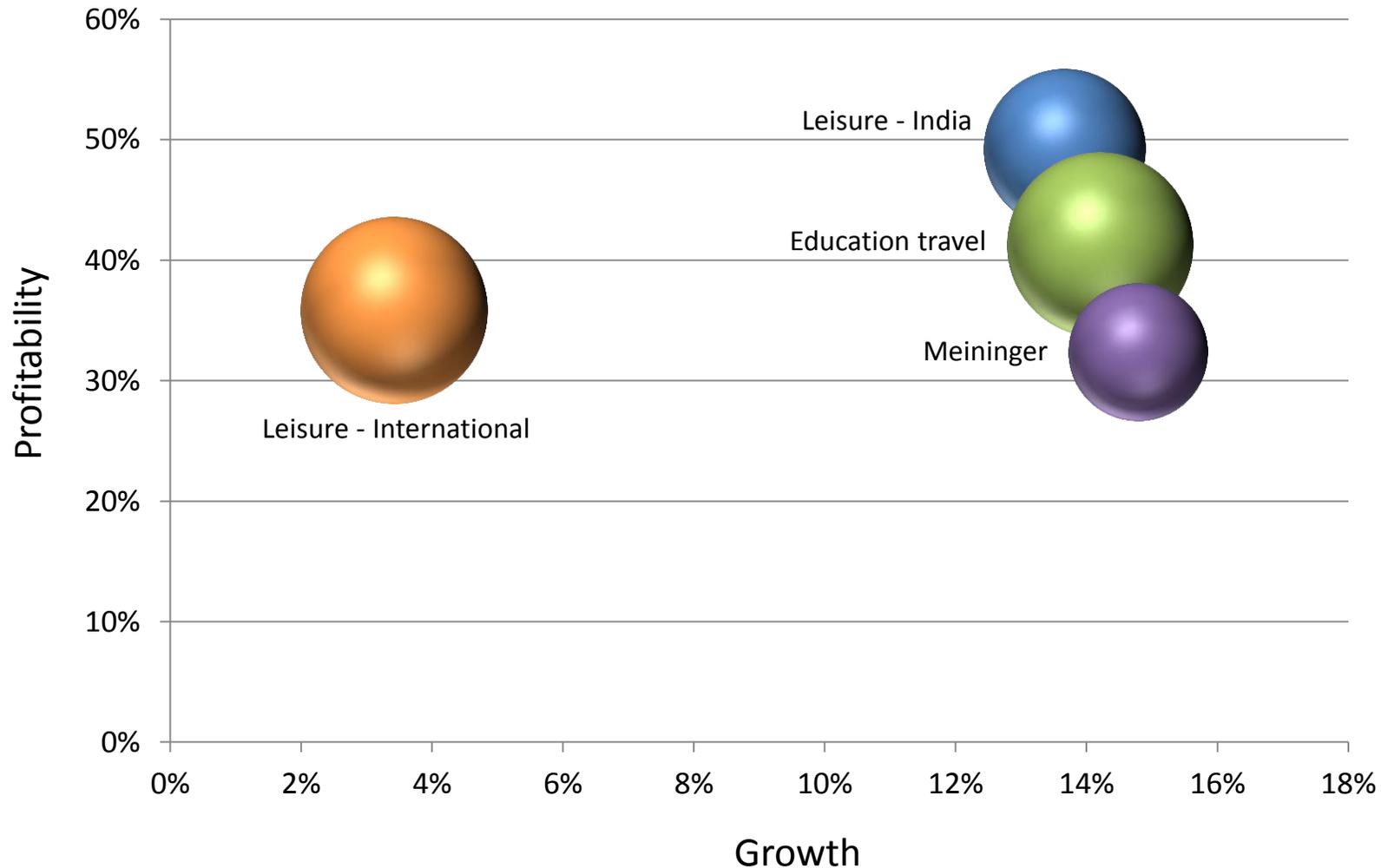
# Leverage is comfortable



Cox & Kings consolidated net debt/equity ratio (x)



# Cox & Kings is a growing, diversified travel multi-national



Note: Growth scale depicts last two years' net revenues CAGR, Profitability scale depicts last two years' median EBITDA margin (excluding forex gain/loss), Size depicts relative share of FY15 net revenues

# Over the past decade Cox & Kings has reinvented itself



FY06

Acquired European inbound tour operator, ETN Services

FY07

Acquired Cox & Kings (U.K.)

FY08

Acquired Tempo Holidays, Australia

FY09

Acquired boutique U.S. travel firm, East India Travel

FY10

Completed INR5,919m IPO; acquired TUI's Bentours Australia

☐ Organic growth has been complemented by corporate actions, both strategic as well as opportunistic

Completed QIP of INR10.0bn in November 2014

FY 13/14

Sold Camping unit for GBP89m; received fresh investment of US\$138m from Rohatyn

FY12

Acquired Holidaybreak plc – a European education and leisure travel group – for GBP 470 m Enterprise Value

FY11

Completed INR3,040m GDR issue

Strategic

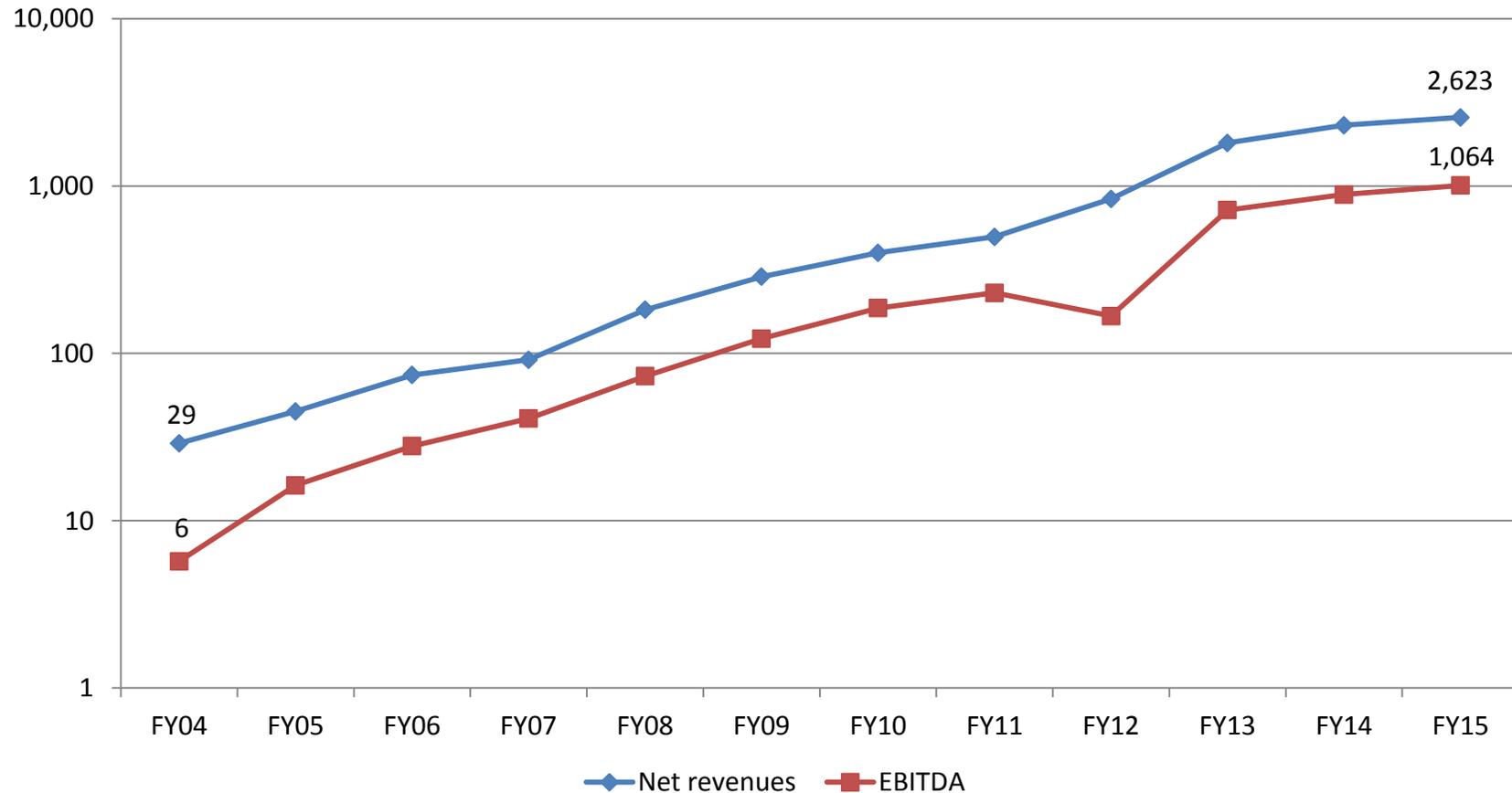
Opportunistic

# We have grown strongly over the last decade



**Net revenues\* and EBITDA\*\* have grown at a CAGR of 51% and 61%, respectively, over the past 11 years**

Logarithmic scale in Rs. Crores



\* Includes Camping and Other Income

\*\* Excludes forex gain/(loss)

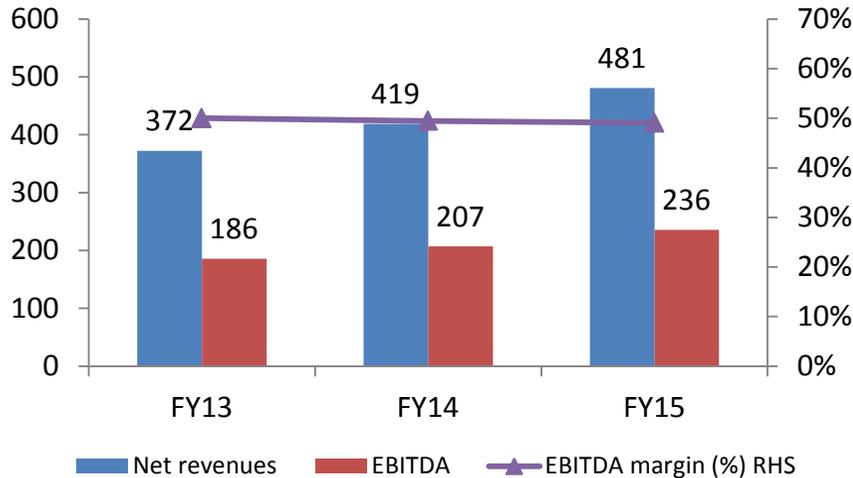


- ❑ **Consolidate our presence in the leisure travel segment**
  - Build market share in India’s highly fragmented travel industry
  - Expand franchise network within India
  
- ❑ **Leverage our global platform to cross-sell products in other geographies**
  
- ❑ **Continue to consolidate product sourcing operations globally**
  - Higher volumes lead to better bargaining power with suppliers
  
- ❑ **Grow the Education business in newer geographies**
  - Expand Education brands in the rest of Europe
  - Introduce PGL- & NST-like products in India, while increasing depth in Australia
  
- ❑ **Aggressive expansion at Meininger**

# Individual business performance highlights and outlook



**Leisure – India financial performance**



- ❑ Leisure – India net revenues grew robustly by 15% in FY15; margins were stable
- ❑ Leisure – India has seen a good start with summer bookings robust
- ❑ Expect robust organic growth this year on the back of lower y-o-y oil prices, reduced air fares, higher disposable incomes
- ❑ Product offerings such as Holiday365 and niche vacations (adventure, culinary etc.) will power growth

## India's leading integrated tour operator

**'Favourite Outbound Tour Operator' and 'Favourite Inbound Tour Operator'** at *Outlook Traveler Awards, 2014*

**'Best Outbound Tour Operator'** at *Explore the World Annual International Awards, 2014*

**'Best Inbound Tour Operator'** at *India Travel Awards, 2014*

**'India's Best Tour Operator' and 'India's Best Travel Agent'** at *World Travel Awards, 2013*

**'Best Outbound Tour Operator'** at *International Tourism Conclave Travel Awards, 2013*

**'Best Outbound Tour Operator'** at *Hospitality India Awards, 2013*

**'Best Company providing Foreign Exchange'** by *CNBC Awaaz, 2013*

All figures in Rs. Crores and excluding forex gain/(loss)

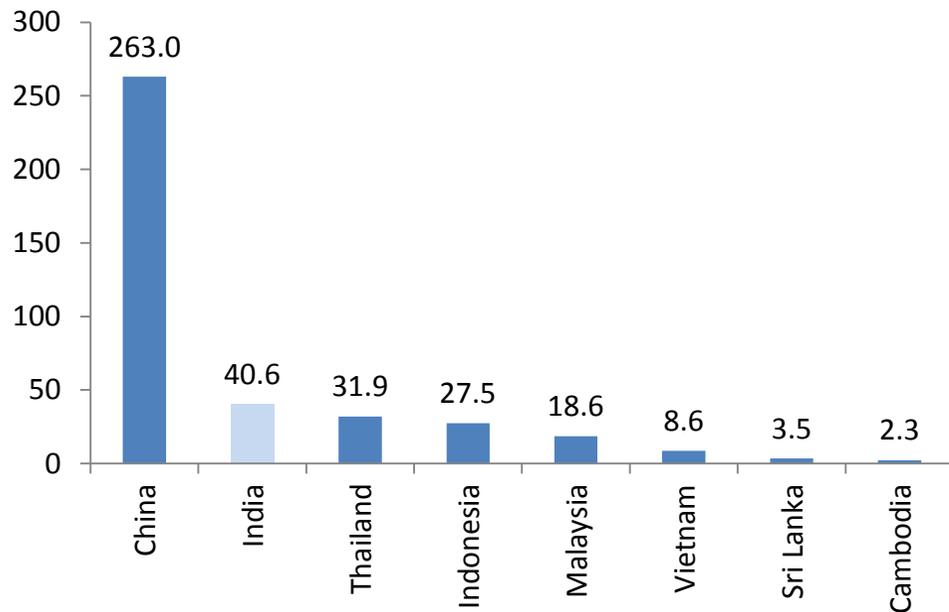


# India is a highly underpenetrated tourism market

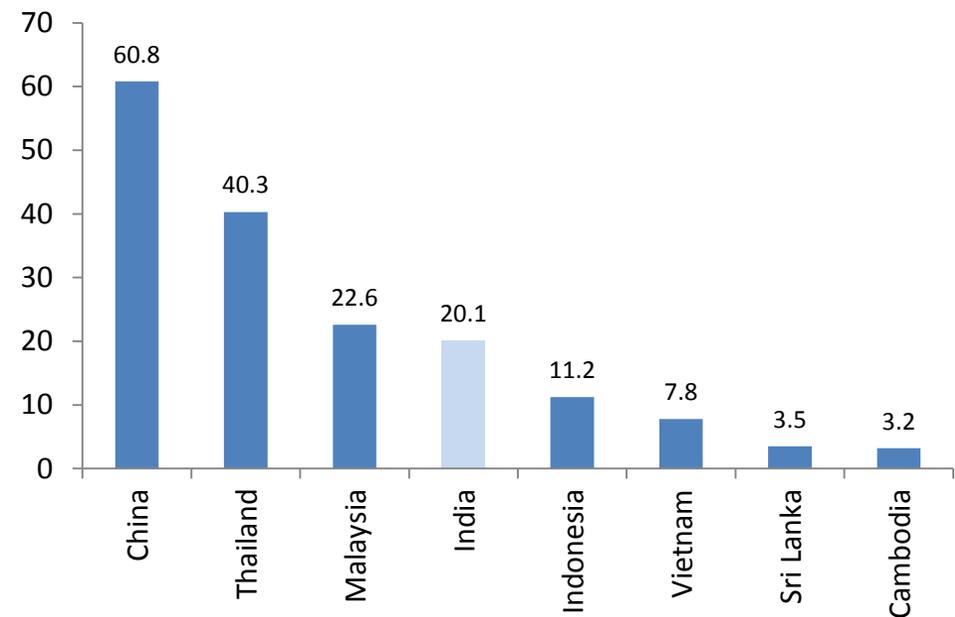


- ❑ India ranks a lowly 11<sup>th</sup> in the world stakes (inbound as well as domestic), despite the size of the country and the wealth of tourism opportunities available
  - The country ranks 18<sup>th</sup> in terms of visitor exports\*\*, below smaller countries such as Thailand and Malaysia

Travel market direct contribution to GDP\* 2014 (US\$ bn)



Visitor exports\*\* 2014 (US\$ bn)



in US\$ billion (real 2014 prices) unless specified

Source: World Travel & Tourism Council 2015

\* defined as total revenue generated within a country by industries that deal directly with tourists (excludes spending abroad by residents) minus purchases made by those industries

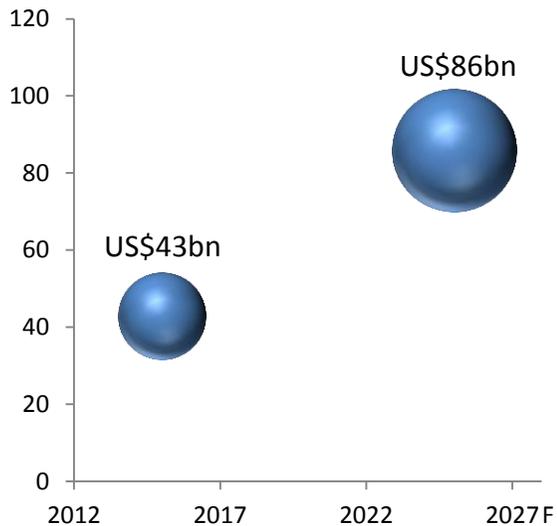
\*\* defined as spending within the country by international tourists, including business travelers

# Indian tourism will grow rapidly over the next 10 years

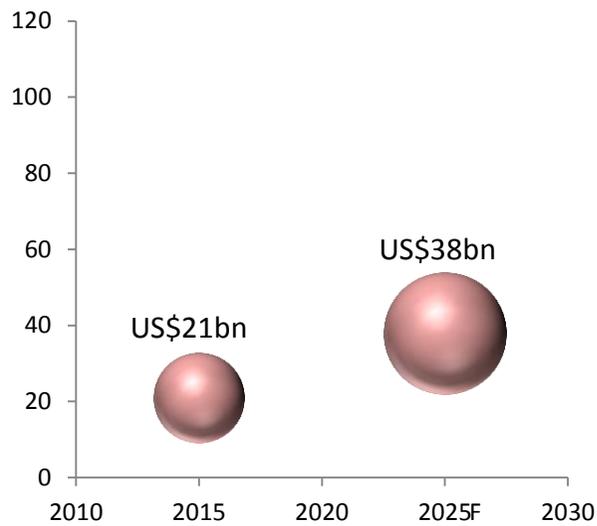


- Government initiatives will play a pivotal role in driving Indian tourism. Tourism can, in turn, play a critical role in driving the Indian economy as employment growth in other sectors plateaus
  - Direct, indirect and induced impacts of tourism generated US\$7.6 trillion, or 9.8% of global GDP in 2014, yet India managed to derive only 6.7% of its own GDP from the sector
  - Tourism generated 277 million jobs (1 in 11) globally, of which 105 million were direct, according to WTTC. Yet, India has only 37 million employed in the sector. Every job in tourism almost triples upon itself

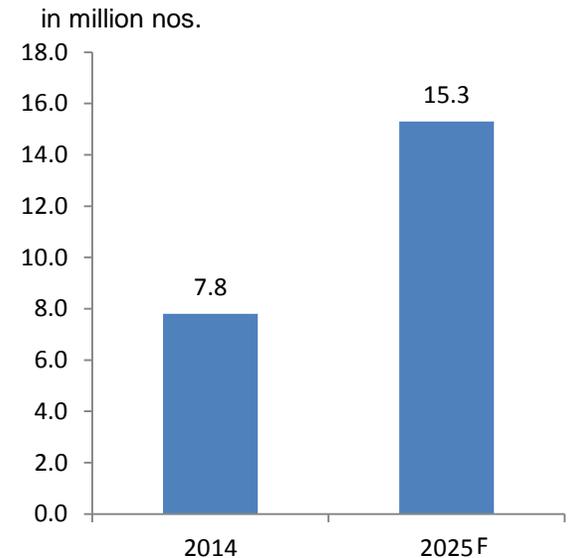
**India's travel market\* will double b/w 2015e-25F**



**Visitors exports\*\* will expand**



**Tourist arrivals will grow rapidly**



in INR billion (real 2014 prices) unless specified; *INR:US\$ conversion at 62*

Source: World Travel & Tourism Council 2015

\* defined as total revenue generated within a country by industries that deal directly with tourists (excludes spending abroad by residents) minus purchases made by those industries

\*\* defined as spending within the country by international tourists, including business travelers

# India will be the world's fifth fastest growing market



- According to WTTC, India will be the world's fifth fastest growing market between 2015e-2025F
  - The country is due to outpace its rival Asia-Pacific markets

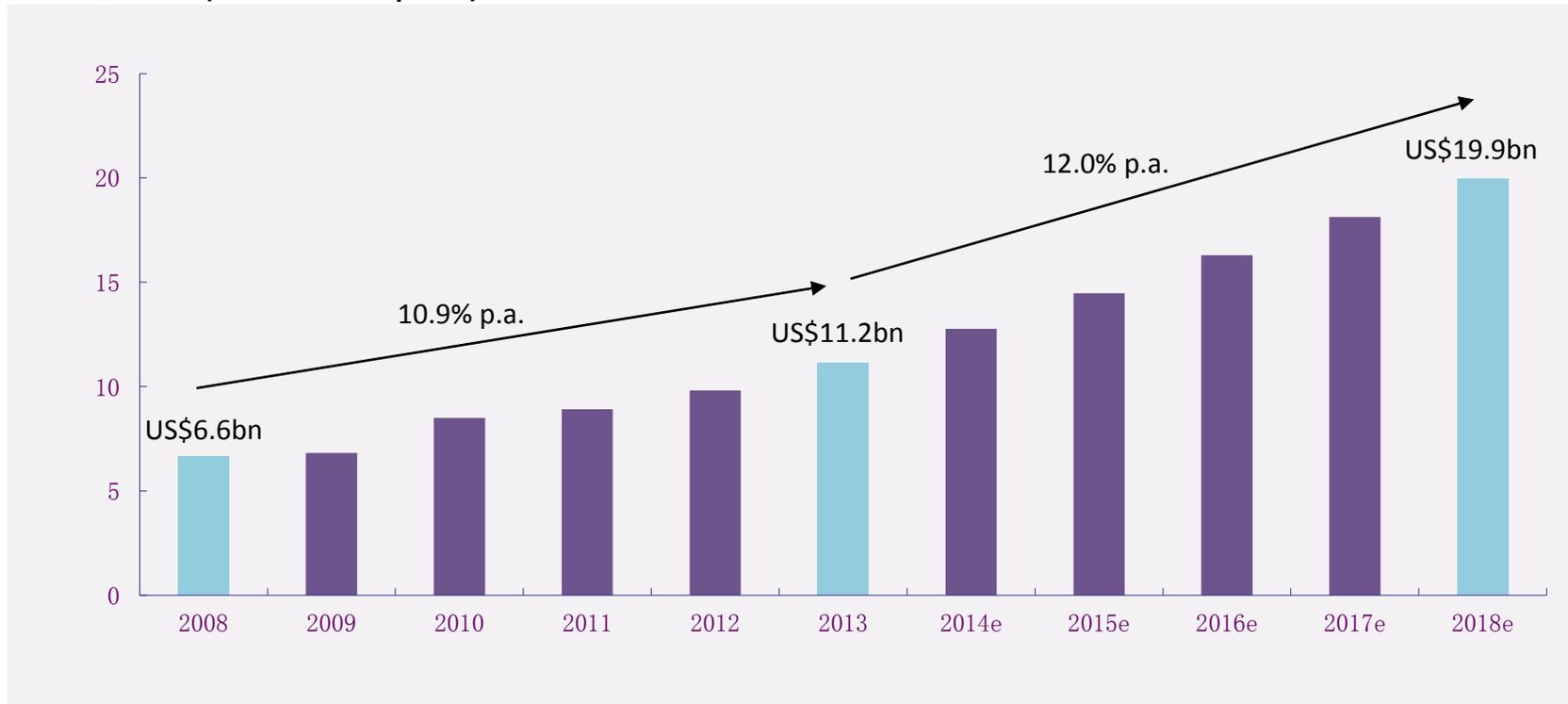
Rank	Travel & Tourism direct contribution to GDP	2015e-2025F growth p.a. (%)
5	India	7.2
7	Thailand	6.7
11	Vietnam	6.6
15	Cambodia	6.3
23	Sri Lanka	6.1
24	China	6.0
43	Indonesia	5.3
	Asia Pacific	4.9
101	Malaysia	4.1
	World	3.9

# India's outbound market growth is due to accelerate



- India's outbound tourism market is expected to grow at an accelerated rate of 12.0% p.a. over 2013-18e, as compared to 10.9% in the period 2008-13, driven by higher disposable incomes

**India's outbound travel market growth rate is expected to accelerate in US\$ billion (constant 2013 prices)**

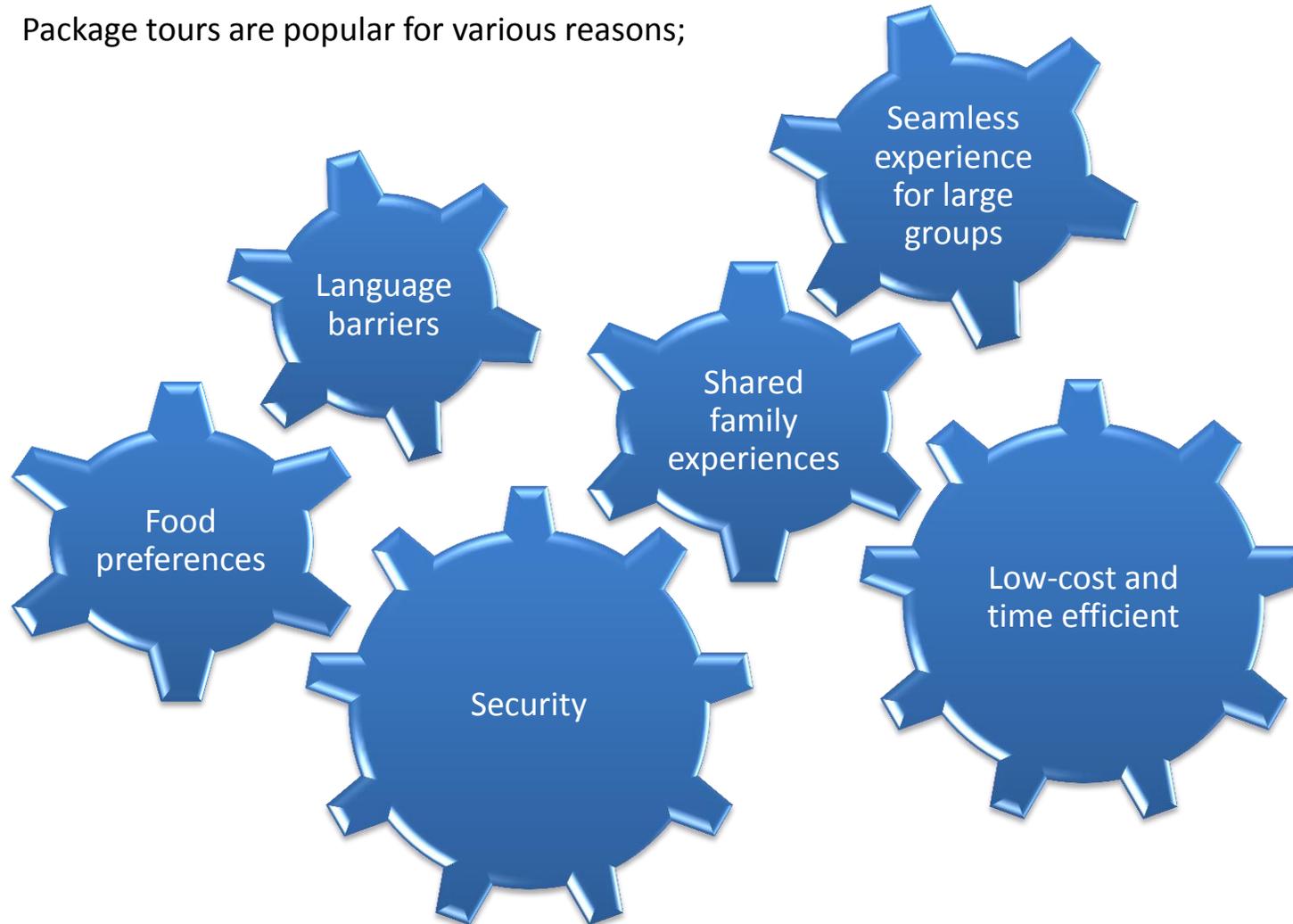


Source: Euromonitor Travel & Tourism in India 2014  
INR:US\$ conversion at 62

# Package tours are an attractive proposition



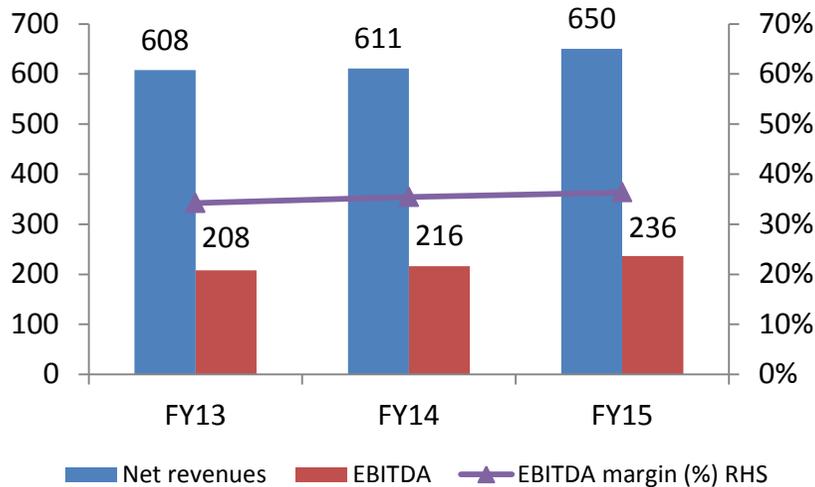
- ❑ Package tours are popular for various reasons;



# Leisure – International



Leisure – International financial performance



- Leisure – International net revenues grew by 6% in FY15; margins improved slightly
- Outlook is robust, due to economic recovery in Europe, higher tax-free withdrawals of annuities allowed for U.K. pensioners from April 2015, a stronger pound, and stability in U.K. politics

*A niche tour operator in the U.K., U.S.A., Netherlands, Australia, New Zealand, Japan, Singapore and Dubai*

**‘Best Luxury Holiday Company – Small’** at *British Travel Awards, 2014*

**‘Best Escorted Tours Holiday Company: Silver’** at *British Travel Awards 2014*

**‘Best Luxury Tour Operator – runner-up’** at *Telegraph Ultras Awards, 2014*

**‘Best Holiday Company respectively to Central & South America, South Asia and Middle East – Small: Silver’** at *British Travel Awards, 2014*

**‘Best Holiday Company to East & Southeast Europe – Small: Bronze’** at *British Travel Awards, 2014*

**‘Outstanding Tour Operator’** at *SAVEUR Culinary Travel Awards, 2014*

All figures in Rs. Crores and excluding forex gain/(loss)

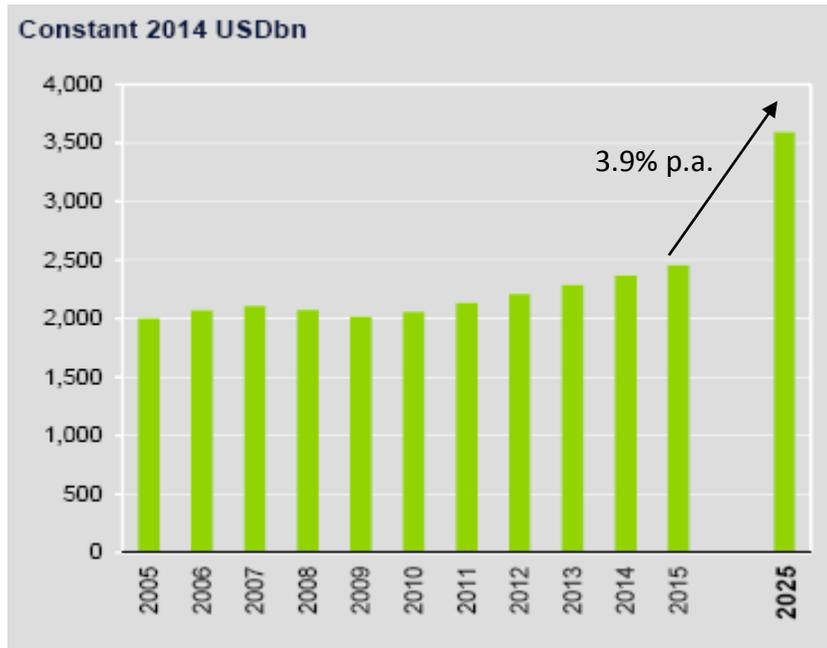


# The world travel market is growing faster than world GDP

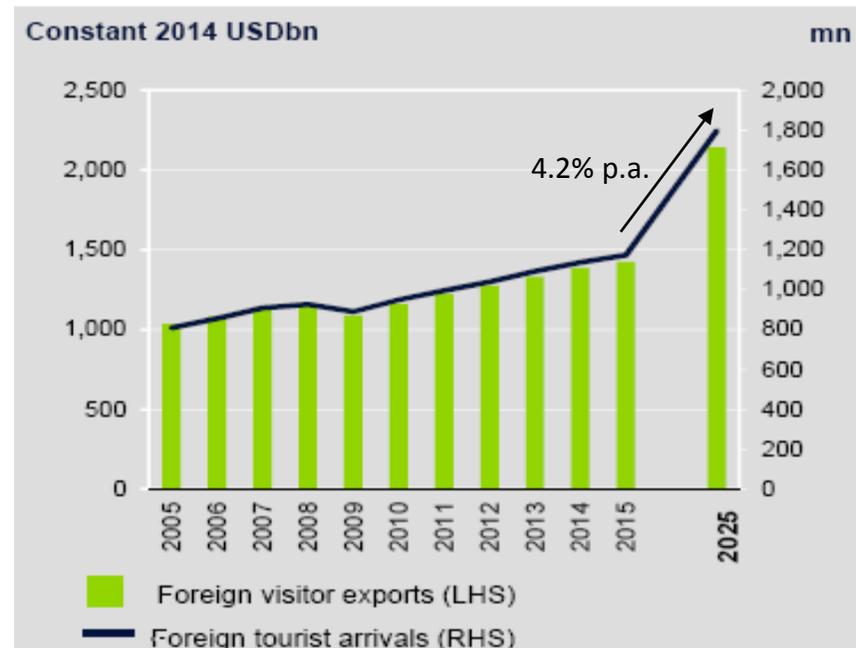


- ❑ World travel market direct contribution to GDP\* is likely to grow by 3.9% p.a. between 2015e-2025F, which bodes well for our Leisure – International business
  - The travel market has in recent years outpaced sectors such as financial services, healthcare & automotives
  - Foreign visitor exports\*\* and foreign tourist arrivals are forecast to grow by ~4.3% p.a. between 2015e-2025F

**World travel market direct contribution to GDP will grow strongly**



**Foreign visitor exports and arrivals will grow even faster**



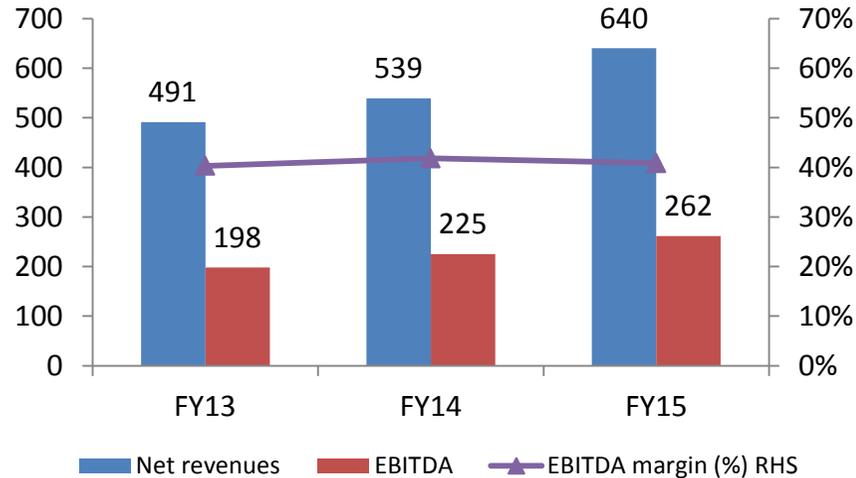
in US\$ billion (real 2014 prices) unless specified

Source: World Travel & Tourism Council 2015

\* defined as total revenue generated within a country by industries that deal directly with tourists (excludes spending abroad by residents) minus purchases made by those industries

\*\* defined as spending within the country by international tourists, including business travelers

Education financial performance



PGL (UK) operational metrics	FY14	FY15
Owned beds (nos.)	6,917	7,267
Leased beds (nos.)	1,604	1,604
<b>Total bed capacity (nos.)</b>	<b>8,521</b>	<b>8,871</b>
Occupied bed nights (nos.)	9,67,116	11,12,549
Average revenue/bed night (GBP)	65.7	66.2

- ❑ Education net revenues grew 19% in rupee terms (up 16% in constant currency terms) in FY15; margins fell slightly
- ❑ National Citizenship Service (NCS) programs partly led to increased occupancy at PGL this year, especially during the lean season of Nov-Feb
- ❑ NST and EST, respectively, booked 14% and 11% more passengers y-o-y in FY15, partly due to the timing of Easter
- ❑ PGL has 83% booked of internal revenue projections for FY16 and 37% for FY17
- ❑ PGL Australia's total no. of passengers exceeded internal expectations by 38%
- ❑ Capex in FY16 at Liddington extension (392 beds), Marchants Hill (312) and Chateau Grande Romaine (192)

All figures in Rs. Crores and excluding forex gain/(loss)



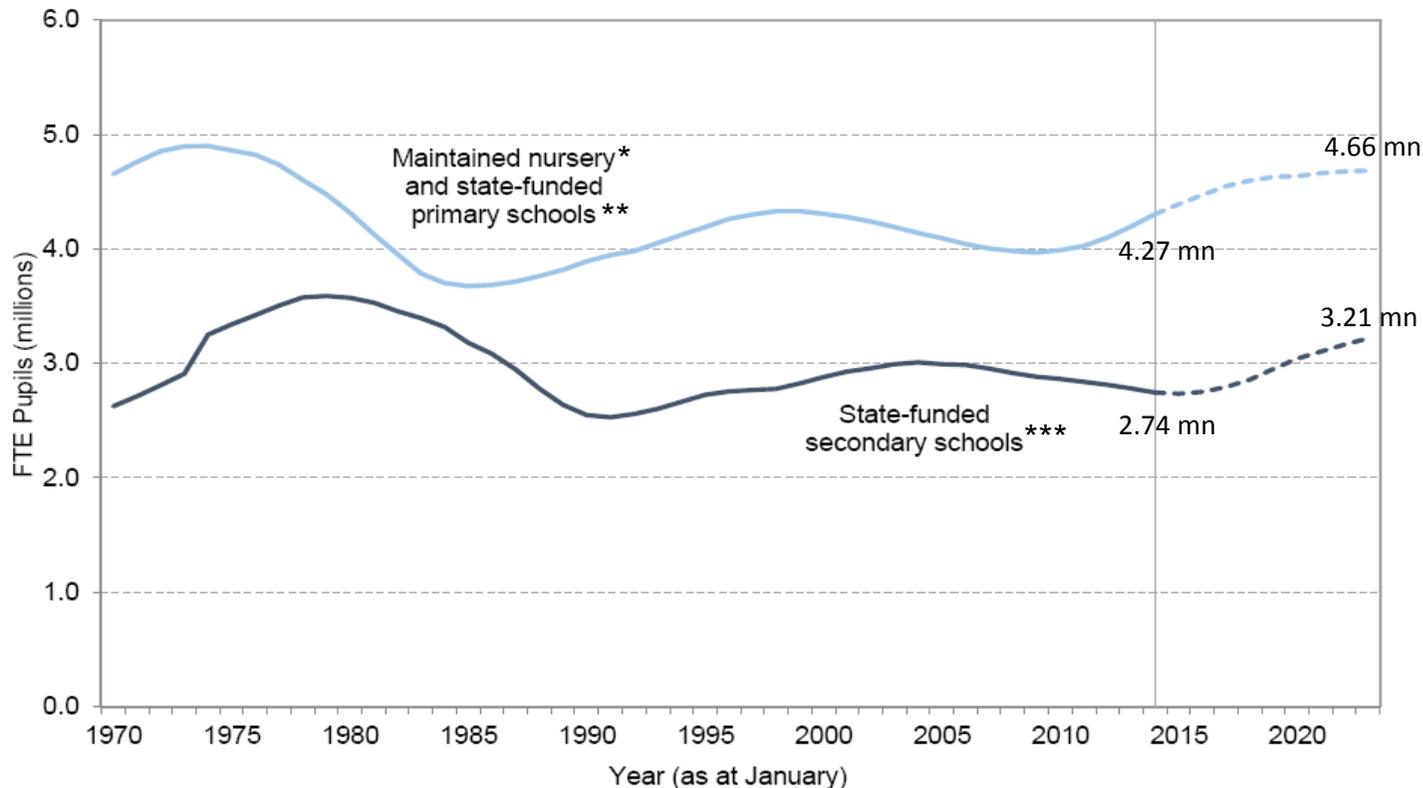
# U.K. education travel is poised for robust long-term growth



- U.K. pupil population is on the rise and will soon reach levels last seen in the 1980s, contrary to popular assumptions of demographic decline

➤ PGL in particular will benefit from these trends

Pupil numbers are expected to grow by 12% from 2014 to 2023



Source: U.K. Department for Education - National Pupil Projections - Future Trends in Pupil Numbers, July 2014

\* Maintained nursery refers to public sector schools maintained by local authorities

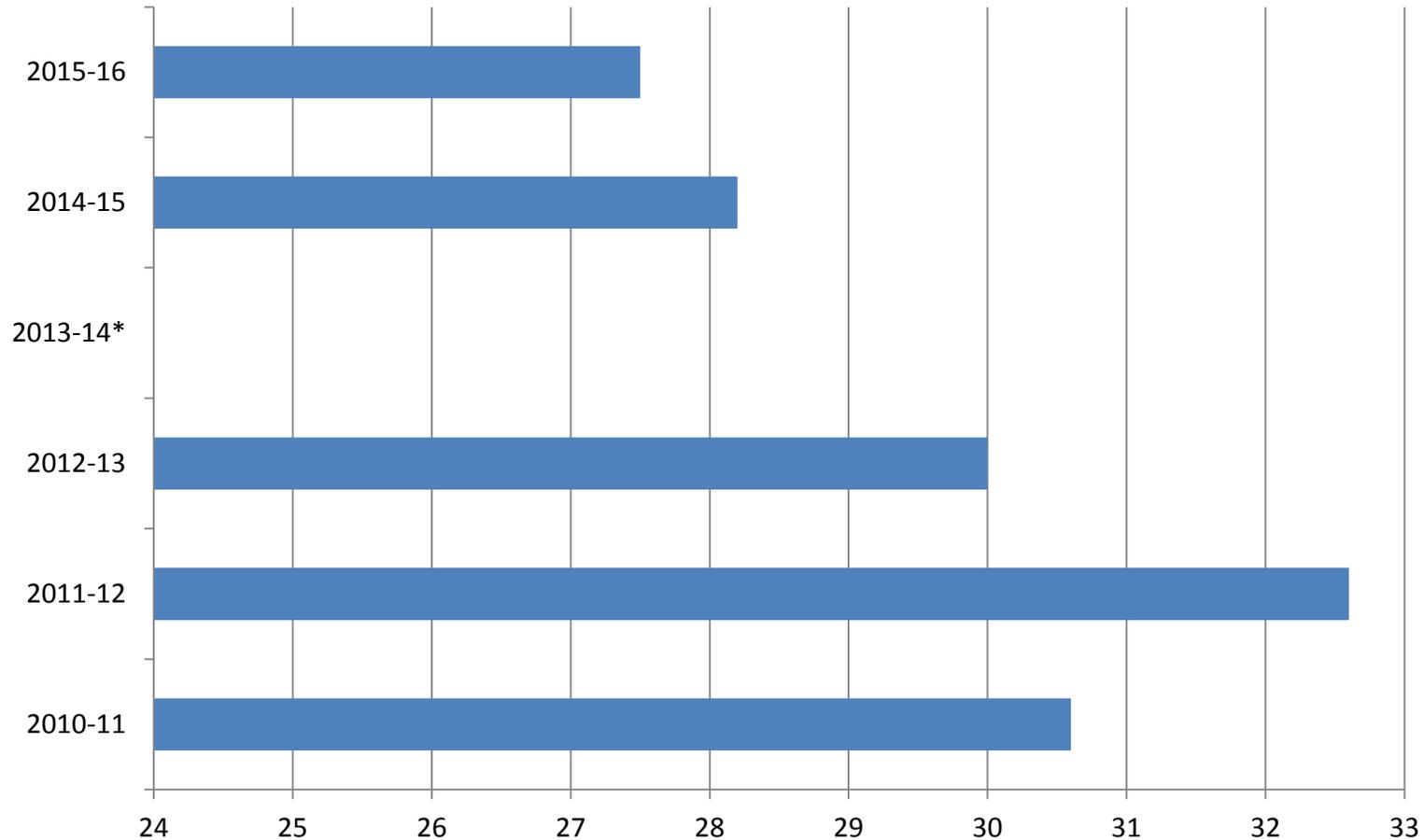
\*\* State-funded primary schools include maintained primary schools, primary academies and primary Free Schools

\*\*\* State-funded secondary schools include maintained secondary and all-through schools, secondary and all-through academies, secondary academies and all-through Free Schools, City Technology Colleges, University Technical Colleges and Studio Schools

# PGL's local competitors (LEAs) are facing budget cuts



**Dedicated school grants final allocation after recoupments for new academies  
(in billion pounds)**

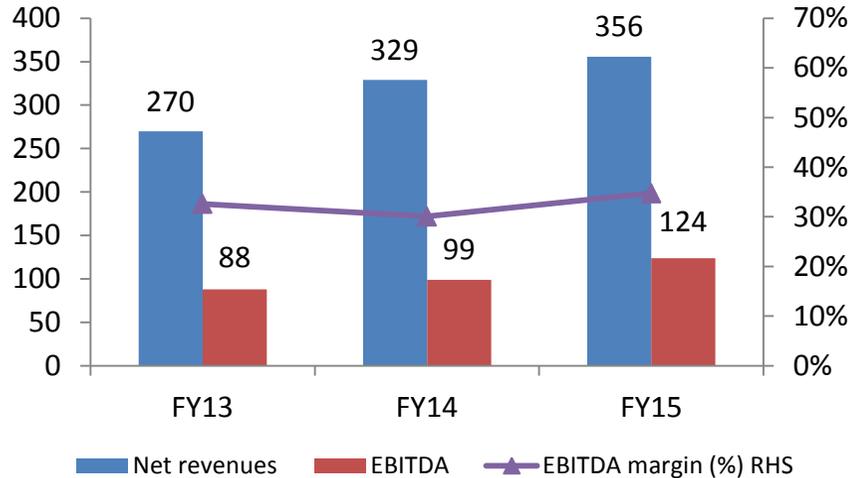


Source: U.K. Department for Education

\* Figures for 2013-14 not available from the Department

LEAs = Local Educational Authorities, which are overseen by local governing councils, and have their own campuses for outdoor programs

## Meininger financial performance



Meininger operational metrics	FY14	FY15
No. of rooms (nos.)	2,079	2,127
No. of beds (nos.)	6,923	7,023
No. of bed nights (nos.)	17,78,238	18,95,258
Bed occupancy rate (%)	70.8%	75.0%
RevPAB (EUR/bed)	18.9	20.5

- ❑ Net revenues up 8% in INR terms in FY15 due to ~5% weaker y-o-y Euro/GBP (reporting currency) conversion; margins rose by 440bps y-o-y on higher RevPAB and better occupancy
- ❑ Refurbishment projects underway in Munich, Hamburg, Berlin main station and Frankfurt airport
- ❑ Full benefit of 132 new beds at the Amsterdam site will flow in FY16
- ❑ ~39% of internal revenue targets for FY16 already booked
- ❑ We expect to add ~2,000 beds in FY17

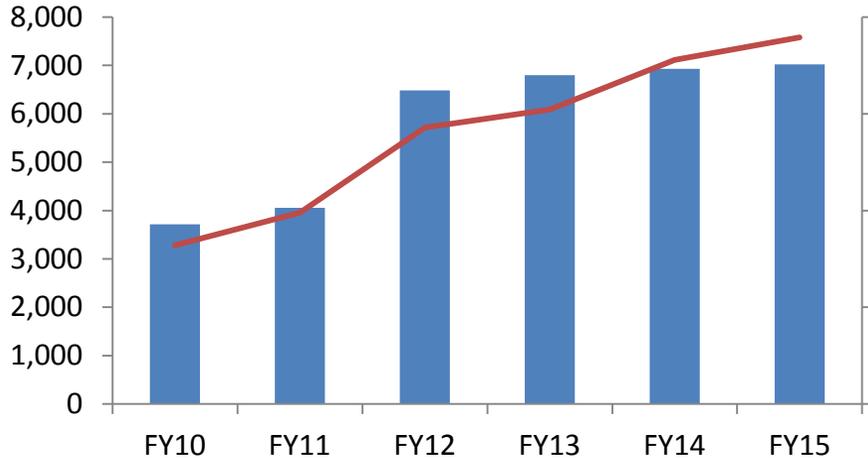
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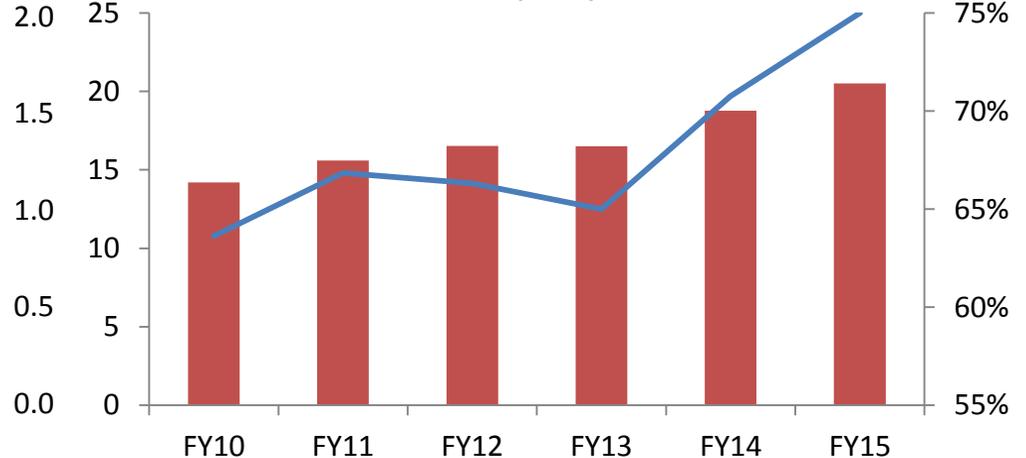
# Meininger has been unaffected by the European recession



**No. of beds and Occupied bed nights**



**RevPAB and Bed occupancy rate**



■ No. of beds (LHS)    — Occupied bed nights (million) RHS

■ RevPAB in EUR (LHS)    — Bed occupancy rate (%) RHS

➤ Hybrid hotels offer guests an attractive proposition, with beds priced as low as EUR16/night

Hostels	MEININGER	Budget Hotels
Basic furnishings	3-star	2-3 star
Booked by bed	Booked by bed & room	Booked by room
Shared facilities	En suite bathrooms	En suite bathrooms
Guest kitchen	Guest kitchen	-
Breakfast room	Breakfast room	Restaurant
Celebration FITs* (backpackers)	Celebrations FITs* (flashpackers, backpackers)	Celebration leisure guests
-	Families	Families
Celebration groups	Celebration groups	-
Education groups	Education groups	-
-	Business travelers	Business travelers

\* FIT = Free independent traveller

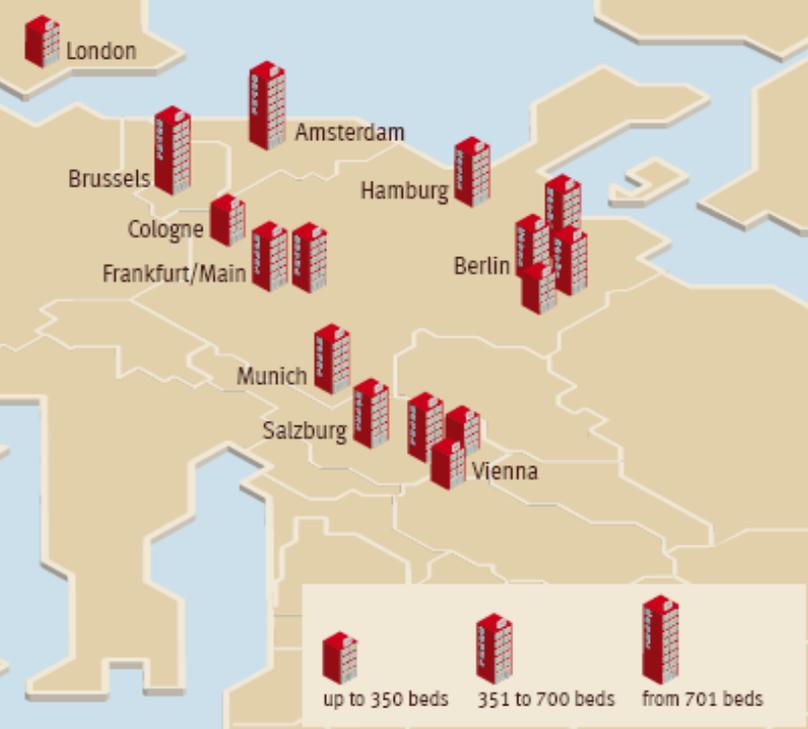
# We have a strong presence in Germany and Austria



## Existing Hotels

MEININGER Hotel	Opening	Rooms	Beds
Amsterdam City West	2012	253	881
Berlin Alexanderplatz	2008	90	328
Berlin Central Station	2009	296	848
Berlin Mitte "Humboldthaus"	2011	118	430
Berlin Airport	2012	156	357
Brussels City Center	2013	170	727
Frankfurt/Main Convention Center	2010	164	389
Frankfurt/Main Airport	2012	168	418
Hamburg City Center	2009	116	423
Cologne City Center	2006	52	170
London Hyde Park	2006	48	262
Munich City Center	2004	94	396
Salzburg City Center	2011	101	362
Vienna Central Station	2007	68	253
Vienna Downtown "Franz"	2011	131	487
Vienna Downtown "Sissi"	2011	102	294

New Properties signed	Opening	Rooms	Beds
Amsterdam Amstelstation	2017	186	806
Barcelona Pallars-Llarcuna	2016	238	734
Berlin Schultheiss Brewery	2016	300	834
Paris Porte de Vincennes	2018	250	-



# Meininger is looking to expand aggressively



Targeted new locations in Europe



# Europe's premier hotel REIT will fund our expansion



- ❑ Foncière des Murs (FDM) is a >EUR6.0-billion European REIT promoted by Foncière des Régions and Generali, among others
- ❑ FDM specializes in owning hotels, entertainment venues and retirement houses
- ❑ FDM is committed to investing EUR400 million in properties identified by Meininger over the next four years. Hence, Meininger will maintain its own capex-light model
- ❑ Meininger will use the funds to add around 13,000 beds, taking its total to >20,000 beds

# Quarterly performance



# Consolidated P&L summary for 4Q FY15 and FY15



In Rs. Crores (including Camping)	4Q FY14	4Q FY15	y-o-y (%)	FY14	FY15	y-o-y (%)
Net revenues	499	502	1%	2,351	2,623	12%
EBITDA (excl forex gain/loss*)	58	59	1%	933	1,064	14%
PBT before exceptional items	-48	97	n.m.	659	542	-18%
Exceptional profit/(loss)**	-21	0	n.m.	-46	-309	677%
PAT before minority interest and share of profits	-23	47	n.m.	449	90	-80%
Consolidated PAT	-46	65	n.m.	383	92	-76%

Note: Both net revenues and EBITDA include Other Income and Other Operating Income

\* Forex loss in 4Q FY14 was Rs.2cr

\* Forex gain in 4Q FY15 was Rs.124cr

\* Forex gain in FY14 was Rs.220cr

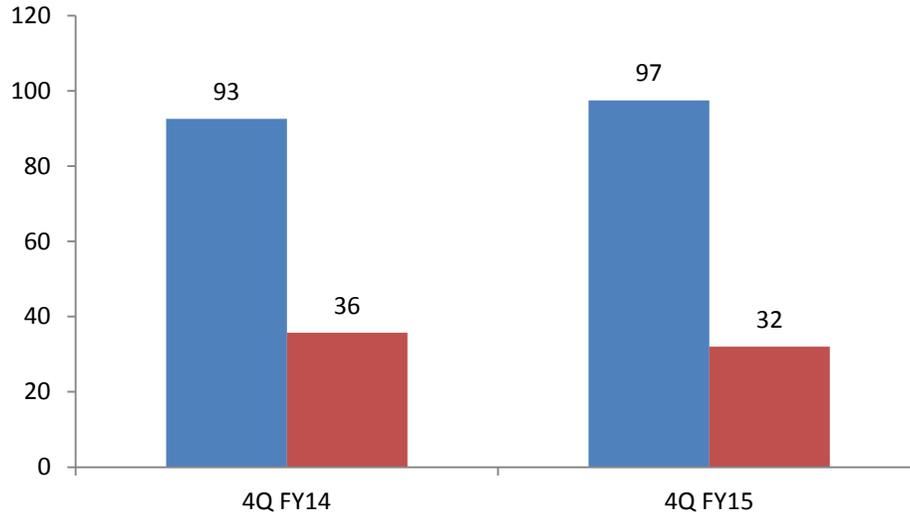
• Forex gain in FY15 was Rs.1cr

\*\* Exceptional Loss in FY15 relates to Camping Sale, cancellation of forward contracts on debt pre-payment and Goodwill of Camping division written off

# Leisure – India (4Q FY15) and Others (4Q FY15)

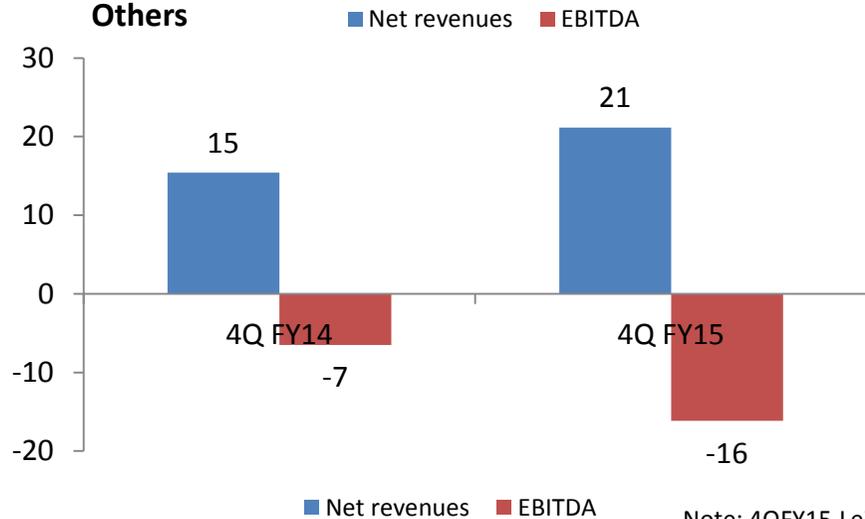


**Leisure – India**



- Leisure – India net revenues grew by 5% y-o-y. Tepid Inbound business led to lower margins y-o-y
  - Seasonally, the March quarter tends to have a higher share of Inbound, being off-season for the Outbound customer

**Others**

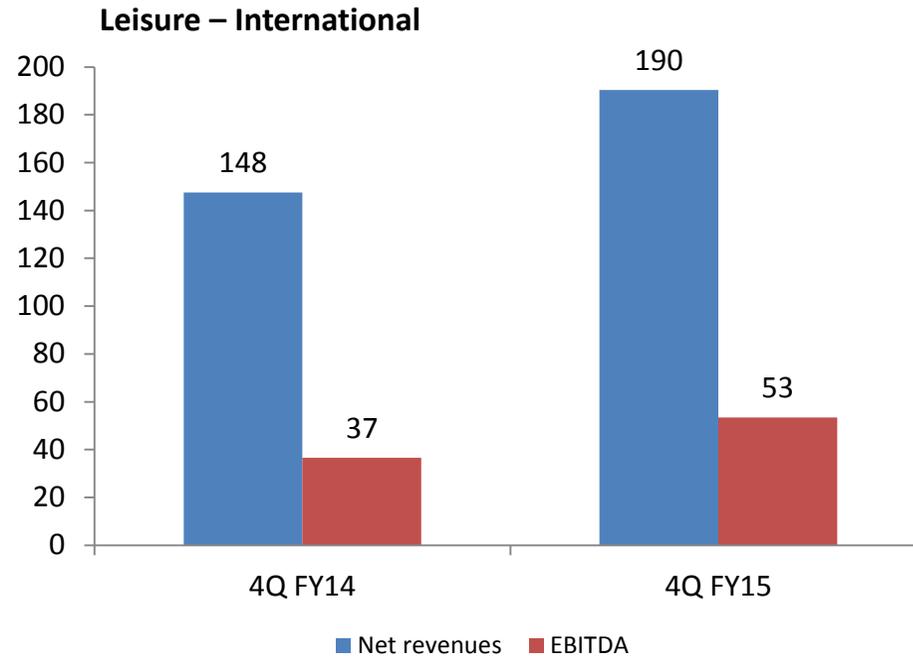


- Others – mainly visa services – saw one-time set-up costs on roll-out of our Indian visa outsourcing contract in the U.S.

All figures in Rs. Crores and excluding forex gain/(loss)

Note: 4QFY15 Leisure – India revenues amended as per new classification; no impact on FY numbers

# Leisure – International (4Q FY15)



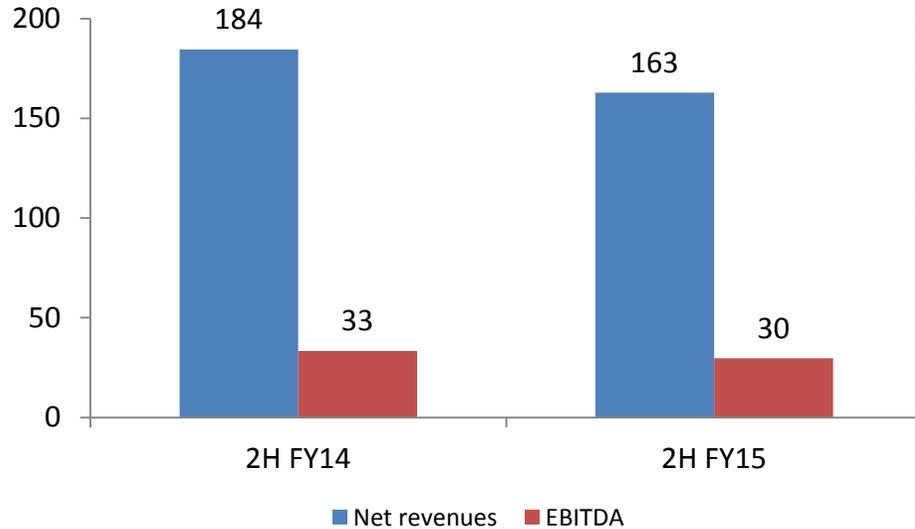
- Leisure – International net revenues grew robustly by 29% y-o-y, while EBITDA grew by 46%

All figures in Rs. Crores and excluding forex gain/(loss)

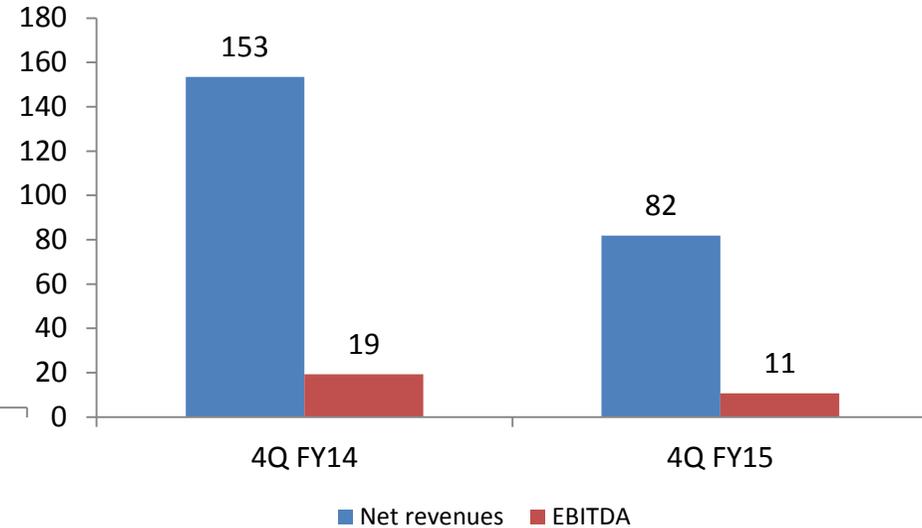
# Meininger (4Q FY15)



Meininger 2H FY15 vs. 2H FY14



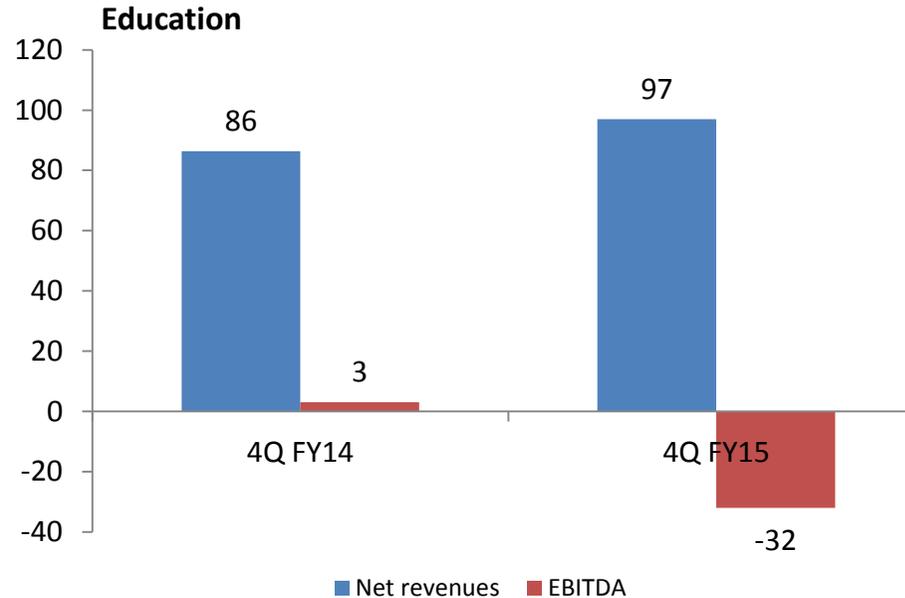
Meininger 4Q FY15 vs. 4Q FY14



- Meininger's 2H FY15 results have been affected by the weak euro/GBP conversion (GBP being reporting currency)

All figures in Rs. Crores and excluding forex gain/(loss)

# Education (4Q FY15)



- ❑ Seasonally lean quarter saw Education net revenues rising by 12% y-o-y, driven by NCS
- ❑ EBITDA loss of Rs.32 crores was driven by various factors;
  - Rs.7.5cr bonus payout to employees on achievement of targets
  - Maintenance costs at PGL (U.K.) pushed into 4Q FY15 instead of 3Q FY15 due to NCS programs being in progress in November and December
  - Additional expenses on roll-out of additional capacity at Liddington

All figures in Rs. Crores and excluding forex gain/(loss)

# Recap



# FY15 in a nutshell



- ❑ **Robust growth across businesses**
- ❑ **Education and Meininger saw standout performances**
- ❑ **Margin integrity maintained across businesses**
- ❑ **Leverage reduced to comfortable levels**

# Thank You

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