



“Wonderla Holidays Limited
Q4 FY 22 Earnings Conference Call”

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MODERATOR: **MR. RUSHAD KAPADIA - ICICI SECURITIES**

Moderator:

Ladies and gentlemen, good day and welcome to the Wonderla Holidays Limited Q4 FY22 Results Conference Call hosted by ICICI Securities. 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. Rushad Kapadia from ICICI Securities. Thank you, and over to you, sir.

Rushad Kapadia:

Thank you, Lizann. Good afternoon, ladies and gentlemen, and welcome to the Q4 FY22 results conference call for Wonderla Holidays. We have with the management, Mr. Arun Chittilappilly, the Managing Director, and Mr. Satheesh Seshadri, the Chief Financial Officer. So, I would now like to hand over the floor to the management for their opening comments without further delay. Without, comments remarks. Thank you, and over to you, sir.

Arun Chittilappilly:

Thank you. Good afternoon, everyone. Thank you for joining us today. We extend a warm welcome to all of you at this conference to discuss the results of Q4 for FY '21-22 for Wonderla Parks and Resorts. I'm pleased to inform you that our company has delivered a healthy performance in the midst of a pandemic year. We registered a revenue growth of 232% YoY with revenues at INR 127.5 crore in FY22, compared to INR 38.4 crore in FY20-21. This performance reflects our brand strength and public trust in our company and offering. The clarity of strategy on achieving growth and strategy clarity on achieving growth and growth, growth development, operational excellence. The results clearly endorse our resilient business model and asset quality. Also, our stakeholders depend on our ability to provide a safe and hygienic environment for our employees and customers.

The parks were closed from mid-April until August due to the Delta variant. In December and January, during the Omicron variant, reposed a great challenge for us. However, our focus on leveraging digital marketing, scaling content, consistent park activities, experiments, and thematic and F&B and retail innovations with seamless execution helped us achieve a solid finish to the year with marked improvement in our revenue and EBITDA positions. We are constantly making efforts to please our customers in innovative ways. There were so many different events that we have done in the last quarter. The highlight of one of which was Women's Day, where we recorded the highest footfall ever in our 22 years history of 32,000 visitors. This event response was the most encouraging, and the crowd's enthusiasm was at its peak.

—all all our initiatives received such tremendous responses from our customers. As a result, our total footfalls for the quarter exceeded 4.9 lakhs and a total of 10.5 lakhs for the entire year. The Q4 footfall helped us to breach the pre-COVID level of revenues for the quarter EBITDA and PAT. Q4 started with the fresh round of government restrictions because of the Omicron variant. We had weekend lockdowns in Cochin and Bangalore. The footfalls improved only towards the end of February, but the footfalls have been pretty robust from March onwards. The footfalls were dominated by women's day and our Holi celebrations; all three parks recorded the highest March footfalls since their respective openings. We're pleased to inform you that the company has returned to a positive EBITDA, and we are dedicated to offering memorable experiences to our customers. Our performance is a testimony to our resilience and our employees' superb customer service and commitment.

We also continue to strengthen our brand value and target to cross new operational growth and operational milestones ahead. Thank you for your continued support, And. I look forward to seeing you in our park soon. Thank you.

- Moderator:** Thank you, ladies and gentlemen; we will now begin with the question-and-answer session. The first question is on the line of Himanshu Upadhyay from O3 Capital. Please go ahead.
- Himanshu Upadhyay:** Hi, good afternoon, and congrats on a good set of numbers. See, I am attending the call for the first time, and I have some basic queries. So, the first question is, would it be correct to say that for a successful park operating company, the two things to look for are how they sweat the assets more in the novelty every time the customer comes besides good experience and safety. So, these would be the two critical factors for success.
- Arun Chittilappilly:** I think operational excellence is paramount because safety is the big issue, and cleanliness and hygiene. So those are its gold standard. Only the parks can do that very well. And then, of course, you need to continuously add new attractions and new events and new things to entertain your guests.
- Himanshu Upadhyay:** And secondly, do you think increasing the number of rides will have a limited ROI beyond the point that that limited little? See, we have a decent size of land in the three operating parks and have a good number of rides, and we can take them to 70 or 80 in the future, but beyond the number, will the ROI need not be met through the rides only?
- Arun Chittilappilly:** I think our parks are big enough, especially Bangalore and Kochi; I don't believe so, they are planning to add rides. If you're going to add any rides, now we will remove some of the old rides. So that's what we are doing and for our capacity of about 12,000, I think we already sufficiently have enough rides. We don't want to add too many rides but depending on the year and for example, the kind of rides that we said in 2002 or 2003, are very different from the rides we are adding now in 2022. So that way I think, I mean, obviously the kind of experiences we are giving is slightly different. So, yes, I hope that answers your question.
- Himanshu Upadhyay:** And means we will still have undeveloped land. So, what can be the future development plan here? And one thing related to this....
- Arun Chittilappilly:** We are not planning anything right now. We might add more rides, or we could add other facilities; we have not thought about it because land historically has been got for us at very cheap values.
- Moderator:** Thank you. The next question is on the line of Sanjay Awatramani from Envision Capital. Please go ahead.
- Sanjay Awatramani:** Thank you so much for giving me this opportunity. So just wanted to know what is this other counter collection and cooked food share revenue?
- Satheesh Seshadri:** In the park, there are a few counters which we have given on the revenue share model. The revenue from those on from share from confectioners, number one, number two is the other collections i.e basically, we have got the digital watch and additional locker fee and other things what we charge. So that is the other collections.
- Sanjay Awatramani:** Okay. And the following question is what is the progress on Chennai and Odisha Park, which we were planning to open, and what is the total expected Capex, which we are doing for Chennai?
- Arun Chittilappilly:** Okay. So, Chennai, right now it, 's on hold. We have not started any work there. We have invested about a hundred crore, mostly in the land itself. We have another IINR 350 crore to INR 400 crore investment. I think we don't know the exact number yet, but we have an outstanding issue with the taxation there. So, unless that is sorted out, we will not be able to start. And so, we are negotiating with them; I mean, we are talking to the Tamil Nadu government to see if we can find a solution. So, at that point, whenever that is done, we will start work. I think it is looking positive. We

should be able to do it before the end of this financial year. I think decide one way or another. Odisha is a smaller project, about less than a hundred crore. That one, I think is again Odisha government has invited us to set up the park there, and they're giving us, land almost, for a very nominal lease and things like that. But we are planning something smaller. It'll be about less than a hundred crore quarter investment. And our ticket price will be lower. But for us, Bhubaneswar initially looks like an exciting market to do a light version of our park. This project, I think, we should be able to get off the ground this financial year itself.

Sanjay Awatramani: Okay. Sir, just a follow up on this Chennai one you are optimistic that you will start construction work, or the construction will be completed by FY23 end?

Arun Chittilappilly: I think we will make a decision on Chennai and Odisha. Odisha is already progressing. Chennai will decide on whether to construct or not this year. And then accordingly we'll take a call, because currently, it's not viable for us to build the park because the taxation there is very high. So, if that is not removed, then I don't think we'll be able to make, so that call, we will take this financial year. That's what I meant.

Sanjay Awatramani: Okay. And the last thing I wanted to confirm was what will be the Capex for FY'23, And the Chennai thing, you mentioned that INR 350 crore to INR 400 crore exact Capex is not yet in line. Right. I mean, which is the additional Capex?

Arun Chittilappilly: We don't know yet. So, including the land, I think we are proposing less than INR 400 crore, but we will have to see how much. Sathish, we don't know the thing yet. Right?

Satheesh Seshadri: **Yes**, Sir, as said correctly, we are still waiting for the approval from the government to wave off the entertainment tax; subject to that, we are not starting the project. Otherwise, we would've started the project, number one. Number two, the initial project that the Capex was at INR 330 crore. But based on the approval, when it comes, we have to redo the estimate; possibly it could go up by another INR 10 crore or INR 20 crores, and on the Chennai project. The Odisha project's initial outlay is about INR 120 crore, including the fees we are paying to the government and other things. So that's where it is. The construction timeline scheduled is about two years from the time we start the construction. So that's how we work.

Sanjay Awatramani: Okay. And what is the Capex for FY23. This will be the latest from my end.

Satheesh Seshadri: See, we have got sustaining Capex. Every year we have about INR 30 crore of supporting Capex and some new rides, what we propose for the parks. For the project, we have identified initial payment of about INR 10 crore to the government for the lease completion and everything. And we have identified the earmarked about INR 50 crore for this year for the park's approvals if it comes in Odisha. That's why we have an earmark. and while we are very positive about the Chennai project still, we are not able to put a date when the government will approve.

Moderator: Thank you. We'll move on to the next question. That is on the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Good afternoon, sir. Thanks for the opportunity, and congrats on good set of numbers. So, my question is on footfall. So, this quarter, despite the fact that there was a third wave scare, we did a 4.9 lakh of footfalls and out of that in March itself, we did around 3 lakh footfalls, so now we are into our season, like April, May is one of the strongest season for us. So, should we expect footfalls to be much better than what you clocked in March and considering the run rate should we expect footfall to reach to pre-COVID level in a FY '23?

- Arun Chittilappilly:** So, we are expecting it around pre-COVID level. We are not sure yet, because again, the quarter is not over we could go above or below, but we don't know. But as of now, the footfalls are healthy yes.
- Kaustubh Pawaskar:** Right. Any thought process for the year? Because we have been hearing from the hotel industry that domestic leisure travel and domestic tourism is pent up demand
- Arun Chittilappilly:** Aa of now, yes. It's looking very strong, but again, like I said, I'm repeating it again and again, but we don't know right. About COVID if this is going to come back and it's going to affect again, we don't know hopefully it'll not happen if that is the case, then obviously things should be good for us this year, but if there is a scare of another wave and things like that, then obviously, then those things have to be considered.
- Kaustubh Pawaskar:** Right. And sir earlier you used to provide the footfalls for all the three parks. So can you just help me with the footfalls for three parks and the ARPU.
- Satheesh Seshadri:** You can reach out to us separately. We cannot give month wise, for the quarter we can give. You can reach us separately, please.
- Kaustubh Pawaskar:** Sure. We, I will do that. Okay. Thank you.
- Moderator:** Thank you. The next question is on the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.
- Dhruvesh Sanghvi:** Yes. Can you expand a little bit more on, what is the exact reason for reconsidering the Chennai thing? I mean, on the taxation side, with some numbers, if you can highlight state-wise or some thought process around it that why is it so important?
- Arun Chittilappilly:** So, GST we pay on ticket is about 18%. But on top of that in Tamil Nadu there's an extra 10% tax on every ticket that is sold in every amusement park or movie theatre. That makes our project unviable, especially a large project.
- Dhruvesh Sanghvi:** So that this is 28% collectively, right. Or 38% ?.
- Arun Chittilappilly:** 28%.
- Dhruvesh Sanghvi:** Right. But does it mean that probably, you know, three, four years waiting and then making this decision I mean the income of the country or some macro numbers start to look favorable considering that this 28% remains 28% or it will still be unviable. I mean, some thought around it, of course.
- Arun Chittilappilly:** We don't know. We don't know where we are trying to get the 18% on the GST on the amusement part ticket itself is very high. It used to be less than 10% three, four years back now that has become 18%. Now we will not be able to sustain high Capex in this sector. If you are going to charge more than 18%, 20% tax, then the viability of the project itself it'll be suspect. And this is not only for Tamil Nadu any state, if the tax on ticket becomes very high for an infrastructure kind of business where a large Capex is fully upfront, right. So, this will not make sense for us businesswise. So we'd rather look at other states like Bhubaneswar, Gujarat, where we have been invited, wherever we get invitation from the government to set up the park, we will look at it favorably.
- We were invited by Chennai government, but this was five years back. And since then, Jayalalitha passed away. So many things have happened. So now it's DMK rule and they are willing to relook at this whole thing. The problem happened only after GST because, until GST the tax on ticket in Tamil Nadu was 10%. That was always there, but other taxes were not there. So after GST came in, this 10%, they retained it. So that's the issue.

- Dhruvesh Sanghvi:** Yes. Right. And one question related to, I mean, you know, when we look back at almost all the con calls of course I'm not talking about the COVID years, two years. Pardon me, this question is a slightly longer one. Sorry. So, what happens is, you know, we as investors are probably thinking that over a longer period of time where affordability starts to kick in better there is a chance that this 7 lakh 8 lakh, average footfall per year can probably go to 10 or 11, which slight increases in the ticket prices as well. Let's say 4-5% a year, kind of a scenario is this of the thinking that even you have as an assumption and how much more work do we need to do to expand that 7 lakh to 10 lakh on a sustainable basis.
- Arun Chittilappilly:** See 7 lakh to 10 lakhs. It should not be a problem depending on the year. If there are, you know, favorable conditions economy is doing well, if everything is good, then obviously we'll hit 10 lakhs and we have hit that in the past. But the last time we hit that was I think, 2016 or '17 ever since the GST regimen, because our ticket price has gone up. And I think there construction also has been little muted, especially in our sector. So, but I think we still can improve, we will be able to see those kinds of numbers again. And it is a function of the marketing that you do. I think we were not into digital marketing those days. We were doing a very different kind of traditional marketing that is completely changed in the last one year especially post COVID. And that's why we are seeing huge numbers especially in odd month also, we're getting good footfall, but too early to say what number we will get. We'll see.
- Moderator:** Thank you. The next question is from the line of Surendra Singh Reddy an individual investor. Please go ahead.
- Surendra Singh Reddy:** Good afternoon. Thanks for giving me the opportunity. Let me go slow. This is about efficiency of especially rides. So, I went through a recent concall from Six Flags where it said 30% of the seats were empty because groups who don't want to split up. So, in order to drive out those inefficiencies they set up single liner riders, I mean, single rider lanes. So, can you shed some light on inefficiencies in our park operations?
- Arun Chittilappilly:** We don't have those kind of problems. We have people we fill up every ride. Initially we are during the COVID months, I think we used to follow, but now we are filling up our rides fully.
- Surendra Singh Reddy:** So, we don't have those kind of things, like groups don't want to split up.
- Arun Chittilappilly:** No, no, no. Some very, very, very small numbers. I don't think it's a significant number for us.
- Surendra Singh Reddy:** Great. Good to know. Another thing do we have any longer waiting lines at food courts or something like that where customers would be disappointed, waiting for hours and get back to the rides, something like that?
- Arun Chittilappilly:** Going to any amusement park means you are going to wait. I don't know whether you have been to any amusement park weathers international or Indian part of the thing is waiting. So, because we only have the certain number of rides and depending on the crowd, there will be waiting involved. Right now, we are in the busiest season, so people do have to wait at least 15, 20 to half an hour and maybe like for our roller coaster you have to wait for 45 minutes odd, but that's normal. That's how the industry works.
- Surendra Singh Reddy:** Got it. Yes. The only concern is like, I've went to Arlington Six Flags. The concern here is that you end up waiting long time and you missed some interesting lines.
- Arun Chittilappilly:** Yes. That's part of the day. Wait till you go to Disneyland, you let to wait even more. Yes.
- Surendra Singh Reddy:** Got it. But so yes, you guys always working on driving out these kinds of things.

- Arun Chittilappilly:** Yes. I mean, in India, I think we do try to reduce queues as much as possible because generally in India, discipline is also a bit less, so we are really aware of it, but I think there is some amount of queues is unavoidable, but I think generally in our parks, we have a very efficient system of managing our crowd between the water park and the ride park. And we've not really had too many. Even if you look at our online reviews, maybe in our peak seasons, you will see, queues are long, queues are long, but otherwise it's not a big problem for us.
- Surendra Singh Reddy:** Great. That's really good to know. And so, I haven't been to any parks, sorry about that. So, do we have any display of installed across the park about the waiting time or something like that?
- Arun Chittilappilly:** Some of the rides, some of the popular rides we do show waiting times. Yes.
- Surendra Singh Reddy:** Right. Okay. So, the customer is like aware of the rides.
- Arun Chittilappilly:** He's aware. He can see. And it's also very evident when you see the queue. We'll know that this ride is popular, and people are waiting. So that happens.
- Moderator:** Thank you. The next question is from the line of Monica Arora from Galaxy Investments. Please go ahead.
- Monica Arora:** Thank you for giving me the opportunity and congratulations on good set of numbers. You said that you're planning some Capex expenditure, so any plan to take, take debt exposures, or you are planning to infuse more equity, like how you'll be funding this.
- Arun Chittilappilly:** I think we have internal accruals for currently for whatever Capex are we planning to do this year. We might take some small amount of debt. Yes, that's it.
- Arun Chittilappilly:** This year we are not planning any debt. Satheesh can give more light on that.
- Satheesh Seshadri:** Yes, sir. as of now with only Odisha Park comes, we can go ahead with the internal accruals, if only one park starts. If more than one park starts, then we might go for a debt proposition. And usually, an average we create more than INR 100 crore per year. So, the internal accrual should be sufficient to cover the expansions.
- Monica Arora:** I may have missed it. So how much is the Capex plan?
- Satheesh Seshadri:** For the Odisha project, the Capex plan is INR 120 crore. And for Chennai project, the estimate is about INR 330 crore. Both of them can go up based on the situation and the experience required there. Number one. Number two currently, as of 31st of March, more than INR 120 crore, we have in hand, so that can take care of the immediate requirement. The construction period is two years. So, there will be internal accruals during that construction period, if both the parks come, we might need some loan, we will approach the bank.
- Monica Arora:** Okay. And how is the overall scenario in terms of your capacity utilizations? If I talk in the park, so after all these COVID pandemic first cycle, second cycle, and all this now, do you see that situation on the ground is it normal? Like pre-COVID people coming as usual? How is it? would you to throw light on that?
- Arun Chittilappilly:** Right now, it's better than pre-COVID. We are also experiencing the whole phenomenon of event, travel, and tourism.
- Arun Chittilappilly:** You know, so we are seeing that extra demand which we don't know how long that will last, but I definitely feel that if there are no further waves this year should be a good year for us.

- Monica Arora :** Actually, because it is an ongoing summer vacation kind of a thing right now.
- Arun Chittilappilly:** For example, March is not a summer occasion. It's the time when we have all the schools...
- Monica Arora :** No, I'm asking about the ongoing, like right now.
- Arun Chittilappilly:** I'm giving you an example that March is traditionally a very weak month for us, but this year we've done traditionally what we do in April. We've done in March. So, April is season and March is off season, but we have done April numbers in March, right Sathesh.
- Satheesh Seshadri:** Yes.
- Monica Arora:** That's wonderful.
- Satheesh Seshadri:** Ma'am, please understand that the management has taken very proactive steps in terms of liberating, the digital marketing. Innovation in F&B and retail, then improving the retail footfall adding more content to the media and by bringing all influencers and doing park plus events. Also encouraging the away markets. We are also trying to do something with the north and other things. So, we are doing all the positive steps, and I think these things will add on to the footfall and you could see a good trend coming up or building up in the near future.
- Moderator:** Thank you. The next question is on the line of Manoj Dua from Geometric. Please go ahead.
- Manoj Dua:** Most of my questions has been answered. Could you throw more light on the new initiative, like digital have taken in some food and beverage, anything which was normal?
- Arun Chittilappilly:** So basically, we are doing a lot of experiment. I mean, we can't tell you everything about it, but because there's a huge list of things that they're doing. But it all comes from a lot of analytics-based marketing that we do online which we are, which I think we've been able to crack that very well. So, we have completely stopped using traditional media and we use only digital marketing. We do use traditional media only as fillers unlike before, when we used to rely more on traditional media and less on digital. So, the reverse shift has happened after COVID and that has worked really well for us because our marketing spend has come down at the same time our footfalls are going up. So, I think it's still an emerging phenomenon. We are still doing a lot of things. The full result of all that is yet to come.
- Manoj Dua:** Great. And as you said your booking has been digital now as 50% as compared to 15% somewhere I read about that, is it true now?
- Arun Chittilappilly:** Yes, about 30% I think bookings have been online, which was only 10%, I think, pre-COVID.
- Manoj Dua:** Okay. And so, getting more and more booking through digital, any data analytic, any insight you have bought more?
- Arun Chittilappilly:** Yes, so, we have, that's why we know the kind of customers who coming to us. We are using that to retarget and do remarketing and a lot of other things, which we never could do before that is also helping us to improve results.
- Moderator:** Thank you. The next question is on the line of the Vivek Kumar from Bestpals Research & Advisory. Please go ahead.
- Vivekkumar:** Thanks, Arun. Thanks for the opportunity. So, my first question is on if let's say Chennai gets delayed, what is the next park or next state or location that you are

looking at? And my second question is okay, this year, there's a revenge kind of a thing that you are alluding to because of which you're seeing demand. So, what are the steps that you think, or you should take to make sure that this repeats, even if let's say there's no COVID and on a normal year, how do you make sure that you grow on top of this year and sustain those footfalls.

Arun Chittilappilly:

Will be hard to say how we can sustain footfalls on top of a revenge tourism year, we will have to wait and see. But like I said earlier, we've done a complete change in the way we do marketing to our customers. We have lot more insight on what kind of people are coming, where they're coming from? What is the age group? What is the demographic? We know a lot more information now. So, I think we are able to target our marketing a lot more precisely, you know, instead of carpet bonding, we do more laser guided marketing. So that has really helped us, I think. And hopefully that we will expand and so we are still trying to implement a full CRM for our company and changing our website. So, a lot of things are still in the pipeline. It's still not finished. I think once for the whole the marketing stack when it goes online, I think we should be able to have a lot more analytics and we should be able to really target, we will be able to even predict footfall hopefully one day. So that is the goal.

Vivekkumar:

Sir. Also, can also talk about how we keep at least two activities per park per month.

Arun Chittilappilly:

So, another thing that we are changing the experiences in our park by adding new varieties of F&B. That can be, we are also redoing some of our F&B outlets. We are asking small amounts for that. Every part we're going to upgrade our F&B outlets and have more F&B points and also do more collaborations and get new kinds of F&B. You know, what is the best trending outside. We should be able to get that in the park. So, lot of that kind of activity in terms of improving our non-ticket to ticket ratio, also, we are doing. In addition to the marketing. And also, we are doing some big events once in a while, which attracts a lot of crowd and the new crowd. For example, we do rock shows concerts. We have done rain dance, we've done holi we've done women's day. So, a lot of different, different things we have been doing to create a buzz in the market. Yes.

Vivekkumar:

And the location if let's Chennai delayed, what is the other location that you'll consider? Which is you think we're looking?

Arun Chittilappilly:

We are looking at a few other locations. Immediately, obviously we look at Odisha after that we are looking, Goa is one place that we are keen to do something. Again, we have been invited by the Goa government to do something. We've been invited by the Gujarat government also. These are some of the other places that they're looking at here.

Vivekkumar:

So last question in general or the long run, if you are to maintain, if you think as a company, what are the internal things that you think as a company you should do and what are the external things as the economy that should happen? So that footfall grows in the longer, like last 10 years, if you have seen our footfalls are not grown. So, let's say, I just want you....

Arun Chittilappilly:

Footfall until demonetization, our footfalls is growing very, very, if you look at our footfall trend, it is growing at almost 20% CAGR for the till 2017.

Vivekkumar:

No, no I'm going Park wise – sorry Arun, I'm not trying to stop you, but if you go, park wise, Kochi has actually come down a lot for the last 10 years. Bangalore has gone to 1 million came back. Hyderabad, I do not want to comment because you just opened just two years before COVID. So, I don't want to comment on Hyderabad. So, I'm just asking in the long run, what are the things?

Arun Chittilappilly:

See I think of 1 million to 1.2 million is, will be the maximum for our park. We can't do more than that. So, but we hope to get there very quickly. So, like I said, we have a couple of issues. One is I think the economy was not doing well post demonetization. So, then the GST came in and the tax on the ticket went up. So, our

ticket pricing. So, two, three different, different issues. And we were late to switch to digital. We should have done this digital switch, maybe in 2018 or 2019 we didn't do that. We're doing it now. But you know, so I think all those factors put together has prevented us from, reaching our potential in terms of footfalls. I think I'm seeing some change there and then we will definitely be able to— crack in a million and that should not be hard for us, but again, I can't promise you that this year, because we don't know what is going to happen.

Vivekkumar:

No, just in general I'm asking as a company because I think you are not two years back. So, most of the con call questions we had seen was mostly on why we were not able to achieve the potential in terms of the company. So, I was just trying to understand I'm investor in your company from IPO.

Arun Chittilappilly:

I think we had a marketing issue because I think young people who consume our parks they have moved where since 2016, whenever Jio happened, I think since then the huge population has moved completely online. So, targeting them with TV or newspaper ads it's not really helping, so that shift we've done now, which we should have done maybe two, three years back, I think that has helped us a lot. And which has also helped us reduce our cost tremendous.

Vivekkumar:

So, reaching, maintaining a 1 million or let's say in each park would not be a very aggressive assumption, right. To model your company.

Arun Chittilappilly:

It's not a very aggressive assumption. We should be able to do that. Yes.

Moderator:

Thank you. The next question is on the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma:

See two questions. One is you know, if we look at parks globally some of the parks can reach a capacity of 3 million and in India we are not, we are not a country with many parks, but the population is meaningful. So why do you say we are constrained at 1, 1.2? Is it, is it that the capacity to pay is limited or have we designed parks in such a way that....

Arun Chittilappilly:

Yes. I think our park are designed for about a million or 1.2 million kind of size. If you want to do 3 million, we obviously have to build a much bigger park.

Anuj Sharma:

All right. But in terms of....

Arun Chittilappilly:

We can do, I mean, if numbers increase to a point where let's say we hit 1.5 million in a year and that also can happen, right. Sometimes we don't expect football. And then for example, last March, the same thing happened. We didn't expect that kind of football suddenly it happened. So that has happened before also, so initially when we opened our park, it was called Veegaland in Cochin. The capacity was only half a million. Then when we realized that in our second year or third year, we already almost reached 800,000 or whatever, that's when we expanded the park. So, we will, we can expand each of our parks depending on the number of people who are coming. We can eventually make it a park, which can handle 3 million visitors. We have surplus land so we can do that. In its current size, each of our park can handle only about one to 1.2 or max 1.5 million.

Anuj Sharma:

Got it. So, in terms of capacity side, we have excess capacities. We can build up to that, but you know, when you evaluate many countries, what is critical juncture wherein this threshold crosses are meaningful. I mean, we still are meaningful, but just suppose 2 million or 3 million, what changes in economies or any trigger points which leads to this?

Arun Chittilappilly:

I think the people's propensity to spend, have to improve you know, because if you want to build a park, which can attract to 2 million visitors, obviously it has to be a bigger park. Obviously, our Capex will be higher and people have to be willing to

pay that kind of ticket. It's also a question of the people's ability to spend, right? If you compare, to the US where people spend about \$15 to \$20 on a movie ticket how much do they spend here? INR 300, right? That's not even about \$5. So that difference will always be there. And that will prevent us from making huge parks. And which is also the same reason why a company like Disney or Six Flag can't afford to build a park in India because they'll never make the money back. – As India is still a developing country we have to do it for our crowd.

Anuj Sharma:

Yes. Thanks. And just one more question. See, you talked about the non-ticketing revenues and efforts we are making in fact, I meant to ask a question on gaming entertainment and themes and extending the part time. So, you know, how you've experimented multiple things, how much we can gain from the non-ticketing revenues based on whatever experiments we have done and what is the traction there?

Arun Chittilappilly:

So, our goal, yes, our goal is to get to 60% - 40% right now we are 75% - 25%, 75% ticket and 25% non-ticket. Our goal is to get to 60-40. I think we should be able to get there in a few years, two, three years.

Anuj Sharma:

All right. Thank you so much and wish sure on the best.

Moderator:

Thank you. The next question is the line of from Gaurav S from Glorytail. Please go ahead.

Gaurav S:

Thanks for the opportunity. Most of my questions everyone asked earlier I just wanted to congratulate you on the good set of results and the way you have handled the business in the entire COVID situation is absolutely amazing. I mean the negligible cash burns you have done that shows the intent, you know so congratulations on that part and any plans in Maharashtra to take on Imagica or something like that?

Arun Chittilappilly:

Those are too big. I mean, in terms of Capex and, you know, there are other legal issues. So, there are so many hurdles and we are not an asset construction company, so we will not be able to take that risk. We have offered to manage the park for them because I think we can unlock a huge amount of value but we are not going to invest in any such currently. And I think that park has already been sold to somebody else.

Gaurav S:

Yes. It's sold to Malpani Group. And whenever you will plan in future, maybe 3, 4, 5 years I just have a suggestion that the Nasik Mumbai area that in middle of that is the good area to go for. Pune Bombay has already been taken and Nashik Bombay has, you know, some wonderful views and scenes, and most of the people come there, so that's a good place. Yes.

Arun Chittilappilly:

We definitely will hope to come to Maharashtra sometime.

Moderator:

Thank you. The next question is on the line of Mithun Aswath from Kivah Advisors. Please, go ahead.

Mithun Aswath:

Yes. My first question, if you look at FY19 pre-COVID, we are about 25 lakh footfall are we in, you know the run rate currently, if we continue do you look at reaching those levels in FY23 and also wanted to understand what are your average ticket prices now? Have they been increased based on the FY23 versus the FY '19?

Arun Chittilappilly:

I think it's hard to predict, what's the footfall for the year gonna be, because, like I said, again, it depends on whether there are further COVID waves and lockdowns and all those kind of things. All that will definitely affect people's propensity to go out to a crowded place. So, if that doesn't happen, I think we should be able to do better than FY '19. Satheesh can give you some details on the ticket prize.

Satheesh Seshadri:

Yes. We have come back to the ticket price. We have come back to the pre COVID levels and we have been very judicious on the ticket pricing. We see how the trends

go up. Okay. We don't push the ticket envelope too fast. We see the trend. And then now as such most of our parks are at pre COVID level.

Mithun Aswath: Right. Just one other question was globally, we've seen most of these parks, which do very well, are a tourist destination? But you know, the three parts we have are just in cities may not be really tourist hubs. So is there any thought of, you know, maybe starting something say Goa, which would you know, a lot of tourist as well.

Arun Chittilappilly: Yes, of course we are looking at Goa as one other option.

Mithun Aswath: Okay. Thank you.

Arun Chittilappilly: Thank you. The next question is from the line of Dhruvesh Sanghvi from Prospero Tree. Please go ahead.

Dhruvesh Sanghvi: The question has been answered. Thank you.

Moderator: Thank you. The next question is on the line of Manoj Dua from Geometric. Please go ahead.

Manoj Dua: Thank you for taking the question again. Any change in customer behavior post-COVID in terms of spending, are they spending more in food and beverages now, are they ready to take the fast-track tickets, So some light on that.

Arun Chittilappilly: I think we are seeing a much higher spend compared to pre-COVID, especially in Q4 itself, you can see that. Also, I think more retail footfall, for example, we are less dependent on groups now, post COVID than we were pre COVID. I think we used to depend heavily on group sales, now our dependent on group sales for all three parts has reduced. So, Cochin is an exception. They still get huge groups there, but are the other two parks, dependence on groups have come down, which is a good sign. I think that means that higher spending customers who are coming paying full price. And then obviously people who pay full price will intend to spend more inside the park. And like I said earlier, we are doing more F&B and retail options and different thematic offerings that we are doing. Which has helped us improve those numbers.

Manoj Dua: Okay. As you said, 1.2 million is the capacity in whichever park you have built, but if we get more number that expanding our park is not a difficult option for us?

Arun Chittilappilly: It's not difficult; we can do it.

Manoj Dua: Okay. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Vinay K from Prudential Investments. Please go ahead.

Vinay K: So, I this is a general question. I just wanted to know since you've been witnessing a pandemic and you handle yourself perfectly well, how do you see the company for the next three, four years from here? Is there a vision, something that you have?

Arun Chittilappilly: I think it's like I said, I mean, coming out of a pandemic if that is truly over and there is no other pandemic or any other big shock that is going to come to you know, the customers going out, I think we should be able to have two, three years of excellent growth. That is why we are also now looking at expanding to other cities. And like I said earlier, many state governments have invited us to come and set up the park in their respective states. We are evaluating Goa, then Gujarat, and Odisha obviously we are doing soon. So, like that, I mean, there are a lot of opportunities. We are also thinking about like I said earlier, we are looking at taking over large projects, which maybe other people have invested and maybe converting that into a Wonderla park and on a revenue share or a management basis. So, we are exploring some of those opportunities. As time goes by, we will form up our plans on these.

- Vinay K:** Okay, sir. Thanks for your answer. Thank you.
- Moderator:** Thank you. The next question is on the line of through Dhruvesh Sanghvi from Prospero Tree. Please, so ahead.
- Dhruvesh Sanghvi:** Yes, sorry. I had one more thought, which I want to discuss. when we see, you know, the today's time in terms of overall entertainment there are so many new forms of entertainment which are coming, including gaming and even the malls because the theaters are getting challenged due to Netflix, they are also rethinking on how to create further experiences. Considering the kind of time that we have, and we still in India do not have a large Saturday, Sunday culture. In that sense, is it not creating a tougher environment for us to really get people because travel times are increasing and a couple with a kid wanting to come will have to essentially spend five to seven or 5,000 to 7,000 and get really tired and be in the sun. I mean, how does all of this thing look to you and is this a challenge at all?
- Arun Chittilappilly:** No, that is not a challenge at all actually, because if you look at the outdoor entertainment, where there is active fun, high speed, thrill, splashing, water, these things are never going to go out of style. You know, even if you're born in 1990s or 2010 or 2020, or 2050, some of these physical activities I think are going remain for example, a mall will always be an indoor activity or, you know, it's going, what you can do there is always need be limited. We are an outdoor activity. All our parks are in between beautiful landscapes in nature, on Hills valleys, those kinds of places. So, it's a more outdoor and it's an active outdoor kind of entertainment that I don't think will go out of style because, if you look at all the parks all over the world, they've all been growing from 1800 also the oldest park in the world in Copenhagen, they're still doing well and they're still growing. So, I don't think this segment will have that issue. but having said that, of course, the kind of entertainment that we offer could also evolve. Like, for example, now we are doing physical right. I think in the future, there'll be a mix of physical plus virtual and some will be fully virtual, all that can happen. But I think the sense of physical active outdoor fun is not going to change.
- Dhruvesh Sanghvi:** Fair enough, fair enough.
- Arun Chittilappilly:** Like you cannot replicate a water slide or roller coaster virtually. The feeling that you get right is not possible to replicate that. And going with friends and family.
- Dhruvesh Sanghvi:** In one of the previous concalls, I think you had used the word, you know, Insta friendly places and creation of those situations or something like that is what I remember. So, are you really looking to change?
- Arun Chittilappilly:** Yes. So like, for example, like I said, we are an outdoor our parks are beautiful. If you look at our, hashtag on Instagram, Wonderla, will have far more pictures than for example, a mall or in fact, in any other amusement park in India, I think Wonderla ranks, number one in terms sheer number of pictures and videos that you see on Instagram. I think we are number one. So that itself shows you and also, you should remember that people don't go to Wonderla park every week. Like you go to a mall, you go to a Wonderla park, maybe once a year, twice a year, thrice a year. Not more than that. Right? Because you always go with friends, family for a special location, birthday anniversary, I don't know whatever else. Right. Or just your bunking class with your friends and you are going to go with your girlfriend to the park. So those are the kind of outings that we get. So those are not as frequent as going to a mall. So, I think the chances for us to have drop in visits is much lower than compared to a mall because a mall will always have a high frequency, right. You go to watch a movie, maybe two, three times a year, at least, right. That can come down because of Netflix. Whereas you don't come to a place like Wonderla more than two, three times a year.
- Dhruvesh Sanghvi:** Fair enough. And the second one, you know, when, I mean, again, we have been hearing that you are evaluating certain takeover opportunities or newer places or invitation, but I mean, if we can just put a little bit more sanity to these, let's say, just

to understand and guess the timelines that, okay, when will we have some outcomes available? So, is it like that? Okay. There are 20 opportunities which have already come to you on your table, which you have thought through and discarded. Something like that. Is that a correct estimate or some thought around it?

Arun Chittilappilly: We have about three or four, which are we are evaluating currently. That's how I would put it. There are other opportunities, for example, we could do a park in every large city in India. I think there are about a hundred large cities in India, which are more than 1 million population. I don't know. So that is possible. Technically, it's possible to build in all those cities, but obviously these are large Capex. There is a lot of local government support required. There is a lot of land acquisition, there is government approvals are there these kind of tax issues we might have to sort them out. I don't know. So, I think every state has different laws.

Dhruvesh Sanghvi: So that is, so that is why this question, because it is such a long gestation thing that, you know, five years back when we started thinking Odisha or Chennai, it is still not even started, you know, into construction, maybe over time when we have more, more power.

Arun Chittilappilly: That is a fate of our country, you know, what can you do about it? Land acquisition is hard. Getting approvals is hard. Taxation is hard, everything is hard. So, and we are a large Capex, right? We are not like a Multiplex, where you can rent it and then, but build it very within three months and start operating because the mall is built by somebody else usually. Right? We have to build everything from scratch, and we are a very large investment also compared to doing a multiplex. So, we definitely have its own challenges. And that is one of the reasons why you don't see that many Amusement parks also, right. Even globally, it's not like Disneyland is not building a Disneyland in every country, they will not be able to do it. It's not sustainable.

Moderator: Thank you. The next question is on the line of Rahul from R Consultant. Please go ahead.

Rahul: So, my question is according to you, which park performed best in last financial year or out of the three parks?

Arun Chittilappilly: I think Bangalore always performs the number one and then I think followed by Hyderabad and followed by Cochin, right Sathesh.

Sathesh Seshadri: Yes. Bangalore is the top park.

Rahul: Okay. And sir my second question like we are getting good traction and things are back to normal. So, are we planning to increase ticket price in the coming quarter?

Arun Chittilappilly: Yes. We have already increased ticket price three times. We're going to increase one more time June 1st onwards, because we're seeing huge demand and many days our footfalls are crossing 5,000, 8,000 like that. So, because of that, we are increasing prices and we are also even thinking about dynamic pricing, but that'll take a little more time because that depends on our IT system to be up and running. So, it'll take some of time.

Moderator: Thank you. The next question is from the line of Vivekkumar from **Bestpals Research** & Advisory. Please go ahead.

Vivekkumar: Thanks Arun. There's only one question. What are the locations? You said you were considering some locations in terms of management where you will have revenue share. What are the locations or it's too early to say?

Arun Chittilappilly: It's too early too. I mean, we are not really....

- Vivekkumar:** You think in the next two, three years, one or two will definitely get to the logical conclusion.
- Arun Chittilappilly:** Definitely we want to get into that market because we feel like that is something that we can.
- Vivekkumar:** At least you can talk about where is it North, West? So at least the location, I'm not asking a specific detail of the project.
- Arun Chittilappilly:** It'll be north and west. Yes.
- Moderator:** Thank you. The next question is on the line of Neha Sharma from Pearl Global Investments. Please go ahead.
- Neha Sharma:** Hello. Sir, good evening. I just have two questions. Do you have any plans to increase the park capacity in the coming year for the existing park, can you throw some light on that?
- Arun Chittilappilly:** See, depending on footfall, we'll definitely keep expanding our parks. We've been doing that for a long time. Compared to inception, our parks have definitely grown in size. Cochin has more than doubled in size. Bangalore also maybe 30% larger, Hyderabad we are still adding, – as Hyderabad is still our small park. So, we will be investing in more rides in Hyderabad as footfalls are growing now and now Hyderabad has become our second-best performing park. So yes, we'll keep adding and facilities. Yes.
- Neha Sharma:** Okay. Sir one more. Can you provide some guidance on the expansion strategy, which states are you targeting?
- Arun Chittilappilly:** It's hard to say, like I said, we look at large cities typically as a catchment. We are open to all types we can do coastal cities, like Cochin. We can do Bangalore, we can even do hot places like Hyderabad. So, I think it's very versatile that way we can do it in any kind of climate only thing where we have to regulate in terms of the weather. We have to maybe have more indoor, more outdoor facilities. So that is not a criteria for us. Obviously, we look at ease of setting up and whether we've been invited by the government to set it up or not, because that makes things a lot easier for us.
- Moderator:** Thank you. The next question is with the line of go west from Gaurav S form *Glorytail*. Please go ahead.
- Gaurav S:** Hello, sir. I just had one more question. Do you have any in-house ride manufacturing unit and if yes, I mean, can you just throw some light on ride procurement process? How do we?
- Arun Chittilappilly:** We have been manufacturing rides since 2000, so 22 years we've manufactured rides. We have made everything from small Kiddy rides to water slides to even roller coast, to virtual reality, everything we've made. We even have about three or four patents to some of our rides, even our iconic Sky Wheel that's there in our logo also. That's also completely made by us.
- Moderator:** Yes. Thank you. The next question is from the line of Surendra Singh Reddy. An individual investor. Please. Go ahead.
- Surendra Singh Reddy:** Just a quick question. Thanks for giving me opportunity again. So, what happened to Colombo given the situation in Sri Lanka, we still considering the park operations over there. Are you still on the table?
- Arun Chittilappilly:** No, I don't think we've not heard from them yet. I'm guessing right now it must be on hold, but we had an opportunity to take over a park in Colombo, but I don't know what is the situation? Maybe it'll get delayed is what I assume.

- Surendra Singh Reddy:** But it's not completely off the table. Is that correct?
- Arun Chittilappilly:** It's not off the table. I mean, we are open to looking at it. They've already invested a huge amount of money there. They've got the best international, design consultants to come and design that park. And I think a lot of orders also have been placed. So, I think the park will get set up at some point, but we don't know when.
- Moderator:** Thank you. The next question is from the line of Harshit Vohra from Multiwave. Please go ahead.
- Harshit Vohra:** Hi sir. If we decide not to go ahead with Chennai project what would be the financial implications of backing out from the project?
- Arun Chittilappilly:** We don't have any, we just have to sell the property. I don't think that will be a problem for us and we are not going to lose money as values have already skyrocketed over there. So that is an option we can liquidate the asset or we can definitely try to do a different kind of investment or we'll figure it out, but I don't think it'll be a lost cause but we are hoping that we should come through all the signs are telling us I think the new DMK government is more aggressive now, so hopefully they will also get more investment into the state.
- Surendra Singh Reddy:** Okay. Thanks, sir. That will be all for me.
- Moderator:** Thank you, ladies and gentlemen, that is the last question. I now hand the conference over to the management for the closing comments.
- Arun Chittilappilly:** Thank you all for attending the Q4 FY '22 conference call. We look forward to a good Q1. As of now, we are very happy with the response we've got. We hope that we can keep up the momentum and we have a lot of exciting plans for the coming years. So, hope to see you all soon again. Until then thank you and goodbye.
- Moderator:** Thank you, ladies and gentlemen, on behalf of ICICI Securities that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.