Thomas Cook (India) Ltd — Jul 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline **One-line:** Strong performance in the core Travel and Financial Services segments was offset by operational headwinds in the Leisure (Sterling) and Imaging (DEI) businesses, leaving the long-term recovery thesis intact but highlighting seasonal/event-driven volatility.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Consolidated Revenue grew 11% YoY; PBT grew 8% YoY.	□
Earnings Quality	High (Core driven)	Growth driven by Travel segment EBIT (+29% YoY); MTM gains on investments minimal.	□
Guidance Confidence	Neutral	Mgmt expects cost offsets in Sterling; however, FTI insolvency creates uncertainty.	□
Management Credibility	Strong	Transparent disclosure of FTI impact and weather-related disruptions in DEI.	□
Business Quality Signal	Stable	Core travel engine is firing; non-travel segments facing transient margin pressure.	□
Key Q&A Exchange	Not applicable	PPT_ONLY: No concall conducted.	□
The Street's Primary Anxiety	Margin sustainability in Sterling & DEI	EBITDA margins in Sterling fell to 34%; DEI EBIT dropped 40% YoY.	□
Capital Cycle Stage	Investment / Harvesting	Investing in Sterling footprint (50 resorts); Harvesting Travel recovery.	□
Margin / Return Ratio Trajectory	Stable	Travel margins improving; Sterling/DEI under temporary pressure.	□
Pricing Power	Stable	Sterling ARR held steady at □7,100 despite election/ heatwave headwinds.	□
FCF Conversion & Quality	Strong	Sterling remains debt-free with cash >□200 Cr.	□
Competitive Moat Signals	Stable	Network expansion (50 resorts) and 13 new DEI partnerships strengthen positioning.	□
Balance Sheet Strength	Strong	Sterling remains debt-free; group reported PAT growth despite higher tax.	□
Working Capital Efficiency	Not in document	Data not provided in PPT.	□
Mgmt Guidance Track Record	First entry	Baseline quarter.	□
Key Vulnerability / Red Flag	Counterparty Risk	Insolvency of key European customer (FTI) impacting APAC and East Africa units.	□
Management Tone	Not applicable	PPT_ONLY: Commentary indicates cautious optimism amid specific headwinds.	□

Key Takeaways (Positives & Negatives):

Positives: * **Travel Engine Resilience:** The Travel and Related Services segment delivered a robust 29% YoY EBIT growth (□103.8 Cr), demonstrating strong recovery in corporate and leisure segments. * **Strategic**

Network Expansion: Sterling added 2 new resorts (Udaipur, Dehradun) reaching a 50-resort milestone; DEI signed 13 new partnerships globally. * **Solid Balance Sheet:** Sterling business remains debt-free with a cash cushion of over □200 Cr (converted from □2,000 Mn). * **Geographic Recovery:** Strong volume growth in USA (Allied TPro) and key APAC markets (Thailand, Vietnam).

Negatives: * **Operational Headwinds:** Sterling EBIT fell 14% YoY due to "front-loading" of costs for new resorts and external factors (elections, heatwaves). * **External Disruptions:** DEI performance was significantly impacted by extreme weather in the UAE, leading to a 40% YoY drop in EBIT. * **Credit Event:** The insolvency of FTI (key European customer) poses a risk to forward bookings and sales in the East Africa and Asia Pacific segments. * **Tax Impact:** Consolidated PAT growth (+3%) lagged PBT growth (+8%) due to higher tax liabilities, particularly in the Sterling segment.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric (□Cr)	Current Qtr (Q1FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue	2,105.9	11% ↑	27% ↑	↑	Growth led by Travel (+15% YoY).
EBITDA	164.5	5% ↑	37% ↑	↑	Margins pressured by cost expansion in Sterling and weather in UAE.
EBITDA Margin %	7.8%	(43 bps) ↓	59 bps ↑	↓	Seasonal YoY dip; margin remains below 8%.
PAT	73.2	3% ↑	423% ↑	↑	YoY growth slowed by higher tax; QoQ surge vs low Q4 base.
Sterling Occupancy	69%	0% →	3% ↑	→	Resilient despite elections and heatwaves.
Sterling ARR (□)	7,100	7% ↑	(14%) ↓	↑	YoY pricing power remains healthy.
Segment EBIT (Travel)	103.8	29% ↑	25% ↑	↑	Strong volume growth across Group/Individual segments.
Segment EBIT (DEI)	17.6	(40%) ↓	(33%) ↓	↓	Weather conditions in UAE impacted operations in April/May.
Net Debt / (Cash)	(200.0)	First entry	First entry	□	Sterling cash position remains strong.
Interest Coverage	8.3x	24% ↑	14% ↑	↑	Finance costs reduced to □15.7 Cr from □18.9 Cr YoY.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin (EBIT)	Trend	vs Co. Avg	Key Development
Travel & Related Services	1,682.1	15%	6.2%	↑	Below	Strong recovery in US and Asia; impacted by FTI insolvency in certain units.
Financial Services	104.9	(1%)	32.9%	→	Above	Stable core performance; highest margin contributor.
Leisure Hospitality (Resorts)	125.7	9%	25.4%	↓	Above	Highest ever Q1 revenue; margin hit by expansion-related employee costs.
Digiphoto Imaging (DEI)	207.5	(7%)	8.5%	↓	Above	Impacted by UAE weather; 13 new partnerships signed for future growth.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Did they do what they promised last Q?)	Risk Flag
Guidance	Margins	Sterling costs to be offset as occupancy increases.	Needs occupancy >75% at current ARR.	Not available	□
Guidance	Volume / Capacity	Strategic expansion of Sterling network (50 resorts).	Added 2 resorts this quarter.	Delivered	□
Strategy	Capital Allocation	Retaining strong cash position in Sterling (>□200 Cr).	Maintains debt-free status.	Delivered	□
Macro	Industry Headwinds	FTI insolvency impact on East Africa and Asia units.	High risk to forward leisure bookings.	First entry	□
Strategy	Competitive Positioning	DEI focus on 13 new partnerships (UAE, Malaysia, India).	Diversifying beyond UAE weather risk.	Not available	□
Financial	Tax Expense	PAT impacted by higher tax liability in Q1.	Expected to normalize over fiscal year.	First entry	□

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

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