



Yatra Online Ltd (YATR.NS)

India | Travel & Leisure

Q2 a beat, but narrative changes

Yatra reported a beat versus our ests - 16% on EBITDA and 30% on PAT. The corporate business now accounts for 60% of gross bookings and translates into higher profitability. Hotels & Packages segment grew gross bookings by 44% organically and 69% including the acquisition of Globe Travels. Yatra's stock thesis has changed from margin improvements led by deposit incentive schemes with suppliers aiding investments in corporate to a radical shift to corporate considering the weaker supply side with airlines leading to lower distribution margins. Going forward, we expect to see improved profitability however at a lower cadence vs earlier thought. Consequently, we cut our Adj EPS ests by 41%/49.5%/27.6%. However, we believe both revenue and margin headwinds have bottomed out and we should see sustainable improvements from hereon. Reiterate BUY with TP of Rs151 (vs Rs180 earlier).

- **Q2FY25 performance highlights:** Yatra delivered a 12% beat on Revenue less service cost vs ests and reported a 16.4% sequential growth on the same metric. The acquisition of Globe accounted for 4.6% of this growth. During the quarter Adj. EBITDA improved by Rs31m QoQ despite non-recurrence of Rs35m of provision for impairment. This was due to no benefits from operating leverage as the qtr saw an impact from annual compensation increases and Rs14m impact from legal and professional costs related to the acquisition. If not for both these elements Adj EBITDA would have been higher by Rs40m.
- **The way forward:** The qtr saw only 20 days of revenue accretion from the acquisition of Globe travels. Q3 is a seasonally weak qtr for the corporate business, hence the revenue accretion could be softer in Q3. That said Yatra will still see some benefits on revenue in addition to costs related to 90 people in the consumer business going away and Rs14m of legal and professional fees not recurring. Overall, expect profitability to improve.
- **Stabilization in Consumer & improving corporate to aid growth and margins:** The consumer biz has stabilised, and the corporate business should see stronger growth in the higher margin Hotels business. Overall, Yatra is well placed to deliver a sustained upward trend on earnings.

Financials and valuation

Year end: 29 March

	2023A	2024A	2025E	2026E	2027E
Revenue (INRm)	3,802	4,223	7,908	10,445	12,276
EBITDA (INRm)	367	171	389	700	1,164
EBITA (INRm)	184	(26)	106	401	850
PBT (normalised) (INRm)	123	(14)	266	619	1,088
Net Income (normalised) (INRm)	234	215	372	614	1,079
EPS (norm. cont.) - FD (INR)	1.5	1.4	2.4	3.9	6.9
FCFPS - FD (INR)	(9.9)	(9.2)	(6.2)	(4.4)	2.5
DPS (INR)	0.0	0.0	0.0	0.0	0.0
PE (normalised) (x)	76.9	83.7	48.4	29.3	16.7
EV/sales (x)	3.7	3.8	2.3	1.8	1.5
EV/EBITDA (x)	38.2	93.9	46.0	26.4	15.4
FCF yield (%)	(8.6)	(8.0)	(5.4)	(3.8)	2.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, Investec Equities estimates

Company Research

14 November 2024 08:46 HKT

BUY

Price: INR115

Target: INR151 (prev: INR180)

Forecast Total Return: 31.6%

Market Cap: INR18bn

EV: INR18bn

Average daily volume: 457k

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Price Performance



Source: FactSet

Figure 1: Key highlights

(Rs mn)	Q2FY25	Q2FY25E	Divergence	Q1FY25	QoQ	Q2FY24	YoY
Revenues (INR)	2,364	1,019	132.0%	1,008	134.5%	941	151.1%
Service Cost	1,428	185	672.2%	204	600.0%	160	794.9%
Employee Benefit Expenses	359	346	3.8%	338	6.2%	366	-1.9%
Gross Profit	577	488	18.3%	466	23.9%	416	38.9%
Marketing Expenses	117	107	9.0%	92	26.6%	123	-5.1%
Payment Gateway Expenses	97	97	(0.2%)	99	-1.5%	123	-21.0%
Other Expenses	270	204	32.5%	225	20.2%	254	6.2%
EBITDA	93	80	16.6%	50	84.7%	-85	209.9%
Adj EBITDA	135	122	10.5%	104	29.4%	105	28.3%
Depreciation & Amort	74	61	21.0%	61	21.0%	48	53.4%
EBIT	19	19	2.5%	-11	-284.8%	-133	114.6%
Interest expense	25	16	52.1%	29	-13.8%	62	-59.5%
Other Income	79	66	19.9%	83	-4.7%	32	144.4%
PBT	73	68	7.3%	43	69.2%	-162	145.2%
Tax expense	0	12	(96.4%)	3	-85.2%	9	-95.1%
Net Profit	73	56	30.1%	40	80.6%	-171	142.6%
Adjusted Net Profit	98	99	(0.6%)	75	30.0%	-6	1709.5%
Margins							
Gross margins	24.4%	47.9%	-2349bps	46.2%	-2182bps	44.2%	-1974bps
EBITDA%	3.9%	7.8%	-390bps	5.0%	-106bps	-9.0%	1295bps
Adjusted EBITDA%	5.7%	12.0%	-630bps	10.4%	-464bps	11.2%	-548bps
EBIT%	0.8%	1.9%	-104bps	-1.0%	186bps	-14.1%	1494bps
PAT%	3.1%	5.5%	-242bps	4.0%	-92bps	-18.2%	2129bps
Adjusted PAT%	4.1%	9.7%	-553bps	7.5%	-334bps	-0.6%	479bps
Company adjustment disclosures							
- Other Operational Income	17			19	-10.5%	25	-32.0%
- ESOP expense	25	43	(41.2%)	35	-28.6%	97	-74.2%
- Listing Fees	0			0	!	68	
Gross Booking Value							
Air Ticketing	13,260	12,844	3.2%	13,520	-1.9%	14,772	-10.2%
Hotels & Packages	3,662	2,255	62.4%	2,399	52.6%	2,168	68.9%
Other Services	687	620	10.9%	590	16.4%	564	21.8%
Adjusted Revenue							
Air Ticketing	886	853	3.8%	882	0.4%	1,018	-13.0%
Hotels & Packages	400	299	34.0%	277	44.4%	280	43.1%
Other Services	77	50	54.7%	66	16.1%	48	58.1%
Adjusted Margin%							
Air Ticketing	6.7%	6.6%	4bps	6.5%	15bps	6.9%	-21bps
Hotels & Packages	10.9%	13.2%	-232bps	11.6%	-63bps	12.9%	-197bps
Other Services	11.2%	8.0%	316bps	11.2%	-3bps	8.6%	256bps
Other Metrics							
Air Passengers	1.4	1.3	9.0%	1.3	3.5%	1.7	-17.0%
Hotel Room Nights	0.5	-		0.4	10.6%	0.4	4.8%

Source: Company, Investec Equities research

Figure 2: Change in estimates

	Old			New			Change%		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,011	6,289	7,352	7,908	10,445	12,276	57.8%	66.1%	67.0%
Adjusted EBITDA	774	1,373	1,651	534	860	1,324	-31.0%	-37.4%	-19.8%
Reported Net Profit	463	1,046	1,320	262	494	959	-43.3%	-52.8%	-27.4%
Adjusted Net Profit	633	1,216	1,490	372	614	1,079	-41.2%	-49.5%	-27.6%
Reported EPS	2.9	6.7	8.4	1.7	3.1	6.1	-43.3%	-52.8%	-27.4%
Adjusted EPS	4.0	7.8	9.5	2.4	3.9	6.9	-41.2%	-49.5%	-27.6%

Source: Company, Investec Equities estimates

The change in estimates includes the impact of a sharp miss in the prior quarter.

Summary Financials (INRm)

Year end: 29 March

Income Statement	2023	2024	2025E	2026E	2027E
Revenue	3,802	4,223	7,908	10,445	12,276
EBITDA	367	171	389	700	1,164
Depreciation and amortisation	(183)	(197)	(283)	(299)	(313)
Operating profit	184	(26)	106	401	850
Other income	(61)	12	160	97	118
Net interest	0	0	0	0	0
Share-based-payments	134	207	110	120	120
PBT (normalised)	123	(14)	266	619	1,088
Impairment of acquired intangibles	0	0	0	0	0
Non-recurring items/exceptionals	(1)	0	0	0	0
PBT (reported)	(12)	(221)	156	499	968
Taxation	45	32	4	5	9
Minorities & preference dividends	0	0	0	0	0
Discontinued/assets held for sale	0	0	0	0	0
Net Income (normalised)	234	215	372	614	1,079
Attributable profit	(58)	(253)	152	494	959
EPS (reported)	(0.5)	(1.7)	1.0	3.1	6.1
EPS (norm., cont.) – FD (INR)	1.5	1.4	2.4	3.9	6.9
EPS (norm., cont., IAS19R adj.) – FD	-	-	-	-	-
DPS (INR)	0.0	0.0	0.0	0.0	0.0
Average number of group shares - FD (m)	157	157	157	157	157
Average number of group shares (m)	157	157	157	157	157
Total number of shares in issue (m)	113	146	157	157	157
Cash Flow	2023	2024	2025E	2026E	2027E
Operating profit	184	(26)	106	401	850
Depreciation & amortisation	183	197	283	299	313
Other cash and non-cash movements	134	(143)	0	0	0
Change in working capital	(1,905)	(1,357)	(969)	(1,151)	(525)
Operating cash flow	(1,405)	(1,329)	(580)	(451)	639
Interest	-	-	-	-	-
Tax paid	(126)	(97)	(4)	(5)	(9)
Dividends from associates and JVs	-	-	-	-	-
Cash flow from operations	(1,531)	(1,426)	(584)	(456)	630
Maintenance capex	(20)	(20)	(396)	(236)	(238)
Free cash flow	(1,551)	(1,446)	(980)	(691)	392
Expansionary capex	0	0	0	0	0
Exceptionals and discontinued operations	-	-	-	-	-
Other financials	(531)	(2,561)	323	128	149
Acquisitions	0	0	0	0	0
Disposals	-	-	-	-	-
Net share issues	620	5,831	0	0	0
Dividends paid	0	0	0	0	0
Change in net cash	(1,462)	1,824	(657)	(563)	542
Net cash/(debt)	(1,062)	763	106	(457)	84
FCFPS - FD (INR)	(9.9)	(9.2)	(6.2)	(4.4)	2.5
Balance Sheet	2023	2024	2025E	2026E	2027E
Property plant and equipment	247	234	231	189	153
Intangible assets	942	1,076	1,192	1,171	1,131
Investments and other non current assets	565	712	712	712	712
Cash and equivalents	469	1,401	211	(352)	189
Other current assets	4,590	8,751	8,899	10,493	11,448
Total assets	6,812	12,174	11,245	12,213	13,633
Total debt	(1,531)	(638)	(105)	(105)	(105)
Preference shares	0	0	0	0	0
Other long term liabilities	(251)	(225)	(388)	(419)	(450)
Provisions & other current liabilities	(3,335)	(3,835)	(3,015)	(3,458)	(3,888)
Pension deficit and other adjustments	0	0	0	0	0
Total liabilities	(5,117)	(4,699)	(3,508)	(3,981)	(4,444)
Net assets	1,695	7,475	7,737	8,231	9,190
Shareholder's equity	1,071	6,851	7,113	7,607	8,566
Minority interests	624	624	624	624	624
Total equity	1,695	7,475	7,737	8,231	9,190
Net working capital	2,770	7,686	8,799	10,774	11,903
NAV per share (INR)	10.8	47.6	49.3	52.5	58.6

Source: Company accounts, Investec Equities estimates

Calendarised Valuation

Year end: 29 March

	2023	2024	2025E	2026E
Calendar PE (x)	81.9	53.8	32.4	18.6
Calendar Price/NAVPS (x)	3.0	2.3	2.2	2.0
EV/sales (x)	3.8	2.5	1.9	1.5
EV/EBITDA (x)	71.1	51.9	29.3	17.2
FCF yield (%)	(8.2)	(6.1)	(4.2)	0.7
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company accounts, Investec Equities estimates

Ratios and Metrics

Year end: 29 March

Ratios and metrics	2023	2024	2025E	2026E	2027E
Revenue growth (y-on-y) (%)	91.9	11.1	87.2	32.1	17.5
EBITDA growth (y-on-y) (%)		(53.5)	128.0	79.9	66.3
Net income (normalised) growth (yoy)		(8.1)	72.9	65.0	75.7
EPS (normalised) growth (y-on-y) (%)		(8.1)	72.9	65.0	75.7
FCFPS growth (y-on-y) (%)					
NAVPS growth (y-on-y) (%)	68.0	340.9	3.5	6.4	11.6
DPS growth (y-on-y) (%)	-	-	-	-	-
Interest cover (x)	ns	ns	ns	ns	ns
Net debt/EBITDA (x)	2.9	(4.5)	(0.3)	0.7	(0.1)
Net debt/equity (%)	62.7	(10.2)	(1.4)	5.6	(0.9)
Net gearing (%)	38.5	(11.4)	(1.4)	5.3	(0.9)
Dividend cover (x)	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA margin (%)	9.6	4.0	4.9	6.7	9.5
EBITA margin (%)	4.8	(0.6)	1.3	3.8	6.9
ROE (%)	21.9	3.1	5.2	8.1	12.6
ROCE (%)	8.4	(0.3)	1.3	4.6	8.8
NWC/revenue (%)	72.9	182.0	111.3	103.2	97.0
Tax rate (normalised) (%)	(37.0)	230.4	(1.6)	(0.7)	(0.9)
Tax rate (reported) (%)	365.4	14.5	(2.8)	(0.9)	(1.0)

Source: Company accounts, Investec Equities estimates

Target Price Basis

Valued at 22x 1 yr frwd PE

Key Risks

Execution risk and industry specific risks

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Stock ratings for research produced by Investec Bank plc

	Expected total return	Count	All stocks	Corporate stocks
	12m performance		% of total	% of total
Buy	greater than 10%	262	77%	104
Hold	0% to 10%	62	18%	1
Sell	less than 0%	18	5%	0

Source: Investec Equities estimates

Stock ratings for Indian stocks

Stock ratings for research produced by Investec Bank plc

	Expected total return	Count	All stocks	Corporate stocks
	12m performance		% of total	% of total
Buy	greater than 15%	155	55%	0
Hold	5% to 15%	73	26%	0
Sell	less than 5%	55	19%	0

Source: Investec Equities estimates

Stock ratings for African* stocks

Stock ratings for research produced by Investec Securities Limited

	Expected total return	Count	All stocks	Corporate stocks
	12m performance		% of total	% of total
Buy	greater than 15%	39	53%	9
Hold	5% to 15%	23	31%	7
Sell	less than 5%	12	16%	1

Source: Investec Equities estimates

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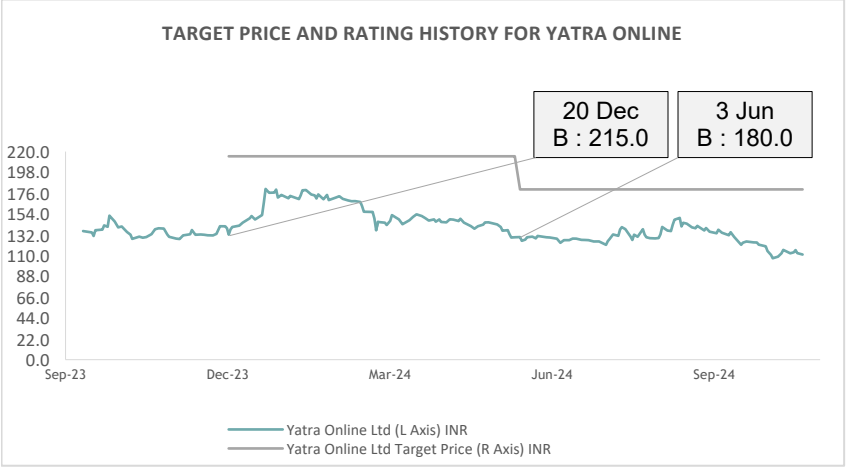
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Company disclosures

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Yatra Online Ltd (YATR.NS) – Rating Plotter as at 13 Nov 2024



Source: Investec Equities, FactSet

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