Thomas Cook India Q2FY21

Financial Results & Highlights

Brief Company Introduction

Thomas Cook India is one of India's oldest companies which was established in 1881. It is an integrated travel and travel related financial services company. They provide a wide range of services from packaged tours and forex services to visa support and travel insurance. Thomas Cook has been credited with a number of innovations in the travel industry, which include the world's first packaged tour, first prepaid hotel, first holiday brochure and even the conceptualization of the first traveller's cheques.

Standalone Financials (In Crs)								
	Q2FY21	Q2FY20	YoY %	Q1FY21	QoQ %	H1FY21	H1FY20	YoY
Sales	78	553	-85.90%	75	4.00%	153	1503	-89.82%
PBT	-4	0	-	-3	-33.33%	-7	55	-112.73%
PAT	-5	1	-600.00%	5	-200.00%	5	35	-85.71%
Consolidated Financials (In Crs)								
	Q2FY21	Q2FY20	YoY %	Q1FY21	QoQ %	H1FY21	H1FY20	YoY
Sales	142	1746	-91.87%	131	8.40%	273	4081	-93.31%
PBT	-123	-6	-1950.00%	-136	9.56%	-259	34	-861.76%
PAT	-100	-26	-284.62%	-109	8.26%	-209	-12	-1641.67%

Detailed Results:

1. Consolidated revenues fell 92% YoY while other income has fallen to Rs 26 Cr from Rs 46 Cr last year.
2. QoQ performance showed improvement in both sales and PAT for the company.
3. Total cash and bank deposits were maintained at Rs 697.8 Cr on 30th Sep 2020. Total Cash & equivalents were at Rs 711.2 Cr as of 30th Sep 2020.
4. The company made savings of 53% & 52% YoY in Q2 & H1 respectively in total consolidated costs.
5. Total savings target elevated to Rs 562.7 Cr in FY21.
6. Forex services saw a business recovery of 43% delivering over 79000 transactions, registering a gross volume of Rs. 12.1 Bn in H1. All branches are now operational.
7. The corporate travel segment saw a revenue recovery of 16%. 44 clients of the recently acquired dnataTravel's corporate travel portfolio have been integrated with the business unit.
8. Leisure Travel businesses of Thomas Cook & SOTC have reopened 153 retail outlets across 72 cities pan India.
9. Over 150 new holiday packages have been launched with attractive pricing and offers.
10. DEI saw revenues of Rs 37.4 Cr vs 8.2 Cr last quarter. EBIT losses reduced to Rs 11.1 Cr from Rs 17.3 Cr in the last quarter.
11. DEI has acquired imaging rights at Dubai Safari Park which has an annual footfall of over 3.7 Mn.

12. DEI has also been chosen as a photography partner for Global Village, UAE's largest multi-cultural festival park (4th largest daily footfall-globally).
13. The National Aquarium, Abu Dhabi has partnered with DEI for its photography operations.
14. DEI is in the concluding stages of finalizing the agreement for providing imaging services and solutions to Expo 2020-stated to be the UAE's biggest event ever with an expected footfall of 18 million guests.
15. The segment performance in Q2FY21 is as follows:
    1. Financial Services: Down 57% YoY
    2. Travel & Related Services: Down 98% YoY
    3. VO & Resorts: Down 69% YoY
    4. Digiphoto: Down 73% YoY
16. The segment performance in H1FY21 is as follows:
    1. Financial Services: Down 64% YoY
    2. Travel & Related Services: Down 98% YoY
    3. VO & Resorts: Down 74% YoY
    4. Digiphoto: Down 82% YoY
17. Sterling saw 260 net member additions in H1. The company added a new 10-year product called Vantage targeted at millennials.

Analyst's View:

Thomas Cook is the biggest travel company in India in terms of reach. They have been innovators in the sector for more than a century now. The company is going through the toughest of times with the travel industry being hit hard due to COVID-19. The management is doing well to use this period of slow operations to focus internally and improve the cost structure and operations of the company while seeking to reimagine how the industry will be changed from the ongoing pandemic. These efforts have borne fruit as the company has been able to successfully reduce costs by 53% YoY in Q2 and H1. The company has taken encouraging actions for DEI like winning various commitments for large tourist attractions in the Middle East like Dubai Safari Park which should help expand this business line once normal tourist activity resumes. It remains to be seen how long it will take for things to normalize for the travel industry and how consumer behaviour will evolve from COVID-19. Nonetheless, given the company's resilient balance sheet and the management's focus on improving the internals of the company and to focus on new avenues for the industry, Thomas Cook seems to be a resilient travel industry stock in an industry plagued with shutdowns and bankruptcies these days.

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