

## Thomas Cook India Q3FY21

### 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)								
	Q3FY21	Q3FY20	YoY %	Q2FY21	QoQ %	9MFY21	9MFY20	YoY%
Sales	70	437	-83.98%	78	-10.26%	223	1940	-88.51%
PBT	-20	7	-385.71%	-4	-400.00%	-27	62	-143.55%
PAT	-7	7	-200.00%	0	-1421.74%	-1	41	-102.44%
Consolidated Financials (In Crs)								
	Q3FY21	Q3FY20	YoY %	Q2FY21	QoQ %	9MFY21	9MFY20	YoY%
Sales	271	1758	-84.58%	142	90.85%	544	5839	-90.68%
PBT	-89	17	-624%	-123	27.64%	-348	51	-782.35%
PAT	-66	9	-833%	-100	34.00%	-275	-4	-6775.00%

#### Detailed Results:

1. Consolidated revenues fell 85% YoY while other income has risen to Rs 35 Cr from Rs 31 Cr last year.
2. QoQ performance showed an improvement of 91% in sales and 34% in PAT for the company.
3. Total cash and bank deposits were maintained at Rs 553.4 Cr on 31st Dec 2020.
4. The company made savings of 55% & 53% YoY in Q3 & 9M respectively in total consolidated costs.
5. The company achieved cost savings of Rs 570 Cr in 9M and already surpassed its FY21 target of Rs 560 Cr of savings.
6. Forex services saw a business recovery of 34% delivering over 1,34,000 transactions in 9M. All branches are now operational.
7. Thomas Cook India and SOTC launched Doctor on Call 24x7 a complimentary, exclusive service for customers in association with Apollo Clinics.
8. The corporate travel segment saw a revenue recovery of 14%. It issued over 85,000 tickets in 9M FY21. During Q3 FY21 the business issued 56000 tickets Vs 23000 in Q2 FY21 and 6000 in Q1 FY21.
9. The business has successfully managed the travel and logistics of multiple teams for high profile sports events like the IPL in the UAE and The Indian Soccer League (ISL).
10. A new automated booking tool was successfully deployed for 120 customers in corporate travel
11. DMS revenues improved to Rs 63.8 Cr in Q3FY21 from Rs 11.3 Cr in Q2FY21.

12. DEI saw revenues of Rs 64.8 Cr vs Rs 37.4 Cr last quarter. EBIT losses reduced to Rs 7.7 Cr in Q3 from Rs 11.1 Cr in the last quarter.
13. DEI has acquired 4 new customers which include Dubai Parks and Resorts, Dubai Safari Park, Global Village, and The National Aquarium in Abu Dhabi.
14. The segment performance in Q3FY21 is as follows:
  - a. Financial Services: Down 66% YoY
  - b. Travel & Related Services: Down 93% YoY
  - c. VO & Resorts: Down 32% YoY
  - d. Digiphoto: Down 62% YoY
15. The segment performance in 9MFY21 is as follows:
  - a) Financial Services: Down 65% YoY
  - b) Travel & Related Services: Down 96% YoY
  - c) VO & Resorts: Down 58% YoY
  - d) Digiphoto: Down 74% YoY
16. Sterling saw 637 net member additions in Q3 and 897 additions in 9M. ARR rose to Rs 4524 in Q3 vs Rs 3600 in Q2 and 4358 in 9M. Resort occupancy improved to 40% in Q3 vs 20% in Q2 and 34% in 9M.
17. Net revenues from Sterling were at Rs 51.1 Cr in Q3 and 86.4 Cr in 9M.

#### **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 which has resulted in them already achieving their cost savings target for FY21 in 9M period. 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 is also continuing to bring back its other businesses to normal levels and has been constantly innovating and adding new services like automated travel booking for corporate clients. 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 focusing 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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