Easy Trip Planners (EASTRI)

CMP: ₹ 274  Target: ₹ 335 (22%)  Target Period: 12-18 months
February 28, 2022

BUY

Turns ex-bonus today...

About the stock: Easy Trip Planners or EaseMyTrip.com (EMT) is the fastest growing and only profitable company in the online travel portal in India. The company offers a comprehensive range of travel-related products and services for end-to-end travel solutions, including airline tickets, hotels and holiday packages, rail tickets and bus tickets.

- Airline tickets accounted for 94.0% of revenues (pre-Covid levels) while hotels and other services contributed 5.4% and 0.6% of revenues, respectively.

Turns ex-bonus today

- The company made an announcement of bonus shares on January 12, 2022. The ratio was one bonus share for every one equity shares, 1:1. The record date for the same is March 2, 2022 while the ex-date for the same is today, February 28, 2021 (March 1 being a holiday). Consequently, Easy Trip Planners share price, as per previous closing price, has adjusted to ₹ 274/share from ₹ 549/share. Accordingly, our target price stands revised to ₹ 335/share. We maintain our BUY recommendation on the stock.

Key Financial Summary

<table>
<thead>
<tr>
<th>Key Financials</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>2 Year CAGR (%)</th>
<th>FY22E</th>
<th>FY23E</th>
<th>FY24E</th>
<th>3 Year CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross operating revenues*</td>
<td>205</td>
<td>286</td>
<td>198</td>
<td>-1.8</td>
<td>367</td>
<td>567</td>
<td>720</td>
<td>53.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>25</td>
<td>31</td>
<td>75</td>
<td>74.0</td>
<td>128</td>
<td>199</td>
<td>236</td>
<td>46.4</td>
</tr>
<tr>
<td>EBITDA (%)</td>
<td>12.1</td>
<td>10.7</td>
<td>38.0</td>
<td>34.8</td>
<td>35.1</td>
<td>32.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit</td>
<td>24</td>
<td>33</td>
<td>61</td>
<td>59.4</td>
<td>99</td>
<td>153</td>
<td>183</td>
<td>44.3</td>
</tr>
<tr>
<td>EPS</td>
<td>1.9</td>
<td>3.0</td>
<td>5.6</td>
<td>9.1</td>
<td>14.1</td>
<td>14.1</td>
<td>16.9</td>
<td></td>
</tr>
<tr>
<td>P/E</td>
<td>286.2</td>
<td>175.1</td>
<td>94.7</td>
<td>58.6</td>
<td>37.7</td>
<td>31.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RoNW</td>
<td>35.3</td>
<td>32.6</td>
<td>37.5</td>
<td>41.2</td>
<td>45.3</td>
<td>40.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RoCE</td>
<td>36.0</td>
<td>33.6</td>
<td>35.9</td>
<td>39.8</td>
<td>44.9</td>
<td>40.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Company, ICICI Direct Research *including revenue from claims w/back

Key Financials FY19 FY20 FY21 2 Year CAGR (%) FY22E FY23E FY24E 3 Year CAGR (%)
Gross operating revenues* 205 286 198 -1.8 367 567 720 53.8
EBITDA 25 31 75 74.0 128 199 236 46.4
EBITDA (%) 12.1 10.7 38.0 34.8 35.1 32.8
Net Profit 24 33 61 59.4 99 153 183 44.3
EPS 1.9 3.0 5.6 9.1 14.1 14.1 16.9
P/E 286.2 175.1 94.7 58.6 37.7 31.5
RoNW 35.3 32.6 37.5 41.2 45.3 40.1
RoCE 36.0 33.6 35.9 39.8 44.9 40.2

Key triggers for future price performance:

- Online travel market in India is set to double over the next five years to $31 billion in FY25E, growing at 14% CAGR from FY20 levels
- Lean cost model and no convenience fee strategy remain key pillars supporting such rapid, profitable growth. This also has led to stickiness by customers with healthy repeat transaction rate of ~86% in the B2C channel
- Now, with airlines allowed to operate with their full capacity, we expect further traction in the company’s revenues and profitability, going ahead
- Further benefits would accrue from segments like international air, hotels and bus booking over the next three to four years, which are high margin business but currently having online penetration below 20% levels

Quick Comment

- Any further imposition of restrictions on travel
- Companies adopting work from home policy beyond FY22E could further delay recovery in the business travel

Research Analyst

Rashesh Shah
rashes.shah@icicisecurities.com
RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts’ valuation for a stock.

Buy: >15%
Hold: -5% to 15%;
Reduce: -15% to -5%;
Sell: <-15%

Pankaj Pandey  Head – Research  pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com
ANALYST CERTIFICATION

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock broking and distribution of financial products.

ICICI Securities is a member of the Association of Mutual Funds in India (AMFI). ICICI Securities is a member of BSE, NSE, and MCX and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. (“associates”), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysis department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis concern on studying charts of a stock's price movement, outstanding positions, trading volume etc. as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.