

Robust organic expansion in International H&P

TBO's consol. GTV grew 24.0% YoY (flat QoQ) to INR 79.4bn in 2QFY25, broadly in-line JMFe. While Hotels & Packaging (H&P) segment grew a robust 55.6% YoY led by strong organic expansion in International source markets (33% growth) and consolidation of JumboOnline (acquired in Dec'23), the Air ticketing segment declined 4.2% YoY due to weakness in domestic air. On the margins front, TBO reported solid gross margin expansion of around 360bps YoY due to business mix moving towards H&P. Despite this expansion, EBITDA margin was down ~140bps YoY to 18.4% (missing JMFe of 19.3%) due to growth investments in International markets. Going ahead, while we expect the air ticketing segment to continue to be a drag, robust H&P expansion should ensure that the company delivers 20%+ topline and 30%+ bottom-line growth over the medium term. We rollover and retain BUY with Dec'25 TP of INR 2,020 derived basis 50x NTM PER (current PER of 53x/39x FY26/27).

- Robust growth in H&P segment, air ticketing weakness continues:** TBO's consol. GTV grew 24.0% YoY (flat QoQ) to INR 79.4bn in 2Q, broadly in-line JMFe. Segment-wise, Air ticketing GTV missed JMFe by ~2% while H&P GTV was in line with our forecast. Organically, H&P grew 33% YoY led by robust trends in APAC, Europe, LATAM and Middle East markets, as per the management. Further, Europe has now become the largest international source market for the company. Jumbonline's GTV contribution stood at INR 6.75bn in 2Q vs. INR 8.14bn in 1Q. Consol. revenue grew 27.9% YoY to INR 4.51bn (4.2% ahead of JMFe), led by H&P (+36.2% YoY). Gross take rates in the Air segment stood at 2.60% vs. 2.63%/2.46% in 1QFY25/2QFY24, respectively, whereas in H&P segment take rate was 7.59% vs. 7.13%/8.67% in 1QFY25/2QFY24. Inorganic contribution (from JumboOnline) stood at ~INR 6.75bn/INR 0.34bn to consol. GTV/revenue, respectively.
- Gross margin see robust expansion but growth investments affect EBITDA margin:** Consol. gross margin was up 361bps YoY (+107bps QoQ) to 67.9%, a beat on our estimate of 66.4%. Air segment margin stood at 46.1% vs. JMFe of 50.0% while H&P segment margin stood at 72.4% vs. JMFe of 70.0%. Growing contribution of H&P in the revenue mix continues to support gross margin profile of the company. However, EBITDA margin was down 139bps YoY (-40bps QoQ) to 18.4% (a miss on JMFe of 19.3%), due to the company's focus on investing in growth, particularly the International H&P segment, where the company is expanding its sales teams. As a result, EBITDA growth was limited to 18.9% YoY to INR 829mn (+5.4% QoQ). PAT stood at INR 601mn, a miss on JMFe of by c.7%, on account of lower-than-expected other income.
- Rollover leads to TP change to INR 2,020, maintain BUY:** We moderate our FY26/27 Air segment GTV/Revenue estimates basis by 2-4% basis continued weakness in the last few quarters while trimming EBITDA margin by 15-75bps over FY25-27 due to accelerated growth investments. On the other hand, H&P take rates are raised by 20bps. Overall, this leads to ~2% cut in our EBITDA for FY26/27. Our EPS estimates, however, are down

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,020
Upside/(Downside)	20.4%
Previous Price Target	1,950
Change	3.6%

Key Data – TBOTEK IN

Current Market Price	INR1,677
Market cap (bn)	INR182.1/US\$2.2
Free Float	56%
Shares in issue (mn)	108.6
Diluted share (mn)	108.6
3-mon avg daily val (mn)	INR149.0/US\$1.8
52-week range	2,001/1,229
Sensex/Nifty	78,675/23,883
INR/US\$	84.4

Price Performance

%	1M	6M	12M
Absolute	-3.9	0.0	0.0
Relative*	-0.6	0.0	0.0

* To the BSE Sensex

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	10,646	13,928	17,497	21,138	25,705
Sales Growth (%)	120.3	30.8	25.6	20.8	21.6
EBITDA	1,818	2,583	3,106	4,420	5,864
EBITDA Margin (%)	17.1	18.5	17.8	20.9	22.8
Adjusted Net Profit	1,443	2,021	2,249	3,411	4,701
Diluted EPS (INR)	14.1	19.7	20.7	31.4	43.3
Diluted EPS Growth (%)	323.7	39.8	5.3	51.7	37.8
ROIC (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	50.4	45.7	26.4	25.6	27.0
P/E (x)	119.2	85.3	81.0	53.4	38.7
P/B (x)	50.0	31.3	15.7	12.1	9.2
EV/EBITDA (x)	96.9	68.0	54.7	37.8	27.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 12/Nov/2024

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

~4.5% over FY25-27E due to lowering of treasury income as well. However, as we roll-forward to Dec'25, our TP increases to INR 2,020 (vs. INR 1,950 earlier). We maintain BUY.

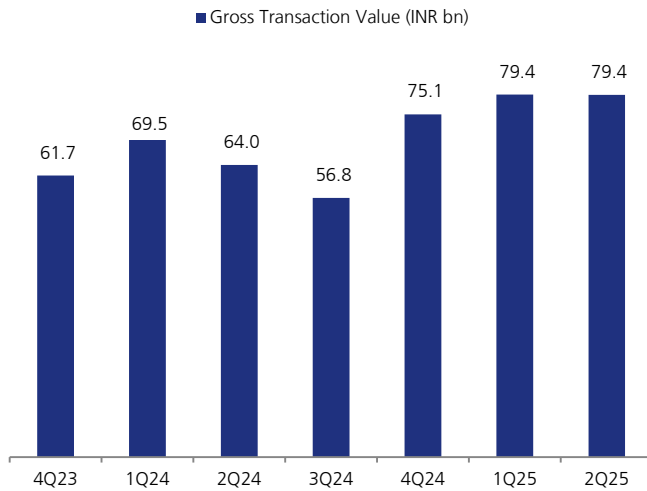
- **Key highlights from conference call:** 1) International GTV growth on an organic basis (i.e., without JumboOnline) was 33% YoY. 2) Gross take rate in the H&P segment is expected to be range-bound between ~7.2-7.6% in the near to medium term. 3) Direct sourcing in H&P segment currently stands around 33-35%. The company expects it to be range bound in the short to medium term. While direct sourcing can be margin accretive at times, it comes with additional cost of acquisition. 4) The company will continue to invest in driving topline growth, while maintaining adj. EBITDA margin in the range of ~20%. 5) Despite slowdown in global travel, the management continues to expect strong growth trends to continue for TBO as a) it focused on aggregating existing travel demand; and b) its size is relatively small in comparison to the large TAM. 6) Jumbonline is heavily dependent on summer inbound traffic in Europe. Since revenue is recorded when bookings are made instead of at the time of check-in, Jumbonline records a seasonally strong 3Q and 4Q, as Europe bookings are made well in advance. 7) The company is investing in new initiatives including H-Next (fast-paced booking engine for complex queries) and AI adoption (AI-driven pricing and automation of back-end customer support). 8) APAC was the fastest growing market for the company but on a low base, while the Middle East grew in strong double digits despite a high base.

Exhibit 1. TBO: Key consolidated financials

All numbers are in INR mn	FY23	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25	2QFY25
GTV	223,236	69,478	63,991	56,778	75,109	265,355	79,402	79,374
Change (YoY)					21.8%	18.9%	14.3%	24.0%
Revenue	10,646	3,446	3,523	3,269	3,691	13,928	4,185	4,507
Change (YoY)					31.1%	30.8%	21.5%	27.9%
Cost of Goods Sold	3,319	1,210	1,257	1,058	1,181	4,707	1,387	1,446
Gross profit	7,326	2,235	2,266	2,210	2,510	9,221	2,798	3,061
Gross profit margin	68.8%	64.9%	64.3%	67.6%	68.0%	66.2%	66.9%	67.9%
Total operating expense	5,508	1,566	1,569	1,649	1,854	6,638	2,011	2,232
EBITDA	1,818	669	697	561	656	2,583	786	829
EBITDA margin	17.1%	19.4%	19.8%	17.2%	17.8%	18.5%	18.8%	18.4%
Adjusted EBITDA	1,990	690	717	598	690	2,695	851	896
Adjusted EBITDA margin	18.7%	20.0%	20.4%	18.3%	18.7%	19.4%	20.3%	19.9%
Depreciation & amortization	246	62	68	81	150	362	124	127
EBIT	1,573	607	629	480	506	2,221	663	702
EBIT margin	14.8%	17.6%	17.8%	14.7%	13.7%	15.9%	15.8%	15.6%
Other income (net)	140	15	-11	89	27	120	92	11
PBT before exceptional items	1,713	621	618	569	533	2,341	755	713
Exceptional items	-29	77	-5	0	0	72	0	0
Profit before tax	1,742	545	623	569	533	2,269	755	713
Income tax expense	257	71	62	61	69	263	146	112
PAT	1,485	473	561	508	464	2,006	609	601
Change (YoY)					64.4%	35.1%	28.8%	7.1%
Diluted EPS (INR)	14.07	4.65	5.50	5.00	4.52	19.67	5.61	5.53
Change (YoY)					73.2%	39.8%	20.5%	0.7%

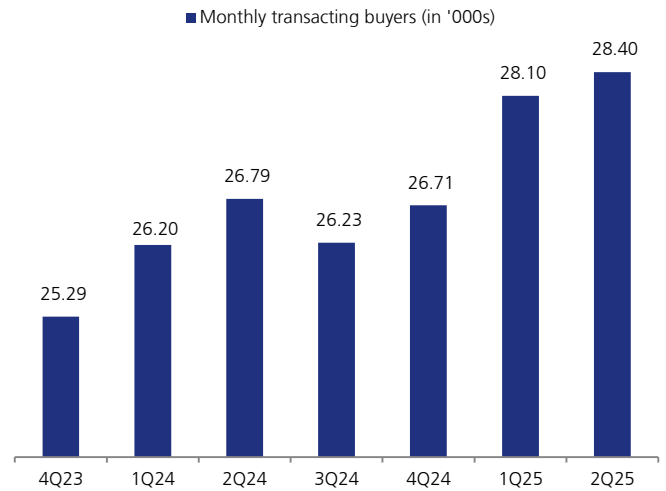
Source: Company, JM Financial

Exhibit 2. Consol. GTV grew 24.0% YoY



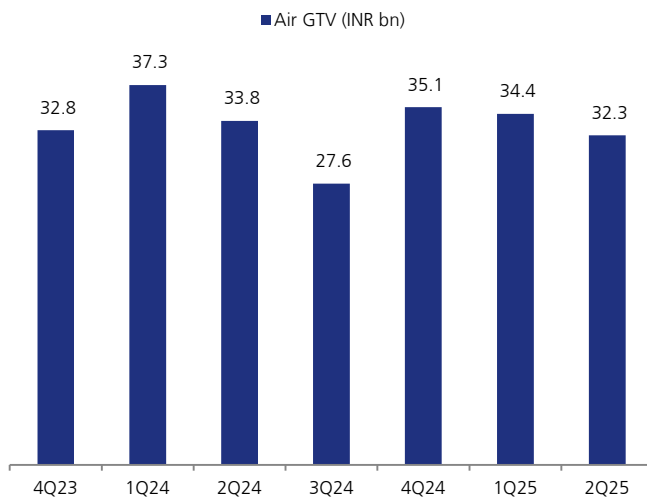
Source: Company, JM Financial

Exhibit 3. Monthly transacting buyers grew 6.0% YoY (+1.1% QoQ)



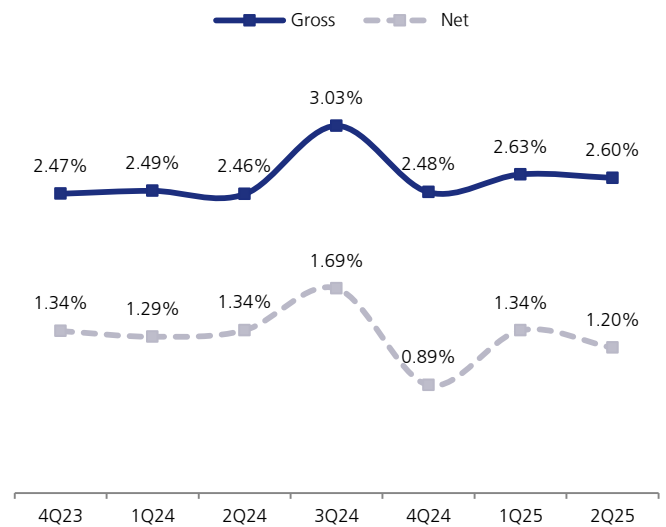
Source: Company, JM Financial

Exhibit 4. Air ticketing segment GTV was down 4.2% YoY



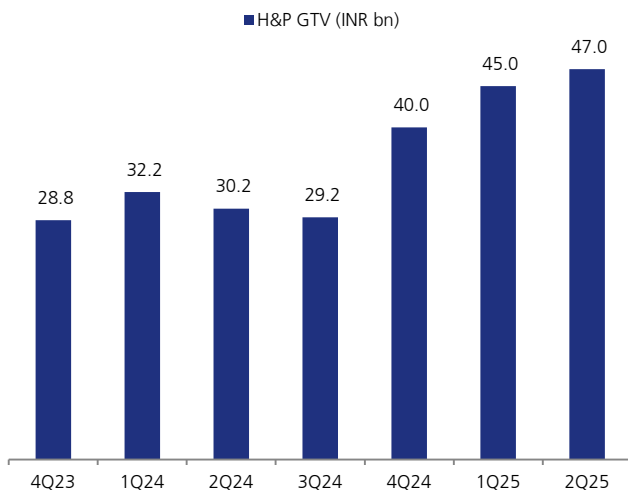
Source: Company, JM Financial

Exhibit 5. Air ticketing segment take rates (gross and net)



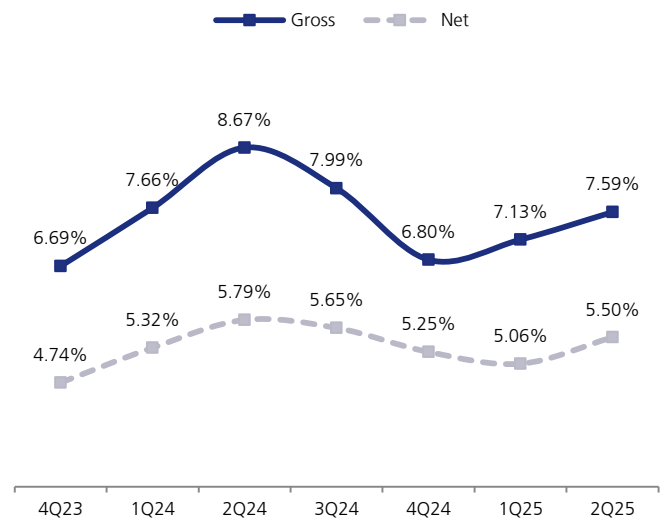
Source: Company, JM Financial

Exhibit 6. H&P segment GTV grew 55.6% YoY



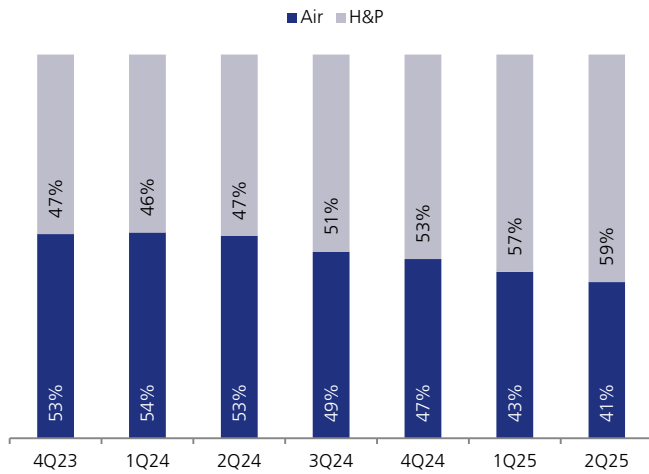
Source: Company, JM Financial

Exhibit 7. H&P segment take rates (gross and net)



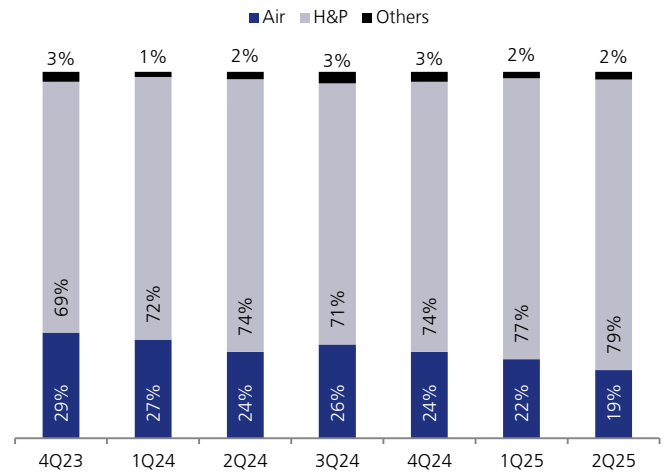
Source: Company, JM Financial

Exhibit 8. Segment-wise GTV mix



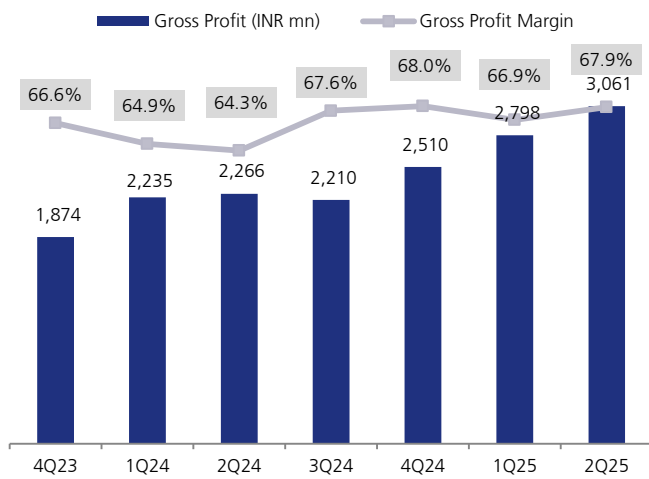
Source: Company, JM Financial

Exhibit 9. Segment-wise revenue mix



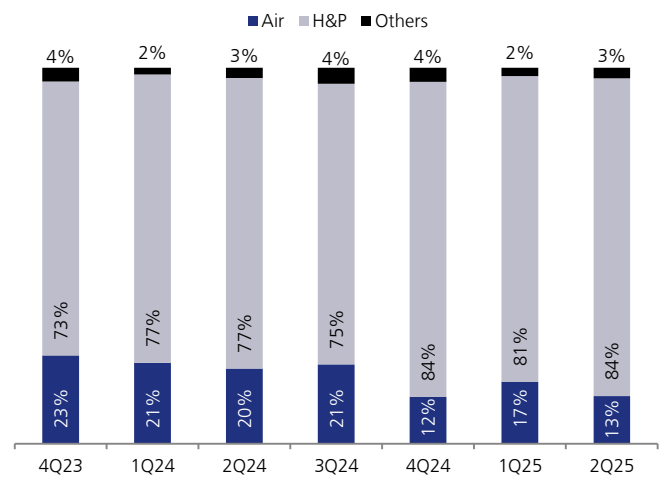
Source: Company, JM Financial

Exhibit 10. Gross profit and gross profit margin



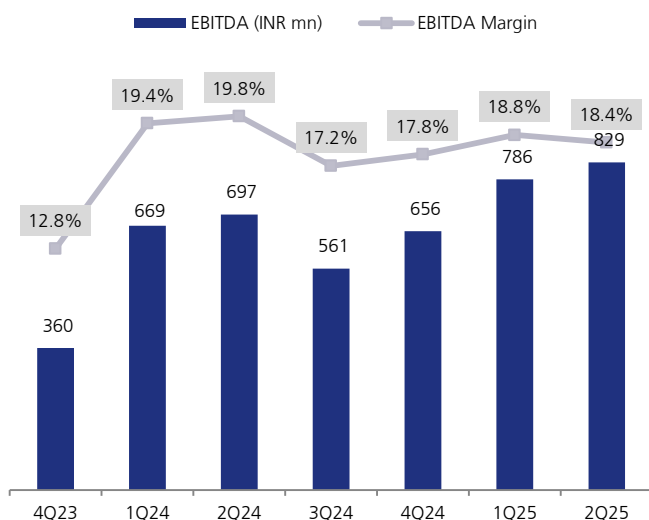
Source: Company, JM Financial

Exhibit 11. Segment-wise gross profit mix



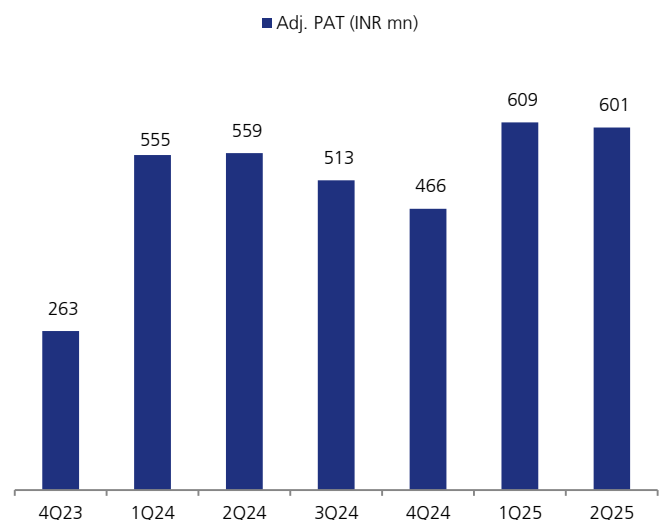
Source: Company, JM Financial

Exhibit 12. EBITDA and EBITDA margin



Source: Company, JM Financial

Exhibit 13. Adjusted PAT



Source: Company, JM Financial

Exhibit 14. Key source market metrics

Particulars	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Monthly Transacting Buyers							
India	18,251	18,590	18,874	18,354	18,298	18,652	18,444
International	7,035	7,610	7,914	7,877	8,407	9,449	9,958
Total	25,286	26,200	26,788	26,231	26,705	28,101	28,402
GTV (INR mn)							
India	35,666	42,380	36,796	31,010	38,249	39,559	35,567
International	26,000	27,098	27,195	25,768	36,860	39,844	43,807
Total	61,666	69,478	63,991	56,778	75,109	79,403	79,374
GTV Mix (%)							
India	57.8%	61.0%	57.5%	54.6%	50.9%	49.8%	44.8%
International	42.2%	39.0%	42.5%	45.4%	49.1%	50.2%	55.2%
Revenue (INR mn)							
India	1,024	1,295	1,063	1,035	1,089	1,224	1,087
International	1,791	2,151	2,461	2,233	2,602	2,961	3,420
Total	2,814	3,446	3,523	3,269	3,691	4,185	4,507
Revenue Mix (%)							
India	36.37%	37.58%	30.16%	31.67%	29.51%	29.25%	24.12%
International	63.63%	62.42%	69.84%	68.33%	70.49%	70.75%	75.88%
Gross Take Rate (%)							
India	2.87%	3.06%	2.89%	3.34%	2.85%	3.09%	3.06%
International	6.89%	7.94%	9.05%	8.67%	7.06%	7.43%	7.81%
Total	4.56%	4.96%	5.51%	5.76%	4.91%	5.27%	5.68%
Gross Profit (INR mn)							
India	574	654	557	581	444	632	534
International	1,300	1,581	1,709	1,629	2,065	2,166	2,527
Total	1,874	2,235	2,266	2,210	2,510	2,798	3,061
Gross Profit Mix (%)							
India	30.61%	29.26%	24.58%	26.29%	17.70%	22.59%	17.45%
International	69.39%	70.74%	75.42%	73.71%	82.30%	77.41%	82.55%
Net Take Rate (%)							
India	1.61%	1.54%	1.51%	1.87%	1.16%	1.60%	1.50%
International	5.00%	5.84%	6.28%	6.32%	5.60%	5.44%	5.77%
Total	3.04%	3.22%	3.54%	3.89%	3.34%	3.52%	3.86%

Source: Company, JM Financial

Maintain BUY; target price raised to INR 2,020

Exhibit 1. What has changed in our assumptions?

	Old			New			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
GTV (INR mn)	3,12,399	3,75,817	4,51,280	3,14,867	3,67,323	4,32,151	0.8%	-2.3%	-4.2%
Revenue (INR mn)	16,811	21,028	26,129	17,497	21,138	25,705	4.1%	0.5%	-1.6%
EBITDA (INR mn)	3,111	4,495	6,001	3,106	4,420	5,864	-0.1%	-1.7%	-2.3%
EBITDA margin (%)	18.5%	21.4%	23.0%	17.8%	20.9%	22.8%	-75bp	-47bp	-15bp
EBIT (INR mn)	2,547	3,960	5,424	2,572	3,872	5,291	1.0%	-2.2%	-2.4%
EBIT margin (%)	15.2%	18.8%	20.8%	14.7%	18.3%	20.6%	-45bp	-51bp	-17bp
Adjusted PAT (INR mn)	2,352	3,565	4,921	2,249	3,411	4,701	-4.4%	-4.3%	-4.5%
Adjusted EPS (INR)	21.66	32.83	45.32	20.71	31.42	43.29	-4.4%	-4.3%	-4.5%

Source: JM Financial

Key Risks

- **Key downside risks are:** (1) disruptions in global travel and tourism industry, (2) pricing pressure from suppliers, (3) execution challenges during organic/inorganic expansion and (4) sudden change in competitive landscape.

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	10,646	13,928	17,497	21,138	25,705	
Sales Growth	120.3%	30.8%	25.6%	20.8%	21.6%	
Other Operating Income	0	0	0	0	0	
Total Revenue	10,646	13,928	17,497	21,138	25,705	
Cost of Goods Sold/Op. Exp	0	0	0	0	0	
Personnel Cost	2,284	2,773	3,709	4,333	5,141	
Other Expenses	6,543	8,572	10,681	12,385	14,700	
EBITDA	1,818	2,583	3,106	4,420	5,864	
EBITDA Margin	17.1%	18.5%	17.8%	20.9%	22.8%	
EBITDA Growth	532.7%	42.0%	20.3%	42.3%	32.7%	
Depn. & Amort.	246	362	534	548	574	
EBIT	1,573	2,221	2,572	3,872	5,291	
Other Income	140	120	170	263	407	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	1,713	2,341	2,742	4,135	5,698	
Excep. & Forex Inc./Loss(-)	29	-72	0	0	0	
PBT	1,742	2,269	2,742	4,135	5,698	
Taxes	257	263	494	724	997	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	42	-16	0	0	0	
Reported Net Profit	1,443	2,021	2,249	3,411	4,701	
Adjusted Net Profit	1,443	2,021	2,249	3,411	4,701	
Net Margin	13.5%	14.5%	12.9%	16.1%	18.3%	
Diluted Share Cap. (mn)	102.5	102.8	108.6	108.6	108.6	
Diluted EPS (INR)	14.1	19.7	20.7	31.4	43.3	
Diluted EPS Growth	323.7%	39.8%	5.3%	51.7%	37.8%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	1,742	2,269	2,742	4,135	5,698	
Depn. & Amort.	246	362	534	548	574	
Net Interest Exp. / Inc. (-)	-3	-20	-170	-263	-407	
Inc (-) / Dec in WCap.	558	-152	-164	18	-27	
Others	59	71	150	150	150	
Taxes Paid	-228	-265	-494	-724	-997	
Operating Cash Flow	2,374	2,265	2,599	3,865	4,991	
Capex	-70	-383	-438	-437	-442	
Free Cash Flow	2,304	1,882	2,160	3,427	4,549	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	-874	-1,154	-123	60	660	
Investing Cash Flow	-944	-1,537	-561	-377	218	
Inc / Dec (-) in Capital	0	0	3,920	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	-3	-35	0	0	0	
Others	-137	1,188	-403	-403	-403	
Financing Cash Flow	-141	1,153	3,517	-403	-403	
Inc / Dec (-) in Cash	1,290	1,881	5,555	3,085	4,806	
Opening Cash Balance	4,344	5,634	7,515	13,069	16,155	
Closing Cash Balance	5,634	7,515	13,069	16,155	20,961	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	3,403	5,448	11,617	15,028	19,729	
Share Capital	104	104	109	109	109	
Reserves & Surplus	3,299	5,344	11,508	14,920	19,620	
Preference Share Capital	0	0	0	0	0	
Minority Interest	-31	0	0	0	0	
Total Loans	64	1,351	1,351	1,351	1,351	
Def. Tax Liab. / Assets (-)	-125	-144	-144	-144	-144	
Total - Equity & Liab.	3,311	6,654	12,823	16,234	20,935	
Net Fixed Assets	1,359	3,629	3,653	3,812	4,004	
Gross Fixed Assets	178	259	330	427	544	
Intangible Assets	1,263	3,499	3,499	3,633	3,793	
Less: Depn. & Amort.	82	130	176	248	332	
Capital WIP	0	0	0	0	0	
Investments	981	1,046	1,592	2,047	2,047	
Current Assets	23,114	43,755	57,774	68,305	82,312	
Inventories	0	0	0	0	0	
Sundry Debtors	15,662	33,067	40,976	47,802	56,239	
Cash & Bank Balances	5,634	7,515	13,069	16,155	20,961	
Loans & Advances	14	13	13	13	13	
Other Current Assets	1,804	3,160	3,715	4,334	5,099	
Current Liab. & Prov.	22,144	41,775	50,196	57,930	67,429	
Current Liabilities	18,672	36,787	44,749	51,575	59,953	
Provisions & Others	3,471	4,988	5,447	6,355	7,476	
Net Current Assets	970	1,980	7,578	10,375	14,884	
Total - Assets	3,311	6,654	12,823	16,234	20,935	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin		13.5%	14.5%	12.9%	16.1%	18.3%
Asset Turnover (x)		0.6	0.4	0.3	0.3	0.3
Leverage Factor (x)		6.7	8.4	6.5	5.2	4.7
RoE		50.4%	45.7%	26.4%	25.6%	27.0%

Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)		33.5	53.5	107.0	138.4	181.7
ROIC		0.0%	0.0%	0.0%	0.0%	0.0%
ROE		50.4%	45.7%	26.4%	25.6%	27.0%
Net Debt/Equity (x)		-1.9	-1.3	-1.1	-1.1	-1.0
P/E (x)		119.2	85.3	81.0	53.4	38.7
P/B (x)		50.0	31.3	15.7	12.1	9.2
EV/EBITDA (x)		96.9	68.0	54.7	37.8	27.7
EV/Sales (x)		16.6	12.6	9.7	7.9	6.3
Debtor days		537	867	855	825	799
Inventory days		0	0	0	0	0
Creditor days		745	1,159	1,116	1,110	1,089

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
5-Aug-24	Buy	1,950	
14-Aug-24	Buy	1,950	0.0
7-Oct-24	Buy	1,950	0.0

Recommendation History

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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