

Zomato Ltd.

Result Update Q2FY24



CMP INR 120

Result Update

Zomato Ltd. reported Q2FY24 :

GOV across B2C businesses (food delivery + quick commerce + Going-out) grew 13% QoQ/ 47% YoY. Food delivery GOV grew 9% QoQ/ 20% YoY and is recovering well from the demand slowdown we witnessed in the last two quarters of FY23. Quick commerce bounced back with a 29% QoQ GOV growth following tepid growth in Q1FY24 (due to temporary disruptions in the business).

Adjusted Revenue Expected to compound at a 40%+ growth rate over the next couple of years was tracked to deliver on that outlook. Another key driver of GOV growth in the quarter was the growing adoption of our Gold program, which is continuing to drive higher ordering frequency amongst members. Zomato have 3.8 million members (as at the end of Q2FY24) that contribute 40% of GOV in the food delivery business.

Going forward, the majority of the growth will come from growth in MTC, as more of low frequency customers start ordering more frequently. In this business today, 6 crore annual transacting customer (ATC) base translates to only about 1.8 crore MTC (about 30% of the ATC).

As more of ATC base start transacting every month, the 30% number will keep increasing, resulting in growth in MTC.

Festive period in Q3FY24 is usually a mixed bag for the food delivery business. While people order more around the festivals, at the same time, they also travel and eat- out more in this quarter. A lot of Indians also observe fasts during the Navratri festival and Shradh period (both of which are in Q3FY24 this year due to a late Diwali), which tend to dampen order volumes during the quarter.

The Cricket World Cup should result in additional order volumes, but demand uptick would be limited to a handful of match days and hence, not very significant.

Quick commerce (Blinkit) business turned Contribution positive in Q2FY24 for the first time, for the entire quarter.

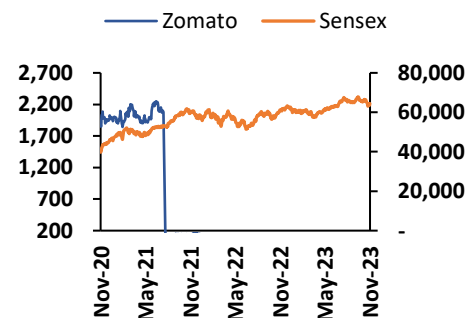
Industry	E-commerce/App based aggregator
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Scrip Details

Face Value (INR)	1
Market Cap (INR Cr)	1,02,909
Price (INR)	120
No of SH O/S (Cr)	857.57
3M Avg Vol (000)	6788
52W H/L (INR)	121/ 44.35
Div. Yield (%)	0.00

Shareholding (%) Sep 2023

Promoter	54.7
DII's	1.5
Public	33.2
Mutual Funds	10.6
TOTAL	100.0



Key Standalone Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj. EPS (Rs.)	Adj BVPS (Rs.)	RoE (%)	RoIC (%)	EV/EBIT DA (X)	P/BV (X)	P/E (X)
FY19	1313	-2200	-1001	-168	-76	-4	10	-37	-950	0	1	-2
FY20	2605	-2337	-2386	-90	-92	-12	3	-334	-8822	0	1	0
FY21	1994	-475	-816	-24	-41	0	32	-10	-12	2	0	-3
FY22	4192	-1870	-1223	-45	-29	-2	65	-7	-15	1	0	-2
FY23	7079	-1253	-971	-18	-14	-1	77	-5	-12	4	0	-1

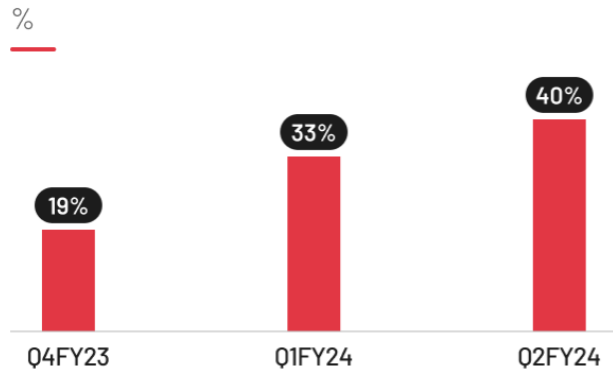
Source: Ventura Research & Company Financials

key Highlights:

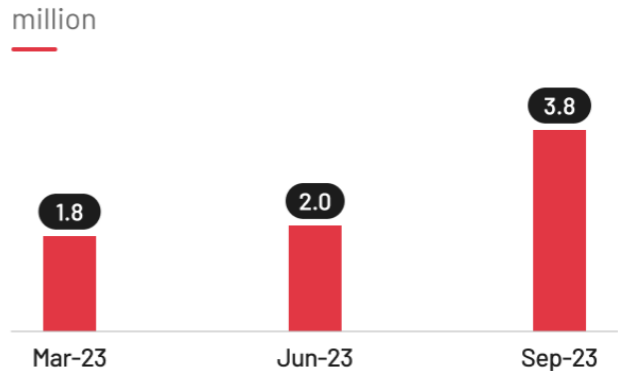
- **Gold Program**

The Gold program has scaled to 3.8 million members within just three quarters since its launch, and these members now account for ~40% of our food delivery GOV.

Gold GOV as % of total food delivery GOV



of active Gold members (India)



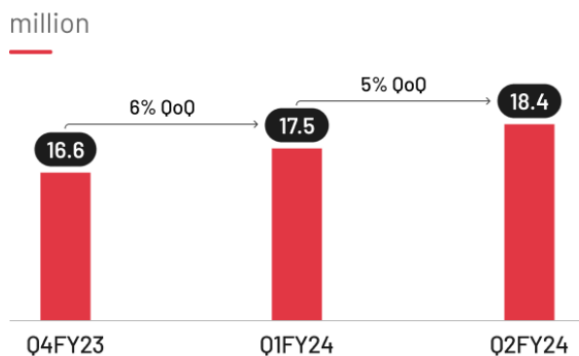
- **New Platform fee**

Starting Q2FY24, customers are being charged a nominal platform fee (in the range of INR 2-5 per order) on every order, including those of Zomato Gold members. It is a small fee to make economics better and viable in the long run keeping services affordable for customers at all times.

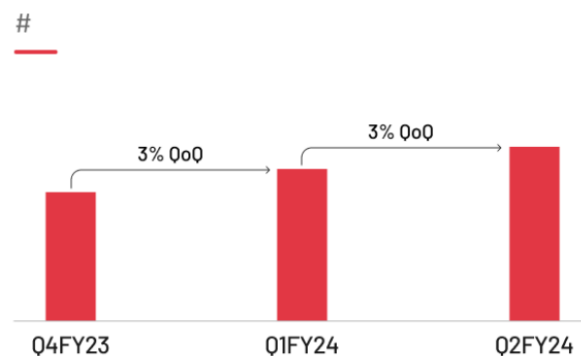
- **Store Count**

As we mentioned in earlier shareholders' letter, Zomato is aiming for at least 100 new (net) stores within FY24, and should exit March 2024 with somewhere around 480 stores in total.

Average monthly transacting customers



Average monthly order frequency



Note: Average monthly order frequency defined as average monthly orders divided by average monthly transacting customers in that period.

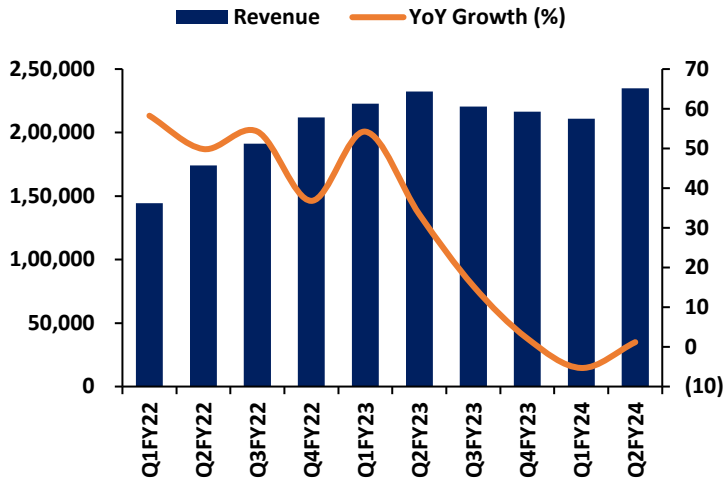
Zomato Ltds. consolidated Financial Summary

Fig in INR Cr (unless specified)	FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY23	Q1FY24	Q2FY24
Revenue from operation	1994	844	1024	1112	1212	4192	1414	1661	1948	2056	7079	2416	2848
Growth (YoY) (%)	-23	217	140	82	75	110	67	62	75	70	69	71	71
Raw Material Cost	192	74	110	154	186	525	254	312	390	439	1395	562	674
Material Cost to Sales (%)	10	9	11	14	15	13	18	19	20	21	20	23	24
Employee Cost	741	391	424	412	407	1633	349	381	395	340	1465	338	417
Employee Cost to Sales (%)	37	46	41	37	34	39	25	23	20	17	21	14	15
Other Expenses	1536	756	1026	1036	1069	3905	1118	1280	1529	1503	5473	1564	1804
Other Expenses to Sales (%)	77	90	100	93	88	93	79	77	79	73	77	65	63
EBITDA	-475	-377	-536	-489	-450	-1870	-307	-312	-366	-225	-1253	-48	-47
Margin (%)	-24	-45	-52	-44	-37	-45	-22	-19	-19	-11	-18	-2	-2
PAT	-816	-361	-435	-67	-360	-1223	-186	-251	-347	-188	-971	2	36
Margin (%)	-41	-43	-42	-6	-30	-29	-13	-15	-18	-9	-14	0	1
Net Profit	-813	-356	-430	-63	-360	-1209	-186	-251	-347	-188	-971	2	36
Margin (%)	-41	-42	-42	-6	-30	-29	-13	-15	-18	-9	-14	0	1
Adjusted EPS	0					-2					-1		
P/E Ratio	-3					-2					-1		
Adjusted BVPS (Rs)	32					65					77		
P/BV Ratio (X)	0					0					0		
Enterprise Value	-940					-1232					-4432		
EV/EBITDA Ratio	2					1					4		
Networth	8099					16506					19460		
Return on Equity	-10					-7					-5		
Capital Employed	8100					16506					19500		
Return on Capital Employed	-8					-12					-8		
Invested Capital	4991					13298					13998		
Return on Invested Capital	-12					-15					-12		
Cash From Operating Activities	-1018					-693					-844		
Cash Flow from Investing Activities	-5244					-7938					457		
Cash from Financing Activities	6402					8750					-127		
Net Cash Flow	140					119					-514		
Free Cashflow	-1018					-738					-899		
FCFF to sales	-51					-18					-13		
FCF to Net Profit	-257					-204					-470		
Total debt	1					0					40		
Net Debt	-3108					-3207					-5461		
Net Debt to Equity	0					0					0		
Net Debt to EBITDA	7					2					4		
Fundamental Scores													
Altman Z Score	2					1					0		
Piotroski F-score	3					5					6		
Beneish M-score	-2					-2					-1		

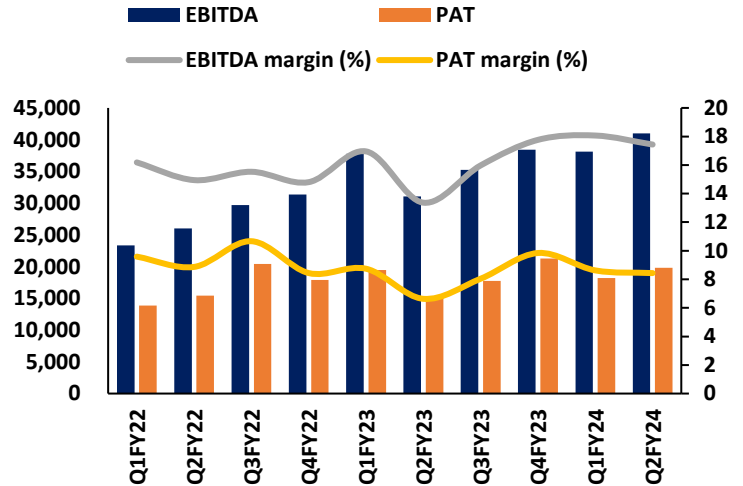
Source: Ventura Research & Company Financials

Zomato Ltds Financial Summary in Charts

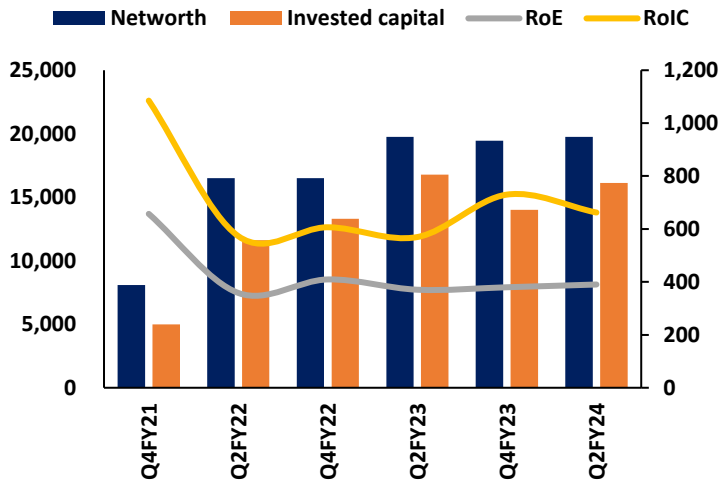
Revenue Growth



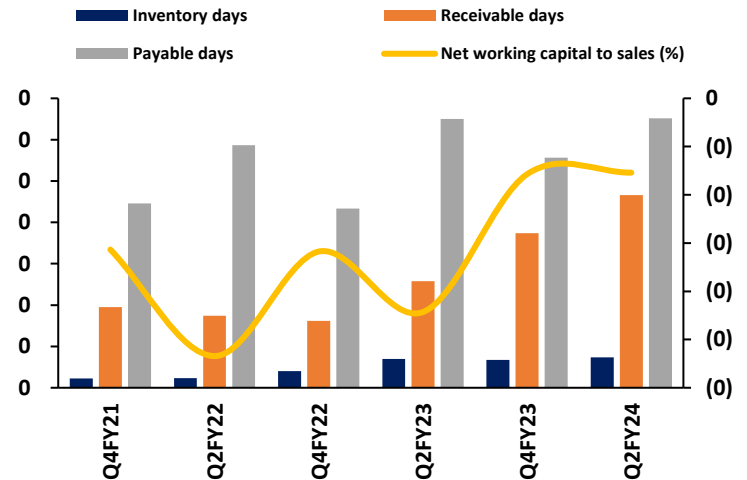
Operating Profit and Net Margins



Return Ratios



Working Capital



Source: Ventura Research & Company Financials

Zomato Ltds. Financial Summary in Charts

Fig in INR Cr (unless specified)	FY19	FY20	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY19	FY20	FY21	FY22	FY23
Income Statement						Per share data & Yields					
Revenue	1,312.6	2,604.7	1,993.8	4,192.4	7,079.4	Adjusted EPS (INR)	(1.1)	(2.7)	(0.9)	(1.4)	(1.1)
YoY Growth (%)		98.4	(23.5)	110.3	68.9	Adjusted Cash EPS (INR)	(1.1)	(2.6)	(0.8)	(1.2)	(0.6)
Raw Material Cost	16.6	108.9	191.9	524.6	1,395.2	Adjusted BVPS (INR)	3.0	0.8	9.3	18.9	22.3
RM Cost to Sales (%)	1.3	4.2	9.6	12.5	19.7	Adjusted CFO per share (INR)	(2.0)	(2.5)	(1.2)	(0.8)	(1.0)
Employee Cost	600.8	798.9	740.8	1,633.1	1,465.0	CFO Yield (%)	(1.7)	(2.1)	(1.0)	(0.7)	(0.8)
Employee Cost to Sales (%)	45.8	30.7	37.2	39.0	20.7	Adjusted FCF per share (INR)	(2.0)	(2.5)	(1.2)	(0.8)	(1.0)
Other Expenses	2,895.5	4,033.8	1,536.2	3,904.9	5,472.6	FCF Yield (%)	(1.7)	(2.1)	(1.0)	(0.7)	(0.9)
Other Exp to Sales (%)	220.6	154.9	77.0	93.1	77.3						
EBITDA	(2,200.3)	(2,336.9)	(475.1)	(1,870.2)	(1,253.4)	Solvency Ratio (X)					
Margin (%)	(167.6)	(89.7)	(23.8)	(44.6)	(17.7)	Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
YoY Growth (%)		6.2	(79.7)	293.6	(33.0)	Net Debt to Equity	(0.9)	(1.0)	(0.4)	(0.2)	(0.3)
Depreciation & Amortization	25.6	84.2	137.7	150.3	436.9	Net Debt to EBITDA	1.1	0.3	6.5	1.7	4.4
EBIT	(2,225.9)	(2,421.1)	(612.8)	(2,020.5)	(1,690.3)						
Margin (%)	(169.6)	(92.9)	(30.7)	(48.2)	(23.9)	Return Ratios (%)					
YoY Growth (%)		8.8	(74.7)	229.7	(16.3)	Return on Equity	(36.6)	(333.5)	(10.0)	(7.3)	(5.0)
Other Income	87.2	170.2	132.5	514.3	724.6	Return on Capital Employed	(85.3)	(340.4)	(7.6)	(12.3)	(8.3)
Bill discounting & other charges	62.3	12.6	10.1	12.0	48.7	Return on Invested Capital	(949.6)	(8,822.0)	(12.3)	(15.2)	(12.1)
Fin Charges Coverage (X)	(35.7)	(191.6)	(60.7)	(168.4)	(34.7)						
Exceptional Item	1,199.9	(122.0)	(324.7)	297.4	0.1	Working Capital Ratios					
PBT	(1,001.1)	(2,385.6)	(815.1)	(1,220.8)	(1,014.3)	Payable Days (Nos)	103	38	54	37	35
Margin (%)	(76.3)	(91.6)	(40.9)	(29.1)	(14.3)	Inventory Days (Nos)	1	1	3	3	4
YoY Growth (%)		138.3	(65.8)	49.8	(16.9)	Receivable Days (Nos)	20	17	24	14	24
Tax Expense	0.0	0.0	1.3	2.0	(43.6)	Net Working Capital Days (Nos)	-83	-20	-28	-20	-7
Tax Rate (%)	0.0	0.0	(0.2)	(0.2)	4.3	Net Working Capital to Sales (%)	(22.8)	(5.4)	(7.6)	(5.5)	(2.0)
PAT	(1,001.1)	(2,385.6)	(816.4)	(1,222.8)	(970.7)						
Margin (%)	(76.3)	(91.6)	(40.9)	(29.2)	(13.7)	Valuation (X)					
YoY Growth (%)		138.3	(65.8)	49.8	(20.6)	P/E	(106.1)	(42.8)	(124.7)	(83.9)	(104.4)
Min Int/Sh of Assoc	45.3	18.4	3.6	14.1	(0.6)	P/BV	39.3	144.2	12.5	6.1	5.2
Net Profit	(955.8)	(2,367.2)	(812.8)	(1,208.7)	(971.3)	EV/EBITDA	(45.0)	(43.1)	(206.9)	(52.5)	(76.5)
Margin (%)	(72.8)	(90.9)	(40.8)	(28.8)	(13.7)	EV/Sales	75.4	38.7	49.3	23.4	13.6
YoY Growth (%)		147.7	(65.7)	48.7	(19.6)						
Balance Sheet						Cash Flow Statement					
Share Capital	243.8	252.4	454.9	764.3	836.4	PBT	(1,001.1)	(2,385.6)	(815.1)	(1,220.8)	(1,014.3)
Total Reserves	2,333.9	450.9	7,638.1	15,734.6	18,616.8	Adjustments	(1,014.2)	399.5	(212.1)	453.1	215.7
Shareholders Fund	2,577.6	703.3	8,093.0	16,498.9	19,453.2	Change in Working Capital	254.8	(157.5)	10.6	76.7	(89.0)
Long Term Borrowings	1.3	1.5	0.0	0.0	5.8	Less: Tax Paid	0.0	0.0	(1.3)	(2.0)	43.6
Deferred Tax Assets / Liabilities	0.0	0.0	0.0	0.0	249.5	Cash Flow from Operations	(1,760.5)	(2,143.6)	(1,017.9)	(693.0)	(844.0)
Other Long Term Liabilities	49.0	1,458.1	66.9	51.3	355.6	Net Capital Expenditure	(46.4)	(21.4)	(10.4)	(57.2)	(101.4)
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0	Change in Investments	(1,229.9)	1,756.6	(5,233.3)	(7,880.6)	558.7
Long Term Provisions	14.3	16.7	25.9	66.7	95.1	Cash Flow from Investing	(1,276.3)	1,735.2	(5,243.7)	(7,937.8)	457.3
Total Liabilities	2,642.2	2,179.5	8,185.8	16,616.9	20,159.2	Change in Borrowings	950.2	(18.3)	(196.3)	(246.1)	(89.4)
Net Block	297.2	1,590.5	1,986.0	1,863.7	6,802.2	Less: Finance Cost	(62.3)	(12.6)	(10.1)	(12.0)	(48.7)
Capital Work in Progress	0.3	0.2	0.0	0.6	7.5	Proceeds from Equity	2,262.2	389.9	6,608.3	9,007.9	10.7
Intangible assets under development	0.4	0.8	0.1	0.0	0.0	Buyback of Shares	0.0	0.0	0.0	0.0	0.0
Non Current Investments	7.3	0.0	0.0	3,086.0	2,279.6	Dividend Paid	0.0	0.0	0.0	0.0	0.0
Long Term Loans & Advances	9.8	40.3	9.2	90.4	191.9	Cash flow from Financing	3,150.1	358.9	6,401.9	8,749.8	(127.4)
Other Non Current Assets	5.5	5.2	3,004.7	5,202.1	1,947.4	Net Cash Flow	113.4	(49.5)	140.3	119.0	(514.1)
Net Current Assets	2,321.7	542.5	3,185.8	6,374.1	8,930.6	Forex Effect	(1.3)	4.3	(1.7)	(27.7)	0.9
Total Assets	2,642.2	2,179.5	8,185.8	16,616.9	20,159.2	Opening Balance of Cash	100.4	212.4	167.2	306.5	392.3
						Closing Balance of Cash	212.4	167.2	305.8	397.8	(120.9)

Source: Ventura Research & Company Financials

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