

View: Footfall growth expected to continue. Maintain Accumulate

Wonderla posted good set of numbers in Q1FY20. Revenue grew 13.2% YoY, driven by 8.2% YoY growth in footfalls and a 4.1% rise in ARPU. Ticket revenue grew by 14% & non ticket revenue grew by 11% in Q1FY20. While Kochi and Bangalore park registered double digit revenue growth, Hyderabad park revenue was restricted due to lower footfalls on account of extreme weather conditions. We have revised our estimates marginally to factor in Q1 performance. Valuing the stock at 20x FY21E PE to arrive at a TP of ₹ 278. Maintain Accumulate.

Going ahead, we believe that footfalls are likely to rise, due to calibrated pricing, an increase in marketing/promotions, and tie ups with online portals. Further, a favorable base of last year should help Wonderla to post higher growth in the ensuing quarters.

Revenue in line, operating performance exceeds estimates

Net Sales grew 13.2% YoY to ₹ 1,176mn – in line with our estimate. Revenue from Amusement parks and Resort business increased 13.7% YoY and 31.4% YoY respectively. EBITDA jumped 19.3% YoY to ₹ 686mn. Operating margin expanded by 300bps to 58.3% due to 50/80/170bps decline in RM/Staff costs/Other expenses respectively. Net profit increased 27.5% YoY to ₹ 420mn - came ahead of our estimates.

Park wise performance

Bangalore Park – The net sales rose 12.8% YoY to ₹ 534mn, as footfalls grew 8.5% and ARPU increased 4.0%. The ticket ARPU jumped 5.1%, while non-ticket ARPU was flat.

Kochi Park-The net sales grew 18.9% to ₹ 291mn, as footfalls increased 11.9% and ARPU jumped 6.3% YoY. The ticket ARPU rose 6.7%, while non-ticket ARPU jumped 4.8%.

Hyderabad Park - Net sales grew 7.1% YoY to ₹ 313mn, as footfalls rose 4.2%. The ARPU grew 2.7% YoY. The ticket ARPU increased 4.2%, while non-ticket ARPU declined 1.6%.

Bangalore Resort - Net sales increased 32.2% YoY to ₹ 38mn. Occupancy was 62% vs 45% last year. The average room rental was down 3% YoY.

Q1FY20 Result (₹ Mn)

Particulars	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)
Revenue	1,176	1,039	13.2	607	93.9
Total Expense	490	464	5.7	428	14.6
EBITDA	686	575	19.3	179	283.9
Depreciation	104	99	5.5	99	5.7
EBIT	582	476	22.2	80	627.9
Other Income	37	22	65.2	29	27.2
Interest	2	4	(49.6)	0	6234.5
EBT	617	495	22.2	109	466.5
Tax	196	165	19.0	39	403.6
RPAT	420	330	27.5	70	501.6
APAT	420	330	27.5	70	501.6
			(bps)		(bps)
Gross Margin (%)	90.9	90.4	49	88.5	242
EBITDA Margin (%)	58.3	55.3	297	29.5	2885
NPM (%)	35.7	31.7	400	11.5	2422
Tax Rate (%)	31.8	33.3	(152)	35.8	(397)
EBIT Margin (%)	49.4	45.8	362	13.2	3627

CMP	₹ 253
Target / Upside	₹ 278 / 10%
BSE Sensex	37,582
NSE Nifty	11,110

Scrip Details

Equity / FV	₹ 565mn / ₹ 10
Market Cap	₹ 14bn
	US\$ 201mn
52-week High/Low	₹ 342/₹ 232
Avg. Volume (no)	28,618
NSE Symbol	WONDERLA
Bloomberg Code	WONH IN

Shareholding Pattern Jun'19(%)

Promoters	69.4
MF/Banks/FIs	6.5
FII	12.7
Public / Others	11.5

Valuation (x)

	FY19A	FY20E	FY21E
P/E	25.8	20.1	18.2
EV/EBITDA	11.7	9.7	8.5
ROE (%)	7.0	8.4	8.6
RoACE (%)	6.4	7.9	8.1

Estimates (₹ mn)

	FY19A	FY20E	FY21E
Revenue	2,820	3,162	3,521
EBITDA	1,143	1,372	1,528
PAT	554	712	785
EPS (₹)	9.8	12.6	13.9

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Key Concall Highlights

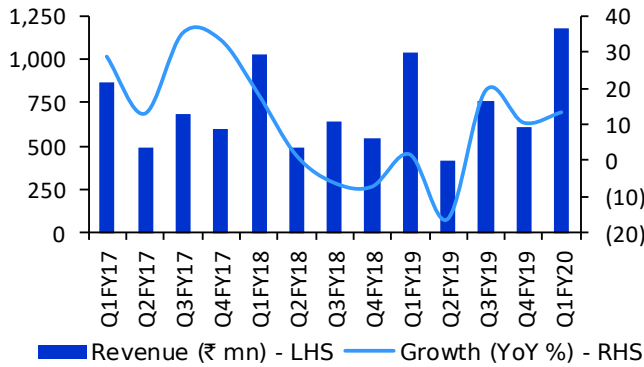
- Hyderabad park witnessed lower footfalls due to extreme weather conditions
- Uniform pricing experimentation ie same price on weekdays and weekends failed in Hyderabad. Company will be making corrections for the same.
- Chennai Park is awaiting approvals from the Government. It is likely to be operational in FY21.
- Non Ticket revenue was subdued across parks. Company is looking at options like breakfast, dinner, buffet etc. to boost non ticket revenue
- F&B revenue grew 11% in Q1FY20.
- Overall, company expects 8-10% growth in footfalls in FY20E mainly due to festive season.
- After recent mishap in another amusement park, company has further increased security of all rides and as usual, conducts regular safety checks.

Exhibit 1: Estimates Change

(₹ mn)	FY20E			FY21E		
	New	Previous	Chg. (%)	New	Previous	Chg. (%)
Revenue	3,162	3,162	0.0	3,521	3,521	0.0
EBITDA	1,372	1,343	2.1	1,528	1,496	2.1
EBITDA Margin (%)	43.4	42.5	90 bps	43.4	42.5	90 bps
PAT	712	681	4.7	785	737	6.6

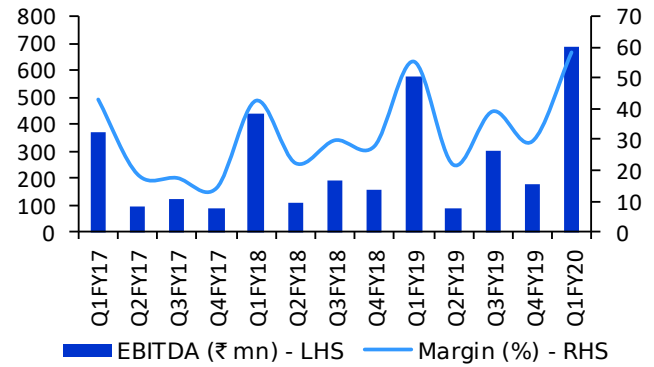
Source: DART, Company

Exhibit 2: Revenue Trend



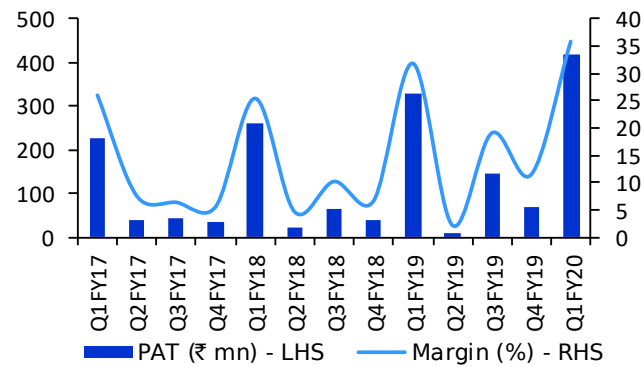
Source: DART, Company

Exhibit 3: EBITDA and Margin



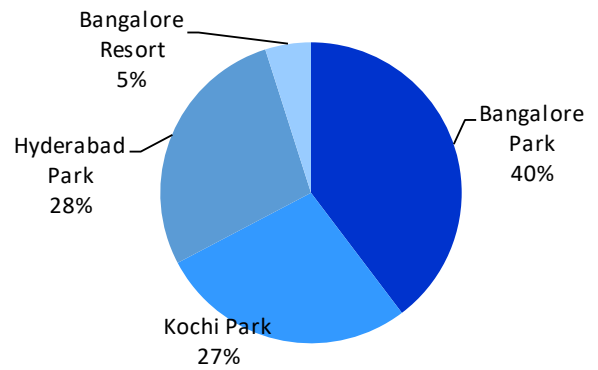
Source: DART, Company

Exhibit 4: Net profit trend



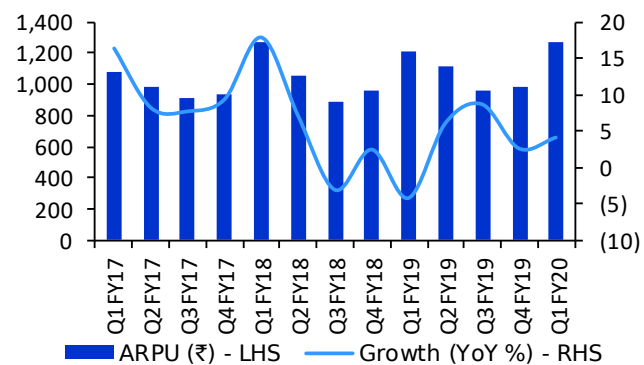
Source: DART, Company

Exhibit 5: Revenue Breakup (Q4FY19)



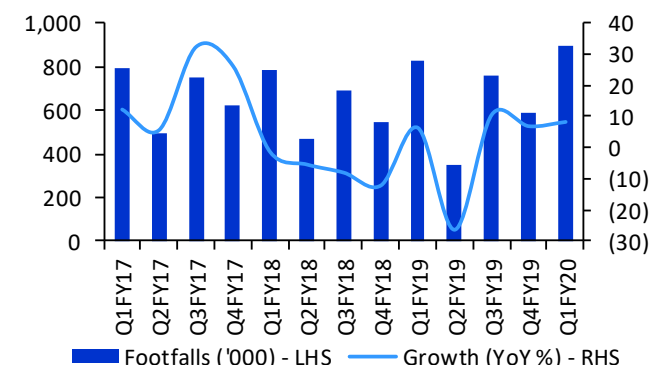
Source: DART, Company

Exhibit 6: ARPU Growth



Source: DART, Company

Exhibit 7: Footfalls Growth



Source: DART, Company

Profit and Loss Account

(₹ Mn)	FY18A	FY19A	FY20E	FY21E
Revenue	2,706	2,820	3,162	3,521
Total Expense	1,814	1,677	1,790	1,994
COGS	294	299	336	374
Employees Cost	416	381	405	444
Other expenses	1,104	996	1,049	1,176
EBIDTA	892	1,143	1,372	1,528
Depreciation	365	395	419	470
EBIT	527	748	953	1,057
Interest	12	4	15	17
Other Income	78	96	125	131
Exc. / E.O. items	0	0	0	0
EBT	592	840	1,063	1,172
Tax	207	286	351	387
RPAT	385	554	712	785
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	385	554	712	785

Balance Sheet

(₹ Mn)	FY18A	FY19A	FY20E	FY21E
Sources of Funds				
Equity Capital	565	565	565	565
Minority Interest	0	0	0	0
Reserves & Surplus	7,161	7,620	8,233	8,919
Net Worth	7,726	8,185	8,798	9,484
Total Debt	38	38	38	38
Net Deferred Tax Liability	711	699	699	699
Total Capital Employed	8,475	8,922	9,535	10,221

Applications of Funds

Net Block	8,337	8,013	8,594	9,024
CWIP	155	336	336	336
Investments	0	0	0	0
Current Assets, Loans & Advances	785	1,408	1,541	1,903
Inventories	71	62	70	78
Receivables	12	15	17	18
Cash and Bank Balances	244	434	553	901
Loans and Advances	281	36	41	45
Other Current Assets	56	359	359	359
Less: Current Liabilities & Provisions	801	835	936	1,043
Payables	106	129	145	161
Other Current Liabilities	695	706	792	882
Net Current Assets	(16)	573	604	860
Total Assets	8,475	8,922	9,535	10,221

E – Estimates

Important Ratios

Particulars	FY18A	FY19A	FY20E	FY21E
(A) Margins (%)				
Gross Profit Margin	89.1	89.4	89.4	89.4
EBIDTA Margin	33.0	40.5	43.4	43.4
EBIT Margin	19.5	26.5	30.1	30.0
Tax rate	35.0	34.1	33.0	33.0
Net Profit Margin	14.2	19.6	22.5	22.3
(B) As Percentage of Net Sales (%)				
COGS	10.9	10.6	10.6	10.6
Employee	15.4	13.5	12.8	12.6
Other	40.8	35.3	33.2	33.4
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	43.7	184.2	63.5	62.2
Inventory days	10	8	8	8
Debtors days	2	2	2	2
Average Cost of Debt	10.5	10.7	39.7	45.0
Payable days	14	17	17	17
Working Capital days	(2)	74	70	89
FA T/O	0.3	0.4	0.4	0.4
(D) Measures of Investment				
AEPS (₹)	6.8	9.8	12.6	13.9
CEPS (₹)	13.3	16.8	20.0	22.2
DPS (₹)	1.3	1.8	1.8	1.8
Dividend Payout (%)	18.4	18.4	13.9	12.6
BVPS (₹)	136.7	144.9	155.7	167.9
RoANW (%)	5.1	7.0	8.4	8.6
RoACE (%)	4.7	6.4	7.9	8.1
RoAIC (%)	6.4	9.0	10.9	11.6
(E) Valuation Ratios				
CMP (₹)	253	253	253	253
P/E	37.1	25.8	20.1	18.2
Mcap (₹ Mn)	14,295	14,295	14,295	14,295
MCap/ Sales	5.3	5.1	4.5	4.1
EV	13,967	13,397	13,278	12,930
EV/Sales	5.2	4.8	4.2	3.7
EV/EBITDA	15.7	11.7	9.7	8.5
P/BV	1.9	1.7	1.6	1.5
Dividend Yield (%)	0.5	0.7	0.7	0.7
(F) Growth Rate (%)				
Revenue	3.0	4.2	12.1	11.4
EBITDA	33.2	28.2	20.0	11.4
EBIT	39.8	42.0	27.4	10.9
PBT	22.1	41.9	26.5	10.2
APAT	13.5	43.9	28.6	10.2
EPS	13.5	43.9	28.6	10.2

Cash Flow

(₹ Mn)	FY18A	FY19A	FY20E	FY21E
CFO	236	928	1,233	1,364
CFI	(557)	(632)	(1,000)	(900)
CFF	(237)	(106)	(114)	(116)
FCFF	(950)	675	233	464
Opening Cash	802	244	434	553
Closing Cash	244	434	553	901

E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (₹)	Price (₹)
May-18	Accumulate	388	349
Aug-18	Accumulate	373	337
Oct-18	Accumulate	302	272
Jan-19	Accumulate	320	281
May-19	Accumulate	327	298

*Price as on recommendation date

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