

## Recovery to get delayed further...

On the back of healthy footfalls growth, Wonderla reported a positive set of Q1FY20 numbers. Revenues for the quarter increased 13.2% YoY to ₹ 117.6 crore (vs. I-direct estimates of ₹ 118.3 crore). The company witnessed ~9 lakh footfalls during the quarter, 8.2% YoY growth while revenues per visitor increased 4.6% YoY to ₹ 1308. Kochi Park witnessed strongest growth of 12% while the Hyderabad Park disappointed with 4% growth in footfalls. EBITDA margins improved 300 bps YoY to 58.3% leading to EBITDA growth of 19.3% YoY to ₹ 68.6 crore (above I-direct estimate of ₹ 64 crore). Led by lower tax expenses, the company reported 27.5% growth in PAT to ₹ 42 crore (above I-direct estimate of ₹ 37.1 crore). The company intends to go ahead with the construction of the Chennai Park despite ongoing challenges with respect to local body tax issues.

## Demand expected to pick up but at slower pace...

Wonderla faced challenges in its Kochi Park in FY19 due to the Nipah virus with floods significantly impacting the business. This led to a 14.1% dip in footfalls at the Kochi Park, overshadowing the double digit footfall growth of Bangalore and Hyderabad Park, thus ending FY19 at 1% footfall growth rate. During Q1FY20, the Kochi park reported 12% growth in footfalls. Heavy showers have hit God's own country this year also. This leads us to expect marginal growth of 3% in FY20E with recovery expected from FY21E. Hyderabad Park, which is in its early stages, disappointed with 4% growth in footfalls partly owing to some pricing changes done during the quarter, which have, however, been withdrawn due to negative response. With the strongest quarter reporting weak growth, we lower our growth estimates for the Hyderabad Park to 9% for FY20E while steady growth expected in the Bangalore Park. With this, we expect overall footfall CAGR of 7.1% in FY19-21E.

## Chennai Park plans crystallise; park to open from FY22E

The management has decided to go ahead with construction of the Chennai Park while communication is still awaited from the Tamil Nadu government on removal of the local body tax. The management will be filing the documents and begin construction post receipt of approvals. Total cost of the park is envisaged at ~₹ 350 crore and would take 18-20 months for completion. Out of the total capital outlay required, the company had already invested ~₹ 105 crore in purchasing land and would spend ~₹ 150 crore in FY20E and FY21E. The balance would be spent gradually as the park commences operations. Further, the company is also planning to construct a resort near its Hyderabad Park at an estimated cost of ₹ 30 crore.

## Valuation & Outlook

While the company's balance sheet stands strong with no debt and healthy cash flows, which can help the company fund capex from internal accruals, we believe a delayed recovery in footfalls of Kochi Park due to floods this year as well, would keep the stock under pressure. Thus, we downgrade Wonderla Holidays to **HOLD** with a target price of ₹ 285/share.

### Key Financial Summary

Key Financials	FY17	FY18	FY19	FY20E	FY21E	CAGR (FY19-21E)
Net Sales	263	270	282	306	343	10.3%
EBITDA	67	89	114	129	146	12.9%
EBITDA (%)	25.5	32.9	40.5	42.0	42.5	
PAT	34	39	55	62	71	13.3%
EPS (₹)	6.0	6.8	9.8	11.0	12.6	
P/E	41.8	36.8	25.6	22.8	19.9	
RoNW (%)	4.6	5.0	6.8	7.2	7.8	
RoCE (%)	6.0	7.2	9.5	10.2	11.2	

Source: Company, ICICI Direct Research



### Stock Data

Particular	Amount
Market Capitalisation	₹ 1418 crore
Debt (FY19)	₹ 1 crore
Cash & cash equivalent(FY19)	₹ 93 crore
EV	₹ 1326 crore
52 week H/L	₹ 342/232
Equity Capital	₹ 56.5 crore
Face value	10.0

### Key Highlights

- Company to submit documents and being construction of Chennai park post approvals
- Six ride additions planned in FY20E with four already launched
- To construct resort near Hyderabad Park with investment of ~₹ 30 crore
- Expect 7.6% footfall CAGR in FY19-21E
- Downgrade to HOLD with target price of ₹ 285 per share

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Exhibit 1: Variance Analysis

	Q1FY20	Q1FY20E	Q1FY19	YoY (%)	Q4FY19	QoQ (%)	Comments
Net Sales	117.6	118.3	103.9	13.2	60.6	94.2	Healthy growth in footfalls along with increase in average revenues per visitor drive revenues
Other Income	3.7	2.5	2.2	65.2	2.9	27.2	
Employee Expenses	11.2	11.7	10.7	4.5	9.1	22.4	
Total purchase of stock in trade	10.7	13.0	9.9	7.4	7.0	53.1	
Other expenses	27.2	29.6	25.8	5.5	26.7	1.9	
EBITDA	68.6	64.0	57.5	19.3	17.8	285.5	
EBITDA Margin (%)	58.3	54.1	55.3	297 bps	29.4	2894 bps	Growth in revenues per visitor and efforts to improve cost efficiencies improve margins
Depreciation	10.4	9.5	9.9	5.5	9.9	5.7	
Interest	0.2	-	0.4	(49.6)	0.0	6,234.5	
PBT	61.7	57.0	49.5	24.6	10.8	470.6	
Total Tax	19.6	20.0	16.5	19.0	3.9	403.6	
PAT	42.0	37.1	33.0	27.5	6.9	508.3	Higher EBITDA and lower tax expenses drive PAT higher

Key Metrics	Q1FY20	Q1FY20E	Q1FY19	YoY (%)	Q4FY19	QoQ (%)	
Footfall (in lakhs)	9.0	0.9	8.3	8.2	5.9	53.4	Footfall in Kochi, Bangalore & Hyderabad parks grew 12%, 9.1% and 4% respectively
Blended realisation (₹)	1,307.9	1,271	1,250.3	4.6	1,035.2	26.3	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY20E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	320.3	306.3	(4.4)	357.3	343.8	(3.8)	We expect revenues to increase at a CAGR of 11.9% in FY19-21E led by a rise in non-ticket revenue share and increase in footfalls
EBITDA	132.0	128.6	(2.5)	150.1	146.1	(2.7)	
EBITDA Margin (%)	41.2	42.0	79 bps	42.0	42.5	49 bps	Margins to expand led by higher revenues and operating leverage benefits
PAT	65.4	62.3	(4.8)	75.5	71.4	(5.5)	
EPS (₹)	11.6	11.0	(4.8)	13.4	12.6	(5.7)	

Source: Company, ICICI Direct Research

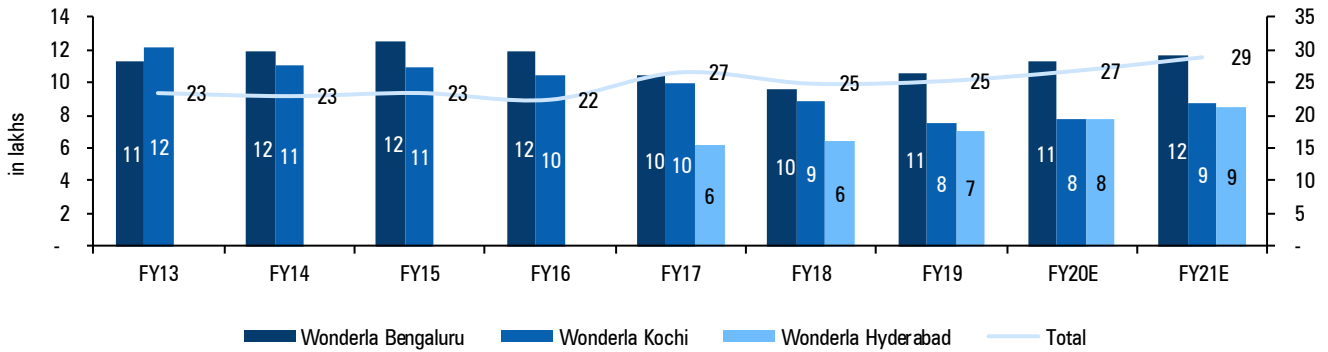
Exhibit 3: Assumptions

	Current					Earlier		Comments
	FY17	FY18	FY19E	FY20E	FY21E	FY20E	FY21E	
Footfall (in lakhs)	26.6	24.9	25.2	26.8	28.9	28.1	30	Lower our footfall estimates for Hyderabad and Kochi Park
Blended realisation (₹)	988	1,088	1,118	1,144	1,185	1,141	1,208	

Source: Company, ICICI Direct Research

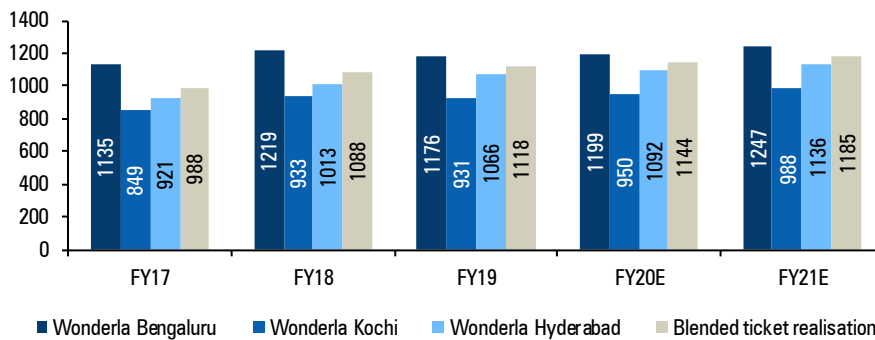
## Financial Story in Charts

Exhibit 4: Park-wise yearly footfalls (in million)



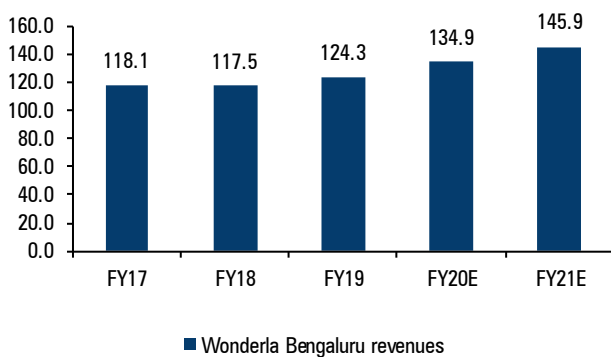
Source: Company, ICICI Direct Research

Exhibit 5: Blended ticket realisation (ticket sales + F&B)



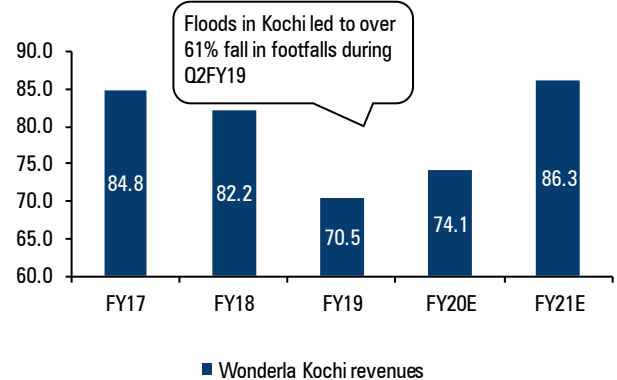
Source: Company, ICICI Direct Research

Exhibit 6: Bangalore Park revenues to witness 8.3% CAGR over FY19-21E



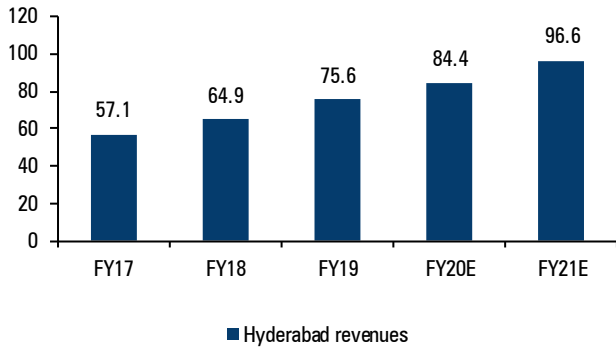
Source: Company, ICICI Direct Research

Exhibit 7: Kochi Park recovery to be delayed to FY21E



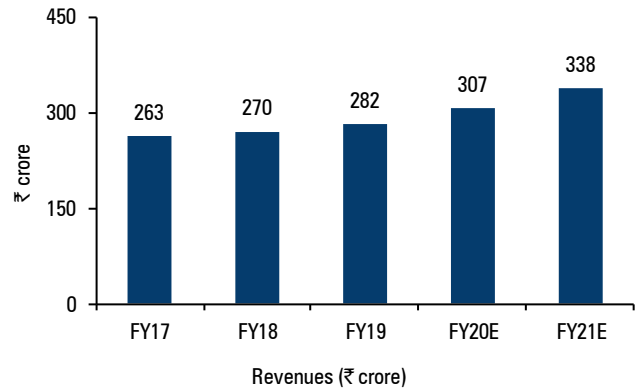
Source: Company, ICICI Direct Research

Exhibit 8: Hyderabad Park revenues to grow at 13.1% CAGR over FY19-21E



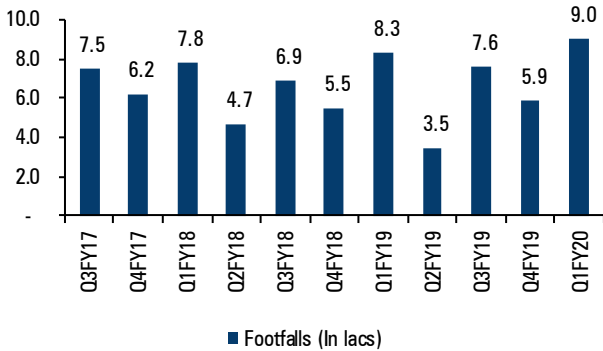
Source: Company, ICICI Direct Research

Exhibit 9: Overall revenues to grow at 9.5% CAGR in FY19-21E



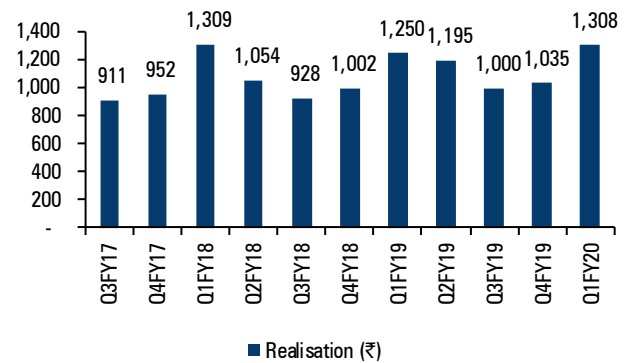
Source: Company, ICICI Direct Research

Exhibit 10: Quarterly footfall trend (Q1, Q3 strongest quarters)



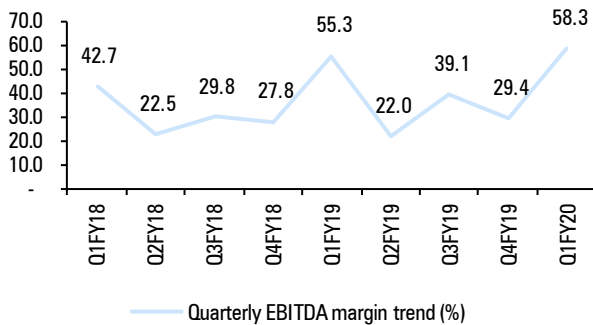
Source: Company, ICICI Direct Research

Exhibit 11: Total revenues per visitor up 4.6% YoY



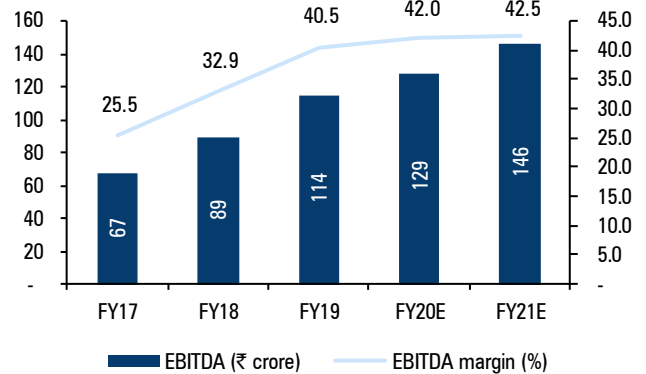
Source: Company, ICICI Direct Research

Exhibit 12: EBITDA margins improve 300 bps YoY



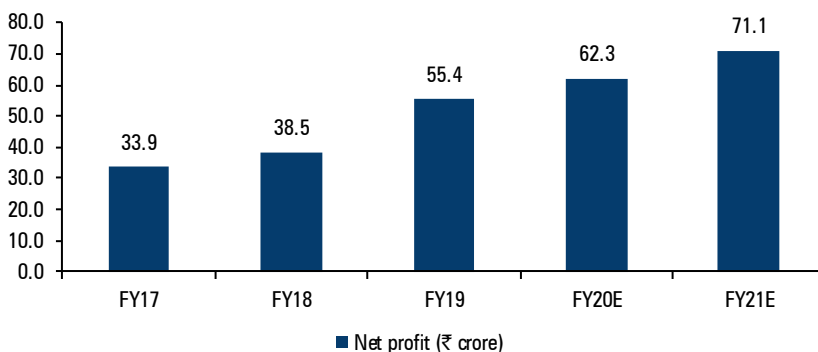
Source: Company, ICICI Direct Research

Exhibit 13: EBITDA to grow at 13.2% CAGR in FY19-21E



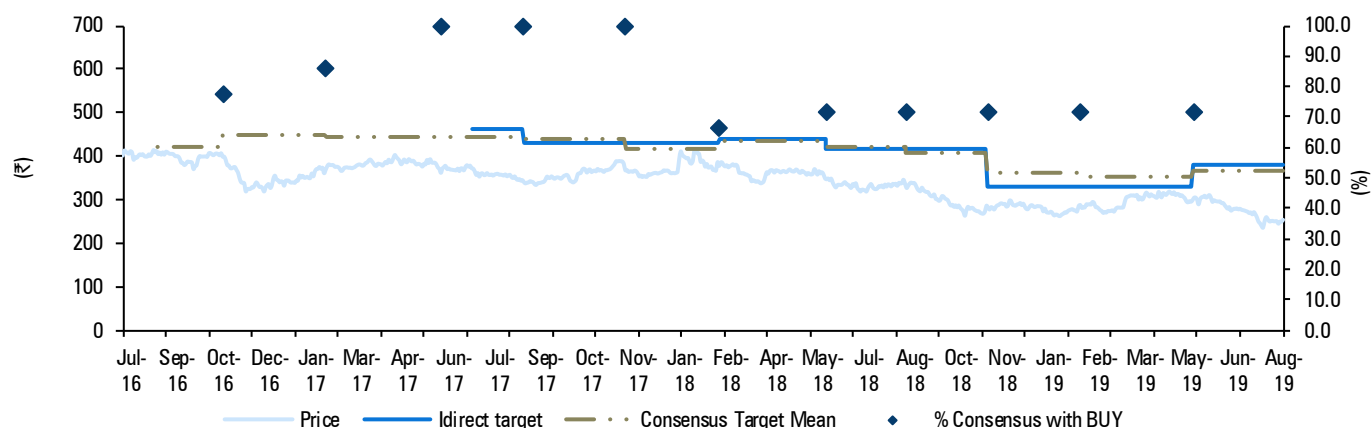
Source: Company, ICICI Direct Research

Exhibit 14: PAT to grow at ~13.7% CAGR in FY19-21E



Source: Company, ICICI Direct Research

Exhibit 15: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 16: Top 10 Shareholders

Rank	Name	Last filing date	% O/S	Position (m)	Change (m)
1	Kochouseph (Chittilappily Thomas)	30-Jun-2019	31.1%	17.6	0.0
2	Kochouseph (Mithun Chittilappily)	30-Jun-2019	11.1%	6.3	0.0
3	Kochouseph (Sheela)	30-Jun-2019	10.5%	5.9	0.0
4	Chittilappily (Arun K)	30-Jun-2019	7.3%	4.1	0.0
5	Chittilappily (Kochouseph)	30-Jun-2019	4.7%	2.6	0.0
6	Joseph (Priya Sarah Cheeran)	30-Jun-2019	4.7%	2.6	0.0
7	Steinberg Asset Management, LLC	30-Jun-2019	4.3%	2.4	0.0
8	Handelsbanken Asset Management	30-Jun-2019	2.2%	1.3	0.0
9	UTI Asset Management Co. Ltd.	31-Mar-2019	2.0%	1.1	1.1
10	Valuequest India Moat Fund, Ltd.	30-Jun-2019	2.0%	1.1	0.0

Source: Company, ICICI Direct Research, Thomson Reuters

Exhibit 17: Recent Activity

Buys				Sells			
Investor Name	Value (\$mn)	Shares (mn)		Investor Name	Value (\$mn)	Shares (mn)	
UTI Asset Management Co. Ltd.	5.1	1.1		DNB Asset Management AS	-0.7	-0.2	
				Tata Asset Management Limited	-0.3	-0.1	
				Union Asset Management Company Private Limited	-0.1	0.0	
				LGM Investments Limited	0.0	0.0	

Source: Company, ICICI Direct Research, Thomson Reuters

Exhibit 18: Shareholding Pattern

(in %)	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Promoter	70.99	71.23	71.28	69.35	69.35
FII	10.54	10.27	10.07	11.16	11.01
DII	5.77	5.57	5.75	6.27	6.48
Others	12.70	12.93	12.90	13.22	13.16

Source: Company, ICICI Direct Research, Thomson Reuters

## Financial summary

Exhibit 19: Profit and Loss Statement				
	₹ crore			
Year-end March	FY18	FY19	FY20E	FY21E
<b>Total Operating Income</b>	<b>270.5</b>	<b>282.0</b>	<b>306.3</b>	<b>342.9</b>
	2.9%	4.3%	8.6%	12.0%
Direct operating expenses	40.4	-	-	-
Purchase of stock-in-trade	29.4	29.9	29.1	30.9
Employee Expenses	41.4	38.1	39.8	44.6
Other Expenses	70.2	99.6	108.7	121.7
<b>Total Operating Expenditure</b>	<b>181.4</b>	<b>167.7</b>	<b>177.6</b>	<b>197.2</b>
<b>EBITDA</b>	<b>89.1</b>	<b>114.3</b>	<b>128.6</b>	<b>145.7</b>
Other income	7.8	9.8	5.0	6.2
Interest	1.2	0.4	1.2	5.0
PBDT	95.7	123.7	132.4	146.9
Depreciation	36.5	39.5	38.1	39.2
PBT	59.2	84.2	94.3	107.8
Total Tax	20.7	28.6	32.1	36.6
<b>PAT</b>	<b>38.5</b>	<b>55.6</b>	<b>62.3</b>	<b>71.1</b>
<b>EPS</b>	<b>6.8</b>	<b>9.8</b>	<b>11.0</b>	<b>12.6</b>

Source: Company, ICICI Direct Research

Exhibit 21: Balance Sheet				
	₹ crore			
Year-end March	FY18	FY19	FY20E	FY21E
Equity Capital	56.5	56.5	56.5	56.5
Reserve and Surplus	716.1	762.0	807.3	858.7
Total Shareholders funds	772.6	818.5	861.4	915.2
Total Debt	-	1.0	4.3	22.9
Deferred Tax Liability	71.1	69.9	69.9	69.9
Long-term provisions	1.1	1.4	1.4	1.4
<b>Total Liabilities</b>	<b>844.9</b>	<b>890.8</b>	<b>937.0</b>	<b>1,009.3</b>
Net Block	828.1	798.1	872.4	841.9
Capital WIP	15.5	33.6	40.0	130.0
Total Fixed Assets	843.6	831.8	912.4	971.9
Intangible assets	5.5	3.2	3.2	3.2
Non current asset	6.2	9.3	9.6	9.9
Inventory	7.1	6.2	6.8	7.6
Debtors	1.2	1.5	1.6	1.8
Loans and Advances	0.5	0.6	0.7	0.8
Other Current Assets	27.6	28.9	28.3	31.7
Current investments	12.2	50.1	18.1	18.1
Cash	24.9	42.8	44.9	21.8
Total Current Assets	73.4	130.1	100.3	81.6
Current Liabilities				
Trade payables	9.9	12.9	13.7	15.2
Provisions	59.9	59.3	62.8	69.7
Other current liabilities	14.1	11.4	12.0	13.4
Total Current liabilities	83.9	83.5	88.5	98.2
Net Current Assets	(10.5)	46.6	11.9	(16.6)
<b>Total Assets</b>	<b>844.8</b>	<b>890.8</b>	<b>937.0</b>	<b>968.5</b>

Source: Company, ICICI Direct Research

Exhibit 20: Cash Flow Statement				
	₹ crore			
Year-end March	FY18	FY19	FY20E	FY21E
<b>Profit before tax</b>	<b>59.2</b>	<b>84.0</b>	<b>94.3</b>	<b>107.8</b>
Depreciation	36.5	39.5	38.1	39.2
Interest	1.2	0.4	1.2	5.0
Other income	(7.8)	(9.8)	(5.0)	(6.2)
Cash Flow before WC changes	89.1	114.1	128.6	145.7
Net Increase in Current Assets	3.8	(3.4)	(0.4)	(4.8)
Net Increase in Current Liabilities	15.6	(0.6)	5.0	9.7
Taxes Paid	(20.7)	(28.6)	(32.1)	(36.6)
<b>Net CF from Operating activities</b>	<b>86.2</b>	<b>80.3</b>	<b>101.1</b>	<b>114.0</b>
(Purchase)/Sale of Fixed Assets	(114.0)	(27.7)	(118.7)	(137.2)
(Purchase)/Sale of Investments	62.9	(37.9)	32.0	-
Other Income	7.8	9.8	5.0	6.2
<b>Net CF from Investing activities</b>	<b>(48.2)</b>	<b>(55.8)</b>	<b>(81.7)</b>	<b>(131.0)</b>
Inc / (Dec) in Loan	(13.9)	1.0	3.3	18.6
Interest	(1.2)	(0.4)	(1.2)	(5.0)
Dividend paid incl of taxes	(8.5)	(17.0)	(17.0)	(19.8)
Changes in equity	1.9	7.4	(0.0)	-
<b>Net CF from Financing Activities</b>	<b>(21.6)</b>	<b>(8.9)</b>	<b>(14.8)</b>	<b>(6.2)</b>
Net Cash flow	16.3	15.5	4.6	(23.2)
Opening Cash/Cash Equivalent	8.5	24.9	40.4	44.9
<b>Closing Cash/ Cash Equivalent</b>	<b>24.9</b>	<b>40.4</b>	<b>44.9</b>	<b>21.8</b>

Source: Company, ICICI Direct Research

Exhibit 22: Key Ratios				
(Year-end March)	FY18	FY19	FY20E	FY21E
<b>Per Share Data (₹)</b>				
EPS	6.8	9.8	11.0	12.6
Cash EPS	13.3	16.8	17.8	19.5
BV	136.7	144.9	152.9	162.0
<b>Dividend Per share</b>	<b>1.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.5</b>
<b>Operating Ratios (%)</b>				
EBITDA Margin	32.9	40.5	42.0	42.5
EBIT margin	19.4	26.5	29.6	31.1
PAT Margin	14.2	19.6	20.3	20.7
Inventory days	9.6	8.1	8.1	8.1
Debtor days	1.6	1.9	1.9	1.9
Creditor days	20.0	28.1	28.1	28.1
<b>Return Ratios (%)</b>				
RoE	5.0	6.8	7.2	7.8
RoCE	7.2	9.5	10.2	11.2
RoC	6.6	9.8	10.9	13.3
<b>Valuation Ratios (x)</b>				
P/E	36.8	25.6	22.8	19.9
EV / EBITDA	15.5	11.6	10.6	9.6
EV / Net Sales	5.1	4.7	4.4	4.1
Market Cap / Sales	5.2	5.0	4.6	4.1
Price to Book Value	1.8	1.7	1.6	1.5
<b>Solvency Ratios (x)</b>				
Debt / Equity	-	0.0	0.0	0.0
Current Ratio	0.5	0.6	0.5	0.5
Quick Ratio	0.4	0.5	0.5	0.4

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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