Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

PVR (PVRL IN)

Rating: BUY | CMP: Rs1,537 | TP: Rs1,891

January 23, 2022

Q3FY22 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	1,891		1,881	
Sales (Rs. m)	39,012	45,903	38,595	45,580
% Chng.	*1.1*	*0.7*		
EBITDA (Rs. m)	12,732	15,406	12,634	15,356
% Chng.	*0.8*	*0.3*		
EPS (Rs.)	19.0	44.3	19.1	44.5
% Chng.	*(0.4)*	*(0.3)*		

Key Financials - Consolidated

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	2,800	9,702	39,012	45,903
EBITDA (Rs. m)	(3,349)	(467)	12,732	15,406
Margin (%)	*NA*	*NA*	*32.6*	*33.6*
PAT (Rs. m)	(7,478)	(5,752)	1,158	2,701
EPS (Rs.)	(123.1)	(94.4)	19.0	44.3
Gr. (%)	*NA*	*NA*	*NA*	*133.2*
DPS (Rs.)	-	-	2.0	2.5
Yield (%)	-	-	*0.1*	*0.2*
RoE (%)	*NA*	*NA*	*8.5*	*16.7*
RoCE (%)	*NA*	*NA*	*10.4*	*13.8*
EV/Sales (x)	47.7	14.4	3.6	3.1
EV/EBITDA (x)	NA	NA	11.0	9.1
PE (x)	NA	NA	80.9	34.7
P/BV (x)	5.1	7.4	6.9	5.8

Key Data	PVRL.BO | PVRL IN
52-W High / Low	Rs.1,839 / Rs.961
Sensex / Nifty	59,037 / 17,617
Market Cap	Rs.94bn/ $ 1,259m
Shares Outstanding	61m
3M Avg. Daily Value	Rs.2062.19m

Shareholding Pattern (%)

Promoter's	17.02
Foreign	31.91
Domestic Institution	28.28
Public & Others	22.79
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	20.8	18.3	(0.5)
Relative	15.3	4.6	(16.4)

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Pre Ind-AS EBITDA in black after 6 quarters

Quick Pointers:

- Turns pre Ind-AS EBITDA positive with a margin of 6.2% after 6 quarters. Ind-AS adjusted EBITDA margin was 23.7% in Dec-21.
- As of 30th December, PVR had access to ~Rs7.4bn of liquidity (including unutilized credit lines). Net debt stands at Rs8.5bn.

PVR's operational performance was broadly in-line with our estimates with pre Ind-AS EBITDA margin of 6.2% (PLe 7.4%) aided by strong content (5 movies crossed Rs1bn mark). ATP/SPH at Rs239/Rs129 was 14%/28% higher than 3QFY20 (comparable pre-COVID quarter) indicating that recovery has been sharp. While onset of 3rd wave has delayed the recovery process and prompted us to re-align our FY22 reported EBITDA estimates (loss of Rs467mn versus break-even earlier) we keep our FY23/FY24 EBITDA estimates broadly intact amid 1) less severe nature of the virus and 2) pick up in vaccination drive (~70% adult population is fully vaccinated). Further, in 3rd wave we have seen occupancy restrictions being re-imposed rather than outright closures (Delhi and Haryana are exceptions) indicating that recovery to pre-COVID levels will be faster this time around leading to sharp revival in box office revenues due to bunching up of releases. Consequently, we expect PVR's FY23 sales/EBITDA to be higher by 14%/18% over the FY20 base. Maintain BUY with a TP of Rs1,891 (earlier Rs1,881) valuing the stock at 11.5x (no change) Sep23 EBITDA.

Topline ahead of estimates: Top-line increased 1,253% YoY (low base amid closures due to COVID) to Rs6,142mn (PLe Rs5,159mn) driven by superior content (5 movies crossed Rs1bn mark). ATP/SPH was up 46%/36% to Rs239/Rs129 respectively with footfalls of 14.5mn (PLe 14.5mn).

Turns pre Ind-AS EBITDA positive: Ind-AS adjusted EBITDA came in at Rs379mn (PLe of Rs384mn) with a margin of 6.2% in comparison with Ind-AS adjusted EBITDA loss of Rs1,268mn in 3QFY21. Pre Ind-AS loss narrowed to Rs219mn versus a loss of Rs1,367mn in 3QFY21.

Con-call highlights: 1) As the non-compete clause has ended since sale of Cinemax to PVR; Cineline India has decided to re-enter the film exhibition business. Consequently, lease term of 23 screens (leased by Cineline to PVR) has not been renewed. Financial impact is minimal as these screens contributed less than 2-3% of PVR's EBITDA 2) Long term target is to open 80-100 screens every year 3) Ticket prices in Telangana have been revised upwards from Rs150 to Rs250 for mainstream seats and from Rs250 to Rs300 for recliner seats. This should benefit PVR as ~10% of footfalls in FY20 were from Telangana 4) AP assembly has passed a bill to make it mandatory for cinema halls to sell movie tickets through government run online platform. MAI has appealed against this move and the matter is currently subjudice. 5) Rs270mn of capex incurred in 3Q 6) Footfalls reached a peak of 112% of pre-pandemic levels in week-12 of 3QFY22 7) Fixed expenses per month were Rs1.1bn in 3QFY22. It is expected to rise but remain below pre-COVID levels. 8) Ad-revenue in Dec-21 was ~52% lower than Dec-19 (pre-pandemic month) as ad recovery typically happens with a lag 9) While Bollywood content pipeline for Feb is tentative in nature, a lot of regional movies are lined up for release.

Exhibit 1: 3QFY22 Result Overview – Consolidated (Rs mn)

Y/e March	3QFY22	3QFY21	YoY gr.	2QFY22	QoQ gr.	9MFY22	9MFY21	YoY gr.
Net sales	**6,142**	**454**	***1252.8%***	**1,203**	***410.4%***	**7,939**	**986**	***705.5%***
Movie exhibition cost	1,182	62	*1815.2%*	263	*350.2%*	1,538	65	*2277.4%*
As a % of sales	*19.2%*	*13.6%*		*21.8%*		*19.4%*	*6.6%*	
Consumption of F&B	470	57	*718.1%*	138	*241.3%*	667	82	*718.2%*
As a % of sales	*7.6%*	*12.6%*		*11.4%*		*8.4%*	*8.3%*	
Employee expenses	788	486	*62.1%*	560	*40.7%*	1,878	1,574	*19.3%*
As a % of sales	*12.8%*	*107.0%*		*46.5%*		*23.7%*	*159.8%*	
Other expenses	2,054	630	*225.8%*	925	*122.1%*	3,797	2,047	*85.5%*
As a % of sales	*33.4%*	*138.8%*		*76.9%*		*47.8%*	*207.7%*	
EBITDA	**1,649**	**(781)**	***NM***	**(681)**	***NM***	**59**	**(2,782)**	***NM***
EBITDA margin	*26.9%*	*NM*		*NM*		*0.7%*	*NM*	
Depreciation	1,540	1,425	*8.1%*	1,487	*3.6%*	4,457	4,289	*3.9%*
EBIT	**109**	**(2,206)**	***NM***	**(2,168)**	***NM***	**(4,399)**	**(7,070)**	***NM***
EBIT margin	*1.8%*	*NM*		*NM*		*NM*	*NM*	
Interest cost	1,257	1,271	*-1.1%*	1,235	*1.8%*	3,729	3,739	*-0.3%*
Other income	956	2,747	*-65.2%*	1,549	*-38.3%*	2,836	3,875	*-26.8%*
PBT	**(192)**	**(729)**	***NM***	**(1,854.7)**	***NM***	**(5,292)**	**(6,934)**	***NM***
Exceptional items/Share of JVs	-	-	*NM*	-	*NM*	-	6	*NM*
Tax expenses	(90)	(237)	*NM*	(322)	*NM*	(1,462)	(2,350)	*NM*
Tax rate	NM	NM		NM		NM	NM	
PAT	**(102)**	**(492)**	***NM***	**(1,533)**	***NM***	**(3,830)**	**(4,590)**	***NM***
PAT margin	*NM*	*NM*		*NM*		*NM*	*NM*	
Non-controlling interest	0	1	*-81.8%*	1	*-85.7%*	3	3	*-18.2%*
Other comprehensive income (OCI)	19	2	*966.7%*	(7)	*NM*	3	2	*21.7%*
PAT inclusive of OCI	**(121)**	**(493)**	***NM***	**(1,524)**	***NM***	**(3,830)**	**(4,589)**	***NM***
EPS (Rs)	**(1.6)**	**(8.2)**	***NM***	**(25.2)**	***NM***	**(62.9)**	**(85.1)**	***NM***

Source: Company, PL

Exhibit 2: Revenue mix (Rs mn) (Inclusive of SPI Cinema's)

Y/e March	3QFY22	3QFY21	YoY gr.	2QFY22	QoQ gr.
NBOC	3,002	134	*2148.6%*	531	*465.8%*
As a % of total	*54.9%*	*34.2%*		*49.2%*	
Net F&B	1,805	140	*1187.5%*	445	*305.4%*
As a % of total	*33.0%*	*35.9%*		*41.3%*	
Advertisement revenue	409	42	*869.2%*	77	*433.9%*
As a % of total	*7.5%*	*10.8%*		*7.1%*	
Other revenue from operations (including OI)	253	74	*241.5%*	25	*913.6%*
As a % of total	*4.6%*	*19.0%*		*2.3%*	
Total sales	**5,469.4**	**390.1**	***1302.1%***	**1,077.5**	***407.6%***

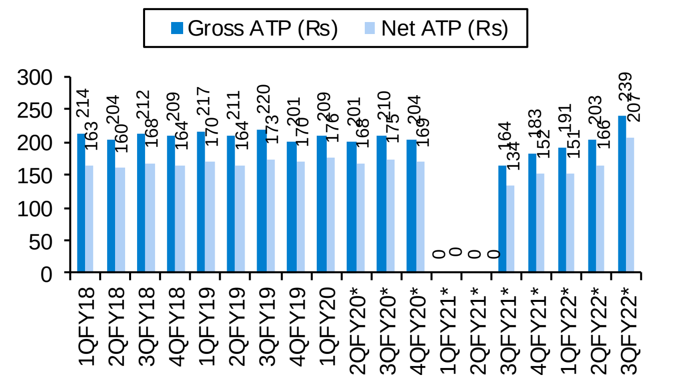
Source: Company, PL

Exhibit 3: Ind-AS 116 Adjusted Consolidated Financials (Rs mn)

Y/e March	3QFY22	3QFY21	YoY	2QFY22	QoQ	FY21	FY22E	FY23E	FY24E
Sales	6,142	454	*1252.8%*	1,203	*410.4%*	2,800	9,702	39,012	45,903
Ind-AS Adjusted EBITDA	379	(1,268)	*NM*	(1,154)	*NM*	(4,545)	(3,374)	7,125	9,333
Ind-AS Adjusted EBITDA margin	*6.2%*	*NM*		*NM*		*NM*	*NM*	*18.3%*	*20.3%*
Ind-AS Adjusted PAT	(219)	(1,367)	*NM*	(1,595)	*NM*	(6,656)	(4,511)	2,193	3,531
Ind-AS Adjusted PAT margin	*NM*	*NM*		*NM*		*NM*	*NM*	*5.6%*	*7.7%*

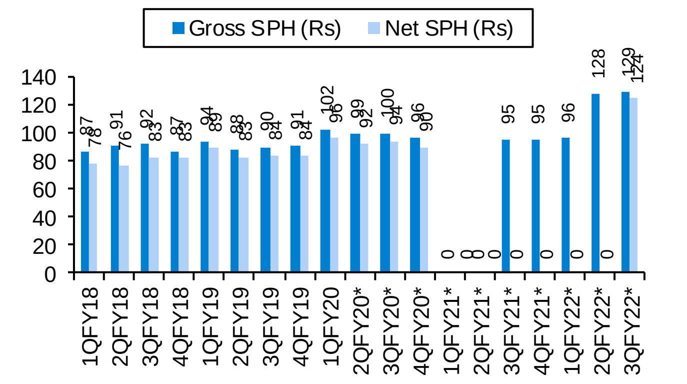
Source: Company, PL

Exhibit 4: Gross ATP trend over the last few quarters



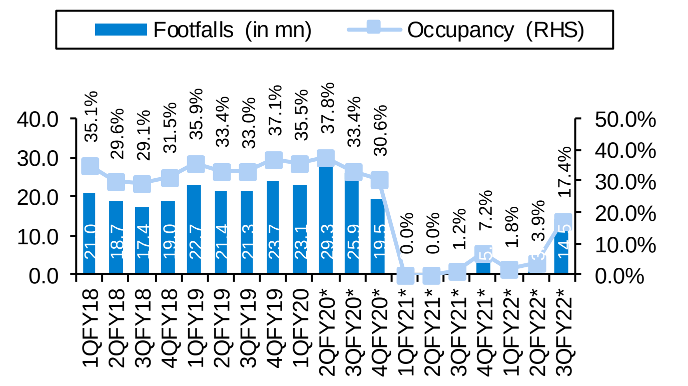
Source: Company, PL **Including SPI Cinema's*

Exhibit 5: Gross SPH trend over the last few quarters



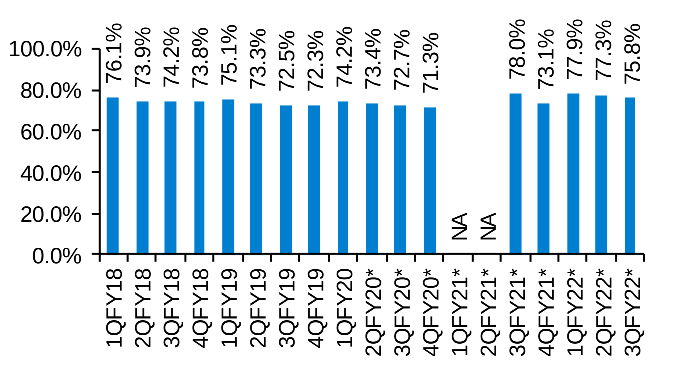
Source: Company, PL **Including SPI Cinema's Note: Net SPH is NM due to sale of other traded goods*

Exhibit 6: Footfalls are volatile, driven by content



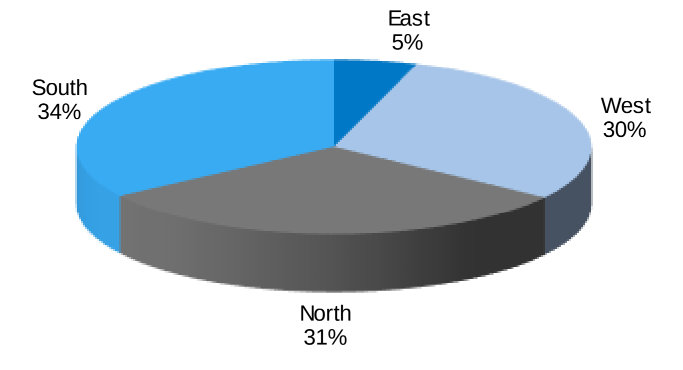
Source: Company, PL **Including SPI Cinema's Note: Occupancy calculated based on 4-5 shows per day with no caps*

Exhibit 7: F&B GM is in the steady range of ~73-77%



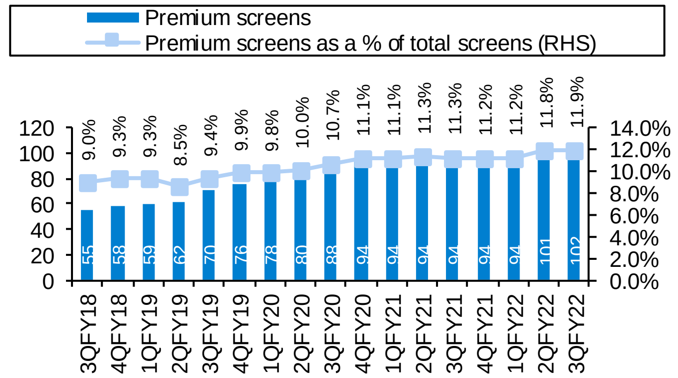
Source: Company, PL **Including SPI Cinema's*

Exhibit 8: Screen mix as of 3QFY22



Source: Company, PL

Exhibit 9: PVR's premium screen count is on a rise



Source: Company, PL

Exhibit 10: Relative valuation EV/EBITDA

Particulars (Rs mn)	Sep-23E*
EV/EBITDA	11.5
EBITDA	14,069
EV	161,790
Less: Debt	52,024
Add: Cash	5,160
Equity Value	114,926
No of shares	61
Per share value (Rs)	1,891

*Source: Company, PL, *Ind AS 116 compliant projections*

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	**2,800**	**9,702**	**39,012**	**45,903**
YoY gr. (%)	*(91.8)*	*246.5*	*302.1*	*17.7*
Cost of Goods Sold	730	2,717	11,520	13,610
Gross Profit	2,071	6,984	27,492	32,293
Margin (%)	*73.9*	*72.0*	*70.5*	*70.4*
Employee Cost	2,171	2,449	4,508	5,171
Other Expenses	3,249	5,002	10,252	11,717
EBITDA	**(3,349)**	**(467)**	**12,732**	**15,406**
YoY gr. (%)	*NA*	*NA*	*NA*	*21.0*
Margin (%)	*NA*	*NA*	*32.6*	*33.6*
Depreciation and Amortization	5,748	5,950	6,150	6,300
EBIT	**(9,098)**	**(6,417)**	**6,582**	**9,106**
Margin (%)	*NA*	*NA*	*16.9*	*19.8*
Net Interest	4,978	4,950	5,200	5,350
Other Income	4,693	3,150	400	400
Profit Before Tax	**(9,383)**	**(8,217)**	**1,782**	**4,156**
Margin (%)	*NA*	*NA*	*4.6*	*9.1*
Total Tax	(1,906)	(2,465)	624	1,454
Effective tax rate (%)	*20.3*	*30.0*	*35.0*	*35.0*
Profit after tax	**(7,476)**	**(5,752)**	**1,158**	**2,701**
Minority interest	(4)	-	-	-
Share Profit from Associate	(6)	-	-	-
Adjusted PAT	**(7,478)**	**(5,752)**	**1,158**	**2,701**
YoY gr. (%)	*NA*	*NA*	*NA*	*133.2*
Margin (%)	*NA*	*NA*	*3.0*	*5.9*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**(7,478)**	**(5,752)**	**1,158**	**2,701**
YoY gr. (%)	*NA*	*NA*	*NA*	*133.2*
Margin (%)	*NA*	*NA*	*3.0*	*5.9*
Other Comprehensive Income	5	-	-	-
Total Comprehensive Income	(7,473)	(5,752)	1,158	2,701
Equity Shares O/s (m)	**61**	**61**	**61**	**61**
EPS (Rs)	**(123.1)**	**(94.4)**	**19.0**	**44.3**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	**53,657**	**54,336**	**57,367**	**60,535**
Tangibles	50,964	51,643	54,673	57,841
Intangibles	2,694	2,694	2,694	2,694
Acc: Dep / Amortization	**9,426**	**15,376**	**21,526**	**27,826**
Tangibles	8,506	14,456	20,606	26,906
Intangibles	920	920	920	920
Net fixed assets	**44,231**	**38,960**	**35,840**	**32,708**
Tangibles	42,458	37,187	34,067	30,935
Intangibles	1,773	1,773	1,773	1,773
Capital Work In Progress	2,172	2,172	2,172	2,172
Goodwill	10,520	10,520	10,520	10,520
Non-Current Investments	2,691	2,865	3,085	3,308
Net Deferred tax assets	3,987	5,384	8,619	12,932
Other Non-Current Assets	1,395	1,739	1,911	2,129
Current Assets				
Investments	9	9	9	9
Inventories	250	213	321	377
Trade receivables	307	718	2,886	3,396
Cash & Bank Balance	7,314	6,183	5,143	5,177
Other Current Assets	1,867	3,202	3,511	4,131
Total Assets	**75,026**	**72,321**	**74,453**	**77,373**
Equity				
Equity Share Capital	608	608	608	608
Other Equity	17,726	11,974	13,011	15,559
Total Networth	**18,334**	**12,582**	**13,618**	**16,167**
Non-Current Liabilities				
Long Term borrowings	46,315	50,815	50,815	50,815
Provisions	182	213	234	275
Other non current liabilities	524	485	429	390
Current Liabilities				
ST Debt / Current of LT Debt	1,209	1,209	1,209	1,209
Trade payables	2,032	1,728	3,420	4,024
Other current liabilities	5,644	4,502	3,940	3,704
Total Equity & Liabilities	**75,026**	**72,321**	**74,453**	**77,373**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	(9,388)	(8,217)	1,782	4,156
Add. Depreciation	2,341	5,950	6,150	6,300
Add. Interest	4,949	4,950	5,200	5,350
Less Financial Other Income	4,693	3,150	400	400
Add. Other	(1,297)	(3,213)	(4,033)	(5,305)
Op. profit before WC changes	(3,396)	(530)	9,099	10,500
Net Changes-WC	(803)	(678)	(584)	38
Direct tax	72	2,465	(624)	(1,454)
Net cash from Op. activities	**(4,127)**	**1,257**	**7,892**	**9,084**
Capital expenditures	(1,166)	(679)	(3,030)	(3,168)
Interest / Dividend Income	28	-	-	-
Others	(1,748)	(247)	(300)	(299)
Net Cash from Invt. activities	**(2,886)**	**(926)**	**(3,330)**	**(3,467)**
Issue of share cap. / premium	-	-	-	-
Debt changes	1,768	4,500	-	-
Dividend paid	-	-	(122)	(152)
Interest paid	(982)	(4,950)	(5,200)	(5,350)
Others	9,969	(1,012)	(280)	(80)
Net cash from Fin. activities	**10,755**	**(1,462)**	**(5,602)**	**(5,582)**
Net change in cash	**3,742**	**(1,131)**	**(1,040)**	**34**
Free Cash Flow	(5,294)	578	4,861	5,916

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Revenue	**1,815**	**594**	**1,203**	**6,142**
YoY gr. (%)	*(71.9)*	*367.6*	*197.5*	*1,252.8*
Raw Material Expenses	583	154	400	1,651
Gross Profit	1,231	440	803	4,490
Margin (%)	*67.8*	*74.1*	*66.7*	*73.1*
EBITDA	**(567)**	**(909)**	**(681)**	**1,649**
YoY gr. (%)	*NA*	*NA*	*NA*	*NA*
Margin (%)	*NA*	*NA*	*NA*	*26.9*
Depreciation / Depletion	1,460	1,430	1,487	1,540
EBIT	**(2,027)**	**(2,340)**	**(2,168)**	**109**
Margin (%)	*NA*	*NA*	*NA*	*1.8*
Net Interest	1,239	1,237	1,235	1,257
Other Income	818	332	1,549	956
Profit before Tax	**(2,448)**	**(3,245)**	**(1,855)**	**(192)**
Margin (%)	*NA*	*NA*	*NA*	*NA*
Total Tax	444	(1,050)	(322)	(90)
Effective tax rate (%)	*NA*	*NA*	*NA*	*NA*
Profit after Tax	**(2,892)**	**(2,196)**	**(1,533)**	**(102)**
Minority interest	(1)	(1)	(1)	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**(2,891)**	**(2,194)**	**(1,531)**	**(102)**
YoY gr. (%)	*NA*	*NA*	*NA*	*NA*
Margin (%)	*NA*	*NA*	*NA*	*NA*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**(2,891)**	**(2,194)**	**(1,531)**	**(102)**
YoY gr. (%)	*NA*	*NA*	*NA*	*NA*
Margin (%)	*NA*	*NA*	*NA*	*NA*
Other Comprehensive Income	7	9	7	(19)
Total Comprehensive Income	**(2,884)**	**(2,185)**	**(1,524)**	**(121)**
Avg. Shares O/s (m)	61	61	61	61
EPS (Rs)	**(47.6)**	**(36.1)**	**(25.2)**	**(1.7)**

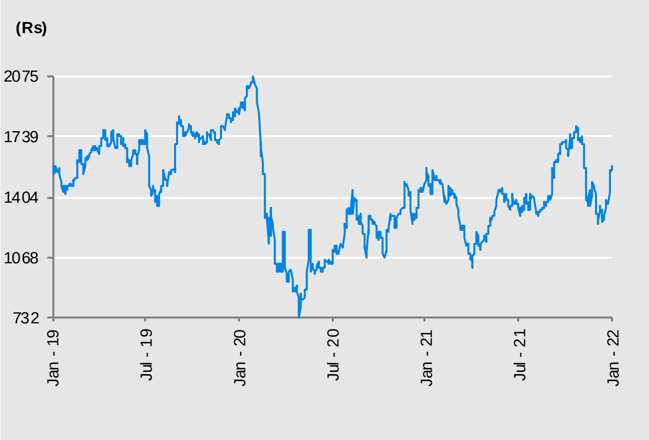
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	(123.1)	(94.4)	19.0	44.3
CEPS	(28.5)	3.3	120.3	148.1
BVPS	301.7	207.1	224.1	266.1
FCF	(87.1)	9.5	80.0	97.4
DPS	-	-	2.0	2.5
Return Ratio(%)				
RoCE	NA	NA	10.4	13.8
ROIC	NA	NA	17.1	19.9
RoE	NA	NA	8.5	16.7
Balance Sheet				
Net Debt : Equity (x)	2.2	3.6	3.4	2.9
Net Working Capital (Days)	(192)	(30)	(2)	(2)
Valuation(x)				
PER	NA	NA	80.9	34.7
P/B	5.1	7.4	6.9	5.8
P/CEPS	NA	471.8	12.8	10.4
EV/EBITDA	NA	NA	11.0	9.1
EV/Sales	47.7	14.4	3.6	3.1
Dividend Yield (%)	-	-	0.1	0.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	10-Jan-22	BUY	1,881	1,367
2	25-Oct-21	BUY	1,896	1,627
3	7-Oct-21	BUY	1,906	1,679
4	31-Jul-21	BUY	1,625	1,400
5	7-Jul-21	BUY	1,589	1,417
6	24-Jun-21	BUY	1,589	1,387
7	3-Jun-21	BUY	1,429	1,319
8	7-Apr-21	BUY	1,544	1,139

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Dish TV India	NR	-	74
2	Entertainment Network (India)	Hold	197	172
3	Indian Railway Catering and Tourism Corporation	Hold	779	861
4	Inox Leisure	BUY	490	361
5	Music Broadcast	Hold	24	24
6	Navneet Education	BUY	124	86
7	Nazara Technologies	BUY	3,125	2,413
8	PVR	BUY	1,881	1,367
9	S Chand and Company	BUY	147	108
10	V.I.P. Industries	BUY	726	542
11	Zee Entertainment Enterprises	BUY	416	321

PL’s Recommendation Nomenclature (Absolute Performance)

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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