

CMP: ₹ 363

Target: ₹ 430 (18%)

Target Period: 12 months

BUY

August 30, 2022

## Strong comeback post Covid era...

**About the stock:** Wonderla Holidays is engaged in the business of amusement parks and resorts. It has three operational parks, one each in Kochi, Bengaluru and Hyderabad that were established in 2000, 2005 and 2016, respectively. The Bengaluru park also has a resort with four banquet halls and 84 rooms.

- The park business is seasonal in nature with higher footfalls in June and December quarters corresponding to summer break and festive season, respectively
- The company is in discussions with the Odisha government to set up a park in Bhubaneswar on an asset-light model, where land will be taken on lease and the total cost for setting up the park will be ~₹ 100 crore

### Company update:

- Wonderla Holidays reported strong results in Q1FY23 with revenues surpassing pre-Covid levels (i.e. Q1FY20) by 27% to ₹ 149.4 crore. Further, controlled other expenses also helped the company to achieve EBITDA margin of 61.3%, which was 300 bps higher than the pre-Covid level
- Key drivers for growth were footfalls that were at 1.1 million (mn) (i.e. 124.4% of pre-Covid levels) while average total revenue per footfalls was up 2.1% vs. pre-Covid to ₹ 1336. Park wise, Bengaluru park saw 7% footfall growth over pre-Covid levels while Hyderabad and Kochi parks both clocked 38-39% footfall growth over pre-Covid levels
- The company has recently signed an agreement with the Odisha government for the development of an amusement park in Bhubaneswar for which it has signed a 90-year lease on 50.63 acres of land, which will entail total capex of ₹ 130 crore over 24-30 months. This will be funded via internal accruals. The management estimates ticket pricing for Odisha Park to be ~60% of existing parks. Further, the company remains confident of a resolution of the local body tax issue in Chennai for the project to take off
- Incorporating a strong Q1 performance, we expect revenue and EBITDA CAGR of 74% and 203%, respectively, for FY22-24E. The company has a debt free balance sheet along with net cash/liquid investments of ~₹ 170 crore as of June 2022 that will take care of its expansion plans, going ahead

**What should investors do?** The company is likely to witness healthy traction in footfalls in FY23 after a two-year gap. With a leaner cost structure and healthy b/s, it is now in a strong position to expand its footprints in other regions

- We remain positive on the company and maintain our **BUY** rating

**Target Price and Valuation:** We value the company at ₹ 430 i.e. 21x FY24E P/E).

**Alternate Stock Idea:** Apart from Wonderla Holidays, we also like Easy Trip Planners.

- It is a fast growing company in the tourism space and has a strong b/s
- BUY with a target price of ₹ 490/share



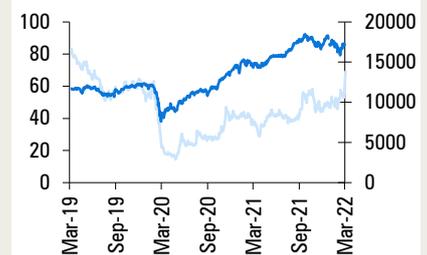
### Particulars

Particular	Amount
Market Capitalisation	₹ 2051 crore
Debt (FY22)	₹ 1 crore
Cash & cash equivalent(FY22)	₹ 115 crore
EV	₹ 1937 crore
52 week H/L	₹ 374/196
Equity Capital	₹ 56.5 crore
Face value	10.0

### Shareholding pattern

(In %)	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Promoter	69.8	69.8	69.8	69.8
FII	7.6	7.7	7.7	7.7
DII	3.3	3.1	2.7	2.1
Others	19.3	19.4	19.8	20.5

### Price Chart



### Key risks

- Likely third/fourth wave could hamper business
- Major companies continuing with work from home policy could delay recovery in business segment

### Research Analyst

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### Key Financial Summary

Key Financials (₹ crore)	FY19	FY20	FY21	FY22	3 Year CAGR (%)	FY23E	FY24E	2 Year CAGR (%)
Net Sales	282.0	270.7	38.4	127.6	(23.2)	358.6	397.3	76.5
EBITDA	114.3	103.9	(28.6)	20.2	(43.9)	170.8	190.7	207.0
EBITDA (%)	40.5	38.4	(74.4)	15.9		47.6	48.0	
PAT	55.6	64.8	(49.9)	(9.5)	(155.4)	108.9	115.2	LP
EPS (₹)	9.8	11.5	(8.8)	(1.7)		19.3	20.4	
P/E	36.9	31.7	(41.1)	(216.4)		18.8	17.8	
RoNW (%)	6.8	7.5	(6.2)	(1.2)		11.9	12.1	
RoCE (%)	9.5	7.9	(7.5)	(1.4)		14.6	15.2	

Source: Company, ICICI Direct Research

Exhibit 1: Q1FY23 revenue up 27% over pre-Covid levels

	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Q1FY20	Vs Pre-covid (%)
Net Sales	149.4	4.4	NA	57.7	159.0	117.6	27.0
Other Income	2.9	1.1	NA	1.8	64.6	3.7	(21.8)
Employee Expenses	14.3	7.2	NA	8.6	65.8	11.2	28.4
Total purchase of stock in trac	13.8	0.5	NA	6.3	120.3	10.7	29.2
Other expenses	29.7	6.8	NA	23.2	28.1	27.2	9.2
EBITDA	91.6	(10.1)	LP	19.6	367.4	68.6	33.6
EBITDA Margin (%)	61.3	(232.7)	LP	34.0	2734 bps	58.3	300 bps
Depreciation	9.1	9.8	(7.8)	9.5	(4.9)	10.4	(13.3)
Interest	0.1	0.1	(37.0)	0.1	(12.3)	0.2	(69.0)
PBT	85.4	(19.0)	LP	11.8	625.6	61.7	38.5
Total Tax	20.7	(5.7)	LP	3.2	537.5	19.6	5.5
PAT	64.7	(13.3)	LP	8.5	659.2	42.0	53.9
Total Footfalls (In Mn)	1.1	0.3	228.8	0.5	126.3	0.9	24.4
Operating revenue per footfall	1,336	128	944.4	1,168	14.4	1,308	2.1

Source: Company, ICICI Direct Research

Footfall growth vs. pre-Covid

Total footfall grew 24.4% to 1.1 mn in Q1FY23

- Hyderabad reported 39% growth with total footfall of 0.35 mn
- Kochi reported footfall growth of 38% to 0.35 mn
- Bengaluru reported 7% growth vs. pre-Covid with footfall of 0.42 mn

Exhibit 2: Park details

The Bengaluru Park also has a three-star resort attached to it. The resort has 84 rooms and four banquet halls totalling 8900 square feet

Bengaluru Park



LOCATION	BANGALORE
Total Land Available (In Acres)	81.7
Developed Land (In Acres)	39.2
Land Availability for Future development (In Acres)	42.5
Total No of Rides	62
No of Wet Rides	21
No of Dry Rides	41

Kochi Park



LOCATION	KOCHI
Total Land Available (In Acres)	93.17
Developed Land (In Acres)	28.75
Land Availability for Future development(In Acres)	64.42
Total No of Rides	56
No of Wet Rides	22
No of Dry Rides	34

Wonderla Resort - Bengaluru



Hyderabad Park



LOCATION	HYDERABAD
Total Land Available (In Acres)	49.5
Developed Land (In Acres)	27.0
Land Availability for Future development(In Acres)	22.5
Total No of Rides	44
No of Wet Rides	18
No of Dry Rides	26

Source: Company, ICICI Direct Research

## Financial summary

Exhibit 3: Profit and loss statement					
	₹ crore				
Year-end March	FY20	FY21	FY22	FY23E	FY24E
<b>Operating Income</b>	<b>270.7</b>	<b>38.4</b>	<b>127.6</b>	<b>358.6</b>	<b>397.3</b>
Growth (%)	(4.0)	(85.8)	232.0	181.1	10.8
RM costs	28.6	4.7	13.7	36.9	39.7
Employee Expenses	40.4	25.4	32.5	48.8	51.7
Other Expenses	97.7	36.8	61.1	102.2	115.2
Total Expenditure	166.8	67.0	107.3	187.8	206.6
<b>EBITDA</b>	<b>103.9</b>	<b>(28.6)</b>	<b>20.2</b>	<b>170.8</b>	<b>190.7</b>
Other income	12.2	6.3	5.7	8.9	6.2
Interest	0.7	0.5	0.3	0.2	0.7
PBDT	115.4	(22.8)	25.7	179.5	196.2
Depreciation	41.8	43.7	38.4	35.8	41.6
PBT	73.7	(66.4)	(12.8)	143.7	154.7
Total Tax	27.8	(16.5)	(3.3)	34.8	39.4
<b>PAT</b>	<b>45.9</b>	<b>(49.9)</b>	<b>(9.5)</b>	<b>108.9</b>	<b>115.2</b>

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement					
	₹ crore				
Year-end March	FY20	FY21	FY22	FY23E	FY24E
<b>Profit before tax</b>	<b>93</b>	<b>(66)</b>	<b>(13)</b>	<b>144</b>	<b>155</b>
Depreciation	42	44	38	36	42
Interest	1	0	0	0	1
Other income	(12)	(6)	(6)	(9)	(6)
Cash Flow before WC changes	123	(29)	20	171	191
Net Increase in Current Assets	11	3	1	(3)	(23)
Net Increase in Current Liabilities	(49)	(2)	8	0	4
Taxes Paid	(28)	16	3	(35)	(39)
<b>Net CF from Operation</b>	<b>57</b>	<b>(12)</b>	<b>33</b>	<b>133</b>	<b>132</b>
(Purchase)/Sale of Fixed Assets	(29)	(8)	(11)	(20)	(22)
(Purchase)/Sale of Investments	(20)	17	(22)	(10)	-
Others	12	(15)	7	(63)	(115)
<b>Net CF from Investments</b>	<b>(36)</b>	<b>(7)</b>	<b>(25)</b>	<b>(93)</b>	<b>(137)</b>
Inc / (Dec) in Loan	3	(1)	(2)	4	0
Interest	(1)	(0)	(0)	(0)	(1)
Dividend paid incl of taxes	(17)	-	-	(23)	(28)
Changes in capital	(7)	1	0	28	(50)
<b>Net CF from Financing</b>	<b>(22)</b>	<b>(1)</b>	<b>(2)</b>	<b>9</b>	<b>(79)</b>
<b>Net Cash flow</b>	<b>(1)</b>	<b>(20)</b>	<b>5</b>	<b>49</b>	<b>(84)</b>
Opening Cash/Cash Equivalent	55	54	35	35	156
<b>Closing Cash/ Cash Equivalent</b>	<b>54</b>	<b>34</b>	<b>40</b>	<b>84</b>	<b>73</b>

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet					
	₹ crore				
Year-end March	FY20	FY21	FY22	FY23E	FY24E
Equity Capital	57	57	57	57	57
Reserve and Surplus	802	753	743	858	895
Total Shareholders funds	859	810	800	914	951
Total Debt	4	3	1	5	5
Deferred Tax Liability	81	64	61	61	61
Long-term provisions	3	2	5	5	5
<b>Total Liabilities</b>	<b>947</b>	<b>879</b>	<b>867</b>	<b>985</b>	<b>1,022</b>
Net Block	783	749	724	735	740
Capital WIP	36	35	32	82	107
Total Fixed Assets	819	783	756	817	847
Intangible assets	2	1	0	0	0
Non current asset	10	10	8	10	11
Inventory	7	7	8	8	9
Debtors	0	0	1	2	2
Loans and Advances	1	1	1	1	1
Other Current Assets	18	15	15	15	37
Current investments	70	53	75	85	85
Cash	54	39	40	84	73
Total Current Assets	150	117	140	195	206
Trade payables	9	10	18	10	11
Provisions	13	14	12	15	16
Other current liabilities	12	8	7	13	15
Total Current liabilities	34	32	38	38	42
Net Current Assets	116	85	102	156	164
<b>Total Assets</b>	<b>947</b>	<b>879</b>	<b>867</b>	<b>985</b>	<b>1,023</b>

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios					
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
<b>Per Share Data (₹)</b>					
EPS	11.5	(8.8)	(1.7)	19.3	20.4
Cash EPS	18.9	(1.1)	5.1	25.6	27.8
BV	152.0	143.3	141.6	161.8	168.3
<b>Dividend Per share</b>	<b>3.0</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>5.0</b>
<b>Operating Ratios (%)</b>					
EBITDA Margin	38.4	(74.4)	15.9	47.6	48.0
EBIT margin	23.0	(188.0)	(14.2)	37.7	37.5
PAT Margin	23.9	(129.9)	(7.4)	30.4	29.0
Inventory days	8.1	8.1	8.1	8.1	8.1
Debtor days	1.9	1.9	1.9	1.9	1.9
Creditor days	20.2	20.2	20.2	20.2	20.2
<b>Return Ratios (%)</b>					
RoE	7.5	(6.2)	(1.2)	11.9	12.1
RoCE	7.9	(7.5)	(1.4)	14.6	15.2
RoIC	7.9	(9.6)	(2.5)	18.4	19.7
<b>Valuation Ratios (x)</b>					
P/E	31.7	(41.1)	(216.4)	18.8	17.8
EV / EBITDA	18.6	(68.6)	95.7	11.0	10.0
EV / Net Sales	7.1	51.0	15.2	5.3	4.8
Market Cap / Sales	7.6	53.4	16.1	5.7	5.2
Price to Book Value	31.7	(41.1)	(216.4)	18.8	17.8
<b>Solvency Ratios (x)</b>					
Debt / Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.1	1.0	0.9	0.9	1.4
Quick Ratio	0.9	0.8	0.7	0.7	1.2

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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