

May 17, 2023

Q4FY23 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,879		2,096	
Sales (Rs. m)	68,567	78,370	NA	NA
% Chng.	NA	NA		
EBITDA (Rs. m)	23,014	27,010	NA	NA
% Chng.	NA	NA		
EPS (Rs.)	41.3	68.3	NA	NA
% Chng.	NA	NA		

**Current estimate is not comparable with previous due to consolidation of Inox leisure from 4QFY23

Key Financials - Consolidated

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. m)	13,310	37,507	68,567	78,370
EBITDA (Rs. m)	1,057	10,477	23,014	27,010
Margin (%)	7.9	27.9	33.6	34.5
PAT (Rs. m)	(4,882)	(3,243)	4,045	6,682
EPS (Rs.)	(80.1)	(33.1)	41.3	68.3
Gr. (%)	NA	NA	NA	65.2
DPS (Rs.)	-	-	2.5	2.5
Yield (%)	-	-	0.2	0.2
RoE (%)	NA	NA	5.2	8.0
RoCE (%)	NA	2.0	7.7	9.8
EV/Sales (x)	NA	5.8	3.2	2.8
EV/EBITDA (x)	NA	20.8	9.5	8.0
PE (x)	NA	NA	34.7	21.0
P/BV (x)	NA	1.9	1.8	1.7

**FY22 multiple is NM due to consolidation impact of Inox from 4QFY23

Key Data

52-W High / Low	Rs.2,215 / Rs.1,403
Sensex / Nifty	61,932 / 18,287
Market Cap	Rs.141bn/ \$ 1,710m
Shares Outstanding	98m
3M Avg. Daily Value	Rs.818.54m

Shareholding Pattern (%)

Promoter's	27.46
Foreign	31.20
Domestic Institution	30.20
Public & Others	11.14
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.2)	(19.3)	(17.6)
Relative	(8.5)	(19.2)	(29.5)

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PVR Inox (PVRINOX IN)

Rating: BUY | CMP: Rs1,435 | TP: Rs1,879

Dull screen opening outlook

Quick Pointers:

- Intends to shut 50 odd screens in next 6 months due to non-viability in operations.

We cut our FY24E/FY25E pre-Ind AS EBITDA estimates by 11.5%/10% amid 1) dull screen opening guidance of 150-175 in FY24E v/s earlier band of 180-200 2) slow recovery in ad-revenues and 3) persistent high volatility in Bollywood genre. While PVR's operational performance was broadly in-line with our estimate, bottom-line was marred by tax write down of Rs1,343mn and exceptional cost of Rs269mn pertaining to merger expenses, impairment of CWIP and accelerated depreciation charge on ~50 cinemas proposed to be shut down over next 6 months. Though dull screen opening guidance and Bollywood underperformance does not inspire much confidence, content slate for near term is healthy with movies like F-10, Adipurush, Madaan, Oppenheimer, Animal and MI-Dead Reckoning in pipeline which should aid in driving footfalls back to cinemas. We expect PVR Inox to report 166mn/180mn footfalls with a pre-IND AS EBITDA margin of 17.5%/19.2% in FY24E/FY25E. Retain 'BUY' with TP of Rs1,879 (earlier Rs2,096), after assigning EV/EBITDA multiple of 14.5x (earlier 15.5x as we roll-forward to Sep-24E).

Revenue up 113% due to consolidation impact: Top-line increased 113% YoY to Rs11,432mn (PLe Rs11,824mn) due to consolidation impact with Inox Leisure. In 4QFY23, movies like Pathaan, Tu Jhoothi Main Makkaar, Varisu, Thunivu, and Waltair Veerayya clocked upwards of Rs1bn aiding BO collections. Footfalls stood at 31mn, (PLe of 30mn) but were 6% lower than 4QFY20 (comparable pre-COVID quarter). ATP /SPH /occupancy stood at Rs239 /Rs119 /22.2% (PLe of Rs238 /Rs122 /23.9%; up3%/up13%/down 2.9% YoY on proforma numbers assuming consolidation with Inox in base quarter).

Pre Ind-AS EBITDA at break-even with bottom-line loss of Rs2,857mn: Pre Ind-AS EBITDA stood at Rs51mn (PLe Rs203mn) with bottom-line loss of Rs2,857mn marred by tax write down of Rs1,343mn and exceptional charge of Rs269mn pertaining to merger expenses, impairment of CWIP and accelerated depreciation on 50 cinemas proposed to be shut down over next 6 months.

Con-call highlights: 1) Revenue guidance for FY24E is pegged at Rs60-70bn on the back of strong content slate. 2) Net screen openings for FY24E will be in the range of ~100-125 odd as ~50 screens are proposed to be shut down in the next 6 months as they have turned out to be non-viable in nature. 3) For FY24E, ad-revenue is expected to return to pre-COVID levels. 4) Existing net debt of Rs14.3bn is likely to remain at similar levels in FY24E, as capex for new screen openings will be funded by internal accruals. 5) EBITDA savings from closure of ~50 screens is ~Rs100mn. 6) The OTT windowing gap for Hindi movies remains at 8 weeks. 7) Pre-COVID, ad-inventory utilization was at 19 minutes per show and the current range is at 12-12.5 minutes per show. 8) 40-50% of the total new screen openings in FY24E will be in South. 9) Earmarked capex for FY24E is Rs7bn.

Exhibit 1: 4QFY23 Result Overview – Consolidated (Rs mn)

Y/e March	4QFY23	4QFY22	YoY gr.	3QFY23	QoQ gr.	FY23	FY22	YoY gr.
Net sales	11,432	5,371	112.8%	9,407	21.5%	37,507	13,310	181.8%
Movie exhibition cost	2,597	1,322	96.4%	1,677	54.9%	8,184	2,860	186.1%
<i>As a % of sales</i>	<i>22.7%</i>	<i>24.6%</i>		<i>17.8%</i>		<i>21.8%</i>	<i>21.5%</i>	
Consumption of F&B	930	448	107.6%	778	19.6%	3,102	1,115	178.2%
<i>As a % of sales</i>	<i>8.1%</i>	<i>8.3%</i>		<i>8.3%</i>		<i>8.3%</i>	<i>8.4%</i>	
Employee expenses	1,514	814	86.0%	943	60.6%	4,389	2,693	63.0%
<i>As a % of sales</i>	<i>13.2%</i>	<i>15.2%</i>		<i>10.0%</i>		<i>11.7%</i>	<i>20.2%</i>	
Other expenses	3,752	1,788	109.8%	3,122	20.2%	11,355	5,585	103.3%
<i>As a % of sales</i>	<i>32.8%</i>	<i>33.3%</i>		<i>33.2%</i>		<i>30.3%</i>	<i>42.0%</i>	
EBITDA	2,639	999	164.2%	2,888	-8.6%	10,477	1,057	890.9%
<i>EBITDA margin</i>	<i>23.1%</i>	<i>18.6%</i>		<i>30.7%</i>		<i>27.9%</i>	<i>7.9%</i>	
Depreciation	2,962	1,687	75.6%	1,552	90.8%	7,533	6,144	22.6%
EBIT	(323)	(688)	NM	1,335	-124.2%	2,944	(5,087)	NM
<i>EBIT margin</i>	<i>NM</i>	<i>NM</i>		<i>14.2%</i>		<i>7.8%</i>	<i>NM</i>	
Interest cost	1,886	1,252	50.6%	1,275	48.0%	5,716	4,982	14.7%
Other income	218	425	-48.8%	201	8.4%	791	3,261	-75.8%
PBT	(1,992)	(1,515)	NM	261	NM	(1,982)	(6,807)	NM
Exceptional items/Share of JVs	108	-	NM	-	NM	108	-	NM
Tax expenses	1,240	(460)	NM	102	NM	1,274	(1,922)	NM
Tax rate	NM	30.4%		39.1%		NM	NM	
PAT	(3,340)	(1,055)	NM	159	NM	(3,364)	(4,885)	NM
<i>PAT margin</i>	<i>NM</i>	<i>NM</i>		<i>1.7%</i>		<i>NM</i>	<i>NM</i>	
Non-controlling interest	6	-	NM	2	NM	13	3	392.6%
Other comprehensive income (OCI)	(8)	19	NM	(4)	NM	(14)	22	NM
PAT inclusive of OCI	(3,326)	(1,074)	NM	165	NM	(3,337)	(4,904)	NM
EPS (Rs)	(51.3)	(17.3)	NM	2.7	NM	(51.6)	(80.2)	NM

Source: Company, PL Note: Performance is not comparable on YoY/QoQ basis due to consolidation of Inox

Exhibit 2: Revenue mix (Rs mn)

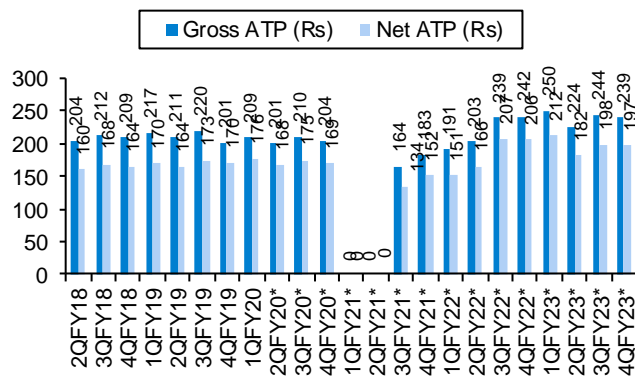
Y/e March	4QFY23	4QFY22	YoY gr.	3QFY23	QoQ gr.	Proforma 4QFY22	Proforma YoY gr.
NBOC	6,016	2,939	104.7%	4,355	38.1%	4,956.0	21.4%
<i>As a % of total</i>	<i>52.6%</i>	<i>57.4%</i>		<i>46.3%</i>		<i>58.0%</i>	
Net F&B	3,520	1,702	106.8%	2,884	22.1%	2,564.0	37.3%
<i>As a % of total</i>	<i>30.8%</i>	<i>33.2%</i>		<i>30.7%</i>		<i>30.0%</i>	
Advertisement revenue	907	215	322.8%	792	14.5%	347.0	161.4%
<i>As a % of total</i>	<i>7.9%</i>	<i>4.2%</i>		<i>8.4%</i>		<i>4.1%</i>	
Other revenue from operations	989	265	272.9%	1,375	-28.1%	672.0	47.2%
<i>As a % of total</i>	<i>8.7%</i>	<i>5.2%</i>		<i>14.6%</i>		<i>7.9%</i>	
Total sales	11,432.0	5,120.9	123.2%	9,406.0	21.5%	8,539.0	33.9%

Source: Company, PL Note: Performance is not comparable on YoY/QoQ basis due to consolidation of Inox. Proforma figures are given to enable better comparison.

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

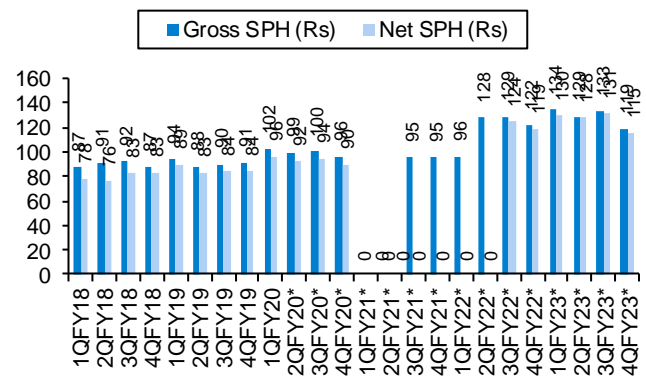
Y/e March	4QFY23	4QFY22	YoY gr.	3QFY23	QoQ gr.	FY21	FY22	FY23	FY24E	FY25E
Sales	11,432	5,371	112.8%	9,407	21.5%	2,800	13,310	37,507	68,567	78,370
Ind-AS Adjusted EBITDA	51	(342)	NM	1,281	NM	(4,545)	(2,331)	3,194	12,025	15,028
Ind-AS Adjusted EBITDA margin	0.4%	NM		13.6%		NM	NM	8.5%	17.5%	19.2%
Ind-AS Adjusted PAT	(2,857)	(956)	NM	252	NM	(6,656)	(4,189)	(2,429)	5,404	7,596
Ind-AS Adjusted PAT margin	NM	NM		2.7%		NM	NM	NM	7.9%	9.7%

Source: Company, PL

Exhibit 4: Gross ATP trend over the last few quarters


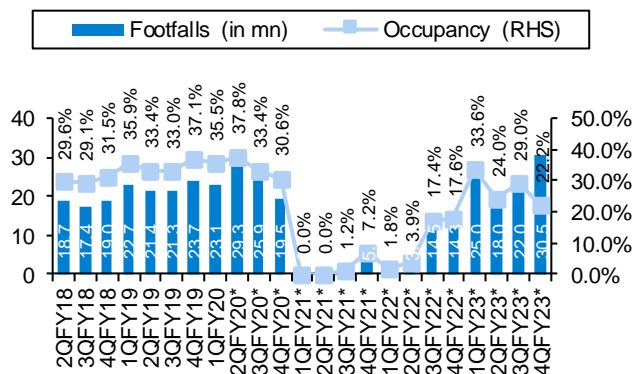
Source: Company, PL

*Including SPI Cinema's

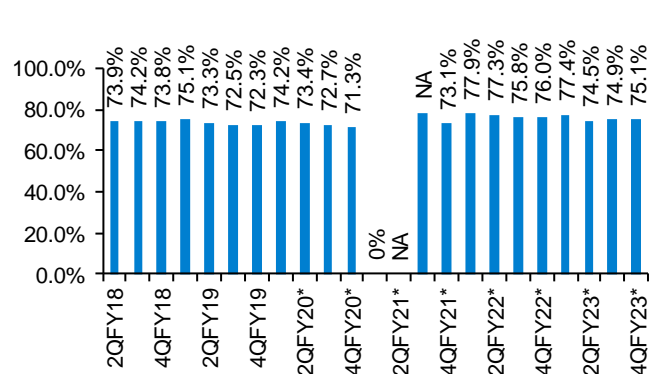
Exhibit 5: Gross SPH trend over the last few quarters


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


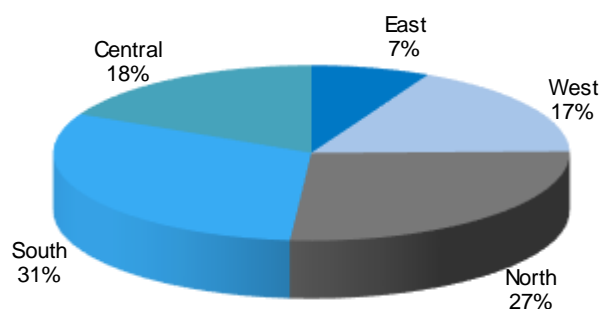
Source: Company, PL *Including SPI Cinema's Note: Occupancy calculated based on 4-5 shows per day with no caps

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


Source: Company, PL

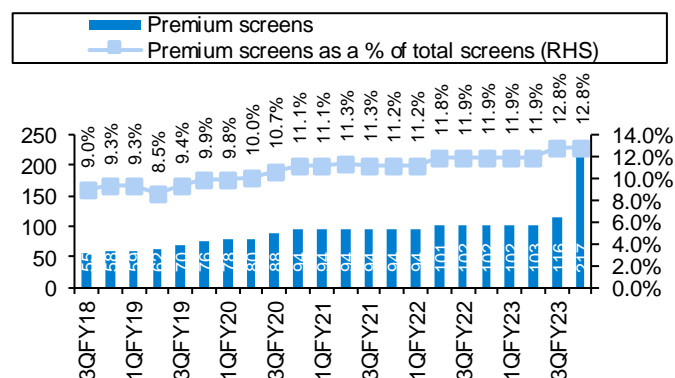
*Including SPI Cinema's

Exhibit 8: Screen mix as of 4QFY23



Source: Company, PL

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



Source: Company, PL

Exhibit 10: Relative valuation table

Particulars (Rs mn)	Sep-24E
EV/EBITDA	14.5
EBITDA*	13,527
EV	1,96,134
Less: Debt*	17,051
Add: Cash	4,864
Equity Value	1,83,947
No of shares	98
Per share value (Rs)	1,879

Source: Company, PL *Pre IND-AS figures

Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Net Revenues	13,310	37,507	68,567	78,370
YoY gr. (%)	375.3	181.8	82.8	14.3
Cost of Goods Sold	3,975	11,286	20,668	23,579
Gross Profit	9,335	26,221	47,899	54,791
Margin (%)	70.1	69.9	69.9	69.9
Employee Cost	2,693	4,389	6,453	7,478
Other Expenses	5,585	11,355	18,433	20,303
EBITDA	1,057	10,477	23,014	27,010
YoY gr. (%)	NA	890.9	119.7	17.4
Margin (%)	7.9	27.9	33.6	34.5
Depreciation and Amortization	6,144	7,533	11,000	11,300
EBIT	(5,087)	2,944	12,014	15,710
Margin (%)	(38.2)	7.8	17.5	20.0
Net Interest	4,982	5,716	7,650	7,900
Other Income	3,261	791	1,030	1,100
Profit Before Tax	(6,807)	(2,090)	5,394	8,910
Margin (%)	NA	(5.6)	7.9	11.4
Total Tax	(1,922)	1,274	1,348	2,227
Effective tax rate (%)	NA	NA	25.0	25.0
Profit after tax	(4,885)	(3,364)	4,045	6,682
Minority interest	(3)	(13)	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	(4,882)	(3,243)	4,045	6,682
YoY gr. (%)	NA	NA	NA	65.2
Margin (%)	NA	NA	5.9	8.5
Extra Ord. Income / (Exp)	-	(108)	-	-
Reported PAT	(4,882)	(3,351)	4,045	6,682
YoY gr. (%)	NA	NA	NA	65.2
Margin (%)	NA	NA	5.9	8.5
Other Comprehensive Income	(22)	14	-	-
Total Comprehensive Income	(4,904)	(3,337)	4,045	6,682
Equity Shares O/s (m)	61	98	98	98
EPS (Rs)	(80.1)	(33.1)	41.3	68.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Non-Current Assets				
Gross Block	55,386	1,04,023	1,16,346	1,28,798
Tangibles	52,611	1,01,358	1,13,680	1,26,133
Intangibles	2,775	2,665	2,665	2,665
Acc: Dep / Amortization	11,833	19,366	30,366	41,666
Tangibles	10,648	18,181	29,181	40,481
Intangibles	1,185	1,185	1,185	1,185
Net fixed assets	43,553	84,658	85,980	87,132
Tangibles	41,963	83,177	84,499	85,652
Intangibles	1,590	1,480	1,480	1,480
Capital Work In Progress	645	2,473	2,473	2,473
Goodwill	10,520	57,428	57,428	57,428
Non-Current Investments	2,586	4,628	5,828	6,661
Net Deferred tax assets	5,926	4,735	4,020	4,020
Other Non-Current Assets	1,342	2,312	2,895	3,655
Current Assets				
Investments	5	2	2	2
Inventories	342	664	564	644
Trade receivables	707	1,825	3,569	4,294
Cash & Bank Balance	5,781	3,616	4,577	5,151
Other Current Assets	1,447	2,293	3,977	4,859
Total Assets	73,258	1,64,764	1,71,551	1,76,666
Equity				
Equity Share Capital	610	980	980	980
Other Equity	13,094	72,319	76,119	82,557
Total Network	13,704	73,299	77,099	83,537
Non-Current Liabilities				
Long Term borrowings	47,240	75,316	78,208	76,458
Provisions	97	276	274	313
Other non current liabilities	121	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	4,718	5,204	5,204	5,204
Trade payables	3,001	5,143	6,011	6,441
Other current liabilities	3,856	5,414	4,642	4,600
Total Equity & Liabilities	73,258	1,64,764	1,71,551	1,76,666

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	(6,807)	(2,090)	5,394	8,910
Add. Depreciation	2,605	3,010	11,000	11,300
Add. Interest	4,938	5,600	7,650	7,900
Less Financial Other Income	3,261	791	1,030	1,100
Add. Other	399	4,087	(1,682)	(1,439)
Op. profit before WC changes	1,136	10,607	22,362	26,671
Net Changes-WC	434	(1,969)	(776)	(376)
Direct tax	99	1	(1,348)	(2,227)
Net cash from Op. activities	1,668	8,639	20,237	24,068
Capital expenditures	(1,245)	(6,339)	(12,322)	(12,452)
Interest / Dividend Income	270	88	-	-
Others	947	493	(1,307)	(941)
Net Cash from Invt. activities	(28)	(5,759)	(13,630)	(13,393)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,553	1,260	2,892	(1,750)
Dividend paid	-	-	(245)	(245)
Interest paid	(1,246)	(1,442)	(7,650)	(7,900)
Others	(2,475)	(6,754)	(644)	(206)
Net cash from Fin. activities	(2,168)	(6,935)	(5,646)	(10,100)
Net change in cash	(528)	(4,055)	961	574
Free Cash Flow	419	2,280	7,914	11,615

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Net Revenue	9,814	6,867	9,407	11,432
YoY gr. (%)	1,552.5	470.7	53.2	112.8
Raw Material Expenses	3,154	2,092	2,454	3,527
Gross Profit	6,660	4,776	6,953	7,904
Margin (%)	67.9	69.5	73.9	69.1
EBITDA	3,416	1,537	2,888	2,639
YoY gr. (%)	NA	NA	75.1	164.2
Margin (%)	34.8	22.4	30.7	23.1
Depreciation / Depletion	1,494	1,525	1,552	2,962
EBIT	1,922	11	1,335	(323)
Margin (%)	19.6	0.2	14.2	(2.8)
Net Interest	1,280	1,277	1,275	1,886
Other Income	209	164	201	218
Profit before Tax	851	(1,102)	261	(2,100)
Margin (%)	8.7	NA	2.8	NA
Total Tax	319	(387)	102	1,240
Effective tax rate (%)	37.5	NA	39.1	NA
Profit after Tax	532	(715)	159	(3,340)
Minority interest	(2)	(3)	(2)	(6)
Share Profit from Associates	-	-	-	-
Adjusted PAT	534	(712)	161	(3,226)
YoY gr. (%)	NA	NA	NA	205.8
Margin (%)	5.4	(10.4)	1.7	(28.2)
Extra Ord. Income / (Exp)	-	-	-	(108)
Reported PAT	534	(712)	161	(3,334)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	5.4	(10.4)	1.7	(29.2)
Other Comprehensive Income	5	(4)	4	8
Total Comprehensive Income	539	(716)	165	(3,326)
Avg. Shares O/s (m)	61	61	61	98
EPS (Rs)	8.7	(11.7)	2.6	(51.3)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY22	FY23	FY24E	FY25E
Per Share(Rs)				
EPS	(80.1)	(33.1)	41.3	68.3
CEPS	20.8	43.8	153.7	183.7
BVPS	225.5	748.7	787.5	853.3
FCF	6.9	23.3	80.8	118.6
DPS	-	-	2.5	2.5
Return Ratio(%)				
RoCE	NA	2.0	7.7	9.8
ROIC	1.4	6.4	13.4	15.3
RoE	NA	NA	5.2	8.0
Balance Sheet				
Net Debt : Equity (x)	3.4	1.0	1.0	0.9
Net Working Capital (Days)	(54)	(26)	(10)	(7)
Valuation(x)				
PER	NA	NA	34.7	21.0
P/B	NA	1.9	1.8	1.7
P/CEPS	NA	32.7	9.3	7.8
EV/EBITDA	NA	20.8	9.5	8.0
EV/Sales	NA	5.8	3.2	2.8
Dividend Yield (%)	-	-	0.2	0.2

Source: Company Data, PL Research . Note: FY22 multiple is NA due to consolidation of Inox.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	504	401
2	Entertainment Network (India)	Hold	180	126
3	Indian Railway Catering and Tourism Corporation	Hold	672	582
4	Inox Leisure	BUY	587	502
5	InterGlobe Aviation	BUY	2,346	1,905
6	Music Broadcast	Hold	18	11
7	Navneet Education	Accumulate	147	102
8	Nazara Technologies	BUY	804	566
9	S Chand and Company	BUY	228	219
10	Safari Industries (India)	BUY	2,538	2,114
11	V.I.P. Industries	BUY	900	623
12	Zee Entertainment Enterprises	BUY	277	211

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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