

21 July 2024

India | Equity Research | Q1FY25 results review

PVR Inox

Media

Muted quarter as expected; H2CY24 pipeline looks robust

We believe CY24 could be a tale of two halves for theatrical content market in India. Q1FY25 was disrupted by Lok Sabha elections and the busiest sporting season in recent memory (IPL, T20 World Cup, Euro Cup, Copa America), which caused producers to delay the scheduled releases. We now see a pent-up content pipeline (mentioned below) which is likely to help in reversing the losses of H1CY24. In particular, Q3FY25 could rival the success of Q2FY24, in our view. We look forward to more clarity on: 1) Effectiveness of 'passport' programme, 2) partnership with Devyani to launch food courts and potential impact on SPH, 3) update on negotiations with landlords on revenue/capex sharing, 4) outlook on ad revenue and 5) monetisation of non-core assets. Reiterate **BUY** with TP at INR 2,000.

Q1FY25 performance

Revenue was INR 11.9bn (down 5.2% QoQ/8.8% YoY), 2.6% higher than our estimates. Adjusted EBITDA loss was INR 378mn (l-sec estimate: INR 523mn loss). Net loss was INR 1.7bn. Admits decreased 6.7% QoQ/10.3% YoY to 30.4mn in Q1FY25. There was also a sequential decline of 230bps to 20.3% in occupancy. Average ticket price grew to INR 235, down 4.5% YoY (up 0.9% QoQ) and F&B spend per head was INR 134 (up 3.9% QoQ/3.1% YoY). Ticketing revenue declined 15% YoY to INR 5.93bn. F&B revenue was down ~6% YoY to INR 4.01bn. Ad revenue grew 5% YoY (down 10.6% QoQ) to INR 1.02bn.

Management commentary

According to company presentation, revenue decline in Q1FY25 was attributed to general elections, which caused many producers to delay film releases. Resultantly, there was 13% YoY drop in movie releases in Q1FY25. Only three movies collected >INR 1bn (57% YoY decline). Management expects an improvement in performance in Q2FY25 led by strong content line up and no scheduled disruptions.

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Market Data

Market Cap (INR)	138bn
Market Cap (USD)	1,645mn
Bloomberg Code	PVRINOX IN
Reuters Code	PVRL.BO
52-week Range (INR)	1,880 / 1,204
Free Float (%)	72.0
ADTV-3M (mn) (USD)	11.2

Price Performance (%)	3m	6m	12m
Absolute	(1.8)	(6.7)	(2.6)
Relative to Sensex	(12.1)	(19.1)	(22.7)

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	61,071	70,529	80,867	91,775
EBITDA	18,101	21,510	26,092	30,676
EBITDA Margin (%)	29.6	30.5	32.3	33.4
Net Profit	(320)	1,769	4,984	7,084
EPS (INR)	(3.3)	18.1	50.9	72.3
EPS % Chg YoY	-	-	181.7	42.1
P/E (x)	(430.0)	77.7	27.6	19.3
EV/EBITDA (x)	24.3	17.7	12.5	4.4
RoCE (%)	(0.3)	4.3	6.6	8.3
RoE (%)	(0.4)	2.4	6.1	7.6

Previous Reports

15-05-2024: [Q4FY24 results review](#)

31-03-2024: [Company Update](#)

Content pipeline for H2CY24

Content line up in H2 may benefit from pent-up releases. Below are the notable releases over the next 6 months.

Q2FY25 notable releases

Hindi: Auron Mein Kahan Dum Tha, Stree 2, Vedaa, Emergency, The Buckingham Murders

English: Deadpool & Wolverine, Alien Romulus, Wolfs, Transformers one

Regional: Kalki (continued from Q1), Devara Part 1, The GOAT, Original gangsters

Q3FY25 notable releases

Hindi: Vicky Vidya ka Woh Wala, Devaa, Jigraa, Bhool Bhulaiyaa 3, Singham Again, Metro... In Dino, Sitaare Zameen Par, Baby John

English: Joker Folie a Deux, Venom, Gladiator 2, Mufasa: The Lion King, The Lord of The Rings (2024)

Regional: Pushpa 2, Vettaiyan, Kanguva, Thandel

Valuation

We maintain our target price of INR 2,000 with a multiple of 16x adj. EBITDA (1-year forward). Key risks: Lower-than-expected performance of upcoming movies and merger synergies not playing out as expected.

Exhibit 1: PVR result review

INR mn	Q1FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)	1QFY25E	Diff
Revenue	13,049	12,564	11,907	(5)	(9)	11,607	2.6
Cost of goods sold	4,051	3,600	3,456	(4)	(15)	3,366	3
Gross Profit	8,998	8,964	8,451	(6)	(6)	8,241	3
% Gross profit margin	69.0	71.3	71.0			71.0	
Employee Cost	1,559	1,706	1,643	(4)	5	1,706	(4)
% of revenue	11.9	13.6	13.8			14.7	(6.1)
Other expenses	3,914	4,474	4,293	(4)	10	4,065	6
% of revenue	30.0	35.6	36.1			35.0	2.9
Total expenses	5,473	6,180	5,936	(4)	8	5,771	3
EBITDA	3,525	2,784	2,515	(10)	(29)	2,470	2
EBITDA margin (%)	27.0	22.2	21.1			21.3	
Adj EBITDA	808	12	(378)	NA	(147)	(523)	(28)
EBITDA margin (%)	6.2	0.1	(3.2)			(4.5)	
Depreciation	2,908	3,028	3,142	4	8	3,100	1
EBIT	617	(244)	(627)	157	NA	(630)	(1)
EBIT margin (%)	4.7	(1.9)	(5.3)			(5.4)	
Other income	249	491	287	(42)	15	491	(42)
Finance cost	1,945	1,999	2,041	2	5	1,914	7
PBT	(1,079)	(1,752)	(2,381)	36	121	(2,053)	16
Tax expenses	(259)	(455)	(591)	30	128	(521)	13
ETR (%)	24.0	26.0	24.8			25.4	
PAT	(816)	(1,297)	(1,790)	38	119	(1,528)	17
Net profit margin (%)	(6.3)	(10.3)	(15.0)			(13.2)	
EPS	(8.3)	(13.2)	(13.2)	38.0	58.6	(15.6)	(15)

Source: Company data, I-Sec research

Exhibit 2: Movie Exhibition

INR mn	Q1FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Seat Capacity	152	144	150	3.8	(1.5)
Occupancy (%)	22.3	22.6	20.3		
Admits (mn)	33.9	32.6	30.4	(6.7)	(10.3)
ATP (Rs)	246	233	235	0.9	(4.5)
Gross ticket revenue	8339	7596	7144	(5.9)	(14.3)
Taxes	1394.4	1242.8	1209		
Tax rate (%)	20.1	19.6	20.4		
Ticket revenue	6,945	6,353	5,935	(6.6)	(14.5)
Gross profit	3,965	3,884	3,484	(10.3)	(12.1)
Gross profit margin (%)	57.1	61.1	58.7		

Source: I-Sec research, Company data

Exhibit 3: Food & Beverage

INR mn	Q1FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Spend per head (Rs)	130	129	134	3.9	3.1
SPH to ATP ratio (%)	52.8	55.4	57.0		
Gross F&B revenue	4,407	4,205	4,074	(3.1)	(7.6)
Taxes	130	73	56		
Tax rate (%)	3.0	1.8	1.4		
F&B revenue	4,277	4,132	4,018	(2.8)	(6.1)
COGS	1,071	1,131	1,005		
Gross profit	3,206	3,001	3,013	0.4	(6.0)
Gross profit margin (%)	75.0	72.6	75.0		

Source: I-Sec research, Company data

Exhibit 4: Cost Break up

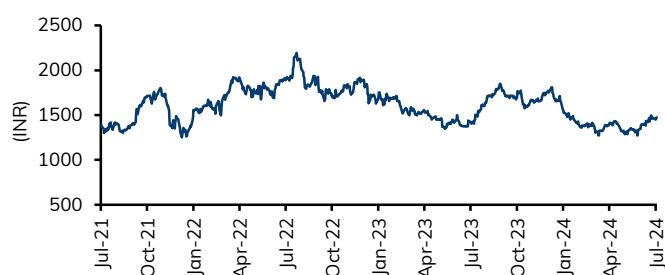
(in INR mn)	Q1FY25	Q4FY24	Q1FY24	QoQ (%)	YoY (%)
Variable Cost					
FHC(%)	44.2	44.4	45.7	(20bps)	(151bps)
COGS(%)	24.5	27.4	24.7	(290bps)	(16bps)
Fixed Cost					
Rent	3029	2993	2801	1.2	8.1
CAM	891	832	795	7.1	12.1
Personnel	1643	1706	1559	(3.7)	5.4
Electricity & Water utilities	1066	758	1058	40.6	0.8
Other expenses	1779	2025	1634	(12.1)	8.9
Movie distribution charges	421	638	343	(34.0)	22.7
Total fixed expenses	8829	8952	8190	(1.4)	7.8

Source: I-Sec research, Company data

Exhibit 5: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	27.8	27.8	27.8
Institutional investors	61.1	57.0	56.5
MFs and others	33.9	35.2	34.0
FIs/Banks	0.5	0.5	0.0
Insurance	4.3	4.2	4.0
FII	22.4	17.6	18.5
Others	11.1	15.2	15.7

Source: Bloomberg

Exhibit 6: Price chart

Source: Bloomberg

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	61,071	70,529	80,867	91,775
Operating Expenses	23,863	26,768	29,249	32,174
EBITDA	18,101	21,510	26,092	30,676
EBITDA Margin (%)	29.6	30.5	32.3	0.3
Depreciation & Amortization	12,193	10,756	11,996	13,267
EBIT	5,908	10,754	14,096	17,408
Interest expenditure	7,913	10,129	9,345	10,039
Other Non-operating Income	1,566	1,723	1,895	2,084
Recurring PBT	(439)	2,348	6,646	9,453
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	(112)	592	1,675	2,382
PAT	(327)	1,756	4,971	7,071
Less: Minority Interest	7	13	13	13
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	(327)	1,756	4,971	7,071
Net Income (Adjusted)	(320)	1,769	4,984	7,084

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	9,778	10,444	16,237	25,382
of which cash & cash eqv.	4,038	3,815	8,636	16,757
Total Current Liabilities & Provisions	11,007	12,727	14,606	16,590
Net Current Assets	(1,229)	(2,283)	1,630	8,793
Investments	161	161	161	161
Net Fixed Assets	31,056	34,351	37,945	41,870
ROU Assets	54,917	54,917	54,917	54,917
Capital Work-in-Progress	2,464	2,464	2,464	2,464
Total Intangible Assets	58,808	58,808	58,808	58,808
Other assets	1,806	2,086	2,391	2,714
Deferred Tax Assets	4,908	4,908	4,908	4,908
Total Assets	1,57,197	1,60,385	1,68,927	1,81,106
Liabilities				
Borrowings	17,177	16,177	15,177	14,177
Deferred Tax Liability	123	123	123	123
provisions	141	148	155	163
other Liabilities	666	769	882	1,001
Equity Share Capital	981	980	980	980
Reserves & Surplus	72,251	76,330	85,752	98,804
Total Net Worth	73,232	77,310	86,731	99,784
Minority Interest	-	-	-	-
Total Liabilities	1,57,197	1,60,385	1,68,927	1,81,106

Source Company data, I-Sec research

Exhibit 9: Quarterly trend

(INR mn, year ending March)

	Sep-23	Dec-23	Mar-24	Jun-24
Net Sales	19,999	15,459	12,564	11,907
% growth (YOY)	191	64	10	(9)
EBITDA	7,068	4,724	2,784	2,515
Margin %	35.3	30.6	22.2	21.1
Other Income	238	588	491	287
Extraordinaries	-	-	-	-
Adjusted Net Profit	1,663	128	(1297)	(1790)

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	19,790	20,925	24,424	28,300
Working Capital Changes	890	(6)	(6)	(7)
Capital Commitments	(6,269)	(6,978)	(7,676)	(8,444)
Free Cashflow	26,059	27,904	32,100	36,744
Other investing cashflow	3	1,723	1,895	2,084
Cashflow from Investing Activities	(6,266)	(5,256)	(5,781)	(6,360)
Issue of Share Capital	188	-	-	-
Interest Cost	(1,792)	(3,194)	(1,724)	(1,614)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	(1,417)
Others	(11,321)	(1,000)	(1,000)	(1,000)
Cash flow from Financing Activities	(12,925)	(17,291)	(17,379)	(20,233)
Chg. in Cash & Bank balance	599	(1,622)	1,263	1,707
Closing cash & balance	3,918	2,296	3,559	5,267

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	(3.3)	18.1	50.9	72.3
Adjusted EPS (Diluted)	(3.3)	18.1	50.9	72.3
Cash EPS	121.0	127.8	173.3	207.7
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	746.5	789.1	885.3	1,018.5
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	62.8	15.5	14.7	13
EBITDA	72.8	18.8	21.3	18
EPS (INR)	-	-	181.7	42
Valuation Ratios (x)				
P/E	(430.0)	77.7	27.6	19.30
P/CEPS	11.6	11.0	8.1	6.8
P/BV	1.9	1.8	1.6	1.4
EV / EBITDA	24.3	17.7	12.5	4.4
P / Sales	2.3	1.9	1.7	1.5
Dividend Yield (%)	-	-	-	0.0
Operating Ratios				
Gross Profit Margins (%)	68.7	68.5	68.4	68.5
EBITDA Margins (%)	29.6	30.5	32.3	33.4
Effective Tax Rate (%)	25.5	25.2	25.2	25.2
Net Profit Margins (%)	(0.5)	2.5	6.1	7.7
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	5.3	5.8	6.7	8.0
Net Debt / EBITDA (x)	7.4	8.7	8.5	8.6
Profitability Ratios				
RoCE (%)	(0.3)	4.3	6.6	8.3
RoE (%)	(0.4)	2.4	6.1	7.6
RoIC (%)	(0.2)	3.4	5.3	7.1
Fixed Asset Turnover (x)	1.9	2.0	2.1	2.2
Inventory Turnover Days	17	15	15	15
Receivables Days	30	21	42	71
Payables Days	30	26	26	26

Source Company data, I-Sec research

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