

PVR (PVRL IN)

Rating: BUY | CMP: Rs1,400 | TP: Rs1,625

July 31, 2021

Q1FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current FY22E	Previous FY23E	Current FY22E	Previous FY23E
Rating	BUY	BUY		
Target Price	1,625	1,589		
Sales (Rs. m)	13,416	38,585	19,991	36,617
% Chng.	(32.9)	5.4		
EBITDA (Rs. m)	2,385	12,472	5,773	12,126
% Chng.	(58.7)	2.9		
EPS (Rs.)	(44.1)	38.0	(31.9)	31.6
% Chng.	38.2	20.1		

Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	34,144	2,800	13,416	38,585
EBITDA (Rs. m)	10,766	(3,349)	2,385	12,472
Margin (%)	31.5	(119.6)	17.8	32.3
PAT (Rs. m)	273	(7,478)	(2,681)	2,308
EPS (Rs.)	5.3	(123.1)	(44.1)	38.0
Gr. (%)	(86.9)	(2,412.3)	(64.1)	(186.1)
DPS (Rs.)	4.0	-	-	2.0
Yield (%)	0.3	-	-	0.1
RoE (%)	1.4	(40.8)	(17.1)	12.9
RoCE (%)	8.7	(14.3)	(2.7)	11.3
EV/Sales (x)	3.4	44.7	9.7	3.4
EV/EBITDA (x)	10.9	(37.4)	54.6	10.4
PE (x)	263.1	(11.4)	(31.7)	36.9
P/BV (x)	4.9	4.6	5.4	4.8

Key Data	PVRL.BO PVRL IN
52-W High / Low	Rs.1,592 / Rs.961
Sensex / Nifty	52,587 / 15,763
Market Cap	Rs.85bn/ \$ 1,144m
Shares Outstanding	61m
3M Avg. Daily Value	Rs.2221.12m

Shareholding Pattern (%)

Promoter's	17.06
Foreign	38.19
Domestic Institution	26.39
Public & Others	18.36
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.0	(1.2)	29.4
Relative	4.8	(13.0)	(7.2)

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Staggered re-opening on the cards

Quick Pointers:

- Out of 842 screens, 526 have permission to re-open and 200 have actually opened on 30th July.
- As of 30th June, PVR had access to ~Rs8.5bn of liquidity (including unutilized credit lines).

PVR's operational performance was subdued with Ind-AS adjusted EBITDA loss of Rs1.2bn due to paucity of content and intermittent closures. However, with declining COVID cases, staggered re-opening is on the cards (13 states and 3 UT's have already given permission to re-open) and footfalls are likely to stabilize by 2HFY22. Though emergence of 2nd wave has delayed the recovery process prompting us to cut our footfall estimates by 31% to ~43mn in FY22 we remain constructive over the long term as content pipeline is strong which is expected to result in bunching up of releases post re-opening. Further, we believe narrowing window gaps and higher distributor pay-outs are stop gap arrangements and not structural risks that are likely to prevail post-COVID. We thus maintain BUY with a revised TP of Rs1,625 (11.5x FY23EBITDA; no change in target multiple) as 1) the ongoing vaccination drive is expected to eliminate fear psychosis thereby improving consumer sentiments 2) encouraging ATP/SPH trends (higher/similar to pre-COVID levels for fresh content) indicate there is no change in behavioral psyche of patrons and 3) wide spread closure of single screens amid liquidity constraints is expected to reduce competitive risks post-pandemic. Stringent cost control and sufficient liquidity of Rs8.5bn on the BS (including unutilized credit lines) gives us additional comfort till normalcy sets in.

Regional releases drive revenue growth: Top-line increased 367.6% YoY (base effect due to outright closures in 1QFY21) to Rs594mn (PLe Rs359mn) but declined 67.3% QoQ given limited fresh content and intermittent closures. Except for a few regional releases, there was a dearth of content that dragged footfalls to 1.5mn. ATP/SPH stood at Rs191/Rs96 respectively.

Fixed opex stood at Rs551mn per month; up 29% YoY: Ind-AS adjusted EBITDA loss stood at Rs1,214mn (PLe loss of Rs1,699mn) in comparison with Ind-AS adjusted EBITDA loss of Rs1,159mn in 1QFY21. Fixed opex stood at Rs551mn per month, up 29% YoY.

Con-call highlights: 1) Big ticket films would start releasing towards Sep end (Bell Bottom is expected to release on 19th Aug) 2) Shooting schedules have resumed normalcy (no future pipeline risk) and producers have shown willingness to release movies even with 50% occupancy caps 3) Net debt stood at Rs7.5bn as of June end 4) PVR has availed additional liquidity of Rs2bn under the ECLGS scheme 5) Rental waivers are under negotiation for existing properties under lockdown period. For new signings, revenue sharing model is being explored 6) Distributor share can be higher for next 2-3 months but will revert to past trends by end of FY22. 7) Post normalcy, ~90 odd properties shall start delivering food outside to expand the non-cinema F&B business 8) While temporarily windowing gap has been reduced to 4 weeks, it is expected to revert to 8 weeks by end of FY22.

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

Y/e March	1QFY22	1QFY21	YoY gr.	4QFY20	QoQ gr.
Net sales	594	127	367.6%	1,815	-67.3%
Movie exhibition cost	94	-	NM	407	-76.9%
As a % of sales	15.8%	0.0%		22.4%	
Consumption of F&B	60	7	739.4%	176	-66.2%
As a % of sales	10.0%	5.6%		9.7%	
Employee expenses	531	682	-22.1%	596	-11.0%
As a % of sales	89.4%	536.8%		32.9%	
Other expenses	819	597	37.1%	1,202	-31.9%
As a % of sales	137.8%	470.3%		66.3%	
EBITDA	(909)	(1,159)	NM	(567)	NM
EBITDA margin	NM	NM		NM	
Depreciation	1,430	1,445	-1.0%	1,460	-2.0%
EBIT	(2,340)	(2,604)	NM	(2,027)	NM
EBIT margin	NM	NM		NM	
Interest cost	1,237	1,240	-0.2%	1,239	-0.2%
Other income	332	427	-22.3%	818	-59.5%
PBT	(3,245)	(3,418)	NM	(2,448)	NM
Exceptional items/Share of JVs	-	2	NM	-	NM
Tax expenses	(1,050)	(1,162)	NM	444	NM
Tax rate	NM	NM		NM	
PAT	(2,196)	(2,257)	NM	(2,892)	NM
PAT margin	NM	NM		NM	
Non-controlling interest	1	1	0.0%	1	22.2%
Other comprehensive income (OCI)	(9)	(0)	NM	(7)	NM
PAT inclusive of OCI	(2,185)	(2,256)	NM	(2,884)	NM
EPS (Rs)	(36.1)	(43.1)	NM	(50.6)	NM

Source: Company, PL

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

Y/e March	1QFY22	1QFY21	YoY gr.
NBOC	227	-	NM
As a % of total	48.8%	0.0%	
Net F&B	180	14	1235.6%
As a % of total	38.7%	14.0%	
Advertisement revenue	21	-	NM
As a % of total	4.4%	0.0%	
Other revenue from operations (including OI)	38	83	-54.9%
As a % of total	8.1%	86.0%	
Total sales	465.3	96.6	381.7%

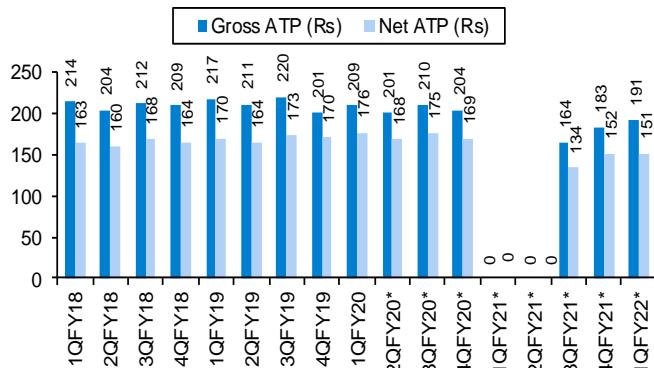
Source: Company, PL

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

Y/e March	1QFY22	1QFY21	YoY	4QFY21	QoQ	FY21	FY22E	FY23E
Sales	594	127	367.6%	1,815	-67.3%	2,800	13,416	38,585
Ind-AS Adjusted EBITDA	(1,214)	(1,159)	NM	(1,277)	NM	(4,545)	(1,024)	7,301
<i>Ind-AS Adjusted EBITDA margin</i>	NM	NM		NM		NM	NM	18.9%
Ind-AS Adjusted PAT	(1,419)	(1,411)	NM	(2,717)	NM	(6,656)	(2,681)	2,308
<i>Ind-AS Adjusted PAT margin</i>	NM	NM		NM		NM	NM	6.0%

Source: Company, PL

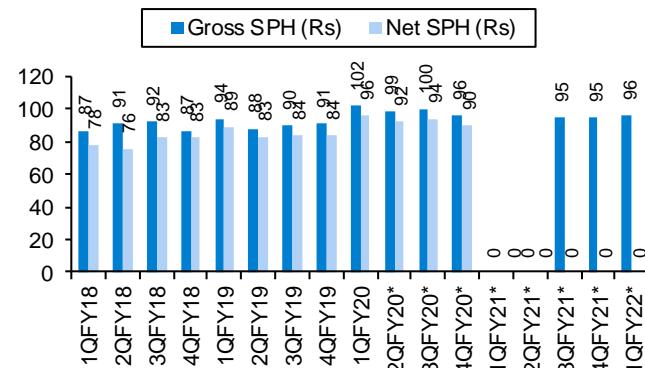
Exhibit 4: Gross ATP trend over the last few quarters



Source: Company, PL

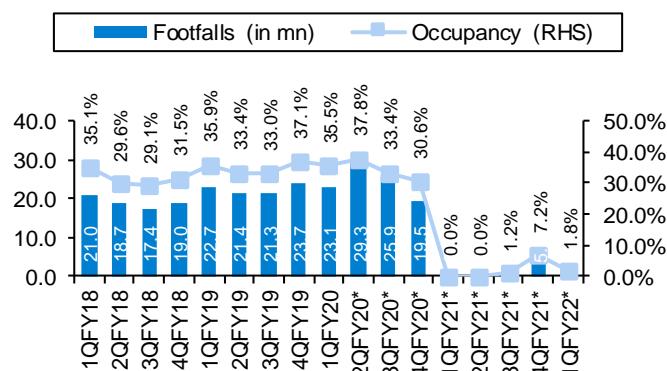
*Including SPI Cinema's

Exhibit 5: Gross SPH trend over the last few quarters



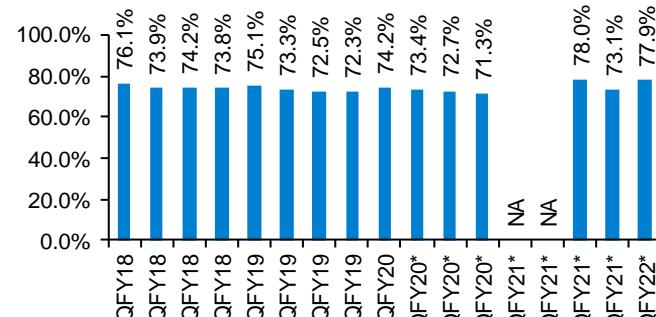
Source: Company, PL *Including SPI Cinema's Note: Net SPH is NM due to sale of other traded goods

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 ~73-75%



Source: Company, PL

*Including SPI Cinema's

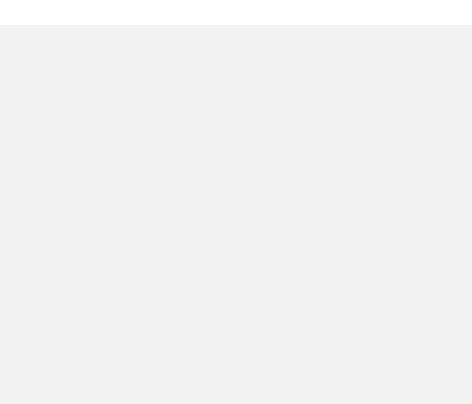
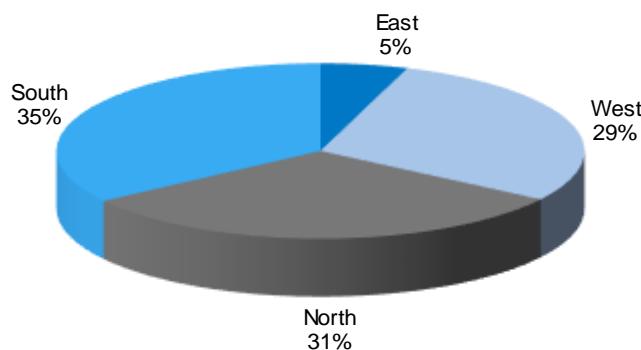
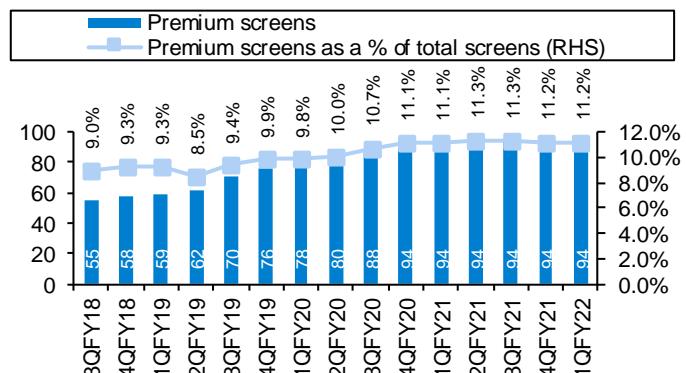


Exhibit 8: Screen mix as of 1QFY22



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)	FY23E*
EV/EBITDA	11.5
EBITDA	12,472
EV	143,431
Less: Debt	50,024
Add: Cash	5,348
Equity Value	98,756
No of shares	61
Per share value (Rs)	1,625
CMP (Rs)	1,400
Upside	16.1%

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

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Revenues	34,144	2,800	13,416	38,585
YoY gr. (%)	10.7	(91.8)	379.1	187.6
Cost of Goods Sold	9,971	730	4,622	11,847
Gross Profit	24,173	2,071	8,794	26,738
Margin (%)	70.8	73.9	65.5	69.3
Employee Cost	3,938	2,171	2,122	4,321
Other Expenses	9,469	3,249	4,288	9,945
EBITDA	10,766	(3,349)	2,385	12,472
YoY gr. (%)	83.6	(131.1)	(171.2)	423.0
Margin (%)	31.5	(119.6)	17.8	32.3
Depreciation and Amortization	5,425	5,748	4,105	5,086
EBIT	5,341	(9,098)	(1,720)	7,387
Margin (%)	15.6	(324.9)	(12.8)	19.1
Net Interest	4,818	4,978	3,305	4,236
Other Income	378	4,693	900	400
Profit Before Tax	901	(9,383)	(4,124)	3,551
Margin (%)	2.6	(335.1)	(30.7)	9.2
Total Tax	627	(1,906)	(1,444)	1,243
Effective tax rate (%)	69.6	20.3	35.0	35.0
Profit after tax	274	(7,476)	(2,681)	2,308
Minority interest	(5)	(4)	-	-
Share Profit from Associate	(5)	(6)	-	-
Adjusted PAT	273	(7,478)	(2,681)	2,308
YoY gr. (%)	(85.6)	(2,839.2)	(64.1)	(186.1)
Margin (%)	0.8	(267.1)	(20.0)	6.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	273	(7,478)	(2,681)	2,308
YoY gr. (%)	(85.6)	(2,839.2)	(64.1)	(186.1)
Margin (%)	0.8	(267.1)	(20.0)	6.0
Other Comprehensive Income	(66)	5	-	-
Total Comprehensive Income	207	(7,473)	(2,681)	2,308
Equity Shares O/s (m)	51	61	61	61
EPS (Rs)	5.3	(123.1)	(44.1)	38.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Non-Current Assets				
Gross Block	55,512	57,151	58,090	61,112
Tangibles	52,797	54,598	55,537	58,558
Intangibles	2,715	2,554	2,554	2,554
Acc: Dep / Amortization	7,172	12,920	17,025	22,111
Tangibles	6,392	12,140	16,244	21,330
Intangibles	781	781	781	781
Net fixed assets	48,340	44,231	41,065	39,001
Tangibles	46,405	42,458	39,292	37,228
Intangibles	1,935	1,773	1,773	1,773
Capital Work In Progress	1,547	2,172	2,172	2,172
Goodwill	10,520	10,520	10,520	10,520
Non-Current Investments	2,618	2,691	3,196	3,360
Net Deferred tax assets	2,049	3,987	5,384	7,271
Other Non-Current Assets	1,668	1,395	1,692	1,868
Current Assets				
Investments	12	9	9	9
Inventories	307	250	294	317
Trade receivables	1,893	307	992	2,854
Cash & Bank Balance	3,223	7,314	4,762	5,348
Other Current Assets	1,764	1,867	2,012	3,087
Total Assets	74,292	75,026	72,442	76,239
Equity				
Equity Share Capital	514	608	608	608
Other Equity	14,289	17,726	15,045	17,232
Total Networth	14,802	18,334	15,653	17,839
Non-Current Liabilities				
Long Term borrowings	46,849	46,315	48,815	48,815
Provisions	136	182	215	232
Other non current liabilities	571	524	496	463
Current Liabilities				
ST Debt / Current of LT Debt	1,873	1,209	1,209	1,209
Trade payables	3,124	2,032	1,470	3,383
Other current liabilities	5,884	5,644	3,797	3,511
Total Equity & Liabilities	74,292	75,026	72,442	76,239

Source: Company Data, PL Research

Cash Flow (Rs m)					Key Financial Metrics				
Y/e Mar	FY20	FY21	FY22E	FY23E	Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	896	(9,388)	(4,124)	3,551	EPS	5.3	(123.1)	(44.1)	38.0
Add. Depreciation	2,282	2,341	4,105	5,086	CEPS	111.1	(28.5)	23.4	121.7
Add. Interest	4,730	4,949	3,305	4,236	BVPS	288.6	301.7	257.6	293.6
Less Financial Other Income	378	4,693	900	400	FCF	78.4	(87.1)	(0.4)	85.0
Add. Other	2,905	(1,297)	(2,524)	(3,474)	DPS	4.0	-	-	2.0
Op. profit before WC changes	10,812	(3,396)	761	9,399	Return Ratio(%)				
Net Changes-WC	(2,647)	(803)	(1,291)	28	RoCE	8.7	(14.3)	(2.7)	11.3
Direct tax	(295)	72	1,444	(1,243)	ROIC	14.5	(4.5)	3.3	16.4
Net cash from Op. activities	7,870	(4,127)	913	8,184	RoE	1.4	(40.8)	(17.1)	12.9
Capital expenditures	(3,838)	(1,166)	(939)	(3,022)	Balance Sheet				
Interest / Dividend Income	26	28	-	-	Net Debt : Equity (x)	3.1	2.2	2.9	2.5
Others	(92)	(1,748)	(565)	(253)	Net Working Capital (Days)	(10)	(192)	(5)	(2)
Net Cash from Invt. activities	(3,903)	(2,886)	(1,504)	(3,275)	Valuation(x)				
Issue of share cap. / premium	-	-	-	-	PER	263.1	(11.4)	(31.7)	36.9
Debt changes	(674)	1,768	2,500	-	P/B	4.9	4.6	5.4	4.8
Dividend paid	(360)	-	-	(122)	P/CEPS	12.6	(49.2)	59.8	11.5
Interest paid	(1,151)	(982)	(3,305)	(4,236)	EV/EBITDA	10.9	(37.4)	54.6	10.4
Others	75	9,969	(1,156)	34	EV/Sales	3.4	44.7	9.7	3.4
Net cash from Fin. activities	(2,110)	10,755	(1,961)	(4,323)	Dividend Yield (%)	0.3	-	-	0.1
Net change in cash	1,857	3,742	(2,552)	586	Source: Company Data, PL Research				
Free Cash Flow	4,020	(5,294)	(26)	5,162					

Source: Company Data, PL Research

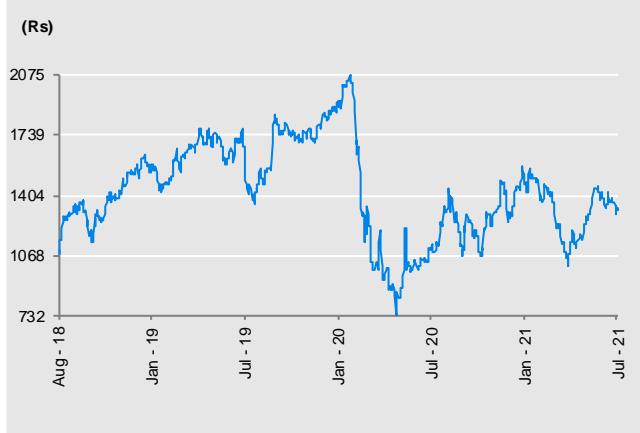
Quarterly Financials (Rs m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Net Revenue	405	454	1,815	594
YoY gr. (%)	(95.8)	(95.0)	(71.9)	367.6
Raw Material Expenses	20	119	583	154
Gross Profit	385	335	1,231	440
Margin (%)	95.1	73.8	67.8	74.1
EBITDA	(842)	(781)	(567)	(909)
YoY gr. (%)	(126.5)	(125.4)	(132.9)	(21.6)
Margin (%)	(208.1)	(172.1)	(31.3)	(153.1)
Depreciation / Depletion	1,419	1,425	1,460	1,430
EBIT	(2,260)	(2,206)	(2,027)	(2,340)
Margin (%)	(558.8)	(485.9)	(111.7)	(394.0)
Net Interest	1,229	1,271	1,239	1,237
Other Income	702	2,747	818	332
Profit before Tax	(2,792)	(729)	(2,448)	(3,245)
Margin (%)	(690.2)	(160.6)	(134.9)	(546.4)
Total Tax	(951)	(237)	444	(1,050)
Effective tax rate (%)	34.1	32.5	(18.1)	32.3
Profit after Tax	(1,841)	(492)	(2,892)	(2,196)
Minority interest	(1)	(1)	(1)	(1)
Share Profit from Associates	-	-	-	-
Adjusted PAT	(1,840)	(491)	(2,891)	(2,194)
YoY gr. (%)	(484.2)	(235.1)	288.1	(2.7)
Margin (%)	(454.8)	(108.1)	(159.3)	(369.5)
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	(1,840)	(491)	(2,891)	(2,194)
YoY gr. (%)	(484.2)	(235.1)	288.1	(2.7)
Margin (%)	(454.8)	(108.1)	(159.3)	(369.5)
Other Comprehensive Income	(1)	(2)	7	9
Total Comprehensive Income	(1,840)	(493)	(2,884)	(2,185)
Avg. Shares O/s (m)	55	55	61	61
EPS (Rs)	(33.4)	(8.9)	(47.6)	(36.1)

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	7-Jul-21	BUY	1,589	1,417
2	24-Jun-21	BUY	1,589	1,387
3	3-Jun-21	BUY	1,429	1,319
4	7-Apr-21	BUY	1,544	1,139
5	16-Jan-21	BUY	1,673	1,475
6	11-Jan-21	BUY	1,704	1,455
7	9-Oct-20	Accumulate	1,435	1,255
8	16-Sep-20	Accumulate	1,435	1,265

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Dish TV India	NR	-	74
2	Entertainment Network (India)	Hold	193	183
3	Indian Railway Catering and Tourism Corporation	BUY	2,329	2,169
4	Inox Leisure	BUY	367	323
5	Music Broadcast	Hold	24	25
6	Navneet Education	Accumulate	92	98
7	PVR	BUY	1,589	1,417
8	S Chand and Company	BUY	146	113
9	V.I.P. Industries	Accumulate	374	342
10	V.I.P. Industries	UR	-	418
11	Zee Entertainment Enterprises	BUY	278	219

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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