

## Opening up with a better content pipeline



### PVR's Q1FY22 performance was a mixed bag with revenue in-line with our estimates whereas losses were deeper than our estimates

- Revenue from operations at INR 594 Mn vs INR 1,815 Mn qoq / INR 127 Mn yoy
- EBITDA loss at INR (909) Mn vs loss of INR (567) Mn and loss of INR (1159) Mn | qoq / yoy
- PBT loss at INR (3245 Mn) vs loss of INR (2448) Mn and loss of INR (3418) Mn | qoq / yoy
- PAT loss stood at INR (2196) Mn vs loss of INR (2892) Mn and loss of INR (2256) Mn | qoq / yoy
- EPS stood INR (36) vs INR (56) / INR (44) | qoq / yoy

#### Key Takeaways of the result:

- Company has achieved 100% vaccination of all its employees
- As on date 12 states and 2 UTs where PVR is present in India and Colombo, Sri Lanka, have allowed cinemas to reopen with varying norms relating to social distancing. These account for 526 screens across 111 properties. (please see image below for further details)
- The company expects to reopen its screen portfolio on a staggered basis starting 30th July onwards
- The company availed additional liquidity of INR 2,000 Mn under the ECLGS 3.0 scheme during the current FY
- As on June 30, 2021 Company had total liquidity of ~INR 8,500 Mn (including unutilized sanctioned credit lines)
- Average fixed expense (excluding Rent & CAM) for the lockdown months of May & Jun was ~INR 260 Mn

#### Financial Summary

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22F	FY23F
Net sales	30856	34144	2800	12505	40664
% growth	32%	11%	-92%	347%	225%
EBITDA	5863	10766	-3349	966	14185
PBT	3002	901	-9383	-8465	3313
Adj. PAT	1894	269	-6589	-7740	2205
EPS (Rs)	39.3	5.3	-127.5	-149.6	42.7
EV/EBITDA (x)	13.1	11.0	-37.2	127.4	8.5
P/B (x)	5.3	4.9	6.5	204.7	29.7
P/E (x)	35.7	263.5	-11.0	-9.4	32.8
D/E	0.8	0.8	1.1	39.2	5.4
ROCE (%)	18%	12%	-15%	-9%	15%
RoE (%)	16%	2%	-51%	-2185%	91%
Dividend yield (%)	0%	0%	0%	0%	0%

Source: Company

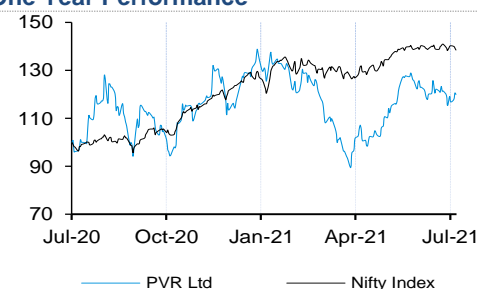
Rating	TP (Rs)	Up/Dn (%)
BUY	1804	33

#### Market data

Current price	Rs	1353
Market Cap (Rs.Bn)	(Rs Bn)	82
Market Cap (US\$ Mn)	(US\$ Mn)	1101
Face Value	Rs	10
52 Weeks High/Low	Rs	1592/961
Average Daily Volume	('000)	1210
BSE Code		532689
Bloomberg		PVRL:IN

Source: Bloomberg

#### One Year Performance



Source: Bloomberg

% Shareholding	Jun-21	Mar-21
Promoters	17.06	17.06
Public	82.94	82.94
Others	0.00	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

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## Conference Call Key Highlights

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- As part of the un-lockdown - opened 200 odd screens today
- Global studios have already announced release dates of movies such as Mortal Kombat (30<sup>th</sup> July), Suicide Squad 2 (5<sup>th</sup> August) and The Conjuring (13<sup>th</sup> August) already have release dates
- Film slate for Bollywood and Regional content also encouraging as soon as key markets of Maharashtra and Tamil Nadu open
- Producers are better prepared to time their movie releases compared to previous opening up (opened in October and first movie launched in February) and want to release movies even with 50% capacity as long as major hindi watching states are opened up
- Big movies: Bell-bottom planned to release on 19<sup>th</sup> August – other big releases towards the end of September. Dussehra and Diwali should also see some blockbuster releases
- Producers are permitted to shoot anywhere across India with severe precautions
- During lockdowns, Rent outgo would be minimal and wherever restricted capacity is allowed, PVR is talking to developer partners to do short term reset on minimum guarantee terms of the contract
- New property contracts are inclined more towards revenue sharing where developer partner may also share some fit out costs
- Net Debt of 750 Cr as of 30<sup>th</sup> June
- Stakeholders not really happy with simultaneous release of movies on OTT and Theatres as the cinema experience is absent (eg. Scarlet Johansson sued Disney for simultaneous release) and prefer theatrical release first followed by release on OTT platforms

## Valuation & Outlook

PVR is currently trading at an EV/EBITDA multiple of 8.5x FY23e EBITDA. Despite a severe 2<sup>nd</sup> wave of Corona virus during Q1FY22, PVR did a footfall of 1.5 Mn during the quarter. Secondly, the movie exhibitor stated that 12 states, 2 UTs and Colombo, Sri Lanka have allowed cinemas to re-open with varying norms (see accompanying image). Thirdly, Q4FY21 performance indicated that a v-shaped recovery in admits is highly probable (5.8 Mn admits in Q4 vs 1 Mn in Q3). Movie exhibitors now have an extremely rich content pipeline across Bollywood, Hollywood and Regional films (Tamil, Telugu, etc.) and producers are better prepared to time their releases this time (versus last open-up wherein theatres opened in October 2020 and 1<sup>st</sup> movie launch was February 2021). Lastly, the pace of vaccinations in India are increasing by the day (46.2 Cr doses given and 10.2 Cr fully vaccinated as on date versus 27.1 Cr / 5.8 Cr at the end of June 2021 and 5.6 Cr / 0.9 Cr at the end of March 2021) thereby enabling people to confidently return to cinemas. Green shoots for movie exhibitors are already visible in US and China where box office collections have been phenomenal.

**We retain our BUY rating on the stock, with a target price of INR 1,804, based on our FY23 estimates.**

### REOPENING APPROVAL STATUS AS ON DATE

States	Conditional Approval
Telangana	100% capacity
Punjab	50% capacity.
Chhattisgarh	50% capacity. Open till 10 pm.
Gujarat	60% capacity. Open till 10pm / Only Vaccinated Staff.
Jharkhand	50% capacity. Open till 8pm
Uttar Pradesh	Open 5 days a week. Monday to Friday (except for Noida & Gorakhpur)
Andhra Pradesh	50% capacity. Open till 10 pm.
Rajasthan	50% capacity. Open till 8pm. Guests vaccinated with atleast 1 dose
Haryana	50% capacity. Open till 8 pm.
Madhya Pradesh	50% capacity. Open till 11 pm.
Karnataka	50% capacity. Open till 10 pm.
Uttarakhand	50% capacity. Open till 9 pm.
Delhi - UT	50% capacity.
Chandigarh - UT	50% capacity.
Colombo, Sri Lanka	50% capacity

# Financials

Profit & Loss A/c						Balance Sheet					
YE March (Rs. mn)	FY19	FY20	FY21	FY22F	FY23F	Year to December	FY19	FY20	FY21	FY22F	FY23F
<b>Total Revenue</b>	30856	34144	2800	12505	40664	<b>ASSETS</b>					
<i>Growth %</i>	32%	11%	-92%	347%	225%	<b>Current Assets</b>					
<b>Less:</b>						Cash in hand and at banks	352	3,235	7,323	2,126	3,024
Film Distributors Share	7019	7335	472	2832	9579	<b>Total Current Assets</b>	<b>3,934</b>	<b>7,536</b>	<b>10,023</b>	<b>3,668</b>	<b>8,260</b>
F&B cost	2387	2637	258	856	2742	<b>Non-current Assets</b>					
Employee cost	3373	3938	2171	2295	4770	Gross Block	20,056	22,750	23,660	24,730	28,430
Rent	5059	0	0	0	0	Less Depreciation	5,157	6,392	8,621	10,947	14,174
Other expenses	7154	9469	3249	5557	9389	<b>Net Block</b>	<b>14,900</b>	<b>16,358</b>	<b>15,039</b>	<b>13,783</b>	<b>14,256</b>
<b>Total Operating Expenditure</b>	24992	23379	6149	11540	26479	<b>Right of Use Asset</b>					
<b>EBIDTA</b>	5863	10766	-3349	966	14185	Investments	100	11	3	3	3
<i>Growth %</i>	46%	84%	-131%	-129%	1369%	Others	4,371	3,797	3,581	1,713	5,570
<i>EBITDA Margin (%)</i>	19%	32%	-120%	8%	35%	<b>Total non-current assets</b>	<b>21,578</b>	<b>51,760</b>	<b>52,054</b>	<b>45,890</b>	<b>54,620</b>
Less: Depreciation	1913	5425	5748	5642	6262	<b>TOTAL ASSETS</b>	<b>25,512</b>	<b>59,297</b>	<b>62,077</b>	<b>49,558</b>	<b>62,881</b>
<b>EBIT</b>	3951	5341	-9098	-4676	7923	<b>LIABILITIES AND EQUITY</b>					
<b>EBIT Margin</b>	13%	16%	-325%	-37%	19%	<b>Current liabilities</b>					
<i>Growth %</i>	59%	35%	N.A.	N.A.	N.A.	Trade & notes payable	7,287	6,187	5,469	4,454	10,027
Interest Paid	1280.1	4817.9	4978	4820	4890	Provisions	215	180	225	137	446
Non-operating Income	331.4	377.9	4693.4	1031.6	280.0	<b>Total Current Liabilities</b>	<b>11,713</b>	<b>11,739</b>	<b>10,801</b>	<b>15,392</b>	<b>27,527</b>
Exceptional Items	-	-	-	-	-	<b>Noncurrent liabilities</b>					
<b>Profit Before Tax</b>	3002	901	-9383	-8465	3313	Secured Loans	11,461	12,043	11,793	14,043	13,243
<b>Adjusted PBT</b>	3002	901	-9383	-8465	3313	<b>Total noncurrent liabilities</b>	<b>11,461</b>	<b>47,734</b>	<b>45,884</b>	<b>50,598</b>	<b>49,706</b>
Tax	1096.6	627.4	-2794	-725	1108	<b>TOTAL LIABILITIES</b>	<b>23,174</b>	<b>59,473</b>	<b>56,685</b>	<b>65,990</b>	<b>77,233</b>
Profit/(Loss) from JV	-12	-5	0	0	0	<b>SHAREHOLDERS' EQUITY</b>					
<b>Net Profit</b>	1894	269	-6589	-7740	2205	Share Capital	467	513	517	517	517
<b>Adjusted Profit</b>	1894	269	-6589	-7740	2205	Retained Earnings	11,928	14,289	7,697	(163)	1,922
<i>Growth %</i>	51%	-86%	N.A.	N.A.	N.A.	<b>Total Shareholders' Equity</b>	<b>12,395</b>	<b>14,802</b>	<b>11,155</b>	<b>354</b>	<b>2,439</b>
<b>Reported Diluted EPS Rs</b>	39.3	5.3	-127.5	-149.6	42.7						
<i>Growth %</i>	47%	-86%	N.A.	N.A.	N.A.						
<b>Adjusted Diluted EPS Rs</b>	39.3	5.3	-127.5	-149.6	42.7						

Valuation Ratios						Cash Flow Statement					
YE March (Rs. mn)	FY19	FY20	FY21	FY22F	FY23F	YE March (Rs. Mn)	FY19	FY20	FY21	FY22E	FY23E
<b>P/E (x)</b>	35.7	263.5	-11.0	-9.4	32.8	<b>PAT</b>	1836	284	-6592	-7735	2209
<b>P/BV (x)</b>	5.3	4.9	6.5	204.7	29.7	(Less)/Add: Extraordinary Income/Expense	-12	-5	0	0	0
<b>EV/EBIDTA (x)</b>	13.1	11.0	-37.2	127.4	8.5	Less: Non Operating Income	331	378	4693	1032	280
<b>EV/Sales</b>	2.5	3.5	44.5	9.8	3.0	Add: Depreciation	1913	5425	5748	5642	6262
<b>Market Cap./ Sales (x)</b>	2.1	2.1	25.9	5.8	1.8	Add: Interest Paid	1280	4818	4978	4820	4890
<b>Dividend Yield (%)</b>	0%	0%	0%	0%	0%	<b>Operating Profit before WC Changes</b>	<b>5418</b>	<b>10900</b>	<b>8831</b>	<b>3754</b>	<b>13637</b>
						<b>Net Cash Generated From Operations</b>	<b>10082</b>	<b>8181</b>	<b>9099</b>	<b>9851</b>	<b>22082</b>
						<b>Cash Flow from Investing Activities</b>					
						(Inc)/Dec in Fixed Assets	-5543	-6883	-4429	-4386	-6735
						<b>Net Cash Flow from Investing Activities</b>	<b>-15855</b>	<b>-4533</b>	<b>29</b>	<b>-419</b>	<b>-10316</b>
						<b>Cash Flow from Financing Activities</b>					
						(Inc)/(Dec) in Total Loans	4847	582	-250	2250	-800
						<b>Net Cash Flow from Financing Activities</b>	<b>5787</b>	<b>-8433</b>	<b>-5038</b>	<b>-6427</b>	<b>-6556</b>
						Net Inc/Dec in cash equivalents	14	-4785	4090	3004	5209
						<b>Opening Balance</b>	<b>339</b>	<b>352</b>	<b>3235</b>	<b>7323</b>	<b>2126</b>
						<b>Closing Cash and Cash Equivalent s</b>	<b>352</b>	<b>3235</b>	<b>7325</b>	<b>2491</b>	<b>6830</b>

Source: Dalal &amp; Broacha Research, Company

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