

Content pipeline and Occupancy key to recovery

- Revenue from operations at INR 454 Mn, +12% qoq / -95% yoy
- Operating Expenses:
 - Employee Cost came in at INR 486 Mn, +19% qoq / -54% yoy
 - Other Expenses at INR 630 Mn, -23% qoq / -72% yoy
 - Movie exhibition cost at INR 62 Mn vs INR 3 / INR 1927 Mn in Q2FY21 / Q3FY20
 - F&B Cost came in at INR 57 Mn vs INR 17 Mn / INR 682 Mn in Q2FY21 / Q3FY20
- EBITDA loss at INR (781) Mn vs loss of INR (842) Mn and profit of INR 3073 Mn | qoq / yoy
- Depreciation & Amortization at INR 1425 Mn, +3% qoq / +4% yoy
- Finance Cost at INR 1271 Mn, +3% qoq / +4% yoy
- PBT loss at INR (729 Mn) vs loss of INR (2788) Mn and profit of INR 585 Mn | qoq / yoy
- Other Income: INR 2747 Mn vs INR 702 Mn / INR 82 Mn in Q2FY21 / Q3FY20
- Tax expense stood at INR (237) Mn vs INR (951) Mn / INR 221 Mn | qoq / yoy
- PAT loss stood at INR (493) Mn vs loss of INR (1840) Mn and profit of INR 363 Mn | qoq / yoy

Key Highlights of the result

- Admits during the quarter stood at 1 Mn vs 25.9 Mn YoY
- Screens stood at 835 vs 821 in Q3FY20
- ATP at INR 164 during the quarter vs 210 yoy
- SPH at INR 95 in Q3FY21 vs INR 100 yoy
- Total number of seats stood at 1,78,994 in Q3FY21 vs 1,78,063 yoy
- Content pipeline is one of the main headwinds for theatres currently. However, with Master reporting a solid opening and numbers in Tamil Nadu, one can expect other South Indian movies to follow suit and Bollywood to follow up gradually
- One can expect content pipeline to improve massively from April 2021 onwards
- EBITDA will turn positive as content pipeline and occupancy improves

Financial Summary

Y/E Mar (Rs mn)	FY19	FY20	FY21F	FY22F	FY23F
Net sales	30856	34144	2831	20769	42355
% growth	32%	11%	-92%	634%	104%
EBITDA	5863	10766	-3195	5715	15030
PBT	3002	901	-9714	-4900	2535
Adj. PAT	1894	269	-7364	-4353	1896
EPS (Rs)	39.3	5.3	-142.5	-84.3	36.6
EV/EBITDA (x)	13.6	11.3	-39.5	22.3	8.5
P/B (x)	5.5	5.1	7.3	25.7	16.1
P/E (x)	37.4	276.5	-10.3	-17.4	40.2
D/E	0.8	0.8	1.4	4.4	2.3
ROCE (%)	18%	12%	-14%	-1%	11%
RoE (%)	16%	2%	-59%	-147%	40%
Dividend yield (%)	0%	0%	0%	0%	0%

Source: Company

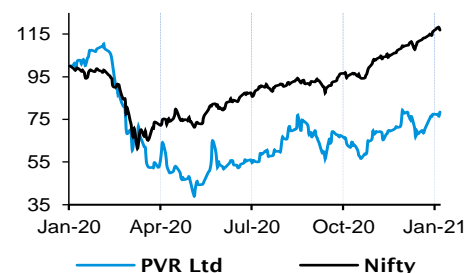
Rating	TP (Rs)	Up/Dn (%)
BUY	1804	22

Market data

Current price	Rs	1,473
Market Cap (Rs.Bn)	(Rs Bn)	81
Market Cap (US\$ Mn)	(US\$ Mn)	1106
Face Value	Rs	10
52 Weeks High/Low	Rs	2083/707
Average Daily Volume	('000)	1185
BSE Code		532689
Bloomberg		PVRL:IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-20	Oct-20
Promoters	18.79	18.79
Public	81.21	81.21
Others	0.00	0.00
Total	100	100

Source: BSE

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Conference Call Key Takeaways

- **Screen Re-opening:** currently 818 screens out of 835 total screens have been re-opened. Screens in Jharkhand (7) & Rajasthan (10) are yet to open. Company added 4 screens during the quarter
- **Monthly Cash Burn:** stood at Rs.527.3mn, down 64% YoY and up 60% QoQ. Large increase in Cash Burn is due to re-start of operations since October 15th, 2020 due to which salary revisions to full has taken place for front line workers and gradual revision for corporate staff.
- **Rent & CAM Negotiations:** have been completed with 88% of landlords. Negotiations successfully completed in terms of Rental & CAM waivers for lockdown period and Discounts for operating months till 31st March, 2021.
- **Long term savings:** barring Rent & CAM expenses, company expects 10-15% savings in other overheads.
- **Gross Debt & Liquidity:** gross debt currently stands at Rs. 15bn up from Rs. 12.7bn QoQ. Cash & Equivalents currently stand at Rs. 3.73bn. Furthermore, board of directors on 18th December, 2020 has approved for a fund raise through equity for an amount not exceeding Rs. 8bn.
- **Unit Metrics during the quarter YoY:** (i) ATP (Rs.) 164 v/s 210, (ii) SPH (Rs.): 95 v/s 100, (iii) Footfalls (in Mns): 1 v/s 21
- **Blockbuster Movies:** releases such as Tenet and Wonder Woman, company has been able to charge equivalent or slightly higher ATP. This stands true for "Master" also which was released on 13th January, 2021.
- **Master:** movie in 2 days of launch has become to 2nd largest Tamil film in Tamil Nadu in terms of Net Box Office collections, which stands at Rs. 205mn. Currently screens are at full capacity (to the limit of state allowance) wherever the movies have been released.
- **ATP:** for library movies are lower v/s for new releases. Once content pipeline normalises, ATP can rise as much as 4-5% from pre-Covid levels.
- **Content Pipeline:** there are a mix of Bollywood, Hollywood and regional movies lined up and ready for release, but dates have not been announced yet. "Master" can set stage for upcoming announcements.

Valuation & Outlook

PVR is currently trading at an EV/EBITDA multiple of 8.5x FY23e EBITDA. With the reduced cost structure, PVR can turn EBITDA positive under 20% utilization levels, however, content pipeline is proving to be a major headwind for movie exhibition. While content pipeline in the South region seems to be healthy (Radhesham and Malik expected to release soon and Master already reporting solid opening weekend), Bollywood is still waiting for the first mover. Management expects pipeline to improve considerably from April 2021 across the board which in turn should drive EBITDA into positive territory. Better pipeline, coupled with gradual increase in occupancy restrictions (as vaccines start rolling out to masses) should provide additional fire to EBITDA. We opine that the post-COVID world will see ATPs and SPHs should surpass all-time highs on the back of pent-up entertainment demand and we believe this phenomenon will play out over FY23.

We retain our BUY rating on the stock, with a target price of INR 1804, based on our FY23 estimates.

Financial

Profit & Loss A/c					
YE March (Rs. mn)	FY19	FY20	FY21F	FY22F	FY23F
Total Revenue	30856	34144	2831	20769	42355
<i>Growth %</i>	32%	11%	-92%	634%	104%
Less:					
Film Distributors Share	7019	7335	328	4499	9483
F&B cost	2387	2637	188	1630	3454
Employee cost	3373	3938	2130	2307	4524
Rent	5059	0	0	0	0
Other expenses	7154	9469	3381	6618	9865
Total Operating Expenditure	24992	23379	6026	15054	27325
EBIDTA	5863	10766	-3195	5715	15030
<i>Growth %</i>	46%	84%	-130%	-279%	163%
EBITDA Margin (%)	19%	32%	-113%	28%	35%
Less: Depreciation	1913	5425	5703	6299	8851
EBIT	3951	5341	-8899	-584	6179
EBIT Margin	13%	16%	-314%	-3%	15%
<i>Growth %</i>	59%	35%	N.A.	N.A.	N.A.
Interest Paid	1280.1	4817.9	4938	4716	4044
Non-operating Income	331.4	377.9	4123.4	400.0	400.0
Exceptional Items	-	-	-	-	-
Profit Before Tax	3002	901	-9714	-4900	2535
Adjusted PBT	3002	901	-9714	-4900	2535
Tax	1096.6	627.4	-2350	-547	639
Profit/(Loss) from JV	-12	-5	0	0	0
Net Profit	1894	269	-7364	-4353	1896
Adjusted Profit	1894	269	-7364	-4353	1896
<i>Growth %</i>	51%	-86%	N.A.	N.A.	N.A.
Net Profit Margin (%)	6%	1%	-260%	-21%	4%
Reported Diluted EPS Rs	39.3	5.3	-142.5	-84.3	36.6
<i>Growth %</i>	47%	-86%	N.A.	N.A.	N.A.
Adjusted Diluted EPS Rs	39.3	5.3	-142.5	-84.3	36.6

Valuation Ratios					
YE March (Rs. mn)	FY19	FY20	FY21F	FY22F	FY23F
P/E (x)	37.4	276.5	-10.3	-17.4	40.2
P/BV (x)	5.5	5.1	7.3	25.7	16.1
EV/EBIDTA (x)	13.6	11.3	-39.5	22.3	8.5
EV/Sales	2.6	3.6	44.5	6.1	3.0
Market Cap./ Sales (x)	2.2	2.2	26.9	3.7	1.8
Dividend Yield (%)	0%	0%	0%	0%	0%

Ratio Analysis					
YE March (Rs. mn)	FY19	FY20	FY21F	FY22F	FY23F
RoE (%)	15.9%	2.0%	-58.5%	-147.5%	40.1%
RoCE (%)	18.0%	12.0%	-14.4%	-1.0%	11.5%
Current Ratio (x)	0.3	0.8	1.2	0.2	0.3
Dividend Payout (%)	6%	45%	0%	-3%	7%
Interest Coverage (x)	3.1	1.1	-1.8	-0.1	1.5
Debt to Equity Ratio	0.8	0.8	1.4	4.4	2.3

Balance Sheet					
Year to December	FY19	FY20	FY21F	FY22F	FY23F
ASSETS					
Current Assets					
Cash in hand and at banks	352	3,235	2,927	172	1,128
Short-term investments					
Accounts receivable	1,839	1,893	155	967	2,553
Loans & Advances	333	338	16	228	696
Other current assets	1,107	1,764	78	569	1,160
Total Current Assets	3,934	7,536	3,190	2,113	5,897
Non-current Assets					
Gross Block	20,056	22,750	24,050	26,550	30,250
Less Depreciation	5,157	6,392	8,656	11,145	14,573
Net Block	14,900	16,358	15,394	15,404	15,677
Capital Work in progress	2,208	1,547	700	1,100	1,100
Right of Use Assets		30,047	31,829	31,295	34,776
Others	4,371	3,797	388	1,707	5,802
Total non-current assets	21,578	51,760	48,321	49,517	57,365
TOTAL ASSETS	25,512	59,297	51,511	51,630	63,263
LIABILITIES AND EQUITY					
Current liabilities					
Trade & notes payable	7,287	6,187	1,008	4,893	9,283
Advance money from customer	1,850	571	1,770	4,560	7,065
Others	2,362	2,777	310	2,276	4,061
Total Current Liabilities	11,713	11,739	5,148	14,030	23,105
Noncurrent liabilities					
Secured Loans	11,461	12,043	15,043	13,043	11,043
Lease Liabilities		35,691	35,916	36,570	39,356
Total noncurrent liabilities	11,461	47,734	50,959	49,613	50,399
TOTAL LIABILITIES	23,174	59,473	56,106	63,644	73,505
Goodwill	13,108	12,455	12,455	12,455	12,455
SHAREHOLDERS' EQUITY					
Share Capital	467	513	517	517	517
Retained Earnings	11,928	14,289	6,919	2,437	4,205
Total Shareholders' Equity	12,395	14,802	10,377	2,955	4,722

Source: Dalal & Broacha Research, Company

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