

REDUCE

TP: Rs 1,160 | ▼ 13%

PVR

Media

21 December 2020

Capital raise to bolster liquidity, new content sparks revival hopes

Board approves fund raising plans: PVR's (PVRL) board has approved its Rs 8bn of capital raising plan. The company has options to raise funds through the equity route - QIP, preferential allotment, or depository receipts, non-convertible debentures, or quasi-equity instruments such as foreign currency convertible bonds, in one or more tranches. This fund-raising plan comes on the heels of a Rs 5bn QIP in Oct'19 and Rs 3bn rights issue in Aug'20.

Adequate liquidity: This capital raise will further bolster PVRL's healthy liquidity position (Rs 5.5bn in Oct'20). Though monthly cash burn may have risen to ~Rs 0.6-0.7bn since resumption of screens (our est., vs. Rs 0.3bn in Q2FY21), this comfortable liquidity position should enable PVRL to sustain its operations for a few more quarters, even if normal occupancies remain elusive.

Occupancies continue to languish...: Though movie screens were allowed to resume operations from mid-Oct, lack of big-ticket releases and state-specific restrictions have kept footfalls at bay. Our interactions with industry incumbents indicate that footfalls remain below 20% of available capacity (<10% of total), which is also reflected in muted box-office collections of the few movies released in recent weeks - 'Suraj Pe Mangal Bhari' (~Rs 40mn), 'Tenet' (~Rs 110mn) and 'Indoo Ki Jawani' (~Rs 11mn in first week).

...But fresh release spark hopes of revival: The Indian box office could potentially get its first commercial success of the post-Covid era in 'Wonder Woman 1984', slated to release on 24 December. The movie has garnered mostly positive reviews from critiques globally, and generated interest in social media - it has received ~53k likes on BookMyShow so far, much higher than 'Tenet'. Media sources, too, highlight healthy advance bookings and a wider release for the film - 1,000+ screens vs. ~750 for 'Tenet'. Importantly, advertisers are also showing interest - PVRL has signed over 40 advertisers and expects to run 14 mins of ad during the screening of the film (vs. ~20mins pre-Covid) - as per a media article. If this film succeeds in the box office, it may prompt theatrical release of pending Bollywood and regional content.

Long-term prospects in tact: Notwithstanding near-term challenges, PVRL's prospects remain solid - leadership in Indian multiplex industry, premium positioning, and strong brand recall. However, we maintain our REDUCE rating with a Dec'21 TP of Rs 1,060 as immediate upside is limited on rich valuations.

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Ticker/Price	PVRL IN/Rs 1,336
Market cap	US\$ 995.5mn
Shares o/s	55mn
3M ADV	US\$ 38.7mn
52wk high/low	Rs 2,125/Rs 718
Promoter/FPI/DII	19%/35%/29%

Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY21E	FY22E	FY23E
Total revenue (Rs mn)	7,997	30,816	37,129
EBITDA (Rs mn)	(2,013)	9,630	12,450
Adj. net profit (Rs mn)	(7,414)	456	2,352
Adj. EPS (Rs)	(134.4)	8.3	42.6
Adj. EPS growth (%)	(2815.7)	(106.2)	415.3
Adj. ROAE (%)	(71.4)	4.2	18.7
Adj. P/E (x)	(9.9)	161.5	31.3
EV/EBITDA (x)	(42.1)	8.9	7.0

Source: Company, BOBCAPS Research

STOCK PERFORMANCE



Source: NSE

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Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

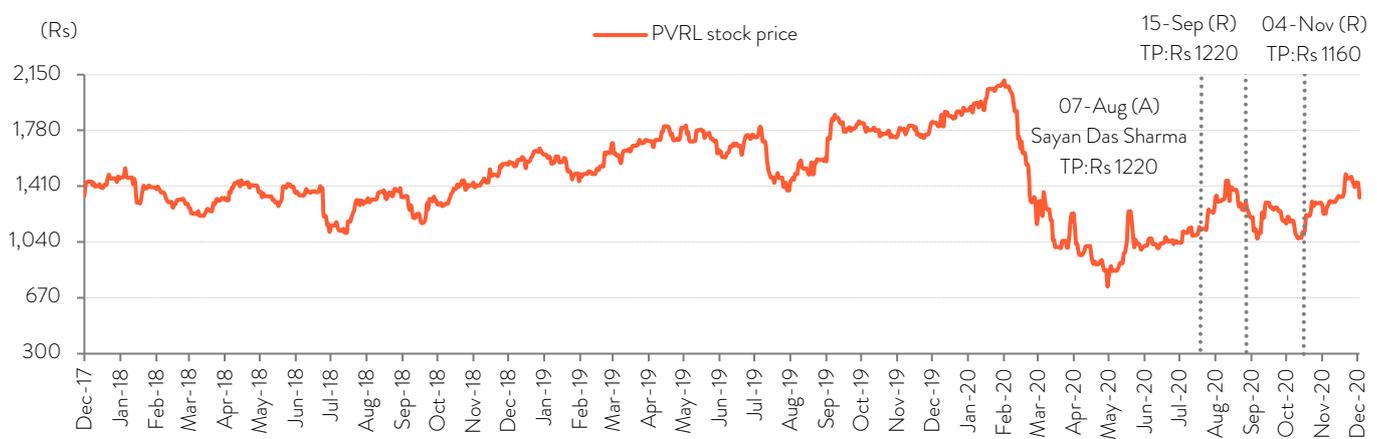
ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

RATINGS AND TARGET PRICE (3-YEAR HISTORY): PVR (PVRL IN)



B – Buy, A – Add, R – Reduce, S – Sell

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