PVR

18 January 2021

Reuters: PVRL.BO; Bloomberg: PVRL IN

3QFY21 Result Update

Release of fresh big budget Hindi films key; will F&B foray create value?

PVR reported revenue of Rs330mn in 3QFY21 (down 96% YoY). EBITDA loss (pre IndAS 116) was Rs1.38bn and net loss was Rs1.35bn (pre IndAS 116). The losses were lower than our estimates as cost increase post opening up has not been as high as we had anticipated. During the quarter, the central government permitted cinemas to reopen starting 15th October at a capacity level of 50%. Since then, state governments have allowed opening up based on their own assessment of the pandemic situation. That has meant a phased opening up. Because of this and due to lack of any exciting fresh content and customer caution, footfalls remained low even in November and December. At present, except for Rajasthan and Jharkhand, (6-7% of Hindi movie revenue), all states have opened up. The stellar performance of regional cinema (Bengali and Tamil) during Durga Puja and during the recent release of 'Master' coinciding with Pongal indicate a strong pent-up demand for fresh content. 'Master', in Tamil Nadu, had the second best opening day collection behind Sarkar (2018 release). Japan and China have apparently had significant interest in multiplex film consumption revolving around some blockbuster local releases. This makes us believe that there is huge pent-up demand and as fear of the virus recedes on vaccine rollout, things will be back to normal by 2QFY22. We think that producers of big budget Hindi films will be encouraged by consumer response to regional cinema to release fresh content in 4QFY21 itself even before a full vaccine roll out. Likely state concessions on entertainment tax, a better revenue share for movies released in 4QFY21 could be other encouraging factors. In 3QFY21, per se, PVR successfully reduced fixed costs by ~63% YoY and has been able to bargain rent concessions till 31st March 2021 from mall operators. PVR expects its employee and overhead costs to reduce structurally by 10-15% though rent and common area maintenance charges (CAM) should be back to pre-Covid levels starting 1st April 2021. Average Ticket Price (ATP) is at pre-Covid levels for fresh content. F&B spend per head (SPH) is not very different from pre-Covid levels. We see the likely big bounce back in domestic growth in FY22 to drive higher advertising spend. Post 3QFY21, we have tweaked estimates a tad at the EBITDA level in FY22/FY23 and have retained our 'Accumulate' rating for PVR with a target price (TP) of Rs1,578 based on an EV/EBITDA multiple of 12x FY23 estimate. We prefer Inox Leisure over PVR due to the room for operating metric improvement and also due to a less levered balance sheet.

Foray into F&B – a game changer? Indian Film Exhibition is a mix of exhibition, QSR and an advertising play (see sector report inside). We believe PVR is attempting to make QSR a separate business. It may operate from cloud kitchens and deliver through Swiggy and Zomato. What plays out well for PVR is its national brand equity and nationwide presence in key cities. Key things to watch out for in the coming quarters (1) what kind of scale up this will see and the kind of investments to back it (2) menu innovation that will make customers come back (3) price points. At current price points (relatively high due to a captive audience) gross margin is high at ~75%. Not sure whether that would work in the larger market context. (4) a separate sub brand? media spends that are required to attract a customer base.

ACCUMULATE

Sector: Film Exhibition

CMP: Rs1,475

Target price: Rs1,578

Upside: 7%

Girish Pai
Head of Research
girish.pai@nirmalbang.com
+91-22-6273 8017

Key Data

Current Shares O/S (mn)	55.2
Mkt Cap (Rsbn/US$bn)	81.4/1.1
52 Wk H / L (Rs)	2,087/705
Daily Vol. (3M NSE Avg.)	2,053,936

Price Performance (%)

	1 M	6 M	1 Yr
PVR	2.9	42.2	(21.5)
Nifty Index	4.9	32.4	16.8

Source: Bloomberg

Y/E March (Rsmn)	3QFY20*	2QFY20*	3QFY21*	3QFY21(Reported)	*YoY (%)*	*QoQ (%)*	3QFY21E*	*Var (%)*
Net revenue	9,157	319	330	330	*(96.4)*	*3.6*	701	*(52.9)*
Film Exhibition Cost	1,927	3	62	62	-	-	83	-
Cost of food & beverages consumed	682	17	57	57	*(91.6)*	*237.6*	34	-
Employee benefit expenses	1,067	407	486	486	*(54.5)*	*19.4*	499	*(2.6)*
Rent	3,679	822	1,104	630	*(70.0)*	*34.3*	1,994	*(44.6)*
Total expenditure	7,355	1,249	1,709	1,235	*(76.8)*	*36.8*	2,610	*(34.5)*
EBITDA	1,802	(930)	(1,379)	(905)	-	-	(1,909)	-
EBITDAM (%)	*19.7*	-	-	-	-	-	-	-
Depreciation	563	583	585	1,425	*3.8*	*0.3*	606	*(3.5)*
Interest costs	392	351	402	1,271	*2.7*	*14.5*	302	*33.1*
Other income	82	117	304	2,871	-	-	113	-
PBT	929	(1,747)	(2,062)	(729)	-	-	(2,704)	-
Tax	339	(587)	(707)	(237)	-	-	(892)	-
Net profit	590	(1,160)	(1,355)	(492)	-	-	(1,811)	-
NPM (%)	*6.4*	-	-	--	-	-	-	-
EPS (Rs)	7.2	(33.8)	(8.2)	(43.9)		--	(32.8)	-

*Source: Company, Nirmal Bang Institutional Equities Research, * Pre IndAS 116*

Exhibit 1: Key financials: PVR (consolidated, Pre – IndAS 116 for EBITDA margins)

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	30,856	34,144	2,603	26,331	37,524
YoY %	*32.2*	*10.7*	*-92.4*	*911.4*	*42.5*
EBITDA	5864	5762	-4692	4840	7858
EBITDA (%)	*19.0*	*16.9*	*-180.2*	*18.4*	*20.9*
Adj. PAT	1890	1214	-5290	1033	2898
YoY %	*51.6*	*-35.8*	*-535.7*	*LP*	*180.6*
FDEPS (Rs)	40.5	23.6	-103.0	18.7	52.5
ROE (%)	*16.3*	*8.9*	*-41.0*	*9.0*	*21.5*
ROCE (%)	*19.2*	*13.6*	*-31.1*	*11.3*	*23.2*
ROIC (%)	*19.6*	*14.7*	*-35.1*	*12.1*	*24.1*
P/E(x)	36.4	62.4	-14.3	78.8	28.1
P/BV (x)	5.6	5.1	6.9	6.8	5.5
EV/EBTDA	13.8	14.4	(17.6)	18.5	11.3

Source: Company, Nirmal Bang Institutional Equities Research. Note: Estimates are ex-IndAS116.

Exhibit 2: Change in estimates- PVR (consolidated, Pre – IndAS 116)

	New			Old			*Deviation (%)*		
Y/E March (Rsmn)	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	*FY21E*	*FY22E*	*FY23E*
Revenue	2,603	26,331	37,524	3,014	25,523	37,397	*(13.6)*	*3.2*	*0.3*
EBITDA	(4,692)	4,840	7,858	(5,563)	4,915	7,863	*(15.7)*	*(1.5)*	*(0.1)*
EBITDA Margin (%)	*-180.2*	*18.4*	*20.9*	*-184.6*	*19.3*	*21.0*	-	-	-
PAT	(5,290)	1,033	2,898	(5,980)	849	2,713	*(11.5)*	*21.6*	*6.8*
FDEPS (Rs)	-103.0	18.7	52.5	(116.5)	15.4	49.2	*(11.5)*	*21.6*	*6.8*

Source: Nirmal Bang Institutional Equities Research

Exhibit 3: Changes in key operational assumptions (consolidated with SPI from FY19)

	Actuals					New			Old		
Parameter	FY16 A	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Number of Screens (YE)	524	579	625	771	845	835	855	935	831	851	931
Growth (%)	12.9	10.5	7.9	23.4	9.6	(1.2)	2.4	9.4	(1.7)	2.4	9.4
Number of screens added	60	55	46	146	74	(10)	20	80	(14)	20	80
Footfalls (mn)	70	75	76	99	102	7	77	116	9	77	115
Growth (%)	17.6	8.2	1.1	30.6	2.3	(93.0)	985.4	49.4	(91.2)	760.9	49.5
Occupancy Rate (%)	34.6	33.0	31.3	36.2	34.9	2.7	23.5	33.0	3.1	23.5	33.0
Gross ATP	188	196	210	207	204	161	189	193	145	181	193
Growth (%)	5.6	4.3	7.1	(1.4)	(1.4)	(21.3)	17.8	1.9	(28.7)	24.6	6.4
Net ATP	146	148	164	165	170	132	155	158	119	149	158
Growth (%)	5.2	1.8	10.5	0.3	3.5	(22.6)	17.8	1.9	(30.0)	24.6	6.4
Gross SPH	72	81	89	91	98	110	99	100	81	96	100
Growth (%)	12.5	12.5	9.9	2.2	7.6	12.1	(9.6)	0.7	(17.3)	18.9	3.8
Net SPH	67	73	80	85	93	105	95	95	77	92	95
Growth (%)	13.6	9.0	9.2	6.7	9.5	12.1	(9.6)	0.7	(17.3)	18.9	3.8
Advertisement Revenue per screen	4.2	4.4	4.9	5.1	4.7	0.4	3.3	4.5	0.6	3.3	4.5
Growth (%)	9.8	6.2	10.2	3.4	(8.2)	(90.4)	647.9	33.1	(87.2)	462.9	33.1

Source: Company, Nirmal Bang Institutional Equities Research

Reiterate our bullish thesis on the sector: We reiterate our long-term thesis that we enunciated in our initiating coverage report (Oligopolistic Business In Its Infancy). We believe that: (1) Indian multiplex industry is an oligopoly (top four players control ~70% of screens) and will remain so as entry barriers are quite formidable and there are no substitutes. This industry structure will deliver steady revenue growth and improved margins as well as RoIC over a long period of time. In the last few years, it has turned into more of a duopoly. (2) PVR and INOL (the two large players) can deliver in the next 10 years at least 5%-10% volume/footfall growth (new screen-driven, attracting both single-screen and new generation customers) per year, respectively, with rise in the realisation of 4%-5%. This will result in revenue CAGR of 10%-15% with EBITDA/PAT growing a tad faster as the revenue mix turns margin rich. Structurally, rise in relevant customer households, which can afford this type of entertainment (currently at 8%-11% of total, in our view), is going to drive demand. Same-store/screen sales growth (SSG), in our view, will be realisation-led at 4%-6%. We believe that: (1) These players deserve premium valuation considering the longevity of earnings compounding and good RoICs. (2) Expensive M&A activity in the past five years and consequent weak return ratios are a small price to pay for achieving consolidation in a nascent industry. Over the long run, as organic growth predominates, the benefits of a better industry structure will far outweigh the price paid. We believe the stranglehold over retail real estate (and slow pace of its expansion) to be the key driver of positive industry dynamics. This will lead to steady increase in capacity, steady pricing power and high occupancy rate. The key risk to sector earnings tends to be the volatility induced by the success of content. This is a very difficult thing to predict. Some movies look great on paper but may turn out to be duds at the box office. But increasingly the content risk is being lowered as Hollywood and Regional movies (both in their original and dubbed versions) are able to command a greater share of GBOC. Besides, there is greater focus on the quality of screenplays. Also, lately the content has been less star-driven and more based on good story lines, which may be a structural shift happening in the industry for the better. OTT challenge in our view is storm in a tea-cup: There has been considerable media speculation and investor angst about the challenge being posed by OTT on the Indian film exhibition sector. While we are cognizant of the threat, we think it is exaggerated, as the economics of taking a movie directly to OTT, for a reasonable budget movie, which will find a theatrical release, is not compelling. In case a movie goes directly to OTT it is likely to get a modest 15-20% return on the cost of production. On the other hand if it goes first through a theatrical release, OTT revenues get enhanced if the movie is a reasonable theatrical success.

PVR to raise equity to maintain its leadership role in the industry: PVR has decided to raise additional equity of up to Rs8bn. We believe this was done so that PVR can (1) take care of any losses from a possible weak 4QFY21 (2) continue to add screens and maintain its distance with Inox Leisure on an organic basis, which its current levered balance sheet may not permit it to (3) pursue inorganic growth opportunities that may arise in the near future. Assets are apparently available reasonably cheap as some of regional cinema chains are facing cash flow problems.

FY22 could be return to normalcy: We believe that until big-ticket films like Akshay Kumar's 'Sooryavanshi' and Ranveer Singh-starrer '83' are released in theatres, strong footfalls in cinemas would be a challenge. Release of new content, consumer propensity to visit cinemas, F&B and ad revenue pick-up are key to growth recovery. In our view, some risks have dissipated over the last few months as (1) A significant reduction in rental cost and a revenue share model with landlords till 4QFY21 would ease off some pressure on monthly cash burn (2) content pipeline looks strong for FY22 as Bollywood film production has also commenced. While near-term pressures are evident, we believe that the long-term prospects for the film exhibition industry, where PVR is the leader in terms of screens and brand equity, are intact as Indians have limited out-of-the home entertainment options. Once India recovers from the pandemic, multiplexes will see a full rebound in footfalls. The industry structure is also in favor of larger players i.e. PVR, Inox and Cinepolis could witness more consolidation. This is a consumer discretionary play where we believe there is considerable headroom for growth.

Takeaways from 3QFY21 results and analyst call

- PVR reported revenue of Rs330mn in 3QFY21 (down 96% YoY). This was largely driven by (1) Rs133.5mn from the sale of movie tickets (2) Rs140.2mn from the sale of F&B (3) Advertisement income - Rs42.2mn and (4) Rs14.4mn income from movie distribution.
- In terms of cost, PVR stated that cost can be divided into two different elements: (1) external costs i.e. rent and CAM. These costs are likely to get back to pre-Covid levels in FY22 as these are contractual and regulatory payments. (2) employee costs and overhead cost – PVR expects a minimum 10-15% long-time reduction in these costs. PVR believes that some of this cost reduction will be permanent in nature due to the way in which the organization is being restructured.

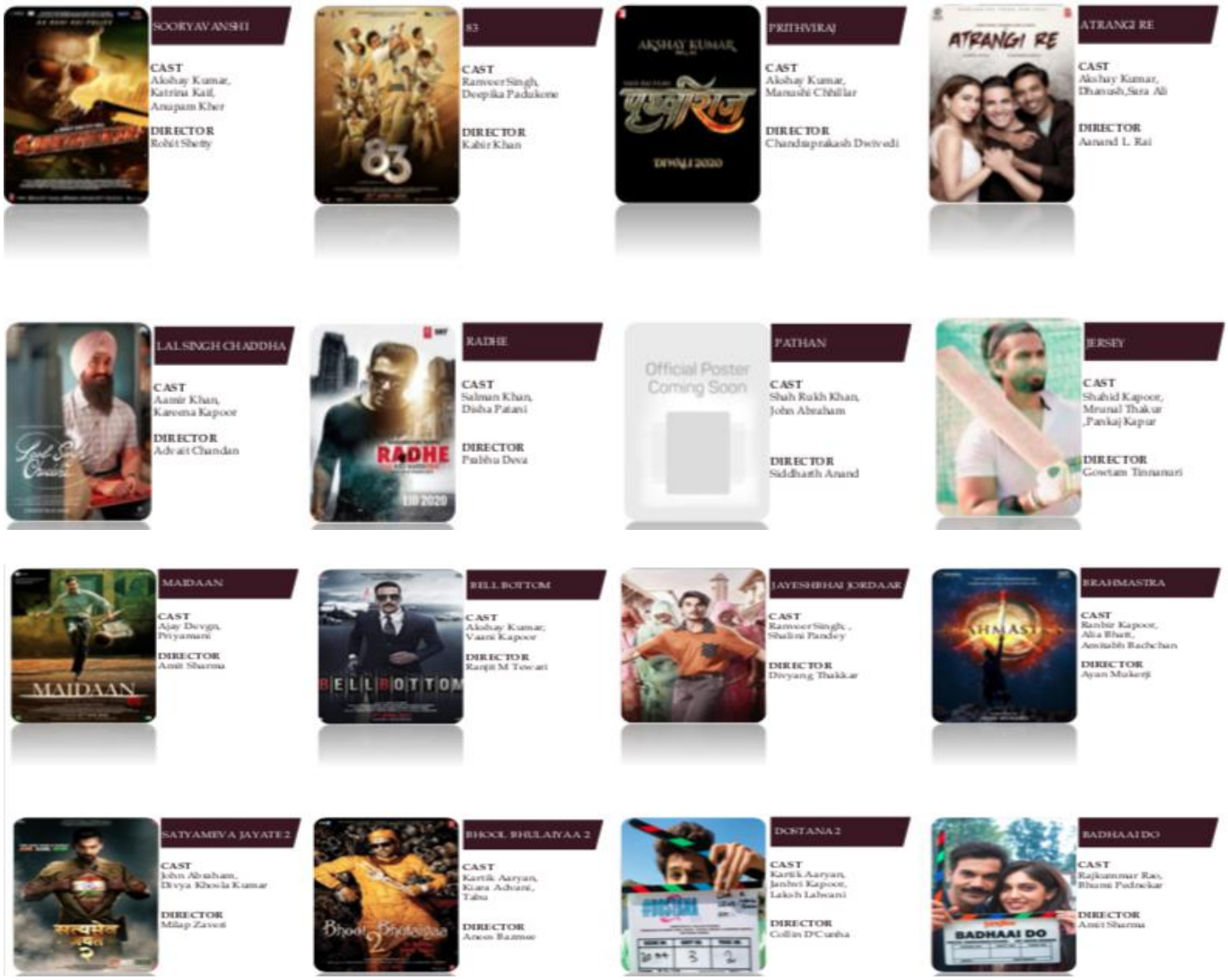
- In order to curtail fixed costs, PVR reported that it has already settled with ~88% of its landlords, and is also being able to get large rental waivers and discounts in Rent and CAM charges, not only for the period of lockdown, but post opening till 31st March 2021. As a result, the Rent and CAM expenses that the company incurred during 9MFY21 is ~80% lower YoY. PVR stated that even though cinemas re-opened, PVR believes that it managed fixed costs quite well, due to which the fixed cost in 3QFY21 was substantially lower (down ~63% YoY). PVR is yet to reopen 56 screens in 13 cinemas, as of 15th January 2021, since certain rental negotiations are currently on-going with the mall developers, landlords, lessors and partners.
- PVR's net debt increased from Rs9.7bn at the end of 4QFY20 to Rs11.3bn in 3QFY21. PVR stated that as on 31st December, it had liquidity of Rs3.7bn, including undrawn banking lines and is confident that it has enough liquidity to sustain operations and meet obligations to tide over the next few months. PVR believes that the cash burn over the next few months would be lower as revenues would take care of some of the incremental costs. PVR also decided to increase its capital, and hence passed an enabling resolution during the quarter, which permits the company to raise additional equity of up to Rs8bn. PVR stated that the three broad reasons why it wants to maintain a strong balance sheet are (1) maintain low leverage. PVR had successfully done a QIP in November 2019 with the objective of reducing leverage (raising ~Rs3bn). Unfortunately, the cash losses during the first 3 quarters of FY21 have consumed it. (2) PVR believes that as the pandemic ends, there will be a massive amount of growth opportunity and the industry would consolidate further as smaller players exit. PVR wants its balance sheet to remain strong so that it can accelerate growth. (3) In case recovery takes slightly longer than anticipated, PVR should have enough cushion in the balance sheet to tide over short-term losses. However, this is an enabling resolution and the final quantum of fund raise or the timing of the fund raise has not been decided upon.
- During the quarter, the Ministry of Home Affairs permitted cinemas to reopen, starting 15th October onwards at a permitted capacity level of 50%. Subsequent to this, various state governments across the country issued notifications, depending upon the Covid situation. As a result, cinema openings during the quarter were staggered between 15th October to November and December. At present, most of the cinemas across the country are open in states where PVR operates, except for Rajasthan and Jharkhand, which till date has not yet decided or given permission to open cinemas. PVR is hopeful that these two state governments will permit opening of theatres in January 2021. Both these states represent a very small number of screens for PVR. PVR believes that Rajasthan and Jharkhand contribute only ~6-7% to Hindi box office revenues, and thus should not be a deterrent for new film releases for producers. The management also expects that with the declining number of Covid cases and vaccine rollout, the Government will increase the 50% occupancy restriction in a couple of months.
- The management stated that the major challenge was content availability during the quarter as the cinema re-opening was also staggered and phased out between October, November and December. Due to lack of new movie releases, revenues were very minuscule. Total admissions during the quarter were only 1mn, largely on account of movie releases like Tenet and Wonder Woman, and a few small films which had been released during the quarter. We believe that as the cinemas are now open, the content pipeline is likely to evolve over the next few months, which will also give us better visibility on how the situation may pan out.
- PVR stated that it's key focus in 3QFY21 and in the near-term is to bring back footfalls. PVR ran a lot of promotions at lower ticket prices during the quarter to attract audience to the theatres. In the last quarter, bulk of the content was library content. PVR believes that whenever the content flow comes back, the ticket pricing will rise and customers will be willing to pay. In the current quarter, ATP was ~Rs164, which is lower than pre-Covid levels. But, with blockbuster content, that ticket pricing tends to higher compared to even pr-Covid levels. This was witnessed with 7-8 movies released during Durga Puja in October, followed by Tenet and Wonder Woman and now with the Tamil film – 'Master'. The management stated that the SPH in 3QFY21 (Rs95) is almost back to pre-Covid levels (Rs100 in 3QFY20). PVR stated that pricing has never been a concern for the company whether it is for the movie ticket or for food.
- PVR believes that it is quite likely that the pandemic will lead to greater consolidation in the industry with developers also looking to work with stronger established players. While the pipeline for screen openings is extremely large, it expects a significant addition to that pipeline once operations normalize. PVR is seeing signs where the smaller operators or smaller single screen operators are facing issues. This is likely to throw up opportunities in favor of some of the bigger operators.

- The management stated that it does not anticipate any significant changes in the per screen capex intensity in the post-Covid world.
- PVR stated that it does not see the direct-to-streaming platform release trend sustaining beyond the next 3-6 months. A lot of streaming platforms may continue to produce original content, which is essentially films which will be commissioned by the streaming platforms - initiated by producers and commissioned & funded by the streaming platforms. These will release directly on streaming platforms. PVR expects to see a lot of those, but not at the cost of theatrical releases. It believes that the initial euphoria around OTT has died down as both OTT players as well as producers realize that that the economics are not as rosy as they were projected to be (without theatrical release of the same content).
- A slight realignment in revenue share with producers likely: PVR hinted that there could be a slight shift in revenue share between the movie producers and the exhibitors in the short-term, but could revert back to normal as customers come back into the cinemas. However, the windowing of content – currently at 60 days – will not see a change.
- PVR expects State Governments to waive entertainment tax for a couple of months following Kerala's lead. Also, PVR is hopeful that some relief measures or stimulus will be announced in the budget on 1st February 2021.
- PVR stated that the loyalty program is seen as a great tool for operations. The company had used this platform and database to spread awareness about the measures that have been taken to keep cinemas safe. PVR has also been able to sell a lot of gift cards over its loyalty program and was able to garner some decent number of footfalls through the campaigns it ran on the loyalty program for films like Tenet and Wonder Woman.
- With regard to the F&B spend, the management commented that it is serving F&B at all sites except in Maharashtra, where F&B is only permitted to be consumed in the foyer. Due to this, patrons are unable to carry their food articles inside the auditorium. Beyond that, PVR also has a curtailed menu so that it can serve more people and keep the strike rate intact. PVR is starting its beta trials on Zomato on 18th January 2021 and within about 4-6 weeks, it would scale this up to many more sites.
- PVR believes that the share of the top 100 movies in the box office, which is at 78-79% of overall box office or admissions since the last 7-8 years will likely continue to stay the same over the next 3-5 years.
- The management stated that the increase in box office collection in 3QFY21 was driven by higher number of people opting to watch a movie in a theatre and very marginally by higher ticket prices.
- **Fresh content is doing well post opening up in select geographies:** Producers were apprehensive about the 50% capacity restriction and customer sentiment. However, the performance of 'Master', which got released during Pongal in Tamil Nadu, has exceeded expectations. The film is turning out to be the second biggest opener for Tamil cinema. The biggest opener was 'Sarkar' with about Rs235mn net Box Office collection in Tamil Nadu (in 2018) and 'Master' has opened with ~Rs205mn net Box Office collection in Tamil Nadu. 'Master' has also performed well in international markets – UAE, Malaysia, Singapore and the US. Some smaller Tamil films also released recently – 'Eeswaran' and 'Simbu'. Both these films are small sized but are doing exceedingly well at the box office. A Telugu film called 'Red', which released recently, is also doing exceedingly well. This paves the way for producers of big Hindi films, who have been ready to release films. Among the international markets, post opening up, Japan and China have a very strong domestic industry with successes at the box office. In the recent 3-4 months, Japan has seen a success around a movie called Demon Slayer. In China, there was a similar experience where '800', a local film released about 2 months back and has done very well.

Movie releases in 3QFY21

Content pipeline

Bollywood Content Pipeline:



ANTIM: THE FINAL TRUTH

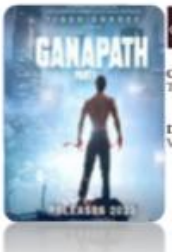
CAST
Salman Khan,
Jisshu Sengupta,
Aayush Sharma

DIRECTOR
Mahesh Manjrekar

SARDAR UDHAM SINGH

CAST
Vicky Kaushal

DIRECTOR
Shoojit Sircar



GANAPATH

CAST
Tiger Shroff

DIRECTOR
Vikas Bahl

HERO PANTI 2

CAST
Tiger Shroff

DIRECTOR
Ahmed Khan

MISSION MAJNU

CAST
Siddharth Malhotra

DIRECTOR
Shantanu Bagchi

TOOFAN

CAST
Farhan Akhtar

DIRECTOR
Rakesh Om Prakash Sharma

GANGUBAI KATHIAWADI

CAST
Alia Bhatt

DIRECTOR
Sanjay Leela Bansali

Hollywood Content Pipeline:

NO TIME TO DIE

CAST
Daniel Craig,
Ana de Armas,
Rami Malek

DIRECTOR
Cary Joji Fukunaga

PETER RABBIT 2

CAST
James Corden,
Elizabeth Debicki,
Lennie James

DIRECTOR
Will Gluck

F9

CAST
Vin Diesel,
Michelle Rodriguez,
Charlize Theron

DIRECTOR
Justin Lin

A QUIET PLACE II

CAST
Emily Blunt,
Millicent Simmonds,
Cillian Murphy

DIRECTOR
John Krasinski

BLACK WIDOW

CAST
Scarlett Johansson,
Florence Pugh,
David Harbour

DIRECTOR
Cate Shortland

GODZILLA VS KONG

CAST
Millie Bobby Brown,
Alexander Skarsgård,
Eiza González

DIRECTOR
Adam Wingard

FREE GUY

CAST
Taika Waititi,
Ryan Reynolds,
Jodie Comer

DIRECTOR
Shawn Levy

TOP GUN : MAVERICK

CAST
Tom Cruise,
Jennifer Connelly,
Miles Teller

DIRECTOR
Joseph Kosinski

MORTAL KOMBAT

CAST
Jessica McNamee,
Hiroyuki Sanada,
Joe Taslim

DIRECTOR
Simon McQuoid

THE CONJURING : THE DEVIL MADE ME DO IT

CAST
Vera Farmiga,
Patrick Wilson,
Julian Hilliard

DIRECTOR
Michael Chaves

GHOSTBUSTERS AFTER LIFE

CAST
Finn Wolfhard,
Mckenna Grace,
Carrie Coon

DIRECTOR
Jason Reitman

VENOM: LET THERE BE CARNAGE

CAST
Tom Hardy,
Michelle Williams,
Woody Harrelson

DIRECTOR
Andy Serkis

CRUELLA

CAST
Emma Stone,
Paul Walter Hauser,
Emma Thompson

DIRECTOR
Craig Gillespie

MINIONS: THE RISE OF GRU

CAST
Julie Andrews,
Steve Carell,
Lucy Lawless

DIRECTOR
Kyle Balda,
Brad Ableson

JUNGLE CRUISE

CAST
Emily Blunt,
Dwayne Johnson,
Jesse Plemons

DIRECTOR
Jaume Collet-Serra

THE SUICIDE SQUAD 2

CAST
Margot Robbie,
Taika Waititi,
Alice Braga

DIRECTOR
James Gunn

DEATH ON THE NILE

CAST
Gal Gadot,
Emma Mackey,
Kenneth Branagh

DIRECTOR
Kenneth Branagh

THE BOSS BABY : FAMILY BUSINESS

CAST
Alec Baldwin,
John Flanagan,
James McGrath

DIRECTOR
Tom McGrath

THE KING'S MAN

CAST
Matthew Goode,
Gemma Arterton,
Aaron Taylor-Johnson

DIRECTOR
Matthew Vaughn

THE TOMORROW WAR

CAST
Yvonne Strahovski,
Betty Gilpin,
Chris Pratt

DIRECTOR
Chris McKay

BLACK ADAM

CAST
Dwayne Johnson,
Sarah Shahi,
Aldis Hodge

DIRECTOR
Jaume Collet-Serra

DOCTOR STRANGE IN THE MULTIVERSE OF MADNESS

CAST
Elizabeth Olsen,
Rachel McAdams,
Benedict Cumberbatch

DIRECTOR
Sam Raimi

IN THE HEIGHTS

CAST
Lin-Manuel Miranda,
Stephanie Beatriz,
Anthony Ramos

DIRECTOR
Jon M. Chu

DUNE

CAST
Zendaya,
Rebecca Ferguson,
Timothée Chalamet

DIRECTOR
Denis Villeneuve

Regional Content Pipeline:

DOCTOR [TAMIL]

CAST
Sivakarthikeyan,
Priyanka Arul Mohan,
Iraiy

DIRECTOR
Nelson Dilipkumar

COBRA [TAMIL]

CAST
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Financials of PVR (consolidated, P&L is pre-Indas16)

Exhibit 4: Income statement

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	**30,856**	**34,144**	**2,603**	**26,331**	**37,524**
Growth (%)	32.2	10.7	(92.4)	911.4	42.5
Exhibition Cost (Distributor Share)	7,019	7,335	408	5,161	7,856
Food & Beverages Cost	2,387	2,637	242	2,120	3,191
Employee Benefits Expense	3,373	3,938	2,117	3,754	4,354
Rent	5,233	7,356	1,239	4,855	6,153
Repairs & Maintenance,	1,109	-	-	-	-
Electricity & common area maintenance	2,860	3,490	1,753	2,894	4,155
Other Expenses (includes production, distribution & print charges)	3,011	3,627	1,535	2,707	3,957
Total Expenses	**24,992**	**28,382**	**7,295**	**21,491**	**29,666**
EBITDA	**5,864**	**5,762**	**(4,692)**	**4,840**	**7,858**
Growth (%)	**47.6**	**-1.7**	**PL**	**LP**	**62.3**
% of sales	19.0	16.9	-180.2	18.4	20.9
Depreciation & Amortization	1,913	2,324	2,376	2,538	2,800
EBIT	3,951	3,438	(7,068)	2,302	5,057
% of sales	12.8	10.1	-271.5	8.7	13.5
Other income (net)	331	378	616	196	129
Interest	1,280	1,521	1,508	904	775
Exceptional Item	-	-	-	-	-
PBT	3,002	2,294	(7,961)	1,594	4,411
PBT margin (%)	9.7	6.7	-305.8	6.1	11.8
Tax	1,097	1,077	(2,673)	561	1,513
Effective tax rate (%)	**36.5**	**46.9**	**33.6**	**35.2**	**34.3**
Net profit	**1,905**	**1,217**	**-5,288**	**1,033**	**2,898**
Minority Interest	**-11**	**-**	**-**	**-**	**-**
Adjusted Net Profit	**1,895**	**1,217**	**-5,288**	**1,033**	**2,898**
Growth (%)	*51*	*(36)*	*PL*	*LP*	*181*
Net profit margin (%)	*6.1*	*3.6*	*(203.1)*	*3.9*	*7.7*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Balance sheet

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Equity capital	467	514	552	552	552
Reserves & surplus	11,928	14,289	10,425	11,457	14,355
Networth	12,395	14,802	10,976	12,009	14,907
Minority Interest	2,566	3	-	-	-
Other liabilities	3,409	1,757	1,422	1,422	1,422
Total Debt	11,039	9,134	8,881	9,122	7,922
Lease Liabilities		35,691	38,626	38,726	39,126
Total liabilities	**29,409**	**61,387**	**59,905**	**61,279**	**63,377**
Net Fixed Assets	17,119	17,911	19,202	19,702	21,702
Right-of-use assets		30,047	28,523	28,623	29,023
Goodwill on consolidation	11,116	10,520	10,520	10,520	10,520
Intangible assets	1,992	1,935	1,876	1,876	1,876
Long term loans and advances	2,301	2,396	2,294	2,412	2,880
Deferred tax asset	107	2,063	4,171	4,171	4,171
Other non-current assets	14,489	1,884	10,527	11,967	11,967
Cash & bank balances	341	3,223	1,856	941	674
Current Investment	11	12	10	10	10
Current assets	3,581	4,301	3,596	2,950	3,418
Current liabilities	10,532	12,905	12,150	11,372	12,343
Net current assets	(6,951)	(8,603)	(8,553)	(8,422)	(8,926)
Total assets	**29,409**	**61,387**	**59,905**	**61,279**	**63,377**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Cash flow

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
EBIT	3,951	3,438	(7,068)	2,302	5,057
(Inc.)/dec. in working capital	2,257	1,653	(50)	(131)	504
Cash flow from operations	**6,207**	**5,090**	**(7,118)**	**2,171**	**5,561**
Other income	331	378	616	196	129
Depreciation & amortisation	1,913	2,324	2,376	2,538	2,800
Financial expenses	1,280	1,521	1,508	904	775
Tax paid	1,097	1,077	(2,673)	561	1,513
Dividends paid	0	248	0	0	0
Net cash from operations	**6,075**	**4,946**	**(2,962)**	**3,439**	**6,202**
Capital expenditure	14,572	2,015	253	1,943	4,071
Increase in other non current assets	7,775	(10,554)	10,649	1,559	468
Net cash after capex	**(16,272)**	**13,485**	**(13,864)**	**(62)**	**1,663**
Inc./(dec.) in debt	4,425	(1,905)	(254)	241	(1,200)
(Inc.)/dec. in investments	0	1	(1)	0	0
Equity Issuance	(264)	5,000	3,000	(0)	0
Cash from financial activities	**(1,497)**	**(1,458)**	**(1,665)**	**(1,822)**	**(1,786)**
Others	(3,243)	6,244	(138)	553	2,907
Opening cash	656	341	3,223	1,856	941
Closing cash	341	3,223	1,167	829	862
Change in cash	(315)	2,881	(2,057)	(1,028)	(79)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Key ratios

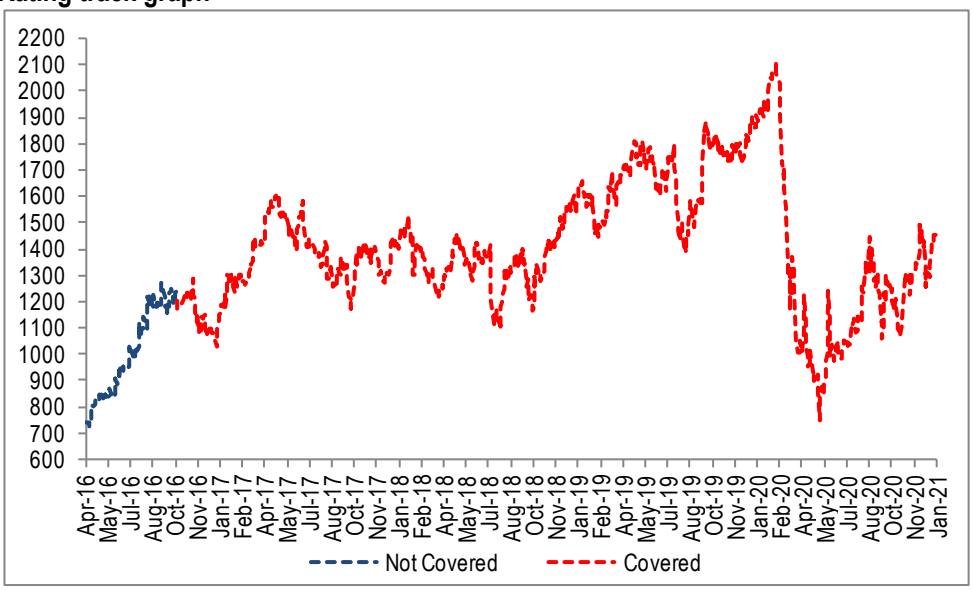
Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Per Share (Rs)					
FDEPS	40.5	23.6	-103.0	18.7	52.5
Dividend Per Share	0.0	4.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.3	0.0	0.0	0.0
Book Value	265	288	214	218	270
Dividend Payout Ratio (incl DT)	0.0	20.4	0.0	0.0	0.0
Return ratios (%)					
RoE	16.3	8.9	-41.0	9.0	21.5
RoCE	19.2	13.6	-31.1	11.3	23.2
ROIC	19.6	14.7	-35.1	12.1	24.1
Tunover Ratios					
Asset Turnover Ratio	1.5	1.4	0.1	1.3	1.7
Debtor days	22	20	188	17	14
Working Capital Cycle Days	(82)	(92)	(1,199)	(117)	(87)
Solvency Ratios					
Net Debt/Equity	1.0	0.5	0.6	0.7	0.5
Net Debt/EBITDA	2.1	1.3	-1.5	1.7	0.9
Valuation ratios (x)					
PER	36.4	62.4	-14.3	78.8	28.1
P/BV	5.6	5.1	6.9	6.8	5.5
EV/EBITDA	13.8	14.4	-17.6	18.5	11.3
EV/Sales	2.6	2.4	31.8	3.4	2.4
M-cap/Sales	2.2	2.2	29.1	3.1	2.2

Source: Company, Nirmal Bang Institutional Equities Research

Rating track: PVR

Date	Rating	Market price (Rs)	Target price (Rs)
5 October 2016	Buy	1,235	1,416
1 November 2016	Buy	1,223	1,446
6 December 2016	Buy	1,069	1,275
6 February 2017	Accumulate	1,298	1,315
14 February 2017	Accumulate	1,298	1,433
22 May 2017	Accumulate	1,514	1,469
31 May 2017	Accumulate	1,448	1,494
27 July 2017	Accumulate	1,357	1,453
30 October 2017	Accumulate	1,420	1,458
1 February 2018	Accumulate	1,460	1,590
7 May 2018	Buy	1,425	1,776
27 July 2018	Buy	1,119	1,746
29 October 2018	Buy	1,296	1,785
28 January 2019	Buy	1,562	1,796
9 April 2019	Buy	1,681	2,005
14 May 2019	Buy	1,730	2,017
26 July 2019	Accumulate	1,790	2,017
18 October 2019	Buy	1,840	2,166
24 January 2020	Buy	1,892	2,265
24 February 2020	Buy	2,071	2,386
17 March 2020	Buy	1,339	2,100
19 May 2020	Buy	746	1,063
9 June 2020	Accumulate	1,087	1,131
16 September 2020	Accumulate	1,265	1,229
05 November 2020	Accumulate	1,116	1,229
05 January 2021	Accumulate	1,399	1,559
18 January 2021	Accumulate	1,475	1,578

Rating track graph



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Team Details:

Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address
B-2, 301/302, Marathon Innova,
Nr. Peninsula Corporate Park,
Lower Parel (W), Mumbai-400013.
Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010