

PVR Inox

Recovery likely from Q2 FY25; maintaining a Buy

With revenue down 8.8% y/y (5.2% q/q) to Rs11.9bn, PVR Inox's Q1 was weak mainly due to the general elections, which caused many producers to delay releases, resulting in a 13% y/y drop in film releases. The company reported EBITDA loss of Rs 378m (pre-Ind-AS). The quarter saw only three blockbusters crossing Rs1bn (~57% y/y fall). We expect recovery from Q2, supported by a strong content pipeline and no scheduled disruptions. We maintain our estimates and retain our Buy recommendation with a raised TP of Rs1,750 (14x FY26e pre-Ind-AS EBITDA vs. 13x earlier). We believe good content would be appreciated, regardless of budgets and stars. Movies with good content are larger than ever; those that don't work have fallen far.

Weak Q1; recovery expected from Q2. Strong recovery was seen in June after the elections postponed movie releases. With some hits including Kalki 2898 AD (Hindi/Telugu), Munjya (Hindi) and Aavesham (Malayalam), the Indian box office reached respectively Rs3.5bn/Rs1.1bn/Rs1bn gross collection. The quarter overall was subdued, with 30.4m admissions (down 6.7% q/q). Occupancy was 20.3% (22.6% the prior quarter); ATP Rs235 (flat q/q); SPH Rs134 (up 3.7% q/q). The company added ~50 screens (gross) in Q1 and closed ~14, taking the count to 1,754. It reiterated opening 120 screens (gross) and net 50-60 in FY25. Net debt was Rs13.2bn (Rs12.9bn in FY24).

Strong content pipeline to boost admission, ATP. Management expects FY25 to see full recovery of content pipeline, similar to pre-Covid levels. It expects improvement in ATP from Q2. It is optimistic of having similar admission levels in FY25 as in FY24 and aims at capitalising further on re-releases of old movies. Further, with regard to its JV with Devyani International, the company intends to open 4-5 food courts in FY25, of which two would be opened in the next 2-3 months.

Risk: Poor content.

Key financials (YE Mar)	FY23	FY24	FY25e	FY26e
Sales (Rs m)	37,506	61,071	64,469	73,932
Net profit (Rs m)	-2,429	1,144	3,038	5,187
EPS (Rs)	-24.8	11.7	31.0	52.9
P/E (x)	NA	122.1	46.0	26.9
EV / EBITDA (x)	48.1	21.5	14.7	11.2
P/BV (x)	1.9	1.9	1.8	1.7
RoE (%)	-5.6	1.6	4.1	6.6
RoCE (%)	0.2	2.0	4.4	6.4
Dividend yield (%)	-	-	-	-
Net debt / equity (x)	0.0	0.0	-0.0	-0.1

Source: Company, Anand Rathi Research

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Rating: **Buy**

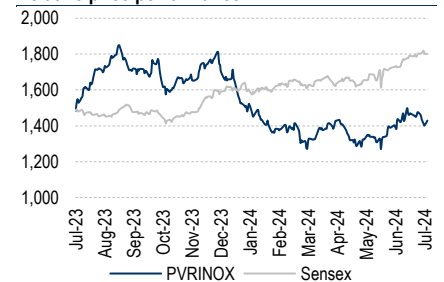
Target Price: Rs.1,750

Share Price: Rs.1,425

Key data	PVRINOX IN
52-week high / low	Rs1880 / 1204
Sensex / Nifty	80502 / 24509
3-m average volume	\$11m
Market cap	Rs140bn / \$1676.9m
Shares outstanding	98m

Shareholding pattern (%)	Jun'24	Mar'24	Dec'23
Promoters	27.8	27.8	27.8
- of which, Pledged	5.9	5.3	4.2
Free float	72.6	72.6	72.6
- Foreign institutions	18.1	16.8	21.8
- Domestic institutions	38.8	40.2	39.2
- Public	15.7	15.6	11.6

Relative price performance



Source: Bloomberg

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Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m) (pre-Ind AS)

Year-end: Mar	FY23	FY24	FY25e	FY26e
Net revenues (Rs m)	37,506	61,071	64,469	73,932
Growth (%)	203.5	62.8	5.6	14.7
Occupancy (%)	27.2	26.0	26.0	28.0
Direct costs	11,286	19,107	19,952	23,048
Gross profit	26,220	41,964	44,517	50,884
Gross margins (%)	69.9	68.7	69.1	68.8
Other expenses	23,018	34,843	34,169	37,705
EBITDA	3,202	7,121	10,348	13,179
EBITDA margins (%)	8.5	11.7	16.1	17.8
- Depreciation	3,029	4,707	5,018	5,258
Other income	684	966	500	500
Interest expenses	1,589	1,854	1,779	1,504
PBT	-732	1,526	4,050	6,917
Effective tax rates (%)	-189.0	25.0	25.0	25.0
+ Associates / (Minorities)	-	-	-	-
Net income	-2,429	1,144	3,038	5,187
WANS	98.0	98.0	98.0	98.0
FDEPS (Rs)	-24.8	11.7	31.0	52.9

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e
PBT	-732	1,526	4,050	6,917
+ Non-cash items	11,191	17,048	6,298	6,262
Oper. prof. before WC	10,459	18,574	10,348	13,179
- Incr / (decr.) in WC	-1,429	890	-407	283
Others incl. taxes	-	326	-1,013	-1,729
Operating cash-flow	9,030	19,790	8,929	11,733
- Capex (tang. + intang.)	-6,273	-6,269	-5,236	-5,956
Free cash-flow	2,757	13,521	3,693	5,777
Acquisitions	-	-	-	-
- Div. (incl. buyback & taxes)	-	-	-	-
+ Equity raised	305	188	-	-
+ Debt raised	1,264	-732	-2,000	-3,000
- Misc. (CFI + CFF)	-7,106	-14	-	-
Net cash-flow	NA	422	409	1,773

Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 2 – Balance sheet (Rs m)

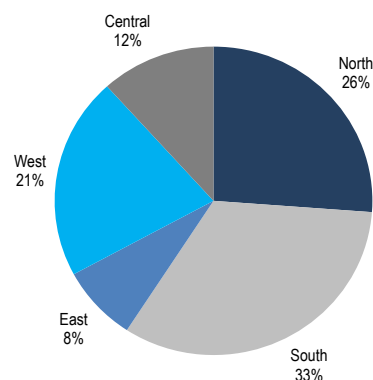
Year-end: Mar	FY23	FY24	FY25e	FY26e
Share capital	980	981	981	981
Net worth	73,292	73,232	76,266	81,453
Debt	17,927	17,177	15,177	12,177
Minority interest	-	-	-	-
DTL / (Assets)/ Lease liabilities	58,236	60,995	60,995	60,995
Capital employed	149,455	151,404	152,438	154,625
Net tangible assets	83,177	85,973	86,191	86,889
Net intangible assets	1,480	1,377	1,377	1,377
Goodwill	57,428	57,431	57,431	57,431
CWIP (tang. & intang.)	2,473	2,464	2,464	2,464
Investments (strategic)	2	161	161	161
Investments (financial)	11,708	11,020	11,020	11,020
Current assets (excl. cash)	4,880	5,740	7,050	7,675
Cash	3,616	4,038	4,447	6,220
Current liabilities	15,309	16,800	17,703	18,611
Working capital	-10,429	-11,060	-10,653	-10,937
Capital deployed	149,455	151,404	152,438	154,625

Fig 4 – Ratio analysis

Year-end: Mar	FY23	FY24	FY25e	FY26e
P/E (x)	NA	122.1	46.0	26.9
EV / EBITDA (x)	48.1	21.5	14.7	11.2
EV / sales (x)	4.1	2.5	2.4	2.0
P/B (x)	1.9	1.9	1.8	1.7
RoE (%)	-5.6	1.6	4.1	6.6
RoCE (%) - after tax	0.2	2.0	4.4	6.4
RoIC (%) - after tax	0.2	2.0	4.5	6.7
DPS (Rs)	-	-	-	-
Dividend yield (%)	0.0	0.0	0.0	0.0
Dividend payout (%) - incl. DDT	-	-	-	-
Net debt / equity (x)	0.0	0.0	-0.0	-0.1
Receivables (days)	21	21	21	21
Inventory (days)	7.0	5.0	5.0	5.0
Payables (days)	54	43	43	43

Source: Company, Anand Rathi Research

Fig 6 – Percent of screens, region-wise (Q1 FY25 – 1,754 total screens)



Source: Company

Fig 7 – Quarterly (pre-IndAS)

(Rs m)	Q1 FY25	Q4 FY24	Q/Q change (%)	Q1 FY24	Y/Y change (%)
Revenues	11,907	12,564	(5.2)	13,049	(8.8)
EBITDA	(378)	12	NA	808	NA
EBITDA margins %	-3.17	0.10	-327 bps	6.19	-937 bps
EBIT	(1,363)	(770)	NA	(108)	NA
EBIT margins %	-11.4	-6.1	-532 bps	-0.8	-1062 bps
PBT	(1,814)	(1,223)	NA	(572)	NA
Net profit	(1,366)	(901)	NA	(441)	NA

Source: Company

New screens**Fig 8 – Gross screens added in Q1 FY25**

Property	Screens
PVR Forum Mall, Kochi	9
INOX Phoenix Market City, Bengaluru (Mall of Asia)	14
PVR KOPA, Koregaon Park, Pune	7
PVR Ambience Gurgaon (Experience Zone)	4
INOX Urban Square Udaipur	6
PVR Machlipatnam, Andhra Pradesh	3
PVR LIDO Mumbai	3
INOX Prism, Hyderabad	4
Gross Screens opened in Q1FY25	50

Source: Company

Fig 9 – Net screens added in Q1 FY25

	Screens
Screens opened	50
- Screens closed	-14
Net screens added in Q1FY25	36

Source: Company

Fig 10 – GBOC share

Movie	PVR Inox GBOC (Rs m)	India GBOC (Rs m)	PVR INOX share (%)	Type
Munjya	457	1,114	41.0	Bollywood
Chandu Champion	323	676	47.8	Bollywood
Maidaan	301	614	49.0	Bollywood
Crew	347	610	56.9	Bollywood
Godzilla X Kong	384	789	48.7	Hollywood
Kingdom of the Planet of the Apes	130	288	45.1	Hollywood
Inside Out 2	200	249	80.3	Hollywood
Furiosa	109	195	55.9	Hollywood
Kung Fu Panda 4	94	119	78.9	Hollywood
Kalki 2898 AD (Hindi/Telugu)	842	3,537	23.8	Regional
Aavesham (Malayalam)	133	1011	13.2	Regional
Maharaja (Tamil)	150	780	19.2	Regional
Aranmanai 4 (Tamil)	118	749	15.8	Regional
Tillu Square (Telugu)	108	564	19.1	Regional

Source: Company

Fig 11 – Movie line-up (FY25)

Name	Date	Star	Director	Genre
Q2FY25 Lineup				
Bollywood				
Bad Newz	19 th Jul'24	Vicky Kaushal, Tripti Dimri, Ammy Virk	Anand Tiwari	Drama
Auron Mein Kahan Dum Tha	2nd Aug'24	Ajay Devgn, Tabu, Jimmy Shergill	Neeraj Pandey	Drama
Ulajh	2nd Aug'24	Janhvi Kapoor, Roshan Mathew	Sudhanshu Saria	Thriller/Drama
Stree 2	15th Aug'24	Shraddha Kapoor, Rajkumar Rao, Pankaj Tripathi	Amar Kaushik	Horror
Vedaa	15th Aug'24	John Abraham, Sharwari Wagh	Nikhil Advani	Action
Khel Khel Mein	15th Aug'24	Akshay Kumar, Taapsee Pannu	Mudassar Aziz	Thriller/Comedy
Emergency	6th Sep'24	Kangana Ranaut, Anupam Kher	Kangana Ranaut	Biography/Drama
Regional				
Raayan (Tamil)	26th Jul'24	Dhanush, Sundeep Kishan	Dhanush	Action/Drama
Double Ismart (Telugu)	15th Aug'24	Ram Pothineni, Sanjay Dutt	Puri Jagannadh	Action/Thriller
The Greatest of All Time (Tamil)	5 th Sep'24	Vijay, Meenakshi Chaudhary, Mohan	Venkat Prabhu	Action
The Buckingham Murder	13 th Sep'24	Kareena Kapoor, Keith Allen	Hansal Mehta	Thriller/Crime
OG-Original Gangsters (Telugu)	27 th Sep'24	Pawan Kalyan, Emraan Hashmi, Prakash Raj, Priyanka Arul Mohan	Sujeeth	Action & Thriller
Hollywood				
Fly Me To The Moon	12 th Jul'24	Scarlett Johansson, Channing Tatum	Greg Berlanti	Comedy
Deadpool & Wolverine	26 th Jul'24	Ryan Reynolds, Hugh Jackman, Emma Corrin	Shawn Levy	Action
Transformers One	20 th Sep'24	Chris Hemsworth, Brian Tyree Henry, Scarlett Johansson	Josh Cooley	Animation, Action & Adventure
Q3FY25 Lineup				
Bollywood				
Sky Force	2nd Oct'24	Akshay Kumar, Veer Pahariya	Sandeep Kewani	Action/Thriller
Vicky Vidya Ka Woh Wala Video	11th Oct'24	Rajkumar Rao, Tripti Dimri	Raaj Shaandilyaa	Comedy
Deva	11th Oct'24	Shahid Kapoor, Pooja Hegde	Rosshan Andrews	Action/Thriller
Jigra	11th Oct'24	Alia Bhatt, Vedant Raina	Vasan Bala	Action
Bhool Bhulaiyaa 3	1st Nov'24	Kartik Aryan	Anees Bazmee	Horror/Comedy
Singham Again - IMAX	1st Nov'24	Ajay Devgn	Rohit Shetty	Action
Dhadak 2	22nd Nov'24	Siddhant Chaturvedi, Tripti Dimri	Shazia Iqbal	Romance
Metro In Dino	29th Nov'24	Aditya Roy Kapur, Sara Ali Khan, Ali Fazal, Fatima Sana Shaikh	Anurag Basu	Romance/Drama
Sitare Zameen Par	25th Dec'24	Aamir Khan, Genelia Dsouza	Aamir Khan	Drama/Comedy
Baby John - IMAX	25th Dec'24	Varun Dhawan	Kalees	Action/Drama
Regional				
Vettaiyan (Tamil)	10th Oct'24	Rajinikanth, Amitabh Bachchan	TJ Gnanavel	Adventure
Kanguva (Tamil)	10th Oct'24	Suriya, Disha Patani	Siva	Action/Fantasy
Thandel (Telugu)	11th Oct'24	Naga Chaitanya, Sai Pallavi	Chandoo Mondeti	Action/Drama
Pushpa 2: The Rule (Telugu)	6th Dec'24	Allu Arjun, Rashmika Mandanna	Sukumar	Action/Thriller
Hollywood				
Joker Folie A Deux - IMAX, ICE	4th Oct'24	Joaquin Phoenix, Zazie Beetz, Brendan Gleeson	Todd Phillips	Musical/Thriller
Flight Risk	18th Oct'24	Mark Wahlberg, Michelle Dockery, Topher Grace	Mel Gibson	Thriller
Smile 2 - ICE	18th Oct'24	Naomi Scott, Rosemarie Dewitt, Kyle Gallner	Parker Finn	Horror/Mystery
Venom: The Last Dance - IMAX	25th Oct'24	Tom Hardy	Kelly Marcel	Action/Sci-fi
Gladiator 2 - IMAX, ICE	15th Nov'24	Paul Mescal, Denzel Washington	Ridley Scott	Action/Adventure
Red One - IMAX	15th Nov'24	Dwayne Johnson, Chris Evans	Jake Kasdan	Action/Adventure
Lord Of The Rings: The War Of Rohirrim - IMAX, ICE	13th Dec'24	Brian Cox, Miranda Otto	Kenji Kamiyama	Fantasy/Action
Mufasa: The Lion King	20th Dec'24	Seth Rogen, Billy Eichner, Kelvin Harrison Jr.	Barry Jenkins	Adventure/Musical
Q4FY25 Lineup				
Bollywood				
Ekkis	10th Jan'25	Dharmendra, Agastya Nanda, Jaideep Ahlawat	Sriram Raghavan	Drama
Lahore 1947	26th Jan'25	Sunny Deol, Preity Zinta	Rajkumar Santoshi	Drama
Sikandar	30th Mar'25	Salman Khan, Rashmika Mandanna	A.R. Murugadoss	Action/Drama
Regional				
Vishwambhara (Telugu)	10th Jan'25	Chiranjeevi, Trisha Krishnan, Meenakshi Chaudhary	Mallidi Vassishta	Drama
Hollywood				
Mickey 17	31st Jan'25	Robert Pattinson, Naomi Ackie, Mark Ruffalo	Bong Joon-ho	Adventure
Captain America: Brave New World	14th Feb'25	Anthony Mackie, Danny Ramirez, Shira Haas	Julius Onah	Action
Snow White	21st Mar'25	Rachel Zegler, Gal Gadot	Marc Webb	Adventure
Alto Knights	21st Mar'25	Robert De Niro, Debra Messing	Barry Levinson	Biography

Source: Company

Conference call highlights

Outlook

- Management is confident that in the near term no major event, which could hamper box-office performance, is likely.
- FY25: Management is optimistic regarding full recovery of content pipeline to pre-Covid'19 levels.
- It is expecting an increase in ATP starting Q2 FY25.
- The company expects FY25 admissions similar to FY24's 151.4m.
- It is being selective in opening new screens and prioritising a capital-light model.

Devyani partnership

- JV name: Devyani PVR Inox Food Court; Brand name – Street Junction
- ~Two food courts to be fully operational in the next 2-3 months; ~4-5 food courts by FY25-end.

Q1FY25 Scenario

- Reasons for postponement of movies: a) Producers unwilling to clash with a) General election dates and b) Major sporting events (e.g. IPL and T20 World Cup) airing at same time
- Re-release of old movies attracted ~1.25m out of ~30m admits in Q1FY25
- Ad revenue: Strong traction on advertising due to Kalki 2898 AD; offline and online sponsorship deals along with re-releases helped bring in ad revenue, despite limited releases
- Higher fixed costs on account of higher rentals due to opening of bigger screens; ~3.7% y/y escalation costs for same screens
- ~0.25m passports sold during the quarter

Screen portfolio

- Screens opened in the last ~6-9 months are still maturing at EBITDA levels.
- ~15% of the current screens are premium and large format; ~15-20% of screens added to be premium/large format. The company is looking at premiumisation of existing screens by adding recliners.
- Screens opened in the last 12 months, or more are profitable at EBITDA levels.

Language-wise windows

- Hindi, Punjabi: eight-week window
- South Indian movies: four-week window.
- Windows could likely be consistent across the country.
- Management is in discussions to increase the window period beyond eight weeks.

Valuation

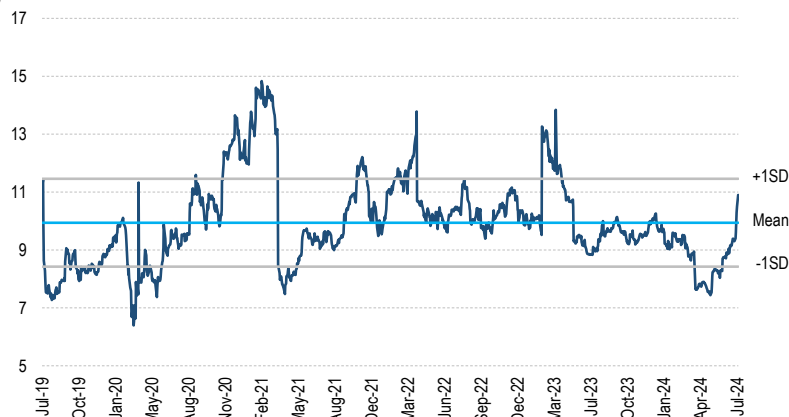
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Fig 12 – Valued at 14x FY26e EV / EBITDA

(Rs m)	FY26e
EBITDA, pre-IND-AS	13,179
EV / EBITDA (x)	14
EV	184,506
Net debt	12,940
M. Cap	171,566
No. of shares (m)	98.0
TP (Rs)	1,750
CMP (Rs)	1,425
Upside (%)	23.5

Source: Anand Rathi Research

Fig 13 – EV / EBITDA



Source: Bloomberg, Anand Rathi Research

Risks

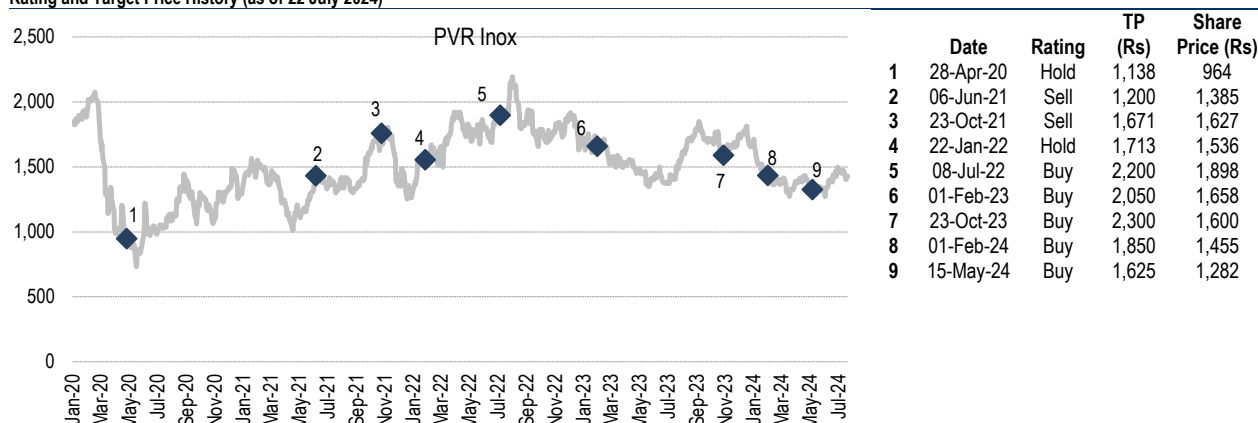
- Reduction in consumer discretionary spends in the inflationary context.
- Poor movies.

Appendix

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