

Wonderla Holidays Q4FY21

Financial Results & Highlights

Brief Company Introduction

Wonderla Holidays Limited operates amusement parks and resorts in India. It operates through Amusement Parks and Resort, and Others segments. The company's amusement parks offer land, water, high thrill, and kid rides. It operates three amusement parks in Kochi, Bengaluru, and Hyderabad; and the Wonderla resort in Bengaluru under the brand name Wonderla. The company operates Wonder Kitchen, a food takeaway outlet. It also sells merchandise, cooked food, packed foods, etc. The company was incorporated in 2002 and is based in Bengaluru, India.

Consolidated Financials (In Crs)								
	Q4FY21	Q4FY20	YoY %	Q3FY21	QoQ %	FY21	FY20	YoY%
Sales	35	45	-22.22%	6	483.33%	45	283	-84.10%
PBT	-6	0.4	-1600%	-19	68%	-66	93*	-171%
PAT	-5	2	-350%	-15	66.67%	-50	65	-176.92%

*Contains exceptional item of Rs 18.9 Cr

Detailed Results

1. The company revenues stayed down at 22% in Q4 but saw a very good QoQ recovery from Q3 sales of Rs 6 Cr.
2. Hyderabad park opened on 9th Jan.
3. Total footfall in Q4 was at 3.11 Lacs vs 4.05 Lacs a year ago. Bangalore Park achieved 1.18 lakhs, Kochi Park achieved 0.82 lakhs and Hyderabad Park achieved 1.11 lakhs of footfall.
4. During the Quarter, In January, parks were functional only from Thursday to Sunday and in February, from Wednesday to Sunday and all the Parks were opened on all the days in the month of March.
5. Wonderla Resort Bangalore saw occupancy of 28% in Q4.
6. Wonderla maintained a debt free balance sheet with liquidity for Rs 93 Cr.

Investors conference call Highlights

1. The management expects normal activity to resume once the milestone of 50% vaccination is done. How much time it will take to get there is still unknown.
2. The management is not keen on indoor park entertainment as the entry barriers are low and margins are not good enough to warrant the capex involved.

3. The focus for the company remains to reopen its parks and the Wonder Nursery and Wonder Kitchen initiatives are just there to function in times of park shutdown.
4. Wonderla is not looking at any inorganic acquisitions right now.
5. The management has stated that it is mostly using the downtime for strategizing and trying to improve the businesses when they reopen. This includes digital marketing and customer experience system and revamping of F&B outlets & others.
6. The Chennai project is to be kept on hold till the end of 2021 due to a dispute over tax exemption and labor unavailability issues.
7. All three parks are now closed under state lockdowns.
8. Going forward, Wonderla is looking to complete the opportunities in Chennai and Bhubaneshwar. It is also looking at new opportunities in Gujarat and Sri Lanka.
9. Given that the Gujarat govt is very pro-business, the management is confident of getting the tax exemptions and breaks required to set up there.
10. The Bhubaneshwar park is smaller and should have significantly lower investment compared to the existing parks.
11. The management believes that each of the existing parks is still far away from saturation since they have not even cracked 1 million footfalls yet which again is a small percentage of the total addressable population in those cities. The peak average capacity is around 5000-6000 visitors per day for all three parks.
12. The company is still negotiating with the Govt of Gujarat for the park in the state. The company is looking to target breakeven in 3 years as it has done with the Hyderabad park.
13. 75% of sales were from ticketing income and 25% was from non-ticketing income. It has also seen a higher amount of retail footfalls vs group footfalls (which were mainly from schools and colleges pre-COVID).
14. The company's focus is to improve non-ticket spending and bring it up to 35% of sales.

Analyst's View

Wonderla Holidays is India's leading amusement park operator. This business has strong entry barriers because of high Capex and long gestation cycle. Wonderla has been able to manage its operations well over the years and create a niche space for itself. The Quarter saw a decent recovery for Wonderla mainly due to all three parks opening in Jan. But operations in FY22 have again stalled due to park shutdown in the 2nd wave of COVID. In the meantime, the company continues to focus its downtime on strategizing on how to enhance customer experience and to increase non-ticket revenue. It has also put the Chennai expansion plans on hold and is focusing solely on improving existing park operations to their previous levels. Although its parks are shut down currently, the company is looking at other opportunities like in Odisha, Gujarat & Sri Lanka to stay ready to expand once the opportunity arrives. It remains to be seen how much time it will take for normalcy to come back in their business especially since it has gotten shut down again due to the 2nd wave of COVID-19. However, Wonderla has the resilience of the balance sheet to survive through these tough times and the potential to positively surprise once all the parks are opened and the footfall comes to pre-COVID level.



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