

Wonderla Holidays Q3FY21

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)								
	Q3FY21	Q3FY20	YoY %	Q2FY21	QoQ %	9MFY21	9MFY20	YoY%
Sales	6	73	-91.78%	2	200.00%	10	238	-95.80%
PBT	-19	33*	-158%	-20	-5.00%	-60	77*	-177.92%
PAT	-15	21	-171%	-16	-6.25%	-45	63	-171.43%

*Contains exceptional item of Rs 15.56 Cr

Detailed Results

1. The company saw revenues stay down in Q3 as well due operating at 50% capacity from 15th Oct in Q3.
2. Bangalore park opened on 13th Nov with parks open only on weekends and holidays.
3. Kochi park was opened on 24th Dec. Hyderabad park opened on 7th Jan.
4. Bangalore Park achieved footfalls of 36,121 and Kochi Park achieved footfalls of 8,591 during the period. Total footfalls were 44,712.
5. In Wonder Kitchen, the company opened up new branches in Bangalore and Kochi in Q2. Another branch was opened in Hyderabad in Sep. The company now has 4 branches in total.
6. Wonderla Resort Bangalore was reopened for customers from 3rd October 2020 and saw occupancy of 12% and ARR of Rs 3169.

Investors conference call Highlights

1. The management has stated that there were indeed some days when the park had to stop ticket sales as it would go above 50% mandated upper capacity at the Bangalore park.

2. RPV during Dec 2020 for Bangalore park was at Rs 686 vs Rs 786 last year.
3. The management reiterated that it needs 1300 customers per day per park to breakeven.
4. The cash loss during 9M period is Rs 35 Cr. Cash levels as of 31st Dec 2020 stands at Rs 89 Cr.
5. The management is optimistic of becoming cash breakeven soon. It is slowly progressing to staying open from Wednesday to Sunday from Feb onwards and may decide on March on whether to remain open all days.
6. The parks have seen visitors numbering 4000-5000 at max on weekends while on weekdays the max number is around 1000.
7. The management is confident of operating at 100% capacity once the regulatory cap is lifted but it expects this cap to stay in place for a while till vaccination drives succeed and COVID-19 cases don't resurface.
8. The situation in Chennai is still the same as last quarter and the negotiations on tax benefits have been put on hold due to local elections there.
9. The company is not planning to expand the use of its open space for weddings as it doesn't fit well with the target audience.
10. The company had been paying employees 50% of salary when parks were closed. Now they are paying 75% of salary and will slowly come back to 100% as it starts to stay open more days of the week.
11. The company is postponing all new expansions and is focusing on opening up existing parks to the full currently.
12. The management is confident of biding its time and roughing out the tough times better than its competitors due to its robust balance sheet and good operations.
13. Wonder Kitchen is still not profitable and is doing sales of Rs 6-7 Lacs per month in Q3 in Kochi.
14. The management doesn't expect the Wonder Kitchen vertical to breakeven in Q4 as well.
15. Once all parks are open, the company expects monthly expenses run rate of Rs 9-9.5 Cr.
16. The management is not looking at any means of raising cash as it still has enough cash on books.

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 was subdued for Wonderla mainly due to the selective opening and the visitor caps imposed on the parks. The business for the first half of the year was fully impacted by nil operating revenue from park operations. In the meantime, the company has focused on cost-cutting measures and getting expanding the open days of the week. It has also put all



expansion plans on hold and is focusing solely on improving existing park operations to their previous levels. The company now has 3 parks open in Bangalore, Hyderabad and Kochi and needs 1300 visitors per day per park to breakeven. It remains to be seen how much time it will take for normalcy to come back in their business. However, Wonderla has the resilience of the balance sheet to survive through these tough times and also the potential to positively surprise once all the parks are opened and the footfall comes to pre-COVID level.

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