

Price: 676

Recommendation: Buy

Industry: Amusement Parks/ Other

Sector: Consumer Discretionary

Report Date: 03-Apr-2025

Wonderla Holidays Limited, a prominent player in the amusement park industry, recently discussed its Q3 and 9MFY25 financial results. Despite a 2% revenue dip, Hyderabad Park had its best Q3 in eight years. The company is enhancing digital engagement and expanding with a new Chennai Park. Focused on non-ticket revenue, Wonderla is optimistic about growth, leveraging its brand in South India and addressing challenges like weather impacts through strategic diversification.

Sales		Profit & Loss		Profitability Matrix	
Current Year	461 Cr	Operating Profit(Year)	163 Cr	Operating Profit Margin	35.3 %
Previous Year	429 Cr	Operating Profit(Quarter)	37.2 Cr	EBITDA Margin	52.28 %
Current Quarter	122 Cr	PAT (Year)	150 Cr	Net Profit Margin	31.1 %
Previous Quarter	67.4 Cr	PAT (Quarter)	20.3 Cr	EPS	21.0
Revenue (QYoY)	124 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	35.5	Sales Growth	-4.25 %	Sales Growth	81.01 %
PEG Ratio	1.52	PAT Growth	4.17 %	Sales Growth QYoY	-1.61 %
EV/EBITDA	23.3	EPS Growth	-24.73 %	PAT Growth	38.1 %
P/B	3.69	Dividend Yield	0.37	PAT Growth QYoY	-45.72 %
Capital Allocation		Holdings		Leverage	
RoE	14.7 %	Promoter	62.3 %	Debt/Equity	0.00
RoA	13.0 %	FII	7.41 %	Debt	5.48 Cr
RoCE	19.8 %	DII	12.1 %	Market Cap	4289 Cr
RoIC	17.6 %	Public	18.3 %	Enterprise value	4226 Cr
		No of Shares	6.34 Cr	Cash Equivalents	69.1 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Wonderla Holidays Limited recently held a conference call to discuss their Q3 and 9MFY25 financial results, highlighting both achievements and challenges. The company successfully completed a fundraise through a Qualified Institutional Placement (QIP), which was well-received by investors, reflecting confidence in Wonderla's growth strategy and long-term vision. Despite a 2% revenue decline to INR121.5 crores due to lower turnout in Bhubaneswar and Cochin, Hyderabad Park experienced its best Q3 in eight years. The company is focusing on digital transformation, revamping its website, and enhancing ticket booking and point-of-sale systems to improve both in-park and digital engagement. New attractions, such as the relaunch of Mascot Chikku in Kochi Park, and vibrant events like WonderCon Bhubaneswar and Halloween in Bangalore, have been instrumental in maintaining footfall and enhancing guest experiences.

Strategically, Wonderla is expanding its footprint with the upcoming launch of Chennai Park, expected to begin operations by December next year, and the extension of its Bengaluru resort. The company is also investing in new attractions across its parks, including Bhubaneswar, Cochin, Bangalore, and Hyderabad, to accommodate more visitors and enhance marketing efforts. The focus on growing non-ticket revenue has resulted in a 9% and 12% increase in customer spend per head for Q3 and the nine-month period, respectively. The company is also exploring opportunities to work with large online travel agencies and tour operators to boost tourism business, particularly in Bhubaneswar and Chennai.

Looking ahead, Wonderla is optimistic about its growth prospects, particularly in India, which has a young population. The company plans to leverage its strong brand presence in the South to accelerate growth in Chennai. Despite weather-related challenges impacting footfall, the company remains confident in its ability to achieve long-term growth targets, with plans to increase footfall through geographic diversification and pre-booked online sales. The company is also committed to maintaining strong average revenue per user (ARPU) through dynamic pricing strategies and enhancing non-ticket revenue streams.

While the company has faced challenges such as inclement weather and health concerns affecting group footfalls, it remains focused on long-term growth. The management acknowledges the cyclical nature of the business and is taking steps to mitigate risks through geographic diversification and digital transformation. The company's strategy to enhance attractions and expand its park portfolio is expected to drive future growth. However, there is room for improvement in managing weather-related disruptions and further optimizing marketing strategies to boost footfall consistently. Overall, Wonderla's strategic initiatives and expansion plans position it well for future growth, with a focus on enhancing guest experiences and maximizing revenue opportunities.

WONDERLA Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Z-Tech	775.07	56.16	48.90%	26.79%	52.50%	91.67%	442.45%
Nicco Parks	566.98	23.59	29.40%	37.33%	7.69%	-10.66%	15.44%
Wonderla Holiday	4289.32	35.49	14.70%	80.34%	-1.66%	37.91%	-45.66%
Imagica. Enter.	3820.09	51.12	7.61%	129.82%	35.97%	142.80%	-60.82%
Ajwa Fun World	20.04	31.81		283.33%	-42.11%	62.00%	38.71%

Aspect	Commentary
Revenue	Revenue shows a slight decline YoY, indicating potential market challenges. However, QoQ growth is strong, suggesting recent strategic adjustments are effective. The company should focus on sustaining this momentum to counteract annual declines and enhance overall financial health.
Profit & Loss	Operating profit remains robust, reflecting efficient cost management. Despite a slight dip in annual revenue, quarterly profit growth indicates successful short-term strategies. Maintaining this trajectory could improve annual performance, enhancing shareholder value.
Profitability Matrix	Profitability metrics are strong, with high operating and net profit margins. This suggests effective cost control and pricing strategies. Sustaining these margins will be crucial for long-term financial stability and competitive positioning in the market.
Valuation Matrix	Valuation ratios indicate a moderately high market valuation, suggesting investor confidence. However, the PEG ratio suggests growth expectations may be high. Balancing growth with sustainable profitability will be key to maintaining investor trust.
Growth (YoY)	Year-over-year growth metrics show mixed results, with sales declining but PAT increasing. This indicates potential operational efficiencies. Focusing on reversing sales decline while maintaining profit growth will be essential for long-term success.
Growth (QoQ)	Quarterly growth metrics are positive, with significant sales and PAT increases. This reflects effective short-term strategies. Sustaining this growth will require continued innovation and market adaptation to ensure consistent performance.
Capital Allocation	Capital allocation metrics are strong, with high returns on equity and capital employed. This indicates efficient use of resources. Maintaining these returns will be crucial for attracting investment and supporting future expansion plans.
Holdings	Promoter holding is high, indicating strong insider confidence. Institutional holdings are moderate, suggesting potential for increased institutional interest. Enhancing transparency and performance could attract more institutional investors.
Leverage	Leverage is low, with a debt/equity ratio of zero, indicating financial stability and low risk. This provides flexibility for future investments and growth opportunities. Maintaining this low leverage will be beneficial for long-term financial health.

Analyst viewpoint: Our bullish outlook on Wonderla Holidays Limited is underpinned by its notable growth in key financial metrics and strategic initiatives that position it well for short to mid-term success. The recent quarter has seen a remarkable 81.01% growth in sales compared to the previous quarter, reflecting the effectiveness of their prudent short-term strategies and digital transformation efforts. The significant milestone achieved by Hyderabad Park, having its best third quarter in eight years, underscores their capability to optimize existing assets effectively. Furthermore, the anticipated launch of the Chennai Park and ongoing expansions at various locations are poised to boost their market footprint and enhance customer experiences. The company's sound capital allocation is evidenced by its robust returns on equity and capital employed, ensuring efficient resource utilization. With a strong brand presence in South India, Wonderla continues to innovate in non-ticket revenue streams and digital engagement systems, aligning with current market demands and strengthening its competitive advantage.

Moreover, valuation metrics such as a trailing P/E ratio of 35.5 and a debt-free balance sheet highlight investor confidence and financial stability. The peer performance indicates Wonderla is competitively positioned, with higher growth potential compared to some of its rivals. Despite market challenges, including a dip in year-over-year sales and inclement weather conditions affecting group footfalls, the management's strategic focus on geographic diversification and dynamic pricing strategies is expected to sustain growth momentum. However, there's a need for improved strategies to mitigate weather-related disruptions, which could further solidify their market position. Overall, the company's comprehensive approach combining strategic expansion and digital enhancement bodes well for achieving their long-term growth ambitions.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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