

Price: 643

Recommendation: Buy

Industry: Amusement Parks/ Other

Sector: Consumer Discretionary

Report Date: 18-Mar-2025

Wonderla Holidays Limited is actively pursuing growth through strategic initiatives and digital transformation. The company is enhancing its digital presence with new ticketing systems and revamping its website. Expansion plans include opening a Chennai Park and extending the Bengaluru resort. Despite challenges like weather impacts on footfalls, Wonderla is optimistic about growth, focusing on non-ticket revenue and geographical diversification to boost profitability.

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	33.7	Sales Growth	-4.25 %	Sales Growth	81.01 %
PEG Ratio	1.44	PAT Growth	4.17 %	Sales Growth QYoY	-1.61 %
EV/EBITDA	22.1	EPS Growth	-24.73 %	PAT Growth	38.1 %
P/B	3.52	Dividend Yield	0.40	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	4075 Cr
RoIC	17.6 %	Public	18.3 %	Enterprise value	4012 Cr
		No of Shares	6.34 Cr	Cash Equivalents	69.1 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

The recent earnings call for Wonderla Holidays Limited highlighted several strategic initiatives and business strategies aimed at enhancing growth and diversification. The company has embarked on a digital transformation journey, revamping its website and integrating new ticket booking and POS systems to enhance both in-park and digital engagement. A significant initiative is the relaunch of their mascot, Chikku, with new attractions in the Kochi Park, which will be extended to other parks. The company also hosted vibrant events like WonderCon Bhubaneswar and Halloween in Bangalore, which, along with special promotions, have been pivotal in maintaining footfall and enhancing guest experiences. Additionally, the company is focusing on growing non-ticket revenue, with customer spend per head increasing by 9% and 12% for Q3 and the nine-month period, respectively.

In terms of expansion, Wonderla is set to open its Chennai Park towards the end of the next financial year, with commercial operations expected to commence by December. The extension of their resort in Bengaluru is also on track, with a launch anticipated at the beginning of the next financial year. Sustaining capex activities across parks are progressing as scheduled, and the company is optimistic about the opportunities to broaden its portfolio and strengthen its industry position. The outlook for growth is positive, particularly in India, which has a young population, and the company is confident in the industry's long-term growth potential.

The company's future growth and scaling perspectives are promising, with plans to increase footfalls consistently. They are investing in digital transformation to ensure a significant portion of footfalls are prebooked, reducing dependency on last-minute cancellations. Geographical diversification is another strategy to mitigate weather-related impacts on footfalls. The company is also adding new attractions and expanding into new cities, which are expected to drive growth. The focus on non-ticketing revenue, which generally has better margins, is expected to contribute to overall profitability.

While the company has made significant strides, there are areas for improvement. The recent quarter saw a decline in revenues due to lower turnout in key locations like Bhubaneswar and Cochin, attributed to weather conditions and health concerns affecting group visits. The company acknowledges the cyclical nature of the business and the impact of weather on footfalls. However, they remain confident in their strategy, with plans to enhance attractions and marketing efforts to boost footfalls. The company's commitment to innovation and expansion, coupled with strategic investments, positions it well for future growth, although continuous monitoring and adaptation to market conditions will be crucial.

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	767.70	55.63	48.90%	26.79%	52.50%	91.67%	442.45%
Nicco Parks	571.89	23.80	29.40%	37.33%	7.69%	-10.66%	15.44%
Wonderla Holiday	4075.29	33.70	14.70%	80.34%	-1.66%	37.91%	-45.66%
Imagica. Enter.	3399.93	45.47	7.61%	129.82%	35.97%	142.80%	-60.82%
Ajwa Fun World	22.26	35.33		283.33%	-42.11%	62.00%	38.71%

Aspect	Commentary
Revenue	The company experienced a notable increase in quarterly revenue, indicating strong sales performance. However, the year-over-year growth was negative, suggesting challenges in maintaining consistent annual growth. This mixed performance highlights the need for strategic adjustments to sustain long-term revenue growth.
Profit & Loss	Operating profit and PAT showed robust quarterly growth, reflecting effective cost management and operational efficiency. However, the annual figures suggest a need for improvement in sustaining profitability over longer periods. This calls for strategic initiatives to enhance profit margins consistently.
Profitability Matrix	The company maintains a healthy operating profit margin and EBITDA margin, indicating efficient cost control and operational effectiveness. However, the net profit margin suggests room for improvement in converting revenue into profit. Focus on optimizing expenses could enhance overall profitability.
Valuation Matrix	The company's valuation metrics, including P/E and PEG ratios, suggest it is reasonably valued with growth potential. However, the EV/EBITDA ratio indicates a need for careful monitoring of enterprise value relative to earnings. Strategic growth initiatives could enhance valuation metrics.
Growth (YoY)	Year-over-year growth metrics reveal a decline in sales and EPS, indicating challenges in sustaining growth. However, PAT growth remains positive, suggesting potential for profitability improvements. Strategic focus on revenue drivers and cost management could enhance growth prospects.
Growth (QoQ)	Quarterly growth metrics show significant sales and PAT growth, reflecting strong short-term performance. However, the decline in QYoY growth indicates challenges in maintaining consistent growth. Strategic initiatives to drive consistent quarterly growth are essential for long-term success.
Capital Allocation	The company demonstrates effective capital allocation with strong RoE, RoA, and RoCE metrics, indicating efficient use of resources. However, there is room for improvement in RoIC, suggesting a need for strategic investments to enhance returns on invested capital.
Holdings	The company's holdings structure shows a strong promoter presence, indicating confidence in the business. However, the relatively low FII and DII holdings suggest potential for increased institutional interest. Strategic engagement with institutional investors could enhance market perception.
Leverage	The company maintains a low debt-to-equity ratio, indicating prudent financial management and low leverage risk. This positions the company well for future growth opportunities without significant financial constraints. Maintaining this conservative leverage approach is advisable for financial stability.

Analyst viewpoint: Wonderla Holidays Limited is positioned well for robust growth in the short to mid-term, benefiting from strategic expansions and a strong digital transformation. The company's quarterly data reflects impressive sales growth of 81% QoQ, underpinning its tactical initiatives to drive revenue across newly launched attractions and digital platforms. With a focus on increasing non-ticket revenue streams and enhancing footfall through strategic marketing, including events like WonderCon Bhubaneswar, Wonderla is expanding its geographical reach. The planned opening of the Chennai Park and the Bengaluru resort extension further solidify its commitment to broadening its footprint and diversifying its revenue streams. Financially, the company's valuation metrics appear favorable with a P/E ratio of 33.7 and a robust EBITDA margin of 52.28%, highlighting operational efficiency and a solid balance sheet devoid of significant leverage, positioning Wonderla attractively against competitors.

However, while short-term metrics shine, long-term consistent growth remains a focal challenge, as evidenced by the sales decline on a year-over-year basis and recent weather-induced revenue dips in key locations like Bhubaneswar and Cochin. The company's strong capital allocation strategy, reflected in its impressive RoE of 14.7%, supports its growth ambitions, yet attention to optimizing expenses and improving annual profit margins can further enhance its stability. Wonderla's dedication to innovation, customer engagement improvements, such as revamped digital infrastructures, and prudent financial strategies pave the way for potential ahead, while still necessitating vigilance over market dynamics and cyclical factors that may pose risks.

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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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