# PVR INVESTOR UPDATE Q4, FY 2019-20

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# **COVID-19 IMPACT**

#### **Impact of COVID - 19 Pandemic on the Business**

- Company started closing its screens beginning March 11, 2020, in accordance with the order passed by regulatory authorities, and within a few days most of our cinemas across the country were shut down
- Since all the cinemas are shut, Company is not generating any revenue from operations while we continue to incur committed cash outflows, including employee salary pay-outs, overheads as well as payments for older working capital
- This has had and will continue to have significant negative impact on profitability and liquidity during lockdown and even thereafter till business comes to normalcy
- Further once operations are allowed to reopen, Company's revenue and cash flow generation may be impeded as cinemas may not be able to operate at normal capacity utilisation due implementation of social distancing measures as well as health concerns that the patrons may have

#### **Financial Impact : One-off Expense:**

• Company has taken one-time write off of perishable Inventory of Rs. 183 lakhs in Mar'20, on account of spoilage due to closure of cinemas pursuant to COVID-19.

#### **Current Status**

- Central Governments have introduced Guidelines for re-opening (Unlock 1) [As per Ministry of Home Affairs (MHA) Order No. 40-3/2020-DM-1(A) dated May 30, 2020], where Government have come out with Phase wise re-opening of activities in areas outside the containment zones.
- In these guidelines Cinema halls have been kept in 3rd Phase of re-opening, where dates of re-opening will be decided based on assessment of the situation.
- Company is in continuous engagement with all regulatory authorities and hope to receive the necessary permissions for restarting opening in the near future.

# **Strategy During Lockdown – Managing Cost and Liquidity (1/2)**



Company is taking decisive actions to mitigate the adverse impact of COVID-19 on businesses by:

1) Implementing cost reduction strategies 2) Enhancing liquidity 3) Cash-flows management

#### 1

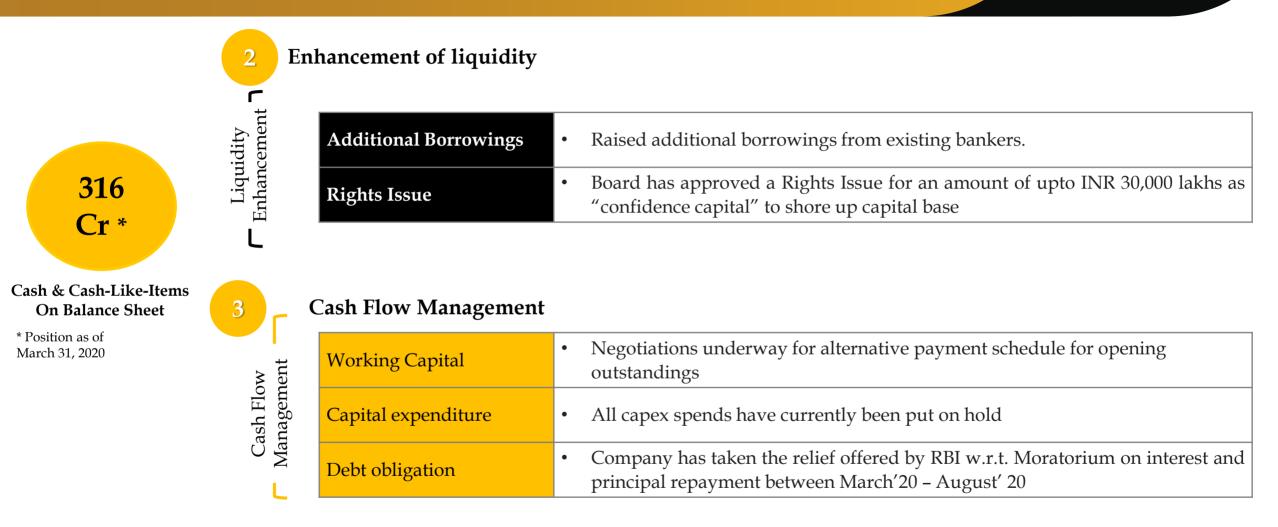
#### **Reducing fixed cost and cash outflow**

Expenses	Remarks
Rental and Common Area maintenance (CAM) cost	<ul> <li>Requested developers for waiving off rental and common area charges for lockdown period</li> <li>In discussion with developers for reducing rentals for the post reopening</li> <li>Invoked force majeure clause in our agreements</li> </ul>
Personnel cost	<ul> <li>Salary cuts across various levels in the organisation during the period of lockdown</li> <li>Reduction in headcount by way of layoffs / retrenchment</li> <li>Decision on increments deferred</li> </ul>
Electricity Charges	<ul> <li>Electricity &amp; water charges drastically reduced due to closure of cinemas</li> <li>Certain state governments have even waived off minimum load charges</li> </ul>
Other Overheads	<ul> <li>Significant reduction in other overheads</li> <li>Contracts like housekeeping / security suspended till cinemas are closed</li> <li>All discretionary spends like advertising, non-essential expenses are kept on hold</li> </ul>

• Expect to achieve a significant reduction of 70%-75% in our fixed costs during the period of closure of cinemas.

• All these initiatives are reviewed through a regular CFO review and approval process for all outgoing procurement and payment requests





- 316 Cr of Liquidity as at March 31, 2020. ~INR 227 Crs as on 7<sup>th</sup> June 2020 (including undrawn committed bank lines)
- Comfortable credit metrics; credit rating of AA
- Looking to augment liquidity position

# **Precautions Recommended for Reopening**

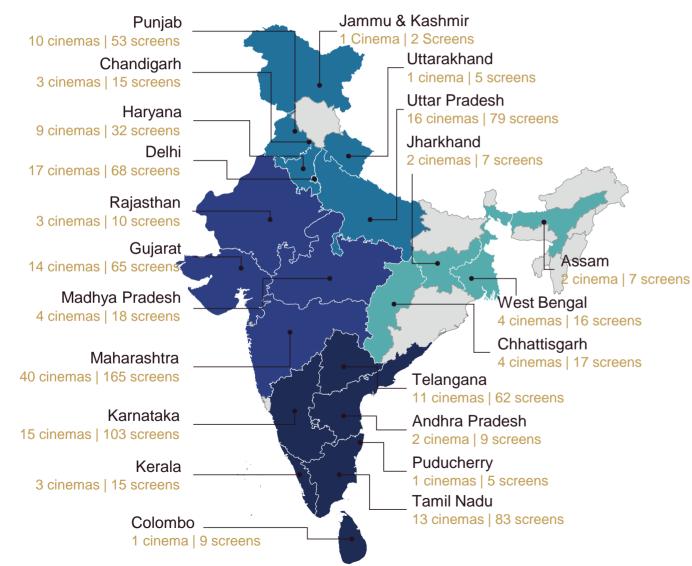
**Multiplex Association of India (MAI)**, has submitted enhanced safety and precautions plan for cinemas to Information & Broadcasting Ministry and various state governments.

Some of the measures stated in the representation are as follows:

- Minimal human contact;
- Adhering to all social distancing norms and guidelines;
- Families, Groups or couples would be seated together, however one adjacent seat would be left empty;
- Disinfecting all possible areas of the cinema premise;
- Body temperature checks with infrared scanners;
- Masks mandatory and PPE kits made available for purchase;
- Hand sanitizers to be placed in at all strategic locations;
- All point of sales will have demarcated directives;

# SCREEN PORTFOLIO AND KEY NUMBERS

Screen Portfolio<sup>1</sup>





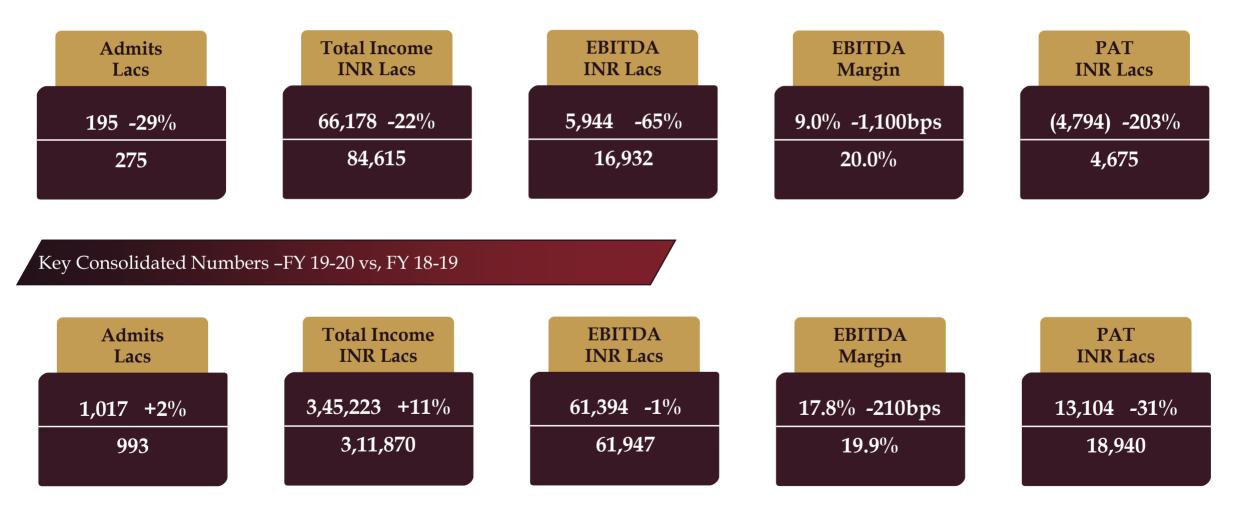
SCREENS BY REGION				
Region	Current	% of total		
South	286	34%		
West	258	31%		
North	254	30%		
East	47	6%		
TOTAL	845			

FORMAT	SCREENS		
Gold Class / Luxe	37		
DC	4		
4DX	18		
Playhouse	13		
IMAX	9		
P[XL]	8		
Onyx	1		
Sapphire	4		
Total	94		
11% of our screen portfolio is premium			

Note: [1] Numbers as on 8<sup>th</sup> June, 2020



#### Key Consolidated Numbers – Q4, FY 19-20 vs Q4, FY 18-19



Note: Above financial numbers are excluding Ind AS 116 "Leases" impact.

# CONSOLIDATED RESULT SUMMARY

### Consolidated Result Summary - Q4, FY 19-20 vs Q4, FY 18-19

	Q4, FY19-20				
Particulars (INR Lacs)	Reported	Ind-AS 116 Impact	Ind-AS 116 Adjusted	Q4, FY18-19	Growth <sup>1</sup>
Total Income	66,178		66,178	84,615	-22%
Expenses	47,248	(12,986)	60,234	67,683	-11%
EBITDA	18,930	12,986	5,944	16,932	<b>-65</b> %
EBITDA Margin	28.6%		9.0%	20.0%	-1100 bps
Depreciation & Amortization expense	14,223	8,087	6,136	5,493	12%
EBIT	4,707	4,899	(192)	11,439	-102%
Finance Costs	11,713	8,464	3,249	3,951	-18%
PBT	(7,019)	(3,565)	(3,454)	7,421	-147%
Total Income Tax	(2,732)	(1,246)	(1,486)	2,746	-154%
Deferred Tax Re-measurement	3,174	348	2,826		NM
PAT	(7,461)	(2,667)	(4,794)	4,675	<b>-203</b> %
PAT Margin	-11.3%		-7.2%	5.5%	-1270 bps
EPS - Basic (INR)	(15.25)	5.45	(9.80)	9.71	-201%
EPS - Diluted (INR)	(15.25)	5.45	(9.80)	9.65	-202%

Note: [1] Growth is computed basis Ind-AS 116 Adjusted numbers over Q4, FY18-19 reported financials

[2] Company has re-measured the outstanding deferred tax balances that are expected to be reversed in future at the New tax rate. The impact of such re-meaurement is explained separately.

#### Consolidated Result Summary – FY 19-20 vs FY 18-19

	FY19-20				
Particulars (INR Lacs)	Reported	Ind-AS 116 Impact	Ind-AS 116 Adjusted	FY18-19	Growth <sup>1</sup>
Total Income	3,45,223		3,45,223	3,11,870	11%
Expenses	2,33,785	(50,044)	2,83,829	2,49,923	14%
EBITDA	1,11,438	50,044	61,394	61,947	<b>-1%</b>
EBITDA Margin	32.3%		17.8%	<b>19.9</b> %	-210 bps
Depreciation & Amortization expense	54,246	31,002	23,244	19,128	22%
EBIT	57,192	19,042	38,150	42,819	<b>-11%</b>
Finance Costs	48,179	32,965	15,214	12,801	19%
РВТ	8,959	(13,923)	22,882	29,903	-23%
Total Income Tax	3,100	(4,865)	7,965	10,963	-27%
Deferred Tax Re-measurement	3,174	1,361	1,813		NM
РАТ	2,685	(10,419)	13,104	18,940	-31%
PAT Margin	0.8%		3.8%	<b>6.1</b> %	-230 bps
EPS - Basic (INR)	5.50	21.35	26.86	39.77	-32%
EPS - Diluted (INR)	5.47	21.25	26.72	39.52	-32%

Note: [1] Growth is computed basis Ind-AS 116 Adjusted numbers over FY18-19 reported financials

[2] Company has re-measured the outstanding deferred tax balances that are expected to be reversed in future at the New tax rate. The impact of such re-measurement is explained separately.

Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 (""Ordinance"") effective from April 01,2019, domestic companies have the option to pay corporate income tax rate at 22% plus applicable surcharge and cess (""New tax rate"") subject to certain conditions therein. The Group has made an assessment of the impact of the Ordinance and decided to continue with existing tax structure until utilization of accumulated MAT credit as on March 31, 2020.

Further, Ind AS 12 requires deferred tax assets and liabilities to be measured using the enacted (or substantively enacted) tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. The Group has made estimates, based on its budgets, regarding income anticipated in foreseeable future years when those temporary differences are expected to reverse and measured the same at the New tax rate. The full impact of re-measurement of deferred tax assets/liabilities, including deferred tax assets created on transition to Ind AS 116 as at April 1, 2019, as per note (3) on account of this change has been recognised in Statement of Profit and Loss.

The tax expense for the quarter and year ended March 31, 2020 include one time net charge of Rs 3,174 lakhs on account of re-measurement of deferred tax assets/liabilities.

# FINANCIAL ANALYSIS EXHIBITION BUSINESS



#### Q4, FY19-20 vs Q4, FY18-19

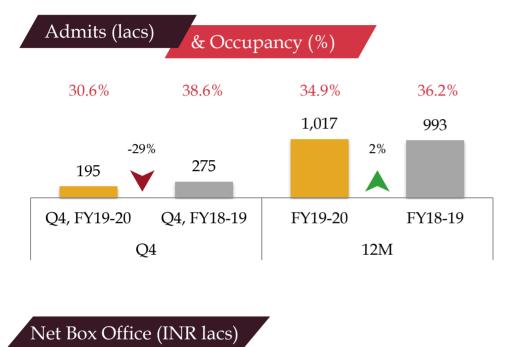
Particulars (INR Lacs)	Q4, FY19-20	Q4, FY18-19	% Change
Screens	845	763	11%
Seats	1,81,917	1,69,976	7%
Income from sale of movie tickets	33,004	45,138	-27%
Sales of Food & Beverages	17,461	23,134	-25%
Advertisement Income	6,854	8,812	-22%
Convenience Fees	3,817	4,146	-8%
Other Operating Income	1,649	1,698	-3%
Revenue from Operations	62,785	82,928	-24%
Other Income	1,846	798	131%
Total Income	64,631	83,726	-23%

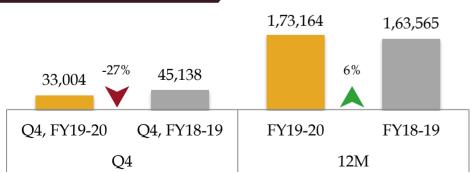
#### FY19-20 vs FY18-19

Particulars (INR Lacs)	FY19-20	FY18-19	% Change
Income from sale of movie tickets	1,73,164	1,63,565	6%
Sales of Food & Beverages	94,829	84,610	12%
Advertisement Income	37,587	35,352	6%
Convenience Fees	17,193	13,035	32%
Other Operating Income	6,489	7,373	-12%
Revenue from Operations	3,29,262	3,03,935	8%
Other Income	4,290	3,150	36%
Total Income	3,33,551	3,07,085	9%

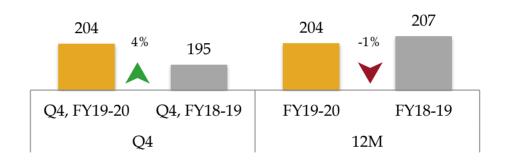
1) Exhibition results include financials of PVR Limited and its 100% subsidiary PVR Lanka Limited, entity which operates 9 Screen complex in Colombo, Sri Lanka

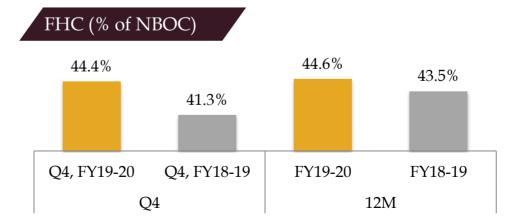






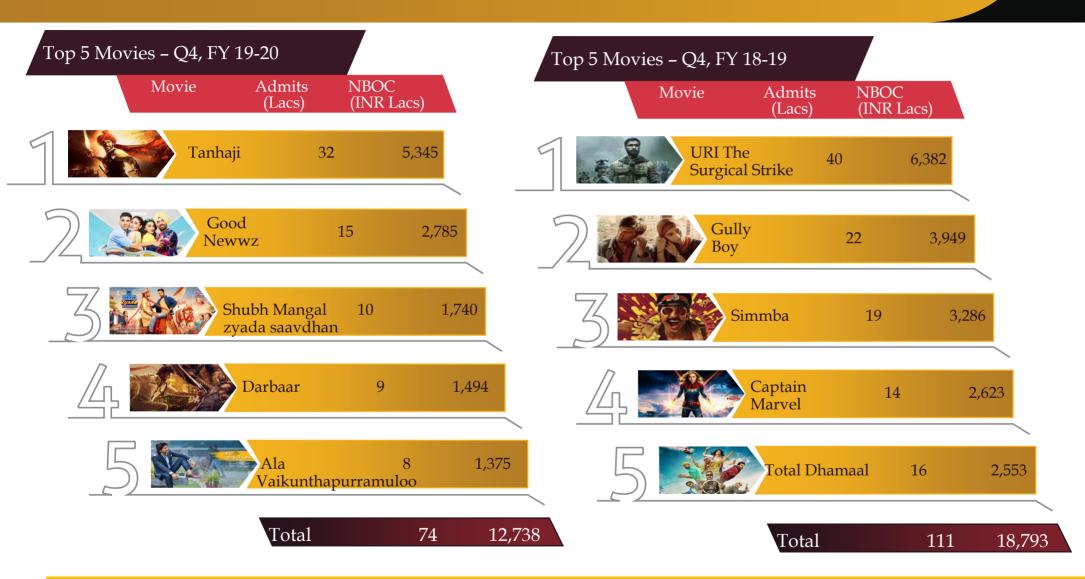
Gross ATP<sup>1</sup> (INR)





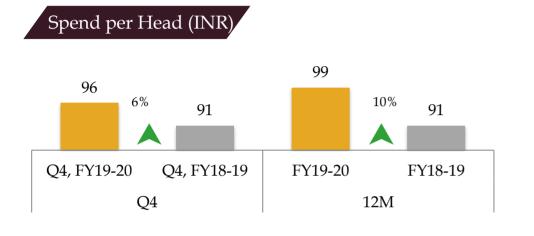
Note: 1) Occupancy for Q4 FY20 is for the period cinemas were operational 2) ATP includes 3D Glasses upcharge

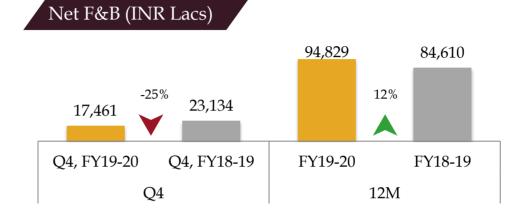
# **Box Office Analysis - Top Grossers**

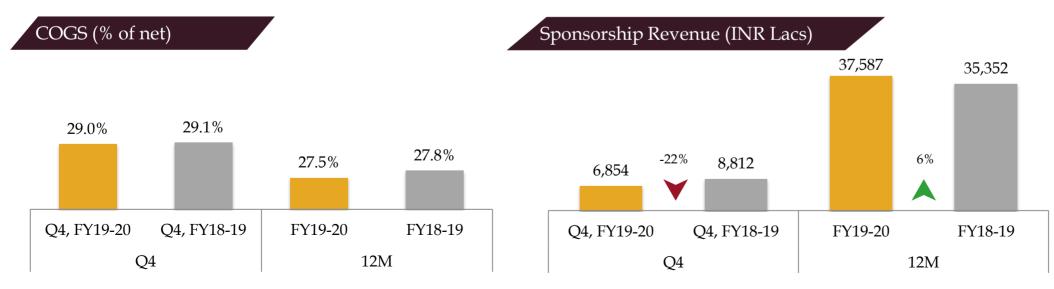


Performance during the month of March'20 was impacted due to cinema shut downs; box office performance of movies like Angrezi Medium and Baaghi-3 was impacted and Suryavanshi postponed to a later date. Consequently, NBOC form Top-5 movies fell by 32% YoY













#### Q4, FY19-20 vs Q4, FY18-19

Particulars (INR Lacs)	Q4, FY19-20	Q4, FY18-19	% Change
Screens	845	763	11%
Seats	1,81,917	1,69,976	7%
Employee Benefit Expense	7,398	8,762	-16%
Rent	13,880	13,873	0%
Common area maintenance	3,944	3,605	9%
Electricity and water charges	3,877	4,370	-11%
Other Expenses	10,272	10,880	-6%
Total	39,370	41,489	-5%

#### FY19-20 vs FY18-19

Particulars (INR Lacs)	FY19-20	FY18-19	% Change
Employee Benefit Expense	38,282	32,691	17%
Rent	57,627	50,449	14%
Common area maintenance	15,475	13,011	19%
Electricity and water charges	20,506	18,036	14%
Other Expenses	37,709	37,481	1%
Total	1,69,601	1,51,668	12%

1) Exhibition results include financials of PVR Limited and its 100% subsidiary PVR Lanka Limited, entity which operates 9 Screen complex in Colombo, Sri Lanka

# **BALANCE SHEET**

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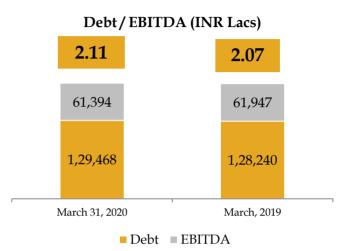
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# **Consolidated Balance Sheet**

	Repo	Reported		
Particulars (INR Lacs)	March 31, 2020	March 31, 2019		
Total Shareholder funds	1,48,051	1,49,615		
Equity Share Capital	5,135	4,674		
Other Equity	1,42,887	1,44,895		
Non-Controlling Interest	29	46		
Total Debt	1,29,468	1,28,240		
Long Term Borrowings	1,10,734	1,19,725		
Short Term Borrowings	18,734	8,515		
Lease Liability	3,77,147			
Other Non Current Liabilities	17,566	28,272		
Total Sources of Funds	6,72,232	3,06,127		
Net Fixed Assets Incl. CWIP	1,98,397	1,90,998		
Goodwill	1,05,204	1,05,330		
Right of Use assets (ROU)	3,00,473	0		
Financial Assets	26,234	26,244		
Other Non Current Assets	37,251	23,178		
Cash & Cash Equivalents <sup>#</sup>	32,347	3,522		
Current Assets	43,014	35,814		
Less: Current Liabilities	70,688	78,959		
Net Current Assets	(27,674)	(43,145)		
Total Assets	6,72,232	3,06,127		

# includes deposits (Rs. 671 Lac) and Investments (Rs. 117 Lac) as security towards government authorities.



\* EBITDA excludes impact from Ind-AS 116 - Leases

Net Debt (INR Lacs)	March 31, 2020	March, 2019	
Gross Debt	1,29,468	1,28,240	
Cash & Cash Equivalents	32,347	3,522	
Net Debt	97,121	1,24,718	

Impact of Ind AS 116 "Leases" on Key items of Balance Sheet			
Particulars (INR Lacs)	March 31, 2020		
ROU Assets as on March 31, 2020	300,473		
Lease Liability as on March 31, 2020	377,147		
Impact on Opening Retained Earnings (Net of tax)	(50,868)		
Annual impact on PBT	(13,923)		

# SCREENS OPENED IN FY 19-20

1

### **Screens Opened FY19-20**



S. No	Property	City	State	Screen
Q1, FY 20				27
1	Suraj Chanda Tara	Amritsar	Punjab	6
2	Downtown Mall, Newtown	Kolkata	West Bengal	3
3	Vegas Mall	Gorakhpur	Uttar Pradesh	4
4	Uthandi Mall	Chennai	Tamil Nadu	10
5	Preston Mall	Hyderabad	Telangana	4
Q2, FY 20				
6	Gaur City Mall	Noida	Uttar Pradesh	9
7	GMS City Centre Mall	Satna	Madhya Pradesh	3
8	Riddhi Siddhi Mall	Shri Ganga Nagar	Rajasthan	3
Q3, FY 20				
9	One Galle Face Mall	Colombo	Colombo	9
10	Vegas Mall, Dwarka	Delhi	Delhi	12
Q4, FY 20				
11	Cosmo Mall	Zirakpur	Punjab	4
12	Nilamber Triumph Mall	Ahmedabad	Gujarat	5
13	Orion Uptown Mall	Bengaluru	Karnataka	5
14	Pacific Mall	Delhi	Delhi	6
15	Treasure Island Mall	Indore	Madhya Pradesh	4
Total				



Leader in terms of number of screens in India



# **87** Screens opened in FY 19-20

**Highest** ever screens opened in a financial year by any cinema operator in India

**Property Images** 



#### Pacific Mall, Dwarka, Delhi



### Orion Uptown Mall, Bengaluru









### Cosmo Mall, Zirakhpur







# **THANK YOU**

For any queries please contact investor relations team: Email ID: <u>investorrelations@pvrcinemas.com</u>