

PVR – BUY

Company Update

Current Market Price (CMP)

Rs.1,599

Target Price

Rs.1,700

Our fair value of Rs1,700 offers upside of 6.3% from current market price.

Rationale:

- We expect PVR's business to recover over 2HFY22 as Covid restrictions ease.
- There is room for some re-rating as operating metrics recover.
- Fundamentals of business broadly intact even as we would keep an eye on risks.
- We expect earnings (EPS) to grow 70.3% in FY22 and 239.3% in FY23.
- We value PVR at 12.5x Sep'23E EV/EBITDA and arrive at Fair Value of Rs1,700. (Enterprise Value/ Earnings Before Interest, Tax, Depreciation and Amortization)

Company update:

Positives:

- Expect state govt to lift/ease Covid restrictions in absence of a COVID third wave.
- Permanent downward reset in cost structure to the tune of 10% of employee & other fixed costs.
- Capex intensity and competitive intensity can potentially moderate.

Negatives:

- The Maharashtra government is yet to approve opening of cinemas.
- We expect PVR to report negative Free cash flow of Rs424 cr in FY22.

[Click here](#) For detailed report dated 20th September 2021. Note: CMP & valuation may differ due to difference in dates.



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