# Wonderla Holidays Ltd — Aug 2025 Quarterly Analysis

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

**Result:** Weak Miss (Core) / Mixed Execution **One-line:** The long-term thesis is transitioning from a high-volume organic growth story to a capital-intensive "roll-out and premiumization" model, as mature parks hit a volume ceiling and growth becomes entirely dependent on new geography (Chennai) and non-ticket monetization (Isle Resort).

| Dimension | This Quarter | Signal / Evidence | Sentiment |
|---|---|---|---|
| **Beat/Miss vs Guidance / Prior Quarter** | **Weak Miss** | Revenue □169 Cr (-3% YoY) missed internal growth targets; footfalls (9.17L) declined vs prior peak. | □ |
| **Earnings Quality** | **High (Core)** | No major one-offs; □6 Cr other income is recurring interest/ investment gain. | □ |
| **Guidance Confidence** | **Neutral** | Management guided for "low single-digit" footfall growth in mature parks, a significant walk-back from high-growth expectations. | □ |
| **Management Credibility** | **Stable** | Transparent about "unforeseen" external factors (early monsoon) and maturity of existing parks. | □ |
| **Business Quality Signal** | **Consolidating** | Mature parks (Kochi/BLR) are now cash cows; pricing power (ARPU +6%) is the only organic lever left. | □ |
| **Key Q&A Exchange** | **Q7: Mature Parks** | Mgmt admitted mature parks will likely see flattish volumes; focus shifts to ARPU and new launches. | □ |
| **The Street's Primary Anxiety** | **Volume Stagnation** | How will WHL grow if mature parks are saturated? Mgmt: "ARPU growth and new formats like Isle." | □ |
| **Capital Cycle Stage** | **Peak Investment** | Chennai Park (□610 Cr total) and Isle expansion (□39 Cr) are consuming current cash flows. | □ |
| **Margin Trajectory** | **Deteriorating** | EBITDA margins squeezed by marketing (45% of EBITDA drop) and wage inflation. | □ |
| **Pricing Power** | **Expanding** | Non-ticket spend (SPH) grew 11% YoY, proving strong F&B/ Retail execution. | □ |
| **FCF Conversion & Quality** | **Strong** | Negative working capital persists; peak-season cash collections remain high. | □ |
| **Competitive Moat Signals** | **Stable** | "Wonderla" remains the only pan-India organized player; no credible threat in target hubs. | □ |
| **Balance Sheet Strength** | **Exceptional** | Net Cash post-QIP remains a war chest for future projects. | □ |
| **Working Capital Efficiency** | **Stable** | Business remains a "cash-at-gate" model with negligible receivables. | □ |
| **Mgmt Tone** | **Pragmatic** | Arun C. was cautious on volume but bullish on premium hospitality (Isle). | □ |

**Sentiment:** □**Neutral**

**Key Takeaways (Positives & Negatives):** * **Positives:** The launch of 'The Isle' in Bengaluru is a strategic pivot to luxury hospitality; initial 70% occupancy and ARR (double the existing resort) suggests a significant ROIC kicker. Average Revenue Per User (ARPU) continues to climb (+6% YoY to □1,775) led by an 11% jump in non-ticket spend (F&B/Retail), proving pricing power remains intact even as volumes soften. * **Negatives:** Structural volume weakness in mature parks is concerning; Bengaluru and Kochi are seeing footfall stagnation, which management now labels as "tenured" status. Marketing spend jumped significantly to sustain these flattish revenues, leading to operational deleverage. * **The Street's Concern:** Analysts are wary of the EBITDA contraction (□14 Cr reduction excl. other income). Management attributed this primarily to incremental marketing (45% of the drop) and footfall declines (31% of the drop). * **Watchpoint:** The "Soft Opening" of Chennai in Dec 2025 is the singular most important catalyst for the next 18 months; any delay there will prolong the current "earnings trough."

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## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

| Metric | Current Qtr (Q1 FY26) | YoY Change | QoQ Change | Trend | Mgmt Commentary |
|---|---|---|---|---|---|
| **Revenue (□Cr)** | 169.00 | ↓ 3.0% | ↑ 74.6% | ↓ | YoY decline due to early monsoons and "external factors" affecting sentiment. |
| **EBITDA (□Cr)** | 87.51 | ↓ 9.0% | ↑ 186.5% | ↓ | YoY drop driven by □14 Cr reduction in core ops (Marketing + Wage hikes). |
| **EBITDA Margin %** | 48.9% (incl. OI) | ↓ 320 bps | ↑ 2050 bps | ↓ | Underlying margins hit by marketing spend (45% of EBITDA drop). |
| **PAT (□Cr)** | 52.58 | ↓ 13.5% | ↑ 377.5% | ↓ | Lower footfalls and higher depreciation from Bhubaneswar impacting YoY. |
| **ARPU (□)** | 1,775 | ↑ 6.0% | ↑ 24.4% | ↑ | Driven by pricing and strong non-ticket spend (+11% YoY). |
| **Non-Ticket SPH (□)** | 493 | ↑ 11.0% | ↑ 40.8% | ↑ | Successful F&B initiatives (Momo Mania, Biryani Buckets). |
| **Footfalls (Lakhs)** | 9.17 | ↓ 8.3% | ↑ 35.2% | ↓ | April grew double-digits, but May/June hit by early monsoons. |
| **Net Cash (□Cr)** | ~540.00 | ↑ 410% | ↓ 3.4% | → | QIP funds being deployed for Chennai Park capex. |
| **BBS Footfalls (Lakhs)** | 0.96 | ↑ 37.1% | ↑ 134.1% | ↑ | Still in ramp-up phase; EBITDA positive this quarter. |

### 2B. SEGMENT BREAKDOWN

| Segment | Footfalls (Lakhs) | YoY Growth | ARPU (□)* | Trend | vs Co. Avg | Key Development |
|---|---|---|---|---|---|---|
| **Bengaluru** | 3.22 | ↓ | ~1,775 | ↓ | In-line | Focus shifting to "The Isle" Resort (70% occupancy). |
| **Hyderabad** | 2.62 | → | ~1,775 | → | Above | Remained resilient compared to other mature parks. |
| **Kochi** | 2.37 | ↓ | ~1,775 | ↓ | Below | Hit by early monsoon; celebrating 25th anniversary. |
| **Bhubaneswar** | 0.96 | ↑ | ~1,250 | ↑ | Below | Growing well; targeting 3L footfalls for FY26. |
| **Resort (BLR)** | N/A | ↑ | ARR 2x | ↑ | Above | "The Isle" launched (39 keys); ARR double of old resort. |
| *ARPU estimated based on consolidated average.* | | | | | | |

## 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category | Management Target / Claim | Required Run-Rate / Mathematical Feasibility | Historical Delivery | Risk Flag |
|---|---|---|---|---|---|
| **Guidance** | **Footfall Growth** | Low single-digit for mature parks; 3L for BBS. | Needs ~2L footfalls in BBS over next 3 quarters (High Season Q3). | **Missed** (Prior Q4 target) | **Medium** |
| **Guidance** | **Chennai Launch** | Soft opening by December 2025. | □120-130 Cr remaining spend; construction progressing rapidly. | **On Track** | **Low** |
| **Guidance** | **BBS Profitability** | EBITDA positive in Q1 FY26. | Achieved in Q1; PAT remains slightly negative due to depreciation. | **Delivered** | **Low** |
| **Strategy** | **Hospitality** | Revamp existing resort to "The Isle" standards. | Requires incremental capex in Bengaluru during H2 FY26. | **New Target** | **Low** |
| **Strategy** | **Expansion** | 3 new locations being explored (Haryana/NCR, UP/ Noida). | Negotiating land/deals with state governments. | **On Track** | **Medium** |
| **Balance** | **Capex Funding** | No debt required for Chennai. | □480 Cr already spent; cash balance covers remaining □130 Cr. | **Delivered** | **Low** |

## 4. ANALYST Q&A

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 4.5 | Jai Chauhan / Trinetra | Isle Resort | Hospitality | Is Isle ramping up faster than traditional resorts? | Management confirmed Isle is at 70% occupancy with ARR double the existing resort, indicating strong demand for premium differentiation. This shift to high-yield hospitality provides a crucial margin hedge against flattish park volumes. | None | 5.0 | Quantified & Clear |
| 2 | 3.5 | Jai Chauhan / Trinetra | Isle Resort | Strategy | Is F&B included in Isle or unbundled? | Management noted it is early days but most guests take bundled park packages, though standalone demand exists. Integrated hospitality-entertainment is the core strategy to lift Spend-Per-Head (SPH). | None | 4.0 | Directional |
| 3 | 4.0 | Navin / ithought PMS | Future Parks | Expansion | Any movement on the 2 locations in government discussions? | Management is in advanced stages for two locations but has not finalized either yet. Future growth remains binary based on these government land closures. | None | 3.0 | Vague |
| 4 | 3.0 | Navin / ithought PMS | Revenue Mix | Financials | Do concerts contribute significantly | Management clarified concerts are primarily | None | 5.0 | Specific |

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|---|---|---|---|---|---|---|---|---|---|
| | | | | | to non-ticket revenue? | marketing initiatives to build brand recall and contribute very little to core revenue. Non-ticket growth will remain driven by F&B and Resorts, not event management. | | | |
| 5 | 4.0 | Shamit Ashar / Ambit | Strategy | Competition | How will you handle the Haryana CM's plan to bring Disneyland? | Management dismissed the Disneyland threat as financially unviable for India ($3-7bn per park), reinforcing Wonderla's local moat. WHL's focus remains on smaller, □500-700 Cr parks in state capitals. | None | 5.0 | Specific |
| 6 | 4.5 | Shamit Ashar / Ambit | Expansion | Capex | Are you looking aggressively at the Northern belt (NCR/ Noida)? | Management confirmed active talks with Haryana and UP governments for NCR/Noida projects, pending "best deal" terms. Geographic diversification beyond South India is the primary long-term volume driver. | None | 3.0 | Directional |
| 7 | 5.0 | Shamit Ashar / Ambit | Footfalls | Financials | Why are mature parks (BLR, Kochi, | Management attributed the dip to early monsoons and | None | 4.0 | Transparent |

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Hyderabad) degrowing? | consumer sentiment hits in May, despite a double-digit growth start in April. Mature parks have reached a "tenured" stage where volume growth is naturally capped at low single-digits. | | | |
| 8 | 4.5 | Adhidev / ICICI Sec | Chennai Park | Capex | What is the remaining capex for Chennai post-Q1? | Saji Louiz clarified that □480 Cr has been spent to date, with □120-130 Cr remaining to complete the park. Funding is entirely internal/QIP-based, leaving the balance sheet debt-free. | None | 5.0 | Specific |
| 9 | 4.0 | Adhidev / ICICI Sec | Footfalls | Financials | Will mature parks grow at all in FY26? | Management expects low single-digit footfall growth for existing parks for the full year. This confirms that top-line growth is now a realization (ARPU) story rather than a volume story. | None | 3.0 | Hedged |
| 10 | 3.5 | Angad / Sameeksha | Weather | Macro | How much does adverse weather impact daily footfalls? | Management indicated that bad weather can drop daily footfalls by 30-40% compared to a sunny day. | None | 4.0 | Directional |

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | This seasonality/ volatility remains the biggest unpredictable risk to quarterly earnings. | | | |
| 11 | 4.0 | Nirav Savai / ABAKKUS | Isle Resort | Financials | What is the ARR difference for Isle vs the old resort? | Management confirmed Isle ARR is double the old resort, with 70% occupancy already achieved. Premiumization of the hospitality segment is now a core margin protector. | None | 5.0 | Quantified |
| 12 | 4.0 | Nirav Savai / ABAKKUS | BBS Park | Financials | Is Bhubaneswar profitable now? | Management stated BBS is EBITDA positive this quarter but slightly PAT negative due to depreciation. The park is trending toward a 3L annual footfall target. | None | 4.0 | Directional |
| 13 | 4.5 | Nirav Savai / ABAKKUS | Expenses | Financials | Why did marketing spend grow so much YoY? | Management attributed it to the 25th-anniversary celebrations and higher acquisition costs for the newer BBS park. This indicates that customer acquisition is becoming more | None | 4.0 | Directional |

| Q# | Relevance | Analyst / Firm | Theme Cluster | Category | Underlying Concern | Management Response & Investment Implication | Evaded | Credibility | Verdict |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | expensive as the brand pushes into new markets. | | | |

**PATTERN FLAGS & SENTIMENT** Analyst anxiety is clearly focused on the "Saturation of Mature Parks." Multiple questions probed why footfalls are declining in Bengaluru and Kochi despite high marketing spends. Management's posture was defensive but realistic, shifting the narrative toward "ARPU-led growth" and "Hospitality expansion." The Street remains skeptical about volume recovery but is partially mollified by the high-yield performance of 'The Isle' resort and the debt-free balance sheet.

**Analyst Sentiment Verdict: Cautiously Optimistic on Strategy, Skeptical on Volumes.** Analysts were impressed by the Isle Resort's initial numbers (70% occupancy, 2x ARR) but remain concerned about the operational deleverage caused by rising marketing and staff costs. The management's credibility remains intact due to their specific timeline for Chennai (Dec 2025) and transparent admission of "tenured" park limitations.

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## 5. WHAT CHANGED vs PRIOR QUARTER

*Data compared vs Q4 FY25 (Prior Context).*

| What Changed | Prior Quarter (Q4 FY25) | This Quarter (Q1 FY26) | Direction |
|---|---|---|---|
| **Seasonality Status** | Low Season (₹97 Cr Rev) | Peak Season (₹169 Cr Rev) | ↑ Improving |
| **BBS Profitability** | "Highly seasonal" / Negative | EBITDA Positive | ↑ Improving |
| **ARPU** | ₹1,427 | ₹1,775 | ↑ Improving |
| **Non-Ticket SPH** | ~₹350 | ₹493 | ↑ Improving |
| **Hospitality Strategy** | Standard 84-room resort | Launch of 'The Isle' (Premium keys) | ↑ Premiumization |
| **Management Tone** | Recovery focus | Acknowledging "Mature/Tenured" status | ↓ Cautious |
| **Capex Status** | Chennai early stage | ₹480 Cr spent (80% complete) | ↑ Execution |
| **Marketing Spend** | Elevated for BBS launch | Further spike for 25th Anniversary | ↓ Opex Pressure |

**Investor Notes:** * **CFO-to-PAT:** While quarterly cash flow is not explicitly in the PPT, the ₹6 Cr other income (interest) and negative working capital model (customers pay before they ride) suggest cash flow remains significantly higher than PAT. * **Thesis Change:** The quarter confirms that WHL is no longer a high-volume organic grower. It is now a **"Capital Re-allocation" story**: taking cash from mature parks to build new geographies (Chennai) and premium hospitality assets (Isle). * **Key Trigger:** Watch for "The Isle" occupancy during the off-season (Q2). If it holds at >50%, the resort strategy is a game-changer for WHL's ROIC profile.

STOP.