Wonderla Holidays Ltd — Feb 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak Miss (Core) / Guidance Cut (Operational) **One-line:** Management has pivoted to a "transition year" narrative as operating margins remain suppressed by aggressive front-loading of corporate overheads (ESOPs/hiring) and persistent weather/health headwinds, while the critical Chennai expansion has been delayed by 6 months.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	**Weak Miss**	Revenue degrowth of 1.7% YoY; EBITDA down 30.3% due to high fixed-cost absorption.	□
Earnings Quality	**Moderate**	Core operating performance is weak; however, cash flow remains stable despite P&L volatility.	□
Guidance Confidence	**Weak**	Chennai Park opening delayed from June 2025 to Dec 2025; Bhubaneswar Year-1 targets look mathematically unlikely.	□
Management Credibility	**Neutral**	Transparent about regional failures (Kochi/BBS) but shifting timelines on major capex (Chennai) is a concern.	□
Business Quality Signal	**Stable (Core) / Diluting (New)**	Mature parks (HYD) show resilience, but Tier-2 expansion (BBS) is proving more seasonal/volatile than anticipated.	□
Key Q&A Exchange	**Q2: BBS Footfalls**	Management admitted BBS is "highly seasonal" and missed targets due to cyclones, shifting expectations to FY26.	□
The Street's Anxiety	**Margin Normalization**	Analysts questioned the □49 Cr "Other Expenses" spike; Mgmt cited ESOPs and 67 new hires for future parks.	□
Capital Cycle Stage	**Investment**	Aggressive build-out phase with □800 Cr QIP proceeds being deployed; FCF being plowed back into Chennai/BLR.	□
Margin Trajectory	**Deteriorating (YoY)**	EBITDA margins crashed from ~49% in Q3FY24 to 33.3% in Q3FY25 due to employee/marketing cost front-loading.	□
Pricing Power	**Stable**	Non-ticket spend per head (SPH) grew 9-12% YoY, offsetting some footfall pressure.	□
FCF Conversion	**Strong**	Negative working capital model ensures cash collections remain ahead of P&L recognition.	□
Competitive Moat	**Stable**	Brand strength remains high in South India; HYD record Q3 proves the model works when weather/groups align.	□
Balance Sheet	**Exceptional**	Post-QIP, the company has a massive "war chest" for multi-city expansion.	□
Working Capital	**Stable**	DSO remains negligible due to the nature of the cash-and-carry amusement park business.	□
Mgmt Tone	**Pragmatic**	Admitted FY25 will be "flattish" and focused on building capability for a 5-6 park portfolio.	□

Sentiment: □Neutral

Key Takeaways: * **Positives:** Hyderabad achieved its best-ever Q3 in 8 years, driven by a successful "crack" of the group picnic market (42-45% of footfalls). Non-ticket revenue (SPH) continues to outpace inflation (up 9-12%), validating the internal F&B/Retail strategy. * **Negatives:** Massive margin compression (EBITDA down

30% YoY) as corporate overheads (67 new staff, ESOPs) are being absorbed before the next wave of parks (Chennai/MP) generate revenue. Bhubaneswar (BBS) is significantly underperforming initial targets, with only 1.28 Lakh footfalls 9M YTD against a 3-4 Lakh Year-1 target. * **The Street's Concern:** Analysts are focused on the timeline for Chennai (now Dec '25) and the ROIC of smaller Tier-2 parks. Management's response: "BBS will breakeven at 2 Lakh footfalls... we expect this in FY26." * **Watchpoint:** Monitoring the Q1FY26 "Summer Season" performance in Bhubaneswar; if it fails to hit >1 Lakh footfalls in that quarter, the "Tier-2 model" logic will require reassessment.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *Note: PPT and Concall used. Revenue/EBITDA converted from Lakhs where necessary.*

Metric	Current Qtr (Q3FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Footfalls (Mn)	0.918	↓ 4.5%	↑ 104%	□	Weather hit BLR; Meningitis hit Kochi schools; HYD saw record group activity.
ARPU (□)	1,272	↓ 1.1%	↓ 10.0%	↓	Driven by higher mix of school groups (lower ticket price) in HYD and BBS.
Revenue (□Cr)	121.5	↓ 1.7%	↑ 80.3%	□	Volume-led decline in Kochi/BLR; HYD was the sole growth outperformer.
EBITDA (□Cr)	42.2	↓ 30.3%	↑ 1,407%	↓	YoY hit from front-loaded corporate hires (67 people) and ESOP costs (□2 Cr/qtr).
EBITDA Margin %	33.3%	↓ 1,360bps	↑ 2,930bps	↓	Significant YoY compression from 46.9% to 33.3%; operating leverage working in reverse.
PAT (□Cr)	20.3	↓ 45.7%	↑ 38.1%	↓	Impacted by higher depreciation and lack of prior quarter's one-off tax credit.
ROCE (%) (9M)	~22% (Annualized)	↓	N/A	↓	Trending lower as massive capital is currently "locked" in Chennai WIP.
Cash Flow (H1 CFO)	177.7	↓ 7.6%	N/A	→	Cash flow remains robust; H1 CFO is ~1.8x 9M PAT.
Net Debt / (Cash)	(Net Cash)	↑ Cash	↑ Cash	↑	QIP fundraise completed; balance sheet is extremely liquid for expansion.
SPH (Spend per Head)	□350+	↑ 9.0%	→	□	Driven by new food offerings like "Momo Mania" and "Ola Mexicana".

2B. SEGMENT BREAKDOWN (Park-wise)

Segment	Revenue (₹ Cr)*	Footfall (Lakhs)	Trend	vs Co. Avg	Key Development
Bengaluru	~40.5	2.99	↓	Inline	Hit by "sudden unexpected monsoon" and floods for 2 weeks in October.
Kochi	~33.5	2.57	↓	Below	School group cancellations due to "meningitis issue" in Kerala.
Hyderabad	~44.2	3.28	↑	Above	Best Q3 in 8 years; Group footfalls grew to 45% of mix.
Bhubaneswar	~3.5	0.34	↓	Below	Hit by 2 cyclone events; ARPU at ₹1,030 due to school group focus.
Resort (BLR)	~3.0	52% Occ.	→	N/A	ADR stable at ₹5,770; expansion launching early FY26.
Revenue estimated based on Footfall x Segment ARPU provided in call.					

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	**BBS Footfall**	5-6 Lakhs (Mature); 3-4 Lakhs (Year 1).	Needs 1.72L+ in Q4 to hit min. Year-1 target; historical Q4 is a low season.	**Miss**	**High**
Guidance	**Chennai Park**	Commercial Ops by Dec 2025.	Soft launch expected Dec '25; construction in progress.	**Delayed**	**Medium**
Guidance	**BBS Breakeven**	2 Lakh footfalls for EBITDA breakeven.	9M YTD is 1.28L; needs ~72k in Q4 to breakeven in Year 1.	First Year	**Medium**
Guidance	**Margins**	Normalize to 35-40% EBITDA.	Requires volume recovery in BLR/Kochi; fixed costs are now "structural."	**Deteriorating**	**Medium**
Capex	**New Projects**	Gujarat (MoU signed), MP (active disc.), UP/Punjab (on track).	Funded by ₹800 Cr QIP; ₹200 Cr per Tier-2 park.	On Track	**Low**
Strategy	**Digital**	Website revamped; ticket booking & POS transformation.	Shifting to 55%+ pre-booked online footfalls to hedge weather risk.	Improving	**Low**

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	5.0	Himanshu / BugleRock	Financials	Why were Q3 footfalls significantly bad for Bangalore and Kochi despite good Dussehra/ Diwali?	Management attributed the BLR dip to October floods and Kochi to a regional meningitis outbreak that scared off school groups. This confirms the high sensitivity of the model to localized exogenous shocks (weather/health).	None	4.0	Clear Rationale
2	4.5	Himanshu / BugleRock	Business Overview	BBS footfalls fell to 35k in Q3 vs 93k in H1; why didn't you discount to drive volume?	Management noted the market is highly seasonal and hit by two cyclones, with winter park-going culture not yet established in Odisha. Investors must recalibrate BBS as a "Summer-heavy" asset rather than a steady-state year-round park.	None	3.5	Vague on tactics
3	4.0	Naman Shah / Monarch	Financials	What are you doing to increase revenue in declining mature parks?	Management is investing in "sustaining capex" like the Adventures of Chikku ride and new virtual attractions in BLR/Kochi. This signifies that older parks now require higher reinvestment rates just to maintain flat footfalls.	None	4.0	Specific Capex
4	3.5	Angad / Sameeksha	Financials	Other expenses jumped to □49 Cr; what drove this?	CFO cited □2 Cr/qtr ESOP costs, □3.5 Cr onetime marketing (video shoots), and 67 new staff additions. This confirms that the current margin pressure is a deliberate choice to front-load the corporate "growth team."	None	4.5	Quantified

Q#	Relevance	Analyst / Firm	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
5	4.0	Prolin / Edelweiss	Strategy	Does the weather impact change the long-term target of 1 million footfalls per park?	Management remains bullish, stating 1 million is the "floor" they want to exceed, citing record Christmas growth when weather was clear. Thesis remains intact on a per-location basis, provided weather normalizes.	None	4.0	High Conviction
6	4.5	Prolin / Edelweiss	Capex	Is the Chennai Park on track for June 2025?	Management admitted a delay, shifting the public opening/soft launch to December 2025 due to inclement weather. This 6-month delay pushes back the revenue-accruive phase of the company's largest-ever investment.	None	3.5	Timeline Shift
7	3.0	Yashodhan / Ionic	Capex	How will the QIP funds be utilized?	Approximately 50% (□400 Cr) is earmarked for Chennai, with the rest for BLR resort/ rides and "war chest" for MP/Gujarat projects. Confirming that dilution was necessary for simultaneous multi-city expansion.	None	5.0	Specific Split
8	3.5	Vedant / Minerva	Financials	Can you quantify the footfall lost to weather?	Management estimated ~50k-70k lost in each park (BLR/Kochi) and ~30k-40k in BBS. This implies a revenue "leakage" of □20-25 Cr this quarter due to non-controllable factors.	None	3.0	Estimate
9	3.5	Monish / HDFC MF	Business Overview	What is the breakeven and maturity	Breakeven is at 2 Lakh footfalls (expected next year for BBS); maturity (5-6 Lakhs) takes 4-5	None	4.0	Specific Stats

Q#	Relevance	Analyst / Firm	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
				profile of a Tier-2 park?	years with a ~8-year payback. This sets a clear benchmark for evaluating future MP and Gujarat expansions.			
10	3.0	Kaustubh / ICICI Sec	Financials	Will non-ticketing margins improve the overall mix?	Management clarified that F&B/Retail margins are ~50%, similar to ticketing. Margin expansion must therefore come from volume-based operating leverage, not product mix shift alone.	None	4.5	Margin Clarity

PATTERN FLAGS & SENTIMENT * **The "Structural vs. Seasonal" Debate:** Analysts are grappling with whether the footfall weakness is truly just weather/health or a broader discretionary slowdown. Management's defensive posture (blaming cyclones/floods) was consistent but challenged by the BBS numbers which were sharply lower than pre-launch excitement suggested. * **Margin Transition Anxiety:** The spike in employee costs and "other expenses" generated friction. Analysts are wary of a "middle-management bloat" while waiting for the Chennai park to materialize. The sentiment is that Wonderla is currently an "inefficient" version of its future self. * **Analyst Sentiment Verdict:** Skeptical on the short-term but optimistic on the medium-term. Management's credibility on project execution remains high, but the delay in Chennai (to Dec '25) and the volatility in BBS are significant overhangs. The key friction point is the EBITDA margin—if it doesn't return to >40% in the summer (Q1FY26), the stock may face de-rating.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **Chennai Timeline** | Operational by June/July 2025 (Q2 call). | Delayed to December 2025. | **6-month delay.** | Delayed ROIC/Revenue contribution. | | **BBS Footfall** | Year 1 target of 3-4 Lakhs. | 9M YTD at 1.28 Lakhs. | **Target Miss likely.** | Lower-than-expected absorption in Tier-2. | | **BBS Opening** | Opened in May 2024. | "Officially" opened only in Sept. | **Clarification of "soft" vs "official."** | Pushes maturity timeline forward. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2 FY25)	This Quarter (Q3 FY25)	Direction
Chennai Timeline	June 2025	December 2025	↓ Delayed
EBITDA Margin	4.0% (Worst-ever)	33.3% (Recovering but low YoY)	↑ Recovering
BBS Outlook	Highly bullish post-launch.	Pragmatic; "highly seasonal" market.	↓ Tempered
Group Business	Recovering.	"Cracked" in HYD (45% mix).	↑ Improving
Staffing Status	Hiring in progress.	Added 67 more; team "90% built."	→ Stable (Cost floor)
Thesis Status	Growth Pivot.	Transition Trough.	□Holding

Investor Notes: The thesis has not changed, but it has *lengthened*. The delay in Chennai and the front-loading of costs mean that FY25 is effectively a "lost year" for earnings growth. The stock now acts as a call option on the FY27 earnings power when Chennai and the BLR resort expansion are fully operational. Forensic check: The 10-year tax exemption for Chennai (noted in milestones) remains a massive long-term tailwind once the park opens. STOP.