Wonderla Holidays Ltd — May 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak Miss (Core) / Conservative Guidance **One-line:** FY25 was a "digestion year" where aggressive front-loading of corporate overheads (Employee costs +30% YoY) and a cyclical softening in discretionary spend severely compressed margins, leaving the thesis entirely dependent on the successful Q3 FY26 commissioning of the Chennai mega-park.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	**Weak Miss**	Revenue degrew 3% YoY; EBITDA crashed 24.7% due to operational deleverage.	□
Earnings Quality	**Moderate**	Core P&L is under pressure, but Balance Sheet is at its strongest ever post-QIP (□558 Cr+ liquid assets).	□
Guidance Confidence	**Neutral**	Management set a conservative 5-10% footfall growth for FY26; BBS Year-1 target was a significant miss.	□
Management Credibility	**Stable**	Transparent regarding mature park saturation; however, the "transition cost" narrative is masking core weakness.	□
Business Quality Signal	**Consolidating**	Mature parks (BLR/Kochi) are ex-growth; growth is now purely a function of new capital deployment (Chennai/Odisha).	□
Key Q&A Exchange	**Q13: Marketing**	Management admitted marketing spend nearly doubled (□40 Cr vs □28 Cr) with flattish results.	□
The Street's Anxiety	**Margin Recovery**	When will margins return to 40%? Mgmt: "Once Chennai stabilizes" (effectively FY27).	□
Capital Cycle Stage	**Investment**	Peak capex phase for Chennai (□610 Cr total) and BLR Resort expansion.	□
Return Ratio Trajectory	**Deteriorating**	ROCE trending down as capital is "locked" in CWIP (□225 Cr) and liquid investments (□541 Cr).	□
Pricing Power	**Stable**	SPH grew 11-12% YoY, proving internal F&B/Retail strategy works despite footfall volatility.	□
FCF Conversion	**Strong**	Negative WC model persists; Balance sheet liquidity exceeds all current debt/liabilities by >10x.	□
Competitive Moat	**Stable**	"Wonderla" brand remains the gold standard in Indian amusement; no organized competition in target hubs.	□
Balance Sheet	**Exceptional**	Net Cash of ~□550 Cr; "Zero Debt" outlook for future Tier-2 projects.	□
Working Capital	**Stable**	Inventory/Receivables remain negligible; business remains a "cash-at-gate" model.	□
Mgmt Tone	**Cautious**	Arun C. noted "unpredictable market conditions" and "temporary softening of discretionary spend."	□

Sentiment: □Neutral

Key Takeaways: * **Positives:** Spend Per Head (SPH) is a bright spot, growing 12% for the full year, indicating that while people are visiting less frequently, those who do come are spending more on premium F&B (Momo Mania, Ola Mexicana). Digital penetration is high (57% online bookings), reducing ticket-window friction and improving data collection. * **Negatives:** Massive margin erosion—EBITDA margins dropped from 38.7% to

28.4% YoY. This is driven by a structural shift in the cost base: Employee expenses grew from □62.6 Cr to □81.5 Cr (+30%) to staff parks that haven't generated revenue yet (Chennai/Future sites). Bhubaneswar (BBS) missed its inaugural year target of 3-4L footfalls, delivering only 1.69L. * **The Street's Concern:** Analysts are frustrated by the "mature park" stagnation. Management's response: "We only expect mild growth from tenured parks; growth will come from new formats." This shifts WHL from a "same-store growth" story to a "roll-out" story. * **Watchpoint:** The commissioning of "ISLE by Wonderla" (Resort) in Q1 FY26 and the Chennai "Soft Launch" in Q3 FY26. If Chennai faces further delays, the massive overhead bloat will continue to punish the stock.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS (Consolidated) *Data Source: PPT (Primary), Concall (Commentary)*

Metric	Q4 FY25	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	96.78	↓ 3.0%	↓ 20.3%	↓	Driven by "unpredictable market conditions" and softening discretionary spend.
EBITDA (□Cr)	30.54	↓ 24.7%	↓ 27.6%	↓	Impacted by □20.1 Cr employee cost (up 18% YoY) and □45.3 Cr other expenses.
EBITDA Margin %	28.4%	↓ 1,030 bps	↓ 490 bps	↓	Margin hit by front-loading of staff for Chennai/BBS and higher marketing.
PAT (□Cr)	11.01	↓ 51.3%	↓ 45.7%	↓	Impacted by higher depreciation (□15.5 Cr vs □10.1 Cr) from BBS launch.
Footfalls (Lakhs)	6.78	↓ 4.1%	↓ 26.1%	↓	Mature parks saturated; Kochi/BLR hit by exam seasons/ weather.
ARPU (□)	~1,427	↑ 1.1%	↑ 12.2%	↑	Volume decline offset by high SPH growth (F&B innovation).
SPH (□)	~350+	↑ 11.0%	→	□	Growth led by new counters (Ola Mexicana) and Biryani Bucket launches.
Net Cash (□ Cr)	~558.9	↑ 410%	→	□	Cash "war chest" post-QIP; includes □135.9 Cr investments + □423 Cr bank/cash.
ROCE % (FY25)	~12.3%	↓	N/A	↓	Low due to massive cash balance and unproductive CWIP in Chennai.

2B. SEGMENT BREAKDOWN (Park-wise)

Segment	Footfalls (Lakhs)	Revenue (□Cr)*	FY25 Total	Trend	vs Co. Avg	Key Development
Bengaluru	2.18	~31.1	10.71 L	↓	Inline	"Mature" status confirmed; focus shifting to Resort expansion (Q1FY26).
Kochi	2.08	~29.7	8.78 L	↓	Below	Hit by regional factors; bungee jump attraction being introduced to revive interest.
Hyderabad	2.11	~30.1	9.31 L	↑	Above	Star performer; recorded highest-ever annual revenue in FY25.
Bhubaneswar	0.41	~5.8	1.69 L	□	Below	Missed Year-1 target (3-4L). Mgmt expects 2.8-3.0L in FY26 (70% growth req).
Resort (BLR)	N/A	~3.0	N/A	→	N/A	Currently 84 rooms; adding 39 "Premium" keys in Q1 FY26 (Total 123).
Revenue estimated based on Q4 Revenue/Footfall ratio.						

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	**Footfall Growth**	5-10% for FY26.	Needs ~31.5L to 33L total footfalls in FY26.	**Missed** (FY25 flattish)	**Medium**
Guidance	**BBS Footfall**	2.8L - 3.0L for FY26.	Needs 65% YoY growth from current base of 1.69L.	**Missed** (Prior 3-4L target)	**High**
Guidance	**Chennai Opening**	Q3 FY26 Commercial Ops.	Construction in progress; □75 Cr spent of □390 Cr QIP allocation.	**On Track** (Revised)	**Medium**
Guidance	**EBITDA Margin**	40-45% (Steady state).	Requires volume recovery and Chennai break-even.	**Deteriorating**	**High**
Strategy	**Expansion**	1-2 new projects by end of FY26.	Exploring Gujarat, MP, UP/Punjab; limit is 2 parks simultaneously.	**On Track**	**Low**
Balance	**Funding**	No further fundraise required.	Post-QIP cash (□540 Cr) covers remaining Chennai capex (~□315 Cr).	**Delivered**	**Low**

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
1	4.5	Ashwini / Demeter	Business Overview	How are you seeing the consumer demand situation now?	Management attributed the slowdown to a "post-COVID euphoria" correction and reprioritization of spend due to inflation. This suggests the high-growth phase for mature parks is over, and WHL is now a cyclical recovery play.	None	4.0	Pragmatic
2	4.0	Saishwar / ICICI	Financials	Why are footfalls decreasing despite Hyderabad's best ever year?	Management explained that mature parks (BLR/ Kochi) have reached saturation/ steady-state, while newer parks like Hyderabad still have headroom. Future growth is purely dependent on "new geography" entry rather than organic SSSG.	None	3.5	Confirmed saturation
3	5.0	Kaustubh / ICICI	Financials	Is FY25 EBITDA margin the base for future improvement?	Management expects margins to return to 40-45% once new parks stabilize, but warned of marketing/hiring pressure in the "mid-term." Margin recovery is delayed until at least H2 FY26.	None	3.0	Margin overhang
4	4.5	Himanshu / BugleRock	Strategy	Why is BBS non-ticket spend (SPH) so high (45% of mix) vs other parks (27%)?	Management clarified that BBS is a Tier-2 model with lower ticket prices (~60% of BLR) and high early-adopter wallet share. This confirms the Tier-2 strategy relies on F&B to drive ROIC,	None	4.5	Model clarity

Q#	Relevance	Analyst / Firm	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Credibility	Verdict
					as ticket pricing power is capped.			
5	4.0	Nirav Savai / Abakkus	Financials	Why did marketing spend jump from ₹28 Cr to ₹40 Cr?	CFO cited ₹12 Cr in one-time expenses for BBS launch, new video shoots, and ESOPs. High acquisition cost for new parks is currently cannibalizing the profitability of mature assets.	None	4.0	Opex bloat
6	4.0	Ayush / Shravas	Capex	What footfall is needed for BBS and Chennai to be "steady state"?	Mgmt wants 1M+ for large parks (Chennai) and 5-6L for Tier-2 (BBS) within 4-5 years. The current BBS run-rate (1.7L) is only ~30% of its mature-state target, indicating a long path to ROIC.	None	4.0	Long maturity
7	3.5	Ranodeep / MAS Cap	Strategy	Why not do 3-4 projects simultaneously to accelerate?	Management stated they have the bench strength for two, but the constraint is signing government agreements. Capital is not the bottleneck; bureaucracy and project management limits are.	None	4.0	Execution cap
8	3.0	Ranodeep / MAS Cap	Business Overview	Are you considering indoor amusement parks (like Bharti)?	Management dismissed the segment, stating indoor parks lack the revenue potential (₹200-250 Cr) of large-format outdoor parks. Thesis remains strictly "Large Format" focused.	None	5.0	Strategy lock

PATTERN FLAGS & SENTIMENT * **The "Mature Park" Ceiling:** Analysts repeatedly probed why Kochi and Bangalore are degrowing. Management has pivoted to a "steady-state" narrative, admitting that these parks will only provide "mild growth." The anxiety is that WHL is essentially a holding company of three cash-cows funding a risky expansion phase. * **Operational Deleverage:** The jump in Employee Costs (+□19 Cr YoY) and Marketing (+□12 Cr) was a friction point. Analysts are wary that WHL is building a corporate structure for a 10-park company while only operating 4, leading to the current 28% margin "trough." * **Analyst Sentiment Verdict: Skeptical but Patient.** Analysts are giving management the benefit of the doubt on the "transition year" excuse, but the credibility of the BBS "5-lakh footfall" target is being questioned given the weak Year-1 start. The focus has entirely shifted to Chennai as the "thesis-maker."

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | **BBS Footfall** | Target of 3-4 Lakhs (Year 1). | Delivered 1.69 Lakhs (FY25). | **~50% Miss on Year 1.** | Tier-2 demand lower than modeled. | | **EBITDA Margins** | Recovery expected. | "Pressure in mid-term" due to marketing. | **Margin bottoming delayed.** | EPS recovery pushed to FY27. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3 FY25)	This Quarter (Q4 FY25)	Direction
EBITDA Margin	33.3%	28.4%	↓ Deteriorating
BBS Performance	"Highly seasonal" excuse.	FY totals confirm a structural target miss (1.69L).	↓ Deteriorating
Online Bookings	55%	57%	↑ Improving
SPH Growth	9%	11% (Q4) / 12% (FY)	↑ Improving
Resort Capacity	84 keys	123 keys (launching Q1FY26)	↑ Capacity Expansion
Management Tone	Recovery focus.	Admitting "unpredictable market conditions."	↓ Cautious
Capital Status	Post-QIP deployment.	Only □75 Cr of □390 Cr QIP spent on Chennai.	→ Slow deployment

Investor Notes: * **CFO/PAT Ratio:** FY25 PAT is □109.3 Cr. Net Cash increased significantly, but core CFO is healthy as customer advances (tickets) fund the floats. * **Thesis Status:** The long-term thesis is intact because the balance sheet (□550 Cr cash) removes all insolvency or funding risk for the Chennai/Future builds. However, the short-term earnings trajectory is broken; WHL is now a "wait-and-watch" for the Chennai Q3 FY26 launch. * **Valuation Anchor:** The company is currently "over-capitalized," which is dragging down ROE. Investors should look past FY26 earnings to the H2 FY27 run-rate when Chennai is fully baked into the numbers.

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