

Poor box-office collections are likely to lead to a weak performance for PVR Inox in Q4FY24. Lack of big budget movies in Bollywood and Hollywood, coupled with no sleeper hits, should result in sub-par occupancies in the quarter. While the box office collection of regional movies was steady, PVR Inox's lower market share in the South is likely to lack any meaningful contribution. For Zee, near-term pain is set to remain elevated, as the company embarks on a medium-term plan of accelerating revenue growth and driving margin improvement. Saregama's music licensing revenue growth should remain impacted by the transition of select OTTA platforms to paid subscriptions, in our view, while release of two films should add to the Films and TV serial segment revenue.

Multiplex

We reckon PVR Inox would report a weak quarter, given no movie managing to cross the Rs2.5-billion mark in Q4. Only two Bollywood movies managed to breach the Rs1-billion barrier – *Fighter* and *Shaitaan*, while the Hollywood pipeline was weak owing to limited releases due to the recent writers strike. As regards regional films, three movies – *Hanuman*, *Guntur Karaam* and *Manjummel Boys* – managed to garner more than Rs1bn at the box office. We expect footfalls to decline 14% QoQ to 31.4mn – the lowest in FY24, given the lackluster movies performance. ATP should also sharply reduce, to Rs234 In Q4 from Rs271 in Q3, driven by poor movies performance coupled with promotional offers for several movies. SPH should decline slightly, to Rs128 in Q4 from Rs132 in Q3. We expect advertising revenue to fall 29% QoQ to Rs1bn.

Broadcaster

Zee's quarterly performance is likely to remain muted in the aftermath of the merger breakdown, as the company is now focusing on enhancing its performance towards a targeted recovery in the medium term. Contribution from FMCG has been steady, with sectors like Auto and Financial Services also seeing some growth, while new-age sectors continue to curtail their spending. Zee5's revenue growth should also be muted, as the company focuses on improving its margins. We estimate reported EBITDA margin to decline by 490bps QoQ to 5.3%, as content costs remain elevated along with additional costs related to ILT20 and severance payouts.

Music

Saregama's music licensing rev. growth should continue being impacted by transition of select platforms to the paid subscription model in Q4. Also, Q4 is the 1st quarter when Pocket Aces will be consolidated for the entire quarter. Saregama is poised to benefit from the release of 2 movies this Qtr, leading to growth for the Films & TV Serial vertical.

Outlook

Near-term pipeline for PVR Inox remains weak, with only few big-budget Bollywood movies scheduled for release. The Hollywood pipeline continues to be impacted by the writers strike and should take another couple of quarters to normalize. After the merger breakdown, Zee aims to regain its lost glory, via targeting a sustainable revenue CAGR of 8-10% and EBITDA margin of 18-20% by FY26E, though the transition period can be painful. Also, Q1FY25 performance is likely to be impacted by the IPL, leading to diversion of ad spends. Regarding Saregama, the management aims to return to normalized growth in the music segment Q1FY25 onwards, after the impact of transition of select platforms to paid platforms gets factored in.

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Exhibit 1: Key Trends and Assumptions

(Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY growth	QoQ growth
Zee Ent							
Total revenue	21,121	19,838	24,378	20,457	19,713	-7%	-4%
Ad revenue	10,058	9,409	9,792	10,274	9,803	-3%	-5%
Subscription	8,474	9,075	8,878	9,213	9,110	8%	-1%
Domestic	7,428	8,013	7,790	8,269	8,022	8%	-3%
International	1,046	1,062	1,088	944	1,088	4%	15%
Multiplex							
PVR-Inox							
Total revenue	11,432	13,049	19,999	15,459	12,060	5%	-22%
Ticket revenue	6,016	6,945	11,193	8,308	6,208	3%	-25%
F&B revenue	3,520	4,277	6,412	4,763	3,773	7%	-21%
Ad revenue	907	893	1,176	1,405	1,000	10%	-29%
Music							
Saregama							
Total revenue	2,074	1,633	1,724	2,043	2,330	12%	14%
Music	1,461	1,491	1,569	1,690	1,780	22%	5%
Films/ Television Serial	575	122	151	252	450	-22%	79%
Events		21	4	100	100	NA	0%

Source: Company, Emkay Research

Exhibit 2: Net box office collections in Q4FY24

Q4FY24		
Film	Release date	Box office Collection (Rs mn)
Bollywood		
Animal	01-Dec-23	89
Sam Bahadur	01-Dec-23	47
Dunki	21-Dec-23	379
Merry Christmas	12-Jan-24	196
Main Atal Hoon	19-Jan-24	80
Fighter	25-Jan-24	2,127
Teri Baaton Mein Aisa Uljha Jiya	09-Feb-24	851
Crakk	23-Feb-24	140
Article 370	23-Feb-24	772
Lapata Ladies	01-Mar-24	156
Shaitaan	08-Mar-24	1,390
Yodha	15-Mar-24	344
Madgaon Express	22-Mar-24	171
Swatantrya Veer Savarkar	22-Mar-24	159
Crew	29-Mar-24	296
Hollywood		
Dune: Part 2	01-Mar-24	286
Kung Fu Panda 4	15-Mar-24	323
Godzilla x Kong: The New Empire	29-Mar-24	387
Regional		
Hi Nanna	07-Dec-23	26
Neru	21-Dec-23	121
Salaar: Cease Fire - Part 1	22-Dec-23	605
Kaatera	29-Dec-23	400
Devil: The British Secret Agent	29-Dec-23	95
Abraham Ozler	11-Jan-24	210
Ayalaan	12-Jan-24	497
Captain Miller	12-Jan-24	495
Hanuman	12-Jan-24	2,003
Guntur Karaam	12-Jan-24	1,266
Saindhaav	13-Jan-24	163
Na Saami Ranga	14-Jan-24	303
Malaikottai Vaaliban	25-Jan-24	140
Eagle	09-Feb-24	256
Premalu	09-Feb-24	639
Lal Salaam	09-Feb-24	177
Bramayugam	15-Feb-24	270
Siren	16-Feb-24	141
Ooru Peru Bhairavakona	16-Feb-24	174
Manjummel Boys	22-Feb-24	1,256
Gaami	08-Mar-24	134
Bhimaa	08-Mar-24	133
Jatt Nuu Chudail Takri	15-Mar-24	113
Om Bheem Bush	22-Mar-24	118
Aadujeevitham - The Goat Life	22-Mar-24	308
Tillu Square	22-Mar-24	325

Source: Sacnilk, Emkay Research

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Exhibit 1: Q4FY24 Preview

Name			Mar-24E	Dec-23	Mar-23	YoY	QoQ	Comments
Zee Enterprises								
CMP (Rs/sh)	152	Net Sales (Rs mn)	19,713	20,457	21,121	-6.7%	-3.6%	The company's performance should remain muted, as it focuses on improving its medium-term performance. In Q4, we estimate a decline of 3% YoY in advertising revenue, despite FMCG companies hiking their ad spending. Subscription revenue should see 8% YoY growth on account of the NTO3.0 implementation. Zee5 revenue is expected to be slower, as focus remains on reducing losses. Market share is also likely to remain at lower levels. We estimate EBITDA margin to decline by 490bps QoQ to 5.3%, as content costs remain elevated, along with additional costs related to ILT20. Severance costs could also dent margins.
Mkt Cap (Rs bn)	146	EBITDA (Rs mn)	1,045	2,092	1,517	-31.1%	-50.1%	
Rating	SELL	EBITDA Margin (%)	5.3	10.2	7.2	(188)	(493)	
		PAT (Rs mn)	177	585	-1,960	-109.0%	-69.7%	
		EPS (Rs)	0.2	0.6	-2.0	-109.0%	-69.7%	
PVR Inox								
CMP (Rs/sh)	1,376	Net Sales (Rs mn)	12,060	15,459	11,432	5.5%	-22.0%	PVR Inox should report revenue decline of 22% QoQ on account of sub-par movies performance in Q4. We estimate footfalls for Q4 at 31.4mn. ATP should see sharp decline, from Rs271 in Q3 to Rs234 in Q4, on weak content performance coupled with promotional offers for several movies. SPH should see a slight dip, from Rs132 in Q3 to Rs128 in Q4. Advertising revenue is also expected to decline, to Rs100mn from Rs140mn. We estimate EBITDA of only Rs210mn (pre IndAS) on account of lower revenue with high fixed costs.
Mkt Cap (Rs bn)	135	EBITDA (Rs mn)	2,909	4,724	2,639	10.2%	-38.4%	
Rating	BUY	EBITDA Margin (%)	24.1	30.6	23.1	104	(644)	
		PAT (Rs mn)	-1,181	128	-3,334	NM	NM	
		EPS (Rs)	-12.1	1.3	-34.0	NM	NM	
Saregama India								
CMP (Rs/sh)	389	Net Sales (Rs mn)	2,330	2,043	2,074	12.3%	14.1%	We estimate Saregama to report revenue growth of 14.1% QoQ/12.3% YoY. The Music segment should grow 5.3% QoQ, with improvement expected from Q1FY25. Revenue from the Films and TV Serials segment should grow 79% QoQ, aided by release of 2 movies. We expect a decline of 213bps in EBITDA margin on QoQ basis, on account of integration with Pocket Aces, which has been loss-making.
Mkt Cap (Rs bn)	75	EBITDA (Rs mn)	699	656	491	42.4%	6.5%	
Rating	BUY	EBITDA Margin (%)	30.0	32.1	23.7	633	(213)	
		PAT (Rs mn)	544	522	493	10.4%	4.2%	
		EPS (Rs)	2.8	2.7	2.6	10.6%	4.0%	

Source: Company, Emkay Research

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