

UFO MOVIEZ : Good Issue

IPO Note: India's largest digital cinema distribution network

Ranking:***



Issue details

Price band (Rs)	Rs.615-Rs.625
IPO Opening Date	28/04/2015
IPO Closing Date	30/04/2015
Issue Size	Rs.600 Crore.

Valuations & Recommendation

At the upper price band of Rs.625, the stock is available at FY14 PE of 34. It may appear expensive but advertisement revenues that are highly margin accretive, have grown 10% past four year and are expected to grow further. Revenues of the company have grown at 55% CAGR for last four year. **We recommend to invest in this IPO at current price for listing as well as medium term gain.**

Highlights

- UFO Moviez India Ltd is India's largest digital cinema distribution network and in-cinema advertising platform in terms of number of screens
- UFO Moviez operates India's largest satellite-based, digital cinema distribution network using its UFO-M4 platform, as well as India's largest D-Cinema network.
- UFO Moviez has an overall 54 per cent market share in India's digital cinema exhibition industry in terms of screens that use digital cinema distribution networks.
- As at October 31, 2014, its global network spans 6,611 screens worldwide, including 4,912 screens across India and 1,699 screens across Nepal, the Middle East, Israel, Mexico and the US.
- Last year, the company had consolidated revenues of 421 crore and a net profit of Rs 46.54 crore
- In fiscal year 2014, the company digitally delivered more than 1,500 movies in 22 languages to 4,703 screens with aggregate seating capacity of approximately 2.15 million viewers spread across India

Company Introduction

Company Profile

UFO is India's largest digital cinema distribution network and in-

Financial Summary

Particulars	FY2012	FY2013	FY2014
Sales	206.7	336.2	420.4
Net Profit	4.4	33.4	46.5
EPS (Rs)	1.7	12.9	18

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

cinema advertising platform (in terms of numbers of screens), as at October 31, 2014, according to CRISIL. In fiscal year 2014, the company digitally delivered more than 1,500 movies in 22 languages to 4,703 screens with aggregate seating capacity of approximately 2.15 million viewers spread across India. Since the beginning of its operations, it has digitally delivered more than 8,800 movies in India until February 28, 2015. As at February 28, 2015, its global network spans 6,626 screens worldwide, including 4,911 screens across India and 1,715 screens across Nepal, the Middle East, Israel, Mexico and the USA.

UFO Moviez has created a pan-India, high-impact, in-cinema advertising platform with generally long-term advertising rights to 3,770 screens, with an aggregate seating capacity of approximately 1.85 million viewers and a reach of over 1,800 locations across India, as at February 28, 2015. UFO has also brought cricket matches LIVE to cinema screens in high definition, thus providing an option of alternate content to exhibitors in India. Company has 54% share in the digitized movie exhibition market with lion share in Tire-II and Tire-III cities.

Financials

For last three fiscals on consolidated basis the company has posted turnover and net profit of Rs. 207.65 crore/Rs. 6.15 crore (2012), Rs. 337.50 crore/Rs. 39.07 crore (2013), Rs. 421.09 crore/Rs. 50.10 crore (2014). For first nine months ended 31.12.14 it has earned net profit of Rs. 40.62 crore on a turnover of Rs. 357.23 crore. As on same date its equity of Rs. 25.90 crore is supported by free reserves of Rs. 416 crore plus. Being offer for sale, paid up equity stands at the same level post IPO. During the period July 2005 to March 2012 company made preferential issue of shares at a price ranging from Rs. 90 to Rs. 603.54 and also issued bonus in the ratio of 2 for 1 (March 2010). If we attribute annualized earnings for 2014-15 on the basis of first nine months result, then the asking price is at a P/E of around 30 and at a P/BV of 3.70 as per NAV of Rs. 169+ on consolidated basis as on 31.12.14

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