

Oberoi Realty

Blockbuster quarter

ORL surprised positively as revenue jumped to 1.5x/2.6x YoY/QoQ. Booking value also jumped to Rs 9.7bn during the quarter (vs 3.3bn in 3QFY20). We expect the momentum to continue for ORL, given the stamp duty cut, low-interest rate, strong brand recognition and market consolidation. Residential launches remain on track to hit market from 4QFY21 in Borivali, Goregaon and Thane. Platform deal for commercial assets is off-the table for the time being.

- 3QFY21 Financial Highlights:** Revenue: Rs 8.3bn (+57% YoY, 162% QoQ, 60% beat); While real estate segment contributed Rs 8.2bn (+67% YoY, 164% QoQ), revenue from hospitality segment came in at Rs 113mn (-71%/+72% YoY/QoQ). EBITDA: Rs 3.8bn (+66% YoY, 105% QoQ, 69% beat). EBITDA margins: 46.2% (vs 43.6% YoY/ 59% QoQ). APAT: Rs 2.9bn (+93% YoY, +108% QoQ, 104% beat).
- 3QFY21 Operational Highlights:** Pre-sales (including Three Sixty West): Volume 0.51msf (0.11msf in 2QFY21); Value Rs 9.7bn (Rs 3.3bn in 2QFY21). ORL achieved lifetime high pre-sales considering despite having no launches and sold 231 units in the quarter, compared to 42/5 units in 2Q/1Q FY21. Oberoi mall is seeing gradual recovery with consumption varying from 70-125% from tenant to tenant.
- Rental assets:** Platform deal for rental assets is off the table for time being as ORL is confident of its execution & fund raising capabilities without BS bloating to build out rental assets, and finds ~15% asking IRR by investors in current market unreasonable. Major assets like Commerz-3, Sky City Mall and Worli Mall are slated for completion by FY24, with FY24 exit rental guidance maintained at Rs ~14bn.
- Balance sheet position comfortable:** Consolidated gross debt stood at Rs 17.2bn (vs Rs 16.7bn on Sep-20 end) and net debt stood at Rs 15bn (vs Rs 13.6bn on Sep-20 end) with net D/E at 0.17x (vs 0.15x on 2QFY21 end), which is comfortable in our view. With the sequential improvement in collections to Rs 2.4bn (vs Rs 1.8/0.8bn in 2QFY21/1QFY21), ORL generated positive CFO of Rs 1.9bn.

Quarterly/Annual Financial summary

(Rs mn)	3QFY21	3QFY20	YoY	2QFY21	QoQ	FY20	FY21E	FY22E	FY23E
Net Sales	8,284	5,274	57.1	3,161	162.1	22,376	19,395	21,737	25,533
EBITDA	3,825	2,299	66.3	1,865	105.1	10,480	9,568	9,814	11,587
APAT	2,867	1,482	93.4	1,377	108.1	6,893	10,386	8,110	9,839
Diluted EPS (Rs)	7.9	4.4	93.4	3.8	108.1	19.0	28.6	22.3	27.1
P/E (x)						29.2	19.4	24.8	20.4
EV / EBITDA (x)						20.5	21.7	21.3	17.8
RoE (%)						8.3	11.5	8.3	9.2

Source: Company, HSIE Research, Consolidated financials

Estimate change summary

Consolidated Rs Mn	FY21E			FY22E			FY23E		
	Old	Revised	% Chg	Old	Revised	% Chg	Old	Revised	% Chg
Net Sales	16,184	19,395	19.8	21,737	21,737	-	25,533	25,533	-
EBITDA	7,683	9,568	24.5	9,814	9,814	-	11,587	11,587	-
EBITDA Margin (%)	47.5	49.3	186.1	45.1	45.1	-	45.4	45.4	-
Adj PAT	8,507	10,386	22.1	8,110	8,110	-	9,839	9,839	-
AEPS (Rs)	23.4	28.6	22.1	22.3	22.3	-	27.1	27.1	-

Source: Company, HSIE Research

BUY

CMP (as on 25 Jan 2021)	Rs 551
Target Price	Rs 697
NIFTY	14,239

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	Rs 697	Rs 697
EPS %	FY21E	FY22E
	22.1	-

KEY STOCK DATA

Bloomberg code	ORL IN
No. of Shares (mn)	364
MCap (Rs bn) / (\$ mn)	200/2,745
6m avg traded value (Rs mn)	272
52 Week high / low	Rs 635/290

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	20.5	41.5	(2.5)
Relative (%)	1.6	14.7	(18.7)

SHAREHOLDING PATTERN (%)

	Sep-20	Dec-20
Promoters	67.70	67.70
FIs & Local MFs	4.48	4.44
FPIs	25.40	25.61
Public & Others	2.42	2.25
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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