

Jagran Prakashan

BUY

Rebound likely!

Jagran Prakashan's (JAGP) 4QFY19 operating performance was ahead of estimates. This was led by 9% advertising revenue growth in print business (Dainik Jagran 12%), moderate growth in newsprint (NP) prices and other opex YoY. Maintain BUY with TP of Rs 151 (+31%) @ 12x FY21E EPS (a discount of ~25% to 3/5/10 years avg PE).

HIGHLIGHTS OF THE QUARTER

- **4QFY19 highlights:** JAGP's revenue/EBITDA grew by a healthy 8.2/14.6% YoY (DB Corp 3.7/6.3%). PAT increased was restricted to 12.2% due to higher tax.
- Double digit ad revenue growth in Dainik Jagran was after a hiatus of eleven quarters. Government category contributed 50-55% of the growth led by 25% increase in DAVP rates. Education and auto were other positive contributors. National advertising (40-45% of print ad revenues) was key laggard. With stable govt at the centre and revival in consumption; mgmt estimate national advertising to pick-up from festive season.
- Operating performance would have been even more healthy but for muted show by other publications (Mid-day, Naidunia etc). Radio, digital, outdoor and event businesses performance too was on track.
- **Key con-call takeaways:** (1) Muted FY17-19 performance has led people to doubt on sustainability and growth of print. In view of mgmt, print is here to

Consolidated Financial Summary

(Rs mn)	4QFY19	4QFY18	YoY (%)	3QFY19	QoQ (%)	FY17	FY18	FY19P	FY20E	FY21E
Net Sales	5,928	5,480	8.2	6,138	(3.4)	22,830	23,040	23,627	24,905	26,261
EBITDA	1,380	1,204	14.6	1,326	4.0	6,396	5,831	5,338	6,021	7,149
APAT	662	590	12.2	664	(0.4)	3,475	2,998	2,596	3,012	3,666
Diluted EPS (Rs)	2.23	1.89	17.8	2.24	(0.4)	10.6	9.6	8.8	10.2	12.7
P/E (x)						10.8	12.0	13.1	11.3	9.1
EV / EBITDA (x)						4.6	5.2	6.2	5.1	4.1
RoE (%)						18.4	14.3	13.3	15.5	18.3

Source: Company, HDFC sec Inst Research

stay for long and grow for atleast 5-10 years. This is owing to low per capita income which as increases would lead to higher discretionary spending and thus need for advertising, low media penetration, unique delivery-to-door distribution model, clutter on OTT, convenience and reliability etc (2) Mgmt guides for 8% ad revenue growth in print and 20% EBITDA led by decline in NP costs. We are conservative and estimate 6% growth in print and 13% in EBITDA. We presume full-benefit of NP to be back-ended (partly in FY21).

- **Dark days behind!** During FY17-19, print media had been caught up in the crossfire of demonetisation, GST, an economic slowdown, steep rise in NP prices etc. Thus, JAGP's EBITDA/PAT declined by 9/13% CAGR. Industry is at the cusp of a revival. NP prices have declined by ~15-20% from the peak, increase in DAVP rates and an economic rebound will boost ads.
- **Near term outlook** is mixed with softer ad growth due to weak macro. Lower NP prices to support earnings.

STANCE

JAGP's flagship daily, the Dainik Jagran is the largest read Hindi daily. Led by a recovery in ad revenue growth and benign newsprint costs, we estimate revenue/EBITDA/PAT to grow at a CAGR of 6/15/18% over FY19-21E.

INDUSTRY	MEDIA
CMP (as on 30 May 2019)	Rs 115
Target Price	Rs 151
Nifty	11,946
Sensex	39,832

KEY STOCK DATA

Bloomberg	JAGP IN
No. of Shares (mn)	296
MCap (Rs bn) / (\$ mn)	34/488
6m avg traded value (Rs mn)	16

STOCK PERFORMANCE (%)

52 Week high / low	Rs 172/92		
	3M	6M	12M
Absolute (%)	19.5	3.0	(30.2)
Relative (%)	8.4	(7.1)	(44.3)

SHAREHOLDING PATTERN (%)

	Dec-18	Mar-19
Promoters	61.3	61.3
FIs & Local MFs	17.1	17.3
FPIs	4.7	5.1
Public & Others	16.9	16.3
Pledged Shares*	-	-

Source : BSE, * % of total

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Increase in revenue driven by print and radio segment. Print ad revenue growth supported by govt advertising ahead of elections.

Quarterly Financials

Rs Mn	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	% chg YoY	% chg QoQ
Revenue	5,480	6,026	5,534	6,138	5,928	8.2	(3.4)
Cost of materials	1,600	1,754	1,806	1,946	1,795	12.2	(7.8)
Employee costs	1,021	1,041	1,054	1,058	1,040	1.8	(1.7)
Other exps	1,654	1,596	1,679	1,808	1,713	3.5	(5.3)
Operating Costs	4,276	4,390	4,538	4,812	4,548	6.4	(5.5)
EBITDA	1,204	1,636	996	1,326	1,380	14.6	4.0
D&A	350	307	311	331	331	(5.6)	0.0
Finance costs	49	31	53	91	83	69.0	(8.4)
Other Income	113	49	71	158	129	14.2	(18.2)
PBT	918	1,346	703	1,063	1,095	19.3	3.0
Tax	290	463	265	361	392	34.9	8.6
Minority	38	29	28	38	42	10.5	9.5
APAT	590	854	411	664	662	12.2	(0.4)

Common Size	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	chg bps YoY	chg bps QoQ
Cost of materials	29.2	29.1	32.6	31.7	30.3	109	(142)
Employee costs	18.6	17.3	19.0	17.2	17.5	(109)	31
Other exps	30.2	26.5	30.3	29.5	28.9	(129)	(56)
Operating Costs	78.0	72.9	82.0	78.4	76.7	(130)	(167)
EBITDA	22.0	27.1	18.0	21.6	23.3	130	167
D&A	6.4	5.1	5.6	5.4	5.6	(81)	19
Finance costs	0.9	0.5	1.0	1.5	1.4	51	(8)
Other Income	2.1	0.8	1.3	2.6	2.2	11	(39)
PBT	16.7	22.3	12.7	17.3	18.5	172	116
Tax	5.3	7.7	4.8	5.9	6.6	131	73
Minority	0.7	0.5	0.5	0.6	0.7	1	8
APAT	10.8	14.2	7.4	10.8	11.2	40	34
Tax as % of PBT	31.6	34.4	37.7	33.9	35.8	414	185

Source: Company, HDFC sec Inst Research

Other operating income comprises of Outdoor and Events, job work charges, scrap sales etc

Mgmt remains optimistic on circulation revenue growth led by higher copies in markets which are underpenetrated with opportunities for growth in advertising revenues

Besides newspaper price increase will be key driver.

Competitive sanity is prevailing and it would look for pockets of opportunities to raise prices.

Segment-wise Revenue Break-up

Category-wise revenue	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	% chg YoY	% chg QoQ
Advertisement	3,974	4,453	3,985	4,596	4,331	9.0	(5.8)
- Print	3,121	3,601	3,069	3,622	3,410	9.2	(5.9)
- Radio	759	757	801	870	819	7.8	(5.9)
- Digital	93	96	115	104	103	10.0	(1.5)
Circulation	1,074	1,097	1,104	1,080	1,096	2.0	1.5
Other operating income	432	475	445	463	501	16.0	8.2
Total	5,480	6,025	5,534	6,139	5,928	8.2	(3.4)
Revenue mix (%)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	chg bps YoY	chg bps QoQ
Advertisement	72.5	73.9	72.0	74.9	73.1	54	(181)
- Print	57.0	59.8	55.5	59.0	57.5	56	(148)
- Radio	13.9	12.6	14.5	14.2	13.8	(5)	(36)
- Digital	1.7	1.6	2.1	1.7	1.7	3	3
Circulation	19.6	18.2	19.9	17.6	18.5	(111)	90
Other operating income	7.9	7.9	8.0	7.5	8.5	57	91
Total	100.0	100.0	100.0	100.0	100.0		

Business segment-wise operating performance

Rs Mn	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	% chg YoY	% chg QoQ
Revenue							
- Dainik Jagran	3,527	4,005	3,516	3,904	3,859	9.4	(1.2)
- Other Publications	807	820	819	931	802	(0.6)	(13.9)
Print	4,335	4,825	4,334	4,835	4,661	7.5	(3.6)
Radio	759	757	801	870	819	7.8	(5.9)
Digital	93	96	115	104	84	(10.1)	(19.5)
Outdoor and Event	345	364	333	389	391	13.6	0.7
Total	5,480	6,026	5,534	6,138	5,928	8.2	(3.4)
EBITDA							
- Dainik Jagran	968	1,332	777	988	1,080	11.6	9.3
- Other Publications	52	40	(10)	53	6	(88.5)	(88.6)
Print	1,020	1,371	768	1,041	1,086	6.4	4.3
Radio	274	261	266	286	320	16.8	11.8
Digital	(71)	(7)	(30)	(21)	(61)	(14.5)	183.6
Outdoor and Event	(21)	9	(8)	20	34	(261.5)	72.0
Total	1,204	1,636	996	1,326	1,380	14.6	4.0

Rs Mn	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	% chg YoY	% chg QoQ
EBITDA Margin %							
- Dainik Jagran	27.4	33.2	22.1	25.3	28.0	55	267
- Other Publications	6.5	4.9	(1.2)	5.7	0.7	(573)	(492)
Print	23.5	28.4	17.7	21.5	23.3	(24)	176
Radio	36.0	34.4	33.1	32.9	39.0	302	618
Digital	(76.1)	(7.1)	(25.7)	(20.5)	(72.3)	375	(5,181)
Outdoor and Event	(6.2)	2.5	(2.5)	5.1	8.8	1,497	365
(-) Intersegment	(6.0)	(7.8)	(0.8)	(1.1)	(3.1)	289	(194)
Total	22.0	27.1	18.0	21.6	23.3	130	167

Print Media companies (both DB Corp and JAGP) have high sensitivity of earnings to advertising (~3% change in EPS for 1% change in advertising) and newsprint costs (~1.3-1.5% change in EPS for 1% change in NP costs)

Sensitivity Of TP To Various Target Multiple

	FY19	FY20E	FY21E
EPS	15.7	20.8	24.2
Multiple			
8	70	81	102
10	88	102	127
12	105	122	152
14	123	142	178
16	140	163	203
Upside/downside from CMP			
Multiple (x)			
8	-39%	-29%	-12%
10	-24%	-12%	10%
12	-9%	6%	32%
14	7%	24%	54%
16	22%	41%	76%
16	-39%	-29%	-12%

Source: HDFC sec Inst Research

Sensitivity analysis: Change In Earnings For Every 1% Change In Ad Revenue Growth Or NP Prices

% change in FY21E EPS	
- Advertising	3.5
- NP costs	1.3

Source: HDFC sec Inst Research

Payout-ratio of JAGP has been healthy at ~60-65%

Robust free cash flows and high dividend payout/buybacks to support valuation

- JAGP is poised to generate significant free cash flow over the next couple of years. We estimate FCF of ~Rs 4bn p.a. in FY20/21 (~12% yield). JAGP has maintained a dividend pay-out of ~60-65%.

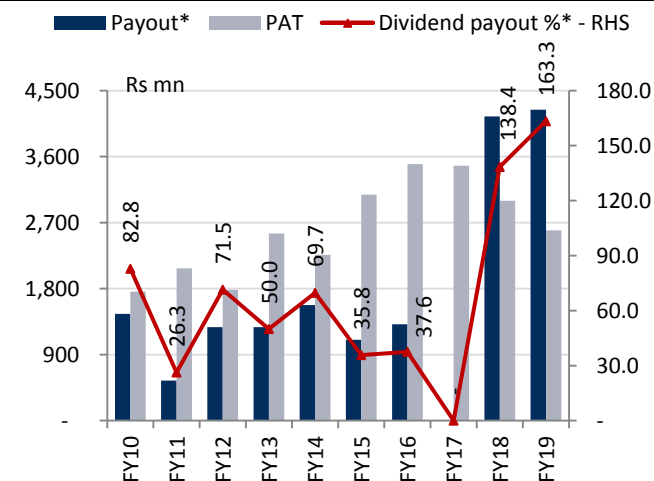
JAGP has done three buybacks in last five years

	FY14	FY18	FY19
No of shares (Mn)	5.0	15.5	15.0
Rs/sh	95	195	195
Total Rs Mn	475	3,023	2,925

Source: Company, HDFC sec Inst Research

- With promoter holding at 61.3%, there is a significant scope for future buyback. This is without promoter breaching the mandatory 75% limit even if not all the minority shareholders tender their shares in the buyback. This is not the case with DBCL. Promoter holding has increased by meager 55bps from 60.8% as at Mar-17 to 61.3% as at Dec-18. This is despite recent two buybacks.
- We expect JAGP to continue doing buyback every two years. We have assumed a buyback of 15mn shares (5% of outstanding shares) in FY21.

Dividend Payout %



Source: Company, BSE, HDFC sec Inst Research *Payout is including dividend distribution tax. Also, FY14, FY18 and FY19 includes buyback

Earnings growth recovery/FCF generation not priced in

- After a 35% correction in the past six months due to sharp increase in newsprint prices and broader weakness in market especially w.r.t small and mid-cap stocks, JAGP is trading at historic low multiples.
- We see room for a re-rating over the next 2-3 quarters, based on a recovery in ad growth and the decline in newsprint prices.
- JAGP has a strong brand franchise and leading readership base in attractive market of UPU and BJH.
- BUY with a TP of Rs 151 (+37%), 12x FY21E EPS (a discount of ~25% to its historic average PE of 16x).**

Change in estimates

	Old		New		Change	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Revenue (Rs Mn)	24,939	26,411	24,905	26,261	(0.1)	(0.6)
EBITDA (Rs Mn)	5,877	6,966	6,021	7,149	2.4	2.6
EBITDA Margin (%)	23.6	26.4	24.2	27.2	61 bps	85 bps
APAT (Rs Mn)	2,909	3,539	3,012	3,666	3.5	3.6
AEPS (Rs)	9.8	12.3	10.2	12.7	3.5	3.6

Source: HDFC sec Inst Research

Peer Set Comparison

COMPANY	Mcap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	EPS (Rs/sh)			P/E (x)			EV/EBITDA (x)			RoE (%)		
					FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Zee Entertainment	350.8	365	NEU	352	16.6	17.5	19.5	92.9	105.8	120.0	23.0	21.8	19.5	19.3	17.6	17.3
Dish TV	59.7	31	BUY	51	(6.3)	0.5	1.3	(5.2)	59.4	25.2	5.7	5.5	5.1	(19.1)	1.8	4.2
Ent Network	23.2	486	BUY	672	10.7	11.1	15.1	43.6	42.0	30.8	16.3	12.7	10.2	5.6	5.6	7.3
Music Broadcast	16.2	59	BUY	78	15.2	18.3	10.6	21.8	23.4	25.1	26.4	21.8	19.1	10.2	11.9	12.6
DB Corp	34.1	195	BUY	291	15.7	20.8	24.2	12.5	9.4	8.0	6.6	4.8	3.9	14.6	19.4	21.2
Jagran Prakashan	34.1	115	BUY	151	8.8	10.2	12.7	13.1	11.3	9.1	6.2	5.1	4.1	13.3	15.5	18.3

Source: HDFC sec Inst Research

Key Model Assumptions

Rs Mn	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19P	FY20E	FY21E
Revenue from Operations	12,211	13,557	15,218	17,027	17,698	20,792	22,830	23,040	23,627	24,905	26,261
License Fees	-	-	-	-	-	154	192	213	214	236	256
Cost of materials	3,863	4,613	5,437	6,087	6,255	6,287	6,525	6,642	7,301	7,444	6,980
Employee costs	1,727	1,943	2,274	2,396	2,634	3,227	3,740	4,003	4,192	4,360	4,622
Other exps	3,053	3,833	4,304	4,718	4,344	5,220	5,977	6,352	6,582	6,845	7,256
Operating Costs	8,642	10,388	12,016	13,201	13,234	14,888	16,434	17,209	18,289	18,885	19,113
EBITDA	3,569	3,168	3,202	3,826	4,464	5,904	6,396	5,830	5,338	6,021	7,149
D&A	655	709	755	789	1,036	1,219	1,289	1,361	1,279	1,373	1,453
Finance costs	91	158	307	345	369	545	350	271	259	284	313
Other Income	256	255	206	210	321	499	412	467	408	387	368
PBT	3,079	2,556	2,346	2,903	3,380	4,639	5,168	4,666	4,208	4,751	5,751
Xo (gain)/loss	-	-	(206)	(155)	(803)	(440)	-	-	-	-	-
Tax	976	773	5	795	1,102	1,572	1,675	1,557	1,480	1,591	1,926
Minority	25	-	(4)	1	-	9	18	111	137	147	158
PAT	2,079	1,783	2,551	2,262	3,081	3,498	3,475	2,997	2,591	3,012	3,666
APAT	2,079	1,783	2,345	2,107	2,278	3,058	3,475	2,997	2,591	3,012	3,666
% chg YoY											
Revenue from Operations		11.0	12.3	11.9	3.9	17.5	9.8	0.9	2.5	5.4	5.4
License Fees		-	-	-	-	-	24.8	10.7	0.6	10.4	8.2
Cost of materials		19.4	17.9	12.0	2.8	0.5	3.8	1.8	9.9	2.0	(6.2)
Employee costs		12.5	17.1	5.3	10.0	22.5	15.9	7.0	4.7	4.0	6.0
Other exps		25.5	12.3	9.6	(7.9)	20.2	14.5	6.3	3.6	4.0	6.0
Operating Costs		20.2	15.7	9.9	0.2	12.5	10.4	4.7	6.3	3.3	1.2
EBITDA		(11.2)	1.1	19.5	16.7	32.3	8.3	(8.8)	(8.5)	12.8	18.7
D&A		8.4	6.5	4.4	31.3	17.7	5.7	5.6	(6.0)	7.3	5.8
Finance costs		73.8	94.8	12.3	7.0	47.6	(35.7)	(22.6)	(4.7)	10.0	10.0
Other Income		(0.6)	(19.0)	2.1	52.4	55.5	(17.4)	13.4	(12.7)	(5.0)	(5.0)
PBT		(17.0)	(8.2)	23.7	16.4	37.3	11.4	(9.7)	(9.8)	12.9	21.1
Xo (gain)/loss		-	-	(24.8)	419.2	(45.2)	(100.0)	-	-	-	-
Tax		(20.8)	(99.4)	17,368.9	38.7	42.6	6.6	(7.1)	(4.9)	7.5	21.1
Minority		(100.0)	-	(127.1)	(100.0)	-	99.9	518.5	22.9	7.5	7.5
PAT		(14.2)	43.1	(11.3)	36.2	13.5	(0.7)	(13.7)	(13.6)	16.3	21.7
APAT		(14.2)	31.5	(10.2)	8.1	34.3	13.6	(13.7)	(13.6)	16.3	21.7

Rs Mn	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19P	FY20E	FY21E
Common Size %											
Revenue from Operations	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
License Fees	-	-	-	-	-	0.7	0.8	0.9	0.9	0.9	1.0
Cost of materials	31.6	34.0	35.7	35.8	35.3	30.2	28.6	28.8	30.9	29.9	26.6
Employee costs	14.1	14.3	14.9	14.1	14.9	15.5	16.4	17.4	17.7	17.5	17.6
Other exps	25.0	28.3	28.3	27.7	24.5	25.1	26.2	27.6	27.9	27.5	27.6
Operating Costs	70.8	76.6	79.0	77.5	74.8	71.6	72.0	74.7	77.4	75.8	72.8
EBITDA	29.2	23.4	21.0	22.5	25.2	28.4	28.0	25.3	22.6	24.2	27.2
D&A	5.4	5.2	5.0	4.6	5.9	5.9	5.6	5.9	5.4	5.5	5.5
Finance costs	0.7	1.2	2.0	2.0	2.1	2.6	1.5	1.2	1.1	1.1	1.2
Other Income	2.1	1.9	1.4	1.2	1.8	2.4	1.8	2.0	1.7	1.6	1.4
PBT	25.2	18.9	15.4	17.0	19.1	22.3	22.6	20.3	17.8	19.1	21.9
Xo (gain)/loss	-	-	(1.4)	(0.9)	(4.5)	(2.1)	-	-	-	-	-
Tax	8.0	5.7	0.0	4.7	6.2	7.6	7.3	6.8	6.3	6.4	7.3
Minority	0.2	-	(0.0)	0.0	-	0.0	0.1	0.5	0.6	0.6	0.6
PAT	17.0	13.2	16.8	13.3	17.4	16.8	15.2	13.0	11.0	12.1	14.0
APAT	17.0	13.2	15.4	12.4	12.9	14.7	15.2	13.0	11.0	12.1	14.0
Tax as % of PBT	31.7	30.2	0.2	27.4	32.6	33.9	32.4	33.4	35.2	33.5	33.5

Segment-Wise Revenue Mix

Segment-wise revenue	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19P	FY20E	FY21E
Advertisement	8,540	9,385	10,526	11,122	12,471	15,337	16,866	16,972	17,365	18,550	19,811
- Print	-	-	-	-	12,270	13,510	13,862	13,658	13,701	14,523	15,394
- Radio	-	-	-	-	-	-	2,714	2,982	3,247	3,569	3,921
- Digital	-	-	-	-	-	-	290	332	417	459	496
Circulation	2,384	2,653	3,192	3,587	3,901	4,085	4,325	4,326	4,377	4,443	4,509
Other operating income	1,287	1,519	1,501	2,319	1,326	1,370	1,638	1,742	1,884	1,912	1,941
Total	12,211	13,557	15,218	17,027	17,698	20,792	22,830	23,040	23,626	24,905	26,261
Revenue growth (%)	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Advertisement		9.9	12.2	5.7	12.1	23.0	10.0	0.6	2.3	6.8	6.8
- Print		-	-	-	-	10.1	2.6	(1.5)	0.3	6.0	6.0
- Radio		-	-	-	-	-	-	9.9	8.9	9.9	9.9
- Digital		-	-	-	-	-	-	14.5	25.7	10.0	8.0
Circulation		11.3	20.3	12.4	8.8	4.7	5.9	0.0	1.2	1.5	1.5
Other operating income		18.0	(1.2)	54.5	(42.8)	3.3	19.6	6.3	8.1	1.5	1.5
Total		11.0	12.3	11.9	3.9	17.5	9.8	0.9	2.5	5.4	5.4

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Revenue mix (%)											
Advertisement	69.9	69.2	69.2	65.3	70.5	73.8	73.9	73.7	73.5	74.5	75.4
- Print	-	-	-	-	69.3	65.0	60.7	59.3	58.0	58.3	58.6
- Radio	-	-	-	-	-	-	11.9	12.9	13.7	14.3	14.9
- Digital	-	-	-	-	-	-	1.3	1.4	1.8	1.8	1.9
Circulation	19.5	19.6	21.0	21.1	22.0	19.6	18.9	18.8	18.5	17.8	17.2
Other operating income	10.5	11.2	9.9	13.6	7.5	6.6	7.2	7.6	8.0	7.7	7.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Company, HDFC sec Inst Research

Segment-Wise Operating Performance

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Dainik Jagran											
Operating revenue			11,276	12,580	13,584	14,588	15,311	15,115	15,283	15,810	16,549
Operating profit			3,467	4,134	4,625	5,052	5,293	4,734	4,177	4,585	5,428
<i>Operating margin %</i>			30.7	32.9	34.0	34.6	34.6	31.3	27.3	29.0	32.8
Other Publications											
Operating revenue			2,792	3,208	3,146	3,229	3,396	3,439	3,372	3,524	3,682
Operating profit			(362)	(295)	(40)	320	306	267	89	194	295
<i>Operating margin %</i>			(13.0)	(9.2)	(1.3)	9.9	9.0	7.8	2.6	5.5	8.0
Radio											
Operating revenue			-	-	-	2,255	2,714	2,982	3,247	3,569	3,921
Operating profit			-	-	-	781	913	971	1,132	1,302	1,470
<i>Operating margin %</i>			-	-	-	34.6	33.6	32.5	34.9	36.5	37.5
Digital											
Operating revenue			-	-	-	-	290	332	399	459	496
Operating profit			-	-	-	-	(158)	(195)	(118)	(92)	(84)
<i>Operating margin %</i>			-	-	-	-	(54.5)	(58.8)	(29.7)	(20.0)	(17.0)
Outdoor and Event											
Operating revenue			1,165	1,205	910	969	1,261	1,364	1,477	1,544	1,613
Operating profit			44	20	(213)	(22)	36	49	55	31	40
<i>Operating margin %</i>			3.8	1.7	(23.4)	(2.3)	2.9	3.6	3.7	2.0	2.5
Total											
Operating revenue			15,233	16,993	17,640	21,041	22,972	23,232	23,778	24,905	26,261
Operating profit			3,149	3,859	4,372	6,131	6,390	5,826	5,334	6,021	7,149
<i>Operating margin %</i>			20.7	22.7	24.8	29.1	27.8	25.1	22.4	24.2	27.2

Source: Company, HDFC sec Inst Research * Nominal difference in segment-wise revenue and EBITDA vs. Consolidated revenue/EBITDA is owing to inter-segment eliminations

Consolidated Income Statement

Year ending March (Rs mn)	FY17	FY18	FY19P	FY20E	FY21E
Net Sales	22,830	23,040	23,627	24,905	26,261
Growth (%)	9.8	0.9	2.5	5.4	5.4
License Fees	192	213	214.0	236	256
RM costs	6,525	6,642	7,301	7,444	6,980
Emp costs	3,740	4,003	4,192	4,360	4,622
Other exps	5,977	6,352	6,582	6,845	7,256
Total Operating Cost	16,434	17,208	18,289	18,885	19,113
EBIDTA	6,396	5,831	5,338	6,021	7,149
EBIDTA (%)	28.0	25.3	22.6	24.2	27.2
EBIDTA Growth (%)	8.3	(8.8)	(8.5)	12.8	18.7
Depreciation	1,289	1,361	1,279	1,373	1,453
EBIT	5,107	4,471	4,058	4,648	5,695
Interest	350	271	259	284	313
Other Income	412	467	408	387	368
PBT	5,168	4,666	4,208	4,751	5,751
Tax	1,675	1,557	1,480	1,591	1,926
EO loss/(gain)	-	-	-	-	-
Share in JV/associates	1	0	5	-	-
Minority	18	111	137	147	158
RPAT	3,475	2,998	2,596	3,012	3,666
APAT (RPAT - EO)	3,475	2,998	2,596	3,012	3,666
APAT Growth (%)	13.6	(13.7)	(13.4)	16.0	21.7
AEPS	10.6	9.6	8.8	10.2	12.7
EPS Growth (%)	13.6	(9.4)	(9.0)	16.0	24.9

Source: Company, HDFC sec Inst Research

Consolidated Balance Sheet

As at March (Rs mn)	FY17	FY18	FY19P	FY20E	FY21E
SOURCES OF FUNDS					
Share Capital	654	623	593	593	578
Reserves	20,895	19,774	18,164	19,568	19,416
Total Shareholders Funds	21,549	20,397	18,757	20,161	19,994
Minority Interest	2,363	2,474	2,260	2,407	2,565
Long Term Debt	502	500	388	-	-
Short Term Debt	3,708	2,148	4,903	5,144	5,580
Total Debt	4,210	2,649	5,292	5,144	5,580
Other Non current liabilities	2,141	2,203	2,509	2,580	2,654
TOTAL SOURCES OF FUNDS	30,263	27,723	28,818	30,291	30,793
APPLICATION OF FUNDS					
Net Block	5,802	5,137	5,717	5,144	4,490
Other Non current assets	10,744	10,669	10,336	10,234	10,160
Non Current Assets	16,545	15,806	16,052	15,377	14,650
Inventories	935	664	1,678	1,283	1,023
Trade Receivables	5,158	6,068	6,328	6,337	6,348
Other Current Assets	967	1,033	796	813	892
Current Assets	7,060	7,765	8,802	8,434	8,263
Trade Payables	1,467	1,335	1,632	1,634	1,637
Other Current Liabilities	655	861	566	565	564
Current Liabilities	2,123	2,196	2,198	2,199	2,201
Net current Assets	4,937	5,569	6,604	6,235	6,062
Cash & Equivalents	8,780	6,347	6,161	8,679	10,082
TOTAL APPLICATION OF FUNDS	30,263	27,723	28,817	30,291	30,793

Source: Company, HDFC sec Inst Research

Consolidated Cash Flow

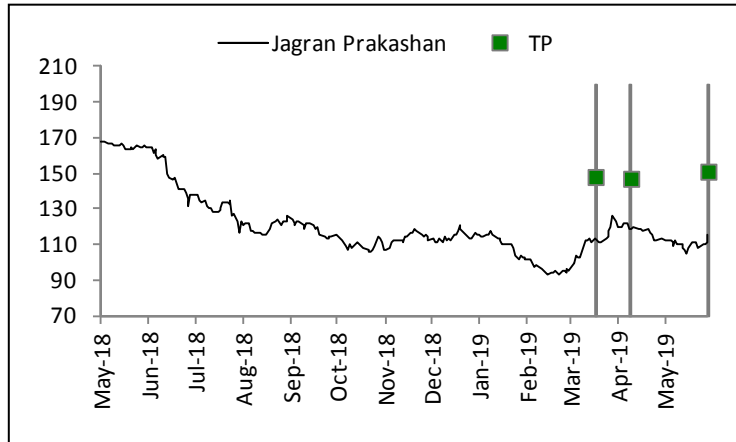
Year ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
PAT from Operations	3,475	2,998	2,596	3,012	3,666
Interest	350	271	259	284	313
Depreciation	1,289	1,361	1,279	1,373	1,453
Working Capital Change	(332)	(632)	(1,035)	369	173
OPERATING CASH FLOW (a)	4,783	3,998	3,099	5,039	5,605
Capex	(1,547)	(695)	(1,859)	(800)	(800)
Free Cash Flow	3,236	3,303	1,239	4,239	4,805
Investments & Others	4,548	276	459	400	428
INVESTING CASH FLOW (b)	3,001	(419)	(1,400)	(400)	(372)
Capital Issuance	-	(31)	(30)	-	(15)
Debt Issuance	(2,723)	(1,561)	2,643	(148)	437
Interest	(350)	(271)	(259)	(284)	(313)
Dividend	-	(4,149)	(4,239)	(1,689)	(3,939)
FINANCING CASH FLOW (c)	(3,073)	(6,012)	(1,884)	(2,122)	(3,831)
NET CASH FLOW (a+b+c)	4,711	(2,433)	(186)	2,517	1,403
Closing Cash	8,780	6,347	6,161	8,679	10,082

Source: Company, HDFC sec Inst Research

Key Ratios

	FY17	FY18	FY19E	FY20E	FY21E
PROFITABILITY (%)					
GPM	70.6	70.2	68.2	69.2	72.4
EBITDA Margin	28.0	25.3	22.6	24.2	27.2
EBIT Margin	22.4	19.4	17.2	18.7	21.7
APAT Margin	15.2	13.0	11.0	12.1	14.0
RoE	18.4	14.3	13.3	15.5	18.3
Core ROCE	16.1	13.9	11.9	14.0	17.9
RoCE	12.4	10.3	9.3	10.5	12.4
EFFICIENCY					
Tax Rate (%)	32.4	33.4	35.2	33.5	33.5
Asset Turnover (x)	3.9	4.5	4.1	4.8	5.8
Inventories (days)	15	11	26	19	14
Trade Receivables (days)	82	96	98	93	88
Other Current Assets (days)	15	16	12	12	12
Trade Payables (days)	23	21	25	24	23
Other Current Liabilities (days)	10	14	9	8	8
Cash Conversion Cycle (days)	79	88	102	91	84
Debt/EBITDA (x)	(0.7)	(0.6)	(0.2)	(0.6)	(0.6)
Net D/E	(0.2)	(0.2)	(0.0)	(0.2)	(0.2)
Interest Coverage	14.6	16.5	15.7	16.3	18.2
PER SHARE DATA (Rs)					
EPS	10.6	9.6	8.8	10.2	12.7
CEPS	16.1	14.7	13.1	14.8	17.3
Dividend*	-	12.7	13.4	4.5	12.3
Book Value	65.9	65.5	63.3	68.0	69.2
VALUATION					
P/E	10.8	12.0	13.1	11.3	9.1
P/BV	1.7	1.8	1.8	1.7	1.7
EV/EBITDA	4.6	5.2	6.2	5.1	4.1
OCF/EV (%)	16.2	13.1	9.3	16.5	18.9
FCF/EV (%)	11.0	10.9	3.7	13.9	16.2
FCFE/Mcap (%)	8.5	8.9	2.9	11.6	13.2
EV/Revenues	1.3	1.3	1.4	1.2	1.1
Dividend Yield (%)	-	11.0	11.6	3.9	10.7

Source: Company, HDFC sec Inst Research * Buyback in FY18 and FY19 is considered as part of dividend; We have built one more buyback in FY21

RECOMMENDATION HISTORY


Date	CMP	Reco	Target
18-Mar-19	113	BUY	148
10-Apr-19	118	BUY	147
30-May-19	115	BUY	151

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

INSTITUTIONAL RESEARCH

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