

Election tailwinds boost performance

TV Today reported strong numbers for the quarter on account of tailwinds related to elections. Reported standalone revenue came in at ₹ 245.2 crore while comparable standalone revenues (ex-print) came in at ₹ 239.5 crore, up 32% YoY aided by TV broadcasting revenues, which grew 31% YoY to ₹ 207.7 crore vs. our estimate of 16% YoY growth. Digital revenues declined 5% YoY to ₹ 27.4 crore while FM revenues grew 10% YoY to ₹ 4.2 crore. EBITDA grew 17.1% YoY to ₹ 74.4 crore, better than our estimates. EBITDA growth was lower vis-à-vis revenue growth on higher production cost and employee expenses, which grew 26.6% and 67.3% YoY, respectively.

Election related tailwinds boost topline

The TV broadcasting revenue (consolidated) grew a strong 31% YoY for the quarter, in line with 30%+ revenue growth reported by its peers. It is noteworthy that its flagship Hindi news channel 'Aaj Tak' maintained its leadership position in Hindi news segment. It is also important to note that Republic Bharat, Hindi news channel of the Republic group, which earlier pushed 'Times Now' to No. 2 position in English news segment to claim leadership position, has not impacted 'Aaj Tak' as it continues to maintain its viewership market share upwards of 24%. On the contrary, the viewership share of 15.6% for Republic Bharat in Q1FY20 reflects the market share loss of other four players. We are baking in 12.4% CAGR, TV broadcasting growth in FY19-21E while overall topline is expected to grow at 11% CAGR in the same period.

Alternate structure being worked out on radio deal with ENIL

TV Today and ENIL are in discussion with MIB to explore potential alternate structure as far as radio business sale to ENIL is concerned. This may be acceptable to MIB. Both parties expect approval for the deal to come within three to six months. We build ₹ 20.6 crore and ₹ 22.6 crore revenues for FY20 and FY21, respectively, in the radio segment and build in deal proceeds & revenue exclusion only when it fructifies.

Valuation & Outlook

TV Today has maintained its leadership in the Hindi news segment. Even headwinds like NTO implementations, 'Republic Hindi' channel launch have not impacted its leadership in the viewership market share. With a strong balance sheet and potential cash from radio sales, the company is at a strong footing. Furthermore, it is still available at attractive valuations of 10x FY21E P/E. We maintain **BUY** rating on the stock with a target price of ₹ 370/share valuing at 12x FY21E EPS.



Particulars

Particulars	Amount
Market Capitalization	₹ 1855.2 Crore
Total Debt (FY19)	₹ 3.1 Crore
Cash (FY19)	₹ 290.8 Crore
EV	₹ 1567.5 Crore
52 week H/L	558/ 313
Equity capital	29.8
Face value	5.0

Key Highlights

- TV broadcasting revenue were strong at 31% YoY aided by election related benefits
- Both TV Today and ENIL is working on alternative structure and approval is expected in 3-6 months.
- We continue to maintain BUY valuing it at 12x FY21E P/E to arrive at a target price ₹ 370/share

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Key Financial Summary

(Year-end March)	FY17	FY18	FY19	FY20E	FY21E	CAGR (FY19-21E)
Net Sales (₹ crore)	652.3	720.9	742.2	837.1	915.7	11.1
EBITDA (₹ crore)	162.6	207.6	200.9	243.5	283.0	18.7
Net Profit (₹ crore)	102.2	118.9	131.1	160.3	184.5	18.6
EPS (₹)	17.1	19.9	22.0	26.9	30.9	
P/E (x)	18.2	15.6	14.2	11.6	10.1	
Price / Book (x)	3.2	2.8	2.4	2.0	1.7	
EV/EBITDA (x)	9.9	8.0	7.8	5.9	4.5	
RoCE (%)	26.0	30.4	26.4	26.7	26.2	
RoE (%)	16.6	19.3	16.9	17.4	17.1	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q1FY20	Q1FY20E	Q1FY19	Q4FY19	YoY (%)	QoQ (%)	Comments
Revenue	246.1	210.4	181.9	165.7	35.3	48.6	Revenue growth was strong aided by election related tailwinds
Other Income	14.4	10.0	7.5	15.0	92.5	-4.0	
Employee Expenses	66.4	56.8	52.5	52.0	26.6	27.9	
Advertising and Promotion expense	0.0	0.0	0.0	0.0	0.0	0.0	
Other Expenses	75.9	61.0	73.5	92.9	3.3	-18.3	
Production Cost	28.6	21.0	17.1	20.6	67.3	39.1	
EBITDA	74.4	71.5	63.6	31.1	17.1	139.1	EBITDA growth was lower on increase in employee and production expenses
EBITDA Margin (%)	30.2	34.0	34.9	18.8	-470 bps	1145 bps	
Depreciation	9.6	7.9	7.8	7.9	22.8	20.9	
Interest	0.8	0.5	0.2	0.2	383.6	419.2	
Exceptional Items	0.0	0.0	0.0	4.0	NM	NM	
Total Tax	27.4	24.8	22.1	13.8	24.1	98.6	
Adj PAT	51.0	48.4	41.0	22.6	24.5	125.8	

Key Metrics

Broadcasting revenue growth (%)	30.8	16.2	-1.5	4.0
Radio Ad revenue growth (%)	-34.6	0.0	84.0	11.6

Source: Company, ICICI Direct Research

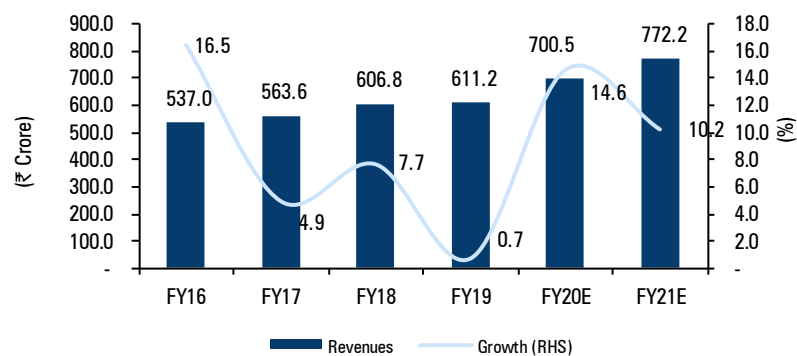
Exhibit 2: Change in estimates

(₹ Crore)	FY20E			FY21E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	829.1	837.1	1.0	907.8	915.7	0.9	
EBITDA	240.1	243.5	1.4	267.5	283.0	5.8	
EBITDA Margin (%)	29.0	29.1	13 bps	29.5	30.9	144 bps	
PAT	154.3	160.3	3.9	169.0	184.5	9.2	
EPS (₹)	25.9	26.9	3.7	28.3	30.9	9.3	

Source: Company, ICICI Direct Research

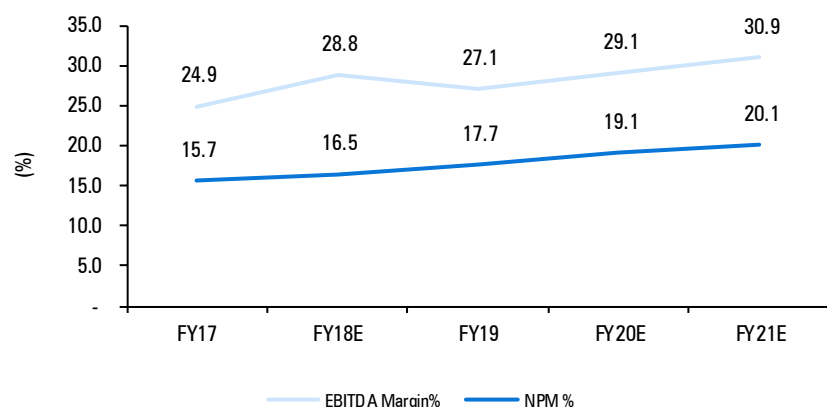
Story in Charts

Exhibit 3: TV broadcasting revenue trend



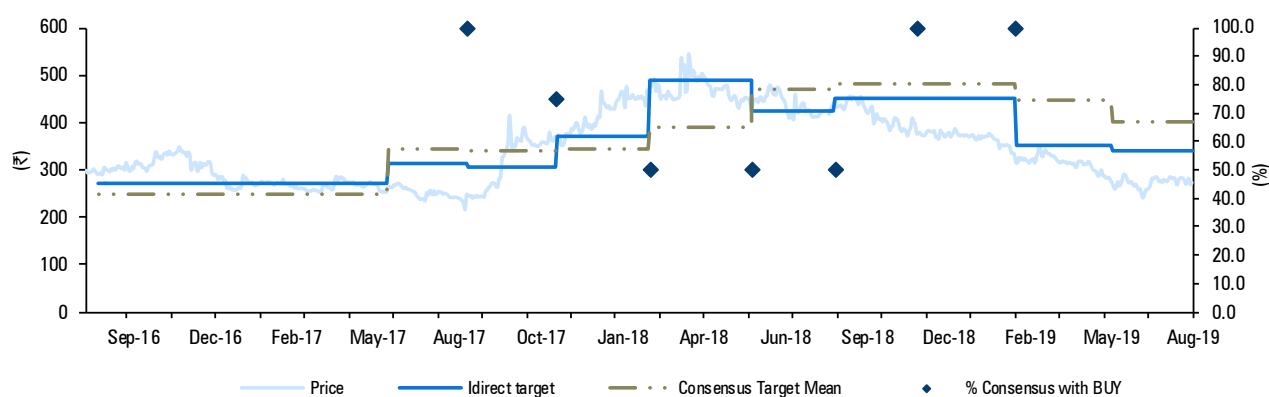
Source: Company, ICICI Direct Research

Exhibit 4: EBITDA and PAT margin trend



Source: Company, ICICI Direct Research

Exhibit 5: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 6: Top 10 shareholders

No	Investor Name	Latest Filing Date	% O/S	Position	Position Change
1	India Today Group	30-Jun-19	56.91	34.0	0.0
2	Steinberg Asset Management, LLC	30-Jun-19	7.34	4.4	0.4
3	HDFC Asset Management Co., Ltd.	31-Mar-19	6.81	4.1	0.7
4	SBI Funds Management Pvt. Ltd.	30-Jun-19	3.96	2.4	-0.2
5	Franklin Templeton Asset Management (India) Pvt. Ltd.	30-Jun-19	3.87	2.3	0.0
6	Damani Estates & Finance Pvt. Ltd.	30-Jun-19	1.50	0.9	0.0
7	Kotak Mahindra Asset Management Company Ltd.	30-Jun-19	1.15	0.7	-0.9
8	Purie (Aroon)	30-Jun-19	1.04	0.6	0.0
9	Dimensional Fund Advisors, L.P.	30-Jun-19	0.94	0.6	0.0
10	Anka International Pvt. Ltd.	27-Dec-17	0.34	0.2	0.2

Source: Reuters, ICICI Direct Research

Exhibit 7: Recent Activity

Buys			Sells		
Investor Name	Value	Shares	Investor Name	Value	Shares
HDFC Asset Management Co., Ltd.	+3.36M	+0.73M	SBI Funds Management Pvt. Ltd.	-1.30M	-0.28M
Franklin Templeton Asset Management (India) Pvt. Ltd.	+2.75M	+0.60M	Kotak Mahindra Asset Management Company Ltd.	-0.82M	-0.18M
Steinberg Asset Management, LLC	+0.21M	+0.05M	Union Asset Management Company Private Limited	-0.16M	-0.04M
Mellon Investments Corporation	+0.01M	+0.00M	Damani (Ramesh)	-0.18M	-0.03M
Van Eck Associates Corporation	+0.00M	+0.00M			

Source: Reuters, ICICI Direct Research

Exhibit 8: Shareholding Pattern

(in %)	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Promoter	57.42	57.42	57.41	57.52	57.96
FII	10.82	11.39	12.02	11.67	10.79
DII	13.22	13.67	14.36	15.31	15.03
Others	18.54	17.52	16.21	15.50	16.22

Source: Company, ICICI Direct Research

Financial summary

Exhibit 9: Profit and loss statement ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Total operating Income	720.9	742.2	837.1	915.7
Growth (%)	10.5	3.0	12.8	9.4
Employee Expenses	202.5	222.7	246.4	263.6
Production Cost	76.3	79.2	90.5	82.4
Other Expenses	231.7	237.5	254.0	283.9
Total Operating Expenditure	510.5	539.4	590.9	629.9
EBITDA	210.4	202.8	246.2	285.8
Growth (%)	29.4	-3.6	21.4	16.1
Depreciation	31.4	31.5	37.7	38.5
Interest	3.7	0.8	3.2	4.0
Other Income	24.7	36.7	41.4	38.5
Exceptional Items	13.8	0.0	0.0	0.0
PBT	186.2	207.2	246.7	281.8
Minority Interest	0.0	0.0	0.0	0.0
PAT from Associates	0.0	0.0	0.0	0.0
Total Tax	64.5	72.8	83.7	94.6
PAT	121.7	134.4	163.0	187.2
Growth (%)	19.1	10.4	21.3	14.9
Adjusted PAT	135.5	134.4	163.0	187.2
Growth (%)		-0.9	21.3	14.9
EPS (₹)	19.9	22.0	26.9	30.9

Source: Company, ICICI Direct Research

Exhibit 10: Cash flow statement ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Profit after Tax	118.9	131.1	160.3	184.5
Add: Depreciation	31.4	31.5	37.7	38.5
Add: Interest Paid	3.7	0.8	3.2	4.0
(Inc)/dec in Current Assets	-8.4	-107.1	-49.1	-35.3
Inc/(dec) in CL and Provisions	-1.0	-0.8	21.9	18.2
Others	0.0	0.0	0.0	0.0
CF from operating activities	144.8	55.5	173.9	209.8
(Inc)/dec in Investments	-71.5	72.4	0.0	0.0
(Inc)/dec in Fixed Assets	-82.8	-22.9	-25.0	-25.0
Others	0.9	-0.6	0.0	0.0
CF from investing activities	-153.4	48.9	-25.0	-25.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-13.0	3.1	0.0	0.0
Less: Interest Paid	3.7	0.8	3.2	4.0
Less: Dividend and dividend tax	-27.9	-27.9	-15.7	-27.9
Others	-17.8	10.5	-6.4	-8.0
CF from financing activities	-55.0	-13.4	-18.9	-31.9
Net Cash flow	-63.7	91.0	130.0	152.9
Opening Cash	263.1	199.5	290.5	420.5
Closing Cash	199.5	290.5	420.5	573.4

Source: Company, ICICI Direct Research

Exhibit 11: Balance sheet ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Liabilities				
Equity Capital	29.8	29.8	29.8	29.8
Preference Share Capital	0.0	0.0	0.0	0.0
Reserve and Surplus	631.9	747.5	891.8	1,048.3
Total Shareholders funds	661.7	777.4	921.6	1,078.2
Total Debt	0.0	3.1	3.1	3.1
Others	0.2	0.8	0.8	0.8
Total Liabilities	661.8	781.3	925.5	1,082.1
Assets				
Gross Block	536.1	555.5	580.5	605.5
Less: Acc Depreciation	281.7	313.2	350.8	389.3
Net Block	254.4	242.3	229.7	216.2
Capital WIP	0.6	4.0	4.0	4.0
Total Fixed Assets	255.0	246.4	233.7	220.2
Investments	107.7	35.2	35.2	35.2
Inventory	1.7	2.5	2.5	2.5
Debtors	184.9	184.6	215.6	235.8
Loans and Advances	0.3	0.2	0.3	0.3
Other Current Assets	35.2	141.8	160.0	175.0
Cash	199.5	290.8	420.5	573.4
Total Current Assets	421.5	620.0	798.8	987.0
Creditors	86.7	80.5	90.7	99.3
Provisions	7.4	7.0	7.9	8.6
Other current liabilities	78.3	84.1	94.9	103.8
Total Current Liabilities	172.4	171.6	193.5	211.7
Net Current Assets	249.1	448.4	605.3	775.3
Other non current assets	50.0	51.3	51.3	51.3
Application of Funds	661.8	781.3	925.5	1,082.1

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Per share data (₹)				
EPS	19.9	22.0	26.9	30.9
Adjusted EPS	21.4	22.0	26.9	30.9
BV	110.9	130.3	154.5	180.7
DPS	4.7	4.7	2.6	4.7
Cash Per Share	33.4	48.8	70.5	96.1
Operating Ratios (%)				
EBITDA Margin	28.8	27.1	29.1	30.9
PBT / Total Operating income	24.4	22.8	24.6	26.7
PAT Margin	17.7	17.7	19.1	20.1
Inventory days	0.9	1.2	1.1	1.0
Debtor days	93.6	90.8	94.0	94.0
Creditor days	43.9	39.6	39.6	39.6
Return Ratios (%)				
RoE	19.3	16.9	17.4	17.1
RoCE	30.4	26.4	26.7	26.2
RoIC	36.0	32.6	37.8	43.9
Valuation Ratios (x)				
P/E	15.6	14.2	11.6	10.1
EV / EBITDA	8.0	7.8	5.9	4.5
EV / Net Sales	2.3	2.1	1.7	1.4
Market Cap / Sales	2.6	2.5	2.2	2.0
Price to Book Value	2.8	2.4	2.0	1.7
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.4	3.8	3.8	3.8
Quick Ratio	2.3	3.7	3.8	3.8

Source: Company, ICICI Direct Research

Exhibit 13: ICICI Direct Coverage Universe (Media)

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
DB Corp (DBCORP)	158	190	Hold	2,756	15.7	18.8	19.0	10.1	8.4	8.3	5.3	4.2	3.8	21.0	25.7	23.7	15.0	17.7	16.1
ENIL (ENTNET)	382	445	Hold	1,821	11.3	11.1	14.5	33.8	34.5	26.4	11.9	8.3	6.7	6.2	9.0	8.6	3.5	5.8	5.6
Inox Leisure (INOX)	301	350	Buy	3,092	13.0	10.8	18.2	23.2	27.9	16.5	10.3	5.2	4.2	13.2	19.6	12.3	10.6	14.2	15.2
Jagran Praka (JAGPRA)	64	85	Hold	1,982	8.8	9.3	10.6	7.2	6.9	6.0	3.7	3.2	2.8	18.9	18.6	16.7	16.1	14.7	13.9
Music Broadcast (MUS)	41	53	Hold	1,127	2.2	2.0	2.4	18.3	19.9	16.9	7.9	7.3	6.4	16.5	14.7	16.8	10.2	8.5	10.0
PVR (PVRLIM)	1,466	1,810	Hold	6,850	39.2	19.0	28.6	37.4	77.3	51.3	13.8	6.9	6.2	14.7	13.8	24.6	11.5	14.8	11.1
Sun TV (SUNTV)	448	490	Hold	17,655	36.4	35.6	37.7	12.3	12.6	11.9	5.7	5.7	4.9	35.5	38.5	33.1	24.2	25.9	22.1
TV Today (TVTNET)	311	370	Buy	1,855	22.0	26.9	30.9	14.2	11.6	10.1	7.8	5.9	4.5	30.4	26.4	26.7	19.3	16.9	17.4
ZEE Ent. (ZEEENT)	328	380	Hold	31,511	16.1	18.9	21.2	20.4	17.4	15.4	11.5	10.1	8.6	25.6	25.7	24.8	15.3	15.7	15.7

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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