

Resilient performance in challenging times...

TV Today reported a muted set of numbers on the profitability front for Q3FY20 owing to higher production cost & other expenses. Operating revenue came in at ₹ 222.4 crore, up 7.9% YoY with TV broadcasting revenue at ₹ 179.8 crore (5.4% YoY growth) driven by Maharashtra and Haryana state election tailwinds. Radio revenue declined 33.7% YoY and came in at ₹ 4.7 crore due to a challenging macroeconomic scenario. Digital revenue registered robust growth of 42.7% YoY and came in at ₹ 29.5 crore. EBITDA was at ₹ 60.8 crore, flattish YoY as higher revenues were offset by increased production and other expenses. EBITDA margin came in at 27.3%, 194 bps lower YoY. Consequently, PAT was at ₹ 37.5 crore, decline of 1.4% YoY, due to muted EBITDA.

Event-led revenue in quarter amid challenging ad scenario

Broadcasting revenue growth of 5.4% YoY is rather an outperformance mainly driven by events such as state elections in Maharashtra and Haryana, nationwide anti-CAA protests, etc, in an otherwise declining ad scenario for other media segment. TV Today's increased expenditure on production costs and other expenses led to relatively weaker operating margins. However, we note that the company has performed relatively better compared to peers like Zee Media and TV18 Broadcast on both revenue and EBITDA front. Going ahead, we bake in ~7% broadcasting revenue growth in Q4FY20E and ~10% growth in FY21E to ₹ 750 crore. On the radio front, slowdown in radio ad segment continued and impacted revenue numbers at the overall level. For FY21E, we bake in 10% growth in the radio segment on a benign base of FY20.

Digital growth continues; viewership share intact

Monetisation across digital platform continued to remain robust as digital segment once again displayed strong growth of 42.7% YoY. We bake in ~25% CAGR in digital revenues in FY19-21E to ₹ 119.4 crore on a lower base. In terms of viewership, *Aaj Tak* has maintained its leadership in the Hindi segment with market share remaining intact while *India Today* still remains outside top three, though the market share has continuously improved over the past five quarters.

Valuation & Outlook

TV Today has maintained its leadership in the Hindi news segment while India Today has seen an increase in market share. We believe Delhi elections and other events will help the company to maintain growth momentum in broadcasting revenues in Q4FY20. Another attractive feature is dividend yield. With no major capex, we expect the company to continue paying high dividends (already paid ₹ 20/share in FY20). We maintain our **BUY** rating with revised target price of ₹ 300/share, valuing it at 10x FY21 earnings.



Particulars

Particulars	Amount
Market Capitalization	₹ 1437.7 Crore
Total Debt (FY19)	₹ 3.1 Crore
Cash (FY19)	₹ 290.8 Crore
EV	₹ 1150 Crore
52 week H/L	558/ 313
Equity capital	29.8
Face value	5.0

Key Highlights

- Digital revenues growth surprised again positively with ~43% YoY growth
- We maintain our BUY rating with revised target price of ₹ 300/share, valuing it at 10x FY21 earnings

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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	832.9	910.1	10.7
EBITDA (₹crore)	162.6	207.6	199.2	214.5	252.6	12.6
Net Profit (₹crore)	102.2	118.9	131.1	138.9	179.2	16.9
EPS (₹)	17.1	19.9	22.0	23.3	30.0	
P/E (x)	14.1	12.1	11.0	10.3	8.0	
Price / Book (x)	2.5	2.2	1.8	1.9	1.7	
EV/EBITDA (x)	7.3	6.0	5.8	5.4	4.3	
RoCE (%)	26.0	30.4	26.2	28.1	28.7	
RoE (%)	16.6	19.3	16.9	17.9	21.1	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q3FY20	Q3FY20E	Q3FY19	Q2FY20	YoY (%)	QoQ (%)	Comments
Revenue	222.4	216.0	206.1	180.3	7.9	23.4	Beat at topline led by superior digital revenues
Other Income	8.1	9.0	6.3	12.6	27.6	-35.9	
Employee Expenses	62.8	62.6	58.0	61.4	8.2	2.3	
Advertising and Promotion exp	0.0	0.0	0.0	0.0	0.0	0.0	
Other Expenses	74.7	69.1	65.4	67.3	14.3	11.0	
Production Cost	23.6	19.4	21.6	17.0	9.0	38.4	
EBITDA	60.8	64.1	60.3	34.0	0.8	78.9	Margins miss owing to high other production & expenses
EBITDA Margin (%)	27.3	29.7	29.3	18.8	-194 bps	848 bps	
Depreciation	9.6	9.5	7.7	9.6	24.6	0.6	
Interest	0.7	0.8	0.2	0.7	251.5	-9.6	
Exceptional Items	0.0	0.0	0.0	0.0	NM	NM	
Total Tax	21.0	21.9	20.6	13.2	1.9	58.5	
Adj PAT	37.5	40.9	38.1	23.0	-1.4	63.1	Miss at operating levels led to lower PAT

Key Metrics

Broadcasting revenue growth	5.4	5.2	4.0	1.5
Radio Ad revenue growth (%)	-33.7	-30.0	11.6	-52.5

Source: Company, ICICI Direct Research

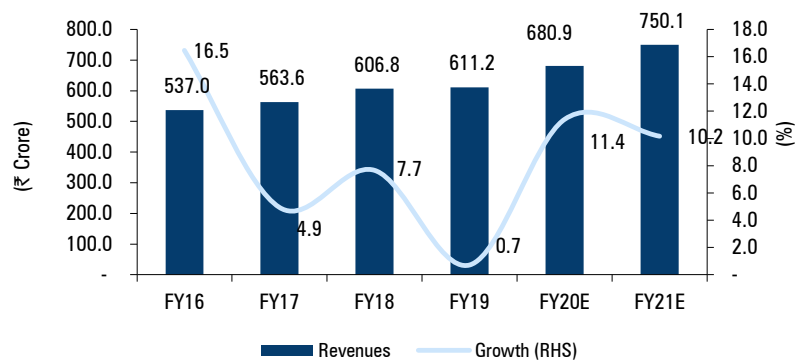
Exhibit 2: Change in estimates

	FY20E			FY21E			
(₹Crore)	Old	New	% Change	Old	New	% Change	Comments
Revenue	837.1	832.9	-0.5	915.7	910.1	-0.6	Realign our estimates post M9FY 20 performance
EBITDA	243.5	214.5	-11.9	283.0	252.6	-10.7	
EBITDA Margin (%)	29.1	25.8	-335 bps	30.9	27.8	-314 bps	
PAT	174.7	138.9	-20.5	208.8	179.2	-14.2	
EPS (₹)	29.3	23.3	-20.4	35.0	30.0	-14.2	

Source: Company, ICICI Direct Research

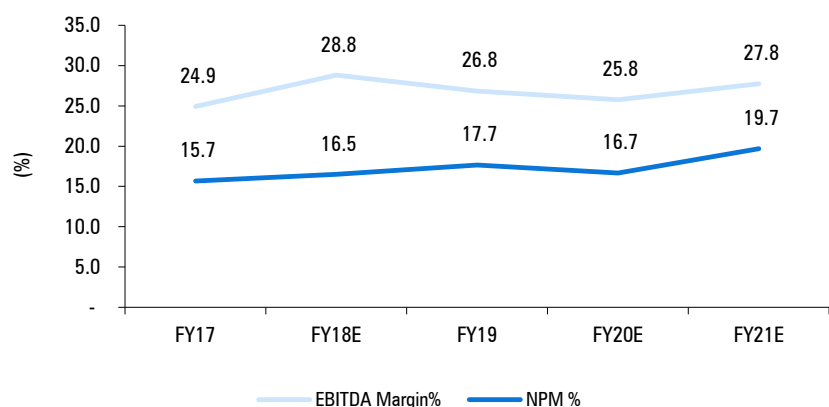
Story in Charts

Exhibit 3: TV broadcasting revenue trend



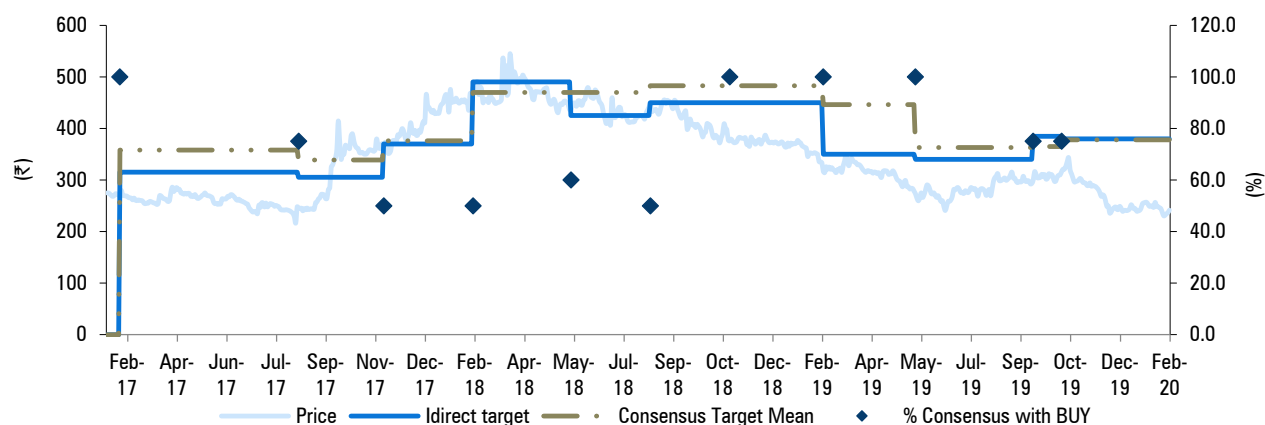
Source: Company, ICICI Direct Research

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	st Filing Date	% O/S	Position	Position Change
1	India Today Group	30-Jun-19	56.91	33.95	0.0
2	HDFC Asset Management Co., Ltd.	31-Dec-19	9.25	5.52	0.0
3	Steinberg Asset Management, LLC	30-Jun-19	6.29	3.75	0.4
4	Franklin Templeton Asset Management (India) Pvt. Ltd.	31-Dec-19	3.87	2.31	0.0
5	SBI Funds Management	31-Jan-20	3.13	1.87	0.0
6	Damani Estates & Finance Pvt. Ltd.	30-Jun-19	1.5	0.90	0.0
7	Kotak Mahindra Asset Management Company Ltd.	30-Jun-19	1.15	0.69	-0.9
8	Virginia Tech Foundation	30-Jun-19	1.06	0.63	0.0
9	Purie Aroon	30-Jun-19	1.04	0.62	0.0
10	Dimensional Fund	30-Nov-19	0.93	0.56	0.0

Source: Bloomberg, ICICI Direct Research

Exhibit 7: Shareholding Pattern

(in %)	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Promoter	57.41	57.52	57.96	57.96	57.96
FII	12.02	11.67	10.79	10.07	11.42
DII	14.36	15.31	15.03	17.24	15.57
Others	16.21	15.50	16.22	14.73	15.05

Source: Company, ICICI Direct Research

Financial summary

Exhibit 8: Profit and loss statement ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Total operating income	720.9	742.2	832.9	910.1
Growth (%)	10.5	3.0	12.2	9.3
Employee Expenses	202.5	222.7	253.1	268.4
Production Cost	76.3	79.2	89.6	91.0
Other Expenses	231.7	237.5	273.1	295.6
Total Operating Expenditure	510.5	539.4	615.8	654.9
EBITDA	210.4	202.8	217.1	255.2
Growth (%)	29.4	-3.6	7.1	17.5
Depreciation	31.4	31.5	38.3	40.0
Interest	3.7	0.8	3.0	4.0
Other Income	24.7	36.7	43.0	33.0
Exceptional Items	13.8	0.0	0.0	0.0
PBT	186.2	207.2	218.8	244.1
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	77.3	62.4
PAT	121.7	134.4	141.6	181.7
Growth (%)	19.1	10.4	5.4	28.3
Adjusted PAT	135.5	134.4	141.6	181.7
Growth (%)		-0.9	5.4	28.3
EPS (₹)	19.9	22.0	23.3	30.0

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Profit after Tax	118.9	131.1	138.9	179.2
Add: Depreciation	31.4	31.5	38.3	40.0
Add: Interest Paid	3.7	0.8	3.0	4.0
(Inc)/dec in Current Assets	-8.4	-107.1	-47.2	-34.7
Inc/(dec) in CL and Provisions	-1.0	-0.8	21.0	17.8
Others	0.0	0.0	0.0	0.0
CF from operating activities	144.8	55.5	154.0	206.4
(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	3.0	4.0
Less: Dividend and dividend ta	-27.9	-27.9	-139.6	-104.7
Others	-17.8	10.5	-6.0	-8.0
CF from financing activities	-55.0	-13.4	-142.6	-108.7
Net Cash flow	-63.7	91.0	-13.6	72.7
Opening Cash	263.1	199.5	290.5	276.9
Closing Cash	199.5	290.5	276.9	349.6

Source: Company, ICICI Direct Research

Exhibit 10: 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	746.6	821.0
Total Shareholders funds	661.7	777.4	776.4	850.9
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	780.3	854.8
Assets				
Gross Block	536.1	555.5	580.5	605.5
Less: Acc Depreciation	281.7	313.2	351.5	391.5
Net Block	254.4	242.3	229.0	214.0
Capital WIP	0.6	4.0	4.0	4.0
Total Fixed Assets	255.0	246.4	233.0	218.0
Investments	107.7	35.2	35.2	35.2
Inventory	1.7	2.5	2.5	2.5
Debtors	184.9	184.6	214.5	234.4
Loans and Advances	0.3	0.2	0.3	0.3
Other Current Assets	35.2	141.8	159.2	173.9
Cash	199.5	290.8	276.9	349.6
Total Current Assets	421.5	620.0	653.3	760.7
Creditors	86.7	80.5	90.3	98.7
Provisions	7.4	7.0	7.9	8.6
Other current liabilities	78.3	84.1	94.4	103.2
Total Current Liabilities	172.4	171.6	192.6	210.4
Net Current Assets	249.1	448.4	460.8	550.3
Other non current assets	50.0	51.3	51.3	51.3
Application of Funds	661.8	781.3	780.3	854.8

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Per share data (₹)				
EPS	19.9	22.0	23.3	30.0
Adjusted EPS	21.4	22.0	23.3	30.0
BV	110.9	130.3	130.2	142.6
DPS	4.7	4.7	23.4	17.6
Cash Per Share	33.4	48.8	46.4	58.6
Operating Ratios (%)				
EBITDA Margin	28.8	26.8	25.8	27.8
PBT / Total Operating income	24.4	22.6	21.2	23.4
PAT Margin	17.7	17.7	16.7	19.7
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	17.9	21.1
RoCE	30.4	26.2	28.1	28.7
RoIC	36.0	32.3	32.5	38.4
Valuation Ratios (x)				
P/E	12.1	11.0	10.3	8.0
EV / EBITDA	6.0	5.8	5.4	4.3
EV / Net Sales	1.7	1.5	1.4	1.2
Market Cap / Sales	2.0	1.9	1.7	1.6
Price to Book Value	2.2	1.8	1.9	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 12: 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
ENIL (ENTNET)	237	270	Hold	1,130	11.3	8.6	12.2	21.0	27.6	19.4	7.0	5.6	4.1	6.2	9.0	7.1	3.5	5.8	4.4
Inox Leisure (INOX)	432	510	Buy	4,431	13.0	11.7	16.9	33.2	36.9	25.6	14.7	6.9	5.7	13.2	19.6	12.2	10.6	14.2	16.5
PVR (PVRLIM)	2,049	2,200	Buy	9,573	39.2	25.0	42.2	52.3	82.0	48.6	18.5	8.6	7.3	14.7	13.8	9.5	11.5	14.8	9.5
Sun TV (SUNTV)	479	500	Hold	18,876	36.4	35.6	41.3	13.2	13.5	11.6	6.2	7.1	5.8	35.5	38.5	29.5	24.2	25.9	22.5
TV Today (TVTNET)	244	300	Buy	1,456	22.0	24.5	31.6	11.1	10.0	7.7	5.9	5.3	4.2	30.4	26.2	29.1	19.3	16.9	18.6
ZEE Ent. (ZEEENT)	238	345	Buy	22,858	16.1	17.0	19.2	14.8	14.0	12.4	8.1	8.4	7.2	25.6	25.7	22.6	15.3	15.7	15.5

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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