

# TV Today Network (TVTNET)

CMP: ₹ 291

Target: ₹ 330 (13%)

Target Period: 12 months

HOLD

August 16, 2021

## Decent performance...

**About the stock:** TV Today Network (TV Today) is a leading news company engaged in broadcasting operations. Part of the India Today Group, the company operates mainly in three segments—digital, television and radio broadcasting.

- It has maintained its leadership in the Hindi new segment across the last two decades

**Q1FY22 Results:** TV Today's performance was better than expected.

- Topline at ₹ 203.9 crore was up 21.6% YoY on a benign base (decline of 32%). TV broadcasting revenues came in ₹ 162.8 crore (up 18% YoY). Radio revenues were at ₹ 3 crore, witnessing 10x YoY growth on washout base. The key growth driver was digital segment, which continued its growth momentum with 38% growth YoY to ₹ 38.1 crore
- EBITDA came in at ₹ 52.3 crore, up 74% with margins of 25.7% (up 776 bps YoY on depressed base and up 246 bps QoQ) on operating leverage.
- PAT grew 1.9x YoY to ₹ 37.3 crore, aided by superior operating performance

**What should investors do?** TV Today's share price has underperformed with decline of ~3% over past five years.

- We maintain our HOLD rating

**Target Price and Valuation:** We value TV Today at ₹ 330 i.e. 10x FY23E EV/EBITDA

**Key triggers for future price performance:**

- Viewership measurement changes by BARC, as the rating are suspended since last year
- Election benefits from states such as UP, Punjab
- Viewership market dynamics especially with launch of new Hindi news channel by *Times Now*

**Alternate Stock Idea:** Besides TV Today, we like PVR in the media space.

- A play on reopening and improving market share of multiplexes
- BUY with a target price of ₹ 1610



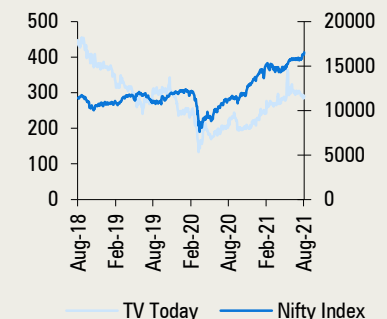
### Particulars

Particulars	Amount
Market Capitalization	₹ 1735.9 Crore
Total Debt (FY21)	₹ 0 Crore
Cash & Current Inv. (FY21)	₹ 472.5 Crore
EV	₹ 1325 Crore
52 week H/L	379/ 181
Equity capital	29.8
Face value	5.0

### Shareholding pattern

	Sep-20	Dec-20	Mar-21	Jun-21
Promoters	58.5	58.5	58.5	58.5
DII	15.7	14.4	14.1	13.7
FII	8.8	8.8	8.8	7.0
Other	17.1	18.4	18.7	20.9

### Price Chart



### Key risks

**Key Risk:** (i) Loss in market leadership, (ii) Better than expected growth

### Research Analyst

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### Key Financial Summary

(Year-end March)	FY19	FY20	FY21	5 yr CAGR (FY16-21)	FY22E	FY23E	2 CAGR (FY21-23E)
Net Sales (₹ crore)	742.2	857.2	783.0	6.1	902.0	998.3	12.9
EBITDA (₹ crore)	199.2	215.9	199.1	4.2	243.8	279.5	18.5
Net Profit (₹ crore)	131.1	139.4	131.5	16.3	175.7	199.0	23.0
EPS (₹)	22.0	23.4	22.0		29.4	33.4	
P/E (x)	13.2	12.5	13.2		9.9	8.7	
Price / Book (x)	1.9	2.0	1.8		1.6	1.5	
EV/EBITDA (x)	7.3	7.4	7.4		5.7	4.6	
RoCE (%)	22.7	24.7	19.4		22.2	23.1	
RoE (%)	14.6	16.0	13.3		16.5	17.2	

## Key performance highlight and outlook

### Broadcasting revenues grow on depressed base

Broadcasting revenues were up up 18% YoY on a benign base. Going ahead, we are baking in 13%, 10% TV broadcasting revenue growth in FY22E, FY23E, respectively, largely on a depressed base with some benefits coming in from UP/Punjab elections. TV ratings for news channels continued to remain suspended and hence viewership share as well leadership continued to be grey area. We expect operating leverage to play out and bake in 27%, 28% EBITDA margins for FY22E, FY23E, respectively. We will watch out for increase in competitive intensity in Hindi news space with recent channel launch from Times group.

### Digital segment remains robust; radio recovers on low base

The digital segment grew a robust 38% YoY in Q1FY22. The company has indicated at further addition of digital properties in FY22, which would provide further tailwind to their growth. We expect digital revenues to maintain healthy growth rate and grow at 18.3% CAGR in FY21-23E. We bake in 45% CAGR revenue growth in radio business where revenues are expected to double in FY23 vs FY21, largely on a depressed base.

When currency data for viewership was suspended by BARC, Aaj Tak and India Today were among top five channels in respective segment by end of Q2FY21. We will track the possible changes in viewership measurement and also monitor how viewership data by new standards plays out. We maintain our HOLD rating with a revised target price of ₹ 330/share (at 10x FY23E earnings) vs. earlier TP: ₹ 335. We highlight that absence of TV ratings for a longer term can be a challenge for news genre ad monetisation).

Exhibit 1: Peer Comparison (Broadcasters)

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Sun TV	525	545	Hold	20,673	38.7	41.5	45.5	13.6	12.6	11.5	8.3	7.0	5.8	27.8	27.5	26.5	21.6	20.4	19.7
TV Today	291	330	Hold	1,736	22.0	29.4	33.4	13.2	9.9	8.7	7.4	5.7	4.6	19.4	22.2	23.1	13.3	16.5	17.2
ZEE Ent.	183	195	Hold	17,590	8.3	13.3	16.4	22.0	13.7	11.2	8.8	8.1	6.6	13.7	16.1	17.6	9.4	11.7	13.0

Source: Company, ICICI Direct Research

Exhibit 2: Variance Analysis

	Q1FY22	Q1FY22E	Q1FY21	Q4FY21	YoY (%)	QoQ (%)	Comments
Revenue	203.9	197.1	167.7	214.3	21.6	-4.8	Growth was largely led by digital segment
Other Income	8.6	9.0	7.8	9.9	10.4	-13.6	
Employee Expenses	63.3	59.1	59.7	61.2	5.9	3.4	
Advertising and Promotion expense	0.0	0.0	0.0	0.0	0.0	0.0	
Other Expenses	69.1	73.5	60.5	80.4	14.1	-14.0	
Production Cost	19.2	18.7	17.3	23.0	11.3	-16.5	
EBITDA	52.3	45.7	30.0	49.7	74.3	5.2	
EBITDA Margin (%)	25.7	23.2	17.9	23.2	776 bps	246 bps	
Depreciation	10.1	9.3	9.3	10.6	8.0	-4.5	
Interest	0.5	0.8	0.6	0.8	-17.5	-32.5	
Exceptional Items	0.0	0.0	0.0	0.0	NM	NM	
Total Tax	12.9	11.6	15.1	12.1	-14.1	6.9	
Adj PAT	37.3	33.1	12.8	36.2	192.6	3.1	

Key Metrics

Broadcasting revenue growth (%)	18.1	16.3	-33.7	4.4
Radio Ad revenue growth (%)	1,000.0	1,000.0	-93.9	-33.5
Digital revenues growth (%)	38.3	25.0	-4.6	19.3

Source: Company, ICICI Direct Research

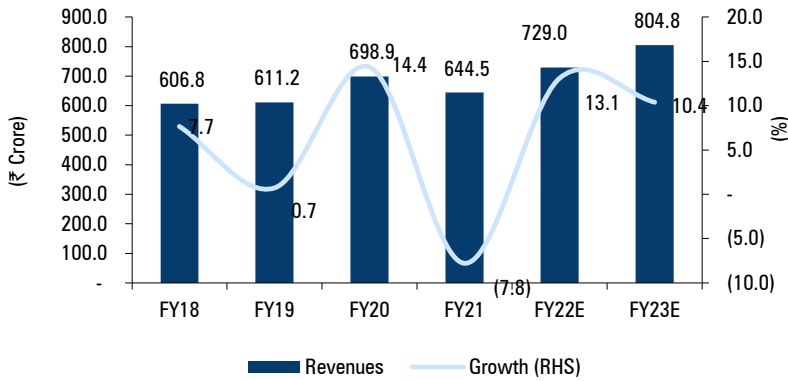
Exhibit 3: Change in estimates

₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	901.0	902.0	0.1	998.1	998.3	0.0	
EBITDA	247.4	243.8	-1.4	279.5	279.5	0.0	
EBITDA Margin (%)	27.5	27.0	-43 bps	28.0	28.0	0 bps	
PAT	178.4	175.7	-1.5	199.0	199.0	0.0	
EPS (₹)	29.9	29.4	-1.5	33.4	33.4	0.0	

Source: Company, ICICI Direct Research

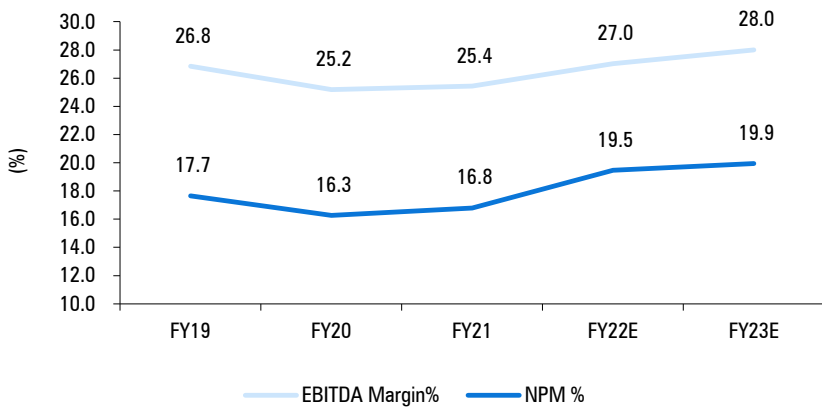
Story in charts

Exhibit 4: TV broadcasting revenue trend



Source: Company, ICICI Direct Research

Exhibit 5: EBITDA and PAT margin trend



Source: Company, ICICI Direct Research

## Financial summary

Exhibit 6: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Total operating Income</b>	<b>857.2</b>	<b>783.0</b>	<b>902.0</b>	<b>998.3</b>
Growth (%)	15.5	(8.7)	15.2	10.7
Employee Expenses	251.1	242.2	272.2	294.5
Production Cost	91.9	76.7	86.9	99.8
Other Expenses	295.8	264.8	299.0	324.5
Total Operating Expenditure	638.8	583.7	658.1	718.8
<b>EBITDA</b>	<b>215.9</b>	<b>199.1</b>	<b>243.8</b>	<b>279.5</b>
Growth (%)	8.4	-7.8	22.5	14.6
Depreciation	38.5	40.1	39.7	43.9
Interest	2.8	2.4	2.8	3.0
Other Income	43.3	37.1	35.6	36.0
Exceptional Items	0.0	0.0	0.0	0.0
PBT	217.9	193.6	237.0	268.6
Minority Interest	0.0	0.0	0.0	0.0
PAT from Associates	0.0	0.0	0.0	0.0
Total Tax	78.6	62.1	61.3	69.6
PAT	139.4	131.5	175.7	199.0
Growth (%)	6.3	-5.6	33.6	13.3
<b>Adjusted PAT</b>	<b>139.4</b>	<b>131.5</b>	<b>175.7</b>	<b>199.0</b>
Growth (%)	6.6	-5.6	33.6	13.3
<b>EPS (₹)</b>	<b>23.4</b>	<b>22.0</b>	<b>29.4</b>	<b>33.4</b>

Source: Company, ICICI Direct Research

Exhibit 7: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit after Tax	139.4	131.5	175.7	199.0
Add: Depreciation	38.5	40.1	39.7	43.9
Add: Interest Paid	2.8	2.4	2.8	3.0
(Inc)/dec in Current Assets	-34.6	8.6	-42.0	-32.2
Inc/(dec) in CL and Provisions	26.9	1.1	30.3	24.6
Others	0.0	0.0	0.0	0.0
<b>CF from operating activities</b>	<b>173.0</b>	<b>183.8</b>	<b>206.5</b>	<b>238.4</b>
(Inc)/dec in Investments	-204.7	-33.7	0.0	0.0
(Inc)/dec in Fixed Assets	-15.3	-26.5	-25.0	-25.0
Others	65.7	12.2	0.0	0.0
<b>CF from investing activities</b>	<b>-154.4</b>	<b>-48.1</b>	<b>-25.0</b>	<b>-25.0</b>
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-3.1	0.0	0.0	0.0
Less: Interest Paid	2.8	2.4	2.8	3.0
Less: Dividend and dividend tax	-159.3	-17.4	-104.7	-104.7
Others	-9.7	-0.4	-5.5	-6.0
<b>CF from financing activities</b>	<b>-169.2</b>	<b>-15.5</b>	<b>-107.5</b>	<b>-107.7</b>
Net Cash flow	-150.6	120.3	74.0	105.7
Opening Cash	290.8	140.2	260.5	334.5
<b>Closing Cash</b>	<b>140.2</b>	<b>260.5</b>	<b>334.5</b>	<b>440.1</b>

Source: Company, ICICI Direct Research

Exhibit 8: Balance sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Liabilities</b>				
Equity Capital	29.8	29.8	29.8	29.8
Preference Share Capital	0.0	0.0	0.0	0.0
Reserve and Surplus	842.2	960.7	1,031.6	1,126.0
Total Shareholders funds	872.0	990.5	1,061.5	1,155.8
Total Debt	0.0	0.0	0.0	0.0
Others	21.7	18.3	18.3	18.3
<b>Total Liabilities</b>	<b>893.7</b>	<b>1,008.8</b>	<b>1,079.8</b>	<b>1,174.1</b>
<b>Assets</b>				
Gross Block	574.4	600.0	625.0	650.0
Less: Acc Depreciation	351.7	391.8	431.5	475.4
Net Block	222.7	208.2	193.5	174.6
Capital WIP	0.4	1.3	1.3	1.3
Total Fixed Assets	223.1	209.5	194.8	175.9
Investments	336.2	369.9	369.9	369.9
Inventory	1.1	0.0	0.0	0.0
Debtors	220.1	199.4	232.3	257.1
Loans and Advances	0.2	3.1	3.6	4.0
Other Current Assets	46.2	56.5	65.1	72.0
Cash	140.2	260.5	334.5	440.1
Total Current Assets	407.8	519.4	635.4	773.2
Creditors	89.5	82.4	94.9	105.0
Provisions	7.0	0.0	0.0	0.0
Other current liabilities	102.0	117.2	135.0	149.4
Total Current Liabilities	198.5	199.6	229.9	254.4
Net Current Assets	209.3	319.9	405.5	518.8
Other non current assets	125.1	109.5	109.5	109.5
<b>Application of Funds</b>	<b>893.7</b>	<b>1,008.8</b>	<b>1,079.8</b>	<b>1,174.1</b>

Source: Company, ICICI Direct Research

Exhibit 9: Key ratios				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
EPS	23.4	22.0	29.4	33.4
Adjusted EPS	23.4	22.0	29.4	33.4
BV	146.2	166.0	177.9	193.8
DPS	22.3	2.5	15.0	15.0
Cash Per Share	23.5	43.7	56.1	73.8
<b>Operating Ratios (%)</b>				
EBITDA Margin	25.2	25.4	27.0	28.0
PBT / Total Operating income	20.7	20.3	22.6	23.6
PAT Margin	16.3	16.8	19.5	19.9
Inventory days	0.5	0.0	0.0	0.0
Debtor days	93.7	92.9	94.0	94.0
Creditor days	38.1	38.4	38.4	38.4
<b>Return Ratios (%)</b>				
RoE	16.0	13.3	16.5	17.2
RoCE	24.7	19.4	22.2	23.1
RoIC	24.3	21.1	26.5	30.5
<b>Valuation Ratios (x)</b>				
P/E	12.5	13.2	9.9	8.7
EV / EBITDA	7.4	7.4	5.7	4.6
EV / Net Sales	1.9	1.9	1.6	1.3
Market Cap / Sales	2.0	2.2	1.9	1.7
Price to Book Value	2.0	1.8	1.6	1.5
<b>Solvency Ratios</b>				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.8	3.1	3.2	3.2
Quick Ratio	2.8	3.1	3.2	3.2

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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