

Dividend payout – only positive during Q3!

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 consistently maintained its leadership in the Hindi new segment across the last two decades.

Q3FY23 Results: TV Today's performance was impacted by weak ad spends and lower ad inventory.

- The topline came in at ₹ 231.3 crore, down 10% YoY on a healthy base. TV and other media (clubbed segment of broadcasting and digital) revenues came in at ₹ 228.9 crore (down 9% YoY). The performance was impacted by weak TV ad spends and lower ad inventory. The digital segment has grown in double digits, as per our understanding
- EBITDA came in at ₹ 36 crore, down 58% YoY with margins at 15.6% (down 17 percentage points YoY), impacted by negative operating leverage
- PAT at ₹ 27.6 crore was down 55% YoY with weak operating performance
- Key positive was the company announcing ₹ 67/share as special interim dividend, a much-awaited move effectively utilising ₹ 400 crore of cash, which was yielding sub optimal return and depressing return ratios**

What should investors do? TV Today's share price has underperformed with the stock price declining ~40% over the past five years.

- We maintain **HOLD** as the ad spend outlook remains challenging in near term. Soft ad momentum will also translate into margin softness, in our view

Target Price and Valuation: We value TV Today at ₹ 300 i.e. 10x FY25E P/E.

Key triggers for future price performance:

- Viewership trend over the medium term as this will drive the ad revenue growth trajectory
- Digital segment expansion with new properties/inorganic acquisition

Alternate Stock Idea: Besides TV Today, we like Inox Leisure in the media space.

- A play on strong content and consolidation
- BUY with a target price of ₹ 620



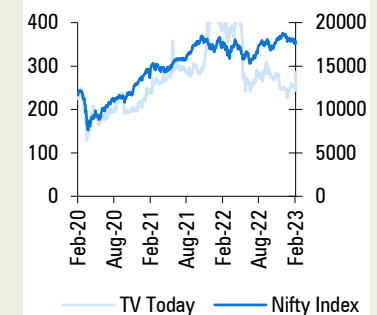
Particulars

Particulars	Amount
Market Capitalization	₹ 1706 Crore
Total Debt (FY22)	₹ 0 Crore
Cash & Current Inv. (FY22)	₹ 811 Crore
EV	₹ 895 Crore
52 week H/L	430/ 225
Equity capital	29.8
Face value	5.0

Shareholding pattern

	Mar-22	Jun-22	Sep-22	Dec-22
Promoters	58.5	58.5	58.5	58.5
DII	15.7	15.7	15.6	15.4
FII	4.4	4.1	3.8	3.2
Other	21.5	21.7	22.2	23.0

Price Chart



Key risks

Key Risk: (i) Loss in market leadership, (ii) Quicker than anticipated recovery

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

Key Financial Summary

(Year-end March)	FY21	FY22	5 yr CAGR (FY17-22)	FY23E	FY24E	FY25E	3 CAGR (FY22-25E)
Net Sales (₹ crore)	783.0	930.1	7.4	909.0	1,022.1	1,144.6	7.2
EBITDA (₹ crore)	199.1	246.3	8.7	159.4	227.6	258.1	1.6
Net Profit (₹ crore)	131.5	181.7	12.2	115.3	154.8	179.0	(0.5)
EPS (₹)	22.0	30.5		19.3	25.9	30.0	
P/E (x)	13.0	9.4		14.8	11.0	9.5	
Price / Book (x)	1.7	1.5		2.0	1.7	1.5	
EV/EBITDA (x)	7.3	6.2		9.4	6.0	4.7	
RoCE (%)	19.5	20.8		17.7	20.8	21.3	
RoE (%)	13.3	15.7		13.2	15.8	16.1	

Key performance highlight and outlook

Restricted ad spends, inventory impact growth

The ad environment has remained challenging with restricted spends by key segments. We also note that ad inventory at 14.5 minutes/hour remained lower (from ₹ 19 minutes/hour last year) to improve viewership experience and stickiness. The company also awaits stabilisation in Barc rating. TV and other media (clubbed segment of broadcasting and digital) revenues came in ₹ 228.9 crore (down 9% YoY). **We expect a recovery in FY24. Going ahead, we expect revenue CAGR of ~7% over FY22-25E. We expect EBITDA margins to improve to 22.5% in FY25, led by a revenue recovery.** We will watch for an increase in competitive intensity in Hindi news space.

Digital segment remains resilient; radio weakens

While the company did not share the digital and broadcasting break-up, we believe the digital pie would have continued to grow in double digits. We note that the company continues to add digital properties, which would provide tailwinds to its growth. Radio revenues were at ₹ 2.4 crore, declining ~59% YoY on a high base. We are baking in flattish revenues in the radio business over FY22-25.

When currency data for viewership by BARC resumes, the acceptance, going ahead, will be key. We maintain HOLD as the ad spends outlook remains challenging in the near term. Soft ad momentum will also translate into margin softness, in our view, for a couple of quarters. **We value TV Today at ₹ 300 i.e. 10x FY25E P/E (vs. ₹ 290, earlier).**

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY23E	Q3FY22	Q2FY23	YoY (%)	QoQ (%)	Comments
Revenue	231.3	250.4	258.0	211.6	-10.3	9.3	Revenue declined as ad spends were lower by advertisers and inventory at 14.5 min/hr remained lower from earlier year to improve viewership experience
Other Income	13.0	10.5	8.9	11.8	46.7	10.2	
Employee Expenses	84.0	82.6	69.8	82.0	20.4	2.4	
Advertising and Promotion expense	0.0	0.0	0.0	0.0	0.0	0.0	
Other Expenses	84.4	83.4	78.1	75.5	8.0	11.8	
Production Cost	26.8	29.3	24.4	27.6	10.2	-2.6	
EBITDA	36.0	55.1	85.7	26.5	-57.9	35.8	
EBITDA Margin (%)	15.6	22.0	33.2	12.5	-1763 bps	304 bps	Margins decline owing to negative operating leverage
Depreciation	10.3	10.5	11.0	10.5	-6.0	-1.4	
Interest	0.7	1.0	1.0	1.0	-26.5	-25.8	
Exceptional Items	0.0	0.0	0.0	0.0	NM	NM	
Total Tax	10.4	14.0	21.1	7.2	-50.7	44.5	
Adj PAT	27.6	40.1	61.5	19.7	-55.1	40.1	

Source: Company, ICICI Direct Research

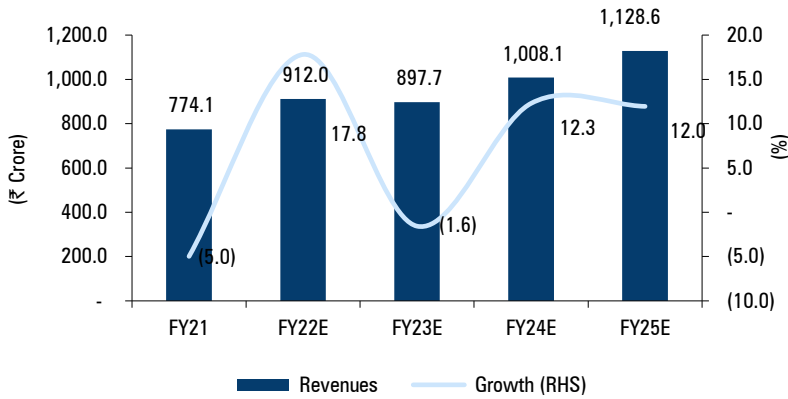
Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			FY25E	Comments
	Old	New	% Change	Old	New	% Change	Introduced	
Revenue	949.5	909.0	-4.3	1,061.5	1,022.1	-3.7	1,144.6	Realign estimates
EBITDA	192.6	159.4	-17.2	236.5	227.6	-3.8	258.1	
EBITDA Margin (%)	20.3	17.5	-275 bps	22.3	22.3	-2 bps	22.5	
PAT	141.4	115.3	-18.5	173.2	154.8	-10.6	179.0	Lower the other income after dividend payout
EPS (₹)	23.8	19.3	-18.5	29.0	25.9	-10.6	30.0	

Source: Company, ICICI Direct Research

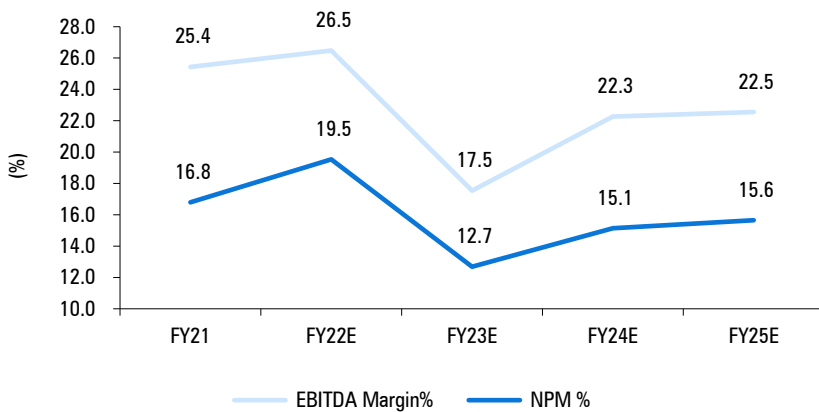
Story in charts

Exhibit 3: TV and other media revenue trend



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA and PAT margin trend



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement		₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E	
Total operating Income	930.1	909.0	1022.1	1144.6	
Growth (%)	18.8	(2.3)	12.4	12.0	
Employee Expenses	278.2	330.5	343.8	379.5	
Production Cost	92.6	105.7	116.5	130.5	
Other Expenses	313.0	313.3	334.2	376.6	
Total Operating Expenditure	683.8	749.6	794.5	886.5	
EBITDA	246.3	159.4	227.6	258.1	
Growth (%)	23.7	-35.3	42.7	13.4	
Depreciation	42.3	41.4	46.0	51.5	
Interest	2.6	3.3	3.2	3.2	
Other Income	42.2	41.7	28.0	36.0	
Exceptional Items	0.0	0.0	0.0	0.0	
PBT	243.5	156.5	206.4	239.4	
Minority Interest	0.0	0.0	0.0	0.0	
PAT from Associates	0.0	0.0	0.0	0.0	
Total Tax	61.8	41.2	51.6	60.3	
PAT	181.7	115.3	154.8	179.0	
Growth (%)	38.2	-36.5	34.2	15.7	
Adjusted PAT	181.7	115.3	154.8	179.0	
Growth (%)	38.2	-36.5	34.2	15.7	
EPS (₹)	30.5	19.3	25.9	30.0	

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement		₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E	
Profit after Tax	181.7	115.3	154.8	179.0	
Add: Depreciation	42.3	41.4	46.0	51.5	
Add: Interest Paid	2.6	3.3	3.2	3.2	
(Inc)/dec in Current Assets	1.0	4.2	-31.6	-34.2	
Inc/(dec) in CL and Provisions	22.8	-5.1	27.5	29.8	
Others	0.0	0.0	0.0	0.0	
CF from operating activities	250.5	159.0	199.9	229.3	
(Inc)/dec in Investments	-304.0	300.0	0.0	0.0	
(Inc)/dec in Fixed Assets	-45.5	-25.0	-25.0	-25.0	
Others	36.5	0.0	0.0	0.0	
CF from investing activities	-313.1	275.0	-25.0	-25.0	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0	
Less: Interest Paid	2.6	3.3	3.2	3.2	
Less: Dividend and dividend tax	-14.9	-399.7	-47.7	-47.7	
Others	-4.8	-6.5	-6.4	-6.4	
CF from financing activities	-17.1	-402.9	-50.9	-50.9	
Net Cash flow	-79.7	31.0	123.9	153.4	
Opening Cash	260.5	180.8	211.8	335.8	
Closing Cash	180.8	211.8	335.8	489.1	

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet		₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E	
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	1,128.0	843.6	950.6	1,081.9	
Total Shareholders funds	1,157.8	873.4	980.4	1,111.8	
Total Debt	0.0	0.0	0.0	0.0	
Others	27.6	27.6	27.6	27.6	
Total Liabilities	1,185.4	901.0	1,008.1	1,139.4	
Assets					
Gross Block	454.6	479.6	504.6	529.6	
Less: Acc Depreciation	229.4	270.8	316.8	368.3	
Net Block	225.2	208.8	187.8	161.3	
Capital WIP	1.2	1.2	1.2	1.2	
Total Fixed Assets	226.4	210.0	189.0	162.5	
Investments	673.9	373.9	373.9	373.9	
Inventory	0.0	0.0	0.0	0.0	
Debtors	192.0	189.3	212.8	238.3	
Loans and Advances	0.6	0.5	0.6	0.7	
Other Current Assets	65.4	63.9	71.9	80.5	
Cash	180.8	211.8	335.8	489.1	
Total Current Assets	438.7	465.6	621.1	808.6	
Creditors	102.7	100.4	112.9	126.4	
Provisions	2.1	2.1	2.3	2.6	
Other current liabilities	121.1	118.4	133.1	149.1	
Total Current Liabilities	226.0	220.9	248.3	278.1	
Net Current Assets	212.7	244.7	372.7	530.6	
Other non current assets	72.3	72.3	72.3	72.3	
Application of Funds	1,185.4	901.0	1,008.1	1,139.4	

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios		₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E	
Per share data (₹)					
EPS	30.5	19.3	25.9	30.0	
Adjusted EPS	30.5	19.3	25.9	30.0	
BV	194.1	146.4	164.4	186.4	
DPS	2.5	67.2	8.0	8.0	
Cash Per Share	30.3	35.5	56.3	82.0	
Operating Ratios (%)					
EBITDA Margin	26.5	17.5	22.3	22.5	
PBT / Total Operating income	21.9	13.0	17.8	18.0	
PAT Margin	19.5	12.7	15.1	15.6	
Inventory days	0.0	0.0	0.0	0.0	
Debtor days	75.3	76.0	76.0	76.0	
Creditor days	40.3	40.3	40.3	40.3	
Return Ratios (%)					
RoE	15.7	13.2	15.8	16.1	
RoCE	20.8	17.7	20.8	21.3	
RoIC	19.4	16.1	24.8	28.5	
Valuation Ratios (x)					
P/E	9.4	14.8	11.0	9.5	
EV / EBITDA	6.2	9.4	6.0	4.7	
EV / Net Sales	1.6	1.6	1.3	1.1	
Market Cap / Sales	1.8	1.9	1.7	1.5	
Price to Book Value	1.5	2.0	1.7	1.5	
Solvency Ratios					
Debt/EBITDA	0.0	0.0	0.0	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	2.5	2.5	2.5	2.5	
Quick Ratio	2.5	2.5	2.5	2.5	

Source: Company, ICICI Direct Research

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Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, AkruTI Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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