

TV Today Network

Performance Update

Y/E March (` cr)	1QFY20	1QFY19	% yoy	4QFY19	% qoq
Net sales	245	188	30.2	175	40
EBITDA	74	62	19.2	33	129
EBITDA margin (%)	30.4	33.2	(279bp)	18.6	1,175bp
Adjusted PAT	51	40	27.3	24	116

Source: Company, Angel Research

For 1QFY2020, TV Today Network Ltd (TTNL) posted results above our expectations on both top-line as well as bottom-line fronts. Revenue grew by ~30% yoy to `245cr due to strong ad revenue growth. On the operating front, margins contracted by 279bps yoy. However, PAT grew ~27% yoy to `51cr.

Higher ad spends boosted the overall top-line growth: The company's top-line grew by 30% yoy to `245cr due to strong ad revenue growth (up ~31% yoy to `208cr). Other segment grew by ~62% to `28cr. However, the company has reported de- growth in radio segment (`4cr vs. ~`6cr in 1QFY2019).

Strong PAT growth driven by robust top-line: On the operating front, margins contracted by 279bps yoy. However, PAT grew ~27% yoy to `51cr. Segment wise, advertisement business witnessed EBIT margin contraction of 506bps yoy. Further, radio business reported EBIT level loss of `4cr yoy vs. `1cr (loss) in 1QFY2019.

Outlook and Valuation: Going forward, we expect TTNL to report net revenue CAGR of ~14% over FY2019-21E to ~`962cr and net profit CAGR of ~12% over the same period to ~`170cr on the back of leadership position in Hindi news genre and upcoming elections. TTNL is a debt free company with decent cash on balance sheet. At the current market price of `313, the stock trades at a PE of 12.1x and 11.0x its FY2020E and FY2021E EPS of `25.8 and `28.5 respectively. **We recommend BUY on TTNL with a Target Price of `456.**

Key financials

Y/E March (` cr)	FY2018	FY2019	FY2020E	FY2021E
Net sales	721	742	880	962
% chg	10.5	3.0	18.5	9.3
Net profit	119	131	154	170
% chg	34.7	2.5	17.5	10.2
EBITDA margin (%)	26.9	26.9	27.6	28.0
EPS (`)	21.4	22.0	25.8	28.5
P/E (x)	14.6	14.2	12.1	11.0
P/BV (x)	2.8	2.4	2.5	3.3
RoE (%)	18.0	16.9	20.3	29.8
RoCE (%)	24.5	21.5	26.8	39.6
EV/Sales (x)	2.3	2.1	1.8	1.9
EV/EBITDA (x)	8.6	7.9	6.7	6.8

Source: Company, Angel Research, Note: CMP as of February 13, 2019

BUY

CMP	` 313
Target Price	` 456
Investment Period	12 Months

Stock Info

Sector	Media
Market Cap (` cr)	1,873
Net Debt (` cr)	292
Beta	1.1
52 Week High / Low	467/237
Avg. Daily Volume	4,171
Face Value (`)	5
BSE Sensex	36,436
Nifty	11,071
Reuters Code	TVTO.BO
Bloomberg Code	TVTN.IN

Shareholding Pattern (%)

Promoters	58.0
MF / Banks / Indian Fls	15.0
FII / NRIs / OCBs	10.8
Indian Public / Others	16.2

Abs. (%)	3m	1yr	3yr
Sensex	0.1	(1.2)	33.8
TTNL	3.9	(29)	5.2

3-year price chart



Source: Company, Angel Research

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Exhibit 1: 1QFY2020 Performance

Y/E March (` cr)	1QFY20	1QFY19	% yoy	4QFY19	% qoq	FY2020	FY2019	% chg
Net Sales	245	188	30.2	175	40.2	739	691	6.9
Staff Costs	66	55	20.6	55	21.4	222	193	15.3
(% of Sales)	27.0	29.2	(214)	31.2	(419)	30.0	27.9	219
Other Expenses	104	71	47.2	88	19.1	319	302	5.5
(% of Sales)	42.6	37.7	493	50.2	(757)	43.1	43.7	(59)
Total Expenditure	171	126	35.6	142	20.0	541	495	9.3
Operating Profit	74	62	19.2	33	128.8	198	197	0.9
OPM	30.4	33.2		18.6		26.8	28.4	
Interest	1	0	236.2	0	237.3	1	1	5.1
Depreciation	10	8	22.5	8	20.8	31.5	31.3	0.7
Other Income	14	7	97.5	15	(3.1)	36.7	23.4	56.5
PBT (excl. Ext Items)	78	62	27.2	39	100.1	203	188	7.8
Ext (Income)/Expense	-	-		-			-	
PBT (incl. Ext Items)	78	62	27.2	39	100.1	203	188	7.8
(% of Sales)	32.0	32.7		22.4		27.4	27.2	
Provision for Taxation	27	22		16		72.6	64.5	12.6
(% of PBT)	34.9	34.9		39.6		35.8	34.3	
Reported PAT	51	40	27.3	24	115.6	130	123	5.3
PATM	20.8	21.3		13.5		17.6	17.9	
Minority Interest After NP								
Extra-ordinary Items							(14)	
Reported PAT	51	40	27.3	24	115.6	130	137	(5.2)
PATM	20.8	21.3		13.5		17.6	19.8	

Source: Company, Angel Research

Outlook and Valuation

Going forward, we expect TTNL to report net revenue CAGR of ~14% over FY2019-21E to ~`962cr and net profit CAGR of ~12% over the same period to ~`170cr on the back of leadership position in Hindi news genre and upcoming elections. TTNL is a debt free company with decent cash on balance sheet. At the current market price of `313, the stock trades at a PE of 12.1x and 11.0x its FY2020E and FY2021E EPS of `25.8 and `28.5 respectively. **We recommend BUY on TTNL with a Target Price of `456.**

Risks

- 1) Losing leadership position in viewership ranking could affect the company's advertisement revenue, and hence poses a downside risk to our estimates.
- 2) Overall slowdown in the Indian economy could impact the advertisement spends, which could be negative for TTNL.
- 3) Delay in digitalization could impact the company's subscription revenue growth.

Company Background

TV Today Network (TTNL) is one of the leading Indian Hindi and English news television networks. The company's operating segments include television (TV) broadcasting and radio broadcasting. The company operates four news channels, which include Aaj Tak, India Today (earlier known as Headlines Today), TEZ and Dilli Aaj Tak. The company is also engaged in publishing, and its publications include India Today, Business Today, etc. Moreover, TTNL is associated with well known anchors like Rajdeep Sardesai and Karan Thapar. Living Media India Limited is the holding company of TTNL.

Consolidated Profit & Loss Statement

Y/E March (₹ cr)	FY2017	FY2018	FY2019	FY2020E	FY2021E
Total operating income	652	721	742	880	962
% chg	12.2	10.5	3.0	18.5	9.3
Total Expenditure	490	527	543	637	693
Employee Cost	181	202	223	229	250
Selling & Administrative Expenses	-	-	-	-	-
Others Expenses	309	325	320	408	442
EBITDA	163	194	200	243	269
% chg	23.7	19.2	3.0	21.7	10.9
(% of Net Sales)	24.9	26.9	26.9	27.6	28.0
Depreciation & Amortisation	29	31	32	39	42
EBIT	134	162	168	204	228
% chg	33.0	21.5	3.5	21.4	11.5
(% of Net Sales)	20.5	22.5	22.6	23.2	23.7
Interest & other Charges	8	4	1	4	4
Other Income	29	25	37	30	30
(% of PBT)	19.0	13.5	18.0	13.0	11.8
Share in profit of Associates	-	-	-	-	-
Recurring PBT	155	183	204	230	254
% chg	34.8	18.6	11.2	12.8	10.2
Prior Period & Extraordinary Expense/(Inc.)	-	-	-	-	-
PBT (reported)	155	183	204	230	254
Tax	54	64	73	76	84
(% of PBT)	35.0	35.1	35.7	33.0	33.0
PAT (reported)	100	119	131	154	170
Add: Share of earnings of associate	-	-	-	-	-
ADJ. PAT	100	119	131	154	170
% chg	21.5	34.7	2.5	17.5	10.2
(% of Net Sales)	15.4	16.5	17.7	17.5	17.7
Basic EPS (₹)	15.9	21.4	22.0	25.8	28.5
Fully Diluted EPS (₹)	15.9	21.4	22.0	25.8	28.5
% chg	21.5	34.7	2.5	17.5	10.2

Consolidated Balance Sheet

Y/E March (₹ cr)	FY2017	FY2018	FY2019	FY2020E	FY2021E
SOURCES OF FUNDS					
Equity Share Capital	30	30	30	30	31
Reserves & Surplus	540	632	748	729	539
Shareholders Funds	570	662	777	759	570
Total Loans	35	-	3	3	3
Deferred Tax Liability	8	11	14	14	14
Total Liabilities	613	673	794	786	596
APPLICATION OF FUNDS					
Gross Block	257	343	362	403	433
Less: Acc. Depreciation	59	85	115	154	196
Net Block	199	258	247	249	237
Capital Work-in-Progress	3	2	4	4	4
Investments	6	-	0	-	-
Current Assets	525	560	684	707	569
Sundry Debtors	163	185	185	219	237
Cash	263	199	291	350	190
Loans & Advances	61	70	174	97	101
Other Assets	36	104	32	38	38
Current liabilities	143	173	173	205	246
Net Current Assets	382	387	511	502	323
Deferred Tax Asset	23	25	31	31	31
Mis. Exp. not written off	-	-	-	-	-
Total Assets	613	673	794	786	596

Consolidated Balance Sheet

Y/E March (₹ cr)	FY2017	FY2018	FY2019	FY2020E	FY2021E
Profit before tax	153	183	204	230	254
Depreciation	29	31	32	39	42
Change in Working Capital	(98)	(1)	(112)	69	18
Interest / Dividend (Net)	(10)	(1)	(25)	4	4
Direct taxes paid	(59)	(63)	(77)	(76)	(84)
Others	(2)	7	8	-	-
Cash Flow from Operations	14	158	30	266	234
(Inc.)/ Dec. in Fixed Assets	4	(93)	(1)	(30)	(30)
(Inc.)/ Dec. in Investments	1	6	-	-	-
Cash Flow from Investing	3	(99)	(1)	(30)	(30)
Issue of Equity	-	-	0	-	-
Inc./(Dec.) in loans	0	-	-	-	-
Dividend Paid (Incl. Tax)	(10)	(12)	(13)	(173)	(360)
Others	86	(110)	76	(4)	(4)
Cash Flow from Financing	76	(122)	63	(177)	(364)
Inc./(Dec.) in Cash	93	(64)	91	59	(160)
Opening Cash balances	170	263	199	291	350
Closing Cash balances	263	199	291	350	190

Source: Company, Angel Research

Key Ratios

Y/E March	FY2017	FY2018	FY2019	FY2020E	FY2021E
Valuation Ratio (x)					
P/E (on FDEPS)	19.7	14.6	14.2	12.1	11.0
P/CEPS	14.4	12.4	11.5	9.7	8.8
P/BV	3.3	2.8	2.4	2.5	3.3
Dividend yield (%)	0.6	0.8	0.8	9.2	19.3
EV/Sales	2.5	2.3	2.1	1.7	1.7
EV/EBITDA	10.0	8.6	7.9	6.3	6.2
EV / Total Assets	2.2	2.0	1.6	1.5	2.0
Per Share Data (Rs)					
EPS (Basic)	15.9	21.4	22.0	25.8	28.5
EPS (fully diluted)	15.9	21.4	22.0	25.8	28.5
Cash EPS	21.7	25.2	27.3	32.3	35.5
DPS	1.9	2.6	2.6	28.9	60.4
Book Value	95.6	110.9	130.3	127.2	95.5
Returns (%)					
ROCE	22.1	24.5	21.5	26.8	39.7
Angel ROIC (Pre-tax)	39.8	35.1	34.3	49.5	59.4
ROE	17.6	18.0	16.9	20.3	29.8
Turnover ratios (x)					
Asset Turnover (Gross Block)	2.5	2.1	2.0	2.2	2.2
Inventory / Sales (days)	1	1	1	1	1
Receivables (days)	91	94	91	91	90
Payables (days)	49	44	41	41	44
Working capital cycle (ex-cash) (days)	44	50	51	51	47

Source: Company, Angel Research

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TV Today Network

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)