



# DISH TV

*Taking a huge leap*

India Equity Research | Media

Dish TV has hiked price of its set top box by 10%. The other five players too seem to have followed suit. This will reduce subscriber acquisition cost and the churn rate, but improve cash flow and margins for Dish TV. The company remains our top pick in the media space. We expect premium multiples to continue on the back of likely earnings upgrade, scarcity premium, consumption play, likely sunset clause and declining competitive intensity. We maintain 'BUY' recommendation on the stock.

## Hikes price of set top box by 10%; subscriber growth intact

Dish TV has hiked price of set top box by 10% (increase of INR 200 per box). We need to see if this slows down subscriber base. However, since all players have increased it together, likely impact on subscriber growth seems limited.

## Subscriber acquisition to turn cheaper, cash flow attractive

We see this move as a positive since it will reduce acquisition cost by 10%. We expect Dish TV to save ~INR 600 mn/year. The company had recently hiked its ARPU. ARPU per month had increased by 5.6% Y-o-Y in Q4FY11.

## One more signal that competitive intensity is moderating

We spoke to Dish TV on this development and were informed that its peers too have affected a similar hike. In our view, this collective increase is owing to: (1) the entire industry witnessing excellent subscriber base; (2) all players currently bleeding on the profitability front; and (3) likelihood of higher acceptability from consumers since general inflation is quite high.

## Outlook and valuations: Attractive; maintain 'BUY'

Dish TV is at an inflection point due to low penetration, favorable regulatory environment, increasing margins and a strong balance sheet. At CMP of INR 88, the stock is trading at EV/EBITDA of 18x and 13.7x on FY12E and FY13E respectively. We maintain 'BUY/Sector Outperformer' recommendation/rating on the stock.

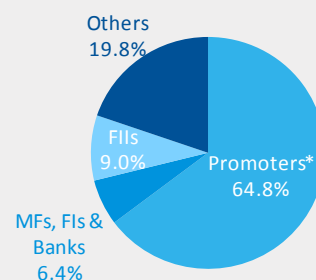
### EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperformer
Risk Rating Relative to Sector	Medium
Sector Relative to market	Overweight

### MARKET DATA (R: DSTV. BO, B: DITV IN)

CMP	: INR 88
Target Price	: INR 100
52-week range (INR)	: 90 / 43
Share in issue (mn)	: 1,064.0
M cap (INR bn/USD mn)	: 95 / 2,108
Avg. Daily Vol. BSE/NSE ('000)	: 3,426.4

### SHARE HOLDING PATTERN (%)



\* Promoters pledged shares : Nil  
(% of share in issue)

### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Media Index
1 month	20.1	1.4	1.8
3 months	30.4	(0.9)	1.9
12 months	87.9	2.8	6.0

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### Financials

Year to March	FY10	FY11	FY12E	FY13E
Revenues (INR mn)	10,850	14,347	19,400	23,500
Rev. growth (%)	47.0	32.2	35.2	21.1
EBITDA (INR mn)	1,117	2,381	5,300	6,750
Net profit (INR mn)	(2,622)	(1,979)	48	1,036
Share outstanding (mn)	1,063	1,063	1,063	1,063
Diluted EPS (INR)	(2.5)	(1.9)	0.0	1.0
EPS growth (%)	75.6	24.5	102.4	2,054.7
Diluted P/E (x)	-	-	1,946.2	90.3
EV/EBITDA (x)	85.8	40.4	18.0	13.7
ROAE (%)	-	(71.2)	2.7	44.0

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