



Jagran Prakashan Ltd

Relative to sector: **Outperformer**

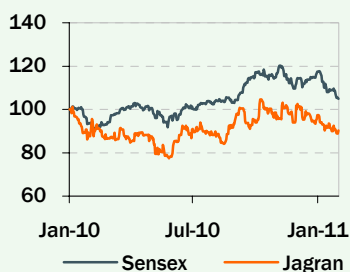
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Relative Performance



Source: Bloomberg, ENAM Research

Stock data

No. of shares	: 301 mn
Market cap	: Rs 36.8 bn
52 week high/low	: Rs 148/ Rs 104
Avg. daily vol. (6mth)	: 406,800 shares
Bloomberg code	: JAGP IB
Reuters code	: JAGP.BO

Shareholding (%)

	Dec-10	QoQ chg
Promoters	: 55.3	0.0
FIs	: 11.0	0.6
MFs / UTI	: 17.2	(0.5)
Banks / FIs	: 1.0	0.0
Others	: 15.4	(0.1)

Financial summary

Y/E Mar	Sales (Rs mn)	Adj. PAT (Rs mn)	Consensus EPS* (Rs)	EPS (Rs)	Change YoY (%)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
2009	8,234	920	-	3.1	(6)	-	16.7	21.3	-
2010	9,419	1,759	-	5.8	91	-	28.7	34.2	-
2011E	10,827	2,130	6.6	7.1	21	19.5	28.9	34.8	11.9
2012E	12,257	2,548	7.1	8.5	20	16.3	28.4	35.7	10.0

Source: *Consensus broker estimates, Company, ENAM Research

STRONG AD REVENUE GROWTH CONTINUES

Jagran Prakashan Ltd (JPL) declared revenues of Rs 2.86 bn (up 26% YoY), EBITDA of Rs 897 mn (up 37% YoY) and adjusted PAT of Rs 524 mn (up 32% YoY) during Q3FY11, in-line with estimates.

Key Highlights

- Ad revenues grew 31% YoY to Rs 1.95 bn. Ad rev growth was driven by both higher volumes (~85%) and improved ad yields (~15%). Mgmt expects additional ad rev of Rs 40-50 mn from the cricket WC in Q4FY11.
- Circulation rev rose 7% YoY to Rs 570 mn as JPL increased circulation (print order grew 10%) across all markets to maintain readership share amidst competitive intensity.
- EBITDA margin contracted 140 bps (QoQ) to 31.4% in Q3, due to a rise in newsprint cost (rose 100 bps QoQ to 30 % of rev). JPL reported a 28% YoY and ~8% QoQ rise in newsprint cost to Rs 863 mn in Q3. The co. has already booked its Q4 newsprint requirements and does not expect the newsprint prices to impact its profitability further.
- Other businesses demonstrated robust revenue growth: The event management business recorded revenue growth of 30% YoY with PBT of Rs 14 mn vs. loss of Rs 3.6 mn in Q3FY10. Digital revenue stood at Rs 22 mn with a marginal operating loss.

Outlook & Valuations

The strong advertising environment augurs well for JPL's profitability. We expect JPL to register ~18% YoY growth in ad rev in FY12E. However, we anticipate margin pressure in FY12 due to competitive intensity in Jharkhand & Bihar and higher newsprint prices. Considering the above factors, we have lowered our FY11E and FY12E EPS estimates to Rs.7.1 (vs. Rs 8.0) and Rs 8.5 (vs. Rs 9.3) resp. We revise our target price downwards to Rs. 135 (vs. Rs 148); however, due to the recent correction in its stock price, we maintain our **BUY rating** on JPL.

Results update

(Rs mn)	Quarter ended					12 months ended		
	Dec-10	Dec-09	% Chg	Sep-10	% Chg	Mar-11E	Mar-10	% Chg
Net Sales	2,860	2,269	26.0	2,769	3.3	10,827	9,419	15.0
EBITDA	897	653	37.4	908	(1.2)	3,435	2,823	21.7
Other income	55	70	(20.5)	64	(13.5)	387	342	13.0
PBIDT	952	722	31.8	972	(2.1)	3,822	3,165	20.8
Depreciation	146	119	22.9	133	10.2	611	507	20.4
Interest	21	13	55.4	14	49.2	93	66	41.9
PBT	785	590	33.1	826	(4.9)	3,118	2,592	20.3
Tax	259	193	34.5	271	(4.2)	988	833	18.6
Adjusted PAT	526	397	32.4	555	(5.2)	2,130	1,759	21.1
No. of shares (mn)	301	301	-	301	-	301	301	0.0
EBITDA margin (%)	31.4	28.8	-	32.8	-	31.7	30.0	5.9
PBIDT margin (%)	33.3	31.8	-	35.1	-	35.3	33.6	5.0
EPS - annualized (Rs.)	7.0	5.3	32.4	7.4	(5.2)	7.1	5.8	21.1

Source: Company, ENAM Research

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