

October 24, 2011

Reco	Previous Reco
Buy	Buy
CMP	Target Price
Rs140	Rs172
EPS change FY12E/13E (%)	-7/ -6
Target Price change (%)	-6
Nifty	5,050
Sensex	16,786

Price Performance

(%)	1M	3M	6M	12M
Absolute	(3)	(15)	(10)	(14)
Rel. to Nifty	(2)	(6)	4	4

Source: Bloomberg

Relative Price Chart



Source: Bloomberg

Stock Details

Sector	Print Media
Bloomberg	HTML@IN
Equity Capital (Rs mn)	470
Face Value(Rs)	2
No of shares o/s (mn)	235
52 Week H/L	186/125
Market Cap (Rs bn/USD mn)	33/659
Daily Avg Volume (No of sh)	153823
Daily Avg Turnover (US\$m)	0.5

Shareholding Pattern (%)

	Jun-11	Mar-11	Dec-10
Promoters	68.8	68.8	68.8
FII/NRI	12.6	11.7	12.4
Institutions	13.2	13.6	13.6
Private Corp	3.4	3.6	2.9
Public	2.0	2.3	2.3

Source: Capitaline

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- **Q2FY12 rev. better than expected, growing 10.7% yoy at Rs4.9bn. Print ad-rev grew 12.5% yoy (our est. of 9.2%) with Hindi ad-rev. growing 24% yoy & English by 8.1% yoy**
- **EBIDTA declined 9.9% yoy, led by Rs63mn forex loss & Rs55mn provision for ad-equity. Adj. for one-offs EBITDA margin was at 16.8%. Burda JV EBITDA stood at Rs3mn v/s loss of Rs33mn**
- **PAT at Rs438mn (our estimate of Rs380mn) was up 13.0% yoy, on account of high other income and lower tax outgo**
- **Valuations at 16.4x FY12E and 12.2x FY13E on our EPS est. of Rs8.6/Rs11.5 for FY12E/13E. Maintain BUY with revised target price of Rs172 (earlier Rs183)**

Revenue better than expected, one off items dent EBITDA

HT Media reported better than expected revenue growth of 10.7% yoy against our expectation of 4.5% yoy. Print ad revenue grew 12.5% yoy v/s our est. of 9.2% yoy, driven by strong growth registered by HMVL at 24% yoy and English ad growth at 8.1% yoy. Radio revenues grew 11.3% yoy to Rs157million. Cons. EBITDA declined 9.9% yoy primarily due to Rs63mn forex loss and Rs55mn one-off item (ad-equity provision). EBITDA margins at 14.4% declined 330bps yoy. PAT during the quarter stood at Rs438mn (higher than our estimate of Rs380mn) recording growth of 13.0% yoy, driven other income of Rs204mn (which includes Rs60mn of sale of stake in JV with BCCL).

Hindi business (HMVL) – good show

HMVL registered strong revenue growth of 22.7% yoy to Rs1.5bn. Ad revenue stood at Rs1133million, growing 24% yoy (our est. of 16% yoy). Circulation revenue grew 15.6% yoy to Rs333million, led by increase in circulation across markets. EBITDA margin stood at 20.3% v/s 14.5% in Q2FY11 and 18.0% in Q1FY12. Effective cost rationalization led to qoq improvement in margins for HMVL. We estimate ad revenue growth of 20.7% for FY12E and 20.4% for FY13E.

Radio surprised with EBIT loss and internet losses continue

Radio segment registered 11.1% yoy revenue growth to Rs157million. Radio segment incurred EBIT loss of Rs454mn v/s profit of Rs28mn Q2FY11. Internet business reported revenue of Rs100mn with EBIT loss of Rs106mn. HT Burda JV contributed Rs315million v/s Rs295million in Q2FY11. EBITDA for Burda JV stood at Rs3mn v/s loss of Rs33mn in Q1FY12.

Maintain BUY with revised target price of Rs172 earlier (Rs183)

The company reported better than expected ad revenue growth, led by strong growth in Hindi business. On English ad revenue, Delhi region reported ad revenue growth of just ~5% yoy primarily due to lower contribution from real estate sector (which contributes ~8% to total ads). We believe on account of Hindustan expansion and impact of rupee depreciation on raw material cost, would result in margin pressure.

We have revised our EBITDA estimates downwards for FY12E/13E by 7.2% and 5.3%. We maintain our BUY rating on the stock with revised target price of Rs172 (earlier Rs183). At CMP of Rs140 stock trades at 16.4x and 12.2x our estimated EPS of Rs8.6 and Rs11.5 for FY12E and FY13E, respectively.

Financial Snapshot

Y/E	Rs Mn									
	Net Sales	EBITDA (Core)	EBITDA (%)	PAT (Rs)	EPS (Rs)	EPS %chg	ROE (%)	P/E	EV/EBITDA	P/BV
March										
FY10	14129	2554	18.1	1359	6.1	725.2	14.0	23.0	13.5	3.3
FY11	17674	3170	17.9	1808	7.7	26.6	13.9	18.2	11.1	2.3
FY12E	20600	3633	17.6	2010	8.6	11.1	13.5	16.4	9.5	2.0
FY13E	23222	4667	20.1	2694	11.5	34.1	15.4	12.2	7.2	1.6

Quarterly financials

Particulars	Q1FY11	Q2FY11	Q3FY11	Q4FY11	Q1FY12	YoY (%)	QoQ (%)	YTDFY12	YTDFY11	YoY (%)
Sales	4,455.4	4,651.0	4,703.9	4,969.0	4,931.3	10.7	(0.8)	9,900.3	8,506.4	16.4
Raw Material	1624.0	1659.0	1652.4	1737.0	1842.6	13.5	6.1	3,580	2,969	20.6
as % of sales	36.5	35.7	35.1	35.0	37.4			36.2	34.9	
Employee Cost	734.4	760.0	765.9	880.0	849.2	15.6	(3.5)	1,729	1,483	16.6
as % of sales	16.5	16.3	16.3	17.7	17.2			17.5	17.4	
SG&A expenses	322.5	360.0	384.6	330.0	241.8	(25.0)	(26.7)	572	608	(5.9)
as % of sales	7.2	7.7	8.2	6.6	4.9			5.8	7.1	
Other Operating Exp.	983.9	989.0	1024.9	1119.0	1285.2	30.6	14.9	2,404	1,848	30.1
as % of sales	22.1	21.3	21.8	22.5	26.1			24.3	21.7	
Total Expenditure	3664.8	3768.0	3827.8	4066.0	4218.8	15.1	3.8	8284.8	6907.8	19.9
EBITDA	790.6	883.0	876.1	903.0	712.5	(9.9)	(21.1)	1615.5	1598.6	1.1
Depreciation	211.0	217.0	219.6	214.0	232.9	10.4	8.8	446.9	405.0	10.3
EBIT	579.6	666.0	656.5	689.0	479.6	(17.3)	(30.4)	1169	1194	(2.1)
Other Income	61.1	64.0	116.7	146.0	204.1	234.0	39.8	350.1	110.1	218.0
Interest	54.7	46.0	71.0	53.0	74.2	35.6	40.0	127.2	118.7	7.2
Exceptional Items	0.0	0.0	0.0	0.0	0.0			0.0	0.0	
PBT	586.0	684.0	702.2	782.0	609.5	4.0	(22.1)	1391.5	1185.0	17.4
Tax	165.5	184.0	166.4	242.0	140.6	(15.0)	(41.9)	382.6	362.5	5.5
PAT before MI	420.5	500.0	535.8	540.0	468.9	11.5	(13.2)	1008.9	822.5	22.7
Minority interest	32.5	22.0	6.4	25.0	30.5			55.5	20.5	
PAT	388.0	478.0	529.4	515.0	438.4	13.0	(14.9)	953.4	802.0	18.9

Margins (%)						(bps)	(bps)				(bps)
EBIDTA	17.7	19.0	18.6	18.2	14.4	(330)	(372)	16.3	18.8	(248)	
EBIT	13.0	14.3	14.0	13.9	9.7	(328)	(414)	11.8	14.0	(223)	
EBT	13.2	14.7	14.9	15.7	12.4	(79)	(338)	14.1	13.9	12	
PAT	8.7	10.3	11.3	10.4	8.9	18	(147)	9.6	9.4	20	
ETR	28.2	26.9	23.7	30.9	23.1	(517)	(788)	27.5	30.6	(310)	

EPS estimates cut by 7.0% /6.2% for FY12E /13E

The management has indicated the expansion of Hindustan in 3 new markets in H2FY12E, which believe would increase in the raw material cost. Moreover, impact of rupee depreciation on raw material cost would be visible in coming quarters, impacting EBITDA negatively. We have revised our EBITDA downwards by 7.2% and 5.3%, consequently leading to EPS cut of 7.0% and 6.2% for FY12E and FY13E, resp. Our revised EPS for FY12E/13E stands at Rs8.6/Rs11.5.

	FY12E			FY13E		
	Old	New	Chg %	Old	New	Chg %
Revenue	20,427.4	20600.1	0.8%	23,214.5	23221.7	0.0%
EBIDTA	3,916.1	3632.7	-7.2%	4,926.3	4666.7	-5.3%
EBIDTA %	19.2	17.6	-154 bps	21.2	20.1	-112 bps
PAT	2161.3	2009.5	-7.0%	2871.9	2694.0	-6.2%
EPS	9.2	8.6	-7.0%	12.2	11.5	-6.2%

Financials

Income statement

Y/E, Mar (Rs. mn)	FY10	FY11	FY12E	FY13E
Net Sales	14,129	17,674	20,600	23,222
<i>Growth (%)</i>	4.9	25.1	16.6	12.7
Raw material	4,761	6,279	7,346	7,946
Employee cost	2,520	3,009	3,441	3,708
SG&A expenses	4,295	5,215	6,181	6,902
Total operating expenditure	11,575	14,504	16,967	18,555
EBITDA	2,554	3,170	3,633	4,667
<i>Growth (%)</i>	190.6	24.1	14.6	28.5
Depreciation	707	842	919	1,001
<i>EBIT</i>	1,847	2,328	2,713	3,666
EBIT margin (%)	13.1	13.2	13.2	15.8
Other Income	409	478	624	784
Interest expenses	295	236	250	209
Exceptional items	69	0	0	0
PBT	1,891	2,570	3,087	4,241
Tax	536	713	908	1,315
<i>Effective tax rate (%)</i>	28.4	27.7	29.4	31.0
PAT before MI	1,355	1,857	2,179	2,926
Minority interest	-4.3	48.9	169.6	232.3
PAT after MI	1,359	1,808	2,010	2,694

Cash Flow

Y/E, Mar (Rs. mn)	FY10	FY11	FY12E	FY13E
PBT	1,476	2,092	2,463	3,457
Depreciation	707	842	919	1,001
Interest	295	236	250	209
Other Non-Cash items	-162	1,238	-110	-110
Chg in working cap	1,909	-1,394	160	-827
Tax paid	-536	-713	-908	-1,315
Operating Cashflow	3,689	2,301	2,774	2,415
Capital expenditure	-1,482	-602	-1,000	-1,000
Free Cash Flow	2,207	1,699	1,774	1,415
Other income	409	478	624	784
Investments	-1,720	-2,840	-500	-1,000
Investing Cashflow	-2,793	-2,964	-876	-1,216
Equity Capital Raised	277	1,054	-194	1,176
Loans Taken / (Repaid)	-581	-3	0	-800
Interest Paid	-295	-236	-250	-209
Dividend paid (incl tax)	0	0	0	0
Financing Cashflow	-600	815	-444	167
Net chg in cash	296	152	1,454	1,366
Opening cash position	708	1,004	1,155	2,610
Closing cash position	1,004	1,155	2,610	3,975

Balance Sheet

Y/E, Mar (Rs. mn)	FY10	FY11	FY12E	FY13E
Equity share capital	470	470	470	470
Reserves & surplus	9,244	12,554	14,453	17,037
Net worth	9,714	13,024	14,923	17,507
Secured Loans	3,125	3,122	3,122	2,322
Loan Funds	3,125	3,122	3,122	2,322
Net deferred tax liability	178	-86	-86	-86
Minority Interest	218	1,299	1,274	2,683
Total Liabilities	13,236	17,360	19,235	22,427
Gross Block	9,702	11,296	12,101	12,903
Less: Depreciation	2,498	3,237	3,961	4,763
Net block	7,204	8,059	8,140	8,139
Capital work in progress	1,289	194	194	194
Investment	4,755	7,595	8,095	9,095
Current Assets	6,621	7,552	10,220	12,751
Inventories	1,200	1,456	1,772	2,020
Sundry debtors	2,422	2,520	2,899	3,209
Cash & bank balance	1,004	1,155	2,610	3,975
Loans & advances	1,959	2,108	2,575	3,135
Other non current assets	36	313	365	412
Current liabilities	6,377	5,574	6,842	7,155
Provisions	279	466	572	598
Net current assets	-34	1,512	2,806	4,999
Misc. exp & Def. Assets	22	0	0	0
Total Assets	13,236	17,360	19,235	22,427

Ratios

Y/E, Mar	FY10	FY11	FY12E	FY13E
Profitability (%)				
Core EBITDA Margin	18.1	17.9	17.6	20.1
Net Margin	9.4	9.5	9.3	10.9
ROCE	14.4	14.4	15.0	18.5
ROE	14.0	13.9	13.5	15.4
RoIC	28.8	31.7	32.1	41.5
Per Share Data (Rs)				
EPS (adjusted)	6.1	7.7	8.6	11.5
CEPS	19.2	5.6	13.9	13.2
BVPS	42.2	60.9	68.9	85.9
DPS	0.4	0.4	0.4	0.4
Valuations (x)				
PER	23.0	18.2	16.4	12.2
P/CEPS	7.3	25.2	10.1	10.6
P/BV	3.3	2.3	2.0	1.6
EV / Sales	2.4	2.0	1.7	1.5
EV / EBITDA	13.5	11.1	9.5	7.2
Dividend Yield (%)	0.3	0.3	0.3	0.3
Gearing Ratio (x)				
Net Debt/ Equity	0.2	0.2	0.0	-0.1
Net Debt/EBITDA	-1.0	-1.8	-2.1	-2.3

Recommendation History: HT Media Ltd – HTML IN

Date	Reports	Reco	CMP	Target
18/07/2011	HT Media Q1FY12 Result Update	Buy	159	183
18/05/2011	HT Media Q4FY11 Result Update	Buy	156	183
28/02/2011	HT Media Management Meet Update	Buy	133	175
19/01/2011	HT Media Q3FY11 Result Update	Buy	145	175

Recent Research Reports

Date	Reports	Reco	CMP	Target
21/10/2011	DB Corp Q2FY12 Result Update	Hold	38	47
20/10/2011	Sterlite Technologies Q2FY12 Result Update	Hold	38	47
19/10/2011	Dish TV Q2FY12 Result Update	Accumulate	77	96
11/10/2011	Telecom Sector Update			

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