

Positive Outlook!

11th August, 2017

Rating	
CMP	Rs 172
Target Price	Rs 184
Recommendation	HOLD

Stock Info

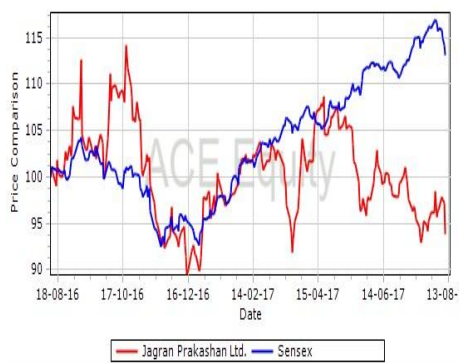
BSE Group	B
BSE Code	532705
NSE Symbol	JAGRAN
Bloomberg	JAGP IN
Reuters	JAG.BO
BSE Sensex	31,214
NSE Nifty	9,711

Market Info

Market Capital	5,387 cr
Equity Capital	62 cr
Avg. Trading Vol.	2,10,030
52 Wk High/ Low	213/162
Face Value	2

Shareholding Pattern (%)	(June' 17)
Promoters	60.8
Domestic Institutions	11.5
Foreign Institutions	14.5
Public & Others	13.2

Price Chart:



For the quarter ended March 2017, Jagran Prakashan Ltd. reported profitability with net profit growing by 2% YoY to Rs 78 cr and 3% sequentially.

Total revenue for the company grew by 4% YoY to Rs 492 cr while sequentially the revenue grew by 5%. Advertisement revenue for the company grew by 3.9% YoY to Rs 346 cr while the circulation revenue grew by 1.5% YoY to Rs 102 cr. Digital Advertisement revenue for the company grew by 17% YoY to Rs 7.3 cr. Page views for this quarter reached to 436.89 million while unique users reached 33.37 million.

Revenue from Dainik Jagran grew to Rs 396 cr reporting a growth of 3% YoY and 6.3% sequentially. Margins from the publication stood steady to 33.2% vs. 33.5% YoY. Revenue from Other Publications (Naidunia, I-Next, Punjabi Jagran, Josh Plus & Sakhi) came in at Rs 88 cr reporting a growth of 5.8% YoY and 5.4% sequentially with margins improving to 10.5% vs. 9.8% YoY.

EBITDA margin for the quarter augmented to 26.3% vs. 27.5% in corresponding quarter of previous year and 25.6% sequentially. This was on account of other expenses which increased to Rs 123 cr against Rs 114 cr on sequential basis. Interest expenses for the company have dropped to Rs 3.3 cr against Rs 6 cr YoY aiding the company report steady net profit margins which came in to 15.9% vs 16% YoY. Total comprehensive income for the company stood at Rs 77.65 cr.

Valuations

Media industry which thrives on discretionary spends was impacted in this quarter too. However, the overall performance of the company could withstand this unusual economic condition and reported net profit growth of 2% due to low single digit growth in advertisement revenue and circulation revenues. At CMP of Rs 172 per share the stock is trading at P/E and P/BV multiple of 10.5(x) and 2.4(x) respectively of FY19E. We have valued the stock at P/E multiple of 11(x) to FY 19E and have arrived at fair value of Rs 184 per share. We have Hold rating for the stock.

Financial Snapshot

Particulars	2017	2018E	2019E
Revenue from Operations	2283	2633	2980
Operating Margin	28%	29%	29%
Net Profit Margin	15%	17%	17%
RoE	21%	24%	24%
P/E	16.6	12.1	10.5



Standalone Quarterly Results					
Particulars	Q1 FY 18	Q1 FY 17	YoY	Q4 FY 17	QoQ
Total Revenue	492	473	4%	467	5%
Cost of Materials Consumed	163	163		148	
Total Expenditure	360	343		348	
EBITDA	132	130	1%	120	10%
EBITDA Margin	26.8%	27.5%		25.6%	
Depreciation	20	19		22	
Interest	3	6		4	
Other Income	7	8		12	
PBT	116	109		105	
Tax	39	37		29	
Net Profit	78	77	2%	76	3%
PATM%	15.9%	15.6%		16.2%	
Major Business Performance					
Particulars	Q1 FY 18	Q1 FY 17	YoY	Q4 FY 17	QoQ
Dainik Jagran					
Revenue	396	384	3%	374	6%
Profit	131	129	2%	123	7%
Margin	33%	34%		33%	
Other Publications					
Revenue	88	84	6%	84	5%
Profit	9	8.2	13%	8.6	8%
Margin	10%	10%		10%	
Digital					
Revenue	8	6.5	18%	9.5	-19%
Profit	-4	-2.6	47%	-4.9	23%
Margin	-49%	-39%		-52%	
Outdoor & Event					
Revenue	35	32	9%	32	10%
Profit	2	2.2	3%	-0.4	621%
Margin	6%	7%		-1%	

**Income Statement**

Particulars	2017	2018E	2019E
Revenue from Operations	2283	2633	2980
Cost of raw material consmed	653	816	924
Employee cost	374	390	447
Total Expenditure	1643	1864	2116
Operating Profit	640	769	864
Depreciation	129	123	137
EBIT	511	646	728
Finance Costs	35	46	37
Other Income	41	42	48
PBT	517	641	739
Tax	168	192	222
PAT	349	449	517

Balance Sheet

Particulars	2017	2018E	2019E
Share Capital	63	63	63
Shareholders Fund	1724	1975	2262
Long term borrowings	240	270	210
Non-current Liability	345	380	348
Current Liability	650	714	723
Total Liabilities	2719	3069	3333
Net Block	1329	1326	1329
Non-current Investment	16	16	17
Total Non-current assets	1611	1733	1753
Cash & Balance	9	33	50
Total Current Assets	1108	1336	1580
Total Assets	2719	3069	3333

Cashflow Statement

Particulars	2017	2018E	2019E
Profit Before Tax	517	641	739
Non-operating activities	164	170	173
Op. Profit before W.C changes	681	811	912
Changes In working Capital	-113	-119	-132
Tax Paid	-172	-197	-243
Cash From Operating Activities	396	495	538
Capex	-133	-128	-150
Other Investing Activities	-13	-15	-15
Cash Flow from Investing Activi	-146	-143	-165
Dividend & taxes	-42	-189	-230
Other financing activities	-297	-188	-175
Cash from Financing Activities	-339	-376	-405
Net Cash Inflow / Outflow	-89	-25	-32
Closing Cash	4	28	44

Ratios

Particulars	2017	2018E	2019E
Revenue Growth	8%	15%	13%
Operating Margin	28%	29%	29%
Net Profit Growth	6%	29%	15%
Du-Pont Analysis			
Net Profit Margin	15%	17%	17%
Asset Turnover	0.9	0.9	0.9
Financial Leverage	1.6	1.6	1.5
RoE	21%	24%	24%
Current Ratio	1.7	1.9	2.2
D/E	0.3	0.2	0.2
Valuation			
P/E	16.6	12.1	10.5
P/B	3.3	2.8	2.4
EV/EBITDA	9.6	7.6	6.7

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Stock Rating Scale

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

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