

Still in pain...

We do not expect Q4FY21 ad revenue growth to be encouraging for broadcasters due to weakness in viewership shares. Besides, programming costs may be higher thereby putting pressure on margins. Multiplexes are suffering from fewer movie releases. Admits and revenues during the quarter are likely to show only slight improvement, but we appreciate multiplexes maintaining ATP and SHP, which would help faster recovery going forward. Covid cases are again on the rise, hence key to watch would be commentary on near-term outlook. Multiplexes received rental waivers and concessions in FY21 and we need to see if they can negotiate the same for the second lockdown as well.

Q4FY21 result preview

- ZEEL (ADD)
- Sun TV (HOLD)
- PVR (BUY)
- INOX (BUY)

- ▶ **Pain in ad revenues continues.** Though we believe TV industry would have seen improvement in ad revenues on low base of Q4FY20, ZEEL and Sun TV stand negatively impacted from dip in viewership share in key genres. ZEEL's viewership share is under pressure in Hindi primetime GEC, and Marathi and Bangla all-day GEC. Sun TV has seen significant erosion in viewership share in its key Tamil primetime GEC. Further, Sun TV would be negatively impacted by higher share of local advertising where revival is more gradual. In the near term, rising commodity inflation could be an added headwind in the already difficult ad market.
- ▶ **ZEEL's consolidated EBITDA likely to dip 23.5% QoQ to Rs5.5bn.** In Q3FY21, a seasonally strong quarter, ZEEL recognised content syndication deals worth Rs5.5bn (EBITDA benefit of Rs782mn. And, Q4FY20 was marred by one-offs from accelerated content cost of Rs2.6bn and provisions of Rs3.4bn. Despite favourable base in ad revenues, growth is likely to be only 8% YoY while subscription revenues would benefit (on YoY basis) from inclusion of music business revenues. Key to watch are: 1) company's outlook on content investment and its impact on FCF; and 2) performance of ZEE5, which has been lagging.
- ▶ **Sun TV's standalone EBITDA to dip 1.7% YoY to Rs4.9bn.** We estimate Sun TV's ad revenues to dip 0.7% YoY to Rs2.9bn and subscription revenues to grow 7.4%. We are factoring-in higher programming cost on launch of new shows on commission model. On QoQ basis, the EBITDA dip looks sharper due to contribution (of ~Rs0.5bn) from IPL in the base quarter. However, net profit to grow by a strong 45% YoY due to much lower D&A cost of Rs0.7bn in Q4FY21 vs Rs2.3bn in Q4FY20.
- ▶ **PVR cash losses to continue.** We expect admits to rise to 5.4mn (from 1mn in Q3FY20) on higher number of movie releases, but far from normal levels. ATP and SHP remain healthy at Rs180 and Rs97 respectively, and give us confidence that, with more movie releases, profitability should come fast. QoQ higher EBITDA (adjusted for Ind-AS 116) loss is due to our higher rental cost assumption, which was only Rs0.5bn in Q3FY21; net loss increase is due to lower other income.
- ▶ **INOX to report small positive EBITDA on higher gross profit generation.** We appreciate the company holding on to its ATP (Rs172) and SHP (Rs76) in Q4FY21. Positive EBITDA is due to lower rental and other costs while movie releases helped to drive marginally higher gross profit, but adjusted for Ind AS, EBITDA would be still negative at Rs686mn.

Quarterly summary

(Rs mn)	Sales			EBITDA			PAT		
	JFM'21*	% chg		JFM'21*	% chg		JFM'21*	% chg	
	(QoQ)	(YoY)		(QoQ)	(YoY)		(QoQ)	(YoY)	
ZEEL	20,221	(25.9)	3.6	5,475	(23.5)		3,667	(8.3)	
Sun TV	7,517	(22.7)	2.3	4,947	(17.6)	(1.7)	3,636	(17.7) 45.4	
PVR	1,858	309.2	(71.2)	(499)			(2,097)		
INOX	785	427.3	(78.9)	26			(932)		

JFM'21**: Jan-Mar21; Source: Company data, I-Sec research

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Zee Entertainment (ADD, target price: Rs278)

(QoQ chg: -12.6%; YoY chg: 41.1%)

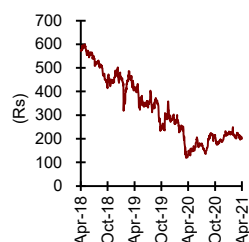
Q4FY21 estimates

(Rs mn, year ending March 31)

(consolidated)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21E	QoQ (%)	YoY (%)
Advertisement	10,389	4,211	9,028	13,020	11,221	(13.8)	8.0
of which							
Domestic	9,829	3,840	8,666	12,443	10,672	(14.2)	8.6
International	560	371	362	577	548	(5.0)	(2.1)
Subscription	7,414	7,443	8,003	8,419	8,489	0.8	14.5
Other sales & services	1,708	1,466	196	5,854	512	(91.2)	(70.0)
Revenue	19,511	13,120	17,227	27,294	20,221	(25.9)	3.6
Programming cost	13,046	6,578	8,342	14,142	8,871	(37.3)	(32.0)
Other cost	9,303	4,343	5,748	5,995	5,875	(2.0)	(36.8)
EBITDA	(2,839)	2,199	3,137	7,157	5,475	(23.5)	
EBITDA (%)	(14.5)	16.8	18.2	26.2	27.1		
PAT	(7,667)	304	941	3,999	3,667	(8.3)	
PAT (%)	(39.3)	2.3	5.5	14.7	18.1		
EPS (Rs)	(8.0)	0.3	1.0	4.2	3.8	(8.3)	

Source: Company data, I-Sec research

Price chart



Sun TV Network (HOLD, target price: Rs542)

(QoQ chg: -9.0%; YoY chg: 48.8%)

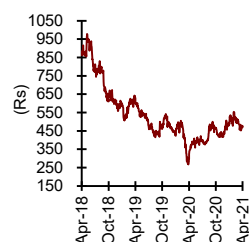
Q4FY21 estimates

(Rs mn, year ending March 31)

(consolidated)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21E	QoQ (%)	YoY (%)
Advertisement	2,950	1,260	2,450	3,101	2,930	(5.5)	(0.7)
Subscription	3,988	4,420	4,270	4,241	4,282	1.0	7.4
IPL	-	-	450	2,095	-		
Others	414	381	392	288	305		
Revenue	7,352	6,061	7,562	9,723	7,517	(22.7)	2.3
Cost of revenue	922	671	1,002	1,224	1,153	(5.8)	25.0
Other cost	1,395	1,226	1,539	2,493	1,418	(43.1)	1.7
EBITDA	5,035	4,165	5,020	6,007	4,947	(17.6)	(1.7)
EBITDA (%)	68.5	68.7	66.4	61.8	65.8		
PAT	2,500	2,828	3,459	4,418	3,636	(17.7)	45.4
PAT (%)	34.0	46.7	45.7	45.4	48.4		
EPS (Rs)	6.3	7.2	8.8	11.2	9.2	(17.7)	45.4

Source: Company data, I-Sec research.

Price chart



PVR (BUY, target price: Rs1,679)

(QoQ chg: -21.5%; YoY chg: 16.1%)

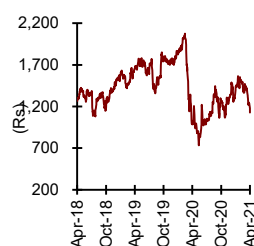
Q4FY21 estimates

(Rs mn, year ending March 31)

(consolidated)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21E	QoQ (%)	YoY (%)
Admits (mn)	15.6	-	-	1.0	5.4	439.5	(65.4)
ATP (Rs)	204	-	-	164	180	9.8	(11.8)
Revenue from tickets	2,801	-	-	134	790	492.1	(71.8)
SHP (Rs)	96	-	-	95	97	2.1	1.0
F&B revenue	1,247	-	-	140	772	450.8	(38.1)
Advertisement	685	-	-	42	95	125.1	(86.1)
Other operating income	719	-	-	138	200	44.8	(72.2)
Revenue	6,451	127	405	454	1,858	309.2	(71.2)
Gross profit	4,504	120	385	335	1,176	251.2	(73.9)
GPM (%)	69.8	94.4	95.1	73.8	63.3		
EBITDA	1,727	(1,159)	(842)	(781)	(499)		
EBITDA (ex Ind-AS)	594	(1,160)	(810)	(1,088)	(1,515)		
EBITDA margin (%)	9.2	(913.6)	(200.3)	(239.6)	(81.5)		
PAT	(745)	(2,256)	(1,840)	(491)	(2,097)		

Source: Company data, I-Sec research

Price chart

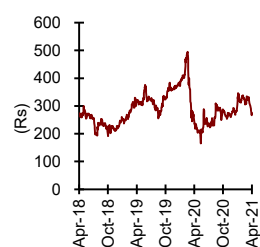


INOX Leisure (BUY, target price: Rs424)

(QoQ chg: -20.0%; YoY chg: 7.7%)

Q4FY21 estimates*(Rs mn, year ending March 31)*

Price chart



(consolidated)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21E	QoQ (%)	YoY (%)
Admits (mn)	12.8	-	-	0.5	3.2	543.1	(74.9)
ATP (Rs)	202	-	-	153	172	12.4	(14.9)
Revenue from tickets	2,180	-	-	60	434	623.0	(80.1)
SHP (Rs)	78	-	-	73	76	4.1	(2.6)
F&B revenue	940	-	-	30	201	569.6	(78.6)
Advertisement	350	-	-	30	70	133.3	(80.0)
Other operating income	246	-	-	49	80	63.9	(67.5)
Revenue	3,716	3	4	149	785	427.3	(78.9)
Gross profit	2,515	3	4	109	512	370.7	(79.6)
GPM (%)	67.7	100.0	100.0	73.1	65.3		
EBITDA	1,100	334	406	(105)	26		
EBITDA (ex Ind-AS)	350	(376)	(344)	(855)	(686)		
EBITDA margin (%)	9.4						
PAT	(822)	(736)	(678)	(1,025)	(932)		

Source: Company data, I-Sec research

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