

Mixed bag

1 January 2025

Within Elara Media & Entertainment and Internet universe, expect Zomato to deliver a promising show despite intensifying competition, supported by the festival season and user additions. In the ad market, traditional players – Zee Entertainment (Z IN) and Sun TV Network (SUNTV IN) – may take a hit as regards ad segment revenue due to a slowdown in FMCG. Affle India (AFFLE IN) may continue to ride on digital ads given the pick-up in the developed market. PVR-INOX may continue to grow due to healthy box office (BO) performance. DB Corp (DBCORP IN) may post a broad-based performance and Entertainment Network of India (ENIL IN) and TV Today (TVTN IN), a mixed bag.

Zomato – Growth continues despite competition: In Q3E, expect Zomato’s overall revenue to grow to INR 56.0bn (70% YoY growth) – Its Food Delivery GOV may rise 23.4% YoY and quick commerce GOV 140% YoY as dark store addition picks pace. Backed by inorganic deals in the entertainment segment, GOV for the Going-Out segment may grow 120% YoY, largely on a low base in FY24. GOV growth may be supported by healthy user addition, spiked ‘use frequency’ in the festival season and increased A&P spends.

In Q3E, take rates (TR) for Food Delivery may grow 20bps QoQ to 21.0%, led by ad revenue and rise in platform fees to INR 10 per order in the festival season in select markets. Expect adjusted EBITDA margin to grow 20bps QoQ to 3.7%. In quick-commerce, TR may grow a modest 10bps QoQ to 19.0% due to intensifying competition and higher discounts by closest peer. QoQ, profitability may be stable with adj. EBITDA loss at 0.1%.

FMCG – Demand slowdown to hit traditional ad players: FMCG sector holds a 47% share in TV ads (which has hit some roadblocks amid the slowdown in the sector). This has hit traditional players such as Z and SUNTV – Expect respective ad revenue to dip 8.0% and 5.0% YoY in Q3E. Revenue from the Subscription segment may continue with its growth momentum in Q3 – Z and SUNTV may grow 5.0% and 2.5% YoY, respectively. Revenue from Others and Theatrical segment may drop as movie releases have been muted from Z/SUNTV’s roster in Q3, Overall revenue for Z and SUNTV may drop 2.2% and 6.5% YoY, respectively.

For Z, expect EBITDA margin at 14.5% in Q3FY25E (165bps QoQ drop) due to increased investments in content given its focus on growth post the recent cost restructuring. But margin performance may remain largely on track. QoQ, loss in *Zee5* may remain stable. SUNTV’s EBITDA margin may drop to 57.2% in Q3E (down 159bps QoQ) and 762bps YoY from a high base of last year (64.8% in Q3Y24).

PVR-Inox to ride healthy BOC wave: Sequentially, key metrics may script a strong comeback – Expect occupancy at 27% (25.7% in Q2FY25; 25.2% in Q3FY24), net ATP at INR 231 (INR 216 in Q2FY25; 228 in Q3FY24) and net SPH at INR 137 (INR 135 in Q2FY25, INR 131 in Q3FY24). In Q3, net Hindi BO collection jumped 40.0%/7% QoQ/YoY to INR 15.1bn, backed by INR 7.3bn, INR 2.5bn and INR 2.6bn collections for *Pusha-2*, *Singham Again* and *BB3*. Footfalls may grow slightly to 39.0mn (0.5% QoQ/6.8% YoY), hit by soft October. Net screen addition (two) has been muted in Q3. Ad revenue is also expected to growth 15% YoY. Overall revenue of PVR may grow to 8.6% QoQ/13.9% YoY and EBITDA (post IndAs) to 31.3% (up 179/78bps QoQ/YoY), respectively.

Developed market to support AFFLE’s growth: The Developed Market segment of AFFLE is estimated to grow at 23% YoY, higher than India & EM’s 22% YoY. With large base of last year, AFFLE’s overall revenue may grow 20.8% YoY (revenue fully organic) in Q3E. The festival season in India has been stable for digital ads. Elevated discussion with clients in the US may further support growth and India and EM may ride the digital penetration theme. QoQ CPCU rates may be stable and expect EBITDA margin to improve to 21.1% (up 23bps QoQ and 171bps YoY), supported by implementation of Gen AI and increased profitability of YOUAPPI and JAMPP platforms.

Price performance

(%)	3M	6M	12M
Nifty	(8.0)	(1.7)	9.2
Sun TV Network	(18.8)	(11.3)	(2.9)
PVR Inox	(20.1)	(12.1)	(20.7)
Zee Entertainment	(12.2)	(19.5)	(56.8)
DB Corp	(7.7)	(9.3)	17.9
TV Today	(10.9)	(8.9)	(2.0)
ENIL	(19.3)	(26.7)	(2.9)
Zomato	0.9	35.6	122.1
Affle India	10.9	29.9	34.2

Source: Bloomberg

Company	Revenue (INR mn)		
	FY25E	FY26E	FY27E
Sun TV Network	38,002	42,397	44,075
PVR Inox	67,586	79,434	82,678
Zee Entertainment	88,633	93,474	98,780
DB Corp	24,755	26,272	27,934
TV Today	9,988	9,982	10,374
ENIL	5,602	5,956	6,359
Zomato	208,587	319,196	485,151
Affle India	23,067	28,372	35,007

Company	Adj. PAT (INR mn)		
	FY25E	FY26E	FY27E
Sun TV Network	17,092	19,647	21,007
PVR Inox	545	5,495	5,752
Zee Entertainment	7,894	9,072	10,238
DB Corp	4,504	4,542	4,981
TV Today	1,534	1,579	1,675
ENIL	20	345	463
Zomato	11,328	18,590	31,084
Affle India	4,061	5,148	6,542

Note: *pricing as on 1 January 2025

Source: Elara Securities Estimate

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Key financials

Company	Revenue (INR mn)					EBITDA (INR mn)					EBITDA Margin (%)	Adjusted net profit (INR mn)				
	Q3FY25E	Q2FY25	Q3FY24	QoQ (%)	YoY(%)	Q3FY25E	Q2FY25	Q3FY24	QoQ (%)	YoY (%)		Q3FY25E	Q2FY25	Q3FY24	QoQ (%)	YoY(%)
Sun TV Network	8,281	9,002	8,855	(8.0)	(6.5)	4,734	5,290	5,738	(10.5)	(17.5)	57.2	3,755	3,982	4,373	(5.7)	(14.1)
PVR Inox	17,614	16,221	15,459	8.6	13.9	5,520	4,793	4,724	15.2	16.9	31.3	416	(121)	128	(443.7)	224.9
Zee Entertainment	19,998	20,007	20,457	(0.0)	(2.2)	2,900	3,232	2,092	(10.3)	38.6	14.5	1,603	1,986	1,137	(19.3)	41.0
DB Corp	6,909	5,590	6,447	23.6	7.2	1,796	1,207	1,830	48.9	(1.9)	26.0	1,268	826	1,240	53.5	2.3
TV Today	2,589	2,068	2,627	25.2	(1.4)	375	90	411	317.6	(8.7)	14.5	279	83	291	236.8	(4.3)
ENIL	1,622	1,095	1,550	48.1	4.6	298	98	435	206.0	(31.3)	18.4	130	(39)	226	(436.3)	(42.3)
Zomato	56,030	47,990	32,880	16.8	70.4	2,801	2,260	510	24.0	449.3	5.0	3,076	1,760	1,380	74.8	122.9
Affle India	6,023	5,429	4,987	10.9	20.8	1,271	1,133	967	12.1	31.4	21.1	954	920	768	3.7	24.1

Source: Company, Elara Securities Estimate

Coverage matrix

Company	Ticker	Rating	Mcap	CMP*	Target	Upside	ROE (%)			EV/EBITDA (x)			P/E (x)		
			(INR bn)	(INR)	(INR)	(%)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sun TV Network	SUNTV IN	Accumulate	272	690	830	20	15.8	16.6	16.0	10.2	8.8	8.3	15.9	13.8	12.9
PVR Inox	PVRINOX IN	Buy	129	1,313	1,950	48	0.7	7.2	7.0	6.9	4.9	4.4	236.5	23.4	22.4
Zee Entertainment	Z IN	Buy	118	123	210	71	7.0	7.5	7.8	7.7	6.6	5.6	15.0	13.0	11.5
DB Corp	DBCORP IN	Reduce	55	309	340	10	18.8	16.4	15.8	7.4	7.1	6.1	12.2	12.1	11.0
TV Today	TVTN IN	Accumulate	13	213	230	8	12.8	12.2	11.9	6.2	5.4	4.6	11.0	10.7	10.1
ENIL	ENIL IN	Buy	9	178	300	68	0.3	4.4	5.7	10.0	4.5	3.0	418.0	24.7	18.4
Zomato	ZOMATO IN	Buy	2,439	277	320	16	5.4	8.3	12.5	264.3	124.1	69.1	215.3	131.2	78.5
Affle India	AFFLE IN	Buy	248	1,772	2,000	13	15.0	16.3	17.5	48.0	37.7	29.6	61.1	48.2	38.0

Note: *Pricing as on 1 January 2025; TP and ratings as per our last published reports; Source: Elara Securities Estimate

DB Corp to see broad-based growth: Expect DBCORP to see broad-based growth in its main states of Maharashtra and Gujarat, supported by revival in distribution and many initiatives by the company. Overall business momentum has remained healthy in October and November. Thus, revenue for the Print segment may grow 9.0% YoY to INR 4.7bn, and for the Circulation segment 4.5% YoY to INR 1.2bn backed by some uptick in ad volumes. Radio segment may continue to perform well and may grow a healthy 11.0% YoY. Overall DBCORP's revenue may grow 7.2% YoY, and EBITDA margin may see a QoQ jump to 26.0% (up 440bps QoQ), down by 240bps YoY due to a high base. PAT may grow 2.3% YoY to INR 1.2bn in Q3E.

TVTN – Election base continues to wane: Revenue for the broadcasting segment may decline 5% YoY, largely due to an ebbing election base last year. The radio broadcasting segment is expected to grow 10% YoY as business activities picked up post the slow down in Q2. Other sales and services segment may grow 11% YoY. Overall revenue may decline 1.4% YoY to INR 2.5bn. and EBITDA margin may recover sequentially, with margin at 14.5% (4.3% in Q2FY25 and 15.7% in Q3FY24).

ENIL – FCT revenue to grow modestly; Gaana to post healthy growth: Revenue for ENIL's FCT segment may grow 5.0% YoY and for non-FCT may slightly drop by 1.0% YoY. Gaana is estimated to post a 40% QoQ jump in revenue due to prices hiked for memberships in Q2FY25. ENIL's topline is estimated to grow 4.6% YoY to INR 1.6bn. EBITDA margin at 18.4% may grow 950bps QoQ (seasonally strong quarter) but may post a dip from a high base of 28.0% in Q3FY24. ENIL's radio brand '*Radio Mirchi*' continues to command healthy recall.

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