



ARIHANT Capital Markets Ltd.

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Result Update Q3FY17
JAGRAN PRAKASHAN LTD.

Standing Strong!

16th February, 2017

Rating	
CMP	Rs 187
Target Price	Rs 213
Recommendation	ACCUMULATE

Stock Info

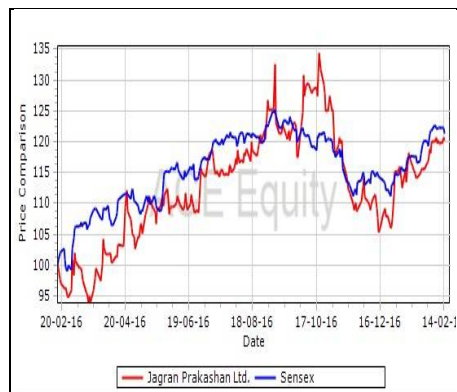
BSE Group	B
BSE Code	532705
NSE Symbol	JAGRAN
Bloomberg	JAGP IN
Reuters	JAG.BO
BSE Sensex	28,319
NSE Nifty	8,779

Market Info

Market Capital	6,125 cr
Equity Capital	65 cr
Avg. Trading Vol.	1,96,010
52 Wk High/ Low	213/144
Face Value	2

Shareholding Pattern (%)	(Dec' 16)
Promoters	60.8
Domestic Institutions	12.4
Foreign Institutions	15.4
Public & Others	11.5

Price Chart:



For the quarter ended December 2016, Jagran Prakashan Ltd. reported strong profitability with net profit growing by 28% YoY to Rs 89 cr while sequentially the net profit grew by 18%.

Total revenue for the company grew by 4% YoY to Rs 501 cr while sequentially the revenue grew by 9%. Advertisement revenue for the company grew by 3.9% YoY to Rs 352 cr while the circulation revenue grew by 6.9% YoY to Rs 102.5 cr. Digital Advertisement revenue for the company grew by 83.7% YoY to Rs 6.5 cr. Page views for the quarter reached to 341 million against 241 million YoY while unique users reached 35 million.

Revenue from Dainik Jagran grew to Rs 400 cr reporting a growth of 3.7% YoY & 7.2% sequentially. Margins from the publication expanded to 37.9% vs. 35.9% YoY. Revenue from Other Publications (Naidunia, I-Next, Punjabi Jagran, Josh Plus & Sakhi) came in at Rs 60 cr reporting a growth of 4.9% YoY and 9.4% sequentially with margins improving to 10% vs. 4.3% YoY.

EBITDA margin for the quarter augmented to 31% vs. 29.2% in corresponding quarter of previous year and 26.4% sequentially. This was on account of other expenses which dropped to Rs 117 cr (24% of revenue) against Rs 124 cr (26.3% of revenue) in corresponding quarter of previous year. Interest expenses for the company have dropped to Rs 5 cr against Rs 15.2 cr YoY aiding the company report higher net profit margins which increased by 340 bps YoY to 17.8%. Total comprehensive income for the company stood at Rs 96 cr.

Valuations

Demonetization caused a remarkable disruption in the economic activity. However, the overall performance of the company could withstand this unusual economic condition and reported net profit growth of 25% inspite of low single digit growth in advertisement revenue.

At CMP of Rs 187 per share the stock is trading at P/E and P/BV multiple of 13.2(x) and 3.0(x) respectively. We have valued the stock at P/E multiple of 15(x) to FY 18E and have arrived at fair value of Rs 213 per share. We have **Accumulate** rating for the stock.

Financial Snapshot

Particulars	2015	2016	2017E	2018E
Revenue from Operations	1770	2107	2321	2633
Operating Margin	25%	28%	29%	29%
Net Profit Margin	17%	21%	17%	17%
RoE	29%	33%	23%	24%
P/E	22.1	16.4	15.3	13.2



Standalone Quarterly Results					
Particulars	Q3 FY 17	Q3 FY 16	YoY	Q2 FY 17	QoQ
Total Revenue	501	483	4%	459	9%
Cost of Materials Consumed	159	155		154	
Total Expenditure	345	342		338	
EBITDA	155	141	10%	121	28%
EBITDA Margin	31.0%	29.2%		26.4%	
Depreciation	21	22		19	
Interest	5	15		9	
Other Income	8	3		16	
PBT	137	107		109	
Tax	48	37		34	
Net Profit	89	70	28%	75	18%
PATM%	17.8%	14.4%		16.4%	

Major Business Performance					
Particulars	Q3 FY 17	Q3 FY 16	YoY	Q2 FY 17	QoQ
Dainik Jagran					
Revenue	400	386	4%	374	7%
Profit	152	138	9%	126	20%
Margin	38%	36%		34%	
Other Publications					
Revenue	60	57	5%	55	9%
Profit	6.0	2.5	143%	-0.9	-805%
Margin	10%	4%		-2%	
Digital					
Revenue	6.5	3.5	84%	6.1	7%
Profit	-4.1	-2.8	45%	-4.3	-5%
Margin	-63%	-80%		-71%	
Outdoor & Event					
Revenue	34	29	17%	28	22%
Profit	1.6	1.5	10%	0.3	400%
Margin	5%	5%		1%	



Income Statement				
Particulars	2015	2016	2017E	2018E
Revenue from Operations	1770	2107	2321	2633
Cost of raw material consumed	626	629	708	816
Employee cost	263	320	348	390
Total Expenditure	1323	1521	1659	1864
Operating Profit	446	586	661	769
Depreciation	104	104	114	123
EBIT	343	481	548	646
Finance Costs	37	52	48	46
Other Income	32	38	42	42
PBT	338	467	542	641
Tax	110	139	154	192
PAT	228	328	388	449

Balance Sheet				
Particulars	2015	2016	2017E	2018E
Share Capital	63	65	63	63
Shareholders Fund	1134	1581	1732	1993
Long term borrowings	195	254	240	270
Non-current Liability	300	355	345	380
Current Liability	821	635	657	714
Total Liabilities	2255	2571	2734	3087
Net Block	773	1323	1329	1326
Non-current Investment	318	14	16	16
Total Non-current assets	1230	1580	1611	1733
Cash & Balance	493	49	59	94
Total Current Assets	1025	991	1124	1354
Total Assets	2255	2571	2734	3087

Cashflow Statement				
Particulars	2015	2016	2017E	2018E
Profit Before Tax	338	467	542	641
Non-operating activities	141	148	162	170
Op. Profit before W.C changes	479	616	703	811
Changes In working Capital	-51	-68	-76	-113
Tax Paid	-70	-146	-158	-197
Cash From Operating Activities	439	518	469	501
Capex	-51	-356	-133	-128
Other Investing Activities	-390	350	-13	-15
Cash Flow from Investing Activities	-441	-6	-146	-143
Dividend & taxes	-110	-137	-47	-189
Other financing activities	127	-417	-315	-183
Cash from Financing Activities	17	-554	-361	-371
Net Cash Inflow / Outflow	15	-42	-39	-14
Closing Cash	38	45	54	89

Ratios				
Particulars	2015	2016	2017E	2018E
Revenue Growth	4%	19%	10%	13%
Operating Margin	25%	28%	29%	29%
Net Profit Growth	1%	44%	18%	16%
Du-Pont Analysis				
Net Profit Margin	17%	21%	17%	17%
Asset Turnover	0.8	0.9	0.9	0.9
Financial Leverage	2.0	1.8	1.6	1.6
RoE	29%	33%	23%	24%
Current Ratio	1.2	1.6	1.7	1.9
D/E	0.5	0.3	0.3	0.2
Valuation				
P/E	22.1	16.4	15.3	13.2
P/B	4.4	3.4	3.4	3.0
EV/EBITDA	11.4	10.0	9.6	8.2

Source: Ace Equity, Aриhant Research

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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%

Research Analyst Registration No.**Contact****Website****Email Id**

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