

20 September 2023

India | Equity Research | Sector Update

Media

Media Bulletin Sep'23 - #3

Key data points:

- ZEEL market share in GEC for Q2FY24 (QTD*): Mostly stable across major languages. To be noted, 185 bps share gain in Kannada and 173 bps share loss in Telugu vs Q1FY24. Zee TV (Hindi), showing signs of stabilisation.
- Sun TV market share in GEC for Q2FY24 (QTD*): In the last 2 months, Sun TV has partially reversed (+75 bps) market share lost in Tamil in Q1FY24. To be noted, 41 bps gain in Malayalam, and 58 bps decline in Kannada.
- GBO collections in Q2FY24 (QTD**) reached 168%, 98%, 157% of Q1FY24 run rate in Hindi, English and regional movies. This reaffirms our view that weak occupancies post covid were due to weak content and not reflective of structural decline.

What is happening in broadcasting

Ad revenues: FMCG ad volume on linear TV grew 6% YoY in H1CY23 ([link](#)) and the second half is expected to be robust led by the festive season ([link](#)). We have built-in ad revenue recovery from Q2FY24. However, Q3FY24 could see some diversion of spends to sports given ICC ODI World Cup.

Subscription revenues: TRAI plans to float consultation paper on over-the-top (OTT) platforms ([link](#)) and I&B ministry is likely to introduce Broadcasting Services Regulation (BSR) Bill 2023 ([link](#)), which will include OTTs. Also, Government has clarified that OTTs will not be clubbed with teleservices, thus, alleviating concerns around potential revenue sharing claims ([link](#)).

Other news: Disney India potential buyers list includes RIL ([link](#)). Securities Appellate Tribunal (SAT) adjourns hearing on Punit Goenka's appeal to 27th Sept'23 ([link](#)). Viacom18 won TV and digital rights for BCCI's bilateral cricket matches held in India at a rate lower than that paid by Disney in the previous cycle ([link](#)). A petition has been filed against Star India by All India Digital Cable Federation (AIDCF) to cease free cricket streaming for ICC World Cup ([link](#)).

What is happening in movie exhibition

'Gadar 2' and 'Jawan' boost GBO collections in Q2: 'Gadar 2' is now the 2nd highest grossing Hindi movie in India, with domestic GBO INR 6.1bn. 'Jawan' is now the 3rd highest grossing Hindi movie in India with domestic GBO INR 5.3bn till date. PVR Inox achieved its 'highest ever monthly admissions and box office of all time in Aug'23 ([link](#)). In Aug'23, PVR Inox had 19mn admits with GBO revenue of INR 5.32bn. While, Sept'23 (1st half) was dominated by 'Jawan', we note a slew of releases from 22nd Sept'23 including 'The Great Indian Family' (YRF), 'Expendables', 'Sukhee', 'Fukrey 3' and 'The Vaccine War'.

Notable content line-up in Q3: Upcoming releases in Hindi include 'Mission Raniganj', 'Animal', 'Ganpath', 'Tejas', 'Sam Bahadur', 'Tiger 3', 'Yodha', 'Merry Christmas' and 'Dunki'. Regional releases include 'Salaar', 'Tiger Nageshwara Rao' and 'Saindhav'. English releases include 'The Marvels', 'Wonka' and 'Aquaman and the Lost Kingdom'

Top Pick – PVR Inox

At current valuations, we think the stock is a strong BUY with ~30% upside. We have a target price of INR 2,240, implying 16x FY25E adj. EBITDA ([link](#)).

*till 31st Aug'23, ** till 18th Sept'23

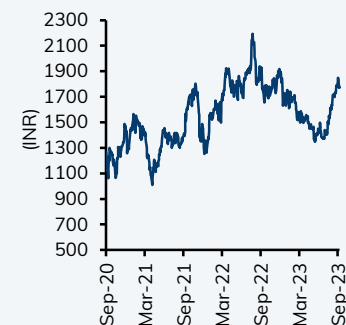
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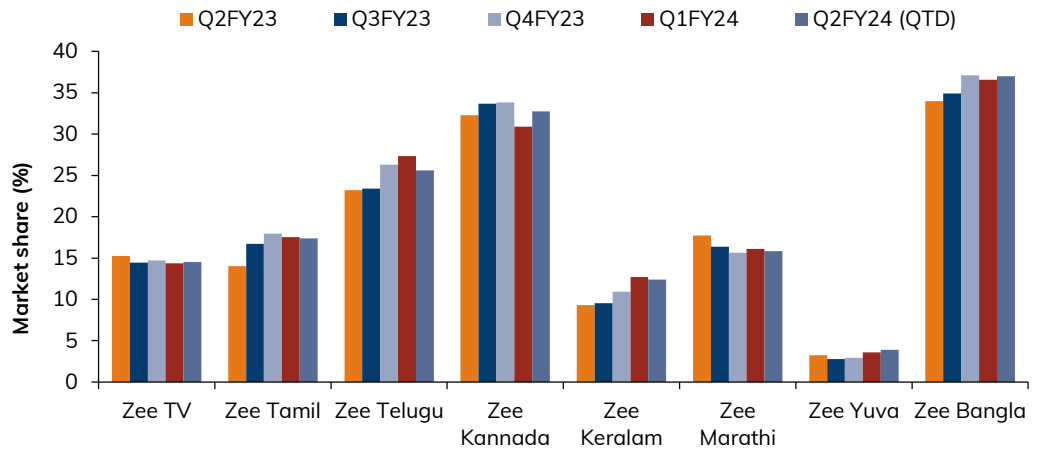
PVR Inox (BUY)



Source: Bloomberg

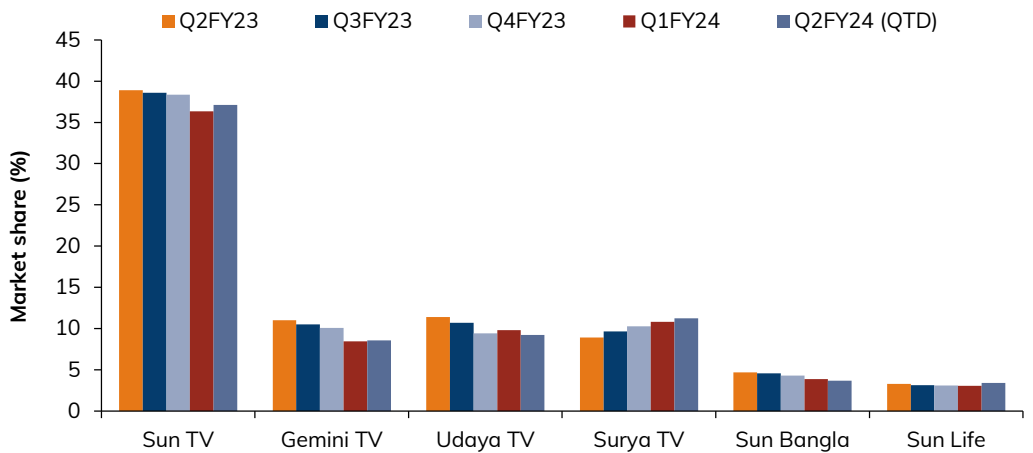
Linear TV

Exhibit 1: Market share of ZEEL owned channels (GEC)



Source: I-Sec research, BARC data

Exhibit 2: Market share of Sun TV owned channels (GEC)



Source: I-Sec research, BARC data

Exhibit 3: GBO performance

(in INR bn)	GBO in Q1FY24	GBO in Q2FY24*
Hindi	10.22	17.19
English	4.25	4.18
Regional	8.1	12.79

Source: I-Sec research, * GBO figures are till 18th Sept'23

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