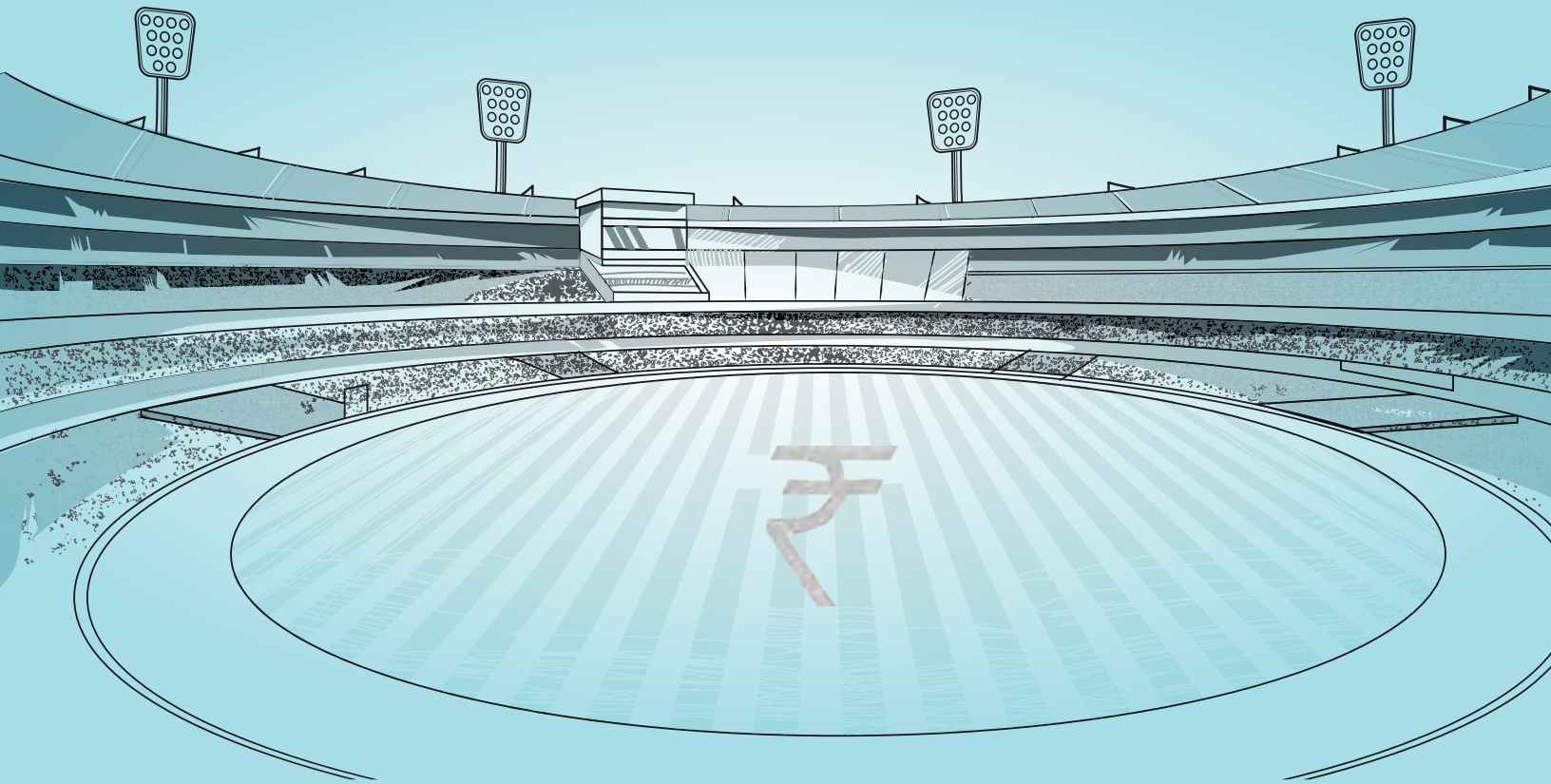


Indian Premier League: Pitch-Perfect



IPL's near ubiquitous reach drives viewership; and AdEx

Global precedence suggests growth in IPL's media rights value could sustain

Franchises stand to benefit; We see value between USD 500-800mn at this stage

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Indian Premier League's (IPL) media rights value tripled in the latest auction to INR 48bn. What explains such a sharp jump at a time when overall ad spends are stuttering? How enduring is this growth? And if it is, what are the factors likely to drive it in future? We attempt to answer these in this report as we explore the vectors underpinning IPL's media rights value. We also look at global precedence in sports' media rights to infer long term prospects for IPL's rights. Lastly, we look at its implications on franchises' financials and valuations. Read on.

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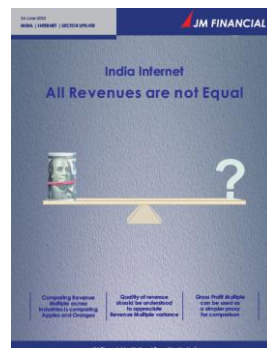
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Indian Premier League: Pitch-Perfect

The Indian Premier League (IPL) has been a revolution. In a country where cricket's popularity precedes IPL, it has pushed viewership even deeper (c.65% viewer base is regional) and wider (c.43% viewers are women). IPL's near ubiquitous reach spans c.50% of India's TV and c.60% of OTT's user base. It has galvanised advertisement expenditure (AdEx) towards sports (sports' share of AdEx up by 170bps over 2015-21), engendered the fantasy sports industry in India, and spawned T20 leagues across the globe. IPL is well placed to benefit from media and entertainment's (M&E) rising digital consumption and AdEx's ensuing digital shift. In fact, IPL is at the vanguard of driving these shifts in India, reflected in Disney+ Hotstar's IPL-driven OTT's market leadership. Unsurprisingly, IPL's media rights value (c.USD 6bn for 2023-27) has soared, compounding at 18% annually over the past decade and a half. While replicating such growth could prima facie appear difficult, a comparison with global leagues such as English Premier League and National Football League suggests otherwise. EPL's media rights have grown at 15% CAGR over the past 30 years (1993-2023) while that of NFL has grown at 10% CAGR over 1990-2023. T20 cricket, including leagues like IPL, is estimated to contribute c.70% of cricket's global media rights value now. Such leagues, owing to their increasing financial heft, will inevitably eat into the international cricket calendar, in our view. A wider cricket window for IPL, further penetration in non-cricketing nations, and likely participation from global tech companies (Amazon, Meta etc.) to stream IPL should help sustain growth in IPL's media rights value over the long term.

Among others, IPL franchises stand to benefit from this trend. While contribution from IPL's media rights sale lends strong revenue visibility, the absence of a relegation mechanism protects investors from any downside. Furthermore, unlike global leagues such as EPL, BCCI's wage cap ensures financial discipline across the franchises (EPL's wage to income ratio is 2x IPL's). Our DCF methodology pegs newer franchises' value between INR 41-47bn; ceteris paribus, older franchises, where licence fee has already been expensed, are valued at ~INR 63bn.

Catching the eyeballs

IPL's TV viewership has grown at a CAGR of 12% since inception (2008). For a country where popularity of cricket precedes IPL, such sustained growth in viewership is remarkable. IPL's viewership has permeated through regions (c.65% viewers from Hindi broadcast), gender (c.43% of IPL's viewers are women) and age-groups. Not only does it grab eyeballs, it acts as a mega user acquisition funnel for many platforms such as OTT, sports apps (ESPNcricinfo/ Cricbuzz), daily fantasy sports (Dream11) etc. 300mn+ MAUs and c.50mn subscriber base of Disney+ Hotstar, the OTT platform that streamed IPL, are largely attributable to IPL.

IPL: Pied Piper of AdEx

IPL's large viewership has metamorphosed it into a prime media property. Despite cricket's dominance, sports' share in India's AdEx is relatively low. IPL is changing that. We estimate that IPL's AdEx has grown at 2x India's overall AdEx over the past three years, and now contributes 5% of India's AdEx (c.60% of sports AdEx). India's low M&E-to-GDP penetration, M&E's rising digital consumption, and improving digital infrastructure bodes well even as TV still remains a tailwind. IPL not only benefits from these trends, but is, in fact, driving these as cricket fans flock to OTT platforms for live streams and short form videos.

Media rights: An enduring step-up

IPL's media rights for 2023-27 fetched INR 48.4bn (c.USD 6bn), translating into a CAGR of 18% over 2008-23. An impressive growth but palatable when compared to EPL (15% CAGR over 30 years) and NFL (10% over 33 years). IPL's pole position and India's still under-penetrated digital and OTT space mean the runway for IPL's media rights growth could be longer. We estimate that IPL's media rights, on a per ad-inventory basis, is still 60% below EPL's, contrary to the general perception. This lends support to the growth thesis. That said, financial viability of broadcasters will eventually determine the future step-up in rights value. We estimate that Star India, IPL's TV broadcaster, can break-even in the third year while Voot, the digital right holder, can break-even in the fifth year of the upcoming cycle.

IPL franchises: Padded up

Beachheads are in place for IPL's next growth phase. IPL viewership is growing in the US, the world's largest sports market. Big Techs have nibbled in global sports leagues and shown interest in IPL. ICC has reportedly expanded IPL's window in its Future Tour Programme. We estimate IPL's media rights can grow at 7.5% CAGR over 2027-47 driven by digital (+9.0%) and international rights (+11.2%). IPL franchises stand to benefit the most. Media rights' sustained growth lends revenue visibility to their revenues. Absence of relegation and a hard cap on wages further buttress their financials. These make them one of the safest bets in sports investments, in our view. Their valuation over the years reflects that. We peg their DCF-based valuation in the INR 41-63bn range with older franchises at the upper end.

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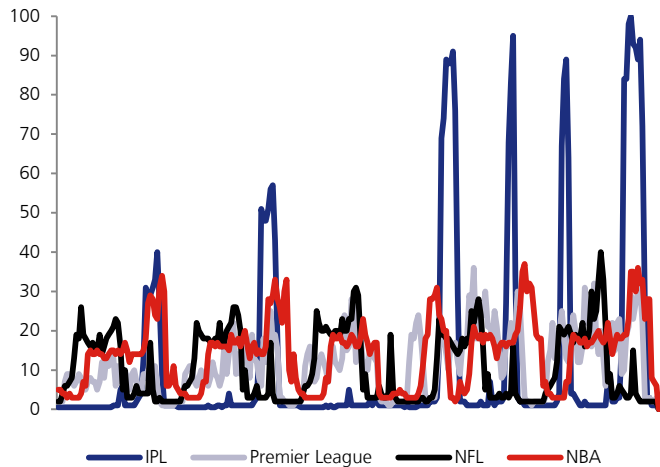
JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

(We acknowledge the support services of **Ankit Zope** in preparation of this report)

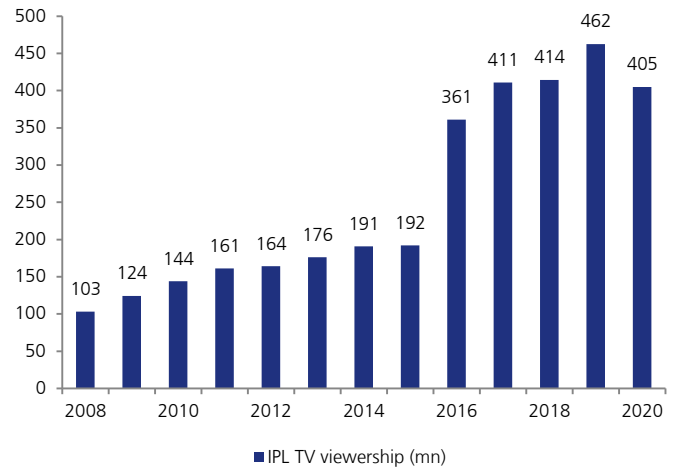
Story in charts

Exhibit 1. Worldwide Google search trend – 2017-22 (indexed)



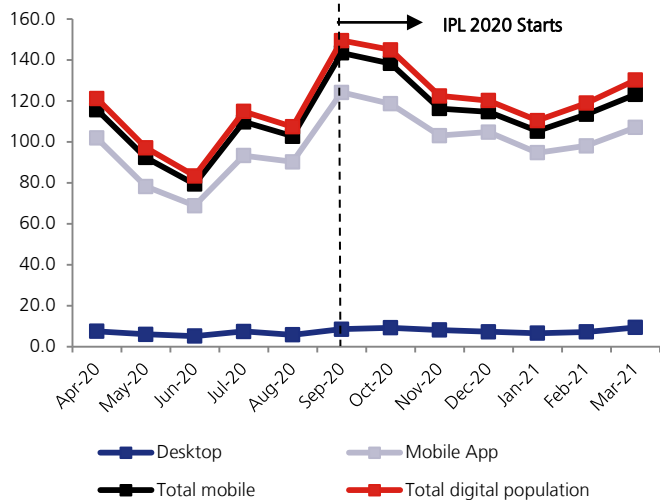
Note: Highest value indexed to 100; Source: Google Trends, JM Financial

Exhibit 2. IPL TV viewership has grown at 12% CAGR over 2008-20



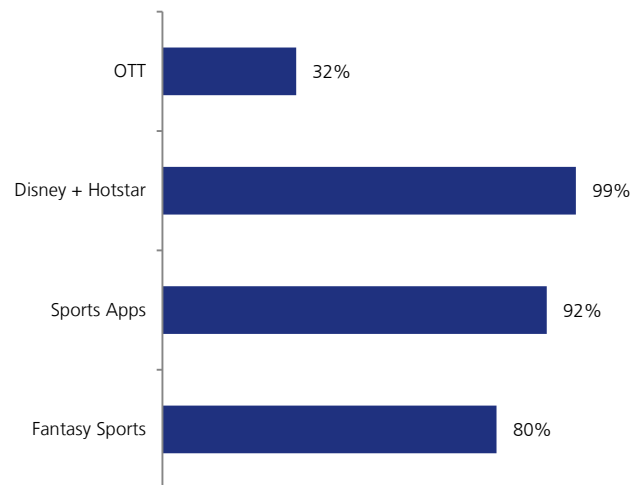
Source: YouGuv, GroupM, JM Financial

Exhibit 3. Total unique visitors for Disney+ Hotstar (million)



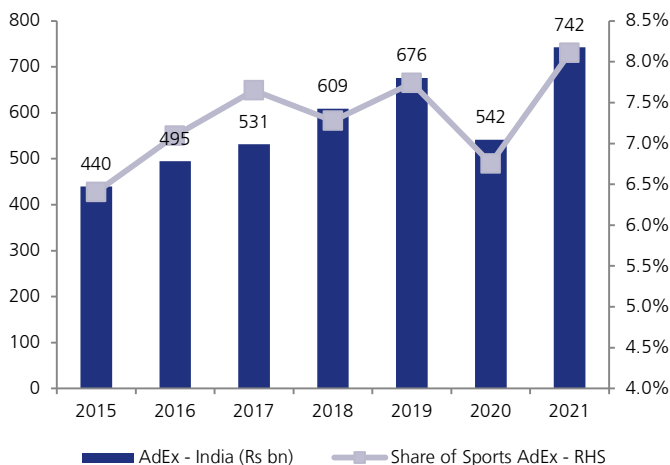
Source: ComScore, JM Financial

Exhibit 4. Increase in user base during IPL 2020's 1st week (vs. pre-IPL)



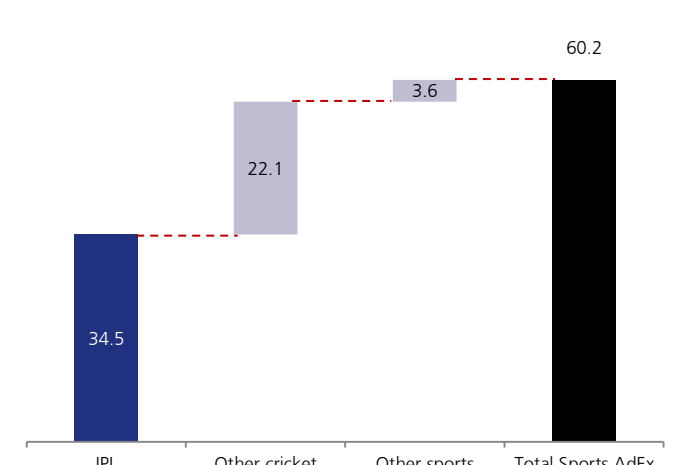
Source: BARC-Nielsen, JM Financial

Exhibit 5. India's total AdEx and contribution of sports



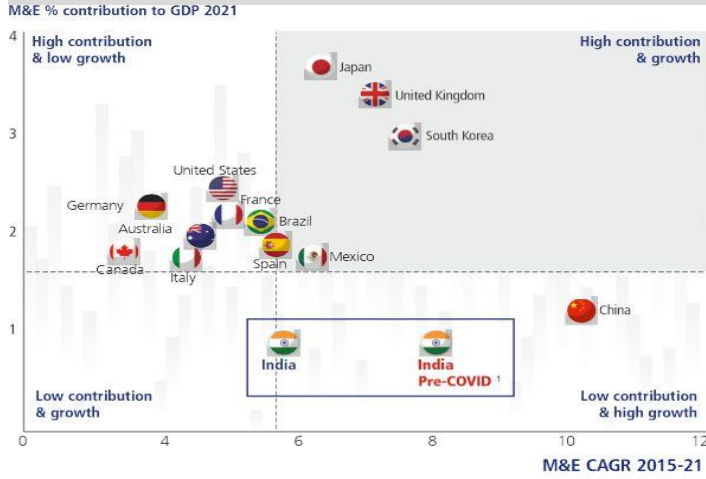
Source: Pitch Madison Report, GroupM, JM Financial

Exhibit 6. Break-up of sports' AdEx, 2021 (INR bn)



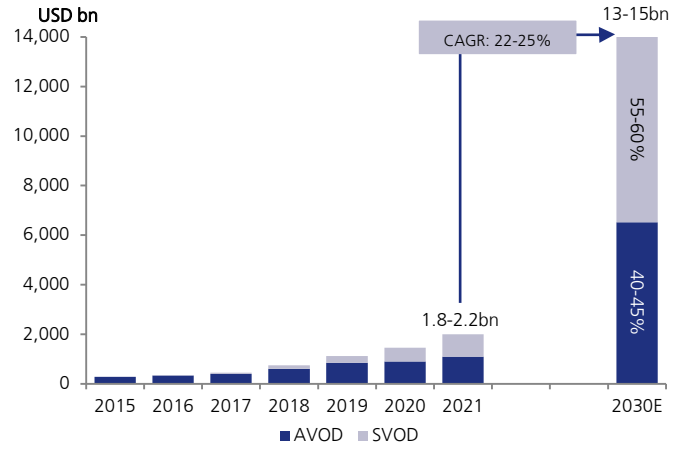
Source: Pitch Madison Report, GroupM, JM Financial estimates for IPL

Exhibit 7. M&E – Growth versus GDP Contribution



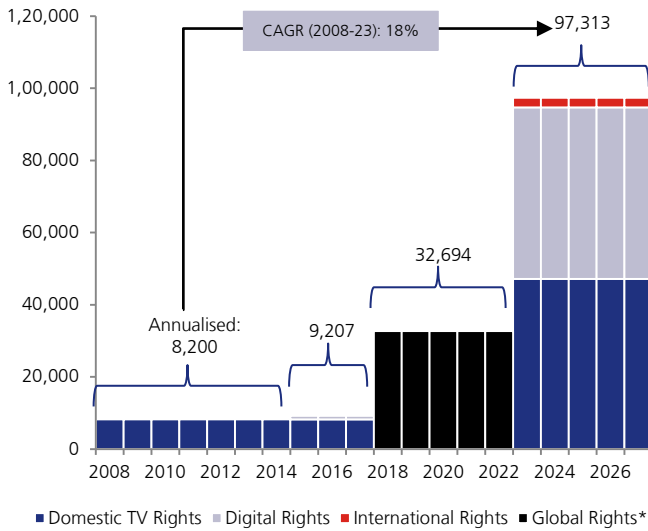
Note: 1: Pre-COVID calculated keeping M&E contribution to GDP constant; Source: BCG, JM Financial

Exhibit 8. India's OTT revenue



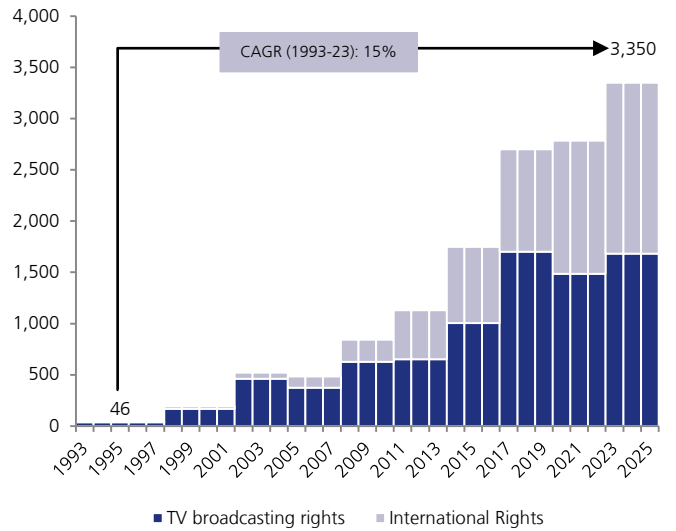
Source: Omdia, BCG, JM Financial

Exhibit 9. IPL's annual media rights value (INR mn)



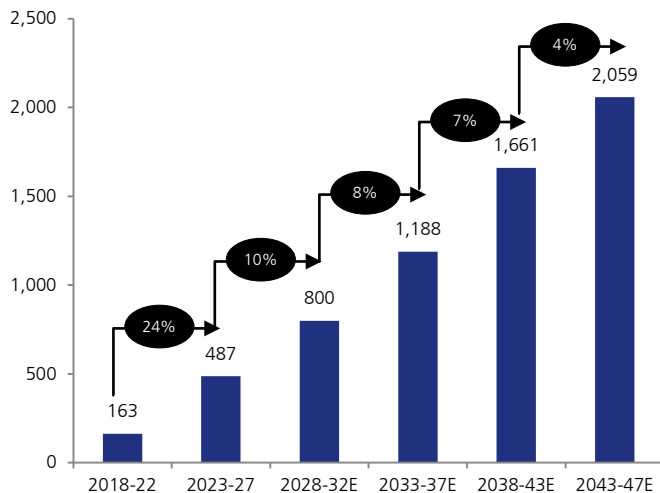
Note: * includes both domestic and international TV + Digital rights; Source: Industry, JM Financial

Exhibit 10. EPL's annual media rights value (GBP mn)



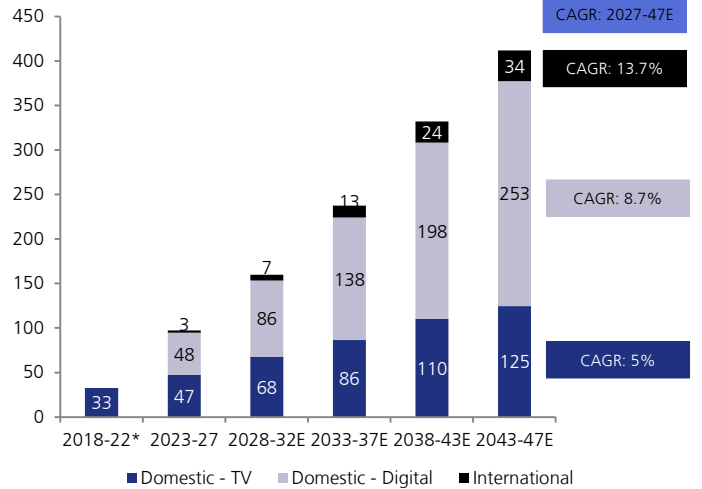
Source: Industry, JM Financial

Exhibit 11. IPL's media rights value projections (INR bn)



Source: JM Financial estimates

Exhibit 12. IPL's media rights annual value, by category (INR bn)



Note: * Global media rights; Source: JM Financial estimates

Indian Premier League: Catching the eyeballs

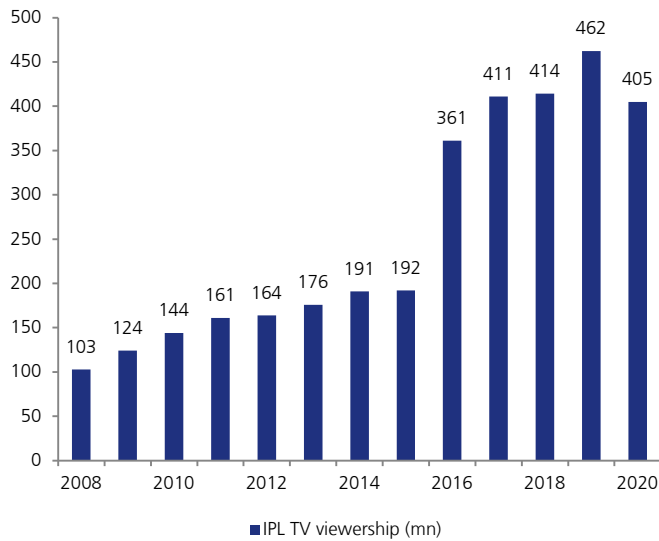
“Popularity of IPL is like the NFL and the NBA combined”

Alec Scheiner, Partner – Redbird Capital, investor in Rajasthan Royals

Conceived along the lines of successful global sports leagues such as English Premier League (EPL) and National Football League (NFL), the rise in popularity of the Indian Premier League (IPL) over the past decade and a half would have surprised even the most ardent optimists. IPL’s reach now exceeds 400mn TV viewers (c.48% of the TV audience) and 300mn+ digital viewers (c.60% of OTT users) in India alone. For a country where popularity of cricket precedes IPL, such sustained growth in viewership is remarkable. IPL’s viewership has permeated through regions (c.65% viewers from Hindi broadcast: Source: BARC), genders (c.43% of IPL’s viewers are women; source: BARC-Nielson) and age-groups.

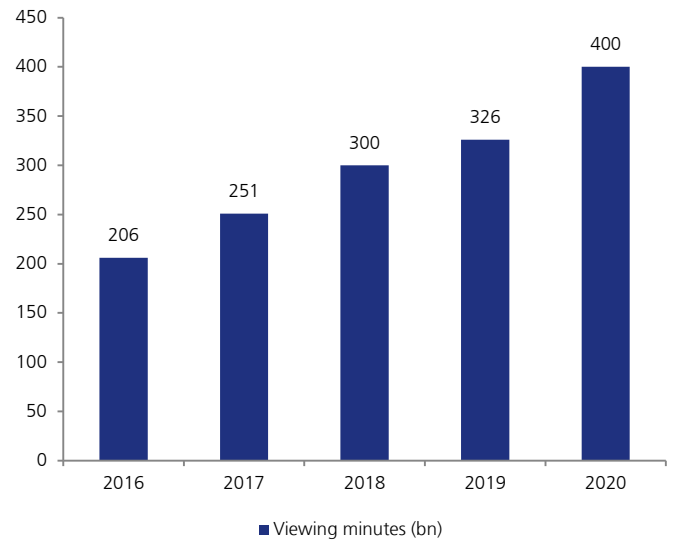
65% of IPL 2019’s streaming users came from non-Metro;
Source: Hotstar

Exhibit 13. TV viewership of IPL has grown at a healthy 12% CAGR...
IPL TV reach (million)



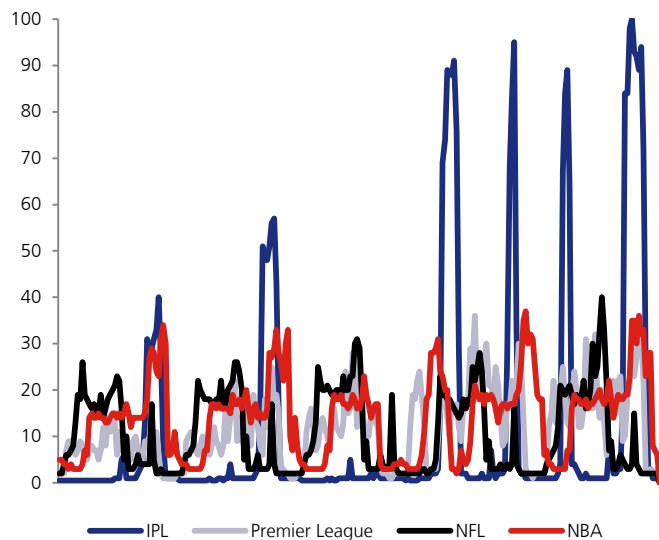
Source: YouGuv, GroupM, JM Financial

Exhibit 14...and now has a cumulative viewership of 400bn minutes
Total viewing minutes (billion)



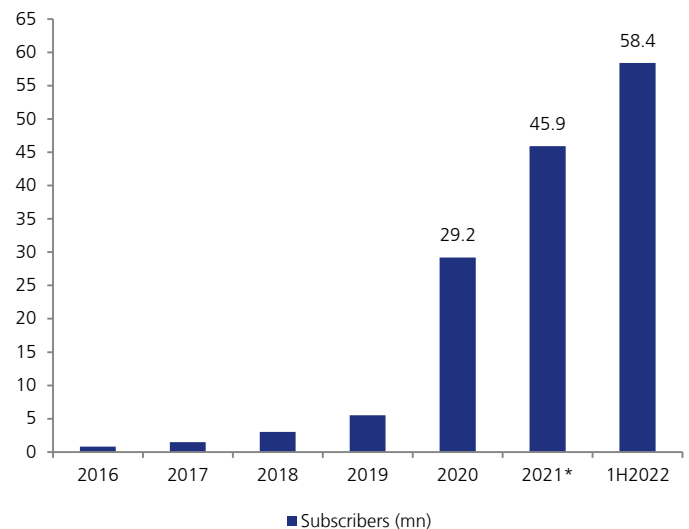
Source: BARC, JM Financial

Exhibit 15. Viewers are not only searching about IPL...
Worldwide Google search trend – 2017-22 (highest indexed to 100)



Source: Google Trends, JM Financial

Exhibit 16. ...but are also willing to pay to watch the league
Disney + Hostar’s paying subscribers (million)

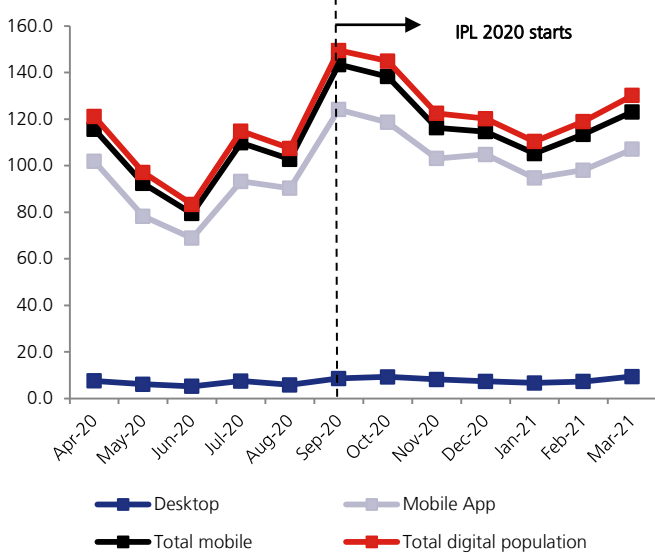


Note: * Subscribers as on quarter ending Jan 2022; Source: Omdia, Disney, JM Financial

A mega funnel for user acquisition

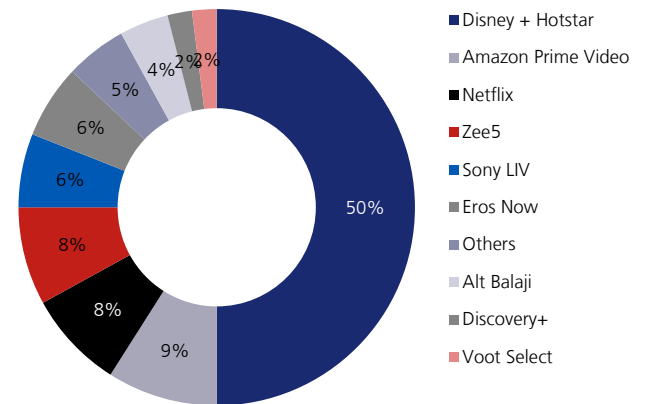
Not only does it grab eyeballs, IPL also acts as a natural user acquisition funnel for video streaming platforms, sports portals (ESPNcricinfo, Cricbuzz, etc.) and cricket-based fantasy sports apps (Dream11, My11Circle, etc.). User base in the entire sports and related media eco-system swells during the IPL season. A BARC-Nielson report estimates that the active user base of Disney+Hotstar (OTT platform that streamed IPL 2020), sports news portals/apps and fantasy sports platforms nearly doubled in the first week of IPL 2020 versus a week before, indicating the strong pull that the league wields. Conversely, consumption of other media and entertainment segments – e.g. movies, non-IPL OTT and TV content – goes down.

Exhibit 17. IPL has helped Hotstar attract millions of users...
Total unique visitors for Disney+ Hotstar (million)



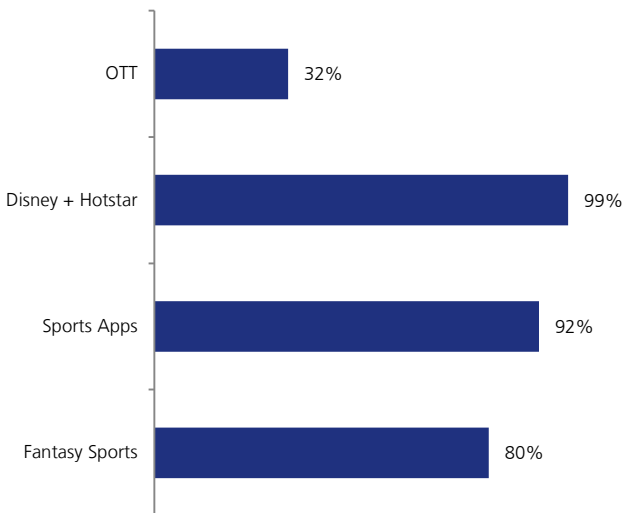
Source: ComScore, JM Financial

Exhibit 18. ...and become the largest OTT platform in India
Subscription online video market share, 2021



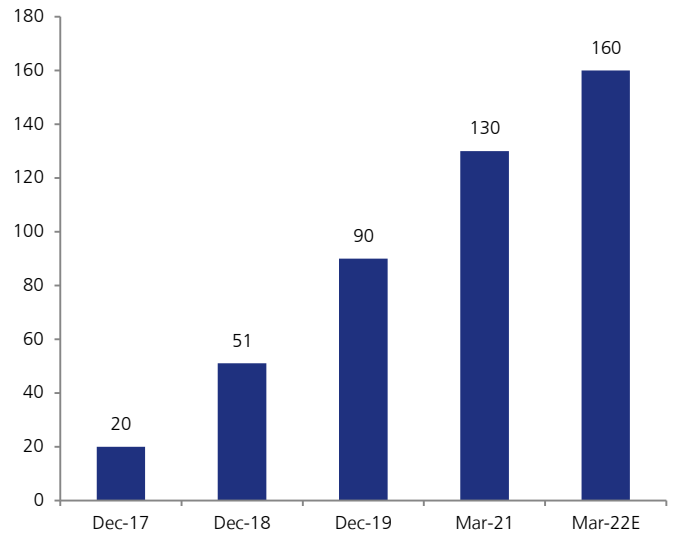
Source: Omdia, JM Financial

Exhibit 19. IPL has acted as a user acquisition funnel for sports' apps...
Increase in user base during IPL's 1st week (vs. pre-IPL)



Note: 1. OTT includes all streaming platform excluding Youtube; 2. Sports Apps includes apps like ESPNcricinfo, OneFootball, CricBuzz, FotMob Soccer Scores, etc. that have sports related content; Usage data for the week of 19th Sep 2020 (Start of IPL 13) versus previous week; Source: BARC-Nielson, JM Financial

Exhibit 20. ...and has been solely responsible for rise of fantasy sports
Fantasy sports users (million)

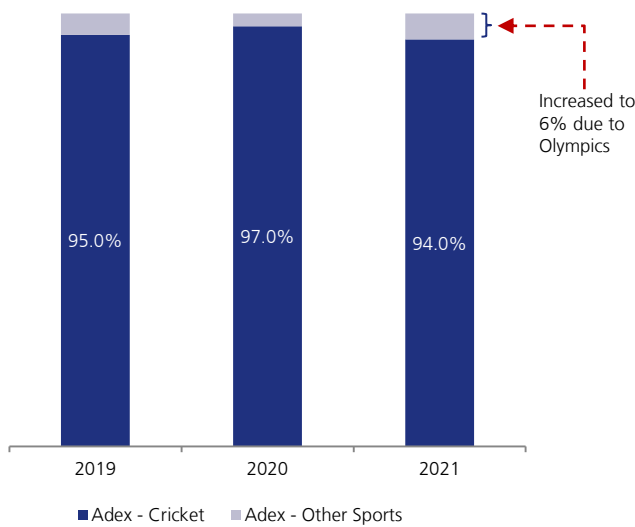


Source: Deloitte, JM Financial

IPL: Pied Piper of AdEx

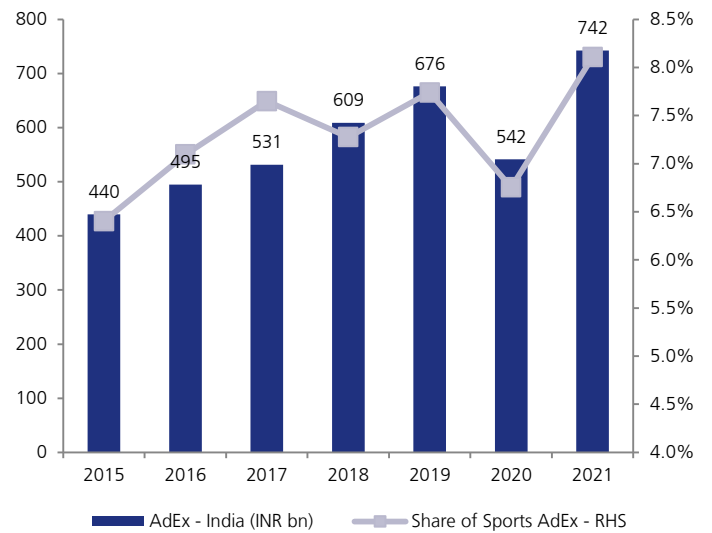
IPL's large viewership has metamorphosed it into a prime media property. Cricket always had the lion's share of sports' advertisement expenditure (AdEx) in India; cricket constituting 94% of all sports' AdEx even in an Olympic year (2021) underscores this point. In spite of that, the share of sports in India's overall AdEx is relatively small as other sports barely attract advertisement and sponsorship money. IPL, however, is changing that. Sponsors across the spectrum are coming on board to take advantage of IPL's heterogeneous viewer base. We estimate that IPL now accounts for over 60% of cricket's AdEx and 5% of India's overall AdEx. The c.3x increase in price of IPL's recently auctioned media rights suggests IPL's share in India's AdEx is likely to increase substantially in the coming years. The fact that IPL has been able to do this without significant participation from the country's largest advertising industry (FMCG) and despite it being held in a traditionally soft first quarter (non-festive season) speaks volumes about the immense AdEx potential of the league.

Exhibit 21. Sports ex of cricket have not been able to muster AdEx...
Contribution of Cricket in overall Sports Media Spend



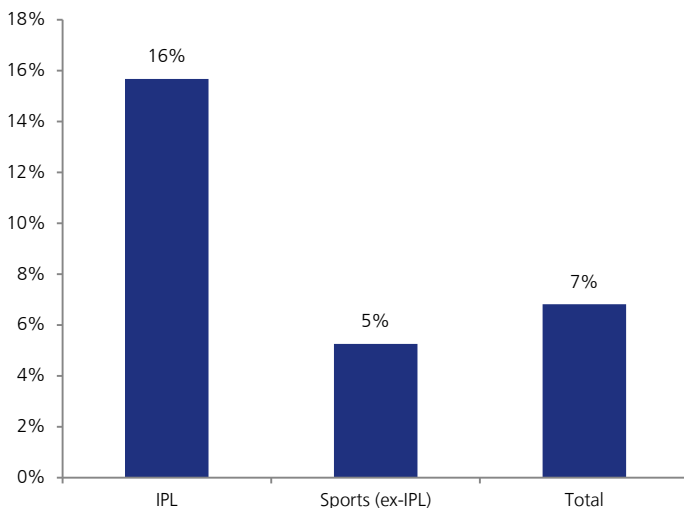
Source: GroupM, JM Financial

Exhibit 22. ...resulting in sports' low share in overall AdEx in India
India's total AdEx and contribution of sports (INR bn)



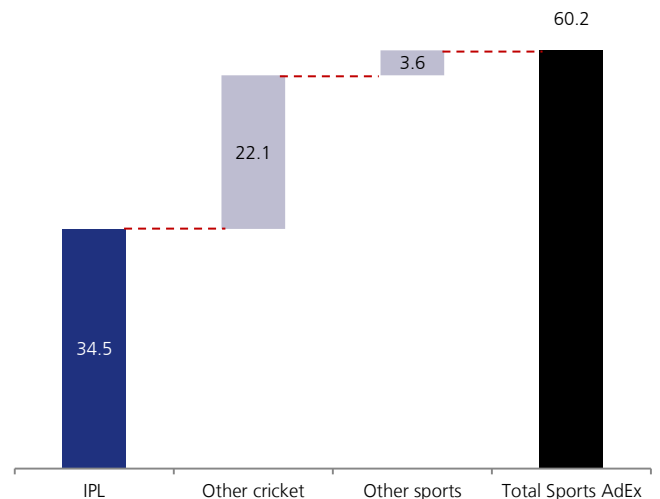
Source: Pitch Madison Report, GroupM, JM Financial

Exhibit 23. That is changing with IPL's AdEx growing at 2x India's...
AdEx CAGR – By Category (2018-21)



Source: GroupM, JM Financial estimates for IPL

Exhibit 24. ...making IPL the largest sports sub-segment for AdEx
Break-up of Sports' AdEx, 2021 (INR bn)



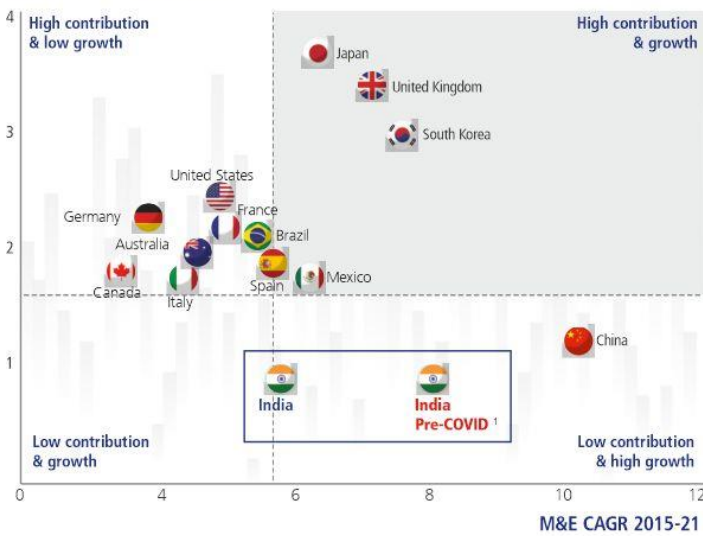
Source: Company, JM Financial estimates for IPL

Media and Entertainment: Structural shift plays into India's hand

India's Media and Entertainment (M&E) sector, estimated at USD 26-28bn (2021), has significant headroom to grow. India's M&E market to GDP ratio lags most major and large developing economies, implying significant under-penetration. Growth will likely be driven by both AdEx, c.35% of M&E market size, as well as subscription/user spends as new categories such as OTT/gaming drive digital consumption and AdEx, in our view. The structural shift currently underway in the M&E segment such as a) AdEx shifting from traditional to digital media; b) rise of streaming content and platforms, and c) rising popularity of short form videos augur well for the sector. These trends, underpinned by India's growing smartphone penetration, rising mobile broadband (MBB) data consumption, favourable demography, and rising disposable income, create a very conducive growth environment. Besides, unlike developed countries, pay TV penetration, the largest media consumption platform currently, continues to grow in India, providing additional tailwind to the sector.

Exhibit 25. Significant headroom in India's M&E penetration and...

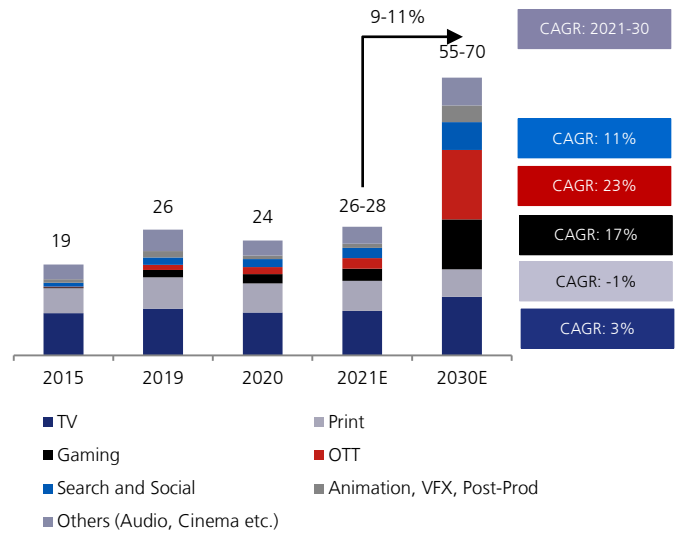
M&E – Growth versus GDP Contribution
M&E % contribution to GDP 2021



Note: 1: Pre-COVID calculated keeping M&E contribution to GDP constant; Source: BCG, JM Financial

Exhibit 26. ...a conducive environment should drive healthy growth

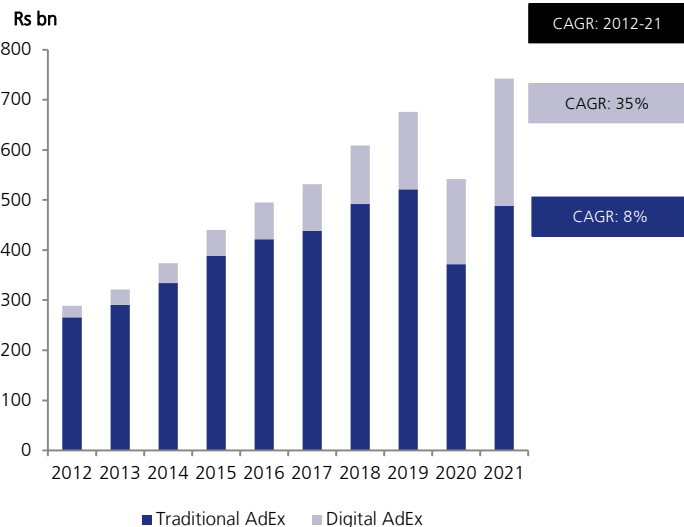
India's M&E sector's market size – By category (USD bn)



M&E includes both AdEx as well consumer spends; Source: BCG Analysis, JM Financial

Exhibit 27. AdEx, c.35% of M&E, to benefit from digital shift...

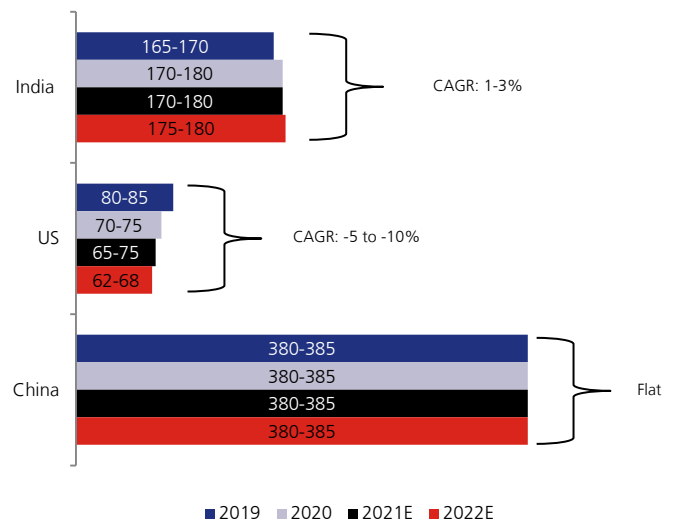
India's AdEx – Traditional vs. Digital (INR bn)



Source: Pitch Madison Report, JM Financial

Exhibit 28. ...in M&E consumption even as TV still offers tailwind

Pay TV Households (million)

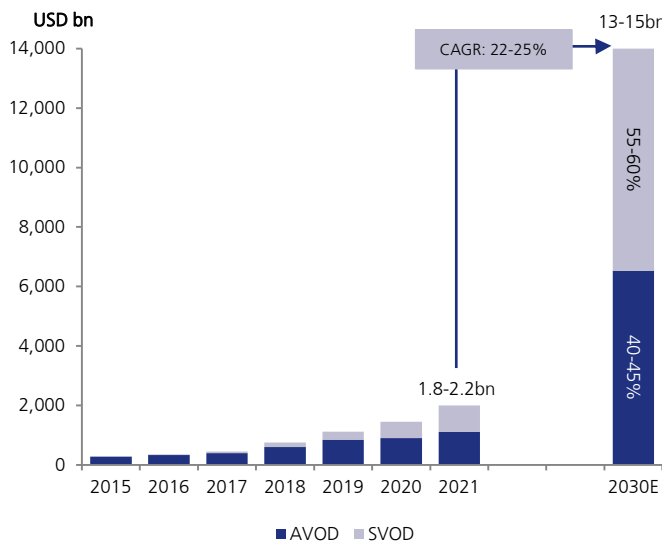


Source: Omdia, BCG, JM Financial

IPL: At the vanguard of driving new media consumption

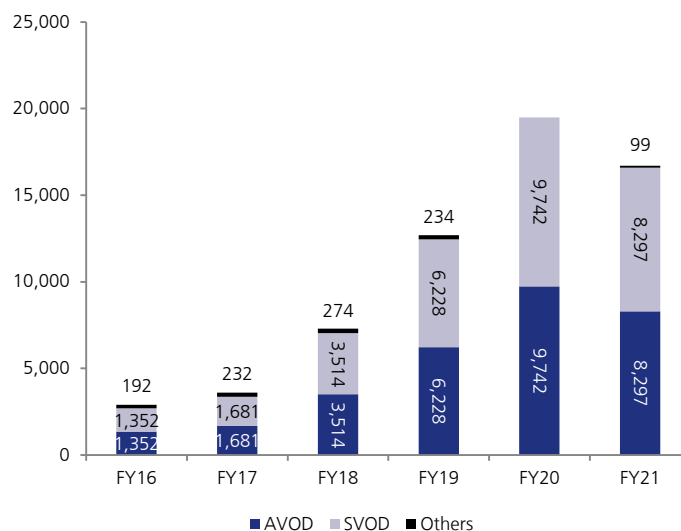
IPL stands at the intersection of these evolving media trends. While TV continues to be the biggest platform for IPL’s AdEx (85% share, JMFe), digital is fast catching up. IPL also benefits from the rising OTT user base as incremental viewership along with incremental AdEx emanate from such platforms. Even the rising popularity of short form videos helps IPL as a lot of unique viewers see specific events, e.g. highlights and wickets, thus expanding non-live user base and extending the match’s monetisation potential beyond live streaming. So intertwined are these developments that we believe IPL is in fact at the vanguard driving these trends in India’s M&E space rather than the other way round.

Exhibit 29. OTT in India has taken off wth significant growth runway..
India OTT revenue (USD bn)



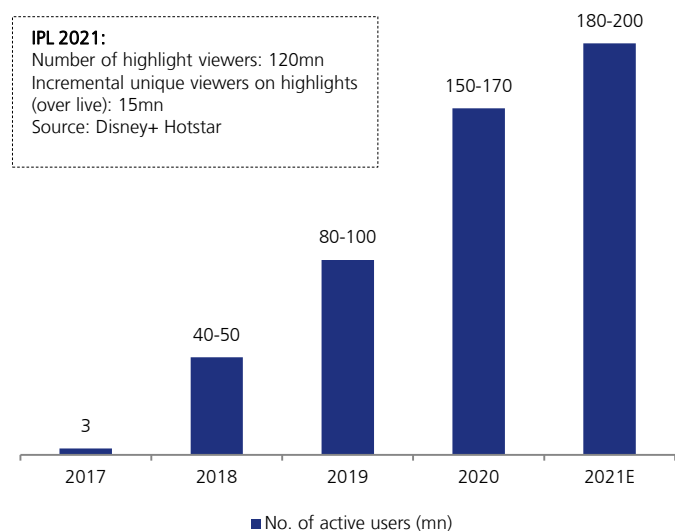
AVOD is Ad based video on demand; SVOD is subscription based video on demand; Source: Omdia, BCG, JM Financial

Exhibit 30. ...led by Disney+Hotstar which is largely IPL driven
Disney+ Hotstar’s revenue break-up (INR million)



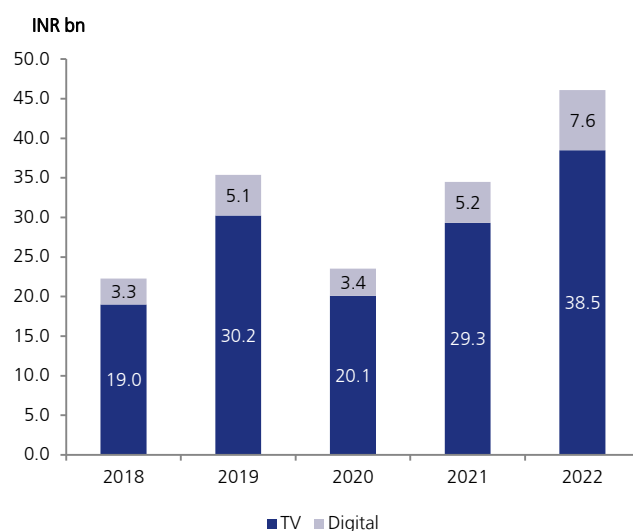
Note: AVOD is advertisement revenue and SVOD is subscription revenues; Source: Company, JM Financial

Exhibit 31. Popularity of short form videos helps expand IPL user base
Number of short form video users (million)



Note: All short form users (non-unique); Source: BCG, JM Financial

Exhibit 32. IPL continues to pull both TV and digital AdEx
IPL AdEx – by medium (INR bn)



Source: Media articles, JM Financial estimates

Media Rights: An enduring step-up

Given the viewership and amount of AdEx riding on IPL, it is perhaps unsurprising that IPL’s media rights value has soared. In the recently conducted auction for the 2023-27 season, IPL’s media rights fetched a sum of INR 48.4bn (c.USD 6bn), nearly three times the value in the previous cycle (2018-22). The annual value of IPL’s media rights has increased 12x since its inception, translating into a CAGR of 18% over 2008-23. To put things in context, during 2012-21 India’s overall Adex has increased at a CAGR of 8% and India’s sports AdEx (including IPL) has grown at a CAGR of 12%. Clearly, broadcasters and digital platforms expect IPL to continue to gain incremental share of India’s overall AdEx.

Exhibit 33. IPL Media Rights Value: 2023-27 season

Package	Details	Winner	Years	Value (INR mn)
Package A - TV	Exclusive TV (broadcast) rights for Indian sub-continent	Star India	5	235,750
Package B - Digital	Digital rights for the Indian sub-continent.	Viacom 18	5	205,000
Package C - Non-Exclusive Digital	Selected games in each season for digital space	Viacom 18	5	32,575
Package D - Rights for all overseas games	Combined TV and digital rights for overseas markets	Times Internet and Viacom 18	5	10,570
Total				483,895

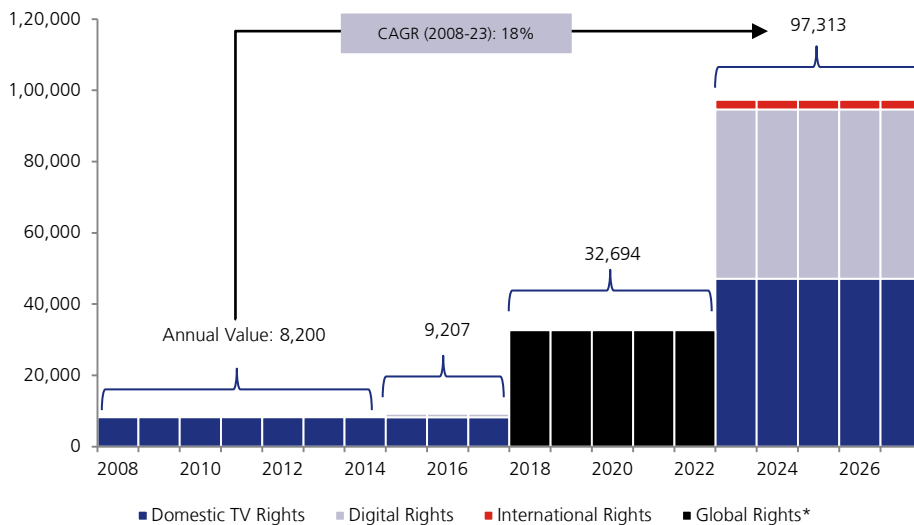
Source: Industry, JM Financial

Is media rights growth sustainable? EPL and NFL act as lighthouses

The compounding of IPL’s media rights value at 18% over such a long period (one and a half decades) is impressive. While sustaining such a growth trajectory might appear difficult, a comparison with other successful global sports league suggests otherwise. The media rights value of English Premier League (EPL), UK’s football league, has compounded at an annual rate of 15% over the past 30 years (1993-2023). Similarly, the media rights value of National Football League (NFL), US’ American football league, has compounded at 10% over 1990-2023. Even more telling is the fact that media rights value of NFL, even after almost 4 decades in existence, doubled for the upcoming cycle (2023-34) to over USD 10bn annually.

We see the sustained growth in media rights value of these global leagues as lighthouses for IPL’s future media rights trajectory. We believe IPL’s pole position in India’s sports landscape and India’s still largely under-penetrated OTT space are indicative of a far longer growth runway for IPL’s media rights value.

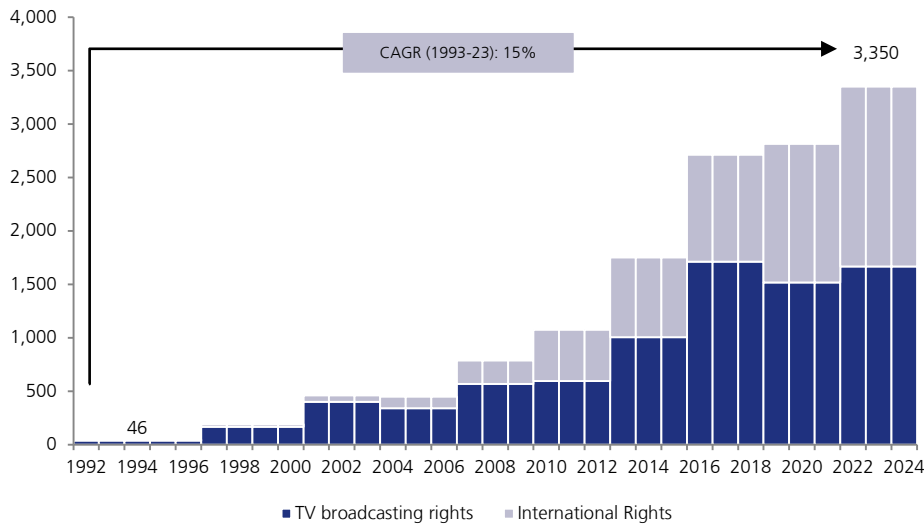
Exhibit 34. IPL’s media rights value, despite 18% CAGR over 15 years, could sustain... IPL’s annualised media rights value (INR mn)



Note: * includes both domestic and international TV + Digital rights; Source: Industry, JM Financial

We estimate that IPL’s digital rights value grew 6x while domestic TV rights value doubled in 2023-27 cycle vs previous one

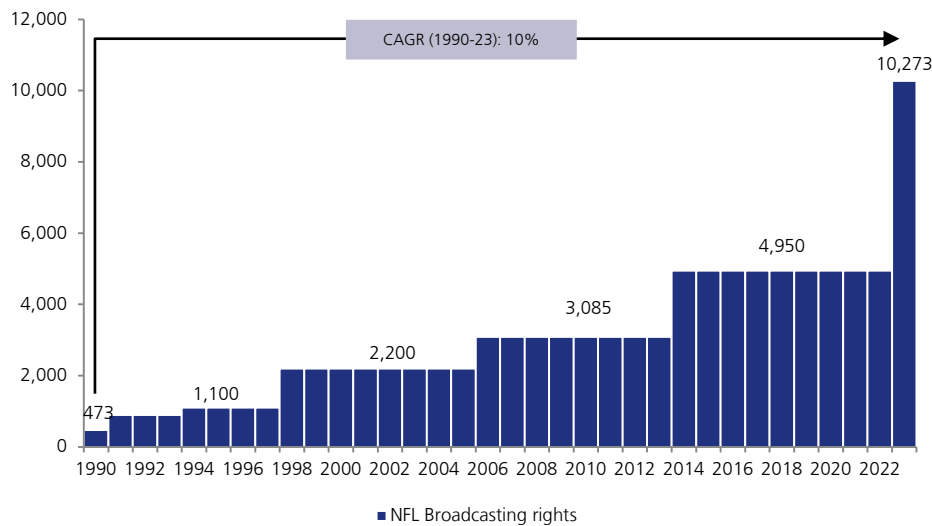
Exhibit 35. ...given EPL's media right value has compounded at a similar rate over 30 years
EPL's annualised media rights value, EPL (GBP mn)



Source: Industry, JM Financial

EPL's domestic rights value, after dropping in 2019-22 cycle has picked up again while international rights value continue to grow and now is bigger than the domestic rights

Exhibit 36. Even NFL's media rights value has grown at double-digit CAGR over 3 decades
NFL's annualised media rights value, NFL (USD mn)



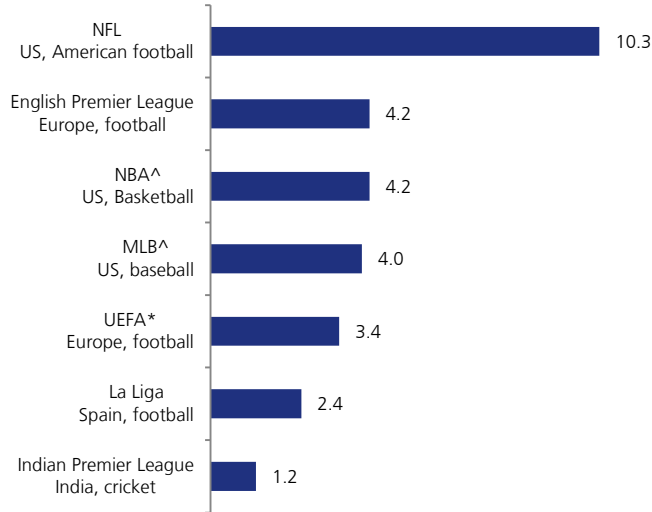
Source: Industry, JM Financial

Despite being in existence for 40 years, NFL's media rights' annual value doubled in 2023-34 cycle, implying broadcasters' continued appetite for sports' content

IPL: Still one of the cheapest leagues around

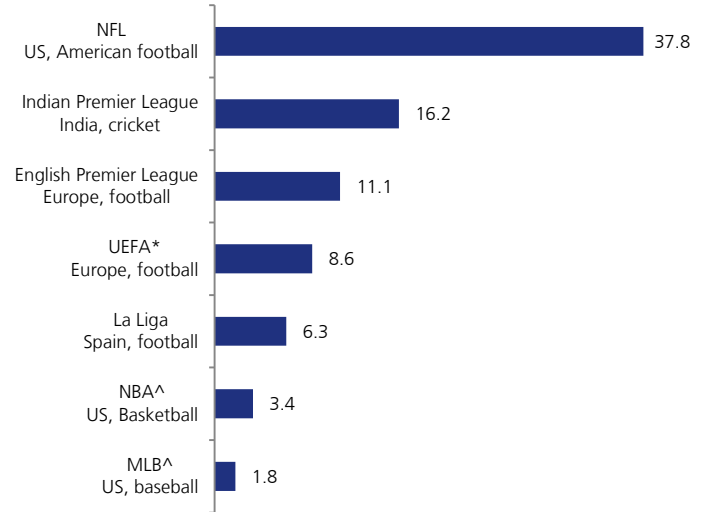
IPL's annual media rights value (c.USD 1.2bn) is lower than that of most of the major sports leagues globally. However, there is an argument that given the lower tournament duration (IPL is played for only 2 months) and less number of matches per season (74 for IPL versus 380 for EPL), IPL's per match media rights value is next only to NFL. While true, we believe the right metrics to compare various leagues should be on per ad inventory rather than on per match basis as ultimately it is ad inventory that drives AdEx and media rights value. We estimate that one IPL match has 325 ad slots (of 10 sec each) versus 240 for an NFL match and 90 for an EPL match (See Exhibit 41 to 43). If we adjust media rights value basis the total ad inventory in a match, IPL's media right value comes out to be USD 50k per ad inventory, a 60% discount to EPL. We, therefore, believe IPL's media rights still has headroom to grow.

Exhibit 37. While IPL's per season media right value is smaller... Annual Media Rights Value (USD bn)



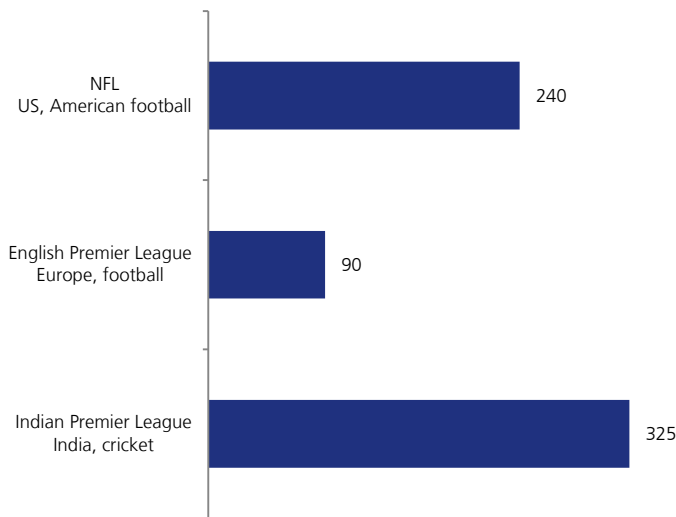
Note: * UEFA includes CL, Europa and Conference league; ^ includes individual team deals with regional networks; Source: SportBusiness, JM Financial

Exhibit 38. ...it exceeds most other leagues on a per match basis Media Rights Value, per match (USD mn)



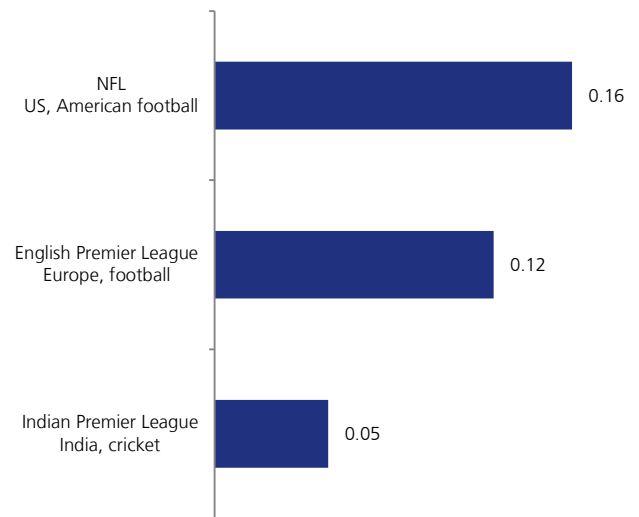
Note: * UEFA includes CL, Europa and Conference league; ^ includes individual team deals with regional networks; Source: SportBusiness, JM Financial

Exhibit 39. A T20 cricket match has the highest ad inventory ... Ad inventory per match*



Note: * 10 sec slot considered as one ad inventory; Source: JM Financial estimates

Exhibit 40. ...implying IPL's media rights are still the cheapest Media Rights Value, per ad-inventory (USD mn)



Source: JM Financial

Exhibit 41. Ad inventory per match - IPL

Parameters	Seconds
Strategic time out (STO)	
Strategic time out	150
No. of strategic time-outs	4
A. Time - Strategic timeout	600
Overs break	
Duration between overs	60
Number of overs (excl. STO/IB)	32
B. Total time - Overs break	1,920
Fall of wickets	
Duration of break after fall of a wicket	10
Average no. of wickets per match	12.5
C. Time - Fall of wickets	125
Innings break	
D. Innings break (IB)	600
E. Total time for Advertisements (A+B+C+D)	3,245
Ad inventory	
Average ad duration	10
Total ad inventory/match	325

Source: JM Financial estimates

Exhibit 42. Ad inventory per match - NFL

Parameters	Seconds
Quarter break	
Duration of a quarter break	120
Number of quarter breaks	2
A. Time - Quarter breaks	240
Time-outs	
Number of time-outs/half/team	3
Total time-outs	12
Time per time-out	120
B. Time - time-outs	1,440
Innings break	
C. Innings break	720
D. Total time for Advertisements (A+B+C)	2,400
Ad inventory	
Average ad duration	10
Total ad inventory/match	240

Source: JM Financial estimates

Exhibit 43. Ad inventory per match - EPL

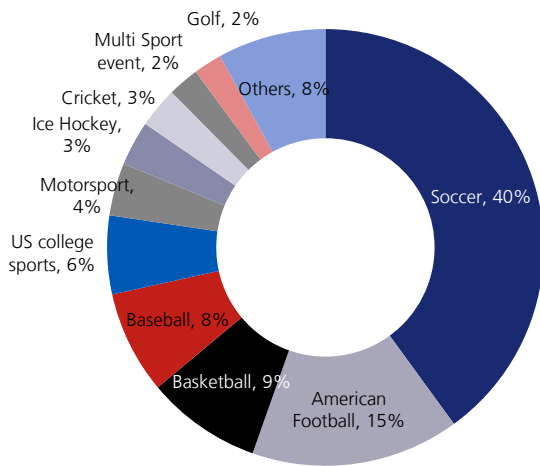
Parameters	Seconds
Mid-match break	
Number of mid-match breaks	0
A. Time - Quarter breaks	0
Innings break	
B. Innings break	900
C. Total time for Advertisements (A+B)	900
Ad inventory	
Average ad duration	10
Total ad inventory/match	90

Source: JM Financial estimates

Media rights growth: Long innings ahead

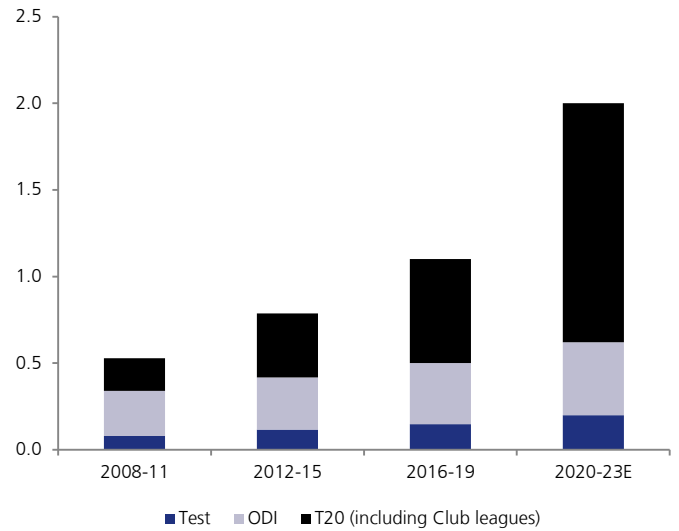
Cricket has only 3% share of global sports' media rights, lower than even US college sports. Limited number of nations playing top flight cricket, still evolving franchise cricket leagues, and limited following of the game in higher AdEx developed countries could explain this meagre share, in our view. Emergence of T20 cricket and the subsequent mushrooming of T20 franchise leagues across the globe is changing that. Cricket's annual global media rights value has risen from USD 0.5bn in 2008 to c.USD 2bn currently, driven largely by T20. IPL has led the way through its commercial success and has helped spawn multiple leagues across the globe. As we argued in the previous section, IPL's media rights value still has legs to grow over the foreseeable future. Taking a leaf out of global leagues, we believe IPL will need to execute the following to achieve the growth potential.

Exhibit 44. Cricket's media right value trails other global sports...
Top 10 Sports share of Global Media Value 2021



Source: Global Media Report 2021, JM Financial

Exhibit 45. ...though global T20 leagues are set to change that
Annual Global Value, Media Rights (USD bn)



Source: Media Partners Asia, JM Financial

Optimise packages, maximise value

BCCI, India's cricket board, auctioned four different packages of IPL's media rights for the 2023-27 cycles. This was a departure from previous auctions when the entire package was won by a single bidding entity. Slicing of the rights has multiple benefits. One, it reduces the overall outlay by any one bidder and, therefore, makes the value palatable for many, thus attracting more bidders. Two, special packages (of select matches, e.g. weekend matches/play-offs) expand the bidders' universe as many would be interested only in high impact, high ROI content. While IPL has taken a step in the right direction, we believe there is still scope of further optimising the package. EPL currently has seven packages only for domestic media rights. Likewise, NFL has eight packages for its domestic rights.

Exhibit 46. IPL's granular media right packages should help attract more bidders and realise better value

Year	Package	Details	Winner
2008-2017	Domestic TV rights	TV broadcasting rights	SONY Pictures Network
2015-2017	Global digital rights	Global Digital rights	Hotstar
2018-2022	Global Rights	Global Digital Rights plus TV	Star India
2023-2027	Package A	Exclusive TV (broadcast) rights for Indian sub-continent	Star India
	Package B	Digital rights for the Indian sub-continent.	Viacom 18
	Package C	Selected games in each season for digital space	Viacom 18
	Package D	Combined TV and digital rights for overseas markets	Times Internet and Viacom 18

Source: Company, JM Financial

Exhibit 47. EPL has seven packages for its domestic broadcasting rights

Packages	Matches	Day/Time	Broadcaster
Package A	32	Saturday / 12.30	BT Sport
Package B	32	Saturday / 17.30	Sky
Package C	24/8	Sundays / 14.00 and Saturday 19.45	Sky
Package D	32	Sundays / 16.30	Sky
Package E	24/8	Mondays/20.00 and Fridays 19.30/20.00 and Sundays 14.00	Sky
Package F	20	All 20 matches from one bank holiday and one midweek fixture	Amazon
Package G	20	Two midweek fixture programs	BT Sport

Source: Industry, JM Financial

Exhibit 48. NFL also has multiple packages for its broadcasting rights

Packages	Day/Time	Broadcaster
Thursday Night Football	Thursday night	Amazon
American Football Conference (AFC) Sunday Afternoon (Streaming plus TV)		CBS, Paramount+
Monday Night Football	Monday nights	ESPN, ABC, ESPN+
National Football Conference (NFC) Sunday afternoon		Fox, Tubi
Sunday Night Football	Sunday Night TV	NBC, Peacock
Sunday Ticket	Sunday	To be decided
NFL network package	Select Schedule of Exclusive games on TV NFL Network	
Super Bowl	NA	CBS, Fox, NBC, ESPN/ABC

Source: Industry, JM Financial

Digital rights: The dog that did not bark

Big Techs' (Amazon, Facebook, Apple) sports rights ambitions are now well known. Amazon has bagged media rights for EPL games (around Christmas). Facebook had bid for IPL's 2018-22 digital rights. Apple has bid for NFL's Sunday Ticket rights. What is not clear is the way these technology giants want to use live sports content. They have so far been selective in their purchase and stayed away from bidding for the bigger, more expensive rights. It appears that Amazon Prime intends to attract more users during the holiday season and nudge them to shop more on the Amazon platform. Facebook, on the other hand, seems to focus on more user engagement and time spent while also building out its pay-per-view monetisation model. Whatever be the intent, one thing is certain though. Sports media rights feature prominently in the plans of these tech giants. Given their reluctance to spend large sums of money to buy the primary media rights, IPL's strategy to further slice the packages should attract greater interest from these companies.

Exhibit 49. Big Techs have dabbled in sports media rights but have been selective in their investments thus far

Season	Sporting Event	Package acquired
Amazon		
2019-25	English Premiere League	10 games on Boxing Day; 10 mid-week during December
2022-33	National Football League	Thursday night games
2022-24	UEFA Champions League	Tuesday evenings matches
2021-23	French Open	Exclusive rights to stream 10 night sessions
2021-Present	Major League Baseball	Newyork Yankees games
2021-Present	ICC Cricket	International cricket matches in New Zealand for India viewers
Apple		
2023-25	National Football League	NFL Sunday Ticket (Likely to win as per media articles)
2023	UEFA Champions League	Likely to bid for US broadcasting rights of Champions League
Facebook		
2018	Major League Basketball	Exclusive rights to stream 25 live games of MLB for 2018 season
2018-22	Indian Premiere League	Highest (unsuccessful) bid for domestic digital rights at Rs 39bn
2019-21	Spanish La Liga	Exclusive rights to stream all 380 matches in South Asia
2021	Major Soccer Arena	Broadcast games on a pay-per-view model

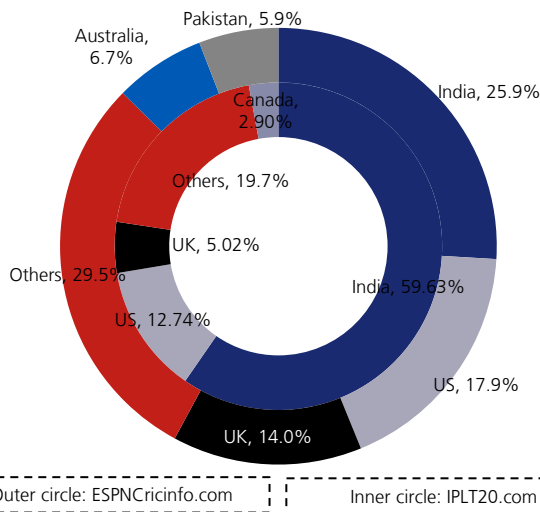
Source: Industry, JM Financial

International expansion: Chasing boundaries

India’s domestic market still offers significant headroom to grow for IPL. That said, IPL will do well not to ignore the international market potential. IPL’s international rights were sold for INR 1.06bn in the latest auction, a mere 2% of its domestic rights value. Clearly, there is lot of value left on the table. More number of teams now (10 from the 2022 season versus eight earlier) means more international players in the mix, which should help garner more international viewership. Besides, non-cricketing nations with large Indian diaspora are other target geographies that can provide good value for the rights. USA already is ESPNcricinfo’s second largest user base suggesting strong potential there. Furthermore, like EPL teams, IPL teams should also expand their outreach programmes such as pre-season games, etc. to expand user base.

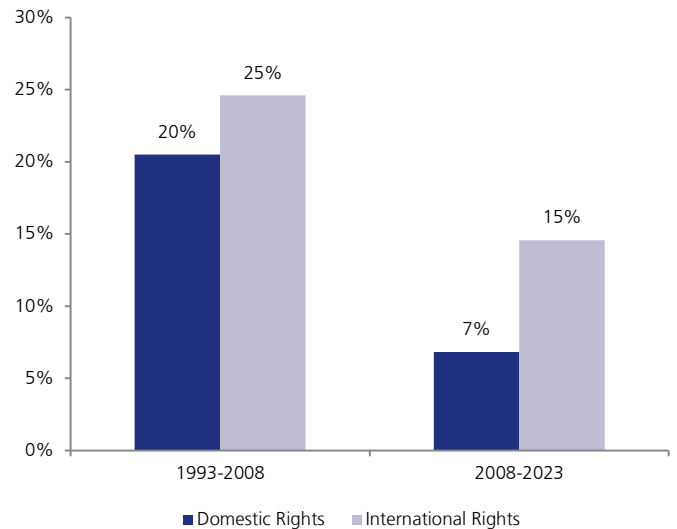
To put things in perspective, EPL’s media rights value were driven by both domestic (20% CAGR) as well as international rights (25% CAGR) in the first 15 years since its launch (1993-2008). However, in the past 15 years (2008-15), international rights (15% CAGR) have driven growth (15% CAGR) even as the value of domestic rights has slowed down (7% CAGR).

Exhibit 50. US is the second largest user base for ESPNcricinfo
Website visits, by country (June 2022)



Source: Similarweb, JM Financial

Exhibit 51. Overseas rights have driven EPL’s recent value growth
Annual growth in EPL’s media rights value



Source: Industry, JM Financial

Expanded League: Bigger the better

IPL is played in a 2-month window between April and May, at times overlapping with international cricket calendar. Given the rising share of revenue that IPL and other T20 leagues now contribute for International Cricket Council (ICC), cricket’s global governing body, the expansion in this window seems inevitable, in our view. The number of matches in an IPL season is already scheduled to go up from 74 currently to 94 by 2027. As per ICC’s latest Future Tour Programme (FTP), IPL’s window has been extended to two and half months. Also, there will be no international cricket during this window. Recently, the South African cricket team forfeited its One Day International (ODI) tour of Australia to participate in the country’s recently launched T20 league. All these point to the growing financial heft of franchise cricket. The window is likely to expand, eating further into the international cricket calendar, in our view. A longer and dedicated IPL window should translate into a higher value for its media rights.

Broadcasters' perspective: Winners lose all?

While IPL's media rights have all the building blocks for sustainable growth, its pricing will eventually boil down to the financial viability of the broadcasters. Given the steep rise in the rights value for the upcoming cycle (2023-27), the focus has naturally shifted to the profitability of these broadcasters/OTT platforms. We have done a detailed analysis of the revenues that the current right holders Star India (TV Broadcaster) and Voot (Viacom18's OTT platform) are likely to generate from IPL's content. Based on our analysis, we estimate that Star India can break even in the third year (2025) while Voot can break even in the fifth year (2027) of the upcoming IPL cycle.

Star India: TV broadcasting revenue from IPL's TV rights

We estimate that Star India's IPL driven ad-revenue can grow from INR 41bn in 2023 to INR 61bn in 2027, at a CAGR of 10%. We believe this will be driven by 6% volume CAGR (number of matches going up from 74 to 94) and 4% pricing CAGR. At an annual media rights cost of INR 47.15 bn (5 year rights cost at INR 23.6bn), Star India can break even in 2025, the third year of the current cycle. Note, we have not assumed any incremental subscription revenue for Star India as they are the incumbent broadcaster for IPL.

We estimate Star India's IPL revenue will be driven by 6% volume CAGR and 4% pricing CAGR over 2023-27

Exhibit 52. Break-even analysis: Star India's IPL investment

	2023	2024	2025	2026	2027
Ad Revenue					
A. Live Matches					
Ad inventory/match	325	325	325	325	325
Number of matches	74	74	84	84	94
Total ad inventory	24,050	24,050	27,300	27,300	30,550
Ad rate (INR mn)	1.57	1.65	1.73	1.78	1.82
Ad revenue - Live (INR mn)	37,681	39,685	47,290	48,544	55,667
B. Repeats and Highlights					
Ad inventory	48,100	48,100	54,600	54,600	61,100
Ad inventory - as % of live match inventory	200%	200%	200%	200%	200%
Ad rate (INR mn)	0.1	0.1	0.1	0.1	0.1
Ad rate - % of Live Ad rates	5%	5%	5%	5%	5%
Ad revenue - Repeats and Highlights (INR mn)	3,768	3,969	4,729	4,854	5,567
Total Ad revenue – A+B (INR mn)	41,449	43,654	52,019	53,398	61,234
Blended Ad Rates					
Ad Inventory Split					
League Phase	95%	95%	95%	95%	96%
Playoffs	5%	5%	5%	5%	4%
Ad Rates (Rs mn)					
League Phase	1.6	1.6	1.7	1.8	1.8
Playoffs	1.9	2.0	2.2	2.3	2.4
Blended	1.57	1.65	1.73	1.78	1.82
Ad Rate Inflation - YoY					
League Phase		5.0%	5.0%	2.5%	2.5%
Playoffs		10.0%	7.5%	5.0%	5.0%
Blended		5.3%	5.0%	2.7%	2.5%
Profitability					
Ad revenue (INR mn)	41,449	43,654	52,019	53,398	61,234
Cost of media rights (INR mn)	47,150	47,150	47,150	47,150	47,150
Gross Profit	-5,701	-3,496	4,869	6,248	14,084

Source: JM Financial estimates

Voot: Advertisement and Subscription revenue from IPL's digital rights

Voot, Viacom18's OTT platform, currently has c.2% share of India's OTT market. We believe IPL is likely to catapult it to the leadership position in a few years' time. Voot will also benefit from Reliance's parentage as it can leverage on Jio's c.400mn user base. We estimate Voot's MAU can reach 400mn by 2027 (up from Disney+ Hotstar's 300mn MAU). We estimate this could translate into advertisement revenue of INR 21.6bn and subscription revenue of INR 30bn by 2027 from IPL alone. However, on a cumulative basis, Voot's revenue over 2023-27 is likely to fall short of the media rights value it has paid, as per our current estimates. That said, the knock-on effect of IPL – higher subscribers and active user base and cross-sell opportunity – should help it recoup the media rights' investment, in our view.

Exhibit 53. Break-even analysis: Voot's IPL investment

	2023	2024	2025	2026	2027
A. Advertisement revenue					
Mid-roll Ads					
Number of incremental subscribers due to IPL (mn)	25	35	50	60	70
Number of subscribers viewing IPL (mn)	12.5	17.5	25.0	30.0	35.0
- % of subscriber base	50%	50%	50%	50%	50%
Average duration spent by a user/match (minutes)	35	35	35	35	35
Number of ads viewed per user/match	20	20	20	20	20
Total impressions/match ('000)	255,769	358,077	511,538	613,846	716,154
Cost-per-mile (CPM) (Rs)	200	200	200	200	200
Ad revenue/match (Rs mn)	51	72	102	123	143
Number of matches	74	74	84	84	94
Ad revenue - mid-roll (mn)	3,785	5,300	8,594	10,313	13,464
Pre-roll Ads					
Average MAUs - during IPL season (mn)	200	250	300	350	400
% of users watching IPL live	50.0%	52.5%	55.0%	57.5%	60.0%
IPL viewership - Free (mn)	100	131	165	201	240
Number of pre-roll ads	2	2	2	2	2
Impressions ('000) - assuming two ads in pre-roll	200,000	262,500	330,000	402,500	480,000
Cost-per-mile (CPM) (Rs)	180	198	213	223	229
Inflation - Ad rates (YoY)		10.0%	7.5%	5.0%	2.5%
Ad revenue/match (Rs mn)	36	52	70	90	110
Number of matches	74	74	74	74	74
Ad revenue - pre-roll (mn)	2,664	3,846	5,198	6,657	8,137
Total Ad revenue (mn)	6,449	9,146	13,792	16,969	21,601
B. Subscription revenue - for IPL					
Number of incremental subscribers due to IPL (mn)	25	35	50	60	70
Monthly subscription price (Rs)	99	109	120	132	145
Increase in monthly subscription price - YoY		10.0%	10.0%	10.0%	10.0%
Number of Months IPL is streamed	2	2	3	3	3
Total ARPU for IPL (Rs)	198	218	359	395	435
Total subscription revenue due to IPL (Rs mn)	4,950	7,623	17,969	23,718	30,439
Total IPL-linked revenue - A+B (Rs mn)	11,399	16,769	31,760	40,688	52,039
Profitability					
Total IPL revenue (INR mn)	11,399	16,769	31,760	40,688	52,039
Cost of media rights – Digital (INR mn)	41,000	41,000	41,000	41,000	41,000
Gross Profit	-29,601	-24,231	-9,240	-312	11,039

Source: JM Financial estimates

IPL franchises: Padded up

IPL franchises are uniquely positioned from a financial standpoint as compared to their EPL or NFL counterparts. While revenue share from BCCI's central rights ensures strong revenue visibility for all the franchises, the absence of any relegation mechanism insulates them from any unforeseen drop in income. Besides, unlike other global leagues who only prescribe soft caps on teams' wage bill (e.g., UEFA's Financial Fair Play regulation), BCCI places a hard-cap on teams' auction purse (e.g., INR 9bn per team in the 2022 auction) that could be spent on players' acquisition. These factors not only make the franchise's financial model profitable and viable, it should obviate fluctuations in the franchise's financial valuation as well, in our view. We discuss some of these nuances of the franchises' operating model below:

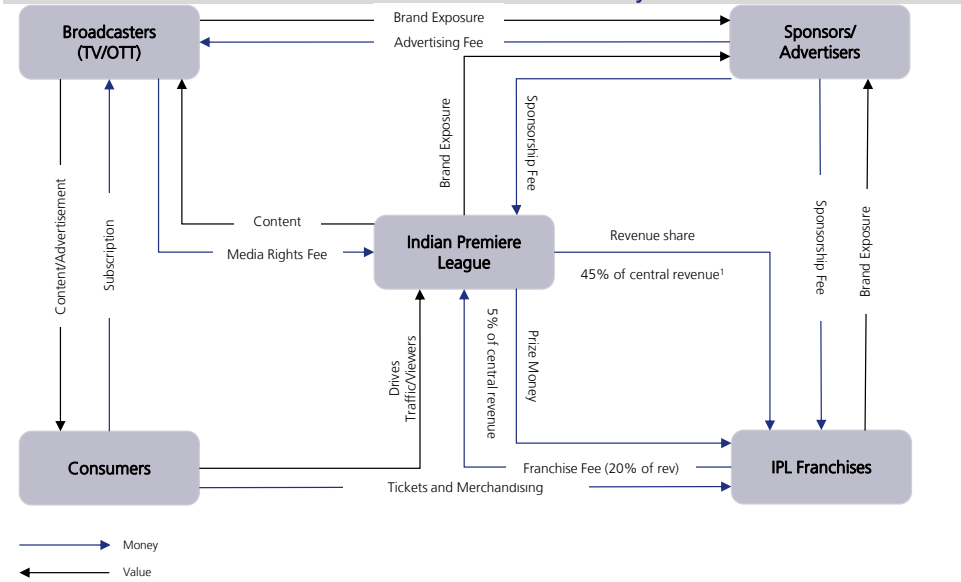
Revenue model: BCCI's flywheel

IPL franchises have the following sources of revenue:

- a) Central rights: BCCI shares 45% of the revenue it earns from IPL's media rights sale as well as central sponsorship (Title + Associate) equally among all the teams. Additionally, BCCI distributes 5% of the central revenue based on teams' performance.
- b) Team sponsorship: Individual franchises can get sponsors at the local level for the team's jersey or kit etc.
- c) Tickets and Merchandise: Franchises get to keep the gate fee (money from ticket sale) from their home matches. Additionally, they can earn money through sale of team merchandise.

In terms of cost, franchises need to pay 20% of their overall revenue to BCCI as franchise fee every year. Additionally, remuneration of players and supports staff is the other major cost for the teams.

Exhibit 54. IPL – Franchises' revenue model and flow of money/value



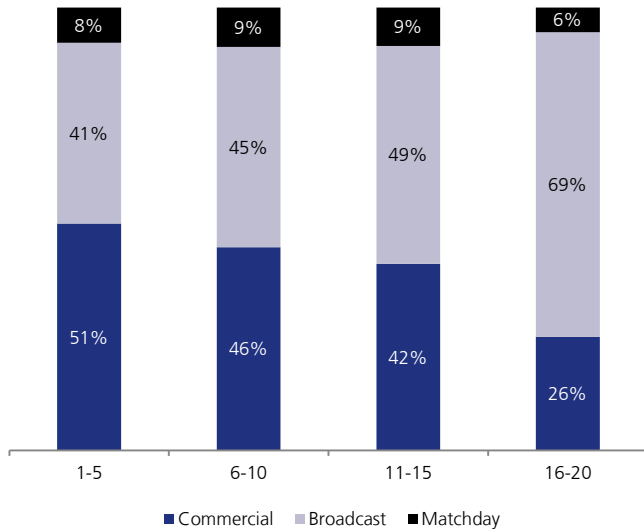
Source: JM Financial

Sponsorship revenue: Punching below its weight

A comparison of IPL franchise's revenue stream with European football clubs reveals stark differences. While broadcasting is an important revenue component of the European clubs as well, it is not necessarily the largest. In fact, for the most popular clubs, sponsorship revenue exceeds broadcasting revenue. In IPL, on the other hand, central rights (proxy for broadcasting revenue) constitute 70-80% of the franchise's revenue. Sponsorship revenue is small across the clubs, irrespective of their popularity or success in the league. With the new auctions further bumping up broadcasting revenue, sponsorship's contribution will go down even further.

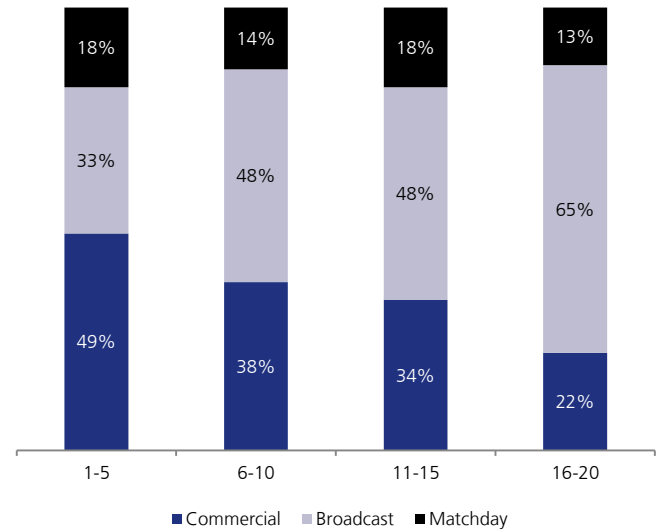
We believe IPL franchises are yet to realise the full potential of sponsorship revenue. Despite signing up some of the best cricketers in the world, sponsorship revenue has remained small on an absolute basis (INR 200-550mn). The onus, in our view, rests with the individual franchises to build their fan following and demonstrate RoI for the sponsors. To put things in context, Virat Kohli's personal brand endorsement in 2020 was upwards of INR 2bn (4x of RCB's FY21 sponsorship revenue, the IPL franchise he plays for).

Exhibit 55. Top European clubs generate significant revenue from...
Revenue break-up of Top-20 European Clubs (2020-21)



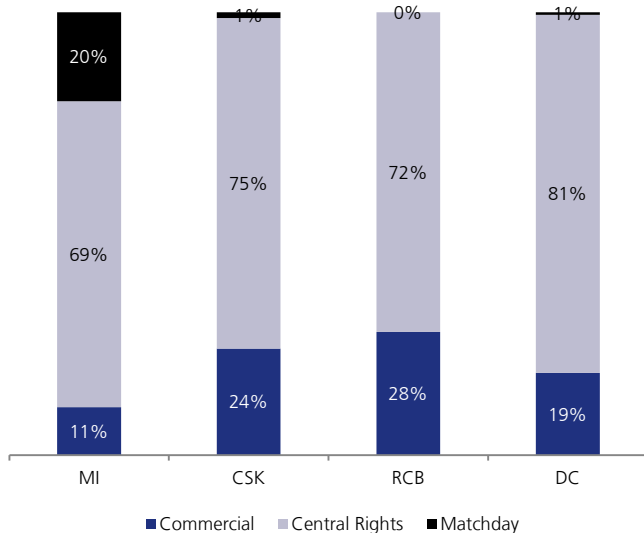
Note: low matchday revenue share due to Covid impacted year; Commercial includes Sponsorship, merchandising and other commercial operations; Source: Deloitte Football Money League 2022, JM Financial

Exhibit 56. ...sponsorship as compared to lower ranked clubs
Revenue break-up of Top-20 European Clubs (2018-19)



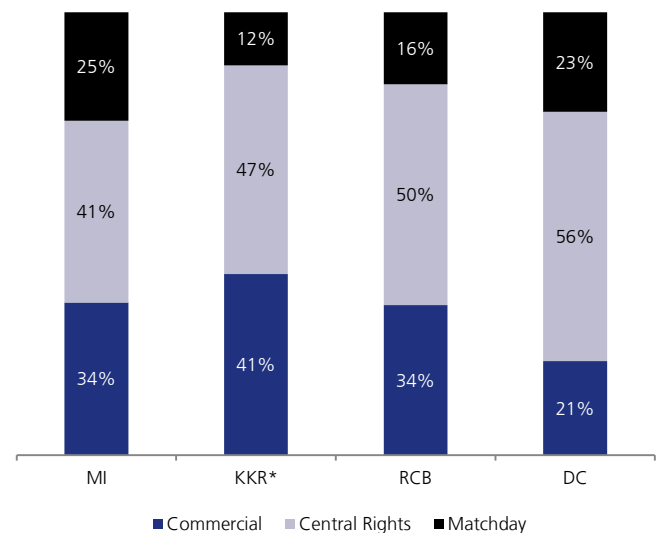
Source: Deloitte Football Money League 2020, JM Financial

Exhibit 57. Sponsorship revenue for various IPL franchises however...
Revenue share of select IPL franchise (FY21)



Note: MI-Mumbai Indians; CSK-Chennai Super Kings; RCB-Royal Challengers Bangalore; DC-Delhi Capitals; Lower Matchday share due to Covid impacted year; Commercial includes Team's sponsorship and prize money; Central rights include revenue from BCCI (media + central sponsorship); Matchday revenue includes tickets and other tournament related income; Source: Companies, JM Financial

Exhibit 58. ...is a much smaller part of their turnover across teams
Revenue share of select IPL franchise (FY18)

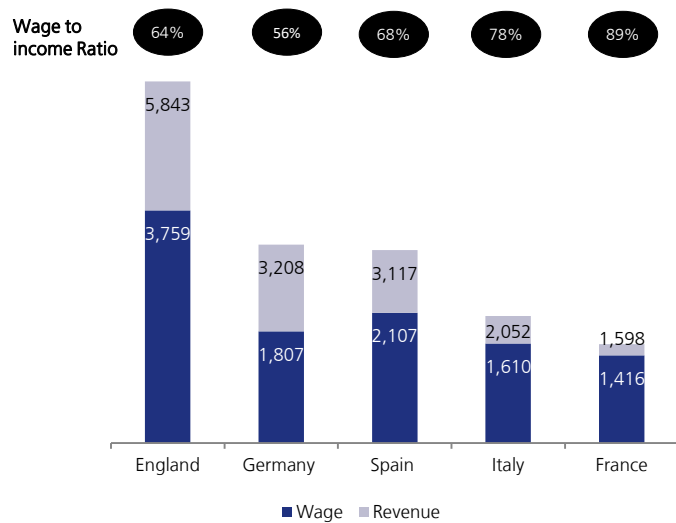


Note: Compared with KKR instead of CSK for FY18 as CSK did not participate in 2017 IPL season due to suspension; Source: Companies, JM Financial

Wage to income ratio: Forced fit

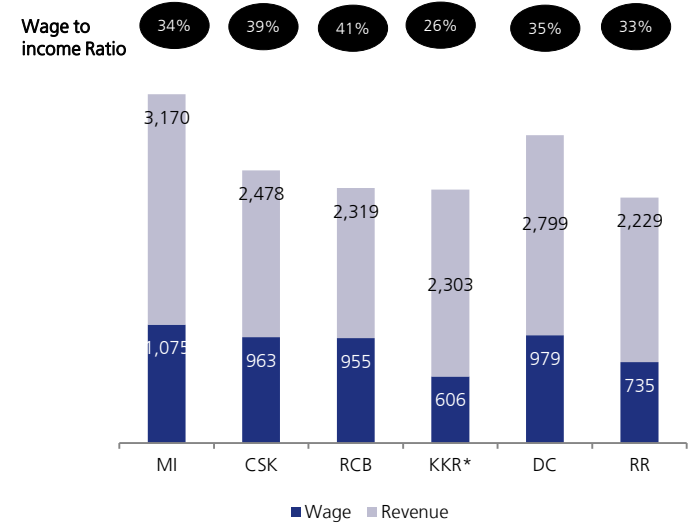
BCCI’s hard capping on teams’ auction purse (the amount they can spend every year on players’ auction) has been a blessing in disguise for the franchises. It has a two-fold impact: a) even distribution of sought-after players, thereby ensuring evenly contested matches; b) financial discipline among teams, thus, making the business model economically viable. European football leagues do not have any specific wage cap, which results in bloated cost structures, thus diminishing shareholders’ returns. IPL teams’ wage to income ratio is half that of European clubs. Besides, while the central rights revenue for IPL teams is expected to go up c.3x from 2023 onwards compared to 2022, we do not see wage inflation to be more than 10% annually, further improving wage/income ratio.

Exhibit 59. Europe’s top leagues’ wage/income ratio is 2x that of...
European top-5 league clubs’ revenue and wage, 2019-20 (EUR mn)



Source: Deloitte Annual Review of Football Finance 2021, JM Financial

Exhibit 60. ...IPL teams as BCCI’s wage cap prevents overspending
IPL’s select franchises’ revenue and wage, FY21 (INR mn)



Note: FY20 data for KKR; Source: Industry, JM Financial

Financials and valuations

Franchises’ financials: All in the same boat

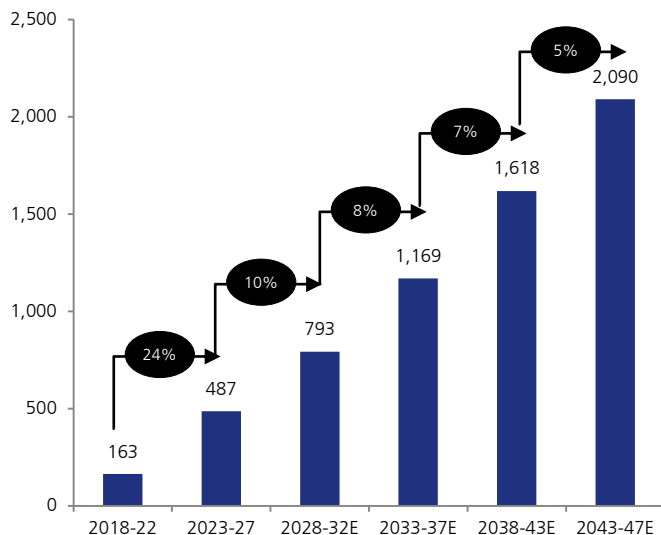
IPL franchises are all in the same boat. Their revenues, at least in the near term, will be largely driven by revenue contribution from central rights. Note, revenue from central rights comprises a) contribution from IPL’s media rights sale, and b) revenue from central sponsorship including title and associate sponsorship for the league. We estimate that revenue coming from central rights will constitute 70-80% of an individual franchise’s revenue in the 2023-27 cycle. This will limit any significant revenue divergence across franchises. The other two revenue streams for the franchises are commercial revenue (team sponsorship, merchandise sale, etc.) and matchday (ticket sale, etc.). Here also, unlike European football clubs, IPL franchises’ revenues are not very different from each other. We believe this is due to a) support for national team being far higher than any individual IPL franchise, limiting merchandise sale, etc.; b) absence of players’ transfer fee, which forms a sizeable portion of European clubs’ commercial revenue; c) lower number of matches per season, limiting matchday revenues. We don’t see these changing anytime soon. Revenue growth across franchises should, therefore, move in tandem, largely following the media rights trajectory.

IPL media rights sale

We expect IPL’s media rights to sustain their growth trajectory over the long term, albeit at a gradual pace. We bake in the following assumptions in our growth projections:

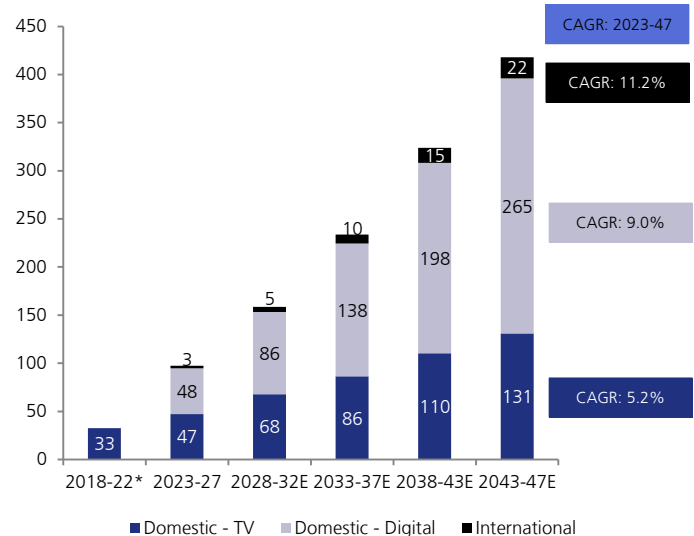
- a) Domestic TV rights: We expect TV rights value to grow at 5% CAGR over 2027-47E given the near saturation in TV penetration and shift of incremental AdEx to digital. That said, we do expect live sports, especially cricket, to remain relevant for the TV audience.
- b) Domestic digital rights: We expect domestic digital rights to be the primary driver of media rights growth, growing at c.9% CAGR in annual terms over 2027-47E and contributing c.65% of incremental value.
- c) International rights: We expect international rights to be the fastest growing sub-segment (CAGR: 11.2% over 2027-47E) driven by deeper penetration of IPL in non-cricketing nations (e.g., US) and participation of global techs in these rights.

Exhibit 61. Europe’s top leagues wage/income ratio is 2x that of ...
IPL’s media rights value, total (Rs bn)



Source: JM Financial estimates

Exhibit 62. ...IPL teams as BCCI’s wage cap prevents overspending
IPL’s annual media rights value, by segment (Rs bn)



Note: * Global media rights; Source: Industry, JM Financial estimates

Franchise valuations: A framework

Given the close correlation between IPL's media rights value and franchises' financial health, it is unsurprising how closely their fortunes have moved over the years. Assuming the highest bid to be the prevailing valuation, IPL franchises' valuations have gone up from INR 2.7bn (MI) in 2008 to INR 39bn (LSG) in 2021, a CAGR of 22%. In comparison, annual media rights value has moved up from INR 8.2bn in 2008 to INR 96.8bn in 2022, a CAGR of 18%.

Exhibit 63. IPL franchises' valuation

IPL Franchise	Year	Price			Payable over Years	NPV (@11% WACC)	
		USD mn	USD-INR	INR mn		INR mn	USD mn
Mumbai Indians (MI)	2008	111.9	39.5	4,420	10	2,696	68.2
Chennai Super Kings (CSK)	2008	91.0	39.5	3,595	10	2,192	55.5
Kolkata Knight Riders (KKR)	2008	75.1	39.5	2,966	10	1,809	45.8
Delhi Daredevils (DD)	2008	84.0	39.5	3,318	10	2,024	51.2
Royal Challengers Bangalore (RCB)	2008	111.6	39.5	4,408	10	2,689	68.1
Rajasthan Royals (RR)	2008	67.0	39.5	2,647	10	1,614	40.9
Deccan Chargers (DC)	2008	107.0	39.5	4,227	10	2,578	65.3
Kings XI Punjab^ (PK)	2008	76.0	39.5	3,002	10	1,831	46.4
Kochi Tuskar's Kerala (KTK)	2010	333.0	45.7	15,221	10	8,428	184.4
Pune Warriors (PW)	2010	370.0	45.7	16,913	10	9,365	204.9
Sunrisers Hyderabad* (SRH)	2012	80.0	53.1	4,250	5	3,142	59.1
Delhi Capitals (DC)	2018	169.0	65.1	11,000	0	11,000	169.0
Rajasthan Royals (RR)	2021	250.0	74.4	18,600	0	18,600	250.0
Lucknow Super Giants (LSG)	2021	945.3	75.0	70,900	10	39,036	520.5
Gujarat Titans (GT)	2021	674.7	75.0	50,600	10	31,146	415.3

Note: ^ Now renamed as Punjab Kings; * Sunrisers Hyderabad offered Rs 850mn/annum for the balance five years of Deccan Chargers to BCCI effectively doubling the payment commitment of Deccan Chargers (Rs 420mn/annum); The table does not include Gujarat Lions and Rising Pune Super Giants as those were purchased through a reverse auction process; Source: Industry, JM Financial estimates

Going forward also, we see media rights value to be the primary driver of franchises' valuation, which means the valuation should move in tandem for most franchises. We, however, believe the following factors could result in a divergence in valuation across franchises:

- **Licence fee:** For the two new teams (LSG and GT), a significant amount of cash flow will be tied towards licence fee payment to BCCI over the next 10 years. This will significantly impact their present value of future cash flow and, hence, valuations.
- **Teams' investments in other T20 franchises:** IPL franchises, buoyed by their success in IPL, have started investing in T20 franchises across other leagues. Success of these investee franchises could add to the overall valuation of IPL franchises.
- **Rise in team's commercial revenues:** While we have not factored this in, any significant rise in the individual franchise's commercial revenue, e.g. sponsorship revenue, transfer fee, higher merchandise sales, etc. could push up valuations of the team better able to monetise these.

DCF valuation

We have valued the IPL franchises based on the DCF method (only IPL-related cash flow). While we have kept the revenue projections same for all the teams for this exercise, different licence payment terms result in three different valuations for the teams. On one hand, for the newer teams LSG and GT, the specific licence fee payment over the next 10 years impact their near-term FCFF, resulting in lower valuations. On the other hand, older franchises, which need to pay 20% of their revenue as franchise fee to BCCI, have higher FCFF.

Based on these assumptions, we peg the enterprise value of LSG, given its higher license fee outflow (INR 7.09bn over the next 10 years), at INR 40.8bn, marginally higher than INR 39bn

it paid to acquire the franchise (based on NPV of cash flow). Ceteris Paribus, lower license fee payment in case of GT results in ~15% higher valuation at INR 47bn. On similar lines, we peg the valuation of older teams at approximately INR 63bn.

Note: These valuations do not include any value from these franchises' stakes in other teams and should rather only be treated as a reference point.

Exhibit 64. DCF Valuation - Lucknow Super Giants

INR mn	2023E	2024E	2025E	2026E	2027E	2028E	2033E	2038E	2043E	2047E
Cash flow projections										
Broadcasting (1)	4,866	4,866	4,866	4,866	4,866	7,932	11,694	16,184	20,904	20,904
Commercial (2)	1,269	1,469	1,554	1,647	1,750	1,834	2,566	3,275	4,114	4,784
Matchday (3)	516	555	745	801	861	1,085	1,616	2,210	2,820	3,428
Total Revenue	6,651	6,890	7,165	7,314	7,477	10,852	15,876	21,669	27,838	29,116
Revenue growth - YoY	98.0%	3.6%	4.0%	2.1%	2.2%	45.1%	7.9%	6.4%	6.5%	1.1%
EBITDA (4)	-2,235	-2,185	-2,119	-2,202	-2,296	861	8,515	11,855	15,443	15,757
EBITDA Margin	-33.6%	-31.7%	-29.6%	-30.1%	-30.7%	7.9%	53.6%	54.7%	55.5%	54.1%
Depreciation	3	4	4	4	4	5	8	12	15	17
EBIT	-2,238	-2,189	-2,124	-2,207	-2,301	856	8,507	11,844	15,428	15,740
EBIT Margin	-33.6%	-31.8%	-29.6%	-30.2%	-30.8%	7.9%	53.6%	54.7%	55.4%	54.1%
Corporate Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	-1,678	-1,642	-1,593	-1,655	-1,726	642	6,380	8,883	11,571	11,805
Capital expenditure	19	5	6	5	5	22	29	36	40	19
Change in working capital	-82	-6	-7	-4	-4	-84	-104	-13	-98	-5
FCFF	-1,613	-1,637	-1,587	-1,652	-1,722	709	6,463	8,871	11,645	11,808
FCFF growth - YoY	-59.2%	1.5%	-3.1%	4.1%	4.3%	-141.2%	55.6%	6.5%	7.0%	0.3%
DCF Parameters and valuation										
WACC										11.00%
NPV of cash flow (2023-2047F)										19,078
Perpetual growth (%)										4.0%
Terminal value										21,729
Enterprise Value										40,807
Exchange rate (USD-INR)										79
Enterprise value (USD mn)										516.5

Note: (1) Broadcasting revenue includes BCCI share of media rights revenue; (2) Commercial revenue includes sponsorship revenue – central + local; (3) Matchday revenue includes ticket sales and match-day associated revenues; (4) We have included the license fee to be paid by LSG to BCCI (INR 7,090mn/annum over the next 10 years) in opex rather than amortizing it for simplicity; While this will have a negative impact on EBITDA, it will have no impact on the DCF valuation as cash outflow will be the same in both the cases; Source: JM Financial estimates

Exhibit 65. DCF Valuation – Gujarat Titans

INR mn	2023E	2024E	2025E	2026E	2027E	2028E	2033E	2038E	2043E	2047E
Cash flow projections										
Broadcasting (1)	4,866	4,866	4,866	4,866	4,866	7,932	11,694	16,184	20,904	20,904
Commercial (2)	1,269	1,469	1,554	1,647	1,750	1,834	2,566	3,275	4,114	4,784
Matchday (3)	516	555	745	801	861	1,085	1,616	2,210	2,820	3,428
Total Revenue	6,651	6,890	7,165	7,314	7,477	10,852	15,876	21,669	27,838	29,116
Revenue growth - YoY	98.0%	3.6%	4.0%	2.1%	2.2%	45.1%	7.9%	6.4%	6.5%	1.1%
EBITDA (4)	-745	-695	-629	-712	-806	2,351	8,515	11,855	15,443	15,757
EBITDA Margin	-11.2%	-10.1%	-8.8%	-9.7%	-10.8%	21.7%	53.6%	54.7%	55.5%	54.1%
Depreciation	3	4	4	4	4	5	8	12	15	17
EBIT	-748	-699	-634	-717	-811	2,346	8,507	11,844	15,428	15,740
EBIT Margin	-11.2%	-10.2%	-8.8%	-9.8%	-10.8%	21.6%	53.6%	54.7%	55.4%	54.1%
Corporate Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	-561	-524	-475	-537	-608	1,759	6,380	8,883	11,571	11,805
Capital expenditure	19	5	6	5	5	22	29	36	40	19
Change in working capital	-82	-6	-7	-4	-4	-84	-104	-13	-98	-5
FCFF	-495	-520	-470	-535	-605	1,827	6,463	8,871	11,645	11,808
FCFF growth - YoY	-82.5%	5.0%	-9.6%	13.8%	13.2%	-402.0%	28.7%	6.5%	7.0%	0.3%
DCF Parameters and valuation										
WACC										11.00%
NPV of cash flow (2023-2047F)										25,263
Perpetual growth (%)										4.0%
Terminal value										21,729
Enterprise Value										46,992
Exchange rate (USD-INR)										79.0
Enterprise value (USD mn)										594.8

Note: (1) Broadcasting revenue includes BCCI share of media rights revenue; (2) Commercial revenue includes sponsorship revenue – central + local; (3) Matchday revenue includes ticket sales and match-day associated revenues; (4) We have included the license fee to be paid by GT to BCCI (INR 5,060mn/annum over the next 10 years) in opex rather than amortizing it for simplicity; While this will have a negative impact on EBITDA, it will have no impact on the DCF valuation as cash outflow will be the same in both the cases; Source: JM Financial estimates

Exhibit 66. DCF Valuation – Older franchises

INR mn	2023E	2024E	2025E	2026E	2027E	2028E	2033E	2038E	2043E	2047E
Cash flow projections										
Broadcasting (1)	4,866	4,866	4,866	4,866	4,866	7,932	11,694	16,184	20,904	20,904
Commercial (2)	1,269	1,469	1,554	1,647	1,750	1,834	2,566	3,275	4,114	4,784
Matchday (3)	516	555	745	801	861	1,085	1,616	2,210	2,820	3,428
Total Revenue	6,651	6,890	7,165	7,314	7,477	10,852	15,876	21,669	27,838	29,116
Revenue growth - YoY	98.0%	3.6%	4.0%	2.1%	2.2%	45.1%	7.9%	6.4%	6.5%	1.1%
EBITDA	3,525	3,527	3,538	3,425	3,298	5,781	8,515	11,855	15,443	15,757
EBITDA Margin	53.0%	51.2%	49.4%	46.8%	44.1%	53.3%	53.6%	54.7%	55.5%	54.1%
Depreciation	3	4	4	4	4	5	8	12	15	17
EBIT	3,522	3,523	3,533	3,421	3,294	5,776	8,507	11,844	15,428	15,740
EBIT Margin	53.0%	51.1%	49.3%	46.8%	44.1%	53.2%	53.6%	54.7%	55.4%	54.1%
Corporate Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	2,641	2,642	2,650	2,565	2,470	4,332	6,380	8,883	11,571	11,805
Capital expenditure	19	5	6	5	5	22	29	36	40	19
Change in working capital	-82	-6	-7	-4	-4	-84	-104	-13	-98	-5
FCFF	2,707	2,647	2,655	2,568	2,474	4,399	6,463	8,871	11,645	11,808
FCFF growth - YoY	213.2%	-2.2%	0.3%	-3.3%	-3.7%	77.8%	8.0%	6.5%	7.0%	0.3%
DCF Parameters and valuation										
WACC										11.00%
NPV of cash flow (2023-2047F)										41,500
Perpetual growth (%)										4.0%
Terminal value										21,729
Enterprise Value										63,229
Exchange rate (USD-INR)										79.0
Enterprise value (USD mn)										800.4

Note: (1) Broadcasting revenue includes BCCI share of media rights revenue; (2) Commercial revenue includes sponsorship revenue – central + local; (3) Matchday revenue includes ticket sales and match-day associated revenues; Older franchises need to pay 20% of their revenue as franchise fee to BCCI which versus the license fee paid by the newer franchises resulting in higher EBITDA margin; Source: JM Financial estimates

Appendix

Contribution of IPL Franchises to their listed parents' enterprise value

Exhibit 67. At our estimated valuation of IPL franchises, they contribute 9-36% to their listed parents' EV

Team	Entity	Parent/Owner	Parent's ownership	EV – Parent (INR bn)	IPL Franchise's valuation as % of parents' EV
Royal Challengers Bangalore (1)	Royal Challengers Sports	United Spirits	100%	590	8.5%
Sunrisers Hyderabad (2)	Sunrisers	Sun TV	100%	155	32.6%
Lucknow Super Giants (3)	RPSG Sports	RPSG Ventures	51%	38	35.6%

Note: (1) and (2) – assumed holding company discount of 20% to arrive at valuation contribution of IPL franchises; (3) for RPSG Ventures, we have ascribed higher holding company discount of 35% due non-100% holding as well as holco structure of RPSG Ventures (JMFe); EV based on prices as of 18-Aug-2022; Source: Bloomberg, JM Financial

Global valuation comparable

Exhibit 68. Valuation Comps: Global sports franchises

Company	MCap (USD bn)	EV (USD bn)	EV / Revenue (x)			Rev CAGR	EV / EBITDA (x)			P / E (x)			EPS CAGR	
			CY22E	CY23E	CY24E		CY22E	CY23E	CY24E	CY22E	CY23E	CY24E		
Global Franchise owners														
Manchester United	2.2	2.9	6.1x	3.8x	3.4x	33%	20.3x	13.7x	14.1x	20%	nm	nm	nm	nm
Madison Square Garden Sports*	3.9	4.9	6.2x	5.9x	5.8x	3%	83.0x	69.1x	69.6x	9%	121.4x	82.9x	72.3x	30%
Borussia Dortmund	0.5	0.5	1.3x	1.1x	1.0x	13%	6.3x	4.7x	4.6x	16%	22.7x	11.6x	71.8x	-44%
Celtic PLC	0.1	0.1	0.9x	0.9x	0.9x	3%	nm	359.6x	28.8x	nm	nm	nm	1,100.0x	nm
Mean			3.6x	2.9x	2.8x	13%	36.5x	111.8x	29.3x	15%	72.0x	47.3x	414.7x	-7%

Madison Square Garden Sports is a holding company and owns sports franchise in US' NBA, NHL and other leagues; Based on prices as 18-Aug-22; of Source: Bloomberg, JM Financial

Key Financials – Select IPL Franchises

Exhibit 69. Key financial metrics: Mumbai Indians

INR mn	FY17	FY18	FY19	FY20	FY21
P&L					
Revenue	1,801	1,958	3,767	3,780	3,170
Operating Expenses	1,818	2,048	2,781	3,247	2,969
EBITDA	-18	-90	986	533	201
Depreciation & Amortization	0	0	0	0	0
EBIT	-18	-90	986	533	201
Other income (net)	-8	68	165	198	193
PBT	-26	-22	1,152	731	393
Tax	0	0	481	314	206
PAT	-26	-22	671	418	187
Balance Sheet					
Equity	2,069	2,048	2,959	3,164	3,454
Long term Liabilities	1	1	1	2	2
Assets	2,560	3,157	4,122	3,342	3,816
Cash Flow					
Operating Cash Flow (OCF)	-64	928	974	-450	401
Free Cash Flow (FCF)	-64	928	974	-450	401
Key Ratio					
EBITDA Margin	-1.0%	-4.6%	26.2%	14.1%	6.3%
PAT Margin	-1.4%	-1.1%	17.8%	11.0%	5.9%
ROE	NA	NA	26.8%	13.6%	5.6%
ROCE	NA	NA	39.4%	17.4%	6.1%
OCF/EBITDA	NA	NA	99%	-84%	200%

Source: VCC Edge, JM Financial

Exhibit 70. Key financial metrics: Chennai Super Kings

INR mn	FY17	FY18	FY19	FY20	FY21
P&L					
Revenue		28	4,106	3,503	2,478
Operating Expenses		38	2,541	2,823	1,859
EBITDA		-10	1,565	680	619
Depreciation & Amortization		0	12	16	33
EBIT		-10	1,553	664	586
Other income (net)		-1	16	9	6
PBT		-11	1,569	672	592
Tax		-6	457	169	189
PAT		-5	1,112	503	403
Balance Sheet					
Equity		143	1,255	1,759	2,161
Long term Liabilities		650	651	652	665
Assets		1,901	3,162	2,656	3,162
Cash Flow					
Operating Cash Flow (OCF)		687	61	837	369
Free Cash Flow (FCF)		687	14	-577	321
Key Ratio					
EBITDA Margin		-0.5%	41.5%	18.0%	19.5%
PAT Margin		-0.3%	29.5%	13.3%	12.7%
ROE		NA	159.1%	33.4%	20.5%
ROCE		NA	115.1%	30.7%	22.4%
OCF/EBITDA		NA	4%	123%	60%

Source: VCC Edge, JM Financial

Chennai Super Kings did not participate in 2016 and 2017 season; hence FY17 financials for CSK are not available

Exhibit 71. Key financial metrics: Royal Challengers Bangalore

INR mn	FY17	FY18	FY19	FY20	FY21
P&L					
Revenue	1,614	1,459	3,073	2,045	2,319
Operating Expenses	1,227	1,194	1,674	1,212	1,371
EBITDA	387	265	1,399	833	948
Depreciation & Amortization	93	93	113	73	93
EBIT	294	172	1,286	760	855
Other income (net)	-262	-358	-186	-227	-122
PBT	31	-186	1,100	533	733
Tax	0		253	495	192
PAT	31	-186	848	37	541
Balance Sheet					
Equity	-320	62	910	949	1,491
Long term Liabilities	3,320	3,647	2,895	3,000	362
Assets	4,675	5,043	6,071	4,279	4,298
Cash Flow					
Operating Cash Flow (OCF)	-443	1,206	1,493	387	1,020
Free Cash Flow (FCF)	-443	1,206	1,493	387	1,020
Key Ratio					
EBITDA Margin	21.5%	13.5%	37.1%	22.0%	29.9%
PAT Margin	1.7%	-9.5%	22.5%	1.0%	17.1%
ROE	NA	NA	174.4%	4.0%	44.4%
ROCE	NA	NA	34.2%	19.6%	29.5%
OCF/EBITDA	NA	455%	107%	46%	108%

Source: VCC Edge, JM Financial

Exhibit 72. Key financial metrics: Kolkata Knight Riders

INR mn	FY16	FY17	FY18	FY19	FY20
P&L					
Revenue	1,239	1,534	1,681	4,366	2,308
Operating Expenses	1,134	1,226	1,322	2,588	1,579
EBITDA	105	308	359	1,778	729
Depreciation & Amortization	4	2	2	2	3
EBIT	101	305	357	1,775	726
Other income (net)	0	-1	57	109	170
PBT	101	305	414	1,885	897
Tax	39	107	146	557	238
PAT	62	198	268	1,327	659
Balance Sheet					
Equity	410	607	803	1,407	1,342
Long term Liabilities	4	2	3	2	3
Assets	414	609	806	1,409	1,345
Cash Flow					
Operating Cash Flow (OCF)	264	170	1,031	972	29
Free Cash Flow (FCF)	264	170	1,031	971	21
Key Ratio					
EBITDA Margin	5.8%	15.7%	9.5%	47.0%	23.0%
PAT Margin	3.4%	10.1%	7.1%	35.1%	20.8%
ROE	NA	38.9%	37.9%	120.1%	47.9%
ROCE	NA	59.7%	50.4%	160.3%	52.8%
OCF/EBITDA	NA	55%	287%	55%	4%

Source: VCC Edge, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst – INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for large-cap stocks* and REITs and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* Large-cap stocks refer to securities with market capitalisation in excess of INR200bn. REIT refers to Real Estate Investment Trusts.

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