

Network 18

EARNINGS RELEASE: Q3 2018-19

Mumbai, 15th January, 2019 – Network18 Media & Investments Limited today announced its results for the quarter ended 31st December 2018.

Summary Consolidated Financials

(restated for current structure of ownership)	Q3FY19	Q3FY18	Growth	9mFY19	9mFY18	Growth
Consolidated Operating Revenue (Rs Cr)	1,524	1,267	20%	3,885	3,430	13%
Consolidated Operating EBITDA (Rs Cr)	88	75	18%	200	134	49%

Network18 reported an 18% YoY jump in operating EBITDA to Rs. 88 crores in Q3FY19, despite continuing investments into recent launches Colors Tamil and Colors Kannada Cinema. Operating revenue rose 20% YoY led by advertising tailwinds, successful movies like “Andhadhun”, and healthy growth in subscription income. Operating leverage drove profitability, especially led by continued strong performance of regional channels across both our news and entertainment portfolios.

Highlights for the quarter

- **The industry ad-environment was buoyant during the past quarter, though ad-spends were more concentrated around festive season and strong properties than previous years.**
- **Broadcast subsidiary TV18 posted 22% revenue growth on a comparable basis:**
 - Growing ad-spends in regional channels (news, led by regional elections; and entertainment, driven by rising consumption and value-perception) was a consistent theme for the TV18 channel portfolio.
 - Subscription revenue for our entire bouquet grew 13% YoY. Compelling bouquets have been created and advertised along with a-la-carte channel pricing, as per the new TRAI tariff order which promises to increase transparency in the broadcast value-chain.
- **News bouquet (20 channels) cemented its #1 position, with TV18’s viewership share in news rising to a highest-ever 11.5%:**
 - News revenue grew at a robust 16%. Regional news revenue grew 27% YoY led by the viewership share of our regional news cluster rising further to 6%, vs 2.5% two years ago.
 - Hindi News channel News18 India solidified its #2 ranking, emerging as the primary engine of growth. The overall English news genre continued to face pressure.
 - Our genre-defining Business news channels maintained top positions amidst choppy markets.

Regional News losses have shrunk 68% YoY to Rs 9 Cr: Rise in Government/ election-related ad-spends substantially pruned gestation losses of our 8 regional channels launched over FY15-17. Active cost control and efficiencies of scale also played a key role in reducing the drag.
- **Entertainment bouquet (Viacom18’s 31 channels + AETN18’s 4 infotainment channels) is #3 amongst national players, with share of entertainment viewership maintained at 11.2%:**
 - Entertainment portfolio revenue grew 23% YoY. As stated in previous quarters, some high-value-and-impact Hindi GEC programming at Viacom18 was strategically shifted from H1 to H2, to coincide with market-appetite. This has resulted in improved topline growth, and has expectedly also partially limited the margin-expansion for the quarter. The Movie production & distribution revenue under Viacom18 motion pictures was Rs 106 Cr, vs a low base of Rs 20 Cr in Q3FY18.

- Regional entertainment channels continued their viewership and monetization improvements across most of our geographies.

Business-as-usual margins continued to rise: Entertainment EBITDA includes operating loss of Rs 31 Cr on account of new initiatives - Colors Tamil (launched in mid-Q4FY18) and Colors Kannada Cinema (launched in late-Q2FY19). Adjusting for operating losses of these new initiatives (i.e. launches made over past 4 quarters), BAU margins for Entertainment grew to 8.3% from 6.4% in Q3FY18. Entertainment EBITDA also encapsulates investments into projects planned for launch in coming quarters, as well as properties that were launched more than 1 year ago but are still under gestation.

- **Network18 digital content properties reach 24% of total news consumption audience:**
 - Network18's digital revenues from prime properties MoneyControl, News18 & Firstpost grew 27% YoY to Rs 45 Cr in Q3. Other businesses including content production and print dragged overall revenue growth.
 - Operating margin fell due to investments in revamp and extension of MoneyControl and Firstpost brands. While MoneyControl took initial steps to venture into transactions (mutual fund distribution) with the launch of MC Transact; Firstpost shall soon be extended to discerning Print audiences through a weekly news-edition.
 - Cricket portal CricketNext (#3 portal in India) was relaunched with a dedicated app.
 - Traffic on Regional News content on News18.com rose 55%, indicating the rising strength of the brand and the tailwinds in vernacular consumption in digital too, alongside broadcasting.
- **Leading entertainment ticketing platform BookMyShow entered into Live event production** with world's largest live entertainment company Cirque Du Soleil with their newest production show "Bazaar". The show which was held for the first time in India in Nov-Dec18 at Mumbai & Delhi got an overwhelming response.
- The scheme of arrangement for the merger by absorption of wholly-owned direct and indirect subsidiaries of Network18 and TV18 with the respective parent has been approved by the National Company Law Tribunal (Mumbai bench). The scheme has become effective from 1st November 2018, the appointed date being 1st April 2016. Accordingly, comparatives have been restated to include the financials of the transferor companies. The income-tax provision for the current quarter and nine months ended 31st December 2018 includes the impact of merger.

Mr. Adil Zainulbhai, Chairman of Network18, said: *"Regional content consumption continues to see robust growth across all parts of the media industry that we play in, whether broadcasting or digital; and straddling news, entertainment and film. We continue to invest in digital with an eye on the future. We are extending our powerful brands across geographies, business models and mediums, to create the most compelling portfolio of properties in the opportunity-laden Indian media sector.*

Financials for the quarter

OPERATING REVENUES (Rs Cr)	Q3FY19	Q3FY18	Growth	9mFY19	9mFY18	Growth
a1) National News (Business + General)	220	196	12%	593	506	17%
a2) Regional News (ex IBN-Lokmat)	70	55	27%	198	154	29%
A) News (TV18 Standalone) @	290	251	16%	791	660	20%
B) Entertainment (Viacom18+AETN18+Indiacast) *	1,185	960	23%	2,970	2,613	14%
C) TV18 Consolidated #	1,475	1,211	22%	3,761	3,273	15%
includes: Subscription	328	292	13%	940	835	13%
D) Web Digital, Print & Others	49	56	-13%	124	157	-21%
E) Network18 Consolidated #	1,524	1,267	20%	3,885	3,430	13%

OPERATING EBITDA (Rs Cr)	Q3FY19	Q3FY18	Growth	9mFY19	9mFY18	Growth
a1) National News (Business + General)	56	49	13%	115	103	11%
a2) Regional News (ex IBN-Lokmat)	-9	-29	NM	-54	-97	NM
A) News (TV18 Standalone) @	47	20	130%	61	6	853%
B) Entertainment (Viacom18+AETN18+Indiacast) *	68	61	11%	201	168	20%
C) TV18 Consolidated #	115	82	41%	262	174	50%
D) Web Digital, Print & Others	-27	-7	NM	-62	-40	NM
E) Network18 Consolidated #	88	75	18%	200	134	49%

There have been realignments in corporate structure for group simplification, as outlined below. The above representation assumes the current status of ownership throughout, for comparability purposes; and hence will not match reported financials.

@ TV18's 100% subsidiary Panorama housed 13 regional news channels, which has now been merged into parent.

Viacom18 and Indiacast became subsidiaries of TV18 from 1st March 2018. Further, HomeShop18 ceased to be a subsidiary of Network18 from 1st Feb 2018 on its merger with ShopCJ.

* Viacom18 and AETN18 are 51% entertainment subsidiaries of TV18, while pure-distribution-arm Indiacast is a 50:50 JV of TV18 and Viacom18. TV18's 24.5% minority stake in Telugu entertainment associate Eenadu TV is not included here.

➤ Business Performance

■ Network18 - Television Operations

Network18's listed subsidiary TV18 owns and operates the largest network of channels – 55 in India spanning news and entertainment. We also cater to the Indian diaspora globally through 16 international channels.

- **News – National & Regional** (20 domestic channels)
 - **TV18 News bouquet's overall viewership grew further to 11.5%** of the news universe, cementing its #1 position. The bouquet has the largest number of news channels in India, and reached 573 mn people in Q3.
 - **CNBC TV18 maintained #1 rank** in the English Business News genre with 67% market share in Q3 FY19. During market hours (Weekdays, 8 AM to 4 PM) CNBC TV18 maintained an even higher share of 76% and was #1 in the genre.
 - **CNBC Awaaz continued its leadership** in the Hindi Business News genre with 62% market share.
 - **CNN News18 garnered 12.3% Market share** in All India & maintained its #3 rank. English News genre continues to face headwinds.
 - **News18 India rose to the #2 rank in Hindi News Channels** in HSM in Q3 FY19 with 13.9% market share, within a highly competitive and cluttered genre. In Evening Prime Time, it was the #1 ranked channel in metros.
 - Our Regional News cluster has the **highest reach and viewership in the country**; with 536 Mn audiences tuning into the network and viewership share at **6% of all news**. News18 Rajasthan and Bihar/Jharkhand continued their #1 and #2 rank in their respective regions. Substantial improvements in viewership were witnessed by our channels in important territories of Madhya Pradesh/Chhattisgarh, Punjab/Haryana/HP, and Tamil Nadu.
- **Entertainment – National, Regional & Digital** (31 domestic channels)
 - Flagship GEC Colors was #3 pay-GEC in Urban HSM, **with a ~16% viewership share**. Viewership share across all GECs in Urban+Rural was maintained at 9.5%. 'Naagin Season 3' continues to be the #1 fiction show across Hindi GECs. 'Tentpole property Bigg Boss Season 12 was launched in mid-Sep '18, and has witnessed strong traction and monetization.
 - **Rishtey Cineplex maintained it #3 rank** in the cluttered Hindi movie genre with a 9.3% viewership share, in line with channels that have much larger movie libraries. The channel was launched in Q1FY17 and has scaled up very well riding on smartly curated content (including dubbed content) and FTA delivery model; leading to a break-even within 1.5 years of launch.

- Nick continues to reign as #1 in the Kids genre, with a 18.2% share of viewership. **Between Nick, Sonic and Nick Jr, our Kids portfolio commanded a 27.1% market-share.**
 - **In English entertainment genre, Viacom18 channels continue to occupy the top three positions**, with their combined viewership shares at 56%. Comedy Central and VH1 rank #1 (22%) and #2 (20%) respectively; while Colors Infinity has a ~13% share to rank #3.
 - **MTV Beats** has a 13% viewership share in a crowded category, which is seeing some competitor channels exit. Its steep growth which drove the channel to **break-even within 2 years of launch is continuing.**
 - VOOT, Viacom18's Over The Top (OTT) exclusive digital video destination has seen gross downloads rise to ~115mn, with an **average daily viewership of 45+ minutes that is the highest amongst broadcaster-OTTs.**
 - **Colors Kannada maintained its #1 position** in Kannada regional entertainment with a 31% viewership share. Colors Super (2nd Kannada GEC, launched in July 2016) continued its strong showing with 10% viewership share. **Colors Kannada Cinema was launched in late-Q2 to solidify our existing leadership, and has garnered an additional 4% share** (#1 with 15% share in Kannada movies). Our multi-channel approach resulted in the Viacom18 Kannada portfolio's genre share rising to a dominant ~45%.
 - Colors Marathi is a consistent #2 in the genre, with viewership share of 18%.
 - **Colors Tamil is ramping up programming** during the year, as it steadily overcomes distribution challenges which have kept its viewership share <5%.
 - Viacom18 Motion Pictures release 'Andhadhun' received both rave reviews and box office success. Other releases of the quarter included 'Baazaar', 'Jalebi' and 'Ani...Dr.Kashinath Ghanekar' (Marathi).
- **Infotainment – Factual entertainment & Lifestyle** (4 channels)
- **History TV18 had a market share of 19% in prime time** (20:00-24:00) and ranks 2nd in the Factual entertainment genre. History TV18 HD ranks #1 amongst HD channels in the genre, with a market share of 23%.
 - **FYI TV18 ranked #1 channel in the Lifestyle genre**, taking 42% market share. An HD feed of the channel was launched during the quarter.

All viewership data is from BARC, in the respective time-periods and genres. All HD versions of channels have been added to their SD counterpart viewership.

■ Network18 - Digital

○ Digital Content

- Network18 Digital boasts of ~67 mn unique visitors (UVs) across devices spending a total of ~1.6 bn minutes. The cohort of sites reached 24% of total news consumption audience.

MoneyControl

- India's leading business and finance destination Moneycontrol hosted the inaugural edition of Moneycontrol Wealth Creator Awards to acknowledge the contributions of professionals from the world of finance.
- Moneycontrol's audience reach was enhanced by rolling out WhatsApp subscription and a channel for JioChat
- Moneycontrol app continues to remain best-in-class, with a record ~4.1 mn MAU. The app continues to rank #1 in India

News 18.com

- News18.com continues to maintain #3 rank in general news category
- News 18 has presence across 9 languages; Regional languages have seen maximum traction with viewership growing at 55% over last quarter

Firstpost

- Firstpost launched its revamped mobile-site during the quarter.
- The Firstpost brand is being extended to a wider audience through the imminent launch of a weekly Print edition.

CNBCTV18.com

- During the quarter CNBC rolled out integrated Digital+ TV IP on CNBCTV18.com- Disruptor series; also rolled out Mutual Fund simplified series to explain MF nomenclatures

IN.com

- Entertainment portal IN.com was relaunched in Aug'18. It will be India's premiere destination with opinionated content around celebrities. Largely aimed at millennials, the language and content will be fresh and young.

Cricketnext.com

- India #3 Cricket website CricketNext saw its app launched in November with a bunch of Industry leading features, insightful and deeper coverage by the experts coupled with Live polls & quizzes. Anil Kumble was signed as the brand ambassador.

All traffic information as per latest available Comscore data.

Digital Commerce

○ **BookMyShow**

- During the quarter, ~ 7 million bookmyshow apps have been installed.
- BookMyShow entered into live event production by partnering the world's largest live entertainment company Cirque Du Soleil with their newest production show "Bazaar", which was held for the first time in India In Nov-Dec-18 at Mumbai & Delhi. BMS Successfully managed & closed Mumbai Season with 92% occupancy.
- BookMyShow which has now forayed into Theatrical Events & after two highly successful seasons of Disney Aladdin at Mumbai & Delhi has gone live with Season 3 at Mumbai in Dec-18. It has ventured into the Marathi play industry and gone live with its first Marathi produced play "A Perfect Murder" which got a great response.
- BMS Successfully managed ticketing & operations for Pro Kabaddi League. It is also ticketing for 4 teams namely Bengaluru FC, Chennai FC, NEUFC & ATK Kolkata for the premier football event ISL 2018.
- Further it also managed ticketing for some EDM events namely Sensation in Oct 18, Sunburn arena with Jonas Blue, an event with Nucleya & Sunburn Festival at Hyderabad & Kolkata etc.

○ **HomeShop18**

- HomeShop18 continues to face headwinds, as competitive pressure has been exacerbated by vendor supply issues; but has seen a revenue uptick recently. The process of right-sizing of costs, integration of platforms after acquisition of ShopCJ, and focussing on contribution positive categories continues.

■ **Network 18 - Print**

Under its publishing division, Network18 operates 3 leading brands --'Overdrive', 'Better Photography' and 'Better Interiors', along with prestigious magazine 'Forbes India'.

Network18 Media & Investments Limited

Reported Consolidated Financial Performance for the Quarter ended 31st December, 2018

(₹ in crore)

	Particulars	Quarter ended			Nine months ended		Year ended (Audited)
		31 st Dec'18	30 th Sep'18	31 st Dec'17	31 st Dec'18	31 st Dec'17	31 st Mar'18
1	Income						
	Value of sales and services	1,763	1,432	425	4,500	1,129	2,068
	Goods and Services Tax included in above	239	195	59	615	115	229
	Revenue from operations	1,524	1,237	366	3,885	1,014	1,839
	Other income	14	(37)	73	(53)	93	113
	Total Income	1,538	1,200	439	3,832	1,107	1,952
2	Expenses						
	Cost of materials consumed and traded goods sold	1	0	1	1	5	6
	Operational costs	779	554	76	1,850	200	577
	Marketing, distribution and promotional expense	241	198	80	628	260	418
	Employee benefits expense	281	274	127	826	396	570
	Finance costs	56	47	24	144	67	96
	Depreciation and amortisation expense	35	35	20	105	62	89
	Other expenses	134	118	83	380	231	310
	Total Expenses	1,527	1,226	411	3,934	1,221	2,066
3	Profit/ (loss) before share of profit/ (loss) of associates and joint ventures, exceptional items and tax (1 - 2)	11	(26)	28	(102)	(114)	(114)
4	Share of profit/ (loss) of associates and joint ventures	(7)	(16)	(2)	(37)	21	3
5	Profit/ (loss) before exceptional items and tax (3 + 4)	4	(42)	26	(139)	(93)	(111)
6	Exceptional items	-	-	-	-	-	-
7	Profit/ (loss) before tax (5 - 6)	4	(42)	26	(139)	(93)	(111)
8	Tax expense						
	Current tax	(75)	25	22	(38)	42	61
	Deferred tax	2	-	1	1	(1)	(0)
	Short provision for tax relating to earlier years	-	-	-	-	-	1
	Total tax expense	(73)	25	23	(37)	41	62
9	Profit/ (loss) for the period (7 - 8)	77	(67)	3	(102)	(134)	(173)
10	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit or loss	(29)	0	(17)	(28)	(12)	5
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0	(0)	(0)	-	0	(0)
	(iii) Items that will be reclassified to profit or loss	(1)	0	0	(1)	0	1
	Total Other Comprehensive Income	(30)	0	(17)	(29)	(12)	6
11	Total Comprehensive Income for the period (9 + 10)	47	(67)	(14)	(131)	(146)	(167)
	Profit/ (loss) for the period attributable to:						
	(a) Owners of the Company	(1)	(99)	8	(212)	(110)	(154)
	(b) Non-controlling interest	78	32	(5)	110	(24)	(19)
	Other comprehensive income attributable to:						
	(a) Owners of the Company	(26)	1	(19)	(24)	(13)	5
	(b) Non-controlling interest	(4)	(1)	2	(5)	1	1
	Total comprehensive income attributable to:						
	(a) Owners of the Company	(27)	(98)	(11)	(236)	(123)	(149)
	(b) Non-controlling interest	74	31	(3)	105	(23)	(18)

Consequent to Viacom18 Media Private Limited and IndiaCast Media Distribution Private Limited becoming subsidiaries with effect from 1st March 2018 and TV18 Home Shopping Network Limited and NW18 HSN Holdings Plc ceasing to be subsidiaries and becoming associates with effect from 15th February 2018, the figures for the current quarter and nine months are not comparable with those of the corresponding periods.

The National Company Law Tribunal, Mumbai Bench, has approved the Scheme of Merger by Absorption ("the Scheme") for the merger of direct/ indirect wholly owned subsidiaries of Network18 Media & Investments Limited ("the Company"), namely, Digital18 Media Limited, Capital18 Fincap Private Limited, RVT Finhold Private Limited, RRB Finhold Private Limited, RRB Investments Private Limited, Setpro18 Distribution Limited, Reed Infomedia India Private Limited, Web18 Software Services Limited, Television Eighteen Media and Investments Limited, Television Eighteen Mauritius Limited, Web18 Holdings Limited, E-18 Limited and Network18 Holdings Limited into the Company with appointed date as 1st April, 2016. The Scheme has become effective on 1st November, 2018.

TV18 Broadcast Limited
Reported Consolidated Financial Performance for the Quarter ended 31st December, 2018

(₹ in crore)

	Particulars	Quarter ended			Nine months ended		Year ended (Audited)
		31 st Dec'18	30 th Sep'18	31 st Dec'17	31 st Dec'18	31 st Dec'17	31 st Mar'18
1	Income						
	Value of sales and services	1,708	1,389	316	4,361	802	1,665
	Goods and Services Tax included in above	233	191	45	600	85	190
	Revenue from operations	1,475	1,198	271	3,761	717	1,475
	Other income	10	3	6	20	22	29
	Total Income	1,485	1,201	277	3,781	739	1,504
2	Expenses						
	Operational costs	770	551	55	1,832	136	493
	Marketing, distribution and promotional expense	235	192	44	612	142	282
	Employee benefits expense	243	239	93	721	287	429
	Finance costs	30	23	6	71	16	27
	Depreciation and amortisation expense	33	33	16	98	46	69
	Other expenses	112	108	54	334	138	212
	Total Expenses	1,423	1,146	268	3,668	765	1,512
3	Profit/ (loss) before share of profit of associate and joint ventures, exceptional items and tax (1 - 2)	62	55	9	113	(26)	(8)
4	Share of profit of associate and joint ventures	10	8	19	26	64	69
5	Profit/ (loss) before exceptional items and tax (3 + 4)	72	63	28	139	38	61
6	Exceptional items	-	-	-	-	-	-
7	Profit/ (loss) before Tax (5 - 6)	72	63	28	139	38	61
8	Tax expense						
	Current tax	(77)	23	18	(43)	34	53
	Deferred tax	2	(0)	1	1	(0)	(1)
	Total tax expense	(75)	23	19	(42)	34	52
9	Profit/ (loss) for the period (7 - 8)	147	40	9	181	4	9
10	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit or loss	(9)	(1)	2	(9)	(1)	0
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0	(0)	(0)	-	0	(0)
	(iii) Items that will be reclassified to profit or loss	(0)	(0)	0	(0)	(0)	(0)
	Total Other Comprehensive Income	(9)	(1)	2	(9)	(1)	0
11	Total Comprehensive Income for the period (9 + 10)	138	39	11	172	3	9
	Profit/ (loss) for the period attributable to:						
	(a) Owners of the Company	134	17	9	139	7	10
	(b) Non-controlling interest	13	23	(0)	42	(3)	(1)
	Other comprehensive income attributable to:						
	(a) Owners of the Company	(9)	(1)	2	(9)	(1)	(1)
	(b) Non-controlling interest	0	(0)	-	(0)	(0)	1
	Total comprehensive income attributable to:						
	(a) Owners of the Company	125	16	11	130	6	9
	(b) Non-controlling interest	13	23	(0)	42	(3)	(0)

Consequent to Viacom18 Media Private Limited and IndiaCast Media Distribution Private Limited becoming subsidiaries with effect from 1st March 2018, the figures for the current quarter and nine months are not comparable with those of the corresponding periods.

The National Company Law Tribunal, Mumbai Bench, has approved the Scheme of Merger by Absorption ("the Scheme") for the merger of direct/ indirect wholly owned subsidiaries of TV18 Broadcast Limited ("the Company"), namely, Equator Trading Enterprises Private Limited, Panorama Television Private Limited, RVT Media Private Limited and ibn18 (Mauritius) Limited into the Company with appointed date as 1st April, 2016. The Scheme has become effective on 1st November, 2018. Consequent to the merger, current tax for the quarter and nine months ended 31st December, 2018 includes the effect on tax expense.

INVESTOR COMMUNICATION:

Network18's ongoing investor communication endeavors to adopt best international practices and the quarterly investor updates are designed to regularly provide detailed information to investors. Each update covers information pertaining to the reporting period under review. If you would like to get a sequential and continued perspective on the company this report should be read along with the updates sent out earlier. The previous updates can be accessed on request from the contact persons mentioned below, or from the company's website www.network18online.com. This update covers the company's financial performance for Q3 FY19.

For further information on business and operations, please contact:

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Further information on the company is available on its website www.nw18.com

Network 18

