

Network18

EARNINGS RELEASE: Q1 2017-18

Mumbai, 18th July, 2017 – Network18 Media & Investments Limited today announced its results for the quarter ended 30th June, 2017.

Summary Consolidated Financials

Particulars (in Rs Crores)	Q1 FY18	Q1 FY17	Growth YoY%
Revenue (incl. proportionate share of JVs)	836	814	3%
Segment Operating EBITDA (incl. prop. share of JVs)	(51)	(58)	NM
Revenue (as per Ind AS)	321	352	-9%
Operating EBITDA (as per Ind AS)	(46)	(74)	NM

Network18 posted consolidated revenues of Rs. 836 crores (including proportionate share of JVs) in Q1FY18, a 3% YoY growth, as growth in its broadcasting segment was partially offset by continuing weakness in TV shopping business. Profitability improved incrementally, led by lower losses in TV shopping and a steady ramp-up of the multiple new initiatives undertaken in Q1FY17.

Highlights for the quarter

- **Impending GST implementation resulted in deferral of advertising spends in late Q1:** While April-May witnessed robust revenue growth, June was substantially impacted by postponement in advertising spends; especially in mass-oriented genres. Nevertheless, we believe that this is a transitory impact and GST shall drive the informal economy towards the formal channel in the long-run, which will push up advertising spends.
- **Listed subsidiary TV18 posted 4% revenue growth (including JVs):** Revenue growth from Business news boosted TV18 standalone operating EBITDA. However, Regional news witnessed softness in revenues, and low profitability due to gestation losses. Entertainment revenues were aided by strong performance in niche genres and strength of the bouquet.
- **Network18's share of TV News viewership has risen to >9% over the last year:** Viewership grew substantially, driven by resurgence in General news and increasing traction in Regional news. During the quarter, News18 India broke into the top 4 Hindi News channels (top 3 in prime-time), which is a sharp improvement over its #8 ranking last year.
- **Viacom18's share of entertainment viewership (ex-sports) has risen to ~10% vs <9% last fiscal.** Rishtey has risen to #1 amongst all free-to-air (FTA) general entertainment channels; and even climbed to #2 amongst all GECs (Pay+FTA). Flagship channel Colors continues to drive revenues through a premium positioning targeted at urban markets.
- **Digital properties showed a smart growth in traffic, and improved monetization** as well in the quarter. Focus on revamping the product offering and improving the user experience has helped drive higher engagement, especially in MoneyControl.
- **Consolidating on FY17 launches:** Initiatives taken last year are at varying points of scale-up.

- **HomeShop18 has improved its profitability partially through pruning costs, but weakness in this segment persists:** The TV home-shopping business continues to face challenges due to a hit to cash-on-delivery payments since November, and stiff competition from e-commerce. GST roll-out is a positive for HomeShop18, as it eliminates the issue of state entry taxes. Management is keeping a tight leash on costs, and taking steps to revive the business.
- **Network18 divested Burrp.com (food & restaurant listing and recommendation engine)** to Foodfesta Wellcare Pvt. Ltd., a subsidiary of Bigtree Entertainment Pvt Ltd in July 2017, through a business transfer agreement as a going-concern on a slump-sale basis ([link to exchange release](#)). Bigtree owns and operates ticketing platform BookMyShow, and Burrp shall be a natural fit in its portfolio.

Mr. Adil Zainulbhai, Chairman of Network18, said: *“The digital space in India is witnessing an insatiable appetite for quality content, and Network18 continues to be at the forefront of providing the same in a frictionless manner across genres. We aim to marry vernacular and digital opportunities in India with our strength in linear media to fulfil the rising demand for content that is both targeted and available on-demand.”*

Financials for the quarter

Consolidated Revenue (including proportionate share of Joint Ventures considered for segment reports) for the quarter ended 30th June, 2017 stood at Rs. 836 crores vs. Rs. 814 crores in the corresponding quarter last year.

Segment Operating EBITDA on a consolidated basis, including the performance of Joint ventures for the quarter ended 30th June, 2017, stood at Rs. (51) crores vs Rs. (58) crores in the corresponding quarter last year.

Consolidated Revenue as per Ind AS (accounting the JVs under Equity method) for the quarter ended 30th June, 2017 stood at Rs. 321 crores as compared to Rs. 352 crores in the corresponding quarter last year.

Operating EBITDA on a consolidated basis under Ind AS for the quarter ended 30th June, 2017 stood at Rs. (46) crores, vs Rs. (74) crores in the corresponding quarter last year.

All launches made in FY16-17 are now part of our business-as-usual operations and reporting.

Business Performance

■ Network18 - Television Operations

Network18's listed subsidiary TV18 owns and operates the largest network of channels – 49 in India spanning news and entertainment. We also cater to the Indian diaspora globally through 13 international channels.

○ News – National & Regional

- **CNBC TV18 maintained #1 rank** in the English Business News genre with **52% market share in Q1 FY18**. During market hours (Weekdays, 8 AM to 4 PM) CNBC TV18 maintained an even higher share of 55% and was #1 in the genre.
- **CNBC Awaaz continues to be dominant** in the Hindi Business News genre with **66% market share**. During Trading Hours (8 AM to 4 PM on weekdays), CNBC Awaaz maintained 71% market share in the genre.
- During the coverage and analysis of GST on 30th June 2017, CNBC TV18 and CNBC Awaaz garnered 56% and 72% market share respectively.
- **CNN News18 garnered 11% market share in All India & ranks #5** in Q1 FY18. Also, the channel garnered 8.4% market share in 10L+ towns and has ranked #4 in the genre.
- **News18 India was amongst the top 5 Hindi News Channels** in HSM in Q1 FY18. News18 India market share in HSM stood at 10.2% in Q1 FY18, higher compared to 8.7% in Q4 FY17 and 5.7% in Q1 FY17. **News18 India rose to amongst the top 3 Hindi News Channels in Mega Prime Time (1900-2230 hrs)** in Q1 FY18 with 13.2% share.
- IBN Lokmat garnered a market share of 17.5% in Q1 FY18 in Mah/Goa, compared to 17.2% in Q4 FY17
- **ETV regional news cluster** has improved its viewership substantially over the past 6 months. **Our overall viewership share (as ratio of overall news viewing in the country) has more than doubled to 4% from 1.8%** since December 2017. The 3 regional news channels launched in Q1FY17 (News18 Tamil Nadu, Kerala and Assam) have grabbed 6-10% shares.

○ Infotainment – Factual entertainment & Lifestyle

- History TV18 garnered 18% market share in All India in Q1 among the 7 Factual Entertainment channels.
- FYI TV18 has garnered 25% market share in Q1 in the Lifestyle genre.
- **In Megacities, History TV18 and FYI TV18 were the #1** channels in their respective genres.

- **Entertainment – National, Regional & Digital**
 - **Colors was #2 channel in primetime as well as #2 in Urban HSM, with leadership in key primetime slots.** Colors had 4 shows among Top 10 Fiction Shows in genre. The quarter saw the launch of Chandrakanta in week 26 as #2 Fiction Show in the genre.
 - **Rishtey was the #1 free-to-air (FTA) channel and the #2 channel overall (Pay+FTA) in amongst GECs.** In rural, it is the #1 channel in the genre
 - **Rishtey Cineplex**, the FTA movie channel launched in Q1FY17 was the #5 channel among comparables, **grabbing 8% market-share.** It emerged as the #3 channel in Week 23 and #2 in Week 27.
 - Nick continued its leadership in the Kids genre. **Between Nick and Sonic, our Kids portfolio commanded a 26% market-share.** Nick has 2 shows among Top 10 shows in the genre consistently.
 - In English entertainment, VH1 and Comedy Central occupied the top two spots in the genre; while Colors Infinity is placed #7.
 - MTV has been the #4 channel in the Youth entertainment genre. MTV Beats launched last year by replacing MTV Indies has emerged amongst Top 5 channels of a highly cluttered genre.
 - VOOT, Viacom18's Over The Top (OTT) exclusive digital video destination was commercially launched in May'16. **It was selected among 'Top Trending' and 'Most Entertaining' Apps of 2016 by Google Play Store.** VOOT's Progressive Web App (Mobile website built using web technologies that acts and feels like an app) has been recognized as one of the top global innovations of 2017 by International Broadcasting Convention. Current shows include library content and some original programming, apart from syndicated kids content. VOOT Originals: It's not that simple, Untag and Badman have been nominated & screened at various global festivals.
 - Colors Kannada retained its strong #1 position in Kannada regional entertainment with a 30% market share. The channel has 4 out of the top 10 shows in the genre. **Colors Super, our 2nd Kannada Regional GEC which was launched in July 2016, has achieved a 7% market share.**
 - Colors Marathi continued to be a consistent #2 channel in the Marathi GE genre with a 17% market share.
 - Viacom18 Motion Pictures successfully released Baywatch and Transformers : The Last Knight

All viewership data is from BARC, in the respective time-periods and genres.

■ Network18 - Digital

○ Digital Content

○ Moneycontrol.com

- Moneycontrol has consolidated its position as India's leading finance destination on desktop and has conquered the mobile web domain as well. Strong news coverage drove its average mobile monthly user count to over 19 million from 7 million in Q4 last year.
- Significantly, Moneycontrol had 1.5 times as many users on mobile as its nearest competitor and they consumed 2.8 times as many pages as the rival's users did.
- The Moneycontrol app continues to remain the best-in-class and was awarded the Best Mobile App for Business at the GSMA Asia Mobile Awards 2017. In May, the app achieved its highest-ever monthly screen views since launch, crossing 2 billion.

○ News18.com (erstwhile ibnlive.com and Pradesh18.com)

- News18.com continues to strong growth and has crossed 50 million unique users across mobile and desktop. News18.com's English portal showed exceptional growth registering 60% growth in average monthly unique users on desktop, and 120% on mobile vs. the last quarter
- Pradesh18.com post-merger under the News18.com umbrella has showed strong growth indicators with users increasing by 40% on mobile vs. previous quarter. The rich content coverage has led to 75%+ growth in page views over the previous quarter.
- News18.com's Cricketnext portal showed exceptional performance this quarter, capitalizing on the Champions Trophy, and now ranks no. 3 according to comScore in the sports category.

○ Firstpost

- Firstpost with its exceptional coverage and investment in coverage capabilities has recorded its highest ever users on both desktop and mobile.
- Average monthly mobile UVs exhibited a growth of ~40% over the previous quarter, and average monthly desktop users grew by 20% for the same time period
- This impressive performance was achieved on the basis of distinctive and speedy content delivered. Firstpost continues to be the website with the most highly engaged users, staying ahead of top print & TV led digital publishers.

- **Digital Commerce**

- **BookMyShow**

- During the quarter, over 5.4 million apps have been installed, which is the highest ever.
 - Online ticketing saw its new heights with strong performance of “Baahubali 2- The conclusion” at the box office, which registered all time highest ticket sales for any movie on the platform.
 - BMS has successfully managed IPL season 10 including playoffs & Finals.
 - BMS has now successfully launched its Music “Jukebox“ section in June 17, & has already registered over 80K song downloads in the same month.
 - BookMyShow Indonesia business has grown by 2.3x in Q1’18 compared to Q4’17. Further, the average page views for the quarter is 1.6mn views.
 - Competitive intensity in the business continues to remain high.

- **HomeShop18**

- The TV home-shopping segment continues to face challenges due to a hit to cash-on-delivery payments since November, and stiff competition from e-commerce. The management is taking steps to cut costs and revive the business. Implementation of GST is a positive for HomeShop18, as it does away with concerns on state entry tax.

■ Network 18 - Print

○ Network18 Publishing

Under its publishing division, Network18 operates 3 leading brands --‘Overdrive’, ‘Better Photography’ and ‘Better Interiors’.

OVERDRIVE

- OVERDRIVE partnered with Bosch to be the first auto app to be launched on in-car platform Myspin
- OVERDRIVE finalized content syndication deal with Yahoo and Mid-Day, and renewed its Himalayan High SS 3 partnership and AUDI IQD program
- The redesigned OVERDRIVE website and responsive mobile site was launched in the second half of June.

Better Interiors

- Better Interiors celebrated its 12th anniversary in the month of May. Fork Media partnered with the brand to showcase its innovative theme based interiors.

Better Photography

- A new format of focus event “Pay to Learn” - The experiential Kenya Wildlife Master Class program was successfully conducted in Kenya

○ Forbes India

- Four Special editions of the magazine were published this quarter, namely :
“Forbes India: Real Estate Special World’s Billionaires -.8th anniversary special - Wealth creators of India Startups Special

Network18 Media & Investments Limited
Reported Consolidated Financial Performance for the Quarter ended 30th June, 2017

(₹ in crores)

Sr. No.		Quarter ended			Year ended (Audited)
		30 th Jun'17	31 st Mar'17	30 th Jun'16	31 st Mar'17
1	Income				
	(a) Revenue from operations	321	388	352	1,491
	(b) Other income	15	47	22	55
	Total Income	336	435	374	1,546
2	Expenses				
	(a) Distribution, advertising and business promotion	91	107	138	516
	(b) Cost of materials consumed and traded goods sold	1	1	1	3
	(c) Employee benefits expense	133	124	118	493
	(d) Finance costs	21	21	18	80
	(e) Depreciation and amortisation expense	21	24	15	80
	(f) Other expenses	142	135	169	617
	Total Expenses	409	412	459	1,789
3	Profit/ (loss) before non-controlling interests/ share of profit/ (loss) of associates and joint ventures (1 - 2)	(73)	23	(85)	(243)
4	Share of profit/ (loss) of associates and joint ventures	14	(23)	7	(18)
5	Loss before tax (3 + 4)	(59)	(0)	(78)	(261)
6	Tax Expense				
	(a) Current Tax	9	19	2	31
	(b) Deferred Tax	1	2	(1)	2
	(c) Short/ (excess) provision for tax relating to earlier years	0	2	0	(23)
	Total tax expense	10	23	1	10
7	Loss for the period (5 - 6)	(69)	(23)	(79)	(271)
8	Other Comprehensive Income				
	(a) Items that will not be reclassified to profit or loss	4	21	(1)	16
	(b) Income tax relating to items that will not be reclassified to profit or loss	0	(0)	-	(1)
	(c) Items that will be reclassified to profit or loss	(1)	(15)	(2)	(5)
	Total Other Comprehensive Income	3	6	(3)	10
9	Total Comprehensive Income for the period (7 + 8)	(66)	(17)	(82)	(261)
	Profit /(loss) for the period attributable to:				
	a) Owners of the Company	(53)	(33)	(51)	(233)
	b) Non-controlling interest	(16)	10	(28)	(38)
	Other comprehensive income attributable to:				
	a) Owners of the Company	5	13	(6)	14
	b) Non-controlling interest	(2)	(7)	3	(4)
	Total comprehensive income attributable to:				
	a) Owners of the Company	(48)	(20)	(57)	(219)
	b) Non-controlling interest	(18)	3	(25)	(42)

Network18 Media & Investments Limited
Reported Consolidated Segment Information for the Quarter ended 30th June, 2017

(₹ in crores)

Particulars	Quarter ended			Year ended (Audited)
	30 th Jun'17	31 st Mar'17	30 th Jun'16	31 st Mar'17
1 Segment Revenue				
(a) Media operations	833	862	795	3,396
(b) Film production and distribution	3	46	19	92
(c) Others	-	-	-	-
Total	836	908	814	3,488
Less: Inter segment revenue	-	10	-	17
Total Segment Revenue	836	898	814	3,471
Less: Revenue related to associates and joint ventures	515	510	462	1,980
Revenue from Operations	321	388	352	1,491
2 Segment Results				
(a) Media operations	(58)	(73)	(64)	(273)
(b) Film production and distribution	(6)	7	(3)	0
(c) Others	-	-	-	-
Profit/ (Loss) before finance cost and tax	(64)	(66)	(67)	(273)
(a) Finance cost	(28)	(28)	(25)	(112)
(b) Other unallocable expenditure	(21)	(13)	(16)	(73)
(c) Interest Income	20	16	3	26
(d) Other unallocable income	23	44	22	73
3 Loss before tax (including associates and joint ventures)	(70)	(47)	(83)	(359)
Less: Profit/ (Loss) before tax of associates and joint ventures	3	(70)	2	(116)
4 Profit/ (Loss) before tax (excluding associates and joint ventures)	(73)	23	(85)	(243)
5 Share of Profit/ (Loss) of associates and joint ventures	14	(23)	7	(18)
6 Profit/ (Loss) before tax	(59)	(0)	(78)	(261)
7 Tax Expense	10	23	1	10
8 Profit/ (Loss) before non- controlling interest	(69)	(23)	(79)	(271)
9 Less: Non-controlling Interest	(16)	10	(28)	(38)
10 Profit/ (Loss) after taxes, non-controlling interest and share of profit/ (loss) of associates and joint ventures	(53)	(33)	(51)	(233)
11 Segment Assets				
(a) Media operations	4,728	4,432	5,678	4,432
(b) Film production and distribution	260	258	264	258
(c) Others	9	9	9	9
(d) Unallocable assets	1,418	1,568	1,193	1,568
Total Segment Assets	6,415	6,267	7,144	6,267
12 Segment Liabilities				
(a) Media operations	1,369	1,232	1,787	1,232
(b) Film production and distribution	30	26	25	26
(c) Others	1	1	1	1
(d) Unallocable liabilities	1,835	1,763	1,495	1,763
Total Segment Liabilities	3,235	3,022	3,308	3,022

The segment information has been prepared in line with the review of operating results by the chief operating decision maker (CODM) including the results of the entities which were hitherto consolidated under the previous GAAP but have now been accounted for under equity method of accounting under Ind AS. The Group considers these entities as part of 'Operating Segments' as defined under Ind AS 108. Accordingly, the difference between amounts reported as segment information and as per the Consolidated financial results relate to operations of these entities.

TV18 Broadcast Limited
Reported Consolidated Financial Performance for the Quarter ended 30th June, 2017

(₹ in crores)

	Particulars	Quarter ended			Year ended (Audited)
		30 th Jun'17	31 st Mar'17	30 th Jun'16	31 st Mar'17
1	Income				
	(a) Revenue from operations	219	279	211	979
	(b) Other income	8	19	10	43
	Total Income	227	298	221	1,022
2	Expenses				
	(a) Employee benefits expense	95	86	77	332
	(b) Marketing, distribution and promotional expense	51	57	53	208
	(c) Finance costs	4	5	5	22
	(d) Depreciation and amortisation expense	15	18	10	56
	(e) Other expenses	87	110	100	408
	Total Expenses	252	276	245	1,026
3	Profit/(Loss) before non-controlling interests/ share of profit of associate and joint ventures (1 - 2)	(25)	22	(24)	(4)
4	Share of profit of associate and joint ventures	19	4	7	35
5	Profit/ (Loss) before tax (3 + 4)	(6)	26	(17)	31
6	Tax Expense				
	(a) Current Tax	7	18	0	24
	(b) Deferred Tax	1	2	(1)	1
	Total tax expense	8	20	(1)	25
7	Profit/ (Loss) for the period (5 - 6)	(14)	6	(16)	6
8	Other Comprehensive Income				
	(a) Items that will not be reclassified to profit or loss	(4)	1	(2)	(2)
	(b) Income tax relating to items that will not be reclassified to profit or loss	0	(0)	-	(1)
	(c) Items that will be reclassified to profit or loss	(1)	(15)	8	(5)
	Total Other Comprehensive Income	(5)	(14)	6	(8)
9	Total Comprehensive Income for the period (7 + 8)	(19)	(8)	(10)	(2)
	Profit/ (Loss) for the period attributable to:				
	a) Owners of the Company	(12)	8	(13)	19
	b) Non-controlling interest	(2)	(2)	(3)	(13)
	Other comprehensive income attributable to:				
	a) Owners of the Company	(5)	(14)	6	(8)
	b) Non-controlling interest	(0)	(0)	(0)	(0)
	Total comprehensive income attributable to:				
	a) Owners of the Company	(17)	(6)	(7)	11
	b) Non-controlling interest	(2)	(2)	(3)	(13)

TV18 Broadcast Limited
Reported Consolidated Segment Information for the Quarter ended 30th June, 2017

(₹ in crores)

Particulars	Quarter ended		Year ended (Audited)	
	30 th Jun' 17	31 st Mar' 17	30 th Jun' 16	31 st Mar' 17
1 Segment Revenue				
(a) Media operations	624	679	582	2,602
(b) Film Production and Distribution	4	46	19	92
Total	628	725	601	2,694
Less: Inter Segment Revenue	-	10	-	17
Total Segment Revenue	628	715	601	2,677
Less: Revenue related to joint ventures	409	436	390	1,698
Revenue from Operations	219	279	211	979
2 Segment Results				
(a) Media operations	(11)	16	(8)	64
(b) Film Production and Distribution	(6)	7	(3)	0
Total	(17)	23	(11)	64
Add: Inter Segment eliminations	2	(1)	1	(2)
Profit/ (Loss) before finance cost and tax	(15)	22	(10)	62
Add:				
(a) Finance cost	(11)	(12)	(12)	(53)
(b) Un-allocable corporate expenses	(10)	(12)	(11)	(42)
(c) Interest income	21	9	9	33
(d) Un-allocable Income	6	14	3	21
3 Profit/ (Loss) before tax	(9)	21	(21)	21
Less: Profit/ (Loss) before tax of joint ventures	16	(1)	3	25
4 Profit/ (Loss) before tax (excluding joint ventures)	(25)	22	(24)	(4)
5 Share of profit of associate and joint ventures	19	4	7	35
6 Profit/ (Loss) before tax (4+5)	(6)	26	(17)	31
7 Tax expense	8	20	(1)	25
8 Profit/ (Loss) before non-controlling interest (6-7)	(14)	6	(16)	6
9 Less: Non-controlling interest	(2)	(2)	(3)	(13)
10 Profit/ (Loss) after taxes, non-controlling interest and share of profit of associate and joint ventures (8-9)	(12)	8	(13)	19
11 Segment Assets				
(a) Media operations	4,005	3,784	4,344	3,784
(b) Film Production and Distribution	260	258	264	258
(c) Unallocated	816	860	1,055	860
Sub-Total	5,081	4,902	5,663	4,902
Inter segment elimination	(28)	(32)	(33)	(32)
Total Segment Assets	5,053	4,870	5,630	4,870
12 Segment Liabilities				
(a) Media operations	1,006	878	914	878
(b) Film Production and Distribution	30	26	25	26
(c) Unallocated	676	618	674	618
Sub-Total	1,712	1,522	1,613	1,522
Inter segment elimination	(2)	(3)	(3)	(3)
Total Segment Liabilities	1,710	1,519	1,610	1,519

The Segment Information has been prepared in line with the review of operating results by the chief operating decision maker (CODM) including the results of the joint ventures which were hitherto consolidated using proportionate consolidation method under the previous GAAP but have now been accounted for under equity method of accounting under Ind AS. The Group considers these joint ventures as part of 'Operating Segments' as defined under Ind AS 108. Accordingly, the difference between amounts reported as segment information and as per the Consolidated financial results relate to operations of joint ventures.

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 Q1 FY18.

For further information on business and operations, please contact:

Abhishek Agarwal,
Network18 Media & Investments Limited
E-mail: abhishek.agarwal@nw18.com

Further information on the company is available on its website www.network18online.com

Network 18

