

## EARNINGS RELEASE: Q1 2018-19

Mumbai, 24<sup>th</sup> July, 2018 – Network18 Media & Investments Limited today announced its results for the quarter ended 30<sup>th</sup> June 2018.

### Summary Consolidated Financials

(restated for current structure of ownership)	Q1FY19	Q1FY18	Growth
Consolidated Operating Revenue (Rs Cr)	1,124	1,025	10%
Consolidated Operating EBITDA (Rs Cr)	18	-2	NM

**Network18 reported a consolidated operating EBITDA of Rs. 18 crores in Q1FY19 (a sharp turnaround YoY), led by improved profitability of broadcast business; despite gestation losses of Colors Tamil. Business-as-usual EBITDA margin for Entertainment business improved significantly, and losses in Regional News also reduced. Consolidated operating revenues at Rs 1,124 crores grew 10% YoY (on a comparable basis).**

### Highlights for the quarter

- **The industry environment has been recovering**, and advertising is on an upswing in general. Sentiment has been positive as growth revives in the new financial year, tempered in part by macro-factors like hardening interest rates and a depreciating INR.
- **Broadcast subsidiary TV18 posted 11% total revenue growth on a comparable basis:** Subscription revenues for our entire bouquet grew 10% YoY. Advertising and other revenues benefitted from the improving industry environment and our full-portfolio offering.
- **TV18's News bouquet (20 channels) is #1; News viewership share rose to 10.3%:** TV18's News bouquet gained viewership share (driven by Hindi and Regional channels) to emerge as the top news network in India. Business News maintained its growth by virtue of its industry-leading position, and General News continued to be driven by stellar performance of our Hindi News channel. Regional News revenues grew smartly after a prolonged weakness; led by improved channel performance, integrated approach (including branding) and tailwinds from government/election-related spending. Infotainment has been growing well too, helped by History TV18's new HD feed and digital extensions. All these led to an overall improvement in profitability, especially as losses in regional news fell sharply YoY on a fairly stable cost-base.
- **Viacom18 bouquet's (30 channels) share of entertainment viewership rose to 11.4%:** Colors ended the quarter as the leader in the pay-GEC charts in urban. Regional GECs in Marathi and Kannada gained, while Gujarati and Bengali too saw much improved monetization. A solid show by Kids channels and MTV Beats offset genre weakness in English entertainment and Youth.

Business-as-usual margins more than doubled: Entertainment topline growth has been constrained by lower hours of non-fiction programming and lesser film premieres compared to the base quarter, and a late start for season 3 of marquee franchise "Naagin" which has been the #1 fiction show. The tweaks in programming have resulted in an improvement in EBITDA margins for the business. Adjusting for the Rs 34 Cr losses of Colors Tamil in Q1, business-as-usual margins for Entertainment have expanded from sub-4% to 8.3%.

- **Network18 digital content properties reach 31% of total news consumption audience:** The overall Network18 Digital, Print & Others revenue declined due to lower programming executed by 100%-owned content producer Colosceum. Network18's digital revenues from prime properties MoneyControl, News18 & Firstpost grew 22% YoY to Rs 33 Cr in Q1. Overall, Network18 Digital has risen to #2 in terms of user engagement, in the digital news category.
- **BookMyShow to raise US\$ 100mn Series D funding:** Category-defining entertainment-ticketing platform BookMyShow (Bigtree Entertainment Pvt. Ltd) has executed definitive documents to raise US\$ 100 million in its Series D funding led by TPG Growth, the middle market and growth equity investment platform of TPG- the global private investment firm. Network18 also participated in the round, and remains the largest shareholder in BookMyShow.

**Mr. Adil Zainulbhai, Chairman of Network18, said:** *"We have begun the new fiscal with improved viewership across our portfolio, which shall be the foundation for our growth plans. We continued investments in regional news and entertainment and in digital. We continue to see opportunities in the media space."*

### Financials for the quarter

#### Network18 Consolidated - restated for current structure of ownership

OPERATING REVENUES (Rs Cr)	Q1FY19	Q1FY18	Growth
A) Business + General News (TV18 standalone)	173	153	14%
B) Regional News (ex IBN-Lokmat) + Infotainment	83	67	24%
C) Entertainment (Viacom18+Indiacast)	832	759	10%
<b>D) TV18 Consolidated</b>	<b>1,088</b>	<b>979</b>	<b>11%</b>
includes: Subscription	301	273	10%
E) NW18 Digital, Print & Others	36	46	-22%
<b>F) Network18 Consolidated</b>	<b>1,124</b>	<b>1,025</b>	<b>10%</b>

OPERATING EBITDA (Rs Cr)	Q1FY19	Q1FY18	Growth
A) Business + General News (TV18 standalone)	26	23	13%
B) Regional News (ex IBN-Lokmat) + Infotainment	-22	-37	NM
C) Entertainment (Viacom18+Indiacast)	35	28	25%
<b>D) TV18 Consolidated</b>	<b>39</b>	<b>14</b>	<b>179%</b>
E) NW18 Digital, Print & Others	-21	-16	NM
<b>F) Network18 Consolidated</b>	<b>18</b>	<b>-2</b>	<b>NM</b>

\* Viacom18 & Indiacast became subsidiaries of TV18 from 28<sup>th</sup> February 2018 and are consolidated into TV18/Network18 financials from 1<sup>st</sup> March 2018. HomeShop18 has ceased to be a subsidiary of Network18 from 15<sup>th</sup> February 2018 as a result of its acquisition of ShopCJ through a share-swap ([Link to press release](#)). For a better understanding of group performance and comparability considering these corporate actions, the financials in this release are being restated and represented by consolidating Viacom18 & Indiacast and excluding HomeShop18 throughout.

## Business Performance

### ■ Network18 - Television Operations

Network18's listed subsidiary TV18 owns and operates the largest network of channels – 53 in India spanning news and entertainment. We also cater to the Indian diaspora globally through 16 international feeds.

#### ○ News – National & Regional

- **TV18 News bouquet's overall viewership grew to 10.3%** of the news universe, overtaking all competitors. The bouquet has the largest number of new channels in India, and it reaches an industry-leading 670 mn people.
- **CNBC TV18 maintained #1 rank** in the English Business News genre with **66% market share** in Q1 FY19. During market hours (Weekdays, 8 AM to 4 PM) CNBC TV18 maintained an even higher share of 72% and was #1 in the genre.
- **CNBC Awaaz** continues to be dominant in the Hindi Business News genre **with 68% market share**. During Trading Hours (8 AM to 4 PM on weekdays), CNBC Awaaz maintained 70% market share in the genre.
- **CNN News18 garnered 9.2% Market share** in All India & ranked #4.
- News18 India was amongst the top 4 Hindi News Channels in HSM in Q1 FY19 with 11.9% market share. In Q1 FY19, **News18 India continues to be the channel of choice in the key Evening Prime Time** in HSM Mega Cities where it was #1 amongst competition (18.1% time-band share).
- Our Regional News cluster (including News18 Lokmat) has the **highest reach and viewership in the country**; with 597 Mn audiences tuning into the network and viewership share which has **risen further to 4.7%**. News18 Rajasthan continues to be the leader #1 in the genre, with more than 75% market share.

#### ○ Entertainment – National, Regional & Digital

- Flagship pay-GEC Colors ended the quarter as a leader in **Urban HSM**. **During the quarter, the channel averaged a ~17% viewership share in urban pay GECs**, and had an 8.3% overall viewership share in Urban+Rural. The new fiction launch 'Naagin Season 3', witnessed the highest opening for any fiction launch across Hindi GECs. 'Dance Deewane', opened with average viewership of 7.6million, highest across any dance show format.
- **Rishtey Cineplex remained a solid #3 in the cluttered Hindi movie genre** with a 9.2% viewership share. The channel was launched in Q1FY17 with a relatively small movie-library and has scaled up very well riding on smartly curated content and FTA delivery model; leading to a break-even within 1.5 years of launch.

- Nick continues its leadership in the Kids genre, with a 17.1% share of viewership. **Between Nick, Sonic and Nick Jr, our Kids portfolio commanded a 27.3% market-share.** Moving beyond TV, Nickelodeon Children's Film Festival, a first of its kind event was held at INOX across 13 cities in 21 cinema screens, where our top 5 TV movies were displayed.
  - **In English entertainment, Viacom18 channels continue to occupy the top three positions,** with their combined viewership shares at 58.5%. Comedy Central and VH1 rank #1 (24 %) and #2 (20.8%) respectively; while Colors Infinity has a ~13.6% share to rank #3.
  - **MTV is the leader in youth channels,** with 30.6% viewership. New shows MTV Dating in the Dark and LoveSchool Season 3 were launched.
  - MTV Beats continued on its growth trajectory as **the fastest growing Hindi music channel,** with viewership share rising to 14.3% viewership share in a crowded category. It celebrated "Musical June" with special programming across 30 days with 30 artists like Kailash Kher, Sonu Nigam etc.
  - VOOT, Viacom18's Over The Top (OTT) exclusive digital video destination is the #2 broadcaster OTT in the country. **VOOT gross downloads have risen to ~80mn, and average daily viewership is 40+ minutes.**
  - **Colors Kannada continues its strong #1 position** in Kannada regional entertainment with a 33.1% market share, and 6 of the top 10 shows. Colors Super (2<sup>nd</sup> Kannada GEC, launched in July 2016) garnered another 7.7% viewership, taking the Viacom18 portfolio's genre share to a dominant ~41%.
  - Colors Marathi maintained its #2 position in the genre, with viewership share rising to 19.5%. Big Boss Marathi boosted the channel profile and monetization.
  - **Colors Bangla is the fastest growing Bengali GEC,** maintaining its #3 spot.
  - **Colors Tamil has carved out 4-5% viewership share** in the most competitive regional market, driven by its cinematic content and urban pull.
- **Infotainment – Factual entertainment & Lifestyle**
- In Megacities, History TV18 ranks 2nd in the Factual entertainment genre. History TV18 HD ranks #1 amongst HD channels in the genre, with a market share of 24%.
  - In Megacities, FYI TV18 ranked #1 channel in the Lifestyle genre, taking 31.5% market share.

*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 emerged as a #2 player in the digital news / information category with ~79 mn unique visitors (UVs) across devices spending a total of ~2 bn minutes. The cohort of sites have become a clear # 2 player on mobile with 68 mn UVs.

### **MoneyControl**

- Moneycontrol has consolidated its position as India's leading business and finance destination in the digital landscape with a traffic of 18 mn monthly active users (MAU) and 0.5 billion page views on web and M-site in May'18
- Moneycontrol app continues to remain best-in-class, with a record ~3 mn MAUs. The app continues to rank #1 in India with over 3x users compared to its closest competitor

### **News 18.com (erstwhile Iblive.com and Pradesh18.com)**

- In under 2 years of operations, News18.com as a whole has managed to garner 100 mn users across devices.
- News18.com continues to maintain the growth momentum in with UV's doubling YoY. Our performance is also reflected in competitor rankings with News18 maintaining its #3 position in monthly users in Q1'FY19
- With the launch of News18.com in Telugu and Malayalam, it now has presence across 9 languages

### **Firstpost**

- Firstpost with its digital-first orientation continues to show growth in traffic; Q1'FY19 Avg. UV's have grown by 64% over Q4'FY18 average UV's
- Performance is also reflected in competitor rankings with Firstpost now becoming 4th most read digital news site across mobile and desktop
- Firstpost achieved all-time high UV's of 36 mn on account of extensive coverage of Karnataka Elections

### **CNBCTV18.com**

- Network18 launched CNBC TV18.com; the digital counterpart of its flagship business news brand CNBC-TV18 on 6<sup>th</sup> April, 2018. CNBC TV18.com is a premium digital platform offering a mix of original and smartly curated coverage of news, analysis and trends about the stock market, business and economy.

*All traffic information as per latest available Comscore data.*

- **Digital Commerce**

- **BookMyShow**

- During the quarter, ~ 5.4 million bookmyshow apps have been installed.
    - BMS managed ticketing & operations for prestigious IPL tournament Season 11 with 4 IPL Teams namely Rajasthan Royals , Chennai Super kings , Mumbai Indians & Kolkata knight riders along with all venue Accreditation management for all matches including Play offs.
    - BMS successfully managed Season 1 of theatrical production Disney Aladdin at Mumbai in April –May 2018 with an average occupancy of ~ 90%.

- **HomeShop18**

- HomeShop18 has combined with another leading TV shopping platform ShopCJ to improve their standing in the competitive digital commerce space; Multiple synergies (sourcing, marketing, distribution) can be exploited as a result of this combination, which has created the de facto largest TV shopping platform in India. While HomeShop18 has ceased to be a subsidiary of Network18 from 15th February 2018 as a result, Network18 continues as the largest shareholder in the combined entity (Link to press release).
    - HomeShop18 continues to face headwinds, as competitive pressure has been exacerbated by vendor supply issues in the recent past. Nevertheless, the process of right-sizing of costs, integration of platforms 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 30<sup>th</sup> June, 2018

(₹ in crore)

	Particulars	Quarter ended			Year ended (Audited)
		30 <sup>th</sup> Jun'18	31 <sup>st</sup> Mar'18	30 <sup>th</sup> Jun'17	31 <sup>st</sup> Mar'18
<b>1</b>	<b>Income</b>				
	Value of sales and services	1,304	939	321	2,068
	Goods and Services Tax included in above	180	114	-	229
	Revenue from operations	1,124	825	321	1,839
	Other income	(30)	20	15	113
	<b>Total Income</b>	<b>1,094</b>	<b>845</b>	<b>336</b>	<b>1,952</b>
<b>2</b>	<b>Expenses</b>				
	Cost of materials consumed and traded goods sold	1	1	1	6
	Operational costs	517	377	62	577
	Marketing, distribution and promotional expense	189	159	91	418
	Employee benefits expense	271	175	133	570
	Finance costs	41	30	21	96
	Depreciation and amortisation expense	35	26	21	89
	Other expenses	128	83	80	311
	<b>Total Expenses</b>	<b>1,182</b>	<b>851</b>	<b>409</b>	<b>2,067</b>
<b>3</b>	<b>Profit/ (loss) before share of profit/(loss) of associates and joint ventures, exceptional items and tax (1 - 2)</b>	<b>(88)</b>	<b>(6)</b>	<b>(73)</b>	<b>(115)</b>
<b>4</b>	Share of profit/ (loss) of associates and joint ventures	(14)	(19)	14	3
<b>5</b>	<b>Profit/ (loss) before exceptional items and tax (3 + 4)</b>	<b>(102)</b>	<b>(25)</b>	<b>(59)</b>	<b>(112)</b>
<b>6</b>	Exceptional items	-	-	-	-
<b>7</b>	<b>Profit/ (loss) before tax (5 - 6)</b>	<b>(102)</b>	<b>(25)</b>	<b>(59)</b>	<b>(112)</b>
<b>8</b>	<b>Tax expense</b>				
	Current tax	12	19	9	61
	Deferred tax	(1)	0	1	(0)
	Short provision for tax relating to earlier years	-	1	0	1
	<b>Total tax expense</b>	<b>11</b>	<b>20</b>	<b>10</b>	<b>62</b>
<b>9</b>	<b>Profit/ (loss) for the period (7 - 8)</b>	<b>(113)</b>	<b>(45)</b>	<b>(69)</b>	<b>(174)</b>
<b>10</b>	<b>Other Comprehensive Income</b>				
	(i) Items that will not be reclassified to profit or loss	(2)	17	4	5
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0	(0)	0	(0)
	(iii) Items that will be reclassified to profit or loss	20	7	(1)	2
	<b>Total Other Comprehensive Income</b>	<b>18</b>	<b>24</b>	<b>3</b>	<b>7</b>
<b>11</b>	<b>Total Comprehensive Income for the period (9 + 10)</b>	<b>(95)</b>	<b>(21)</b>	<b>(66)</b>	<b>(167)</b>
	<b>Profit/ (loss) for the period attributable to:</b>				
	(a) Owners of the Company	(113)	(46)	(53)	(154)
	(b) Non-controlling interest	(0)	1	(16)	(20)
	<b>Other comprehensive income attributable to:</b>				
	(a) Owners of the Company	9	20	5	5
	(b) Non-controlling interest	9	4	(2)	2
	<b>Total comprehensive income attributable to:</b>				
	(a) Owners of the Company	(104)	(26)	(48)	(149)
	(b) Non-controlling interest	9	5	(18)	(18)

**TV18 Broadcast Limited**  
**Reported Consolidated Financial Performance for the Quarter ended 30<sup>th</sup> June, 2018**  
(₹ in crore)

	Particulars	Quarter ended			Year ended (Audited)
		30 <sup>th</sup> Jun'18	31 <sup>st</sup> Mar'18	30 <sup>th</sup> Jun'17	31 <sup>st</sup> Mar'18
<b>1</b>	<b>Income</b>				
	Value of sales and services	1,264	863	219	1,665
	Goods and Services Tax included in above	176	105	-	190
	Revenue from operations	1,088	758	219	1,475
	Other income	8	7	8	29
	<b>Total Income</b>	<b>1,096</b>	<b>765</b>	<b>227</b>	<b>1,504</b>
<b>2</b>	<b>Expenses</b>				
	Operational costs	511	356	39	493
	Marketing, distribution and promotional expense	184	142	51	282
	Employee benefits expense	240	142	95	429
	Finance costs	18	11	4	27
	Depreciation and amortisation expense	33	23	15	69
	Other expenses	114	79	48	213
	<b>Total Expenses</b>	<b>1,100</b>	<b>753</b>	<b>252</b>	<b>1,513</b>
<b>3</b>	<b>Profit/ (loss) before share of profit of associate and joint ventures, exceptional items and tax (1 - 2)</b>	<b>(4)</b>	<b>12</b>	<b>(25)</b>	<b>(9)</b>
<b>4</b>	Share of profit of associate and joint ventures	7	5	19	69
<b>5</b>	<b>Profit/ (loss) before exceptional items and tax (3 + 4)</b>	<b>3</b>	<b>17</b>	<b>(6)</b>	<b>60</b>
<b>6</b>	Exceptional items	-	-	-	-
<b>7</b>	<b>Profit/ (loss) before Tax (5 - 6)</b>	<b>3</b>	<b>17</b>	<b>(6)</b>	<b>60</b>
<b>8</b>	<b>Tax expense</b>				
	Current tax	11	19	7	53
	Deferred tax	(1)	(1)	1	(1)
	<b>Total tax expense</b>	<b>10</b>	<b>18</b>	<b>8</b>	<b>52</b>
<b>9</b>	<b>Profit/ (loss) for the period (7 - 8)</b>	<b>(7)</b>	<b>(1)</b>	<b>(14)</b>	<b>8</b>
<b>10</b>	<b>Other Comprehensive Income</b>				
	(i) Items that will not be reclassified to profit or loss	1	1	(4)	0
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0	(0)	0	(0)
	(iii) Items that will be reclassified to profit or loss	19	6	(1)	1
	<b>Total Other Comprehensive Income</b>	<b>20</b>	<b>7</b>	<b>(5)</b>	<b>1</b>
<b>11</b>	<b>Total Comprehensive Income for the period (9 + 10)</b>	<b>13</b>	<b>6</b>	<b>(19)</b>	<b>9</b>
	<b>Profit/ (loss) for the period attributable to:</b>				
	(a) Owners of the Company	(12)	(3)	(12)	9
	(b) Non-controlling interest	5	2	(2)	(1)
	<b>Other comprehensive income attributable to:</b>				
	(a) Owners of the Company	20	6	(5)	1
	(b) Non-controlling interest	(0)	1	(0)	(0)
	<b>Total comprehensive income attributable to:</b>				
	(a) Owners of the Company	8	3	(17)	10
	(b) Non-controlling interest	5	3	(2)	(1)



**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](http://www.network18online.com). This update covers the company's financial performance for Q1 FY19.

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Further information on the company is available on its website [www.network18online.com](http://www.network18online.com)

# Network 18

