

EARNINGS RELEASE: Q1 2019-20

Mumbai, 16th July, 2019 – Network18 Media & Investments Limited today announced its results for the quarter ended 30th June 2019.

Summary Consolidated Financials

Q1FY20 revenues grew 11% YoY amidst a weak advertising environment, led by election advertising and strong growth in subscription income post implementation of new tariff order (NTO). EBITDA jumped sharply on operating leverage accentuated by cost controls.

	Q1FY20	Q1FY19	Growth
Consolidated Operating Revenue (Rs Cr)	1,245	1,124	11%
Consolidated Operating EBITDA (Rs Cr)	46	19	137%

Highlights for the quarter

- **The ad-environment has been tepid**, led by advertisers paring spends amidst weak markets/macro/regulatory flux, and concentration of advertising around sports. However, news (both broadcast and digital) benefitted from election-related advertising during the quarter. We expect the environment to pivot as we head into the festive season.
- **New Tariff Order (NTO) implementation pains have smoothed** as the value-chain adjusts to the new regime, and our subscription income has received a boost. Nevertheless, some flux in distribution and viewership is lingering, which we expect to taper away in the near term. As consumers make their pack/channel choices, we believe that strong content propositions and distinctive brands will continue to gain traction. Our bouquet is well-placed to benefit, through leading channels and improved distribution tie-ups.
- **Shift of Free-to-Air (FTA) Hindi general entertainment channels** out of the DD Freedish platform and conversion to Pay has impacted viewership (and consequently ad-monetisation) for those channels. All top 4 broadcasters have faced a drop of 2-5% viewership and consequent revenues. Similarly, viewership share for our Hindi news channel (as well as some others) which have chosen to be Pay has been impacted, versus peers which have chosen to be FTA. We continue to maintain portfolio ranks vs even FTA peers, despite being a pay network.
- **News bouquet (20 channels) maintained its #1 position.** TV18's Q1 viewership share in news was 10.1%, up from 9.3% post NTO implementation.
 - Election ad-spends and subscription boost drove revenue: General news revenues were buoyed by election related advertising, especially in Hindi. Business news revenue growth has continued to face genre pressures due to weak markets.
 - Sharp turnaround in EBITDA: Overall, from an EBITDA loss last year, Q1FY20 has seen a major leap in profitability. This has been driven by election-advertising as well as continued reduction in Regional News gestation losses, on operating leverage as well as cost controls.
- **Entertainment bouquet (Viacom18's 32 channels + AETN18's 4 infotainment channels) is #3 amongst national players:** TV18's entertainment Q1 viewership share was 9.1%. Post NTO and shift from Freedish, aggregate viewership share of top 4 broadcasters (including sports impact) have fallen by ~9% to ~55%. Major events driving Sports viewership have also contributed to this decline during Q1.

- Entertainment revenue rose 5% amidst weakness in overall ad-spends and a sharp reduction in ad-revenue of channels shifted from FTA to Pay. Niche genres witnessed robust growth, underscoring our strength in Kids and Youth genres, and the virtues of a full portfolio offering.
 - Regional entertainment channels in Marathi, Gujarati and Kannada movies gained strength. Following up on the launch of regional movie channel Colors Kannada Cinema last quarter, we launched Colors Gujarati Cinema to further cement our portfolio leadership in these regions, and sweat our movie library better.
 - Improved subscription income and cost controls raised EBITDA 40% YoY: Operating loss of new initiatives (regional movie channels and VOOT expansions) was Rs 11 Cr for Q1. Adjusting for these, BAU EBITDA was Rs 68 Cr, up 66% YoY. BAU margins for Entertainment grew to 7.5% from 4.8% in Q1FY19.
- **Network18 digital is #2 in digital news / information category with ~166 mn unique visitors**
- Network18 digital revenues grew 34% YoY to Rs 47 Cr. Growing ad-spends in News18.com (especially vernacular) boosted revenues amidst a tepid environment.
 - Operating margin fell due to losses of FirstPost Print and marketing of CricketNext around IPL and the Cricket World Cup (Rs 6 Cr in total), revamp of IN.com, and extension of MoneyControl into subscription models.
 - The rising strength of the News18.com brand and the tailwinds in vernacular consumption have helped News18 languages grow at an industry-leading pace, with 46% QoQ rise in viewership.
- During the quarter, HomeShop (erstwhile HomeShop18, an independently-operated associate of Network18) had raised a fresh round of funding from a new investor. The existing investors including Network18 did not participate in the round; and thereby got diluted to an insignificant minority and HomeShop ceased to be an associate of Network18 effective 6th June 2019. Exceptional items for the quarter ended 30th June, 2019 represents impairment of investments in Homeshop. Network18 has since then sold the residual shareholding, thus completely exiting Homeshop.

Mr. Adil Zainulbhai, Chairman of Network18, said: *“Amidst a challenging advertising environment and the implementation of a new tariff regime, we have continued to focus on creating great content for all media. Our regional portfolio continues to grow across both broadcasting and digital, and we believe that the connect our growing brands enjoy with the diverse Indian populace shall stand us in good stead.”*

Financials for the quarter

OPERATING REVENUES (Rs Cr)	Q1FY20	Q1FY19	Growth
A) News (TV18 Standalone) @	298	232	29%
B) Entertainment (Viacom18+AETN18+Indiacast) *	899	857	5%
C) TV18 Consolidated	1,198	1,088	10%
includes: Subscription	424	286	48%
D) Digital, Print, Others & Intercompany elim.	48	36	32%
E) Network18 Consolidated	1,245	1,124	11%

OPERATING EBITDA (Rs Cr) #	Q1FY20	Q1FY19	Growth
A) News (TV18 Standalone) @	20	-1	NM
B) Entertainment (Viacom18+AETN18+Indiacast) *	57	41	40%
C) TV18 Consolidated	77	39	96%
D) Digital, Print, Others & Intercompany elim.	-31	-20	NM
E) Network18 Consolidated	46	19	137%

@ 100% subsidiaries of TV18 and Network18 were merged into the respective parent as per scheme of arrangement effective from 1st Apr 2016, which came into force from 1st Dec 2018. Q1FY19 financials are restated here for comparability.

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

Accounting Standard IndAS 116 on Lease Accounting has been implemented w.e.f. 1st April 2019 and the Interest cost and Depreciation during the period is higher while operating costs are lower by similar amount.

➤ Business Performance

■ Network18 - Television Operations

Network18's listed subsidiary TV18 owns and operates the broadest network of channels – 56 in India spanning news and entertainment. One in every 2 Indians is a consumer of our broadcast content. We also cater to the Indian diaspora globally through 16 international channels.

- **News – National & Regional** (20 domestic channels)
 - TV18 is the biggest News network in terms of market share as well as reach. The bouquet has the largest number of news channels in India, and reached an industry-leading 539 mn viewers in Q1.
 - CNBC TV18 maintained #1 rank in the English Business News genre with 51.3% market share in Q1 FY20. During market hours (Weekdays, 8 AM to 4 PM) CNBC TV18 maintained an even higher share of 60%.
 - CNBC Awaaz continued its clear leadership in the Hindi Business News genre with 68% market share.
 - News18 India garnered a 12% market share in HSM. Its performance in mega-cities was even better, with a genre-share of 13.7%, ranking #3.
 - CNN News18 garnered 19.2% market share & ranked #3 in Q1 FY20.
 - Our Regional News cluster has the highest reach (429 mn viewers in Q1) and viewership in the country amongst regional news peers. News18 Rajasthan and UP/Uttarakhand continued their #1 and #2 rank in their respective regions.
- **Entertainment – National, Regional & Digital** (32 domestic channels)
 - Flagship GEC Colors was #3 pay-GEC in Urban HSM, **with a ~16.4% viewership share**. Viewership share across all GECs in Urban+Rural was 12%. 'Naagin Season 3', continues to be the #1 fiction show across Hindi GECs. Key shows launched include Dance Deewane S2 and Kawach S2.
 - **Colors Cineplex launched on 1st Mar 2019** after shifting FTA channel Rishtey Cineplex from Freedish, as a full-fledged premium pay Hindi movie channel. The channel is under ramp-up and has a 3.5% viewership share, and premiered 11 new movies (world trade premieres) during the quarter.
 - Nick continues to reign as #1 in the Kids genre, with 18.8% share of viewership. **Between Nick, Sonic and Nick Jr, our Kids portfolio commanded a 33% market-share**, clearly ahead of peers.
 - **In English entertainment genre, Viacom18 channels continue to occupy the top positions**, with their combined viewership shares rising to 57%. Comedy Central and VH1 rank #1 (27%) and #2 (24%) respectively; while Colors Infinity has a ~6% share to rank #3.

- MTV is the #1 Youth channel with a 38% viewership share.
 - **MTV Beats has a 15% viewership share**, and ranks #4 in a crowded category. The channel continues to remain on DD Freedish, as a 24x7 Bollywood music property which has captured the minds of urban and rural India alike.
 - VOOT, Viacom18's Over The Top (OTT) exclusive digital video destination has seen gross downloads rise to ~150mn. Its **average daily viewership of 45+ minutes that is the highest amongst broadcaster-OTT apps.**
 - Launched Feet Up with the Stars 2 which garnered 20 Mn views
 - Launched Voot Original 'Fuh Se Fantasy' which garnered 45 Mn+ views
 - Voot Kids, a multi-faceted watch-play-and-learn destination aimed at Kids, was soft-launched in June'19. It's available on Google Playstore and will be soon available on App Store.
 - **Colors maintained its top position in Kannada market with 37% viewership share** (Colors Kannnda 27% + Colors Super 10%).
 - Colors Kannada Cinema was launched in late-Q2 to solidify our existing leadership, and is #2 with 22% share in Kannada movie genre.
 - Colors Marathi maintained its #2 rank in the genre, with viewership share jumping to 24% from 18% last quarter. Bigg Boss Marathi S2 was launched in May'19.
 - 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 released movies R.A.W (Romeo, Akbar, Walter) and Kaagar (Marathi).
- **Infotainment – Factual entertainment & Lifestyle** (4 channels)
- History TV18 has an overall market share of 16% (urban India share is higher at 18%) and ranks 2nd in the Factual genre. History TV18 HD ranks #1 in the Factual HD genre with a market share of 27%.
 - FYI TV18 has a market share of 49% in All India and is the #1 Lifestyle channel.

All viewership data is from BARC, in the respective genres.

■ Network18 - Digital

○ Digital Content

- Network18 Digital is the #2 player in the digital news / information category with ~166 mn unique visitors across all devices.

MoneyControl

- Moneycontrol app continues to remain best-in-class, with Industry leading active users and engagement
- Moneycontrol News saw a yet another strong quarter, driven by events such as Lok Sabha elections and IPL, among others. Average monthly users jumped 43 percent QoQ, making Moneycontrol the #2 M-site platform.
- The recently launched subscription product Moneycontrol Pro has seen significant traction with >85% growth in subscribers QoQ.

News 18.com

- News18.com (English+ Languages) is now a clear #2 player in general news category with 39% growth in unique visitors
- News 18 languages continues to see strong growth in page views of ~ 46% over previous quarter with Industry leading engagement on its site.
- News18 Assamese was launched in April, showing steady growth

Firstpost

- Firstpost with its extensive coverage of elections, cricket coupled with editorial initiatives on new segments has now emerged to be #5 player with viewership growing by 65% over last quarter

IN.com

- Launched Vanity Diaries; a branded video content show on the beauty secrets of stars
- Being true to our proposition of covering celebrities across different fields we launched Lifestyle Column & Stories: The Inside Track

Cricketnext.com

- India #3 Cricket website CricketNext saw its app debut in November-18. Extensive Coverage and coupled with special editorial initiatives for two key events in this period – IPL & World Cup led to Cricketnext becoming the 2nd most preferred destination on mobile

All traffic information as per latest available Comscore data.

Digital Commerce

○ BookMyShow

- During the quarter, ~ 6 million bookmyshow apps have been installed.
- In Movies Quarter 1 was dominated with few successful films like Kabir Singh, Bharat, DeDe Pyar de in Hindi. Maharshi, Jersey & Majili in Telugu & the Hollywood blockbuster Avengers End game in English & Lucifer in Malayalam leading the pack.
- BMS had collaborated with Feroz Abbas Khan productions for their successful play Mughal E Azam for its ticketing & production.
- BMS has successfully managed & executed the world-famous comedian & Netflix sensation Aziz Ansari's (Emmy Award winner & Golden Globe winner) first ever show in India.
- BMS also successfully managed ticketing & operations for prestigious IPL tournament Season 12 with 4 IPL Teams namely Rajasthan Royals, Chennai Super Kings, Mumbai Indians & Kolkata Knight Riders along with all venue Accreditation management.
- BMS will also manage ticketing & operations for the upcoming Pro Kabaddi League tournament with 4 out of 12 teams.

■ Network 18 - Print

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

FirstPost Print, the experimental, innovative weekly 'viewpaper' from our stable, was discontinued in June due to logistical issues.

Network18 Media & Investments Limited

Reported Consolidated Financial Performance for the Quarter ended 30th June, 2019

(₹ in crore)

	Particulars	Quarter ended			Year ended (Audited)
		30 th Jun'19	31 st Mar'19	30 th Jun'18	31 st Mar'19
1	Income				
	Value of sales and services	1,438	1,416	1,304	5,916
	Goods and Services Tax included in above	193	185	180	800
	Revenue from operations	1,245	1,231	1,124	5,116
	Other income	1	5	(30)	(48)
	Total Income	1,246	1,236	1,094	5,068
2	Expenses				
	Cost of materials consumed and traded goods sold	1	1	1	2
	Operational costs	574	616	517	2,466
	Marketing, distribution and promotional expense	252	247	189	876
	Employee benefits expense	272	270	271	1,096
	Finance costs	63	55	41	198
	Depreciation and amortisation expense	46	37	35	142
	Other expenses	100	85	127	465
	Total Expenses	1,308	1,311	1,181	5,245
3	Profit/ (loss) before share of profit/ (loss) of associates and joint ventures, exceptional items and tax (1 - 2)	(62)	(75)	(87)	(177)
4	Share of profit/ (loss) of associates and joint ventures	(11)	(17)	(14)	(54)
5	Profit/ (loss) before exceptional items and tax (3 + 4)	(73)	(92)	(101)	(231)
6	Exceptional items	50	-	-	-
7	Profit/ (loss) before tax (5 - 6)	(123)	(92)	(101)	(231)
8	Tax expense				
	Current tax	5	(18)	12	(56)
	Deferred tax	-	2	(1)	3
	Total tax expense	5	(16)	11	(53)
9	Profit/ (loss) for the period/ year (7 - 8)	(128)	(76)	(112)	(178)
10	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss	(18)	10	1	(19)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	0	0	0
	(iii) Items that will be reclassified to profit or loss	(1)	(1)	0	(1)
	Total Other Comprehensive Income	(19)	9	1	(20)
11	Total Comprehensive Income for the period/ year (9 + 10)	(147)	(67)	(111)	(198)
	Profit/ (loss) for the period/ year attributable to:				
	(a) Owners of the Company	(141)	(91)	(112)	(303)
	(b) Non-controlling interest	13	15	0	125
	Other comprehensive income attributable to:				
	(a) Owners of the Company	(19)	9	1	(15)
	(b) Non-controlling interest	0	0	0	(5)
	Total comprehensive income attributable to:				
	(a) Owners of the Company	(160)	(82)	(111)	(318)
	(b) Non-controlling interest	13	15	0	120

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 December, 2018.

TV18 Broadcast Limited
Reported Consolidated Financial Performance for the Quarter ended 30th June, 2019

(₹ in crore)

	Particulars	Quarter ended			Year ended (Audited)
		30 th Jun'19	31 st Mar'19	30 th Jun'18	31 st Mar'19
1	Income				
	Value of sales and services	1,386	1,361	1,264	5,723
	Goods and Services Tax included in above	188	180	176	780
	Revenue from operations	1,198	1,181	1,088	4,943
	Other income	33	15	8	35
	Total Income	1,231	1,196	1,096	4,978
2	Expenses				
	Operational costs	556	608	511	2,440
	Marketing, distribution and promotional expense	241	215	184	826
	Employee benefits expense	235	234	240	955
	Finance costs	36	29	18	101
	Depreciation and amortisation expense	43	34	33	132
	Other expenses	89	73	114	408
	Total Expenses	1,200	1,193	1,100	4,862
3	Profit/ (loss) before share of profit of associate and joint ventures, exceptional items and tax (1 - 2)	31	3	(4)	116
4	Share of profit of associate and joint ventures	12	10	7	36
5	Profit/ (loss) before exceptional items and tax (3 + 4)	43	13	3	152
6	Exceptional items	15	-	-	-
7	Profit/ (loss) before Tax (5 - 6)	28	13	3	152
8	Tax expense				
	Current tax	5	(19)	11	(61)
	Deferred tax	-	2	(1)	3
	Total tax expense	5	(17)	10	(58)
9	Profit/ (loss) for the period / year (7 - 8)	23	30	(7)	210
10	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss	0	0	1	(9)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	0	0	0
	(iii) Items that will be reclassified to profit or loss	0	0	0	0
	Total Other Comprehensive Income	0	0	1	(9)
11	Total Comprehensive Income for the period/ year (9 + 10)	23	30	(6)	201
	Profit/ (loss) for the period/ year attributable to:				
	(a) Owners of the Company	18	28	(13)	167
	(b) Non-controlling interest	5	2	6	43
	Other comprehensive income attributable to:				
	(a) Owners of the Company	0	0	1	(9)
	(b) Non-controlling interest	0	0	0	0
	Total comprehensive income attributable to:				
	(a) Owners of the Company	18	28	(12)	158
	(b) Non-controlling interest	5	2	6	43

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 December, 2018.

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.nw18.com. This update covers the company's financial performance for Q1 FY20.

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.nw18.com

Network 18

