

EARNINGS RELEASE: Q2 2019-20

Mumbai, 15th October, 2019 – Network18 Media & Investments Limited today announced its results for the quarter and half year ended 30th September 2019.

Summary Consolidated Financials

- **Q2 Subscription revenue rose 43% YoY**, advertising environment remained soft.
- **Cost optimizations boosted Q2 Entertainment EBITDA margins to 11.4% vs 9.9% last year**

| | Q2FY20 | Q2FY19 | Growth | H1FY20 | H1FY19 | Growth |
|--|--------|--------|--------|--------|--------|--------|
| Consolidated Operating Revenue (Rs Cr) | 1,174 | 1,237 | -5% | 2,419 | 2,361 | 2% |
| Consolidated Operating EBITDA (Rs Cr) | 77 | 93 | -17% | 124 | 112 | 10% |

Highlights for the quarter

- **Broadcast subscription tailwinds continue to benefit:** Our subscription income grew by 43% YoY in Q2, continuing the 48% growth YoY witnessed in Q1. The implementation of the new tariff order (NTO) has created a transparent and non-discriminatory B2C regime. Flux around the NTO has largely settled, though the cable segment continues to face some billing and reporting issues. Our domestic yields have improved, led by the strength of our bouquet as demonstrated by consumer choice for our channels and packs. Improved distribution tie-ups give our channel portfolio unparalleled reach across TV & Digital.
- **Green-shoots in late Q2 amidst general ad-weakness:** The advertising environment continued to remain tepid during much of the past quarter. Weak macro-economic trends dragged down consumer spends and depressed broader corporate appetite for above-the-line marketing activity. However, certain categories of new-economy advertisers were bright spots, and tailwinds in regional and digital consumption continued to attract attention. Ad-spends began to rise led by the advent of the festive season late in the quarter, and big-ticket programmes and events planned around the same. We are hopeful that Government policies aimed at stimulating demand shall aid the recovery as we head into H2.
- **News bouquet (20 channels) maintained its #1 position.** TV18's Q2 viewership share in news increased further to 10.9%, up from 10.1% in Q1 consolidating its leadership.
 - As election tailwinds witnessed in Q1 tapered off, Q2 operating revenue for News declined 2% YoY. Weakness in financial markets, lack of government ad-spending and limited international advertising compared with last year dragged growth.
 - Tight rein on costs kept Opex near-flat YoY. The News business remains firmly above break-even, as regional news bouquet continues to ramp-up and move towards profitability.
- **Entertainment bouquet (Viacom18's 32 channels + AETN18's 4 infotainment channels) is #3 amongst national players:** TV18's Q2 entertainment viewership share was 9.2%, vs 9.1% last quarter.
 - GECs impacted portfolio revenue growth; Digital picking up steam: Macro-weakness and shift of channels from DD Freedish to Pay ecosystem continues to drag ad-revenues of GECs for the entire industry. Pushing of some high-end content vs last year for better monetization (i.e. planned delay in the launch of Big Boss, shifting of IIFA awards to Q3, etc) makes the base not fully comparable.
 - Improved subscription income and cost controls raised EBITDA 7% YoY: Sharp pullback in broadcast costs through optimizations raised EBITDA margins to 11.4% vs 9.9% in Q2FY19. This is despite investments to the tune of Rs 13 Cr in regional movie channels (Kannada and

Gujarati Cinema) and paid-offerings (VOOT Kids & International). Excluding these, BAU margins improved to 12.9%. BAU margins include the impact of initiatives launched more than a year ago but are still in gestation, including Voot and Colors Tamil.

- **Digital-only subscription a nascent, high-growth area of impetus:** We have witnessed robust uptake for the subscription product MoneyControl Pro launched in Q1. The product underscores the impact of a strong brand and superior features at a class-leading price-point. Voot, the primary OTT VOD platform for the group, shall soon be launching its freemium version with offerings like digital exclusive and digital-first broadcast content as well as original content behind a pay-wall. Kids edutainment product Voot Kids was soft-launched in Q1 with a niche and highly differentiated offering, and shall be progressing to commercial operations behind a pay-wall in this fiscal.

- **Network18 digital is #2 in digital news / information category, has ~180 mn unique visitors**
 - Network18 digital revenues grew 10% YoY to Rs 46 Cr. Sharp display advertising growth in News18.com (especially vernacular) boosted revenues even amidst a tepid environment.
 - Operating margin fell due to operating losses of recently launched app CricketNext (Rs 4 Cr) and investments into the subscription model of MoneyControl, MC Pro.

Mr. Adil Zainulbhai, Chairman of Network18, said: *“Network18 successfully encapsulates News and Entertainment content, across National and Regional platforms, in both TV and Digital mediums. We are fully geared for a Digital world, with differentiated content available on integrated platforms on a pipe-agnostic basis. Impetus on seeding new business models and germinating fresh ideas are the hallmarks of our Digital business, which is backed by a TV content backbone that we continue to invest in.”*

Financials for the quarter

| OPERATING REVENUES (Rs Cr) | Q2FY20 | Q2FY19 | Growth | H1FY20 | H1FY19 | Growth |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| A) News (TV18 Standalone) @ | 262 | 269 | -2% | 560 | 500 | 12% |
| B) Entertainment (Viacom18+AETN18+Indiacast) * | 865 | 929 | -7% | 1,764 | 1,786 | -1% |
| C) TV18 Consolidated | 1,127 | 1,198 | -6% | 2,325 | 2,287 | 2% |
| includes: Subscription | 461 | 323 | 43% | 885 | 609 | 45% |
| D) Digital, Print, Others & Intercompany elim. | 47 | 39 | 20% | 94 | 75 | 26% |
| E) Network18 Consolidated | 1,174 | 1,237 | -5% | 2,419 | 2,361 | 2% |

| OPERATING EBITDA (Rs Cr) # | Q2FY20 | Q2FY19 | Growth | H1FY20 | H1FY19 | Growth |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| A) News (TV18 Standalone) @ | 7 | 16 | -57% | 27 | 14 | 88% |
| B) Entertainment (Viacom18+AETN18+Indiacast) * | 98 | 92 | 7% | 155 | 133 | 17% |
| C) TV18 Consolidated | 105 | 108 | -3% | 183 | 147 | 24% |
| D) Digital, Print, Others & Intercompany elim. | -28 | -15 | NM | -59 | -35 | NM |
| E) Network18 Consolidated | 77 | 93 | -17% | 124 | 112 | 10% |

@ 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 Nov 2018. H1FY19 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 543 mn viewers in Q2.
 - CNBC TV18 maintained #1 rank in the English Business News genre with 54% market share in Q2 FY20. During market hours (Weekdays, 8 AM to 4 PM) CNBC TV18 maintained an even higher share of 59%.
 - CNBC Awaaz continued its clear leadership in the Hindi Business News genre with 64.8% market share.
 - News18 India garnered a 12.2% market share in HSM. Its performance in mega-cities was even better, with a genre-share of 13.2%, ranking #3.
 - CNN News18 garnered 13.8% market share & ranked #3 in Q2 FY20.
 - Our Regional News cluster has the highest reach (434 mn viewers in Q2) and viewership in the country amongst regional news peers. News18 Rajasthan maintained its clear leadership with 46% share. News18 Bihar and UP/Uttarakhand continued their #2 rank in their respective regions, while News18 MP/Chattisgarh rose to #2 position.
- **Entertainment – National, Regional & Digital** (32 domestic channels)
 - Flagship GEC **Colors** has a **15.1% urban viewership share**. Viewership share across all GECs in Urban+Rural was 12%. The channel ranked #2 in weekend primetime. Season 13 of tentpole **Big Boss was launched in late Sep-19, boosting the channel's rank to #2 in pay-GECs in Week 40**.
 - **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 viewership share has risen to 4.1%.
 - Nick continues to reign as #1 in the Kids genre, with an increased 20% share of genre viewership. Sonic also rose to #2, with an 11.1% share. **Between Nick, Sonic and Nick Jr, our Kids portfolio commanded a 34.5% market-share**, clearly much ahead of peers.

- **In English entertainment genre, Viacom18 channels continue to occupy the top positions**, with their combined viewership shares at 48.5%. Comedy Central and VH1 rank #2 (22%) and #1 (22%) respectively; while Colors Infinity has a ~4% share.
- MTV is the #1 Youth channel with a 44% viewership share.
- **MTV Beats has a ~14% 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 ~170mn. Its **average daily viewership of 45+ minutes that is the highest amongst broadcaster-OTT apps.**
 - Launched 'Colors Telugu' on Voot as a digital-first channel. Released original show 'Feet Up with the Stars Telugu'
 - Bigg Boss S13 garnered 78 Mn views in just 10 days on Voot
- Voot Kids, a multi-faceted watch-play-and-learn destination aimed at Kids, was soft-launched in June'19.
- **Our Kannada GEC portfolio was #2 in the region with 32% viewership share** (Colors Kannada 23% + Colors Super 9%).
- 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 strong #2 rank in the genre, with viewership share at 22%. Bigg Boss Marathi S2 has garnered around 45% higher viewership as compared to previous season.
- 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
 - i. **Andhadhun won the National Award for Best Hindi Film**, Best Adapted screenplay; Best Actor
 - ii. Padmaavat won National Awards for Best Choreography, Best Music Director and Best Male Playback Singer
 - iii. Andhadhun was released in South Korea in Aug'19 in over 90 screens
- **Infotainment – Factual entertainment & Lifestyle (4 channels)**
 - History TV18 has an overall market share of 14.4% (megacities share is higher at 17.6%) and ranks 2nd in the Factual entertainment genre.
 - FYI TV18 has a market share of 47.3% 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 a clear #2 player with ~180 mn unique visitors across all devices and 64% audience share in the digital news / information category. 1 in 4 internet users in India are on our websites or apps.

MoneyControl

- Moneycontrol app continues to remain best-in-class, with Industry leading MAUs and engagement; achieved highest lifetime installs and MAU this quarter. It won the 'Best News App of the Year' award at the Digipub Awards 2019 in August'19
- To further its utility amongst investors and SMEs MOneyControl has launched Easybiz solution for SME for filing GST Returns, Create Invoices and Payment Reconciliation
- Moneycontrol pro (MC subscription offering) demonstrated growth of 115% in the Active subscriber base over previous quarter. This has shown a greater demand for premium content & features offered on the platform

News 18.com

- News18.com (English+ Languages) is now a clear #2 player in general news category; much ahead of the incumbents such as NDTV and India today and gradually closing the gap with the leader
- News18 Languages is the #1 Vernacular News Destination on Mobile Web; on an aggregated basis it beat the likes of NavBharat Times, Dailyhunt, Amar Ujala etc
- News18 languages continues to see strong growth in viewership of ~ 50% over previous quarter with Industry leading engagement on its site

All traffic information as per latest available Comscore data.

Digital Commerce

○ BookMyShow

- During the quarter, ~ 7 million bookmyshow apps have been installed. Q2 saw multiple major movies released post the cricketing season, boosting ticket sales.
- BMS went live with the ticketing for the prestigious sporting event NBA, which is held for the first time in India (Game scheduled for October 4th & 5th at Mumbai).
- BMS has successfully managed & executed the event Sunburn with Wiz Khalifa it also managed some premier events like the IIFA awards which was held in Mumbai.
- Book My Show also went live with the international touring exhibition titled “Avengers S.T.A.T.I.O.N.”, exclusively in Mumbai, produced by Victory Hill Exhibitions, in association and under license with Marvel Entertainment.
- BMS which has forayed into producing Marathi plays has introduced 2 more new plays other than the successfully running A perfect Murder, New plays were Nimma Shimma Rakshas & Maharati.
- BMS successfully managed ticketing & operations the Pro kabaddi league tournament with 4 out of 12 teams namely Puneri Paltan, Patna Pirates, Gujrat Fortune giants & Bengaluru Bulls. It will also manage the Play offs.
- BMS which has also spread across its wings in South East Asia & UAE has on boarded some big Venues like Dubai Arena & events like Auto Expo 2020 & West life concert. BMS also managed ticketing & operations for the popular Caribbean Premier League in West Indies & New Zealand Tour of Sri Lanka.

■ 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’.

Network18 Media & Investments Limited
Reported Consolidated Financial Performance for the Quarter and Half year ended 30th September, 2019

(₹ in crore)

| | Particulars | Quarter ended | | | Half Year ended | | Year ended (Audited) |
|----|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 30 th Sep'19 | 30 th Jun'19 | 30 th Sep'18 | 30 th Sep'19 | 30 th Sep'18 | 31 st Mar'19 |
| 1 | Income | | | | | | |
| | Value of sales and services | 1,359 | 1,438 | 1,433 | 2,798 | 2,736 | 5,916 |
| | Goods and Services Tax included in above | 185 | 193 | 196 | 379 | 375 | 800 |
| | Revenue from operations | 1,174 | 1,245 | 1,237 | 2,419 | 2,361 | 5,116 |
| | Other income | 18 | 1 | (37) | 19 | (67) | (48) |
| | Total Income | 1,192 | 1,246 | 1,200 | 2,438 | 2,294 | 5,068 |
| 2 | Expenses | | | | | | |
| | Cost of materials consumed and traded goods sold | 0 | 1 | 1 | 1 | 1 | 2 |
| | Operational costs | 491 | 574 | 554 | 1,065 | 1,071 | 2,466 |
| | Marketing, distribution and promotional expense | 245 | 252 | 198 | 497 | 387 | 876 |
| | Employee benefits expense | 268 | 272 | 274 | 540 | 545 | 1,096 |
| | Finance costs | 62 | 63 | 47 | 125 | 88 | 198 |
| | Depreciation and amortisation expense | 47 | 46 | 35 | 93 | 70 | 142 |
| | Other expenses | 92 | 100 | 118 | 192 | 245 | 465 |
| | Total Expenses | 1,205 | 1,308 | 1,227 | 2,513 | 2,407 | 5,245 |
| 3 | Profit/ (loss) before share of profit/ (loss) of associates and joint ventures, exceptional items and tax (1 - 2) | (13) | (62) | (27) | (75) | (113) | (177) |
| 4 | Share of profit/ (loss) of associates and joint ventures | (2) | (11) | (16) | (12) | (30) | (54) |
| 5 | Profit/ (loss) before exceptional items and tax (3 + 4) | (15) | (73) | (43) | (87) | (143) | (231) |
| 6 | Exceptional items | - | 50 | - | 50 | - | - |
| 7 | Profit/ (loss) before tax (5 - 6) | (15) | (123) | (43) | (137) | (143) | (231) |
| 8 | Tax expense | | | | | | |
| | Current tax | 10 | 5 | 25 | 15 | 37 | (56) |
| | Deferred tax | - | - | (1) | - | (1) | 3 |
| | Total tax expense | 10 | 5 | 24 | 15 | 36 | (53) |
| 9 | Profit/ (loss) for the period/ year (7 - 8) | (25) | (128) | (67) | (152) | (179) | (178) |
| 10 | Other Comprehensive Income | | | | | | |
| | (i) Items that will not be reclassified to profit or loss | 5 | (18) | 0 | (12) | 1 | (19) |
| | (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 | 1 | (1) | 0 | 0 | 0 | (1) |
| | Total Other Comprehensive Income | 6 | (19) | 0 | (12) | 1 | (20) |
| 11 | Total Comprehensive Income for the period/ year (9 + 10) | (19) | (147) | (67) | (164) | (178) | (198) |
| | Profit/ (loss) for the period/ year attributable to: | | | | | | |
| | (a) Owners of the Company | (59) | (142) | (99) | (200) | (211) | (303) |
| | (b) Non-controlling interest | 34 | 14 | 32 | 48 | 32 | 125 |
| | Other comprehensive income attributable to: | | | | | | |
| | (a) Owners of the Company | 7 | (19) | 1 | (11) | 1 | (15) |
| | (b) Non-controlling interest | (1) | 0 | (1) | (1) | 0 | (5) |
| | Total comprehensive income attributable to: | | | | | | |
| | (a) Owners of the Company | (52) | (161) | (98) | (211) | (210) | (318) |
| | (b) Non-controlling interest | 33 | 14 | 31 | 47 | 32 | 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, RRK 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 and Half year ended 30th September, 2019

(₹ in crore)

| | Particulars | Quarter ended | | | Half Year ended | | Year ended (Audited) |
|----|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 30 th Sep'19 | 30 th Jun'19 | 30 th Sep'18 | 30 th Sep'19 | 30 th Sep'18 | 31 st Mar'19 |
| 1 | Income | | | | | | |
| | Value of sales and services | 1,307 | 1,386 | 1,389 | 2,693 | 2,654 | 5,723 |
| | Goods and Services Tax included in above | 180 | 188 | 191 | 368 | 367 | 780 |
| | Revenue from operations | 1,127 | 1,198 | 1,198 | 2,325 | 2,287 | 4,943 |
| | Other income | 24 | 33 | 3 | 56 | 11 | 35 |
| | Total Income | 1,151 | 1,231 | 1,201 | 2,381 | 2,298 | 4,978 |
| 2 | Expenses | | | | | | |
| | Operational costs | 473 | 556 | 551 | 1,029 | 1,062 | 2,440 |
| | Marketing, distribution and promotional expense | 237 | 241 | 193 | 478 | 377 | 826 |
| | Employee benefits expense | 230 | 235 | 238 | 465 | 479 | 955 |
| | Finance costs | 38 | 36 | 23 | 74 | 41 | 101 |
| | Depreciation and amortisation expense | 44 | 44 | 33 | 88 | 66 | 132 |
| | Other expenses | 82 | 89 | 108 | 170 | 222 | 408 |
| | Total Expenses | 1,104 | 1,201 | 1,146 | 2,304 | 2,247 | 4,862 |
| 3 | Profit/ (loss) before share of profit of associate and joint ventures, exceptional items and tax (1 - 2) | 47 | 30 | 55 | 77 | 51 | 116 |
| 4 | Share of profit of associate and joint ventures | 9 | 12 | 8 | 22 | 15 | 36 |
| 5 | Profit/ (loss) before exceptional items and tax (3 + 4) | 56 | 42 | 63 | 99 | 66 | 152 |
| 6 | Exceptional items | - | 15 | - | 15 | - | - |
| 7 | Profit/ (loss) before Tax (5 - 6) | 56 | 27 | 63 | 84 | 66 | 152 |
| 8 | Tax expense | | | | | | |
| | Current tax | 10 | 4 | 23 | 14 | 34 | (61) |
| | Deferred tax | - | - | - | - | (1) | 3 |
| | Total tax expense | 10 | 4 | 23 | 14 | 33 | (58) |
| 9 | Profit/ (loss) for the period / year (7 - 8) | 46 | 23 | 40 | 70 | 33 | 210 |
| 10 | Other Comprehensive Income | | | | | | |
| | (i) Items that will not be reclassified to profit or loss | (2) | 0 | (1) | (3) | 0 | (9) |
| | (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 | (2) | 0 | (1) | (3) | 0 | (9) |
| 11 | Total Comprehensive Income for the period/ year (9 + 10) | 44 | 23 | 39 | 67 | 33 | 201 |
| | Profit/ (loss) for the period/ year attributable to: | | | | | | |
| | (a) Owners of the Company | 23 | 18 | 16 | 42 | 4 | 167 |
| | (b) Non-controlling interest | 23 | 5 | 24 | 28 | 29 | 43 |
| | Other comprehensive income attributable to: | | | | | | |
| | (a) Owners of the Company | (2) | 0 | (1) | (3) | 1 | (9) |
| | (b) Non-controlling interest | 0 | 0 | 0 | 0 | (1) | 0 |
| | Total comprehensive income attributable to: | | | | | | |
| | (a) Owners of the Company | 21 | 18 | 15 | 39 | 5 | 158 |
| | (b) Non-controlling interest | 23 | 5 | 24 | 28 | 28 | 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 November, 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 Q2 FY20.

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

