

# Jagran Prakashan Limited (JPL)

Result Update Presentation

Q2 FY2015



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## ➤ Q2 FY 2015 - Financial Highlights

### ➤ Hindi Print Media – Sustainable Growth

- Print Media, India - Growth Market
- Hindi Print – well placed to sustain growth momentum
- Digital – No visible impact on Hindi Print

# Quarterly Highlights

- **Consolidated Advertisement Revenue up by 8% to Rs 306.93 crores**
  - Dainik Jagran Advertisement Revenue grew by 11.5%
- **Consolidated Circulation Revenue up by 8.9% to Rs 96.49 crores**
- **Consolidated Operating Profit up by 15.7% to Rs 106.24 crores**
- **Consolidated Profit Before Tax up by 37.1% to Rs 81.51 crores**
- **Consolidated EPS up by 26.4%**
- **Digital business continues to grow from strength to strength**
  - Jagran sites in Sept. 2014 were ranked No. 29 by COMSCORE amongst all internet sites in India, with 12 million unique users
  - Company's news and education portals ranked No.1 by COMSCORE in their respective domains

# Consolidated Quarterly Profitability Statement



| Rs. in Crs                     | Q2 FY15      | Q2 FY14      | YoY        |
|--------------------------------|--------------|--------------|------------|
| <b>Revenues</b>                | <b>436.3</b> | <b>412.4</b> | <b>6%</b>  |
| Advertisement Revenue          | 306.9        | 284.2        | 8%         |
| Circulation Revenue            | 96.5         | 88.6         | 9%         |
| Others                         | 32.9         | 39.6         |            |
| Raw Material                   | 160.3        | 147.3        |            |
| Manpower Cost                  | 64.6         | 60.3         |            |
| Other Operating Expenses       | 105.1        | 113.0        |            |
| <b>Operating Profit</b>        | <b>106.2</b> | <b>91.8</b>  | <b>16%</b> |
| <b>Operating Profit Margin</b> | <b>24.4%</b> | <b>22.3%</b> |            |
| Other Income*                  | 7.1          | -5.5         |            |
| Depreciation & Amortisation    | 24.5         | 19.0         |            |
| Interest                       | 7.3          | 7.8          |            |
| Exceptional Items              | 0.0          | 0.0          |            |
| <b>Profit Before Tax</b>       | <b>81.5</b>  | <b>59.5</b>  | <b>37%</b> |
| Tax                            | 24.9         | 13.9         |            |
| <b>Profit After Tax</b>        | <b>56.6</b>  | <b>45.6</b>  | <b>24%</b> |

- Overall Advertisement Growth of 8% despite subdued activity in Advertising
- Dainik Jagran Advertisement Revenue grew by 11.5%
- Dainik Jagran Circulation Revenue grew due to growth in no. of copies and improvement in per copy realization
- Additional Depreciation of Rs. 4.87 Crs provided on account of new Company's Act accounting guideline
- Effective Tax rate in Q2 FY14 was lower due to benefit of accumulated losses of Naidunia print business

\* Net of Exchange Fluctuation Gain / Loss

# Operating Margin break-up

| Publications (Rs. Crs)                        | Q2 FY15      | Q2 FY14      | Q1 FY15       | H1 FY15      | H1 FY14       |
|-----------------------------------------------|--------------|--------------|---------------|--------------|---------------|
| <b><u>Dainik Jagran</u></b>                   |              |              |               |              |               |
| Operating Revenue                             | 336.0        | 302.4        | 335.9         | 671.9        | 612.7         |
| Operating Profit                              | 110.3        | 99.6         | 114.2         | 224.5        | 213.7         |
| <b>Operating margin</b>                       | <b>32.8%</b> | <b>32.9%</b> | <b>34.0%</b>  | <b>33.4%</b> | <b>34.9%</b>  |
| <b><u>Other publications</u></b>              |              |              |               |              |               |
| Operating Revenue                             | 76.7         | 80.7         | 76.1          | 152.8        | 154.3         |
| Operating Profit                              | -2.4         | -6.8         | -7.6          | -10.0        | -18.9         |
| <b>Operating margin</b>                       | <b>-3.1%</b> | <b>-8.5%</b> | <b>-10.0%</b> | <b>-6.5%</b> | <b>-12.2%</b> |
| <b><u>Outdoor and Activation business</u></b> |              |              |               |              |               |
| Operating Revenue                             | 22.1         | 29.9         | 25.8          | 47.9         | 57.7          |
| Operating Profit                              | -1.6         | 0.2          | 0.7           | -0.9         | 0.7           |
| <b>Operating margin</b>                       | <b>-7.3%</b> | <b>0.7%</b>  | <b>2.8%</b>   | <b>-1.9%</b> | <b>1.2%</b>   |

- **Continued Operating Losses in Other Publications :**
- Mainly due to Continued Investments in NaiDunia as a part of strategy to increase the Circulation
  - Improved per copy realization for Naidunia, Midday, Punjabi Jagran and magazines
  - Operating result of NaiDunia, Mid-day, I-Next, Punjabi Jagran and magazines improved

\* Other Publications: Naidunia, Midday, I-Next, City Plus, Punjabi Jagran & magazines

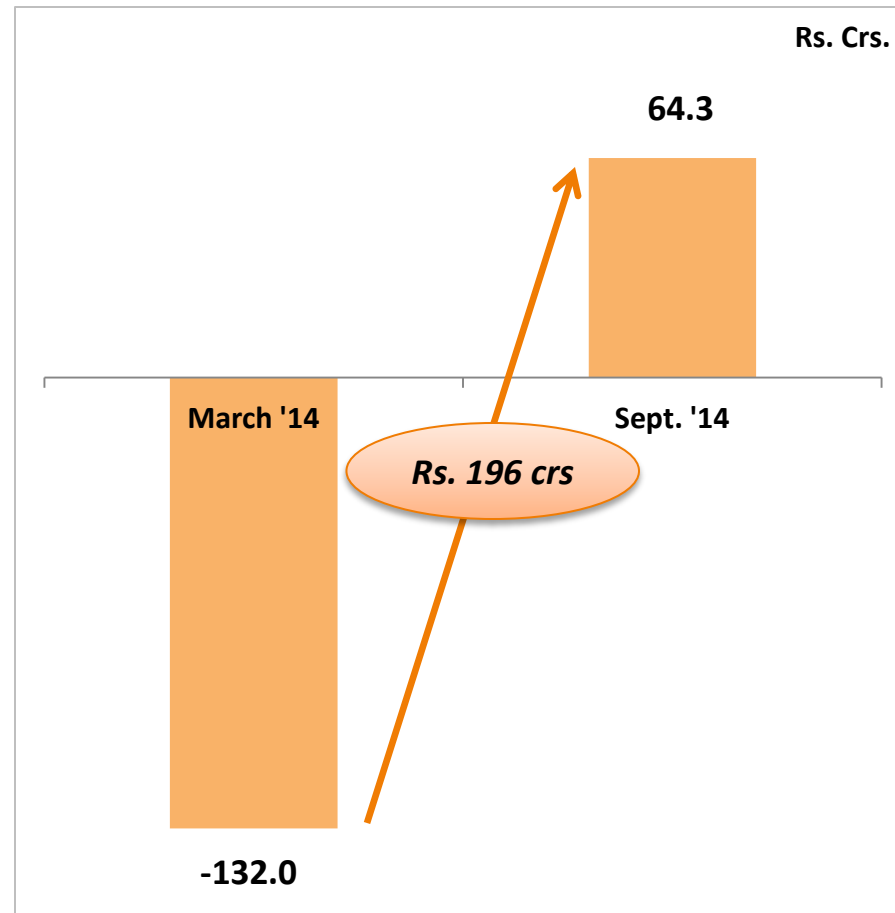
# Consolidated Balance Sheet

| Rs. in Crores                              | Sept. '14      | Mar. '14       |
|--------------------------------------------|----------------|----------------|
| <b>Shareholder's Fund</b>                  | <b>1,070.0</b> | <b>961.6</b>   |
| Share capital                              | 62.3           | 62.3           |
| Reserves & Surplus                         | 1,007.7        | 899.4          |
| <b>Minority Interest</b>                   | <b>0.9</b>     | <b>0.9</b>     |
| <b>Non-current liabilities</b>             | <b>382.3</b>   | <b>401.2</b>   |
| Long term borrowings                       | 269.6          | 292.7          |
| Deferred tax liabilities(net)              | 84.8           | 85.4           |
| Other non-current liabilities & Provisions | 27.8           | 23.1           |
| <b>Current liabilities</b>                 | <b>493.4</b>   | <b>561.9</b>   |
| Short term borrowings                      | 82.6           | 173.1          |
| Trade payables                             | 180.4          | 127.5          |
| Other current liabilities & Provisions     | 230.4          | 261.3          |
| <b>Total Liabilities</b>                   | <b>1,946.5</b> | <b>1,925.6</b> |

| Rs. in Crores             | Sept. '14      | Mar. '14       |
|---------------------------|----------------|----------------|
| <b>Non-current assets</b> | <b>989.5</b>   | <b>1,095.4</b> |
| Fixed assets              | 645.1          | 672.5          |
| Goodwill on consolidation | 232.3          | 232.3          |
| Non-current investment    | 50.7           | 128.2          |
| Deferred Tax Assets (Net) | 1.0            | 0.3            |
| Other non-current assets  | 60.3           | 62.1           |
| <b>Current assets</b>     | <b>957.0</b>   | <b>830.1</b>   |
| Current investments       | 250.0          | 203.8          |
| Inventories               | 98.6           | 99.9           |
| Trade receivables         | 378.2          | 342.6          |
| Cash and bank balances    | 139.5          | 32.5           |
| Other current assets      | 90.6           | 151.3          |
| <b>Total Assets</b>       | <b>1,946.5</b> | <b>1,925.6</b> |

# Net Cash as on September 2014

| Rs. Crs.               | Mar '14       | Sept'14     |
|------------------------|---------------|-------------|
| Cash & Bank Balance    | 32.5          | 139.5       |
| Investments *          | 325.1         | 301.7       |
| Gross Cash Balance (A) | 357.6         | 441.2       |
| Borrowings (B)         | 489.7         | 376.9       |
| <b>Net Cash (A-B)</b>  | <b>-132.0</b> | <b>64.3</b> |



\* Investments includes Investment in Mutual Fund and ICDs  
 - Net Debt includes Rs. 95 Crs. of NCDs from Holding Company redeemable in 2017 at a Premium of 6.5% pa

**From Net debt of ~Rs. 132 crs to Net Cash of ~Rs. 64 crs; a swing of ~Rs. 196 crs**



➤ Q2 FY 2015 - Financial Highlights

➤ **Hindi Print Media – Sustainable Growth**

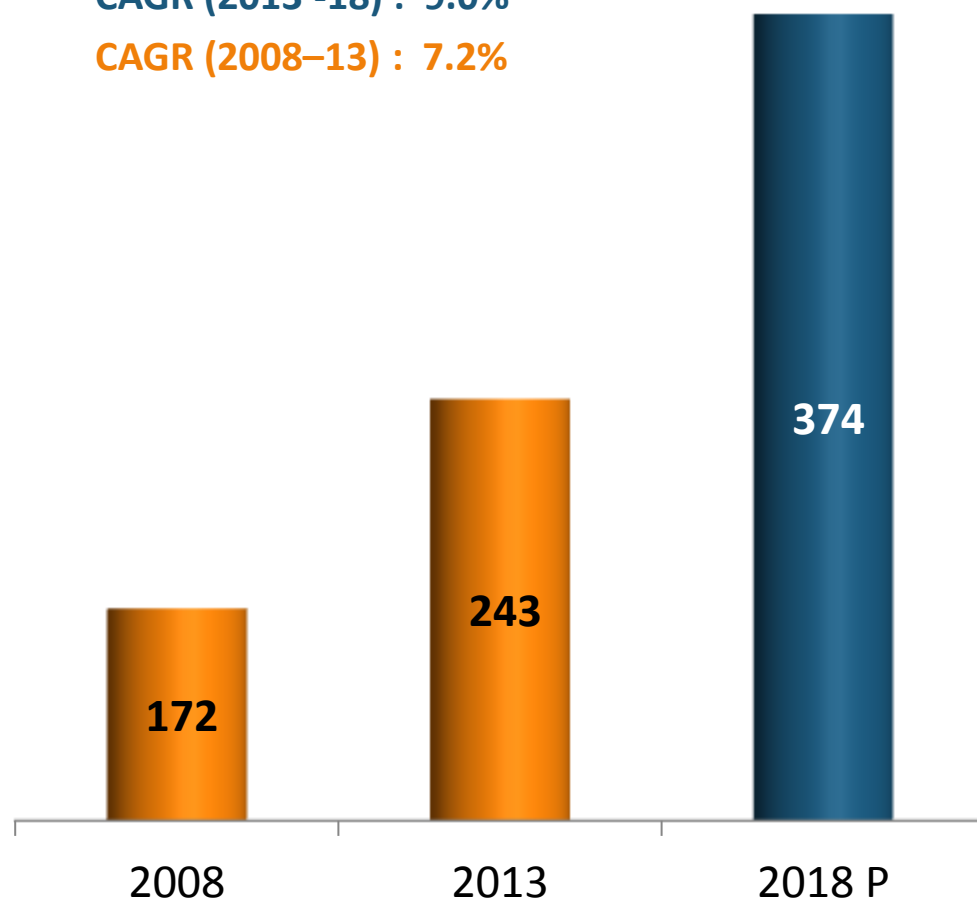
- Print Media, India - Growth Market
- Hindi Print – well placed to sustain growth momentum
- Digital – No visible impact on Hindi Print

# Print Media, India – A Growth Market

**CAGR (2013 -18) : 9.0%**

**CAGR (2008–13) : 7.2%**

➤ **Contrary to trend in Developing economies, Print Industry consistently growing in India**

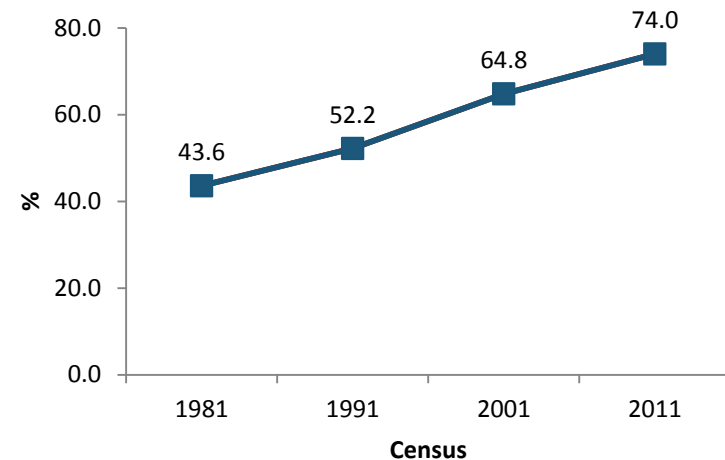


# Print Media - Key Growth Drivers

- **Low Print Media Penetration**
- **More local than other media platforms like Television**
- **“Door to Door” Distribution Network**
- **Higher ‘Attention Span’ makes it attractive for advertisers**
- **“Sticky Media” - Ability to create trust**

**Connecting with readers through delivery of high quality content**

## Rising Literacy



**895 million Literate Population in 2011**

**44% do not read any News Paper - provides headroom for growth among literate non-readers**

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➤ **Hindi Print Media – Sustainable Growth**

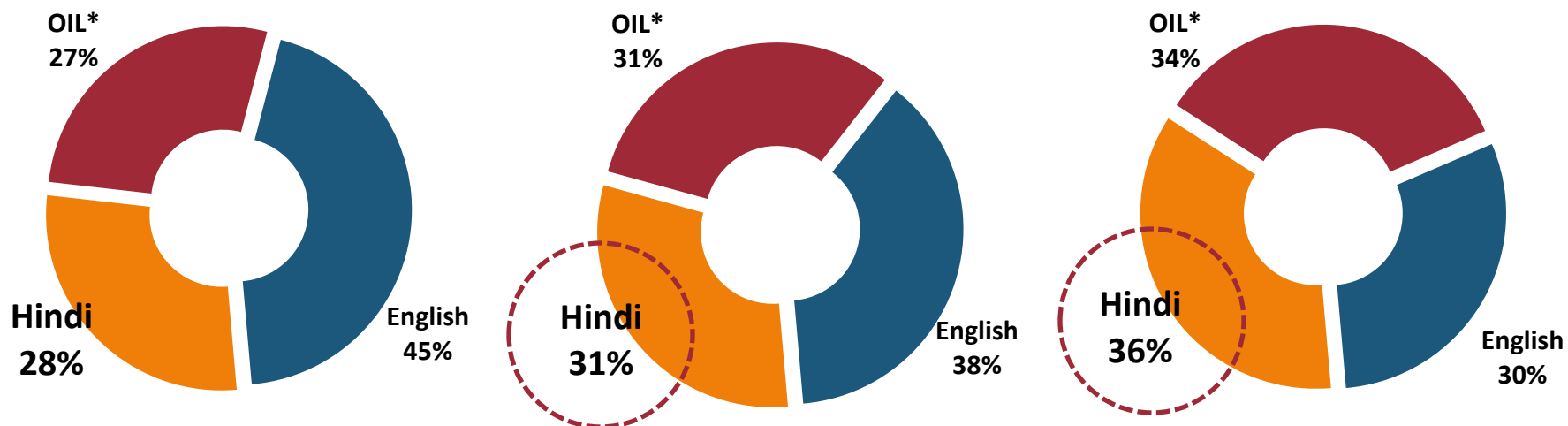
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# Hindi Print - Gaining Market Share...

2009

2013

2018



## ➤ Hindi Advertising to grow at ~14% CAGR

- Share of Hindi Print expected to increase from **31%** in 2013 to **36%** in 2018
- Advertisers expected to enhance reach in Tier II & III cities of Hindi States

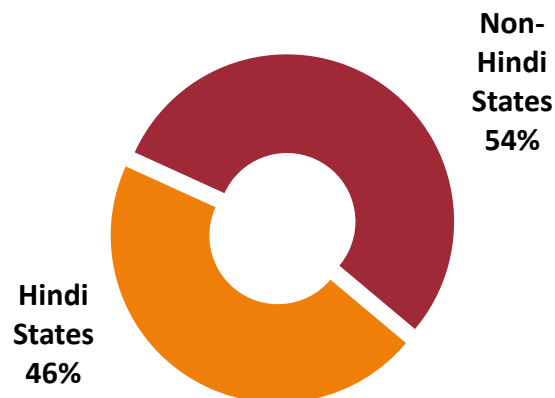
# Hindi Belt, covers nearly half of Indian ...

## ... Population



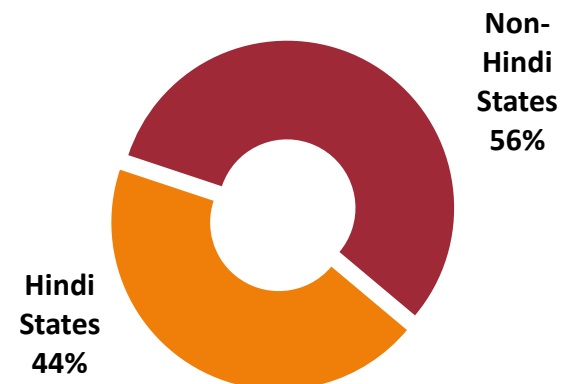
➤ **50%** of population lives in Hindi States

## ... Literate Population



➤ **46%** of total literate population in India lives in Hindi States

## ... Consumer Spend



➤ Hindi States Annual Consumer Spend of ~ USD 200 bn - **44%** of total India's spend

# Hindi Print, Gaining Importance for Advertisers

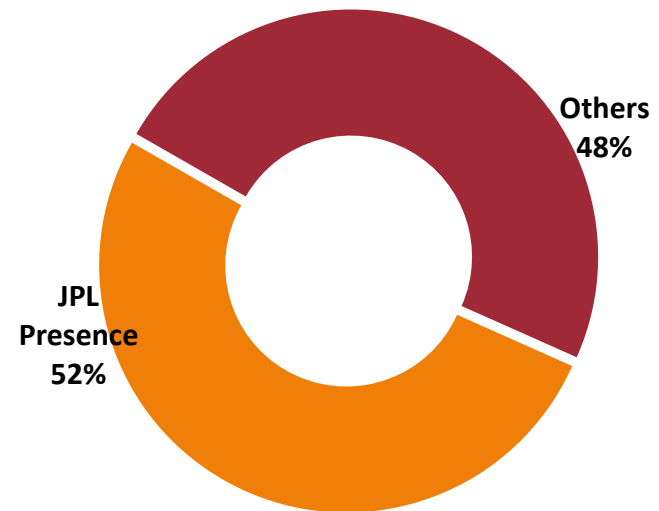
## ➤ Surge in purchasing power of Tier II & III Cities

- Changing demographic dynamics
- Consumption of consumer durables, automobiles and financial products growing rapidly
- Sizeable proportion of population to fuel consumption growth

## ➤ Regional media – emerging as an important medium for Advertisers

- Affinity of people for content in local languages and urge for local content
- Advertisers and Media Companies expanding their footprint in local market

**JPL Hindi Publication Presence in 32 out of 62 Tier II Cities of India**



**... Offers large growth potential**

\* Source: IRS 2012 Q4

➤ Q2 FY 2015 - Financial Highlights

➤ **Hindi Print Media – Sustainable Growth**

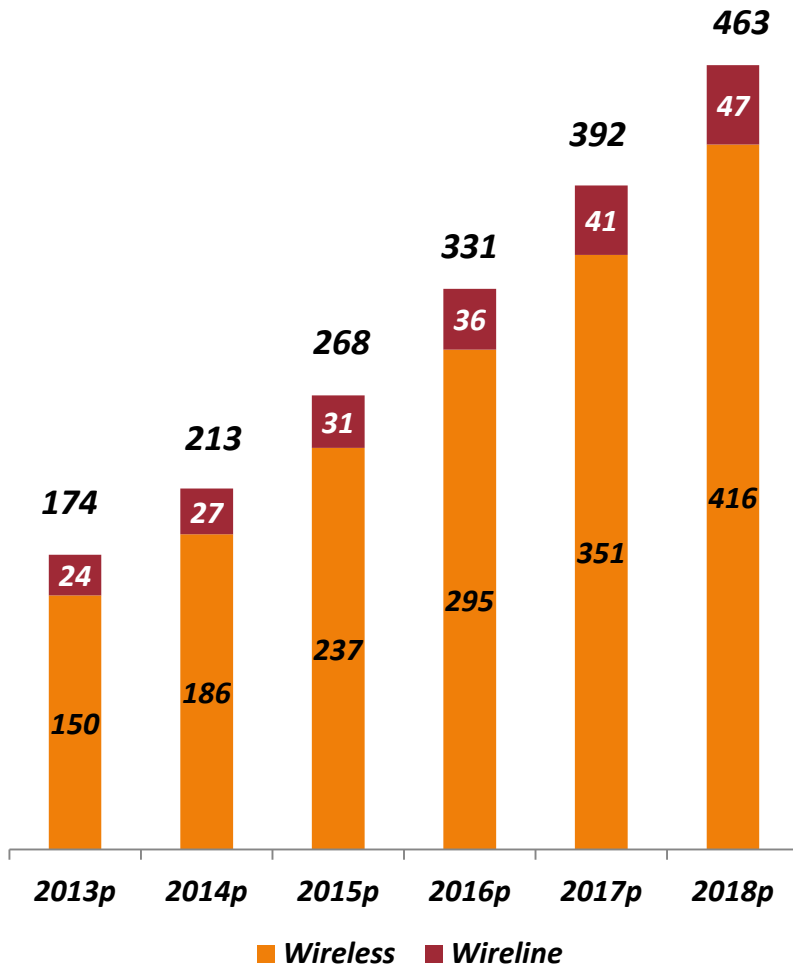
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# Digital... No visible impact on Hindi Print Media

- **Digital – No visible impact on Hindi Print Media despite high growth in terms of number of internet connection**
  - Lacks quality in terms of internet connection speed
  - Consumer spends very little time on News Sites
  - Very limited content in Hindi / Local Language / Local Content
  - Authenticity & Credibility of Digital Content
  - Newspaper is Content Creator vis-a-vis Internet is Content Aggregator

# Internet Connections growing with Low Quality



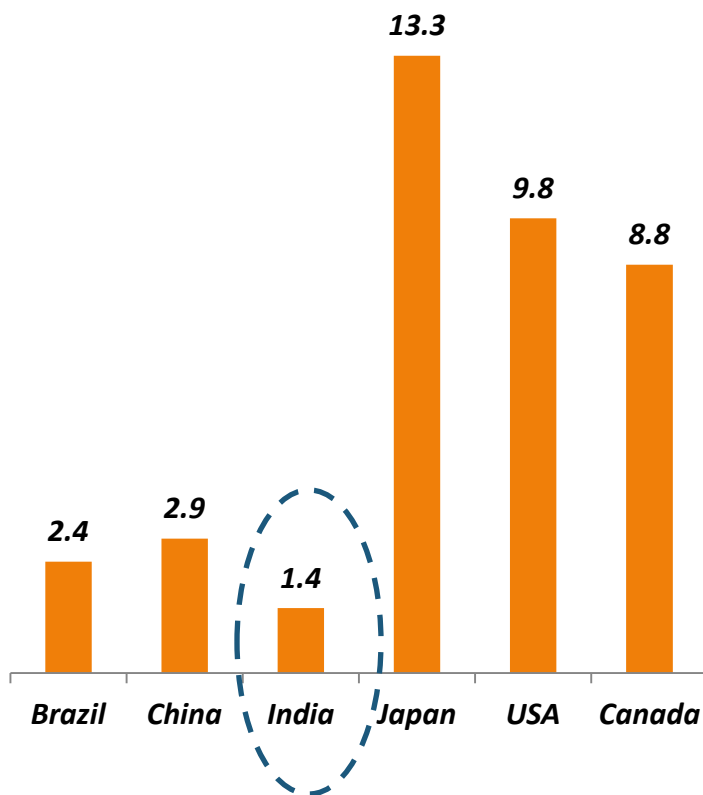
Million Connections

## Challenges in Growth

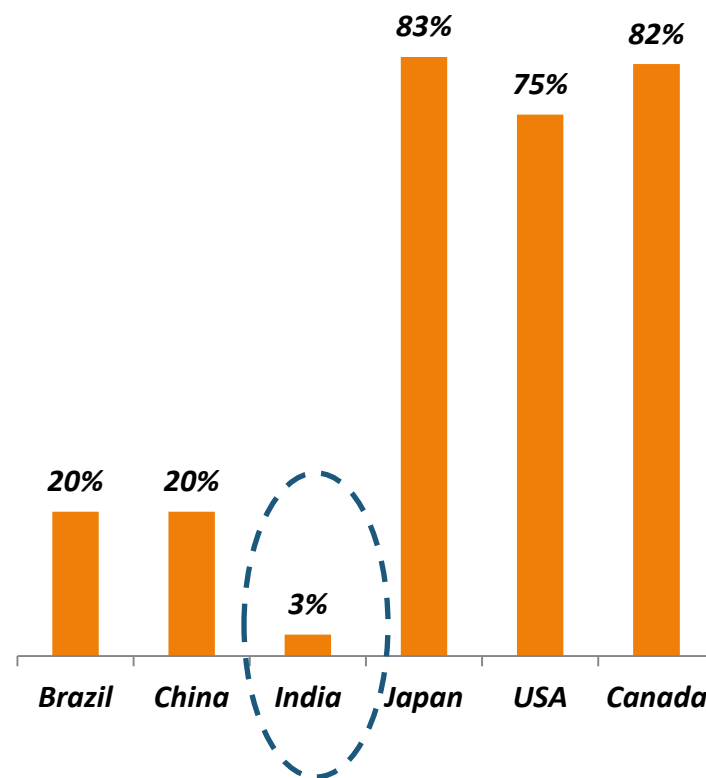
- Inadequate network coverage because of limited 3G towers
- Limited spectrum availability
- High Price of data services
- Lack of affordable of 3G handsets
- Patchy connectivity and inconsistent experience on 3G Network

# However, Lowest Internet Connection Speed...

**Avg. Connection Speed (mbps)**

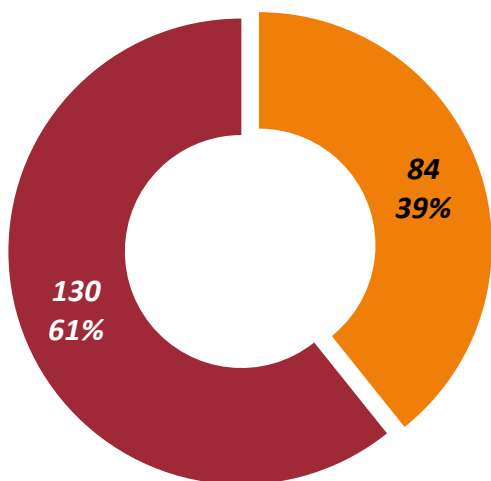


**Broadband Connectivity  
(% above 4 mbps)**



# ... & lacks quality of experience

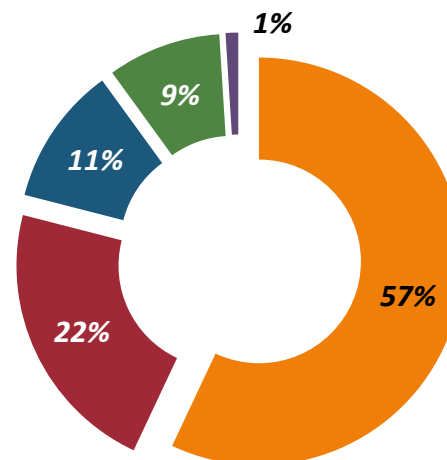
Users by device split



■ Laptop/Desktop ■ Mobile

➤ **61%** of Internet Connection through Mobile

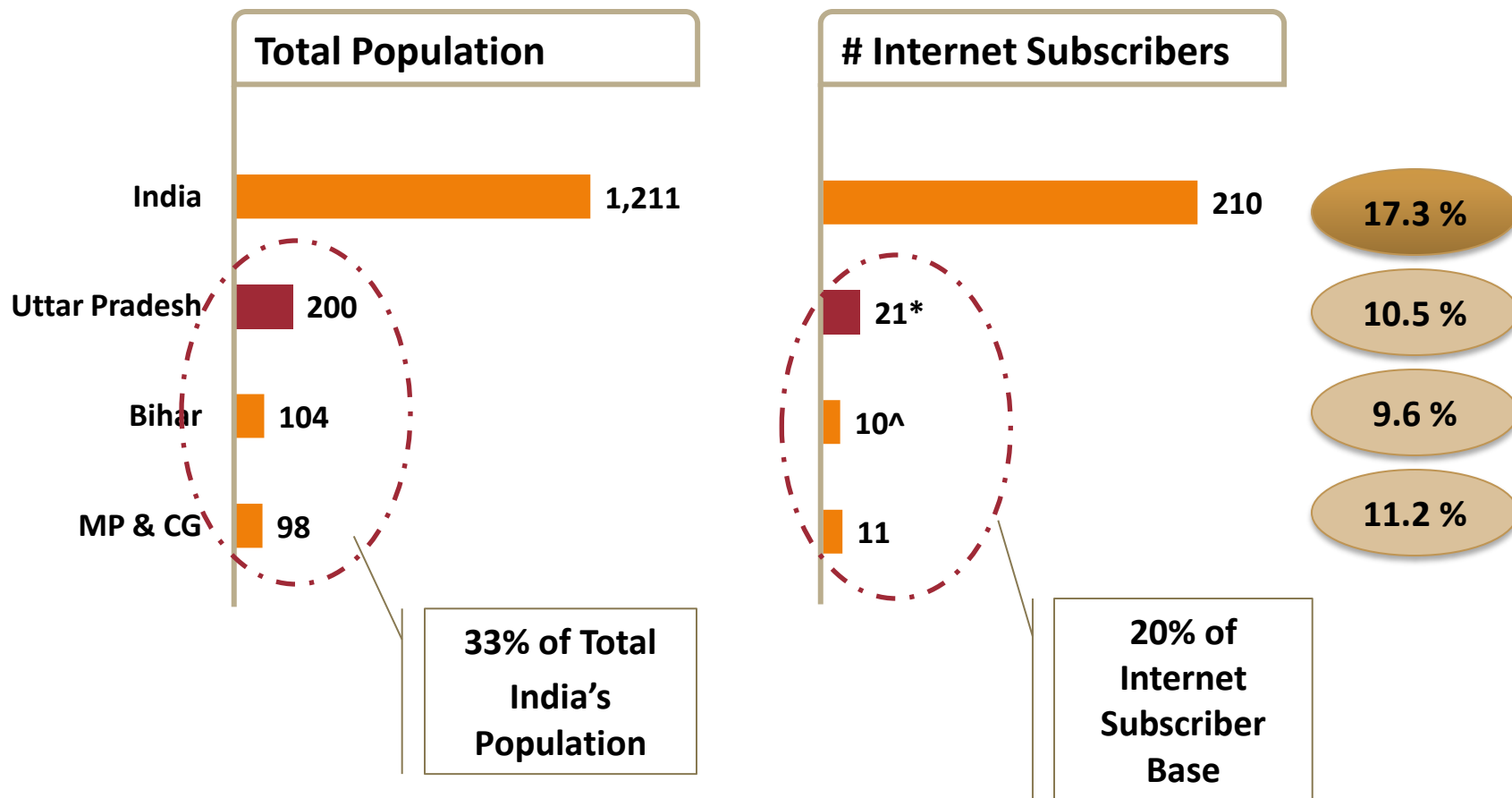
Internet enables Mobile Handset Prices (% market share)



■ Rs. <10,000      ■ Rs. 10,001 - 14,000  
 ■ Rs. 14,001-18,000    ■ Rs. 18,001-30,000  
 ■ Rs. >30,000

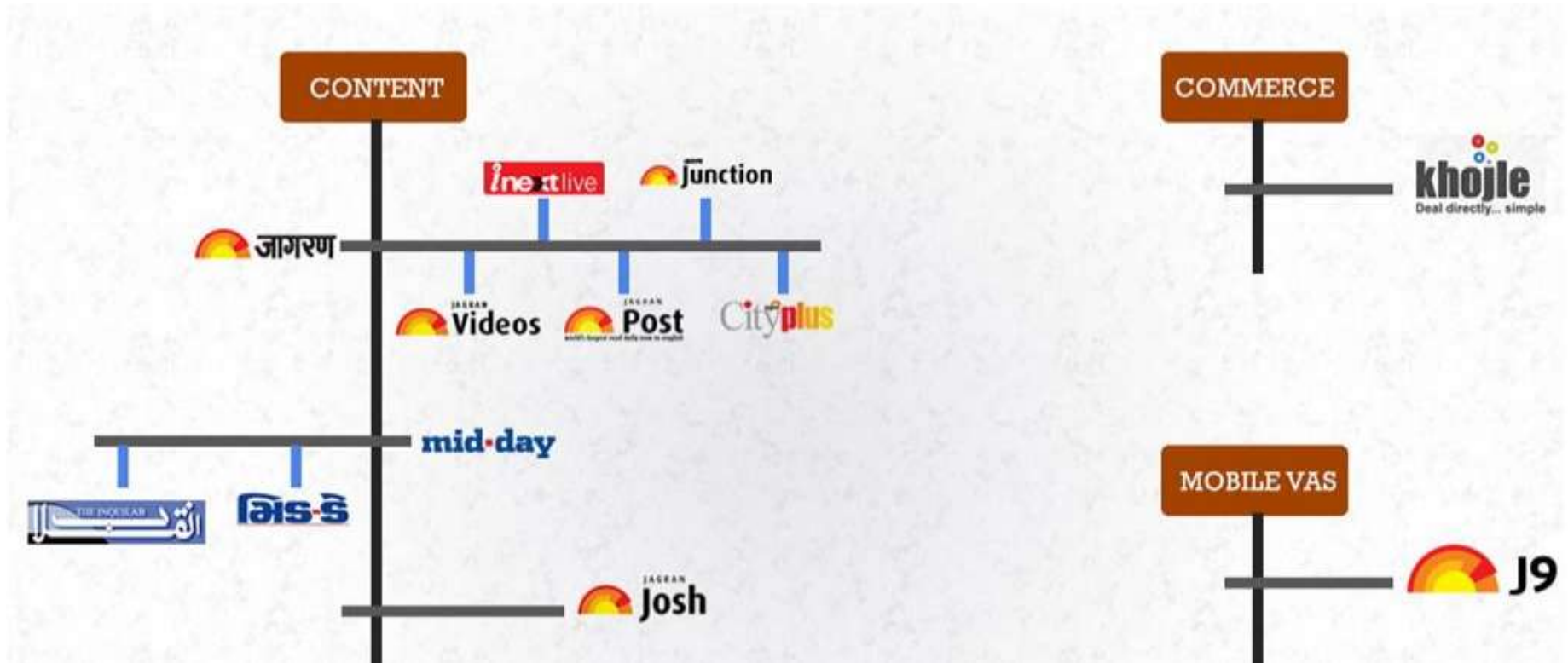
➤ **57%** of uses entry level Mobile handset

# Hindi Belt .... Very low internet penetration



[in Million]

# Jagran Digital Business continues to grow



- Jagran sites in Sept 2014 were ranked No.29 by COMSCORE amongst all internet sites in India, with 12 million unique users
- Company's news and education portals were ranked by COMSCORE No.1 in their respective domains

- In News & Information companies, Jagran sites are placed at No.5
- Mobile traffic contributes to 36% of the overall traffic to Jagran Sites
- Digital advertisement revenue grew by 34%

## For further information, please contact:

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