HT Media

HT Media Limited

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Total revenues increases by 6% to Rs. 3,661 million in the third quarter from year ago; sharp growth of 30% in circulation revenue

Lower input costs and cost rationalization initiatives drive profitability

EBITDA margin increases to 21% at Rs. 764 million from 8% at Rs. 268 million

Net income margin expands to 10% at Rs. 358 million from a loss of 4% at Rs. 128 million

New Delhi, January 18, 2010

HT Media Limited today announced its financial results for the third quarter and the nine months ended 31 December 2009. The highlights of the Company's operational and financial performance are:

- **IRS Round 2 2009 reaffirms the underlying strength of HT Media's readership across newspaper segments:**
  - HT Delhi retains its No. 1 position in solus readership while witnessing a marginal decline in overall readership to 21.3 lacs
  - HT Mumbai is the only broadsheet to have grown amongst the youth (age group of 12-24) while witnessing a marginal decline in readership to 5.03 lacs
  - 'Hindustan' continues to be fastest growing hindi newspaper in UP while maintaining its leadership position in Bihar & Jharkhand with 75% & 50% readership share respectively
  - 'Mint' maintains its position as the No. 2 business daily in the country with 25% readership share in the markets it was covered
- **'Mint' ranked as No. 1 media brand and 'Hindustan Times' ranked as No. 2 newspaper brand in the country by 'Pitch Media BrandOmeter' study**
- **Hindi business demerged into a separate subsidiary company; reiterating the Company's belief in vernacular business**
- **Hindi business shows robust growth; expansion continues with commissioning of new printing facility at Agra**
- **'Shine.com' continues to gain traction; registrations cross 3.5 million users**
- **'Metro Now', loss making JV with BCCL, has been temporarily shut down**

Q3 FY2010 performance overview
(All comparisons with Q3 FY2009)

- Total consolidated revenues have increased 6% to Rs. 3,661 million from Rs. 3,457 million primarily on account of:
    - Net increase of Rs. 168 million in revenues from print segment mainly due to:
        - Rs. 118 million increase in circulation revenues representing growth of 30%; circulation revenues increased to Rs. 508 million from Rs. 390 million due to increase in number of copies circulated, improved realizations and increase in cover prices effective Q1 FY2010
        - Rs. 75 million increase in advertising revenues representing a growth of 3%; advertisement revenues increased to Rs. 2,855 million from Rs.2,780 million
    - Net increase of Rs. 34 million in revenues from radio segment as it increased to Rs. 101 million from Rs. 67 million primarily on account of increased advertising
- Overall consolidated EBITDA margins have increased from 8% at Rs. 268 million last year to 21% at Rs. 764 million in the quarter under review primarily due to increase in revenues, lower cost of newsprint and continuing impact of various cost optimization measures initiated since Q3 FY2009, that included the reduced paginations, manpower optimization and rationalization of overheads across the organization
- Net Income increased to Rs. 358 million from a loss of Rs. 128 million representing a margin expansion to 10% from -4%. This is primarily owing to increased revenues, lower cost of newsprint, cost optimization measures and reduction in losses of internet and radio segment.
- EPS stood at Rs. 1.52

Commenting on the performance for Q3 FY2010, Mrs. Shobhana Bhartia, Chairperson and Editorial Director, HT Media, said:

Over the last year, despite economic constraints, we have taken several initiatives to expand our presence, make our offerings more contemporary, augment our infrastructure as well as streamline our operations. All these have enabled us to considerably strengthen our business and our value proposition. Feedback has shown that the relaunch of HT has been well received, particularly amongst the younger readers who comprise a key target audience for us. "Mint" continues to do well, it is now present across 6 locations and is the second largest business daily in the country. Our radio business continues to consolidate its position across markets.

The vernacular segment remains a strong thrust area for the Company. As you know, in December 2009, in an endeavour to enhance focus and better identify opportunities in this segment, we demerged our Hindi business into a separate *entity, namely, Hindustan Media Ventures Limited.*

Overall, we believe HT Media is well positioned to maintain its growth performance and create enhanced value."

Operational progress and highlights

- **IRS R2, 2009 reaffirms 'Hindustan Times' growing popularity amongst the younger generation**

  The latest Indian Readership Survey R2, 2009 released in November 2010 for the one year period until June 2009, reaffirms Hindustan Times growing popularity amongst the youth in line with its overall strategy of staying focused on younger generation. Despite a marginal decrease in overall readership to 33.5 lacs, 'Hindustan Times' maintained its No. 1 position in solus readership in Delhi NCR market while becoming the fastest growing daily newspaper in the Mumbai market amongst the youth segment (age group of 12-24). We believe that reader-focused editorial campaigns and other initiatives in this period targeted at people between the ages of 20 and 29, including the relaunch of HT City, Cafe and HT Horizons, have resulted in this growth. We believe that with the relaunch of the flagship Hindustan Times paper in July 2009, and the extremely positive response to it, this growth is likely to accelerate.

- **'Hindustan' continues to be fastest growing hindi daily in UP while maintaining its leadership position in Bihar & Jharkhand**

  As per Indian Readership Survey R2, 2009, the publication maintained its No. 1 position in the Bihar and Jharkhand region with 75% & 50% readership share respectively, while maintaining its growth momentum in UP markets. Hindustan maintained its third position all over India with a readership of 93.36 lacs with 7% growth in readership in UP markets, becoming the fastest growing daily in that region.

- **Mint maintains its No. 2 business daily position with 25% readership share in the markets it was covered**

  'Mint' maintained its position as the second largest business daily despite a marginal decline in readership to 1.57 lacs as per Indian Readership Survey R2, 2009 for the one year period until June 2009 in the markets of Delhi, Mumbai and Begaluru. With recent presence in Chennai, Kolkata, Pune and Chandigarh also starting to contribute to the readership; we believe 'Mint' is set to further strengthen its position and become the preferred choice for advertisers going forward.

- **'Mint' ranked as No. 1 media brand and 'Hindustan Times' ranked as No. 2 newspaper brand in the country by Pitch Media BrandOmeter study**

  'Mint' has been ranked as No. 1 media brand and 'Hindustan Times' as No. 2

print media brand in a first of its kind study, titled as 'Pitch Media BrandOmeter' carried out by Pitch magazine published by exchange4media group. This is an independent survey conducted amongst media planners / buyers and advertisers, having a work experience of more than 2 years in their profession, ranking all the media brands in the country on the basis of brand recall amongst advertisers and quality of their advertisement selling process. Parameters used were professionalism, sales team's knowledge, servicing ability, media delivery, innovation and relationship.

- **Hindi business demerged into a separate subsidiary company; reiterating the Company's belief in vernacular business**

  In line with HT Media's objective of strengthening its vernacular business, the Company demerged its Hindi business, comprising of 'Hindustan', the Hindi daily; Hindi magazines, 'Nandan' & 'Kadambini', and the internet portals of these publications, during the quarter to Hindustan Media Ventures Limited, a 99.3% owned subsidiary of HTML. The transfer was done with effect from 1 December 2009 at book value on a 'slump sale' and 'going concern' basis at a lump-sum cash consideration of Rs. 1432 million. The demerger will bring greater focus to the Hindi business and help investors track the growth of the hindi business in line with the expansion in the rural economy. It will also lead to better benchmarking of performance of the business with its peers. In addition, with a separate company for 'Hindi business', it will be easier to pursue consolidation opportunities in the regional print media space.

- **Hindi business shows robust growth; expansion continues with commissioning of new printing facilities at Agra**

  Hindi business shows robust growth during the quarter with 15% increase in revenues to Rs. 1,026 million and 16% EBITDA margin as compared to 9% in the corresponding period last year. In continuation of its strategy to further strengthen its presence in western UP, the company has commissioned its own printing facility in Agra during the quarter. With this expansion, the Company now proposes to commission new printing facility at one more key location in the near future to complete the expansion and enable HT Media to achieve operational efficiencies, strengthen its reach and build a strong leadership position across the Indo Gangetic belt, i.e. the states of Bihar, Jharkhand, UP, Uttarakhand and Delhi.

- **'Shine.com' continues to gain traction; registration crosses 3.5 million users**

  Shine.com, a job portal launched in June 2008, through a wholly owned subsidiary, has clearly established itself as a differentiated product offering and has almost 3.5 million registered users. This is a reflection of the confidence shown in the site's unique patented matching technology, world-class design, salary benchmarking utility and anonymity protection tools.

- **Lower newsprint costs and cost rationalization measures improve profitability**

  Lower input prices coupled with continued benefits of various cost rationalization initiatives undertaken over the last 12 months, which included reduced pagination, manpower optimization and rationalization of overheads across the organization, enabled HT Media improve profitability for the quarter and nine months under review.

- **'Metro Now', loss making JV with BCCL, has been temporarily shut down**

  Publication of Metro Now, an equal partnership joint venture with BCCL started in 2007 has been temporarily shut down during the quarter and accordingly goodwill of Rs. 1 million has been impaired in the quarter. Also, the deferred tax asset related to the business amounting to Rs. 39 million has been written off leading to higher deferred tax expense for the quarter.

Outlook

The outlook of the Company remains promising on the back of following:

- Improving macro environment resulting in greater ad spend
- Investment in growth to continue through commissioning of new presses as well as capacity enhancement of existing presses, leading to enhanced reach of Hindustan in UP, Uttarakhand, Bihar and Jharkhand
- The Company's strong balance sheet (net debt of Rs. 684 million as on 31 December 2009) is capable of supporting these initiatives
- Traction in Radio and 'Mint' to contribute to revenue growth
- Demerger of Hindi business to a separate subsidiary company to bring more focus to the business
- Continued investments in Internet and mobile marketing segment, with the objective of becoming the preferred choice of advertisers across different advertising platforms

About HT Media Limited

HT Media Limited is one of India's foremost media companies, and home to three leading newspapers in the country in the English, Hindi and business segments – 'Hindustan Times' (English daily), 'Hindustan' (Hindi daily, through a subsidiary) and 'Mint' (business daily). 'Hindustan Times' was started in 1924 and it has a more than 85-year history as one of India's leading newspapers. The Company also has four FM radio stations - "Fever 104" in Delhi, Mumbai, Bengaluru and Kolkata. The Company has also made a foray into the Internet space through its subsidiary Firefly e-Ventures Limited and has launched a new job portal www.Shine.com. These are in addition to the existing websites livemint.com and hindustantimes.com. The Company has entered into 65:35 joint venture with Velti Plc, one of the world's leading providers of mobile advertising solutions, to provide these services in India. In addition, the Company has also entered into 51:49 joint venture (JV) with German media group Hubert Burda to leverage HT Media's expertise in printing and publishing and capture opportunities in the booming high-end magazine and catalogue printing space in India and the Asia-Pacific region. HT Media also publishes two Hindi magazines Nandan and Kadambini.

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Note: *Certain statements in this document may be forward-looking. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. HT Media Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

Financial Performance of HT Media Limited (Consolidated)

(Rs. in millions, except EPS data)

Particulars	Three months ended			Nine months ended		
	31.12.2009 (Unaudited)	31.12.2008 (Unaudited)	Shift (%)	31.12.2009 (Unaudited)	31.12.2008 (Unaudited)	Shift (%)
Net Sales / Income from operations	3,594	3,435	5%	10,386	10,085	3%
Other Operating Income	67	22	202%	142	82	73%
Total Revenues	**3,661**	**3,457**	**6%**	**10,528**	**10,167**	**4%**
Other income	19	50	-62%	114	152	-25%
Total Income	**3,680**	**3,507**	**5%**	**10,642**	**10,319**	**3%**
(Increase)/Decrease in Inventory	(1)	(1)		(2)	(3)	
Consumption of Raw Materials	1,136	1,494	-24%	3,608	4,233	-15%
Employees Cost	621	588	6%	1,889	1,749	8%
Advertising and Sales Promotion	350	391	-10%	888	1,209	-26%
Other Expenditure	810	767	6%	2,270	2,226	2%
Total Expenditure	**2,916**	**3,239**	**-10%**	**8,653**	**9,414**	**-8%**
EBITDA	**764**	**268**	**185%**	**1,989**	**905**	**120%**
Margin (%)	***21%***	***8%***		***19%***	***9%***	
Depreciation	165	181	-9%	527	521	1%
Interest & finance charges	72	103	-31%	224	232	-3%
Profit before tax	**528**	**(16)**	**3452%**	**1,238**	**152**	**716%**
Margin (%)	***14%***	***0%***		***12%***	***1%***	
Exceptional Items	14	128		54	128	
Tax Expense	160	24	554%	314	193	63%
Profit after tax	**354**	**(168)**	**310%**	**869**	**(169)**	**615%**
Margin (%)	***10%***	***-5%***		***8%***	***-2%***	
Pre acquisition profits transferred to capital reserve	-	-		-	(2)	
Minority interest - (Profit) / Loss	5	40	-88%	16	104	-84%
Net Income	**358**	**(128)**	**380%**	**886**	**(67)**	**1429%**
Margin (%)	***10%***	***-4%***		***8%***	***-1%***	
EPS (Not Annualized)	**1.52**	**-0.55**		**3.77**	**-0.29**	