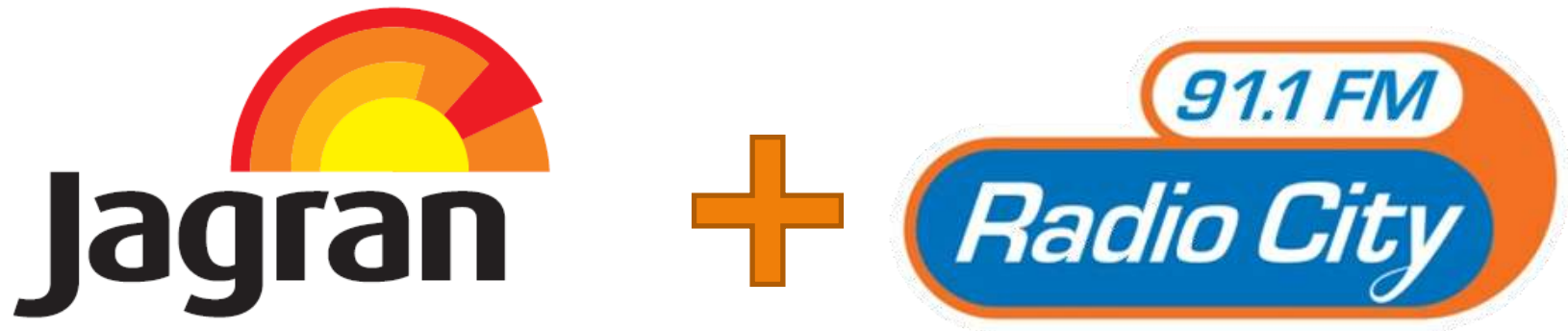


Jagran Prakashan Limited (JPL)

to Acquire

Music Broadcast Private Limited

India's Leading Radio Network



16<sup>th</sup> December 2014

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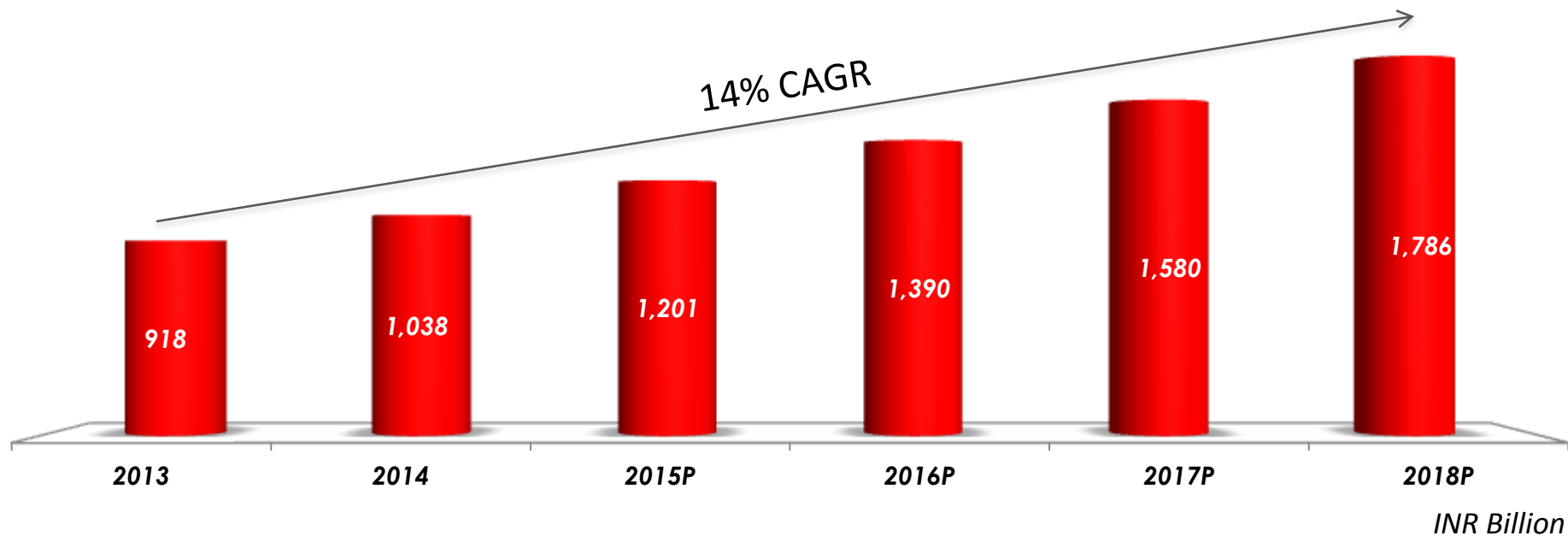
- Radio – An Attractive Opportunity
- About Radio City
- Key Financials
- About the Transaction
- Acquisition Rationale
- Way Forward
- About Jagran Prakashan



# Radio – An Attractive Opportunity

# Media & Entertainment (M&E) Industry Overview

- Favorable economic and demographic factors in India, will lead to increase in disposable income thereby leading to higher consumption of M&E content
- Media industry to grow at a CAGR of 14% from 2013 to 2018
- Current per capita media spends in India is ~USD 7 compared to ~USD 22 of China, reflecting huge potential for M&E Industry



# Radio Industry Overview (1/2)

- IRS Q2 2012 data: Radio reaches ~158 mn people across India versus ~42 mn in 2007, Expected to reach **~182 mn** people in 2020
- After 15 years, Industry has now become Profitable, justifying investments in the sector
- Similar to Internet Advertising, the revenues in Radio have high operating leverage
- Radio has high entry barriers, difficult to build a radio network of Size & Relevance
- Long gestation period required to create a national network
- Radio is free & local: Customized content allows interactivity and therefore resonates with listeners

# Radio Industry Overview (2/2)

- Radio in India is dominated by National Advertising. Local Advertisers embracing the medium will unleash huge potential
  - Radio acts as a complimentary media platform to all other mediums, more so to local mediums
  - Most cost-effective solution for 'local' & 'national' advertising

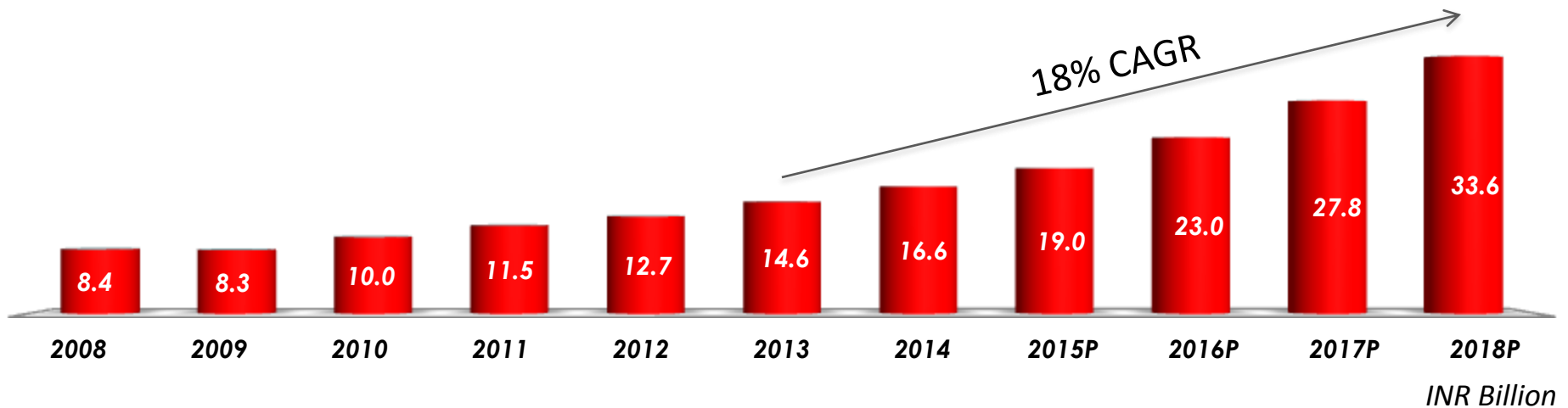
## ***Greater Clarity leads to Huge Opportunities***

Evolving regulations and anticipated regulatory changes are expected to increase the reach and further strengthen radio as a competitive mainstream media

- Copyright Issues have been settled and have been linked with Revenue (Aug'2010)
- Phase III licenses expected to be auctioned in 2015
- Migration of Existing Operators to Phase III is possible
- TRAI has rationalized the migration fee formula for Phase III
- Trading of licenses would be easier (as per Phase III policy)
- Networking is now allowed and would help bring down the operational cost
- **License period in Phase III would be 15 years**
- **Broadcast of News is expected to be allowed on Private Radio shortly**

# Growth in Radio Advertising

- Radio revenues are estimated at INR 1,660 Cr and are expected to reach INR 3,360 Cr by 2018
- Radio Industry has grown faster than traditional media (15% CAGR, 2009-2013) and is expected to grow at a CAGR of 18% (2013-2018)
- Radio Industry expected to increase its share in the media pie to ~5% by 2018
- National Advertising is 70%; Local Advertising is growing faster and will improve Yields of Radio Stations
- Faster acceptability of the medium by local advertisers, can propel the growth rate currently estimated





# JPL's foray in Radio Business

- Makes a strong business proposition
- Leading players in the radio industry operate at extremely healthy margins (~30% EBITDA) and these margins are consistently improving
- Value Creator for stakeholders, strong valuation multiples... As radio is considered a high growth medium, the valuation multiples are high. The market leader currently enjoys a multiple of ~15x EBITDA on FY15e
- Radio is currently being used predominantly by National Advertisers, a sound radio presence will help us tap into National Advertising Budgets better and strengthen relations
- As content creators, we should have as many platforms as possible. With News expected to be allowed, radio becomes unavoidable
- Radio compliments our existing media portfolio

***The fast growth of the medium, synergy benefits and attractive valuation multiples, makes the industry a compelling one...***

***Radio provides an excellent opportunity to gainfully deploy capital to improve ROC and EPS***



# About Radio City

# About Radio City (1/3)

- Radio City' is one of India's leading private FM radio operators with a nation-wide presence
- Pioneers in Radio - and have a strong brand equity
- Has 20 stations across 7 states
- Phase I stations include Mumbai, Delhi, Bangalore & Lucknow
- Secured an additional 16 stations in Phase II
- Commands a price premium even in competitive markets on account of a differentiated mass market product
- Sales tie-ups with 2 Stations, Kolkata & Gwalior



# About Radio City (2/3)

- MBPL is one of the largest player by reach and airtime revenue
- Present in 14 of top 16 ad-revenue generating markets with focus on SEC AB audience - Second largest player in the markets of presence
- Leader in various markets, including Mumbai, Bangalore, Lucknow
- Reaches ~66 mn people across 20 cities, covering ~51% of the total radio population
- Strong and professional management team, with average experience of ~15 years

## Significant Non-FCT business



## About Radio City (3/3)

- Experienced sales team with credible legacy relationships, spread across India
- Strong Corporate Governance, along with robust processes, systems, and infrastructure, provide a sustainable platform for growth
- The only prominent player in India to own 14 Revenue Generating Online radio stations (PlanetRadioCity.com), **India's First music portal**
- "Radio City Connect" for on ground support to airtime
  - **Activation:** Mobile Road Shows, Multi-City Mall Activities, RWA Activities, School/College Promotions, Rock Shows
  - **Exposure:** Movie and music promotions

### Employer of Choice

#### *Radio City awarded the*

"Best place to work in the Media vertical" 10-11

"Best place for Rewards and Recognition" 11-12

"Ranked No.1 among Media & Entertainment" 12-13

"Ranked No.1 among Media & Entertainment" 13-14

"Top 25 employers across all industries" 13-14



# History of Radio City

- MBPL was Incorporated in November 1999 and started its first radio station in Bangalore in July 2001
- Subsequently stations were started in Lucknow (December 2001), Mumbai (May 2002) and New Delhi (April 2003)
- During Phase II of FM Radio, MBPL added 16 more stations
- Sales tie-up with Gwalior & Kolkata
- Launched Radio City School of Broadcasting
- Launched Planet Radio City in August 2008

## Iconic Radio Programs



The  
Most Recalled Show  
On Radio



The no 1  
retro show



The  
Longest running  
feature  
in the country



Radio City brings  
back the  
Legend of Radio



# Key Financials



# Financials - JPL



	FY12	FY13	FY14	H1-15
Net Revenue	1355.7	1521.8	1702.7	876.6
Other Income	25.5	119.0	46.6	14.1
<b>Total income</b>	<b>1381.2</b>	<b>1640.8</b>	<b>1749.3</b>	<b>890.7</b>
<i>y-o-y Growth</i>	11%	19%	7%	
<b>Total Costs</b>	<b>1038.8</b>	<b>1226.6</b>	<b>1320.1</b>	<b>663.3</b>
<b>EBITDA</b>	<b>342.4</b>	<b>414.2</b>	<b>429.2</b>	<b>227.4</b>
<i>% Margin</i>	24.8%	25.2%	24.5%	25.5%
<b>PBT</b>	<b>255.6</b>	<b>255.2</b>	<b>305.7</b>	<b>163.3</b>
<i>% Margin</i>	18.5%	15.5%	17.5%	18.3%

INR Crores

# Financials - MBPL

	FY12	FY13	FY14	H1-15
Net Revenue	128.9	148.6	158.5	95.4
Other Income	2.3	2.2	3.3	1.7
<b>Total income</b>	<b>131.2</b>	<b>150.8</b>	<b>161.8</b>	<b>97.1</b>
<i>y-o-y Growth</i>	18%	15%	7%	
<b>Total Costs</b>	<b>105.8</b>	<b>117.4</b>	<b>119.3</b>	<b>70.3</b>
<b>EBITDA</b>	<b>25.4</b>	<b>33.4</b>	<b>42.5</b>	<b>26.8</b>
<i>% Margin</i>	19%	22%	26%	28%
<b>PBT</b>	<b>15</b>	<b>9.2</b>	<b>21.4</b>	<b>17.4</b>
<i>% Margin</i>	11%	6%	13%	18%

**Advertising Revenue exhibit healthy growth of 28% in H1FY15**

INR Crores



# The Transaction

# Transaction Overview

- 100% acquisition of Radio City through All Cash Deal gets JPL into high growth and profitable Radio segment
- The acquisition is subject to regulatory approvals, including from Ministry of Information and Broadcasting, and execution of binding agreements (approvals expected before the end of this fiscal year)
- We get the business, along with its entire Management team, led by Ms. Apurva Purohit, one of the finest media professionals, credited with the success of Radio City
- Phase III Migration Fees payable for existing stations is limited to a cap
- The acquisition will primarily be funded from internal accruals and investments
- This acquisition will not impair the company's ability to distribute dividends
- Investment partly for purchase of equity and partly for replacement of loans of sellers

# Acquisition Rationale

# Strategic Benefits

- Increased business diversity, across geographies and across media vehicles
  - *Pan India presence helps JPL reap benefits from traditionally non Jagran Geographies*
- Radio business will complement JPL's print, outdoor, activation and digital businesses and enable deeper inroads with advertisers both at national and local level
- Radio can be a significant tool added to our current News delivery platforms
- The Acquisition catapults JPL to be a National Player in Radio Market
- Get access to the best radio markets – radio licenses are auctioned by MIB; Virtually impossible to “build” a similar radio network/brand today
- Helps future expansion of our media vehicles in territories beyond the JPL's footprint area
- Strengthening JPL's presence in New Media

# Financial Benefits

## ***Value Creation for the shareholders***

- Radio City's high operating margins (~28%) will positively contribute to JPL's operating margins and profitability
- An excellent opportunity to gainfully deploy our capital with improvement in ROC
- As radio is considered a high growth medium, the valuation multiples are higher than traditional media
- Opportunity to participate and be a beneficiary of India's fastest growing traditional media
- Cross Promotion, Ad Revenue and Cost synergies, in particular with Dainik Jagran, Mid-Day, Mid-Day Gujarati, City Plus, i-next, Jagran Engage, Jagran Solutions, and Jagran's Digital Properties



# The Way Forward

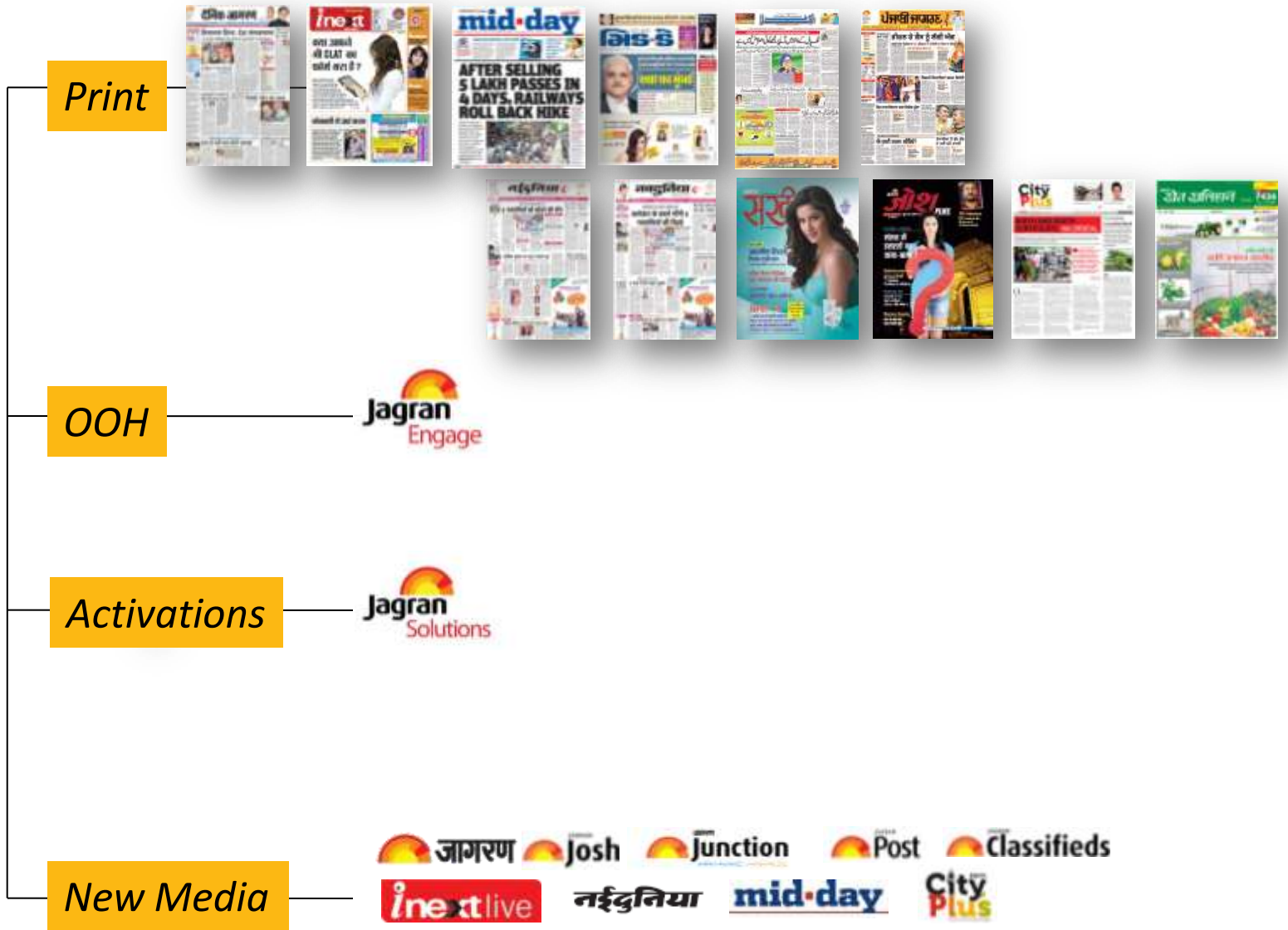


# The Way Forward

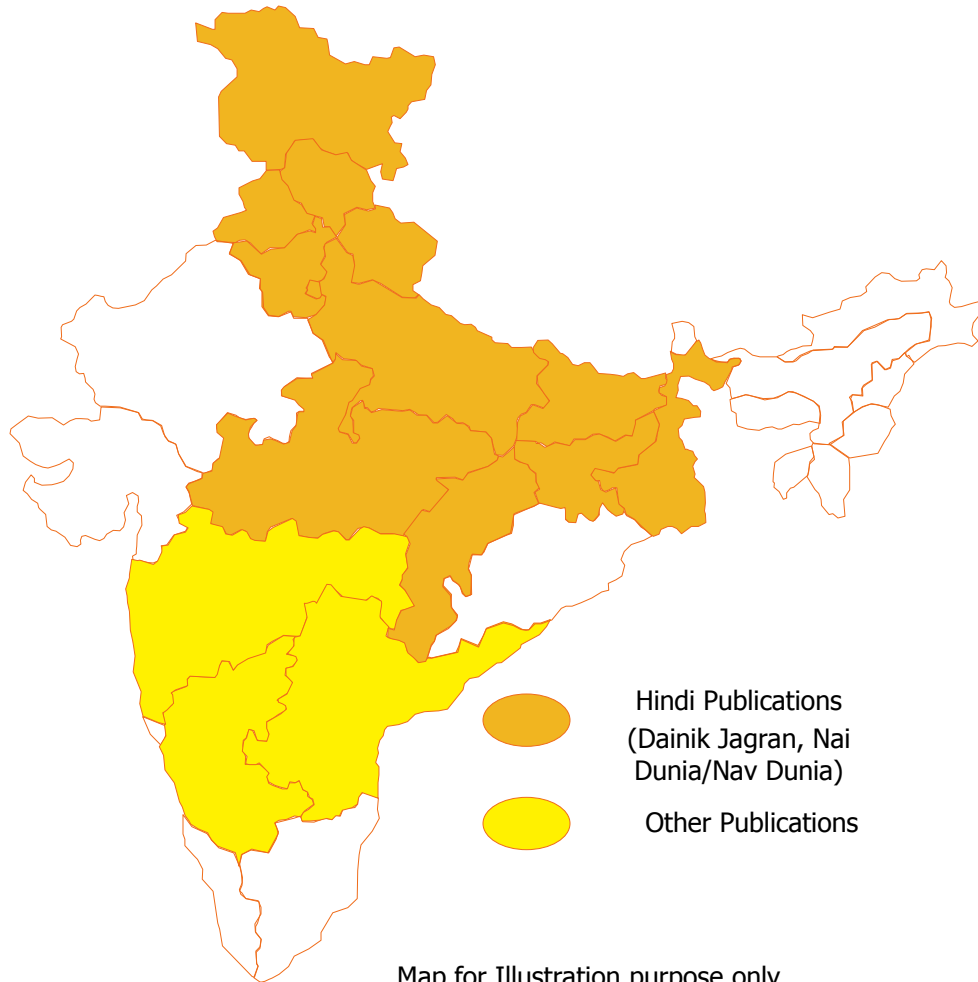
- Migration of existing stations of MBPL to Phase III of Radio
- Finalization of Strategy for Expansion in Phase III
  - Focus on Strengthening the core JPL as well as MBPL domains
- Exploring possibilities of consolidation with Promoter's existing radio business – “Radio Mantra”. A strong well accepted brand in its existing areas of operation in UP, Punjab, Haryana & Jharkhand
  - No overlap with Radio City
  - The combined network creates a compelling proposition for advertisers, in the core Jagran markets
- Strengthen the sales network further by adding more alliance partners, to leverage upon the strong client relationships and competent sales force
- Drawing the revenue and cost synergies, between radio and existing media platforms of JPL



# About Jagran Prakashan



# JPL... The Largest Read Print Media Group of India



Map for Illustration purpose only

**68** million readers

**12**

Titles

**5**

Languages

**100+**

Editions

**15**

States

**Dainik Jagran:** India's #1 Daily

**inext:** India's only Bilingual Compact

**Mid-day:** India's #1 Afternoon Daily

**Inquilab:** India's #1 Urdu Daily

# JPL: India's Media Conglomerate



## Hindi Publications

### **Dainik Jagran:**

Flagship Brand of the Group,  
No. 1 Daily of the Country with Highest Readership

### **Nai Dunia /Nav Dunia:**

Leading and fastest growing Hindi Daily of Madhya Pradesh and Chattisgarh

## Other Publications

### **Mid Day:**

India's #1 Afternoon Daily

### **Others:**

Punjabi Jagran, Midday Gujarati, I-Next, Inquilab, City Plus, Jagran Josh Plus, Sakhi, Khet Khaliyan

## Other Businesses

### **Digital:**

8.6 mn Unique Users, 168 mn Page Views / Month  
#1 Hindi News Site: jagran.com  
#1 Education Site : jagranjosh.com

### **OOH (Jagran Engage):**

Leading Outdoor Operator of the country

### **Activation (Jagran Solutions):**

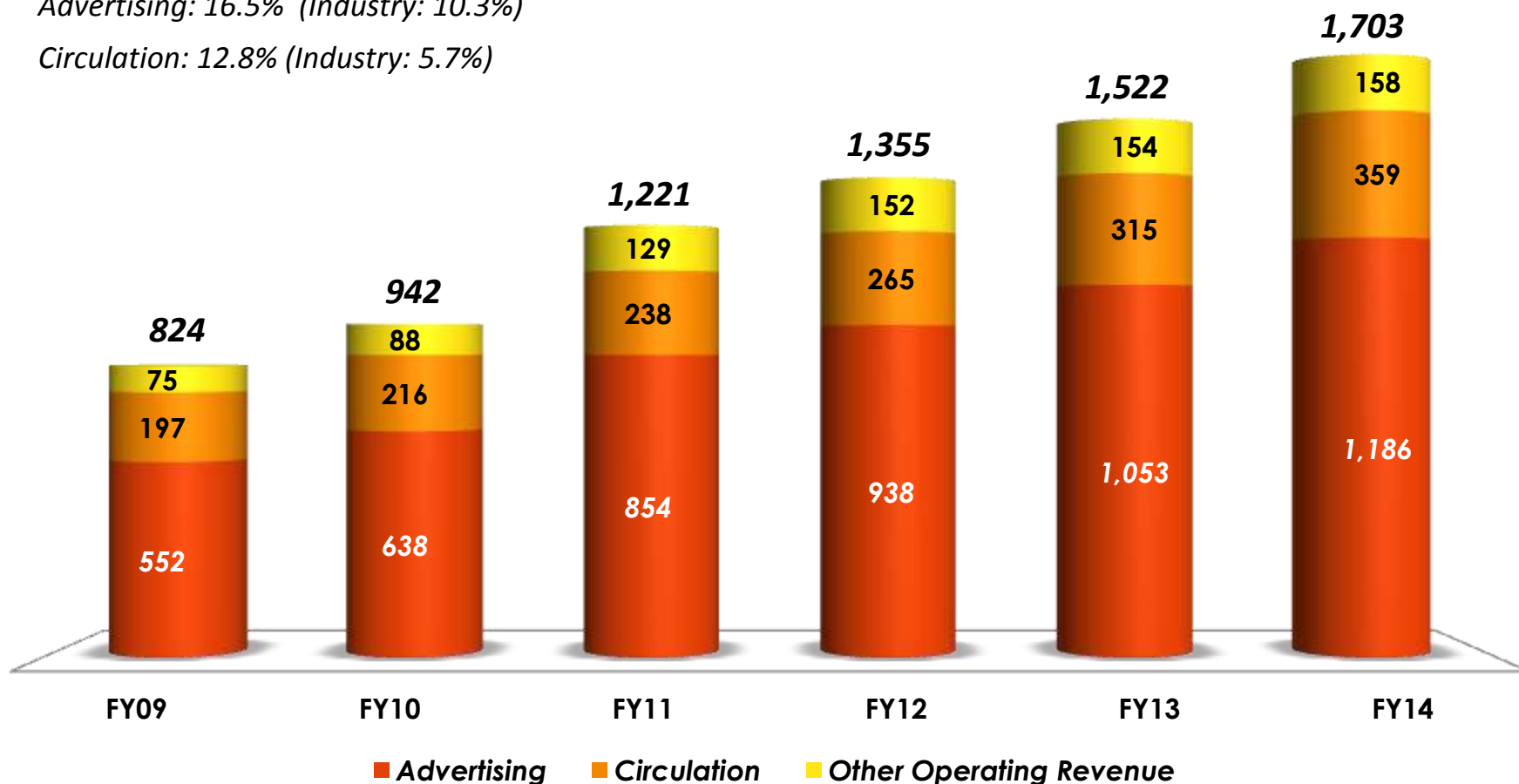
Over 80 awards won, Pan India Operation

# Consistent Growth

**FY09-14 Revenue CAGR: 15.6%**

Advertising: 16.5% (Industry: 10.3%)

Circulation: 12.8% (Industry: 5.7%)



INR Crores

## For further information, please contact:

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