



Nation Media Group

Media of Africa for Africa

INVESTOR BRIEFING FULL YEAR RESULTS 2016

5TH APRIL 2017



Nation Media Group
Media of Africa for Africa

F16 Highlights

F16 Divisional Updates

F16 Group Results

Q & A

Business Objective



Protect & grow current business



Developing a sustainable culture



Consumer



New revenue streams



Digital Focus

Grow current business & foster a strong digital foundation for a sustainable, profitable future

Our Objectives

- Growing the top line
 - ✓ Maintaining current revenues
 - ✓ Generating new revenue streams
 - Managing costs to invest in growth
 - Innovating to continuously meet consumer needs
 - Recruiting talent that matches new media demands
-



01

2016 HIGHLIGHTS

02

DIVISIONAL UPDATES

03

2016 GROUP RESULTS

04

Q & A

2016 Group Highlights

F16 Highlights

- Convergence journey
- Embedding the digital opportunity
- Opportunities on new press capabilities
- Closure of non-performing businesses
- Driving out costs (Efficiency & Effectiveness)
- Consolidated the TV into a bilingual brand (NTV)
- Strategic partnerships with regional stations (Star, Lolwe, Njata)
- Tough & challenging advertising environment
- Delays in payment especially from gov't



Growing Broadcasting into Profitability



- One strong bilingual TV station (NTV)
- Strategic partnerships
- Strong programming to drive audience growth
- Strong Social Media Presence
- Regional studios for better brand quality

Drive for audience growth for sustainable profitability

NTV Programming



Business Daily Relaunch



- More data on market reports
- More insights on business
- Deeper business analysis
- Metered content (Paywall)
- Grow online audiences
- Recruit younger business readers

New Digital Channels

Alerts, Newsletters
New shortcode PRSP

Snapchat, Twitter,
Instagram, Facebook

News in Shots

SMS, Whatsapp,
Telegraph

AGM Live

Acquire/Create New Business

Kenya Buzz

Music Label

Jobs

Special Focus Domains

News
Plex
Plus

Health &
Wellness

Fashion &
Lifestyle

Agriculture

Elections

East
African
Tourism

Business &
Economic
Data

Driving the Digital Transition

Elections Coverage



Issue based campaign highlights



Impactful webpage
www.nation.co.ke/electionskenya

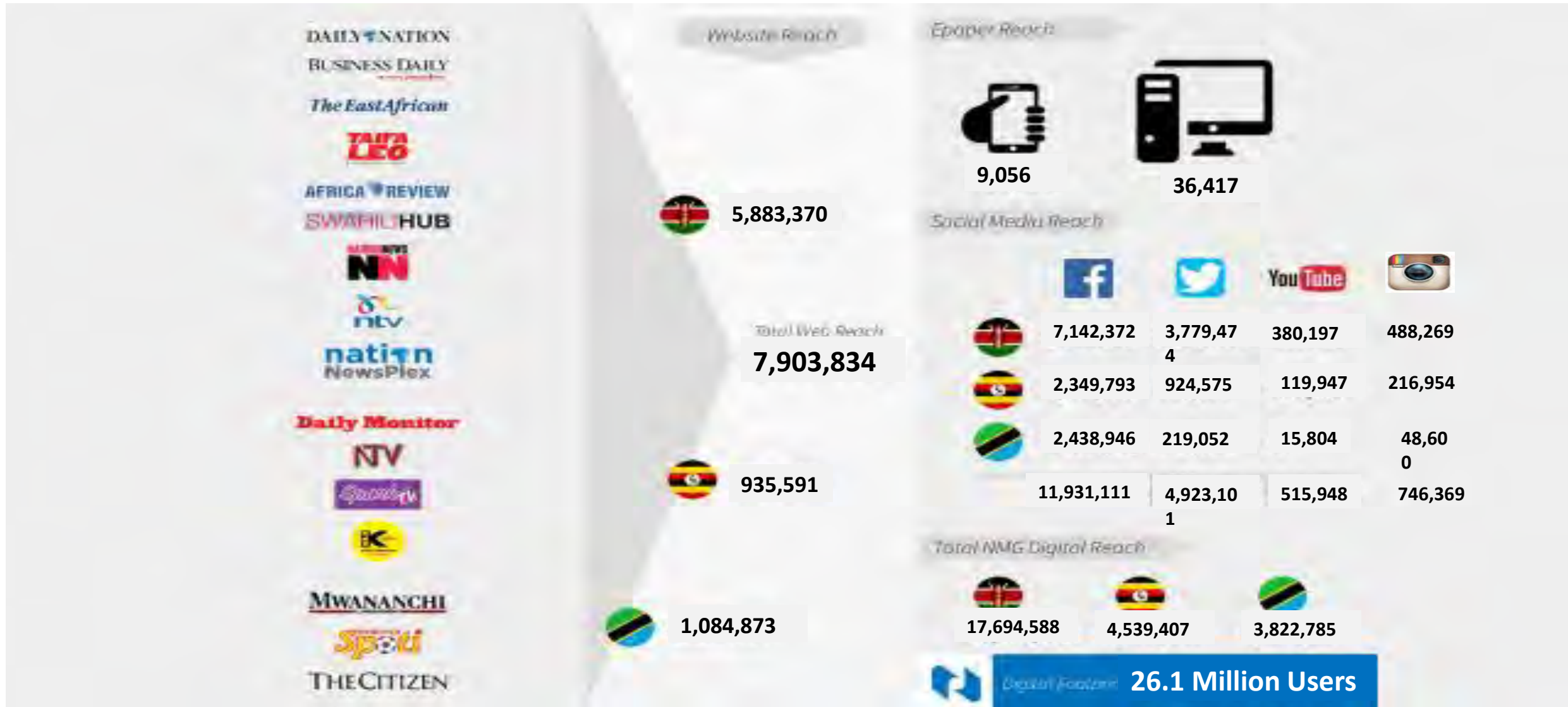


Fact check reporting



Converged elections coverage

Largest Digital Footprint in the Region



Digital footprint has grown 30% from 20m to 26.1m in 6 months

Acquisition Kenya Buzz



- Acquired Kenya Buzz in February 2017
- Online entertainment directory
- Ticketing solution; Advertising (Native & Traditional)
- Expanding our audiences with targeted & customised experiences
- Audience: 18 – 35 years

The Most Disruptive Device Ever

Map

Album

Encyclopedia

Doctor

Cinema

Phone

Wallet

Translator

PA

TV

Bank

Notebook

Cinema

University

Book Library

Music Player

Video Library

Newspaper

Alarm

Insurer

Social Life

Key

Email Device

Tutor

Games Console

Watch Timer

Dictionary

Diary

Travel Guide

Scanner

Taxi Service



Nation Media Group
Media of Africa for Africa

Efficiency & Effectiveness



New revenues from new press capability; Speed to market



Optimised route to market; Early market arrivals; Reduced return levels



Efficient press; distribution market intelligence; lean operations



Cost and Debt Management



Regional stations; Greater audience reach; Brand Equity

Operate with lean structures in an efficient and effective manner

Protecting Media Freedoms

Hostile/unpredictable environment:



- Government has centralized advertising through GAA/ CAA



- Government's reduced advertising spend



- Media Services Act – New restriction on foreign media ownership

NMG has taken leadership with other media players to shape our regulatory environment

Thought Leadership

Set the agenda for the narrative in the country



Building the brand to set the agenda in the country

Culture Journey

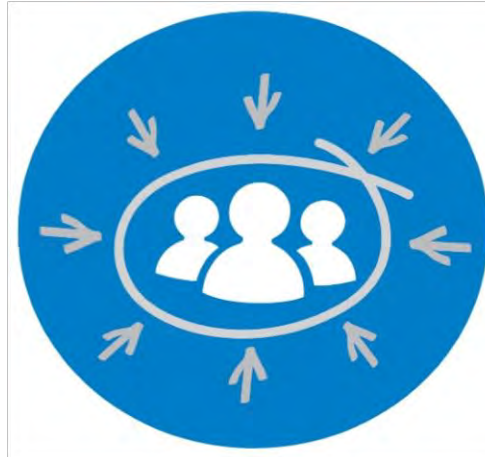


- Launched Corporate values to the team
- Ensure clear line of sight throughout the organisation on the deliverables
- Continue building the digital spectrum as a basic platform throughout the org'n as a clear means to match consumer consumption
- Entrepreneurship – Acting like an owner not a tenant

Our Values



**Continuous
Improvement &
Innovation**



Consumer Focus



**Employer of
Choice**



Integrity & Trust



**Drive for
Performance**

Inspiring leadership; Team work; Continuous improvement

01

2016 HIGHLIGHTS

02

2016 DIVISIONAL UPDATES
















03

2016 GROUP RESULTS



04

Q & A

Print

DIVISION	DAILY NATION		The EastAfrican		BUSINESS DAILY		Daily Monitor		MWANANCHI	
REVENUE		6%		16%		1%		20%		23%
DIRECT COSTS		22%		42%		0.5%		17%		23%
OPERATING RESULTS		4%		61%		2%		>100%		56%

Television

DIVISION				
REVENUE	↑	7%	↓	29%
DIRECT COSTS	↑	1%	↓	22%
OPERATING RESULTS	↑	>100%	↓	74%



Digital

DIVISION	KENYA	
REVENUE	↑	14%
DIRECT COSTS	↑	13%
OPERATING RESULTS	↑	>100%



01

2016 HIGHLIGHTS

02

2016 DIVISIONAL UPDATES

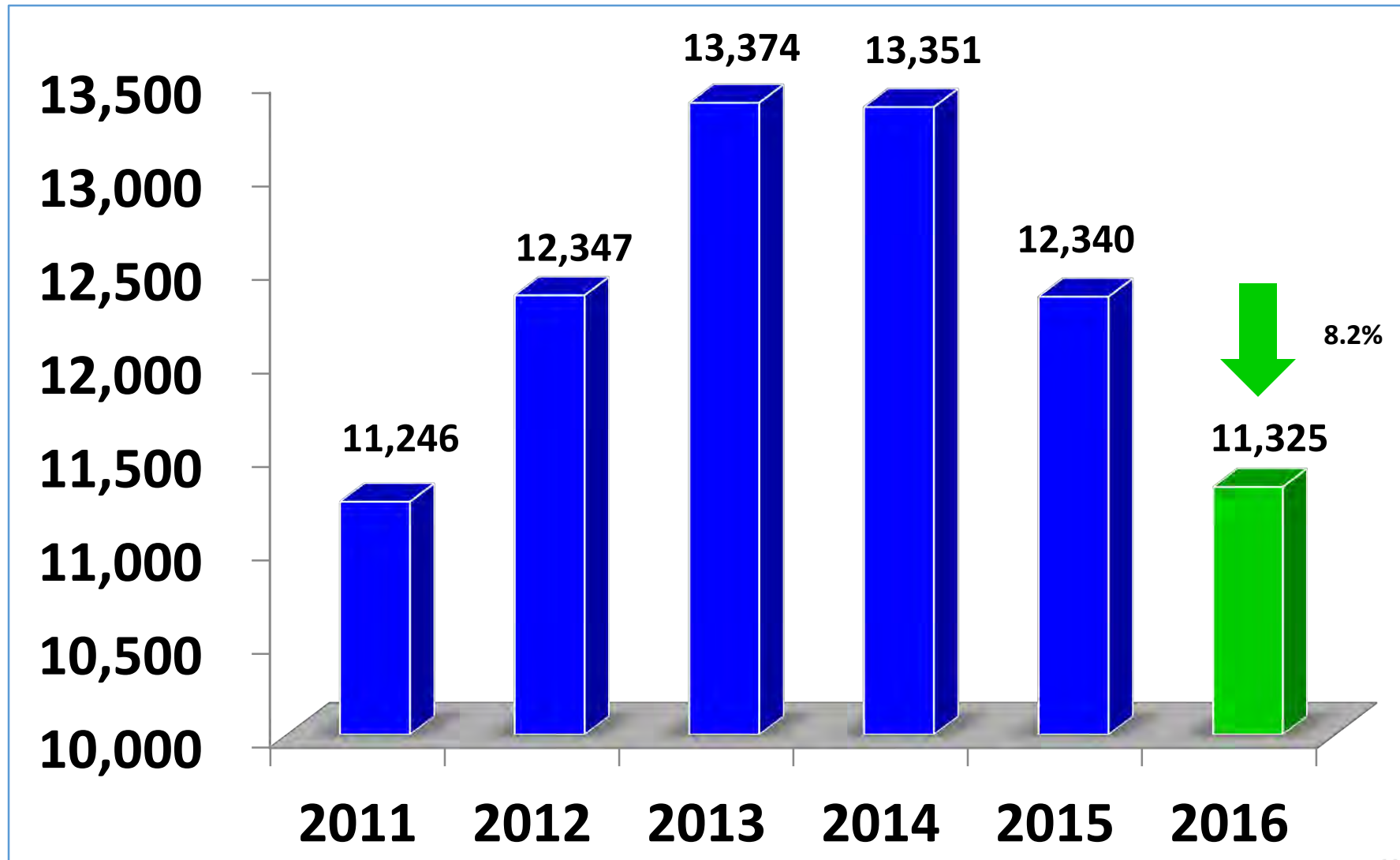
03

2016 GROUP RESULTS

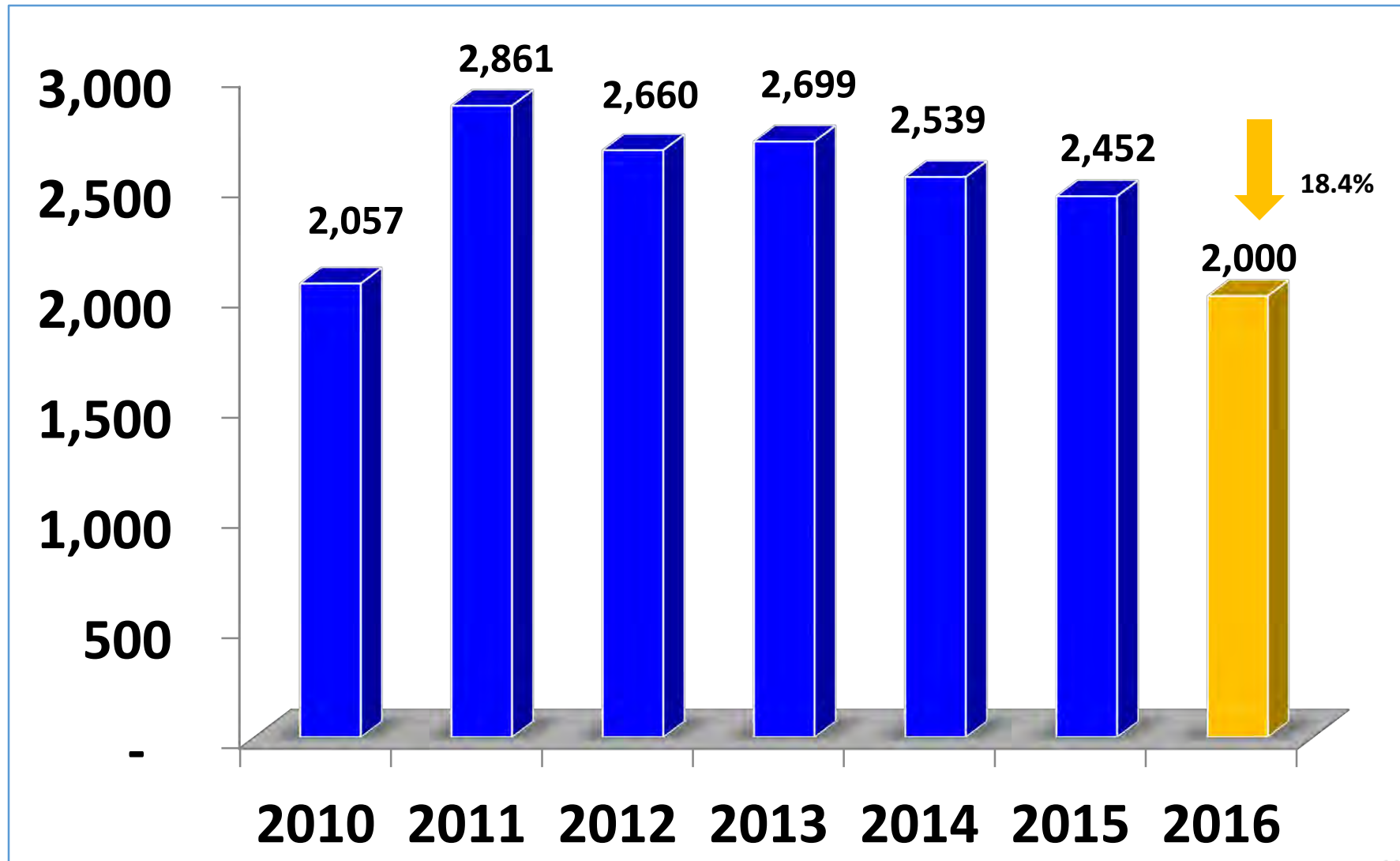
04

Q & A

Turnover Trend (Kshs M)



Cost of Sales (Kshs M)



Consolidated Statement of Comprehensive Income (Kshs M)

	2016	2015	% Change
Turnover	11,324.8	12,339.5	(8.2)
Profit before income tax	2,460.0	2,823.2	(12.9)
Income tax expense	(771.1)	(600.5)	(28.4)
Other comprehensive income	(54.2)	(151.6)	64.2
Total Comprehensive Income for the year	1,634.7	2,071.1	(21.1)

2016 Group Results – Non-Recurrent Items

Non-Recurring/ Exceptional Items	Kshs. Millions
Closure costs on QFM, QTV & KFM Rwanda	142.4
Start-up cost on new TV in Uganda- Spark TV	48.1
Staff Reorganisation costs	138.9
Goodwill impairment	13.5
Net non-recurring items	342.9
Others:	
2015 New Press Investment deduction allowance Tax impact	274.0

Consolidated Statement of Financial Position (Kshs M)

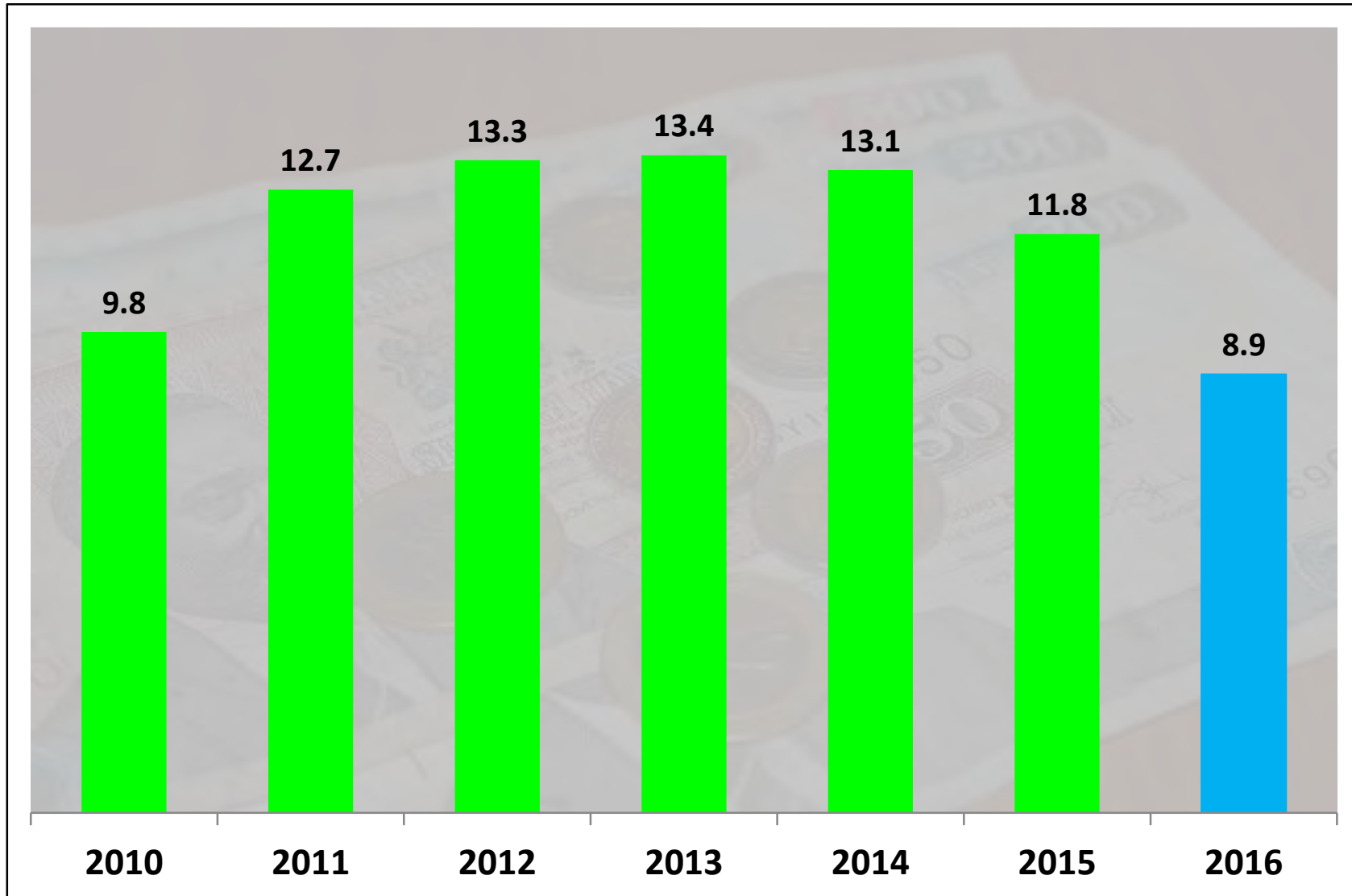
	2016	2015
Capital and Reserves		
Share capital	471.4	471.4
Other reserves	(89.1)	(56.4)
Retained earnings	6,859.5	7,076.2
Proposed dividends	1,414.1	1,414.1
Minority interest	47.0	48.4
Total equity	8,702.9	8,953.7
Non-current liabilities	15.2	151.9
Total Equity & Non-current liabilities	8,718.1	9,105.6
Assets		
Non-current assets	5,010.8	5,171.8
Working capital		
Current assets	7,163.3	7,524.9
Current liabilities	3,456.0	3,591.1
Net working capital	3,707.3	3,933.8
Total Assets	8,718.1	9,105.6

Condensed Cash Flow Statement (Kshs M)

	2016	2015
Cash generated from operations	2,525.8	3,376.6
Interest received	308.3	324.6
Interest paid	(2.1)	(8.3)
Tax paid	(93.4)	(767.4)
Net cash from operating activities	2,738.6	2,925.5
Net cash used in investing activities	(428.7)	(1,339.8)
Net cash used in financing activities	(1,923.5)	(1,915.9)
Increase/(decrease) in cash and cash equivalents	386.4	(330.2)
At start of period	3,063.3	3,451.7
Exchange gains on cash and cash equivalents	(2.4)	(58.2)
At end of period	3,447.3	3,063.3

Growth in 2017: 12.5%

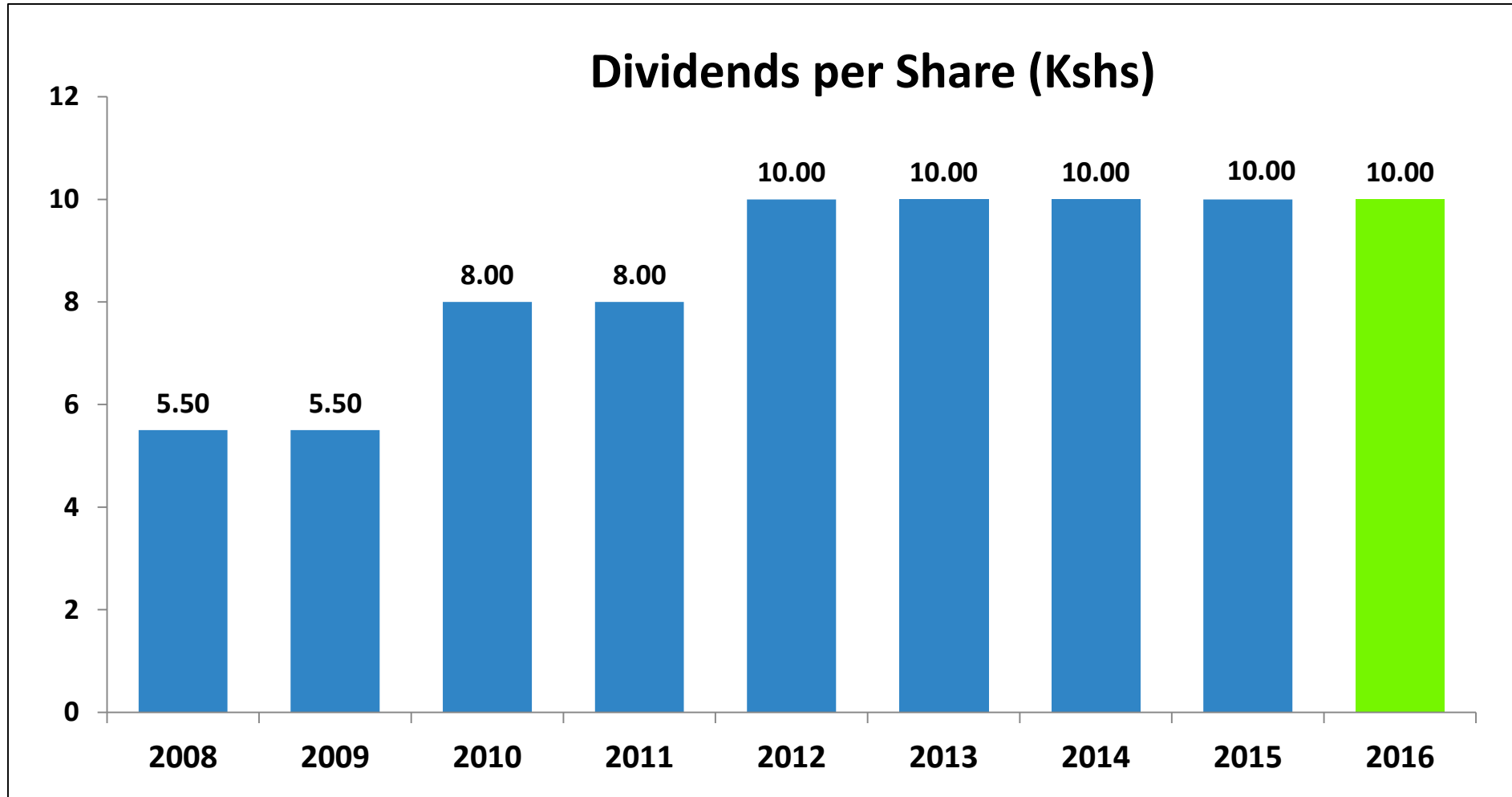
Earnings Per Share (Kshs)



Dividends



Dividend Trend



Total Dividend rate maintained at 10.00 per share

01

2016 HIGHLIGHTS

02

2016 DIVISIONAL UPDATES

03

2016 H1 GROUP RESULTS

04

Q & A



Nation Media Group

Media of Africa for Africa



The EastAfrican

BUSINESS DAILY
more possibilities

DAILY NATION

MWANZA
Spoti

**TAIFA
LEO**
A NATION MEDIA GROUP PUBLICATION

THE CITIZEN

MWANANCHI
LIMESHEHENI

Daily Monitor

ENNYANDA