



Nation Media Group

Media of Africa for Africa

**INVESTOR BRIEFING
FULL YEAR RESULTS 2017
18TH APRIL 2018**



FULL YEAR RESULTS BRIEFING

F17 Highlights

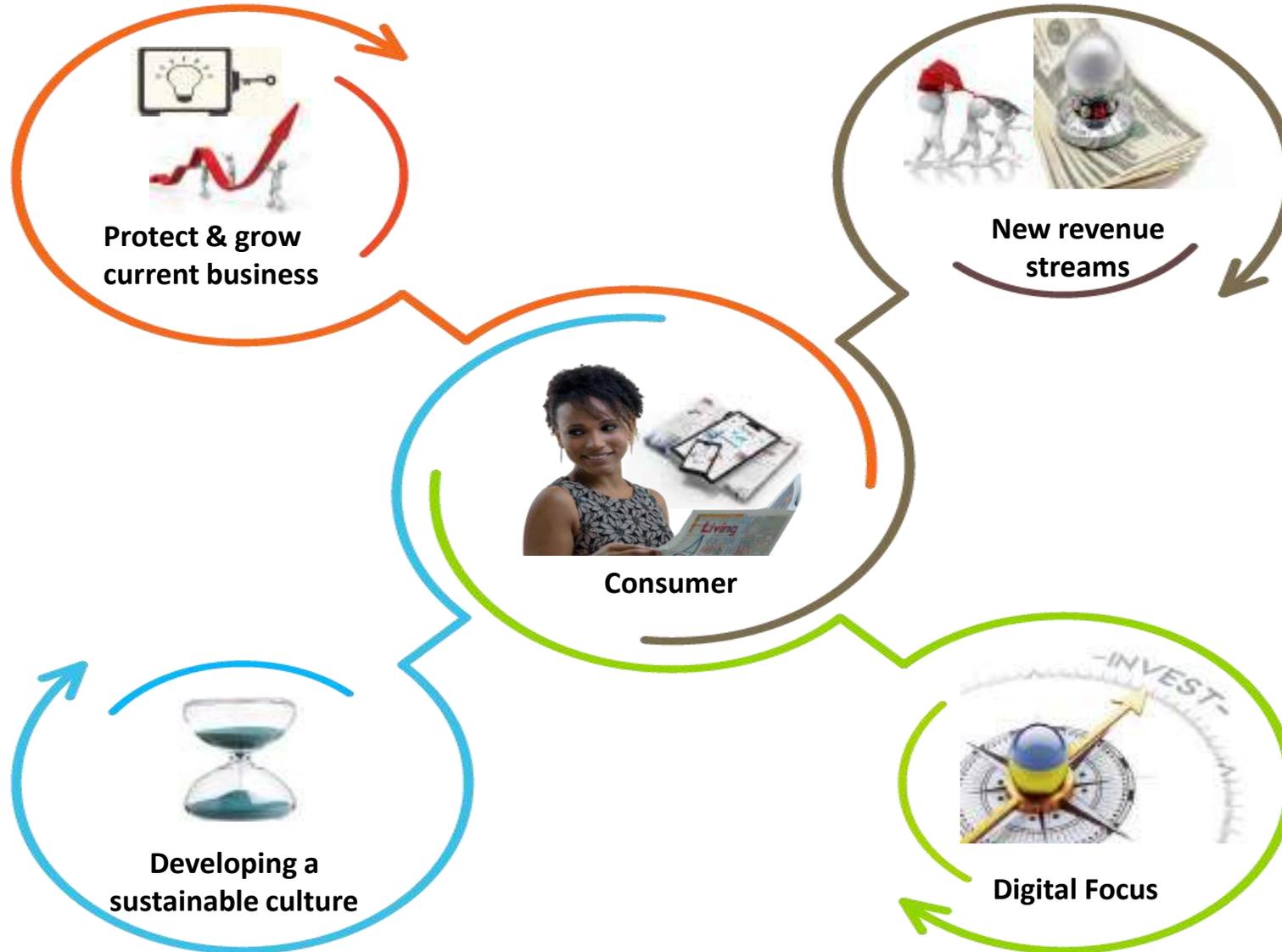
F17 Divisional Updates

F17 Group Results

Q & A



Business Objective

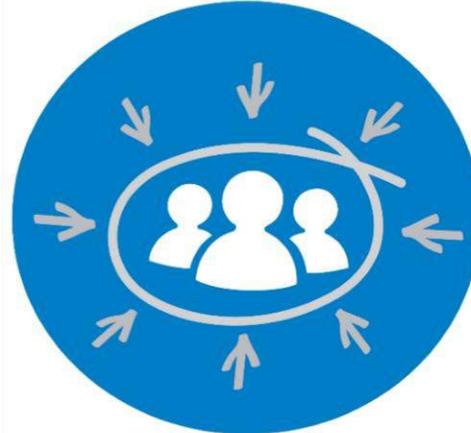


Grow current business & foster a strong digital foundation for a sustainable, profitable future

Our Values



Continuous Improvement & Innovation



Consumer Focus



Employer of Choice



Integrity & Trust



Drive for Performance

Inspiring leadership; Team work; Continuous improvement

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Sustainability Agenda

Focus on education

NMG is committed to enhancing literacy in the country through the different programs it runs:

Text Book Donations

In 2017, NMG donated text books to underprivileged schools in:

- Kisii County
- Isiolo County
- Mombasa County
- Baringo County



Over **2,000** pupils benefitted from the text books

Sustainability Agenda

Focus on Education



Newspapers in Education (NiE)



152 schools on the program through partnerships and direct subscriptions



18 counties



NMG newspapers distributed through the initiative



Approximately **62,000** pupils with access to the paper each week



Awarded **Best Company in Sustainable Corporate Responsibility** at the Think Business Awards for the NiE program



Sustainability Agenda

Regional Activities - Uganda



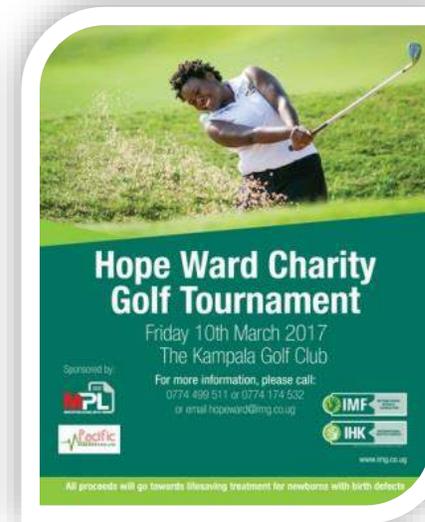
Mama Wange Health Camp: Partnered with health organizations to conduct free screening for breast cancer, full body checks and dental checks, to mark Mother's Day



Rotary Uganda Hugh Masekela concert: To raise funds for the construction of a blood bank at Mengo Hospital and a trauma centre



Cancer Awareness Month: Partnered with health organizations to conduct screening for cervical cancer



Hope Ward Charity Golf Tournament: In support of complex lifesaving surgery and ICU management of newborns with defects

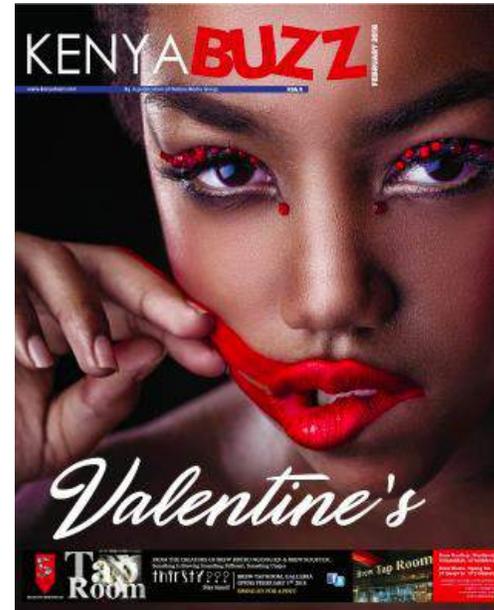
Kenya Buzz: Redesigned product-offering lifestyle experiences



- Revamped website- Unique users moved from 87,000 in Jan 2017 to 155,000 in March 2018
- Circulation grew from 10,000 to 20,000



A calendar of thematic editions with revenue focus
-Easter special & Mother's Day



100% cinema presence on the ticketing platform

Event focused approached yielding success-
Movie Week



NTV Programming



NTV ranked as the channel that provided the most equitable, diverse and balanced coverage of the 8 August 2017 Elections by European Union Election Observer Mission

International Awards - 2017



Zeynab Wandati

Winner of the prestigious
A.H. Boerner Award Food & Agriculture
Organisation of the
United Nations (FAO) for 2017



Pamella Sittoni

Women in News:
Editorial Leadership Award



Elizabeth Merab

Next Generation of Science
Journalism Award
by World Health Summit



**African fact-checking
Awards 2017**

'Before you vote' series
by Nation Newsplex

3 World Association of Newspapers and News Publishers
(WAN- IFRA) African Digital Media Awards:



**Winner
Best Data Visualization**
(Deadly Force Databases (Nation Newsplex))



**Runner up
Best Innovation/New Product**
(Nation Messenger Bot)



**Runner up
Best News Mobile Service**
(Nation News App)

Kenya Awards - 2017

Think Business Investment Awards:



**Most Innovative Company
of the Year 2016-2017**



**1st Runner up – Best Quoted
Company of the Year**



**Best Company in Sustainable
Corporate Responsibility**



**Citi Journalism
Excellence Award**



**Media Council Awards
in various categories**



**Global Editors Network
Award**



**Communication Authority
of Kenya Award**

Uganda Awards - 2017



Uganda Media Women's Association (UMWA) Awards



African Centre for Media Excellence Uganda National Journalism Awards 2017 in various categories



Best Writer FUFA women cup



Human Rights Awards 2017 in various categories



Uganda Biotechnology Media Awards in various categories



Recognition of outstanding journalism on health financing in Uganda (Makerere University school of public health)



Sports Journalist of the year



Best Journalist print category Uganda Premier League Awards



Winner to outstanding coverage of water, sanitation and hygiene - WASH Media awards in various categories



Journalist Choice Awards 2017



Best English News anchor media challenge

Tanzania Awards - 2017



Assistant News Editor
Human Rights and Good
Governance and Culture and Sports



Online and New Content
Editor Tourism and Conservation



Good governance Senior
reporter Business,
Economy and Finance



Reporter News analysis
and Current affairs

The Business Daily was re-launched in March



- Data driven content
- Use of infographics
- Lighter read
- Better design (Use of colour & photos)



Top 40 under 40, Top 100 Mid-sized companies

TOP 40 UNDER 40 Men
BUSINESS DAILY

JOIN THE LEAGUE OF EXTRAORDINARY GENTLEMEN.

THE MEN WHO XL.

More than Recognition | Business Daily. More Possibilities

#Top40Under40XZ | @BD_Africa | BusinessDailyAfrica

TOP 40 UNDER 40 Women
BUSINESS DAILY

It took Dr. Wala's help to raise my twins after my wife died.

DANIEL NJUGUNA JOHM

Dead because mine. 3 months he suckle. It took the Multiple 3 Multiple Society to give a mother's care and nurture. This is why Business Daily celebrates the life-changing work of

DR. KAREEMO WALA
Mbitani
The 40th of 40th 2017

Are you an entrepreneur? Share your story. Are you a parent? Share your experience. Are you a professional? Share your expertise. Share your story on our website.

Presented on: 10th July to 10th August 2017

#Top40Under40Women | @BD_Africa | BusinessDailyAfrica

TOP 100 MID-SIZED COMPANIES
BUSINESS DAILY

AMPLIFY

YOU SEEK SOUND COMPETITION.

Under the 10th Annual Top 100 Survey, 100 mid-sized companies that have been ranked before in Top 100 surveys.

Benefits:

- Increase visibility, drive growth and expand the customer base.
- Gain insights and connect the business leaders.
- Increase the company's brand awareness.
- Expand the company's network and create new opportunities.

Be seated among the great:

These companies are the leaders in their industries.

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BUSINESS DAILY | **10th Anniversary**

#Top100MidSizedCompanies | @BD_Africa | BusinessDailyAfrica

Seeds of Gold Farming Clinics

- 5 Farming clinics were held in 2017
- Participation from sponsors such as KARLO, Yara, Acre Africa, Kaguru Farm, Egerton University

Entry with a copy of Saturday Nation



Innovations



Nation Chat Bot



Kenya Buzz Ticketing



Apple News Format



Prize Competition



Health Magazine



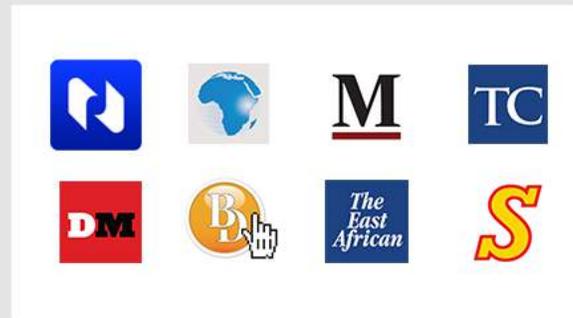
Nation News App



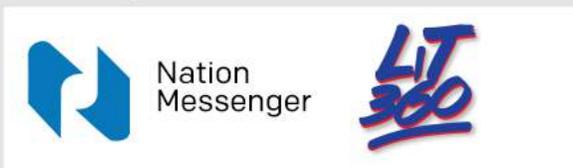
Websites



News & Epaper Apps



Messenger bot & Music



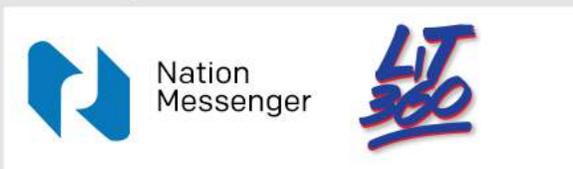
Websites



News & Epaper Apps



Messenger bot & Music



Digital footprint has grown 24% in the last 12 months

Statistics on Suswa Video



Suswa Rift: Kenya is splitting

5,188,101 views

4.7K 402 SHARE



DailyNation

Published on 20 Mar 2018

<http://www.nation.co.ke>

Somalia and half of Ethiopia, Kenya and Tanzania are expected to split from Africa to form a new continent

SHOW MORE

- **5M** YouTube views
- **1,052** YouTube comments
- **16,158** shares on YouTube
- **1,987** additional YouTube subscribers
- **1,200+** Facebook Shares
- **172k+** Facebook views

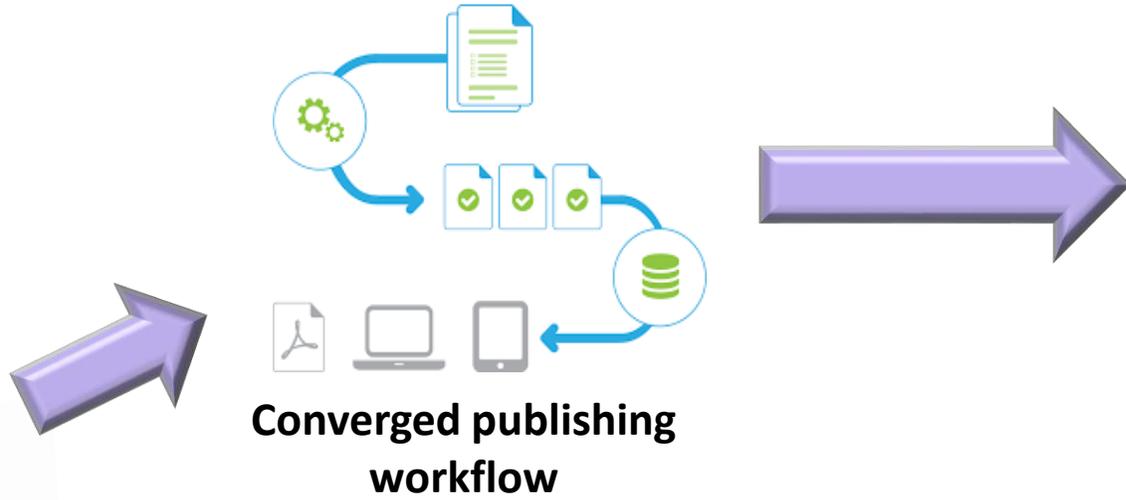


Nation Media Group
Media of Africa for Africa

Multi-channel Publishing System



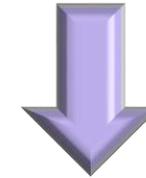
Multichannel Publishing System



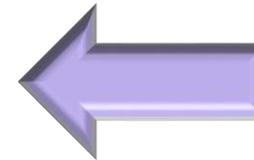
Converged publishing workflow



Multi-channel publishing



New-age consumer



Print Distribution

Capex Investment: Kshs. 150 Million

Key Appointments



**Managing Director,
Nation Newspapers Division**



**Managing Director,
Broadcasting Division**

Nation Leadership Forum



3 April 2017:
Hungry and Thirsty: What are Kenya's options

1

Attendees: 500+
Social Media Reach: 49 million
Partners: 5 corporate partners



29 June 2017:
Kenyan Elections: Voters & Leadership

2

Attendees: 400 +
Social Media Reach: 100+ million
Partners: 11 corporate partners



11 December 2017:
Kenya's Gender Dilemma

3

Attendees: 500 +
Social Media Reach: over 103+ million
Partners: 6 corporate partners



19 March 2018:
Manufacturing Kenya's Future

4

Attendees: 500 +
Social Media Reach: over 114+ million
Partners: 10 corporate partners

Positioned NMG as a driver of key issues



| Newspapers in Education (NiE)



Juniorspot Launch

Internal Staff Activation



Market Launch



Impact on the business



Juniorspot Market Feedback

“One observes Daily Nation has given a wide slot for the interest of those of school - going age. Clearly, this provides for intellectual stimulation. Youngsters can peruse vital - details - this at the outset augments class - room learning...”

Alnashir D Walji, Nairobi

Financial literacy is a good idea because it helps us learn on how to save the little that we are given”

Anonymous Student, Nairobi



3 partners

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

2017 Business Overview



Challenging business environment



Delays in payment especially - government



Declining advertising revenues



Declining circulation volumes (KE, UG, TZ)



Business reorganisation



Strong election coverage



Converged structure – Digital first



Stable NMG Share Price



Strong Cash position


**Digital
GROWTH**

Contribution: 1.5% in 2015 to 4% in 2017

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Print

| DIVISION | DAILY NATION | | <i>The East African</i> | | BUSINESS DAILY | | Daily Monitor TRUTH EVERYDAY | | MWANANCHI Fikiri Tofauti | |
|-------------------|--------------|-----|-------------------------|-------|----------------|-----|---------------------------------|-------|-----------------------------|-------|
| REVENUE | ↓ | 10% | ↓ | 21% | ↓ | 11% | ↓ | 3% | ↓ | 12% |
| DIRECT COSTS | ↓ | 1% | ↓ | 9% | ↑ | 10% | ↑ | 1% | ↓ | 13% |
| OPERATING RESULTS | ↓ | 34% | ↓ | >100% | ↓ | 47% | ↑ | >100% | ↓ | >100% |

Television

| DIVISION |  | |  | |
|-------------------|---|-----|---|-----|
| REVENUE |  | 12% |  | 5% |
| DIRECT COSTS |  | 14% |  | 14% |
| OPERATING RESULTS |  | 58% |  | 52% |

Digital

| DIVISION | KENYA | |
|-------------------|-------|-------|
| REVENUE | ↑ | 42% |
| DIRECT COSTS | ↓ | 9% |
| OPERATING RESULTS | ↑ | >100% |



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2017 DIVISIONAL UPDATES

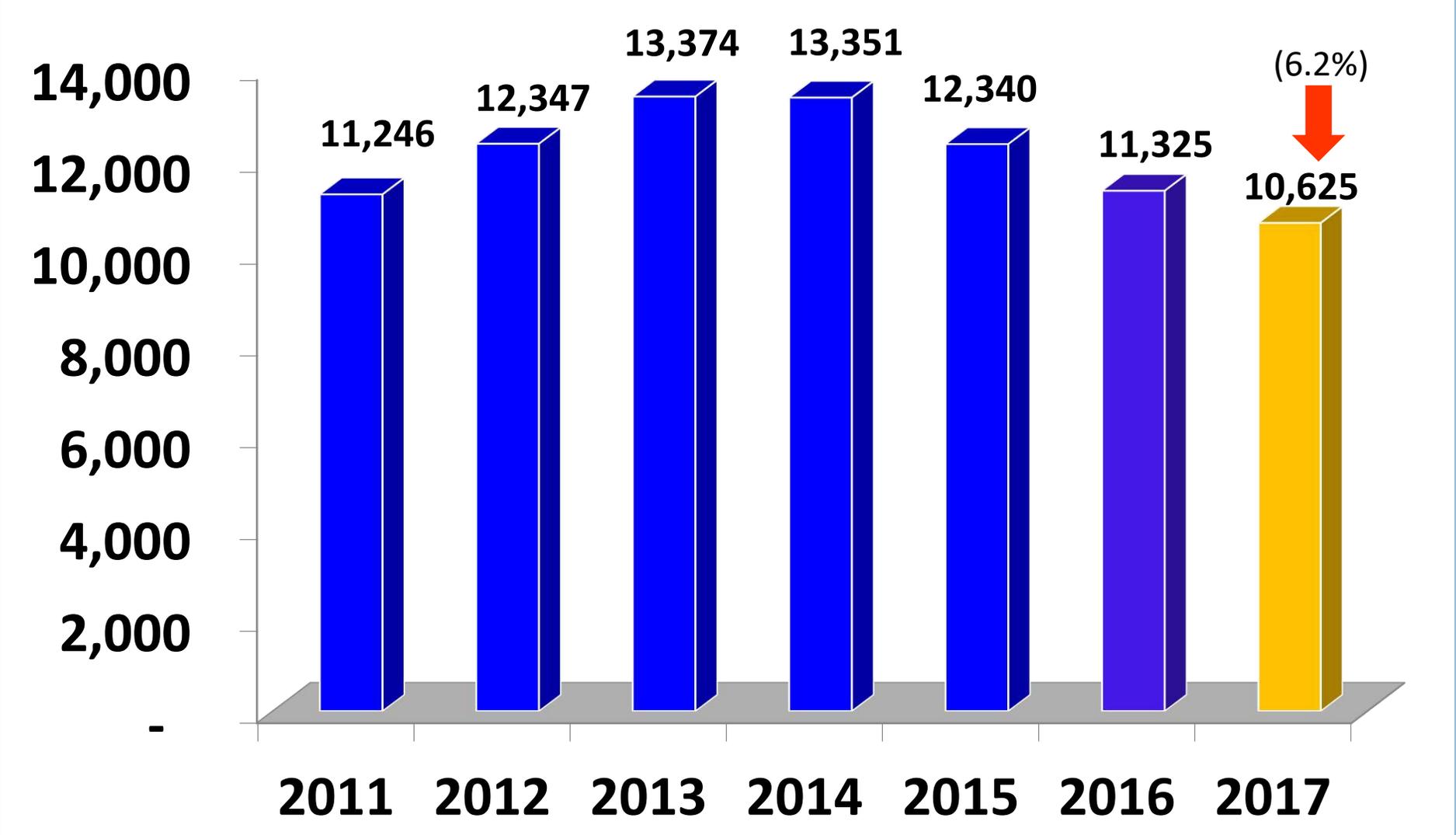
03

2017 GROUP RESULTS

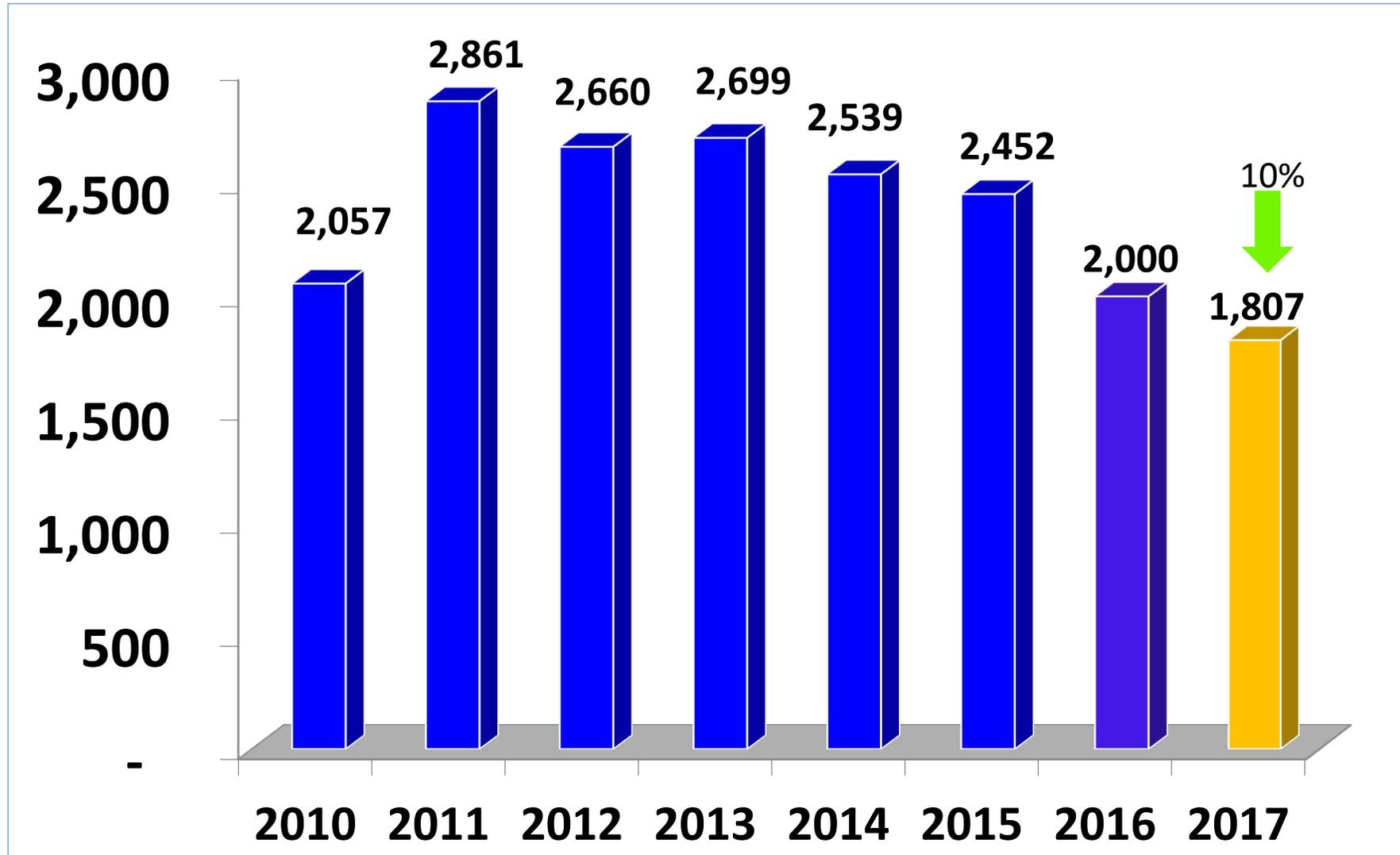
04

Q & A

Turnover Trend (Kshs M)



Cost of Sales (Kshs M)



Consolidated Statement of Comprehensive Income (Kshs M)

| | 2017 | 2016 | % Change |
|--|----------------|----------------|---------------|
| Turnover | 10,624.9 | 11,324.8 | (6.2) |
| Profit before Income tax | 1,954.6 | 2,460.0 | (20.5) |
| Income tax expense | (643.8) | (771.1) | 16.5 |
| Other comprehensive income | 40.1 | (54.2) | 174.0 |
| Total Comprehensive Income for the year | 1,350.9 | 1,634.7 | (17.4) |

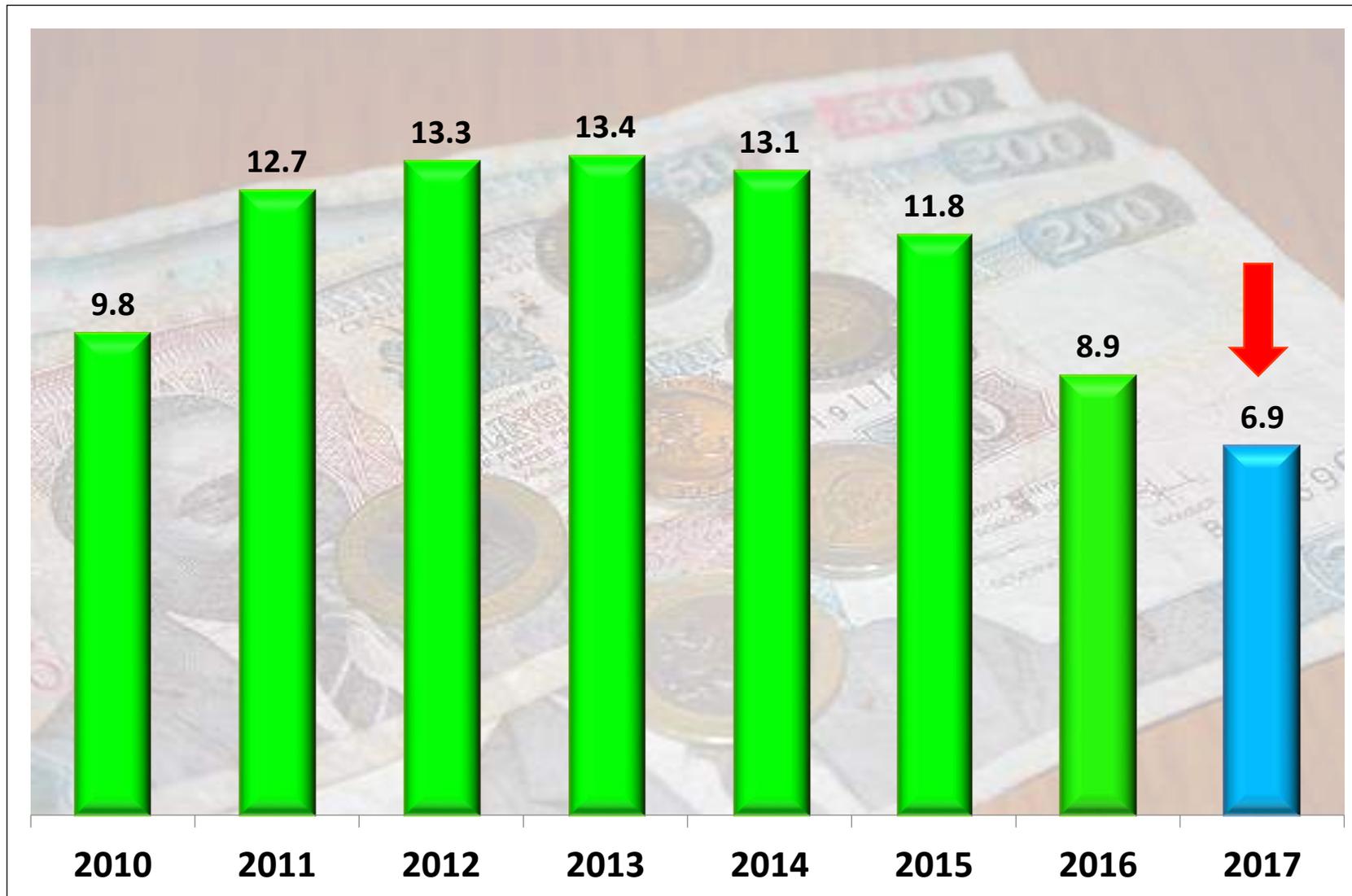
Consolidated Statement of Financial Position (Kshs M)

| | 2017 | 2016 |
|---|----------------|----------------|
| Capital and reserves | | |
| Share capital | 471.4 | 471.4 |
| Other reserves | (72.5) | (112.5) |
| Retained earnings | 6,302.3 | 6,882.9 |
| Proposed dividends | 1,414.1 | 1,414.1 |
| Non-controlling interest | 51.0 | 47.0 |
| Total equity | 8,166.3 | 8,702.9 |
| Non-current liabilities | 25.9 | 15.2 |
| Total equity & non-current liabilities | 8,192.2 | 8,718.1 |
| Assets | | |
| Non-current assets | 5,009.2 | 5,010.8 |
| Working capital | | |
| Current assets | 6,311.1 | 7,163.3 |
| Current liabilities | 3,128.1 | 3,456.0 |
| Net working capital | 3,183.0 | 3,707.3 |
| Total Assets | 8,192.2 | 8,718.1 |

Condensed Cash Flow Statement (Kshs M)

| | 2017 | 2016 |
|---|----------------|----------------|
| Cash generated from operations | 3,296.4 | 2,245.6 |
| Tax paid | (1,112.4) | (93.4) |
| Net cash from operating activities | 2,184.0 | 2,152.2 |
| Net cash generated/ (used) in investing activities | 45.3 | (122.5) |
| Net cash used in financing activities | (1,885.5) | (1,923.6) |
| Increase in cash and cash equivalents | 343.8 | 106.1 |
| At start of period | 1,344.7 | 1,241.0 |
| Exchange gains/ (loss) on cash and cash equivalents | 4.1 | (2.4) |
| At end of period | 1,692.6 | 1,344.7 |

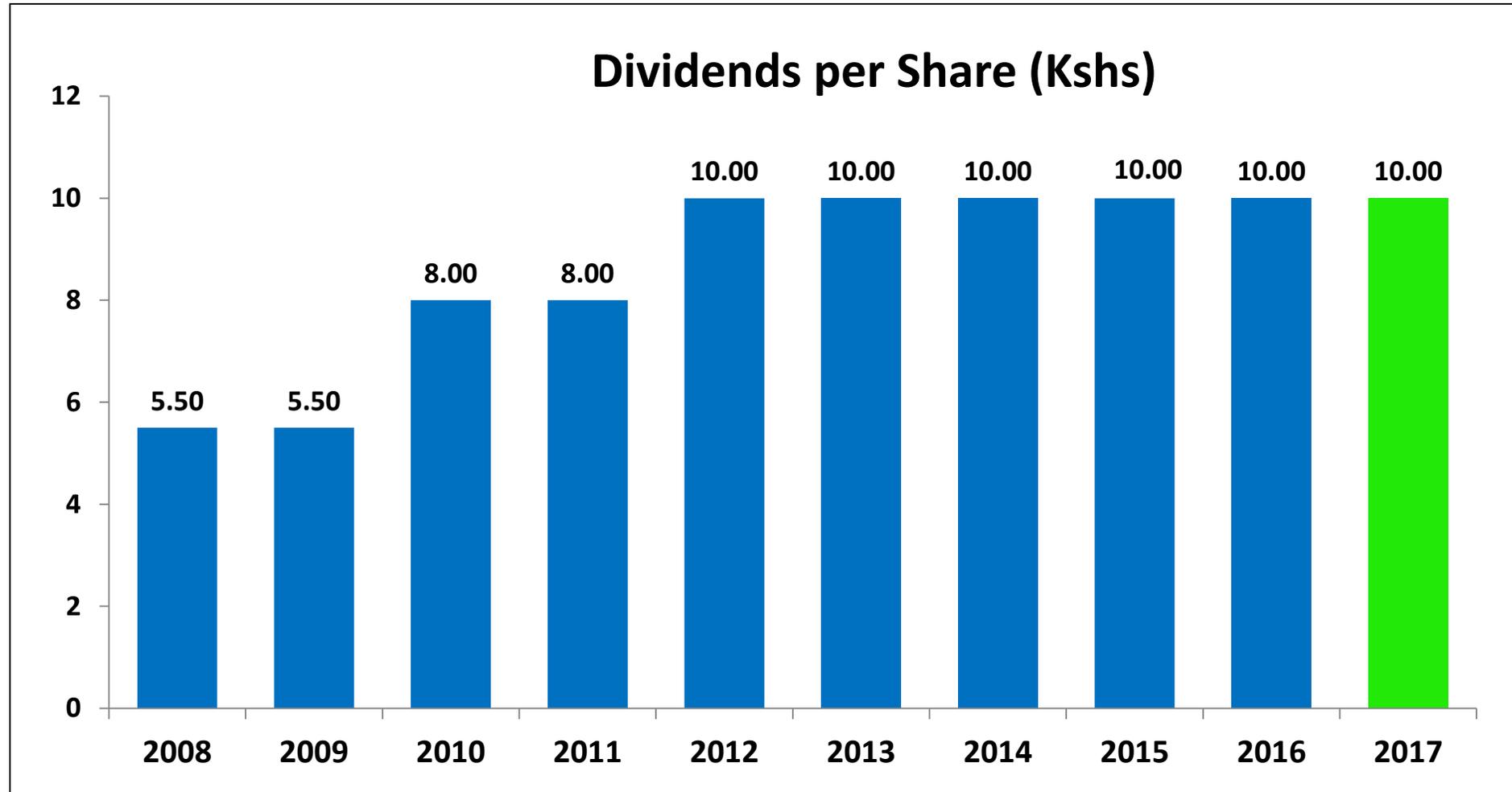
Earnings Per Share (Kshs)



Dividend



Dividend Trend



Total Dividend rate maintained at 10.00 per share

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2016 H1 GROUP RESULTS

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Nation Media Group

Media of Africa for Africa

DAILY NATION



The East African

BUSINESS DAILY
more possibilities



THE CITIZEN



MWANANCHI

Daily Monitor



KENYA **BUZZ**

