

Hum Network (HUMNL)

Investor Briefing Session

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Key Takeaways

- MD Production posted Rs183mn in profits last year. HUM/MD Production merger case is pending in courts. Next hearing is fixed for March 2018.
- During the last few years, low dividend payout has been due to fast growth of the company.
- Upcoming HUM News channel (head office will be based in Islamabad for which the company has acquired building for Rs500mn on loans) is expected to be cash flow positive in 2.5-3.0 years. Entering the news segment is the only way to grow faster. Company expects to start the news channel by early April 2018.
- The company management expects some slowdown in ad revenue in second half due to political and economic uncertainty.
- Election ad spending leads to higher total ad spend, which has positive impact for HUM. Around Rs5bn was approximately spent by political parties in total in last elections.
- TV advertising is 70% of total ad revenue. The company has top Ad revenue of around Rs4bn in TV; HUM has 10% revenue share of TV ad.
- Pakistan Broadcasters Association (PBA) is open to the idea of subscription based channels. Currently, there are no subscription based revenues.
- Company is well geared for increase in digital delivery in future.
- HUM is the only publicly traded media company. Company does not foresee more listings due to non-transparency of media sector.
- Film distribution business has strong scope as Pakistan has one of the lowest per capita screen. In couple of years, HUM may venture into film production.

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