



SITI Networks Limited

Q2FY19 Investor Presentation

Formerly known as SITI Cable Network Limited
BSE : 532795 | NSE : SITINET | Bloomberg : SCNL:IN | Reuters : SITI.NS
www.sitinetworks.com



Disclaimer

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SITI Networks Declares Strong Q2FY19 Results

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SITI Networks' Robust y-o-y Performance in Q2FY19

- Operating EBITDA leaps **2.52x** to **Rs.682 Mn**
- Operating EBITDA Margins jumps **2.1x** to **18.2%**
- Subscription Revenue surges **24%** to **Rs.2548 Mn**
- Total Revenue¹ rises **20%** to **Rs.3748 Mn**
- Digital Subscriber ARPU leaps **19%**
- Subscription Collection efficiency surpasses **95%**

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SITI registers Strong Growth over Q1FY19

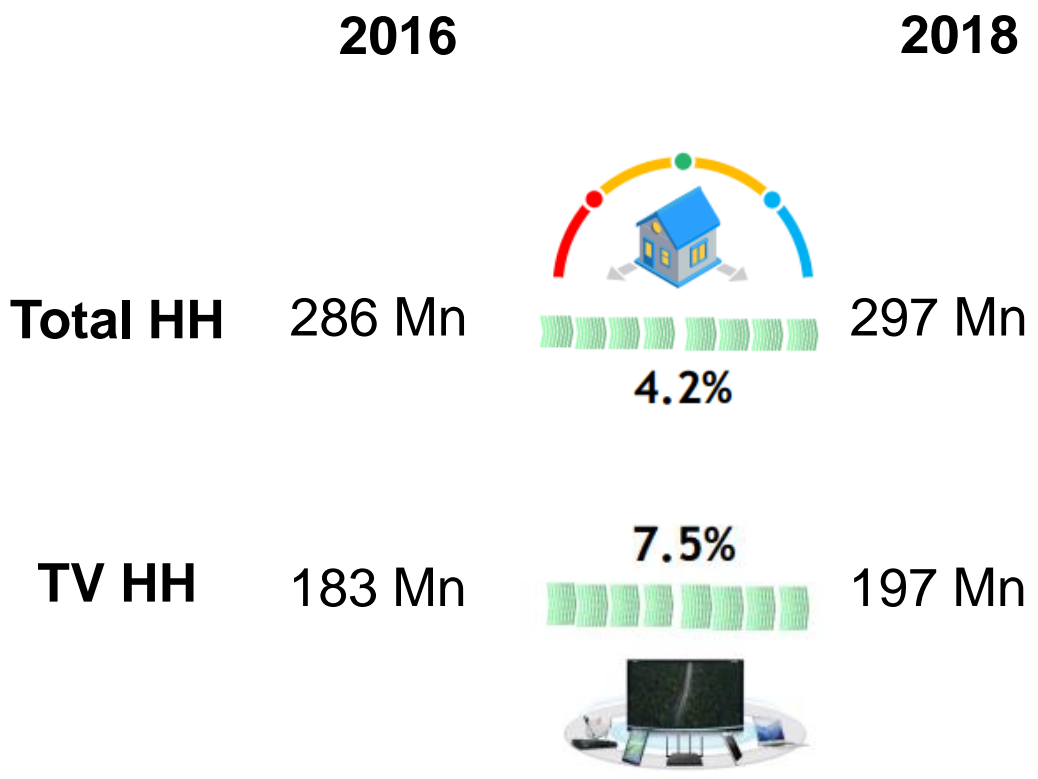
- *Operating EBITDA leaps **1.24x***
- *Operating EBITDA Margins jumps **150 bps***
- *Subscription Revenue surges **~19%***
- *Total Revenue¹ rises **14.2%***

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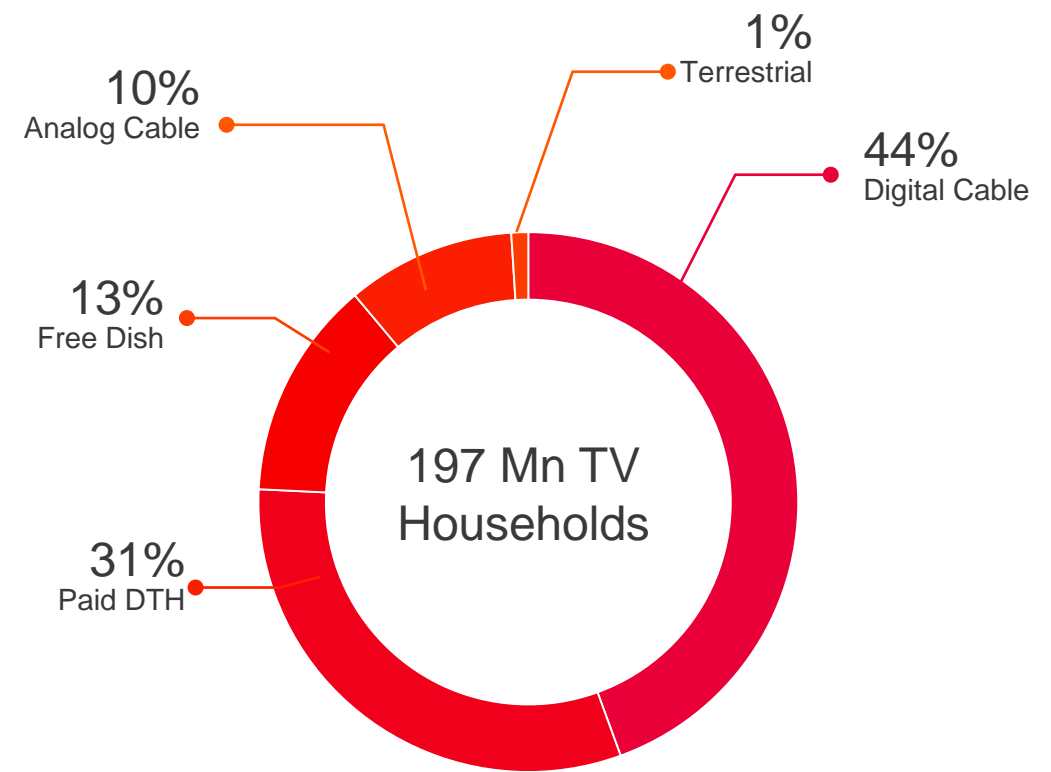
Industry Overview

India Market Overview

TV Households are Growing Faster than the Universe



Penetration of TV HH has gone up from 64% in 2016 to 66% in 2018

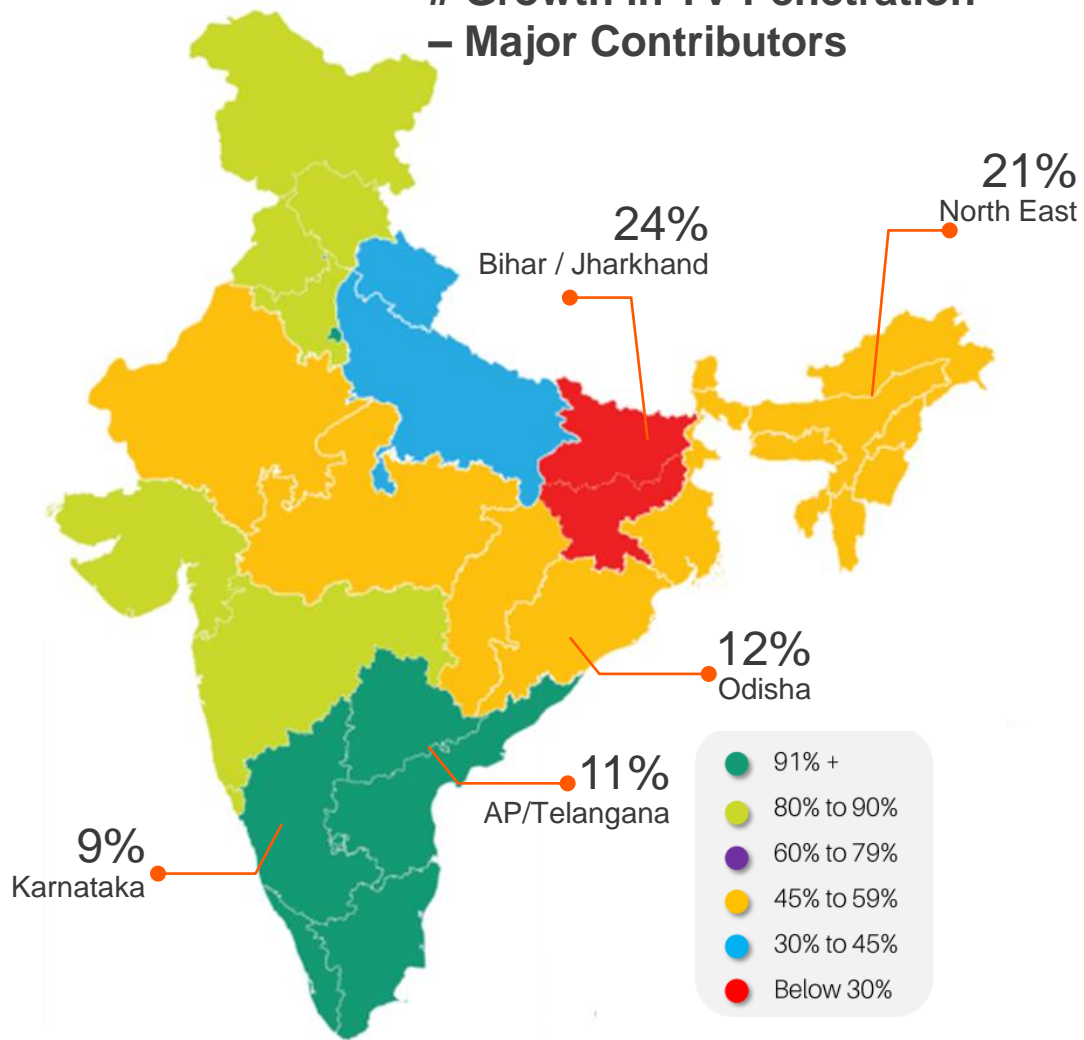


Cable (Digital + Analog) controls 54% of India's TV market

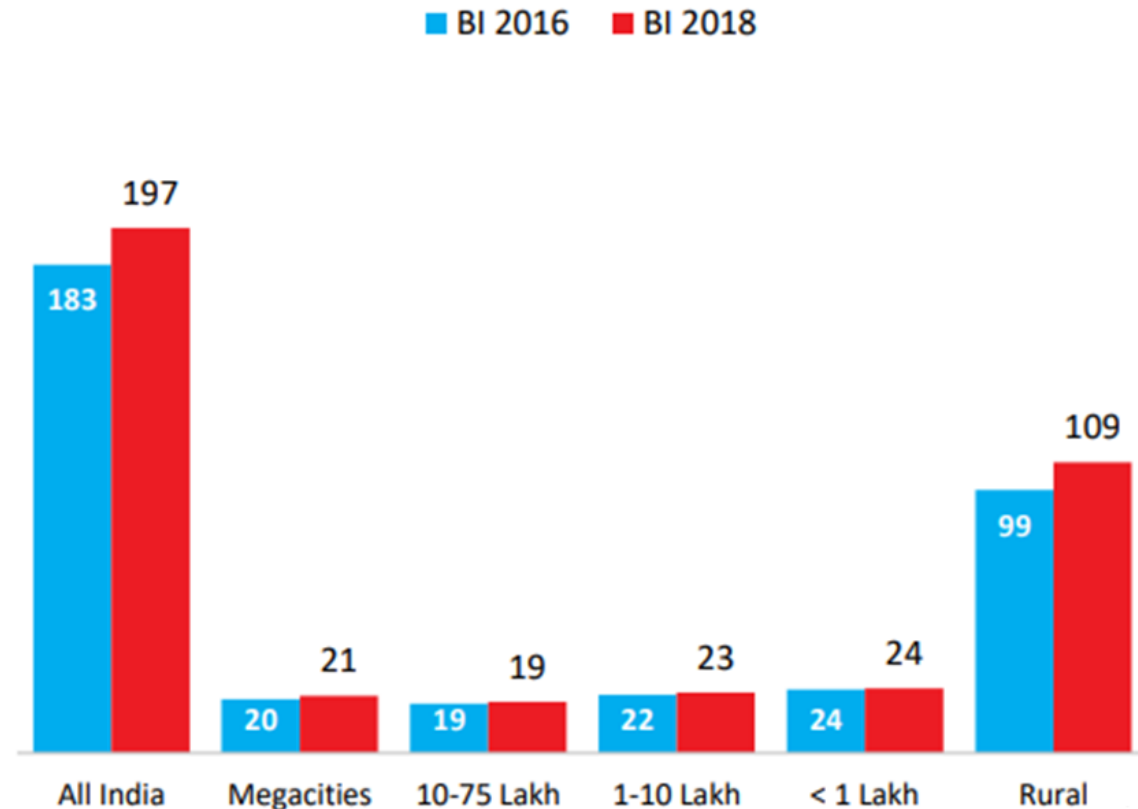
TV Homes Penetration

Max Growth in East & South India | Small Towns & Rural are key drivers of Growth

Growth in TV Penetration – Major Contributors



TV Owing HH (Millions)



Most Growth in TV Penetration in DAS Phase 3 & 4 areas

Company Overview



NETWORKS

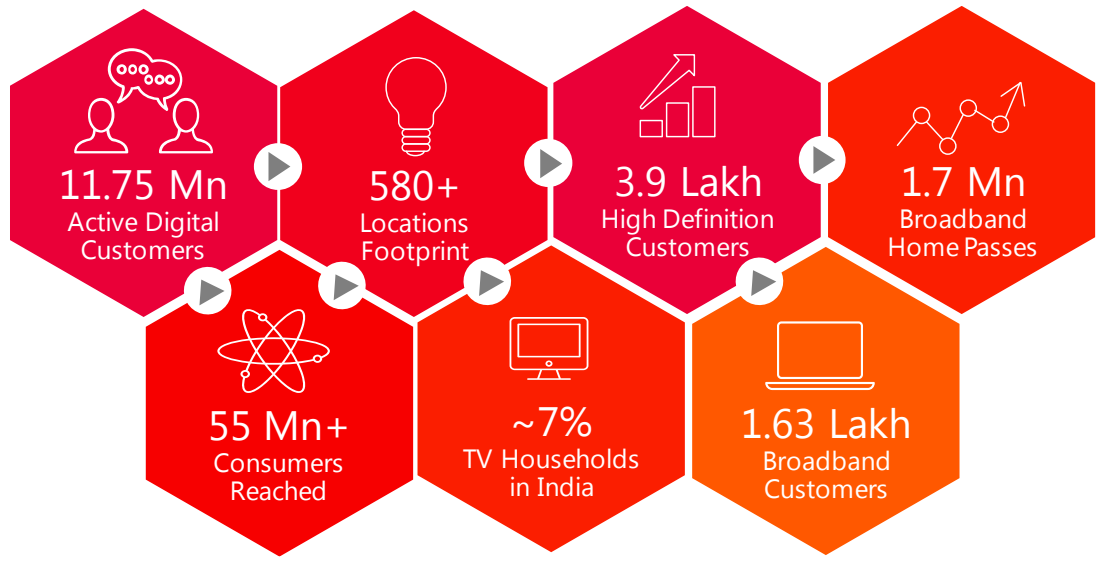
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- India's **Leading Digital TV Network**
- Present in **22+** States & UT across India
- Footprint across **580+** locations
- Delivering content to **55 Mn+** consumers 24/7



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India's Leading Digital TV Network




1st MSO launched in India

01 Launched in 1994



1st MSO to give CRM tool to Partners

02 OYC tool customer offered to LCOs



1st MSO listed on Stock Exchange

03 SITINET listed on NSE



1st MSO to launch local channels

04 Bouquet of Local Channels

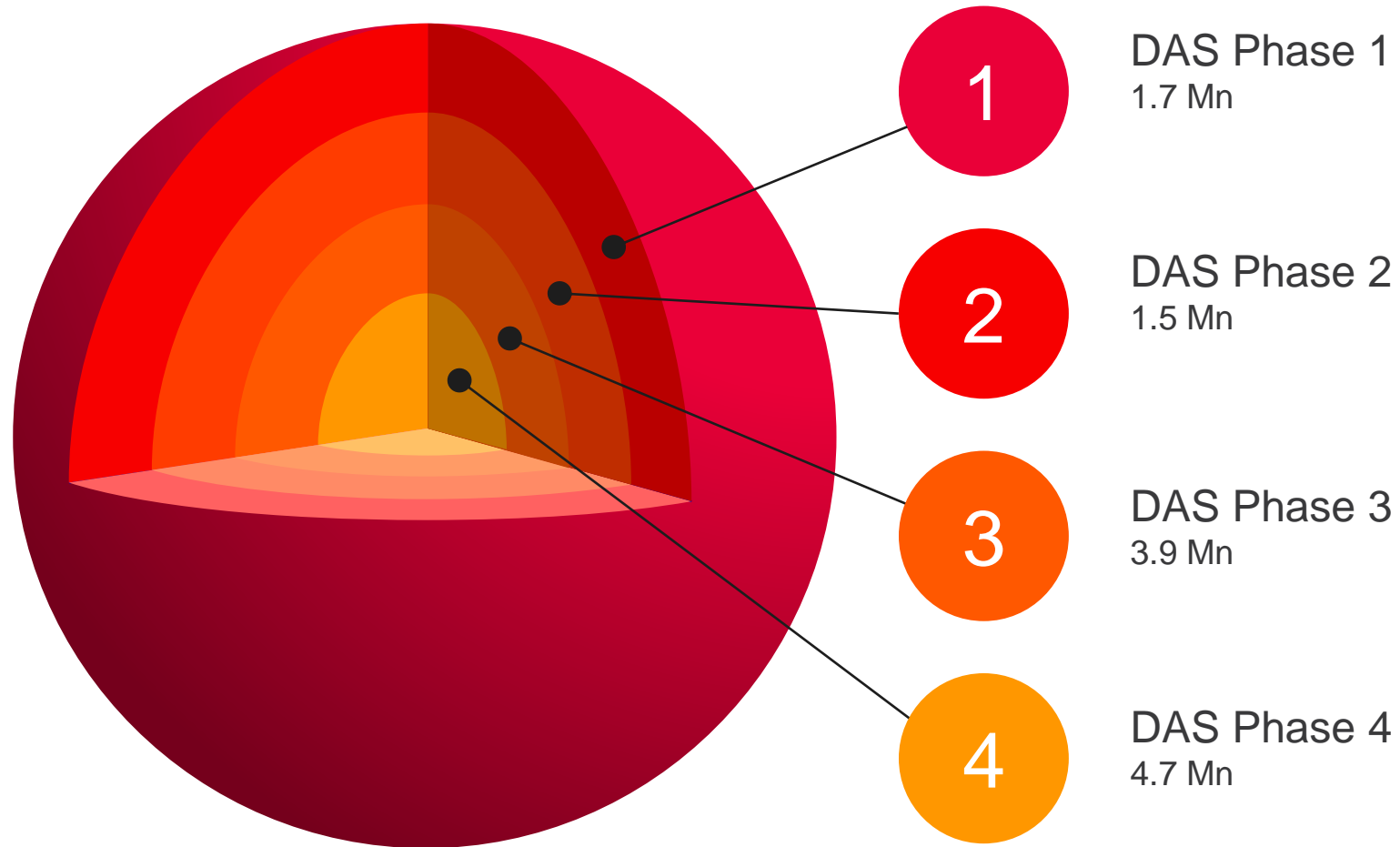


Nation-wide Distribution

05 24,000+ strong Distribution Network

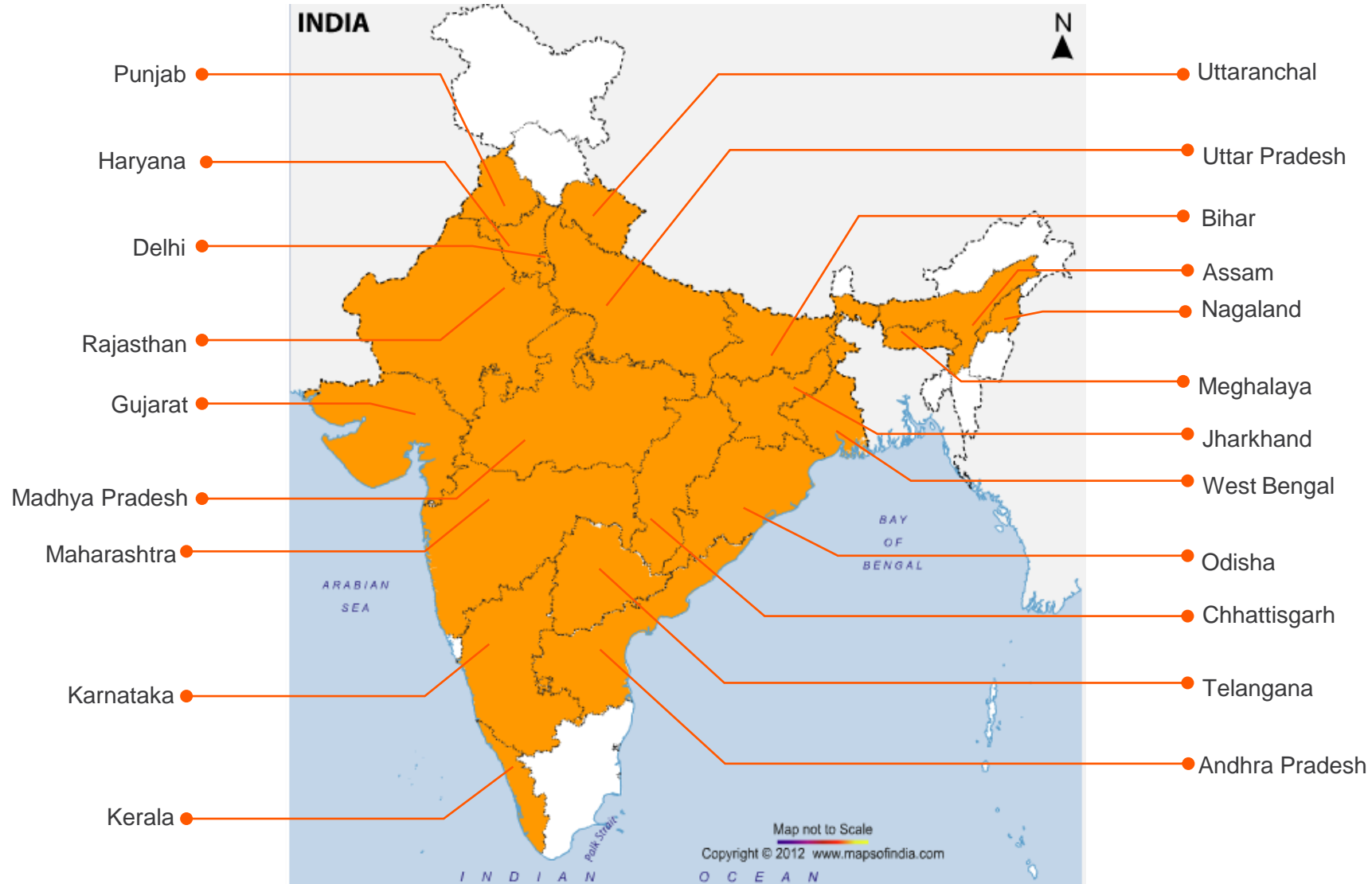
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11.75 Mn Happy Households across the country



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Present across 580+ locations



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On a Progressive Growth Path



Cable business started by Promoters

1992

2007

Implemented CAS in metros of Delhi, Mumbai and Kolkata; listed on the stock exchanges

2008

Initiated mass digitisation through HITS Services

2009

Right Issue of ₹4500 mn fully subscribed

2012

DAS implemented in Phase-1 Cities; Delhi, Mumbai & Kolkata

Broadband started in Eastern region on EOC Technology

2013

DAS implemented in Phase-2 Cities; achieved 3 million digital subscribers base

Fund infusion of Rs.3240 mn by Promoters

2014

Broadband launched in Delhi on DOCSIS 2/3 Technology

Started providing 18 HD Channels; Achieved 4 million digital subscribers base

2015

Raised ₹ 2210 mn from the Secondary Market via QIP Route in February 2015

Digital Cable Subscribers base reached to 5.4 mn with cable universe of 10.5mn

2016

Achieved financial turnaround for the first time in its history; reported PAT of Rs. 9 Crores and PBT of Rs 22 Crores

Fund infusion of Rs 5300 mn by Promoters

Acquired majority stakes / entered into strategic partnerships with regional MSOs in Assam, Maharashtra, Gujarat and Odisha

2017

Chosen to be a constituent of the Morgan Stanley Capital International (MSCI) India Domestic & Global Small Cap Index

Started providing OTT services in partnership with Ditto TV; customer base at 60,000 subscribers

Extended broadband presence in 3 cities of Haryana namely Hissar, Karnal and Rohtak

Fund infusion of Rs 1500 mn by Promoters

2018

Re-Affirmed long-term rating of "A-" by ICRA (The outlook on the long-term rating is stable)

Seeded Industry-leading 3.1 mn STBs across Phase 3 & 4

Extended broadband business in Nagpur city of Maharashtra

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Competitive Advantage



01

India's largest MSO
Presence across 580 locations

Country-wide Access

02

Using latest MPEG4 STBs
Broadband through Hybrid (DOCSIS 2/3 & GPON) Network

Superior Technology

03

OYC Subscriber Management System
Conax CAS
SAP Based systems
Uniform commercial policies

Systems and Processes

04

Provisioning of Zee5 app to SITI's Video subscribers
In discussion with various OTT service providers for creating value adds for SITI base

Strategic Alliances

05

Robust corporate governance & compliance
Professional Management
Lean and Agile Organizational Structure
Value unlocking: Consolidating MSOs

Efficient Execution



Promoter Group

Corporate Structure



- Launched in 1926, the Parent Group (“Essel Group”) completed 90 years recently; One of India's leading business houses, with a dominant vertically integrated presence in Media and entertainment
- Leading producer, aggregator and distributor of Indian programming across the world; 222,000+ hours of original Content
- Group Market Cap (Listed entities under the Parent Group): ~USD7 Bn
- Present in 171 countries, a reach of ~1bn+ viewers; Compelling bouquet of 75 Channels



ZEE
Entertainment

India's Leading
General TV
Entertainment
Network

ZEE
Media Corp Ltd.

Strong presence in
National & Regional
News Genre

Dish
TV

Asia's largest DTH
provider after merger
with Videocon D2H

SITI
Networks

One of India's
leading National
MSOs

DNA
Newspaper

English broadsheet
daily with presence
in major cities

Essel Infrastructure

Education: Zee
Learn Limited

Packaging : Essel
Propack

Theme Parks: Essel
World and Waterpark

Precious Metals:
Shirpur Gold
Refinery

Healthy Lifestyle &
Wellness

Content

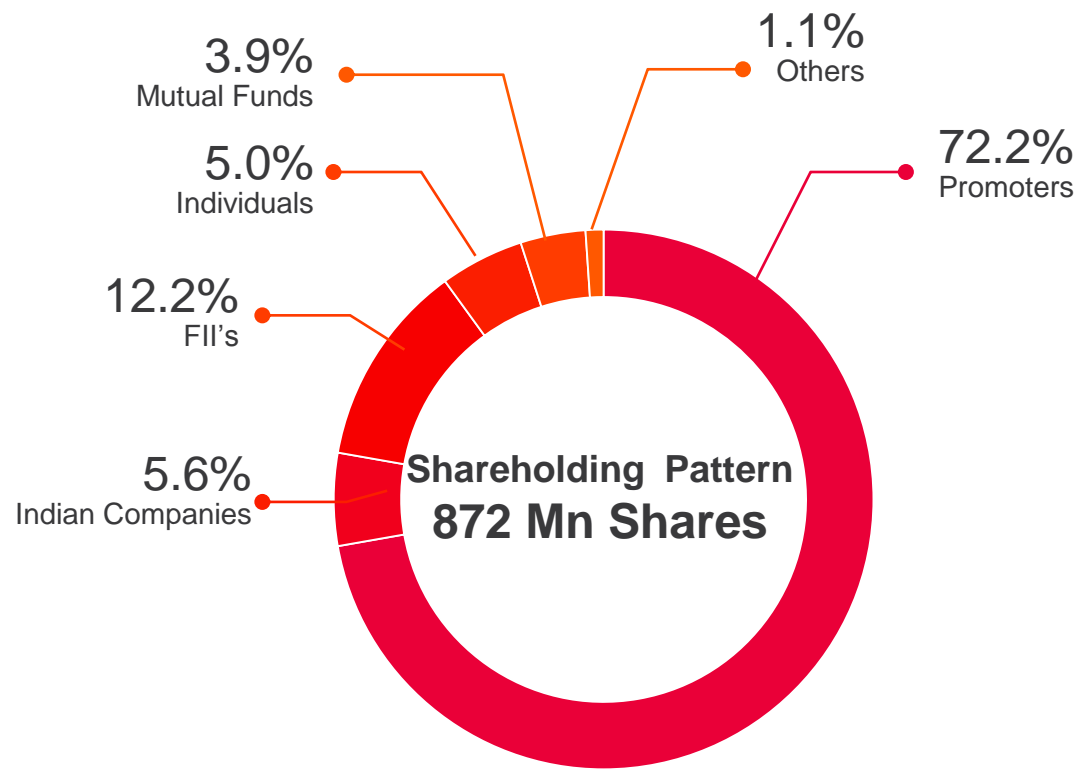
Distribution

Print

Other Business'

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Sizeable Free Float & Institutional Ownership



Key Investors

Foreign Institutions	 	
Domestic Institutions	 	

There has been fund infusion of INR6800 Mn by Promoters through OFCDs & Convertible Warrants in Last 2.5 years

Technology Infrastructure

Video & Broadband

- 12 Digital Headends; Intra-city OFC and Coax Network of ~33,000 Kms covering ~ 580 locations
- Transport of Digital CATV signals on 1.2 Gbps links across the country; ~350 IP Points
- Hybrid (DOCSIS+ GPON) Technology to offer Cable Broadband services

Digital Headends	Modems	STB's	Chipsets	Servers	CAS, SMS, EPG	Connectivity
  	    	  	 	  	  	    

Strategy

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Video Strategy



- Improve operational efficiencies and harness inbuilt leverage
- Fungible teams for Cable and Broadband

- Increase Collection efficiency by further implementing Prepaid model



- Improve extraction from low utilized IP based locations and exiting non-profitable ones

- ARPU enhancement across phases
- Increase HD Subscriber base
- TRAI Order Readiness
- Up-sell HD, OTT and Video to customers

- Moving from SD / HD STB to Smart STB (Linux & Android)

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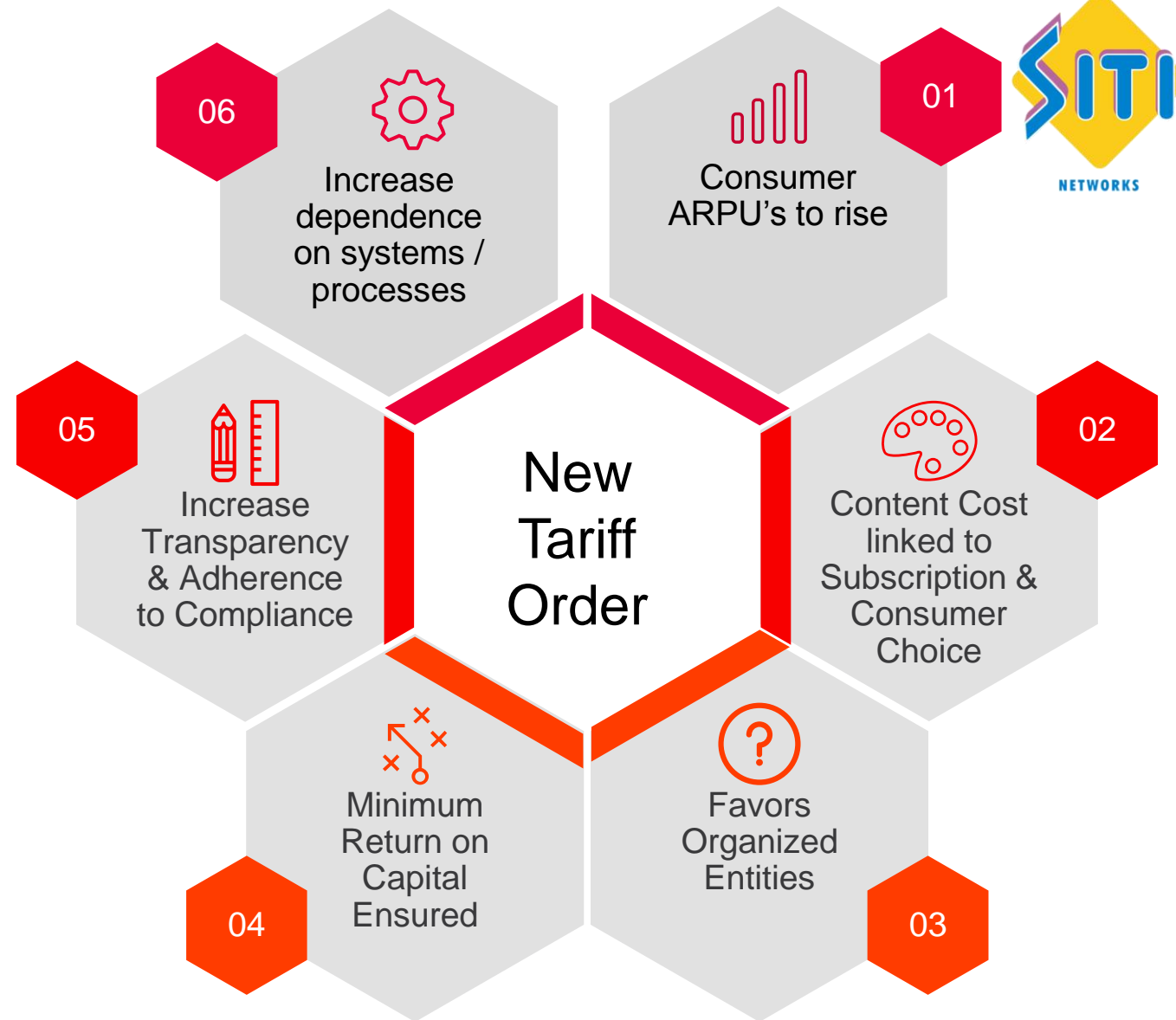
Well Positioned to Benefit from Tariff Order

Subscription

- Subscribers pay Phase neutral Minimum Rental of INR130 for 100 FTA SD channels; Can take additional FTA channels in bundles of 25 channels for INR20 each
- **True A-La-Carte:** Discounts on Bouquets restricted to 15% of A-La-Carte price of Pay channels
- HD Channels priced at ≤ 3 SD Price or Maximum price of Genre
- Broadcasters to provide 20% distribution fee for collection and remittance of subscription

Carriage

- Marketing & placement fee retained
- Carriage capped @ 20 paisa & @ 40 paisa / subscriber/ channel/ month for SD & HD Channels respectively
 - $\geq 5\%$ to $< 10\%$ - 75% of Base to be charged.
 - $\geq 10\%$ to $< 15\%$ - 50% of Base to be charged.
 - $\geq 15\%$ to $< 20\%$ - 25% of Base to be charged.
 - $\geq 20\%$ - No Carriage Fee to be charged



Implementation of the network distribution model will shift the balance of power in favour of DPOs

Financials & Operating Metrics

The growth momentum continues in Q2FY19

Key Performance Indicators

Subscription revenue for Q2 FY19 at **Rs 2,548 mn**

Operational expenses for Q2 FY19 at **Rs 3,066 mn**

EBITDA Margin (Excl. Activation) improved @ **18.2 %**

Subscription Collection Efficiency at **95%** in Q2FY19

Blended ARPU at **Rs 73.5**

EBITDA (Excl. Activation) for Q2 FY19 at **Rs 682 mn**

Vs Q2 FY18

24% increase in Q2 FY19
(2,548mn vs 2,054mn)

Marginal increase in Q2 FY19
(3,066 mn vs 2,851 mn)

Q2 FY19 margin **Up by 2.1x**
(18.2 % vs 8.7%)

Increase in efficiency
(95% vs 90% for Q2 FY18)

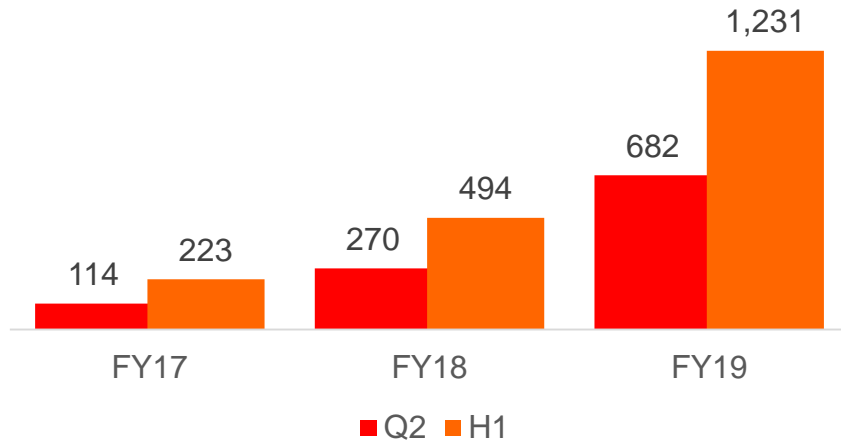
~19% increase in ARPU (Rs
73.5 vs Rs 62)

2.5x increase in Q2 FY19
EBITDA
(682 mn vs 270 mn)

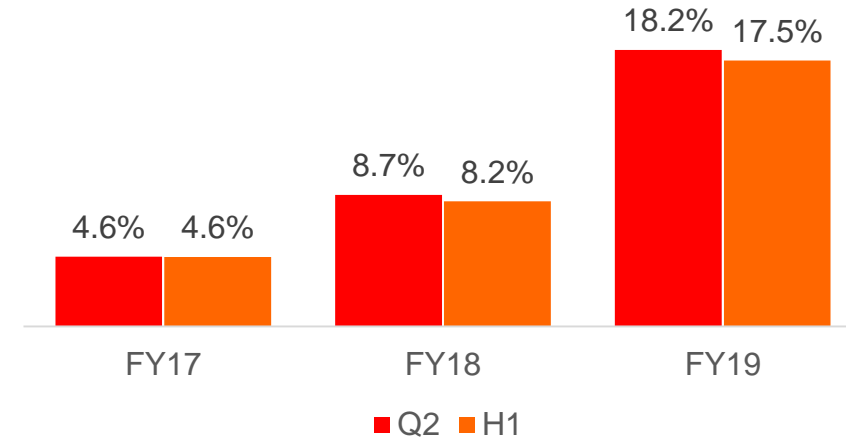
Q2 FY19

Robust Performance

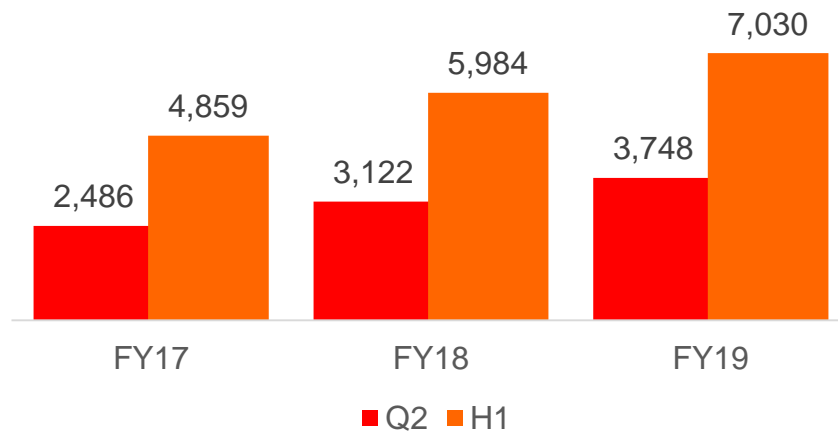
2.52x Jump in Operating EBITDA



2.1x leap in Operating EBITDA Margins



20% Jump in Total Revenue¹

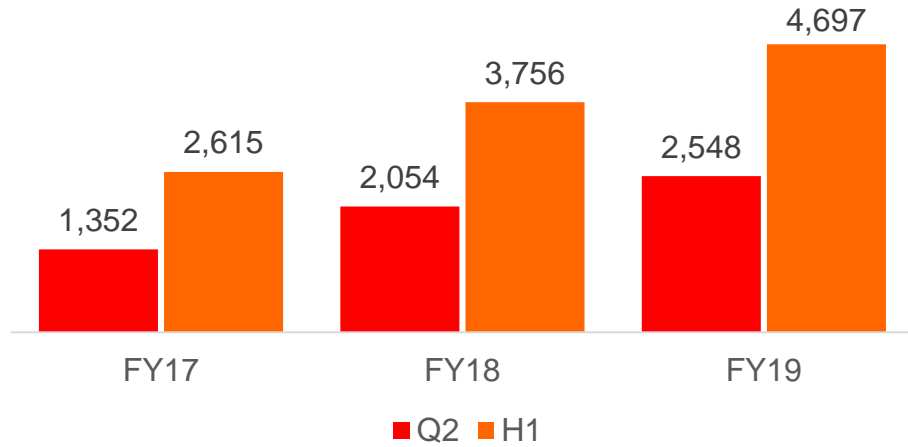


- Q2FY19 Consolidated Revenues at Rs. 3,748 Mn
- Operating EBITDA Margins expanded 2.1x

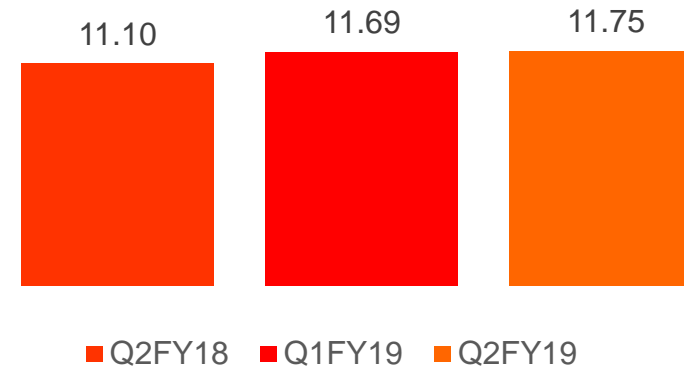
Q2 FY19 : Video Business

Surging Ahead

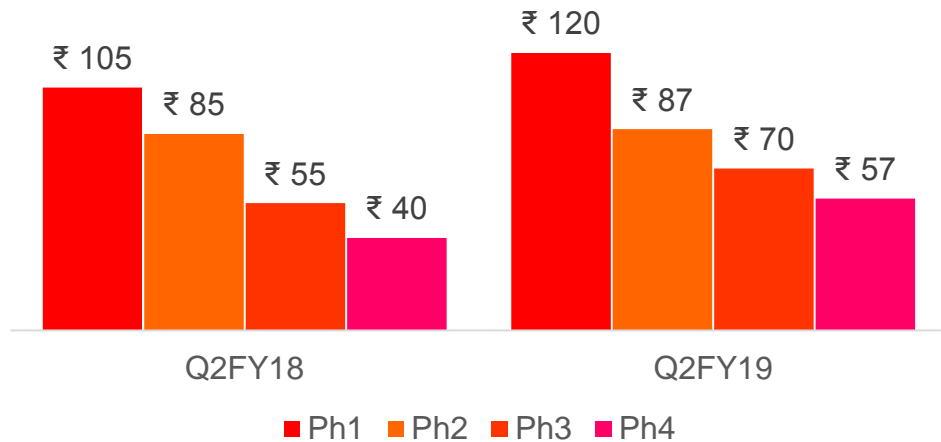
24% Growth in Video Subscription (INR Mn)



Customer Adds up by 60,000



Phase-wise ARPU (Rs.) Increase

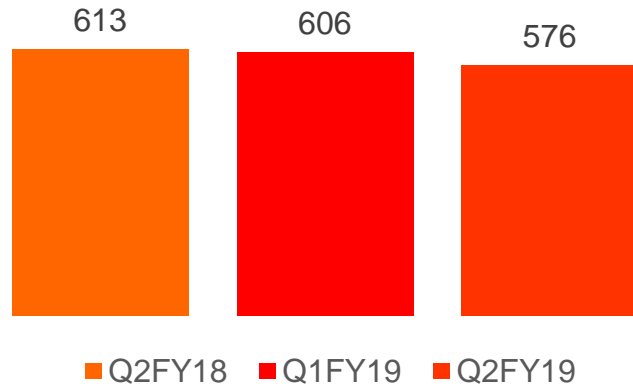


- ARPU increased strongly by 19% YoY
- Phase 3&4 ARPUs (73% of subscriber base) have increased 27% and 43% YoY
- Subscription collection efficiency at 95% in Q2FY19

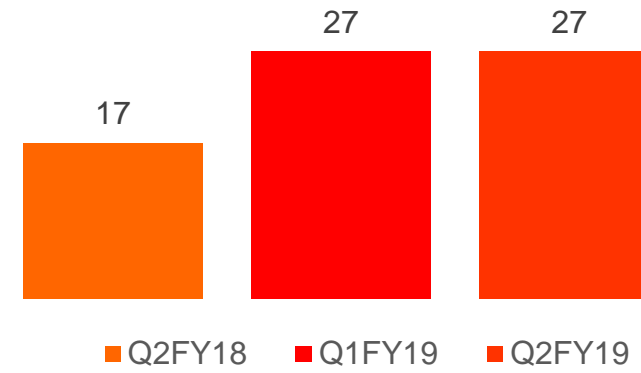
Q2 FY19 : Broadband Business

Stable performance

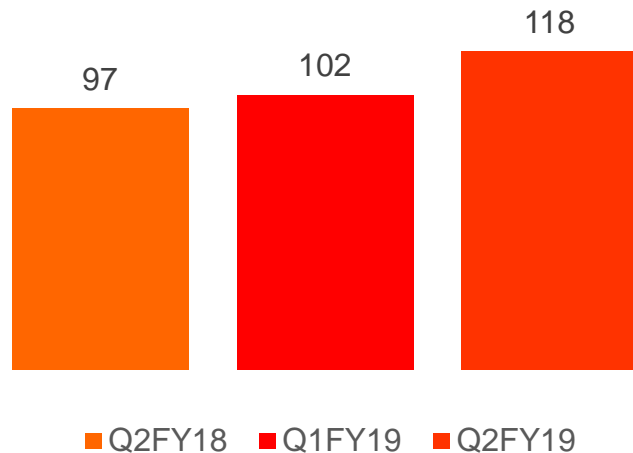
Maintaining ARPU despite Competition



Increase in Average Speed per Customer



Increase in Average Data Consumption



- Net Broadband base at 1,62,500
- Blended Broadband ARPU was steady at Rs.469
- 31% of the DOCSIS base converted to long-term lock-in plans

Note: All metrics are for DOCSIS base unless otherwise stated

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Thank You

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