

SITI Networks Limited

Q4FY19 Investor Presentation

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SITI Networks Declares Robust FY19 Results

**ZINDAGI^{KA}
NETWORK**

- Operating EBITDA leaps **2x** y-o-y to **Rs.3001 Mn¹**
- Operating EBITDA Margins jumps **1.76x** y-o-y to **21.2%**
- Subscription Revenue surges **19%** y-o-y to **Rs.9537 Mn**
- Total Revenue² rises **13%** y-o-y to **Rs.14,186 Mn¹**
- Subscriber ARPU leaps **31.4%**
- Subscription Collection Efficiency @ **95% for Q4 FY19**

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NETWORK

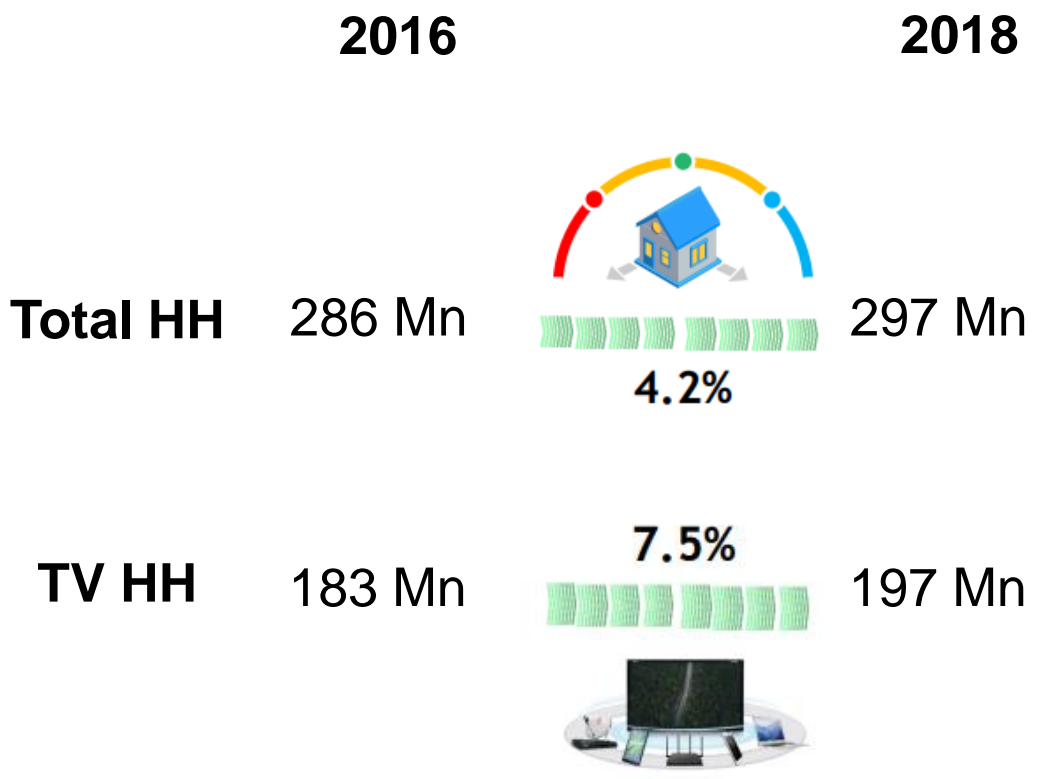
1. Includes one time impact of ~ Rs 47 Mn in Q4 FY19 on account of sale of STBs.

2. Excluding Activation

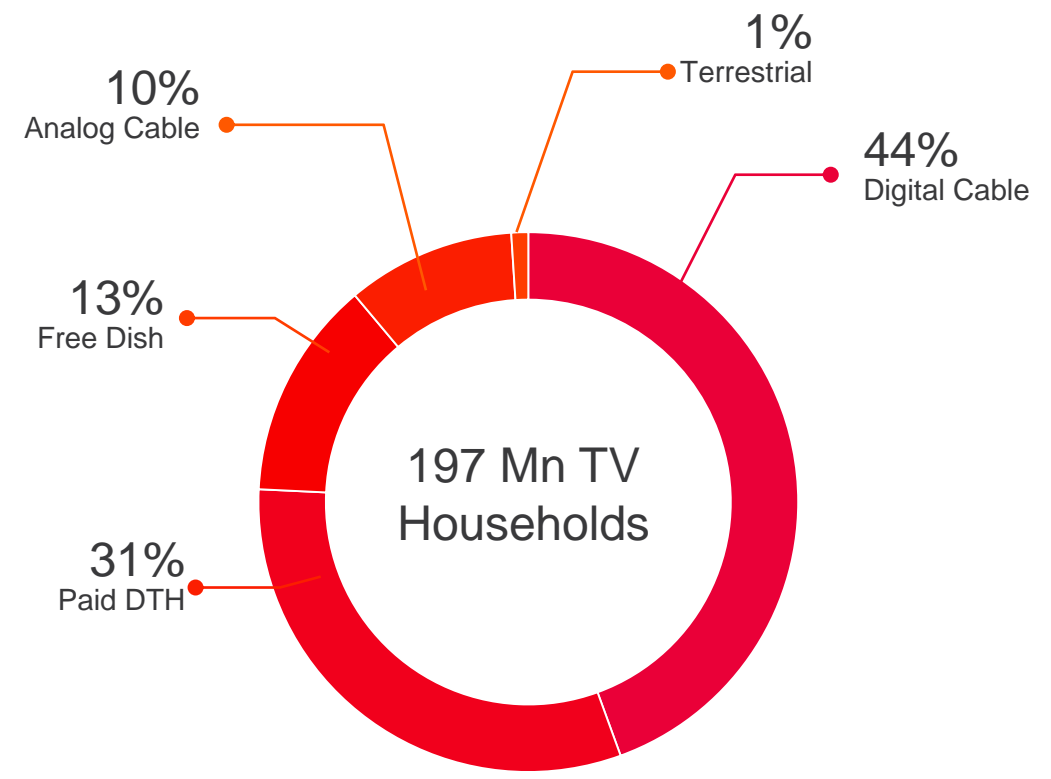
Industry Overview

India C &S 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

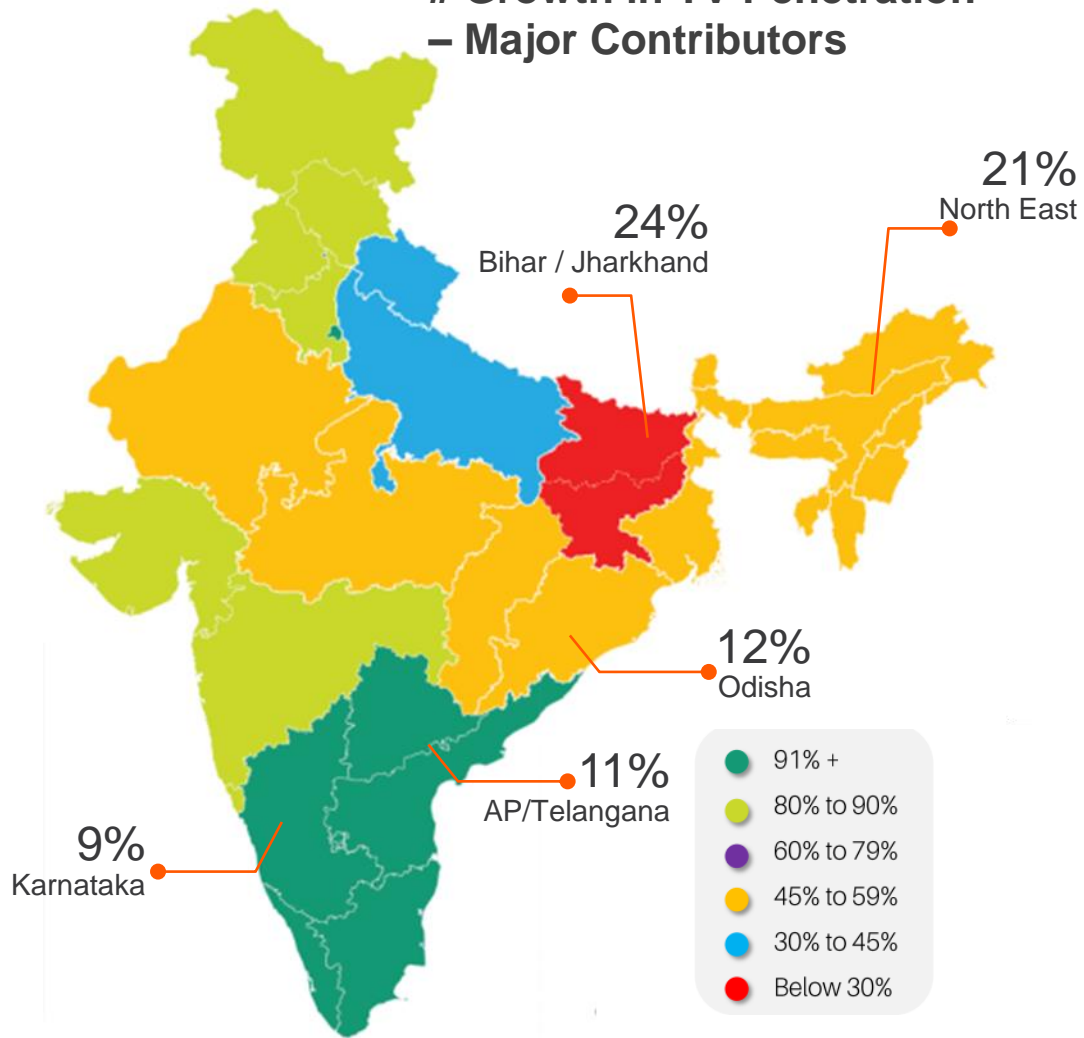


Cable (Digital + Analog) controls 54% of India's TV market

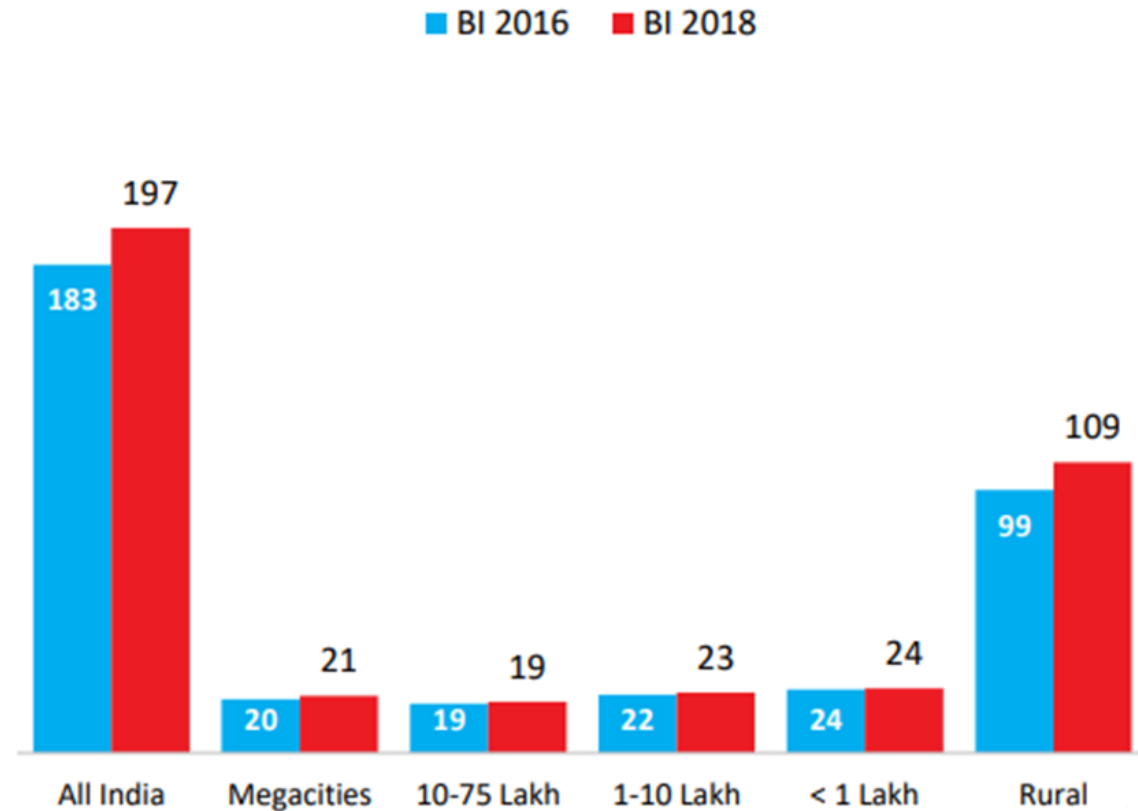
TV Homes Penetration

Maximum 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

SITI Networks

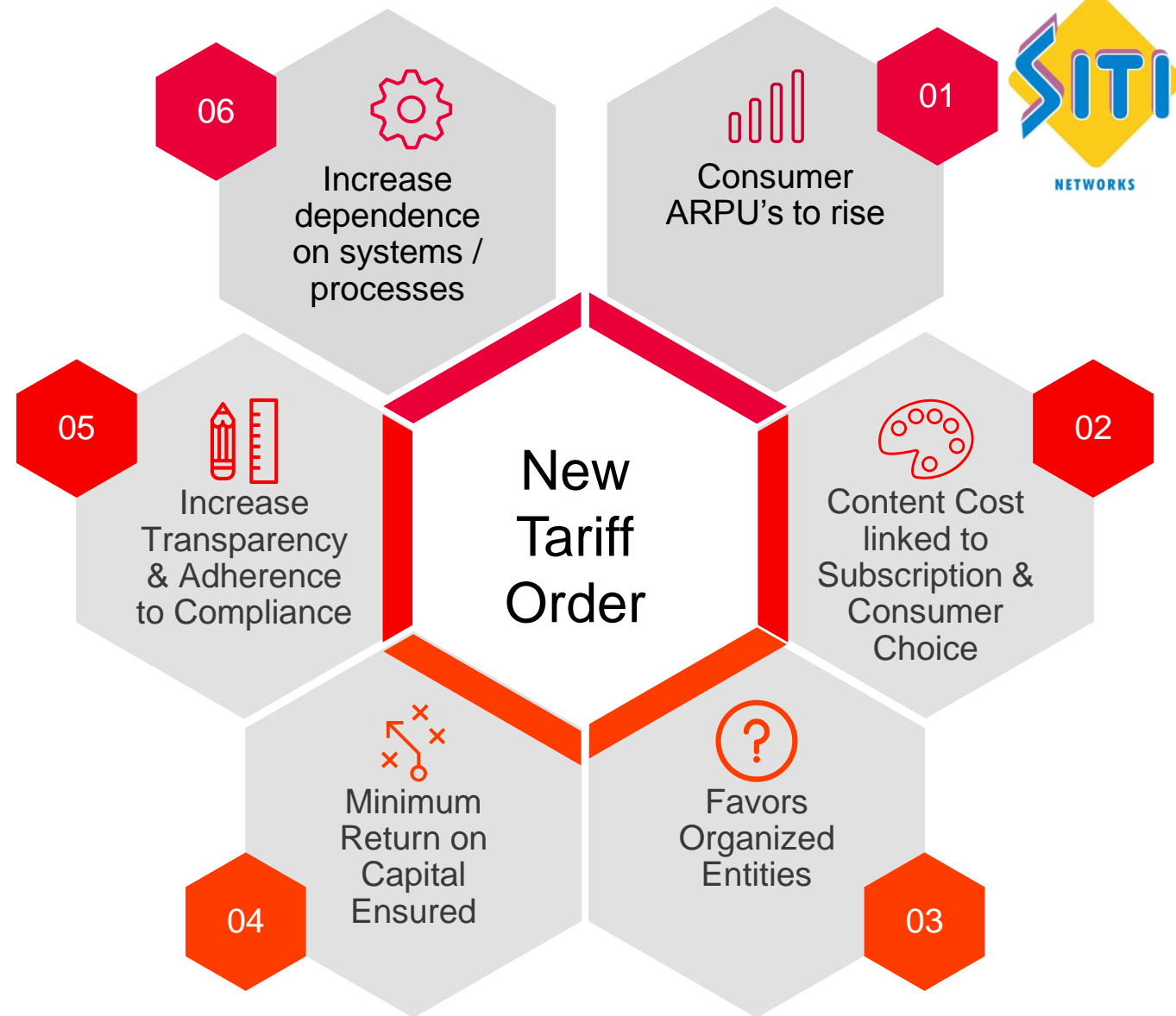
Well Positioned to Benefit from Tariff Order

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

Company Overview



NETWORKS

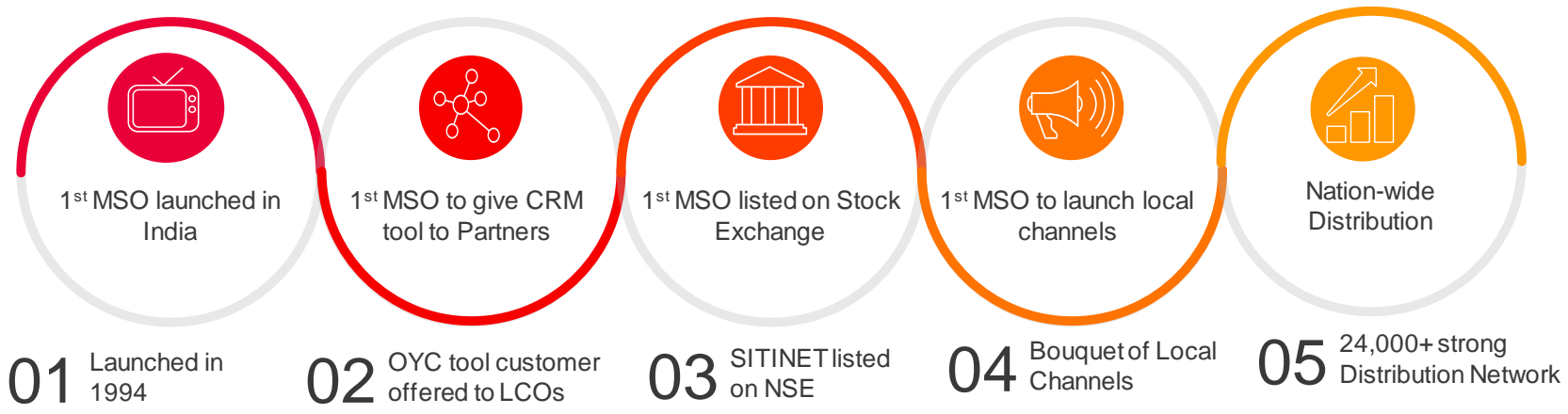
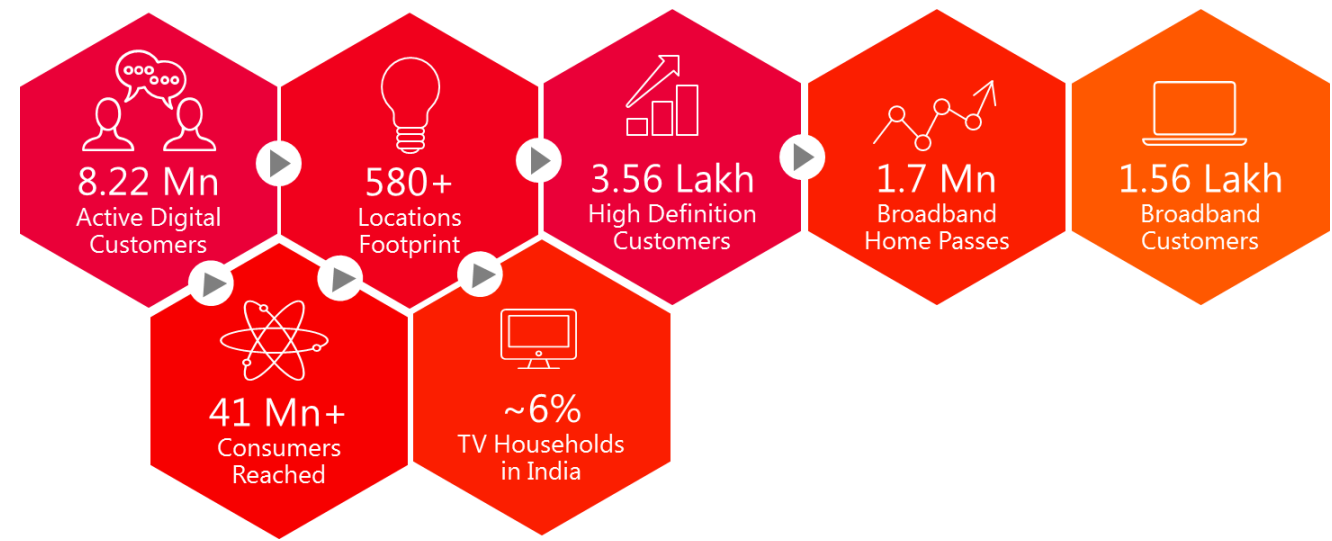
ZINDAGI ^{KA} NETWORK

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



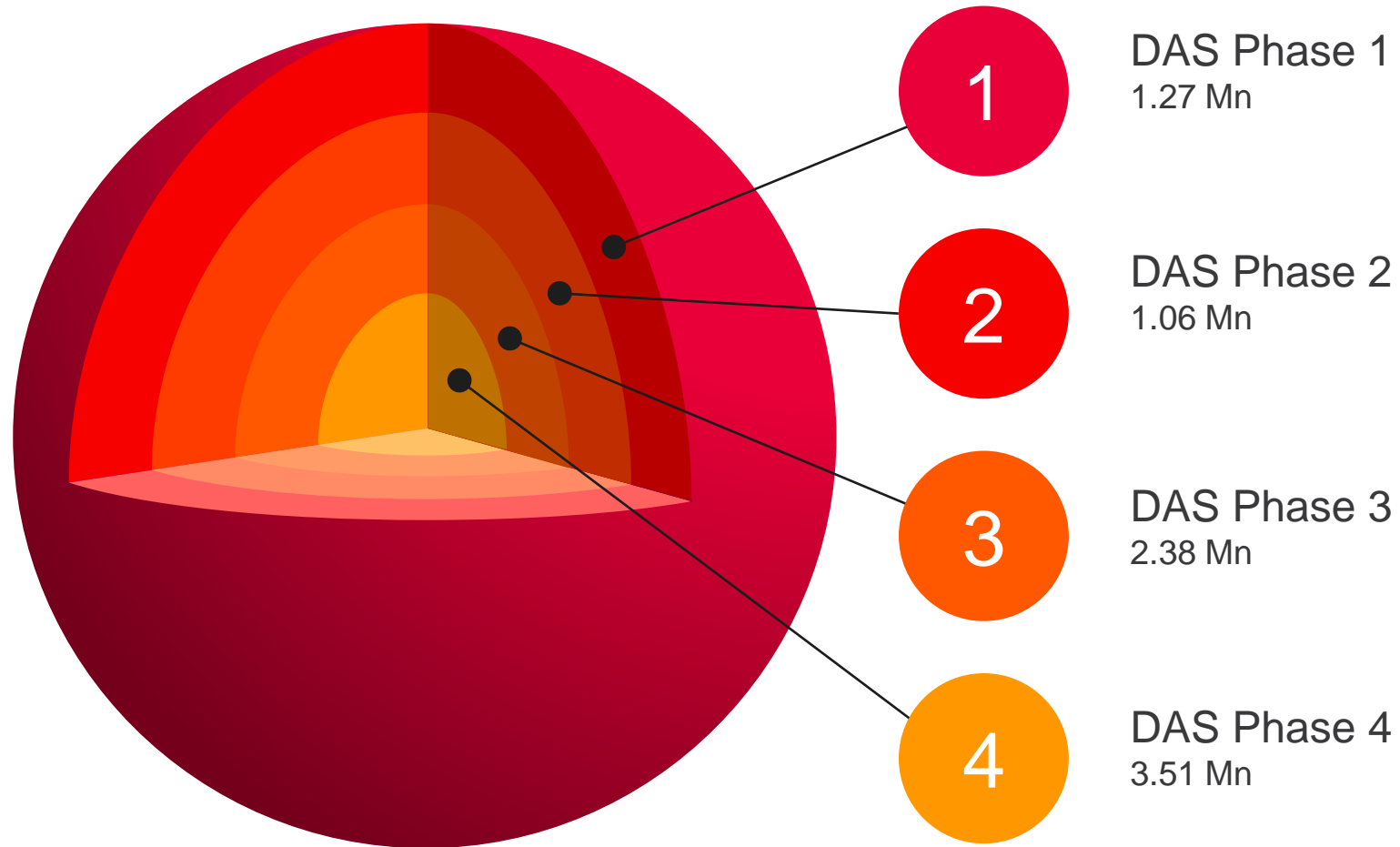
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India's Leading Digital TV Network



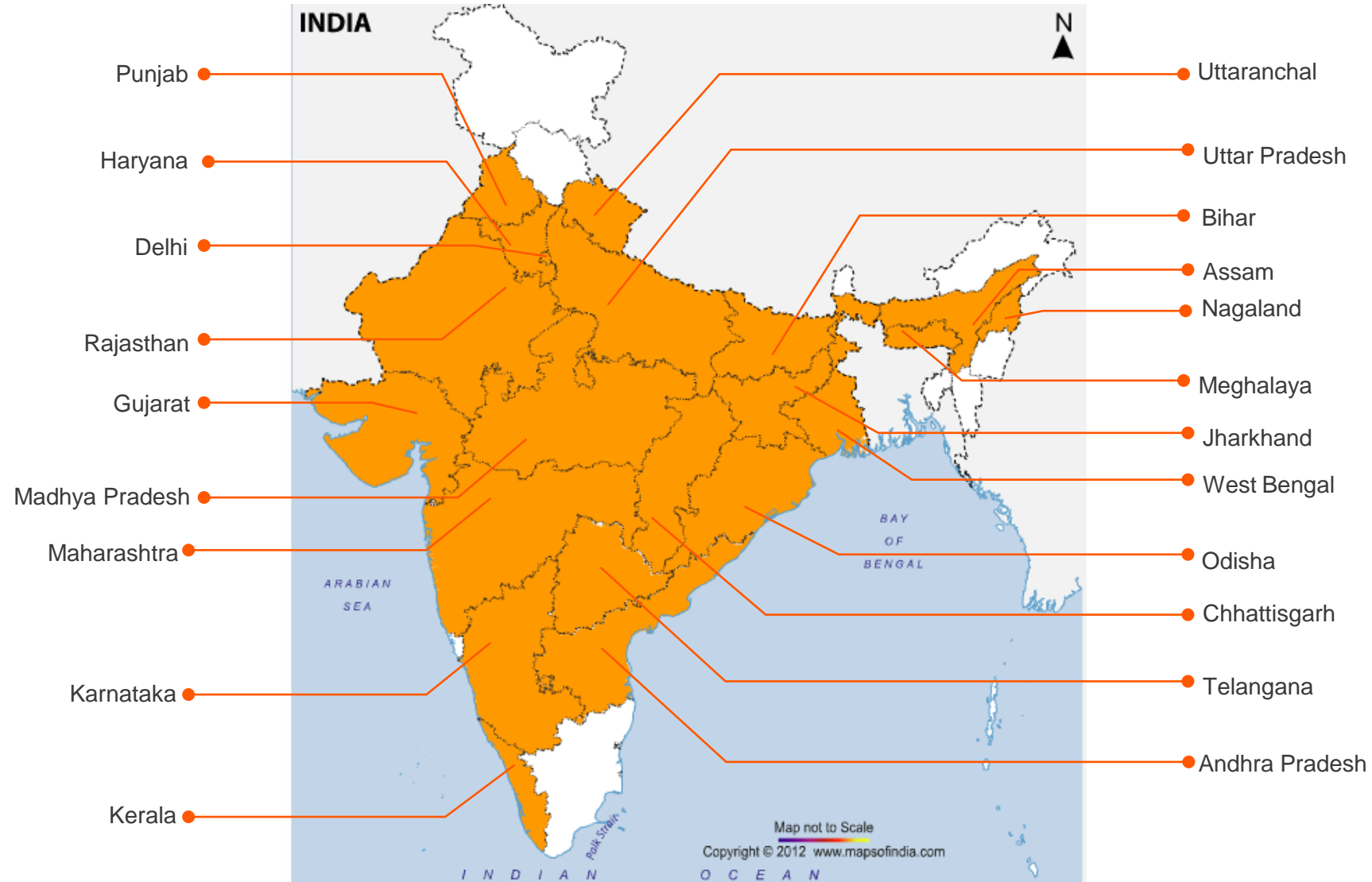
SITI Networks

8.22 Mn Happy Households across the country



SITI Networks

Present across 580+ locations



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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

In discussion with various 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; 250,000+ hours of original Content
- Group Market Cap (Listed entities under the Parent Group): ~USD6.19 Bn
- Present in 171 countries, a reach of ~1.3bn+ viewers; Compelling bouquet of 75 Channels



Essel Infrastructure

Education: Zee Learn Limited

Theme Parks: Essel World and Waterpark

Precious Metals: Shirpur Gold Refinery

Healthy Lifestyle & Wellness

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

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Networks

One of India's leading National MSOs

DNA
Newspaper

English broadsheet daily with presence in major cities

Content

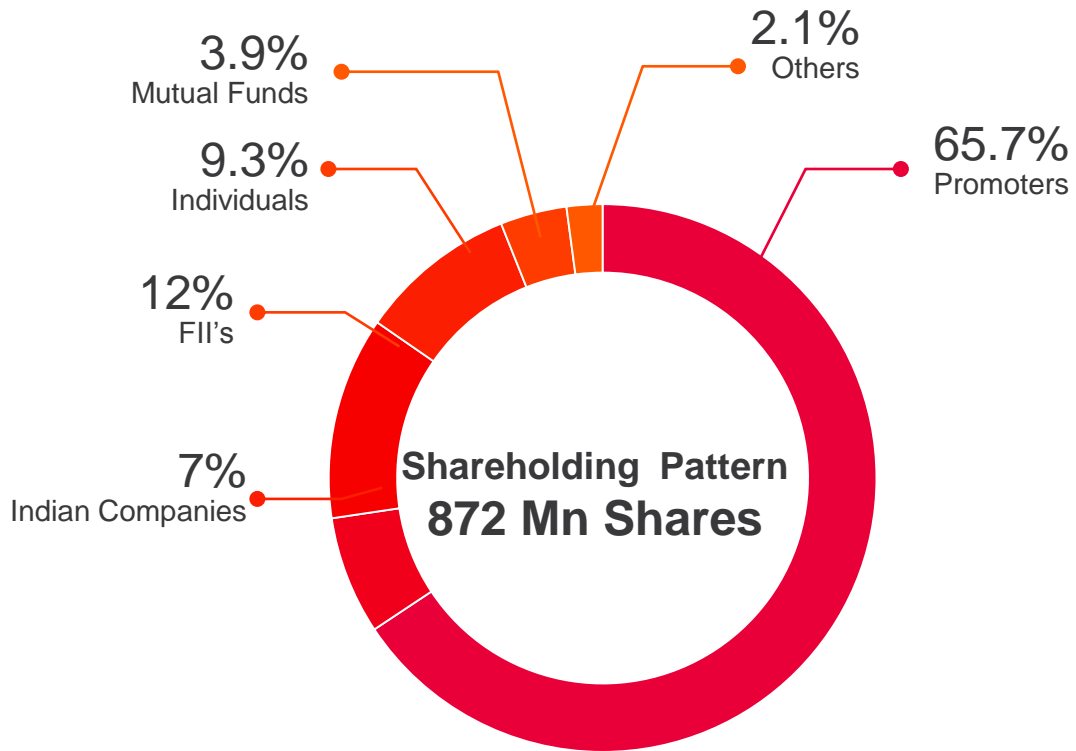
Distribution

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

- 10 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 through suggestive packs
- Increase HD Subscriber base
- TRAI Order Implementation
- Up-sell HD, OTT Video to customers

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

Financials & Operating Metrics

Exceeded Expectation on FY19 Key Financial Metrics



Vs FY18

~19% increase in FY19
(9,537mn vs 7,997mn)

Expenses Flat in FY19
(11,185 mn vs 11,019 mn)

FY19 margin **Up by 1.76x**
(21.2% vs 12%)

Improved Collection efficiency
(95% vs 92% in Q4 FY 18)

~31.4% increase in ARPU
(Rs 82.27 vs Rs 62.58)

2x increase in FY19 EBITDA
(3,001 mn vs 1,507 mn)

Key Performance Indicators

Subscription revenue for FY19 at **Rs 9,537 mn**

Operational expenses for FY19 at **Rs 11,185 mn**

EBITDA Margin (Excl. Activation) improved significantly @ 21.2%

Q4 FY 19 Subscription Collection Efficiency at **95%**

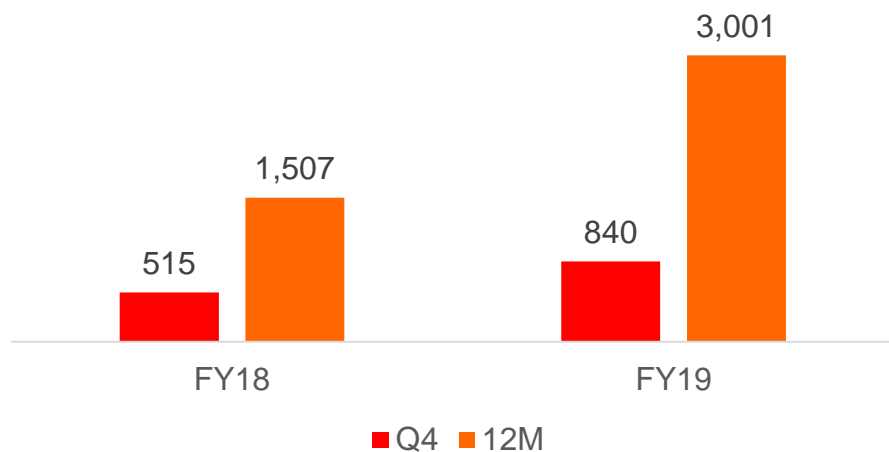
Blended ARPU at **Rs 82.27 (Excl Taxes)**

EBITDA (Excl. Activation) for FY19 at **Rs 3,001mn**

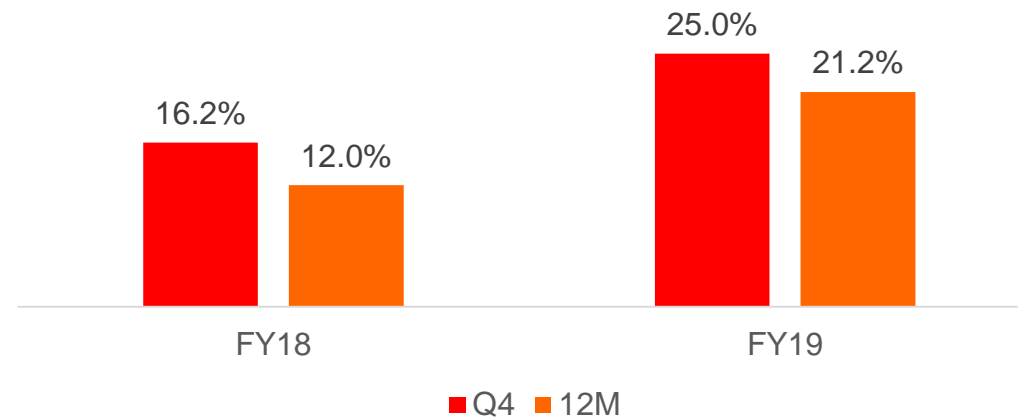
Q4 FY19

Robust Performance

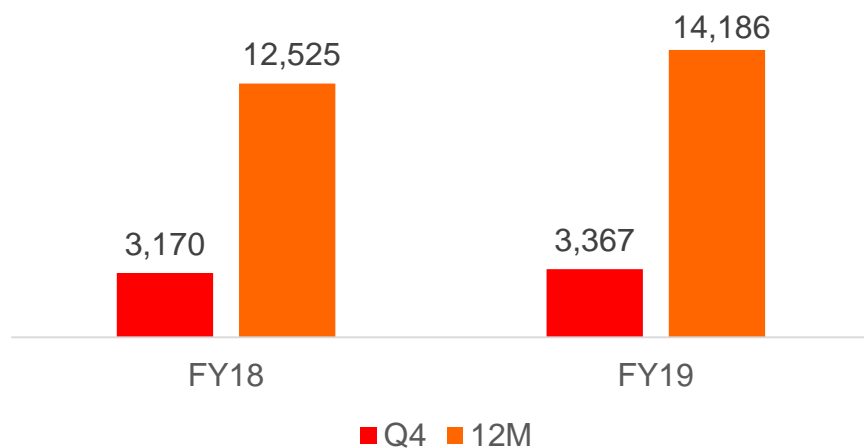
1.63x Jump in Operating EBITDA



1.54x leap in Operating EBITDA Margins



13% YoY Jump in Total Revenue¹

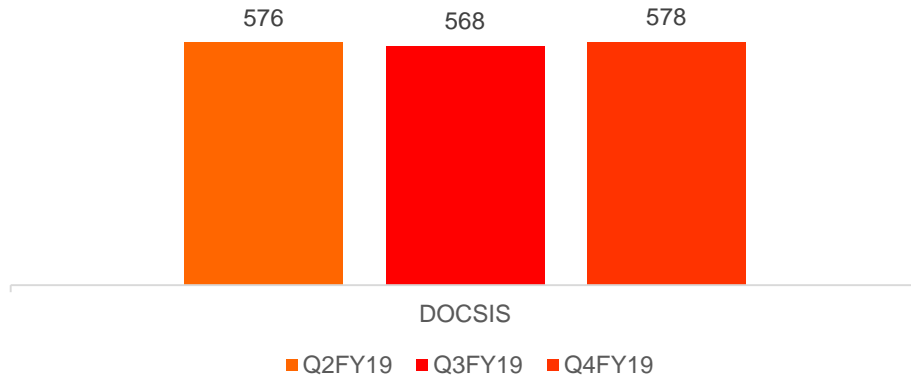


- Q4FY19 Consolidated Revenues at Rs. 3,367 Mn
- 12M Operating EBITDA Margins expanded 1.35x

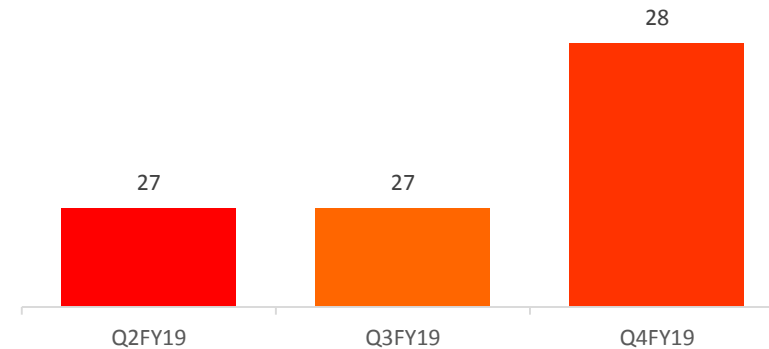
Q4 FY19 : Broadband Business

Stable performance

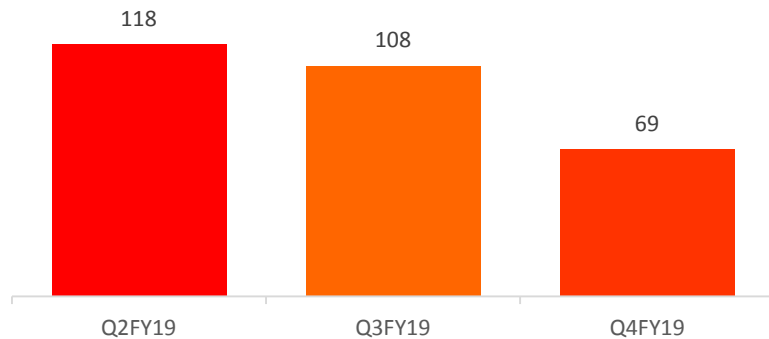
ARPU has been relatively stable



Average Speed per Customer is steady



Average Data Consumption has decreased



- Net Broadband base at 1.56 Lakhs
- Blended Broadband ARPU was steady at Rs.456
- ~30% 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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