



SITI Networks Limited

Q4FY18 Investor Presentation

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



Disclaimer

Some of the statements made in this presentation are forward-looking statements and are based on the current beliefs, assumptions, expectations, estimates, objectives and projections of the directors and management of SITI Networks Limited (SITI Networks) about its business and the industry and markets in which it operates. These forward-looking statements include, without limitation, statements relating to revenues and earnings. The words “believe”, “anticipate”, “expect”, “estimate”, “intend”, “project” and similar expressions are also intended to identify forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Company and are difficult to predict. Consequently, actual results could differ materially from those expressed or forecast in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks. SITI Networks does not undertake to update these forward-looking statements to reflect events or circumstances that may arise after publication.

ZINDAGI KA NETWORK



Full Year Consolidated Revenues at **Rs 1426.4 Cr** and EBITDA at **Rs 324.5 Cr**

SITI crosses **11.5 Mn** active digital subscriber base

EBITDA jumps **2.6x** from Rs 58.6 Cr to **Rs 151 Cr**; EBITDA Margins leap **2.1x** from 5.7% to 12%

Subscription Revenue up **41%** to **Rs 800 Cr**

Collection efficiency surpasses **95%**

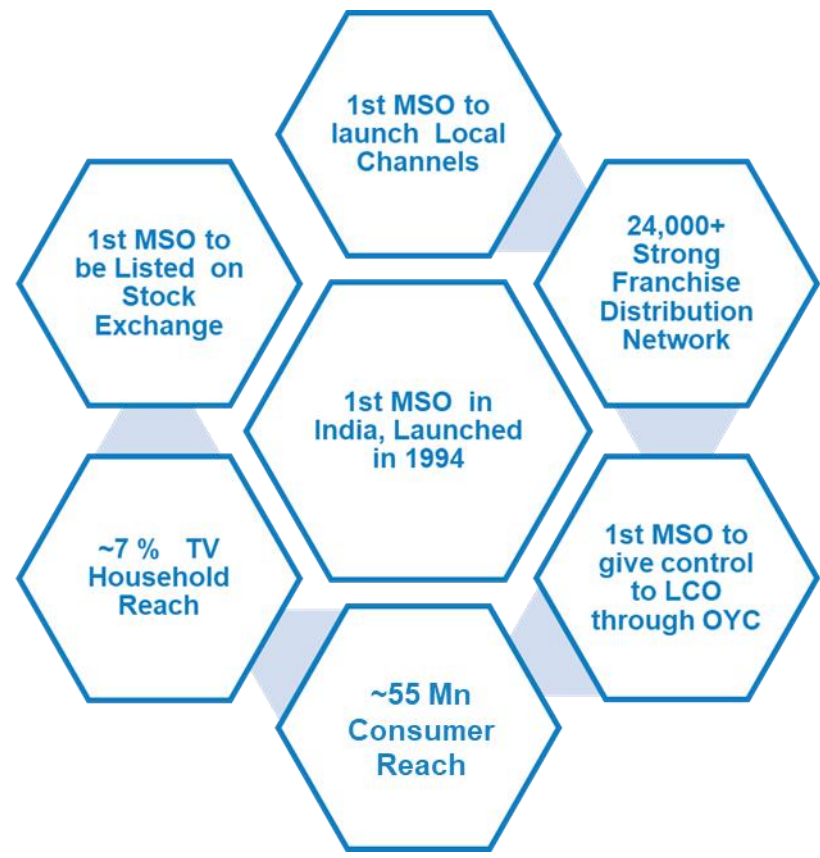
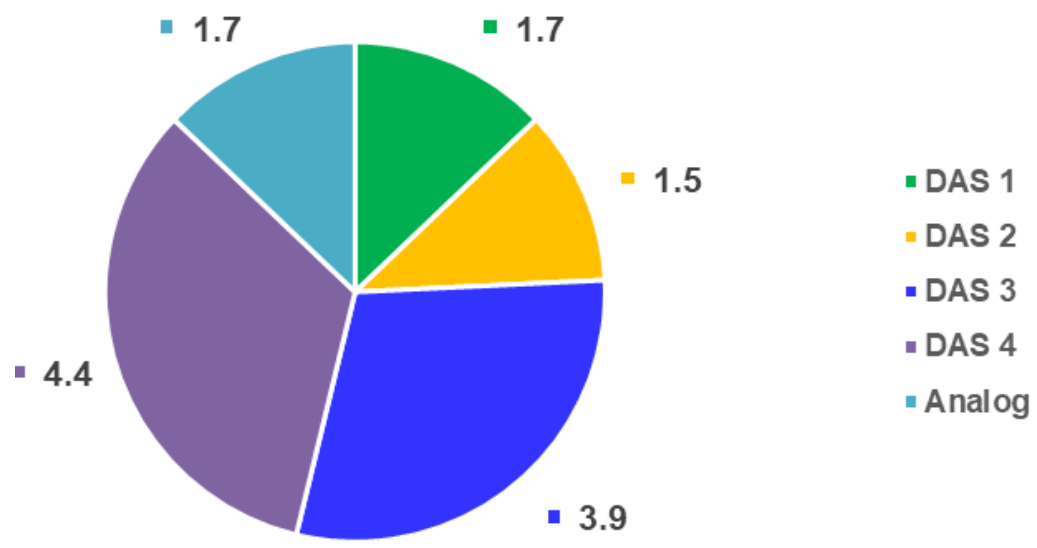
Company Overview

SITI Networks: India's Leading Multi-System Operator

11.5 Mn Active Digital Subscribers	315,000 HD Subscribers	~580 Locations Presence	1.68 Mn Broadband Homes Passed	250,000 Broadband Subscribers
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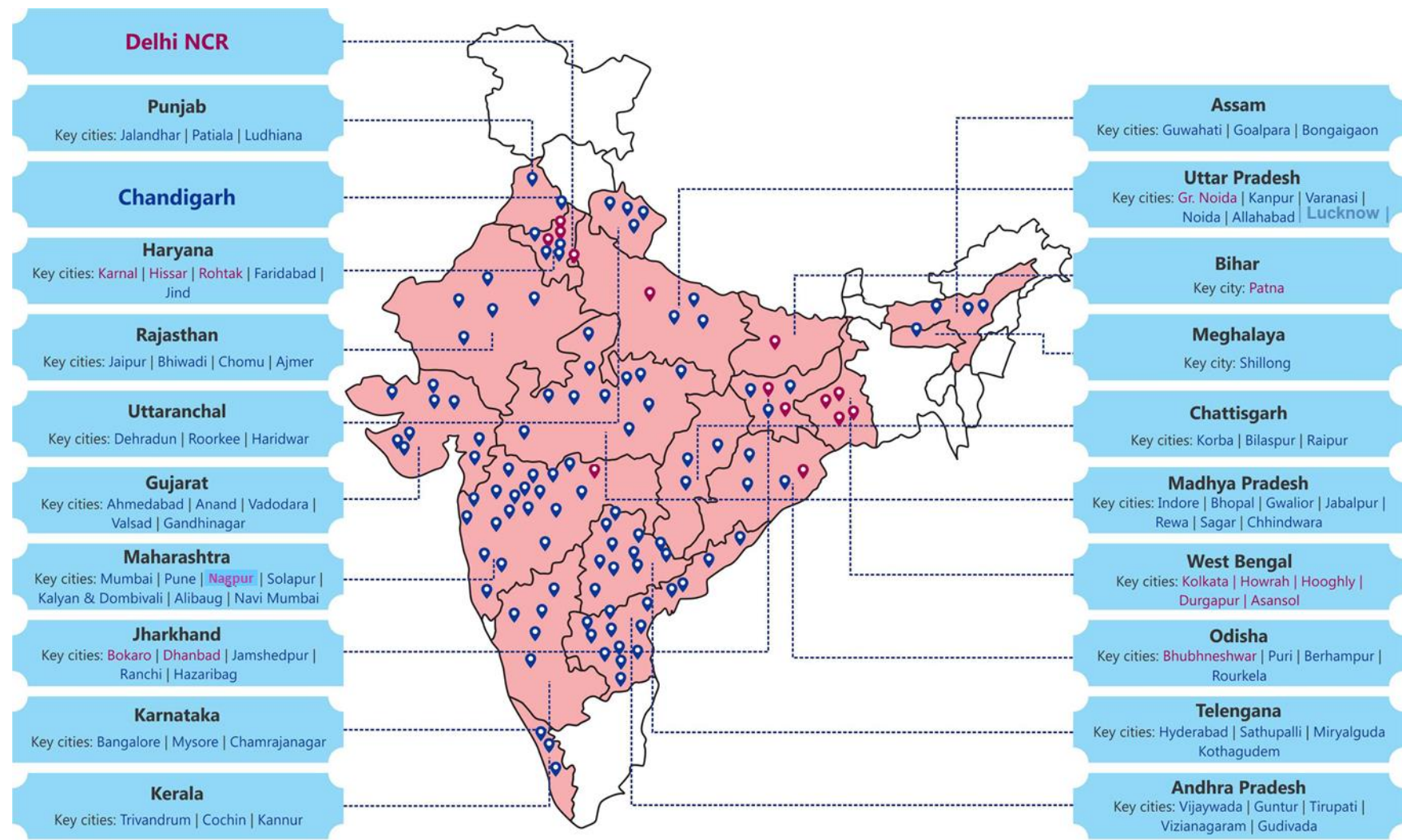
Multi-System Operator (MSO) providing Digital Cable TV and Broadband Services

Subscriber Universe (Mn)



All metrics as of 31st March 2018

SITI Networks: Present 580+ locations across India



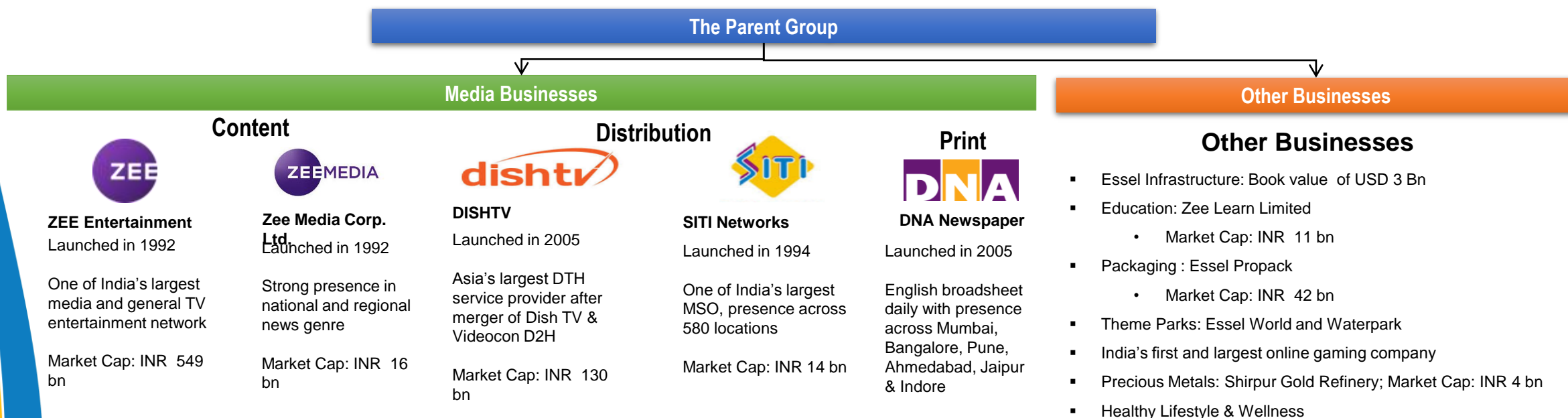
📍 Video
📍 Video & Broadband

On a progressive growth path

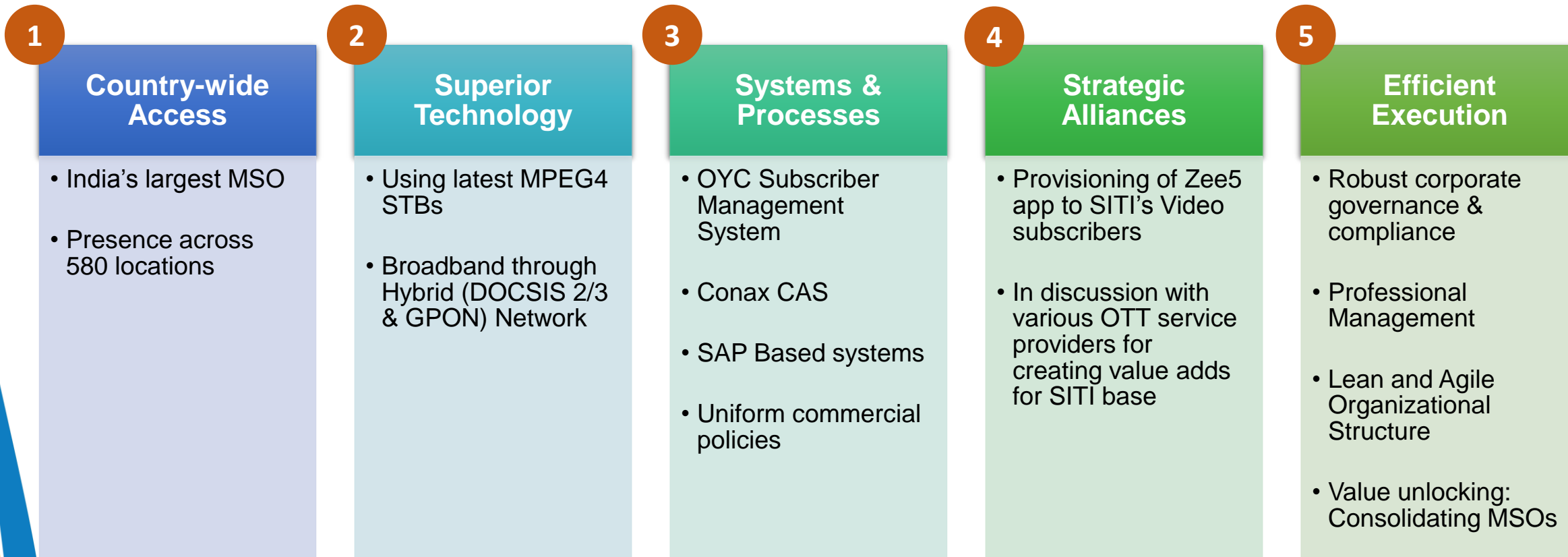
1994	<ul style="list-style-type: none"> ▪ Cable business started by promoters
2006	<ul style="list-style-type: none"> ▪ Wire and Wireless (India) Ltd. Incorporated
2007	<ul style="list-style-type: none"> ▪ Implemented CAS in metros of Delhi, Mumbai & Kolkata ; Listed on the stock exchanges
2008	<ul style="list-style-type: none"> ▪ Initiated mass Digitization through HITS Services
2009	<ul style="list-style-type: none"> ▪ Right Issued of INR4500 mn fully subscribed
2010	<ul style="list-style-type: none"> ▪ India's largest Multi System Operator (MSO) in the Cable Industry
2011	<ul style="list-style-type: none"> ▪ Expanded further across 54 key cities
2012	<ul style="list-style-type: none"> ▪ DAS implemented in Phase -1 Cities ; Delhi, Mumbai & Kolkata ; Offered 400 Standard Definition Channels; Consolidated Pan India presence through expansions in UP and Central India ▪ Broadband started in Eastern region on EOC Technology
2013	<ul style="list-style-type: none"> ▪ DAS implemented in Phase -2 Cities ; Achieved 3 million digital subscriber base ▪ Operationalized 'Own Your Customer' Customer Management System ▪ Fund infusion of INR3240 Mn by Promoters
2014	<ul style="list-style-type: none"> ▪ Achieved 4 million digital subscriber base; Package wise Billing started in DAS Phase 1 cities ▪ Broadband launched in Delhi on DOCSIS 2/ 3 Technology ▪ Started providing 18 HD Channels
2015	<ul style="list-style-type: none"> ▪ Raised INR2210 Mn from the Secondary Market via QIP Route in Feb. 2015 ▪ Digital cable subscribers at 5.4 Mn with a cable universe of 10.5 Mn. Broadband subscribers at 70,100
2016	<ul style="list-style-type: none"> ▪ Achieved financial turnaround for first time in its history; Reported PAT of INR9 Crores & PBT of INR22 Crores in FY16 ▪ Fund infusion of INR5300 Mn by Promoters through OFCDs & Convertible Warrants ▪ Acquired majority stakes/ entered into strategic partnerships with regional MSO's in Assam, Maharashtra, Gujarat and Odisha
2017	<ul style="list-style-type: none"> ▪ Chosen to be a constituent of the Morgan Stanley Capital International (MSCI) India Domestic & Global Small Cap Index ▪ Fund infusion of INR1500 Mn by Promoters ▪ Established Broadband presence in Nagpur, Hissar, Karnal and Rohtak; Prepaid on-going in select states with 1.26 mn subscribers
2018	<ul style="list-style-type: none"> ▪ ICRA & CARE assigned a long-term rating of "A-" for the Company. The outlook on the long-term rating is stable ▪ Seeded Industry leading 3.1 mn STBs across Phase 3&4

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): ~USD11.0 Bn
- Present in 171 countries, a reach of ~1bn+ viewers; Compelling bouquet of 75 Channels

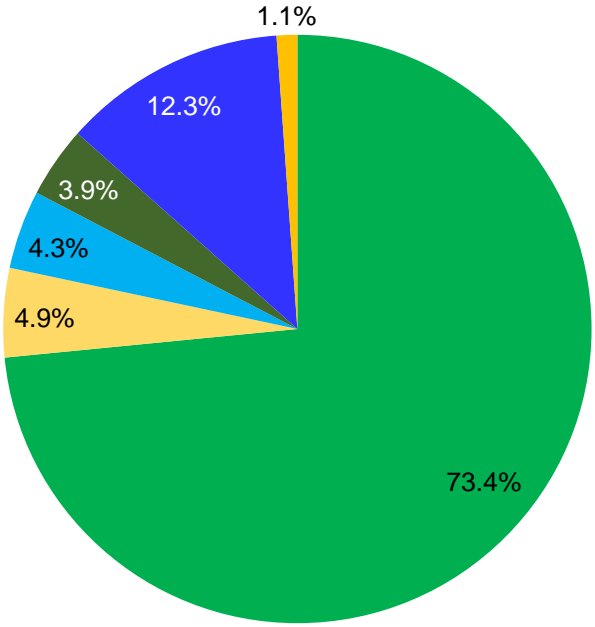


The SITI Competitive Advantage



SITI Networks has a sizeable free float & institutional ownership

**Shareholding Pattern
872 Mn Shares**



- Promoters
- Indian Companies
- FIIs
- Individuals
- Mutual Funds
- Others

As of 11th May 2018
Others include HUF, Clearing Members, banks, trusts and NRIs























Key Investors

Foreign Institutions		
		Acacia Partners
Domestic Institutions		

There has been fund infusion of INR6800 Mn by Promoters through OFCDs & Convertible Warrants in Last 2 years

Video and Broadband Technology Infrastructure

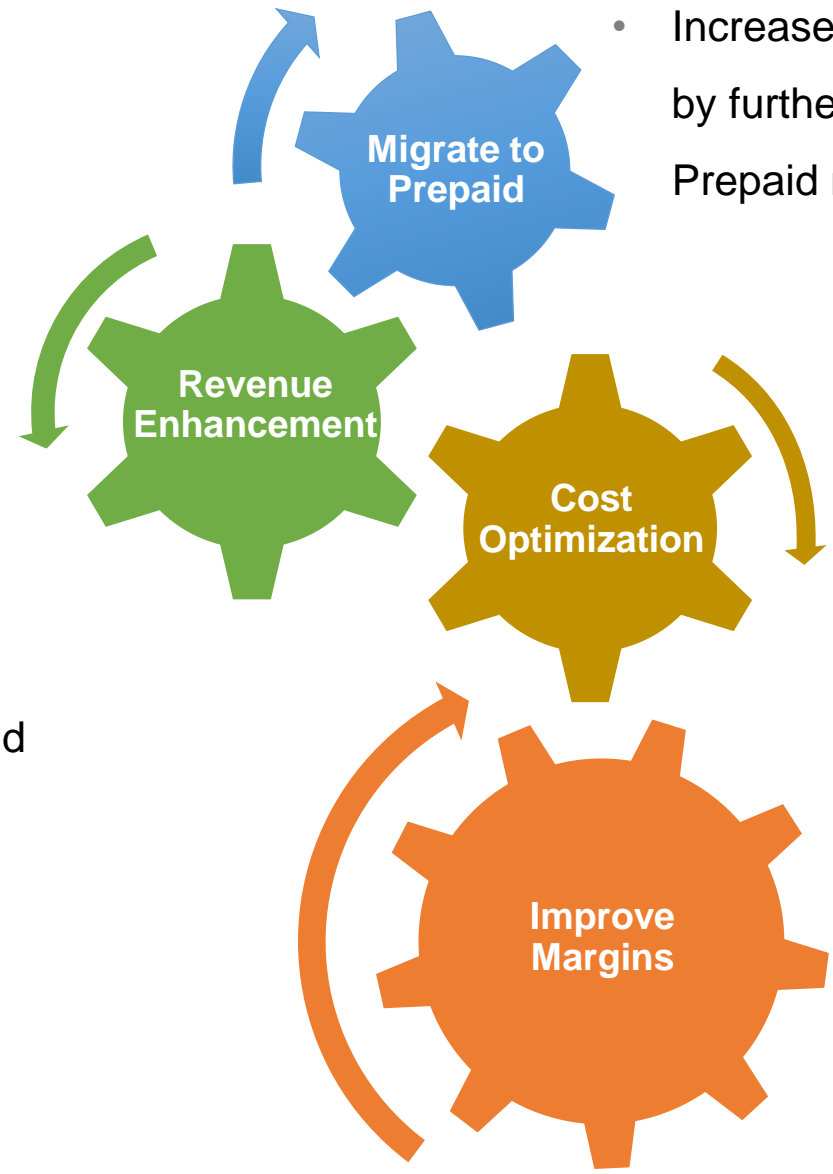
- 15 Digital Headends; Intra-city OFC and Coax Network of ~33,000 Kms covering ~ 580 locations
- Transport of Digital CATV signals on 1.2 Gbps links across the country; 354 IP Points
- Hybrid (DOCSIS+ GPON) Technology to offer Cable Broadband services

Digital Headends	Modems	STBs	Chipsets	Servers	CAS, SMS, EPG	Connectivity
  	   	  	 	  	  	   

Strategy

Video Strategy

- ARPU enhancement across phases
- Increase HD Subscriber base
- Background work to gear up for TRAI Tariff order is in progress
- Up-sell Broadband, HD, OTT and Video to customers



- Increase Collection efficiency by further implementing Prepaid model

- Working with leading consultancy firm for outsourcing IT & Network services (MSP) for superior customer experience
- Improve extraction from low utilized IP based locations and exiting non-profitable ones
- Increase Operational Efficiency

SITI well positioned to benefit from implementation of Tariff Order*

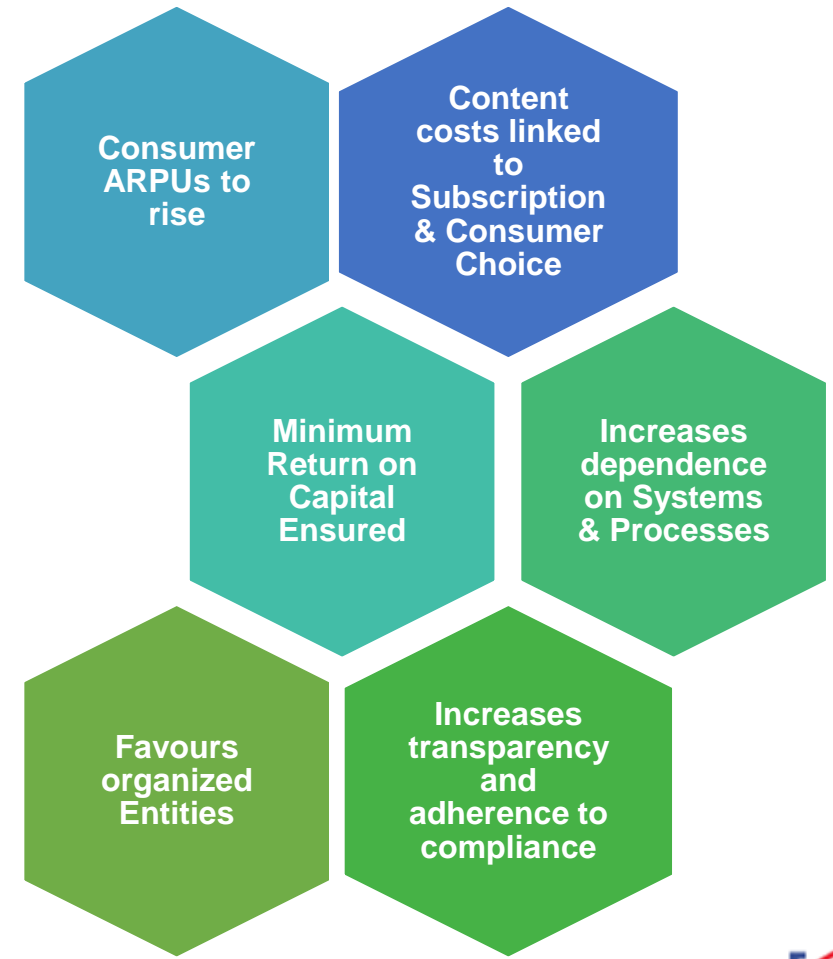
Implementation of the network distribution model will shift the balance of power in favour of Distribution

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



* Currently Sub judice

Financials & Operating Metrics

Exceeded Expectation on FY18 Key Metrics

Key Performance Indicators

Subscription revenue for FY18 at **Rs 7,997mn**

Operational expenses for FY18 at **Rs 11,019mn**

Operating EBITDA Margin improved significantly

Overall Collection Efficiency surpasses **95%** in Q4FY18

EBITDA (Excl. Activation) for FY18 at **Rs 1508mn**

Vs FY17

41% increase in FY18
(7,997mn vs 5,690mn)

13% increase in FY18
(11,019mn vs 9754mn)

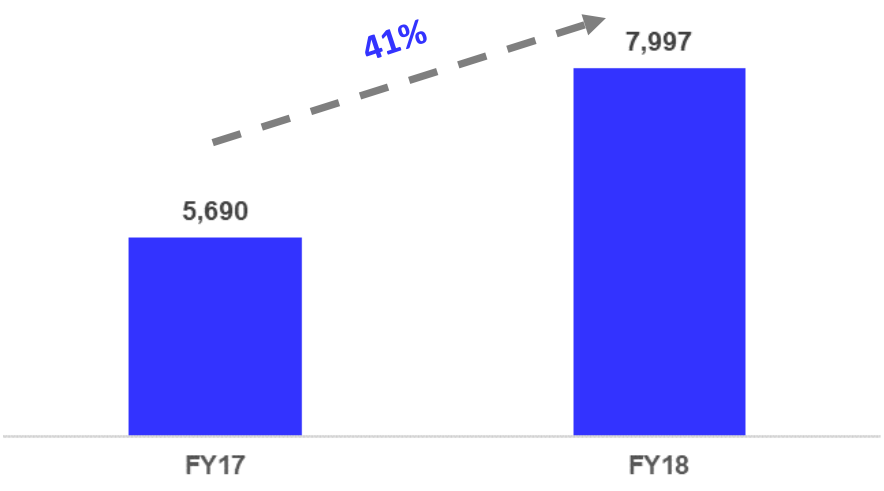
FY18 margin **Up by 2.1x**
(12.0% vs 5.7%)

YoY increase in efficiency

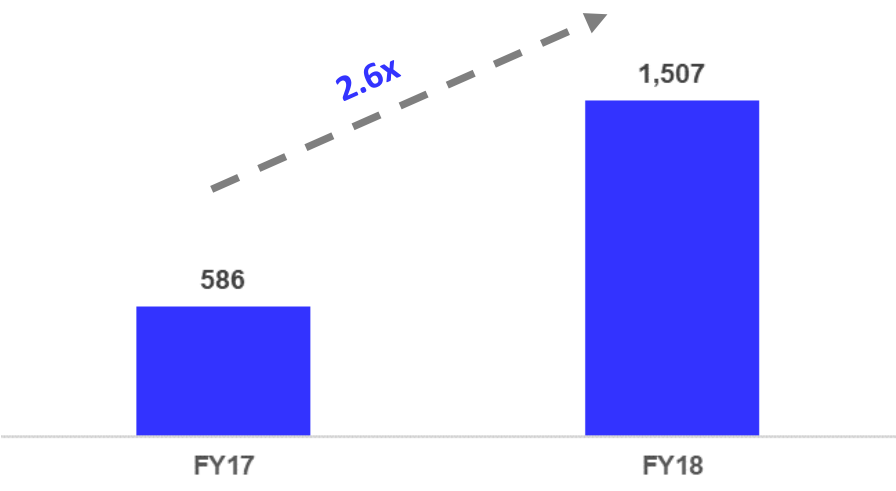
2.6x increase in FY18 EBITDA
(1507mn vs 586mn)

FY18 Trends: Robust Performance

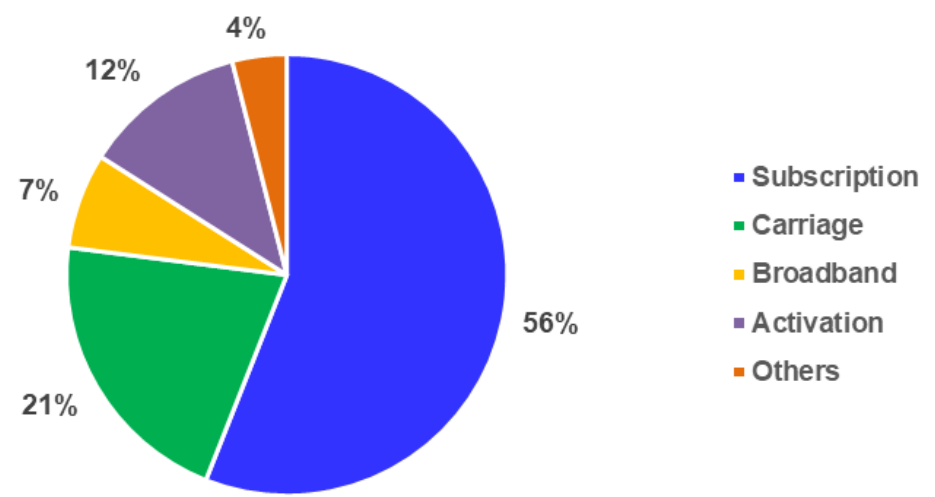
Video Subscription (Rs Mn)



Operating EBITDA (Rs Mn)



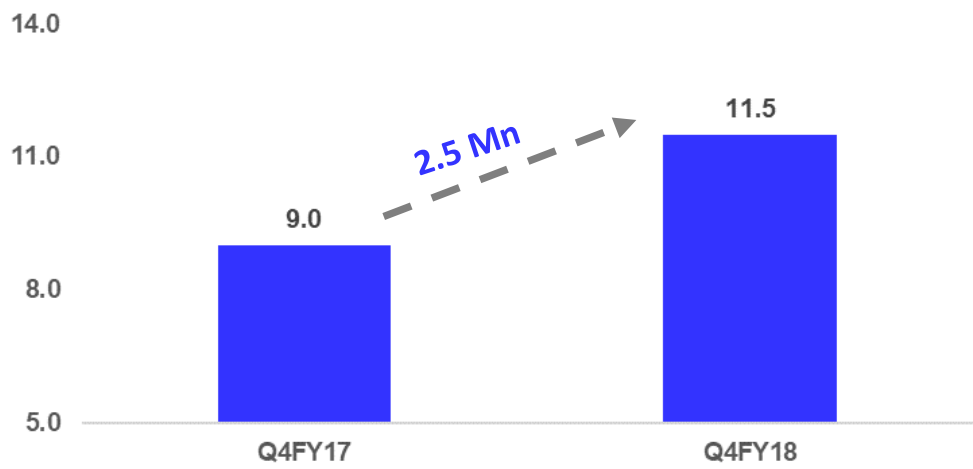
FY18 Revenue Split (%)



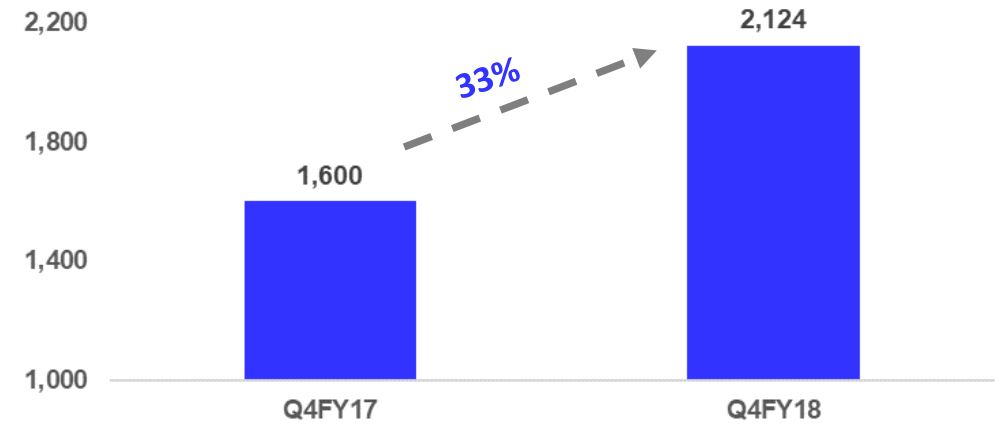
- Full Year Consolidated Revenues at Rs. 14,264 Mn and EBITDA at Rs. 3,245 Mn
- EBITDA Margins leap 2.1x from 5.7% to 12%

Video: Consistent improvement

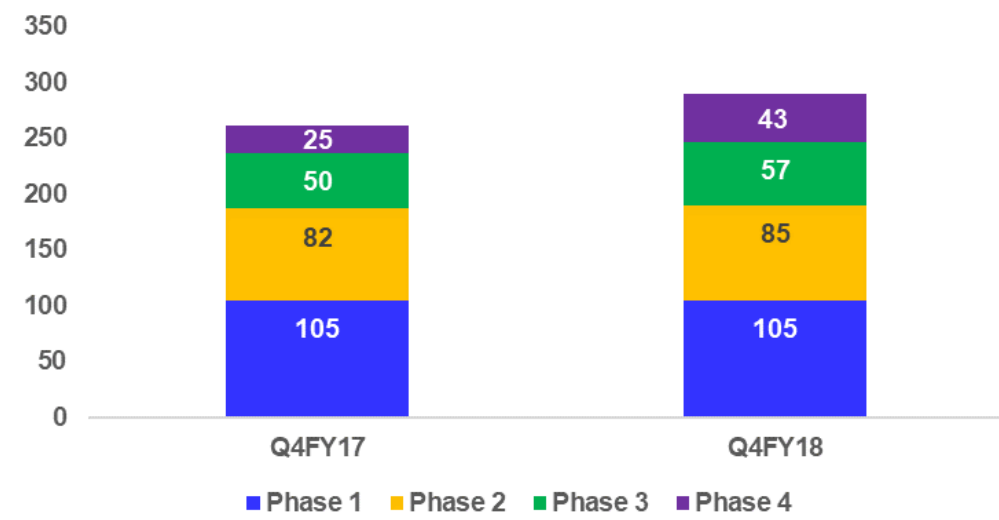
Active Digital Subscribers (Mn)



Subscription Income (Rs. Mn)



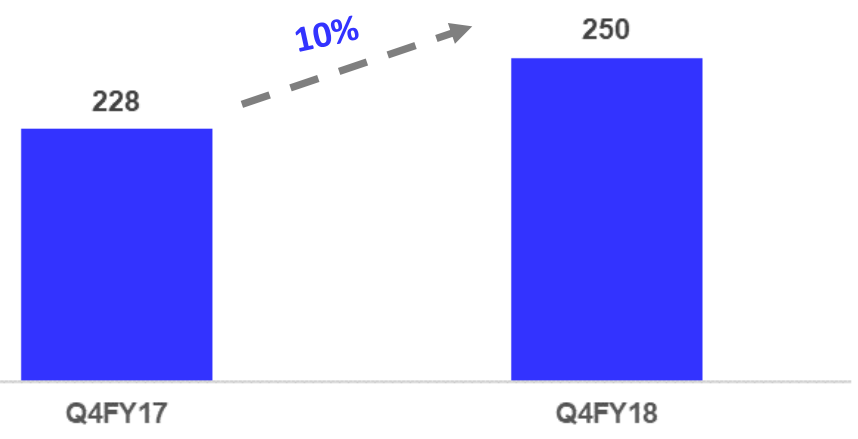
ARPU (Rs. / Sub / Month)



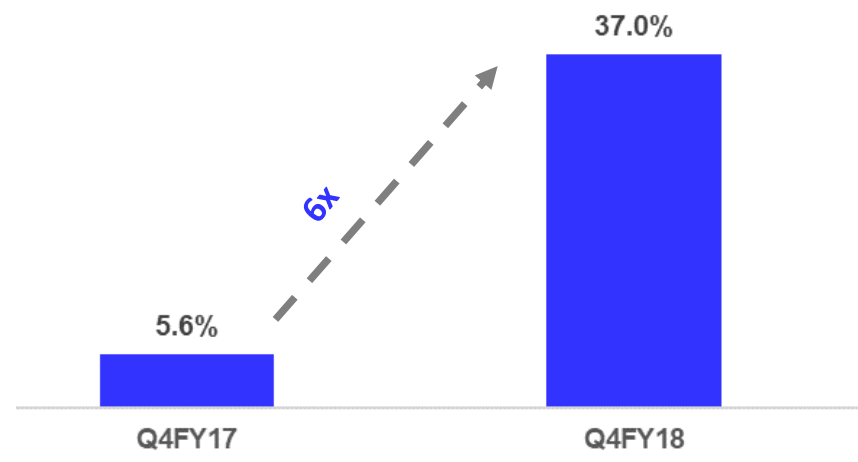
- Overall collection efficiency surpassing 95% in Q4FY18
- Subscription Revenue took a significant leap of 41% in FY18 to Rs 800 Cr

Broadband: Steady Growth

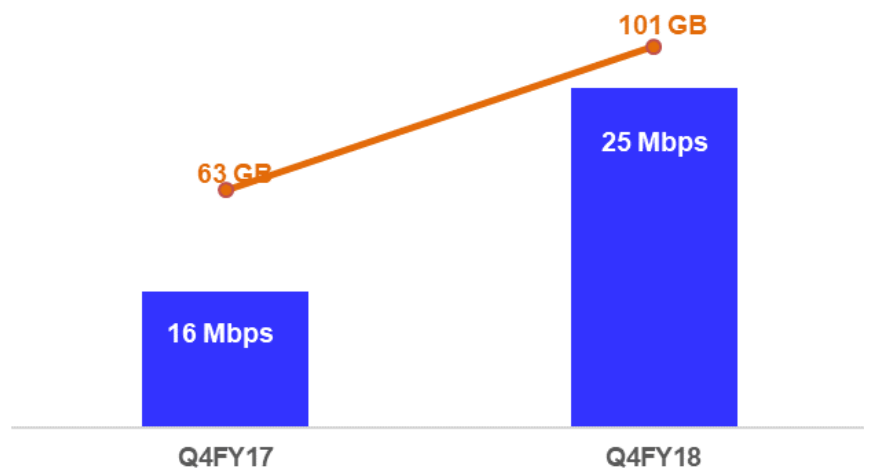
Broadband Subscribers (Lakhs)



% Base on Lock-in Plans



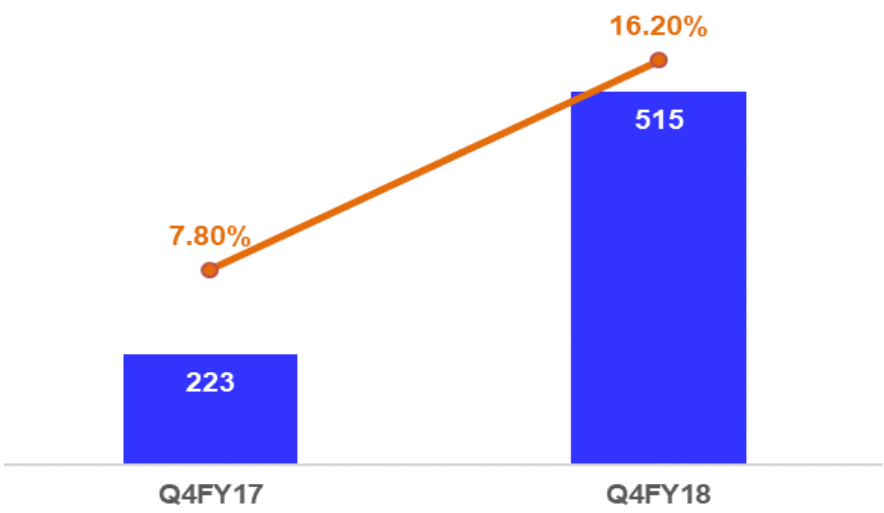
Average Speed & Consumption Per Sub



- 16.8 lakh Home Passes
- % Base on lock-in plans increased to 37% from 5.6%
- Blended Q4FY18 ARPU @ Rs.462

Improving Operational Performance sequentially (Consolidated)

Operating EBITDA (Rs Mn) & Margins (%)



- Operating EBITDA Margins significantly expanded by 900 bps YoY to 16.2% in Q4FY18
- Operating EBITDA improved significantly by 145% YoY to Rs 51.5 Cr

Key Initiatives

Harnessing operational Leverage

- Looking at improving utilization levels and sweating existing assets

Improving Monetization

- Proactive dunning, realignment of distributor policy and closer engagement with LCOs

IP location wise monitoring

- Identification and closure of Unsustainable locations running on IP Bandwidth

Inventory Control

- Under process to create centralized process for Inventory controls, movement and warehousing

Conference Call

On the 17th May 2018 for the Q4FY18 Results



SITI Networks Limited

On 17th May 2018, SITI Networks Limited (BSE: 532795, NSE: SITINET EQ) is due to announce its audited Financial Results for the Fourth Quarter and Fiscal Year 2018

After the conclusion of the Board Meeting and duly informing the Stock Exchanges the results would be made available on the Company's website: www.sitinetworks.com

To discuss the performance of the Company, a conference call has been scheduled on 17th May 2018

We take pleasure in inviting you to a discussion with the Senior Management of SITI Networks

We invite you to join the call and look forward to your participation. Early registration is encouraged. The operator will provide instructions on asking the question before and during the call.

Best Regards,

Ankit Saint

Date: 17th May 2018

Time: 06:00 PM (India Time); 08:30 PM (HK/SG Time)

Call Leader: Ankit Saint

Call in Numbers (India):

Primary Access Toll Number: +91 22 6280 1229

Secondary Access Toll Number: +91 22 7115 8130

Local Access Number

+91-7045671221

Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune.

Accessible from all carriers.

Toll Free Call-in Numbers (International):

- USA - 18667462133
- UK - 08081011573
- Singapore - 8001012045
- Hong Kong – 800964448

Conference Code:

Please ask the operator for the "SITI NETWORKS" result call.

ZINDAGI KA NETWORK



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