



SITI Networks Limited

Q1FY19 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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ZINDAGI KA NETWORK



Operating EBITDA leaps **2.5X** to **Rs.549 Mn**; Operating EBITDA Margins jumps **2.1X** to **17%**

Subscription Revenue surges **26%** to **Rs.2149 Mn** over Q1FY18; Total Revenue¹ up **15%** to **Rs.3,282 Mn**

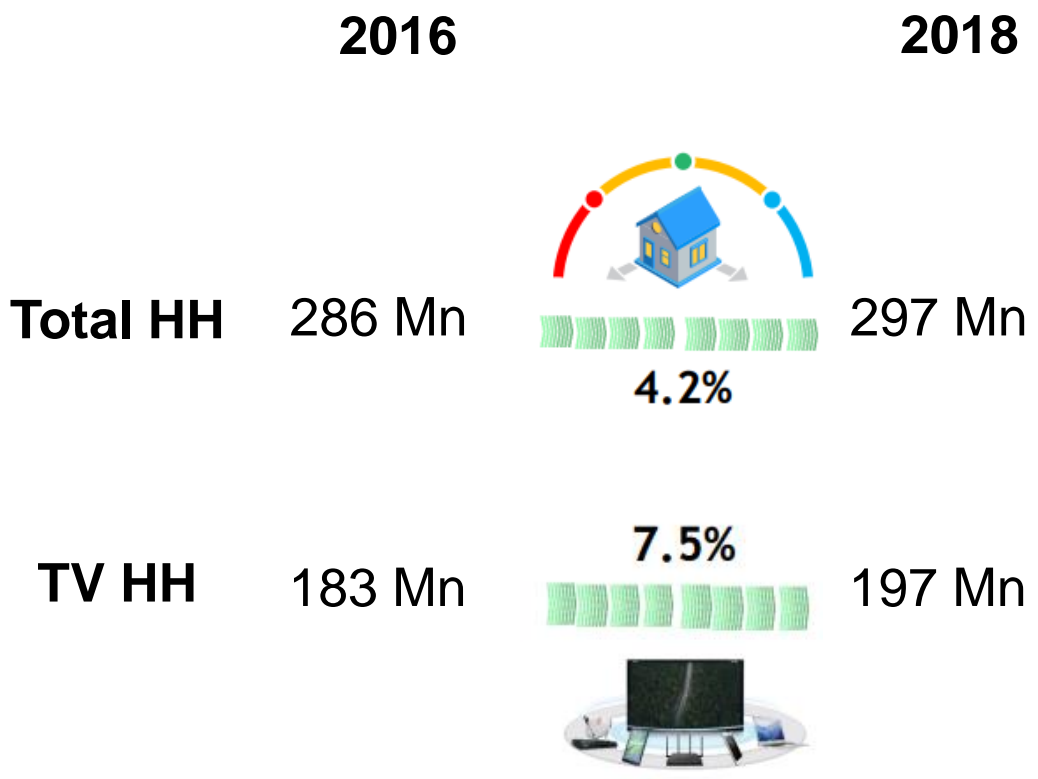
ARPU rises **17%** y-o-y; Collection efficiency surpasses **93%** exit June'18; At **97%** exit July'18

SITI reaches **11.7 Mn** active digital subscriber base

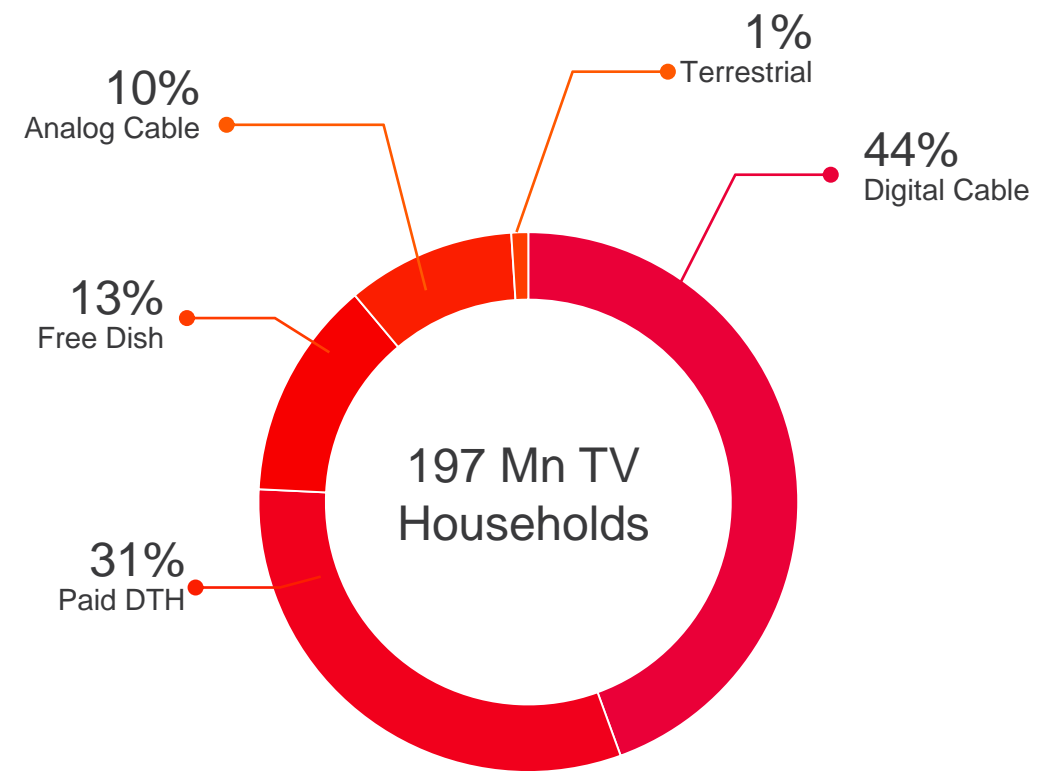
Industry Overview

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

Company Overview



NETWORKS

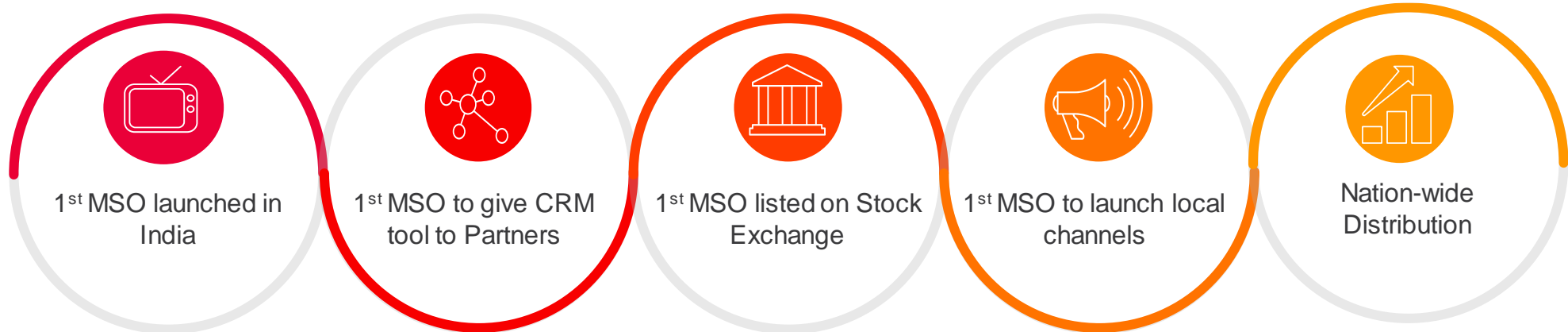
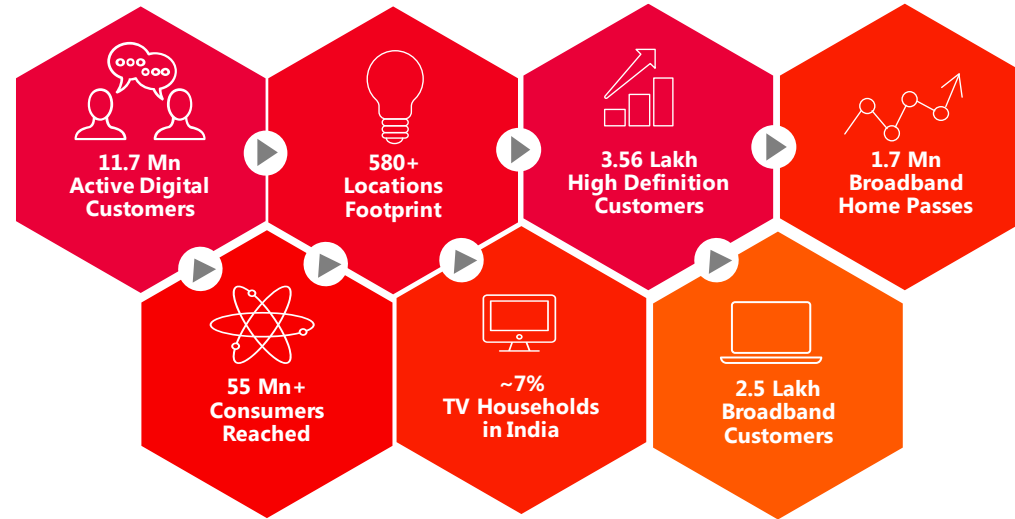
ZINDAGI ^{KA} NETWORK

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



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India's Leading Digital Network



01 Launched in 1994

02 OYC tool customer offered to LCOs

03 SITINET listed on NSE

04 Bouquet of Local Channels

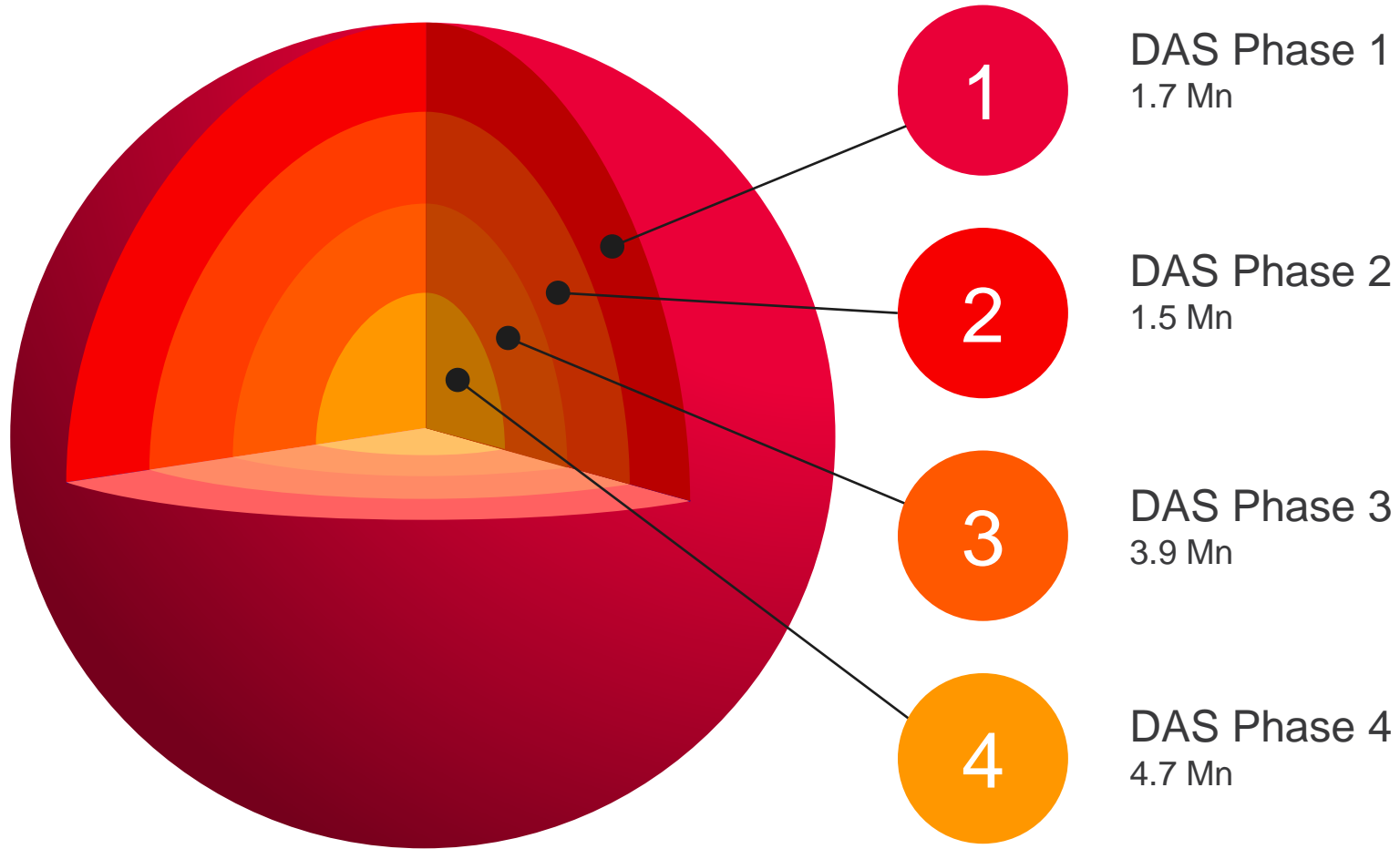
05 24,000+ strong Distribution Network

All metrics as of 30th June 2018



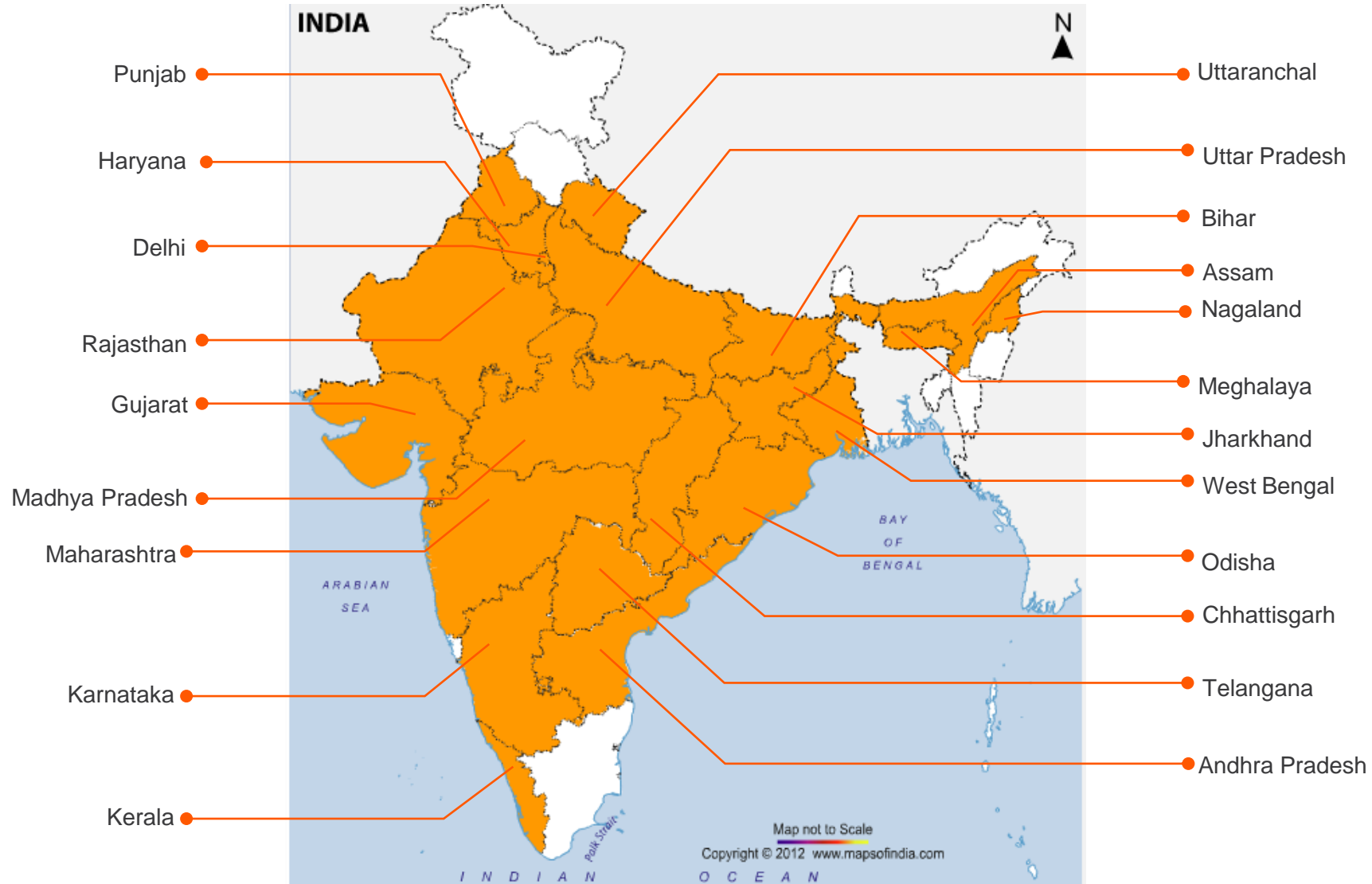
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11.7 Mn Happy Households across the country



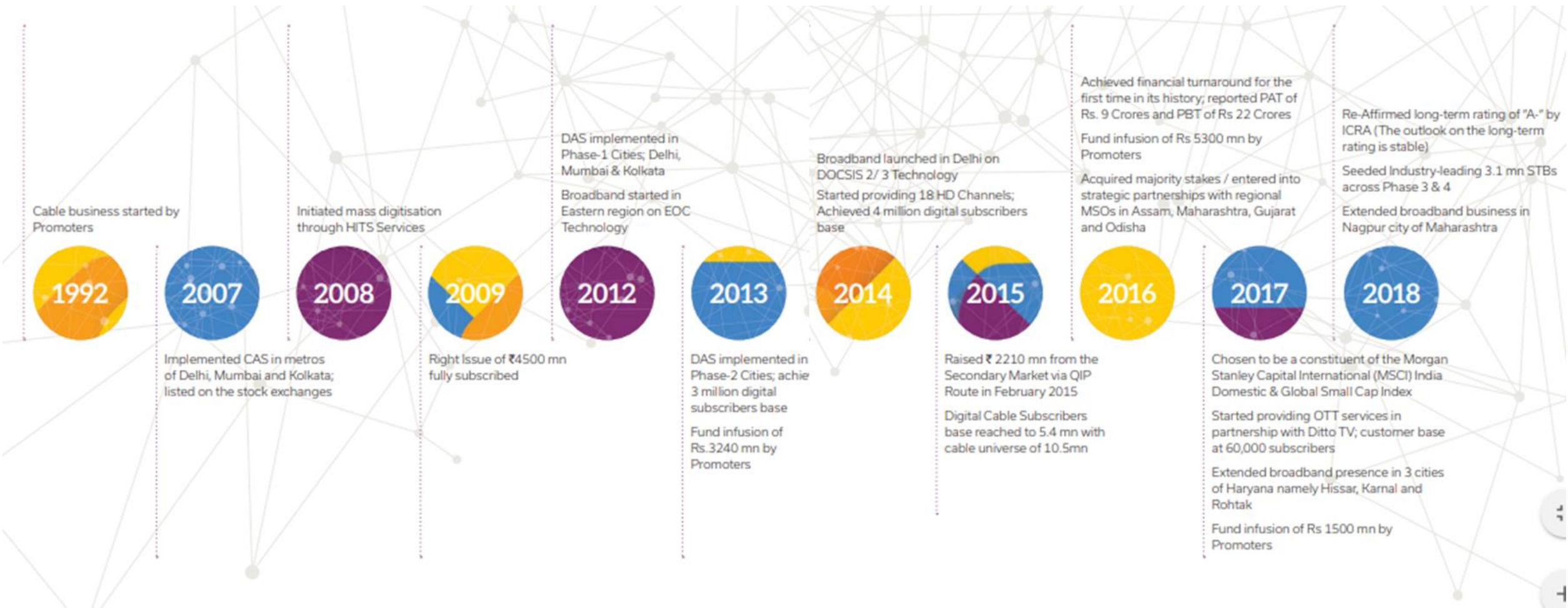
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Present across 580+ locations



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On a Progressive Growth Path



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Competitive Advantage



<p>01</p> <p>India's largest MSO</p> <p>Presence across 580 locations</p>	<p>02</p> <p>Using latest MPEG4 STBs</p> <p>Broadband through Hybrid (DOCSIS 2/3 & GPON) Network</p>	<p>03</p> <p>OYC Subscriber Management System</p> <p>Conax CAS</p> <p>SAP Based systems</p> <p>Uniform commercial policies</p>	<p>04</p> <p>In discussion with various OTT service providers for creating value adds for SITI base</p> <p>Value unlocking: Will look to consolidate Industry</p>	<p>05</p> <p>Robust corporate governance & compliance</p> <p>High Performance Culture driven by Committed and Focussed Employees</p> <p>Lean and Agile Organizational Structure</p>
<p>Country-wide Access</p>	<p>Superior Technology</p>	<p>Systems and Processes</p>	<p>Strategic Alliances</p>	<p>Efficient Execution</p>



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



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 Indias
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

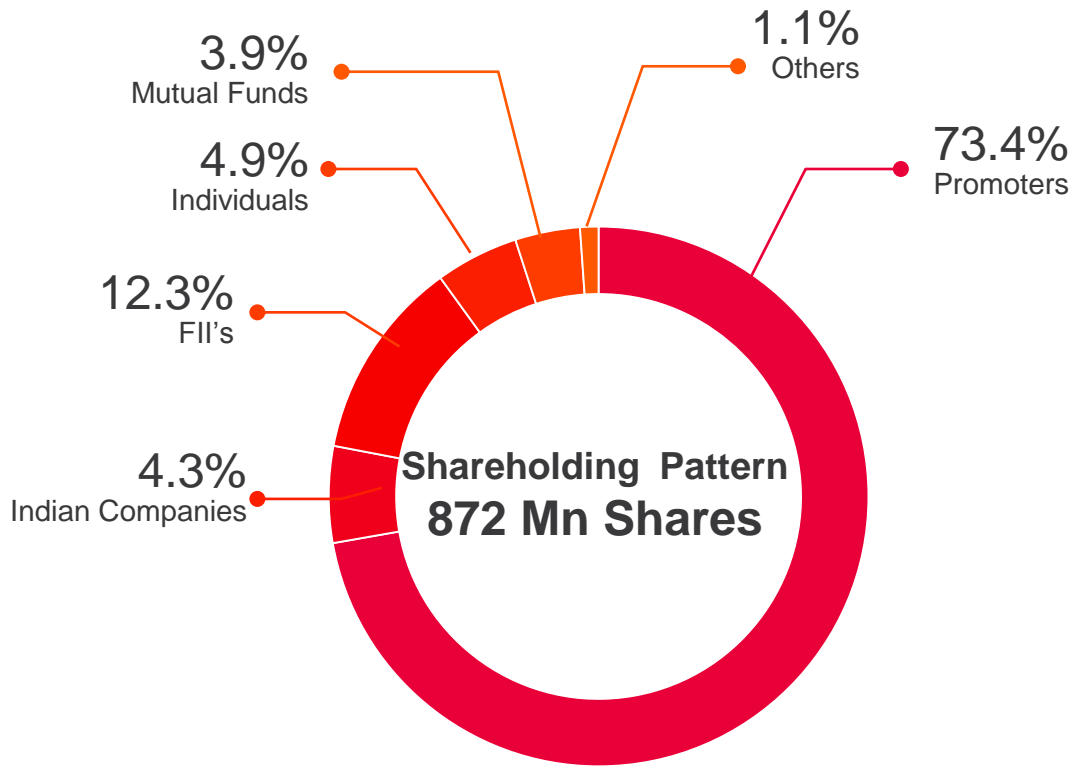
Distribution

Print

Other Business'

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Sizeable Free Float & Institutional Ownership



Key Investors

Foreign Institutions	 	Acacia Partners 
Domestic Institutions	 	


















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

As of 27th July 2018
Others include HUF, Clearing Members, banks, trusts and NRIs

Technology Infrastructure

Video & Broadband

- 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; ~350 IP Points
- Hybrid (DOCSIS+ GPON) Technology to offer Cable Broadband services

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

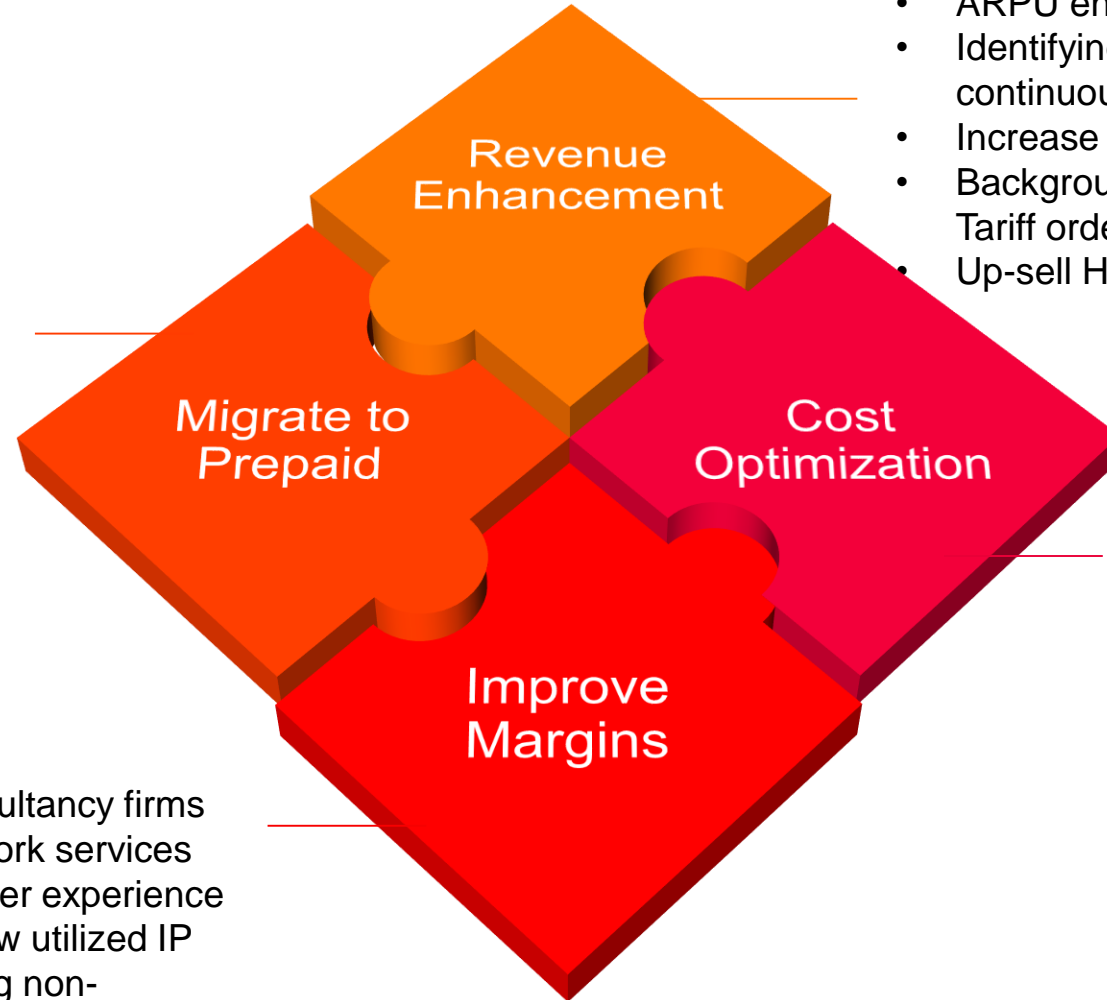
Strategy

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Video Strategy



- Increase Collection efficiency by further implementing Prepaid model



- ARPU enhancement across phases
- Identifying sweet spots to continuously add new customers
- Increase HD Subscriber base
- Background work to gear up for TRAI Tariff order is in progress
- Up-sell HD and OTT

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

- Improve operational efficiencies and harness inbuilt leverage
- Fungible teams for Cable and Broadband
- Digitization of agreements and digital onboarding of new business associates

SITI Networks

Well Positioned to Benefit from Tariff Order



Revenue Model for DPO



Network Capacity Fee

- Up to Rs.130 for 100 SD Channels

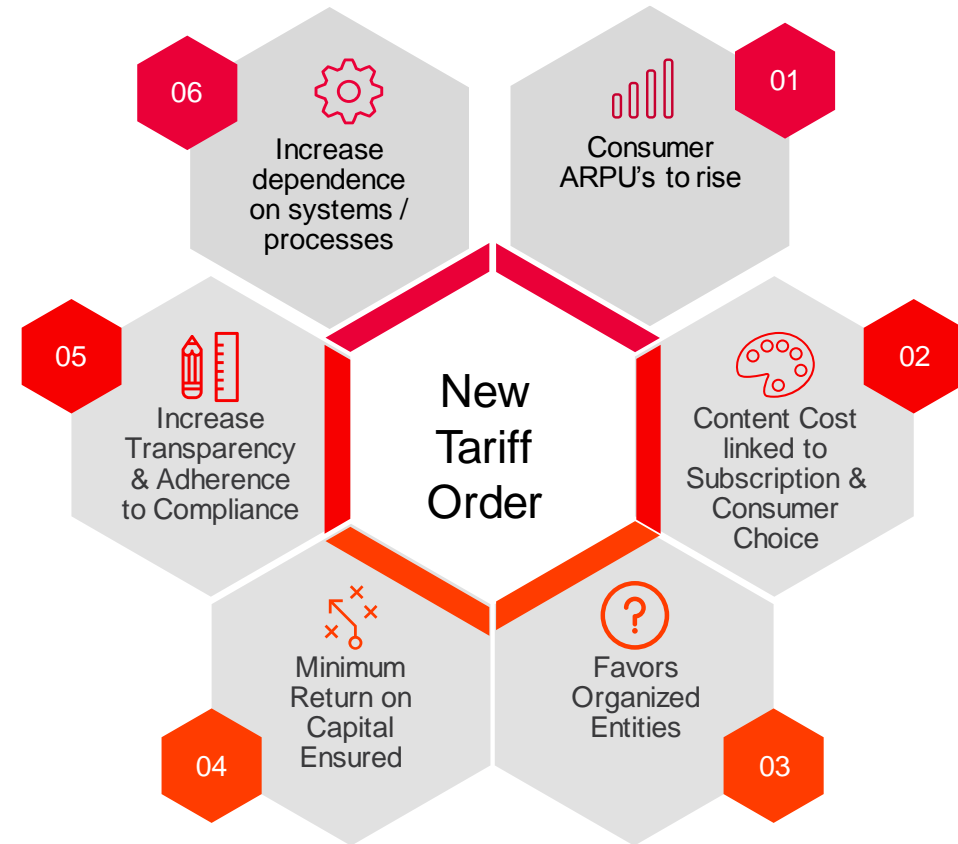
Pay Channel Bouquet

- DPO to offer Broadcaster Bouquets, DPO Bouquets, and all channels on A-la-carte
- DPO to declare Distributor Retail Price (DRP) with max discount 15% over sum of a-la-carte or MRP of Broadcaster Bouquet
- Broadcaster to pay minimum 20% of MRP as distribution fee. Max 15% of MRP as incentive

A-la-Carte Channels

Carriage Fee

- As per regulation



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



Financials & Operating Metrics

A strong start to FY19

Key Performance Indicators

Subscription revenue for Q1 FY19 at **Rs 2,149 mn**

Operational expenses for FY18 at **Rs 2,733 mn**

EBITDA Margin (Excl. Activation) improved @ 16.7%

Subscription Collection Efficiency at **93%** for June'18 Exit

ARPU at **Rs 74** (including taxes)

EBITDA (Excl. Activation) for Q1 FY19 at **Rs 549 mn**

Vs Q1 FY18

26 % increase in Q1 FY19 (2,149mn vs 1,701mn)

Negligible movement in Q1 FY19 (2,733mn vs 2,639 mn)

Q1 FY19 margin **Up by 2.1x** (16.7 % vs 7.8%)

Increase in efficiency (90% vs 83% for Q1 FY18)

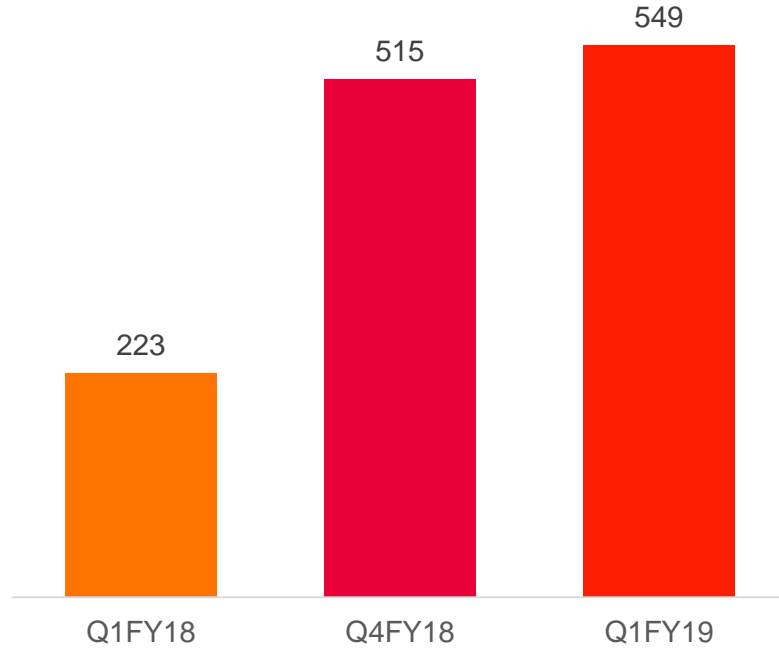
~17% increase in ARPU

2.5x increase in Q1 FY19 EBITDA (549 mn vs 223 mn)

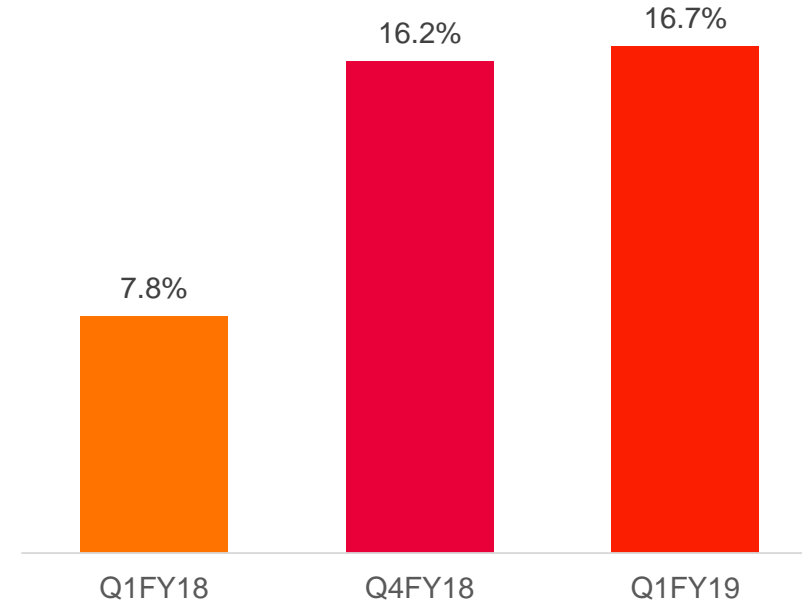
Q1 FY19

Robust Performance

2.5x Jump in Operating EBITDA



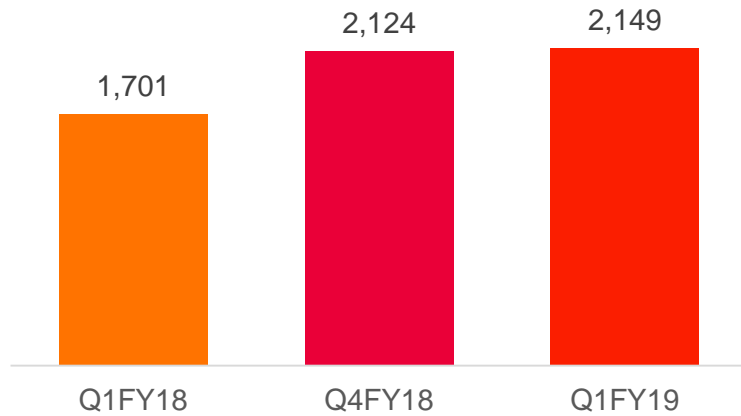
2.1 times leap in Operating EBITDA Margins



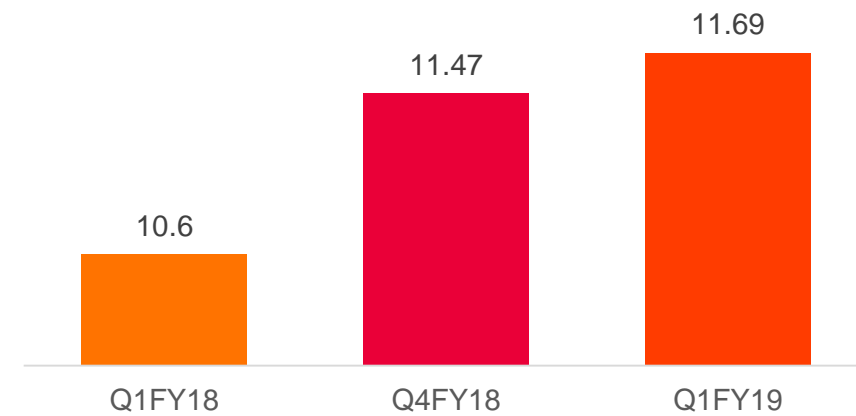
- Operating EBITDA jumps from INR223 mn to INR549 mn
- Operating EBITDA Margins expand by 892 bps at 16.7%

Q1 FY19 : Video Business Surging Ahead

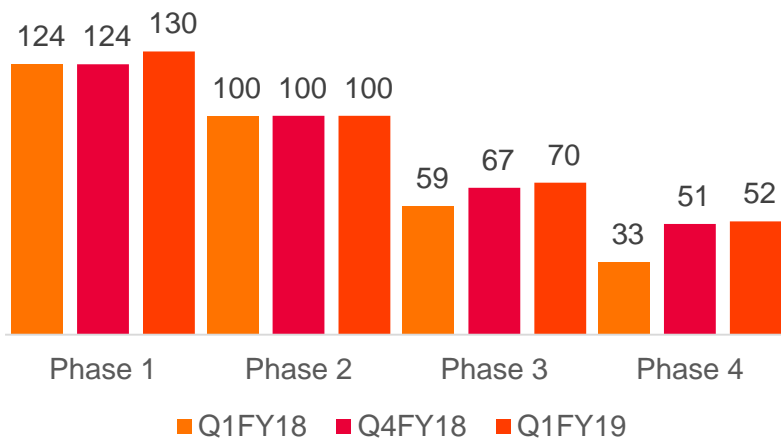
~26% Growth in Video Subscription



Customer Adds up by 220,000



Phase-wise ARPU (including tax) Increase

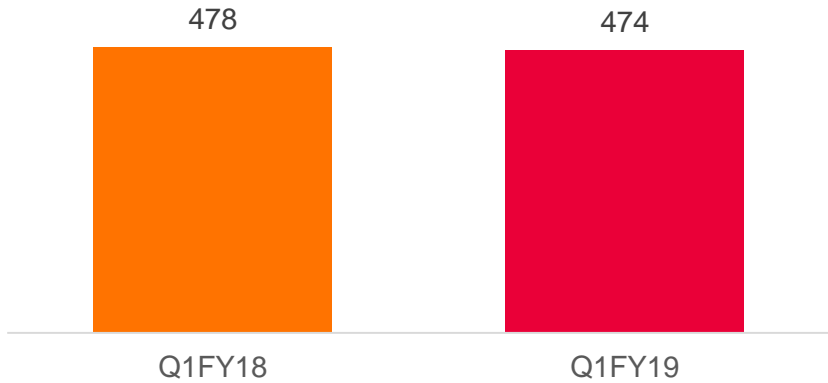


- ARPU increased strongly by 17% YoY
- Phase 3&4 ARPUs (73% of subscriber base) have increased 18% and 57% YoY
- Subscription collection efficiency at 90% in Q1FY19 (Exit June 18 at 93%, Closing July at 97%)
- Prepaid base at 26% in Non Eastern Markets

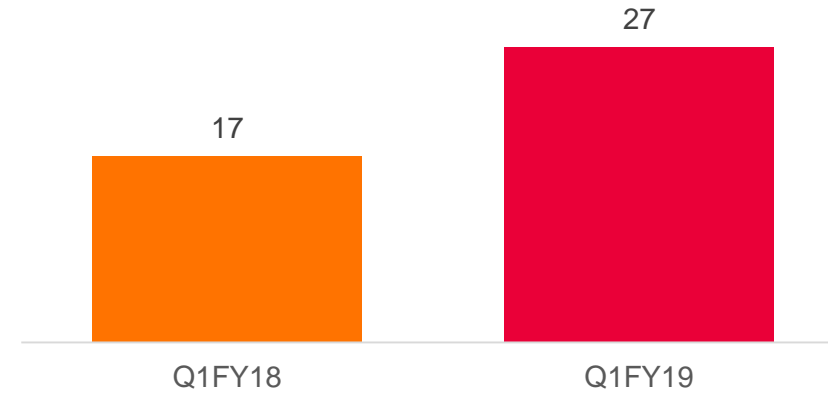
Q1 FY19 : Broadband Business

Consistent Improvement

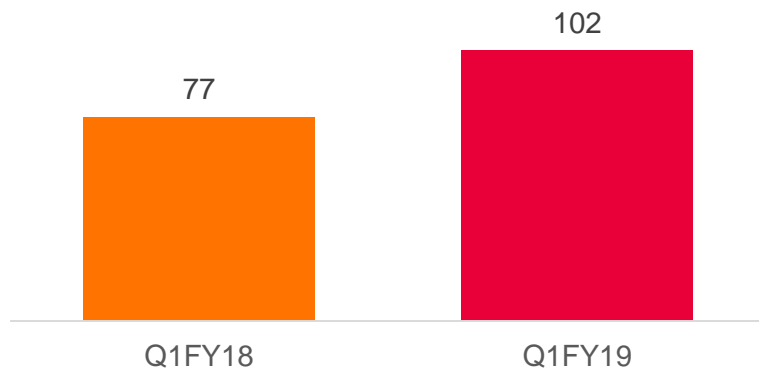
ARPU has been steady



Increase in Average Speed (Mbps) per DOCSIS Customer



Increase in DOCSIS Average Data (GB) Consumption



- Broadband base at 250,000
- Blended Broadband ARPU increased 3% Q-o-Q to Rs.474
- 32% of the DOCSIS base converted to long-term lock-in plans

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Thank You

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