



# SITI Networks Limited

*Q2FY20 Investor Presentation*

Formerly known as SITI Cable Network Limited  
BSE : 532795 | NSE : SITINET | Bloomberg : SCNL:IN | Reuters : SITI.NS  
[www.sitinetworks.com](http://www.sitinetworks.com)



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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.

# SITI Networks Declares Strong Q2FY20 Results

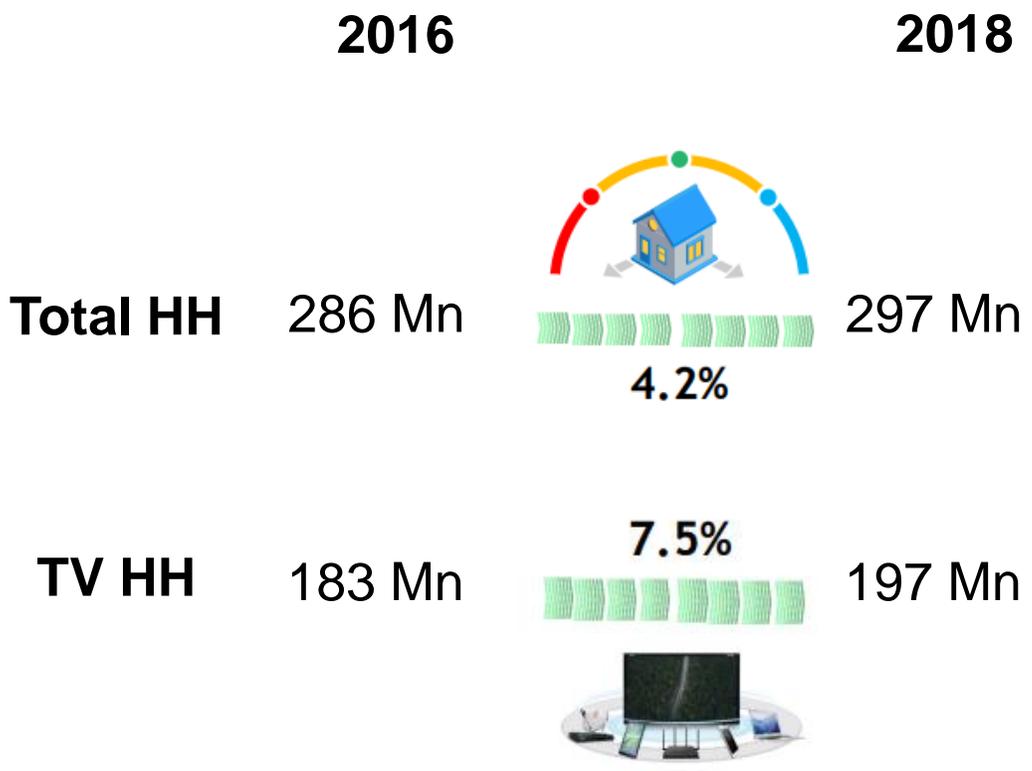


- Operating EBITDA leaps **1.43x y-o-y** & **1.16x q-o-q** to **Rs.975 Mn**
- Operating EBITDA Margin jumps **1.28x y-o-y** & **1.09x q-o-q** to **23.4%**
- Subscription Revenue surges **13.2% y-o-y** to **Rs.2,885 Mn**
- Total Revenue<sup>1</sup> rises **11.3% y-o-y** & **6.3% q-o-q** to **Rs. 4,171 Mn**
- Digital Subscriber ARPU leaps **1.72x y-o-y** to **Rs.127**

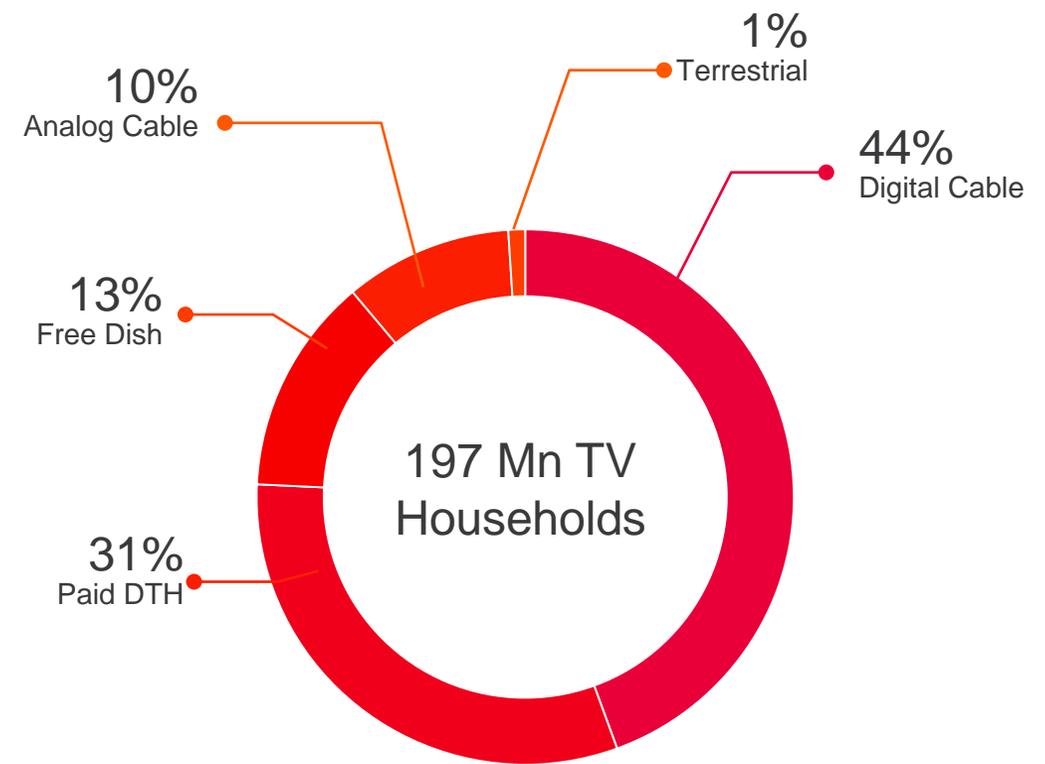
# Industry Overview

# 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

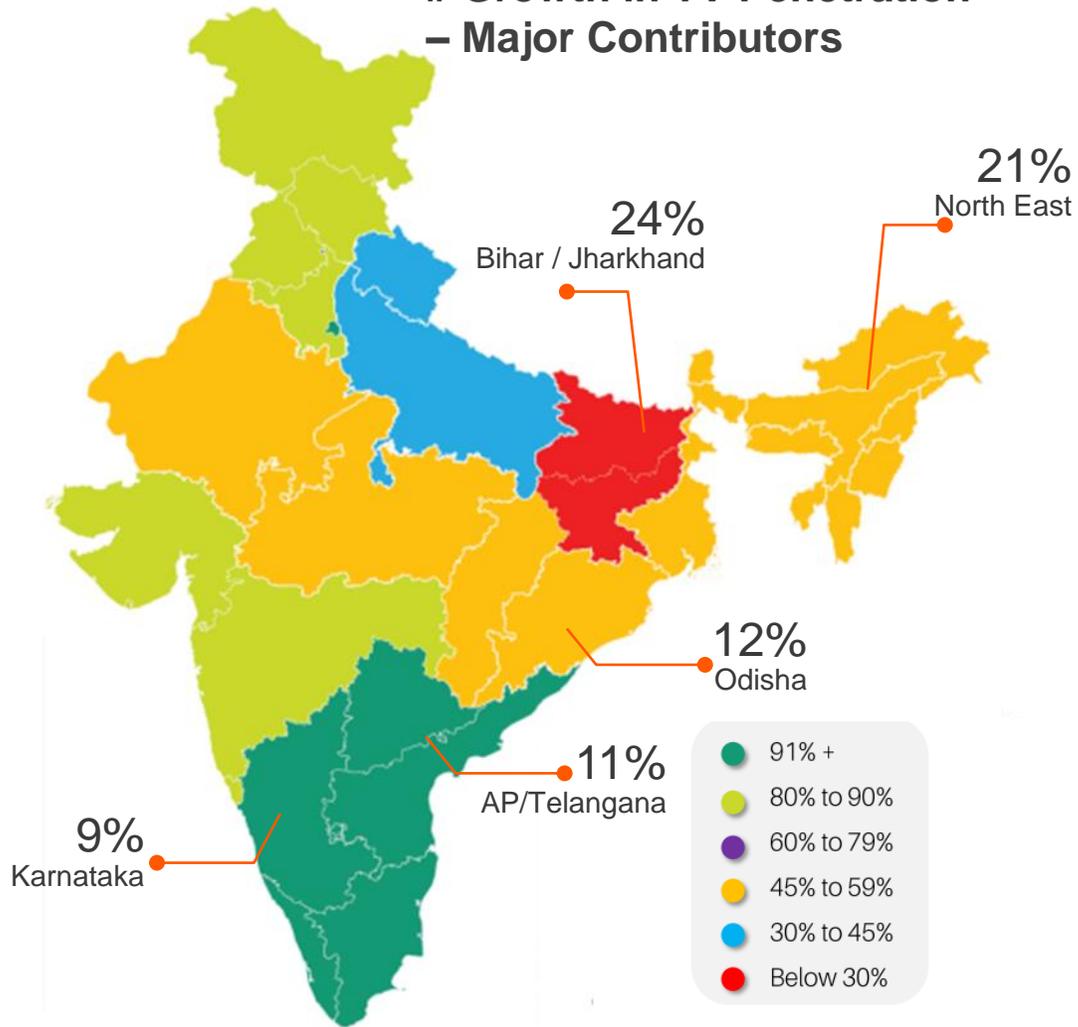


Cable (Digital + Analog) controls 54% of India's TV market

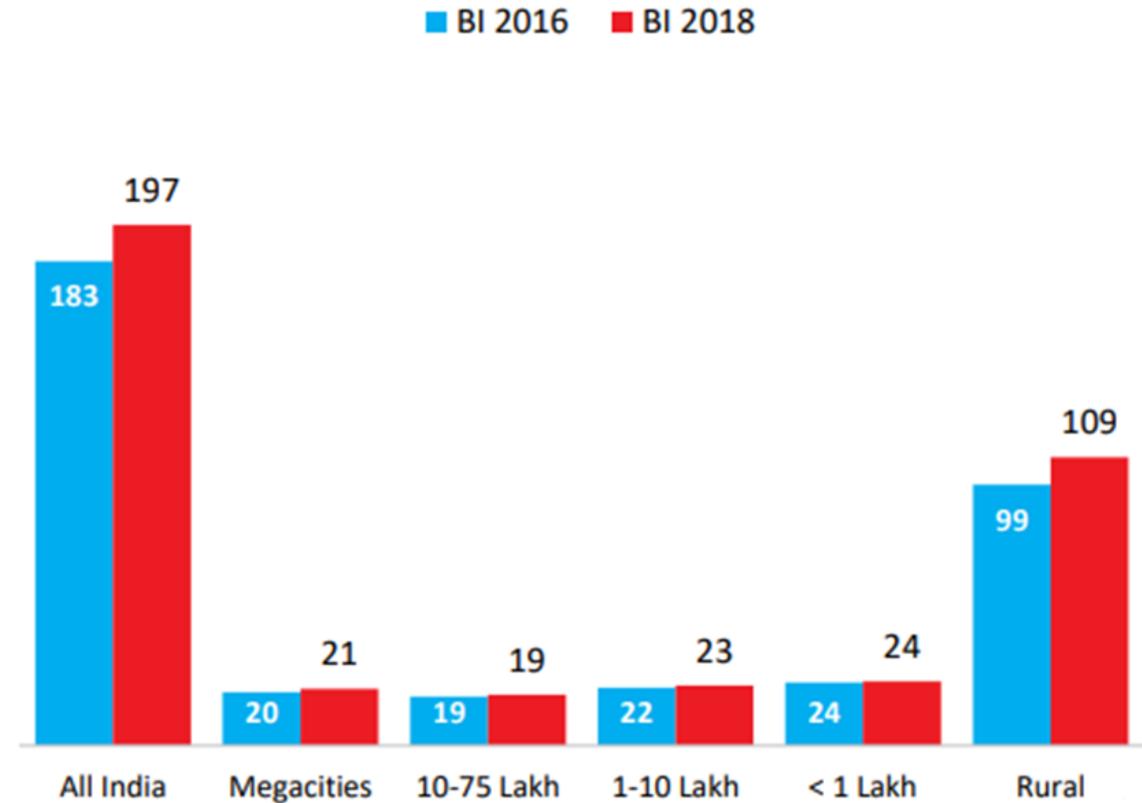
# TV Homes Penetration

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 SD channels; Can take additional channels in bundles of 25 channels for INR20 each
- HD Channels priced at  $\leq 3$  SD Price or Maximum price of INR19
- 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



# Key differentiators : Pre NTO VS Post NTO



	Pre-NTO	Post-NTO
<b>Content Cost</b>	<b>Fixed Cost</b> in nature	<b>Basis Per customer and his choice</b> ; giving MSO more negotiating power over broadcaster for more discount/ incentive
<b>DPO Packaging</b>	<b>Single tier packaging</b> as Content Costs was fixed ; pure push factor	<b>Customer centric multi-tier packaging</b> addressing consumption behavior and ARPU
<b>ARPU</b>	Same ARPU for entire region with Fixed content Cost baked in it, <b>ranging from ~Rs 50 to 75</b>	<b>Gross ARPU in the rage of Rs 120 to Rs. 130 excl Tax confirmed per Sub</b>
<b>Access to Customer</b>	Only through <b>Call Centre</b>	<b>Self-service portal</b> (for payment, package change, invoices, etc.) ; increased access/ control
<b>Collection Efficiency</b>	<b>Postpaid</b> leading to AR creation	<b>100% Prepaid</b> leading to better Cash flow
<b>Online vs Cash</b>	<b>High Cash collection cost</b> (Online contributed roughly 10-15%)	<b>Online</b> contributing more than 85% of total collection
<b>Reducing People Cost</b>	<b>MSO's employees</b> required to do <b>follow-up for collection</b>	Due to prepaid, <b>LCO himself remains on toe to recharge</b> STBs (due to pressure from Customer) thereby liberating specific manpower for collections

# Company Overview



NETWORKS

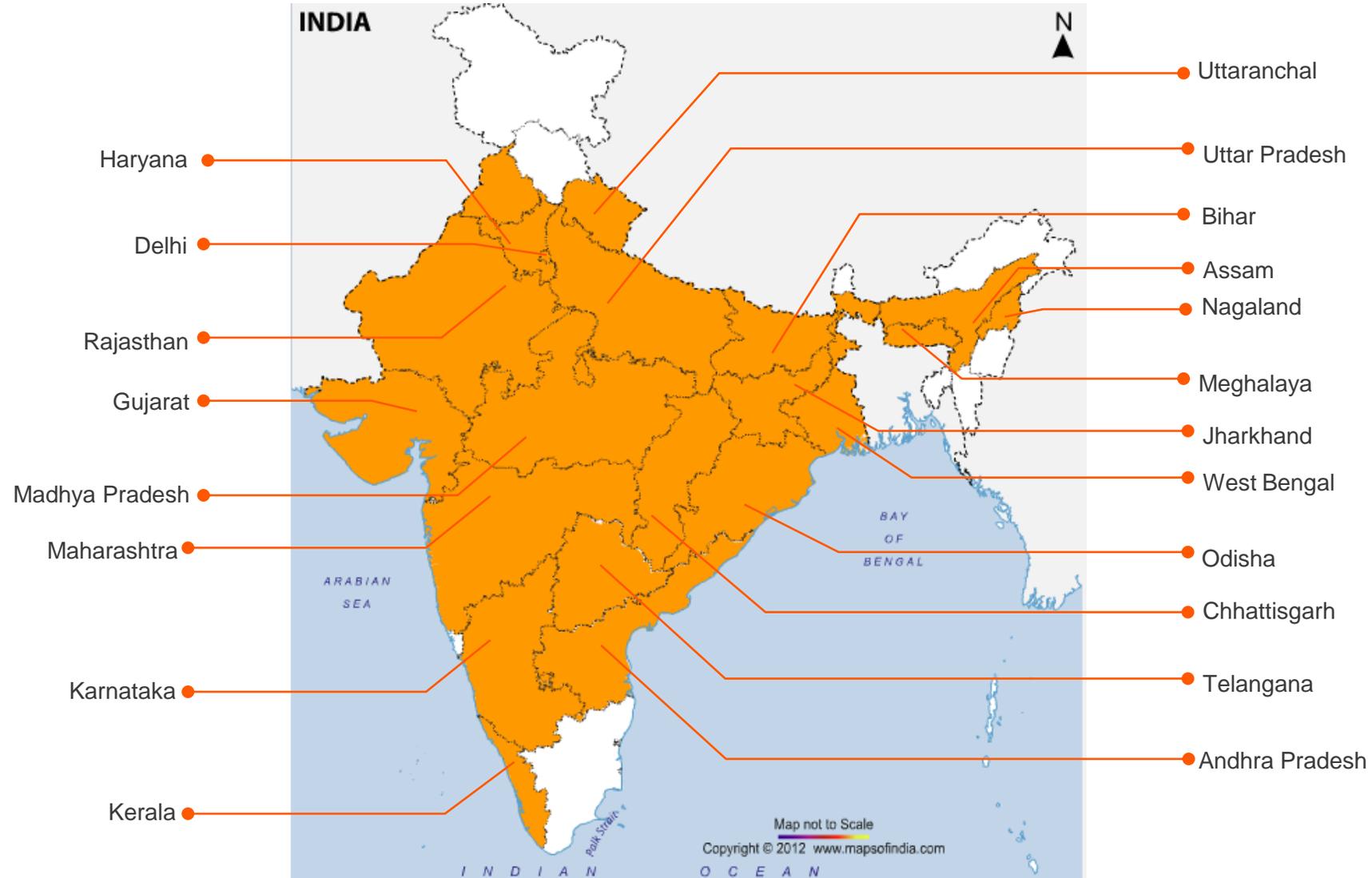
# ZINDAGI KA NETWORK

- India's **Leading Digital TV Network**
- Present in **20+** States across India
- Footprint across **254+** districts **800+** locations
- Delivering content to consumers 24/7



# SITI Networks

Present across 800+ locations



# SITI Networks

## Competitive Advantage



01

India's largest MSO  
Presence across 800 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): ~USD 4.92 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

**SITI**  
Networks

One of India's leading National MSOs

**DNA**  
Newspaper

English broadsheet daily with presence in major cities

Content

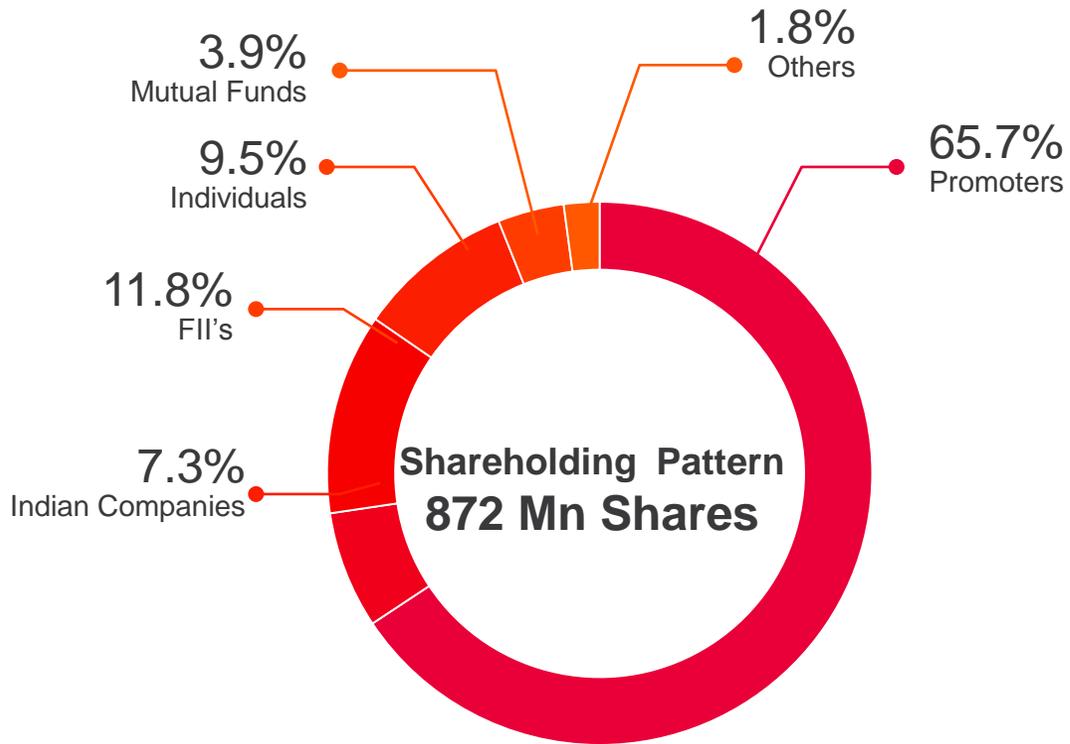
Distribution

Online Media

Other Business'

# SITI Networks

## Sizeable Free Float & Institutional Ownership



### Key Investors

Foreign Institutions	 	
Domestic Institutions		

# Technology Infrastructure

## Video & Broadband

- 10 Digital Headends; Intra-city OFC and Coax Network of ~33,000 Kms covering ~ 800 locations
- Transport of Digital CATV signals on 1.2 Gbps links across the country; ~500 IP Points
- Hybrid (DOCSIS+ GPON) Technology to offer Cable Broadband services

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

# Financials & Operating Metrics

# Exceeded Expectation on Q2 FY20 Key Financial Metrics

## Key Performance Indicators

Subscription revenue for Q2 FY20 at **Rs 2,885 mn**

Operational expenses for Q2 FY20 at **Rs 3,196 mn**

EBITDA Margin (Excl. Activation) improved **@ 23.4%**

Blended ARPU at **Rs 127 (Excl Taxes)**

EBITDA (Excl. Activation) for Q2 FY20 at **Rs 975 mn**

## Vs Q2 FY19

**~13% increase** in Q2 FY 20  
(2,885 mn vs 2,548 mn)

**Expenses marginally up by 5%**  
in Q2 FY20 (3,196 mn vs 3,066 mn)

Q2 FY20 margin **Up by 1.28x**  
(23.4% vs 18.2%)

**1.72x growth** in ARPU

**1.45 x increase** in Q2 FY20  
EBITDA (975 mn vs 682 mn)

**ZINDAGI**<sup>KA</sup>  
**NETWORK**



**ZINDAGI**<sup>KA</sup>  
**NETWORK**



**ZINDAGI**<sup>KA</sup>  
**NETWORK**



# Thank You

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