



# SITI Networks Limited

*Q3FY19 Investor Presentation*

# 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.

# **SITI Networks** Declares Strong Q3FY19 Results

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

# SITI Networks Declares Robust Q3FY19 Results

- Operating EBITDA leaps **1.9x** y-o-y & **1.4x** q-o-q to **Rs.930 Mn**
- Operating EBITDA Margin jumps **1.7x** y-o-y & **1.3x** q-o-q to **24.5%**
- Subscription Revenue surges **21%** y-o-y to **Rs.2571 Mn**
- Total Revenue<sup>1</sup> rises **12%** y-o-y to **Rs.3790 Mn**
- Digital Subscriber ARPU leaps **19%**
- SNL Subscription Collection Efficiency @ **94%**

ZINDAGI<sup>KA</sup>  
NETWORK

## 9M Performance: Growth momentum continues

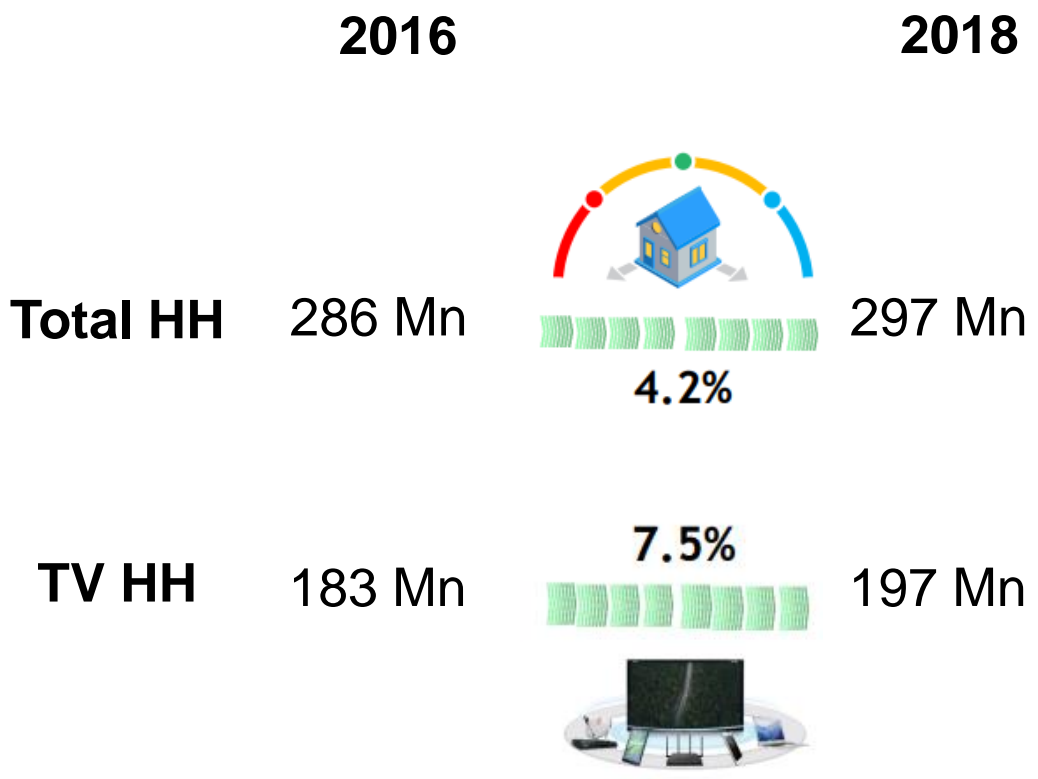
- Operating EBITDA leaps **2.2x to Rs.2,161 Mn**
- Operating EBITDA Margin jumps **937 bps to 20%**
- **9M EBITDA surpassed FY18 performance:** Driven by strong subscription growth
- Subscription Revenue surges **~24% to Rs.7,268 Mn**
- Total Revenue<sup>1</sup> rises **16% to Rs.10,820 Mn**

ZINDAGI<sup>KA</sup>  
NETWORK

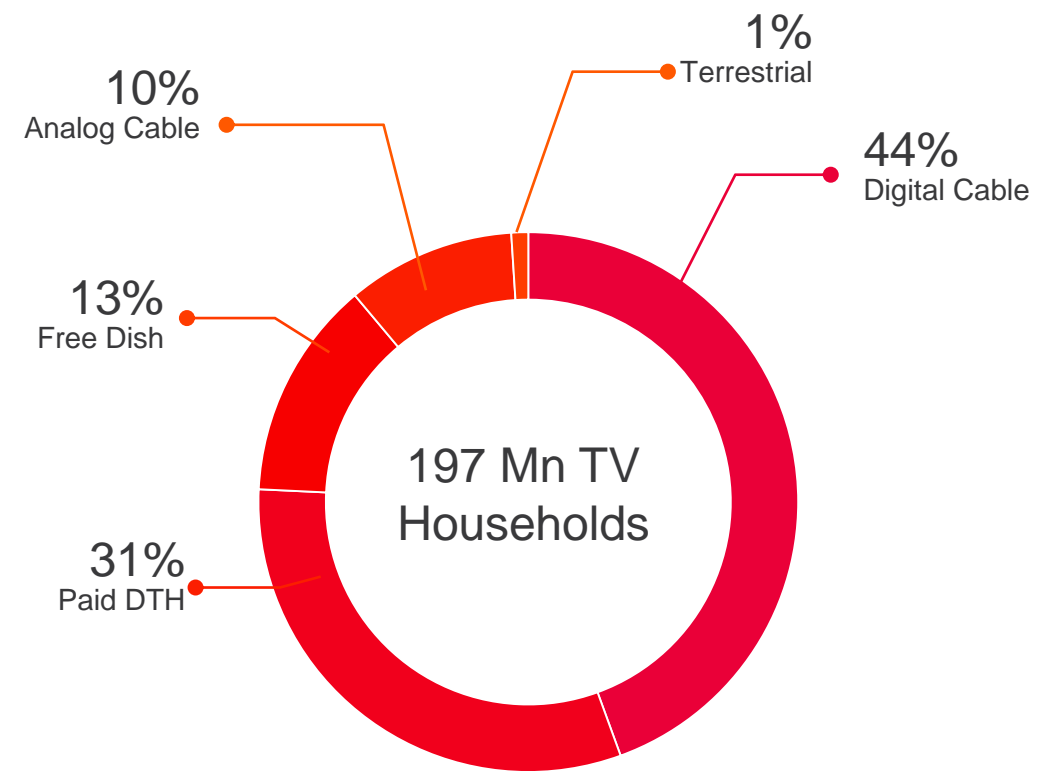
# Industry Overview

# 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

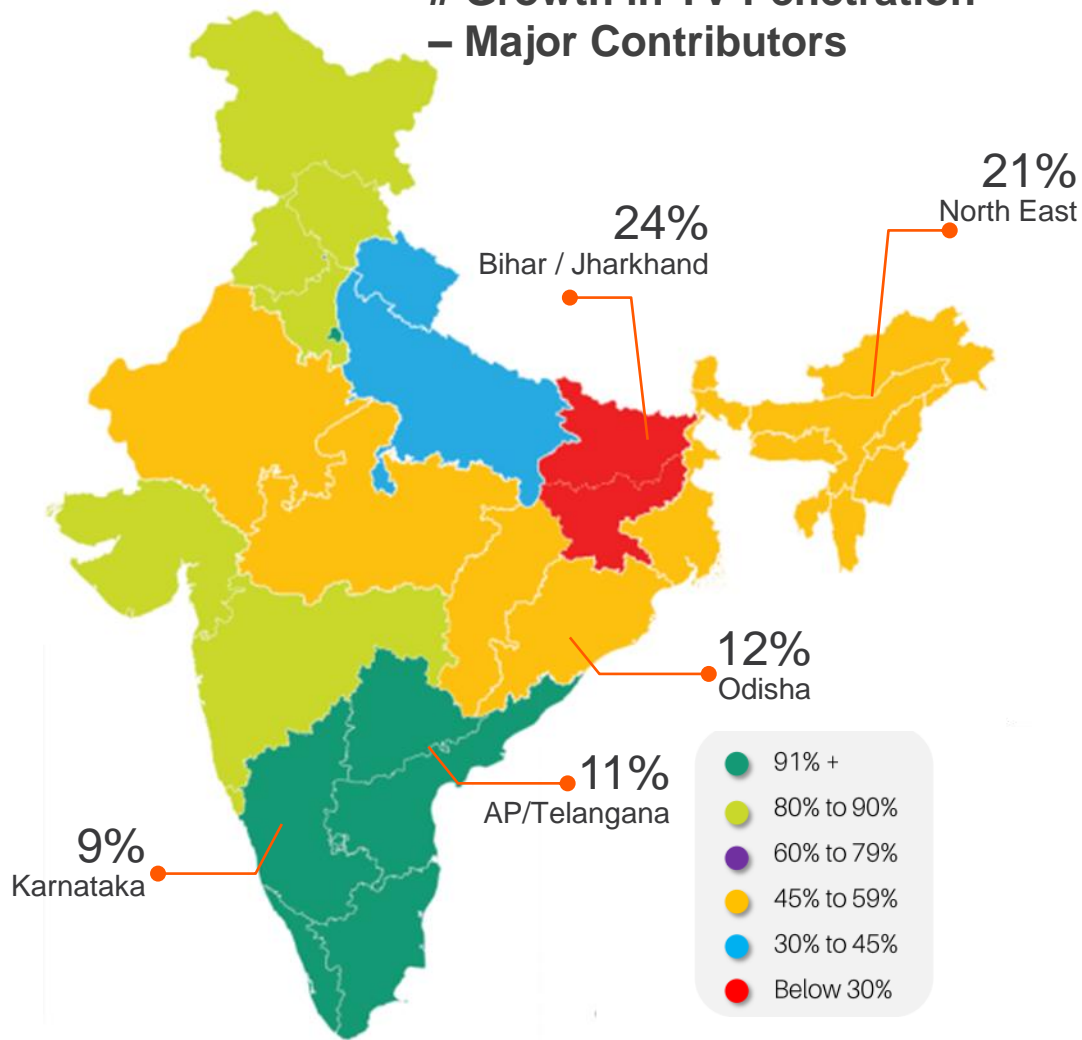


Cable (Digital + Analog) controls 54% of India's TV market

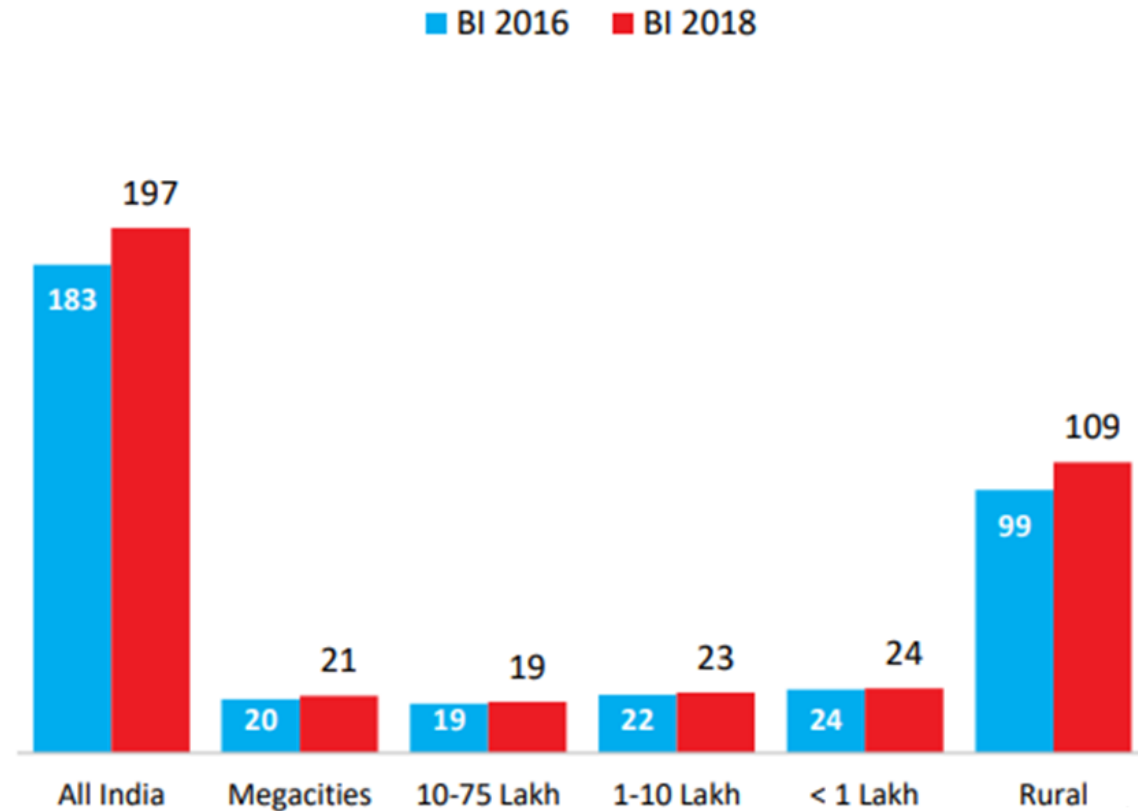
# TV Homes Penetration

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

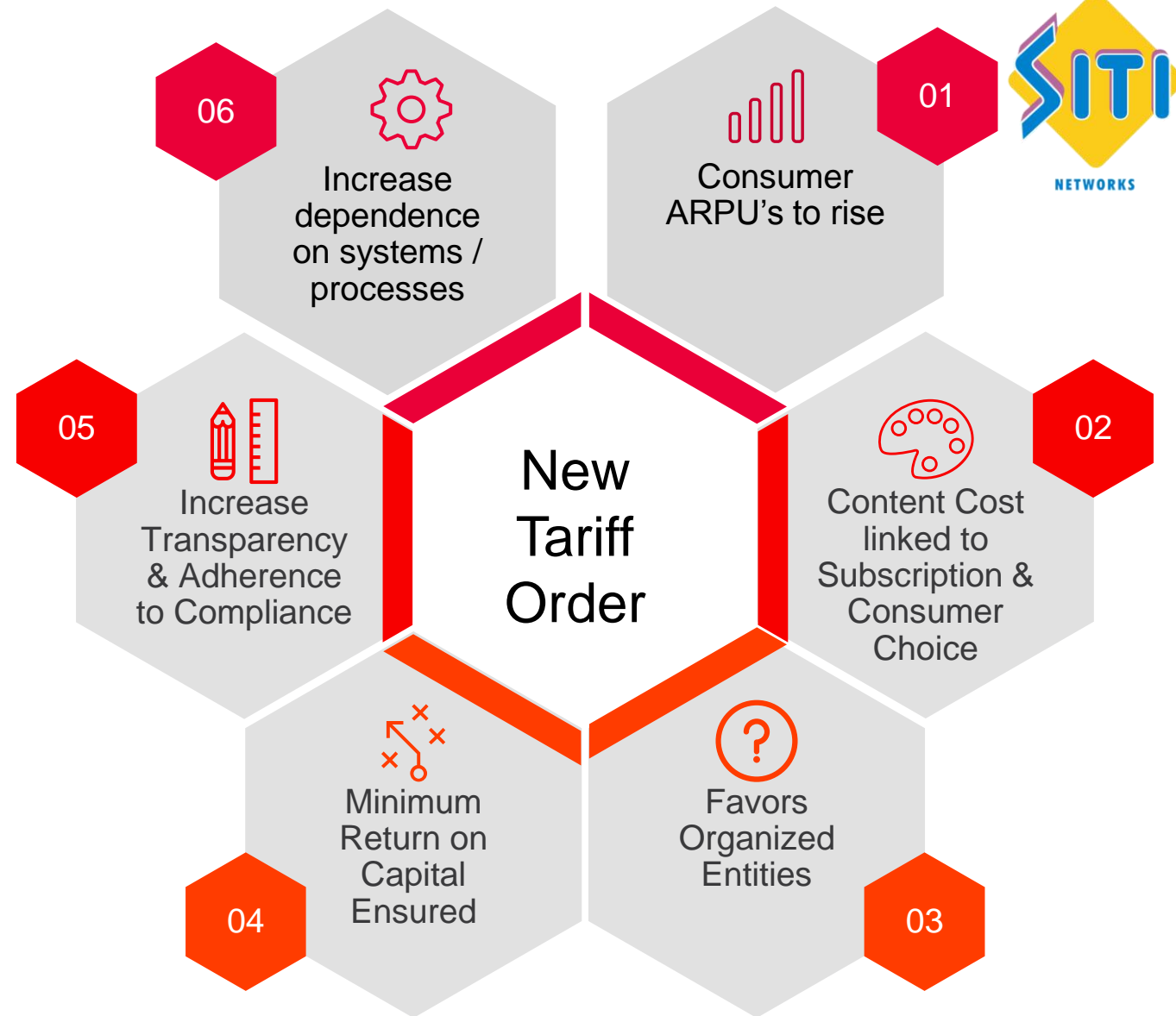
## Well Positioned to Benefit from Tariff Order

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  $\leq 3$  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

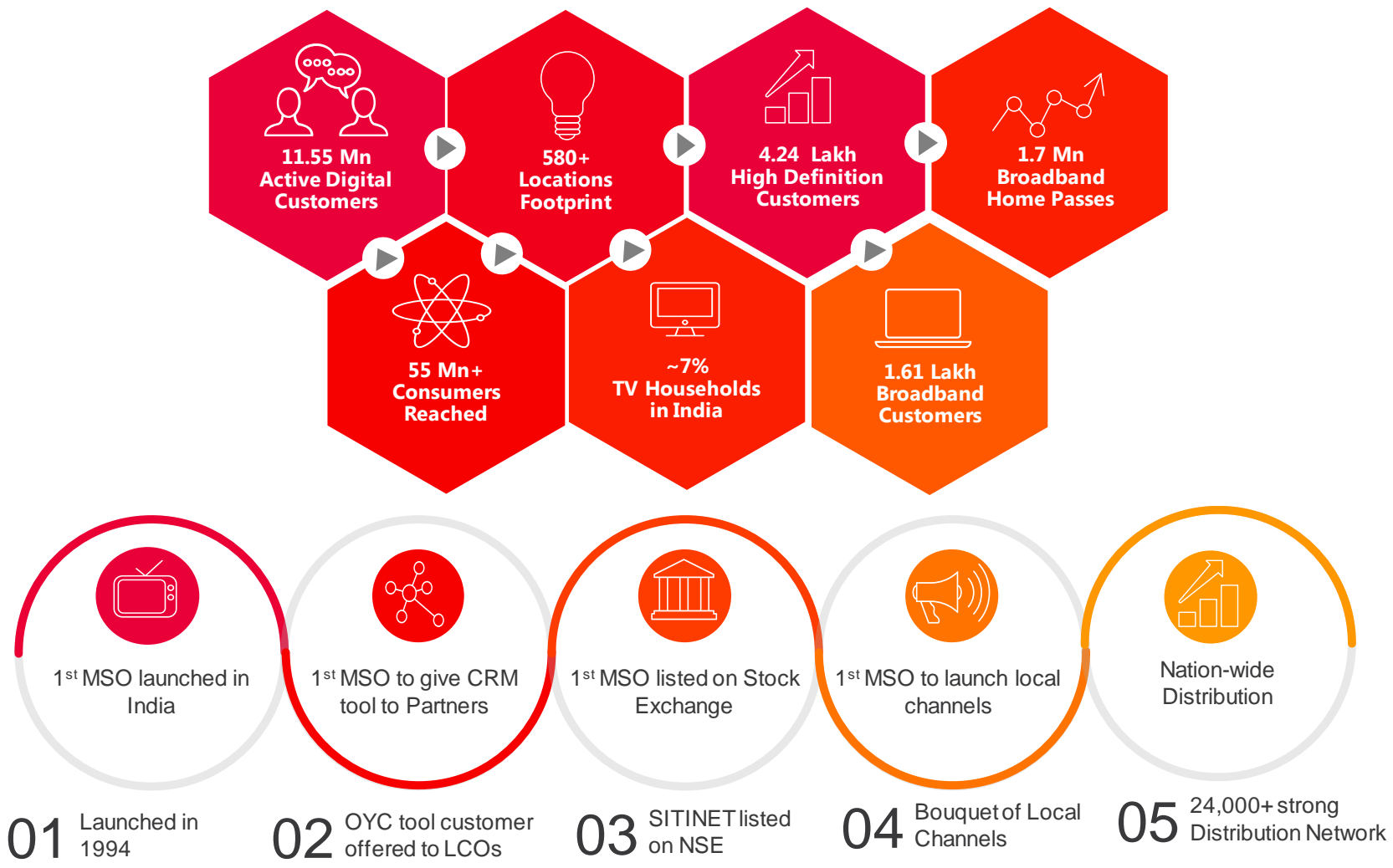
# ZINDAGI <sup>KA</sup> NETWORK

- 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



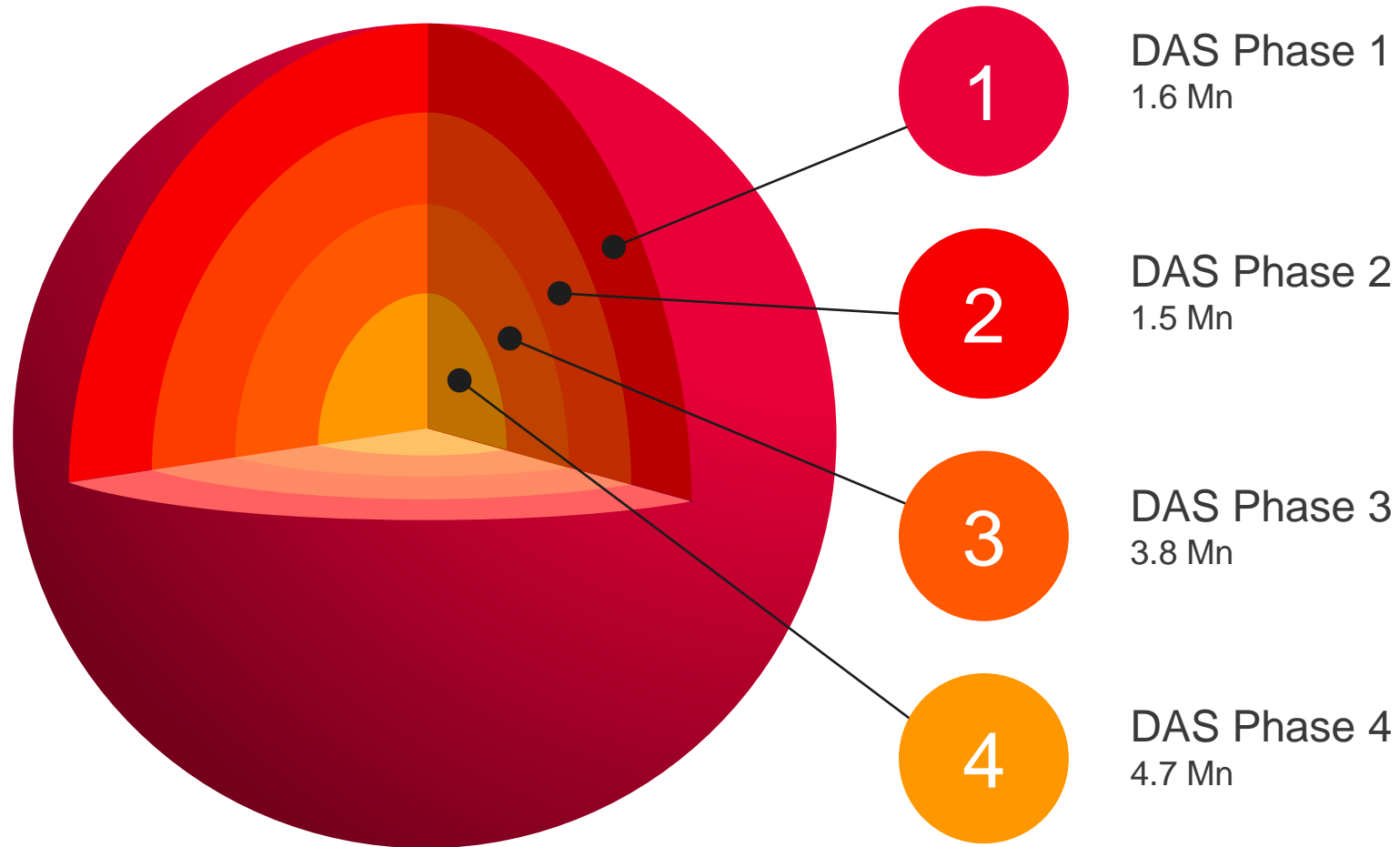
# SITI Networks

India's Leading Digital TV Network



# SITI Networks

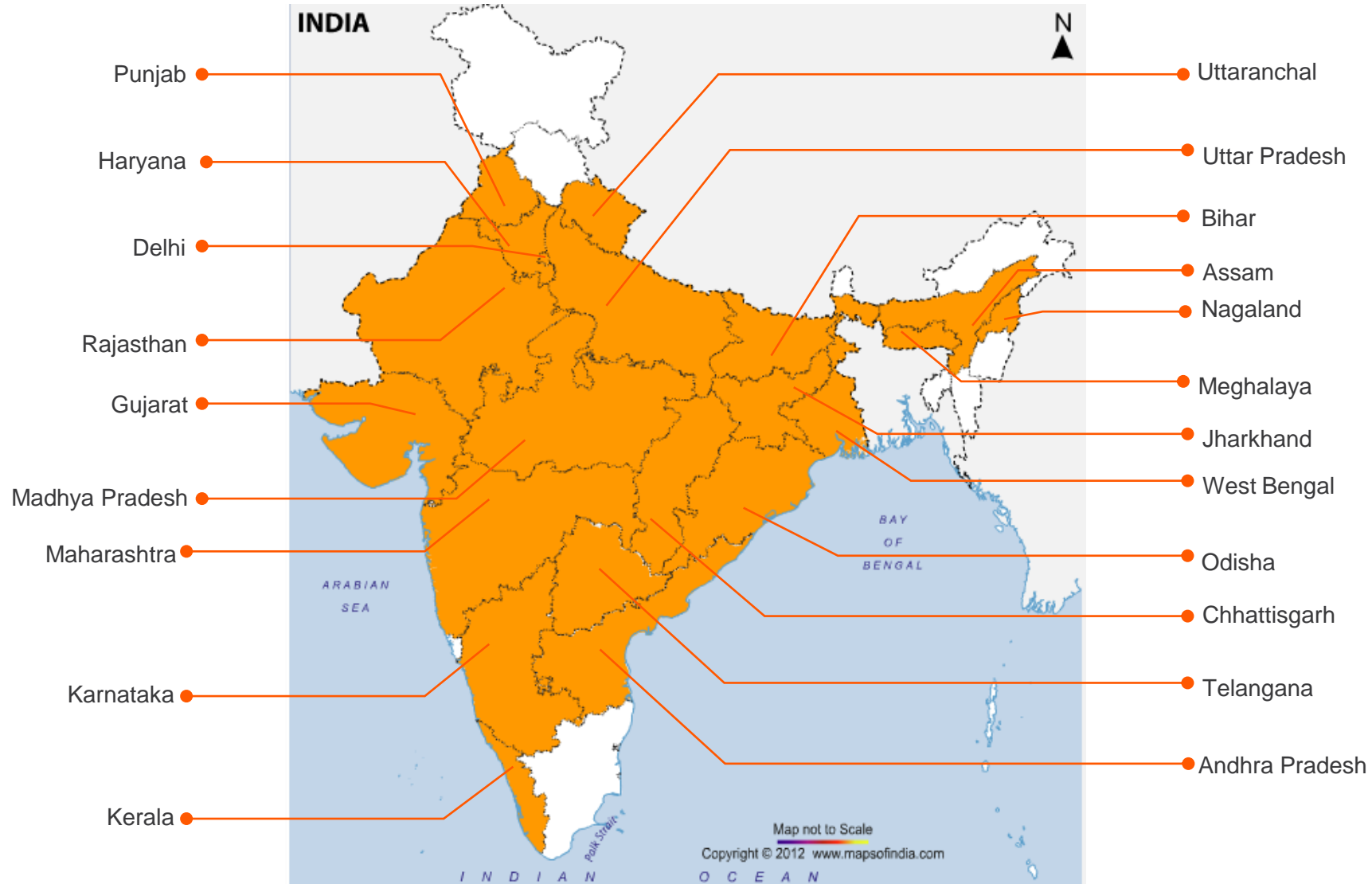
11.55 Mn Happy Households across the country





# SITI Networks

Present across 580+ locations



# SITI Networks

## 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; 222,000+ hours of original Content
- Group Market Cap (Listed entities under the Parent Group): ~USD7.3 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

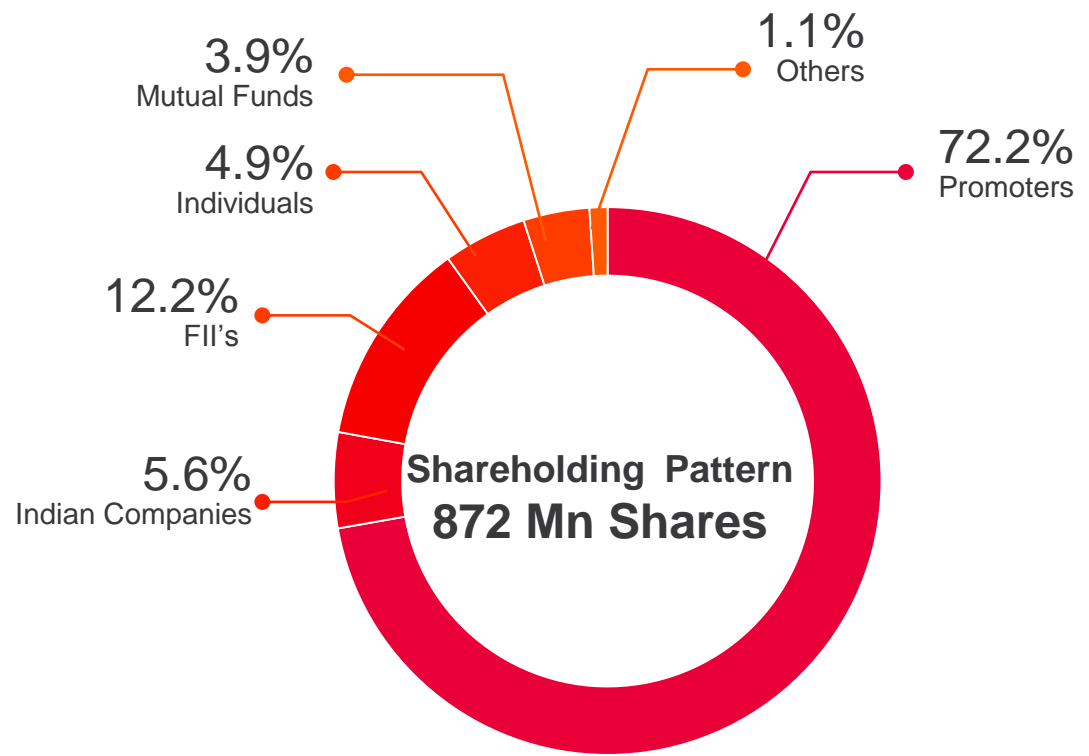
Print

Other Business'



# SITI Networks

## 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

- 11 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

# SITI Networks

## 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

# The growth momentum continues in Q3FY19

## Key Performance Indicators

Subscription revenue for Q3 FY19 at **Rs 2,571 mn**

Operational expenses for Q3 FY19 at **Rs 2,860 mn**

Operating EBITDA Margin improved @ 24.5%

SNL Subscription Collection Efficiency at **94%** for Q3 FY19

Blended ARPU at **Rs 88**

Operating EBITDA for Q3 FY19 at **Rs 930 mn**

## Vs Q3 FY18

**21% increase** in Q3 FY19  
(2,571mn vs 2,118mn)

**Expenses Flat** in Q3 FY19 (2,860 mn vs 2,873 mn)

Q3 FY19 margin **Up by 1.7x**  
(24.5 % vs 14.8%)

Maintained Collection efficiency  
(94% vs 95% for Q3 FY18 )

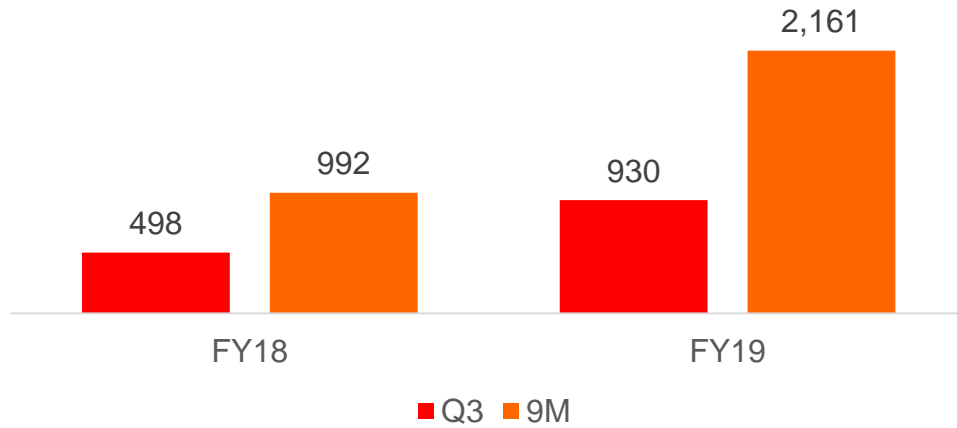
**~19% increase** in ARPU

**1.9 x increase** in Q3 FY19 EBITDA  
(930 mn vs 498 mn)

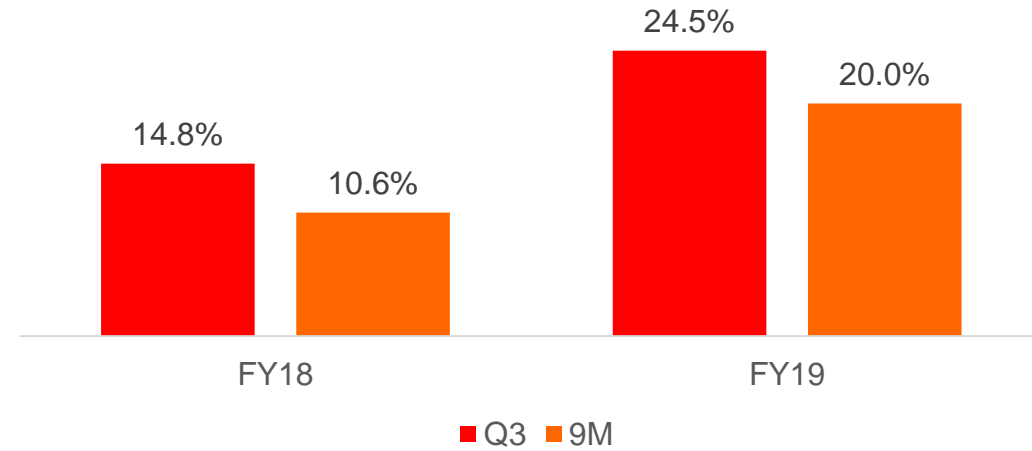
# Q3 FY19

## Robust Performance

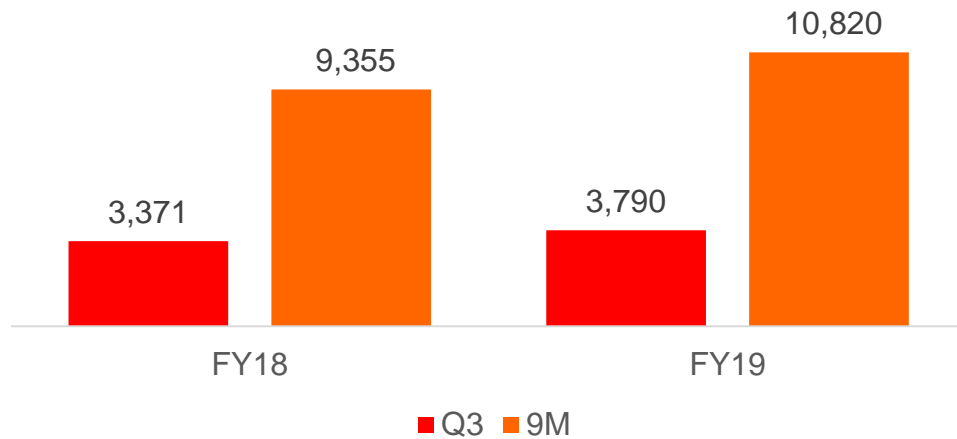
### # 1.9x Jump in Operating EBITDA



### # 1.7x leap in Operating EBITDA Margins



### # 12% Jump in Total Revenue<sup>1</sup>

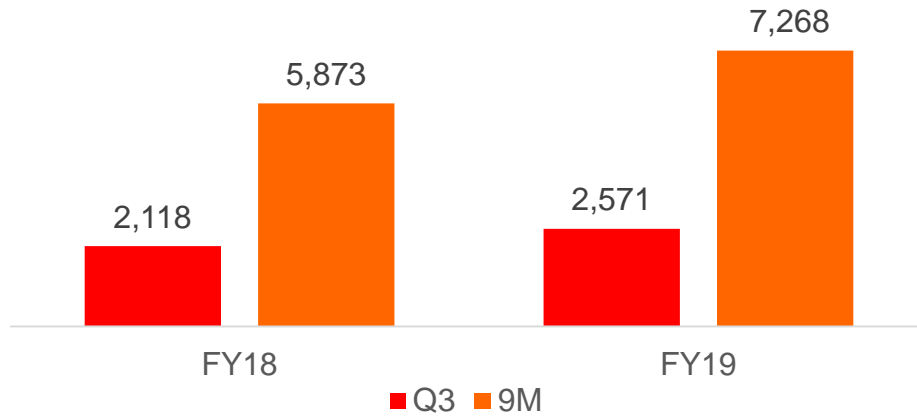


- Q3FY19 Consolidated Revenues at Rs. 3,790 Mn
- 9M Operating EBITDA Margins expanded 1.9x

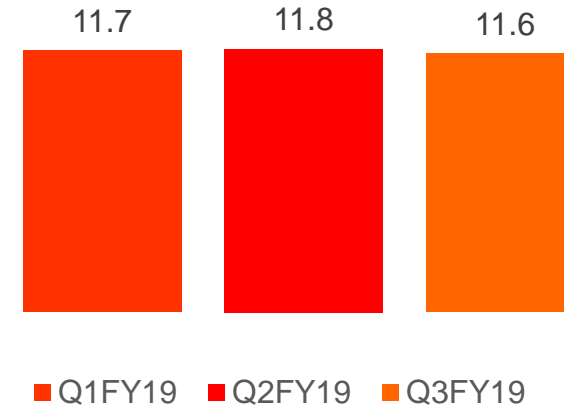
# Q3 FY19 : Video Business

## Surging Ahead

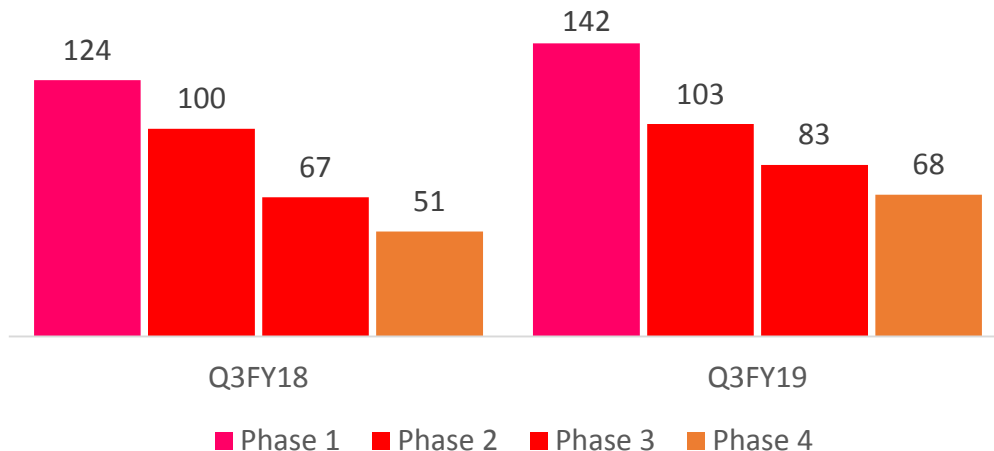
### # 21% Growth in Video Subscription (INR Mn)



### # Customer base stable



### # Phase-wise ARPU (Rs.) Increase



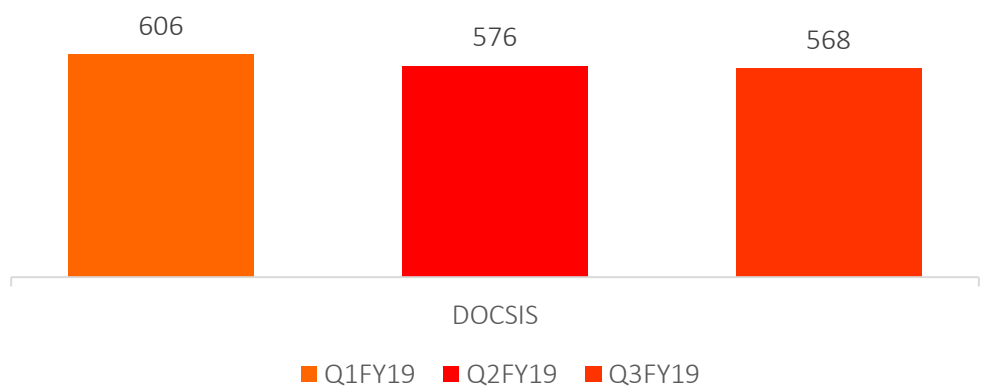
- 9M Subscription revenue grew 24%
- ARPU increased strongly by 19% YoY
- Phase 3&4 ARPUs (73% of subscriber base) have increased 23% and 35% YoY
- SNL Subscription collection efficiency at 94%



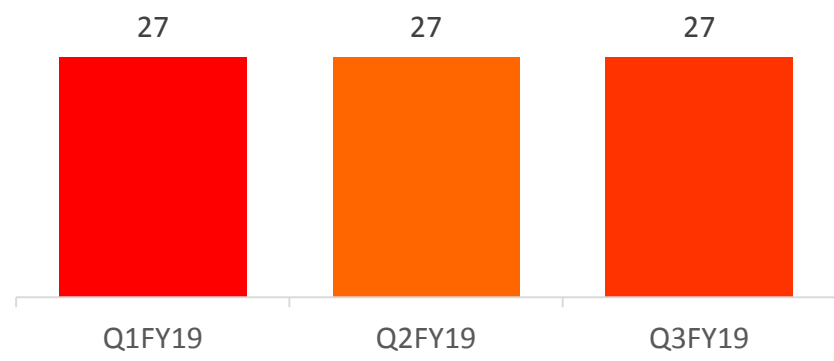
# Q3 FY19 : Broadband Business

## Stable performance

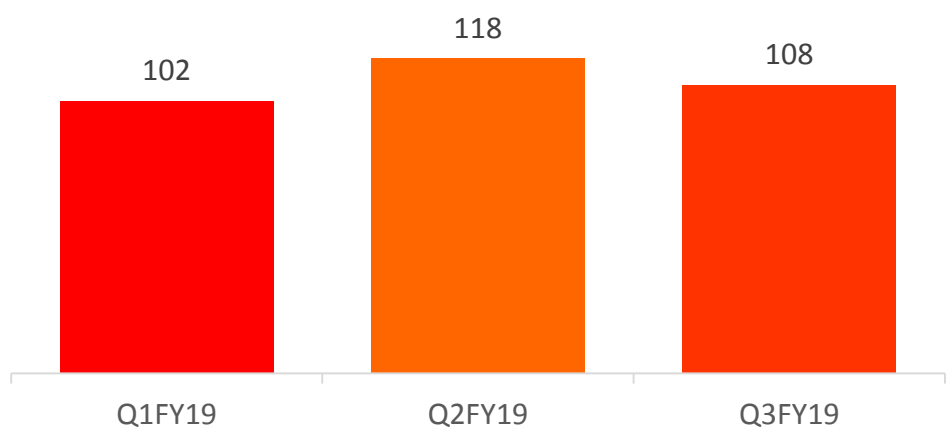
# ARPU has been relatively stable



# Average Speed per Customer is steady



# Average Data Consumption continues to be high



- Net Broadband base at 1.61 Lakhs
- Blended Broadband ARPU was steady at Rs.460
- ~30% of the DOCSIS base converted to long-term lock-in plans

Note: All metrics are for DOCSIS base unless otherwise stated

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



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



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



# Thank You

Investor Relations, SITI Networks Limited  
+91-120-452-6754  
[Ankit.Saint@siti.esselgroup.com](mailto:Ankit.Saint@siti.esselgroup.com)

