

**SITI Networks Limited**

(Formerly known as SITI Cable Network Limited)

UG Floor, FC-19 & 20, Sector-16 A, Film City,  
Noida, Uttar Pradesh-201301, India

**Tel:** +91-120-4526700

**Website :** www.sitinetworks.com



October 31, 2018

To,

The General Manager  
Corporate Relationship Department  
BSE Limited  
Phiroze Jeejeeboy Towers  
Dalal Street, Fort,  
Mumbai- 400 001  
**BSE Scrip Code: 532795**

The Manager  
Listing Department  
National Stock Exchange of India limited  
Plaza, 5<sup>th</sup> Floor, Plot no. C/1, G Block  
Bandra Kurla Complex, Bandra (E)  
Mumbai- 400 051  
**NSE Scrip Symbol: SITINET**

**Kind Attn.: Corporate Relationship / Listing Department**

**Subject : Investor Presentation in respect of Conference Call on November 1, 2018 at 2:00 p.m. to discuss the performance of the Company**

Dear Sir,

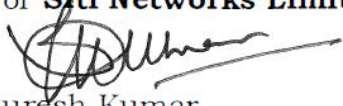
This is in refence to our intimation dated September 29, 2018 regarding Conference Call on November 1, 2018 at 2:00 p.m. to discuss the performance of the Company post declaration of un-audited Financial Results for the 2<sup>nd</sup> quarter of financial year 2018-19 and half year ended on September 30, 2018.

In this context, we are submitting herewith Investor Presentation.

You are requested to kindly take the above on record.

Thanking you,

Yours truly,  
For **Siti Networks Limited**

  
Suresh Kumar  
Company Secretary



# SITI Networks Limited

## *Q2FY19 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 Q2FY19 Results

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

# SITI Networks' Robust y-o-y Performance in Q2FY19

- Operating EBITDA leaps **2.52x** to **Rs.682 Mn**
- Operating EBITDA Margins jumps **2.1x** to **18.2%**
- Subscription Revenue surges **24%** to **Rs.2548 Mn**
- Total Revenue<sup>1</sup> rises **20%** to **Rs.3748 Mn**
- Digital Subscriber ARPU leaps **19%**
- Subscription Collection efficiency surpasses **95%**

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NETWORK

# SITI registers Strong Growth over Q1FY19

- *Operating EBITDA leaps **1.24x***
- *Operating EBITDA Margins jumps **150 bps***
- *Subscription Revenue surges **~19%***
- *Total Revenue<sup>1</sup> rises **14.2%***

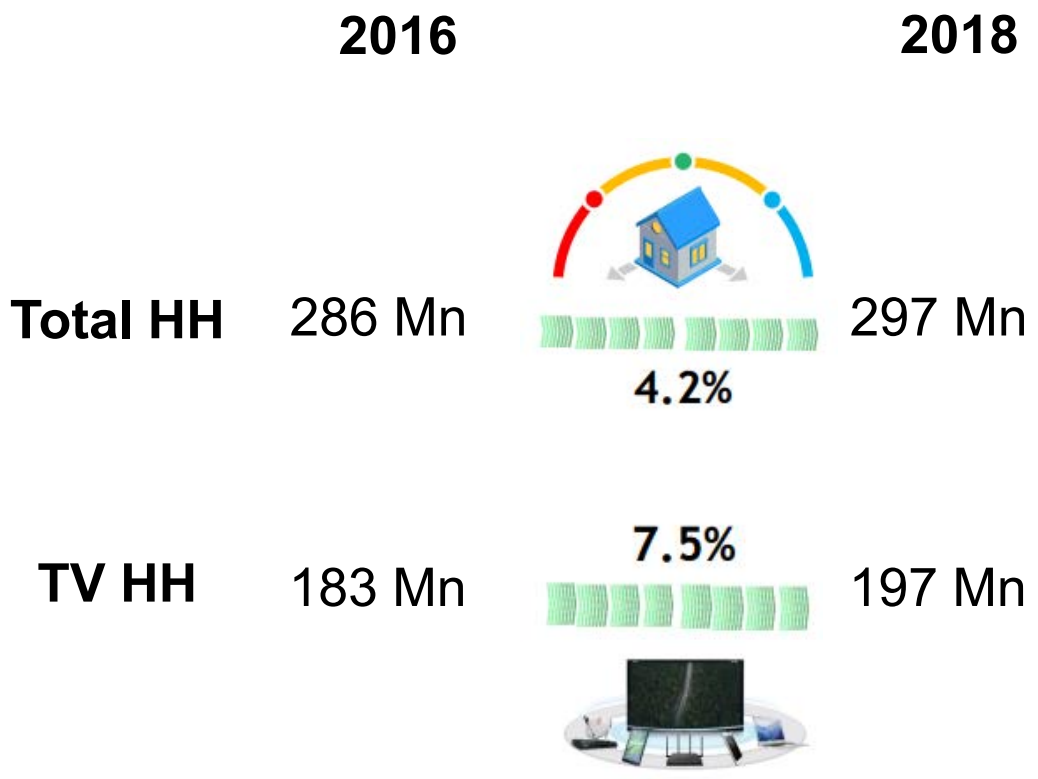
**ZINDAGI**<sub>KA</sub>  
**NETWORK**

# Industry Overview

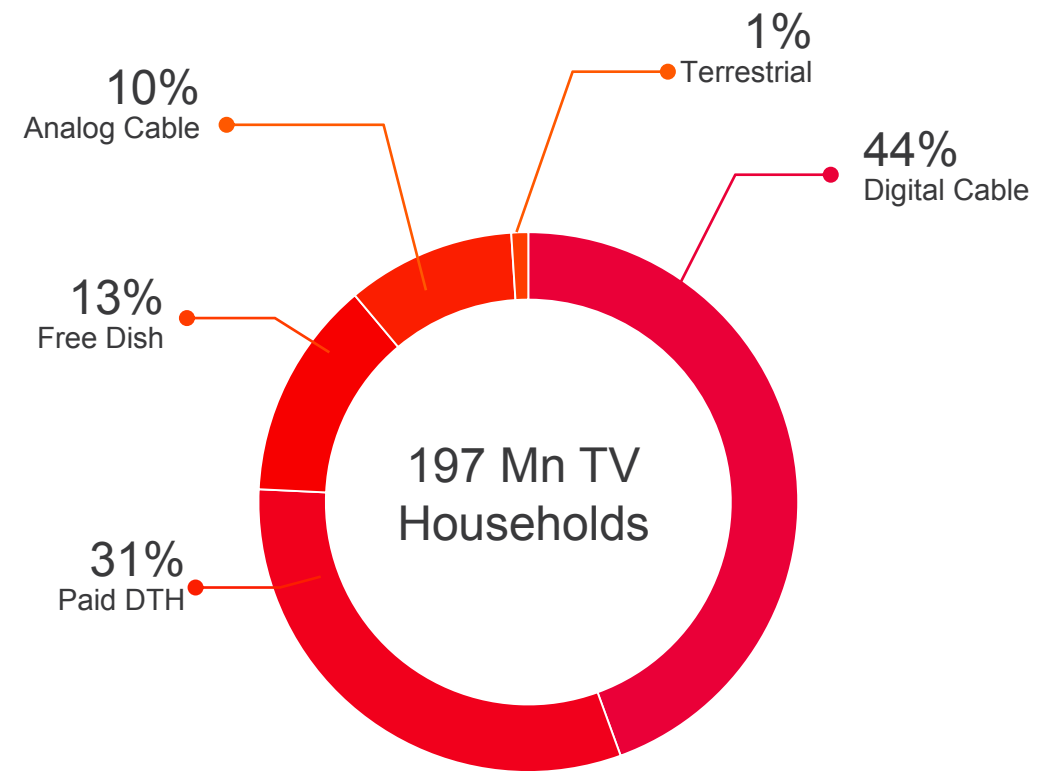


# India Market Overview

TV Households are Growing Faster than the Universe



Penetration of TV HH has gone up from 64% in 2016 to 66% in 2018



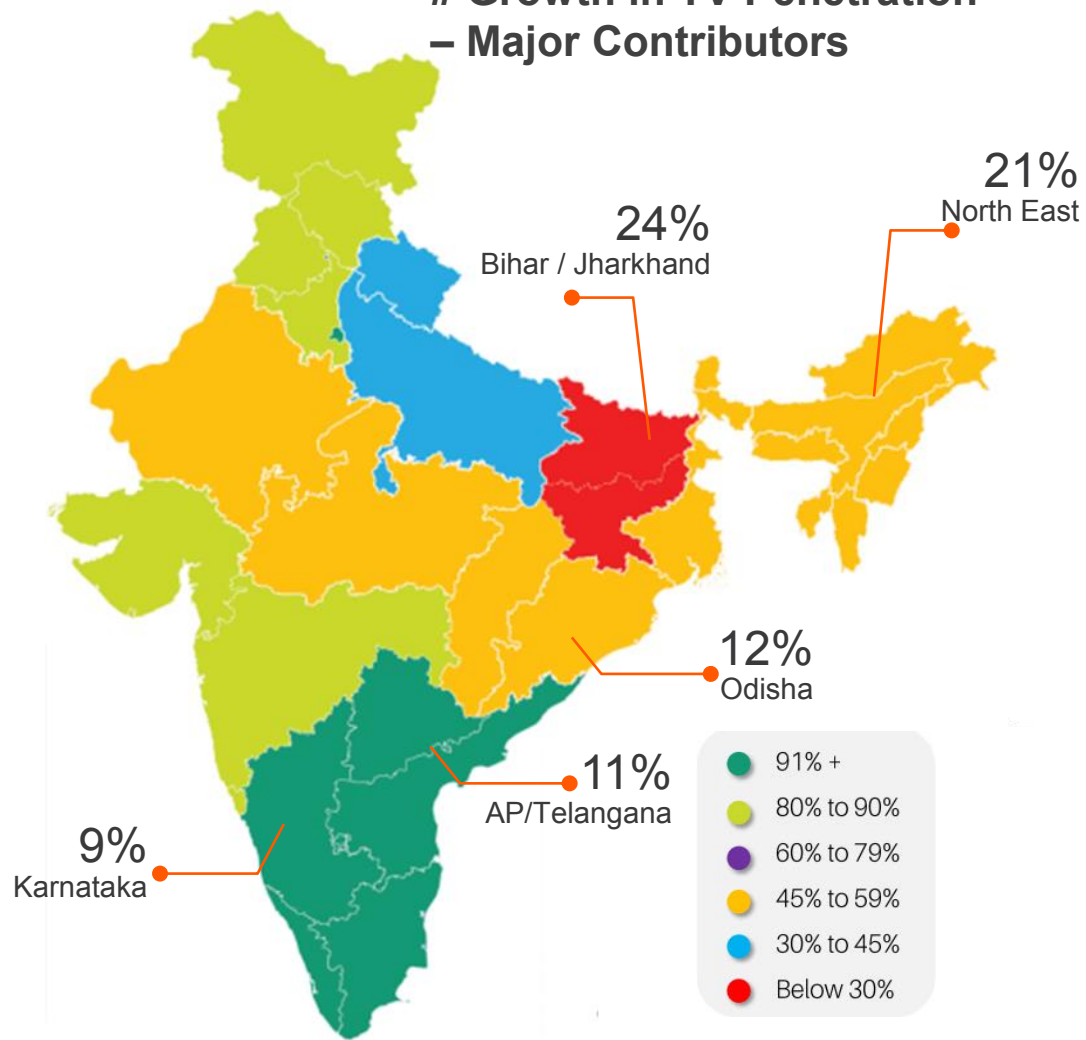
Cable (Digital + Analog) controls 54% of India's TV market



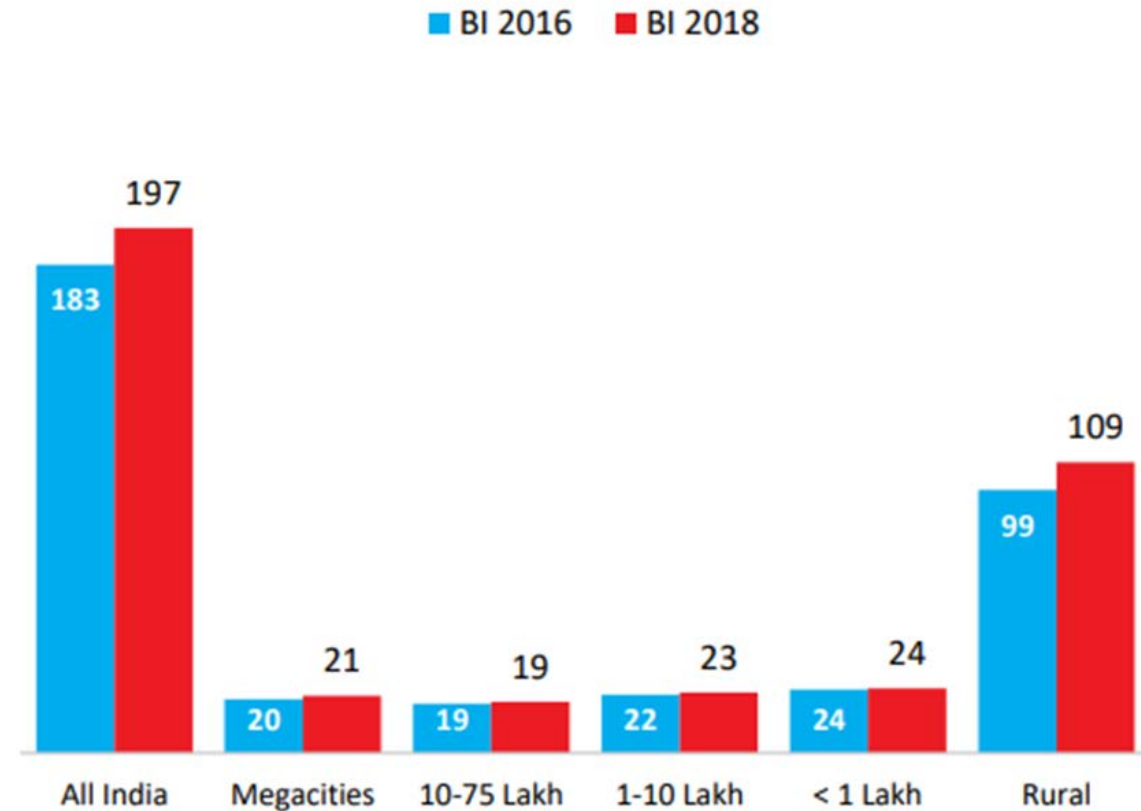
# TV Homes Penetration

Max 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

# Company Overview



NETWORKS

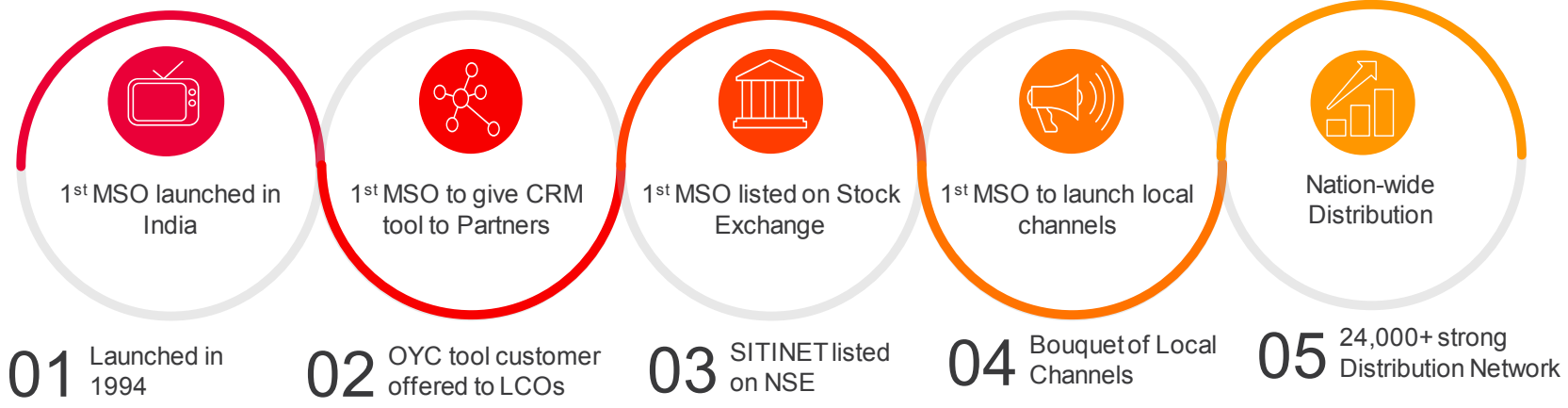
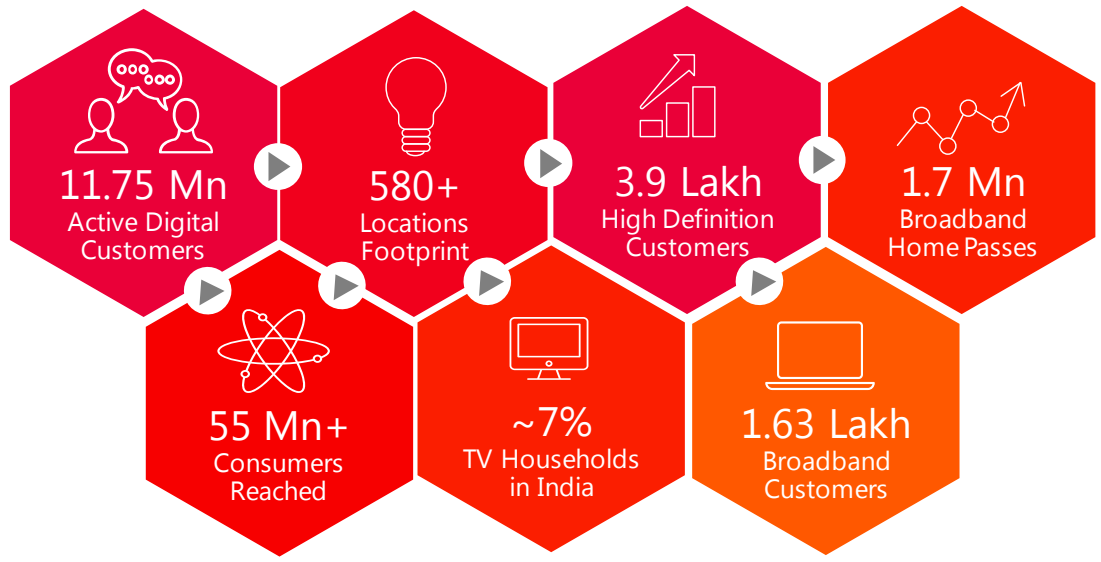
# ZINDAGI KA NETWORK

- 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



# SITI Networks

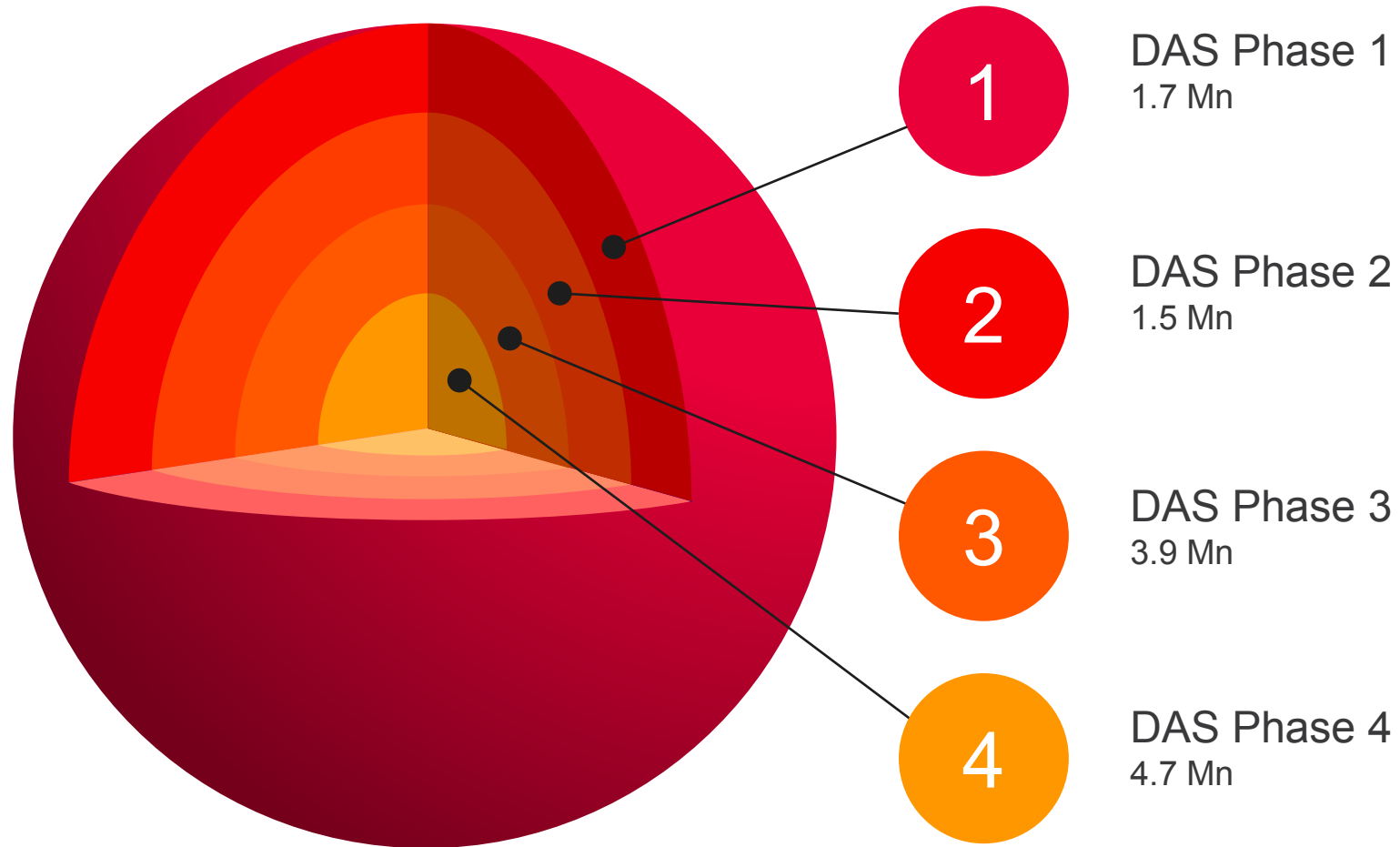
India's Leading Digital TV Network





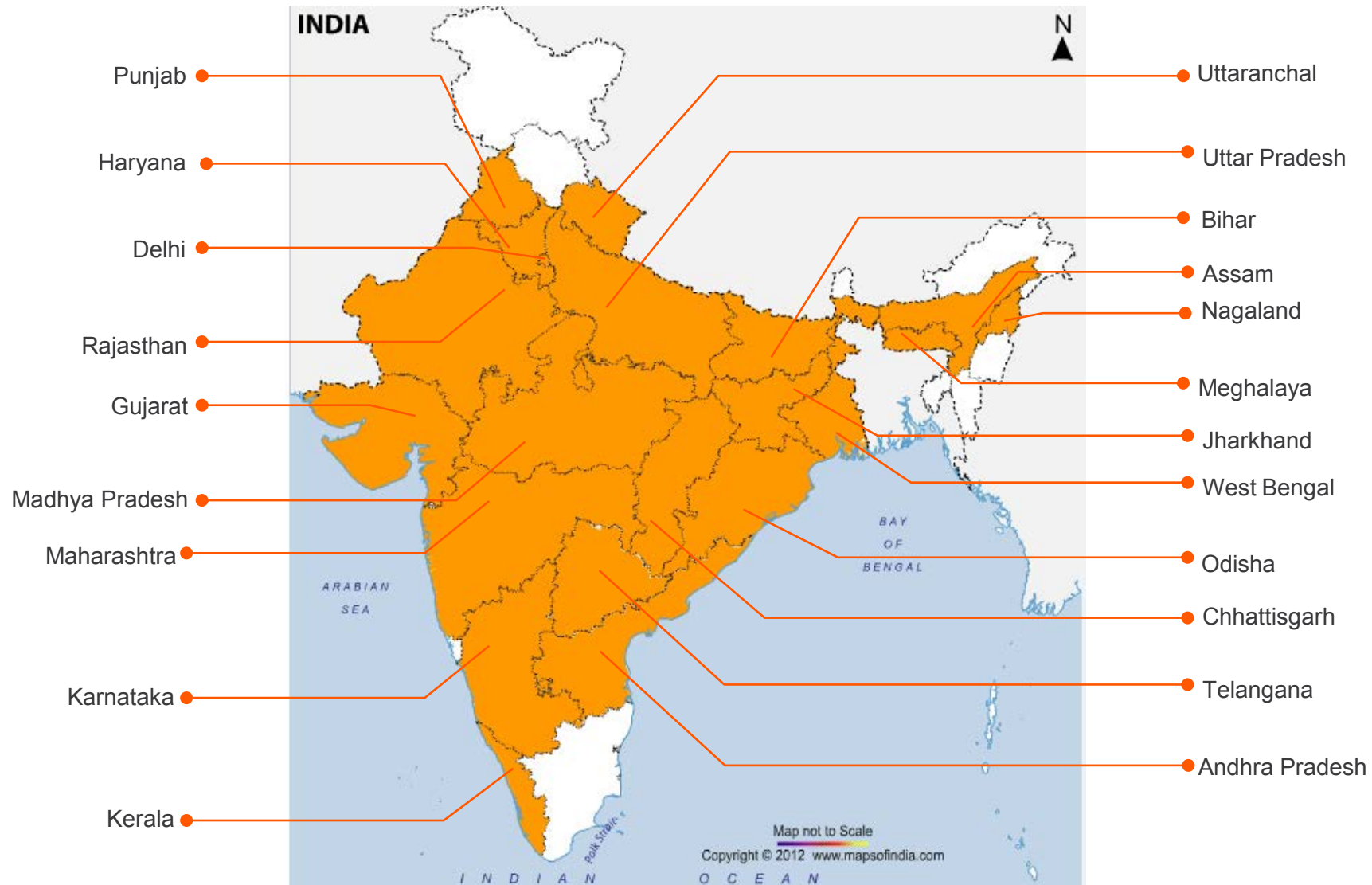
# SITI Networks

11.75 Mn Happy Households across the country



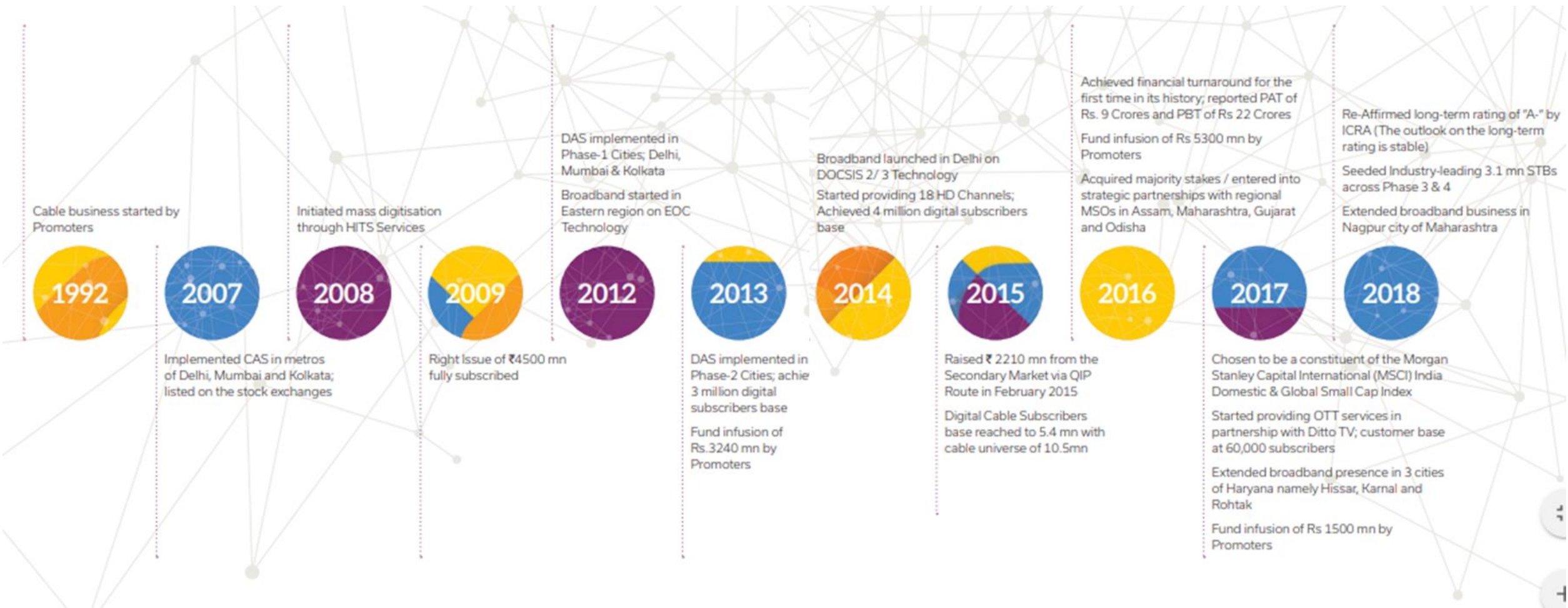
# SITI Networks

Present across 580+ locations



# SITI Networks

## On a Progressive Growth Path





# 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

Provisioning of Zee5 app to SITI's Video subscribers  
In discussion with various OTT 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 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

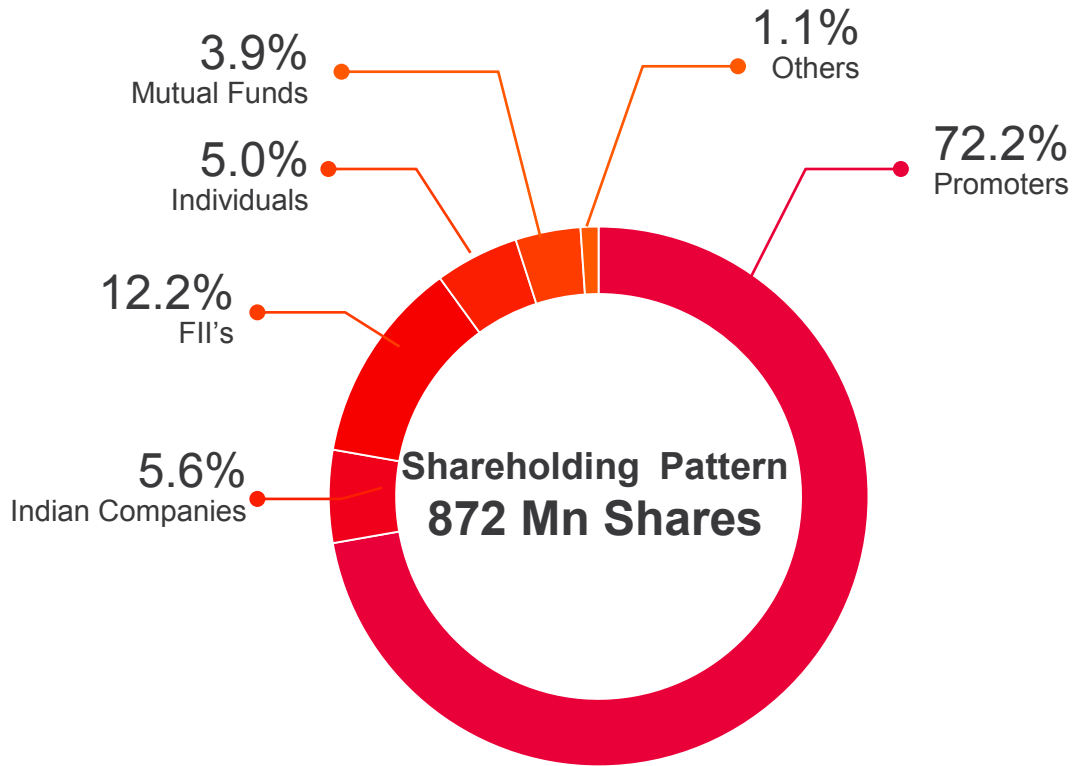
Distribution

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

- 12 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 across phases
- Increase HD Subscriber base
- TRAI Order Readiness
- Up-sell HD, OTT and Video to customers

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

# SITI Networks

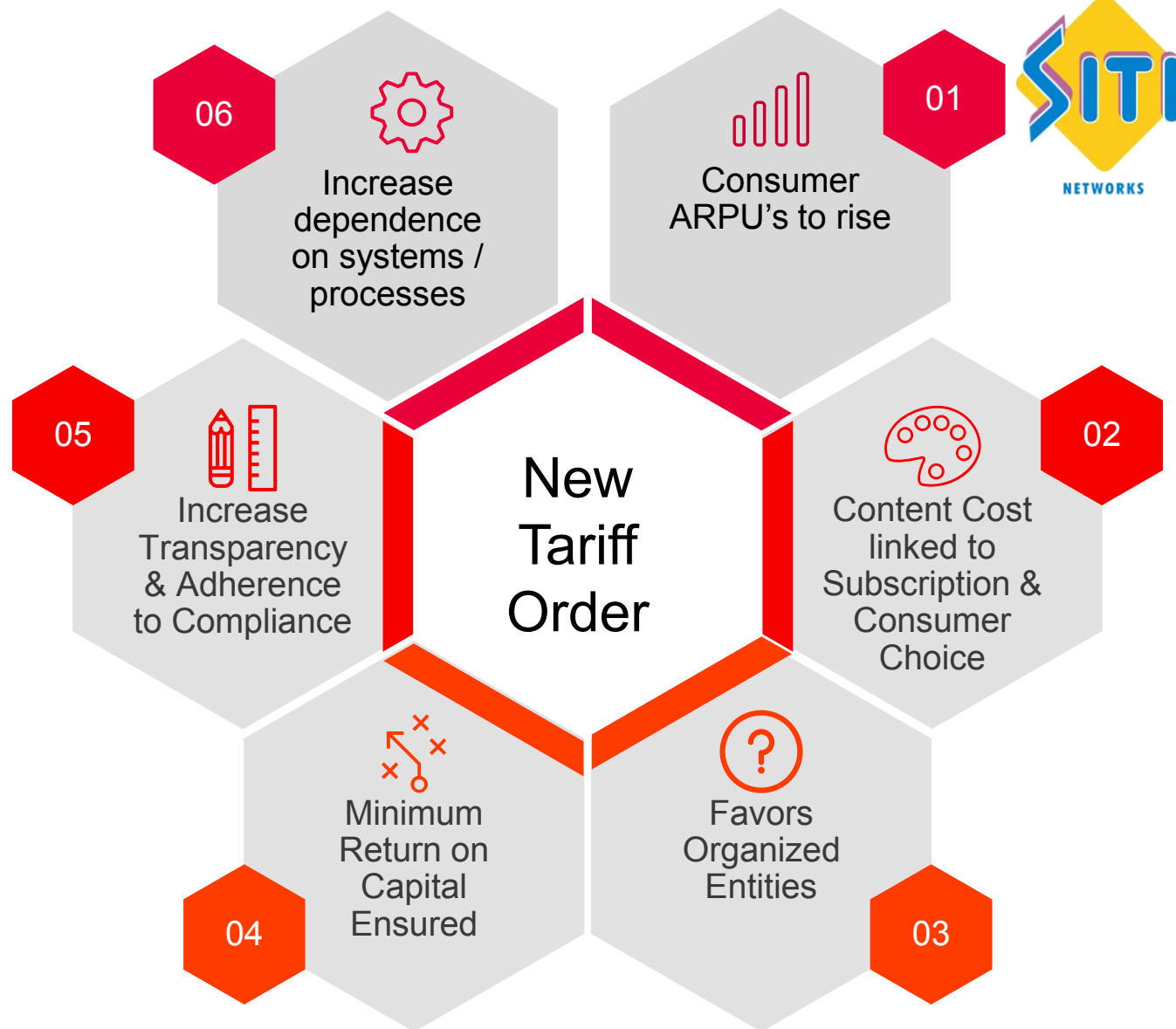
## Well Positioned to Benefit from Tariff Order

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



# Financials & Operating Metrics

# The growth momentum continues in Q2FY19

## Key Performance Indicators

Subscription revenue for Q2 FY19 at **Rs 2,548 mn**

Operational expenses for Q2 FY19 at **Rs 3,066 mn**

EBITDA Margin (Excl. Activation) improved @ **18.2 %**

Subscription Collection Efficiency at **95%** in Q2FY19

Blended ARPU at **Rs 73.5**

EBITDA (Excl. Activation) for Q2 FY19 at **Rs 682 mn**

## Vs Q2 FY18

**24% increase** in Q2 FY19  
(2,548mn vs 2,054mn)

**Marginal increase** in Q2 FY19  
(3,066 mn vs 2,851 mn)

Q2 FY19 margin **Up by 2.1x**  
(18.2 % vs 8.7%)

**Increase in efficiency**  
(95% vs 90% for Q2 FY18 )

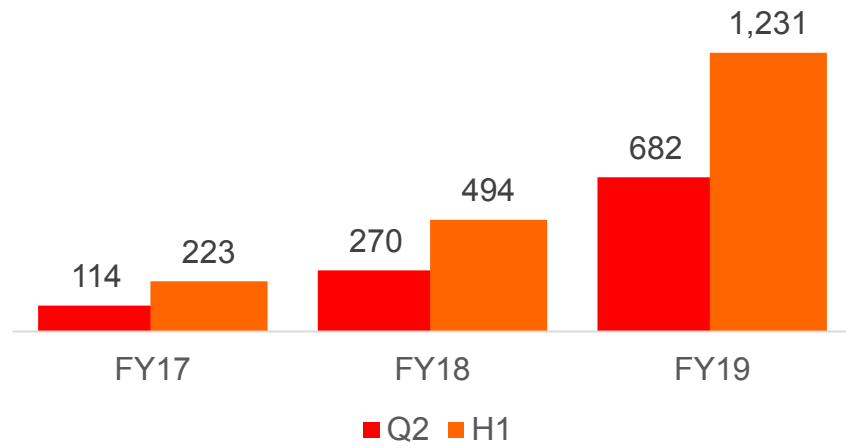
**~19% increase** in ARPU (Rs  
73.5 vs Rs 62)

**2.5x increase** in Q2 FY19  
EBITDA  
(682 mn vs 270 mn)

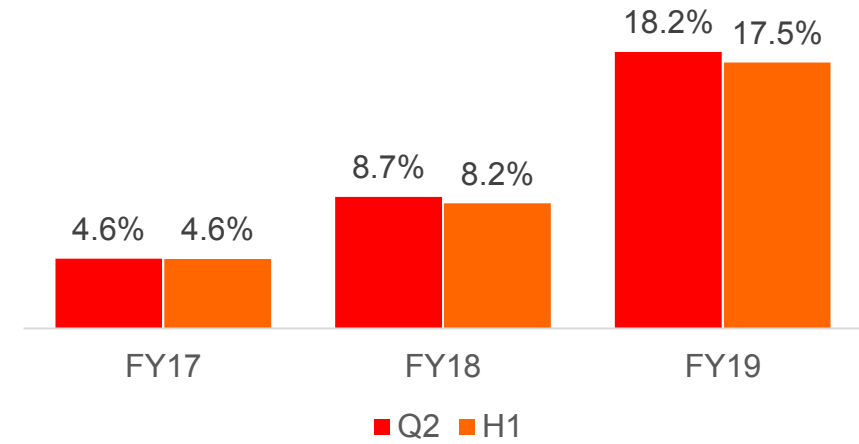
# Q2 FY19

## Robust Performance

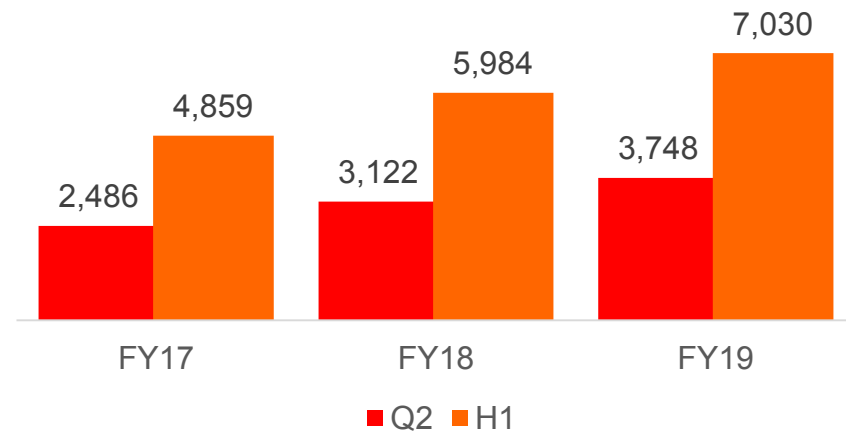
### # 2.52x Jump in Operating EBITDA



### # 2.1x leap in Operating EBITDA Margins



### # 20% Jump in Total Revenue<sup>1</sup>

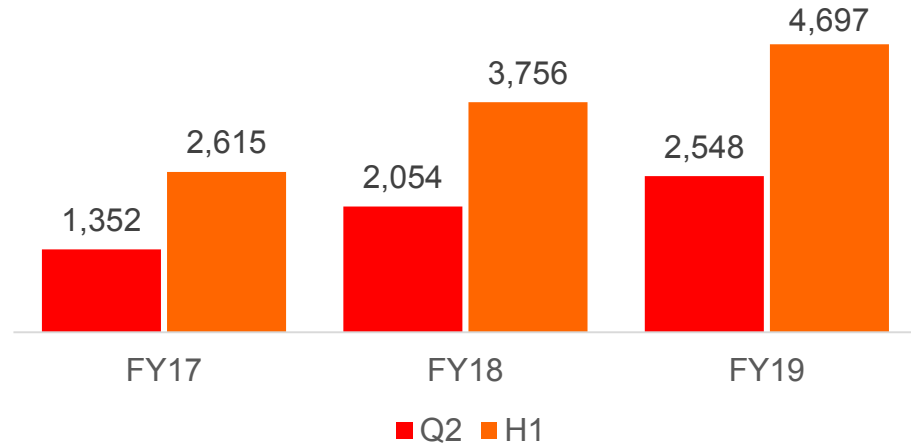


- Q2FY19 Consolidated Revenues at Rs. 3,748 Mn
- Operating EBITDA Margins expanded 2.1x

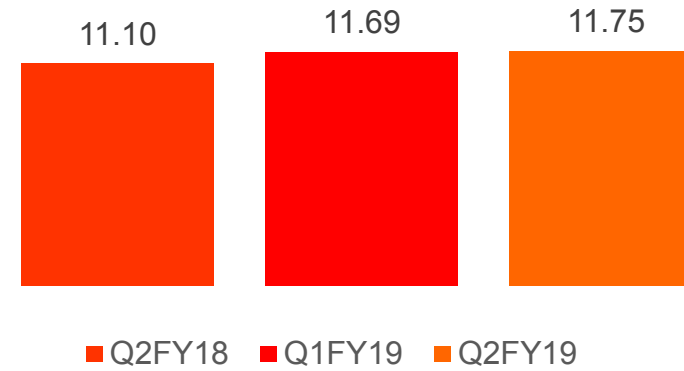
# Q2 FY19 : Video Business

## Surging Ahead

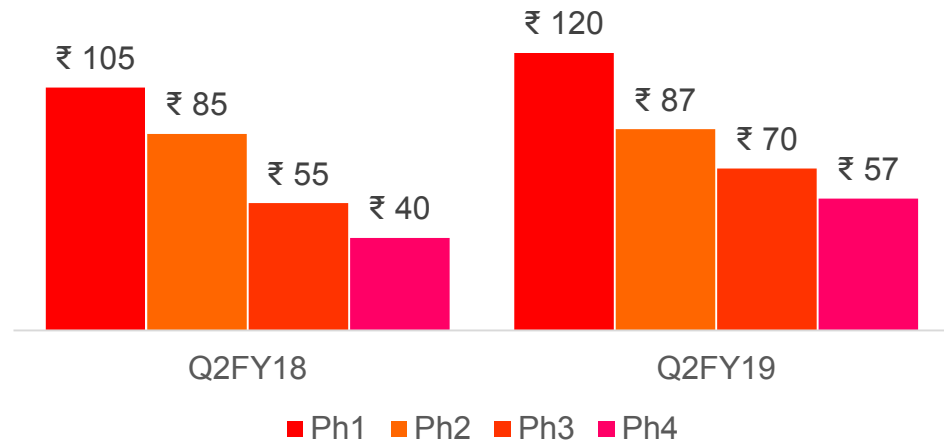
# 24% Growth in Video Subscription (INR Mn)



# Customer Adds up by 60,000



# Phase-wise ARPU (Rs.) Increase

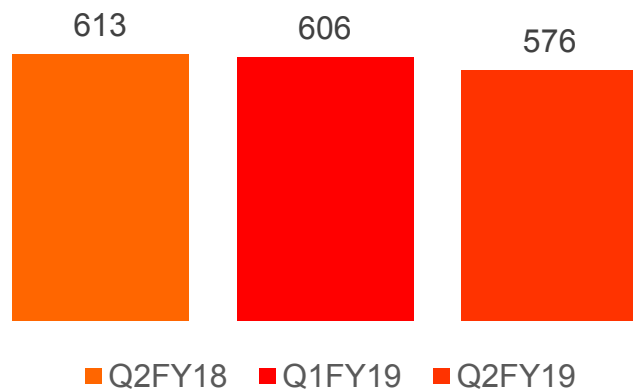


- ARPU increased strongly by 19% YoY
- Phase 3&4 ARPUs (73% of subscriber base) have increased 27% and 43% YoY
- Subscription collection efficiency at 95% in Q2FY19

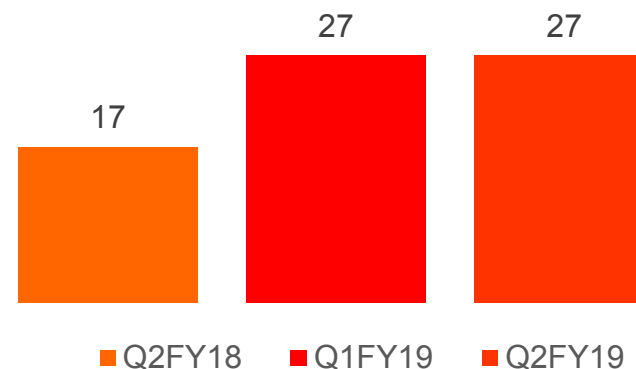
# Q2 FY19 : Broadband Business

## Stable performance

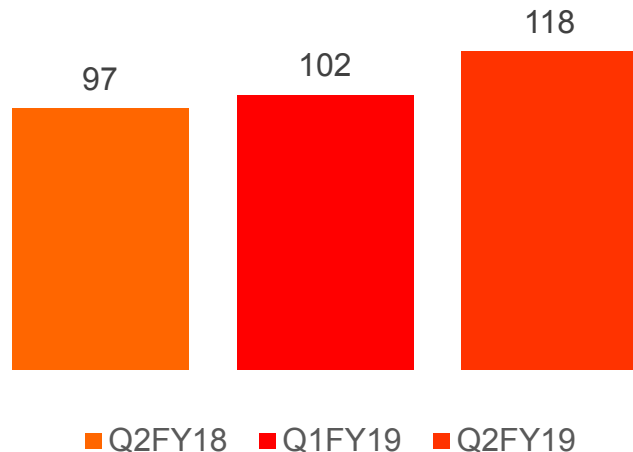
### # Maintaining ARPU despite Competition



### # Increase in Average Speed per Customer



### # Increase in Average Data Consumption



- Net Broadband base at 1,62,500
- Blended Broadband ARPU was steady at Rs.469
- 31% of the DOCSIS base converted to long-term lock-in plans

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**NETWORK**



# Thank You

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