

SITI Cable Network Limited

BSE : 532795 | NSE : SITICABLE | Bloomberg : SCNL:IN | Reuters : SITI.NS

www.siticable.com

Investor Presentation

Q1FY16



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 Cable Network Limited (SITI Cable) 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 Cable does not undertake to update these forward-looking statements to reflect events or circumstances that may arise after publication.



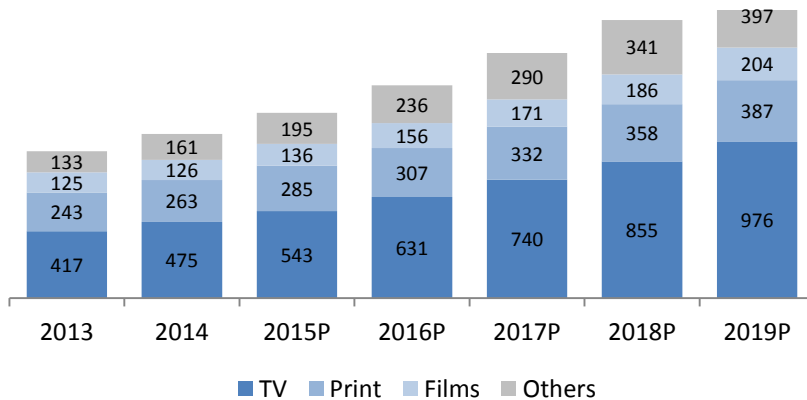
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Industry Overview

Indian TV industry-Expected CAGR Growth at 15.5%

Industry size and projections , INR Bn



Others include Radio, Music, OOH, Animation and VFX, Gaming, Digital Advertising

Incremental Revenue addition CY19 vs CY14

	Value, INR Bn	Percentage
TV	501	53%
Print	123	13%
Films	78	8%
Others	236	25%
Total M&E Industry	938	100%

TV industry to account for half of the incremental revenue addition

TV Subscriber ARPU in India is ~USD4, much less than USD10-25 for other Asian countries

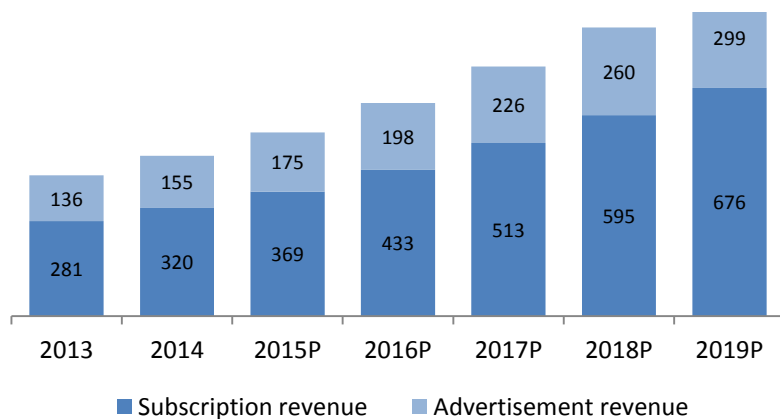
Worldwide, 33% of Pay TV subscribers avail HD services. In India it is ~1.5%

4 national MSOs, 112 over all MSOs, 60,000 LCOs, 6 national DTH Entities: *Consolidation Imminent*

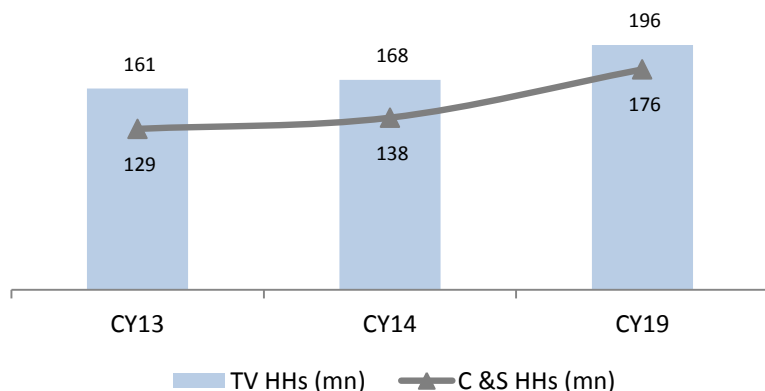
Subscription Revenue-Expected CAGR Growth at 16.1%



TV Industry size, INR Bn



Households Growth Trend, Mn



Incremental Revenue addition CY19 vs CY14

	Value, INR Bn	Percentage
Subscription revenue	356	71%
Advertisement revenue	144	29%
Total	500	100%

- ❑ Aided by digitisation and increase in ARPU, the share of subscription revenue is expected to increase from 67% in 2013 to 69% in 2019
- ❑ Number of C&S Households expected to grow at a robust CAGR of 5.1% between CY14-19
- ❑ C&S penetration of TV households expected to reach ~90% in CY2019

Distribution Platform: Digital Cable vs. Others

Digital Cable, owing to its two way communication capability, localized nature of service and immunity to weather conditions is well placed to serve Indian households

Parameter	DTH	Digital Cable	Analog Cable	HITS	IPTV
Broadband	0	4	0	4	4
Cost of Infrastructure	2	2	4	3	2
Number of Channels	3	4	1	3	2
Resistance to being affected by adverse weather	2	4	4	3	4
Regulatory framework	4	4	2	1	1
Agreements with Broadcasters	4	4	4	1	1
Two Way communication	1	4	0	4	4

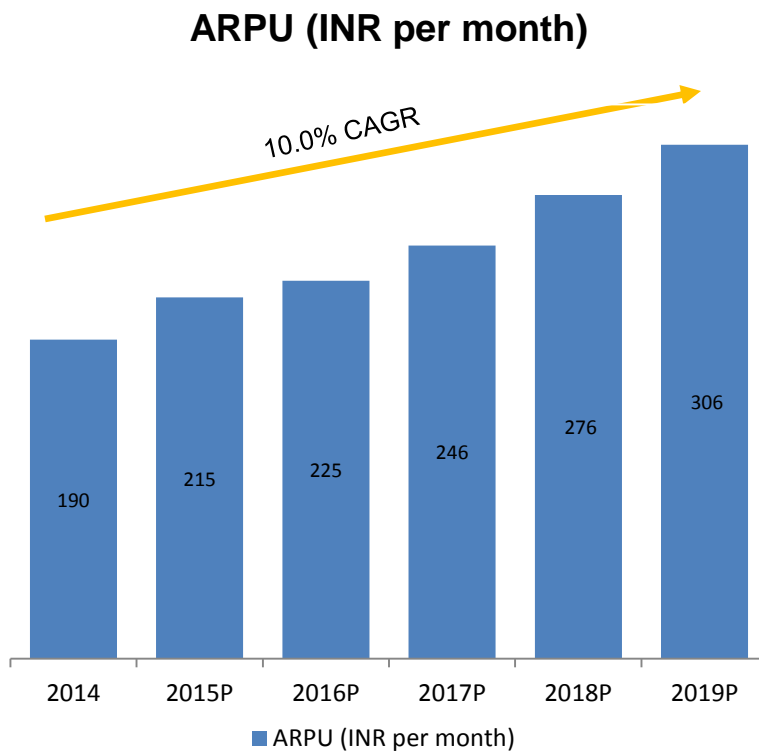
Legend 0 – Bad, 1 – Poor, 2 – Fair, 3 – Good, 4 – Excellent

Current Status of Digitization

Phase	Area	Total C&S Homes Base (~160 mn)	Implementation Date	Status
Phase 1	4 metros – Mumbai, Delhi, Kolkata, Chennai	~15	31 st Oct 2012 (Delhi and Mumbai) 15 th Feb 2013 (Kolkata)	Mumbai , Delhi , Kolkata – Complete Chennai - still underway, given legal issues
Phase 2	38 cities with population > 1m	~22	31 st Mar 2013	Complete except Hyderabad city
Phase 3	7,709 urban areas with a municipality	~40	31 st Dec. 2015	Addressable Opportunity: Voluntary digitization taking place
Phase 4	Rest of India	~50	31 st Dec. 2016	

- Gross billing started in Delhi , Mumbai & Kolkata
- Strong Legal & Regulatory control frame work to support digitization. Ministry of I&B and TRAI closely monitoring developments
- Digitization mandated by Parliament; Immune to changes in political environment

MSOs focusing on ARPU improvement & monetization to increase net realizations



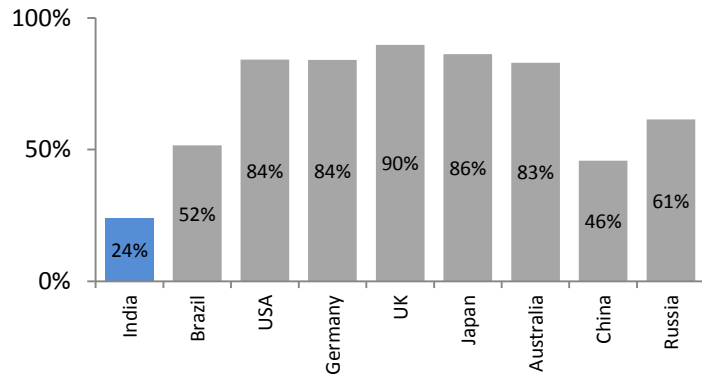
- ❑ ARPUs to be driven by packaging, package wise collections, improved monetization from LCOs, premium content, HD channels, Broadband and VAS
- ❑ In Phase I cities, digital cable ARPUs at the subscribers end have seen an increase of 15-20%, a significant increase is expected in Phase II cities as well
- ❑ Digitization has led to increased transparency in subs declaration and improved ARPUs

Broadband Overview

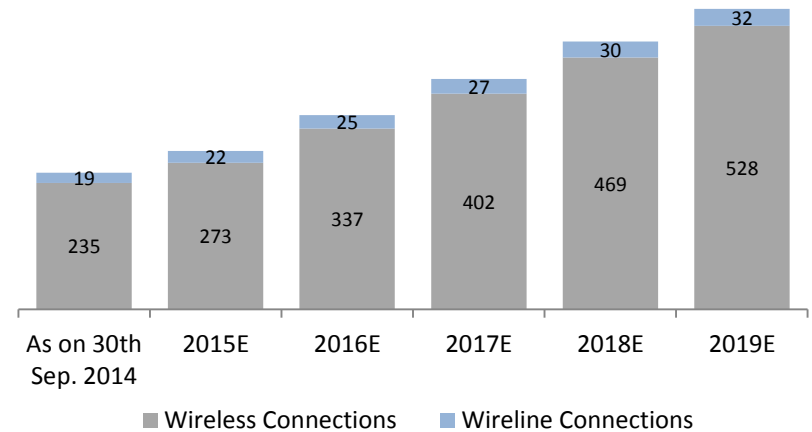
Wired connections- Expected CAGR Growth at 11%

**Internet penetration
(As a % of total population)**

India has ~24 Internet users per 100 people



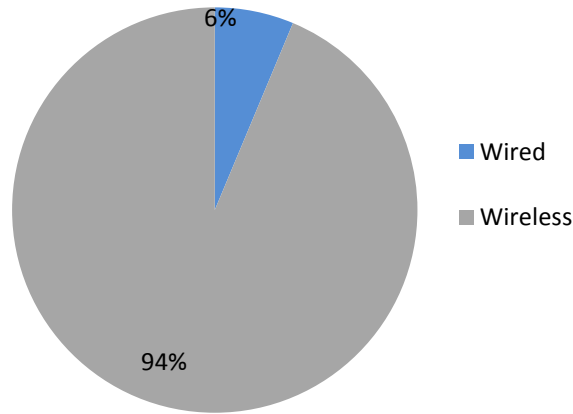
Projected Connections Growth (Mn)



- ❑ Internet users in India to breach 300 Mn, dethroning USA as 2nd largest internet-enabled market
- ❑ Smartphone penetration in India is ~10%, much lower than global average of 25%, indicating considerable upside for the enabling ecosystem
- ❑ Internet user population projected at ~67% of the total number of TV viewers in 2019 compared to 34% in 2014

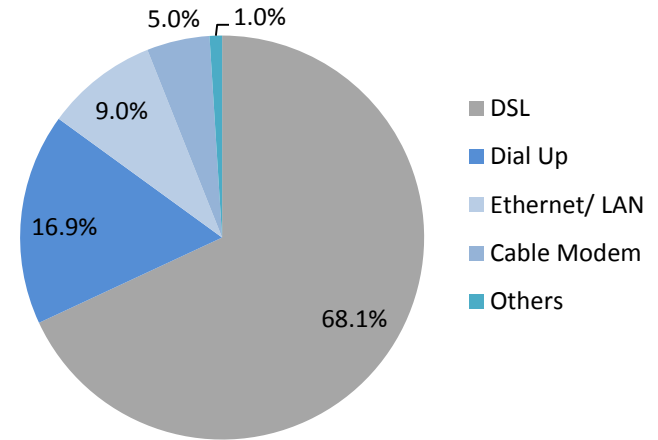
Internet subscribers in JFM'15 increased 13.1% QoQ

India: 302 Mn Internet connections, 31st Mar. 2015



Source: TRAI ; Wireless includes Wi-Fi, Wi-Max, Radio, VSAT, Phone + Dongle

Wired Subs mix by Technology



DSL: Digital Subscriber Line [DSL]
Others include fibre and leased line

Internet Subscribers as on 31st Mar. 2015 [in millions]

Category	Narrowband	Broadband	Total Internet
Wired	3.6	15.5	19.1
Fixed			
Wireless	0.0	0.4	0.5
Mobile			
Wireless	199.6	83.2	282.8
Total	203.2	99.2	302.4

Source: TRAI, Narrowband- speed <512 kbps

- ❑ While broadband subs increased 16% during JFM'15, narrowband subs increased 12% during the same period, indicating continuing migration to higher speeds
- ❑ **Wired forms 16% of total broadband connections and only 6% of the overall universe**

India vs Asia Pac: Percolation of broadband encouraging



Global Rank in Average Speed	Country	Q1'15 Avg. Mbps	Q1'15 Peak Mbps	Global rank in Broadband connections above 4 Mbps	Broadband connections above 4 Mbps
1	South Korea	23.6	79.0	2	96.0%
3	Hong Kong	16.7	92.6	10	92.0%
6	Japan	15.2	70.1	14	89.0%
12	Singapore	12.9	98.5	33	84.0%
23	Taiwan	10.5	71.5	17	89.0%
40	New Zealand	8.4	36.7	28	86.0%
42	Australia	7.6	40.8	50	71.0%
45	Thailand	7.4	50.6	27	86.0%
78	Malaysia	4.3	31.5	73	43.0%
84	China	3.7	19.4	79	32.0%
94	Vietnam	3.2	21.3	85	25.0%
104	Philippines	2.8	20.3	98	10.0%
115	India	2.3	17.4	99	9.9%
117	Indonesia	2.2	17.5	101	6.0%

- India average connection speed increased 11% QoQ & 31% YoY in Q1'15
- Broadband connections above 4Mbps increased 27% QoQ & 101% YoY in Q1'15

Key Drivers for Cable Broadband in India

1

Projected Exponential increase in demand for Data

In India, internet traffic is expected to grow 5.5-fold from 2013 to 2018, at a CAGR of 41% and reach 101 Petabytes/ day in 2018, up from 20 Petabytes /day in 2013

Low wired broadband penetration in India, ~7.9%

3

Enabling Ecosystem for data usage

India Smartphone shipment 2013-17 CAGR at 53.8%; Tablet penetration in India is 2% , expected to pick up significantly with more affordability

Multiple screens leading to higher bandwidth consumption

5

Broadband being driven by Wireline

Wireline accounts for 16% of the total broadband users & 75% of the broadband data consumption

Used primarily for Streaming, Calling and Gaming

2

Significant divergence in data rates

Currently, 1 GB of data on a 3G Network costs ~INR225 vs. ~INR45 on DOCSIS 3 (Data over Cable Service Interface Specification). Consumers would prefer to use latter for heavy usage

Scope for Value Added Services like Over-the-top Content (OTT), IPTV, others

4

Government Focus – Digital India

Against a Government target of achieving 175 Mn broadband connections by 2017 and 600 Mn by 2020, only 99Mn achieved so far

6

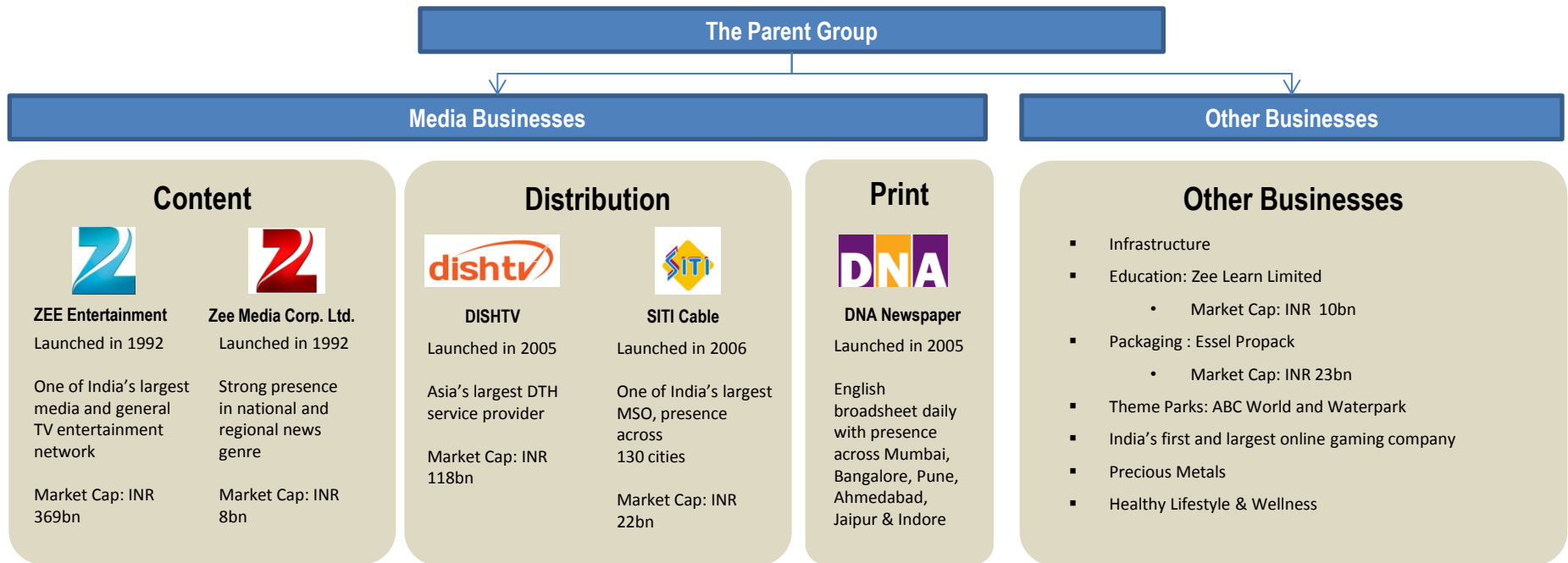
Low Speeds

Almost 67% of internet subscribers on speeds <512kbps

Company Overview

Promoter Group - Corporate Structure

- ❑ Launched in 1976, the Parent Group (“Essel Group”) is one of India’s leading business houses, with a dominant presence in Media
- ❑ One of India's leading vertically integrated media and entertainment group, and also one of the leading producers, content aggregators and distributors of Indian programming globally
- ❑ Group Market Cap (Listed entities under the Parent Group): ~USD8.5 Bn
- ❑ One of the leading producers and aggregators of Hindi programming in the world
- ❑ Present in 169 countries across the world with a strong bouquet of 36+ Channels



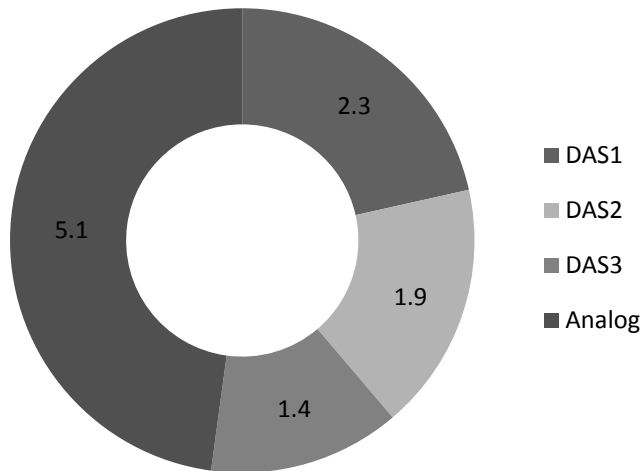


SITI Cable: A Pioneer in Indian Cable TV Distribution

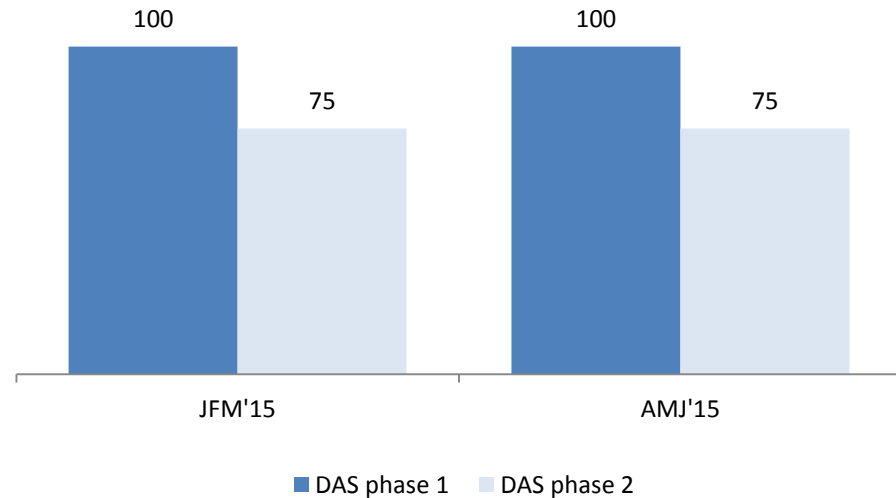


Multi-System Operator (MSO) providing Digital/ Analog Cable TV and Broadband Services

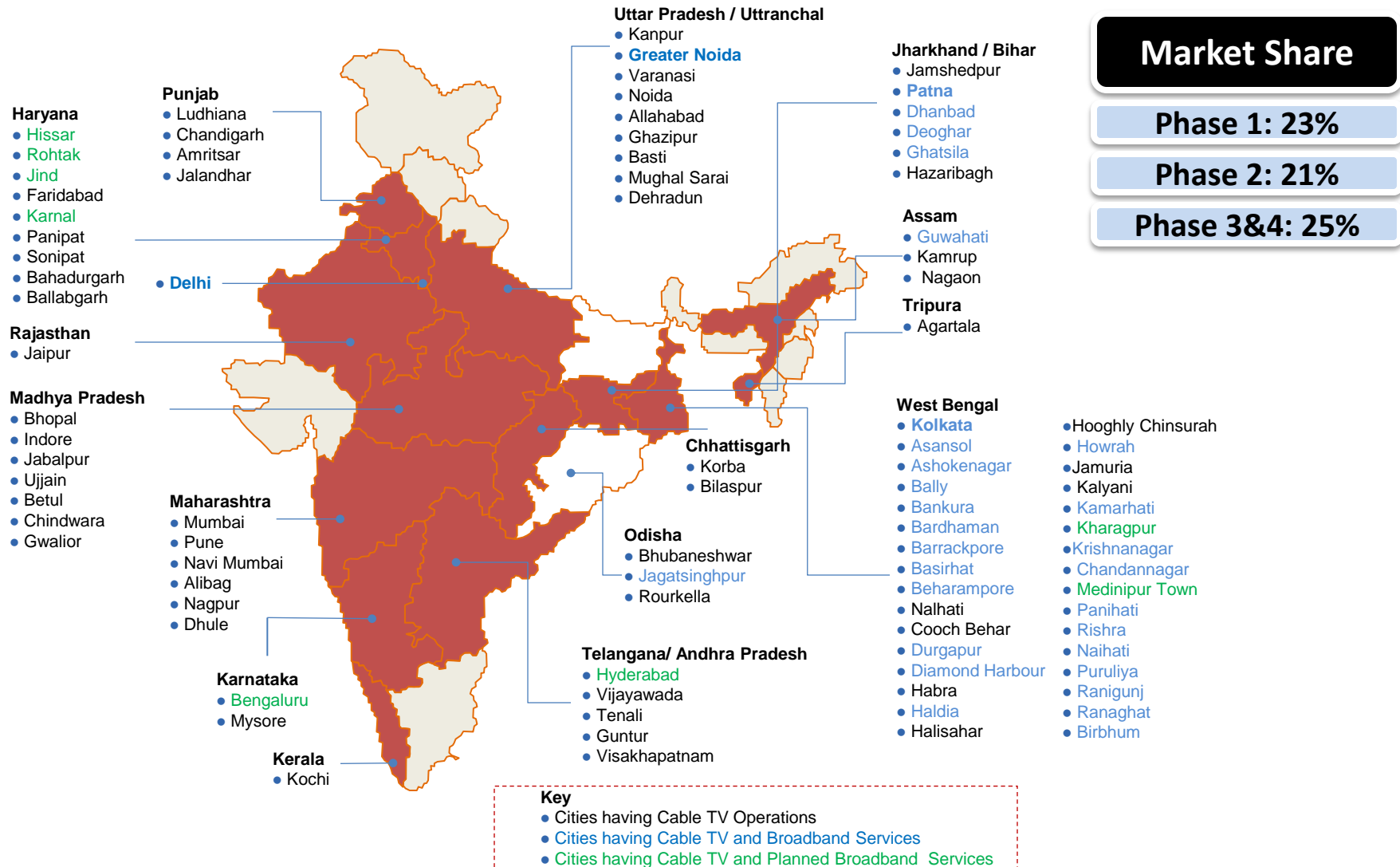
AMJ'15 Subscriber Universe (Mn)



AMJ'15 Average Realization/ month (INR)



SITI Cable: Presence across the Country



Only key cities have been highlighted in this representation; Market share is indicative of cities with SCNL presence

On a progressive growth path

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 & Chennai
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"> Spread across 54 key cities
2012	<ul style="list-style-type: none"> DAS implemented in Phase -1 Cities ; Delhi, Mumbai & Kolkata Offered 400 Standard Definition (SD) channels and 30 High Definition (HD) channels Consolidated Pan India presence through strategic 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 Operationalised 'Own Your Customer' Customer Management System Achieved 3 million digital subscriber base Fund infusion of INR3240 Mn by Promoters
2014	<ul style="list-style-type: none"> Achieved 4 million digital subscriber base Broadband launched in Delhi on DOCSIS 2/ 3 Technology Package wise Billing started in DAS Phase 1 cities Started providing 18 HD Channels
2015	<ul style="list-style-type: none"> Successfully raised INR2210 Mn from the Secondary Market via QIP Route in Feb. 2015; Marquee investors included HDFC, UBS, Reliance MF and others Digital cable subscribers at 5.38 Mn with a cable universe of 10.5 Mn. Broadband subscribers at 70,100 Providing 400+ Channels
2016	<ul style="list-style-type: none"> Digital cable subscribers at 5.58 Mn with a cable universe of 10.7 Mn. Broadband subscribers at 74,500 Expanded to 12 new towns across India

An Experienced Management Team leads the Company



Mr. V D Wadhwa: Executive Director and CEO

Mr. Wadhwa is an Alumnus of Harvard Business School & a fellow member of the Institute of Company Secretaries of India. He has over 30 years of work experience including over 20 years in multinational companies in leadership positions for India and SAARC countries and various global assignments. He is known for profitable turn around of businesses and establishing the distribution across India prior to joining Siti Cable.. He has served on various committees of FICCI, Assocham and as President of the Horological Federation of India.. He is the President of the All India Digital Cable Federation of India and a member of the Task Force created by Ministry of I&B

Mr. Vinay Chandhok: Chief Operating Officer- Video

Mr. Chandhok is a performance driven leader with a track record of successfully leading large consumer businesses. He has over 24 years of work experience & has led large teams in mass distribution, retail operations and enterprise / institutional sales. Prior to joining SITI Cable, Mr. Chandhok has worked as Hub CEO with Reliance Communication. He has been instrumental in launching key projects with RPG Group, SIFY Ltd. & Aircel Ltd.

Mr. Sanjeev Mahajan: Chief Operations Officer -Broadband

Mr. Mahajan is a experienced sales professional with solid sales management experience. He was with Xerox for 10 years and was responsible for revenue of Xerox equipments.. He has also worked with Idea and Bharti Airtel Ltd. He has hands on experience in Direct and Channel Sales Operations, Product Management, Enterprise VAS and Mobile solutions. During his stint in above three companies, Sanjeev was entrusted with the responsibility of managing large teams and has grown his respective verticals in to major revenue streams

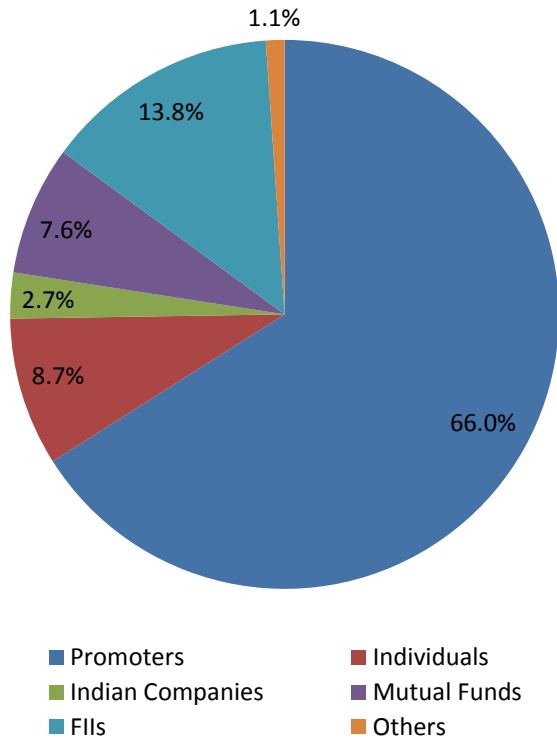
Mr. Anil Jain: Head- Finance

Mr. Anil Jain is a CA and an alumnus of Maharshi Dayanand University. He has been associated with Essel Group for more than seven years. He has held several responsible positions in Zee Telefilms, Neo Sports, Zee Turner, Media Pro and Taj Television in his illustrious career of 18 years. Mr. Anil Jain, in the recent past was working with Taj Television as Senior Vice President- Finance. He has earned a reputation of being passionate, committed and a strong team leader in the assignments that he held with the Essel Group

SITI Cable has a sizeable free float and institutional ownership



Shareholding Pattern 678 Mn Shares



Key Investors

Foreign Institutions



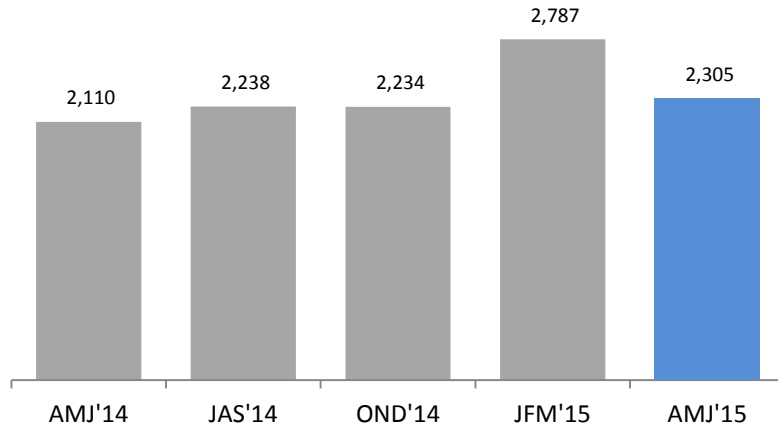
Domestic Institutions



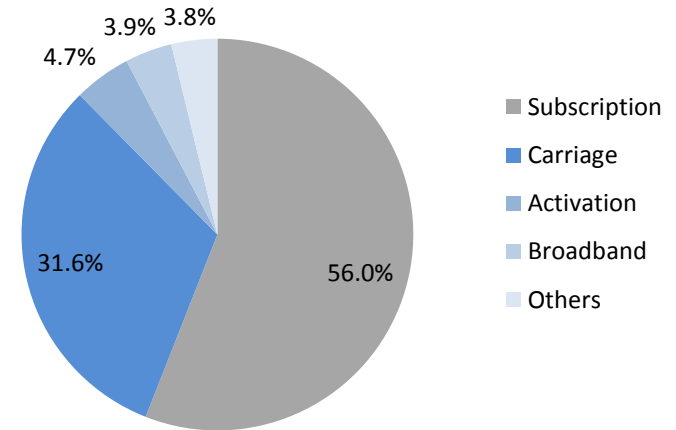
As of 25th Sep. 2015
Others include retail, banks, trusts and NRIs

SITI Cable - Financial Snapshot

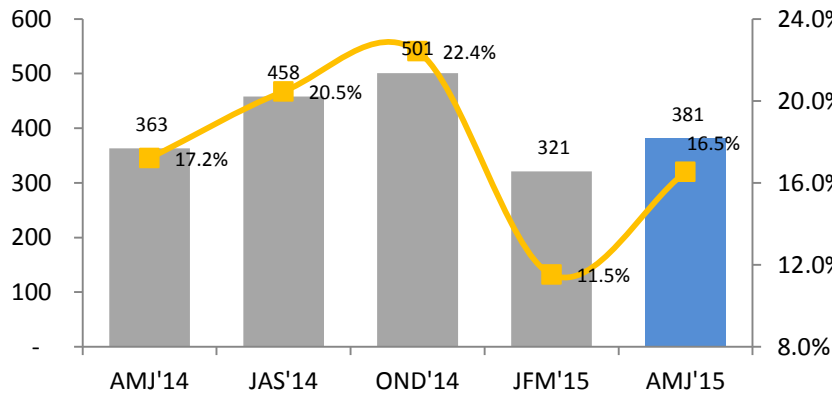
Quarterly Revenue Trends (INR Mn)



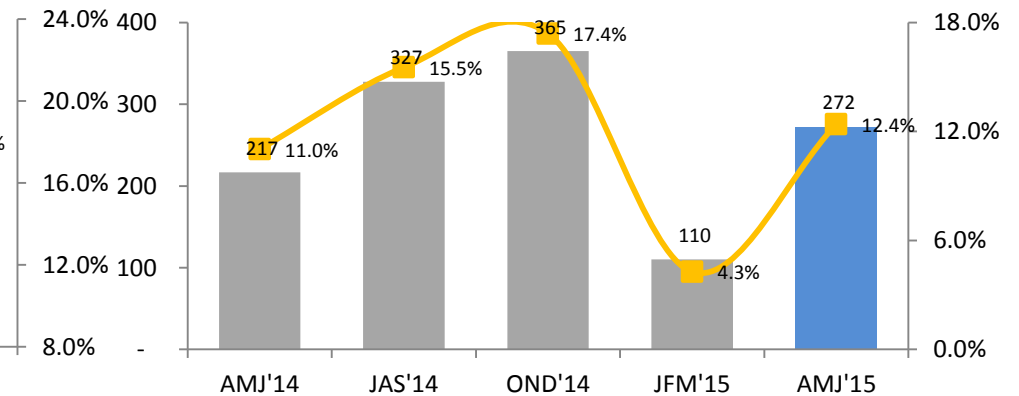
Revenue Split by services, AMJ15



EBITDA (INR Mn)



Operating EBITDA (INR Mn)



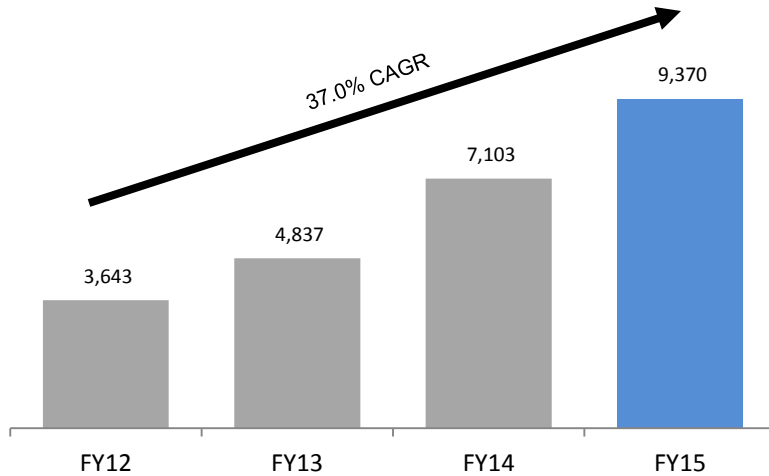
EBITDA as per Investor release. EBITDA includes other income
Revenue impacted in AMJ'15 due to credit control measures undertaken on voluntary basis

EBITDA Margins impacted in JFM'15 due to one-off content cost inclusion

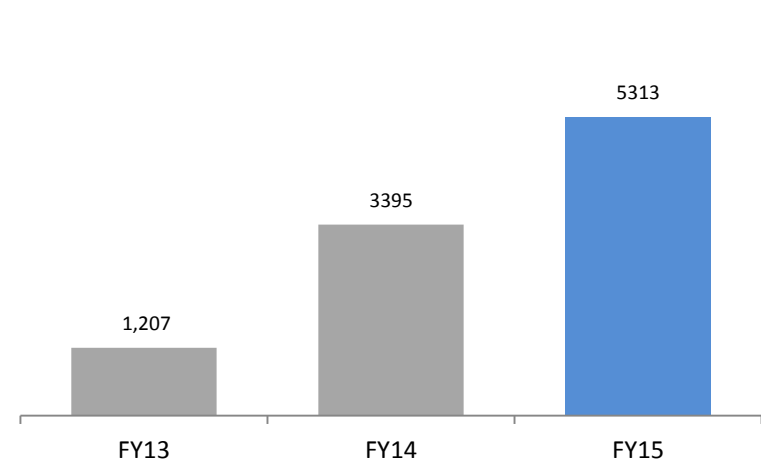
EBITDA excluding activation income

SITI Cable - Financial Snapshot

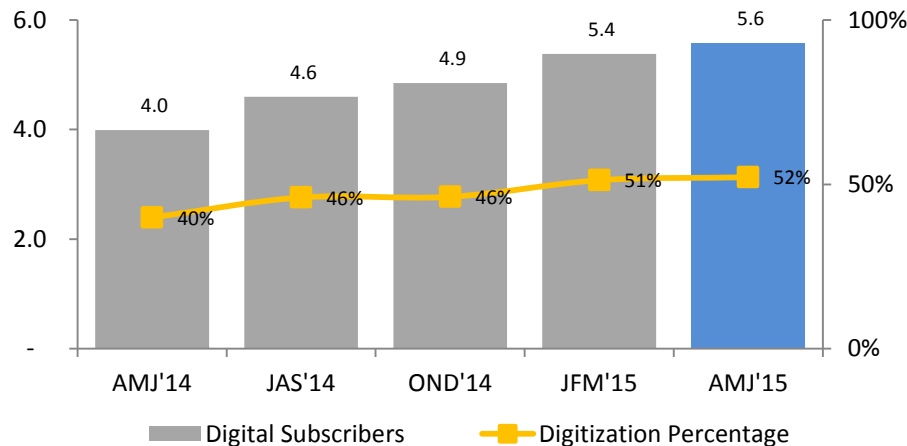
FY Consolidated Revenues (INR Mn)



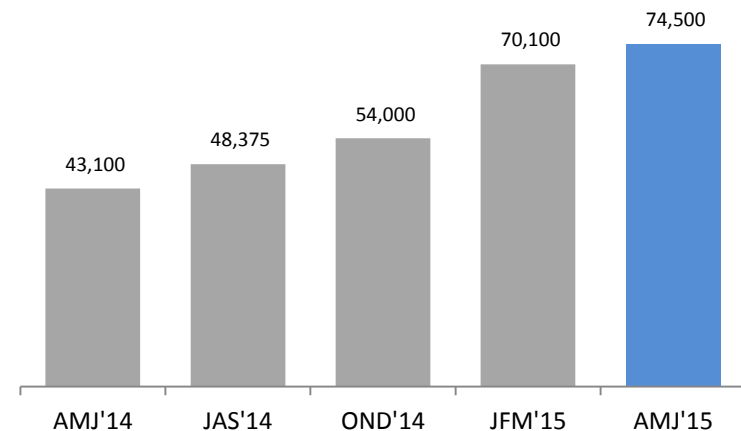
FY Subscription Income (INR Mn)



Digital Subscriber Base (Mn)



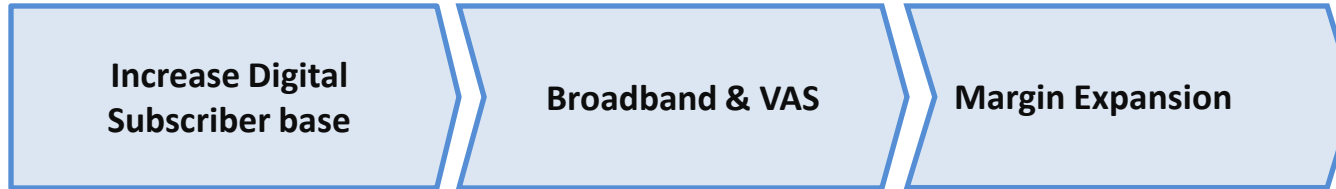
Broadband Subscriber Base



Vision: To be a leading Triple Play Company in 5 years



Strategy



- Expand in Phase 3/ Contiguous territories
- Expand in high TAM/ BARC rated Cities
- Scale up presence from 130 cities to ~200+ cities

- Focus cities – NCR, Bengaluru, Hyderabad, Select cities of Haryana, & West Bengal using primarily DOCSIS 2/3 technology
- Offer HD Services and VAS such as VoD, MoD, others

- Improve collections from LCOs
- Optimization of (Content-Carriage) Cost; Optimization of resources
- ARPU growth from package based billing and increase in package prices

- Digital Subs base at 15mn with inclusion of phase 3 & 4 at completion of Digitization

- 2 mn broadband subs by FY19E

- Expansion of Operating EBITDA Margins

Key Differentiators vs. Other MSOs

1

Part of a USD8.5 Bn Group, India's leading Media Conglomerate

- Promoter entity is India's leading Media conglomerate with interests spanning across broadcasting (One of India's largest network of Hindi GEC and entertainment channels), distribution (India's first and largest DTH TV business) and SITI Cable (India's oldest and 3rd largest MSO), as well as Print (National English newspaper)
- Fully Integrated presence across the Media Value Chain and access to Group synergies (Content, STB procurement and Shared Services)
- Better deal terms through collaboration and stronger negotiation ability

2

Strong systems and processes

- 'Own Your Customer' Subscriber Management System provides robust backend and Customer Insights ; Majority of CAF forms collected
- Proactive Carriage sharing with LCO
- Uniform commercial policies in place

3

Adherence to regulatory compliance

- First to launch Gross Billing in Phase 1 Cities of Delhi, Mumbai and Kolkata
- LCO Interconnect Agreements signed and revenue share with LCOs

4

Corporate Governance

- Strong corporate governance practices and professional management team
- Transparent and consistent commercial policies govern interaction with various stakeholders

Annexure



SITI Cable: Profit & Loss Statement

Income Statement (INR Million)	Quarter Ended		
	Q1 FY 2016	Q4 FY 2015	Q1 FY 2015
Net Operating Revenues	2281	2,560	2,090
Other Income	24	227	20
Total Revenue	2,305	2,787	2,110
Total Expenditure	1,924	2,466	1,748
EBITDA	381	321	363
Finance cost	339	311	304
Depreciation	358	339	290
Exceptional Items	-	-	-
PBT	(316)	(328)	(231)
Tax	5	125	70
PAT	(322)	(453)	(301)

Robust Back End Systems and Infrastructure

- Presence across 130 cities with 15 digital head ends and a network of ~14,600 Kms of optical fibre and coaxial cable
- Broadband services being offered on DOCSIS 2/3 Technology

Headends



Set Top Boxes



WOOJEON&HANDAN



Modems



Servers



CAS



Software/ SMS





Promotional Campaigns for Cable & Broadband

JANTA PACK

126 Channels @ ₹ 100 Per Month (Taxes Extra)

- Hindi Entertainment**
 - Zee Smile
 - DD Bharati
 - DD National
 - Home Shop 18*
- Hindi Movies**
 - Cinema TV
 - Dangal
 - Frangli
- Hindi News**
 - Zee News
 - News 24
 - Total TV
 - PT News
 - DD News
 - DD Rajya Sabha
 - ABP News*
 - India News*
 - Channel One*
- English News**
 - Channel News Asia*
- Lifestyle**

POPULAR PACK

185 Channels @ ₹ 170 Per Month (Taxes Extra)

- Deviotional**
 - Zee Jagran
 - Aastha
 - Aastha Bhajan
 - Darshan 24
 - Divya
 - Jivvani
 - Katayani
 - Lord Buddha
 - Shubhaandesh
 - Sadha
 - Satsang
 - SVBC
- Regional / Others**
 - MI Marathi
 - IBN Lokmat
 - Saam
 - PTC News
 - Zee Punjabi
 - DD Punjabi
 - Zee Tamizh
 - Kalaignar TV
 - DD Saptagiri

GRAND PACK

202 Channels @ ₹ 222 Per Month (Taxes Extra)

- Hindi Entertainment**
 - Zee TV
 - Sony
 - SAB TV
 - Zee Smile
 - Channel V
 - DD India
 - Dabangg
 - UTV Stars
 - Zoom*
- Hindi Movies**
 - Zee Cinema
 - Set Max
 - Movies OK
 - Zee Classic
 - Cinema TV
 - UTV Action
- Business News**
 - CNBC Awaaz
 - Zee Business
- Hindi News**
 - NDTV India
 - IBN7
- Star Plus**
- Colors**
- Life OK**
- Star Utsav**
- DD National**
- DD Bharati**
- UTV Bindass**
- Home Shop 18***
- Star Gold**
- BAU Movies**
- Zee Premier**
- Zee Action**
- UTV Movies**
- Zee Business**
- Zee News**
- 7zee News 1IP**

Sabse jyada channels

Sirf SITI Digital cable television par

• Watch maximum channels • Local channels • Regional channels

Rush Now!
Book your SITI DIGITAL SET-TO-BOX

Contact your cable operator now and get your SITI Digital Set-Top-Box at a special offer Price*

Get ready to change the way you watch cable television forever with SITI Digital Cable TV Network. It offers superior picture and sound quality on any TV set of any make or age. All you need to do is install the SITI Digital Set-Top-Box on your TV. Go digital now. *Uninterrupted signal even during bad weather

GRAND PACK

202 Channels @ ₹ 222 Per Month (Taxes Extra)

Business News	English Movies	Infotainment
ET Now	NDTV Profit	Zee Studio
Bloomberg UTV*	CNBC TV18	WB
English Entertainment	UTV World Movies	HBO
Zee Cafe	Star World	Star Movies Action
FX	Fox Crime	Music
Careedy Central	Romedy Now	Regional / Others
ASN	Nat Geo Music	SK O
Lifestyle	Sony Six	SK Tashan

PREMIUM PACK

212 Channels @ ₹ 267 Per Month (Taxes Extra)

Deviotional	Kids	Sports
Arihant	Baby TV	NEO Sports
English Movies	Lifestyle	NEO Prime
MGM	Care World	Star Sports
Infotainment	ESPN	Star Cricket
Nat Geo Adventur		

Terms & Conditions

* Subscriber should subscribe either to a Base Pack (Janta (BST) / Popular / Grand / Premium) offered by SITI or A-La-Carte Channel or combination of both. ** Top-Up Packs (1, 2, 3, 4 & 5) are provided at the sole discretion of SITI Cable Network Limited for limited period with Base Pack, without any additional charges / cost. (For details please visit www.siticable.com)

* Additional TV (Parent/Child connection) offers are available only on subscription of Grand & Premium Base Packs @ ₹. 150/- (inclusive of parent per TV connection). ** Only two additional TV connections in Child connections can be tagged to a parent connection. *** Premium operational area/coverage of base. Service not @ 12, 30% & Entertainment @ 10% per TV connection.

* Available in DAS Phase II areas of Bengaluru. ** Availability of channel may vary from Headend to Headend. *** Channel listing is subject to change. **** Scheme are valid till further notice. ** For any other details please visit our website www.siticable.com

For further information contact your local cable operator or call at Bengaluru : 080-60019945 or 1800-123-4001 (toll free).

Hum Wo Dikhayen, Jo Aap Dekhna Chahein!!

SITI Digital Cable TV Packages
Choose the Best Pay the Least!!

JANTA (BST) PACK

111 Channels

@ ₹ 100 p.m.

POPULAR PACK

167 Channels

@ ₹ 170 p.m.

GRAND PACK

202 Channels

@ ₹ 222 p.m.

PREMIUM PACK

212 Channels

@ ₹ 267 p.m.

(Applicable in Bengaluru DAS Phase II areas) www.siticable.com

SITI Broadband Experience Plans

PLAN NAME	BASIC	BASIC PLUS	STANDARD	TURBO	EXTREME	ULTIMATE
Speed	5Mbps	5Mbps	10Mbps	20Mbps	50Mbps	100Mbps
FUP (GB)	10	20	20	30	30	50
Monthly Rental (Rs.)	349	599	699	849	1,099	1,499

* Speed after FUP quota: 512 Kbps. * Special offer for existing SITI Cable TV customers, for details, please check with our sales executive. ** Taxes extra.

Best in class Wi-Fi Router

FASTEST INTERNET FOR YOUR HOME

SPEEDS UPTO 100 Mbps*

UNLIMITED HI-SPEED SURFING WITH SMART TOP-UPS

TOP-UPS STARTING @ Rs. 50

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