



Investor Update

Q4 FY 2017-18

May 2018

Den Networks Ltd.



Comparable financial figures are for continued businesses only

Disclaimer



The information in the presentation may contain "forward-looking statements" which are statements that refer to expectations and plans for the future and include, without limitation, statements regarding Den's future results of operations, financial condition or business prospects as well as other statements based on projections, estimates and assumptions. In some cases, these statements can be identified by terms such as "expect," "intend," "plan," "believe," "estimate," "may," "will," "should" and comparable words (including the negative of such words). These forward-looking statements, reflect the current expectations and plans of the directors and management of Den, which may not materialize or may change.

These forward-looking statements are not guarantees of future performance and you are cautioned not to place undue reliance on these statements. Den undertakes no obligation to update any forward-looking statements, whether as a result of new information or any subsequent change, development or event. All forward-looking statements in above are qualified by reference to this paragraph.

1. Cable TV
2. Fixed Line Broadband
3. DEN – Financial Snapshot for Q4 FY 2017-18 & FY 2017-18
4. DEN – Growth Levers for the next level

TV Evolution in India - Digitisation completed



Pre-1990: Doordarshan Era



Post-1990: The Satellite Era



STAR



CNN



- ✓ Start of Terrestrial television in India - Sep'1959
- ✓ Regular daily transmission commenced in 1965.
- ✓ Introduction of National Telecasts in 1982

1959-82

- ✓ Analogue to Digitization – Phase 4 almost over as well
- ✓ > 69 Million Cable Digital Subscribers projected by end of 2019

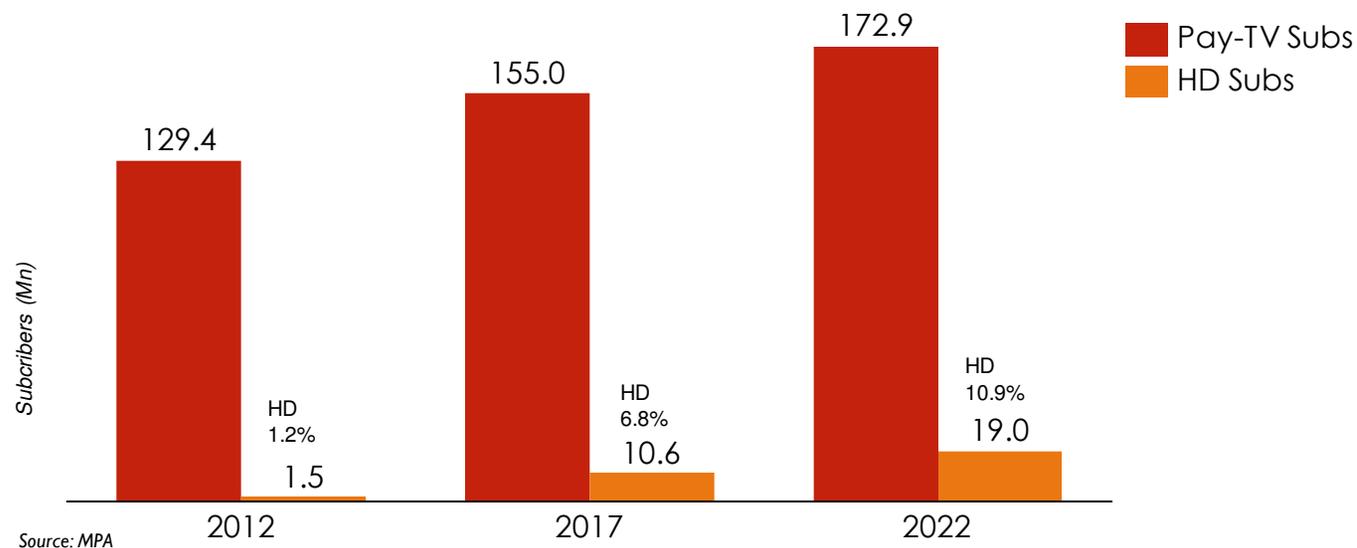
2011-2018

1990-2010

- ✓ Liberalisation of the broadcasting industry, government allowed private and foreign broadcasters to engage in limited operations in India
- ✓ Cable TV introduced in India – Analogue set-up, small scale/ local businesses initially with 20-30 channels on air
- ✓ Emergence of MSO's – DEN starts operations in 2007
- ✓ Boom in number of channels (300+)

Investments in Digitisation over

High Definition Boxes – Additional opportunity for monetisation



- **HD Subscribers are expected to reach ~11% of the total Pay-TV subscribers by Year 2022.**
- **Pricing differential between SD and HD currently stands at ~INR 75-100 p.m. per box.**
- **Cable HD deployment has just started**

Cable Monetisation has just started



- Cable Monetisation has just started – 2 years phenomenon post digitisation
- Positive momentum continues across markets on ARPU's – Phase 3 realisations are moving towards Phase 2 ARPU's , Phase 2 realisations inching up to align with Phase 1 while Phase 1 ARPU's continues to trend upwards.
- ARPU (including GST) at Q4 FY18
 - Phase 1 – Rs. 144
 - Phase 2 – Rs. 113
 - Phase 3 – Rs. 78
 - Phase 4 – Rs. 66

DEN – New initiatives undertaken to suit customer preferences



SD

- Improved compression
- Increase capacity
- VAS – Music, Radio, Games



HD

- Pan India Reach
- Normal HD + Smart HD with Wi Fi Dongle



DEN TV+

OTT - TV on Mobile handsets.



Nano GateWay

Enabling 2nd screen using cable TV signal



Andriod Internet Box

Home Gate way for smart Homes

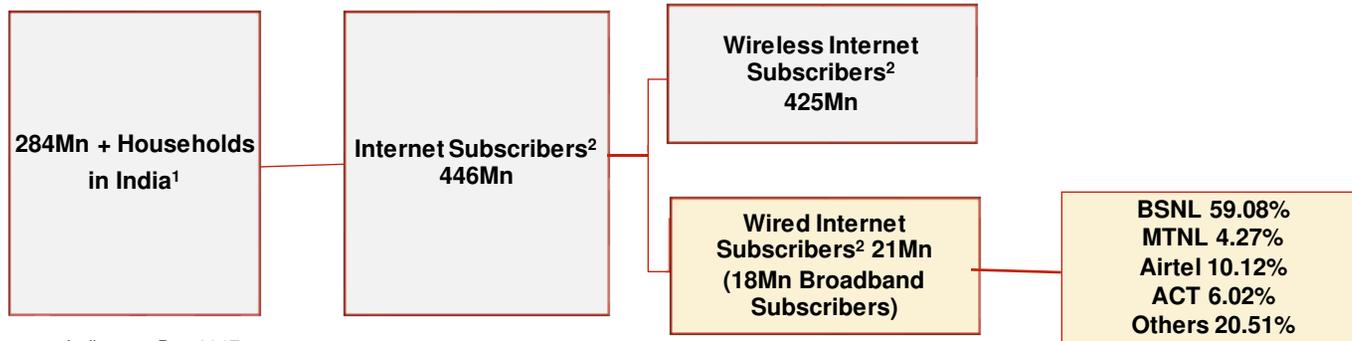


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India Fixed Line Broadband (FLBB) – Opportunity



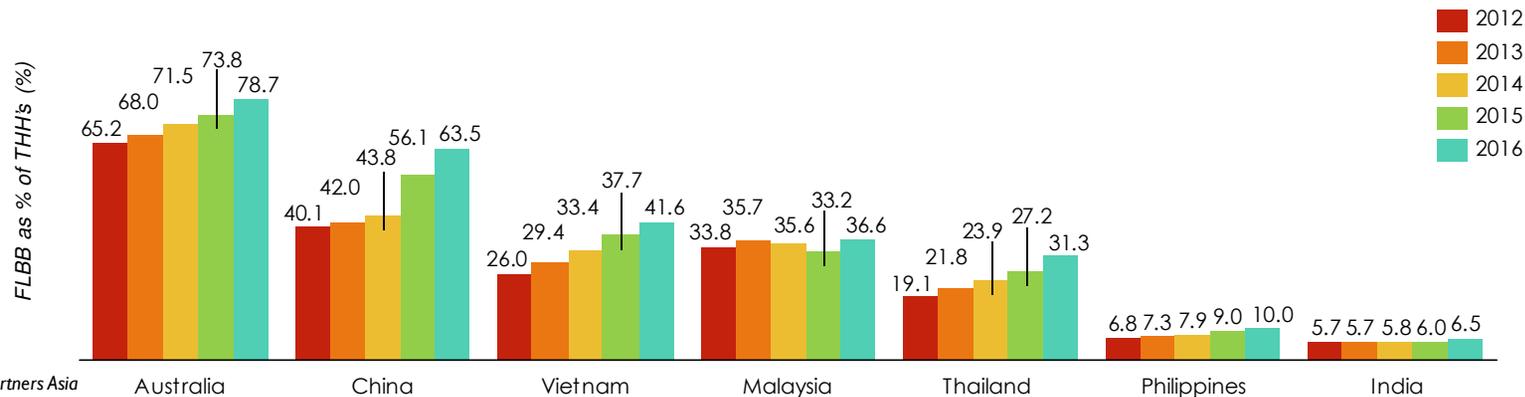
Only 18 Mn Indian households have FLBB connection, against this CATV already has 103.5 Mn HH's connected via existing cable/fibre



¹ Media Partners Asia

² TRAI Quarterly Performance Indicators Dec 2017

India FLBB lowest among peers in APAC, almost static over the years



Source: Media Partners Asia

Source: MPA

- 15X rise y-o-y in internet data traffic in Year 2017 - video content contributed ~65% of total mobile data traffic.
- Feb-18 Global ranking – India ranks 67th for FLBB (avg. speed of ~20 Mbps) and 109th for mobile internet download speed (avg. ~9 Mbps)
- FLBB vs. wireless – depends on the user requirements.
- FLBB high speed+ consumption solutions needed for office and home as the content/applications keep becoming heavier and denser.
- India FLBB penetration is expected to increase to 10.3% by year 2022

India Fixed Line Broadband (FLBB) – Supportive Environment

“Cities in the past were built on riverbanks. They are now built along highways. But in the future, they will be built based on availability of optical fiber networks and next-generation infrastructure.”

Sh. Narendra Modi
Honorable Prime Minister

- Draft Telecom Policy 2018, key goals for Year 2022 :
 - Broadband coverage at 50 Mbps to every citizen
 - Providing 1 Gbps connectivity to all Gram Panchayats of India by 2020 and 10 Gbps connectivity by 2022
 - Enable 100 Mbps broadband on demand to all key development institutions
 - Enable fixed line broadband access to 50 percent of households

- Internet Telephony approved

DEN – Fixed Line Broadband (FLBB) 100 Cities Plan



India FLBB Opportunity

DEN

- Existing own cable universe and tie-ups with LMO's
- Franchisee model leveraging on existing infrastructure (>80% already fibre) and resources – lower capex and operational costs
- Affordable technology – Metro Ethernet and GPON
- Centralized NOC + standardized technical solutions + customer support from DEN
- Prepaid collect model on B2C basis

LMO

- Target existing cable subscriber base
- Optimized capital costs – to be recovered from end-customer
- Lower operational cost – synergies on account of existing resources on the ground
- Profit sharing with DEN
- Additional income opportunity from broadband on top of the existing business model

Asset lite model with synergies from existing set-up = improved returns

Scalable to 100 cities in a year's time

Quality offering at affordable pricing = Unique Value proposition for the customer

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Financial Highlights – Annual FY 2017-18 vs. FY 2016-17



**CATV Billed
subs : 7.4
Mn (Incl. Assoc.
8.4 mn)
+ 3% y-o-y**

**Cable ARPU
increased
+ 19% y-o-y**

**Opex Cost
reduced to
36% of
revenue**

**EBITDA
Rs. 283 Cr.
+55% y-o-y
(Incl. Assoc. FY18
Rs 326 crs)**

**EBITDA
margin
+22% of
revenue**

PAT loss reduced to Rs (-) 17 cr in FY 2017-18 from Rs (-) 183 cr last year

Consolidated P&L – Q4 FY 2017-18 and FY 2017-18



INR Crores	Actuals			Yearly		Growth %		
	4Q'18	3Q'18	4Q'17	FY18	FY17	Q-o-Q (Gr%)	Y-o-Y (Var%)	FY (Gr%)
Subscription- Cable	175	174	157	667	544	1%	12%	22%
Subscription - Broadband	16	17	22	73	81	-4%	-24%	-9%
Placement	83	85	89	345	351	-2%	-6%	-2%
Other Operating Income	18	19	24	82	79	-5%	-27%	4%
Total Income Pre Activation	292	294	291	1,167	1,055	-1%	0%	11%
Activation	24	36	23	119	86	-34%	1%	38%
Total Income Post Activation	316	330	315	1,287	1,142	-4%	0%	13%
Content Costs	142	135	123	540	471	6%	16%	15%
Personnel Costs	23	25	31	106	117	-8%	-25%	-9%
Other Opex	85	82	88	331	333	4%	-3%	0%
Provision for doubtful debts	7	6	14	26	37	11%	-49%	-30%
Total Expenditure	257	248	256	1,003	958	4%	1%	5%
EBITDA Post Activation	59	81	59	283	183	-28%	-1%	55%
EBITDA post activation %	19%	25%	19%	22%	16%			
Treasury Income	6	5	7	25	36	26%	-11%	-31%
Dep & Amort	62	61	73	249	275	2%	-15%	-10%
Exceptional Items	-	-	31	0	31			
Share in (loss)/ profit of associates	(4)	-	4	-1	1			NA
Finance Costs	19	15	9	66	65	30%	118%	2%
Profit Before Tax (PBT)	(21)	10	(42)	(6)	(150)	NA	NA	NA
Provisions for Tax	(11)	8	17	10	33	NA	NA	-69%
PAT	(10)	2	(59)	(17)	(183)	NA	NA	NA
Minority Interest share	1	5	4	17	21	NA	NA	-16%
PAT attributable to Owners	(11)	(3)	(64)	(34)	(203)	NA	NA	NA

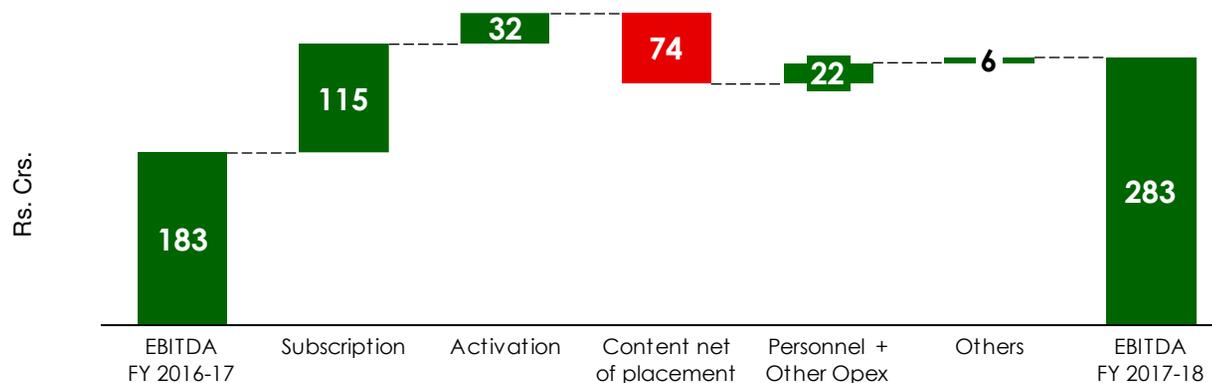
- Content Costs increased by less than 15% but was offset due to concerted efforts on both fronts – improvement of CATV ARPU's and control on other operational costs.
- On the existing Broadband business, the company was still able to reduce the operational loss from Rs 9 cr in FY2016-17 to almost Zero in FY2017-18 driven by cost control measures undertaken by the Management.

* excludes results of Associates ~1 Mn subs with EBITDA of Rs 43 cr in FY 2017-18 (versus Rs 37 cr Last year)

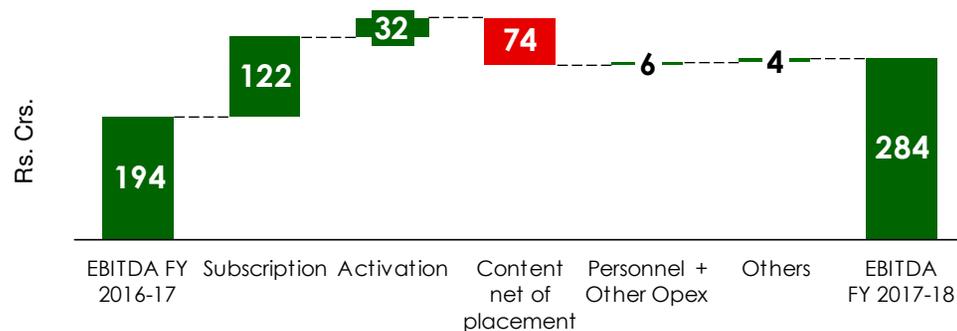


EBITDA Bridge – FY 2017-18

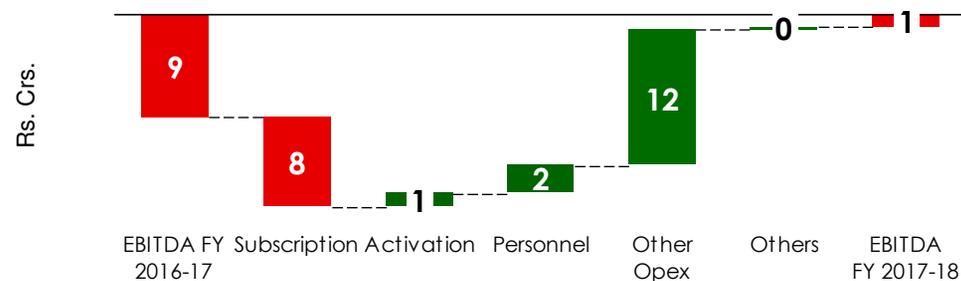
Consolidated EBITDA Bridge FY 2017-18



Cable EBITDA Bridge FY 2017-18



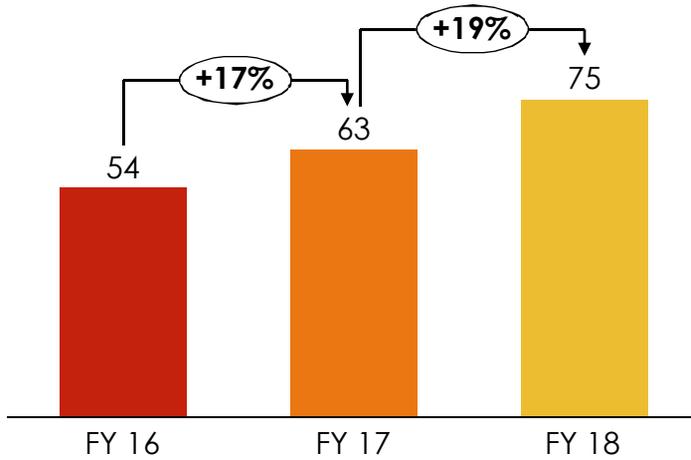
Broadband EBITDA Bridge FY 2017-18



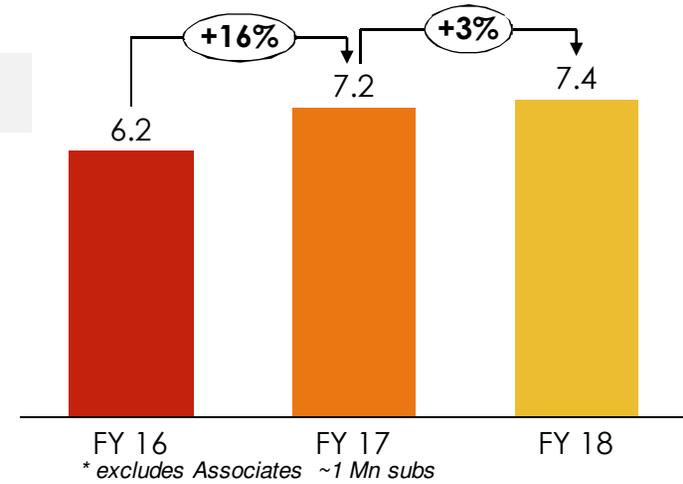
Cable KPIs : Annual



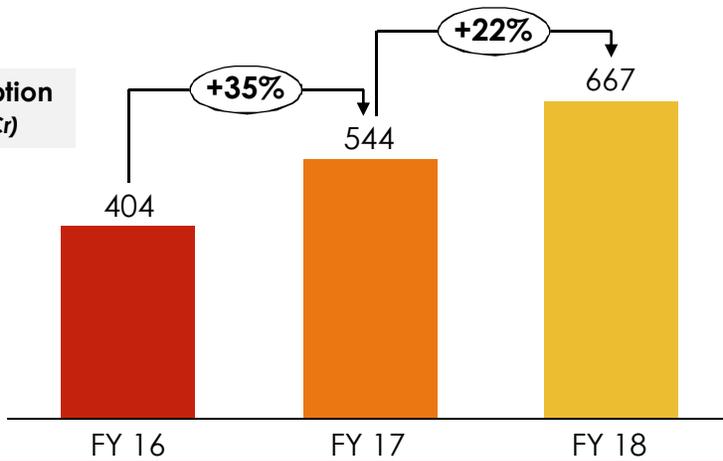
ARPU
Rs.



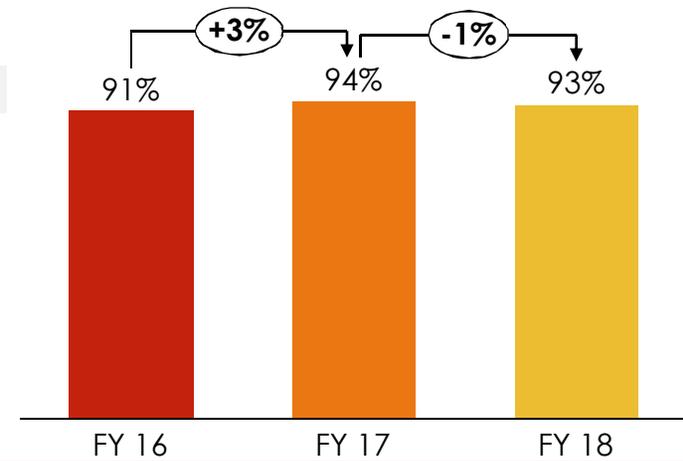
Subscribers
(in mn)*



Subscription
Rev. (in Cr)



Efficiency



Cable ARPU (Incl. tax- Ind. AS) & Subscribers Development

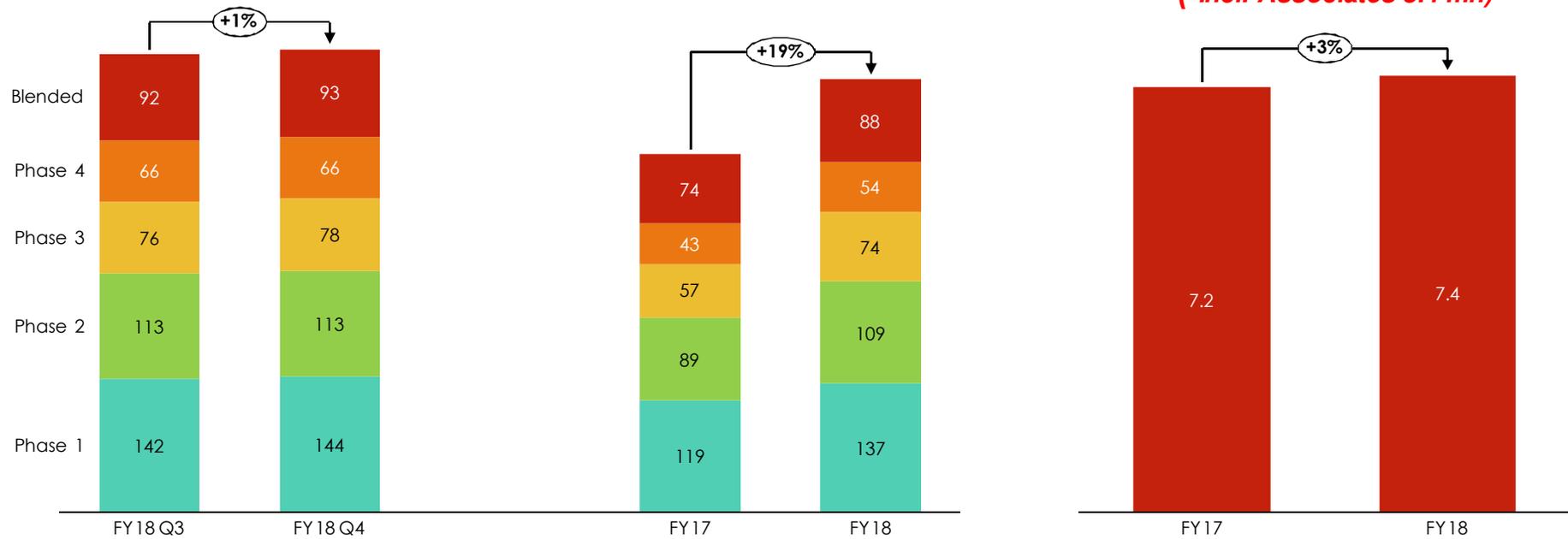


Subscription Revenue up 22% in FY18 vs FY17

ARPU (INR)

Billed Subscribers* (mn)

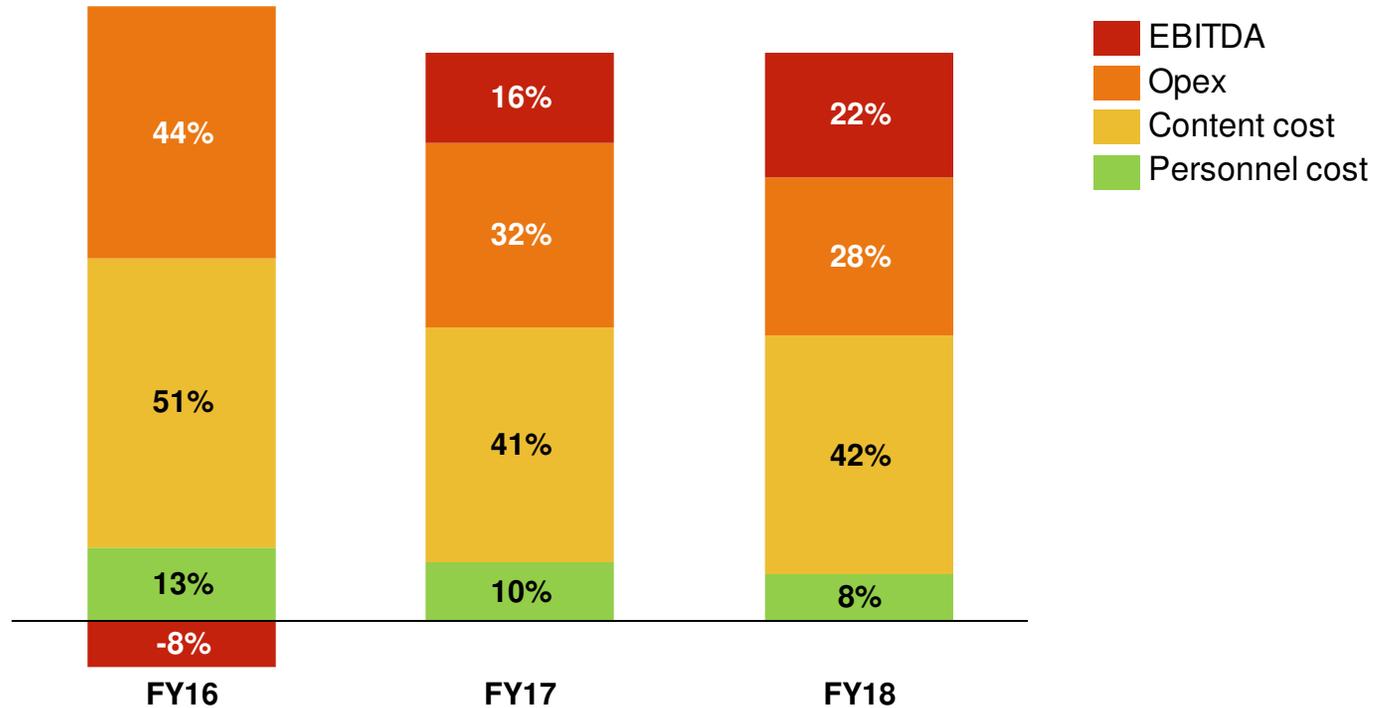
(*Incl. Associates 8.4 mn)



FY18 phase wise EBITDA (Pre- activation) :

- Phase 1 & 2 at Rs ~50 / box @ 27% to Revenue Vs 24% in FY17
- Phase 3 EBITDA at Rs 4 / box @ 4% to Revenue Vs (-)8 % in FY17

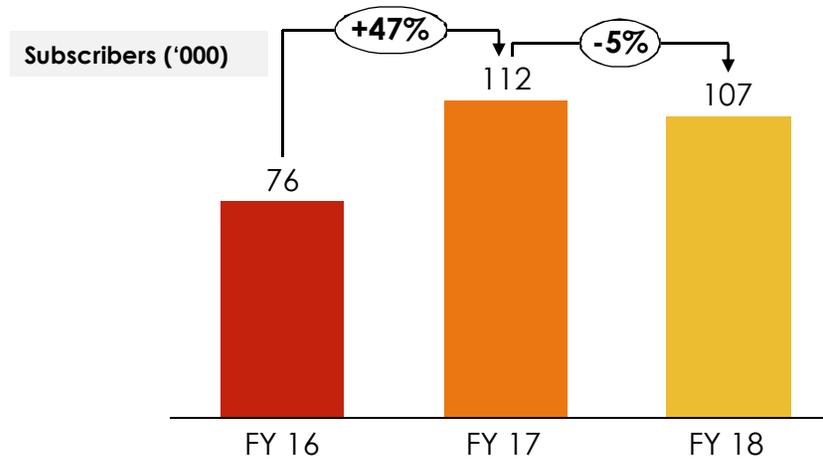
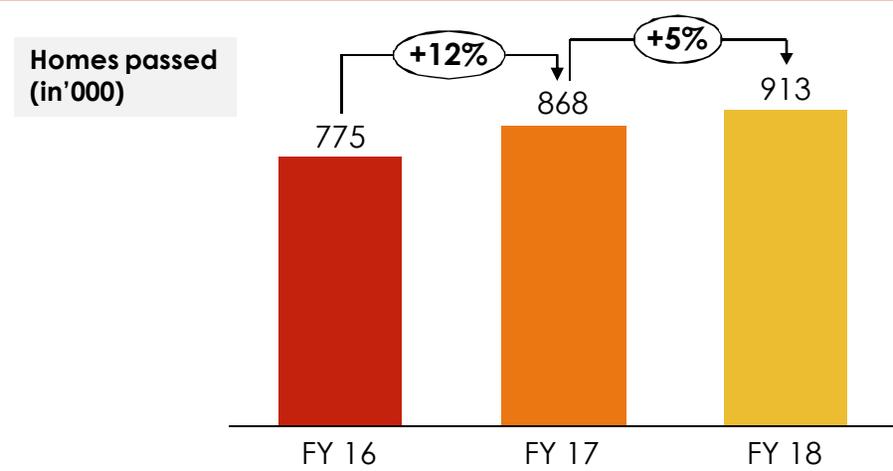
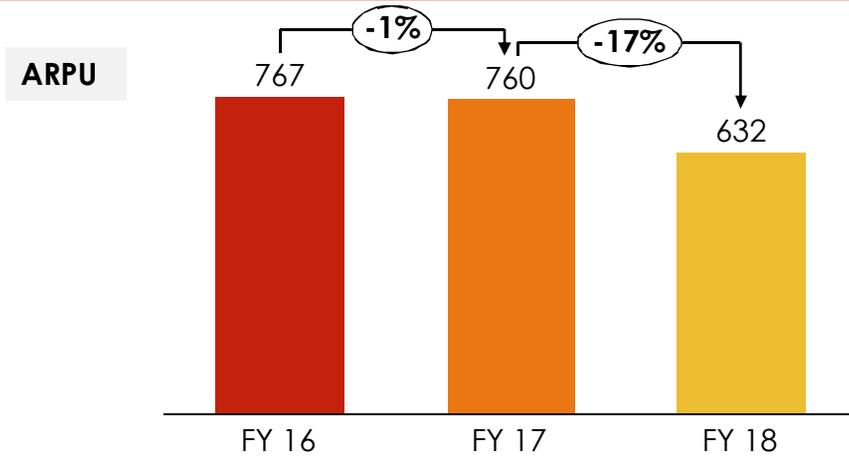
Consolidated Costs and EBITDA trend - as % of Revenue



Concerted efforts over the last 2 years helped in reducing the overall Personnel and other opex costs

* DEN Consolidated numbers

Broadband KPI's – FY 2017-18



Abridged Balance Sheet



	Ind. AS		
	Mar'18	Dec'17	Mar'17
Share Capital	195	195	194
Reserves & Surplus	590	604	620
Networth	786	799	813
Minority Interest	103	106	90
Short & Long Term Debt	541	499	522
Deferred Revenue	472	471	508
Trade Payables	345	376	330
Other Liabilities	110	150	144
Total Equity & Liabilities	2,357	2,401	2,407
Fixed Assets, Net	1,021	1,052	1,136
Capital work-in-progress	50	56	45
Goodwill on consolidation	165	163	162
Fixed Assets	1,236	1,271	1,344
Non - Current Investment	74	78	74
Trade receivables	302	337	235
Cash and Cash Equivalents*	384	358	353
Other Assets	361	356	401
Total Assets	2,357	2,401	2,407

Gearing Ratio (Net)

Net Debt to EBITDA

Subscription Sales O/s (Days)

	Mar'18	Mar'17
Gearing Ratio (Net)	0.18	0.19
Net Debt to EBITDA	0.6	0.9
Subscription Sales O/s (Days)	73	70

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DEN – Strong Foundation in place already



> Decade CATV experience

Experienced Management Team

Operations in 13 States

8.4 million CATV active subs ; >11 million subs universe

LMO > 15000

Content tie-up with major broadcasters

Capex completed – Fibre >80%, no more subsidies on STB's/CPE's

Best in class technology, Centralized NOC, CAS & SMS

New Product offerings – OTT + HD + 4K

> 4 years of FLBB experience

On-site caching systems installed, tie-up with major OTT/Social-media players to enhance customer experience

Healthy Balance Sheet – Net Debt/EBITDA = 0.55

Growth levers for the next level



Favourable outcome of Tariff order could be a potential game changer

DEN NEXT

**Focus on improving CATV collections
+ Monetisation of Phase 3 and 4 markets
[~50% of DEN's existing subscribers are in these markets]**

**HD opportunity –
increasing penetration
and subscription**

**Fixed Line Broadband (FLBB) –
100 Cities plan**

Strong Foundation in place already



*DEN - “India’s Most
Attractive Cable TV Brand
– 2017”*

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