



Den Networks Ltd.

# 3Q'16 Results – Investor Presentation

3<sup>rd</sup> February 2016



# Safe Harbour

This 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. Many risks, uncertainties and other factors, some of which are unpredictable and beyond Den’s control, could affect the matters discussed in these forward-looking statements. These factors include, without limitation, economic and business conditions globally and in the countries where we operate, Den’s ability to predict and respond quickly to market developments, consumer demand, pricing trends and competition; changes in applicable laws and regulations (including applicable tax and tariff rates). Any variance from the expectations or plans on which these forward-looking statements are based could cause Den’s actual results or actions to differ materially from those expressed or implied in these statements. 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 in this presentation, whether as a result of new information or any subsequent change, development or event. All forward-looking statements in this presentation are qualified by reference to this paragraph.

# 3Q'16 Highlights

## Cable

- ✓ Cable Revenue, including Activation, grows 25% Q-o-Q ; Subscription Revenue grows 3% Q-o-Q
- ✓ Cable EBITDA Post Activation Rs 92 crores; Pre Activation Rs 6 crores.
- ✓ Deployed ~1 million STBs in 3Q at an avg. rate of approx. Rs 900; DAS 3 digital subscribers ~3.5 million.
- ✓ Cable Net Income of Rs 7 crs in 3Q FY16 vs Net Loss of Rs 37 Crs in 2Q FY16.

## Broadband

- ✓ Added ~20k Subscribers in 3Q; total subscriber base reaches 76k
- ✓ Added ~100k Homes Passed in 3Q; total HPs reach approx 700k

## TV Shop

- ✓ Monthly GMV run rate of INR 20 Cr
- ✓ Distribution of 52Mn

## Unveiling the new Brand Identity



# Group KPIs



3Q'16 Additions

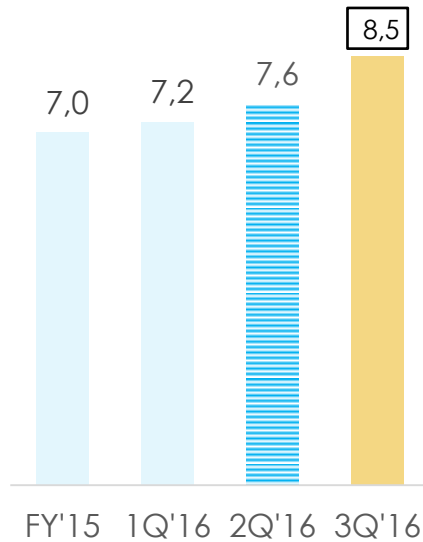
**+945k**

**+4%**

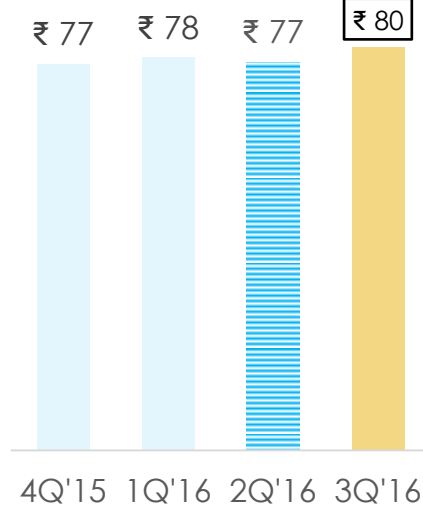
**+0.10Mn**

**+20k**

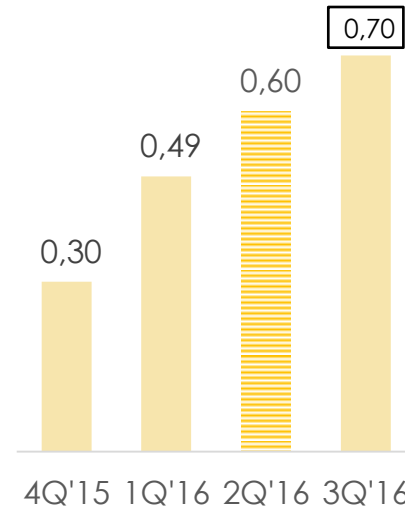
Cable Digital Subscribers (Mn)



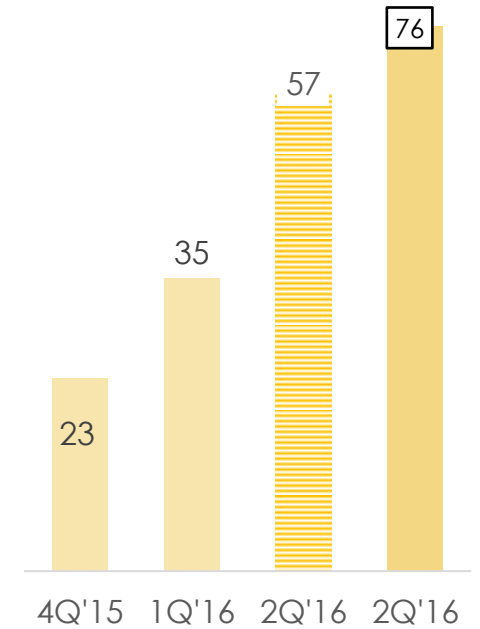
Cable DAS ARPU Per STB (Net of LCO, Net of Taxes)



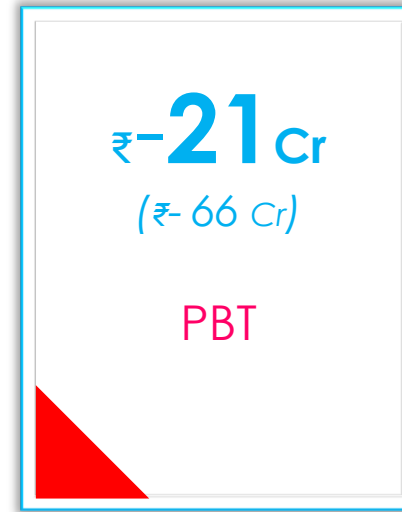
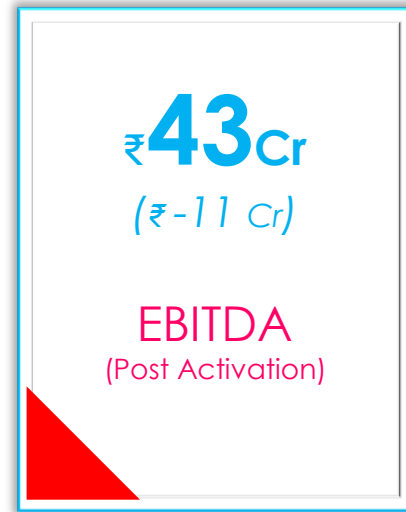
Broadband Homes Passed (Mn)



Broadband Subscribers ('000)



# Group 3Q'16 Financial Highlights



Numbers in Brackets represent 2Q'16

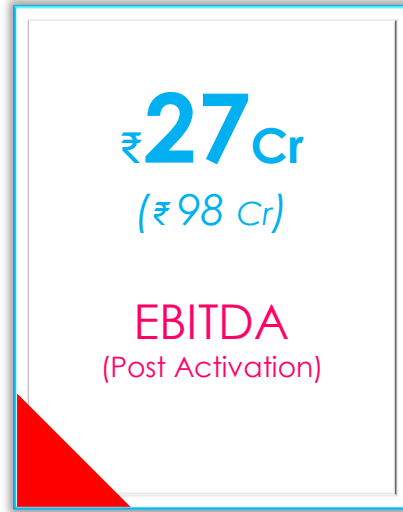
# Group 3Q'16 Segment View



INR Crore

		Cable	Broadband	Soccer	TV Commerce	Distribution	Consolidated
Revenues (Post Activation)	3Q'16	322	12	13.8	4.4	0.0	352
	2Q'16	259	8	-	3.3	1.3	271
	3Q'15	257	2	8.1	0.6	1.3	269
EBITDA (Post Activation)	3Q'16	92	(16)	(26)	(7)	(0.2)	43
	2Q'16	22	(20)	(9)	(4)	(0.4)	(11)
	3Q'15	49	(11)	(35)	(2)	(0.6)	0
EBITDA (Pre Activation)	3Q'16	6	(16)	(26)	(7)	(0.2)	(43)
	2Q'16	(5)	(21)	(9)	(4)	(0.4)	(39)
	3Q'15	34	(11)	(35)	(2)	(0.6)	(15)
PBT	3Q'16	34	(20)	(28)	(7)	(0.2)	(21)
	2Q'16	(28)	(24)	(10)	(4)	(0.1)	(66)
	3Q'15	4	(13)	(36)	(2)	(0.2)	(47)
PAT	3Q'16	7	(20)	(28)	(7)	(0.2)	(48)
	2Q'16	(37)	(24)	(10)	(4)	(0.1)	(75)
	3Q'15	(12)	(13)	(36)	(2)	0.1	(63)

# Group 9M'16 Financial Highlights



Numbers in Brackets represent 9M'15 other than Net Debt ; Net Debt as on 30 Sep'15

\*Includes 264 Cr under lien for credit facilities

\*\* Revenues and Opex Adjusted for LCO Share of INR 63 Cr in 9M'15

# Group 9M'16 Segment View



INR Crore

		Cable	Broadband	Soccer	TV Commerce	Distribution	Consolidated
Revenues (Post Activation)	9M'16	837	25	15	9	2.7	889
	*9M'15	765	5	8	1	17.8	797
EBITDA (Post Activation)	9M'16	132	(54)	(35)	(15)	(0.8)	27
	*9M'15	173	(30)	(44)	(2)	1.3	98
EBITDA (Pre Activation)	9M'16	3	(54)	(35)	(15)	(0.8)	(101)
	*9M'15	121	(30)	(44)	(2)	1	47
PBT	9M'16	(15)	(64)	(39)	(16)	(0.1)	(134)
	*9M'15	36	(33)	(45)	(2)	2.6	(41)
PAT	9M'16	(56)	(64)	(39)	(16)	(0.1)	(176)
	*9M'15	(5)	(33)	(45)	(2)	2.4	(82)

\* Revenues in FY 15 adusted



# Consolidated Income Statement

INR Crore

	Actual			Actuals		Y-o-Y	Q-o-Q Change	9M'16
	3Q'16	2Q'16	3Q'15	9M'16	9M'15			
<b>Revenues</b>	<b>352</b>	<b>271</b>	<b>269</b>	<b>889</b>	<b>797**</b>	<b>31%</b>	<b>30%</b>	<b>12%</b>
Content Costs	132	137	110	405	325	20%	-4%	24%
Personnel Costs	31	35	26	100	81	18%	-11%	24%
Other Opex	137	102	120	329	249**	14%	35%	32%
Provision for doubtful debts	9	9	13	27	44	-24%	7%	-37%
<b>EBITDA</b>	<b>43</b>	<b>(11)</b>	<b>0</b>	<b>27</b>	<b>98</b>	<b>NM</b>	<b>-484%</b>	<b>-72%</b>
EBITDA %	12%	-4%	0%	3%	12%			
Treasury Income	12	19	24	57	65	-51%	-37%	-12%
Dep & Amort	56	52	48	159	139	16%	7%	15%
Finance Costs	20	21	23	59	66	-16%	-7%	-10%
<b>Profit Before Tax (PBT)</b>	<b>(21)</b>	<b>(66)</b>	<b>(47)</b>	<b>(134)</b>	<b>(41)</b>	<b>-56%</b>	<b>-68%</b>	<b>226%</b>
Provisions for Tax	12	5	8	21	19	52%	141%	9%
Minority Interest	15	4	7	21	21	115%	308%	-3%
<b>Net Income</b>	<b>(48)</b>	<b>(75)</b>	<b>(63)</b>	<b>(176)</b>	<b>(82)</b>	<b>-23%</b>	<b>-36%</b>	<b>114%</b>

\*\* Revenues and Opex Adjusted for LCO Share of INR 63 Cr in 9M'15

# Consolidated Balance Sheet

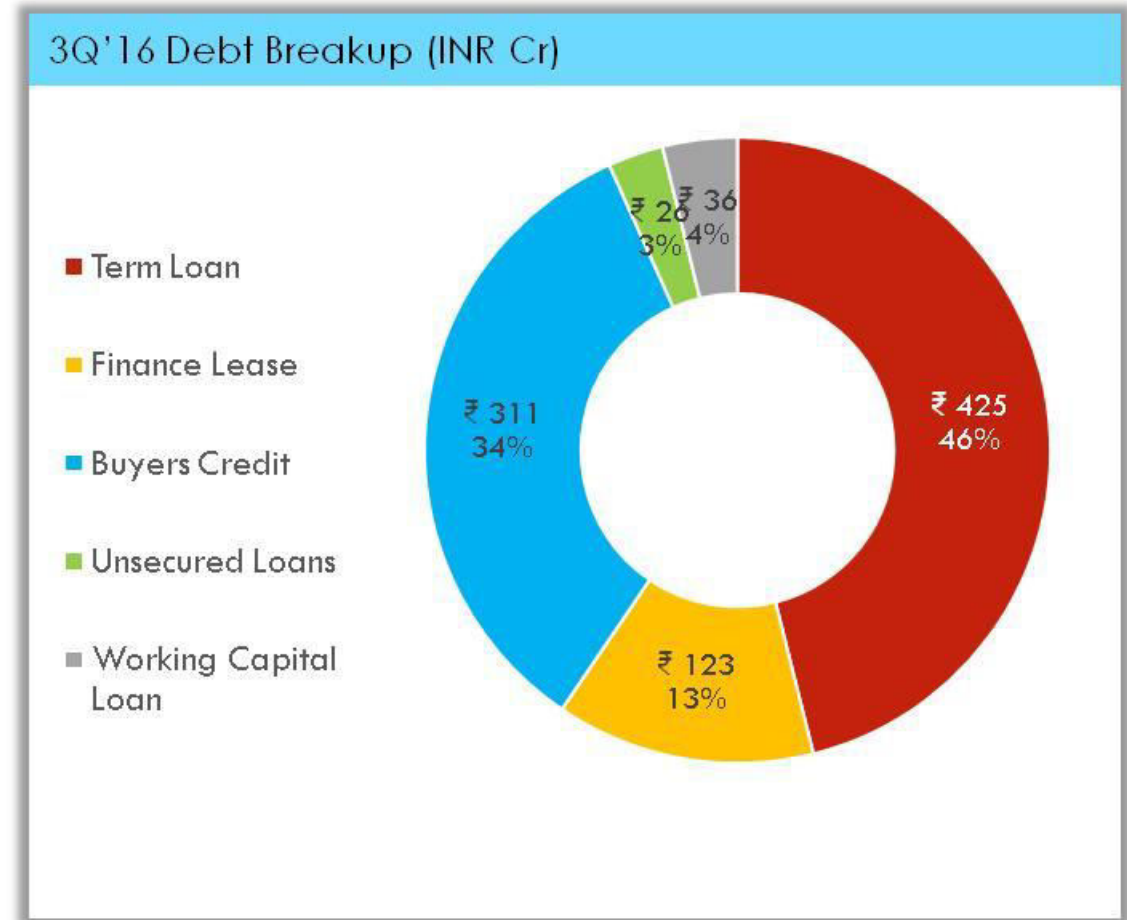
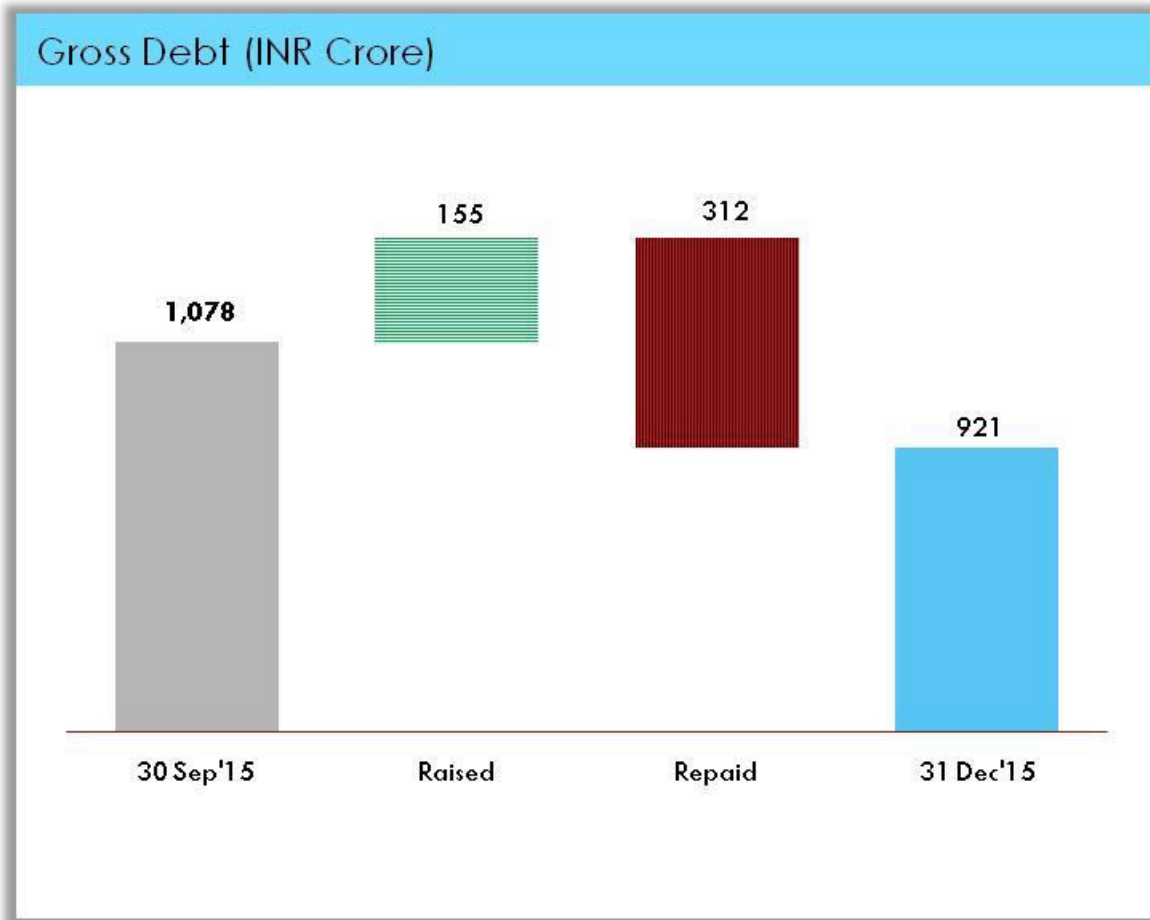
INR Crore

	Dec'15	Sep'15	Mar'15
Share Capital	178	178	178
Reserves & Surplus	1,354	1,403	1,532
Pref. Capital	3	3	3
Minority Interest	183	168	165
<b>Networth</b>	<b>1,718</b>	<b>1,751</b>	<b>1,877</b>
Short & Long Term Debt	930	1,127	1,043
Trade Payables	402	363	277
Other Liabilities	241	182	165
<b>Total Equity &amp; Liabilities</b>	<b>3,291</b>	<b>3,423</b>	<b>3,362</b>
Fixed Assets, Net	1,270	1,175	1,126
Capital work-in-progress	109	97	110
Goodwill on consolidation	301	301	299
<b>Fixed Assets</b>	<b>1,679</b>	<b>1,574</b>	<b>1,535</b>
Trade receivables	463	479	398
Cash and Cash Equivalents	605*	892	984
Other Assets	544	479	445
<b>Total Assets</b>	<b>3,291</b>	<b>3,423</b>	<b>3,362</b>

\*Includes 264 Cr under lien for credit facilities

Regrouped for Presentation Purposes

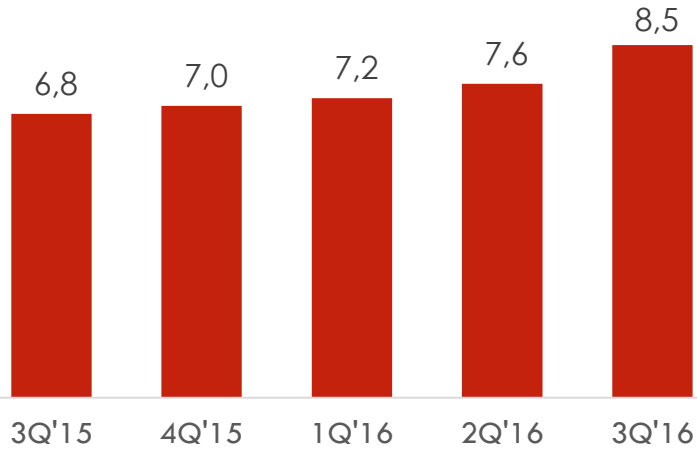
# Consolidated Debt Position (Excluding Book Overdraft)



# Cable Subscribers – 13M



Total Digital Subscribers (Million)

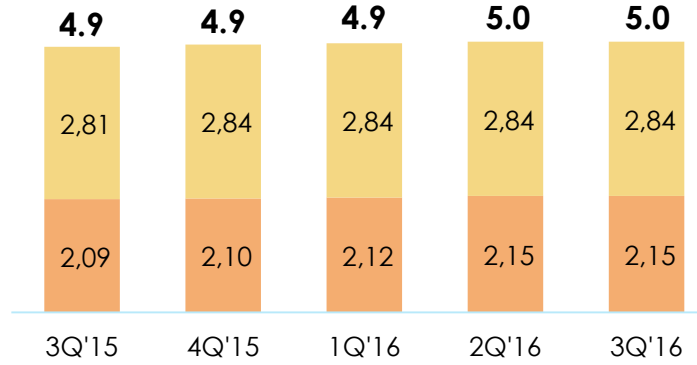


Digital Subscribers % in Total Subscriber Base



DAS 1 and 2 Markets (Million STBs)

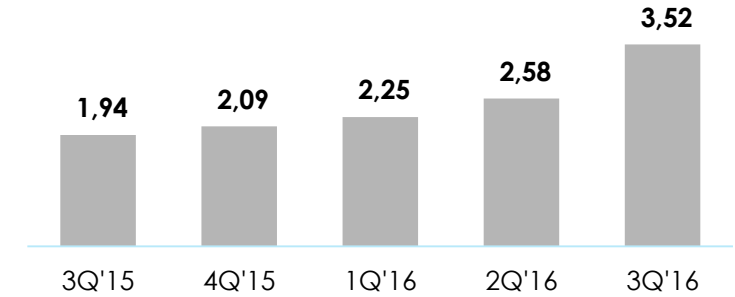
Phase 1 Phase 2



DEN Market Share\* in DAS 1 & 2 Markets



DAS 3 Markets - Analog (Million STBs)



✓ Phase 3 was implemented Dec 2015 as per planned schedule. However some High-Courts have granted 8 to 10 weeks stay for which the MIB is considering moving the Supreme Court\*.

\*Source: WWW.Indiantelevision.com

# Cable Income Statement



	Actual			Actual		Y-o-Y	Q-o-Q	9M'16
	3Q'16	2Q'16	3Q'15	9M'16	9M'15			
Subscription (Net of LCO Share)	119	115	116	352	346**	3%	3%	2%
Placement	111	111	116	340	350	-4%	0%	-3%
Other Operating Income	6	6	10	17	19	-38%	10%	-11%
<b>Revenues Pre Activation</b>	<b>236</b>	<b>231</b>	<b>242</b>	<b>709</b>	<b>714</b>	<b>-2%</b>	<b>2%</b>	<b>-1%</b>
Activation Revenues	86	27	15	128	51	475%	217%	150%
<b>Revenues (Post Activation)</b>	<b>322</b>	<b>259</b>	<b>257</b>	<b>837</b>	<b>765</b>	<b>25%</b>	<b>25%</b>	<b>9%</b>
Content Costs	131	136	110	403	325	20%	-4%	24%
Personnel Costs	25	26	22	77	63	13%	-6%	22%
Other Opex	65	65	63	198	167**	3%	1%	19%
Provision for doubtful debts	9	9	13	27	38	-24%	8%	-27%
<b>EBITDA (Post Activation)</b>	<b>92</b>	<b>22</b>	<b>49</b>	<b>132</b>	<b>173</b>	<b>86%</b>	<b>309%</b>	<b>-24%</b>
EBITDA %	28.4%	8.7%	19.2%	15.7%	22.6%			
<b>EBITDA (Pre Activation)</b>	<b>6</b>	<b>(5)</b>	<b>34</b>	<b>3</b>	<b>121</b>	<b>-83%</b>	<b>-220%</b>	<b>-97%</b>
EBITDA %	2.4%	-2.0%	14.2%	0.5%	17.0%			
Treasury Income	12	18	23	56	64	-50%	-36%	-11%
Dep & Amort	52	50	47	150	137	10%	5%	9%
Finance Costs	17	19	22	53	64	-21%	-11%	-17%
<b>Profit Before Tax</b>	<b>34</b>	<b>(28)</b>	<b>4</b>	<b>(15)</b>	<b>36</b>	<b>829%</b>	<b>-220%</b>	<b>-141%</b>
Provisions for Tax	12	5	9	21	19	46%	141%	9%
Minority Interest	15	4	7	21	21	115%	308%	-4%
<b>Net Income</b>	<b>7</b>	<b>(37)</b>	<b>(12)</b>	<b>(56)</b>	<b>(5)</b>	<b>-157%</b>	<b>-118%</b>	<b>1043%</b>

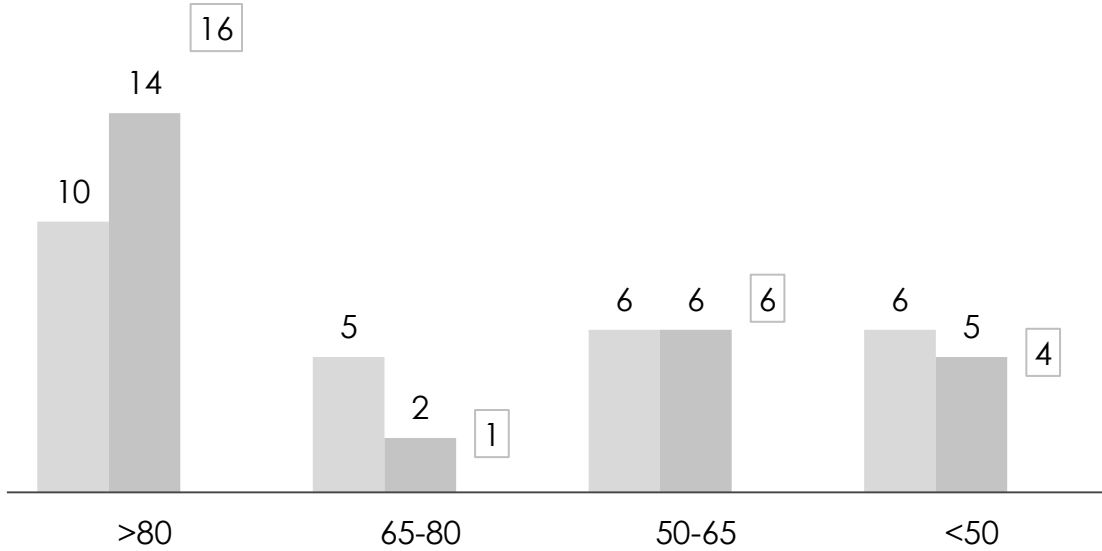
\*\* Revenues and expenses Adjusted for LCO Share

# Billing, *Net of Taxes*, Across DAS Markets

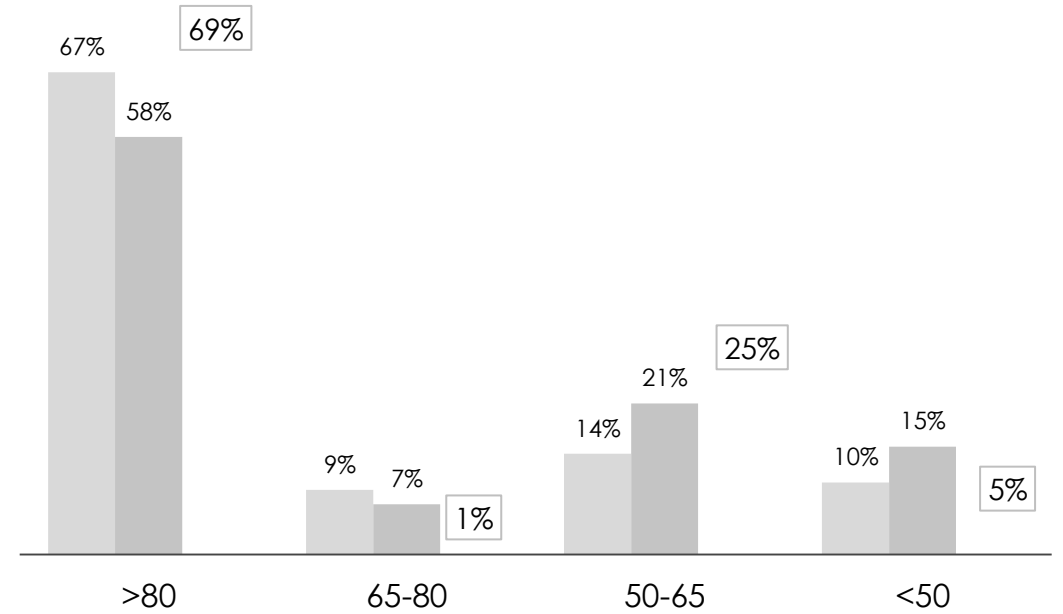


Number of Cities with Billing, *Net of Taxes*, Range

■ 3Q'15 ■ 2Q'16 ■ 3Q'16

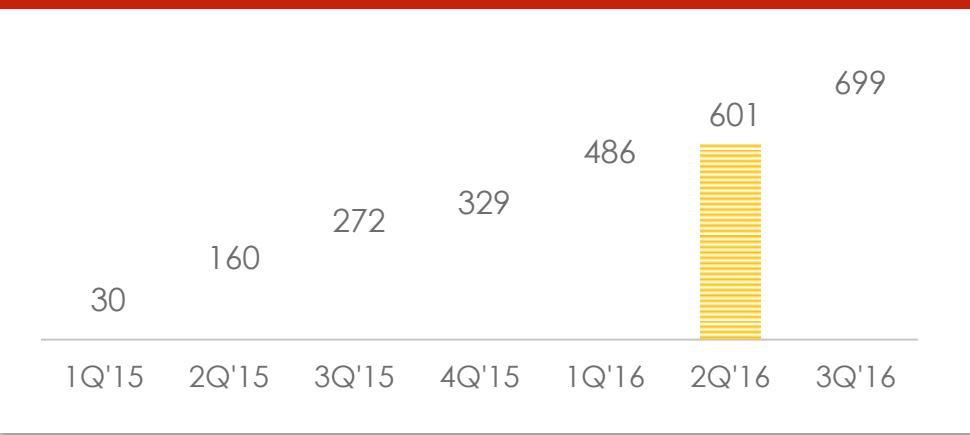


% of Paying DAS Subscribers with Billing, *Net of Taxes*, Range

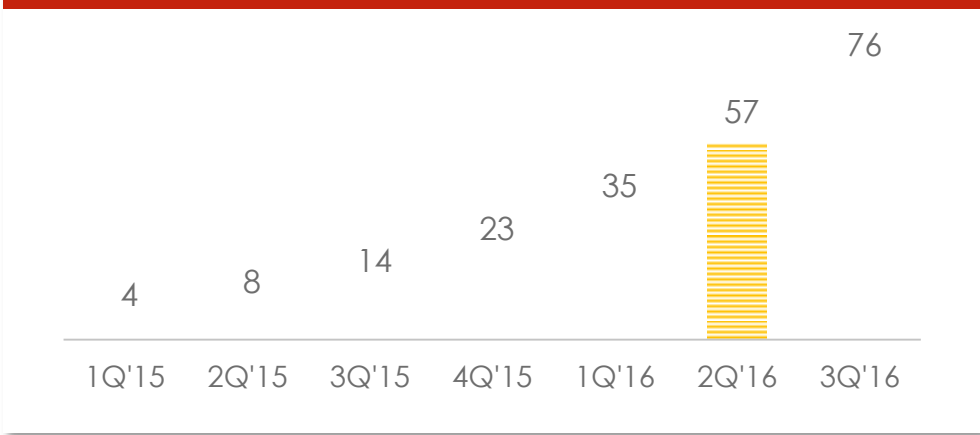


# Broadband Highlights

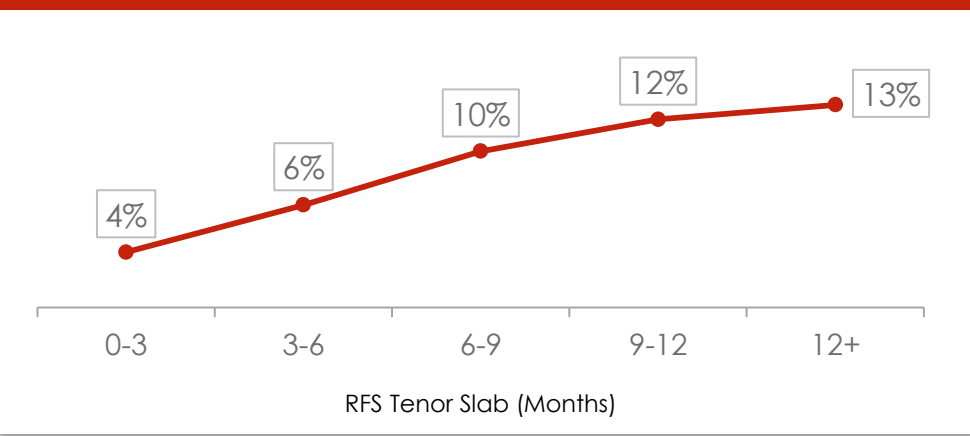
Homes Passed ('000)



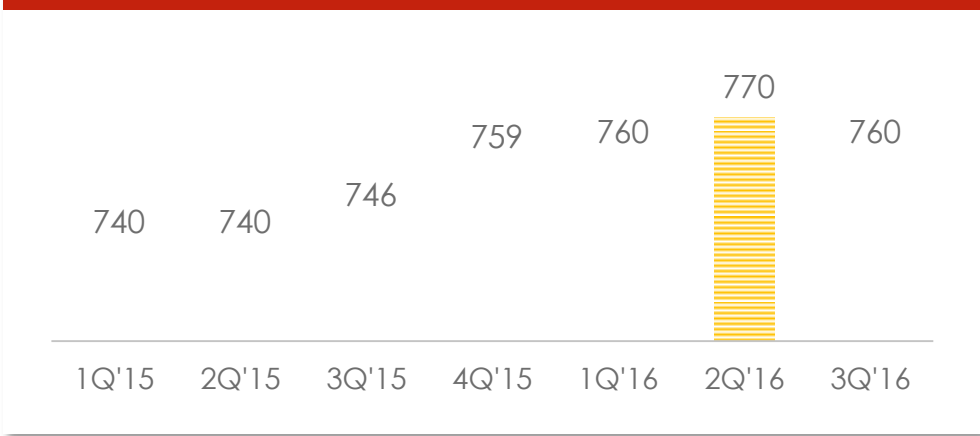
Subscribers ('000)



Cohort Analysis



ARPU INR



# Broadband Income Statement

	INR Crore							
	Actuals			Actuals		Change		
	3Q'16	2Q'16	3Q'15	9M'16	9M'15	Y-o-Y	Q-o-Q	9M'16
Subscription	12	8	2	25	5	438%	46%	437%
Other Operating Income	0	0	0	0	0	34%	-8%	48%
<b>Revenues (Pre Activation)</b>	<b>12</b>	<b>8</b>	<b>2</b>	<b>25</b>	<b>5</b>	<b>438%</b>	<b>45%</b>	<b>436%</b>
Activation	0	0		1	0	0%	30%	956%
<b>Revenues (Post Activation)</b>	<b>12</b>	<b>8</b>	<b>2</b>	<b>25</b>	<b>5</b>	<b>450%</b>	<b>45%</b>	<b>443%</b>
Personnel Costs	5	8	3	20	10	78%	-29%	101%
Other Opex	22	21	11	59	25	109%	6%	138%
<b>EBITDA (Post Activation)</b>	<b>(16)</b>	<b>(20)</b>	<b>(11)</b>	<b>(54)</b>	<b>(30)</b>	<b>36%</b>	<b>-23%</b>	<b>79%</b>
EBITDA %	-130%	-247%	-526%	-211%	-642%			
<b>EBITDA (Pre Activation)</b>	<b>(16)</b>	<b>(21)</b>	<b>(11)</b>	<b>(54)</b>	<b>(30)</b>	<b>101%</b>	<b>-23%</b>	<b>80%</b>
EBITDA %	-136%	-256%	-526%	-220%	-652%			
Dep & Amort	3.9	2.7	0.94	8.60	1.6	316%	45%	450%
Finance Costs	0.7	0.7	0.61	2.14	1.1	14%	0%	99%
<b>Profit Before Tax (PBT)</b>	<b>(20)</b>	<b>(24)</b>	<b>(13)</b>	<b>(64)</b>	<b>(33)</b>	<b>56%</b>	<b>-15%</b>	<b>97%</b>
Taxes	-	-		-		0%	0%	0%
<b>Profit After Tax (PAT)</b>	<b>(20)</b>	<b>(24)</b>	<b>(13)</b>	<b>(64)</b>	<b>(33)</b>	<b>56%</b>	<b>-15%</b>	<b>97%</b>



# TV Commerce Key Takeaways

₹240Cr

**Annualised GMV**  
on Current Rate

52 Mn

**Reach**  
(Million Homes)

3,224

**Average Daily Transactions**

38%

**Conversion Ratio of Calls Received**

30%

**Repeat Customers**

# Soccer Key Takeaways



❑ **Top 4 Finish:** Second team to qualify for Semi Finals; Finished fourth in the League stage

❑ **No.3 Club** as per Social Media influence amongst the 8 clubs



650 K FANS  
55% GROWTH



45 K  
FOLLOWERS  
48% GROWTH



17 K  
FOLLOWERS  
373% GROWTH

❑ **Growing League Popularity:**

- In-Stadia attendance improved by 50 % over Season 1
- 6 Metro ISL reach is 85% of IPL reach
- All India ISL reach is 95% of IPL reach in season2 itself
- 85K Twitter mentioned which was higher than any other league



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