



# DEN Networks Limited

## Investor Update

Q4'19 and FY18-19

16<sup>th</sup> April'19



## Disclaimer

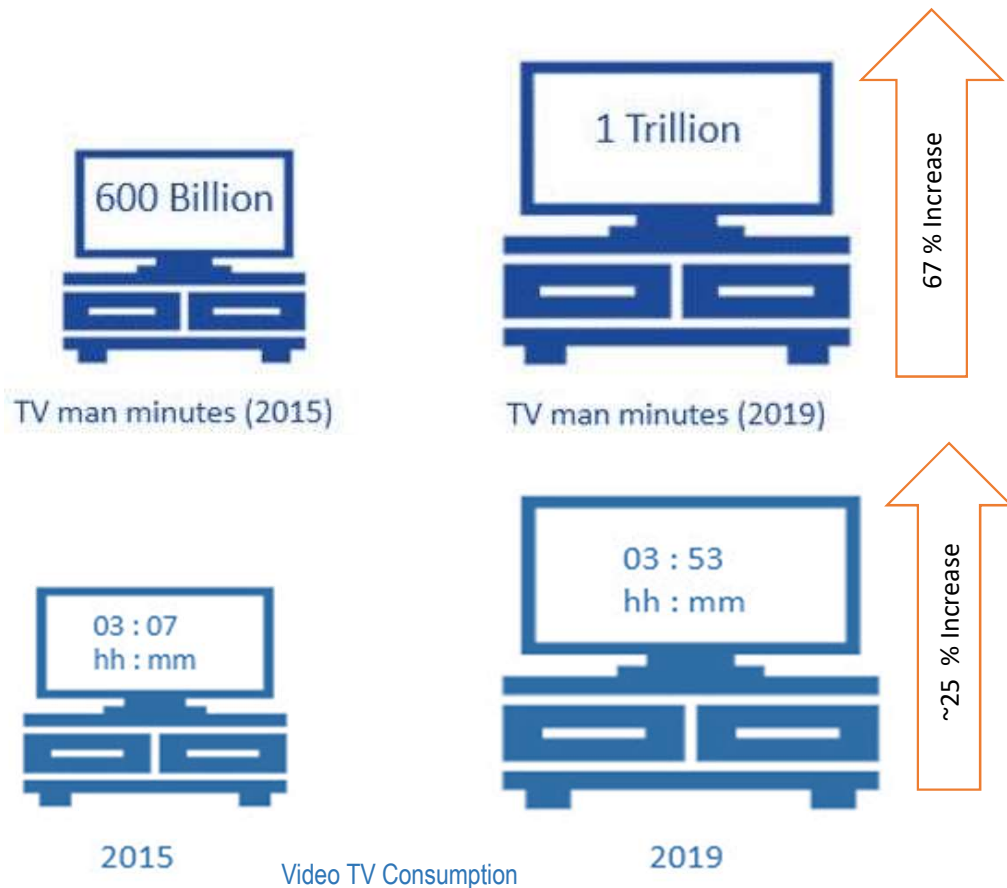


*The information in the presentation may contain “forward-looking statements” which are statements that refer to expectations and plans for the future and include, without limitation, statements regarding DEN’s future results of operations, financial condition or business prospects as well as other statements 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 - Industry Update
2. DEN – Financial Snapshot for Q4'19 and FY18-19
3. Fixed Line Broadband and consolidated financials
4. Key Developments during the quarter

# Linear television consumption growth



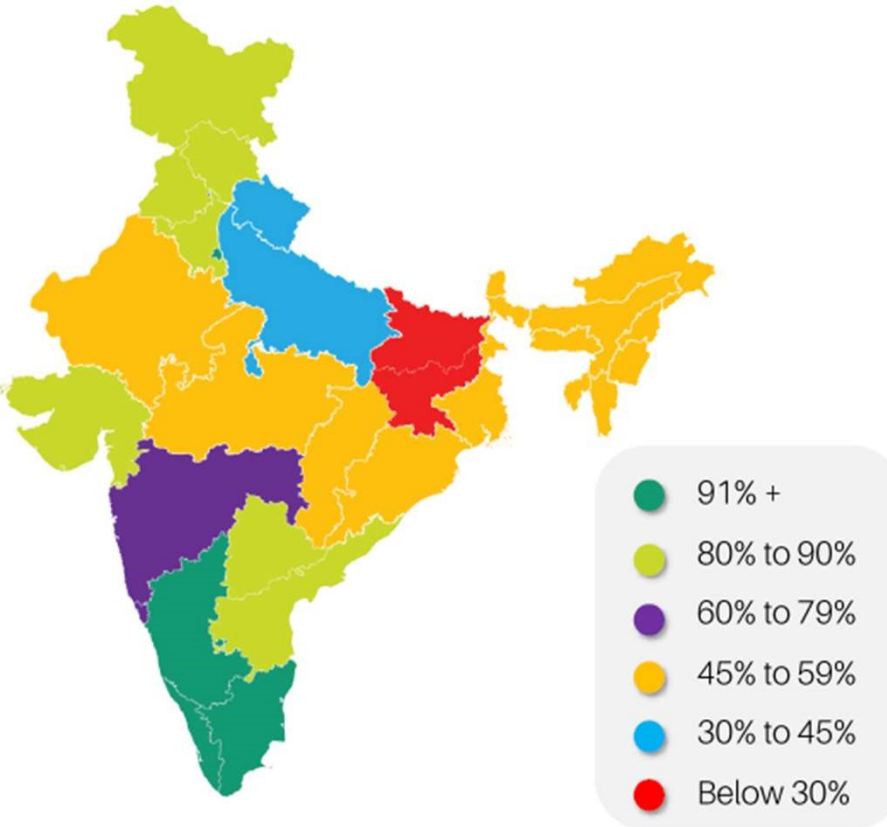
- Growth of Linear television by 67% from 600 billion in 2015 to 1 Trillion man minutes in 2019.
- TV is the biggest medium with daily-tune ins of 613 million.
- The video consumption on TV has increased to 3 hours 53 minutes in 2019 from 3 hours 7 minutes in 2015. Indians are spending 45 more time watching TV.
- Consumption of Regional content has witnessed exponential growth. Bengali (144%) and Bhojpuri (139%) being the highest growth contributors followed by Odia (100%), Gujarati (92%), Marathi (75%), and Kannada (58%).

BARC (Television post)

# TV penetration on the rise



2016



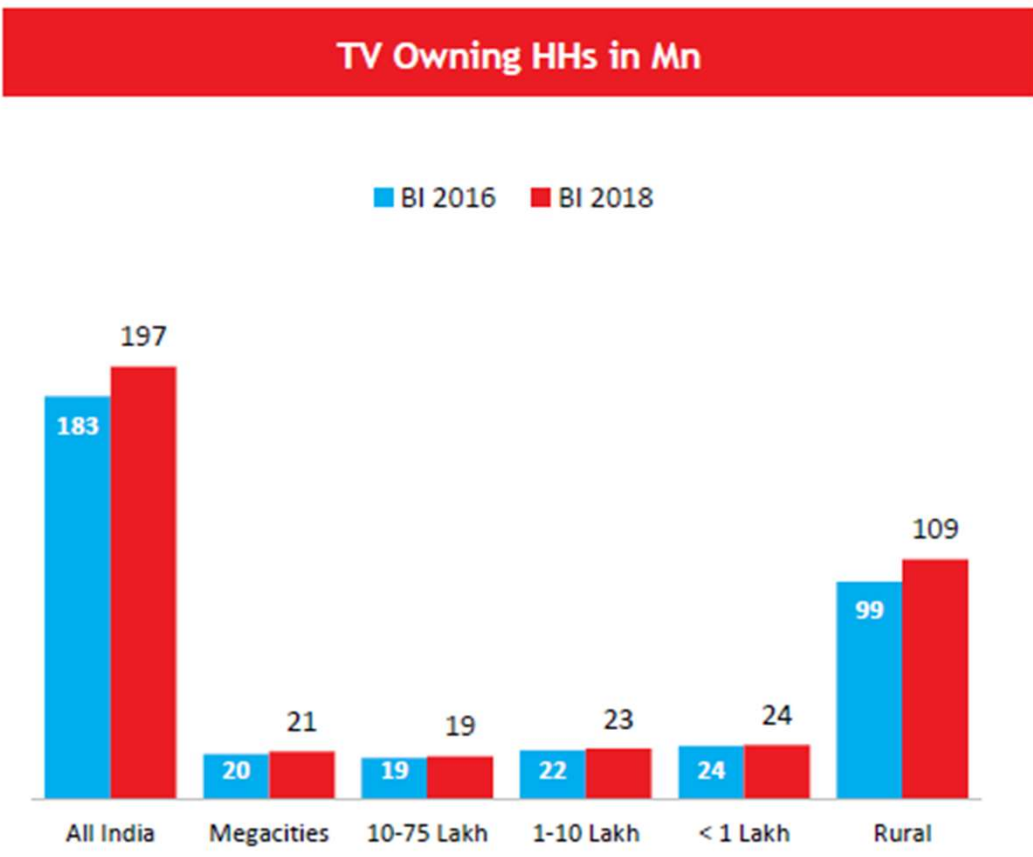
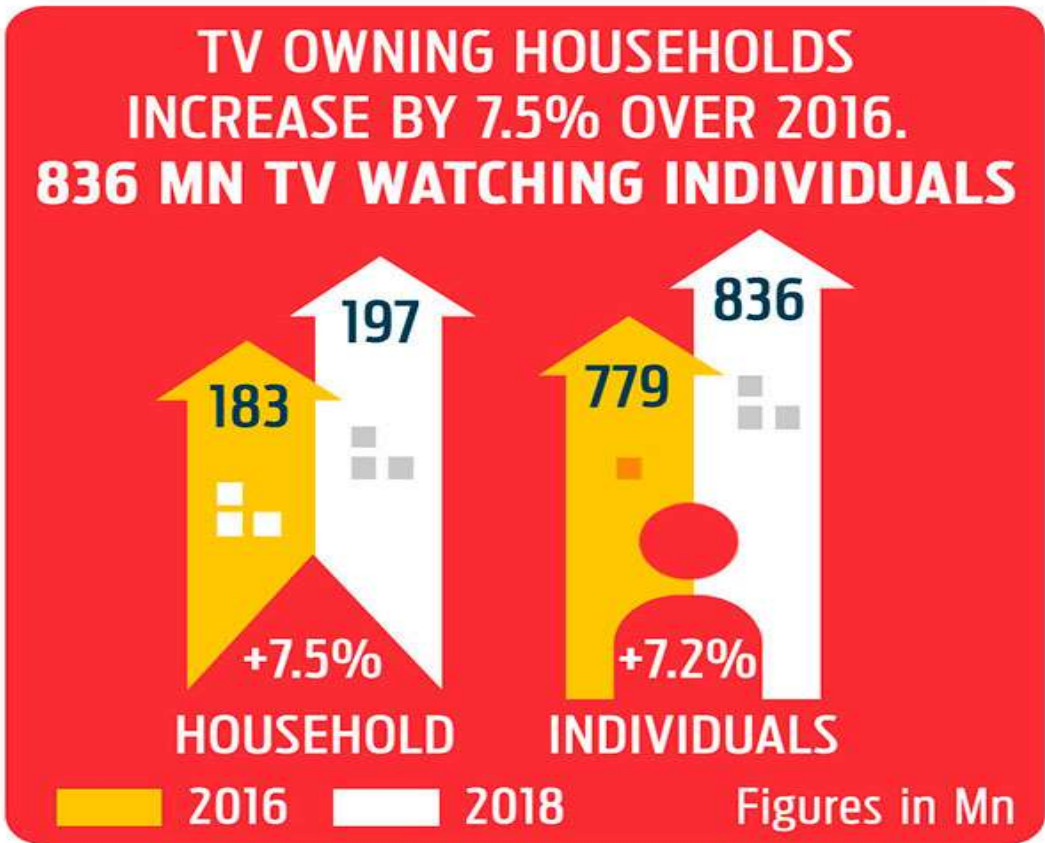
2018



- TV homes has increased across all state groups
- TV Penetration has increased to 66% in 2018 as compared to 64% in 2016 and still has significant headroom for growth.
- TV viewership continues to increase across age group with a 22 percent average growth rate in 2017.

BARC India, Universe Update (July 2018), KPMG Report

# Small towns and rural areas are key drivers of growth.



BARC India, Universe Update (July 2018)

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# Consolidated (Cable & BB) P&L : Quarterly Summary



INR Crore		Cable	Broadband	Consolidated
Subscription Revenue	4Q'19	159	17	176
	3Q'19	172	17	189
	4Q'18	175	16	192
Revenues	4Q'19	257	18	275
	3Q'19	291	17	308
	4Q'18	299	17	316
EBITDA (Before exceptional Items)	4Q'19	37	1	38
	3Q'19	48	(0)	47
	4Q'18	59	(0)	59
PAT (After exceptional Items)	4Q'19	(193)	(20)	(213)
	3Q'19	(25)	(7)	(32)
	4Q'18	(2)	(8)	(10)

➤ FY19 Q4 Cable EBITDA (Incl. Associates) at Rs 47 crs vs Rs 55 crs in Q3 FY19.

➤ In view of the New Regulatory Framework for Broadcasting & Cable services sector notified by the Telecom Regulatory Authority of India (TRAI), which has come into effect during the quarter, resulting into changes in pricing mechanism & arrangements amongst the Group, LCOs, Broadcasters and consumers; pursuant to above change and assessment carried out by the management, the Group has recognised provision for impairment of trade receivables and Property Plant & Equipment including Set top boxes amounting to Rs. 1,846 million. Additionally, one-time exceptional provision has been recognised for certain tax related matters and other assets amounting to Rs. 265 million. These adjustments, having one-time, non-routine material impact on financial statements, hence been disclosed as "Exceptional Item" in Financial Results



# Cable Income Statement



INR Crore	Actuals			Actuals		Growth %		
	4Q'19	3Q'19	4Q'18	FY19	FY18	Q-o-Q (Gr%)	Y-o-Y (Gr%)	Yearly (Gr%)
Subscription	159	172	175	673	667	(8%)	(9%)	1%
Placement	66	81	83	313	345	(18%)	(21%)	(9%)
Other Operating Income	7	13	18	55	82	(45%)	(60%)	(33%)
Activation	25	25	24	99	117	(1%)	6%	(16%)
<b>Total Income</b>	<b>257</b>	<b>291</b>	<b>299</b>	<b>1,140</b>	<b>1,211</b>	<b>(12%)</b>	<b>(14%)</b>	<b>(6%)</b>
Content Costs	126	149	142	573	540	(15%)	(11%)	6%
Personnel Costs	23	21	20	86	94	7%	15%	(8%)
Other Opex	66	66	71	268	268	0%	(7%)	(0%)
Provision for doubtful debts	5	7	7	31	25	(33%)	(30%)	22%
<b>Total Expenditure</b>	<b>220</b>	<b>243</b>	<b>240</b>	<b>957</b>	<b>927</b>	<b>(10%)</b>	<b>(8%)</b>	<b>3%</b>
<b>EBITDA</b>	<b>37</b>	<b>48</b>	<b>59</b>	<b>182</b>	<b>284</b>	<b>(22%)</b>	<b>(37%)</b>	<b>(36%)</b>
<b>EBITDA %</b>	<b>14%</b>	<b>16%</b>	<b>20%</b>	<b>16%</b>	<b>23%</b>			
Treasury Income	26	5	6	45	25	400%	329%	80%
Dep & Amort	48	57	55	217	218	(16%)	(13%)	(0%)
Exceptional Items	194	-	-	194	0	- %	- %	n.a
Share in (loss)/ profit of associates	1	(2)	(4)	(5)	(1)	(152%)	(124%)	756%
Finance Costs	13	14	19	57	65	(5%)	(31%)	(13%)
<b>Profit Before Tax (PBT)</b>	<b>(191)</b>	<b>(20)</b>	<b>(13)</b>	<b>(245)</b>	<b>26</b>			
Provisions for Tax	2	5	(11)	13	10	(58%)	(118%)	31%
<b>PAT</b>	<b>(193)</b>	<b>(25)</b>	<b>(2)</b>	<b>(258)</b>	<b>16</b>			

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3. Fixed Line Broadband and consolidated financials

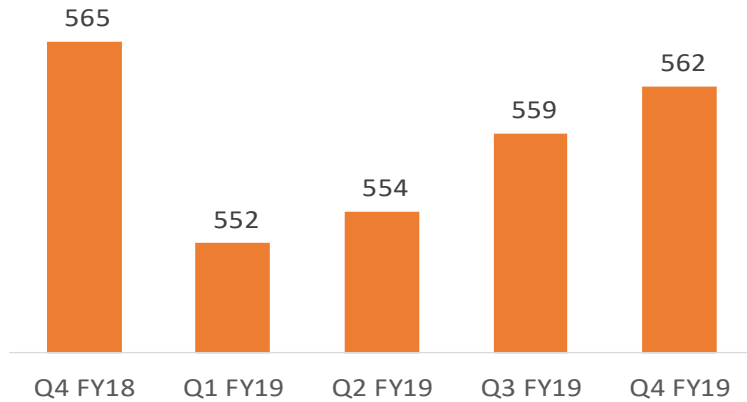
4. Key Developments during the quarter

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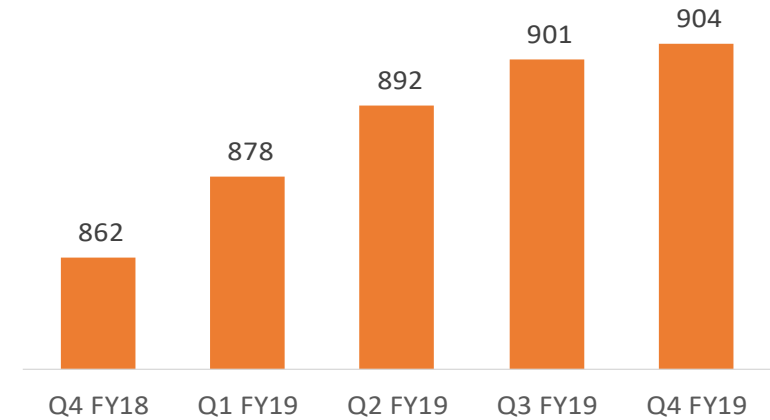
# Broadband ARPU (net of tax) & Subscribers development



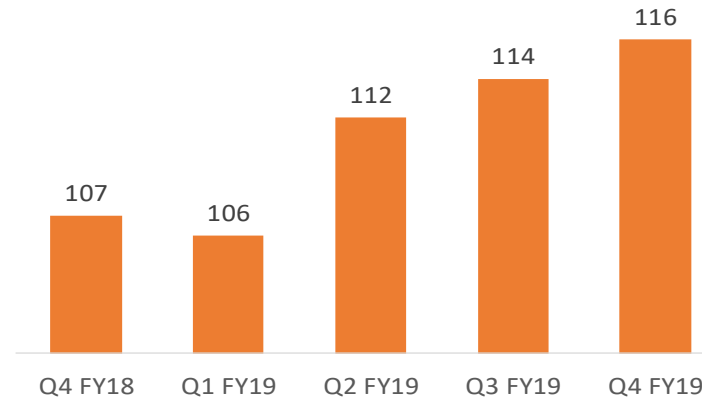
ARPU (INR)



Home passed ('000) \*



Subscribers ('000)



\* Broadband numbers made comparable for direct business.

# Broadband Income statement



INR Crore	Actuals			Actuals		Growth %		
	4Q'19	3Q'19	4Q'18	FY19	FY18	Q-o-Q	Y-o-Y	YTD
<b>Total Income</b>	18	17	17	67	75	7%	9%	(11%)
Personnel Costs	2	2	3	9	13	(8%)	(34%)	(29%)
Other Opex	15	14	14	57	63	6%	7%	(10%)
<b>Total Expenditure</b>	17	17	17	67	76	1%	(0%)	(13%)
<b>EBITDA before exceptional item</b>	1	(0)	(0)	0	(1)			
<b>EBITDA %</b>	6%	(0%)	(3%)	0%	(1%)			
Dep & Amort	4	6	7	24	31	(38%)	(44%)	(22%)
Exceptional Items	17	-	-	17	-	- %	- %	- %
<b>Net Income</b>	(20)	(7)	(8)	(42)	(33)			

# Consolidated Income Statement



INR Crore	Actuals			Actuals		Growth %		Actuals	
	4Q'19	3Q'19	4Q'18	FY19	FY18	Q-o-Q (Gr%)	Y-o-Y (Gr%)	Q-o-Q	Y-o-Y
Subscription-Cable	159	172	175	673	667	(8%)	(9%)	(13)	(16)
Subscription-broadband	17	17	16	66	73	2%	3%	0	1
Placement	66	81	83	313	345	(18%)	(21%)	(15)	(17)
Other Operating Income	7	13	18	55	82	(45%)	(60%)	(6)	(11)
Activation	26	25	24	100	119	3%	10%	1	2
<b>Total Income</b>	<b>275</b>	<b>308</b>	<b>316</b>	<b>1,207</b>	<b>1,286</b>	<b>(11%)</b>	<b>(13%)</b>	<b>(33)</b>	<b>(41)</b>
Content Costs	126	149	142	573	540	(15%)	(11%)	(23)	(16)
Personnel Costs	25	24	23	96	106	6%	9%	1	2
Other Opex	81	80	85	324	331	1%	(5%)	1	(4)
Provision for doubtful debts	5	8	7	31	26	(37%)	(30%)	(3)	(2)
<b>Total Expenditure</b>	<b>237</b>	<b>260</b>	<b>257</b>	<b>1,024</b>	<b>1,003</b>	<b>(9%)</b>	<b>(8%)</b>	<b>(23)</b>	<b>(20)</b>
<b>EBITDA</b>	<b>38</b>	<b>47</b>	<b>59</b>	<b>183</b>	<b>284</b>	(20%)	(35%)	<b>(9)</b>	<b>(21)</b>
<i>EBITDA %</i>	14%	15%	19%	15%	22%	(10%)	(26%)	(2%)	(5%)
Treasury Income	26	5	6	46	25	397%	329%	21	20
Dep & Amort	52	64	62	241	248	(18%)	(16%)	(12)	(10)
Exceptional Items	211	-	-	211	-	- %	- %	211	211
Share in (loss)/ profit of associates	1	(2)	(4)	(5)	(1)	(152%)	(124%)	3	5
Finance Costs	13	14	19	59	65	(6%)	(33%)	(1)	(6)
<b>Profit Before Tax (PBT)</b>	<b>(211)</b>	<b>(27)</b>	<b>(21)</b>	<b>(288)</b>	<b>(6)</b>			<b>(184)</b>	<b>(190)</b>
Provisions for Tax	2	5	(11)	13	10	(58%)	(118%)	(3)	13
<b>PAT</b>	<b>(213)</b>	<b>(32)</b>	<b>(10)</b>	<b>(301)</b>	<b>(17)</b>			<b>(181)</b>	<b>(203)</b>

# Consolidated Balance sheet



INR Crore	31.03.2019	31.03.2018
Share Capital	477	195
Reserves & Surplus	2,069	589
<b>Networth</b>	<b>2,546</b>	<b>784</b>
Minority Interest	78	104
Short & Long Term Debt	482	542
Defferred Revenue	355	472
Trade Payables	264	255
Other Liabilities	231	201
<b>Total Equity &amp; Liabilities</b>	<b>3,956</b>	<b>2,357</b>
Fixed Assets, Net	772	1,021
Capital work-in-progress	19	50
Goodwill on consolidation	162	165
<b>Fixed Assets</b>	<b>953</b>	<b>1,236</b>
Non - Current Investment	68	74
Trade receivables	226	302
Cash and Cash Equivalents	2,296	384
Other Assets	413	360
<b>Total Assets</b>	<b>3,956</b>	<b>2,357</b>

## Key metrics

INR Crore	31.03.2019	31.03.2018
Gross Debt (Rs in crs)	482	542
Net Debt (Rs in crs)	(1814)	157
Long term debt/Equity	0.10	0.35
Short term debt/Equity	0.08	0.24
Interest coverage ratio	3.11	4.21
Current ratio	3.39	1.03

Note: Previous figures have been reclassified wherever necessary

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4. Key Developments during the quarter

# Key Developments during the quarter (1/2)



## Tariff order

- ✓ The tariff order implemented w.e.f. 29-Dec-2018 and deadline was extended to 1st Feb'19 which was further extended to 31st March'19 to capture the choices of all the consumers. DEN has successfully migrated all the consumers to either packs chosen by consumers or best fit packs of DEN.
- ✓ Competitive packages have been launched keeping in mind consumer preferences, affordability and competition from DTH/MSOs.
- ✓ From 1st Apr'19 onwards, benefits of New Tariff Order will start flowing in terms of:
  - ✓ Freedom of selection of channels.
  - ✓ Better transparency with respect to revenue share and fair competition among stakeholders in the value chain.
  - ✓ New pricing mechanism is being evolved including long tail channels which will optimise the consumer pricing.
  - ✓ Cable distribution Industry has become a choice driven subscription model which will provide consumer access to better content as competitive prices making consumer the King.

## Equity Infusion

- ✓ During the quarter, the Company has allotted on preferential basis 28,14,48,000 equity shares of Rs. 72.66 each at a premium of Rs. 62.66 per share to the following entities (the 'Acquirers') aggregating to Rs. 2,045 crores representing 58.98% of post-preferential allotment equity share capital of the Company.

Name of the Acquirers	No. of Equity Shares	Amount in Rupees Crores
Jio Futuristic Digital Holdings Private Limited	13,68,47,150	994.33
Jio Digital Distribution Holdings Private Limited	7,12,48,280	517.69
Jio Television Distribution Holdings Private Limited	7,33,52,570	532.98
Total	28,14,48,000	2,045.00



## Key Developments during the quarter (2/2)



### Equity Infusion (Cont.)

- ✓ The Acquirers have acquired sole control of the Company and the Acquirers together with the Persons Acting in Concert (PACs) namely Reliance Industries Limited (RIL), Digital Media Distribution Trust, Reliance Content Distribution Limited and Reliance Industrial Investments and Holdings Limited have become part of the 'promoter and promoter group' of the Company pursuant to the: (a) aforesaid preferential allotment; and (b) purchase by Jio Futuristic Digital Holdings Private Limited (one of the Acquirers) of 3,35,85,000 equity shares of the Company representing 7.04% of the post-preferential allotment paid-up equity share capital from Shri Sameer Manchanda and Verve Engineering Private Limited. Further, prior to the said acquisitions, Reliance Ventures Limited (RVL), Reliance Strategic Investments Limited (RSIL) and Network18 Media and Investments Limited (NW18) (RVL and RSIL are wholly-owned subsidiaries of RIL. Independent Media Trust (of which RIL is the sole beneficiary) owns and controls 73.15% of the paid-up equity share capital of NW18 (directly and indirectly through companies wholly owned and controlled by it) together were holding 26,46,968 equity shares constituting 0.55% of the post-preferential allotment paid-up equity share capital of the Company. Post the aforesaid acquisitions by the Acquirers, RVL, RSIL and NW18 have also become part of the 'promoter and promoter group' of the Company.
- ✓ On March 5, 2019, the Acquirers acquired an aggregate of 5,74,89,612 equity shares representing 12.05% of the total paid-up equity share capital of the Company pursuant to an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Accordingly, as at March 31, 2019, the aggregate holding of the Acquirers, RVL, RSIL and NW18 in the Company stood at 37,51,69,580 equity shares of the Company representing 78.62% of the total paid-up equity share capital of the Company.

DEN Awarded the title of “The Best MSO” at “The Indian Telly: Technical, Trade & Programming Awards 2018”

**Jatin Mahajan**

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