DISH TV INDIA LIMITED

EARNINGS RELEASE FOR THE QUARTER ENDED JUNE 30, 2017

DISH TV 1Q FY18 NET SUBSCRIBER ADDITIONS AT 186 THOUSAND

SUBSCRIPTION REVENUES OF Rs. 6,917 MILLION

EBITDA OF Rs. 2,012 MILLION, EBITDA MARGIN AT 27.2%

NET LOSS OF Rs. 139 MILLION

1Q FY18 Highlights

- 186 thousand net subscriber additions during the quarter. Closing net subscriber base of 15.7 million
- Subscription revenues of Rs. 6,917 million
- Operating revenues of Rs. 7,389 million
- EBITDA of Rs. 2,012 million. EBITDA margin at 27.2%
- Net loss of Rs. 139 million
- Free Cash Flow (FCF) of Rs. 108 million

NOIDA, India; August 17, 2017 - Dish TV India Limited (Dish TV) (BSE: 532839, NSE: DISHTV) today reported first quarter fiscal 2018 consolidated subscription revenues of Rs. 6,917 million and operating revenues of Rs. 7,389 million. EBITDA for the quarter stood at Rs. 2,012 million. EBITDA margin was recorded at 27.2%. Net loss for the quarter was Rs. 139 million.

Dish TV adopted Ind-AS (Indian Accounting Standards), notified by the Ministry of Corporate Affairs, from 1Q FY18. Consequently, results for the quarter ended 30 June, 2016 have been re-stated to comply with Ind-AS to make them comparable.

The Board of Directors in its meeting held today, has approved and taken on record the unaudited consolidated financial results of Dish TV India Limited for the quarter ended on June 30, 2017.

First Quarter Performance

The quarter was witness to Dish TV making a smart recovery from the lows of the demonetization impacted previous quarters.

Subscription revenues for the quarter grew 11.5% sequentially to close at Rs. 6,917 million. Average revenue per user (ARPU) grew 10.4% Q-o-Q and was recorded at Rs. 148. Going forward, ARPUs should get a tailwind as major MSOs have started adopting the prepaid model for revenue collection. Direct collection should help correct certain anomalies in the business model of MSOs, thus helping lift overall industry ARPUs.

Net additions at 0.186 million were higher by 12.7% on a Q-o-Q basis. Churn at 1% p.m. was slightly higher than the 0.9% p.m. in the previous quarter, but remains manageable. Ramadan during the last month of the first quarter moderated subscriber additions and recharges which otherwise could have been even stronger. Unlike fiscal 2017, this year the period of Ramadan fell completely in the first quarter as against a Q1-Q2 split last year. Involvement in the GST transition process during the last few days of the quarter also diluted some managerial attention towards the business.

Seasonality impacted the growth in advertisement and bandwidth revenues however, the company remains highly optimistic about the future growth potential of these two revenue line items.

Total operating revenues for the quarter jumped 4.3% sequentially to Rs. 7,389 million.

After a one-off impact in the last quarter, transponder costs returned to the normal run-rate and were down 22% sequentially. Taking into account content presence on OTT platforms, Dish TV has started renegotiating for its content costs and is glad to have achieved success in reducing costs with one of the large broadcasters recently. Long term investments in brand building and marketing were re-started during the quarter.

EBITDA was Rs. 2,012 million as against Rs. 1,951 million in the previous quarter. EBITDA margin at 27.2% was flattish against 27.5% in the previous quarter. Net loss at Rs. 139 million compared to a loss of Rs. 291 million in the previous quarter.

The strengthening Indian rupee against the US Dollar is favourable for the business and would also help keep the dollar debt repayment obligations under check. For better inventory management and reduced inventory holding costs, Dish TV initiated a Voucher based distribution system instead of the traditional Physical Box based system to stock its trade partners. Under the new system paper vouchers, instead of physical hardware, would be stocked by the trade partners with the physical box being delivered at the customers place by the service franchisee.

Dish TV is excited about the mega size, strength and reach that it is going to achieve post the formation of Dish TV Videocon Limited. The new company would be riding on the strength of a resurgent economy and a growing market that should help enhance the efficiencies from this mega merger.

Amalgamation of Videocon D2h into Dish TV

On July 27, 2017, the Mumbai Bench of Hon'ble National Company Law Tribunal (NCLT) approved the Scheme of Arrangement amongst Videocon D2h Limited and Dish TV India Limited and their respective shareholders and creditors under the provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013. We are awaiting the certified copy of the Order. The appointed date for the scheme is October 01, 2017.

With all other approvals in place, the only remaining approval is from the Ministry of Information and Broadcasting.

The combination of DishTV and Videocon D2h would create one of the World's largest DTH platform.

Mr. Jawahar Goel, said, "The proposed amalgamation will further help create scale in the highly-fragmented TV distribution landscape in India while creating significant synergies through the combination. Drawing inference from our initial estimates and integration meetings held so far, we expect approximate net synergies from the amalgamation to the tune of Rs. 1,800 million in FY18 and Rs. 5,100 million in FY19. Significant amongst these would be synergies arising from unified content contracts as each major contract becomes due for re-setting."

India on a Reforms Mode

India continues to be on a fast-track reforms mode.

The much awaited Goods and Services Tax (GST) came into effect from July 1, 2017. GST is a big ticket reform that will not only help accelerate the growth of the Indian economy due to multiple factors like simplification of the tax structure, reduced tax evasion and increased compliance but will also help improve the ease of doing business. Businesses would also get benefitted by savings in administration, litigation as well as compliance costs that will result from a simpler tax regime.

Mr. Jawahar Goel, CMD, Dish TV India Limited, said, "Dish TV has successfully transitioned to the GST regime. The DTH industry has seen a reduction in the overall indirect tax rates under GST. Though benefits due to the unified tax may take some time to reflect in numbers, the sheer check on tax avoidance in the informal cable sector should be immediately helpful in reducing irrational competition from cable. The Harmonized System Nomenclature (HSN) codes, unit and rate which need to be separately declared in the invoice in value chain right from the broadcasters to the local cable operator, under GST will give a logical and systematic classification to goods and services thus reducing the possibility of misdeclaration by businesses. The total amount of GST to be collected and payable by Dish TV during the current quarter would be to the tune of Rs. 1,350 million."

The Government has set a deadline of May 2018 for electrification of all villages and 15 August 2022 for electrification of all households in the country. This is good news for the Pay-TV industry as electricity shortage has always had a negative impact on consumption of TV entertainment. With all households in the country getting electrified, television entertainment should get a spike in growth.

Consumer Businesses with a Rural Focus are Bound to Gain

With a normal monsoon so far, the rural economy which had suffered two back-to-back droughts in 2014 and 2015 and then the demonetization shock in 2016 should recover smartly this year.

Further, other reform programmes like using direct benefit transfers to deliver subsidies to the rural masses will eliminate middlemen created subsidy diversions and ultimately help increase the spending power of the rural population.

With more than 75% of its subscriber base outside urban areas, Dish TV has always been a rural heavy DTH business. The company is familiar with its strength and looks forward to ride the reforms driven growth in its key markets.

Mr. Jawahar Goel, said, "With digitization spreading to rural India, our primary objective is to address the needs of pay-TV viewers in small towns and villages. For the first time in the history of DTH industry in India, indirect tax rates have been separately communicated to the consumers. In an attempt to make TV viewing affordable for viewers, Dish TV introduced the Rs. 160 per month (plus taxes) pack this month. In addition, by partly adopting TRAI's new Tariff Order, Dish TV also started offering all channels, except Sports and select south channels, at affordable ala-carte prices of Rs. 8.50 and Rs.17.00 (plus taxes) per channel per month for SD and HD respectively. It would be worthwhile to mention here that none of these new offerings would be margin dilutive for our business."

The Competitive Environment

The recent 4G data pricing by a new telecom operator has upset the apple cart for the telecom incumbents. As per reports, India's wireless consumer data prices have dropped more than 48% during the last year as incumbent carriers responded to aggressive pricing.

Obviously, there are concerns being raised on whether data prices could hit rock bottom levels such that some entertainment viewers would prefer streaming content, as perceived to have been done in the West, instead of sticking to the traditional cable/DTH distribution methods.

Responding to the concerns, Mr. Jawahar Goel, said, "New technology would generally replace the traditional means only if it provides something better than what the incumbent is providing and at much more efficient price levels. The fact of the matter is that even at the current, all time low data prices, the cost of watching Standard Definition TV for a month through streaming devices would turn out to be at least 3-5 times higher than the popular average monthly DTH subscription."

As per reports, in 2016, the number of minutes of TV watched by the average American over 18 years old fell by less than one percent or one minute per day. Cord-cutting is minimal. The number of American homes subscribing to either cable or satellite pay-TV fell by just under two percent. Many of the US trends are similar to trends in Europe. And that is despite ARPU for cable/DTH services in the West being significantly higher as compared to subscription for standalone streaming services.

However, conscious of the increasing overlap between the TMT (Telecom, Media and Technology) sector and extensive availability of high speed data and devices at affordable prices Dish TV would soon be launching its Hybrid set-top-box and would bring back its OTT services in a new Avatar. The company has been actively working to leverage its strong customer reach, backend strength and understanding of content nuances to bridge the gap between its linear TV offering and OTT services.

In the meanwhile, Dish TV's new HTML 5 based middleware with a card less box and a new chip set has already hit the market.

The increasing number of private free to air channels on the government owned free DTH platform have been a matter of concern amongst the pay-tv distribution industry.

The distribution industry has been demanding from private broadcasters, a clear segregation of content between that provided to pay platforms versus that aired on the free DTH platform. At the same time, there has been an increasing realization amongst pay broadcasters on the potential opportunity costs associated with airing fresh content on the free platform. Going forward, this should ensure material difference in the quality of content available on the pay-tv distribution platforms as against that available on the free DTH platform.

Further, Prasar Bharti's stated intention to convert the free DTH platform into an MPEG-4 and encrypted platform would also naturally slow down its customer acquisition pace due to the strings attached with buying a conditional access (CAS) box as against the current freely available, non-CAS, white-labelled boxes.

Speaking on the Tariff Order, Mr. Jawahar Goel, said, "The broadcasting community wanted forbearance on pricing which has been granted under the order. Distribution platforms have been allowed to charge for the network. The proposed Tariff Order, on seeing the light of the day, will ensure minimization of discriminatory pricing amongst distribution platforms thus ensuring a level-playing field for all players."

Other Developments

Dish TV Assessed at CMMI Level 4

Dish TV became the only Media & Entertainment organization in the World to be appraised at Level 4 (CMMI-DEV and CMMI-SVC V 1.3) of the CMMI Institute's Capability Maturity Model Integration (CMMI).

This framework consists of 5 maturity levels. Maturity Level 4 and 5 are known as high maturity levels and organisations assessed at these levels have a capability to quantitatively predict their delivery and quality of performance using historical data based statistical models. These organisations demonstrate capability to accomplish and sustain their business objectives and performance.

The SEI website lists only 15 Indian companies that have been certified for level 4 or 5.

Value Added Services

Dish TV further enhanced its portfolio of Value Added Services (VAS) during the quarter. The company entered into a partnership with Visiware International, the leader in games for interactive television, to launch Cartoon Network Games with Cartoon Network India.

The games will be refreshed on a monthly basis with one game being replaced every month.

Dish TV also announced the launch of Disney Active, a fun and engaging service that brings home the magical World of Disney through a host of read along e-books and games.

The services will be charged at Rs. 40 (including taxes) per month.

Condensed Quarterly Statement of Operations

The table below shows the condensed consolidated statement of operations for Dish TV India Limited for the first quarter ended June'17 compared to the quarter ended June'16:

Rs. million	Quarter ended June 2017	Quarter ended June 2016	% Change Y-o-Y
Subscription revenues	6,917	7,282	(5.0)
Operating revenues	7,389	7,786	(5.1)
Expenditure	5,377	5,175	3.9
EBITDA	2,012	2,610	(22.9)
Other income	98	115	(14.9)
Depreciation	1,822	1,649	10.5
Financial expenses	590	526	12.1
Profit / (Loss) before tax and share of (Loss) in joint venture	(302)	550	-
Tax expense:			
-Current tax	10	434	(97.7)
-Deferred tax	(172)	(245)	-
Profit / (Loss) after tax and before share of (Loss) in joint venture	(139)	361	-
Share of (Loss) in joint venture	-	-	-
Net Profit/ (Loss) for the period	(139)	361	-
Other comprehensive income:			
-Foreign currency translation reserve	7	3	95.8
-Income tax relating to foreign currency translation reserve	(2)	(1)	-
-Items that will be reclassified to profit or loss	-	-	-
-Income tax relating to items that will be reclassified to profit or loss	-	-	-
Total comprehensive income	(135)	364	-

Note: 1) Numbers in the table may not add up due to rounding-off.
2) Previous year figures have been regrouped wherever necessary.

Expenditure

Dish TV's primary expenses include cost of goods and services, personnel cost, other expenses (administrative expenses), selling & distribution expenses. The table below shows each as a percentage of operating revenue:

Rs. million	Quarter ended June 2017	% of Revenue	Quarter ended June 2016	% of Revenue	% change Y-o-Y
Cost of goods & services	3,765	50.9	3,569	45.8	5.5
Personnel cost	388	5.3	383	4.9	1.5

Other expenses	1,224	16.6	1,224	15.7	-
S&D expenses	796	10.8	880	11.3	(9.6)
Total expenses	5,377	72.8	5,176	66.5	3.9

Note: 1) Numbers in the table may not add up due to rounding-off.
2) Previous year figures have been regrouped wherever necessary.

Footnotes:

This Earnings Release contains consolidated unaudited quarterly results that are prepared as per Indian Accounting Standards (Ind-AS).

Caution Concerning Forward-Looking Statements:

This document includes certain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Dish TV's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Dish TV's present & future business strategies and the environment in which Dish TV will operate in the future. Among the important factors that could cause Dish TV's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the condition of and changes in India's political and economic status, government policies, applicable laws, the Indian media and entertainment sectors, and international and domestic events having a bearing on Dish TV's business and the media and entertainment sectors, particularly in regard to the progress of changes in those sectors' regulatory regimes, and such other factors beyond Dish TV's control. Dish TV India Limited is under no obligation to and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

About Dish TV India Limited:

Dish TV is Asia Pacific's largest direct-to-home (DTH) company and part of the Essel Group. Dish TV has on its platform more than 622 channels & services including 39 audio channels and over 66 HD channels & services. Dish TV leverages multiple satellite platforms including NSS-6, Asiasat 5, SES-8 and GSAT-15 which makes its total bandwidth capacity equal 864 MHz, amongst the largest held by any DTH player in the country. The Company has a vast distribution network of over 2,108 distributors & over 290,180 dealers that span across 9,291 towns in the country. Dish TV has thirteen 24* 7 call centres catering to 11 different languages to take care of subscriber requirement at any point in time. For more information on the company, please visit www.dishtv.in