



Ortel Communications Ltd.

www.ortelcom.com

Bringing Convergence to India

Corporate office :
C-1, Chandrasekharpur
Behind R.M.R.C., Near BDA Colony
BBSR- 751016, Odisha, India
Ph.: (0674) 3983200
Fax: (0674) 2303448
email - nodal@ortelgroup.com
CIN: L74899DL1995PLC069353

June 7, 2018

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra (E),
Mumbai-400051
Scrip- ORTEL

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400001
Scrip code-539015

SUBJECT: PRESENTATION ON AUDITED FINANCIAL RESULT OF THE COMPANY FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2018 OF ORTEL COMMUNICATIONS LTD


Dear Sir/Madam;

Further to our press release dated 22/05/2018 submitted by the Company on audited financial results of the company for the fourth quarter and year ended 31st March, 2018 of FY2017-18, enclosed find herewith the presentation on various parameters of performance matrix for the fourth quarter and year ended 31st March, 2018 of FY2017-18.

This is for your information and record.

Thanking You,
Yours faithfully,

For Ortel Communications Limited


Bidu Bhusan Dash
Company Secretary



Encl.: as above



Ortel
communications
An ISO 9001 2008 COMPANY

'BRINGING CONVERGENCE TO INDIA'

Ortel Communications Ltd.

Q4 & FY2018 Earnings Presentation – June 7, 2018



Certain statements made in this presentation may not be based on historical information or facts and may be “forward looking statements”, including those relating to the business, financial performance, strategy and results of the Company and/or the industry in which it operates. The forward-looking statements contained in this presentation are based on numerous assumptions and are uncertain and subject to risks. A multitude of factors including, but not limited to, changes in demand and competition, can cause actual events, performance or results to differ significantly from any anticipated development. The Company does not guarantee that the assumptions underlying such forward-looking statements are free from errors and do not accept any responsibility for the future accuracy of the forward-looking statements contained in this presentation or the actual occurrence of the forecasted developments. Forward-looking statements speak only as of the date of this presentation. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.



Introduction

Q4 & FY2018 Performance Highlights

Segment-wise Performance Overview

Annexures



LAST MILE

Owns & operates
its network

66,766*

Kilometers of
cable network

RIGHT OF WAY

Legal 'rights of way'
for entire network

1,353,589

Estimated homes
reached

B2C

Direct customer access
leads to greater control

817,066

Total Subscribers

TWO-WAY

Network enabled for 'Triple
Play' (video, data and voice)

87%

Subscriber base
on 'last mile' network

24%

EBITDA margin

6%

Total broadband
subscribers

16%

Revenue contribution
from broadband

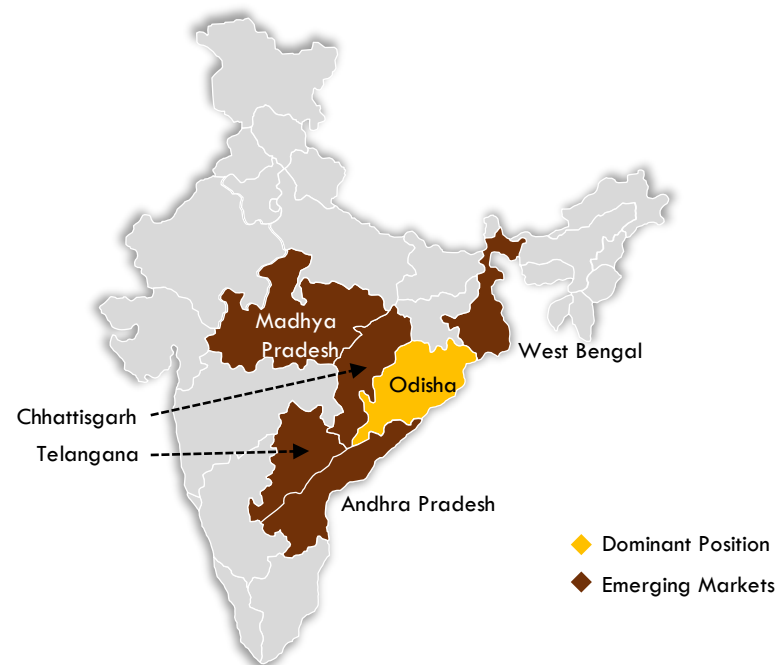
Note: Figures highlighted above are for Financial Year 2018

* Total Owned Network Length also includes the last mile Drop Cable Network

Ortel: One of the leading Players in the Cable TV and Broadband Industry with Direct to Consumer Offering



- One of the leading cable television and broadband providers focused in the Indian states of Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana & West Bengal
 - Rapidly growing markets with maximum headroom for growth in the cable TV and broadband industry
- Direct to consumer business model with full control over the 'last mile'
 - Around 90% of the subscriber base under own network
- Two-way communication network for 'Triple Play' service delivery (video/ TV, data/ broadband and voice capabilities)
 - HFC network (combination of optic fibre in the backbone and coaxial cable in the downstream) with legal 'rights of way' for laying network
 - Providing broadband at speed of up to 100 mbps through use of cable modem with DOCSIS 3.0 technology
- Grown both organically and inorganically – through buyout of network equipment, infrastructure and subscribers of other MSOs and LCOs



Estimated Homes Reached	1,353,589
Total Subscribers	817,066
Cable television subscribers	766,980
Broadband subscribers	50,086

Note: Data above is as on March 31, 2018

Growth through increased penetration, digitization, inorganic acquisition and increased broadband penetration

Differentiated Play as Compared to Peers

Operating model in-line with Global Players i.e. B2C, unlike the more prevalent B2B business model in India



B2B business model faces several challenges

- Current business model of most MSOs in India besides Ortel, is largely based on the B2B platform whereby they operate through franchisees / LCOs and they do not deal with customers directly
- Dependence on LCOs makes MSOs vulnerable to large scale customer churn (essentially LCO churn)
- MSOs and broadcasters get less than their fair share of revenues due to under-reporting by LCOs
- With no access to end-customers, no possibilities of offering additional higher-margin services like broadband
- Over-dependence on placement fees is one of the biggest risks in the B2B business model
- Even in a digitized market, B2B players continue to face challenges on billing, collections and recoveries on investment made in placing STBs in LCO networks and head ends since the point of contact with consumers continues to be the LCO

Ortel owns & controls the 'last mile'

- Ortel owns / operates its own network and owns 90% of its subscribers
- Ensures legally approved rights of way, superior service, minimal leakages and that the quality of network is uniformly maintained
- Control on billing of subscribers and collections
- Direct collections from customers help in controlling trade receivables and reduce bad debts resulting in better margins and cash flows
- Direct access to consumers limits large scale subscriber churn
- Tripe play network allows the Company to offer full range of services across video, data, voice and network infrastructure leasing for customer's benefit
- Ensure 100% of economics on above services accrues to the Company, thereby enabling efficient capital deployment and maximising the ROI objective

High Quality Network Infrastructure With Legal 'Rights of Way'



Technology & Network

66,766*

Kms of cable

Across

70

towns

Head end

05

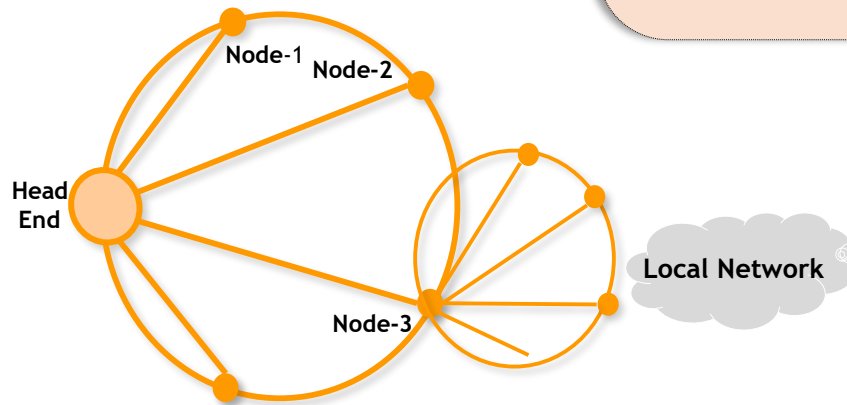
Digital

Network as on March 31, 2018

- Two-way enabled communication network that can provide triple play services of video, data and voice
- Network ready for deployment of digital services without further up gradation
- Legal 'rights of way' for entire network
- Stringent network design parameters and constant upgradation of technology to maintain a high quality of service

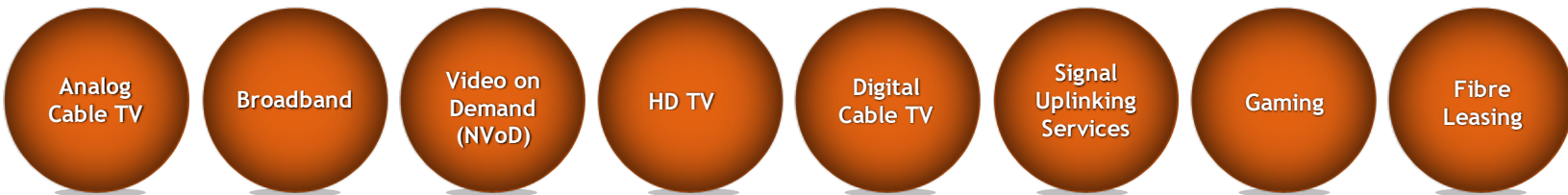
Strong Infrastructure in place...

Fibre optic cable used as a network backbone

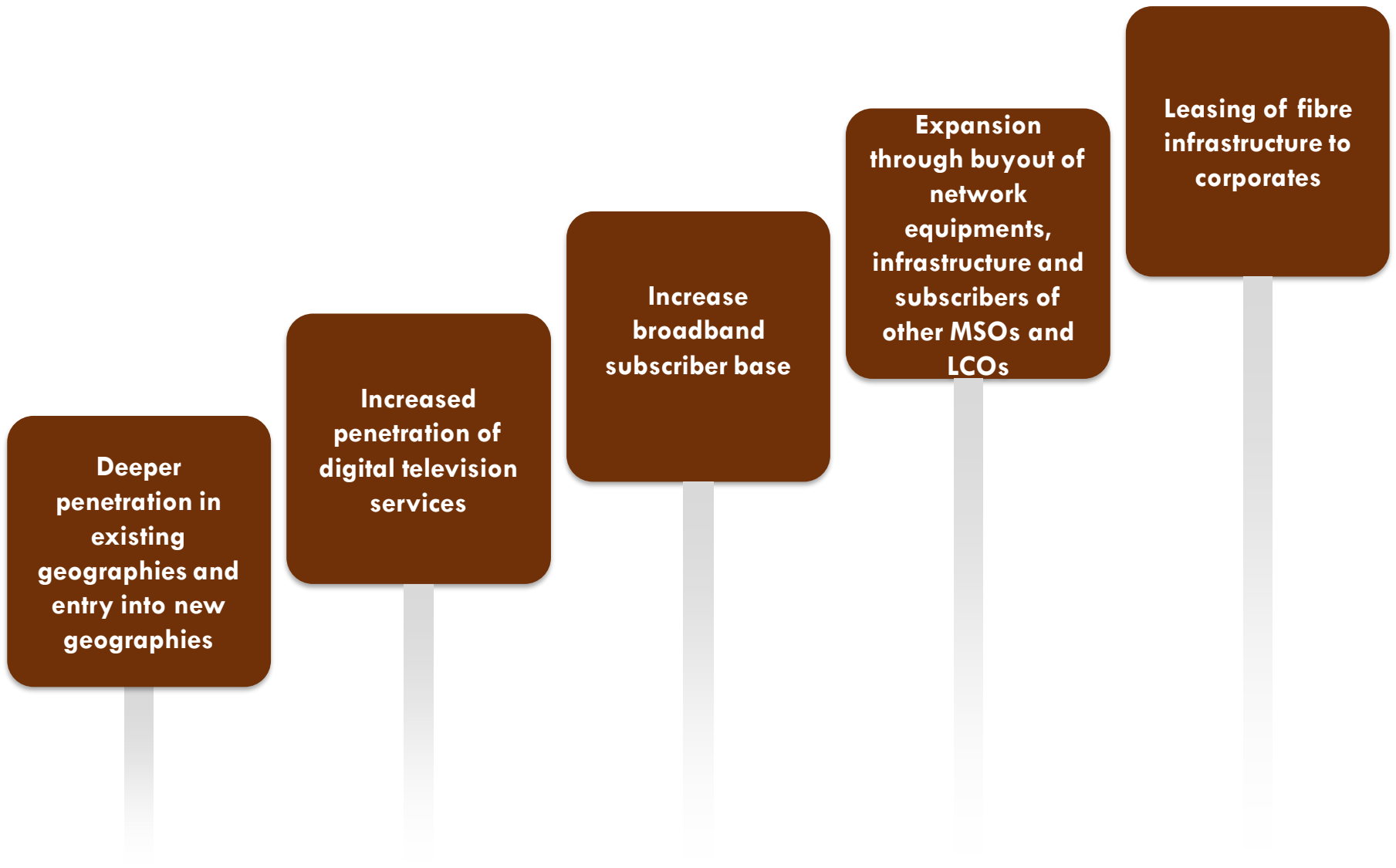


Coaxial cable is used downstream for broadband data and cable systems

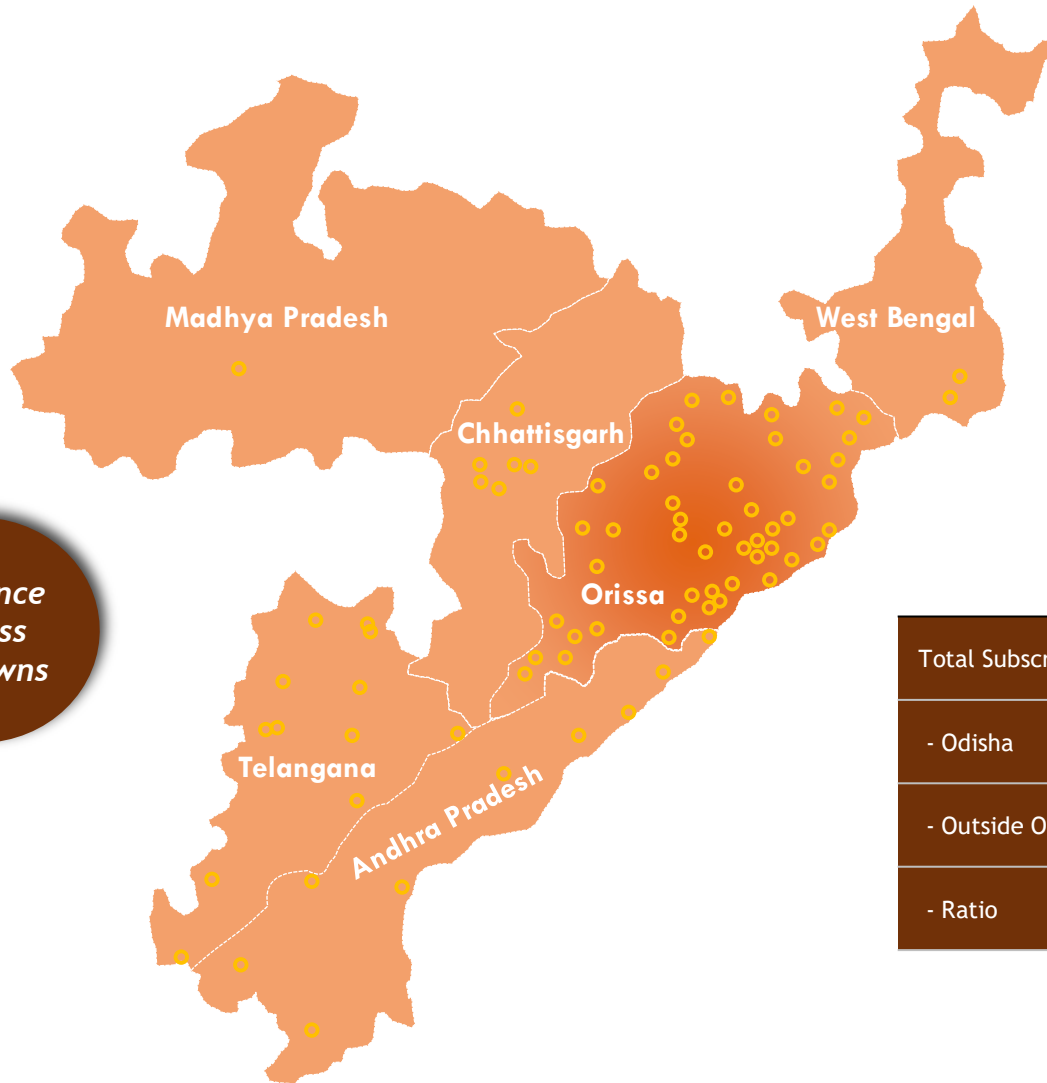
...multiple streams of revenues with marginal additional capex



* Total Owned Network Length also includes the last mile Drop Cable Network



Strong Traction in Markets outside Odisha



Note: As on March 31, 2018

Total Subscribers	817,066
- Odisha	506,096
- Outside Odisha	310,970
- Ratio	61 : 39

Establishing strong Multi-State presence

Key Operating Highlights



Particulars	Unit	FY17	FY18	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Total Homes Passed	Nos.	1,353,502	1,353,589	1,353,502	1,353,589	1,353,589	1,353,589	1,353,589
Total Subscribers	Nos.	823,558	817,066	823,558	817,801	831,742	827,724	817,066
Subscriber Penetration Ratio	%	60.8%	60.4%	60.8%	60.4%	61.4%	61.2%	60.4%
Inactive Subscribers as a % of Total Subscribers	Nos.	3.0%	3.3%	3.0%	4.3%	4.7%	3.2%	3.3%
Organic Growth (Net of Churn) %	Nos.	-3.6%	-3.8%	0.7%	-0.4%	-0.7%	2.3%	-5.1%
Total Cable TV Subscribers	Nos.	750,471	766,980	750,471	747,528	766,480	772,587	766,980
Broadband Subscribers (Primary)	Nos.	73,087	50,086	73,087	70,273	65,262	55,137	50,086
Total Owned Network Length *	KMs	64,685	66,766	64,685	65,309	65,737	66,337	66,766
Towns Covered **	Nos.	78	70	78	78	78	75	70

* Total Owned Network Length also includes the last mile Drop Cable Network

** As part of our operational restructuring, we have closed some of the non-performing markets thereby bringing down the number of towns covered to 70.

Key Operating Highlights (Cont'd.)



Particulars	Unit	FY17	FY18	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Cable TV ARPU (Primary)	INR/ Sub/ Month	147	121	147	137	133	124	90
Broadband	INR/ Sub/ Month	375	222	375	231	192	230	239
Number of Employees	Nos.	1,880	1,589	1,880	1,800	1,717	1,724	1,589
Per User per month data usage	GB	18	22	18	23	18	22	23
Pay Channel cost per cable TV Subscriber	INR/ Sub/ Month	46.46	49.71	47.67	51.28	48.98	48.43	49.50
Pay Channel cost as a % of cable TV subscription	%	33.1%	39.8%	36.8%	40.0%	40.0%	42.6%	37.1%

Consolidated Summarized Profit & Loss Statement



Particulars (Rs. million)	FY18	FY17	Y-o-Y Growth	Q4 FY18	Q4 FY17	Y-o-Y Growth	Q3 FY18	Q-o-Q Growth
Revenues from operations	1840	2034	-9.5%	495	461	7.5%	436	13.5%
Other Income	22	38	-43.8%	-2	21	-107.4%	13	-112.0%
Total Revenue	1862	2072	-10.1%	494	482	2.4%	449	9.8%
Total Expenditure	1422	1521	-6.5%	347	359	-3.4%	363	-4.4%
- Programming Cost	453	384	17.7%	114	107	7.3%	112	2.2%
- Bandwidth Cost (Broadband)	97	101	-3.6%	22	26	-15.1%	25	-12.2%
- Bandwidth Cost (Digital)	57	51	13.2%	16	14	12.2%	13	26.8%
- Employee Benefit Expenses	208	246	-15.3%	50	60	-15.8%	52	-3.4%
- Bad Debt & Provisions	124	249	-50.0%	23	42	-44.1%	35	-34.0%
- Other Expenses	483	491	-1.7%	121	111	9.0%	126	-4.0%
EBITDA (Excluding Other Income)	418	513	-18.4%	148	101	46.1%	73	102.3%
EBITDA (Including Other Income)	440	551	-20.2%	147	123	19.6%	86	69.8%
<i>EBITDA margin (Excluding Other Income)</i>	22.7%	25.2%	-9.9%	29.9%	22.0%	36.0%	16.8%	78.2%
<i>EBITDA margin (Including Other Income)</i>	23.6%	26.6%	-11.2%	29.7%	25.4%	16.8%	19.2%	54.6%
Finance Costs	292	252	15.8%	77	62	22.7%	72	6.6%
Depreciation and Fixed Assets written off	287	256	12.0%	76	64	19.5%	73	4.1%
Extraordinary/ Exceptional items	788	0	100.0%	788	0	100.0%	0	0.0%
Amortization Expense	25	28	-11.3%	6	5	15.6%	7	-7.7%
PBT	-953	14	-6764.9%	-801	-9	8612.5%	-66	1120.3%
PAT	-953	14	-6764.9%	-801	8	-10034.0%	-66	1120.3%

Balance Sheet and Cash Flow Snapshot



Particulars (Rs. Mn)	As at March 31, 2018	As at December 31, 2017	As at September 30, 2017	As at June 30, 2017
Assets				
Non-current assets	4147	4002	4048	4120
Current assets	563	1370	1254	1119
Total assets	4710	5372	5302	5239
Liabilities				
Shareholders' Funds	207	1002	1082	1217
Non-current liabilities	1265	1300	1364	1308
Current liabilities	3238	3070	2855	2714
Total Liabilities	4710	5372	5302	5239
Capex	381	229	180	96
Gross Debt	1999	1849	1866	1757
Net Debt	1956	1789	1809	1683

Key Financial Ratios



Particulars	FY17	FY18	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
Cable TV gross margin *	73%	65%	67%	65%	65%	64%	66%
Broadband gross margin	71%	58%	63%	59%	51%	51%	67%
EBITDA Margin excluding Other Income	25.2%	22.7%	22.0%	23.3%	19.3%	16.8%	29.9%
EBITDA Margin including Other Income	26.6%	23.6%	25.4%	24.2%	20.5%	19.2%	29.7%
PAT Margin	0.7%	-51.2%	1.7%	-6.0%	-12.8%	-14.6%	-162.3%
Net debt to Equity	1.2	9.5	1.2	1.4	1.5	1.8	9.5
Net Debt to EBITDA (LTM)	3.0	4.4	3.0	3.1	3.5	6.1	4.4
Return on shareholder's equity	1.0%	NM	2.3%	NM	NM	NM	NM
Return on Capital Employed (pre tax)	8.5%	4.8%	6.7%	5.5%	2.0%	0.9%	10.1%
Receivable Days	115	47	115	149	176	194	47

Notes:

1. Return on Shareholder's Equity is calculated as: PAT/ Average Networth. PAT annualized for quarterly calculation.
2. Return on Capital Employed is calculated as: EBIT/ Average Capital Employed. EBIT annualized for quarterly calculation.
3. "NM" denotes Not Measurable

*Calculation includes intercity carrying cost for expansion of digital services

Segment-wise Revenue break-up



Particulars (Rs. million)	FY18	FY17	Y-o-Y Growth	Q4 FY18	Q4 FY17	Y-o-Y Growth	Q3 FY18	Q-o-Q Growth
Connection Fees – Cable TV	86	138	-37.7%	21	24	-15.0%	22	-5.0%
Cable Subscription Fees	1138	1162	-2.1%	308	289	6.7%	263	17.4%
Channel Carriage Fees	231	296	-22.0%	57	50	13.8%	58	-2.4%
Total Cable TV Services Revenue	1454	1596	-8.9%	386	363	6.2%	343	12.6%
Connection Fees – Internet	16	16	3.7%	4	2	164.2%	4	3.1%
Internet Subscription Fees	215	338	-36.2%	64	70	-8.6%	48	32.6%
Total Broadband Services Revenue	232	353	-34.4%	68	71	-4.9%	52	30.3%
Income from Infrastructure Leasing	117	55	114.1%	33	18	78.3%	27	19.6%
Other operating income	37	30	24.4%	8	8	12.2%	14	-39.5%
Total Revenue from Operations	1840	2034	-9.5%	495	461	7.5%	436	13.5%

Management Thrust for Financial Year 2018



Reducing Bad Debts & Provisions	<ul style="list-style-type: none"> We have analyzed the receivables and created provisions totaling to Rs. 679.4 million, declared bad debts of Rs. 123.6 million and issued credit notes of Rs.162.5 million. The receivable as on 31st March 2018 stood at Rs.238.1 million. The management is making all efforts to maximize the recovery from the receivables. 	Organic Growth in Cable TV Subs / Improving the Penetration Ratio	<ul style="list-style-type: none"> Improving the growth through aggressive organic sales in the Cable TV segment remains a key focus area for the management in FY19 Pace of inorganic acquisitions would be slowed down during FY19
Cable TV ARPUs	<ul style="list-style-type: none"> Cable TV ARPUs has come down to Rs121 in FY18 from Rs147 in FY17. We are expecting this to increase in FY19. 	Lower Receivable Days	<ul style="list-style-type: none"> The receivable days has been brought down from 258 days in Q3 to 47 days in Q4. Steps are being taken to ensure that Receivable Days does not increase further.
Overall Cost Control	<ul style="list-style-type: none"> Cost Control through focus on reducing the expenses and improving the overall efficiency would be a key thrust for the management in FY19. 	Growth in Broadband Subscribers	<ul style="list-style-type: none"> Attractively bundled broadband packages are helping to compete with the newer entrant which will thereby result in healthy broadband additions in the ensuing year.



- Total FY18 revenue is reduced by 10% to Rs. 1,862 million(including other income).
 - Cable TV Revenues stood at RS. 1,454 million, while Broadband Revenues reported at Rs. 232 million.
 - Total expenditure stood at Rs. 1,422 million, lower by 7% Y-o-Y
 - Programming cost increased to Rs. 453 million from Rs. 384 million in FY17
 - Bandwidth cost (digital) increased to Rs. 57 million vis-à-vis Rs. 51 million in FY17 as a result of higher intercity carrying costs for expansion of digital services
 - Employee expenses reduced to Rs. 208 million, lower by 15%
 - Bad Debt & Provisions taken at Rs. 913 million (Rs123.6 million above the line and Rs.788.3 million below the line under exceptional items)
- EBITDA (including other income) came in at Rs. 440 million
 - EBITDA Margin stood at 24%
- Profit after tax came in at Rs. (953) million as compared to Rs. 14 million in the previous year



Commenting on the performance, Mr. Bibhu Prasad Rath, President & CEO at Ortel Communications said:

- *“Our FY18 was very challenging for the Company due to delay in collections, higher competitive intensity in the market place as well as issues pertaining to debt repayment. We have been working on all these parameters with an objective to improve our overall performance in the future.*
- *As intimated in the previous quarter, the management reviewed the details of receivables and took a firm step by creating provision of Rs. 679.4 million against doubtful receivables, declaring bad debts of Rs. 123.6 million and issuing credit notes of Rs.162.5 million. This amount is primarily on account of disruption of services during the process of digitization and acquisition of local operators. This significantly impacted our P&L in FY18.*
- *We want to start afresh in FY19 and restore our business momentum. We have also taken many steps for increasing the net growth of our Broadband business. This will result in lesser churn & higher sales thereby increasing our subscriber base and Broadband revenue.”*



ARPU	Average Revenue Per User Per Month
B2B	Business to Business
B2C	Business to Consumer
CAGR	Compounded Annual Growth Rate
DOCSIS	Data Over Cable Service Interface Specification
DTH	Direct-to-Home
HFC	Hybrid Fibre Coaxial
LCOs	Local Cable Operator
MSOs	Multi System Operators
NVoD	Near Video on Demand
VoD	Video on Demand denotes Not Meaningful
NM	Not Measurable



Ortel Communications Limited (ORTEL)

Ortel Communications (NSE Code: ORTEL; BSE Code: 539015) is a leading cable television and high speed broadband services provider focused in the Indian states of Odisha, Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana & West Bengal. The Company has built a two-way communication network for 'Triple Play' services (video, data and voice capabilities) with control and focus over the 'last mile' network. Ortel has pioneered the primary point cable business model in India by offering digital and analog cable television, broadband and VAS services. The Company has a dominant position in Orissa, with emerging presence in Chhattisgarh, Madhya Pradesh, Andhra Pradesh, Telengana and West Bengal, covering an addressable market of close to 5 million homes. The business is broadly divided into cable television services comprising of analog cable television services, digital cable television services including other value added services such as HD services, near video on demand (NVoD), gaming and local content. Other focused business segments include broadband services, leasing of fibre infrastructure and signal uplinking services.

For further information, please contact:

Ortel Communications Limited

irteam@ortelgroup.com

www.ortelcom.com