



# **Videocon D2H to Merge with Dish TV Creating A Leading Cable & Satellite Distribution Platform**

November 11, 2016



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This announcement does not constitute a prospectus or prospectus equivalent document.

## Notice to U.S. Investors

The Proposed Transaction relates to the shares of an Indian company and is being made by means of a scheme of arrangement provided for under Sections 391 to 394 of the Companies Act, 1956 and/or applicable Sections of the Companies Act, 2013. The Proposed Transaction, implemented by way of a scheme of arrangement, is not subject to the U.S. tender offer rules and is not subject to the U.S. proxy solicitation rules under the U.S. Exchange Act of 1934, as amended. Accordingly, the Proposed Transaction is subject to the disclosure requirements and practices applicable to a scheme of arrangement involving a company in India, which differ from the disclosure requirements of United States tender offer and proxy solicitation rules.

The new shares of Dish TV Videocon to be issued pursuant to the Scheme have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. new shares of Dish TV Videocon to be issued pursuant to the Scheme will be issued pursuant to the exemption from registration provided by Section 3(a)(10) under the Securities Act.

Neither the SEC nor any U.S. state securities commission has approved or disapproved of the new shares of Dish TV Videocon to be issued pursuant to the Scheme, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

Dish TV and Videocon d2h are incorporated under the laws of India. In addition, their respective officers and directors reside outside the United States, and some or all of their assets are or may be located in jurisdictions outside the United States. Therefore, investors may have difficulty effecting service of process within the United States upon those persons or recovering against Dish TV, Videocon d2h or their respective officers or directors on judgments of United States courts, including judgments based upon the civil liability provisions of the United States federal securities laws. It may not be possible to sue Dish TV or Videocon d2h or any of their respective officers or directors in a non-U.S. court for violations of the U.S. securities laws.

# Transaction Summary

## Transaction Structure

- Board of directors of Dish TV India Limited (“Dish TV”) and Videocon d2h Limited (“Vd2h”) have approved a Scheme of Arrangement (“Scheme”) for amalgamation of Vd2h into Dish TV in consideration for new stock issuance by Dish TV to the shareholders of Vd2h (the “Proposed Transaction”)
  - Vd2h, an India incorporated entity with ADS listed on NASDAQ, will merge into Dish TV, an Indian company listed on the National Stock Exchange of India Limited (“NSE”) and BSE Limited (“BSE”)
- Combined entity to be renamed Dish TV Videocon Limited (“MergeCo”)

## Pro-forma Shareholding

- Dish TV Videocon will issue 857.79MM<sup>(1)</sup> fresh shares as consideration under the Proposed Transaction
  - Shareholders of Vd2h to get 2.02<sup>(1)</sup> shares in Dish TV Videocon for every 1 share in Vd2h (subject to certain adjustments set out in the scheme)
- Post closing, Dish TV shareholders to own 55.4% of the MergeCo and Vd2h shareholders to own 44.6% of the MergeCo<sup>(1)</sup>

## Listing

- MergeCo shall continue to be listed on the NSE and BSE in India
- As part of the Proposed Transaction, MergeCo shall institute a new GDR listing on the Luxembourg exchange
- In the Scheme, holders of Vd2h ADRs will receive their new shares in the form of GDRs, unless they elect to receive and hold new shares directly

# Transaction Summary (Cont'd)

## Promoters & Governance

- Current Promoters of Dish TV to continue as Promoters of the MergeCo
- Jawahar Lal Goel will be the Chairman and MD of the MergeCo
- The Vd2h principals shall have the right to nominate two directors on the Dish TV Videocon Board, one of whom shall be Vice Chairman and the other a Deputy Managing Director

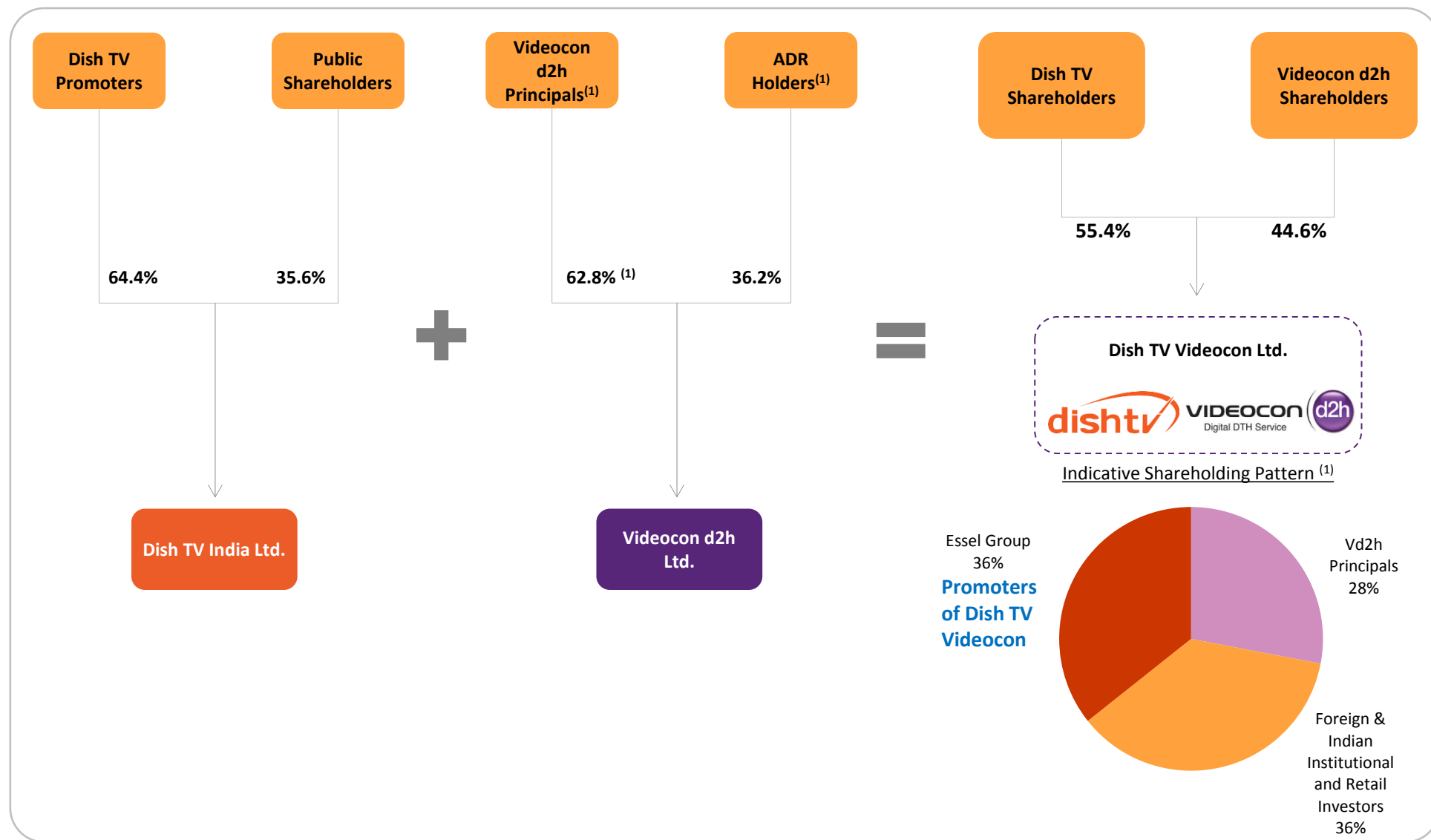
## Approvals and Key Dates

- Transaction remains subject to regulatory approvals, including
  - Securities Exchange Board of India, Designated stock exchange
  - Shareholders and Creditor approval at High Court convened meetings
  - The Honorable High Court of Bombay
  - The Competition Commission of India
  - Ministry of Information and Broadcasting
- Estimated Closing: 2H CY2017

## Advisors

- Morgan Stanley is acting as exclusive financial advisor to Dish TV and YES Securities (India) Limited is acting as lead financial advisor to Vd2h
- Other advisors working on the transaction are EY, SR Batliboi & Co. LLP, Luthra & Luthra Law Offices for Dish TV, and KPMG, Edelweiss Capital and Shardul Amarchand Mangaldas & Co. for Vd2h
- Shearman & Sterling is acting as international legal advisor to both Dish TV and Vd2h in respect of the, US federal securities law and related aspects of the Proposed Transaction

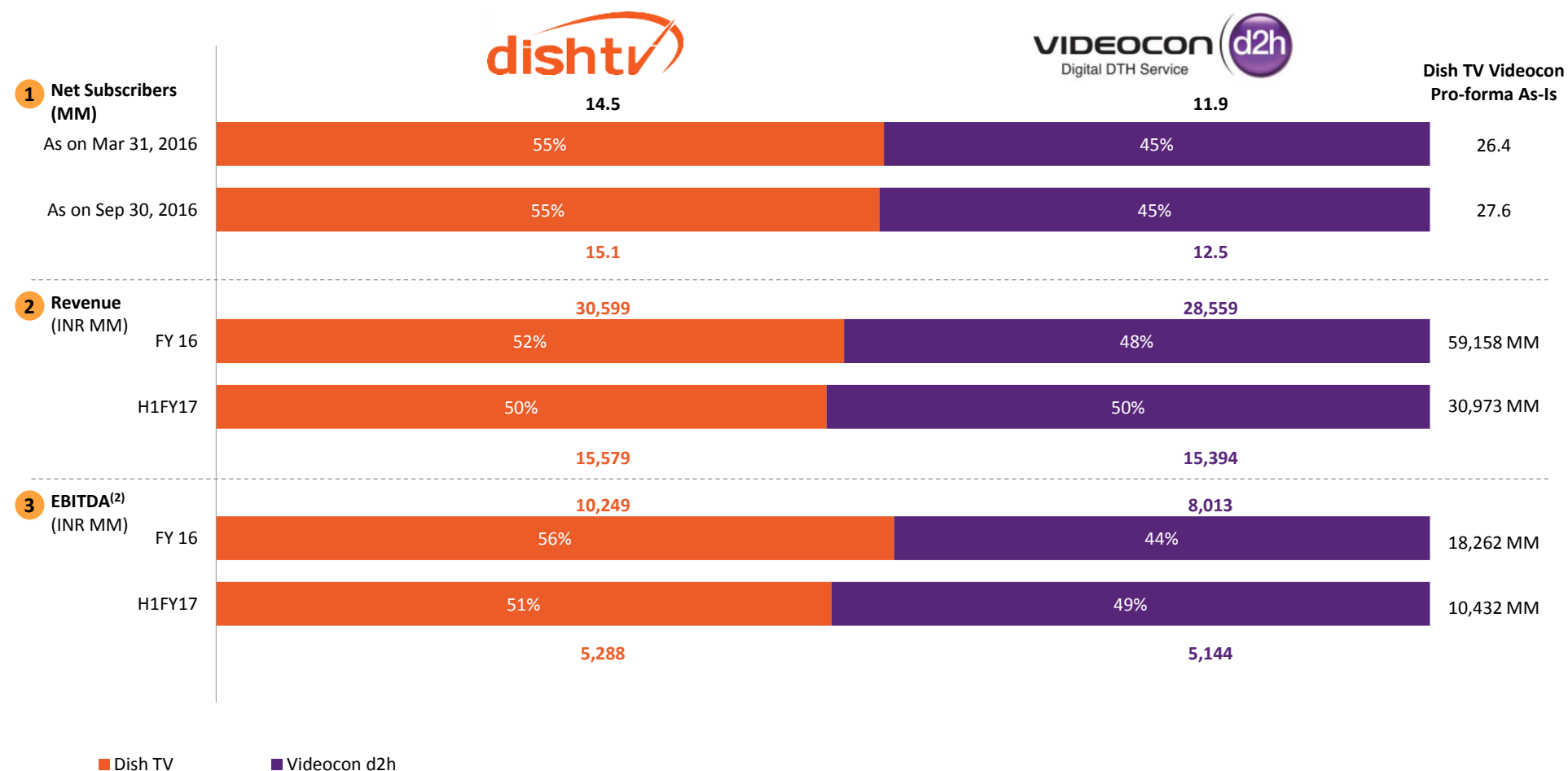
# Transaction Overview



# Dish TV Videocon: Pro-forma Contribution Analysis: Key Operating and Financial Metrics

## Pro-forma Contribution Analysis<sup>(1)</sup>

Combination of Dish TV and Videocon d2h



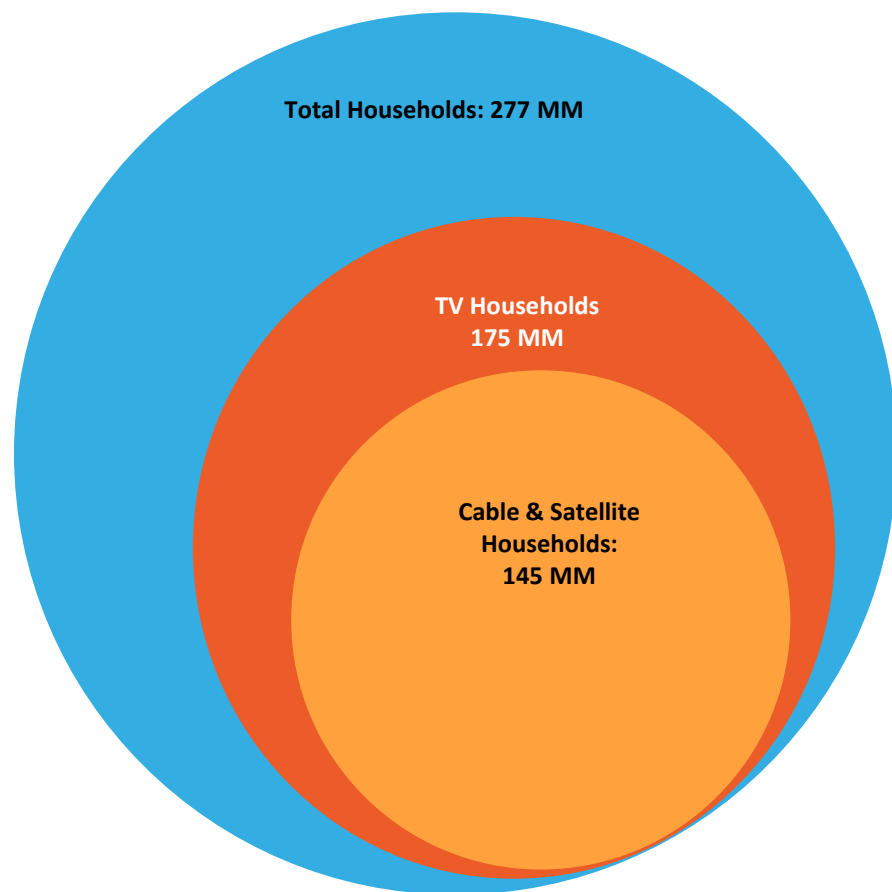
Source Company Information

### Note

1. "Pro-forma as-is" for financial metrics is simple arithmetic addition of FY2016 reported audited financials of DishTV and Vd2h. This information is for representational purposes only and does not account for any differences in the reported financials by the two companies on account of differences in accounting policies or GAAP.
2. Dish TV EBITDA are reported EBITDA figures, while Vd2h EBITDA are reported adjusted EBITDA figures



# Combination At The Right Time: Cable & Satellite Market is Rapidly Digitizing



- ▶ India, a very large cable and satellite market opportunity
- ▶ TV, movies and sports provide affordable entertainment across consumer segments across languages
- ▶ Acceleration of digitization of Indian households
  - ✓ Government's "Digital India" focus
  - ✓ Digital Addressable Systems (DAS)
  - ✓ Demand for high quality HD content
  - ✓ EPG, Interactive Content, ease of viewing vs. viewing by appointment
- ▶ Nationwide GST roll-out

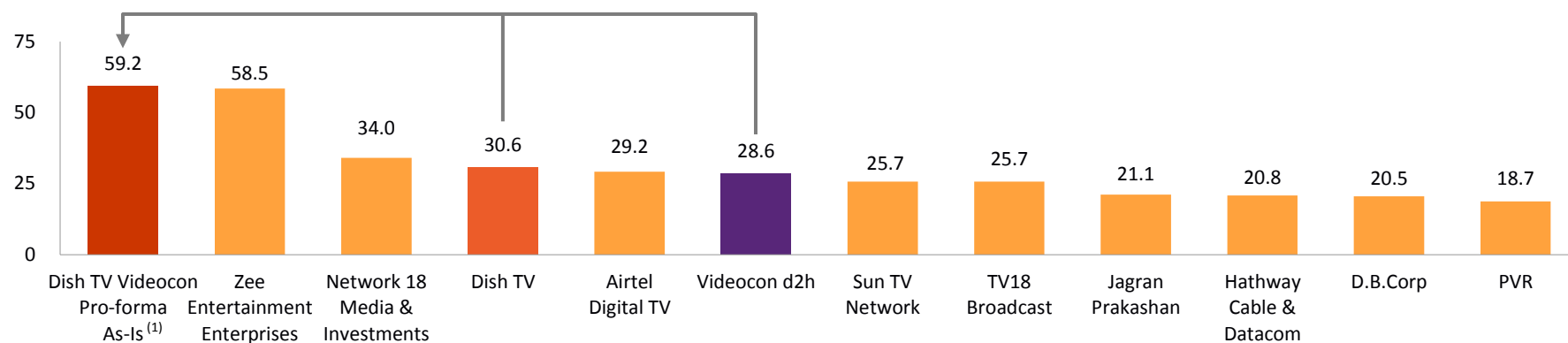
Source KPMG – FICCI Indian Media and Entertainment Industry Report 2016 and Industry sources

# Creation of A Leading Listed Media Company in India

## Total Revenue

Year ending 31 March 2016<sup>(2)</sup>

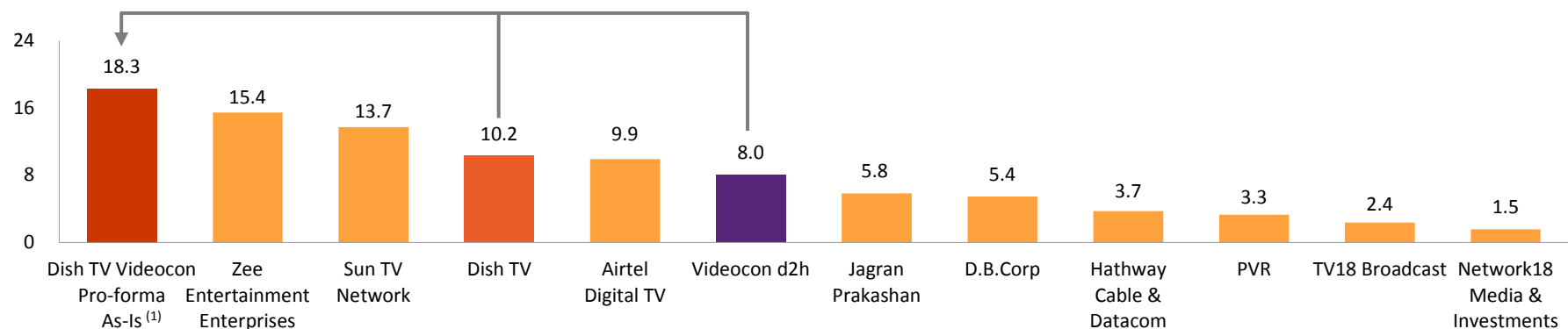
INR Bn



## EBITDA

Year ending 31 March 2016<sup>(2,3)</sup>

INR Bn



Source Annual Reports & Company Filings

### Note

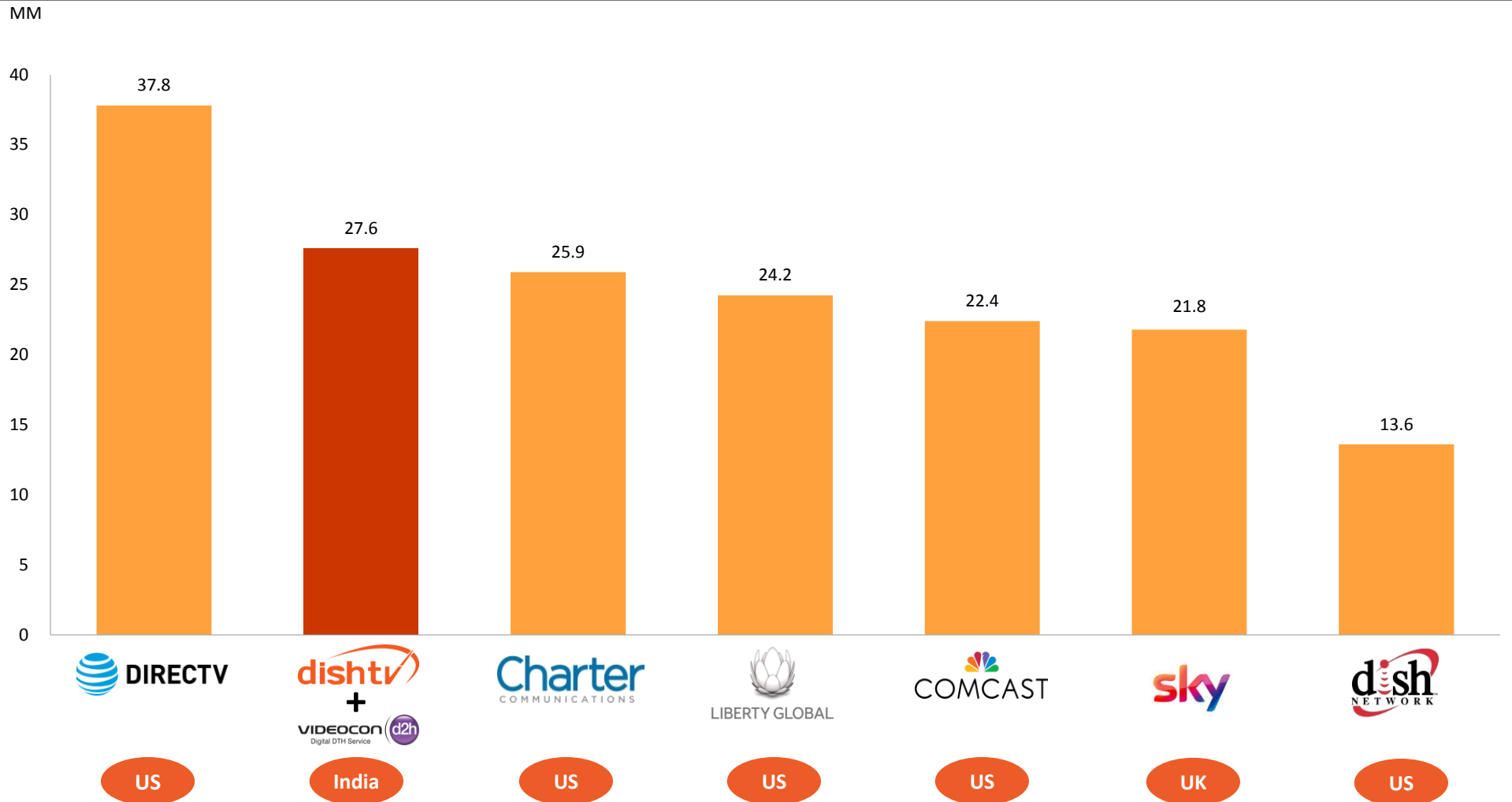
1. "Pro-forma as-is" for financial metrics is simple arithmetic addition of FY2016 reported audited financials of DishTV and Vd2h. This information is for representational purposes only and does not account for any differences in the reported financials by the two companies on account of differences in accounting policies or GAAP
2. Tata Sky information for FY16 is not available from public sources and has therefore been excluded
3. Dish TV EBITDA are reported EBITDA figures, while Vd2h EBITDA are reported adjusted EBITDA figures





# The Combination Will Have Scale Similar To Leading Global Cable & Satellite Players, In Terms of Subscribers

Net Subscribers/Customer Relationships<sup>(1)</sup>



Source Annual Reports & Company Filings

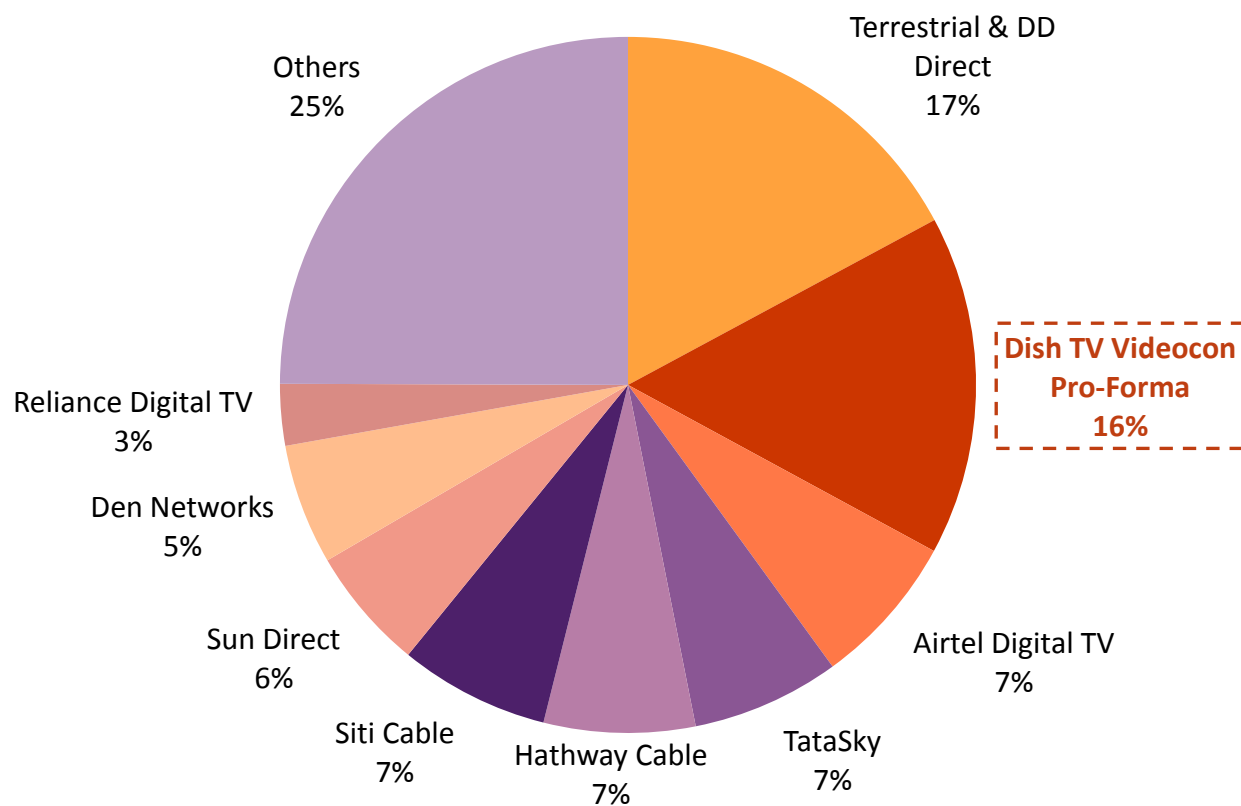
**Note**

1. Net Subscribers/customer relationships for Direct TV, Dish Network, Liberty Global, Comcast Corporation, Dish TV, Vd2h and Charter Communications are as of September 30, 2016 and Sky plc is as of March 31, 2016.



# Creating Scale in The Highly Fragmented TV Distribution Landscape in India



Total TV Households in India : 175 MM



Source Company disclosures of latest available subscriber data for all players, except TataSky (taken from TRAI for Dec-2015); DD & DD Direct data from industry sources

# Dish TV Videocon Limited: A Compelling Combination



Select KPIs				
Select KPIs	Net Subscribers (Sept 30, 2016; # MM) 	15.1	12.5	27.6
	HD Subscribers (Sept 30, 2016; # MM) 	1.43	1.37	2.80
Select Financial Metrics	FY2016 Revenue (INR MM)	30,599	28,559	59,158 (US\$ 883MM)
	FY2016 EBITDA <sup>(2)</sup> (INR MM)	10,249	8,013	18,262 (US\$ 274MM)
	FY2016 EBITDA <sup>(2)</sup> Margin (%)	33.5%	28.1%	31.0%
	FY2016 EBITDA <sup>(2)</sup> <u>less</u> Capex (INR MM)	1,165	785	1,950 (US\$ 29MM)
	Net Debt (As of Sept 2016) (INR MM)	6,250	15,360	21,610 (US\$ 323MM)

Source Annual Reports, Q2FY16 Concall transcripts & Investor Presentations

## Note

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2. Dish TV EBITDA are reported EBITDA figures, while Vd2h EBITDA are reported adjusted EBITDA figures



# A Compelling and Transformational Combination



Creating a leading cable & satellite distribution platform, with room for growth



Bringing together two well known brands in cable & satellite distribution



Bouquet of offerings across the spectrum of subscribers



Potential value creation from synergies generated through the combination



Potential to offer new services to the large subscriber universe viz. broadband services etc.

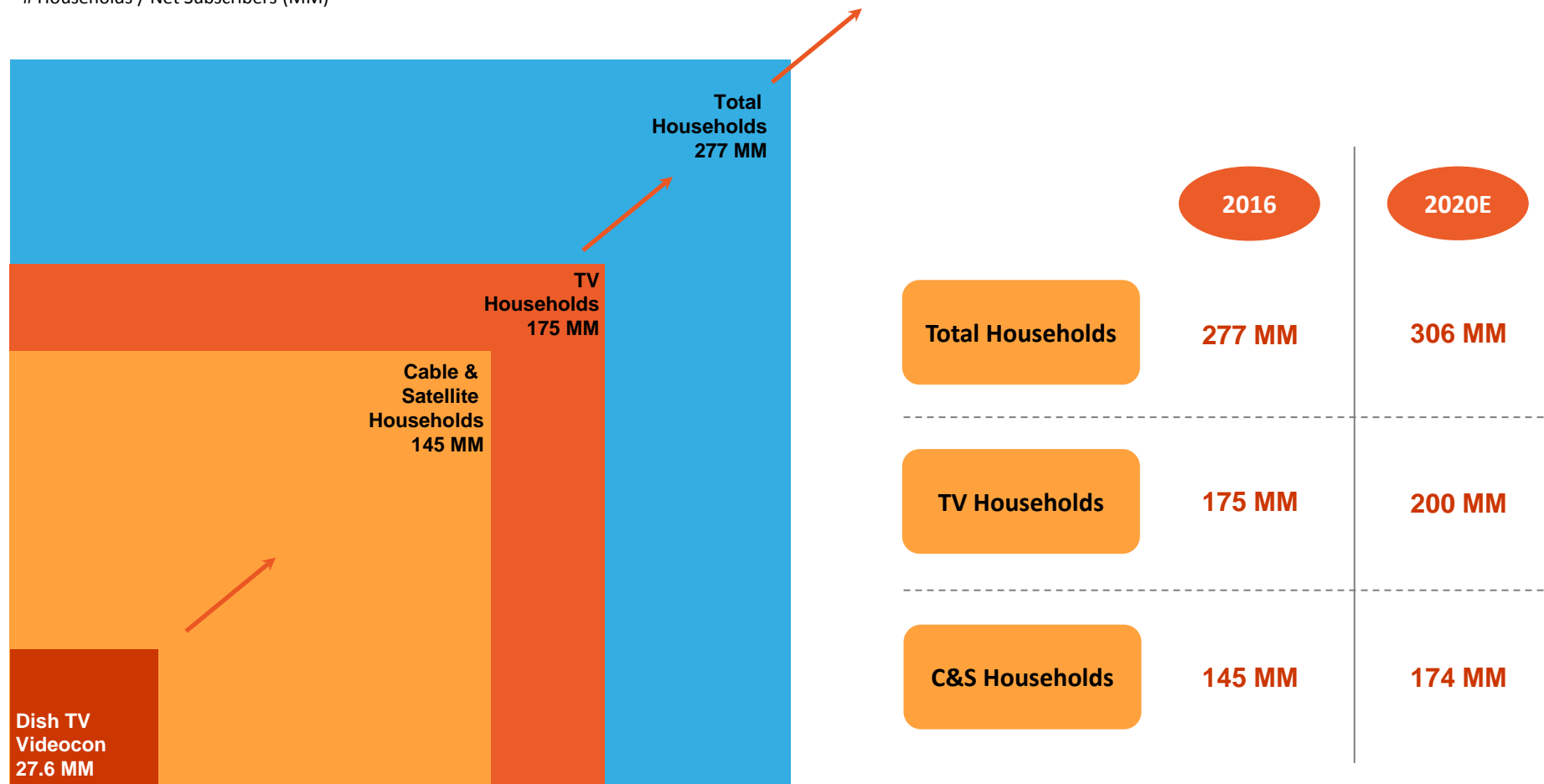


Healthy financials and high quality shareholder base

# Dish TV Videocon: Leading Scale With Room for Growth

Significant Room for Growth, Driven by Increased Digital Penetration & Strong Macro Tailwinds in India

# Households / Net Subscribers (MM)



Source: Company information and FICCI-KPMG 2016

# Dish TV Videocon: Bringing Together Two Strong Brands In Indian Cable & Satellite Distribution; A Win-Win for All Stakeholders



- Pioneers of DTH in India
- Dish TV a widely respected brand in India which is synonymous with D2H in the country

- Deep distribution reach in both urban and rural areas with over 2,268 distributors across c.9,322 towns
- Over 244,688 dealers across the country
- Over 1,090 service franchisees

- 2.8 MM Installations in FY16



- Lineage of the Videocon Group, synonymous with high quality electronics brands and electronics hardware manufacturing in India
- Large shelf space occupied by Videocon group brands

- Over 2,800 distributors and direct dealers
- Reach of over 230,000 retailers/dealers
- Nearly 320 direct service centers

- 2.6 MM Installations in FY16

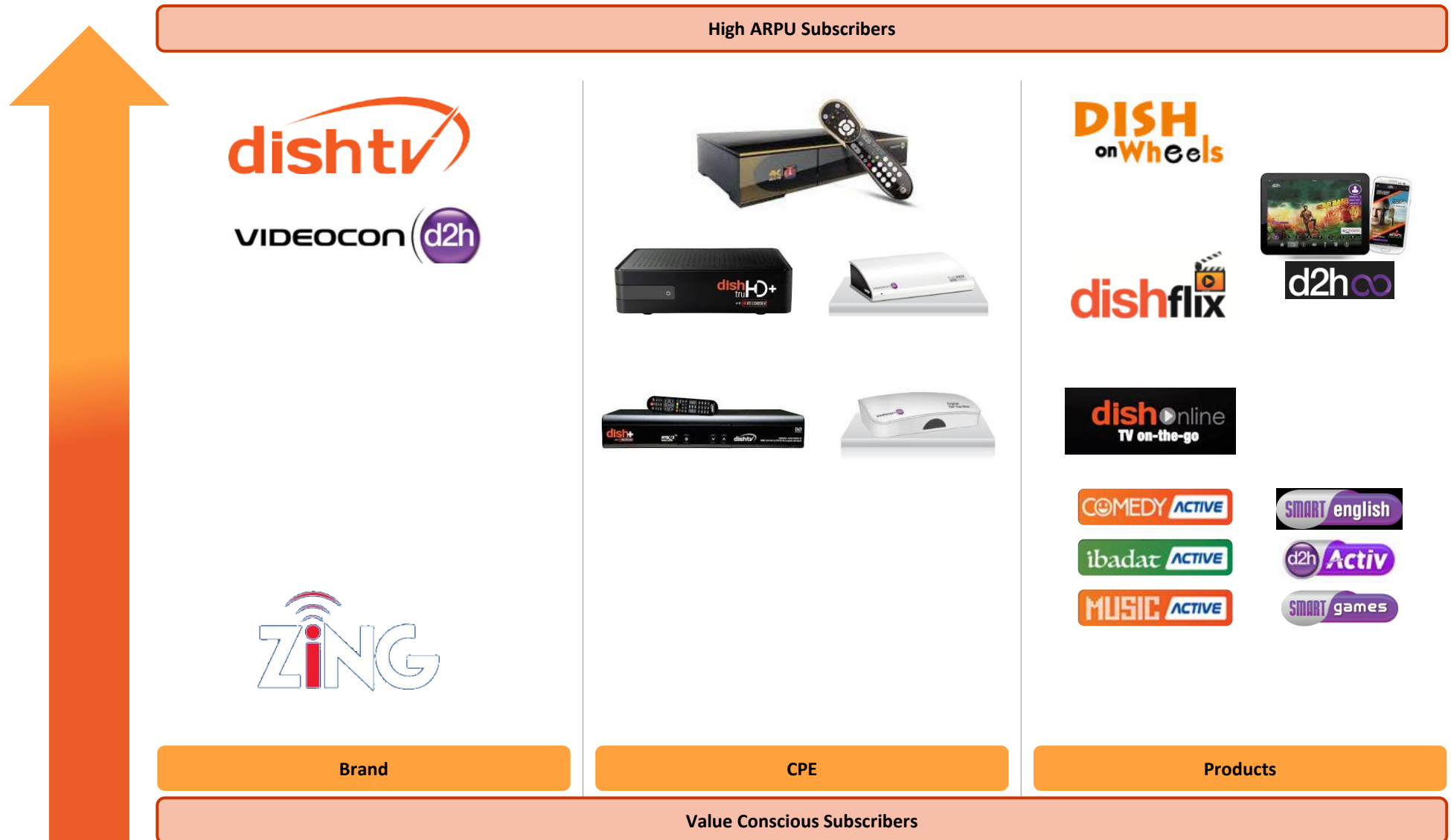
**Better Growth Opportunities for Employees**

**Expanded Sales & Service network**

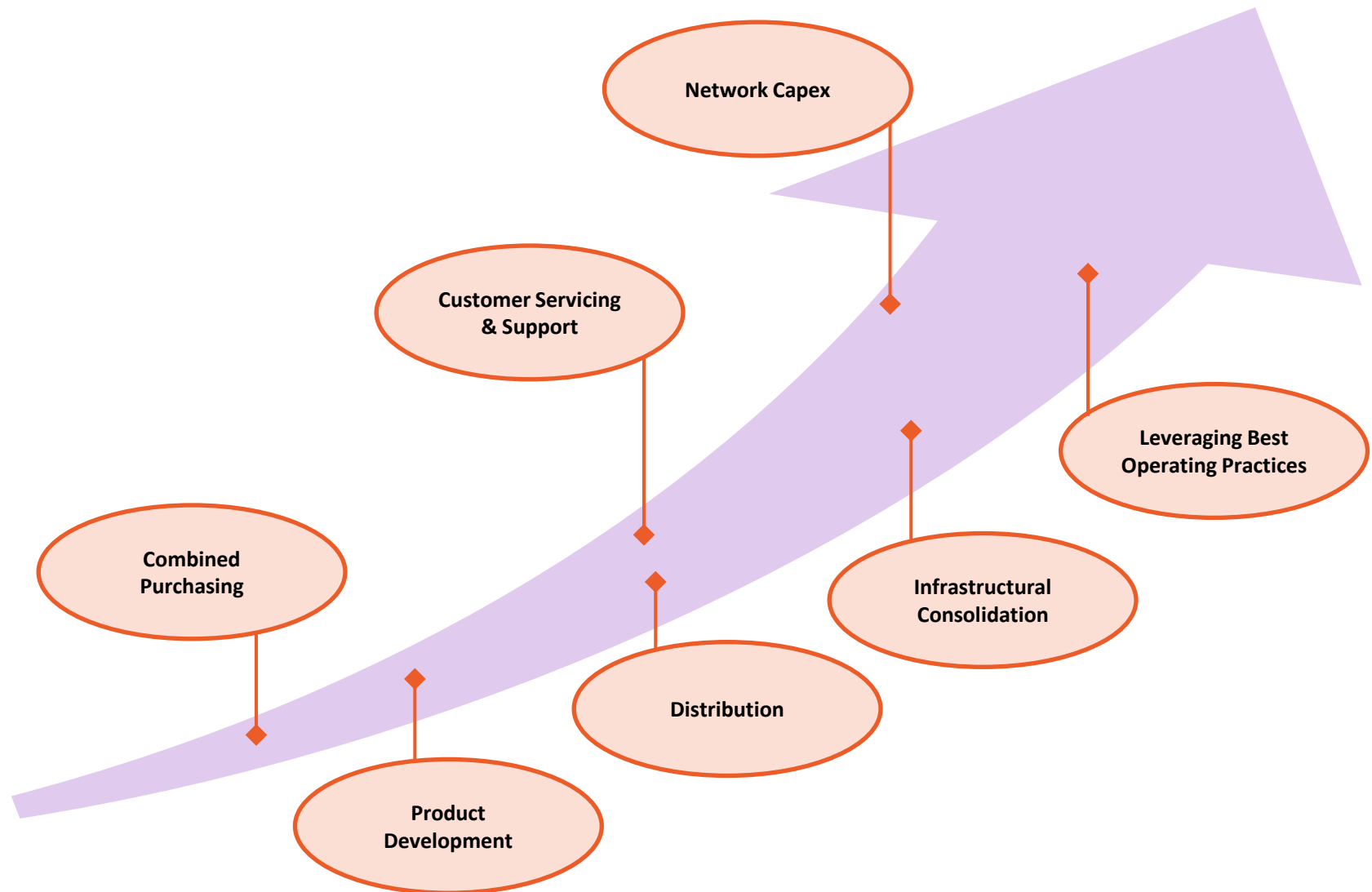
**Delivering a Larger Subscriber Community to Content Providers**



# Dish TV Videocon: Bouquet of Offerings Across The Full Chain of Consumer Spectrum



# Dish TV Videocon: Combination Unlocks Significant Value for Shareholders



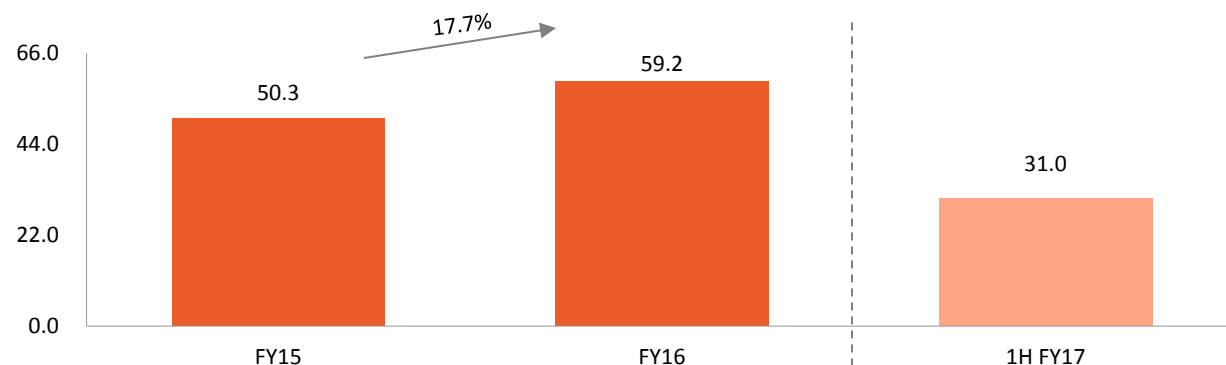


# Dish TV Videocon: Strong Financials<sup>(1)</sup>

## Revenue: Dish TV Videocon Pro-Forma As-Is

Year ending 31 March 2016

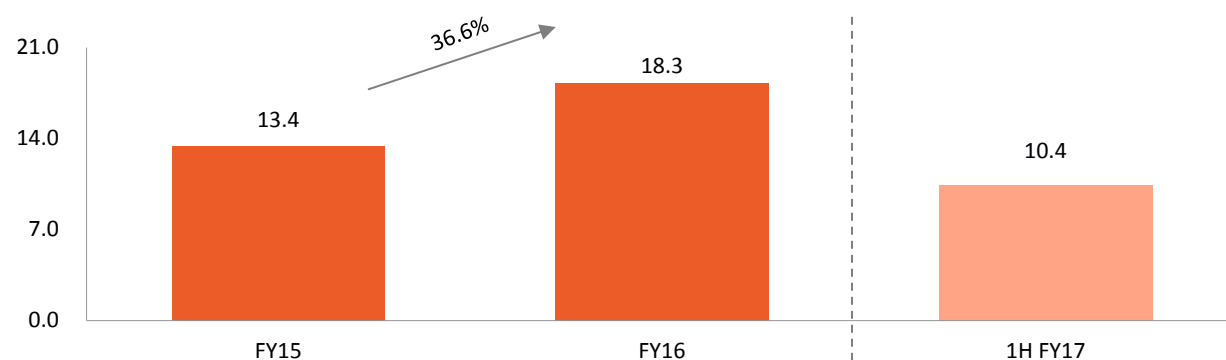
INR Bn



## EBITDA: Dish TV Videocon Pro-Forma As-Is<sup>(3)</sup>

Year ending 31 March 2016

INR Bn



## Key Financial Metrics: Dish TV Videocon Pro-Forma As-Is

INR Bn

▶ FY2016 EBITDA less Capex,  
INR 1.9 Bn

▶ Net Debt, Sept 30, 2016  
INR 26.6 Bn

▶ Net Debt / Pro-Forma FY16  
EBITDA<sup>(2)</sup>  
1.2x

### Note

1. "Pro-forma as-is" for financial metrics is simple arithmetic addition of FY2016 reported audited financials of DishTV and Vd2h. This information is for representational purposes only and does not account for any differences in the reported financials by the two companies on account of differences in accounting policies or GAAP.
2. Net debt (as-is) figure is as of September 30, 2016 and EBITDA (as-is) is for financial year ended March 31, 2016.
3. Dish TV EBITDA are reported EBITDA figures, while Vd2h EBITDA are reported adjusted EBITDA figures

