

Investing in Digital India

The Dynamics of Mandatory Addressable Digitization



Contents

1. Executive summary	4
2. The digital mandate and its impact	6
3. Prospects for cable operators	15
4. International experience	20
5. About Media Partners Asia	24

List of exhibits

Exhibit 1: The dynamics of digitization: Benefits and challenges	5
Exhibit 2: India digitization plan	6
Exhibit 3: A third of India's TV homes have digital TV	7
Exhibit 4: Analogy between cable industry and movie exhibition sector	
Exhibit 5: International markets: Consolidation and digitization lead to industry growth and value	8
Exhibit 6: LCO operating margins are >50% today	9
Exhibit 7: Government of India loses >US\$1 bil. pa to underdeclaration	9
Exhibit 8: Projected subscribers in the National Broadband Plan	10
Exhibit 9: Digital cable TV will be affordable	
Exhibit 10: Sensitivity of MSO to LCO revenue sharing in digital cable	11
Exhibit 11: Channel C&P fees have grown rapidly while subscription fee growth has been modest	12
Exhibit 12: Growth in Zee cable subscription fees has been minimal compared with DTH	12
Exhibit 13: Sub fees boost profits towards content investment	12
Exhibit 14: Valuations for cable/pay-TV companies in global markets	13
Exhibit 15: US cable stocks outperformed after 1996	
Exhibit 16: MSO economics in digital cable	15
Exhibit 17: Number of permitted TV channels in India	16
Exhibit 18: FY 2011 C&P revenues for major MSOs in India	16
Exhibit 19: Comparison of reach amongst major MSOs	
Exhibit 20: Phase I capEx requirements for national MSOs	17
Exhibit 21: Debt to equity ratio for major MSOs	18
Exhibit 22: Comparison of digital subs amongst MSOs	18
Exhibit 23: Broadband subscriber base of major MSOs in India (2011)	19
Exhibit 24: Hathway proforma P&L for cable TV & broadband	19
Exhibit 25: International markets: The regulatory path to digitization	20
Exhibit 26: Digital cable conversion trends, international markets	21
Exhibit 27: Digital cable TV ARPU dynamics, (3-year CAGR, %)	21
Exhibit 28: Multiple product sales in Taiwan cable	22
Exhibit 29: Cable business based on the growth of broadband digital bundles	22
Exhibit 30: Broadband is a key contributor to cable company revenues (FY 2011)	23
Exhibit 21. Cable leads US broadband not additions	22