

Ortel Communications announces Q2 & H1 FY2016 Results

H1 FY16

Total Income higher by 21% to Rs. 913 million

EBITDA improved by 36% to Rs. 332 million

PAT positive at Rs. 53 million Vs. Rs. 1 million in H1 FY15

(PAT of Rs. 56 million in FY15 full year)

Total RGUs at 571,834

Bhubaneshwar, October 20, 2015: Ortel Communications Limited (Ortel), a leading cable television and high speed broadband services provider focused in the Indian states of Odisha, Chhattisgarh, Andhra Pradesh, Madhya Pradesh and West Bengal, announced its financial results for the quarter and half year ended September 30, 2015.

Q2 FY2016 performance overview compared with Q2 FY2015

- Total Income increased to Rs. 482 million from Rs. 408 million, up by 18.2%
- EBITDA grew by 29.1% to Rs. 173 million from Rs. 134 million
 - EBITDA margin stood at 35.8%, up by 300 bps
- Profit After Tax came in at Rs. 28 million compared to Rs. 12 million
- EPS amounted to Rs. 0.93 per share

H1 FY2016 performance overview compared with H1 FY2015

- Total Income increased to Rs. 913 million from Rs. 754 million, up by 21.1%
- EBITDA grew by 36.0% to Rs. 332 million from Rs. 244 million
 - EBITDA margin stood at 36.3%, up by 390 bps
- Profit After Tax came in at Rs. 53 million compared to Rs. 1 million
- EPS amounted to Rs. 1.74 per share

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

"I am glad to report a strong operational and financial performance for the quarter ended September 30, 2015. Performance during the quarter was driven by healthy addition in RGUs which stood at 571,834. We are witnessing encouraging traction to our LCO buyout strategy in emerging markets like Andhra Pradesh and Chhattisgarh, and I am confident that this would sustain going forward.

Going forward, we would continue with our strategy of aggressive LCO buyouts across all our markets and diligently integrate the new subscribers into Ortel's last mile network. Healthy contribution from new RGUs along with ongoing focus on the high margin Broadband business would enable us to deliver strong financial performance in the forthcoming years."

Key Developments – Q2 FY16

- **Healthy Growth in Revenue Generating Units (RGUs):** During the quarter, the RGU growth stood at 29,617 compared to 12,106 in Q1 FY16 and 14,276 in full year FY15
 - Added 41,723 subscribers in H1 FY16, taking the total RGUs to 571,834
 - Expect stronger momentum in the forthcoming months
- **LCO Buyout:** Signed network buy out agreements with multiple LCOs during the two quarters and 65,000 RGUs are in the pipeline to be integrated into the Company's last mile network
- **Enhanced traction in the emerging markets:** More than 50% of the new buyouts in the last two quarters have come from the emerging markets like Andhra Pradesh, Chhattisgarh, West Bengal & Madhya Pradesh
 - Witnessing positive response to last mile buyout strategy in emerging markets
- **Building momentum in Broadband Business:** Broadband RGUs stood at 63,663 as on 30 September 2015, net addition (net of churn) of 5,144 subscribers in H1 FY16 Vs. 4,092 in full year FY15
 - Developing a strong team, strengthening the back-end operations, and offering attractive broadband plans to help drive RGU growth in this segment, which would play a crucial role in driving growth and profitability of the Company
 - Continues to focus on a two-way communication network capable of delivering triple play services video, data and voice – key aspect of the business which can create huge value for all stakeholders

- **Healthy Digital Penetration:** Digital Cable TV penetration stood at 23.7% in Q2 FY16
 - Penetration in select 10 towns where company offers digital services stands at 71%
- **Improvement in debt rating:** ICRA has upgraded the debt rating of the Company's Term Loans, Fund Based Limits and Unallocated Limits to BB (indicating a stable outlook) from BB-
 - Subsequently, Karnataka Bank & UCO Bank, have agreed to reduce the rate of interest on term loans availed by the Company
 - Actively working with other institutions for further reduction in interest rates
 - This will lead to material savings in the interest costs

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About 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, Andhra Pradesh, West Bengal & Madhya Pradesh. 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, Andhra Pradesh 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.

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