



PRIME FOCUS LIMITED

Investor Presentation  
November 2020



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements.

Prime Focus will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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The background is a solid red color with a pattern of concentric circles and radial lines, creating a grid-like effect. A white, wavy banner is positioned on the left side, containing the text.

# H1 FY21 Performance

# H1FY21 highlights - Resilient performance despite COVID19 disruptions



Consolidated  
Income

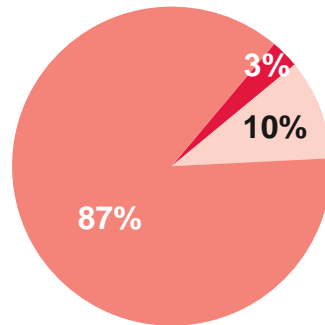
**Rs. 1,265 Cr**

Change YoY

**-7.5%  
YoY**



**Divisional  
Revenue  
share**



- India, FMS
- Tech/Tech Enabled Services
- Creative Services

Adjusted  
EBITDA<sup>1</sup>

**Rs. 370 Cr**

Adjusted EBITDA<sup>1</sup>  
Margin

**29.2%**

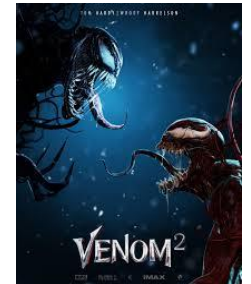
Change YoY

**50%  
YoY**

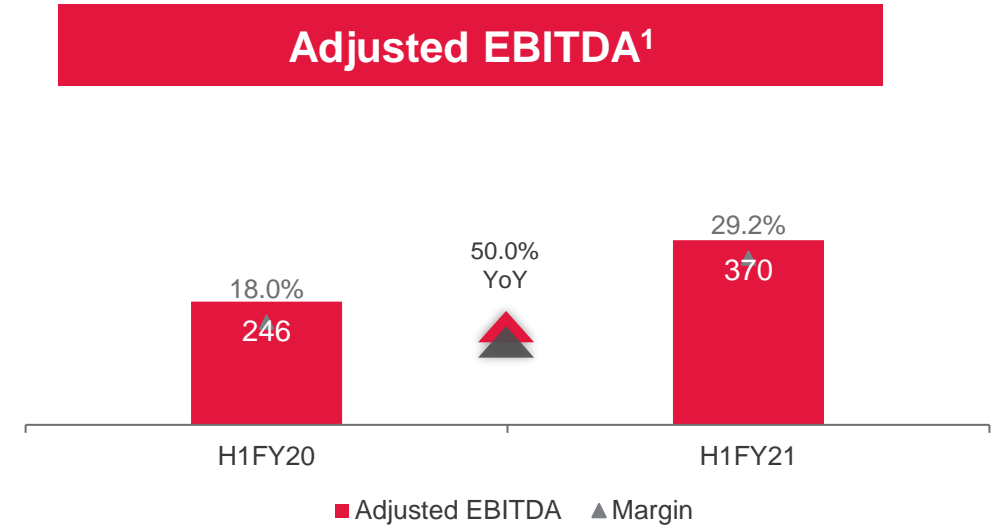
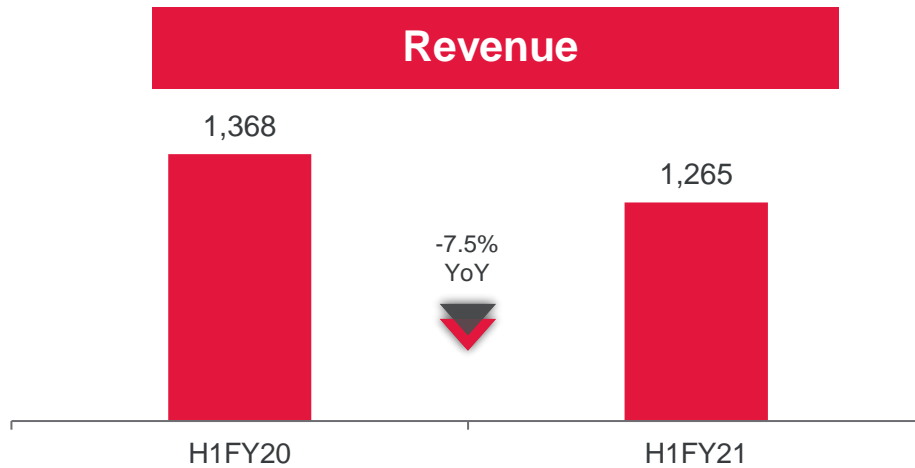


DNEG nominated for a **Royal Television Society Award** in the Effects Category for its work on BBC's 'World on Fire'

DNEG's work on 'Devs' nominated for a **2020 Broadcast Tech Innovation Award** in the Best VFX Project Category



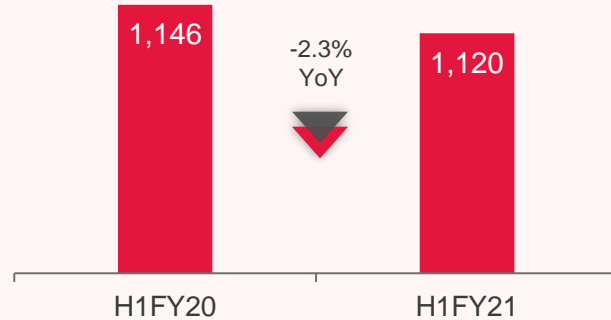
# H1FY21 – Cost Optimization led to PAT positive 6M FY21



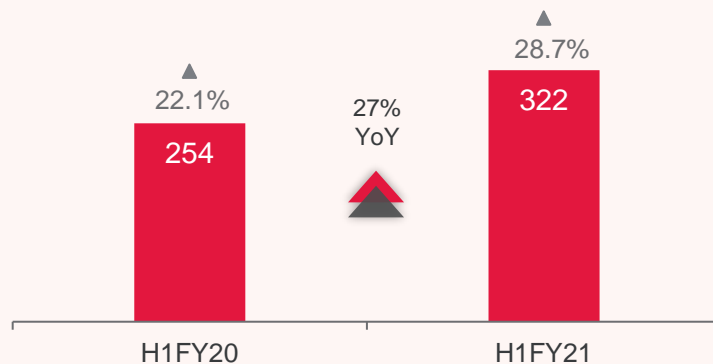
Figures in Rs Crore; Consolidated financials

- Consolidated revenues fell by 7.5% YoY to Rs 1,264.6 Cr – stabilisation in revenues as COVID impact beginning to wane but uncertainty persists due to new wave of lockdowns in the West. DNEG's revenue has shown good resilience during these testing times
- Adjusted EBITDA stood at Rs 369.5 Cr with margins at 29.2% due to proactive cost curtailment measures
  - Government support in the West coupled with headcount rationalization led to Employee cost at % of revenue at 53.2% (H1FY20 – 62.2%)
  - Non Cash ESOP charges stood at Rs 11.8cr for 6M FY21 – expected to further reduce going forward
- Interest and Finance charges at Rs. 117 Cr in line with H1FY20 cost at Rs. 119cr
  - Includes non-cash interest on studio loan Rs. 10cr
- Depreciation charges at Rs 195 Cr – in line with H1FY20 numbers of Rs. 193cr
- Exceptional Cost of Rs. 22.8cr is associated with cost provisions related to proposed issuance of Senior Secured Notes by DNEG during Q2FY21
- The company continues to be **PAT positive for 3<sup>rd</sup> Quarter in a Row** with PAT for Q2FY21 at Rs. 1.4cr

## Revenues<sup>1</sup>



## Adjusted EBITDA<sup>1</sup>



## Stable Revenues despite COVID Headwinds

- Strong execution pipeline of projects in Film VFX, TV/OTT and Animation backed by credible studios led to limited COVID disruption on the revenue front. With shoots starting to recommence in phased manner, optimistic for the future
- Operations demonstrated high agility – enabled workflow transition to Work from Home
- Won high value contracts even during challenging times – *Justice League with HBO Max*, *Uncharted with Sony*, *Matrix 4 with Warner Bros*
- Continue to deliver work on marquee projects such as *Dune*, *Ron's Gone Wrong*, *Infinite*, *Venom 2*, among others
- Second wave of Lockdown in Europe increases short-term uncertainty while promising news on vaccine front is supportive in the medium term



## Adj. EBITDA up 27% YoY

- Benefits of workforce rationalization and cost reductions helped drive an improved operating performance despite YoY reduction in revenues and COVID disruptions with Adj EBITDA margins at 28.7%
- Workforce rationalization, government wage relief, temporary pay-cuts, shifting/closure of offices and tight control over discretionary spending led to reduction in operating cost



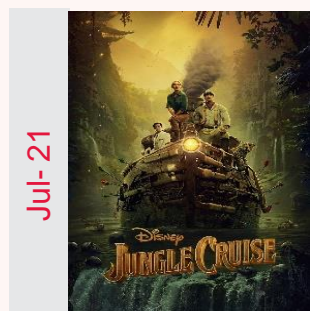
## Upcoming Movie Projects



Dune



F9: The Fast Saga

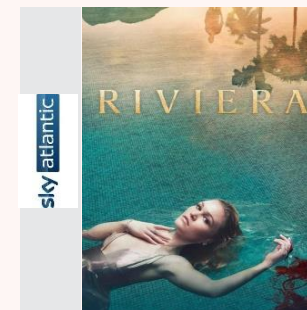


Jungle Cruise



Wonder Woman 1984

## Upcoming TV / OTT Projects



Riviera Season 3



Away



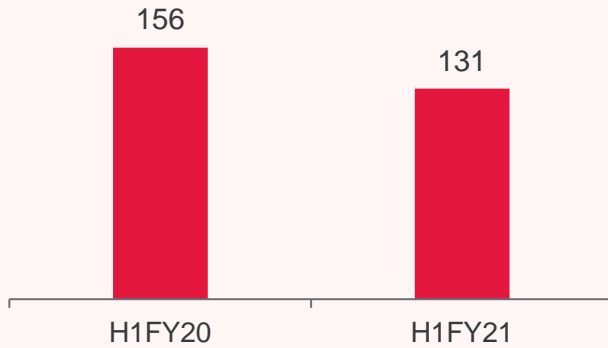
Star Trek Discovery



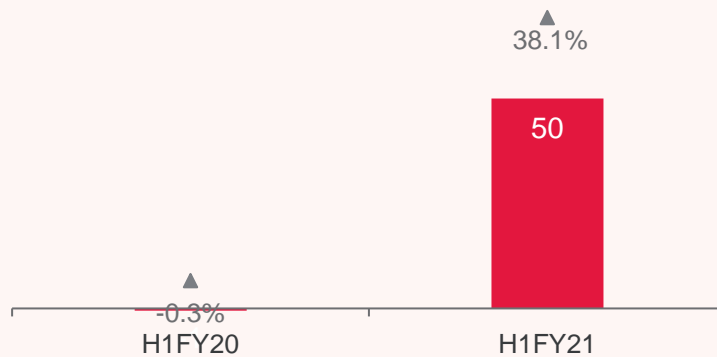
Foundation



## Revenue

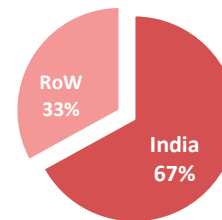


## Adjusted EBITDA<sup>1</sup>

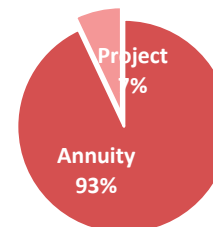


## Rebound in EBITDA Margins – at ~38% for H1FY21

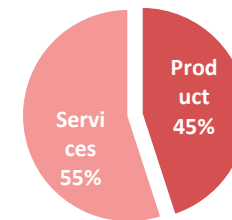
- COVID Impact on revenues has been limited – backed by strong client relations
- Business turnaround plan accelerated on the back of COVID - company has shown promise by delivering positive EBITDA despite reduced revenue driven largely by workforce rationalization and significant and permanent cost control measures over discretionary expenditure
- Adj EBITDA calculation includes Other Income and excludes ESOP charges



By Geography

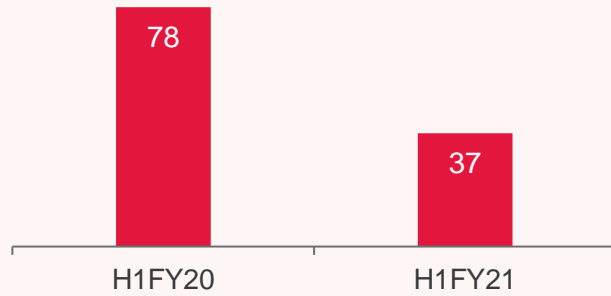


By Contract type

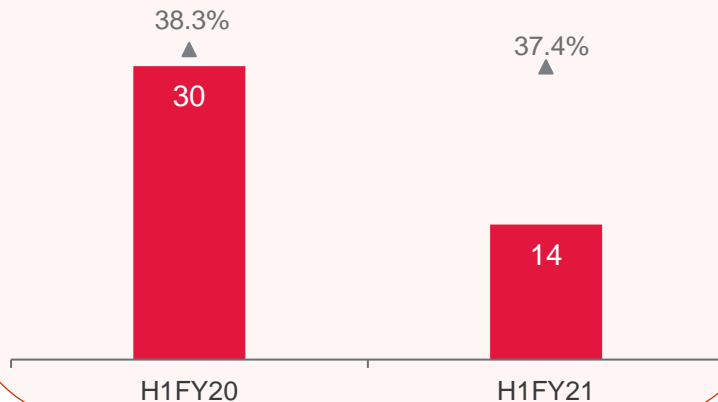


By Product Mix

## Revenues



## Adjusted EBITDA<sup>1</sup>



Figures in Rs Crore

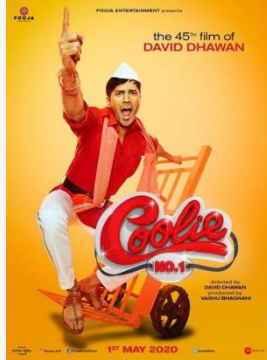
## Highlights:

- Delivered revenue of Rs 37 Cr with Adj, EBITDA margin at ~ 35%+
- With relaxation in government imposed restrictions and shoots beginning from August, revenues beginning to start trickling in slowly; however recovery will still take some more time; expected to improve in Q4FY21
- Worked on the Bollywood blockbusters *Gunjan Saxena (Netflix)*, *Angrezi Medium (Hotstar)*, *Dil Bechara (Hotstar)*, *Hundred (Hotstar)* among others
- Strong Movie Releases scheduled for coming quarters: *Coolie No. 1*, *Chhalaang*, *Gangubai Kathiawadi*, *World Cup 1983*, *Brahmastra*, *Maidaan* among others
- Adj EBITDA calculation includes Other Income and excludes ESOP charges

## Upcoming Movie Projects



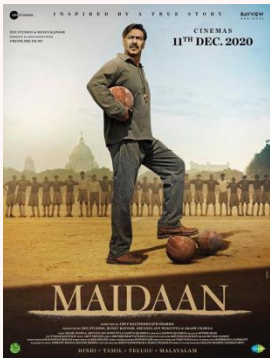
83



Coolie No 1



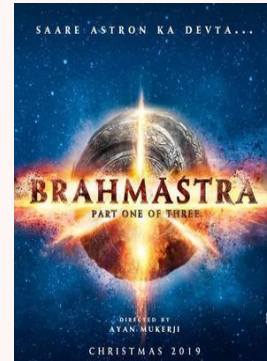
Gangubai Kathiawadi



Maidaan



Chhalaang



Brahmastra

## Recent TV Commercials

Netflix



<https://www.youtube.com/watch?v=vJIntV2iFEQ>

Kellogg's



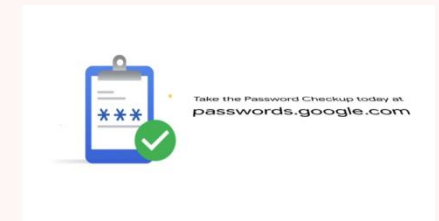
<https://www.youtube.com/watch?v=0BTVID2IGQg>

Vivo IPL 2020



<https://www.youtube.com/watch?v=AvTXSeDmho>  
o

Google



<https://www.youtube.com/watch?v=VYnpzgNcmD>  
k

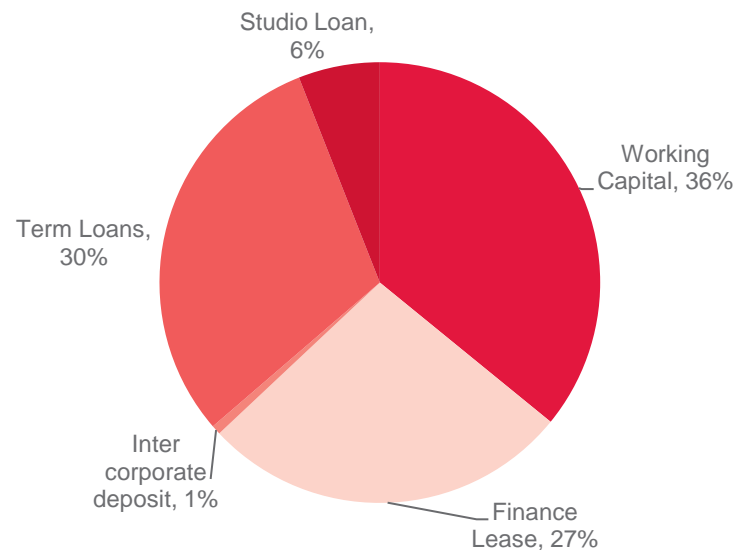


# Debt profile



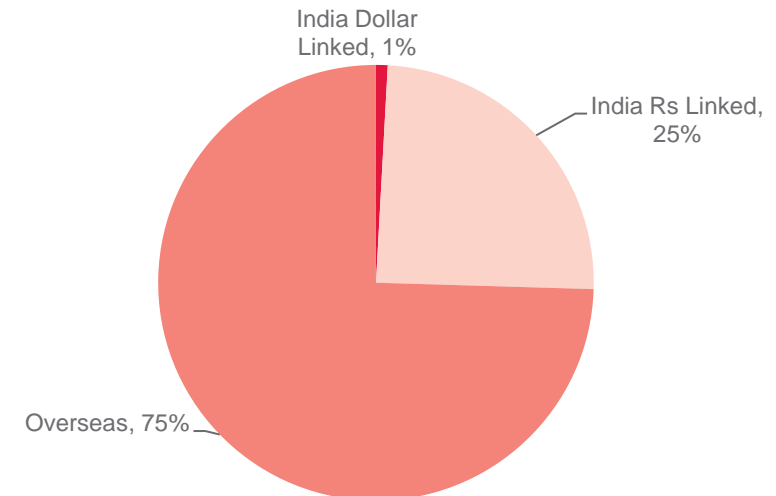
- Consolidated Net Debt of Rs. 3,287 Cr as on 30<sup>th</sup> September 2020
  - Includes Operating Lease Liability of ~ Rs. 600 Cr added to the Balance Sheet on adoption of IndAS 116
- LTM Net Debt / Adj EBITDA (Pre IndAS 116) has improved to ~3.6x from 4x+ levels earlier
- The Company and its subsidiaries continue to consider options to raise funding through equity (including through private placement and public offering) and debt, and unlock value across the Group with a view to enhancing growth, shareholder value and the efficiency of the business

## Debt Composition



\$1= Rs. 73.57

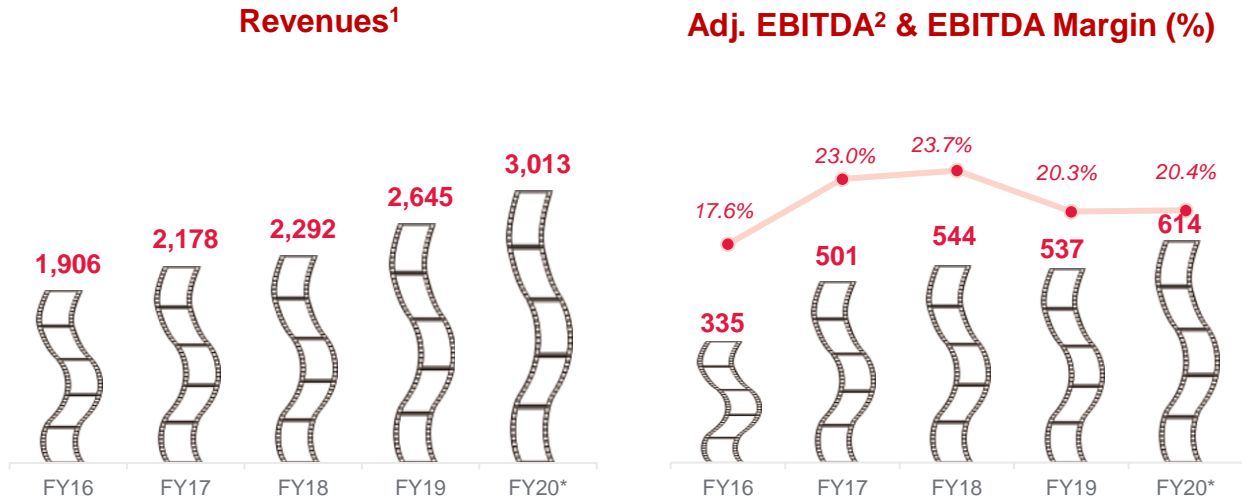
## Geographical Breakup



Note: Equity Instruments of Horizon Coast and Ambit PE is not included

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# About Prime Focus



Figures in Rs Crore; Consolidated Financials

*Robust & growing  
Order Book despite  
COVID outbreak*

**9,000+**  
*People*



**1** **VES**

For work on  
Chernobyl



**1** **Emmy**

For work on  
Chernobyl

*Working with top broadcasters, studios and OTT players*



*Delivered top Hollywood & Bollywood grossers in FY20*



\$2.79 bn



\$386 mn



\$253 mn



\$1.12 bn



\$404 mn



\$759 mn



₹379 crore



₹208 crore



₹215 crore



₹280 crore



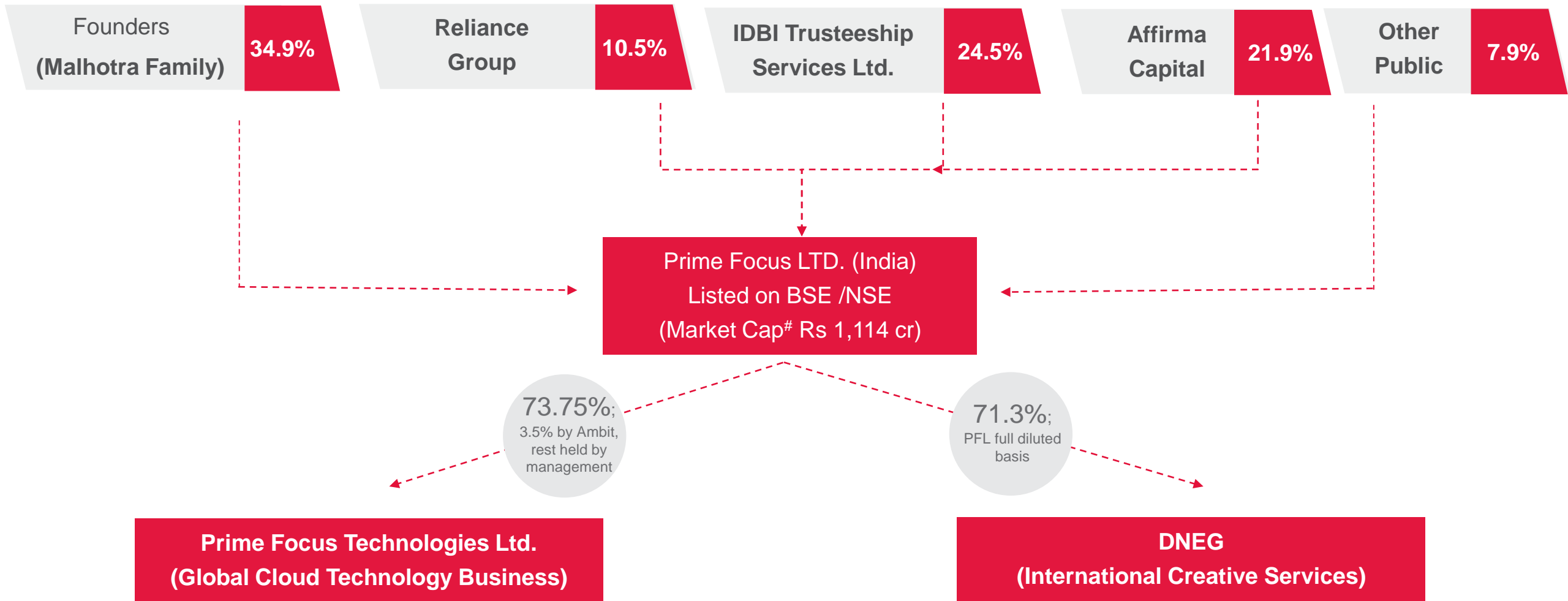
₹318 crore



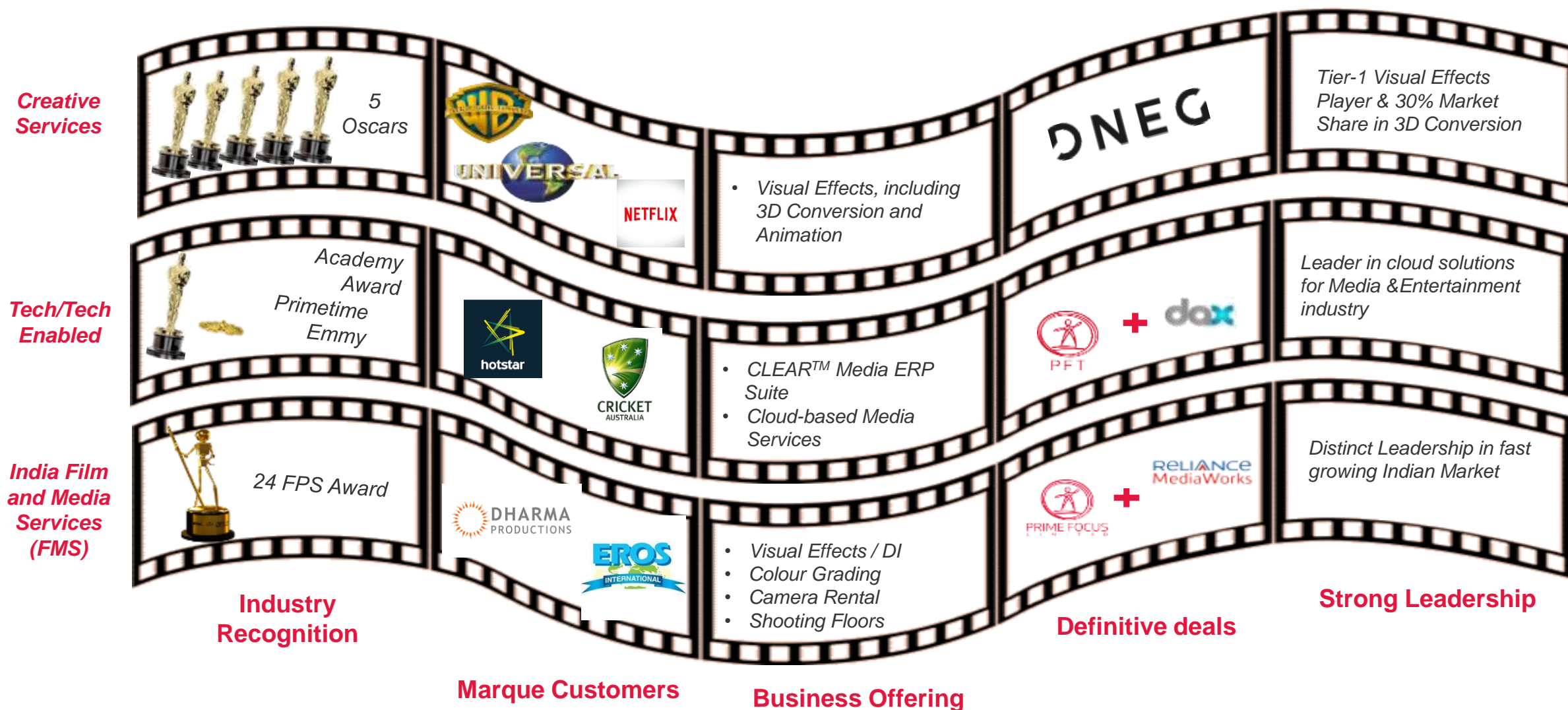
₹230 crore



# Corporate Structure



# Strong Leadership in all 3 verticals



# Creative Services: World's No. 1 independent Tier 1 player



## Strong Leadership

*Tier-1 Visual Effects Player*

*House of choice for  
visually enhanced  
services*

## Top Grossers



\$2.79 bn



\$1.12 bn



\$759 mn



\$404 mn



\$386 mn



\$253 mn

## Deeper engagement with leading studios



## Proven Expertise



*5 Oscar wins for  
Inception, Interstellar,  
Ex Machina, Blade  
Runner 2049 & First Man*

## Unprecedented scale

*US\$354 mn  
(FY20),  
Revenues*

*8,000+  
personnel across  
9 facilities*

*89%  
contribution  
in FY20  
revenues*

*Robust  
Order Book*

## Poised for Profitable growth

- Increasing cross-sell via Bundled offering ( VFX / 3D conversion / Animation services)
- Robust model – reduced seasonality, lower dependence on individual projects
- Margin expansion via scale economics and delivery from global locations



# Technology Services: Pioneer & leader in cloud solutions for M&E industry



Owns & operates World's **only hybrid cloud enabled Media ERP platform** – CLEAR™

Continue to have a robust order book to be executed over next 3-5 years

Revenue **at Rs. 3.0 bn**, 9% share

Strong revenue model with **91% Annuity** contribution & **29% from International** markets

## Unique & Comprehensive PRODUCT + SERVICES approach

### Products

#### Cloud Media ERP

Cloud MaM  
Broadcast cloud

Production cloud  
Distribution cloud

#### Operations Cloud

Playout cloud  
Playout monitoring

#### Digital & OTT platforms

### Services

#### Data Services

Metadata  
Analytics

#### Content Localization

#### Content Transformation

Digitization & QC  
Content Preparation  
Editorial and Packaging

## Marquee Clients

Broadcasters



Studios



Content Creation



Content Transformation



Content Distribution



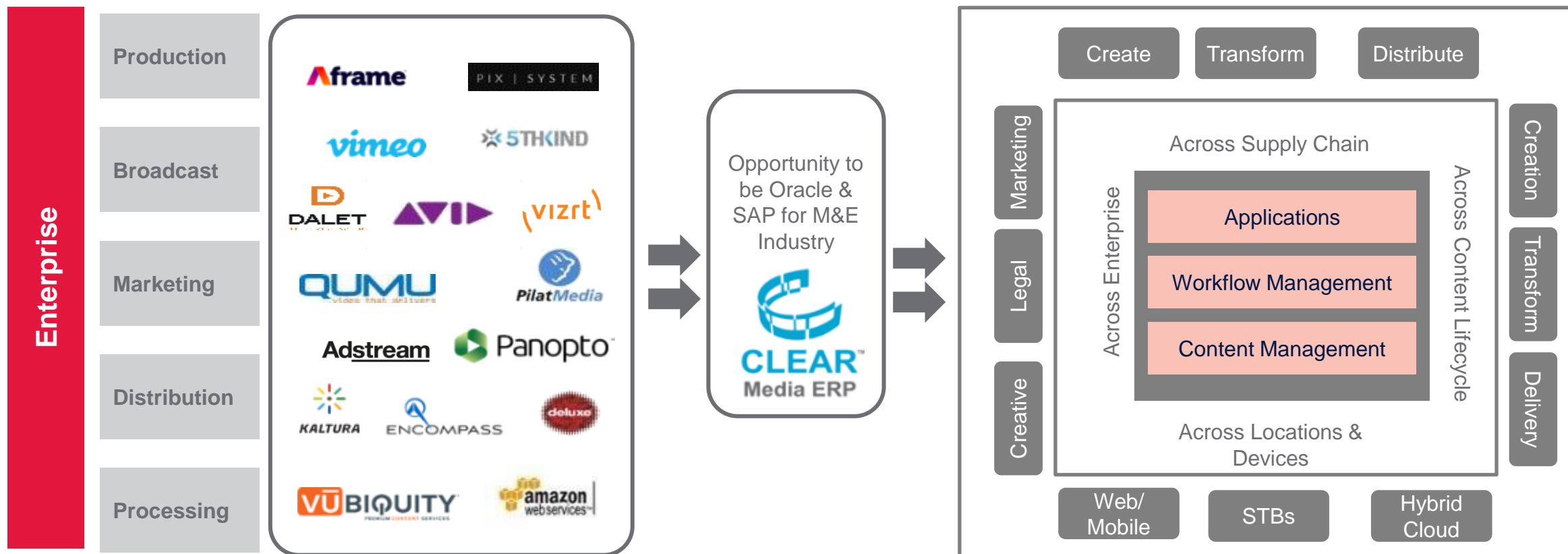
Content Exhibition



Brands

Service Providers

# CLEAR™ Media ERP – One Software for the entire M&E Enterprise



- The Enterprise Application Domain has been consolidated with few Mega-suite Providers
- The same evolution is panning out in Media and Entertainment Enterprises
- CLEAR™ is the most established Hybrid Cloud Media ERP across the globe

# India FMS: Dominating on home turf



*Offering complete media services across the spectrum. .*



Film Studios



Film Equipment



Film Shooting



Film chemical  
treatment



Editing/Color  
Correction



Restoration & image  
enhancement



Digital Distribution



2D to 3D



Animation



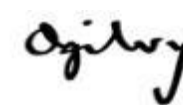
VFX & Animation

Leading player in fast growing  
Indian M&E market

Owens India's largest integrated studio with ~25%  
capacity of Mumbai studio market

High Margin in range of 30-40% Margin in price  
competitive  
Bollywood market, testimony to PFL's Quality work

*Excellent relationships with Indian studios & broadcasters. .*





# ‘WorldSourcing’ model = unmatched competitive edge



Global network providing highest quality, fastest time to market & most efficient pricing

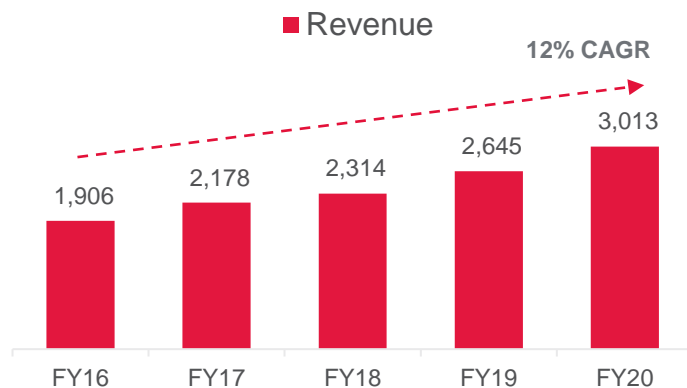


5 continents | 7 time zones | 18 locations | 24/7 – 365 days

# Robust financial performance ...

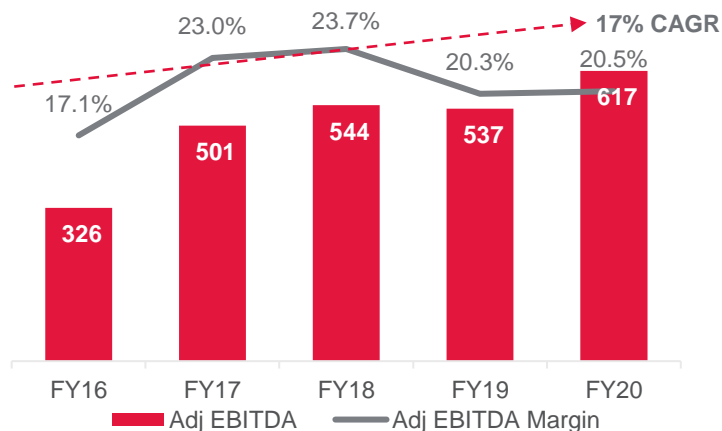


## Strong Revenue Growth

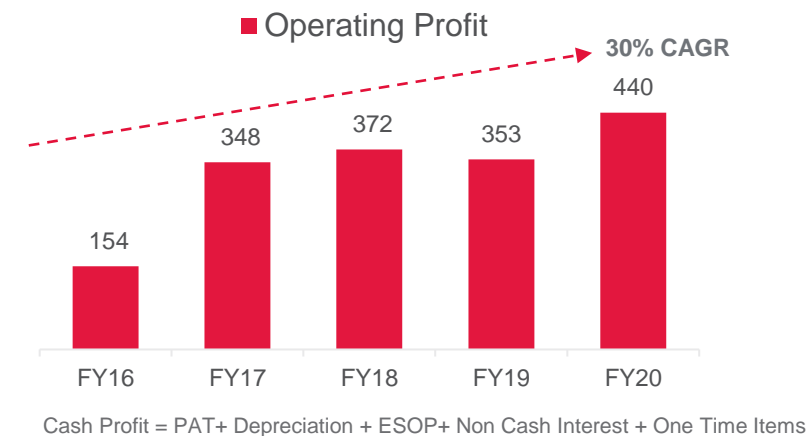


All absolute figures in Rs. crores;

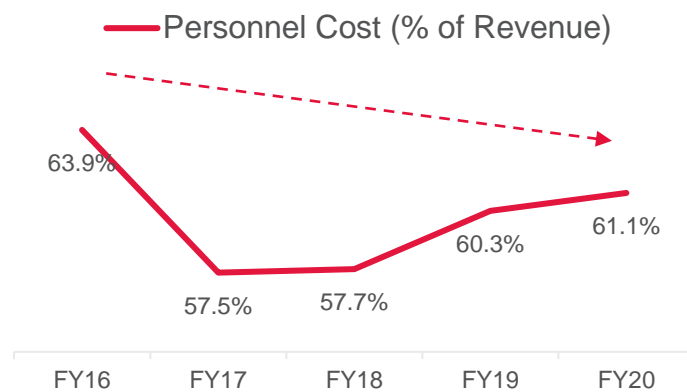
## Strong Growth in Adj. EBITDA Margins



## Operating profit

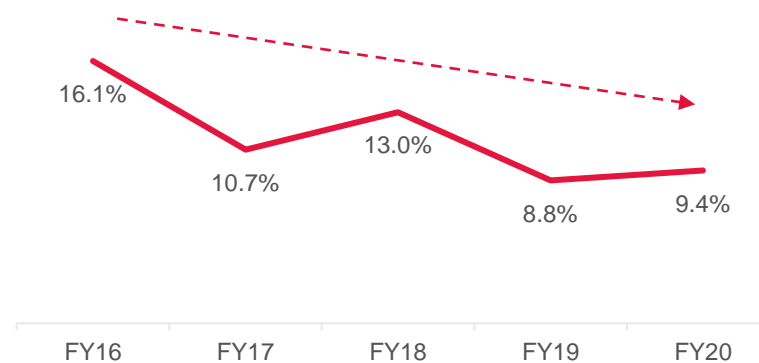


## Personnel cost (% of Revenue)

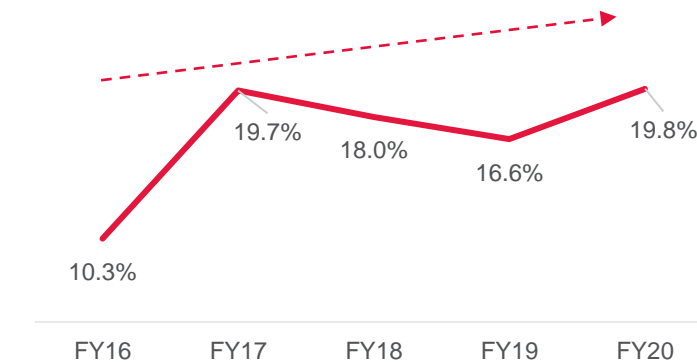


Personnel Cost = Employee expense + Technician fees

## Capex (% of Revenue)



## Cash ROCE



Cash ROCE = EBITDA / Average Total Capital Employed

# .. and continued focus on leverage

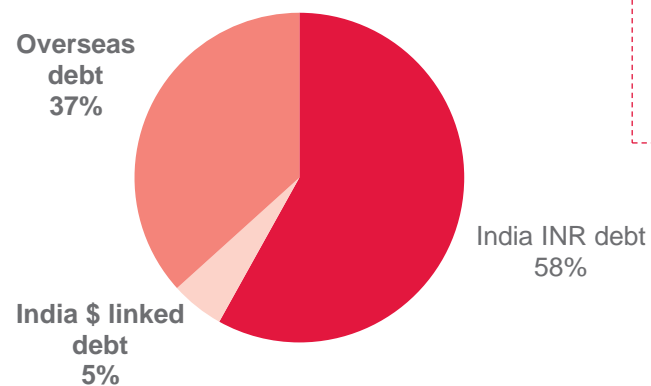


## Reported Net Debt / EBITDA



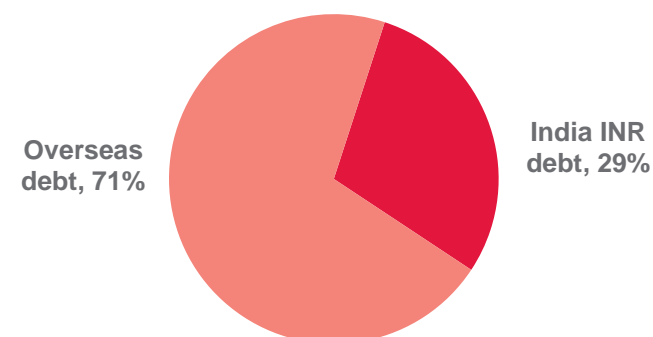
Interest cost <10% on the back of higher share of foreign currency loans

As on 30<sup>th</sup> March, 2013



Proportion of \$ linked debt has increased from 42% in FY13 to 71% in FY20

As on 31st Mar, 2020



Significant “dollarization” of Debt - reduction in interest costs



# Annexure

# Consolidated Profit & Loss Statement



Particulars (Rs Crore)	Q2FY21	Q2FY20	% YoY Variance	Q1FY21	% QoQ Variance	H1FY21	H1FY20	% YoY Variance
Net sales / income from operations	652	684	-5%	605	8%	1,257	1,360	-8%
Other Income	4	5	-15%	3	32%	8	7	3%
<b>Total Income</b>	<b>657</b>	<b>689</b>	<b>-5%</b>	<b>608</b>	<b>8%</b>	<b>1,265</b>	<b>1,368</b>	<b>-8%</b>
Total Expenditure	466	555	-16%	429	9%	895	1,121	-20%
Personnel Cost (including technician fees)	341	425	-20%	332	3%	673	851	-21%
Other Expenditure	125	131	-4%	97	30%	222	270	-18%
Income from writeback	-	-	NM	-	NM	-	-	NM
<b>Adj. EBITDA*</b>	<b>191</b>	<b>133</b>	<b>43%</b>	<b>179</b>	<b>6%</b>	<b>370</b>	<b>246</b>	<b>50%</b>
Non Operating Foreign exchange (loss)/Gain	-	-	NM	-	NM	-	-	NM
<b>EBITDA (including Exch. Gain (net))</b>	<b>191</b>	<b>133</b>	<b>43%</b>	<b>179</b>	<b>6%</b>	<b>370</b>	<b>246</b>	<b>50%</b>
Depreciation & amortization	97	97	0%	98	0%	195	193	1%
ESOP Charges	5	8	-40%	7	-30%	12	11	8%
<b>EBIT</b>	<b>89</b>	<b>28</b>	<b>215%</b>	<b>74</b>	<b>19%</b>	<b>163</b>	<b>43</b>	<b>281%</b>
Interest & Finance charges	60	60	-1%	57	4%	117	119	-2%
<b>PBT Before Exceptional Items</b>	<b>29</b>	<b>-32</b>	<b>NM</b>	<b>17</b>	<b>67%</b>	<b>46</b>	<b>-76</b>	<b>NM</b>
Exceptional Items- Expenditure/ (Income)	23	-	NM	-	NM	23	-	NM
<b>PBT</b>	<b>6</b>	<b>-32</b>	<b>NM</b>	<b>17</b>	<b>-66%</b>	<b>23</b>	<b>-76</b>	<b>NM</b>
Tax Expense	5	-25	NM	13	-65%	17	-26	NM
<b>PAT before Minority</b>	<b>1</b>	<b>-7</b>	<b>NM</b>	<b>4</b>	<b>-69%</b>	<b>6</b>	<b>-50</b>	<b>NM</b>
Minority Interest	-0	2	NM	0	NM	-0	-6	NM
<b>PAT</b>	<b>1</b>	<b>-10</b>	<b>NM</b>	<b>4</b>	<b>-68%</b>	<b>6</b>	<b>-44</b>	<b>NM</b>

Key Ratios	Q2FY21	Q2FY20	Q1FY21	H1FY21	H1FY20
Adjusted EBITDA Margin	29%	20%	30%	29%	18%
Total Expenditure/ Revenues	71%	81%	71%	71%	82%
Personnel Cost/ Total Operating Income	52%	62%	55%	54%	63%
Other Expenditure/ Total Operating Income	19%	19%	16%	18%	20%

# Standalone Profit & Loss Statement



Particulars (Rs Crores)	Q2FY21	Q2FY20	% YoY Variance	Q1FY21	% QoQ Variance	H1FY21	H1FY20	% YoY Variance
Net sales / income from operations	17	32	-46%	7	148%	25	68	-64%
Other income	6	7	-6%	6	2%	12	10	22%
<b>Total Income</b>	<b>24</b>	<b>39</b>	<b>-39%</b>	<b>13</b>	<b>80%</b>	<b>37</b>	<b>79</b>	<b>-53%</b>
Total Expenditure	13	22	-42%	10	27%	23	49	-52%
Personnel Cost (including technician fees)	4	9	-60%	4	-2%	7	21	-66%
Other Expenditure	9	13	-29%	7	43%	16	28	-42%
<b>Adj. EBITDA*</b>	<b>11</b>	<b>17</b>	<b>-36%</b>	<b>3</b>	<b>258%</b>	<b>14</b>	<b>30</b>	<b>-54%</b>
Non Operating Foreign exchange (loss)/Gain	-	-	NM	-	NM	-	-	NM
<b>EBITDA (including Exch. Gain (net))</b>	<b>11</b>	<b>17</b>	<b>-36%</b>	<b>3</b>	<b>258%</b>	<b>14</b>	<b>30</b>	<b>-54%</b>
Depreciation & amortization	17	17	-1%	16	4%	33	33	-1%
ESOP Charges	-	0	NM	-	NM	-	1	NM
<b>EBIT</b>	<b>-6</b>	<b>-0</b>	<b>NM</b>	<b>-13</b>	<b>NM</b>	<b>-19</b>	<b>-4</b>	<b>NM</b>
Interest & Finance charges	16	15	9%	15	5%	31	31	1%
<b>PBT Before Exceptional Items</b>	<b>-22</b>	<b>-15</b>	<b>NM</b>	<b>-28</b>	<b>NM</b>	<b>-50</b>	<b>-35</b>	<b>NM</b>
Exceptional Items- Expenditure/ (Income)	-	-	NM	-	NM	-	-	NM
<b>PBT</b>	<b>-22</b>	<b>-15</b>	<b>NM</b>	<b>-28</b>	<b>NM</b>	<b>-50</b>	<b>-35</b>	<b>NM</b>
Tax Expense	-	-1	NM	-	NM	-	-1	NM
<b>PAT</b>	<b>-22</b>	<b>-14</b>	<b>NM</b>	<b>-28</b>	<b>NM</b>	<b>-50</b>	<b>-34</b>	<b>NM</b>

Key Ratios	Q2FY21	Q2FY20	Q1FY21	H1FY21	H1FY20
Adj. EBITDA Margin	62%	52%	43%	56%	44%
Total Expenditure/ Revenues	74%	68%	145%	94%	71%
Personnel Cost/ Total Operating Income	20%	27%	51%	29%	31%
Other Expenditure/ Total Operating Income	54%	41%	94%	65%	40%



# Balance Sheet - Assets



Particulars	Standalone		Consolidated	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	235	359	393	533
Capital Work In Progress	10	8	38	18
Goodwill	-	-	1,073	1,037
Other Intangible assets	0	1	449	444
Rights to Use Asset	302	240	860	891
Intangible Assets under development	-	-	28	58
<b>Financial Assets</b>				
Investments	789	849	4	4
Trade Receivables	-	-	2	15
Other financial assets	5	5	106	109
Deferred Tax assets (net)	0	30	119	73
Income Tax assets (net)	82	73	125	106
Other Non-Current Assets	3	9	59	51
<b>Total Non- Current Assets</b>	<b>1,427</b>	<b>1,574</b>	<b>3,257</b>	<b>3,341</b>
<b>Current Assets</b>				
Inventories	-	-	-	0
<b>Financial Assets</b>				
Trade receivables	35	48	485	341
Cash and cash equivalents	2	1	58	174
Bank balances other than above	0	0	1	4
Loans	176	137	-	-
Other financial assets	232	11	869	632
Income Tax Assets (Net)	-	-	0	0
Other current assets	520	48	212	200
<b>Total current Assets</b>	<b>966</b>	<b>245</b>	<b>1,626</b>	<b>1,351</b>
<b>Total Assets</b>	<b>2,393</b>	<b>1,819</b>	<b>4,883</b>	<b>4,692</b>

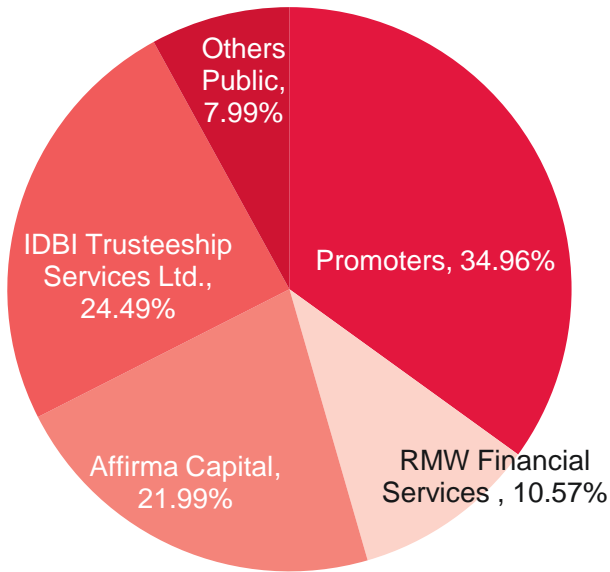
# Balance Sheet – Equity & Liabilities



Particulars	Standalone		Consolidated	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity Share Capital	30	30	30	30
Share warrant money received	-	-	-	-
Other Equity	1,185	1,056	380	434
<b>Equity attributable to equity holders of the parent</b>	<b>1,215</b>	<b>1,086</b>	<b>410</b>	<b>464</b>
Non-controlling interest	-	-	84	104
<b>Total Equity</b>	<b>1,215</b>	<b>1,086</b>	<b>494</b>	<b>568</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	332	340	1,018	1,885
Lease Liabilities	39	50	704	-
Other financial liabilities	119	165	153	131
Provisions	3	3	28	18
Deferred Tax Liabilities (net)	-	-	42	51
Other non-current liabilities	-	1	1	1
<b>Total Non-current liabilities</b>	<b>493</b>	<b>559</b>	<b>1,946</b>	<b>2,086</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	41	32	1,197	1,071
Lease Liabilities	17	14	206	-
Trade Payables	30	22	220	157
Other financial liabilities	59	41	413	442
Other Current Liabilities	77	49	306	314
Provisions	0	0	46	16
Current Tax Liabilities	16	16	55	38
<b>Total Current Liabilities</b>	<b>240</b>	<b>174</b>	<b>2,443</b>	<b>2,038</b>
<b>Total Liabilities</b>	<b>733</b>	<b>733</b>	<b>4,389</b>	<b>4,124</b>
<b>Total Equity + Liabilities</b>	<b>1,948</b>	<b>1,819</b>	<b>4,883</b>	<b>4,692</b>



As on 30th September 2020  
Outstanding shares – 299 mn







## Contact us

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## About Prime Focus Limited

Prime Focus Limited (PFL), the world's largest independent integrated media services powerhouse, employs over 9,000 professionals in 18 cities across 5 continents. We provide end-to-end creative services (visual effects, stereo 3D conversion and animation), technology products & services (CLEAR™ Media ERP Suite and Cloud-enabled media services), production services (equipment rental) and post-production services (Digital Intermediate and picture post) to the Media & Entertainment industry.

Listed on the BSE and NSE of India and recognized on the Fortune India 'Next 500' list, Prime Focus has operations in Bangalore, Chandigarh, New Delhi, Goa, Hyderabad, Kolkata, London, Los Angeles, Mumbai, New York, Johannesburg, Capetown, Abu Dhabi, Toronto, Montreal, Chennai, Sydney and Vancouver.

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