



# Prime Focus.

Q1 FY13 Results Presentation



# Safe Harbor

*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.*



# Management's Message

*Commenting on Prime Focus' Q1 FY2013 results, Mr. Ramki Sankaranarayanan, Managing Director and CEO of Prime Focus Limited said:*

*"We are building our growth momentum on multiple, long-term pillars. Our business in the 3D market has seen continued growth with the recently released Men in Black 3 grossing over \$600 million worldwide. Significant box office collections for both new releases and library titles such as Star Wars, Wrath of the Titans, Immortals and Titanic shows the phenomenal growth the 3D business has witnessed worldwide. Having established our capabilities in 3D conversion, we have seen additional successes in the conversion space and are looking forward to the release of the much anticipated Judge Dredd and Frankenweenie. Projects currently under execution include Wizard of Oz and Star Wars 2 & 3.*

*While 3D movies are firmly entrenched in the mainstream of Hollywood, and we continue to expand our presence in this business segment, the first quarter saw a major milestone in the VFX space. Prime Focus broke new ground delivering close to 400 shots for the recently released Total Recall, endorsing our ability to cross-sell VFX services to our 3D conversion client base in Hollywood. VFX is a \$ 5 billion market annually, which we have the unique ability to service through competencies built across our Global Digital Pipeline of content creation studios in Vancouver, London, Hollywood and India. Other VFX successes include Hollywood projects like Men in Black 3 and Snow White and the Huntsman, as well as Bollywood projects including Hous eful 2, Jannat 2 and Tezz.*

*While Prime Focus Technologies' association with News Corporation-owned STAR TV continues to grow from strength to strength, we have further extended our Content Localization offering Language Dubbing services, complementing its existing subtitling/captioning service offering. With a roster of 300 voice-over artists and 50 scriptwriters, PFT can provide dubbing services in over 20 international languages and all Indian languages. Language Dubbing is an important addition to our growing suite of powerful CLEAR-led Content Operation services for global clients, presenting enhanced revenue growth opportunities. Q1 also saw us engage with Sony Music to transition its video operations to the Cloud on the CLEAR platform, a first in the Indian music industry. Our foray into South Africa has already yielded results with several client wins in South Africa including becoming the leading TV Spot Distribution supply chain solution in that market. Driven by the increased adoption of CLEAR, we look forward to building on a very healthy order book during the course of this year."*

# Q1 FY2013 Financial Highlights

## Q1 FY2013 Highlights

- ❖ Revenues grew 12.4% to ₹ 1,882.1 million
- ❖ EBITDA lower by 2.5% at ₹ 446.2 million
- ❖ Profit Before Tax up 18.0% to ₹ 298.6 million
- ❖ Diluted EPS for the quarter at ₹ 1.26 per share



# Financial Overview

Profit & Loss Statement				
(₹ million)	Q1 FY13	Q1 FY12	% Y-o-Y Growth	FY12
Revenues	1,882.1	1,674.8	+12.4%	7,719.1
Personnel Cost	1,021.7	711.6	+43.6%	3,581.9
Other Expenditure	414.2	505.5	-18.1%	1,924.1
EBITDA	446.2	457.7	-2.5%	2,285.4
EBITDA Margin	23.7%	27.3%		29.6%
Exch. Loss/(Gain)	(125.5)	(2.1)		(129.5)
Depreciation	207.8	129.2	+60.8%	648.1
Interest	77.9	56.7	+37.4%	410.0
Profit Before Tax	298.6	253.1	+18.0%	1,328.0
Profit After Tax	209.8	256.1	-18.1%	992.5
PAT Margin	11.1%	15.3%		12.9%
Diluted EPS (₹)	1.26	1.67		5.89

# Business Updates

## Prime Focus delivers 400 Visual Effects shots for 'Total Recall'

Prime Focus has delivered nearly 400 visual effects shots for director Len Wiseman's Total Recall, in partnership with lead VFX vendor Double Negative. The much anticipated remake of the 1990 cult classic, inspired by a Phillip K. Dick short story was released on August 3. Of the 220 shots delivered included 'Synths', robotic soldiers that were filmed as live action on-set and then either partially or totally recreated in CG. The Synth model had to be flexible enough in its design and rigging setup to accommodate the different physiques of the stand-in actors used on-set. Other key shots delivered by Prime Focus included zero gravity sequences and extensive futuristic set extension work.

## VFX and 3D conversion for 'Dredd'

Prime Focus has partnered with 'Dredd' from concept art and pre-production through to stereo VFX and 3D conversion. Prime Focus' VFX Supervisor Jon Thum has been name checked by screenwriter Alex Garland, as the driving force behind the upcoming Dredd reboot, who supervised the visual effects for the entire film as part of Prime Focus' creative partnership with the filmmakers and Exec Producer Michael Elson.

## Sony music fine tunes its video operations by moving to the cloud

Sony Music has commissioned Prime Focus Technologies (PFT) to deploy CLEAR™ for moving its entire video content operations to the cloud, creating an eco-system for the supply, preparation and delivery of content. This will help Sony Music manage their video business by increasing agility, unlocking new revenue streams, enabling creativity and cutting costs.

# Business Updates

## PFT extends its Content localization offering with New Language

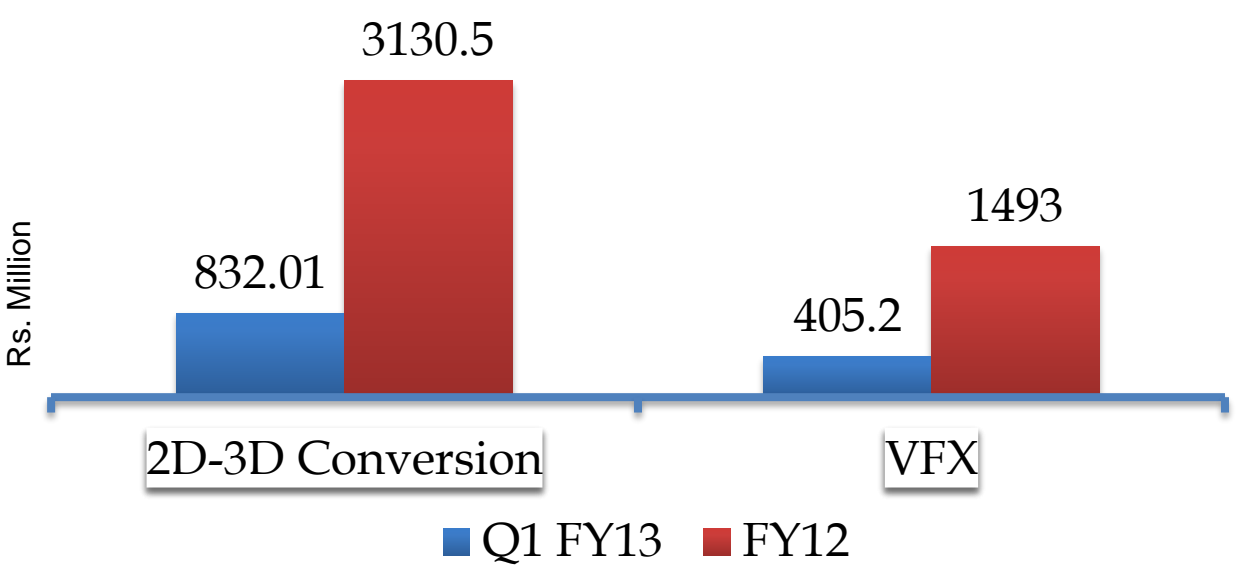
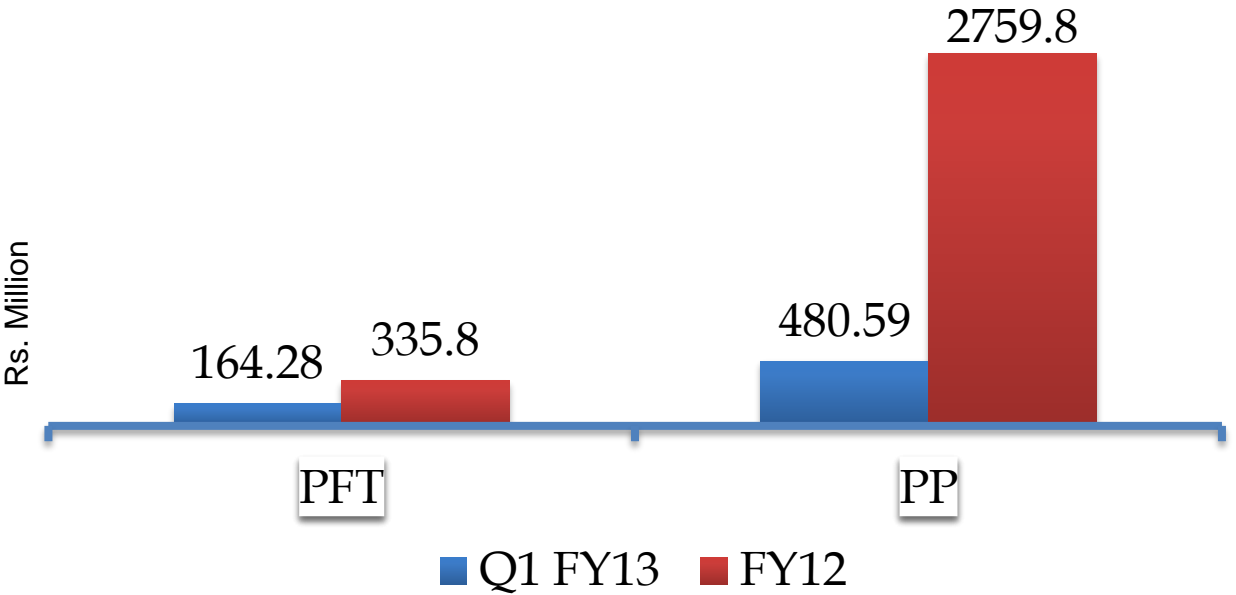
Prime Focus Technologies (PFT), has also extended its Content Localization offering with a raft of new Language Dubbing services. The new language dubbing service complements PFT's existing subtitling / captioning service offering, which is already captioning over 10,500 hours of TV & Film content every year. With a roster of 300 voice-over artists and 50 scriptwriters, PFT can provide dubbing services in over 20 international languages and all Indian languages. Services include: scriptwriting; cultural and language disaster checks; dialogue adaptation; voice casting and audition; dialogue recording and editing; M&E track creation; audio mixing; video editing; and Dolby Mastering.

## PFT signs with Entertainment Identifier Registry

PFT has joined EIDR [Entertainment Identifier Registry], the global B2B registry for unique identification of content. Already managing over 150,000 hours of content, CLEAR™ pushes a huge volume of digital content with enriched metadata into the eco-system. This participation with EIDR will add value to PFT's processes, enhancing the metadata for universal consumption. EIDR is an industry body established with the goal of creating a single ID system for every piece of movie and TV content, in order to streamline and facilitate smart searches, improve personal recommendations and streamline the digital supply chain workflow



# Segmental Overview





# Prime Focus – At The Forefront

Leadership position in the global 2D to 3D conversion business – strong relationships with leading Hollywood & Indian studios

Best-in-class VFX service provider to domestic and international production houses

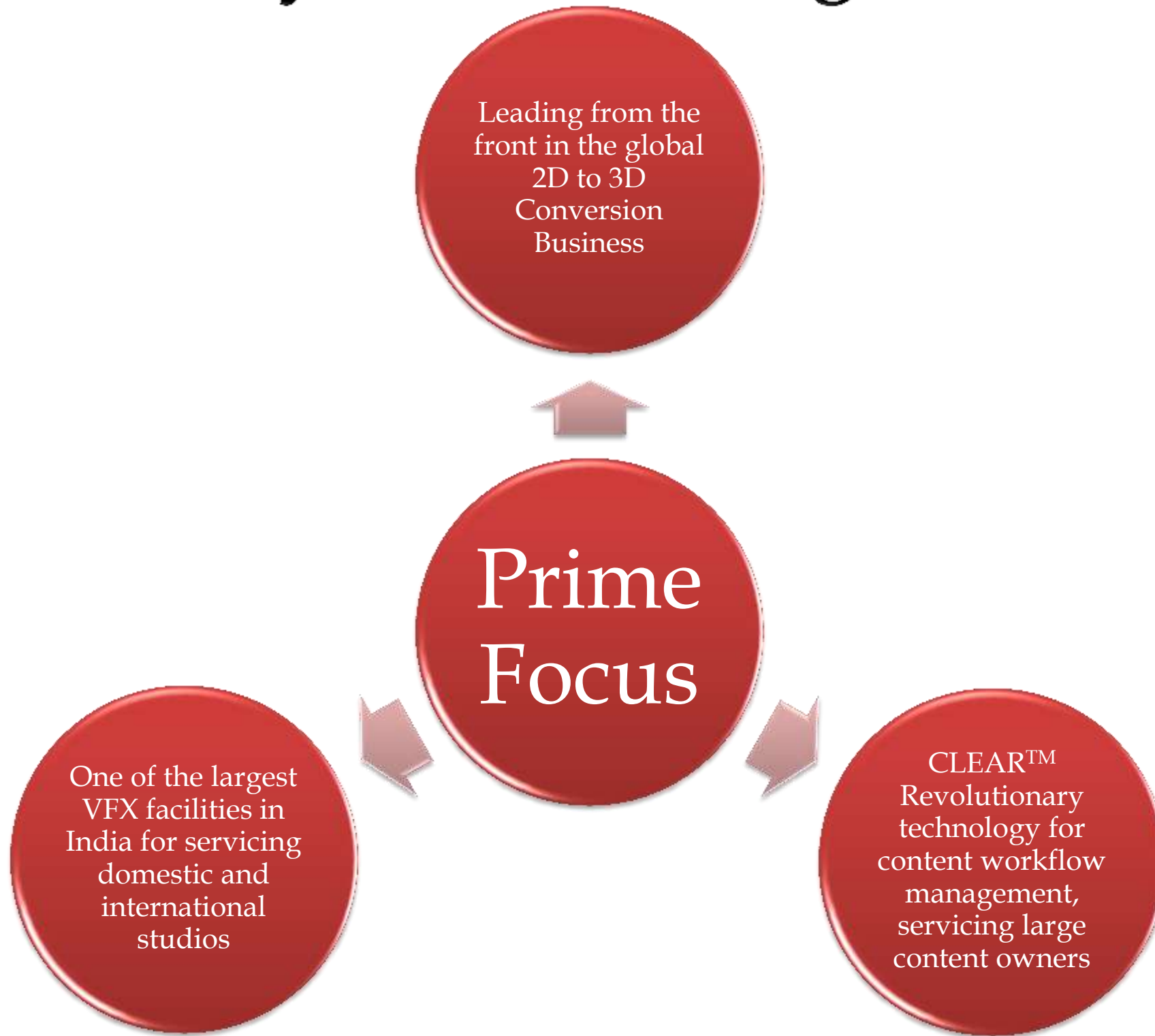
High quality global infrastructure base and establishment across India, US and Europe

Over a decade of credible presence – highly competent management team with a reputation for excellence

Sustained financial growth in revenues and earnings



# Key Business Segments



# 3D Movies - Taking the World by Storm

## Worldwide Highest Grossing Films (collections in US\$ billion)

- Avatar (2009)

\$2.78bn



- Titanic (1997/2012)

\$2.18bn



- Marvel's The Avengers (2012)

\$1.46bn



- Harry Potter & the Deathly Hallows - Part 2 (2011)

\$1.33bn



- Transformers: Dark of the Moon (2011)

\$1.12bn



- The Lord of the Rings: The Return of the King (2003)

\$1.12bn



- Pirates of the Caribbean: Dead Man's Chest (2006)

\$1.07bn



- Toy Story 3 (2010)

\$1.06bn



- Pirates of the Caribbean: On Stranger Tides (2011)

\$1.04bn



- Star Wars: Ep 1 The Phantom Menace (2008/2012)

\$1.03bn



Eight of Top-10 all-time grossers have been released in the 3D format  
Every billion dollar blockbuster made in the last two years is in 3D

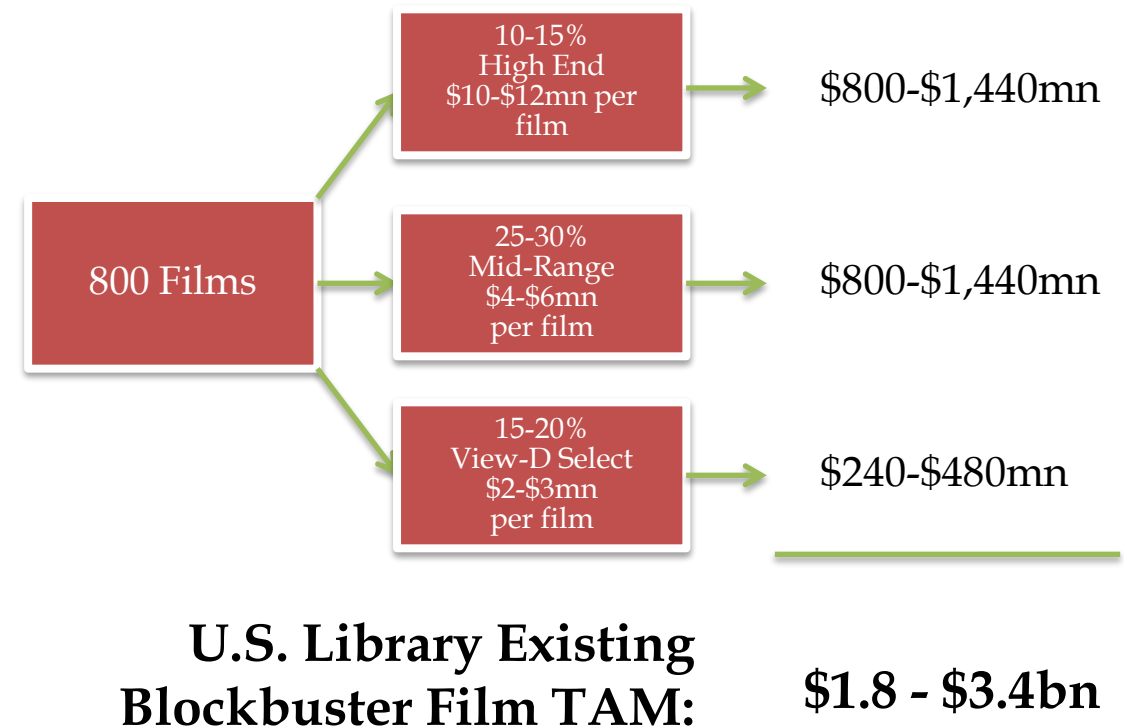
# 3D Conversion Market Size - Library

## Library of Convertible Existing Content

- ❖ U.S. studios own 800 films that have each grossed over \$100mn in WWBO since 1995
- ❖ Upside from potential conversion of classic films (e.g. *Lawrence of Arabia*, *Ben-Hur*, *James Bond* catalog)
- ❖ International market for 3D growing rapidly
  - Foreign box office routinely comprises approximately 60-65% of total world box office for U.S. studio releases
- ❖ Significant additional opportunities in conversion of television series (e.g. *Game of Thrones*, *True Blood*, *Boardwalk Empire*, *24*, etc.)
- ❖ Documentary and other alternative content (e.g. *Planet Earth*, *Shark Week*, *Animal Planet*, concerts, etc.)

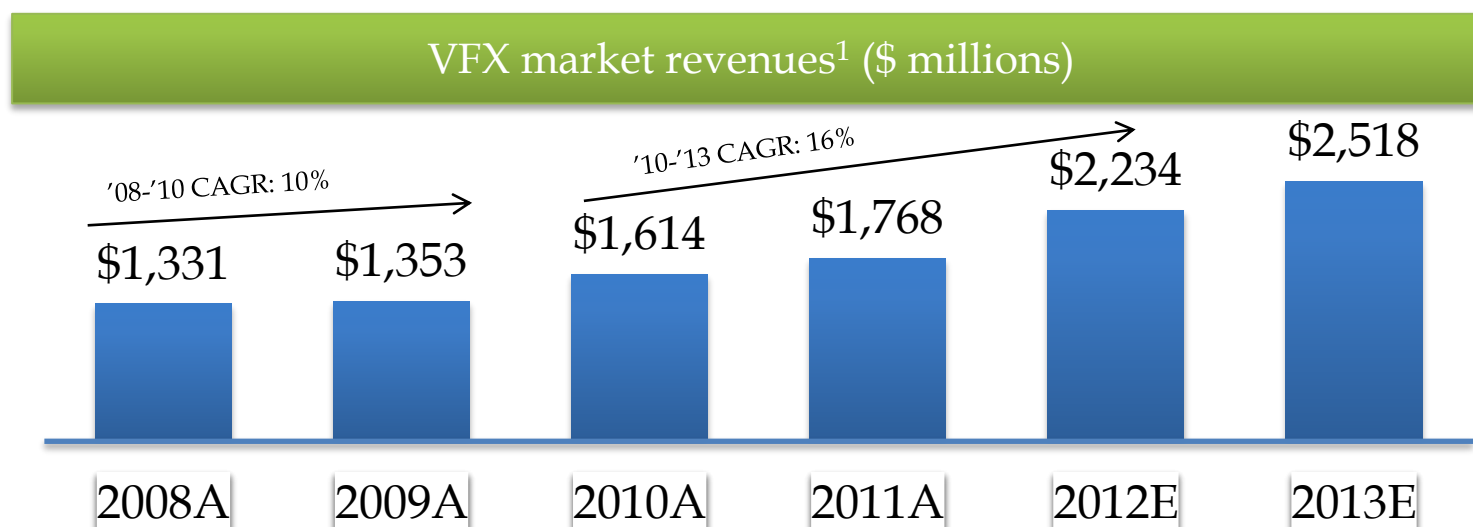
## Estimated Market Size - Library of Convertible Films

- ❖ U.S. Studios are leading the way in 3D conversion because of the ability to exploit content on a global basis



# Large and Growing VFX Market

- ❖ VFX market is currently ~\$1.8 billion<sup>1</sup> and growing
- ❖ VFX consumes ~30% - 40% of most film's budget and is often in excess of \$50mm for major studio films<sup>2</sup>
- ❖ "Estimated Cost of Summer Big Budget releases in 2012 is \$2.7 billion, an increase of over 29% from just 2 years ago...5 2012 movies with budgets over \$200 million"<sup>3</sup>
- ❖ VFX heavy films perform the best internationally, where the majority of box office sales are today
  - Total international box office in 2011 was \$22.4 billion, compared to \$10.2 billion in the U.S. and Canada<sup>3</sup>
- ❖ Number of films released in 3D expected to reach 48 in 2012<sup>4</sup>



<sup>1</sup> Frank N. Magid Associates, Inc.

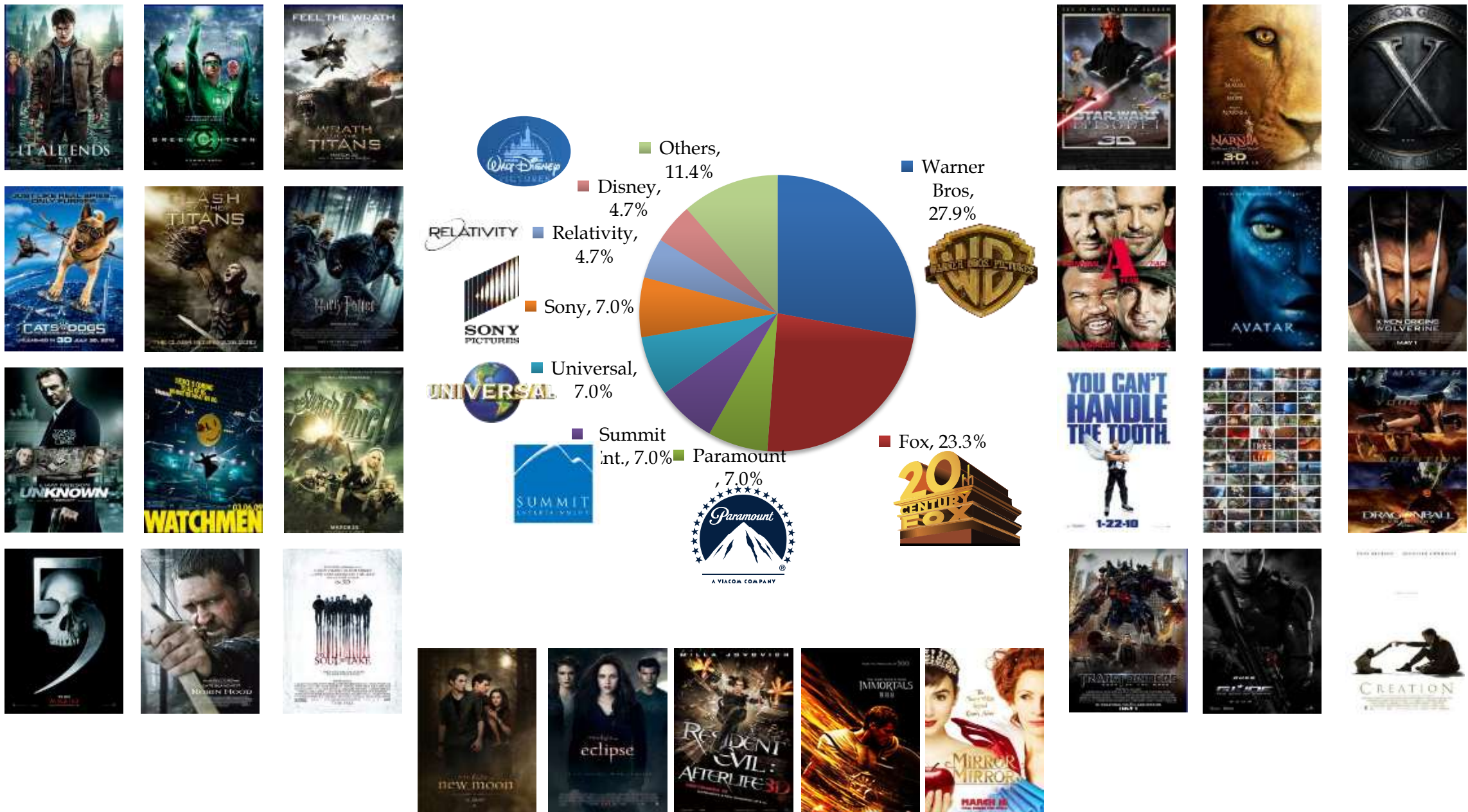
<sup>2</sup> Los Angeles Times, February 2011

<sup>3</sup> "Hollywood bets heavily on razzle-dazzle action and effects" Los Angeles Times, April 27, 2012.

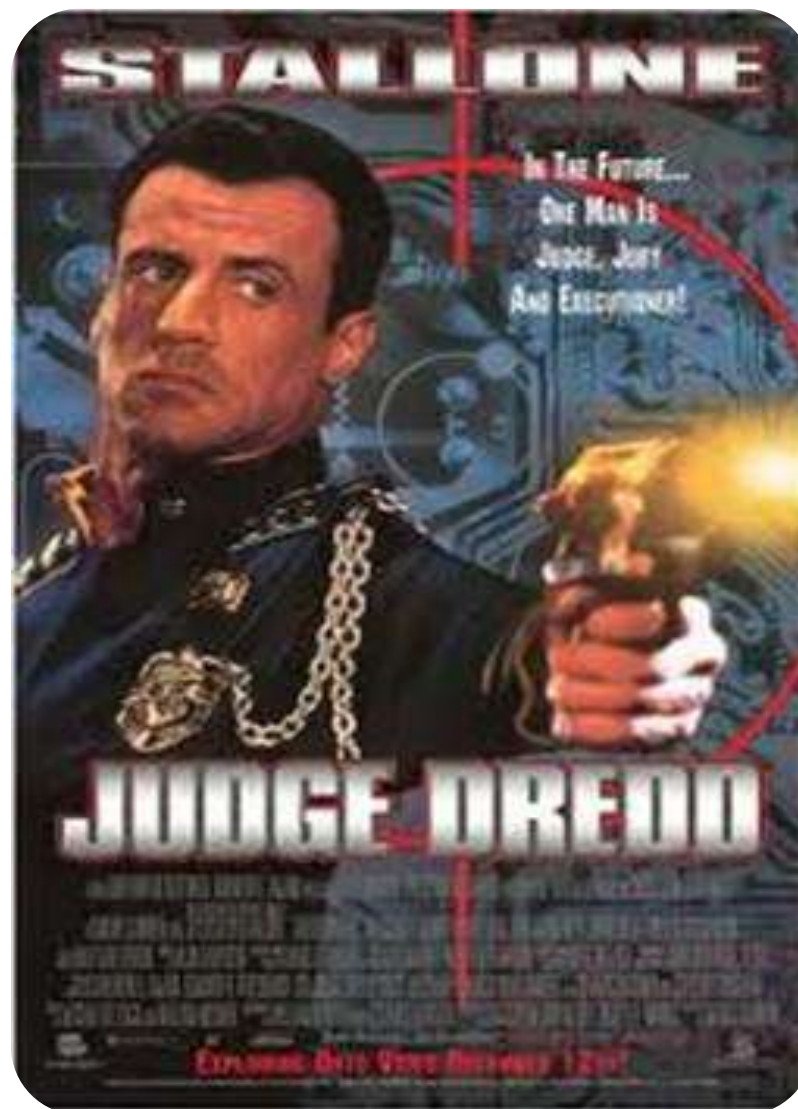
<sup>4</sup> Futuresource

# Prime Focus Works on Leading Hollywood Films

3D Conversion and VFX Work % by Studio – 2009 to 2012



# Integrated 3D conversion & VFX services delivered by Prime Focus





# CLEAR™

## Managing The Business Of Content™



- ❖ PFT provides Managed Services around CLEAR delivering Multi-Platform Content Operations to the business
- ❖ Manage the business of content by increasing agility, unlocking new revenue streams, enabling creativity, cutting costs, and driving operational efficiencies - all delivered via a flexible business model.



# CLEAR™

## Not Just The World's First, The World's Most Established Hybrid Cloud Platform

- ❖ Manages over 150,000 hours of content
- ❖ Manages over 1200 Feature Archive Content
- ❖ Manages over 40,500 new episodes of TV content every year
- ❖ Manages 10 Features Production Content at any one time
- ❖ Facilitates Syndication & VoD fulfillment of 5 million files every year
- ❖ Provides 10,500 hours of subtitling for TV & Film content every year



# CLEAR™

## The Spectrum of Services to Choose From

### Digitization:

- Bulk Digitization
- Film & Video

### Meta Data Services:

- Meta Data creation
- Meta Data enrichment
- Meta Data QC

### Content Localization:

- Subtitling Services
- Dubbing

### Content Preparation:

- Quality Check
- Mastering
- Restoration
- Standards Conversion
- Compliance Editing

### Cloud Infrastructure and Application Services

- CLEAR Enterprise Platform as a Service on the Cloud
- Digital Archiving
- Transcoding on the Cloud

### Content Packaging and Editorial Services:

- Editorial Services for long form content
- VFX & Graphic Services
- On-Air Promotion Production
- Multi platform short form Content Production
- Launch Promotions for Programs

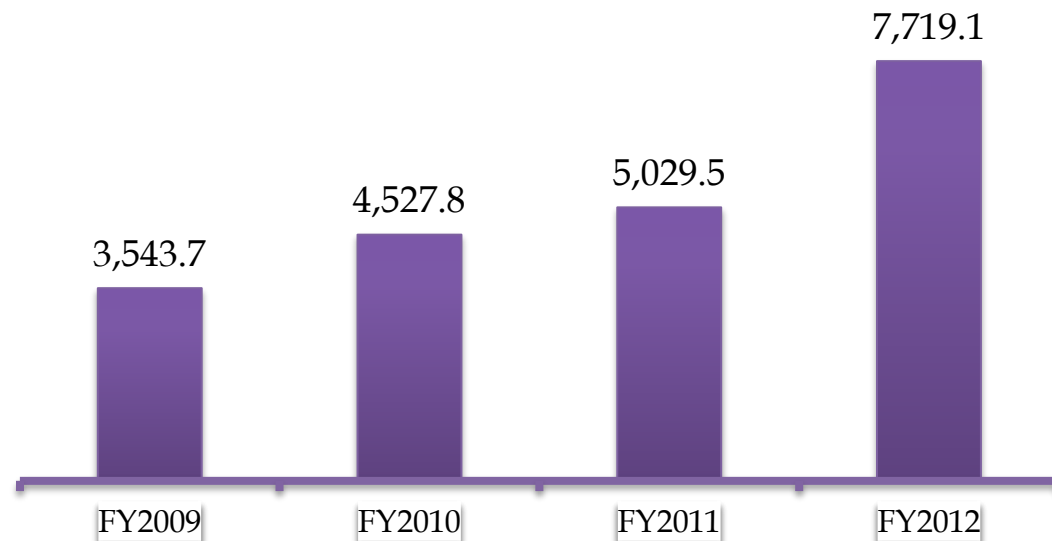
### Content Delivery

### E2E Turnkey Process Outsourcing

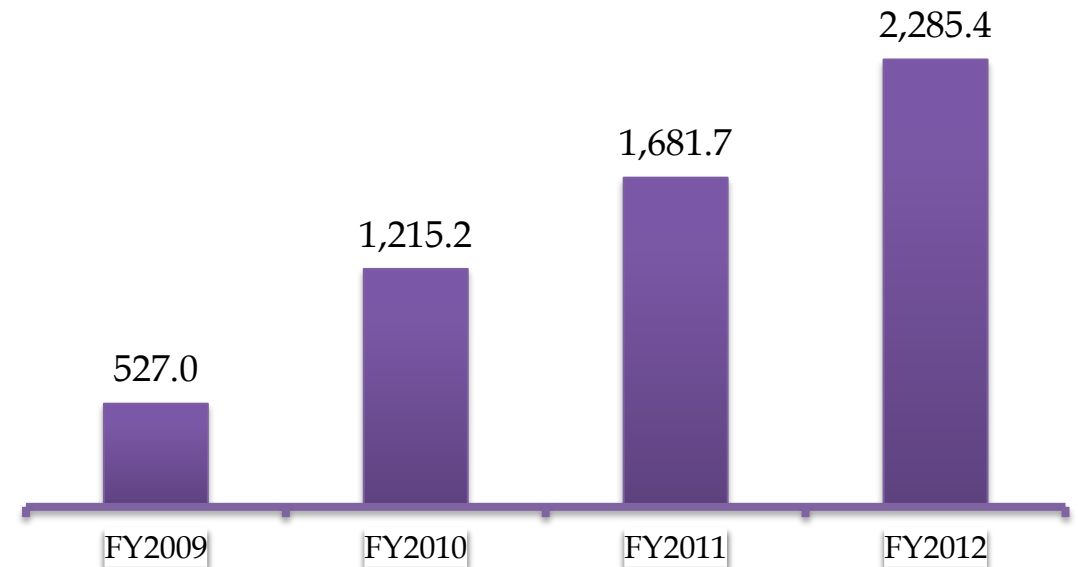


# Historical Financial Highlights

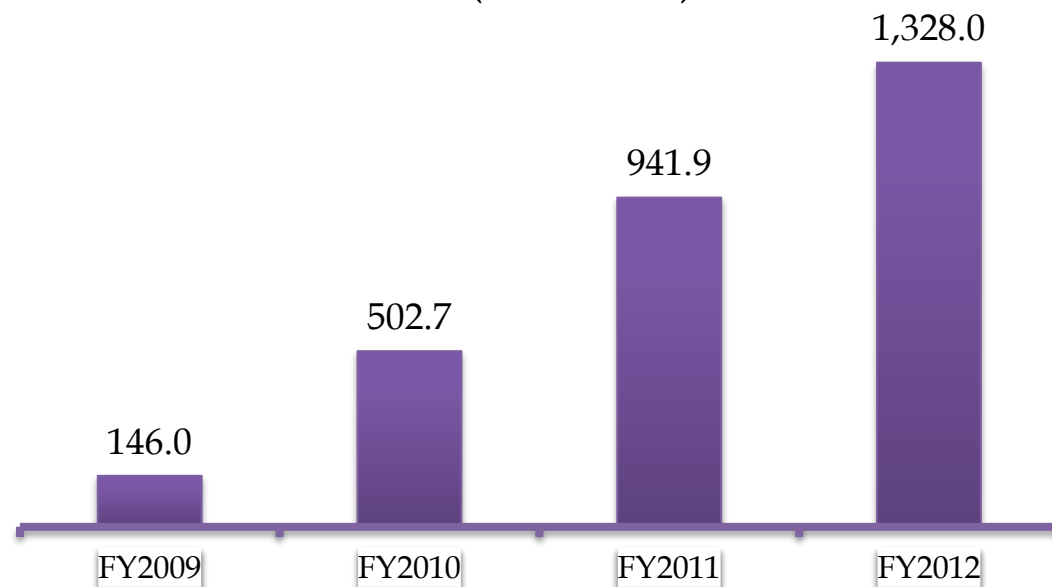
Revenues (Rs. Million)



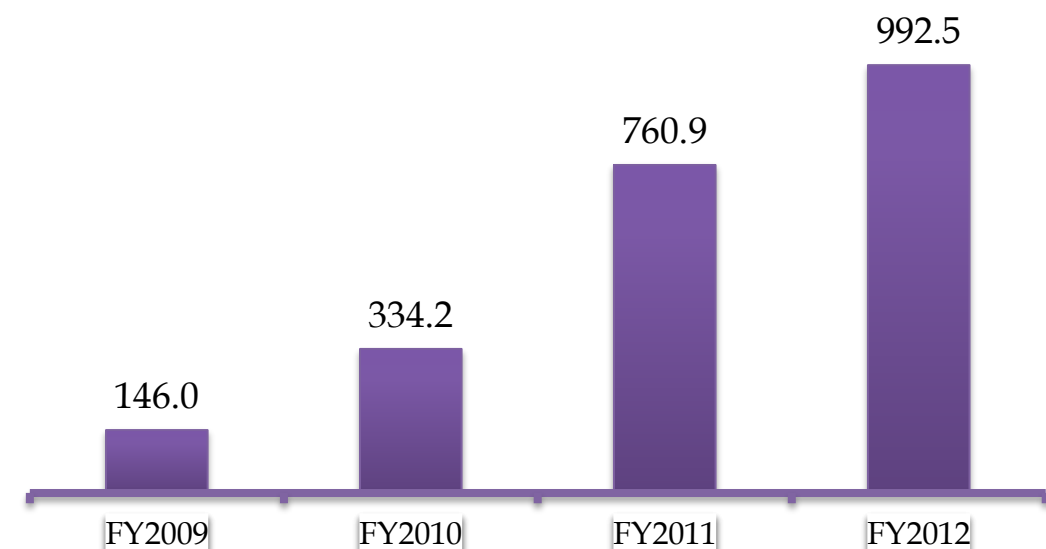
EBITDA (Rs. Million)



PBT (Rs. Million)



PAT (Rs. Million)





## About Prime Focus Limited (PFL):

Prime Focus (BSE code: 532748, NSE: PFOCUS, ISIN: INE367G01038) is a global visual entertainment services group that provides creative and technical services to the film, broadcast, and advertising market. The group offers a genuine end-to-end solution from pre-production to final delivery – including visual effects, 2D to 3D conversion, video and audio post production, equipment hire, multi-platform content operations solutions and digital distribution.

Prime Focus employs 4,500 people with state-of-the-art facilities throughout the key markets of North America, UK and India. Using its ‘Worldsourcing’ business model, Prime Focus provides a network that combines global cost advantages, resources and talent pool with strong relationships and a deep understanding of the local markets.

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**Thank You.**

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