



# Prime Focus

**The World Leader in Media & Entertainment Industry Services**

Q1 FY14 Results Presentation



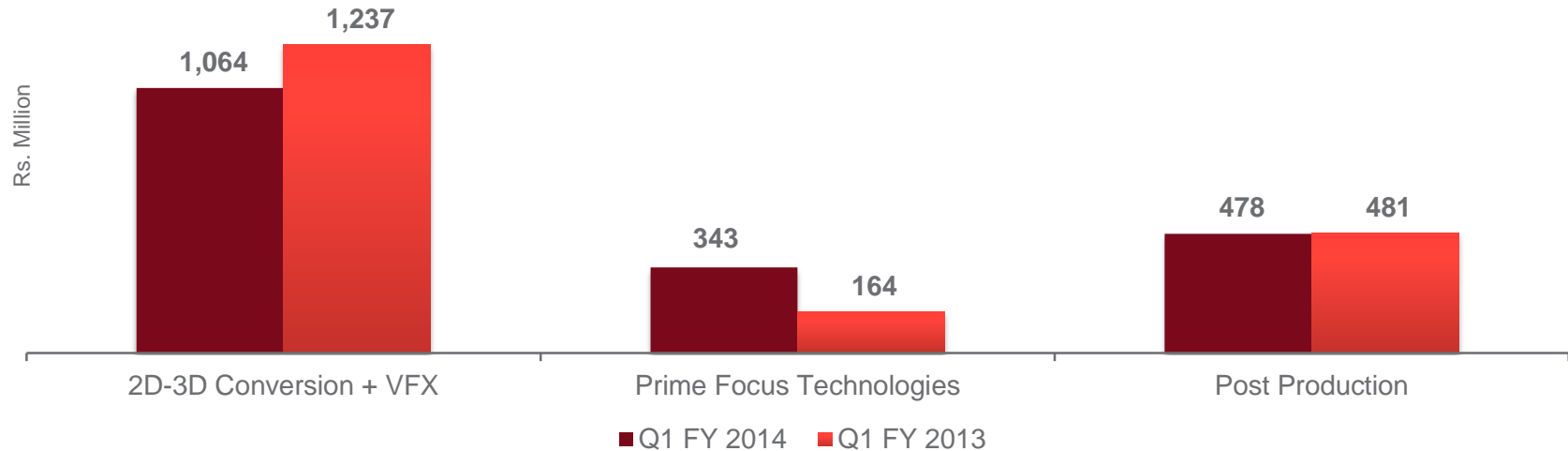
*Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from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

# Q1 FY14 Financial Overview (Consolidated)

Profit & Loss Statement				
(₹ million)	Q1 FY14	Q1FY13	% Q-o-Q Variance	FY13
Revenues	1,884.7	1,882.1	0.1%	7,621.6
Personnel Cost	941.2	1,021.7	-7.9%	3,849.6
Other Expenditure	516.7	414.2	24.8%	2,019.2
Exch. Loss/(Gain)	(140.6)	(125.5)	12.0%	(67.5)
Total Expenditure	1,317.3	1,310.4	0.5%	5,801.3
EBITDA	567.3	571.7	-0.8%	1,820.3
EBITDA Margin (%)	30.1	30.4	-	23.9
Depreciation	224.7	207.8	8.2%	998.9
Finance Costs	130.5	77.9	67.4%	418.2
Exceptional Items * - Expenditure / (Income)	72.2	-	-	1,076.6
Profit Before Tax	167.7	298.6	-43.8%	(566.7)
Profit After Tax	85.3	209.8	-59.4%	(203.1)

\*Prime Focus Technologies acquired the New York based post –production business from Prime Focus World on April 01, 2013, As a result, there is a write down in the value of the assets by Rs. 72.2 million (\$ 1.3 million) mentioned under Exceptional Items

# Segmental Revenues - Consolidated

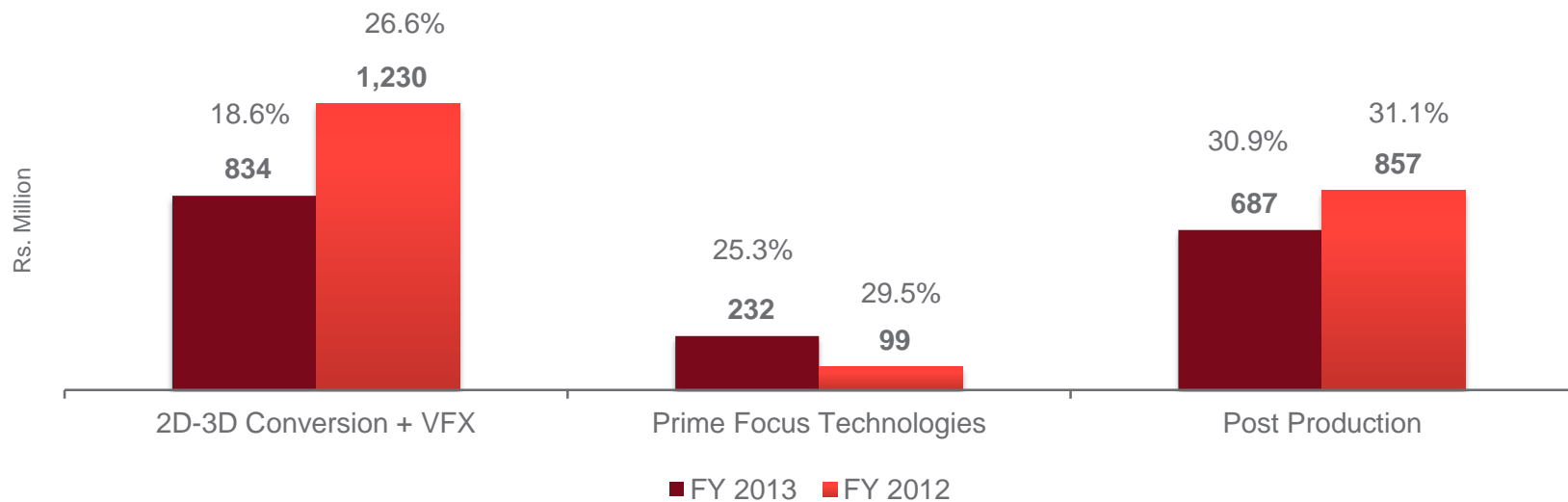
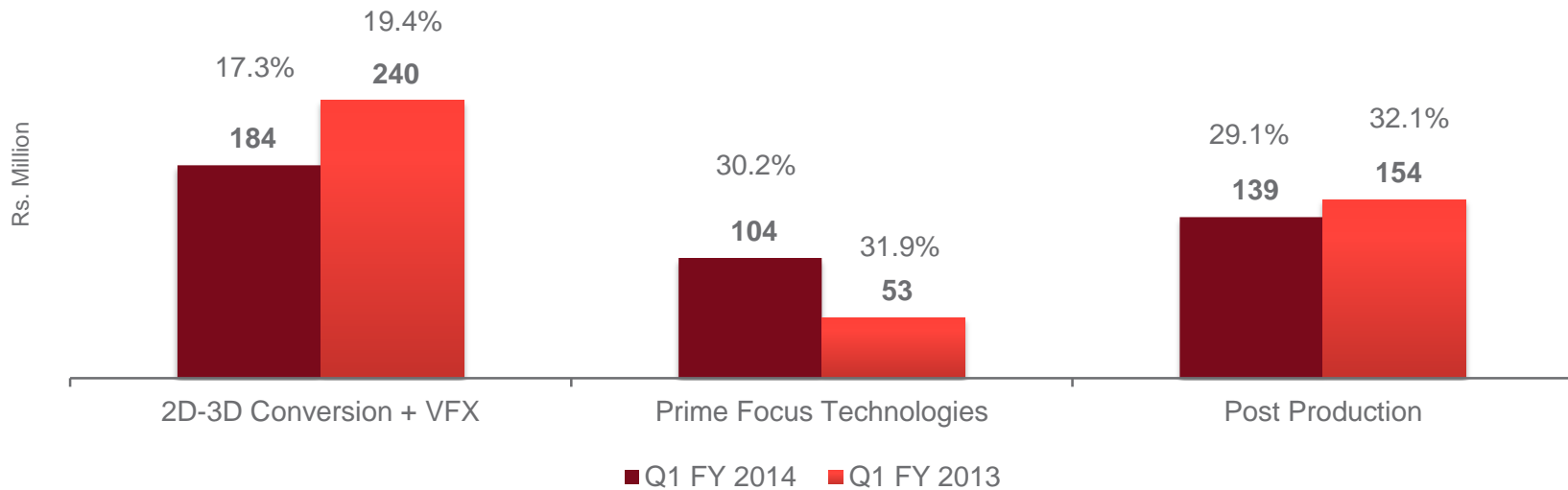


**2D - 3D conversion + VFX** – Worked on I Frankenstein, World War Z and The Seventh Son during the quarter. Prime Focus maintains leadership position in this segment.

Also worked on White House Down and the Animation contract during the quarter. Prime Focus is focused on expanding its presence in the \$ 2.5 billion Hollywood VFX market.

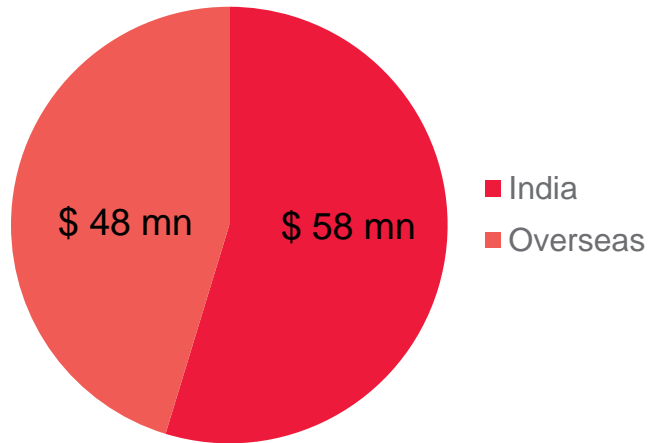
**Prime Focus Technologies** – Rapid adoption of CLEAR, our CLOUD based Media ERP Platform As a Service (PAS). Content under Management grows to more than 300,000 hours driven by broad-basing of clients and driving transaction revenues.

# Segmental Margins (EBITDA)



# Debt Profile - Consolidated

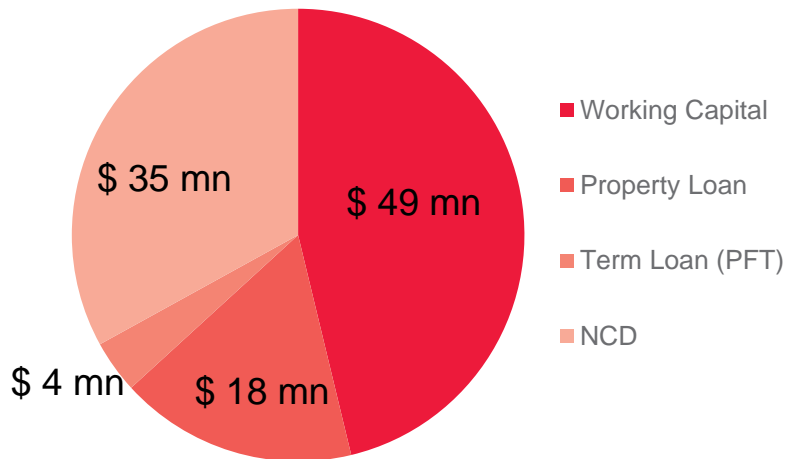
## Net Debt – Geographical Breakup



## Net Debt at \$ 106 million

- Geographical Breakup
  - India - \$ 58 million
  - Overseas - \$ 48 million
- Net Debt breakup.
  - Working Capital \$ 49 million.
  - Property Loan \$18 million.
  - Term Loan of Prime Focus Technologies \$ 4 million.
  - Standard Chartered Bank NCD \$ 35 million.

## Net Debt Composition (\$ mn)



# Management's Message

**Commenting on Prime Focus' Q1 FY2014 results, Mr. Ramki Sankaranarayanan, CEO of Prime Focus Limited said:**

*“During the quarter, we have crossed a significant milestone, being selected the exclusive partner for Sin City 2. By far our biggest win ever to date, we will produce over 2,000 VFX shots for end-to-end delivery on this project. This win validates our progress and catapults us into the league of major VFX service providers to mainstream Hollywood movies. Our Group order book is now in the range of Rs. 750-800 crore providing strong visibility of growth through the rest of the year.*

*We are also happy to have on board Macquarie Capital as a strategic partner at Prime Focus World. The investment provides us growth capital. This investment has also allowed us to integrate the India-based delivery facilities with the US operations of Prime Focus World and is enabling us to de-leverage the balance sheet, reduce interest costs and release a substantial portion of the promoters' pledged shares.*

*CLEAR, our CLOUD based Media ERP Platform As a Service (PAS) helps M&E enterprises manage content, business processes and their digital media supply chain. We continue to broaden our customer base driven by the rapid adoption of the CLOUD platform and increased transaction revenues . Overall, the volume of content under management has already grown to 300,000 hours. We continue to sustain this annuity based growth model on the back of helping our clients manage the business of content.”*

# Business Updates

**Prime Focus World secures Rs. 313 cr. equity investment from Macquarie Capital at an enterprise value of Rs.1,770 cr.**

In June 2013, Prime Focus World (subsidiary of Prime Focus Limited) secured a Rs. 313 crore equity investment from Macquarie Capital at an enterprise valuation of Rs. 1,770 crore. The capital raised will be used as growth capital and help PFW continue its aggressive expansion, both organic and inorganic. It will also deleverage debt at the parent company level.

**Sale of the company's backend facilities to its subsidiary PFW for a consideration not less than INR equivalent of USD 38 million**

The Board of Directors of Prime Focus Limited (PFL) recently approved the sale of the company's backend facilities located at Mumbai and Chandigarh to its subsidiary Prime Focus World (PFW) for a consideration not less than INR equivalent of USD 38 million subject to the approval of the shareholders. The valuation has been arrived at independently by one of the Big 4 accounting firms. From these facilities, PFL has been conducting the business of providing 2D to 3D conversion and VFX services on an exclusive outsourcing basis to PFW.

Following this transaction, substantial debt at PFL standalone entity will be repaid. This will result in overall reduction in debt and will also reduce the overall interest expense for Prime Focus on a consolidated basis.

Sale of backend facilities are expected to deliver operational efficiencies for Prime Focus Group, helping streamline operations, reducing duplication of resources, and resulting in higher margins and profitability.



# Business Updates

Prime Focus releases pledge on 20% of promoters' shareholding. Move is part of plans to bring down pledge to 13% of promoters' shareholding by the end of Sep 2013

Prime Focus announced release of share pledge on approximately 1.6 crore shares. With this, the total pledge on Prime Focus's shares now stands at 57% of promoter holding as against approximately 77% earlier.

The Company aims to bring down the pledge to ~13% by the end of September 2013. At the end of Q2 FY14, the Company expects the debt in Prime Focus Limited to be brought down by an aggregate of Rs.125 crore.

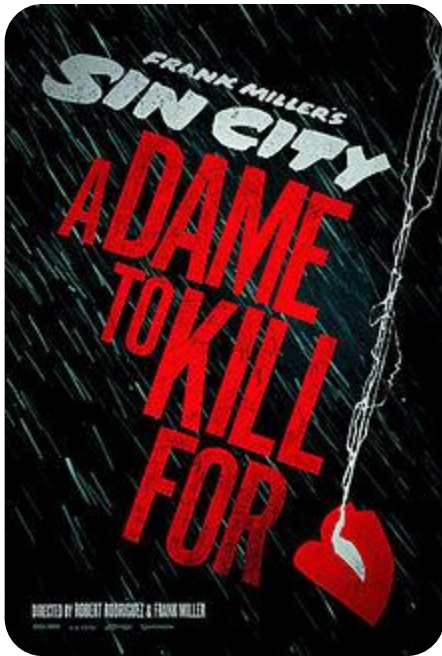
Promoters increase their holding by 706,000 shares (0.38% of equity capital)

The promoters of Prime Focus have recently increased their holding by 706,404 shares (0.38% of equity capital) to 76,901,396 shares (41.47% of equity capital).

Order book update

Prime Focus continues to build a robust Order Book to utilize its capacity across its various facilities worldwide. Currently, the group Order Book stands at a combined value of Rs.750-800 crore, to be executed over the next 24-36 months.

# Exclusive VFX partner for Sin City: A Dame To Kill For



Prime Focus World is the exclusive VFX partner for Sin City: A Dame To Kill For.

- Sin City 2 is PFW's biggest VFX project win ever to date and their global teams will produce over 2,000 visual effects shots for the stereo 3D movie, currently slated for an August 2014 release.
- This contract further validates the unique business proposition of Prime Focus and catapults it to the league of being one of the few studios worldwide to break into, and contribute in a big way, to mainstream Hollywood films.
- The size and scale of the project would require each of PFW's location to come together under localized VFX and stereo leadership, and collaborate via the PFW global pipeline and VFX workflow structure to deliver on the contract.
- This contract also showcases PFW's ability to deliver a wide variety of VFX shots for an end-to-end engagement.

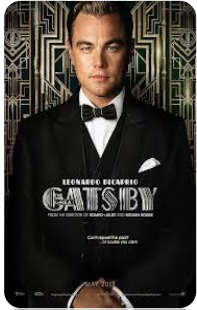
# Prime Focus World launched in China



Prime Focus World has marked the launch of its new Chinese facility with a lavish event at the Shanghai International Film Festival, held on June 18, 2013. The event saw PFW Senior VP Matthew Bristowe and Creative Director Richard Baker present the company to an exclusive audience of film producers, directors and journalists, all keen to find out more about PFW's new offering in China.

Prime Focus had earlier announced a joint venture with AID Capital Partners Group and local partner Zhejiang Jingqi Wenhua Chuanbo Company Limited to offer visual effects and 3D conversion services to the movie industry in the Greater China area.

# Success of 3D and VFX work delivered



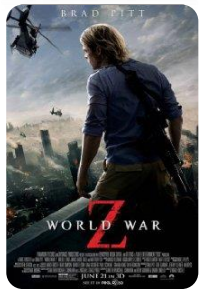
## The Great Gatsby collects \$ 331 mn at the box office

- Produced by Warner Bros. on a budget of \$ 105 million, released on May 10, 2013.
- Prime Focus delivered 150 VFX shots and 100 2D to 3D conversion shots.
- Directed by Baz Luhrmann, starring Leonardo DiCaprio, Joel Edgerton, Tobey Maguire and Carey Mulligan.



## White House Down grosses \$ 126 mn since US release on June 28, 2013

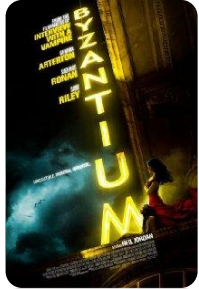
- Prime Focus collaborated with Columbia Pictures on White House Down directed by Roland Emmerich, starring Channing Tatum, Jamie Foxx, Maggie Gyllenhaal and Richard Jenkins.
- Prime Focus delivered 326 VFX shots and 100 2D to 3D conversion shots.



## World War Z collects \$ 503 mn since its US release on June 21, 2013

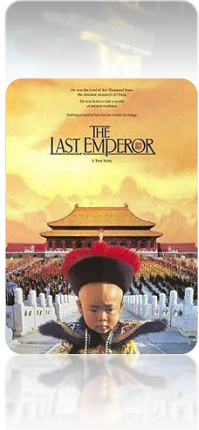
- Produced by Paramount Pictures on a budget of \$ 190 million starring Brad Pitt, Mireille Enos, James Badge Dale and David Morse.
- Prime Focus deployed its global View-D™ conversion teams across London and Mumbai to deliver the 2,076 3D shots to the movie.

# Prime Focus World - 3D & VFX work delivered



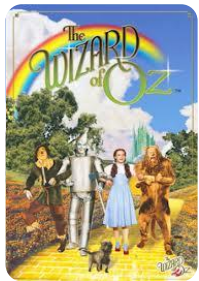
## Byzantium

- Delivered atmospheric VFX work/animation shots for Demarest Films' Byzantium, a vampire film starring Gemma Arterton, Jonny Lee Miller and Saoirse Ronan.
- Released on June 28, 2013 in the U.S.



## The Last Emperor

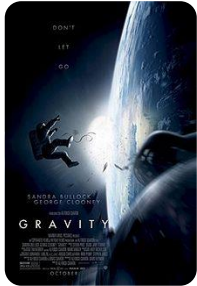
- Delivered 3D conversion of nine-time academy award-winning film The Last Emperor (1987).
- The Last Emperor in 3D premiered at the Festival de Cannes 2013 and received praise from its writer and director Bernardo Bertolucci.
- The Last Emperor was screened at a the Shanghai Film Festival where Prime Focus launched its China JV.



## Wizard of Oz

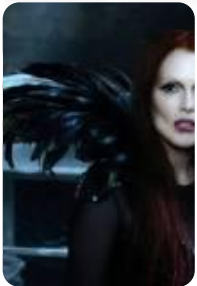
- Collaborated with Warner Bros to provide 2D-3D conversion for The Wizard of Oz home release
- The 3D version of the movie will hit US theaters for one week beginning September 20, 2013, and will be released as a collector's edition box set on October 01, 2013.

# Current projects by Prime Focus World



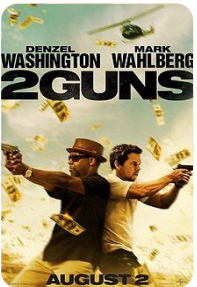
## Gravity to premiere at the Venice Film Festival 2013

- Working with Warner Bros. Pictures on this production starring Sandra Bullock and George Clooney.
- Estimated production budget of \$ 80 million. Release date October 04, 2013 in the U.S.



## The Seventh Son

- Prime Focus is collaborating on this Warner Bros. film directed by Sergey Bodrov and starring Ben Barnes, Jeff Bridges and Julianne Moore.
- Release date October 18, 2013.



## 2 Guns

- Working with Universal Pictures on this film starring Mark Wahlberg and Denzel Washington.
- US release on August 02, 2013. Production budget of \$ 90 million (estimated).

# Current projects by Prime Focus World



## About Time

- Working with Universal Pictures on Richard Curtis' latest project, 'About Time'. A classic Curtis romantic comedy, with added time travel.
- U.K. release on September 6, 2013.



## I, Frankenstein

- Working with Lionsgate, on a comic book adaptation, from Director/Writer Stuart Beattie that sees Frankenstein's monster caught up in an all-out, centuries old war between two immortal clans.



## Nothing Left To Fear

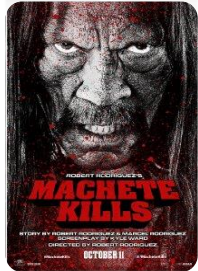
- Working with Anchor Bay Films on a character-driven horror movie from first-time director Anthony Leonardi III and produced by Slash, the legendary lead guitarist of Guns n Roses.
- U.S. release October 4, 2013.

# Current projects by Prime Focus World



## Out of the Furnace

- Working with Relativity Media on a film from director Scott Cooper, starring Christian Bale, Woody Harrelson, Zoe Saldana, Forest Whitaker, Willem Defoe and Casey Affleck.
- Limited release in the U.S. on November 27, 2013, followed by a theatrical release on December 6, 2013.



## Machete Kills

- Prime Focus World is working on Robert Rodriguez's grindhouse sequel 'Machete Kills', starring Danny Trejo as ex-Federale agent Machete.
- U.S. release on October 11, 2013.



## The Two Faces of January

- Prime Focus World is working on this Working Title production from director Hossein Amini, which is due to release later this year.

## Black Sky

- Prime Focus World is working with Warner Bros. Pictures on delivering VFX work for this exciting natural disaster movie from director Stephen Quale.



# Prime Focus Technologies – Key Highlights

## PFT's Business Growth driven by following factors

### Yearly Highlights

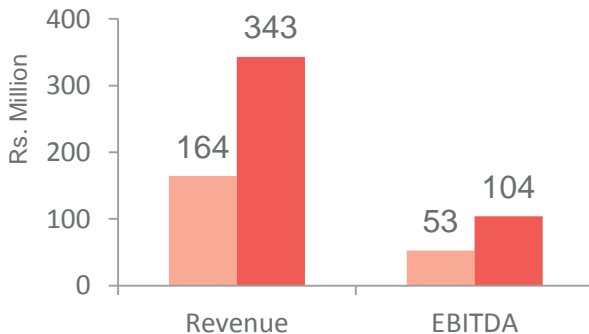
- Technology revenue as a mix of technology and services increased on YoY basis from 150,000 hours to well over 300,000 hours
- On the back of increase in Content Under Management, technology backed services volume demonstrated strong growth in services like PAS, Content operations and Strategic Outsourcing.

### Quarterly Highlights

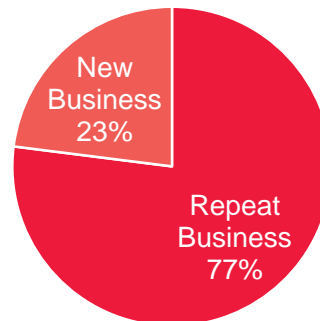
- Added clients across cross section of industry. Disney, BBC Worldwide, ETV, Britannia, Freemantle, International Cricket Council, CNBC Africa (SA)
- PFT commissioned a large Strategic Outsourcing contract
- Acquired New York Business from PFW which contributed to just under 13% to the quarterly revenue
- True North, PFT's **Media Cloud** commenced operation in its state of the art 100,000 square feet facility

### Financial Performance

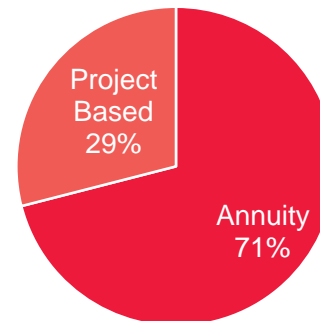
Q12013 Q12014



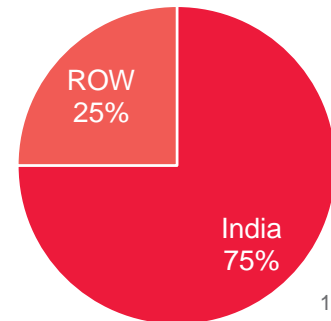
### Revenue by Business Type



### Revenue by Revenue Type

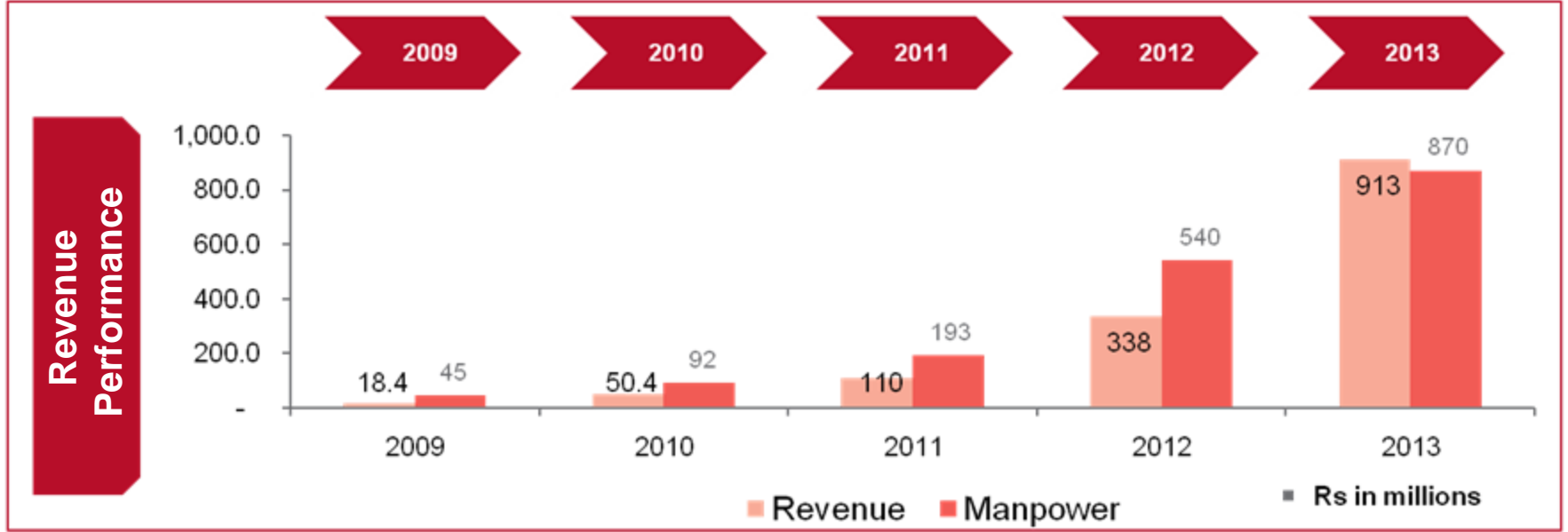


### Revenue by Geography



17

# Prime Focus Technologies – over the years



## Proven Technology delivering value

Content under management – Video Hours

Syndication & VoD fulfillment - Files

Episodes of TV content

Subtitling and captioning – Video Hours

## FY 2012

150,000

5 million

48,600

12,600

## FY 2013

300,000

10 million

80,500

15,000

# About us

## 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.

## For further information contact:

Alok Gupta

Prime Focus Limited

Phone: +91 22 6715 5000

Email: [alok.gupta@primefocusworld.com](mailto:alok.gupta@primefocusworld.com)

Shiv Muttoo/Karl Kolah

Citigate Dewe Rogerson

Phone : +91 22 6645 1207/1220

Email: [shiv@cdr-india.com](mailto:shiv@cdr-india.com)

[karl@cdr-india.com](mailto:karl@cdr-india.com)



## About Prime Focus Limited

Prime Focus Limited, a global leader in media and entertainment industry services employs over 4,500 professionals in 19 facilities across 3 continents and 4 time zones. We provide end-to-end creative and technical services including visual effects, stereo 3D conversion, video/audio post-production, digital content management and distribution, Digital Intermediate, versioning and adaptation, and equipment rental to the Film, Broadcast, Advertising and Media industries. Prime Focus is behind path breaking technologies like CLEAR™ (Hybrid Cloud technology enabled enterprise digitization platform) and View-D™ (stereoscopic 2D to 3D conversion). Leveraging our Global Digital Pipeline and pioneering delivery model WorldSourcing® we partner content creators at every stage of the process ensuring work flow efficiencies, cost optimization and creative enablement. Listed on the BSE and NSE of India and UK LSE's AIM, Prime Focus has operations in Los Angeles, New York, Vancouver, London and Mumbai.

WorldSourcing, CLEAR and View-D are registered trademarks of Prime Focus Limited.



[www.primefocusltd.com](http://www.primefocusltd.com)



© 2013 Prime Focus Limited. All Rights Reserved.