




PRIME FOCUS LIMITED

Investor Presentation
November 2018



T O M C R U I S E
MISSION:IMPOSSIBLE
FALLOUT

IN THEATRES
JULY 27

REAL D 3D. LARGE FORMAT AND IMAX

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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H1FY19 Performance

Delivers steady growth in revenues led by Creative Services



H1FY19

Consolidated
Income

Rs. 1,256 Cr



**14.9%
YoY**

Adjusted
EBITDA¹

Rs. 197 Cr

Adjusted EBITDA¹
Margin

15.7%

Order Book

\$500 mn+

Delivered creative services in 3 of top 5 global B.O. hits released in H1FY19

Rank	Movie Name	Collection in \$ mn	DNEG
1	Avengers: Infinity War	2,046	Y
2	Jurassic World: Fallen Kingdom	1,304	
3	Incredibles 2	1,238	
4	Mission Impossible- Fallout	791	Y
5	Deadpool 2	734	Y

Source: boxofficemojo.com
WWBO Collection as on 11 Nov'18

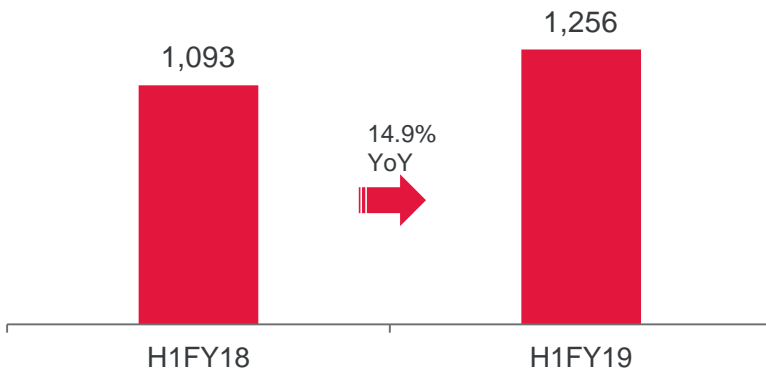
Tech/Tech Enabled services continues to sign new contracts with existing and new clients



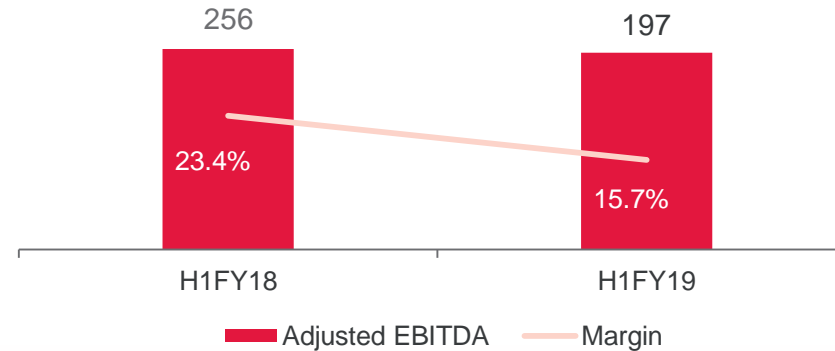
H1FY19 - Consolidated revenue up by 14.9% YoY



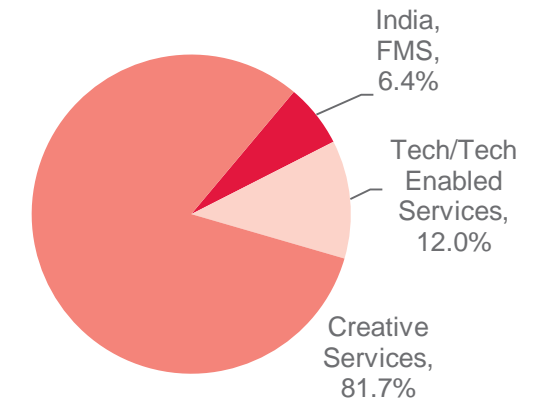
Revenue



Adjusted EBITDA¹

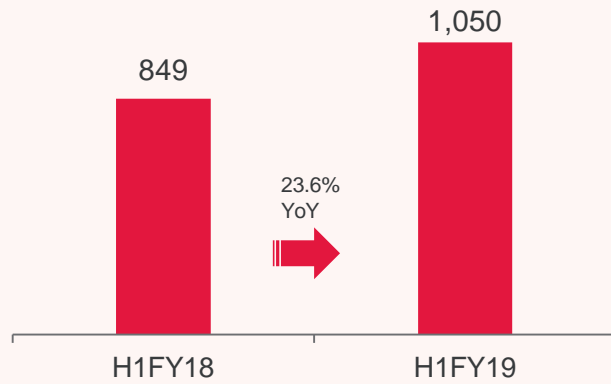


Revenue contribution

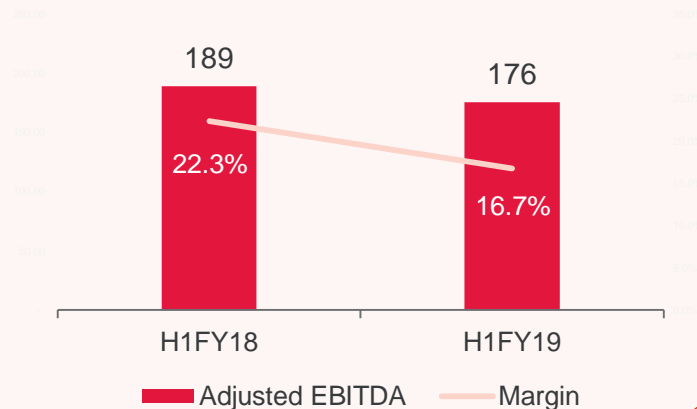


- Consolidated revenues grew 14.9% YoY to reach Rs 1,256 Cr driven by 23.6%YoY growth in Creative Services business
- Adjusted EBITDA at Rs 197 Cr while adj. EBITDA margin at 15.7%
 - Overall personnel cost as percentage of revenue increased to 64.1% in H1FY19 from 56.9% in H1FY18 largely due to scale up in Montreal facility to cater to larger Creative Services order book. Margins to rationalize in next few quarters
- Non Cash ESOP charges stood at Rs. 24 Cr for the first half of the fiscal year – higher Non-cash charge recorded on account of extension of exercise period of stock options from 2 years to 5 years
- Interest and Finance charges stood at Rs. 104 Cr:
 - This includes Rs. 12cr on account of change in accounting treatment towards redemption premium on NCDs, accounting Non-cash charges towards fair valuation of derivative instruments of Rs. 12cr and amortization component of processing fees towards debt financing amounting to Rs.11cr.
 - One-time incremental Finance charge on account of full redemption of Macquarie instrument - Rs.26cr

Revenue



Adjusted EBITDA¹



➔ Revenue up 23.6%YoY to reach Rs 1,050 Cr in H1FY19

- Continued broad basing in revenues with higher share coming from OTT / TV & Feature Animation
- Revenues from new geographies further bolstering growth
- Delivered Hollywood blockbusters like *Mission Impossible: Fallout* and *Ant Man & the Wasp*
- Strong Hollywood releases scheduled for coming quarters: *Venom*, *The New Mutants*, and *Fantastic Beasts: The Crimes of Grindelwald*, among others
- Order book / pipeline maintained at robust levels with higher visibility
- Adjusted EBITDA at Rs. 176 Cr and margin at 16.7% impacted due to increase in employee strength at Montreal facility to deliver increasing order book.
 - EBITDA & EBITDA margin also adversely impacted due to adoption of IFRS 15 accounting standards. H1 FY18 are as reported last year

Top movies for H1FY19



\$790+ mn



\$620+ mn



\$2,000+ mn

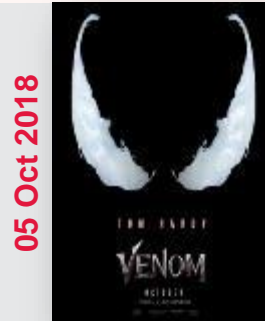


\$730+ mn



\$525+ mn

Upcoming Hollywood releases for FY19



05 Oct 2018

Venom



02 Nov 2018

The Nutcracker and the Four Realms



16 Nov 2018

Fantastic Beasts: The Crimes of Grindelwald



2 Nov 2018

Bohemian Rhapsody



21 Dec 2018

Alita



19 Oct 2018

Mowgli

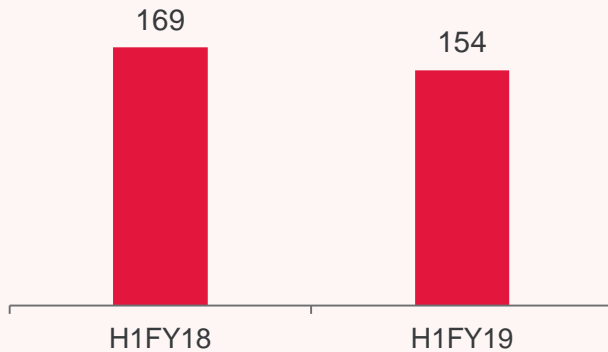


12 Oct 2018

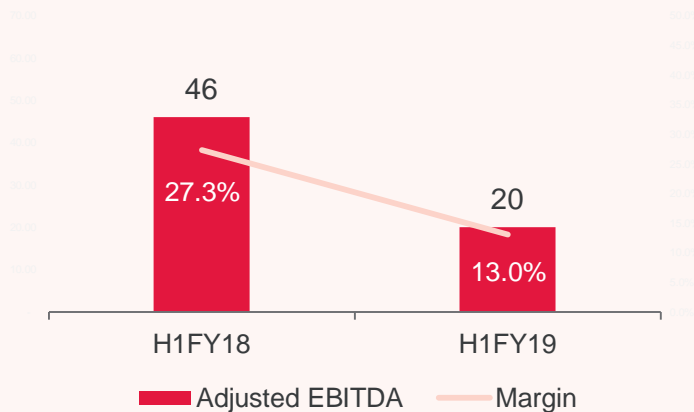
First Man

H1FY19 - Tech/Tech Enabled Services

Revenue



Adjusted EBITDA¹



Revenue declined to Rs.154 Cr in H1. Order book remains steady:

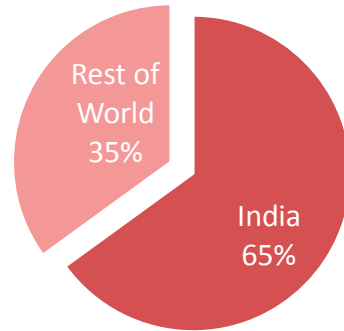
- Soft quarter for Revenue and EBITDA for the Tech business
- Witnessing headwinds as the lead time on conversion of some of the marquee RFPs in Western markets continues to be longer than expected
- Order book remains promising



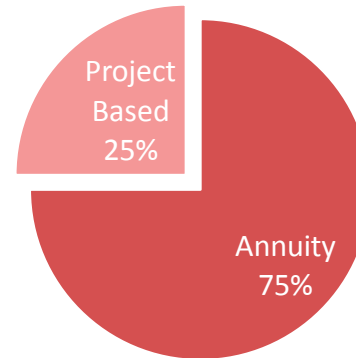
Highlights:

- Launched new module of PFT's CLEAR Media ERP Suite, Vision Cloud which is a native media recognition Artificial Intelligence (AI) platform that builds Machine Wisdom from Intelligence to transform business operations
- PFT enhanced CLEAR™ Media ERP to further improve collaboration across the production supply chain
- **PFT & Virtual Artificial Intelligence Announce Partnership Agreement**
The partnership is focused on delivering practical, affordable AI solutions to Media & Entertainment (M&E) enterprises, and simplifying business processes through process automation

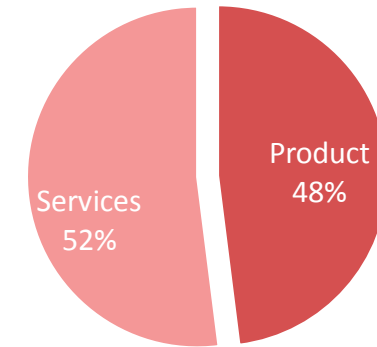
Quality of Revenue – Q2 FY 19



By Geography



By Contract type



By Product Mix

➔ New Business Deals:

APAC

- **Technology and Media services:** STAR Dubbing Contract put to execution; Big Win- Times OTT, Sony Pictures Network (Dubbing) and renewed Contract– Disney Broadcasting for CLEAR

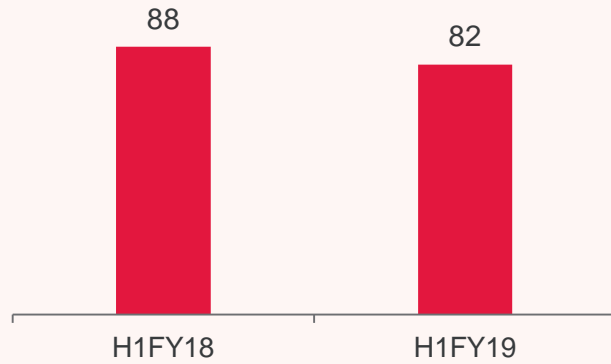
RoW

- Bulk of DAX renewals were competed during the quarter; Big losses – Starz & Vice Media; Europe funnel developing strong

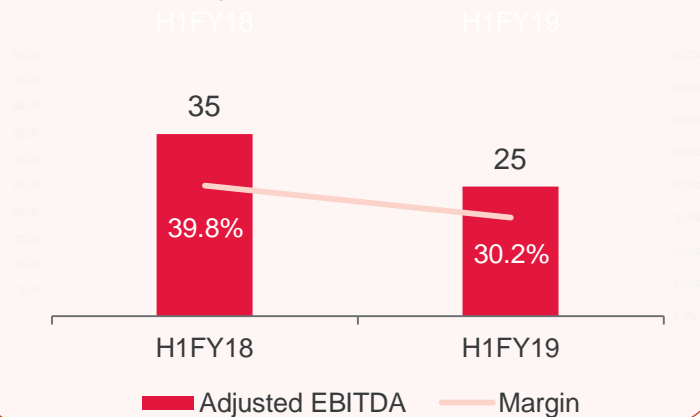
H1FY19 - India FMS Revenue stable and margins maintained at 30%+



Revenue



Adjusted EBITDA¹



→ Highlights:

- Stable revenues at Rs 82 Cr with EBITDA margin at 30.2% in H1FY19
- Worked on the recently released *Thugs of Hindostan* and other Bollywood super-hits like *Dhadak*, *Satyamev Jayate* & *Stree* among other movies like *Manto*, *Patakha*, *Love Sonia* etc.
- Strong releases scheduled for coming quarters: *2.0*, *Manikarnika*, *Andhadhun* among others



**Rs 130
cr**



**Rs 89
cr**

Top Releases for upcoming quarters



Recent TV Commercials

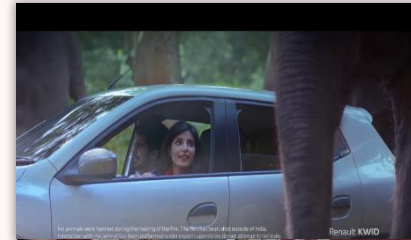
Nutralite



Tata Capital



Renault Kwid



Orient LED



SBI Life



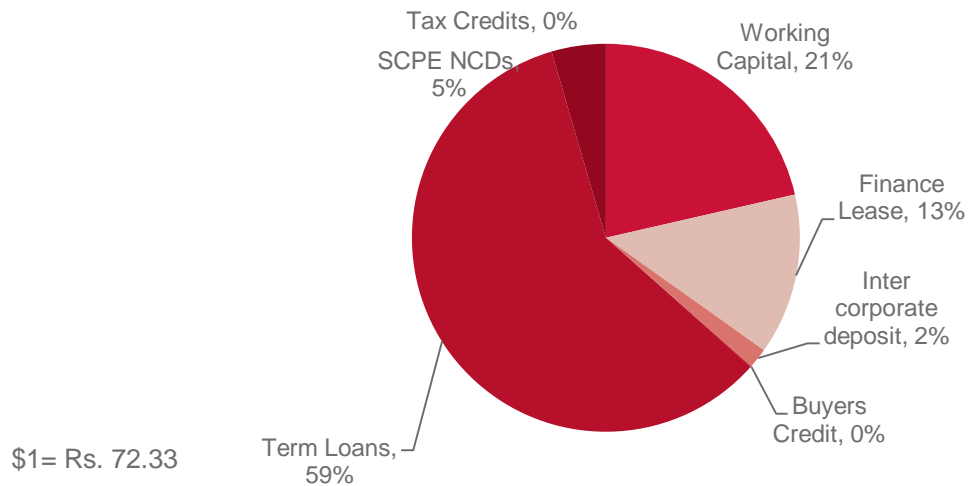
Mumbai Traffic Police



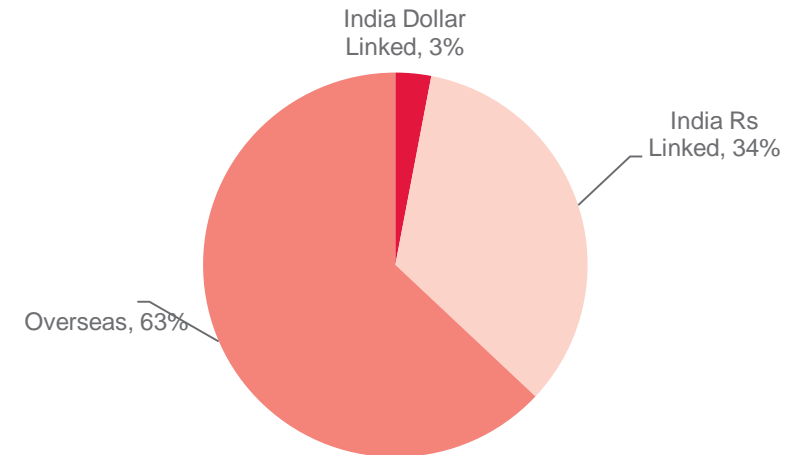
Debt profile

- Consolidated Net Debt of Rs.1,969cr as on 30th Sept, 2018; Consolidated Net Debt comprises of \$182mn in Dollar linked debt and Rs.651cr of Rupee Debt as on 30th Sept, 2018; Debt in INR terms impacted significantly on account of Rupee depreciation – from 68.30 Rs./\$ in Q1 to 72.33 Rs./\$ in Q2. \$ Debt continues to be serviced from \$ cash flows
- Increase in Debt reflects the early extinguishment of a financial liability which was not counted in Debt earlier and Deferred consideration has now all been paid off in full
- 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
- Company has successfully redeemed the 2nd tranche of SC NCDs in full ahead of time in November 2018

Debt Composition



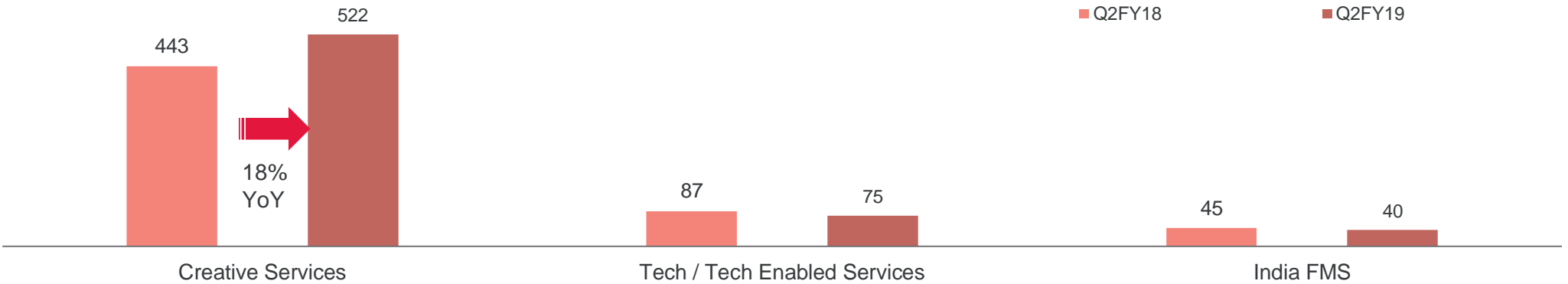
Geographical Breakup



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

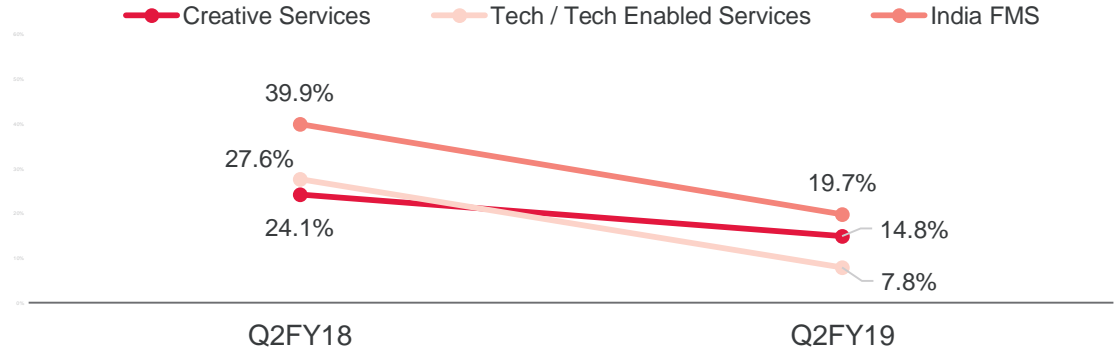
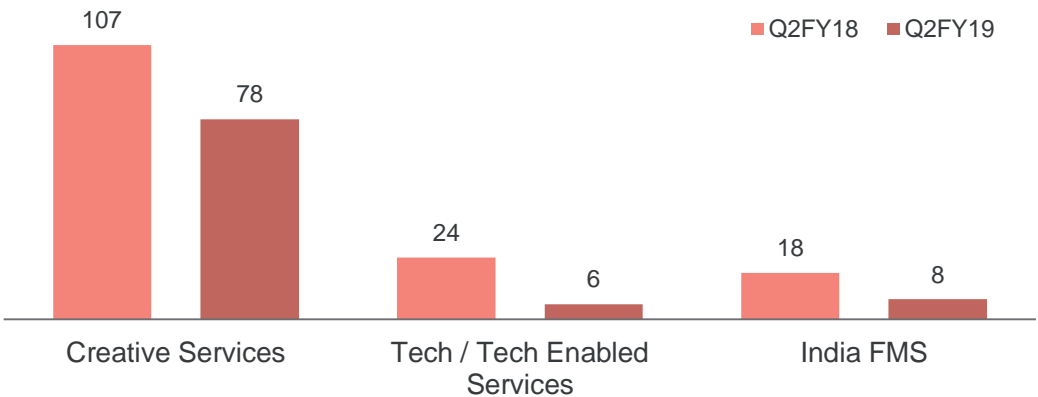
Q2FY19 Performance

Division-wise revenues



Division-wise Adjusted EBITDA *

Division-wise Adjusted EBITDA * Margins



*Adjusted for Non-Cash ESOP and one time non-operating charges

About Prime Focus

World's largest independent & integrated media services powerhouse

Rs 2,292 cr
FY18 Revenue

24.6%
FY13-FY18
Revenue CAGR

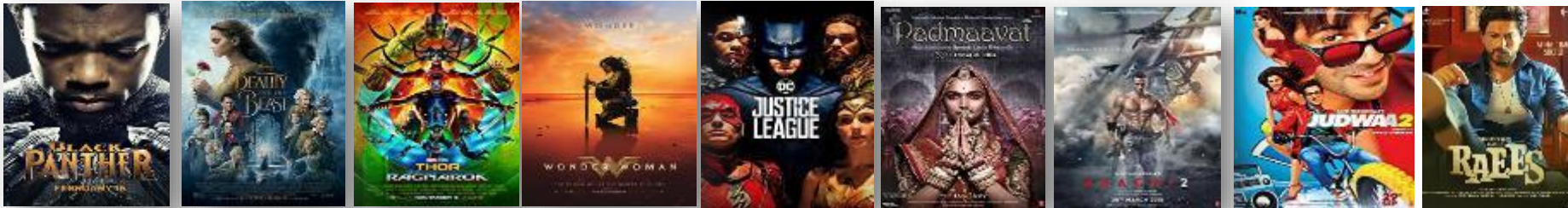
Rs 544 cr | **23.7%**
Adjusted EBITDA* FY18 | Adj. EBITDA Margin

9,000+
PFL Minds

18 cities
in 5 continents

Creative Services **78%** | Technology **15%** | India FMS **7%**

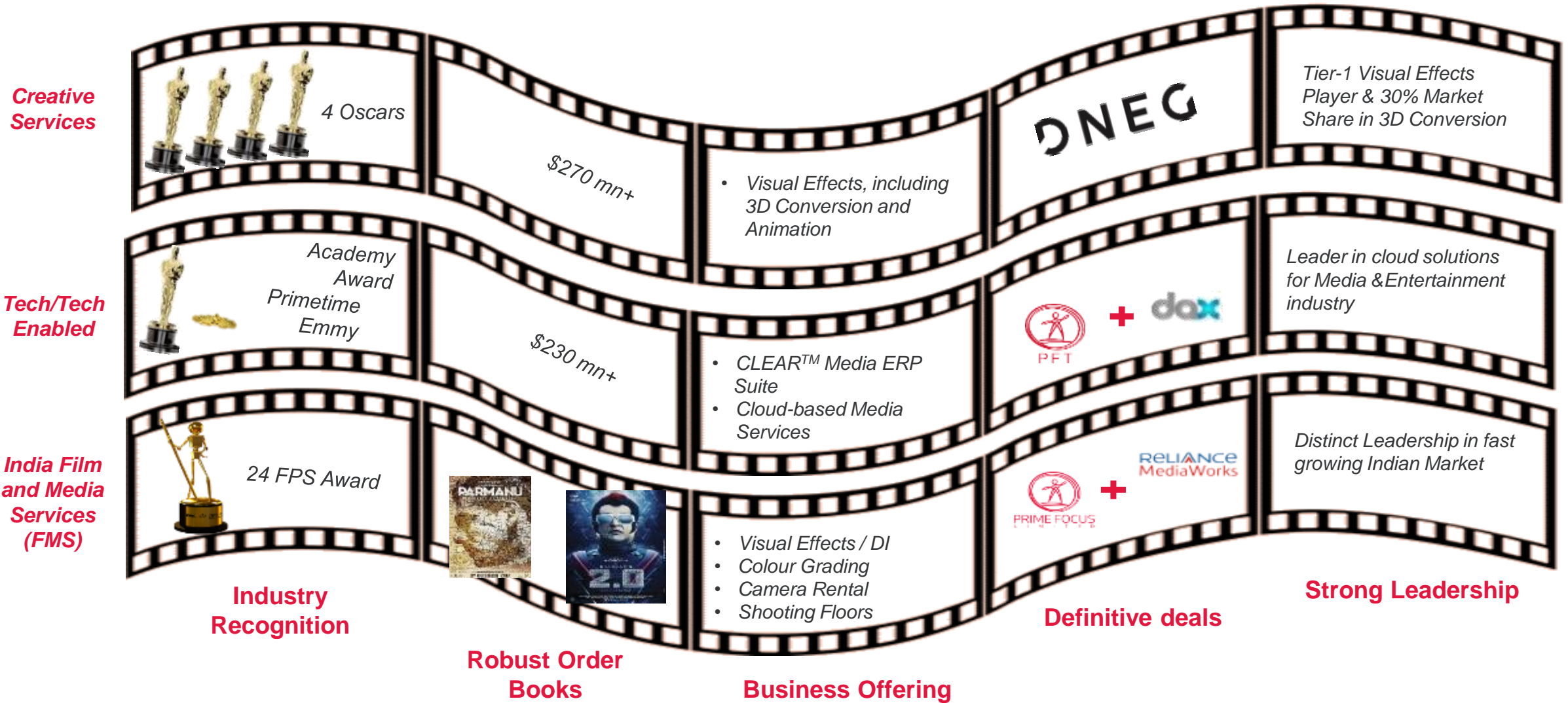
Hollywood & Bollywood top grossers



Working with top broadcasters and studios



Strong leadership in all three verticals



Industry Recognition

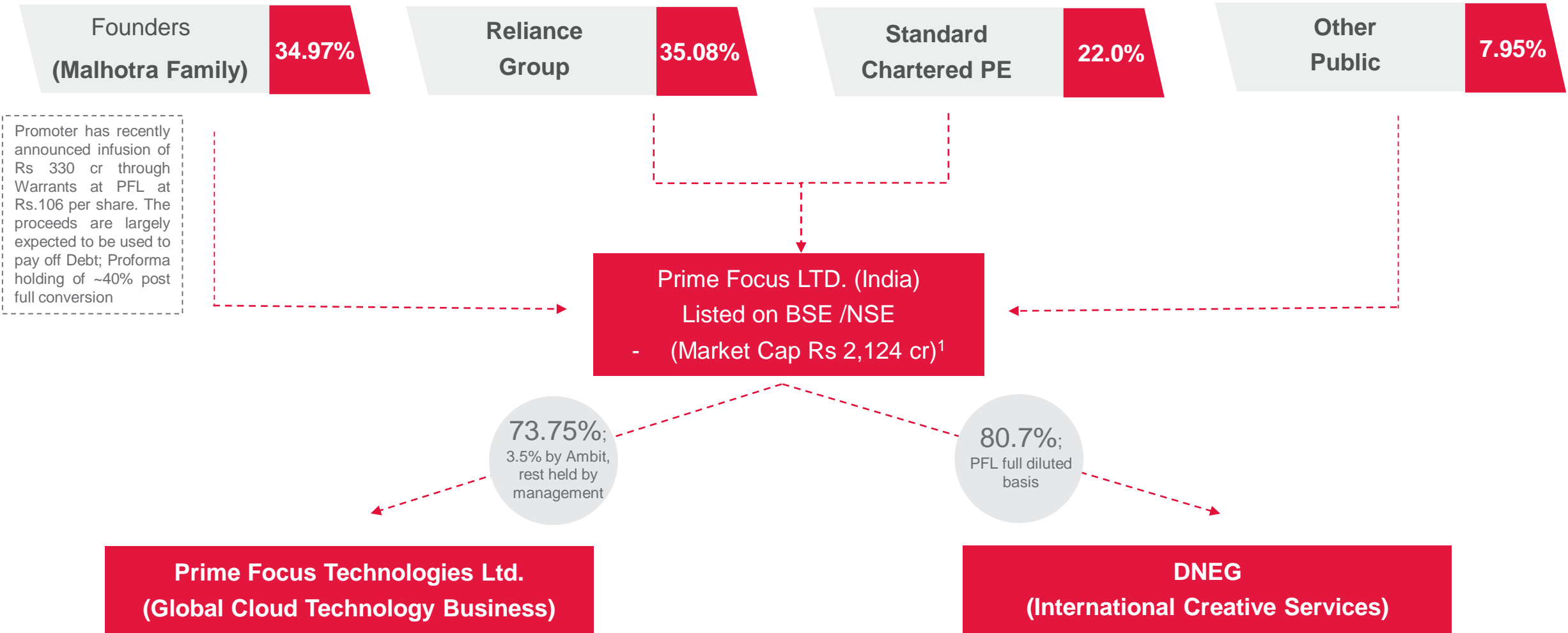
Robust Order Books

Business Offering

Definitive deals

Strong Leadership

Corporate Structure



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



Strong Leadership

Tier-1 Visual Effects Player

House of choice for visually enhanced services

Proven Expertise



4 Oscar wins for Inception, Interstellar, Ex Machina & Blade Runner 2049

Top Grossers



\$1,264 mn



\$1,236 mn



\$1,345 mn



\$1,153 mn



\$1,518 mn



\$873 mn

Unprecedented scale

US\$282 mn (FY18), Revenues

6,000+ personnel across 9 facilities

78% contribution in FY18 revenues

Higher visibility in Order book, over \$270 mn

Deeper engagement with leading studios



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™

Robust order book of **\$230 mn+** to be executed over next 3-5 years.

Robust growth in revenue, up **10.5x at Rs. 3.5 bn** in last 6 years

Strong revenue model with **78% Annuity** contribution & **41% 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

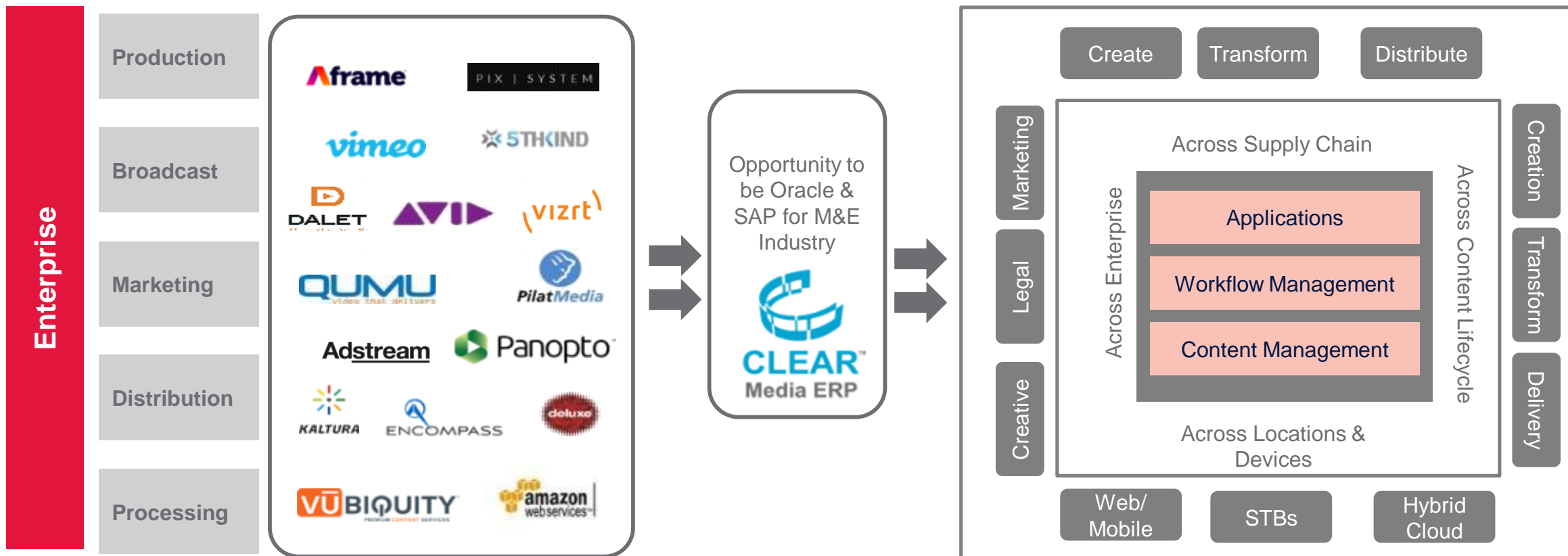


Brands

Service Providers



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

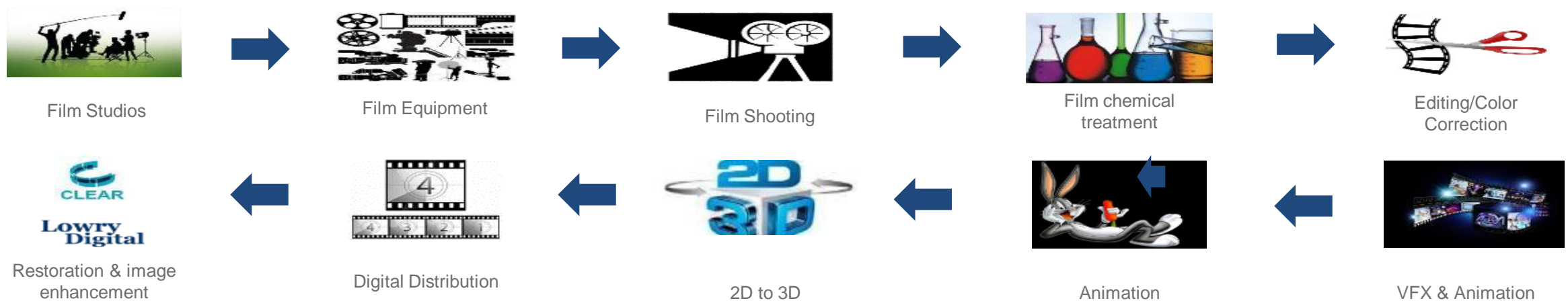


- The Enterprise Application Domain has been consolidated with few Mega-suite Providers
- The same evolution is panning out in Media and Entertainment Enterprises
- CLEAR™ is the most established Hybrid Cloud Media ERP across the globe

India FMS: Dominating on home turf



Offering complete media services across the spectrum. .



Leading player in fast growing Indian M&E market

Owns 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. .



'World Sourcing' model = unmatched competitive edge



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



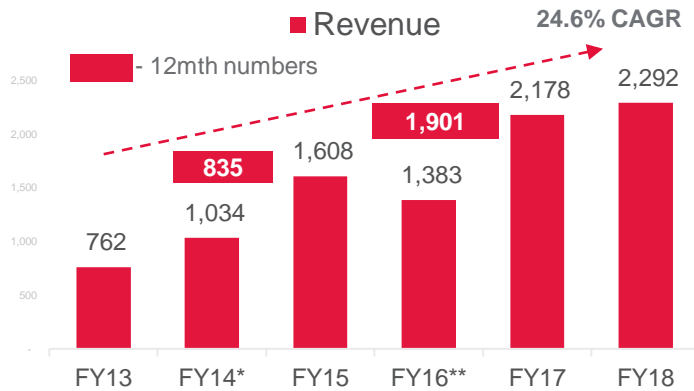
5 continents | 7 time zones | 18 locations | 24/7 – 365 days

Robust financial performance ...



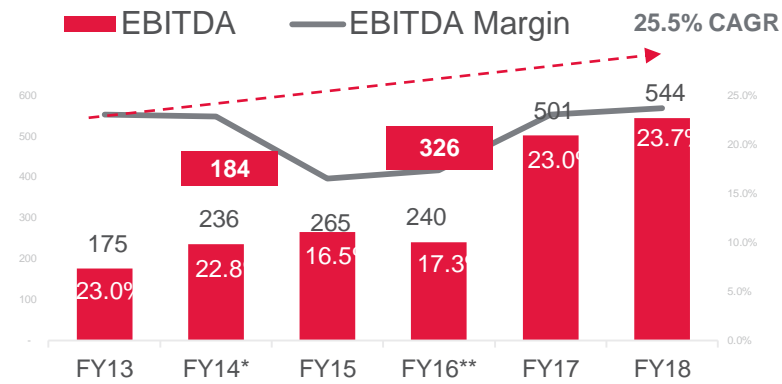
All absolute figures in Rs. crores

Strong Revenue Growth

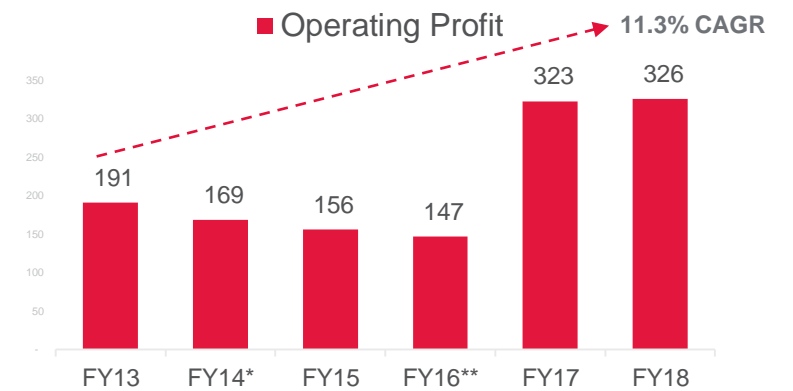


FY 13 to FY 16 numbers are reported audited numbers non IND AS compliant

Strong Growth in EBITDA Margins

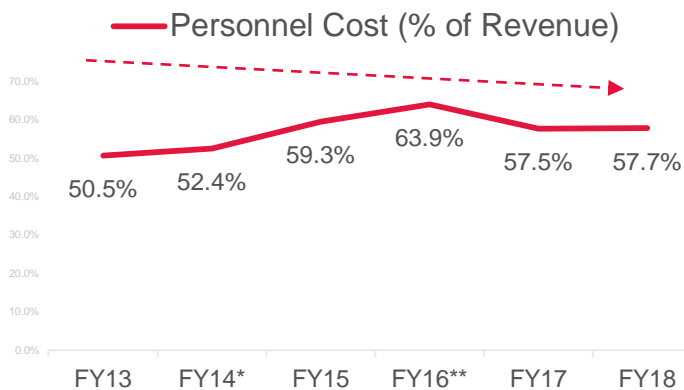


Operating profit



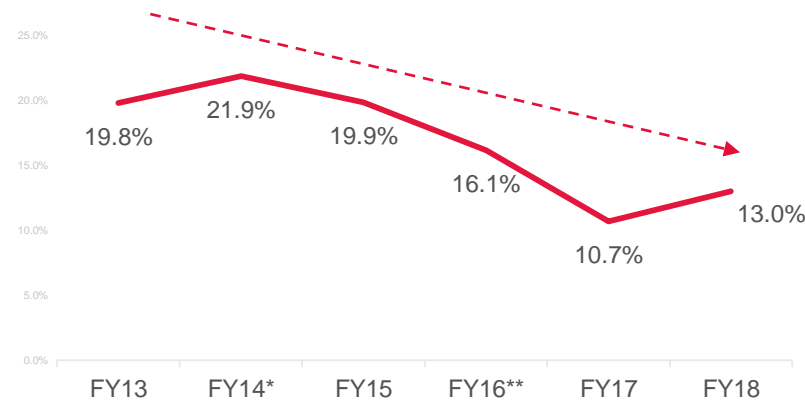
Cash Profit – PAT+ Depreciation + ESOP+ Non Cash items

Personnel cost (% of Revenue)



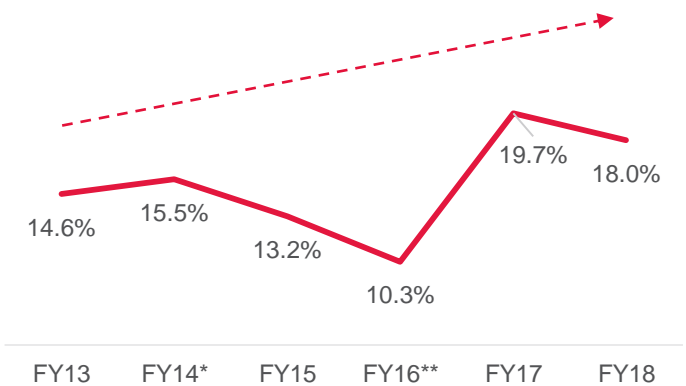
Personnel Cost = Employee expense + Technician fees

Capex (% of Revenue)



* FY14 & FY16 financials represent 15 & 9 months respectively

Cash ROCE

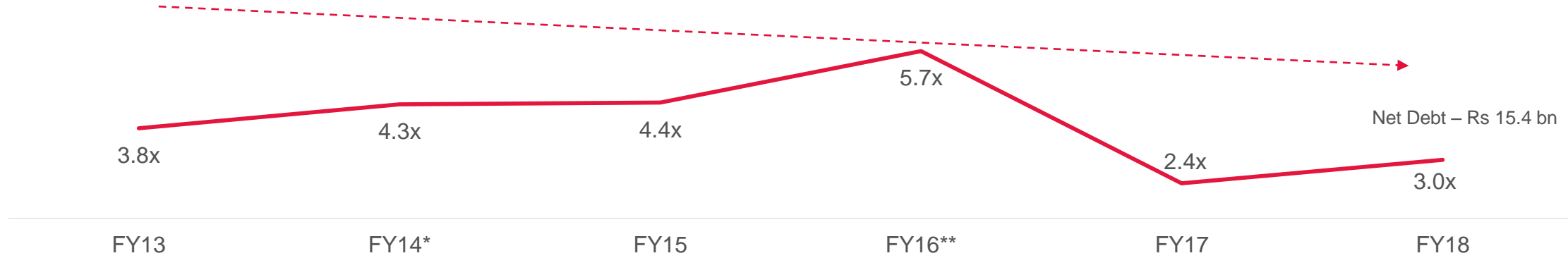


Cash ROCE – EBITDA / (Total Capital Employed)

.. and significant improvement in leverage

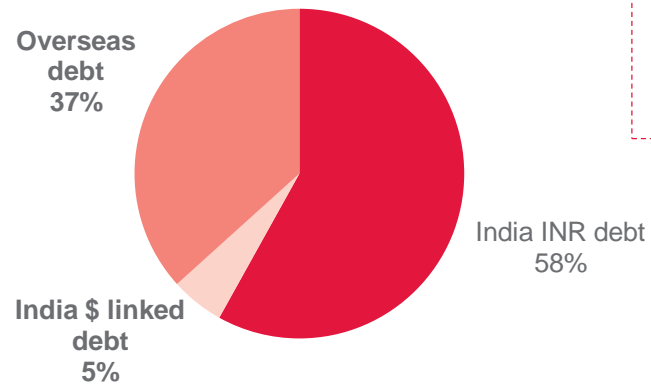


Net Debt / EBITDA



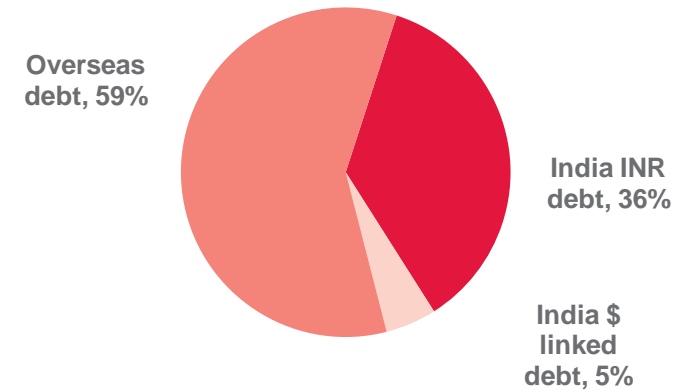
Interest cost <10% on the back of higher share of foreign currency loans

As on 31th March, 2013



Proportion of \$ linked debt has increased from 42% in FY13 to 64% in FY18

As on 31th March, 2018



Significantly improved leverage ratios along with reduction in interest costs

Annexure

Consolidated Profit & Loss Statement



Particulars (Rs Cr)	Q2FY19	Q2FY18	% YoY Variance	Q1FY18	% QoQ Variance	H1FY19	H1FY18	% YoY Variance
Net sales / income from operations	611	562	9%	624	-2%	1,235	1,078	15%
Other Income	7	6	4%	14	-52%	21	15	39%
Total Income	618	569	9%	638	-3%	1,256	1,093	15%
Total Expenditure	539	427	26%	521	3%	1,059	837	27%
Personnel Cost (including technician fees)	407	316	29%	397	2%	805	622	29%
Other Expenditure	131	110	19%	123	7%	255	215	19%
Income from writeback	-	-	NM	-	NM	-	-	NM
Adj. EBITDA*	79	142	-44%	118	-33%	197	256	-23%
Non Operating Foreign exchange (loss)/Gain	-	-	NM	-	NM	-	-	NM
EBITDA (including Exch. Gain (net))	79	142	-44%	118	-33%	197	256	-23%
Depreciation & amortization	72	71	1%	72	0%	144	135	6%
ESOP Charges	19	14	37%	5	260%	24	25	-4%
EBIT	-12	57	NM	41	NM	29	95	-70%
Interest & Finance charges	81	36	125%	49	67%	130	74	76%
PBT Before Exceptional Items	-93	21	NM	-8	NM	-101	21	NM
Exceptional Items- Expenditure/ (Income)	-	-	NM	-	NM	-	-	NM
PBT	-93	21	NM	-8	NM	-101	21	NM
Tax Expense	-26	-1	NM	1	NM	-26	-4	NM
PAT before Minority	-67	22	NM	-9	NM	-76	25	NM
Minority Interest	-6	4	NM	-2	NM	-9	6	NM
PAT	-61	18	NM	-6	NM	-67	19	NM

Key Ratios	Q2FY19	Q2FY18	Q1FY18	H1FY19	H1FY18
Adjusted EBITDA Margin	13%	25%	19%	16%	24%
Total Expenditure/ Revenues	88%	76%	83%	86%	78%
Personnel Cost/ Total Operating Income	67%	56%	64%	65%	58%
Other Expenditure/ Total Operating Income	22%	20%	20%	21%	20%

Standalone Profit & Loss Statement



Particulars (Rs Cr)	Q2FY19	Q2FY18	% YoY Variance	Q1FY19	% QoQ Variance	H1FY19	H1FY18	% YoY Variance
Net sales / income from operations	36	40	-9%	34	5%	70	74	-5%
Other income	3	12	-71%	8	-56%	11	12	-5%
Total Income	39	51	-23%	42	-7%	82	86	-5%
Total Expenditure	32	53	-40%	25	26%	57	53	8%
Personnel Cost (including technician fees)	13	25	-46%	13	7%	26	25	5%
Other Expenditure	18	28	-34%	13	45%	31	28	11%
Adj. EBITDA*	8	-1	NM	17	-55%	25	34	-26%
Non Operating Foreign exchange (loss)/Gain	-0	-1	NM	0	NM	-0	-1	NM
EBITDA (including Exch. Gain (net))	8	-0	NM	17	-53%	25	35	-29%
Depreciation & amortization	8	16	-47%	9	0%	17	16	7%
ESOP Charges	16	17	-3%	4	315%	20	17	21%
EBIT	-17	-33	NM	4	NM	-13	2	NM
Interest & Finance charges	16	19	-16%	16	0%	32	19	69%
PBT Before Exceptional Items	-33	-52	NM	-12	NM	-45	-17	NM
Exceptional Items- Expenditure/ (Income)	-	-	NM	-	NM	-	-	NM
PBT	-33	-52	NM	-12	NM	-45	-17	NM
Tax Expense	-0	-1	NM	3	NM	-3	-1	NM
PAT	-33	-51	NM	-15	NM	-42	-16	NM

Key Ratios	Q2FY19	Q2FY18	Q1FY19	H1FY19	H1FY18
Adj. EBITDA Margin	21%	-3%	49%	35%	45%
Total Expenditure/ Revenues	88%	133%	73%	81%	71%
Personnel Cost/ Total Operating Income	37%	63%	37%	37%	34%
Other Expenditure/ Total Operating Income	51%	70%	37%	44%	37%

Balance Sheet (Assets)



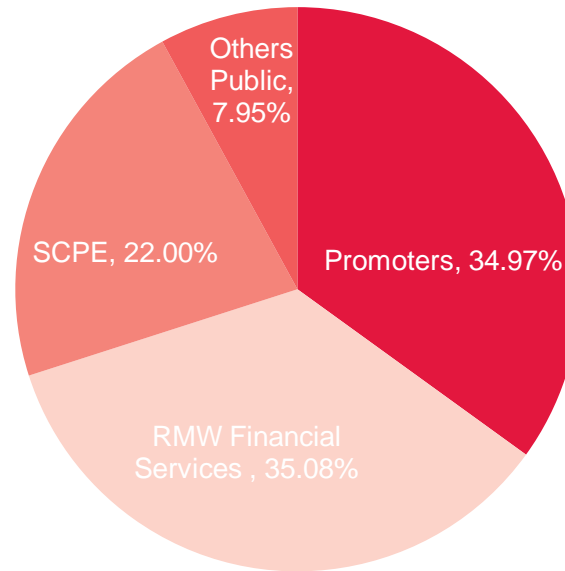
Particulars (Rs. Cr)	Standalone		Consolidated	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Assets				
Non-Current Assets				
Property, Plant and Equipment	380	382	623	714
Capital Work In Progress	5	2	14	3
Goodwill	-	-	1,061	981
Other Intangible assets	2	3	638	523
Intangible Assets under development	-	-	68	40
Financial Assets			-	-
Investments	1,003	944	4	4
Loans	-	-	-	-
Other financial assets	2	5	26	68
Deferred Tax assets (net)	25	53	51	53
Income Tax assets (net)	65	45	92	70
Other Non-Current Assets	11	3	44	38
Total Non- Current Assets	1,493	1,438	2,621	2,495
Current Assets				
Inventories	-	-	3	0
Financial Assets				
Trade receivables	46	52	487	254
Cash and cash equivalents	0	2	37	33
Bank balances other than above	1	11	3	23
Loans	88	171	-	-
Other financial assets	31	53	407	490
Other current assets	17	12	154	142
Total current Assets	184	300	1,092	943
Total Assets	1,676	1,738	3,713	3,438

Balance Sheet (Liabilities)



Particulars (Rs. Cr)	Standalone		Consolidated	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Equity and Liabilities				
Equity				
Equity Share Capital	30	30	30	30
Share warrant money received	83	-	83	-
Other Equity	977	1,053	413	563
Equity attributable to equity holders of the parent	1,090	1,082	526	592
Non-controlling interest	-	-	118	120
Total Equity	1,090	1,082	644	713
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	185	283	1,087	953
Other financial liabilities	76	80	126	324
Provisions	3	2	10	9
Deferred Tax Liabilities (net)	-	-	91	106
Other non-current liabilities	1	-	108	-
Total Non-current liabilities	266	365	1,421	1,391
Current Liabilities				
Financial Liabilities				
Borrowings	32	10	425	180
Trade Payables	26	18	154	131
Other financial liabilities	234	251	689	661
Other Current Liabilities	0	0	23	2
Provisions	16	3	71	26
Current Tax Liabilities	12	8	285	334
Total Current Liabilities	321	290	1,648	1,334
Total Liabilities	587	656	3,069	2,726
Total Equity + Liabilities	1,676	1,738	3,713	3,438

As on 30th September - 2018
Outstanding shares – 299 mn





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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 and 7 time zones. 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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