



PRIME FOCUS LIMITED

Investor Presentation
August 2018

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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	<ul style="list-style-type: none">- Financials- Shareholding Pattern	

Q1FY19 Performance

Strong start to the year with robust 22% YoY growth in revenues



Consolidated
Income

Rs. 638 Cr



**22%
YoY**

Adjusted
EBITDA¹

Rs. 118 Cr

Adjusted EBITDA¹
Margin

18.4%

Order Book

\$500mn+

Worked on 2 of the biggest blockbusters for the quarter



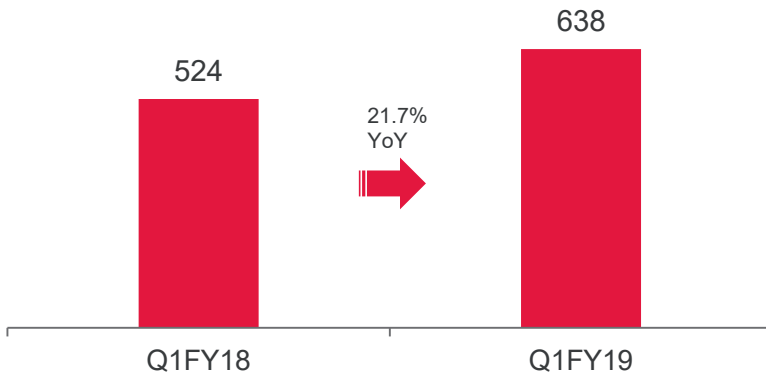
Tech/Tech Enabled services continues to sign new contracts with existing and new clients



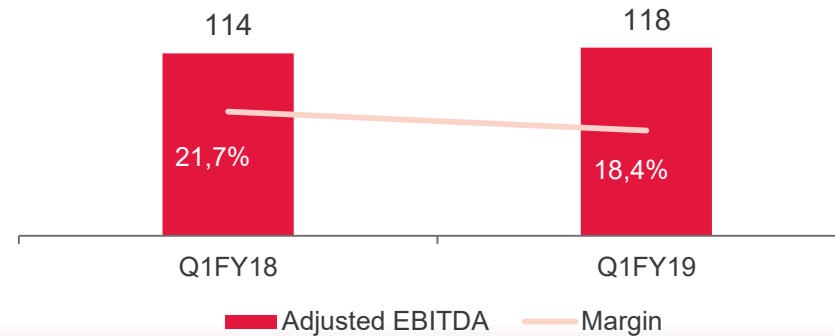
Revenue up by 22%YoY for the quarter



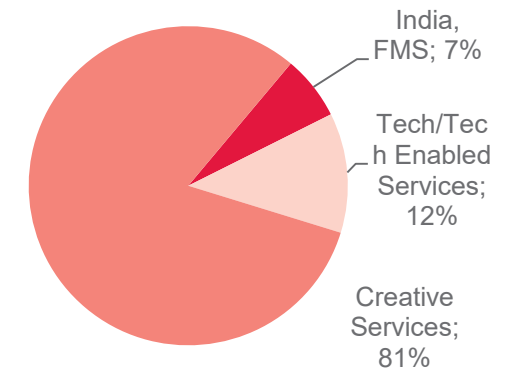
Revenue



Adjusted EBITDA¹



Revenue contribution

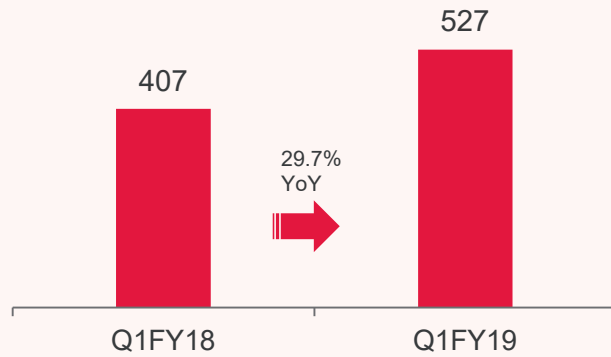


- Consolidated revenues grew 21.7% YoY to reach Rs 638 Cr powered by robust growth of 29.7% YoY in Creative Services division
- Adjusted EBITDA at Rs 118 Cr, up 3.1% YoY. EBITDA margin at 18.4%
 - Overall personnel cost as percentage of revenue increased to 63.6% in Q1FY19 from 59.3% in Q1FY18 largely due to capacity expansion to gear up for the higher contracted / confirmed order book in Creative Services
- Non Cash ESOP charge of Rs. 5.3 Cr for the quarter
- Interest and Finance charges for the quarter at Rs. 49 Cr:
 - This includes Rs. 6cr on account of change in accounting treatment towards redemption premium on NCDs, accounting Non-cash charges towards fair valuation of derivative instruments of Rs. 8cr and amortization component of processing fees towards debt financing amounting to Rs.4cr.

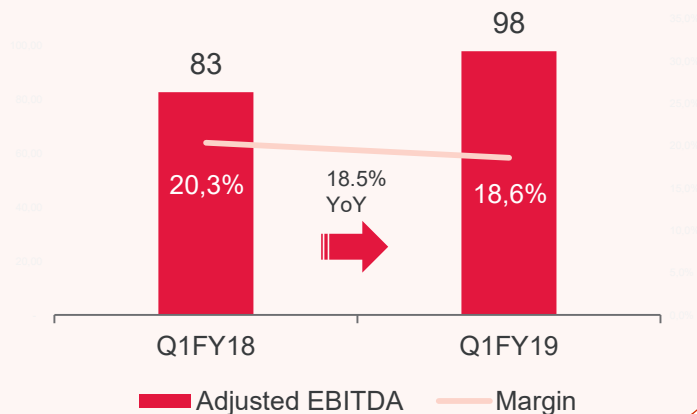
Creative Services: Robust 30% YoY growth in revenues with higher visibility



Revenue



Adjusted EBITDA¹



Revenue up 30% YoY to reach Rs 527 Cr.

- Strong execution of VFX projects and continued broad basing in revenues with higher share coming from OTT / TV & Feature Animation
- Revenues from new geographies further bolstering growth
- Delivered biggest Hollywood blockbusters like *Avenger's: Infinity War* and *Deadpool 2* for the quarter
- Strong Hollywood Releases scheduled for coming quarters: *Venom*, *The New Mutants*, *Mission: Impossible - Fallout* and *Fantastic Beasts: The Crimes of Grindelwald*, among others
- Order book maintained at a robust \$270 mn+ levels with higher visibility



Adj. EBITDA up 19% YoY to reach Rs 98 Cr.

- Strategic expansion in Montreal & Chennai to gear up for execution of increasing order book.
- Continued improvement in operational efficiencies

**\$2,044
mn**



- **Largest** domestic and worldwide opening weekend box office record
- **4th largest** global release of all-time

**\$733
mn**



- **Largest** opening day for an R-rated film ever
- **5th highest** grossing release of all-time for Fox

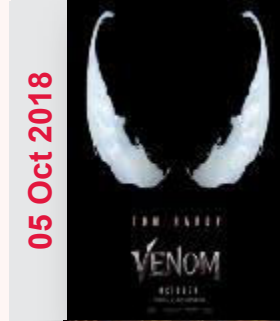
Upcoming Hollywood Releases for FY19



Mission: Impossible -
Fallout



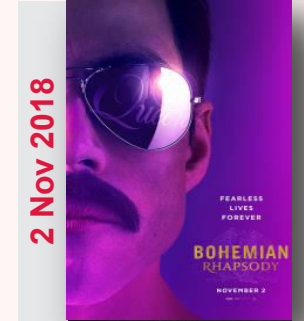
Alpha



Venom



Fantastic Beasts: The
Crimes of Grindelwald



Bohemian Rhapsody



The Meg



The New Mutants



Alita

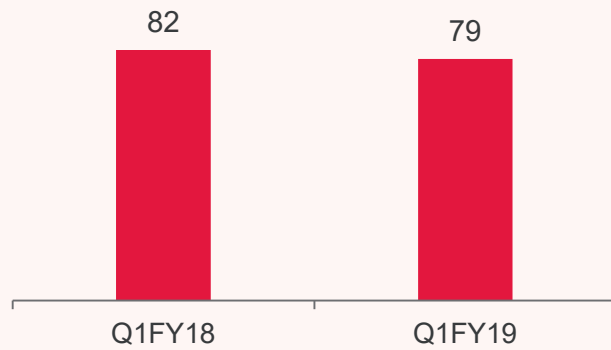


Mowgli

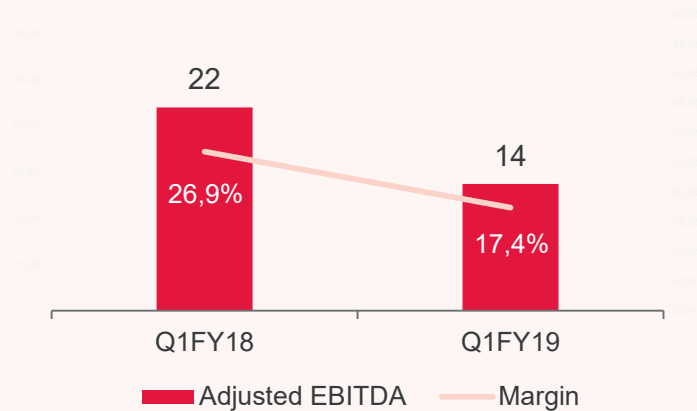


First Man

Revenue



Adjusted EBITDA¹



Highlights:

- Soft quarter for Revenue and EBITDA for the Tech business
- Marginal -4% decline in revenue to Rs 79 Cr with EBITDA at 17.4% in the quarter.
- Order book remains robust at ~\$230 mn+ with ~15% YoY increase

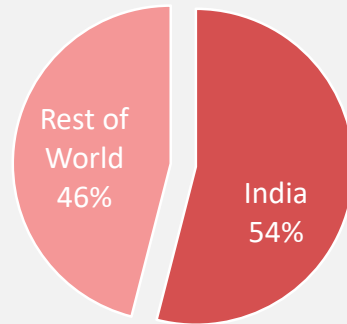


New Business Deals:

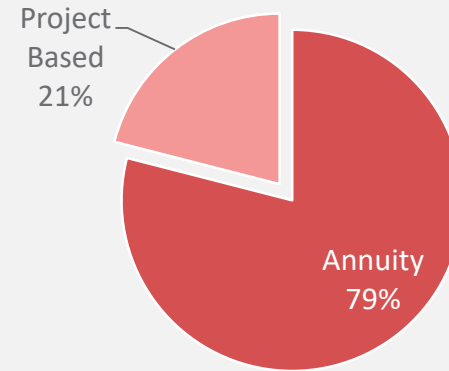
APAC

- **Technology and Media services:** New contracts with BYJUs, Times OTT, Sony Pictures TV, Netflix
- Signed a strategic deal with Discovery Communications India for managing long form content operations using the company's flagship product CLEAR™ Cloud MAM
- **Brand Services:** Campaign films for Pidlite, Brand factory, Google – Uber, Jabong, Big Bazaar, Soch; Madison Media – Strategic Alliance for Spot distribution

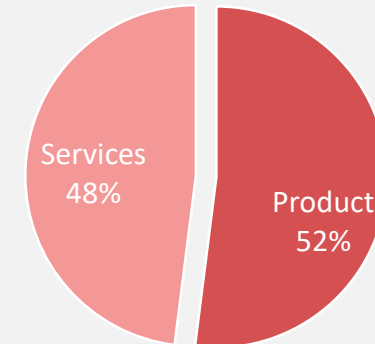
Quality of Revenue – Q1 FY 19



By Geography



By Contract type



By Product Mix

RoW

- More clients migrated to the new DAX Production Cloud, opening possibilities for such clients to leverage other modules of CLEAR



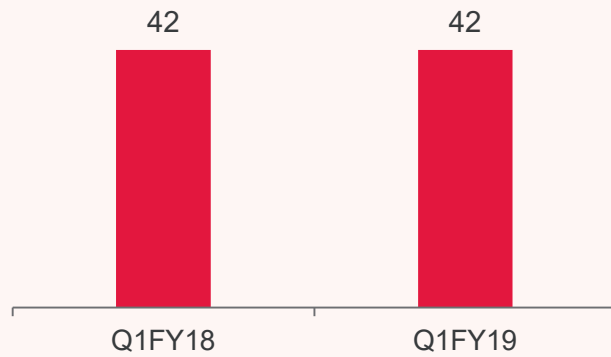
Industry Accolades:

- Won Gold at the PromaxBDA India Awards for Tata Sky video
- Nominated & in the final short list for Technical Oscars in the Dailies & Review system category

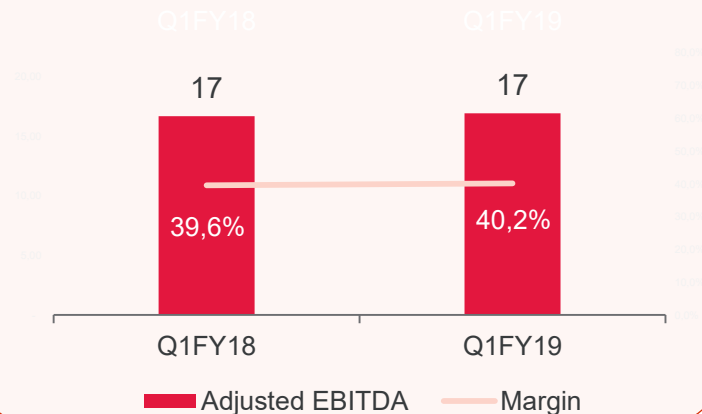
India FMS Revenue stable and margins maintained at ~40%



Revenue



Adjusted EBITDA¹



Highlights:

- Stable revenues at Rs 42 Cr with EBITDA margin at 40.2% in the quarter.
- Worked on Bollywood blockbusters like Raazi and Race 3 among other movies like Parmanu: The Story of Pokhran, Bhavesh Joshi and Blackmail
- Strong releases scheduled for coming quarters: *Dhadak*, *Satyamev Jayate*, *Stree*, *Thugs of Hindostan*, *Manikarnika* among others
- Worked on first Netflix original series “Sacred Games”
- Media and Entertainment Skills Council (MESCC) has announced the launch of a specialised training division in partnership with Prime Focus’s PFAMES program (Prime Focus Academy of Media & Entertainment Studies) designed with the vision to prepare students for the media and entertainment industry

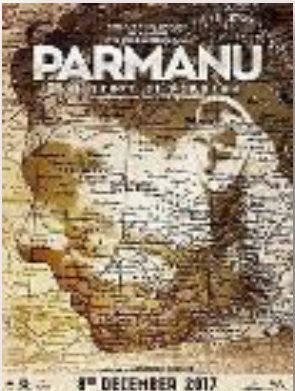
Worked on top Bollywood movies



**Rs 169
cr**



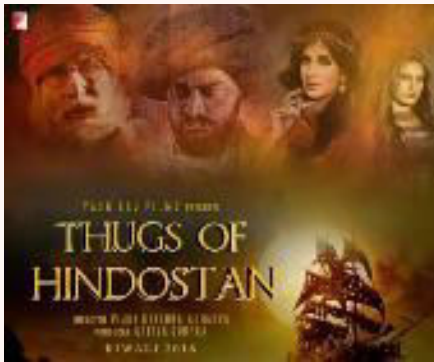
**Rs 123
cr**



Worked on Netflix India's first original series



Upcoming Releases for FY19



TV Commercials for the quarter

Hyundai



Colgate



Swiggy



Paytm



Netmeds



Coca-Cola



INR Cr	FY18	Q1 FY19
Interest	118	31
Fair Value Impact of Derivatives	31	8
Revaluation of Derivatives		
Refinancing / Processing Fee one time	15	
New Financing / Processing Fee amortization	15	4
Total Finance Costs [ex SC NCDs]	180	43
SC NCDs	33	6
Total Finance Costs (Reported)	212	49

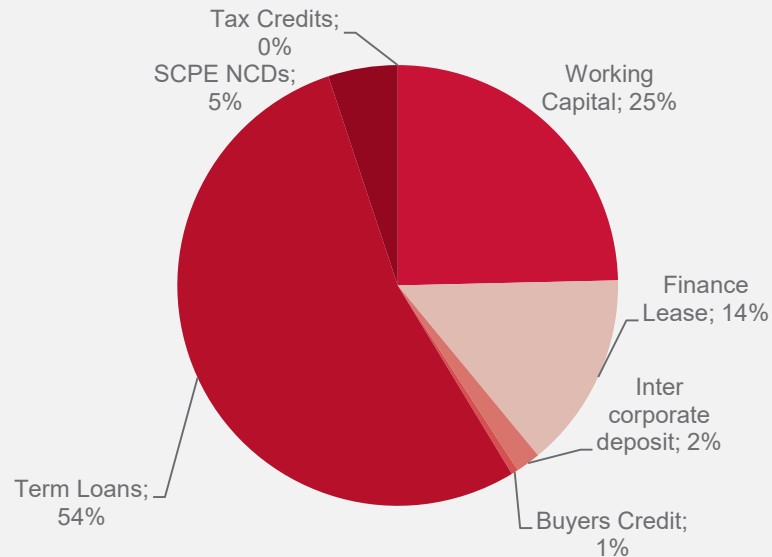
- Derivative instruments have to be tested for valuation [option value] and probability of payment and are hence revalued at the end of each quarter – the delta has to be taken as charges against Finance costs [Non – cash] – Rs.8cr
- During the year, PFL group raised cheaper financing overseas to retire some of the costlier Debt in the group – the refinancing of Debt leads to upfront costs + processing charges which have to be amortized over the period of the loan as per Ind-AS accounting standards – which is the “Amortization” component – Rs.5cr
- The redemption premium on SCPE NCDs were always charged through Networth upto FY17; From FY18 the charge on redemption premium for the year; this quarter charge is Rs.6cr

Debt profile

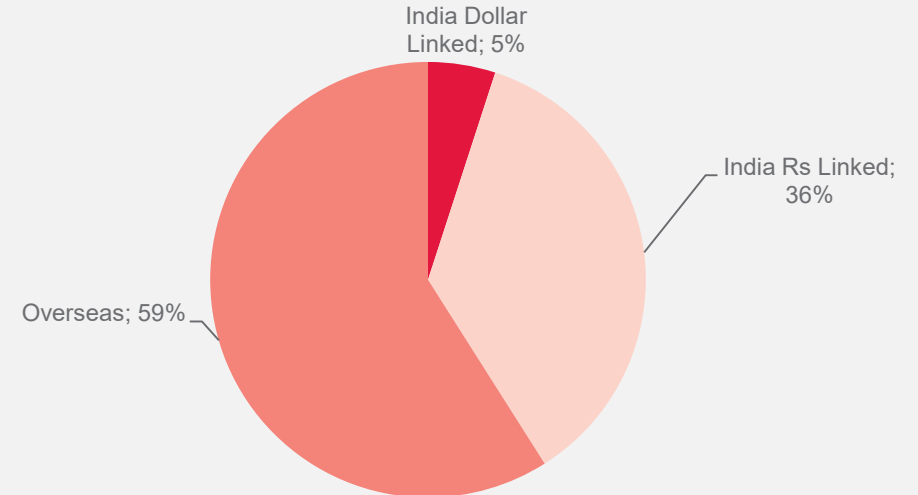


- Consolidated Net Debt of Rs.1,694cr as on 30th June, 2018; Debt in INR terms impacted significantly on account of Rupee depreciation – from 64.82 Rs./\$ to 68.30
 - Overseas Debt [59%] is in \$; is serviced through \$ cash flows and hence forms a natural hedge for the group
- Right sizing the Balance Sheet; continued efforts towards reduction in Interest cost with more Dollar based loans – Dollar linked debt now 59% of the total Debt across the group
- 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
- Transient impact on Debt due to higher utilization of Working capital for the quarter; has smoothed subsequently

Debt Composition



Geographical Breakup



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

The background is a vibrant red color with a subtle grid pattern. A white banner with a wavy bottom edge is positioned on the left side of the image. The text "About Prime Focus" is written in a red, sans-serif font on the white banner.

About Prime Focus

World's largest independent & integrated media services powerhouse

Rs 22,919 mn
FY18 Revenue

25%
FY13-FY18
Revenue CAGR

Rs 5,435 mn | **23.7%**
Adjusted EBITDA* | Adj. EBITDA Margin

9,000+
PFL Minds

18 cities
in 5 continents

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

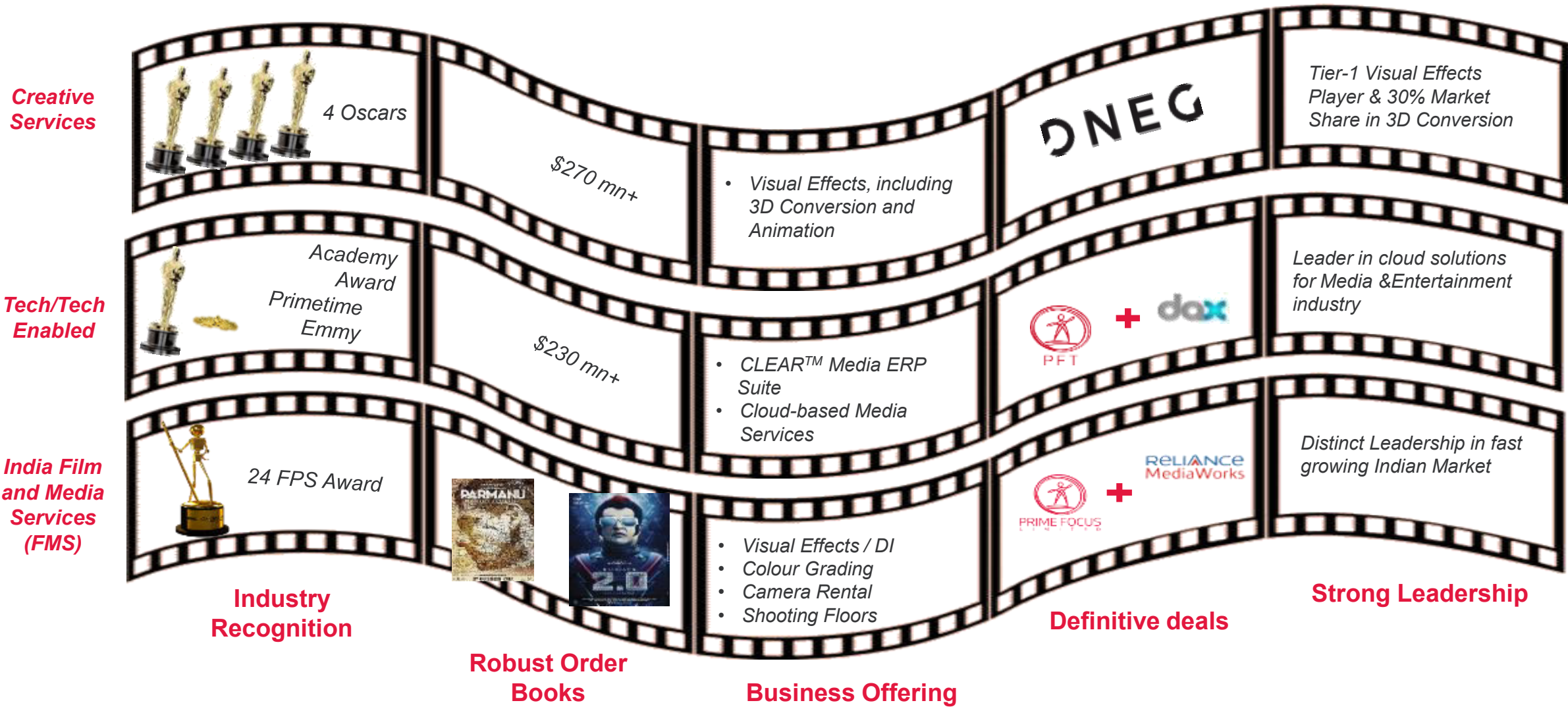
Hollywood & Bollywood top grossers



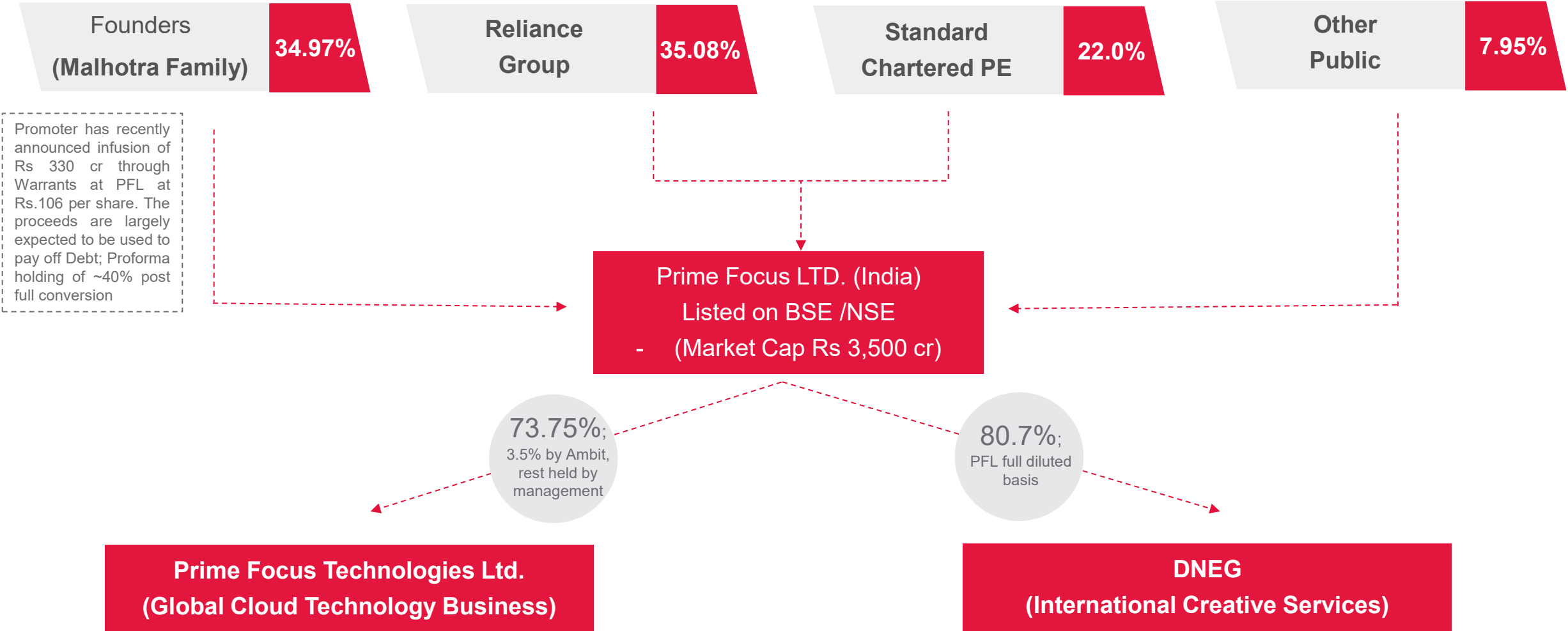
Working with top broadcasters and studios



Strong Leadership in all 3 verticals



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

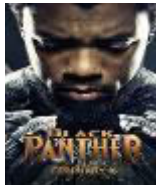
Top Grossers



\$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



Owens & 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

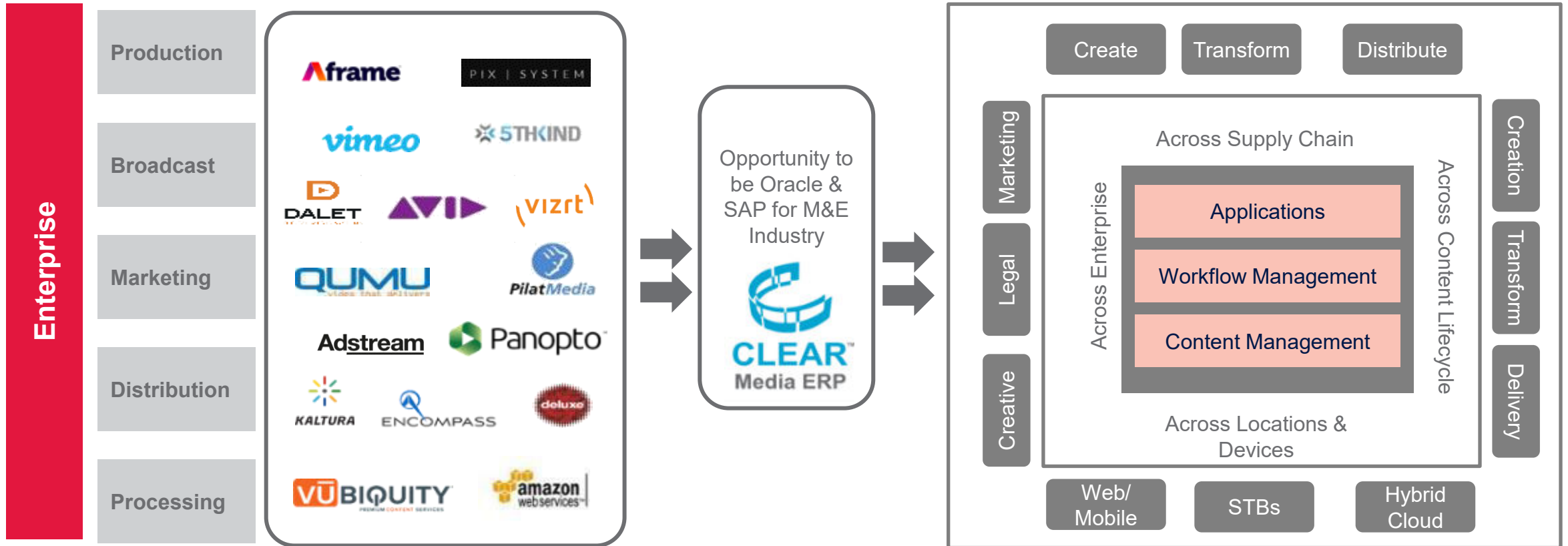


Brands

Service Providers



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

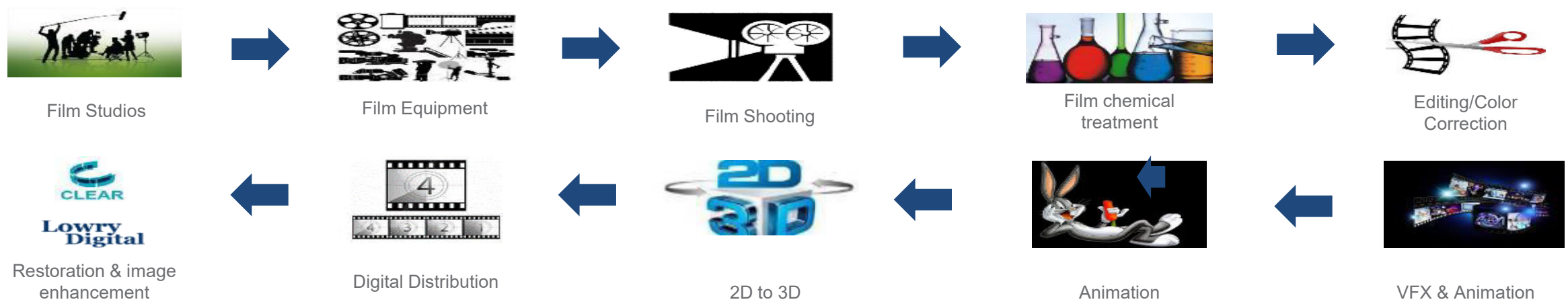


- The Enterprise Application Domain has been consolidated with few Mega-suite Providers
- The same evolution is panning out in Media and Entertainment Enterprises
- CLEAR™ is the most established Hybrid Cloud Media ERP across the globe

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. .



'WorldSourcing' model = unmatched competitive edge



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



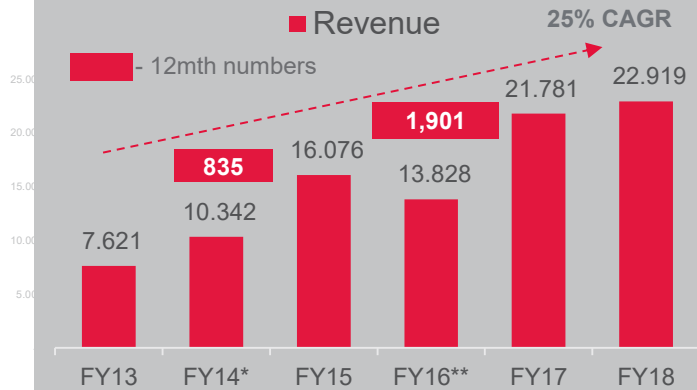
5 continents | 7 time zones | 18 locations | 24/7 – 365 days

Robust financial performance ...



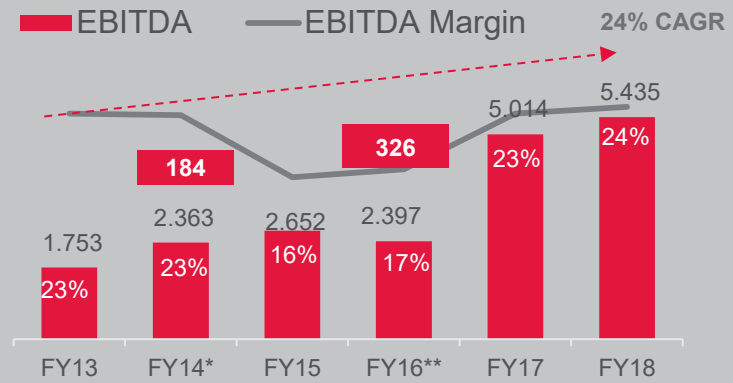
All absolute figures in Rs. million

Strong Revenue Growth

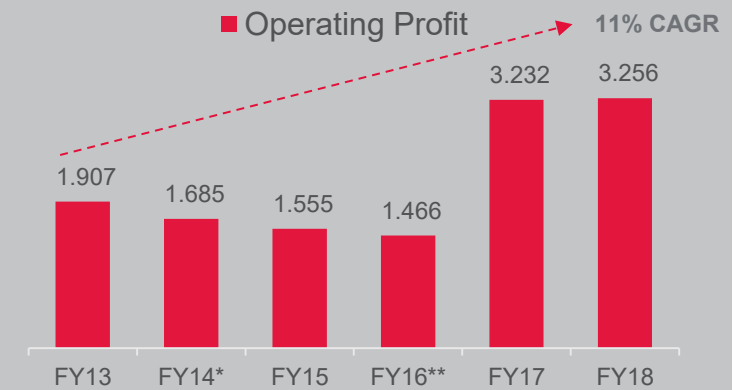


FY 13 to FY 16 numbers are reported audited numbers non IND AS compliant

Strong Growth in EBITDA Margins

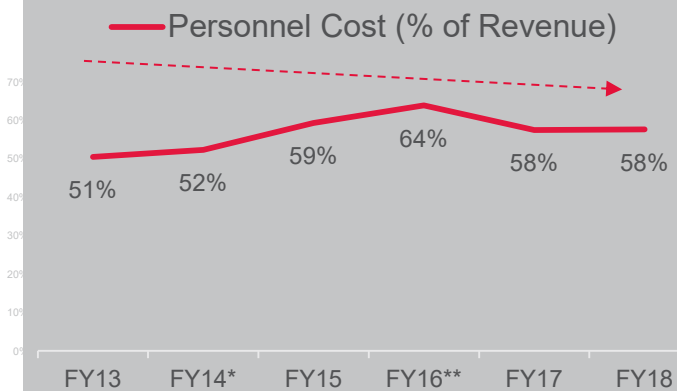


Operating profit

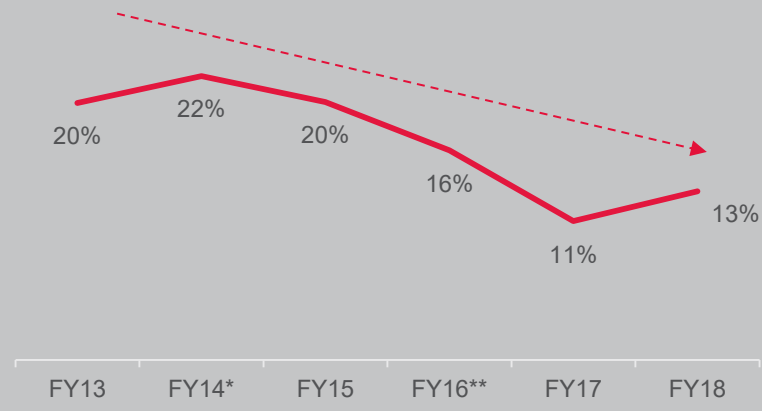


Cash Profit – PAT+ Depreciation + ESOP+ Non Cash items

Personnel cost (% of Revenue)

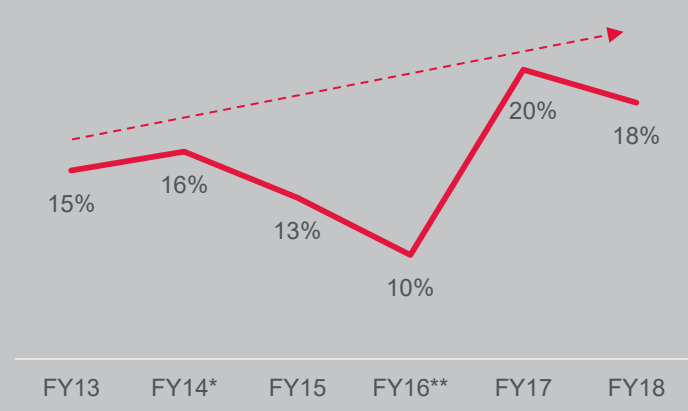


Capex (% of Revenue)



* FY14 & FY16 financials represent 15 & 9 months respectively

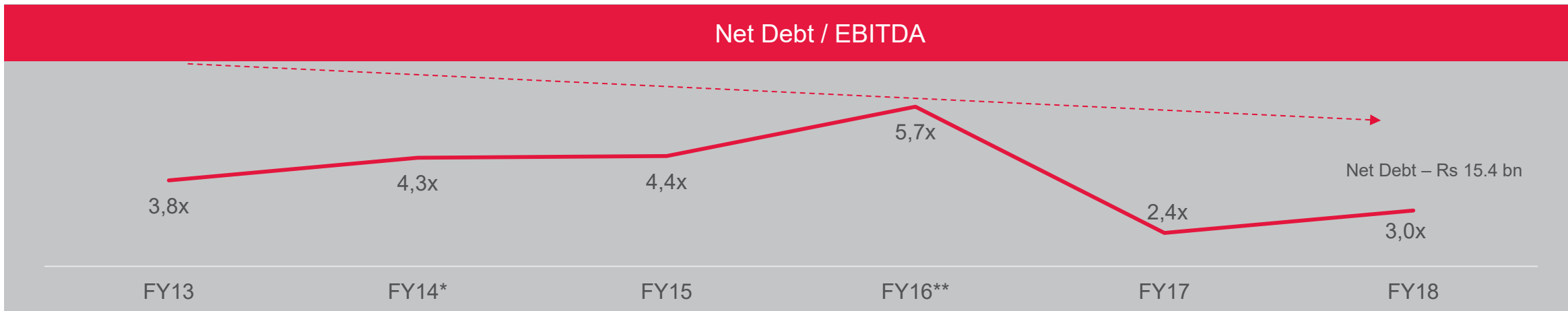
Cash ROCE



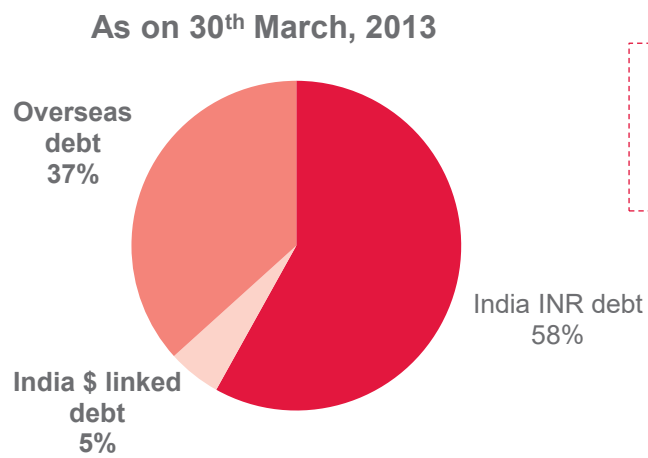
Cash ROCE – EBITDA / (Total Capital Employed)

Personnel Cost = Employee expense + Technician fees

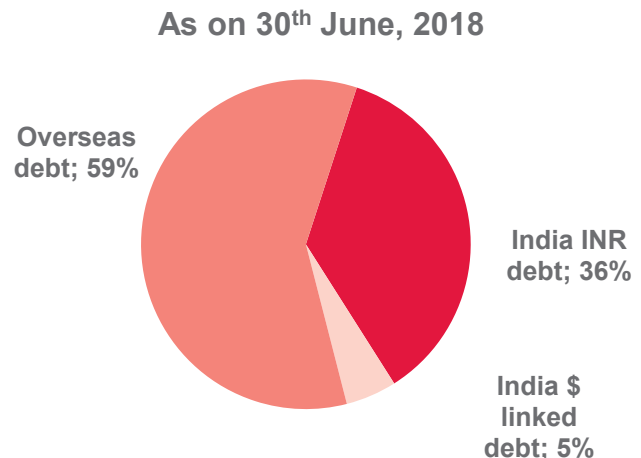
.. And significant improvement in Leverage



Interest Cost <10% on the back of higher share of Foreign currency loans



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



Significantly improved Leverage ratios along with reduction in Interest costs

Annexure

Consolidated Profit & Loss Statement



Particulars (Rs Million)	Q1FY19	Q1FY18	% YoY Variance	Q4FY18	% QoQ Variance	TTM
Net sales / income from operations	624	516	21%	584	7%	2,378
Other Income	14	9	66%	5	168%	28
Total Income	638	524	22%	589	8%	2,406
Total Expenditure	521	410	27%	487	7%	1,917
Personnel Cost (including technician fees)	397	306	30%	355	12%	1,416
Other Expenditure	123	105	18%	133	-7%	501
Income from writeback	-	-	NM	-	NM	-
Adj. EBITDA*	118	114	3%	102	15%	490
Non Operating Foreign exchange (loss)/Gain	-	-	NM	-	NM	-
EBITDA (including Exch. Gain (net))	118	114	3%	102	15%	490
Depreciation & amortization	72	65	11%	66	9%	285
ESOP Charges	5	12	-54%	5	4%	29
EBIT	41	38	8%	31	32%	176
Interest & Finance charges	49	38	29%	93	-48%	223
PBT Before Exceptional Items	-8	0	NM	-62	NM	-47
Exceptional Items- Expenditure/ (Income)	-	-	NM	-	NM	-
PBT	-8	0	NM	-62	NM	-47
Tax Expense	1	-3	NM	0	NM	9
PAT before Minority	-9	3	NM	-62	NM	-56
Minority Interest	-2	2	NM	1	NM	4
PAT	-6	1	NM	-63	NM	-60

Key Ratios	Q1FY19	Q1FY18	Q4FY18	TTM
Adjusted EBITDA Margin	19%	22%	17%	21%
Total Expenditure/ Revenues	83%	80%	83%	81%
Personnel Cost/ Total Operating Income	64%	59%	61%	60%
Other Expenditure/ Total Operating Income	20%	20%	23%	21%

*Adjusted for Non-Cash ESOP charges

Standalone Profit & Loss Statement

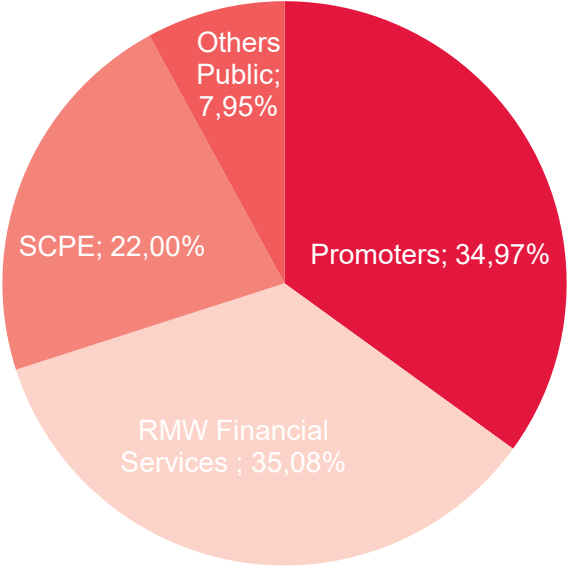


Particulars (Rs Million)	Q1FY19	Q1FY18	% YoY Variance	Q4FY18	% QoQ Variance	TTM
Net sales / income from operations	34	35	-1%	35	-3%	145
Other income	8	8	2%	2	223%	27
Total Income	42	42	-1%	38	12%	172
Total Expenditure	25	26	-2%	30	-15%	108
Personnel Cost (including technician fees)	13	12	4%	12	3%	50
Other Expenditure	13	13	-6%	18	-28%	58
Adj. EBITDA*	17	17	1%	8	112%	64
Non Operating Foreign exchange (loss)/Gain	0	0	-57%	-0	NM	1
EBITDA (including Exch. Gain (net))	17	17	1%	8	101%	63
Depreciation & amortization	9	8	12%	9	-5%	34
ESOP Charges	4	10	-61%	4	1%	19
EBIT	4	-1	NM	-4	NM	10
Interest & Finance charges	16	10	64%	40	-60%	80
PBT Before Exceptional Items	-12	-11	NM	-45	NM	-70
Exceptional Items- Expenditure/ (Income)	-	-	NM	-	NM	-
PBT	-12	-11	NM	-45	NM	-70
Tax Expense	3	-1	NM	-10	NM	-9
PAT	-15	-10	NM	-35	NM	-61

Key Ratios	Q1FY19	Q1FY18	Q4FY18	TTM
Adj. EBITDA Margin	49%	48%	23%	44%
Total Expenditure/ Revenues	73%	74%	84%	75%
Personnel Cost/ Total Operating Income	37%	35%	35%	35%
Other Expenditure/ Total Operating Income	37%	39%	50%	40%



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





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www.primefocus.com



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.

For more details
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