



Prime Focus Limited

Q2 FY18 Investor Presentation

November 2017

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.



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The background is a solid red color with a white grid pattern. The grid consists of concentric circles and radial lines, creating a target-like or radar-like appearance. In the center, there is a small, dark circular graphic that looks like a stylized eye or a sensor. The text "Q2 FY18 Performance" is centered in the lower half of the image.

Q2 FY18 Performance

Best September quarter in PFL History



Robust Revenue growth & significantly higher profitability

Q2FY18

Consolidated Income

5,686



4,837

Adjusted EBITDA* /Margin

1,421 / 25.0%



924 / 19.1%

PAT / Margin

219 / 3.8%



(395) / (8.2%)

TTM

Consolidated Income

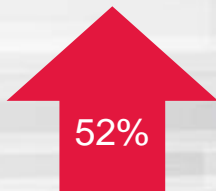
22,597



19,689

Adjusted EBITDA* /Margin

5,633 / 24.9%



3,707 / 18.8%

Net Debt/EBITDA

3.7



2.4

*Adjusted for Non-Cash ESOP charges

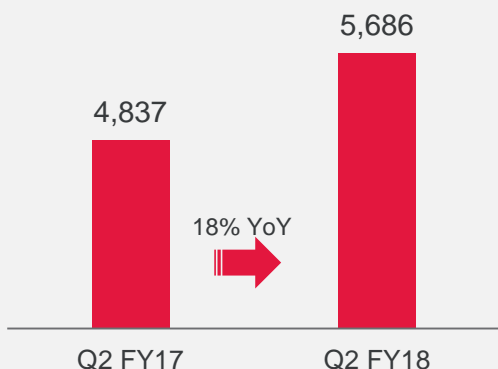


Robust quarter driven by growth in Creative Services with increased delivery from cost advantageous locations

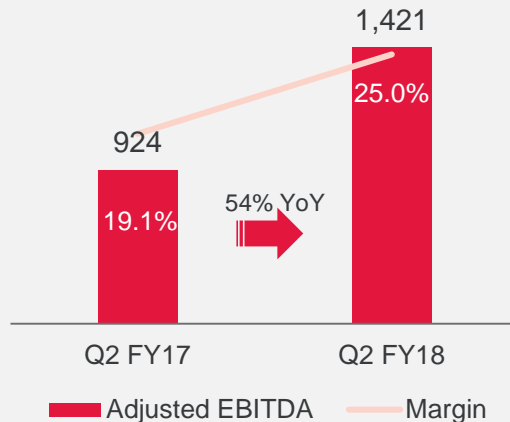


Figures in Rs Million; Consolidated financials

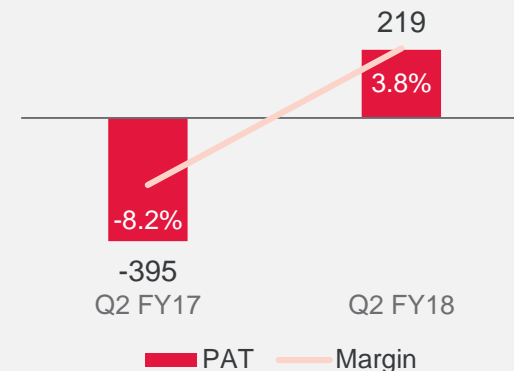
Consolidated Income



*Adjusted EBITDA / Margin



PAT



- Consolidated revenues up 18% YoY led by robust growth in Creative Services
 - Creative and Tech/Tech Enabled Services contributed 77% and 15%, respectively
- Adjusted EBITDA up 589bps, driven by higher profitability in Creative Services with increased delivery from cost advantageous locations
 - Personnel cost as percentage of revenue declined to 56% from 61% in Q2FY17
- PAT [pre-minority] of Rs. 219 mn with PAT margin of 3.8%
 - Non-Cash ESOP charge of Rs. 139 mn for the quarter
 - Depreciation charge of Rs. 708 mn includes Rs. 307mn on account of intangibles; faster amortization of which is expected to smoothen by Mar'18
 - Finance costs at Rs.362mn – transient impact of amortization of fees & non-cash charges; expect this to come down by Q1 FY19E

*Adjusted for Non-Cash ESOP charges

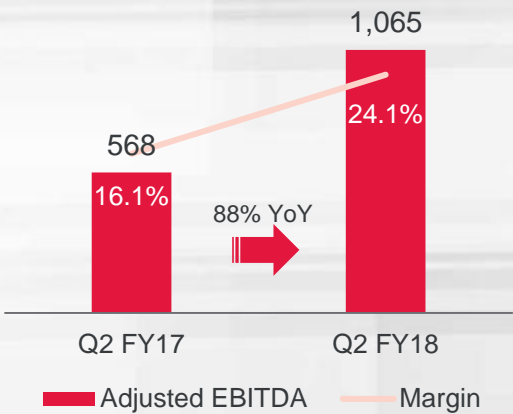
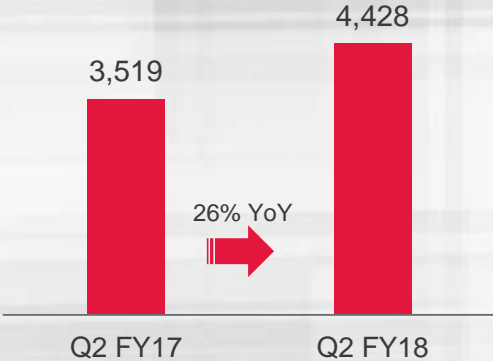


Creative Services EBITDA Margin increases to 24%



Figures in Rs Million; Consolidated financials

Revenue Adjusted EBITDA / Margin



- Best September quarter historically, EBITDA Margin expands significantly, up 791 bps with increased delivery from cost advantageous locations
- Delivered movies like *Dunkirk*, *Geostorm*, *Blade Runner 2049*, *American Assassin* and *Final Portrait*, among others
- Order book at \$250 mn+ with projects like *The New Mutants*, *Ant-Man and the Wasp*, *Avengers: Infinity War*, *M:I 6 - Mission Impossible*, *Godzilla: King of Monsters*, *Pacific Rim: Uprising*, *Justice League* and *Fantastic Beasts and Where to Find Them 2* among others
- DnegTV continue to gain strong traction on the back of exclusive content offered by OTT Platforms like Netflix, Sky, etc.
- Opened new facilities in Chennai (India) and Montreal (Canada), in line with strategic initiatives to increase delivery from cost advantageous locations

*Adjusted for Non-Cash ESOP charges



Worked on marquee Hollywood projects



Dunkirk



Geostorm



Blade Runner
2049



American Assassin



Final Portrait



Robust Order book of \$250 mn+



Justice League



Pacific Rim: Uprising



M:I 6 - Mission Impossible



Godzilla: King of Monsters



The New Mutants



Avengers: Infinity War



Fantastic Beasts and Where to Find Them 2



Ant-Man and the Wasp

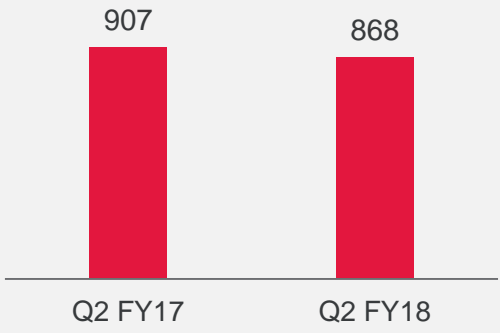


Tech/Tech Enabled Services sustain 25%+ EBITDA Margin

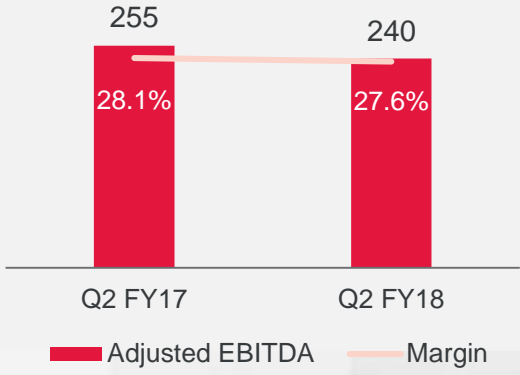


Figures in Rs Million; Consolidated financials

Revenue



Adjusted EBITDA / Margin



- EBITDA Margin at 27.6%, continues to be above 25%
- Steady Order book at \$200 mn to be executed over next 3-5 years
- Key focus on revamping Sales team overseas and launch of fully Integrated DAX suite; migration expected in Q3

Industry accolades:

- Launched new functionality of end-to-end Work Order Management at IBC 2017
- Ramki, was featured as a technocrat in the M&E industry for the second time in a row by Digital Studio in July 2017
- Ramki won NewBay's Industry Innovator Award in Nov 2017
- Best of Show Award for Interoperable Master Format (IMF) Media Player at IBC 2017

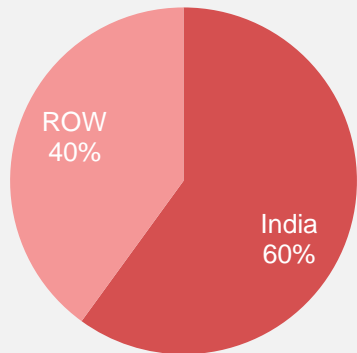
Note: Adjusted for Non-Cash ESOP charges



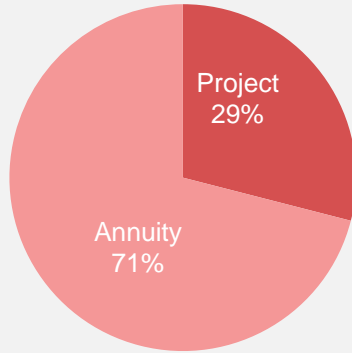
Tech/Tech Enabled Services Operational Highlights



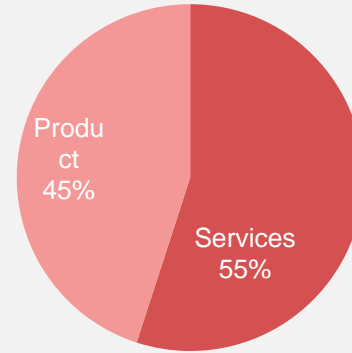
Q2 FY18 Revenue Analysis



By Geography



By Contract type



By Product Mix

Clients update:

- In International markets added clients like Take 5 Productions, Nordisk, TERN International and Arkansas Educational Television Network (AETN)
- In APAC, signed new contracts with existing clients such as BCCI, IMG Reliance, Sony Pictures Network, Sony Music, Lionsgate, and HOOQ
- Brand services grew with additions like Big Bazaar, Xiaomi MI, TVS, Red Label, Maybelline NY, Reliance Home Finance, QYOU; Produced 3 films for MAMI festival for TATA Sky and did Successful rebranding of Star Bharat

Certifications:

- CLEAR™ Media ERP Solution is now DPP/AMWA Certified

Other Highlights

- Netflix certified for IMF deliveries

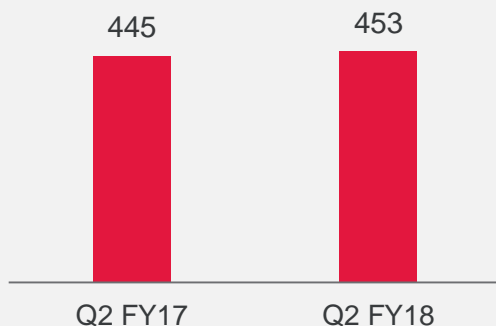


India FMS sustains EBITDA margin ~ 40%, bracing macro headwinds

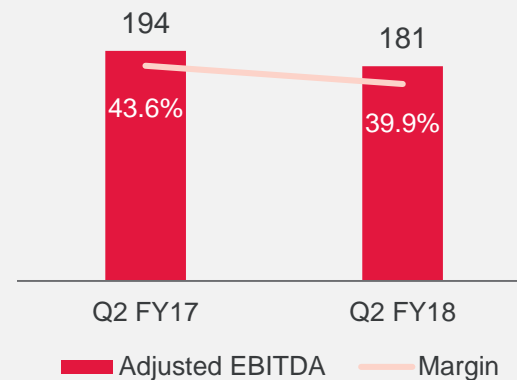


Figures in Rs Million; Consolidated financials

Revenue



Adjusted EBITDA* / Margin



- Delivered several marquee projects including *Judwaa 2*, *A Gentleman*, *Daddy*, *Baadshaho*, *Bareilly ki Barfi*, *Simran*, *Bhoomi*, etc.
- Robust Order book with movies like *Padmavati*, *Brahmastra*, *2.0*, *Manikarnika: The Queen of Jhansi* and *Parmanu: The Story of Pokhran*, etc.
- Bollywood getting excited about VFX & franchise driven projects post success of *Bahubali*; Multiple other VFX heavy super hero / mythology driven projects being launched
- Effects of Demonetization and GST waning; expecting the entire Industry to revive with the holiday seasons coming in Q3 and Q4 and few big budget releases

Note: Adjusted for Non-Cash ESOP charges

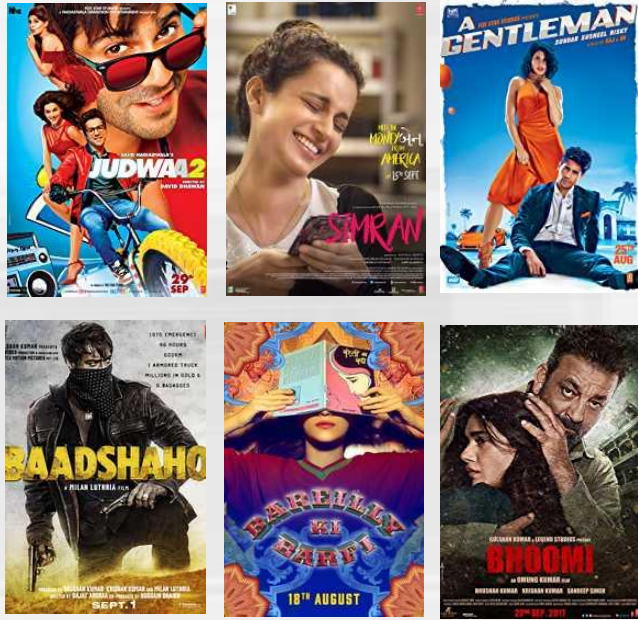


Working with current and upcoming Bollywood films



Movies delivered in Q2 FY18

Strong Order Book



TVCs

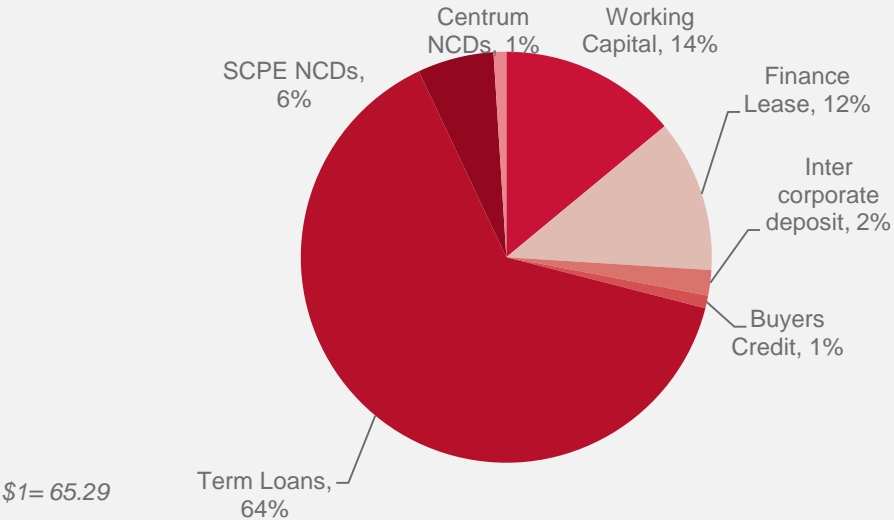


Debt profile

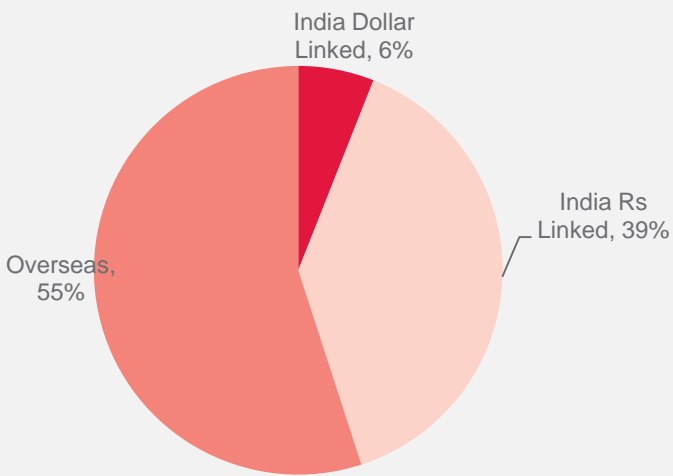


- Consolidated Net Debt at Rs 13.69 bn
- Successfully Redeemed Non-Convertible Debentures amounting Rs 1.9 bn to Standard Chartered Private Equity ahead of time
- Right sizing the Balance Sheet; continued efforts towards reduction in Interest cost with more Dollar based loans
- Net Debt to EBITDA ratio of 2.4x down from 3.7x as on Sep'16

Debt Composition



Geographical Breakup



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



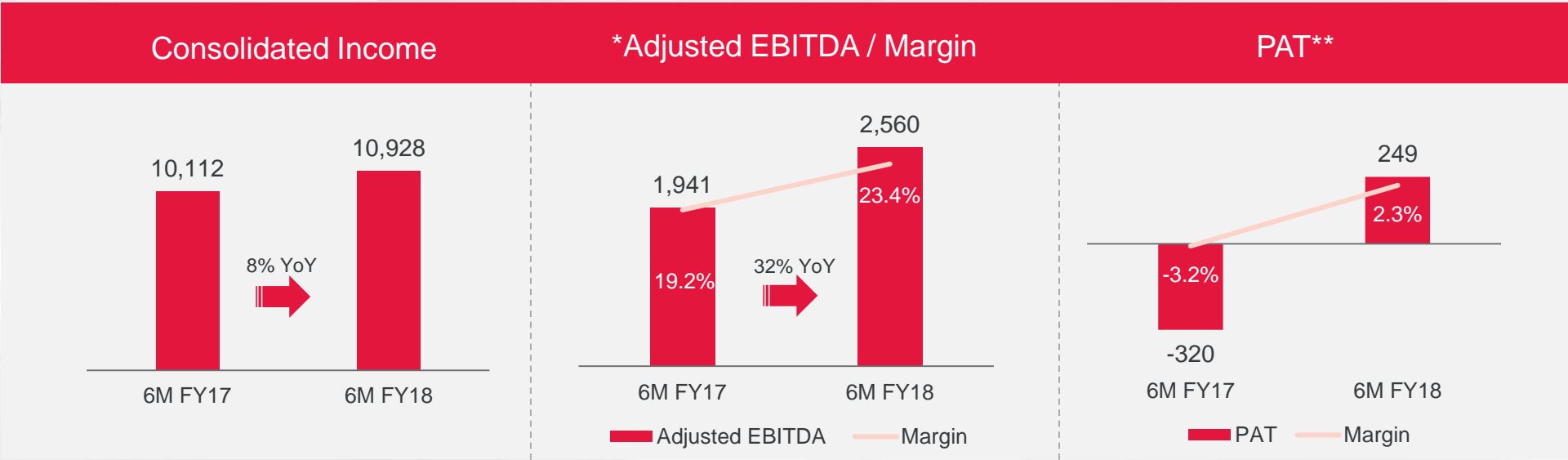
The background is a solid red color with a white grid pattern. The grid consists of concentric circles and radial lines, creating a target-like or radar-like appearance. In the center, there is a small, dark circular graphic with a white dot in the middle. The text "6M FY18 Performance" is centered in the lower half of the image.

6M FY18 Performance

6M FY18 reports significantly higher profitability



Figures in Rs Million; Consolidated financials



- Consolidated revenues up 8% YoY on account of strong growth in Creative Services
 - Creative and Tech/Tech Enabled services contributed 77% and 15%, respectively
- Adjusted EBITDA up 423bps, Creative Services sees significant work delivered from India
- PAT [post-minority] of Rs. 187 mn with PAT margin of 1.7%
 - Non Cash ESOP charge of Rs. 255 mn for the period as against Rs. 59 mn YoY

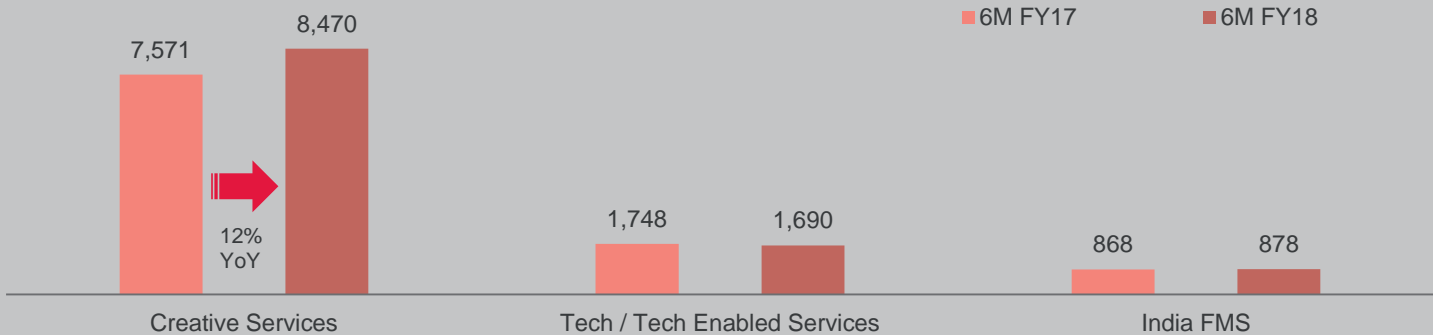
*Adjusted for Non-Cash ESOP charges, ** 6MFY17 loss after tax is adjusted for Exceptional gain



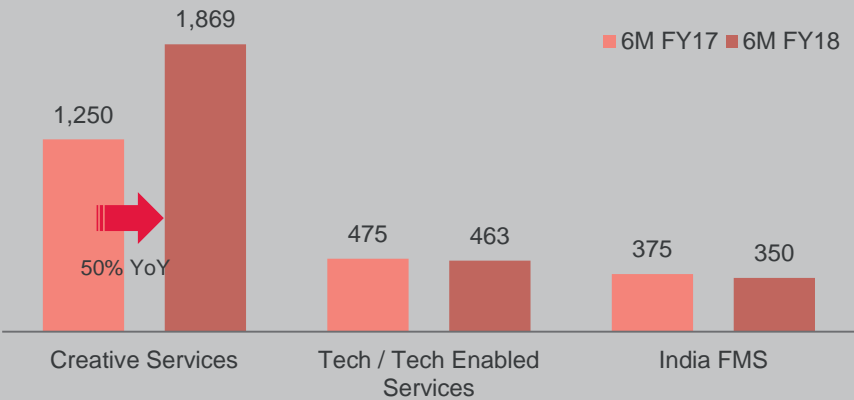
6M FY18: Business wise Analysis



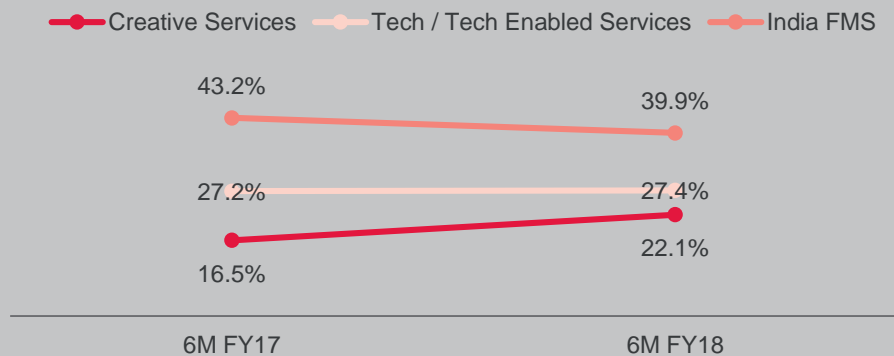
Segment-wise revenues



Segment-wise Operating EBITDA



Segment-wise Operating EBITDA Margins



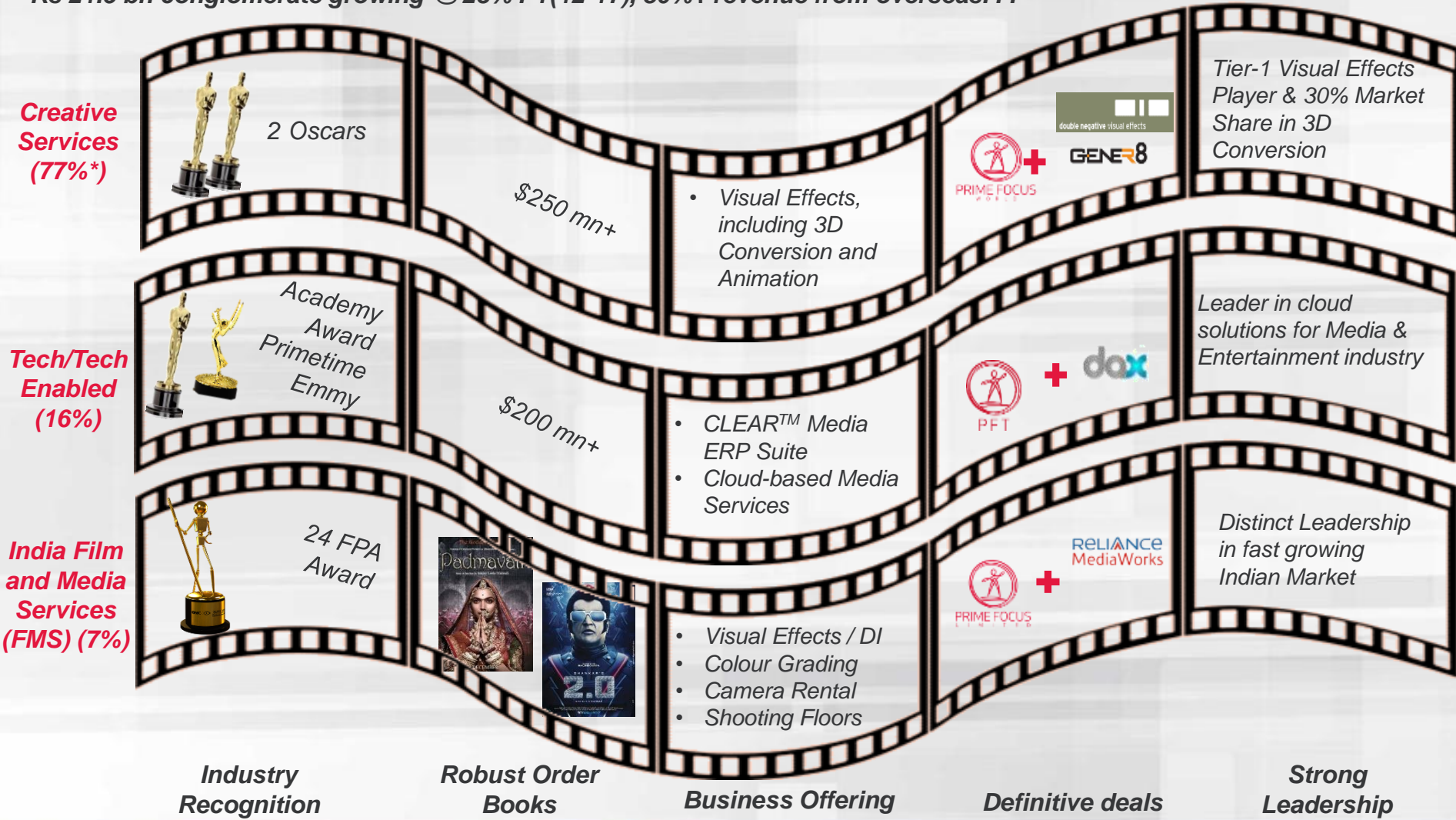


About Prime Focus

PFL - one of the world's largest independent & integrated media services players



Rs 21.5 bn conglomerate growing @ 23% FY(12-17), 80%+ revenue from overseas. . .



Industry Recognition **Robust Order Books** **Business Offering** **Definitive deals** **Strong Leadership**

* Revenue contribution for FY17



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



Strong Leadership

Tier-1 Visual Effects Player

House of choice for visually enhanced services

Proven Expertise



2 consecutive Oscar wins for *Interstellar* & *Ex Machina*

Top Grossers



Unprecedented scale

Rs 16.7 bn (FY17), Revenues, up 17% YOY

6,500+ personnel across 8 facilities

77% contribution in FY17 revenues

Higher visibility in Order book, over \$250 mn

Deeper engagement with leading studios

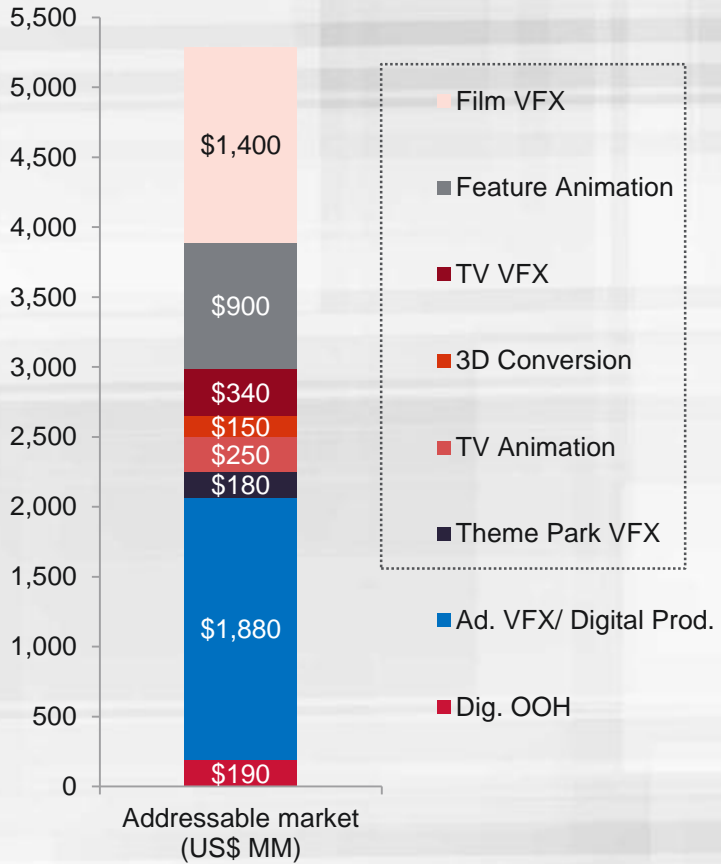


Poised for Profitable growth

- 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



Market opportunity: Huge untapped opportunity and growing rapidly!



Sources: DRAFT FTI report, based on CY15 data; Prime Focus World research; IMDb; The-Numbers.com

VFX segments already serviced by PFW

Over US\$3.2 Bn market already being serviced, being a Tier 1 player in the market dominated by Top 4 players

Netflix, Amazon Prime, Hulu, Apple among other OTT payers are estimated to spend over US\$24 Bn on content in 2019E, with over 35% of it being new Original content

Huge potential for value creation in the underserved sections of this market segment

Prime Focus World, being one of the leading Tier 1 visual entertainment services Company and is best placed to capitalise on this market opportunity



Key demand drivers for Creative Services



Demand for Technology-Enabled Digital Content

- *Top Hollywood as well as International movies performing on box office are increasingly reliant on digital content to serve consumer demand*
- *59% of the movies made over 2014-17 (Aug) were VFX heavy movies, representing 73% of the total production spend*

Content monetization of Franchisee movies

- *Successive franchisee films are increasingly spending on differentiating through premium content enabled by visual effects*
- *Apart from the recurring movie revenue, franchisee movies also provide studios with ancillary avenues of content monetization- Toys, theme rides, merchandise, etc.*

Emerging Tech for Content monetization

- *3D Conversion of content provides opportunity for monetizing ready content through enhancing viewer experience- PFW is the global market leader*
- *Film and feature animation and virtual reality markets present multi-billion dollar opportunities*

OTT further leading to unprecedented demand

- *OTT players are fast displacing traditional Broadcasters are the medium for viewership*
- *Rush to differentiate content – massive spending budgets towards Original content*
- *Lot of content expected to be VFX heavy*



PFT: Pioneer & leader in cloud solutions for M&E industry



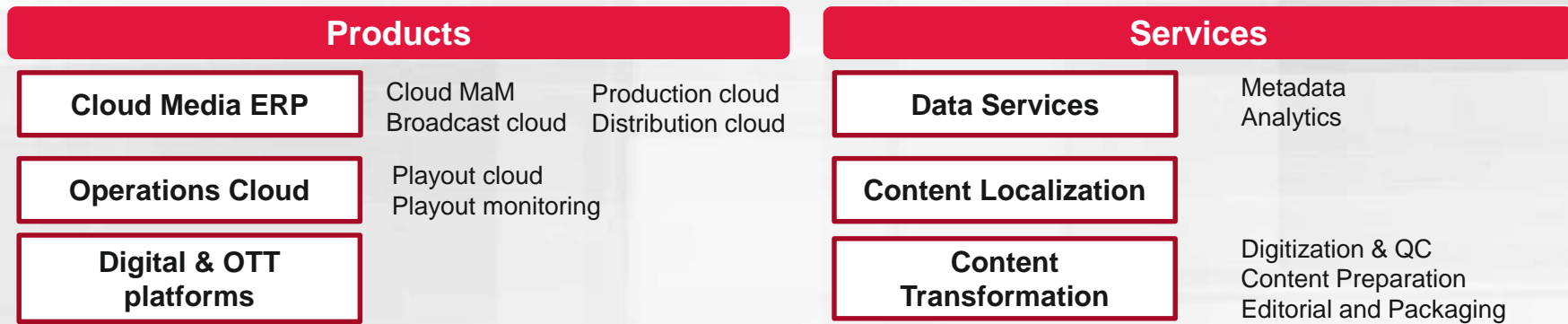
Owns & operates World's **only hybrid cloud enabled Media ERP platform** – CLEAR™

Robust order book of **\$200 mn** to be executed over next 2-3 years.

Robust growth in revenue, up **10.3x** at **Rs. 3.4 mn** in last 5 years

Strong revenue model with **74% Annuity** contribution & **35% from International** markets

Unique & Comprehensive **PRODUCT + SERVICES** approach



Continued to receive industry accolades:

- CLEAR™ Media ERP's Promo Operations Module wins TV Technology's 'Best of Show Awards' at IBC 2016 and the 'StudioDaily Prime Award' at NAB 2017
- Dax® Production Cloud wins 'Best of Show Award' at NAB 2017



Tech/Tech Enabled Services servicing Marquee Clients



PFT in numbers

Over **1.5 million** hours of Content Under Management

Over **200k** of new TV episodes a year

4 Workflow Patents in US

100,000 hours of content digitized annually

Powered over **1.8 million** concurrent streams for OTT platform

Over **70%** of Prime Time shows in Hollywood use PFT's product

Marquee Clients



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

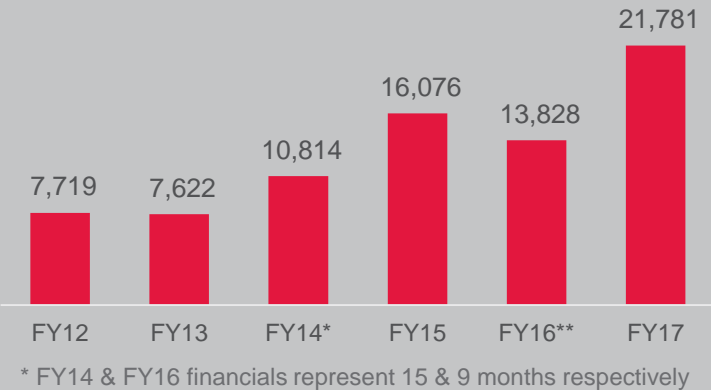
Excellent relationships with Indian studios & broadcasters. .



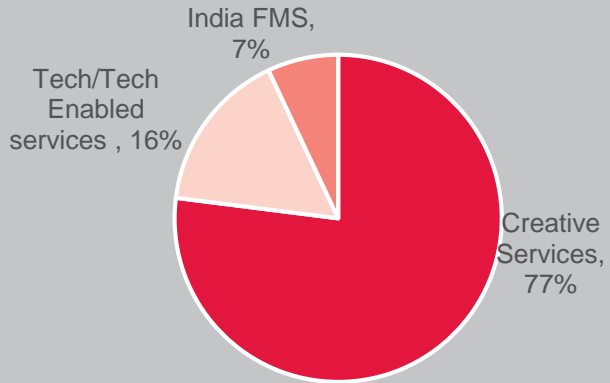
Robust financial performance. . .



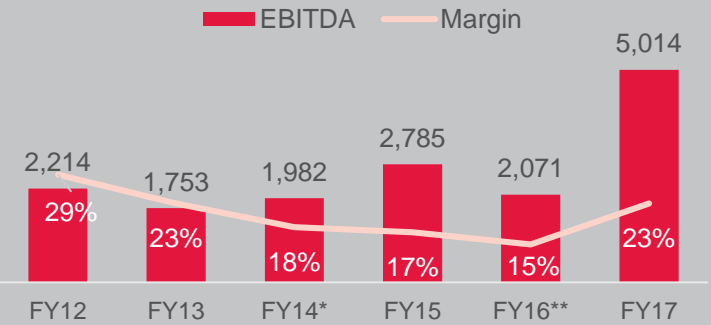
Revenue



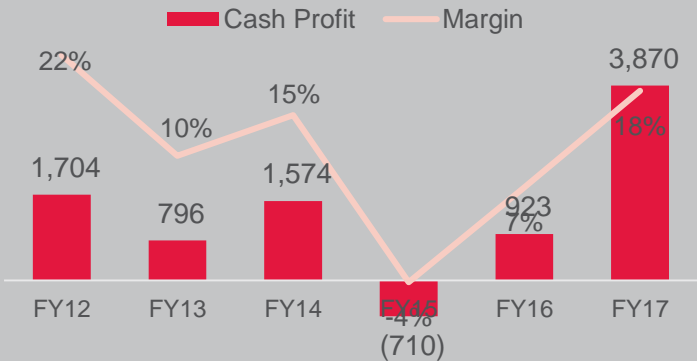
Business wise Contribution



EBITDA



Cash Profit (PAT + Dep)



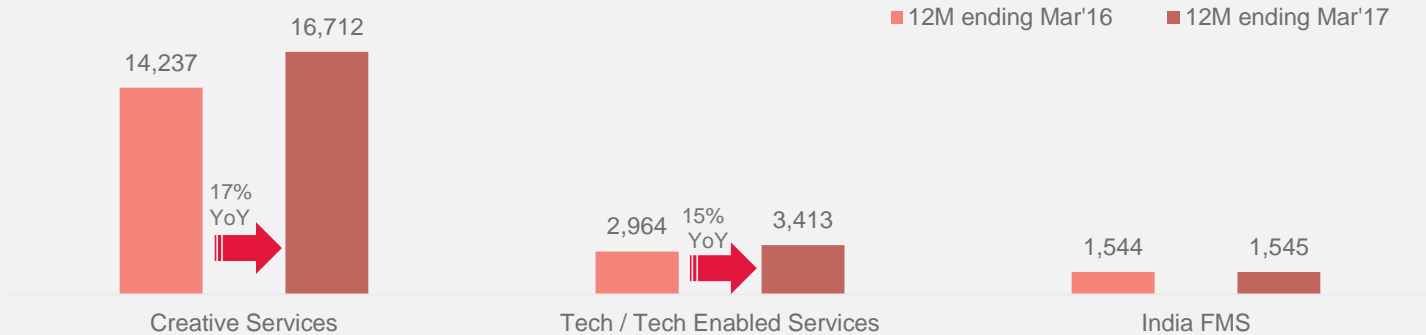
FY 12 to FY 16 numbers are reported audited numbers non IND AS compliant



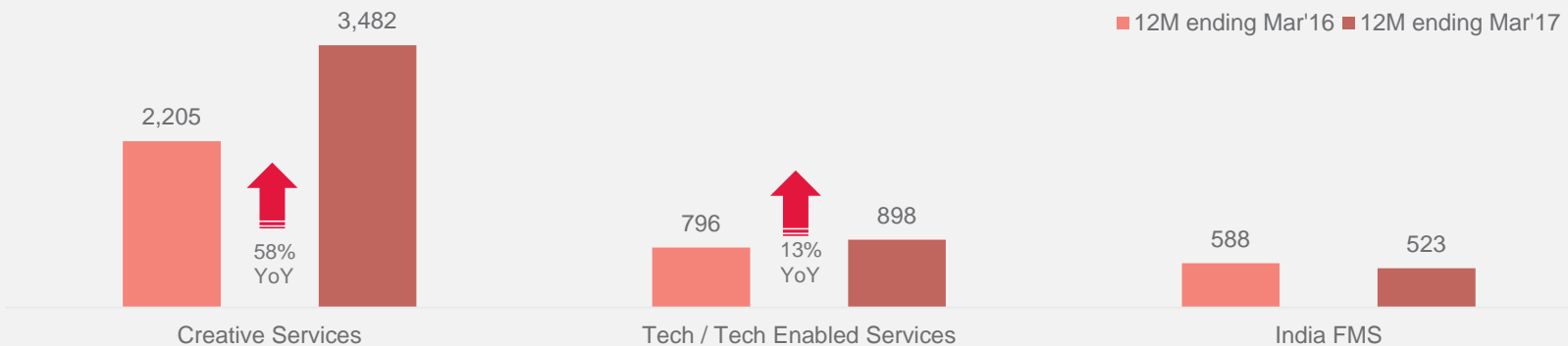
FY17: Business wise Analysis



Business-wise revenues



Business-wise Adjusted EBITDA



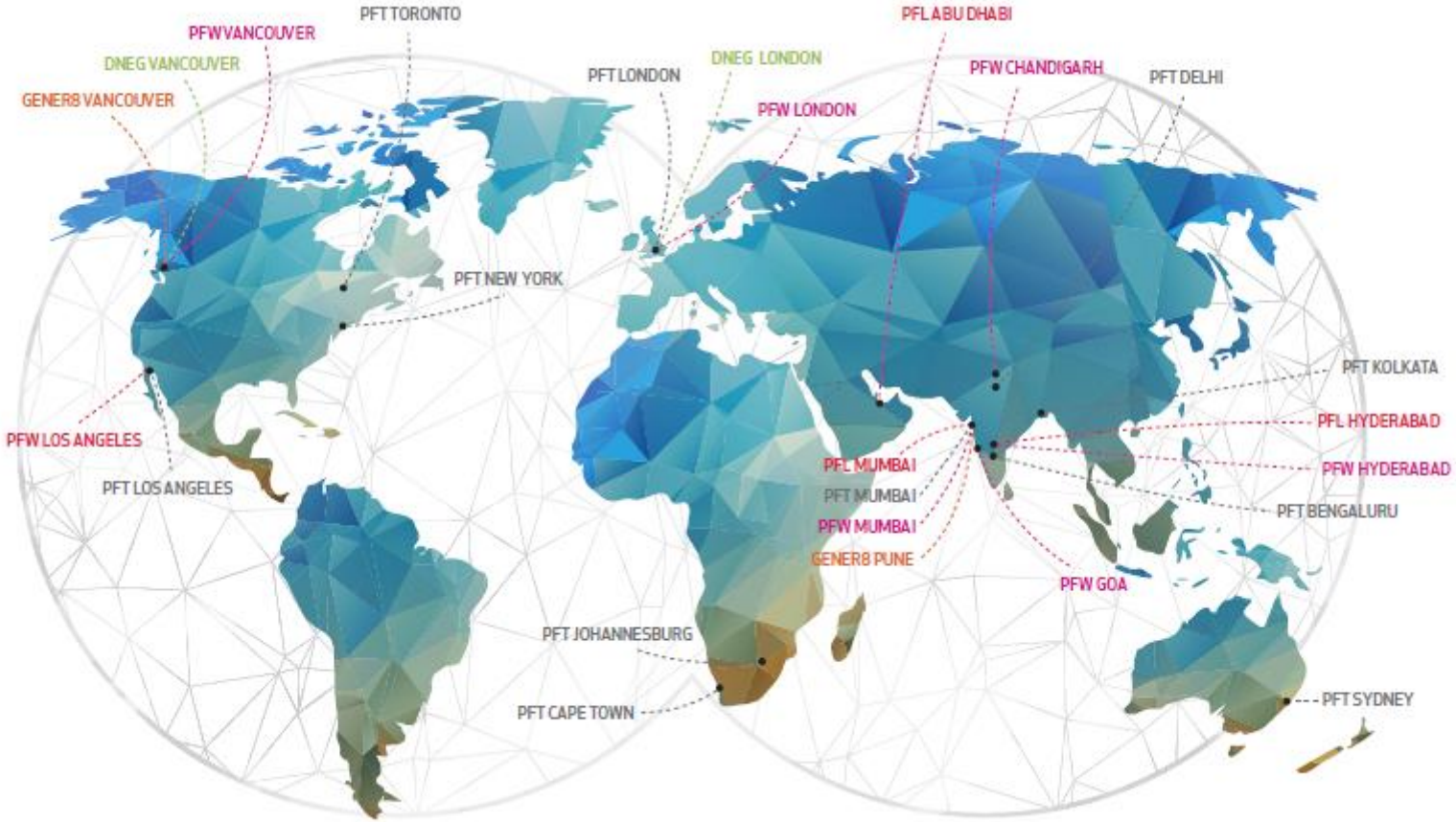
Note: Mar'16 figures are restated in compliance with Ind AS





'WorldSourcing' model = unmatched competitive edge

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



5 continents | 7 time zones | 19 locations | 24/7 – 365 days





Annexure

Consolidated Profit & Loss Statement



| Particulars (Rs Million) | Q2FY18 | Q2FY17 | % YoY Variance | Q1FY18 | % QoQ Variance | 6M FY18 | 6M FY17 | % YoY Variance |
|--------------------------------------------|--------|--------|-------------------|--------|-------------------|---------|---------|-------------------|
| Net sales / income from operations | 5,473 | 4,665 | 17% | 5,135 | 7% | 10,608 | 9,927 | 7% |
| Other Income | 65 | | NM | 85 | -24% | 150 | 184 | -19% |
| Operating Foreign exchange gain | 149 | 172 | -13% | 22 | NM | 170 | | |
| Total Revenue | 5,686 | 4,837 | 18% | 5,242 | 8% | 10,928 | 10,112 | 8% |
| Total Expenditure | 4,265 | 3,913 | 9% | 4,102 | 4% | 8,368 | 8,171 | 2% |
| Personnel Cost (including technician fees) | 3,162 | 2,943 | 7% | 3,057 | 3% | 6,219 | 6,202 | 0% |
| Other Expenditure | 1,103 | 970 | 14% | 1,045 | 6% | 2,149 | 1,968 | 9% |
| EBITDA | 1,421 | 924 | 54% | 1,140 | 25% | 2,560 | 1,941 | 32% |
| Non Operating Foreign exchange loss | | -96 | NM | | NM | - | -86 | NM |
| EBITDA (including Exch. Gain (net)) | 1,421 | 828 | 72% | 1,140 | 25% | 2,560 | 1,855 | 38% |
| Depreciation & amortization | 708 | 701 | 1% | 645 | 10% | 1,354 | 1,391 | -3% |
| ESOP Charges | 139 | 65 | 115% | 115 | 21% | 255 | 59 | 329% |
| EBIT | 573 | 62 | NM | 379 | 51% | 951 | 405 | 135% |
| Interest & Finance charges | 362 | 325 | 11% | 376 | -4% | 739 | 629 | 17% |
| PBT Before Exceptional Items | 211 | -264 | NM | 2 | NM | 213 | -224 | NM |
| Exceptional Items- Expenditure/ (Income) | | 41 | NM | - | NM | - | -977 | NM |
| PBT | 211 | -305 | NM | 2 | NM | 213 | 753 | -72% |
| Tax Expense | -8 | 90 | NM | -28 | NM | -36 | 95 | NM |
| PAT before Minority | 219 | -395 | NM | 31 | NM | 249 | 658 | -62% |
| Minority Interest | 41 | -34 | NM | 21 | 94% | 62 | -3 | NM |
| PAT | 178 | -361 | NM | 9 | NM | 187 | 661 | -72% |

| Key Ratios | Q2FY18 | Q2FY17 | Q1FY18 | 6M FY18 | 6M FY17 |
|-------------------------------------------|--------|--------|--------|---------|---------|
| EBITDA Margin | 25.0% | 19.1% | 21.7% | 23.4% | 19.2% |
| EBITDA (including Exch. Gain (net)) | 25.0% | 17.1% | 21.7% | 23.4% | 18.3% |
| Net Margin | 3.8% | -8.2% | 0.6% | 2.3% | 6.5% |
| Total Expenditure/ Revenues | 75.0% | 80.9% | 78.3% | 76.6% | 80.8% |
| Personnel Cost/ Total Operating Income | 55.6% | 60.9% | 58.3% | 56.9% | 61.3% |
| Other Expenditure/ Total Operating Income | 19.4% | 20.0% | 19.9% | 19.7% | 19.5% |



Consolidated Balance Sheet Statement



| Particulars | As at Sept 30, 2017 | As at March 31, 2017 |
|------------------------------------------|---------------------|----------------------|
| ASSETS | | |
| 1. Non-current assets | | |
| (a) Property, plant and equipment | 7,140 | 7,298 |
| (b) Capital work-in-progress | 34 | 27 |
| (c) Goodwill | 9,808 | 9,719 |
| (d) Other intangible assets | 5,231 | 5,457 |
| (e) Intangible assets under development | 403 | 170 |
| (g) Financial assets | | |
| (i) Investments | 41 | 40 |
| (ii) Other financial assets | 681 | 645 |
| (h) Deferred tax assets (net) | 527 | 446 |
| (i) Other non-current assets | 1,085 | 943 |
| Total non-current assets | 24,949 | 24,744 |
| 2. Current assets | | |
| (a) Inventories | 5 | 5 |
| (b) Financial assets | | |
| (i) Trade receivables | 2,544 | 2,694 |
| (ii) Cash and cash equivalents | 332 | 1,060 |
| (iii) Bank balance other than (ii) above | 231 | 199 |
| (iv) Other financial assets | 4,898 | 2,755 |
| (c) Other current assets | 1,423 | 2,001 |
| Total current assets | 9,434 | 8,714 |
| Total assets | 34,383 | 33,458 |

| Particulars | As at Sept 30, 2017 | As at March 31, 2017 |
|------------------------------------------------------------|---------------------|----------------------|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity share capital | 299 | 299 |
| (b) Other equity | 5,626 | 5,266 |
| Equity attributable to equity holders of the Parent | 5,925 | 5,565 |
| Non-controlling interests | 1,202 | 1,141 |
| Total Equity | 7,127 | 6,706 |
| Liabilities | | |
| (1) Non-current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 9,529 | 10,107 |
| (ii) Other financial liabilities | 3,222 | 3,064 |
| (b) Provisions | 89 | 60 |
| (c) Deferred tax liabilities (net) | 1,056 | 1,132 |
| (d) Other non-current liabilities | 17 | 17 |
| Total non-current liabilities | 13,912 | 14,380 |
| (2) Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 1,805 | 1,584 |
| (ii) Trade payables | 1,308 | 1,297 |
| (iii) Other financial liabilities | 5,767 | 4,598 |
| (b) Provisions | 15 | 197 |
| (c) Current tax liabilities (net) | 265 | 212 |
| (d) Other current liabilities | 4,184 | 4,485 |
| Total current liabilities | 13,344 | 12,372 |
| Total liabilities | 27,256 | 26,752 |
| Total equity and liabilities | 34,383 | 33,458 |



Standalone Profit & Loss Statement



| Particulars (Rs Million) | Q2FY18 | Q2FY17 | % YoY Variance | Q1FY18 | % QoQ Variance | 6M FY18 | 6M FY17 | % YoY Variance |
|--------------------------------------------|------------|------------|-------------------|-------------|-------------------|-------------|------------|-------------------|
| Net sales / income from operations | 396 | 420 | -6% | 348 | 14% | 744 | 815 | -9% |
| Operating Foreign exchange gain | 15 | | | | | 13 | | |
| Other Income | 42 | 25 | 66% | 77 | -46% | 119 | 52 | 126% |
| Total Revenue | 452 | 445 | 1% | 425 | 6% | 875 | 868 | 1% |
| Total Expenditure | 271 | 251 | 8% | 256 | 6% | 527 | 493 | 7% |
| Personnel Cost (including technician fees) | 128 | 134 | -4% | 122 | 5% | 249 | 262 | -5% |
| Other Expenditure | 143 | 118 | 22% | 134 | 7% | 278 | 232 | 20% |
| EBITDA | 181 | 194 | -7% | 169 | 7% | 348 | 374 | -7% |
| Non Operating Foreign exchange (loss)/Gain | | -63 | NM | -2 | NM | | -61 | NM |
| EBITDA (including Exch. Gain (net)) | 181 | 131 | 39% | 167 | 8% | 348 | 313 | 11% |
| Depreciation & amortization | 83 | 77 | 7% | 76 | 8% | 159 | 154 | 3% |
| ESOP Charges | 68 | 48 | | 100 | | 168 | 48 | |
| EBIT | 30 | 5 | NM | -10 | NM | 21 | 111 | -82% |
| Interest & Finance charges | 93 | 77 | 21% | 99 | -6% | 192 | 160 | 20% |
| Other income | | | NM | | NM | | | NM |
| PBT Before Exceptional Items | -63 | -72 | NM | -109 | NM | -172 | -49 | NM |
| Exceptional Items- Expenditure/ (Income) | | -185 | NM | | NM | | -185 | NM |
| PBT | -63 | 113 | NM | -109 | NM | -172 | 135 | NM |
| Tax Expense | -4 | 54 | NM | -7 | NM | -11 | 59 | NM |
| PAT | -58 | 59 | NM | -102 | NM | -161 | 76 | NM |

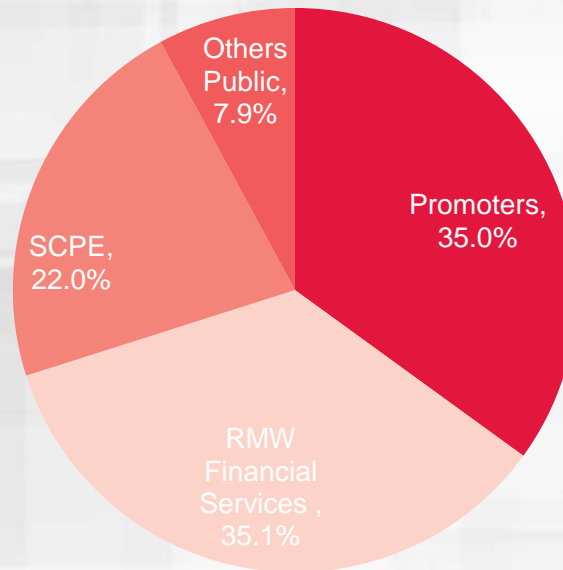
| Key Ratios | Q2FY18 | Q2FY17 | Q1FY18 | 6M FY18 | 6M FY17 |
|-------------------------------------------|--------|--------|--------|---------|---------|
| EBITDA Margin | 40.1% | 43.6% | 39.7% | 39.8% | 43.2% |
| EBITDA (including Exch. Gain (net)) | 40.1% | 29.3% | 39.3% | 39.8% | 36.1% |
| Net Margin | -12.9% | 13.1% | -24.1% | -18.4% | 8.8% |
| Total Expenditure/ Revenues | 59.9% | 56.4% | 60.3% | 60.2% | 56.8% |
| Personnel Cost/ Total Operating Income | 28.3% | 30.0% | 28.6% | 28.5% | 30.2% |
| Other Expenditure/ Total Operating Income | 31.7% | 26.4% | 31.6% | 31.7% | 26.7% |



PFL Shareholding Pattern



As on 30th September- 2017
Outstanding shares – 299mn



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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 19 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.

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