



PRIME FOCUS LIMITED

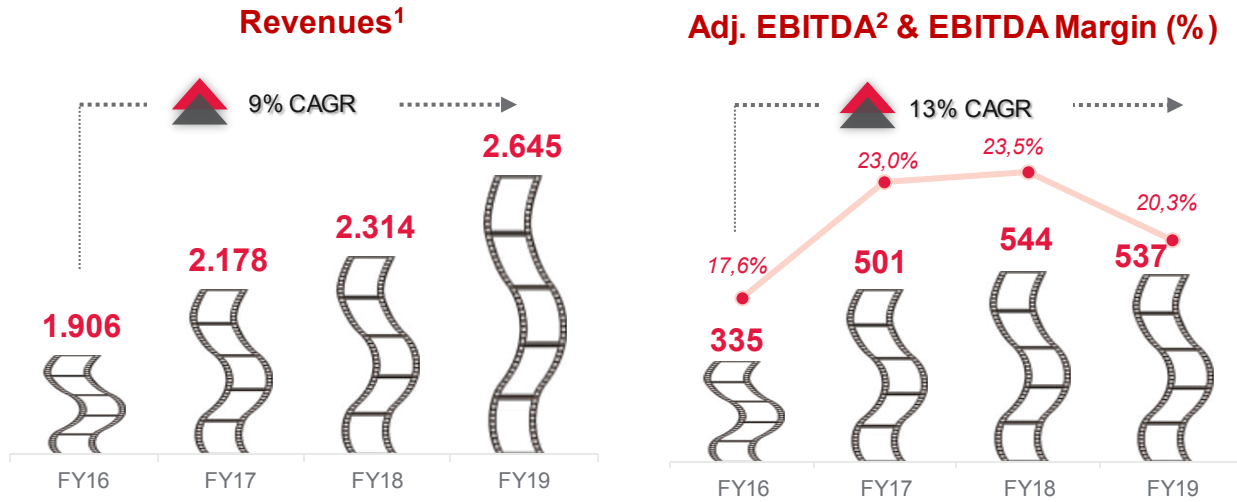
Investor Presentation

June 2019



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.



Figures in Rs Crore; Consolidated Financials

\$500 mn+

Order Book

9,000+

People

18

Cities



4th Oscar in 5 years for work on *First Man*

2 VES for *First Man* & *Altered Carbon*

1 AIS

for work on *Mission Impossible: Fallout*



Working with top broadcasters, studios and OTT players

Delivered top Hollywood & Bollywood grossers in FY19



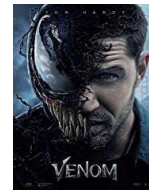
\$2.04 bn



\$1.14 bn



\$0.90 bn



\$0.85 bn



\$0.79 bn



\$0.78 bn



Rs 1.88 bn



Rs 1.65 bn



Rs 1.69 bn



Rs 1.45 bn



Rs 1.23 bn



Rs 1.29 bn

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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 'FY19 Performance' is written in a red, sans-serif font on the white banner.

FY19 Performance

Consolidated
Income

Rs. 2,645 Cr



**14.3%
YoY**

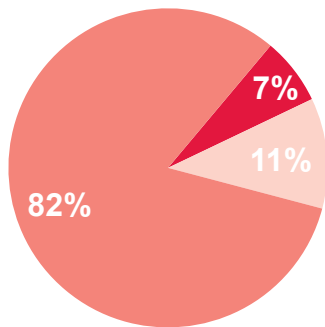
Adjusted
EBITDA¹

Rs. 537 Cr

Adjusted EBITDA
Margin

20.3%

Divisional
Revenue
share



■ India, FMS

■ Tech/Tech Enabled Services

■ Creative Services

DNEG won its Fifth
VFX Oscar for its work
on *First Man* at 91st

OSCARS



Delivered creative services in 7 of top 10
global B.O. hits released in FY19

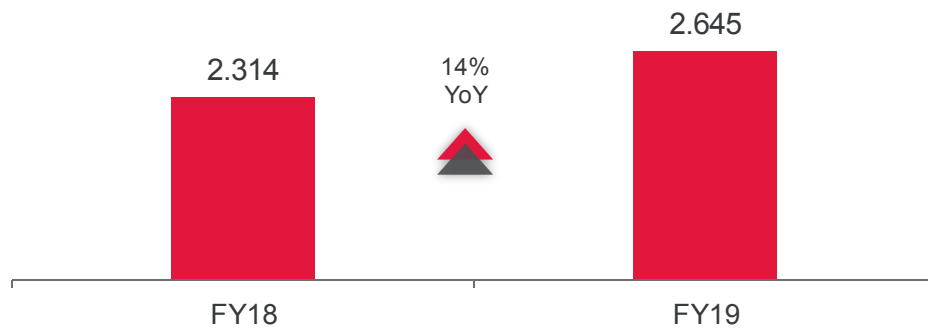
Rank	Movie Name	Collection in \$ mn	PFW/ DNeg
1	Avengers: Infinity War	2,048	Y
2	Jurassic World: Fallen Kingdom	1,309	N
3	Incredibles 2	1,242	N
4	Aquaman	1,147	Y
5	Captain Marvel	1,126	N
6	Bohemian Rhapsody	903	Y
7	Venom	850	Y
8	Mission Impossible - Fallout	791	Y
9	Deadpool 2	785	Y
10	Ant-Man and the Wasp	622	Y

Source: boxofficemojo.com; worldwide collection as on 21st May, 2019

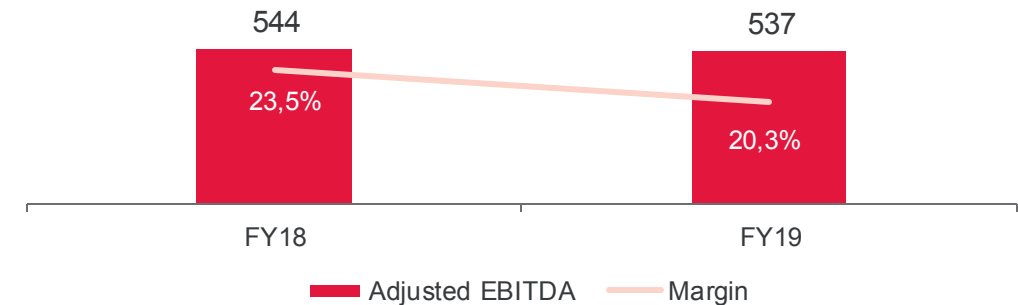
Strong topline growth driven by Creative Services



Operating Revenue¹



Adjusted EBITDA¹



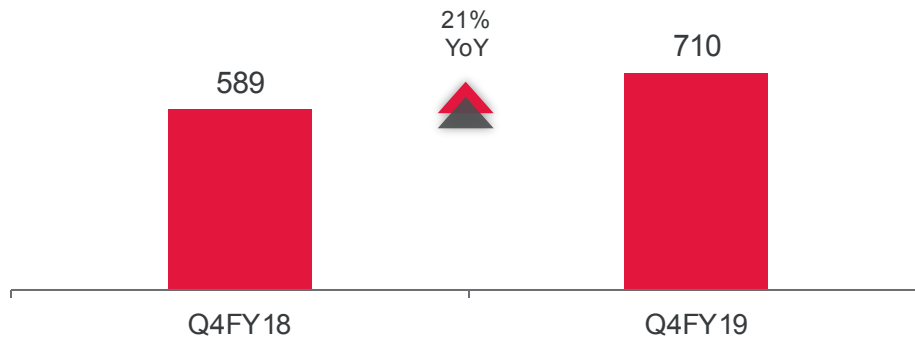
Figures in Rs Crore; Consolidated financials

- Consolidated revenues grew 14.3% YoY to reach Rs 2,645 Cr driven by growth in Creative Services business
 - Business performance reflecting the benefits of increased content spend across studios, OTT platforms and cable networks – continues to be buoyant; helping augment Order Book in India and overseas
- Adjusted EBITDA stood at Rs 537 Cr with adjusted EBITDA margin at 20.3%. Sustains EBITDA margin above 20%+ levels.
 - Employee cost as %age of revenue increased to 60.3% from 57.8% in FY18 mainly due to transient impact of adding new locations like Montreal and Chennai ahead of time to cater to strong growth. Expected to rationalise going forward
- Non Cash ESOP charges stood at Rs. 31.4 Cr for the year; Net one time expenses stood at Rs. 23 Cr
- Interest and Finance charges at Rs. 236.7 Cr; Includes Rs. 40 Cr of one-time charges on account of premature buyback and one-time processing fee charge on refinancing of overseas facilities
- Bulk of increase in Depreciation relates to increased spends in Montreal and Chennai at DNEG and Film City studio addition at PFL (standalone)

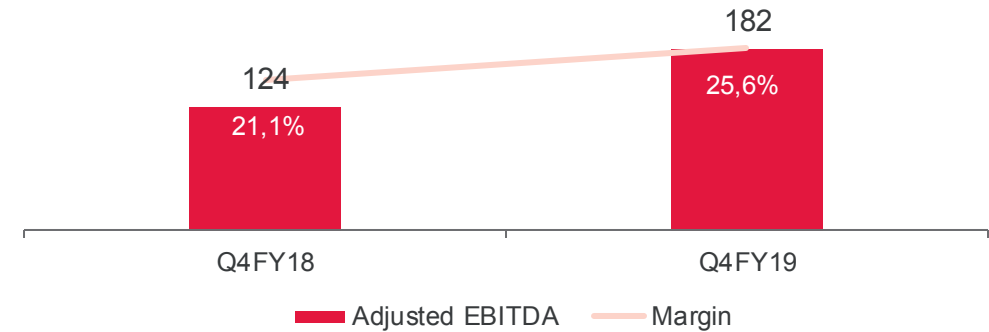
Q4FY19 – Robust performance led by Creative Services



Revenue



Adjusted EBITDA¹



Figures in Rs Crore; Consolidated financials

- Consolidated revenues grew 20.5% YoY to reach Rs 710.2 Cr driven largely by Creative Services business
 - Bulk of Film project deliveries in a seasonally strong quarter; Tech services
- Adjusted EBITDA up YoY at Rs 181.6 Cr. Adjusted EBITDA margin increased to 25.6%
 - Margin improvement largely on the back of strong revenue growth
 - Operating leverage in the business continues to reflect in the financials - Other expenses as a %age of revenues reduced from 22.5% in Q4FY18 to 20.8% in Q4FY19
 - YoY numbers are not comparable due to adjustments for IFRS 15
- Non Cash ESOP charges stood at Rs. 4.4 Cr for the quarter, down 13%
- Interest and Finance charges at Rs. 49.0 Cr, down 47.4%
 - Run rate Finance & depreciation charges expected to have stabilized

FY19 – Revenue to Adjusted EBITDA

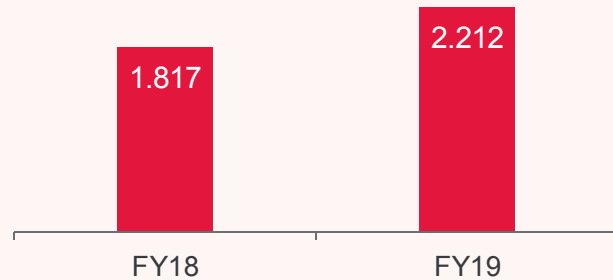


(INR cr)	2017	2018	2019	CAGR	YoY	Commentary
Revenues	2,154	2,257	2,523	5%	12%	One time FX gain of Rs.19 Cr reported in Q3 adjusted against one-time expenses as shown below
Other Income	24	23	43	23%	87%	
FX Gain	-41	34	80			
Total Revenues	2,137	2,314	2,647	11%	14%	
Personnel Cost including Technician Fees	1,253	1,324	1,594	8%	20%	
Personnel costs as % of total revenues	59%	58%	60%			Personnel cost as % of revenues marginally impacted by addition in locations at DNEG - Montreal & Chennai; expected to trend down over time
Other Operating Expenditure	423	446	514	7%	15%	One time increase in other expenses largely at DNEG - addition of new locations; expected to rationalise going forward
Adjusted EBITDA	461	543	537	8%	-1%	Adj EBITDA for the year largely impacted by a slower than expected year for the Tech division; DNEG continues to deliver robust growth
Adj EBITDA %	21.6%	23.5%	20.3%			
One time expenses	0	58	23	NM	NM	One time expenses includes: 1) One time gain of Rs.19r in Q3 2) Exceptional provision taken in Q3 - Rs.23cr 3) Investment written off – Rs.15cr in Q4 4) One time legal & other expenses at DNEG – Rs.4cr

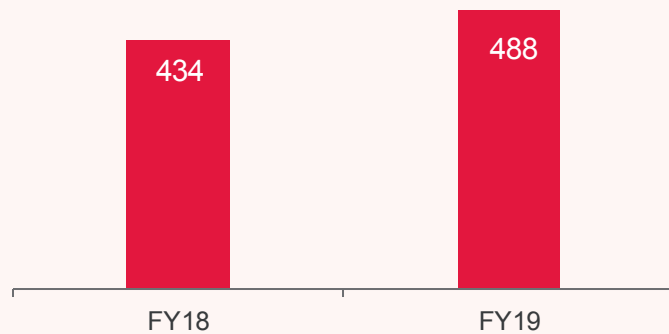
INR Cr	FY17	FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	FY19
Interest	100	118	31	38	37	46	152
Fair Value Impact of Derivatives	62	31	8	4	2	(8)	6
New Financing / Processing Fee amortization	7	15	4	7	3	8	22
Total Finance Costs [ex SC NCDs]	169	164	43	49	42	46	180
One-time costs	3	15	-	26	13	1	40
SC NCDs	0	33	6	6	2	-	14
Total Finance Costs (Reported)	172	212	49	81	58	47	234

- Increase in cash interest costs to Rs.152cr from Rs.118cr YoY – on the back of increase in Debt largely in Creative Services division
- Finance costs include charges on account of facility fee amortisation for new and existing loans and non-cash items such as Fair Value of derivatives
- One time revaluation of putt-able instrument resulted in bulk of the one time charge of Rs.40cr in FY19 – will go away going forward
- SC NCDs repaid in full – expense on this instrument to go away going forward
- Finance costs include impact of Studio Loan for only part of this year – to increase by ~Rs.18cr p.a. going forward although it will be non-cash in nature upto June, 2021

Revenues¹



Adjusted EBITDA¹



Robust growth in revenues with strong execution

- Strong execution of VFX projects and continued broad basing in revenues with higher share coming from OTT / TV & Feature Animation – broadening base of revenues from new age Content studios & new geographies
- Delivered Hollywood blockbusters like *Avengers: Infinity Wars*, *Aquaman*, *Bohemian Rhapsody*, *First Man*, among others; Most recently worked on one of the all-time biggest blockbuster *Avengers: Endgame*
- Strong Hollywood releases scheduled for coming quarters: *The New Mutants*, *Men in Black: International*, *Godzilla: King of Monsters* & *Wonder Woman 1984*.
- Order book & pipeline continues to be robust with higher visibility



Adj. EBITDA up YoY, margins above 20%+ levels

- Reported Revenues and Adj. EBITDA figures as per IndAS
- Bulk of heavy capex phase behind us; rationalised run-rate capex to going forward

Upcoming Movie Projects



May-19

Godzilla: King of Monsters



June-19

Men In Black: International



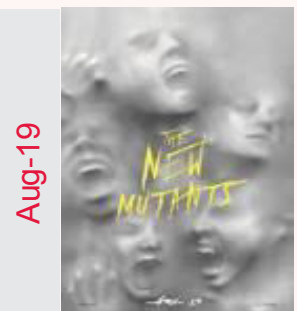
Aug-19

Hobbs & Shaw



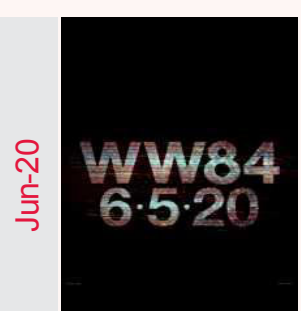
Sep-19

The Art Of Racing In The Rain



Aug-19

The New Mutants



Jun-20

Wonder Woman 1984

Upcoming TV Projects



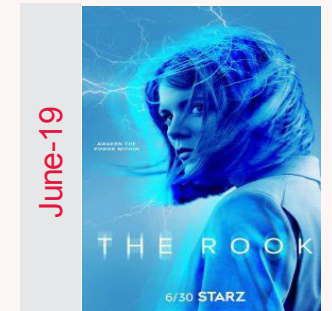
2019

The New Pope



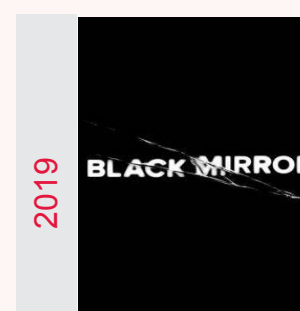
June-19

Big little Lies



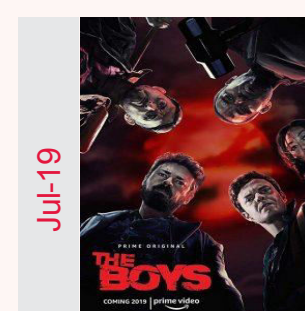
June-19

The Rook



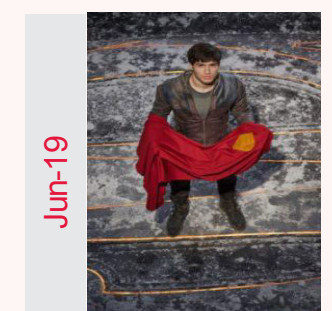
2019

Black Mirror S 5



Jul-19

The Boys



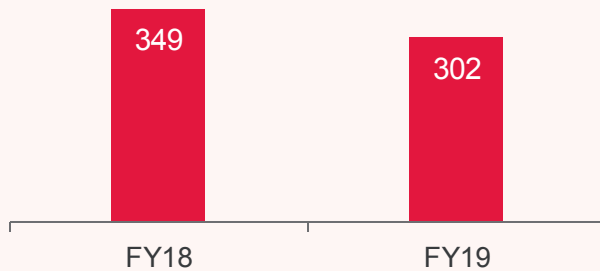
June-19

Krypton S2

Tech/Tech Enabled Services revenues at Rs 302 Cr



Revenues



Figures in Rs Crore

Revenue growth impacted due to:

- Strong headwinds in FY19. Some promise and signs of recovery in Q4 with revenues growing by 8% over Q3 FY19
- Overall drop in revenues is primarily due to drop in non-recurring tech revenue
- New hires across Leadership and re-jig in team for incremental business initiatives

Highlights:

- Debuted power-packed suite of AI-led Micro Services custom-made for M&E enterprises at NAB 2019
- Showcased powerful Automation-led content supply chain solutions & AI-led micro services at NAB 2019

Awards & Recognition:

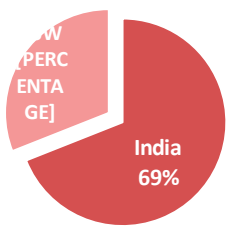
Awarded *TV Technology's 2018 Product Innovation Award* for its native media recognition AI platform

Recognized with 2019 NAB Show *'Product of the Year' Award & TV Technology's 'Best of Show' Award*

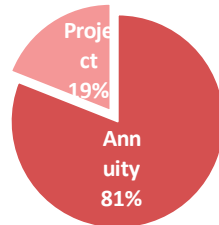
Gold at the PromaxBDA India Awards for Tata Sky Ad

Creative Abby Bronze award at Goafest 2019 for Brooke Bond Red Label Ad

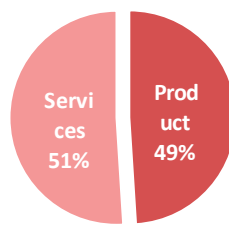
Quality of Revenue – Q4 FY 19



By Geography

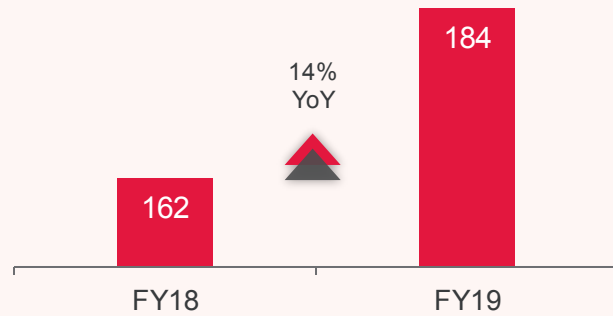


By Contract type

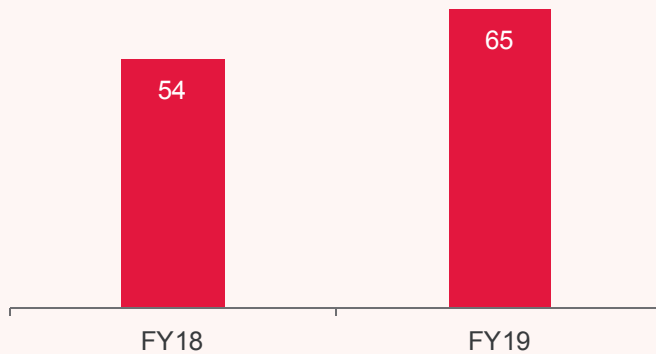


By Product Mix

Revenues



Adjusted EBITDA¹



Figures in Rs Crore

Highlights:

- Steady growth in revenues up 14% YoY at Rs. 184 Cr with EBITDA margin stable at ~35%
- Worked on the recently released *Student of the Year 2* and other projects like *Manikarnika*, *Luka Chuppi*, *Sonchiriya*, *Antariksham 9000 kmph*, *Rajma Chawal* etc.
- Strong releases scheduled for coming quarters: *Kabir Singh*, *India's Most Wanted*, *Satellite Shankar* and *Brahmastra*
- Higher OTT spends helping augment demand for the business



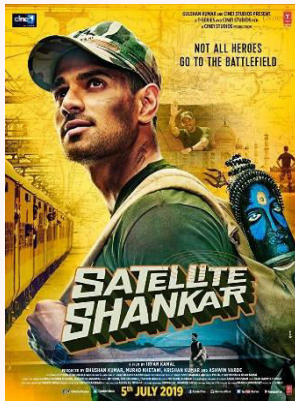
**Rs 95
Cr**



**Rs 94
Cr**

Source: Koimoi.com; Domestic collection as on 21st May, 2019

Upcoming Movie Projects



Recent TV Commercials

Rajasthan Royals



<https://www.youtube.com/watch?v=W0RLiEHrYbg>

Coca-cola



<https://www.youtube.com/watch?v=9VejRNOPxSo>

Phonepe



<https://www.youtube.com/watch?v=Y2Pqqg7SxQ0>

Hotstar



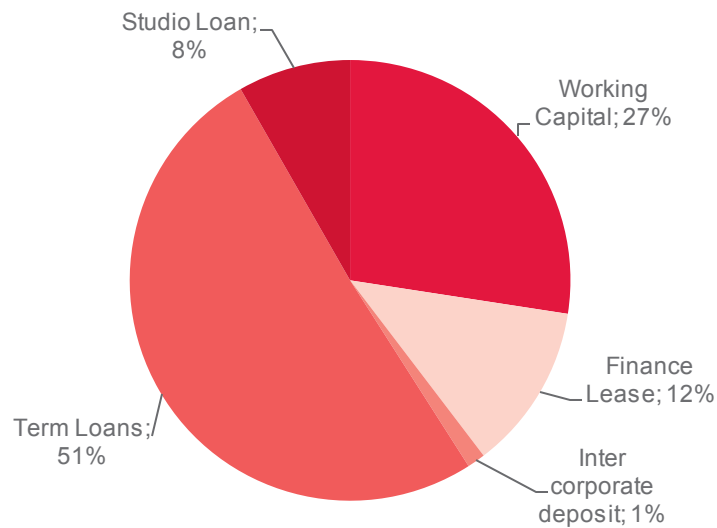
<https://www.youtube.com/watch?v=s-W3himDkwY>

Debt profile



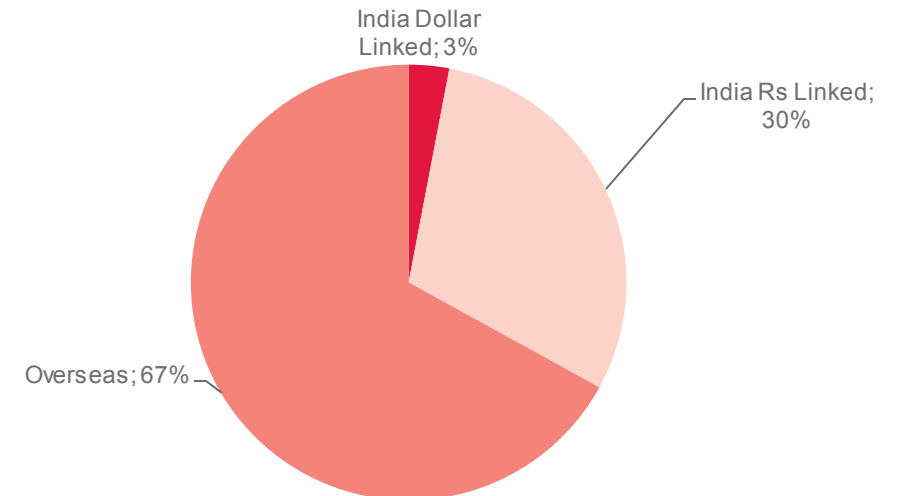
- Consolidated Net Debt of Rs. 2,328 Cr as on 31st March, 2019
 - Successfully redeemed SCPE NCDs in full during the year
- FY19 Net Debt/ EBITDA maintained at ~ 4.3x levels
- The Company and its subsidiaries continue to consider options to raise funding through equity (including through private placement 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

Debt Composition



\$1 = 69.8

Geographical Breakup

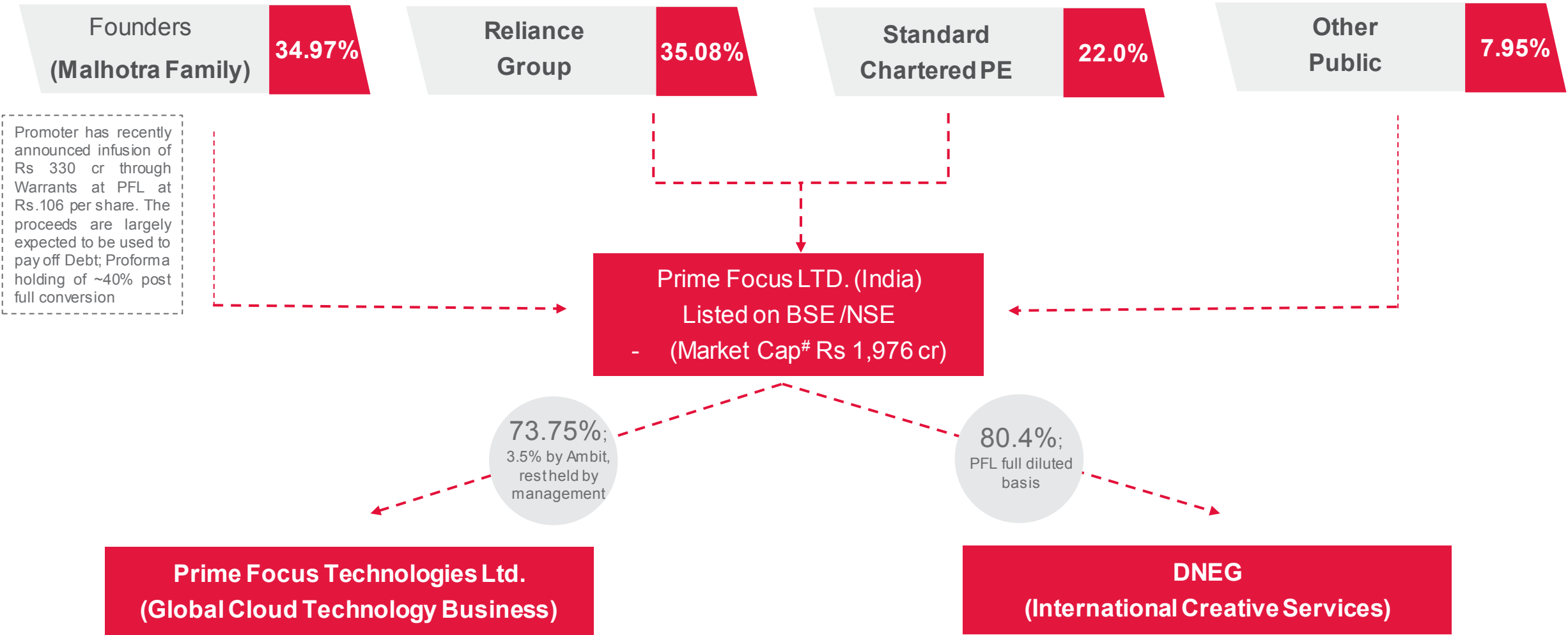


Note: Equity Instruments of Horizon Coast, Macquarie and Ambit PE is not included

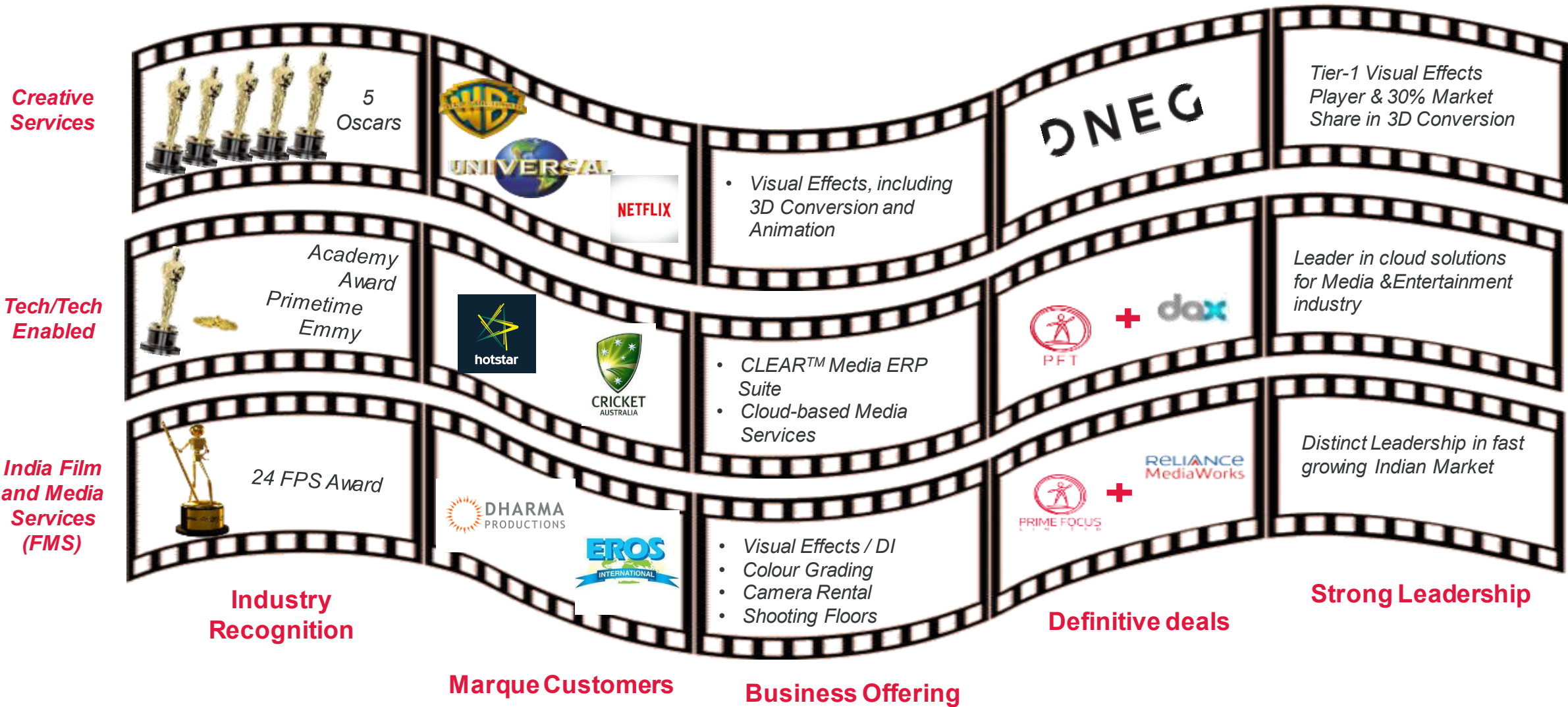
The background is a vibrant red color with a subtle, concentric grid pattern that creates a sense of depth and focus. A white, wavy-edged banner is positioned on the left side of the image, containing the text.

About Prime Focus

Corporate Structure



Strong Leadership in all 3 verticals



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



Strong Leadership

Tier-1 Visual Effects Player

House of choice for visually enhanced services

Top Grossers



\$2.04 bn



\$1.52 bn



\$1.34 bn



\$1.15 bn



\$1,236 mn



\$1,236 mn

Deeper engagement with leading studios



Proven Expertise



5 Oscar wins for Inception, Interstellar, Ex Machina, Blade Runner 2049 & First Man

Unprecedented scale

US\$310 mn (FY19), Revenues

6,000+ personnel across 9 facilities

82% contribution in FY19 revenues

Robust Order Book

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™

Continue to have a robust order book to be executed over next 3-5 years

Revenue **at Rs. 3.0 bn**, 11% share

Strong revenue model with **81% Annuity** contribution & **31% 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

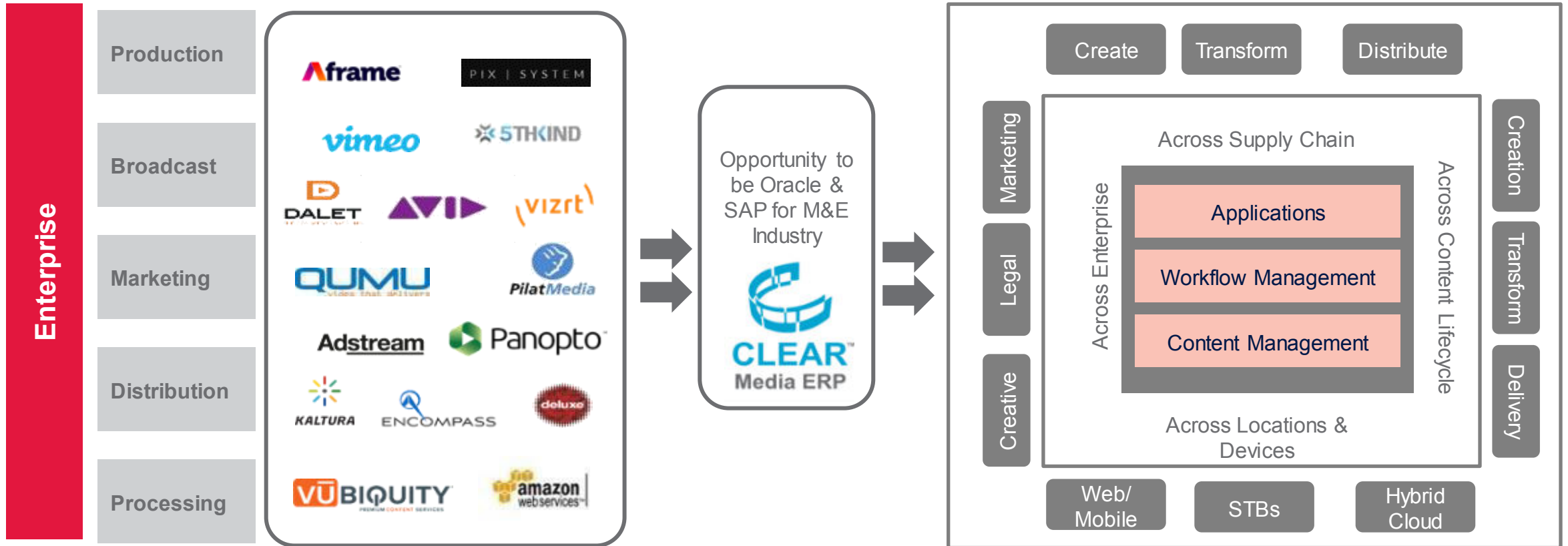


Brands

Service Providers



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

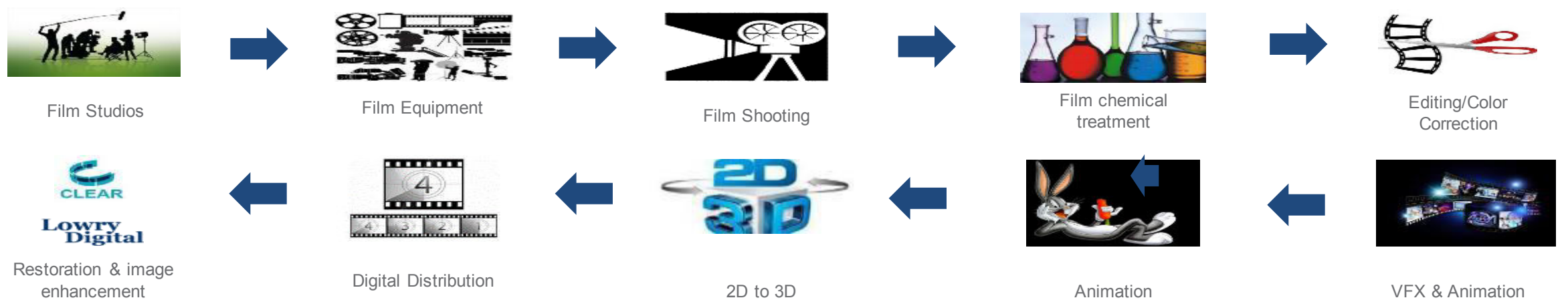


- The Enterprise Application Domain has been consolidated with few Mega-suite Providers
- The same evolution is panning out in Media and Entertainment Enterprises
- CLEAR™ is the most established Hybrid Cloud Media ERP across the globe

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

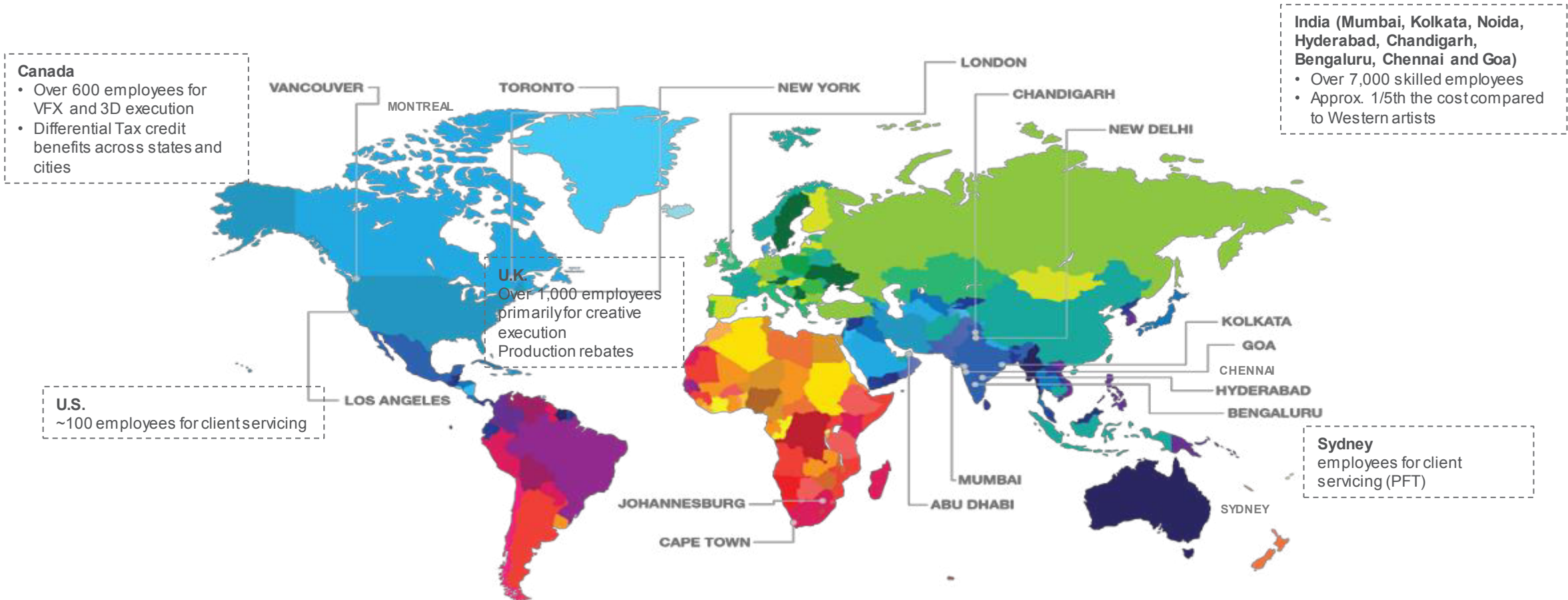
Excellent relationships with Indian studios & broadcasters..



'WorldSourcing' model = unmatched competitive edge



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

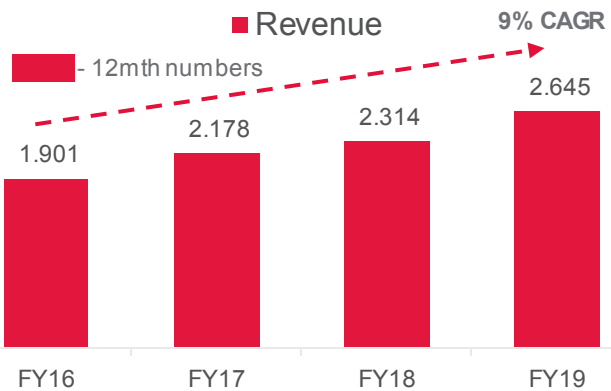


5 continents | 7 time zones | 18 locations | 24/7 – 365 days

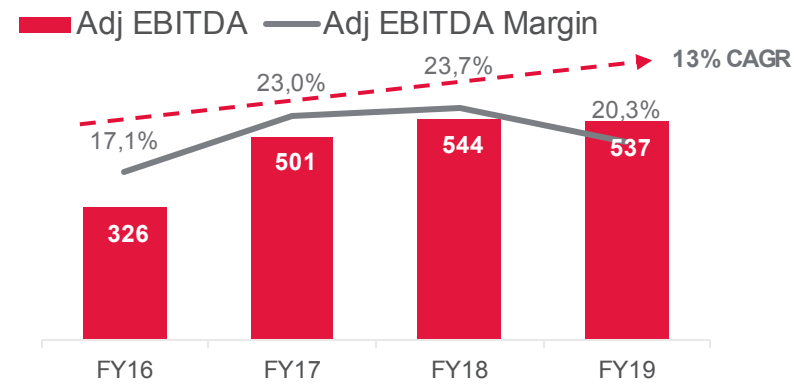
Robust financial performance ...



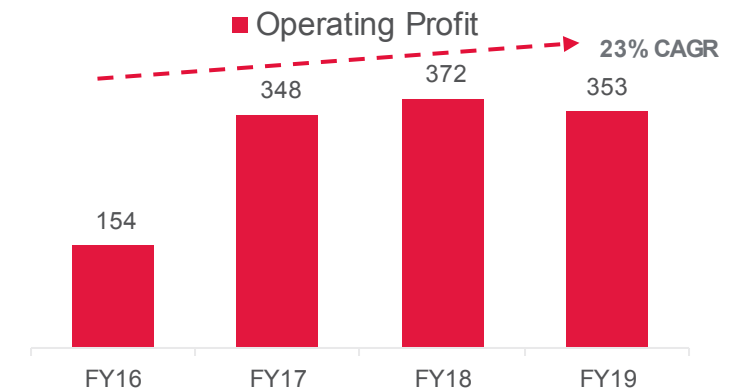
Strong Revenue Growth



Strong Growth in Adj. EBITDA Margins



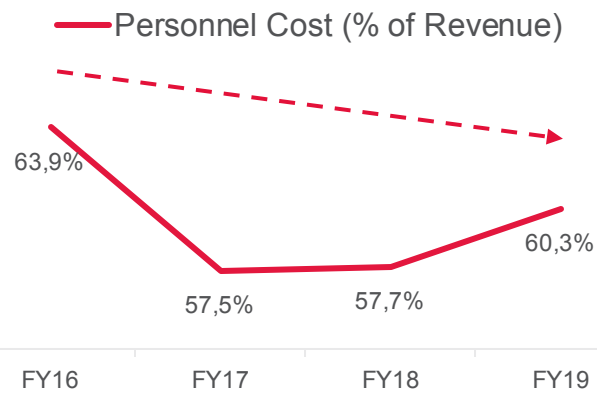
Operating profit



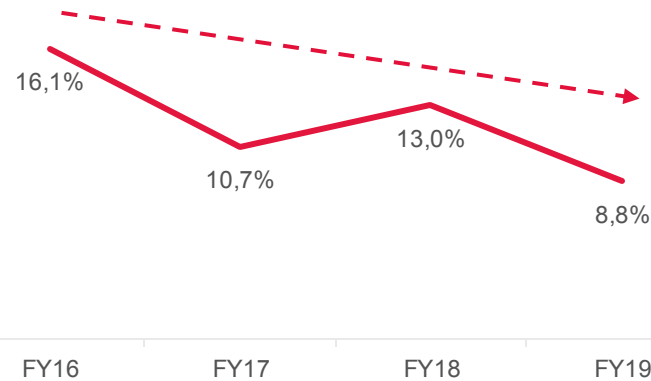
All absolute figures in Rs. crores;

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

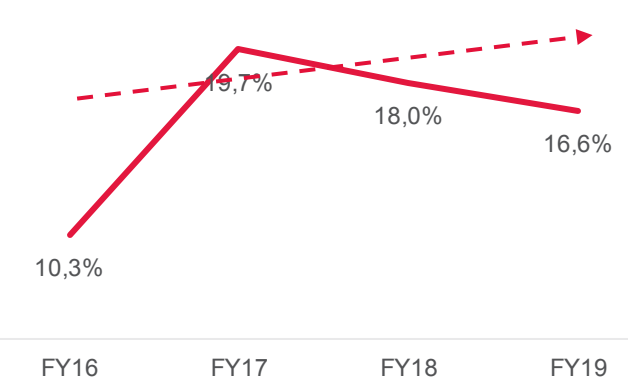
Personnel cost (% of Revenue)



Capex (% of Revenue)



Cash ROCE



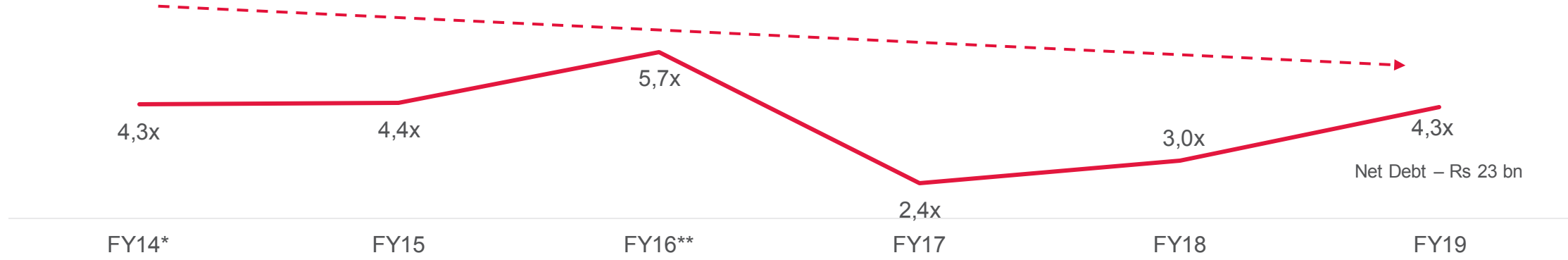
Personnel Cost = Employee expense + Technician fees

Cash ROCE = EBITDA / (Total Capital Employed)

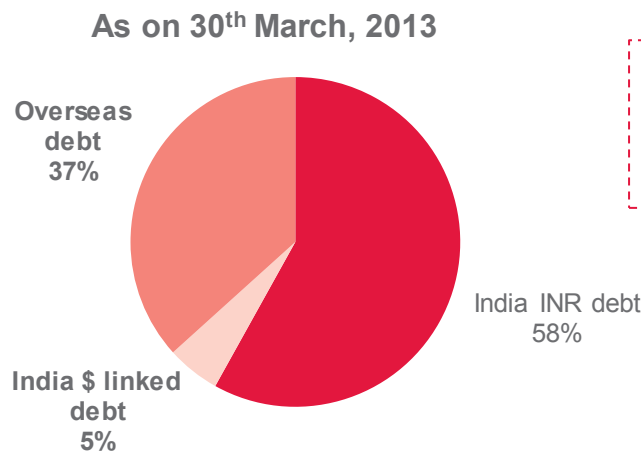
.. and continued focus on leverage



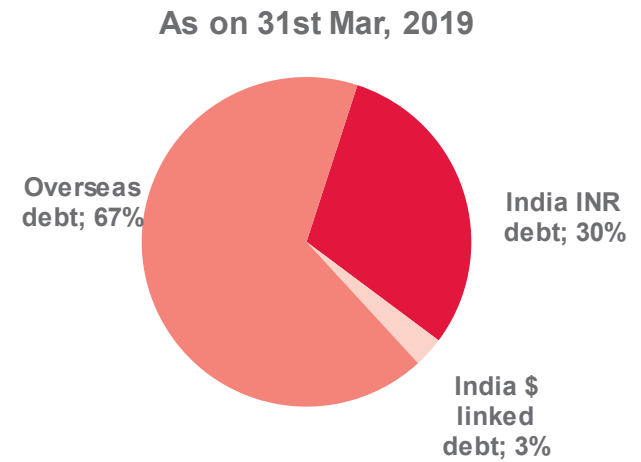
Reported Net Debt/ EBITDA



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



Proportion of \$ linked debt has increased from 42% in FY13 to 70% in FY19



Significant “dollarization” of Debt - reduction in interest costs

Annexure

Consolidated Profit & Loss Statement



Particulars (Rs Crores)	Q4FY19	Q4FY18	% YoY Variance	Q3FY19	% QoQ Variance	FY19	FY18	% YoY Variance
Net sales / income from operations	690	596	16%	677	2%	2,602	2,291	14%
Other Income	21	5	293%	2	1213%	43	23	88%
Total Income	710	602	18%	678	5%	2,645	2,314	14%
Total Expenditure	529	477	11%	520	2%	2,108	1,771	19%
Personnel Cost (including technician fees)	400	355	13%	389	3%	1,594	1,324	20%
Other Expenditure	128	123	5%	131	-2%	514	446	15%
Income from writeback	-	-	NM	-	NM	-	-	NM
Adj. EBITDA*	182	124	46%	158	15%	537	544	-1%
One Time Expenses	19	22	-12%	4	385%	23	58	-60%
EBITDA (including Exch. Gain (net))	162	102	59%	154	5%	513	486	6%
Depreciation & amortization	84	66	27%	77	9%	304	277	9%
ESOP Charges	4	5	-13%	3	67%	31	35	-10%
EBIT	74	31	139%	74	0%	178	174	3%
Interest & Finance charges	49	93	-47%	58	-15%	237	212	11%
PBT Before Exceptional Items	25	-62	NM	17	49%	-59	-39	NM
Exceptional Items- Expenditure/ (Income)	-	-	NM	-	NM	-	-	NM
PBT	25	-62	NM	17	49%	-59	-39	NM
Tax Expense	5	0	3376%	-10	NM	-25	6	NM
PAT before Minority	20	-62	NM	26	-23%	-33	-44	NM
Minority Interest	-1	1	NM	-0	NM	-10	9	NM
PAT	22	-63	NM	27	-19%	-23	-53	NM

Key Ratios	Q4FY19	Q4FY18	Q3FY19	FY19	FY18
Adjusted EBITDA Margin	26%	21%	23%	21%	24%
Total Expenditure/ Revenues	77%	80%	77%	81%	77%
Personnel Cost/ Total Operating Income	58%	59%	58%	61%	58%
Other Expenditure/ Total Operating Income	19%	21%	19%	20%	19%

*Adjusted for Non-Cash ESOP charges and one time expenses as per IndAS

Standalone Profit & Loss Statement



Particulars (Rs Crores)	Q4FY19	Q4FY18	% YoY Variance	Q3FY19	% QoQ Variance	FY19	FY18	% YoY Variance
Net sales / income from operations	49	35	38%	23	113%	143	145	-2%
Other income	8	2	212%	3	115%	41	27	53%
Total Income	57	38	49%	27	113%	184	172	7%
Total Expenditure	32	30	9%	30	10%	119	108	10%
Personnel Cost (including technician fees)	14	12	15%	14	2%	54	50	9%
Other Expenditure	18	18	4%	16	17%	65	59	11%
Adj. EBITDA*	24	8	200%	-3	NM	65	64	2%
One Time Costs	-	-0	NM	19	NM	19	1	2201%
EBITDA (including Exch. Gain (net))	24	8	185%	16	51%	84	63	33%
Depreciation & amortization	12	9	34%	9	40%	38	33	13%
ESOP Charges	1	4	-79%	1	-2%	22	25	-11%
EBIT	11	-4	NM	6	74%	24	5	411%
Interest & Finance charges	12	40	-69%	13	-1%	57	74	-23%
PBT Before Exceptional Items	-1	-45	NM	-6	NM	-33	-69	NM
Exceptional Items- Expenditure/ (Income)	-	-	NM	-	NM	-	-	NM
PBT	-1	-45	NM	-6	NM	-33	-69	NM
Tax Expense	-0	-10	NM	-2	NM	0	-13	NM
PAT	-1	-35	NM	-4	NM	-33	-57	NM

Key Ratios	Q4FY19	Q4FY18	Q3FY19	FY19	FY18
Adj. EBITDA Margin	49%	23%	-14%	45%	44%
Total Expenditure/ Revenues	66%	84%	129%	83%	75%
Personnel Cost/ Total Operating Income	29%	35%	60%	38%	34%
Other Expenditure/ Total Operating Income	37%	50%	68%	45%	40%

*Adjusted for Non-Cash ESOP charges and one time expenses as per IndAS

Consolidated Balance Sheet (Assets)



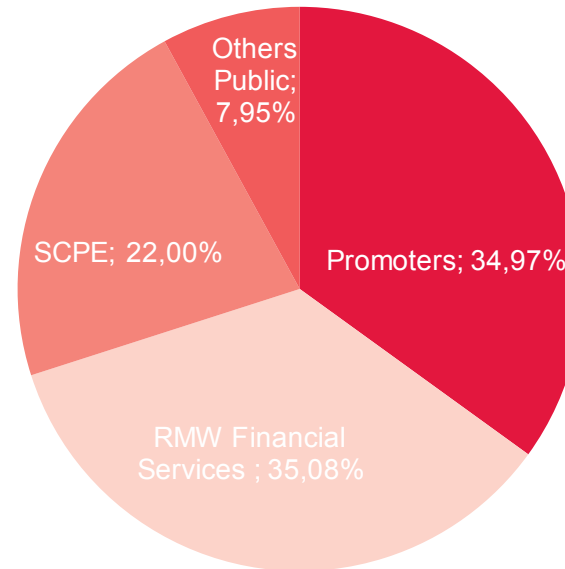
Particulars (Rs Crores)	Standalone		Consolidated	
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19
Assets				
Non-Current Assets				
Property, Plant and Equipment	390	388	767	732
Capital Work In Progress	2	20	6	24
Goodwill	-	-	973	1,024
Other Intangible assets	2	184	524	689
Intangible Assets under development	-	-	49	39
Financial Assets				
Investments	939	849	4	4
Trade Receivables	-	-	-	18
Loans	-	-	-	-
Other financial assets	65	17	23	61
Restricted Cash	-	-	-	-
Deferred Tax assets (net)	25	28	25	60
Income Tax assets (net)	50	71	77	95
Other Non-Current Assets	3	7	34	48
Total Non- Current Assets	1,476	1,563	2,484	2,794
Current Assets				
Inventories	-	-	1	11
Financial Assets				
Trade receivables	49	49	345	408
Cash and cash equivalents	1	1	79	90
Bank balances other than above	3	0	13	1
Loans	101	79	-	-
Other financial assets	25	21	431	431
Income Tax Assets (Net)	-	-	-	10
Other current assets	10	30	113	162
Total current Assets	189	179	981	1,112
Total Assets	1,665	1,742	3,465	3,906

Consolidated Balance Sheet (Liabilities)



Particulars	Standalone		Consolidated	
	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19
Equity and Liabilities				
Equity				
Equity Share Capital	30	30	30	30
Share warrant money received	83	83	83	83
Other Equity	1,005	1,007	480	416
Equity attributable to equity holders of the parent	1,117	1,120	592	528
Non-controlling interest	-	-	123	113
Total Equity	1,117	1,120	715	641
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	190	375	927	1,384
Other financial liabilities	76	96	113	119
Provisions	2	3	13	17
Deferred Tax Liabilities (net)	-	-	98	86
Other non-current liabilities	1	1	109	96
Total Non-current liabilities	269	474	1,260	1,703
Current Liabilities				
Financial Liabilities				
Borrowings	22	32	354	766
Trade Payables	20	25	164	145
Other financial liabilities	223	46	683	383
Other Current Liabilities	12	30	12	194
Provisions	0	0	53	25
Current Tax Liabilities	3	16	223	49
Total Current Liabilities	279	149	1,489	1,562
Total Liabilities	548	623	2,749	3,265
Total Equity + Liabilities	1,665	1,742	3,465	3,906

As on 31st March - 2019
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. 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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