



Prime Focus Limited

Corporate Presentation
January 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.

Note: Consolidated financials have been represented at an exchange rate of 1 USD=66.935 INR



The background is a solid red color with a subtle pattern of concentric circles and a grid of thin white lines, creating a technical or radar-like aesthetic.

Group Overview

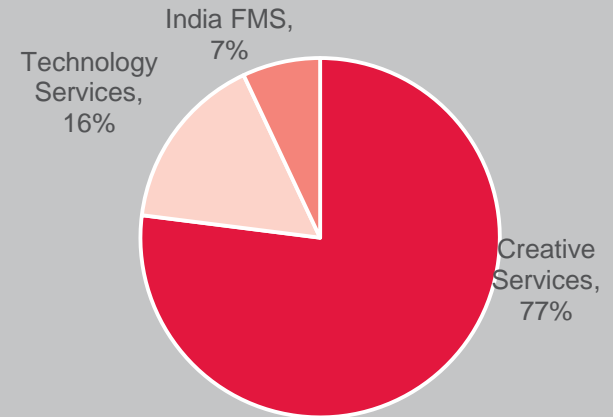
Group Snapshot



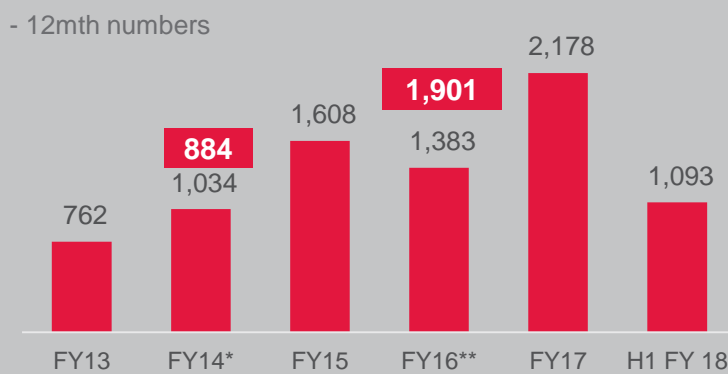
Overview

- Publically listed on BSE and NSE with a Market Cap of Rs 3,500 cr; Recognized on 'Fortune India Next 500' list
- Top Tier Independent global Media Services powerhouse
 - Leading provider of cutting edge Visual Effects [VFX] services globally
 - Operates the world's most established Hybrid Cloud based technology solution CLEAR™
- 9,000+ employees / 19 cities / 5 Continents

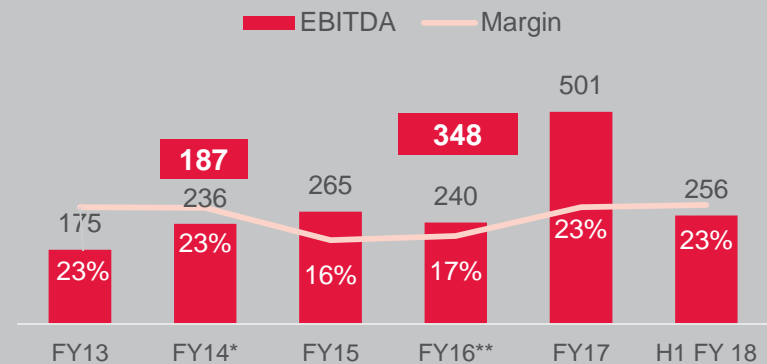
Segmental Contribution FY 17



Revenues



EBITDA



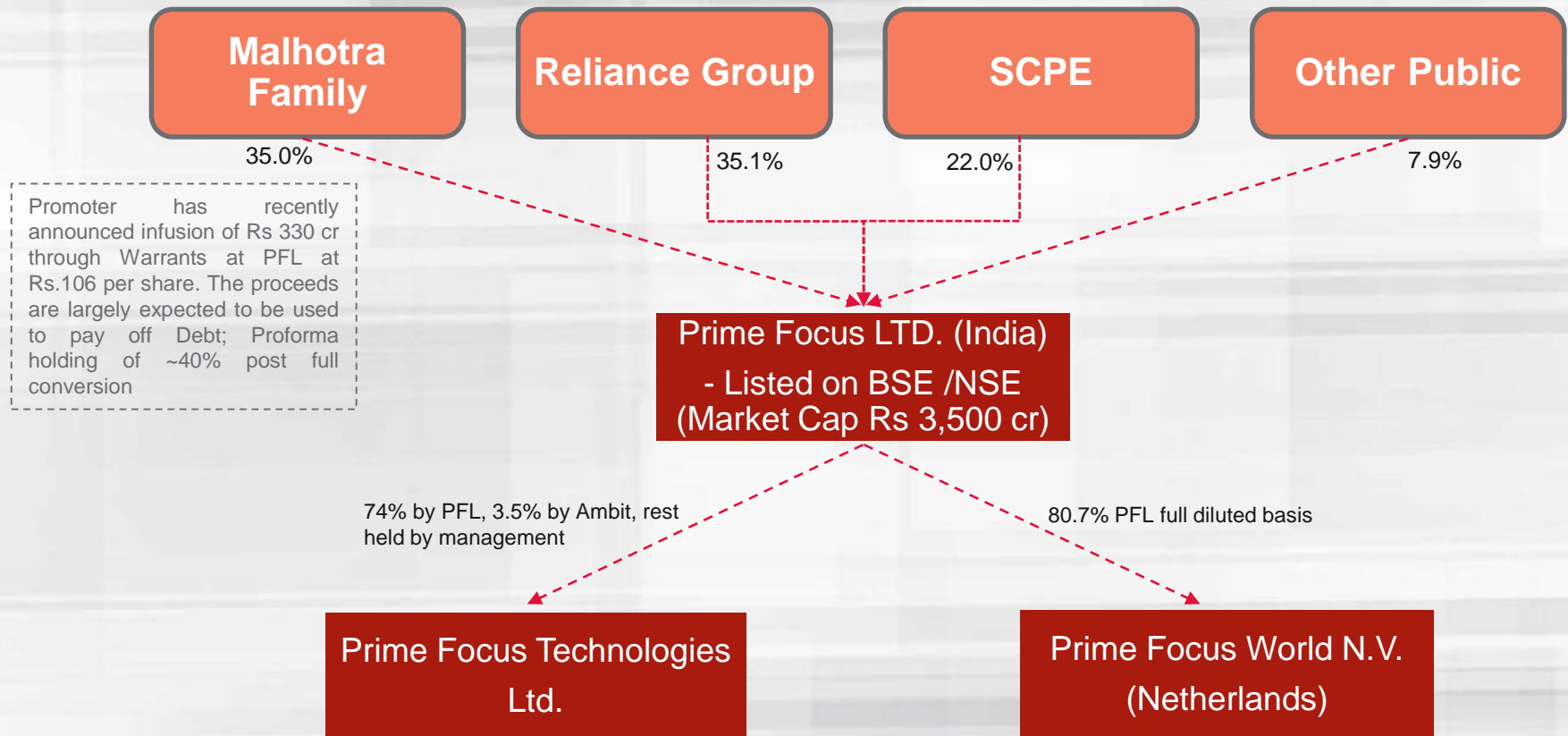
FY 13 to FY 16 numbers are reported audited numbers non IND AS compliant

* FY14 & FY16 financials represent 15 & 9 months respectively

All figures in Rs Cr



Corporate structure



Prime Focus has transformed into a Global Leader



	FY14		TTM '17	
Consolidated Income (In Rs cr)	835	>	2,260	2.7 X ↑
People	4,300	>	9,000+	2.1 X ↑
No. of Movies in GBO*	 1(3D) out of top 5	>	 3 (VFX) out of top 5	Enhanced Competitive position ↑
Order Book (In \$ mn)	~100	>	450+	4.5 X ↑
Adjusted EBITDA Margin	22%	>	25%	Strong Financial Momentum ↑

Delivering performance as guided

Bundled high-end services for **biggest** M&E clients across the globe; robust organic growth post acquisitions

Globalisation and Integration initiatives behind and **delivering tangible results**

Broad-basing of revenues has minimized impact of seasonality in the business

EBITDA Margins back in the range of **25% and trending higher**

Positive PAT of **Rs 25 cr** in H1; **Exceptional costs** behind us

Improved leverage profile, with Net Debt to EBITDA ratio of **2.4X** significantly lower than **4.4X** in FY14
Lowered interest cost to **<10% p.a.**

Note:* Movies released YTD & FY14 is as on Mar'14

1 USD=66.935 INR



Key Investment Highlights



1 Leading Independent, Integrated M&E Services Player



2 Huge Market opportunity with Proven Tailwinds



3 Global Delivery Model Enabling Rapid Scaling And High Profitability



4 Strong Financial Performance with Sustainable Growth



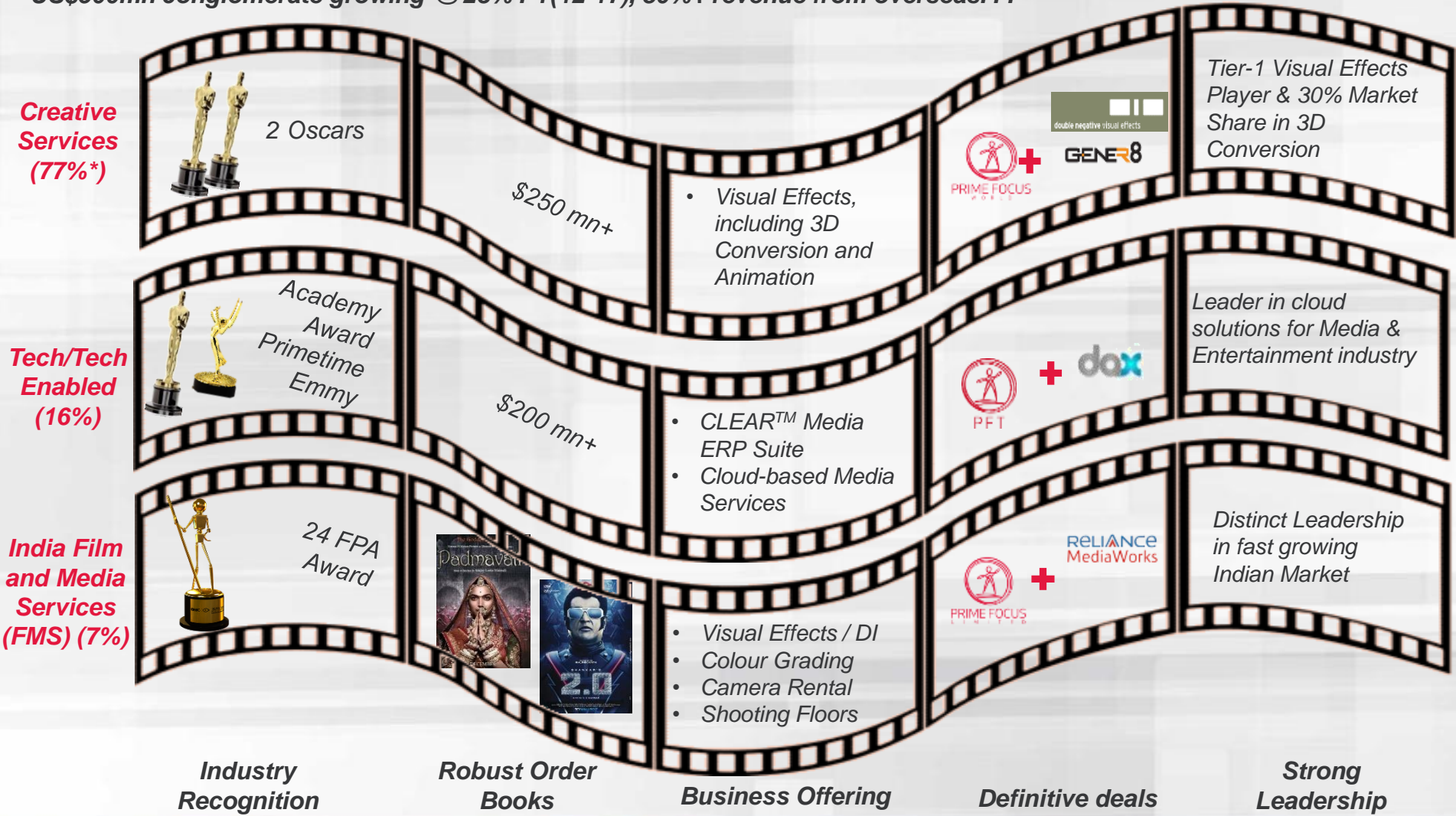
5 Best-in-Class Senior Management Team



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



US\$500mn conglomerate growing @ 23% FY(12-17), 80%+ revenue from overseas. . .



* Revenue contribution for FY17





Creative Svs: 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



\$1,143 mn



\$1,068 mn



\$814 mn



\$1,153 mn



\$1,405 mn



\$873 mn

Unprecedented scale

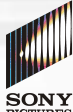
US\$250 mn
(FY17),
Revenues, up
17% YOY

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

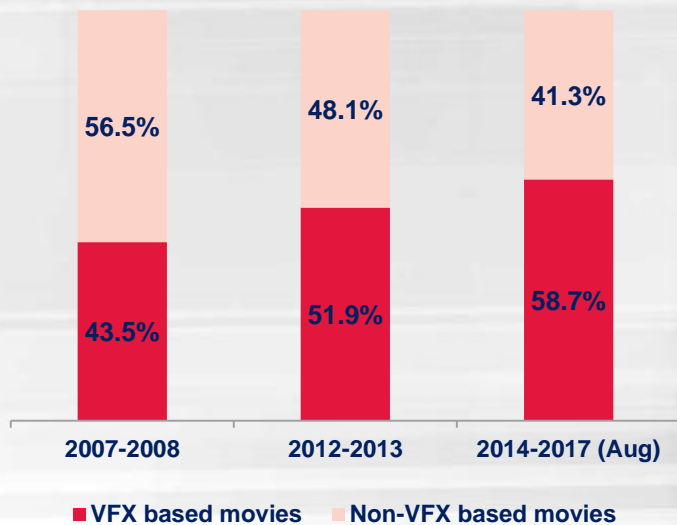


Proliferation of Premium Content is Driving Demand for premium VFX services

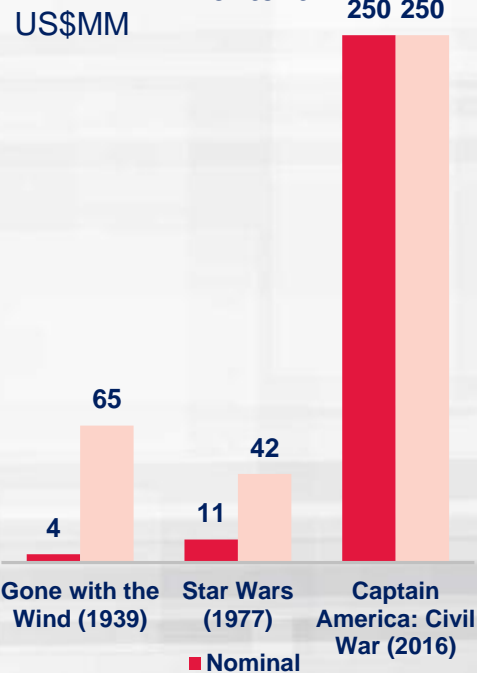


- VFX heavy movies have been drawing a higher proportion of movie Production budgets by volume as well as value
- Despite average production budgets flattening, VFX spends have continued to increase → CG driven spectacle

Increased Share of VFX-based movies

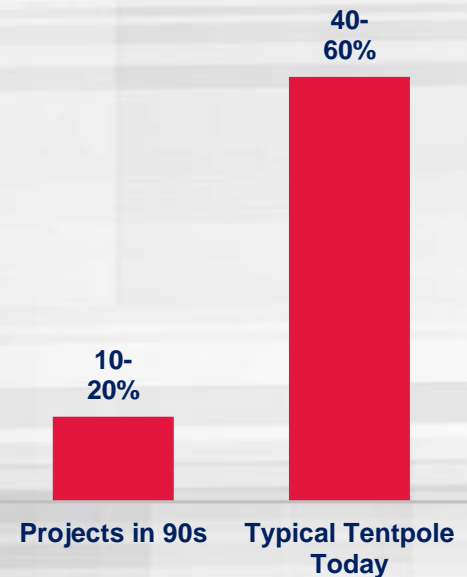


Franchise films today increasingly spending on differentiating 'Premium Content'



Source Bureau of Labor Statistics, IMDb

...with Technology Becoming a More Integral Part of Film Production's Budget...



Source Company Estimates



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

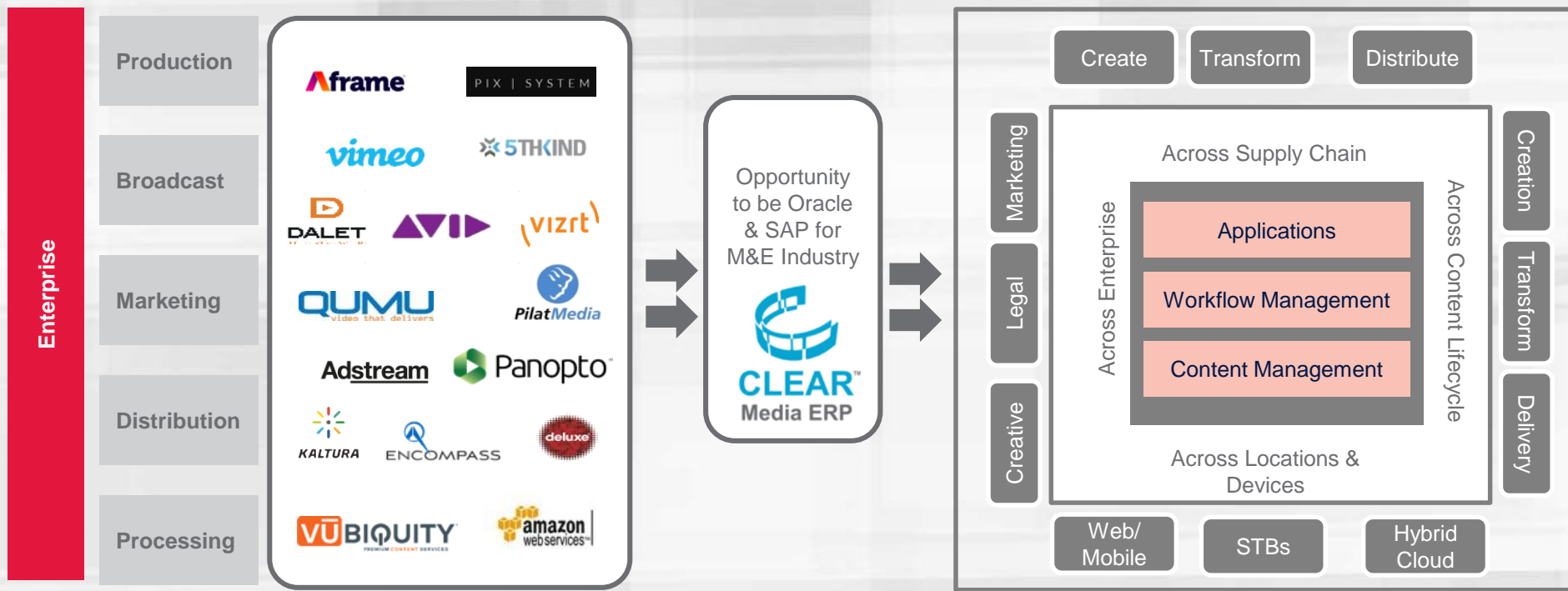
- *3D Conversion of content provides opportunity for monetizing ready content through enhancing viewer experience- PFW is the global market leader*
- *Film and feature animation and virtual reality markets present multi-billion dollar opportunities*

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*



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





Technology Services: Pioneer & leader in cloud solutions for M&E industry

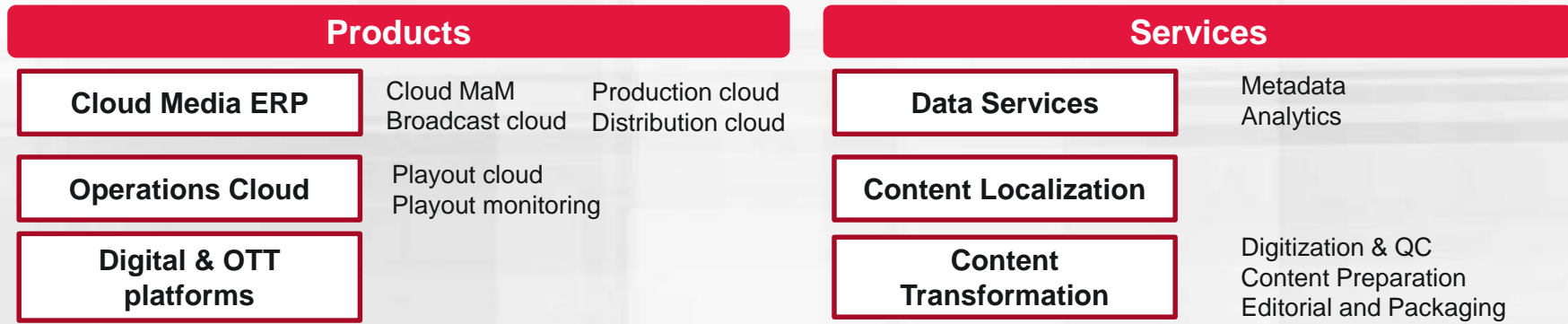
Owns & operates World's **only hybrid cloud enabled Media ERP platform** – CLEAR™

Robust order book of **\$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



Marquee Clients

Broadcasters



Studios



Content Creation



Content Transformation



Content Distribution



Content Exhibition



Brands

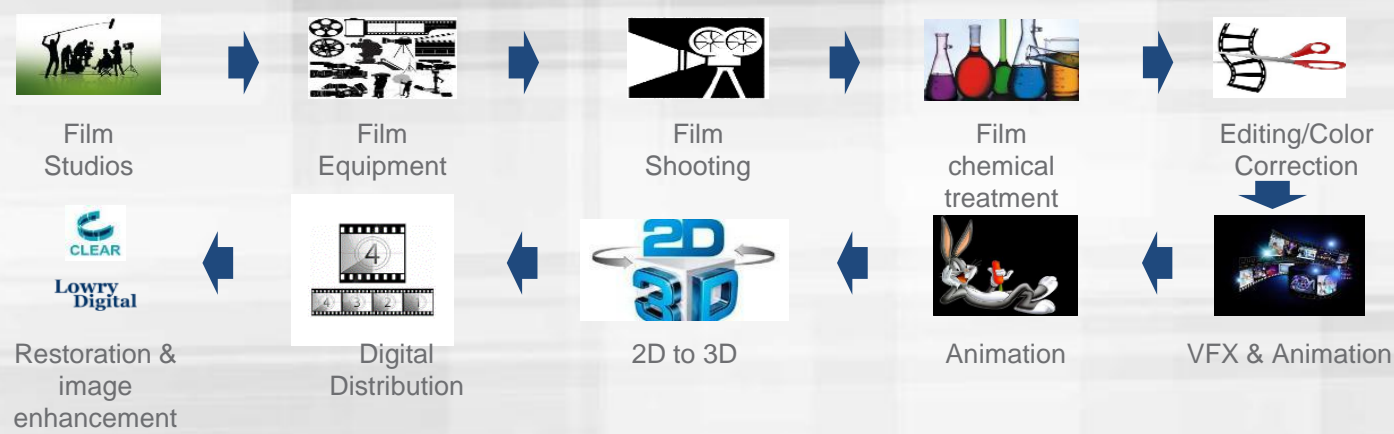
Service Providers



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

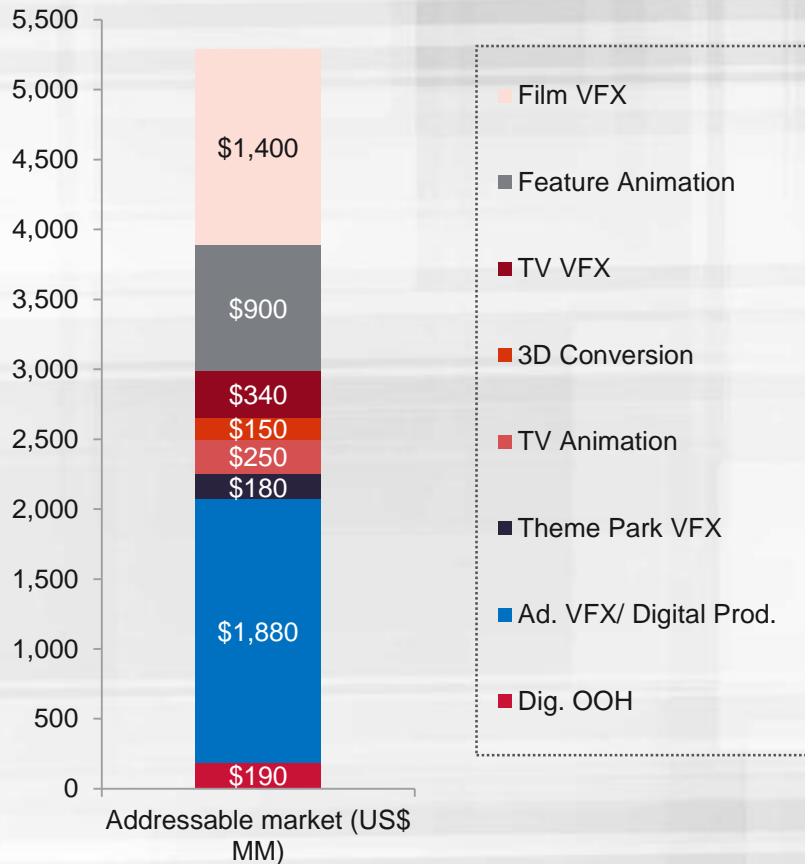
Excellent relationships with Indian studios & broadcasters. .



Huge untapped addressable market for both the key businesses



VFX - \$5.3+ BN market opportunity

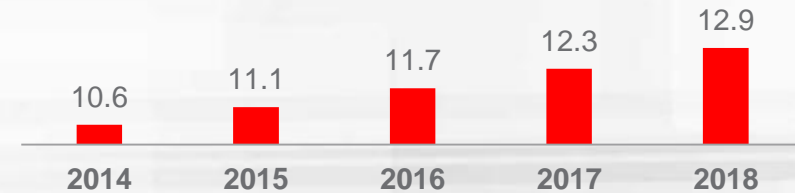


Sources: FTI report, based on CY15 data;
Prime Focus World research; IMDB; The-Numbers.com

Digital content solutions –

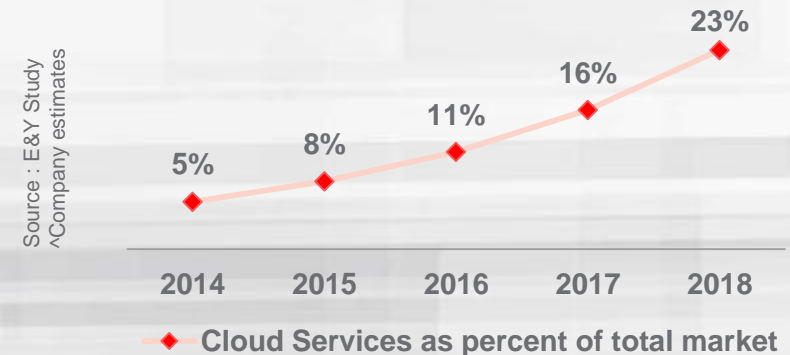
A \$11 billion market opportunity

Total Addressable market in (US\$ Bn) to grow at CAGR 5%



■ Total Addressable Market

Cloud enabled services to grow at CAGR 46%



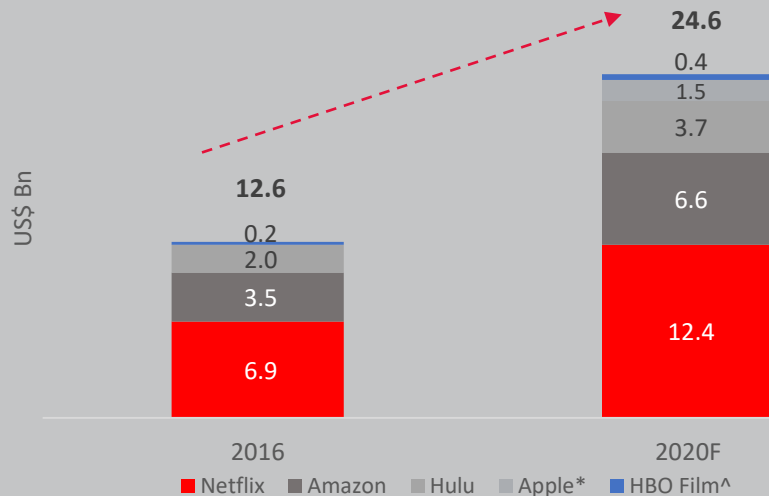
OTT is fast changing the dynamics for both the businesses – augers extremely well for Prime Focus



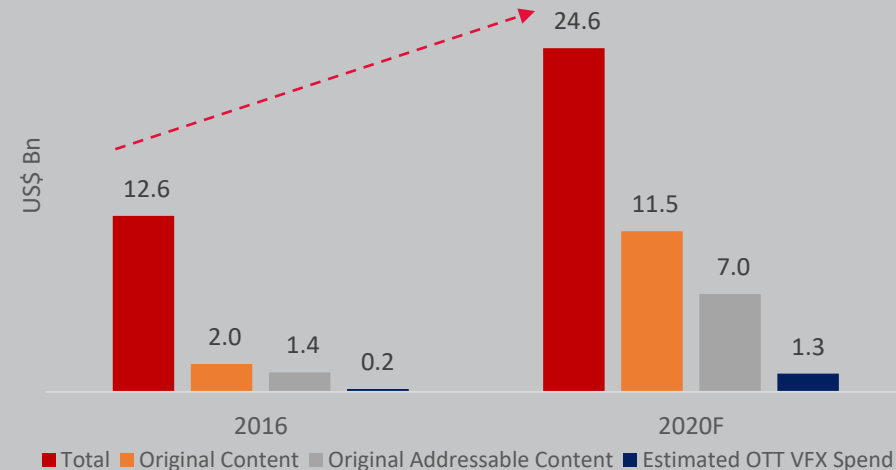
OTT Market Opportunity: Major Driver of Growth



Total content spend by main OTT providers



OTT total, original, addressable content and estimated OTT VFX spend



Source: FTII Research.

*Apple has announced it will spend \$1B entry in 2018 along with YouTube and Facebook. However, it seems that YouTube/Facebook will be focusing on short and non-scripted and non-addressable content, and are thus not included in analysis.

^ HBO Film includes only HBO Film productions. HBO TV incl. HBO Now is included in Premium Cable in the TV section.

- OTT content spend is forecast to double from \$12.6B in 2016 to \$24.6B in 2020 corresponding to an 18% CAGR. OTT providers, primarily driven by Amazon and Netflix, are rapidly increasing their original content budgets, a trend that will continue.
- OTT providers are increasing original content spend from \$1.4B in 2016 to 7.0B in 2020. This is primarily driven by a significant increase in original TV Drama and Film productions, leading to a 55% p.a. increase from \$0.2B in 2016 to \$1.3B in 2020 in VFX spend, which is addressable to PFW.

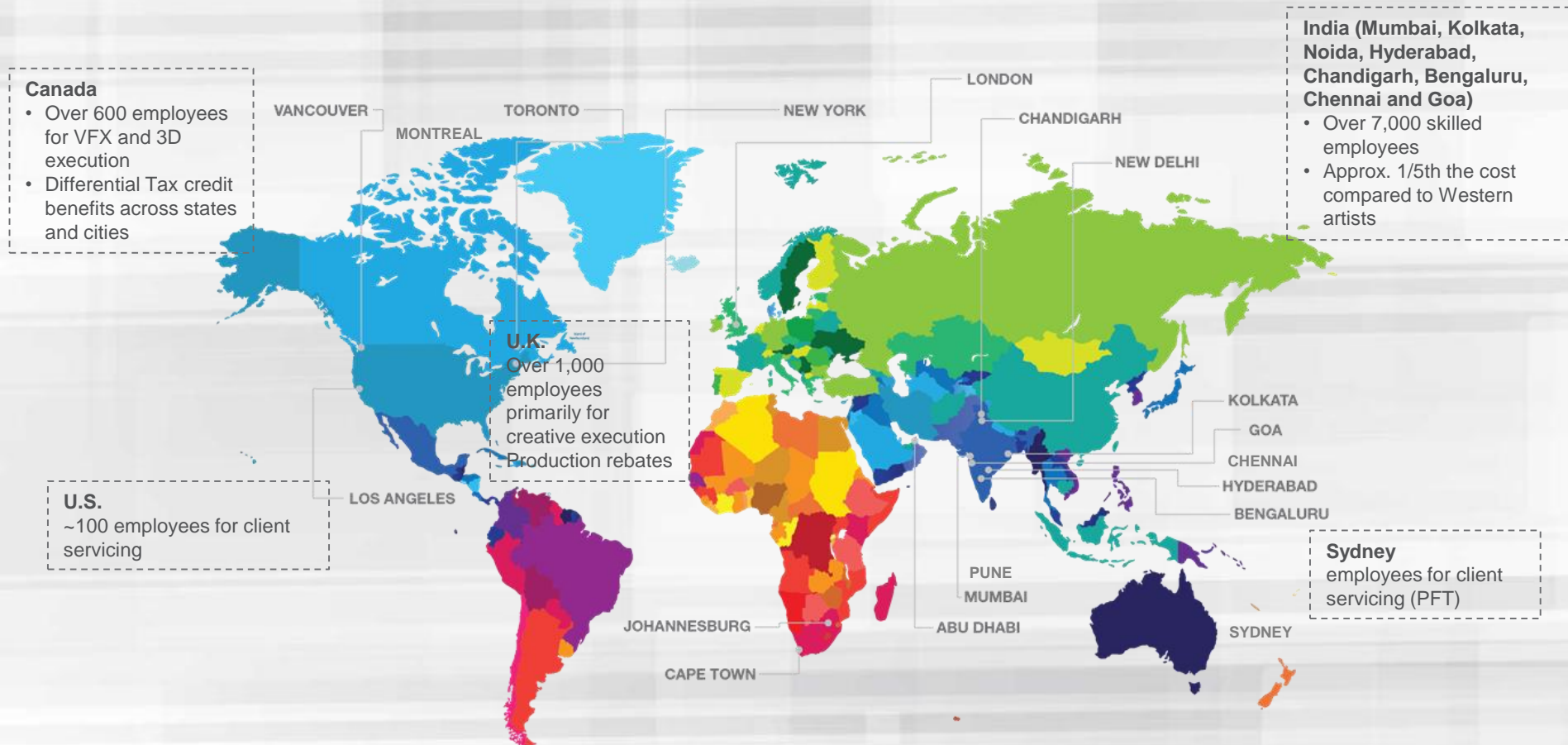
Greater proliferation of content worldwide on the back of OTT



'WorldSourcing' model = unmatched competitive edge



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



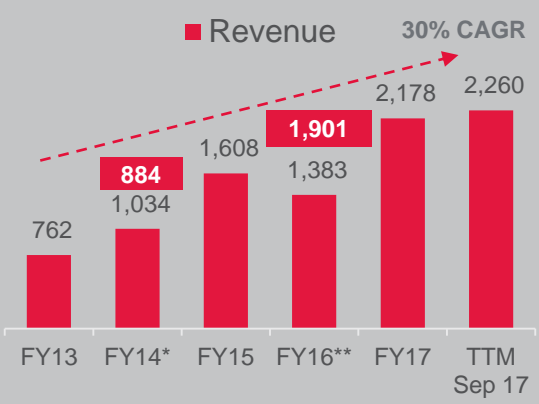
5 continents | 7 time zones | 19 locations | 24/7 – 365 days



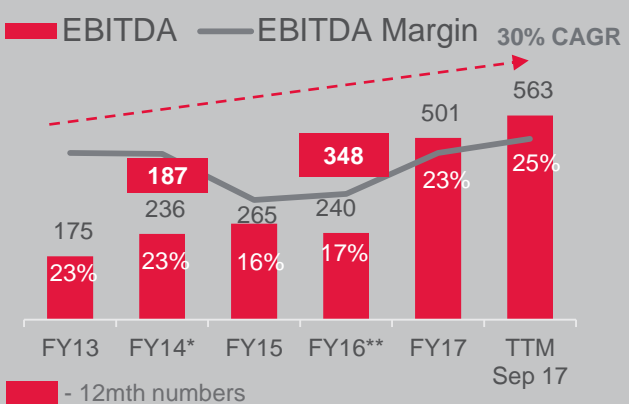
Robust financial performance (in INR cr) ...



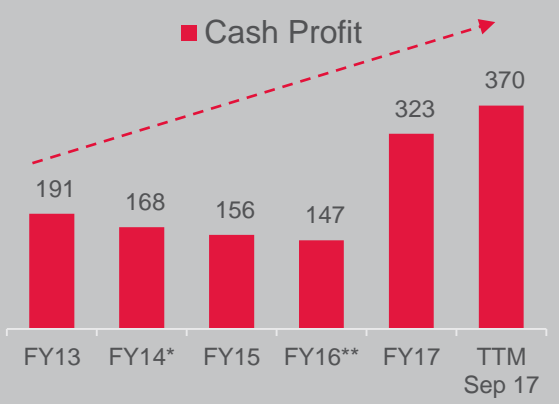
Strong Revenue Growth



Strong Growth in EBITDA Margins



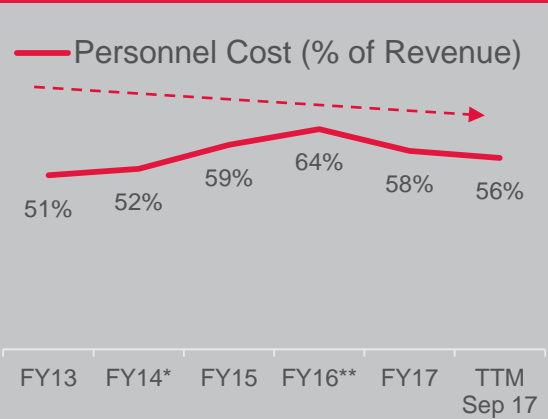
Cash Profit



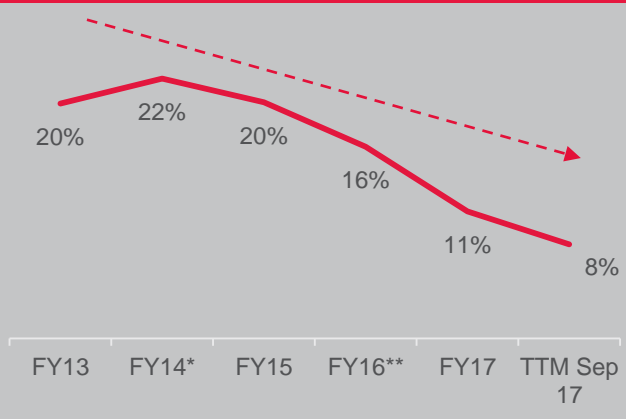
FY 13 to FY 16 numbers are reported audited numbers non IND AS compliant

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

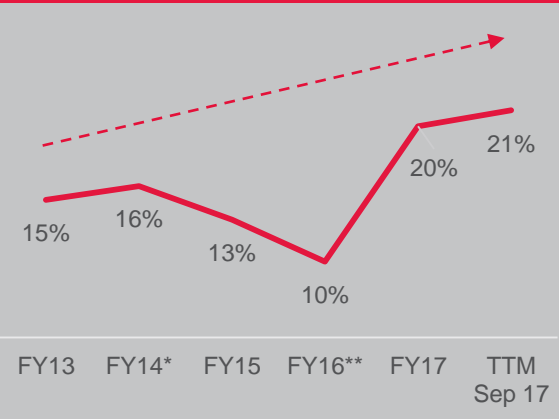
Personnel cost (% of Revenue)



Capex (% of Revenue)



Cash ROCE



Personnel Cost = Employee expense + Technician fees

* FY14 & FY16 financials represent 15 & 9 months respectively

Cash ROCE – EBITDA / (Total Capital Employed)



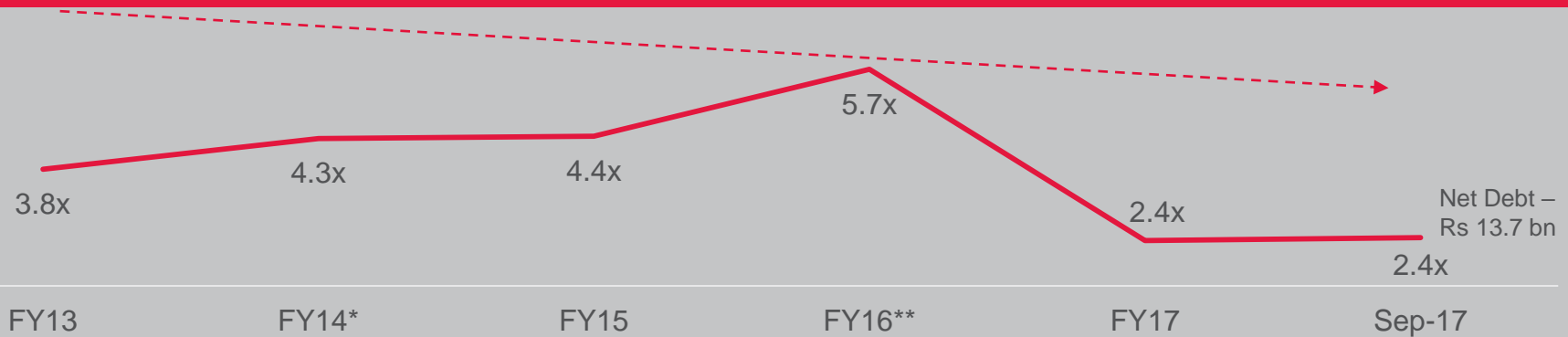
FY 17 and Sep'17 Debt & Equity is adjusted for non IND AS
FY 12 to FY 16 Debt & Equity are adjusted for Macquarie and AID facilities
Corporate Presentation



.. And significant improvement in Leverage

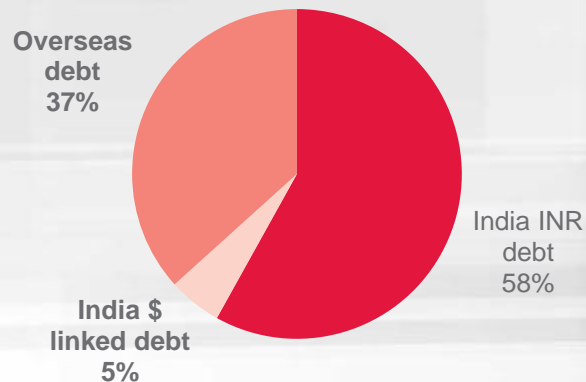


Net Debt / EBITDA

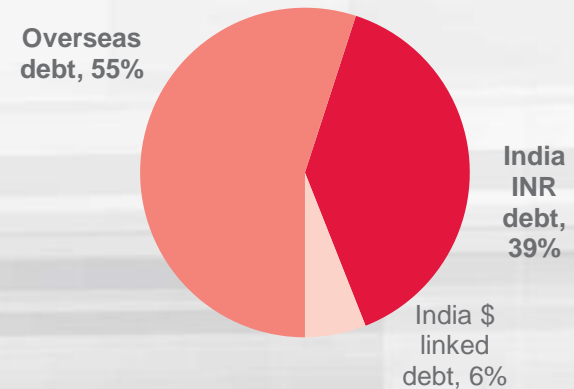


Interest Cost <10% on the back of higher share of Foreign currency loans

As on 30th March, 2013



As on 30th September, 2018



Significantly improved Leverage ratios along with reduction in Interest costs



FY 17 and Sep'17 Debt & Equity is adjusted for non IND AS
FY 12 to FY 16 Debt & Equity are adjusted for Macquarie and AID facilities
Corporate Presentation

* FY14 & FY16 financials represent 15 & 9 months respectively



Working with Tier I Hollywood franchisees and Studios

Significantly higher visibility for the businesses – combined Order Book US\$450mn+



November 2018

Fantastic Beasts and Where to Find Them 2



June 2018

Ant-Man 2



MAY 2018

Avengers: Infinity War



NOVEMBER 2017

Justice League

Release Date TBC



Animated Feature Film (TBA)



July 2018



Mission Impossible 6



June 2018



Deadpool 2



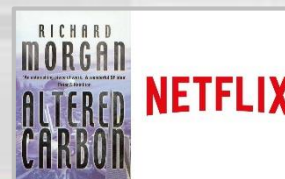
February 2018



Pacific Rim: Uprising

NETFLIX

2017



Altered Carbon: TV Series



Best in Class Leadership Team



NAMIT MALHOTRA
Founder, Executive Chairman and Global CEO
Prime Focus



RAMKI SANKARANARAYANAN
Founder & CEO, Prime Focus Technologies
Managing Director, Prime Focus



VIKAS RATHEE
Group CFO
Prime Focus



MATTHEW HOLBORN
Co-founder & CEO
Double Negative



ALEX HOPE
Co-founder and MD Double Negative



MERZIN TAVARIA
Chief Creative Director & Co-founder
Prime Focus



NISHANT FADIA
Group COO
Prime Focus



ELLEN WALDER
COO
Double Negative



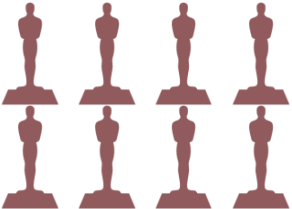
RAGHUNATH MOHANRAO
COO
Prime Focus Technologies



Backed by Award winning creative talent



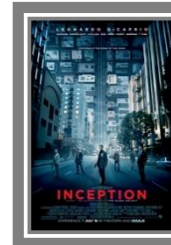
8
Oscars



6
Oscars
winners



3
Oscar winning
shows



2
Oscars in
the last 2 years
(2015 and 2016)

The background is a solid red color with a subtle pattern of concentric circles and a grid of thin, light red lines. The circles are centered on the left side of the image, creating a sense of depth and focus. The grid lines are evenly spaced and cover the entire area.

Annexures

Consolidated Profit & Loss Statement. Year end Mar 17



Particulars (Rs Cr)	Quarter ending Mar'17	Quarter ending Mar'16	% YoY Variance	Quarter ending Dec'16	% QoQ Variance	12M ending Mar'17	12M ending Mar'16	Y-o-Y
Net sales / income from operations	654	466	40%	507	29%	2,154	1,901	13%
Other Income	5	12	-57%	1	550%	25	5	380%
Total Income	659	478	38%	508	30%	2,178	1,906	14%
Total Expenditure	475	384	24%	385	23%	1,677	1,571	7%
Personnel Cost (including technician fees)	357	299	19%	276	29%	1,253	1,156	8%
Other Expenditure	118	85	38%	109	8%	423	415	2%
EBITDA	184	94	97%	123	50%	501	335	50%
Foreign exchange gain/(loss)	-34	3	-1184%	1	-4300%	-41	-4	962%
EBITDA (including Exch. Gain (net))	151	97	56%	124	21%	460	331	39%
Depreciation & amortization	50	75	-33%	65	-23%	255	280	-9%
ESOP	8	3	211%	11	-26%	26	-	NM
EBIT	92	19	391%	47	94%	180	51	250%
Non Operating Cost	-	-	NM	-	NM	-	4	-100%
Interest & Finance charges	42	208	-80%	23	84%	128	107	19%
PBT Before Exceptional Items	50	-189	-126%	24	104%	52	-60	-187%
Exceptional Items- Expenditure/ (Income)	1	65	-99%	-	NM	-97	243	-140%
PBT	49	-254	-119%	24	100%	149	-303	-149%
Tax Expense	3	11	-70%	-4	-184%	9	70	-87%
Minority Interest	7	-23	-131%	6	29%	12	-50	-125%
PAT	39	-242	-116%	23	70%	127	-322	-140%

Key Ratios	Quarter ending Mar'17	Quarter ending Mar'16	Quarter ending Dec'16	12M ending Mar'17	12M ending Mar'16
EBITDA Margin	27.9%	19.6%	24.2%	23.0%	17.6%
EBITDA (including Exch. Gain (net))	22.8%	20.2%	24.4%	21.1%	17.4%
Net Margin	5.9%	-50.6%	4.5%	5.9%	-16.9%
Total Expenditure/ Revenues	72.1%	80.4%	75.8%	77.0%	82.4%
Personnel Cost/ Total Operating Income	54.2%	62.6%	54.3%	57.5%	60.6%
Other Expenditure/ Total Operating Income	17.9%	17.8%	21.4%	19.4%	21.8%

12M FY16 numbers are IND GAAP hence are not comparable to 12M Mar 17; QMar'16 is restated for IndAS; Impact largely on revaluation of Macquarie Investment under Finance costs



Consolidated Profit & Loss Statement.. Quarterly FY18



Particulars (Rs Cr)	Q2FY18	Q2FY17	% YoY Variance	Q1FY18	% QoQ Variance	6M FY18	6M FY17	% YoY Variance
Net sales / income from operations	547	467	17%	514	7%	1,061	993	7%
Other Income	7	17	NM	9	-24%	15	18	-19%
Operating Foreign exchange gain	15	-	-13%	2	NM	17	-	
Total Revenue	569	484	18%	524	8%	1,093	1,011	8%
Total Expenditure	427	391	9%	410	4%	837	817	2%
Personnel Cost (including technician fees)	316	294	7%	306	3%	622	620	0%
Other Expenditure	110	97	14%	105	6%	215	197	9%
EBITDA	142	92	54%	114	25%	256	194	32%
Non Operating Foreign exchange loss	-	-10	NM	-	NM	-	-9	NM
EBITDA (including Exch. Gain (net))	142	83	72%	114	25%	256	186	38%
Depreciation & amortization	71	70	1%	65	10%	135	139	-3%
ESOP Charges	14	7	115%	12	21%	26	6	329%
EBIT	57	6	NM	38	51%	95	41	135%
Interest & Finance charges	36	33	11%	38	-4%	74	63	17%
PBT Before Exceptional Items	21	-26	NM	0	NM	21	-22	NM
Exceptional Items- Expenditure/ (Income)	-	4	NM	-	NM	-	-98	NM
PBT	21	-31	NM	0	NM	21	75	-72%
Tax Expense	-1	9	NM	-3	NM	-4	10	NM
PAT before Minority	22	-40	NM	3	NM	25	66	-62%
Minority Interest	4	-3	NM	2	94%	6	-0	NM
PAT	18	-36	NM	1	NM	19	66	-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%



Balance Sheet



Particulars (Rs Cr)	Standalone		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Assets				
Non-current Assets				
Property, Plant and Equipment	389	403	730	801
Capital Work In Progress	1	0	3	1
Goodwill			972	970
Other intangible assets	3	3	546	551
Intangible assets under development	-	1	17	50
Financial Assets				
Investments	944	873	4	89
Other financial assets	6	62	65	73
Defferred Tax assets (net)	45	29	45	69
Other Non Current Assets	42	31	94	84
Total non-current assets	1,429	1,403	2,474	2,688
Current Assets				
Inventories	-	-	0	1
Financial Assets				
Trade Receivables	55	72	269	191
Cash and cash equivalents	1	1	106	91
Bank balances other than above	10	4	20	23
Other financial assets	287	299	276	98
Other Current Assets	13	11	200	323
Total current assets	366	387	871	726
Total Assets	1,795	1,790	3,346	3,414



Balance Sheet



Particulars (Rs Cr)	Standalone		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Equity				
Equity Share Capital	30	30	30	30
Other Equity	1,067	1,078	527	378
Equity attributable to equity holders of the parent	1,097	1,108	556	408
Non-controlling Interest	-	-	114	70
Total Equity	1,097	1,108	671	478
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings	267	408	1,011	556
Other financial liabilities	67	104	306	417
Provisions	2	2	6	6
Defferred Tax Liabilities (net)	-	-	113	152
Other Non Current Liabilities	3	3	2	2
Total non-current liabilities	339	517	1,438	1,133
Current Liabilities				
Financial Liabilities				
Borrowings	43	70	158	735
Trade Payables	27	23	130	201
Other financial liabilities	258	24	460	429
Provisions	0	0	20	0
Current tax liabilities	3	3	21	15
Other Current Liabilities	29	44	448	423
Total current liabilities	360	165	1,237	1,803
Total Liabilities	699	682	2,675	2,936
Total Equity and Liabilities	1,795	1,790	3,346	3,414





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.

Listed on the BSE and NSE of India and recognized on the Fortune India 'Next 500' list, Prime Focus has operations in Bangalore, Chandigarh, Delhi, Goa, Hyderabad, Kolkata, London, Los Angeles, Mumbai, New York, Pune, Toronto and Vancouver.

For more details

www.primefocus.com

www.primefocusindia.com

www.primefocusworld.com

www.primefocustechnologies.com



www.primefocus.com

