



PRIME
FOCUS

Prime Focus.

Q2 & H1 FY13 Results Presentation



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.



Management's Message

Commenting on Prime Focus' Q2 & H1 FY2013 results, Mr. Ramki Sankaranarayanan, CEO of Prime Focus Limited said:

"Following the coming on board of Standard Chartered Group as a strategic partner, we have addressed the requirement for the redemption of the FCCBs next month. This investment reinforces the recognition of our strong position in the provision of creative as well as technical services to leading global media companies.

Our financial performance reflects a company in investment mode with growth opportunities opening up across segments. Prime Focus Technologies continues on the path strong revenue growth. During the quarter, we signed a multi-million dollar deal with one of Hollywood's leading film studios to supply media processing services and we have already commenced work on it. This deal will provide us with a strong platform in the North American market. Apart from this deal, we have successfully added several premium clients like MAA TV, Dabur, Tata Docomo, Canon Camera, Maruti, Raymonds, Videocon DTH , Tanishq, Ghari Detergent and Venus Soap. In the first half, PFT has already exceeded last year's revenues and we are confident of maintaining this growth momentum on a very healthy order book. We will continue to invest in infrastructure and leverage our relationships across the group to further grow this segment.

In the 2D to 3D conversion market we have successfully delivered projects like Frankenweenie which attained box office as well as critical accolades. Following the release of Star Wars I, we are currently working on episodes 2 and 3 and are contracted to work on the entire franchise. Following its acquisition of Lucasfilm, Disney is looking to release Star Wars 7 in 2015. We already have the privilege to convert the first six episodes and will be delighted to continue our collaboration with Star Wars and Disney. With the advent of 3D television sets, we envisage a greater pace of 3D conversion of library titles to meet increased demand from this segment.

In addition, there is immense growth potential in the VFX segment which is a \$ 5 billion market annually. We believe we have the unique ability to service and cross sell products through capabilities across our Global Digital Pipeline of content creation studios in Vancouver, London, LA and India. This includes recent success of Total Recall and Dredd in Hollywood as well as Bollywood projects such as Oh My God, Ek Tha Tiger, Cocktail and Kya Super Kool Hain Hum."



Q2 & H1 FY2013 Financial Highlights

Q2 FY2013 Highlights

- ❖ Revenues at ₹ 1,963.8 million
- ❖ EBITDA at ₹ 435.1 million
- ❖ Profit Before Tax at ₹ 114.0 million
- ❖ Diluted EPS for the quarter at ₹ 0.57 per share

H1 FY2013 Highlights

- ❖ Revenues at ₹ 3,845.9 million
- ❖ EBITDA at ₹ 937.7 million
- ❖ Profit Before Tax stood at ₹ 412.6 million
- ❖ Diluted EPS for H1 at ₹ 1.82 per share

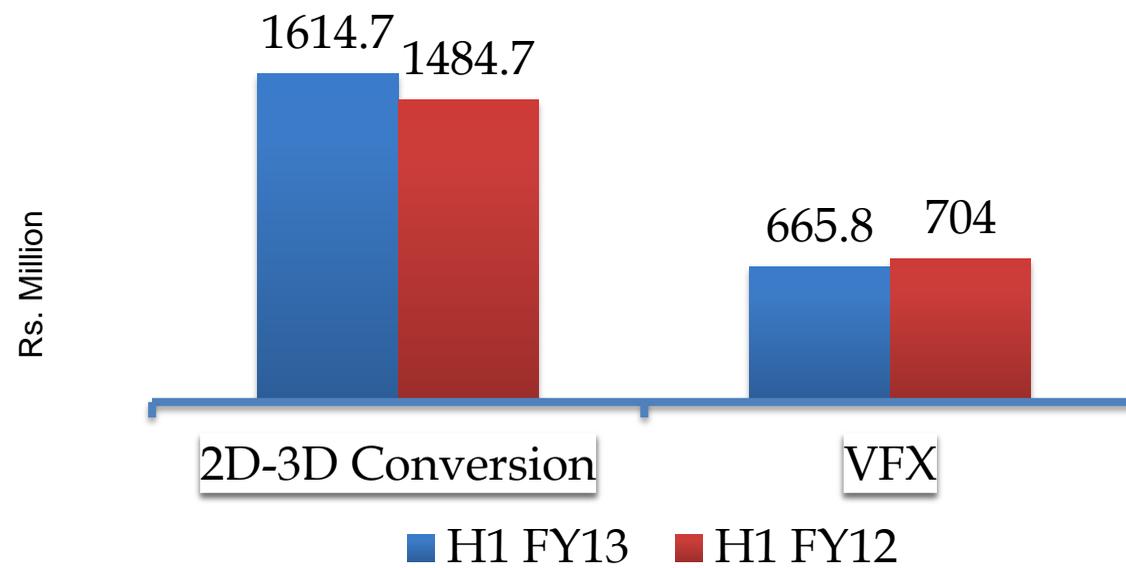
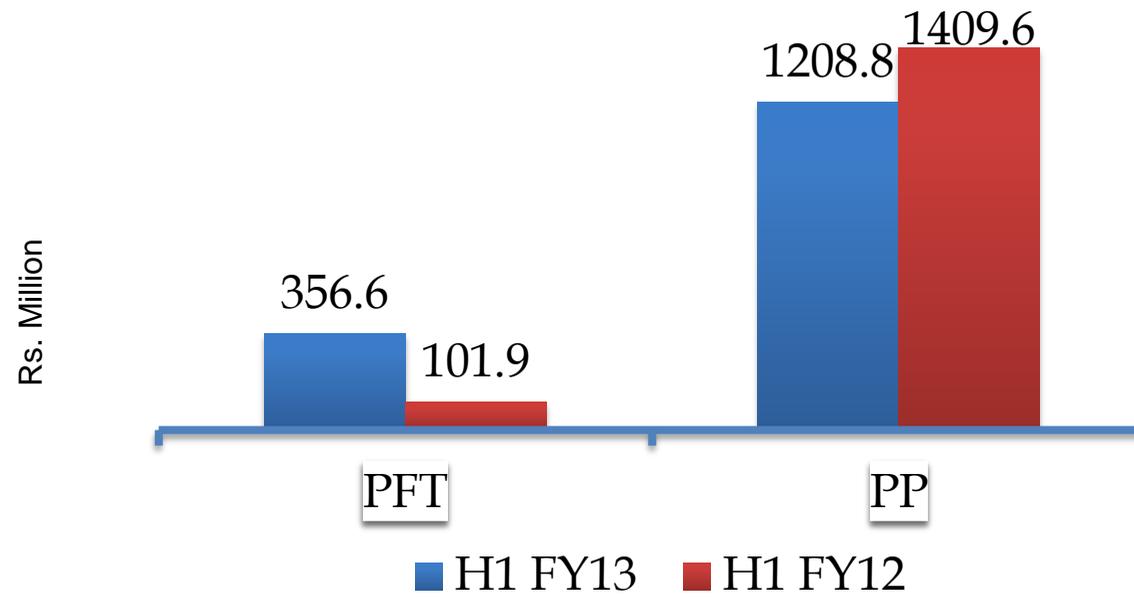


Financial Overview

| Profit & Loss Statement | | | | | | |
|-------------------------|---------|---------|------------------|---------|---------|------------------|
| (₹ million) | Q2 FY13 | Q2 FY12 | % Y-o-Y Variance | H1 FY13 | H1 FY12 | % Y-o-Y Variance |
| Revenues | 1,963.8 | 2,025.5 | (3) | 3,845.9 | 3,700.3 | 4 |
| Personnel Cost | 1,042.6 | 907.2 | 15 | 2,052.4 | 1,618.8 | 27 |
| Other Expenditure | 486.1 | 537.0 | (9) | 912.18 | 1,042.4 | (12) |
| EBITDA | 435.1 | 581.3 | (25) | 881.34 | 1,039.1 | (15) |
| EBITDA Margin | 22% | 29% | - | 23% | 28% | - |
| Exch. Loss/(Gain) | 69.1 | (54.1) | - | (56.4) | (56.2) | - |
| Depreciation | 210.32 | 176.3 | 19 | 418.1 | 305.5 | 37 |
| Interest | 108.0 | 85.7 | 26 | 186.0 | 142.4 | 31 |
| Profit Before Tax | 114.0 | 393.8 | (71) | 412.6 | 646.8 | (36) |
| Profit After Tax | 95.4 | 264.3 | (64) | 305.3 | 520.4 | (41) |
| PAT Margin | 5% | 13% | - | 8% | 14% | - |
| Diluted EPS (₹) | 0.57 | 1.79 | - | 1.82 | 3.46 | - |



Segmental Overview



Financial Updates

Standard Chartered Private Equity invested \$ 35 million in Prime Focus equity shares

Standard Chartered Private Equity (Mauritius) III Limited has subscribed to 36,549,990 equity shares of PFL on a preferential basis for an aggregate amount of \$ 35 million at a price of Rs. 51.75 per equity share. The transaction has been approved by shareholders in the EGM held on 03 November, 2012

Standard Chartered invested \$ 35 million in Prime Focus NCDs.

The Company has also issued INR-denominated Non-Convertible Debentures (NCDs) on a private placement basis equivalent of \$ 35 million to Standard Chartered Private Equity (Mauritius) Limited. The zero-coupon, unsecured NCDs, redeemable half at the end of the fifth and sixth year

An investment by Standard Chartered is an important milestone and the benefits are -

- Standard Chartered as a strategic partner
- Funding to help PFL successfully redeem its outstanding FCCB's



Business Updates

PFT business continues its robust growth

The Company is working closely and increasing cooperation with existing clients like Star TV, Colors, Sony MSM and Associated Press. During the quarter, PFT witnessed robust client growth. New clients include MAA TV, Dabur, Tata Docomo, Canon Camera, Maruti, Raymonds, Videocon DTH, Tanishq, Ghari Detergent and Venus Soap.

PFT awarded major media processing services deal with prestigious Hollywood Studio

PFT signed a multi-million dollar deal with one of Hollywood's leading film studios to supply media processing services to ensure full compliance with the Federal Communications Commission (FCC) regulations for new media. PFT will leverage CLEAR™, its award-winning hybrid cloud content operations platform to handle the assets, automated QC, approvals, workflows, delivery and archiving of the content.

Investment in bespoke facility to drive future growth

PFT is setting up a ~105,000 sq.ft. facility at Andheri (East), Mumbai, to cater to the growing demand for its services. The facility is being built to suit the requirements of the increasing list of elite clients, with whom PFT has an exclusive vendor relationship for its variety of services. This facility will also house the Digital Broadcast Hub, and will be the new Global Headquarters for the Company. The facility is expected to be commissioned in March / April, 2013.



Business Updates

PFL India continues to grow domestic segment with work in Post Production

Films

PFL delivered work for English Vinglish, Oh My God, KLPD, Bhoot Returns, Delhi Safari, Ajab Gajab Love, Ek Tha Tiger, Teri Meri Kahani, Agent Vinod, Cocktail, Tezz.

The Company has a pipeline with titles such as Ishq in Paris, Dabangg 2, Race 2, Kaipochi, Matru, Rangrez, Ashiqi 2, Yeh Jawani Hai Diwani, Ungli, Himmatwala, Dhoom 3, Shoot out at Vadala, Ek thi dayan, Fata Poster Nikla Hero and Kick.

Advertising

The Company continues to make inroads in the Advertising segment after delivering a script to execution of commercial film including CG Animations and production

Prime Focus successfully engaged with ITC as company and continues to further its strategy of directly targeting brands and delivering end-to-end services.



Success of 3D & VFX work delivered by Prime Focus



Total Recall grosses \$ 196 mn

- Delivered 400 Visual Effects shots for 'Total Recall' in partnership with lead VFX vendor Double Negative
- Total Recall released on August 3, 2012 with a production budget of \$125 mn



MIB collects \$ 624 mn at Box office

- MIB 3 ranks 22 in overall all 3D movie grosses
- Successfully handled entire 3D conversion



Frankenweenie has already grossed \$ 63 mn

- Collaborated with Walt Disney Pictures and legendary director Tim Burton to convert Frankenweenie to stereo 3D
- The movie has a production budget of \$39 mn



Dredd has already grossed \$ 28 mn

- Partnered 'Dredd' from concept art and pre-production through to VFX
- Dredd had a production budget of \$50 mn

Source – Box Office Mojo



Prime Focus – At The Forefront

Leadership position in the global 2D to 3D conversion business – strong relationships with leading Hollywood & Indian studios

Best-in-class VFX service provider to domestic and international production houses

High quality global infrastructure base and establishment across India, US and Europe

Over a decade of credible presence – highly competent management team with a reputation for excellence

Sustained financial growth in revenues and earnings



Key Business Segments

Leading from the front in the global 2D to 3D Conversion Business



Prime Focus

One of the largest VFX facilities in India for servicing domestic and international studios

CLEAR™
Revolutionary technology for content workflow management, servicing large content owners



3D Movies - Taking the World by Storm

Worldwide Highest Grossing Films (collections in US\$ billion)

- Avatar (2009)

\$2.78bn



- Titanic (1997/2012)

\$2.18bn



- Marvel's The Avengers (2012)

\$1.51bn



- Harry Potter & the Deathly Hallows - Part 2 (2011)

\$1.33bn



- Transformers: Dark of the Moon (2011)

\$1.12bn



- The Lord of the Rings: The Return of the King (2003)

\$1.12bn



- Pirates of the Caribbean: Dead Man's Chest (2006)

\$1.07bn



- Toy Story 3 (2010)

\$1.06bn



- Pirates of the Caribbean: On Stranger Tides (2011)

\$1.04bn



- Star Wars: Ep 1 The Phantom Menace (2008/2012)

\$1.03bn



Eight of Top-10 all-time grossers have been released in the 3D format
Every billion dollar blockbuster made in the last two years is in 3D

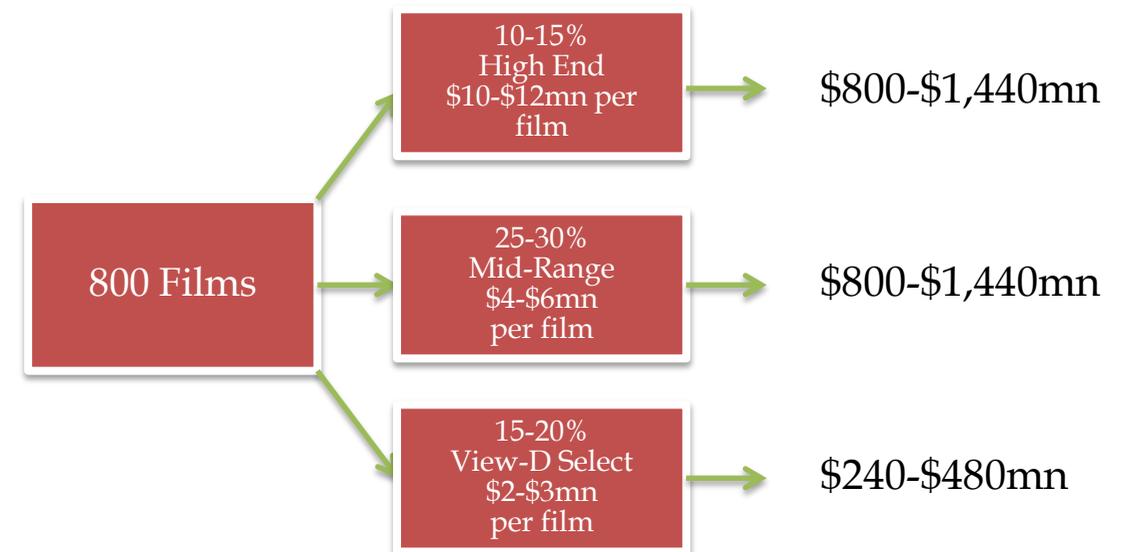
3D Conversion Market Size - Library

Library of Convertible Existing Content

- ❖ U.S. studios own 800 films that have each grossed over \$100mn in WWBO since 1995
- ❖ Upside from potential conversion of classic films (e.g. *Lawrence of Arabia*, *Ben-Hur*, *James Bond* catalog)
- ❖ International market for 3D growing rapidly
 - Foreign box office routinely comprises approximately 60-65% of total world box office for U.S. studio releases
- ❖ Significant additional opportunities in conversion of television series (e.g. *Game of Thrones*, *True Blood*, *Boardwalk Empire*, *24*, etc.)
- ❖ Documentary and other alternative content (e.g. *Planet Earth*, *Shark Week*, *Animal Planet*, concerts, etc.)

Estimated Market Size - Library of Convertible Films

- ❖ U.S. Studios are leading the way in 3D conversion because of the ability to exploit content on a global basis



U.S. Library Existing Blockbuster Film TAM: \$1.8 - \$3.4bn



Large and Growing VFX Market

- ❖ VFX market is currently ~\$1.8 billion¹ and growing
- ❖ VFX consumes ~30% - 40% of most film's budget and is often in excess of \$50mm for major studio films²
- ❖ "Estimated Cost of Summer Big Budget releases in 2012 is \$2.7 billion, an increase of over 29% from just 2 years ago...5 2012 movies with budgets over \$200 million"³
- ❖ VFX heavy films perform the best internationally, where the majority of box office sales are today
 - Total international box office in 2011 was \$22.4 billion, compared to \$10.2 billion in the U.S. and Canada³
- ❖ Number of films released in 3D expected to reach 48 in 2012⁴



¹ Frank N. Magid Associates, Inc.

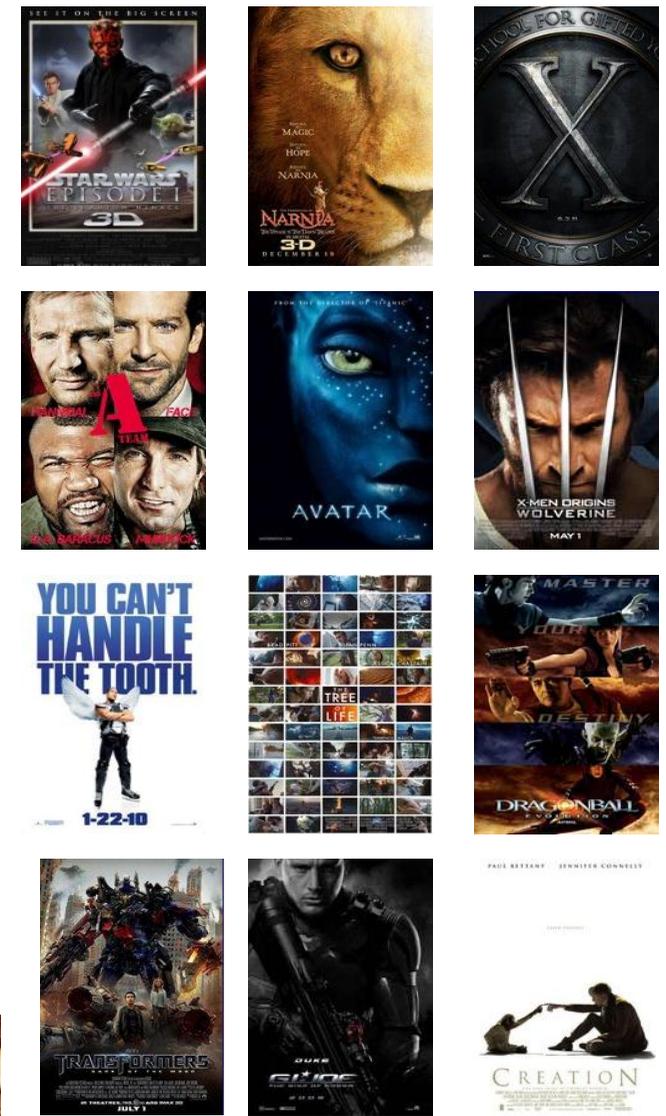
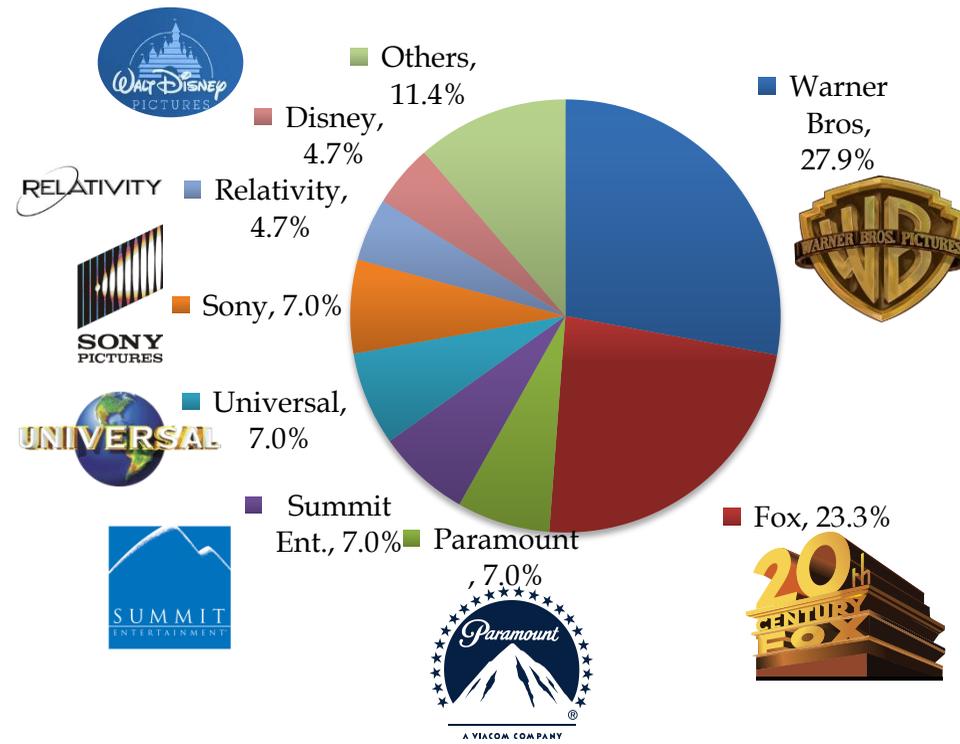
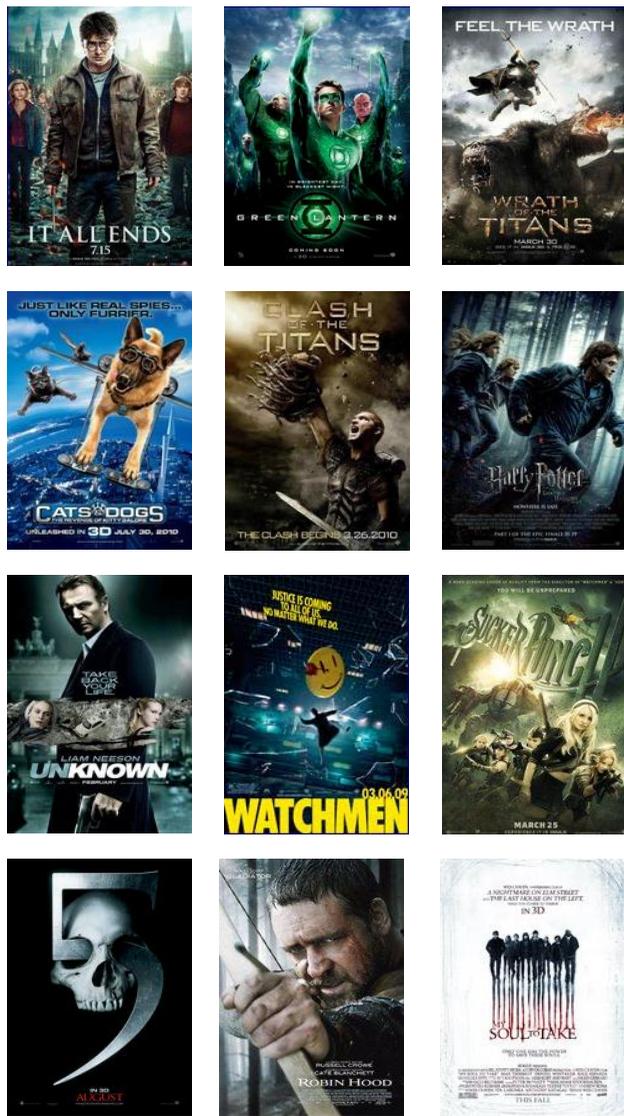
² Los Angeles Times, February 2011

³ "Hollywood bets heavily on razzle-dazzle action and effects" Los Angeles Times, April 27, 2012.

⁴ Futuresource

Prime Focus Works on Leading Hollywood Films

3D Conversion and VFX Work % by Studio – 2009 to 2012





CLEAR™

Managing The Business Of Content™



- ❖ PFT provides Managed Services around CLEAR delivering Multi-Platform Content Operations to the business
- ❖ Manage the business of content by increasing agility, unlocking new revenue streams, enabling creativity, cutting costs, and driving operational efficiencies - all delivered via a flexible business model.



CLEAR™

Not Just The World's First, The World's Most Established Hybrid Cloud Platform

- ❖ Manages over 180,000 hours of content
- ❖ Manages over 1,200 Feature Archive Content
- ❖ Manages over 40,500 new episodes of TV content every year
- ❖ Manages 10 Features Production Content at any one time
- ❖ Facilitates Syndication & VoD fulfillment of 5 million files every year
- ❖ Provides 10,500 hours of subtitling for TV & Film content every year

CLEAR™

The Spectrum of Services to Choose From

Digitization:

- Bulk Digitization
- Film & Video

Meta Data Services:

- Meta Data creation
- Meta Data enrichment
- Meta Data QC

Content Localization:

- Subtitling Services
- Dubbing

Content Preparation:

- Quality Check
- Mastering
- Restoration
- Standards Conversion
- Compliance Editing

Cloud Infrastructure and Application Services

- CLEAR Enterprise Platform as a Service on the Cloud
- Digital Archiving
- Transcoding on the Cloud

Content Packaging and Editorial Services:

- Editorial Services for long form content
- VFX & Graphic Services
- On-Air Promotion Production
- Multi platform short form Content Production
- Launch Promotions for Programs

Content Delivery

E2E Turnkey Process Outsourcing

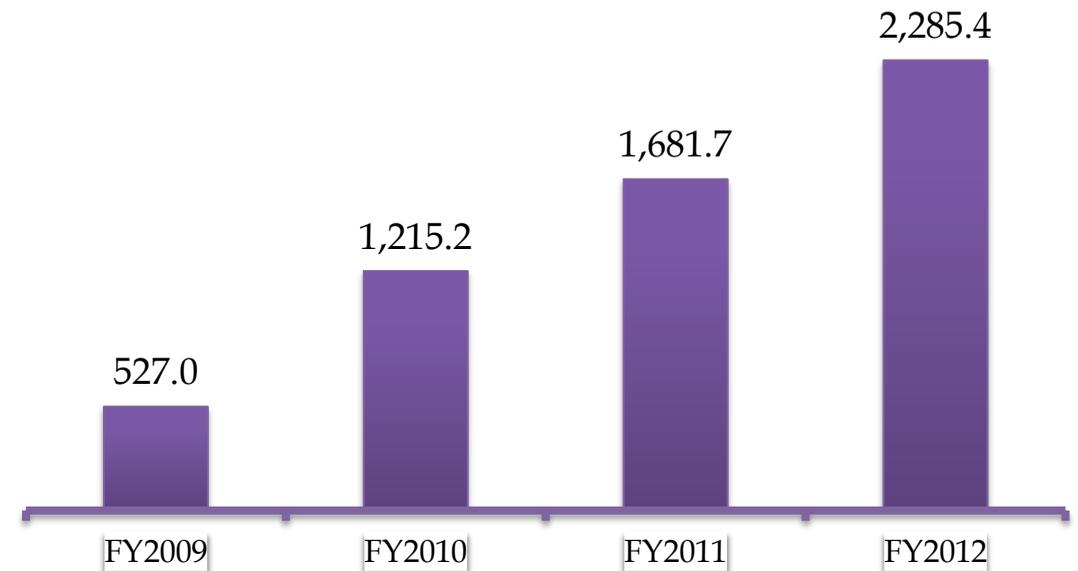


Historical Financial Highlights

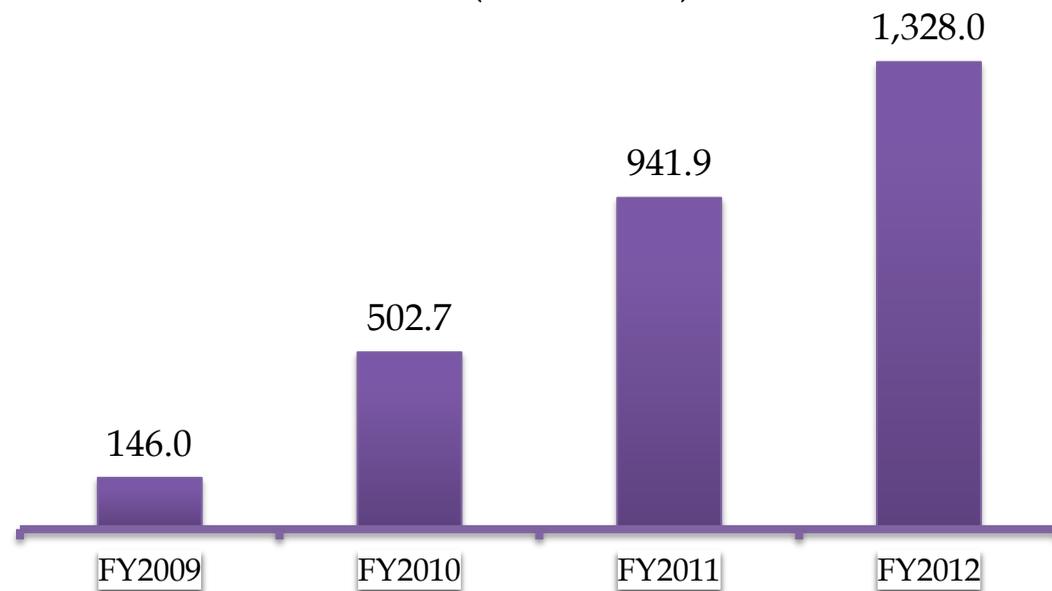
Revenues (Rs. Million)



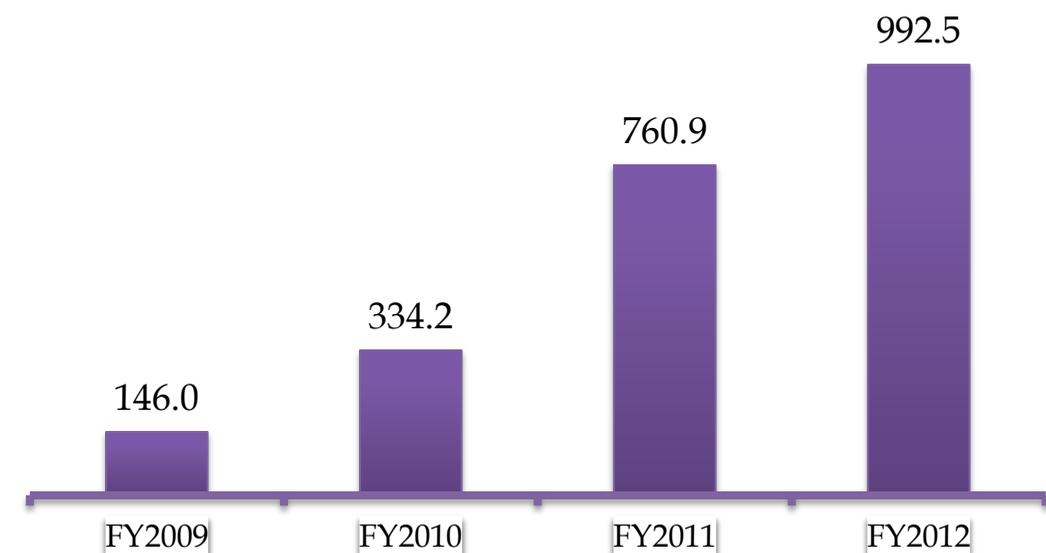
EBITDA (Rs. Million)



PBT (Rs. Million)



PAT (Rs. Million)





About Prime Focus Limited (PFL):

Prime Focus (BSE code: 532748, NSE: PFOCUS, ISIN: INE367G01038) is a global visual entertainment services group that provides creative and technical services to the film, broadcast, and advertising market. The group offers a genuine end-to-end solution from pre-production to final delivery – including visual effects, 2D to 3D conversion, video and audio post production, equipment hire, multi-platform content operations solutions and digital distribution.

Prime Focus employs 4,500 people with state-of-the-art facilities throughout the key markets of North America, UK and India. Using its 'Worldsourcing' business model, Prime Focus provides a network that combines global cost advantages, resources and talent pool with strong relationships and a deep understanding of the local markets.

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