



# PRIME FOCUS LIMITED

Q4 FY'14 Investor Presentation



## Safe Harbor

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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.

# Agenda

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## **Q4 & 12 M FY'14\* Performance**

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| ▪ Financial performance | <b>06</b> |
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## **Company Overview**

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## **Annexure**

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| ▪ Corporate structure  | <b>32</b> |
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\* Current financial year has been extended to 15 months

## Q4 & 12M FY'14 Performance



## Q4' FY14 Highlights:

### Spins a bigger web with PFT-DAX, 3D services for “The Amazing Spiderman 2”

#### ▪ New businesses deliver blockbuster performance

- Revenues from new businesses up 21% YoY in Q4'FY14 and 25% YoY in 12M FY14; 79% revenue share in 12M'FY14
- EBITDA from new businesses up **37%** YoY in 12M'FY14
- After achieving global acclaim for Gravity, PFW further strengthens its position as leading 3D service provider with The Amazing Spiderman 2, Noah and Iceman
- Consolidates position in Hollywood VFX through Sin City 2



PFW's Founder and CEO Namit Malhotra is the first Indian to be nominated to International 3D Society's Board of Governors

#### ▪ PFT expands global footprint with DAX acquisition

- Strategic expansion into North America with acquisition of DAX – owner of Emmy winner Digital Dailies solution
- Signs deal with South Africa's largest broadcaster, for cloud media services



Prime Focus India wins FICCI BAF awards for work done in TV series 24, Lego Animation series and movie White House Down (nomination)

#### ▪ New product launches to drive non-linear growth

- DAX BOX , a DVR-like device to stream HD content
- CLEAR Production Hub, a cloud application that fosters automation of production pipeline
- DAX Mobile for iPhone, an iDailies® service for iPhone app available for TV and Feature content producers

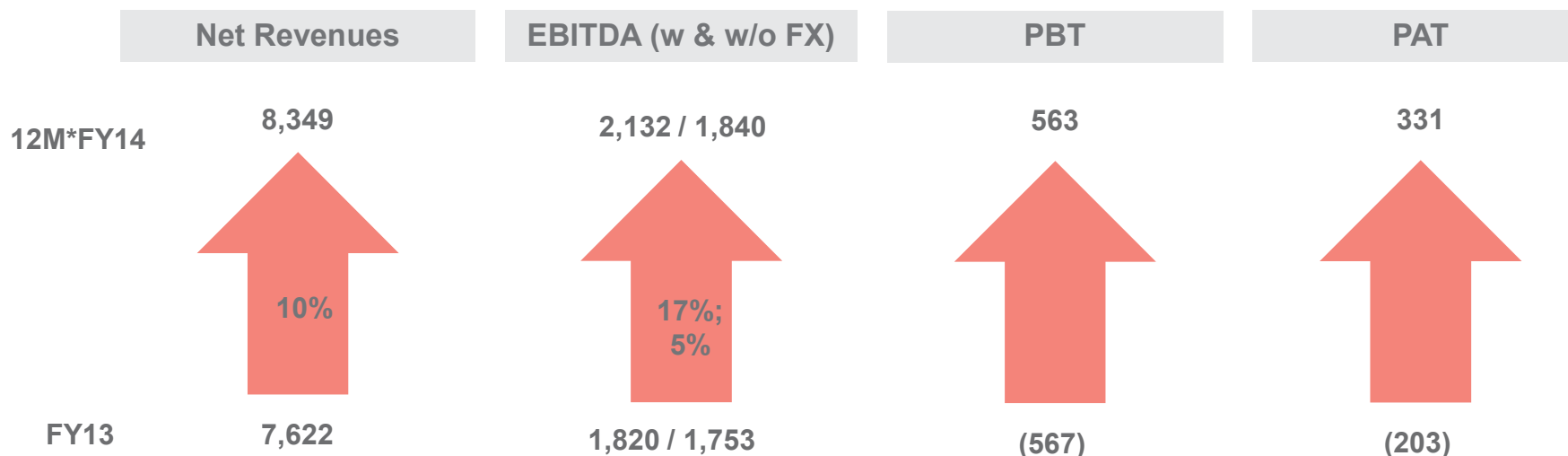


PFT restored Associated Press Archive Digitisation wins Focal International Award 2014.

#### ▪ PFW opens new facility in Goa, expands Mumbai facility adding capabilities to cater VFX out of India

# 12M' FY14\*: Growth driven by new businesses

Figures in Rs Million; Consolidated financials

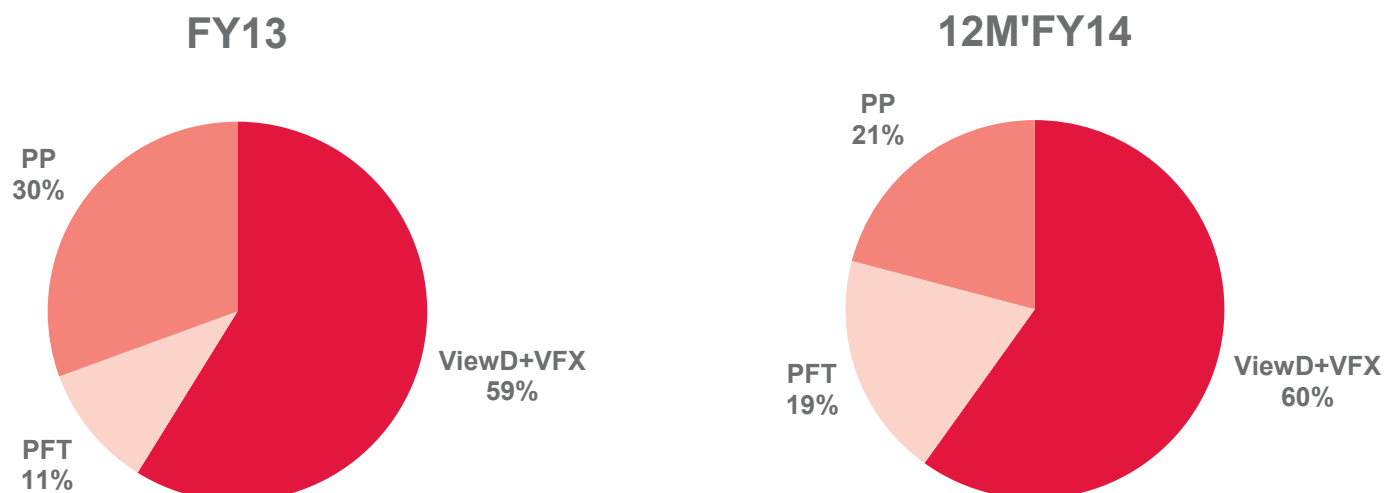


- Net revenues up 10% YoY at Rs 8,349mn in 12M FY14 driven by 98% YoY growth in Prime Focus Technologies (PFT) and 12% YoY growth in 2D-3D+VFX.
- EBITDA up 17% YoY at Rs 2,132mn. EBITDA margin of 25.5%
  - EBITDA ex FX for the period at Rs 1,840mn, up 5% YoY with margin of 22.0%
- PBT at Rs 563mn as compared to loss of Rs 567mn in 12M'FY13. PBT margin at 7%
- PAT at Rs 331mn as compared to loss of Rs 203mn in 12M 'FY13. PAT margin at 4%
  - Includes a Non Cash Deferred Tax charge of ~Rs.180mn

\* Current financial year has been extended to 15 months

## Revenue share of new businesses up from 69% to 79%

- Share of value added new businesses (PFT and ViewD+VFX) increase from 69% in FY13 to 79% in 12M FY14



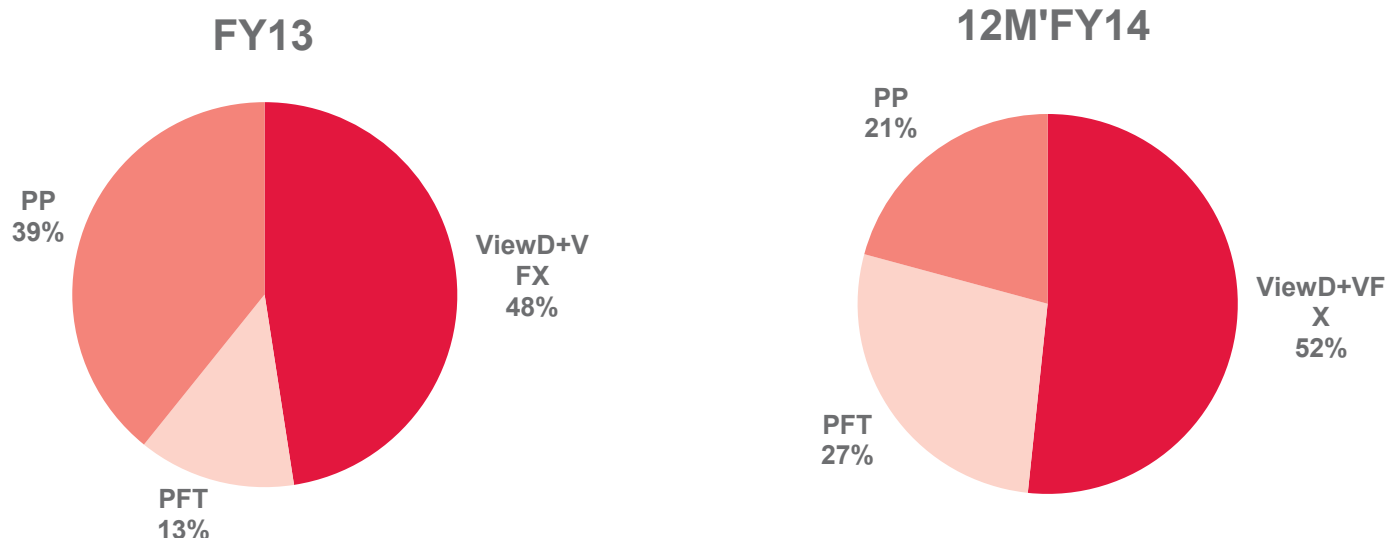
View D is 2D to 3D Conversion

PP includes post production, DI and equipment rental businesses for domestic M&E industry

\* Current financial year has been extended to 15 months

## EBITDA share of new businesses up from 61% to 79%

- Share of value added new businesses (PFT and ViewD+VFX) in EBITDA increase from 61% in FY13 to 79% in 12M FY14
- Including the Backend, View D+VFX EBITDA margins are higher by ~6-7%



View D is 2D to 3D Conversion

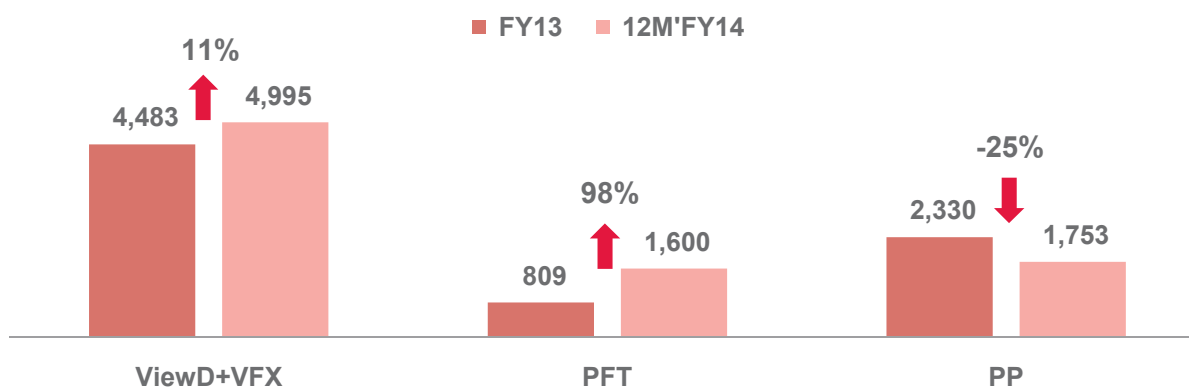
PP includes post production, DI and equipment rental businesses for domestic M&E industry

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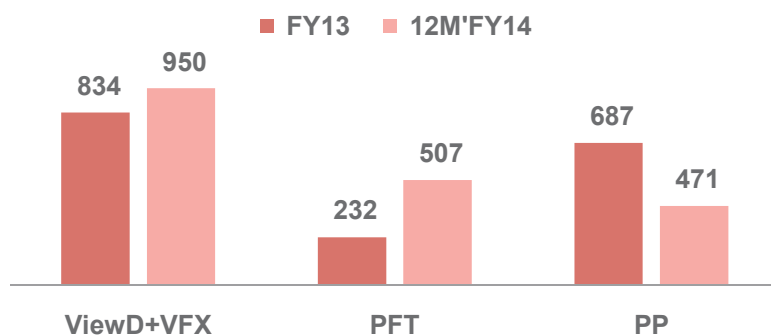
# Segmental Analysis 12MFY14: Robust growth in new businesses

Figures in Rs Million; Consolidated financials

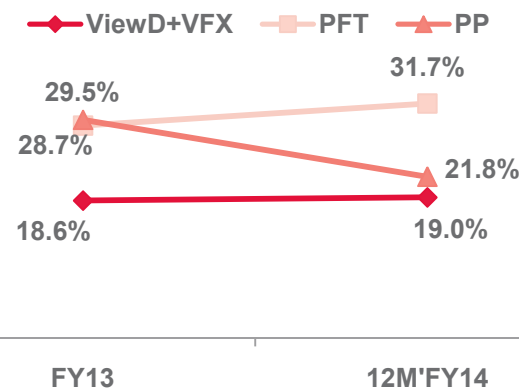
## Segment-wise revenues



## Segment-wise EBITDA




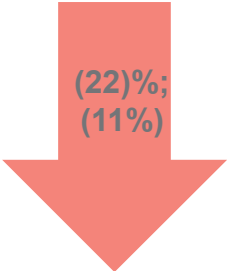
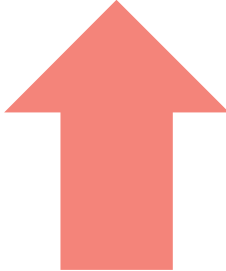
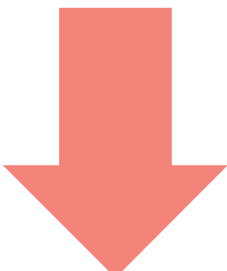
## Segment-wise EBITDA Margins



\* Current financial year has been extended to 15 months

## Q4' FY14: Revenues up by 20% YoY

Figures in Rs Million; Consolidated financials

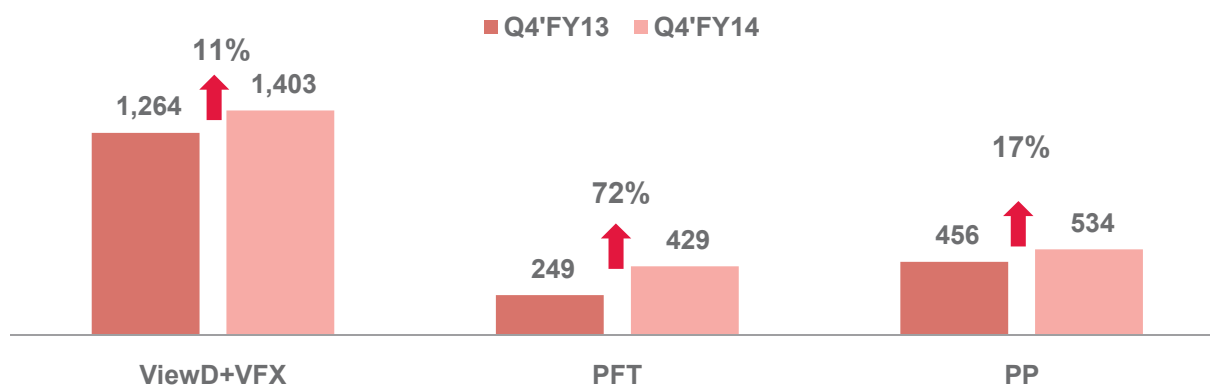
	Net Revenues	EBITDA (w & w/o FX)	PBT	PAT
Q4FY14	2,366	424 / 514	9	(72)
				
Q4FY13	1,969	547 / 577	(150)	124

- Net revenues up 20% YoY at Rs 2,366mn in Q4FY14 driven by growth in all businesses
- EBITDA at Rs 424mn with EBITDA margin of 17.9%
  - EBITDA ex FX for the quarter at Rs 514mn with margin of 21.7%
  - Expansion of capacity in PFW at Vancouver (Canada), Goa and Mumbai has temporary impact on margin; added ability to offer part of cutting edge VFX services out of India
- PBT of Rs 9mn as compared to loss of Rs 150mn in the previous period
- Loss of Rs 72mn for the quarter compared to Rs 124mn PAT in Q4FY13
  - On account of Non Cash reversal of Deferred Tax amounting to Rs 72.7mn

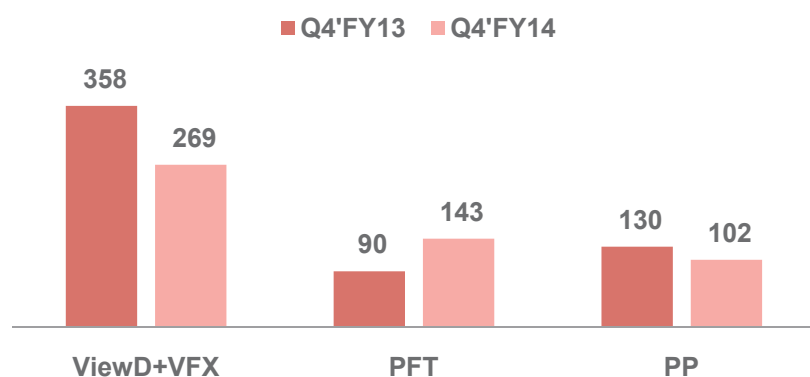
# Segmental Analysis Q4FY14: Revenue up in all businesses

Figures in Rs Million; Consolidated financials

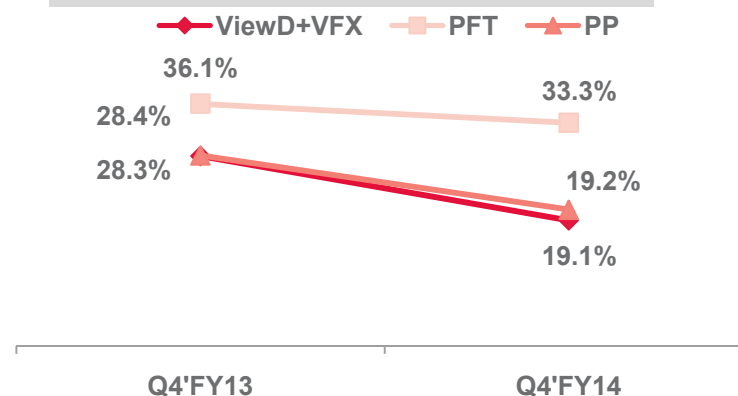
## Segment-wise revenues



## Segment-wise EBITDA



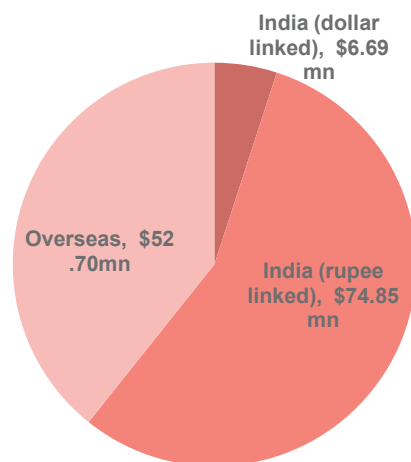
## Segment-wise EBITDA Margins



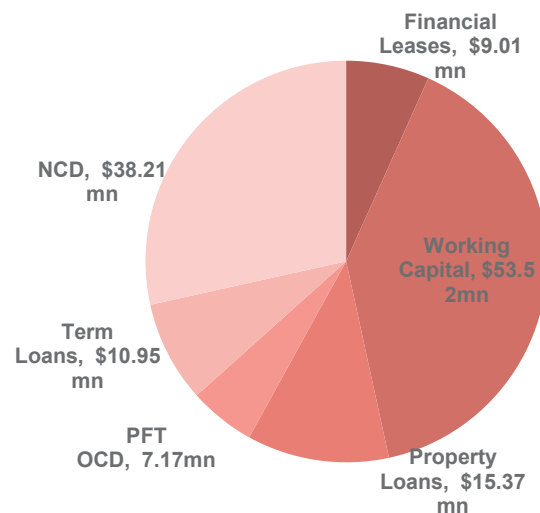
# Debt profile

- Consolidated debt of \$134.2mn (Rs 8,021.6mn) in March 2014 compared to \$120.8mn (Rs 7,459.3mn) in December 2013 largely due to PFT optionally convertible debentures (OCDs) issue that closed on 31<sup>st</sup> March
- During the quarter, company repaid ~ Rs 102mn of term loans / buyers credits (essentially term liabilities) and has taken ~ Rs 160mn of fresh leases, which reflect the lower cost and substantially better terms of debt financing

**Geographical break-up of debt (\$mn)**



**Debt Composition (\$mn)**



**Consolidated debt - \$134.2mn (Rs 8,021.6mn)**

**\$1 = Rs 59.76**

\* Current financial year has been extended to 15 months

# Key projects delivered in the last quarter

## Hollywood



**The Amazing Spiderman 2**  
(3D Conversion)



**Noah**  
(3D  
Conversion, Exc  
lusive)



**Iceman 3D**  
(3D Conversion)



**Indigenous**  
(VFX)

## Bollywood



**Jai Ho**  
(VFX, DI, Camera)



**Gunday**  
(DI)



**Bewkoofiyaan**  
(DI)

## TVCs



## PFW - Ongoing announced projects - Hollywood



**Sin City: A Dame to Kill For** (2500+ shots, VFX & 3D Conversion, Exclusive Partner)



**Into the Storm**  
Warner Brothers  
(VFX)



**Transformers: Age of Extinction**  
(3D Conversion)



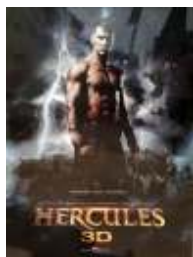
**Seventh Son**  
(1700+ shots, 3D Conversion, Exclusive Partner & additional VFX provider)



**Maleficent**  
(3D Conversion)



**The Gunman**  
(VFX, Exclusive Partner)



**Hercules** (VFX)



**Edge of Tomorrow**  
(3D Conversion, Exclusive)



**Earth to Echo** (VFX)

## Upcoming projects and new wins - India



**Kochadaiyaan**  
(DI)



**Heropanti**  
(VFX, DI)



**Humshakals**  
(VFX, DI, Camera)



**Bang Bang**  
(VFX, DI)



**Phantom**  
(VFX, DI)



**The Villain**  
(VFX, DI)

## Mr. Namit Malhotra nominated in Board of Governors of International 3D society

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### PFW's Founder and CEO nominated to Board of Governors of International 3D Society

The International 3D & Advanced Imaging Society has announced its 2014-15 officers and Board of Governors. PFW's Founder and CEO Namit Malhotra becomes **the first Indian** to be elected as governors of the society.

<http://www.3dathome.org/about-management.aspx>

The International 3D & Advanced Imaging Society was founded by Global M&E industry's creative stakeholders, including The Walt Disney Studios Motion Pictures, DreamWorks Animation (DWA), Sony, Paramount, IMAX, Dolby, Panasonic, MasterImage and others to advance the creative arts and sciences of stereoscopic 3D and 4K. With chapters in the U.S., China, Japan, Canada, the E.U. and the U.K., the organization has more than 1,800 professional members in over 20 countries.

## Prime Focus partners FICCI FRAMES 2014

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### **Prime Focus Limited is session co-partner at FICCI FRAMES 2014**

PFL was the session co-partner at FICCI FRAMES 2014, Asia's largest media and entertainment industry conclave to co-present all tracks (Film, Broadcast, Digital) The event was held from March 12-14 in Mumbai.

- PFW's founder and global CEO Namit Malhotra delivered the keynote address. Ramki Sankaranarayanan, CEO, PFL and Founder, President & CEO of PFT, and Merzin Tavaría, Chief Creative Director and Co-Founder, Prime Focus also shared insights at the event
- Ramki Sankaranarayanan's guest editorial on 'Digital Transformation in Broadcasting' featured in FICCI KPMG Report 2014
- PFW also conducted Stereo 3D and VFX master classes by Justin Jones, Senior Stereo Supervisor (known for his work on Avatar, Star Wars, Transformers and Shrek) at the event

## Prime Focus India wins FICCI-BAF awards

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Prime Focus India won new accolades for its creative services at the prestigious FICCI BAF (Best Animated Frames) awards for 2014

- FICCI BAF Award'14 for 24 series - **Best TV Series (India)**
- FICCI BAF Award'14 for Lego Animation Series - **Best Animation TV Series (International)**
- FICCI BAF Award'14 (Nomination) for White House Down - **Best VFX Feature Film (International)**

This year's BAF edition received over 300 entries from around the globe that included India, USA, UK, France, Australia, China, Pakistan, Ukraine, Germany, and many more countries



# PFT - Strategic expansion in North America with acquisition of DAX

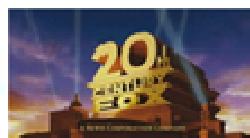
## Company Overview

- DAX is the provider of production workflow and media asset management applications and services to the entertainment industry
- Designed to maximize efficiencies throughout the content creation lifecycle
- DAX enables secure exchange, collaboration, approvals and distribution of work-in-progress materials - from concept development through final delivery
- DAX has 2 patents including Primetime Emmy award winning Digital Dailies® solution which is de-facto industry standard in television production



**A Primetime Emmy  
was awarded to DAX  
for Digital Dailies®**

## Marquee Clients



## Investment Rationale

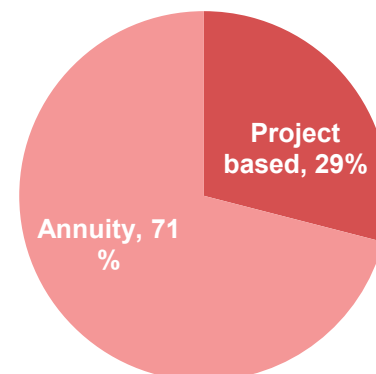
- Fuels PFT's market penetration in the North America
- Upsell CLEAR & PFT Digital Content Services to existing DAX Clients
- DAX has 60+ customers
- DAX has two patents
- ~28,000 Production Community Users

# PFT – On accelerated growth path with new wins

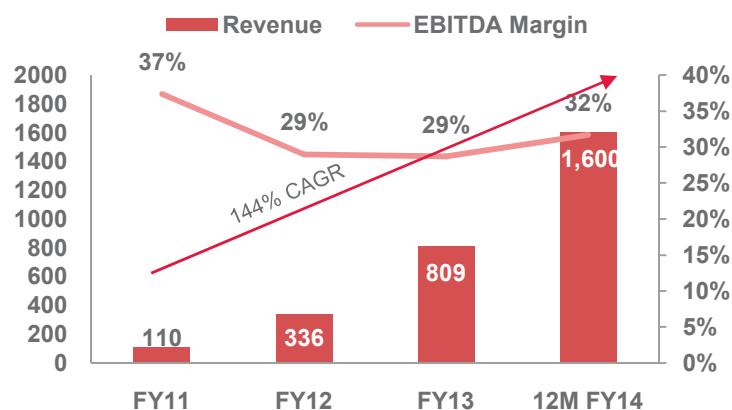
## Quarter highlights:

- Signs \$1.2mn deal with South Africa's largest broadcaster, for cloud media services
- Chosen as content packaging and workflow automation partner for Aamir Khan Productions' Satyamev Jayate
- Largest global Multi-channel network (MCN) selects PFT for publishing content using the Media services Cloud Platform

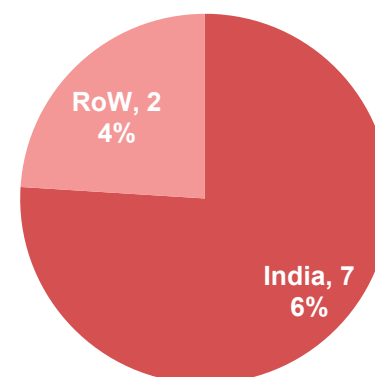
## Revenue by contract type 12M FY14



## Sustained growth with +30% margins



## Revenue by geography 12M FY14



## PFT restored Associated Press Archive Digitisation wins Focal International Award 2014

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### **PFT designed workflow helps AP Archive win Focal International Award for Digitisation project spanning 2 years and 2 countries**

AP Archive, the film and video archive of The Associated Press won a 2014 Focal International Award in the “Best Archive Restoration/ Preservation Category”. The project involved digitisation of AP’s vast film and videotape assets (~90% of total archive) to the highest specifications. The project took 2 years to complete and was steered from AP’s London office.

A logistically complex process, Prime Focus Technologies created a sophisticated workflow involving teams in London and Bangalore, India.



## Chairman Mr. Naresh Malhotra gets Dadasaheb Phalke Award

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Mr. Naresh Malhotra, Chairman of Prime Focus, received the prestigious and much coveted Dadasaheb Phalke Award this year, for his immense contribution to, and excellence in the video and films industry. He was honoured at a ceremony held in Mumbai, where Hon'ble Governor of Maharashtra, K. Sankaranarayanan, was the chief guest.

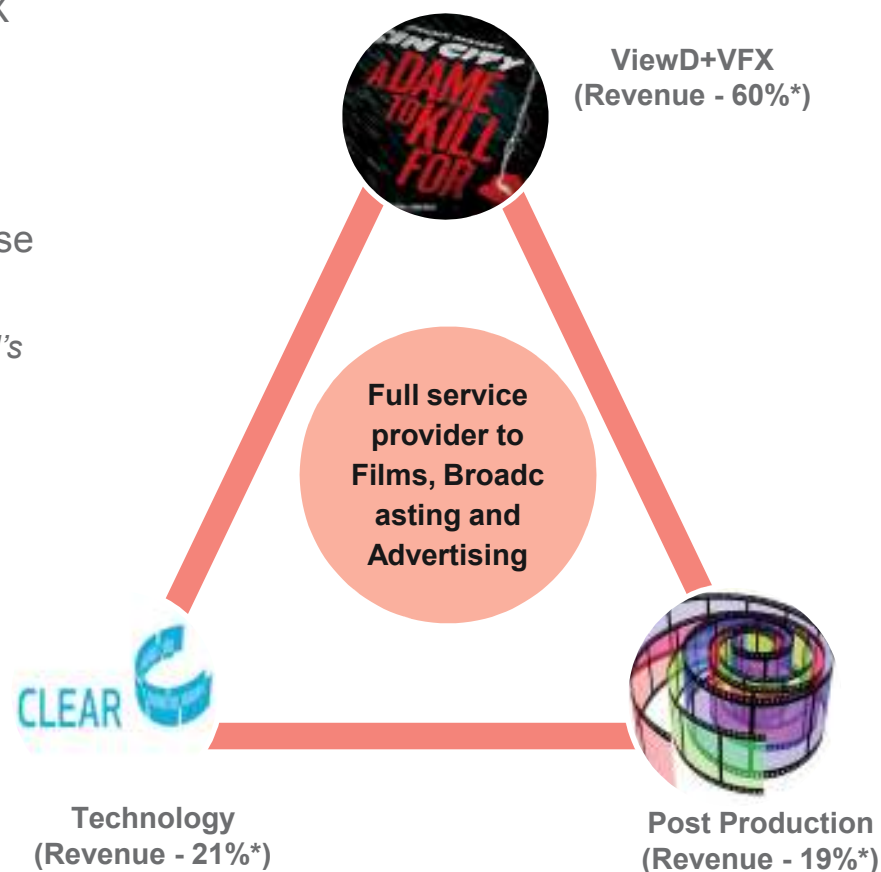
# Company Overview



# Leading Indian 'Media & Technology' MNC

## ◆ Only integrated player offering full bouquet of creative and technology-based services

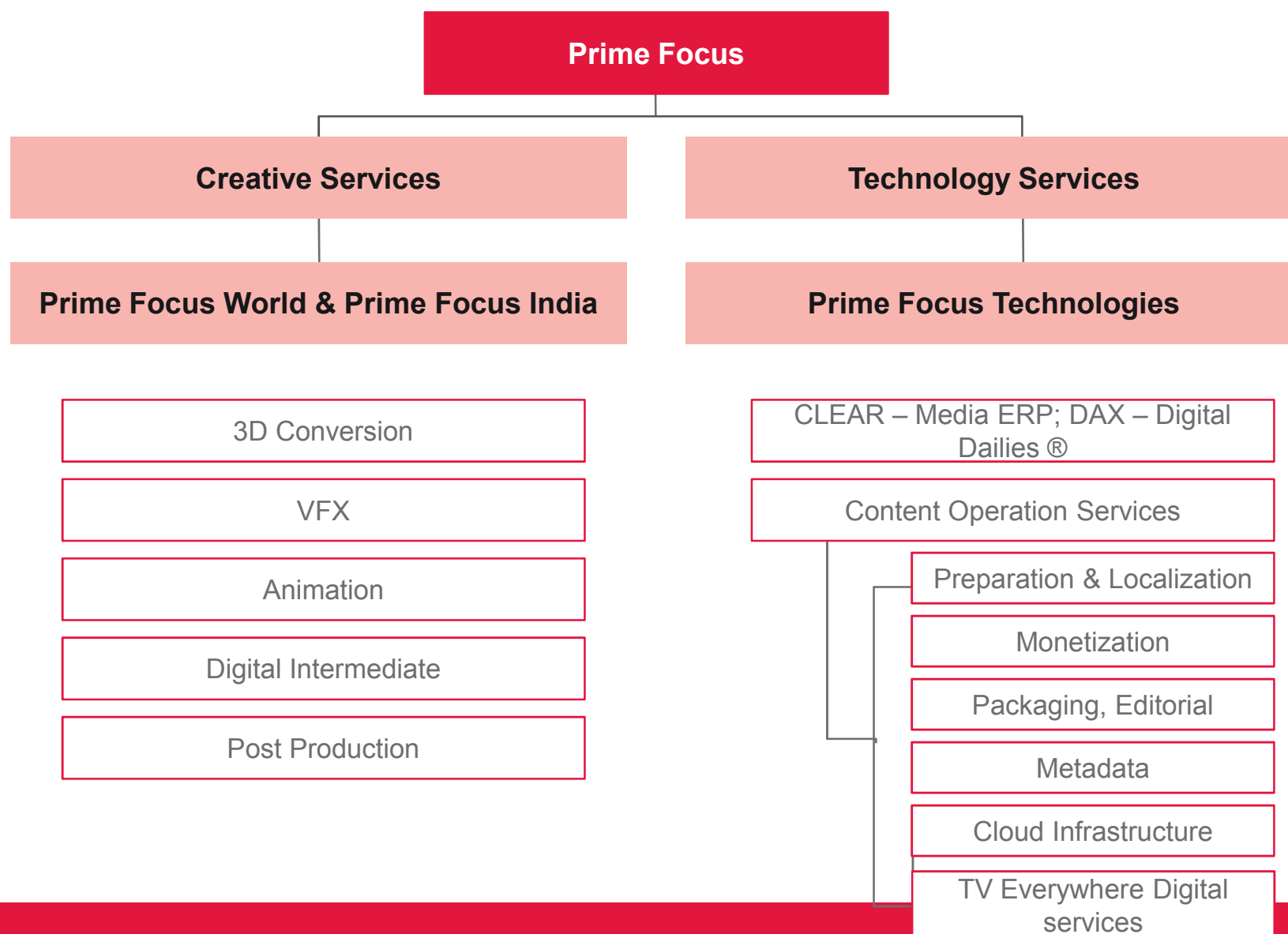
- **World leader in creative services** (3D conversion, VFX and post production)
  - ~30% global market share in 3D conversion
  - Established leadership in post production services in India
- **Technology USP:** PFT offers unique blend of IT expertise & decades of M&E industry insights
  - Pioneered ERP solutions for M&E industry with CLEAR, world's first and most established cloud based Media ERP platform
- **Global operations**
  - Over 80% revenue from overseas markets
  - Global network of 14 cities across 4 continents
- **Robust Growth:** CAGR (FY11-12MFY14) of 18% in revenues
- **Marquee investors** including Standard Chartered PE, Macquarie and AID Partners



\*Revenue share is for 12MFY14

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# Offering a full bouquet of Creative and Technology services



# With marquee clientele across the globe

## Creative services

Leading Hollywood and Bollywood studios



## Technology services

Leading broadcasters, studios, brands, sports and digital businesses



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# Partnered top grossers in Hollywood, Bollywood, hit ad campaigns

## Hollywood blockbusters



**Gravity**  
Exclusive 3D  
Conversion Partner  
Over \$600mn box  
office collections; 12  
Academy Award  
nominations 2014



**Avatar**  
VFX; Additional 3D  
Conversion  
Highest all time  
grossing movie; won 3  
Academy Awards  
including for best VFX



**The Great Gatsby**  
VFX;  
Additional 3D  
Over \$300mn box  
office collections



**World War Z**  
Exclusive 3D  
Conversion Partner  
Over \$500mn box  
office collections



**MIB 3**  
Exclusive 3D  
Conversion; VFX  
Over \$600mn  
box office collections



**Star Wars Episode 1** 3D  
Exclusive 3D Conversion  
Partner  
Over \$400mn  
box office collections

## 100+ Bollywood movies

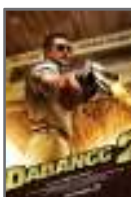
(last 5 years)



**Dhoom 3**  
DI  
First Indian film to  
cross Rs 5bn box  
office collections



**My name is Khan**  
DI  
Grossed over  
Rs 2.5bn worldwide



**Dabangg 2**  
VFX  
Grossed over  
Rs 1bn



**Ra One**  
3D Conversion; DI  
Converted over  
4,400 shots to 3D

## Award winning TVCs



**Google Chrome 3D  
BBH**  
First-of-its-kind 3D  
advertisement for India

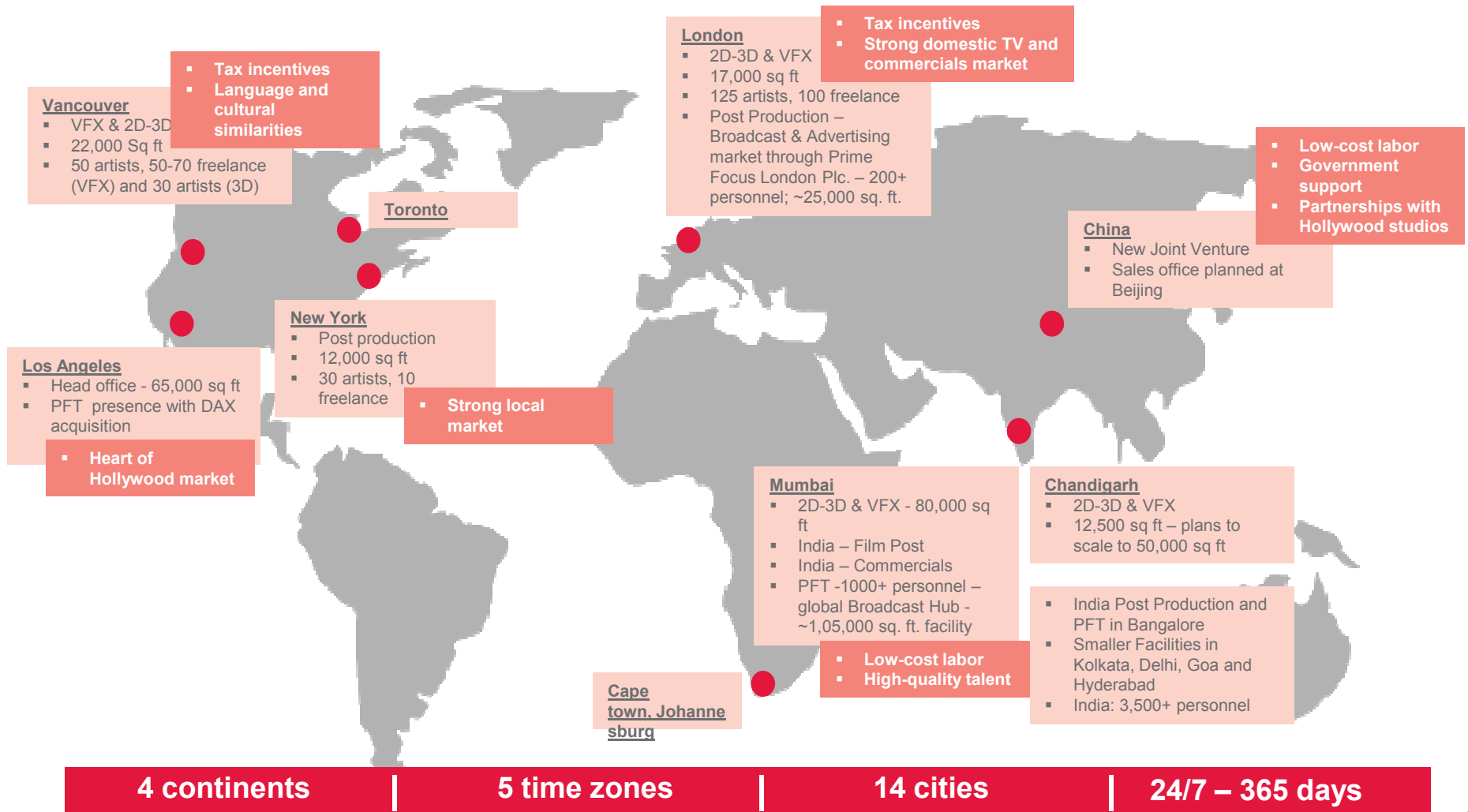


**Mumbai Mirror 'I am Mumbai'**  
Taproot  
Won Gold Lion at 2012 Cannes Lions  
International Festival of Creativity



**Nike "Mean Streets"**  
JWT  
Silver at the Asian Marketing  
Effectiveness Awards

# Effective, profitable model spanning geographies



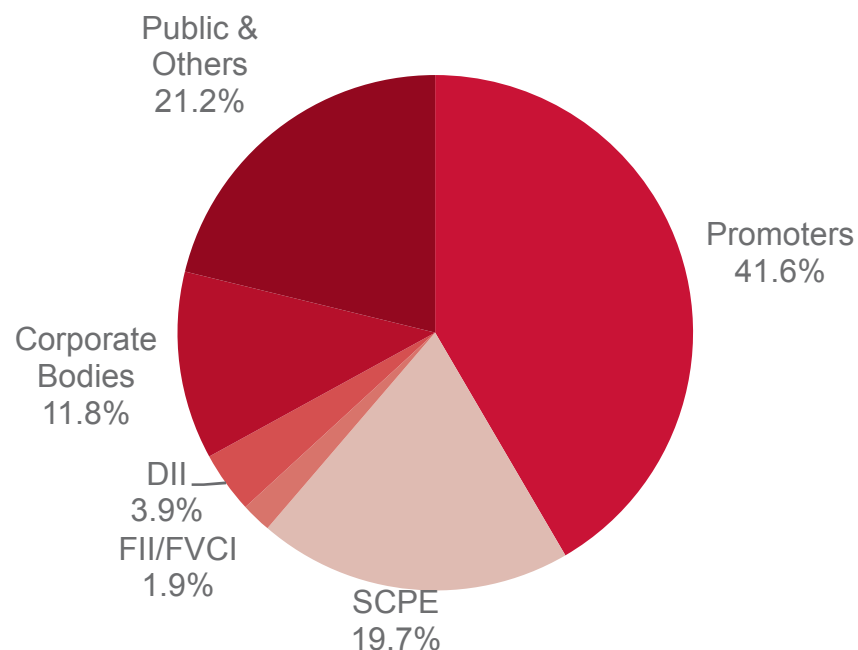
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# Annexure



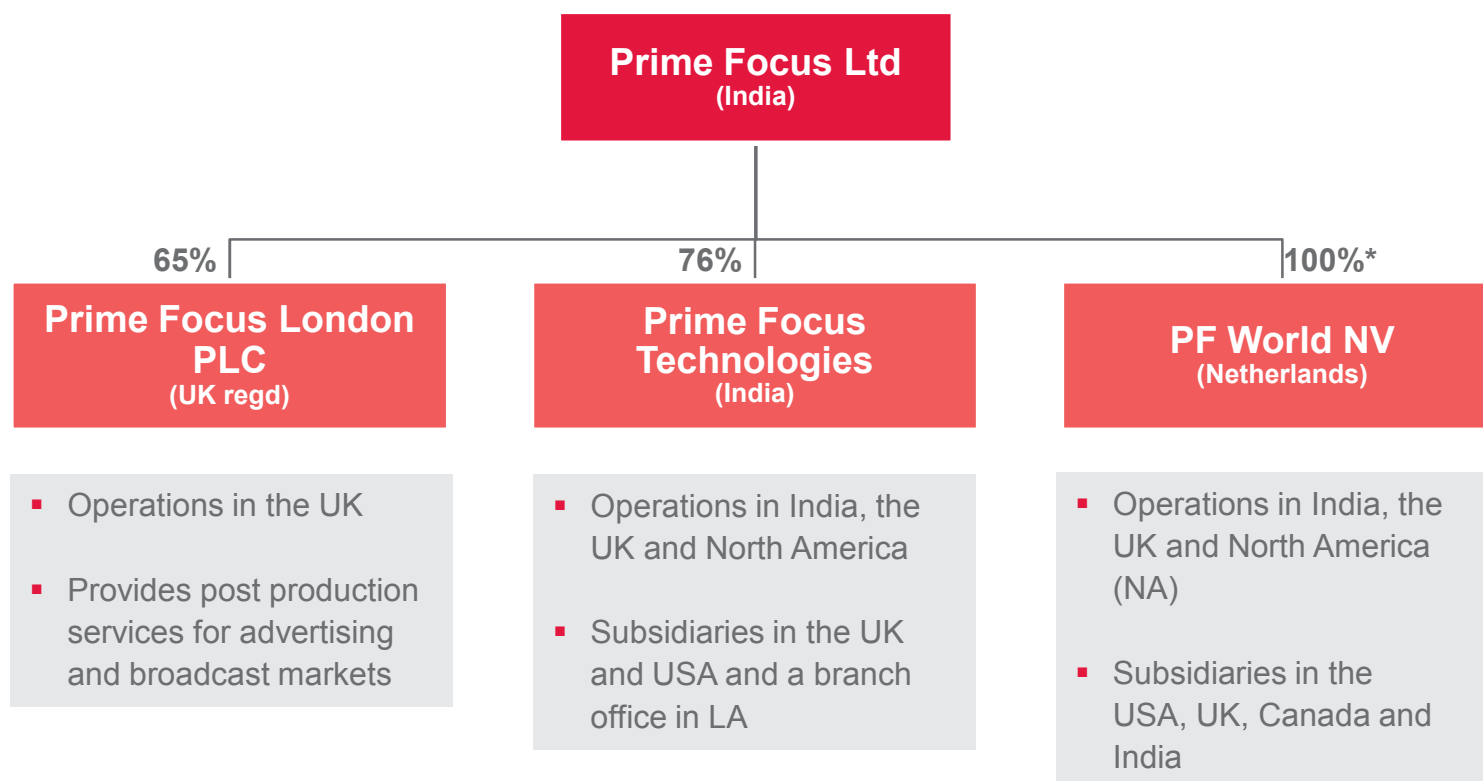
# Shareholding pattern

As on 31<sup>st</sup> March 2014  
Outstanding shares – 18.5 mn



Major Non-Promoter Shareholders	% shareholding
Standard Chartered PE	19.7%
Rakesh Jhunjunwala	6.1%
Top Class Capital Markets Pvt Ltd	4.5%
ICICI Prudential Dynamic Plan	3.8%
Globe Fincap Ltd	1.0%

# Corporate structure



\*At fully diluted – 80%

# Consolidated Profit & Loss Statement

Particulars (Rs mn)	Q4 FY'14	Q4 FY'13	Q3 FY'14	% Chg YoY	% Chg QoQ	12M FY'14	12M FY'13	% Chg YoY
<b>Net sales / income from operations</b>	<b>2,366.0</b>	<b>1,969.0</b>	<b>2,136.8</b>	<b>20.2%</b>	<b>10.7%</b>	<b>8,348.9</b>	<b>7,621.6</b>	<b>9.5%</b>
<b>Total Expenditure</b>	<b>1,852.2</b>	<b>1,391.75</b>	<b>1,688.8</b>	<b>33.1%</b>	<b>9.7%</b>	<b>6,508.8</b>	<b>5,868.7</b>	<b>10.9%</b>
Personnel Cost (including technician fees)	1,149.7	873.0	1,050.9	31.7%	9.4%	4,099.2	3,755.0	9.2%
Other Expenditure	702.5	518.8	638.0	35.4%	10.1%	2,409.6	2,113.7	14.0%
<b>EBITDA</b>	<b>513.8</b>	<b>577.2</b>	<b>447.9</b>	<b>-11.0%</b>	<b>14.7%</b>	<b>1,840.1</b>	<b>1,752.9</b>	<b>5.0%</b>
Foreign exchange gain/(loss)	(90.2)	(30.1)	38.0	-	-	292.1	67.5	-
<b>EBITDA (including Exch. Gain (net))</b>	<b>423.6</b>	<b>547.1</b>	<b>486.0</b>	<b>-23%</b>	<b>-12.8%</b>	<b>2,132.2</b>	<b>1,820.4</b>	<b>17.1%</b>
Depreciation & amortization	276.8	353.3	251.7	-21.6%	10.0%	1,037.6	998.9	3.9%
<b>EBIT</b>	<b>146.8</b>	<b>193.9</b>	<b>234.3</b>	<b>-24.3%</b>	<b>-37.3%</b>	<b>1,094.6</b>	<b>821.6</b>	<b>33.2%</b>
Interest & Finance charges	107.6	109.4	162.8	-1.7%	-33.9%	511.8	418.3	22.4%
Other income	(21.7)	19.3	19.2	-	-	65.8	106.6	-28.1%
Exceptional Items- Expenditure/ (Income)	8.3	253.8	1.2	-	-	85.9	1,076.6	-
<b>PBT</b>	<b>9.2</b>	<b>(150.0)</b>	<b>89.4</b>	<b>-</b>	<b>-89.7%</b>	<b>562.7</b>	<b>(566.7)</b>	<b>-</b>
Tax Expense	93.0	(286.1)	9.3	-	-	232.3	(398.2)	-
Minority Interest	(12.2)	11.7	(23.2)	-	-	(0.8)	34.6	-
<b>PAT</b>	<b>(71.6)</b>	<b>124.4</b>	<b>103.3</b>	<b>-</b>	<b>-</b>	<b>331.2</b>	<b>(203.1)</b>	<b>-</b>

Key Ratios	Q4 FY'14	Q4 FY'13	Q3 FY'14	12M FY'14	12M FY'13
EBITDA Margin	21.7%	29.3%	21.0%	22.0%	23.0%
EBITDA (including forex) Margin	17.9%	27.8%	22.7%	25.5%	23.9%
Net Margin	-3.0%	6.3%	4.8%	4.0%	-2.7%
Total Expenditure/ Revenues	78.3%	70.7%	79.0%	78.0%	77.0%
Personnel Cost/ Total Operating Income	48.6%	44.3%	49.2%	49.1%	49.3%
Other Expenditure/ Total Operating Income	29.7%	26.3%	29.9%	28.9%	27.7%

\* Current financial year has been extended to 15 months

# About Us

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Prime Focus Limited, a global leader in media and entertainment industry services employs over 4,300 professionals in 11 cities across 3 continents and 5 time zones. We provide end-to-end creative and technical services including visual effects, stereo 3D conversion, video/audio post-production, digital content management and distribution, Digital Intermediate, versioning and adaptation, and equipment rental to the Film, Broadcast, Advertising and Media industries. Prime Focus is also behind path breaking technologies like CLEAR™ (Hybrid Cloud technology enabled Media ERP platform) and View-D™ (stereoscopic 2D to 3D conversion). Leveraging our Global Digital Pipeline and pioneering delivery model WorldSourcing® we partner content creators at every stage of the process ensuring work flow efficiencies, cost optimization and creative enablement. Listed on the BSE and NSE of India, Prime Focus has operations in Los Angeles, New York, Vancouver, London, Johannesburg, Mumbai, Bangalore, Chandigarh, Delhi, Kolkata and Hyderabad.

**For more details,**

**[www.primefocusltd.com](http://www.primefocusltd.com) | [www.primefocusworld.com](http://www.primefocusworld.com) | [www.primefocustechnologies.com](http://www.primefocustechnologies.com)**

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## About Prime Focus Limited

Prime Focus Limited, a global leader in media and entertainment industry services employs over 4,300 professionals in 14 cities across 3 continents and 5 time zones. We provide end-to-end creative and technical services including visual effects, stereo 3D conversion, video/audio post-production, digital content management and distribution, Digital Intermediate, versioning and adaptation, and equipment rental to the Film, Broadcast, Advertising and Media industries. Prime Focus is also behind path breaking technologies like CLEAR™ (Hybrid Cloud technology enabled Media ERP platform) and View-D™ (stereoscopic 2D to 3D conversion). Leveraging our Global Digital Pipeline and pioneering delivery model WorldSourcing® we partner content creators at every stage of the process ensuring work flow efficiencies, cost optimization and creative enablement. Listed on the BSE and NSE of India, Prime Focus has operations in Los Angeles, New York, Vancouver, London, Johannesburg, Mumbai, Bangalore, Chandigarh, Delhi, Kolkata and Hyderabad.

For more details,

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