



Balaji Telefilms Ltd.

Balaji Telefilms Limited

Investor Presentation

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Balaji Telefilms Ltd Overview

Balaji Telefilms: Delightful and Innovative Entertainment



Balaji Telefilms was founded by **Ekta Kapoor** in 1994, who has triggered and influenced social change via her cult-like style of redefining contemporary relationships and dramatic story telling. A winner of many accolades, Ekta Kapoor is the Content Czarina of the country.

Today, Balaji Telefilms produced content, accounts for **16% of the Indian Primetime GEC viewership** and for over two decades has kept viewers glued to their **TV night after night**.

Balaji Motion Pictures has been **entertaining millions of cinema goers** with popular and cult movies creating a differentiated cinematic experience.

ALTBalaji is the Group's recent venture into **B2C entertainment** and is pioneering the **binge watch culture in India**, driven by **exclusive and original shows** developed for online audiences.

Creating Memorable Television Content For Decades



20,000+ Hours of Television content



Long – term Relationships with All major Indian broadcasters



Proven track record in creating content across genres and demographics

- ❑ Balaji Telefilms produced content has created a **daily television watching habit** among millions of viewers
- ❑ Balaji Telefilms shows **drive channel ratings** creating a major impact on channel rankings
- ❑ We are the only production house with a minimum of 3 fiction shows in the top 10 list since BARC ratings were implemented.
- ❑ Our market share is more than 2x the nearest and also more than #2 and #3 production houses combined.

The Media and Entertainment Marketplace In India

Indian M&E Sector On An Exponential Growth Trajectory

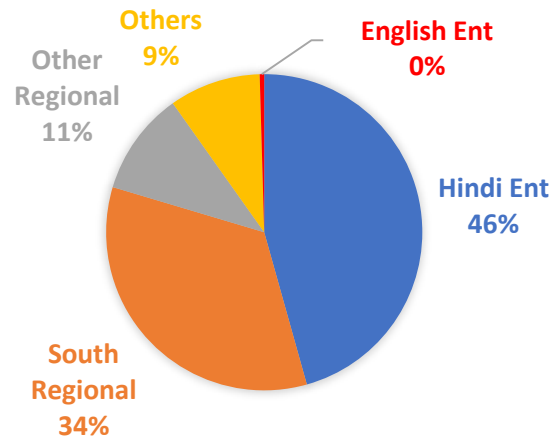


The M&E market in India is growing towards \$30bn in 2020, from \$10.5bn in 2011.



India is the 2nd largest TV market with 800 million TV viewers, only second to China

GENRE WISE VIEWERSHIP AVG (IN MN)



- ❑ For Many Years Indians have been entertained and enthralled by **Movies, Sports & Soaps.**
- ❑ Indian audiences prefer indigenous content – **Hindi (GEC + Movies) viewership is 100x more than English (Movies + Entertainment)**
- ❑ **Hindi Entertainment alone accounts for nearly 46% of all TV viewing**
- ❑ General Entertainment remains the **most efficient Return on Investment** in the Entertainment space

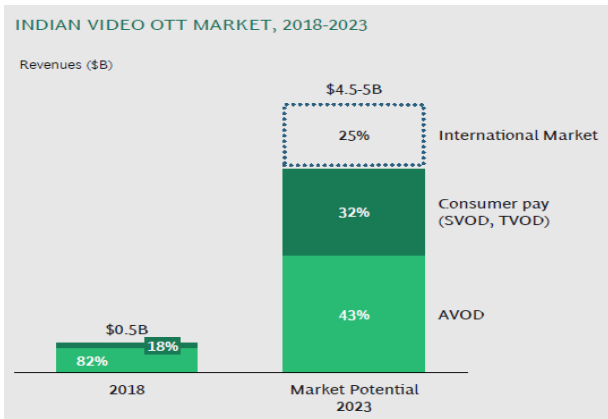
The Digital Entertainment Opportunity Is Real & Here



Data usage per user has gone up by 8 times within the past year



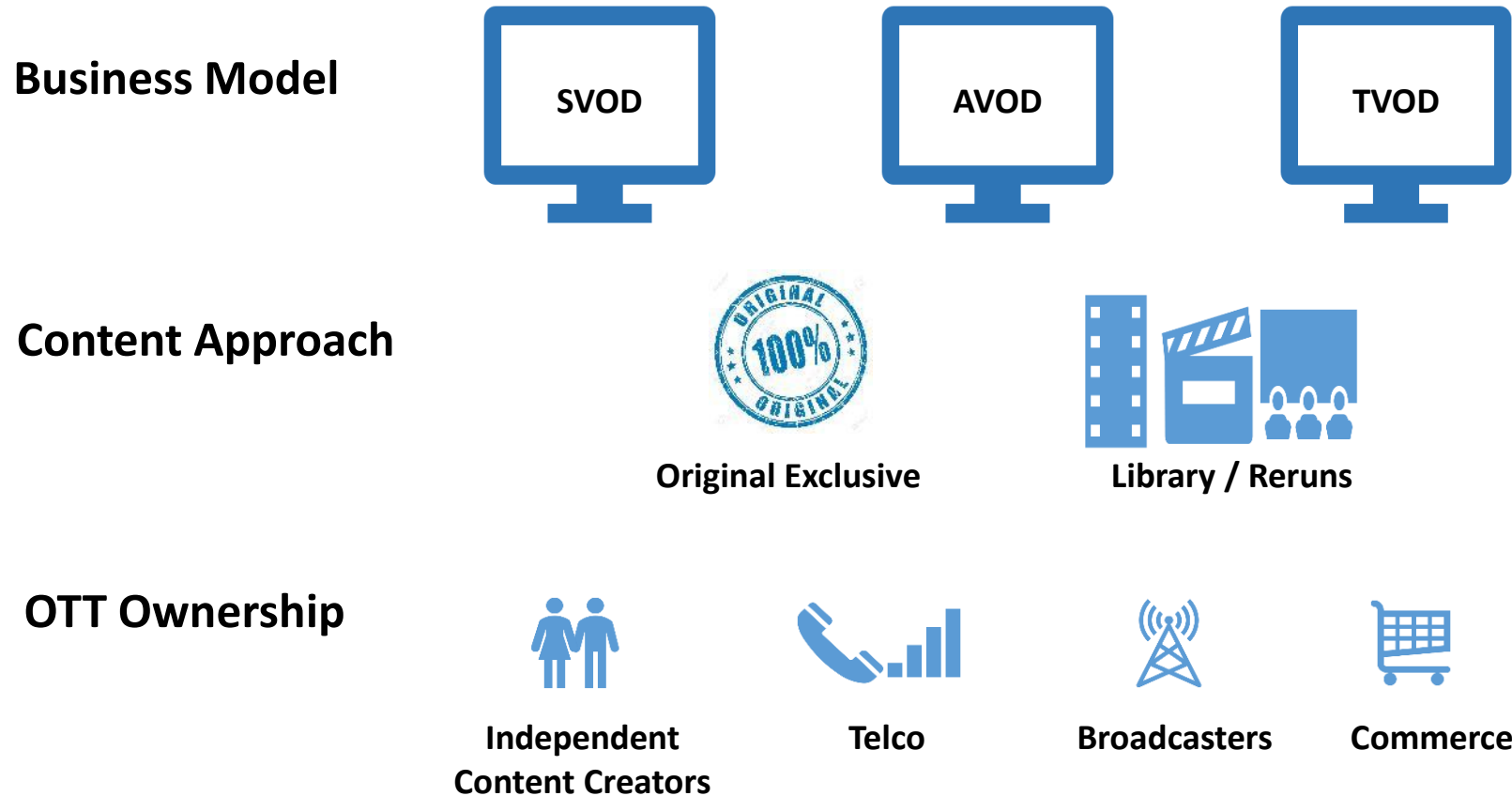
Video streaming covers 70% of data consumption on mobile



BCG estimates Indian OTT market to be a \$4.5bn to \$5bn in the next 5 years

- ❑ Mobile is the **go-to screen**. India will soon have **800 mn** new screens from under 400m
- ❑ **Individualization, Personalization and Polarization** of content, is creating the **'Second Screen' Addition**
- ❑ **Consumers willing to pay** for desired digital content.
- ❑ DTH has created the access for premium paid content (ARPU at **Rs 400/ pm (\$5 pm)**)
- ❑ Online **seamless payment ecosystem** allows for on the go purchase

Rapidly Growing Indian OTT Market led by changing consumer habits



ALTBalaji is driving India's SVOD habit - focused on original exclusive content

Fast Growing ALTBalaji

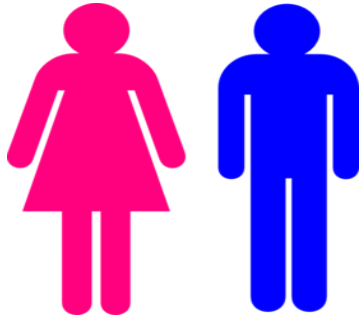
Loved By Indian Consumers

ALTBalaji Developing And Driving The SVOD Proposition

OUR VISION IS TO CREATE A BINGE VIEWING HABIT ACROSS INDIA & EMERGE AS A DOMINANT PLAYER IN THE INDIAN OTT MARKET

- ❑ **Simple penetrative pricing & multiple access** to develop and drive mass adoption
- ❑ ALTBalaji is available as a **direct B2C app** and also through various paid partners via a **B2B2C route**.
- ❑ High level user engagement– **average watch time of over 60 minutes a day**
- ❑ **Users from across India – Top 50 cities account for only 54% of users**

ALTBalaji Content Caters To Wide Range Of Audiences



OTT Skews Male

Women audience spent twice the time on female centric shows



Content library across genres & TG: **Core audience 18 - 34 years old across males & females.**



Rolling out 2 **original shows on a monthly basis – current library over 33* shows**

- ❑ **Unique experience of creating wide repertoire of content for over two decades**
- ❑ **Uniquely positioned to scale the craft and produce large volume, relevant, market changing content for mass consumption**
- ❑ **Bouquet of differentiated Content which caters to specific Target Groups and drives engagement for the digital audience.**
- ❑ **Distinctive ability to create hit content within Indian cost structures**

ALTBalaji Driving Audience Engagement Via Content Segmentation

Audience

Male

Female

Urban Premium :

Limited in number but high value premium consumers

Premium customers who appreciate “High quality Cinematic content”.



Urban Mass:

The heart of the OTT market, proven ability to pay regularly but will seek value

Desire for Stories not seen on other mediums
Politics, Thriller and Crime genre



Desire for Romance & Drama not seen on TV
Potential for OTT Dailies



Mass:

Large number of viewers will pay occasionally

Desire for Comedy, Saucy, Over - The-Top



ALTBalaji Receiving Awards & Accolades



ALTBalaji - #3 in Subscription OTT

2018 - Top Video Streaming Apps by Consumer Spend

Rank	India	US	China	UK
1	Netflix	Netflix	Tencent video	Netflix
2	Hotstar	Youtube	iQIYI	Youtube
3	BIGO LIVE	HBO NOW	Youku	ITV Player
4	Live.me	Hulu	Momo	DisneyLife
5	ALTBalaji	Youtube TV	ImgoTV	BIGO LIVE
	Non OTT			

Based on Grossing within the Entertainment Category on iOS and Google

- ❑ As per the latest App Annie State of Mobile Report **ALTBalaji ranked No.3 in the list of Top Video Streaming Apps by Consumer Spend.**
- ❑ **ALTBalaji average price is Rs 25 a month** vs others at Rs 100+ a month

ALTBalaji will continue to create value

1 Dominate the Hindi Originals marketplace

हिन्दी



3 Grow content offering

2 Direct Subscription Growth



4 International Expansion

Television From Strength To Strength

Our Television business accounts for nearly 16% of prime time ratings – industry leader by far



Extraordinary Together

- ❑ Built on **producing commissioned programming** for broadcasters over 25 years
- ❑ **Unmatched experience** in entertainment and a **proven ability** in gauging the pulse of masses
- ❑ **Exemplary track record** with a string of hit shows in Hindi and Regional television across sub segments of the Indian GEC space
- ❑ Serials broadcast **across all channels** and well **established relationship with talent**
- ❑ Our shows are an **integral part** of India's socio-cultural fabric even today
- ❑ **Kahaani Ghar Ghar Ki, Kyunki Saas Bhi Kabhi Bahu Thi, Kkusum, Kasamh Se, Bade Ache Lagte Hain and Jodha Akbar**, which are household names.

Strong Financial Performance in the TV Business

Particulars	QoQ change	YoY change	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17	Full Year FY18
Programming Hours	3%	11%	199	193	170.5	160	179	819
Revenue (Rs Cr)	3%	30%	79.3	77.1	57.34	53.2	59.4	270.6
Realisation / Hour (Rs Cr)	0%	21%	0.40	0.40	0.34	0.33	0.33	0.33
Gross Margin (Rs Cr)	27%	-6%	21.1	16.6	0.72	16.5	22.5	80.3
Gross Margin / Hour (Rs Cr)	18%	-18%	0.11	0.09	0.004	0.10	0.13	0.10
Gross Margin %	26%	-28%	27.3%	21.6%	1.2%	31.0%	37.9%	29.7%



- ❑ The realization/hour has increased by 21% to 40 lacs in December 2018 from 33 lacs in December 2017.
- ❑ The gross margin has gone up by 27% this quarter due to operational efficiencies and cost control

Movie Business Has Turned Around

Movie business - Producers of differentiated cinematic content



- ❑ Bollywood movies continue to be a **prime source of entertainment for the masses** – India as well as global Indians
- ❑ Creating **high quality, high concept cinema** that is supported by **intensive and innovative marketing**
- ❑ Audiences receptive to newer genre and stories – **“Smart movies”** are also **commercial successes**
- ❑ Track record include both **commercial hits** as well as **critically acclaimed movies**
- ❑ Our Movies stand out as **cult voices & entertainers**
- ❑ **Ek Villain, Once Upon a Time, Dirty Picture, Udaa Punjab, Shootout at Wadala, Kya Kool Hai Hum and Half Girlfriend**, some of our hits

Exciting movie line up



- ❑ Upcoming slate includes 5 movies and the production cost for these movies have already been recovered via pre-sales
 - ❑ Dolly Kitty Aur woh Chamakte Sitare
 - ❑ DreamGirl
 - ❑ Jabariya Jodi
 - ❑ Kaju
 - ❑ Mental Hai Kya

BTL Standalone (TV Business + Movies) – Summary financials

In (Rs Cr)	FY14	FY15	FY16	FY17	FY18	9M FY19
Accounting Standard	IGAAP	IGAAP	Ind-AS	Ind-AS	Ind-AS	Ind-AS
Business included	TV	TV	TV	TV +Movie	TV+Movie	TV+Movie
<u>Operating Metric</u>						
Hours of Programming	590	962	1002	960	819	562.5
Revenue / hour (TV)	0.22	0.22	0.26	0.30	0.33	0.38
Movie releases	6	3	1	4	2	2
<u>Financials</u>						
Total Revenue	131.5	209.7	256.8	408.5	416.6	358.2
EBITDA	4.8	12.7	34.2	2.8	53.1	16.1
EBITDA Margin %	4%	6%	13%	1%	13%	4%
PAT	10	12.3	37.1	29.4*	16.3**	17.9
PAT Margin %	8%	6%	14%	7%	4%	5%

Note:

Movie business was merged into the TV business on as part of the scheme of arrangement approved by NCLT, effective 1st April 2016

* Impact of Merger has resulted in creation of a deferred tax asset of Rs 27.8 cr increasing PAT by 27.8cr

** Normalised PAT (at normal income tax rate, excluding any impact of deferred tax and exceptional tax items): FY18 Rs 36.5 cr against FY17 Rs 1.5 cr and FY18 includes a Rs 9 cr exceptional item toward provision of income tax

- ❑ The hours of programming have gone up from 590 hours in FY14 to 819 hours in FY18 and revenue per hour has grown by 73% over a period of 5 years. Movie releases have gone down from 6 a year in FY14 to 2 in FY19.
- ❑ Investments in Mutual fund units as at 31st December 2018 Rs 323 cr

Capital Allocation And Value Creation

3 businesses with a clear capital allocation strategy



Cash generative

Stable business –
predictable with growing
cash flows

No major investments
required



Craft & reputation

Run as a portfolio over 18
to 24 months

Exploit revenues from the
digital market

Minimal working capital -
overall exposure capped

Adds creative heft & talent
across all lines of business



Value creation

Investment phase – create
substantial value in long
run

Build the Digital B2C
franchise for the Group

Cash being deployed
primarily into content
creation

Summing Up : Balaji Telefilms Is A Significant Value Creating Business



- ❑ In the media sector, Balaji Telefilms offers a unique opportunity across TV, Movies and Digital Entertainment.
- ❑ **We understand India - deep and unique understanding** of viewing habits of Indian audience built over 25 years.
- ❑ TV Business is the #1 content producer for prime time television and provides **stable cash flows** to the Group.
- ❑ Movie business produces **differentiated cinematic** content that is profitable and provides **creative heft**.
- ❑ **ALTBalaji** is the leading platform for **original exclusive content**. ALTBalaji ranked No.3 in the list of Top Video Streaming Apps by Consumer Spend for 2018.
- ❑ **Create significant value across all stakeholders.**

Thank you

Balaji Telefilms Limited

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