



Palaji Telofilms Ltd.

Quarterly Performance Update

Q1 FY20

Good start to the year – continue to build momentum



- 1** TV Business contributes 18% of Prime Time Rating¹ – more than production house 2 and 3 combined. Improvement from 16% in Q4 FY19
- 2** Current slate of 4 movies for the year pre-sold for over Rs 100 cr, assuring strong profitability for the year
- 3** BTL Standalone reports Rs 10.6cr EBITDA (13% margin) vs Rs -0.9cr (-1% margin) in Q1 FY19
- 4** ALTBalaji signs exclusive content alliance with Zee5 to drive Subscription Video on Demand and create 60+ originals
- 5** Alliance helps secure revenue, move into an all paid service vs a free service and help protect the business in challenging environment
- 6** Company remains well capitalized with zero debt and net mutual fund investments at Rs 247 cr. Film inventory at Rs 68cr and digital shows at Rs 146cr

Driving Entertainment In India Across All Mediums



Our TV business remains the #1 content creator for Indian Prime Time

Q1 market share at 18% vs 16% in Q4¹

8 shows were on air during the quarter

195.5 programming hours in the quarter



ALTBalaji is one of the leading video streaming platforms for Original Hindi shows

42 shows live² – one of the largest collection in the country

Exclusive content alliance with Zee5 to co produce 60+ originals and grow the SVOD business

27.3 million subscriptions sold since inception²



Entertaining & Profitable Movie business creating commercial and cult movies

Completed sale of rights for upcoming Four Movies for over Rs 100cr, ensuring strong profitability for the year

2 movies currently in theatres and 2 more expected during the year

Source: 1. BARC Data – HSM / 2yrs+/ Sat-Fri(1800-2330) Viewership Contribution

2. As of 8th August 2019

Generate 18% of the Prime-Time Ratings – Unmatched Leadership

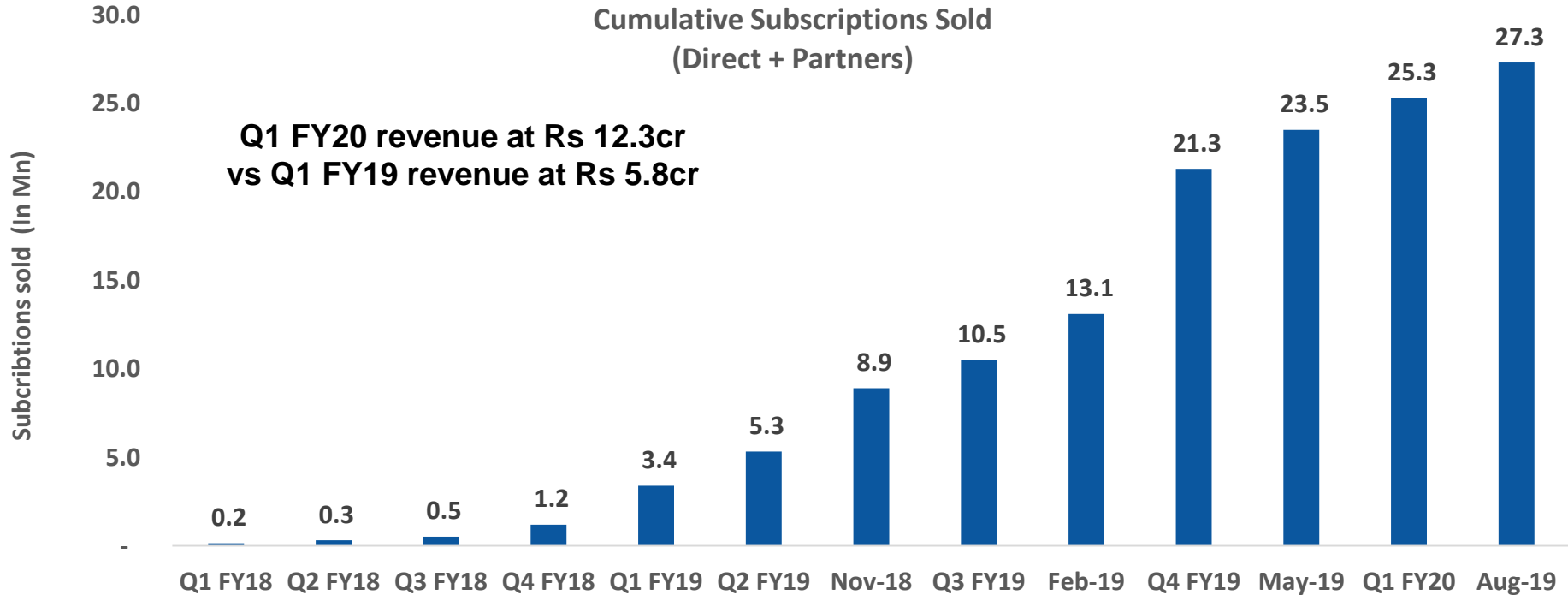


Broadcaster	Show Name	Time	Schedule	Notes
	Naagin 3	20.00 – 21.00	Saturday to Sunday	Ended in the quarter
	Kawach Mahashivratri	20.00 – 21.00	Saturday to Sunday	New show launched in the quarter
	Bepanha Pyaar	22.00 – 22.30	Monday to Friday	New show launched in the quarter
	Ye Hai Mohabbatein	22.30 - 23.00	Monday to Friday	#1 in its time slot
	Kasautii Zindagii Kay	20.00 – 20.30	Monday to Friday	#1 in its time slot
	Kumkum Bhagya	21.00 - 21.30	Monday to Friday	#1 in its time slot
	Kundali Bhagya	21.30 - 22.00	Monday to Friday	#1 in its time slot
	Daayan	21:00-22:00	Saturday to Sunday	Ended in July 2019

New Line Up of Shows include:

Haiwaan : Weekend show on Zee TV starting in Q2 FY20

ALTBalaji subscriptions continue to grow – driving binge-viewing culture



Currently integrated with several distribution partners (Telco / ISP / DTH / OEM / Payment Partners)

Q2 FY20 onwards ALTBalaji to move from multi partner free to single partner paid environment

ALTBalaji – Direct Revenue Traction Continues To Build



Engaging Content Driving Direct Customers at minimal cost of marketing¹

Rank	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20
1	Netflix	Netflix	Netflix	Netflix	Netflix
2	Hotstar	Hotstar	Hotstar	Hotstar	Hotstar
3	ALTBalaji	ZEE5	ALTBalaji	ALTBalaji	ZEE5
4	ZEE5	ALTBalaji	ZEE5	ZEE5	ALTBalaji
5	Sun NXT	Sun NXT	Sony LIV	Sony LIV	Sun NXT

ALTBalaji is in the Top 5 paid Apps, in spite of having one of the lowest subscription prices in the country

ALTBalaji has one of the highest revenue to download ratios in the video streaming category

ALTBalaji continues to spend conservatively on marketing and app downloads



Grow the subscription video on demand business

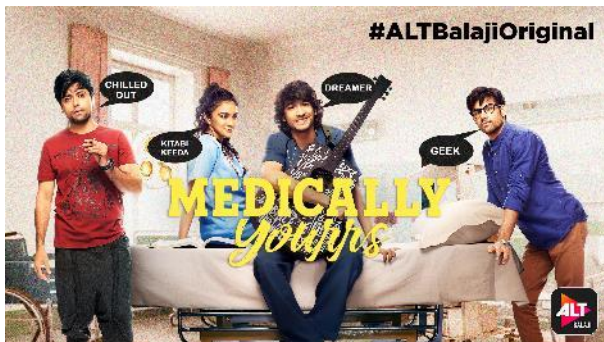
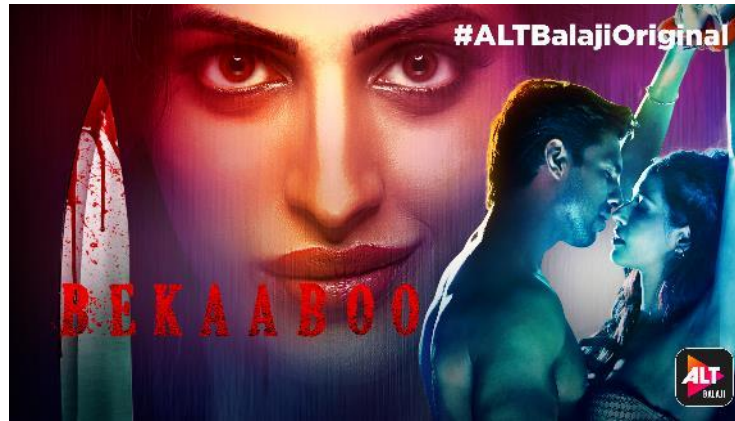
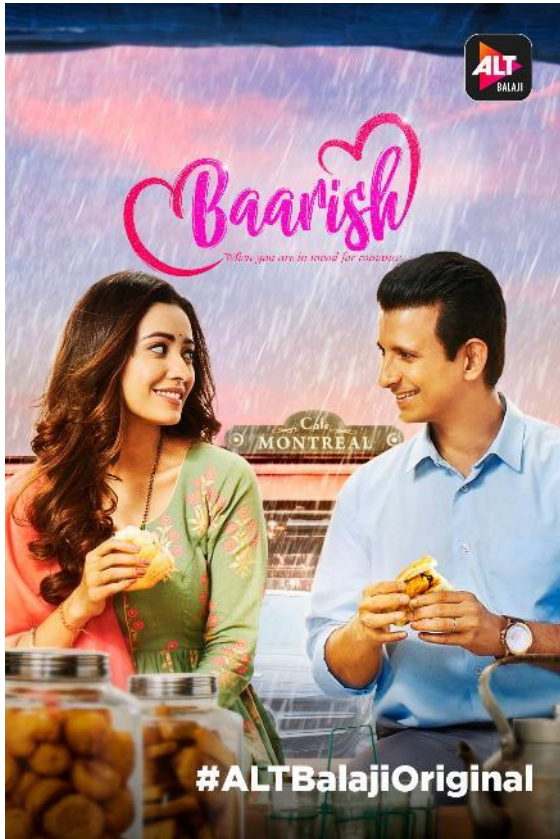
A first of its kind OTT collaboration to co-produce 60+ Originals and share consumer insights

Co-created original content which will only be available on both platforms and not free

Partnership will result in faster scale up and profitability for ALTBalaji – helps conserve cash spend in a challenging business environment

First set of shows as part of this alliance to stream very soon

ALTBalaji shows launched in the Quarter

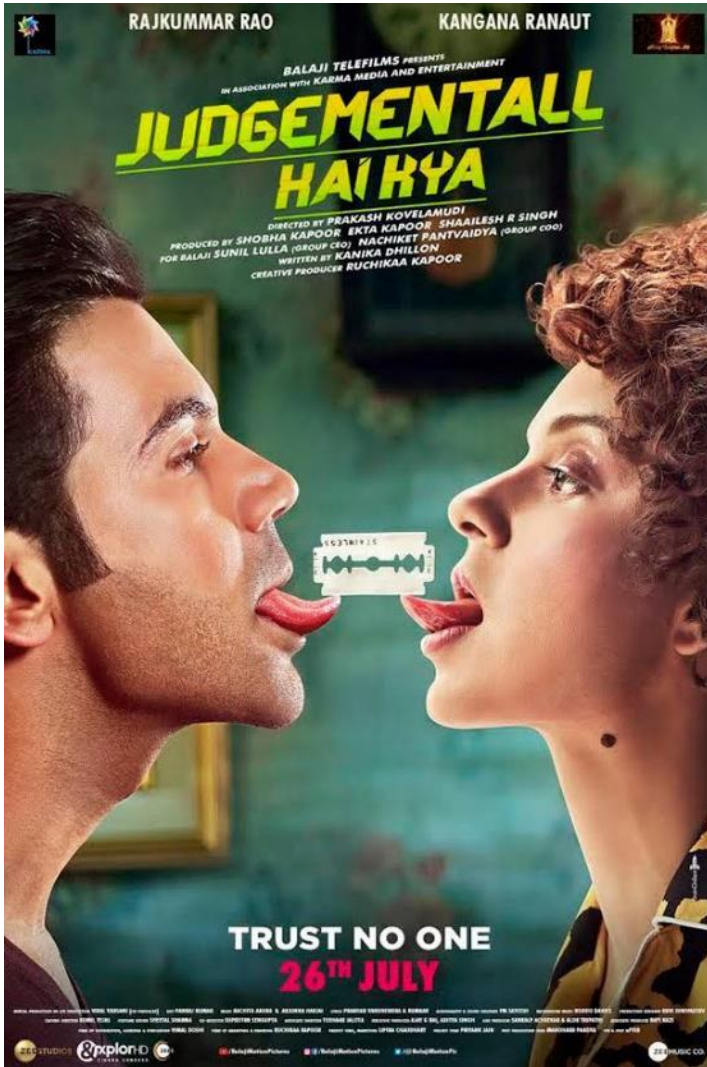


5 shows added in the quarter – Current library at 42 shows

AltBalaji – Loved By India And Winning Awards Consistently



Balaji Motion Pictures – Off to a Profitable Start for the year



Slate of 4 movies for the year

All rights associated with these 4 movies pre-sold for Rs100+ cr ensuring strong profitability

DreamGirl and Dolly Kitty Aur Woh Chamakte Sitare to release later this year

Continue to focus on pre-sales and co-production



Financials



Financial Highlights

- **Q1 FY20 Revenues from Operations at Rs 82.9cr vs Rs 133.7 cr in Q1 FY19**
 - Reduction in revenue on account of no movie releases in the quarter, Q1 FY19 had the hugely successful Veere Di Wedding (Rs 51cr of revenue)
- **Q1 FY20 Gross Margins at 32% vs 16% in Q1 FY19**
 - 4 of the current shows running for more than 1 year resulting in better margin profile
 - Improved cost control across all shows especially new show launches
- **Q1 FY20 EBITDA at Rs 10.6 cr vs -0.9 cr in Q1 FY19**
 - Q1 FY20 includes certain marketing costs for up coming movies without corresponding revenue
- **Q1 FY20 PAT at Rs 2.5cr vs -1.2 cr in Q1 FY19**
 - Depreciation charges increased from Rs 3.1cr in Q1 FY19 to Rs 8.3cr in FY20 on account of IND-AS 116.
- **ALTBalaji continues to grow its subscription revenues while maintaining its cash spend**
 - Q1 FY20 revenues at Rs 12.3cr vs Rs 5.8cr in Q1 FY19
- Inventory as on 30th June 2019 – Movies Rs 68 cr, Digital shows Rs 146cr
- **Investments :** Total value of investments in Mutual funds across the Company as on **30th June 2019 was at Rs 247 cr**



TV Business KPIs

Particulars (In Rs Cr)	QoQ change	YoY change	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Full Year FY19
Programming Hours	-2%	15%	195.5	200.5	199	193	170.5	763
Revenue	-5%	21%	69.6	73.6	79.3	77.1	57.3	287.3
Realisation / Hour	-4%	5%	0.36	0.37	0.40	0.40	0.34	0.38
Gross Margin	-4%	2914%	21.1	21.9	21.1	16.6	0.7	60.3
Gross Margin / Hour	-2%	2598%	0.11	0.11	0.11	0.09	0.004	0.08
Gross Margin %	2%	2427%	30.3%	29.7%	27.3%	21.6%	1.2%	21.0%

Note : Only includes commissioned programs

Lower number of hours of weekend programming this quarter

4 Consecutive quarters of Gross margins expansion - driven by better operating efficiencies and cost control

BTL Standalone Financial Performance (TV + Movie Production)



Particulars (Amounts in INR Cr)	Q1 FY20	Q4 FY19	Q1 FY19	Full Year FY19
Total Income from operations	82.9	82.1	133.7	440.3
Cost of Production	56.3	59.0	112.2	347.4
Gross Margin	26.6	23.1	21.5	92.9
<i>Gross Margin %</i>	32%	28%	16%	21%
Marketing and Distribution	0.5	4.0	10.2	20.4
Employee Benefits Expense	4.9	7.1	3.6	22.7
Other Expenses	10.6	13.4	8.6	35.1
EBITDA	10.6	-1.4	-0.9	14.7
<i>EBITDA Margin %</i>	13%	-2%	-1%	3%
Finance Cost	0.7	0.0	0.0	0.0
Depreciation and amortisation	8.3	3.3	3.1	13.1
Other Income	1.6	6.5	2.9	24.8
Profit Before Tax	3.2	1.8	-1.1	26.5
Tax Expenses	0.6	-0.4	0.1	6.3
Net Profit After Tax	2.5	2.2	-1.2	20.1
Other Comprehensive Income	-0.01	-0.01	-0.01	-0.04
Total Comprehensive Income	2.5	2.2	-1.2	20.1

Note : numbers may not add up due to rounding

BTL Consolidated Financial Performance



Particulars (Amounts in INR Cr)	Q1 FY20	Q4 FY19	Q1 FY19	Full Year FY19
Total Income from operations	90.5	88.9	123.4	427.7
Cost of Production	80.5	71.8	115.8	376.0
Gross Margin	10.0	17.1	7.7	51.7
<i>Gross Margin %</i>	11%	19%	6%	12%
Marketing and Distribution	11.6	8.3	12.9	43.1
Employee Benefits Expense	12.0	13.2	9.0	49.6
Other Expenses	19.7	27.8	13.8	64.2
EBITDA	-33.2	-32.3	-28.0	-105.1
<i>EBITDA Margin %</i>	-36%	-36%	-23%	-25%
Finance Cost	0.7	0.0	0.0	0.0
Depreciation and amortisation	9.8	4.6	4.3	18.1
Other Income	2.2	8.4	5.4	31.8
Profit Before Tax	-41.5	-28.5	-26.9	-91.4
Tax Expenses	0.6	-0.5	0.1	6.3
Net Profit After Tax	-42.2	-28.0	-27.0	-97.8
Other Comprehensive Income	-0.01	0.37	-0.03	0.30
Total Comprehensive Income	-42.2	-27.6	-27.1	-97.5

Note : numbers may not add up due to rounding

Legal Entity Wise Performance : Q1 FY20



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	MFPL	CBEPL	Elimination	Consol
Net Sales / Income from Operations	80.5		12.3	12.0		14.5	90.3
Other Operating Income	2.4					2.1	0.2
Total Income	82.9		12.3	12.0		16.6	90.5
Cost of Production	56.3		25.8	11.8	0.1	-13.4	80.5
Marketing and Distribution Expenses	0.5		10.9	0.1			11.6
Staff Cost	4.9	1.1	3.2			2.8	12.0
Other Expenditure	10.6	0.1	10.8	1.0	0.0	-2.8	19.7
EBITDA	10.6	-1.2	-38.3	-0.9	-0.1	-3.3	-33.2
Finance Cost	0.7	0.1	0.2			-0.2	0.7
Depreciation	8.3		1.5				9.8
Total Expenditure	81.3	1.2	52.3	12.8	0.2	-13.5	134.3
Profit / (Loss) from Operation Before Other Income	1.6	-1.2	-40.0	-0.9	-0.2	3.1	-43.8
Other Income	1.6		0.8			0.2	2.2
Profit / (Loss) from Ordinary Activities Before Tax	3.2	-1.2	-39.2	-0.8	-0.2	3.3	-41.5
Tax Expenses	0.6						0.6
Net Profit / (Loss) from continuing operations	2.5	-1.2	-39.2	-0.8	-0.2	3.3	-42.2



Accounting Policies for Amortization on Inventory

Movies

- Items of inventory are carried at lower of cost and net realisable value. Cost is determined on the following basis:
 - Films: Actual Cost
 - Unamortised cost of films: The cost of films is amortised in the ratio of current revenue to the expected total revenue. At the end of each accounting period, balance unamortised cost is compared with the net expected revenue. If the net expected revenue is less than unamortised cost, the same is written down to the net expected revenue

- Marketing and distribution expenses are charged to revenue in the period in which they are incurred and are not inventorised

Digital

- Original content amortised over 2 years, 75% of the cost in the first year and 25% in the second year

- Acquired content is amortised over license period



Thank You

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FY 19 Annual report available for download on :

<http://www.balajitelefilms.com/pdf/annualreports/balajiannualreports/Balaji Telefilms Limited Annual Report 2019.pdf>