



Palaji Telofilms Ltd.

Quarterly Performance Update

Q2 FY20 and Half Year ended 30th September 2019

Very strong financial performance



Standalone Business In Rs Cr	Q2 FY20	Q1 FY20	Growth	Q2 FY19	Growth	H1 FY20	H1 FY19	Growth
Revenues	179.4	82.9	116%	113.0	59%	262.2	246.7	6%
Gross Margin	74.6	26.6	180%	23.1	222%	101.2	44.6	127%
Gross Margin %	41.6%	32.1%		20.5%		38.6%	18.1%	
EBITDA	30.8	10.6	192%	6.3	390%	41.4	5.4	665%
EBITDA Margin %	17.2%	12.7%		5.6%		15.8%	2.2%	
Profit Before Tax	26.3	3.2	728%	7.9	235%	29.5	6.8	333%
Profit After Tax	15.5	2.5	512%	7.1	118%	18.0	5.9	204%

- Very strong performance driven by both TV and Movies
 - 3 movies released in the quarter, only a part of the revenues and profitability included in this quarter, additional revenues and profitability from sale of satellite rights to be accounted in Q3
- Gross margin and EBITDA improvement driven by consistency in TV line-up and pre-sale of movies
 - 4 of the current TV shows running for more than 1 year resulting in better margin profile
- Q2 PAT at Rs 15.5cr against Q1 PAT of Rs 2.5cr and Rs 7.1 cr in Q2 FY19. H1 FY20 PAT at Rs 18.0 cr
- ALTBalaji continues to witness strong revenue growth – Q2 FY20 revenue at Rs 20.1 cr, H1 FY20 revenue at Rs 32.4 cr against full year FY19 at Rs 42 cr. Full financial impact of collaboration with Zee5 to be seen in Q3 and Q4 financials.
- Mutual fund investments as on 30th September 2019 was at Rs 233 cr. Additionally, movie inventory and receivables stood at Rs 80 cr, to be realized in the coming quarters

Business Updates : Good first half – second half to remain strong



TV – Balaji Telefilms produced shows contribute 17% of Prime Time Rating¹

- Balaji Telefilms is the #1 TV production house by a wide margin. Production house ranked #2 and #3 have 7% and 5% market share
- 8 shows on air during the quarter, 4 of these have been on air for over 1 year and are slot leaders by a wide margin
- 210.5 hours of content produced in quarter at an average realization of Rs 0.36cr / hour

Movies - Dream Girl, produced by Balaji Telefilms performed exceedingly well

- Dream Girl grossed over Rs 170cr at the box office and is one of the year's hit movies
- Judgementall Hai Kya and Jabariya Jodi were also released during the quarter and had relatively subdued performance
- The 4th movie in the slate Dolly Kitty Aur Woh Chamakte Sitare had its premiere at the prestigious Busan International Film Festival and is slated for a commercial release later this financial year
- All 4 movies for the year pre-sold, assuring strong profitability for the full financial year




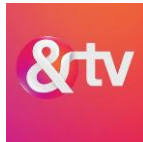
Digital - ALTBalaji's exclusive content alliance with Zee5, went live in September 2019

- Content sharing alliance with Zee5 helps to minimize cash burn on content and drive direct subscription revenues
- To date 5 shows co-produced and live, another 50+ concepts in the pipeline
- Total library of original shows available on ALTBalaji currently at 48, one of the largest in the country
- ALTBalaji continues to remain in the Top 5 paid apps in the country

Balaji Telefilms generate 17% of the Prime-Time Ratings



Lineup of TV shows during the quarter

Broadcaster	Show Name	Time	Schedule
	Kawach Mahashivratri	20.00 – 21.00	Saturday to Sunday
	Bepanha Pyaar	22.00 – 22.30	Monday to Friday
	Ye Hai Mohabbatein	22.30 - 23.00	Monday to Friday
	Kasautii Zindagii Kay	20.00 – 20.30	Monday to Friday
	Kumkum Bhagya (Zee)	21.00 - 21.30	Monday to Friday
	Kundali Bhagya (Zee)	21.30 - 22.00	Monday to Friday
	Haiwaan (Zee)	19:00-20:00	Saturday to Sunday
	Daayan (&TV)	21.00 - 22.00	Saturday to Sunday

New shows expected to release shortly

- Naagin 4 on Colors
- Yeh Hai Chahatein on Star Plus

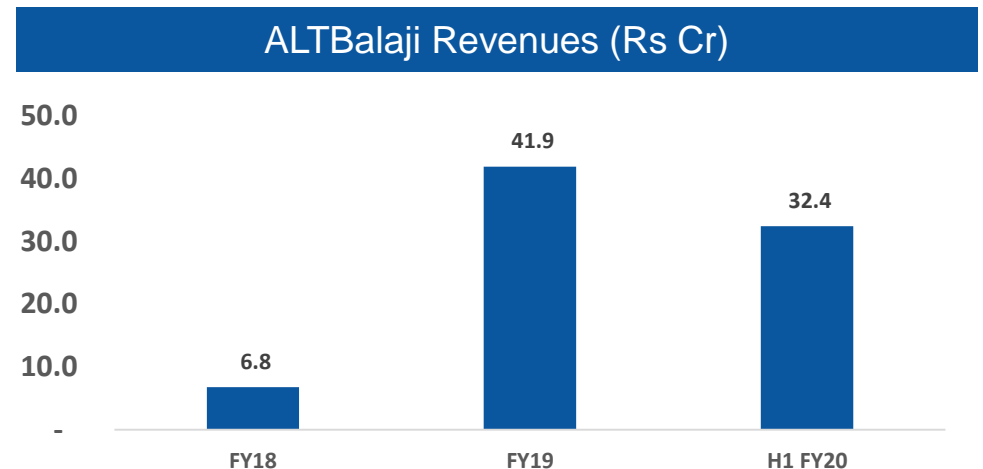
ALTBalaji revenue and consumer adoption continue to grow



- ALTBalaji is still in the Top 5 paid Apps
- Q2 FY20 revenue at Rs 20.1 cr, H1 FY20 revenue at Rs 32.4 cr against full year FY19 at Rs 42 cr
- September 2019 onwards ALTBalaji has pivoted from multi partner (free to customer) to single partner (behind paywall) environment – Full impact of this collaboration to be seen from Q3 onwards
- ALTBalaji pricing Rs 300 a year / Rs 100 a quarter
- Direct subscribers continue to grow – 3x growth in direct revenues in Q2 FY20 vs Q2 FY19
- High engagement with subscribers watching nearly one hour a day

App Annie Rankings (Gross Billing)					
Rank	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19
1	Netflix	Netflix	Netflix	Netflix	Netflix
2	Hotstar	Hotstar	Hotstar	Hotstar	Hotstar
3	ZEE5	ZEE5	ALTBalaji	ALTBalaji	ZEE5
4	ALTBalaji	ALTBalaji	ZEE5	ZEE5	ALTBalaji
5	Sony LIV	Sun NXT	Sony LIV	Sony LIV	Sun NXT

Source: 1. App Annie – Based on Gross Revenue across ios and Google



ALTBalaji + Zee 5 Content Alliance live – full impact to be seen in Q3/Q4



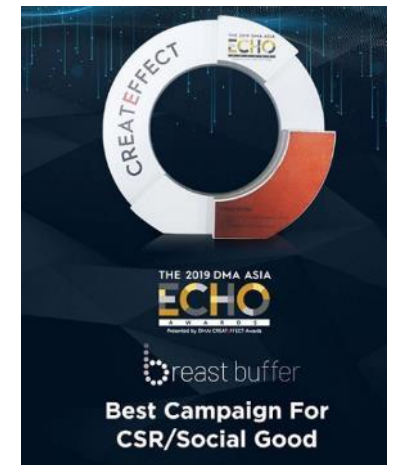
- A first of its kind OTT collaboration to co-produce 60+ Originals and share consumer insights
- Co-created original content only be available on both platforms behind a paywall and not free to consumer via distribution partners
- 5 shows have been co-produced till date and available only on ALTBalaji and Zee5 platform
- 43 shows produced prior to September 2019 available exclusively on ALTBalaji
- Full benefits of this collaboration to reflect in the financials in coming quarters
- Collaboration will allow ALTBalaji to scale up content production as the cost of content is shared with Zee5, increase direct subscriptions all while minimizing cash spend



ALTBalaji wins awards for outstanding content and innovative marketing



Apaharan one of the most popular shows on ALTBalaji continues to win awards



NUMEROLOGY

Most popular OTT platforms in the 18-24 age group:

■ ALTBalaji: **40%** ■ Hotstar: **39%** ■ Zee5: **38%**

— GroupM ESP's Showbiz 2.0 report

Movies – Entertaining and commercially successful



- 4 movies for the current financial year
 1. Judgementall Hai Kya
 2. Jabariya Jodi
 3. Dream Girl
 4. Dolly Kitty Aur Woh Chamakte Sitare
- All rights associated with these 4 movies pre-sold for Rs 100+ cr ensuring strong profitability for the year
- Additional revenue and profitability from movies number 1 to 3 above to be accounted in Q3
- Balaji Motion Pictures continue to focus on pre-sales and co-production of its future slate
- Slate for FY21 being finalised – include new movies from some of our old successful franchises such as Shoot out at, Villain



DreamGirl has been one of the biggest hits of the year

Grossing over Rs 170cr in the Box office

Dolly Kitty Aur Woh Chamakte Sitare had its premiere at the prestigious Busan International Film Festival

Movie slated for a commercial release later this year





Financials



TV Business KPIs

Particulars (In Rs Cr)	QoQ change	YoY change	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Full Year FY19
Programming Hours	7.7%	9.1%	210.5	195.5	200.5	199	193	763
Revenue	8.7%	-1.9%	75.6	69.6	73.6	79.3	77.1	287.3
Realisation / Hour	-0.2%	-10.2%	0.36	0.36	0.37	0.40	0.40	0.38
Gross Margin	14.3%	45.3%	24.1	21.1	21.9	21.1	16.6	60.3
Gross Margin / Hour	4.2%	27.3%	0.11	0.11	0.11	0.11	0.09	0.08
Gross Margin %	5.3%	47.7%	31.9%	30.3%	29.7%	27.3%	21.6%	21.0%

Note : Only includes commissioned programs

- Improvement in programming hours – new weekend show commenced on Zee TV
- Gross margins continue to remain strong driven by better operating efficiencies and overall cost control

BTL Standalone Financial Performance (TV + Movie Production)



In Rs Cr	Q2 FY20	Q1 FY20	Q2 FY19	H1 FY20	H1 FY19	FY19
Total Income from operations	179.4	82.9	113.0	262.2	246.7	440.3
Cost of Production	104.8	56.3	89.9	161.1	202.1	347.4
Gross Margin	74.6	26.6	23.1	101.2	44.6	92.9
<i>Gross Margin %</i>	42%	32%	20%	39%	18%	21%
Marketing and Distribution	30.8	0.5	6.2	31.3	18.7	20.4
Employee Benefits Expense	2.0	4.9	5.4	6.9	8.9	22.7
Other Expenses	10.9	10.6	5.2	21.5	11.5	35.1
EBITDA	30.8	10.6	6.3	41.4	5.4	14.7
<i>EBITDA Margin %</i>	17%	13%	6%	16%	2%	3%
Finance Cost	0.6	0.7		1.2		
Depreciation and amortisation	8.3	8.3	3.5	16.7	6.7	13.1
Other Income	4.4	1.6	5.1	5.9	8.0	24.8
Profit Before Tax	26.3	3.2	7.9	29.5	6.8	26.5
Tax Expenses	10.8	0.6	0.7	11.4	0.9	6.3
Net Profit After Tax	15.5	2.5	7.1	18.0	5.9	20.1

Note : numbers may not add up due to rounding

BTL Standalone Balance Sheet (TV + Movie Production)



Particulars (Rs Cr)	30-Sep-19	31-Mar-19	Particulars (Rs Cr)	30-Sep-19	31-Mar-19
Equity			Non-current assets		
Equity Share Capital	20.2	20.2	Property, plant and equipment	28.2	30.0
Other Equity and non control interest	1,000.5	989.7	Right to use assets	28.4	-
Total Equity	1,020.7	1,009.9	Capital work-in-progress	0.0	0.5
			Investments	635.0	486.9
Non Current Liabilities	17.3	-	Other Financial Assets	11.1	17.0
			Others (including Deferred Tax Assets)	61.4	78.5
Current Liabilities			Total Non Current Assets	764.0	613.0
Trade and other payables	99.6	72.1			
Others	19.9	14.9	Current Assets		
Total Current Liabilities	119.5	87.0	Inventories	41.4	63.3
			Investments	132.4	221.1
Total Equity + Liabilities	1,157.5	1,097.0	Trade Receivables	108.5	102.8
			Cash and Cash Equivalent	11.4	15.9
			Others	100.0	81.0
			Total Current Assets	393.6	484.0
			Total Assets	1,157.5	1,097.0

BTL Consolidated Financial Performance



In Rs Cr	Q2 FY20	Q1 FY20	Q2 FY19	H1 FY20	H1 FY19	FY19
Total Income from operations	187.5	90.5	119.1	278.0	242.5	427.7
Cost of Production	117.9	80.5	100.7	198.4	216.5	376.0
Gross Margin	69.6	10.0	18.4	79.6	26.0	51.7
<i>Gross Margin %</i>	37%	11%	15%	29%	11%	12%
Marketing and Distribution	37.2	11.6	11.2	48.8	24.0	43.1
Employee Benefits Expense	6.5	12.0	13.1	18.5	22.1	49.6
Other Expenses	20.6	19.7	10.5	40.2	22.1	64.2
EBITDA	5.3	-33.2	-16.3	-28.0	-42.2	-105.1
<i>EBITDA Margin %</i>	3%	-37%	-14%	-10%	-17%	-25%
Finance Cost	0.6	0.7	0.0	1.4	0.0	0.0
Depreciation and amortisation	9.8	9.8	4.8	19.6	9.1	18.1
Other Income	5.2	2.2	6.7	7.4	10.0	31.8
Profit Before Tax	0.0	-41.5	-14.5	-41.5	-41.3	-91.4
Tax Expenses	10.8	0.6	1.0	11.4	1.1	6.3
Net Profit After Tax	-10.7	-42.2	-15.4	-52.9	-42.5	-97.8

Note : numbers may not add up due to rounding

BTL Consolidated Balance Sheet



Particulars (Rs Cr)	30-Sep-19	31-Mar-19	Particulars (Rs Cr)	30-Sep-19	31-Mar-19
Equity			Non-current assets		
Equity Share Capital	20.2	20.2	Property, plant and equipment	29.5	31.6
Other Equity and reserves	681.6	742.2	Right to use assets	31.0	-
Non control interest	-1.1	-1.0	Goodwill on Consolidation	1.5	1.5
Total Equity	700.7	761.4	Investments	13.8	15.0
			Other Financial Assets	8.9	14.2
Non Current Liabilities	19.5	0.1	Others (including Deferred Tax Assets)	73.7	87.4
			Total Non Current Assets	158.3	149.7
Current Liabilities			Current Assets		
Trade and other payables	131.8	90.3	Inventories	183.5	195.8
Others	37.6	28.7	Investments	233.9	285.3
Total Current Liabilities	169.4	118.9	Trade Receivables	100.2	98.8
			Cash and Cash Equivalent	16.3	19.3
Total Equity + Liabilities	889.6	880.5	Others	197.3	131.5
			Total Current Assets	731.3	730.7
			Total Assets	889.6	880.5

Note : numbers may not add up due to rounding

Legal Entity Wise Performance : Q2 FY20



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	MFPL	CBEPL	Elimination	Consol
Net Sales / Income from Operations	176.13	4.02	20.11			12.97	187.29
Other Operating Income	3.22					3.05	0.17
Total Income	179.35	4.02	20.11			16.02	187.46
Cost of Production	104.79		27.96	0.05	0.00	-14.94	117.87
Marketing and Distribution Expenses	30.79		10.45			-4.02	37.22
Staff Cost	2.05	1.52	2.23			0.74	6.53
Other Expenditure	10.89	0.15	10.09	0.20	-0.03	-0.74	20.56
EBITDA	30.83	2.36	-30.61	-0.25	0.02	2.94	5.28
Finance Cost	0.57	0.09	0.15		0.03	-0.19	0.65
Depreciation	8.33		1.40		0.03		9.76
Total Expenditure	157.42	1.75	52.27	0.25	0.04	-19.16	192.58
Profit / (Loss) from Operation Before Other Income	21.93	2.27	-32.17	-0.25	-0.04	3.13	-5.13
Other Income	4.35		0.98	0.02		0.18	5.17
Profit / (Loss) from Ordinary Activities Before Tax	26.28	2.27	-31.19	-0.24	-0.04	2.96	0.05
Tax Expenses	10.78						10.78
Net Profit / (Loss) from continuing operations	15.50	2.27	-31.19	-0.24	-0.04	2.96	-10.73

Note : numbers may not add up due to rounding

Legal Entity Wise Performance : H1 FY20



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	MFPL	CBEPL	Elimination	Consol
Net Sales / Income from Operations	256.63	4.02	32.43	11.99		27.47	277.60
Other Operating Income	5.58					5.20	0.38
Total Income	262.20	4.02	32.43	11.99		32.67	277.98
Cost of Production	161.05		53.75	11.81	0.11	-28.31	198.40
Marketing and Distribution Expenses	31.33		21.40	0.09		-4.02	48.79
Staff Cost	6.90	2.65	5.39			3.58	18.51
Other Expenditure	21.54	0.20	20.85	1.20	0.02	-3.58	40.24
EBITDA	41.39	1.17	-68.95	-1.11	-0.13	-0.33	-27.96
Finance Cost	1.22	0.14	0.32		0.03	-0.34	1.37
Depreciation	16.66		2.86		0.07		19.58
Total Expenditure	238.70	2.99	104.56	13.09	0.22	-32.68	326.89
Profit / (Loss) from Operation Before Other Income	23.51	1.03	-72.12	-1.11	-0.22	0.01	-48.90
Other Income	5.95		1.76	0.03		-0.33	7.41
Profit / (Loss) from Ordinary Activities Before Tax	29.45	1.03	-70.36	-1.08	-0.22	-0.32	-41.50
Tax Expenses	11.42						11.42
Net Profit / (Loss) from continuing operations	18.03	1.03	-70.36	-1.08	-0.22	-0.32	-52.92

Note : numbers may not add up due to rounding



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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