

SAREGAMA INDIA LIMITED

EARNINGS PRESENTATION | Q1 FY 2019

SAREGAMA
CARVAAN™
CELEBRATES
SANJU
A RAJKUMAR HIRANI FILM



Snapshot



soul of India



India's oldest music label and youngest film production house



India's first song was recorded in 1902 under company's erstwhile label - HMV



High Dividend Yield and a Zero Debt Company



Owning Intellectual Property (IP) rights for 120,000+ songs, 4,100 hours of television serials and 20 movies



Revolutionary product Carvaan sold 387,000 units in its first year without major mass media advertising



Strong and professional management team with experienced stalwarts from the entertainment industry



Leading producer of Tamil television serials – 1716 Minutes of serial per month



Acquiring new film music & Producing digital thematic films targeted at youth



Focus on maximising monetisation of existing and future content across platforms

Executive Summary

Saregama is the pioneer of the Indian music industry and has evolved into a premier diversified content player with Intellectual property rights of songs, TV serials, movies having presence across platforms like television, radio, digital, telecom etc.

Business Verticals



Music Segment

FY18 Revenue Share

83%

- This segment includes the Intellectual Property monetisation of music content
- The company owns global and perpetual rights for over 120,000+ songs
- The revenue is driven from various B2B partners like streaming online platforms, radio, television, caller ring back tone, Youtube, brand advertisements, films etc.
- The company launched its revolutionary product 'Carvaan' in 2017, an innovative audio player with preloaded songs and other features like USB and FM radio which has been highly acclaimed and has taken the market by storm



TV & Films Segment

FY18 Revenue Share

15%

- This segment has leadership in Tamil Sun Network channels and has been producing content for Sun TV for last 10 years and broadcast 3-4 serials on Sun TV at any given time
- Company owns rights to 4,100 hours of Tamil Series
- Yoodlee Films is the production division which focuses on thematic digital films in all languages with tightly controlled budgets



Publications Segment

FY18 Revenue Share

2%

- This segment includes the publication of Open Magazine, a weekly current affairs and features magazine
- Open has sustained circulation and ad revenues with an association of premium brands including Audi, Omega, Volkswagen, Toyota, Honda, Samsung, Airtel, IBM, HP, TAJ, ITC, Skoda, etc.

Strategic Overview

Saregama's long term strategy is to be a pure play content company capitalising on the data boom globally
Higher monetisation of Existing IP to fund IP Creation for Future

IP Monetisation

Higher monetisation of existing content through:

- 1 Greater presence on all third party digital and TV platforms globally
- 2 Higher penetration of Carvaan through variants and newer markets
- 3 Launch of more B2C products/properties

IP Creation

- 1 New film music acquisition across Hindi, Tamil and Marathi languages
- 2 Production of thematic films targeted at youth under tightly controlled budgets with primary focus being digital platforms
- 3 Continue to create new television programs in Tamil language



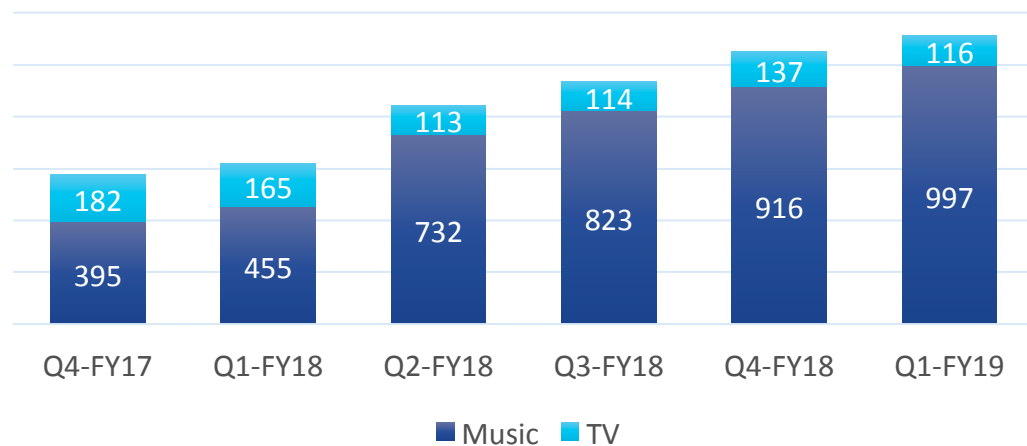


Q1-FY19 Financial Highlights

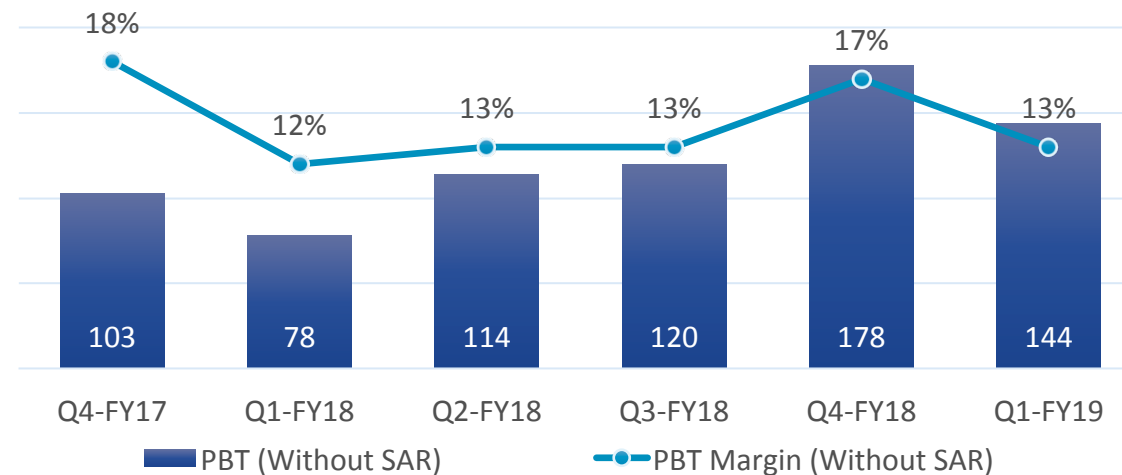
Q1-FY19 Financial Summary

Particulars (INR Mn)	Q1-FY19	Q1-FY18	Y-o-Y
Revenues from Operations			
• Music	997	455	119%
• TV & Films	116	165	-30%
Total Revenue	1,113	620	79%
PBT without SAR Provision	144	78	85%
PBT after SAR Provision	138	68	103%
PAT	86	33	161%

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



Other Income includes estimated insurance claim amount Rs 34 Crs
 Cost of damaged stock due to fire in godown is part of cost of goods sold and other expenses in the quarter

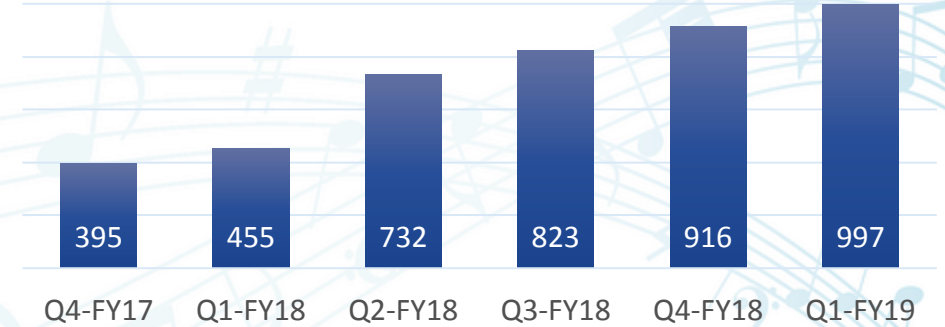
Music Segment Business Overview



Over
120,000
Perpetual Music
Intellectual
Property Rights

Saregama is one of the oldest music content houses in India, with the largest library of songs under its bouquet. Since inception, the company has continued to expand its catalogue to become the largest perpetual owner of Indian music sound recording and publishing copyrights across 14 different languages.

Music Segment Revenue (INR Mn)



B2C Music Segment

- The company launched a revolutionary breakthrough product called **'Carvaan'** is a portable digital music player with in-built stereo speakers that comes with preloaded music in Hindi, Tamil, Marathi and Bengali languages with a PAN India dealer network in over 12K+ outlets and it has also been recently launched in USA, UK and Canada.
- The company also has 24 SKUs of music cards which aim towards a market of in car consumption.



Effies Awards for Carvaan



B2B Music Segment

- The company monetises these rights through license fees across diverse platforms like OTT platforms (Saavn, Amazon, Google, Gaana etc.) television channels, radio, Youtube, telecom etc.



B2B Music Segment Operational Highlights

Q1-FY19 Operational Highlights:

33% YoY

Growth in **Music Publishing** revenue

41% YoY

Growth in **Music OTT** revenue

29% YoY

Growth in **Youtube** Revenue

IPRS has received copyright society registration from the Govt. and has started issuing publishing licenses. PPL has shown revenue growth in the first quarter

New Film Music Released

102 Not Out

Maniyar Kudumbam

Thadam

Aan Dhevathai

Billa Pandi

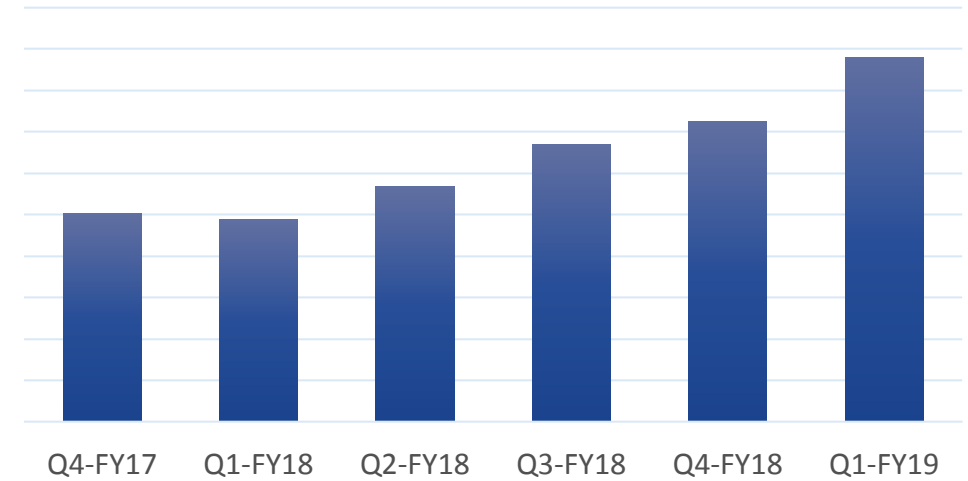
Future Outlook:

OTT & YouTube will continue double digit growth while Telecom will continue to decline

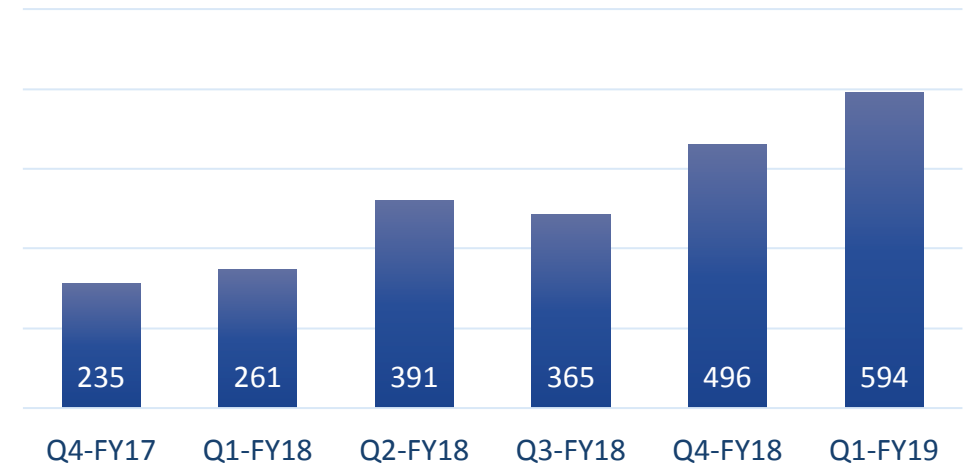
Acquisition of new music content will start helping publishing business to grow further

Collection societies (IPRS, PPL) has lot of headroom

OTT Streams (Mn) per Quarter



YouTube Views (Mn) per Quarter



B2C Music Segment Operational Highlights

Q1-FY19 Operational Highlights:

Carvaan growth story continues with

164k units sold in Q1-FY19



ET Innovation of the Year

2,328 new billing dealers added taking the total dealers to **12,148**

Retail network in **300+** Cities

Gross margin improved to **23%** from 17% at launch in Q1-FY18

Future Outlook:

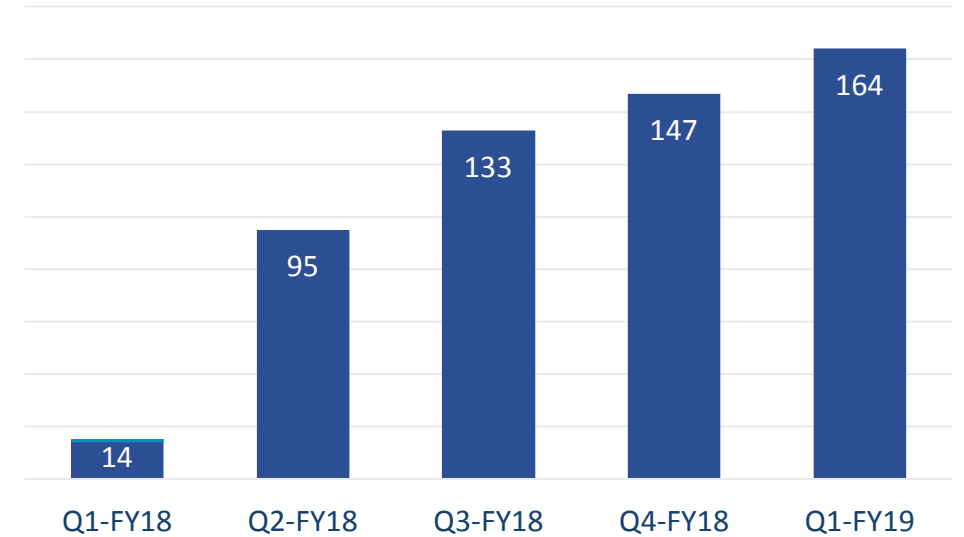
New Carvaan variants will be launched in the immediate future

Number keep Growing Annual Estimates: **750k** units

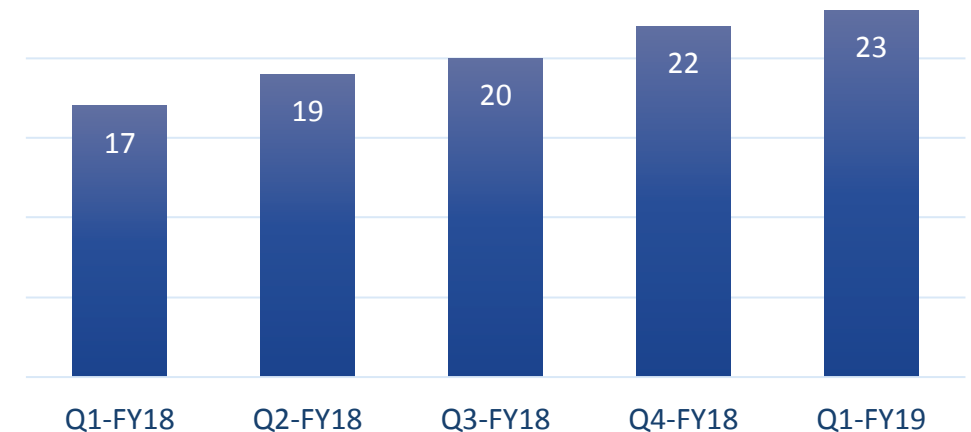
Big marketing push to continue during the year

Gross Margin will grow through high volume of sales & cost leverage

Carvaan Sales (units '000s)



Carvaan Gross Margin (%)



TV & Films Segment Overview

TV Serials

- Saregama has been producing content for Sun TV for the last 10 years and broadcasts 3-4 serials on Sun TV at any given time
- The IP of all these serials is owned by Saregama

4,100 hours
of Tamil serials



4 movies released
and 9 under
production



Yoodlee Films

- Yoodlee Films is the Saregama's production house with a focus on thematic films in all languages with controlled budgets and a focus on younger digital audience
- All these films are shot in 4K with sync sound, and are 100-120 minutes long



Historical Financial Statements

Historical Standalone Income Statement

Particulars (INR Mn)	FY16	FY17	FY18
Revenue from Operations	2,148	2,081	3,456
Other Income	99	159	142
Total Revenue	2,247	2,240	3,598
Total Expenses	1,997	2,003	3,115
EBITDA	250	237	483
EBITDA Margin (%)	11.13%	10.58%	13.42%
Depreciation	53	41	38
Finance Cost	3	23	34
PBT	194	173	411
Exceptional Items	96	-	-
Tax	22	73	106
PAT	76	100	305
PAT Margins	3.38%	4.46%	8.48%
Other Comprehensive Income	-	1,301	136
Total Comprehensive Income (After Tax)	76	1,401	441
Diluted EPS (INR)	4.33	5.74	17.51

Historical Standalone Balance Sheet

Equity and Liabilities (INR Mn)	FY17	FY18
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	3,236	3,647
Net worth	3,410	3,821
(c) Non Controlling Interest	-	-
Non Current Liabilities		
(a) Employee Benefit Obligations	19	21
(b) Deferred tax liabilities (Net)	424	456
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	-	129
(ii) Trade Payables	371	386
(iii) Other Financial Liabilities	115	347
(b) Other Current Liabilities	68	116
(c) Provisions	262	359
(d) Employee Benefit Obligation	16	7
Total	4,685	5,642

Assets (INR Mn)	FY17	FY18
Non Current Fixed Assets		
(a) Property, Plant and Equipment	1,893	1,881
(b) Investment Properties	25	24
(c) Intangible assets	62	61
(d) Investments in subsidiaries and Joint Venture	155	155
(e) Financial Assets		
(i) Investments	1,076	1,234
(ii) Loans	42	34
(iii) Other Financial Assets	-	-
(f) Other Non Current Assets	19	112
Current Assets		
(a) Inventories	99	473
(b) Financial Assets		
(i) Trade Receivables	556	781
(ii) Cash and cash equivalents	156	64
(iii) Bank Balances other than above	1	16
(iv) Loans	28	5
(v) Other Financial Assets	1	1
(c) Current Tax Assets (Net)	413	414
(d) Other Current Assets	159	387
Total	4,685	5,642

Historical Consolidated Income Statement

Particulars (INR Mn)	FY16	FY17	FY18
Revenue from Operations	2,217	2,185	3,566
Other Income	122	133	102
Total Revenue	2,339	2,318	3,668
Total Expenses	2,073	2,091	3,203
EBITDA	266	227	465
EBITDA Margin (%)	11.37%	9.79%	12.68%
Depreciation	54	44	42
Finance Cost	5	24	34
PBT	207	159	389
Exceptional Items	116	-	-
Tax	22	73	106
PAT	69	86	283
PAT Margins	2.95%	3.71%	7.72%
Other Comprehensive Income	-	1,402	164
Total Comprehensive Income (After Tax)	69	1,488	447
Diluted EPS (INR)	3.92	4.96	16.24

Historical Consolidated Balance Sheet

Equity and Liabilities (INR Mn)	FY17	FY18
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	3,223	3,643
Net worth	3,397	3,817
(c) Non Controlling Interest	25	23
Non Current Liabilities		
(a) Employee Benefit Obligations	22	24
(b) Deferred tax liabilities (Net)	444	479
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	30	159
(ii) Trade Payables	384	404
(iii) Other Financial Liabilities	125	360
(b) Other Current Liabilities	91	149
(c) Provisions	263	361
(d) Employee Benefit Obligation	16	8
Total	4,797	5,784

Assets (INR Mn)	FY17	FY18
Non Current Fixed Assets		
(a) Property, Plant and Equipment	1,897	1,884
(b) Investment Properties	25	24
(c) Intangible assets	67	65
(d) Investments in subsidiaries and Joint Venture	-	-
(e) Financial Assets		
(i) Investments	1,316	1,510
(ii) Loans	47	40
(iii) Other Financial Assets	-	-
(f) Other Non Current Assets	20	112
Current Assets		
(a) Inventories	103	493
(b) Financial Assets		
(i) Trade Receivables	523	730
(ii) Cash and cash equivalents	190	92
(iii) Bank Balances other than (ii) above	1	16
(iv) Loans	27	2
(v) Other Financial Assets	-	1
(c) Current Tax Assets (Net)	419	423
(d) Other Current Assets	162	392
Total	4,797	5,784

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