



PVR TO ACQUIRE SPI CINEMAS

AUGUST 2018

DISCLAIMER

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Others: In this report, the terms “we”, “us”, “our”, “PVR”, “PVRL” or “the Company”, unless otherwise implies, refer to PVR Limited (“PVR Limited”) and its subsidiaries.

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TRANSACTION HIGHLIGHTS

Propels PVR to Leadership Position in Attractive Tamil Nadu Market

Unparalleled Platform for future growth in South India

Complementary footprint and significant potential revenue synergies

Earnings Accretive from Day 1

- ✓ PVR will become the largest player in all key cities of South India
- ✓ Unparalleled platform for future expansion in an underpenetrated South Indian market
- ✓ **Combined entity to have admissions in excess of 100 mn patrons**
- ✓ Significant scope of revenue synergies through integration of strategy, operations and management
- ✓ Acquisition will further strengthen PVR's leadership position in India; pro forma combined Revenue is 2x of the next competitor
- ✓ Acquisition will be earnings accretive from the 1st year itself

Transaction Overview and Funding Plan



TRANSACTION OVERVIEW

KEY TRANSACTION TERMS

- Acquisition of 71.7% equity stake from promoters for INR 633 Crs.
- Board of both companies have approved merger. 1.6 mn equity shares of PVR to be issued for residual 28.3% stake
- PVR has right to appoint 3 board members; existing promoters will have 1 nominee director
- Part of the consideration (INR 100 Crs) to be paid on deferred basis on achievement of certain milestones

CLOSING CONDITIONS & TIMINGS

- Expected closing in 30 days subject to completion of customary CPs
- Post closing, merger process to be initiated, expected closing in the next 9-12 months

FUNDING PLAN

Amount in INR Crs

| | | |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| (A) | Cash consideration for acquiring 71.7% equity in SPI Cinemas | 633* |
| | Funded Through: | |
| | Internal Accruals | 385 |
| | New Debt Issuance | 150 |
| | Deferred Consideration | 100* |
| (B) | Issue of equity shares in PVR Limited for balance 28.3% equity in SPI Cinemas pursuant to amalgamation, representing 3.3% of diluted equity of PVR | 1.6 mn shares of PVR Ltd |
| (C) | Existing Debt of SPI Cinemas | 160 |

**Note: INR 100 Crs is deferred consideration payable on achievement of certain milestones*

SPI Cinemas Overview



ABOUT SPI CINEMAS

- ✓ SPI Cinemas is a leading cinema player in South India with 76 screens across 17 properties in 10 cities. It is **#1 cinema in Chennai** with 31 operational screens including the iconic Sathyam Cinema which was established in 1974 and is a household name in the local market.
- ✓ Promoted by Kiran Reddy and Swaroop Reddy
- ✓ Existing circuit of 76 screens; 13 screens in pipeline and are likely to open in next 12 months
- ✓ Operates cinemas under several brands – Sathyam, Escape, Palazzo, The Cinema, S2 Cinema; the brands have strong goodwill and enjoy strong customer affinity
- ✓ FY18 revenue stands at INR 3,096 mn and FY19 revenue is expected to be ~INR 4,100 mn - 4250 mn
- ✓ Circuit to deliver a sustainable exhibition EBITDA margins of 21%-23% post integration and synergies

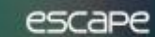
BRANDS

The logo for Sathyam, featuring the word "sathyam" in a white, lowercase, sans-serif font on a dark green rectangular background.

South India's iconic cinema brand – Sathyam is Chennai's favourite movie destination and endeavours to bring new entertainment technology to customers

The logo for Palazzo, featuring a white diamond-shaped pattern of small squares above the word "PALAZZO" in a white, uppercase, sans-serif font, all on a dark purple rectangular background.

Designed by Giovanni Castor, Palazzo recreates the majesty of Italian grandeur through fresco-adorned walls, Italian marble, classical paintings, golden chandeliers and a royal fountain

The logo for Escape, featuring the word "escape" in a white, lowercase, sans-serif font on a dark green rectangular background.

A superior sensory and social cinematic experience, Escape is a culmination of style, innovation and passion and redefines the cinema experience

The logo for S2 Cinemas, featuring a white stylized "S" and "2" inside a circle, with "S2 CINEMAS" in a white, uppercase, sans-serif font below it, all on a dark purple rectangular background.

Progressive and simple, S2 Cinemas sets the standard for modern movie going, with chic interiors and all screens equipped with state-of-the-art technology

The logo for The Cinema, featuring the words "THE CINEMA" in a white, uppercase, sans-serif font on a dark blue rectangular background.

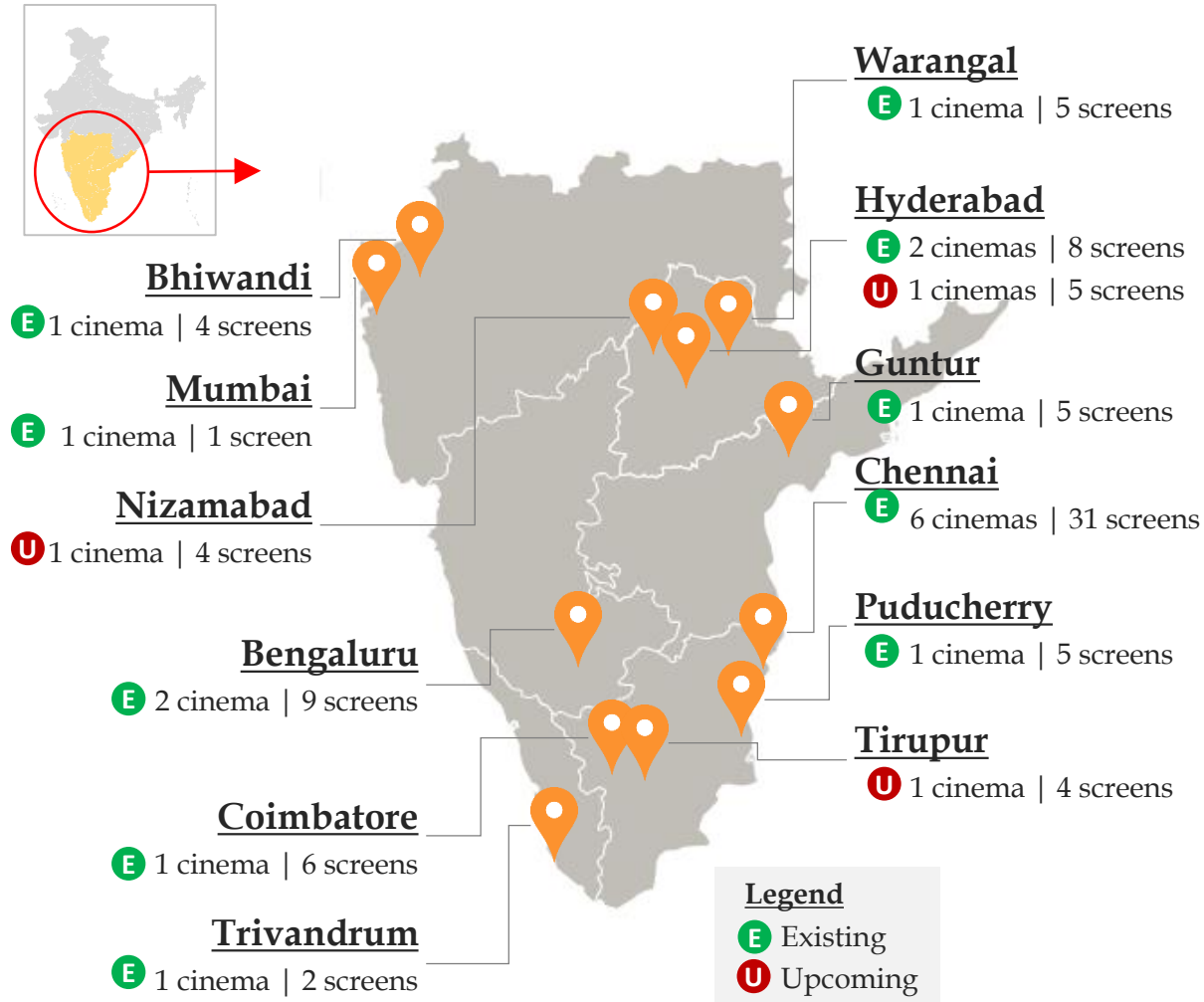
Spacious yet minimalist, simple yet modern, lavish yet tasteful – The Cinema is equipped with ticket kiosks, gaming zones, Wi-Fi and state-of-the-art media technology

The logo for Le Reve, featuring the words "Le Reve" in a white, cursive script font on a dark blue rectangular background.

Le Reve, the cinema of dreams seamlessly integrates cutting edge technology with classic yet contemporary design and architecture

SCREEN NETWORK

CITY-WISE CINEMAS & SCREENS — SPI CINEMAS



| OPERATIONAL | | | |
|----------------|------------|----------------|-----------|
| Location | City | State | Screens |
| Palazzo | Chennai | Tamil Nadu | 9 |
| Sathyam | Chennai | Tamil Nadu | 6 |
| Escape | Chennai | Tamil Nadu | 8 |
| The Cinema | Coimbatore | Tamil Nadu | 6 |
| S2 Perambur | Chennai | Tamil Nadu | 5 |
| S2 Theyagaraja | Chennai | Tamil Nadu | 2 |
| Le Reve | Mumbai | Maharashtra | 1 |
| Casino | Chennai | Tamil Nadu | 1 |
| Kripa | Trivandrum | Kerala | 2 |
| S2 Warrangal | Warrangal | Telangana | 5 |
| The Cinema | Bengaluru | Karnataka | 5 |
| The Cinema | Puducherry | Tamil Nadu | 5 |
| The Cinema | Guntur | Andhra Pradesh | 5 |
| S2 Mallapur | Hyderabad | Telangana | 4 |
| S2 Haseen | Bhiwandi | Maharashtra | 4 |
| The Cinema | Bengaluru | Karnataka | 4* |
| S2 Preston | Hyderabad | Telangana | 4* |
| Total | | | 76 |

*Note: Expected to open in next 12 weeks

| UPCOMING | | | | |
|--------------|-----------|------------|-----------|-------------------|
| Location | City | State | Screens | Status |
| Dega | Hyderabad | Telangana | 5 | Under fit-out |
| Tirupur | Tirupur | Tamil Nadu | 4 | Awaiting handover |
| Nizamabad | Nizamabad | Telangana | 4 | Awaiting handover |
| Total | | | 13 | |

PIPELINE OF 100+ SCREENS

STRONG OPERATING & FINANCIAL PERFORMANCE

| PARTICULARS | FY18 |
|-------------------------|--------------|
| Admits (mn) | 12.3 |
| ATP (Gross - INR) | 141 |
| SPH (Gross - INR) | 83 |
| Occupancy | 58.0% |
| P&L (INR mn) | |
| Total Revenues | 3,096 |
| EBITDA | 633 |
| EBITDA Margin | 20.4% |

KEY GROWTH DRIVERS FOR FY19

- ❖ Comparable admits likely to recover in FY19 as industry level strikes impacted FY18 admits in the region
- ❖ Full year impact of increase in ticket price cap in Tamil Nadu to drive ATP growth
- ❖ 17 screens opened in FY18 and 23 screens in FY19 to drive revenue growth as these properties reach their optimal level of operations
- ❖ Synergies with PVR to drive revenue & profitability growth especially in F&B & Advertising

CIRCUIT EXPECTED TO DELIVER EBITDA OF INR 900 – 1000 MN IN 12 MONTHS POST ACQUISITION

Combination Summary



PROFORMA COMBINATION SUMMARY – FY18

| | PVR CINEMAS | | SPI CINEMAS | | POST TRANSACTION |
|--------------------------------|-------------|--|-------------|--|---------------------------|
| | | | | | PVR CINEMAS > SPI CINEMAS |
| Admits (Mn) | 76.1 | | 12.3 | | 88.4 |
| Screens (as on date) | 638 | | 68 | | 706 |
| Occupancy (%) | 31.3% | | 58.0% | | 33.4% |
| Revenue (INR mn) | 23,655 | | 3,096 | | 26,751 |
| EBITDA (INR mn) | 4,332 | | 633 | | 4,965 |

Rationale for Acquisition



RATIONALE FOR ACQUISITION

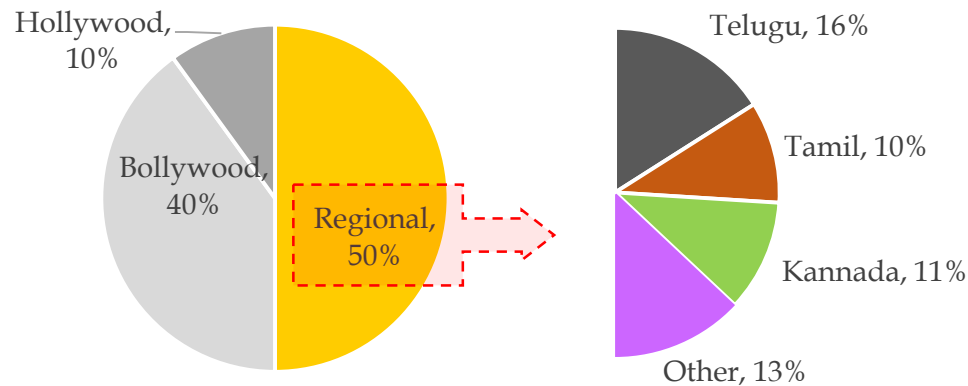
- 1. Asset with leadership position in a highly attractive Tamil Nadu market; PVR to become no. 1 player in all key South Indian cities**
 - ✓ SPI Cinemas has the highest market share in attractive Chennai market
 - ✓ Makes PVR the no. 1 operator in top 3 cities of South India i.e. Chennai, Bangalore, and Hyderabad
- 2. Ideal platform for further expansion in the South Indian market**
 - ✓ Market leadership and strong local relationships to catalyse growth in the region
- 3. In addition to the 89 screens (existing + upcoming), strong pipeline of 100+ screens expected to be delivered over the next 5 years**
- 4. Attractive operating and financial performance**
 - ✓ SPI Cinemas has the highest average occupancy across the country; with EBITDA margin in excess of 20%
- 5. Diversifies content risk further**
 - ✓ Diversification of content risk for PVR. Box office revenue from regional films increases from 19% to 22% post acquisition
- 6. Revenue synergies**
 - ✓ Complementary circuit with synergies in Box Office, F&B, and advertisement revenues

ACQUISITION TO CEMENT PVR'S LEADERSHIP POSITION WITH PVR'S REVENUE & EBITDA BEING 2X OF THE NEAREST COMPETITOR

SOUTH INDIA - FUTURE GROWTH ENGINE FOR THE MULTIPLEX BUSINESS

CONTENT MIX IN INDIAN BOX OFFICE 2017

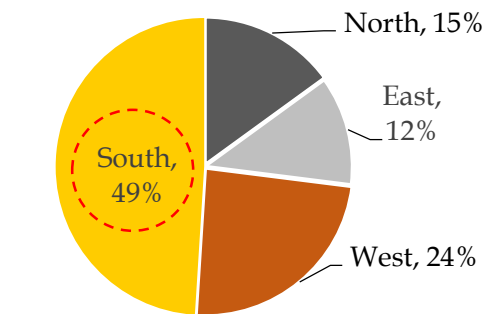
TOTAL DOMESTIC COLLECTION: INR 96.3 BN



Source: EY FICCI Frames 2018 report

DISTRIBUTION OF SCREENS

TOTAL SCREENS: 9,530



Source: Industry data

MULTIPLEX PENETRATION

TOTAL SCREENS: 2,750

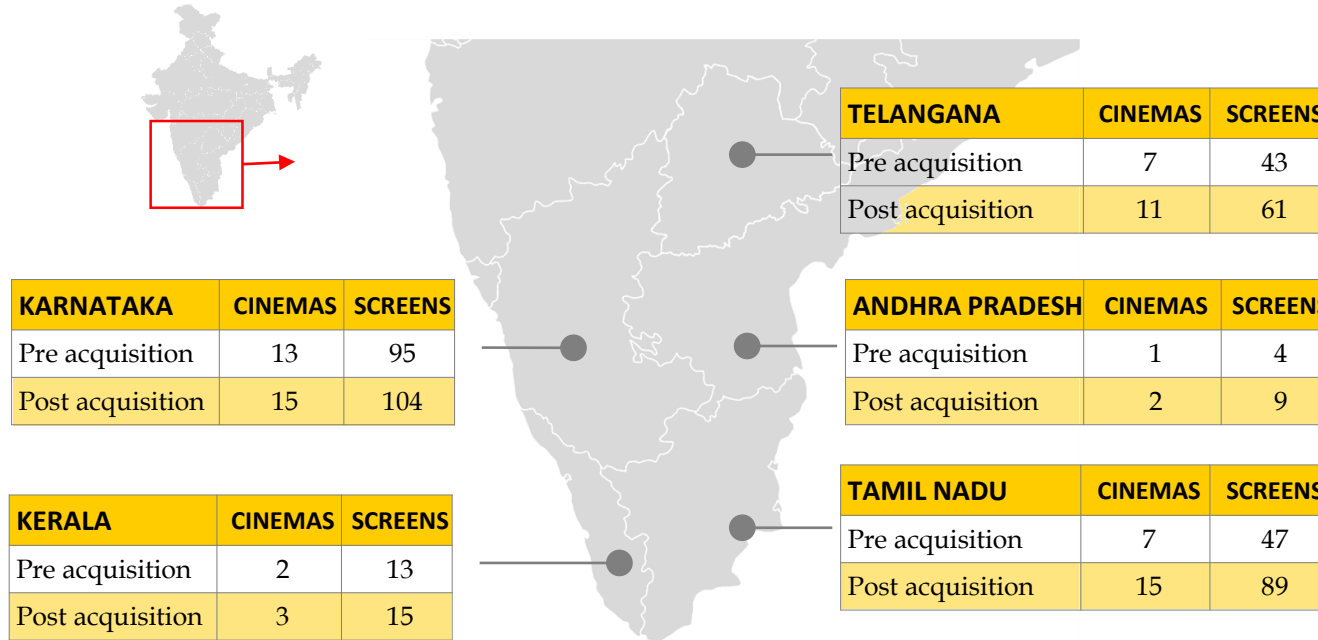


Source: EY FICCI Frames 2018 report

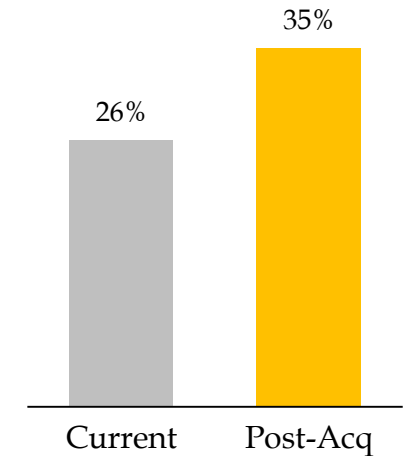
- ✓ South India has a robust local box office with three big languages (Tamil, Telugu and Kannada) contributing 37% to the Indian box office
- ✓ Per capita movie consumption is highest in South India region with occupancies significantly higher as compared to national averages
- ✓ *5 South Indian states contribute 49% of total screens in the country but have very low multiplex penetration (14%); this provides a significant opportunity for multiplexes to grow in that region*
- ✓ Ability to schedule multi-lingual content further reduces business risk

ACQUISITION TO STRENGTHEN PVR'S PRESENCE IN SOUTH INDIAN STATES

PORTFOLIO IN KEY STATES BEFORE AND AFTER ACQUISITION AS OF END OF FY19



CONTRIBUTION OF SOUTH IN PVR'S SCREEN PORTFOLIO AS OF END OF FY19













SCREENS TO BE OPENED BY PVR AND SPI IN THE SOUTH REGION IN FY19

| PVR CINEMAS | | | |
|--------------|------------|------------|-----------|
| CITY | STATE | PROPERTIES | SCREENS |
| Chennai | Tamil Nadu | 3 | 25 |
| Hyderabad | Telangana | 1 | 7 |
| Mysore | Karnataka | 1 | 6 |
| Total | | 5 | 38 |

| SPI CINEMAS | | | |
|--------------|-----------|------------|----------|
| CITY | STATE | PROPERTIES | SCREENS |
| Hyderabad | Telangana | 1 | 5 |
| Total | | 1 | 5 |

Note: pre-acquisition and post-acquisition screen count is as on end of FY19, includes new screens likely to be opened in FY19 by PVR and SPI respectively

7TH LARGEST MULTIPLEX PLAYER BY ADMISSIONS

| SR. NO | CINEMA | COUNTRY | SCREENS | ADMIT (IN MN) | ADMIT PER SCREEN |
|--------|---------------|-----------------------------------------------------------------------------------------------|---------|---------------|------------------|
| 1. | AMC |  USA | 11,247 | 347 | 30,852 |
| 2. | Cinapolis |  Mexico | 5,313 | 338 | 63,617 |
| 3. | Cinemark |  USA | 5,959 | 277 | 46,484 |
| 4. | Wanda |  China | 4,648 | 210 | 45,180 |
| 5. | Regal Cinemas |  USA | 7,322 | 197 | 26,905 |
| 6. | CGV Korea |  Korea | 3,442 | 146 | 42,417 |
| 7. | PVR+SPI |  India | 800 | 105 | 1,31,250 |
| 8. | Cineworld |  UK | 2,217 | 104 | 46,910 |
| 9. | Vue Int'l |  UK | 1,904 | 81 | 42,542 |
| 10. | Cineplex |  Canada | 1,676 | 70 | 41,766 |

HIGHEST ADMISSIONS PER SCREEN ACROSS THE GLOBE

Note: (1) Numbers for all international entities are as of Dec'17 ;

(2) Numbers for PVR+SPI are based on management estimates for FY19



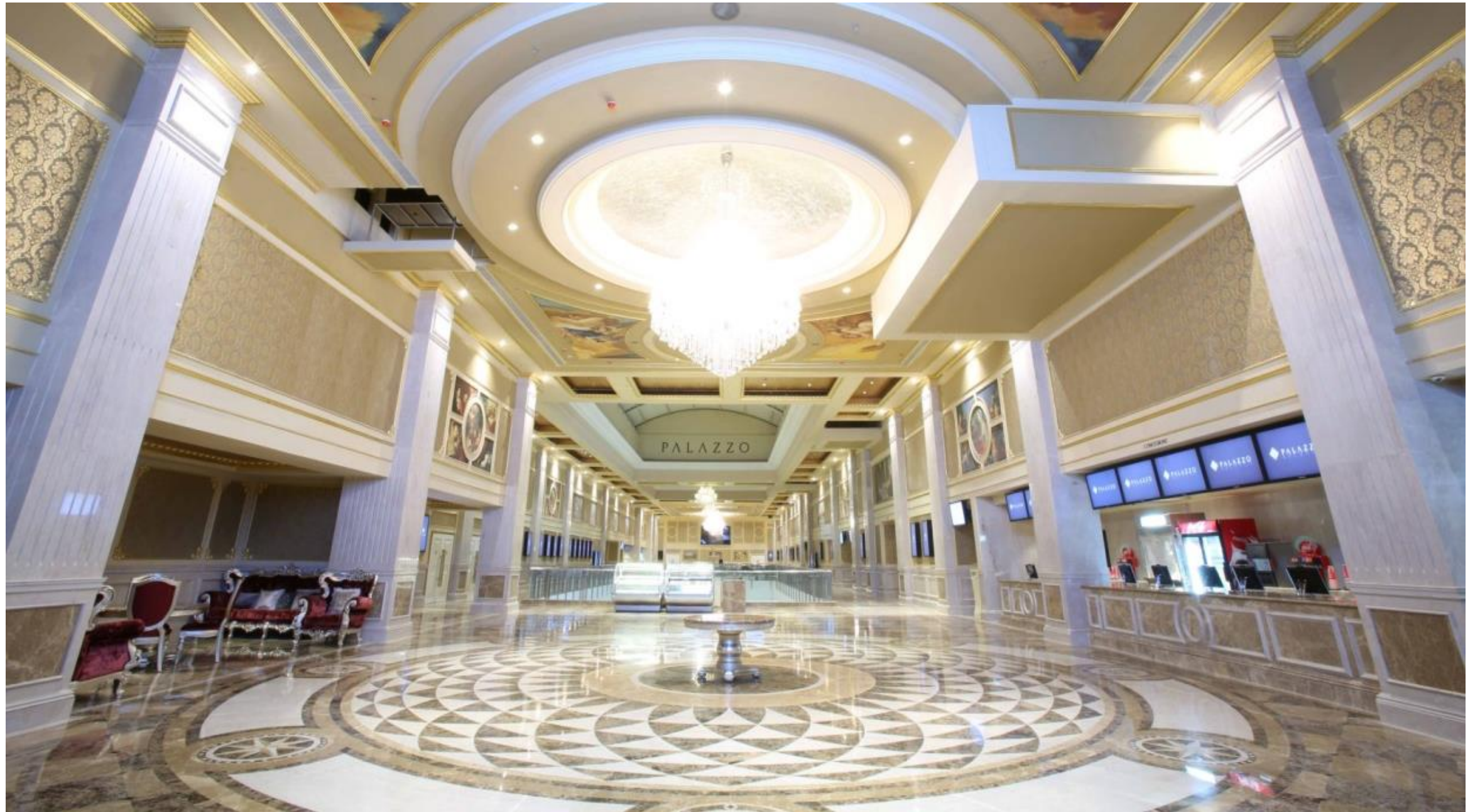
ON WAY TO

1000 SCREENS

2020

SPI Cinemas - Property Snapshot





Palazzo



Palazzo



Escape



Escape







The Cinema



The Cinema





Le Reve

THANK YOU

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