



Ashish Malushte, Chief Financial Officer, UFO Moviez

"Our Advertisement engine will continue to dominate growth as we continue to increase our utilizations levels of in-cinema advertisement inventory along with pricing levers."



Ashish Malushte, Chief Financial Officer, UFO Moviez holds a bachelor's degree in commerce from the University of Mumbai and is a certified Chartered Accountant. He has been associated with our Company since 2005. Prior to joining our Company he was associated with Voltas Limited, Global Telesystems Limited and BG Broadband India Private Limited.

UFO Moviez India Limited is India's largest digital cinema distribution network and in-cinema advertising platform in terms of number of screens. UFO operates India's largest satellite-based, digital cinema distribution network using its UFO-M4 platform, as well as India's largest D-Cinema network. As on March 31, 2016, UFO's global network, along with subsidiaries and associates, spans 6,689 screens worldwide, including 5,034 screens across India and 1,655 screens across the Middle East, Israel, Mexico and the USA. UFO has created a pan India, high impact in-cinema advertising platform with generally long-term advertising rights to 3,713 screens, with an aggregate seating capacity of approximately 1.78 million viewers and a reach of 1,904 locations across India, as on March 31, 2016.

Replying to **Yash Ved** of **IIFL**, Ashish Malushte says "Our Advertisement engine will continue to dominate growth as we continue to increase our utilizations levels of in-cinema advertisement inventory along with pricing levers."

Give us an overview of your financials?

We reported a total revenue of Rs. 572 crore during the FY16, which was higher by 19% year on year. Advertisement revenues grew 35% in FY16 to Rs. 158 crore, compared to Rs. 117 crore in FY15. In fact, the advertisement revenues have grown by 44% CAGR from FY12 till FY16. Exhibitor revenues grew by 30%, driven by sale of products and distributors revenues delivered growth of 6%, de to a rate hike which the company took in its E Cinema business, in last April & September.

Consolidated EBITDA stood at Rs. 185 crore in FY16, higher by 15% with margins of 32.3%.

The PBT was up 43% at Rs. 98 crore which had a margin of 17.1%.

What is your outlook on margins? Any guidance on the same?

Margins will continue to remain over 30%, going forward. The beauty of UFO model is such that the incremental revenue getting generated from advertisement sale, have significantly high PBT margin (in excess of 55%).

What are your fund raising plans?

The initial capital intensity towards digitization of screens in India is over. Hence, we do not have to do any significant capex towards expansion. However, there is routine maintenance capex for the existing network, which easily gets taken care out of the cash generated from operation.

In fact, our existing platform, which we have built over the last decade will continue to generate significant free cash, going forward, which we intend to return to our shareholders and this year, we returned over 40% of our PAT in the form of the dividend (including dividend distribution tax).

What percentage of revenues comes from advertising platform?

Advertisement revenue contributed 28% of revenue from operations in FY16 compared to 24% last year.

What growth do you expect for the current fiscal?

Our advertisement revenues grew by 35% in FY16. We expect the advertisement revenue to continue its robust growth and grow in the range of 30%, in the current fiscal.

What will be your triggers for growth?

Our advertisement engine will continue to dominate growth as we continue to increase our utilizations levels of in-cinema advertisement inventory along with pricing levers.

Are you focusing more on theatrical business?

The theatrical business will always remain our core focus as we have to maintain our theatrical platform, in order to effectively monetize our in-cinema advertising revenue stream, which is providing future growth.