Press Note

# Double Negative and Prime Focus World merge Hollywood VFX business

*Combined entity will be the world's largest integrated VFX, 3D Conversion & Animation services company*

*Prime Focus founder Namit Malhotra to return as Executive Chairman of the Board and Group CEO of Prime Focus Limited*

**Mumbai June 25, 2014:** In an unprecedented move, global media and entertainment industry services leader Prime Focus Limited (BSE code: 532748) has announced the merger of its creative services subsidiary Prime Focus World (PFW) and Double Negative (DNeg), one of the largest visual effects services providers to the global film industry. The agreement will create what is indisputably the world's largest independent VFX, stereo conversion and animation company serving the Hollywood film industry.

"This is a transformational event – both for the companies involved and for the industry," said Prime Focus founder and CEO of Prime Focus World, Namit Malhotra. "Prime Focus has proven over the last five years the undeniable benefits of global collaboration: the flexibility of working in different time zones; the coming together of creative talent from across the globe; and the ability to leverage tax incentives. We can now bring this together with Double Negative's unquestionable creative excellence to build a truly formidable offering."

Established in 1998, Double Negative is Europe's largest independent VFX house with honors including an Academy® Award (for *Inception*) and two BAFTAs (for *Inception* and *Harry Potter and the Deathly Hallows Part 2*). The transaction will be supported by Standard Chartered Private Equity, Macquarie Capital and AID Capital Partners, all existing investors in Prime Focus entities, and existing bankers across the Group. Centrum Capital

The new VFX business, which will trade under the 'Double Negative' brand, will be led by DNeg's current management team of Alex Hope (Managing Director) and Matthew Holben (CEO). In addition to the existing creative talent at its London and Singapore facilities, Double Negative will be opening in Vancouver by bringing key talent and technology besides having complete access to all production and technology infrastructure in India.

"We have ambitious plans to build on what we've achieved in VFX over the last 15 years," said Double Negative's management team of Matthew Holben (CEO) and Alex Hope (Managing Director). "This deal allows Double Negative to develop into a truly global operation that provides great work for our clients and great opportunities for our staff."

For Prime Focus the deal offers a clear path to growth where revenues would have more than doubled. With a combined order book of ~US$ 150 mn (INR 900 cr), the company will be in a strong position to sustain growth, generate free cash flows, pare down debt by ~30-40% over the next 4-6 quarters and offer significant value to its stakeholders.

Prime Focus World's highly successful and market leading stereo 3D conversion offering and fast growing animation business will be unaffected by the merger. With over 4000 team members working across US, UK, Canada, China and India, Prime Focus World's award winning stereo conversion process has been used on widely acclaimed films such as Academy® Award winners *Gravity, The Wizard of Oz* and *The Last Emperor*, as well as some of the highest grossing films of all time, including *Harry Potter and the Deathly Hallows: Part 2, Transformers: Dark of the Moon and Star Wars Episode I: The Phantom Menace*, *The Amazing Spiderman 2* and *Noah.*

"Our business proposition is already recognized in other industries," concluded Namit who will return to Prime Focus Limited as Executive Chairman of the Board and Group CEO. "The delivery of unmatched creative design and development by the best that the West has to offer, supplemented by the unbeatable infrastructure, scale and cost efficiency of the East. We are establishing a new and sustainable direction for our company, whilst ensuring both growth for our investors and huge financial benefits for our clients. This is a substantive validation of Prime Focus' phenomenal growth story, and marks the beginning of a new trajectory for the company."

Both PFW and DNeg have a power packed summer line up. PFW kick started the season with its work on *Maleficent* and *Edge of Tomorrow*. It is also the lead conversion house and a VFX provider on *Transformers: Age of Extinction* and the exclusive stereo VFX partner on *Sin City: A Dame To Kill For*. PFW is involved in almost half of all releases from the mainstream studios this summer. DNeg has delivered stunning visual effects for high-profile blockbusters such as *Godzilla,* Christopher Nolan's *Interstellar, Jupiter Ascending* from Andy and Lana Wachowski*,* Ridley Scott's *Exodus: Gods and Kings,* and Brett Ratner's *Hercules*, among others.

The transaction is subject to customary closing conditions and expected to close in the coming weeks. Centrum Capital acted as financial advisors to Prime Focus.

US$1 = INR 60

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**About Double Negative**

Founded in 1998 with a team of just 30, Double Negative has grown to become one of the industry's success stories and is now Europe's largest independent provider of visual effects for Film (operating from locations in both London and Singapore).

Through our steady and constant growth the Company has always sought to retain both the creative drive and involvement of its artists through all projects and a close collaborative working relationship with clients. This approach ensures films both small and large receive the same high standard of creative and technical service. This has proved a winning combination resulting in awards recognition from the Visual Effects Society (for *Inception* and *Sherlock Holmes*), BAFTA (for *Inception* and *Harry Potter and the Deathly Hallows Part 2*) and the Academy® Awards (for *Inception*).

Recent work includes *Transcendence* and *Godzilla.* Shows currently in production include *Jupiter Ascending, Interstellar, In The Heart of the Sea, Book of Exodus, Hercules, Hunger Games: Mockingjay*, *Avengers: Age of Ultron, Terminator: Genesis, Insurgent, Grimsby, and Ant-Man.*

For more details please visit **www.dneg.com**

**About Prime Focus World**

Prime Focus World (PFW), a subsidiary of Prime Focus Limited, provides visual effects, 3D conversion and animation services to major media and entertainment companies. PFW has brought its expertise to many wide release Hollywood films including *Transformers: Age of Extinction, Gravity, Maleficent, Edge of Tomorrow, Noah, White House Down, The Wizard of Oz, The Great Gatsby*, *World War Z*, *Men in Black 3,*

*Star Wars: Episode I, II & III, Dredd 3D, Total Recall, Harry Potter and the Deathly Hallows: Part 2, Transformers: Dark of the Moon and Avatar*. Shows currently in production include *Sin City: A Dame To Kill For, Teenage Mutant Ninja Turtles, The Expendables 3, Kingsmen: The Secret Service, Mortdecai* and *Hercules.*

Prime Focus World has global operations with a presence in key centers of creative content production – Los Angeles, Vancouver, London, Beijing and Mumbai.

For more details please visit **www.primefocusworld.com**

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