

THEATREWORLD

Qube Cinema & UFO Moviez AN EPIC MERGER

Chennai-based Qube Cinema Technologies Private Limited and Mumbai-based UFO Moviez India Limited recently announced a merger of their businesses. Considering the existing market dynamics, the proposed merger of the two companies will lead to robust growth opportunities in India and world over.

Chennai-based Qube Cinema Technologies Private Limited (Qube) (formerly Real Image Media Technologies Private Limited) and Mumbai-based UFO Moviez India Limited (UFO) recently announced a merger of their businesses.

Qube, Qube Digital and Moviebuff are part of the Qube group whereas PJSa is a wholly-owned subsidiary of UFO. These two will be part of the merger. The merger ratio based on relative Valuation stands at 63.6% for UFO and 36.4% for Qube Digital.

The proposed transaction is expected to further solidify the merged entity's position in India's digital cinema distribution and in-cinema advertising industry. As on June 30, 2017, the combined entity, for its in-cinema advertising platform will have a presence across 7,300 digital screens spread across India with a seating capacity of ~95.5 million per week.

NO. OF SCREENS	
UFO	4,000
QUBE	3,300

RELATIVE VALUATION	
UFO	63.6%
QUBE	36.4%

Sanjay Gaikwad
Founder & Managing Director
UFO Moviez



"We are excited to combine our business with such a strong partner. Qube has not only built a strong digital cinema and in-cinema advertising network in India but has also developed interesting technology products relating to film business for global application. The combined Company would have a stronger position in India's digital cinema distribution and in-cinema advertising industry. The combination will bring together capabilities, talent, strong processes of both Companies and we together look forward to creating value for the entire Cinema value chain."

Senthil Kumar
Co-founder
Qube Cinema



"We are excited to partner with UFO and believe that the combination of the proven business models of the two companies would be extremely beneficial. Together, we will create a robust network offering digital cinema and in-cinema advertising services. UFO's strengths combined with Qube's strong technology focus would position the combined entity to deliver long-term growth at a faster pace. With extraordinary reach and execution capabilities, we are bringing together two world-class organizations to deliver much more, thus maximizing value for all stakeholders."

Prashant Purker
Managing Director & CEO
ICICI Venture



"We believe the combination of UFO and Qube would be synergistic and value accretive for all stakeholders. We are pleased to have acted as a catalyst in this transaction as a partner and financial investor in the combined entity."

Details of the Merger

- UFO and Qube are engaged in the business of digital cinema distribution and operate in-cinema advertising platforms. Considering the existing entertainment and advertising market dynamics, the proposed merger of the two companies will lead to robust growth opportunities in India and globally and will create greater value for their respective shareholders.
- UFO currently uses MPEG4 technology for the transmission of content into e-Cinema theatres whereas Qube uses MPEG2 technology for e-Cinema theatres and has also developed its own DCI compliant servers. Going forward, it is expected that the combined entity will develop and deploy both D-Cinema and e-Cinema systems that incorporate the best features of the multiple technologies available to the company and will thus be in a position to offer its clients viz:

the film industry and advertisers a comprehensive bouquet of services.

- Both UFO, with 4,000 advertising screens, and Qube, with 3,300 advertising screens, have large advertising networks. The two companies also have complementary geographical strengths with Qube having a deeper penetration in South India and UFO having a similar presence in the rest of India. The merged business will therefore be able to offer a pan India in-cinema advertising network covering over 7,300 screens, significantly improving the overall value proposition for clients. The two companies also have complementary strengths in terms of client base, presenting attractive cross-sell opportunities.
- Further, the proposed merger would bring about synergies of operations and benefits of scale by minimizing the duplication of administrative functions,

combining some infrastructural requirements and unifying legal and regulatory compliances.

- Qube has developed Qube Wire which is a self-service, single-window system for global theatrical distribution. With a simple but comprehensive user interface, distributors can manage their DCP assets, assign territorial rights and have their content and keys delivered to any theatre in the world. Theatres can manage their own digital cinema system details and access their Universal Inbox on the Qube Wire service as well.

This service is currently in the process of commercialization but is already in operation on a limited-scale serving select clients. UFO, in addition to its screen network in India, also has a network of screens overseas. The combined network, post-amalgamation, will allow faster monetization of Qube Wire and other IP based Qube products, both within India and internationally.